International Energy Agency

16 January 2015

HIGHLIGHTS

- **The price of oil continued to collapse into January as rising supplies collided with weak demand growth** and OPEC maintained its commitment to not cut production. Brent crude futures last traded at $48.40/bbl, near a six-year low. NYMEX WTI was at $47.75/bbl.

- **Macroeconomic weakness continues to restrain global oil demand growth,** with 4Q14 deliveries estimated just 0.6 mb/d above year-earlier levels. Despite lower prices, demand growth is only forecast to accelerate to 0.9 mb/d in 2015, unchanged since last month's *Report*.

- **The oil selloff has cut expectations of 2015 non-OPEC supply growth by 350 kb/d since last month, to 950 kb/d.** Effects on North American supply are so far limited to 95 kb/d and 80 kb/d to the Canadian and US forecasts, respectively. Projections for Colombia are cut by 175 kb/d and a further 30 kb/d for Russia.

- **OPEC output rose by 80 kb/d in December to 30.48 mb/d, as Iraqi supply surged to 35-year highs, offsetting deeper losses in Libya.** Downward revisions to the non-OPEC supply outlook raise the 'call' on OPEC for 2H15 to an average 29.8 mb/d – just shy of OPEC's official target of 30 mb/d.

- **Global refinery crude throughputs surged to a new record high of 78.9 mb/d in December**, lifting the 4Q14 estimate to 78.2 mb/d. Throughputs are forecast however to ease seasonally to 77.8 mb/d in 1Q15 amid brimming product inventories, weakening margins, lower demand and increased refinery maintenance.

- **OECD commercial inventories drew less than usual in November, falling by 8.7 mb to 2 697 mb.** As OECD refiners hiked runs, crude stocks drew while product stocks increased. Preliminary data indicate a 12.5 mb build in December, which would see stocks rise to their widest surplus versus the five-year average since August 2010.

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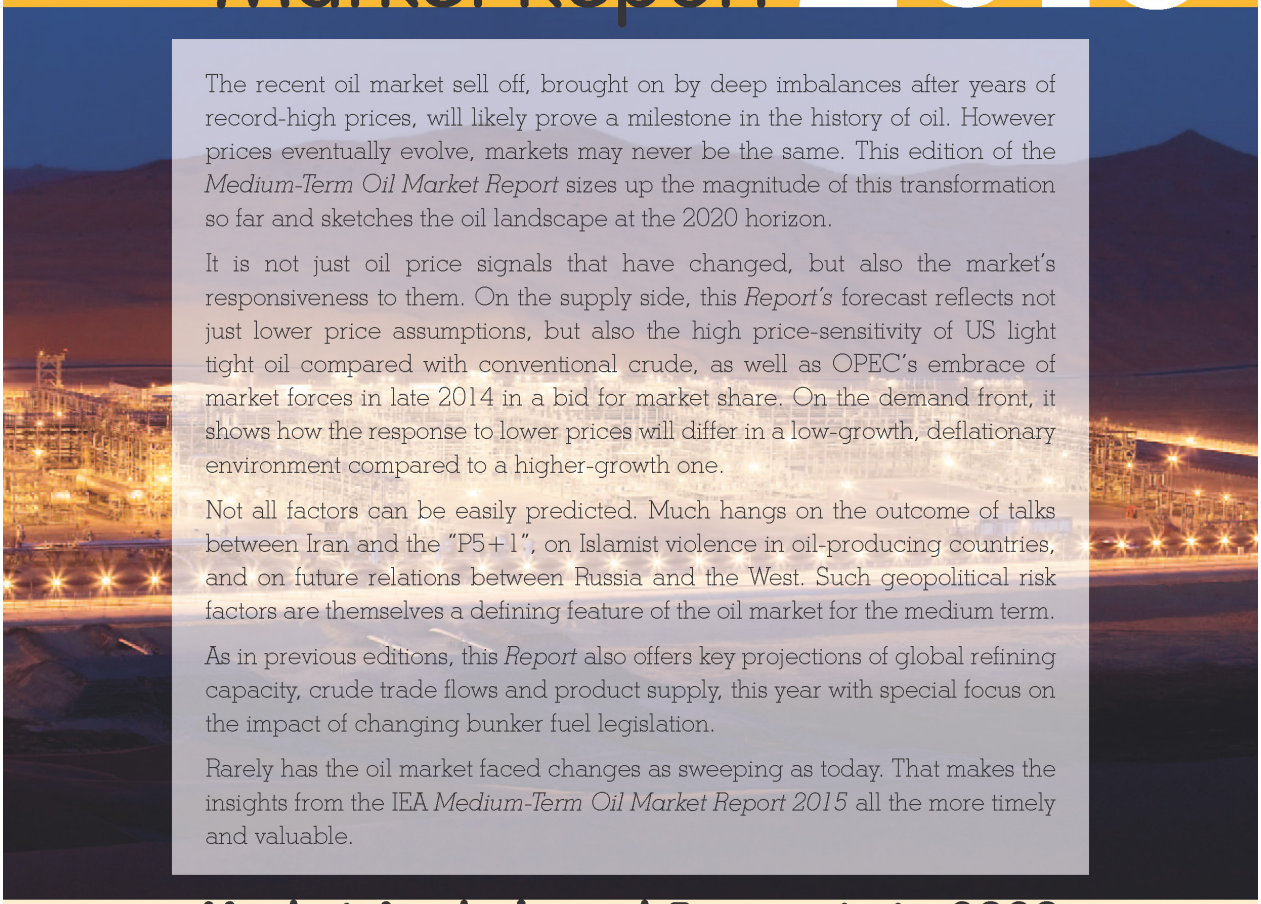
OIL Medium-Term Market Report 2015



The recent oil market sell off, brought on by deep imbalances after years of record-high prices, will likely prove a milestone in the history of oil. However prices eventually evolve, markets may never be the same. This edition of the *Medium-Term Oil Market Report* sizes up the magnitude of this transformation so far and sketches the oil landscape at the 2020 horizon.

It is not just oil price signals that have changed, but also the market's responsiveness to them. On the supply side, this *Report's* forecast reflects not just lower price assumptions, but also the high price-sensitivity of US light tight oil compared with conventional crude, as well as OPEC's embrace of market forces in late 2014 in a bid for market share. On the demand front, it shows how the response to lower prices will differ in a low-growth, deflationary environment compared to a higher-growth one.

Not all factors can be easily predicted. Much hangs on the outcome of talks between Iran and the "P5+1", on Islamist violence in oil-producing countries, and on future relations between Russia and the West. Such geopolitical risk factors are themselves a defining feature of the oil market for the medium term.

As in previous editions, this *Report* also offers key projections of global refining capacity, crude trade flows and product supply, this year with special focus on the impact of changing bunker fuel legislation.

Rarely has the oil market faced changes as sweeping as today. That makes the insights from the IEA *Medium-Term Oil Market Report 2015* all the more timely and valuable.

Market Analysis and Forecasts to 2020

To be released: 10 February

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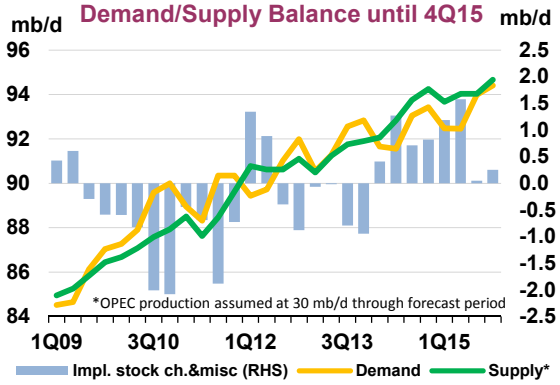
WHAT NOW?

Another month, another milestone. Brent and WTI futures prices crashed to near six-year lows in early January, before recouping some losses at mid-month. At the time of writing, both Brent and WTI were trading around $48/bbl, down by $16/bbl and $12/bbl, respectively, since last month's Report, and some 60% below their June highs. While supply and demand forecasts have long pointed at a market imbalance and associated stock builds in 2H14 and beyond, few would have expected such a sudden price collapse. Today's market participants are not ruling out further declines, however, despite the recent rebound. How low the market's floor will be is anybody's guess. But the selloff is having an impact. A price recovery – barring any major disruption – may not be imminent, but signs are mounting that the tide will turn.



The most tangible price effects are on the supply front. Upstream spending plans have been the first casualty of the market's rout. Companies have been taking an axe to their budgets, postponing or cancelling new projects, while trying to squeeze the most out of producing fields. For the most part the supply effects will not be felt immediately, but further down the road, through project delays and faster decline rates. Nevertheless, expectations of non-OPEC supply growth for 2015 have already been downgraded, with growth for the year adjusted downwards by 350 kb/d since last month's *Report* and more steeply so for 2H15. Colombia and Canada lead the declines. Expectations of US light, tight oil production growth have also been revisited, but so far the cuts do not exceed 80 kb/d compared with our already conservative previous estimates, as many producers appear to be well hedged against short-term price drops.

Signs of a demand response remain more elusive. With a few notable exceptions such as the US, lower prices do not appear to be stimulating demand just yet. That is because the usual benefits of lower prices – increased household disposable income, reduced industry input costs – have been largely offset by weak underlying economic conditions, which have themselves been a major reason for the price drop in the first place. Other factors, including weak currencies in consumer economies, subsidy cuts, consumer tax hikes, lower spending in producer countries and mounting deflationary concerns, have kept demand growth in check thus far. Demand growth is still forecast to pick up somewhat this year from last, but is not expected to exceed 900 kb/d, unchanged since last month.

The net result of these changes is that implied stock builds are set to continue through the first half of this year, albeit at a marginally lower rate than previously expected. Downward pressures from stockpiling continue, as reflected in the futures curve's steeper contango structure – when prompt barrels trade at discount to later ones – and signs of growing market interest in floating storage. But a rebalancing may begin to occur in the second half of the year, when the "call on OPEC and stock changes" is now forecast to rebound to an average 29.8 mb/d, just a shade below the group's long-standing production target. For 2015 as a whole, the "call" has been revised upwards by 300 kb/d since last month's *Report*. Longer-term effects will be discussed in the upcoming *Medium-Term Oil Market Report*, to be released on 10 February.

Rebalancing of the market does not equate to a return to the *status quo ante*. It is clear that the market is undergoing a historic shift. OPEC's embrace of market forces last November is a game changer. So is the US light, tight oil revolution. Thanks to its short lead-time and low upfront capital costs, LTO may prove quicker to ramp up production than conventional supply. Oil's place in the global energy mix is also transforming. While there might be light at the end of the tunnel for producers as far as prices are concerned, the next few years could nevertheless prove a period of reckoning for a market and an industry that, through the course of their 150-year history, have had to periodically reinvent themselves.

DEMAND

Summary

- **Total global oil product demand averaged 92.4 mb/d in 2014, a gain of 620 kb/d (or 0.7%) on the year earlier.** This marked a five-year low for growth as sharp declines in OECD Europe and OECD Asia Oceania coincided with notable slowdowns in China, the FSU and Latin America. Global growth is forecast to modestly accelerate in 2015, to 910 kb/d (or +1.0%), as macroeconomic momentum is tentatively forecast to pick-up.

- **Steep drops in crude prices are only providing a limited boost to demand,** as the price decline is itself at least partly demand-driven. The US is a notable exception.

- **OECD demand growth shows diverging trends, with 4Q14 North American demand bucking the year-on-year (y-o-y) contractions shown in Europe and Asia.** After contracting in y-o-y terms in 3Q14, US oil product demand swung back into growth of 0.3 mb/d in 4Q14, supported by strong gains in transport fuel demand. The forecast for 2015, however, remains somewhat muted, as the 4Q14 US uptick is expected to remain short-lived and US price effects are expected to be offset by efficiency gains in 2H15.

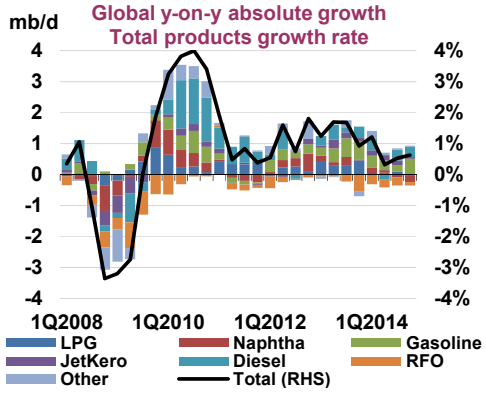
Global Oil Demand (2013-2015)

(million barrels per day)

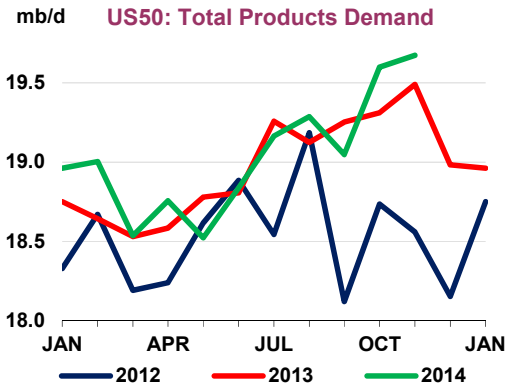
	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Africa	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	4.0	3.9	4.1	4.1	4.0	4.2	4.1
Americas	30.2	30.5	31.1	31.1	30.7	30.4	30.4	31.1	31.5	30.9	30.7	30.8	31.4	31.5	31.1
Asia/Pacific	30.7	29.8	29.8	30.9	30.3	31.2	30.2	29.9	31.2	30.6	31.6	30.6	30.7	31.8	31.2
Europe	13.8	14.5	14.7	14.3	14.3	13.7	14.1	14.6	14.0	14.1	13.6	14.0	14.4	14.1	14.0
FSU	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.8	4.5	4.6	4.8	4.7	4.6
Middle East	7.5	7.9	8.4	7.7	7.9	7.8	8.2	8.6	7.8	8.1	8.0	8.4	8.8	8.2	8.3
World	**90.6**	**91.3**	**92.6**	**92.8**	**91.8**	**91.7**	**91.6**	**93.0**	**93.4**	**92.4**	**92.5**	**92.5**	**94.0**	**94.4**	**93.3**
Annual Chg (%)	1.2	1.7	1.7	0.9	1.4	1.2	0.3	0.5	0.6	0.7	0.9	1.0	1.0	1.0	1.0
Annual Chg (mb/d)	1.1	1.5	1.5	0.9	1.3	1.1	0.3	0.5	0.6	0.6	0.8	0.9	0.9	1.0	0.9
Changes from last OMR (mb/d)	-0.01	0.04	0.05	0.06	0.04	0.02	0.05	-0.03	-0.09	-0.02	-0.05	-0.03	0.03	0.02	-0.01

Global Overview

Preliminary data suggest that, with the notable exception of the US, weak global demand conditions continue to act as a depressant on prices, as opposed to low prices stimulating additional demand. Global oil demand growth remained at a relatively suppressed 585 kb/d y-o-y in 4Q14. There are several reasons why lower crude oil prices so far seem to have failed to stimulate demand. Those include heightened deflationary risks in both Europe and Japan; adverse revenue impacts on net-oil-exporters; a global trend towards reductions in energy price subsidies and/or increases in oil consumption taxes; and the heavy falls experienced by many currencies, versus the US dollar, negating the impact of lower crude prices in domestic currency terms. Reflecting the downwardly revised macroeconomic backdrop, mid-January saw the World Bank revise down its 2015 global economic growth forecasts to 3.0%, versus 3.4% in June 2014, still an acceleration on 2014 (+2.6%) but notably less-so than previously assumed. The International Monetary Fund releases its own global macroeconomic update on 20 January 2015.



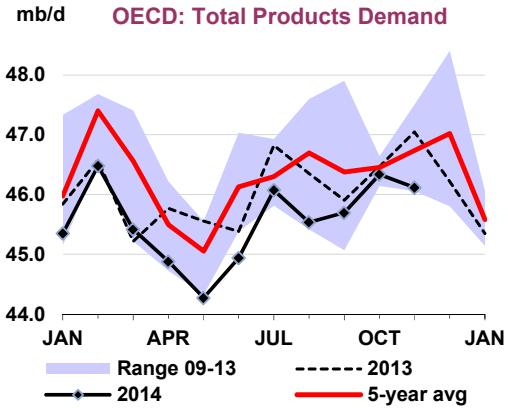
The US has been the notable exception to this weak demand trend in recent months. Having generally stagnated, mid-2014, US oil demand growth regained momentum in 4Q14, when it increased by 1.6% on the year earlier, its sharpest gain in a year. Demand growth, specific to the US, benefited from a combination of strong underlying economic expansion and relatively low consumption taxes (compared to other OECD members), which allows more of the crude oil price decline to be passed on to consumers. The lack of any currency effects, as oil prices are dollar-denominated, further compounded the more direct feed-through compared with other economies. Estimates of US demand have been revised upwards repeatedly since the beginning of the oil price drop. Compared to the *Report* dated 11 July 2014, roughly 0.2 mb/d has been added to the US 3Q14 q-o-q growth estimate and 0.3 mb/d to that for 4Q14.

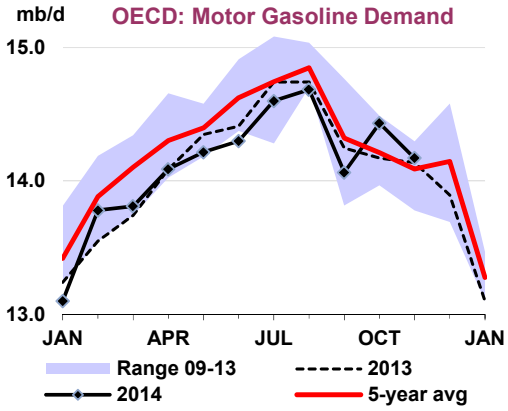


Overall, the global estimate of 4Q14 demand has been revised down by 90 kb/d since last month's *Report*, to 93.4 mb/d, as multiple downside revisions for November more than offset the upward adjustments for October. The most significant November cuts were those applied to France (-105 kb/d), Brazil (-100 kb/d), Mexico (-100 kb/d), Japan (-95 kb/d), Korea (-80 kb/d) and Germany (-50 kb/d). A small number of November upgrades have been applied, most notably to the US (+305 kb/d) and China (+80 kb/d). October's upside bias adjustments were led by higher estimates of US (+340 kb/d) and Chinese (+90 kb/d) deliveries, with a large number of downside adjustments also applied, including Italy (-60 kb/d), the Netherlands (-45 kb/d), Korea (-35 kb/d) and Chinese Taipei (-35 kb/d).

OECD

Recent data suggest that OECD demand has been falling by around 1% y-o-y through 2H14, as sharp declines in both power-sector and petrochemical usage offset modest gains in the transport sector. Japan led the power-sector's downside, while heightened US cracker maintenance played a big role undermining 2H14 petrochemical demand. In contrast, the US provided the majority of the offsetting upside support in OECD transport demand in 2H14.

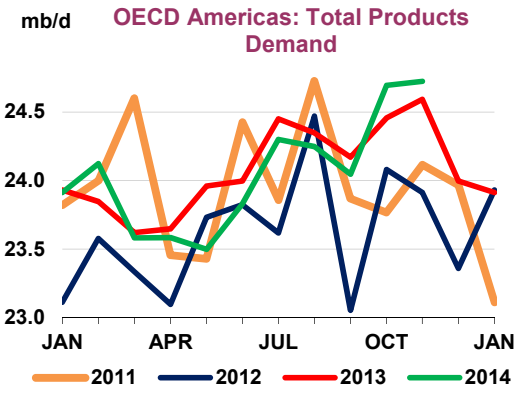


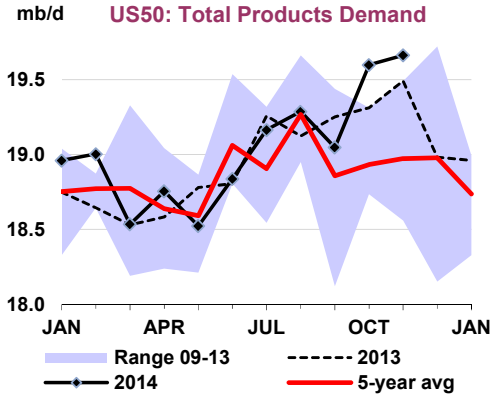


Americas

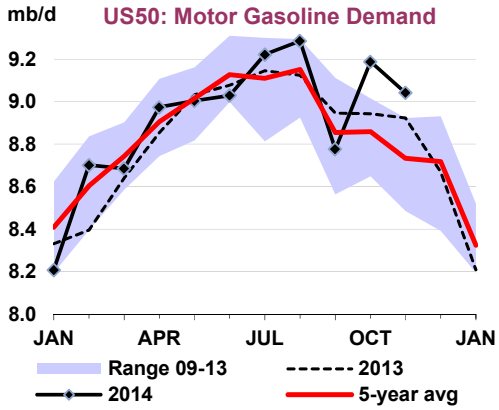
Higher-than-anticipated 4Q14 US oil product demand led an upward revision to the demand estimate for the OECD Americas, now estimated at 24.6 mb/d, 250 kb/d higher than in last month's *Report*. The 4Q14 US estimate was raised by 280 kb/d due to a steep upward revision to the estimate for October in monthly US data versus the preliminary estimate based on weekly data for that month. At 19.6 mb/d in

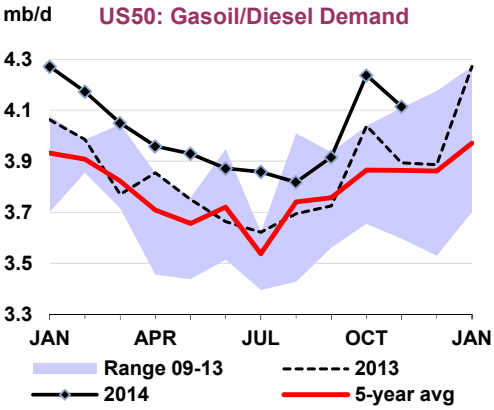
October, the official US oil product demand estimate was raised by about 340 kb/d, compared to last month's *Report*, equating to an absolute gain in October of 285 kb/d (or 1.5%) on the year earlier supported by strong growth in road transport fuels.





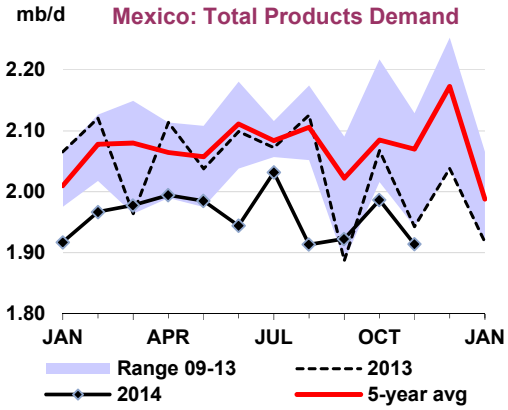
October's strong gains in US transport fuel demand were underpinned by a combination of additional vehicle miles travelled (VMT) and, where possible (for example in multi-car families), switching to less efficient vehicle choices. The latest sports utility vehicle (SUV, or 4x4) sales data show a gain of over 10% y-o-y in 4Q14, while the US Department of Transport's Federal Highway Administration reported an increase of 2.6% y-o-y in US VMT in October to 264.2 billion. This supported growth of approximately 2.7% y-o-y in US gasoline and roughly 5% y-o-y for gasoil/diesel, the latter gaining additional traction on heightened agricultural and industrial demand (the US Federal Reserve reporting industrial production growth of 4% y-o-y in October).

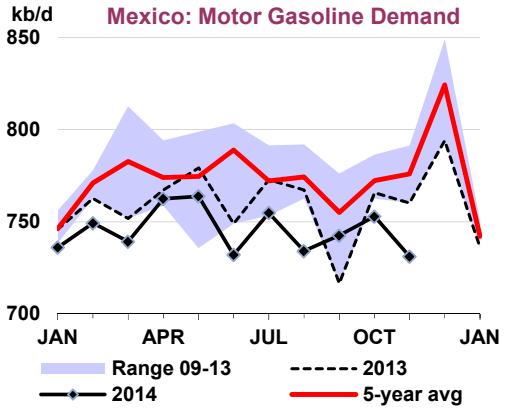




Accelerating industrial activity in November (+5.2% y-o-y) contributed towards the upwardly revised (+305 kb/d) November demand estimate, with additional US distillate demand once again one of the key causes. Other significant growth contributing fuels in November included gasoline and jet/kerosene. Having risen by around 1% y-o-y in November, December is likely to see a further acceleration, as additional price declines provide some extra stimulus and the severe winter freeze of December 2013 was not repeated.

Fuel-switching away from oil in the **Mexican** power sector, to alternatives such as hydro continues to put the overall Mexican demand trend under pressure, as do falling gasoline deliveries. Total oil product demand slipped by 1.5% y-o-y in November, to 1.9 mb/d, the ninth monthly decline in 2014. Gasoline deliveries fell by 3.8% y-o-y in November, to 730 kb/d, their greatest decline in about a year. For the year as a whole, demand is estimated to have contracted by 3.8% (-3.2% previously), to an average 2.0 mb/d, with particularly steep declines in residual fuel oil and gasoline demand.





OECD Demand based on Adjusted Preliminary Submissions - November 2014

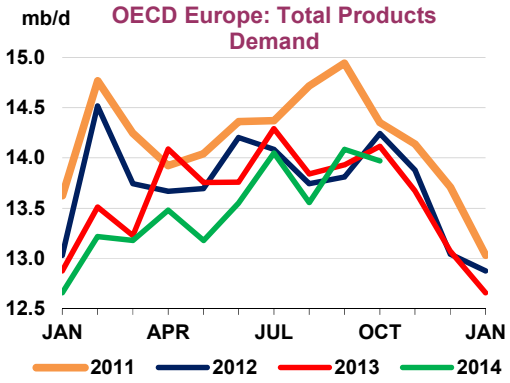
(million barrels per day)

	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*	**10.73**	**0.9**	**1.67**	**0.4**	**4.74**	**5.2**	**0.67**	**-0.2**	**0.63**	**2.2**	**6.28**	**-3.35**	**24.72**	**0.5**
US50	9.04	1.3	1.44	0.6	3.85	6.1	0.26	0.2	0.34	-4.8	4.74	-3.03	19.67	0.9
Canada	0.83	1.0	0.11	-4.8	0.30	3.3	0.34	-1.6	0.06	37.2	0.86	-4.24	2.49	-0.6
Mexico	0.73	-3.8	0.06	5.7	0.38	1.1	0.05	10.1	0.12	19.4	0.58	-5.01	1.91	-1.5
OECD Europe	**1.88**	**-1.0**	**1.19**	**-1.1**	**4.51**	**0.1**	**1.47**	**-13.5**	**0.87**	**-8.1**	**3.25**	**-4.96**	**13.17**	**-3.7**
Germany	0.43	3.4	0.17	-7.9	0.76	1.5	0.32	-22.3	0.15	19.4	0.53	-8.65	2.36	-4.4
United Kingdom	0.31	-1.6	0.34	-2.8	0.50	-2.0	0.12	-7.8	0.02	-35.4	0.24	3.68	1.52	-2.4
France	0.15	-2.6	0.14	-3.3	0.64	-3.4	0.22	-19.6	0.05	-26.1	0.34	-2.89	1.55	-6.8
Italy	0.20	-4.7	0.09	-1.6	0.43	-0.6	0.09	-21.7	0.06	-20.4	0.33	-8.70	1.19	-6.6
Spain	0.10	-3.4	0.10	-0.1	0.41	-1.5	0.17	-9.5	0.15	-7.8	0.25	-4.06	1.19	-4.2
OECD Asia & Oceania	**1.57**	**-2.8**	**0.97**	**-5.2**	**1.29**	**-2.1**	**0.53**	**-6.3**	**0.62**	**-18.8**	**3.25**	**-7.20**	**8.22**	**-6.3**
Japan	0.92	-5.0	0.59	-8.8	0.42	-7.2	0.39	-8.8	0.35	-21.4	1.67	-11.07	4.33	-9.9
Korea	0.19	-2.3	0.19	1.1	0.33	0.5	0.12	1.6	0.21	-16.3	1.32	-3.21	2.37	-3.4
Australia	0.34	0.6	0.14	0.5	0.44	0.9	0.00	0.0	0.03	-9.5	0.18	1.40	1.13	0.5
OECD Total	**14.17**	**0.2**	**3.82**	**-1.5**	**10.54**	**2.0**	**2.68**	**-9.1**	**2.12**	**-8.9**	**12.78**	**-4.76**	**46.12**	**-2.0**

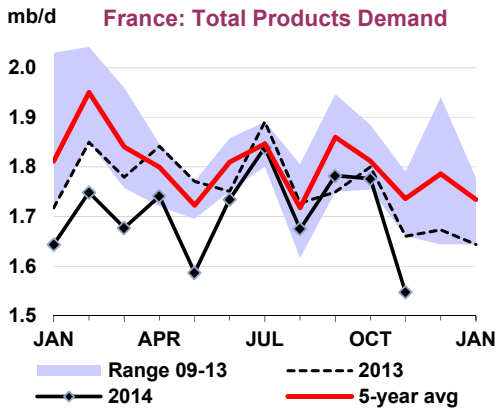
* Including US territories

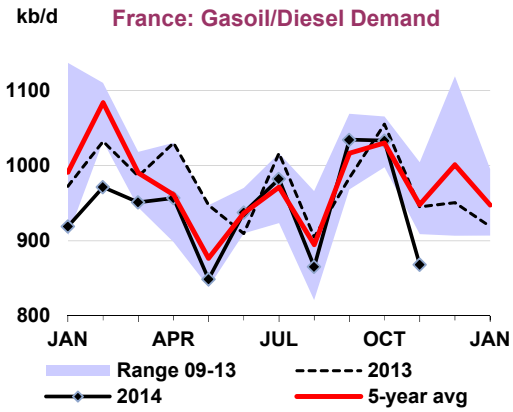
Europe

The 4Q14 European demand estimate has been revised downwards by 225kb/d from last month's *Report*, to 13.3 mb/d, as economic growth remained tepid while relatively mild early-winter weather conditions were seen across the continent. Notable November curtailments included France (-105 kb/d) and Germany (-50 kb/d), while large October adjustments for Italy (-60 kb/d) and the Netherlands (-45 kb/d) further dampened the 4Q14 estimate. This revised 4Q14 European demand projection was 2.1% down on the year earlier, as Markit's composite Purchasing Managers' Index (PMI) reported its worst performance in over a year.

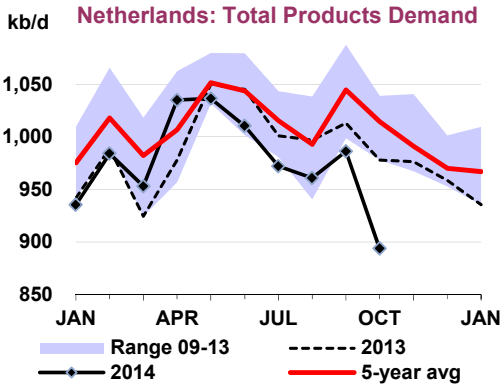


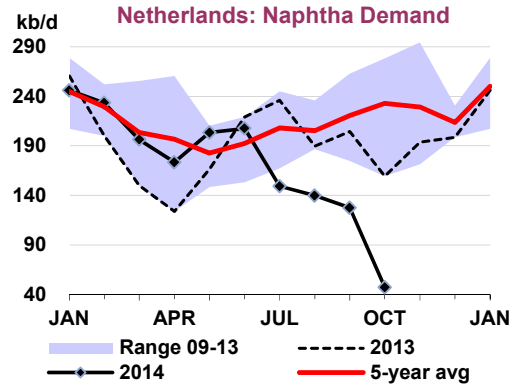
Preliminary estimates of **French** November demand depicted a sharp 6.8% y-o-y contraction, to 1.5 mb/d. A mid-2014 relative strengthening in French demand appeared to abate in November, with particularly sharp downside pressure felt on gasoil (-8.1% y-o-y). The latest data reflect the protracted softening in economic sentiment, with November's Manufacturing PMI falling to a three-month low, of 48.4 according to Markit, significantly below the key 50 expansionary threshold, while other indicators such as INSEE's consumer/business confidence indicators confirm this 'pessimism'.





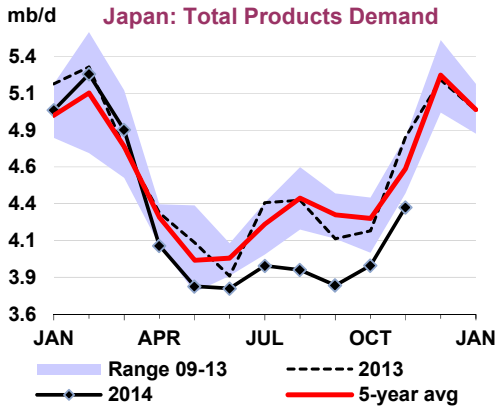
At 895 kb/d in October, the **Dutch** demand estimate offered its sharpest y-o-y decline in nearly four years (-8.6%) following Shell's closure of its Moerdijk cracker. The discovery of a leak at the 800 000 tonne per year cracker forced its closure, accordingly and sharply curbing oil demand from the petrochemical sector. The forecast for 2015 also had to be curtailed, at least through 1Q15, on reports that the facility will not resume operations until 1H15.

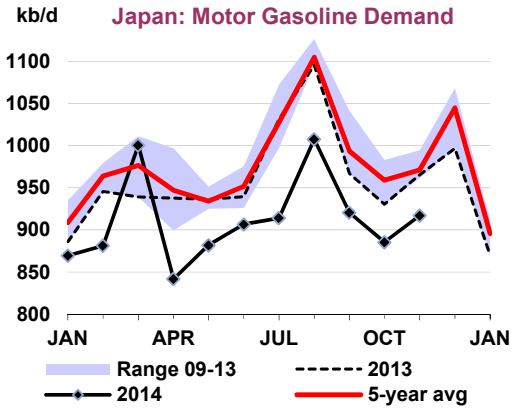




Asia Oceania

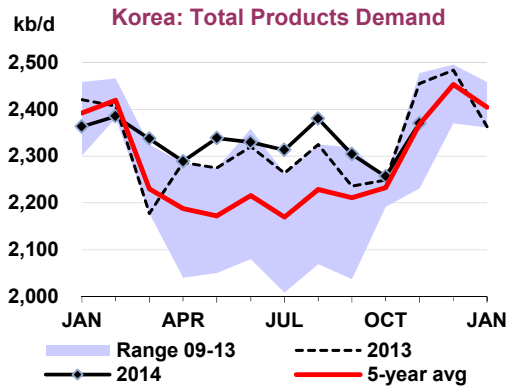
Heavy downside revisions, to both the Japanese and Korean 4Q14 demand estimates, resulted in approximately 115 kb/d being removed from 4Q14 OECD Asia Oceania demand, which now averages 8.2 mb/d. Within the overall 4.3% y-o-y OECD Asia Oceania decline were particularly steep drops in residual fuel oil and 'other products', respectively down by 15.8% and 19.0% y-o-y in 4Q14.

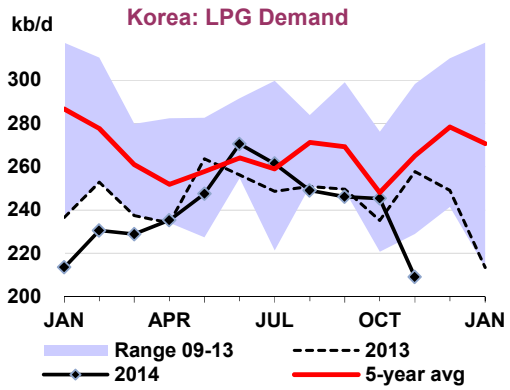




Signs of a deterioration in **Japan's** economic outlook echoed in recent oil demand data. Sharply curtailed transport fuel demand played a key role, as did continued heavy declines in power-sector oil use. Preliminary estimates of November oil deliveries show a near 10% y-o-y contraction, to 4.3 mb/d, as readings of consumer confidence fell for a fourth consecutive month and industrial production offered an absolute decline. The Ministry of Economy Trade and Industry reported a 3.8% y-o-y contraction in total Japanese industrial output in November, while the same month saw the Cabinet Office's consumer confidence index fall to a heavily 'pessimistic' 37.7, its weakest reading since April 2014.

The latest **Korean** oil demand data estimate, at 2.4 mb/d in November, was down heavily on the year earlier (-3.4%). Steep declines in demand for LPG, gasoline and residual fuel oil led earlier demand estimates for the month to be revised downwards. Relatively mild early-winter weather, coupled with low LNG prices, kept both residual fuel oil and LPG deliveries below year earlier levels. Further denting the overall Korean demand trend were reports, from the Bank of Korea, that consumer confidence slipped to a one-year low. For the year as a whole, we estimate that Korea consumed roughly 2.3 mb/d of oil products in 2014, 0.9% up on the year.





Non-OECD

Preliminary data suggest that non-OECD demand growth fell to +2% y-o-y in 4Q14, its lowest level in roughly one year. Within the total 4Q14 non-OECD demand estimate of 47.2 mb/d, the most sluggish growth predictably occurred in the crisis-hit economies of the FSU (which was flat on a y-o-y basis) and non-OECD Europe (+1.1%), while sharply lower commodity prices reduced both the income and oil demand growth estimates for Latin America (+1.3%) and the Middle East (+1.2%).

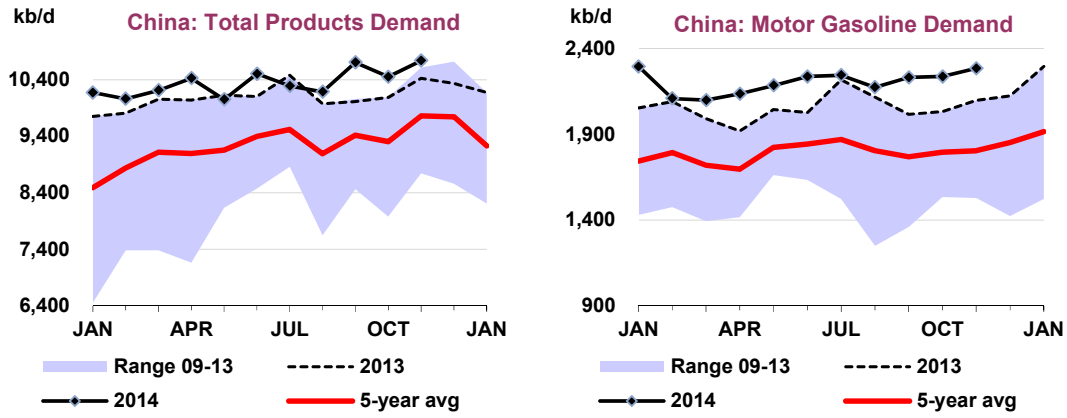
Non-OECD: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14
LPG & Ethane	5,132	5,132	5,185	165	137	3.3	2.7
Naphtha	3,086	3,101	3,090	69	-55	2.3	-1.8
Motor Gasoline	9,674	9,783	9,879	311	333	3.3	3.5
Jet Fuel & Kerosene	2,916	3,004	2,994	131	67	4.6	2.3
Gas/Diesel Oil	14,242	14,164	14,325	91	171	0.6	1.2
Residual Fuel Oil	5,448	5,472	5,447	145	67	2.7	1.2
Other Products	6,371	6,621	6,286	177	217	2.7	3.6
Total Products	**46,868**	**47,278**	**47,205**	**1,089**	**937**	**2.4**	**2.0**

China

Preliminary estimates of November Chinese demand suggest a rise of 3% on the year to 10.7 mb/d, as reports of product destocking coincide with heady refinery throughput numbers (see *Refining*). Product stocks fell by around 110 kb/d y-o-y in November, according to the latest data from *China Oil, Gas and Petrochemicals*, with a particularly notable gasoil decline reported.



Gasoline led the still relatively moderate pace of Chinese demand growth reported in November, with implied demand for the fuel surging by nearly 9% on the year earlier to 2.3 mb/d, offsetting weak fuel oil use. Ongoing macroeconomic worries, decelerating car sales and air-quality-control measures that restricted traffic and sharply reduced industrial activity in and around Beijing during the Asia Pacific Economic Cooperation (APEC) summit restrained 4Q14 demand. The China Association of Automobile Manufacturers reported 1.8 million passenger car sales in November, up 4.7% y-o-y, the weakest pace of growth in roughly one-and-a-half years. This weakening in car sales data, along with increased consumption taxes on oil products (which deprive Chinese consumers from the full benefit of the recent declines in crude prices) and a more subdued macroeconomic outlook, will combine to keep the overall Chinese growth forecast suppressed at around 2.5% in 2015.

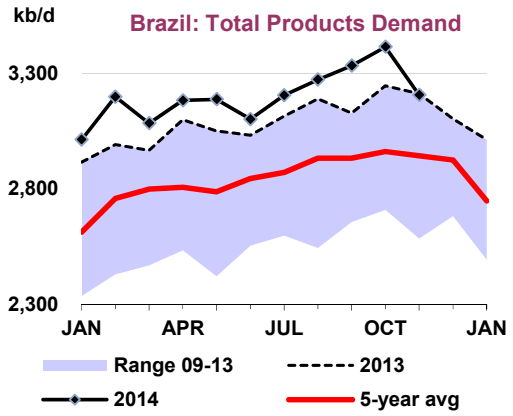
China: Demand by Product

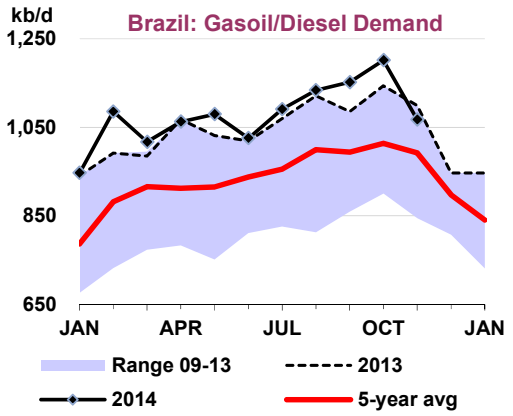
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
LPG & Ethane	790	843	901	54	58	6.8	6.9
Naphtha	1,126	1,174	1,195	48	21	4.3	1.8
Motor Gasoline	2,062	2,213	2,345	151	132	7.3	6.0
Jet Fuel & Kerosene	461	516	525	55	9	11.9	1.8
Gas/Diesel Oil	3,370	3,350	3,372	-20	22	-0.6	0.7
Residual Fuel Oil	425	336	327	-89	-9	-21.0	-2.7
Other Products	1,867	1,943	1,967	76	24	4.1	1.3
Total Products	**10,101**	**10,374**	**10,632**	**274**	**258**	**2.7**	**2.5**

Other Non-OECD

Edging modestly down in November, to 3.2 mb/d, **Brazilian** oil product demand posted its weakest y-o-y performance in just over two years. Sharp declines in gasoil/diesel led November's drop, as recent weaknesses in industrial activity stripped back domestic diesel demand. The Instituto Brasileiro de Geografia e Estatistica has reported y-o-y declines in total industrial output for every month since February 2014. Demand estimates for November have been revised down by 100 kb/d from last month's *Report*. A slower clip is now assumed for the year as a whole, +3.5% to 3.2 mb/d, versus 3.9% last month. Lower oil prices dampen the Brazilian macroeconomic outlook for 2015, resulting in a decelerating oil demand forecast, +2.7% in 2015 to 3.3 mb/d.



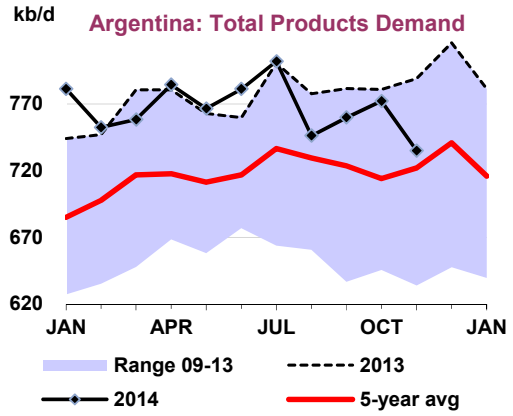


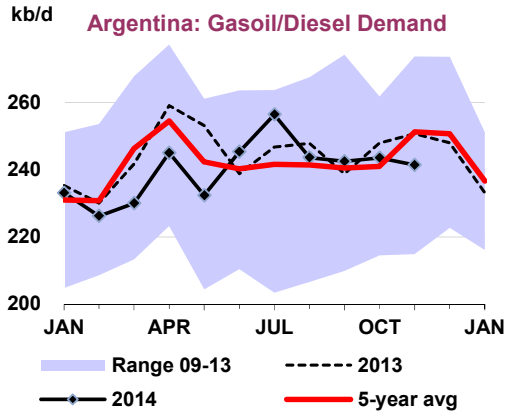
Non-OECD: Demand by Region

(thousand barrels per day)

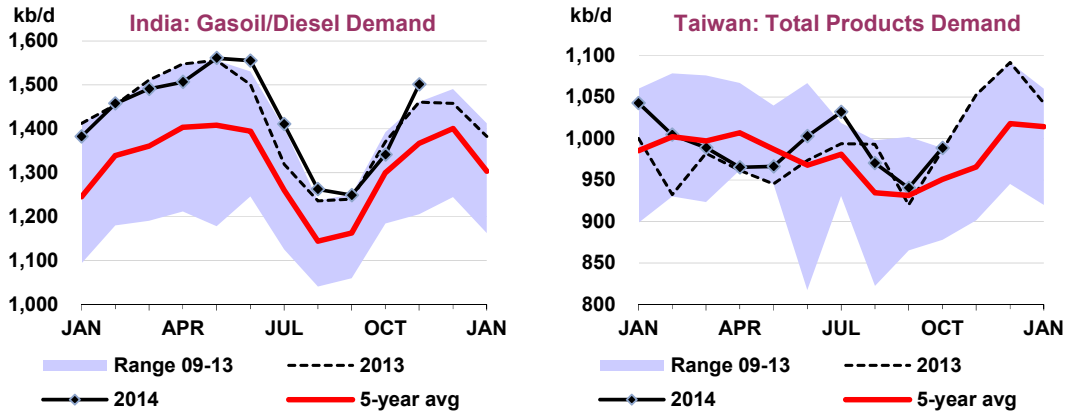
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14
Africa	3,947	3,844	3,980	118	160	3.2	4.2
Asia	22,498	22,254	22,917	522	591	2.4	2.6
FSU	4,811	5,027	4,930	102	-1	2.1	0.0
Latin America	6,759	6,917	6,856	163	85	2.4	1.3
Middle East	8,197	8,563	7,839	168	95	2.0	1.2
Non-OECD Europe	655	674	684	16	8	2.4	1.1
Total Products	**46,868**	**47,278**	**47,205**	**1,089**	**937**	**2.4**	**2.0**

Weak demand right across the **Argentinean** product spectrum saw only 735 kb/d of oil products delivered in November, 55 kb/d (or 6.9%) below the year earlier. Weak industrial output particularly undermined demand for gasoil, LPG and 'other products'. The Instituto Nacional de Estadistica y Censos reported that industrial production contracted by 2.1% y-o-y in November, its ninth consecutive decline. The estimate of Argentinean demand for 2014 as a whole has accordingly been curbed, to 765 mb/d (1.2% down on 2013). Ongoing macroeconomic concerns are likely to result in a further slight decline (of around 0.7%) in 2015, to 760 kb/d.





Preliminary data show **Indian** oil product deliveries rose to 3.9 mb/d in November, nearly 35 kb/d above expectations, on supportive macroeconomic activity and lower crude prices. LPG, prices of which remain subsidised in India, led the gains with growth of 14.5%, to 0.6 mb/d, with notable gains in diesel and gasoline also offsetting y-o-y declines in naphtha and jet/kerosene. Overall, Indian demand is estimated to have averaged roughly 3.9 mb/d in 2014, up 2.5% on the year. Growth is forecast to reach 3.6% in 2015, bringing average demand for the year to 4.0 mb/d, supported by underlying economic growth.



At roughly 1.0 mb/d in October, the **Chinese Taipei** demand estimate has been revised down by 35 kb/d since last month's *Report* as petrochemical demand came out below earlier expectations. This, coupled with confirmed reports that an 84 kb/d cracker closed late-November, triggered a 20 kb/d downside adjustment in the 4Q14 Chinese Taipei demand estimate, to 1.0 mb/d. For the year as a whole, a modest gain of 1.6% is estimated, with particularly strong (near 3% y-o-y) 1H14 demand growth offset by a much weaker 2H14.

Down 0.5% on the year earlier, the October **Iranian** demand estimate came out 30 kb/d below the month earlier projection, as sharply falling oil prices dented domestic coffers sufficiently to reduce oil demand, with domestic transportation markets particularly suffering. For the year as a whole, roughly 1.8 mb/d will be delivered, little changed on the year earlier, before picking up very marginally in 2015 as mildly stronger macroeconomic activity likely supports additional oil use, albeit to a much reduced degree on lower oil prices.

SUPPLY

Summary

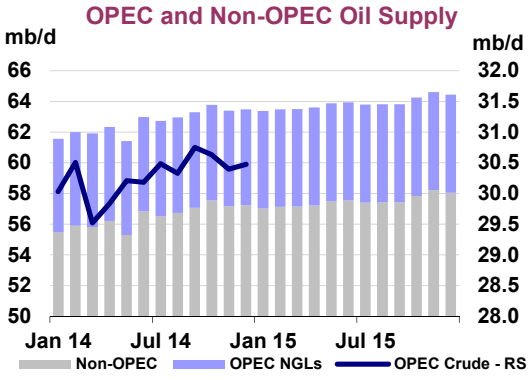
- **Global production rose by 155 kb/d month-on-month (m-o-m) in December to 94.2 mb/d,** with non-OPEC and OPEC contributing roughly equal shares. Total supplies were a robust 2.1 mb/d higher than a year earlier.

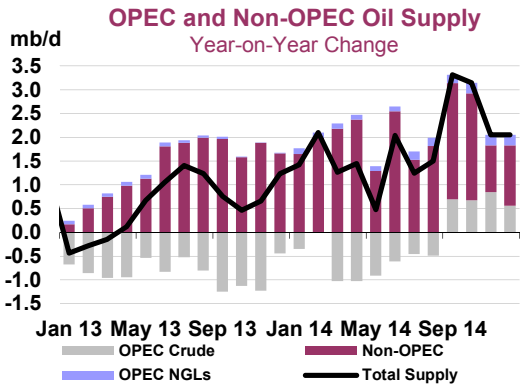
- **The rapid decline in oil price, reduced capex and political factors have cut non-OPEC supply growth for 2015 by about 350 kb/d since the last *Report*.** So far, the effect of lower prices on North America's production is marginal, with downward revisions to the US and Canada at 80 kb/d and 95 kb/d, respectively. Other notable revisions include Russia (-30 kb/d) and Colombia (-175 kb/d).

- **A downward revision of 450 kb/d to the 2H15 non-OPEC supply outlook raises the 'call' on OPEC to an average 29.8 mb/d – just shy of OPEC's official target of 30 mb/d.** For 2015 as a whole, the 'call on OPEC crude and stock change' for 2015 has been adjusted up by 300 kb/d to 29.2 mb/d.

- **Non-OPEC total liquids supply is forecast to expand by 950 kb/d in 2015, following growth of 1.9 mb/d in 2014.** As in 2014, North America will provide most of the growth, offsetting declines elsewhere. Latin America is expected to contribute meaningful volumes (+150 kb/d), with non-OECD Asia also growing (+50 kb/d). Russia's oil output will fall by about 140 kb/d year-on-year (y-o-y).

- **OPEC output rose by 80 kb/d in December to 30.48 mb/d, with a surge in Iraqi supply to 35-year highs offsetting new losses in Libya due to an escalation in armed conflict.** Top producer Saudi Arabia kept output steady.





All world oil supply data for December discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary December 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 approximately -200 kb/d to -400 kb/d for non-OPEC as a whole.

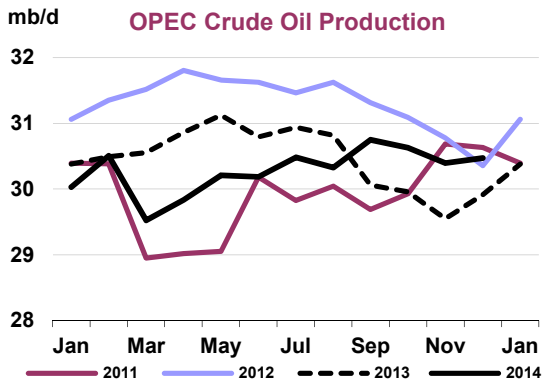
OPEC crude oil supply

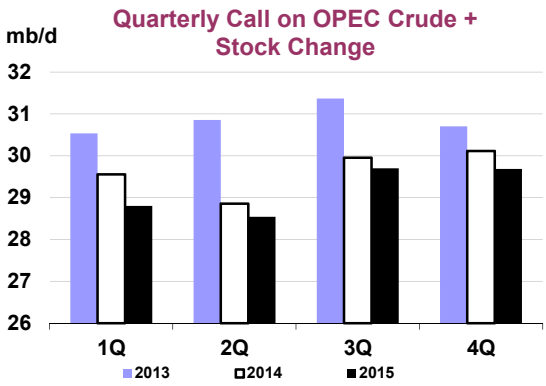
OPEC production rose to 30.48 mb/d in December, up by 80 kb/d from the previous month, as a collapse in Libyan output was offset by Iraqi oil fields that pumped at the highest rate since 1979. Libyan production fell by 250 kb/d, the biggest month-on-month (m-o-m) decline in more than a year, after the country's vital oil export terminals, which had until then been spared by the fighting, came under attack. Iraq turned in an impressive month with record exports from the south and higher shipments from the north following an export agreement between Baghdad and the Kurdistan Regional Government (KRG). Top exporter Saudi Arabia kept flows steady.

Since the group agreed at its 27 November meeting to maintain its official 30 mb/d supply target despite oil's price rout, prices have fallen by around $20/bbl – prompting cash-strapped Venezuela, Iran and Algeria to renew calls for output cuts. But Saudi Arabia, which steered the OPEC decision, and other core Gulf producers are standing firm. Saudi Arabia's oil minister Ali al-Naimi was reported as saying that it was "not in the interest of OPEC producers to cut their production, whatever the price is". December marked the eighth straight month with OPEC supply in excess of its official target and output was up 560 kb/d year-on-year (y-o-y).

Slower anticipated growth from producers outside of OPEC in the wake of the price collapse has led to a 300 kb/d upward adjustment of the 2015 'call on OPEC crude and stock change' to 29.2 mb/d. A downward revision of 450 kb/d to the 2H15 non-OPEC supply outlook boosts the 'call' on OPEC for 2H15 to an average 29.8 mb/d – just short of OPEC's official target.

OPEC's 'effective' spare capacity was estimated at 3.39 mb/d in December compared to 3.45 mb/d in November, with Saudi Arabia accounting for about 80% of the surplus.

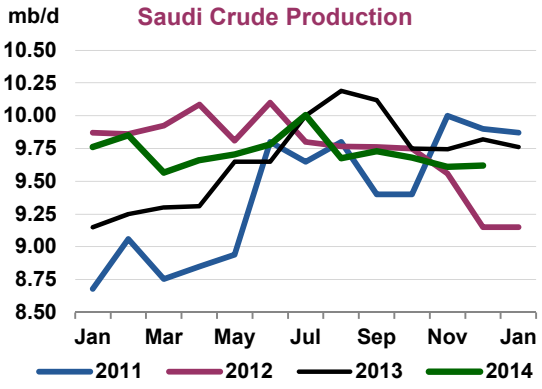


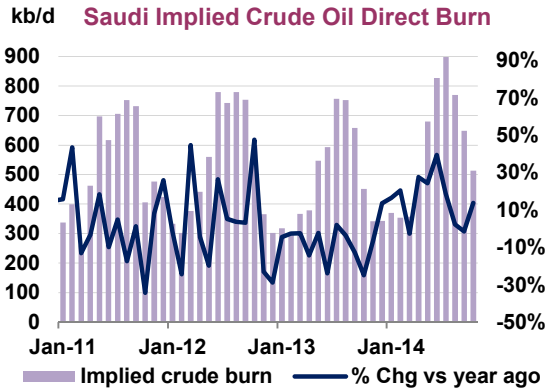


Supply from **Saudi Arabia** held at 9.6 mb/d in December, with Riyadh determined to preserve market share. Oil Minister Naimi was reported as saying that OPEC would not cut production - even if oil fell to $20/bbl. Saudi Crown Prince Salman, speaking on behalf of King Abdullah – who is hospitalised with pneumonia - defended the Saudi-driven OPEC policy, saying Riyadh would deal with the challenge of lower oil prices 'with a firm will'.

Major buyers of Saudi crude oil said OPEC's top producer shows no sign of holding back supply to world markets. According to the most recent data submitted by Saudi Arabia to the Joint Organisations Data Initiative (JODI), Saudi crude exports in October rose to 6.9 mb/d – up 175 kb/d on September. Exports of products climbed to 910 kb/d in October compared to 790 kb/d in September.

The latest JODI figures showed Riyadh consumed 515 kb/d of crude for power generation in October. During 3Q14, when power-generation needs rise seasonally with air conditioning, it burned an average 770 kb/d. Crude burn typically fall seasonally during the fourth quarter and in 4Q13 it averaged 380 kb/d.





In terms of crude oil pricing, state oil company Saudi Aramco continues to adjust monthly formula prices to remain competitive in a well-supplied market. In early January, Aramco made sharp cuts to prices for crude loading in February for Europe (see *Prices*). Riyadh made moderate increases to prices for Asian destinations and reduced its key Arab Medium to the US price for a sixth month in a row. The US imported 825 kb/d of Saudi crude in October, down from 1.6 mb/d in April.

OPEC Crude Production

(million barrels per day)

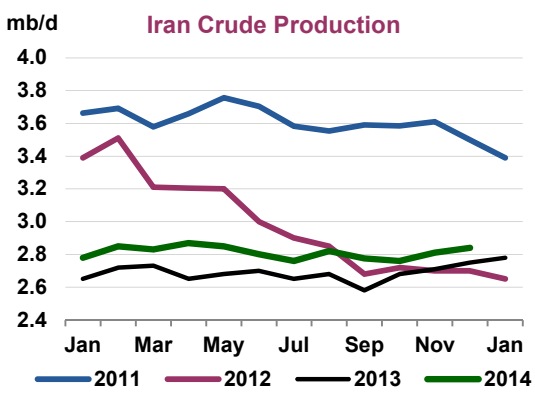
	Oct 2014 Supply	Nov 2014 Supply	Dec 2014 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Dec 2014 Supply	2014 Crude Supply	OPEC Supply 2014 vs 2013
Algeria	1.13	1.13	1.12	1.17	0.05	1.12	-0.03
Angola	1.75	1.69	1.72	1.80	0.08	1.66	-0.06
Ecuador	0.54	0.55	0.55	0.57	0.02	0.55	0.03
Iran	2.76	2.81	2.84	2.90	0.06	2.81	0.13
Iraq	3.32	3.41	3.70	3.60	0.00	3.33	0.25
Kuwait[2]	2.82	2.76	2.77	2.85	0.09	2.61	0.06
Libya	0.87	0.69	0.44	0.85	0.41	0.46	-0.44
Nigeria	1.88	1.92	1.87	2.00	0.13	1.91	-0.05
Qatar	0.69	0.68	0.67	0.73	0.06	0.71	-0.02
Saudi Arabia[2]	9.68	9.61	9.62	12.40	2.78	9.53	0.12
UAE	2.74	2.71	2.76	2.90	0.14	2.75	-0.01
Venezuela[3]	2.46	2.44	2.42	2.60	0.18	2.46	-0.03
Total OPEC	**30.63**	**30.40**	**30.48**	**34.37**	**3.99**	**30.28**	**-0.18**
(excluding Iraq, Nigeria, Libya and Iran)					**3.39**		

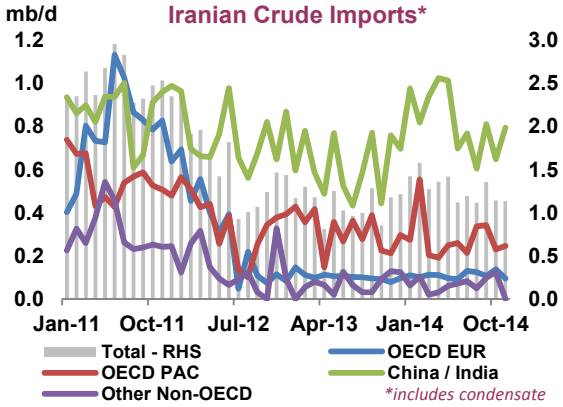
1 Capacity levels can be reached within 30 days and sustained for 90 days.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in December.

Iranian crude oil production edged higher in December, up 30 kb/d to 2.84 mb/d, as diplomats from Iran and the so-called "P5+1" (the US, UK, France, Russia, China and Germany) prepared for a fresh round of talks over a nuclear deal. The two sides have until the end of June to secure a long-term settlement that would lead to the removal of rigorous economic sanctions imposed on Iran by the US and the EU. Until then, a partial easing of sanctions under a preliminary deal in November 2013 remains in place. Under that agreement, a nominal 1 mb/d cap was set on Iran's crude exports. During 2014, shipments of Iranian crude, as measured by estimated receipts by importers, were running around 90 kb/d above the target, and about 70 kb/d higher than the previous year. Production for 2014 is estimated at about 2.8 mb/d - roughly 130 kb/d higher than 2013.

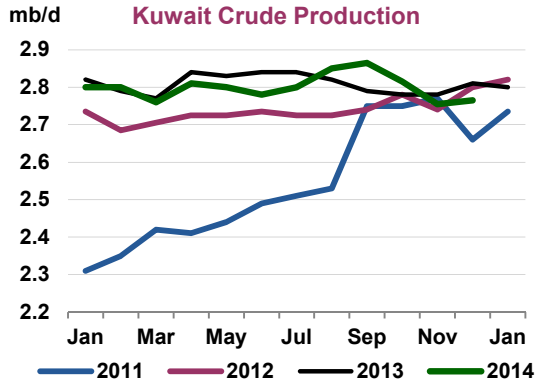


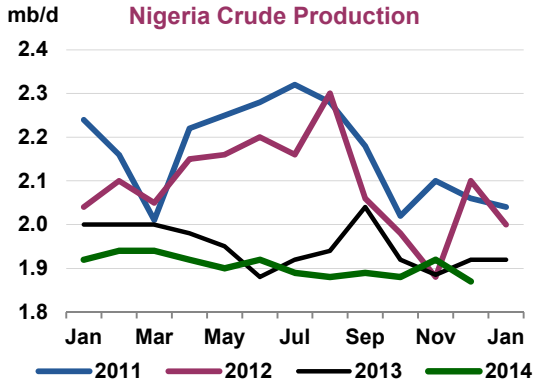


For December, preliminary figures show deliveries of Iranian crude at 1.1 mb/d, up 130 kb/d m-o-m. Purchases in October and November had dipped below the nominal 1 mb/d target. Syria returned as an importer in December, with deliveries of 60 kb/d. India, Iran's second biggest customer, raised purchases by 70 kb/d to 320 kb/d. Deliveries to China, Iran's top buyer, were relatively steady at 560 kb/d versus 545 kb/d in November. Japan cut imports by 60 kb/d to 105 kb/d in December, while Korea increased purchases by 45 kb/d from November to 130 kb/d. Deliveries into Turkey held steady at around 90 kb/d.

Shipments of condensate – ultra light oil from Iran's South Pars gas project – averaged about 190 kb/d for 2014 versus 85 kb/d during the previous year. Import volumes are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports.

Kuwaiti production, which has slowed due to the extended closure of the Khafji oil field run jointly with Saudi Arabia in the Neutral Zone, showed little m-o-m change at 2.77 mb/d in December. A similarly flat trend was seen in **Qatar,** while production from the **UAE** rose 50 kb/d m-o-m to 2.76 mb/d**.**





In West Africa, **Nigerian** output fell by 50 kb/d to 1.87 mb/d due to maintenance and disruptions affecting various export streams. **Angolan** supply rose by 30 kb/d m-o-m to 1.72 mb/d. Both countries showed slight decreases for the year as a whole. Nigeria was down 50 kb/d to an average 1.91 mb/d in 2014, while Angola slipped 60 kb/d to 1.66 mb/d.

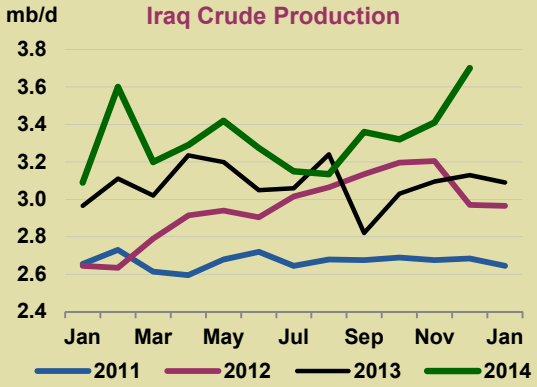
Iraqi production races ahead

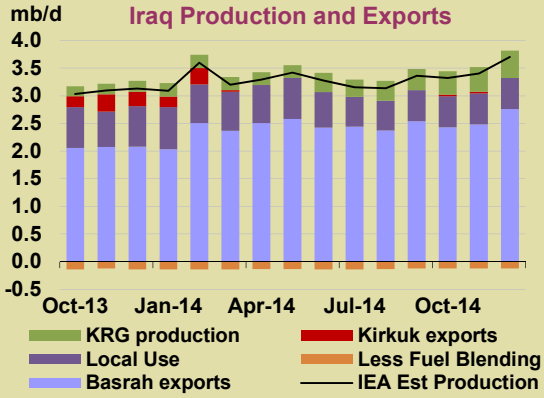
Crude oil production from **Iraq**, including the Kurdistan Regional Government (KRG), climbed 290 kb/d to a 35-year high of 3.7 mb/d in December thanks to record southern exports and rising shipments from the north. Looking ahead, Iraq could break new records if infrastructure and weather permit. Iraqi oil marketer SOMO has issued a preliminary schedule of February exports from southern terminals of 3.3 mb/d – its highest-ever allocation.

Iraqi production races ahead (continued)

Given oil's price rout and Iraq's budget needs, OPEC's second biggest producer has every incentive to ramp up exports as fast as it can. But the price collapse has blunted the revenue gains urgently needed for Iraq, where the battle against Islamic militants is depleting the financial resources of the federal government and the KRG. Baghdad says earnings from December exports of 2.94 mb/d were around $5.2 billion. In June, when the price of oil reached its 2014 peak, exports of 2.4 mb/d raked in nearly $8 billion.

December southern Basra Light shipments of 2.76 mb/d, the best ever rate, provided the bulk of Iraqi exports. Shipments rose by 260 kb/d from November due to the efficient use of export facilities and clearer weather in the Gulf that eased loading delays. Due to ongoing infrastructure bottlenecks, the southern export facilities are currently capable of handling up to 2.8 mb/d on a sustainable basis, industry sources reckon. Storage is limited to around 7 million barrels. Iraq's state oil marketer SOMO initially allocated 2.7 mb/d of Basra Light exports for January. Preliminary February loading schedules are even higher although such initial plans are subject to revision and often fall short of initial targets.





In the wake of an export agreement between Baghdad and the KRG, shipments from northern Iraq via the KRG's pipeline to Turkey climbed to 180 kb/d in December - up from 30 kb/d the previous month – the first month of substantial exports since early in the year. Some of that volume was loaded from storage, industry sources say. Baghdad had been shipping close to 300 kb/d from its northern fields until a federally-controlled pipeline to Turkey was shut in early March due to repeated attacks by Islamist militants. The KRG has meanwhile been shipping oil independently of Baghdad via its own pipeline to Turkey since the end of May. The export deal of 2 December calls for the KRG to provide 250 kb/d to SOMO to sell and allows for another 300 kb/d from Kirkuk to flow through the KRG's pipeline system. In return, the central government is to release the KRG's 17% share of national revenue.

Exports of northern crude are expected to rise to about 300 kb/d in January, with Iraqi state North Oil Company (NOC) exporting Kirkuk crude for the first time since March. In January, NOC started to pump 150 kb/d from the Kirkuk field's Baba dome and the Jambur oil field. The crude travels through a new pipeline that links the fields to the KRG's export system.

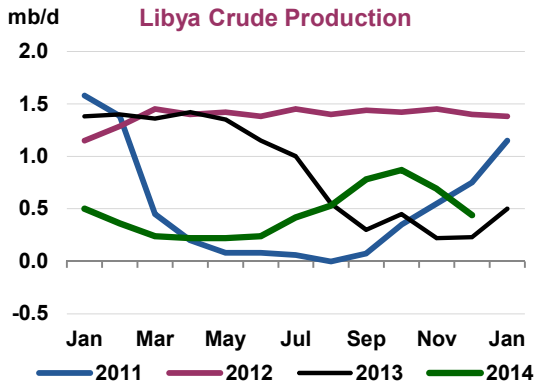
A preliminary loading schedule for January shows 300 kb/d of northern Iraqi crude exports, with about 250 kb/d designated as "Kirkuk Co." and 50 kb/d labelled as "Kurdish Co.". Industry sources in the region say overall flows through the pipeline have reached 450 kb/d. Despite the progress made under the export arrangement, there is still some confusion among potential buyers as to which entity will market the crude. Baghdad has long disputed the legality of the KRG's independent pipeline shipments, saying only the federal government has the right to market Iraqi crude. KRG officials have said that oil in excess of the 250 kb/d would be sold by the KRG rather than SOMO. Lifters of the "Kurdish Co." oil do not appear on the schedule. Turkey's Tupras and Russia's Lukoil appear to be the major buyers of "Kirkuk Co." oil, with Italy's Eni and Spanish Repsol due to load small cargoes.

Around 120 kb/d of the KRG's production of about 500 kb/d is drawn from the Kirkuk field's Avana dome and the nearby Bai Hassan, which had previously been run by NOC. After Islamist militants swept across northern Iraq this summer, the KRG took control of these northern assets. The giant Kirkuk oil field is divided into three geological domes – Avana, Baba and Khurmala. The KRG has been managing Khurmala, the northernmost formation, since 2008.

Libyan crude production sank to 440 kb/d in December, down 250 kb/d m-o-m, as fighting between the country's two rival governments, the so-called Libya Dawn administration in Tripoli and the officially recognised government that fled to Tobruk in the east, spread to the vital eastern oil ports of Es Sider and Ras Lanuf. By early January, output had sunk towards 200 kb/d – the lowest level since 2Q14 – after an end-December rocket attack by Libya Dawn forces struck crude storage tanks at the Es Sider terminal. Violence is raging between the Libya Dawn forces that took over Tripoli last summer and the Tobruk government.

The resulting fires at the terminal damaged six of 19 tanks and led to the loss of around 1.5 mb of crude in storage. Exports from Es Sider and Ras Lanuf, which between them can handle 560 kb/d, had already been suspended earlier in the month after clashes between armed groups. The country's crude oil shipments have slumped to a mere 60 kb/d.

The North African producer's oil fields had briefly ramped up to 1 mb/d in October, before the conflict spread to the oil sector. After the war that ousted Muammar Gaddafi in 2011, output managed to climb as high as 1.45 mb/d. That level was last touched in November 2012.



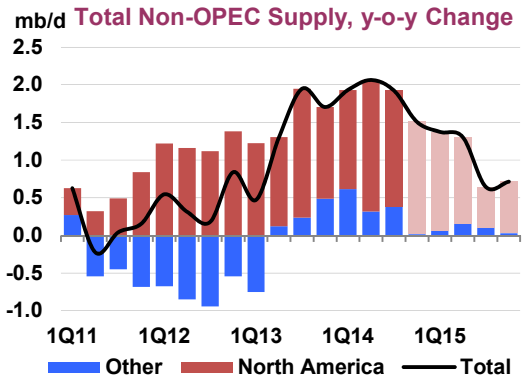
Industry sources say production is unlikely to rise significantly from its current 200 kb/d level while there is heavy fighting around the terminals and the front line between Libya Dawn and troops led by former Gaddafi Army General Khalifa Haftar remains in the area.

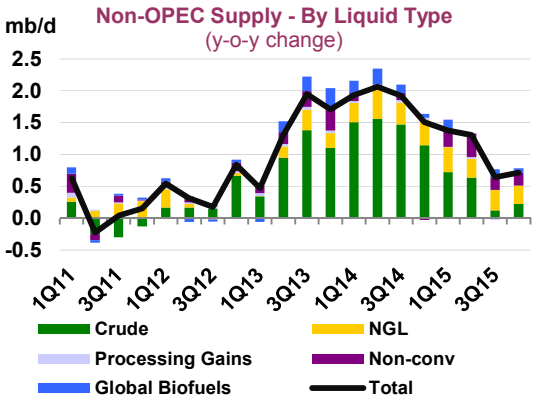
Oil below $50/bbl is proving especially stressful for recession-hit **Venezuela**, where supply eased to 2.42 mb/d, and **Ecuador**, where output held at 550 kb/d. Both South American countries lobbied China in early January for additional funding. Venezuelan President Nicolas Maduro also sought financing from fellow OPEC member Qatar. Venezuela's precarious financial situation has stoked concerns of a sovereign debt default. Caracas has renewed its call for an OPEC supply cut and Maduro met Saudi Arabia's Crown Prince Salman in Riyadh to discuss the plunge in oil prices.

Non-OPEC Overview

Non-OPEC production rose by 70 kb/d in December m-o-m, to 57.24 mb/d. A sharp seasonal fall in global biofuels supply, mainly Brazilian ethanol, was not enough to offset petroleum liquids production increases in North America and the FSU. On the year, non-OPEC supplies stood 1.3 mb/d higher in December, thanks to rising North America and Latin America supplies, which more than offset decreases in virtually every other region. For 2014 as a whole, total non-OPEC output is estimated to have grown by a record 1.9 mb/d, to 56.5 mb/d.

Although much lower oil prices will take a toll on spending and production in 2015, non-OPEC supplies are nevertheless forecast to increase by less than 1 mb/d for the year, to 57.5 mb/d. The US and Canada will continue to be the top two sources of non-OPEC production growth, but lower crude oil prices since mid-2014 have caused a significant reduction in capital expenditures, which will dampen growth in 2H15. Rigs drilling and drilling permits in the US substantially decreased in 4Q14 and at the beginning of 2015, with perhaps further reductions subsequently foreseen. The forecast of US production growth for 2015 has been reduced by 75 kb/d since last month's Report, to 850 kb/d, and that of Canadian supplies by 95 kb/d, to 220 kd/d. Overall, the forecast of non-OPEC supply growth has been reduced by an aggregate 350 kb/d.





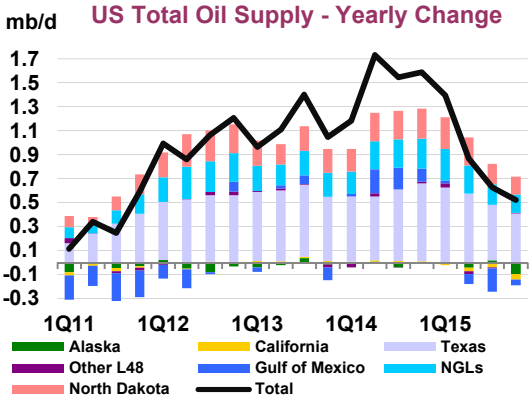
Brazil, which saw an impressive jump in production in the second half of 2014, will continue as the third-largest source of non-OPEC growth in 2015. Although much of Brazil's production is profitable with crude at around $50/bbl, national oil company Petrobras's enormous debt will limit the availability of investment to further develop the country's prolific pre-salt deposits. Lower oil prices coupled with continued problems associated with a corruption probe of Petrobras provide significant uncertainty surrounding the Brazil outlook.

Although Russia posted a new post-Soviet high in terms of production for 2014, its outlook for 2015 turned more negative compared with the last Report. The country is entering a deep recession as low oil prices, international sanctions, a devalued currency and high interest rates all take a toll on the oil sector. The latest forecast Russia production reflects a downward revision of 30 kb/d since last month's Report.

OECD

North America

US – December preliminary, Alaska actual, others estimated: Estimated US liquids output fell slightly to 12.4 mb/d in December, a decrease of 60 kb/d m-o-m. Production of crude oil rose by about 30 kb/d, offset by seasonal declines in NGL production. LTO, the most price-responsive source of supply, posted another month of gains, growing by about 30 kb/d. Freezing weather conditions in the Permian Basin in Texas have affected oil output in December, albeit marginally. We estimate that weather will be a factor in January as well, with about 80 kb/d of combined oil output shut-in in the Permian Basin and the Bakken. Pioneer Natural Resources already reported in early January that icy weather caused extensive power outages and facility freeze-ups in the Spraberry/Wolfcamp area. Final data for October show that total US liquids production, excluding biofuels and refinery processing gain, rose 170 kb/d to 12.3 mb/d. Gains of 105 kb/d in NGL production accounted for most of this increase.

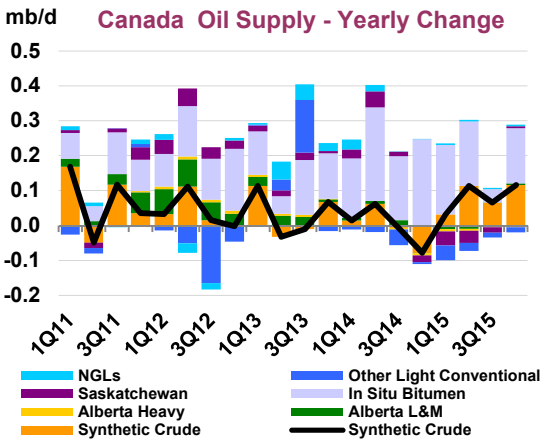


With ten months of data finalised for 2014, US liquids fuels production is estimated to have grown to 11.8 mb/d on average for the year, 1.5 mb/d higher than in 2013. Crude oil production rose by 1.2 mb/d to 8.6 mb/d. NGL production increased to 2.9 mb/d, accounting for more than 50% of total non-OPEC NGL output. US production outlook has been revised downward by 50 kb/d for 2015, with cuts to growth occurring in the second half of the year. Further downward revisions are possible, however, should prices decline into the mid- to low $40s per barrel and remain there for an extended period, a sizeable share of US production may be unprofitable.

Although production data show no sign of a let-down in US crude oil supply growth just yet, the latest drilling data hint at a slowdown to come. Drilling data published by Baker Hughes on 9 January show the largest weekly rig count drop since March 2009, to 1 750, a decrease of 61 rigs. The number of horizontal rigs, which are used in tight rock formations, decreased by 35. Overall, the US rig count stands at its lowest level since the end of 2013.

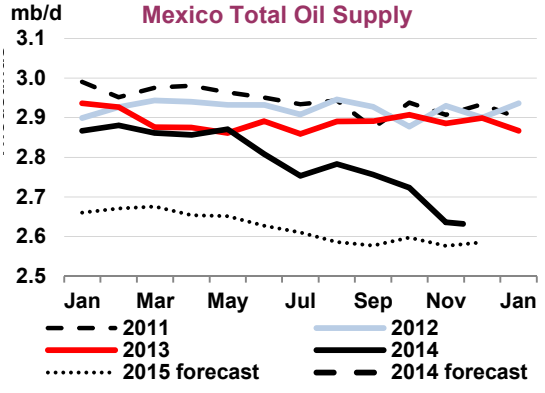
The least productive rigs were likely to be taken offline first, making it difficult to quantify the impact on supply in the future. While US LTO is the most price-responsive source of supply due to its short lead time when prices are rising, its downside price responsiveness has yet to be tested in this way. Other risk factors to LTO production in a low price environment are the high operating costs facing LTO producers, which coupled with high debt levels and negative cash flows, may change the upstream landscape in the US shale arena. Contract drillers are reporting early rig contract terminations, such as Pioneer Energy Services, as drilling responds to prices.

Meanwhile, companies are reviewing and revising their capital expenditure plans for 2015, with estimates for decreases ranging between 10% and 50%. However at least some of the decrease in capital expenditures is offset by deflating oil service costs, which may decline by more than 15%. There have been reports of small operators in the US filing for bankruptcy.



Canada – December estimated: Canadian total liquids production rose to 4.3 mb/d in December, extending earlier gains. Alberta bitumen production rose by 85 kb/d to 1.3 mb/d compared with November, reversing the declines registered that month. NGL production rose to 690 kb/d, the highest level since February 2014. Low crude oil prices are having an effect on Canada's production outlook for 2015. Oil output in 2015 is expected to increase to 4.3 mb/d, about 95 kb/d lower than last month's *Report*, a change necessitated by oil price declines. The lower growth comes on the back of lower capital expenditures, particularly new capital-intensive projects.

Imperial reportedly started its 40 kb/d Nabiye oil sands facility in Alberta, with first production expected online sometime before the end of 1Q15. The project, which begins operations after years of planning and developing, is part of the Cold Lake development. It will use the cyclic steam-stimulation technology (CSS) that involves completing cycles of steam injection, soaking and oil production. Meanwhile, Husky Energy postponed the start-up of two of its heavy-oil projects in Saskatchewan, each of which is slated to produce 10 kb/d. The Rush Lake project was delayed to 3Q15 while the Edam East projects is now expected to come onstream in 3Q16. The delays at these two projects are reportedly not related to the recent oil price declines.



Mexico – November actual, December preliminary: Crude oil production declined about 85 kb/d m-o-m in November, to 2.6 mb/d. NGL production also fell to 340 kb/d in the month, and likely remained at that level for December. Preliminary crude oil production figures for December show output roughly flat with November at 2.6 mb/d.

Mexico's government finally launched the much-awaited Round One in mid-December of its historic upstream

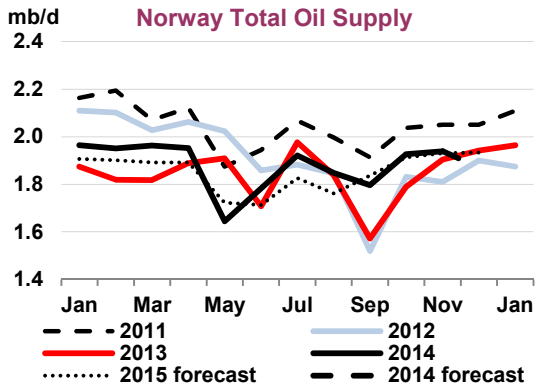
reform. Following a feedback period by the industry, Mexico published the preliminary contracts for the 14 shallow-water exploration blocks in the Southeastern Basin that it is offering up for bidding. Blocks offered are in the Salina del Istmo and Mascupana areas. Mexico has also released details regarding the fiscal terms of the contracts. The production sharing contracts will operate a return-based adjustment mechanism, with profit takes gradually decreasing as higher levels of internal rate of return are reached. According to some estimates, production costs in Mexico's shallow water fields are roughly $20 per barrel, and the area is fairly well explored with vast amounts of seismic data already available. This offer is the first stage of Round One, which will be awarded through the summer of 2015. Round One is focused on five areas: shallow water, extra heavy oil, Chicontepec and unconventional oil and gas, onshore and deep water.

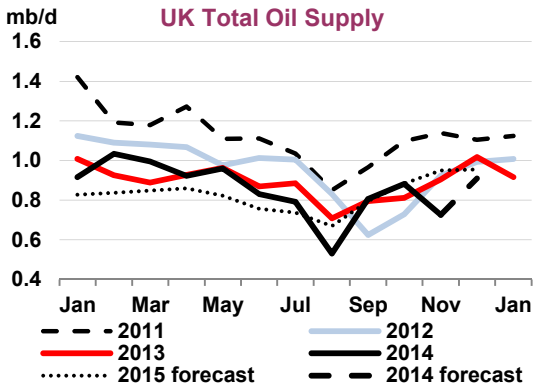
North Sea

Total North Sea production was estimated at 2.9 mb/d in December, rising about 100 kb/d m-o-m, however January volumes are expected to average roughly 40 kb/d lower. BFOE January loadings are scheduled at 890 kb/d, falling by about 95 kb/d m-o-m. Current loadings volume scheduled for February is roughly flat compared with January.

Norway – October actual, November preliminary: Total liquids output rebounded by about 130 kb/d in October and a further 15 kb/d in November despite technical problems at the Fram H-Nord, Gullfaks Sør, Oseberg Sør, Skarv, Skuld, Ula and Visund fields. The recent levels of output show a recovery from a September low of 1.79 mb/d that was mainly the result of planned and unplanned maintenance. Crude output for November is estimated at 1.47 mb/d, 75 kb/d lower than last year. With final data for the last two months of the year still outstanding, current estimates indicate that Norway's total output for 2014 was 1.88 mb/d, 40 kb/d higher than in 2013. Production is set to decline slightly this year, averaging 1.85 mb/d.

Much potential remains in the North Sea, with new fields coming online in Norway since December. Conoco launched the Eldfisk II, part of the Greater Ekofisk Area. The field is expected to ramp up over the next three years as additional wells are placed into service. A total of 40 production and water injection wells are expected to come online at the field within the next three years, however it is not clear if this project will be re-evaluated in light of lower prices. Statoil, too, started the Valemon gas and condensate field, part of the company's fast-track program. The field's estimated recoverable reserves are 192 million boe.





UK – November preliminary: Offshore crude oil production rose to 780 kb/d in October, up by about 50 kb/d m-o-m and extending September's recovery from multi-year lows recorded in August. However, some of these gains appear to have since been reversed, with production estimated to have declined somewhat in November. Overall in 2014, UK liquids output averaged an estimated 860 kb/d, a fall of about 30 kb/d y-o-y. Although UK production continues to show a declining trend, the magnitude of the declines is significantly lower than those recorded since 2011. The slower pace of decline is undoubtedly

due to new projects coming online, which are offsetting declines at legacy fields in the UK offshore. In the latest such development, BP announced that it has started production at the Kinnoull field, part of the rejuvenation of the Andrew field.

Non-OECD

Latin America

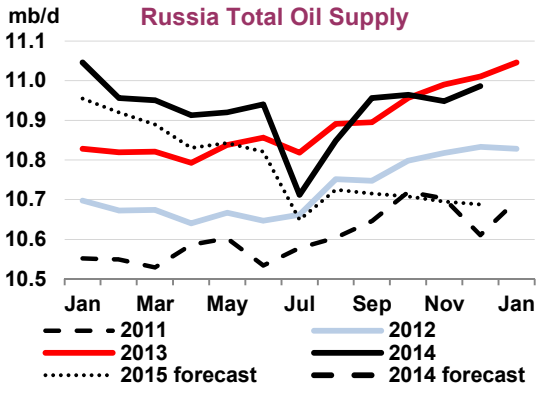
Brazil – November actual: Crude oil and total liquids output (excluding ethanol) each fell by about 35 kb/d in November m-o-m, to 2.34 mb/d and 2.4 mb/d, respectively. The monthly decline, which was due to maintenance, was the first in 10 months. Petrobras stopped output at three floating, production, storage and offloading facilities (FPSO) in order to install new oil and gas processing equipment. Pre-salt volumes totalled about 600 kb/d, decreasing slightly m-o-m. Ethanol production fell by 505 kb/d in November in line with seasonal patterns, and is estimated to have dropped by a further 275 kb/d in December. Even with the November dip in production, Brazil's liquid fuels production remains about 260 kb/d higher y-o-y. Overall, Brazil's 2014 production is estimated to have averaged 2.3 mb/d, an increase of roughly 210 kb/d from 2013. Continuing this year's trend of growth, Brazil's 2015 output is forecast to rise to 2.5 mb/d.

Amid the positive developments in production, Petrobras' legal woes continue. In yet another setback for the company, a corruption probe further delayed the publication of its 3Q14 financial results. The US Securities and Exchange Commission has issued a subpoena for documents related to the corruption investigation, and the company is now also facing a class-action complaint in US federal court. While Petrobras has received permission from its creditors to postpone the publication of its unaudited earnings statement until the end of January, any further delays could trigger an acceleration of the company's debt repayments and may bar the company from international bond markets. Lack of access to additional funds may make it impossible to continue financing upstream developments, including the prolific pre-salt areas.

Colombia – November estimate: Colombia's production was estimated at roughly 1.0 mb/d in December, flat m-o-m. The 2014 output is estimated to have averaged 990 kb/d, a 20 kb/d dip compared with 2013. Although Colombia has the potential to increase its output, the country has seen eroding oil production during 2014, mainly due to the recurrence of political unrest and pipeline attacks, which have coincided with reduced support for FARC rebels from Venezuela. In addition to a worsening security situation, lacklustre exploration results, operational problems at mature fields and declining oil prices have necessitated a downward revision to Colombia's outlook for 2015. Ecopetrol, Colombia's largest producer, announced a 25% reduction in expected production in 2015, and deep cuts to planned investment during the year. Pacific Rubiales, Colombia's largest independent producer, is also reducing its upstream budget in response to low prices, with a 32% cut in planned capex for 2015. Overall, we expect Colombia's output to average 930 kb/d in 2015, a downward revision of 170 kb/d.

Former Soviet Union

Russia – November actual, December provisional: December data show that Russia's production increased to 10.99 mb/d, including 10.15 mb/d of crude oil. State-owned Rosneft, by far the country's largest producer with 3.7 mb/d of production, continued to struggle to halt the declines at its West Siberian fields, while smaller companies accounted for the monthly production increases. Overall, in 2014, Russia's oil production inched up by about 50 kb/d on the year to a new post-Soviet high of 10.93 mb/d, its sixth consecutive annual



increase. Russia's 2015 output is expected to fall by 140 kb/d, reflecting the effects of low oil prices compounded by international sanctions that restrict its access to capital. The latest forecast Russia production reflects a downward revision of 30 kb/d since last month's Report.

Russia is heading for a deep recession. The low oil prices, sanctions-related restrictions on technology and financing and the declining rouble all present severe challenges to Russia's oil sector, exacerbating the overall effect of natural declines at the country's brownfields. The second-largest non-OPEC producer relies on its oil and gas exports for most of its revenue, and the slump in prices is having far-reaching consequences for the economy.

FSU net exports FSU net exports inched up by 50 kb/d to average 9.03 mb/d in November. Lower crude exports (-130 kb/d) were offset by stronger product exports (170 kb/d) as Russian refiners ramped up their runs on the month whereas crude production was little changed. Exports from the Black Sea were kept up by the highest volumes out of CPC terminal to date, although not enough to compensate for declines elsewhere, particularly from the Baltic and the BTC. Within products, gasoil and fuel oil led the increase at the expense of other products, notably naphtha. Preliminary tanker data suggests overall FSU waterborne crude exports inched down in December, led by declines in Baltic loadings, partially offset by a rebound in volumes shipped from Ceyhan (BTC).

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2012	2013	4Q2013	1Q2014	2Q2014	3Q2014	Sep 14	Oct 14	Nov 14	Latest month vs. Oct 14	Latest month vs. Nov 13
Crude											
Black Sea	1.81	1.78	1.78	1.74	1.65	1.59	1.67	1.48	1.62	0.14	-0.18
Baltic	1.67	1.57	1.58	1.33	1.46	1.32	1.36	1.37	1.32	-0.05	-0.30
Arctic/FarEast	0.65	0.80	0.82	0.88	1.18	1.23	1.33	1.29	1.25	-0.04	0.41
BTC	0.66	0.64	0.61	0.58	0.59	0.68	0.63	0.60	0.46	-0.14	-0.21
Crude Seaborne	**4.79**	**4.80**	**4.79**	**4.53**	**4.88**	**4.82**	**5.00**	**4.73**	**4.64**	**-0.09**	**-0.29**
Druzhba Pipeline	1.08	1.03	1.05	1.01	1.00	1.03	1.09	1.02	0.99	-0.02	-0.06
Other Routes	0.52	0.56	0.60	0.71	0.38	0.38	0.34	0.36	0.36	0.00	-0.23
Total Crude Exports	**6.39**	**6.39**	**6.44**	**6.26**	**6.26**	**6.22**	**6.43**	**6.11**	**5.98**	**-0.13**	**-0.59**
Of Which: Transneft[1]	4.22	4.07	4.07	3.95	4.02	3.90	4.15	3.99	3.76	-0.23	-0.38
Products											
Fuel oil[2]	1.72	1.62	1.44	1.63	1.75	1.79	1.80	1.62	1.75	0.13	0.35
Gasoil	0.79	0.84	0.73	1.04	1.00	0.88	0.87	0.80	0.94	0.15	0.22
Other Products	0.44	0.50	0.53	0.64	0.61	0.55	0.56	0.54	0.43	-0.11	-0.07
Total Product	**2.95**	**2.97**	**2.70**	**3.31**	**3.37**	**3.22**	**3.22**	**2.96**	**3.13**	**0.17**	**0.50**
Total Exports	**9.34**	**9.36**	**9.14**	**9.56**	**9.63**	**9.44**	**9.66**	**9.06**	**9.11**	**0.04**	**-0.09**
Imports	0.09	0.08	0.09	0.07	0.07	0.10	0.12	0.09	0.08	-0.01	-0.01
Net Exports	**9.25**	**9.29**	**9.05**	**9.49**	**9.56**	**9.34**	**9.54**	**8.97**	**9.03**	**0.05**	**-0.08**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

OECD STOCKS

Summary

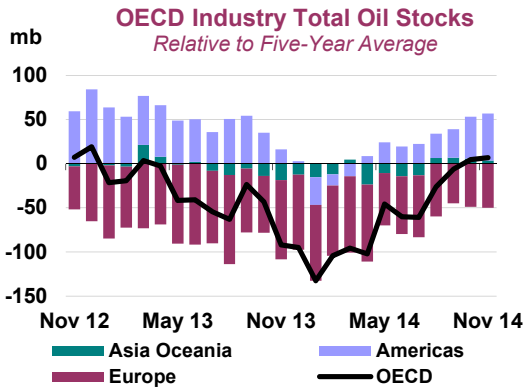
- **OECD commercial inventories fell by 8.7 mb in November to stand at 2 697 mb at end-month**. Since this draw was slightly below the 10.9 mb five-year average decline for the month, the surplus of stocks versus the seasonal average widened slightly to 6.7 mb.

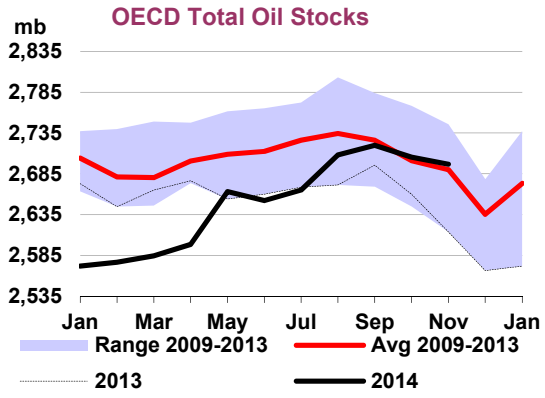
- **Preliminary data indicate that stocks soared counter-seasonally by 12.5 mb in December.** As refined products holdings surged, this saw inventories' surplus swell to 74.0 mb, the widest since August 2010.

- **As the contango in ICE Brent steeped over early-January, interest in floating storage was re-ignited** with reports of trading houses booking up to 30 mb of long-term floating storage capacity by mid-January. Nonetheless, at the time of writing, actual levels of floating stocks were still estimated on a par with end-December.

- **Crude holdings plummeted by 12.6 mb in November after refiners hiked runs, with products stocks soaring counter-seasonally by 9.8 mb**. At end-month, OECD refined product inventories covered 30.0 days of forward demand, 0.1 days above end-October. Meanwhile, stocks of NGLs and other feedstocks slipped seasonally by 5.8 mb.

- **October inventories were revised down by 14.5 mb following a 9.1 mb downward adjustment in OECD Europe**. Consequently, the 18.3 mb surplus of inventories to seasonal levels in October presented in last month's *Report* was adjusted downwards to 6.7 mb.





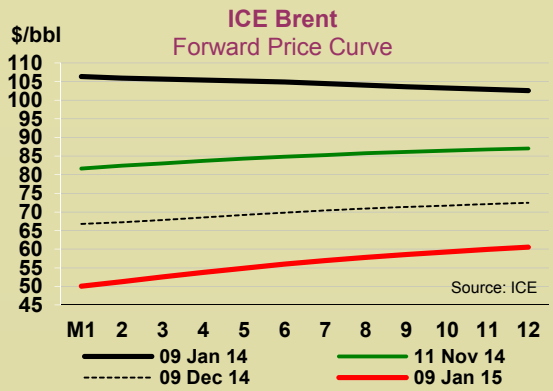
OECD inventory position at end-November and revisions to preliminary data

OECD commercial oil inventories fell by 8.7 mb to stand at 2 697 mb at end-November. Since this draw was slightly below the 10.9 mb five-year average draw for the month, the surplus of stocks versus the seasonal average widened slightly to 6.7 mb. This was less than the provisional 18.3 mb surplus presented in last month's *Report* due to a 14.5 mb downward adjustment to October data, centred in OECD Europe, mainly Italy.

Soaring refinery throughputs in November caused crude oil stocks to plummet by 12.6 mb. Simultaneously, the high refinery activity saw product inventories rise counter-seasonally by 9.8 mb, led by Europe and Asia Oceania. Product holdings in the Americas fell after draws in 'other products', here including ethane and LPG, which largely bypass the refinery system.

Widening contango re-ignites interest in floating storage

With the contango between the first and third months in the ICE-Brent contract steepening over early-January, interest in floating storage has been re-ignited with ship-broker reports in that trading houses are rapidly booking 2 mb VLCC tankers on long-term charters with options for storage. Reports indicate that up to 15 VLCCs have already been booked with storage options which, when combined with high 'oil on water' volumes, has seen VLCC rates surge to five-year highs in early January.



Current crude price structures appear to support floating storage. As ICE Brent has plunged to below $50/bbl over early-January, the M1-M3 spread widened to $2.55/bbl from $1.38/bbl one month earlier. Meanwhile, the M1-M12 spread currently stands at $10.48/bbl. These spreads are now at the level where market participants can cover their storage costs including charter fees, bunker fuels, insurance and loading and discharge fees, and expect to make a profit. Nonetheless, at the time of writing, no increase in short-term floating storage (not including Iranian volumes held on tankers for logistical reasons) had been confirmed with global levels remaining on a par with December. Considering the steep global stock build projected for 1H15, the likelihood of an uptick in floating storage would increase as global supply outstrips demand over the next few months.

Considering the contango in the NYMEX WTI contract, another option for traders has been the Cushing storage play. By early January, the NYMEX WTI M1-M12 spread had widened to $7.54/bbl from $2.23/bbl one month earlier. In the second week of January WTI briefly traded at a premium to Brent with market reports indicating increased crude being bought and put directly into storage at the hub. Despite the limited options for shipping oil from Cushing to market, storage at the hub is attractive since land-based storage costs are less than at sea and there is currently close to 37 mb of available capacity at the hub.

Revisions versus 12 December 2014 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Sep-14	Oct-14	Sep-14	Oct-14	Sep-14	Oct-14	Sep-14	Oct-14
Crude Oil	**1.3**	**4.6**	**0.0**	**-2.3**	**0.1**	**-3.7**	**1.3**	**-1.4**
Gasoline	0.0	-3.2	0.0	-3.9	0.0	-0.6	0.0	-7.6
Middle Distillates	-0.1	-4.8	0.1	-6.4	0.0	-2.9	0.1	-14.1
Residual Fuel Oil	0.0	0.2	0.3	1.1	0.0	-0.1	0.3	1.2
Other Products	0.1	3.2	-0.2	1.1	0.0	1.3	-0.1	5.6
Total Products	**0.0**	**-4.6**	**0.3**	**-8.1**	**0.0**	**-2.2**	**0.3**	**-14.9**
Other Oils[1]	-0.3	1.4	0.0	1.2	0.0	-0.8	-0.3	1.8
Total Oil	**1.0**	**1.4**	**0.3**	**-9.1**	**0.1**	**-6.8**	**1.3**	**-14.5**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

On a product-by-product basis, OECD middle distillates stocks rose by a steep 7.8 mb, reducing their deficit versus seasonal levels to 35 mb, from 42 mb one month earlier. Motor gasoline inventories surged by 12.7 mb, faster than the 8.3 mb five-year average build for the month, as refiners in the US built stocks of winter-grade product and those in Europe likely had difficulty disposing of excess gasoline produced as a result of maintaining high middle distillate production. All told, OECD refined product inventories covered 30.0 days of forward demand at end-November, 0.1 days above end-October.

Preliminary data indicate that OECD inventories built counter-seasonally by 12.5 mb over December, compared to an average draw of 54.8 mb for the month. The stock surplus to seasonal levels swelled to 74.0 mb, the widest such surplus since August 2010, and a startling turnaround, considering that inventories had been in deficit until September 2014. The build centred on OECD Americas (+22.8 mb)

where product stocks surged as refinery runs hit record levels. Inventories in OECD Asia Oceania dropped by 9.9 mb, about half the seasonal average, while European stocks slipped by 0.4 mb. If these stock changes are confirmed, OECD inventories will have added 10.5 mb over 4Q14 and 143 mb over the year as a whole.

Preliminary Industry Stock Change in November 2014 and Third Quarter 2014

	November 2014 (preliminary)								Third Quarter 2014			
	(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	**-0.4**	**-4.5**	**-7.6**	**-12.6**	**-0.01**	**-0.15**	**-0.25**	**-0.42**	**-0.20**	**-0.13**	**-0.02**	**-0.34**
Gasoline	8.8	3.3	0.6	12.7	0.29	0.11	0.02	0.42	-0.08	0.04	-0.02	-0.06
Middle Distillates	-1.2	6.3	2.7	7.8	-0.04	0.21	0.09	0.26	0.13	0.20	0.18	0.51
Residual Fuel Oil	0.8	2.0	-0.9	1.9	0.03	0.07	-0.03	0.06	0.00	-0.05	0.02	-0.03
Other Products	-11.3	-1.8	0.5	-12.6	-0.38	-0.06	0.02	-0.42	0.33	0.06	0.10	0.50
Total Products	**-2.9**	**9.8**	**2.9**	**9.8**	**-0.10**	**0.33**	**0.10**	**0.33**	**0.38**	**0.25**	**0.28**	**0.92**
Other Oils[1]	-3.5	-0.6	-1.7	-5.8	-0.12	-0.02	-0.06	-0.19	0.14	-0.02	0.05	0.16
Total Oil	**-6.9**	**4.7**	**-6.4**	**-8.7**	**-0.23**	**0.16**	**-0.21**	**-0.29**	**0.32**	**0.10**	**0.32**	**0.73**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

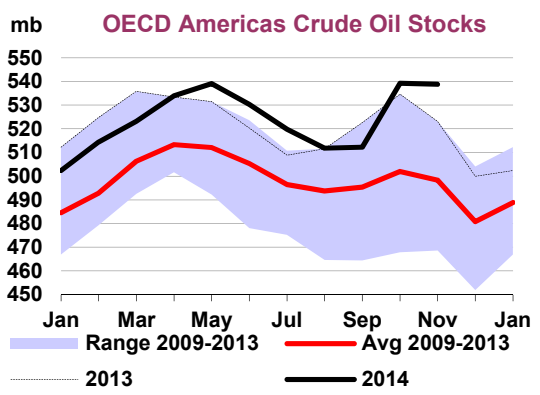
Recent OECD industry stock changes

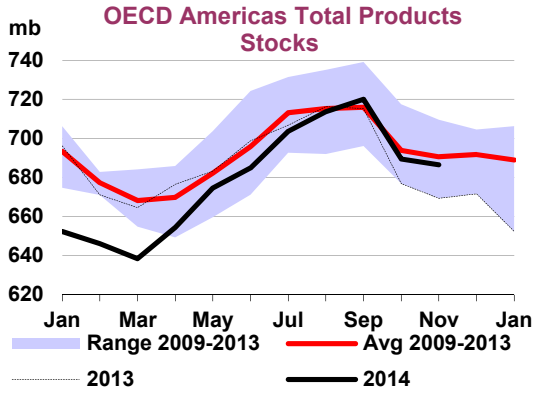
OECD Americas

Industry inventories in OECD Americas followed seasonal trends adding 6.9 mb in November. Despite regional refinery throughputs surging by over 800 kb/d, crude stocks only inched down by 0.4 mb as domestic production continued to soar. By end-month, regional crude stocks stood at 538 mb, 16 mb above the previous year and 40 mb above the five-year average.

High refinery activity did not stop regional product inventories from decreasing seasonally by 2.9 mb. Stocks of 'other products', a category that includes LPG, propane and ethane and largely bypasses the refinery system, sank by 11.3 mb, slightly steeper than the 10.5 mb seasonal average draw for the month. In contrast, refined products (including motor gasoline, middle distillates and residual fuel oil) rose by a combined 8.4 mb.

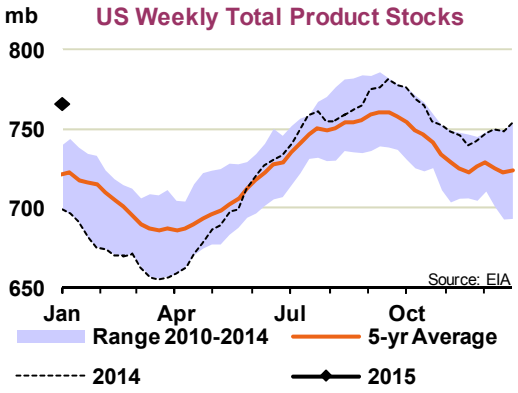
After posting lacklustre builds over the second and third quarters, regional stocks of middle distillates, including among others, ultra-low sulphur diesel, still the region's liquid heating fuel of choice, remain historically low. In November, they stood 3.2 mb below last year and 30.8 mb below the five-year average. Following the seasonal destocking of summer-grade product and associated switch to the production of winter-grade product, motor gasoline inventories rebounded by 8.8 mb. By end-month, regional refined product stocks covered 28.3 days of forward demand, level with one month earlier.

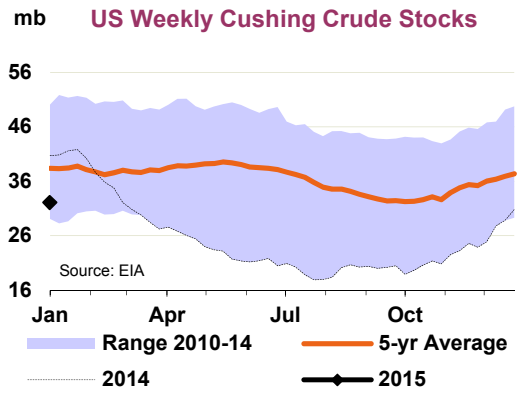




Preliminary weekly data from the US Energy Information Administration (EIA) point to US inventories defying seasonal trends and soaring by 22.8 mb in December. The upward momentum came from surging refined product stocks (+ 23.2 mb m-o-m) as, despite margins easing, US refiners hiked runs by a

further 460 kb/d to 16.4 mb. The bulk of the build came in motor gasoline (+24.0 mb) and middle distillates (+17.7 mb), offsetting a 15.0 mb draw in 'other products' which came against the backdrop of propane exports hitting new highs exceeding 500 kb/d. The latter build saw the deficit of US middle distillates holdings to the five-year average nearly halve to 17.0 mb.

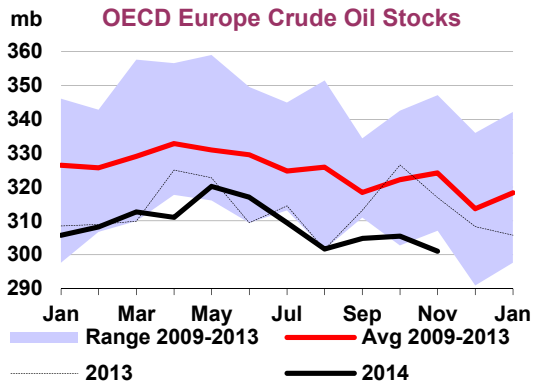


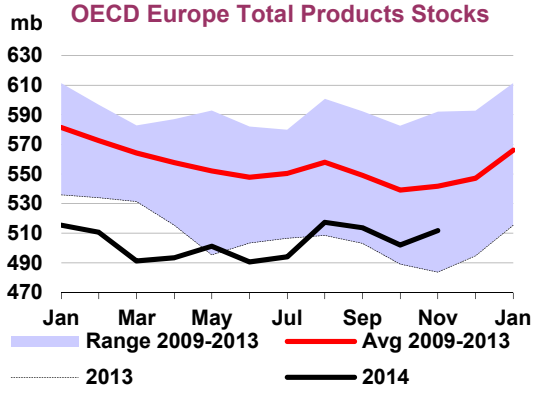


On the crude side, stocks at the Cushing, Oklahoma storage hub (the delivery point of the NYMEX WTI contract) extended recent builds and added 7.5 mb over the month to stand at 32.1 mb by the beginning of January. Nonetheless, inventories at the hub remain 6.3 mb and 8.6 mb below the five-year average and last year, respectively.

OECD Europe

OECD European oil inventories rose seasonally by 4.7 mb in November. However, this masked seasonality-defying stock movements which largely offset one another. Amid high margins, European refiners maintained throughputs above year-earlier levels which saw crude stocks drop counter-seasonally by 4.5 mb, with stocks of NGLs and other feedstocks slipping by an additional 0.6 mb. On the other hand, high refinery activity saw product holdings build by a steep 9.8 mb. Therefore, the deficit of refined products to average levels narrowed to 29.8 mb at end-month, its smallest since September 2012. Builds spanned all product categories except 'other products', stocks of which fell by 1.8 mb. Notably, middle distillates inventories surged by 6.3 mb, twice the seasonal average, as European weather remained warmer than normal. Motor gasoline stocks built by 3.3 mb as regional refiners reportedly struggled to place product in other markets including the US Atlantic Coast and Africa. All told, at end-November regional refined products holdings covered 39.6 days of forward demand, 0.5 days above end-October.



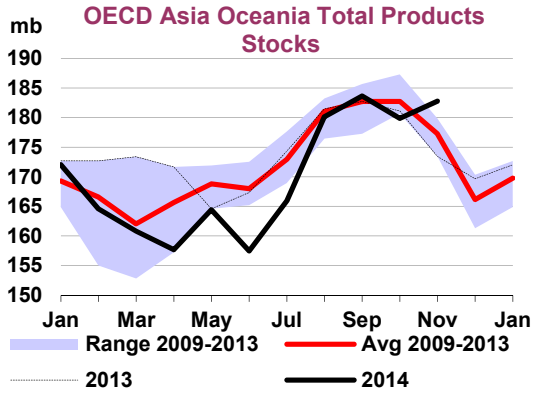


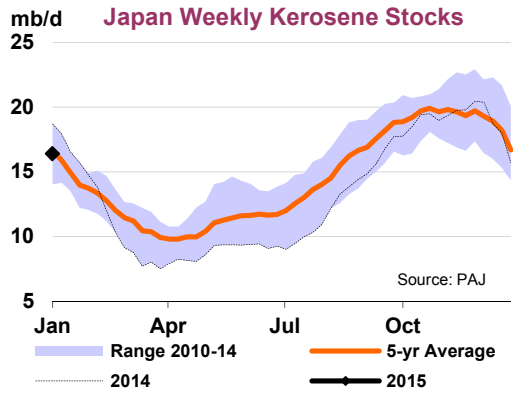
Information and market reports pertaining to refined products held in independent storage in Northwest Europe point to volumes approaching historical highs by end-2014 and reportedly testing capacity limits.

Nonetheless, preliminary data from Euroilstock indicate a surprising 1.5 mb December draw in refined products in Europe 15 plus Norway. Rising crude oil holdings (+1.0 mb) provided some offset with total oil stocks building by 0.4 mb

OECD Asia Oceania

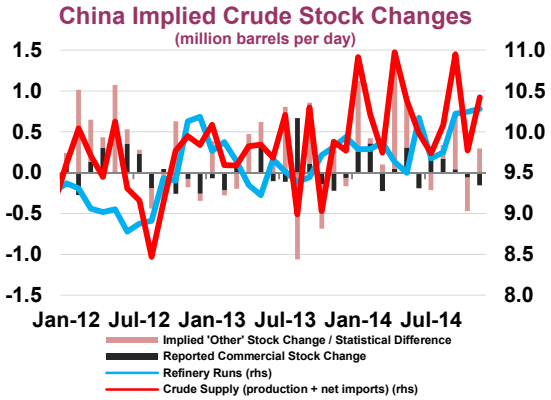
Commercial inventories in OECD Asia Oceania fell seasonally by 6.4 mb in November. A combined 9.4 mb draw in crude, NGLS and feedstocks more than offset a 2.9 mb build in refined products. There too, as in Europe, counter-seasonal changes in crude and product stocks prevailed. Crude stocks drew by 7.6 mb on high refinery activity while products built simultaneously by 2.9 mb. Product builds spanned all categories bar fuel oil, stocks of which drew by 0.9 mb. Middle distillates added 2.7 mb on the back of unseasonably warm weather, which decreased demand for kerosene, the region's liquid space heating fuel of choice, while stocks of motor gasoline and 'other products' added 0.6 mb and 0.5 mb, respectively. At end-month, regional refined products holdings covered 20.6 days of forward demand at end-month, a rise of 0.7 days on end-October.

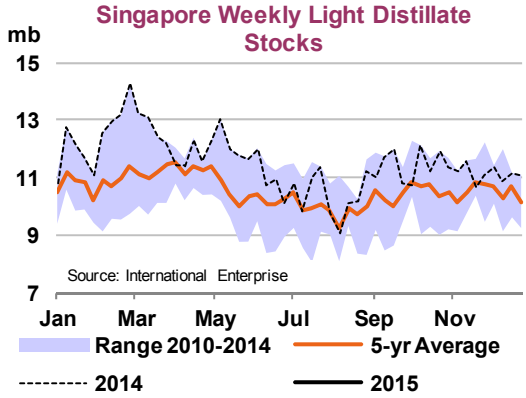




Preliminary weekly data from the Petroleum Association of Japan (PAJ) indicate that Japanese inventories dropped by 9.9 mb in December, less than the 14.5 mb five-year average draw for the month. The draw was centred on crude oil (-6.4 mb) as refinery throughputs soared by another 500 kb/d. Despite the increase in refinery activity, refined products drew by 4.3 mb with all categories declining. Notably, middle distillates slipped by 1.8 mb as the weather turned colder and combined with reportedly healthy jet-kerosene demand from the aviation industry. By end-month jet-kerosene inventories sat level with the five-year average.

Recent developments in Singapore and China stocks





According to data from *China Oil, Gas and Petrochemicals* (*China OGP*), Chinese commercial crude inventories decreased by an equivalent 4.6 mb in November (since August 2010 data are reported in

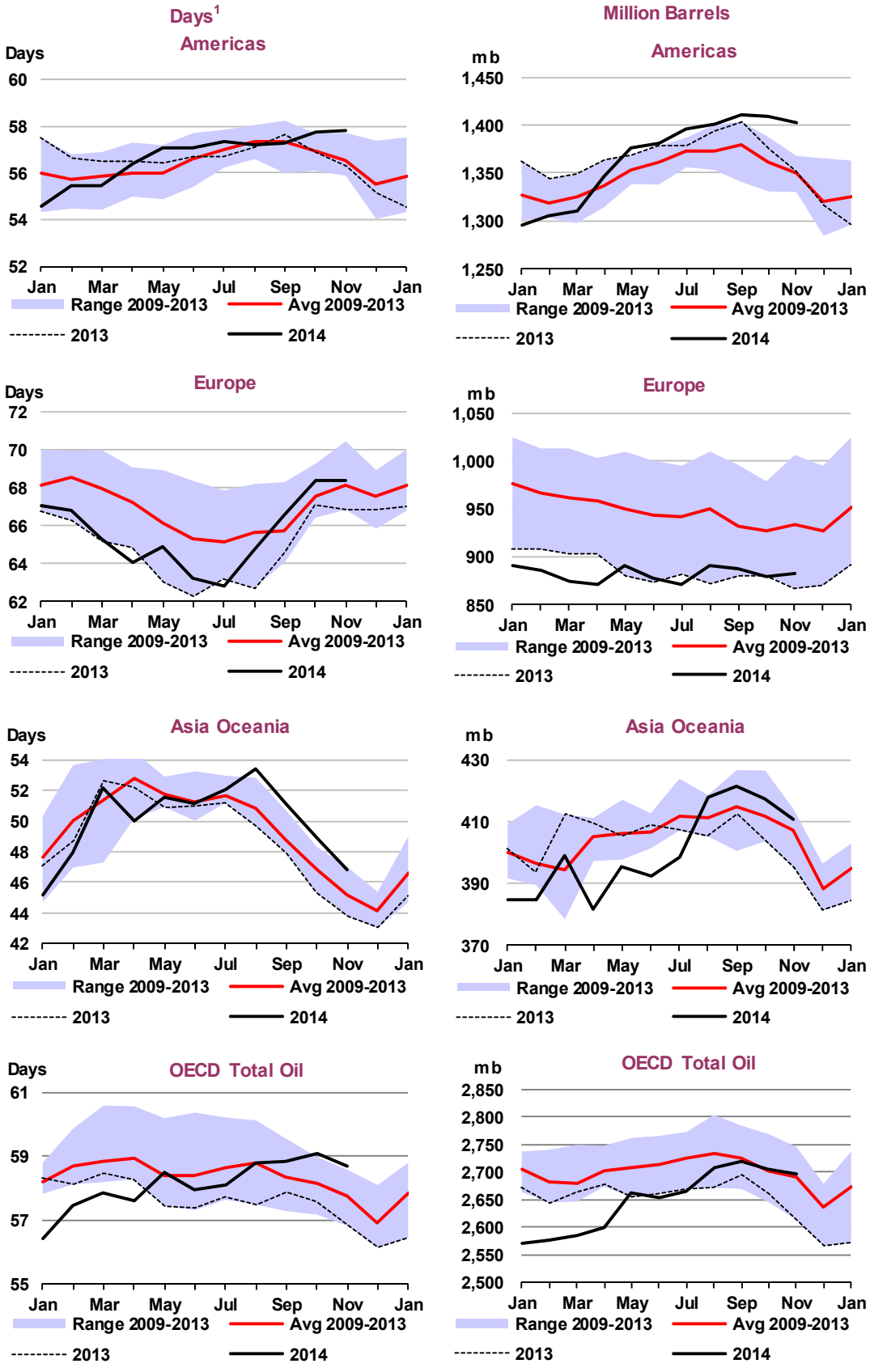
terms of percentage stock change). The difference between net crude supply (domestic production plus net imports) and refinery runs remained in positive territory in November, signalling an unreported crude build of 8.8 mb (290 kb/d). This oil could be destined for China's Strategic Petroleum Reserve or commercial storage capacity, which, according to market reports, expanded towards end-2014. Preliminary information suggests that the 'gap' between reported and implied inventory changes may widen for December as imports surged to a record 7.14 mb/d, outstripping refinery runs.

On the products side, stocks drew by a combined 3.4 mb despite domestic refinery runs remaining above 10 mb for a third successive month. Gasoil led product draws, falling by 2.8 mb while kerosene and motor gasoline inventories declined by 0.4 mb and 0.2 mb, respectively. With product exports slipping slightly during the month, this suggests that the bulk of product drawn from stocks was destined for the domestic market.

Weekly data from International Enterprise indicate that land-based refined products inventories in Singapore inched down by 0.1 mb in December. Total stocks were pressured lower by middle distillates and light distillates, inventories of which decreased by 1.2 mb and 0.5 mb, respectively, while residual fuel oil holdings rose by 1.5 mb.

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

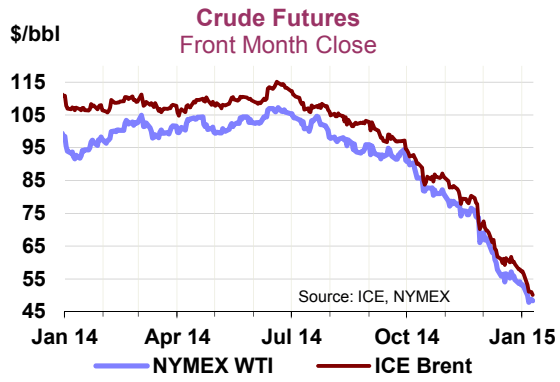
Summary

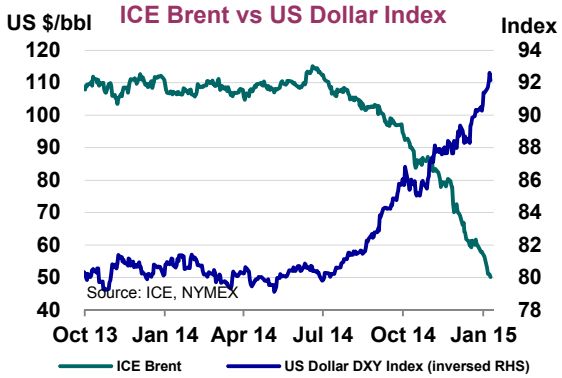
- **Oil prices continued to fall in December and into January as rising supplies collided with weak demand growth and OPEC maintained its commitment not to cut production.** Brent crude dropped below $46/bbl in early January, 60% down from a June peak, as markets anticipated further stock builds. NYMEX WTI held up versus Brent, and at the time of writing – the two benchmarks had recouped some earlier losses and were last trading near parity around $48/bbl.

- **Spot crude oil prices were pressured by surging supply from Iraq, which hoisted December output to a 35-year high, as well as an increase in exports from Russia.** Top exporter Saudi Arabia in early January made sharp cuts to its monthly formula prices to Europe in response to falling benchmark crude prices and a surge in sour oil supply.

- **Spot product prices continued to plummet over December so that on a monthly average basis they stood between 16% and 26% lower than one month earlier.** In absolute terms, middle distillates posted the steepest declines. Consequently, cracks in the middle of the barrel weakened at a faster pace than elsewhere.

- **Freight rates for crude oil carriers posted a strong month**. Rates for very-large-crude-carriers (VLCCs) spiked to a six-year high in mid-December on strong eastward activity.





Market overview

Supplies piled up and weighed on oil prices, with Brent tumbling in early January below $46/bbl – its lowest in nearly six years – as markets braced for stock builds. Global benchmarks continued to drop despite an escalation of violence in OPEC producer Libya that shut key oil terminals and fields and cut output to around 200 kb/d versus 690 kb/d in November. Prices fell heavily after Saudi Arabia's oil minister said in December it was "difficult if not impossible" for OPEC to cut output on its own to shore up prices when those outside the group were producing more. Ali al-Naimi was also reported as saying it was "not in the interest of OPEC producers to cut their production, whatever the price is". Oil "may not" trade at $100/bbl again, he said.

Adding further pressure, the dollar index rose for the sixth straight month in December – making dollar-denominated oil more costly for holders of other currencies and less attractive as a currency hedge. Lower oil prices may in principle boost consumer spending and the world economy by increasing household disposable income and slashing industry input costs, but oil's sharp drop since June has also stoked deflationary concerns.

December saw global benchmarks Brent and WTI posting month-on-month (m-o-m) losses of more than 20%, extending earlier declines. ICE Brent futures dropped $16.36/bbl from November to an average $63.27/bbl in December, for a m-o-m decline of 20.5%. NYMEX WTI plunged $16.52/bbl from November to an average $59.29/bbl in December, for a m-o-m drop of 21.8%. After averaging around $110/bbl from 2011 to 2013, ICE Brent – at the time of writing - had recovered some earlier losses to trade at $49.80/bbl. NYMEX WTI held up versus the North Sea benchmark and was last trading at near parity around $48/bbl.

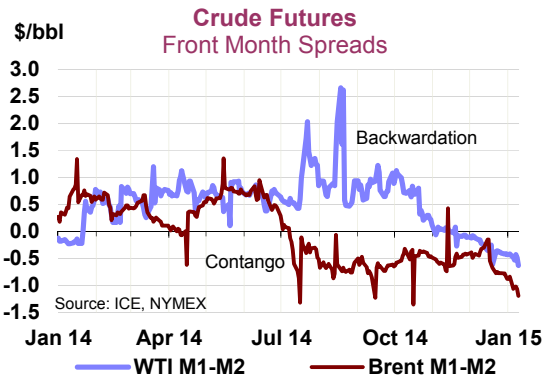
Prompt Month Oil Futures Prices

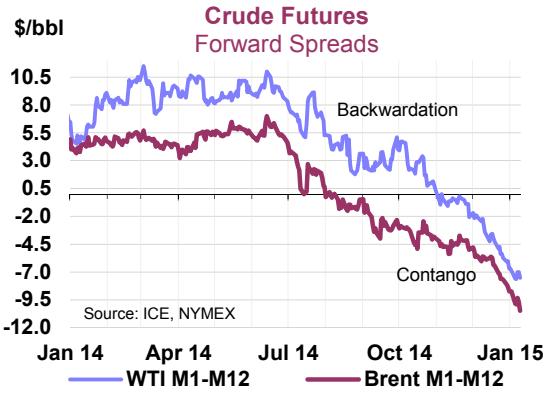
(monthly and weekly averages, $/bbl)

	Oct	Nov	Dec	Dec-Nov Avg Chg	% Chg	Week Commencing: 08 Dec	15 Dec	22 Dec	29 Dec	05 Jan
NYMEX										
Light Sweet Crude Oil	84.34	75.81	59.29	-16.52	-21.8	61.11	55.79	55.74	53.42	48.75
RBOB	94.61	86.44	67.96	-18.48	-21.4	69.67	65.27	64.33	60.64	56.59
No.2 Heating Oil	106.37	101.33	84.38	-16.95	-16.7	86.21	82.92	81.62	77.28	72.15
No.2 Heating Oil ($/mmbtu)	18.76	17.87	14.88	-2.99	-16.7	15.20	14.62	14.40	13.63	12.72
Henry Hub Natural Gas ($/mmbtu)	3.80	4.24	3.51	-0.73	-17.1	3.68	3.63	3.09	3.04	2.91
ICE										
Brent	88.05	79.63	63.27	-16.36	-20.5	64.56	60.55	60.37	57.38	51.29
Gasoil	101.19	94.98	76.87	-18.11	-19.1	78.79	73.77	73.20	70.22	64.68
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-3.71	-3.82	-3.98	-0.16		-3.45	-4.76	-4.63	-3.96	-2.53
NYMEX No.2 Heating Oil - WTI	22.03	25.52	25.09	-0.43		25.10	27.13	25.88	23.86	23.40
NYMEX RBOB - WTI	10.27	10.63	8.67	-1.96		8.56	9.48	8.59	7.22	7.84
NYMEX 3-2-1 Crack (RBOB)	14.19	15.59	14.15	-1.45		14.07	15.36	14.36	12.77	13.03
NYMEX No.2 - Natural Gas ($/mmbtu)	14.96	13.64	11.37	-2.26		11.53	10.99	11.31	10.59	9.81
ICE Gasoil - ICE Brent	13.14	15.35	13.60	-1.75		14.23	13.22	12.83	12.84	13.39

Source: ICE, NYMEX.

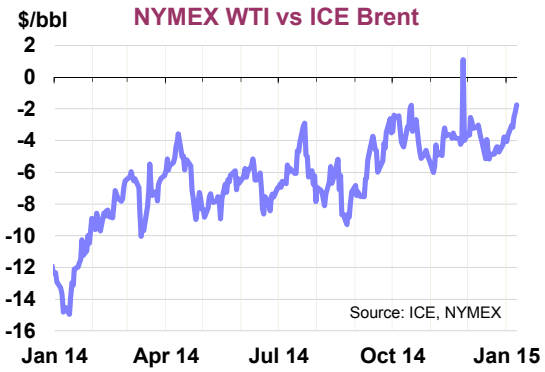
Reflecting the loosening supply-demand balance, the NYMEX WTI M1-M2 spread widened out to an average -$0.29/bbl in December from $0.02/bbl in November, moving more decisively into a contango structure – where prompt oil is cheaper than future deliveries. By early January, the discount of prompt-month to second-month contracts had widened to -$0.49/bbl. Brent has been in a solid contango structure since July, but the abundance of sweet crude pushed the North Sea benchmark into a deeper contango of -$1/bbl in early January. The ICE Brent M1-M2 contract spread was at an average -$0.54/bbl in December and -$0.49/bbl in November. Early January marked the first time the entire oil complex of crude and products shifted into contango since 2009.

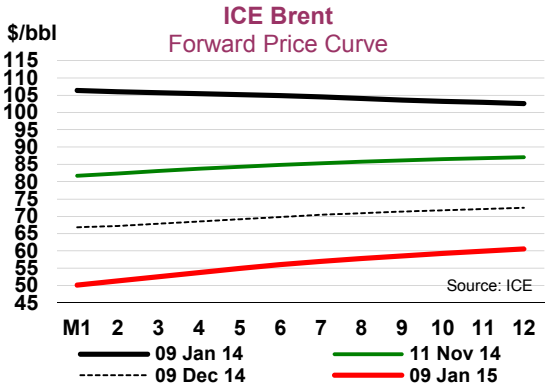




Forward curves sank into deeper contango, with the Brent M1-M12 contract spread widening in December to -$6.45/bbl versus -$4.53/bbl in November. The WTI M1-M12 spread also shifted down to an average -$3.88/bbl in December compared to -$0.68/bbl in November. A steeper decline on NYMEX

WTI widened the front-month differential to ICE Brent to nearly $4/bbl versus $3.82/bbl in November. On 15 January, the NYMEX WTI front-month contract traded briefly at a premium to ICE Brent.

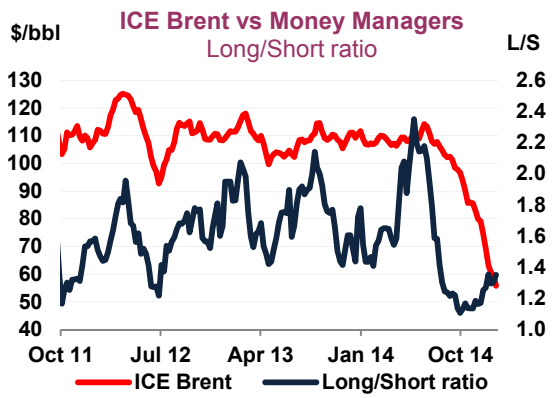


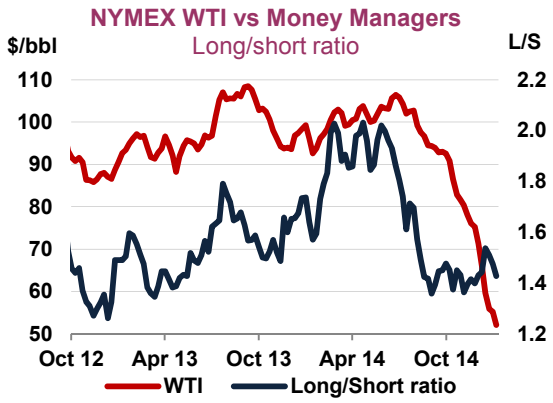


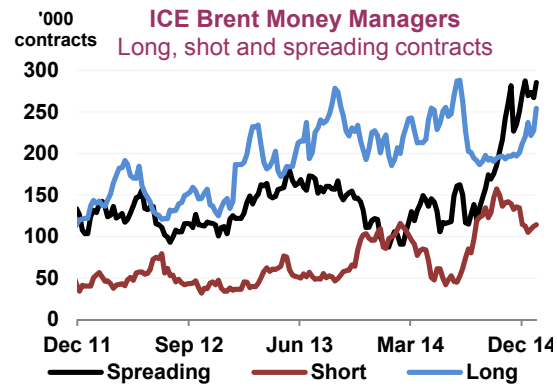
Financial markets

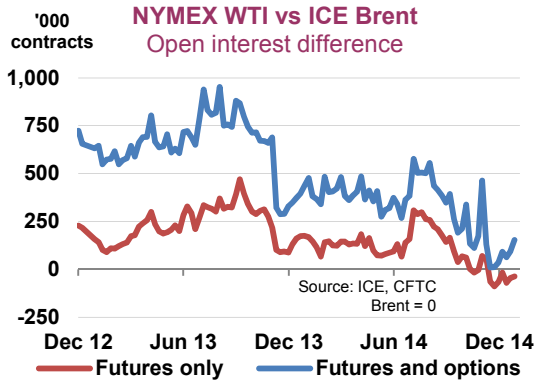
Market activity

Hedge funds appeared to take a slightly more optimistic stance towards ICE Brent in December, as their '*long-to-short ratio'*, an overall indicator of market sentiment, regained some previously lost ground, having peaked in May 2014 on the back of collapsing oil prices. Their partial rebound, following a steep plunge, suggests funds may now see a price recovery as somewhat more likely. The long-to-short ratio nevertheless remains at low levels for the year, and the funds overall maintain a cautious stance. Option contracts now make up to 35% of Brent open interest and funds' *'spreading'* positions are at all-time highs, both signs of heightened uncertainty on the future ahead. Funds' net positioning in NYMEX WTI remained stable, with a slightly more bullish uptick in late December.









The number of outstanding ICE Brent future contracts held above NYMEX WTI throughout December. It is the first time that this happens for a sustained period. The gap in open interest between the two contracts has been continuously narrowing, as traders look at Brent as the global benchmark for crude prices. The gap is narrowing even faster when accounting both future and option contracts. This is a departure from established patterns, as the WTI options market had traditionally been significantly more active than that in Brent options.

Financial regulation

The US Federal Reserve extended the deadline for banks to liquidate their stakes in hedge funds and various funds under the so-called Volcker Rule by two years to 2017, following banks' claims that selling those stakes quickly could require them do so at a discount. The July 2015 deadline was maintained however for the other pillar of the Volcker Rule, the banks' ban from proprietary trading.

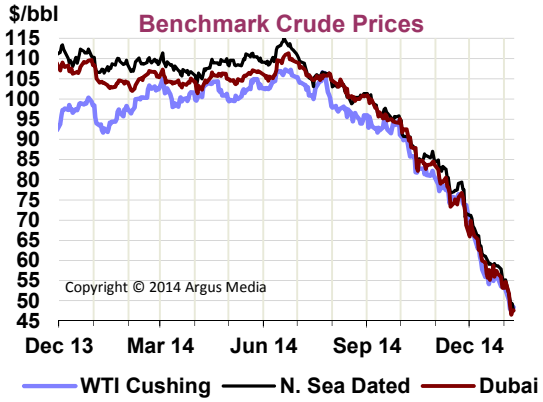
The US Commodities Futures Trading Commission has re-opened the comment period on its proposed rule on speculative position limits for 45 days, until 22 January. The final rule is expected in spring 2015.

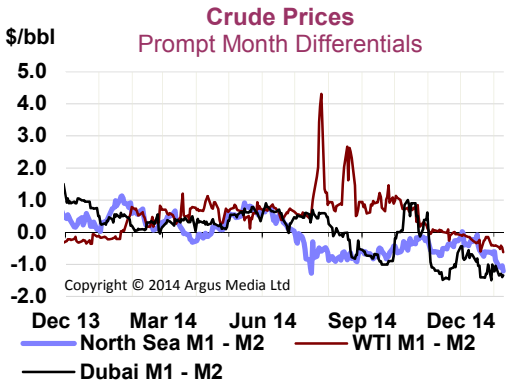
The EU Commission published the list of non-EU countries whose regulatory requirements for central clearing are 'at least equivalent' to EU ones. Non-EU Central clearing counterparties still need to be recognised by EU authorities, in order to avoid higher capital requirements. The compliance deadline has been pushed back from 15 December 2014 to 15 June 2015, to allow more time for the CCPs authorisation process.

Spot crude oil prices

A surge in Iraqi supply to the highest level since 1979 and an increase in Russian export flows weighed on spot markets. Further disruptions to Libyan supply have knocked output down towards 200kb/d now versus 440 kb/d in December, but markets have paid scant attention given the abundance of alternatives on offer.

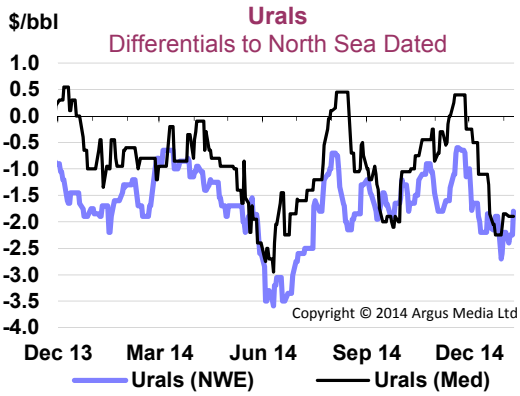
Global benchmarks buckled under the weight of plentiful supplies. As sellers struggled to find outlets for their crude – Nigerian barrels were especially difficult to place - some oil companies reportedly were considering the possibility of hiring tankers to store oil at sea.

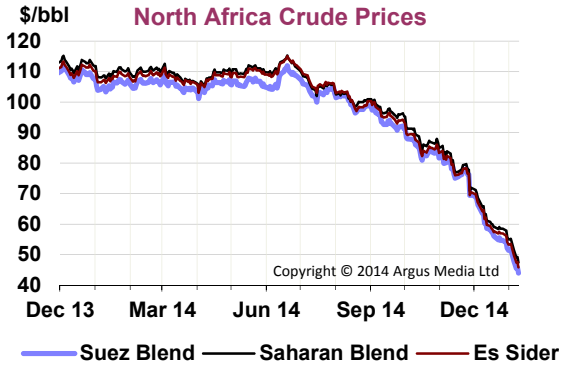




Dated Brent sank to $62.57/bbl during December, a loss of $16.37/bbl versus November. By early January, the North Sea grade had plunged to $49.46/bbl, its lowest since April 2009, as loading programmes suggested supplies of its component grades - Brent, Forties, Oseberg and Ekofisk – would increase in February. US WTI dropped $16.87/bbl to average $59.47/bbl during December. Middle East benchmark Dubai fell $16.17/bbl from November to an average $60.22/bbl.

Russian Urals took the biggest hit, losing $17.58/bbl versus November to average $61.34/bbl. In Europe, an uptick in anticipated loadings of sour Urals crude for January weakened differentials for the grade versus Dated Brent. Urals is now trading at roughly $2/bbl under Dated Brent. Export tariff adjustments encouraged Russian producers to delay loadings of Urals crude to January from December.

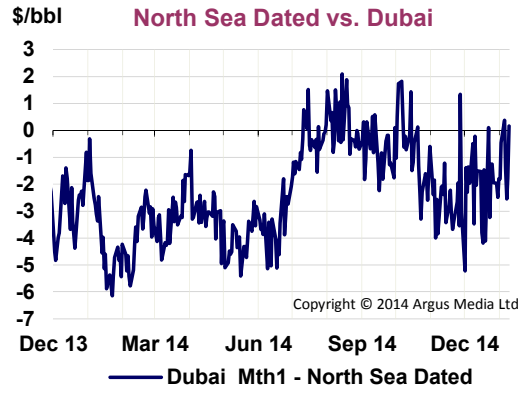


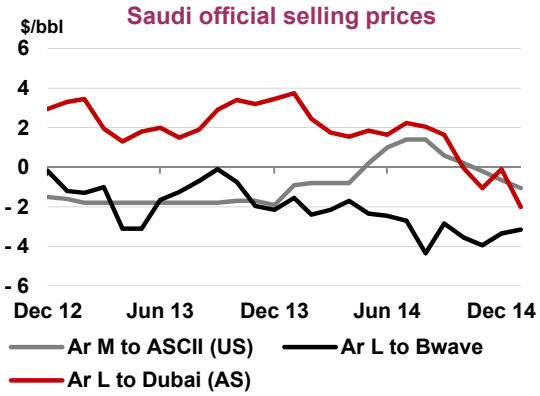


Increased shipments of Iraqi crude added to the downside pressure. Exports from Iraq rose to 2.95 mb/d in December, with Basra Light loadings hitting a record of nearly 2.8 mb/d thanks to reductions in weather-related delays and a more effective use of export infrastructure (see *Supply*). An agreement between Baghdad and the Kurdistan Regional Government has helped boost Iraqi exports from the Turkish Mediterranean port of Ceyhan to around 300 kb/d in January.

In an apparent response to falling benchmark crude prices and a surge of sour oil supply to Europe, Saudi Aramco in early January made sharp cuts to its official selling prices for crude lifting in February for Europe. For deliveries into the Mediterranean, Aramco widened the discount of Arab Extra Light versus the ICE Brent weighted average (BWAVE) by $2.10/bbl to a $3.10/bbl.

Saudi Arabia increased the premium of crudes loading for Asia in February versus the average of Oman and Dubai by $0.55-$0.70/bbl, after cutting prices by $1.50-$1.90/bbl the previous month. Riyadh made modest cuts to its prices to the US. The changes reflect Saudi Aramco's determination to keep its prices competitive in order to sustain its market share. The US imported 826 kb/d of Saudi crude in October, down from 1.58 mb/d in April. Riyadh also lost market share in China after absolute volumes fell.





Sellers of Nigerian crude have meanwhile found it difficult to place their barrels into Asia due to sluggish demand, high freight rates and lower Middle East crude oil prices. Qua Iboe fell to its lowest level against Dated Brent since April 2009.

US Gulf coast crudes have fallen against WTI on expectations that refinery maintenance will increase crude stocks. A drop in demand depressed Canadian heavy sour crude Western Canada Select.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Oct	Nov	Dec	Dec-Nov Avg Chg	%	Week Commencing: 08 Dec	15 Dec	22 Dec	29 Dec	05 Jan
Crudes										
North Sea Dated	87.42	78.94	62.57	-16.37	-20.7	63.99	59.94	58.80	55.94	49.46
Brent (Asia) Mth 1	87.69	79.54	63.16	-16.38	-20.6	65.35	60.12	60.21	57.18	51.68
WTI (Cushing) Mth 1	84.40	76.34	59.47	-16.87	-22.1	61.11	55.79	55.84	53.42	48.75
Urals (Mediterranean)	86.68	78.92	61.34	-17.58	-22.3	63.01	58.65	56.69	53.93	47.56
Dubai	86.53	76.40	60.22	-16.17	-21.2	62.44	56.93	57.18	54.26	48.43
Tapis (Dated)	84.98	75.92	58.84	-17.08	-22.5	60.47	56.54	55.30	52.09	45.56
Differential to North Sea Dated										
WTI (Cushing)	-3.02	-2.60	-3.09	-0.50		-2.87	-4.16	-2.96	-2.52	-0.71
Urals (Mediterranean)	-0.74	-0.02	-1.22	-1.21		-0.98	-1.29	-2.12	-2.01	-1.90
Dubai	-0.89	-2.54	-2.34	0.20		-1.54	-3.02	-1.63	-1.68	-1.04
Tapis (Dated)	-2.44	-3.02	-3.72	-0.71		-3.52	-3.40	-3.50	-3.85	-3.90
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.35	-0.50	-0.40	0.10		-0.32	-0.38	-0.67	-0.70	-1.10
Forward WTI Cushing Mth1-Mth2	0.64	-0.01	-0.26	-0.25		-0.21	-0.37	-0.23	-0.42	-0.51
Forward Dubai Mth1-Mth2	0.39	-1.18	-0.96	0.22		-0.70	-1.05	-1.29	-1.20	-1.34

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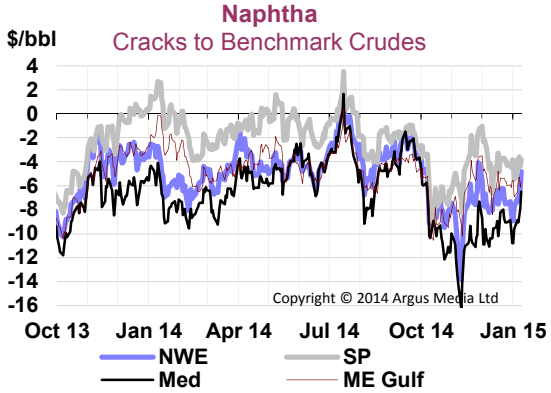
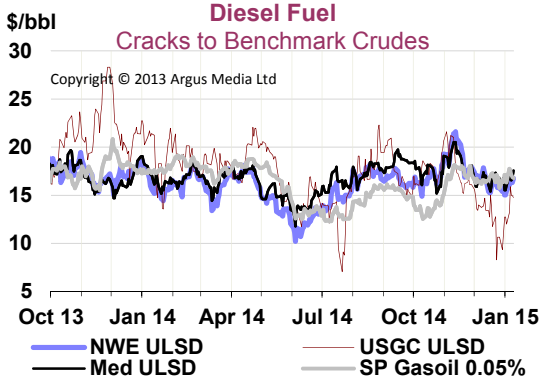
Spot product prices

Product prices continued to plummet over December so that on a monthly average basis they stood between 16% and 26% lower than one month earlier. In percentage terms, spot prices for products in the middle of the barrel posted the smallest declines after support came from a seasonal uptick in demand for heating fuels and jet kerosene. Products at the top and bottom of the barrel weakened at a faster pace as fundamentals remained looser than in the middle of the barrel. Nonetheless, in absolute terms, middle distillates posted the steepest declines across the barrel due to their higher prices which saw cracks in the middle of the barrel weaken at a faster pace than elsewhere.





Spot prices on the US Gulf Coast saw the steepest falls as refiners there continued to run at very high rates which pushed extra product onto an already saturated market and saw stocks, particularly of light and middle distillates balloon. These losses outstripped the drop in LLS and saw cracks plummet. A notable exception came from No 6 3% fuel oil which held its price in absolute terms better than other products, consequently its crack firmed by $2.38/bbl in December.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Oct	Nov	Dec	Dec-Nov Chg	Dec-Nov %	Week Commencing: 08 Dec	15 Dec	22 Dec	29 Dec	05 Jan	Oct	Nov	Dec	Chg
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	97.03	89.01	66.20	-22.81	-25.6	68.14	62.66	62.10	58.67	54.80	9.61	10.08	3.63	-6.44
Naphtha	80.00	70.78	55.23	-15.55	-22.0	56.08	53.07	51.87	47.91	43.03	-7.42	-8.16	-7.34	0.82
Jet/Kerosene	104.03	97.30	79.84	-17.46	-17.9	81.00	77.35	77.19	72.97	67.40	16.61	18.37	17.28	-1.09
ULSD 10ppm	104.22	98.05	78.95	-19.10	-19.5	81.21	75.52	75.01	71.45	65.83	16.80	19.11	16.39	-2.73
Gasoil 0.1%	100.98	94.94	76.95	-17.99	-18.9	78.53	73.67	73.54	70.14	64.68	13.56	16.01	14.39	-1.62
LSFO 1%	75.79	65.90	50.08	-15.82	-24.0	52.47	46.90	46.22	42.89	38.40	-11.63	-13.03	-12.49	0.55
HSFO 3.5%	72.85	63.00	46.58	-16.42	-26.1	49.03	43.33	42.56	39.54	35.14	-14.57	-15.94	-15.99	-0.05
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	98.17	89.69	66.76	-22.94	-25.6	68.69	63.20	62.66	59.22	55.32	11.49	10.77	5.41	-5.36
Naphtha	77.36	67.67	51.64	-16.04	-23.7	52.65	49.37	48.08	44.19	39.41	-9.32	-11.25	-9.71	1.54
Jet Aviation fuel	102.50	95.69	77.70	-17.99	-18.8	79.04	75.10	74.81	70.66	65.19	15.82	16.77	16.36	-0.41
ULSD 10ppm	103.97	97.44	77.80	-19.64	-20.2	79.87	74.71	73.67	70.07	64.55	17.30	18.52	16.46	-2.06
Gasoil 0.1%	100.71	94.14	75.81	-18.33	-19.5	77.42	72.55	72.27	68.96	62.69	14.03	15.22	14.47	-0.76
LSFO 1%	76.91	67.13	51.20	-15.94	-23.7	53.42	48.13	47.45	44.23	39.57	-9.76	-11.79	-10.15	1.64
HSFO 3.5%	72.50	62.55	46.03	-16.51	-26.4	48.39	42.86	42.05	39.10	34.67	-14.18	-16.37	-15.31	1.06
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	109.50	91.64	69.53	-22.11	-24.1	71.19	67.03	63.11	63.41	63.53	21.98	11.99	7.66	-4.33
Unleaded	91.18	81.99	60.49	-21.49	-26.2	63.44	58.03	53.49	52.89	51.23	3.66	2.34	-1.37	-3.71
Jet/Kerosene	103.36	96.97	75.47	-21.51	-22.2	77.06	72.69	69.50	66.90	64.35	15.84	17.33	13.61	-3.72
ULSD 10ppm	105.17	97.66	74.83	-22.82	-23.4	77.49	71.60	68.60	66.83	64.93	17.65	18.01	12.97	-5.04
Heating Oil	100.00	90.34	67.02	-23.31	-25.8	69.85	64.56	59.58	59.94	62.43	12.48	10.69	5.16	-5.53
No. 6 3%*	73.17	64.32	48.91	-15.41	-24.0	50.23	45.46	46.17	43.26	38.58	-14.35	-15.33	-12.95	2.38
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	100.80	90.56	71.71	-18.85	-20.8	73.04	68.36	69.68	65.48	58.98	14.27	14.16	11.48	-2.68
Naphtha	80.21	72.15	56.38	-15.77	-21.9	57.40	52.86	53.27	49.75	44.35	-6.32	-4.24	-3.84	0.40
Jet/Kerosene	101.65	96.41	78.29	-18.13	-18.8	80.32	75.25	75.21	71.41	65.76	15.12	20.02	18.06	-1.95
Gasoil 0.05%	100.23	93.87	76.84	-17.03	-18.1	78.89	73.90	73.69	70.85	65.64	13.70	17.47	16.62	-0.85
LSWR Cracked	84.67	76.10	63.64	-12.45	-16.4	66.24	60.61	60.92	57.73	52.96	-1.86	-0.30	3.42	3.72
HSFO 180 CST	79.11	71.76	55.43	-16.33	-22.8	57.41	51.35	52.32	49.38	44.23	-7.42	-4.63	-4.79	-0.16
HSFO 380 CST 4%	78.06	70.99	54.80	-16.19	-22.8	57.12	50.60	51.53	48.22	43.31	-8.47	-5.40	-5.43	-0.02

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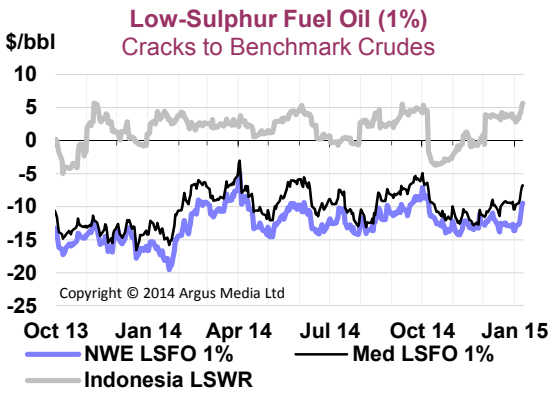
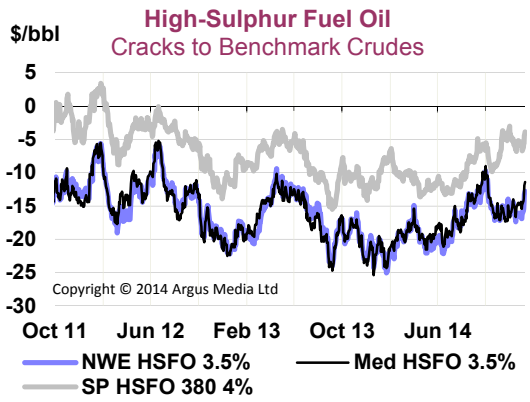
A bright spot in Europe came from naphtha cracks which posted m-o-m gains on healthy demand from regional gasoline blenders and an open arbitrage to ship product to Asia. Cracks also improved at the bottom of the barrel as, despite a change in bunker fuel specifications in the Northern European ECA, Rotterdam LSFO fuel oil cracks improved by $0.55/bbl on a monthly average basis. Upward momentum came from fewer imports of Russian product and healthy trade to Asia. In the Mediterranean, fuel oil cracks firmed by over $1/bbl on export to Asia.

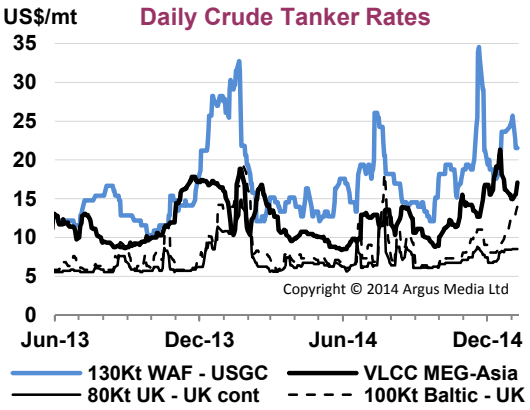


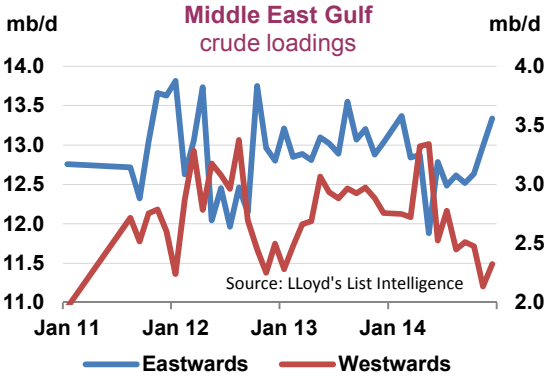


Product prices in Singapore generally remained higher than elsewhere on comparatively buoyant Asian demand, which helped draw in product from the Middle East and Europe. However, cracks remained relatively muted as Dubai prices fell less than those of other crudes on an absolute basis. The one exception was the LSWR crack which surged by $3.72/bbl m-o-m, its highest level in over 12 months.

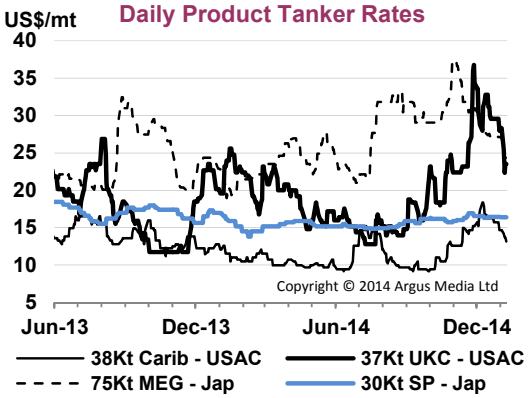
Freight

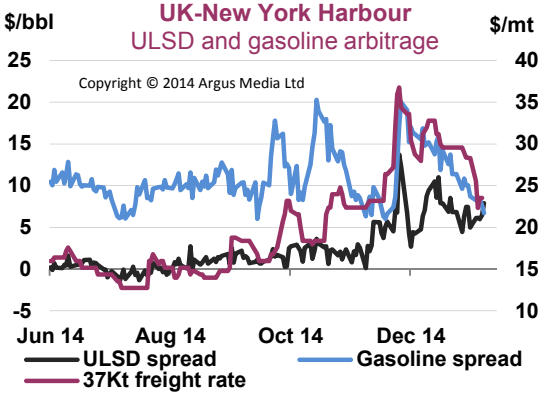
Crude rates had a very strong month, particularly for larger carriers. **Very-large-crude-carriers** (VLCCs) on the benchmark Middle East to Asia route spiked to a four-year high in mid-December. Average prices for the month jumped to a six-year high. The rate eased in the last week of the month, as activity slowed down. Rates for **Suezmaxes** leaving West Africa had another strong month, particularly in the second half, reportedly on traders fixing ahead of holidays, although overall the December rate was slightly lower than previous months' peaks. **Aframaxes** in the North Sea also had a strong month, with loadings at their highest in three years. Healthy activity and pre-holiday fixing propped rates to their highest since July 2014.





Surveyed product freight rates generally trended down throughout the month, although the monthly average was up on November. Rates for **37Kt UK – US Atlantic** product vessels remained sustained in December by arbitrage opportunities for shipping gasoline to the US Atlantic coast and diesel back to Europe, but eased in early January on the back of narrowing spreads, as both sides of the Atlantic were well supplied with products (see '*Product prices*'). The product rate for the **38Kt Caribbean – US Atlantic** route also had a stronger December, although gradually trending down, to finally begin 2015 below its recent peaks. In the East, the **75Kt Middle East Gulf to Japan** benchmark route eased as the tonnage list built faster than activity throughout the month. The rate now sits at its lowest in six months.





REFINING

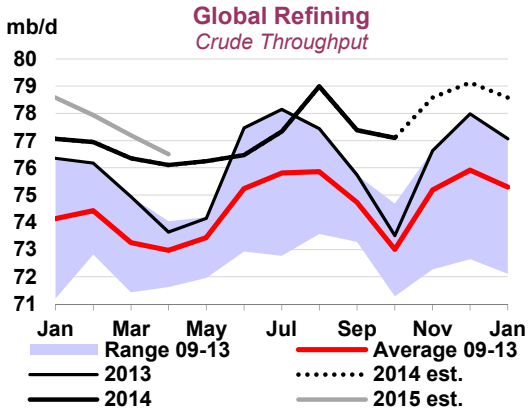
Summary

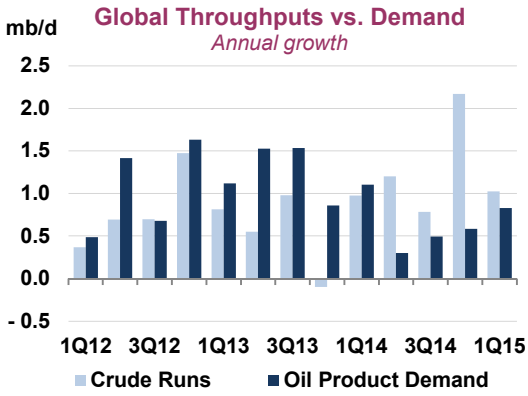
- **Global refinery crude throughputs surged to new highs in December, reaching 78.9 mb/d**, according to preliminary data**.** A 370 kb/d monthly increase extended November's gains of 1.5 mb/d, as plants returned from seasonal maintenance, with stronger than expected runs in the US and OECD Asia-Oceania. As a result, the estimate of global refinery crude throughputs for 4Q14 has been raised by 0.2 mb/d since last month's *Report*, to 78.2 mb/d.

- **Global refinery crude runs are set to fall to 77.8 mb/d in 1Q15,** in line with seasonally falling demand and increased refinery maintenance. Burgeoning product holdings and deteriorating margins will likely amplify the declines in mature markets, as new capacity in the non-OECD continues to ramp up. Annual gains are set to ease to 1.0 mb/d in 1Q15 compared with gains of 2.2 mb/d in 4Q14.

- **Plummeting refinery margins in December will likely cause refiners to scale back runs in early 2015,** especially in the US. Calculated US Midcontinent margins plunged by $9.65/bbl on average in December to end the month in negative territory, as throughputs surged on the back of rising crude supplies. Gulf Coast margins also retreated on rising product inventories. European and Singapore margins saw more modest declines and remained well above levels seen a year earlier.

- **OECD refinery crude throughputs surged 1.3 mb/d in November, to 37.5 mb/d.** Gains stemmed from both the Americas and Asia Oceania, as refiners completed maintenance, while European rates were unchanged from October. Total OECD runs stood 865 kb/d above the previous year, thanks largely to a recovery in European rates from weak 2013 levels.





Global refinery overview

Despite lacklustre economic and oil-demand growth, global refinery activity remained exceptionally robust through year-end, and 4Q14 estimates have been lifted by 235 kb/d since last month's *Report*. At 78.2 mb/d, global crude runs stood more than 2 mb/d above year earlier levels in 4Q14, compared with oil product demand growth of only 0.6 mb/d.

The sharp plunge in crude oil prices since June has provided a welcome boost to refiners across the globe. Product price declines have generally lagged those of crude, providing refiners with an opportunity, however short-lived, to capture higher margins. Refiners in the US and Europe raised throughputs by nearly 1 mb/d in total in 2H14 from a year earlier. US refiners lifted throughputs to fresh record-highs in early December, while European refiners took advantage of margins rising three-fold since June to raise runs to levels not seen in more than a year.

Non-OECD refiners also pushed runs higher at the end of 2014. After contracting for four consecutive quarters, non-OECD Asian throughputs finally recovered towards year-end. Shuttered capacity in India came back on line and Singapore started a new condensate splitter. Chinese refiners also increased runs, by almost 0.5 mb/d from a year earlier, in part to restock depleted product inventories. The ramping up of Saudi Arabia's two new mega-projects underpinned Middle Eastern gains, while Russian refiners maintained high rates to take advantage of a favourable export duty scheme before its expiration at year-end.

Global Refinery Crude Throughput[1]

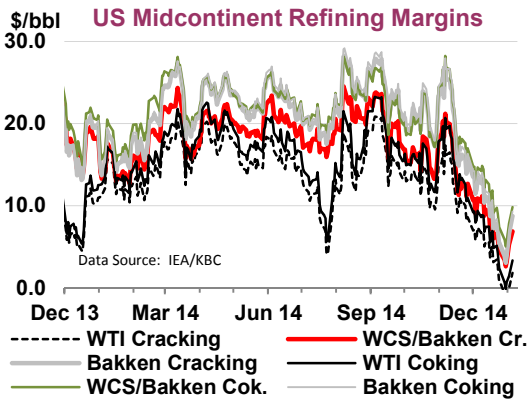
(million barrels per day)

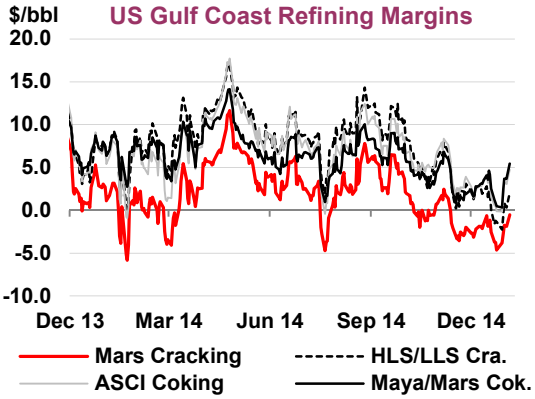
	Sep 14	**3Q2014**	Oct 14	Nov 14	Dec 14	**4Q2014**	Jan 15	Feb 15	Mar 15	**1Q2015**	Apr 15
Americas	18.9	**19.4**	18.1	18.9	19.4	**18.8**	18.8	18.4	18.2	**18.4**	18.2
Europe	11.6	**11.7**	11.8	11.8	11.7	**11.8**	11.4	11.3	11.2	**11.3**	11.0
Asia Oceania	6.5	**6.6**	6.2	6.7	6.8	**6.6**	6.8	6.8	6.6	**6.7**	6.3
Total OECD	37.0	**37.6**	36.2	37.5	37.9	**37.2**	37.0	36.5	35.9	**36.4**	35.6
FSU	6.9	**7.1**	7.1	7.3	7.1	**7.2**	7.0	7.1	7.1	**7.1**	6.8
Non-OECD Europe	0.5	**0.5**	0.5	0.6	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5
China	10.2	**9.9**	10.2	10.3	10.4	**10.3**	10.3	10.1	10.1	**10.2**	10.0
Other Asia	9.9	**9.7**	10.0	10.0	9.9	**10.0**	10.0	10.1	10.1	**10.1**	10.1
Latin America	4.6	**4.7**	4.6	4.4	4.7	**4.6**	4.9	4.8	4.8	**4.8**	4.7
Middle East	6.0	**6.2**	6.2	6.3	6.3	**6.3**	6.6	6.5	6.4	**6.5**	6.6
Africa	2.1	**2.2**	2.2	2.1	2.1	**2.2**	2.2	2.2	2.2	**2.2**	2.2
Total Non-OECD	40.4	**40.3**	40.9	41.1	41.1	**41.0**	41.5	41.4	41.3	**41.4**	40.9
Total	77.4	**77.9**	77.1	78.6	78.9	**78.2**	78.4	77.8	77.2	**77.8**	76.5

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

These high refinery runs have led to a significant build in product inventories in key markets. US product stocks swelled by more than 23 mb/d in December, while independent storage levels in Northwest Europe reportedly surged to three-year highs. Product stocks normally draw during the northern hemisphere winter. Not surprisingly, refinery margins fell in December, as product prices caught up with earlier crude-price declines.

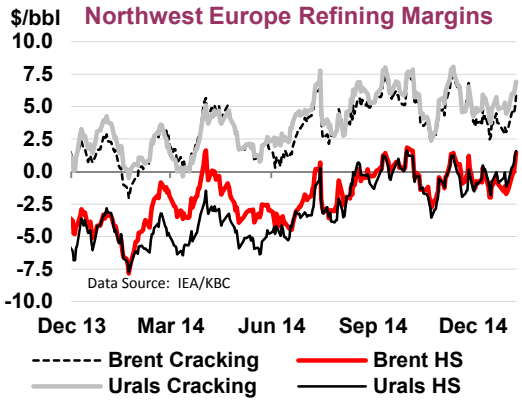
The drop in refinery margins was particularly pronounced in the US, where Midcontinent refiners lost an average $9.65/bbl from December, and Gulf Coast refiners shed $2.07/bbl on average. Midcontinent refiners briefly saw negative returns in late December, as US product price declines were particularly steep.

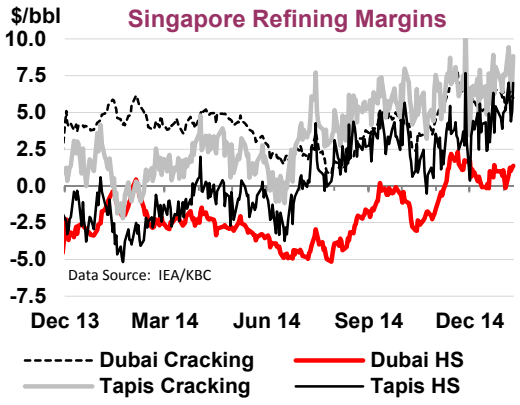




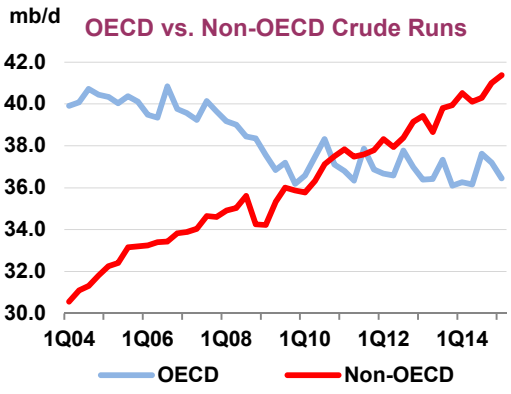
Gulf Coast cracking margins have been negative for certain grades some time now, with coking margins faring only slightly better. US refinery runs are expected to fall sharply from January, in line with seasonal patterns. Over the past five years, US refinery crude intake dropped by on average 570 kb/d from December to January. Swelling product inventories and weak margins, despite signs of recovering US demand growth, will likely result in a steep drop in runs in January, and we project a 710 kb/d monthly decline for this year. Indeed, weekly EIA data for the week ending 9 January show total US refinery runs dropped 530 kb/d from a week earlier.

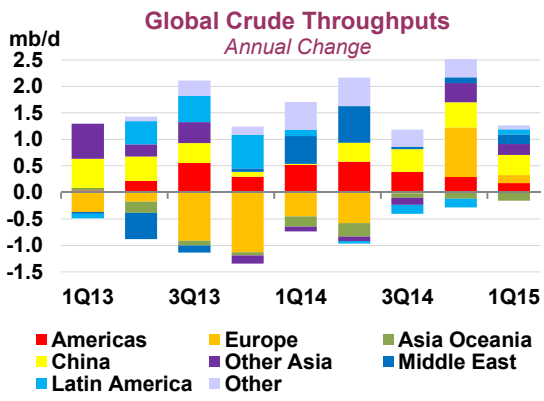
Also in Europe, weak regional and export demand depressed product cracks in December, though margins remained high compared to recent levels. As such, refiners maintained runs at relatively high levels through year-end. Singapore margins saw more modest declines and in general held up better than for most of the year, supporting slightly higher runs towards year-end.





The timing and speed of the ramp-up of new non-OECD capacity in 2015 will be key to wider refinery market movements in 2015. Saudi Arabia's 400 kb/d Yanbu refinery and the first phase of Brazil's first new refinery in 35 years have already been commissioned and will continue to increase runs in coming months. Petrobras reportedly shipped its first naphtha cargo in early January, while Yanbu followed suit loading a diesel cargo mid-month. The UAE's 420 kb/d Ruwais extension and India's much delayed 300 kb/d Paradip refinery, and the restart of Colombia's expanded Cartagena plant, should also commence crude processing in coming months if all goes well. With product inventories rebuilding counter seasonally and oil demand projected to fall seasonally, margins will remain under pressure in the near term.





Global refinery crude runs are expected to decline through April as refinery maintenance intensifies. In all, global throughputs are pegged at 77.8 mb/d for 1Q15, 395 kb/d less than the 4Q14 average and 1 mb/d above a year earlier. Growth will again be concentrated in non-OECD countries, extending recent trends.

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Sep 14	Oct 14	Nov 14	Dec 14	Dec 14-Nov 14	12 Dec	19 Dec	26 Dec	02 Jan	09 Jan
NW Europe										
Brent (Cracking)	5.86	4.56	5.93	3.68	-2.25	4.12	3.24	3.99	3.20	4.87
Urals (Cracking)	6.42	5.04	6.24	4.86	-1.38	5.34	4.44	5.24	4.87	6.24
Brent (Hydroskimming)	0.38	-0.69	0.13	-0.98	-1.11	-0.36	-1.42	-0.73	-1.45	0.26
Urals (Hydroskimming)	0.05	-1.01	-0.39	-0.71	-0.31	-0.07	-1.10	-0.42	-0.63	0.82
Mediterranean										
Es Sider (Cracking)	8.11	6.90	7.44	6.63	-0.80	6.89	6.42	6.94	6.37	8.04
Urals (Cracking)	7.37	5.89	6.71	6.10	-0.61	6.23	5.91	7.10	6.48	7.98
Es Sider (Hydroskimming)	3.18	1.78	1.67	1.53	-0.13	1.91	1.28	1.81	1.34	3.14
Urals (Hydroskimming)	0.20	-1.36	-1.42	-1.38	0.04	-1.08	-1.64	-0.48	-0.92	0.78
US Gulf Coast										
50/50 HLS/LLS (Cracking)	10.63	5.62	3.94	1.15	-2.79	2.38	1.72	-1.40	-0.38	2.05
Mars (Cracking)	4.59	0.19	-0.87	-2.42	-1.55	-1.88	-1.55	-4.02	-2.51	-0.53
ASCI (Cracking)	4.72	0.24	-1.01	-2.29	-1.28	-1.86	-1.63	-3.36	-2.19	-0.38
50/50 HLS/LLS (Coking)	12.41	7.22	5.82	2.64	-3.18	3.91	3.32	-0.19	1.06	3.70
50/50 Maya/Mars (Coking)	7.24	4.32	3.56	2.57	-0.99	3.13	3.79	0.85	2.56	5.46
ASCI (Coking)	9.01	5.59	4.92	2.29	-2.63	3.04	3.22	0.33	2.02	4.74
US Midcon										
WTI (Cracking)	16.84	12.65	12.73	4.33	-8.41	6.19	4.44	2.35	-0.69	1.82
30/70 WCS/Bakken (Cracking)	20.36	15.88	15.93	7.95	-7.97	10.17	7.73	5.72	3.65	6.87
Bakken (Cracking)	24.11	20.35	20.25	9.61	-10.64	12.07	9.24	6.79	4.37	8.74
WTI (Coking)	19.13	14.93	15.60	6.15	-9.45	8.11	6.26	3.95	0.68	3.34
30/70 WCS/Bakken (Coking)	23.35	20.10	21.60	11.33	-10.26	13.78	11.14	8.75	6.14	9.82
Bakken (Coking)	24.88	21.14	21.33	10.23	-11.10	12.74	9.90	7.35	4.83	9.31
Singapore										
Dubai (Hydroskimming)	-0.72	-1.98	1.02	0.62	-0.40	0.26	0.15	1.00	0.66	1.13
Tapis (Hydroskimming)	3.42	1.97	3.48	3.94	0.46	4.18	3.42	5.13	4.67	5.86
Dubai (Hydrocracking)	4.50	3.66	6.51	5.84	-0.67	5.32	5.71	6.45	6.01	6.21
Tapis (Hydrocracking)	5.81	5.58	7.08	6.49	-0.58	6.53	5.99	7.77	7.16	8.01

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 throughputs rebounded in November, by 1.3 mb/d from October's low, to average 37.5 mb/d. Higher-than-expected throughputs in Asia Oceania led to an upward revision of 260 kb/d from last month's *Report*. The Americas led the monthly gain with an increase of 815 kb/d, followed by the OECD Asia Oceania region, which saw gains of 490 kb/d, while European refiners kept runs roughly unchanged from the previous month. Overall OECD refinery activity held on to annual gains seen since August, processing almost 0.9 mb/d more crude than a year earlier in the latest month. Only in Asia Oceania did throughputs contract year-on-year in November, while refiners in the Americas and Europe reported annual gains of 305 kb/d and 680 kb/d, respectively. After years of contractions, European plants lifted throughputs for a fourth consecutive month, on the back of significantly improved margins.

Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

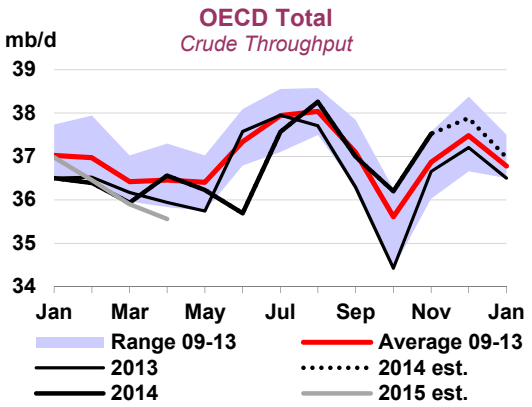
	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Change from Oct 14	Change from Nov 13	Utilisation rate[1] Nov 14	Utilisation rate[1] Nov 13
US[2]	15.82	16.53	16.46	16.06	15.34	16.07	0.73	0.43	0.90	0.87
Canada	1.86	1.76	1.76	1.45	1.54	1.63	0.10	-0.06	0.89	0.92
Chile	0.17	0.17	0.18	0.17	0.16	0.17	0.01	0.02	0.76	0.69
Mexico	1.22	1.18	1.15	1.19	1.09	1.08	-0.02	-0.09	0.65	0.70
OECD Americas	**19.07**	**19.64**	**19.55**	**18.88**	**18.13**	**18.95**	**0.81**	**0.31**	**0.88**	**0.86**
France	1.05	1.16	1.21	1.18	1.19	1.14	-0.05	0.00	0.81	0.81
Germany	1.63	1.80	1.99	1.90	1.82	1.93	0.11	-0.04	0.95	0.97
Italy	1.19	1.25	1.31	1.21	1.14	1.27	0.12	-0.06	0.72	0.74
Netherlands	0.90	0.95	0.98	1.05	1.11	1.04	-0.07	0.12	0.81	0.71
Spain	1.23	1.17	1.27	1.10	1.21	1.19	-0.02	0.13	0.78	0.70
United Kingdom	1.05	1.13	1.14	1.15	1.15	1.12	-0.02	0.13	0.81	0.63
Other OECD Europe	3.76	4.03	4.06	3.99	4.20	4.15	-0.05	0.40	0.85	0.77
OECD Europe	**10.81**	**11.49**	**11.96**	**11.59**	**11.82**	**11.84**	**0.03**	**0.68**	**0.83**	**0.77**
Japan	2.52	2.96	3.14	3.17	2.89	3.20	0.30	-0.14	0.80	0.75
South Korea	2.43	2.59	2.70	2.52	2.53	2.65	0.12	0.05	0.80	0.85
Other Asia Oceania	0.86	0.90	0.92	0.84	0.83	0.89	0.06	-0.03	0.81	0.75
OECD Asia Oceania	**5.81**	**6.45**	**6.76**	**6.53**	**6.25**	**6.74**	**0.49**	**-0.12**	**0.80**	**0.79**
OECD Total	**35.69**	**37.57**	**38.26**	**37.00**	**36.20**	**37.52**	**1.33**	**0.86**	**0.85**	**0.82**

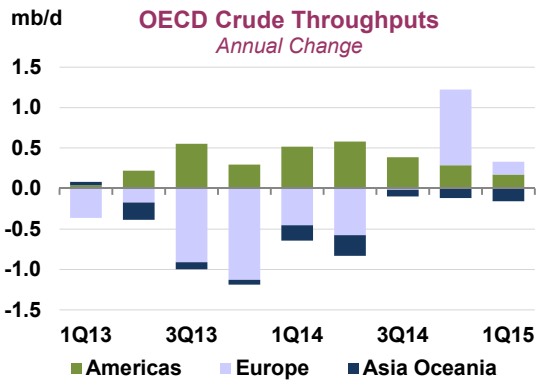
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

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

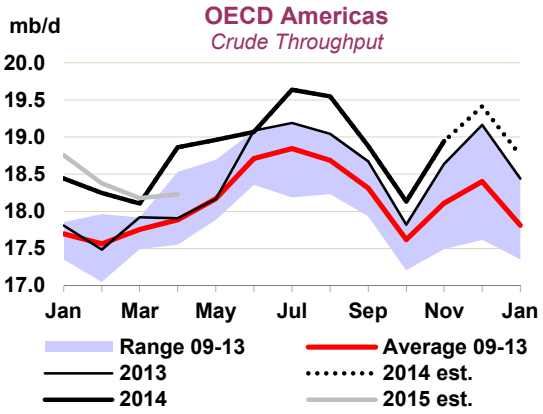
Throughputs look to have surged further in December, but sharp seasonal declines are forecast for 1Q15. OECD refinery runs normally see seasonal drops between December and January. A monthly decline of 0.9 mb/d is forecast in January 2015, compared with a five-year average decline of 0.7 mb/d, as burgeoning product inventories and a steep drop in margins amplify the seasonal change. OECD refinery runs generally fall further through 1Q, as maintenance intensifies. In all, we forecast OECD runs to average 36.4 mb/d in 1Q15, a decline of 0.8 mb/d from 4Q14, but still 175 kb/d above 1Q14.

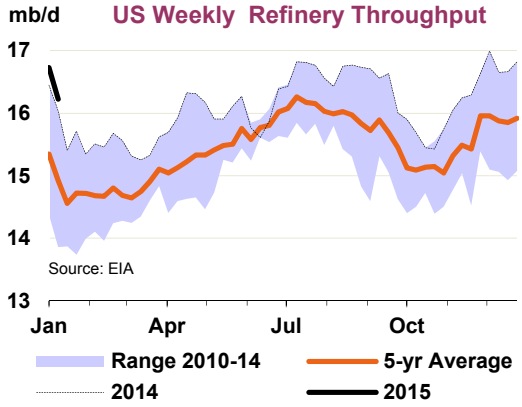




Refinery throughputs in the OECD Americas rose by 810 kb/d in November, to 18.9 mb/d. The US accounted for 90% of the increase, with Canada contributing 100 kb/d. Canadian refinery runs have been subdued since September, when a number of refineries shut for maintenance work. According to weekly data from the National Energy Board (NEB), Canadian crude processing rebounded to 1.6 mb/d in

November, compared with 1.5 mb/d in September and October. The ramp-up continued through December, with runs reaching 1.7 mb/d in the second half of the month. Suncor announced in early January it had completed maintenance of its Montreal refinery, which had been underway since 22 September. Suncor also performed maintenance at its Sarnia and Edmonton plants over the past months, as did Shell at its Sarnia refinery. Imperial Oil started decommissioning its Dartmouth refinery in Eastern Canada in September

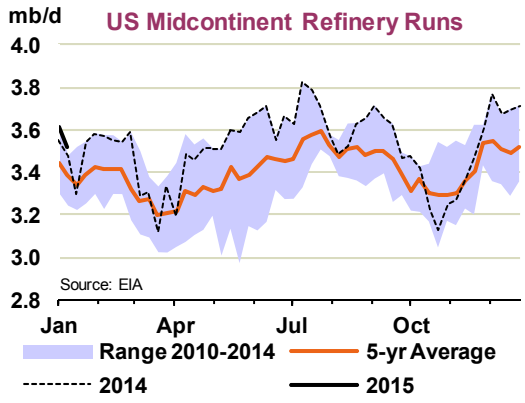


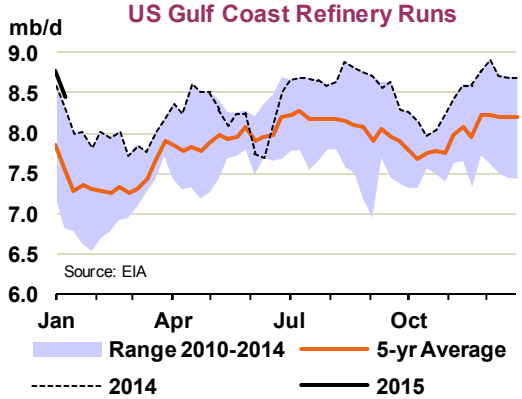


In the US, runs rose in all regions except the East Coast in November, with the steepest gains in the Gulf Coast followed by the Midcontinent, which raised runs by 470 kb/d and 200 kb/d, respectively. Preliminary weekly data show that US refiners finished 2014 on a high note, matching July's record high of 16.6 mb/d in the first week of December. For the month as a whole, crude throughputs were at their second highest ever, averaging 16.4 mb/d, an increase of 325 kb/d from November and 325 kb/d above the previous year. As in November, the monthly increase stemmed from Gulf Coast and Midcontinent refiners, who raised runs by 100 kb/d and 215 kb/d, respectively.

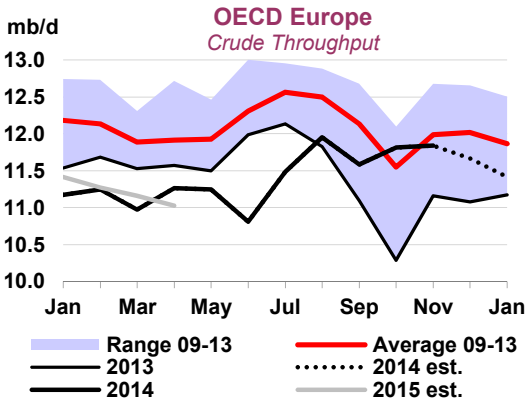
US throughputs are expected to decline sharply in January, with the fall exceeding seasonal trends, as December's collapse in margins will likely amplify maintenance shutdowns. Amongst others, Phillips 66 is shutting some units at its 356 kb/d Wood River refinery for maintenance. The refinery, which is a JV between Phillips 66 and Cenovus but operated by Phillips 66, imports around 180 kb/d of heavy Canadian crude. On the Gulf Coast, Exxon started maintenance at its 557 kb/d Baytown refinery in January and Phillips 66 is undertaking work at its 250 kb/d Belle Chasse plant in Louisiana.

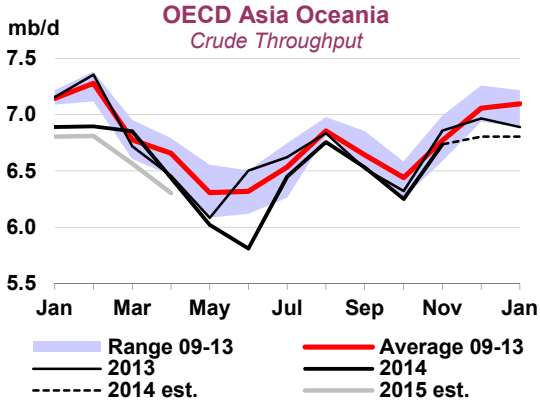
Additionally, a string of unplanned outages in January also contributed to take runs lower in January. Philadelphia Energy Solutions had to shut its 335 kb/d refinery for several days after a series of operational issues and small fires. Fires caused both Husky Energy to shut its 155 kb/d Lima, Ohio refinery, and Marathon to halt operations at its 212 kb/d Robison, Illinois refinery. BP, meanwhile, reportedly had to shut a 90 kb/d crude unit at its Whiting, Indiana plant due to freezing temperatures.





In Europe, refiners continued to benefit from an improvement in margins to keep runs relatively high in November. Higher German and Italian refinery runs were mostly offset by declines elsewhere, leaving regional runs roughly unchanged on the month, at 11.8 mb/d. Regional throughputs exceeded year-earlier levels for a fourth consecutive month, with runs up 680 kb/d y-o-y in the latest monthly data. Preliminary data released by Euroilstocks on 12 January show refiners maintained runs at relatively elevated levels in December, with total crude throughputs now pegged at 11.7 mb/d, only 175 kb/d less than in November. Regional refinery activity is expected to slip further in early 2015, as the region's demand contract further and new capacity hikes products exports to the region. While regional runs slip to 11.3 mb/d on average in 1Q15, from 11.8 mb/d in 4Q14, they are expected to surpass year-earlier levels in early 2015 (though annual growth slips from 935 kb/d on average in 4Q14 to 155 kb/d in 1Q15).

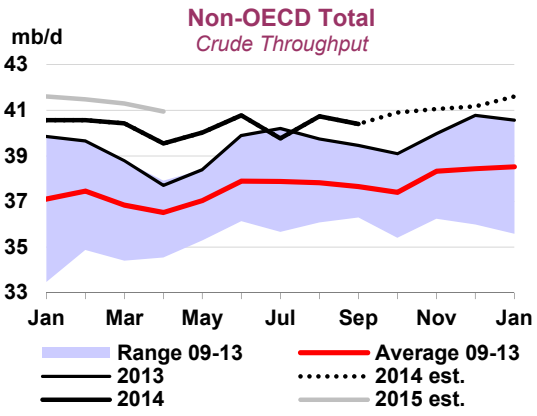


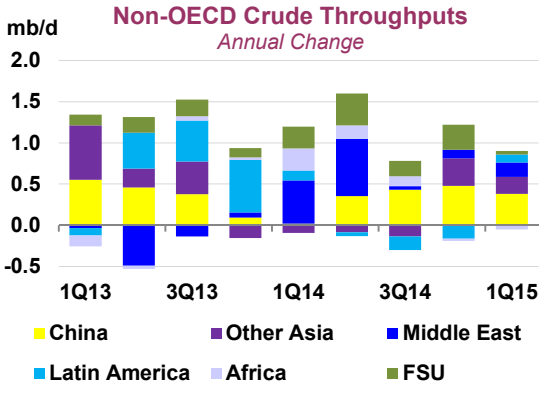


Refiners in OECD Asia Oceania increased runs by 0.5 mb/d in November, to 6.7 mb/d on average. The gains came primarily from Japan, which had seen sharp maintenance cuts the previous month, but also South Korea, which hiked throughputs by 125 kb/d. According to preliminary data, Japanese refiners lifted runs further in December, by 200 kb/d, to average just under 3.4 mb/d, adjusted for NGLs included in the preliminary data. In December, capacity utilisation stood above 90% of its 3.95 mb/d nameplate capacity, compared with about 88% the previous month.

Non-OECD refinery throughput

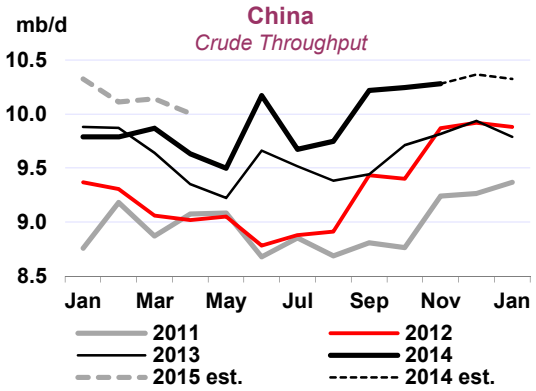
Non-OECD refinery throughputs surged to a new high of 41 mb/d in 4Q14, up 0.7 mb/d on 3Q14 and 1.1 mb/d on 4Q13, preliminary data suggest. Gains were largely accounted for by non-OECD Asia towards year-end, after relatively subdued runs earlier in the year. The start-up of Saudi Arabia's 400 kb/d Yanbu refinery in late 2014 and UAE's 420 kb/d Ruwais expansion and India's 300 kb/d Paradip refinery, once commissioned sometime this year, will likely push further pressure on existing capacity in early 2015, inducing further consolidation efforts in OECD and non-OECD countries. Indeed, Shell recently announced it was evaluating options for its Malaysian refinery, due to overcapacity in the market, in a step further towards reducing its worldwide downstream presence.





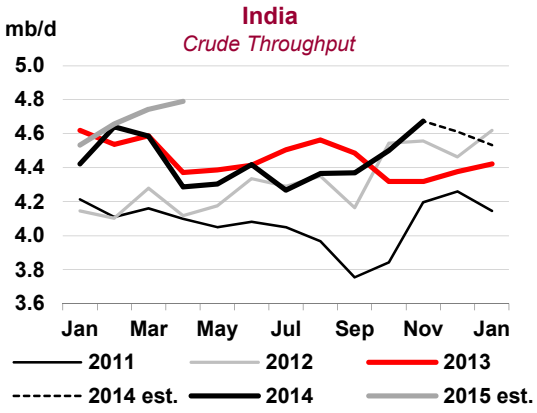
According to official data from China's National Energy Board (NEB), Chinese refinery throughputs averaged 10.3 mb/d in November, 465 kb/d above the year earlier. For the first 11 months of 2014, Chinese refinery runs were 310 kb/d up on the year earlier, slightly exceeding domestic demand growth. To accommodate increased refinery output amid lacklustre demand, China's Ministry of Commerce just approved larger product export quotas for gasoline, diesel and jet fuel for PetroChina and Sinopec for 2015. Sinopec got a quota to export 260 kb/d of oil products this year, an increase of 45 kb/d from last year, while PetroChina's export quota was left unchanged at 180 kb/d.

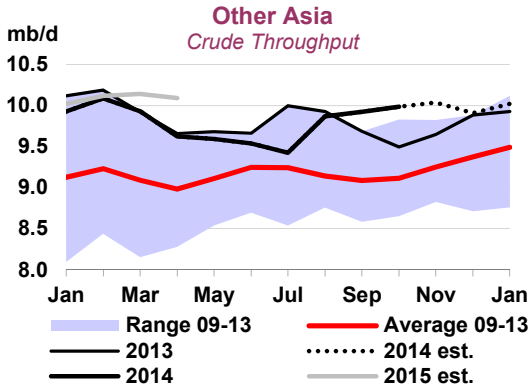
Refinery-operations data for December are not yet available, but company schedules indicated runs would rise further in that month. In particular, the restart of CNOOC's Huizhou refinery after a prolonged shutdown likely contributed to higher volumes. PetroChina reportedly delayed the restart of its 200 kb/d Penzhou refinery in Sichuan due to lack of feedstocks. The refinery, which was commissioned only a year ago, has been shut since mid-October and was scheduled to restart in December.



Chinese refiners typically build diesel inventories in December and January, and unusually low diesel inventories at end of November could provide some support to refinery runs in coming months. Despite repeated cuts to regulated prices in China, domestic refinery margins were relatively healthy, possibly providing further support.

After six months of subdued runs, due in part to unscheduled outages, Indian refineries finally increased their throughputs in November. At 4.7 mb/d, Indian runs were 175 kb/d higher than a month earlier, including an 80 kb/d increase at HPCL's Visakh refinery after maintenance in October and a 50 kb/d gain at BPCL's Mumbai refinery. Delays continue to plague IOC's 300 kb/d Paradip refinery project, which is now only expected to be commissioned towards the end of 1Q15. On 10 December, private refinery company Essar signed a 10-year deal to buy 200 kb/d of Russian crude from Rosneft, to supply its 400 kb/d Vadinar refinery. The value of the deal amounts to nearly $10 billion over a 10-year period with shipments to start possibly already this year.

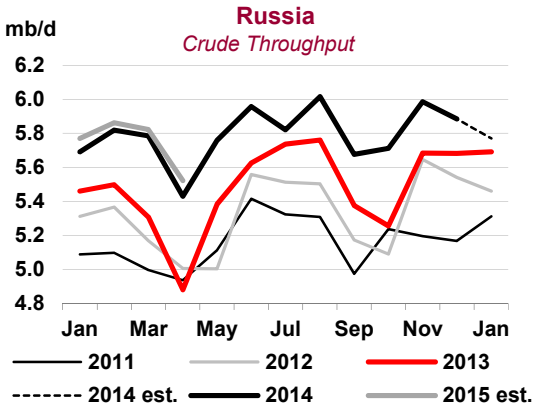




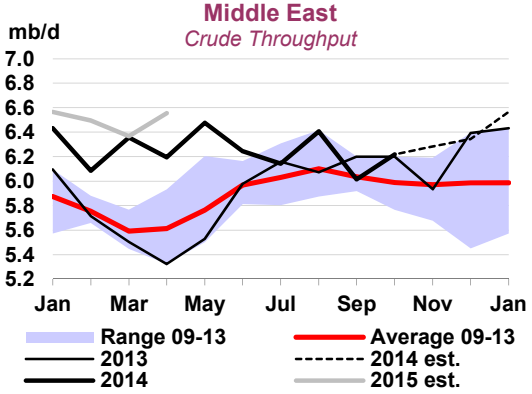
In Singapore, Exxon reportedly cut runs at its 302 kb/d Jurong mainland refinery in October and November. The refinery is connected to a 290 kb/d plant located on Jurong Island, also operated by the company. In November, Singapore Refining Company was reported to have started maintenance at its 290 kb/d refinery, also on Jurong Island. Jurong Aromatics Company, meanwhile, was reported to have shut its 100 kb/d condensate splitter in mid-December for two months amid weak margins. The splitter had only been commissioned in August of this year, to process Australian and Qatari condensates into

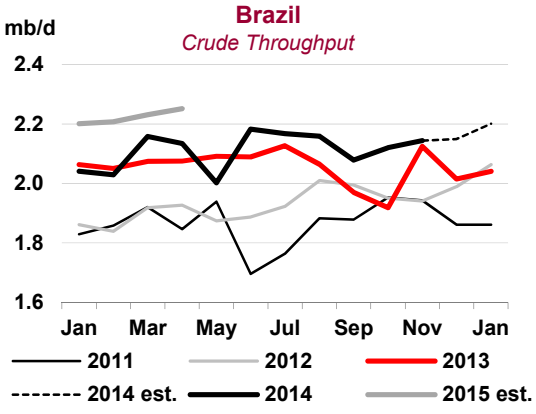
petrochemical feedstocks and transportation fuels. Elsewhere, Taiwan's Formosa lifted runs to nearly 90% utilisation in January, compared with only 70% in December, when one of the plant's RFCC units had a malfunction.

Official monthly statistics data from the **Russian** Oil Ministry showed refiners processing nearly 6 0 mb/d in November, up 275 kb/d from a month earlier and 300 kb/d above the year earlier. Increases came from Rosneft's Syrzan and Angarsk refineries as well as Gazprom Neft's Omsk refinery and Gazpromneftekhim's Salavat plant. Preliminary data show Russian refinery runs eased slightly in December to average 5.9 mb/d, as forecast in last month's *Report*. Russian refinery runs are expected to drop in January, but remain largely in line with last year's levels as refiners adjust to a revised export-duty scheme. The new export duties prop up margins of sophisticated refineries with high light product output and exports, while penalising those with a high fuel-oil yield.



In the **Middle East,** Iraqi refinery runs remained constrained due to the shutdown of the country's largest plant in Baiji since June. Crude supplies to state refiners averaged 405 kb/d in November, compared with 600 kb/d in May prior to the IS assault. An additional 160 kb/d of crude oil is estimated to be processed or used directly in KRG-controlled territory. In Saudi Arabia, meanwhile, latest data showed the Kingdom processed 2.06 mb/d of crude oil in October. The recently commissioned Yasref refinery in Yanbu started trial runs in September and had originally scheduled product exports from November, but this has been delayed until early 2015. The crude-run forecast for the UAE for December and January has been slightly lowered since last month's *Report*, as it seems Tankreer's new Ruwais refinery will only be commissioned in early 2015, as opposed to earlier announcements that the plant would start up before the end of 2014.





In **Latin America**, Brazilian refinery runs were largely unchanged in November, at 2.1 mb/d. As previously noted, Petrobras started trial runs at its Abreu e Lima refinery in early December. The first 115 kb/d crude unit is expected to ramp up throughputs before the second crude distillation tower and secondary units are commissioned in May. A malfunction of a cracking unit at the company's 208 kb/d Repar refinery in late December, which forced the plant to run at reduced rates for two weeks into early January, could provide a partial offset.

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

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas[1]	24.0	23.6	23.8	23.9	24.3	24.3	24.1	23.9	23.6	24.2	24.6	24.1	24.1	23.9	24.4	24.5	24.2
Europe[2]	14.3	13.8	13.2	13.9	14.0	13.6	13.7	13.0	13.4	13.9	13.3	13.4	13.0	13.3	13.7	13.4	13.3
Asia Oceania[3]	8.2	8.5	8.9	7.8	8.0	8.6	8.3	8.8	7.7	7.7	8.2	8.1	8.6	7.5	7.7	8.2	8.0
Total OECD	46.4	45.9	45.9	45.6	46.4	46.6	46.1	45.7	44.7	45.8	46.2	45.6	45.6	44.7	45.8	46.1	45.6
NON-OECD DEMAND																	
FSU	4.5	4.6	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.8	4.5	4.6	4.8	4.7	4.6
Europe	0.7	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	9.4	9.8	9.9	10.1	10.2	10.3	10.1	10.2	10.3	10.4	10.6	10.4	10.4	10.6	10.7	10.8	10.6
Other Asia	11.2	11.6	11.9	11.9	11.6	12.0	11.9	12.2	12.2	11.9	12.3	12.1	12.6	12.5	12.3	12.7	12.5
Americas	6.2	6.4	6.4	6.6	6.8	6.8	6.6	6.6	6.8	6.9	6.9	6.8	6.7	6.9	7.0	7.0	6.9
Middle East	7.5	7.7	7.5	7.9	8.4	7.7	7.9	7.8	8.2	8.6	7.8	8.1	8.0	8.4	8.8	8.2	8.3
Africa	3.6	3.8	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	4.0	3.9	4.1	4.1	4.0	4.2	4.1
Total Non-OECD	43.1	44.6	44.7	45.7	46.2	46.3	45.7	45.9	46.9	47.3	47.2	46.8	46.9	47.8	48.2	48.3	47.8
Total Demand[4]	**89.5**	**90.5**	**90.6**	**91.3**	**92.6**	**92.8**	**91.8**	**91.7**	**91.6**	**93.0**	**93.4**	**92.4**	**92.5**	**92.5**	**94.0**	**94.4**	**93.3**
OECD SUPPLY																	
Americas[1,7]	14.6	15.8	16.8	16.6	17.3	17.8	17.1	18.1	18.6	18.8	19.3	18.7	19.4	19.5	19.4	20.0	19.6
Europe[2]	3.8	3.5	3.4	3.4	3.2	3.4	3.3	3.5	3.3	3.1	3.3	3.3	3.3	3.2	3.1	3.4	3.3
Asia Oceania[3]	0.6	0.6	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5
Total OECD	18.9	19.8	20.6	20.4	21.0	21.6	20.9	22.1	22.4	22.5	23.1	22.5	23.2	23.2	23.0	23.9	23.3
NON-OECD SUPPLY																	
FSU	13.6	13.7	13.9	13.8	13.8	14.0	13.9	14.0	13.8	13.8	13.9	13.9	14.0	13.8	13.7	13.7	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	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Other Asia[5]	3.7	3.6	3.6	3.5	3.4	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.5	3.4	3.4	3.5	3.5
Americas[5,7]	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.4	4.5	4.4	4.5	4.6	4.5	4.5	4.5
Middle East	1.7	1.5	1.4	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Africa[5]	2.5	2.2	2.2	2.3	2.3	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	29.9	29.5	29.5	29.4	29.3	29.9	29.5	29.8	29.6	29.5	29.7	29.6	29.8	29.7	29.5	29.6	29.7
Processing gains[6]	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.9	1.9	1.5	2.0	2.4	2.2	2.0	1.7	2.3	2.5	2.2	2.2	1.9	2.3	2.6	2.3	2.3
Total Non-OPEC[5]	52.8	53.3	53.8	54.1	54.8	55.8	54.6	55.7	56.4	56.8	57.3	56.6	57.1	57.4	57.4	58.0	57.5
OPEC																	
Crude[8]	29.9	31.3	30.5	30.9	30.6	29.8	30.5	30.0	30.1	30.5	30.5	30.3					
NGLs	5.9	6.2	6.2	6.3	6.3	6.3	6.3	6.3	6.4	6.5	6.5	6.4	6.6	6.7	6.7	6.7	6.7
Total OPEC[5]	35.8	37.5	36.7	37.2	36.9	36.1	36.7	36.3	36.4	37.0	37.0	36.7					
Total Supply[9]	**88.6**	**90.8**	**90.5**	**91.2**	**91.8**	**91.9**	**91.4**	**92.1**	**92.8**	**93.8**	**94.3**	**93.3**					
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.2	0.2	0.2	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7							
Government	-0.1	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.0							
Total	-0.3	0.2	0.3	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7							
Floating storage/Oil in transit	-0.1	0.0	0.2	-0.1	0.2	0.3	0.1	0.3	-0.3	0.3							
Miscellaneous to balance[10]	-0.6	0.1	-0.5	0.2	-1.4	0.2	-0.4	-0.1	0.9	-0.3							
Total Stock Ch. & Misc	**-0.9**	**0.2**	**-0.1**	**0.0**	**-0.8**	**-0.9**	**-0.5**	**0.4**	**1.3**	**0.7**	**0.9**	**0.8**					
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.8	31.1	30.5	30.9	31.4	30.8	30.9	29.6	28.8	29.8	29.6	29.5	28.8	28.4	29.9	29.7	29.2

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)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	0.1	-	-	-	-	-0.2	-0.1	-0.2	-0.1	-0.1	-	-0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Total OECD	-	-	-	-	-	0.1	-	-	-	-	-0.1	-	-0.1	-	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Demand	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**-0.1**	**-**	**-0.1**	**-**	**-**	**-**	**-**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	0.1	-	-0.1	-0.1	-0.3	-0.2	-0.2
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	-0.1	-0.1	-0.3	-0.2	-0.2
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.2	-0.2	-0.2
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.2	-0.2	-0.2	-0.2
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	0.1	-	-0.2	-0.3	-0.5	-0.4	-0.4
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							
Total Stock Ch. & Misc	**-**	**-**	**-**	**-0.1**	**-**	**-0.1**	**-**	**-**	**-**	**0.1**							
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	0.1	-	0.1	-	-	-	-0.1	-0.2	-	0.2	0.2	0.5	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

	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Demand (mb/d)																
Americas[1]	23.60	23.80	23.87	24.32	24.35	24.09	23.86	23.64	24.20	24.65	24.09	24.07	23.95	24.36	24.53	24.23
Europe[2]	13.80	13.20	13.87	14.02	13.62	13.68	13.01	13.40	13.90	13.33	13.41	12.98	13.29	13.68	13.37	13.33
Asia Oceania[3]	8.52	8.86	7.83	8.02	8.60	8.33	8.85	7.65	7.67	8.24	8.10	8.56	7.45	7.72	8.24	7.99
Total OECD	45.92	45.85	45.57	46.36	46.57	46.09	45.72	44.69	45.77	46.22	45.60	45.60	44.69	45.76	46.15	45.55
Asia	21.42	21.82	21.98	21.73	22.33	21.96	22.36	22.50	22.25	22.92	22.51	23.00	23.13	22.95	23.57	23.16
Middle East	7.75	7.54	7.94	8.40	7.74	7.91	7.81	8.20	8.56	7.84	8.10	7.95	8.38	8.79	8.16	8.32
Americas	6.42	6.37	6.59	6.75	6.77	6.62	6.57	6.76	6.92	6.86	6.78	6.67	6.87	7.01	7.01	6.89
FSU	4.61	4.46	4.64	4.93	4.93	4.74	4.61	4.81	5.03	4.93	4.85	4.52	4.60	4.77	4.65	4.64
Africa	3.78	3.89	3.88	3.73	3.82	3.83	3.93	3.95	3.84	3.98	3.93	4.08	4.11	4.02	4.17	4.10
Europe	0.65	0.62	0.65	0.66	0.68	0.65	0.65	0.65	0.67	0.68	0.67	0.66	0.68	0.68	0.70	0.68
Total Non-OECD	44.63	44.70	45.69	46.19	46.27	45.72	45.93	46.87	47.28	47.21	46.82	46.88	47.76	48.22	48.26	47.79
World	**90.55**	**90.55**	**91.26**	**92.55**	**92.84**	**91.81**	**91.65**	**91.56**	**93.05**	**93.42**	**92.43**	**92.48**	**92.45**	**93.98**	**94.40**	**93.34**
of which: US50	18.52	18.64	18.72	19.21	19.26	18.96	18.83	18.70	19.17	19.56	19.07	19.06	19.00	19.33	19.44	19.21
Europe 5*	8.36	8.04	8.37	8.34	8.16	8.23	7.89	7.93	8.26	7.94	8.01	7.89	7.89	8.05	7.89	7.93
China	9.82	9.87	10.09	10.16	10.28	10.10	10.15	10.32	10.39	10.63	10.37	10.42	10.59	10.68	10.83	10.63
Japan	4.69	5.05	4.08	4.28	4.72	4.53	5.02	3.87	3.88	4.37	4.28	4.67	3.73	3.90	4.31	4.15
India	3.75	3.87	3.85	3.55	3.82	3.77	3.96	3.96	3.68	3.87	3.87	4.06	4.10	3.82	4.05	4.01
Russia	3.40	3.33	3.44	3.69	3.61	3.52	3.47	3.60	3.78	3.60	3.61	3.39	3.41	3.55	3.38	3.43
Brazil	2.97	2.96	3.06	3.15	3.19	3.09	3.10	3.16	3.27	3.26	3.20	3.16	3.26	3.35	3.36	3.28
Saudi Arabia	2.97	2.75	3.09	3.33	2.88	3.01	2.86	3.30	3.56	2.97	3.17	2.98	3.39	3.65	3.11	3.29
Canada	2.35	2.45	2.42	2.44	2.43	2.44	2.43	2.34	2.45	2.46	2.42	2.40	2.36	2.44	2.42	2.41
Korea	2.32	2.33	2.29	2.27	2.40	2.32	2.36	2.32	2.33	2.37	2.35	2.40	2.25	2.34	2.42	2.35
Mexico	2.09	2.05	2.08	2.03	2.02	2.04	1.95	1.97	1.96	1.98	1.97	1.94	1.97	1.96	2.02	1.97
Iran	1.79	1.80	1.81	1.82	1.81	1.81	1.84	1.79	1.81	1.81	1.81	1.86	1.85	1.85	1.86	1.85
Total	**63.03**	**63.15**	**63.30**	**64.28**	**64.56**	**63.83**	**63.85**	**63.28**	**64.54**	**64.83**	**64.13**	**64.24**	**63.80**	**64.91**	**65.08**	**64.51**
% of World	69.6%	69.7%	69.4%	69.5%	69.5%	69.5%	69.7%	69.1%	69.4%	69.4%	69.4%	69.5%	69.0%	69.1%	68.9%	69.1%
Annual Change (% per annum)																
Americas[1]	-1.7	2.0	1.3	2.5	2.4	2.1	0.3	-1.0	-0.5	1.2	0.0	0.8	1.3	0.7	-0.5	0.6
Europe[2]	-3.2	-4.0	0.1	1.0	-0.7	-0.9	-1.4	-3.3	-0.9	-2.1	-1.9	-0.3	-0.9	-1.5	0.3	-0.6
Asia Oceania[3]	4.5	-2.7	-2.1	-2.8	-1.5	-2.3	-0.2	-2.3	-4.3	-4.3	-2.7	-3.3	-2.6	0.6	0.0	-1.4
Total OECD	-1.07	-0.73	0.36	1.12	0.72	0.37	-0.28	-1.93	-1.28	-0.76	-1.06	-0.27	-0.01	-0.01	-0.16	-0.11
Asia	4.0	3.6	3.5	2.4	0.7	2.5	2.5	2.4	2.4	2.6	2.5	2.8	2.8	3.1	2.9	2.9
Middle East	3.7	4.9	2.3	1.2	0.0	2.0	3.5	3.2	2.0	1.2	2.5	1.9	2.2	2.6	4.1	2.7
Americas	3.3	3.0	3.4	3.4	2.7	3.1	3.3	2.5	2.4	1.2	2.3	1.4	1.6	1.4	2.2	1.7
FSU	1.4	0.8	2.2	3.9	4.3	2.9	3.3	3.6	2.1	0.0	2.2	-1.9	-4.4	-5.1	-5.6	-4.3
Africa	5.5	3.9	3.5	-0.3	-1.2	1.4	0.9	1.6	3.2	4.2	2.5	3.8	4.1	4.7	4.9	4.4
Europe	-3.4	-4.3	-0.6	2.7	4.4	0.6	5.2	0.9	2.4	1.1	2.4	2.4	3.8	0.7	1.8	2.1
Total Non-OECD	3.59	3.36	3.08	2.26	1.14	2.44	2.76	2.57	2.36	2.02	2.42	2.07	1.91	1.99	2.23	2.05
World	**1.2**	**1.2**	**1.7**	**1.7**	**0.9**	**1.4**	**1.2**	**0.3**	**0.5**	**0.6**	**0.7**	**0.9**	**1.0**	**1.0**	**1.0**	**1.0**
Annual Change (mb/d)																
Americas[1]	-0.40	0.46	0.32	0.60	0.56	0.49	0.07	-0.23	-0.12	0.30	0.00	0.20	0.31	0.16	-0.11	0.14
Europe[2]	-0.46	-0.55	0.01	0.14	-0.10	-0.12	-0.18	-0.46	-0.12	-0.29	-0.26	-0.04	-0.12	-0.21	0.04	-0.08
Asia Oceania[3]	0.37	-0.24	-0.17	-0.23	-0.13	-0.19	-0.01	-0.18	-0.35	-0.37	-0.23	-0.29	-0.20	0.05	0.00	-0.11
Total OECD	-0.50	-0.34	0.16	0.51	0.33	0.17	-0.13	-0.88	-0.60	-0.35	-0.49	-0.12	0.00	0.00	-0.07	-0.05
Asia	0.82	0.76	0.74	0.51	0.16	0.54	0.54	0.52	0.52	0.59	0.54	0.63	0.63	0.69	0.65	0.65
Middle East	0.28	0.36	0.18	0.10	0.00	0.16	0.27	0.26	0.17	0.10	0.20	0.14	0.18	0.23	0.32	0.22
Americas	0.21	0.18	0.22	0.22	0.18	0.20	0.21	0.16	0.16	0.08	0.15	0.09	0.11	0.09	0.15	0.11
FSU	0.06	0.03	0.10	0.19	0.20	0.13	0.15	0.17	0.10	0.00	0.10	-0.09	-0.21	-0.26	-0.28	-0.21
Africa	0.20	0.15	0.13	-0.01	-0.05	0.05	0.04	0.06	0.12	0.16	0.09	0.15	0.16	0.18	0.19	0.17
Europe	-0.02	-0.03	0.00	0.02	0.03	0.00	0.03	0.01	0.02	0.01	0.02	0.02	0.02	0.01	0.01	0.01
Total Non-OECD	1.55	1.45	1.36	1.02	0.52	1.09	1.23	1.18	1.09	0.94	1.11	0.95	0.90	0.94	1.05	0.96
World	**1.05**	**1.12**	**1.53**	**1.53**	**0.86**	**1.26**	**1.10**	**0.30**	**0.49**	**0.58**	**0.62**	**0.83**	**0.89**	**0.94**	**0.98**	**0.91**
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	0.00	0.25	0.06	0.13	0.10	0.10	0.07	0.10
Europe[2]	0.00	-0.01	0.04	0.03	0.06	0.03	-0.01	0.00	-0.01	-0.22	-0.06	-0.17	-0.11	-0.06	-0.01	-0.09
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.11	-0.03	-0.05	-0.02	-0.02	-0.01	-0.03
Total OECD	0.00	-0.01	0.04	0.04	0.06	0.03	0.00	0.00	0.00	-0.09	-0.02	-0.08	-0.03	0.02	0.05	-0.01
Asia	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.04	-0.02	0.05	0.02	0.05	0.02	0.03	-0.01	0.02
Middle East	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.01	-0.01	-0.01	0.00
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.06	-0.01	-0.04	-0.02	-0.01	-0.01	-0.02
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.02	0.00	0.00	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	0.00	0.00	0.00	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	0.00	0.00	0.00	0.01	0.00	0.00	0.02	0.05	-0.03	0.00	0.01	0.03	-0.01	0.01	-0.03	0.00
World	**0.00**	**-0.01**	**0.04**	**0.05**	**0.06**	**0.04**	**0.02**	**0.05**	**-0.04**	**-0.09**	**-0.02**	**-0.05**	**-0.03**	**0.03**	**0.02**	**-0.01**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	-0.01	0.04	0.05	0.06	0.04	0.02	0.00	-0.08	-0.15	-0.05	-0.07	-0.08	0.06	0.11	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)

	2012	2013	4Q13	1Q14	2Q14	3Q14	Aug 14	Sep 14	Oct 14 [2]	Latest month vs. Sep 14	Latest month vs. Oct 13
Americas[3]											
LPG and ethane	3.11	3.34	3.62	3.54	2.85	2.98	3.07	3.05	3.23	0.18	-0.20
Naphtha	0.34	0.38	0.37	0.36	0.34	0.35	0.34	0.34	0.34	0.00	-0.02
Motor gasoline	10.38	10.55	10.55	10.21	10.73	10.85	11.02	10.51	10.93	0.42	0.28
Jet and kerosene	1.62	1.66	1.66	1.63	1.69	1.76	1.77	1.71	1.70	-0.01	0.02
Gasoil/diesel oil	4.98	5.08	5.21	5.44	5.14	5.13	5.05	5.20	5.56	0.36	0.19
Residual fuel oil	0.78	0.69	0.57	0.54	0.56	0.57	0.54	0.57	0.63	0.06	-0.03
Other products	2.40	2.38	2.37	2.15	2.33	2.56	2.46	2.67	2.31	-0.36	0.00
Total	**23.60**	**24.09**	**24.35**	**23.86**	**23.64**	**24.20**	**24.25**	**24.05**	**24.69**	**0.65**	**0.24**
Europe[4]											
LPG and ethane	0.94	1.04	0.98	1.01	1.08	1.10	1.10	1.10	1.09	-0.01	0.07
Naphtha	1.21	1.18	1.14	1.31	1.20	1.12	1.18	0.99	0.98	-0.01	-0.08
Motor gasoline	2.01	1.95	1.92	1.81	1.97	2.01	2.00	1.99	1.97	-0.02	-0.01
Jet and kerosene	1.21	1.22	1.20	1.11	1.24	1.38	1.43	1.34	1.29	-0.05	0.02
Gasoil/diesel oil	5.95	5.99	6.17	5.73	5.76	6.03	5.71	6.36	6.44	0.09	-0.04
Residual fuel oil	1.11	1.00	0.94	0.97	0.90	0.92	0.90	0.94	0.92	-0.02	-0.05
Other products	1.38	1.29	1.27	1.08	1.26	1.33	1.24	1.36	1.28	-0.08	-0.05
Total	**13.80**	**13.68**	**13.62**	**13.01**	**13.40**	**13.90**	**13.56**	**14.09**	**13.97**	**-0.11**	**-0.14**
Asia Oceania[5]											
LPG and ethane	0.89	0.85	0.85	0.88	0.82	0.78	0.75	0.76	0.75	-0.01	-0.02
Naphtha	1.80	1.84	1.93	1.97	1.74	1.80	1.90	1.76	1.84	0.08	0.04
Motor gasoline	1.63	1.61	1.60	1.54	1.51	1.59	1.67	1.56	1.53	-0.03	-0.01
Jet and kerosene	0.89	0.89	1.01	1.13	0.71	0.68	0.66	0.72	0.77	0.04	-0.03
Gasoil/diesel oil	1.76	1.76	1.84	1.82	1.72	1.70	1.65	1.73	1.77	0.03	0.02
Residual fuel oil	0.90	0.76	0.74	0.83	0.63	0.58	0.55	0.56	0.57	0.01	-0.10
Other products	0.67	0.62	0.63	0.67	0.53	0.55	0.56	0.46	0.45	-0.02	-0.12
Total	**8.52**	**8.33**	**8.60**	**8.85**	**7.65**	**7.67**	**7.73**	**7.56**	**7.67**	**0.11**	**-0.22**
OECD											
LPG and ethane	4.93	5.23	5.46	5.43	4.76	4.86	4.91	4.91	5.07	0.16	-0.16
Naphtha	3.35	3.40	3.44	3.65	3.28	3.27	3.41	3.09	3.16	0.07	-0.07
Motor gasoline	14.01	14.11	14.07	13.56	14.20	14.45	14.69	14.06	14.43	0.37	0.26
Jet and kerosene	3.72	3.78	3.87	3.87	3.63	3.82	3.85	3.78	3.76	-0.02	0.01
Gasoil/diesel oil	12.68	12.84	13.21	12.99	12.62	12.86	12.42	13.29	13.77	0.48	0.17
Residual fuel oil	2.78	2.45	2.25	2.33	2.08	2.07	2.00	2.07	2.11	0.05	-0.18
Other products	4.45	4.29	4.27	3.90	4.12	4.43	4.26	4.50	4.04	-0.46	-0.17
Total	**45.92**	**46.09**	**46.57**	**45.72**	**44.69**	**45.77**	**45.54**	**45.70**	**46.34**	**0.64**	**-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)

	2012	2013	4Q13	1Q14	2Q14	3Q14	Aug 14	Sep 14	Oct 14 [2]	Latest month vs. Sep 14	Latest month vs. Oct 13
United States[3]											
LPG and ethane	2.26	2.44	2.71	2.64	2.03	2.21	2.31	2.26	2.39	0.13	-0.22
Naphtha	0.24	0.27	0.26	0.24	0.20	0.23	0.22	0.23	0.23	-0.01	-0.03
Motor gasoline	8.69	8.84	8.84	8.53	9.00	9.10	9.29	8.78	9.19	0.41	0.24
Jet and kerosene	1.41	1.44	1.44	1.41	1.47	1.52	1.52	1.49	1.48	-0.01	0.02
Gasoil/diesel oil	3.74	3.83	3.94	4.16	3.92	3.86	3.82	3.92	4.24	0.32	0.20
Residual fuel oil	0.37	0.32	0.27	0.24	0.25	0.24	0.21	0.26	0.29	0.02	0.02
Other products	1.82	1.82	1.80	1.62	1.82	2.00	1.91	2.10	1.79	-0.31	0.05
Total	**18.52**	**18.96**	**19.26**	**18.83**	**18.70**	**19.17**	**19.29**	**19.05**	**19.60**	**0.55**	**0.29**
Japan											
LPG and ethane	0.53	0.50	0.50	0.56	0.47	0.43	0.41	0.42	0.41	-0.01	-0.02
Naphtha	0.72	0.77	0.82	0.81	0.65	0.68	0.71	0.65	0.79	0.14	0.03
Motor gasoline	0.98	0.96	0.96	0.92	0.88	0.95	1.01	0.92	0.89	-0.04	-0.05
Jet and kerosene	0.55	0.54	0.64	0.77	0.37	0.35	0.32	0.39	0.41	0.01	-0.04
Diesel	0.42	0.42	0.45	0.44	0.41	0.39	0.38	0.40	0.40	0.00	-0.04
Other gasoil	0.40	0.40	0.42	0.46	0.35	0.35	0.34	0.37	0.37	0.00	0.01
Residual fuel oil	0.55	0.45	0.44	0.52	0.35	0.33	0.33	0.32	0.33	0.02	-0.05
Other products	0.55	0.49	0.49	0.54	0.40	0.40	0.42	0.33	0.34	0.01	-0.08
Total	**4.69**	**4.53**	**4.72**	**5.02**	**3.87**	**3.88**	**3.90**	**3.80**	**3.93**	**0.13**	**-0.24**
Germany											
LPG and ethane	0.10	0.11	0.10	0.09	0.10	0.10	0.10	0.09	0.08	-0.01	-0.02
Naphtha	0.38	0.40	0.39	0.43	0.41	0.42	0.42	0.38	0.39	0.01	0.02
Motor gasoline	0.43	0.43	0.42	0.41	0.43	0.45	0.44	0.45	0.47	0.01	0.02
Jet and kerosene	0.19	0.19	0.18	0.17	0.19	0.21	0.23	0.20	0.19	-0.01	-0.01
Diesel	0.67	0.70	0.71	0.68	0.71	0.78	0.74	0.81	0.82	0.01	0.04
Other gasoil	0.40	0.42	0.41	0.38	0.31	0.36	0.34	0.40	0.38	-0.02	-0.10
Residual fuel oil	0.13	0.12	0.12	0.12	0.10	0.12	0.12	0.12	0.14	0.02	0.01
Other products	0.08	0.07	0.07	0.05	0.06	0.06	0.06	0.07	0.05	-0.02	-0.04
Total	**2.39**	**2.43**	**2.41**	**2.33**	**2.32**	**2.50**	**2.46**	**2.53**	**2.52**	**-0.01**	**-0.09**
Italy											
LPG and ethane	0.10	0.11	0.11	0.10	0.09	0.09	0.08	0.10	0.09	0.00	-0.01
Naphtha	0.08	0.08	0.06	0.07	0.06	0.06	0.07	0.05	0.05	-0.01	0.00
Motor gasoline	0.22	0.21	0.22	0.20	0.21	0.21	0.20	0.20	0.20	0.00	-0.02
Jet and kerosene	0.09	0.09	0.09	0.08	0.10	0.11	0.12	0.11	0.10	-0.02	0.00
Diesel	0.47	0.45	0.45	0.44	0.48	0.51	0.45	0.53	0.55	0.02	0.07
Other gasoil	0.10	0.11	0.12	0.08	0.06	0.05	0.05	0.05	0.07	0.01	-0.06
Residual fuel oil	0.11	0.08	0.08	0.07	0.06	0.07	0.07	0.07	0.07	0.00	-0.02
Other products	0.21	0.19	0.20	0.15	0.16	0.16	0.15	0.17	0.16	-0.01	-0.06
Total	**1.37**	**1.32**	**1.33**	**1.21**	**1.22**	**1.26**	**1.19**	**1.28**	**1.28**	**-0.01**	**-0.12**
France											
LPG and ethane	0.11	0.11	0.11	0.12	0.09	0.09	0.08	0.10	0.11	0.01	0.01
Naphtha	0.14	0.15	0.11	0.17	0.16	0.15	0.17	0.12	0.10	-0.02	-0.01
Motor gasoline	0.18	0.17	0.17	0.16	0.18	0.19	0.18	0.19	0.18	-0.01	0.00
Jet and kerosene	0.15	0.15	0.15	0.14	0.15	0.16	0.17	0.14	0.15	0.01	0.00
Diesel	0.69	0.69	0.70	0.66	0.70	0.71	0.64	0.74	0.74	0.01	0.00
Other gasoil	0.27	0.29	0.29	0.28	0.21	0.25	0.22	0.30	0.29	-0.01	-0.02
Residual fuel oil	0.07	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.00	-0.01
Other products	0.15	0.15	0.13	0.11	0.14	0.17	0.15	0.16	0.15	-0.01	0.01
Total	**1.77**	**1.77**	**1.71**	**1.69**	**1.69**	**1.77**	**1.68**	**1.78**	**1.78**	**-0.01**	**-0.02**
United Kingdom											
LPG and ethane	0.11	0.11	0.09	0.12	0.12	0.10	0.09	0.09	0.10	0.02	0.03
Naphtha	0.03	0.03	0.02	0.02	0.02	0.03	0.04	0.01	0.04	0.02	0.02
Motor gasoline	0.32	0.31	0.30	0.29	0.31	0.30	0.31	0.30	0.30	0.00	0.00
Jet and kerosene	0.31	0.31	0.33	0.31	0.30	0.32	0.33	0.34	0.32	-0.02	0.00
Diesel	0.45	0.46	0.48	0.46	0.49	0.48	0.49	0.48	0.48	-0.01	0.02
Other gasoil	0.13	0.12	0.12	0.11	0.12	0.12	0.12	0.12	0.12	0.00	0.00
Residual fuel oil	0.05	0.04	0.03	0.04	0.03	0.03	0.03	0.03	0.02	-0.01	-0.01
Other products	0.14	0.13	0.12	0.12	0.13	0.13	0.12	0.13	0.12	-0.01	0.00
Total	**1.53**	**1.51**	**1.49**	**1.47**	**1.51**	**1.51**	**1.53**	**1.51**	**1.51**	**-0.01**	**0.05**
Canada											
LPG and ethane	0.40	0.45	0.46	0.44	0.39	0.33	0.33	0.35	0.39	0.04	0.01
Naphtha	0.09	0.09	0.08	0.09	0.10	0.10	0.10	0.09	0.08	-0.01	0.01
Motor gasoline	0.79	0.82	0.80	0.81	0.85	0.88	0.87	0.87	0.85	-0.02	0.05
Jet and kerosene	0.10	0.10	0.10	0.10	0.09	0.11	0.11	0.10	0.09	-0.01	-0.01
Diesel	0.30	0.29	0.27	0.29	0.29	0.29	0.27	0.31	0.32	0.01	0.03
Other gasoil	0.27	0.31	0.34	0.34	0.29	0.34	0.33	0.36	0.34	-0.02	-0.03
Residual fuel oil	0.06	0.06	0.05	0.07	0.05	0.06	0.06	0.05	0.05	0.00	0.01
Other products	0.34	0.32	0.33	0.29	0.29	0.34	0.33	0.35	0.30	-0.05	-0.03
Total	**2.35**	**2.44**	**2.43**	**2.43**	**2.34**	**2.45**	**2.40**	**2.48**	**2.43**	**-0.06**	**0.04**

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)

	2013	2014	2015	3Q14	4Q14	1Q15	2Q15	3Q15	Oct 14	Nov 14	Dec 14
OPEC											
Crude Oil											
Saudi Arabia	9.40	9.53		9.62	9.53				9.56	9.51	9.52
Iran	2.68	2.81		2.79	2.80				2.76	2.81	2.84
Iraq	3.08	3.33		3.21	3.48				3.32	3.41	3.70
UAE	2.76	2.75		2.81	2.74				2.74	2.71	2.76
Kuwait	2.55	2.61		2.65	2.67				2.70	2.66	2.67
Neutral Zone	0.52	0.38		0.38	0.21				0.24	0.20	0.20
Qatar	0.73	0.71		0.72	0.68				0.69	0.68	0.67
Angola	1.72	1.66		1.71	1.72				1.75	1.69	1.72
Nigeria	1.95	1.91		1.89	1.89				1.88	1.92	1.87
Libya	0.90	0.46		0.57	0.67				0.87	0.69	0.44
Algeria	1.15	1.12		1.15	1.13				1.13	1.13	1.12
Ecuador	0.52	0.55		0.56	0.55				0.54	0.55	0.55
Venezuela	2.50	2.46		2.48	2.44				2.46	2.44	2.42
Total Crude Oil	30.46	30.28		30.52	30.50				30.63	30.40	30.48
Total NGLs[1]	6.26	6.42	6.65	6.48	6.50	6.61	6.66	6.66	6.50	6.50	6.50
Total OPEC	**36.72**	**36.69**		**37.00**	**37.00**				**37.13**	**36.89**	**36.97**
NON-OPEC[2]											
OECD											
Americas[6]	17.11	18.71	19.55	18.84	19.27	19.37	19.50	19.38	19.20	19.27	19.35
United States[b]	10.24	11.75	12.60	11.97	12.36	12.35	12.56	12.59	12.30	12.42	12.36
Mexico	2.89	2.78	2.62	2.76	2.66	2.67	2.64	2.59	2.72	2.64	2.63
Canada	3.97	4.16	4.32	4.10	4.24	4.34	4.28	4.18	4.17	4.20	4.35
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]	3.34	3.31	3.25	3.14	3.34	3.32	3.16	3.11	3.41	3.26	3.36
UK	0.89	0.86	0.83	0.71	0.84	0.84	0.81	0.73	0.88	0.73	0.91
Norway	1.84	1.88	1.85	1.86	1.91	1.90	1.77	1.81	1.93	1.94	1.87
Others	0.61	0.57	0.57	0.58	0.59	0.59	0.57	0.57	0.60	0.60	0.58
Asia Oceania[8]	0.48	0.50	0.54	0.51	0.52	0.53	0.55	0.55	0.51	0.52	0.52
Australia	0.40	0.42	0.46	0.43	0.44	0.44	0.47	0.47	0.43	0.44	0.44
Others	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Total OECD	**20.92**	**22.52**	**23.34**	**22.50**	**23.13**	**23.23**	**23.20**	**23.04**	**23.12**	**23.05**	**23.23**
NON-OECD											
Former USSR	13.88	13.90	13.78	13.81	13.93	13.95	13.82	13.68	13.90	13.86	14.04
Russia	10.88	10.93	10.79	10.84	10.97	10.92	10.83	10.70	10.96	10.95	10.99
Others	3.00	2.97	3.00	2.97	2.97	3.03	2.98	2.99	2.94	2.91	3.05
Asia	7.67	7.61	7.67	7.54	7.56	7.65	7.65	7.64	7.51	7.63	7.56
China	4.18	4.20	4.21	4.17	4.15	4.19	4.21	4.19	4.08	4.22	4.15
Malaysia	0.64	0.66	0.69	0.63	0.67	0.69	0.69	0.69	0.67	0.67	0.67
India	0.88	0.87	0.89	0.86	0.88	0.89	0.89	0.89	0.89	0.88	0.88
Indonesia	0.87	0.83	0.79	0.83	0.81	0.81	0.77	0.77	0.82	0.81	0.81
Others	1.10	1.06	1.09	1.05	1.05	1.07	1.08	1.09	1.05	1.05	1.06
Europe	0.14	0.14	0.13	0.14	0.13	0.14	0.13	0.13	0.13	0.14	0.14
Americas	4.17	4.36	4.52	4.43	4.52	4.45	4.55	4.52	4.54	4.48	4.53
Brazil[b]	2.12	2.33	2.53	2.39	2.47	2.46	2.56	2.54	2.47	2.44	2.48
Argentina	0.63	0.62	0.63	0.62	0.62	0.64	0.63	0.63	0.63	0.62	0.62
Colombia	1.01	0.99	0.93	1.00	1.00	0.94	0.94	0.93	1.01	1.00	1.01
Others	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.43	0.42	0.42
Middle East[3]	1.35	1.32	1.26	1.31	1.29	1.28	1.26	1.26	1.30	1.29	1.29
Oman	0.95	0.95	0.93	0.95	0.94	0.94	0.93	0.93	0.94	0.94	0.94
Syria	0.06	0.03	0.03	0.04	0.04	0.03	0.03	0.03	0.04	0.03	0.03
Yemen	0.15	0.15	0.11	0.13	0.13	0.12	0.12	0.11	0.13	0.13	0.13
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.30	2.32	2.31	2.30	2.30	2.34	2.31	2.30	2.30	2.30	2.30
Egypt	0.73	0.70	0.66	0.69	0.68	0.68	0.67	0.66	0.68	0.68	0.68
Gabon	0.24	0.24	0.23	0.23	0.24	0.23	0.23	0.23	0.24	0.24	0.24
Others	1.33	1.38	1.41	1.38	1.39	1.43	1.41	1.41	1.38	1.38	1.39
Total Non-OECD	**29.52**	**29.65**	**29.67**	**29.53**	**29.74**	**29.81**	**29.72**	**29.53**	**29.69**	**29.69**	**29.85**
Processing gains[4]	2.18	2.21	2.22	2.24	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Global Biofuels[b]	2.01	2.18	2.26	2.50	2.22	1.85	2.28	2.63	2.52	2.21	1.94
TOTAL NON-OPEC	**54.63**	**56.56**	**57.49**	**56.77**	**57.31**	**57.10**	**57.42**	**57.41**	**57.54**	**57.16**	**57.24**
TOTAL SUPPLY	**91.35**	**93.25**		**93.77**	**94.31**				**94.66**	**94.06**	**94.21**

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 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			
	Jul2014	Aug2014	Sep2014	Oct2014	Nov2014*	Nov2011	Nov2012	Nov2013	4Q2013	1Q2014	2Q2014	3Q2014
OECD Americas												
Crude	519.3	511.3	511.8	538.7	538.2	476.6	520.1	522.6	-0.25	0.26	0.08	-0.20
Motor Gasoline	251.9	245.1	245.7	236.6	245.4	254.2	249.9	250.3	0.08	-0.02	-0.07	-0.07
Middle Distillate	194.8	198.2	203.2	187.8	186.6	219.1	191.7	189.8	-0.10	-0.13	0.06	0.13
Residual Fuel Oil	44.6	46.0	44.4	44.1	44.9	48.0	44.6	43.4	0.03	-0.03	0.01	0.00
Total Products[3]	703.2	713.1	719.5	689.0	686.1	691.6	680.5	668.9	-0.47	-0.37	0.51	0.38
Total[4]	1395.2	1400.6	1411.0	1409.8	1402.9	1330.5	1367.9	1351.7	-0.95	-0.06	0.78	0.32
OECD Europe												
Crude	308.9	301.1	304.2	305.0	300.5	306.5	322.0	316.4	-0.05	0.05	0.05	-0.13
Motor Gasoline	81.5	86.1	86.4	84.2	87.5	95.3	92.3	85.8	-0.01	0.05	-0.09	0.04
Middle Distillate	251.9	265.5	265.3	253.6	259.9	263.0	252.0	243.5	-0.04	-0.02	-0.01	0.20
Residual Fuel Oil	66.9	69.2	63.5	63.5	65.5	77.8	78.2	67.3	-0.06	-0.06	0.08	-0.05
Total Products[3]	493.6	516.8	513.2	501.6	511.3	542.7	522.6	483.2	-0.09	-0.04	-0.01	0.25
Total[4]	871.2	890.1	887.5	878.5	883.1	919.0	913.0	867.1	-0.11	0.05	0.04	0.10
OECD Asia Oceania												
Crude	163.3	167.0	163.9	168.0	160.3	156.5	163.4	150.0	-0.14	0.28	-0.05	-0.01
Motor Gasoline	23.2	22.6	22.8	22.3	22.9	23.6	25.0	24.8	-0.01	0.02	-0.01	-0.02
Middle Distillate	58.6	69.4	70.3	67.8	70.5	69.1	64.1	64.7	-0.02	-0.13	-0.02	0.18
Residual Fuel Oil	23.0	24.2	22.9	21.2	20.3	19.9	18.9	18.4	-0.01	0.02	0.00	0.02
Total Products[3]	165.5	179.6	183.1	179.3	182.3	179.3	175.3	172.9	-0.14	-0.10	-0.04	0.28
Total[4]	398.7	417.7	421.3	417.2	410.8	409.5	410.9	395.1	-0.34	0.20	-0.07	0.32
Total OECD												
Crude	991.5	979.4	979.9	1011.6	999.0	939.6	1005.5	988.9	-0.43	0.59	0.07	-0.34
Motor Gasoline	356.6	353.8	354.9	343.1	355.8	373.0	367.2	360.9	0.06	0.04	-0.18	-0.06
Middle Distillate	505.4	533.1	538.8	509.2	517.0	551.2	507.7	498.0	-0.16	-0.29	0.03	0.51
Residual Fuel Oil	134.5	139.4	130.8	128.8	130.7	145.6	141.6	129.1	-0.03	-0.07	0.09	-0.03
Total Products[3]	1362.2	1409.6	1415.8	1369.9	1379.7	1413.6	1378.4	1325.1	-0.71	-0.51	0.47	0.92
Total[4]	2665.1	2708.3	2719.8	2705.5	2696.8	2659.0	2691.7	2614.0	-1.40	0.19	0.75	0.73

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			
	Jul2014	Aug2014	Sep2014	Oct2014	Nov2014*	Nov2011	Nov2012	Nov2013	4Q2013	1Q2014	2Q2014	3Q2014
OECD Americas												
Crude	691.0	691.0	691.0	691.0	691.0	696.0	695.0	696.0	0.00	0.00	-0.05	0.00
Products	1.0	1.0	1.0	1.0	1.0	0.7	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	209.1	209.0	208.2	210.6	210.8	184.2	196.1	205.8	0.01	-0.03	0.05	0.00
Products	258.0	258.7	257.3	255.1	255.7	239.4	235.7	260.6	-0.03	0.03	-0.05	-0.02
OECD Asia Oceania												
Crude	387.7	387.6	385.7	384.7	384.7	392.6	393.6	385.8	0.02	0.01	0.00	-0.02
Products	31.0	31.0	31.0	31.0	31.0	20.0	20.0	30.1	0.02	0.00	0.00	0.00
Total OECD												
Crude	1287.7	1287.6	1284.9	1286.2	1286.4	1272.7	1284.6	1287.5	0.03	-0.01	-0.01	-0.02
Products	290.0	290.7	289.3	287.1	287.7	260.0	256.7	291.7	-0.01	0.04	-0.04	-0.02
Total[4]	1582.0	1582.5	1579.4	1578.0	1578.4	1534.1	1542.6	1583.4	0.02	0.02	-0.05	-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 September 2013		End December 2013		End March 2014		End June 2014		End September 2014 [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	182.9	75	170.0	70	174.2	75	178.8	73	186.0	-
Chile	11.2	35	9.8	30	9.5	30	10.6	33	10.1	-
Mexico	50.0	25	48.7	25	47.6	24	47.3	24	48.8	-
United States[4]	1834.4	95	1762.4	94	1754.0	94	1814.7	95	1836.0	-
Total[4]	2100.6	86	2013.0	84	2007.5	85	2073.5	86	2102.9	85
OECD Asia Oceania										
Australia	36.6	33	36.8	34	36.8	34	36.3	34	38.3	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	590.7	125	575.3	115	585.8	151	585.1	151	604.1	-
Korea	190.7	80	177.8	75	186.5	80	180.3	77	186.7	-
New Zealand	7.7	48	8.3	50	8.2	55	9.3	63	9.0	-
Total	825.7	96	798.3	90	817.4	107	811.0	106	838.0	102
OECD Europe[5]										
Austria	20.6	79	21.6	91	22.7	85	21.1	76	21.5	-
Belgium	39.4	66	41.0	66	42.5	70	43.7	70	43.8	-
Czech Republic	20.3	103	20.0	110	19.3	95	18.9	88	19.5	-
Denmark	21.3	138	23.7	157	19.6	126	23.1	146	22.4	-
Estonia	1.4	47	1.6	55	1.7	56	1.7	50	1.8	-
Finland	41.0	206	39.0	211	37.9	194	39.0	191	38.7	-
France	166.1	97	167.5	99	167.2	99	168.1	95	171.3	-
Germany	287.6	119	289.9	124	289.2	125	291.7	117	286.9	-
Greece	26.7	95	25.6	101	24.9	92	25.6	83	29.7	-
Hungary	16.5	118	16.2	129	16.0	115	16.2	114	16.7	-
Ireland	10.7	76	10.0	70	11.0	80	9.6	69	9.6	-
Italy	130.8	99	125.1	104	122.5	100	121.6	96	123.0	-
Luxembourg	0.7	11	0.7	13	0.7	12	0.8	15	0.8	-
Netherlands	120.7	122	115.5	121	122.5	119	127.4	131	126.8	-
Norway	27.9	121	28.7	123	28.6	121	27.4	121	24.5	-
Poland	61.9	118	60.4	129	60.2	119	58.5	109	61.1	-
Portugal	22.1	89	23.1	105	23.8	98	22.5	87	21.4	-
Slovak Republic	8.3	104	8.8	127	9.6	136	8.8	111	8.9	-
Slovenia	4.9	89	4.7	103	4.9	102	4.8	92	4.8	-
Spain	120.3	99	111.6	93	117.4	99	118.2	97	122.7	-
Sweden	25.8	94	28.2	104	27.5	90	26.4	82	27.7	-
Switzerland	37.2	129	35.9	165	36.4	159	36.2	146	37.0	-
Turkey	63.2	87	62.3	98	62.7	87	62.5	84	62.6	-
United Kingdom	75.6	51	78.0	53	76.6	51	75.2	50	74.9	-
Total	1351.1	99	1339.3	103	1345.3	100	1349.0	97	1358.2	102
Total OECD	**4277.4**	**92**	**4150.5**	**91**	**4170.2**	**93**	**4233.5**	**93**	**4299.2**	**93**
DAYS OF IEA Net Imports[6]	**-**	**161**	**-**	**157**	**-**	**157**	**-**	**169**	**-**	**172**

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 2014 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]		
3Q2011	4199	1529	2669	90	33	57
4Q2011	4142	1536	2605	90	33	56
1Q2012	4193	1536	2657	92	34	59
2Q2012	4226	1539	2687	92	34	59
3Q2012	4271	1542	2728	92	33	59
4Q2012	4211	1547	2664	92	34	58
1Q2013	4246	1581	2665	93	35	58
2Q2013	4237	1577	2660	91	34	57
3Q2013	4277	1582	2696	92	34	58
4Q2013	4151	1584	2567	91	35	56
1Q2014	4170	1586	2584	93	35	58
2Q2014	4233	1581	2652	93	35	58
3Q2014	4299	1579	2720	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 3Q2014 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2011	2012	2013	4Q13	1Q14	2Q14	3Q14	Aug 14	Sep 14	Oct 14	Oct 13	change
Saudi Light & Extra Light												
Americas	0.69	0.76	0.74	0.76	0.79	0.75	0.47	0.43	0.56	0.67	0.76	-0.10
Europe	0.83	0.85	0.79	0.77	0.73	0.87	0.93	0.98	1.00	0.83	0.79	0.04
Asia Oceania	1.24	1.26	1.21	1.25	1.27	1.17	1.08	1.05	1.11	1.14	1.10	0.03
Saudi Medium												
Americas	0.37	0.44	0.45	0.47	0.44	0.40	0.36	0.32	0.31	0.20	0.43	-0.23
Europe	0.02	0.05	0.01	0.02	0.01	0.01	0.05	0.02	0.11	0.05	0.03	0.01
Asia Oceania	0.40	0.45	0.43	0.45	0.45	0.40	0.50	0.47	0.47	0.55	0.51	0.04
Iraqi Basrah Light[2]												
Americas	0.29	0.49	0.38	0.31	0.37	0.33	0.49	0.57	0.29	0.25	0.35	-0.09
Europe	0.11	0.26	0.25	0.22	0.29	0.51	0.50	0.51	0.52	0.72	0.17	0.56
Asia Oceania	0.34	0.33	0.31	0.24	0.28	0.20	0.21	0.26	0.23	0.18	0.19	-0.01
Kuwait Blend												
Americas	0.08	0.22	0.28	0.30	0.33	0.29	0.25	0.25	0.17	0.27	0.30	-0.03
Europe	0.08	0.09	0.10	0.07	0.07	0.12	0.04	0.06	0.00	0.22	0.10	0.12
Asia Oceania	0.57	0.65	0.64	0.65	0.71	0.56	0.62	0.63	0.62	0.61	0.70	-0.09
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.23	0.12	0.08	0.05	0.10	0.06	0.11	0.12	0.11	0.15	0.05	0.10
Asia Oceania	0.04	0.02	0.00	-	0.01	-	0.03	0.05	0.03	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.55	0.16	0.03	0.03	0.00	0.04	0.01	0.01	-	-	0.04	-
Asia Oceania	0.51	0.33	0.30	0.24	0.33	0.26	0.28	0.28	0.31	0.23	0.23	0.00
Venezuelan 22 API and heavier												
Americas	0.76	0.69	0.61	0.62	0.62	0.62	0.71	0.74	0.69	0.49	0.60	-0.11
Europe	0.05	0.08	0.07	0.04	0.08	0.08	0.09	0.11	0.07	0.09	0.02	0.07
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.82	0.73	0.70	0.79	0.64	0.66	0.67	0.73	0.65	0.65	0.77	-0.12
Europe	0.12	0.14	0.14	0.13	0.15	0.13	0.13	0.13	0.13	0.11	0.19	-0.08
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	1.25	1.41	1.49	1.53	1.56	1.67	1.81	1.74	1.93	1.67	1.54	0.14
Europe	-	-	-	-	0.00	0.01	-	-	-	-	-	-
Asia Oceania	0.00	-	-	-	-	-	0.00	-	0.01	0.00	-	-
BFOE												
Americas	0.06	0.02	0.03	0.01	0.02	-	-	-	-	-	0.03	-
Europe	0.64	0.55	0.47	0.46	0.53	0.58	0.53	0.56	0.58	0.60	0.37	0.23
Asia Oceania	0.02	0.07	0.06	0.05	0.16	0.07	-	-	-	-	-	-
Russian Urals												
Americas	0.01	0.00	0.00	-	-	-	-	-	-	-	-	-
Europe	1.69	1.86	1.79	1.76	1.74	1.68	1.53	1.50	1.42	1.59	1.82	-0.23
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.06	0.07	0.06	0.05	0.02	-	-	-	-	-	0.07	-
Europe	0.62	0.53	0.59	0.57	0.60	0.71	0.58	0.45	0.64	0.60	0.58	0.02
Asia Oceania	-	-	0.00	-	0.02	0.01	0.05	0.04	0.07	-	-	-
Libya Light and Medium												
Americas	-	0.03	0.00	-	-	-	-	-	-	-	-	-
Europe	0.29	0.88	0.57	0.22	0.23	0.13	0.34	0.27	0.69	0.59	0.34	0.25
Asia Oceania	0.01	0.04	0.03	0.02	-	0.02	0.03	0.05	0.02	0.03	-	-
Nigerian Light[4]												
Americas	0.53	0.24	0.07	-	0.01	-	-	-	-	-	-	-
Europe	0.45	0.58	0.53	0.57	0.58	0.51	0.59	0.64	0.51	0.55	0.60	-0.05
Asia Oceania	0.05	0.04	0.03	0.02	0.03	0.04	0.03	0.04	0.01	0.01	0.03	-0.03

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)

	2011	2012	2013	4Q13	1Q14	2Q14	3Q14	Aug 14	Sep 14	Oct 14	Year Earlier Oct 13	Year Earlier % change
Crude Oil												
Americas	6870	6101	5130	4670	4385	4331	4336	4293	4084	3833	4727	-19%
Europe	8988	9346	8926	8404	8201	8480	9009	9043	9178	9242	8674	7%
Asia Oceania	6609	6761	6553	6519	6954	5931	6315	6352	6308	6084	6147	-1%
Total OECD	22468	22208	20608	19593	19540	18742	19660	19688	19570	19159	19548	-2%
LPG												
Americas	30	20	17	14	19	9	7	3	9	11	12	-12%
Europe	318	287	382	412	386	410	475	502	520	479	458	5%
Asia Oceania	568	620	546	517	544	532	520	518	475	554	534	4%
Total OECD	916	927	945	943	949	950	1002	1023	1004	1044	1004	4%
Naphtha												
Americas	42	20	17	11	28	23	16	14	13	21	19	7%
Europe	298	381	313	324	341	360	301	285	301	326	384	-15%
Asia Oceania	884	900	927	949	1040	891	912	862	999	1016	881	15%
Total OECD	1224	1301	1257	1285	1409	1275	1228	1160	1314	1362	1284	6%
Gasoline[3]												
Americas	762	730	659	583	567	769	660	728	567	679	648	5%
Europe	222	212	106	92	150	124	113	70	186	138	20	579%
Asia Oceania	95	86	83	72	89	95	70	63	92	83	82	1%
Total OECD	1079	1028	848	747	805	988	843	861	845	900	750	20%
Jet & Kerosene												
Americas	77	73	81	99	81	121	94	60	140	95	126	-25%
Europe	397	398	447	511	377	457	583	511	620	418	562	-26%
Asia Oceania	58	62	74	82	57	50	43	41	51	101	71	43%
Total OECD	532	533	602	693	514	628	720	612	810	614	759	-19%
Gasoil/Diesel												
Americas	72	59	58	21	200	62	41	48	54	68	16	323%
Europe	1044	984	1120	1278	1092	1094	1173	1109	1268	960	1595	-40%
Asia Oceania	147	185	162	170	152	221	175	133	180	216	157	38%
Total OECD	1263	1227	1340	1468	1444	1377	1389	1290	1502	1244	1768	-30%
Heavy Fuel Oil												
Americas	268	206	165	155	127	132	134	121	140	191	162	18%
Europe	537	521	552	539	600	650	666	740	644	476	476	0%
Asia Oceania	153	224	242	290	304	205	183	198	165	150	246	-39%
Total OECD	958	951	960	985	1030	986	984	1059	949	817	884	-8%
Other Products												
Americas	871	813	812	746	619	728	682	682	637	595	915	-35%
Europe	700	636	790	803	752	789	699	777	682	697	917	-24%
Asia Oceania	367	357	386	383	464	355	372	399	307	298	365	-18%
Total OECD	1938	1806	1988	1932	1835	1873	1754	1858	1626	1590	2197	-28%
Total Products												
Americas	2122	1921	1810	1629	1640	1844	1633	1657	1560	1660	1899	-13%
Europe	3516	3419	3710	3959	3697	3884	4010	3992	4221	3492	4411	-21%
Asia Oceania	2272	2433	2421	2464	2649	2349	2276	2214	2269	2419	2336	4%
Total OECD	7910	7773	7940	8052	7987	8077	7919	7863	8050	7571	8646	-12%
Total Oil												
Americas	8993	8022	6940	6300	6025	6175	5969	5950	5644	5493	6626	-17%
Europe	12504	12765	12635	12363	11899	12364	13019	13036	13399	12734	13085	-3%
Asia Oceania	8881	9194	8973	8982	9604	8280	8590	8566	8577	8502	8483	0%
Total OECD	30378	29982	28549	27646	27527	26819	27579	27551	27620	26730	28194	-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.

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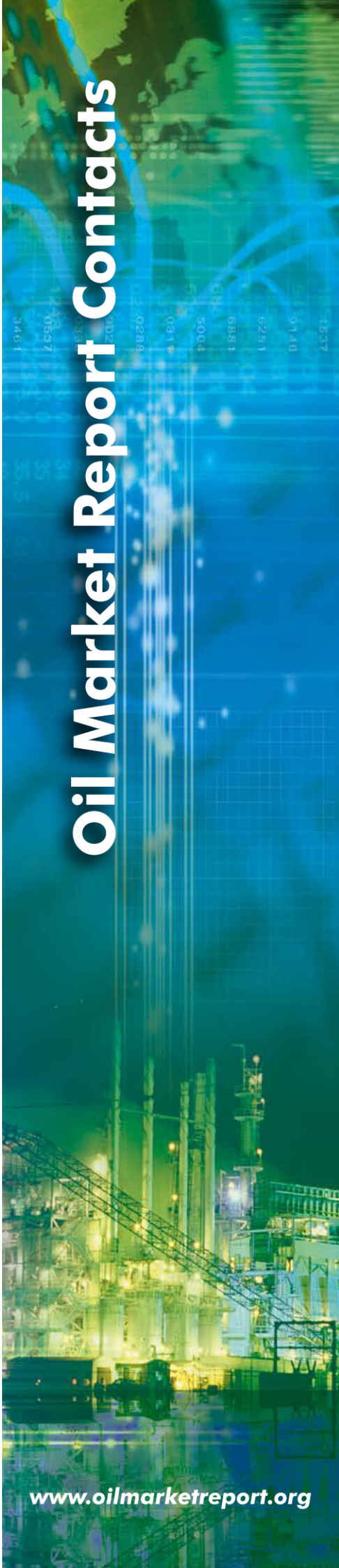
User's Guide and Glossary to the IEA *Oil Market Report*

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 12 August 2014), 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 © 2015 Argus Media Limited - all rights reserved).

Next Issue: 10 February 2015



International Energy Agency

10 February 2015

HIGHLIGHTS

- **Oil prices rebounded from near six-year lows touched in January as market participants took stock of declines in US rig counts and relatively positive US economic data.** At the time of writing, ICE Brent was trading at $58.25/bbl – roughly 50% below its June 2014 peak. NYMEX WTI was at $52.55/bbl.

- **Global supplies fell by 235 kb/d in January to 94.1 mb/d on lower OPEC and non-OPEC production.** Reductions in capital expenditures have cut projected 2015 non-OPEC supply growth to 800 kb/d. US 2015 production is seen 200 kb/d lower than in last month's *Report,* at an average 12.4 mb/d, with most of the cuts in 2H15.

- **OPEC crude oil output fell by 240 kb/d in January to 30.31 mb/d, led by losses from Iraq and Libya.** Output from Saudi Arabia, Kuwait, Angola and Nigeria edged up. Downward revisions to the non-OPEC supply growth forecast for 2H15 have raised the 'call' on OPEC to an average 30.2 mb/d – just above the group's official target of 30 mb/d.

- **The forecast of global oil demand growth for 2015 is unchanged from last month's *Report*, at 0.9 mb/d, bringing average demand for the year to 93.4 mb/d.** Growth is expected to gain momentum from a modest 0.6 mb/d gain in 2014, on a slightly improved macroeconomic outlook.

- **OECD industry stocks slipped by 5.3 mb in December, roughly one tenth of the five-year average draw for the month**. Consequently, inventories' surplus to average levels ballooned to 65 mb from 16 mb in November, its widest since October 2010. Preliminary data point to a seasonal 22.7 mb stock build in January.

- **Global refinery crude throughputs rose by 1.1 mb/d in December, to 79.1 mb/d,** before maintenance curbed activity in January. An unexpected dip in Saudi Arabian runs in November underpins a 140 kb/d downward revision to last month's assessment of 4Q14 runs, to 78.1 mb/d. Throughputs are projected to fall to 77.6 mb/d in 1Q15.

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Note to Subscribers:

This month's ***Oil Market Report*** coincides with the 10 February 2015 release of the ***Medium-Term Oil Market Report, 2015***. This *Report* is an abbreviated release including highlights, a lead article and tables. The usual *OMR* format with detailed written analysis will resume for the March edition.

TIMING THE RECOVERY

A partial rebound in oil prices over the last month following a 60% crash since June suggests market participants are seeing light at the end of the tunnel and growing confident that spending cuts by oil companies will lead to a market recovery. The market rallied in late January on news of a steep drop in the US rig count. Since then, oil companies provided market participants with further insights in their quarterly earnings report into the full scope of their budget cuts. Yet supplies so far remain abundant, and it will take time for investment cuts to make more than a relatively small dent on production. In the meantime, inventories are likely to build further. Barring any unforeseen disruption, OECD stocks may by mid-2015 come close to revisiting the all-time high of 2.83 billion barrels reached in August 1998, shortly before WTI prices sank to an average monthly low of $11.22/bbl.

It is not unusual in a market correction for such a gap to emerge between market expectations and current trends. Such is the cyclical nature of the oil market that the full physical impact of demand and supply responses can take months, if not years, to be felt. While price drops as large as were just experienced call for urgent measures by industry participants, the consequences of those steps can matter more in the next five to six years than in the near future, for today's investment decisions typically take years to translate into physical supply/demand reality.

Such lagged effects are the focus of the IEA's Medium-Term Oil Market Report (MTOMR), whose latest edition is released in conjunction with this Report. MTOMR 2015 points to a significant rebalancing of the market on the back of widespread upstream spending cuts, with the "Call on OPEC and stock change" forecast to bounce back over the group's current production levels by 2016 and to rise steadily thereafter. Due to the publication of MTOMR 2015, this month's Report is abridged to a full set of usual data, without commentary. MTOMR is once again provided free of charge to Report subscribers, while non-subscribers can also purchase it online (www.iea.org/bookshop/702-Medium-Term_Oil_Market_Report_2015). The Report will resume its usual format in March.

One of the findings of *MTOMR 2015* is that while the lagged nature of investments will remain a hallmark of this rebalancing, as it had been of corrections to price plunges in decades past, the lag of the latest market response might in fact be shorter than usual. Thanks to the short lead time and treadmill-like spending needs of US light tight oil (LTO), non-OPEC supply has become on average more price responsive than during previous price plunges. Investment cuts in LTO, while they will only account for a portion of the oil industry's overall upstream budget cuts, will be among the first to be felt. Expectations of North American supply have been reduced by 0.5 mb/d for 4Q15 and 0.3 mb/d for 3Q15, with cuts elsewhere biting later. The swiftness of LTO supply cuts will help put a floor under prices, just as their reversal when prices rebound in earnest might put a ceiling over them.

Supply expectations for the first half of 2015 have yet to be significantly reduced, however, and the latest data for December 2014 show no further reduction in the estimate of 4Q14 supply. Industry oil stocks inched down by just a tiny fraction of their usual draw in December, sending their surplus versus average levels to 65 mb, its widest since October 2010, from 16 mb a month earlier. Preliminary data suggest stocks posted a large seasonal stock build in January. Floating storage is on the rise.

In light of recent revisions to the supply forecast, the "Call on OPEC and stock change" has been revised upwards to 30.2 mb/d for 2H15 – above OPEC's current production target, but still below current production levels. The Call for 1Q15 has been trimmed, however. Despite expectations of tightening balances by end-2015, downward market pressures may not have run their course just yet.

DEMAND

Tables

Global Oil Demand (2013-2015)

(million barrels per day)

	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Africa	3.9	3.9	3.7	3.8	3.8	3.9	4.0	3.8	4.0	3.9	4.1	4.1	4.0	4.2	4.1
Americas	30.2	30.5	31.1	31.1	30.7	30.4	30.4	31.1	31.4	30.8	30.8	30.8	31.3	31.5	31.1
Asia/Pacific	30.7	29.8	29.7	30.9	30.3	31.2	30.2	29.9	31.2	30.6	31.6	30.6	30.7	31.9	31.2
Europe	13.8	14.5	14.7	14.3	14.3	13.7	14.1	14.6	14.1	14.1	13.7	14.0	14.4	14.1	14.0
FSU	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.9	4.5	4.6	4.8	4.7	4.6
Middle East	7.5	7.9	8.4	7.7	7.9	7.8	8.2	8.6	7.8	8.1	7.9	8.3	8.8	8.1	8.3
World	**90.6**	**91.3**	**92.6**	**92.8**	**91.8**	**91.7**	**91.6**	**93.1**	**93.5**	**92.5**	**92.5**	**92.5**	**94.0**	**94.5**	**93.4**
Annual Chg (%)	1.2	1.7	1.7	0.9	1.4	1.2	0.3	0.5	0.7	0.7	1.0	1.0	1.0	1.0	1.0
Annual Chg (mb/d)	1.1	1.5	1.5	0.9	1.3	1.1	0.3	0.5	0.7	0.6	0.9	0.9	1.0	0.9	0.9
Changes from last OMR (mb/d)	0.00	0.01	0.01	0.00	0.01	0.00	0.00	0.01	0.11	0.03	0.07	0.00	0.03	0.05	0.04

China: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	790	842	900	52	58	6.6	6.9
Naphtha	1,126	1,174	1,195	48	21	4.2	1.8
Motor Gasoline	2,062	2,222	2,357	161	135	7.8	6.1
Jet Fuel & Kerosene	461	514	523	53	9	11.5	1.8
Gas/Diesel Oil	3,370	3,357	3,382	-13	26	-0.4	0.8
Residual Fuel Oil	425	336	325	-89	-11	-20.9	-3.3
Other Products	1,867	1,939	1,965	72	26	3.9	1.3
Total Products	**10,101**	**10,384**	**10,648**	**284**	**264**	**2.8**	**2.5**

OECD Demand based on Adjusted Preliminary Submissions - December 2014

(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*	**10.83**	**4.6**	**1.70**	**3.4**	**4.64**	**7.2**	**0.83**	**11.7**	**0.46**	**7.4**	**6.35**	**-2.14**	**24.82**	**3.4**
US50	9.09	4.9	1.49	3.1	3.76	7.0	0.42	11.0	0.21	25.5	4.78	-0.51	19.76	4.1
Canada	0.81	3.9	0.09	8.6	0.29	14.6	0.35	13.5	0.05	-9.1	0.86	-6.71	2.45	2.0
Mexico	0.81	2.2	0.07	6.4	0.39	4.7	0.04	14.3	0.11	-5.2	0.60	-7.05	2.03	-0.3
OECD Europe	**1.87**	**-0.6**	**1.16**	**3.0**	**4.35**	**3.5**	**1.69**	**5.1**	**0.84**	**-8.0**	**3.21**	**-3.92**	**13.12**	**0.3**
Germany	0.43	5.4	0.16	-2.4	0.68	10.3	0.38	16.9	0.13	15.3	0.55	1.91	2.33	7.6
United Kingdom	0.30	-0.7	0.32	5.6	0.48	1.7	0.11	-9.5	0.02	-47.1	0.24	4.60	1.46	0.6
France	0.16	-2.4	0.14	-1.9	0.69	1.1	0.32	17.2	0.06	-11.0	0.33	-2.77	1.70	1.8
Italy	0.21	-2.3	0.09	4.5	0.47	6.0	0.09	-17.1	0.06	-21.2	0.34	-10.45	1.26	-3.7
Spain	0.10	-1.4	0.11	-3.7	0.41	0.4	0.19	-4.3	0.15	-7.7	0.25	11.43	1.20	0.1
OECD Asia & Oceania	**1.64**	**-0.4**	**1.30**	**6.0**	**1.28**	**1.7**	**0.60**	**-4.1**	**0.69**	**-12.9**	**3.50**	**-2.81**	**9.01**	**-1.5**
Japan	0.98	-1.4	0.89	7.8	0.45	1.0	0.44	-5.8	0.40	-17.9	1.84	-6.89	5.00	-3.8
Korea	0.20	3.4	0.22	6.6	0.33	2.4	0.14	0.0	0.24	-5.1	1.41	2.67	2.54	2.1
Australia	0.34	0.4	0.14	-3.3	0.40	2.0	0.00	0.0	0.03	-7.1	0.17	-4.48	1.08	-0.5
OECD Total	**14.35**	**3.3**	**4.16**	**4.1**	**10.26**	**4.9**	**3.12**	**4.8**	**1.99**	**-6.7**	**13.06**	**-2.77**	**46.94**	**1.6**

* Including US territories

Non-OECD: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14
LPG & Ethane	5,129	5,129	5,174	172	137	3.5	2.7
Naphtha	3,076	3,082	3,068	55	-72	1.8	-2.3
Motor Gasoline	9,667	9,768	9,904	297	365	3.1	3.8
Jet Fuel & Kerosene	2,912	2,996	2,987	119	59	4.1	2.0
Gas/Diesel Oil	14,237	14,192	14,358	104	191	0.7	1.3
Residual Fuel Oil	5,452	5,471	5,442	137	54	2.6	1.0
Other Products	6,401	6,643	6,329	196	256	3.0	4.2
Total Products	**46,874**	**47,280**	**47,261**	**1,080**	**990**	**2.3**	**2.1**

Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14
Africa	3,952	3,847	3,980	122	161	3.3	4.2
Asia	22,497	22,252	22,957	527	635	2.4	2.8
FSU	4,813	5,033	4,946	108	14	2.2	0.3
Latin America	6,758	6,916	6,854	147	79	2.2	1.2
Middle East	8,199	8,558	7,839	160	93	1.9	1.2
Non-OECD Europe	655	674	686	17	9	2.5	1.4
Total Products	**46,874**	**47,280**	**47,261**	**1,080**	**990**	**2.3**	**2.1**

SUPPLY

Tables

OPEC Crude Production

(million barrels per day)

	Nov 2014 Supply	Dec 2014 Supply	Jan 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Jan 2015 Supply	2014 Crude Supply	OPEC Supply 2014 vs 2013
Algeria	1.13	1.12	1.10	1.14	0.04	1.12	-0.03
Angola	1.69	1.73	1.76	1.80	0.04	1.65	-0.06
Ecuador	0.55	0.55	0.56	0.57	0.01	0.55	0.03
Iran	2.81	2.84	2.82	2.90	0.08	2.81	0.13
Iraq	3.39	3.73	3.46	3.73	0.27	3.30	0.22
Kuwait[2]	2.76	2.77	2.80	2.82	0.02	2.80	-0.01
Libya	0.69	0.44	0.34	0.50	0.16	0.46	-0.44
Nigeria	1.89	1.86	1.89	1.92	0.03	1.91	-0.05
Qatar	0.68	0.67	0.67	0.70	0.03	0.71	-0.02
Saudi Arabia[2]	9.61	9.62	9.69	12.34	2.65	9.73	0.06
UAE	2.74	2.80	2.82	2.90	0.08	2.75	-0.01
Venezuela[3]	2.44	2.42	2.40	2.49	0.09	2.47	-0.03
Total OPEC	**30.38**	**30.55**	**30.31**	**33.81**	**3.50**	**30.28**	**-0.17**
(excluding Iraq, Nigeria, Libya and Iran)					**2.96**		

1 Capacity levels can be reached within 30 days and sustained for 90 days.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in January.

Non-OPEC Supply

(million barrels per day)

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Americas	17.1	18.1	18.6	19.0	19.2	18.7	19.4	19.4	19.1	19.5	19.4
Europe	3.3	3.5	3.3	3.1	3.4	3.3	3.5	3.3	3.3	3.6	3.4
Asia Oceania	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	20.9	22.1	22.4	22.6	23.1	22.6	23.4	23.3	22.9	23.6	23.3
Former USSR	13.9	14.0	13.8	13.8	13.9	13.9	14.0	13.8	13.7	13.7	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
China	4.2	4.2	4.2	4.2	4.1	4.2	4.1	4.2	4.2	4.2	4.2
Other Asia	3.5	3.5	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5
Latin America	4.2	4.2	4.3	4.4	4.5	4.4	4.5	4.6	4.5	4.6	4.5
Middle East	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Africa	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	29.5	29.8	29.6	29.5	29.8	29.7	29.8	29.7	29.6	29.6	29.7
Processing Gains	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels	2.0	1.7	2.3	2.5	2.2	2.2	1.8	2.3	2.6	2.3	2.2
Total Non-OPEC	54.6	55.7	56.4	56.9	57.3	56.6	57.3	57.5	57.2	57.7	57.4
Annual Chg (mb/d)	1.4	1.9	2.4	2.1	1.5	2.0	1.5	1.1	0.3	0.3	0.8
Changes from last OMR (mb/d)	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.0	-0.2	-0.4	-0.1

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	1Q2014	2Q2014	3Q2014	4Q2014	Oct 14	Nov 14	Dec 14	Latest month vs. Nov 14	Latest month vs. Dec 13
Crude											
Black Sea	1.78	1.62	1.69	1.65	1.59	1.50	1.48	1.62	1.42	-0.20	-0.28
Baltic	1.57	1.33	1.39	1.46	1.32	1.20	1.37	1.32	0.91	-0.41	-0.48
Arctic/FarEast	0.80	1.14	1.03	1.18	1.23	1.26	1.29	1.25	1.24	0.00	0.39
BTC	0.64	0.60	0.59	0.59	0.68	0.55	0.60	0.46	0.59	0.13	0.02
Crude Seaborne	**4.80**	**4.69**	**4.71**	**4.88**	**4.82**	**4.51**	**4.73**	**4.64**	**4.16**	**-0.48**	**-0.35**
Druzhba Pipeline	1.03	1.01	1.00	1.00	1.03	0.99	1.02	0.99	0.96	-0.04	-0.13
Other Routes	0.56	0.46	0.55	0.38	0.38	0.36	0.36	0.36	0.36	0.00	-0.21
Total Crude Exports	**6.39**	**6.15**	**6.26**	**6.26**	**6.22**	**5.85**	**6.11**	**5.98**	**5.48**	**-0.51**	**-0.69**
Of Which: Transneft[1]	4.07	3.88	3.99	4.02	3.90	3.65	3.99	3.76	3.21	-0.56	-0.64
Products											
Fuel oil[2]	1.62	1.72	1.69	1.75	1.79	1.71	1.62	1.75	1.76	0.01	0.28
Gasoil	0.84	0.95	1.02	1.00	0.88	0.88	0.80	0.94	0.91	-0.03	0.10
Other Products	0.50	0.57	0.63	0.61	0.55	0.50	0.54	0.43	0.53	0.10	-0.06
Total Product	**2.97**	**3.25**	**3.34**	**3.37**	**3.22**	**3.09**	**2.96**	**3.13**	**3.20**	**0.07**	**0.32**
Total Exports	**9.36**	**9.39**	**9.60**	**9.63**	**9.44**	**8.95**	**9.06**	**9.11**	**8.67**	**-0.43**	**-0.37**
Imports	0.08	0.08	0.07	0.07	0.10	0.09	0.09	0.10	0.08	-0.01	0.01
Net Exports	**9.29**	**9.31**	**9.53**	**9.56**	**9.34**	**8.86**	**8.97**	**9.01**	**8.59**	**-0.42**	**-0.38**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

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

OECD STOCKS

Tables and charts

Revisions versus 16 January 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Oct-14	Nov-14	Oct-14	Nov-14	Oct-14	Nov-14	Oct-14	Nov-14
Crude Oil	**-0.4**	**5.0**	**-1.7**	**-4.5**	**0.5**	**-3.7**	**-1.6**	**-3.2**
Gasoline	0.0	6.4	-0.2	0.3	0.0	0.1	-0.2	6.8
Middle Distillates	0.0	7.2	-0.8	-2.5	0.0	0.5	-0.7	5.2
Residual Fuel Oil	0.0	-0.6	-0.1	1.6	0.0	0.1	-0.1	1.1
Other Products	0.0	5.2	0.0	-0.3	0.2	-0.6	0.1	4.3
Total Products	**0.0**	**18.2**	**-1.0**	**-0.9**	**0.2**	**0.0**	**-0.9**	**17.3**
Other Oils[1]	0.0	-4.2	0.0	-1.0	0.0	-0.2	0.0	-5.4
Total Oil	**-0.4**	**19.0**	**-2.7**	**-6.4**	**0.7**	**-3.8**	**-2.4**	**8.8**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Preliminary Industry Stock Change in December 2014 and Fourth Quarter 2014

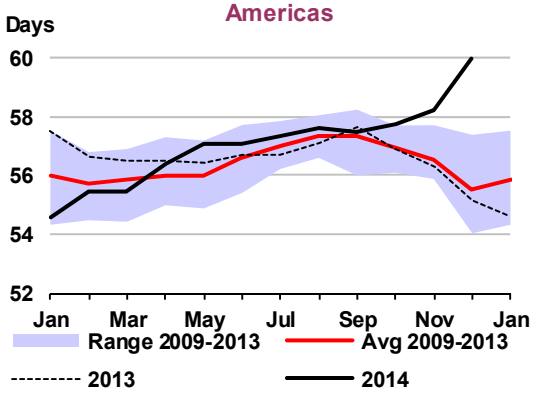
	December 2014 (preliminary) *(million barrels)*				December 2014 (preliminary) *(million barrels per day)*				Fourth Quarter 2014 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**2.8**	**2.5**	**-2.9**	**2.4**	**0.09**	**0.08**	**-0.09**	**0.08**	**0.37**	**-0.07**	**-0.11**	**0.19**
Gasoline	25.6	-0.9	-2.0	22.7	0.83	-0.03	-0.07	0.73	0.35	0.01	-0.02	0.33
Middle Distillates	17.8	-3.4	-8.2	6.2	0.57	-0.11	-0.26	0.20	0.09	-0.12	-0.08	-0.11
Residual Fuel Oil	-3.8	-0.9	0.3	-4.4	-0.12	-0.03	0.01	-0.14	-0.04	0.03	-0.02	-0.04
Other Products	-14.9	-2.0	-5.5	-22.4	-0.48	-0.06	-0.18	-0.72	-0.29	-0.02	-0.05	-0.36
Total Products	**24.6**	**-7.1**	**-15.3**	**2.2**	**0.80**	**-0.23**	**-0.50**	**0.07**	**0.10**	**-0.10**	**-0.18**	**-0.18**
Other Oils[1]	-3.9	-2.0	-4.0	-9.9	-0.12	-0.07	-0.13	-0.32	-0.10	-0.02	-0.11	-0.23
Total Oil	**23.6**	**-6.7**	**-22.3**	**-5.3**	**0.76**	**-0.22**	**-0.72**	**-0.17**	**0.38**	**-0.19**	**-0.40**	**-0.22**

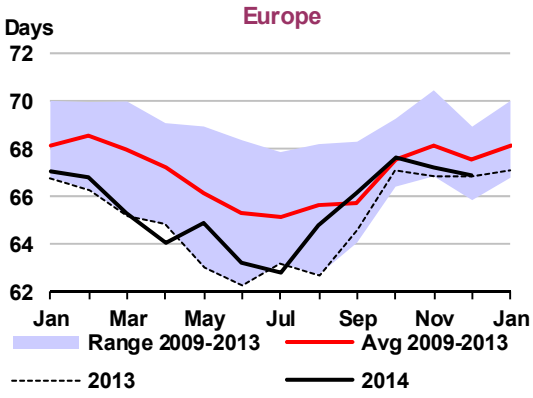
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

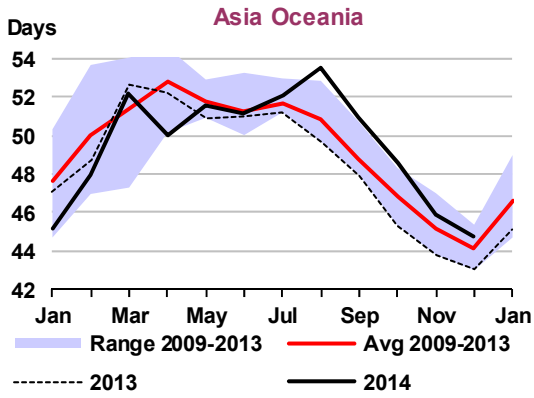
Regional OECD End-of-Month Industry Stocks

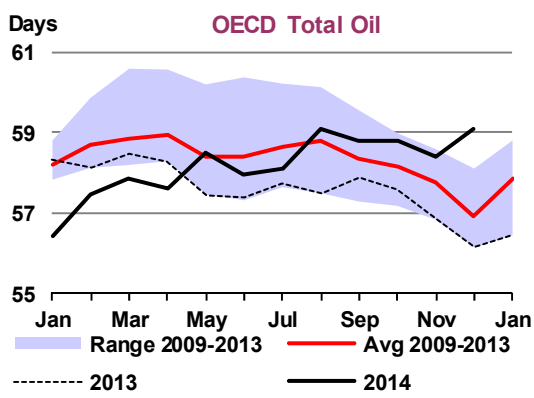
(in days of forward demand and million barrels of total oil)

Days[1]

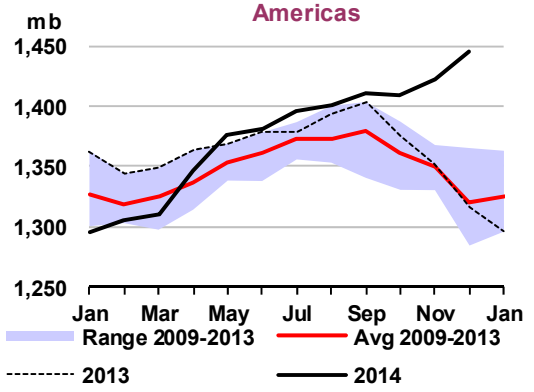


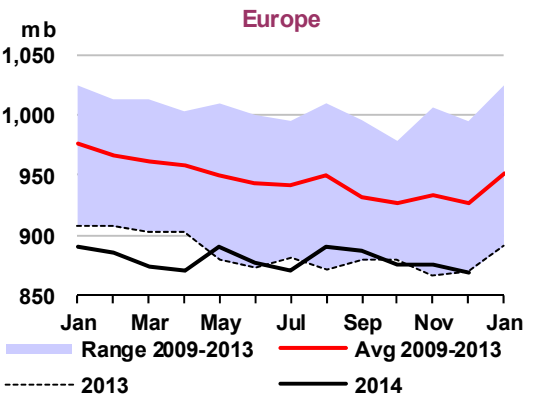


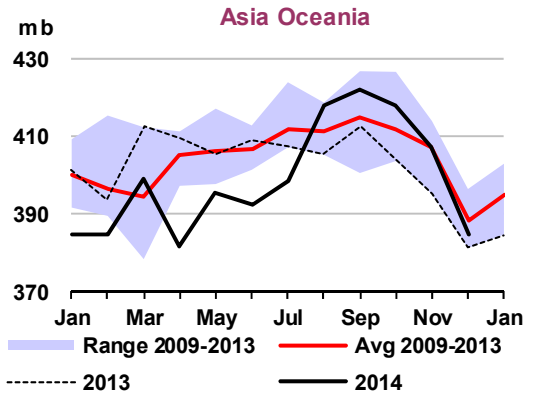


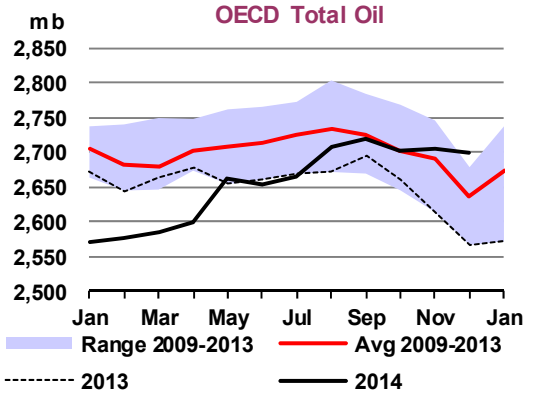


Million Barrels









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)

	Nov	Dec	Jan	Jan-Dec Avg Chg	% Chg	Week Commencing: 05 Jan	12 Jan	19 Jan	26 Jan	02 Feb
NYMEX										
Light Sweet Crude Oil	75.81	59.29	47.33	-11.96	-20.2	48.75	47.08	46.52	45.72	50.71
RBOB	86.44	67.96	56.32	-11.64	-17.1	56.59	55.04	55.83	56.96	64.70
No.2 Heating Oil	101.33	84.38	70.17	-14.21	-16.8	72.15	69.14	68.85	69.21	75.71
No.2 Heating Oil ($/mmbtu)	17.87	14.88	12.38	-2.51	-16.8	12.72	12.19	12.14	12.21	13.35
Henry Hub Natural Gas ($/mmbtu)	4.24	3.51	2.93	-0.58	-16.5	2.91	3.05	2.91	2.83	2.67
ICE										
Brent	79.63	63.27	49.76	-13.51	-21.4	51.29	48.11	48.63	49.67	56.28
Gasoil	94.98	76.87	63.98	-12.89	-16.8	64.68	62.58	63.61	63.91	71.90
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-3.82	-3.98	-2.43	1.55		-2.54	-1.03	-2.11	-3.95	-5.57
NYMEX No.2 Heating Oil - WTI	25.52	25.09	22.84	-2.25		23.40	22.06	22.33	23.49	25.00
NYMEX RBOB - WTI	10.63	8.67	8.99	0.32		7.84	7.96	9.31	11.24	13.99
NYMEX 3-2-1 Crack (RBOB)	15.59	14.15	13.61	-0.54		13.03	12.66	13.65	15.32	17.66
NYMEX No.2 - Natural Gas ($/mmbt	13.64	11.37	9.45	-1.93		9.81	9.14	9.24	9.38	10.69
ICE Gasoil - ICE Brent	15.35	13.60	14.22	0.62		13.39	14.47	14.98	14.24	15.62

Source: ICE, NYMEX.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Nov	Dec	Jan	Jan-Dec Avg Chg	%	Week Commencing: 05 Jan	12 Jan	19 Jan	26 Jan	02 Feb
Crudes										
North Sea Dated	78.94	62.57	47.84	-14.72	-23.5	49.46	46.54	46.81	47.08	54.48
Brent (Asia) Mth 1	79.54	63.16	48.79	-14.37	-22.8	51.68	46.85	47.65	47.23	53.91
WTI (Cushing) Mth 1	76.34	59.47	47.27	-12.21	-20.5	48.75	47.08	46.22	45.72	50.39
Urals (Mediterranean)	78.92	61.34	46.48	-14.86	-24.2	47.56	44.88	45.51	46.60	54.39
Dubai	76.40	60.22	45.62	-14.60	-24.2	48.43	43.69	44.28	44.26	52.12
Tapis (Dated)	75.92	58.84	44.22	-14.62	-24.9	45.56	42.80	43.31	43.78	51.33
Differential to North Sea Dated										
WTI (Cushing)	-2.60	-3.09	-0.58	2.51		-0.71	0.53	-0.59	-1.36	-4.09
Urals (Mediterranean)	-0.02	-1.22	-1.36	-0.14		-1.90	-1.66	-1.30	-0.48	-0.09
Dubai	-2.54	-2.34	-2.22	0.12		-1.04	-2.85	-2.53	-2.82	-2.36
Tapis (Dated)	-3.02	-3.72	-3.62	0.10		-3.90	-3.74	-3.50	-3.30	-3.15
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.50	-0.40	-0.99	-0.59		-1.10	-1.06	-0.94	-0.91	-1.25
Forward WTI Cushing Mth1-Mth2	-0.01	-0.26	-0.54	-0.28		-0.51	-0.54	-0.32	-0.75	-0.84
Forward Dubai Mth1-Mth2	-1.18	-0.96	-1.56	-0.61		-1.34	-1.54	-1.78	-1.69	-1.02

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Spot Product Prices

(monthly and weekly averages, $/bbl)

	Nov	Dec	Jan	Jan-Dec Chg	Jan-Dec %	Week Commencing: 05 Jan	12 Jan	19 Jan	26 Jan	02 Feb	Nov	Dec	Jan
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	89.01	66.20	54.20	-12.00	-18.1	54.80	53.03	53.63	54.40	62.53	10.08	3.63	6.35
Naphtha	70.78	55.23	44.68	-10.55	-19.1	43.03	43.44	45.43	46.26	53.60	-8.16	-7.34	-3.17
Jet/Kerosene	97.30	79.84	65.29	-14.56	-18.2	67.40	63.35	64.33	64.67	71.39	18.37	17.28	17.44
ULSD 10ppm	98.05	78.95	64.47	-14.48	-18.3	65.83	62.86	63.88	64.11	71.56	19.11	16.39	16.63
Gasoil 0.1%	94.94	76.95	63.06	-13.89	-18.1	64.68	61.33	62.24	62.73	70.29	16.01	14.39	15.22
LSFO 1%	65.90	50.08	38.36	-11.72	-23.4	38.40	37.38	38.15	38.74	45.11	-13.03	-12.49	-9.48
HSFO 3.5%	63.00	46.58	34.64	-11.94	-25.6	35.14	33.79	34.13	34.64	40.99	-15.94	-15.99	-13.20
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	89.69	66.76	54.66	-12.10	-18.1	55.32	53.50	54.02	54.85	63.06	10.77	5.41	8.18
Naphtha	67.67	51.64	41.24	-10.40	-20.1	39.41	39.85	41.95	43.26	50.94	-11.25	-9.71	-5.24
Jet Aviation fuel	95.69	77.70	63.35	-14.35	-18.5	65.19	61.23	62.41	63.24	70.29	16.77	16.36	16.87
ULSD 10ppm	97.44	77.80	63.37	-14.43	-18.5	64.55	61.60	62.94	63.21	70.51	18.52	16.46	16.89
Gasoil 0.1%	94.14	75.81	61.50	-14.31	-18.9	62.69	60.07	61.14	60.76	68.76	15.22	14.47	15.02
LSFO 1%	67.13	51.20	39.62	-11.58	-22.6	39.57	38.31	39.39	40.41	46.98	-11.79	-10.15	-6.86
HSFO 3.5%	62.55	46.03	34.33	-11.70	-25.4	34.67	33.30	33.84	34.67	41.16	-16.37	-15.31	-12.15
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	91.64	69.53	62.53	-6.99	-10.1	63.53	61.43	60.37	63.91	70.93	11.99	7.66	13.72
Unleaded	81.99	60.49	53.61	-6.89	-11.4	51.23	52.14	53.84	57.18	63.59	2.34	-1.37	4.79
Jet/Kerosene	96.97	75.47	63.07	-12.40	-16.4	64.35	61.49	62.37	63.23	70.22	17.33	13.61	14.26
ULSD 10ppm	97.66	74.83	64.55	-10.28	-13.7	64.93	62.73	64.47	65.65	72.69	18.01	12.97	15.74
Heating Oil	90.34	67.02	61.51	-5.51	-8.2	62.43	60.08	61.28	61.96	68.16	10.69	5.16	12.70
No. 6 3%*	64.32	48.91	38.53	-10.38	-21.2	38.58	37.56	37.78	39.29	45.94	-15.33	-12.95	-10.29
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	90.56	71.71	57.24	-14.46	-20.2	58.98	54.93	56.60	56.84	65.75	14.16	11.48	11.62
Naphtha	72.15	56.38	45.52	-10.86	-19.3	44.35	43.60	46.35	47.03	54.48	-4.24	-3.84	-0.10
Jet/Kerosene	96.41	78.29	63.77	-14.52	-18.5	65.76	61.99	62.79	63.07	69.26	20.02	18.06	18.15
Gasoil 0.05%	93.87	76.84	62.64	-14.20	-18.5	65.64	61.17	61.31	60.76	66.33	17.47	16.62	17.02
LSWR Cracked	76.10	63.64	53.19	-10.45	-16.4	52.96	51.72	53.44	53.77	57.18	-0.30	3.42	7.57
HSFO 180 CST	71.76	55.43	44.07	-11.36	-20.5	44.23	42.66	43.92	44.44	50.57	-4.63	-4.79	-1.55
HSFO 380 CST 4%	70.99	54.80	42.94	-11.85	-21.6	43.31	41.86	42.78	42.81	48.71	-5.40	-5.43	-2.68

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Positions on ICE Brent Crude Futures and Options

Thousand Contracts

27 January 2015	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	570.4	967.9	-397.5	*Short*	↓ -10.4	↓ -60.3
Swap Dealers' Positions	988.3	637.3	351.0	*Long*	↑ 17.0	↑ 42.0
Money Managers' Positions	575.1	432.0	143.0	*Long*	↑ 1.1	↑ 30.2
Others' Positions	333.5	433.0	-99.5	*Short*	↓ -15.5	↓ -16.3
Non-Reportable Positions	60.4	57.3	3.0	*Long*	↑ 7.8	↑ 4.4
Open Interest			**2527.6**		↑ 70.4	↑ 306.3

Source: ICE

Positions on Light Sweet Crude Oil (WTI) Futures and Options

Thousand Contracts

27 January 2015	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	312.5	455.4	-142.9	*Short*	↓ -10.8	↓ -65.7
Swap Dealers' Positions	601.9	799.3	-197.4	*Short*	↑ 3.9	↑ 56.3
Money Managers' Positions	714.4	498.1	216.3	*Long*	↓ -0.4	↑ 9.4
Others' Positions	881.6	773.8	107.9	*Long*	↓ -0.1	↓ -5.5
Non-Reportable Positions	99.9	83.7	16.2	*Long*	↑ 7.3	↑ 5.5
Open Interest			**2610.2**		↑ 112.7	↑ 325.2

Source: CFTC

REFINING

Tables

Global Refinery Crude Throughput[1]

(million barrels per day)

	3Q2014	Oct 14	Nov 14	Dec 14	4Q2014	Jan 15	Feb 15	Mar 15	1Q2015	Apr 15	May 15
Americas	**19.4**	18.1	18.9	19.3	**18.8**	18.6	18.2	18.1	**18.3**	18.2	18.8
Europe	**11.7**	11.8	11.9	11.7	**11.8**	11.4	11.2	11.1	**11.3**	10.9	11.2
Asia Oceania	**6.6**	6.2	6.7	6.9	**6.6**	6.8	6.8	6.5	**6.7**	6.3	6.1
Total OECD	**37.6**	36.2	37.4	37.9	**37.2**	36.8	36.2	35.7	**36.3**	35.5	36.2
FSU	**7.1**	7.1	7.3	7.1	**7.2**	7.1	7.1	7.1	**7.1**	6.9	7.0
Non-OECD Europe	**0.5**	0.5	0.6	0.5	**0.5**	0.5	0.4	0.5	**0.5**	0.5	0.5
China	**9.9**	10.2	10.3	10.5	**10.3**	10.5	10.2	10.2	**10.3**	10.0	9.9
Other Asia	**9.7**	10.0	10.0	10.0	**10.0**	9.9	10.1	10.1	**10.0**	10.0	10.0
Latin America	**4.7**	4.6	4.4	4.7	**4.6**	4.8	4.8	4.8	**4.8**	4.8	4.9
Middle East	**6.2**	6.2	5.8	6.3	**6.1**	6.4	6.4	6.5	**6.4**	6.6	6.8
Africa	**2.2**	2.2	2.2	2.1	**2.2**	2.2	2.2	2.2	**2.2**	2.2	2.1
Total Non-OECD	**40.3**	40.9	40.6	41.2	**40.9**	41.3	41.3	41.3	**41.3**	41.0	41.3
Total	**77.9**	77.1	78.0	79.1	**78.1**	78.1	77.5	77.1	**77.6**	76.5	77.5

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

Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

							Change from		Utilisation rate[1]	
	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	*Nov 14*	*Dec 13*	Dec 14	Dec 13
US[2]	16.53	16.46	16.06	15.34	16.04	16.39	0.35	0.32	0.91	0.90
Canada	1.76	1.76	1.45	1.54	1.63	1.60	-0.03	-0.13	0.87	0.94
Chile	0.17	0.18	0.17	0.16	0.15	0.17	0.02	-0.01	0.77	0.79
Mexico	1.18	1.15	1.19	1.09	1.07	1.09	0.02	-0.09	0.66	0.72
OECD Americas	**19.64**	**19.55**	**18.88**	**18.13**	**18.90**	**19.26**	**0.35**	**0.10**	**0.89**	**0.89**
France	1.16	1.21	1.18	1.19	1.14	1.16	0.02	0.20	0.83	0.69
Germany	1.80	1.99	1.90	1.82	1.93	1.92	-0.01	0.04	0.95	0.93
Italy	1.25	1.31	1.21	1.14	1.27	1.28	0.01	0.01	0.73	0.70
Netherlands	0.95	0.98	1.05	1.11	1.03	1.02	-0.02	0.05	0.79	0.75
Spain	1.17	1.27	1.10	1.21	1.19	1.25	0.06	0.14	0.83	0.74
United Kingdom	1.13	1.14	1.15	1.15	1.12	1.03	-0.09	-0.16	0.75	0.76
Other OECD Europe	4.03	4.06	3.99	4.20	4.17	4.04	-0.13	0.35	0.83	0.76
OECD Europe	**11.49**	**11.95**	**11.59**	**11.82**	**11.86**	**11.70**	**-0.15**	**0.62**	**0.82**	**0.76**
Japan	2.96	3.14	3.17	2.89	3.18	3.37	0.18	-0.16	0.84	0.79
South Korea	2.59	2.70	2.52	2.53	2.65	2.70	0.05	0.22	0.82	0.81
Other Asia Oceania	0.90	0.92	0.84	0.83	0.84	0.85	0.02	-0.11	0.78	0.79
OECD Asia Oceania	**6.45**	**6.76**	**6.53**	**6.25**	**6.67**	**6.92**	**0.24**	**-0.05**	**0.82**	**0.80**
OECD Total	**37.57**	**38.25**	**37.00**	**36.20**	**37.43**	**37.88**	**0.44**	**0.67**	**0.86**	**0.83**

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

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Oct 14	Nov 14	Dec 14	Jan 15	Jan 15-Dec 14	09 Jan	16 Jan	23 Jan	30 Jan	06 Feb
NW Europe										
Brent (Cracking)	4.56	5.93	3.68	5.75	2.07	4.87	5.75	6.28	6.60	6.44
Urals (Cracking)	5.04	6.24	4.86	6.62	1.77	6.24	6.63	6.87	7.14	6.81
Brent (Hydroskimming)	-0.69	0.13	-0.98	1.33	2.30	0.26	1.45	1.91	2.23	1.80
Urals (Hydroskimming)	-1.01	-0.39	-0.71	1.24	1.94	0.82	1.35	1.47	1.72	1.08
Mediterranean										
Es Sider (Cracking)	6.90	7.44	6.63	8.50	1.86	8.04	8.36	8.85	9.10	7.92
Urals (Cracking)	5.89	6.71	6.10	8.06	1.97	7.98	8.17	8.57	7.84	7.06
Es Sider (Hydroskimming)	1.78	1.67	1.53	3.87	2.34	3.14	3.82	4.29	4.69	3.36
Urals (Hydroskimming)	-1.36	-1.42	-1.38	1.10	2.48	0.78	1.36	1.62	1.03	0.09
US Gulf Coast										
50/50 HLS/LLS (Cracking)	5.62	3.94	1.15	5.46	4.31	2.81	4.67	6.81	8.85	9.24
Mars (Cracking)	0.19	-0.87	-2.42	2.80	5.22	0.31	2.25	3.94	5.86	5.72
ASCI (Cracking)	0.24	-1.01	-2.29	2.91	5.20	0.57	2.19	4.26	5.76	5.56
50/50 HLS/LLS (Coking)	7.22	5.82	2.64	7.09	4.45	4.47	6.34	8.45	10.40	10.71
50/50 Maya/Mars (Coking)	4.32	3.56	2.57	8.25	5.68	5.96	7.52	9.63	11.09	10.24
ASCI (Coking)	5.59	4.92	2.29	8.25	5.97	5.75	7.39	9.89	11.35	10.83
US Midcon										
WTI (Cracking)	12.65	12.73	4.33	4.92	0.59	1.48	2.55	5.69	11.11	13.02
30/70 WCS/Bakken (Cracking)	15.88	15.93	7.95	8.14	0.19	5.83	6.09	8.02	13.18	14.68
Bakken (Cracking)	20.35	20.25	9.61	10.23	0.63	7.57	7.95	10.10	16.01	17.63
WTI (Coking)	14.93	15.60	6.15	6.40	0.24	2.93	3.96	7.11	12.72	14.55
30/70 WCS/Bakken (Coking)	20.10	21.60	11.33	11.06	-0.27	8.59	8.71	10.94	16.62	17.80
Bakken (Coking)	21.14	21.33	10.23	10.78	0.54	8.10	8.46	10.62	16.63	18.17
Singapore										
Dubai (Hydroskimming)	-1.98	1.02	0.62	2.65	2.02	1.13	3.12	3.41	3.48	2.03
Tapis (Hydroskimming)	1.97	3.48	3.94	6.01	2.07	5.86	5.71	6.45	6.18	4.48
Dubai (Hydrocracking)	3.66	6.51	5.84	7.21	1.37	6.21	7.52	7.75	7.75	6.42
Tapis (Hydrocracking)	5.58	7.08	6.49	7.68	1.19	8.01	7.32	7.90	7.54	6.63

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)

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

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas[1]	24.0	23.6	23.8	23.9	24.3	24.3	24.1	23.9	23.6	24.2	24.6	24.1	24.1	23.9	24.3	24.5	24.2
Europe[2]	14.3	13.8	13.2	13.9	14.0	13.6	13.7	13.0	13.4	13.9	13.4	13.4	13.0	13.3	13.7	13.4	13.4
Asia Oceania[3]	8.2	8.5	8.9	7.8	8.0	8.6	8.3	8.8	7.7	7.7	8.3	8.1	8.6	7.5	7.7	8.2	8.0
Total OECD	46.4	45.9	45.9	45.6	46.4	46.6	46.1	45.7	44.7	45.8	46.3	45.6	45.7	44.7	45.8	46.2	45.6
NON-OECD DEMAND																	
FSU	4.5	4.6	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.9	4.5	4.6	4.8	4.7	4.6
Europe	0.7	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	9.4	9.8	9.9	10.1	10.2	10.3	10.1	10.2	10.3	10.4	10.7	10.4	10.4	10.6	10.7	10.9	10.6
Other Asia	11.2	11.6	11.9	11.9	11.6	12.0	11.9	12.2	12.2	11.9	12.3	12.1	12.6	12.6	12.3	12.8	12.6
Americas	6.2	6.4	6.4	6.6	6.8	6.8	6.6	6.6	6.8	6.9	6.9	6.8	6.7	6.9	7.0	7.0	6.9
Middle East	7.5	7.7	7.5	7.9	8.4	7.7	7.9	7.8	8.2	8.6	7.8	8.1	7.9	8.3	8.8	8.1	8.3
Africa	3.6	3.8	3.9	3.9	3.7	3.8	3.8	3.9	4.0	3.8	4.0	3.9	4.1	4.1	4.0	4.2	4.1
Total Non-OECD	43.1	44.6	44.7	45.7	46.2	46.3	45.7	45.9	46.9	47.3	47.3	46.8	46.8	47.8	48.3	48.3	47.8
Total Demand[4]	**89.5**	**90.5**	**90.6**	**91.3**	**92.6**	**92.8**	**91.8**	**91.7**	**91.6**	**93.1**	**93.5**	**92.5**	**92.5**	**92.5**	**94.0**	**94.5**	**93.4**
OECD SUPPLY																	
Americas[1,7]	14.6	15.8	16.8	16.6	17.3	17.8	17.1	18.1	18.6	19.0	19.2	18.7	19.4	19.4	19.1	19.5	19.4
Europe[2]	3.8	3.5	3.4	3.4	3.2	3.4	3.3	3.5	3.3	3.1	3.4	3.3	3.5	3.3	3.3	3.6	3.4
Asia Oceania[3]	0.6	0.6	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	18.9	19.8	20.6	20.4	21.0	21.6	20.9	22.1	22.4	22.6	23.1	22.6	23.4	23.3	22.9	23.6	23.3
NON-OECD SUPPLY																	
FSU	13.6	13.7	13.9	13.8	13.8	14.0	13.9	14.0	13.8	13.8	13.9	13.9	14.0	13.8	13.7	13.7	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	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.2	4.1	4.2	4.1	4.2	4.2	4.2	4.2
Other Asia[5]	3.7	3.6	3.6	3.5	3.4	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5
Americas[5,7]	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.4	4.5	4.4	4.5	4.6	4.5	4.6	4.5
Middle East	1.7	1.5	1.4	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Africa[5]	2.5	2.2	2.2	2.3	2.3	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	29.9	29.5	29.5	29.4	29.3	29.9	29.5	29.8	29.6	29.5	29.8	29.7	29.8	29.7	29.6	29.6	29.7
Processing gains[6]	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.9	1.9	1.5	2.0	2.4	2.2	2.0	1.7	2.3	2.5	2.2	2.2	1.8	2.3	2.6	2.3	2.2
Total Non-OPEC[5]	52.8	53.3	53.8	54.1	54.8	55.8	54.6	55.7	56.4	56.9	57.3	56.6	57.3	57.5	57.2	57.7	57.4
OPEC																	
Crude[8]	29.9	31.3	30.5	30.9	30.6	29.8	30.5	30.0	30.1	30.5	30.5	30.3					
NGLs	5.9	6.2	6.2	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.5	6.4	6.5	6.6	6.6	6.6	6.6
Total OPEC[5]	35.8	37.5	36.7	37.2	36.9	36.1	36.7	36.3	36.4	37.0	37.0	36.7					
Total Supply[9]	**88.6**	**90.8**	**90.5**	**91.2**	**91.8**	**91.9**	**91.4**	**92.0**	**92.8**	**93.9**	**94.3**	**93.3**					
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.2	0.2	0.2	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.2	0.4					
Government	-0.1	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Total	-0.3	0.2	0.3	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.2	0.4					
Floating storage/Oil in transit	-0.1	0.0	0.2	-0.1	0.2	0.3	0.1	0.3	-0.3	0.3	-0.1	0.0					
Miscellaneous to balance[10]	-0.6	0.1	-0.5	0.2	-1.4	0.2	-0.4	-0.1	0.9	-0.2	1.1	0.4					
Total Stock Ch. & Misc	**-0.9**	**0.2**	**-0.1**	**0.0**	**-0.8**	**-1.0**	**-0.5**	**0.4**	**1.3**	**0.8**	**0.8**	**0.8**					
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.8	31.1	30.5	31.0	31.4	30.8	30.9	29.6	28.8	29.7	29.7	29.5	28.7	28.4	30.2	30.2	29.4

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)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Total Demand	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**-**	**-**	**-**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-0.1	-0.3	-0.5	-0.2
Europe	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1	0.1	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.1	-	-	0.2	0.1	-0.2	-0.3	-0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	0.1	-	-	0.2	-	-0.2	-0.4	-0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-					
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1
Total OPEC	-	-	-	-	-	-	-	-	-	-	-	-					
Total Supply	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**					
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-							
Government	-	-	-	-	-	-	-	-	-	-							
Total	-	-	-	-	-	-	-	-	-	-							
Floating storage/Oil in transit	-	-	-	-	-	-	-	-	-	-							
Miscellaneous to balance	-	-	-	-	-	-	-	-	-	0.1							
Total Stock Ch. & Misc	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-0.1**	**-**					
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	-	-	-	-	-0.1	0.1	-	-	-	0.3	0.5	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

	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Demand (mb/d)																
Americas[1]	23.60	23.80	23.87	24.33	24.35	24.09	23.86	23.63	24.20	24.57	24.07	24.11	23.90	24.33	24.53	24.22
Europe[2]	13.80	13.19	13.87	14.02	13.62	13.68	13.01	13.40	13.90	13.42	13.43	13.02	13.31	13.70	13.37	13.35
Asia Oceania[3]	8.52	8.86	7.83	8.02	8.60	8.33	8.85	7.65	7.67	8.29	8.11	8.59	7.47	7.73	8.25	8.01
Total OECD	45.92	45.85	45.57	46.36	46.57	46.09	45.72	44.69	45.77	46.27	45.62	45.72	44.67	45.76	46.15	45.58
Asia	21.42	21.81	21.97	21.73	22.32	21.96	22.37	22.50	22.25	22.96	22.52	23.01	23.18	23.00	23.63	23.20
Middle East	7.75	7.54	7.94	8.40	7.75	7.91	7.81	8.20	8.56	7.84	8.10	7.90	8.33	8.75	8.13	8.28
Americas	6.42	6.37	6.61	6.77	6.77	6.63	6.57	6.76	6.92	6.85	6.78	6.67	6.87	7.01	7.01	6.89
FSU	4.61	4.46	4.64	4.93	4.93	4.74	4.61	4.81	5.03	4.95	4.85	4.51	4.61	4.79	4.66	4.64
Africa	3.78	3.89	3.88	3.73	3.82	3.83	3.93	3.95	3.85	3.98	3.93	4.08	4.12	4.03	4.18	4.10
Europe	0.65	0.62	0.65	0.66	0.68	0.65	0.65	0.65	0.67	0.69	0.67	0.66	0.68	0.68	0.70	0.68
Total Non-OECD	44.63	44.70	45.70	46.20	46.27	45.72	45.94	46.87	47.28	47.26	46.84	46.83	47.78	48.25	48.30	47.80
World	**90.55**	**90.55**	**91.27**	**92.56**	**92.84**	**91.82**	**91.66**	**91.56**	**93.05**	**93.53**	**92.46**	**92.55**	**92.45**	**94.02**	**94.45**	**93.37**
of which: US50	18.52	18.64	18.72	19.21	19.26	18.96	18.83	18.70	19.17	19.52	19.06	19.12	18.96	19.30	19.45	19.21
Europe 5*	8.36	8.04	8.37	8.34	8.16	8.23	7.89	7.93	8.26	8.05	8.03	7.94	7.91	8.08	7.90	7.96
China	9.82	9.87	10.09	10.16	10.28	10.10	10.15	10.32	10.39	10.67	10.38	10.42	10.60	10.70	10.87	10.65
Japan	4.69	5.05	4.08	4.28	4.72	4.53	5.02	3.87	3.88	4.41	4.29	4.70	3.74	3.90	4.31	4.16
India	3.75	3.87	3.85	3.55	3.82	3.77	3.96	3.96	3.68	3.89	3.87	4.06	4.11	3.83	4.05	4.01
Russia	3.40	3.33	3.44	3.69	3.61	3.52	3.47	3.60	3.78	3.61	3.62	3.38	3.41	3.57	3.39	3.44
Brazil	2.97	2.96	3.06	3.15	3.19	3.09	3.10	3.16	3.27	3.26	3.20	3.16	3.26	3.35	3.36	3.28
Saudi Arabia	2.97	2.75	3.09	3.33	2.88	3.01	2.86	3.31	3.56	2.98	3.18	2.95	3.38	3.64	3.10	3.27
Canada	2.35	2.45	2.42	2.44	2.43	2.44	2.43	2.34	2.45	2.43	2.41	2.39	2.35	2.43	2.42	2.40
Korea	2.32	2.33	2.29	2.27	2.40	2.32	2.36	2.32	2.33	2.39	2.35	2.41	2.26	2.35	2.42	2.36
Mexico	2.09	2.05	2.08	2.03	2.02	2.04	1.95	1.97	1.96	1.98	1.97	1.94	1.96	1.96	2.02	1.97
Iran	1.79	1.80	1.81	1.82	1.81	1.81	1.84	1.79	1.81	1.82	1.82	1.83	1.82	1.82	1.84	1.83
Total	**63.03**	**63.15**	**63.31**	**64.29**	**64.56**	**63.83**	**63.86**	**63.28**	**64.54**	**65.02**	**64.18**	**64.31**	**63.76**	**64.92**	**65.13**	**64.53**
% of World	69.6%	69.7%	69.4%	69.5%	69.5%	69.5%	69.7%	69.1%	69.4%	69.5%	69.4%	69.5%	69.0%	69.1%	69.0%	69.1%
Annual Change (% per annum)																
Americas[1]	-1.7	2.0	1.3	2.5	2.4	2.1	0.3	-1.0	-0.5	0.9	-0.1	1.0	1.1	0.5	-0.1	0.6
Europe[2]	-3.2	-4.0	0.1	1.0	-0.7	-0.9	-1.4	-3.4	-0.9	-1.5	-1.8	0.0	-0.7	-1.4	-0.3	-0.6
Asia Oceania[3]	4.5	-2.7	-2.1	-2.8	-1.5	-2.3	-0.2	-2.3	-4.3	-3.7	-2.6	-2.9	-2.5	0.8	-0.5	-1.3
Total OECD	-1.07	-0.73	0.36	1.11	0.72	0.37	-0.28	-1.93	-1.28	-0.64	-1.03	-0.01	-0.04	-0.02	-0.26	-0.08
Asia	4.0	3.6	3.5	2.4	0.7	2.5	2.5	2.4	2.4	2.8	2.6	2.9	3.0	3.3	2.9	3.0
Middle East	3.7	5.0	2.3	1.2	0.0	2.1	3.5	3.2	1.9	1.2	2.4	1.1	1.6	2.3	3.7	2.2
Americas	3.4	3.0	3.6	3.6	2.8	3.3	3.2	2.3	2.2	1.2	2.2	1.4	1.6	1.3	2.2	1.6
FSU	1.4	0.7	2.2	3.9	4.3	2.8	3.3	3.6	2.2	0.3	2.3	-2.1	-4.3	-4.9	-5.7	-4.3
Africa	5.5	3.9	3.4	-0.3	-1.2	1.4	0.9	1.8	3.3	4.2	2.5	3.9	4.2	4.8	4.9	4.4
Europe	-3.4	-4.3	-0.6	2.7	4.4	0.6	5.2	0.9	2.5	1.4	2.5	2.4	3.8	0.7	1.5	2.0
Total Non-OECD	3.59	3.36	3.10	2.28	1.14	2.46	2.77	2.56	2.34	2.14	2.45	1.95	1.94	2.06	2.20	2.04
World	**1.2**	**1.2**	**1.7**	**1.7**	**0.9**	**1.4**	**1.2**	**0.3**	**0.5**	**0.7**	**0.7**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Annual Change (mb/d)																
Americas[1]	-0.40	0.46	0.32	0.60	0.56	0.49	0.07	-0.24	-0.12	0.22	-0.02	0.25	0.27	0.13	-0.03	0.15
Europe[2]	-0.46	-0.55	0.01	0.14	-0.10	-0.12	-0.18	-0.47	-0.12	-0.20	-0.24	0.01	-0.09	-0.19	-0.05	-0.08
Asia Oceania[3]	0.37	-0.25	-0.17	-0.23	-0.13	-0.19	-0.01	-0.18	-0.35	-0.32	-0.22	-0.26	-0.19	0.06	-0.04	-0.11
Total OECD	-0.49	-0.34	0.16	0.51	0.33	0.17	-0.13	-0.88	-0.59	-0.30	-0.48	-0.01	-0.02	-0.01	-0.12	-0.04
Asia	0.82	0.76	0.74	0.51	0.16	0.54	0.55	0.52	0.53	0.63	0.56	0.64	0.68	0.74	0.67	0.69
Middle East	0.28	0.36	0.18	0.10	0.00	0.16	0.27	0.25	0.16	0.09	0.19	0.09	0.13	0.19	0.29	0.18
Americas	0.21	0.19	0.23	0.24	0.18	0.21	0.20	0.15	0.15	0.08	0.14	0.09	0.11	0.09	0.15	0.11
FSU	0.06	0.03	0.10	0.19	0.20	0.13	0.15	0.17	0.11	0.01	0.11	-0.10	-0.20	-0.25	-0.28	-0.21
Africa	0.20	0.15	0.13	-0.01	-0.05	0.05	0.04	0.07	0.12	0.16	0.10	0.15	0.17	0.18	0.20	0.17
Europe	-0.02	-0.03	0.00	0.02	0.03	0.00	0.03	0.01	0.02	0.01	0.02	0.02	0.02	0.00	0.01	0.01
Total Non-OECD	1.55	1.45	1.37	1.03	0.52	1.10	1.24	1.17	1.08	0.99	1.12	0.89	0.91	0.97	1.04	0.95
World	**1.05**	**1.12**	**1.54**	**1.54**	**0.86**	**1.27**	**1.11**	**0.29**	**0.49**	**0.69**	**0.64**	**0.89**	**0.89**	**0.96**	**0.92**	**0.92**
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	0.00	-0.08	-0.02	0.04	-0.05	-0.03	0.00	-0.01
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.02	0.04	0.02	0.02	0.00	0.02
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.01	0.03	0.01	0.01	0.01	0.02
Total OECD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.01	0.12	-0.02	0.00	0.00	0.03
Asia	0.00	-0.01	0.00	-0.01	0.00	0.00	0.01	0.00	0.00	0.04	0.01	0.02	0.04	0.05	0.06	0.04
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	-0.06	-0.04	-0.04	-0.03	-0.04
Americas	0.00	0.01	0.01	0.02	0.00	0.01	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	0.01	0.02	0.01	-0.01	0.01	0.01	0.01	0.01
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	0.00	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	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.01	0.00	0.06	0.02	-0.05	0.02	0.03	0.04	0.01
World	**0.00**	**0.00**	**0.01**	**0.01**	**0.00**	**0.01**	**0.00**	**0.00**	**0.01**	**0.11**	**0.03**	**0.07**	**0.00**	**0.03**	**0.05**	**0.04**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.00	0.01	0.01	0.00	0.00	0.00	-0.01	0.00	0.11	0.02	0.06	0.00	0.03	-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)

	2013	2014	4Q13	1Q14	2Q14	3Q14	Sep 14	Oct 14	Nov 14 [2]	Latest month vs. Oct 14	Latest month vs. Nov 13
Americas[3]											
LPG and ethane	3.34	3.21	3.62	3.54	2.85	2.98	3.05	3.23	3.51	0.28	-0.11
Naphtha	0.38	0.35	0.37	0.36	0.34	0.35	0.34	0.34	0.32	-0.02	-0.05
Motor gasoline	10.55	10.65	10.55	10.21	10.73	10.85	10.51	10.93	10.60	-0.33	-0.03
Jet and kerosene	1.67	1.70	1.66	1.63	1.69	1.76	1.71	1.70	1.72	0.02	0.06
Gasoil/diesel oil	5.08	5.28	5.21	5.44	5.14	5.13	5.20	5.56	5.16	-0.41	-0.03
Residual fuel oil	0.69	0.56	0.57	0.54	0.56	0.57	0.57	0.63	0.59	-0.03	-0.02
Other products	2.38	2.34	2.37	2.15	2.33	2.56	2.67	2.32	2.28	-0.04	-0.24
Total	**24.09**	**24.07**	**24.35**	**23.86**	**23.63**	**24.20**	**24.05**	**24.70**	**24.17**	**-0.53**	**-0.42**
Europe[4]											
LPG and ethane	1.04	1.06	0.98	1.01	1.08	1.10	1.10	1.08	1.01	-0.07	0.07
Naphtha	1.18	1.16	1.14	1.31	1.20	1.12	0.99	0.98	1.04	0.05	-0.12
Motor gasoline	1.95	1.92	1.92	1.81	1.97	2.01	1.99	1.97	1.83	-0.14	-0.06
Jet and kerosene	1.22	1.23	1.20	1.11	1.24	1.38	1.34	1.29	1.15	-0.14	-0.05
Gasoil/diesel oil	5.99	5.92	6.17	5.73	5.76	6.03	6.35	6.44	5.98	-0.46	-0.22
Residual fuel oil	1.00	0.92	0.94	0.97	0.90	0.92	0.94	0.91	0.96	0.05	0.01
Other products	1.29	1.21	1.27	1.08	1.26	1.33	1.37	1.28	1.19	-0.09	-0.12
Total	**13.68**	**13.43**	**13.62**	**13.01**	**13.40**	**13.90**	**14.08**	**13.96**	**13.17**	**-0.80**	**-0.51**
Asia Oceania[5]											
LPG and ethane	0.85	0.82	0.85	0.88	0.82	0.78	0.76	0.75	0.77	0.03	-0.10
Naphtha	1.84	1.87	1.93	1.97	1.74	1.80	1.76	1.84	1.96	0.12	0.00
Motor gasoline	1.61	1.55	1.60	1.54	1.51	1.59	1.56	1.53	1.55	0.02	-0.06
Jet and kerosene	0.89	0.88	1.01	1.13	0.71	0.68	0.72	0.77	0.94	0.17	-0.09
Gasoil/diesel oil	1.76	1.76	1.84	1.82	1.72	1.70	1.73	1.76	1.81	0.05	-0.08
Residual fuel oil	0.76	0.67	0.74	0.83	0.63	0.58	0.56	0.57	0.62	0.05	-0.14
Other products	0.62	0.56	0.63	0.67	0.53	0.55	0.46	0.45	0.51	0.07	-0.15
Total	**8.33**	**8.11**	**8.60**	**8.85**	**7.65**	**7.67**	**7.56**	**7.67**	**8.18**	**0.51**	**-0.60**
OECD											
LPG and ethane	5.23	5.09	5.46	5.43	4.75	4.86	4.91	5.05	5.29	0.24	-0.14
Naphtha	3.40	3.38	3.44	3.65	3.28	3.27	3.10	3.16	3.32	0.16	-0.17
Motor gasoline	14.11	14.12	14.07	13.56	14.20	14.45	14.06	14.43	13.99	-0.45	-0.15
Jet and kerosene	3.78	3.81	3.87	3.87	3.63	3.82	3.78	3.76	3.80	0.04	-0.08
Gasoil/diesel oil	12.84	12.96	13.21	12.99	12.62	12.86	13.29	13.77	12.95	-0.82	-0.33
Residual fuel oil	2.45	2.14	2.25	2.33	2.08	2.07	2.07	2.11	2.18	0.06	-0.15
Other products	4.29	4.11	4.27	3.90	4.12	4.43	4.50	4.04	3.98	-0.06	-0.51
Total	**46.09**	**45.62**	**46.57**	**45.72**	**44.69**	**45.77**	**45.69**	**46.33**	**45.51**	**-0.82**	**-1.53**

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)

	2013	2014	4Q13	1Q14	2Q14	3Q14	Sep 14	Oct 14	Nov 14 [2]	Latest month vs. Oct 14	Latest month vs. Nov 13
United States[3]											
LPG and ethane	2.44	2.36	2.71	2.64	2.03	2.21	2.26	2.39	2.61	0.22	-0.08
Naphtha	0.27	0.23	0.26	0.24	0.20	0.23	0.23	0.23	0.23	0.00	-0.03
Motor gasoline	8.84	8.93	8.84	8.53	9.00	9.10	8.78	9.19	8.93	-0.26	0.01
Jet and kerosene	1.44	1.47	1.44	1.41	1.47	1.52	1.49	1.48	1.50	0.02	0.07
Gasoil/diesel oil	3.83	4.01	3.94	4.16	3.92	3.86	3.92	4.24	3.88	-0.36	-0.01
Residual fuel oil	0.32	0.25	0.27	0.24	0.25	0.24	0.26	0.29	0.31	0.02	-0.05
Other products	1.82	1.80	1.80	1.62	1.82	2.00	2.10	1.79	1.75	-0.04	-0.18
Total	**18.96**	**19.06**	**19.26**	**18.83**	**18.70**	**19.17**	**19.05**	**19.60**	**19.21**	**-0.39**	**-0.29**
Japan											
LPG and ethane	0.50	0.48	0.50	0.56	0.47	0.43	0.42	0.41	0.47	0.07	-0.04
Naphtha	0.77	0.74	0.82	0.81	0.65	0.68	0.65	0.79	0.82	0.03	-0.02
Motor gasoline	0.96	0.92	0.96	0.92	0.88	0.95	0.92	0.89	0.91	0.02	-0.06
Jet and kerosene	0.54	0.53	0.64	0.77	0.37	0.35	0.39	0.41	0.56	0.15	-0.08
Diesel	0.42	0.41	0.45	0.44	0.41	0.39	0.40	0.40	0.40	0.00	-0.06
Other gasoil	0.40	0.39	0.42	0.46	0.35	0.35	0.37	0.37	0.40	0.03	-0.02
Residual fuel oil	0.45	0.39	0.44	0.52	0.35	0.33	0.32	0.33	0.35	0.02	-0.09
Other products	0.49	0.43	0.49	0.54	0.40	0.40	0.33	0.34	0.39	0.05	-0.13
Total	**4.53**	**4.29**	**4.72**	**5.02**	**3.87**	**3.88**	**3.80**	**3.93**	**4.30**	**0.37**	**-0.50**
Germany											
LPG and ethane	0.11	0.09	0.10	0.09	0.10	0.10	0.09	0.08	0.07	-0.01	-0.02
Naphtha	0.40	0.42	0.39	0.43	0.41	0.42	0.38	0.39	0.40	0.01	0.00
Motor gasoline	0.43	0.44	0.42	0.41	0.43	0.45	0.45	0.47	0.44	-0.03	0.02
Jet and kerosene	0.19	0.19	0.18	0.17	0.19	0.21	0.20	0.19	0.18	-0.01	0.00
Diesel	0.70	0.73	0.71	0.68	0.71	0.78	0.81	0.82	0.77	-0.05	0.02
Other gasoil	0.42	0.35	0.41	0.38	0.31	0.36	0.40	0.38	0.35	-0.03	-0.06
Residual fuel oil	0.12	0.12	0.12	0.12	0.10	0.12	0.12	0.14	0.15	0.01	0.03
Other products	0.07	0.05	0.07	0.05	0.06	0.06	0.07	0.05	0.06	0.01	-0.02
Total	**2.43**	**2.39**	**2.41**	**2.33**	**2.32**	**2.50**	**2.53**	**2.52**	**2.43**	**-0.09**	**-0.03**
Italy											
LPG and ethane	0.11	0.10	0.11	0.10	0.09	0.09	0.10	0.09	0.09	0.00	-0.02
Naphtha	0.08	0.06	0.06	0.07	0.06	0.06	0.05	0.05	0.07	0.02	0.00
Motor gasoline	0.21	0.20	0.22	0.20	0.21	0.21	0.20	0.20	0.19	-0.01	-0.02
Jet and kerosene	0.09	0.10	0.09	0.08	0.10	0.11	0.11	0.10	0.08	-0.02	-0.01
Diesel	0.45	0.48	0.45	0.44	0.48	0.51	0.53	0.55	0.47	-0.07	0.04
Other gasoil	0.11	0.07	0.12	0.08	0.06	0.05	0.05	0.07	0.07	0.00	-0.05
Residual fuel oil	0.08	0.07	0.08	0.07	0.06	0.07	0.07	0.07	0.07	0.00	0.00
Other products	0.19	0.16	0.20	0.15	0.16	0.16	0.17	0.16	0.14	-0.02	-0.05
Total	**1.32**	**1.23**	**1.33**	**1.21**	**1.22**	**1.26**	**1.28**	**1.28**	**1.18**	**-0.10**	**-0.10**
France											
LPG and ethane	0.11	0.10	0.11	0.12	0.09	0.09	0.10	0.11	0.10	-0.01	0.00
Naphtha	0.15	0.15	0.11	0.17	0.16	0.15	0.12	0.10	0.09	-0.01	-0.01
Motor gasoline	0.17	0.17	0.17	0.16	0.18	0.19	0.19	0.18	0.15	-0.02	0.00
Jet and kerosene	0.15	0.15	0.15	0.14	0.15	0.16	0.14	0.15	0.14	-0.01	0.00
Diesel	0.69	0.69	0.70	0.66	0.70	0.71	0.74	0.74	0.65	-0.10	-0.02
Other gasoil	0.29	0.26	0.29	0.28	0.21	0.25	0.30	0.29	0.23	-0.06	-0.05
Residual fuel oil	0.06	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.00	-0.02
Other products	0.15	0.14	0.13	0.11	0.14	0.17	0.16	0.15	0.12	-0.03	-0.02
Total	**1.77**	**1.70**	**1.71**	**1.69**	**1.69**	**1.77**	**1.78**	**1.78**	**1.53**	**-0.25**	**-0.13**
United Kingdom											
LPG and ethane	0.11	0.11	0.09	0.12	0.12	0.10	0.09	0.10	0.11	0.01	0.02
Naphtha	0.03	0.02	0.02	0.02	0.02	0.03	0.01	0.04	0.02	-0.02	0.00
Motor gasoline	0.31	0.30	0.30	0.29	0.31	0.30	0.30	0.30	0.31	0.01	0.00
Jet and kerosene	0.31	0.31	0.33	0.31	0.30	0.32	0.34	0.32	0.30	-0.02	-0.04
Diesel	0.46	0.48	0.48	0.46	0.49	0.48	0.48	0.48	0.52	0.05	0.01
Other gasoil	0.12	0.12	0.12	0.11	0.12	0.12	0.12	0.12	0.11	-0.01	-0.02
Residual fuel oil	0.04	0.03	0.03	0.04	0.03	0.03	0.03	0.02	0.03	0.01	0.00
Other products	0.13	0.13	0.12	0.12	0.13	0.13	0.13	0.12	0.12	0.00	0.00
Total	**1.51**	**1.50**	**1.49**	**1.47**	**1.51**	**1.51**	**1.51**	**1.51**	**1.52**	**0.02**	**-0.04**
Canada											
LPG and ethane	0.45	0.40	0.46	0.44	0.38	0.34	0.36	0.39	0.44	0.06	-0.03
Naphtha	0.09	0.09	0.08	0.09	0.10	0.10	0.09	0.08	0.08	-0.01	0.00
Motor gasoline	0.82	0.84	0.80	0.81	0.85	0.88	0.87	0.85	0.81	-0.04	-0.01
Jet and kerosene	0.10	0.10	0.10	0.10	0.09	0.11	0.10	0.09	0.10	0.00	-0.02
Diesel	0.29	0.29	0.27	0.29	0.29	0.29	0.31	0.32	0.31	-0.01	0.02
Other gasoil	0.31	0.33	0.34	0.34	0.29	0.34	0.36	0.34	0.32	-0.02	-0.03
Residual fuel oil	0.06	0.06	0.05	0.07	0.05	0.06	0.05	0.05	0.05	0.00	0.01
Other products	0.32	0.31	0.33	0.29	0.29	0.34	0.35	0.31	0.32	0.01	-0.03
Total	**2.44**	**2.41**	**2.43**	**2.43**	**2.34**	**2.45**	**2.49**	**2.43**	**2.42**	**-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)

	2013	2014	2015	3Q14	4Q14	1Q15	2Q15	3Q15	Nov 14	Dec 14	Jan 15
OPEC											
Crude Oil											
Saudi Arabia	9.40	9.53		9.62	9.53				9.51	9.52	9.59
Iran	2.68	2.81		2.79	2.80				2.81	2.84	2.82
Iraq	3.08	3.33		3.22	3.49				3.39	3.73	3.46
UAE	2.76	2.76		2.81	2.75				2.74	2.80	2.82
Kuwait	2.55	2.61		2.65	2.67				2.66	2.67	2.70
Neutral Zone	0.52	0.38		0.38	0.21				0.20	0.20	0.20
Qatar	0.73	0.71		0.72	0.68				0.68	0.67	0.67
Angola	1.72	1.66		1.71	1.72				1.69	1.73	1.76
Nigeria	1.95	1.90		1.89	1.88				1.89	1.86	1.89
Libya	0.90	0.46		0.57	0.67				0.69	0.44	0.34
Algeria	1.15	1.12		1.15	1.13				1.13	1.12	1.10
Ecuador	0.52	0.55		0.56	0.55				0.55	0.55	0.56
Venezuela	2.50	2.46		2.48	2.44				2.44	2.42	2.40
Total Crude Oil	30.46	30.28		30.53	30.52				30.38	30.55	30.31
Total NGLs[1]	6.26	6.39	6.59	6.45	6.47	6.54	6.59	6.59	6.47	6.47	6.54
Total OPEC	**36.72**	**36.68**		**36.98**	**36.99**				**36.84**	**37.01**	**36.85**
NON-OPEC[2]											
OECD											
Americas[6]	17.11	18.73	19.35	18.97	19.22	19.45	19.42	19.06	19.09	19.34	19.33
United States[b]	10.24	11.78	12.41	12.10	12.35	12.42	12.51	12.29	12.31	12.35	12.32
Mexico	2.89	2.78	2.62	2.76	2.66	2.67	2.64	2.59	2.64	2.62	2.66
Canada	3.97	4.15	4.31	4.10	4.20	4.35	4.27	4.18	4.14	4.36	4.34
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]	3.34	3.33	3.40	3.14	3.42	3.47	3.30	3.25	3.41	3.44	3.47
UK	0.89	0.85	0.85	0.71	0.81	0.86	0.83	0.75	0.74	0.82	0.86
Norway	1.84	1.88	1.85	1.86	1.93	1.90	1.78	1.81	1.94	1.92	1.91
Others	0.61	0.60	0.70	0.58	0.69	0.71	0.70	0.70	0.74	0.70	0.71
Asia Oceania[8]	0.48	0.50	0.54	0.52	0.50	0.52	0.55	0.55	0.49	0.52	0.53
Australia	0.40	0.42	0.46	0.44	0.43	0.45	0.47	0.47	0.42	0.44	0.45
Others	0.08	0.08	0.07	0.08	0.08	0.08	0.08	0.07	0.07	0.08	0.08
Total OECD	**20.92**	**22.56**	**23.29**	**22.63**	**23.15**	**23.44**	**23.27**	**22.87**	**23.00**	**23.30**	**23.33**
NON-OECD											
Former USSR	13.88	13.90	13.79	13.81	13.93	13.96	13.83	13.70	13.86	14.04	13.97
Russia	10.88	10.93	10.80	10.84	10.97	10.93	10.85	10.71	10.95	10.99	10.95
Others	3.00	2.97	3.00	2.97	2.97	3.03	2.98	2.99	2.91	3.05	3.02
Asia	7.67	7.61	7.64	7.54	7.56	7.61	7.61	7.64	7.64	7.52	7.59
China	4.18	4.19	4.17	4.17	4.13	4.14	4.16	4.18	4.22	4.09	4.14
Malaysia	0.64	0.66	0.70	0.63	0.68	0.69	0.70	0.70	0.67	0.69	0.69
India	0.88	0.87	0.90	0.86	0.89	0.90	0.90	0.90	0.90	0.89	0.90
Indonesia	0.87	0.83	0.79	0.83	0.81	0.81	0.77	0.77	0.81	0.81	0.80
Others	1.10	1.06	1.09	1.05	1.05	1.07	1.08	1.09	1.05	1.06	1.07
Europe	0.14	0.14	0.13	0.14	0.13	0.14	0.13	0.13	0.14	0.14	0.13
Americas	4.18	4.37	4.52	4.43	4.54	4.45	4.56	4.52	4.50	4.55	4.48
Brazil[b]	2.12	2.33	2.54	2.39	2.48	2.46	2.57	2.54	2.45	2.49	2.49
Argentina	0.63	0.62	0.63	0.62	0.63	0.64	0.63	0.63	0.63	0.63	0.64
Colombia	1.01	0.99	0.93	1.00	1.00	0.94	0.94	0.93	1.00	1.01	0.94
Others	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.41
Middle East[3]	1.35	1.32	1.26	1.31	1.29	1.28	1.26	1.26	1.29	1.29	1.29
Oman	0.95	0.95	0.93	0.95	0.94	0.94	0.93	0.93	0.94	0.94	0.94
Syria	0.06	0.03	0.03	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.15	0.11	0.13	0.13	0.12	0.12	0.11	0.13	0.13	0.12
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.30	2.32	2.31	2.30	2.30	2.34	2.31	2.30	2.30	2.30	2.34
Egypt	0.73	0.70	0.66	0.69	0.68	0.68	0.67	0.66	0.68	0.68	0.68
Gabon	0.24	0.24	0.23	0.23	0.24	0.23	0.23	0.23	0.24	0.24	0.24
Others	1.33	1.38	1.41	1.38	1.39	1.43	1.41	1.41	1.38	1.39	1.43
Total Non-OECD	**29.52**	**29.65**	**29.66**	**29.53**	**29.76**	**29.78**	**29.71**	**29.55**	**29.73**	**29.84**	**29.80**
Processing gains[4]	2.18	2.21	2.22	2.24	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Global Biofuels[b]	2.01	2.18	2.25	2.50	2.23	1.83	2.26	2.61	2.23	1.94	1.87
TOTAL NON-OPEC	**54.63**	**56.60**	**57.41**	**56.91**	**57.35**	**57.27**	**57.46**	**57.24**	**57.17**	**57.29**	**57.22**
TOTAL SUPPLY	**91.35**	**93.28**		**93.89**	**94.34**				**94.01**	**94.31**	**94.07**

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			
	Aug2014	Sep2014	Oct2014	Nov2014	Dec2014*	Dec2011	Dec2012	Dec2013	1Q2014	2Q2014	3Q2014	4Q2014
OECD Americas												
Crude	511.3	511.9	538.3	543.3	546.1	466.9	503.6	499.5	0.26	0.08	-0.20	0.37
Motor Gasoline	245.1	245.7	236.6	251.9	277.5	259.0	265.7	261.0	-0.02	-0.07	-0.07	0.35
Middle Distillate	198.2	203.2	187.8	193.8	211.6	226.6	211.6	197.4	-0.13	0.06	0.13	0.09
Residual Fuel Oil	46.0	44.4	44.1	44.3	40.4	41.8	42.9	46.1	-0.03	0.01	0.00	-0.04
Total Products[3]	713.1	719.5	689.0	704.3	728.9	690.7	704.1	671.2	-0.37	0.51	0.38	0.10
Total[4]	1400.6	1411.1	1409.4	1422.0	1445.6	1308.5	1365.3	1316.0	-0.06	0.78	0.32	0.38
OECD Europe												
Crude	301.5	304.7	303.2	295.9	298.4	290.4	306.9	307.8	0.05	0.05	-0.13	-0.07
Motor Gasoline	86.1	86.3	84.0	87.8	87.0	95.4	92.3	87.5	0.05	-0.09	0.04	0.01
Middle Distillate	265.5	265.0	252.8	257.3	253.9	272.5	260.9	249.8	-0.02	-0.01	0.19	-0.12
Residual Fuel Oil	69.2	63.5	63.5	67.1	66.2	75.0	78.4	66.3	-0.06	0.08	-0.05	0.03
Total Products[3]	516.8	512.7	500.5	510.4	503.3	547.5	535.6	494.3	-0.04	-0.01	0.25	-0.10
Total[4]	890.4	887.5	875.7	876.7	870.0	905.1	902.2	869.5	0.05	0.04	0.10	-0.19
OECD Asia Oceania												
Crude	167.0	164.2	168.5	156.7	153.8	156.4	158.6	144.8	0.28	-0.05	-0.01	-0.11
Motor Gasoline	22.6	22.8	22.3	23.0	20.9	22.5	24.3	23.7	0.02	-0.01	-0.02	-0.02
Middle Distillate	69.4	70.3	67.8	71.0	62.8	61.6	60.4	67.6	-0.13	-0.02	0.18	-0.08
Residual Fuel Oil	24.2	22.9	21.2	20.4	20.7	19.1	19.7	19.3	0.02	0.00	0.02	-0.02
Total Products[3]	179.6	183.1	179.5	182.3	167.0	165.4	169.8	169.2	-0.10	-0.04	0.28	-0.18
Total[4]	417.7	421.7	417.9	407.0	384.7	391.7	396.4	381.2	0.20	-0.07	0.32	-0.40
Total OECD												
Crude	979.8	980.7	1010.0	995.9	998.3	913.6	969.0	952.1	0.59	0.07	-0.33	0.19
Motor Gasoline	353.8	354.8	342.9	362.6	385.3	376.9	382.2	372.1	0.04	-0.18	-0.06	0.33
Middle Distillate	533.1	538.4	508.4	522.1	528.3	560.7	532.9	514.8	-0.29	0.03	0.50	-0.11
Residual Fuel Oil	139.4	130.8	128.8	131.8	127.4	135.8	141.0	131.7	-0.07	0.09	-0.03	-0.04
Total Products[3]	1409.6	1415.3	1369.0	1397.0	1399.2	1403.5	1409.5	1334.7	-0.51	0.47	0.91	-0.18
Total[4]	2708.7	2720.3	2703.0	2705.6	2700.3	2605.3	2663.9	2566.6	0.19	0.75	0.74	-0.22

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			
	Aug2014	Sep2014	Oct2014	Nov2014	Dec2014*	Dec2011	Dec2012	Dec2013	1Q2014	2Q2014	3Q2014	4Q2014
OECD Americas												
Crude	691.0	691.0	691.0	691.0	691.0	696.0	695.3	696.0	0.00	-0.05	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	0.7	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	209.0	208.2	210.6	211.0	211.2	186.7	196.3	205.6	-0.03	0.05	0.00	0.03
Products	258.7	257.3	255.1	255.2	255.6	238.1	238.7	260.1	0.03	-0.05	-0.02	-0.02
OECD Asia Oceania												
Crude	387.6	385.7	384.7	385.3	385.9	393.6	393.6	386.6	0.01	0.00	-0.02	0.00
Products	31.0	31.0	31.0	31.5	31.9	20.0	21.0	30.5	0.00	0.00	0.00	0.01
Total OECD												
Crude	1287.6	1284.9	1286.2	1287.3	1288.0	1276.2	1285.2	1288.1	-0.01	-0.01	-0.02	0.03
Products	290.7	289.3	287.1	287.8	288.5	258.8	260.7	291.6	0.04	-0.04	-0.02	-0.01
Total[4]	1582.5	1579.4	1578.0	1579.3	1580.8	1536.3	1547.3	1583.9	0.02	-0.05	-0.02	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 2013		End March 2014		End June 2014		End September 2014		End December 2014 [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	170.0	70	174.2	75	178.8	73	186.1	-	-	-
Chile	9.8	30	9.5	30	10.6	33	10.1	-	-	-
Mexico	48.7	25	47.6	24	47.3	24	48.8	-	-	-
United States[4]	1762.4	94	1754.0	94	1814.7	95	1836.0	-	-	-
Total[4]	2013.0	84	2007.5	85	2073.5	86	2103.0	86	2137.5	89
OECD Asia Oceania										
Australia	36.8	34	36.8	34	36.3	34	38.6	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	575.3	115	585.8	151	585.1	151	604.1	-	-	-
Korea	177.8	75	186.5	80	180.3	77	186.7	-	-	-
New Zealand	8.3	50	8.2	55	9.3	63	9.0	-	-	-
Total	798.3	90	817.4	107	811.0	106	838.4	101	802.4	93
OECD Europe[5]										
Austria	21.6	91	22.7	85	21.1	76	21.5	-	-	-
Belgium	41.0	66	42.5	70	43.7	70	43.8	-	-	-
Czech Republic	20.0	110	19.3	95	18.9	88	19.5	-	-	-
Denmark	23.7	157	19.6	126	23.1	146	22.4	-	-	-
Estonia	1.6	55	1.7	56	1.7	50	1.8	-	-	-
Finland	39.0	211	37.9	194	39.0	191	38.7	-	-	-
France	167.5	99	167.2	99	168.1	95	171.3	-	-	-
Germany	289.9	124	289.2	125	291.7	117	286.9	-	-	-
Greece	25.6	101	24.9	92	25.6	83	29.7	-	-	-
Hungary	16.2	129	16.0	115	16.2	114	16.7	-	-	-
Ireland	10.0	70	11.0	80	9.6	69	10.0	-	-	-
Italy	125.1	104	122.5	100	121.6	96	123.0	-	-	-
Luxembourg	0.7	13	0.7	12	0.8	15	0.8	-	-	-
Netherlands	115.5	121	122.5	119	127.4	131	126.8	-	-	-
Norway	28.7	123	28.6	121	27.4	121	24.5	-	-	-
Poland	60.4	129	60.2	119	58.5	109	61.1	-	-	-
Portugal	23.1	105	23.8	98	22.5	87	21.4	-	-	-
Slovak Republic	8.8	127	9.6	136	8.8	108	8.9	-	-	-
Slovenia	4.7	103	4.9	102	4.8	92	4.8	-	-	-
Spain	111.6	93	117.4	99	118.2	97	122.7	-	-	-
Sweden	28.2	104	27.5	90	26.4	82	27.3	-	-	-
Switzerland	35.9	165	36.4	159	36.2	146	37.0	-	-	-
Turkey	62.3	98	62.7	87	62.5	84	62.6	-	-	-
United Kingdom	78.0	53	76.6	51	75.2	50	74.9	-	-	-
Total	1339.3	103	1345.3	100	1349.0	97	1358.2	101	1341.1	103
Total OECD	**4150.5**	**91**	**4170.2**	**93**	**4233.5**	**93**	**4299.6**	**93**	**4281.1**	**94**
DAYS OF IEA Net Imports[6]	-	**157**	-	**157**	-	**169**	-	**172**	-	**-**

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 2014 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]		
4Q2011	4142	1536	2605	90	33	56
1Q2012	4193	1536	2657	92	34	59
2Q2012	4226	1539	2687	92	34	59
3Q2012	4271	1542	2728	92	33	59
4Q2012	4211	1547	2664	92	34	58
1Q2013	4246	1581	2665	93	35	58
2Q2013	4237	1577	2660	91	34	57
3Q2013	4277	1582	2696	92	34	58
4Q2013	4151	1584	2567	91	35	56
1Q2014	4170	1586	2584	93	35	58
2Q2014	4233	1581	2652	93	35	58
3Q2014	4300	1579	2720	93	34	59
4Q2014	4281	1581	2700	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 4Q2014 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2011	2012	2013	4Q13	1Q14	2Q14	3Q14	Sep 14	Oct 14	Nov 14	Nov 13	change
Saudi Light & Extra Light												
Americas	0.69	0.76	0.74	0.76	0.79	0.75	0.47	0.56	0.67	0.56	0.78	-0.22
Europe	0.83	0.85	0.79	0.77	0.73	0.87	0.93	1.00	0.83	0.71	0.82	-0.11
Asia Oceania	1.24	1.26	1.21	1.25	1.27	1.17	1.08	1.11	1.14	1.09	1.32	-0.23
Saudi Medium												
Americas	0.37	0.44	0.45	0.47	0.44	0.40	0.36	0.31	0.20	0.31	0.49	-0.18
Europe	0.02	0.05	0.01	0.02	0.01	0.01	0.05	0.11	0.05	0.01	0.02	-0.02
Asia Oceania	0.40	0.45	0.43	0.45	0.45	0.40	0.50	0.47	0.55	0.46	0.40	0.06
Iraqi Basrah Light[2]												
Americas	0.29	0.49	0.38	0.31	0.37	0.33	0.49	0.29	0.25	0.26	0.30	-0.03
Europe	0.11	0.26	0.25	0.22	0.29	0.51	0.50	0.52	0.72	0.72	0.22	0.50
Asia Oceania	0.34	0.33	0.31	0.24	0.28	0.20	0.21	0.23	0.18	0.27	0.25	0.02
Kuwait Blend												
Americas	0.08	0.22	0.28	0.30	0.33	0.29	0.25	0.17	0.27	0.11	0.26	-0.15
Europe	0.08	0.09	0.10	0.07	0.07	0.12	0.04	0.00	0.22	0.09	0.02	0.06
Asia Oceania	0.57	0.65	0.64	0.65	0.71	0.56	0.62	0.62	0.61	0.49	0.59	-0.10
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.23	0.12	0.08	0.05	0.10	0.06	0.11	0.11	0.15	0.11	0.04	0.07
Asia Oceania	0.04	0.02	0.00	-	0.01	-	0.03	0.03	-	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.55	0.16	0.03	0.03	0.00	0.04	0.01	-	-	-	0.04	-
Asia Oceania	0.51	0.33	0.30	0.24	0.33	0.26	0.28	0.31	0.23	0.30	0.21	0.09
Venezuelan 22 API and heavier												
Americas	0.76	0.69	0.61	0.62	0.62	0.62	0.71	0.69	0.50	0.63	0.56	0.08
Europe	0.05	0.08	0.07	0.04	0.08	0.08	0.09	0.07	0.09	0.08	0.09	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.82	0.73	0.70	0.79	0.64	0.66	0.67	0.65	0.65	0.72	0.79	-0.06
Europe	0.12	0.14	0.14	0.13	0.15	0.13	0.13	0.13	0.11	0.10	0.13	-0.03
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	1.25	1.41	1.49	1.53	1.56	1.67	1.81	1.93	1.69	1.70	1.55	0.15
Europe	-	-	-	-	0.00	0.01	-	-	-	0.02	-	-
Asia Oceania	0.00	-	-	-	-	-	0.00	0.01	0.00	-	-	-
BFOE												
Americas	0.06	0.02	0.03	0.01	0.02	-	-	-	-	0.02	-	-
Europe	0.64	0.55	0.47	0.46	0.53	0.58	0.53	0.58	0.60	0.52	0.48	0.04
Asia Oceania	0.02	0.07	0.06	0.05	0.16	0.07	-	-	-	0.11	-	-
Russian Urals												
Americas	0.01	0.00	0.00	-	-	-	-	-	-	-	-	-
Europe	1.69	1.86	1.79	1.76	1.74	1.68	1.53	1.42	1.59	1.32	1.62	-0.30
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.06	0.07	0.06	0.05	0.02	-	-	-	-	-	0.03	-
Europe	0.62	0.53	0.59	0.57	0.60	0.71	0.58	0.64	0.60	0.65	0.55	0.09
Asia Oceania	-	-	0.00	-	0.02	0.01	0.05	0.07	-	-	-	-
Libya Light and Medium												
Americas	-	0.03	0.00	-	-	-	-	-	-	-	-	-
Europe	0.29	0.88	0.57	0.22	0.23	0.13	0.34	0.69	0.59	0.58	0.19	0.39
Asia Oceania	0.01	0.04	0.03	0.02	-	0.02	0.03	0.02	0.03	0.02	0.06	-0.04
Nigerian Light[4]												
Americas	0.53	0.24	0.07	-	0.01	-	-	-	-	-	-	-
Europe	0.45	0.58	0.53	0.57	0.58	0.51	0.59	0.51	0.55	0.48	0.50	-0.02
Asia Oceania	0.05	0.04	0.03	0.02	0.03	0.04	0.03	0.01	0.01	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)

	2011	2012	2013	4Q13	1Q14	2Q14	3Q14	Sep 14	Oct 14	Nov 14	Year Earlier Nov 13	Year Earlier % change
Crude Oil												
Americas	6870	6101	5130	4670	4385	4331	4336	4084	3793	3813	4536	-16%
Europe	8988	9346	8926	8404	8201	8480	9006	9157	9242	8618	8258	4%
Asia Oceania	6609	6761	6553	6519	6954	5931	6315	6308	6083	6048	6718	-10%
Total OECD	22468	22208	20608	19593	19540	18742	19657	19549	19118	18479	19512	-5%
LPG												
Americas	30	20	17	14	19	9	7	9	11	16	10	54%
Europe	318	287	382	412	386	410	475	520	479	430	372	15%
Asia Oceania	568	620	546	517	544	532	520	475	554	448	519	-14%
Total OECD	916	927	945	943	949	950	1002	1004	1044	893	901	-1%
Naphtha												
Americas	42	20	17	11	28	23	16	13	21	10	9	6%
Europe	298	381	313	324	341	360	301	301	326	336	253	33%
Asia Oceania	884	900	927	949	1040	891	912	999	1016	960	1001	-4%
Total OECD	1224	1301	1257	1285	1409	1275	1228	1314	1362	1305	1264	3%
Gasoline[3]												
Americas	762	730	659	583	567	769	660	567	687	592	528	12%
Europe	222	212	106	92	150	124	113	186	138	66	112	-41%
Asia Oceania	95	86	83	72	89	95	70	92	83	78	76	2%
Total OECD	1079	1028	848	747	805	988	843	844	907	736	716	3%
Jet & Kerosene												
Americas	77	73	81	99	81	121	94	140	98	106	100	7%
Europe	397	398	447	511	377	457	583	620	413	451	509	-11%
Asia Oceania	58	62	74	82	57	50	43	51	101	65	76	-15%
Total OECD	532	533	602	693	514	628	720	810	612	622	685	-9%
Gasoil/Diesel												
Americas	72	59	58	21	200	62	41	54	68	54	27	97%
Europe	1044	984	1120	1278	1092	1094	1172	1267	958	907	1226	-26%
Asia Oceania	147	185	162	170	152	221	175	180	211	144	193	-25%
Total OECD	1263	1227	1340	1468	1444	1377	1388	1501	1237	1105	1446	-24%
Heavy Fuel Oil												
Americas	268	206	165	155	127	132	134	140	190	114	180	-37%
Europe	537	521	552	539	600	650	666	644	476	622	631	-1%
Asia Oceania	153	224	242	290	304	205	183	165	150	159	288	-45%
Total OECD	958	951	960	985	1030	986	984	949	816	894	1099	-19%
Other Products												
Americas	871	813	812	746	619	728	682	637	595	606	727	-17%
Europe	700	636	790	803	752	789	699	682	697	611	721	-15%
Asia Oceania	367	357	386	383	464	355	372	307	298	344	402	-14%
Total OECD	1938	1806	1988	1932	1835	1873	1754	1626	1590	1561	1850	-16%
Total Products												
Americas	2122	1921	1810	1629	1640	1844	1633	1560	1669	1497	1582	-5%
Europe	3516	3419	3710	3959	3697	3884	4010	4220	3486	3423	3825	-11%
Asia Oceania	2272	2433	2421	2464	2649	2349	2276	2269	2413	2198	2554	-14%
Total OECD	7910	7773	7940	8052	7987	8077	7919	8049	7568	7117	7961	-11%
Total Oil												
Americas	8993	8022	6940	6300	6025	6175	5969	5644	5462	5310	6117	-13%
Europe	12504	12765	12635	12363	11899	12364	13016	13377	12728	12041	12083	0%
Asia Oceania	8881	9194	8973	8982	9604	8280	8590	8577	8496	8245	9272	-11%
Total OECD	30378	29982	28549	27646	27527	26819	27575	27598	26686	25596	27473	-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.

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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 12 August 2014), 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 © 2015 Argus Media Limited - all rights reserved).

Next Issue: 13 March 2015

www.oilmarketreport.org

International Energy Agency

13 March 2015

HIGHLIGHTS

- **Crude oil prices stabilised following early-February gains**, with ICE Brent rising more than NYMEX WTI which was weighed down by swelling US stockpiles. At the time of writing, Brent was trading at around $58/bbl – up nearly 30% from a six-year low in January. WTI was at around $48/bbl.

- **Having bottomed-out in 2Q14, global oil demand growth has since steadily risen,** with year-on-year gains estimated at around 0.9 mb/d for 4Q14 and 1.0 mb/d for 1Q15. The forecast of demand growth for 2015 as a whole has been raised by 75 kb/d to 1.0 mb/d, bringing global demand to an average 93.5 mb/d.

- **Global supply rose by 1.3 mb/d year-on-year to an estimated 94 mb/d in February,** led by a 1.4 mb/d gain in non-OPEC. Declines in the US rig count have yet to dent North American output growth. Final December and preliminary 1Q15 data show higher-than-expected US crude supply, raising the 2015 North American outlook.

- **OPEC crude output edged down by 90 kb/d in February to 30.22 mb/d,** as losses in Libya and Iraq offset higher supply from Saudi Arabia, Iran and Angola. A slightly higher demand forecast has raised the 2H15 'call' on OPEC crude to 30.3 mb/d, above the group's official 30 mb/d target.

- **Global crude refinery throughputs estimates have been raised to 77.8 mb/d for 1Q15 and 77.3 mb/d for 2Q15,** on sustained high margins and a slightly more robust oil demand outlook. Annual gains are forecast around 1.0 mb/d in 1H15, down from a sharp 2.2 mb/d in 4Q14, and in line with projected oil product demand growth.

- **OECD commercial stocks rose by a weaker-than-average 23.1 mb in January, to 2 733 mb,** trimming their surplus to average levels to 60.3 mb. US crude stocks rose to a record 72 mb surplus. Preliminary data show stocks drew by a weak 8.8 mb in February as extended US crude builds offset steep weather-related product draws.

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International Energy Agency

The IEA is seeking to recruit an 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 recruiting an oil market analyst to work in the Oil Industry and Markets Division in the Directorate of Energy Markets and Security.

The selected candidate will be part of a close-knit team that generates forecasts and analysis of the oil market under demanding deadlines. S/he will work on the IEA's monthly *Oil Market Report* (*OMR*) and annual *Medium Term Oil Market Report* (*MTOMR*) and provide general support for the division. S/he will work under the supervision of the Head of Division.

Main responsibilities include:

- Monitor, analyse and forecast short- and medium-term oil-market developments, with emphasis on refining and product markets.
- Develop and implement forecasting models.
- Prepare written reports under frequent, tight deadlines. Research and draft material for the *OMR* and *MTOMR*.
- Present analysis and findings at international governmental and professional conferences.
- Develop and maintain contacts in the oil industry, governments and oil consultancies.
- Provide support to other areas of the IEA and member governments.

The ideal candidate will possess:

- A university degree in chemical engineering, economics , international relations or other relevant disciplines.
- Minimum 3-7 years' experience in oil market analysis, with expertise in the downstream sector.
- Policy experience with exposure to energy questions.
- Demonstrated experience in quantitative data analysis and in developing analytical methodologies. Proven skills in working with databases, spreadsheets and word-processing.
- Knowledge of the economics and operation of the international oil supply system and/or crude oil and product markets, price formation, market regulation, refining economics and freight markets

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 09742). Applications from nationals of OECD Member countries should include a CV and be sent online by midnight Paris time on 25 March 2015. 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.

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HEAD FAKE

The partial rebound in oil prices that occurred in late January and early February seems to have marked a pause. Prices have since become range-bound, with Brent futures trading around $60/bbl and WTI closer to $50/bbl, and at the time of writing slightly below those levels. On the face of it, the oil price appears to be stabilising. What a precarious balance it is, however.

Behind the façade of stability, the rebalancing triggered by the price collapse has yet to run its course, and it might be overly optimistic to expect it to proceed smoothly. Steep drops in the US rig count have been a key driver of the price rebound. Yet US supply so far shows precious little sign of slowing down. Quite to the contrary, it continues to defy expectations. Output estimates for 4Q14 North American supply have been revised upwards by a steep 300 kb/d. The projection of 1Q15 supply has also been raised. Plunging US crude throughputs – due to seasonal and unplanned refinery outages, as well as weak margins and high gasoline stock builds in December – have seen US crude inventories soar, compounding the impact of robust supply growth. At last count, total US crude stocks stood at 468 mb, an all-time record.

The unwinding of seasonal refinery maintenance may slow US crude stock builds in 2Q15 but will not stop them, and stocks may soon test storage capacity limits. That would inevitably lead to renewed price weakness, which in turn could trigger the supply cuts that have so far remained elusive. While the US supply response to lower prices might take longer to kick in than expected, it might also prove more abrupt.

At the same time, supply disruption risks are on the rise. Producer countries that depend on high oil prices and that do not enjoy large buffers will find it hard to balance their budget and fund social spending programs at current prices. That is not a recipe for social stability. The surging dollar will also make it harder for companies such as cash-strapped Petrobras to pay back dollar debt and overcome financial hurdles. Iraq and Libya continue to experience disruptions amid MENA political turmoil.

Product markets, meanwhile, have proved unexpectedly strong. Not only have product prices lagged those of crude during the selloff – as is common in a downturn -- but they have raced ahead of them in the rebound, keeping refining margins remarkably firm, and supporting unexpectedly strong throughputs in once-depressed refining centres such as Europe and OECD Asia. Product demand has shown signs of life, with even European demand emerging from a secular decline to show strong growth of 3.2% in December and 0.9% in January. That demand strength has widened the deficit of OECD product inventories to their seasonal average, a trend largely obscured by surging US crude stocks.

Whether such strength in product demand and refining activity can be sustained is unclear. Both have benefited from one-off factors. Frigid weather in North America has raised heating demand, drawing distillates from across the Atlantic. Refinery outages in North and South America have also helped support margins elsewhere and fuelled long-haul product trade. Distillate cargoes were booked from as far off as Saudi Arabia and the UAE to make up for outages in Brazil and the US East Coast.

Demand may also have been supported by opportunistic buying and growing interest in storage plays. While that would have helped tighten product markets, such demand is less sustainable than that driven by underlying economic growth, and there are still few firm signs at this stage that lower prices are giving the economy a real boost. China, for one, remains in cooling mode. Then again, information about demand lags supply and tends to be sketchier, so it may take time for any pickup in demand to be fully captured in the data. As to refining margins, the ramp up of activity at new Middle East refineries, coinciding with a seasonal downturn in global demand, might soon depress them.

Facing exceptional uncertainty, many market participants remain on the fence. But market forces are not sitting still.

DEMAND

Summary

- **The turn of the year saw a modest uptick in global oil demand growth.** Momentum bottomed-out at a five-year low of 275 kb/d year-on-year (y-o-y) in 2Q14, it has since risen to 495 kb/d in 3Q14 and 870 kb/d in 4Q14, with a further 1.0 mb/d gain foreseen in 1Q15. Although this impetus has long been alluded to in previous editions of this *Report*, consequential on escalating economic activity, additional gains stemmed from one-off factors such as colder weather conditions and low data the year previous.

- **Confirmed data for the year as a whole depicted roughly 92.5 mb/d of oil products being delivered in 2014, 680 kb/d (or 0.7%) up on the year.** Modestly escalating global economic growth, as forecast by the International Monetary Fund (IMF: +3.7% in 2015; +3.5% 2014), underpins an accelerating forecast of 2015, with demand putting on an extra 990 kb/d (or 1.1%), to 93.5 mb/d.

- **The United States and European demand trends have turned particularly supportive recently.** Preliminary statistics for January, for example, show a second consecutive month of y-o-y demand growth in both the United States and Europe, a two-month pattern not having previously been seen for eleven- and sixteen-months, respectively.

- **The Chinese oil demand picture remains somewhat subdued,** as relative macroeconomic weakness dampens demand despite numerous recent government price cuts. Relatively strong December demand gains were offset by estimates of softness returning in January, emphasising the apparent volatility that is contained in the monthly data, an occurrence heightened ahead of the Lunar New Year celebrations.

- **One of the more resilient growth performers, given its recent relatively weak macroeconomic experience, has been Brazil,** with near 5% y-o-y growth posted in December. Robust transport fuel demand growth continues to garner support from hardy consumer confidence, but even seemingly this last bastion of strong Brazilian economic sentiment is likely to wane in early-2015, hence the sharply lower currency. Consumer confidence, as tracked by the Confederacao Nacional da Industria (CNI) stood well above the key-100 'optimism' threshold in December, before falling to 'neutrality' through February.

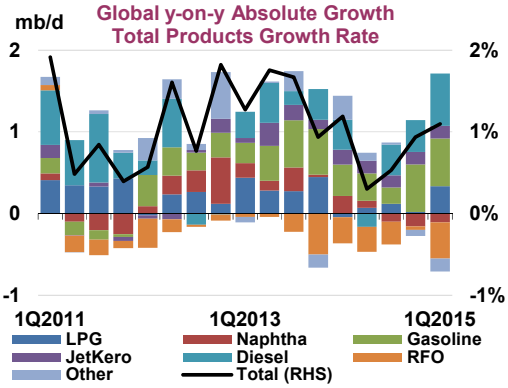
Global Oil Demand (2013-15)

(million barrels per day)

	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Africa	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.1	4.1	4.0	4.2	4.1
Americas	30.2	30.5	31.1	31.1	30.7	30.5	30.4	31.1	31.4	30.8	30.8	30.8	31.3	31.6	31.1
Asia/Pacific	30.7	29.8	29.7	30.9	30.3	31.2	30.2	29.9	31.3	30.7	31.6	30.7	30.8	32.0	31.2
Europe	13.8	14.6	14.7	14.3	14.3	13.7	14.1	14.6	14.2	14.1	13.8	14.0	14.4	14.1	14.1
FSU	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.9	4.5	4.6	4.8	4.7	4.6
Middle East	7.5	7.9	8.4	7.8	7.9	7.8	8.2	8.6	8.0	8.1	7.9	8.4	8.8	8.2	8.3
World	**90.6**	**91.3**	**92.6**	**92.9**	**91.8**	**91.7**	**91.6**	**93.0**	**93.7**	**92.5**	**92.7**	**92.6**	**94.1**	**94.7**	**93.5**
Annual Chg (%)	1.3	1.8	1.7	0.9	1.4	1.2	0.3	0.5	0.9	0.7	1.1	1.1	1.1	1.0	1.1
Annual Chg (mb/d)	1.1	1.6	1.5	0.9	1.3	1.1	0.3	0.5	0.9	0.7	1.0	1.0	1.0	0.9	1.0
Changes from last OMR (mb/d)	0.04	0.05	-0.01	0.02	0.02	0.01	0.03	0.00	0.20	0.06	0.13	0.13	0.06	0.22	0.13

Global overview

Tentative signs of a demand recovery have emerged with the turn of the year, with a heavy emphasis reserved for the word 'tentative'. Having bottomed-out, at a five-year low of 275 kb/d y-o-y in 2Q14, momentum has since picked up steadily, as global oil product demand rose by 495 kb/d y-o-y in 3Q14 and 870 kb/d in 4Q14. The forecast is for a further 1.0 mb/d y-o-y gain in 1Q15. Although the long anticipated global macroeconomic uptick underpinned the generally accelerating oil demand trend, one-off factors were largely responsible for the respective additions of an extra 200 kb/d and 130 kb/d to 4Q14 and 1Q15 demand compared to last month's *Report*. Notably colder weather conditions in many countries, in December and January versus the year earlier, temporarily boosted demand. Furthermore, y-o-y growth estimates carried a transitory premium on the exceptionally low numbers seen in many countries in the previous year.



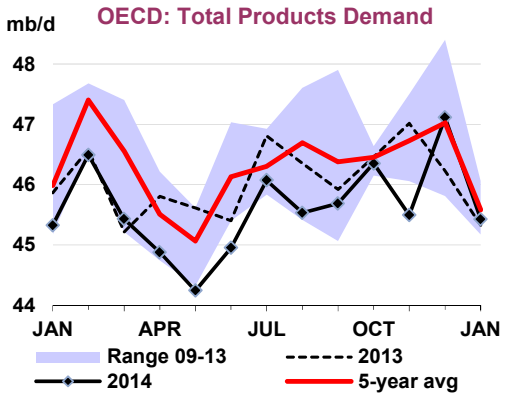
Additional macroeconomic activity still played a central role supporting the demand trend, but this was already largely factored into pre-existing forecasts consequential on the IMF's January *World Economic Outlook*, which predicted global GDP growth of 3.7% in 2015 after the 3.5% gain of 2014. Looking at global oil demand in y-o-y percentage terms, recent gains (+0.9% in 4Q14 and +1.1% in 1Q15) lag not just the trend seen prior to the Great Recession (+1.9%, 2001-07) but also roughly shadow the incredibly testing circumstances of recent years (+1.1%, 2008-14). Hence, the additional weighting this month on the word 'tentative', particularly considering the near halving that has occurred in crude oil prices, June 2014 through March 2015.

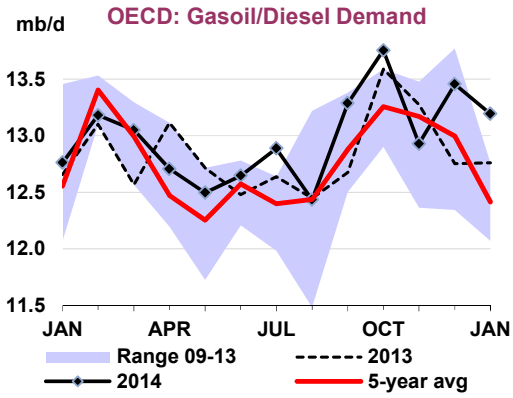
Underpinning the raised 4Q14 global demand estimate were a number of notable December upgrades over last month's *Report*, most notably Saudi Arabia (+220 kb/d), Brazil (+115 kb/d), the UK (+70 kb/d), Germany (+55 kb/d), Japan (+50 kb/d) and France (+40 kb/d). These additions proved more than enough to offset significant downgrades to the US (-240 kb/d), Chinese Taipei (-60 kb/d) and Iraq (-40 kb/d). A slightly higher 1Q15 estimate is also foreseen, with 130 kb/d added to the 1Q15 global demand estimate of 92.7 mb/d, gains largely attributable to additional European deliveries (+110 kb/d) most notably Germany (+35 kb/d) and Italy (+35 kb/d).

Looking ahead, the global oil demand trend is forecast to roughly maintain the predicted 1Q15 uptick through the year as a whole, though risks surrounding the macroeconomic backdrop remain high. The potential downside risks to the demand forecast at present are many and varied, including the escalating threat of a deflationary down spiral in economic activity and the potential eruption in geopolitical tension in one of the many countries currently at risk. The base-case forecast has global oil demand growth of 990 kb/d (or 1.1%) in 2015, accelerating from the 680 kb/d (or 0.7%) growth seen in 2014, an uptick supported by the IMF's January GDP outlook. Early macroeconomic indicators for the year are supportive of this forecast, with JPMorgan's global all-industry PMI, for example, implying escalating business confidence, with a 52.8 reading in January whereby any reading above 50 implies net-optimism. Similarly, the Financial Times' Fulcrum estimate, which uses econometric techniques based on the work of economists Lucrezia Reichlin and Domenico Giannone, estimated economic activity in the major advanced economies (plus China) rising by around 4% y-o-y in January and 3.9% in February. They found that "the benefits to global economic activity from the oil shock … (were) almost exactly offset by a weakening in the emerging economies, and the US." Indeed at +1.1% the global 2015 oil demand forecast maintains a cautious/'tentative' air, as persistent (relative) gloom is forecast to remain indented in the forecasts for China and many net oil-exporters economies, while the European Central Bank's recent launch of a 60 billion euro-per-month quantitative easing programme clearly indicates all is not rosy in Europe.

OECD

Having fallen, on a y-o-y basis, through the majority of 2014, the latest data includes a noticeable uptick in the OECD oil demand trend. First in December 2014 and then in January 2015, OECD oil product deliveries rose. Escalating demand in Europe and the OECD Americas led the step-change, largely consequential on one-off factors such as subdued year-earlier deliveries and cold weather conditions in many countries. As the year progresses and these transitory forces wane more sustainable support is forecast to arrive in the form of additional economic activity, with the IMF predicting GDP growth of 2.4% from the 'advanced economies' in 2015 (+1.8% in 2014).





European demand growth, in December-January, demonstrated a particularly dramatic change as the previous 12 months only saw two months of y-o-y growth. Asia Oceania bucked the generally rising OECD demand trend, consequential on continued heady declines in dominant consumer Japan. Tracking forward is a relatively flat total OECD 2015 forecast, as total OECD oil deliveries are forecast to average 45.6 mb/d across the year as a whole, with projected growth in the OECD Americas counter-balancing declines in Europe and Asia Oceania.

OECD Demand based on Adjusted Preliminary Submissions - January 2015

(million barrels per day)

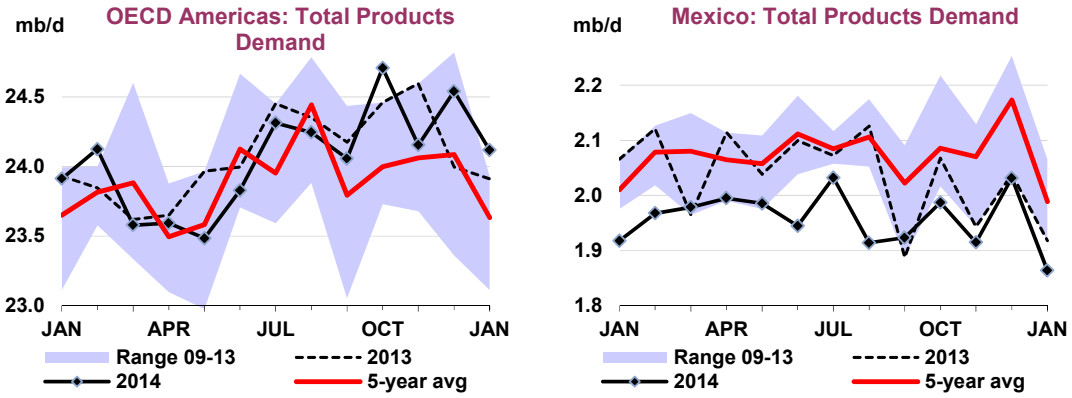
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.29**	**4.2**	**1.67**	**2.9**	**4.73**	**1.6**	**0.95**	**10.1**	**0.39**	**-28.9**	**6.09**	**-4.05**	**24.12**	**0.9**
US50	8.63	5.2	1.45	4.2	3.89	1.4	0.52	18.5	0.17	-41.4	4.62	-3.87	19.27	1.7
Canada	0.80	-1.1	0.09	-15.4	0.28	9.4	0.38	2.6	0.04	-34.0	0.79	-4.12	2.37	-2.0
Mexico	0.73	-0.5	0.07	5.7	0.35	-2.0	0.04	-5.4	0.08	-15.6	0.59	-4.83	1.86	-2.8
OECD Europe	**1.74**	**-0.3**	**1.11**	**1.7**	**4.03**	**-0.2**	**1.75**	**17.2**	**0.80**	**-18.2**	**3.31**	**0.82**	**12.74**	**0.9**
Germany	0.40	3.0	0.16	-2.5	0.65	1.4	0.44	16.6	0.11	-13.6	0.59	4.70	2.36	3.9
United Kingdom	0.29	-1.9	0.31	-1.3	0.43	5.2	0.14	15.6	0.02	-44.8	0.27	5.37	1.45	2.1
France	0.15	-3.0	0.14	2.1	0.63	-2.5	0.31	12.1	0.05	1.9	0.38	-2.21	1.65	0.5
Italy	0.19	-3.2	0.08	-2.5	0.43	1.7	0.08	-5.5	0.06	-23.6	0.33	3.72	1.18	-1.1
Spain	0.09	-1.0	0.09	3.2	0.39	0.8	0.19	-0.2	0.15	-11.3	0.27	8.25	1.18	0.5
OECD Asia & Oceania	**1.46**	**-0.7**	**1.22**	**2.2**	**1.18**	**3.9**	**0.54**	**-4.1**	**0.74**	**-12.7**	**3.42**	**-4.02**	**8.57**	**-2.5**
Japan	0.84	-4.0	0.81	0.4	0.38	2.4	0.42	-6.6	0.42	-20.8	1.78	-9.40	4.64	-7.0
Korea	0.19	5.5	0.21	7.5	0.33	12.4	0.10	6.6	0.26	5.0	1.40	4.22	2.50	5.8
Australia	0.32	1.1	0.14	3.3	0.37	-2.2	0.00	0.0	0.03	-14.7	0.15	-8.18	1.01	-1.8
OECD Total	**13.49**	**3.0**	**3.99**	**2.3**	**9.94**	**1.1**	**3.25**	**10.9**	**1.93**	**-18.7**	**12.83**	**-2.83**	**45.43**	**0.2**

* Including US territories

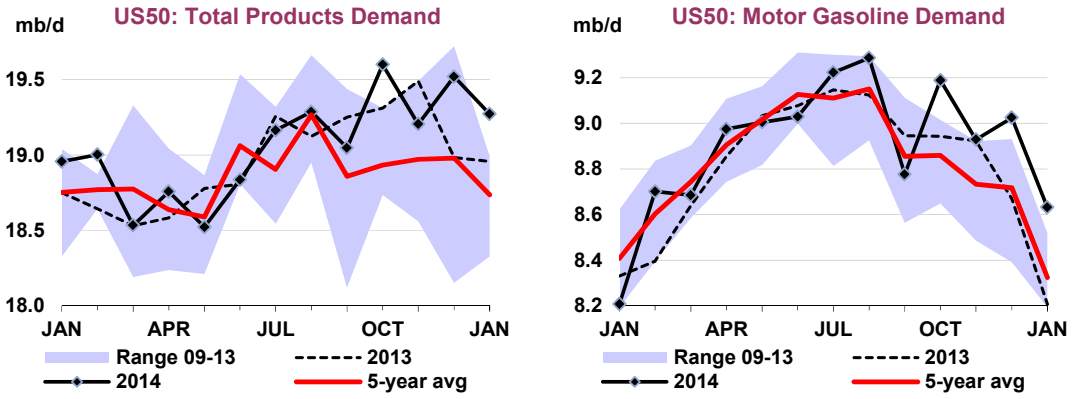
Americas

Led by escalating US deliveries, recent months have seen a notable upturn in demand growth in the OECD Americas, with y-o-y growth seen in three of the past four months through January, the kind of

positive sequence that has eluded the OECD Americas through most of the previous year. Indeed, the latest preliminary January data show a 0.9% y-o-y gain to 24.1 mb/d, as growth in the US offset declines in Canada and Mexico. Persistent sharp declines in residual fuel oil and 'other products' led the **Mexican** contraction, as total deliveries fell by 2.8% y-o-y to 1.9 mb/d, with further switches out of oil in the power sector filtering through. The Secretaria de Energia cited oil use in the power sector down sharply in January, versus strong gains in coal (+14% y-o-y) and natural gas (+3.3% y-o-y).



Consecutive y-o-y gains in transportation fuel demand were the central contributing factors behind the growth that encompassed **US** oil product demand at the turn of the year. Rising by around 2.8% y-o-y in December and 1.7% in January, demand rose for two consecutive months for the first time in eleven months, as US gasoline demand growth averaged roughly 4.6%, jet/kerosene 6.6% and gasoil 4.7% December-January y-o-y. Although the scale of the recent y-o-y comparisons have been magnified by the extreme cold winter weather conditions that disrupted much US economic activity last year, the basis of a clear uptrend has started to emerge recently with lower prices and strong macroeconomic conditions clearly providing some support to the transport sector. US economic growth, at +2.4% y-o-y in 4Q14, has exceeded 2% since 1Q14, a period that has also seen persistent positive quarter-on-quarter (q-o-q) growth (+0.5% in 4Q14, or 2.2% in oft quoted annualised terms).



Having risen to 9.0 mb/d in December, from 8.9 mb/d in November, US gasoline demand is expected to have fallen to 8.6 mb/d in January, according to the preliminary data. Although down in month-on-month terms, drops in January are a seasonal fact of life in the US for gasoline, thus it is more important to emphasise the near-5% January y-o-y gain, the fourth consecutive y-o-y increase. Preliminary estimates of February gasoline demand imply this positive US growth trend being drawn out to at least five months, a feat not previously achieved in roughly two years. The latest US vehicle miles travelled data, from the US Department of Transportation's Federal Highway Commission, underpin these numbers, with growth of 1.1% y-o-y reported for November and +1.4% y-o-y for the first 11-months of 2014. Less efficient vehicle choices, a consequence of the recent sharp price decline, exacerbate the

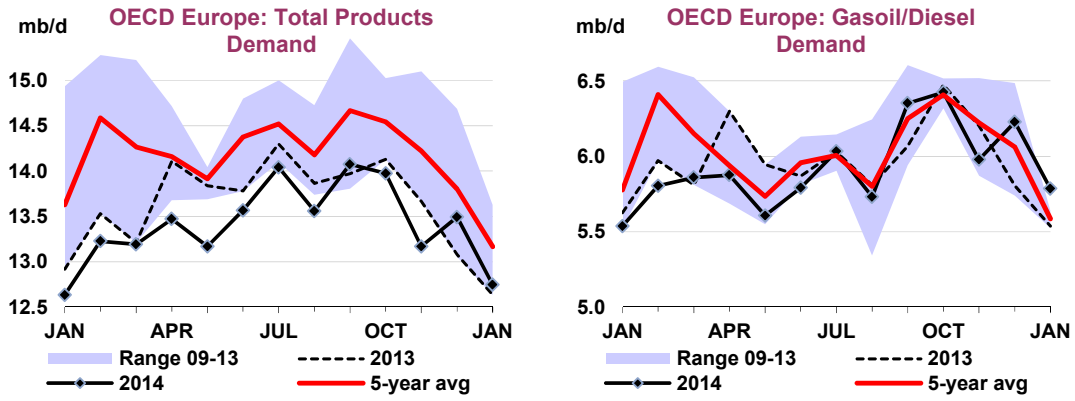
situation, with roughly one-third of the strong US vehicle sales growth (+11% y-o-y in December) attributable to four-wheel-drive or sports utility vehicles (SUVs). Furthermore, the strongest growth was seen in the 'large SUV' category (+15.8% y-o-y in December), a grouping that includes massive vehicles with average efficiency rates (i.e. miles per gallon) roughly three times lower than many of the more fuel-efficient vehicle choices that are available.

Official December US data, at 19.5 mb/d, despite confirming the relatively upbeat short-term trend, came out roughly 240 kb/d below the previous estimate, based on the weekly US data. The majority of this downside correction is attributable to the 'other products' category and we include a proxy for this weekly-monthly mismatch in the short-term US demand forecast. Accordingly, the official 2014 US demand estimate of 19.0 mb/d was revised down, by around 20 kb/d, leaving deliveries flat for the year as a whole. Momentum is forecast to pick up in the US in 2015, +1.0%, as lower oil prices and additional economic growth filter through. This uptick underpins the overall increase that is projected for the OECD Americas, with a gain of 0.8% forecast in 2015 to 24.2 mb/d.

Europe

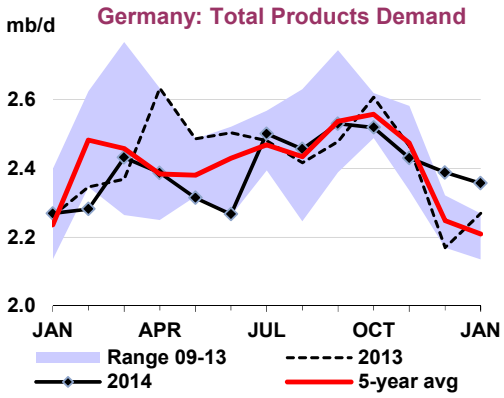
Tentative signs of a bottoming-out in the falling European demand trend have emerged recently, consequential, at least partially, on colder weather conditions in many countries compared to the year earlier, with strong y-o-y gains emerging in many nations in December, such as Germany (+10.1%), the UK (+5.4%) and France (+4.2%), and generally easing downtrends experienced elsewhere. For example, Italy saw a decline of approximately 1.8% y-o-y in December, roughly three-times less than the previous 12-month average. For the region as a whole, total oil product demand averaged roughly 13.5 mb/d in 4Q14, 0.5% down on the year earlier, its strongest relative y-o-y performance since 3Q13.

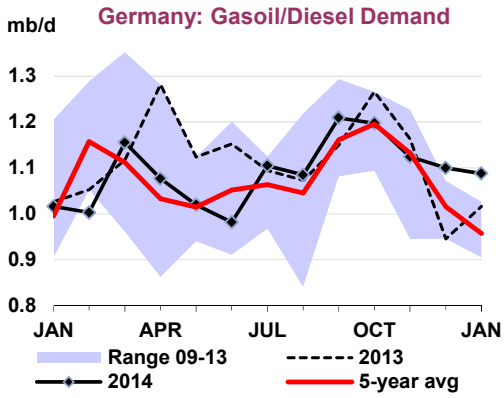
That rare sighting, of a y-o-y European demand gain, is even anticipated for 1Q15, with near 1% y-o-y growth foreseen in 1Q15 to 13.1 mb/d, following the recent uptick in demand. Middle distillates are forecast to lead the projected upside: with gasoil deliveries up 5% and jet/kerosene 2.3% higher; strong gasoil demand attributable to a combination of colder winter weather conditions, recuperating economic activity in many northern European nations and the changing bunker fuel legislation (see *Medium Term Oil Market Report, 2015*). Eurostat reported economic growth for the European Union of approximately 0.4% q-o-q in 4Q14 (1.6% annualised, or 1.3% y-o-y) and 0.3% for the Euro zone (1.2% annualised or 0.9% y-o-y), the IMF assuming Euro zone GDP growth of around 1.2% in 2015.



Rising by over 10% y-o-y in December, and by nearly 4% in January, particularly strong gains have been seen in **Germany** recently, chiefly attributable to sharply escalating gasoil demand. German drivers and industry alike are demanding escalating volumes of gasoil/diesel as the economy stages a double-pronged rally, supported not just by lower oil prices but also by much higher domestic income streams. The Deutsche Bundesbank, for example, reported 4Q14 disposable personal income rising to an all-time high of 450 billion euros, and 5 billion euros up on 3Q14. Business sentiment indicators, such as Markit's

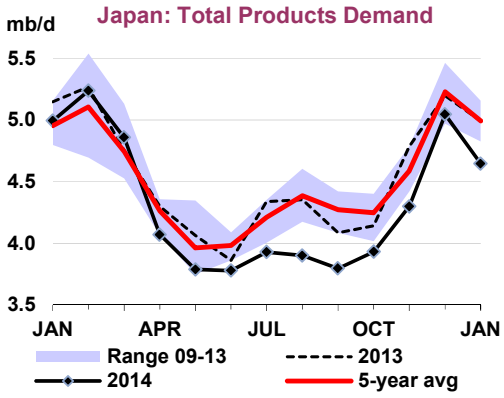
Manufacturing PMI and IFO's business climate index, show increasing and generally more 'upbeat' spirits. Having averaged approximately 2.4 mb/d in 2014, a contraction of approximately 1.5% on the year earlier, demand should essentially flatten in 2015 as additional economic activity offsets the negative demand-side influence from efficiency gains.

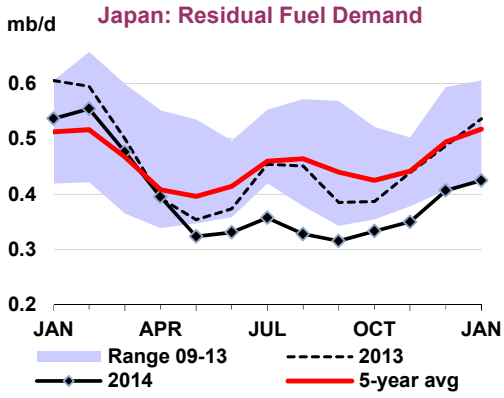




Asia Oceania

Sharp declines in Japanese deliveries kept the overall OECD Asia Oceania demand trend on a declining trajectory, down by 3.3% in 4Q14 to 8.3 mb/d. A further easing, of around 3.5%, is forecast for 1Q15, bucking the overall OECD 1Q15 recovery. Preliminary estimates of **Japanese** demand in January depicted a near 7% y-o-y decline in total oil deliveries, to 4.6 mb/d, as sharp drops in the residual fuel oil and the 'other products' categories restrained total demand. Curbed Japanese power-sector requirements played a key role, a trend that has been entrenched since mid-2014 as the industry increasingly switched out of oil-fuelled power generation over to alternative such as coal, renewables and natural gas. Having fallen by 5.0% in 2014, to 4.3 mb/d, Japanese oil demand will fall by a further 3.3% in 2015, to 4.2 mb/d. Smaller respective declines, of 2.4% and 1.4%, are foreseen for the overall OECD Asia Oceania region, consequential on the partially offsetting increases that are forecast for Korea, Australia and New Zealand.





Non-OECD

Modest non-OECD demand growth remains very much one of the central energy market themes of recent months, as non-OECD growth retains a notable premium over the OECD average but to a significantly reduced degree compared to previous years. Prior to 2014, for example, non-OECD oil demand growth averaged just under 4% per annum, 2009-13, whereas the OECD carried a near 1% average decline rate; thus overall equivalent to a near 5% per annum non-OECD growth premium. This additional non-OECD growth premium had fallen, to just-shy of 3%, in 4Q14 and is projected to slip below 2% in 1Q15, a change that has largely occurred as subdued Chinese, FSU, Latin American and non-OECD European demand progressions filtered through.

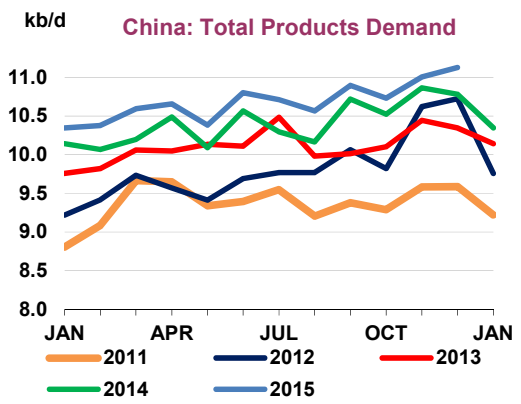
Non-OECD: Demand by Product

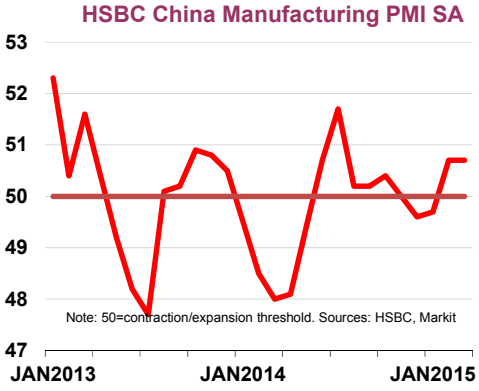
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14
LPG & Ethane	5,138	5,132	5,203	179	170	3.6	3.4
Naphtha	3,086	3,094	3,082	64	-57	2.1	-1.8
Motor Gasoline	9,677	9,780	9,903	310	357	3.3	3.7
Jet Fuel & Kerosene	2,917	2,988	3,009	113	80	3.9	2.7
Gas/Diesel Oil	14,226	14,175	14,378	95	209	0.7	1.5
Residual Fuel Oil	5,444	5,474	5,469	140	56	2.6	1.0
Other Products	6,416	6,639	6,362	193	289	3.0	4.8
Total Products	**46,903**	**47,282**	**47,405**	**1,094**	**1,104**	**2.4**	**2.4**

China

Record refinery runs in December, alongside heady product import figures, inflated the 4Q14 Chinese demand estimate and accordingly expectations of average 2014 demand. At 10.7 mb/d in 4Q14, the apparent demand estimate averaged 4.1% more than the year earlier figure and 55 kb/d above the estimate carried in last month's *Report*. Robust gains in the petrochemical and road transport sectors offset persistent weaknesses in residual fuel oil and gasoil. Any late-2014 Chinese demand strength is, however, likely to wane in 2015 as persistent macroeconomic weaknesses are still forecast to weigh on the forecast.





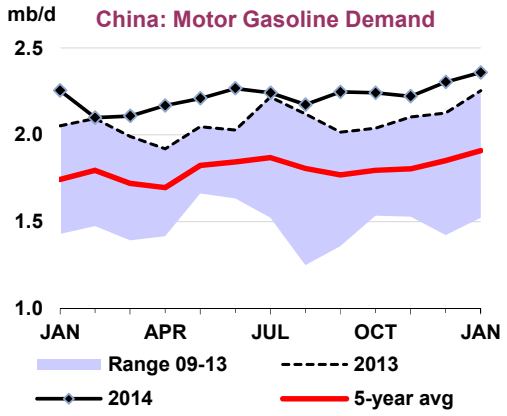
China: Demand by Product

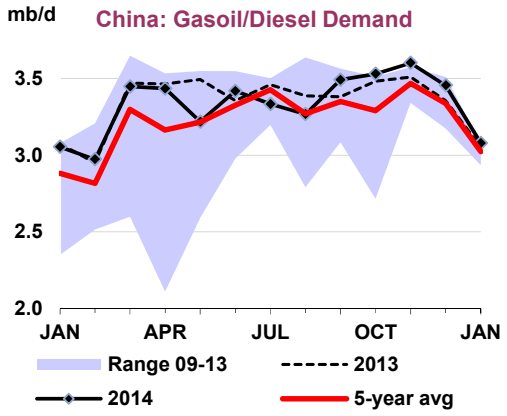
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	789	858	919	69	61	8.7	7.1
Naphtha	1,129	1,187	1,212	58	25	5.2	2.1
Motor Gasoline	2,063	2,213	2,353	150	141	7.3	6.4
Jet Fuel & Kerosene	462	520	535	58	15	12.5	2.9
Gas/Diesel Oil	3,369	3,355	3,378	-14	23	-0.4	0.7
Residual Fuel Oil	429	326	312	-103	-14	-24.1	-4.3
Other Products	1,869	1,950	1,981	81	31	4.3	1.6
Total Products	**10,111**	**10,409**	**10,691**	**298**	**282**	**2.9**	**2.7**

At 3.2 million tonnes, Chinese product imports were at an eleven-month high, and carried a 0.4 million tonne premium over exports, a nine-month high. Similarly record crude imports, of over 7 mb/d in December, took average in-flows for the year as a whole to 6.2 mb/d, a gain of nearly 10% on the year earlier. Much of the gain in crude imports is, however, attributable to bargain-hunting as crude prices

slipped, with weaker comparable growth from the refining sector fuelling heady stock-builds and, hence, not a true reflection of anything more than mild end-of-year Chinese demand strength. Indeed, the apparent demand estimate for December, at 10.8 mb/d, showed an average gain of 4.2% on the year earlier, supported by an uptick in gasoil/diesel and persistent growth in gasoline and jet fuel.

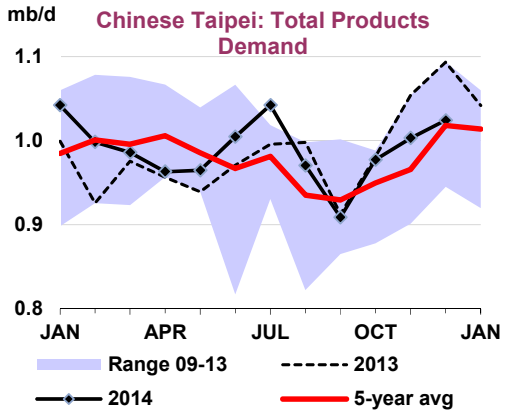


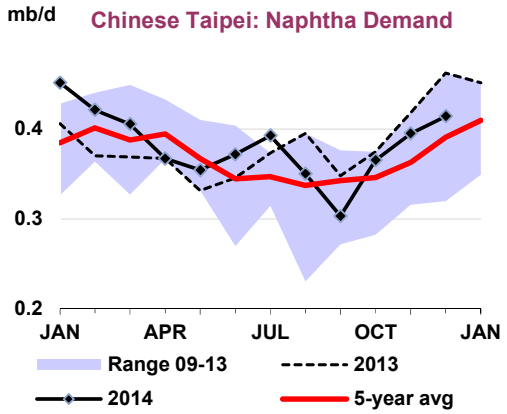


Early indicators of 2015 Chinese demand imply a softening in momentum, with growth of approximately 2.7% forecast for the year as a whole, up to an average of approximately 10.7 mb/d. This mild deceleration is forecast as economic growth likely dips below 7%, the International Monetary Fund's January *World Economic Outlook* targeting 6.8% Chinese GDP growth in 2015. January data showed a notable product stock-build, a trend which if it continues through 2015 could further curtail projected demand.

Other Non-OECD

Weak petrochemical demand in **Chinese Taipei** saw oil product deliveries fall heavily, November/December, resulting in a 4Q14 y-o-y correction of approximately 4.0% to an estimated 1.0 mb/d. Although absolute demand declines were seen across most of the non-transport fuel demand categories, the majority of the downside was attributable to the sharp falls depicted in the LPG and naphtha product categories. Triggered, in 2015, by escalating economic growth and a resumption of previously closed petrochemical capacities, demand growth of around 1.8% is forecast for 2015. The International Monetary Fund, in January, predicted that economic growth in Chinese Taipei would approach 4% in 2015.



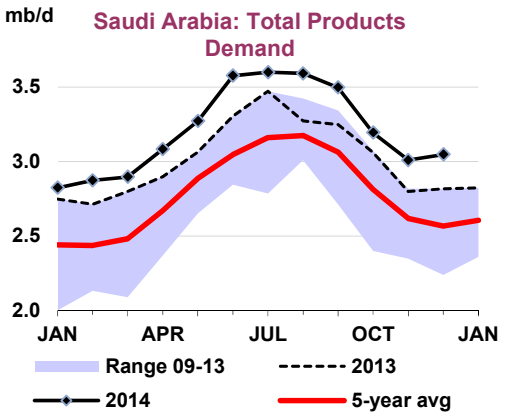


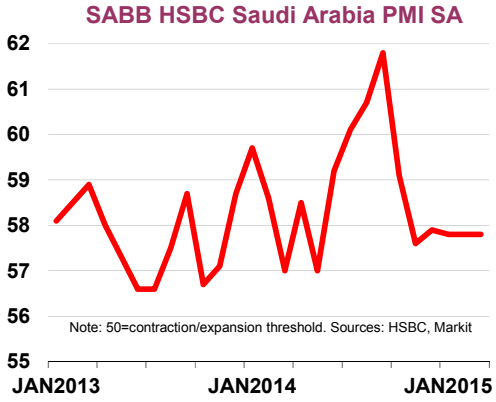
Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2Q14	3Q14	4Q14	3Q14	4Q14	3Q14	4Q14
Africa	3,947	3,837	3,925	126	109	3.4	2.8
Asia	22,533	22,244	22,985	515	650	2.4	2.9
FSU	4,813	5,033	4,943	107	11	2.2	0.2
Latin America	6,763	6,923	6,904	157	123	2.3	1.8
Middle East	8,193	8,569	7,974	169	212	2.0	2.7
Non-OECD Europe	655	675	673	20	-1	3.1	-0.1
Total Products	**46,903**	**47,282**	**47,405**	**1,094**	**1104**	**2.4**	**2.4**

Despite falling in line with traditional seasonal patterns towards the end of 2014, the **Saudi Arabian** demand trend maintained a strongly rising y-o-y trajectory. At an estimated 3.0 mb/d in December, deliveries were 8.2% (or 230 kb/d) above the year earlier, with notable gains in residual fuel oil and 'other product' demand. Colder weather conditions in December played a key role, triggering additional heating demand, a key determinant within both fuel oil and 'other product' demand. In Saudi Arabia, roughly half of total power demand lies in the residential sector, with the air conditioning (which is also used to heat buildings) requirement dominating. The generation mix for Saudi Arabia is roughly composed of two-thirds oil and one-third natural gas, but in winter months demand falls sharply. Unusually cold months, such as December 2014, stimulate additional demand. Having risen by around 6.3% in 2014, total Saudi Arabian oil demand is expected to decelerate considerably in 2015, with nearer to 3% growth expected, as domestic revenue streams, and in turn the spending power of the economy, ease consequential on significantly lower oil prices.





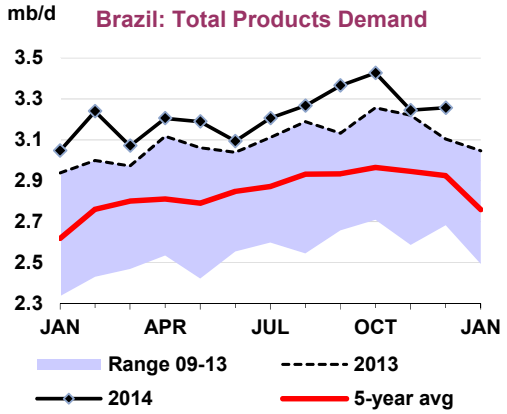
Saudi Arabia: Demand by Product

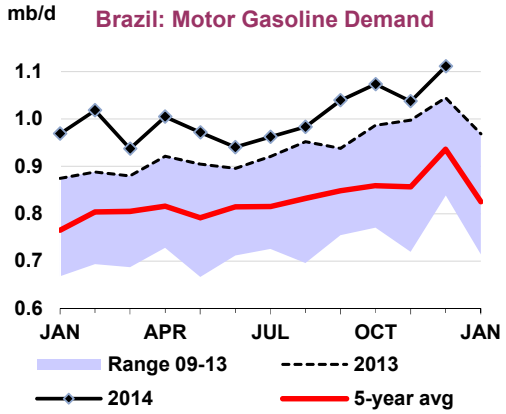
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	719	749	774	30	25	4.2	3.4
Naphtha	53	53	69	0	16	0.1	30.3
Motor Gasoline	503	524	545	21	22	4.1	4.2
Jet Fuel & Kerosene	70	75	78	4	4	6.3	5.1
Gas/Diesel Oil	729	745	763	16	18	2.2	2.4
Residual Fuel Oil	335	402	404	67	2	19.9	0.6
Other Products	609	660	674	51	14	8.3	2.2
Total Products	**3,018**	**3,207**	**3,308**	**189**	**101**	**6.3**	**3.1**

At approximately 3.3 mb/d in December, the latest **Brazilian** demand estimate came out nearly 5% (or 155 kb/d) higher than the year earlier. Strong gains in gasoline demand led the upside, as the resilient

consumer sector continues to resist the otherwise mounting downside pressures experienced across the Brazilian economy, a sentiment encapsulated in the sharp recent currency declines. The latest industrial output numbers showed a 2.7% y-o-y decline in December, while CNI's business confidence index ebbed to 45.2 (where any reading below 50 signifies 'pessimism'). Despite such gloom, estimates of Brazilian gasoline deliveries rose to an all-time high of 1.1 mb/d in December, 65 kb/d (or 6.4%) above the year earlier and 50 kb/d above our previous forecast as some additional purchases were likely brought forward ahead of pending tax hikes. CNI's consumer confidence index stood at a still 'optimistic', i.e. above 100, 109.2 in December. Having risen by approximately 4% in 2014, total Brazilian oil product demand growth is forecast to ease back to around 2.5% in 2015, as even this final bastion of macroeconomic strength – consumer confidence – wanes.





Brazil: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	231	234	238	3	4	1.2	1.6
Naphtha	165	167	165	2	-2	1.2	-1.0
Motor Gasoline	934	1,004	1,054	70	51	7.5	5.0
Jet Fuel & Kerosene	127	131	134	4	3	3.1	2.6
Gas/Diesel Oil	1,047	1,073	1,109	26	36	2.5	3.4
Residual Fuel Oil	179	198	195	19	-3	10.8	-1.7
Other Products	412	410	403	-2	-7	-0.4	-1.7
Total Products	**3,095**	**3,217**	**3,299**	**122**	**82**	**3.9**	**2.5**

SUPPLY

Summary

- **Global supply rose by an estimated 180 kb/d month-on-month (m-o-m) in February, to 94.0 mb/d, on increasing non-OPEC production, which more than offset declining OPEC crude**. Annual gains of 1.3 mb/d occurred amid expanding non-OPEC supplies, which stood 1.4 mb/d higher compared with last year.

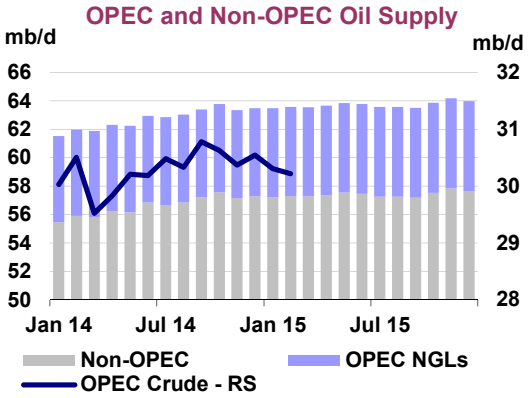
- **OPEC crude oil output edged down by 90 kb/d in February to 30.22 mb/d, with losses in Libya and Iraq - extending previous declines - offset by slightly higher supply from Saudi Arabia, Iran and Angola.** Output in February, while in excess of the group's official 30 mb/d production target for a tenth straight month, ran 285 kb/d below the previous year.

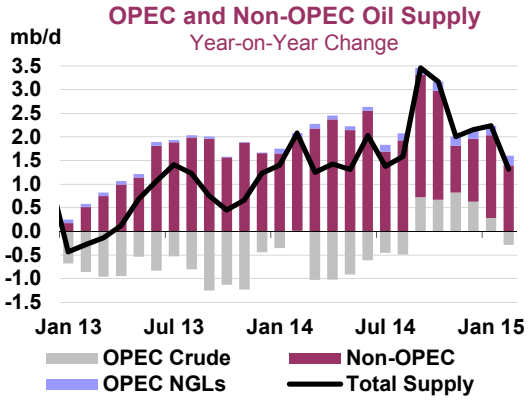
- **Non-OPEC oil production is estimated to have risen by about 270 kb/d to 57.3 mb/d in February**, led by higher output in North America. The increase in North America's production nearly reversed the declines registered in January that occurred amid adverse weather.

- **A notable revision of about 260 kb/d was included for 4Q14** in this *Report*, which is mainly due to revised historical data for Canada but also includes upward revisions to US production numbers as December data were finalised. The 2015 forecast upward revision to North American of 170 kb/d supply is due to the baseline changes in 4Q14 and higher-than-expected preliminary crude oil numbers in 1Q15 in the US.

- Although oil directed rigs have decreased precipitously since their October highs and capital expenditure cuts are taking hold, **oil production in the United States shows no signs of slowing down yet**. Nonetheless, we expect US production growth to abate in 2H15.

- **A slightly higher demand forecast has raised the 'call on OPEC crude and stock change' by 100 kb/d to 29.5 mb/d in 2015.** The revised outlook has also raised the 2H15 'call' to 30.3 mb/d - above the group's official output ceiling.





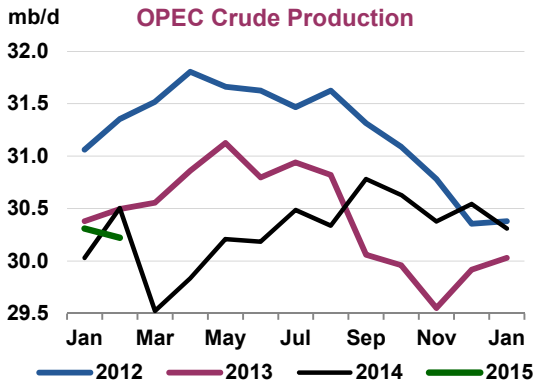
All world oil supply data for February discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary February supply data.

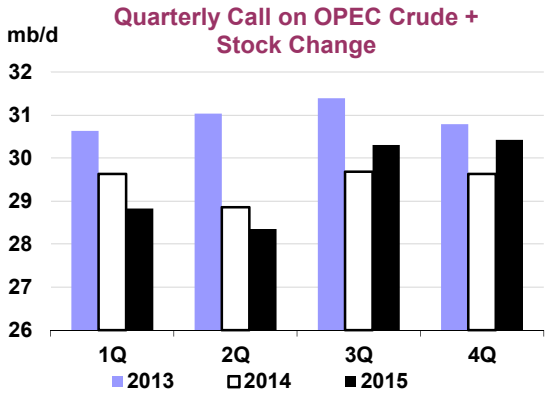
OPEC crude oil supply

OPEC crude oil production slipped to 30.22 mb/d in February, down 90 kb/d from the previous month, as further declines in Libya and Iraq outweighed gains in Saudi Arabia, Iran and Angola. Islamist militants stepped up attacks on Libyan oil fields, pipelines and personnel in February, sinking output to an eight-month low. By the time of writing, however, production had clawed back to around 400 kb/d - despite the rising violence. Iraqi output, including the Kurdistan Regional Government (KRG), dipped by 50 kb/d in February to 3.39 mb/d after bad weather played havoc with exports from Gulf loading outlets. A doubling of exports from Iraq's northern fields to the Turkish Mediterranean partly offset declines from the south. Iraqi oil sales – from both the north and south - were due to rise during March.

Three months on from OPEC's landmark, Saudi-led decision to drop price support in favour of market share, Riyadh – along with Gulf neighbours Kuwait, the UAE and Qatar - shows no sign of throttling back. February marked the tenth month running with supply in excess of OPEC's official production ceiling, although output was down by 285 kb/d on the previous year. "Today, it is not the role of Saudi Arabia, or certain other OPEC nations, to subsidise higher cost producers by ceding market share," Saudi Oil Minister Ali al-Naimi said on 4 March in a speech in Berlin.

A slightly higher demand outlook has meanwhile led to a 100 kb/d upward revision of the 2015 'call on OPEC crude and stock change' to 29.5 mb/d. The revised forecast has also raised the 2H15 'call' to 30.3 mb/d - above the group's official output ceiling. OPEC's 'effective' spare capacity was estimated at 2.9 mb/d in February, with Saudi Arabia accounting for nearly 90% of the surplus.

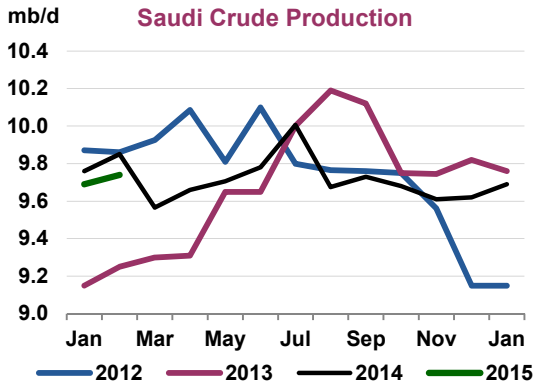


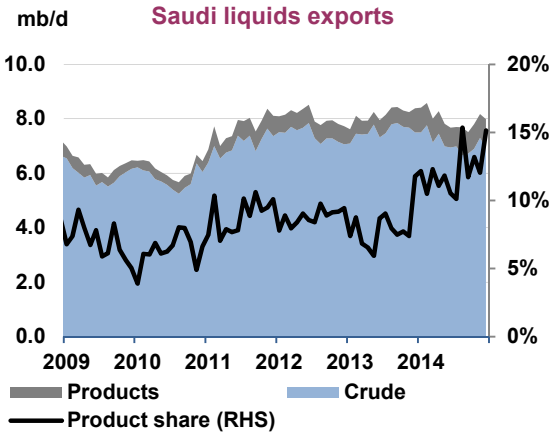


Crude oil supply from **Saudi Arabia** rose by 50 kb/d to 9.74 mb/d in February, as Riyadh continued to focus on sustaining market share. Major customers of Saudi Aramco said OPEC's top producer had no intention of curbing production and preliminary tanker tracking data showed a modest rise in exports during February.

The Saudi oil minister said in early March that Riyadh would not reduce production unilaterally to balance the world oil market and would continue to seek the cooperation of non-OPEC producers. The influential Saudi steered OPEC's November decision to maintain the group's official 30 mb/d supply target to defend market share amid relentless growth in US light tight oil supply and tumbling oil prices.

"From my perspective, demand is gradually rising, global economic growth seems more robust and the oil price is stabilising," Naimi said on 4 March. "Saudi Arabia's quest for market share is simply an effort to satisfy rising customer demand." The Saudi oil minister was speaking the day after Saudi Aramco raised its monthly formula prices for oil being shipped to Asia and the United States during April (see *Prices*). The increases were largely anticipated by market participants.





The latest JODI figures showed Saudi crude exports in December were down 360 kb/d versus November to 6.93 mb/d. Exports of products meanwhile reached a record 1.05 mb/d – raising overall Saudi oil exports, excluding condensates and NGLs, to 7.98 mb/d. That figure, however, is still far below the all-time high of 8.58 mb/d scaled in February 2014.

OPEC Crude Production

(million barrels per day)

	Dec 2014 Supply	Jan 2015 Supply	Feb 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Feb 2015 Supply	2014 Crude Supply	OPEC Supply 2014 vs 2013
Algeria	1.12	1.10	1.10	1.14	0.04	1.10	-0.05
Angola	1.73	1.77	1.79	1.80	0.02	1.78	0.06
Ecuador	0.55	0.56	0.56	0.57	0.01	0.56	0.04
Iran	2.84	2.82	2.84	3.60	0.76	2.83	0.15
Iraq	3.73	3.44	3.39	3.73	0.34	3.42	0.34
Kuwait[2]	2.77	2.80	2.80	2.82	0.02	2.80	-0.01
Libya	0.44	0.34	0.27	0.50	0.23	0.31	-0.59
Nigeria	1.86	1.89	1.86	1.92	0.06	1.88	-0.08
Qatar	0.67	0.67	0.67	0.70	0.03	0.67	-0.06
Saudi Arabia[2]	9.62	9.69	9.74	12.34	2.60	9.72	0.05
UAE	2.80	2.84	2.84	2.90	0.06	2.84	0.08
Venezuela[3]	2.42	2.40	2.37	2.49	0.12	2.39	-0.11
Total OPEC	**30.55**	**30.31**	**30.22**	**34.51**	**4.29**	**30.28**	**-0.17**
(excluding Iraq, Nigeria, Libya and Iran)					**2.90**		

1 Capacity levels can be reached within 30 days and sustained for 90 days.

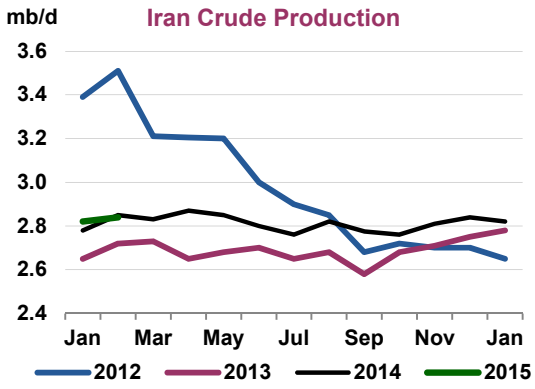
2 Includes half of Neutral Zone production.

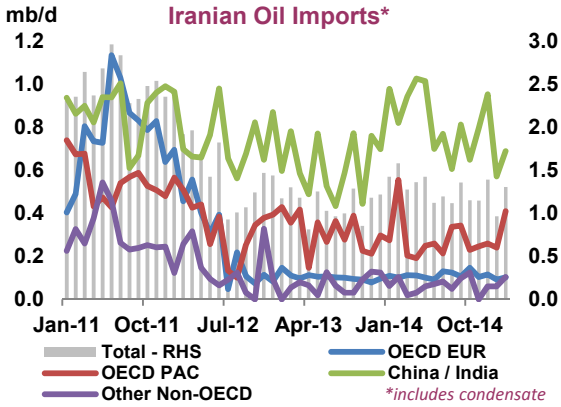
3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in February.

Production from Saudi Arabia's core Gulf allies **Kuwait**, the **UAE** and **Qatar** held steady month-on-month (m-o-m). Kuwait sustained high flows at its giant Burgan oil field to make up for the extended closure of the offshore Khafji field run jointly with Saudi Arabia in the Neutral Zone, according to industry sources.

Iranian crude production inched up by 20 kb/d in February to 2.84 mb/d as negotiators from Iran and the so-called "P5+1" (the US, UK, France, Russia, China and Germany) sought to reach a framework accord by the end of March and a final deal by June to curb Tehran's nuclear programme in exchange for an easing of sanctions. US Secretary of State John Kerry and his Iranian counterpart Mohammad Javad Zarif are due to meet on 15 March in Switzerland for the next round of talks. Progress has reportedly been made although both sides say more work must be done to fortify any possible deal.

Until then, a partial easing of sanctions under a preliminary agreement in November 2013 remains in place. Under that deal, a nominal 1 mb/d cap was set on Iran's crude exports. During 2014, shipments of Iranian crude, as measured by estimated receipts by importers, were around 90 kb/d above the target.





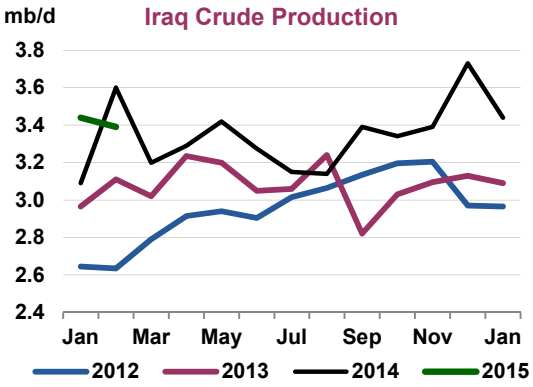
Crude oil purchases of around 780 kb/d in January appear to be the lowest since sanctions were expanded in 2H12. Deliveries rebounded in February, with preliminary figures showing imports at 1.2 mb/d, up 420 kb/d m-o-m. Deliveries to China, Iran's top buyer, rose by 130 kb/d to 600 kb/d in February. India held purchases at a sharply reduced rate of 90 kb/d versus an average 280 kb/d during 2014. Japan raised imports by 90 kb/d to 270 kb/d in February, while Korea lifted purchases by about 80 kb/d to 140 kb/d. Syria continued importing for a third straight month in February, albeit at a lower rate of 30 kb/d. Turkey's purchases held steady at around 100 kb/d. Taiwan returned to buy 70 kb/d during February, its first imports since October.

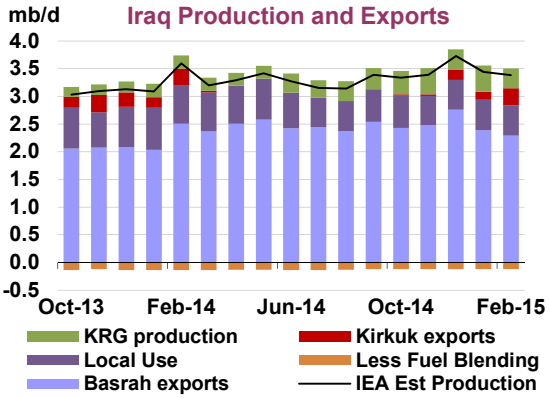
Deliveries of condensate – ultra light oil from Iran's South Pars gas project – fell to 90 kb/d during February versus 180 kb/d in January. Condensate shipments ran at around 190 kb/d for 2014 versus 85 kb/d the previous year. Import volumes are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports.

Crude output from **Iraq**, including the KRG, eased by 50 kb/d in February to 3.39 mb/d with bad weather disrupting southern exports and preventing a return to record rates hit in December. Rising shipments from the north, however, offset slower exports of Basra Light from the Gulf which sank to 2.29 mb/d in February – down about 100 kb/d on January and well below December's all-time high of 2.76 mb/d.

Overall Iraqi shipments in March look set to rise. Weather conditions have improved in the south and exports of over 450 kb/d are planned from the north (from both the North Oil Company and KRG) – a level that if realised, would be the highest since October 2011, when Iraq shipped 460 kb/d through Turkey. Deliveries from northern Iraq via the KRG's pipeline to Turkey reportedly ran at about 340 kb/d in February, with state marketer SOMO handling some 300 kb/d.

Baghdad had been shipping roughly 300 kb/d from its northern fields until a federally-controlled pipeline to Turkey was shut in March 2014 due to repeated attacks by Islamist militants. The KRG has been shipping oil independently of Baghdad via its own pipeline to Turkey since the end of May. An export deal agreed on 2 December calls for the KRG to provide 250 kb/d to SOMO to sell and allows for another 300 kb/d of federal oil from Kirkuk to flow through the KRG's pipeline system. In return, the central government is to release the KRG's 17% share of national revenue.





The KRG said on 10 March that it is on schedule with the implementation of the oil export deal and that by the end of February, it had met nearly 97% of its agreed supply of crude to SOMO. In return, the KRG expects Baghdad to provide it with its share of the budget. The KRG said that to date, Baghdad has released less than one-fifth of its 17% share of the budget for January, and nothing for February.

Oil's plunge to $60/bbl from over $100/bbl is meanwhile forcing cash-strapped Baghdad to renegotiate service contracts with international oil companies (IOCs) such as BP, ExxonMobil, China's CNPC and Russia's Lukoil that are developing its giant southern oil fields. As it struggles to repay the investors, the federal government has asked them to cut costs by revising 2015 work programmes, say industry sources. Foreign firms typically receive payment in crude that equates to the value of cash owed, but Baghdad has had to cut equity cargoes for most investors in February and March.

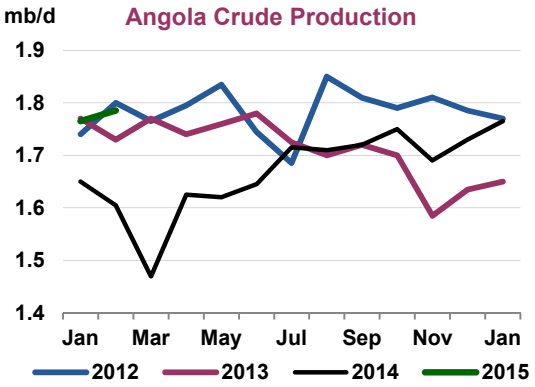
Baghdad already owes $9 billion to contractors for 2014 and is due to pay out around $18 billion to investors this year, but only $12 billion has been allocated in Iraq's 2015 budget to pay cost recovery and remuneration fees. To help ensure that it can compensate the companies, Iraq's central bank has approved $12 billion worth of treasury bonds – the first of which will be issued at the end of March.

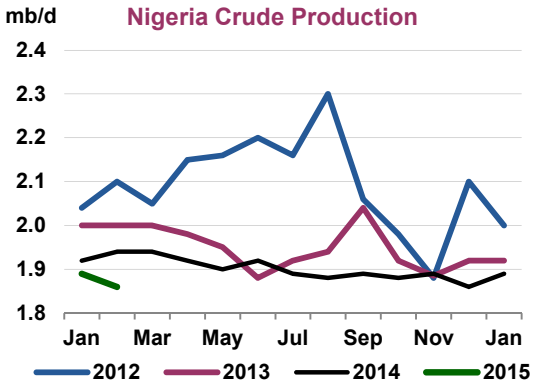
Given the low oil price environment and Iraq's budgetary constraints, Baghdad cannot afford a high pace of spending so it needs to apply the brakes and slow down oil field development in the short term, industry sources say. The ministry of oil had hoped to finish contract renegotiations by the end of this month, they say, but negotiations are likely to stretch on - even until the end of the year.

The changes in commercial terms the ministry is considering could shape the contracts into something more akin to a production-sharing contract. "There are proposals to link the profitability of the companies with the oil price, and not just with a specific fee per incremental barrel (produced)," Iraqi Oil Minister Adel Abdul Mahdi was quoted as saying.

The KRG also needs to resolve its own payment issues with IOCs, many of whom have slowed investment. Kurdish operator Gulf Keystone has stopped exporting because of a lack of payment and others say they will prioritise domestic sales over exports.

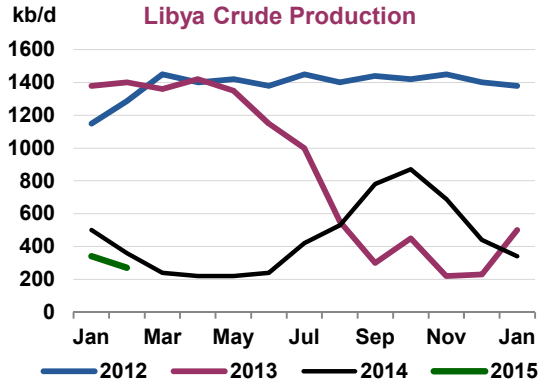
In West Africa, **Angola** turned in a strong performance during February with production of 1.79 mb/d, the highest in more than two years. But challenges loom. Low oil prices are forcing state oil company Sonangol and its international joint-venture partners to cut costs - especially at expensive deep-water projects – and consider project delays. First production from Chevron's 150 kb/d Mafumeira Sul project is now due in 2016 rather than this year. Cobalt International has delayed the start-up of the Cameia sub-salt field to 2018 from 2017, and reduced the size of the floating production storage and offloading facility, to about 80 kb/d from an original 100 kb/d, to cut costs by $2 billion to an estimated $6 billion.





Nigeria's decision to delay its presidential election until 28 March from 14 February has heightened concerns over the country's political and economic wellbeing. Crude oil production dipped by 30 kb/d in February to 1.86 mb/d and the worry is that low oil prices and daunting above-ground challenges will set back production in the medium term. Spending on crucial infrastructure projects has halted and state-owned Nigerian National Petroleum Corporation has reduced its joint-venture capex budget for 2015 oil operations by 40%. It will thus find it difficult to meet funding requirements with core upstream partners – Total, ExxonMobil, Chevron, Eni and Royal Dutch Shell.

The direct targeting of **Libya's** oil sector by militants sank production to an eight-month low of 270 kb/d in February, down 70 kb/d m-o-m. Saboteurs in mid-February struck the pipeline linking the North African producer's core Sarir oil field to the port of Marsa el-Hariga – temporarily halting output of roughly 180 kb/d. But despite the escalating violence, overall production had climbed to about 400 kb/d by the time of writing following the restart of a number of eastern oil fields, including Sarir. That rate is some distance from the 1 mb/d level scaled in October 2014 and about a quarter of the 1.6 mb/d pumped before the civil war that ousted Muammar Gaddafi in 2011.



In the latest wave of attacks, up to ten foreign workers are missing after militants reportedly aligned with Islamic State stormed the al-Ghani oil field. And the deteriorating security situation forced the National Oil Company (NOC) to declare force majeure on 4 March at 11 oil fields that feed the country's biggest export outlets – the eastern ports of Es Sider and Ras Lanuf. These strategic terminals and the fields in the Sirte basin oil heartland have been shut since December due to fighting between rival factions. Included in the force majeure was the 40 kb/d Mabruk oil field, in which France's Total has a stake, which had been attacked by an Islamist group in early February. By declaring force majeure, the government is seeking to avoid liability for any loss of production and damage caused by militant attacks.

Vital terminals and oil fields have stopped operating due to the increasingly violent battle between the country's two rival governments, the so-called Libya Dawn administration in Tripoli and the officially recognised government that fled to Tobruk in the east. The Tripoli-based government in early March carried out airstrikes on the ports of Es Sider and Ras Lanuf, although damage was said to be minimal. In response, the Tobruk government launched an airstrike on the Mitiga airport near Tripoli. The United Nations is hoping to broker a peaceful solution to the conflict.

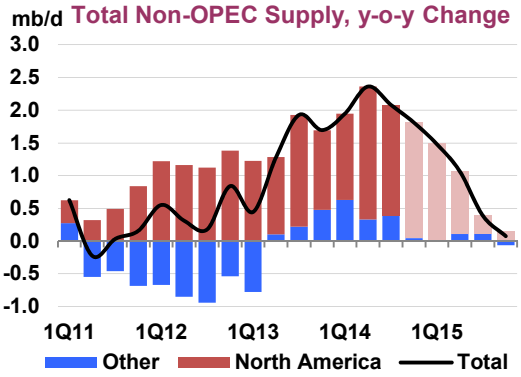
Exports are meanwhile slowly rising from the eastern ports of Marsa el-Hariga and Zueitina. Libya also ships roughly 80 kb/d from two offshore fields – Bouri and al-Jurf.

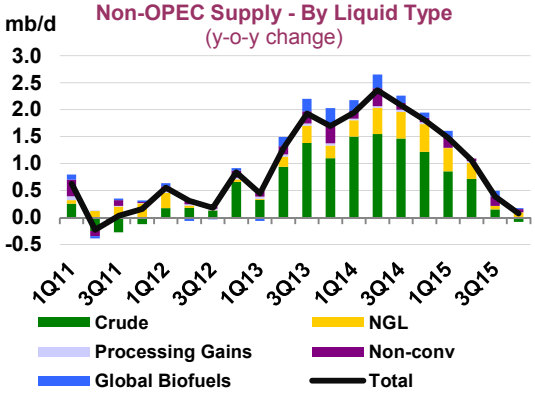
The low oil price environment continues to cause pain for **Venezuela**, where supply eased by 30 kb/d in February to 2.37 mb/d. The Latin American country's precarious economic and political situation is leading some international oil companies to take a hard look at their investments in Venezuela's Orinoco heavy oil belt, which accounts for roughly 40% of the country's overall output. Adding to Caracas' woes, tension rose with the United States after Washington declared Venezuela a national security threat and slapped sanctions on seven officials. The executive order does not target the Latin American nation's energy sector or wider economy. Caracas ranks as the fourth-biggest supplier of crude to the United States, with average exports of more than 700 kb/d in 2014.

Non-OPEC overview

Non-OPEC oil production is estimated to have risen by about 270 kb/d to 57.3 mb/d in February, led by higher output in North America. The increase in North America's production nearly reversed the declines registered in January that occurred amid adverse weather. Overall, US production rose by 115 kb/d, while Canada's output posted a 70 kb/d increase. Outside of North America, non-OPEC month-on-month (m-o-m) growth was mostly limited to India and Norway.

Non-OPEC output is expected to grow by about 750 kb/d year-on-year (y-o-y) in 2015, a significantly lower growth rate than the 2.1 mb/d increase achieved in 2014. Although growth in North America is expected to slow due to the lower prices and decreased investment, US and Canadian supplies will continue to provide most of the growth. Brazil is expected to be the third-largest source of growth in 2015 at 110 kb/d. Compared with last month, our assessment of non-OPEC supply estimates for 2014 was revised upwards by about 60 kb/d on final data in North America. However, the 2015 forecast has remained roughly unchanged as downward revisions to Latin America and Europe offset higher North America numbers.



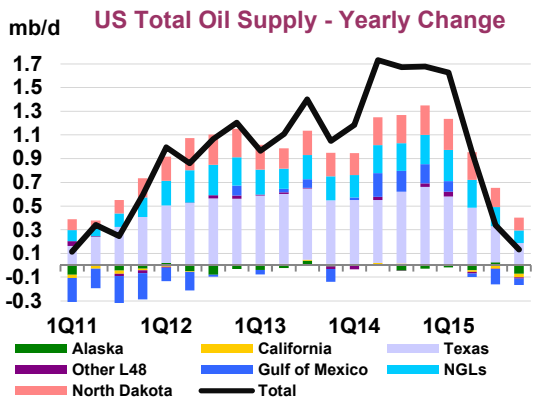


This month's *Report* includes a 300 kb/d upwards revision to North American supply for 4Q14 due to revisions of historical data as well as new final data for December for Canada and the US, which show higher output levels than previously estimated. The precipitous decline in US oil rigs has yet to show any effect on output: our expectation that production growth would start to slow slightly in 1Q15 has proven to have underestimated the resilience of US light tight oil production. Production growth continues apace as preliminary crude oil production data through mid- March show but we nonetheless expect to see a supply response in 2H15 due to lower prices and as US crude stocks continue to surge and threaten to test US storage capacity.

OECD

North America

US – February preliminary, Alaska actual, others estimated: In December, production totalled 12.6 mb/d, of which 9.2 mb/d was crude oil and 3.1 mb/d was NGL output. The final December 2014 data showed that production stood nearly 1.9 mb/d higher than one year prior, rising m-o-m by roughly 300 kb/d and reversing the output declines seen in November, and about 270 kb/d higher than last month's *Report*. Overall US production averaged 11.8 mb/d in 2014, rising 1.6 mb/d compared with the previous year. North Dakota's production of light, tight oil (LTO) continued to grow apace, averaging about 1.16 mb/d in December, up by about 40 kb/d m-o-m. Bakken production averaged just over 1 mb/d in 2014 and is expected to grow by less than 200 kb/d in 2015 as lower oil prices restrict output in the play and producers opt to not complete the wells drilled until a more favourable price environment returns. Continental Resources Inc. for example, will defer a quarter of well completions until prices rise. Similarly, in the Eagle Ford shale, producers opt to defer well completions in favour of reducing expenditures in the current price environment. In a recent announcement, Anadarko reported to have deferred completions on 125 wells.



In addition to Bakken LTO, US production was boosted by increases in Gulf of Mexico output, which rose about 70 kb/d on the month, buoyed by the continuing ramp-up of the recently started Tubular Bells and Jack-St. Malo projects. Production in the Permian Basin, especially the Wolfcamp and Spraberry formations, saw production increases as well.

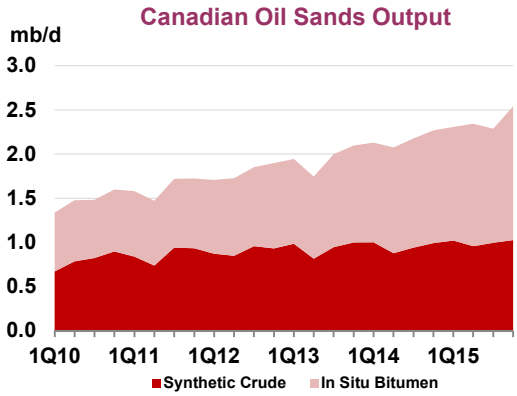
The rig count continues to fall in the US, albeit at slower rates than at the end of 2014 and earlier this year. Nonetheless, oil rig count fell to 922 as of 6 March, 687 rigs lower than in the second week of October, the peak number of oil-directed rigs. Although the rig count has fallen dramatically and has reached the lowest level since April 2011, production has yet to show signs of a slowdown and this is undoubtedly at least in part due to companies focusing on high-yield areas of various shale plays. Other factors include continued strong production from wells already online but which due to the nature of shale oil production will show rapid declines following the initial production ramp-up.

Estimated US crude oil production stood at 9.2 mb/d in February, according to preliminary data. Total US production is estimated to have averaged about 12.6 mb/d in February, with total 2015 output expected to average 12.6 mb/d, an increase of more than 760 kb/d y-o-y. Although the expected increase is sizeable, it pales in comparison the production gains in 2014. The slide in prices has seen production expectations erode significantly over the last few months, with companies reporting capital expenditure reductions and revised investment plans across the board. Cash-strapped producers are looking at many ways of raising needed capital to continue operations and service their debt. Key producers in the prolific US shale plays such as Continental Resources, EOG and Pioneer have revised their investment plans, and in some cases growth outlooks. EOG, one of the largest independent US producers, is reportedly expecting flat y-o-y production in 2015. Continental Resources saw its 2015 production outlook erode by 10 percentage points.

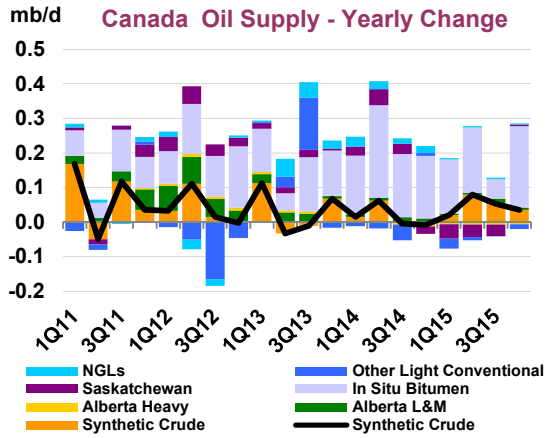
Despite the lowered outlook for US production in 2015 compared with our forecasts prior to January, LTO is expected to continue driving the expansions. Non-LTO production, such as offshore Gulf of Mexico and Alaska, will see fairly flat output in this year compared with 2014. In the Gulf of Mexico, newly started projects, including Anadarko's Lucius field along with upcoming start-ups, are expected to offset

declines among older fields. Finally, natural gas liquids (NGLs), which accounted for 25% of US total production in 2014, are expected to grow by 160 kb/d in 2015, maintaining roughly the same proportion.

Canada – December actual: Oil production fell to 4.4 mb/d in December, declining about 120 kb/d m-o-m despite an increase in bitumen output. Synthetic crude output led the declines with a drop of approximately 70 kb/d. Preliminary estimates for February indicate that production remained roughly at the same level as that seen in December. Overall, Canada's production is expected to average 4.3 mb/d in 2015, an increase of 120 kb/d y-o-y.

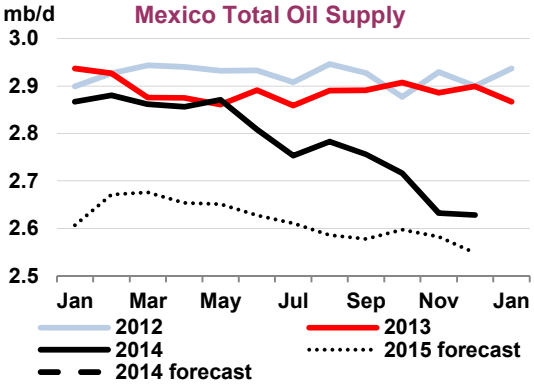


Canadian oil sands, the engine driving the country's output growth, have seen tough times due to low oil prices. Smaller operators in the Alberta oil sands sphere in particular are having difficulties, with oil prices exacerbating the high costs and high debt. Southern Pacific Resources, a very small producer of heavy oil and bitumen has solicited plans to sell or restructure the company while others such as Connacher Oil and Gas, which produced about 15 kb/d in 2014, have announced recapitalisation plans in order to remain operational. The bigger players in the industry appear to be marching ahead, at least for now, with their plans to bring online projects that are already underway, but delaying future ones. In one such recent instance, Shell announced that it is postponing the Pierre River Mine oil sands project in Alberta indefinitely, a project that was only marginally attractive to the company in a triple-digit oil price environment. Suncor has also deferred the second phase of its MacKay River oil sands project, while Cenovus and ConocoPhillips postponed future phases of Christina Lake and Foster Creek oil sands projects.



Mexico – January actual: Mexico's oil production inched down in January on the month but estimates for February show that total output grew by about 65 kb/d m-o-m to 2.7 mb/d, including approximately 2.3 mb/d for crude and 360 kb/d for NGLs.

In January, total supply was 260 kb/d lower than last year, showing that Mexico's production continues its precipitous y-o-y declines: In November and December 2014, Mexico's production fell by 250 kb/d and 270 kb/d y-o-y, respectively, with the December declines reaching the steepest level since July 2009. The fall in output in January occurred mainly amid contraction in the Ku-Maloop-Zaap (KMZ) and Cantarell fields, which produced approximately 780 kb/d and 305 kb/d, respectively. KMZ's production over the last year has eroded by about 80 kb/d, with Cantarell seeing production slide by more than 110 kb/d. Mexico's 2015 production is expected to average 2.6 mb/d, a decrease of about 170 kb/d compared with last year. The increase of 65 kb/d in February production is due to slightly higher crude and NGLs output as the big drops in January in KMZ fields is expected to be only temporary and production is expected to return to 830 kb/d from the 780 kb/d in January.

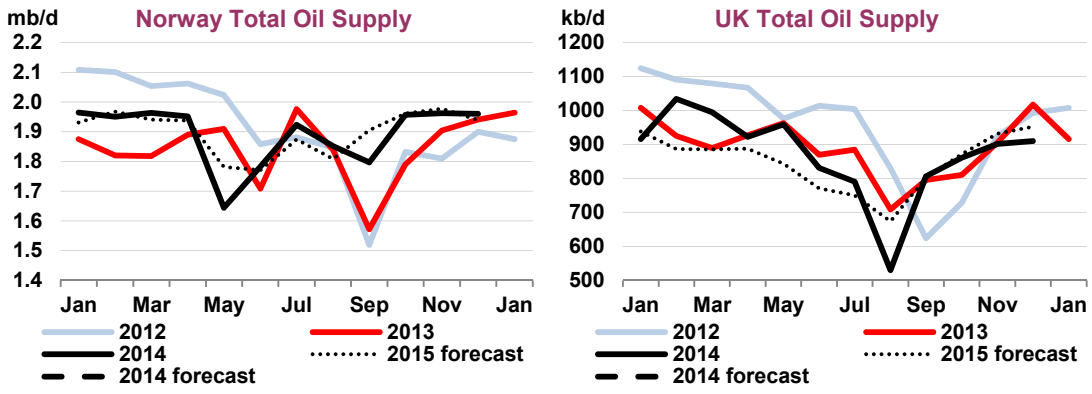


Caught between low oil prices and declining production, Mexico's government is pushing ahead with Bid Round One, its first competitive tender in over seven decades. The upstream regulator, Comision National de Hidrocarburos (CNH), has approved nine additional shallow-water fields to the bid round, expanding the area of shallow water initially offered. The government is attempting to improve the terms of Mexico's upstream amid falling prices by adjusting tax terms for potential bidders. The finance ministry announced that is has modified the so-called adjustment mechanism, which ensures that revenues for the state will rise with higher oil prices or higher discoveries. Under the modified rule, companies can secure a 20% return before the adjustment mechanism kicks in compared with the previously set 15%. Pemex, meanwhile, continues to struggle to stem production declines and turn a profit: the state-owned company reported a $17.6 billion loss in 2014 due to a combination of falling output, lower oil prices and high tax burden.

North Sea

Total North Sea production averaged just over 3 mb/d in February, remaining roughly flat compared with month prior. Forecast March North Sea production shows a decrease of about 30 kb/d mainly due to an expected slight fall in Norway's output. Meanwhile, Brent-Forties-Oseberg-Ekofisk (BFOE) March scheduled loadings at 929 kb/d will be 100 kb/d lower than February loadings, which were the highest since November 2013. However, production of the stream underlying the North Sea Dated price is expected to remain flat at 880 kb/d, about 50 kb/d lower than loadings.

Norway – December actual, January preliminary: Norway's total liquids production averaged 1.9 mb/d in December, flat compared with month prior. The Haltenbanken system, which includes Åsgard, Draugen, Morvin and Tyrihans fields produced about 370 kb/d in December increasing about 30 kb/d m-o-m. Preliminary data for January, however, indicate a decrease of approximately 30 kb/d in January, as Draugen, Ekofisk, Valhall and Visund experienced various technical problems during the month. Norway's total output is expected to average 1.9 mb/d in 2015, remaining at roughly the same level as 2014 production. The upward revision compared with last month's *Report* is due to the inclusion of final December data and new January preliminary data, which slightly raised the baseline.



UK – November actual, December preliminary: Average production in November stood at 900 kb/d, up by about 40 kb/d m-o-m, as some of the offshore fields saw increases during the month, including continued ramp up in recently started fields. December preliminary data show that UK production remained flat compared with the month prior at 910 kb/d, as increases in both Brent and Forties systems offset m-o-m declines elsewhere. With final data nearly complete for the year, total UK production is estimated to have averaged 870 kb/d in 2014, a decline of about 20 kb/d y-o-y, and we expect total production to decline by a further 20 kb/d in 2015.

Non-OECD

Latin America

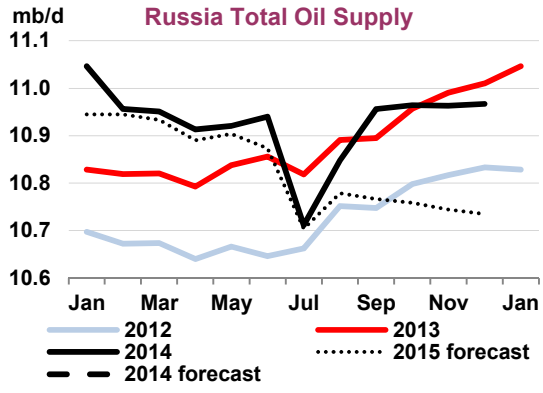
Brazil – January actual: Brazil's total output fell by about 50 kb/d in January, mainly due to a seasonal fall in ethanol production, although crude oil also declined during the month. Output totalled 2.4 mb/d in January, approximately 230 kb/d higher than prior-year levels, a robust growth following relative successes in developing the pre-salt deposits. However, preliminary data for February indicate that production fell by about 60 kb/d to 2.3 mb/d. A disruption at the Marlim Sul platform likely affected the January and February output. Production at the platform remained affected at time of writing, so March output too will see volumes shut-in. Overall 2015 production is forecast to average 2.4 mb/d, rising about 110 kb/d y-o-y, boosted by the ramp-up of projects started in 2014 and two FPSOs due to start this year.

While production growth continues apace, legal and financial problems continue to weigh on Petrobras, bringing into question the company's longer-term viability in the face of its inability to raise capital. Recently, Moody's downgraded the company's long-term debt to junk in response to the growing risks facing Petrobras. In fact, Moody's downgraded all of the company's credit ratings, stripping it of its investment grade status. The rating agency highlighted how Petrobras' liquidity risk and lower spending plans will affect large parts of Brazil's oil and gas production chain, including construction and infrastructure. Meanwhile, the plunge in the real, which fell to a decade low, appears to be providing little relief to the company. With production costs mostly denominated in Brazilian real and revenues denominated in US dollars, many of the Brazilian upstream companies are currently enjoying somewhat of a windfall. In the case of Petrobras, however, the company's relative benefit is wiped out by the dollar-denominated debt it continues to service. Nonetheless, the fall in the currency and dollar-denominated oil revenues provide strong incentives for Petrobras, and indeed all upstream companies, to boost production as much and as quickly as possible.

In an effort to reduce its debt load and preserve cash reserves, Petrobras has approved a $13.7 billion divestment plan for this year and next, significantly increasing the targeted asset sale compared to what was foreseen in its five-year spending plan a year ago. The new program expects 30% of the proceeds to come from E&P assets sold in Brazil and abroad, 30% from downstream assets and 40% from its Gas & Energy segment, allowing the company to focus on "priority investments". The asset sale may be the only way for Petrobras to extend its liquidity as it continues to be barred from international credit markets.

Former Soviet Union

Russia – January actual, February preliminary: Russia's total oil production in January stood at 10.9 mb/d, falling by about 20 kb/d m-o-m. Preliminary data for February show that production during the month remained roughly even with January. Crude oil production stood at 10.2 mb/d in February, while NGL production averaged approximately 770 kb/d during the month. Compared with one year ago, Russia's total output is only slightly lower but we expect production to decline by about 100 kb/d this year as Western sanctions frustrate Russia's ability to finance greenfields, which are desperately needed to offset brownfield declines in the medium term. However, in the short term, maintenance and well workovers will see difficulties as funds become scarce, leading to higher decline rates. The expected declines are limited by the Russian rouble's depreciation as most production costs are rouble-denominated.



The Russian government continues to bail out energy companies and projects in the face of Western sanctions. In the latest such instance, the government bought $1.2 billion in bonds issued by Yamal LNG, which was financed by the National Wealth Fund. Rosneft had previously received government assistance in much the same way, although the bailout fell far short of what it had requested. Meanwhile, Russia's economy continues to head into dire straits: Moody's downgraded Russia to junk level following a recent downgrading by Standard and Poor's on the back of the continued conflict in Ukraine, oil price declines and weak currency. Massive capital outflows exacerbate Russia's current financial problems, signalling a deep recession in 2015 and possibly beyond.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	1Q2014	2Q2014	3Q2014	4Q2014	Nov 14	Dec 14	Jan 15	Latest month vs. Dec 14	Latest month vs. Jan 14
Crude											
Black Sea	1.78	1.62	1.69	1.65	1.59	1.50	1.62	1.42	1.77	0.36	0.11
Baltic	1.57	1.33	1.39	1.46	1.32	1.20	1.32	0.91	1.52	0.61	0.19
Arctic/FarEast	0.81	1.14	1.03	1.18	1.23	1.26	1.25	1.24	1.31	0.06	0.38
BTC	0.64	0.60	0.59	0.59	0.68	0.55	0.46	0.59	0.71	0.12	0.14
Crude Seaborne	**4.80**	**4.69**	**4.71**	**4.88**	**4.82**	**4.51**	**4.64**	**4.16**	**5.31**	**1.15**	**0.81**
Druzhba Pipeline	1.03	1.01	1.00	1.00	1.03	0.99	0.99	0.96	1.02	0.07	0.00
Other Routes	0.57	0.40	0.55	0.38	0.28	0.21	0.21	0.21	0.25	0.03	-0.46
Total Crude Exports	**6.40**	**6.14**	**6.26**	**6.26**	**6.13**	**5.71**	**5.84**	**5.33**	**6.59**	**1.25**	**0.36**
Of Which: Transneft[1]	4.08	3.88	3.99	4.02	3.90	3.65	3.76	3.21	4.29	1.08	0.36
Products											
Fuel oil[2]	1.64	1.72	1.69	1.75	1.79	1.71	1.75	1.76	1.70	-0.06	0.06
Gasoil	0.85	0.95	1.02	1.00	0.88	0.88	0.94	0.91	1.24	0.33	0.29
Other Products	0.51	0.57	0.63	0.61	0.55	0.50	0.43	0.53	0.73	0.20	0.09
Total Product	**3.00**	**3.25**	**3.34**	**3.37**	**3.22**	**3.09**	**3.13**	**3.20**	**3.67**	**0.47**	**0.44**
Total Exports	**9.40**	**9.38**	**9.60**	**9.63**	**9.44**	**8.90**	**9.11**	**8.53**	**10.26**	**1.72**	**0.80**
Imports	0.08	0.08	0.07	0.07	0.10	0.10	0.10	0.10	0.08	-0.01	0.02
Net Exports	**9.32**	**9.30**	**9.53**	**9.56**	**9.34**	**8.81**	**9.01**	**8.43**	**10.17**	**1.74**	**0.78**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

FSU net exports surged by a steep 1.7 mb/d in January, their largest increment ever, to hit a record 10.2 mb/d in January. Exports had remained relatively low in 2H14, as Russian exporters waited for the 1 January 2015 implementation of changes in the export tax regime before hiking shipments. One major component of these changes saw the tax burden shift from crude exporters to producers. Together with a sharp fall in crude prices (the export tax is based on the previous month's Urals price), this saw the Russian crude export tax slashed by nearly 40% between December and January. Consequently, FSU crude shipments rose by 1.3 mb/d, of which volumes transported by Russia's Transneft pipeline network accounted for 1.1 mb/d. With the ESPO pipeline having been running at close to capacity over 2H14, the bulk of the increase was seen at terminals in the Baltic (+0.6 mb/d m-o-m) and Black Sea (+0.4 mb/d).

Product shipments also posted an impressive 0.5 mb/d increase to hit a record 3.7 mb/d. This hike also likely resulted from changes in the product export duty regime, which were intended to stimulate refinery upgrades by making it more profitable to export valuable light and middle distillates at the expense of fuel oil. Upon the regime's introduction, fuel oil shipments slipped by 0.1 mb/d while exports of gasoil and 'other products' (principally light distillates) surged by 0.3 mb/d and 0.2 mb/d, respectively, to hit new record levels.

OECD STOCKS

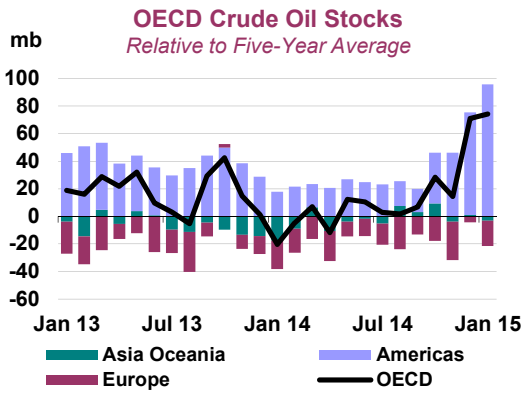
Summary

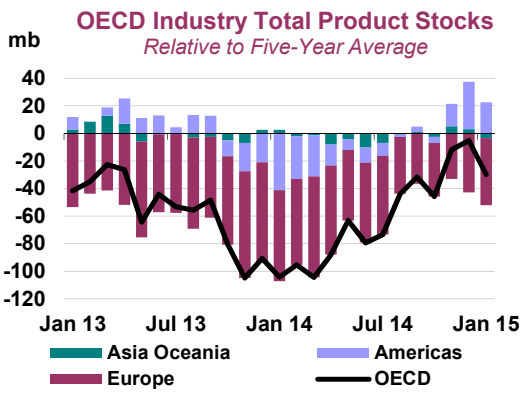
- **The overhang in OECD inventories continues to be unbalanced with a 74 mb surplus in crude oil, centred in OECD Americas, continuing to offset a wide 30 mb deficit in refined product inventories.** Middle distillates in particular stand a significant 34 mb below average.

- **After several months of posting higher-than-average builds, OECD commercial inventories rose by a weaker-than-average 23.1 mb in January to stand at 2 733 mb by end-month.** This saw their surplus to seasonal levels fall to 60.3 mb from 75.1 mb at end-December.

- **Preliminary data indicate that OECD inventories drew by a weak 8.8 mb in February** after surging US crude stocks largely mitigated steep weather-related draws in refined products. Reports indicate that volumes held in floating storage have not increased so far in 2015 as the contango structure in the ICE Brent and ICE gasoil contracts supporting the play has weakened.

- **Latest weekly data indicate that US crude stocks have built by 63 mb so far in 2015 to stand at a record 468 mb at end-February**. As inventories at the Cushing storage hub surged to 70% of working capacity, NYMEX WTI came under downward pressure, taking the benchmark from a small premium to ICE Brent in January to a $10/bbl discount in late-February.





OECD inventory position at end-January and revisions to preliminary data

After several months of posting higher-than-average builds, OECD commercial inventories posted a weaker-than-average 23.1 mb build to stand at 2 733 mb by end-January. This saw their surplus versus seasonal levels fall to 60.3 mb from 75.1 mb at end-December. However, this overhang is unbalanced with a 74 mb surplus in crude oil, centred in OECD Americas, continuing to offset a wide 30 mb deficit in refined product inventories with middle distillates in particular standing a significant 37 mb below average. At end-January, refined products covered 30.6 days of forward demand, level with one month earlier but 1.2 days above the previous year.

Soaring US crude stocks (+31.6 mb), resulting from a sharp drop in refinery throughputs, strong domestic production growth and an uptick in imports, pushed OECD inventories upwards and offset an unseasonal 4.6 mb drop in refined product holdings. The draw in refined products was concentrated in 'other products'. This category includes propane, commonly used for space heating in the US Midcontinent, and stocks of which drew amid high exports and plunging temperatures.

Upon the receipt of complete data submissions for all OECD countries, December inventory levels were revised upwards by 10.1 mb since last month's *Report*. Crude oil holdings in OECD Americas and Europe were adjusted upwards by 8.5 mb and 10.3 mb, respectively, offsetting 10.5 mb and 1.0 mb downwards revisions to 'other oils' and refined products, respectively. The net effect is that last month's 5.3 mb draw has been reversed and is now seen as a 5.3 mb build. Stocks added a slim 9.1 mb over 4Q14 with commercial inventories now assessed to have built by a record 144 mb during 2014.

Revisions versus 10 February 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Nov-14	Dec-14	Nov-14	Dec-14	Nov-14	Dec-14	Nov-14	Dec-14
Crude Oil	**0.8**	**8.5**	**-0.1**	**10.3**	**-0.4**	**2.8**	**0.3**	**21.6**
Gasoline	0.6	-3.9	-0.1	3.7	-0.2	0.2	0.3	0.0
Middle Distillates	1.4	-3.4	0.0	-2.0	-0.3	0.9	1.1	-4.6
Residual Fuel Oil	0.3	0.6	-1.9	-1.9	-0.1	0.1	-1.7	-1.2
Other Products	-0.3	3.3	-0.4	0.9	0.1	0.6	-0.5	4.8
Total Products	**2.1**	**-3.3**	**-2.4**	**0.6**	**-0.5**	**1.7**	**-0.8**	**-1.0**
Other Oils[1]	-0.5	-7.1	0.6	-2.6	0.0	-0.7	0.0	-10.5
Total Oil	**2.3**	**-2.0**	**-1.9**	**8.3**	**-1.0**	**3.8**	**-0.6**	**10.1**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Preliminary data indicate that OECD inventories drew by a weak 8.8 mb in February as a steep 41.7 mb draw in refined products, resulting from cold weather and seasonally lower refinery activity, offset soaring US crude stocks. Stocks of 'other products' plummeted by a further 23.6 mb, centred in the United States, while middle distillates dropped across all regions.

Despite reports of increased interest in floating storage, recent shipbroker reports indicate that this has not translated into an increase in volumes stored on the water. Iranian volumes held on National Iranian Tanker Company (NITC)-owned vessels are still leading global volumes with approximately 30 mb being stored for logistical, rather than speculative, reasons. Since the flurry of interest in early-January, the contango in the ICE Brent market has weakened while the ICE gasoil and NYMEX heating oil contracts have flipped into backwardation, taking out the incentive for opportunistic storing at sea. The only contract which remains in steep contango is the NYMEX WTI contract delivered at the landlocked Cushing, Oklahoma storage hub.

Preliminary Industry Stock Change in January 2015 and Fourth Quarter 2014

	January 2015 (preliminary) *(million barrels)*				January 2015 (preliminary) *(million barrels per day)*				Fourth Quarter 2014 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**29.6**	**-9.1**	**-3.9**	**16.6**	**0.96**	**-0.29**	**-0.13**	**0.54**	**0.46**	**0.04**	**-0.08**	**0.42**
Gasoline	3.2	2.2	1.5	6.9	0.10	0.07	0.05	0.22	0.30	0.05	-0.02	0.33
Middle Distillates	-0.2	8.7	-1.3	7.2	-0.01	0.28	-0.04	0.23	0.05	-0.14	-0.07	-0.16
Residual Fuel Oil	-1.1	1.6	-1.2	-0.7	-0.04	0.05	-0.04	-0.02	-0.04	0.01	-0.02	-0.05
Other Products	-16.6	0.4	-1.8	-18.0	-0.53	0.01	-0.06	-0.58	-0.25	-0.01	-0.04	-0.30
Total Products	**-14.6**	**12.9**	**-2.9**	**-4.6**	**-0.47**	**0.42**	**-0.09**	**-0.15**	**0.07**	**-0.09**	**-0.16**	**-0.18**
Other Oils[1]	9.5	0.6	1.0	11.1	0.31	0.02	0.03	0.36	-0.18	-0.05	-0.12	-0.35
Total Oil	**24.4**	**4.5**	**-5.8**	**23.1**	**0.79**	**0.14**	**-0.19**	**0.75**	**0.35**	**-0.09**	**-0.36**	**-0.10**

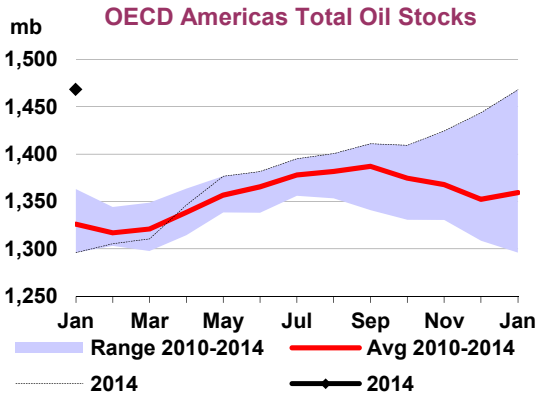
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

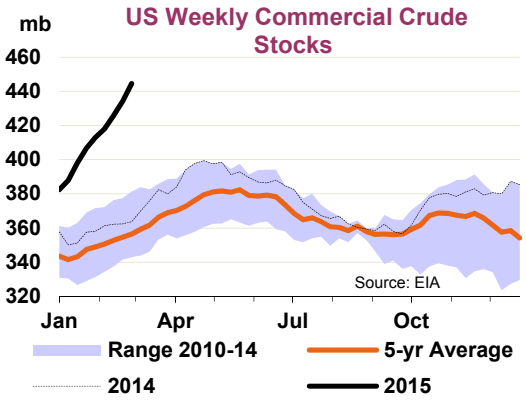
Recent OECD industry stock changes

OECD Americas

Commercial oil inventories in OECD Americas built by 24.5 mb in January as crude oil holdings surged by 29.6 mb, offsetting a steep 14.6 mb drop in refined products. US crude inventories soared by 31.6 mb, a record since the IEA began collecting monthly data in January 1988, after a near-1 mb/d fall in US refinery intake. This offset a counter-seasonal 4.4 mb draw in Mexican oil stocks, which were led lower by declining refined products holdings.

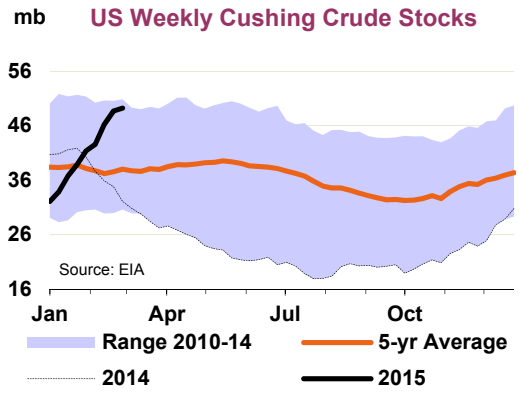
Since the build in total oil was five times the seasonal average, the region's surplus against the five-year average widened to a record 142 mb while inventories stand an astonishing 172 mb above one year earlier. As cold weather hit the region, plunging stocks of 'other products' (-16.6 mb), including propane, pressured total product stocks 14.6 mb lower. By end-month, total products stood at 711 mb, 23 mb and 59 mb above the five-year average and year-earlier level, respectively. On a days-of-forward-demand basis, total products covered 29.6 days, 0.4 days lower than at end-December.

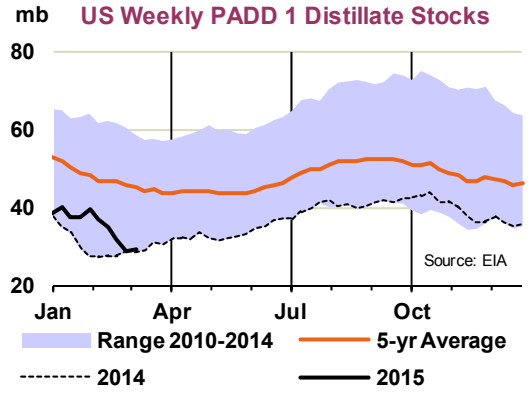




Weekly data published by the US Energy Information Administration (EIA), indicate that US crude inventories surged by a further 31.3 mb in February. At end-month, US commercial crude stocks (including US territories) stood at 468 mb, 83 mb higher than one year earlier, and accounting for 85% of total working storage capacity. However, as pointed out recently by the EIA, this figure can be misleading since stock levels include oil in pipelines, on ships in transit from Alaska and lease stocks while storage capacity estimates capture only capacity at refineries and tank farms. Excluding oil in transit, the US EIA put fill levels at close to 60% of capacity.

US crude stocks have built by over 1 mb/d during January and February. Much of this increase can be attributed to a seasonal drop in US refinery throughputs which plunged by over 1 mb/d between December and January. Further upward momentum in February came from the arrival of barrels from the Atlantic Basin and the Middle East, which were purchased during January when ICE Brent briefly traded at a discount to NYMEX WTI. Additionally, imports of Canadian crude into PADD 2 (Midcontinent) remained at record levels of close to 2.5 mb/d. Nonetheless, if record inventory levels persist going forward, a release valve could come from crude exports to Canada with latest data indicating that they hit a record 500 kb/d in February.





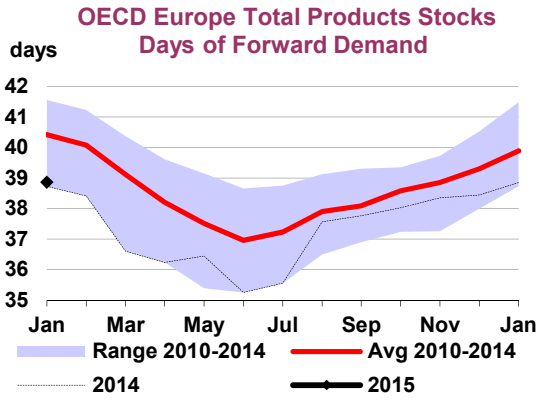
Ballooning crude stocks, particularly in the Midcontinent, have put downward pressure on NYMEX WTI, which at the time of writing stood $10/bbl below ICE Brent. As stocks at the Cushing, Oklahoma storage hub have steadily built over recent months, the contango in the WTI contract has steepened which has

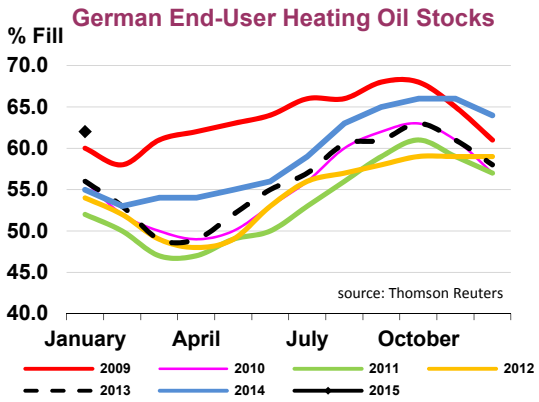
further incentivised stock building. By end-February, Cushing stocks stood at 49.2 mb, 31.3 mb above last summer's recent low and equating to 70% of total working storage capacity at the hub.

All told, US total stocks rose by 6.2 mb in February. NGLs and other feedstocks added 1.2 mb while total products dropped by a steep 24.3 mb, led by a 19.5 mb draw in 'other products' after cold weather drew stocks of propane. Middle distillates stocks marginally dropped by an aggregate 10.3 mb, but plunged to the bottom of their five-year range in PADD 1 (the East Coast). As cold weather remained into early-March, and with no spare capacity on the Colonial Pipeline, seaborne distillate supplies were drawn into the East Coast from Europe and Russia.

OECD Europe

OECD European inventories added a slim 4.5 mb in January. Since this was significantly less than the 26.1 mb seasonal build for the month, the region's deficit versus average levels widened to 69 mb from 48 mb one month earlier. As regional refinery runs remained robust, supported by healthy margins, crude stocks dropped counter-seasonally by 9.1 mb. Meanwhile, refined product inventories built by 12.9 mb with all product categories posting builds. Notably, middle distillates inventories added 8.7 mb over January but remained 24 mb below average levels by end-month. Reports also suggest that despite German end-user stocks of heating oil declining by 2 percentage points in January, they stood at 62% of capacity by early-February, a recent record for the time of year. All told, refined products covered 38.9 days by end month, half a day above end-December.

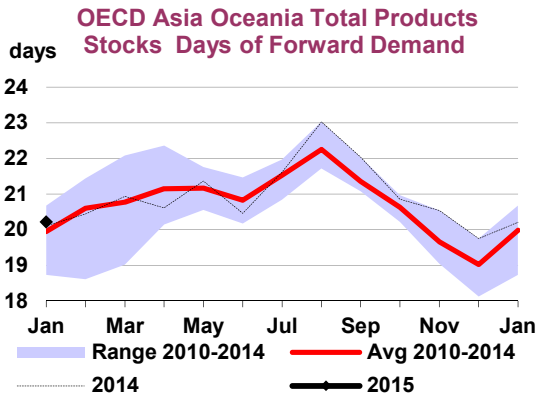


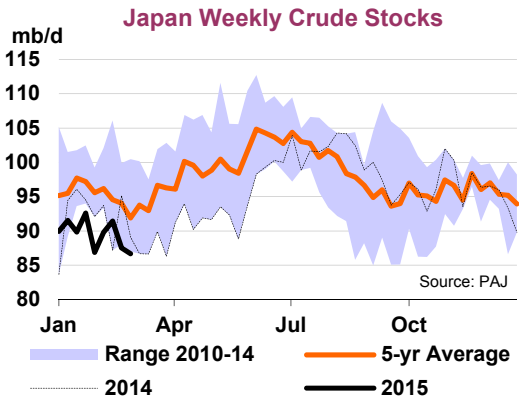


According to preliminary data from Euroilstock, European commercial inventories remained stable in February and posted a 0.1 mb build in contrast to the 10.9 mb five-year average build for the month. Crude inventories (+5.0 mb) buttressed stocks and offset a 4.9 mb seasonal draw in refined products. Reports also suggest that some independent refined products storage capacity in Northwest Europe remains unfilled. Additionally, since the M1-M3 spread in the ICE gasoil contract flipped into backwardation in later-February, there is less incentive to build product stocks in Europe.

OECD Asia Oceania

Industry oil inventories in OECD Asia Oceania drew counter-seasonally by 5.8 mb in January, which pushed them to a 12.4 mb deficit versus seasonal levels. Crude oil holdings slipped by 3.9 mb as Japanese holdings retreated by a steep 5.9 mb. With Japanese refinery throughputs remaining stable on a month-on-month basis, this would appear to come from a fall in imports. Refined products fell counter-seasonally by 2.9 mb with all product categories except motor gasoline posting small draws. By end-month, regional refined products covered 20.2 days of forward demand, 0.5 days above end-December and 0.1 day above one year earlier.

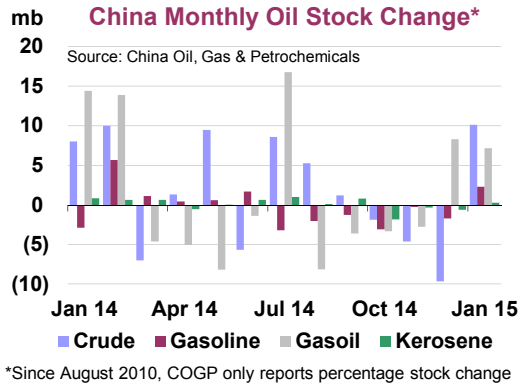


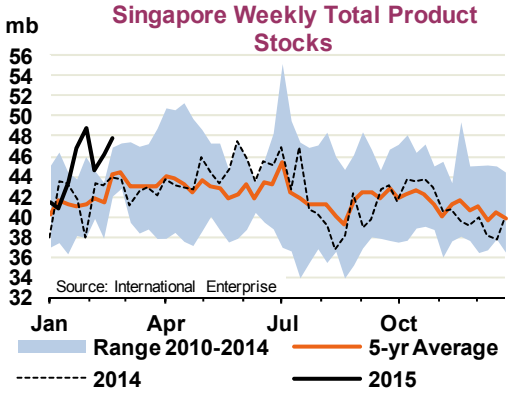


Preliminary weekly data from the Petroleum Association of Japan suggest that Japanese commercial inventories fell for a fifth consecutive month as they posted a steep 15.1 mb draw. A 10.5 mb draw in refined products led total stocks lower. Middle distillates (-5.5 mb) accounted for the lions share after cold weather likely caused a spike in kerosene demand (the country's oil-product space heating fuel of choice). Crude oil stock levels remained at 93 mb, approximately 10 mb below one year earlier as 440 kb/d of refining capacity has been shuttered in the interim.

Recent developments in Singapore and China stocks

Data published by *China Oil, Gas and Petrochemicals* (*China OGP*) pertaining to changes in Chinese commercial inventories indicate that, in January, crude stocks rose by an equivalent 10.1 mb (data are reported in terms of percentage stock change), their steepest absolute rise since August 2013. Data also suggest that China thus far has not added to its SPR in 2015. On the product side, commercial gasoil holdings rose steeply for a second consecutive month (+7.2 mb). Chinese gasoil stocks traditionally build at the beginning of the year before the Chinese New Year, which this year fell in February. Meanwhile, gasoline and kerosene added 2.3 mb and 0.3 mb, respectively.





According to International Enterprise, on-land inventories of refined products in Singapore rose by a slim 0.2 mb to remain above five-year average levels by end-February. Middle distillates increased by 0.8 mb amid reports of higher imports from the Middle East which offset set robust shipments to South Africa. Meanwhile, light distillates (-1.2 mb) fell from their previously lofty levels and by end-month stood level with one-year earlier.

Cheaper oil facilitates the building of strategic reserves

Since oil prices began their rapid retreat last June, the import bills of oil-importing economies have declined. This has assisted governments in many of these countries in either adding to their strategic reserves or putting in place firm budgetary provisions to increase oil holdings.

The largest volume added over 2014 globally was located in China where the crude strategic petroleum reserve (SPR) increased by up to 150 mb over the year as a number of new sites were commissioned. On the other hand, in the OECD, government stocks decreased by a marginal 3 mb after the US sold 5 mb of crude oil from their SPR in a 'test sale' during the second quarter, which more-than-offset rises in European government-controlled inventories, notably in Portugal and Poland.

With global supply and demand balances pointing to a potential 220 mb rise in global inventories over the course of 2015, further volumes are expected to end up in government-controlled reserves. Since strategic reserves are generally held for the longer-term and not routinely drawn unlike commercial holdings, the removal of oil from the market for the purpose of filling them could, to a certain extent, mitigate against current weak fundamentals.

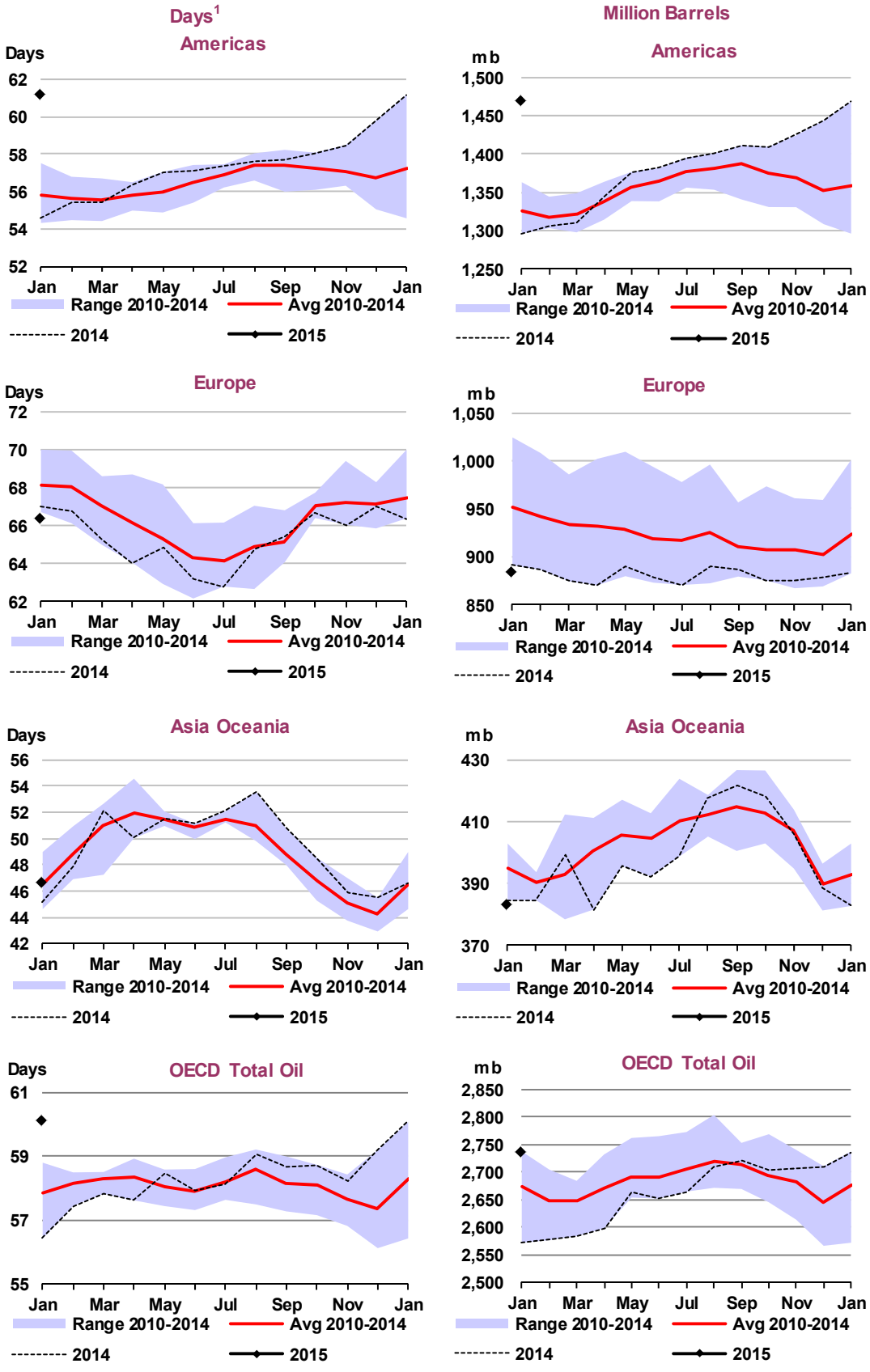
This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

China is expected to again stockpile crude in 2015 as a number of SPR sites are tentatively slated to be completed over the year. India is also expected to finally fill Phase 1 of its long-delayed SPR. Reportedly, the first site at Visakhapatnam which was completed at end-2014 and capable of holding just under 10 mb of crude, is now ready to receive its first cargo. The Indian administration has also approved a $388 million budget to cover the filling of the SPR over 2015. Considering current prices, this could amount to between 6.5 mb and 7 mb of crude. According to the most recent annual report (published in March 2014) by Indian Strategic Petroleum Reserves Limited – the body set up to oversee the construction and running of the SPR – two further Phase 1 sites located at Mangalore and Padur, with capacities of approximately 10 mb and 18 mb, respectively, are scheduled to be completed in 4Q15. Additionally, four Phase 2 sites at Padur, Chandikhol, Bikaner and Rajkot with a total capacity of around 92 mb, have already been selected, although these are not expected to be commissioned until the end of the decade at the earliest. Elsewhere in the non-OECD, Vietnam reportedly increased crude stocks at the Dung Quat refinery to 1.2 mb from 300 000 barrels previously, through a subsidiary of state-owned PetroVietnam with plans in place to purchase up to another 11 mb over the remainder of the year.

In the OECD, the South Korean administration has recently signalled its intention to increase its strategic reserves above the 92 mb which the government currently controls. These stocks are held at nine sites managed by the Korean National Oil Company (KNOC) and 79 mb is held in the form of crude oil. The government has reportedly allocated $50 million to augment these stocks, which is likely to buy approximately 800 000 barrels at today's prices with government officials stating that tenders will likely take place over the second quarter.

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

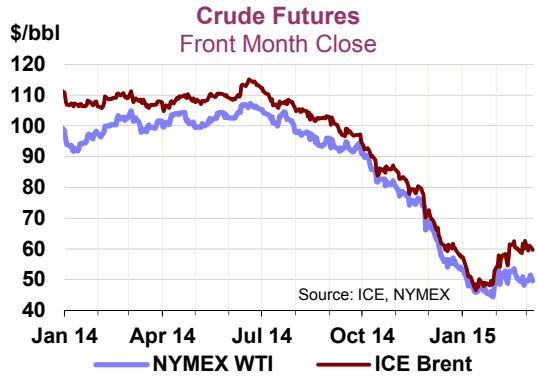
Summary

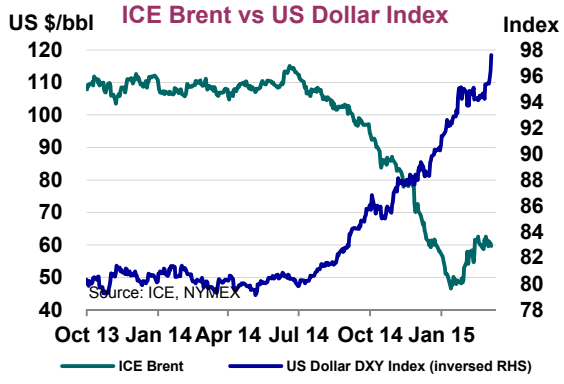
- **Crude oil benchmarks diverged in February after Middle Eastern supply disruptions lifted prices to a greater degree in the Atlantic basin while swelling US stockpiles weighed on WTI.** At the time of writing ICE Brent was trading at around $58/bbl – up nearly 30% from a six-year low in January. NYMEX WTI was around $48/bbl.

- **Spot crude oil prices benefited from strong refining runs, especially in Europe and Asia – weighing on WTI respective to other grades.** In apparent response, top exporter Saudi Arabia in early February raised its monthly formula prices worldwide for crude oil loading in April.

- **Spot product prices firmed across the board in February with prices for all surveyed products posting double- digit percentage increases.** Cracks at the top and middle of the barrel in the US and Europe received support from cold weather and a raft of planned and unplanned outages in the US while those in Singapore were mixed with only light distillates receiving support from healthy regional demand.

- **While crude freight rates were largely steady in February, increased product shipments supported clean tanker rates.** Freezing temperatures on the US East Coast caused refinery outages and increased demand for heating fuels which supported the transatlantic route. Higher product loadings from new refineries in the Middle East to Asia supported the 75k Middle-East-Gulf-to-Japan route.





Market overview

Oil prices bounced higher in February - after sinking to six-year lows the previous month – amid export outages in Libya and Iraq and a seasonal uptick in product demand. Libya's oil sector is increasingly under assault: its state oil company declared force majeure on 11 oil fields in early March and up to ten foreign workers were missing after Islamist militants attacked an oil field. Bad weather had slowed exports from Iraq's southern outlets during February. However, a recovery in flows from both OPEC producers in March has weighed on Brent. Even as Libya lurches further into chaos, output has recovered to more than 400 kb/d - up from an average 270 kb/d in February, while calmer seas allowed for higher Iraqi shipments.

North Sea and US crude benchmarks have meanwhile diverged after Middle East supply disruptions lifted prices in the Atlantic basin and swelling US stockpiles weighed on WTI. Brent had traded at around $60 /bbl from mid-February until early March, rebounding from about $45/bbl hit in January – despite

lingering concerns about global oversupply. At the time of writing, however, ICE Brent had sunk below $60 /bbl, partly in response to a firmer US dollar that reached more than an 11-year high – making dollar-denominated oil more expensive for holders of other currencies. NYMEX WTI, under pressure from record high crude stockpiles, lagged – with its discount to Brent sinking to about $10/bbl (see *Bulging US stockpiles blow out WTI-Brent spread*).

Prompt Month Oil Futures Prices

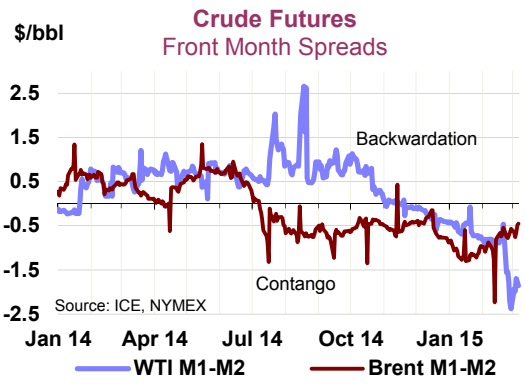
(monthly and weekly averages, $/bbl)

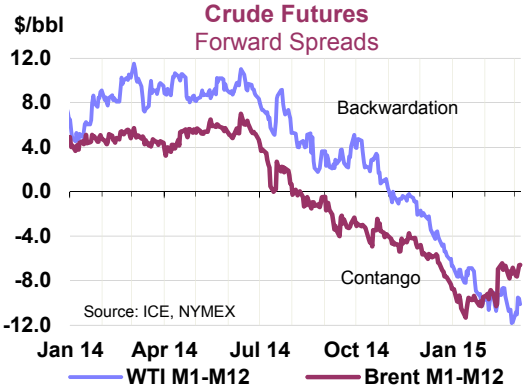
	Dec	Jan	Feb	Feb-Jan Avg Chg	% Chg	Week Commencing: 02 Feb	09 Feb	16 Feb	23 Feb	02 Mar
NYMEX										
Light Sweet Crude Oil	59.29	47.33	50.72	3.39	7.2	50.65	51.14	51.79	49.53	50.40
RBOB	67.96	56.32	67.39	11.07	19.7	64.78	66.32	67.42	71.07	80.15
No.2 Heating Oil	84.38	70.17	82.34	12.17	17.3	75.73	79.00	84.45	90.59	79.58
No.2 Heating Oil ($/mmbtu)	14.88	12.38	14.52	2.15	17.3	13.36	13.93	14.89	15.98	14.04
Henry Hub Natural Gas ($/mmbtu)	3.51	2.93	2.76	-0.17	-5.9	2.66	2.72	2.84	2.82	2.77
ICE										
Brent	63.27	49.76	58.79	9.03	18.1	56.24	57.60	60.98	60.36	60.26
Gasoil	76.87	63.98	75.85	11.87	18.6	72.03	75.46	77.58	78.35	78.13
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-3.98	-2.43	-8.07	-5.64		-5.59	-6.46	-9.19	-10.83	-9.86
NYMEX No.2 Heating Oil - WTI	25.09	22.84	31.62	8.78		25.08	27.86	32.66	41.06	29.18
NYMEX RBOB - WTI	8.67	8.99	16.67	7.68		14.13	15.18	15.63	21.54	29.75
NYMEX 3-2-1 Crack (RBOB)	14.15	13.61	21.66	8.05		17.78	19.41	21.30	28.05	29.56
NYMEX No.2 - Natural Gas ($/mmbtu)	11.37	9.45	11.77	2.32		10.70	11.22	12.05	13.16	11.26
ICE Gasoil - ICE Brent	13.60	14.22	17.06	2.84		15.79	17.86	16.60	17.99	17.86

Source: ICE, NYMEX.

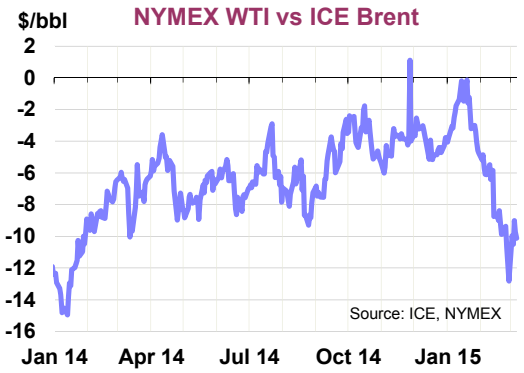
Market participants were also keeping close watch on talks between major powers and Iran over its nuclear programme. Any sign of a final agreement between Tehran and the so-called P5+1 group could result in a hefty increase of Iranian crude exports. More talks have been set for 15 March in Switzerland ahead of a deadline for a framework deal by the end of March.

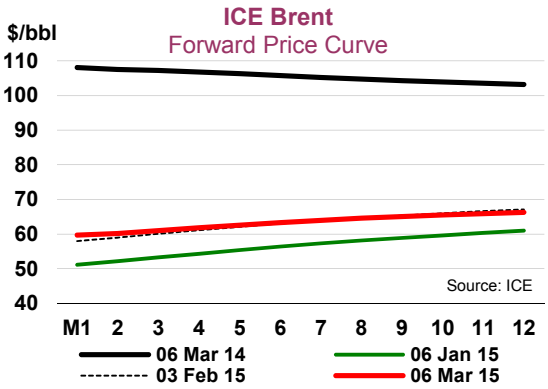
February marked the first m-o-m rise in global benchmark prices since Brent crude collapsed from its mid-June peak above $115/bbl. ICE Brent futures rose $9.03/bbl from January to an average $58.79/bbl in February, for a month-on-month (m-o-m) increase of 18.1%. NYMEX WTI edged up $3.39 /bbl from January to an average $50.72/bbl in February, up 7.2% m-o-m. At the time of writing, ICE Brent was trading at around $58/bbl – up nearly 30% from a six year low around $45/bbl touched in January. NYMEX WTI was trading around $48/bbl.





In response to the swift rise of US crude inventories to record levels, the NYMEX WTI M1-M2 spread widened out to an average -$1.08/bbl in February from -$0.57/bbl in January. As stockpiles continue to swell, the contango structure – where prompt oil is cheaper than crude for future delivery – has deepened and was last near $2/bbl. In contrast, the discount of prompt-month to second-month Brent shrank to -$0.90/bbl in February compared to -$1.09/bbl in January. In early March, the spread had narrowed to just -$0.45/bbl.



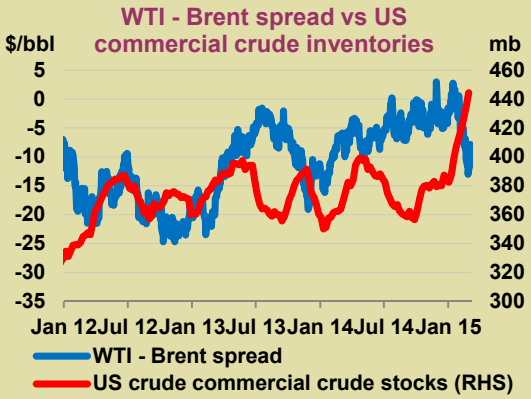


Forward curves remain in contango, although the Brent M1-M12 contract spread narrowed in to -$8.13/bbl in February versus -$9.88/bbl in January. The WTI M1-M12 spread shifted into a deep contango with February at an average -$9.94/bbl versus -$7.96/bbl in January. By early March the WTI forward curve was around -$10/bbl. The recent contango in WTI's forward curve has provided a strong financial incentive to store oil in the midcontinent for sale at a later stage.

Bulging US stockpiles blow out WTI-Brent spread

As US crude output growth continues apace despite lower prices, inventories are filling fast and pushing benchmark WTI's discount to North Sea Brent into double digits as a result. And the relative strength of global benchmark Brent, bolstered in February by supply disruptions in Libya and Iraq, has helped to widen the spread. WTI sank to nearly a $13/bbl discount to Brent in late February, although the spread in early March had narrowed in to around $9/bbl.

Domestic WTI is feeling the pressure from US crude inventories that have piled up to a record 468 mb amid strong production growth and a 1 mb/d reduction in refinery throughput since the turn of the year (see *OECD Stocks*). Further pressure came in February from a short-term surge in imports, likely purchased when WTI briefly traded at a premium to Brent. In the first week of March, US crude stocks rose by 4.5 mb.



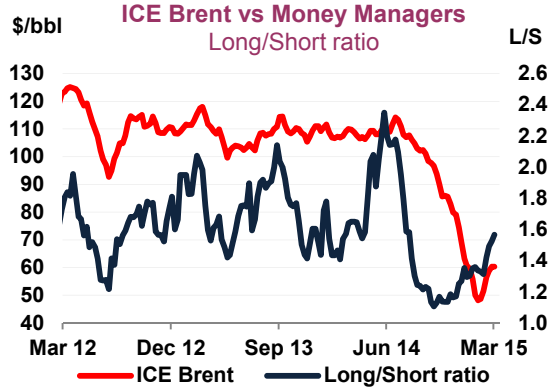
WTI's contango structure – where prompt oil trades at a discount to future deliveries – is encouraging market players to fill up storage at Cushing, Oklahoma – the delivery hub for NYMEX WTI. In early March, the WTI M1-M12 spread had widened out to -$10/bbl – up from an average -$7.96/bbl in January. The current contango covers short-term storage costs.

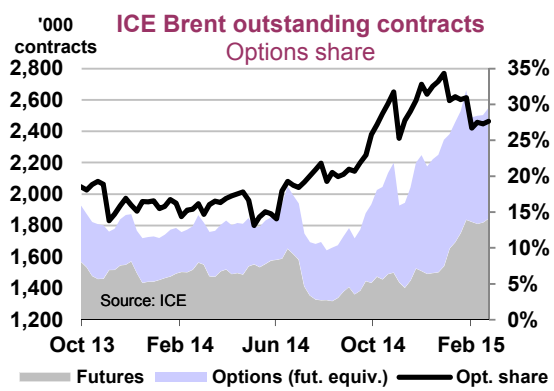
Inventories at Cushing, Oklahoma have risen for 14 weeks running, the latter part of which refiners have been in maintenance. Upon the completion of seasonal turnarounds in April, refineries will burn more crude - just ahead of the start of the US driving season in May when product demand typically rises. This could slow the building of crude stocks, which – in turn – could relieve some of the pressure on WTI and narrow its discount to Brent.

Financial markets

Market Activity

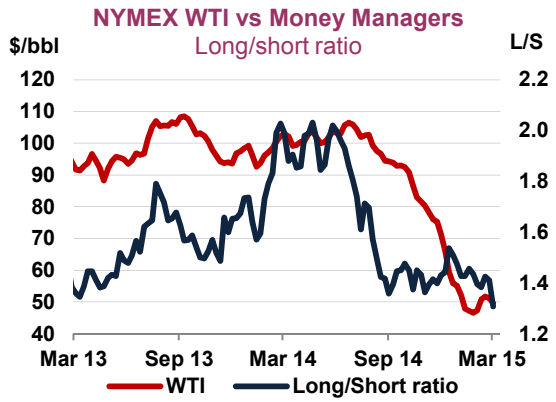
Hedge funds took a progressively more optimistic stance towards ICE Brent throughout January and February. The *long-to-short ratio*, an indicator of funds' overall positioning, climbed from 1.3 to about 1.6, a level unseen since late July 2014. The overall number of outstanding Brent future contracts recovered to levels prior to the price collapse, at the expense of the total share of option contracts, suggesting that hedge funds now see a less uncertain future ahead.

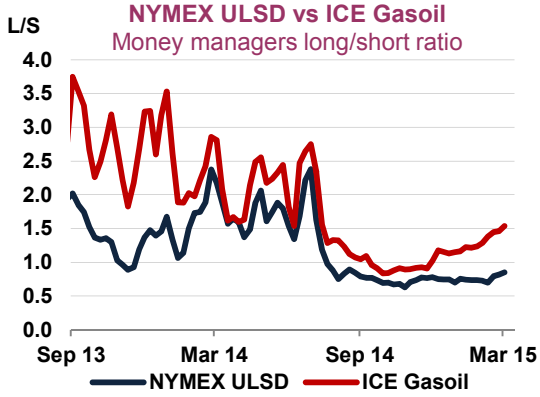




Funds' positioning was far more bearish towards NYMEX WTI, where some short-lived optimism in early 2015 gave way to pressures as crude piled up at Cushing (see *OECD Stocks*). At the time of writing, the *long-to-short* ratio of funds' exposure to the US benchmark is sitting at its lowest since December 2011.

On the products' side, funds showed some timid optimism on the New York ultra-low sulphur diesel (ULSD) contract, although still keeping a bearish stance, as the overall positioning remains entrenched in short-selling territory. Conversely, funds' outlook towards ICE Gasoil has been gaining steam and moving increasingly into positive territory, on the back of strengthening European gasoil demand (See *Demand*).





Financial regulation

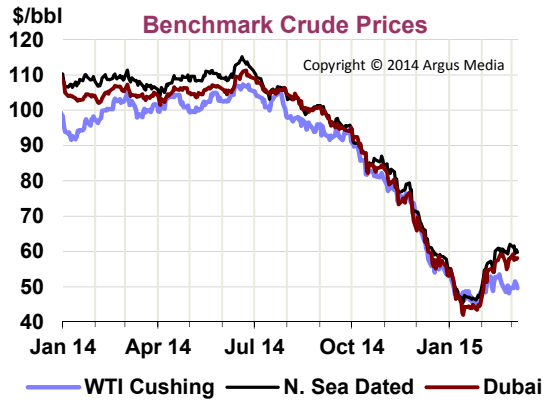
In the upcoming months, the US Commodity Futures Trading Commission (CFTC) could finalise rules on speculative position limits. As the rules have been the centre of much debate, the government agency extended the period of public comment on proposed rules to the end of March. The CFTC is also working on an exemption from margin requirements for end-users of uncleared swap contracts.

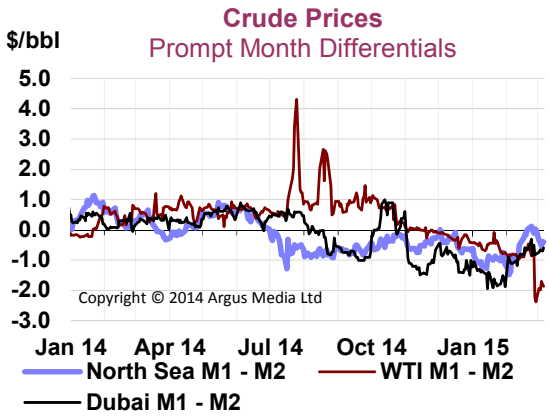
The European Securities and Markets Authority (ESMA) is receiving comments on its Addendum Consultation Paper on its Markets in Financial Instrument Directive and Regulation (MiFID II), the main

pillar of the EU financial regulatory framework. The final technical standards are due to be submitted to the European Commission by December 2015. MiFID II is expected to come into force on January 2017.

Spot crude oil prices

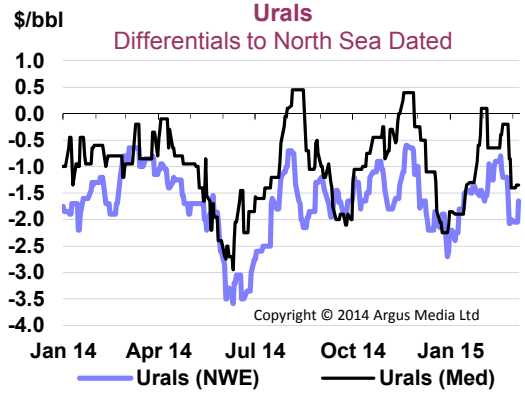
Spot crude oil prices benefited in February from robust demand from refiners, especially in Europe and Asia. Prices have stabilised for the past three weeks, although markets are not yet in balance. Higher anticipated exports from Iraq (see *Supply*) and the North Sea began to weigh in March and the onset of refinery maintenance in Asia and Europe could also dampen demand.

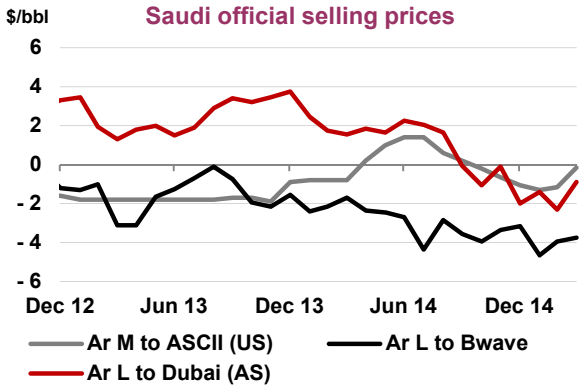




Dated Brent rose to an average $58.09/bbl during February, for a gain of $10.25/bbl on January. The North Sea benchmark has hovered around $60/bbl since mid-February, with US WTI lagging by about $10/bbl. The US marker rose just $3.34/bbl to an average $50.61/bbl in February. Middle East benchmark Dubai and Russian Urals bounced back more strongly versus January. Dubai rose $9.80/bbl to average $55.42/bbl in February, while Urals climbed $11.13/bbl to $57.61/bbl in February.

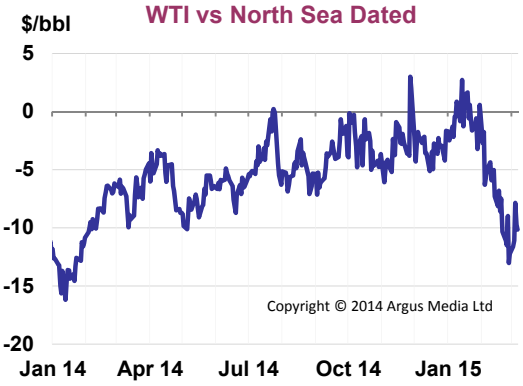
Mediterranean crude oil markets were pressured by Iraq's plan to boost northern exports via Turkey to about 480 kb/d – the highest level since June 2011. Sour Urals differential to Dated Brent – already weakening on the back of a higher Russian March loading programme - has widened by about $0.50/bbl to roughly -$1.35/bbl as a result. In response to softening Urals prices, Saudi Aramco cut its monthly formula price for April loadings from Sidi Kerir for Arab Heavy and Medium grades.

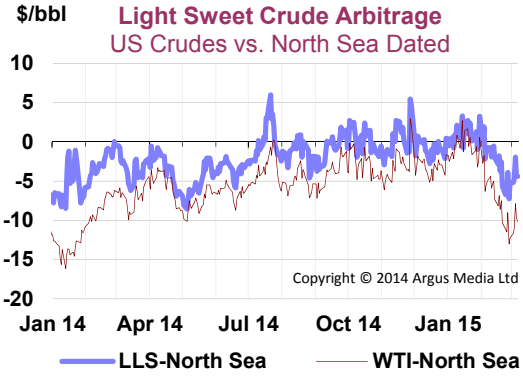




Demand from Asia appeared to be relatively firm during February on the back of healthy margins, although the start of refinery maintenance could put Middle East benchmark Dubai under pressure. Relatively strong interest from India lured March-loading Nigerian grades and strengthened premiums versus Dated Brent. China's thirst for Angolan crudes remained steady and South Korea's buying helped boost UK Forties to a four-month high versus Dated Brent.

Noting the strength in the Dubai market, Saudi Aramco raised the monthly official selling price (OSP) for its April-bound cargoes to Asia by $1.20 to $1.40/bbl. The April price rise followed steady reductions since June 2014. Dubai's narrowing contango and stronger refining margins had led traders in Asia to anticipate an increase in formula prices.





Saudi Aramco raised its April formula prices by $1/bbl for US customers, many of whom are running more Canadian and domestic grades. WTI's widening discount to Brent has meanwhile driven up differentials on other domestic grades. Sour Mars crude was at a $0.60/bbl premium in February – up $3/bbl on January. The premium of LLS to WTI had expanded to around $5/bbl from about $1.50/bbl in January, although it, too, is feeling the pressure of record US stock levels. The Brent-LLS premium widened, discouraging imports. The discount for Western Canadian Select has meanwhile narrowed versus WTI, from -$16/bbl in December to -$13.10/bbl in January and -$11.50/in February on average.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Dec	Jan	Feb	Feb-Jan Avg Chg	%	Week Commencing: 02 Feb	09 Feb	16 Feb	23 Feb	02 Mar
Crudes										
North Sea Dated	62.57	47.84	58.09	10.25	21.4	54.92	56.74	60.27	60.44	60.49
Brent (Asia) Mth 1	63.16	48.79	57.86	9.07	18.6	54.54	57.17	61.24	59.84	60.68
WTI (Cushing) Mth 1	59.47	47.27	50.61	3.34	7.1	50.65	51.14	51.79	49.08	50.40
Urals (Mediterranean)	61.34	46.48	57.61	11.13	23.9	54.72	56.09	59.90	59.74	59.12
Dubai	60.22	45.62	55.42	9.80	21.5	52.63	55.16	58.45	56.64	58.19
Tapis (Dated)	58.84	44.22	55.23	11.01	24.9	51.78	53.64	58.10	58.54	58.99
Differential to North Sea Dated										
WTI (Cushing)	-3.09	-0.58	-7.49	-6.91		-4.28	-5.59	-8.48	-11.36	-10.09
Urals (Mediterranean)	-1.22	-1.36	-0.48	0.88		-0.20	-0.65	-0.37	-0.70	-1.37
Dubai	-2.34	-2.22	-2.67	-0.45		-2.29	-1.57	-1.82	-3.79	-2.30
Tapis (Dated)	-3.72	-3.62	-2.87	0.76		-3.14	-3.10	-2.17	-1.90	-1.50
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.40	-0.99	-0.50	0.49		-1.16	-0.74	-0.11	0.01	-0.41
Forward WTI Cushing Mth1-Mth2	-0.26	-0.54	-0.95	-0.42		-0.84	-0.90	-0.65	-1.37	-1.85
Forward Dubai Mth1-Mth2	-0.96	-1.56	-0.85	0.72		-1.03	-0.95	-0.68	-0.65	-0.67

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Spot product prices

Spot product prices firmed across the board in February with all surveyed products posting double digit percentage increases. In the US and Europe, prices at the top and middle of the barrel received support from cold weather and a raft of planned and unplanned outages in the US which saw refinery throughputs there plunge by over 1 mb/d. Cracks subsequently firmed for most products, although gains were most pronounced in the US where crude remained comparatively cheaper. Those in Singapore were mixed as gasoline and naphtha benefitted from healthy regional demand but gains elsewhere were limited at best.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Dec	Jan	Feb	Feb-Jan Chg	Feb-Jan %	Week Commencing: 02 Feb	09 Feb	16 Feb	23 Feb	02 Mar	Dec	Jan	Feb	Chg
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	66.20	54.20	66.10	11.90	22.0	62.87	65.59	67.28	68.65	72.08	3.63	6.35	8.01	1.65
Naphtha	55.23	44.68	56.37	11.69	26.2	53.80	55.58	57.62	58.47	59.51	-7.34	-3.17	-1.72	1.44
Jet/Kerosene	79.84	65.29	74.82	9.53	14.6	71.97	75.46	76.05	75.79	75.03	17.28	17.44	16.73	-0.72
ULSD 10ppm	78.95	64.47	76.45	11.97	18.6	72.16	76.36	78.41	78.85	77.93	16.39	16.63	18.35	1.72
Gasoil 0.1%	76.95	63.06	74.34	11.28	17.9	70.89	74.54	76.07	75.88	74.75	14.39	15.22	16.25	1.03
LSFO 1%	50.08	38.36	48.09	9.73	25.4	45.58	48.07	50.02	48.70	49.95	-12.49	-9.48	-10.00	-0.51
HSFO 3.5%	46.58	34.64	44.45	9.81	28.3	41.49	44.27	46.70	45.35	45.59	-15.99	-13.20	-13.64	-0.44
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	66.76	54.66	66.88	12.22	22.4	63.41	66.28	68.17	69.66	73.08	5.41	8.18	9.27	1.09
Naphtha	51.64	41.24	53.73	12.48	30.3	51.20	53.31	55.15	55.25	56.35	-9.71	-5.24	-3.89	1.36
Jet Aviation fuel	77.70	63.35	73.48	10.13	16.0	70.93	74.63	74.80	73.58	72.91	16.36	16.87	15.87	-1.00
ULSD 10ppm	77.80	63.37	75.42	12.05	19.0	71.09	75.45	77.85	77.30	76.27	16.46	16.89	17.81	0.92
Gasoil 0.1%	75.81	61.50	73.38	11.87	19.3	69.44	74.10	75.83	74.13	74.00	14.47	15.02	15.76	0.74
LSFO 1%	51.20	39.62	49.81	10.19	25.7	47.45	49.84	51.67	50.27	51.44	-10.15	-6.86	-7.81	-0.94
HSFO 3.5%	46.03	34.33	44.38	10.05	29.3	41.64	44.27	46.47	45.14	45.32	-15.31	-12.15	-13.23	-1.08
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	69.53	62.53	74.24	11.70	18.7	70.97	72.37	73.76	79.75	80.11	7.66	13.72	19.01	5.29
Unleaded	60.49	53.61	67.30	13.69	25.5	63.75	66.08	67.25	72.10	72.21	-1.37	4.79	12.07	7.28
Jet/Kerosene	75.47	63.07	72.93	9.86	15.6	70.63	73.36	73.85	74.07	73.67	13.61	14.26	17.71	3.45
ULSD 10ppm	74.83	64.55	76.18	11.63	18.0	73.14	76.18	77.70	78.02	76.94	12.97	15.74	20.96	5.22
Heating Oil	67.02	61.51	69.97	8.46	13.7	68.53	70.44	70.64	70.40	68.51	5.16	12.70	14.75	2.05
No. 6 3%*	48.91	38.53	48.61	10.08	26.2	46.48	49.09	50.01	49.15	48.80	-12.95	-10.29	-6.61	3.67
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	71.71	57.24	70.33	13.08	22.9	66.25	69.71	72.78	73.54	77.22	11.48	11.62	14.91	3.28
Naphtha	56.38	45.52	57.56	12.04	26.5	54.74	57.57	59.73	59.08	60.32	-3.84	-0.10	2.14	2.24
Jet/Kerosene	78.29	63.77	73.26	9.49	14.9	69.90	73.63	76.32	74.41	74.35	18.06	18.15	17.84	-0.31
Gasoil 0.05%	76.84	62.64	71.19	8.55	13.6	66.94	71.63	74.35	73.09	74.75	16.62	17.02	15.77	-1.25
LSWR Cracked	63.64	53.19	60.52	7.33	13.8	57.44	59.03	64.22	62.88	62.07	3.42	7.57	5.11	-2.47
HSFO 180 CST	55.43	44.07	54.53	10.45	23.7	51.33	54.70	58.01	55.45	55.43	-4.79	-1.55	-0.89	0.66
HSFO 380 CST 4%	54.80	42.94	52.69	9.75	22.7	49.50	53.24	56.22	53.21	53.18	-5.43	-2.68	-2.73	-0.05

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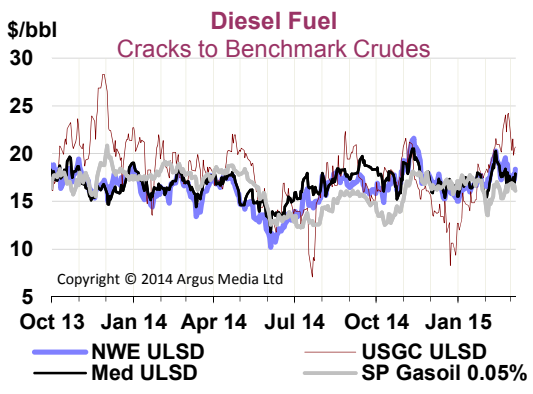
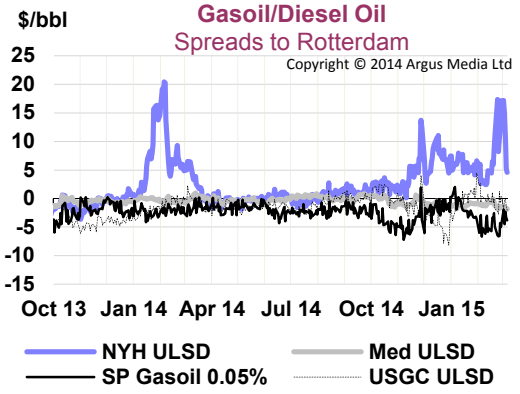
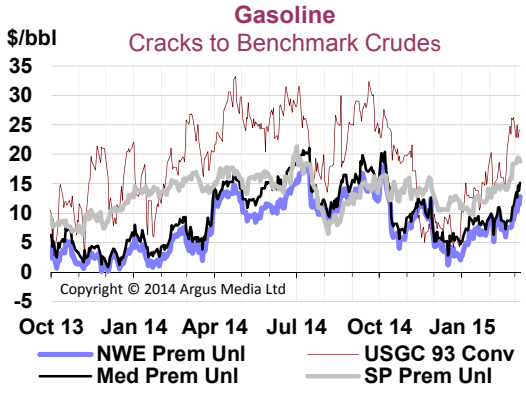
ULSD cracks in the US and Europe received a boost from a spell of prolonged cold weather on the US Atlantic Coast in February. This rapidly drew regional stocks of ULSD (the region's liquid space heating fuel of choice) and due to capacity constraints on the Colonial Pipeline, extra supplies could not easily be shipped Northwards from the US Gulf. As spot prices firmed, this opened a rare arbitrage window to ship ULSD to the US Atlantic Coast from Europe and flipped the ICE Gasoil forward price curve into backwardation. On a monthly average basis, US Gulf Coast ULSD cracks firmed by over $5/bbl to stand at $21/bbl while those in Europe increased by approximately $1/bbl as downward pressure came from high Russian exports to the region.

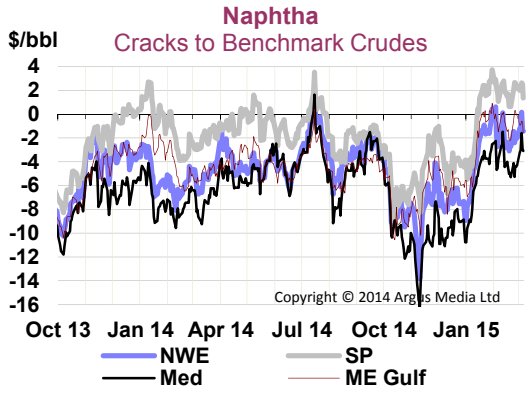




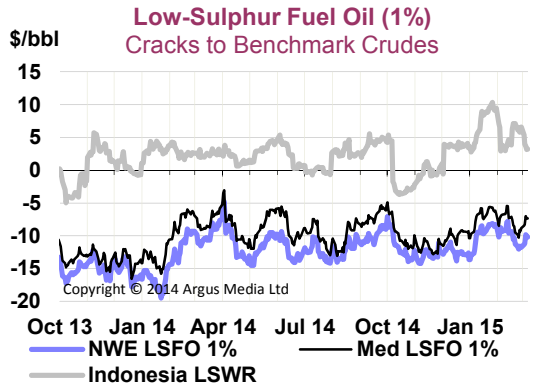
Cracks at the light end of the barrel increased across all surveyed markets as both gasoline and naphtha posted heathy spot price gains. In Europe, prices were driven higher by a reported uptick in regional demand and higher exports to Central and Latin America and West Africa. In the US, unplanned outages

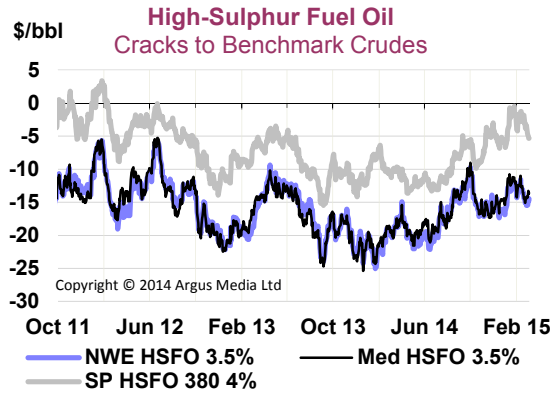
at Exxon's Torrance and BP's Whiting refineries, coupled with ongoing industrial action, helped to tighten supplies which saw US Gulf unleaded spot prices surge by over 25% on a monthly average basis. Despite regional inventories remaining high, the crack in Singapore firmed by over $3/bbl compared to January due to import demand from elsewhere in Southeast Asia.





Naphtha spot prices in Europe mirrored those of gasoline as naphtha demand for gasoline blending surged while export demand from Asia and Brazil reportedly stayed firm. In Singapore, the naphtha crack remained entrenched in positive territory following strong demand for naphtha as a petrochemical feedstock as prices for the competing feedstock, propane, remained high. Further upward momentum came from demand from gasoline blenders.

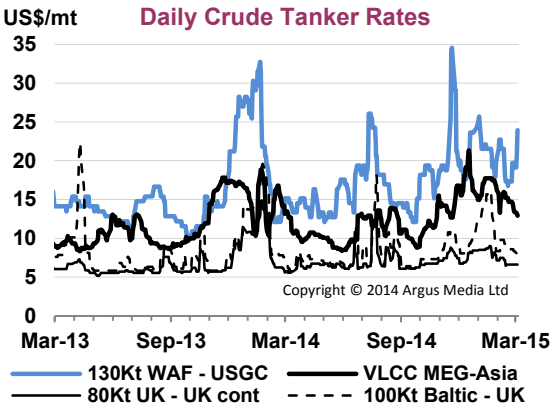


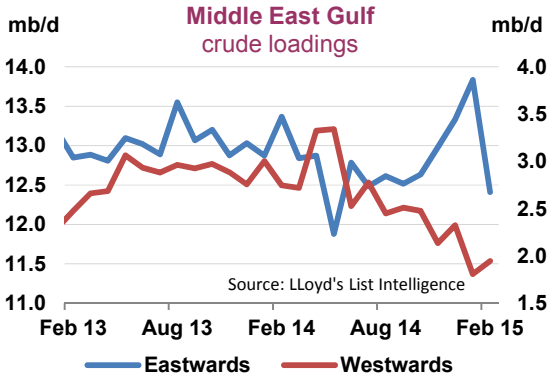


At the bottom of the barrel, the Singapore low-sulphur fuel oil (LSFO) crack was supported by brisk bunker demand while demand for HSFO was disappointing. Further downward pressure came from barrels arriving from Europe where cracks remain depressed amid oversupply. Despite the change in bunker fuel specification in Northwest Europe, LSFO in the region continues to command a premium over HSFO with export demand from non-ECA areas soaking up much of the excess supply.

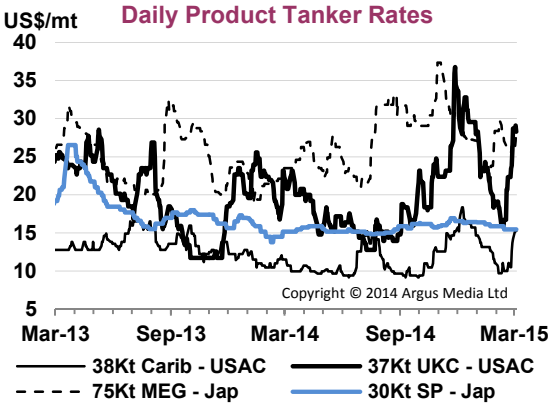
Freight

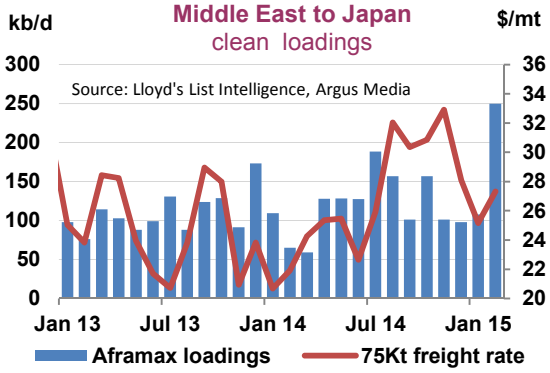
Crude freight rates had a generally subdued month. **Very large crude carrier** (VLCCs) rates on the benchmark Middle East Gulf – Asia route inched down on the month as tonnage remained sufficient to cover demand. Westward **Suezmaxes** leaving West Africa seesawed through the month, finding some support from increased shipments to Northwest Europe and weather-related delays in the Mediterranean and the Black Sea. Rates in the Baltic for **Aframaxes** returned to under $10/mt levels as the knock-on effects from weather conditions wore off in late January.





Products freight rates had a strong month led by **37 kt vessels on the UK – US Atlantic route**, which saw the rate spiking as refinery outages in the US East Coast drew in distillates from Europe – a rare move. The **38 kt Caribbean to US Atlantic** found some support from tighter tonnage availability as fixtures out of the region were up mostly on increased deliveries to Mexico. Product loadings from Middle East Gulf to Japan in larger 75 k vessels were just shy of 250 kb/d, the highest since September 2012, propping the rate up to a monthly average of about $27/mt, a relatively modest increase, as subdued eastward shipments from the Gulf kept the price in check.





REFINING

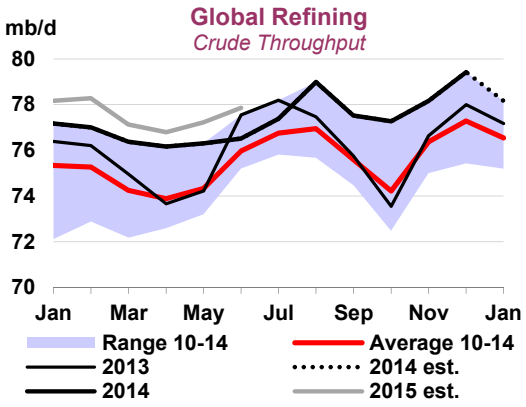
Summary

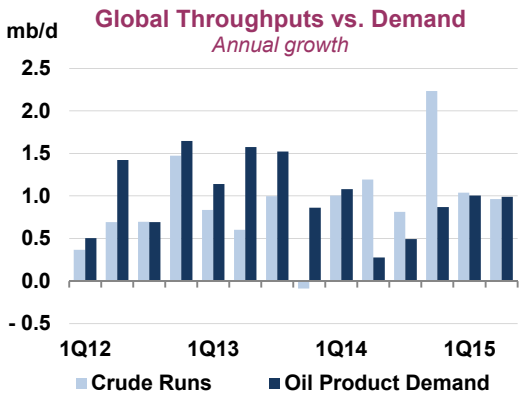
- **The estimate for global crude runs has been lifted to 77.8 mb/d in 1Q15**, 0.3 mb/d higher than in last month's *Report* as sustained strong refining margins prompted stronger-than-expected OECD throughputs, offsetting a weaker non-OECD outlook. Annual growth is now seen averaging just under 1.0 mb/d in 1Q15, down from 2.2 mb/d in 4Q14, and in line with projected oil demand growth

- **The onset of refinery maintenance in Europe and Asia is set to curb global refinery runs in 2Q15 to 77.3 mb/d**. Annual growth is expected to remain near 1.0 mb/d, but will shift from the OECD to non-OECD countries, mostly in the Middle East and non-OECD Asia. European refinery activity, meanwhile, is forecast to ease, after an extended period of unexpected strength.

- **A bout of winter demand strength, amid seasonally falling refinery activity, has sustained robust margins in early 2015.** With a few exceptions, such as Singapore margins and Urals margins in Europe, margins continued to rise in February. The strongest gains came in the US, where reduced refinery runs and swelling inventories cut domestic crude prices, while cold weather boosted product demand. Margins rose by $9.60/bbl on average in the Midcontinent and by $5.40/bbl in the Gulf Coast.

- **OECD refinery crude runs fell by 750 kb/d in January due to a steep decline in US refinery activity.** US refiners cut runs by 1 mb/d from December, as a sharp drop in margins in late December amplified planned maintenance shutdowns. In contrast, runs in Europe and Asia Oceania inched higher from a month earlier, maintaining robust annual gains of 630 kb/d and 180 kb/d, respectively.





Global refinery overview

The forecast of global refinery activity for 1Q15 has been raised by 0.3 mb/d since last month's *Report*, as stronger-than-expected oil product demand and sustained robust margins prompted unexpectedly high throughputs in Europe and to a lesser extent in OECD Asia Oceania. Pockets of winter demand strength in Europe and the US East Coast, and lower runs in the Americas due to scheduled and unscheduled outages, underpinned elevated European refinery runs compared with the year-earlier. While seasonal plant maintenance is expected to curb European refinery activity from March onwards, extending the seasonal downturn in global runs since December, announced turnaround schedules suggest a lighter maintenance programme than in recent years. Given a still lacklustre outlook for economic growth, unexpectedly strong demand in December and January are not expected to be sustained. Product inflows from new refineries in Saudi Arabia and the UAE, will likely add pressure. Both refineries were still ramping up in 1Q15 with few product cargoes scheduled so far. The full effect of the new plants will reverberate from 2Q15 onwards.

Global Refinery Crude Throughput[1]

(million barrels per day)

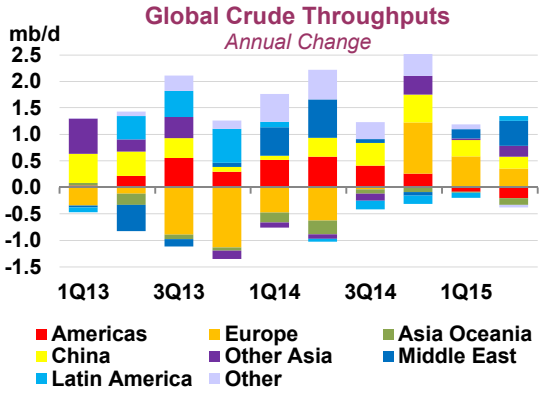
	Nov 14	Dec 14	**4Q2014**	Jan 15	Feb 15	Mar 15	**1Q2015**	Apr 15	May 15	Jun 15	**2Q2015**
Americas	18.9	19.3	**18.8**	18.4	18.2	18.0	**18.2**	18.4	18.8	19.0	**18.8**
Europe	11.9	11.7	**11.8**	11.8	11.9	11.5	**11.7**	11.4	11.4	11.5	**11.5**
Asia Oceania	6.7	6.9	**6.6**	7.1	7.0	6.5	**6.9**	6.3	5.9	5.7	**6.0**
Total OECD	37.5	38.0	**37.2**	37.2	37.1	36.0	**36.8**	36.1	36.2	36.3	**36.2**
FSU	7.3	7.2	**7.2**	7.1	7.3	7.1	**7.1**	6.9	7.1	7.3	**7.1**
Non-OECD Europe	0.5	0.5	**0.5**	0.4	0.4	0.4	**0.4**	0.5	0.5	0.5	**0.5**
China	10.3	10.5	**10.3**	10.2	10.2	10.1	**10.2**	10.0	9.9	10.1	**10.0**
Other Asia	10.0	10.1	**10.0**	10.1	10.0	9.9	**10.0**	9.8	9.8	9.8	**9.8**
Latin America	4.4	4.7	**4.6**	4.6	4.6	4.8	**4.6**	4.7	4.8	4.8	**4.8**
Middle East	5.8	6.3	**6.1**	6.4	6.5	6.6	**6.5**	6.6	6.8	7.0	**6.8**
Africa	2.3	2.2	**2.3**	2.2	2.2	2.2	**2.2**	2.2	2.1	2.2	**2.2**
Total Non-OECD	40.7	41.4	**41.1**	40.9	41.2	41.1	**41.1**	40.7	41.0	41.6	**41.1**
Total	78.2	79.4	**78.3**	78.2	78.3	77.1	**77.8**	76.8	77.2	77.9	**77.3**

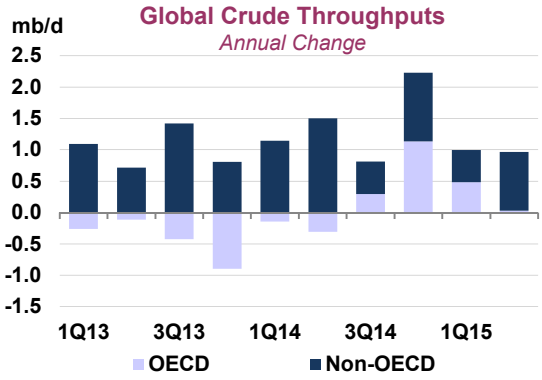
1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

Increased refinery output and product exports from North America are also expected to hit markets in coming months as US refiners exit turnarounds towards the end of March. Refinery margins surged over February to nearly $20/bbl for Bakken crude in the US Midcontinent and around $13.5/bbl for ASCI-grade crude on the Gulf Coast. Lower US refinery demand since December, due to both scheduled and unscheduled outages, sent record crude volumes to storage, undermining domestic prices. Gasoline prices were supported by an explosion at ExxonMobil's Torrance, California, refinery in February. The explosion, the third such accident in the US so far this year has sparked concerns over safety at US plants. Safety is in focus in a dispute between labour unions and oil companies that has resulted in strikes at 15 US refineries and chemical plants since 1 February. So far the industrial action, the widest in 35 years, has had little impact on actual product supplies, but fear that output will be affected unless a deal is struck is weighing on markets.

In Brazil, several unplanned outages curbed refinery activity in January and February. The shutdowns, which saw Brazilian throughputs fall by nearly 240 kb/d in January, lifted Latin American product import requirements and provided further support to global markets. Indeed, press reports indicated that one of the very first product shipments from the newly commissioned Ruwais refinery in the UAE was heading to Brazil, to cover product shortfalls from the recent outages. A cargo of off-specification road diesel, meanwhile, was shipped from Saudi Arabia's new Yanbu plant to the US East Coast after freezing temperatures there not only supported heating oil demand but also to several refinery shutdowns in the region. Chinese refinery crude throughputs averaged 10.2 mb/d over January and February, an increase of around 350 kb/d from the year earlier, but down sharply from the high rates recorded at end-2014. Industry surveys suggest only a slight decline in refinery run rates in March.

In all, global refinery crude runs are expected to decline seasonally from the record 78.3 mb/d average recorded in 4Q14, to 77.8 mb/ d in 1Q15. While stronger than previously expected, annual growth also eases from 2.2 mb/d in 4Q14 to just under 1.0 mb/d in 1Q15, in line with forecast global oil product demand growth. Global refinery activity is set to slip further in 2Q15, to average 77.3 mb/d, on seasonally lower European and Asian throughputs. While growth is expected to remain largely unchanged around 1.0 mb/d, it will likely be entirely accounted for by non-OECD countries. While this shift is in part due to exceptionally high US and weak European runs a year ago (limiting the US growth potential this summer and exacerbating recent gains in Europe), it reflects the broader structural shift of oil demand and refinery capacity out of the OECD to non-OECD countries.





OECD refinery throughput

OECD refinery crude throughputs plunged by 750 kb/d in January, to average 37.2 mb/d, led by sharply lower North American refinery activity. In contrast, runs in both Europe and Asia Oceania inched higher, supported by healthy refinery margins. On a year-on-year basis, OECD runs were 730 kb/d higher, with gains of 630 kb/d in Europe and 180 kb/d in Asia Oceania partly offset by a small contraction in the Americas. As maintenance intensifies, first in the US, then in Europe and lastly in Asia, OECD throughputs are expected to fall seasonally through April before rebounding from May onwards. In all, OECD refinery runs are projected to average 36.8 mb/d in 1Q15 and 36.2 mb/d in 2Q15, down from 37.2 mb/d in 4Q14.

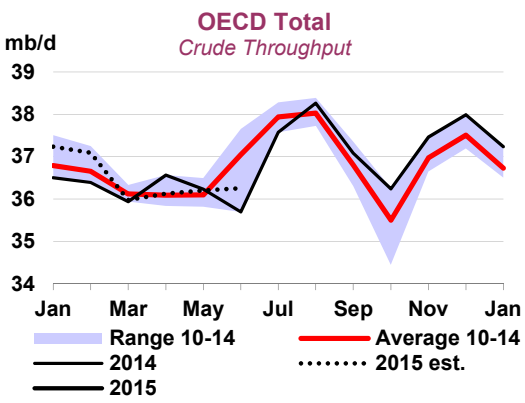
Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

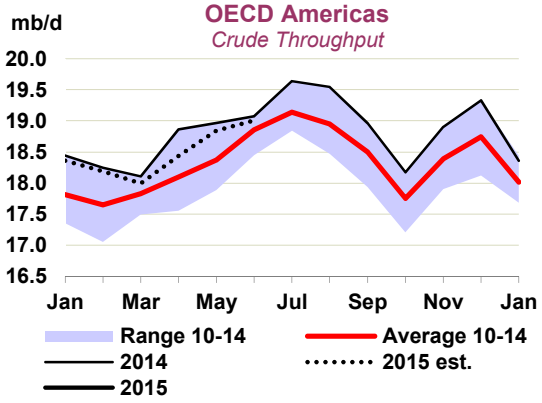
							Change from		Utilisation rate[1]	
	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	*Dec 14*	*Jan 14*	Jan 15	Jan 14
US[2]	16.46	16.06	15.34	16.04	16.47	15.44	-1.03	0.14	0.87	0.86
Canada	1.76	1.54	1.58	1.63	1.60	1.74	0.14	-0.02	0.95	0.96
Chile	0.18	0.17	0.16	0.15	0.17	0.17	0.00	-0.01	0.74	0.78
Mexico	1.15	1.18	1.09	1.07	1.09	1.01	-0.09	-0.20	0.61	0.73
OECD Americas	**19.55**	**18.96**	**18.17**	**18.90**	**19.33**	**18.36**	**-0.97**	**-0.08**	**0.86**	**0.86**
France	1.21	1.18	1.19	1.14	1.16	1.17	0.01	0.08	0.83	0.77
Germany	1.99	1.90	1.82	1.93	1.92	1.94	0.02	0.05	0.96	0.94
Italy	1.31	1.21	1.14	1.27	1.28	1.26	-0.02	-0.03	0.72	0.74
Netherlands	0.98	1.05	1.11	1.03	0.99	1.06	0.07	0.05	0.82	0.78
Spain	1.27	1.10	1.21	1.19	1.25	1.19	-0.07	0.12	0.78	0.70
United Kingdom	1.14	1.15	1.15	1.14	1.17	1.12	-0.05	-0.07	0.81	0.76
Other OECD Europe	4.06	3.99	4.20	4.17	3.94	4.07	0.13	0.42	0.83	0.75
OECD Europe	**11.95**	**11.59**	**11.82**	**11.87**	**11.71**	**11.80**	**0.09**	**0.63**	**0.83**	**0.77**
Japan	3.14	3.17	2.89	3.18	3.41	3.43	0.02	0.00	0.86	0.79
South Korea	2.70	2.52	2.53	2.65	2.70	2.80	0.10	0.28	0.85	0.82
Other Asia Oceania	0.92	0.84	0.83	0.84	0.84	0.84	0.01	-0.10	0.77	0.78
OECD Asia Oceania	**6.75**	**6.53**	**6.25**	**6.68**	**6.95**	**7.07**	**0.13**	**0.18**	**0.84**	**0.80**
OECD Total	**38.25**	**37.08**	**36.24**	**37.46**	**37.99**	**37.24**	**-0.75**	**0.73**	**0.84**	**0.82**

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

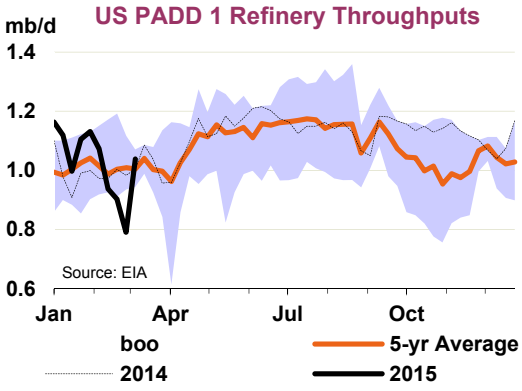
2 US50

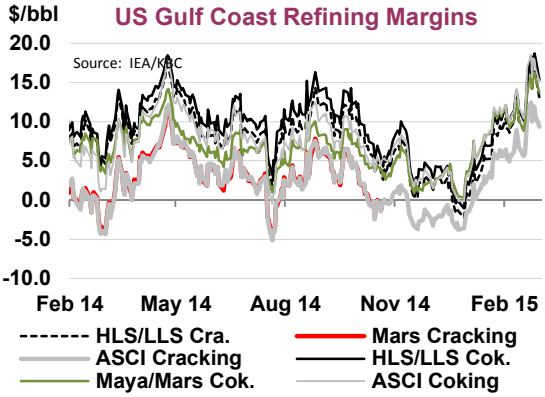
3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery





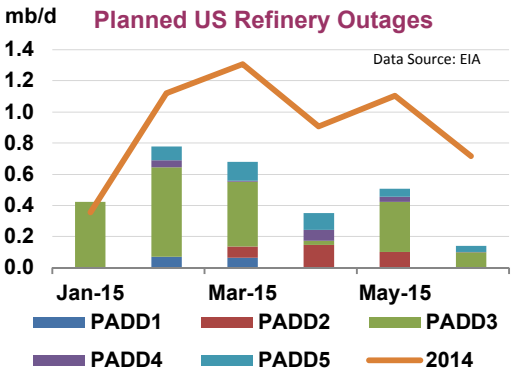
Lower US and Mexican refinery runs accounted for much of the decline in OECD refining activity. US refiners cut throughputs by more than 1 mb/d from December's highs, due not only to the onset of seasonal maintenance but also to a sharp deterioration in profitability. Margins in both the US Gulf Coast and the Midcontinent turned negative at the end of 2014 as product output exceeded demand and inventories rose. US gasoline stocks in particular saw steep gains towards year-end, putting severe downward pressure on gasoline cracks and margins.





According to preliminary weekly data from the US Energy Information Administration (EIA), US refinery activity eased further in February, down 120 kb/d for the month on average. The bulk of the decline stemmed from the East Coast, as a cold spell triggered outages at several plants. PADD 1 refinery activity slipped to a low of only 775 kb/d in the week ending 24 February, and was down by 190 kb/d for the month on average. Monroe Energy, a subsidiary of Delta Airlines, had to shut its catalytic cracker and other units as the river water used for cooling froze. Philadelphia Energy Solutions' 335 kb/d refinery also had to reduce runs due to boiler problems. A crude unit was also taken offline for planned work in February, while Phillips66's Bayway plant shut a crude unit for planned work from 4 February.

According to a report issued by the US EIA on 26 February, US refiners planned to take less than 0.8 mb/d of crude distillation capacity offline in February and 0.7 mb/d in March, compared with 1.1 mb/d and 1.3 mb/d in the corresponding months one year earlier. According to the EIA data, additional unplanned outages normally average around 0.5 mb/d during the first half of the year. The report concluded that planned refinery maintenance this spring is not expected to adversely affect fuels supplies and that barring unforeseen outages or higher-than-expected demand, the supply of gasoline and distillate should be adequate in all US regions.



US refinery strike spreads but impact limited so far

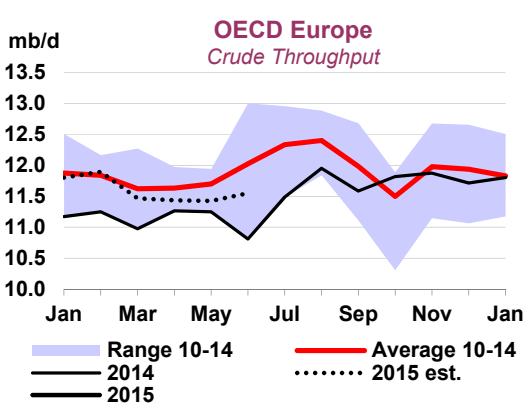
At the time of writing, no agreement to end the largest US refinery strike in 35 years had been reached. Negotiations between the United Steelworkers Union (USW), which represents more than 30 000 US oil workers, and Royal Dutch Shell, the lead negotiator for the oil industry, resumed on 9 March after an extended stalemate.

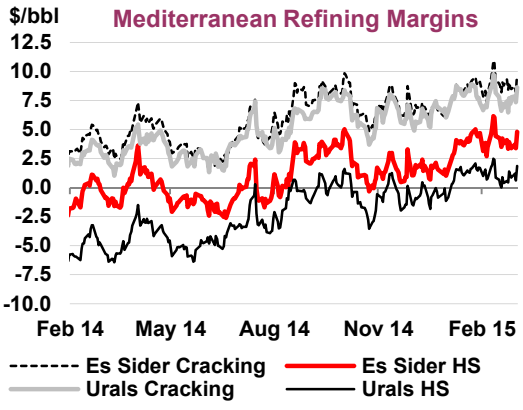
The conflict, which affects more than 200 refineries, oil terminals, pipelines and chemical plants, has been ongoing since 1 February after negotiations to renew a labour pact covering salary, benefits, working conditions and safety collapsed. The USW had rejected several offers put forward by Royal Dutch Shell, putting nine refineries on strike on 1 February.

Since then, the industrial action has expanded to include a total of 15 facilites, including 12 refineries with combined capacity of 3.6 mb/d, or nearly one-fifth of total US distillation capacity, making it the largest such dispute at oil facilities since 1980, when a work stoppage lasted three months. Only Tesoro's 165 kb/d Martinez refinery in California has been completely halted, however, and only partly due to the strike. The plant was due to commence a multi-unit overhaul affecting about half its output prior to the strike, and Tesoro decided to shut the entire facility instead. Another 11 refineries, with total capacity of around 3.4 mb/d, are currently operating under contingency plans.

The contingency plans enacted by companies have so far allowed refineries to maintain operations without union labor workers. Companies are also training and deploying relief workers to keep plants running at normal rates. While refiners have so far been able to limit the impact on supplies, concerns are that unless the parties can come to an agreement, the strikes could escalate, limiting the industry's ability to replace union workers and to offset outages at other plants. Lower product supplies in the run-up to the summer driving season could significantly affect not only domestic but also global product markets.

European refinery activity continues to be supported by healthy margins. The decline in crude oil prices since last summer has outpaced declines in product prices, which have been underpinned by signs of demand strength. Preliminary data show European refinery runs increased again in January, by roughly 100 kb/d, to 11.8 mb/d. Regional runs stood an impressive 630 kb/d above the same month a year earlier. According to data released by Euroilstock on 10 March, European refinery runs continued to rise in February, lifting the estimate of European throughputs through 1H15 upwards since last month's *Report*. Such strong runs may not be sustainable, however, and we expect regional throughputs and margins to come under renewed pressure amid rising product inflows from competing regions, swelling product inventories and faltering demand growth. Refinery maintenance will further cut rates, with Shell's Pernis, Total's Donges, and the German Karlsruhe refineries amongst others planning work.

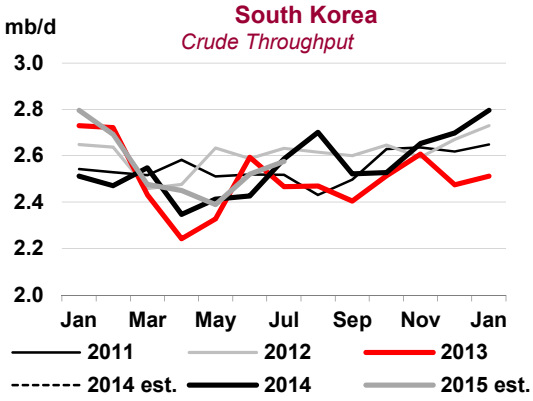


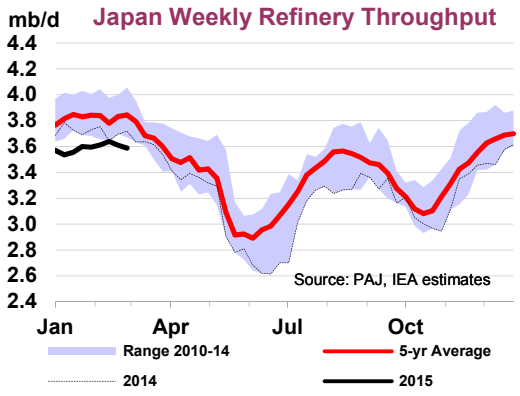


Despite the recent uptick in margins since mid-2014, most companies with exposure to the European downstream see the current improvement as a temporary phenomenon and continue to push ahead with restructuring plans. Total announced in mid-February that it would halve capacity at its UK Lindsey refinery as it adapts to lower regional fuel demand. The plant, which has a nameplate capacity of

207 kb/d, split between two crude distillation units, will shut one crude unit by the end of 2016. Total's plan to improve the site's efficiency and competitiveness calls for investments of $51 million. The company further added it would announce plans for its French refineries in the spring, after a pledge to the government not to curb domestic refinery capacity for five years lapsed at the start of 2015. Expectations are that the company will announce further partial plant capacity reductions, rather than full site conversions.

In **OECD Asia Oceania**, refinery activity also surprised to the upside in January, posting an increase of 130 kb/d from December, to 7.1 mb/d on average. The monthly increase came about largely on account of higher South Korean runs, which reached their highest level since at least 1996, at 2.8 mb/d. In Japan, refinery runs were largely unchanged through January and February at around 3.4 mb/d. Maintenance is expected to significantly curb regional runs in 2Q15, with more than 1 mb/d of crude capacity taken offline at the peak in May and June.

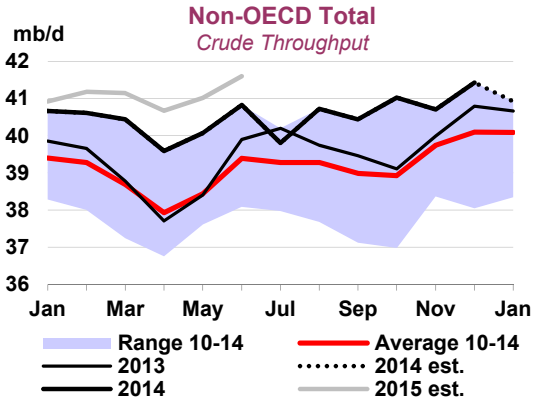


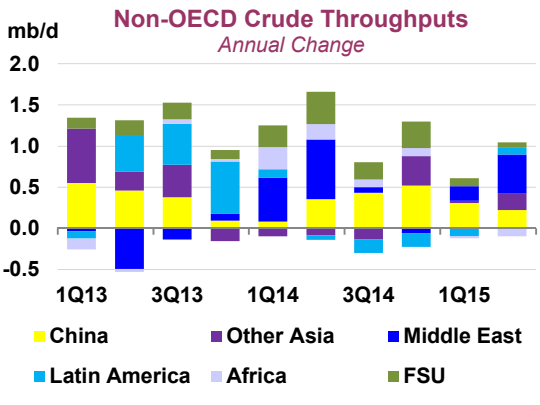


Non-OECD refinery throughput

Non-OECD refinery throughputs trended higher towards the end of 2014 with record high Chinese refinery runs and the start-up of new Middle Eastern refineries. A recovery in Indian refinery operations and continued robust throughputs at Russian plants also contributed. Total non-OECD refinery run estimates for 4Q14 have been lifted since last month's Report, by 150 kb/d, to 41.1 mb/d on average, representing annual growth of nearly 1.1 mb/d.

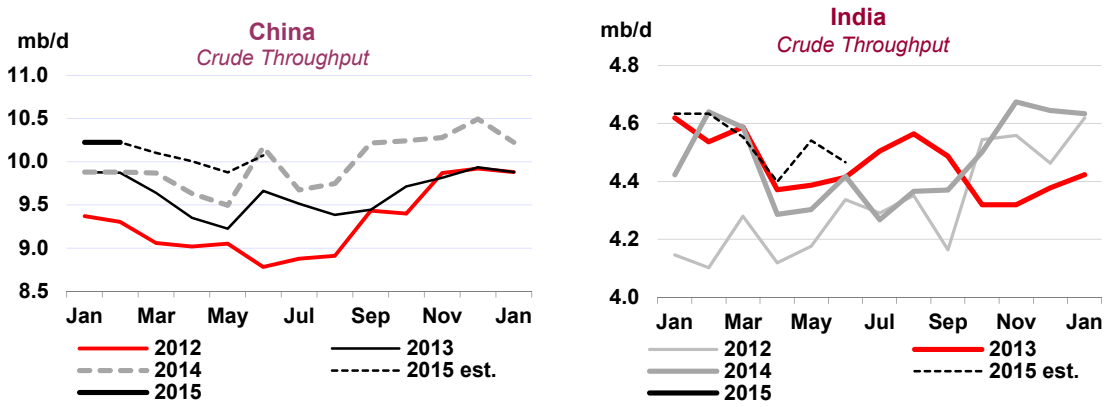
In contrast, the assessment of 1Q15 non-OECD refinery runs has been lowered by nearly 240 kb/d since last month's *Report*. Non-OECD crude runs are now seen at 41.1 mb/d, on par with 4Q14 levels and with annual growth easing to 0.5 mb/d. Lower than expected refinery runs in China over January and February, compared with record-high December levels, a sharp decline in Brazilian runs due to outages, higher maintenance and perpetual delays to new plant start-ups underpin the lower numbers.





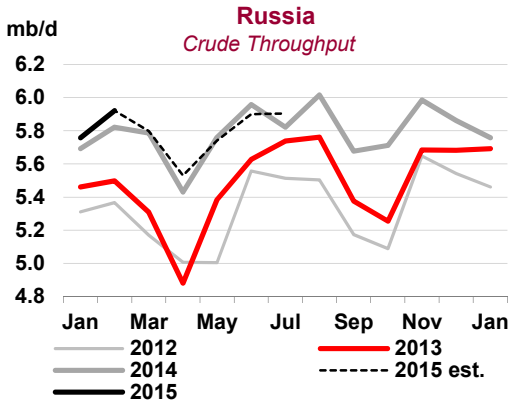
While no new capacity is expected to be commissioned in China in the near term, and India's Paradip refinery will likely come on-stream in the second half of the year, annual non-OECD refinery growth is expected to pick up in 2015 from exceptionally weak levels in early 2014. It is however Middle Eastern refiners that will take centre-stage in 2015 with at least 800 kb/d of new refinery capacity hitting global markets. Saudi Arabia's Yanbu refinery has already exported several cargoes of clean products and the UAE's Ruwais refinery is on track to follow suit shortly, with a diesel and a jet cargo already scheduled for mid- March. A string of unscheduled outages in Brazil in early 2015 could create an unexpected outlet to absorb some of the additional product volumes.

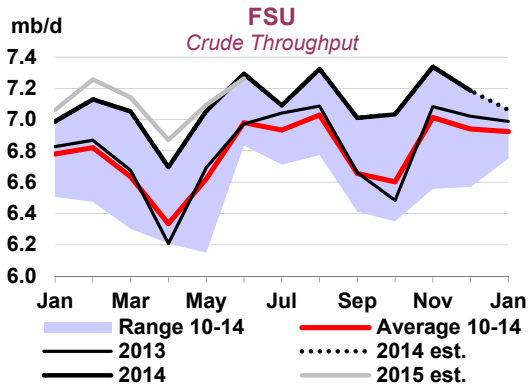
Chinese refinery crude throughputs averaged 10.2 mb/d over January and February, an increase of around 350 kb/d from the year earlier, but down sharply from the high rates recorded at end-2014. Industry surveys suggest state owned refiners planned to keep runs steady in March. Latest customs data show Chinese crude oil imports surged by nearly 11% year-on-year in February, to 6.69 mb/d on average, up from 6.62 mb/d in January. Aggregate product imports rose compared with both January and a year earlier, despite sharply lower fuel oil imports. Chinese "teapot" refineries have sharply curbed their fuel-oil intake since the end of 2014, following changes in the tax code. Product exports meanwhile dropped by 16.8% year on year, resulting in the highest net import figure for key products since the start of 2014. The higher net imports, of 1 million mt, were likely in part due to stock building ahead of the Lunar New Year celebration.



In non-OECD Asia, Indian refinery runs were largely unchanged in January from a month earlier, at around 4.6 mb/d. Runs were nevertheless up more than 200 kb/d compared with January of last year, when Reliance's domestically-oriented Jamnagar plant was running at low rates. Reliance announced it will start maintenance work in March this year, while Essar is expected to shut its 405 kb/d Vadinar plant for about four weeks over May and June. IOC's Koyali plant was also undergoing maintenance in March and April, while HPCL was planning some shutdowns of its Mumbai and Vizag plants over April/May and June/July, respectively. The latest announcements regarding Indian Oil Corporation's new Paradip refinery suggest that the 300 kb/d plant will reach full rates by end-year. Despite repeated start-up delays, commissioning is still expected to start around mid-year. Elsewhere, Sri Lanka shut its sole refinery, the 50 kb/d Sapugaskanda plant, for five weeks from end February. Taiwan Formosa Petrochemical Corp, meanwhile, announced it would raise runs at its 540 kb/d Mailiao plant to 90% of capacity in January, up from 70% in December, as a damaged residue FCC unit was restarted early month.

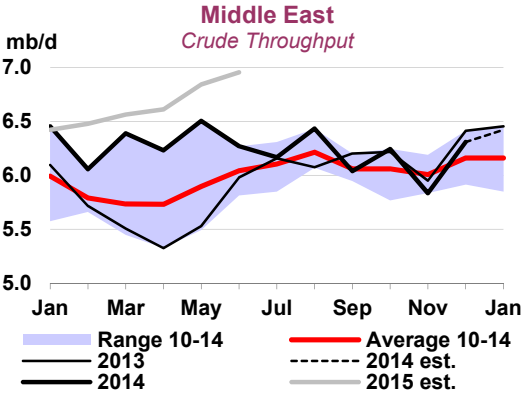
Russian refinery activity slipped by just over 100 kb/d month-on-month in January, to nearly 5.8 mb/d. Runs were nevertheless 65 kb/d above a year earlier. Bad weather in the Black Sea reportedly forced the independent Afinsky and Ilsky refineries to curb runs, while maintenance at Rosneft's Syrzan refinery further reduced throughputs. The company's Tuapse refinery lifted runs to 189 kb/d from only 140 kb/d in December following a leak at a major crude pipeline. Gazprom's Salavat plant also ran at reduced rates. Preliminary February data show that refinery intake rose some 165 kb/d, to 5.9 mb/d on average. Maintenance normally picks up from March and peaks in April.

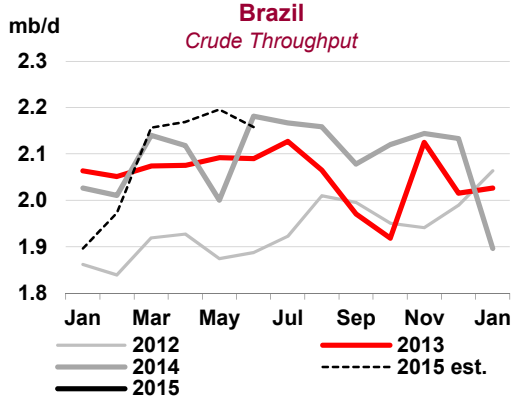




Middle Eastern refinery activity continues to ramp up and in December, the latest month for which data are available, regional throughputs surged to 6.3 mb/d. Saudi Arabia accounted for almost all of the nearly 0.5 mb/d monthly increase from November with gains of more than 400 kb/d from only 1.8 mb/d a month earlier. The 400 kb/d Saudi Aramco/Sinopec JV Yanbu refinery started trial runs in September 2014 and commercial operations in late January. The plant was expected to reach full capacity by mid-February, when it was reported that a second diesel cargo had been exported following a first cargo in mid-January. The second cargo, which reportedly did not meet road fuel specifications, was shipped from Yanbu and went to the US East Coast to be used as heating oil. The joint venture refinery had already shipped its first gasoline cargo earlier in the month, reportedly to Fujairah in the UAE. Meanwhile, Saudi Aramco announced in late February that it aims to start up the first units at its third new mega-refinery, the 400 kb/d Jizan plant in 2017, with final completion targeted for 2018.

The **UAE**'s Adnoc is in the process of starting up its own mega-refinery project, a 417 kb/d crude unit expansion at its Ruwais refinery. According to press reports, the new crude unit was running at 50% to 60% in early March. The company had scheduled to load its first diesel cargo in mid-March followed by a jet cargo a week later. The plant will start gasoline shipments once the residual fluid catalytic cracker (RFCC) comes on-stream in April.





In **Latin America**, **Brazilian** refinery activity took a plunge in January, when runs slipped below 1.9 mb/d from 2.1 mb/d a month earlier. A power outage and subsequent explosion in late January at Brazil's second largest refinery, the 323 kb/d Landulpho Alves plant in Bahia, cut runs at the plant by more than 50% from a year earlier, to less than 150 kb/d. Petrobras also curbed activity at its 250 kb/d REDUC refinery by 20% in January, due to repairs to a cracking unit at the facility, while the 208 kb/d REPAR plant in the south of the country reduced throughputs by 10.4% due to a malfunction and two-week shutdown of its cracking unit.

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

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas[1]	24.0	23.6	23.8	23.9	24.3	24.3	24.1	23.9	23.6	24.2	24.5	24.0	24.1	23.9	24.3	24.5	24.2
Europe[2]	14.3	13.8	13.2	13.9	14.0	13.6	13.7	13.0	13.4	13.9	13.5	13.5	13.1	13.4	13.7	13.4	13.4
Asia Oceania[3]	8.2	8.5	8.9	7.8	8.0	8.6	8.3	8.9	7.7	7.7	8.3	8.1	8.5	7.5	7.7	8.3	8.0
Total OECD	46.4	45.9	45.9	45.6	46.4	46.6	46.1	45.7	44.7	45.8	46.3	45.6	45.8	44.8	45.8	46.2	45.6
NON-OECD DEMAND																	
FSU	4.5	4.6	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.9	4.5	4.6	4.8	4.7	4.6
Europe	0.7	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	9.4	9.8	9.9	10.1	10.2	10.3	10.1	10.1	10.4	10.4	10.7	10.4	10.4	10.6	10.7	11.0	10.7
Other Asia	11.2	11.6	11.9	11.9	11.6	12.0	11.9	12.2	12.2	11.9	12.3	12.1	12.6	12.6	12.3	12.8	12.5
Americas	6.2	6.4	6.4	6.6	6.8	6.8	6.6	6.6	6.8	6.9	6.9	6.8	6.7	6.9	7.0	7.0	6.9
Middle East	7.5	7.8	7.5	7.9	8.4	7.8	7.9	7.8	8.2	8.6	8.0	8.1	7.9	8.4	8.8	8.2	8.3
Africa	3.6	3.8	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.1	4.1	4.0	4.2	4.1
Total Non-OECD	43.1	44.6	44.7	45.7	46.2	46.3	45.7	45.9	46.9	47.3	47.4	46.9	46.9	47.8	48.3	48.4	47.9
Total Demand[4]	**89.5**	**90.6**	**90.6**	**91.3**	**92.6**	**92.9**	**91.8**	**91.7**	**91.6**	**93.0**	**93.7**	**92.5**	**92.7**	**92.6**	**94.1**	**94.7**	**93.5**
OECD SUPPLY																	
Americas[1,7]	14.6	15.8	16.8	16.6	17.3	17.8	17.1	18.1	18.6	19.0	19.5	18.8	19.6	19.6	19.3	19.7	19.5
Europe[2]	3.8	3.5	3.4	3.3	3.2	3.4	3.3	3.5	3.2	3.1	3.4	3.3	3.4	3.2	3.2	3.4	3.3
Asia Oceania[3]	0.6	0.6	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	18.9	19.8	20.6	20.4	21.0	21.6	20.9	22.1	22.4	22.6	23.5	22.6	23.5	23.4	23.0	23.7	23.4
NON-OECD SUPPLY																	
FSU	13.6	13.7	13.9	13.8	13.8	14.0	13.9	14.0	13.8	13.8	13.9	13.9	14.0	13.9	13.7	13.7	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	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.2	4.1	4.2	4.1	4.2	4.2	4.2	4.2
Other Asia[5]	3.7	3.6	3.6	3.5	3.4	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.5	3.4	3.5	3.5	3.5
Americas[5,7]	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.4	4.4	4.3	4.3	4.4	4.4	4.4	4.4
Middle East	1.7	1.5	1.4	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Africa[5]	2.5	2.2	2.2	2.3	2.3	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	29.9	29.5	29.5	29.4	29.3	29.9	29.5	29.8	29.6	29.5	29.7	29.6	29.7	29.6	29.5	29.5	29.6
Processing gains[6]	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.9	1.9	1.5	2.0	2.4	2.2	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.3	2.6	2.3	2.2
Total Non-OPEC[5]	52.8	53.3	53.8	54.0	54.8	55.8	54.6	55.7	56.4	56.9	57.6	56.7	57.2	57.5	57.3	57.7	57.4
OPEC																	
Crude[8]	29.9	31.3	30.5	30.9	30.6	29.8	30.5	30.0	30.1	30.5	30.5	30.3					
NGLs	5.9	6.2	6.2	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.5	6.4	6.5	6.6	6.6	6.6	6.6
Total OPEC[5]	35.8	37.5	36.7	37.2	36.9	36.1	36.7	36.3	36.4	37.0	37.0	36.7					
Total Supply[9]	**88.6**	**90.8**	**90.5**	**91.2**	**91.7**	**91.9**	**91.3**	**92.0**	**92.8**	**93.9**	**94.6**	**93.3**					
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.2	0.2	0.2	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.1	0.4					
Government	-0.1	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Total	-0.3	0.2	0.3	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.1	0.4					
Floating storage/Oil in transit	-0.1	0.0	0.2	-0.1	0.2	0.3	0.1	0.3	-0.3	0.3	-0.1	0.0					
Miscellaneous to balance[10]	-0.6	0.1	-0.6	0.1	-1.4	0.1	-0.4	-0.1	0.9	-0.2	1.1	0.4					
Total Stock Ch. & Misc	**-0.9**	**0.2**	**-0.1**	**-0.1**	**-0.8**	**-1.0**	**-0.5**	**0.4**	**1.2**	**0.8**	**0.9**	**0.8**					
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.8	31.1	30.6	31.0	31.4	30.8	31.0	29.6	28.9	29.7	29.7	29.5	28.9	28.5	30.2	30.4	29.5

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)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	0.1	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	-	0.1	0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-	-	0.1	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	0.1
Total Demand	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**0.1**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	0.2	0.2	0.2	0.2
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	0.1	0.1	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-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
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	0.3	0.1	-0.1	-	0.1	-	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-					
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-	-	-					
Total Supply	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.1**					
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	-					
Total Stock Ch. & Misc	**-**	**-**	**-0.1**	**-0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**					
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	0.1	0.1	-	-	-	-	-	-	-0.1	-	0.2	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

	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Demand (mb/d)																
Americas[1]	23.60	23.80	23.87	24.33	24.35	24.09	23.86	23.63	24.21	24.47	24.05	24.14	23.91	24.32	24.54	24.23
Europe[2]	13.80	13.21	13.91	14.04	13.62	13.70	13.01	13.40	13.89	13.55	13.46	13.13	13.35	13.72	13.44	13.41
Asia Oceania[3]	8.53	8.86	7.83	8.00	8.59	8.32	8.85	7.66	7.67	8.31	8.12	8.54	7.48	7.74	8.26	8.01
Total OECD	45.93	45.86	45.61	46.37	46.56	46.10	45.73	44.69	45.77	46.33	45.63	45.81	44.75	45.78	46.23	45.64
Asia	21.42	21.83	21.99	21.73	22.33	21.97	22.36	22.53	22.24	22.99	22.53	23.02	23.18	23.02	23.73	23.24
Middle East	7.75	7.55	7.94	8.40	7.76	7.92	7.81	8.19	8.57	7.97	8.14	7.92	8.38	8.78	8.17	8.31
Americas	6.42	6.38	6.61	6.77	6.78	6.64	6.59	6.76	6.92	6.90	6.80	6.69	6.88	7.03	7.03	6.91
FSU	4.61	4.46	4.65	4.93	4.93	4.74	4.61	4.81	5.03	4.94	4.85	4.51	4.61	4.79	4.67	4.65
Africa	3.78	3.89	3.88	3.71	3.82	3.82	3.93	3.95	3.84	3.93	3.91	4.07	4.10	4.01	4.15	4.08
Europe	0.65	0.61	0.64	0.65	0.67	0.65	0.65	0.66	0.67	0.67	0.66	0.66	0.68	0.68	0.70	0.68
Total Non-OECD	44.63	44.73	45.71	46.19	46.30	45.74	45.95	46.90	47.28	47.41	46.89	46.87	47.83	48.30	48.44	47.86
World	**90.56**	**90.59**	**91.32**	**92.55**	**92.86**	**91.84**	**91.67**	**91.59**	**93.05**	**93.73**	**92.52**	**92.68**	**92.58**	**94.08**	**94.67**	**93.51**
of which: US50	18.52	18.64	18.72	19.21	19.26	18.96	18.83	18.71	19.17	19.44	19.04	19.17	18.98	19.30	19.46	19.23
Europe 5*	8.36	8.04	8.37	8.34	8.16	8.23	7.89	7.93	8.26	8.13	8.05	8.01	7.93	8.09	7.94	7.99
China	9.82	9.88	10.10	10.16	10.30	10.11	10.14	10.38	10.39	10.72	10.41	10.44	10.62	10.73	10.96	10.69
Japan	4.71	5.05	4.07	4.26	4.71	4.52	5.02	3.88	3.88	4.43	4.30	4.65	3.75	3.91	4.32	4.15
India	3.75	3.87	3.86	3.56	3.82	3.78	3.97	3.93	3.68	3.90	3.87	4.06	4.10	3.83	4.06	4.01
Russia	3.40	3.33	3.44	3.69	3.61	3.52	3.47	3.60	3.78	3.61	3.62	3.38	3.41	3.57	3.39	3.44
Brazil	2.97	2.97	3.07	3.14	3.19	3.10	3.11	3.16	3.28	3.31	3.22	3.18	3.27	3.36	3.38	3.30
Saudi Arabia	2.97	2.75	3.09	3.33	2.89	3.02	2.86	3.31	3.56	3.08	3.21	2.99	3.43	3.67	3.14	3.31
Canada	2.35	2.45	2.42	2.45	2.43	2.44	2.43	2.34	2.46	2.42	2.41	2.39	2.35	2.42	2.41	2.39
Korea	2.32	2.33	2.29	2.27	2.40	2.32	2.36	2.32	2.33	2.39	2.35	2.42	2.27	2.35	2.43	2.36
Mexico	2.09	2.05	2.08	2.03	2.02	2.04	1.95	1.97	1.96	1.98	1.97	1.92	1.96	1.96	2.02	1.96
Iran	1.79	1.80	1.81	1.83	1.81	1.81	1.84	1.78	1.82	1.84	1.82	1.83	1.83	1.83	1.84	1.83
Total	**63.04**	**63.18**	**63.34**	**64.28**	**64.59**	**63.85**	**63.88**	**63.31**	**64.56**	**65.27**	**64.26**	**64.44**	**63.90**	**65.02**	**65.36**	**64.68**
% of World	69.6%	69.7%	69.4%	69.4%	69.6%	69.5%	69.7%	69.1%	69.4%	69.6%	69.5%	69.5%	69.0%	69.1%	69.0%	69.2%
Annual Change (% per annum)																
Americas[1]	-1.7	2.0	1.4	2.6	2.4	2.1	0.3	-1.0	-0.5	0.5	-0.2	1.2	1.2	0.5	0.3	0.8
Europe[2]	-3.2	-3.9	0.4	1.2	-0.8	-0.8	-1.5	-3.7	-1.1	-0.5	-1.7	0.9	-0.3	-1.2	-0.8	-0.4
Asia Oceania[3]	4.7	-2.9	-2.2	-3.2	-1.7	-2.5	-0.1	-2.2	-4.1	-3.3	-2.4	-3.5	-2.3	0.9	-0.6	-1.4
Total OECD	-1.05	-0.74	0.43	1.11	0.68	0.37	-0.30	-2.02	-1.30	-0.50	-1.03	0.18	0.14	0.03	-0.20	0.03
Asia	4.0	3.6	3.5	2.4	0.7	2.5	2.4	2.5	2.4	2.9	2.6	3.0	2.9	3.5	3.2	3.1
Middle East	3.8	5.1	2.3	1.2	0.2	2.1	3.5	3.2	2.0	2.7	2.8	1.4	2.3	2.5	2.4	2.2
Americas	3.4	3.2	3.7	3.6	2.9	3.3	3.3	2.3	2.3	1.8	2.4	1.4	1.8	1.5	1.8	1.6
FSU	1.4	0.8	2.2	3.9	4.3	2.9	3.3	3.6	2.2	0.2	2.3	-2.1	-4.2	-4.9	-5.5	-4.2
Africa	5.5	3.9	3.3	-0.7	-1.3	1.3	0.9	1.8	3.4	2.8	2.2	3.5	3.8	4.5	5.8	4.4
Europe	-3.4	-4.6	-1.3	2.3	4.0	0.1	5.1	1.7	3.1	-0.1	2.4	2.4	3.4	0.3	3.3	2.4
Total Non-OECD	3.60	3.43	3.11	2.25	1.20	2.48	2.72	2.62	2.37	2.38	2.52	2.01	1.97	2.15	2.18	2.08
World	**1.2**	**1.3**	**1.8**	**1.7**	**0.9**	**1.4**	**1.2**	**0.3**	**0.5**	**0.9**	**0.7**	**1.1**	**1.1**	**1.1**	**1.0**	**1.1**
Annual Change (mb/d)																
Americas[1]	-0.40	0.46	0.32	0.61	0.56	0.49	0.07	-0.24	-0.12	0.12	-0.04	0.28	0.28	0.11	0.06	0.18
Europe[2]	-0.46	-0.54	0.06	0.16	-0.11	-0.10	-0.20	-0.51	-0.16	-0.07	-0.23	0.12	-0.04	-0.17	-0.11	-0.05
Asia Oceania[3]	0.38	-0.27	-0.18	-0.26	-0.14	-0.21	-0.01	-0.17	-0.33	-0.28	-0.20	-0.31	-0.17	0.07	-0.05	-0.12
Total OECD	-0.49	-0.34	0.20	0.51	0.31	0.17	-0.14	-0.92	-0.60	-0.23	-0.47	0.08	0.06	0.01	-0.09	0.02
Asia	0.82	0.77	0.75	0.51	0.16	0.55	0.53	0.55	0.52	0.65	0.56	0.66	0.65	0.77	0.74	0.71
Middle East	0.28	0.36	0.18	0.10	0.02	0.17	0.26	0.25	0.17	0.21	0.22	0.11	0.18	0.21	0.19	0.18
Americas	0.21	0.20	0.24	0.23	0.19	0.21	0.21	0.15	0.16	0.12	0.16	0.09	0.12	0.10	0.12	0.11
FSU	0.06	0.03	0.10	0.19	0.21	0.13	0.15	0.17	0.11	0.01	0.11	-0.10	-0.20	-0.24	-0.27	-0.21
Africa	0.20	0.15	0.12	-0.03	-0.05	0.05	0.03	0.07	0.13	0.11	0.08	0.14	0.15	0.17	0.23	0.17
Europe	-0.02	-0.03	-0.01	0.01	0.03	0.00	0.03	0.01	0.02	0.00	0.02	0.02	0.02	0.00	0.02	0.02
Total Non-OECD	1.55	1.48	1.38	1.01	0.55	1.11	1.22	1.20	1.09	1.10	1.15	0.92	0.92	1.02	1.03	0.97
World	**1.07**	**1.14**	**1.58**	**1.52**	**0.86**	**1.28**	**1.08**	**0.27**	**0.49**	**0.87**	**0.68**	**1.01**	**0.99**	**1.03**	**0.94**	**0.99**
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	0.00	-0.10	-0.02	0.03	0.02	-0.01	0.00	0.01
Europe[2]	0.00	0.01	0.04	0.02	0.00	0.02	0.00	0.00	-0.01	0.13	0.03	0.11	0.05	0.02	0.07	0.06
Asia Oceania[3]	0.01	0.00	0.00	-0.02	-0.01	-0.01	0.01	0.00	0.00	0.03	0.01	-0.05	0.02	0.01	0.01	0.00
Total OECD	0.01	0.01	0.04	0.00	-0.01	0.01	0.00	0.00	-0.01	0.06	0.01	0.09	0.08	0.02	0.08	0.07
Asia	0.00	0.01	0.01	0.00	0.01	0.01	-0.01	0.04	-0.01	0.03	0.01	0.01	0.01	0.02	0.10	0.03
Middle East	0.00	0.01	0.00	0.00	0.02	0.01	0.00	-0.01	0.01	0.14	0.04	0.03	0.04	0.03	0.04	0.03
Americas	0.00	0.01	0.01	0.00	0.01	0.01	0.02	0.00	0.01	0.05	0.02	0.02	0.02	0.02	0.02	0.02
FSU	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	0.01	0.00
Africa	0.00	0.00	-0.01	-0.01	0.00	-0.01	0.00	0.00	-0.01	-0.05	-0.02	-0.01	-0.02	-0.02	-0.02	-0.02
Europe	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	0.00	0.00
Total Non-OECD	0.00	0.03	0.01	-0.01	0.03	0.01	0.01	0.03	0.00	0.14	0.05	0.04	0.05	0.05	0.14	0.07
World	**0.01**	**0.04**	**0.05**	**-0.01**	**0.02**	**0.02**	**0.01**	**0.03**	**0.00**	**0.20**	**0.06**	**0.13**	**0.13**	**0.06**	**0.22**	**0.13**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.01	0.02	0.04	-0.02	0.00	0.01	-0.03	-0.02	0.00	0.18	0.04	0.12	0.10	0.07	0.02	0.07

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)

	2013	2014	1Q14	2Q14	3Q14	4Q14	Oct 14	Nov 14	Dec 14 [2]	Latest month vs. Nov 14	Latest month vs. Dec 13
Americas[3]											
LPG and ethane	3.34	3.20	3.54	2.85	2.98	3.44	3.24	3.47	3.61	0.14	-0.21
Naphtha	0.38	0.35	0.36	0.34	0.35	0.35	0.34	0.32	0.38	0.06	0.00
Motor gasoline	10.55	10.64	10.21	10.73	10.85	10.78	10.93	10.64	10.77	0.14	0.41
Jet and kerosene	1.67	1.70	1.63	1.69	1.76	1.73	1.70	1.71	1.79	0.08	0.14
Gasoil/diesel oil	5.08	5.26	5.44	5.14	5.13	5.35	5.56	5.14	5.34	0.20	0.27
Residual fuel oil	0.69	0.57	0.54	0.56	0.57	0.60	0.63	0.59	0.57	-0.03	0.14
Other products	2.38	2.32	2.15	2.33	2.56	2.22	2.32	2.28	2.07	-0.21	-0.22
Total	**24.09**	**24.05**	**23.86**	**23.63**	**24.21**	**24.47**	**24.71**	**24.15**	**24.54**	**0.39**	**0.54**
Europe[4]											
LPG and ethane	1.05	1.06	1.01	1.08	1.10	1.06	1.08	1.02	1.09	0.07	0.10
Naphtha	1.19	1.17	1.31	1.20	1.12	1.05	0.97	1.03	1.14	0.10	-0.06
Motor gasoline	1.95	1.92	1.80	1.97	2.01	1.91	1.97	1.83	1.92	0.09	0.04
Jet and kerosene	1.22	1.24	1.11	1.23	1.38	1.21	1.32	1.15	1.17	0.02	0.04
Gasoil/diesel oil	5.99	5.94	5.73	5.76	6.04	6.21	6.42	5.98	6.23	0.25	0.42
Residual fuel oil	1.00	0.93	0.97	0.90	0.92	0.93	0.92	0.96	0.90	-0.06	-0.02
Other products	1.29	1.21	1.08	1.26	1.32	1.17	1.29	1.19	1.04	-0.15	-0.11
Total	**13.70**	**13.46**	**13.01**	**13.40**	**13.89**	**13.55**	**13.97**	**13.17**	**13.49**	**0.33**	**0.41**
Asia Oceania[5]											
LPG and ethane	0.85	0.82	0.88	0.82	0.78	0.81	0.75	0.77	0.92	0.15	0.00
Naphtha	1.84	1.87	1.97	1.74	1.80	1.95	1.84	1.96	2.04	0.08	0.03
Motor gasoline	1.59	1.56	1.54	1.51	1.59	1.59	1.53	1.56	1.68	0.13	0.04
Jet and kerosene	0.89	0.88	1.13	0.71	0.68	1.00	0.77	0.94	1.28	0.35	0.06
Gasoil/diesel oil	1.76	1.76	1.82	1.72	1.70	1.82	1.77	1.81	1.89	0.08	0.01
Residual fuel oil	0.76	0.67	0.83	0.63	0.58	0.63	0.57	0.62	0.70	0.08	-0.09
Other products	0.63	0.56	0.67	0.53	0.55	0.51	0.45	0.51	0.57	0.05	-0.11
Total	**8.32**	**8.12**	**8.85**	**7.66**	**7.67**	**8.31**	**7.67**	**8.17**	**9.08**	**0.91**	**-0.07**
OECD											
LPG and ethane	5.23	5.09	5.43	4.76	4.86	5.31	5.06	5.26	5.62	0.36	-0.11
Naphtha	3.41	3.38	3.64	3.28	3.27	3.34	3.15	3.32	3.56	0.24	-0.03
Motor gasoline	14.10	14.13	13.55	14.20	14.45	14.28	14.43	14.03	14.38	0.35	0.49
Jet and kerosene	3.77	3.82	3.87	3.63	3.82	3.94	3.78	3.79	4.25	0.45	0.25
Gasoil/diesel oil	12.83	12.96	12.99	12.61	12.86	13.38	13.75	12.93	13.46	0.53	0.70
Residual fuel oil	2.46	2.16	2.33	2.08	2.07	2.15	2.12	2.18	2.17	-0.01	0.03
Other products	4.30	4.09	3.90	4.12	4.43	3.91	4.05	3.99	3.68	-0.30	-0.44
Total	**46.10**	**45.63**	**45.73**	**44.69**	**45.77**	**46.33**	**46.35**	**45.49**	**47.11**	**1.62**	**0.88**

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)

	2013	2014	1Q14	2Q14	3Q14	4Q14	Oct 14	Nov 14	Dec 14 [2]	Latest month vs. Nov 14	Latest month vs. Dec 13
United States[3]											
LPG and ethane	2.44	2.36	2.64	2.03	2.21	2.55	2.39	2.61	2.66	0.05	-0.16
Naphtha	0.27	0.23	0.24	0.20	0.23	0.24	0.23	0.23	0.27	0.04	0.01
Motor gasoline	8.84	8.92	8.53	9.00	9.10	9.05	9.19	8.93	9.02	0.10	0.36
Jet and kerosene	1.44	1.48	1.40	1.47	1.52	1.52	1.48	1.50	1.58	0.08	0.13
Gasoil/diesel oil	3.83	4.01	4.16	3.92	3.86	4.08	4.24	3.88	4.13	0.25	0.24
Residual fuel oil	0.32	0.26	0.24	0.25	0.24	0.30	0.29	0.31	0.29	-0.02	0.12
Other products	1.82	1.78	1.62	1.82	2.00	1.70	1.79	1.75	1.57	-0.18	-0.16
Total	**18.96**	**19.04**	**18.83**	**18.71**	**19.17**	**19.44**	**19.60**	**19.21**	**19.52**	**0.31**	**0.54**
Japan											
LPG and ethane	0.50	0.48	0.56	0.47	0.43	0.48	0.41	0.47	0.57	0.10	0.00
Naphtha	0.77	0.74	0.81	0.65	0.68	0.82	0.79	0.82	0.84	0.02	-0.02
Motor gasoline	0.95	0.92	0.92	0.88	0.95	0.93	0.89	0.91	1.01	0.10	0.01
Jet and kerosene	0.54	0.52	0.77	0.37	0.35	0.61	0.41	0.56	0.87	0.31	0.05
Diesel	0.41	0.40	0.41	0.38	0.39	0.41	0.40	0.40	0.43	0.03	0.01
Other gasoil	0.41	0.41	0.48	0.37	0.35	0.41	0.37	0.40	0.47	0.07	-0.02
Residual fuel oil	0.45	0.39	0.52	0.35	0.33	0.36	0.33	0.35	0.41	0.06	-0.08
Other products	0.50	0.43	0.55	0.40	0.40	0.39	0.34	0.39	0.44	0.05	-0.10
Total	**4.52**	**4.30**	**5.02**	**3.88**	**3.88**	**4.43**	**3.93**	**4.30**	**5.04**	**0.75**	**-0.15**
Germany											
LPG and ethane	0.11	0.09	0.09	0.10	0.10	0.08	0.08	0.07	0.09	0.02	-0.01
Naphtha	0.40	0.42	0.43	0.41	0.42	0.41	0.39	0.40	0.42	0.01	0.02
Motor gasoline	0.43	0.44	0.41	0.43	0.45	0.44	0.47	0.44	0.43	-0.02	0.02
Jet and kerosene	0.19	0.19	0.17	0.19	0.21	0.18	0.19	0.18	0.17	-0.01	0.00
Diesel	0.70	0.73	0.68	0.71	0.78	0.76	0.82	0.77	0.70	-0.07	0.08
Other gasoil	0.42	0.36	0.38	0.31	0.36	0.38	0.38	0.35	0.40	0.04	0.07
Residual fuel oil	0.12	0.12	0.12	0.10	0.12	0.15	0.14	0.15	0.15	0.00	0.04
Other products	0.07	0.05	0.05	0.06	0.06	0.05	0.05	0.06	0.03	-0.02	0.00
Total	**2.43**	**2.40**	**2.33**	**2.32**	**2.50**	**2.45**	**2.52**	**2.43**	**2.39**	**-0.04**	**0.22**
Italy											
LPG and ethane	0.11	0.10	0.10	0.09	0.09	0.10	0.09	0.09	0.12	0.03	0.00
Naphtha	0.08	0.06	0.07	0.06	0.06	0.06	0.05	0.07	0.07	0.00	0.00
Motor gasoline	0.21	0.20	0.20	0.21	0.21	0.20	0.20	0.19	0.22	0.03	0.00
Jet and kerosene	0.09	0.09	0.08	0.10	0.11	0.08	0.10	0.08	0.08	0.00	-0.01
Diesel	0.45	0.49	0.44	0.48	0.51	0.51	0.55	0.47	0.50	0.03	0.06
Other gasoil	0.11	0.07	0.08	0.06	0.05	0.07	0.07	0.07	0.08	0.01	-0.03
Residual fuel oil	0.08	0.07	0.07	0.06	0.07	0.07	0.07	0.07	0.07	0.00	0.00
Other products	0.19	0.16	0.15	0.16	0.16	0.15	0.16	0.14	0.14	0.00	-0.04
Total	**1.32**	**1.23**	**1.21**	**1.22**	**1.26**	**1.25**	**1.28**	**1.18**	**1.28**	**0.11**	**-0.02**
France											
LPG and ethane	0.11	0.10	0.12	0.09	0.09	0.11	0.11	0.10	0.12	0.02	-0.01
Naphtha	0.15	0.15	0.17	0.16	0.15	0.10	0.10	0.09	0.11	0.02	-0.01
Motor gasoline	0.17	0.17	0.16	0.18	0.19	0.17	0.18	0.15	0.18	0.03	0.01
Jet and 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	0.70	0.66	0.70	0.71	0.71	0.74	0.65	0.74	0.10	0.06
Other gasoil	0.29	0.26	0.28	0.21	0.25	0.27	0.29	0.23	0.30	0.07	0.03
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.00	-0.01
Other products	0.15	0.14	0.11	0.14	0.17	0.12	0.15	0.12	0.10	-0.03	0.00
Total	**1.77**	**1.71**	**1.69**	**1.69**	**1.77**	**1.68**	**1.78**	**1.53**	**1.74**	**0.22**	**0.07**
United Kingdom											
LPG and ethane	0.11	0.11	0.12	0.12	0.10	0.11	0.09	0.12	0.13	0.00	0.03
Naphtha	0.03	0.02	0.02	0.02	0.03	0.03	0.03	0.02	0.03	0.02	0.01
Motor gasoline	0.31	0.30	0.29	0.31	0.30	0.30	0.30	0.31	0.29	-0.02	-0.01
Jet and kerosene	0.31	0.31	0.31	0.30	0.32	0.32	0.35	0.30	0.32	0.02	0.02
Diesel	0.46	0.48	0.46	0.49	0.48	0.50	0.48	0.52	0.50	-0.02	0.02
Other gasoil	0.12	0.12	0.11	0.12	0.12	0.11	0.12	0.10	0.10	-0.01	-0.02
Residual fuel oil	0.04	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.04	0.01	0.01
Other products	0.13	0.13	0.12	0.13	0.13	0.12	0.13	0.12	0.12	0.00	0.01
Total	**1.51**	**1.50**	**1.47**	**1.51**	**1.51**	**1.53**	**1.52**	**1.53**	**1.53**	**0.01**	**0.08**
Canada											
LPG and ethane	0.45	0.40	0.44	0.38	0.34	0.42	0.39	0.40	0.47	0.07	-0.05
Naphtha	0.09	0.09	0.09	0.10	0.10	0.09	0.08	0.08	0.10	0.02	0.02
Motor gasoline	0.82	0.85	0.81	0.85	0.88	0.84	0.85	0.85	0.82	-0.03	0.04
Jet and kerosene	0.11	0.10	0.10	0.09	0.11	0.09	0.09	0.09	0.09	0.00	0.01
Diesel	0.29	0.29	0.29	0.29	0.29	0.31	0.32	0.30	0.29	-0.01	0.04
Other gasoil	0.31	0.32	0.34	0.29	0.34	0.30	0.34	0.30	0.27	-0.03	-0.03
Residual fuel oil	0.06	0.06	0.07	0.05	0.06	0.06	0.05	0.05	0.08	0.03	0.02
Other products	0.32	0.31	0.29	0.29	0.34	0.31	0.31	0.32	0.30	-0.02	-0.02
Total	**2.44**	**2.41**	**2.43**	**2.34**	**2.46**	**2.42**	**2.44**	**2.40**	**2.42**	**0.02**	**0.02**

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)

	2013	2014	2015	3Q14	4Q14	1Q15	2Q15	3Q15	Dec 14	Jan 15	Feb 15
OPEC											
Crude Oil											
Saudi Arabia	9.40	9.53		9.62	9.53				9.52	9.59	9.64
Iran	2.68	2.81		2.79	2.80				2.84	2.82	2.84
Iraq	3.08	3.33		3.22	3.49				3.73	3.44	3.39
UAE	2.76	2.76		2.81	2.75				2.80	2.84	2.84
Kuwait	2.55	2.61		2.65	2.67				2.67	2.70	2.70
Neutral Zone	0.52	0.38		0.38	0.21				0.20	0.20	0.20
Qatar	0.73	0.71		0.72	0.68				0.67	0.67	0.67
Angola	1.72	1.66		1.71	1.72				1.73	1.77	1.79
Nigeria	1.95	1.90		1.89	1.88				1.86	1.89	1.86
Libya	0.90	0.46		0.57	0.67				0.44	0.34	0.27
Algeria	1.15	1.12		1.15	1.13				1.12	1.10	1.10
Ecuador	0.52	0.55		0.56	0.55				0.55	0.56	0.56
Venezuela	2.50	2.46		2.48	2.44				2.42	2.40	2.37
Total Crude Oil	30.46	30.28		30.53	30.52				30.55	30.31	30.22
Total NGLs[1]	6.26	6.39	6.58	6.45	6.47	6.52	6.59	6.59	6.47	6.52	6.52
Total OPEC	**36.72**	**36.68**		**36.98**	**36.99**				**37.01**	**36.83**	**36.74**
NON-OPEC[2]											
OECD											
Americas[6]	17.11	18.81	19.53	18.99	19.55	19.56	19.58	19.27	19.65	19.39	19.64
United States[b]	10.24	11.81	12.56	12.10	12.45	12.59	12.65	12.43	12.62	12.49	12.60
Mexico	2.89	2.78	2.62	2.76	2.66	2.65	2.64	2.59	2.63	2.61	2.67
Canada	3.97	4.22	4.34	4.12	4.43	4.32	4.28	4.23	4.39	4.29	4.35
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]	3.32	3.33	3.33	3.13	3.44	3.44	3.24	3.18	3.46	3.46	3.45
UK	0.89	0.87	0.85	0.71	0.89	0.90	0.83	0.74	0.91	0.94	0.89
Norway	1.84	1.89	1.90	1.86	1.96	1.95	1.83	1.86	1.96	1.93	1.97
Others	0.59	0.57	0.58	0.57	0.59	0.59	0.58	0.57	0.59	0.59	0.59
Asia Oceania[8]	0.48	0.50	0.53	0.52	0.50	0.52	0.54	0.55	0.51	0.52	0.52
Australia	0.40	0.42	0.46	0.44	0.43	0.45	0.47	0.47	0.44	0.45	0.45
Others	0.08	0.08	0.07	0.08	0.08	0.08	0.07	0.07	0.07	0.08	0.07
Total OECD	**20.91**	**22.64**	**23.38**	**22.64**	**23.49**	**23.53**	**23.37**	**22.99**	**23.63**	**23.37**	**23.60**
NON-OECD											
Former USSR	13.88	13.90	13.83	13.81	13.93	13.97	13.87	13.74	14.02	13.97	13.98
Russia	10.88	10.93	10.83	10.84	10.96	10.94	10.89	10.75	10.97	10.94	10.94
Others	3.00	2.97	3.00	2.97	2.97	3.03	2.98	2.99	3.05	3.02	3.03
Asia	7.67	7.61	7.64	7.54	7.56	7.60	7.60	7.63	7.52	7.57	7.63
China	4.18	4.19	4.17	4.17	4.13	4.14	4.16	4.18	4.09	4.14	4.16
Malaysia	0.64	0.66	0.70	0.63	0.68	0.69	0.70	0.70	0.69	0.69	0.69
India	0.88	0.87	0.89	0.86	0.89	0.88	0.89	0.89	0.88	0.87	0.90
Indonesia	0.87	0.83	0.79	0.83	0.81	0.81	0.77	0.77	0.81	0.80	0.81
Others	1.10	1.06	1.09	1.05	1.05	1.07	1.08	1.09	1.06	1.07	1.07
Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Americas	4.18	4.34	4.40	4.43	4.43	4.33	4.42	4.42	4.47	4.36	4.29
Brazil[b]	2.12	2.31	2.42	2.39	2.37	2.34	2.43	2.44	2.42	2.37	2.31
Argentina	0.63	0.62	0.63	0.62	0.63	0.64	0.63	0.63	0.63	0.64	0.64
Colombia	1.01	0.99	0.93	1.00	1.00	0.94	0.94	0.93	1.01	0.94	0.94
Others	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.41	0.41
Middle East[3]	1.35	1.32	1.26	1.31	1.29	1.28	1.26	1.26	1.29	1.29	1.28
Oman	0.95	0.95	0.93	0.95	0.94	0.94	0.93	0.93	0.94	0.94	0.94
Syria	0.06	0.03	0.03	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.15	0.11	0.13	0.13	0.12	0.12	0.11	0.13	0.12	0.12
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.30	2.32	2.31	2.30	2.30	2.34	2.31	2.30	2.30	2.34	2.34
Egypt	0.73	0.70	0.66	0.69	0.68	0.68	0.67	0.66	0.68	0.68	0.68
Gabon	0.24	0.24	0.23	0.23	0.24	0.23	0.23	0.23	0.24	0.24	0.23
Others	1.33	1.38	1.41	1.38	1.39	1.43	1.41	1.41	1.39	1.43	1.43
Total Non-OECD	**29.52**	**29.63**	**29.58**	**29.53**	**29.65**	**29.67**	**29.61**	**29.49**	**29.75**	**29.66**	**29.66**
Processing gains[4]	2.18	2.21	2.22	2.24	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Global Biofuels[b]	2.01	2.18	2.24	2.50	2.25	1.80	2.26	2.61	2.02	1.79	1.82
TOTAL NON-OPEC	**54.62**	**56.67**	**57.41**	**56.91**	**57.61**	**57.21**	**57.45**	**57.30**	**57.60**	**57.04**	**57.31**
TOTAL SUPPLY	**91.33**	**93.35**		**93.89**	**94.60**				**94.62**	**93.86**	**94.04**

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			
	Sep2014	Oct2014	Nov2014	Dec2014	Jan2015*	Jan2012	Jan2013	Jan2014	1Q2014	2Q2014	3Q2014	4Q2014
OECD Americas												
Crude	511.9	538.3	544.0	554.5	584.1	482.4	511.8	501.9	0.26	0.08	-0.20	0.46
Motor Gasoline	245.7	236.6	252.5	273.6	276.8	271.2	270.4	271.2	-0.02	-0.07	-0.07	0.30
Middle Distillate	203.2	187.8	195.2	208.2	208.0	226.4	206.4	185.5	-0.13	0.06	0.13	0.05
Residual Fuel Oil	44.4	44.1	44.6	41.1	39.9	42.0	44.9	45.7	-0.03	0.01	0.00	-0.04
Total Products[3]	719.5	689.0	706.4	725.6	711.0	695.8	695.6	651.8	-0.37	0.51	0.38	0.07
Total[4]	1411.1	1409.4	1424.3	1443.6	1468.0	1336.1	1363.1	1296.1	-0.06	0.78	0.32	0.35
OECD Europe												
Crude	304.7	303.8	295.9	308.7	299.6	297.1	308.0	305.3	0.05	0.05	-0.13	0.04
Motor Gasoline	86.1	83.8	87.7	90.7	92.8	99.3	96.3	92.2	0.04	-0.10	0.04	0.05
Middle Distillate	264.8	252.5	257.3	251.9	260.7	295.3	259.9	258.1	-0.03	-0.01	0.19	-0.14
Residual Fuel Oil	63.5	63.5	65.2	64.3	65.9	74.6	76.2	69.2	-0.06	0.08	-0.05	0.01
Total Products[3]	511.9	499.6	508.0	503.9	516.8	573.2	535.5	514.9	-0.05	-0.01	0.24	-0.09
Total[4]	886.7	875.3	874.8	878.3	882.7	935.8	908.6	891.1	0.05	0.04	0.10	-0.09
OECD Asia Oceania												
Crude	164.2	168.5	156.2	156.6	152.7	155.0	159.2	144.0	0.28	-0.05	-0.01	-0.08
Motor Gasoline	22.8	22.3	22.7	21.1	22.6	24.8	26.5	25.6	0.02	-0.01	-0.02	-0.02
Middle Distillate	70.3	67.8	70.7	63.7	62.4	63.6	62.5	66.0	-0.13	-0.02	0.18	-0.07
Residual Fuel Oil	22.9	21.2	20.3	20.8	19.6	19.7	19.4	20.3	0.02	0.00	0.02	-0.02
Total Products[3]	183.1	179.6	181.8	168.7	165.8	164.4	172.2	171.5	-0.10	-0.04	0.28	-0.16
Total[4]	421.7	418.0	406.0	388.5	382.7	391.6	401.3	384.6	0.20	-0.07	0.32	-0.36
Total OECD												
Crude	980.7	1010.6	996.1	1019.8	1036.5	934.5	978.9	951.1	0.59	0.07	-0.33	0.42
Motor Gasoline	354.6	342.7	362.9	385.3	392.2	395.3	393.3	389.0	0.04	-0.18	-0.06	0.33
Middle Distillate	538.3	508.1	523.2	523.8	531.0	585.2	528.8	509.7	-0.29	0.03	0.50	-0.16
Residual Fuel Oil	130.8	128.8	130.1	126.2	125.4	136.3	140.4	135.1	-0.07	0.09	-0.03	-0.05
Total Products[3]	1414.5	1368.1	1396.2	1398.2	1393.5	1433.4	1403.3	1338.3	-0.52	0.47	0.91	-0.18
Total[4]	2719.5	2702.7	2705.1	2710.3	2733.4	2663.5	2672.9	2571.9	0.19	0.74	0.74	-0.10

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			
	Sep2014	Oct2014	Nov2014	Dec2014	Jan2015*	Jan2012	Jan2013	Jan2014	1Q2014	2Q2014	3Q2014	4Q2014
OECD Americas												
Crude	691.0	691.0	691.0	691.0	691.0	696.0	695.8	696.0	0.00	-0.05	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	0.7	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	208.2	210.6	211.0	210.8	211.0	187.9	203.7	205.8	-0.03	0.05	0.00	0.03
Products	257.3	255.1	255.2	257.3	257.0	235.3	260.6	260.3	0.03	-0.05	-0.02	0.00
OECD Asia Oceania												
Crude	385.7	384.7	385.3	385.0	385.0	393.6	392.6	386.6	0.01	0.00	-0.02	-0.01
Products	31.0	31.0	31.5	31.9	31.9	20.0	21.8	30.6	0.00	0.00	0.00	0.01
Total OECD												
Crude	1284.9	1286.2	1287.3	1286.7	1286.9	1277.4	1292.1	1288.3	-0.02	-0.01	-0.02	0.02
Products	289.3	287.0	287.8	290.1	289.9	256.0	283.4	291.8	0.04	-0.04	-0.02	0.01
Total[4]	1579.4	1577.9	1579.3	1581.2	1581.1	1534.8	1578.4	1584.2	0.02	-0.05	-0.02	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 2013		End March 2014		End June 2014		End September 2014		End December 2014 [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	170.0	70	174.2	75	178.8	73	186.1	77	193.4	-
Chile	9.8	30	9.5	30	10.6	33	10.1	32	9.7	-
Mexico	48.7	25	47.6	24	47.3	24	48.8	25	52.8	-
United States[4]	1762.4	94	1754.0	94	1814.7	95	1836.0	94	1857.5	-
Total[4]	2013.0	84	2007.5	85	2073.5	86	2103.0	86	2135.5	88
OECD Asia Oceania										
Australia	36.8	34	36.8	34	36.3	34	38.6	35	36.2	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	575.3	115	585.8	151	585.1	151	604.1	136	576.5	-
Korea	177.8	75	186.5	80	180.3	77	186.7	78	184.4	-
New Zealand	8.3	50	8.2	55	9.3	63	9.0	55	8.3	-
Total	798.3	90	817.4	107	811.0	106	838.4	101	805.3	94
OECD Europe[5]										
Austria	21.6	91	22.7	85	21.1	76	21.5	82	21.9	-
Belgium	41.0	66	42.5	70	43.7	70	43.8	70	42.9	-
Czech Republic	20.0	110	19.3	95	18.9	88	19.5	96	20.4	-
Denmark	23.7	157	19.6	126	23.1	146	22.4	147	24.6	-
Estonia	1.6	55	1.7	56	1.7	50	1.8	53	1.6	-
Finland	39.0	211	37.9	194	39.0	191	38.7	193	37.9	-
France	167.5	99	167.2	99	168.1	95	171.3	102	167.8	-
Germany	289.9	124	289.2	125	291.7	117	286.9	117	289.4	-
Greece	25.6	101	24.9	92	25.6	83	29.7	99	26.6	-
Hungary	16.2	128	15.8	113	15.9	111	16.3	106	16.8	-
Ireland	10.0	70	11.0	80	9.6	69	10.0	66	9.3	-
Italy	125.1	104	122.5	100	121.6	96	123.0	99	119.4	-
Luxembourg	0.7	13	0.7	12	0.8	15	0.8	15	0.9	-
Netherlands	115.5	121	122.5	119	127.4	131	126.8	143	123.3	-
Norway	28.7	123	28.6	121	27.4	121	24.5	116	24.2	-
Poland	60.4	128	60.0	119	58.2	109	60.7	114	60.4	-
Portugal	23.1	105	23.8	98	22.5	87	21.4	86	21.6	-
Slovak Republic	8.8	127	9.6	136	8.8	108	8.9	127	9.7	-
Slovenia	4.7	103	4.9	102	4.8	92	4.8	94	4.6	-
Spain	111.6	93	117.4	99	118.2	97	122.7	100	121.3	-
Sweden	28.2	104	27.5	90	26.4	82	27.3	97	29.1	-
Switzerland	35.9	165	36.4	159	36.2	146	37.0	143	36.1	-
Turkey	62.3	98	62.7	87	62.5	84	62.6	87	62.4	-
United Kingdom	78.0	53	76.6	51	75.2	50	74.9	49	78.4	-
Total	1339.3	103	1345.0	100	1348.4	97	1357.4	100	1350.6	103
Total OECD	**4150.5**	**91**	**4169.8**	**93**	**4232.9**	**93**	**4298.8**	**93**	**4291.5**	**94**
DAYS OF IEA Net Imports[6]	**-**	**157**	**-**	**157**	**-**	**170**	**-**	**172**	**-**	**171**

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 2014 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]		
4Q2011	4142	1536	2605	90	33	56
1Q2012	4193	1536	2657	92	34	59
2Q2012	4226	1539	2687	92	34	59
3Q2012	4271	1542	2728	92	33	59
4Q2012	4211	1547	2664	92	34	58
1Q2013	4246	1581	2665	93	35	58
2Q2013	4237	1577	2660	91	34	57
3Q2013	4277	1582	2695	92	34	58
4Q2013	4151	1584	2566	91	35	56
1Q2014	4170	1586	2584	93	35	58
2Q2014	4233	1581	2652	93	35	58
3Q2014	4299	1579	2719	93	34	59
4Q2014	4291	1581	2710	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 4Q2014 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2012	2013	2014	1Q14	2Q14	3Q14	4Q14	Oct 14	Nov 14	Dec 14	Dec 13	change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.79	0.75	0.47	0.61	0.67	0.56	0.59	0.73	-0.14
Europe	0.85	0.79	0.84	0.73	0.87	0.93	0.84	0.83	0.73	0.95	0.69	0.26
Asia Oceania	1.26	1.21	1.17	1.27	1.17	1.08	1.18	1.14	1.09	1.31	1.32	0.00
Saudi Medium												
Americas	0.44	0.45	0.36	0.44	0.40	0.36	0.25	0.20	0.31	0.22	0.50	-0.27
Europe	0.05	0.01	0.03	0.01	0.01	0.05	0.04	0.05	0.01	0.05	-	-
Asia Oceania	0.45	0.43	0.45	0.45	0.40	0.50	0.45	0.55	0.46	0.32	0.44	-0.12
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.37	0.33	0.49	0.20	0.25	0.26	0.09	0.28	-0.19
Europe	0.26	0.25	0.50	0.29	0.51	0.50	0.70	0.72	0.72	0.65	0.27	0.38
Asia Oceania	0.33	0.31	0.24	0.28	0.20	0.21	0.27	0.18	0.27	0.37	0.26	0.10
Kuwait Blend												
Americas	0.22	0.28	0.27	0.33	0.29	0.25	0.22	0.27	0.11	0.30	0.33	-0.04
Europe	0.09	0.10	0.09	0.07	0.12	0.04	0.14	0.22	0.09	0.10	0.08	0.02
Asia Oceania	0.65	0.64	0.62	0.71	0.56	0.62	0.62	0.61	0.49	0.76	0.65	0.11
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.10	0.06	0.11	0.12	0.15	0.11	0.11	0.08	0.03
Asia Oceania	0.02	0.00	0.01	0.01	-	0.03	-	-	-	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.00	0.04	0.01	0.00	-	-	0.01	0.02	-0.01
Asia Oceania	0.33	0.30	0.28	0.33	0.26	0.28	0.26	0.23	0.30	0.26	0.30	-0.04
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.62	0.62	0.71	0.62	0.50	0.63	0.74	0.70	0.04
Europe	0.08	0.07	0.08	0.08	0.08	0.09	0.09	0.09	0.08	0.10	0.02	0.08
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.64	0.66	0.67	0.66	0.65	0.72	0.63	0.81	-0.19
Europe	0.14	0.14	0.14	0.15	0.13	0.13	0.13	0.11	0.10	0.19	0.06	0.13
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	1.41	1.49	1.69	1.56	1.67	1.81	1.74	1.69	1.70	1.83	1.49	0.34
Europe	-	-	0.00	0.00	0.01	-	0.01	-	0.02	-	-	-
Asia Oceania	-	-	0.00	-	-	0.00	0.00	0.00	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	0.02	-	-	0.01	-	0.02	0.02	-	-
Europe	0.55	0.47	0.56	0.53	0.58	0.53	0.59	0.60	0.52	0.66	0.53	0.12
Asia Oceania	0.07	0.06	0.07	0.16	0.07	-	0.04	-	0.11	0.02	0.13	-0.11
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.74	1.68	1.53	1.38	1.59	1.32	1.21	1.83	-0.61
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	0.02	-	-	-	-	-	-	0.03	-
Europe	0.53	0.59	0.64	0.60	0.71	0.58	0.68	0.60	0.65	0.80	0.57	0.23
Asia Oceania	-	0.00	0.02	0.02	0.01	0.05	0.01	-	-	0.03	-	-
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.23	0.13	0.34	0.54	0.59	0.58	0.45	0.14	0.31
Asia Oceania	0.04	0.03	0.02	-	0.02	0.03	0.02	0.03	0.02	0.01	0.01	0.00
Nigerian Light[4]												
Americas	0.24	0.07	0.00	0.01	-	-	0.01	-	-	0.02	-	-
Europe	0.58	0.53	0.55	0.58	0.51	0.59	0.54	0.55	0.48	0.59	0.60	-0.01
Asia Oceania	0.04	0.03	0.02	0.03	0.04	0.03	0.00	0.01	0.00	-	0.03	-

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)

	2012	2013	2014	1Q14	2Q14	3Q14	4Q14	Oct 14	Nov 14	Dec 14	Year Earlier Dec 13	Year Earlier % change
Crude Oil												
Americas	6101	5130	4204	4385	4331	4336	3768	3793	3873	3640	4744	-23%
Europe	9346	8926	8687	8201	8480	9006	9048	9242	8640	9250	8276	12%
Asia Oceania	6761	6553	6378	6954	5931	6315	6319	6082	6044	6822	6697	2%
Total OECD	22208	20608	19268	19540	18742	19657	19135	19117	18556	19712	19718	0%
LPG												
Americas	20	17	12	19	9	7	13	11	16	14	18	-25%
Europe	287	382	426	386	410	475	433	479	432	388	405	-4%
Asia Oceania	620	546	531	544	532	520	527	554	448	576	499	15%
Total OECD	927	945	969	949	950	1002	973	1044	895	978	922	6%
Naphtha												
Americas	20	17	20	28	23	16	13	21	10	8	5	47%
Europe	381	332	343	341	360	301	372	323	332	459	336	36%
Asia Oceania	900	927	960	1040	891	912	996	1016	960	1010	968	4%
Total OECD	1301	1276	1323	1409	1275	1228	1380	1360	1302	1476	1309	13%
Gasoline[3]												
Americas	730	659	665	567	769	660	664	687	597	704	572	23%
Europe	212	106	125	150	124	113	114	138	67	136	143	-5%
Asia Oceania	86	83	83	89	95	70	79	85	79	72	58	25%
Total OECD	1028	848	873	805	988	843	856	909	744	913	773	18%
Jet & Kerosene												
Americas	73	81	100	81	121	94	103	98	101	109	71	54%
Europe	398	447	458	377	457	583	412	428	452	357	462	-23%
Asia Oceania	62	74	60	57	50	43	88	111	65	89	100	-11%
Total OECD	533	602	617	514	628	720	603	636	618	555	634	-12%
Gasoil/Diesel												
Americas	59	58	95	200	62	41	77	68	60	103	19	426%
Europe	984	1120	1084	1092	1094	1172	976	962	901	1062	1010	5%
Asia Oceania	185	162	182	152	221	175	178	219	144	170	160	6%
Total OECD	1227	1340	1360	1444	1377	1388	1231	1249	1104	1335	1190	12%
Heavy Fuel Oil												
Americas	206	165	132	127	132	134	135	190	114	102	124	-18%
Europe	521	552	619	600	650	666	560	476	622	583	514	13%
Asia Oceania	224	242	214	304	205	183	167	150	159	190	338	-44%
Total OECD	951	960	965	1030	986	984	861	816	894	875	976	-10%
Other Products												
Americas	813	812	672	619	728	682	657	595	605	770	595	29%
Europe	636	800	727	752	789	699	668	699	631	674	796	-15%
Asia Oceania	357	386	374	464	355	372	307	299	345	279	382	-27%
Total OECD	1806	1998	1773	1835	1873	1754	1633	1593	1581	1723	1772	-3%
Total Products												
Americas	1921	1810	1695	1640	1844	1633	1662	1669	1503	1810	1406	29%
Europe	3419	3738	3782	3697	3884	4010	3534	3504	3437	3659	3667	0%
Asia Oceania	2433	2421	2403	2649	2349	2276	2342	2434	2200	2387	2504	-5%
Total OECD	7773	7969	7879	7987	8077	7919	7538	7607	7139	7856	7576	4%
Total Oil												
Americas	8022	6940	5898	6025	6175	5969	5430	5462	5375	5450	6150	-11%
Europe	12765	12664	12469	11899	12364	13016	12583	12746	12077	12909	11943	8%
Asia Oceania	9194	8974	8780	9604	8280	8590	8660	8516	8243	9209	9201	0%
Total OECD	29982	28577	27147	27527	26819	27575	26673	26724	25695	27568	27294	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.

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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 12 August 2014), 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 © 2015 Argus Media Limited - all rights reserved).

Next Issue: 15 April 2015

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International Energy Agency

15 April 2015

HIGHLIGHTS

- **Oil futures prices eased in March, pressured by sharply higher supplies from Middle East OPEC producers** and a relentless build in US crude stocks as refiners in Europe and Asia prepared for maintenance. At the time of writing, ICE Brent was trading at roughly $58.25/bbl – some 50% below last June's peak. NYMEX WTI was around $52.35/bbl.

- **The forecast of global oil demand for 2015 has been raised by 90 kb/d to 93.6 mb/d, a gain of 1.1 mb/d on the year.** The notable acceleration on 2014's 0.7 mb/d growth follows cold temperatures in 1Q15 and a steadily improving global economic backdrop.

- **Global supply rose by an estimated 1 mb/d month-on-month** in March, to 95.2 mb/d, as OPEC production recorded its highest monthly increase in nearly four years. Annual gains of a whopping 3.5 mb/d were split between OPEC and non-OPEC production.

- **OPEC crude oil output soared by 890 kb/d in March, to 31.02 mb/d**, on sharply higher Saudi Arabian, Iraqi and Libyan supplies. The 'call on OPEC crude and stock change' was revised marginally higher for 2H15, to 30.35 mb/d, above the group's official production ceiling, but left unchanged for 2015 versus last month's *Report*, at 29.5 mb/d.

- **OECD industry stocks slipped by 1.7 mb in February,** despite a massive 36.4 mb build in crude oil stocks. Preliminary data show OECD inventories rising counter-seasonally in March, by 29.2 mb, as US crude holdings extended recent builds and refined products defied seasonal trends.

- **Global refinery crude demand is expected to fall seasonally to 77.3 mb/d in 2Q15, from 78 mb/d in 1Q15**. While Atlantic Basin refiners mostly completed turnarounds in 1Q15, Asian refinery maintenance is set to ramp up sharply in 2Q15, with up to 2.5 mb/d of distillation capacity offline at its peak in May.

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THE PLOT THICKENS

Months into the process of market rebalancing from the oil price collapse, one might be hoping for more clarity on supply and demand impacts. Yet, in some ways, the outlook is only getting murkier. That's in part because the backdrop against which the adjustment is playing out is constantly changing. The recent framework agreement between Iran and the P5+1 is a case in point. One of the many questions hanging over the market today is, how quickly could Iran be expected to ramp up output and exports if the agreement were to be made permanent?

Given deep changes in supply and demand in recent years, the way lower prices impact the market is also different from previous price corrections. That too is causing uncertainties, and not just about the response of unconventional North American supply to lower prices. The demand response has taken the market by surprise. Unexpected pockets of demand strength have emerged. Should those be seen as a sign that the demand response to lower prices will prove more robust than expected, or rather as a temporary aberration that will lead back to renewed weakness later on?

Unexpected demand strength in crude and product markets has boosted refining margins in some of the very markets where demand had seemed to be the weakest. European product demand, long in secular decline, swung back to growth in some markets in early 2015, and the region's refining sector has found renewed vigour amid weaker-than-expected runs elsewhere. Previously tepid Indian demand has strengthened, as lower oil prices appear to offer further support to an already improving economic outlook. US transport fuel demand has surged in the last few months. Not all readings are positive, however. Some preliminary bullish data, such as US demand estimates for January, have been revised downwards. Statistics on global oil demand remain extremely patchy in any event, with few measurements of non-OECD demand so far this year.

Not all of the apparent pockets of demand strength may be sustainable. At least some product buying has been meeting storage demand. In China, in particular, product stocks have surged in early 2015, while implied crude builds have also remained strong. European product cover is rising, bucking seasonal trends, on high refinery output. High OECD demand for middle distillates and LPG in early 2015 was largely driven by cold weather, a temporary factor if there ever was one. High deliveries might also reflect in part price-opportunistic product buying – in effect borrowed demand, leading to weaker growth later on. In several large producer countries, such as Brazil and Nigeria, demand is reeling from the effects of lower oil revenues and other factors. Meanwhile, seasonal refinery maintenance in Asia is about to remove one of the crude market's biggest props.

On the supply front, considerable uncertainty remains about the ultimate outcome of the talks between Tehran and world powers and the timing of a potential lifting of sanctions. But an increase in Iranian exports has become a real possibility. As noted in this *Report*, while it may take some time for Iran to expand its production capacity, ramping up flows from already developed fields could be faster. Even quicker would be a hike in exports from oil in floating storage, of which there is reportedly enough to sustain shipments of some 180 kb/d for six months.

Recent developments thus may call into question past expectations that supply and demand responses would tighten the market from mid-year on. Stronger-than-expected 1Q15 demand might signal a faster recovery – as would a faster-than-expected decline in North American unconventional supply – but might just as likely point to a slower one if pockets of demand strength prove short-lived and lead to weaker deliveries later on. Advances in talks on Tehran's nuclear program not only call into question past working assumptions on future Iranian output, but may already have encouraged other producers to hike supply and stake out market share ahead of Iran's potential return. All in all, that suggests the market rebalancing may still be in its early stage.

DEMAND

Summary

- **The forecast of global oil demand for 2015 has been raised by 90 kb/d to 93.6 mb/d, a gain of 1.1 mb/d** on the year and a notable acceleration on 2014's 0.7 mb/d growth, as the global economy slowly gains momentum.

- **Colder-than-year-earlier temperatures compounded the impact of economic growth in 1Q15**, accounting for part of the upward revision to last month's demand forecast. Since bottoming out at a five-year low of 270 kb/d year-on-year (y-o-y) in 2Q14, global growth has steadily built, rising to a fresh one-and-a-half year peak of +1.3 mb/d y-o-y in 1Q15. Most OECD economies, with the notable exception of Japan and Scandinavia, saw lower temperatures than last year in January and February, triggering additional space heating demand.

- **Exceptionally strong preliminary Indian demand data for February** contributed heavily towards the upwardly revised Indian demand estimate for 2015 as a whole. Although record February growth does not appear to be sustainable, stronger gains have nevertheless taken hold since October 2014. India now looks set to rank amongst the fastest growing large economies in 2015, lifting the forecast of Indian oil demand growth to nearly 5% for the year.

- **Russian demand was stronger than expected in early 2015,** as domestic oil use rose by 20 kb/d y-o-y in 1Q15 despite persistent domestic economic weaknesses. The surprisingly resilient January-February delivery data led to an upward revision of 135 kb/d in 1Q15, although overall contractions remain projected for the year as a whole.

- **Weaker demand conditions remain entrenched in many other non-OECD countries,** such as Iraq, Argentina, Nigeria and Brazil, as curbed oil-export revenues and/or creaking macroeconomic performances dent demand.

- **The OECD oil demand forecast for 2015 remains essentially flat,** despite the recent upgrades, as improvements in the economic backdrop and colder 1Q15 weather roughly balance the persistent downside influences attributable to efficiency gains and product switching.

Global Oil Demand (2013-2015)

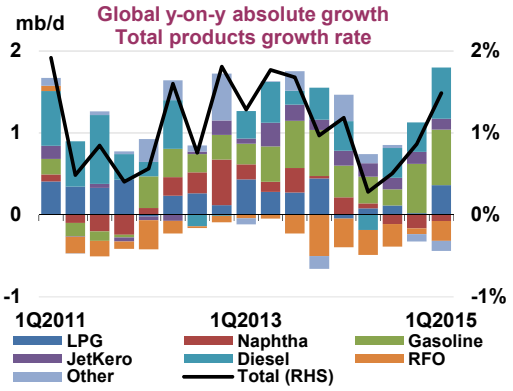
(million barrels per day)

	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Africa	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.1	4.1	4.0	4.1	4.1
Americas	30.2	30.5	31.1	31.1	30.7	30.5	30.4	31.1	31.4	30.8	30.7	30.7	31.4	31.6	31.1
Asia/Pacific	30.7	29.8	29.7	30.9	30.3	31.2	30.2	29.9	31.3	30.7	31.7	30.8	30.7	32.0	31.3
Europe	13.8	14.5	14.7	14.3	14.3	13.6	14.1	14.6	14.2	14.1	14.0	14.1	14.4	14.1	14.1
FSU	4.5	4.7	4.9	5.0	4.8	4.6	4.8	5.0	5.0	4.9	4.6	4.6	4.8	4.7	4.7
Middle East	7.6	7.9	8.4	7.8	7.9	7.8	8.2	8.6	7.9	8.1	7.9	8.4	8.8	8.1	8.3
World	**90.6**	**91.3**	**92.6**	**92.9**	**91.9**	**91.7**	**91.6**	**93.0**	**93.7**	**92.5**	**93.0**	**92.7**	**94.1**	**94.7**	**93.6**
Annual Chg (%)	1.3	1.8	1.7	1.0	1.4	1.2	0.3	0.5	0.9	0.7	1.4	1.2	1.1	1.0	1.2
Annual Chg (mb/d)	1.2	1.6	1.5	0.9	1.3	1.1	0.3	0.5	0.8	0.7	1.3	1.1	1.0	0.9	1.1
Changes from last OMR (mb/d)	0.01	0.02	0.01	0.04	0.02	0.01	0.01	-0.01	-0.01	0.00	0.31	0.08	-0.03	0.00	0.09

Global Overview

Colder than-year-earlier temperatures in many large consuming countries, over January and February, provided additional support for a slow recovery in global oil demand growth. Having bottomed out at a five-year low of 270 kb/d y-o-y in 2Q14, global oil demand growth has since steadily accelerated.

Demand growth initially rose to around 480 kb/d y-o-y in 3Q14, before rising further to 820 kb/d y-o-y in 4Q14, and reaching a one-and-a-half-year high of 1.3 mb/d y-o-y in 1Q15. Although growth had been forecast to gain momentum in 1Q15, progress nevertheless exceeded expectations, garnering additional support from colder winter weather conditions. Lower temperatures were seen across most major OECD economies in both January and February, with the notable exceptions of Japan and the Scandinavian economies. Particularly strong Asian demand emerged in 1Q15, with deliveries rising by 110 kb/d y-o-y in Korea, 200 kb/d in India and 250 kb/d in China. The latest data from Russia also paint a surprisingly resilient picture of domestic demand, with an essentially flat 1Q15 y-o-y demand trend holding despite Russian economic softness. Overall, compared to last month's *Report*, approximately 310 kb/d of additional oil product demand has been added to the 1Q15 global demand estimate, to a revised 93.0 mb/d.



Macroeconomic momentum is largely following the accelerating trend that the International Monetary Fund (IMF) outlined in January, i.e. a global economic forecast of approximately 3.5% growth for 2015, roughly 0.2 percentage points up on 2014. This upturn supports additional oil demand growth, particularly when post-recessionary bounces, such as those seen in Japan and much of Europe, are taken into consideration. JPMorgan's Global Purchasing Managers' Index (PMI) provides additional clarity on monthly developments regarding the global economy, with their global PMI rising to a five-month high of 53.9 in February. That index has been above its key 50-threshold, indicating 'optimism' for 29 consecutive months through February, and now even shows modest growth of 1.2% in the euro area, a regional laggard. Russia is the main area of contraction according to JPMorgan's data, with the PMI for Russia in February showing its sharpest pace of decline since May 2009.

Despite those improvements in the macroeconomic outlook, looming challenges remain, most notably what will happen when exceptionally loose global financial conditions tighten. The US Federal Reserve is widely expected to raise historically low interest rates in 2015. Christine Lagarde, the Managing Director of the IMF, pointed out in March "the risk of financial market and capital flow volatility, along with sudden increases in interest rate spreads, remains a real possibility as US interest rates begin to rise". Ms Lagarde highlighted the danger "that vulnerabilities that build up during a period of very accommodative monetary policy can unwind suddenly when such policy is reversed, creating substantial market volatility" and alluded to events such as the taper-tantrum of mid-2013 (when many markets plummeted on expectations that the US Federal Reserve would slowdown/'taper' its bond purchasing programme) returning once more in 2015. A reduction from the IMF's January projection of a 0.2 percentage point acceleration in global economic growth would in turn dampen demand forecasts. A somewhat conservative outlook on global oil demand growth is thus maintained for 2015, at +1.1 mb/d, at least until the macroeconomic clouds clear.

Overall, the modest forecast acceleration in global growth will take projected demand up to around 93.6 mb/d in 2015, as already alluded to equivalent to +1.1 mb/d growth and significantly above the five-year growth-low of 660 kb/d in 2014. The absolute 1Q15 estimate has been raised by 310 kb/d compared to last month's *Report*, with the gains led by Russia (+135 kb/d), India (+110 kb/d), Korea (+55 kb/d), Germany (+40 kb/d), Spain (+40 kb/d) and France (+25 kb/d). Upward adjustments for January were led by Russia (+180 kb/d), Germany (+120 kb/d), Spain (+75 kb/d), China (+65 kb/d) and Turkey (+60 kb/d), more than offsetting curtailments in Japan (-55 kb/d), Chinese Taipei (-55 kb/d), Iraq (-45 kb/d) and India (-40 kb/d). For February, based on preliminary statistics, upward adjustments were led by India (+210 kb/d), Russia (+130 kb/d), Korea (+85 kb/d), Japan (+50 kb/d) and France (+45 kb/d), offsetting curtailments in China (-225 kb/d), Brazil (-125 kb/d) and Mexico (-85 kb/d).

OECD

Preliminary data show that OECD demand grew y-o-y in February for the third consecutive month. This is the first three-month period of consistent OECD oil demand growth in four years. Gasoil/diesel demand led the gains, largely a consequence of colder-than-year-earlier weather conditions in most large OECD consumers except Japan and Scandinavia, but also gaining traction on tentatively building macroeconomic momentum. Relatively weak petrochemical demand in Japan, the Netherlands, France and Belgium continue to keep OECD naphtha deliveries on the declining trend seen since June 2014. The forecast for 2015 as a whole is for essentially flat OECD demand, at approximately 45.7 mb/d, as improvements in the economy and colder 1Q15 weather roughly balance the downside effects of efficiency gains and product switching.

Heating Degree Days

	January	February	Change, y-o-y January	Change, y-o-y February
US	878	861	2%	9%
Japan	389	340	1%	-3%
Belgium	446	412	21%	29%
France	399	377	21%	30%
Germany	467	449	12%	34%
Italy	317	286	7%	26%
Finalnd	635	511	-21%	-1%
Spain	339	277	32%	17%

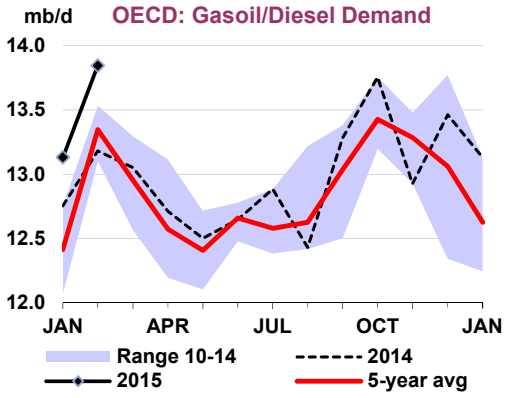
Heating Degree Day - number of degrees that day's average temperature is below 18 degrees Celsius

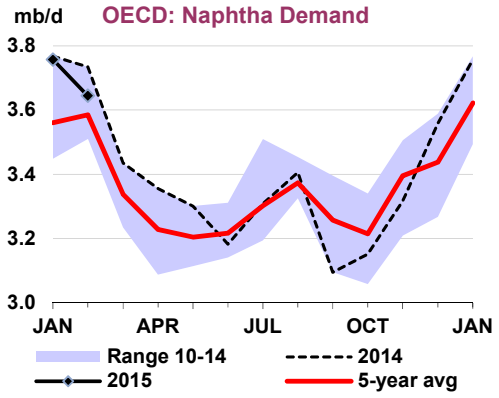
OECD Demand based on Adjusted Preliminary Submissions - February 2015

(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*	**10.64**	**2.1**	**1.66**	**3.7**	**4.81**	**3.3**	**0.83**	**-0.9**	**0.33**	**-33.8**	**6.08**	**-0.45**	**24.35**	**1.0**
US50	8.93	2.6	1.44	4.5	3.91	3.9	0.43	5.4	0.12	-43.6	4.59	1.30	19.43	2.2
Canada	0.83	-1.1	0.09	-7.1	0.31	2.1	0.34	-7.9	0.04	-43.7	0.80	-5.91	2.41	-4.8
Mexico	0.75	0.2	0.07	5.8	0.37	-1.1	0.04	-1.3	0.07	-36.9	0.58	-6.78	1.88	-4.2
OECD Europe	**1.80**	**-2.2**	**1.14**	**2.7**	**4.43**	**1.7**	**1.85**	**27.5**	**0.87**	**-11.7**	**3.54**	**2.16**	**13.64**	**3.2**
Germany	0.41	-1.1	0.16	-6.2	0.68	-0.7	0.47	46.8	0.13	9.8	0.62	6.75	2.46	7.9
United Kingdom	0.30	-4.6	0.32	4.0	0.50	-1.9	0.14	30.5	0.02	-57.1	0.29	13.73	1.57	2.1
France	0.16	-1.7	0.14	0.9	0.68	-0.3	0.33	14.1	0.06	12.9	0.42	-2.39	1.78	2.0
Italy	0.19	-4.7	0.09	5.9	0.49	2.4	0.08	19.8	0.08	10.6	0.32	-3.23	1.25	1.3
Spain	0.10	-0.4	0.10	8.0	0.43	2.0	0.22	17.7	0.15	-5.4	0.27	6.94	1.27	4.7
OECD Asia & Oceania	**1.58**	**3.4**	**1.25**	**6.3**	**1.30**	**6.1**	**0.62**	**-5.3**	**0.79**	**-9.1**	**3.49**	**-5.10**	**9.04**	**-1.1**
Japan	0.91	2.8	0.83	1.4	0.43	3.1	0.48	-7.1	0.46	-17.9	1.85	-9.61	4.95	-5.4
Korea	0.20	12.2	0.23	24.0	0.35	17.8	0.12	3.7	0.27	7.5	1.37	1.10	2.54	6.6
Australia	0.35	1.7	0.14	10.5	0.42	1.9	0.00	260.0	0.04	-1.5	0.18	-3.13	1.13	1.9
OECD Total	**14.01**	**1.7**	**4.06**	**4.2**	**10.54**	**3.0**	**3.31**	**12.1**	**2.00**	**-15.4**	**13.12**	**-1.06**	**47.04**	**1.2**

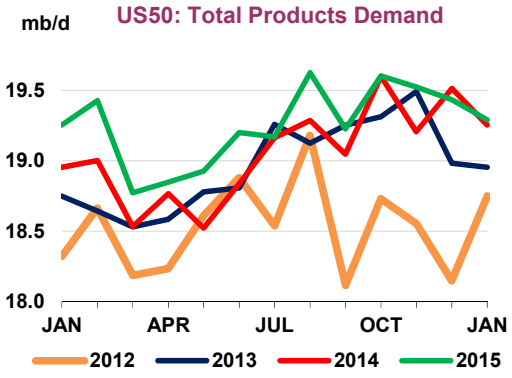
* Including US territories

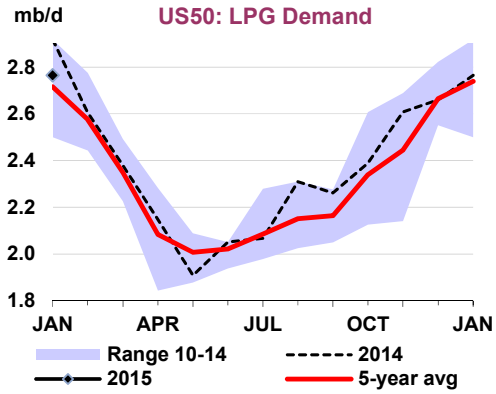




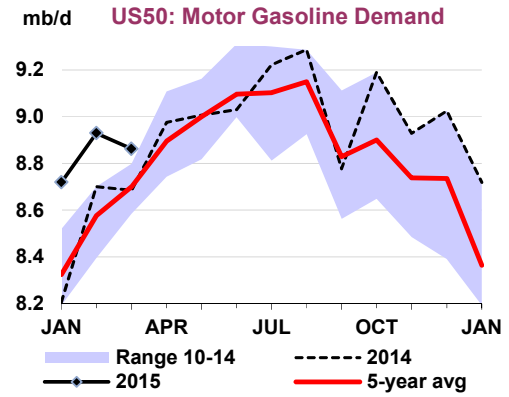
Americas

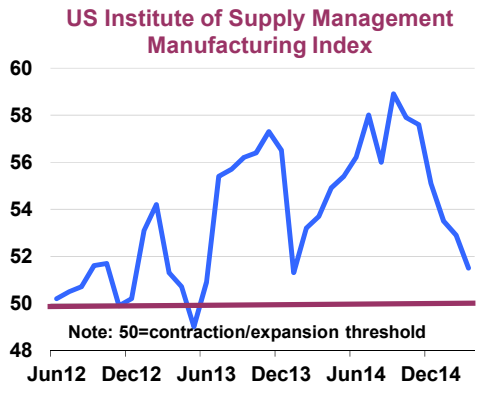
More supportive macroeconomic conditions and lower US retail product prices continue to stimulate absolute y-o-y demand growth across the OECD Americas, but momentum may be slowing. Preliminary data suggest a gain of 1.0% y-o-y in February to 24.4 mb/d, led by the transport sector. The **US** is providing the majority of this upside momentum, but even there, key components of previously strongly rising demand have started to ease. Monthly delivery data for January, for example, show much lower LPG deliveries than previously foreseen. Such revisions have curbed the total US demand estimate to 19.3 mb/d in January, a gain of 1.6% on the year earlier (or + 0.3 mb/d), down compared to December's near 3% y-o-y gain.





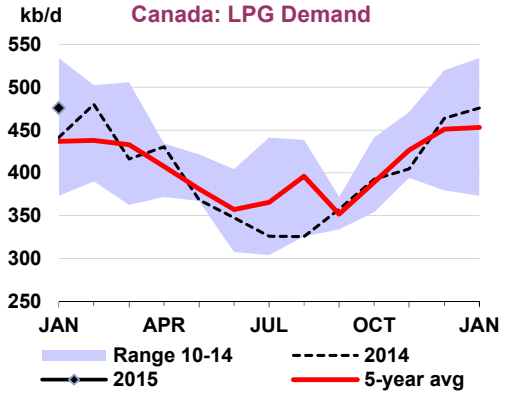
Gasoline makes up the bulk of the January gains in US demand. US gasoline demand rose by 6.2% y-o-y in January, to 8.7 mb/d, garnering support from reports of heavy road use and heady car sales, particularly those of less fuel-efficient four-wheel drive vehicles. The US Department of Transport's Federal Highway Commission reported a 4.9% y-o-y gain in US vehicle miles travelled in January, to 11.1 billion vehicle miles, with the most notable upside reserved for the US North-Central (+7.4% y-o-y) and South-Atlantic regions (+5.8%).

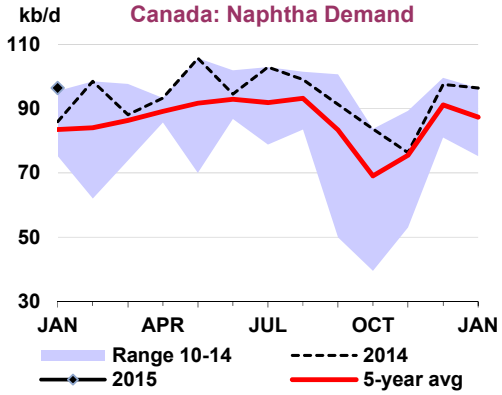




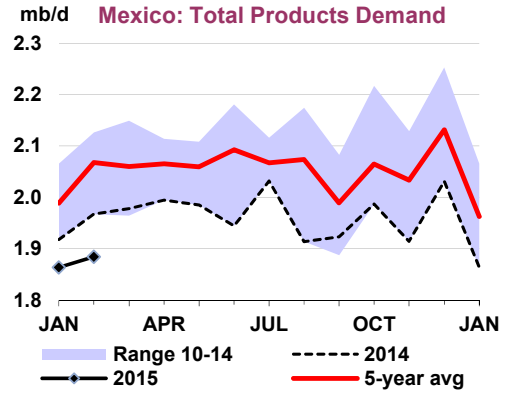
US gasoline demand continued to grow in February and March, according to weekly statistics from the US Energy Information Administration (EIA), although momentum eased to a four-month low by March, as depicted in the less buoyant consumer and business confidence measures. The University of Michigan's consumer confidence index, for example, fell to a four-month low in March, while the Institute for Supply Management's Manufacturing PMI fell to a near two-year low citing the strength of the US dollar, lower oil prices, escalating healthcare costs and residual effects from the harsh winter. Overall in 2015, the US demand trend is likely to be one of modest 1.1% growth, taking average deliveries up to around 19.2 mb/d for the year as a whole, a seven-year high.

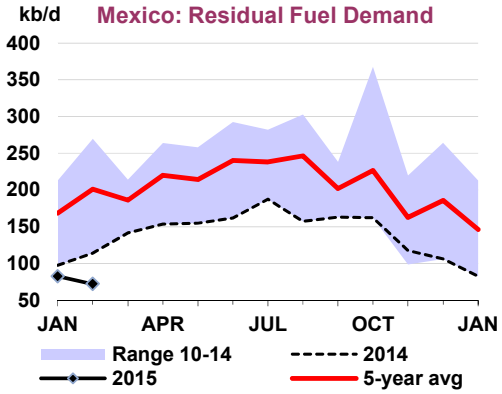
Based on the latest official data, the **Canadian** demand estimate for January has been revised up by 50 kb/d compared to last month's *Report*, with LPG and naphtha leading the increase. Canadian LPG demand (including ethane) rose to 475 kb/d in January, its highest level in nearly a year, on reports of strong petrochemical demand and additional propane use from the heating sector. Naphtha demand rose by 12.2% y-o-y in January to 95 kb/d. Despite the January upgrade, the overall y-o-y demand trend remains essentially flat and is broadly expected to remain so through the year as a whole.





Persistent declines in residual fuel oil use kept **Mexico** overall on a heavily falling demand trend, as total February deliveries of 1.9 mb/d were 85 kb/d (or 4.2%) below the year earlier, marking the fifth consecutive month of lower y-o-y demand. Residual fuel oil demand, at 70 kb/d, was roughly 40 kb/d (or 36.9%) below year-earlier levels, as power-sector demand contracted sharply. Statistics from the Secretaria de Energia confirmed this trend, which correspond with sharp gains in natural gas use in the power sector (+10.7% y-o-y). Sharp declines in LPG, naphtha, gasoil and 'other product' demand also played a role undermining the overall Mexican oil demand trend, amid weakening consumer and business confidence. The Instituto Nacional de Estadistica y Geografia's consumer confidence indicator fell to a six-month low, of 90.3 in February, well below the key 100 net-confidence threshold, while its business confidence measure also eased in February. Based on those weaker-than-expected data, the forecast for the year has been curtailed and now shows a 35 kb/d (1.7%) decline in 2015, to an average of 1.9 mb/d.

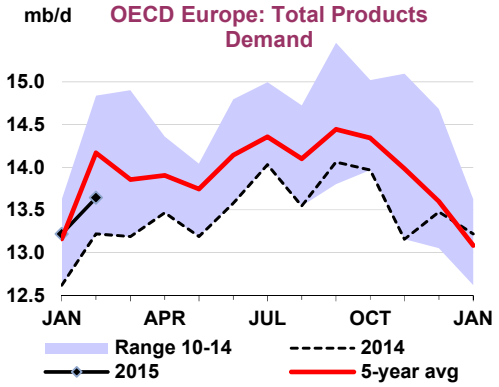


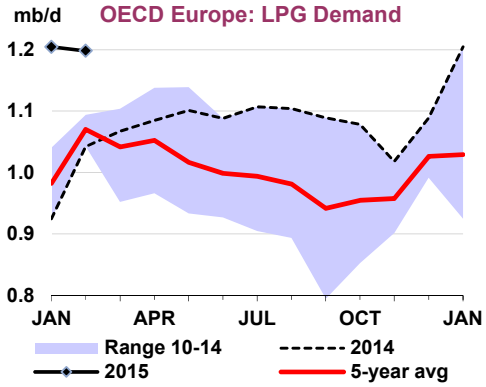


Europe

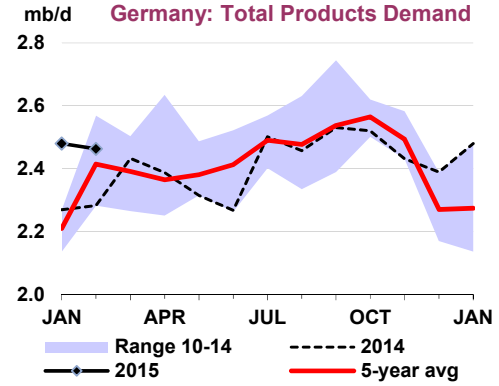
The latest European demand data confirm the modestly rising pattern of recent months, noted in recent issues of this *Report*. Having fallen by 3.5% y-o-y in 2Q14, European demand growth came in at -1.1% in 3Q14, -0.6% y-o-y in 4Q14, before reversing back into rising territory in 1Q15, up by 2.6% y-o-y. This change marks the first quarter of y-o-y growth in nearly one-and-a-half years. Notably stronger gasoil/diesel and LPG demand led the reversal. Improving macroeconomic conditions supported both

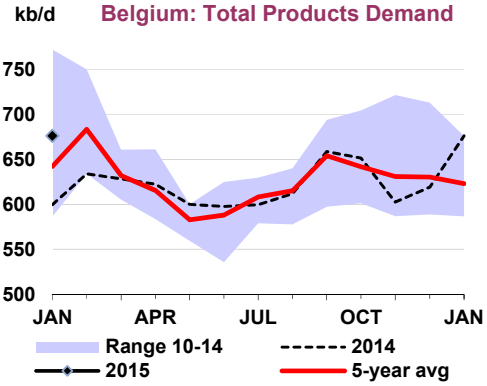
products, while colder-than-year-earlier weather conditions (with the exception of Scandinavia) also stimulated additional European gasoil demand.



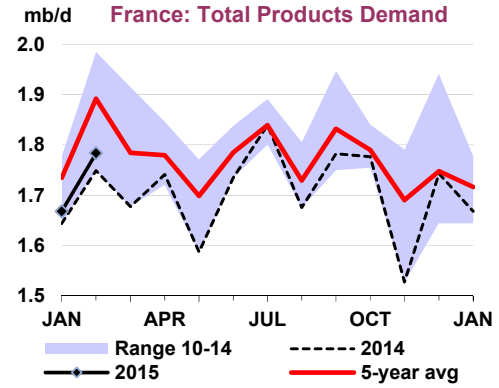


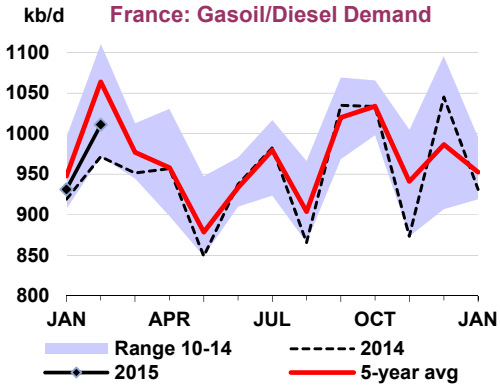
Of the big European economies, this month's *Report* includes notable upgrades to many of the January demand estimates. Germany (+120 kb/d), Spain (+75 kb/d), Turkey (+60 kb/d), Belgium (+55 kb/d), the Netherlands (+50 kb/d) and Poland (+30 kb/d) all saw significant upside revisions to their January demand estimates. Preliminary data for February show fewer such revisions, with an upwardly revised French (+45 kb/d) demand estimate marginally offsetting lower numbers for Germany (-15 kb/d).





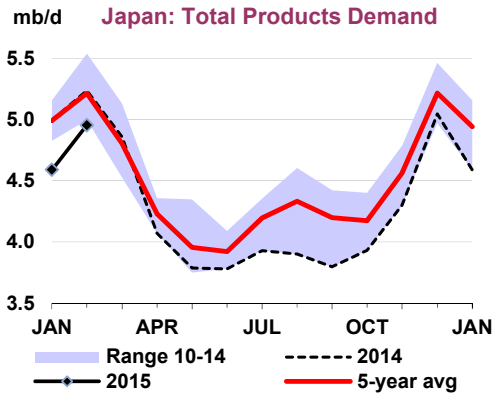
Belgian demand posted a sixth consecutive month of y-o-y growth in January, led by strong gains in LPG and gasoil. Strengthening macroeconomic conditions in many countries, most notably **Germany**, supported gasoil demand, as German deliveries in January jumped by 145 kb/d y-o-y, with colder-than-year-earlier weather providing an additional stimulus. German diesel prices in January (including taxes) were 15% below the year-earlier, which may have raised consumer demand. **Spain** also saw sharply higher gasoil deliveries (+9.0% y-o-y) in January, lifting total Spanish demand by 6.9% that month. **France**, meanwhile, saw a third consecutive month of y-o-y gains as gasoil deliveries returned to growth on the back of cold January-February weather.

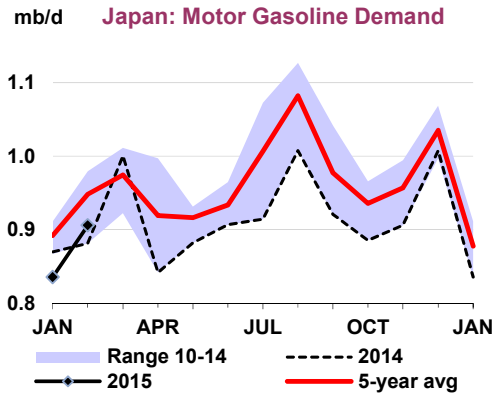




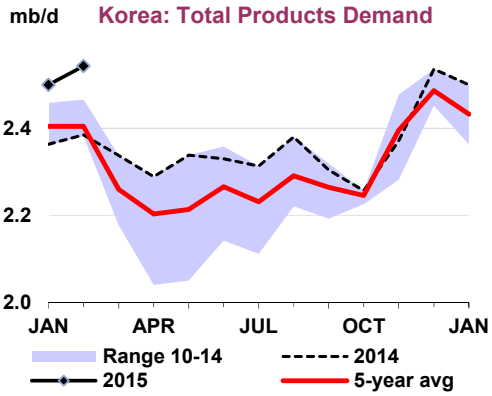
Asia Oceania

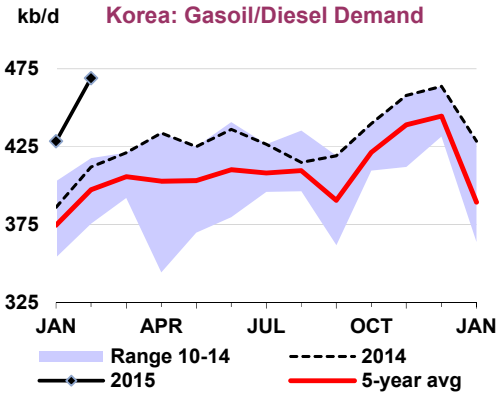
The latest delivery data for OECD Asia Oceania remains a mixed bag, with strong gains in Korea and New Zealand offsetting absolute declines in Japan. Even in **Japan**, however, the latest demand data shows a relative easing in the pace of y-o-y demand declines, with oil product demand falling by a relatively shallower 5.4% y-o-y in February, compared to previous six-month trend of -7.3% y-o-y. Gains in Japanese transport sector demand, in February, shaved some of the more extreme downside momentum out of the overall pace of the Japanese demand decline, as still large contractions were seen from the power and petrochemical sectors.





At an estimated 2.5 mb/d in February, **Korean** demand is nearly 160 kb/d (or 6.6%) higher than last year. Particularly strong gains were seen in transport fuels and petrochemical feedstocks, with gasoil deliveries up by 55 kb/d (or 13.8%) y-o-y, jet/kerosene demand by 45 kb/d (or 24%) and naphtha deliveries by 25 kb/d (or 2.2%). Despite the recent demand strength the forecast growth rate for the year as a whole remains at a still relatively flat +1.0%, to 2.4 mb/d, as business confidence indicators point towards a softening in macroeconomic activity over the remainder of the year. For example, the Bank of Korea's Business Survey Index stood at just 77 in March, well below the 100-threshold that is traditionally used to signify the switch between an 'improving' and 'deteriorating' outlook, while Markit's Manufacturing PMI fell back into 'contractionary' territory in March after a two-month hiatus.





Non-OECD

Early indicators of 1Q15 demand suggest that the non-OECD remains on a near +2% y-o-y growth trajectory. Sharp divergences exist across non-OECD nations, however, with strong gains in the likes of India and Saudi Arabia, while weak and/or falling demand growth exist in many other countries, such as Iraq, Argentina, Russia, Nigeria and Brazil.

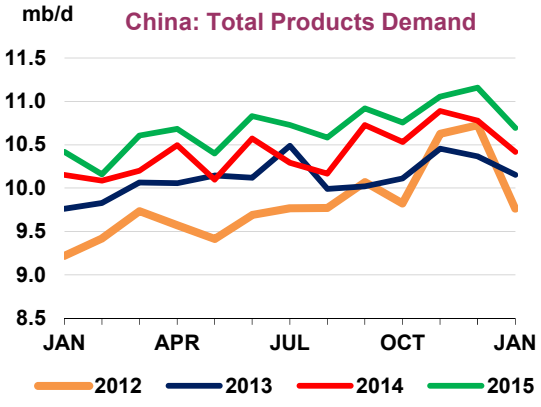
Non-OECD: Demand by Product

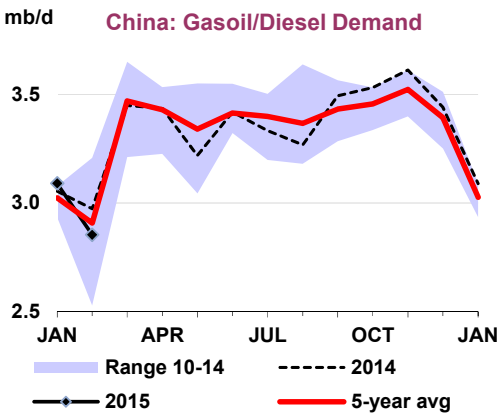
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	3Q14	4Q14	1Q15	4Q14	1Q15	4Q14	1Q15
LPG & Ethane	5,130	5,204	5,258	176	174	3.5	3.4
Naphtha	3,087	3,080	3,194	-63	-26	-2.0	-0.8
Motor Gasoline	9,779	9,929	9,875	375	391	3.9	4.1
Jet Fuel & Kerosene	2,988	3,017	2,996	77	68	2.6	2.3
Gas/Diesel Oil	14,175	14,365	13,907	181	198	1.3	1.4
Residual Fuel Oil	5,478	5,446	5,474	33	82	0.6	1.5
Other Products	6,647	6,364	6,265	275	115	4.5	1.9
Total Products	**47,283**	**47,403**	**46,969**	**1,053**	**1,003**	**2.3**	**2.2**

China

Preliminary estimates of Chinese oil product demand for February have been curtailed on reports of heightened product stock-builds, which equate to a negative influence on IEA apparent demand calculations. *China Oil, Gas and Petrochemicals* estimate a hefty product stock-build of roughly 470 kb/d, February over January, with particularly sharp gains in gasoil/diesel stocks, hence contributing heavily towards February's forecast decline of over 4% y-o-y in Chinese gasoil/diesel demand, to 2.9 mb/d. A total Chinese demand estimate of 10.2 mb/d is made for February, little changed on the year earlier. We note that the accuracy of both January and February estimates are clouded by the timing of the Chinese Lunar New Year holiday. This year, the New Year holiday fell entirely in February, whereas in 2014 it split between late-January and early-February.





China: Demand by Product

(thousand barrels per day)

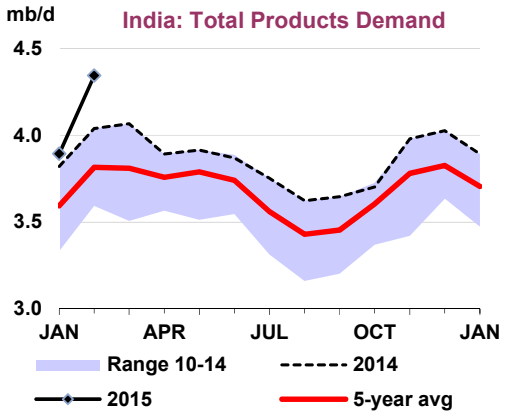
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	789	859	921	69	63	8.8	7.3
Naphtha	1,129	1,187	1,211	58	24	5.2	2.1
Motor Gasoline	2,064	2,215	2,356	151	141	7.3	6.4
Jet Fuel & Kerosene	465	524	539	58	16	12.5	3.0
Gas/Diesel Oil	3,370	3,354	3,374	-16	19	-0.5	0.6
Residual Fuel Oil	430	326	311	-104	-15	-24.2	-4.6
Other Products	1,871	1,956	1,986	85	30	4.6	1.5
Total Products	**10,118**	**10,421**	**10,699**	**302**	**278**	**3.0**	**2.7**

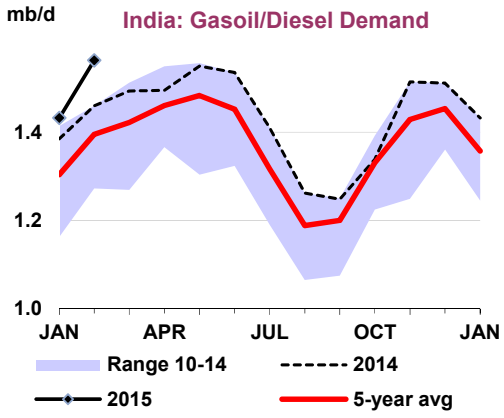
Net product import numbers for February, another key input into IEA apparent demand calculations for China, show a near one-quarter increase on the year earlier, according to General Administration of Customs data. The addition of these extra import flows fail to lift significantly the Chinese apparent

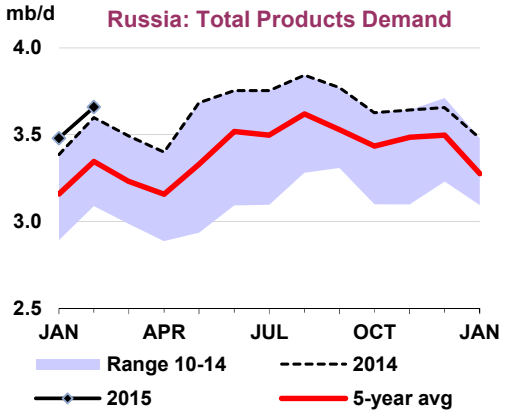
demand estimate, instead likely contributing to rising product stocks. Looking at overall Chinese oil demand it is difficult to see a substantial uptick until the currently ailing industrial backdrop clears. Regarding gasoil/diesel only a modest uptick in demand is foreseen for the year as a whole, +0.6% to 3.4 mb/d, as the anemic underlying industrial data remain a constraint. Such weak gasoil demand is forecast to curb overall Chinese demand growth to around 280 kb/d (or 2.7%) in 2015, to 10.7 mb/d, offsetting relatively strong gains in gasoline, LPG and jet/kerosene. Supporting longer-term transport fuel demand projections, the China Association of Automobile Manufacturers reported a near 9% y-o-y gain in new vehicle sales over the first two months of 2015.

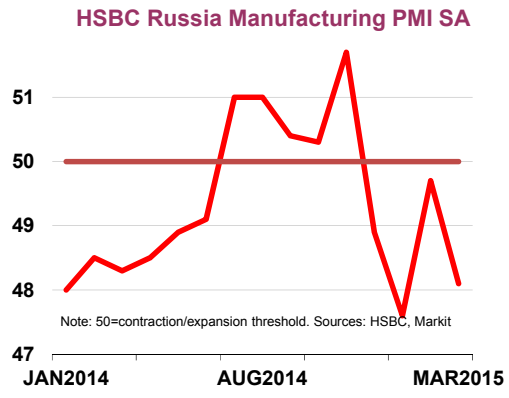
Other Non-OECD

Heightened road transport fuel demand took total **Indian** oil product deliveries up to an all-time high of 4.3 mb/d in February, with particularly strong gains seen in gasoline and diesel demand, respectively higher by 18.2% and 7.4% y-o-y. Such robust gains took the overall Indian growth rate up to its highest level since mid-2012. Overall in 2015, an average gain of around 5% is forecast supported by near 7% GDP growth projections and the likelihood of only very modest further cuts in energy price subsidies, thus easing one of the key issues that dampened 2014 demand growth – lower subsidies. The latest economic data, from the Ministry of Statistics and Programme Implementation generally support the strengthening backdrop to Indian oil demand, with GDP up 7.5% y-o-y in 4Q14 and industrial output 2.6% y-o-y higher in January.





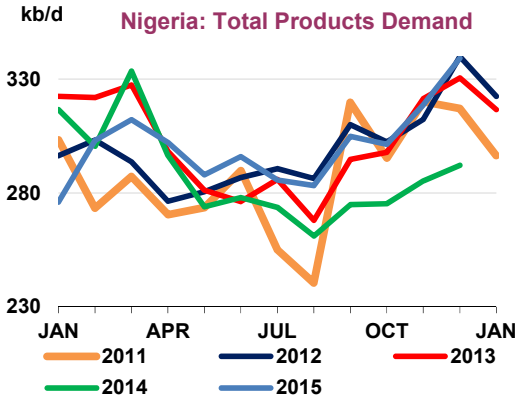


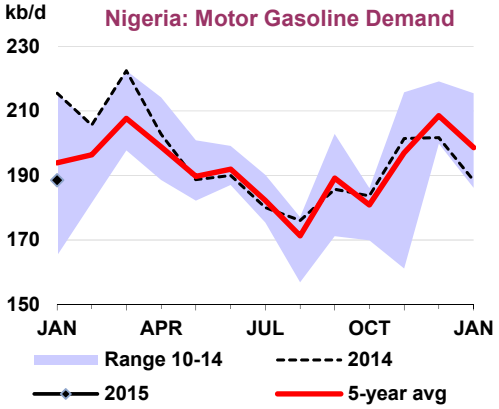


The latest **Russian** oil demand estimate shows stronger-than-anticipated 1Q15 deliveries of 3.5 mb/d, up by 20 kb/d on the year and 135 kb/d above our prior forecast. Absolute gains in residual fuel oil and 'other product' demand led the upside, alongside tentative gain in the transport sector. Business confidence indicators for February showed a surprise bounce, potentially contributing towards February's 40 kb/d y-o-y gain. Despite such 1Q15 resilience, however, the falling Russian oil demand forecast for 2015 as a whole very much remains in place, -4.3% to 3.5 mb/d. Not only does the overall

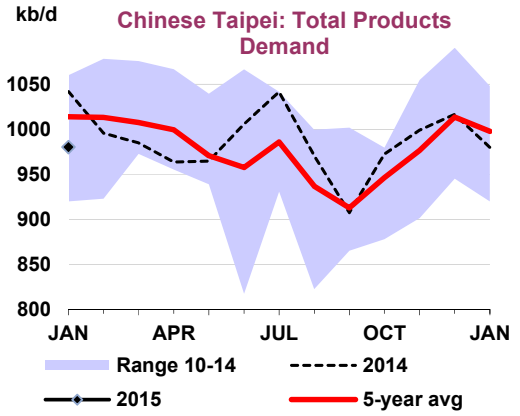
macroeconomic backdrop remain a contracting one but also forward-looking industrial sentiment indicators, such as HSBC/Markit's Manufacturing PMI, remain 'pessimistic'. Taking into account March data, February's Manufacturing PMI 'bounce' appears to have been only a temporary reprieve.

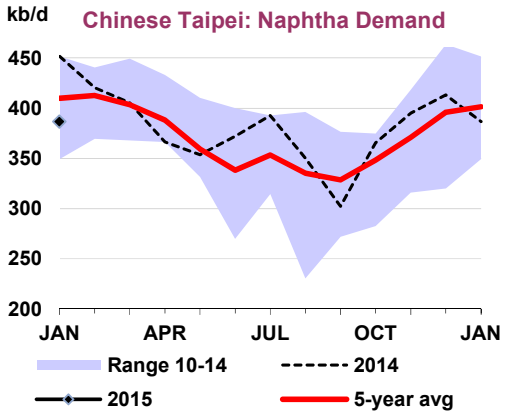
Reports of stuttering **Nigerian** economic activity weigh on forecasts for oil deliveries across the years as a whole. Delayed elections, from February until late-March, a consequence of security concerns in the northeast where Boko Haram militants have displaced approximately 1.5 million people, somewhat choked macroeconomic momentum, alongside weakening exchange rates and lower oil prices, and in-turn oil demand. The head of Nigeria's National Bureau of Statistics, Yemi Kale, warned of likely further downside revisions of one basis point to the already downwardly revised forecast of Nigerian economic growth of 5.5%, citing particular concerns related to exchange rates and oil prices. Given this weaker macroeconomic backdrop, the 2015 Nigerian demand forecast has been curtailed to a modest near 4% growth projection. Despite such concerns, the upside risks to the forecast have grown on the electoral landslide victory of former military ruler Muhammadu Buhari, as a potential easing in political tensions could potentially stimulate additional economic activity.





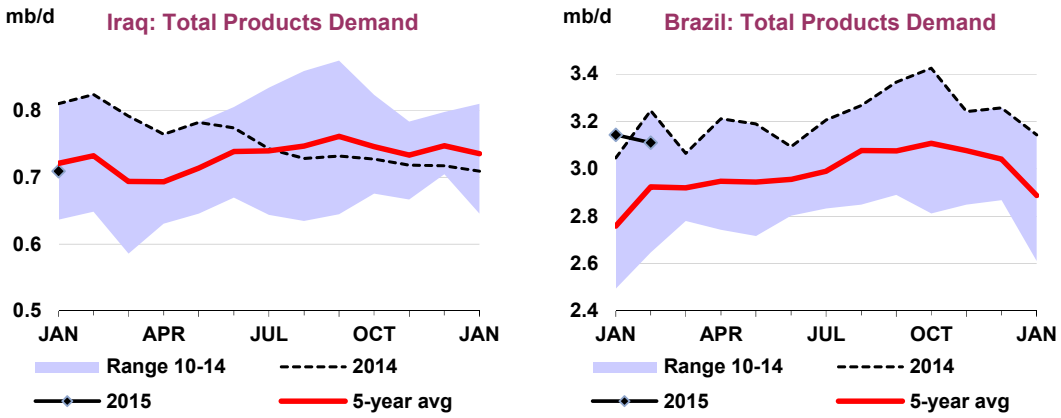
Recent cracker closures continue to dampen naphtha demand estimates in **Chinese Taipei**, as approximately 385 kb/d were delivered in January, 14.4% down on the year earlier. Reduced petrochemical demand played a key role in the overall -6.0% y-o-y demand trend in January to 980 kb/d. For the year as whole, total deliveries are forecast to average roughly 1.0 mb/d, 1.7% up on the year earlier, as momentum builds once again supported by recuperating economic growth and a resumption of previously closed petrochemical facilities.





The latest Middle Eastern demand data has, at least initially, confirmed expectations, cited in previous editions of this *Report*, that soft demand conditions would predominate through the early stages of 2015. Iran, for example, saw an essentially flat y-o-y January trend, while declines were seen in crisis-hit

Iraq. Political pressure to maintain fuel subsidies in Iraq could limit the potential for further declines. Adel Abdul-Mahdi, the Iraqi oil minister, stated that "although the IMF persists in seeking a removal of government subsidies on energy, we decided to adhere to the policy and keep the prices the way they are now," i.e. at 450 Dinar per litre ($1.8/gallon) in Baghdad. For countries without substantial cash reserves, with notable exceptions likes Saudi Arabia, persistent sub-$60 oil prices are quashing domestic revenues from oil-exports and the potential government spend, and hence accordingly their demand trends are at least showing some early signs of suffering.



A general deterioration in the **Brazilian** domestic economy recently has curbed the previously strongly growing oil demand trend. Exceptionally weak gasoline demand led February's climb-down, as a having posted y-o-y growth in the previous 42-months, February saw an absolute y-o-y decline. Gasoil/diesel demand also creaked, although absolute y-o-y declines in Brazilian gasoil demand are a less unusual occurrence, with declines previously seen in four of the ten months prior to February's reduction. Having previously bucked the otherwise declining Brazilian economic data flow, the Confederacao Nacional da Industria's consumer confidence index flattened in February, to an exactly neutral 100 and well down on recent levels of 'optimism' such as January's 104.2 reading or October 2014's recent high of 112. Having risen by approximately 3.9% in 2014, a more subdued +2.0% demand trend is foreseen for 2015, taking average deliveries up to around 3.2 mb/d for the year as a whole.

Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	3Q14	4Q14	1Q15	4Q14	1Q15	4Q14	1Q15
Africa	3,831	3,921	4,061	104	135	2.7	3.4
Asia	22,241	22,985	23,074	642	699	2.9	3.1
FSU	5,040	4,972	4,644	11	12	0.2	0.3
Latin America	6,924	6,905	6,640	120	46	1.8	0.7
Middle East	8,571	7,950	7,875	178	82	2.3	1.1
Non-OECD Europe	676	671	674	-2	29	-0.2	4.5
Total Products	**47,283**	**47,403**	**46,969**	**1,053**	**1003**	**2.3**	**2.2**

SUPPLY

Summary

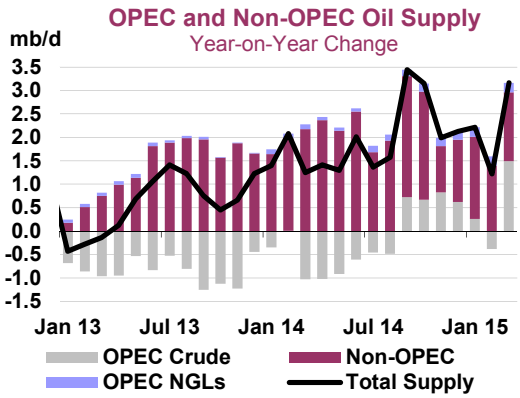
- **OPEC supply soared to 31.02 mb/d in March – up 890 kb/d on February – as top exporter Saudi Arabia ramped up output towards record rates while Iraq and Libya rebounded strongly.** The month-on-month (m-o-m) supply increase was the biggest since June 2011. March marked the eleventh consecutive month with production running above OPEC's 30 mb/d supply target.

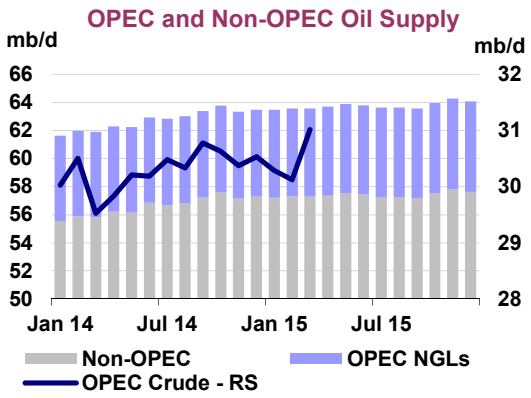
- **Early indications suggest that OPEC's robust March production level, up nearly 1.5 mb/d on the year before, may be sustained, if not rise further, in April.** The 'call on OPEC crude and stock change' for 2015 was steady at 29.5 mb/d versus last month's *Report*. The 2H15 'call' was revised a touch higher to 30.35 mb/d, which is above the group's official production ceiling.

- **Global supply rose by an estimated 1 mb/d month-on-month (m-o-m) in March, to 95.2 mb/d,** on increasing OPEC production, which saw the highest monthly increase in nearly four years. **Annual gains of a whopping 3.5 mb/d were split between OPEC and non-OPEC production**.

- **Non-OPEC oil production is estimated to have risen by about 100 kb/d to 57.7 mb/d in March, led by the US,** with Russia also contributing. Year-on-year (y-o-y), non-OPEC supply is estimated to have risen by about 1.8 mb/d.

- **The forecast of North American production for 2H15 has been adjusted downwards by about 160 kb/d** compared with last month's *Report* on a slightly more negative outlook for the US and Canada. The downward revisions reflect a steeper slowdown in US LTO growth leading to declines later in the forecast period, along with a more negative outlook for non-oil sands output in Canada.





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

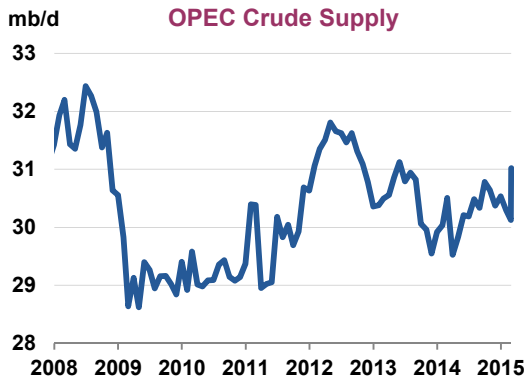
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific 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 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 approximately -200 kb/d to -400 kb/d for non-OPEC as a whole.

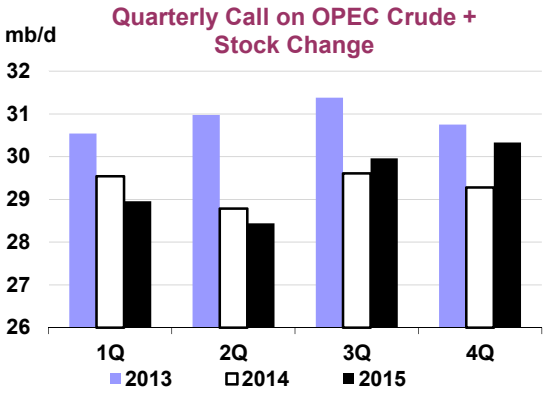
OPEC crude oil supply

OPEC crude oil output surged 890 kb/d to 31.02 mb/d in March – nearly a two-year high – after Saudi Arabia pushed output towards record levels while Iraq and Libya posted strong supply recoveries. Early soundings suggest OPEC's lofty March production level – nearly 1.5 mb/d up on the previous year – may hold, if not increase, in April. Indeed, OPEC's core Gulf producers – led by Saudi Arabia – appear to be sticking with their defence of market share ahead of a scheduled 5 June OPEC meeting.

At an average 10.1 mb/d, Riyadh's supply climbed by around 390 kb/d in March to reach the highest rate since September 2013. Saudi Oil Minister Ali al-Naimi said pumping would continue at around 10 mb/d. Exports from Iraq reached a record rate of nearly 3 mb/d in March, with production rising close to the robust levels seen in December. Libya continued to defy the odds, with output climbing despite the ongoing chaos in the North African producer. At the time of writing, production had risen to around 600 kb/d– already a significant improvement on average March output of 480 kb/d.

The 2015 'call on OPEC crude and stock change' was unchanged from last month's *Report* at 29.5 mb/d. OPEC's 'effective' spare capacity was estimated at 2.47 mb/d in March versus 2.9 mb/d in February. Saudi Arabia accounted for 90% of the surplus.

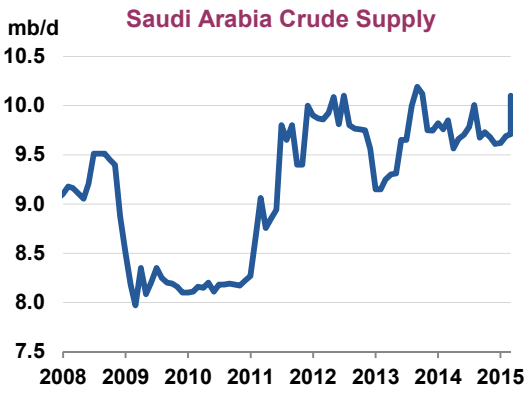


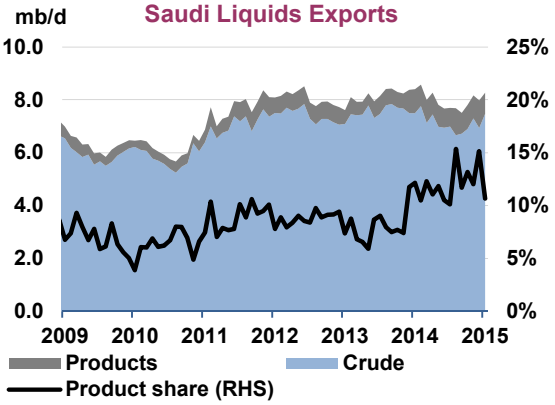


Crude oil supply from **Saudi Arabia** leapt by 390 kb/d to 10.1 mb/d in March, suggesting Riyadh is intent on maintaining its policy to preserve its market share. Oil Minister Ali al-Naimi said Saudi oil fields reached a high of 10.3 mb/d in March and that production would continue at around 10 mb/d. Preliminary tanker tracking data showed crude exports rising to roughly 7.4 mb/d in March – a rise of around 600 kb/d on the previous month. Much of the increase was destined for Asia, where demand for Saudi crude has been stronger than anticipated, industry sources said. The Saudi oil minister said he expected oil prices to "improve in the near future". In early April, Saudi Aramco raised its monthly formula prices for crude oil being shipped to Asia for the second month in a row.

If confirmed, the March crude export levels are running slightly above average 2014 volumes of 7.1 mb/d, according to figures from the Joint Organisations Data Initiative (JODI). Apart from higher crude oil sales, Saudi domestic refinery runs are expected to have risen in March as Riyadh revved up the 400 kb/d Yasref refinery. Internal demand is also rising as domestic power plants begin to burn more crude with peak summer demand approaching.

The latest JODI figures showed Saudi crude exports in January jumped 540 kb/d versus December to 7.47 mb/d – the highest since February 2014. Exports of products sank to 800 kb/d from a record 1.05 mb/d in December. Overall Saudi oil exports, excluding condensates and NGLs, rose to 8.27 mb/d versus 7.98 mb/d in December.





Saudi Arabia guided OPEC's November decision to maintain the group's official 30 mb/d supply target, and Naimi made clear that Riyadh would not cut output on its own to rebalance the world oil market. "The Kingdom remains willing to participate in restoring market stability and improving prices in a reasonable and acceptable manner," he said in a speech on 7 April in Riyadh. "But this can only be with participation from major oil producing and exporting countries."

OPEC Crude Production

(million barrels per day)

	Jan 2015 Supply	Feb 2015 Supply	Mar 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Mar 2015 Supply	1Q15 Average Crude Supply
Algeria	1.10	1.10	1.12	1.14	0.02	1.11
Angola	1.77	1.79	1.80	1.80	0.00	1.78
Ecuador	0.56	0.56	0.56	0.57	0.01	0.56
Iran	2.82	2.84	2.79	3.60	0.81	2.82
Iraq	3.44	3.32	3.67	3.73	0.06	3.48
Kuwait[2]	2.80	2.80	2.80	2.82	0.02	2.80
Libya	0.34	0.29	0.48	0.50	0.02	0.37
Nigeria	1.87	1.83	1.79	1.92	0.13	1.83
Qatar	0.67	0.67	0.67	0.70	0.03	0.67
Saudi Arabia[2]	9.69	9.71	10.10	12.34	2.24	9.84
UAE	2.84	2.84	2.84	2.90	0.06	2.84
Venezuela[3]	2.40	2.38	2.40	2.49	0.09	2.39
Total OPEC	**30.29**	**30.13**	**31.02**	**34.51**	**3.49**	**30.49**
(excluding Iraq, Nigeria, Libya and Iran)					**2.47**	

1 Capacity levels can be reached within 30 days and sustained for 90 days.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in March.

Crude oil production from Saudi Arabia's Gulf allies **Kuwait**, **Qatar** and the **UAE** was steady m-o-m. The UAE's state-run Abu Dhabi National Oil Co (Adnoc) started to reduce its mainstay Murban crude exports to Asia by up to 5% in March in order to redirect more oil for use at its expanded Ruwais refinery. Adnoc is in the process of ramping up a 417 kb/d crude unit expansion at the plant.

Framework agreement opens door for potential Iran export increase

A 2 April framework agreement struck between Iran and the P5+1 (the United States, UK, France, Russia, China and Germany) could open the way for Tehran to raise output and increase its share in the world oil market. Substantially higher production is unlikely before next year, but Tehran could, in theory, raise exports out of floating storage before then. **Iranian** oil fields pumped 2.8 mb/d of crude in March – down 50 kb/d m-o-m – but are in theory capable of producing as much as 3.4 mb/d to 3.6 mb/d within months of sanctions being lifted. Negotiators are now working to meet a 30 June deadline for a final deal to curb Tehran's nuclear programme that includes the removal of US and European Union sanctions.

Framework agreement opens door for potential Iran export increase (continued)

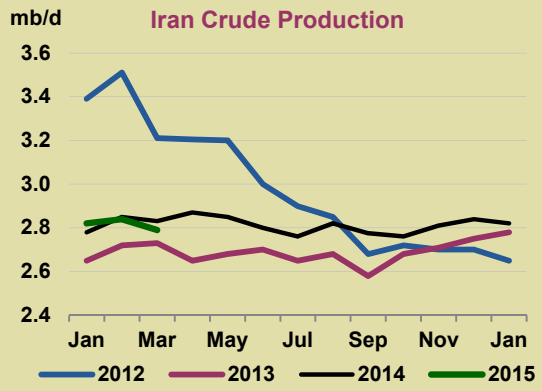
However, that time will only come after the International Atomic Energy Agency has verified that Iran has taken all of its key nuclear-related steps. But Tehran and Washington appear to differ over how swiftly – and to what extent – the measures will be suspended. Iranian Supreme Leader Ayatollah Ali Khamenei says all sanctions must be removed on the very day of any final agreement, while the United States insists the measures will be lifted gradually. US Secretary of State John Kerry has suggested it could take Tehran between four months and a year to become compliant.

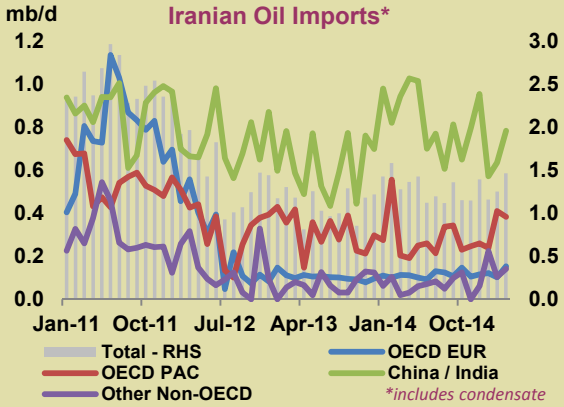
Iran is seeking to raise oil exports swiftly after sanctions are lifted. Just days after Iran and the P5+1 struck their landmark nuclear pact, Oil Minister Bijan Zanganeh travelled to China with a high-ranking delegation for talks on oil sales and investment opportunities.

Rigorous financial measures enforced by the US and EU have cut exports of Iranian crude to around 1.1 mb/d from roughly 2.2 mb/d at the start of 2012. A nominal 1 mb/d cap was set on Tehran's crude exports under a November 2013 preliminary deal that partially eased sanctions, with buyers required to hold imports near levels at that time.

Heavy buying by China, however, pushed imports of Iranian crude to 1.27 m/bd in March – up 115 kb/d on February and the highest level since February 2014, according to preliminary figures that are subject to revision. Iran's top buyer took in 780 kb/d during March, up 250 kb/d on February and just shy of Beijing's record 800 kb/d purchase made in April 2014, the data indicate.

And Tehran reportedly is set to supply 50% more condensate - ultra light oil from Iran's South Pars gas project – to Chinese state trader Zhuhai Zhenrong under a renewed one-year contract. The deal to deliver 100 kb/d of condensate from August was reportedly clinched before the framework agreement. Iran's deliveries of condensate doubled in March to 190 kb/d, the average rate of shipments during 2014.





Responding to international pressure, India halted imports of Iranian crude for the first time in more than 10 years in March. India had ranked as Tehran's second biggest customer with average purchases of 280 kb/d in 2014. Turkey, which had held imports at roughly 100 kb/d, raised purchases to 155 kb/d – up 50 kb/d on February. And Syria imported its biggest monthly volume yet – 125 kb/d, up 90kb/d from February. After a five-month pause, the UAE returned to purchase 20 kb/d. Japan and Korea made slight cuts in deliveries during March, while Taiwan cut out imports altogether. Import volumes are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports.

Iran is also reportedly holding around 30 mb of crude on tankers ready to be shipped – if and when allowed - into an already well-supplied market. And within months of sanctions being lifted, Iranian oil fields will probably be capable of ramping up to 3.4 mb/d to 3.6 mb/d. To help move its barrels more easily, the National Iranian Oil Co (NIOC) may continue to offer attractive credit and pricing terms post-sanctions, as it has under sanctions, industry sources said.

Veteran technocrat Zanganeh, who ran the oil sector under former President Mohammed Khatami, has vowed to return Tehran to OPEC's number two slot after Saudi Arabia as soon as sanctions are removed. And NIOC has been preparing for that day since Zanganeh returned to the post of oil minister in 2013.

Framework agreement opens door for potential Iran export increase (continued)

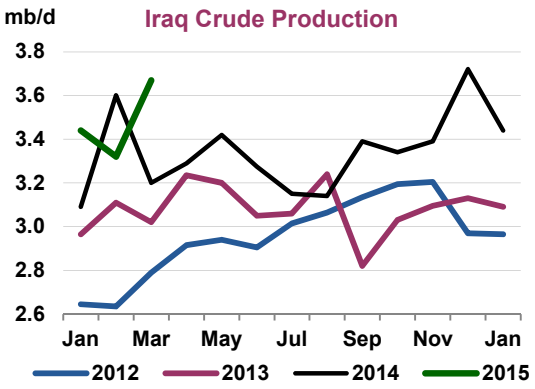
NIOC engineers and geologists spent much of last year ensuring that wells and processing units were up to scratch and pipeline systems tested. If anything, some of Iran's core oil fields such as Ahwaz, Marun and Gachsaran may have been revived under sanctions. Shutting down large volumes of oil may have allowed pressure to rise – leaving them capable of a swift increase of around 600 kb/d.

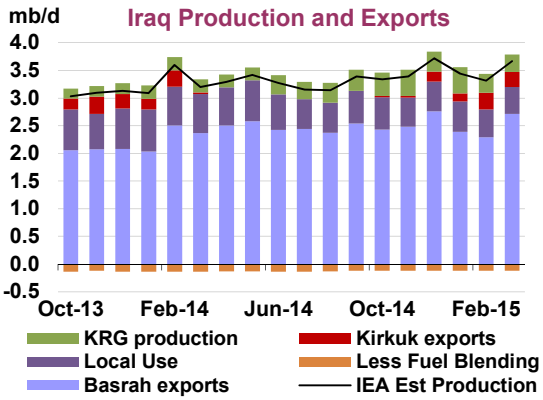
When NIOC regains full access to capital markets, it should be able to bring in more advanced technology for its own projects and gradually lift production capacity beyond 3.6 mb/d under its own steam. In due course, Iran will seek to lure hefty investment and cutting-edge technology from international oil companies. Billions of dollars worth of spending on its vast oil fields could enable Tehran to boost capacity to around 4 mb/d towards the end of the decade.

Crude output from **Iraq**, including the Kurdistan Regional Government (KRG), surged by 350 kb/d to 3.67 mb/d in March after weather cleared in the Gulf and allowed for steady loadings. Overall exports, including oil from the north shipped via the Turkish Mediterranean port of Ceyhan, reached record rates just shy of 3 mb/d. Baghdad's 2015 budget targets exports of 3.3 mb/d.

Clearer weather in the Gulf allowed Iraq's exports of Basra Light to rise by 420 kb/d from February to reach 2.7 mb/d – just shy of December's record 2.76 mb/d. Exports fell sharply in January and February due mostly to weather-related disruptions in the Gulf. Some companies declined to load cargoes in January after the quality of Basra Light crude deteriorated due to heavier Iraqi crude from the oil fields of Missan province and from West Qurna-2.

Exports from the north, via the KRG's pipeline link to Turkey, have also been subject to disruptions due to reported low-level smuggling and technical issues on the Turkish side of the route. March shipments were 270 kb/d, down 35 kb/d on February. Iraq had planned to ship more than 450 kb/d of northern crude during March – a level that, if realised, would have been the highest since October 2011.



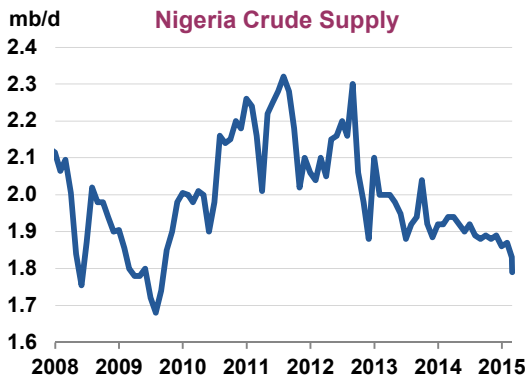


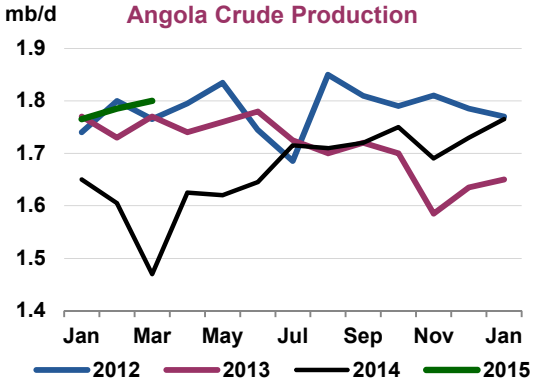
Iraq's state oil marketer SOMO meanwhile issued the first monthly formula price for its Basra Heavy crude for May, although the launch of the new grade from the south, with an API of below 24 degrees, may be delayed until June, say industry sources. As for the north, throughput along the pipeline to Turkey – from the North Oil Company and KRG - rose to around 500 kb/d after technical issues were fixed. An export deal agreed late last year calls for the KRG to provide 250 kb/d to SOMO to sell and allows for another 300 kb/d of federal oil from Kirkuk to flow through the KRG's pipeline system. In return, the central government is to release the KRG's 17% share of national revenue.

Iraq's federal government is meanwhile making some progress in its payments to international oil companies developing its giant southern oil fields. Foreign firms typically receive payment in crude that equates to the value of cash owed and industry sources say the payment cycle for April has improved.

Oil's 50% decline from June's peak above $115/bbl has forced Baghdad to renegotiate service contracts with international oil companies such as BP, Royal Dutch Shell, Total, China's CNPC and Russia's Lukoil. Baghdad has secured $3 billion from a bond issue to pay off its debts to the companies. It owes $9 billion to contractors for 2014 and is due to pay out around $18 billion to investors this year.

Oil companies at work in **Nigeria** are cautiously optimistic over the electoral landslide of Muhammadu Buhari, a former military ruler with oil sector experience. The swift concession of defeat by incumbent President Goodluck Jonathan has eased political tension and lowered the risk of violence in the restive Niger Delta oil heartland. But the president-elect, a Muslim northerner, faces daunting challenges in the oil sector where crude production has declined steadily from a yearly average of 2.1 mb/d in 2012. The current low price environment is only compounding obstacles to production growth - such as oil theft and natural declines. And the Nigerian National Petroleum Corp (NNPC) is struggling to meet funding requirements with core upstream partners – Total, ExxonMobil, Chevron, Eni and Royal Dutch Shell – at work on high-cost offshore deepwater projects.

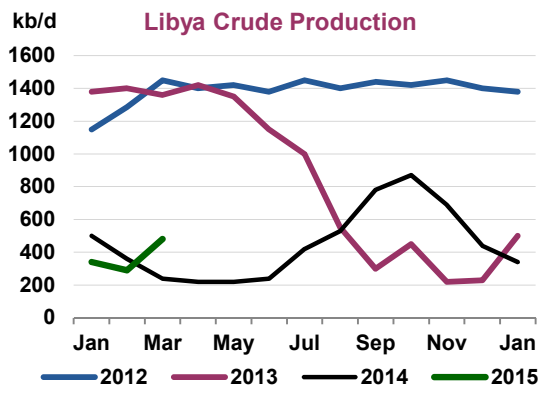




By March, output had sunk to 1.79 mb/d – off 40 kb/d from February – the lowest level since August 2009, when unrest in the Niger Delta suppressed production. The new production that is coming online is not sufficient to offset declines, industry sources said. Incumbent President Goodluck Jonathan brokered an amnesty deal with militants when he was vice president in 2009 that allowed production to rebound. It is unclear at this stage whether Buhari will revise or give up on the controversial Petroleum Industry Bill (PIB), which is intended to overhaul the energy sector.

Elsewhere in West Africa, **Angola** kept up its brisk pace in March with production nudging up to 1.8 mb/d – its highest since November 2012.

Libyan crude production recovered to 480 kb/d in March – up 190 kb/d on February - despite ongoing chaos and attacks by militants reportedly allied with Islamic State. By early April, output in the North African producer had risen to around 600 kb/d. Although a further improvement, that level is still some way below the 1 mb/d achieved last October and less than a third of the 1.6 mb/d produced before the 2011 civil war that unseated Muammar Gaddafi.



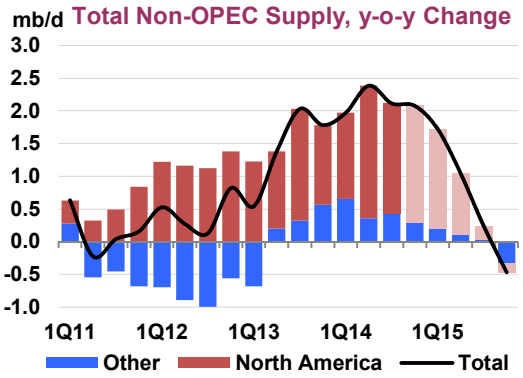
Production rose steadily throughout March after the Sarir oil field restarted and ramped up towards 185 kb/d. The core eastern field was shut in mid-February after saboteurs struck the pipeline linking Sarir to the port of Marsa el-Hariga.

Towards the end of March, the Tripoli-based government agreed to allow several fields to restart following UN-brokered peace talks in Brussels. Strategic oil fields and terminals that have halted operations due to the ongoing fight between the country's two rival governments – the so-called Libya Dawn administration in Tripoli and the officially recognised government that fled to the east – may also re-open shortly.

The recovery has allowed exports to world markets to climb to 500 kb/d, although Tripoli-based militants have threatened to retake oil fields after the rival eastern-based government of Abduallah al-Thinni announced plans to form a new national oil company. Thinni has authorised officials from the eastern unit of the National Oil Company (NOC) to route oil revenues to a new account, but – for now - major oil companies continue to do business with NOC in Tripoli.

Non-OPEC overview

Non-OPEC oil production is estimated to have risen by about 100 kb/d to 57.7 mb/d in March, led by higher output in the US, and to a lesser extent Russia. Non-OPEC output is expected to grow by about 630 kb/d y-o-y in 2015, a downward revision of 120 kb/d compared with last month's *Report,* on the back of a slightly more negative outlook for the US LTO production and Canadian non-oil sands output, and of the fallout from the worsening conflict in Yemen. According to our latest estimates, fighting in Yemen has halved production to about 60 kb/d in April, from an already-depressed level of roughly 120 kb/d. Recently launched Saudi air strikes, while not targeting energy infrastructure directly, have led international oil companies active in the country, including Norway's DNO and France's Total, to practically halt operations and pull out expatriate staff (see *Yemen deteriorates, production halved*).



The downward revision to North American supply growth in this *Report* comes amid signs that US LTO production m-o-m growth will grind to a halt as early as May, with the 2H15 showing slight declines in LTO output. The continued drop in the number of oil rigs, which only appeared to have abated temporarily in late March, reductions in capital expenditures, and a credit crunch among LTO producers in the US point to challenging times ahead for LTO growth. The backlog of uncompleted wells, which need to be brought into production to offset the steep declines characteristic of LTO, are depressing the production outlook, although they could be brought online relatively quickly should an increase in price occur. The forecast of Canadian non-oil sands production has also been lowered due to falling drilling rates and an increasing backlog of uncompleted wells.

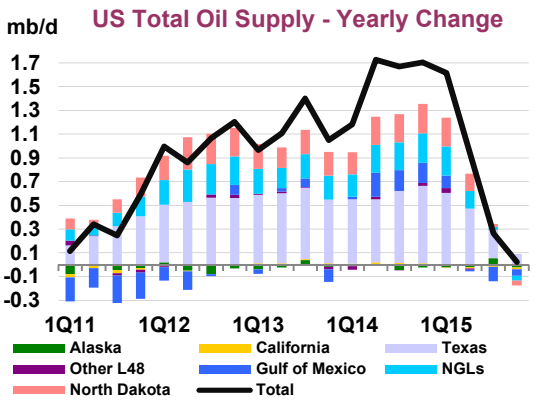
OECD

North America

US – March preliminary, Alaska actual, others estimated: US crude oil production is expected to maintain its upward momentum in 2015, with growth anticipated at roughly 550 kb/d y-o-y. Nevertheless, the forecast of US crude production for 2015 has been trimmed by roughly 50 kb/d from last month's *Report*, with the downward revisions backloaded in 2H15. That lower production figure reflects expectations that Bakken LTO production will start declining in May, sooner than previously projected, despite a potential 6.5% reduction in oil output tax that may be triggered in the next couple of months (the state's oil output taxes will fall to zero from the current 6.5% if the WTI price averages below $55.09/barrel for five consecutive months). Projections of supplies from other shale plays have also been revised downwards.

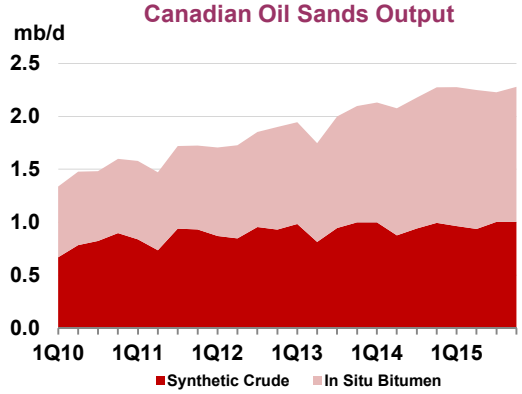
Final January data published by the U.S. EIA show that US crude production fell by 135 kb/d in January on the month, with natural gas liquids (NGL) production posting a monthly decline of 140 kb/d compared with the previous month. The production declines, particularly for NGLs, were likely due to difficulties associated with freezing weather conditions. North Dakota's Bakken production also fell on the month, declining roughly 35 kb/d (or 3%). The January m-o-m drop on Bakken output is consistent with previous years' January declines, however, with both January 2013 and 2014 falling roughly 30 kb/d m-o-m due to weather-related operational problems. Meanwhile, Eagle Ford volumes continued to grow apace during the month, increasing more than 30 kb/d compared with December.

Overall, US production is expected to average 12.5 mb/d in 2015, an expected increase of roughly 710 kb/d compared with 2014. Approximately 550 kb/d of the annual growth is set to come from crude oil. However, lower oil prices and cuts in capex are starting to take their toll on: the decreases in drilling rates and backlog of uncompleted wells point to slower production growth than previously expected. The uncompleted wells will dampen growth prospects as rapid declines from wells already in production require drilling and completion of new wells in order to keep production on an upward trajectory. If an insufficient number of new wells are brought online to offset the steep declines, production growth will flatten out and decline over time. The advantage of drilled but uncompleted wells, however, is that they can be brought online relatively quickly in response to rising prices.



With shale plays, particularly Bakken, continuing to contribute much of the additional supply during the forecast period, market access remains a concern. So far, Bakken crude has relied on non-pipeline transportation options to reach the market, with rail moving roughly 70% of the crude. As rail transport will remain vital to Bakken oil production, the train derailments and accidents that have occurred in recent years have prompted state regulators to issue new safety rules, requiring Bakken crude to be processed to remove volatile gases prior to being loaded onto tank cars. The so-called "conditioning order", which became effective on 1 April, requires crude to be treated so that ethane, propane and other NGLs are removed prior to transport. Meanwhile, also in early April, the federal National Transportation Safety Board issued recommendations for faster replacement of rail cars that carry flammable liquids, including crude oil. The agency is recommending an "aggressive schedule" to replace or retrofit the current fleet of cars, both in terms of timing and type of new cars required. The NTSB has found fault with the enhanced CPC-1232 rail car that was supposed to replace the DOT-111 currently in use, citing its failure under a pool fire following a derailment.

Canada – January actual: Canada's oil production is estimated to have slowed by about 35 kb/d in 1Q15 compared with the prior quarter but January actual data indicate that production during that month rose slightly to 4.4 mb/d. Crude oil and condensate production, including mined bitumen, stood at 2.7 mb/d in January, up marginally. In contrast, production of synthetic crude rose by about 50 kb/d, reversing the December declines.



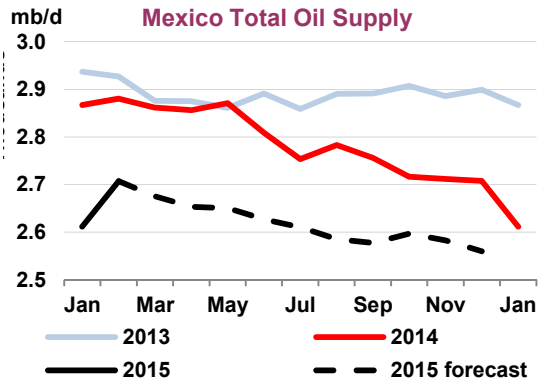
Output growth is expected to slow in 2H15 compared with 1H15, bringing annual output to an average 4.3 mb/d, up roughly 100 kb/d y-o-y. The outlook for

Canadian production has been revised downwards by 40 kb/d since the last *Report* due to deteriorating prospects for non-oil sands output throughout the forecast period, as producers continue to re-evaluate projects and drilling plans across producing basins. In a recent such instance, Athabasca Oil, the shale operator in Alberta's Duvernay play, deferred a number of well completions to 2H15, when the company will commit much of its capital expenditures, although the completion and spending plans are contingent on production costs and prices in the second half of 2015.

Mined bitumen is expected to account for most of the y-o-y increase in 2015, accounting for about 70% of the growth. Production from Alberta's oil sands projects, including ExxonMobil's 40 kb/d Nabiye plant and the second phase of Kearl oil sands projects will boost production of bitumen to 1.3 m/d.

Mexico – February actual: Mexico's oil production in February rose by 95 kb/d on the month, most of which came from crude oil output in the KMZ field, which returned during the month from an unplanned outage. Despite the m-o-m increase, Mexico's output stands about 175 kb/d lower than one year ago, as the country's legacy fields continue to experience precipitous declines. While the increase in February production was sizeable, the outlook for Mexico for 2015 remains negative, with overall output for the year forecast to fall by 180 kb/d compared with the prior year. Further slowing or even reversing the declining trend will depend on considerable investment and participation by private and international companies in the country's oil sector.

The state-owned PEMEX is contending with more than just lower prices. In early April, four oilrig workers were killed and more than 40 injured when a fire broke out at the Abkatun A Permanet platform in the Bay of Campeche. Approximately 300 workers had to be evacuated due to the fire from the 40 kb/d platform, which is part of the Abkatun Pol Chuc complex. The outage at the complex lasted about one week, and Pemex has started a gradual return of the platforms to operations. PEMEX hopes to bring all of the affected production back online by June and has stated it does not expect that this outage to affect its total 2015 output target.

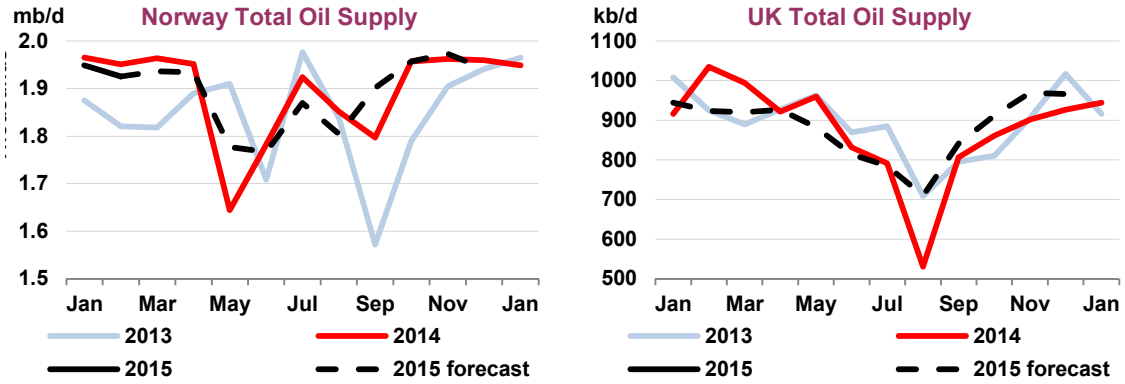


North Sea

Total North Sea production inched up in March compared with month prior, averaging just a hair over 3 mb/d. Forecast April North Sea production is expected to be roughly flat m-o-m. In tandem with the small increase in production, the Brent-Forties-Oseberg-Ekofisk (BFOE) April scheduled loadings at 960 kb/d will be about 10 kb/d higher m-o-m. Overall, North Sea production is expected to remain flat in 2015, with output declines among most North Sea producers offset by the robustness in Norway's output. However, Denmark, too, is contributing to the overall slowdown in declines. Denmark's Danish Underground Consortium has recently commenced production at the Tyra Southeast-B platform, which will boost liquids recovery from Denmark's largest gas condensate field. Production is expected to peak in 2017 at 20 kb/d of oil equivalent.

Norway – January actual, February preliminary: Total oil output in Norway averaged 1.9 mb/d in January, falling about 10 kb/d m-o-m. Preliminary estimates published by Norway's Petroleum Directorate revealed that February output fell by another 20 kb/d due to technical problems at the Brynhild and Draugen fields, while Ekofisk and Eldfisk saw reduced production as a result of accelerated planned maintenance shutdown. Gudrun field, which was shut down due to a gas leak in mid-February contributed to the lower output. It is likely the field will remain offline for some time as it suffered

another setback in March, when Statoil discovered cracks under the platform helideck, frustrating the efforts to ramp up the fields less than one year after the field started producing. The company has not given any indication as to when the field may restart as it is contingent on the outcome of the leak investigation as well as structural analysis of the cracks.



UK – December actual, January preliminary: Petroleum liquids production in December averaged 925 kb/d, increasing roughly 25 kb/d m-o-m, with nearly all of the increase occurring in the West of Shetland area. Preliminary data for January output show a further increase of 15 kb/d compared with December, a seasonal monthly increase. The estimated January output is only 30 kb/d higher than production registered one year ago, despite the low production volume last year that was due to operational problems in the offshore. The continued declines at older fields along with operational and technical problems depressed output during January, resulting in such a small y-o-y growth.

Non-OECD

Latin America

Brazil – February actual: Total output in Brazil fell by about 40 kb/d in February, averaging just over 2.5 mb/d. Preliminary data show that 1Q15 production averaged 2.5 mb/d, up by an impressive 335 kb/d y-o-y. Overall production in 2015 is expected to average a little under 2.5 mb/d, increasing approximately 130 kb/d on the year. The operational problems in the Campos Basin along with the fallout from Petrobras' legal problems continue to depress the outlook for Brazil.

Continuing to grapple with the legal problems, Petrobras saw some relief recently when it was able to raise some much-needed funds. As part of its two-year divestment plan, Petrobras sold a large portion of its upstream assets in Argentina, valued at $101 million. The assets, located in Argentina's Santa Cruz province, include 26 onshore concessions and their associated infrastructure, making this the company's first sale since it announced the divestment plan. An additional lifeline to Petrobras came in the form of a $3.5 billion loan from the China Development Bank, a deal signed as part of a two-year cooperation agreement between the two entities. The funding comes to Petrobras at a time when the corruption probe has all but eliminated its access to foreign debt markets and cash needed to continue operations. Nonetheless, Petrobras faces a tough time ahead: the world's most heavily indebted company has until the end of April to publish its audited full-year financial results or risk accelerated repayments on more than $60 billion in bonds.

Meanwhile, operational problems are also plaguing the company. Production from the P-58 floating production, storage and offloading (FPSO) vessel has been halted for preventive maintenance just a year after operations started. The platform, which was producing more than 85 kb/d of oil in the Parque de Baleias complex in the Campos Basin, was recently inspected by Brazilian regulators who discovered "non-conformities". The shutdown of P-58 will affect Brazil's total output this year and it is unclear when

the facility might come back online. Brazil's regulatory agency ANP reportedly announced that the FPSO would only restart operations after all of the non-conformities have been resolved and the regulator clears the facility for restart.

Improvements made to NGL data

Russia: For a number of years, IEA historical liquids production numbers for Russia have differed from a number of other sources. IEA statistics have consistently shown higher production numbers than others cited, including those published by the Russian government. The basic difference between IEA data and other sources is the IEA's inclusion of NGL volumes in total upstream production. Similar to many other sources, we rely on Central Dispatching Department of Fuel Energy Complex (CDUTek) statistics for estimates of crude oil and condensate production; however, our total liquids production number includes an estimate of NGLs which are derived from associated gas plants. These liquids are not typically considered by Russian sources to be part of the upstream production and are therefore not reported by CDUTek as production statistics. Instead, they are treated as product outputs. Companies like Sibur, whose associated-gas plants account for more than half of all Russian NGL output, report "raw NGLs" as products.

The IEA methodology for total liquids production in Russia therefore assumes that Gazprom and Novatek volumes reported in the CDUTek monthly statistics are in fact condensate, while the remainder of reported production is assumed to be crude oil. Using our previous methodology, NGL volumes were modelled output by gas treatment plants.

While we continue to treat the crude oil and condensate volumes much in the same way, we have recently refined our methodology for calculating NGLs by incorporating overall associated gas processing plant (GPP)-derived NGL volume. The new methodology uses data from Petromarket and Sibur Company, which accounts for the bulk of Russia's gas treatment plants. However, the change in methodology has not changed the overall volumes of estimated NGLs significantly.

The other change made to the data series now includes condensate volumes in crude oil as opposed to NGLs. This change was made for the sake of consistency as all other non-OPEC producers' condensate volumes are reported with crude oil volumes. Overall, the new methodology resulted in very small changes to total liquids output, however the NGL volumes have decreased by roughly 400 kb/d in 2014 while crude and condensate increased by the same amount due to the reclassification.

Thailand: The revision to Thailand's production data is due to the inclusion of produced ethane volumes that were previously not included in overall NGL production. The data series has been revised to 2012 based on availability of data. The most recently available data are through 2013 and indicate that roughly 90 kb/d of ethane volume was produced in Thailand during the year and these volumes were added to the total NGL production. All of the 2014 and 2015 ethane volumes are estimates and will be updated as soon as annual data become available.

Former Soviet Union

Russia – February actual, March preliminary: Total production in February averaged just under 11 m/d, falling about 50 kb/d m-o-m, due in part to declines at Rosneft operations, with output from its mature fields in Western Siberia continuing to fall. On the year, Russian output was roughly flat, with less than 20 kb/d growth reported for February. However, Bashneft, which was nationalised in 3Q14 due to a court action that declared the company was illegally privatised following the breakup of the Soviet Union, showed the fastest growth, increasing output by more than 14% y-o-y to 385 kb/d. Russian private companies also saw a sizeable boost in output of about 10% to 1.1 mb/d. Preliminary March data show that production has recovered some of the February losses, averaging over 11 mb/d during the month. The overall outlook for Russia remains negative: 2015 Russian production is expected to fall by 100 kb/d y-o-y, with structural declines exacerbated by Western sanctions targeting financing and technology needed to reverse declines and boost production for the year.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	1Q2014	2Q2014	3Q2014	4Q2014	Dec 14	Jan 15	Feb 15	Latest month vs. Jan 15	Latest month vs. Feb 14
Crude											
Black Sea	1.78	1.62	1.69	1.65	1.59	1.50	1.42	1.77	1.87	0.10	0.10
Baltic	1.57	1.33	1.39	1.46	1.32	1.20	0.91	1.52	1.45	-0.07	0.07
Arctic/FarEast	0.81	1.14	1.03	1.18	1.23	1.26	1.24	1.31	1.38	0.08	0.57
BTC	0.64	0.60	0.59	0.59	0.68	0.55	0.59	0.71	0.59	-0.12	0.00
Crude Seaborne	**4.80**	**4.69**	**4.71**	**4.88**	**4.82**	**4.51**	**4.16**	**5.31**	**5.30**	**-0.02**	**0.75**
Druzhba Pipeline	1.03	1.01	1.00	1.00	1.03	0.99	0.96	1.02	1.05	0.03	0.01
Other Routes	0.57	0.40	0.55	0.38	0.28	0.21	0.21	0.25	0.26	0.01	-0.47
Total Crude Exports	**6.40**	**6.14**	**6.26**	**6.26**	**6.13**	**5.71**	**5.33**	**6.59**	**6.61**	**0.02**	**0.28**
Of Which: Transneft[1]	4.08	3.88	3.99	4.02	3.90	3.65	3.21	4.29	4.22	-0.06	0.22
Products											
Fuel oil[2]	1.64	1.72	1.69	1.75	1.79	1.71	1.76	1.70	1.65	-0.06	0.03
Gasoil	0.85	0.95	1.02	1.00	0.88	0.88	0.91	1.24	1.20	-0.03	0.12
Other Products	0.51	0.57	0.63	0.61	0.55	0.50	0.53	0.73	0.65	-0.08	-0.04
Total Product	**3.00**	**3.25**	**3.34**	**3.37**	**3.22**	**3.09**	**3.20**	**3.67**	**3.50**	**-0.17**	**0.11**
Total Exports	**9.40**	**9.38**	**9.60**	**9.63**	**9.44**	**8.90**	**8.53**	**10.26**	**10.10**	**-0.15**	**0.40**
Imports	0.08	0.08	0.07	0.07	0.10	0.10	0.10	0.04	0.08	0.04	0.00
Net Exports	**9.32**	**9.30**	**9.53**	**9.56**	**9.34**	**8.81**	**8.43**	**10.22**	**10.02**	**-0.19**	**0.40**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

FSU net exports held above 10 mb/d in February, close to record levels, despite slipping by 200 kb/d, on the month. Considering crude exports hovering near 6.6 mb/d so far in 2015 and the levels of regional refinery runs, FSU net crude demand remained above supply for a second consecutive month, which suggests that these crude export volumes are unsustainable. Moreover, it would indicate that during January and February, a large portion of the extra crude export volumes came from inventory draws. Supplies shipped via the Transneft system stood 0.9 mb/d above 4Q14 volumes which suggests that Russian exporters held back crude supplies in anticipation of the 1 January 2015 introduction of the so-called 'tax manoeuvre' which offered them more favourable export duties.

The Russian government's *tax manoeuvre* appears to have also affected product exports. In February, exports of middle distillates (predominantly gasoil/diesel) and 'other products' (predominantly light distillates) stood above 4Q14 levels while fuel oil shipments have decreased as it is now more profitable to ship high value products rather than fuel oil.

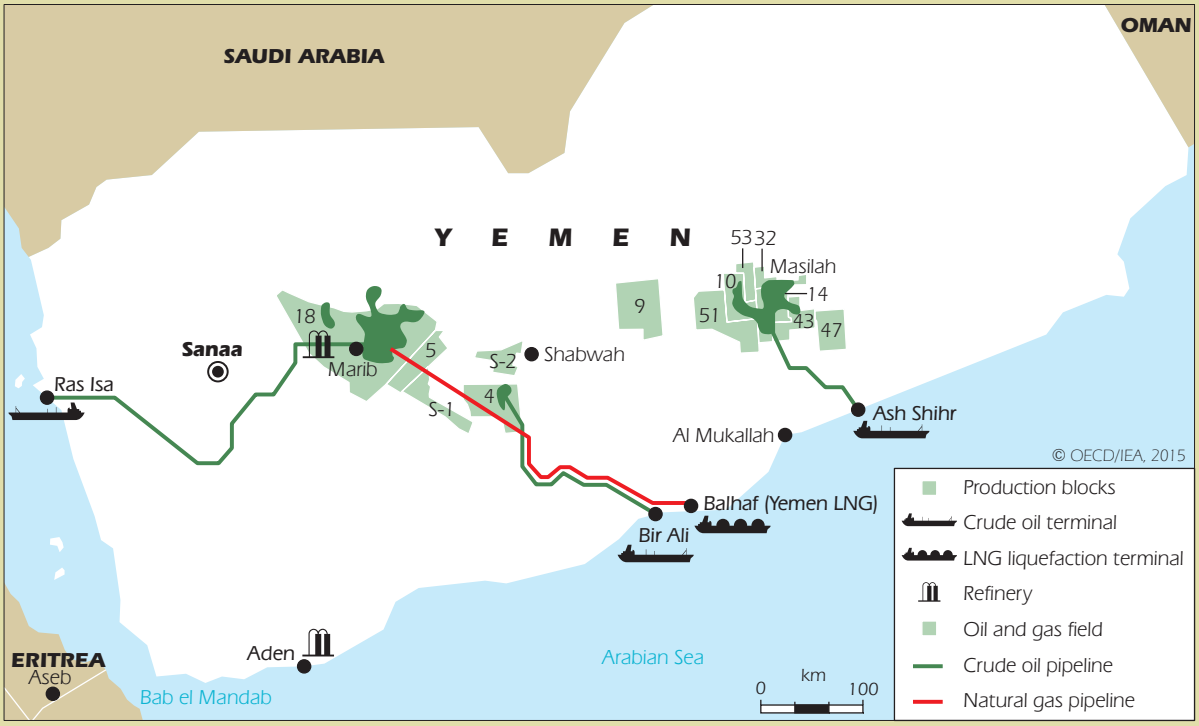
Yemen deteriorates, production halved

Intensifying fighting in Yemen, including air strikes against Houthi rebels who have forced President Abd Rabbu Mansour Hadi from the country's capital Sanaa, have revived concerns about the security of Middle East oil supplies. Iran's Foreign Ministry called for an immediate halt to all military "aggression" in Yemen. Saudi tightened security around energy facilities and along its borders. Kuwait took similar action. Yemen shut major ports. President Hadi, a former general, emerged in 2013 as the recognised leader of Yemen in succession to Ali Abdullah Saleh through a national reconciliation process led by the UN and supported by the Gulf Cooperation Council (GCC) states. The advance of the Houthis from Sanaa to Taiz and on towards Aden threatens not only to derail the domestic political settlement but to create a power vacuum in other parts of the country which Al-Qa'ida in the Arabian Peninsula (AQAP) is already beginning to fill.

Oil supply from Yemen itself is not significant in the context of the world market. Prior to the most recent Saudi-led action, repeated attacks on its oil and gas infrastructure have cut total oil output to about 120 kb/d from more than 300 kb/d just a few years ago. However, with the rapidly deteriorating security situation, Yemen's largest foreign oil sector investors have halted operations in the wake of the air strikes. Norway's DNO has ceased production at the four blocks it operates in the Masila field and has pulled out its

Yemen deteriorates, production halved (continued)

entire expatriate staff, shutting in roughly 40 kb/d of oil. Austria's OMV also shut down operations. Total, too, has severely restricted its operations, reducing the oil flow to a mere trickle from the roughly 35 kb/d it used to produce. Overall, we estimate that Yemen's production will have fallen to roughly 60 kb/d in April and we expect that production will remain at approximately 50 kb/d through the end of the forecast period.



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.

Much bigger worry, however, is that deepening conflict could jeopardise vital shipping routes or draw Gulf powers into a proxy war on the Arabian peninsula which straddles the world's biggest oil fields.

In order to export to European customers, Gulf producers must route their oil past Yemen's coastlines via the Gulf of Aden to reach the Suez Canal. The narrow waters between Yemen and Djibouti, known as Bab el-Mandeb - less than 40 km (25 miles) wide – considered to be a world oil transport chokepoint. Just under 4 mb/d of oil – or roughly 4% of total world oil supply - was shipped through Bab el-Mandeb in 2013, according to recent data.

Access to the strait, which connects the Red Sea with the Gulf of Aden and the Arabian Sea, is critical for ships to reach the Suez Canal and Sumed Pipeline. The alternative route is around the southern tip of Africa which would add another 12 days to the voyage time from the Middle East to Europe. In addition, the Suez Canal generates revenues of $5bn per year, and Egypt has said it could not stand by if it felt its interests were threatened.

Riyadh has the potential to bypass the Bab el-Mandeb via its 746-mile Petroline, also known as the East-West Pipeline, which runs across Saudi Arabia from its Abqaiq complex to the Red Sea. The Petroline system consists of two pipelines with capacity of about 4.8 mb/d, with half that volume reportedly converted to natural gas. Saudi Arabia also operates the Abqaiq-Yanbu natural gas liquids pipeline, which has a capacity of 290 kb/d. However, this pipeline reportedly is currently running at capacity and cannot move any additional oil.

Houthis are now said to be in control of various key points in Aden though not the whole city. The refinery has closed which will add shortages of transport fuel to already serious shortages of water and food supplies nationwide. Since the air attacks on Houthi positions began at the end of March, significant groups of expatriate workers – mainly from Russia, India and China – have been rescued from Aden and Hodeida by their countries' naval vessels. Meanwhile AQAP are reported to have seized the port of Mukallah and released a number of militants from the city's main prison.

OECD STOCKS

Summary

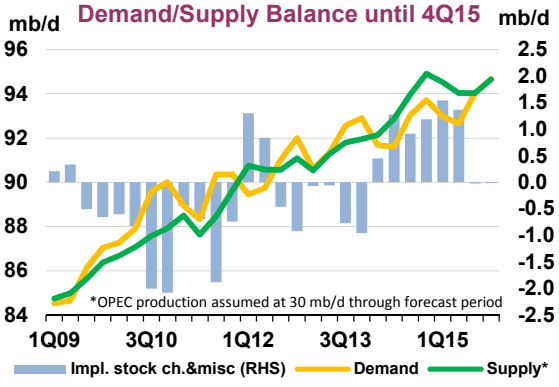
- **Supply and demand balances imply a build in global oil inventories of nearly 140 mb in 1Q15**. Approximately 90% of this notional build can be identified: OECD inventories increased by almost 50 mb over 1Q15 while estimated Chinese holdings rose by close to 76 mb over the same period.

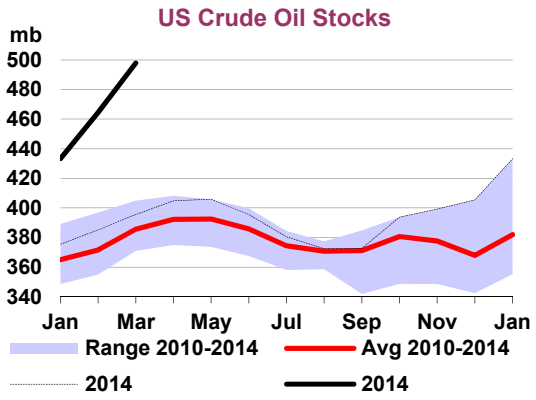
- **OECD commercial oil inventories slipped by 1.7 mb in February as a 36.4 mb build in crude oil stocks, centred in the US, failed to completely offset an aggregate 38.1 mb draw in natural gas liquids (NGLs), other feedstocks and refined products**. This saw inventories' surplus to average levels widen to 80.7 mb, their highest since June 2010. At end-month, refined products covered 30.6 days of forward demand, 0.2 days less than at end-January.

- **US crude stocks added 33.3 mb in March to stand a record 497.8 mb by end-month.** US builds should slow in the coming months as refiners return from seasonal maintenance while domestic crude production growth flattens out.

- **Preliminary data suggest that OECD inventories rose counter-seasonally by 29.2 mb in March as US crude holdings extended recent builds and refined products defied seasonal trends** on the return of warmer weather and amid high US natural gas production, which lifted ethane and propane stocks.

- **Chinese crude inventories continued to soar during the first quarter as crude supply (domestic production plus net imports) has outstripped refinery runs.** Additionally, in February, product stocks surged as refiners likely built stocks ahead of the Chinese New Year holiday.





Global inventory overview

Rising crude supply continued to lift global oil inventories in 1Q15. Supply and demand balances imply a notional build in global inventories of approximately 140 mb for the quarter, of which nearly 90% can be identified. Preliminary data suggest that OECD inventories added nearly 50 mb over 1Q15 while China increased holdings by up to 76 mb. Data also indicate that those builds have been largely centred in the US and China, and heavily skewed towards crude oil. That may help explain some of the relative strength seen in product prices compared to crude prices over the past couple of months.

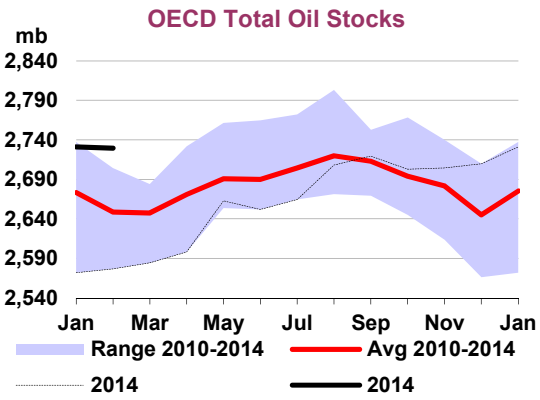
US crude inventories, including those in US territories, have soared for 13 consecutive weeks beginning the second week of January, adding 92 mb and by end-March stood at 498 mb. Over the first quarter, crude inventories steadily risen amid planned and unplanned refinery outages and as domestic production growth continued. Over the coming months, these builds should slow as US throughputs ramp up while US production growth flattens out.

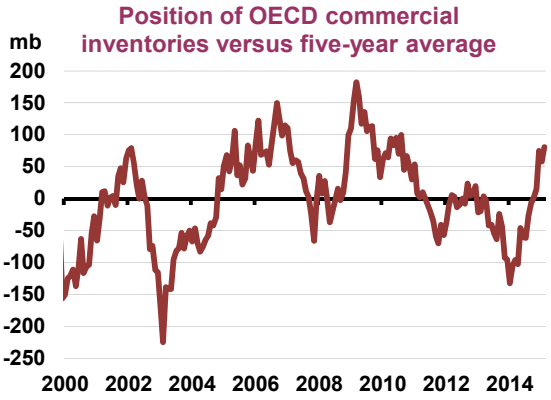
The build in OECD Europe has been less at 19.9 mb and concentrated in refined products. Nonetheless, total oil inventories have defied seasonal patterns, since, over the past five years they drew on average by 18.5 mb. In OECD Asia Pacific, preliminary data indicate that stocks have drawn by a steep 17.4 mb over the same period. Much of this has resulted from policy-driven reductions in the country's refining capacity, itself consequential of declining domestic demand.

Non-OECD stock data, while scarce, suggest that a large portion of the global supply overhang has been destined for Chinese storage capacity. Recent implied Chinese crude stock changes (calculated as net crude supply minus refinery runs) point to persistent unreported 1Q15 stock builds which, together with reported gains in commercial stocks, could have seen up to 53 mb of crude being added to inventories there. Additionally, reported commercial refined product inventories increased by an equivalent 23 mb (data are reported in terms of percentage stock change) over January and February.

OECD inventory position at end-February and revisions to preliminary data

OECD commercial oil inventories slipped by 1.7 mb in February after crude oil stocks soared by 36.4 mb, nearly offsetting a seasonal 35.7 mb draw in refined products while NGLs and other feedstocks fell by 2.3 mb. Since the draw in total oil holdings was far more moderate than the 24.5 mb five-year average draw for the month, the surplus of OECD inventories to average levels widened to 80.7 mb, its widest since June 2010. Refined products were pressured lower by 'other products' (-24.6 mb) which drew on weather-related demand for propane – the space heating fuel of choice in parts of the US. All told, at end-February, refined products covered 30.6 days of forward demand, 0.2 days less than at end-January.





Upon the receipt of more complete data, OECD inventories were revised downwards by 2.4 mb in January, a deceivingly small change that masked a steeper downward revision of 11.1 mb to US crude oil stocks. Despite this revision, US crude oil still surged by 20.3 mb in January. Other notable adjustments were made to US 'other products' and European gasoline and crude holdings which increased by 5.8 mb, 7.1 mb and 5.9 mb, respectively. Together with a small downward revision to December data, the 23.1 mb OECD stock build for January presented in last month's *Report* is now slightly lower at 21.2 mb.

Revisions versus 13 March 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Dec-14	Jan-15	Dec-14	Jan-15	Dec-14	Jan-15	Dec-14	Jan-15
Crude Oil	**-1.8**	**-11.1**	**0.5**	**5.9**	**0.0**	**0.1**	**-1.3**	**-5.1**
Gasoline	0.2	-3.2	0.0	7.1	0.0	0.4	0.2	4.3
Middle Distillates	-0.3	-0.9	-0.6	-2.4	0.0	-0.1	-0.8	-3.4
Residual Fuel Oil	0.4	0.7	0.0	3.8	0.0	-0.1	0.4	4.4
Other Products	1.0	5.8	-0.2	0.0	0.0	0.9	0.9	6.6
Total Products	**1.3**	**2.4**	**-0.7**	**8.4**	**0.0**	**1.2**	**0.7**	**12.0**
Other Oils[1]	0.2	-6.7	0.0	-2.6	0.0	-0.1	0.1	-9.3
Total Oil	**-0.3**	**-15.4**	**-0.2**	**11.8**	**0.0**	**1.2**	**-0.5**	**-2.4**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Preliminary data for March indicate that OECD inventories rose counter-seasonally by 29.2 mb as US crude holdings continued their relentless rise. If this build is confirmed, this will see inventories' surplus to average levels balloon to 111 mb, its widest since September 2009. As OECD crude stocks soared by a further 29.5 mb, their surplus to average levels hit 102 mb. Refined products also defied seasonal trends, rising by 2.2 mb on the month, lifted by a relatively steep 10.5 mb rise in 'other products' as ethane and propane stocks increased in the wake of warmer weather and amid high US natural gas production.

Preliminary Industry Stock Change in February 2015 and Fourth Quarter 2014

	February 2015 (preliminary) *(million barrels)*				February 2015 (preliminary) *(million barrels per day)*				Fourth Quarter 2014 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**29.5**	**8.3**	**-1.4**	**36.4**	**1.05**	**0.29**	**-0.05**	**1.30**	**0.44**	**0.05**	**-0.08**	**0.41**
Gasoline	-1.1	3.6	0.1	2.6	-0.04	0.13	0.00	0.09	0.31	0.05	-0.02	0.34
Middle Distillates	-8.6	-1.0	-3.6	-13.2	-0.31	-0.04	-0.13	-0.47	0.05	-0.15	-0.07	-0.17
Residual Fuel Oil	3.8	-3.1	-1.2	-0.5	0.14	-0.11	-0.04	-0.02	-0.03	0.01	-0.02	-0.05
Other Products	-18.7	-1.6	-4.3	-24.6	-0.67	-0.06	-0.15	-0.88	-0.24	-0.01	-0.05	-0.30
Total Products	**-24.6**	**-2.1**	**-9.0**	**-35.7**	**-0.88**	**-0.07**	**-0.32**	**-1.28**	**0.08**	**-0.09**	**-0.16**	**-0.17**
Other Oils[1]	0.7	0.5	-3.5	-2.3	0.02	0.02	-0.12	-0.08	-0.18	-0.05	-0.12	-0.34
Total Oil	**5.5**	**6.7**	**-13.9**	**-1.7**	**0.20**	**0.24**	**-0.50**	**-0.06**	**0.35**	**-0.09**	**-0.36**	**-0.11**

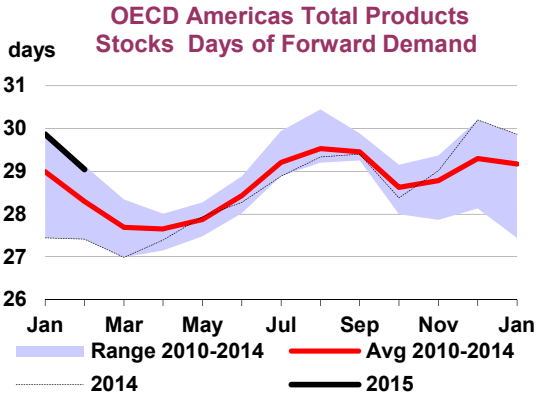
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

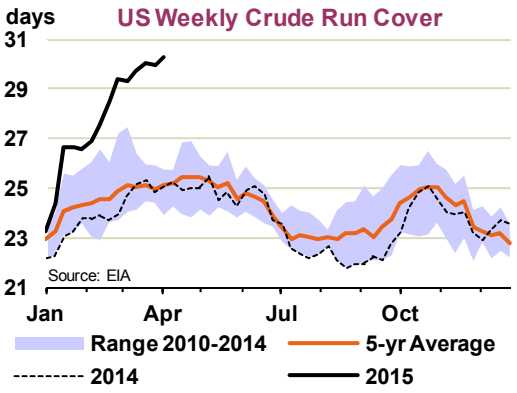
Recent OECD industry stock changes

OECD Americas

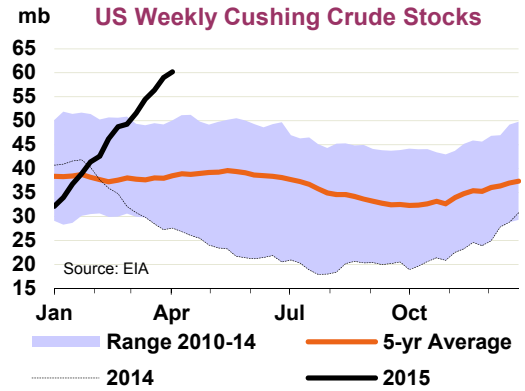
Industry inventories in OECD Americas continued to be propelled upwards by soaring crude oil stocks in February. All told, regional inventories rose counter-seasonally by 5.5 mb to stand at 1 458 mb by end-month, 141 mb above the seasonal average. Crude holdings hit a new record level of 602 mb in February as US stocks ballooned to 464 mb (31.2 mb m-o-m). This came as refinery throughputs were stymied by seasonal turnarounds which saw 1.2 mb/d of capacity taken offline. Moreover, a drop in imports failed to offset the effect of record US crude production, which hit an average 9.2 mb/d for the month. By the end of February, US crude run cover in the US exceeded 29 days, a record.

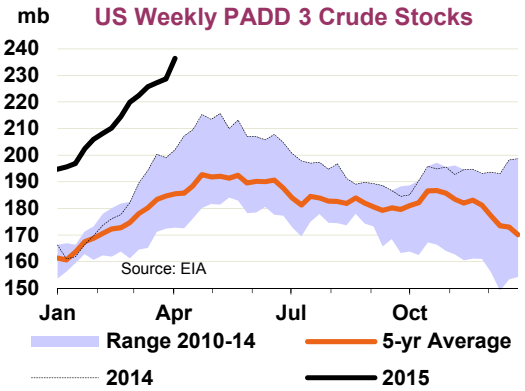
Product holdings drew by an aggregate 38 mb over January and February on the back of planned and unplanned plant outages and strong weather-related demand. Much of the draw was led by 'other products', stocks of which drew by 18.7 mb on increased demand for propane amid frigid temperatures in the Midwest and Northeast. Nonetheless, by end-month, 'other products' inventories remained 26 mb above average levels. Middle distillates stocks drew by 8.6 mb, centred on the US East Coast (PADD 1) where logistical bottlenecks hindered pipeline movements from the Gulf Coast and required imports from as far afield as Europe, Russia and India. By end-month, total refined product holdings covered 29.0 days of forward demand, 0.8 days lower than end-January.





Preliminary data from the US Energy Information Administration indicate that in March, US crude inventories surged by a further 33.3 mb to a record 497.8 mb (including US territories). Seasonal turnarounds and unplanned outages continued to keep a lid on US throughputs, which remained 900 kb/d under their recent December high. As refiners exit maintenance, throughputs are expected to steadily increase over the next couple of months, which when combined with an expected decline in domestic crude production growth, should see crude builds slow.



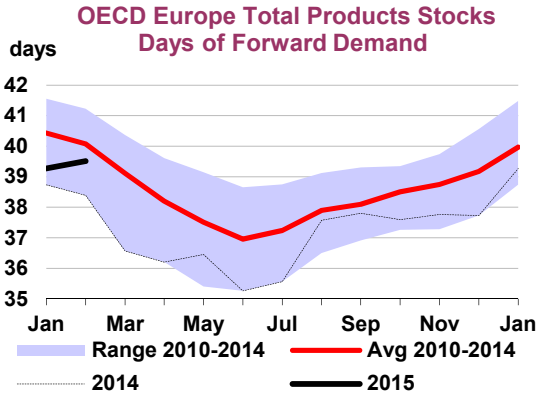


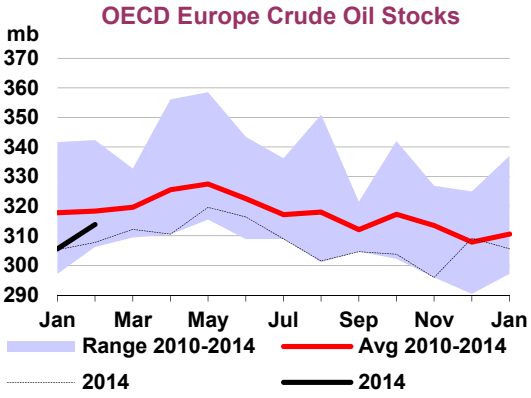
Stocks at the Cushing, Oklahoma storage hub rose by 10.4 mb during March and by early-April exceeded 60 mb, keeping NYMEX WTI futures prices under pressure compared to other benchmark crudes. At end-March, US seaborne imports posted an uptick as a number of cargoes arrived in the Gulf Coast after LLS crude traded consistently at a premium to ICE Brent from mid-month upwards. This saw PADD 3 stocks surge to a new record of 236 mb by early-April.

US product stocks rose counter-seasonally by 1.4 mb after 'other products' rose by a relatively steep 9.0 mb as propane stocks began to recover in the wake of a decline in heating demand, while ethane inventories rose following high natural gas production. Middle distillates also defied seasonal trends, adding 1.7 mb over the month, but by end-month remained 9.1 mb below average levels.

OECD Europe

OECD European commercial inventories rose counter-seasonally by 6.7 mb in February, which saw the region's deficit versus average levels narrow to 10 mb, its smallest since March 2012. A steep 8.3 mb rise in crude oil stocks drove stocks higher as changes in the Russian export duty regime lifted Urals exports to Europe to record levels since the turn of the year. With crude markets remaining in contango and time spreads wide enough to cover land-based storage costs, it is likely that a number of market participants purchased volumes for storage rather than for prompt use as a refinery feedstock.



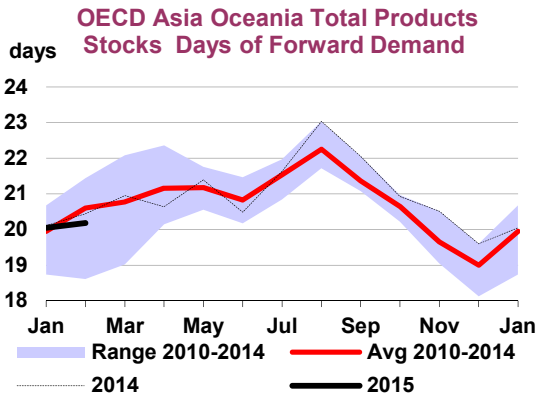


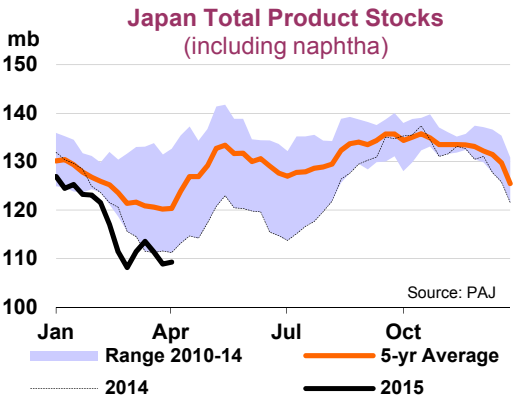
The crude build was even more impressive when considered against the backdrop of strong European refinery activity amid high margins. Regional runs increased by 320 kb/d m-o-m and stood 950 kb/d above one year earlier. Consequently, and despite a cold weather-related uptick in regional demand, refined product stocks only lost 2.1 mb, far less than the 10.6 five-year average draw for the month. Middle distillates slid by 1.0 mb, less than the 9.0 mb average draw. Despite standing above year-ago levels on an absolute basis, product inventories slipped by 0.4 days below year-earlier levels on a days-of-forward-demand basis, to 39.5 days, following upward adjustments to the regional demand forecast.

Preliminary data from Euroilstock suggest that inventories in the so-called EU15 region and Norway slipped by a seasonally weak 3.2 mb in March. Counter-seasonal trends prevailed as, despite refinery runs falling by over 300 kb/d, crude stocks dropped counter-seasonally by 4.4 mb, while refined products added 1.1 mb during a month when they had drawn in each of the past six years. The build was concentrated in fuel oil (+0.3 mb) and 'other products' (+0.9 mb), while both middle distillates and motor gasoline holdings remained flat m-o-m.

OECD Asia Oceania

Inventories in OECD Asia Oceania dropped by a steep 13.9 mb in February with their deficit versus average levels broadening to 20.4 mb from 11.2 mb one month earlier. Despite refinery runs remaining higher than the previous year and previous month, refined products drew by a steep 9.0 mb with anecdotal reports suggesting that product exports from Japan and Korea have risen over recent months. All oil categories bar motor gasoline posted draws. Notably, middle distillates slipped by 3.6 mb on high heating demand for kerosene, widening the deficit of regional middle distillate inventories to average levels. Refined product holdings continue to lag both average levels and the previous year, by end-February they covered 20.2 days.

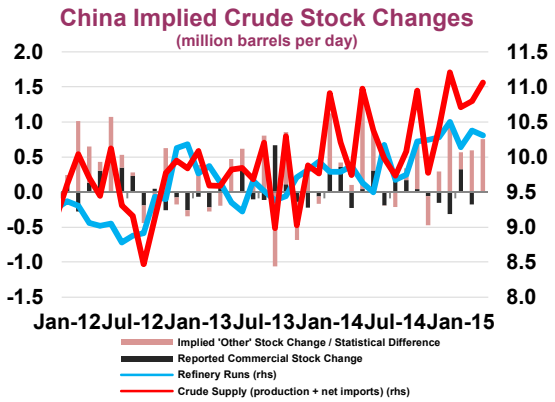


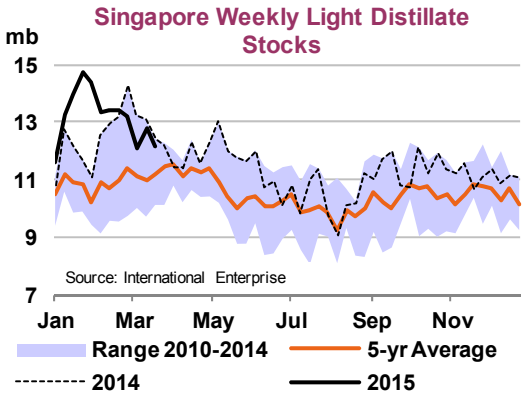


Weekly data from the Petroleum Association of Japan suggest that commercial inventories there inched up counter-seasonally by 1.1 mb in March as a combined 1.5 mb rise in crude, NGLs and other feedstocks more than offset a 0.4-mb draw in refined products.

Recent developments in Singapore and China stocks

According to data from *China Oil Gas and Petrochemicals* (*China OGP*), Chinese commercial crude inventories decreased by an equivalent 5.0 mb (data are reported in terms of percentage stock change) in February as crude imports decreased while refinery runs remained steady. Other data suggest, however, that crude supply (domestic production plus net imports) consistently outstripped refinery runs throughout 1Q15. Taking account of reported commercial stock changes, this would leave the unreported stock build at approximately 40 mb. Although some of this crude could have been destined for the country's strategic reserves, a significant volume may also have been added to unreported commercial inventories. In February, product stocks continued to soar as refiners built stocks ahead of the Chinese New Year holiday, which this year took place in mid-February. Gasoil led the gains, posting a remarkable 21 mb (27%) month-on-month build, which offset a 9.0 mb draw in gasoline holdings.

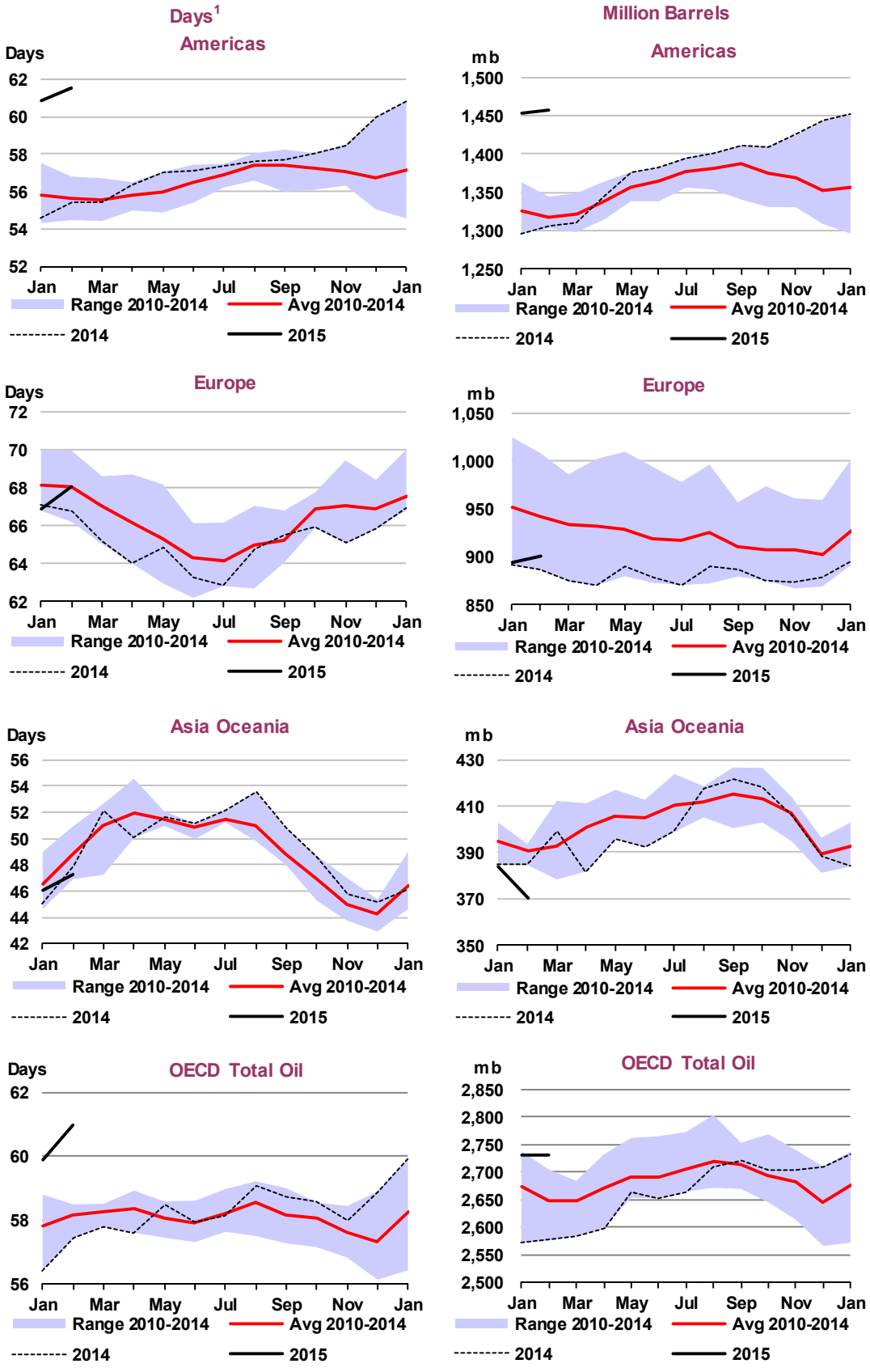




Weekly data from International Enterprise pertaining to on-land commercial refined product inventories in Singapore indicate that stocks fell by 1.7 mb in March, their steepest monthly fall in eight months, as declining stocks of fuel oil and middle distillates more-than-offset a slight rise in light distillates. Fuel oil holdings drew amid healthy regional bunker demand while middle distillates slipped as exports from the territory were healthy as a number of refineries in non-OECD Asia underwent 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

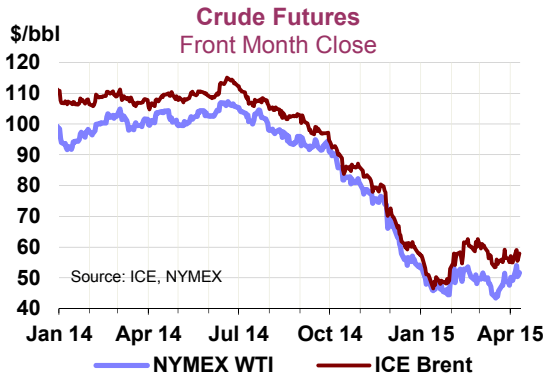
Summary

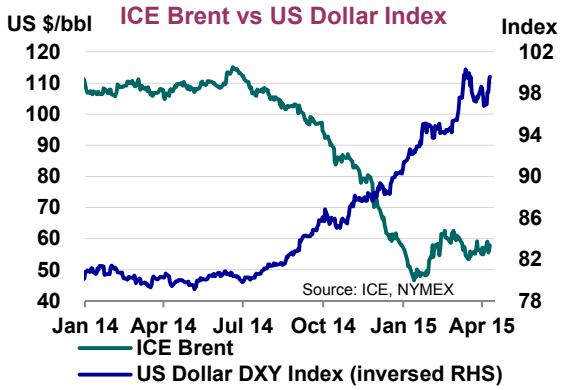
- **Brent futures eased in March pressured by sharply higher supplies from Middle East OPEC producers, while a relentless build in US crude stocks weighed on WTI. Prices recovered in April on rising tension in Yemen, where top exporter Saudi Arabia has launched a military campaign.** At the time of writing, ICE Brent was trading at roughly $58.30/bbl – some 50% below last June's peak. NYMEX WTI was around $52.50/bbl.

- **A surge in exports from Saudi Arabia, Iraq and Libya weighed on prices just as refiners in Europe and Asia prepared for seasonal maintenance, suppressing crude demand.** Still-strong margins in Asia prompted top exporter Saudi Arabia in early April to raise its monthly formula prices to the region for a second month in a row.

- **While middle distillate markets weakened upon the end of winter weather in the Northern Hemisphere, gasoline markets rallied** on the back of tightness in the US. Naphtha cracks meanwhile surged to record levels on increased gasoline blending demand and as naphtha continued to be a significantly cheaper option than competing LPG in the petrochemical sector.

- **Hedge funds' optimistic sentiment towards ICE Brent kept growing throughout March**. Funds' overall positioning has been on a steady uptrend since the first signs of recovery after the price collapse. Funds displayed an opposite stance towards NYMEX WTI as their selling reached record levels since data was first available in 2006, before showing signs of rebound in early April.





Market overview

Oil prices edged lower month-on-month in March, with benchmarks feeling further pressure in April after Saudi Arabia reported that it pumped its highest ever in March and record-high US crude stockpiles continued to build. Also weighing on markets, the 2 April framework accord struck between Tehran and the P5+1 over Iran's nuclear programme sparked speculation as to when significantly higher volumes of Iranian exports would hit the market if the agreement were to be finalised. The general view seems to be some time in 2016. Iran's Supreme Leader Ayatollah Ali Khamenei said on 9 April that all sanctions must be removed on the very day of any final agreement, but Washington says sanctions will only be lifted gradually. The start of a Saudi-led military campaign against Yemen in late March sparked concern of possible supply disruptions through the area's vital sea lanes and lent support to prices (see *Supply*).

While holding well above a low of around $45/bbl hit in January, ICE Brent is trading 50% below last June's peak above $115/bbl. Brent's gains are also being capped by a strong US dollar that makes dollar-denominated crude more expensive for holders of other currencies. NYMEX WTI remains pressured by record high crude stockpiles that have built steadily since the start of the year, with its discount to Brent sinking to $9.09/bbl in March versus an average $8.07/bbl in February. WTI had sunk to nearly a $13/bbl discount to Brent in late February amid robust US production growth and a sharp reduction in refinery throughput since the start of the year. By the time of writing, however, the spread had narrowed to around $6/bbl as US refiners revved up following spring turnarounds and market players expected the low price environment to slow growth from domestic oil fields.

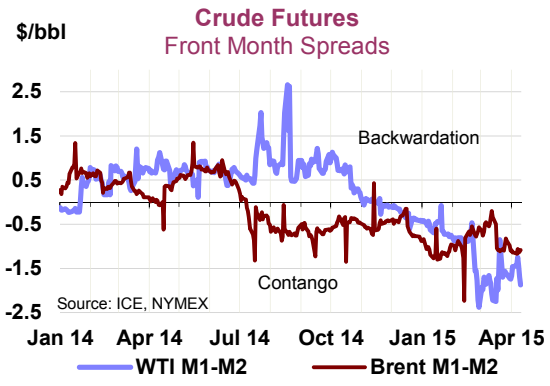
Prompt Month Oil Futures Prices

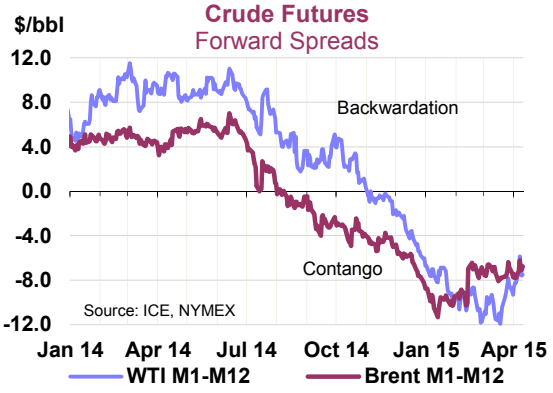
(monthly and weekly averages, $/bbl)

	Jan	Feb	Mar	Mar-Feb Avg Chg	% Chg	Week Commencing: 09 Mar	16 Mar	23 Mar	30 Mar	06 Apr
NYMEX										
Light Sweet Crude Oil	47.33	50.72	47.85	-2.87	-5.7	47.67	44.34	48.89	48.88	51.79
RBOB	56.32	67.39	76.68	9.28	13.8	76.37	74.17	76.61	75.32	75.68
No.2 Heating Oil	70.17	82.34	74.82	-7.52	-9.1	75.31	72.42	72.92	72.22	73.41
No.2 Heating Oil ($/mmbtu)	12.38	14.52	13.20	-1.33	-9.1	13.28	12.77	12.86	12.74	12.95
Henry Hub Natural Gas ($/mmbtu)	2.93	2.76	2.75	-0.01	-0.3	2.74	2.82	2.70	2.65	2.60
ICE										
Brent	49.76	58.79	56.94	-1.85	-3.1	56.84	54.52	56.62	55.86	57.44
Gasoil	63.98	75.85	73.13	-2.72	-3.6	74.52	69.36	71.46	70.53	71.54
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-2.43	-8.07	-9.09	-1.02		-9.17	-10.18	-7.73	-6.98	-5.65
NYMEX No.2 Heating Oil - WTI	22.84	31.62	26.97	-4.65		27.64	28.08	24.03	23.34	21.61
NYMEX RBOB - WTI	8.99	16.67	28.83	12.15		28.70	29.83	27.72	26.44	23.88
NYMEX 3-2-1 Crack (RBOB)	13.61	21.66	28.21	6.55		28.34	29.25	26.49	25.41	23.13
NYMEX No.2 - Natural Gas ($/mmbtu)	9.45	11.77	10.45	-1.32		10.54	9.95	10.16	10.09	10.35
ICE Gasoil - ICE Brent	14.22	17.06	16.19	-0.87		17.68	14.84	14.84	14.67	14.09

Source: ICE, NYMEX.

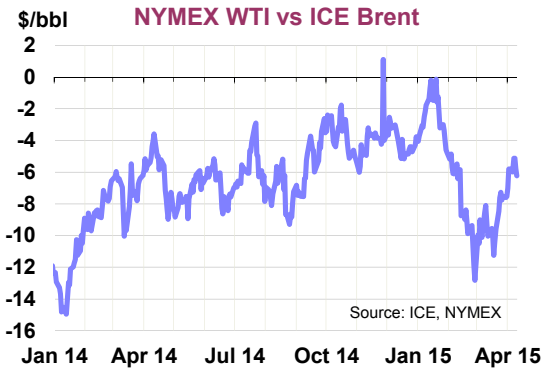
Although global benchmarks handed back some of their February gains during March, prices were relatively stable. ICE Brent futures dipped $1.85/bbl from February to an average $56.94/bbl in March, for a month-on-month (m-o-m) decrease of 3.1%. NYMEX WTI edged down $2.87/bbl versus February to an average $47.85/bbl in March, down 5.7% m-o-m. At the time of writing, ICE Brent was trading at around $58.30/bbl, with NYMEX WTI trading at about $52.50/bbl.

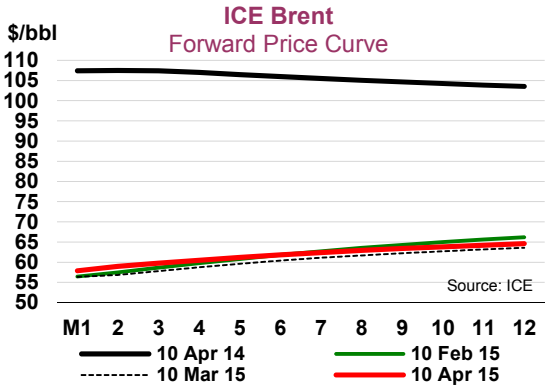




The relentless rise of US crude inventories – stocks have built steadily from the start of the year to record levels– widened out the NYMEX WTI M1-M2 spread to an average -$1.77/bbl in March versus -$1.08/bbl in February. In mid-March, the contango structure – where prompt oil is cheaper than crude for future delivery – had deepened to more than $2/bbl. By early April, however, the contango on WTI had

narrowed to about $1.55/bbl as US refiners returned from maintenance and began to process more crude. In comparison, the discount of prompt-month to second-month Brent shrank to -$0.76/bbl in March versus -$0.90/bbl in February. In early April, the spread had widened out to -$1.15/bbl.



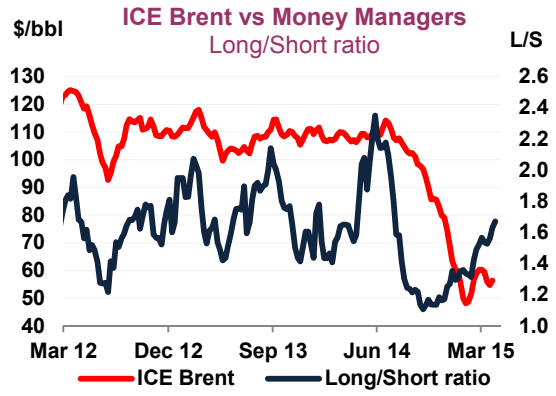


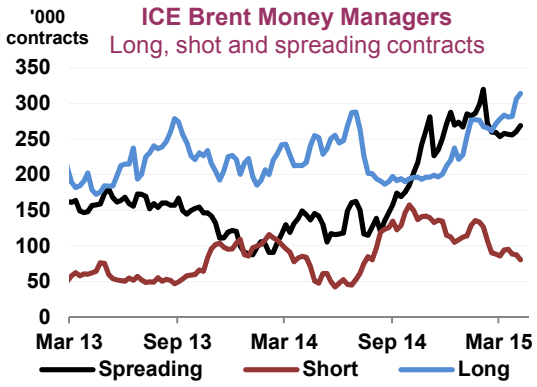
Forward curves held in contango, although the Brent M1-M12 contract spread pulled in to -$7.31/bbl in March compared to -$8.13/bbl in February. The WTI M1-M12 spread was stable at -$10.02/bbl in March versus -$9.94/bbl in February. By early April, the WTI forward curve was around -$8.bbl.

Financial markets

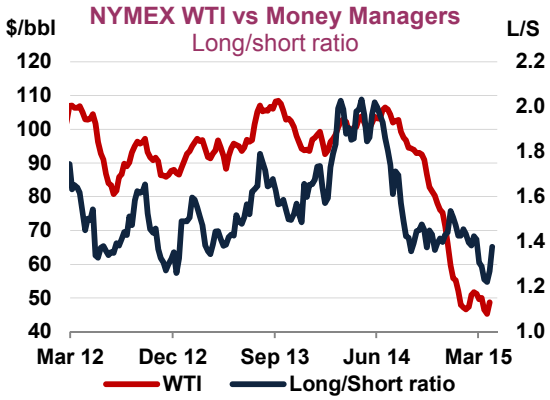
Market activity

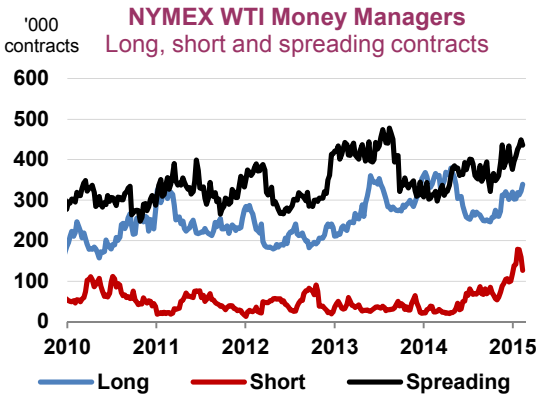
Hedge funds' optimistic sentiment towards ICE Brent kept growing throughout March. Long positions for '*money managers'*, mostly large funds, were at record high at the time of writing, data compiled by ICE exchange showed. The *long-to-short ratio*, an indicator of funds' overall positioning, kept climbing to levels in line with historical averages, growing on a steady uptrend since the first signs of recovery after the price collapse. Spreading positions, although remaining at sustained levels, declined slightly, decreasing in similar fashion as unhedged shorts.





Funds displayed an opposite stance towards NYMEX WTI as they kept selling at record levels, with their total net short positions touching historical highs, just before showing notable signs of strength in early April. Overall funds' stance towards WTI in end-March sat at its lowest in more than four years following record Cushing stock levels and bearish market sentiment (see '*Crude prices'* and *'Stocks'*), and remains negative in spite of the relative strength of the latest data.





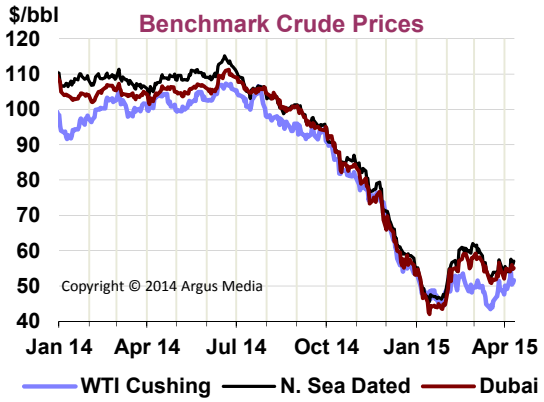
Financial regulation

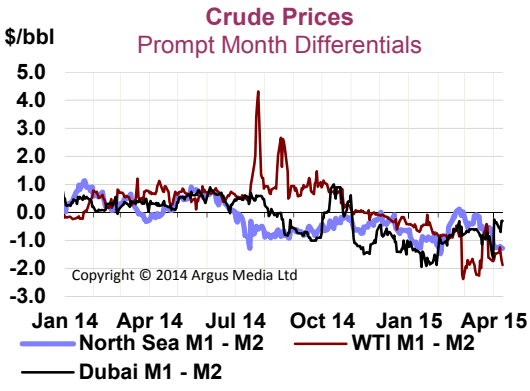
The European Securities and Markets Authority (ESMA) received public comments on the current draft of the regulation technical standards (RTS) for current Markets in Financial Instruments Directive (MiFID II) on 2 March. Notable comments from commodity traders focused on the mechanism setting of position limits and on capital requirements. The final directive is due to be passed to the European Commission later in 2015 and it is set to come into force in 2017.

The US Commodities Futures Trading Commission (CFTC) is seeking public comment on the cost-benefit analysis of its cross-border swap rules, issued under the 2010 Dodd-Frank financial reform. Later in 2015, the US regulator could finalise much-debated rules on speculative position limit.

Spot crude oil prices

Spot crude oil prices weakened slightly in March amid plentiful supply just as refiners in Europe and Asia headed into seasonal maintenance. OPEC producers Saudi Arabia, Iraq and Libya ramped up exports in March and are expected to sustain the higher volumes in April. In the meantime, a surplus of Nigerian crude is building up in the Atlantic Basin due to muted buying interest from Asia and Europe.



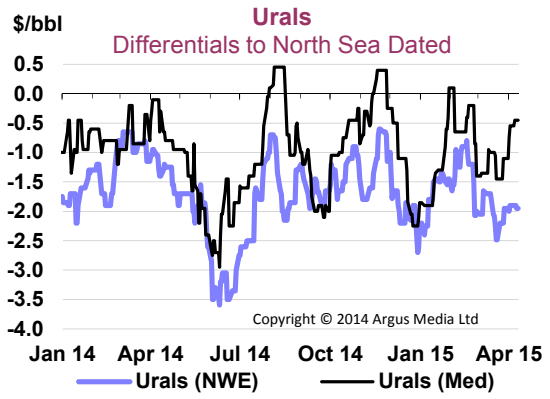


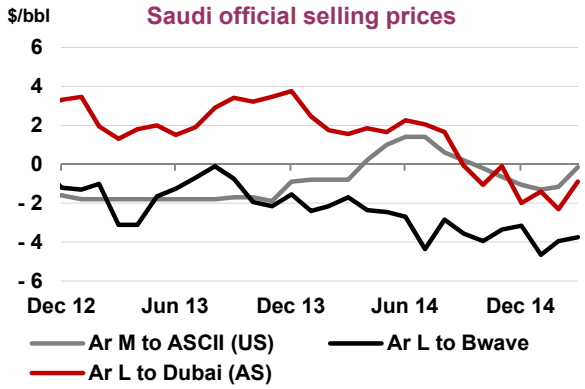
North Sea Dated Brent eased to an average $56.05/bbl during March, for a loss of $2.04/bbl on February. The heaviest m-o-m decline was on US WTI, which was weighed down by record high US crude inventories. The US marker averaged $47.79/bbl during March – down $2.82/bbl from February. Of the global benchmarks, Middle East Dubai held up best – dipping $0.89/bbl versus February to an average $54.53/bbl in March. Sour Russian Urals sagged to an average $54.82/bbl in March, down $2.80/bbl versus February due to oversupply.

North Sea crude oil remained plentiful and differentials versus Dated Brent declined as European refiners scaled back purchases ahead of spring turnarounds. Increased exports from Libya in March and

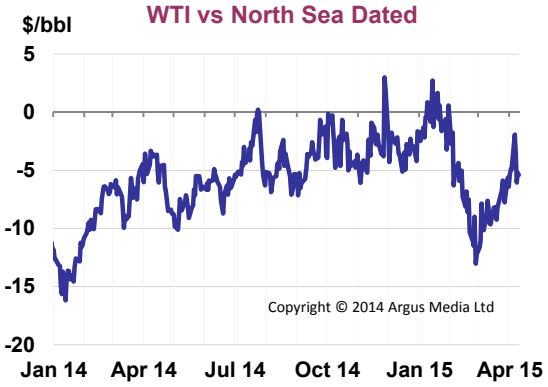
expectations of still higher volumes in April pressured the Mediterranean crude oil market. April loading programmes also indicate bigger volumes out of northern Iraq. Sour Russian Urals discount to Dated Brent widened out to -$1.24/bbl in March versus -$0.48/bbl in February.

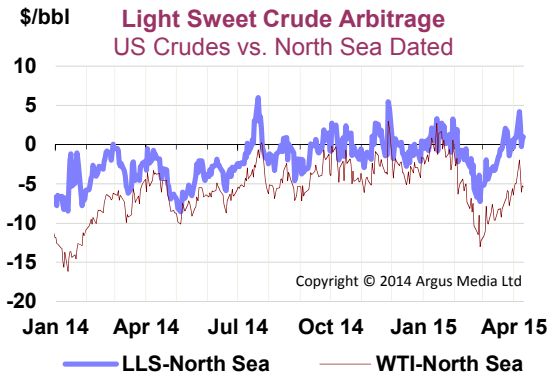
Asian refiners are meanwhile showing scant interest in Nigerian crude with unsold cargoes loading in April and May piling up in the Atlantic Basin. Whereas the United States had been a big buyer before its domestic production began to soar, its purchases have slowed to a trickle. Hence much of the Nigerian surplus is expected to move into Europe and differentials versus Dated Brent have dropped by around $0.25/bbl since the start of April. Traders say the light, sweet – and relatively expensive - barrels will have to be discounted more heavily in order to find a home.





Robust refining margins in Asia saw healthy interest in crude oil and prompted Saudi Aramco to raise the monthly official selling price (OSP) for its May-loading cargoes by $0.20-$0.80/bbl. Customers had largely expected the increase given the slight narrowing of Dubai's contango structure. Dubai's discount to North Sea Brent has meanwhile shrunk despite a surge in Saudi exports to Asia during March. The higher flows, combined with the onset of seasonal refinery maintenance should – if anything – pull in the Brent/Dubai spread.





For its US customers, Saudi Aramco held the formula price for Arab Medium steady for May loadings versus April, raised Arab Heavy by $0.20/bbl and trimmed Arab light $0.10/bbl. The still-wide discount of WTI to Brent continued to boost differentials on rival domestic grades and helped to lure WTI-linked imports from Latin America. The premium on sour Mars crude soared to $3.60/bbl in March compared with a $0.60/bbl premium in February. The LLS differential to WTI climbed to $6.62/bbl in March versus $4.65/bbl in February. And at the time of writing, LLS was trading at a $0.90/bbl premium to Brent, which should encourage imports. The discount for Western Canadian select narrowed a touch versus WTI to -$11.13/bbl in March from -$11.47/bbl in February.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Jan	Feb	Mar	Mar-Feb Avg Chg	%	Week Commencing: 09 Mar	16 Mar	23 Mar	30 Mar	06 Apr
Crudes										
North Sea Dated	47.84	58.09	56.05	-2.04	-3.5	56.42	52.75	55.30	54.50	56.79
Brent (Asia) Mth 1	48.79	57.86	56.59	-1.27	-2.2	57.68	53.33	55.40	55.08	56.49
WTI (Cushing) Mth 1	47.27	50.61	47.79	-2.82	-5.6	47.67	44.34	48.59	48.88	51.79
Urals (Mediterranean)	46.48	57.61	54.82	-2.80	-4.9	55.29	51.56	53.99	53.62	56.34
Dubai	45.62	55.42	54.53	-0.89	-1.6	55.31	51.41	53.98	53.41	55.03
Tapis (Dated)	44.22	55.23	54.79	-0.44	-0.8	54.92	51.25	54.48	53.90	55.84
Differential to North Sea Dated										
WTI (Cushing)	-0.58	-7.49	-8.27	-0.78		-8.75	-8.41	-6.71	-5.62	-4.99
Urals (Mediterranean)	-1.36	-0.48	-1.24	-0.76		-1.13	-1.19	-1.31	-0.88	-0.45
Dubai	-2.22	-2.67	-1.53	1.15		-1.11	-1.34	-1.32	-1.09	-1.76
Tapis (Dated)	-3.62	-2.87	-1.26	1.60		-1.50	-1.50	-0.82	-0.60	-0.94
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.99	-0.50	-0.49	0.01		-0.24	-0.47	-0.66	-1.08	-1.26
Forward WTI Cushing Mth1-Mth2	-0.54	-0.95	-1.61	-0.66		-1.92	-1.68	-0.95	-1.65	-1.54
Forward Dubai Mth1-Mth2	-1.56	-0.85	-0.82	0.02		-0.61	-0.88	-0.84	-0.94	-0.49

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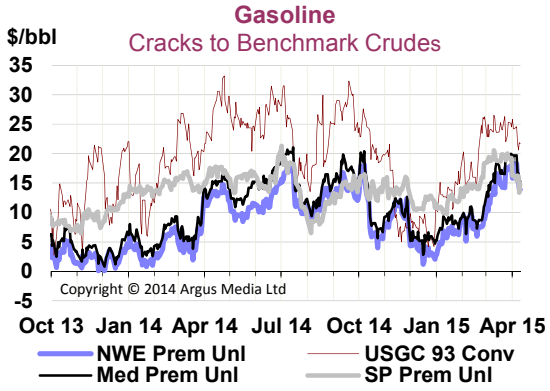
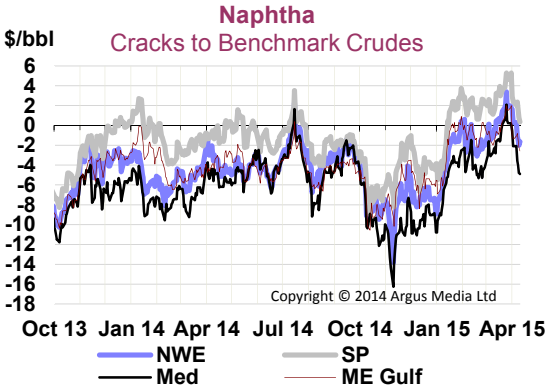
Spot product prices

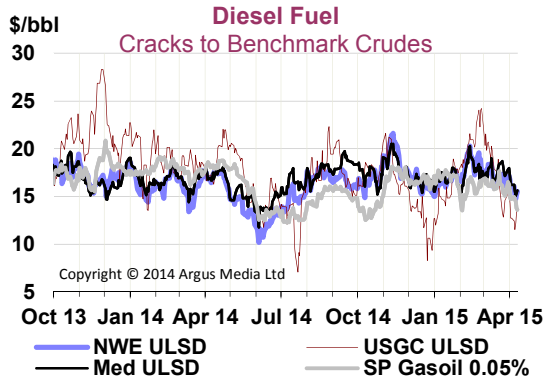
Spot prices for middle distillates and fuel oil weakened across all surveyed markets in March while light products posted modest price rises. Global gasoline markets rallied on the back of tightness in the US which saw exports from there fall while supplies were drawn in from Europe and Asia. Naphtha markets benefitted from increased gasoline production and petrochemical demand which saw cracks surge to record levels across all surveyed markets. Warm weather saw middle distillate markets weaken while at the bottom of the barrel, European fuel oil markets benefitted from an opportunity to ship product to Asia.

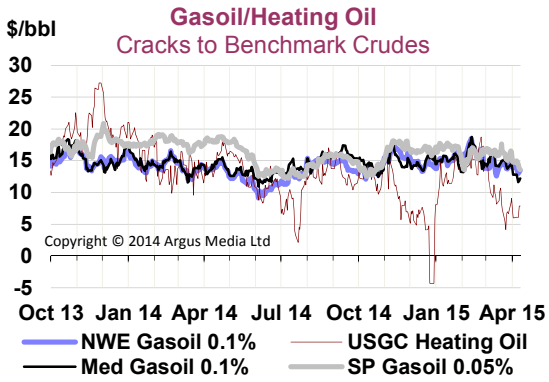




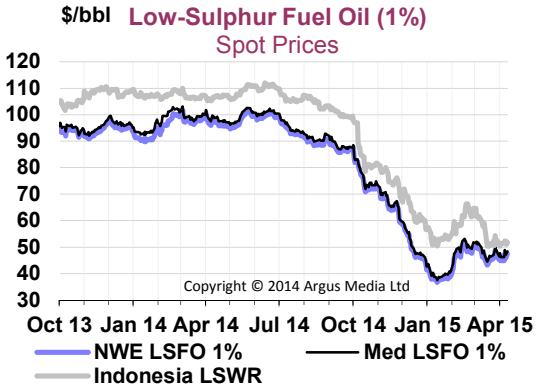
Light product prices were propelled upwards by a multitude of factors in March. In the US, gasoline supplies tightened amid relatively strong demand (suggested by initial readings), the switch from winter to summer-grade product and continuing outages at a number of FCCs. Reports also suggest that exports fell as refiners preferentially supplied domestic markets, especially on the west coast and in the mid-continent. European gasoline prices moved higher from mid-month onwards amid refinery maintenance and healthy exports to the US East Coast, West Africa and Latin America as European exporters appear to be taking advantage of less competition from products produced in the US Gulf. These firmer prices coincided with weaker crude prices which saw European gasoline cracks increase steadily to near two-year highs of $18/bbl. Meanwhile, in an extremely rare move in Singapore, gasoline cracks rose above gasoil buoyed by robust regional demand, Southeast Asian refinery outages and recent long-haul exports to the US. By end-March the crack had soared to nearly $20/bbl before tailing off by early-April.

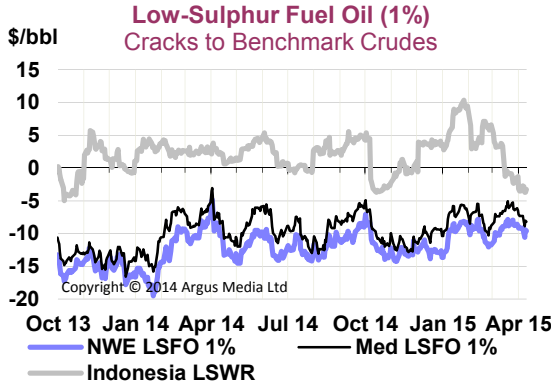
Naphtha markets remained exceedingly strong throughout March, buoyed by reports of strong demand from gasoline blenders and the petrochemical industry, where it remains a significantly cheaper option than competing LPG. By mid-March, the combination of relatively high prices and declining crude prices pushed cracks in Europe and Asia to record highs entrenched in positive territory. Nonetheless, this proved to be short-lived, as demand once again waned with cracks in Europe and the Middle East returning to negative territory by early-April.





Middle distillate markets were hit by the end of the heating season in the Northern hemisphere. In Europe the bearish market was compounded by continuing high imports from the US and Russia, where refiners appear to be taking increasing shipments following recent advantageous changes to the export tax regime. Considering the relative strength of LLS, middle distillate cracks on the US Gulf Coast weakened by $4.30/bbl on a monthly average basis, far steeper than elsewhere. While, in Singapore, gasoil cracks are being pressured by increasing gasoil shipments from the Middle East as new mega projects are ramped up while exports from elsewhere in the region, notably Korea, are also up on a year-on-year basis.





Cracks for products at the bottom of the barrel weakened in the US and Singapore but remained remarkably robust in Europe. Relatively high Asian fuel oil prices in early-March, on the back of reportedly strong bunker demand, saw the arbitrage to ship European product eastwards widen. Consequently, a flotilla of VLCC were booked which saw European markets tighten and cracks trend steadily upwards. By early-April, the arbitrage window had narrowed as Asian prices were pressured lower by the influx of European cargoes, although the onset of regional refinery maintenance helped prices find a floor.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Jan	Feb	Mar	Mar-Feb		Week Commencing:					Jan	Feb	Mar
				Chg	%	09 Mar	16 Mar	23 Mar	30 Mar	06 Apr			
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	54.20	66.10	70.86	4.76	7.2	70.97	67.76	72.12	72.00	71.44	6.35	8.01	14.81
Naphtha	44.68	56.37	56.57	0.21	0.4	55.89	53.52	57.58	55.93	55.25	-3.17	-1.72	0.52
Jet/Kerosene	65.29	74.82	70.52	-4.30	-5.7	70.96	67.01	69.58	69.06	69.63	17.44	16.73	14.47
ULSD 10ppm	64.47	76.45	73.09	-3.35	-4.4	73.60	69.72	71.84	71.24	71.95	16.63	18.35	17.04
Gasoil 0.1%	63.06	74.34	70.27	-4.07	-5.5	70.42	67.02	69.38	69.04	70.01	15.22	16.25	14.22
LSFO 1%	38.36	48.09	46.90	-1.19	-2.5	46.94	44.35	46.94	45.55	46.87	-9.48	-10.00	-9.15
HSFO 3.5%	34.64	44.45	43.18	-1.27	-2.9	43.10	40.83	43.57	42.42	43.76	-13.20	-13.64	-12.87
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	54.66	66.88	71.78	4.90	7.3	71.92	68.61	73.02	72.85	72.32	8.18	9.27	16.96
Naphtha	41.24	53.73	53.65	-0.08	-0.1	52.94	50.61	54.86	53.03	52.02	-5.24	-3.89	-1.17
Jet Aviation fuel	63.35	73.48	68.73	-4.75	-6.5	69.11	65.30	68.06	67.39	67.55	16.87	15.87	13.92
ULSD 10ppm	63.37	75.42	72.43	-2.99	-4.0	72.84	69.43	71.77	70.87	71.72	16.89	17.81	17.61
Gasoil 0.1%	61.50	73.38	69.57	-3.81	-5.2	70.60	66.16	68.34	67.44	68.30	15.02	15.76	14.76
LSFO 1%	39.62	49.81	48.27	-1.53	-3.1	48.36	45.68	48.21	46.85	48.01	-6.86	-7.81	-6.54
HSFO 3.5%	34.33	44.38	43.00	-1.38	-3.1	42.89	40.69	43.42	42.33	43.53	-12.15	-13.23	-11.81
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	62.53	74.24	78.65	4.41	5.9	78.12	76.17	80.02	79.87	79.91	13.72	19.01	24.24
Unleaded	53.61	67.30	70.31	3.01	4.5	69.57	69.36	71.22	70.44	73.17	4.79	12.07	15.91
Jet/Kerosene	63.07	72.93	68.32	-4.61	-6.3	68.61	65.60	66.19	66.10	67.78	14.26	17.71	13.91
ULSD 10ppm	64.55	76.18	71.87	-4.31	-5.7	72.43	69.10	69.93	69.35	70.46	15.74	20.96	17.47
Heating Oil	61.51	69.97	63.54	-6.43	-9.2	62.96	60.80	62.13	62.56	64.64	12.70	14.75	9.13
No. 6 3%*	38.53	48.61	45.84	-2.77	-5.7	45.57	43.90	45.59	44.36	45.75	-10.29	-6.61	-8.57
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	57.24	70.33	73.82	3.50	5.0	74.81	70.59	73.52	71.09	70.22	11.62	14.91	19.30
Naphtha	45.52	57.56	57.74	0.18	0.3	57.24	54.83	58.59	57.31	56.50	-0.10	2.14	3.22
Jet/Kerosene	63.77	73.25	70.00	-3.25	-4.4	70.31	66.91	69.04	68.66	69.01	18.15	17.83	15.47
Gasoil 0.05%	62.64	71.19	70.73	-0.45	-0.6	71.55	67.89	69.43	69.04	69.34	17.02	15.77	16.21
LSWR Cracked	53.19	60.52	55.51	-5.01	-8.3	58.79	50.64	52.26	51.05	51.78	7.57	5.11	0.99
HSFO 180 CST	44.07	54.53	51.60	-2.92	-5.4	51.87	48.54	51.03	50.48	51.88	-1.55	-0.89	-2.92
HSFO 380 CST 4%	42.94	52.69	49.83	-2.86	-5.4	50.48	46.98	49.19	48.78	50.10	-2.68	-2.73	-4.69

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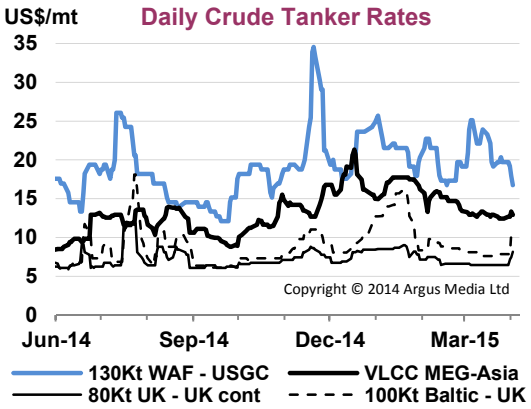
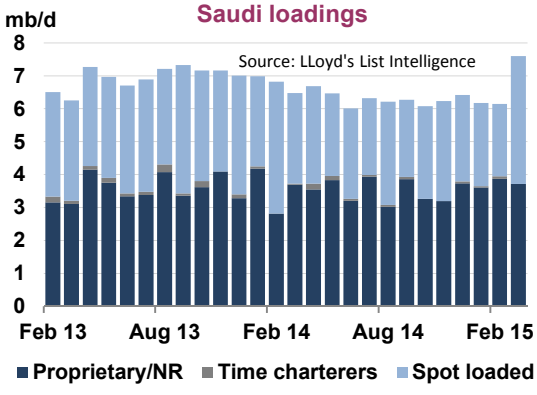
Freight

Surveyed crude tanker rates had a generally flat month bar **Suezmaxes** (130 Kt) leaving West Africa, which seesawed through the month and remained generally strong. Data suggest that, despite reports of barrels without a buyer in the region, the lack of land-based storage necessitates the crude to be loaded even without final destination.

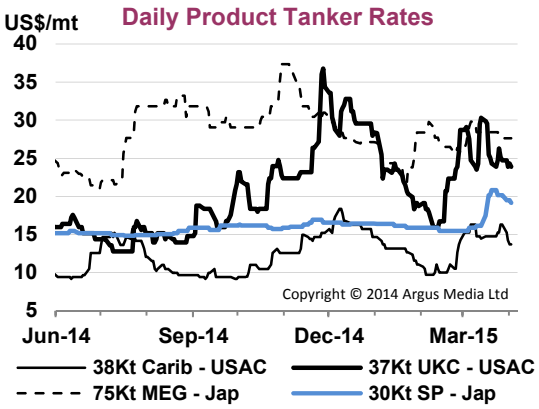


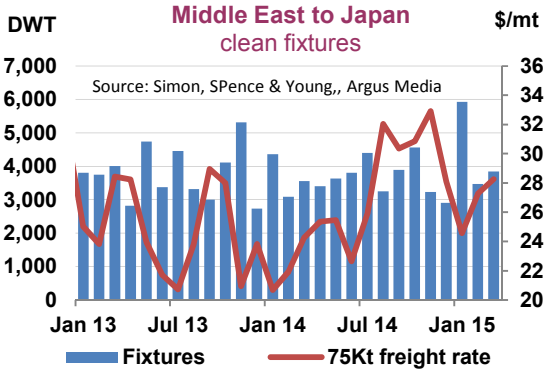


Rates for **very-large-crude-carriers** (VLCCs) heading East from the Persian Gulf remained flat on the month on steady shipments, as higher loadings from Saudi Arabia were compensated by lower Iran and UAE eastward volumes (see '*Opec Supply*'). Data compiled by Lloyds List Intelligence shows how Saudi Aramco dipped on the spot freight market to ship the extra volumes, moving about 3.9 mb/d on chartered vessels, the highest since September 2009.

Rates for **Aframaxes** (80-100 Kt) in the North Sea and Baltic had a flat month. North Sea overall cargoes were largely stable. Waterborne volumes were stable also in the Baltic, as Urals loadings remained strong and reached a 16-months high, as Russian exporters held back supplies anticipating more favourable export duties, in force since 1 January 2015 (see '*Supply, FSU exports*').

Product rates had a generally strong month, led by the **UK-US Atlantic 37Kt** route. Fixtures remained strong even as the Rotterdam - New York gasoline arbitrage window closed in the beginning of March, as the rate found strength from strong backhaul distillate demand from US Gulf to Europe.





The usually flat **30Kt Singapore-Japan** rate had a blip in mid-March, due to one-off strong inquiry in the region spurred from refinery maintenance. Inquiry for spot tonnage on the Middle East Gulf to Japan 75Kt route inched up on the month, keeping the rate at sustained level.

REFINING

Summary

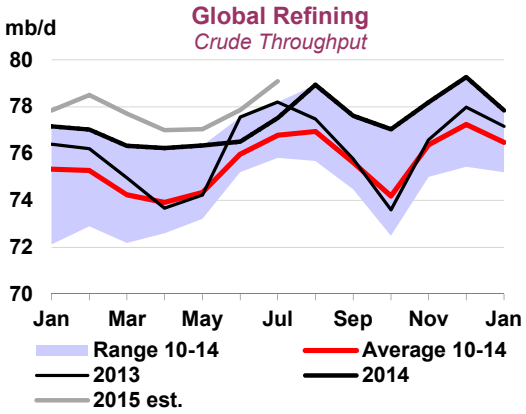
- **Global refinery crude demand is expected to fall seasonally to 77.3 mb/d in 2Q15.** While Atlantic Basin refiners mostly completed turnarounds in 1Q15, Asian refinery maintenance is set to ramp up sharply in 2Q15, with potentially as much as 2.5 mb/d of distillation capacity offline at its peak in May.

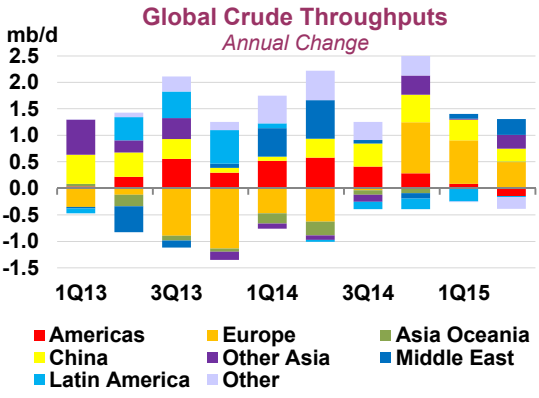
- **The estimate of global refinery crude runs for 1Q15 has been lifted by 160 kb/d since last month's *Report*, to 78 mb/d, on yet another month of strong OECD throughputs.** Weaker than expected throughputs for a number of non-OECD countries and unexpectedly strong product demand supported margins, providing OECD refiners with an incentive to use surplus capacity. Current estimates peg 1Q15 OECD runs up 0.9 mb/d from a year earlier, while estimated non-OECD growth has been cut to less than 0.3 mb/d.

- **Non-OECD refinery runs look on track to post year-on-year (y-o-y) growth of just 250 kb/d for 1Q15, their weakest annual increase since 2009.** Strong gains in China and parts of the Middle East were more than offset by outages in Latin America and Iraq, the impact of a revised tax scheme in Russia and surprisingly modest growth in the rest of non-OECD Asia in early 2015. Growth is expected to accelerate later in 2015, once new capacity ramps up.

- **OECD refinery crude intake rose counter-seasonally in February, by 280 kb/d from a month earlier, to average 37.5 mb/d**, extending y-o-y gains. Seasonal drops in North America partly offset gains in Europe, and to a lesser extent OECD Asia Oceania. Healthy refinery margins underpinned growth in OECD runs of nearly 1.1 mb/d above a year-earlier, with particularly strong gains in Europe.

- **With the exception of some US Gulf Coast markers, surveyed refinery margins continued their upward spiral in March, supported by lower crude prices and healthy gasoline cracks**. US Midcontinent refiners enjoyed the steepest gains, as crude prices there declined more than elsewhere. European margins also climbed, as maintenance shutdowns tightened product markets. Singapore margins saw weaker gains, but nevertheless inched higher, to their strongest rates since 2008.





Global refinery overview

Global refinery markets continued to see diverging trends in early 2015, with OECD refiners posting hefty annual gains, while non-OECD growth was surprisingly weak. In January, the latest month for which a complete set of monthly data is available, OECD refiners recorded an increase of 700 kb/d year-on-year (y-o-y) in aggregate crude throughputs, while non-OECD refinery runs actually contracted. For February,

OECD throughput gains look even higher, at nearly 1.1 mb/d. European plants accounted for the bulk of this, with only modest gains coming from Asia. Since the summer of 2014, European refiners have managed seven consecutive months of annual growth in throughputs, despite extensive recent capacity reductions. Not only European, but also South Korean, refiners have profited from improved conditions, with the latter processing record amounts of crude and condensates in recent months, after an extended period of depressed margins and runs.

Global Refinery Crude Throughput[1]

(million barrels per day)

	Dec 14	**4Q2014**	Jan 15	Feb 15	Mar 15	**1Q2015**	Apr 15	May 15	Jun 15	**2Q2015**	Jul 15
Americas	19.3	**18.8**	18.4	18.2	18.4	**18.4**	18.5	18.9	19.1	**18.8**	19.5
Europe	11.7	**11.8**	11.9	12.2	11.8	**11.9**	11.6	11.6	11.6	**11.6**	11.9
Asia Oceania	6.9	**6.6**	6.9	7.1	6.7	**6.9**	6.5	6.0	5.9	**6.1**	6.1
Total OECD	38.0	**37.2**	37.2	37.5	36.9	**37.2**	36.6	36.4	36.6	**36.5**	37.6
FSU	7.2	**7.2**	7.1	7.2	6.9	**7.0**	6.6	7.0	7.2	**6.9**	7.1
Non-OECD Europe	0.5	**0.5**	0.5	0.4	0.4	**0.4**	0.5	0.4	0.4	**0.4**	0.5
China	10.5	**10.3**	10.1	10.4	10.3	**10.3**	10.1	9.9	10.1	**10.0**	10.3
Other Asia	10.1	**10.0**	10.1	10.0	9.9	**10.0**	9.9	9.8	9.9	**9.8**	10.0
Latin America	4.6	**4.6**	4.5	4.4	4.5	**4.5**	4.7	4.8	4.7	**4.7**	4.8
Middle East	6.3	**6.1**	6.3	6.4	6.5	**6.4**	6.5	6.7	6.7	**6.6**	6.8
Africa	2.2	**2.2**	2.1	2.2	2.2	**2.2**	2.2	2.1	2.2	**2.2**	2.1
Total Non-OECD	41.3	**40.9**	40.6	41.0	40.8	**40.8**	40.4	40.6	41.2	**40.7**	41.5
Total	79.3	**78.2**	77.8	78.5	77.7	**78.0**	77.0	77.0	77.8	**77.3**	79.1

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

Refinery margins have been on an upward trend since mid-2014, despite initially lacklustre demand growth. More recently, cold weather and lower retail product prices helped spur stronger demand growth in some countries. Perhaps more importantly, refinery outages and weaker runs in many non-OECD countries seem to have created opportunities for plants with surplus capacity in more mature markets.

In Latin America, planned and unplanned shutdowns in Colombia, Brazil and Venezuela have dragged regional runs sharply lower. While the pace of the ramp-up of new refineries in the Middle East is somewhat uncertain, available data show that these new plants have so far failed to offset outages in Iraq, plagued by the ISIL campaign since last summer. Preliminary data for Russian refinery activity hint at the possibility that recent tax changes could prompt some refiners to curb output. Extensive maintenance in Asia is also limiting runs.

In the US meanwhile, refiners are currently ramping up runs sharply after completing an extensive maintenance schedule, and as labour disputes are slowly getting resolved. During the seasonal low point in refining activity, crude supplies have lifted inventories, putting further downward pressure on inland crude grades. In addition to a slowdown in supply growth, new processing capacity nearing completion should help absorb some of this surplus.

In all, global crude run estimates for 1Q15 have been lifted by 160 kb/d since last month's *Report*, to 78 mb/d. Current estimates peg 1Q15 OECD runs up nearly 0.9 mb/d from a year earlier, while growth for non-OECD countries has been cut to less than 0.3 mb/d. While Atlantic Basin refinery maintenance was largely completed in 1Q15, Asian turnarounds could take off line as much as 2.5 mb/d of distillation capacity at its peak in May. As a result, global crude runs are expected to decline seasonally to 77.3 mb/d on average in 2Q15, unchanged from earlier forecasts.

Margins

Refinery margins generally continued their recent upward trajectory in March, rising to their highest levels in more than two years in Europe and since 2008 for Singapore. US Midcontinent refinery margins gained the most, up $4.70/bbl on average, to well above the $20/bbl mark for all grades modelled. A 30/70 Western Canadian Select/Bakken blend made $24.40/bbl on average in a Midcontinent coking refinery, with weekly highs of more than $32/bbl touched mid-month. In contrast, US Gulf Coast cracking margins fell and coking margins trended sideways. LLS and other Gulf Coast grades saw their premium to inland grades widen, and at times stood even above Brent and other international benchmarks.

IEA/KBC Global Indicator Refining Margins[1]

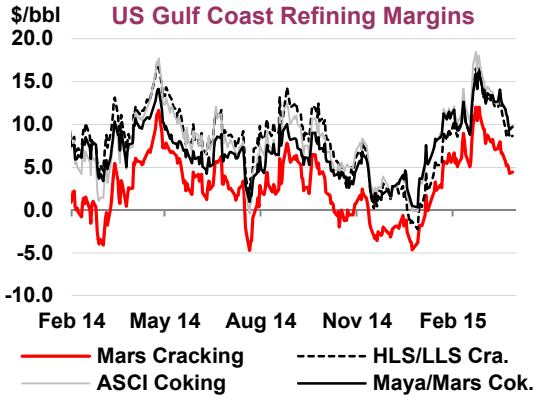
($/bbl)

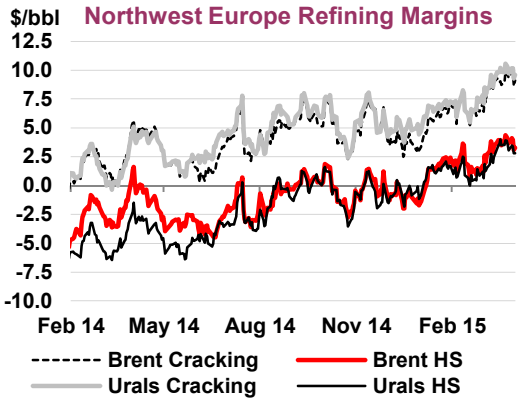
	Monthly Average				Change		Average for week ending:			
	Dec 14	Jan 15	Feb 15	Mar 15	Mar 15-Feb 15	13 Mar	20 Mar	27 Mar	03 Apr	10 Apr
NW Europe										
Brent (Cracking)	3.68	5.75	6.60	8.75	↑ 2.15	8.73	9.03	9.47	9.32	7.24
Urals (Cracking)	4.86	6.62	6.91	9.31	↑ 2.40	8.95	9.90	10.13	9.79	7.88
Brent (Hydroskimming)	-0.98	1.33	1.83	3.34	↑ 1.51	3.27	3.78	3.98	3.60	1.87
Urals (Hydroskimming)	-0.71	1.24	1.08	2.75	↑ 1.67	2.28	3.54	3.58	3.11	1.54
Mediterranean										
Es Sider (Cracking)	6.63	8.50	8.89	10.26	↑ 1.37	10.31	10.59	10.60	11.07	9.28
Urals (Cracking)	6.10	8.06	7.63	9.30	↑ 1.67	9.10	9.73	9.92	9.56	7.36
Es Sider (Hydroskimming)	1.53	3.87	4.08	5.44	↑ 1.36	5.42	5.88	5.85	6.17	4.54
Urals (Hydroskimming)	-1.38	1.10	0.43	2.14	↑ 1.71	1.81	2.77	2.97	2.50	0.48
US Gulf Coast										
50/50 HLS/LLS (Cracking)	1.15	5.46	11.85	11.51	↓ -0.35	12.71	12.29	9.04	9.07	7.67
Mars (Cracking)	-2.42	2.80	8.01	6.98	↓ -1.03	7.72	7.23	5.10	4.78	3.75
ASCI (Cracking)	-2.29	2.91	8.11	6.85	↓ -1.26	7.42	7.19	5.24	4.55	3.63
50/50 HLS/LLS (Coking)	2.64	7.08	13.45	13.59	↑ 0.14	14.84	14.36	11.05	11.02	9.56
50/50 Maya/Mars (Coking)	2.57	8.23	12.06	12.14	↑ 0.08	12.88	12.86	10.45	9.55	8.22
ASCI (Coking)	2.29	8.24	13.53	12.46	↓ -1.07	13.22	12.74	10.54	10.01	8.99
US Midcon										
WTI (Cracking)	4.33	4.92	15.97	20.43	↑ 4.46	16.17	29.07	24.34	16.75	16.10
30/70 WCS/Bakken (Cracking)	7.95	8.14	16.48	20.50	↑ 4.02	17.08	28.13	24.19	16.42	15.54
Bakken (Cracking)	9.61	10.23	19.29	23.64	↑ 4.36	19.62	32.53	28.11	19.42	18.75
WTI (Coking)	6.15	6.39	17.65	22.77	↑ 5.13	18.22	31.97	27.00	18.85	18.19
30/70 WCS/Bakken (Coking)	11.33	11.05	19.79	24.16	↑ 4.38	20.51	32.50	28.06	19.78	18.88
Bakken (Coking)	10.23	10.78	19.88	24.60	↑ 4.72	20.41	33.80	29.26	20.28	19.60
Singapore										
Dubai (Hydroskimming)	0.62	2.65	2.57	2.54	↓ -0.02	2.27	2.98	2.53	2.33	0.84
Tapis (Hydroskimming)	3.94	6.01	4.94	5.29	↑ 0.35	5.95	5.39	4.79	4.57	2.35
Dubai (Hydrocracking)	5.84	7.21	7.15	8.25	↑ 1.10	8.00	8.75	8.22	7.78	5.80
Tapis (Hydrocracking)	6.49	7.68	7.25	8.95	↑ 1.70	9.08	9.52	8.99	8.71	6.23

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)

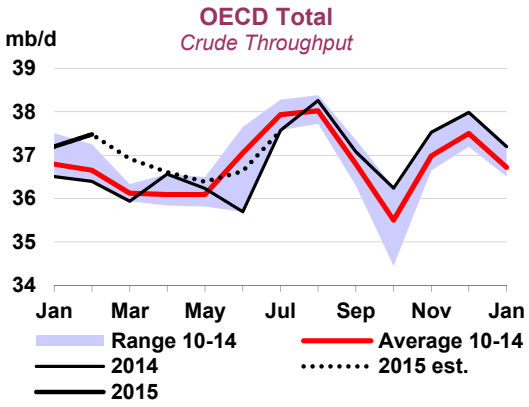
European refiners saw margins improve yet again in March, with Northwest refiners gaining an additional $1.93/bbl and Mediterranean plants fetching $1.53/bbl more. At nearly $9/bbl, the Brent cracking margins in NWE was at its highest monthly average since October 2012, when a French refinery strike had crippled regional product supplies. Simple margins remained positive, prompting higher discretionary runs, to offset maintenance shutdowns elsewhere. Singapore margins rose steadily, supported by pockets of demand strength, notably in India and South Korea, increased import demand from Australia, and the onset of regional spring turnarounds.

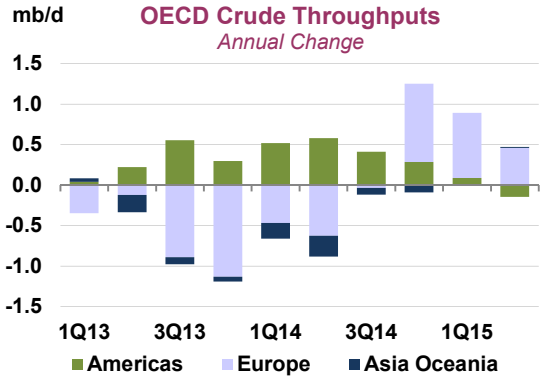




OECD refinery throughput

OECD refinery intake rose counter-seasonally in February, up 280 kb/d from a month earlier, to average 37.5 mb/d, extending strong y-o-y increases. Seasonal drops in North America partly offset gains in Europe, and to a lesser extent OECD Asia Oceania. Healthy refinery margins underpinned OECD runs well above year-earlier levels. In particular, European refiners processed nearly 1 mb/d more crude than a year earlier while refiners in OECD Asia Oceania increased runs by 160 kb/d year-on-year. In the OECD Americas in contrast, throughputs were unchanged from February 2014, as higher US runs were offset by annual declines in both Canada and Mexico.





While North American and European plant maintenance likely peaked in February and March, respectively, Asian spring turnarounds normally peak several months later. Asian refiners are set to take as much as 2.5 mb/d of crude capacity offline at the peak of regional plant maintenance in May, of which nearly 1.3 mb/d is poised to come from OECD countries. As a result, we forecast total Asian throughputs to decline by nearly 2.0 mb/d from December's high point through May, of which OECD Asia Oceania accounts for half. Refinery demand in the Atlantic basin looks set to pick up from April onwards, even as plant turnarounds cause Asian crude demand to ease through June.

Following already lower European throughputs in March, confirmed by preliminary data from Euroilstock released on 10 April, runs are likely to remain relatively subdued in coming months. Some of the support, which has recently underpinned higher European throughputs, is expected to fall away as runs in competing regions ramp up. Indeed, as of early April, European gasoline cracks were already moving sharply lower, despite regional maintenance outages. Lower export demand from both the US, where refiners were ramping up runs after maintenance, and Africa pushed prices lower. In all, OECD throughputs are forecast to drop from an average 37.2 mb/d in 1Q15 to 36.5 mb/d in 2Q15, when annual gains are expected to ease to 370 kb/d, from 910 kb/d in 1Q15 and 1.2 mb/d in 4Q14.

Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

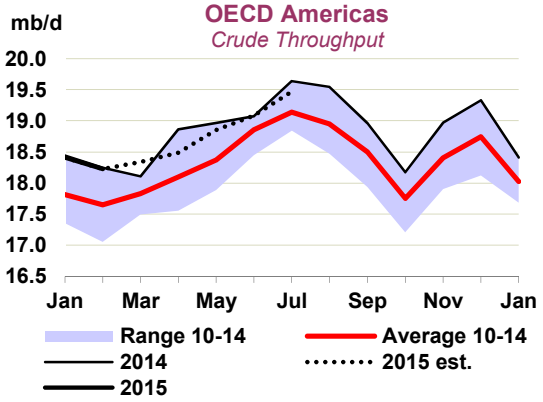
	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Change from Jan 15	Change from Feb 14	Utilisation rate[1] Feb 15	Utilisation rate[1] Feb 14
US[2]	16.06	15.34	16.04	16.47	15.49	15.32	-0.17	0.20	0.86	0.85
Canada	1.54	1.58	1.70	1.60	1.74	1.69	-0.05	-0.18	0.92	1.02
Chile	0.17	0.16	0.15	0.17	0.17	0.19	0.02	0.02	0.82	0.75
Mexico	1.18	1.09	1.07	1.09	1.01	1.03	0.02	-0.05	0.62	0.66
OECD Americas	**18.96**	**18.17**	**18.97**	**19.33**	**18.41**	**18.22**	**-0.18**	**-0.02**	**0.85**	**0.85**
France	1.18	1.19	1.14	1.16	1.16	1.26	0.10	0.19	0.90	0.77
Germany	1.90	1.82	1.93	1.92	1.94	2.00	0.06	0.09	0.99	0.94
Italy	1.21	1.14	1.27	1.28	1.26	1.31	0.05	0.14	0.75	0.67
Netherlands	1.05	1.11	1.03	0.99	1.08	1.08	0.00	0.04	0.84	0.81
Spain	1.10	1.21	1.19	1.25	1.19	1.19	0.00	0.05	0.78	0.75
United Kingdom	1.15	1.15	1.14	1.17	1.11	1.12	0.00	0.02	0.81	0.70
Other OECD Europe	3.99	4.20	4.17	3.94	4.12	4.23	0.11	0.41	0.87	0.78
OECD Europe	**11.59**	**11.82**	**11.87**	**11.71**	**11.87**	**12.20**	**0.32**	**0.95**	**0.86**	**0.78**
Japan	3.17	2.89	3.18	3.41	3.28	3.37	0.09	-0.09	0.84	0.80
South Korea	2.52	2.53	2.65	2.70	2.79	2.83	0.03	0.35	0.86	0.81
Other Asia Oceania	0.84	0.83	0.84	0.84	0.85	0.87	0.02	-0.10	0.79	0.79
OECD Asia Oceania	**6.53**	**6.25**	**6.68**	**6.95**	**6.92**	**7.06**	**0.14**	**0.16**	**0.84**	**0.80**
OECD Total	**37.08**	**36.24**	**37.52**	**37.99**	**37.20**	**37.48**	**0.28**	**1.09**	**0.85**	**0.82**

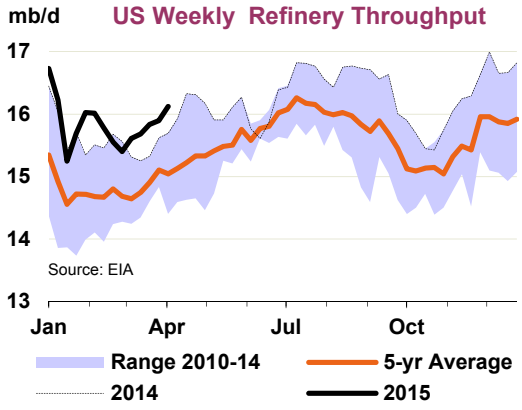
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

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

Refinery activity in the **OECD Americas** hit a seasonal low in February, falling on weak runs in both the US and Canada. Extended plant maintenance and unscheduled outages in both countries curbed runs from January. Compared with the previous year, lower activity in Canada and Mexico offset increases in the US. Indeed, despite suffering the largest industry walkout in more than 35 years, US refiners managed to raise throughputs by some 200 kb/d.

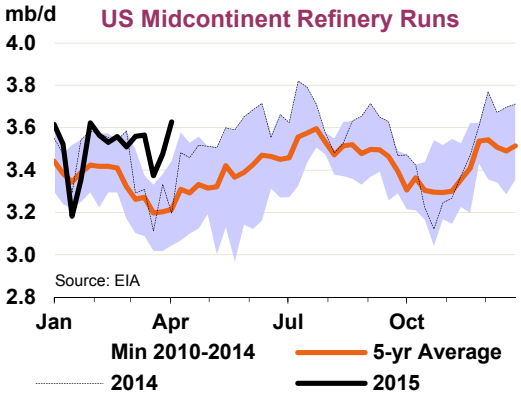


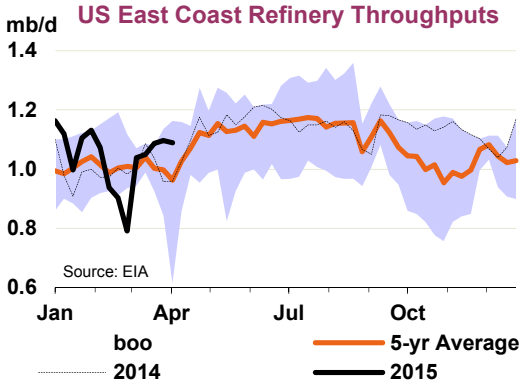


Compared with January, US runs were roughly 170 kb/d lower in February, as East Coast runs plunged by 180 kb/d, to 910 kb/d. Freezing temperatures in February forced East Coast plants to curb runs to just 775 kb/d mid-month, the lowest weekly level since November 2012.

Since the first week of March, however, US refinery activity has been on a steady upward trend, rising more than 600 kb/d in total by early April. On a monthly average level, US runs were 260 kb/d higher in March, at nearly 15.6 mb/d, with gains of 150 kb/d on the East Coast and 145 kb/d on the Gulf Coast more than offsetting small declines in other regions.

Despite a national agreement reached between the United Steel Workers (USW) union and industry, labour strikes continue to affect operations at some US refineries. While lead negotiator Shell and union representatives reached a tentative deal to end the largest US refinery strikes in 35 years, mid-March, local issues were left to be discussed between the regional chapters of the union (USW) and the respective refinery owners. Workers at Tesoro's 166 kb/d Golden Eagle refinery in California, meanwhile, ratified a new contract in late March, putting an end to a 52-day strike at the plant. The Tesoro plant had been completely idle since workers walked out on 1 February, as it was also undertaking maintenance at the time. In the case of BP's Whiting refinery, the sixth largest in the US, talks to resolve local issues have so far been unsuccessful. Whiting employees walked out on 8 February to join the national strike. Since then, a number of malfunctions have been reported at the plant, reducing throughput rates. Disagreements over local issues have also kept strikes going at Marathon's Galveston Bay, Texas, refinery, the BP - Husky JV Toledo, Ohio refinery and at Lyondell's Houston, Texas, plant.



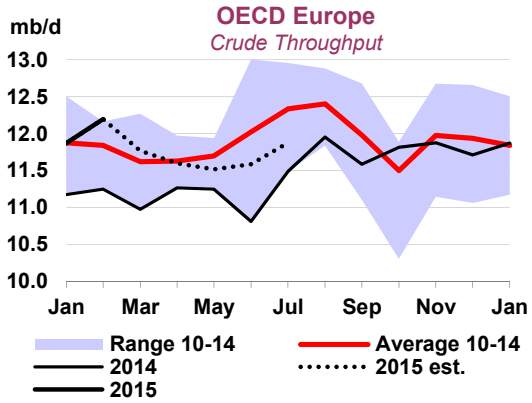


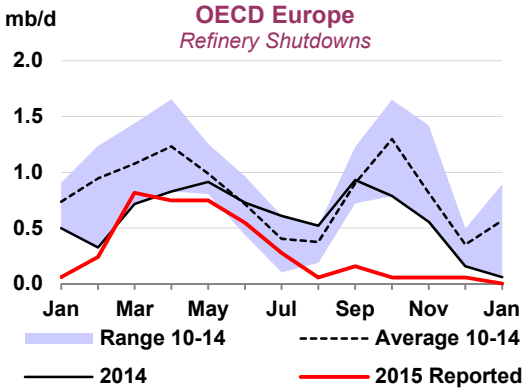
To absorb increasing North American oil supplies, 325 kb/d of new distillation capacity is expected to come on line in 2015. Kinder Morgan began commissioning the first of two 50 kb/d condensate splitters on the Houston ship channel in March. The splitter, which had been scheduled to start up in 2014, was expected to reach full capacity by the end of the month. The second splitter is on track to come online during July. Also the 20 kb/d Dakota Prairie refinery in North Dakota should be completed in 2Q15.

European refiners enjoyed another bumper month in February, taking crude throughputs above 12 mb/d, as margins remained supportive. A combination of lower excess capacity, after a string of refinery closures in recent years, and outages in non-OECD countries have allowed European refiners a change in fortunes. February marked the seventh consecutive month of year-on-year growth in European throughputs. Gains averaged above 700 kb/d over the period, reaching 950 kb/d in February.

Latest information from Euroilstocks shows refinery intake in the EU15 countries and Norway falling some 320 kb/d in March, though maintaining robust annual gains. The steepest declines came from Germany and the Netherlands, in line with expectations based on announced maintenance outages. In Germany, Gunvor reportedly shut its Ingolstadt refinery for a two-week period in March, and the 320 kb/d JV Miro refinery in Karlsruhe was closed at end-March for some 40 days. In the Netherlands, Shell started work at its 400 kb/d Pernis refinery in March, contributing to a 70 kb/d monthly decline. A 75 kb/d decline was also seen in Belgian runs, while other countries were largely unchanged.

Regional throughputs are likely to stay around March levels, or even decline further, in coming months, as maintenance outages remain relatively high. Amongst others, Finland's Neste Oil will start an eight-week major turnaround of its Porvoo refinery from April. French Total announced it would shut its Donges plant for nearly two months from May, while in the UK, Conoco's Humber and Ineos' Grangemouth plants were also planning work. Margins and throughputs could also come under renewed pressure as support from recently weak US runs falls away, when these ramp up through the summer months.





Turkish refinery upgrade lifts throughputs

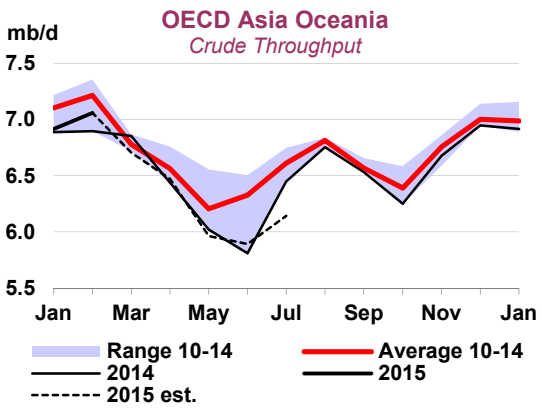
The completion of Turkish state refiner, Tupras' Residuum Upgrading Project (RUP) at its Izmit refinery is set to lift Turkey's refinery throughputs in 2015. The $2.7 billion RUP project, launched in 2011, will boost the conversion capacity of the 220 kb/d Izmit refinery and enable it to process heavier and higher sulphur crudes. Since its official opening on 15 December, the plant has steadily brought units online and raised runs, with latest data showing total Turkish crude throughputs averaging 480 kb/d in February, up 60 kb/d from January and some 80 kb/d above a year earlier.

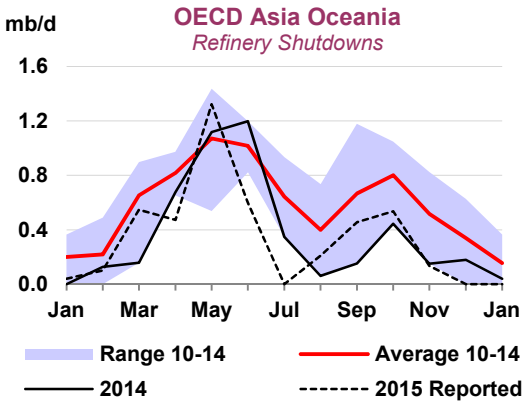
Turkey's crude throughput rates are expected to increase further over 2015. Tupras, which currently has a total refining capacity of 560 kb/d in four refineries, announced it was planning to lift runs to 530 kb/d in 2015, from just over 400 kb/d on average in 2014. More importantly perhaps, the project will transform the refinery into one of the most complex in the world, and significantly alter the country's refinery yields. According to official data, Turkey's fuel oil yields averaged 17% in 2014, compared with a European average of 10%.

As such, the upgrader, which includes a vacuum distillation unit, a coker, a hydrocracker and diesel desulphurisation units, will significantly lower the country's overall fuel oil yields. It will allow the plant to turn 77 kb/d of fuel oil into 61 kb/d of diesel/jet, 12 kb/d of gasoline and 2 kb/d of LPG, and go some ways to cut product imports and reduce Turkey's current account deficit. Turkey's net oil product imports averaged 295 kb/d in 2014, of which diesel/gasoil accounted for nearly 90%. Turkey had a surplus of gasoline and fuel oil last year.

The real change to Turkey's product balances will only come once the Socar Turkey Aegean Refinery (STAR) at Aliaga is completed, however. The 214 kb/d refinery, which is slated for completion in 2017/2018 at an anticipated cost of $5.5 billion, will produce nearly 100 kb/d ultra-low sulphur diesel and 35 kb/d of jet fuel. The plant, which will also yield products such as LPG, naphtha and xylene, will be integrated with the nearby Petkim petrochemicals project.

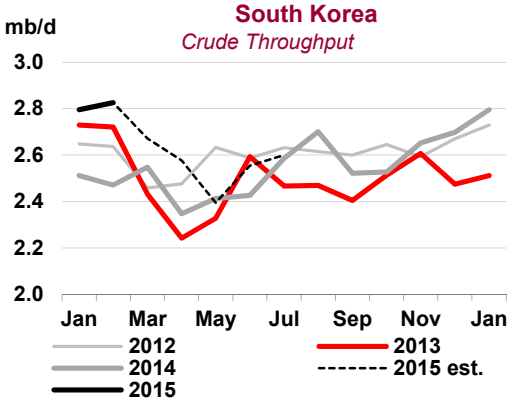
In **OECD Asia Oceania**, total crude throughputs inched higher in February from a month earlier, hovering nearly 0.2 mb/d above the previous year on the back of higher South Korean throughputs. Japanese and Australian activity meanwhile suffered from recent capacity closures. **Australia**'s Caltex turned its 135 kb/d Kurnell refinery into an import terminal in late 2014, following Shell's conversion of its Clyde refinery in late 2012. By May, Australia will reduce the number of refineries to just four, when BP completes the shutdown of its 102 kb/d Bulwer refinery.

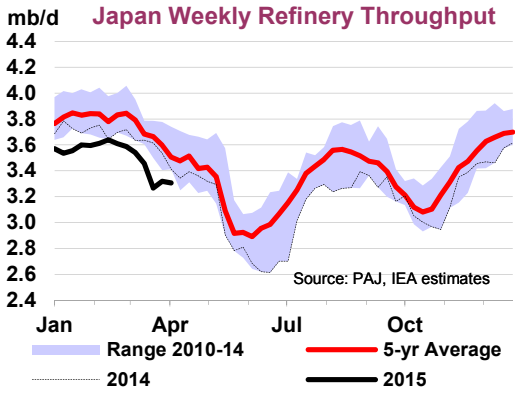




The refinery closures have raised Australia's product import requirement, and provided support to regional product exporters. **South Korea**n refinery runs reached another record high in February, inching up 30 kb/d to 2.83 mb/d on average (and 350 kb/d above a year earlier). Runs have been supported by good margins in the region and also from strong domestic demand. According to government figures, gasoil consumption rose 12.7% y-o-y in February while gasoline demand surged 11.8% from a year earlier, reportedly on the back of lower retail prices.

Korean throughputs are set to decline through May, when maintenance peaks. Just under 200 kb/d of capacity was reported offline in March and April, rising to more than 400 kb/d in May. Amongst announced shutdowns, SK Energy was to take a 240 kb/d crude unit at its Ulsan refinery offline in March, followed by a 280 kb/d unit off Hyundai Oil bank's Desean plant and a 180 kb/d unit at GS Caltex' Yeochon refinery in May.



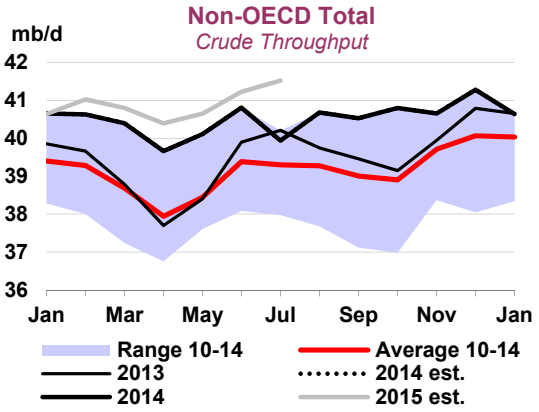


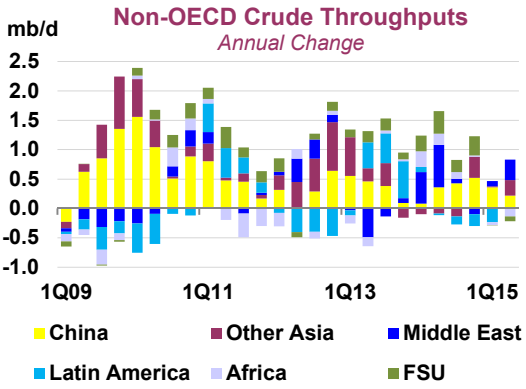
In contrast, **Japanese** refinery runs continue to trend below year-earlier levels. Refiners cut capacity by 0.5 mb/d during 2014, and further reductions have been scheduled for 2015. Brazil's Petrobras announced in March it will convert its 100 kb/d Nishihara refinery in Okinawa into an oil importing terminal. The plant, which is the only one in Okinawa, was put up for sale in 2011 and failed to elicit buying interest. Also Idemitsu and Tonen General just announced they had cut capacity. Idemitsu cut crude capacity at its Chiba refinery by 20 kb/d on 1 April, and has announced it will cut capacity at the plant by another 35 kb/d, while Tonen reduced the capacity of its Kawasaki refinery by 10 kb/d.

Non-OECD refinery throughput

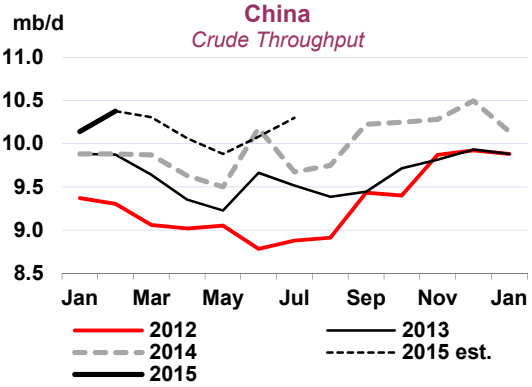
Non-OECD refinery runs were largely unchanged from a year earlier in January, as y-o-y declines in Latin America and the Middle East offset gains in non-OECD Asia. Planned and unplanned outages curbed activity in Colombia and Brazil, respectively, while the extended shutdown of Iraq's largest refinery curtailed Middle Eastern throughputs. Preliminary data suggest Russian refinery runs finally declined year-on-year in March, after growing for 22 consecutive months, possibly as recently implemented tax

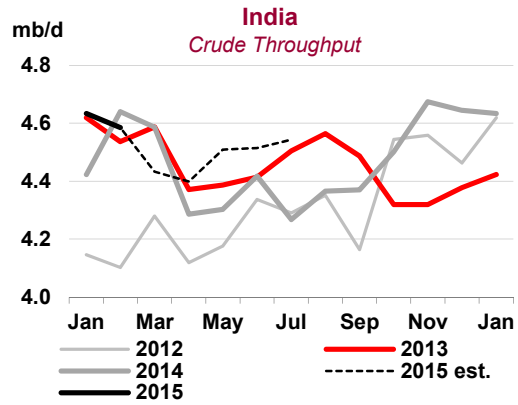
changes have reduced the profitability of simple refineries with high fuel-oil yields. At 40.8 mb/d, non-OECD throughputs are forecast only 0.3 mb/d above a year earlier, their weakest annual growth rate for any quarter since the start of 2009. With new capacity slowly ramping up, and some refiners delaying maintenance due to good margins, growth is expected to pick up in 2Q15, to 0.6 mb/d, with gains mostly stemming from Asia and the Middle East.





Chinese refiners processed an estimated 10.4 mb/d in February, up by 240 kb/d from January and nearly 0.5 mb/d above a year earlier. Industry surveys show state refiners planned to keep runs largely unchanged in March before maintenance cuts rates in April. In particular, maintenance at Wepec's Dalian plant and PetroChina's Dushanzi refinery will reduce runs from April.

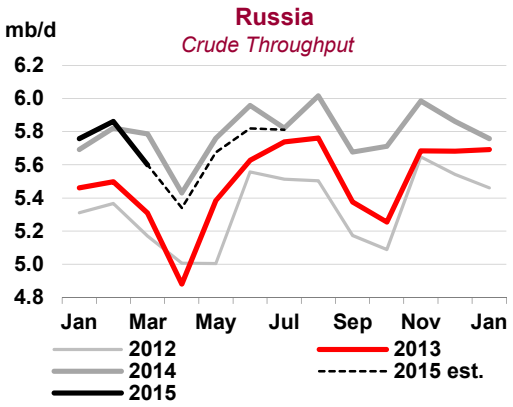


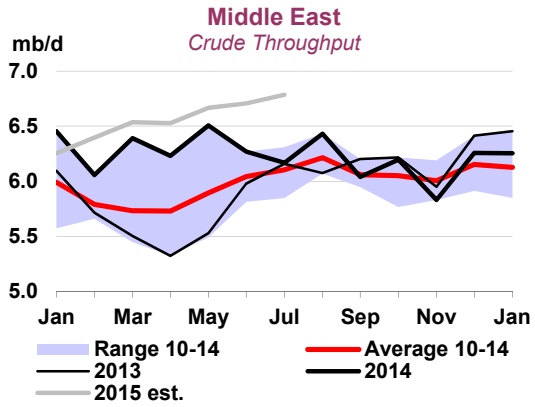


In **Other Asia**, **Indian** refinery throughputs averaged 4.6 mb/d in February, just 50 kb/d shy of both the previous month and a year earlier. Reliance reportedly shut half of its 660 kb/d refinery for four-week period over March and April, while BPCL shut its 120 kb/d Bina plant from two months from end-March. Essar, meanwhile, deferred maintenance at its Vadinar refinery, reportedly to profit from robust margins. The company earlier announced it planned to shut the 405 kb/d plant for four weeks over May-June, but is now expected to start the maintenance in July. In other news, it was reported that IOC plans to start trial runs at its 300 kb/d Paradip refinery in April, and to reach full capacity by 3Q15 at the earliest.

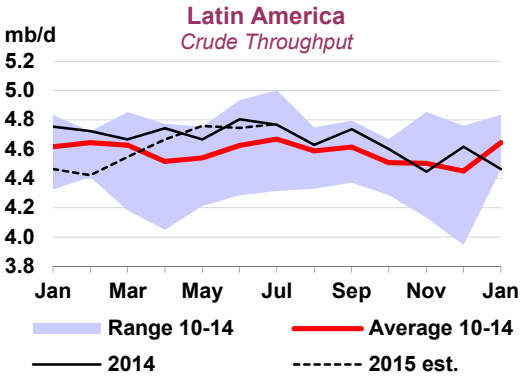
According to preliminary data, **Russian** refinery runs dropped 260 kb/d in March, to 5.6 mb/d, as refiners embarked on maintenance. Runs are expected to drop further in April, as turnarounds intensify, with an average of 530 kb/d of distillation capacity offline, compared with 290 kb/d in March. If confirmed by final data, March would mark the first month this year with runs contracting year-on-year, by about 3%, possibly as a result of changes to the country's oil industry taxation that took effect on 1 January. The new taxes reduced export duties on crude oil and light oil product products while raising the mineral

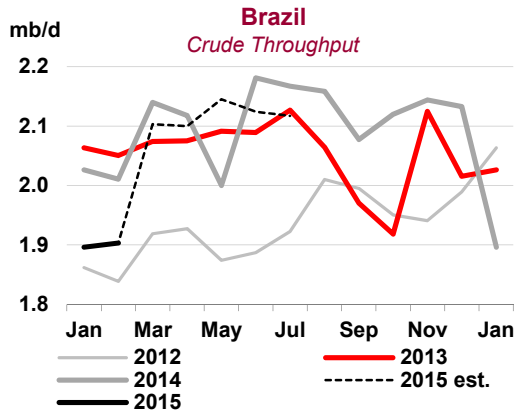
extraction tax for crude oil and the export duties for fuel oil, significantly impacting Russian oil exports in recent months (see *FSU Exports* in Supply). As a result, domestic Russian crude oil prices have been raised, significantly reducing the profitability of Russian refiners, and making simple refineries, with high fuel oil yields, unprofitable to operate.





Latest JODI data show total **Middle Eastern** throughputs below year-earlier levels in January, despite the start-up of new plants. A 250 kb/d annual drop in Iraqi refinery runs, after the country's largest refinery was shut last summer saw regional rates lower. Both Saudi Arabia and the UAE are expected to post robust annual growth in the coming months, however, as new plants reach capacity. Saudi Aramco announced in March it will decommission its aging 100 kb/d Jeddah refinery on the Red Sea in 2016, as rehabilitating the plant would be uneconomic. Aramco had already shelved its $2-3 billion Ras Tanura upgrading project following the recent drop in oil prices.





In **Latin America,** runs continue to trend below year-earlier levels. Brazilian data for February showed crude runs remained subdued around 1.9 mb/d, following a string of outages at the end of December. Petrobras earlier announced it would only resume full rates at its 250 kb/d Reduc refinery mid-March, after a damaged cracking unit had curbed runs for more than three weeks. In January, an explosion in a hydrogen unit of the 320 kb/d Landulpho Alves refinery in the north of the country had also cut runs. On a more positive note, Petrobras started up the second of two diesel hydrotreaters at its Abreu e Lima refinery in March, and was gearing up to start the second of two 115 kb/d crude units. The first unit started crude processing in December 2014, and the company says it remains on target to start the second unit in May. According to Ecopetrol's latest financial report, the Colombian company's Reficar refinery project, which aims to double the plant's capacity to 160 kb/d from 85 kb/d and increase its complexity, was 96.3% complete at the end of 2014. The plant has been shut since March 2014.

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

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas[1]	24.0	23.6	23.8	23.9	24.3	24.3	24.1	23.9	23.6	24.2	24.5	24.0	24.1	23.9	24.3	24.6	24.2
Europe[2]	14.3	13.8	13.2	13.9	14.0	13.6	13.7	13.0	13.4	13.9	13.5	13.5	13.3	13.4	13.7	13.4	13.5
Asia Oceania[3]	8.2	8.5	8.9	7.8	8.0	8.6	8.3	8.9	7.7	7.7	8.3	8.1	8.6	7.5	7.7	8.2	8.0
Total OECD	46.4	45.9	45.9	45.6	46.4	46.6	46.1	45.7	44.7	45.8	46.3	45.6	46.0	44.8	45.7	46.2	45.7
NON-OECD DEMAND																	
FSU	4.6	4.6	4.5	4.7	4.9	5.0	4.8	4.6	4.8	5.0	5.0	4.9	4.6	4.6	4.8	4.7	4.7
Europe	0.7	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	9.4	9.8	9.9	10.1	10.2	10.3	10.1	10.2	10.4	10.4	10.7	10.4	10.4	10.7	10.7	11.0	10.7
Other Asia	11.2	11.6	11.9	11.9	11.6	12.0	11.9	12.2	12.1	11.8	12.3	12.1	12.7	12.6	12.3	12.8	12.6
Americas	6.2	6.4	6.4	6.6	6.8	6.8	6.6	6.6	6.8	6.9	6.9	6.8	6.6	6.9	7.0	7.0	6.9
Middle East	7.5	7.8	7.6	7.9	8.4	7.8	7.9	7.8	8.2	8.6	7.9	8.1	7.9	8.4	8.8	8.1	8.3
Africa	3.6	3.8	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.1	4.1	4.0	4.1	4.1
Total Non-OECD	43.1	44.6	44.7	45.7	46.2	46.3	45.8	46.0	46.9	47.3	47.4	46.9	47.0	47.8	48.3	48.5	47.9
Total Demand[4]	**89.5**	**90.6**	**90.6**	**91.3**	**92.6**	**92.9**	**91.9**	**91.7**	**91.6**	**93.0**	**93.7**	**92.5**	**93.0**	**92.7**	**94.1**	**94.7**	**93.6**
OECD SUPPLY																	
Americas[1,7]	14.6	15.8	16.8	16.6	17.3	17.8	17.1	18.1	18.6	19.0	19.6	18.8	19.6	19.6	19.2	19.4	19.4
Europe[2]	3.8	3.5	3.4	3.3	3.2	3.4	3.3	3.5	3.2	3.1	3.5	3.3	3.5	3.3	3.2	3.5	3.4
Asia Oceania[3]	0.6	0.6	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	18.9	19.8	20.6	20.4	21.0	21.6	20.9	22.1	22.4	22.6	23.5	22.6	23.5	23.4	23.0	23.4	23.3
NON-OECD SUPPLY																	
FSU	13.6	13.6	13.9	13.8	13.8	14.0	13.9	14.0	13.8	13.8	14.0	13.9	14.0	13.8	13.7	13.7	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	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.2	4.1	4.2	4.1	4.2	4.2	4.2	4.2
Other Asia[5]	3.7	3.6	3.7	3.6	3.5	3.5	3.6	3.5	3.5	3.4	3.6	3.5	3.6	3.6	3.6	3.6	3.6
Americas[5,7]	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.4	4.6	4.4	4.5	4.4	4.4	4.5	4.4
Middle East	1.7	1.5	1.4	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2
Africa[5]	2.5	2.2	2.2	2.3	2.3	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	29.9	29.4	29.6	29.5	29.3	29.9	29.6	29.9	29.6	29.6	29.9	29.8	30.0	29.7	29.5	29.6	29.7
Processing gains[6]	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.9	1.9	1.5	2.0	2.4	2.2	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.3	2.6	2.3	2.2
Total Non-OPEC[5]	52.8	53.2	53.8	54.1	54.9	55.9	54.7	55.8	56.5	57.0	57.9	56.8	57.5	57.5	57.2	57.5	57.4
OPEC																	
Crude[8]	29.9	31.3	30.5	30.9	30.6	29.8	30.5	30.0	30.1	30.5	30.5	30.3	30.5				
NGLs	5.9	6.2	6.2	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.5	6.4	6.5	6.6	6.6	6.7	6.6
Total OPEC[5]	35.8	37.5	36.7	37.2	36.9	36.1	36.7	36.3	36.4	37.0	37.0	36.7	37.0				
Total Supply[9]	**88.6**	**90.7**	**90.5**	**91.3**	**91.8**	**92.0**	**91.4**	**92.1**	**92.9**	**94.0**	**94.9**	**93.5**	**94.5**				
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.2	0.2	0.2	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.1	0.4					
Government	-0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0					
Total	-0.3	0.2	0.3	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.1	0.4					
Floating storage/Oil in transit	-0.1	0.0	0.2	-0.1	0.2	0.3	0.1	0.3	-0.3	0.3	-0.1	0.0					
Miscellaneous to balance[10]	-0.6	0.0	-0.5	0.1	-1.4	0.2	-0.4	0.0	0.9	-0.1	1.4	0.5					
Total Stock Ch. & Misc	**-0.9**	**0.2**	**-0.1**	**-0.1**	**-0.8**	**-1.0**	**-0.5**	**0.5**	**1.3**	**0.9**	**1.2**	**1.0**	**1.6**				
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.8	31.1	30.5	31.0	31.4	30.8	30.9	29.5	28.8	29.6	29.3	29.3	28.9	28.5	30.2	30.5	29.5

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)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Total Demand	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.1**	**-**	**-**	**0.1**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.3	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	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
Americas	-	-	-	-	-	-	-	-	-	-	0.1	-	0.2	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1	0.3	0.1	0.3	-	-	-	0.1
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1	0.3	0.1	0.3	0.1	-0.1	-0.2	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-					
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-
Total OPEC	-	-	-	-	-	-	-	-	-	-	-	-					
Total Supply	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.3**	**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	0.3	0.1					
Total Stock Ch. & Misc	**-**	**-**	**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	-0.3	-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

	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Demand (mb/d)																
Americas[1]	23.59	23.80	23.87	24.33	24.35	24.09	23.86	23.63	24.21	24.47	24.05	24.07	23.89	24.34	24.57	24.22
Europe[2]	13.80	13.20	13.90	14.03	13.61	13.69	13.00	13.41	13.88	13.54	13.46	13.34	13.37	13.69	13.40	13.45
Asia Oceania[3]	8.53	8.86	7.83	8.00	8.59	8.32	8.85	7.66	7.67	8.31	8.12	8.61	7.54	7.71	8.23	8.02
Total OECD	45.93	45.86	45.60	46.36	46.55	46.09	45.71	44.70	45.76	46.32	45.63	46.02	44.81	45.74	46.20	45.69
Asia	21.42	21.83	21.99	21.73	22.34	21.97	22.37	22.52	22.24	22.99	22.53	23.07	23.24	23.02	23.75	23.27
Middle East	7.76	7.56	7.95	8.41	7.77	7.92	7.79	8.19	8.57	7.95	8.13	7.88	8.35	8.78	8.15	8.29
Americas	6.42	6.38	6.62	6.76	6.79	6.64	6.59	6.77	6.92	6.91	6.80	6.64	6.85	7.03	7.04	6.89
FSU	4.61	4.47	4.66	4.94	4.96	4.76	4.63	4.83	5.04	4.97	4.87	4.64	4.63	4.79	4.70	4.69
Africa	3.78	3.90	3.88	3.71	3.82	3.82	3.93	3.94	3.83	3.92	3.91	4.06	4.09	4.01	4.15	4.08
Europe	0.65	0.61	0.65	0.66	0.67	0.65	0.65	0.65	0.68	0.67	0.66	0.67	0.68	0.69	0.70	0.69
Total Non-OECD	44.64	44.75	45.73	46.20	46.35	45.76	45.97	46.90	47.28	47.40	46.89	46.97	47.85	48.31	48.48	47.91
World	**90.56**	**90.60**	**91.33**	**92.56**	**92.90**	**91.86**	**91.68**	**91.60**	**93.04**	**93.72**	**92.52**	**92.99**	**92.66**	**94.05**	**94.67**	**93.60**
of which: US50	18.51	18.64	18.72	19.21	19.26	18.96	18.82	18.71	19.17	19.44	19.04	19.14	18.99	19.34	19.52	19.25
Europe 5*	8.36	8.04	8.37	8.34	8.16	8.23	7.89	7.93	8.26	8.13	8.05	8.12	7.94	8.08	7.93	8.02
China	9.82	9.89	10.11	10.17	10.31	10.12	10.15	10.40	10.39	10.73	10.42	10.40	10.65	10.74	10.99	10.70
Japan	4.71	5.05	4.07	4.26	4.71	4.52	5.02	3.88	3.88	4.43	4.30	4.66	3.77	3.90	4.31	4.16
India	3.75	3.87	3.86	3.55	3.82	3.77	3.97	3.89	3.67	3.90	3.86	4.17	4.13	3.83	4.07	4.05
Russia	3.40	3.34	3.45	3.71	3.64	3.53	3.49	3.62	3.79	3.64	3.64	3.51	3.43	3.56	3.42	3.48
Brazil	2.97	2.97	3.08	3.14	3.20	3.10	3.12	3.16	3.28	3.31	3.22	3.13	3.24	3.36	3.39	3.28
Saudi Arabia	2.97	2.76	3.09	3.33	2.90	3.02	2.87	3.32	3.57	3.10	3.22	3.01	3.44	3.69	3.14	3.32
Canada	2.35	2.45	2.42	2.45	2.43	2.44	2.43	2.34	2.46	2.43	2.41	2.39	2.35	2.43	2.42	2.40
Korea	2.32	2.33	2.29	2.27	2.40	2.32	2.36	2.32	2.33	2.39	2.35	2.47	2.31	2.32	2.40	2.37
Mexico	2.09	2.05	2.08	2.03	2.02	2.04	1.95	1.97	1.96	1.98	1.97	1.88	1.93	1.93	1.98	1.93
Iran	1.80	1.81	1.82	1.83	1.82	1.82	1.82	1.77	1.83	1.85	1.82	1.82	1.81	1.84	1.86	1.83
Total	**63.04**	**63.20**	**63.36**	**64.30**	**64.64**	**63.88**	**63.91**	**63.31**	**64.58**	**65.33**	**64.28**	**64.72**	**64.01**	**65.05**	**65.43**	**64.80**
% of World	69.6%	69.8%	69.4%	69.5%	69.6%	69.5%	69.7%	69.1%	69.4%	69.7%	69.5%	69.6%	69.1%	69.2%	69.1%	69.2%
Annual Change (% per annum)																
Americas[1]	-1.7	2.0	1.4	2.6	2.4	2.1	0.3	-1.0	-0.5	0.5	-0.2	0.9	1.1	0.6	0.4	0.7
Europe[2]	-3.2	-4.0	0.3	1.1	-0.8	-0.8	-1.5	-3.5	-1.1	-0.6	-1.7	2.6	-0.3	-1.4	-1.0	-0.1
Asia Oceania[3]	4.7	-2.9	-2.2	-3.2	-1.7	-2.5	-0.1	-2.2	-4.1	-3.3	-2.4	-2.8	-1.5	0.5	-1.0	-1.2
Total OECD	-1.06	-0.75	0.43	1.10	0.67	0.36	-0.31	-1.97	-1.30	-0.50	-1.02	0.66	0.25	-0.03	-0.27	0.15
Asia	4.0	3.7	3.5	2.4	0.8	2.6	2.5	2.4	2.3	2.9	2.5	3.1	3.2	3.5	3.3	3.3
Middle East	3.8	5.1	2.3	1.2	0.3	2.2	3.1	3.0	2.0	2.3	2.6	1.1	2.0	2.4	2.5	2.0
Americas	3.4	3.2	3.7	3.5	2.9	3.4	3.3	2.3	2.4	1.8	2.4	0.7	1.3	1.5	1.9	1.4
FSU	1.3	1.0	2.5	4.2	4.9	3.2	3.6	3.7	2.1	0.2	2.3	0.3	-4.1	-5.0	-5.5	-3.7
Africa	5.5	3.9	3.3	-0.7	-1.3	1.3	0.8	1.7	3.3	2.7	2.1	3.4	3.7	4.5	5.8	4.4
Europe	-3.4	-4.6	-1.0	2.4	3.9	0.2	4.9	1.3	3.1	-0.2	2.2	4.5	4.3	1.6	3.9	3.6
Total Non-OECD	3.60	3.46	3.16	2.27	1.29	2.53	2.72	2.55	2.34	2.27	2.47	2.18	2.02	2.17	2.26	2.16
World	**1.2**	**1.3**	**1.8**	**1.7**	**1.0**	**1.4**	**1.2**	**0.3**	**0.5**	**0.9**	**0.7**	**1.4**	**1.2**	**1.1**	**1.0**	**1.2**
Annual Change (mb/d)																
Americas[1]	-0.41	0.46	0.32	0.61	0.57	0.49	0.06	-0.24	-0.12	0.13	-0.04	0.21	0.26	0.14	0.09	0.17
Europe[2]	-0.46	-0.54	0.05	0.15	-0.11	-0.11	-0.20	-0.49	-0.16	-0.08	-0.23	0.34	-0.03	-0.19	-0.14	-0.01
Asia Oceania[3]	0.38	-0.27	-0.18	-0.26	-0.14	-0.21	-0.01	-0.17	-0.33	-0.29	-0.20	-0.25	-0.12	0.04	-0.08	-0.10
Total OECD	-0.49	-0.35	0.19	0.50	0.31	0.17	-0.14	-0.90	-0.60	-0.23	-0.47	0.30	0.11	-0.01	-0.12	0.07
Asia	0.83	0.77	0.75	0.51	0.17	0.55	0.55	0.53	0.51	0.64	0.56	0.70	0.72	0.78	0.76	0.74
Middle East	0.29	0.37	0.18	0.10	0.02	0.17	0.24	0.24	0.16	0.18	0.20	0.08	0.16	0.21	0.20	0.16
Americas	0.21	0.20	0.24	0.23	0.19	0.22	0.21	0.15	0.16	0.12	0.16	0.05	0.09	0.10	0.13	0.09
FSU	0.06	0.04	0.11	0.20	0.23	0.15	0.16	0.17	0.10	0.01	0.11	0.01	-0.20	-0.25	-0.27	-0.18
Africa	0.20	0.15	0.12	-0.03	-0.05	0.05	0.03	0.07	0.12	0.10	0.08	0.13	0.15	0.17	0.23	0.17
Europe	-0.02	-0.03	-0.01	0.02	0.03	0.00	0.03	0.01	0.02	0.00	0.01	0.03	0.03	0.01	0.03	0.02
Total Non-OECD	1.55	1.50	1.40	1.03	0.59	1.13	1.22	1.17	1.08	1.05	1.13	1.00	0.95	1.03	1.07	1.01
World	**1.06**	**1.15**	**1.59**	**1.53**	**0.90**	**1.30**	**1.08**	**0.27**	**0.48**	**0.82**	**0.66**	**1.31**	**1.06**	**1.01**	**0.95**	**1.08**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	-0.02	0.02	0.03	-0.01
Europe[2]	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	0.01	-0.01	-0.01	0.00	0.21	0.02	-0.03	-0.04	0.04
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.06	-0.03	-0.03	0.02
Total OECD	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	0.01	-0.01	-0.01	0.00	0.21	0.06	-0.04	-0.04	0.05
Asia	0.00	0.00	0.00	0.00	0.01	0.00	0.02	-0.01	0.00	0.00	0.00	0.05	0.06	0.01	0.02	0.03
Middle East	0.01	0.01	0.01	0.01	0.01	0.01	-0.02	0.00	0.00	-0.02	-0.01	-0.05	-0.03	0.00	-0.02	-0.02
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	-0.03	0.00	0.01	-0.02
FSU	0.00	0.01	0.01	0.01	0.03	0.02	0.03	0.02	0.01	0.03	0.02	0.13	0.02	0.00	0.03	0.05
Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.00	-0.01	-0.01	0.00	0.00	-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	0.00	0.01
Total Non-OECD	0.01	0.02	0.03	0.02	0.05	0.03	0.02	0.00	0.00	0.00	0.00	0.10	0.02	0.01	0.04	0.04
World	**0.00**	**0.01**	**0.02**	**0.01**	**0.04**	**0.02**	**0.01**	**0.01**	**-0.01**	**-0.01**	**0.00**	**0.31**	**0.08**	**-0.03**	**0.00**	**0.09**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.01	0.02	0.01	0.04	0.02	0.00	-0.01	-0.02	-0.05	-0.02	0.30	0.07	-0.02	0.01	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)

	2013	2014	1Q14	2Q14	3Q14	4Q14	Nov 14	Dec 14	Jan 15 [2]	Latest month vs. Dec 14	Latest month vs. Jan 14
Americas[3]											
LPG and ethane	3.34	3.20	3.54	2.85	2.98	3.44	3.47	3.60	3.69	0.09	-0.13
Naphtha	0.38	0.35	0.36	0.34	0.35	0.35	0.32	0.38	0.37	-0.02	0.01
Motor gasoline	10.55	10.65	10.21	10.73	10.85	10.79	10.63	10.79	10.38	-0.41	0.51
Jet and kerosene	1.67	1.70	1.63	1.69	1.76	1.73	1.71	1.79	1.59	-0.20	-0.03
Gasoil/diesel oil	5.08	5.27	5.44	5.14	5.13	5.36	5.14	5.36	5.45	0.09	-0.07
Residual fuel oil	0.69	0.57	0.54	0.56	0.57	0.60	0.59	0.57	0.50	-0.07	-0.04
Other products	2.38	2.31	2.15	2.33	2.56	2.22	2.28	2.06	2.17	0.11	0.00
Total	**24.09**	**24.05**	**23.86**	**23.63**	**24.21**	**24.47**	**24.15**	**24.55**	**24.14**	**-0.41**	**0.24**
Europe[4]											
LPG and ethane	1.05	1.07	1.01	1.09	1.10	1.06	1.02	1.09	1.20	0.12	0.28
Naphtha	1.19	1.17	1.31	1.20	1.12	1.05	1.03	1.14	1.33	0.19	-0.04
Motor gasoline	1.95	1.92	1.81	1.97	2.01	1.91	1.83	1.92	1.73	-0.19	-0.02
Jet and kerosene	1.22	1.24	1.11	1.24	1.38	1.21	1.15	1.17	1.14	-0.03	0.05
Gasoil/diesel oil	5.99	5.93	5.73	5.76	6.03	6.21	5.97	6.22	5.96	-0.26	0.43
Residual fuel oil	1.00	0.93	0.96	0.90	0.92	0.93	0.96	0.90	0.89	-0.01	-0.08
Other products	1.29	1.21	1.07	1.26	1.32	1.17	1.19	1.04	0.97	-0.07	-0.01
Total	**13.69**	**13.46**	**13.00**	**13.41**	**13.88**	**13.54**	**13.16**	**13.48**	**13.22**	**-0.26**	**0.60**
Asia Oceania[5]											
LPG and ethane	0.85	0.82	0.88	0.82	0.78	0.81	0.77	0.92	0.83	-0.09	-0.03
Naphtha	1.84	1.87	1.97	1.74	1.80	1.95	1.96	2.04	2.07	0.02	0.02
Motor gasoline	1.59	1.56	1.54	1.51	1.59	1.59	1.56	1.68	1.45	-0.23	-0.02
Jet and kerosene	0.89	0.88	1.13	0.71	0.68	1.00	0.94	1.28	1.16	-0.12	-0.03
Gasoil/diesel oil	1.76	1.77	1.82	1.72	1.70	1.82	1.81	1.89	1.72	-0.16	0.02
Residual fuel oil	0.76	0.67	0.83	0.63	0.58	0.63	0.62	0.70	0.76	0.06	-0.09
Other products	0.63	0.56	0.67	0.53	0.55	0.51	0.51	0.57	0.52	-0.05	-0.14
Total	**8.32**	**8.12**	**8.85**	**7.66**	**7.67**	**8.31**	**8.17**	**9.07**	**8.50**	**-0.57**	**-0.28**
OECD											
LPG and ethane	5.23	5.09	5.43	4.76	4.86	5.31	5.26	5.61	5.72	0.11	0.12
Naphtha	3.41	3.38	3.64	3.28	3.27	3.34	3.32	3.56	3.76	0.20	-0.01
Motor gasoline	14.10	14.13	13.55	14.20	14.45	14.28	14.02	14.39	13.56	-0.83	0.47
Jet and kerosene	3.77	3.82	3.87	3.63	3.82	3.94	3.79	4.25	3.89	-0.36	-0.01
Gasoil/diesel oil	12.83	12.96	12.99	12.62	12.86	13.39	12.93	13.46	13.13	-0.33	0.38
Residual fuel oil	2.46	2.16	2.33	2.08	2.07	2.15	2.18	2.17	2.15	-0.02	-0.22
Other products	4.29	4.09	3.89	4.12	4.43	3.90	3.99	3.67	3.65	-0.01	-0.16
Total	**46.09**	**45.63**	**45.71**	**44.70**	**45.76**	**46.32**	**45.48**	**47.10**	**45.86**	**-1.24**	**0.55**

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)

	2013	2014	1Q14	2Q14	3Q14	4Q14	Nov 14	Dec 14	Jan 15 [2]	Latest month vs. Dec 14	Latest month vs. Jan 14
United States[3]											
LPG and ethane	2.44	2.36	2.64	2.03	2.21	2.55	2.61	2.66	2.76	0.10	-0.15
Naphtha	0.27	0.23	0.24	0.20	0.23	0.24	0.23	0.27	0.26	-0.01	0.01
Motor gasoline	8.84	8.92	8.53	9.00	9.10	9.05	8.93	9.03	8.72	-0.31	0.51
Jet and kerosene	1.44	1.48	1.40	1.47	1.52	1.52	1.50	1.58	1.37	-0.21	-0.02
Gasoil/diesel oil	3.83	4.01	4.16	3.92	3.86	4.08	3.88	4.13	4.23	0.11	-0.03
Residual fuel oil	0.32	0.26	0.24	0.25	0.24	0.30	0.31	0.29	0.27	-0.02	-0.01
Other products	1.82	1.78	1.62	1.82	2.00	1.70	1.75	1.56	1.64	0.08	0.00
Total	**18.96**	**19.04**	**18.82**	**18.71**	**19.17**	**19.44**	**19.21**	**19.51**	**19.25**	**-0.26**	**0.30**
Japan											
LPG and ethane	0.50	0.48	0.56	0.47	0.43	0.48	0.47	0.57	0.52	-0.06	-0.03
Naphtha	0.77	0.74	0.81	0.65	0.68	0.82	0.82	0.84	0.82	-0.02	-0.05
Motor gasoline	0.95	0.92	0.92	0.88	0.95	0.93	0.91	1.01	0.84	-0.17	-0.03
Jet and kerosene	0.54	0.52	0.77	0.37	0.35	0.61	0.56	0.87	0.75	-0.11	-0.05
Diesel	0.41	0.40	0.41	0.38	0.39	0.41	0.40	0.43	0.37	-0.06	0.00
Other gasoil	0.41	0.41	0.48	0.37	0.35	0.41	0.40	0.47	0.43	-0.04	-0.02
Residual fuel oil	0.45	0.39	0.52	0.35	0.33	0.36	0.35	0.41	0.43	0.03	-0.10
Other products	0.50	0.43	0.55	0.40	0.40	0.39	0.39	0.44	0.43	-0.02	-0.12
Total	**4.52**	**4.30**	**5.02**	**3.88**	**3.88**	**4.43**	**4.30**	**5.04**	**4.59**	**-0.46**	**-0.41**
Germany											
LPG and ethane	0.11	0.09	0.09	0.10	0.10	0.08	0.07	0.09	0.09	0.00	0.00
Naphtha	0.40	0.42	0.43	0.41	0.42	0.41	0.40	0.42	0.50	0.08	0.06
Motor gasoline	0.43	0.44	0.41	0.43	0.45	0.44	0.44	0.43	0.40	-0.03	0.01
Jet and kerosene	0.19	0.19	0.17	0.19	0.21	0.18	0.18	0.17	0.17	0.01	0.01
Diesel	0.70	0.73	0.68	0.71	0.78	0.76	0.77	0.70	0.69	-0.01	0.05
Other gasoil	0.42	0.36	0.38	0.31	0.36	0.38	0.35	0.40	0.47	0.08	0.10
Residual fuel oil	0.12	0.12	0.12	0.10	0.12	0.15	0.15	0.15	0.13	-0.02	0.00
Other products	0.07	0.05	0.05	0.06	0.06	0.05	0.06	0.03	0.02	-0.02	-0.02
Total	**2.43**	**2.40**	**2.33**	**2.32**	**2.50**	**2.45**	**2.43**	**2.39**	**2.48**	**0.09**	**0.21**
Italy											
LPG and ethane	0.11	0.10	0.10	0.09	0.09	0.10	0.09	0.12	0.12	0.00	0.01
Naphtha	0.08	0.06	0.07	0.06	0.06	0.06	0.07	0.07	0.07	0.00	-0.01
Motor gasoline	0.21	0.20	0.20	0.21	0.21	0.20	0.19	0.22	0.19	-0.03	0.00
Jet and kerosene	0.09	0.09	0.08	0.10	0.11	0.08	0.08	0.08	0.08	0.01	-0.01
Diesel	0.45	0.49	0.44	0.48	0.51	0.51	0.47	0.50	0.40	-0.10	-0.02
Other gasoil	0.11	0.07	0.08	0.06	0.05	0.07	0.07	0.08	0.10	0.02	0.02
Residual fuel oil	0.08	0.07	0.07	0.06	0.07	0.07	0.07	0.07	0.08	0.01	0.00
Other products	0.19	0.16	0.15	0.16	0.16	0.15	0.14	0.14	0.12	-0.02	-0.01
Total	**1.32**	**1.23**	**1.21**	**1.22**	**1.26**	**1.25**	**1.18**	**1.28**	**1.17**	**-0.12**	**-0.02**
France											
LPG and ethane	0.11	0.10	0.12	0.09	0.09	0.11	0.10	0.12	0.13	0.02	0.01
Naphtha	0.15	0.15	0.17	0.16	0.15	0.10	0.09	0.11	0.15	0.04	-0.01
Motor gasoline	0.17	0.17	0.16	0.18	0.19	0.17	0.15	0.18	0.15	-0.03	0.00
Jet and kerosene	0.15	0.15	0.14	0.15	0.16	0.14	0.14	0.14	0.14	0.00	0.01
Diesel	0.69	0.70	0.66	0.70	0.71	0.71	0.65	0.74	0.63	-0.12	-0.02
Other gasoil	0.29	0.26	0.28	0.21	0.25	0.27	0.23	0.30	0.30	0.00	0.03
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.00	0.00
Other products	0.15	0.14	0.11	0.14	0.17	0.12	0.12	0.10	0.11	0.01	0.01
Total	**1.77**	**1.71**	**1.69**	**1.69**	**1.77**	**1.68**	**1.53**	**1.74**	**1.67**	**-0.08**	**0.02**
United Kingdom											
LPG and ethane	0.11	0.11	0.12	0.12	0.10	0.11	0.12	0.13	0.16	0.03	0.05
Naphtha	0.03	0.02	0.02	0.02	0.03	0.03	0.02	0.03	0.03	-0.01	0.00
Motor gasoline	0.31	0.30	0.29	0.31	0.30	0.30	0.31	0.29	0.28	-0.01	-0.02
Jet and kerosene	0.31	0.31	0.31	0.30	0.32	0.32	0.30	0.32	0.32	-0.01	0.01
Diesel	0.46	0.48	0.46	0.49	0.48	0.50	0.52	0.50	0.42	-0.08	0.02
Other gasoil	0.12	0.12	0.11	0.12	0.12	0.11	0.10	0.10	0.11	0.01	-0.01
Residual fuel oil	0.04	0.03	0.04	0.03	0.03	0.03	0.03	0.04	0.03	-0.01	0.00
Other products	0.13	0.13	0.12	0.13	0.13	0.12	0.12	0.12	0.12	0.00	-0.01
Total	**1.51**	**1.50**	**1.47**	**1.51**	**1.51**	**1.53**	**1.53**	**1.53**	**1.46**	**-0.07**	**0.04**
Canada											
LPG and ethane	0.45	0.40	0.44	0.38	0.34	0.42	0.40	0.46	0.48	0.01	0.03
Naphtha	0.09	0.09	0.09	0.10	0.10	0.09	0.08	0.10	0.10	0.00	0.01
Motor gasoline	0.82	0.85	0.81	0.85	0.88	0.84	0.85	0.83	0.80	-0.03	0.00
Jet and kerosene	0.11	0.10	0.10	0.09	0.11	0.09	0.09	0.09	0.09	0.00	-0.01
Diesel	0.29	0.29	0.29	0.29	0.29	0.31	0.30	0.29	0.30	0.01	0.05
Other gasoil	0.31	0.32	0.34	0.29	0.34	0.31	0.30	0.29	0.30	0.01	-0.07
Residual fuel oil	0.06	0.06	0.07	0.05	0.06	0.06	0.05	0.08	0.05	-0.03	-0.02
Other products	0.32	0.31	0.29	0.29	0.34	0.31	0.32	0.30	0.30	0.00	0.01
Total	**2.44**	**2.41**	**2.43**	**2.34**	**2.46**	**2.43**	**2.40**	**2.44**	**2.42**	**-0.02**	**0.00**

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)

	2013	2014	2015	4Q14	1Q15	2Q15	3Q15	4Q15	Jan 15	Feb 15	Mar 15
OPEC											
Crude Oil											
Saudi Arabia	9.40	9.53		9.53	9.74				9.59	9.61	10.00
Iran	2.68	2.81		2.80	2.82				2.82	2.84	2.79
Iraq	3.08	3.33		3.48	3.48				3.44	3.32	3.67
UAE	2.76	2.76		2.75	2.84				2.84	2.84	2.84
Kuwait	2.55	2.61		2.67	2.70				2.70	2.70	2.70
Neutral Zone	0.52	0.38		0.21	0.20				0.20	0.20	0.20
Qatar	0.73	0.71		0.68	0.67				0.67	0.67	0.67
Angola	1.72	1.66		1.72	1.78				1.77	1.79	1.80
Nigeria	1.95	1.90		1.88	1.83				1.87	1.83	1.79
Libya	0.90	0.46		0.67	0.37				0.34	0.29	0.48
Algeria	1.15	1.12		1.13	1.11				1.10	1.10	1.12
Ecuador	0.52	0.55		0.55	0.56				0.56	0.56	0.56
Venezuela	2.50	2.46		2.44	2.39				2.40	2.38	2.40
Total Crude Oil	30.46	30.28		30.51	30.49				30.29	30.13	31.02
Total NGLs[1]	6.26	6.38	6.62	6.45	6.51	6.62	6.65	6.70	6.51	6.51	6.51
Total OPEC	**36.72**	**36.67**		**36.97**	**37.00**				**36.80**	**36.64**	**37.53**
NON-OPEC[2]											
OECD											
Americas[6]	17.11	18.82	19.45	19.57	19.59	19.57	19.20	19.43	19.37	19.66	19.74
United States[5]	10.24	11.81	12.52	12.48	12.57	12.63	12.36	12.50	12.38	12.61	12.73
Mexico	2.89	2.80	2.62	2.71	2.66	2.64	2.59	2.58	2.61	2.71	2.68
Canada	3.97	4.20	4.30	4.37	4.34	4.28	4.24	4.34	4.36	4.33	4.32
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]	3.32	3.33	3.35	3.46	3.46	3.27	3.21	3.47	3.50	3.43	3.45
UK	0.89	0.87	0.88	0.90	0.93	0.87	0.78	0.95	0.94	0.92	0.92
Norway	1.84	1.89	1.89	1.96	1.94	1.83	1.86	1.96	1.95	1.93	1.94
Others	0.59	0.57	0.58	0.60	0.59	0.57	0.57	0.57	0.60	0.58	0.59
Asia Oceania[8]	0.48	0.50	0.53	0.49	0.50	0.54	0.55	0.52	0.47	0.52	0.52
Australia	0.40	0.42	0.46	0.42	0.43	0.47	0.48	0.45	0.39	0.45	0.45
Others	0.08	0.08	0.07	0.08	0.08	0.07	0.07	0.07	0.08	0.07	0.08
Total OECD	**20.91**	**22.65**	**23.33**	**23.52**	**23.55**	**23.39**	**22.96**	**23.42**	**23.33**	**23.61**	**23.71**
NON-OECD											
Former USSR	13.87	13.92	13.80	13.97	14.01	13.85	13.68	13.66	13.99	14.00	14.05
Russia	10.87	10.95	10.85	11.00	11.03	10.91	10.74	10.72	11.05	11.00	11.04
Others	3.00	2.97	2.95	2.97	2.98	2.94	2.94	2.94	2.94	3.01	3.01
Asia	7.74	7.70	7.75	7.69	7.71	7.72	7.75	7.83	7.72	7.68	7.73
China	4.18	4.19	4.17	4.13	4.14	4.16	4.18	4.20	4.14	4.16	4.14
Malaysia	0.64	0.67	0.73	0.73	0.73	0.73	0.73	0.74	0.76	0.69	0.74
India	0.88	0.87	0.89	0.89	0.87	0.89	0.89	0.90	0.87	0.87	0.88
Indonesia	0.87	0.83	0.79	0.81	0.81	0.77	0.77	0.80	0.80	0.81	0.82
Others	1.17	1.13	1.17	1.13	1.15	1.17	1.18	1.19	1.15	1.15	1.16
Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Americas	4.18	4.37	4.44	4.55	4.49	4.43	4.38	4.46	4.52	4.49	4.47
Brazil[5]	2.12	2.34	2.47	2.49	2.51	2.45	2.41	2.49	2.54	2.50	2.49
Argentina	0.63	0.62	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
Colombia	1.01	0.99	0.93	1.01	0.94	0.94	0.93	0.92	0.94	0.94	0.94
Others	0.42	0.42	0.41	0.42	0.41	0.41	0.41	0.42	0.41	0.41	0.41
Middle East[3]	1.35	1.32	1.22	1.29	1.27	1.21	1.20	1.20	1.29	1.28	1.25
Oman	0.95	0.95	0.93	0.94	0.94	0.93	0.93	0.92	0.94	0.94	0.94
Syria	0.06	0.03	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.15	0.07	0.13	0.11	0.05	0.05	0.05	0.12	0.12	0.09
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.20	0.19	0.19	0.19
Africa	2.30	2.32	2.31	2.30	2.34	2.31	2.30	2.28	2.34	2.34	2.33
Egypt	0.73	0.70	0.66	0.68	0.68	0.67	0.66	0.65	0.68	0.68	0.67
Gabon	0.24	0.24	0.23	0.24	0.23	0.23	0.23	0.23	0.24	0.23	0.23
Others	1.33	1.38	1.41	1.39	1.43	1.41	1.41	1.40	1.43	1.43	1.43
Total Non-OECD	**29.58**	**29.76**	**29.66**	**29.95**	**29.97**	**29.66**	**29.45**	**29.56**	**30.01**	**29.94**	**29.98**
Processing gains[4]	2.18	2.21	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Global Biofuels[5]	2.01	2.19	2.24	2.26	1.80	2.26	2.61	2.27	1.78	1.83	1.80
TOTAL NON-OPEC	**54.68**	**56.81**	**57.44**	**57.94**	**57.54**	**57.52**	**57.24**	**57.47**	**57.33**	**57.60**	**57.70**
TOTAL SUPPLY	**91.39**	**93.48**		**94.91**	**94.55**				**94.13**	**94.24**	**95.24**

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			
	Oct2014	Nov2014	Dec2014	Jan2015	Feb2015*	Feb2012	Feb2013	Feb2014	1Q2014	2Q2014	3Q2014	4Q2014
OECD Americas												
Crude	538.3	544.0	552.7	573.1	602.6	486.7	524.3	514.0	0.26	0.08	-0.20	0.44
Motor Gasoline	236.6	252.5	273.8	273.7	272.5	267.4	262.8	267.8	-0.02	-0.07	-0.07	0.31
Middle Distillate	187.8	195.2	207.9	207.1	198.4	216.3	195.8	187.2	-0.13	0.06	0.13	0.05
Residual Fuel Oil	44.1	44.6	41.5	40.7	44.5	44.2	45.6	44.1	-0.03	0.01	0.00	-0.03
Total Products[3]	689.0	706.4	726.9	713.4	688.7	681.4	670.6	645.6	-0.37	0.51	0.38	0.08
Total[4]	1409.4	1424.3	1443.2	1452.6	1458.2	1328.2	1344.1	1305.6	-0.06	0.78	0.32	0.35
OECD Europe												
Crude	303.8	295.9	309.2	305.5	313.8	306.2	308.5	307.7	0.05	0.05	-0.13	0.05
Motor Gasoline	83.8	87.7	90.7	99.9	103.5	98.2	97.7	93.0	0.04	-0.10	0.04	0.05
Middle Distillate	252.5	256.9	251.4	258.2	257.2	280.5	257.8	257.6	-0.03	-0.01	0.19	-0.15
Residual Fuel Oil	63.5	65.2	64.3	69.7	66.6	75.0	78.5	64.7	-0.06	0.08	-0.05	0.01
Total Products[3]	499.5	507.4	503.2	525.2	523.1	559.6	533.4	509.8	-0.05	-0.01	0.24	-0.09
Total[4]	875.3	874.2	878.1	894.5	901.1	933.1	907.2	886.4	0.05	0.04	0.10	-0.09
OECD Asia Oceania												
Crude	168.5	156.2	156.6	152.8	151.4	163.6	149.3	151.9	0.28	-0.05	-0.01	-0.08
Motor Gasoline	22.3	22.7	21.1	23.0	23.1	24.3	26.7	27.1	0.02	-0.01	-0.02	-0.02
Middle Distillate	67.8	70.7	63.7	62.3	58.7	55.5	63.7	60.9	-0.13	-0.02	0.18	-0.07
Residual Fuel Oil	21.2	20.3	20.8	19.5	18.3	20.2	21.4	18.8	0.02	0.00	0.02	-0.02
Total Products[3]	179.7	181.9	168.7	167.0	158.0	154.5	172.2	164.1	-0.10	-0.04	0.28	-0.16
Total[4]	418.1	406.1	388.5	383.9	370.0	389.4	393.6	384.6	0.20	-0.07	0.32	-0.36
Total OECD												
Crude	1010.6	996.1	1018.5	1031.4	1067.8	956.6	982.1	973.5	0.59	0.07	-0.33	0.41
Motor Gasoline	342.7	362.9	385.6	396.6	399.1	389.8	387.2	387.9	0.04	-0.18	-0.06	0.34
Middle Distillate	508.1	522.8	522.9	527.6	514.3	552.2	517.2	505.8	-0.29	0.03	0.50	-0.17
Residual Fuel Oil	128.8	130.1	126.6	129.9	129.4	139.5	145.5	127.6	-0.07	0.09	-0.03	-0.05
Total Products[3]	1368.2	1395.7	1398.8	1405.5	1369.8	1395.4	1376.2	1319.6	-0.52	0.47	0.91	-0.17
Total[4]	2702.8	2704.6	2709.8	2731.0	2729.3	2650.7	2644.9	2576.6	0.19	0.74	0.74	-0.11

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			
	Oct2014	Nov2014	Dec2014	Jan2015	Feb2015*	Feb2012	Feb2013	Feb2014	1Q2014	2Q2014	3Q2014	4Q2014
OECD Americas												
Crude	691.0	691.0	691.0	691.0	691.0	696.0	696.0	696.0	0.00	-0.05	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	211.3	211.9	211.8	210.9	211.4	188.2	205.4	204.2	-0.03	0.05	0.01	0.03
Products	255.1	255.2	257.3	256.6	255.6	235.1	265.3	262.5	0.03	-0.05	-0.02	0.00
OECD Asia Oceania												
Crude	384.7	385.3	385.0	385.0	385.0	393.6	389.6	387.8	0.01	0.00	-0.02	-0.01
Products	31.0	31.5	31.9	32.0	31.9	19.7	22.5	30.5	0.00	0.00	0.00	0.01
Total OECD												
Crude	1287.0	1288.2	1287.7	1286.8	1287.3	1277.7	1291.0	1288.0	-0.02	-0.01	-0.02	0.02
Products	287.0	287.8	290.2	289.5	288.5	255.8	288.8	294.1	0.04	-0.04	-0.02	0.01
Total[4]	1578.7	1580.2	1582.1	1580.1	1579.4	1534.9	1583.1	1586.1	0.02	-0.05	-0.02	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 2013		End March 2014		End June 2014		End September 2014		End December 2014 [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	170.0	70	174.2	75	178.8	73	186.1	77	193.1	-
Chile	9.8	30	9.5	30	10.6	33	10.1	32	9.7	-
Mexico	48.7	25	47.6	24	47.3	24	48.8	25	52.8	-
United States[4]	1762.4	94	1754.0	94	1814.7	95	1836.0	94	1857.5	-
Total[4]	2013.0	84	2007.5	85	2073.5	86	2103.0	86	2135.2	89
OECD Asia Oceania										
Australia	36.8	34	36.8	34	36.3	34	38.6	35	36.2	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	575.3	115	585.8	151	585.1	151	604.1	136	576.5	-
Korea	177.8	75	186.5	80	180.3	77	186.7	78	184.4	-
New Zealand	8.3	50	8.4	56	9.5	64	9.1	56	8.3	-
Total	798.3	90	817.6	107	811.2	106	838.5	101	805.4	94
OECD Europe[5]										
Austria	22.2	93	23.4	88	21.5	78	22.0	85	22.9	-
Belgium	41.0	66	42.5	70	43.7	70	43.8	70	42.4	-
Czech Republic	20.0	110	19.3	95	18.9	88	19.5	96	20.4	-
Denmark	23.7	157	19.6	126	23.1	146	22.4	147	24.6	-
Estonia	1.6	55	1.7	56	1.7	50	1.8	53	1.6	-
Finland	39.0	211	37.9	194	39.0	191	38.7	193	37.9	-
France	167.5	99	167.2	99	168.1	95	171.3	102	167.8	-
Germany	289.9	124	289.2	125	291.7	117	286.9	117	289.5	-
Greece	25.6	101	24.9	92	25.6	83	29.7	99	26.5	-
Hungary	16.2	128	15.8	113	15.9	111	16.3	106	16.8	-
Ireland	10.0	70	11.0	80	9.6	69	10.0	66	9.3	-
Italy	125.1	104	122.5	100	121.6	96	123.0	99	119.4	-
Luxembourg	0.7	13	0.7	12	0.8	15	0.8	14	0.9	-
Netherlands	115.5	121	122.5	119	127.4	131	126.8	143	123.3	-
Norway	28.7	123	28.6	121	27.4	121	24.5	116	24.2	-
Poland	60.4	128	60.0	119	58.2	109	60.7	115	60.4	-
Portugal	23.1	105	23.8	98	22.5	87	21.4	86	21.6	-
Slovak Republic	8.8	127	9.6	136	8.8	108	8.9	127	9.7	-
Slovenia	4.7	103	4.9	102	4.8	92	4.8	94	4.6	-
Spain	111.6	93	117.4	99	118.2	97	122.7	100	121.3	-
Sweden	28.2	104	27.5	90	26.4	82	27.3	97	29.0	-
Switzerland	35.9	165	36.4	159	36.2	146	37.0	143	36.1	-
Turkey	62.2	98	62.6	88	62.4	84	62.5	88	62.4	-
United Kingdom	78.0	53	76.6	51	75.2	50	74.9	49	78.9	-
Total	1339.7	103	1345.6	100	1348.8	97	1357.9	100	1351.4	101
Total OECD	**4151.0**	**91**	**4170.6**	**93**	**4233.4**	**93**	**4299.4**	**93**	**4292.0**	**93**
DAYS OF IEA Net Imports[6]	-	**157**	-	**157**	-	**170**	-	**172**	-	**171**

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 2014 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]		
4Q2011	4142	1536	2605	90	33	56
1Q2012	4193	1536	2657	92	34	59
2Q2012	4226	1539	2687	92	34	59
3Q2012	4271	1542	2728	92	33	59
4Q2012	4212	1547	2665	92	34	58
1Q2013	4246	1582	2665	93	35	58
2Q2013	4238	1578	2660	91	34	57
3Q2013	4278	1583	2695	92	34	58
4Q2013	4151	1585	2566	91	35	56
1Q2014	4171	1586	2584	93	36	58
2Q2014	4233	1582	2652	93	35	58
3Q2014	4299	1580	2720	93	34	59
4Q2014	4292	1582	2710	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 4Q2014 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

	2012	2013	2014	1Q14	2Q14	3Q14	4Q14	Nov 14	Dec 14	Jan 15	Year Earlier Jan 14	Year Earlier change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.79	0.75	0.47	0.60	0.56	0.57	0.43	0.74	-0.30
Europe	0.85	0.79	0.84	0.73	0.87	0.93	0.84	0.73	0.95	0.81	0.81	0.00
Asia Oceania	1.26	1.21	1.17	1.27	1.17	1.08	1.18	1.09	1.31	1.25	1.26	-0.02
Saudi Medium												
Americas	0.44	0.45	0.36	0.44	0.40	0.36	0.25	0.31	0.25	0.24	0.48	-0.25
Europe	0.05	0.01	0.03	0.01	0.01	0.05	0.04	0.01	0.05	0.03	0.00	0.03
Asia Oceania	0.45	0.43	0.45	0.45	0.40	0.50	0.45	0.46	0.32	0.34	0.45	-0.11
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.37	0.33	0.49	0.20	0.26	0.09	0.27	0.28	-0.01
Europe	0.26	0.25	0.50	0.29	0.51	0.50	0.70	0.72	0.65	0.55	0.24	0.32
Asia Oceania	0.33	0.31	0.24	0.28	0.20	0.21	0.27	0.27	0.37	0.40	0.34	0.06
Kuwait Blend												
Americas	0.22	0.28	0.27	0.33	0.29	0.25	0.22	0.11	0.30	0.43	0.46	-0.03
Europe	0.09	0.10	0.09	0.07	0.12	0.04	0.14	0.09	0.10	0.15	0.02	0.13
Asia Oceania	0.65	0.64	0.62	0.71	0.56	0.62	0.62	0.49	0.76	0.69	0.80	-0.11
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.10	0.06	0.11	0.12	0.11	0.11	0.10	0.11	-0.01
Asia Oceania	0.02	0.00	0.01	0.01	-	0.03	-	-	-	0.05	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.00	0.04	0.01	0.00	-	0.01	0.02	-	-
Asia Oceania	0.33	0.30	0.28	0.33	0.26	0.28	0.26	0.30	0.26	0.19	0.27	-0.08
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.62	0.62	0.71	0.62	0.63	0.74	0.67	0.60	0.07
Europe	0.08	0.07	0.08	0.08	0.08	0.09	0.09	0.08	0.10	0.07	0.08	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.64	0.66	0.67	0.66	0.72	0.63	0.67	0.69	-0.02
Europe	0.14	0.14	0.14	0.15	0.13	0.13	0.13	0.10	0.19	0.12	0.16	-0.04
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.56	1.67	1.81	1.79	1.70	1.97	1.74	1.50	0.24
Europe	-	-	0.00	0.00	0.01	-	0.01	0.02	-	-	-	-
Asia Oceania	-	-	0.00	-	-	0.00	0.00	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	0.02	-	-	0.01	0.02	0.02	-	-	-
Europe	0.55	0.47	0.56	0.53	0.58	0.53	0.59	0.52	0.66	0.43	0.55	-0.13
Asia Oceania	0.07	0.06	0.07	0.16	0.07	-	0.04	0.11	0.02	0.06	0.23	-0.17
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.74	1.68	1.53	1.38	1.32	1.21	1.52	1.65	-0.13
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	0.02	-	-	-	-	-	-	0.03	-
Europe	0.53	0.59	0.64	0.60	0.71	0.58	0.68	0.65	0.80	0.76	0.63	0.13
Asia Oceania	-	0.00	0.02	0.02	0.01	0.05	0.01	-	0.03	0.03	-	-
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.23	0.13	0.34	0.54	0.58	0.45	0.21	0.19	0.02
Asia Oceania	0.04	0.03	0.02	-	0.02	0.03	0.02	0.02	0.01	-	-	-
Nigerian Light[4]												
Americas	0.24	0.07	0.00	0.01	-	-	0.01	-	0.02	0.02	-	-
Europe	0.58	0.53	0.55	0.58	0.51	0.59	0.54	0.48	0.59	0.68	0.56	0.12
Asia Oceania	0.04	0.03	0.02	0.03	0.04	0.03	0.00	0.00	-	-	0.03	-

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)

	2012	2013	2014	1Q14	2Q14	3Q14	4Q14	Nov 14	Dec 14	Jan 15	Year Earlier Jan 14	% change
Crude Oil												
Americas	6101	5130	4201	4385	4331	4336	3757	3873	3609	3580	4319	-17%
Europe	9346	8926	8687	8201	8480	9006	9048	8640	9250	8942	8233	9%
Asia Oceania	6761	6553	6381	6962	5923	6315	6331	6044	6858	6808	6736	1%
Total OECD	22208	20608	19269	19548	18734	19657	19136	18556	19717	19330	19289	0%
LPG												
Americas	20	17	12	19	9	7	13	16	14	12	11	7%
Europe	287	382	426	386	410	475	433	432	388	445	385	15%
Asia Oceania	620	546	531	544	532	520	527	448	576	450	524	-14%
Total OECD	927	945	969	949	950	1002	973	895	978	907	920	-1%
Naphtha												
Americas	20	17	20	28	23	16	13	10	8	30	12	140%
Europe	381	332	344	342	360	301	372	332	459	483	355	36%
Asia Oceania	900	927	960	1040	891	912	996	960	1010	1031	1119	-8%
Total OECD	1301	1276	1323	1410	1275	1228	1380	1302	1476	1544	1486	4%
Gasoline[3]												
Americas	730	659	665	567	769	660	663	597	703	564	455	24%
Europe	212	106	125	150	124	113	114	67	136	100	173	-42%
Asia Oceania	86	83	83	89	95	70	79	79	72	78	98	-21%
Total OECD	1028	848	873	805	988	843	856	744	910	743	726	2%
Jet & Kerosene												
Americas	73	81	100	81	121	94	104	101	112	131	37	251%
Europe	398	447	458	377	457	583	412	452	357	363	378	-4%
Asia Oceania	62	74	60	57	50	43	88	65	89	56	80	-31%
Total OECD	533	602	617	514	628	720	604	618	558	550	496	11%
Gasoil/Diesel												
Americas	59	58	95	200	62	41	81	60	113	158	148	7%
Europe	984	1120	1084	1092	1094	1172	976	900	1063	1054	1144	-8%
Asia Oceania	185	162	181	152	221	175	176	144	164	173	171	1%
Total OECD	1227	1340	1360	1444	1377	1388	1232	1104	1340	1384	1462	-5%
Heavy Fuel Oil												
Americas	206	165	132	127	132	134	135	114	102	107	95	13%
Europe	521	552	619	600	650	667	560	622	583	658	586	12%
Asia Oceania	224	242	214	304	205	183	167	159	190	209	329	-37%
Total OECD	951	960	965	1030	986	984	861	894	875	974	1011	-4%
Other Products												
Americas	813	812	671	619	728	682	656	605	767	698	525	33%
Europe	636	791	722	746	785	696	663	627	666	638	741	-14%
Asia Oceania	357	386	374	464	355	372	307	345	279	236	480	-51%
Total OECD	1806	1989	1768	1829	1868	1750	1627	1577	1712	1572	1746	-10%
Total Products												
Americas	1921	1810	1695	1640	1844	1633	1665	1503	1818	1699	1283	32%
Europe	3419	3729	3777	3694	3879	4007	3529	3432	3652	3742	3763	-1%
Asia Oceania	2433	2421	2402	2649	2349	2276	2339	2200	2380	2233	2801	-20%
Total OECD	7773	7960	7875	7983	8073	7915	7533	7135	7850	7673	7847	-2%
Total Oil												
Americas	8022	6940	5896	6025	6175	5969	5422	5375	5427	5280	5602	-6%
Europe	12765	12655	12464	11895	12359	13012	12578	12072	12902	12684	11996	6%
Asia Oceania	9194	8974	8783	9611	8273	8590	8670	8243	9238	9040	9537	-5%
Total OECD	29982	28569	27144	27531	26807	27572	26670	25691	27566	27003	27136	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.

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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 12 August 2014), 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 © 2015 Argus Media Limited - all rights reserved).

Next Issue: 13 May 2015

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International Energy Agency

13 May 2015

HIGHLIGHTS

- **Oil prices rallied in April and early May despite persistently high global supply and continued stock builds**. Slowing US LTO supplies pushed NYMEX WTI prices 14% higher in April vs. March, roughly twice the increase in ICE Brent. At the time of writing, NYMEX WTI was trading at about $60.30/bbl. ICE Brent was around $66.30/bbl.

- **Despite slowing US LTO output, global oil supply growth remained at a steep 3.2 mb/d year-on-year in April.** At 95.7 mb/d, total oil supplies were flat from March as higher OPEC output offset a drop in non-OPEC. Non-OPEC supply growth for 2015 is projected at 830 kb/d, up by 200 kb/d since last month's *Report*.

- **OPEC crude supply rose by 160 kb/d to 31.21 mb/d in April – the highest since September 2012, and nearly 1.4 mb/d above a year earlier –** as Iraq and Iran boosted output and top exporter Saudi Arabia held flows above 10 mb/d. Upward revisions to non-OPEC supply lower the call on OPEC by 0.3 mb/d for 2H15, to 30 mb/d.

- **Global oil demand growth is projected at 1.1 mb/d for 2015, to 93.6 mb/d, up from 0.7 mb/d in 2014.** The forecast is unchanged since last month as an improving economic outlook for Europe and a cold winter lift projections of OECD demand but offset reduced expectations for the FSU, the Middle East and Latin America.

- **Global refinery crude runs are expected to dip seasonally to 77.8 mb/d in 2Q15, from 78.2 mb/d in 1Q15.** Estimates for both 1Q15 and 2Q15 have been lifted markedly since last month's *Report* on robust runs in Asia and Europe. Annual gains, of 1.4 mb/d for both 1Q15 and 2Q15, largely shift to the non-OECD region in 2Q15.

- **OECD industry oil stocks rose counter-seasonally in March by 38.4 mb, led by US crude.** Refined products meanwhile inched lower and by end-month covered 30.5 days of forward demand, level with a month earlier. Preliminary data indicate OECD stocks continued on an upward trend, building by 35.8 mb in April.

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STANDOFF IN THE OIL PATCH

In the supposed standoff between OPEC and US light tight oil (LTO), LTO appears to have blinked. Following months of cost cutting and a 60% plunge in the US rig count, the relentless rise in US supply seems to be finally abating. LTO production growth buckled last month, sending US crude output growth into reverse and bringing a multi-year winning streak to an apparent close. Inventories already feel the pinch. US crude stocks, the top source of recent OECD builds, posted their first weekly draw in 17 weeks at the end of April. Expectations that the market would start tightening by mid-year seem to be coming true – or so would have it the bulls who over the last month have given WTI crude a 14% price lift, and counting.

But that is only part of the story.

An end to US crude builds does not spell the end of all oil inventory increases. Not only does the latest US crude draw pale in comparison with the massive builds of the first quarter, but there are also signs that, even as crude builds slow, product stocks are picking up where crude has left off. US product stocks already built counter-seasonally in March – a month when China also posted record-high distillate builds. Preliminary data show OECD-wide product stocks stopped drawing and swung into growth in April. More such builds may follow as global demand goes through a seasonal soft patch and refining activity increases worldwide.

The slowdown in the LTO patch notwithstanding, global crude supply was up by a staggering 3.2 mb/d in April year-on-year, extending the first quarter's massive gains. While the price responsiveness of LTO was widely anticipated, the strong performance of some other sources of non-OPEC supply defied expectations. Russian oil companies seem to be coping exceptionally well with lower oil prices and international sanctions, thanks to a flexible tax regime that lightens their fiscal burden as prices drop and to steep cuts in production costs that came courtesy of the rouble's depreciation. Russian production jumped by a steep 185 kb/d year-on-year in April. For all its troubles, Brazil's Petrobras is also a supply success story of sorts. Even as its balance sheet problems curtail new spending, investments made long ago are finally paying off as one FPSO after another comes into production. Brazil output was up 17% year-on-year in the first quarter. Chinese production is also growing at a healthy clip, as is output from Viet Nam and Malaysia. Meanwhile, last month's vigorous WTI price rebound is giving LTO producers a new lease on life. Several large LTO producers have been boasting of achieving large reductions in production costs in recent weeks. At the same time, producer hedging has reportedly gone steeply up, as companies took advantage of the rally to lock in profits.

It would thus be premature to suggest that OPEC has won the battle for market share. The battle, rather, has just started. The move by the group's core Gulf members last November not to cut production in defence of prices was only the first step in a plan that includes actually ramping up output and aggressively investing in future production capacity – even as their non-OPEC counterparts keep tightening their belt. Bucking the global trend, Kuwait, Saudi Arabia and the UAE are all raising their rig count and expanding their drilling programs. Iraq and Libya, meanwhile, continue to raise production against all odds. And Iranian supplies hit their highest since July 2012, when international sanctions on Iran's crude exports came into effect, even as Tehran's ongoing talks with the P5+1 raise the possibility of its full return to international markets.

Recent signs of tightening in the US oil patch must be put into perspective. Amid continued political turmoil in the Middle East and North Africa, there is no lack of upside risk to prices – and downside risk to supply – in today's oil market. Given the central role of US LTO as a main source of projected incremental oil supply, a slowdown in LTO supply would certainly have a large impact on oil balances. But the rest of the oil patch is not standing still. As the market continues to rebalance, pockets of supply growth are emerging from unsuspected corners. Despite tentatively bullish signals in the US, and barring any unforeseen disruption elsewhere, the market's short-term fundamentals still look relatively loose.

DEMAND

Summary

- **Global oil demand growth of around 1.1 mb/d is forecast in 2015,** taking average deliveries up to 93.6 mb/d, well up on 2014's 0.7 mb/d expansion. The main factor driving this acceleration is the reversal in OECD momentum, switching from a 460 kb/d decline in 2014 to a gain of 175 kb/d in 2015, consequential on an improvement in the OECD economic outlook and colder-than-year-earlier winter weather conditions in Europe in 1Q15.

- **Global demand growth gained momentum in recent months** after bottoming out at a five-year low of 230 kb/d in 2Q14 and then accelerating steadily to reach 1 425 kb/d by 1Q15. The 2Q14 nadir coincided with declining economic activity in Japan and much of Europe. Upticks built as industrial and transportation fuel demand rose on escalating global economic growth; momentum peaked in 1Q15 on cold European weather.

- **The assessment of 1Q15 demand has been revised upwards by approximately 130 kb/d since last month's *Report*.** Notable additions applied to China, Germany, Saudi Arabia and Turkey. The forecast for the year as a whole remains roughly unchanged on last month's *Report*, as offsetting curtailments to the outlooks for oil demand in the US and Brazil have been made on curbed macroeconomic expectations for these countries.

- **Changing macroeconomic outlooks have heavily influenced the geographic distribution of oil demand forecasts**. Most notably the International Monetary Fund (IMF) in April's *World Economic Outlook* raised its 2015 forecasts for India, Europe and OECD Asia Oceania, but curtailed them for the OECD Americas, FSU, Middle East and Latin America.

Global Oil Demand (2013-2015)

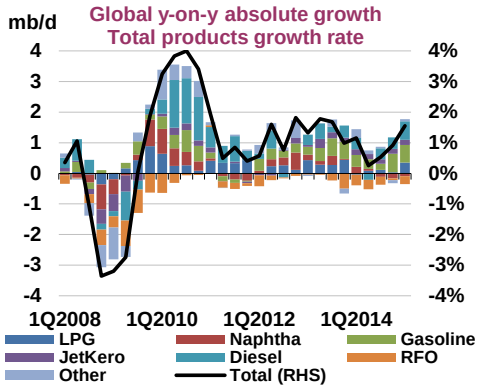
(million barrels per day)

	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Africa	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.0	4.1	4.0	4.1	4.1
Americas	30.2	30.5	31.1	31.1	30.7	30.5	30.4	31.1	31.4	30.8	30.7	30.6	31.3	31.6	31.0
Asia/Pacific	30.7	29.8	29.7	30.9	30.3	31.2	30.1	29.9	31.3	30.6	31.7	30.8	30.8	32.0	31.3
Europe	13.8	14.6	14.7	14.3	14.3	13.7	14.1	14.6	14.2	14.1	14.2	14.2	14.5	14.2	14.3
FSU	4.5	4.7	4.9	5.0	4.8	4.6	4.8	5.0	5.0	4.9	4.6	4.6	4.8	4.7	4.7
Middle East	7.6	8.0	8.4	7.8	7.9	7.8	8.2	8.6	7.9	8.1	7.9	8.3	8.8	8.1	8.3
World	**90.6**	**91.3**	**92.6**	**92.9**	**91.9**	**91.7**	**91.6**	**93.1**	**93.8**	**92.5**	**93.1**	**92.6**	**94.1**	**94.8**	**93.6**
Annual Chg (%)	1.3	1.8	1.7	1.0	1.4	1.2	0.3	0.5	0.9	0.7	1.6	1.1	1.1	1.1	1.2
Annual Chg (mb/d)	1.2	1.6	1.5	0.9	1.3	1.0	0.2	0.5	0.9	0.7	1.4	1.0	1.0	1.0	1.1
Changes from last OMR (mb/d)	0.04	0.01	0.01	0.02	0.02	0.01	-0.03	0.02	0.06	0.01	0.13	-0.06	0.02	0.11	0.05

Global Overview

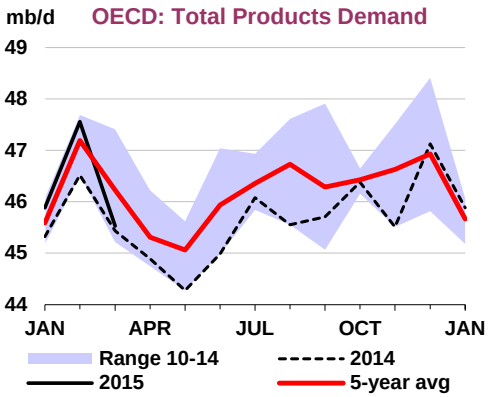
The overall global demand forecast for 2015 remains roughly on a par with that carried in last month's *Report*, at +93.6 mb/d, 1.1 mb/d up on the year earlier, but the geographic distribution of projected demand has changed substantially consequential on the evolving outlook of economic growth. The IMF, in April, published a revised *World Economic Outlook* that still showed +3.5% global GDP growth in 2015, i.e. unchanged on its previous forecast, but with notable amendments in the make-up of this growth. The IMF now takes a much more upbeat stance on India, OECD Asia Oceania and Europe, while less optimistic macroeconomic outlooks are now cited for the economies of the US, Latin America and the Middle East; this *Report o*utlines in detail how the oil demand forecasts were accordingly adjusted.

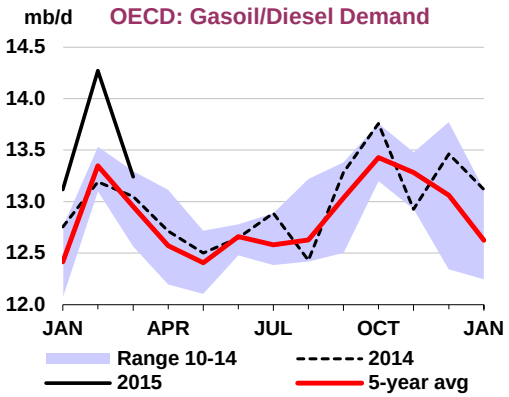
Simply looking at the annual data misses the dramatic changes that have occurred recently, with year-on-year (y-o-y) growth bottoming-out at a five-year low of 230 kb/d in 2Q14, before progressing steadily back to a one-and-a-half year high in 1Q15. The 2Q14 nadir occurred as near-recessionary conditions affected Europe and Japan, before recuperating up to 1 425 kb/d by 1Q15 as additional macroeconomic momentum coincided with generally lower prices and colder European 1Q15 winter weather conditions. Recent data show both transportation and industrial fuel deliveries rising strongly, with the likes of Germany, Saudi Arabia, Korea, India and Turkey all contributing sizeable gains. European demand particularly spiked in 1Q15, as colder conditions triggered extra space heating needs. The number of heating-degree-days, i.e. the number of degrees that a day's average temperature was below 18 degrees Celsius, carried a near 20% y-o-y premium in 1Q15 in Germany, France, the Netherlands and Spain.



Despite escalating up to around 1.4 mb/d in 1Q15, global oil demand growth is expected to ease over the remainder of 2015, as the positive stimuli from colder-than-year-earlier weather conditions eases alongside projections of plateauing economic growth. Many of the demand peaks that followed the mid-2014 slowdown were post-recessionary bounce-backs and, hence, are likely to ease as the year progresses. Over the remainder of 2015, y-o-y growth is forecast to average roughly 1.0 mb/d.

This month's *Report* includes notable data revisions for February and March, with upward February adjustments led by China (+190 kb/d), Saudi Arabia (+110 kb/d), Turkey (+105 kb/d), the UK (+65 kb/d) and Germany (+65 kb/d). These February additions more than offset some sizeable curtailments, including Russia (-110 kb/d), Chinese Taipei (-105 kb/d) and India (-75 kb/d). Net data revisions for March, based on preliminary statistics, were more closely matched, with upside adjustments to China (+95 kb/d), Korea (+55 kb/d), Germany (+50 kb/d) and Italy (+45 kb/d), roughly offsetting curtailments in India (-150 kb/d) and Russia (-120 kb/d).





OECD

Although generally remaining in the shadow of non-OECD demand, from a growth perspective, the relative discrepancy has eased recently as colder-than-year earlier weather conditions in many European countries provided an additional 1Q15 impetus alongside embryonic signs of a macroeconomic uptick. Having widened to a recent peak of 2.0 mb/d in 2Q14, the discrepancy between non-OECD and OECD growth subsided to an estimated 0.3 mb/d in 1Q15. This easing should reverse as the year progresses, back towards 1.1 mb/d by 4Q15, as relative macroeconomic conditions become less supportive of OECD demand, versus non-OECD, and the general tendency towards more efficient OECD energy usage is more entrenched. The recent upturn in OECD growth has been heavily concentrated on gasoil/diesel, as

estimated deliveries rose by 4.1% on a y-o-y basis in 1Q15, to 13.5 mb/d, nearly four-times the average annual growth rate of the previous two years. Europe completely dominated this resurgence, as gasoil demand growth in Europe escalated to 7.1% y-o-y in 1Q15, as persistent currency declines strengthened industrial oil demand while space heating requirements surged on the much colder 1Q15 weather.

OECD Demand based on Adjusted Preliminary Submissions - March 2015

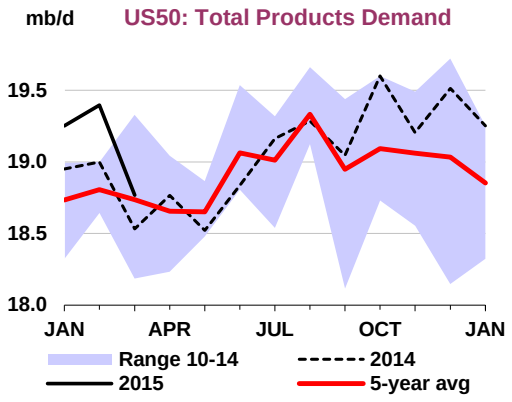
(million barrels per day)

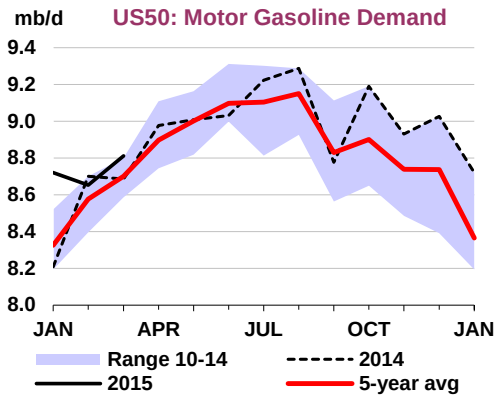
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.50**	**1.4**	**1.72**	**2.8**	**4.74**	**2.3**	**0.65**	**-3.6**	**0.40**	**-28.1**	**5.69**	**0.10**	**23.70**	**0.5**
US50	8.81	1.4	1.49	3.4	3.85	2.8	0.30	-2.9	0.15	-30.3	4.17	0.78	18.77	1.3
Canada	0.81	1.5	0.09	-8.9	0.30	0.8	0.28	-6.2	0.05	-18.1	0.83	3.50	2.35	0.1
Mexico	0.75	1.0	0.07	8.1	0.37	-1.0	0.04	7.1	0.07	-51.7	0.57	-8.28	1.87	-5.7
OECD Europe	**1.82**	**-0.5**	**1.20**	**5.3**	**4.49**	**3.8**	**1.52**	**-1.2**	**0.83**	**-10.8**	**3.52**	**2.28**	**13.36**	**1.3**
Germany	0.42	-1.5	0.18	2.8	0.72	0.6	0.37	-15.5	0.13	17.4	0.63	11.46	2.45	0.8
United Kingdom	0.28	2.7	0.32	1.8	0.49	7.9	0.12	15.4	0.02	-50.5	0.30	12.47	1.52	5.7
France	0.16	1.1	0.14	2.0	0.69	3.0	0.26	-8.4	0.05	9.3	0.39	4.60	1.70	1.4
Italy	0.20	-2.0	0.09	4.8	0.46	4.9	0.09	-8.2	0.08	14.2	0.32	-1.19	1.22	1.6
Spain	0.10	-0.2	0.10	4.7	0.43	2.9	0.18	4.6	0.15	-12.7	0.28	7.83	1.24	1.8
OECD Asia & Oceania	**1.56**	**-4.1**	**0.99**	**-3.2**	**1.21**	**-4.6**	**0.64**	**4.2**	**0.74**	**-4.6**	**3.32**	**-0.94**	**8.46**	**-2.3**
Japan	0.90	-9.8	0.62	-8.1	0.42	-8.3	0.42	-13.5	0.42	-12.8	1.76	-0.13	4.54	-6.6
Korea	0.20	5.7	0.18	10.0	0.28	-11.4	0.19	86.0	0.27	14.9	1.31	-1.23	2.44	4.3
Australia	0.34	3.2	0.14	1.9	0.41	1.7	0.00	85.0	0.03	-2.3	0.16	-4.17	1.08	1.1
OECD Total	**13.88**	**0.5**	**3.91**	**1.9**	**10.44**	**2.1**	**2.80**	**-0.6**	**1.97**	**-12.9**	**12.53**	**0.42**	**45.53**	**0.2**

* Including US territories

Americas

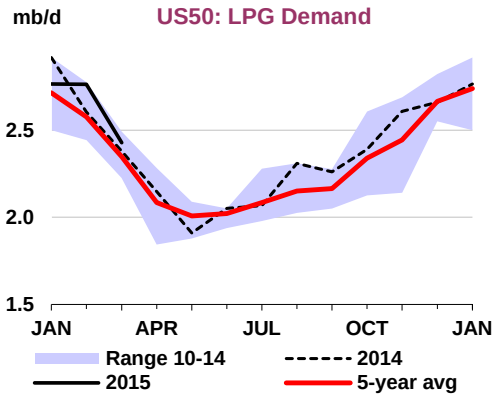
Rising by approximately 185 kb/d (or 0.8%) in 1Q15, demand in the OECD Americas continues to accelerate y-o-y, albeit to a lesser degree than previously foreseen, as escalating transportation fuel demand has supported near 2% y-o-y gains in both gasoline and jet/kerosene. Even this relative growth peak, the highest since 4Q13, is less than forecast last month on curbed macroeconomic progress. Predictions for average 2015 deliveries in the OECD Americas, of 24.2 mb/d, have accordingly been curtailed (-35 kb/d) on the weaker economic underpinnings. The **US** demand forecast, of 19.2 mb/d in 2015, has been revised down (-15 kb/d), as both inferior economic expectations and lower February-March demand numbers filter through. The IMF, in April's *World Economic Outlook*, published a renewed US GDP growth forecast of +3.1%, four-tenths of a percentage points below the previous (i.e. January) citation.

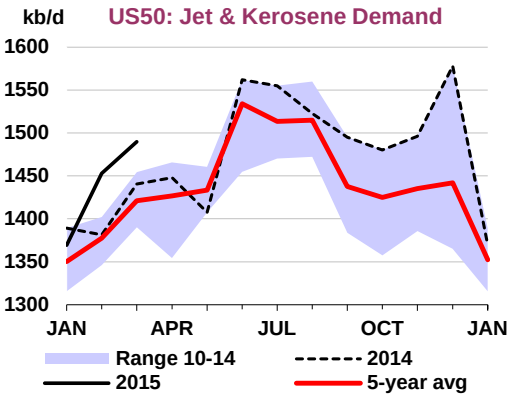




The latest official monthly data put total US deliveries at 19.4 mb/d in February, 2.1% (or 400 kb/d) up on the year earlier and 30 kb/d below the month earlier forecast. Strong gains in jet/kerosene, gasoil and LPG (includes ethane) led February's upside, as deliveries rose by 5.2%, 8.5% and 6.1%, respectively. LPG

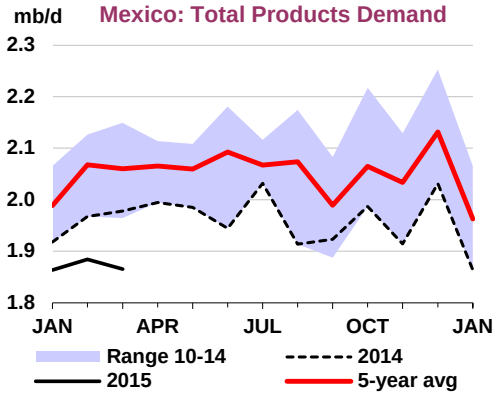
demand rose on additional petrochemical demand, with Williams Partner's restarting its Geismar, Louisiana plant. The biggest shock came from US gasoline, which contracted to 8.7 mb/d, 0.6% below year earlier levels. Previous reports, encouraged by plump US Energy Information Administration (EIA) weekly data, of a strongly rising US gasoline demand proved overdone. February's contraction arising despite reports from the US Federal Highway Administration that total US vehicle miles travelled continued to rise, +2.8% y-o-y in February.

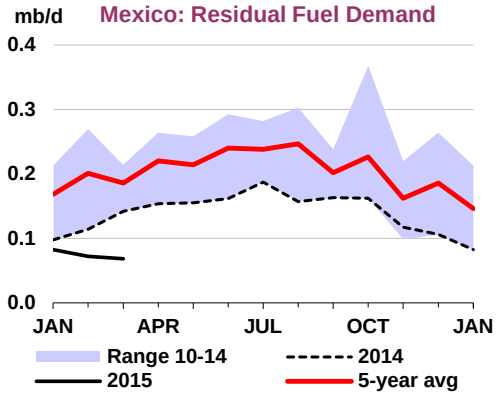




Overall preliminary March demand estimates point towards a gentler 1.3% y-o-y gain in total US oil demand, to 18.8 mb/d, an increase closer to the overall forecast for the year as a whole (+1.0%), as macroeconomic momentum appeared to stall. Having enjoyed three quarters of sharply rising quarter-on-quarter (q-o-q) economic growth, the US economy barely grew at all in 1Q15, up by a seasonally adjusted annual rate of 0.2% according to US Bureau of Economic Analysis data. Such anaemic growth, alongside consumer confidence indicators such as the University of Michigan's falling to a four-month low in March, curb the demand outlook.

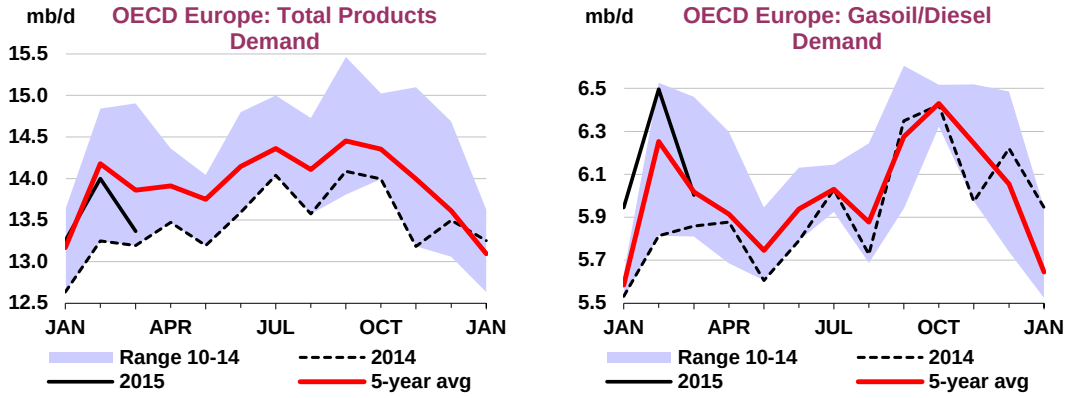
Sharp declines in **Mexican** power-sector oil usage saw total oil deliveries fall to 1.9 mb/d in March, 5.7% below the year earlier. Residual fuel oil demand eased to 70 kb/d in March, a near-halving compared to year earlier estimates. March statistics, from the Secretaria de Energie, confirmed the structural drop in fuel oil demand to be largely attributable to sharply reduced power sector oil usage, with an offsetting support seen in the quantities of natural gas used by the Mexican power sector (+29.8% y-o-y). The Mexican demand forecast for 2015 at 1.9 mb/d, equates to a 2.3% correction on the year earlier, curbed by 15 kb/d compared with last month's *Report* on a combination of a weaker-than-foreseen March demand estimate (35 kb/d lower) and less upbeat macroeconomic projections. The IMF's April *World Economic Outlook* alluding to 3.0% GDP growth in 2015, versus the IMF's 3.2% forecast published in January.



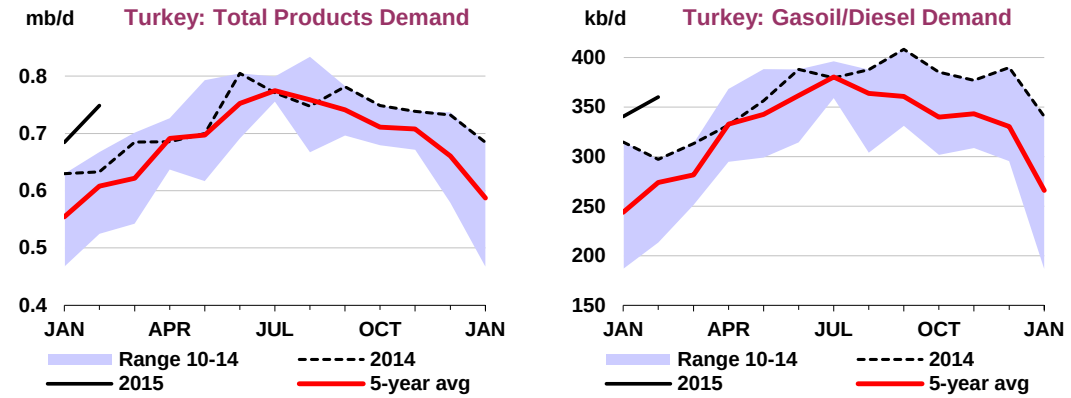


Europe

The strength of European demand was one of the dominant themes in oil markets in 1Q15, as deliveries averaged roughly 13.5 mb/d, up by 0.5 mb/d on the year earlier, gains largely attributable to gasoil. Although economic data is not yet widely available for Europe, a few constituent countries, such as Belgium and Austria, have published accelerating progress. Such additions, alongside strengthening business sentiment indicators, such as Markit's Manufacturing Purchasing Manager's Index (PMI), suggest that the 20% y-o-y reduction in the value of the euro against the US dollar has supported additional industrial oil demand. Up 3.9% y-o-y in 1Q15, the overall pace of European oil demand growth is not only at its strongest in nearly twenty years but it even exceeds the post-Great Recessionary bounce of mid-2010. Additional economic growth alone is unlikely to account for all of this rise, even with the supportive influence of lower retail prices seen since mid-2014. European oil demand growth gained extra momentum from the very much colder winter weather conditions seen in 1Q15. Compared to last month's *Report* the 1Q15 European demand estimate has been revised up by 185 kb/d, more than the entire global upgrade, with particular prevalent additions applied to the estimates of Turkish, Italian, German, French, British and Polish oil demand.

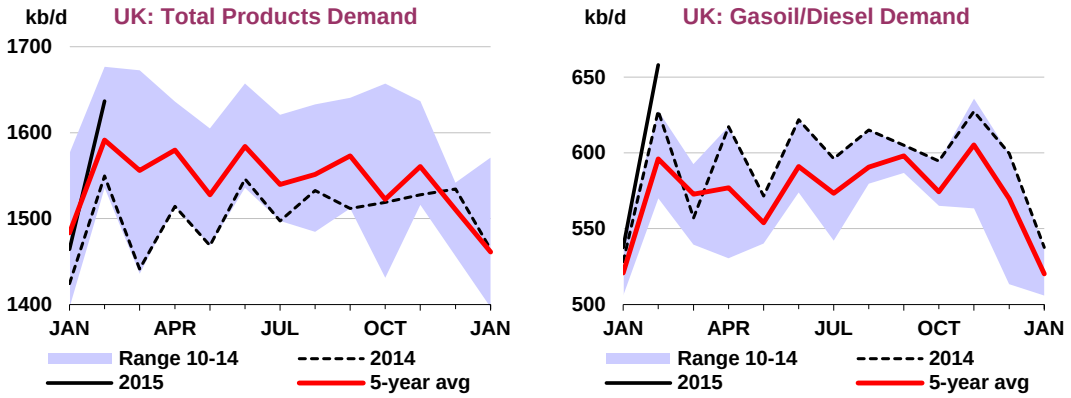


At 750 kb/d in February, the latest estimate of **Turkish** oil demand is 105 kb/d above the previous estimate, a revision based on a reclassification of large quantities of international aviation deliveries which had been previously misreported by Turkey as exports. The amended February estimate put Turkish jet/kerosene deliveries at roughly double the previously reported number. Efforts to adjust the historical jet/kerosene demand series have also been made, although impending official data revisions could further change the Turkish baseline. Specifically looking at February, strong gains in gasoil/diesel, naphtha and 'other products' further supported Turkish demand.

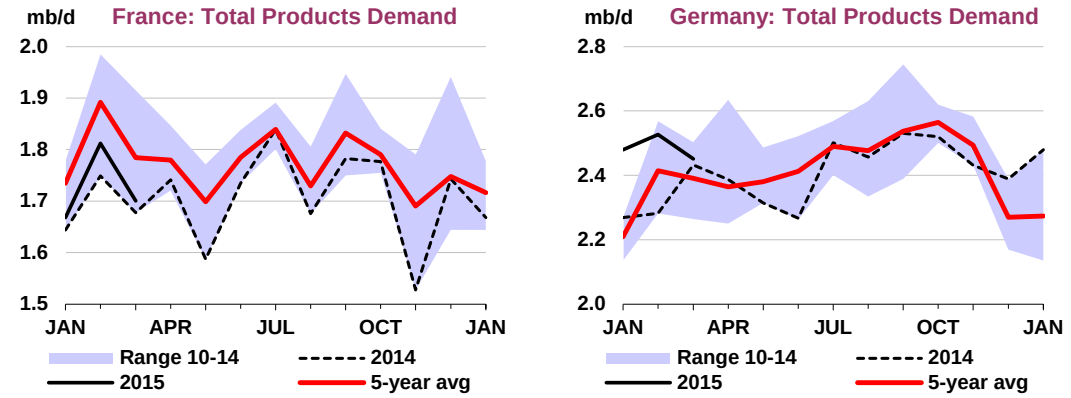


Resurgent gasoil/diesel and LPG (includes ethane) demand led the dramatic acceleration in total **UK** oil demand growth, which at +5.6% in February was the fastest pace of y-o-y growth in nearly a decade.

Relatively strong business confidence, coupled with lower consumer prices since the middle of last year, buttressed UK deliveries. Markit's Manufacturing PMI at 54.0 in February was not only well above the 50-confidence threshold but also amounted to a seven-month peak, it has since risen to 54.4 in March. The forecast for the year as a whole is for a 1.4% gain in total UK oil deliveries, to an average of roughly 1.5 mb/d in 2015.



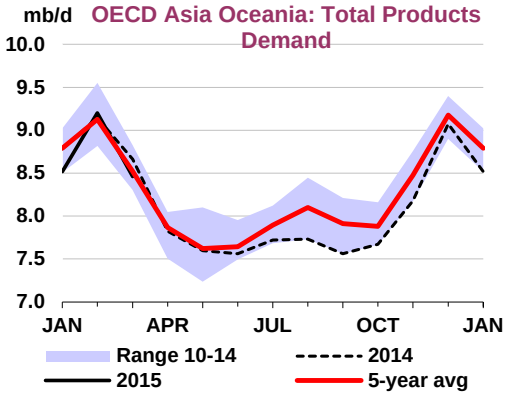
The **French** oil demand forecast for 2015, at 1.7 mb/d, has been raised marginally on a combination of higher-than-previously foreseen February-March delivery data and predictions of stronger economic growth. April's IMF *World Economic Outlook*, for example, cites 1.2% economic growth in 2015, three-tenths of a percentage point up on January's estimate. In March, the total French oil demand estimate is put at 1.7 mb/d, equivalent to a gain of 25 kb/d (or 1.4%) on the year earlier and 25 kb/d above our prior forecast. Similarly, February deliveries have been revised up by 30 kb/d to 1.8 mb/d, 65 kb/d (or 3.6%) up on the year earlier.

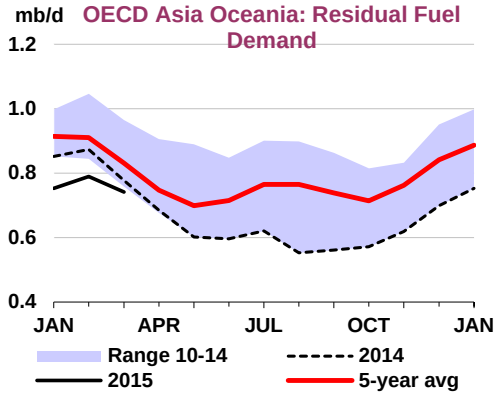


Significant upside revisions have also been applied to the **German** demand forecast for 2015, which is projected to average 2.4 mb/d, 35 kb/d more than forecast in last month's *Report*. Both upwardly revised February-March delivery data and stronger macroeconomic projections have underpinned this upside revision. Officially confirmed February data, for example, showed German oil product demand at 2.5 mb/d, 65 kb/d up on the prior forecast and 245 kb/d (10.7%) above the year earlier. Very strong gasoil demand led February's upside, supported by resilient LPG and naphtha deliveries, as much colder weather conditions, relatively cheaper product prices and additional economic activity raised demand. This year's colder weather encapsulated in estimates of one-third more 'heating degree days' in February, one-quarter more in March. Preliminary estimates of March demand at 2.5 mb/d, show a more modest 0.8% y-o-y gain but even this carried an upwards premium of 50 kb/d. The IMF, in April, outlined a German economic growth forecast of 1.6% in 2015, three-tenths of a percentage point above their prior forecast.

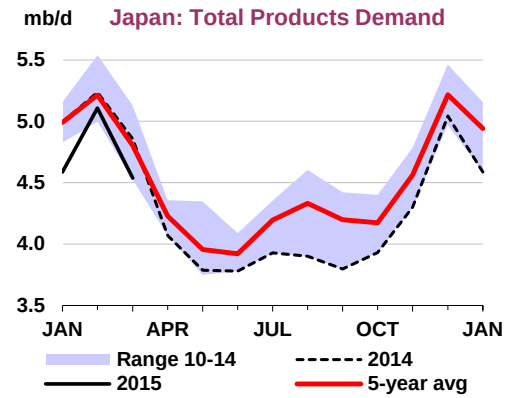
Asia Oceania

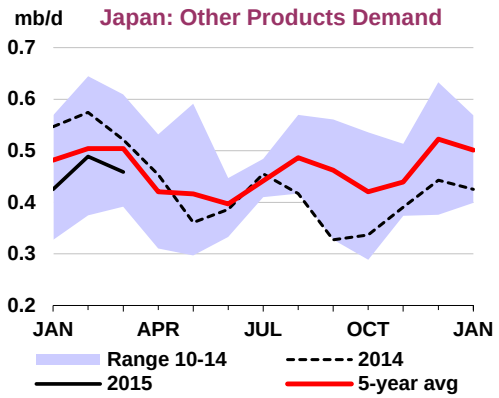
The long falling demand trend of OECD Asia Oceania continued into 1Q15 but at a very much reduced rate, as both Japanese declines eased and the strong recent gains seen in Korea and New Zealand continued. For the year as a whole, sharp declines in residual fuel oil and 'other product' demand offset gains in naphtha, jet/kerosene and gasoline.



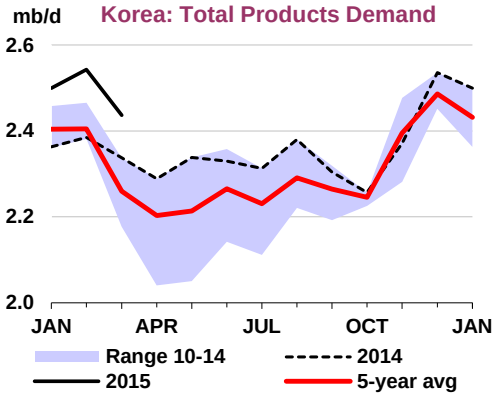


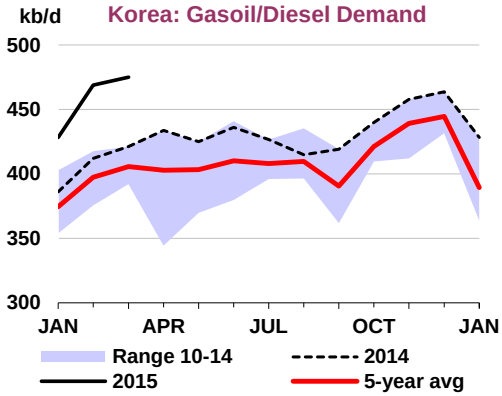
Much stronger than anticipated 'other product' demand, in both February and March, played a key role underpinning the upwardly revised **Japanese** demand estimates. Although both numbers still hold heavy discounts to the year earlier, the respective y-o-y decline rates of total Japanese oil demand, at -2.5% and -6.6%, were heavily reduced (previously -5.4% and -7.9%, respectively). Higher February-March estimates, coupled with a now mildly more bullish outlook for the economy in general, contributed towards the upwardly revised 2015 Japanese demand estimate of 4.2 mb/d, 20 kb/d above the previous forecast and amounting to a 115 kb/d contraction on 2014 (or -2.7%). The IMF, in April, revised its forecast of Japanese economic growth to 1.0% for 2015, four-tenths of a percentage point above the previous estimate. The decline rate in 'other product' demand eased, February-March, as gas use also fell, the Federation of Electric Power Companies of Japan reporting a 2% y-o-y decline in liquefied natural gas consumption in March.





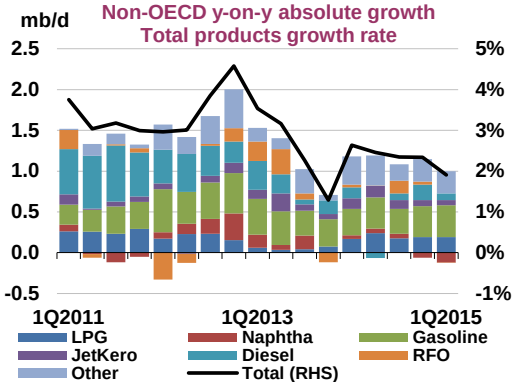
At 2.4 mb/d in March, **Korean** oil demand posted its third consecutive month of plus 4% y-o-y demand growth, as three months of double digit percentage point y-o-y gains in gasoil/diesel demand lifted the overall Korean data. Despite the recent Korean oil demand strength, for the year as a whole a still fairly muted 1.5% growth forecast is carried, to a 2.4 mb/d average, as forward looking macroeconomic indicators point towards a slowdown in momentum ahead. For example, HSBC's Manufacturing Purchasing Managers' Index (PMI), which is often used to express confidence in the manufacturing sector six-months ahead, fell to a four-month low of 49.2 in March, notably below the key 50-threshold that signifies the break-even point between net business 'optimism'/'pessimism'.





Non-OECD

Recent months have seen a continuation of the decelerating non-OECD oil demand trend, with each consecutive quarter since 1Q14 seeing either lower or unchanged y-o-y demand growth through 1Q15. From the 2.6% y-o-y gain posted in 1Q14, non-OECD y-o-y oil demand growth has slowed steadily, through to an estimated +1.9% in 1Q15. Initially, decelerating industrial fuel demand growth was the main protagonist, with ailing gasoil/diesel and residual fuel oil demand seen. Non-OECD naphtha demand then started to slow from 3Q14, before contracting on a y-o-y basis, 4Q14-1Q15, as both Russian and Indian naphtha demand saw shrinkages alongside weak Chinese and Brazilian deliveries. Having peaked, at +5.1% y-o-y in 2Q14, non-OECD jet/kerosene demand growth has also slowed in recent quarters, easing respectively to +3.7%, +2.6% and +2.2% respectively 3Q14-1Q15. Decelerating non-OECD jet/kerosene demand growth occurred as many non-OECD oil-export dependent countries, such as Russia, Brazil and Saudi Arabia, have endured dramatic decelerations/corrections in growth.



Non-OECD: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	3Q14	4Q14	1Q15	4Q14	1Q15	4Q14	1Q15
LPG & Ethane	5,131	5,215	5,276	190	193	3.8	3.8
Naphtha	3,086	3,078	3,093	-63	-122	-2.0	-3.8
Motor Gasoline	9,778	9,935	9,872	381	388	4.0	4.1
Jet Fuel & Kerosene	2,988	3,016	2,995	76	65	2.6	2.2
Gas/Diesel Oil	14,173	14,375	13,792	187	80	1.3	0.6
Residual Fuel Oil	5,485	5,450	5,391	37	0	0.7	0.0
Other Products	6,647	6,365	6,422	275	273	4.5	4.4
Total Products	**47,288**	**47,436**	**46,841**	**1,083**	**877**	**2.3**	**1.9**

China

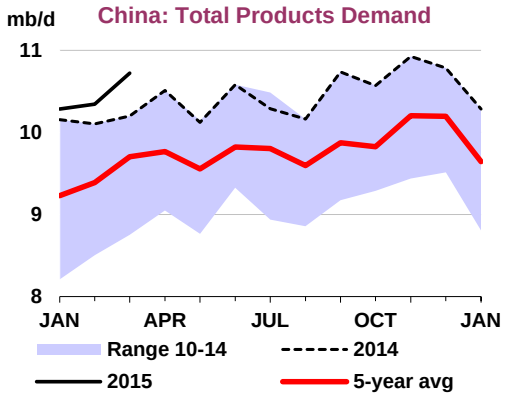
With refinery runs up sharply in March, the Chinese apparent demand estimate was raised to 10.7 mb/d, 515 kb/d above the year earlier and 95 kb/d over the previous forecast. Record refinery throughput numbers, according to the National Bureau of Statistics (NBS), alongside mildly positive net product imports underpinned rising Chinese demand. Curbing these otherwise overwhelming upside supports were reports, from *China Oil Gas and Petrochemicals*, of a hefty product stock-build of 465 kb/d, March over February, notably gasoil/diesel and gasoline.

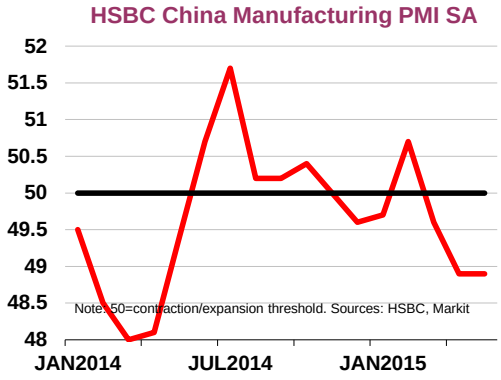
China: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	789	862	935	74	73	9.3	8.4
Naphtha	1,128	1,186	1,202	58	15	5.1	1.3
Motor Gasoline	2,064	2,217	2,348	153	131	7.4	5.9
Jet Fuel & Kerosene	466	525	545	59	20	12.6	3.8
Gas/Diesel Oil	3,370	3,353	3,307	-16	-46	-0.5	-1.4
Residual Fuel Oil	431	330	262	-101	-68	-23.5	-20.6
Other Products	1,880	1,957	2,127	77	170	4.1	8.7
Total Products	**10,128**	**10,430**	**10,725**	**302**	**295**	**3.0**	**2.8**

Gasoline and LPG provided the greatest upside support to demand in March, more than offsetting weak/declining conditions in fuel oil. Estimated LPG deliveries rose sharply as additional propane dehydrogenation units came on-line. Transportation fuels generally maintained their recent strength, as both consumer confidence and car purchasing trends remain robust in March. NBS's consumer confidence index, at 107.1 in March, was substantially above the key 100-'optimism'-threshold. Total Chinese vehicle sales came in at 2.2 million vehicles in March, roughly 10% up on the year earlier. Still somewhat supressing industrial fuel use, however, have been weakness in the manufacturing sector with indicators of sentiment such as HSBC's Manufacturing PMI below the key 'pessimism' threshold in March.

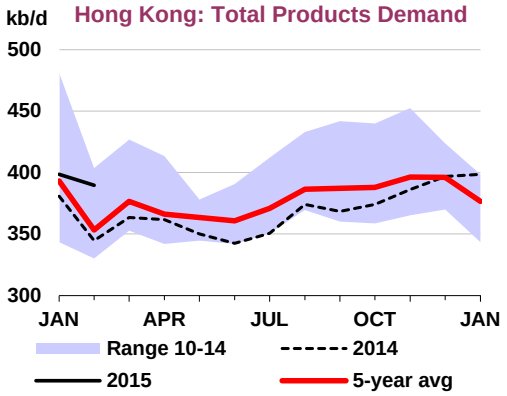


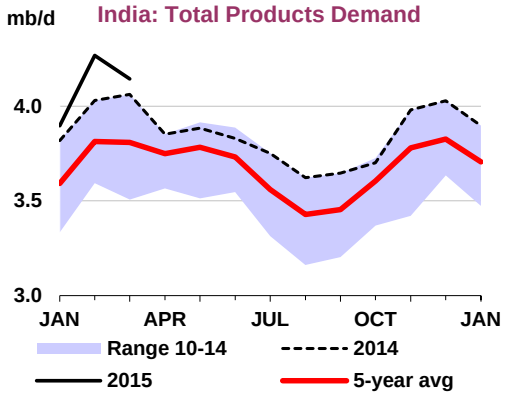


The late release of official customs data for January-February, a consequence of the extended Lunar New Year holiday in China, contributed to some notable historical data revisions. Approximately 125 kb/d was trimmed from the January estimate, to 10.3 mb/d, due to lower-than-previously-forecast net product import numbers, with 190 kb/d added to the February estimate, to 10.3 mb/d, on converse trade-adjustments. Overall, growth in the Chinese economy eased to a six-year low of 7% in 1Q15, down from 7.3% in 4Q14, with the IMF's April *World Economic Outlook* citing 6.8% as its forecast for the year as a whole, after rising 7.4% in 2014. Even such estimates might exaggerate the true pace of underlying economic progress, as oft-quoted potential economic bellwethers, such as the electricity generation numbers, show y-o-y declines (-3.7% y-o-y in March). Regardless, with this weakening in the macroeconomic outlook, coupled with projections of tightening environmental controls and Beijing's decision to reorient the economy away from energy intensive manufacturing/exports, no more than 0.3 mb/d growth is forecast for Chinese oil demand, taking average deliveries up to around 10.7 mb/d in 2015. Gasoline, jet/kerosene, LPG and naphtha are forecast to lead the upside in 2015, outpacing weak/falling gasoil and residual fuel oil demand. Looking further out, Sinopec Chairman Fu Chengyu was recently quoted as stating that Chinese diesel demand would peak in 2017, while he expects gasoline demand to continue growing for a further decade.

Other Non-OECD

Garnering support from its exceptionally strong February data release, the forecast of average **Hong Kong** deliveries for 2015 has been raised to 375 kb/d, 3% up on the year earlier. Very strong gains in gasoil/diesel, residual fuel oil (reflecting strong bunker fuel demand) and jet/kerosene deliveries underpinned February upside, leaving the overall metric up nearly 13% on the year earlier.





Growth in **Indian** demand eased back sharply in March, to +2% y-o-y, a significant deceleration from February's recent 30-month peak, as subdued agricultural demand dampened gasoil/diesel deliveries. Indeed, gasoil deliveries in March posted their first y-o-y fall in five months, down 3.4% to 1.4 mb/d, contributing towards a new overall Indian March demand estimate of 4.1 mb/d, 150 kb/d less than previously forecast. Despite this downwards adjustment, the forecast of total Indian oil demand in 2015 has been modestly revised up, to 4.0 mb/d, a gain of 5% on the year (previously 4.9%), as the macroeconomic numbers that underpin the forecast are revised up. The IMF, in April's *World Economic Outlook*, added 1.2 percentage points to its 2015 GDP growth forecast, versus January, to +7.5% citing "benefit(s) from recent policy reforms, a consequent pickup in investment, and lower oil prices."

Non-OECD: Demand by Region

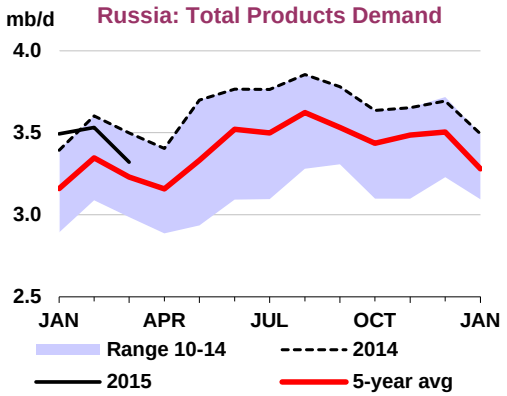
(thousand barrels per day)

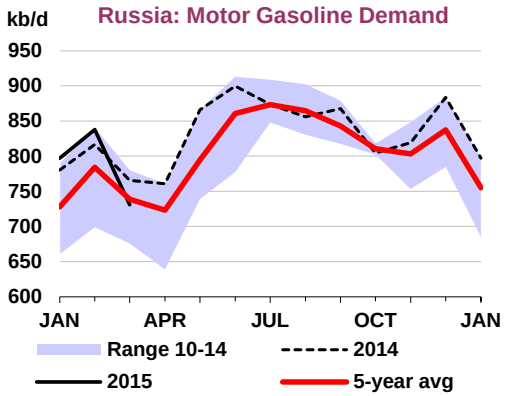
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	3Q14	4Q14	1Q15	4Q14	1Q15	4Q14	1Q15
Africa	3,828	3,914	4,025	101	102	2.6	2.6
Asia	22,241	23,014	22,996	673	625	3.0	2.8
FSU	5,048	4,989	4,586	28	-47	0.6	-1.0
Latin America	6,924	6,904	6,632	119	38	1.8	0.6
Middle East	8,571	7,943	7,920	164	121	2.1	1.6
Non-OECD Europe	676	671	682	-2	37	-0.3	5.8
Total Products	**47,288**	**47,436**	**46,841**	**1,083**	**877**	**2.3**	**1.9**

Much weaker than previously foreseen naphtha demand reduced the total February demand estimate for **Chinese Taipei** to 940 kb/d, 105 kb/d below the prior forecast. Water shortages/rationing curbed output from the country's large petrochemical sector. The Central Weather Bureau reported average rainfalls between 4Q14 and 1Q15 at their lowest level since records began, back in 1947. Naphtha demand is likely to remain muted, 1Q15-2Q15, as the Central Emergency Operation Centre raised the potential water-reduction on big industrial users to 10% on 15 April, from 7.5% previously.

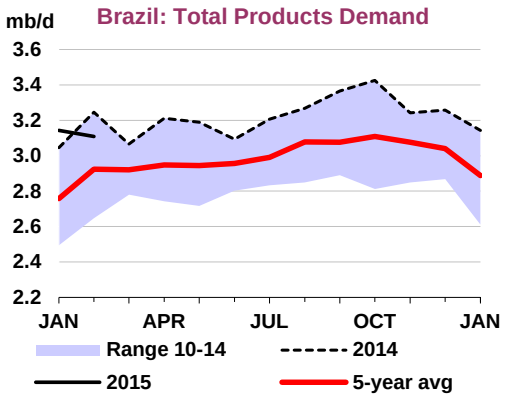
Russia's recent macroeconomic malaise notably filtered through into a substantially reduced demand estimate for March, 5% below the year earlier level, as economic headwinds prove more than sufficient to offset any additional military demand. Business confidence indicators, such as the Federal State Statistics Service's at minus-six in March where any reading below zero implies net 'pessimism', and

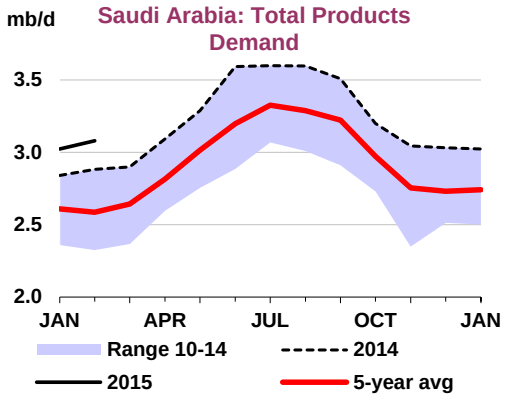
Markit's Manufacturing PMI at 48.1 in March, clearly allude to the depressed macroeconomic situation. Russian demand is forecast to average 3.5 mb/d in 2015, 5.1% down on the year. The IMF's April *World Economic Outlook* reduced its 2015 Russian GDP forecast to -3.8%, as "falling oil prices and international sanctions have compounded the country's underlying structural weakness and have undermined confidence, resulting in significant depreciation of the ruble."





Curbed macroeconomic forecasts for **Brazil**, coupled with confirmation of weak February deliveries curbed the associated demand forecast. The IMF's April *World Economic Outlook* pared the Brazilian GDP growth forecast to -1.0% in 2015, a first absolute decline in six years. The latest official data for February, meanwhile, incorporates a near 4% contraction in Brazilian oil deliveries over the year earlier. Diesel deliveries fell heavily in February, a consequence of weakening industrial activity, latest Instituto Brasileiro de Geografia e Estatistica data including a 9.1% y-o-y contraction in industrial output in February. The US National Oceanic and Atmospheric Administration reported a large precipitation deficit, February-April, potentially damaging oil demand prospects as curbed macroeconomic activity exceeds the normal drought-premium for oil demand. Hydroelectric capacities traditionally make up 80% of domestic Brazilian power supplies, but in times of drought alternatives such as oil fill the void. In March, however, other alternatives saw notable upticks, with the Ministerio de Minas e Energia reporting that the share of total Brazilian power generated by biomass, for example, rose to 9.2% and wind 4.2% (previously 0.9% and 2.8%, respectively, in February).





At a revised 3.1 mb/d in February, the latest estimate of **Saudi Arabian** oil demand carries a 6.8% premium over the year earlier. Robust gains across all of the main transport fuels underpinned heady Saudi Arabian demand, with overall y-o-y growth not having dipped below 3% since late 2013. For the year as a whole, total demand is forecast to average 3.3 mb/d, roughly 3.6% (or 115 kb/d) up on the year earlier. This relative easing, from January-February's average 6.6% y-o-y gain, occurs as macroeconomic momentum likely eases. The IMF, in April, published a revised 2015 GDP growth forecast for Saudi Arabia of +3.0%, roughly six-tenths of a percentage point below 2014's 3.6% gain.

SUPPLY

Summary

- **OPEC crude supply rose by 160 kb/d to 31.21 mb/d in April – the highest since September 2012 – as Iraq and Iran boosted output and top exporter Saudi Arabia held flows above 10 mb/d for a second month running.** April marked the 12th consecutive month in which production ran above OPEC's 30 mb/d supply target. Production is up nearly 1.4 mb/d on the year before.

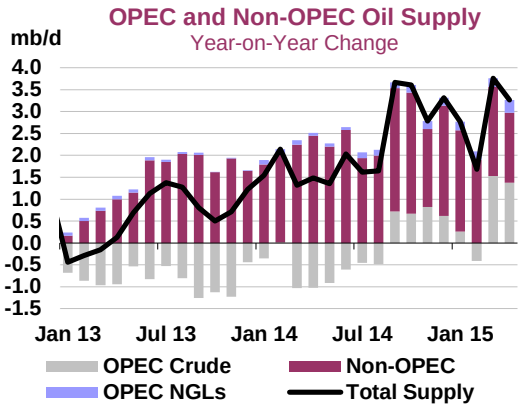
- **Early soundings suggest that OPEC will sustain rates at 31 mb/d during May.** Such sustained high OPEC production comes against the background of a downwardly revised 'call on OPEC crude and stock change' for 2015, now estimated at 29.2 mb/d, or 300 kb/d below the estimate in last month's Report – a result of upward adjustments to the forecast of non-OPEC supply. Despite being trimmed by 300 kb/d, the 2H15 'call' remains, at 30 mb/d, at the group's official production ceiling, albeit below current supply levels.

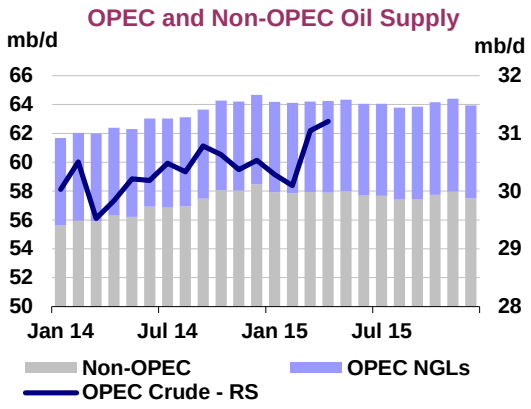
- **Iran's production climbed 90 kb/d to 2.88 mb/d in April, the highest level since 2012,** as India returned to buy. Ship trackers say exports may have surged by as much as 400 kb/d to 1.3 mb/d in April. How much of that volume came out of floating storage is unclear. In contrast, Iranian crude deliveries to consuming countries edged down by roughly 100 kb/d on the month.

- **Global supply was unchanged in April from a month earlier, at 95.7 mb/d, as a 260 kb/d decline in total non-OPEC output offset higher OPEC crude and NGL production.** Total oil supply growth remained at a remarkably strong 3.2 mb/d compared with the previous year, easing only slightly from March's high, with gains roughly evenly split between OPEC and non-OPEC.

- **The 2015 forecast for non-OPEC supply growth has been lifted by 200 kb/d since last month's *Report*,** on surprisingly strong output in 1Q15 for a number of countries including Russia, China, Colombia, Viet Nam and Malaysia. Non-OPEC supply growth is nevertheless expected to ease from an astounding 2.2 mb/d in 1Q15, taking total non-OPEC supplies up 830 kb/d for the year as a whole.

- **Non-OPEC production is estimated to have slipped 260 kb/d in April month-on-month, to 57.9 mb/d, on lower output in North America.** The most recent data for the US indicate output growth stalled in April, while Canadian and Mexican production are pegged lower on scheduled and unscheduled outages. A seasonal rise in global biofuels output provided a partial offset.





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

OPEC crude oil supply

OPEC crude oil output continued on its upward climb in April, inching up by an estimated 160 kb/d after soaring by an upwardly revised 960 kb/d in March. The latest increase took OPEC's April supply to 31.21 mb/d – the highest since September 2012 – as Iraq and Iran boosted output and top exporter Saudi Arabia held flows above 10 mb/d for a second month running. April marked the 12th consecutive month in which production ran above OPEC's 30 mb/d supply target. Production is up nearly 1.4 mb/d on the year before.

OPEC Crude Production

(million barrels per day)

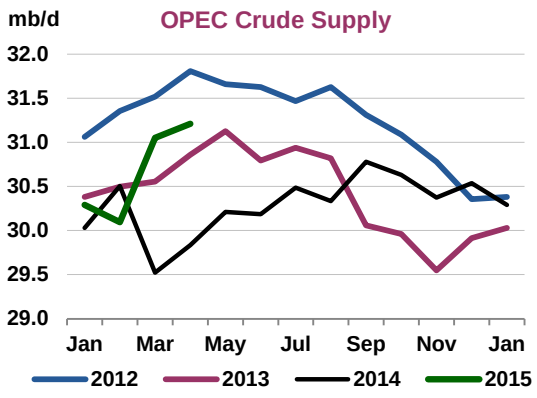
	Feb 2015 Supply	Mar 2015 Supply	Apr 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Apr 2015 Supply	1Q15 Average Crude Supply
Algeria	1.10	1.12	1.11	1.14	0.03	1.11
Angola	1.79	1.76	1.68	1.80	0.12	1.77
Ecuador	0.53	0.55	0.55	0.57	0.02	0.55
Iran	2.84	2.79	2.88	3.60	0.72	2.82
Iraq	3.32	3.70	3.80	3.73	0.00	3.49
Kuwait[2]	2.80	2.80	2.80	2.82	0.02	2.80
Libya	0.29	0.48	0.52	0.50	0.00	0.37
Nigeria	1.83	1.74	1.80	1.92	0.12	1.81
Qatar	0.67	0.68	0.69	0.70	0.01	0.67
Saudi Arabia[2]	9.71	10.19	10.10	12.34	2.24	9.87
UAE	2.84	2.84	2.84	2.90	0.06	2.84
Venezuela[3]	2.38	2.40	2.44	2.49	0.05	2.39
Total OPEC	**30.10**	**31.05**	**31.21**	**34.51**	**3.39**	**30.49**
(excluding Iraq, Nigeria, Libya and Iran)					**2.55**	

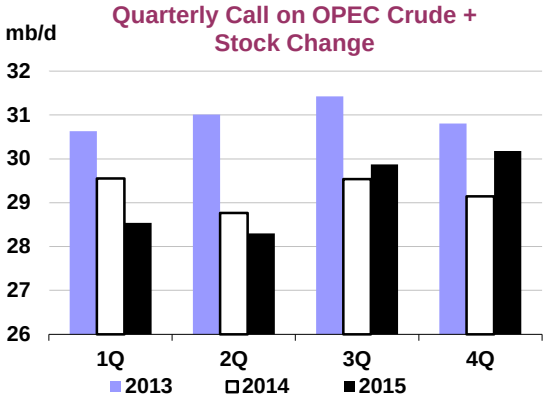
1 Capacity levels can be reached within 30 days and sustained for 90 days.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in April

Early soundings suggest that OPEC will sustain rates at near 31 mb/d during May, extending the lofty production levels of the previous two months. OPEC's core Gulf producers – led by Saudi Arabia – are sticking with their defence of market share ahead of a scheduled 5 June OPEC meeting. Such sustained, high production comes even as upwardly revised estimates of non-OPEC supply growth have trimmed the 'call on OPEC and stock change' by 300 kb/d for 2H2015.





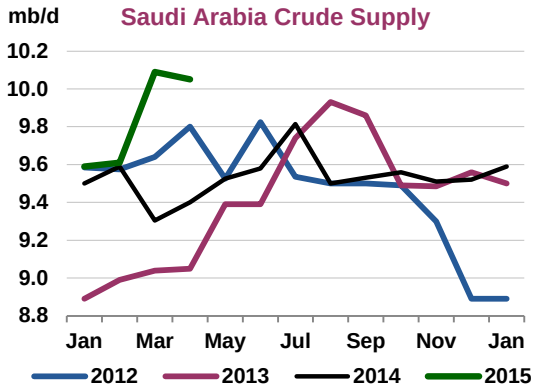
Not only are Gulf producers signalling steadfastness in their defence of market share today, but they are also making a show of hiking their investments in future production capacity, ostensibly bucking the belt-tightening trend of most of their non-OPEC counterparts. "While oil companies around the world are

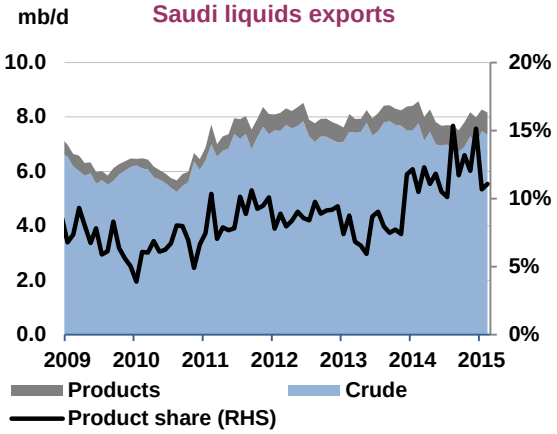
cutting capital and downsizing their investment programs, Saudi Aramco continues to take a long-term view", Chairman Khalid al-Falih was quoted as saying during a recent trip to China. OPEC Gulf producers Kuwait and the UAE are following suit. According to reports by Baker Hughes and others, Saudi Aramco, Abu Dhabi National Oil Company (Adnoc) and Kuwait Petroleum are all using a record number of drilling rigs, increasing supply and boosting investment in oil exploration and production, even as international oil companies (IOCs) slash their budgets and put projects on hold. Saudi Arabia, the UAE and Kuwait combined are producing at the highest rate in at least three decades. Iran and Iraq are also hiking supply, with Iranian April output at its strongest since July 2012 – when current international oil sanctions against its crude exports first came into effect – and Iraqi production ramping up to a new post-1979 high.

OPEC's 'effective' spare capacity was estimated at 2.55 mb/d in April, up slightly from 2.42 mb/d in March, with Saudi Arabia accounting for nearly 90% of the surplus.

Crude oil supply from **Saudi Arabia** dipped by 90 kb/d to 10.1 mb/d in April from an upwardly revised 10.19 mb/d in March, but remained in excess of 10 mb/d for the second month running, confirming that Riyadh is intent on maintaining its policy to preserve its market share. Oil Minister Ali al-Naimi, who survived a Cabinet reshuffle on 29 April, said earlier that Saudi oil fields would continue at around 10 mb/d after reaching a high of 10.3 mb/d in March. Output from the Neutral Zone shared by Saudi Arabia and Kuwait has slipped by about 100 kb/d with the taps turned down at the Wafra field.

Preliminary tanker tracking data showed Saudi crude exports dipping to roughly 7.16 mb/d in April – a drop of around 750 kb/d on the previous month's upwardly revised 7.91 mb/d high. Riyadh has been directing much of its crude shipments towards Asia, where demand for its crude has been stronger than anticipated, industry sources said. In early May, Saudi Aramco kept its monthly formula price for its Arab Light crude grade to Asia unchanged but cut those for Arab Super Light and Arab Extra Light, reversing two consecutive months of increases. In contrast, Aramco raised official selling prices (OSPs) to Europe and the US. OSPs for Arab Light, Arab Medium and Arab Heavy lifting in June and bound for the US were raised by 10-20 cents/bbl from May levels, while those for crude delivered in Northwest Europe went up by $1.10-$1.40/bbl.

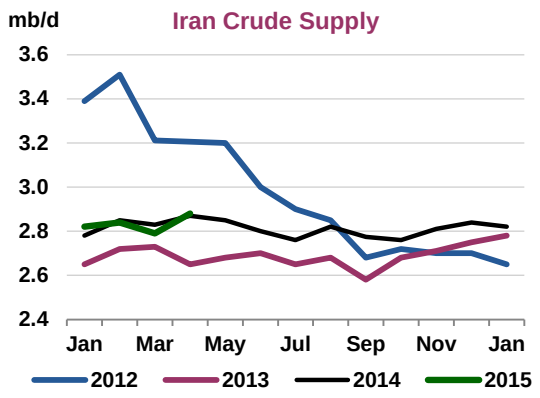


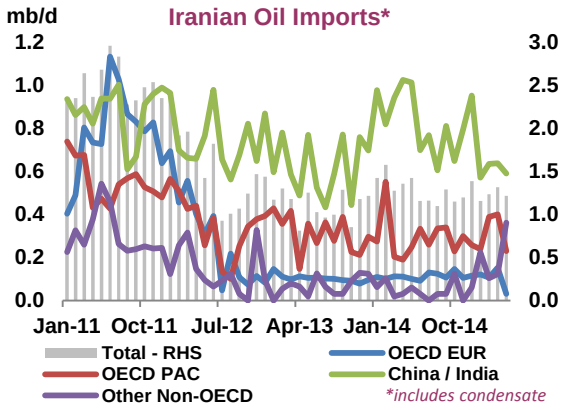


Saudi Arabia's Gulf allies **Kuwait**, **Qatar** and the **UAE** kept their crude output about flat in April, with Qatar production inching up by a marginal 10 kb/d and Kuwaiti and UAE supplies unchanged. In the latter, Japan's Inpex was awarded a 5% stake in the restructured Abu Dhabi Company for Onshore Petroleum Operations (ADCO). France's Total had earlier received a 10% share. With Abu Dhabi National Oil Company (ADNOC) retaining 60% of ADCO, 25% of the concession remain up for grabs. ADCO's 1.6 mb/d production capacity is slated to reach 1.8 mb/d in 2017, bringing Inpex and Total's equity production of high-quality Murban crude from 80 kb/d and 160 kb/d to 90 kb/d and 180 kb/d, respectively.

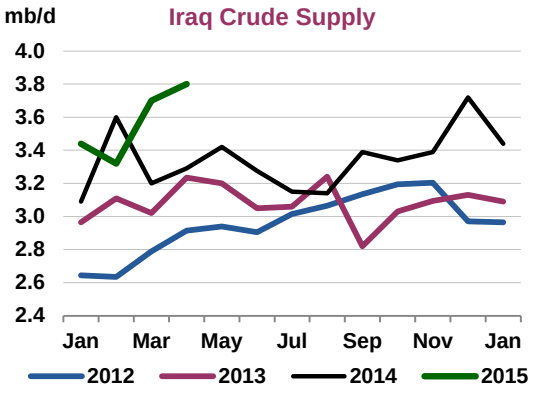
Kuwait managed to keep production flat in April despite falling output from the Neutral Zone it shares with Saudi Arabia, a result of a lingering dispute between the two countries. Saudi Arabia Chevron, operator of Saudi Arabia's 50% share of the Neutral Zone, reportedly advised its Kuwaiti partner, Kuwait Gulf Oil Co., to shut down all joint operations at the 200 kb/d Wafra field by early May, invoking difficulties in securing work permits and materials. The Neutral Zone's jointly operated Khafji field was shut in October 2014, ostensibly due to Saudi environmental concerns.

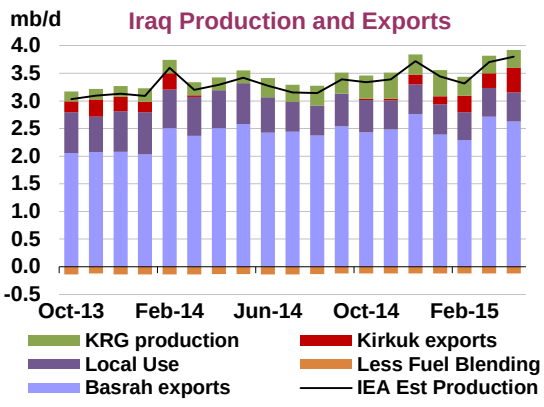
Iran's production climbed 90 kb/d to 2.88 mb/d in April, the highest level since July 2012 – when US and EU sanctions on Iranian oil exports first took effect – as India returned to buy. Ship trackers say exports may have surged by as much as 400 kb/d to 1.3 mb/d in April, though how much of that volume came out of floating storage is unclear. Deliveries of Iranian crude to importing countries, on the other hand, dipped by close to 100 kb/d on the month, led by an aggregate plunge of nearly 300 kb/d in OECD countries – Japan, Korea and Turkey – compared to March's high. A partial offset was provided by gains in non-OECD imports, including India – which had briefly halted imports in March for the first time in more than 10 years – and Malaysia, which took receipt of Iranian barrels for the first time since September 2013. Chinese imports inched lower, while imports into Syria also declined from March highs.





Crude output from **Iraq**, including the Kurdistan Regional Government (KRG), ramped up to 3.8 mb/d in April, from 3.7 mb/d in March, a fresh post-1979 high. Exports of 3.077 mb/d in April also set a new record. The increase came from Iraq's northern exports to the Turkish port of Ceyhan, which rose to 450 kb/d in April, up from 268 kb/d in March. In contrast, shipments from the South declined by 85 kb/d from March, to 2.627 mb/d. This seems not to be due to weather problems as often in the winter months, but because of delays in establishing adequate storage for the two blends "Basra Heavy" and "Basra Light" which are now expected to be marketed in June. Southern exports may therefore come back more strongly by mid-year.

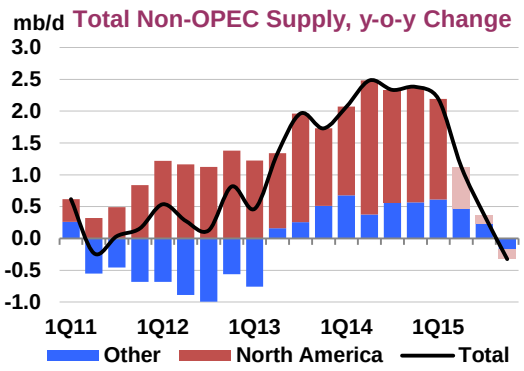


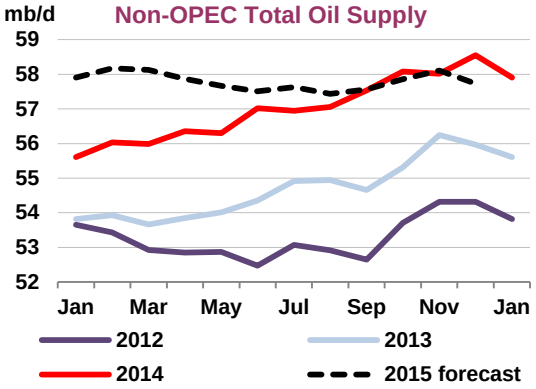


Production from **Libya** remains volatile but bumped higher by 40 kb/d in April, reaching an average 520 kb/d for the month. **Nigerian** output inched up by 60 kb/d to 1.80 mb/d. That was offset by a 60 kb/d decline in **Angola** and a 10 kb/d dip in **Algeria**. Supply from OPEC's Latin American members inched up, with V**enezuelan** output gaining an estimated 40 kb/d and **Ecuador** remaining flat.

Non-OPEC overview

Non-OPEC oil production is estimated to have declined by 260 kb/d in April, to 57.9 mb/d, led lower by declines in Canadian and Mexican supplies, partly offset by a seasonal increase in global biofuels production. The most recent data indicated that that US supply growth is slowly abating, as reductions in capital expenditures and rig-count declines are starting to curb gains in LTO output.





Non-OPEC output growth has nevertheless been revised higher for 2015 on a year-on-year (y-o-y) basis, to 830 kb/d, on the back of remarkably strong recent production in a number of countries. Non-OPEC supply growth in 1Q15 remained surprisingly robust, at close to 2.2 mb/d, taking total non-OPEC production above 58 mb/d. North American producers accounted for the bulk of the increment, adding 1.6 mb/d, with Latin America adding another 0.4 mb/d to y-o-y gains. Brazilian output surged by nearly 17% in 1Q15, as new production facilities continued to ramp-up output. Russian oil production has also been stronger than anticipated so far this year, posting annual growth of 100 kb/d in 1Q15 and nearly 185 kb/d in April, when preliminary data indicate another month of record-high output. Recent data for China, Vietnam and Malaysia have also shown persistently strong growth, lifting the production outlook for these countries through the remainder of the year.

Non-OPEC Supply

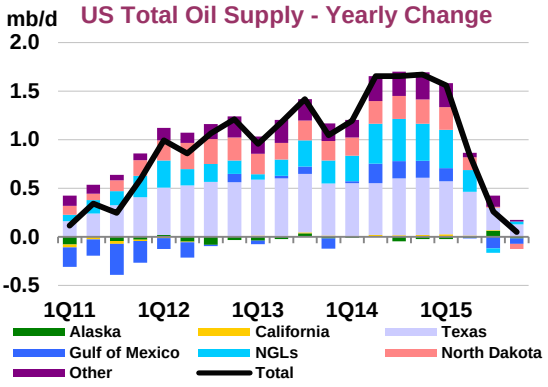
(million barrels per day)

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Americas	**17.1**	18.1	18.7	19.1	19.6	**18.9**	19.7	19.4	19.2	19.4	**19.4**
Europe	**3.3**	3.5	3.2	3.1	3.5	**3.3**	3.4	3.3	3.2	3.5	**3.3**
Asia Oceania	**0.5**	0.5	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	0.5	**0.5**
Total OECD	**20.9**	22.2	22.5	22.7	23.6	**22.7**	23.6	23.1	22.9	23.4	**23.3**
Former USSR	**13.8**	13.9	13.8	13.8	13.9	**13.9**	14.0	13.9	13.8	13.8	**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**
China	**4.2**	4.2	4.2	4.2	4.3	**4.2**	4.3	4.3	4.2	4.2	**4.3**
Other Asia	**3.6**	3.5	3.5	3.5	3.6	**3.5**	3.7	3.6	3.6	3.7	**3.7**
Latin America	**4.2**	4.2	4.3	4.5	4.6	**4.4**	4.6	4.5	4.5	4.5	**4.5**
Middle East	**1.4**	1.4	1.3	1.3	1.3	**1.3**	1.3	1.2	1.3	1.3	**1.3**
Africa	**2.3**	2.4	2.3	2.3	2.3	**2.3**	2.4	2.3	2.3	2.3	**2.3**
Total Non-OECD	**29.5**	29.8	29.6	29.7	30.2	**29.8**	30.4	30.1	29.8	30.0	**30.1**
Processing Gains	**2.2**	2.2	2.2	2.2	2.2	**2.2**	2.2	2.2	2.2	2.2	**2.2**
Global Biofuels	**2.0**	1.7	2.3	2.5	2.3	**2.2**	1.8	2.3	2.6	2.3	**2.2**
Total Non-OPEC	**54.6**	55.9	56.6	57.2	58.2	**57.0**	58.1	57.7	57.5	57.9	**57.8**
Annual Chg (mb/d)	**1.4**	2.1	2.5	2.3	2.38	**2.3**	2.2	1.1	0.4	-0.3	**0.8**
Changes from last OMR (mb/d)	**0.0**	0.1	0.1	0.2	0.3	**0.2**	0.5	0.2	0.3	0.4	**0.3**

OECD

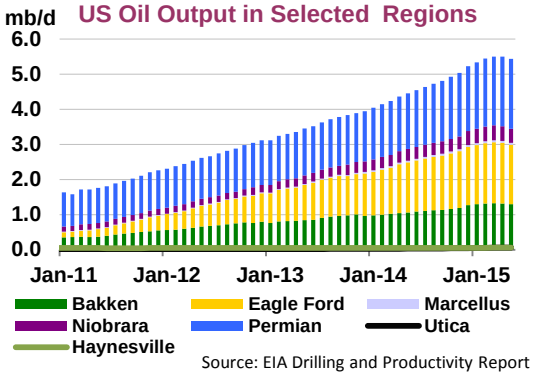
North America

US – April preliminary, Alaska actual, others estimated: Signs that US production growth has come to a halt are appearing, with both the US Energy Information Administration's latest weekly oil statistics and its most recent *Drilling Productivity Report* indicating that lower oil prices and capital expenditures, alongside continuous declines in the rig count, are starting to take a toll on output. While preliminary, both reports show US output declining in their most recent numbers. The *Drilling Productivity Report*, which covers the seven largest US shale plays, estimates growth tapering off in April and LTO output slipping almost 80 kb/d in May.

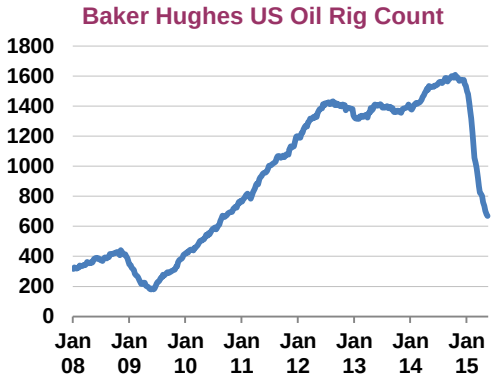


The drop in output is consistent with extended declines in drilling activity. The US rig count continued to fall through 8 May, with another 145 rigs taken out of service since the end of March. The latest Baker Hughes report shows total US oil rigs falling to 668 in early May, its lowest since September 2010, and nearly 60% below last October's peak of more than 1600 rigs. The Permian Basin shed 47 rigs (to 236), while Eagle Ford reduced its active oil rigs by 38 (to 86). The Williston Basin, which contains the giant Bakken formation, had 80 oil rigs working in early May, 17 fewer than at end-March. While continuing, the slide in the rig count nevertheless could be abating somewhat, with both the Permian and Williston Basins gaining one rig in the latest weeks.

Final February data, meanwhile, came in lower than expected, leading to a downward revision for that month of nearly 100 kb/d. At 9.2 mb/d, total US crude oil production was only 25 kb/d higher than in January. Natural gas liquids gained 120 kb/d – reversing January declines brought on by freezing temperatures. Output in all major LTO plays continued to rise, up by a combined 105 kb/d. Output in the Permian play was 40 kb/d higher, Eagle Ford rose by 30 kb/d, while Bakken gained some 20 kb/d. While LTO output continued to increase in March, the US EIA's *Drilling Productivity Report* estimates that supply from the Bakken, Eagle Ford and Niobrara plays started declining in April. Indeed, preliminary weekly EIA statistics confirm that US crude output started to decline in the second half of April, taking total US supplies for the month 25 kb/d lower , to 12.6 mb/d, and partially reversing March's 105 kb/d surge in total US liquids production. The EIA's *Drilling Productivity Report* indicates accelerated declines in May, with Eagle Ford seeing the steepest drops.



Source: EIA Drilling and Productivity Report



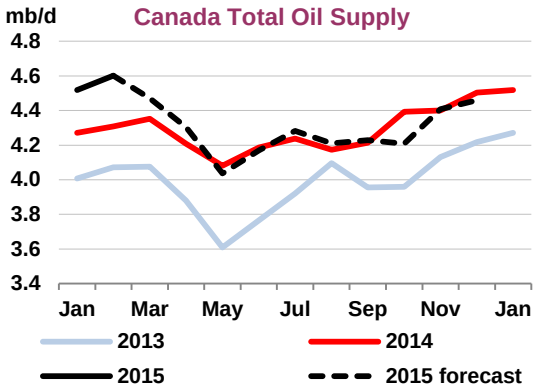
In contrast to the US onshore sector, output growth from the offshore is expected to continue apace in 2015 and 2016. While down slightly from January, February oil production in the Gulf of Mexico stood an impressive 125 kb/d above the same month a year earlier, at 1.5 mb/d. The start-up of Hess' Tubular

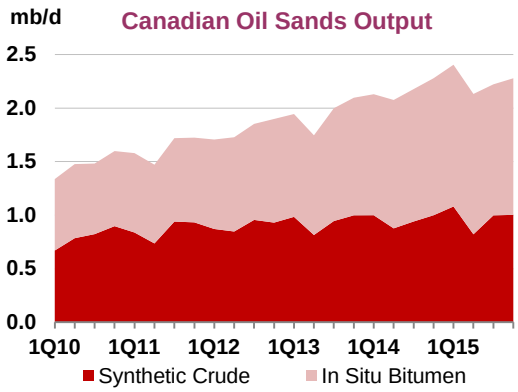
Bells development in November 2014 and Chevron's Jack St. Malo in December is expected to add a combined 150 kb/d to supplies this year. Further gains will come from Anadarko's Lucius spar, which started operations in the Keathley Canyon Block 875 in January. The 80 kb/d platform took on additional production from Exxon's Hadrian South development late March. In April, US independent Llog Exploration started up its Delta House platform in Mississippi Canyon Block 254. The facility has a peak capacity of 100 kb/d and the company plans to ramp up output with eight wells tied in by the end of the year. Lastly, Chevron's Big Foot platform is due to start-up late in 2015, though that timeframe could shift as installation work has faced delays. Several other projects are due on line in 2016 and 2017.

Overall, the outlook for US crude oil production is largely unchanged from last month's *Report* at an average of 9.1 mb/d in 2015, an expected increase of 520 kb/d. Total liquids are set to expand by 670 kb/d, 30 kb/d less than in last month's *Report*.

Canada – February actual: Canada's total oil supplies edged higher in February, gaining more than 80 kb/d from a month earlier, to 4.6 mb/d. As in the US, month-on-month gains were concentrated in natural gas liquids, as output in January was adversely affected by cold temperatures. Crude and condensate output was 40 kb/d higher than in January, while mined synthetics slipped by 25 kb/d from the previous month.

Significant volumes of Canada's synthetic crude are expected to go offline in 2Q15, as four major upgrading facilities are planning maintenance. Canadian Oil Sands announced it would take its 100 kb/d Syncrude's Coker 8-3 offline for work in during this quarter, cutting the project's output by one third. The unit is expected to be out for around six weeks. Shell has announced it would perform maintenance on its 255 kb/d Scotford upgrader, while Suncor had scheduled turnarounds for its U1 and U2 upgraders, which have a combined capacity of 350 kb/d.



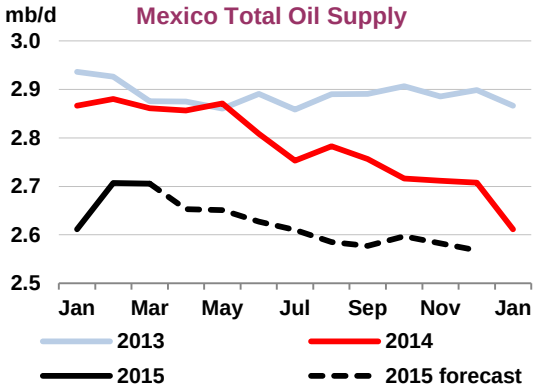


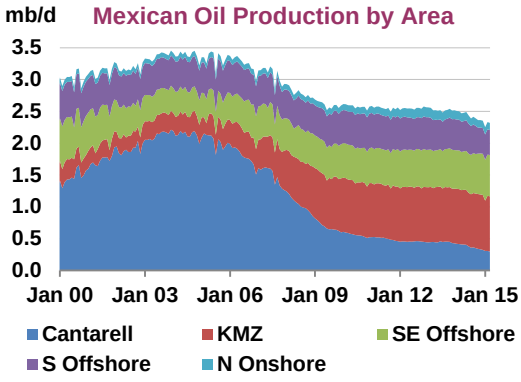
Canadian National Resources (CNRL) announced in its latest financial report that its Horizon upgrader achieved record quarterly output of 134 kb/d in 1Q15, an increase of 19% from a year earlier and up 5% from 4Q14. Efforts to improve the stability of the extraction and upgrading process have resulted in both higher nameplate capacity and higher utilisation rates, the latter attaining 98% in 1Q15.

In all, Canadian oil supply is expected to grow by around 50 kb/d in 2015 to 4.3 mb/d, with Albertan bitumen production seeing the largest gains of around 70 kb/d compared with 2014. Synthetic crude oil output is forecast to inch 20 kb/d higher, while slightly lower conventional crude oil output provides a partial offset.

Mexico – March actual: Mexican oil production in March was largely unchanged from a month earlier, at 2.7 mb/d, as a small increase in natural gas liquids output offset modest declines in overall crude production. While less steep than the preceding two months, annual declines were extensive, with

production down 155 kb/d from a year-earlier. Accelerated declines at the legacy Cantarell complex continued to weigh on production with output at the field slipping below the 300 kb/d mark in March. So far this year, Cantarell has been producing some 110 kb/d less than a year ago. At its peak in 2003-04 the field produced around 2.2 mb/d.





Output is forecast to have dipped further in April, after a deadly explosion at Pemex's Abkatun Permanente platform in the Gulf of Mexico on 1 April shut in offshore output. The platform is part of the Abkatun Pol Chuck (APC) system, which was producing over 300 kb/d prior to the outage, though the platform itself only produced around 40 kb/d according to a Pemex statement. During April, Pemex quickly launched a phased restart of production, re-establishing operations at two of the complex's platforms already on 5 April. A week later, the company announced production at the complex had recovered to 80% of its pre-accident level. The restart of the two platforms, Abkatun D and Abkatun Perforacion, restored output from three fields, Ixtal, Manik and Onel, which had a combined output of around 210 kb/d of oil and 197.1 million cubic feet per day of gas in January. The Abkatun Temporal processing platform also restarted operations in April. Pemex expects to reactivate wells that use pneumatic pumping in the Batab and Chuc fields by June, restoring an additional 30 kb/d of crude production.

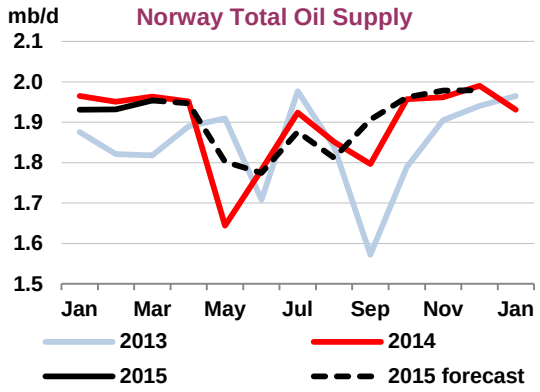
North Sea

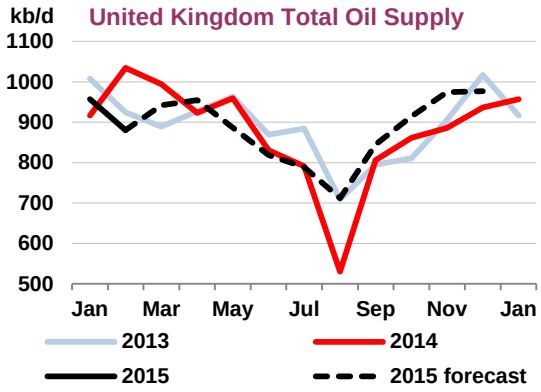
Total North Sea production was largely unchanged in April compared with a month earlier, at just over 3 mb/d. North Sea production is expected to drop sharply in May as field maintenance reduces output at a number of fields, including Brent, Forties and Ekofisk. Brent-Forties-Oseberg-Ekofisk (BFOE) May scheduled loadings dropped to 850 kb/d, from 960 kb/d in April. North Sea loading terminal Hound Point started a month-long planned maintenance in early May. The Hound Point jetty is the key VLCC loading berth for Forties, making long haul shipments to Asia more difficult.

Norway – February actual, March preliminary: Total oil output in Norway averaged 1.9 mb/d in February, unchanged from the previous month. Preliminary estimates published by Norway's Petroleum Directorate revealed that March output was only marginally higher. Technical problems reportedly reduced the output of Alvheim, Draugen , Grane and Gullfaks South, offsetting increases at Gudrun and Knarr. The Gudrun field, which was shut in February due to a gas leak was partially restarted on 24 March.

Not long after commissioning its North Sea Knarr oilfield in March, UK operator BG Group had to halt output after a shut-in caused a small fire on the project's floating production storage and offloading vessel (FPSO). The FSPO, which has a production capacity of 63 kb/d and storage capacity of some 800 thousand barrels, had been delayed from an initial target of 2013 due to weather related issues and a fire on board the FPSO last year. The field is estimated to hold around 80 million boe in gross recoverable reserves.

In mid-April, Norwegian energy minister Tord Lien officially opened the Valemon gas and condensate field in the North Sea. Condensates from the field will be piped to the nearby Kvitebjørn platform for processing and then shipped to Mongstad before reaching markets. Valemon condensate production is expected to add around 10 kb/d to liquids output in 2015 and reach peak production of around 20 kb/d in 2016. New field start-ups are expected to largely offset mature field decline on the Norwegian continental shelf in 2015, keeping total Norwegian oil production stable from 2014 levels, around 1.9 mb/d.



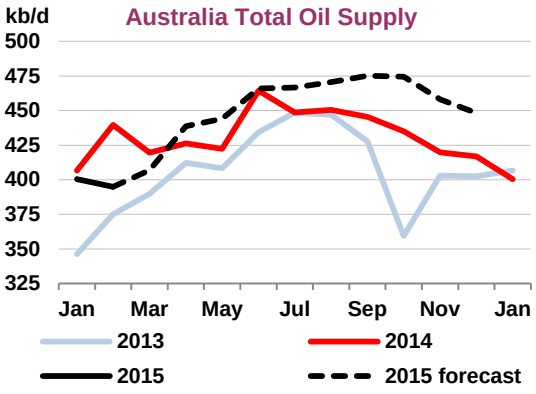


UK – January actual, February preliminary: Oil production on the UK shelf averaged 955 kb/d in January, up 20 kb/d from an upwardly revised December figure. The increase was largely accounted for by higher output in the Forties system, where the Franklin field climbed 10 kb/d from 22 kb/d a month earlier. Preliminary data for February show a steep drop in offshore output in that month, with total liquids declining 75 kb/d from a month earlier, to 840 kb/d, before rebounding in March. After posting annual gains of some 40 kb/d in January, preliminary February and March output declines took total UK liquids down by 50 kb/d y-o-y in 1Q15, to 930 kb/d.

Asia Oceania

Australia – February actual: Most recent data available from the Australian Government's Department of Industry and Science through February show Australia's crude and condensate production falling by another 25 kb/d in February, after a similar monthly drop a month earlier. As such, crude and condensate production averaged 315 kb/d in the latest month, compared with 360 kb/d at end-2014. Natural gas liquids added another 60 kb/d to total Australian supply in February.

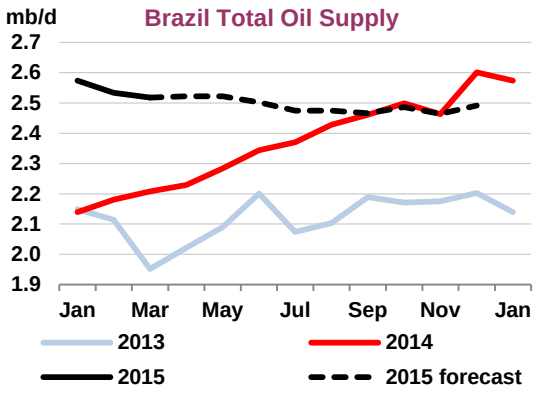
Australia's Van Gogh crude will likely return to market by the end of 2Q15, after a nearly 18-month hiatus. The FPSO Ningaloo Vision, which had been undergoing repair and rectification work in Singapore since early 2014, returned to Australia in March and operator Apache has announced production should resume in 2Q15. First oil from the nearby Coniston field is also expected in 2Q15. Including increased condensate production from the recently commissioned Gorgon gas field, total Australian oil production is estimated to increase to 450 kb/d in 2015, from 430 kb/d in 2014.



Non-OECD

Latin America

Brazil – March actual: Total oil output in Brazil declined by just under 20 kb/d in March, to 2.52 mb/d. Production in the Campos Basin fell 35 kb/d from February, despite a 10 kb/d increase in output from the Roncador field. Partly offsetting the decline, Santos Basin output continued to increase, with production surpassing 0.5 mb/d for the first time in March. Year-on-year gains of an impressive 220 kb/d came mostly from the Lula pre-salt field, which added another 20 kb/d to reach nearly 290 kb/d, up 140 kb/d from a year earlier. Other gains came from the Sapinhoá field, which started production in January 2013 and inched up 10 kb/d month-on-month to 153 kb/d, 90 kb/d above a year earlier.



On 22 April, Petrobras finally released its long overdue audited financial statement for 2014. However sobering the figures it contained may have appeared, the company's stock rallied after their publication, as the release cleared the way for Petrobras's return to capital markets. The company reported a 21.6 billion real ($8.8 billion) loss for the year, thanks in large part to write-downs and impairment charges, with 6.2 billion reals related to the ongoing corruption scandal.

While Petrobras is planning to release an updated five-year business plan in coming weeks, the company has already outlined plans to invest $29 billion this year and another $25 billion in 2016, down from $35 billion in 2014. While this budget is significantly lower than the original one, Petrobras will put 82% of spending into the upstream, letting the downstream take the brunt of the investment cuts.

In terms of near-term growth, Petrobras is planning to add one production unit this year: the Cidade Itaguai FPSO at the Iracema North pre-salt area, which includes the Lula field. Additional growth should come from FPSOs, which entered operations in 2014. Average field declines of around 10%, the decommissioning of the Marlim Sul FPSO at the end of December as well as operational problems in the Campos Basin along with the fallout from Petrobras' legal problems, nevertheless continue to depress the outlook for Brazil. Overall production is expected to average just over 2.5 mb/d in 2015, increasing approximately 150 kb/d on the year, with gains concentrated in the first half of the year, 20 kb/d more than carried in last month's *Report*.

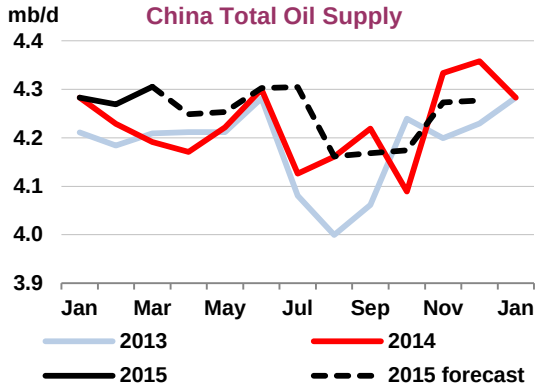
Asia

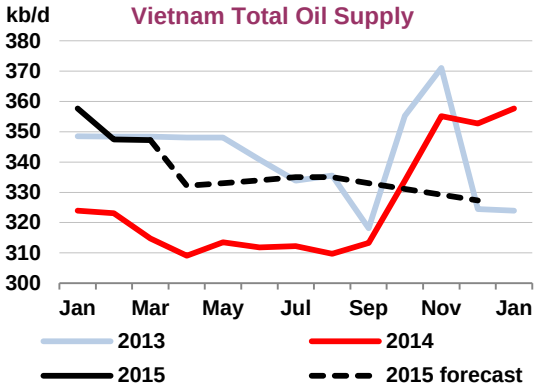
China – March actual: With a lag of several months, *China Oil Gas and Petrochemicals* recently released updated oil production estimates through March. The data show Chinese oil output rising some 50 kb/d compared with a year earlier in 1Q15, on the back of a recovery in Penglai and other offshore fields. Penglai, China's biggest offshore oilfield, is a joint venture between China National Offshore Oil Corporation (CNOOC) and US Conoco Phillips. According to financial filings by the US company, total output from the field averaged around 75 kb/d in 2014, down from around 82 kb/d in 2013 and 150 kb/d produced prior to an important oil spill in 2011.

CNOOC meanwhile announced in its 1Q15 earnings report its crude and liquids production was 13% higher in 1Q15 than a year earlier, at 99.6 million barrels (1.1 mb/d), with the most significant increases in its domestic output and notably in the Bohai production area where the Penglai field is located.

Speaking at an industry event on 28 April, CNOOC chief geologist and executive vice president, Zhu Weilin, said CNOOC's target of 65 million tonnes of oil equivalent and gas produced in 2015 could be trimmed due to low oil prices. Zhu said the biggest problem for CNOOC now was production costs.

A revision to 4Q14 data lifted total 2014 Chinese production by 30 kb/d above earlier estimates to 4.2 mb/d in that year, nearly 50 kb/d higher than in 2013. Output is expected to remain largely stable in 2015, inching up another 30 kb/d.



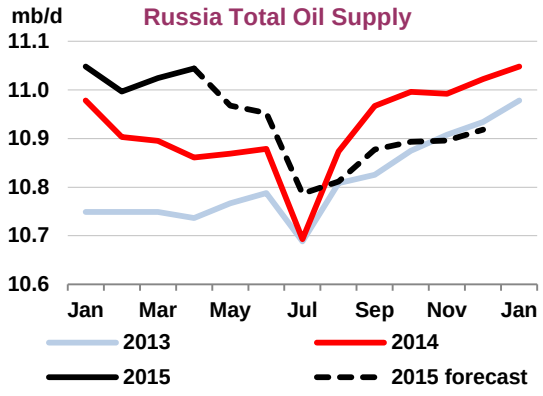


Viet Nam – March Actual, April preliminary: According to a government estimate, Viet Nam's crude production reached 320 kb/d in April, up more than 7% from a year earlier. Actual March crude production was confirmed at 335 kb/d, up nearly 11% year-on-year. State oil company PetroVietnam announced in April it expects the country's crude oil production to dip in 2Q15 by 7.6% versus 1Q15, giving no reason for the decline. In all, Viet Nam's total oil production is set to average 340 kb/d in 2015, up 15 kb/d from 2014.

Malaysia – March Actual: According to the National Bank of Malaysia, Malaysian oil production averaged 690 kb/d in 1Q15, nearly 100 kb/d from a year earlier. Ramp up of production at the offshore Gumusut-Kakap field provided a boost to output. Production of the new Kimanis crude grade which started in late 2014 could reach 80-90 kb/d this year. According to field operator Royal Dutch Shell, the Kimanis crude, which is a medium sweet grade similar to Malaysia's Labuan crude, will be significantly curbed in summer with field maintenance planned for June and July.

Former Soviet Union

Russia – March actual, April preliminary: Despite sanctions and lower oil prices, Russian producers managed to maintain crude oil output near record levels through April, hovering around 10.7 mb/d since the start of the year. Including gas liquids, Russian output exceeded 11 mb/d in both March and April. So far this year, output has stood some 120 kb/d above the same period in 2014, with annual gains reaching an impressive 185 kb/d in April. As a result, the forecast of Russian production for 2015 has been raised slightly since last month's *Report*. Oil companies have so far been shielded from the drop in oil prices, both by the revised tax system and by a sharp rouble depreciation since mid-2014. The overall outlook for Russia remains negative for 2015, however, and we expect growth to taper off in the second half of the year as structural declines are exacerbated by Western sanctions targeting financing and technology needed to reverse declines and boost production for the year.



Final data for March show total output rose nearly 30 kb/d from February, to just over 11 mb/d, 130 kb/d higher than the previous year. Recently nationalised Bashneft and small independent producers posted the strongest growth, of 50 kb/d and a combined 100 kb/d, respectively. Total output by small independents rose to 1.1 mb/d. Preliminary data for April show even steeper annual gains of some 175 kb/d, again with small independents, Gazprom and Bashneft posting gains, offsetting declines at Rosneft, which continues to face production declines from its mature fields in western Siberia. The state giant said its Vankor field has reached a peak of 442 kb/d and will start declining next year. To offset the field decline, Rosneft is to start-up neighbouring Suzunskoye field, which is set to peak at 90 kb/d in 2018.

FSU net-exports remained relatively flat in March, exceeding 10 mb/d for a third consecutive month. At 10.15 mb/d, both crude and product volumes continue to remain well above year-earlier levels. Crude exports inched up by 50 kb/d to 6.65 mb/d with a 90 kb/d increase in the volumes shipped via Russia's Transneft network offsetting falls elsewhere. One of the largest increases was on flows through the Druzhba pipeline which hit 1.14 mb/d, their highest in nearly three years, as Germany, the Czech Republic and Hungary all upped deliveries. Preliminary export schedules indicate that crude volumes should rise further in the second quarter as refiners, especially in Russia, enter seasonal maintenance reducing domestic demand for crude. Baltic exports are expected to see the largest rise although the majority of the export volumes are destined for Primorsk rather than Ust Luga.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	2Q2014	3Q2014	4Q2014	1Q2015	Jan 15	Feb 15	Mar 15	Latest month vs. Feb 15	Latest month vs. Mar 14
Crude											
Black Sea	1.78	1.62	1.65	1.59	1.50	1.83	1.77	1.87	1.84	-0.03	0.05
Baltic	1.57	1.33	1.46	1.32	1.20	1.47	1.52	1.45	1.44	-0.01	0.16
Arctic/FarEast	0.81	1.14	1.18	1.23	1.26	1.36	1.31	1.38	1.38	0.00	0.47
BTC	0.64	0.60	0.59	0.68	0.55	0.64	0.71	0.59	0.61	0.01	0.03
Crude Seaborne	**4.80**	**4.69**	**4.88**	**4.82**	**4.51**	**5.29**	**5.31**	**5.30**	**5.26**	**-0.03**	**0.70**
Druzhba Pipeline	1.03	1.01	1.00	1.03	0.99	1.07	1.02	1.05	1.14	0.09	0.18
Other Routes	0.57	0.40	0.38	0.28	0.21	0.25	0.25	0.26	0.25	-0.01	-0.45
Total Crude Exports	**6.40**	**6.14**	**6.26**	**6.22**	**5.71**	**6.61**	**6.59**	**6.61**	**6.65**	**0.05**	**0.43**
Of Which: Transneft[1]	4.08	3.88	4.02	3.90	3.65	4.27	4.29	4.22	4.31	0.09	0.40
Products											
Fuel oil[2]	1.64	1.72	1.75	1.79	1.71	1.65	1.70	1.65	1.60	-0.04	-0.02
Gasoil	0.85	0.95	1.00	0.88	0.88	1.22	1.24	1.20	1.22	0.02	0.12
Other Products	0.51	0.57	0.61	0.55	0.50	0.73	0.73	0.72	0.75	0.03	0.16
Total Product	**3.00**	**3.25**	**3.37**	**3.22**	**3.09**	**3.61**	**3.67**	**3.57**	**3.58**	**0.01**	**0.26**
Total Exports	**9.40**	**9.38**	**9.63**	**9.44**	**8.90**	**10.22**	**10.26**	**10.17**	**10.23**	**0.05**	**0.69**
Imports	0.08	0.08	0.07	0.10	0.10	0.06	0.04	0.07	0.08	0.02	0.01
Net Exports	**9.32**	**9.30**	**9.56**	**9.34**	**8.81**	**10.16**	**10.22**	**10.11**	**10.15**	**0.04**	**0.69**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Russia's recent 'tax manoeuvre', which saw the realignment of export duties for light and heavy products, has had the effect of increasing the export of light, high-value products at the expense of fuel oil. Fuel oil exports fell for the third straight month with the export of the product now being far less profitable than crude, putting pressure on the margins of simple refiners with high fuel-oil yields. Meanwhile, shipments of middle and light distillates have surged, supported also by weak Russian demand. In particular, Russia has sharply increased kerosene exports, hitting 58 kb/d in March, up from 5-10 kb/d prior to the tax manoeuvre. Considering that the vast majority of the extra kerosene shipments came for Ust Luga, it is likely that these were destined for Northwest Europe. Looking forward, product exports are expected to fall from their lofty levels as Russian refiners enter seasonal maintenance, which is expected to see up to 400 kb/d taken off line.

OECD STOCKS

Summary

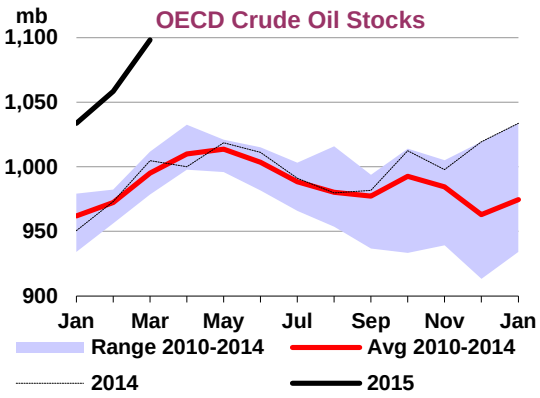
- **OECD commercial oil inventories defied seasonal trends to add 38.4 mb in March, a month where stocks have on average declined by 1.4 mb over the past five years.** The relentless increase in US crude stocks drove the build in total holdings while refined product stocks inched lower and by end-month covered 30.5 days of forward demand, level with a month earlier.

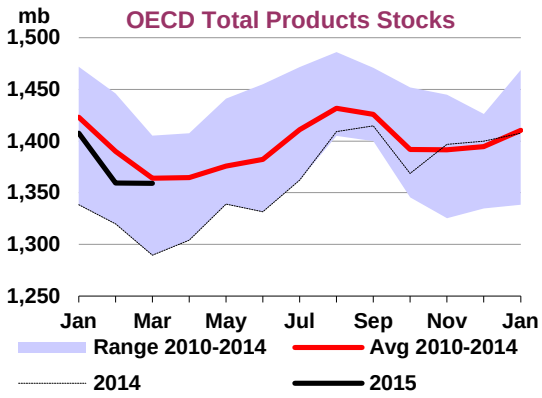
- **While global supply and demand balances imply a 160 mb notional stock build in 1Q15, observed data suggest the gains were heavily skewed towards crude**. A cold winter and a string of US refinery outages helped keep OECD product inventories in check. China bucked the OECD trend with a significant rise in product stocks.

- **Chinese product stocks built by 14.4 mb in March as refinery activity there hit a new record, boosting inventories of gasoil and gasoline.** Gasoil inventories built seasonally by 37 mb over the first quarter to breach the 100 mb barrier for the first time by end-March amid reports of sluggish domestic demand and as exports remained low.

- **Recent data from the US EIA indicate that during the last week of April US crude stocks drew for the first time in 17 weeks** during which time they have added an extraordinary 109 mb. Holdings fell as refinery throughputs ramped up, crude production plateaued and imports fell to their lowest in nearly a year.

- **Preliminary data indicate that OECD stocks have continued on an upward trend as they built by 35.8 mb in April**. Crude stocks added an exceptionally steep 36.4 mb led by still-soaring US holdings while refined products arrested their recent draws and rose on increasing US throughputs and European runs remaining above year-earlier levels.





Global Overview

While data on non-OECD oil inventories are proverbially scarce, global supply and demand balances point to a steep build of more than 160 mb in global oil inventories during 1Q15 as production far exceeded consumption. Available data for the OECD and select non-OECD economies do shed some light on the composition and distribution of this implied stock build, however, and indicate that the vast majority of it – more than 130 mb – was in crude oil. In contrast, data for refined product inventories where available, did not provide any evidence of a significant build except in China, where they grew by 37 mb. OECD product holdings drew by 30 mb.

As noted in last month's *Report*, based on available data, the global crude inventory overhang appears largely confined to the world's two largest oil consumers, the US and China. In view of rising international product trade, however, refined product builds may be occurring in countries for which inventory data are less reliable or up-to-date, or are simply not readily available. US product exports in particular have been on the rise, compounding the effect of cold weather to draw domestic product stocks by 31 mb over the quarter. Product exports from Asia Oceania to non-OECD Asia have also been healthy, while European refiners recently got a boost from strong import demand from West Africa. Some of those exports may have ended up in storage in their country of destination.

There are also now signs that refined product inventories may have turned a corner; as OECD product holdings drew unseasonably weakly in March and then built by a steeper-than-average amount in April. Moreover, recent weekly data from the US Energy Information Administration (EIA) point to refined product stocks building along seasonal lines and with crude stocks there finally falling in the last week of April as refiners came back from maintenance. There is now the possibility that the crude overhang accumulated over the past few months may finally be turned into refined products.

OECD inventory position at end-March and revisions to preliminary data

OECD commercial oil inventories defied seasonal trends to add 38.4 mb in March, a month where stocks have on average declined by 1.4 mb over the past five years. By end-month, stocks stood at 2 767 mb, a surplus of 120 mb versus average levels, its widest since June 2009. As in previous months, surging US crude stocks (+33.6 mb) led total inventories upwards, as despite refiners ramping up throughputs, production continued to post impressive year-on-year growth. All told, total oil inventories in the OECD Americas added 32.0 mb, more than twice the build which has occurred over the past five years. European inventories also built counter-seasonally (+7.8 mb), boosted by crude stocks which rose by a steep 6.6 mb, while those in Asia Oceania slipped counter-seasonally by 1.5 mb.

OECD total product holdings have moved to a slight surplus - of 5.6 mb - versus average levels for the first time since January 2011. However, when stripping out 'other products', principally LPG and ethane which bypass the refinery system and have surged in tandem with soaring US natural gas production, they stand at a 26.2 mb deficit with middle distillate inventories standing 22 mb below average. Indeed, beside 'other products', only gasoline stands at a surplus (8.2 mb). On a days-of-forward-demand-cover basis, OECD total product inventories covered 30.5 days at end-march, flat with a month earlier.

Revisions versus 15 April 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Jan-15	Feb-15	Jan-15	Feb-15	Jan-15	Feb-15	Jan-15	Feb-15
Crude Oil	**3.5**	**-2.4**	**-1.3**	**-0.9**	**0.5**	**6.1**	**2.8**	**2.8**
Gasoline	0.2	2.0	1.1	0.6	0.0	0.6	1.2	3.2
Middle Distillates	0.3	-2.5	0.8	-2.4	0.2	0.2	1.2	-4.7
Residual Fuel Oil	0.2	-1.2	0.4	1.0	0.1	0.1	0.8	-0.1
Other Products	-0.3	3.4	-0.2	-0.7	-0.3	-1.0	-0.7	1.7
Total Products	**0.4**	**1.7**	**2.1**	**-1.5**	**0.0**	**-0.1**	**2.5**	**0.2**
Other Oils[1]	0.0	-5.9	-1.5	2.2	0.0	0.0	-1.5	-3.7
Total Oil	**4.0**	**-6.5**	**-0.7**	**-0.1**	**0.5**	**6.0**	**3.9**	**-0.7**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

OECD inventories were revised downwards by a slight 0.7 mb for February upon the receipt of more complete monthly data, with the OECD Americas accounting for most of the adjustments. North American crude inventories were lowered by 2.4 mb (with the cuts centred in the US). Considering the 3.9 mb upward revision to January data, the preliminary 1.7 mb stock draw for the month presented in last month's Report is now seen steeper at 6.2 mb.

Preliminary Industry Stock Change in March 2015 and First Quarter 2015

	March 2015 (preliminary) (million barrels)				March 2015 (preliminary) (million barrels per day)				First Quarter 2015 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**32.0**	**6.6**	**1.1**	**39.8**	**1.03**	**0.21**	**0.04**	**1.28**	**0.88**	**0.10**	**0.02**	**1.01**
Gasoline	-10.3	-2.8	-0.2	-13.3	-0.33	-0.09	-0.01	-0.43	-0.11	0.11	0.03	0.03
Middle Distillates	1.9	2.7	-2.5	2.2	0.06	0.09	-0.08	0.07	-0.11	0.06	-0.08	-0.13
Residual Fuel Oil	1.7	0.3	0.0	1.9	0.05	0.01	0.00	0.06	0.04	0.04	-0.03	0.05
Other Products	9.5	0.2	-0.5	9.1	0.31	0.01	-0.02	0.29	-0.20	-0.02	-0.08	-0.29
Total Products	**2.8**	**0.4**	**-3.2**	**0.0**	**0.09**	**0.01**	**-0.10**	**0.00**	**-0.37**	**0.19**	**-0.16**	**-0.34**
Other Oils[1]	-2.8	0.8	0.6	-1.4	-0.09	0.03	0.02	-0.04	-0.06	0.03	-0.02	-0.05
Total Oil	**32.0**	**7.8**	**-1.5**	**38.4**	**1.03**	**0.25**	**-0.05**	**1.24**	**0.45**	**0.32**	**-0.16**	**0.61**

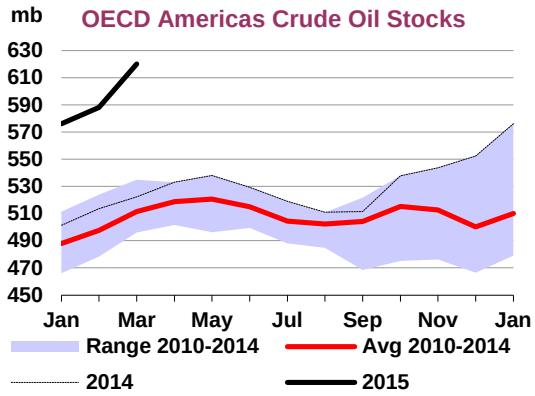
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

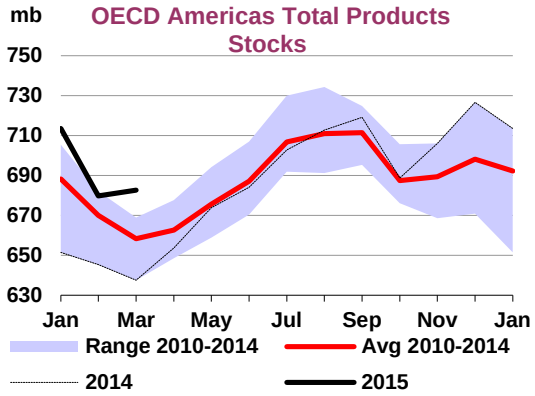
Preliminary data for April indicate that OECD stocks have continued on an upward trend as they built by 35.8 mb as US crude stocks continued their almost relentless surge. Since this increase was steeper than the 23.5 mb average build for the month, the surplus of inventories widened to an astounding 110 mb at end-month. While crude stocks added an exceptionally steep 36.4 mb, refined products arrested their recent draws and rose by a steeper than average 2.5 mb as refiners in the US came back from maintenance and as European throughputs remained above year-earlier levels.

Recent OECD industry stock changes

OECD Americas

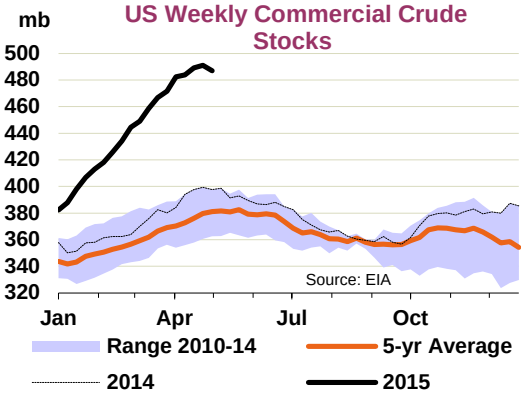
Following their seasonal February draw, commercial oil inventories in OECD Americas rebounded by a steep 32.0 mb in March. Since this build was eight times the 4.0 mb five-year average rise for the month, the region's surplus versus average levels widened to a record 163 mb from 135 mb one month earlier. Regional crude holdings continued to soar, as, despite refiners ramping up throughputs, US crude production remained 1.1 mb/d higher than a year earlier. Regional refined product holdings inched up counter-seasonally by 2.8 mb/d, their first monthly rise since end-2014. The build was largely driven by a steep, 9.5 mb gain in 'other products' (predominantly propane) as winter weather dissipated. Middle distillate inventories edged counter-seasonally higher by 1.9 mb, cutting their deficit to average levels to 7.3 mb, its narrowest since March 2012. By end-month, regional refined product holdings covered 29.1 days of forward demand, broadly flat with end-February.

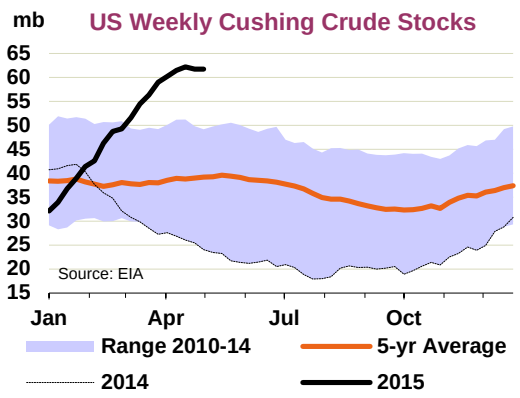




Weekly data from the US EIA indicate that US crude inventories declined by 3.9 mb during the last week of April, bringing to a halt 17 consecutive weekly builds that saw 109 mb added between the beginning of January and the end of April. Those earlier builds reflected still-soaring domestic crude production and a dip in refinery throughputs, as seasonal plant maintenance, compounded by unplanned outages, took more than 1 mb/d of capacity taken off line at its peak. Weekly data now point to domestic production plateauing, while in April throughputs increased by over 550 kb/d and crude imports dropped to 6.5 mb/d, their lowest in nearly a year. Considering the expected ramping up of refinery activity over the summer months and dipping domestic crude production, this could see stocks reduce gradually, in line

with seasonal trends, unless crude imports surge. By mid-April Cushing stocks began to draw as midcontinent refiners upped runs, by the beginning of May, they stood at 62 mb, approximately 87 % of capacity. As they drew this saw WTI firm at a faster rate than other global benchmark crudes.

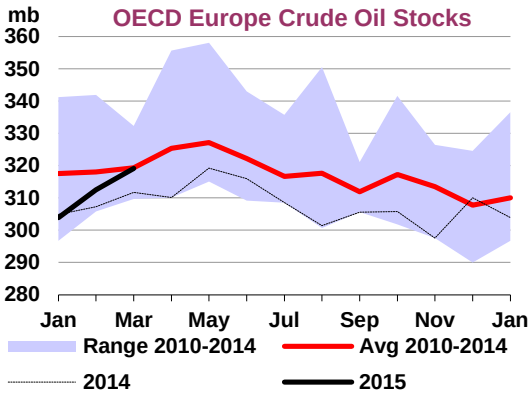


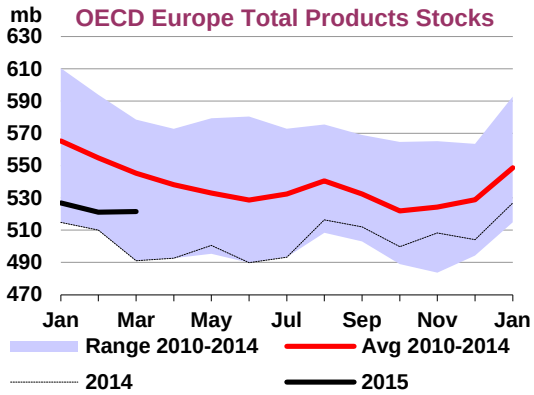


The increase in crude stocks saw total US commercial oil inventories rise by 31.4 mb in April, approximately twice the seasonal average build for the month. NGLs and other feedstocks defied seasonal trends and drew by 3.4 mb while refined products inched up by 1.4 mb, boosted by 'other products' which increased seasonally by 9.0 mb while middle distillates edged up counter-seasonally by a further 1.7 mb. As refiners made the seasonal switch to summer-grade gasoline, winter-grade product was destocked which saw inventories slump by 10.5 mb.

OECD Europe

Despite rising counter-seasonally by 7.8 mb in March, European inventories continue to lag average levels, although the deficit stood at 25 mb by end-month, its narrowest for four years. A steep 6.6 mb rise in crude oil holdings drove total stocks higher. Considering that regional refinery throughputs remained 900 kb/d higher than year-earlier levels and that regional crude production remains in decline, this would suggest that imports remained strong with ship tracking data suggesting that imports from the Middle East were relatively high.



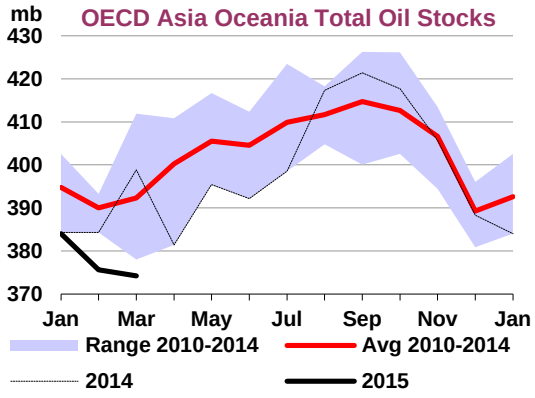


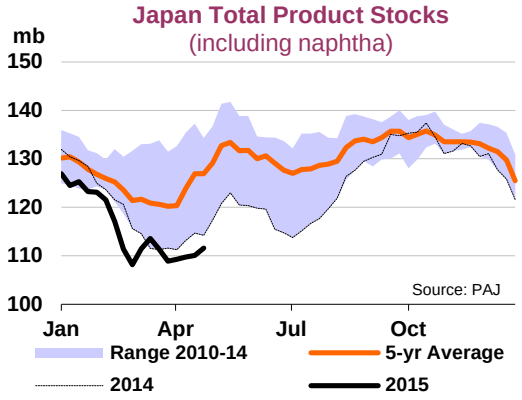
The high refinery activity, set against a backdrop of strong margins, saw refined products holdings inch up by 0.4 mb in a month when they have drawn on average by 9.6 mb over the past five years. All product categories bar motor gasoline posted builds, notably middle distillates climbed counter-seasonally by 2.7 mb. Anecdotal reports suggest that large quantities of gasoline have recently been shipped to the US Atlantic Coast and West Africa, helping pressure stocks downwards. Nonetheless, regional gasoline stocks stand at a 4 mb surplus to average levels while middle distillates are at a 14 mb deficit. At end-March, refined product inventories covered 38.7 days of forward demand, 0.3 days below end-February.

Data from Euroilstock indicate that European commercial inventories edged up counter-seasonally by 1.3 mb in April as refined product holdings remained flat month-on-month at a time when they would usually draw. It is likely that product stocks were buttressed by refinery throughputs, which despite falling month-on-month, remained 100 kb/d above-year earlier levels amid healthy margins. The strong refinery activity also saw crude stocks inch up by 1.3 mb, significantly less than the 6.0 mb five-year average draw.

OECD Asia Oceania

Commercial stocks in OECD Asia Oceania drew counter-seasonally by 1.5 mb in March, which saw their deficit versus the five-year average widen to 18 mb from 14 mb at end-February. Despite all product categories drawing, refined products only decreased by 3.2 mb, less than their 4.7 mb five-year average draw. By end-month, they covered 20.4 days, 0.4 days above end-February. NGLs and other feedstocks increased counter-seasonally by 0.6 mb. Despite refinery throughputs falling on the month, crude oil drew by 3.2 mb, although this was less than the 4.7 mb five-year average draw which suggests that imports remained high.

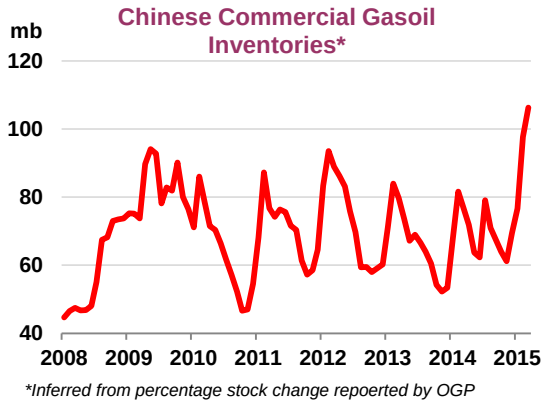


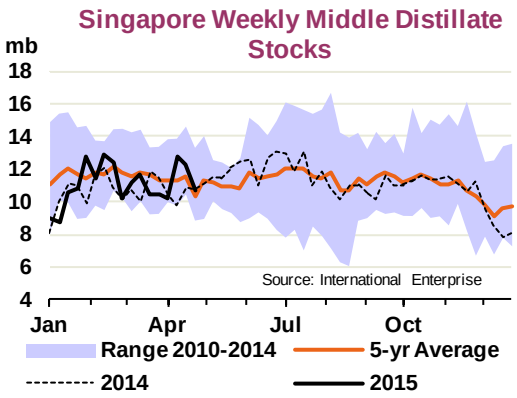


According to data from the Petroleum Association of Japan, commercial inventories in Japan built by a slim 3.1 mb in April (data cover the period to 25 April), less than half the average build for the month which saw their deficit versus the seasonal average widen to 23 mb from 19 mb one month earlier. Refined products built by 1.0 mb, significantly less than the 4.6 mb average build for the month amid reports of high exports to non-OECD Asia and Australia. All product categories bar 'other products' posted builds, NGLS and feedstocks inched up by 0.4 mb while crude oil holdings rose by 1.7 mb.

Recent developments in Singapore and China stocks

Data from *China Oil, Gas and Petrochemicals* (*China OGP*) indicate that Chinese commercial crude inventories (not including strategic stocks) slipped by an equivalent 5.4 mb in March as imports dropped month-on-month while refinery throughputs hit a new record of 10.5 mb/d. This strong refinery activity saw products add 14.4 mb over the month. Gasoil stocks broadly followed seasonal trends and posted their fourth consecutive monthly rise (+5.0 mb) to breach the 100 mb barrier for the first time while gasoline holdings rose by 5.0 mb on the month. Although Chinese refined product stocks traditionally build in the first quarter, this year the combined 37 mb increase has been particularly steep as refinery throughputs have remained well above year-earlier levels. Gasoil builds have been especially impressive set against a backdrop of sluggish domestic gasoil demand while exports have reportedly remained unprofitable with volumes remaining well below state-allocated quotas.

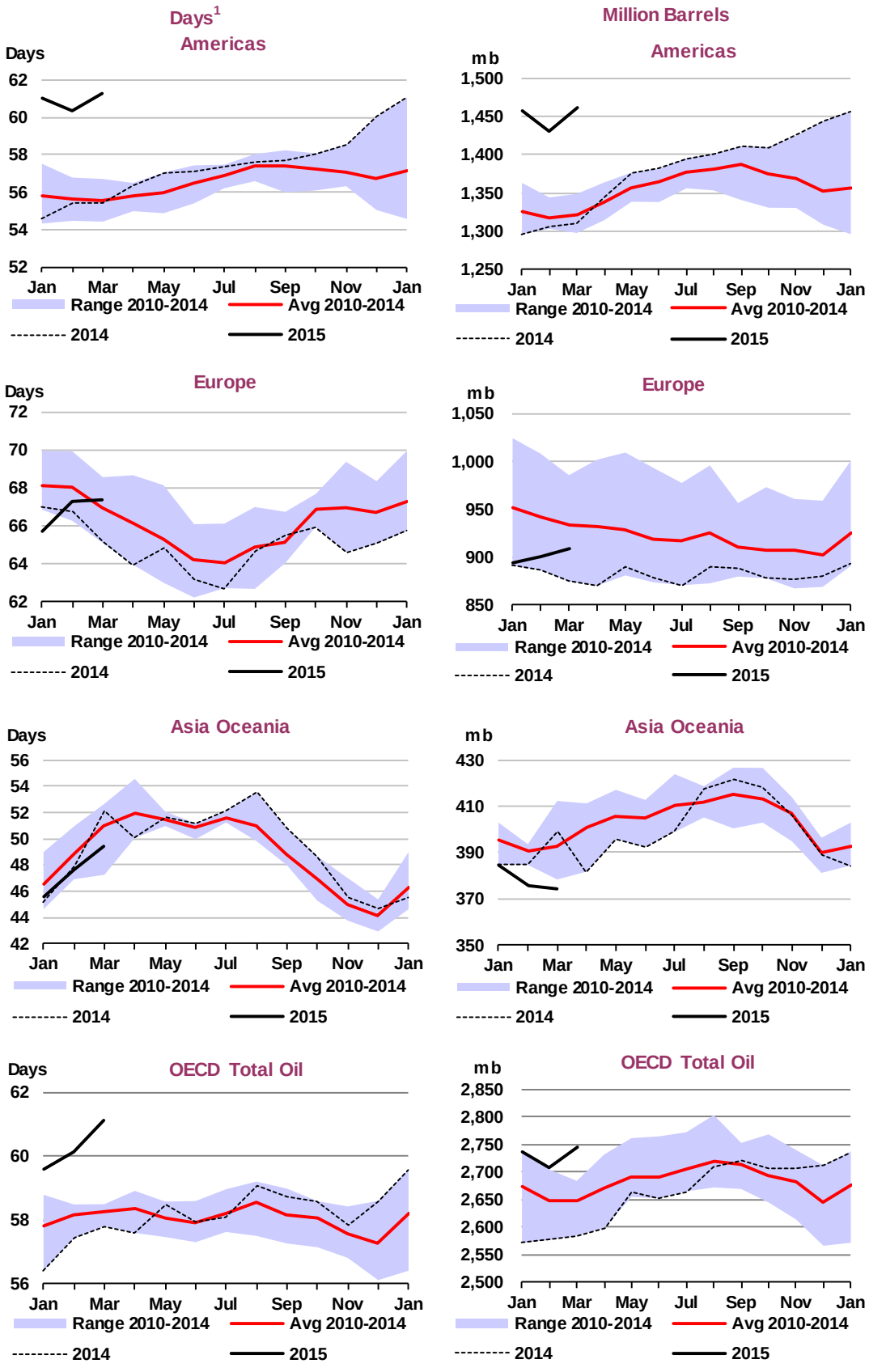




According to data from International Enterprise, land-based refined product stocks in Singapore built by 1.1 mb during April. Rising residual fuel inventories (+1.1 mb) boosted total stocks as despite anecdotal reports of strong bunkering activity as the premium for HSFO against cargo prices remained close to an 18-month low, extra supplies arrived from Europe and Russia attracted by an open arbitrage. Middle distillates holdings inched up by 0.3 mb over the month, although levels remained volatile as they soared by 2.6 mb in mid-month on arrivals from the Middle East, Chinese Taipei and Korea before falling back during late month after high exports to amongst others, Viet Nam, the Philippines and Sri Lanka. Gasoline stocks tempered the total stock build as they drew by 0.8 mb amid shipments to India and Australia.

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

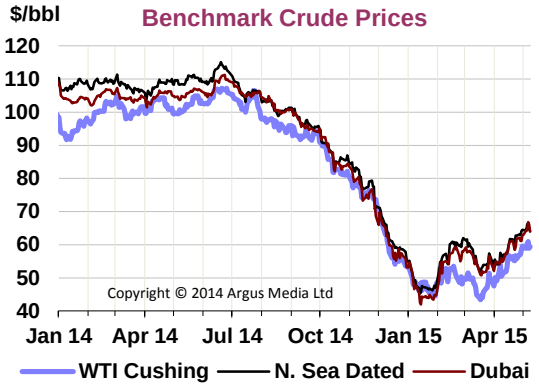
- **Crude prices rallied in April and into early May despite signs of persistently high global supply and continued stock builds. US marker grade WTI led the increase, with average gains of nearly 15% in April for front-month NYMEX futures contract versus March, roughly twice those in ICE Brent futures.** At the time of writing, NYMEX WTI was trading at roughly $60.28/bbl. ICE Brent was around $66.30 /bbl.

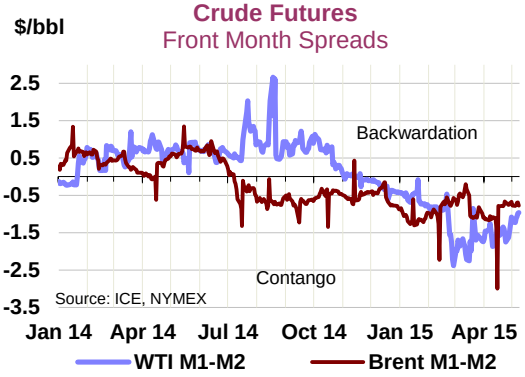
- **Signs of a slowdown in US light tight oil supply likely helped spark the rally**, although annual growth in non-OPEC supply as a whole remained exceptionally robust in recent months. Saudi Arabia's high-profile military engagement in Yemen's civil war, as well as higher official selling prices (OSPs) for Saudi crude destined for the US and Europe, may have contributed to the rally. Saudi Arabia cut its OSPs to Asia, however.

- **Even as spot product prices strengthened across the board with soaring gasoline prices particularly notable, surging feedstock prices saw cracks generally weaken**. US Gulf cracks were hit as LLS strengthened against other benchmarks while in Europe the relative strength of Russian Urals versus Brent saw cracks in the Mediterranean tumble compared to those in Northwest Europe

Market overview

Oil prices trended higher month-on-month in April, reversing March's declines, despite signs of continued robust growth in global oil supply and extended inventory builds. Gains in crude prices outpaced products. Within the crude market itself, US benchmarks grades led the rally, with US WTI front-month futures appreciating by an average $6.78/bbl, or nearly 15%, in April, versus $4.20/bbl, or 7.4%, for front-month ICE Brent. The rally extended into early May. At the time of writing, NYMEX WTI traded at about $59/bbl, up from an average $54.63 in April and $47.85 in March. Brent was around $64.50, up from $61.14 and $56.94 in April and March, respectively.





Several factors likely helped spark the rally, first and foremost were continued declines in the US rig count, signs that growth in US light, tight oil production is finally stalling in the wake of steep spending cuts, and, most recently, dips in weekly crude inventories at Cushing, Oklahoma and in the US as a whole. Other developments may have contributed. The market appeared to rally on news of Saudi Arabia's growing military involvement in the civil conflict in neighbouring Yemen, fuelling concerns about the safety of tanker traffic in the Bab al-Mandab, a critical choke point on the way from the Indian Ocean to the Suez Canal. The conflict also spurred worries about a potential proxy war between Tehran and Riyadh in Yemen and broader anxiety about political stability in the region. Saudi Aramco's move in early May to hike its pricing formulas for crude sold in the European and US markets may also

have been interpreted by some market partici-pants as a sign of market tightening. Evidence that US supply fundamentals trumped all other market signals could be found in the stronger performance of US crude compared to other grades, clearly illustrated in the narrowing WTI discount versus Brent over the period. The WTI-Brent spread narrowed from -$9.09/bbl in March to $-6.51/bbl in April and was standing at $5.60 at the time of writing.

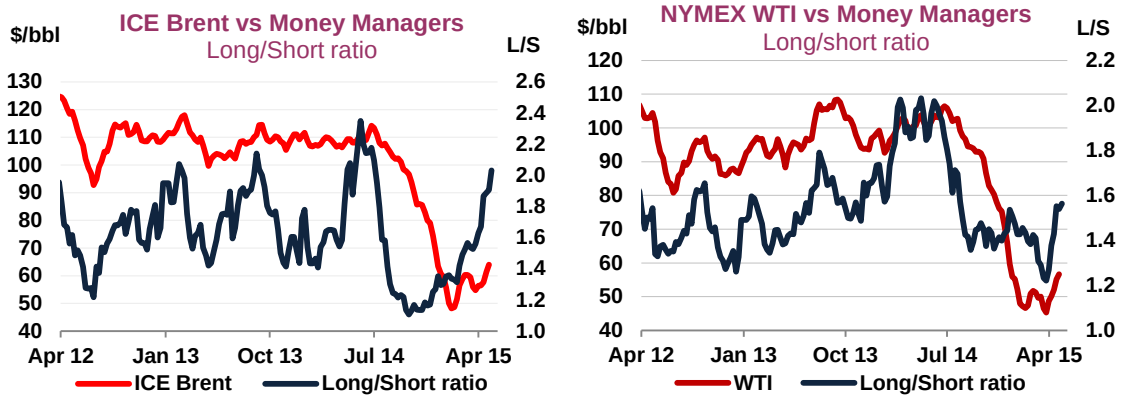
The prevalence of US crude considerations in the rally could also be detected in the narrowing cracks and falling refining margins in the US, as well as in other markets. Like crude prices, product prices rose in April and early May, but their gains lagged those of crude. NYMEX RBOB led the increase in product prices with average gains of just over $3/bbl, or 4%, in April. NYMEX No. 2 Heating Oil gained only $2.48 /bbl, or 3.3%. While the end of winter might have played a role in the weaker performance of the Heating Oil contract relative to other oil instruments, it should not be overstated. Heating demand is no longer a major prop under the futures contract under any circumstances: space heating demand for oil is structurally vanishing, as US homeowners increasingly convert to natural gas or electricity. That trend has only been accelerating with the development of the Marcellus shale gas formation, which has introduced gas-on-oil competition for space heating in one of heating oil's last remaining strongholds.

Finally, the perception of tightening US fundamentals has clearly affected the market's structure and the shape of the futures curve, with prompt futures trading at a narrowing discount relative to those further down the curve. Crude markets remain in contango – i.e., deferred barrels trade at a premium to prompt oil – but the contango is getting shallower. The trend is particularly pronounced in WTI futures: the WTI M1-M12 spread tightened from $8.54/bbl in early April to $3.95/bbl at the time of writing. In Brent futures, the same time spread went from $7.48/bbl to $4.64/bbl. M1-M2 spreads in Brent WTI and Dubai also narrowed in recent weeks, with the WTI M1-M2 spread down to $0.96/bbl at the time of writing, compared to $0.77/bbl for Brent.

Financial markets

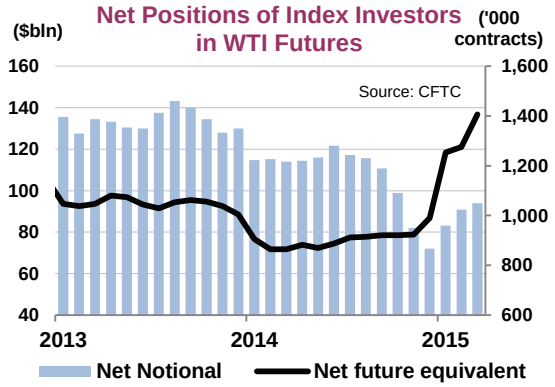
Market Activity

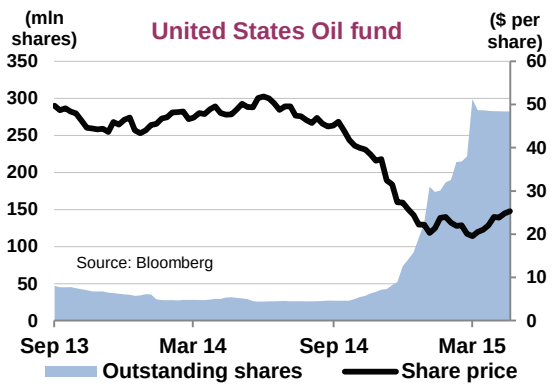
Funds' sentiment towards ICE Brent is on a growing bullish streak: unhedged long positions are at a new record-high and short positions have plummeted to pre-price crash levels. The *long-to-short ratio*, an indicator of overall funds' positioning, has climbed from 1.1 to above 2, meaning that for every future (and option-equivalent) contract sold by hedge funds, more than two are bought. Funds were more timid towards NYMEX WTI, although they showed optimism in April as the Cushing benchmark gained $10 /bbl on the month (See '*Crude prices'*).



Data compiled by the US Commodity Futures Trading Commission (CFTC) shows a steady inflow of fresh money in investment funds linked to WTI price index, suggesting that the lower price, after firstly diminishing the overall notional value of the funds, has then been attracting investors in expectation of a

price rise. The US Oil Fund, the largest oil-based exchange-traded-fund, has exponentially grown its number of shares since the oil price crash halved its unit price, quadrupling its capitalization since November 2014.





Financial Regulation

US regulators, Commodity Futures Trading Commission (CFTC), and its EU counterparts are working towards harmonizing technical aspects of new financial rules concerning clearing. The European Securities and Markets Authorithy (ESMA) recognized ten non-EU clearing counter parties (CCPs) on April 29, in countries such as Australia, Japan, Hong Kong and Singapore, to be allowed to provide clearing services to trading venues based in the EU. The agency also published guidelines on the definition of derivative under its Market in Financial Instruments Directive (MiFID), to provide guidance until MiFID II comes into force in 2017.

Spot crude oil prices

Spot crude oil prices strengthened in April and into early May, led by US grades, on the perception of tightening US supply fundamentals sparked in part by signs of a slowdown in light, tight oil production growth. All crude grades posted gains, but WTI at Cushing and other US grades surged ahead of benchmarks and crude grades in most other markets. WTI gained $6.68/bbl or 14% in April, to average $54.46/bbl, about twice the percentage gain posted by North Sea Dated, Dubai or Tapis. While US grades raced ahead of the pack, WTI remained at a discount to most other benchmarks, albeit a narrowing one. The rally continued into early May.

Several factors account for the relative strength of WTI, chief among them signs of a slowdown in light tight oil supply following steep drops in the US rig count and large spending cuts by producers. Slowing supply growth was compounded by the unwinding of seasonal refinery maintenance, with crude demand rising as plants started returning to service from turnarounds. As a result, the US Energy Information Administration reported a first US crude inventory draw for the week ending 1 May, bringing a protracted string of builds to a halt.

North American crude markets were even stronger than increased in WTI prices would suggest. Other regional grades, including Bakken and WCS, firmed versus WTI. Canadian crudes were particularly buoyant due to heavy maintenance on syncrude upgraders.

In Europe, Russian grade Urals gained $4.63/bbl or 8.4% in April, to average $59.44/bbl, a stronger percentage gain than Middle Eastern grade Dubai or North Sea Dated. Those gains were achieved despite record output and seasonally lower Russian refinery runs. As a result, refining margins in the Mediterranean, a key market for Urals, fell relative to those in Northwest Europe. Spot markets firmed in Asia too. The price of North Sea Forties delivered to Asia found support from the closure of the Hound Point VLCC jetty with lower loadings expected for May.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Feb	Mar	Apr	Apr-Mar Avg Chg	%	Week Commencing: 06 Apr	13 Apr	20 Apr	27 Apr	04 May
Crudes										
North Sea Dated	58.09	56.05	59.79	3.73	6.7	56.79	59.15	61.72	63.80	65.44
Brent (Asia) Mth 1	57.86	56.59	59.90	3.31	5.9	56.49	59.79	61.96	63.98	66.59
WTI (Cushing) Mth 1	50.61	47.79	54.46	6.68	14.0	51.79	54.81	55.83	58.28	59.72
Urals (Mediterranean)	57.61	54.82	59.44	4.63	8.4	56.34	58.42	61.76	63.57	64.39
Dubai	55.42	54.53	58.37	3.85	7.1	55.03	58.88	60.07	61.87	65.11
Tapis (Dated)	55.23	54.79	58.86	4.07	7.4	55.84	58.55	60.94	62.75	64.44
Differential to North Sea Dated										
WTI (Cushing)	-7.49	-8.27	-5.33	2.94		-4.99	-4.34	-5.89	-5.51	-5.72
Urals (Mediterranean)	-0.48	-1.24	-0.34	0.89		-0.45	-0.73	0.04	-0.23	-1.05
Dubai	-2.67	-1.53	-1.41	0.11		-1.76	-0.27	-1.65	-1.93	-0.33
Tapis (Dated)	-2.87	-1.26	-0.92	0.34		-0.94	-0.60	-0.78	-1.05	-1.00
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.50	-0.49	-0.97	-0.48		-1.26	-1.06	-0.69	-0.84	-1.02
Forward WTI Cushing Mth1-Mth2	-0.95	-1.61	-1.44	0.17		-1.54	-1.54	-1.27	-1.33	-1.07
Forward Dubai Mth1-Mth2	-0.85	-0.82	-0.55	0.28		-0.49	-0.30	-0.86	-0.66	-0.51

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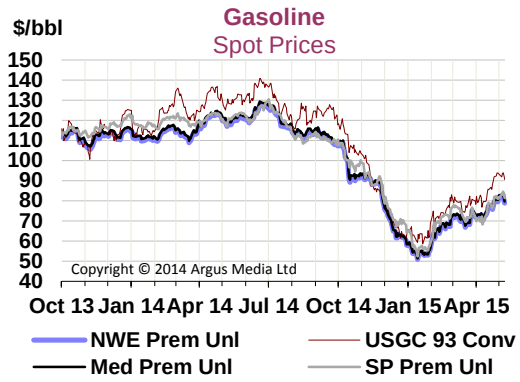
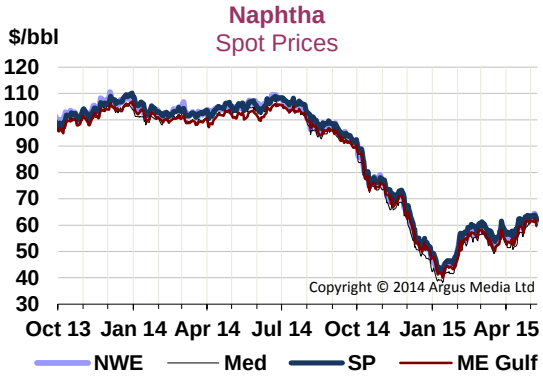
Spot product prices

Refined product cracks generally weakened in March as gains in marker crude prices outstripped those for refined products. Regional disparities were heavily dependent on feedstock prices, with US Gulf refiners being hit hard as LLS strengthened against other global benchmarks, while in Europe the relative strength of Russian Urals versus Brent saw cracks in the Mediterranean tumble compared to those in Northwest Europe. Nonetheless, spot product prices firmed across the board with gasoline's strength in the US and Europe particularly impressive.





Gasoline was the star of the show in the US as spot prices rose by $6.69/bbl while cracks remained broadly flat on a monthly average basis despite soaring domestic crude prices. Meanwhile, export demand from West Africa reportedly remained high and even the mid-month return of a number of refiners from maintenance could not interrupt prices from rising.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Feb	Mar	Apr	Apr-Mar		Week Commencing:					Feb	Mar	Apr	Chg
				Chg	%	06 Apr	13 Apr	20 Apr	27 Apr	04 May				
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	66.10	70.86	75.57	4.72	6.7	71.44	75.13	77.20	80.44	81.09	8.01	14.81	15.79	0.98
Naphtha	56.37	56.57	59.07	2.49	4.4	55.25	58.97	60.46	63.01	62.85	-1.72	0.52	-0.72	-1.24
Jet/Kerosene	74.82	70.52	72.84	2.32	3.3	69.63	72.70	74.59	76.21	78.64	16.73	14.47	13.05	-1.42
ULSD 10ppm	76.45	73.09	75.64	2.55	3.5	71.95	75.26	77.66	79.74	82.04	18.35	17.04	15.85	-1.19
Gasoil 0.1%	74.34	70.27	73.77	3.50	5.0	70.01	73.31	75.83	78.18	80.56	16.25	14.22	13.98	-0.24
LSFO 1%	48.09	46.90	50.40	3.50	7.5	46.87	49.93	52.47	54.27	55.57	-10.00	-9.15	-9.38	-0.23
HSFO 3.5%	44.45	43.18	47.19	4.01	9.3	43.76	46.78	49.17	51.03	53.20	-13.64	-12.87	-12.60	0.27
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	66.88	71.78	76.48	4.70	6.6	72.32	76.08	78.13	81.36	81.99	9.27	16.96	17.04	0.08
Naphtha	53.73	53.65	55.81	2.16	4.0	52.02	54.72	57.37	60.60	60.55	-3.89	-1.17	-3.64	-2.47
Jet Aviation fuel	73.48	68.73	70.71	1.98	2.9	67.55	69.42	72.65	75.04	77.62	15.87	13.92	11.26	-2.65
ULSD 10ppm	75.42	72.43	75.04	2.61	3.6	71.72	74.08	77.01	79.47	81.98	17.81	17.61	15.60	-2.02
Gasoil 0.1%	73.38	69.57	72.24	2.66	3.8	68.30	71.28	74.40	77.48	81.28	15.76	14.76	12.79	-1.96
LSFO 1%	49.81	48.27	51.27	3.00	6.2	48.01	50.69	53.20	54.96	56.24	-7.81	-6.54	-8.17	-1.63
HSFO 3.5%	44.38	43.00	46.82	3.82	8.9	43.53	46.35	48.72	50.56	52.71	-13.23	-11.81	-12.62	-0.81
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	74.24	78.65	85.34	6.69	8.5	79.91	83.09	88.51	93.28	92.43	19.01	24.24	24.62	0.37
Unleaded	67.30	70.31	76.63	6.32	9.0	73.17	75.84	78.38	81.82	81.92	12.07	15.91	15.90	0.00
Jet/Kerosene	72.93	68.32	71.50	3.18	4.7	67.78	72.37	73.28	76.25	79.20	17.71	13.91	10.77	-3.14
ULSD 10ppm	76.18	71.87	74.61	2.74	3.8	70.46	75.19	76.77	79.55	81.63	20.96	17.47	13.88	-3.58
Heating Oil	69.97	63.54	68.49	4.95	7.8	64.64	69.74	70.01	73.49	75.35	14.75	9.13	7.77	-1.37
No. 6 3%*	48.61	45.84	48.56	2.73	5.9	45.75	49.07	50.30	51.75	53.56	-6.61	-8.57	-12.16	-3.59
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	70.33	73.82	75.56	1.74	2.4	70.22	75.58	78.09	81.58	83.04	14.91	19.30	17.19	-2.11
Naphtha	57.56	57.74	59.79	2.05	3.5	56.50	60.31	60.98	63.23	63.10	2.14	3.22	1.42	-1.80
Jet/Kerosene	73.25	70.00	72.14	2.14	3.1	69.01	72.19	74.02	75.35	78.85	17.83	15.47	13.76	-1.71
Gasoil 0.05%	71.19	70.73	72.38	1.64	2.3	69.34	72.43	73.90	75.85	78.89	15.77	16.21	14.00	-2.20
LSWR Cracked	60.52	55.51	54.67	-0.84	-1.5	51.78	54.70	56.18	58.26	62.43	5.11	0.99	-3.70	-4.69
HSFO 180 CST	54.53	51.60	54.89	3.29	6.4	51.88	55.21	56.60	58.32	62.24	-0.89	-2.92	-3.48	-0.56
HSFO 380 CST 4%	52.69	49.83	52.92	3.09	6.2	50.10	53.03	54.68	56.11	59.65	-2.73	-4.69	-5.45	-0.76

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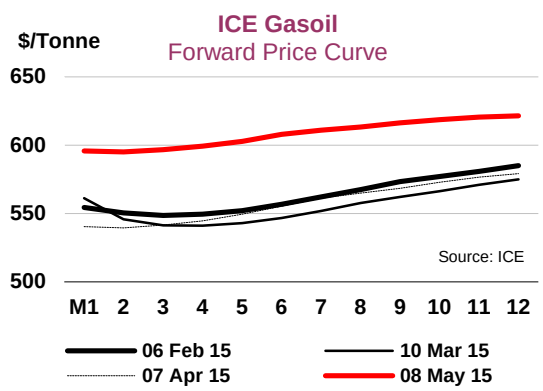
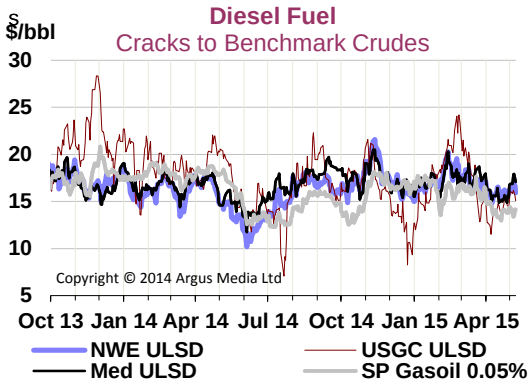
Logistical bottlenecks continue to hinder the movement of product from the Gulf Coast to the Atlantic Coast. During April, spare capacity to ship product along the Colonial Pipeline was scarce while high freight rates for Jones Act tankers kept the arbitrage window to ship product to New York Harbour shut for most of the month. Accordingly, supply from Europe was drawn in, which saw spot prices there firm with cracks subsequently firming on a monthly average basis. Further upward momentum in Europe came from the shipment of product to West Africa with Nigeria in particular reportedly buying numerous cargoes. Asian spot gasoline prices also firmed on the back of a number of non-OECD refinery outages, while exports to the region from the US west coast dried up as the arbitrage window closed. Further strength came from high exports to Australia in the wake of refinery closures there. Nonetheless, on a monthly average basis, cracks in Singapore weakened by over $2/bbl as crude price gains weighed heavy.

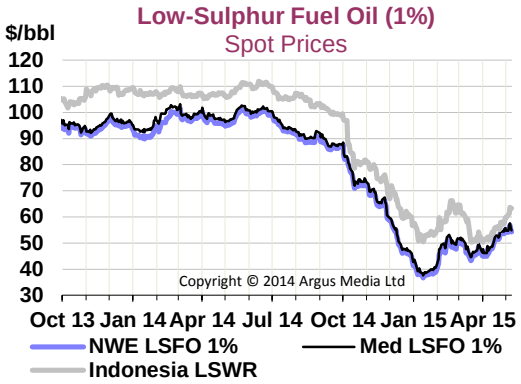
Naphtha markets largely piggybacked gasoline as demand from gasoline blenders saw prices steadily firm over the month. Asian cracks managed to remain in positive territory during April on firm demand from the regional petrochemical industry where naphtha remains a significantly cheaper option than competing LPG. Meanwhile, cracks in Europe and the Middle East remained well above year earlier levels as these regions' refiners exported cargoes to Asia.

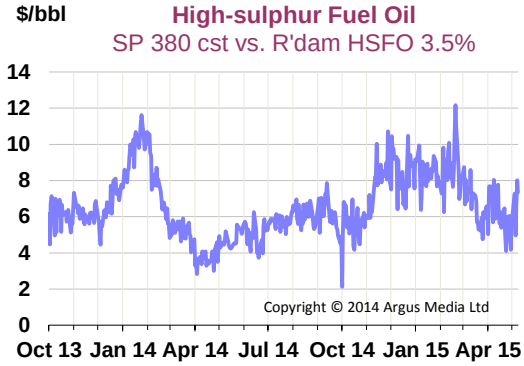
As winter weather ended in the Northern hemisphere and concern about supplies dissipated, gasoil markets returned to contango. Meanwhile, ULSD cracks in the US declined by a relatively steep $3.58/bbl as spot prices there posted the smallest monthly average price rises of all surveyed products in both absolute and percentage terms. In Europe, supply remained plentiful as cargoes arrived from the US and Russia which tempered price rises while cracks in the Mediterranean were hit harder by the relative strength of Urals compared to Brent.





Although tracking gasoil cracks and firming over the month, European jet kerosene prices posted the smallest price rises in both percentage and absolute terms there. It is likely that price gains were tempered by increased exports from Russia, with total kerosene exports from the country surging to 60 kb/d from close to zero previously. In Singapore, prices for kerosene, which is used a heating fuel in Asia, were tempered by sluggish aviation demand and the end of winter weather.



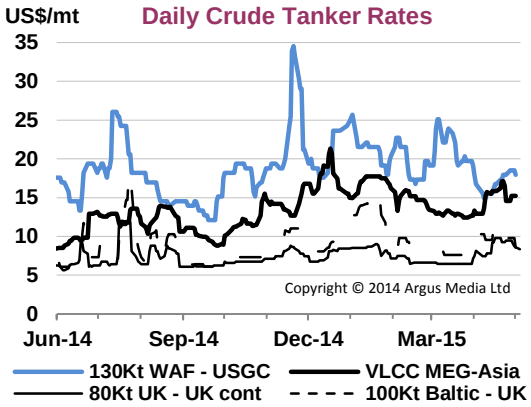


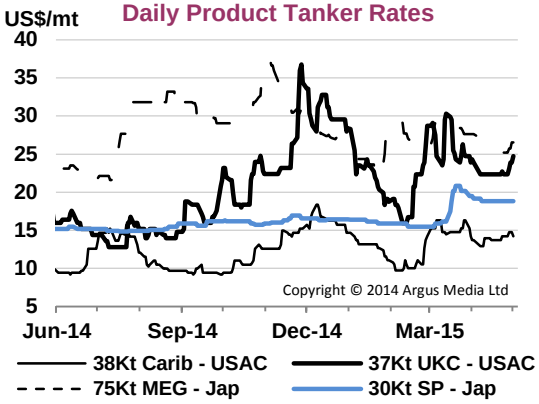
European residual fuel oil prices rebounded in April, as, despite a narrowing arbitrage to ship product eastwards, exports to Asia remained strong. Moreover, European prices closely tracked Asian prices but appear to have remained at a wide enough discount to encourage export. Considering the lack of alternative domestic uses for fuel oil in Europe following the recent introduction of more stringent bunker fuel regulations, European refiners appear to be targeting two markets – Asia (where it is used as a bunker fuel) and the US (where it is used as a refinery feedstock) – thus helping to prop up European prices.

Freight

Surveyed rates for crude carriers inched higher in April, with the exception of Suezmaxes. **Very large crude carriers** (VLCCs) on the benchmark Middle East Gulf – Asia route saw rates firm before falling back but on a monthly average basis remained above March as loadings from Saudi Arabia remained at elevated levels.

Rates for 130 Kt **Suezmaxes** leaving West Africa had a weak start of the month, but then gradually picked up as the lower rates attracted charterers to fix further forward into May. **Aframaxes** in the North Sea posted their highest rates year-to-date, finding support from sustained high Russian exports.





Product rates had an overall flat month except for the **37 Kt UK – US Atlantic Coast route**, which came off from March peaks as the arbitrage to ship gasoline between Europe and the US East Coast narrowed, however it once again began to widen by early-May which saw freight costs increase accordingly. Rates for tankers on the 75 Kt **Middle East Gulf – Japan** route, carrying mostly naphtha, remained flat on the month in spite of growing activity, as vessel supply remained abundant.

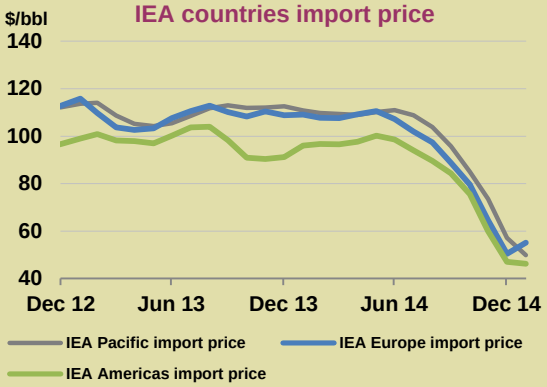
Reversal of fortune: Asian crude importers go from premium to discount

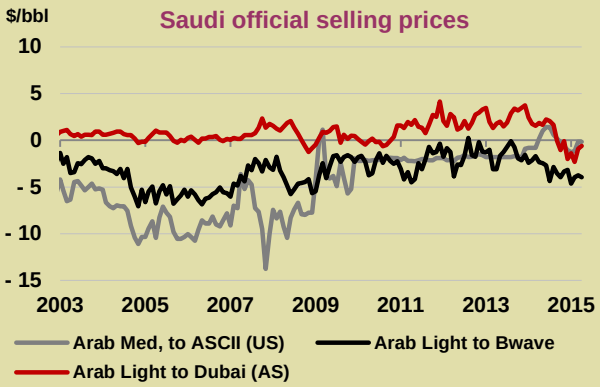
On average, crude oil imports into OECD Asia Oceania cost $5/bbl less than for European OECD countries in February, as opposed to a typical Asian premium, official data collected by the IEA shows. This was the widest negative differential since March 2011, in sharp contrast with January's $6.80/bbl premium and 2014's average $3.90/bbl.

Importers in OECD Asia Oceania have benefited from Middle Eastern producers' competitive pricing policy towards Asian markets. Gulf producers, led by Saudi Arabia, export the vast majority East Asian countries' imported crude. Since late 2014, Saudi Arabia lowered its official selling price (OSP) to Asia and is now consistently selling at a discount to the Dubai benchmark reference, something not seen in four years. Other Gulf suppliers, Kuwait, Qatar, UAE and Iran also follow this strategy. The differential was marginally supported by a slight widening of the Dubai-Brent spread of $0.50/bbl.

In contrast, European imports price, linked to Brent rather than Dubai, went up in price on the month on the back of the North Sea benchmark gaining by $10/bbl in February, as oil markets partially retraced earlier drops (See Overview of 'Oil Market Report' March 2015 issue).

Since the latest import price data available, the Brent-Dubai differential remained about stable at -$1.40/bbl and the Arab Light OSP to Asia was raised from an average 1Q15 $1.90/bbl discount to Dubai to $0.60/bbl for May, suggesting that European premium might be short lived.





The IEA collects monthly data on its member countries' oil imports by quality, stream and price. The data is published in aggregate form in Tables 6 and 13 of this *Report*.

REFINING

Summary

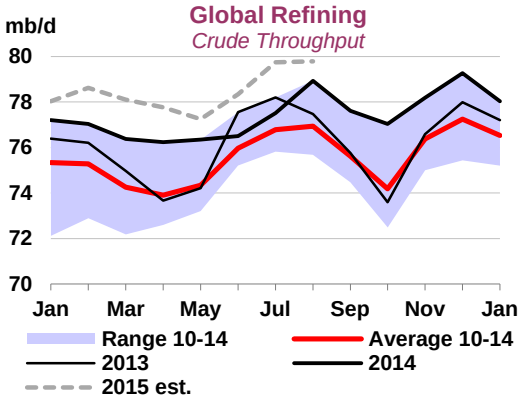
- **Global refinery crude runs averaged 78.2 mb/d in 1Q15, up 240 kb/d on last month's estimate on upwardly revised throughputs in Asia**. Japan, China and Non-OECD Other Asia all posted strong runs, China with record high in March of 10.5 mb/d, but Latin America showing was weak. Annual growth in 1Q15 is now seen at 1.4 mb/d with OECD responsible for roughly 80% of this gains, and Europe alone about 60%.

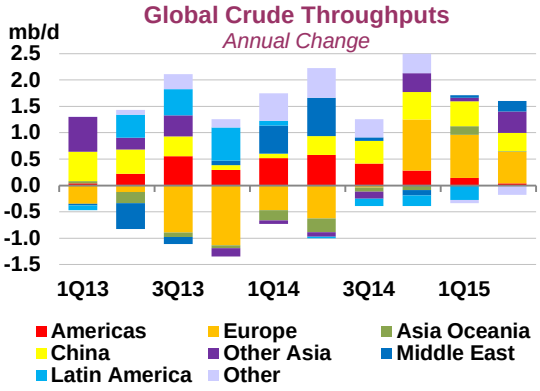
- **Global refinery crude runs are expected to fall seasonally to 77.8 mb/d in 2Q15, but still 0.5 mb/d higher than forecast last month.** Annual growth in 2Q15 remains at a strong 1.4 mb/d. Unlike in 1Q15, however the non-OECD region will again become responsible for the largest part of this increase – especially Asia, India and Middle East.

- **The March-May period will mark a seasonal low point in refinery activity**, with significant capacity offline for maintenance, especially in Asia. For May, offline capacity was estimated at 1.2 mb/d in OECD Asia Oceania and 0.8 mb/d in China, 0.85 mb/d in OECD Europe, and 0.4 mb/d in OECD Americas.

- **Compared to historical averages, spring maintenance is relatively light this year.** Refiners may have been delaying outages to take advantage of good margins. Global shutdowns for April were estimated at 4.6 mb/d, compared to 5.3 mb/d in April 2014 and 6.7 mb/d for the average over 2010-14.

- **Global refinery margins continued to ease from recent highs in April**, as seasonally weaker demand and rising crude prices helped offset the impact of lower throughputs. Surveyed refinery margins all narrowed, with gasoline cracks less supportive, though hydroskimming margins remained positive in all regions.





Global refinery overview

Global refinery markets remained buoyant in April, supported by healthy OECD crude runs and resurgent refining activity in non-OECD countries. In February, the most recent month for which a complete set of monthly data is available, OECD refiners recorded an increase of 1.25 mb/d year-on-year (y-o-y) in aggregate crude throughputs, while non-OECD refinery runs expanded by 0.35 mb/d, reversing the previous month's trend. For March, OECD throughput gains appear to remain at a similarly high level, according to preliminary data. European plants accounted for two thirds of this surplus, and the OECD Americas for the rest. Refinery utilisation rates increased by 2% y-o-y in the US and Asia Oceania, but shot up 7% in Europe - now only 3 percentage points below US levels. These high refinery throughputs and utilisation rates occurred amidst a combination of high refining margins, high crude oil stocks and increasing oil prices – a conjunction of factors which are not usually present at the same time and which may prove only temporary.

Global crude run estimates for 1Q15 have been lifted by 240 kb/d since last month's *Report*, to 78.2 mb/d. Most of the upward revision took place in the OECD, including 155 kb/d in Asia Oceania - on surprisingly strong Japanese refinery activity — and 60 kb/d in the Americas. In the non-OECD region, upward revisions of 75 kb/d for China and 80 kb/d for Other Asia were partly offset by downward adjustments of roughly 40 kb/d each for Latin America, the FSU and the Middle East, mostly on unscheduled shutdowns.

Global Refinery Crude Throughput[1]

(million barrels per day)

	4Q2014	Jan 15	Feb 15	Mar 15	**1Q2015**	Apr 15	May 15	Jun 15	**2Q2015**	Jul 15	Aug 15
Americas	**18.8**	18.4	18.3	18.5	**18.4**	18.9	18.9	19.2	**19.0**	19.7	19.6
Europe	**11.8**	11.9	12.2	11.8	**11.9**	11.8	11.6	11.8	**11.7**	12.0	12.1
Asia Oceania	**6.6**	7.1	7.2	6.9	**7.0**	6.5	5.8	6.0	**6.1**	6.4	6.6
Total OECD	**37.2**	37.4	37.6	37.2	**37.4**	37.2	36.4	36.9	**36.8**	38.1	38.2
FSU	**7.2**	7.0	7.2	6.8	**7.0**	6.7	7.0	7.1	**6.9**	7.1	7.3
Non-OECD Europe	**0.5**	0.5	0.4	0.4	**0.4**	0.4	0.4	0.4	**0.4**	0.4	0.4
China	**10.3**	10.1	10.4	10.5	**10.3**	10.2	10.0	10.1	**10.1**	10.3	10.3
Other Asia	**10.0**	10.1	10.1	10.0	**10.1**	9.9	9.9	10.1	**10.0**	10.1	10.1
Latin America	**4.6**	4.5	4.4	4.4	**4.4**	4.7	4.8	4.7	**4.7**	4.8	4.8
Middle East	**6.1**	6.3	6.3	6.5	**6.4**	6.4	6.6	6.6	**6.5**	6.7	6.5
Africa	**2.2**	2.1	2.2	2.2	**2.2**	2.3	2.2	2.2	**2.2**	2.2	2.1
Total Non-OECD	**40.9**	40.6	41.0	40.9	**40.8**	40.6	40.9	41.4	**41.0**	41.7	41.5
Total	**78.2**	78.0	78.6	78.1	**78.2**	77.8	77.2	78.3	**77.8**	79.7	79.8

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

The estimate of 2Q15 crude runs was also revised upwards by a significant 490 kb/d to 77.8 mb/d, an all-time high for a second quarter. Revisions were split roughly evenly between the non-OECD and the OECD, with non-OECD lifted by 215 kb/d and the OECD by 280 kb/d from prior estimates. The largest upward revisions were seen in the US (115 kb/d), Other Asia (145 kb/d), Europe (105 kb/d) and China (105 kb/d), offset by a 95 kb/d reduction to the forecast for the Middle East.

In the Middle East and in India, the full impact of new refinery capacity is not yet fully visible but could develop before end 2015. Preliminary data for Russian refinery activity seem to confirm that 2015 output will likely stay below 2014, a likely result of the recent tax changes.

Everywhere except OECD Asia Oceania, maintenance appears to be at the bottom of the 2010-14 range, close to 2014 levels. At their peak, in April, global 2015 shutdowns may have trailed the 2010-14 average by as much as 2 mb/d. Only in Asia Oceania do we see fairly extensive maintenance limiting runs: the forecast peak, in May, could reach 1.2 mb/d.

Margins

Refinery margins weakened across the board in April as feedstock prices firmed and products crack spreads did not follow. Margins nevertheless remained positive in all surveyed markets and, by early May, remained higher than a year earlier in Europe and Singapore. US refiners were particularly hard hit in April as domestic crude prices rose against other global benchmarks and rising throughputs increased supply to the market. Refiners in the US Gulf fared better than those in the mid-continent, thanks to high gasoline and ULSD exports. While on the decline, European margins were still buttressed by firm gasoline and fuel oil prices, while in Singapore strong bunkering demand was a bonus for refineries with high fuel oil yields.

IEA/KBC Global Indicator Refining Margins[1]

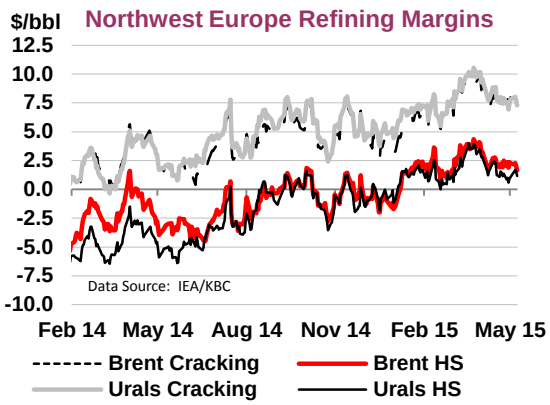
($/bbl)

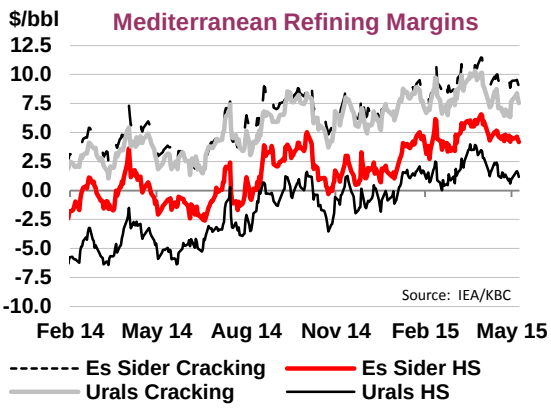
	Monthly Average				Change	Average for week ending:				
	Jan 15	Feb 15	Mar 15	Apr 15	Apr 15-Mar 15	10 Apr	17 Apr	24 Apr	01 May	08 May
NW Europe										
Brent (Cracking)	5.75	6.60	8.75	7.71	-1.04	7.24	8.01	7.47	7.64	7.41
Urals (Cracking)	6.62	6.91	9.31	8.06	-1.25	7.88	8.59	7.72	7.43	7.74
Brent (Hydroskimming)	1.33	1.83	3.34	2.30	-1.04	1.87	2.56	2.16	2.18	2.02
Urals (Hydroskimming)	1.24	1.08	2.75	1.62	-1.13	1.54	2.11	1.32	0.89	1.47
Mediterranean										
Es Sider (Cracking)	8.50	8.89	10.26	9.52	-0.74	9.28	9.79	9.28	9.22	9.31
Urals (Cracking)	8.06	7.63	9.30	7.48	-1.81	7.36	8.17	6.82	7.02	8.00
Es Sider (Hydroskimming)	3.87	4.08	5.44	4.77	-0.66	4.54	4.98	4.58	4.46	4.44
Urals (Hydroskimming)	1.10	0.43	2.14	0.60	-1.54	0.48	1.24	-0.01	0.13	1.17
US Gulf Coast										
50/50 HLS/LLS (Cracking)	5.46	11.85	11.51	9.31	-2.19	7.66	9.73	9.66	10.02	9.55
Mars (Cracking)	2.80	8.01	6.98	4.55	-2.43	3.74	4.86	5.15	4.08	3.98
ASCI (Cracking)	2.91	8.11	6.85	4.42	-2.43	3.63	4.82	4.92	4.02	3.83
50/50 HLS/LLS (Coking)	7.08	13.45	13.59	11.40	-2.19	9.56	11.78	11.82	12.30	11.76
50/50 Maya/Mars (Coking)	8.23	12.06	12.14	9.71	-2.43	8.22	9.89	10.48	10.16	9.61
ASCI (Coking)	8.24	13.53	12.46	10.12	-2.34	8.99	10.51	10.67	10.06	9.68
US Midcon										
WTI (Cracking)	4.92	15.97	20.43	16.53	-3.90	16.09	17.45	16.77	16.23	15.89
30/70 WCS/Bakken (Cracking)	8.14	16.48	20.50	15.65	-4.85	15.54	16.39	15.68	14.93	13.36
Bakken (Cracking)	10.23	19.29	23.64	18.99	-4.65	18.74	19.92	19.10	18.38	16.94
WTI (Coking)	6.39	17.65	22.77	18.66	-4.12	18.18	19.64	18.90	18.41	18.03
30/70 WCS/Bakken (Coking)	11.05	19.79	24.16	18.89	-5.28	18.87	19.82	18.73	18.03	16.45
Bakken (Coking)	10.78	19.88	24.60	19.85	-4.75	19.60	20.81	19.94	19.25	17.78
Singapore										
Dubai (Hydroskimming)	2.65	2.57	2.54	0.52	-2.02	0.84	0.06	0.37	0.52	0.08
Tapis (Hydroskimming)	6.01	4.94	5.29	2.77	-2.52	2.35	3.27	2.31	2.47	3.60
Dubai (Hydrocracking)	7.21	7.15	8.25	5.77	-2.47	5.80	5.26	5.63	6.05	5.25
Tapis (Hydrocracking)	7.68	7.25	8.95	6.88	-2.07	6.23	7.35	6.50	6.75	7.42

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.

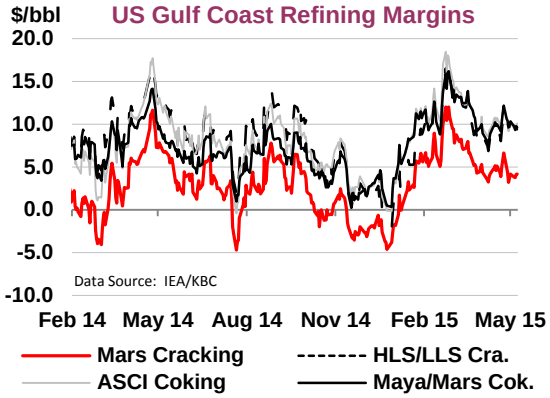
Source: IEA, KBC Advanced Technologies (KBC)

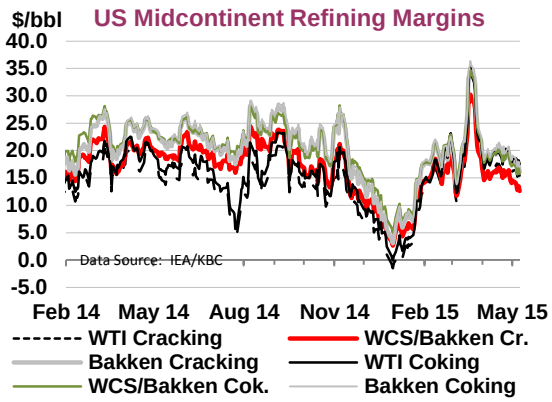
European margins eased by an average $1.15/bbl in April after steadily firming over the previous four months, but by early-May remained in positive territory. Much of the downward momentum came from strengthening feedstock costs, with Brent hitting a 2015 high in early May and Urals increasing by more than Brent on an absolute basis, albeit from a lower base. Simple refiners were supported by export demand for products at the top and bottom of the barrel, which kept cracks for those products above-year ago levels. Refiners shipped gasoline to North and West Africa and fuel oil and naphtha to Asia. Complex refiners with higher middle distillate yields continued to benefit from cracks for ULSD trending at a healthy $15/bbl.





US refiners saw their margins weaken more than elsewhere in April as US feedstocks firmed against other global crude markers. Midcontinent margins tumbled from their end-March highs of over $35/ bbl to a still healthy $15-$20 in early May as plants came back from maintenance. On a monthly basis, April margins in the Midcontinent averaged $4.59/bbl below March. Refiners running Bakken and WCS, which strengthened against WTI, were particularly hard-hit. Those refiners serve mostly local markets and do not greatly benefit from export demand. In contrast, Gulf Coast margins fell by only $2.34/bbl on a monthly average basis, as, despite increasing regional throughputs, export demand helped to buttress gasoline and diesel prices.

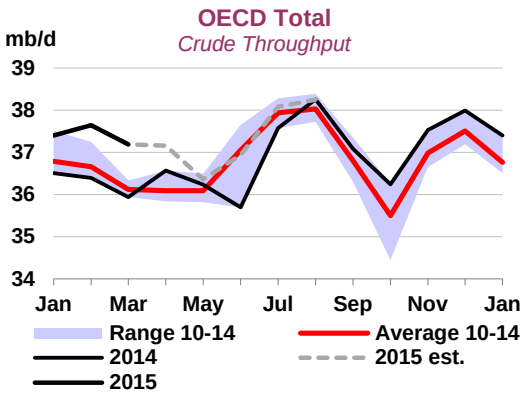


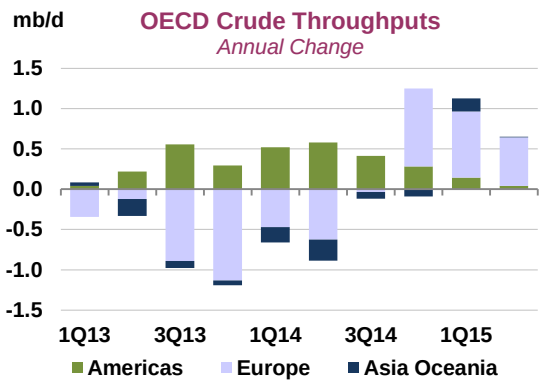


Refiners in Singapore saw their margins fall by $2.27/bbl on soaring feedstock costs. Plants running sour Dubai crude saw their costs increase by approximately 15% more than those running light sweet Tapis. However, simple refiners running sour crudes did benefit from their high fuel oil yields, as firm regional bunkering activity saw fuel oil prices increase steadily over the month. Relatively strong middle-distillate and gasoline prices also helped keep regional margins in positive territory by early May.

OECD refinery throughput

OECD refinery intake decreased by 0.5 mb/d in March versus February levels, to 37.2 mb/d, as refiners in Europe and Asia Oceania started seasonal maintenance. Throughputs in the OECD Americas bucked the trend, rising by 0.2 mb/d m-o-m, as refiners there came out of turnarounds and strikes. OECD Runs remained a massive 1.2 mb/d above year earlier levels, however. Europe experienced the steepest gains (0.8 mb/d) due to weak 2014 numbers, followed by the Americas who saw runs 0.4 mb/d higher, while refinery activity in Asia Oceania was equal to 2014. Utilisation rates increased substantially from last year.





Expectations of refinery maintenance in total Asia have been trimmed somewhat, with outages now expected to peak at 2.2 mb/d over May/June, of which nearly 1.2 mb/d is poised to come from OECD Asia Pacific countries.

Overall, OECD throughputs are forecast to drop from an average 37.4 mb/d in 1Q15 to 36.8 mb/d in 2Q15, when y-o-y growth is expected to ease to 650 kb/d, from 1.1 mb/d in 1Q15.

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

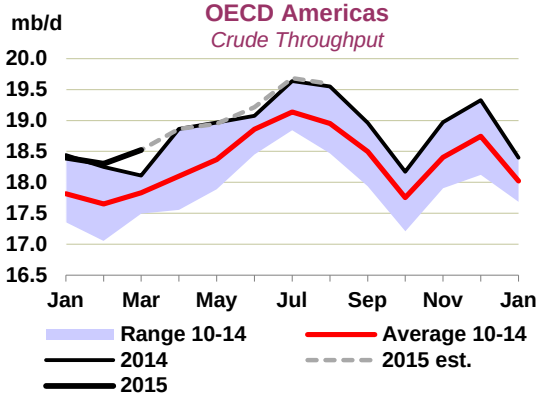
	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Change from Feb 15	Change from Mar 14	Utilisation rate[1] Mar 15	Utilisation rate[1] Mar 14
US[2]	15.34	16.04	16.47	15.49	15.41	15.58	0.17	0.45	0.88	0.85
Canada	1.58	1.70	1.60	1.74	1.69	1.72	0.03	0.09	0.94	0.89
Chile	0.16	0.15	0.17	0.15	0.17	0.12	-0.05	-0.06	0.51	0.77
Mexico	1.09	1.07	1.09	1.01	1.03	1.10	0.07	-0.08	0.67	0.71
OECD Americas	**18.17**	**18.97**	**19.33**	**18.40**	**18.30**	**18.52**	**0.22**	**0.41**	**0.86**	**0.84**
France	1.19	1.14	1.16	1.16	1.26	1.30	0.03	0.26	0.93	0.74
Germany	1.82	1.93	1.92	1.94	2.00	1.79	-0.21	-0.02	0.89	0.89
Italy	1.14	1.27	1.28	1.26	1.31	1.25	-0.06	0.20	0.71	0.60
Netherlands	1.11	1.03	0.99	1.08	1.12	0.95	-0.17	-0.05	0.74	0.78
Spain	1.21	1.19	1.25	1.19	1.19	1.25	0.06	0.10	0.83	0.76
United Kingdom	1.15	1.14	1.17	1.11	1.10	1.14	0.04	-0.05	0.83	0.76
Other OECD Europe	4.20	4.17	3.94	4.12	4.20	4.12	-0.09	0.39	0.84	0.76
OECD Europe	**11.82**	**11.87**	**11.71**	**11.87**	**12.19**	**11.81**	**-0.38**	**0.83**	**0.83**	**0.76**
Japan	2.89	3.18	3.41	3.49	3.44	3.25	-0.19	-0.12	0.81	0.78
South Korea	2.53	2.65	2.70	2.79	2.83	2.76	-0.06	0.21	0.84	0.83
Other Asia Oceania	0.83	0.84	0.84	0.85	0.89	0.84	-0.05	-0.09	0.34	0.76
OECD Asia Oceania	**6.25**	**6.68**	**6.95**	**7.13**	**7.15**	**6.86**	**-0.30**	**0.00**	**0.82**	**0.80**
OECD Total	**36.24**	**37.52**	**37.99**	**37.39**	**37.64**	**37.18**	**-0.46**	**1.25**	**0.84**	**0.81**

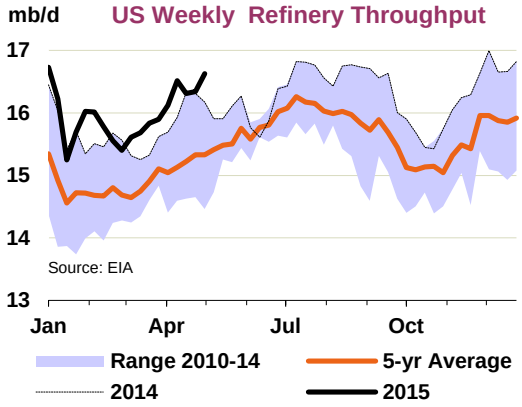
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

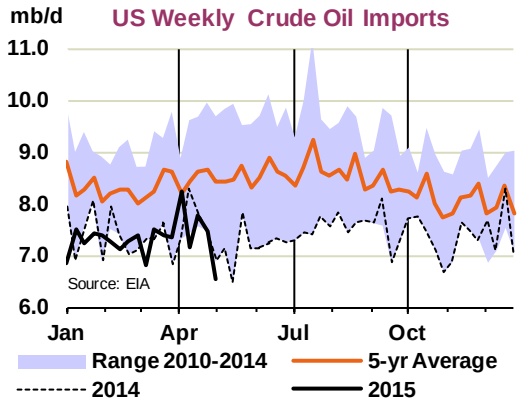
3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

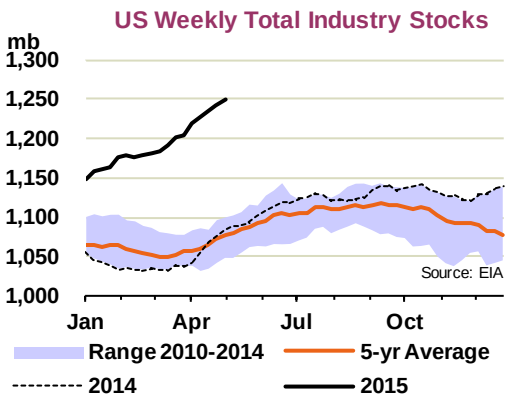
Refinery activity in the **OECD Americas** picked up in March. In 1Q15, the crude throughput changes were contrasted: US crude runs were 0.3 mb/d more than a year ago, while Mexican throughputs were 0.1 mb/d below year-earlier levels due to a string of operational problems, including a fire at the 315 kb/d Tula Hidalgo refinery in early March. For 2Q15 in Mexico, runs are expected to be curbed by another fire at the 295 kb/d Minatitlan plant in early May, and planned maintenance at the Cadereyta refinery over April-May.





A slight decrease in US crude stocks reported by the US Energy Information Administration for the week ending May 1st, after continuous increases since the beginning of this year, has been described in some commentaries as a bullish factor that would support crude prices. However, one can see this decrease as the result of a combination of high crude runs and low crude imports. In practice, total industry stocks have continued to increase, with stocks of both gasoline and distillates showing an uptick.





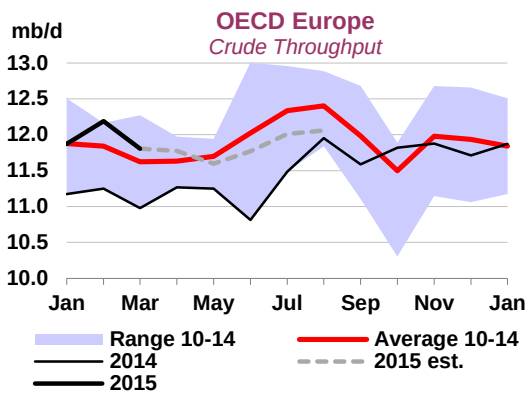
Compared with February, US runs were roughly 170 kb/d higher in March. Runs were especially high in the Gulf Coast and the Midcontinent, in line with the seasonal average in the East Coast, and well below average in the West Coast. In April, refinery throughput continued ramping up, reaching 16.1 mb/d, 0.6 mb/d above the March level. This constitutes a monthly record for April, roughly 1 mb/d above the 2000-14 average.

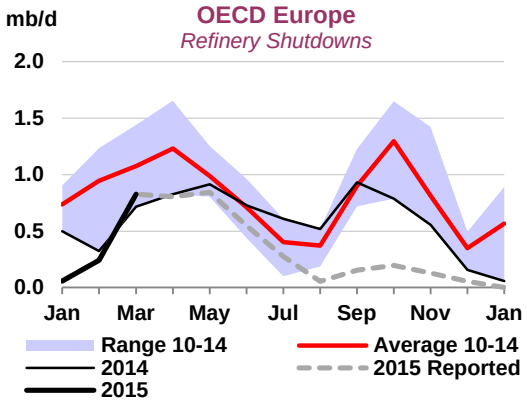
Further progress was made towards resolving a labour dispute between the US refining industry and the United Steelworkers union (USW). BP and the USW reached a tentative agreement in late April to end an 11 week work stoppage in Whiting, but the agreement still needs to be ratified, after which the refinery will need to complete start-up operations. At Marathon's Galveston Bay and LyondellBasell's Pasadena refineries in Texas, however, workers rejected a "last" contract offer on 20 April. At the BP-Husky joint-venture refinery in Toledo, Ohio, a workers' strike also continues, although the refinery is operating near to normal. Should these refineries return to full production, US refinery intake could clearly reach another record. In terms of new refining capacity, a March report shows the 100 kb/d Corpus Christi Castleton Commodities condensate splitter project date of completion slipping to 2016 from an initial plan of 3Q2015.

OECD European crude runs decreased by 0.4 mb/d in March but remained 0.8 mb/d above year-earlier levels, making it the eighth consecutive month of annual growth. Despite this m-o-m fall, preliminary March data show Portugal and Greece reaching their highest levels in more than a decade, processing 290 kb/d and 470 kb/d, respectively. The monthly decrease came from Germany (-0.2 mb/d) and the Netherlands; Germany's Miro refinery was completely shut down in March, and Gunvor's Ingolstadt refinery was offline for a good part of the month; in the Netherlands, half the large Shell Pernis refinery was reportedly shut for maintenance.

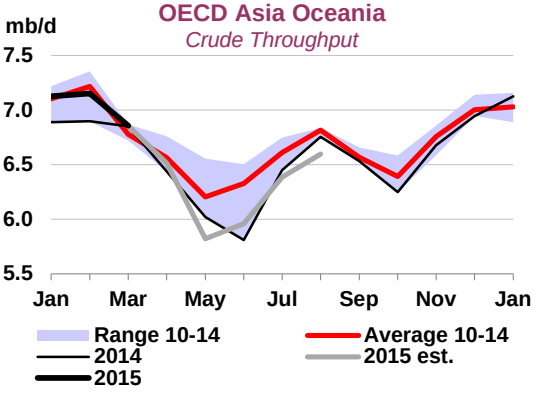
The main shutdowns planned for April – the peak of the maintenance season - include continued maintenance at Pernis, an extensive maintenance for Neste's Porvoo in Finland . In May Ineos' Lavera and Grangemouth, Hellenic's Aspropyrgos, Phillips 66 Humber refinery and Total's Donges plant will start maintenance. Altogether, scheduled maintenance planning is on a low side for the second year running, which could mean a larger programme for 2016.

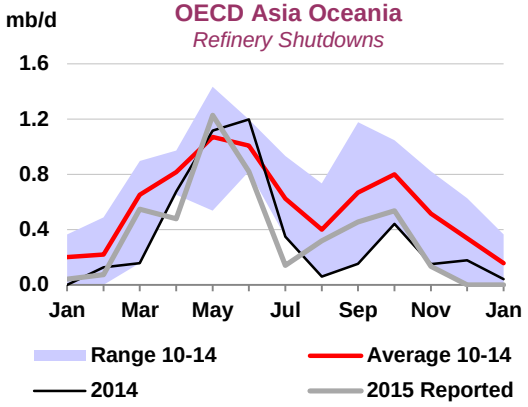
Preliminary data from Euroilstock indicate that European refiners maintained runs at elevated levels in April, in line with the announced subdued maintenance levels and sustained good margins.



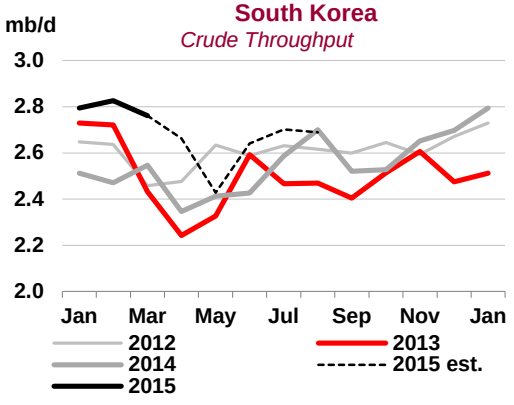


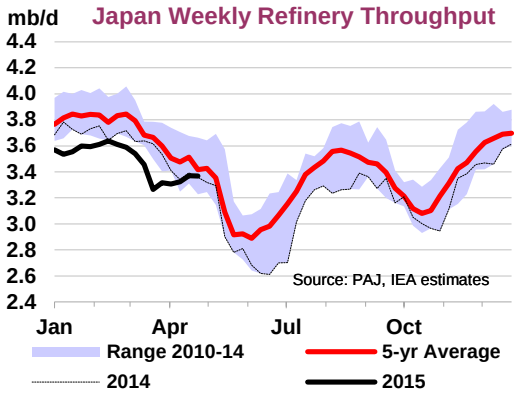
In **OECD Asia Oceania**, total crude throughputs decreased by 0.3 mb/d in March from a month earlier, to 6.9 mb/d, at the level of last year. In **Australia**, BP confirmed operations at its 95 kb/d Bulwer Island refinery would be halted in May. Caltex was also to shut its Lytton plant for maintenance in May-June, which generated a downward revision of our estimated throughput for May of 110 kb/d.





South Korean refinery runs have been revised upwards by 90 kb/d for both March and April, with the March level now nearly at the record reached in February (2.8 mb/d). Runs have been supported by new 2014 condensate splitter capacity and good regional margins, but domestic demand appears to have been on a downward trend, falling from 2.4 mb/d in February to an estimated 2.2 mb/d in April. Korean throughputs are set to decline through May, when maintenance peaks at 460 kb/d, including planned outages at a 280 kb/d unit at Hyundai's Desean plant and a 180 kb/d unit at GS Caltex' Yeochon refinery. South Korea crude oil imports rose 8% y-o-y in April.

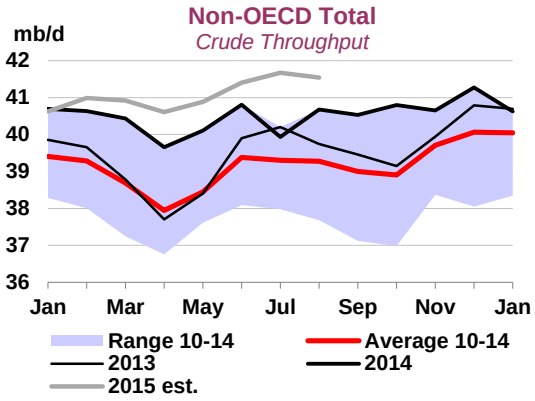


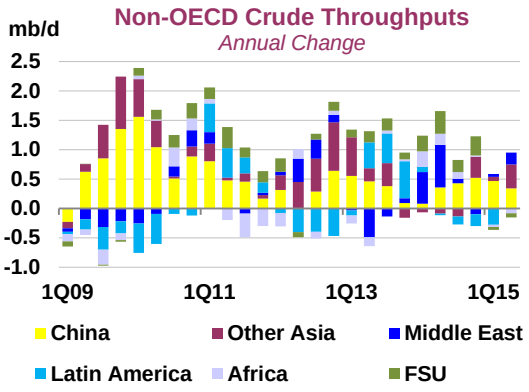


Japanese refinery runs continue to decrease in March, both vs. February and y-o-y, following capacity cuts of 0.5 mb/d in 2014. Contraction in Japanese refinery capacity is expected to continue in 2015 and 2016: the latest METI regulations, enacted in July 2014 and due to be implemented by March 2017, calling for further improvement in refiners' residue cracking ratio (residue cracking capacity divided by distillation cracking capacity), from the measured 45% in March 2014 to 50% by the end of March 2017. METI had estimated that refiners would have to trim capacity by 400 kb/d, but the planned closure of Petrobras Nansei Sekiyu refinery could increase this figure to 500 kb/d and reduce Japan's refining capacity to 3.45 mb/d.

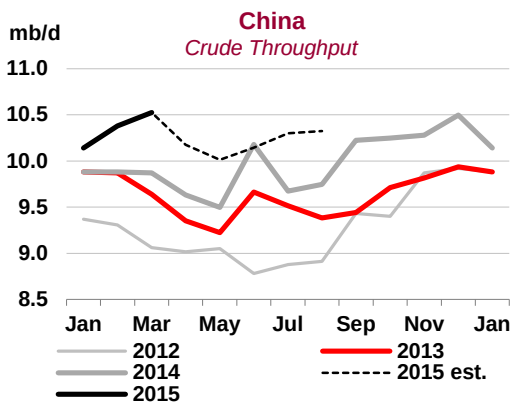
Non-OECD refinery throughput

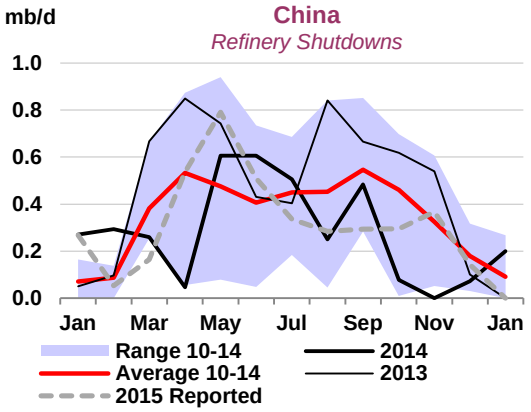
In February, Non-OECD refinery runs increased by 0.4 mb/d from January, to 41.0 mb/d. Throughputs averaged 0.35 mb/d above a year earlier. Annual gains were quite low in 1Q15, due to slower growth in a number of regions. Most notably, gains in the FSU, Latin America and non-OECD Asia, excluding China has remained weak compared to year-earlier levels. Despite the region's political turmoil, Middle East throughputs remain elevated and further gains are expected through 2015 as new capacity is fully commissioned.





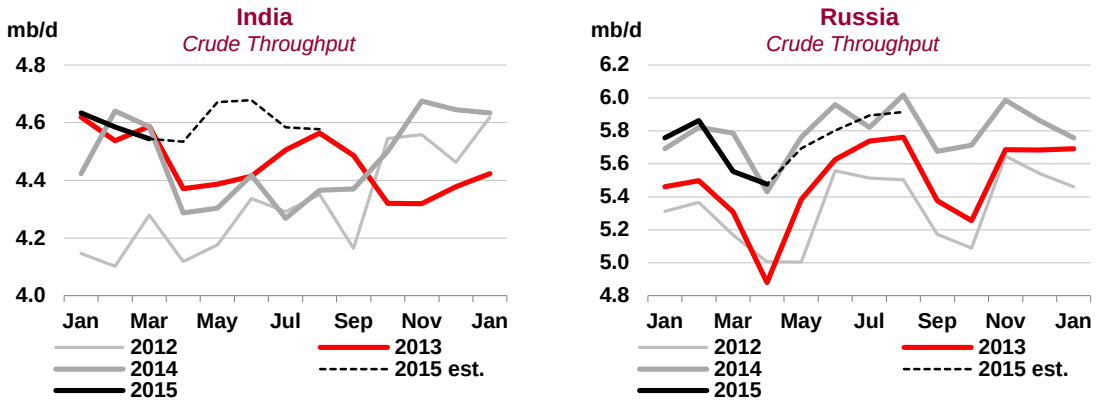
Official **Chinese** refinery data for March show record-high throughputs of 10.52 mb/d, up by 0.15 mb/d from an already high February and 0.65 mb/d above a year earlier. However, it seems apparent that maintenance has been deferred to the April-June period, which explains such strength. The main refineries entering maintenance in April are Petrochina's Dushansi, Wepec's Dalian and Yanchang Yan'an, the three of them continuing – at least partly – in May. This month will coincide with two Petrochina refineries – Jilin and Karamay – shutting down for planned repairs. This high maintenance means that China throughputs should decrease to 10.0 mb/d in May, before picking up again. In April China crude imports were higher than expected, up 8.6 percent on a year ago to 7.4 mb/d.





On 28 April, Chinese authorities announced new measures to accelerate the quality upgrading of gasoline: the 10 ppm sulphur "phase 5" standard gasoline will be made compulsory starting next year in most of Eastern China. Previously, this measure was limited to Beijing, Tianjin, Hebei and the major cities in the Yangtze River and the Pearl River deltas. This means that China has caught up with OECD gasoline specifications in a very short time. Lower-sulphur diesel measures are also being studied. On 15 April, PetroChina announced that it is going to increase it Kunming refinery capacity from 200 kb/d to 230 kb/d, add a delayed coker, and increase the jet hydrotreater capacity to be able to manufacture "phase 5" standard products. This refinery is a JV with Saudi Aramco and Yuntianhua, a local chemical company.

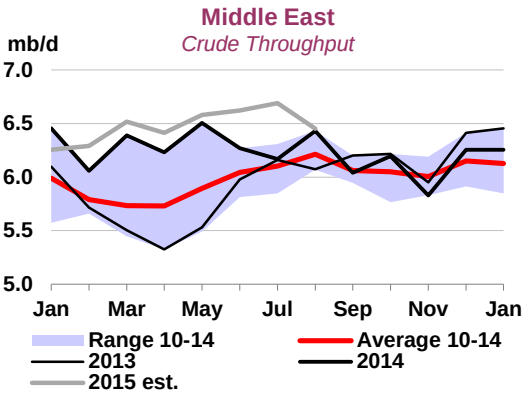
Indian refinery throughputs inched down by 40 kb/d m-o-m in March, to 4.54 mb/d, despite a shutdown at Reliance's large Jamnagar I refinery. The drop was about 100 kb/d less than forecast, due to higher runs at other plants. Essar deferred maintenance of its Vadinar refinery until July/August. The only other refinery undergoing maintenance in March was the BORLs' 120 kb/d Bina plant. However, in April and May, we expect only 380 kb/d and 60 kb/d of maintenance, respectively. Monthly revisions thus show Indian throughput for May and June higher by 160 kb/d in both months. In April, the new 300 kb/d Paradip refinery was reported to have started its first crude runs, but may ramp up only late this year until secondary units are completed. Other significant shutdowns forecasted in **Other Asia** include turnarounds at Exxon's Singapore refinery (eight weeks in April-June) and the Formosa Mailio refinery in Taiwan (March- April).

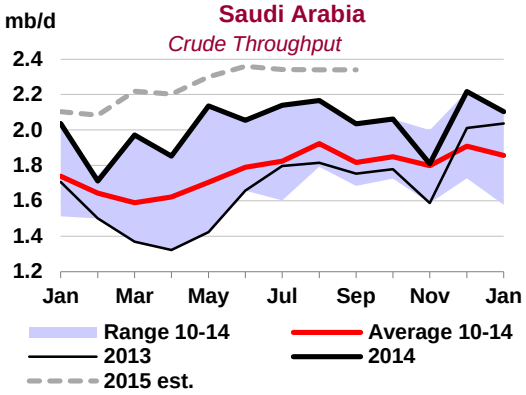


According to preliminary data, **Russian** refinery runs dropped by 80 kb/d in April, to 5.5 mb/d, as spring maintenance peaked around 700 kb/d. Runs are expected to rebound in May, as turnarounds are completed. The only large refineries still on shutdown are Rosneft's Komsomolsk and the two Kuibishev refineries. Final data confirmed that March was the first month this year with runs contracting year-on-year, by 230 kb/d or 4%. The dip was short-lived, and preliminary figures show that April throughputs were again higher y-o-y, by 50 kb/d, despite the new oil industry taxation, which was seen as a potential cause for Russian simple refineries to cut runs. In Moscow, the Russian Energy Minister is reviewing oil companies' requests to postpone the transition to Euro 5 standard by next year, amid growing concern over potential future fuel shortages and the impact of western sanctions on plant upgrades.

Latest JODI data show total **Middle Eastern** throughputs just slightly higher in February than in January. However, it translates into a 0.2 mb/d increase y-o-y, February 2014 throughput having been very weak. The impact of the start-up of new plants in Saudi Arabia and the UAE was offset by a decrease of roughly 0.3 mb/d elsewhere since last summer. In particular, Iraqi refinery runs have decreased significantly in the past year, and, with the conflict focusing on the Baji refinery in the north of the country, there is little chance to see this changing. In Saudi Arabia and the UAE, however, the increase in throughputs is evident. In Saudi Arabia, despite a downward revision of 0.1 mb/d, February crude runs held steady at 2.1 mb/d, 0.4 mb/d above last year. In the other Middle Eastern countries, no significant maintenance

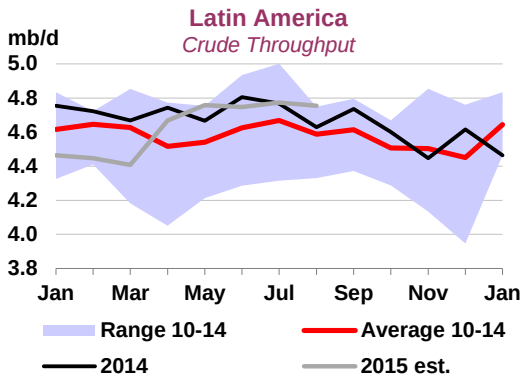
will take place before August 2015. In **Yemen, t**he Aden refinery is understood to be operating normally using imported crude.

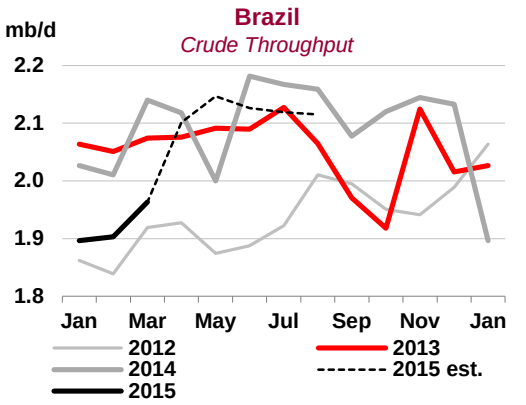




In **Latin America,** runs continue at unusually low levels, with March crude runs estimated at 4.4 mb/d. This figure was revised down by 140 kb/d from last month's *Report*, following extended outages in Brazil. **Brazilian** refinery runs rose 60 kb/d in March, to 2.0 mb/d. Lingering unplanned outages since the start of the year, nevertheless kept throughputs 175 kb/d below year earlier levels, resulting in a downward revision of 140 kb/d from last month's *Report.*

Petrobras released at end April the audited third-quarter and year-end 2014 results, and confirmed a severe cut in its downstream investment program. This included the postponement of the completion of the 165 kb/d Comperj refinery and the 115 kb/d second phase of the Abreu and Lima refinery - although both these projects are already well advanced – and the scrappage of plans to add 900 kb/d of capacity at Premium 1 and 2 refineries.





In **Africa**, February throughput stands at 2.2 mb/d, stable from last month and 130 kb/d lower y-o-y. **Algerian** refinery activity is expected to decline from current levels as Sonatrach plans maintenance at its large Skikda refinery over May and June. Meanwhile, **Egyptian** state-owned Middle East Oil Refining Company (Midor) has reportedly awarded contracts to UOP for a 60% expansion of the nameplate capacity of its 100 kb/d El Amreya refinery and related secondary units. However, government officials did not specify a timeline for the project.

TABLES

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

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas[1]	24.0	23.6	23.8	23.9	24.3	24.3	24.1	23.9	23.6	24.2	24.5	24.0	24.0	23.8	24.3	24.6	24.2
Europe[2]	14.3	13.8	13.2	13.9	14.0	13.6	13.7	13.0	13.4	13.9	13.6	13.5	13.5	13.5	13.8	13.5	13.6
Asia Oceania[3]	8.2	8.5	8.9	7.8	8.0	8.6	8.3	8.9	7.7	7.7	8.3	8.1	8.7	7.6	7.7	8.2	8.1
Total OECD	46.4	45.9	45.9	45.6	46.4	46.6	46.1	45.7	44.7	45.8	46.3	45.6	46.3	44.9	45.8	46.3	45.8
NON-OECD DEMAND																	
FSU	4.6	4.6	4.5	4.7	4.9	5.0	4.8	4.6	4.8	5.0	5.0	4.9	4.6	4.6	4.8	4.7	4.7
Europe	0.7	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	9.4	9.8	9.9	10.1	10.2	10.3	10.1	10.2	10.4	10.4	10.8	10.4	10.5	10.7	10.8	11.0	10.7
Other Asia	11.2	11.6	11.9	11.9	11.6	12.0	11.9	12.2	12.1	11.8	12.3	12.1	12.5	12.5	12.3	12.8	12.5
Americas	6.2	6.4	6.4	6.6	6.8	6.8	6.6	6.6	6.8	6.9	6.9	6.8	6.6	6.8	7.0	7.0	6.8
Middle East	7.5	7.8	7.6	8.0	8.4	7.8	7.9	7.8	8.2	8.6	7.9	8.1	7.9	8.3	8.8	8.1	8.3
Africa	3.6	3.8	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.0	4.1	4.0	4.1	4.1
Total Non-OECD	43.1	44.6	44.8	45.7	46.2	46.4	45.8	46.0	46.9	47.3	47.4	46.9	46.8	47.7	48.3	48.5	47.8
Total Demand[4]	**89.5**	**90.6**	**90.6**	**91.3**	**92.6**	**92.9**	**91.9**	**91.7**	**91.6**	**93.1**	**93.8**	**92.5**	**93.1**	**92.6**	**94.1**	**94.8**	**93.6**
OECD SUPPLY																	
Americas[1,7]	14.6	15.8	16.8	16.6	17.3	17.8	17.1	18.1	18.7	19.1	19.6	18.9	19.7	19.4	19.2	19.4	19.4
Europe[2]	3.8	3.5	3.4	3.3	3.2	3.4	3.3	3.5	3.2	3.1	3.5	3.3	3.4	3.3	3.2	3.5	3.3
Asia Oceania[3]	0.6	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	18.9	19.8	20.6	20.4	21.0	21.6	20.9	22.2	22.5	22.7	23.6	22.7	23.6	23.1	22.9	23.4	23.3
NON-OECD SUPPLY																	
FSU	13.6	13.6	13.8	13.7	13.7	14.0	13.8	13.9	13.8	13.8	13.9	13.9	14.0	13.9	13.8	13.8	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	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.3	4.2	4.2	4.3
Other Asia[5]	3.7	3.6	3.7	3.6	3.5	3.5	3.6	3.5	3.5	3.5	3.6	3.5	3.7	3.6	3.6	3.7	3.7
Americas[5,7]	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.5	4.6	4.4	4.6	4.5	4.5	4.5	4.5
Middle East	1.7	1.5	1.4	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3
Africa[5]	2.5	2.3	2.2	2.3	2.3	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.4	2.3	2.3	2.3	2.3
Total Non-OECD	30.0	29.5	29.5	29.5	29.3	29.9	29.5	29.8	29.6	29.7	30.2	29.8	30.4	30.1	29.8	30.0	30.1
Processing gains[6]	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.9	1.9	1.5	2.0	2.4	2.2	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.3	2.6	2.3	2.2
Total Non-OPEC[5]	52.8	53.3	53.8	54.1	54.8	55.8	54.6	55.9	56.6	57.2	58.2	57.0	58.1	57.7	57.5	57.9	57.8
OPEC																	
Crude[8]	29.9	31.3	30.5	30.9	30.6	29.8	30.5	30.0	30.1	30.5	30.5	30.3	30.5				
NGLs	5.9	6.2	6.2	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.5	6.4	6.5	6.6	6.6	6.7	6.6
Total OPEC[5]	35.8	37.5	36.7	37.2	36.9	36.1	36.7	36.3	36.4	37.0	37.0	36.7	37.0				
Total Supply[9]	**88.6**	**90.8**	**90.5**	**91.3**	**91.8**	**91.9**	**91.4**	**92.2**	**93.0**	**94.1**	**95.2**	**93.6**	**95.1**				
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.2	0.2	0.2	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.8	-0.1	0.4	0.6				
Government	-0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0				
Total	-0.3	0.2	0.3	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.1	0.4	0.6				
Floating storage/Oil in transit	-0.1	0.0	0.2	-0.1	0.2	0.3	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1				
Miscellaneous to balance[10]	-0.6	0.1	-0.6	0.1	-1.4	0.1	-0.5	0.0	1.1	0.0	1.6	0.7	1.5				
Total Stock Ch. & Misc	**-0.9**	**0.2**	**-0.2**	**-0.1**	**-0.8**	**-1.0**	**-0.5**	**0.5**	**1.4**	**1.1**	**1.4**	**1.1**	**2.0**				
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.8	31.1	30.6	31.0	31.4	30.8	31.0	29.5	28.7	29.5	29.1	29.2	28.5	28.3	29.9	30.2	29.2

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)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	0.1	0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.2	-	-	-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	-0.2	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1	0.1	-0.2	-	-	-0.1
NON-OECD SUPPLY																	
FSU	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-	-	-	-	0.1	0.1	0.2	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	-	-	0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1	0.1	0.1
Americas	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.4	0.4	0.3	0.4	0.4
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	0.1	0.1	0.2	0.3	0.2	0.5	0.2	0.3	0.4	0.3
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-	-				
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total Supply	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**0.2**	**0.3**	**0.2**	**0.5**				
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	0.1					
Total Stock Ch. & Misc	**-**	**-**	**-0.1**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.2**	**0.2**	**0.1**	**0.4**				
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	0.1	-	-	-	-	-	-0.1	-0.2	-0.2	-0.1	-0.4	-0.2	-0.3	-0.3	-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

	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Demand (mb/d)																
Americas[1]	23.60	23.80	23.87	24.33	24.35	24.09	23.86	23.63	24.21	24.47	24.05	24.04	23.84	24.30	24.56	24.19
Europe[2]	13.80	13.21	13.90	14.04	13.63	13.70	13.02	13.42	13.90	13.56	13.48	13.52	13.50	13.78	13.50	13.57
Asia Oceania[3]	8.53	8.86	7.83	8.00	8.59	8.32	8.85	7.66	7.67	8.31	8.12	8.71	7.58	7.72	8.22	8.06
Total OECD	45.93	45.86	45.61	46.37	46.57	46.10	45.73	44.71	45.77	46.34	45.64	46.28	44.92	45.79	46.27	45.82
Asia	21.42	21.86	21.99	21.73	22.34	21.98	22.37	22.49	22.24	23.01	22.53	23.00	23.20	23.07	23.81	23.27
Middle East	7.76	7.56	7.95	8.41	7.78	7.93	7.80	8.18	8.57	7.94	8.13	7.92	8.33	8.76	8.13	8.29
Americas	6.42	6.38	6.62	6.76	6.79	6.64	6.59	6.77	6.92	6.90	6.80	6.63	6.78	6.97	7.00	6.84
FSU	4.61	4.47	4.65	4.94	4.96	4.76	4.63	4.84	5.05	4.99	4.88	4.59	4.61	4.79	4.73	4.68
Africa	3.78	3.90	3.88	3.71	3.81	3.82	3.92	3.94	3.83	3.91	3.90	4.03	4.08	4.01	4.14	4.06
Europe	0.65	0.61	0.65	0.66	0.67	0.65	0.64	0.65	0.68	0.67	0.66	0.68	0.69	0.69	0.70	0.69
Total Non-OECD	44.64	44.78	45.74	46.20	46.35	45.77	45.96	46.86	47.29	47.44	46.89	46.84	47.68	48.27	48.51	47.83
World	**90.57**	**90.64**	**91.34**	**92.57**	**92.92**	**91.88**	**91.69**	**91.57**	**93.06**	**93.78**	**92.53**	**93.12**	**92.60**	**94.07**	**94.78**	**93.65**
of which: US50	18.51	18.64	18.72	19.21	19.26	18.96	18.82	18.71	19.17	19.44	19.04	19.13	18.97	19.32	19.52	19.23
Europe 5*	8.36	8.04	8.37	8.34	8.16	8.23	7.89	7.93	8.26	8.13	8.05	8.21	8.02	8.15	8.00	8.09
China	9.82	9.92	10.11	10.17	10.31	10.13	10.16	10.40	10.39	10.76	10.43	10.45	10.65	10.76	11.03	10.73
Japan	4.71	5.05	4.07	4.26	4.71	4.52	5.02	3.88	3.88	4.43	4.30	4.73	3.79	3.91	4.31	4.18
India	3.75	3.87	3.86	3.55	3.82	3.77	3.97	3.86	3.67	3.90	3.85	4.10	4.12	3.86	4.10	4.04
Russia	3.40	3.34	3.44	3.71	3.64	3.53	3.49	3.62	3.80	3.66	3.65	3.45	3.40	3.55	3.44	3.46
Brazil	2.97	2.97	3.08	3.14	3.20	3.10	3.12	3.16	3.28	3.31	3.22	3.10	3.14	3.28	3.33	3.21
Saudi Arabia	2.97	2.76	3.09	3.33	2.90	3.02	2.87	3.32	3.57	3.09	3.22	3.06	3.44	3.68	3.14	3.33
Canada	2.36	2.45	2.42	2.45	2.43	2.44	2.43	2.34	2.46	2.43	2.41	2.40	2.34	2.43	2.41	2.40
Korea	2.32	2.33	2.29	2.27	2.40	2.32	2.36	2.32	2.33	2.39	2.35	2.49	2.33	2.33	2.40	2.39
Mexico	2.09	2.05	2.08	2.03	2.02	2.04	1.95	1.97	1.96	1.98	1.97	1.87	1.91	1.92	1.98	1.92
Iran	1.80	1.81	1.82	1.83	1.82	1.82	1.82	1.76	1.83	1.85	1.82	1.81	1.80	1.84	1.85	1.83
Total	**63.05**	**63.23**	**63.37**	**64.30**	**64.65**	**63.89**	**63.91**	**63.28**	**64.59**	**65.37**	**64.29**	**64.80**	**63.92**	**65.02**	**65.52**	**64.82**
% of World	69.6%	69.8%	69.4%	69.5%	69.6%	69.5%	69.7%	69.1%	69.4%	69.7%	69.5%	69.6%	69.0%	69.1%	69.1%	69.2%
Annual Change (% per annum)																
Americas[1]	-1.7	2.0	1.4	2.6	2.4	2.1	0.3	-1.0	-0.5	0.5	-0.2	0.8	0.9	0.4	0.3	0.6
Europe[2]	-3.2	-4.0	0.4	1.1	-0.8	-0.8	-1.4	-3.5	-1.0	-0.5	-1.6	3.9	0.6	-0.8	-0.5	0.7
Asia Oceania[3]	4.6	-2.9	-2.2	-3.2	-1.7	-2.5	-0.1	-2.2	-4.1	-3.3	-2.4	-1.6	-1.0	0.6	-1.0	-0.8
Total OECD	-1.1	-0.7	0.4	1.1	0.7	0.4	-0.3	-2.0	-1.3	-0.5	-1.0	1.2	0.5	0.0	-0.1	0.4
Asia	4.0	3.8	3.6	2.4	0.7	2.6	2.3	2.2	2.4	3.0	2.5	2.8	3.2	3.7	3.4	3.3
Middle East	3.8	5.2	2.4	1.3	0.3	2.2	3.1	2.9	1.9	2.1	2.5	1.6	1.8	2.2	2.4	2.0
Americas	3.4	3.2	3.7	3.5	2.9	3.4	3.3	2.3	2.4	1.8	2.4	0.6	0.2	0.6	1.3	0.7
FSU	1.3	1.0	2.4	4.2	5.0	3.2	3.6	4.0	2.2	0.6	2.5	-1.0	-4.8	-5.2	-5.1	-4.1
Africa	5.5	3.9	3.3	-0.9	-1.4	1.2	0.7	1.6	3.3	2.6	2.1	2.6	3.7	4.7	5.8	4.2
Europe	-3.3	-4.9	-0.9	2.3	3.8	0.1	4.8	1.2	3.0	-0.3	2.1	5.8	4.8	1.8	3.8	4.0
Total Non-OECD	3.6	3.5	3.2	2.3	1.3	2.5	2.6	2.5	2.3	2.3	2.4	1.9	1.7	2.1	2.3	2.0
World	**1.2**	**1.3**	**1.8**	**1.7**	**1.0**	**1.4**	**1.2**	**0.3**	**0.5**	**0.9**	**0.7**	**1.6**	**1.1**	**1.1**	**1.1**	**1.2**
Annual Change (mb/d)																
Americas[1]	-0.41	0.46	0.32	0.61	0.57	0.49	0.06	-0.24	-0.12	0.13	-0.04	0.18	0.21	0.09	0.08	0.14
Europe[2]	-0.46	-0.54	0.05	0.16	-0.10	-0.11	-0.19	-0.49	-0.14	-0.07	-0.22	0.51	0.08	-0.12	-0.07	0.10
Asia Oceania[3]	0.38	-0.27	-0.18	-0.26	-0.14	-0.21	-0.01	-0.17	-0.32	-0.29	-0.20	-0.14	-0.08	0.04	-0.09	-0.06
Total OECD	-0.49	-0.35	0.19	0.51	0.32	0.17	-0.13	-0.90	-0.59	-0.23	-0.46	0.55	0.21	0.02	-0.07	0.18
Asia	0.83	0.80	0.76	0.51	0.17	0.56	0.51	0.49	0.51	0.67	0.55	0.63	0.71	0.83	0.79	0.74
Middle East	0.29	0.37	0.18	0.10	0.03	0.17	0.24	0.23	0.16	0.16	0.20	0.12	0.15	0.19	0.19	0.16
Americas	0.21	0.20	0.24	0.23	0.19	0.22	0.21	0.15	0.16	0.12	0.16	0.04	0.01	0.04	0.09	0.05
FSU	0.06	0.04	0.11	0.20	0.23	0.15	0.16	0.18	0.11	0.03	0.12	-0.05	-0.23	-0.26	-0.26	-0.20
Africa	0.20	0.15	0.12	-0.03	-0.05	0.05	0.03	0.06	0.12	0.10	0.08	0.10	0.14	0.18	0.23	0.16
Europe	-0.02	-0.03	-0.01	0.01	0.02	0.00	0.03	0.01	0.02	0.00	0.01	0.04	0.03	0.01	0.03	0.03
Total Non-OECD	1.55	1.53	1.40	1.02	0.59	1.14	1.18	1.13	1.08	1.08	1.12	0.88	0.82	0.98	1.07	0.94
World	**1.07**	**1.18**	**1.60**	**1.53**	**0.91**	**1.31**	**1.05**	**0.23**	**0.49**	**0.86**	**0.66**	**1.43**	**1.03**	**1.00**	**1.00**	**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	0.00	0.00	0.00	0.00	-0.03	-0.05	-0.04	-0.01	-0.03
Europe[2]	0.00	0.00	0.01	0.01	0.02	0.01	0.02	0.01	0.02	0.02	0.02	0.19	0.12	0.09	0.09	0.12
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.04	0.01	0.00	0.04
Total OECD	0.00	0.00	0.01	0.01	0.02	0.01	0.01	0.01	0.02	0.02	0.02	0.26	0.11	0.05	0.08	0.12
Asia	0.00	0.03	0.00	0.00	0.00	0.01	0.00	-0.03	0.00	0.03	0.00	-0.08	-0.04	0.04	0.06	0.00
Middle East	0.00	0.00	0.00	0.00	0.01	0.00	0.01	-0.01	0.00	-0.01	0.00	0.05	-0.02	-0.02	-0.01	0.00
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.08	-0.06	-0.04	-0.05
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.02	0.01	-0.06	-0.03	0.00	0.03	-0.01
Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	-0.01	-0.01	-0.04	-0.01	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	0.00	0.00	0.00	0.00
Total Non-OECD	0.00	0.04	0.00	0.00	0.00	0.01	0.00	-0.04	0.01	0.03	0.00	-0.13	-0.17	-0.04	0.03	-0.08
World	**0.00**	**0.04**	**0.01**	**0.01**	**0.02**	**0.02**	**0.01**	**-0.03**	**0.02**	**0.06**	**0.01**	**0.13**	**-0.06**	**0.02**	**0.11**	**0.05**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.03	0.01	0.00	0.01	0.01	-0.03	-0.04	0.02	0.04	0.00	0.12	-0.03	-0.01	0.05	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)

	2013	2014	1Q14	2Q14	3Q14	4Q14	Dec 14	Jan 15	Feb 15 [2]	Latest month vs. Jan 15	Latest month vs. Feb 14
Americas[3]											
LPG and ethane	3.34	3.20	3.54	2.85	2.98	3.44	3.60	3.67	3.62	-0.05	0.07
Naphtha	0.38	0.35	0.36	0.34	0.35	0.35	0.38	0.37	0.35	-0.02	-0.03
Motor gasoline	10.55	10.65	10.21	10.73	10.85	10.79	10.79	10.39	10.37	-0.01	-0.04
Jet and kerosene	1.67	1.70	1.63	1.69	1.76	1.73	1.79	1.59	1.68	0.09	0.08
Gasoil/diesel oil	5.08	5.27	5.44	5.14	5.13	5.36	5.36	5.44	5.82	0.38	0.32
Residual fuel oil	0.69	0.57	0.53	0.56	0.57	0.60	0.57	0.49	0.43	-0.06	-0.07
Other products	2.38	2.31	2.15	2.33	2.56	2.22	2.06	2.16	2.09	-0.07	-0.10
Total	**24.09**	**24.04**	**23.86**	**23.63**	**24.21**	**24.47**	**24.55**	**24.11**	**24.35**	**0.24**	**0.23**
Europe[4]											
LPG and ethane	1.05	1.06	1.01	1.09	1.10	1.06	1.08	1.20	1.21	0.01	0.17
Naphtha	1.19	1.17	1.31	1.20	1.12	1.05	1.14	1.32	1.33	0.01	0.00
Motor gasoline	1.95	1.92	1.80	1.97	2.01	1.91	1.92	1.73	1.82	0.09	-0.02
Jet and kerosene	1.23	1.25	1.12	1.25	1.40	1.24	1.20	1.21	1.17	-0.04	0.04
Gasoil/diesel oil	5.99	5.93	5.73	5.76	6.03	6.21	6.22	5.94	6.50	0.55	0.68
Residual fuel oil	1.00	0.93	0.96	0.90	0.92	0.93	0.90	0.88	0.92	0.03	-0.07
Other products	1.29	1.21	1.08	1.26	1.32	1.17	1.04	0.97	1.06	0.09	-0.05
Total	**13.70**	**13.48**	**13.02**	**13.42**	**13.90**	**13.56**	**13.50**	**13.25**	**14.00**	**0.75**	**0.75**
Asia Oceania[5]											
LPG and ethane	0.85	0.82	0.88	0.82	0.78	0.81	0.92	0.84	0.96	0.12	0.01
Naphtha	1.84	1.87	1.97	1.74	1.80	1.95	2.04	2.06	2.06	-0.01	0.03
Motor gasoline	1.59	1.56	1.54	1.51	1.59	1.59	1.68	1.46	1.59	0.13	0.06
Jet and kerosene	0.89	0.88	1.13	0.71	0.68	1.00	1.28	1.16	1.26	0.10	0.08
Gasoil/diesel oil	1.76	1.77	1.82	1.72	1.70	1.82	1.89	1.73	1.96	0.23	0.07
Residual fuel oil	0.76	0.67	0.83	0.63	0.58	0.63	0.70	0.75	0.79	0.04	-0.08
Other products	0.63	0.56	0.67	0.53	0.55	0.51	0.57	0.51	0.60	0.08	-0.11
Total	**8.32**	**8.12**	**8.85**	**7.66**	**7.67**	**8.31**	**9.07**	**8.52**	**9.20**	**0.68**	**0.06**
OECD											
LPG and ethane	5.23	5.09	5.43	4.76	4.86	5.31	5.60	5.71	5.78	0.07	0.26
Naphtha	3.41	3.38	3.64	3.28	3.27	3.34	3.56	3.75	3.74	-0.01	0.00
Motor gasoline	14.10	14.13	13.55	14.20	14.45	14.28	14.39	13.57	13.78	0.21	0.00
Jet and kerosene	3.78	3.83	3.89	3.64	3.84	3.97	4.28	3.96	4.11	0.15	0.19
Gasoil/diesel oil	12.83	12.97	12.99	12.62	12.86	13.39	13.46	13.12	14.27	1.15	1.08
Residual fuel oil	2.46	2.16	2.33	2.08	2.07	2.15	2.17	2.13	2.13	0.01	-0.23
Other products	4.29	4.09	3.89	4.12	4.43	3.90	3.67	3.64	3.74	0.10	-0.26
Total	**46.10**	**45.64**	**45.73**	**44.71**	**45.77**	**46.34**	**47.12**	**45.88**	**47.55**	**1.68**	**1.04**

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)

	2013	2014	1Q14	2Q14	3Q14	4Q14	Dec 14	Jan 15	Feb 15 [2]	Latest month vs. Jan 15	Latest month vs. Feb 14
United States[3]											
LPG and ethane	2.44	2.36	2.63	2.03	2.21	2.55	2.66	2.76	2.76	0.00	0.16
Naphtha	0.27	0.23	0.24	0.20	0.23	0.24	0.27	0.26	0.23	-0.02	-0.02
Motor gasoline	8.84	8.92	8.52	9.00	9.10	9.05	9.03	8.72	8.65	-0.07	-0.05
Jet and kerosene	1.44	1.48	1.40	1.47	1.52	1.52	1.58	1.37	1.45	0.08	0.07
Gasoil/diesel oil	3.83	4.01	4.16	3.92	3.86	4.08	4.13	4.23	4.53	0.29	0.35
Residual fuel oil	0.32	0.26	0.24	0.25	0.24	0.30	0.29	0.27	0.20	-0.08	-0.01
Other products	1.82	1.78	1.62	1.82	2.00	1.70	1.56	1.63	1.57	-0.07	-0.11
Total	**18.96**	**19.04**	**18.82**	**18.71**	**19.17**	**19.44**	**19.51**	**19.25**	**19.40**	**0.14**	**0.40**
Japan											
LPG and ethane	0.50	0.48	0.56	0.47	0.43	0.48	0.57	0.52	0.61	0.09	0.00
Naphtha	0.77	0.74	0.81	0.65	0.68	0.82	0.84	0.82	0.88	0.06	0.01
Motor gasoline	0.95	0.92	0.92	0.88	0.95	0.93	1.01	0.84	0.91	0.07	0.03
Jet and kerosene	0.54	0.52	0.77	0.37	0.35	0.61	0.87	0.75	0.84	0.08	0.02
Diesel	0.41	0.40	0.41	0.38	0.39	0.41	0.43	0.37	0.43	0.05	0.01
Other gasoil	0.41	0.41	0.48	0.37	0.35	0.41	0.47	0.43	0.50	0.07	-0.02
Residual fuel oil	0.45	0.39	0.52	0.35	0.33	0.36	0.41	0.43	0.46	0.03	-0.09
Other products	0.50	0.43	0.55	0.40	0.40	0.39	0.44	0.43	0.49	0.06	-0.09
Total	**4.52**	**4.30**	**5.02**	**3.88**	**3.88**	**4.43**	**5.04**	**4.59**	**5.11**	**0.52**	**-0.13**
Germany											
LPG and ethane	0.11	0.09	0.09	0.10	0.10	0.08	0.09	0.09	0.10	0.01	0.01
Naphtha	0.40	0.42	0.43	0.41	0.42	0.41	0.42	0.50	0.47	-0.03	0.03
Motor gasoline	0.43	0.44	0.41	0.43	0.45	0.44	0.43	0.40	0.40	0.00	-0.02
Jet and kerosene	0.19	0.19	0.17	0.19	0.21	0.18	0.17	0.17	0.17	-0.01	0.00
Diesel	0.70	0.73	0.68	0.71	0.78	0.76	0.70	0.69	0.73	0.04	0.04
Other gasoil	0.42	0.36	0.38	0.31	0.36	0.38	0.40	0.47	0.50	0.03	0.18
Residual fuel oil	0.12	0.12	0.12	0.10	0.12	0.15	0.15	0.13	0.13	0.00	0.01
Other products	0.07	0.05	0.05	0.06	0.06	0.05	0.03	0.02	0.03	0.01	-0.02
Total	**2.43**	**2.40**	**2.33**	**2.32**	**2.50**	**2.45**	**2.39**	**2.48**	**2.53**	**0.05**	**0.24**
Italy											
LPG and ethane	0.11	0.10	0.10	0.09	0.09	0.10	0.12	0.12	0.13	0.01	0.03
Naphtha	0.08	0.06	0.07	0.06	0.06	0.06	0.07	0.07	0.09	0.02	0.02
Motor gasoline	0.21	0.20	0.20	0.21	0.21	0.20	0.22	0.19	0.21	0.01	0.00
Jet and kerosene	0.09	0.09	0.08	0.10	0.11	0.08	0.08	0.08	0.07	-0.01	-0.01
Diesel	0.45	0.49	0.44	0.48	0.51	0.51	0.50	0.40	0.44	0.03	-0.04
Other gasoil	0.11	0.07	0.08	0.06	0.05	0.07	0.08	0.10	0.13	0.03	0.06
Residual fuel oil	0.08	0.07	0.07	0.06	0.07	0.07	0.07	0.08	0.09	0.01	0.02
Other products	0.19	0.16	0.15	0.16	0.16	0.15	0.14	0.12	0.12	0.00	-0.04
Total	**1.32**	**1.23**	**1.21**	**1.22**	**1.26**	**1.25**	**1.28**	**1.17**	**1.27**	**0.11**	**0.04**
France											
LPG and ethane	0.11	0.10	0.12	0.09	0.09	0.11	0.12	0.13	0.15	0.02	0.03
Naphtha	0.15	0.15	0.17	0.16	0.15	0.10	0.11	0.15	0.16	0.01	-0.02
Motor gasoline	0.17	0.17	0.16	0.18	0.19	0.17	0.18	0.15	0.16	0.01	0.00
Jet and kerosene	0.15	0.15	0.14	0.15	0.16	0.14	0.14	0.14	0.14	0.00	0.00
Diesel	0.69	0.70	0.66	0.70	0.71	0.71	0.74	0.63	0.68	0.05	0.00
Other gasoil	0.29	0.26	0.28	0.21	0.25	0.27	0.30	0.30	0.32	0.02	0.03
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.00	0.00
Other products	0.15	0.14	0.11	0.14	0.17	0.12	0.10	0.11	0.14	0.03	0.01
Total	**1.77**	**1.71**	**1.69**	**1.69**	**1.77**	**1.68**	**1.74**	**1.67**	**1.81**	**0.14**	**0.06**
United Kingdom											
LPG and ethane	0.11	0.11	0.12	0.12	0.10	0.11	0.13	0.15	0.18	0.03	0.06
Naphtha	0.03	0.02	0.02	0.02	0.03	0.03	0.03	0.02	0.03	0.01	0.01
Motor gasoline	0.31	0.30	0.29	0.31	0.30	0.30	0.29	0.28	0.32	0.04	0.01
Jet and kerosene	0.31	0.31	0.31	0.30	0.32	0.32	0.32	0.31	0.31	0.00	0.01
Diesel	0.46	0.48	0.46	0.48	0.48	0.50	0.50	0.42	0.54	0.12	0.02
Other gasoil	0.12	0.12	0.11	0.12	0.12	0.11	0.10	0.11	0.12	0.00	0.01
Residual fuel oil	0.04	0.03	0.04	0.03	0.03	0.03	0.04	0.02	0.02	0.00	-0.02
Other products	0.13	0.13	0.12	0.13	0.13	0.12	0.12	0.11	0.11	0.00	0.00
Total	**1.51**	**1.50**	**1.47**	**1.51**	**1.51**	**1.53**	**1.53**	**1.43**	**1.64**	**0.21**	**0.09**
Canada											
LPG and ethane	0.45	0.40	0.44	0.38	0.34	0.42	0.46	0.44	0.41	-0.04	-0.07
Naphtha	0.09	0.09	0.09	0.10	0.10	0.09	0.10	0.10	0.09	0.00	-0.01
Motor gasoline	0.82	0.85	0.81	0.85	0.88	0.84	0.83	0.81	0.85	0.04	0.01
Jet and kerosene	0.11	0.10	0.10	0.09	0.11	0.09	0.09	0.09	0.10	0.00	0.00
Diesel	0.29	0.29	0.29	0.29	0.29	0.31	0.29	0.31	0.31	0.00	0.00
Other gasoil	0.31	0.32	0.34	0.29	0.34	0.31	0.29	0.30	0.34	0.05	-0.02
Residual fuel oil	0.06	0.06	0.07	0.05	0.06	0.06	0.08	0.05	0.06	0.01	-0.01
Other products	0.32	0.31	0.29	0.29	0.34	0.31	0.30	0.30	0.32	0.01	0.04
Total	**2.44**	**2.41**	**2.43**	**2.34**	**2.46**	**2.43**	**2.44**	**2.40**	**2.47**	**0.07**	**-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)

	2013	2014	2015	4Q14	1Q15	2Q15	3Q15	4Q15	Feb 15	Mar 15	Apr 15
OPEC											
Crude Oil											
Saudi Arabia	9.40	9.53		9.53	9.77				9.61	10.09	10.05
Iran	2.68	2.81		2.80	2.82				2.84	2.79	2.88
Iraq	3.08	3.33		3.48	3.49				3.32	3.70	3.80
UAE	2.76	2.76		2.75	2.84				2.84	2.84	2.84
Kuwait	2.55	2.61		2.67	2.70				2.70	2.70	2.75
Neutral Zone	0.52	0.38		0.21	0.20				0.20	0.20	0.10
Qatar	0.73	0.71		0.68	0.67				0.67	0.68	0.69
Angola	1.72	1.66		1.72	1.77				1.79	1.76	1.68
Nigeria	1.95	1.90		1.88	1.81				1.83	1.74	1.80
Libya	0.90	0.46		0.67	0.37				0.29	0.48	0.52
Algeria	1.15	1.12		1.13	1.11				1.10	1.12	1.11
Ecuador	0.52	0.55		0.55	0.55				0.53	0.55	0.55
Venezuela	2.50	2.46		2.44	2.39				2.38	2.40	2.44
Total Crude Oil	30.46	30.28		30.51	30.49				30.10	31.05	31.21
Total NGLs[1]	6.26	6.38	6.62	6.45	6.51	6.62	6.65	6.70	6.51	6.51	6.62
Total OPEC	**36.72**	**36.67**		**36.97**	**37.01**				**36.61**	**37.56**	**37.83**
NON-OPEC[2]											
OECD											
Americas[6]	17.11	18.89	19.43	19.60	19.73	19.36	19.19	19.44	19.83	19.81	19.56
United States[5]	10.24	11.80	12.48	12.44	12.52	12.54	12.36	12.49	12.52	12.62	12.60
Mexico	2.89	2.80	2.62	2.71	2.67	2.64	2.59	2.58	2.71	2.71	2.65
Canada	3.97	4.28	4.32	4.43	4.53	4.17	4.24	4.36	4.60	4.47	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]	3.32	3.33	3.33	3.47	3.42	3.26	3.18	3.46	3.37	3.45	3.45
UK	0.89	0.87	0.89	0.89	0.93	0.89	0.78	0.96	0.88	0.94	0.95
Norway	1.84	1.89	1.90	1.97	1.94	1.84	1.86	1.97	1.93	1.95	1.95
Others	0.59	0.57	0.54	0.60	0.56	0.54	0.54	0.53	0.56	0.55	0.55
Asia Oceania[8]	0.48	0.51	0.52	0.50	0.48	0.52	0.54	0.53	0.47	0.48	0.51
Australia	0.40	0.43	0.45	0.42	0.40	0.45	0.47	0.46	0.39	0.41	0.44
Others	0.08	0.08	0.07	0.08	0.08	0.07	0.07	0.07	0.08	0.07	0.07
Total OECD	**20.91**	**22.73**	**23.28**	**23.56**	**23.63**	**23.14**	**22.92**	**23.43**	**23.68**	**23.73**	**23.52**
NON-OECD											
Former USSR	13.80	13.87	13.90	13.93	14.05	13.95	13.76	13.84	14.06	14.06	14.06
Russia	10.80	10.91	10.93	11.00	11.02	10.99	10.82	10.90	11.00	11.02	11.04
Others	3.00	2.96	2.97	2.93	3.03	2.96	2.94	2.94	3.06	3.04	3.01
Asia	7.74	7.75	7.91	7.88	7.95	7.89	7.84	7.95	7.95	7.99	7.86
China	4.18	4.22	4.25	4.26	4.29	4.27	4.21	4.24	4.27	4.31	4.25
Malaysia	0.64	0.67	0.77	0.73	0.78	0.76	0.76	0.79	0.82	0.77	0.77
India	0.88	0.88	0.89	0.89	0.88	0.89	0.89	0.90	0.87	0.89	0.88
Indonesia	0.87	0.84	0.79	0.82	0.81	0.77	0.77	0.80	0.81	0.82	0.77
Others	1.17	1.15	1.21	1.18	1.20	1.20	1.21	1.22	1.19	1.21	1.19
Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Americas	4.20	4.41	4.52	4.60	4.61	4.54	4.46	4.48	4.61	4.55	4.56
Brazil[5]	2.12	2.35	2.50	2.52	2.54	2.52	2.47	2.48	2.53	2.52	2.52
Argentina	0.65	0.64	0.65	0.64	0.65	0.65	0.65	0.65	0.64	0.65	0.64
Colombia	1.01	0.99	0.95	1.01	1.01	0.95	0.92	0.93	1.03	0.97	0.97
Others	0.42	0.42	0.41	0.42	0.41	0.41	0.41	0.42	0.41	0.41	0.42
Middle East[3]	1.36	1.32	1.26	1.30	1.30	1.21	1.27	1.26	1.31	1.28	1.24
Oman	0.95	0.95	0.96	0.94	0.97	0.96	0.96	0.95	0.97	0.97	0.96
Syria	0.06	0.03	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.15	0.08	0.13	0.11	0.03	0.09	0.09	0.12	0.09	0.06
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.20	0.19	0.19	0.19
Africa	2.31	2.34	2.33	2.33	2.36	2.33	2.32	2.30	2.36	2.35	2.34
Egypt	0.75	0.73	0.68	0.71	0.70	0.69	0.68	0.67	0.70	0.69	0.69
Gabon	0.24	0.24	0.23	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.33	1.38	1.41	1.39	1.43	1.41	1.41	1.40	1.43	1.43	1.42
Total Non-OECD	**29.55**	**29.83**	**30.06**	**30.19**	**30.42**	**30.06**	**29.79**	**29.97**	**30.44**	**30.38**	**30.20**
Processing gains[4]	2.18	2.21	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Global Biofuels[5]	2.01	2.19	2.24	2.26	1.80	2.26	2.61	2.27	1.83	1.80	1.93
TOTAL NON-OPEC	**54.65**	**56.96**	**57.79**	**58.22**	**58.07**	**57.68**	**57.53**	**57.89**	**58.17**	**58.13**	**57.87**
TOTAL SUPPLY	**91.36**	**93.63**		**95.19**	**95.07**				**94.78**	**95.69**	**95.70**

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			
	Nov2014	Dec2014	Jan2015	Feb2015	Mar2015*	Mar2012	Mar2013	Mar2014	2Q2014	3Q2014	4Q2014	1Q2015
OECD Americas												
Crude	544.0	552.8	576.6	600.2	632.2	505.1	535.3	522.7	0.08	-0.20	0.44	0.88
Motor Gasoline	252.5	273.8	273.9	274.6	264.3	255.9	259.8	259.3	-0.07	-0.07	0.31	-0.11
Middle Distillate	195.2	207.9	207.3	196.0	197.9	207.0	193.2	185.6	0.06	0.13	0.05	-0.11
Residual Fuel Oil	44.6	41.5	40.9	43.3	45.0	44.2	45.5	43.9	0.01	0.00	-0.03	0.04
Total Products[3]	706.4	726.9	713.8	690.5	693.3	667.4	664.0	637.8	0.51	0.38	0.08	-0.37
Total[4]	1424.3	1443.3	1456.6	1451.6	1483.7	1335.3	1348.8	1310.6	0.78	0.32	0.35	0.45
OECD Europe												
Crude	298.0	310.5	304.3	312.9	319.6	317.9	310.1	312.2	0.05	-0.11	0.05	0.10
Motor Gasoline	88.5	91.5	100.9	104.1	101.3	94.4	97.0	91.6	-0.09	0.04	0.06	0.11
Middle Distillate	257.4	252.0	259.0	254.8	257.6	280.2	253.8	248.8	-0.01	0.19	-0.14	0.06
Residual Fuel Oil	65.2	64.2	70.1	67.6	67.9	76.0	79.5	60.8	0.08	-0.05	0.01	0.04
Total Products[3]	508.7	504.5	527.3	521.6	522.0	556.6	531.7	491.5	-0.01	0.24	-0.09	0.19
Total[4]	876.9	879.8	893.8	901.0	908.8	942.5	905.1	874.9	0.03	0.11	-0.09	0.32
OECD Asia Oceania												
Crude	156.2	156.7	153.3	157.5	158.6	156.0	166.8	170.3	-0.05	-0.01	-0.08	0.02
Motor Gasoline	22.7	21.1	23.0	23.7	23.5	25.4	27.5	25.1	-0.01	-0.02	-0.02	0.03
Middle Distillate	70.7	63.7	62.5	58.9	56.4	54.4	63.7	55.9	-0.02	0.18	-0.07	-0.08
Residual Fuel Oil	20.3	20.8	19.7	18.4	18.3	19.7	20.1	21.0	0.00	0.02	-0.02	-0.03
Total Products[3]	181.9	168.8	167.0	157.9	154.6	152.4	173.0	160.6	-0.04	0.28	-0.16	-0.16
Total[4]	406.1	388.7	384.4	376.0	374.6	378.4	412.3	399.3	-0.07	0.32	-0.36	-0.16
Total OECD												
Crude	998.2	1019.9	1034.2	1070.6	1110.4	979.0	1012.2	1005.1	0.07	-0.32	0.41	1.01
Motor Gasoline	363.8	386.4	397.8	402.3	389.1	375.7	384.3	376.1	-0.18	-0.06	0.34	0.03
Middle Distillate	523.3	523.6	528.8	509.7	511.8	541.5	510.7	490.3	0.03	0.50	-0.16	-0.13
Residual Fuel Oil	130.1	126.5	130.7	129.3	131.3	139.9	145.1	125.6	0.09	-0.03	-0.05	0.05
Total Products[3]	1397.0	1400.3	1408.1	1369.9	1369.9	1376.4	1368.7	1289.9	0.46	0.91	-0.16	-0.34
Total[4]	2707.3	2711.8	2734.9	2728.7	2767.0	2656.3	2666.2	2584.7	0.74	0.75	-0.10	0.61

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			
	Nov2014	Dec2014	Jan2015	Feb2015	Mar2015*	Mar2012	Mar2013	Mar2014	2Q2014	3Q2014	4Q2014	1Q2015
OECD Americas												
Crude	691.0	691.0	691.0	691.0	691.0	696.0	696.0	695.9	-0.05	0.00	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	209.6	209.5	208.6	208.9	208.7	189.1	204.4	204.0	0.02	0.01	0.03	-0.01
Products	254.6	256.6	255.9	255.7	255.9	235.2	262.4	262.1	-0.04	-0.02	0.00	-0.01
OECD Asia Oceania												
Crude	385.3	385.0	385.0	386.2	386.2	393.6	389.6	387.8	0.00	-0.02	-0.01	0.01
Products	31.5	31.9	32.0	32.0	32.0	20.0	23.1	30.5	0.00	0.00	0.01	0.00
Total OECD												
Crude	1285.9	1285.4	1284.5	1286.1	1285.9	1278.6	1290.0	1287.8	-0.04	-0.02	0.02	0.00
Products	287.1	289.5	288.9	288.7	288.9	256.2	286.5	293.7	-0.04	-0.02	0.01	-0.01
Total[4]	1577.3	1579.2	1577.2	1578.3	1578.3	1536.3	1579.9	1585.3	-0.07	-0.02	0.02	-0.01

* 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 2014		End June 2014		End September 2014		End December 2014		End March 2015 [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	174.2	75	178.8	73	186.1	77	193.1	-	-	-
Chile	9.5	30	10.6	33	10.1	32	9.7	-	-	-
Mexico	47.6	24	47.3	24	48.8	25	52.8	-	-	-
United States[4]	1754.0	94	1814.7	95	1836.0	94	1857.5	-	-	-
Total[4]	2007.5	85	2073.5	86	2103.0	86	2135.2	89	2175.6	91
OECD Asia Oceania										
Australia	36.8	34	36.3	34	38.6	35	36.2	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	585.8	151	585.1	151	604.1	137	576.5	-	-	-
Korea	186.5	80	180.3	77	186.7	78	184.4	-	-	-
New Zealand	8.4	56	9.5	65	9.2	56	8.4	-	-	-
Total	817.6	107	811.2	106	838.5	101	805.5	92	792.7	105
OECD Europe[5]										
Austria	23.4	88	21.5	78	22.0	85	22.9	-	-	-
Belgium	42.5	70	43.7	70	43.8	70	42.4	-	-	-
Czech Republic	19.3	95	18.9	88	19.5	96	20.4	-	-	-
Denmark	19.6	126	23.1	146	22.4	148	25.3	-	-	-
Estonia	1.7	56	1.7	50	1.8	53	1.6	-	-	-
Finland	37.9	194	39.0	191	38.7	193	37.9	-	-	-
France	167.2	99	168.1	95	171.3	102	167.8	-	-	-
Germany	289.2	125	291.7	117	286.9	117	289.5	-	-	-
Greece	24.9	92	25.6	83	29.7	99	26.5	-	-	-
Hungary	15.8	113	15.9	111	16.3	106	16.8	-	-	-
Ireland	11.0	80	9.6	69	10.0	66	9.3	-	-	-
Italy	122.5	100	121.6	96	123.0	99	119.4	-	-	-
Luxembourg	0.7	12	0.8	15	0.8	14	0.9	-	-	-
Netherlands	122.5	119	127.4	131	126.8	143	123.3	-	-	-
Norway	28.6	121	27.4	121	24.5	116	24.2	-	-	-
Poland	60.0	119	58.2	109	60.7	115	60.4	-	-	-
Portugal	23.8	98	20.2	78	20.5	82	20.6	-	-	-
Slovak Republic	9.6	136	8.8	108	8.9	127	9.7	-	-	-
Slovenia	4.9	102	4.8	92	4.8	94	4.6	-	-	-
Spain	117.4	99	118.2	97	122.7	100	121.3	-	-	-
Sweden	27.5	90	26.4	82	27.3	97	29.1	-	-	-
Switzerland	36.4	159	36.2	146	37.0	143	36.1	-	-	-
Turkey	62.6	88	62.4	84	62.5	88	62.4	-	-	-
United Kingdom	75.9	50	74.5	49	74.3	49	78.1	-	-	-
Total	1344.9	100	1345.7	97	1356.3	100	1350.2	100	1377.0	102
Total OECD	**4170.0**	**93**	**4230.4**	**93**	**4297.9**	**93**	**4291.0**	**93**	**4345.4**	**97**
DAYS OF IEA Net Imports[6]	**-**	**157**	**-**	**169**	**-**	**171**	**-**	**170**	**-**	**-**

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 2015 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]		
1Q2012	4193	1536	2656	92	34	59
2Q2012	4226	1539	2687	92	34	59
3Q2012	4270	1542	2728	92	33	59
4Q2012	4212	1547	2664	92	34	58
1Q2013	4246	1580	2666	93	35	58
2Q2013	4237	1576	2661	91	34	57
3Q2013	4277	1582	2696	92	34	58
4Q2013	4151	1584	2566	91	35	56
1Q2014	4170	1585	2585	93	35	58
2Q2014	4230	1579	2652	93	35	58
3Q2014	4298	1577	2721	93	34	59
4Q2014	4291	1579	2712	93	34	59
1Q2015	4345	1578	2767	97	35	62

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 1Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

	2012	2013	2014	1Q14	2Q14	3Q14	4Q14	Dec 14	Jan 15	Feb 15	Year Earlier Feb 14	Year Earlier change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.79	0.75	0.47	0.60	0.57	0.43	0.69	0.96	-0.27
Europe	0.85	0.79	0.84	0.73	0.87	0.93	0.84	0.95	0.81	1.06	0.59	0.47
Asia Oceania	1.26	1.21	1.17	1.27	1.17	1.08	1.18	1.31	1.25	1.39	1.28	0.11
Saudi Medium												
Americas	0.44	0.45	0.36	0.44	0.40	0.36	0.25	0.25	0.24	0.18	0.42	-0.24
Europe	0.05	0.01	0.03	0.01	0.01	0.05	0.04	0.05	0.03	0.04	0.03	0.02
Asia Oceania	0.45	0.43	0.45	0.45	0.40	0.50	0.45	0.32	0.34	0.43	0.44	-0.02
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.37	0.33	0.49	0.20	0.09	0.27	-	0.43	-
Europe	0.26	0.25	0.50	0.29	0.51	0.50	0.70	0.65	0.55	0.48	0.29	0.18
Asia Oceania	0.33	0.31	0.24	0.28	0.20	0.21	0.27	0.37	0.40	0.40	0.09	0.30
Kuwait Blend												
Americas	0.22	0.28	0.27	0.33	0.29	0.25	0.22	0.30	0.43	-	0.29	-
Europe	0.09	0.10	0.09	0.07	0.12	0.04	0.14	0.10	0.15	0.19	0.08	0.10
Asia Oceania	0.65	0.64	0.62	0.71	0.56	0.62	0.62	0.76	0.69	0.67	0.61	0.06
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.10	0.06	0.11	0.12	0.11	0.10	0.08	0.10	-0.02
Asia Oceania	0.02	0.00	0.01	0.01	-	0.03	-	-	0.05	0.02	0.02	0.00
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.00	0.04	0.01	0.00	0.01	0.02	0.03	-	-
Asia Oceania	0.33	0.30	0.28	0.33	0.26	0.28	0.26	0.26	0.19	0.37	0.53	-0.16
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.62	0.62	0.71	0.62	0.74	0.67	0.62	0.67	-0.06
Europe	0.08	0.07	0.08	0.08	0.08	0.09	0.09	0.10	0.07	0.13	0.07	0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.64	0.66	0.67	0.66	0.63	0.67	0.51	0.59	-0.08
Europe	0.14	0.14	0.14	0.15	0.13	0.13	0.13	0.19	0.12	0.20	0.13	0.08
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.56	1.67	1.81	1.79	1.97	1.76	1.92	1.51	0.41
Europe	-	-	0.00	0.00	0.01	-	0.01	-	-	-	0.01	-
Asia Oceania	-	-	0.00	-	-	0.00	0.00	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	0.02	-	-	0.01	0.02	-	-	0.04	-
Europe	0.55	0.47	0.56	0.53	0.58	0.53	0.59	0.66	0.43	0.46	0.44	0.02
Asia Oceania	0.07	0.06	0.07	0.16	0.07	-	0.04	0.02	0.06	-	0.15	-
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.74	1.68	1.53	1.38	1.21	1.52	1.59	1.85	-0.25
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	0.02	-	-	-	-	-	-	0.04	-
Europe	0.53	0.59	0.64	0.60	0.71	0.58	0.68	0.80	0.76	0.70	0.64	0.06
Asia Oceania	-	0.00	0.02	0.02	0.01	0.05	0.01	0.03	0.03	0.04	0.04	0.00
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.23	0.13	0.34	0.54	0.45	0.21	0.18	0.36	-0.19
Asia Oceania	0.04	0.03	0.02	-	0.02	0.03	0.02	0.01	-	-	-	-
Nigerian Light[4]												
Americas	0.24	0.07	0.00	0.01	-	-	0.01	0.02	0.02	0.07	-	-
Europe	0.58	0.53	0.55	0.58	0.51	0.59	0.54	0.59	0.68	0.65	0.58	0.07
Asia Oceania	0.04	0.03	0.02	0.03	0.04	0.03	0.00	-	-	-	0.03	-

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)

	2012	2013	2014	1Q14	2Q14	3Q14	4Q14	Dec 14	Jan 15	Feb 15	Year Earlier Feb 14	Year Earlier % change
Crude Oil												
Americas	6101	5130	4201	4385	4331	4336	3755	3604	3740	3679	4528	-19%
Europe	9346	8926	8687	8201	8480	9006	9048	9250	8954	9731	8158	19%
Asia Oceania	6761	6553	6381	6962	5923	6315	6331	6858	6798	7143	7088	1%
Total OECD	22208	20608	19268	19548	18734	19657	19135	19712	19491	20553	19774	4%
LPG												
Americas	20	17	12	19	9	7	13	14	16	12	29	-59%
Europe	287	382	426	386	410	475	433	388	445	464	447	4%
Asia Oceania	620	546	531	544	532	520	527	576	450	573	600	-5%
Total OECD	927	945	969	949	950	1002	973	978	911	1048	1076	-3%
Naphtha												
Americas	20	17	20	28	23	16	13	8	30	22	53	-58%
Europe	381	332	344	342	360	301	372	459	480	416	378	10%
Asia Oceania	900	927	960	1040	891	912	996	1010	1031	977	992	-1%
Total OECD	1301	1276	1323	1410	1275	1228	1380	1476	1541	1415	1423	-1%
Gasoline[3]												
Americas	730	659	665	567	769	660	663	703	564	565	667	-15%
Europe	212	106	125	150	124	113	114	136	100	163	98	66%
Asia Oceania	86	83	83	89	95	70	79	72	89	118	105	12%
Total OECD	1028	848	873	805	988	843	856	910	754	846	871	-3%
Jet & Kerosene												
Americas	73	81	100	81	121	94	104	112	131	151	103	47%
Europe	398	445	458	377	457	583	412	357	369	333	356	-6%
Asia Oceania	62	74	60	57	50	43	88	89	56	91	53	72%
Total OECD	533	601	617	514	628	720	604	558	555	575	511	12%
Gasoil/Diesel												
Americas	59	58	95	200	62	41	81	113	158	160	225	-29%
Europe	984	1121	1083	1091	1093	1172	977	1065	1050	941	1075	-12%
Asia Oceania	185	162	181	152	221	175	176	164	176	181	131	38%
Total OECD	1227	1341	1360	1443	1376	1388	1233	1342	1383	1282	1431	-10%
Heavy Fuel Oil												
Americas	206	165	132	127	132	134	135	102	107	130	169	-23%
Europe	521	552	619	600	650	667	559	582	658	640	654	-2%
Asia Oceania	224	242	214	304	205	183	167	190	209	186	289	-36%
Total OECD	951	960	965	1030	986	984	861	874	974	956	1112	-14%
Other Products												
Americas	813	812	671	619	728	682	656	767	698	589	643	-8%
Europe	636	791	722	746	785	696	663	666	637	696	709	-2%
Asia Oceania	357	386	374	464	355	372	307	279	237	398	470	-15%
Total OECD	1806	1989	1768	1829	1868	1750	1627	1712	1571	1684	1821	-8%
Total Products												
Americas	1921	1810	1695	1640	1844	1633	1665	1818	1704	1630	1888	-14%
Europe	3419	3729	3777	3692	3879	4006	3529	3653	3738	3652	3716	-2%
Asia Oceania	2433	2421	2402	2649	2349	2276	2339	2380	2247	2523	2639	-4%
Total OECD	7773	7960	7874	7982	8072	7915	7534	7851	7688	7806	8244	-5%
Total Oil												
Americas	8022	6940	5896	6025	6175	5969	5420	5422	5444	5309	6416	-17%
Europe	12765	12655	12464	11893	12358	13012	12578	12903	12691	13383	11874	13%
Asia Oceania	9194	8974	8783	9611	8273	8590	8670	9238	9045	9667	9728	-1%
Total OECD	29982	28568	27143	27530	26806	27571	26668	27562	27180	28359	28018	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.

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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 12 August 2014), 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 © 2015 Argus Media Limited - all rights reserved).

Next Issue: 11 June 2015

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International Energy Agency

11 June 2015

HIGHLIGHTS

- **Product market strength and rising tension throughout the Middle East supported global crude oil prices in May and through early June.** At the time of writing, ICE Brent was trading at around $65.95/bbl, while US WTI was at $61.50/bbl.

- **Global oil supplies fell by 155 kb/d in May to 96 mb/d on lower non-OPEC output, but remained at a steep 3.0 mb/d above last year.** Annual growth slowed marginally from March and April and remained roughly split between non-OPEC and OPEC countries. The June issue raised the forecast of non-OPEC supply growth for 2015 by 1 mb/d.

- **OPEC supply in May edged up 50 kb/d to 31.33 mb/d, the highest since August 2012.** Saudi Arabia, Iraq and the UAE pumped at record monthly rates to keep output over 1 mb/d above OPEC's official supply target for a third month running. Oil ministers agreed to maintain that target at their 5 June meeting.

- **The estimate of global demand growth has been revised up to 1.7 mb/d for 1Q15 and 1.4 mb/d for 2015 as a whole.** Momentum is expected to ease somewhat in 2H15, assuming a return to normal weather conditions and given a recent partial recovery in oil prices.

- **Global refinery crude runs reached an estimated 77.9 mb/d in April,** 0.3 mb/d lower than March, and 1.7 mb/d above a year earlier. Delayed new capacity of 1.5 mb/d in non-OECD regions has lifted product cracks and OECD refining utilisation rates, and caused backwardation to re-appear in oil products markets.

- **OECD industry oil stocks built by a steep 38.0 mb in April, to stand 147 mb above average levels,** as refined-product stocks moved to their widest surplus in over four years. Preliminary data indicate that OECD inventories added a further 12.6 mb in May although US crude stocks posted their first draw in nine months.

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IMBALANCING ACT

Short-term imbalances in the global refining industry appear to be supporting oil prices – whether directly for products or more indirectly for crude – in the face of a lingering supply overhang, the latest available data suggest. These imbalances could go some way towards resolving an apparent disconnect between crude prices and fundamentals: on the one hand, prices appear to have stabilised after staging a partial recovery earlier this year, and the contango in crude futures has narrowed; on the other hand, inventory builds continue amid signs of persistent oversupply.

Market participants typically take their cue from crude supply and product demand data, often leaving the midstream and downstream sectors of the industry off the radar. Developments in those sectors can at times play an important role in setting oil prices, however. This was notoriously the case in 2008, when global tightness in distillate production capacity not only underpinned a diesel rally but also sent crude markets to record highs, followed by a collapse. Refining tightness is not expected to resurface as an issue today amid generally rising global over-capacity, but a temporary imbalance has emerged as project delays and setbacks have prevented emerging non-OECD refiners from keeping up with local demand growth, even as consolidation has significantly reduced capacity in the OECD region. Glitches at US refineries have also prompted gasoline supply shortfalls in some parts of the US amid rising domestic demand. The result of those twin developments has been an unexpected surge in refining activity, including where it was least expected: in the ageing and relatively uncompetitive European refining sector.

Two sets of data points capture this imbalance: non-OECD demand has grown by 1 mb/d year-on-year in 1H15, but non-OECD refinery runs have only gained an estimated 0.3 mb/d over the same period, as outages and delays at a series of mega-refineries – Saudi Arabia's Yanbu, the UAE's Ruwais, India's Paradip and Brazil's Abreu e Lima plants, as well as Colombia's Cartagena expansion – have caused as much as 1.5 mb/d in aggregated capacity shortfall. In contrast, OECD demand has grown more slowly – by about 0.6 mb/d – but runs have surged by an estimated 1.1 mb/d as refiners have sought to not only meet local demand but also ship products to far-flung market outlets.

Recent oil market strength of course partly stems from unexpectedly strong global oil demand growth, which in 1Q15 surged to 1.7 mb/d, from an average 0.7 mb/d in 2014. Demand growth alone, however remarkable, could not have been the only source of oil price support, dwarfed as it was by a surge in global liquid supply to a towering 3.1 mb/d over the same period. Despite signs of a slowdown in non-OPEC supply, notably in the US, global production growth remains exceptionally high. As a result, oil inventories have soared, but their breakdown by product and region doesn't quite match that of demand. More than the rise in demand itself, it is that mismatch between product supply and product demand that seems to have supported prices. In particular, gasoline prices have found support from robust US demand, leading to a surge in crack spreads. Clean tanker owners have been enjoying a moment in the sun amid surging product-shipping demand. Pockets of product tightness in effect seem to have helped support the oil complex, pulling crude prices along.

Changing market expectations – as opposed to current conditions – may also explain the seeming divergence between prices and fundamentals. Supply responses are inevitably delayed, and the looming impact of oil companies' recent spending cuts, while not fully apparent, may already be baked into prices. Statistics also have a poor track record of capturing rapid market changes, as the statistical process often entails adjustments and extrapolations from recent trends, which naturally tend to assume business as usual. Current markets could thus be tighter than reflected in recent data. It remains that product imbalances have likely been a key factor behind recent oil price strength, and that particular source of support might soon wane as long-delayed refineries eventually reach full production.

DEMAND

Summary

- **Global oil demand averaged an estimated 93.3 mb/d in 1H15, up roughly 1.6 mb/d on the year and 0.4 mb/d above the estimate in last month's *Report*.** All four of the world's largest oil consuming countries posted higher-than-expected and rising year-on-year (y-o-y) deliveries. Demand expanded in Europe and in Russia contracted more slowly than forecast.

- **Three key factors have been lifting oil demand growth in 1H15: the global economic recovery, lower oil prices and colder-than-year-earlier winter weather conditions in many large consuming countries**. Demand growth was particularly robust in the US, where consumers are more directly exposed to the plunge in dollar-denominated oil prices than those in countries with higher retail oil taxes or whose currency has been weakening versus the dollar.

- **Global demand is forecast to average 94.0 mb/d for 2015, 1.4 mb/d up on the year and 0.3 mb/d higher than in last month's *Report*.** After a resurgent 1H15, annual growth is forecast to ease somewhat in 2H15, to 1.2 mb/d, a deceleration largely attributable to projected deterioration in OECD growth, as lower-price support potentially wanes and initial post-recessionary bounces in many countries fade.

- **Upwardly revised March US demand data raised the 1Q15 estimate by 155 kb/d, to 19.3 mb/d,** an addition counter to downwardly revised economic statistics. The US economy contracted by 0.7% in annualised quarter-on-quarter (q-o-q) terms, consequential on cold weather in the northeast, a port strike and further gains in the dollar, while lower oil prices dampened oil company revenues.

- **After a year of decline, last year's sales tax hike saw Japanese oil demand rise in April.** Although declining power-sector usage continues to act as a break on momentum, the upside support provided by both the petrochemical and transport sectors proved more than sufficient to support absolute growth.

Global Oil Demand (2013-2015)

(million barrels per day)

	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Africa	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.0	4.1	4.0	4.1	4.1
Americas	30.2	30.5	31.1	31.2	30.7	30.5	30.4	31.1	31.4	30.9	30.9	30.6	31.3	31.6	31.1
Asia/Pacific	30.7	29.8	29.7	31.0	30.3	31.2	30.2	29.9	31.3	30.7	31.8	31.2	30.9	32.1	31.5
Europe	13.8	14.6	14.7	14.3	14.3	13.7	14.1	14.6	14.2	14.1	14.3	14.2	14.6	14.3	14.3
FSU	4.5	4.7	4.9	5.0	4.8	4.6	4.8	5.1	5.0	4.9	4.6	4.7	4.8	4.8	4.7
Middle East	7.6	8.0	8.4	7.8	7.9	7.8	8.2	8.6	8.0	8.1	7.9	8.3	8.7	8.1	8.3
World	**90.7**	**91.4**	**92.6**	**93.0**	**91.9**	**91.7**	**91.6**	**93.1**	**93.8**	**92.6**	**93.5**	**93.1**	**94.3**	**95.0**	**94.0**
Annual Chg (%)	1.3	1.8	1.7	1.0	1.4	1.1	0.3	0.5	0.9	0.7	1.9	1.6	1.4	1.2	1.5
Annual Chg (mb/d)	1.2	1.6	1.5	0.9	1.3	1.0	0.2	0.5	0.9	0.7	1.7	1.4	1.3	1.2	1.4
Changes from last OMR (mb/d)	0.04	0.04	0.03	0.05	0.04	0.02	0.04	0.03	0.05	0.04	0.33	0.45	0.28	0.22	0.32

Global Overview

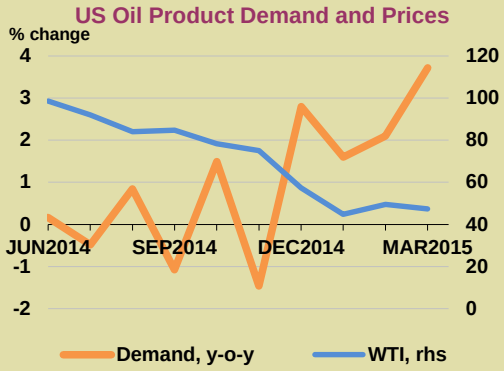
Since bottoming out at a five-year low in 2Q14, global oil demand growth has steadily increased, as additional economic growth, colder-than-year earlier European winter weather conditions and more recently price effects have filtered through. The very latest demand data shows 1H15 deliveries at 93.3 mb/d, roughly 1.6 mb/d up y-o-y and 0.4 kb/d above the estimate cited in last month's *Report*. All four of the world's largest oil consuming countries posted higher-than-expected and rising y-o-y deliveries in 1H15, while long-lagging Europe has grown and the world's fifth-largest consumer – Russia – has declined at a less rapid pace than previously forecast.

Diverse factors raise 1H15 demand

Recent months have seen a steady acceleration in global oil demand growth, but due to the temporary nature of many of the factors that contributed to the upside, annual growth may subside in 2H15. Back in 2Q14, demand conditions were in the doldrums, with growth easing to a five-year low of +0.2 mb/d y-o-y. Three quarters later, growth has surged to a four-year high of 1.7 mb/d in 1Q15. Looking forward, less supportive underpinnings could confirm 1Q15 to be the peak of the current growth cycle, as annual gains ease to 1.4 mb/d in 2Q15 and 1.2 mb/d in 2H15.

Three key factors, or forces, contributed to the dramatic acceleration in global oil demand earlier this year: additional economic growth; colder-than-year-earlier winter weather conditions in Europe, which supported additional space heating demand; and lower prices. However, there are doubts that this trio will persist in 2H15. First, one cannot count on a repeat in 2H15 of the colder European weather conditions of 1Q15. The number of European heating-degree days, i.e. the number of degrees that a day's average temperature is deemed as 'requiring heating', surged by approximately 15% y-o-y in 1Q15. The last time Europe experienced anywhere near such a sharp jump was 4Q10. Secondly, crude oil prices have partially recovered since the sharp reductions seen July 2014 to January 2015. This partial rebound lessens, at least for now, support to demand across much of the world.

It is only really in the US where the price effect has appeared to play a greater role than previously forecast. Not only has falling 1Q15 US economic growth worked against the overriding US oil demand data but also given the lack of currency-effects or high retail taxes in the US, consumers there are exposed to a greater share of lower crude oil prices than in most other countries. Not until December 2014 did US demand data post a substantial uptick, equivalent to a lag of five months between crude prices falling and demand growth markedly changing, when WTI dipped below $60/bbl. In the three months that followed, with WTI averaging less than $50/bbl (roughly half June 2014 levels), US demand growth averaged 2.5% y-o-y. The traditionally more price-responsive gasoline and jet/kerosene segments led the upside, respectively rising by 3.4% and 3.7% in 1Q15. US vehicle mile travelled statistics, from the US Department of Transport's Federal Highway Commission, neatly encapsulate the increased willingness of US drivers to put additional 'miles on the clock', up 5% y-o-y in December and 3.9% in 1Q15. US gasoline prices fell by approximately one-third between June 2014 and December, while the equivalent domestic currency gasoline price fell by just 13% in Germany, 10% in the UK and 8% in Japan.



What does the future hold in store for prices? The IEA does not forecast prices as a policy. That said, monthly crude oil prices bottomed out in January, and between that month and May they rose by about one third. Futures markets are currently pricing in further crude oil price gains through the end of the year. If forward prices prove right, there could well be reduced support for demand in 2H15. Demand growth, of course, has the potential to exceed the projections carried in this Report. If, for example, economic growth came in ahead of current expectations (3.5% in 2015, according to International Monetary Fund's April World Economic Outlook, up from 3.3% in 2014), and/or further price declines were seen, and/or exceptionally cold 4Q15 winter weather struck, then additional demand growth would likely emerge, and vice versa.

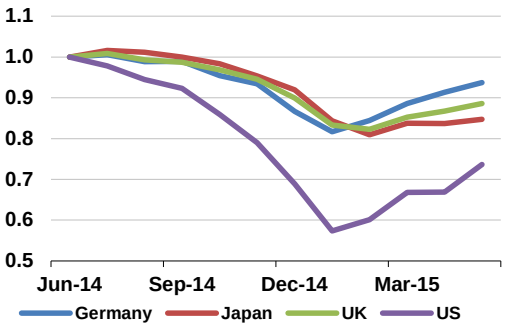
Recent data contain notable upside revisions, compared to last month's *Report*, for both March and April. For March, the largest upgrades being the US (+450 kb/d), Brazil (+150 kb/d) and Turkey (+100 kb/d); while for April, China (+350 kb/d), Japan (+230 kb/d), Russia (+210 kb/d), India (+105 kb/d), Korea (+100 kb/d) and Brazil (+75 kb/d).

OECD

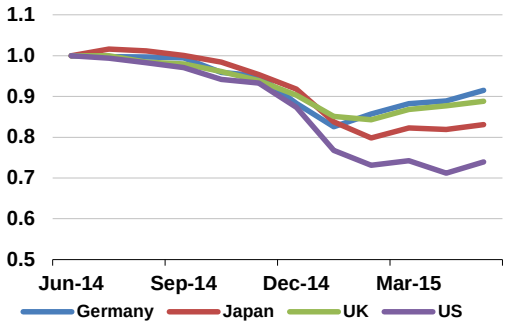
The biggest change in oil markets recently, at least from a demand perspective, has been the evolution of OECD demand from a long declining, seemingly entrenched, trend to a rising one. The 1.9% y-o-y December increase, followed by four successive monthly gains, signalled an about-face from the

previously declining trend, but is only partially forecast to hold in 2H15 (see *Diverse Factors Raise 1H15 Demand*). Seasonally adjusted 1Q15 economic growth came in at +0.4% in the European Union, 0.6% in Japan and -0.2% in the US (the -0.7% number, popularly quoted in the press, being 'annualised'), according to the latest OECD data, versus respective 4Q14 estimates of +0.4%, 0.3% and +0.5%. Very crudely this amounts to a 0.4 percentage point growth discount, 1Q15 over 4Q14, at a time when y-o-y OECD oil demand growth completely flipped, from contracting territory (-0.5%) to growth (+1.6%). As already alluded to, a combination of the heightened US 1Q15 price-effect and additional European space-heating demand proved critical, although the exact cause of the sharp uptick in European gasoil/diesel (+465 kb/d) is likely attributable to both colder climes and lower prices. European end-user diesel prices were down by approximately 17%, June 2014-January 2015, significantly less than the 23% decline in the US, but roughly on-parity with the changes seen in Japanese local currency prices. Gasoline prices, respectively, fell by 18% in Germany, 43% in the US and 16% in Japan, June 2014-January 2015. Prices have since risen in Europe, for both gasoline (+15%, January-May) and diesel (+11%), had a mixed response in the US (gasoline up 28% and diesel down 7%) and been roughly unchanged in Japan. A decelerating OECD oil demand trend is forecast through to the end of the year, as both lower price supports and additional winter heating demand fall out of the outlook.

Gasoline price indicies, local currency



Gasoil price indicies, local currency



OECD Demand based on Adjusted Preliminary Submissions - April 2015

(million barrels per day)

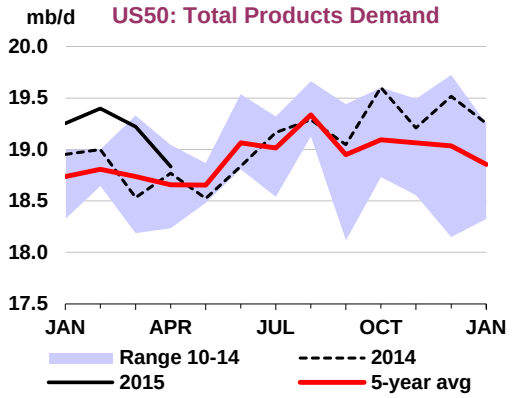
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.88**	**2.1**	**1.71**	**3.7**	**4.61**	**-0.5**	**0.46**	**-4.9**	**0.43**	**-23.3**	**5.35**	**-4.34**	**23.45**	**-0.6**
US50	9.21	2.6	1.51	4.3	3.76	-0.9	0.14	-13.7	0.22	-18.1	3.98	-2.97	18.83	0.3
Canada	0.80	-1.4	0.09	-5.4	0.28	5.0	0.25	-3.7	0.05	11.3	0.72	-8.36	2.19	-3.3
Mexico	0.76	0.2	0.07	3.2	0.38	0.9	0.05	23.3	0.07	-51.6	0.56	-7.29	1.89	-5.4
OECD Europe	**1.94**	**-0.9**	**1.25**	**4.3**	**4.69**	**2.1**	**1.32**	**2.2**	**0.84**	**-9.5**	**3.53**	**0.58**	**13.56**	**0.7**
Germany	0.43	-0.3	0.18	-3.4	0.72	-1.0	0.30	-13.4	0.13	12.1	0.58	1.14	2.35	-1.7
United Kingdom	0.29	-5.6	0.31	6.6	0.50	0.8	0.13	5.0	0.02	-41.5	0.30	9.80	1.54	1.7
France	0.19	2.3	0.15	1.3	0.73	1.6	0.22	-6.9	0.04	-16.5	0.39	-2.40	1.72	-0.9
Italy	0.21	-0.1	0.10	3.4	0.51	5.0	0.05	2.1	0.08	25.7	0.34	11.99	1.28	6.7
Spain	0.11	-1.3	0.12	0.5	0.45	3.1	0.14	2.1	0.15	-2.6	0.24	-0.46	1.20	0.9
OECD Asia & Oceania	**1.54**	**4.4**	**0.80**	**6.5**	**1.28**	**6.8**	**0.51**	**-1.1**	**0.67**	**-2.4**	**3.26**	**1.68**	**8.05**	**2.9**
Japan	0.88	5.0	0.45	8.2	0.39	4.4	0.38	0.0	0.37	-5.5	1.69	1.35	4.16	2.3
Korea	0.20	9.2	0.17	9.6	0.38	16.6	0.10	-6.0	0.25	2.8	1.32	2.98	2.41	5.4
Australia	0.33	-0.2	0.14	-0.6	0.41	2.0	0.00	205.0	0.03	3.0	0.17	-4.53	1.09	0.0
OECD Total	**14.36**	**1.9**	**3.76**	**4.5**	**10.58**	**1.5**	**2.29**	**0.0**	**1.94**	**-10.8**	**12.14**	**-1.37**	**45.06**	**0.4**

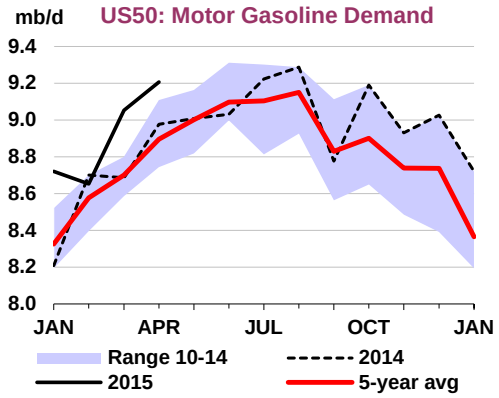
* Including US territories

Americas

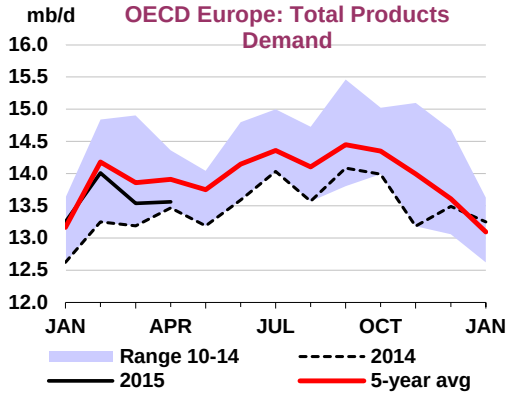
Upwardly revised 1Q15 US demand data raised the estimate for the OECD Americas as a whole, to 24.2 mb/d, equivalent to a gain of 1.2% on the year earlier. A dramatic upgrade in the March **US** demand estimate, 450 kb/d higher than the previously cited forecast to 19.2 mb/d, emerged as gasoline exports turned out to be much lower than previously assumed in Energy Information Administration (EIA) weekly

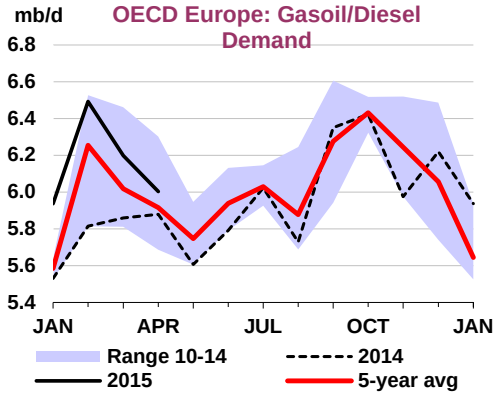
statistics. Gasoline demand growth of 4.2% is now being cited, to 9.1 mb/d, marginally outpacing the 3.9% y-o-y gain posted by the US Federal Highway Administration on miles travelled as additional SUV sales potentially curbed the efficiency gains of the US vehicle fleet.





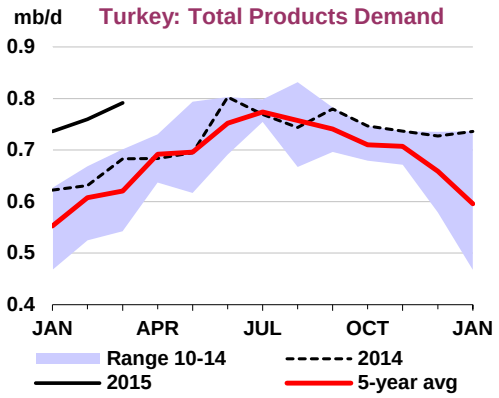
Upwardly revised US demand estimates go against the grain of macroeconomic revisions, as the latest economic data depicts a q-o-q contraction of 0.2% in total 1Q15 US economic activity. Compared to previous, preliminary estimates, approximately $40.7 billion has been removed from 1Q15 US economic output, as corporate profits posted their largest drop in a year weighed down by dollar gains. Looking at 2Q15, based initially on adjusted weekly EIA data, a further gain of 305 kb/d (or 1.6%) is foreseen to 19.0 mb/d. The 2Q15 estimate is upwardly revised compared to last month's *Report* by 45 kb/d. Persistent gains in the gasoline, gasoil and jet/kerosene categories continue to underpin the rising US delivery statistics. For the year as a whole, an average gain of 250 kb/d (1.3%) is forecast, to 19.3 mb/d, led by the transport and petrochemical sectors.

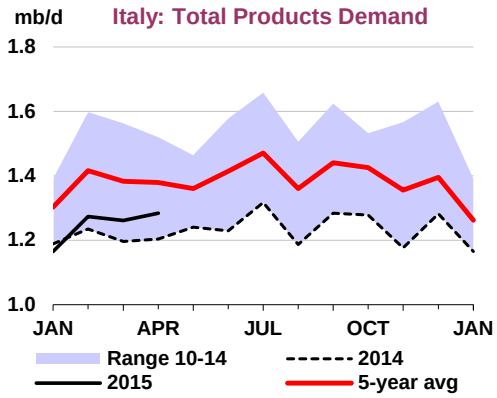




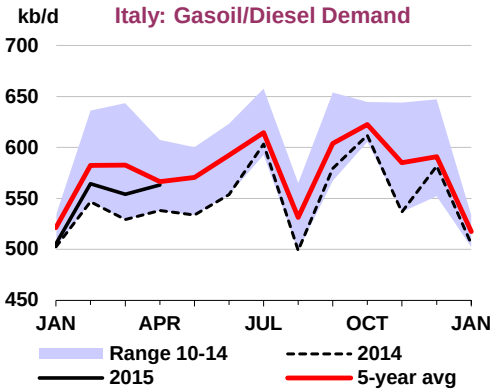
Europe

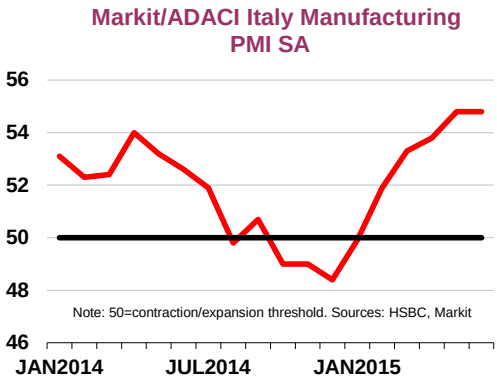
A combination of colder-than-year-earlier winter weather conditions, lower retail product prices and persistent macroeconomic gains supported the upwardly revised 1Q15 demand estimate, 4.4% up on the year earlier. Up by 60 kb/d compared to last month's *Report*, the 1Q15 estimate rose consequential on notable March upgrades for Turkey (+100kb/d), Italy (+45 kb/d) and Greece (+30 kb/d), offsetting March downgrades to the UK (-35 kb/d) and Norway (-25 kb/d). Although only available for a limited number of countries, preliminary April statistics have also contributed towards the upside revisionist bias, raising the 2Q15 European demand estimate by 40 kb/d to 13.5 mb/d. The **Turkish** 1Q15 demand estimate, of 765 kb/d, showed strong gains in gasoline, gasoil/diesel, residual fuel oil, jet/kerosene and naphtha, as the Turkish Statistical Institute reported industrial production up 4.7% y-o-y in March. For the year as a whole, a rapid gain of approximately 60 kb/d is foreseen to 780 kb/d, as the relatively strong macroeconomic momentum (+3.2% in 2015, according to the IMF's April *World Economic Outlook*) coexists alongside much reduced retail prices.





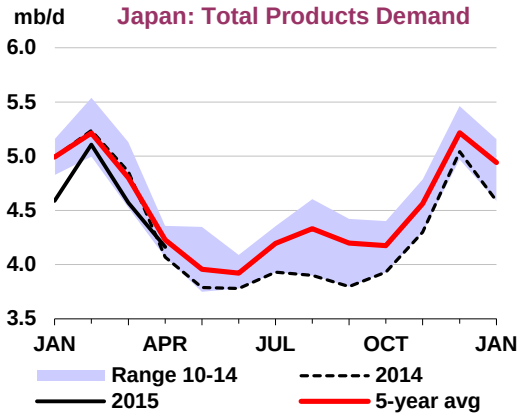
Up nearly 7% in April, the preliminary **Italian** demand estimate shows deliveries averaging 1.3 mb/d, 70 kb/d above prior expectations, as robust gasoil/diesel demand inflated the overall estimate. The severity of the 2014 downturn played a key supportive role to the 2015 upside, as April 2014 saw an even larger y-o-y change (-8.5%). It can be argued that strong recent growth is largely simply clawed-back demand from two years previous, but the changing composition of deliveries suggests more is afoot. Comparing April 2015 deliveries with those of April 2013 shows a net-30 kb/d of 'lost demand' but sharp gains in transport fuels, with gasoline, gasoil/diesel and jet/kerosene, residual fuel oil and 'other products' down. Gasoline and jet fuel demand have solidified as unemployment rates have fallen recently, although notably they remain well up on two-years prior, while consumer confidence indicators, such as ISAE/ISTAT's at 108 in April, are just shy of a fourteen year high. Gasoil/diesel demand gained additional impetus as industrial output growth returned in March (+1.5% y-o-y), after a near half-year hiatus, a bullish sentiment enhanced by Markit's latest Manufacturing Purchasing Manager's Index (PMI) which showed four consecutive months of 'optimism' since January.

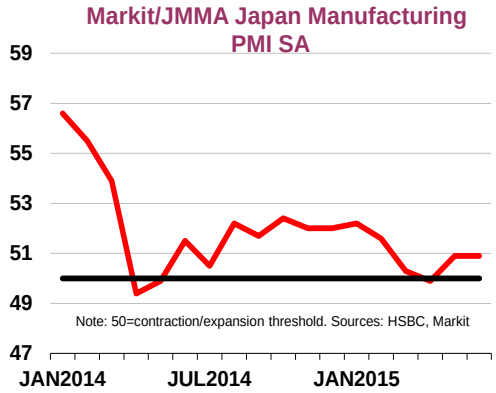




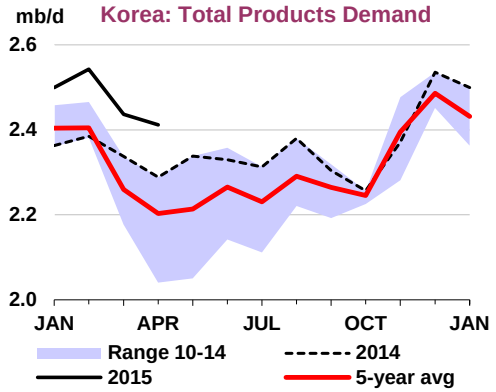
Asia Oceania

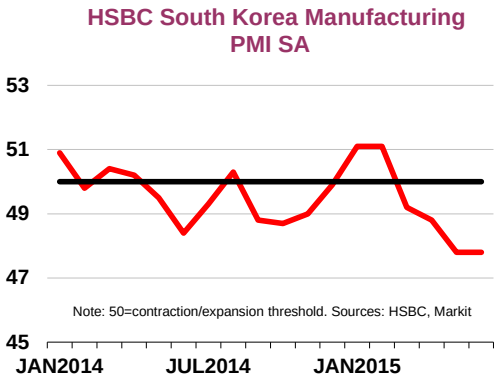
Partially a consequence of last year's sales tax hike, preliminary **Japanese** demand data ended a year of declines in April, with notable gains in both transport fuels and petrochemical feedstocks. Power-sector demand continues to fall but at a less fast clip, while tightening macroeconomic conditions are likely to prove sufficient to leave a relatively flat, 4.3 mb/d demand forecast for 2015. GDP has risen for two consecutive quarters, as of 1Q15, while consumer confidence (as tracked by the Cabinet Office) has risen to its second highest level in one-and-a-half years and manufacturing sentiment has turned 'optimistic' for 2H15. Despite plans to reopen two 890 megawatt nuclear reactors at its Sendai power plant, pending permission, Kyushu Electric has left unchanged its planned oil requirement, at 35 kb/d through the peak summer months.





The strong recent **Korean** demand trend continued, rising in April for a fourth consecutive month at above 4%, to an estimated 2.4 mb/d. The majority of April's growth is attributable to robust petrochemical and transport sector gains. Despite concerns that weaker macroeconomic conditions could curb Korean oil demand growth over the remaining two-thirds of the year, an average gain of 65 kb/d (or 2.8%) is still foreseen for the year as a whole, as deliveries average 2.4 mb/d in 2015.





Non-OECD: Demand by Product

(thousand barrels per day)

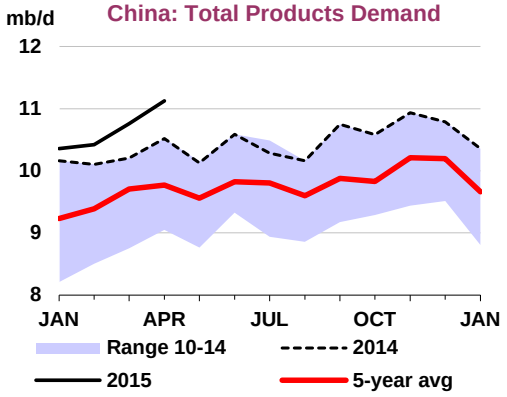
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
LPG & Ethane	5,215	5,253	5,290	170	146	3.3	2.8
Naphtha	3,078	3,106	3,091	-108	31	-3.4	1.0
Motor Gasoline	9,943	9,909	10,010	408	321	4.3	3.3
Jet Fuel & Kerosene	3,017	3,013	2,979	80	55	2.7	1.9
Gas/Diesel Oil	14,401	13,861	14,439	130	247	0.9	1.7
Residual Fuel Oil	5,456	5,413	5,362	18	-86	0.3	-1.6
Other Products	6,383	6,419	6,765	283	314	4.6	4.9
Total Products	**47,493**	**46,975**	**47,935**	**981**	**1,027**	**2.1**	**2.2**

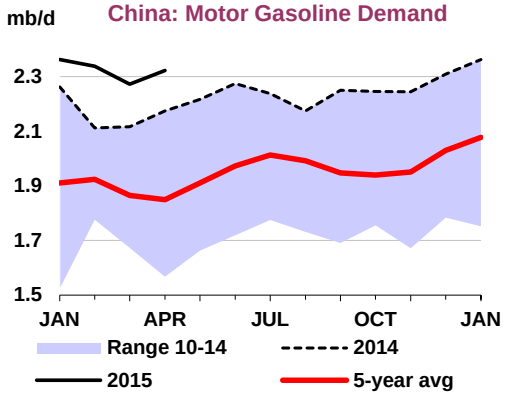
Non-OECD

The most rapid demand gains generally remain in non-OECD countries but here, in contrast to the dramatically accelerating OECD landscape, non-OECD demand growth has eased back recently. Plus 2% per annum non-OECD demand gains have largely been the theme since early-2013, the last time growth maintained a substantial 3% premium. The recent relative easing in non-OECD demand growth is largely attributable to more modest Chinese growth and slower gains/contractions in many net oil-exporting economies. As oil export revenues have eased, post mid-2014's dramatic oil price correction, domestic has also often slowed/fallen, notably in Brazil and Russia.

China

Preliminary estimates of Chinese demand showed a stronger-than-anticipated 0.5 mb/d y-o-y gain, to 11.0 mb/d in April, as reports of heavy product destocking, higher than anticipated Chinese refinery throughputs and a general recuperation in Chinese consumer confidence filtered through. Particularly strong gains were seen in the Chinese transport sector, with motor gasoline demand growth depicting remarkable resilience in the face of generally slowing domestic economic growth. Transport fuel demand rose as consumer confidence indicators continue to expand despite the steadily slowing domestic economy. The National Bureau of Statistics reported consumer confidence, in April, at its second highest level in just over a year, to 107.6. Any reading above 100 implies net-optimism. Slowing but still relatively buoyant car sales data continue to underpin the likely long-term resilience of Chinese gasoline demand, as total passenger vehicle sales over the first four months of the year, at 7.0 million, were 7.7% up on the corresponding period one year earlier. Resurgent sales of SUVs are proving particularly supportive, with a near doubling in SUV sales over the first four months of the year compared to the year earlier period.



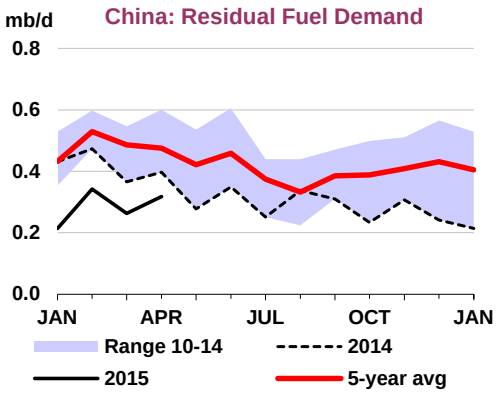


China: Demand by Product

(thousand barrels per day)

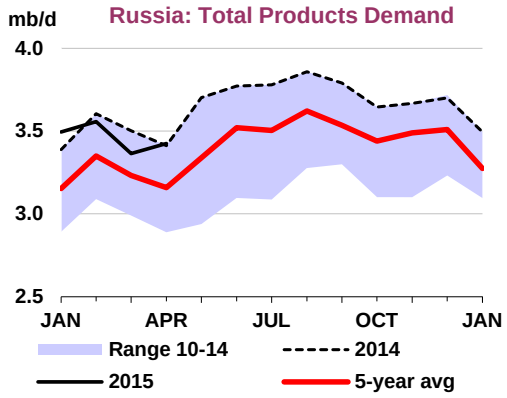
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	789	863	941	74	78	9.4	9.1
Naphtha	1,128	1,186	1,200	58	13	5.1	1.1
Motor Gasoline	2,070	2,223	2,356	154	133	7.4	6.0
Jet Fuel & Kerosene	467	525	550	58	25	12.5	4.7
Gas/Diesel Oil	3,370	3,353	3,340	-17	-13	-0.5	-0.4
Residual Fuel Oil	432	330	244	-102	-85	-23.6	-25.9
Other Products	1,886	1,963	2,131	78	168	4.1	8.6
Total Products	**10,140**	**10,443**	**10,762**	**303**	**319**	**3.0**	**3.1**

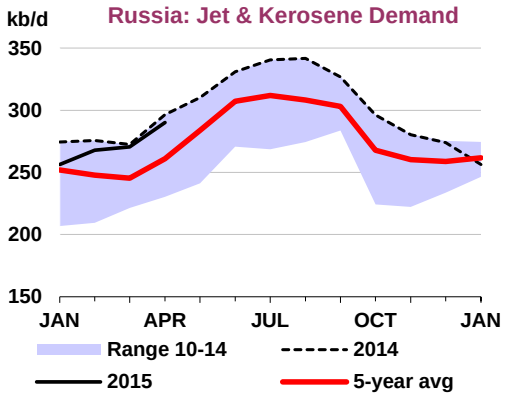
Falling residual fuel oil demand provided an offset, as persistent weaknesses in industrial demand remain. April data showing HSBC's Manufacturing PMI deteriorating for a second consecutive month, to 48.9, whereby any reading below 50 signifies net-pessimism, it has since risen to 49.2 in May. Total industrial output, across the Chinese economy as a whole, posted its second weakest growth rate in over six years in April, rising by 5.9% y-o-y according to NBS data. For the year as a whole, oil demand will likely average 10.8 mb/d, a gain of approximately 3.1%, as 6-to-7% economic growth underpins strong gains in gasoline, jet fuel and petrochemical demand while continued efforts to control air pollutants keep gasoil/diesel demand fairly flat.



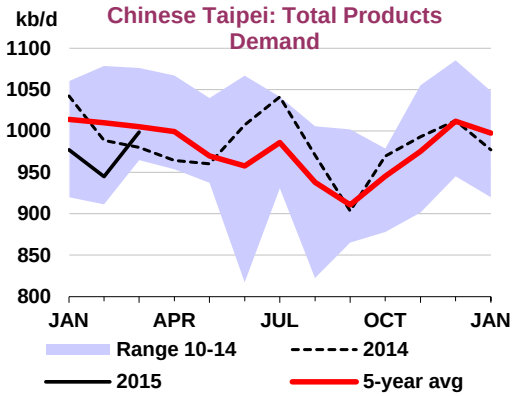
Other Non-OECD

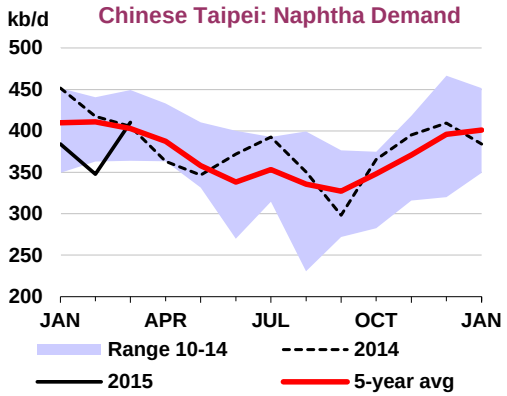
The latest **Russian** oil demand data, at 3.4 mb/d in April, surpass the dramatic declines implied by the latest macroeconomic statistics as agricultural demand in particular exceeded earlier expectations. Up 30 kb/d on the year, Russian oil product demand rose counter to the latest industrial output numbers, from the Federal State Statistics Service, which depicted a 4.5% y-o-y decline in April, or the unemployment rate, which in April rested only marginally below its previous two-year high. Jet/kerosene demand, despite sliding 2.1% y-o-y in April, held up remarkably well considering Federal Air Transport Agency data depicted air passenger numbers down 12.5% y-o-y, an anomaly attributable to additional military usage and emptier planes. For the year as a whole, Russian oil deliveries are forecast to average 3.5 mb/d, down by 155 kb/d (or 4.2%) on the previous year, as further macroeconomic contagion likely impacts oil demand statistics as the year progresses.



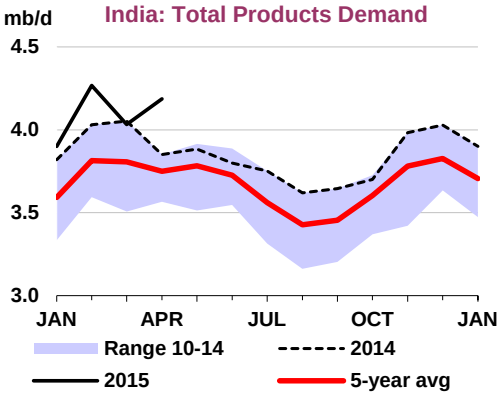


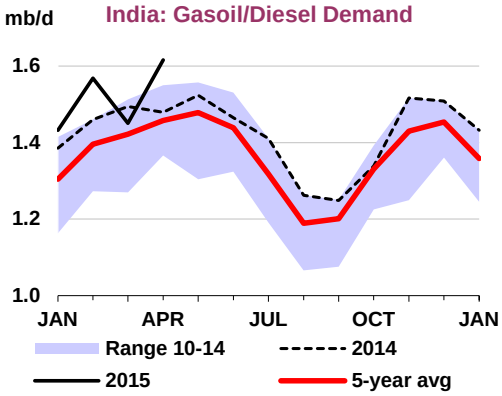
March deliveries, at 1.0 mb/d, in **Chinese Taipei** surprised on the upside, as naphtha demand seemingly sprung back up despite reports of water shortages/rationing heavily impacting water-dependent industries such as the petrochemical sector. At an estimated 410 kb/d in March, naphtha deliveries posted a surprise 65 kb/d month-on-month gain, essentially unchanged on the year earlier. The Central Weather Bureau reported average rainfalls between 4Q14 and 1Q15 at their lowest levels since records began, back in 1947, triggering water rationing at 7.5% of normal usage levels, rising to 10% on 15 April. Heavy rains, towards the end of May, will reduce the pressure to continue rationing. Other demand supports were attributable to generally escalating macroeconomic activity, with the Ministry of Economic Affairs reporting industrial output up 6.7% y-o-y and the Research Centre for Taiwan Economic Development cited consumer confidence up to a near 15-year high.



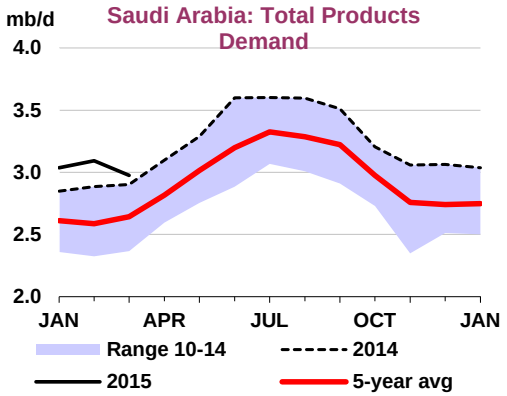


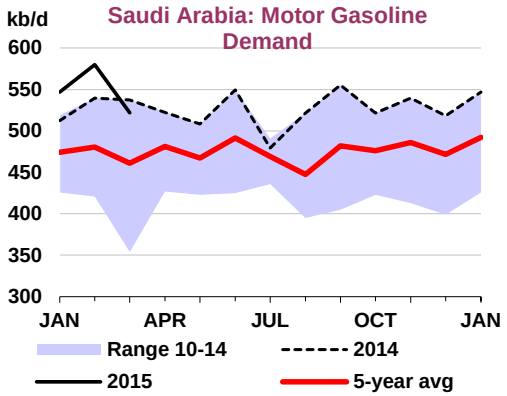
Recent **Indian** numbers include revisions to both the downside and upside, with March demand data having been revised down (-110 kb/d) and April up (+105 kb/d). The overall picture remains little changed, with demand set to average 4.0 mb/d in 2015, 5.3% up on the year earlier as macroeconomic momentum builds. The revised data leave absolute demand roughly flat in y-o-y terms in March, as heavy rains curbed agricultural diesel demand, rebounding in April to support an overall growth rate close to 9% y-o-y, and taking India up to third in the list of the world's largest oil consumers, ahead of previous incumbent Japan.





The outlook for Middle Eastern oil demand growth remains relatively sanguine, despite compressed oil prices dampening domestic revenues in many countries and in-turn their spending power. The International Monetary Fund's April *World Economic Outlook* cited economic growth of 2.9% in 2015 in "Middle East, North Africa, Afghanistan and Pakistan". This additional economic activity supports Middle Eastern oil demand growth of around 130 kb/d in 2015. Continued gains from the industrial and transportation sectors are forecast to cement this projection, with even the globally shrinking oil-fired power-sector showing signs of relative stability in the Middle East. Recent citations across a number of Middle Eastern countries, such as **Oman** for example, point towards continued gains in the Middle Eastern power-sector. Omani power demand rising by around 10% per annum over the next seven years, according to the Oman Power and Water Procurement Company, as strong gains in government expenditure, personal incomes and housing starts underpin rapidly expanding power sector needs. Although natural gas is the dominant means of generating power in Oman, large swathes of diesel-powered capacity also exist. The Rural Areas Electricity Company operates 67 megawatts (MW) of diesel-fired power plants in Duqm, and plans to add another 80 MW in 2017, as well as 96 MW in Musandam.





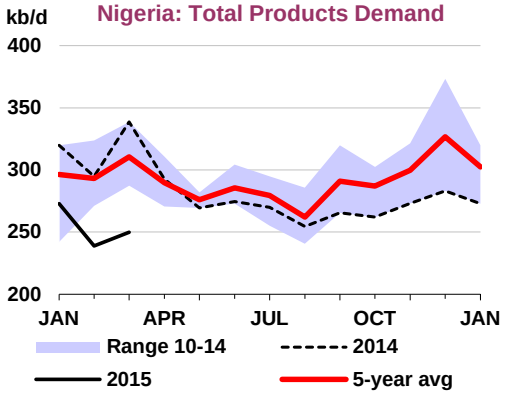
Weak transportation fuel demand in March curbed the overall pace of oil demand growth in **Saudi Arabia** to a sixteen month low. Having previously undertaken strongly rising trends, both gasoline and gasoil/diesel deliveries saw absolute y-o-y contractions in March, the second time this double occurrence has happened in nine months. For the year as a whole, projected deliveries will average roughly 3.3 mb/d, 2.8% up on the year.

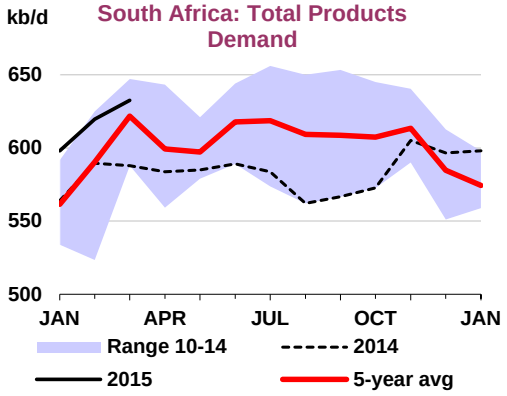
Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
Africa	3,898	4,014	4,059	94	134	2.4	3.4
Asia	23,033	23,032	23,360	672	857	3.0	3.8
FSU	4,999	4,621	4,689	-11	-154	-0.2	-3.2
Latin America	6,919	6,718	6,837	110	55	1.7	0.8
Middle East	7,971	7,911	8,308	82	107	1.0	1.3
Non-OECD Europe	671	679	683	35	28	5.4	4.4
Total Products	**47,493**	**46,975**	**47,935**	**981**	**1027**	**2.1**	**2.2**

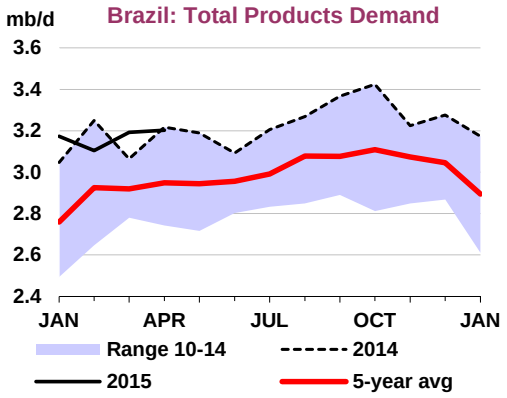
Nigerian oil product deliveries continue to fall sharply, in y-o-y terms, according to the latest monthly data, plummeting as escalating fuel shortages plague the country enthralled in a dispute between the government and national fuel marketers. Many businesses have been running below maximum capacity citing insufficient diesel to run generators, while airlines have curtailed internal flight schedules alluding to lack of jet fuel. Deliveries really started to break below year earlier levels mid-2014, and the y-o-y decline rate has generally deteriorated ever since. Tracking forward the hope is that a deal can be brokered, otherwise our 2015 demand forecast of 280 kb/d, 1.9% down on the year, looks somewhat optimistic, as does the IMF's April forecast of near 5% economic growth.

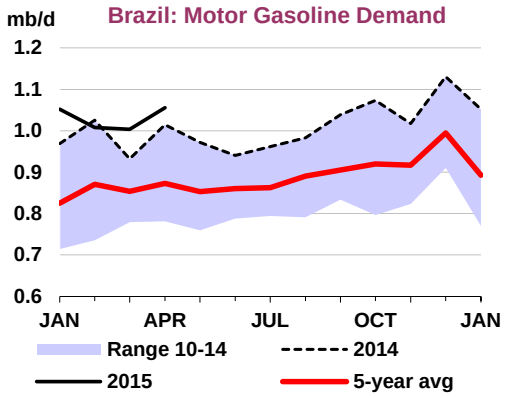




With **South African** industrial output posting a surprisingly strong uptick in March, total oil product deliveries also rose sharply, with particular impetus in gasoil/diesel and gasoline. At an estimated 635 kb/d in March, the South African demand estimate is 25 kb/d above the forecast in last month's *Report*, reflecting ongoing economic growth. Statistics South Africa, for example, reported industrial production across the economy as a whole rising by 3.8% y-o-y in March, the sharpest increment since September, while car registrations rose to 35 550 from 34 905 in February.

The latest **Brazilian** oil demand data remains relatively weak, -0.4% y-o-y in April to 3.2 mb/d, but significantly higher (+75 kb/d) than assumed in last month's *Report* as relatively buoyant gasoline demand returned despite the persistent and growing macroeconomic gloom. Gasoline deliveries, at 1.1 mb/d in April, posted a surprise leap on the year earlier (+4%) as demand shrugged off the escalating weakness in consumer and business confidence alike. The Confederacao Nacional da Industria reported consumer confidence falling to a near fourteen year low, of 99 in April, while business confidence shrunk to its second lowest reading ever, of 38.5 in April. Largely because of such macroeconomic headwinds, the demand outlook for the year as a whole remains at an essentially flat 3.2 mb/d, demand momentum suffering as further declines in the value of the Brazilian real make imported goods more expensive.





SUPPLY

Summary

- **Global oil production fell by 155 kb/d in May, to 96 mb/d, as lower non-OPEC output offset a small increase in OPEC.** While annual gains eased from March and April's highs, growth nevertheless stood at a robust 3 mb/d, split roughly equally between non-OPEC and OPEC countries.

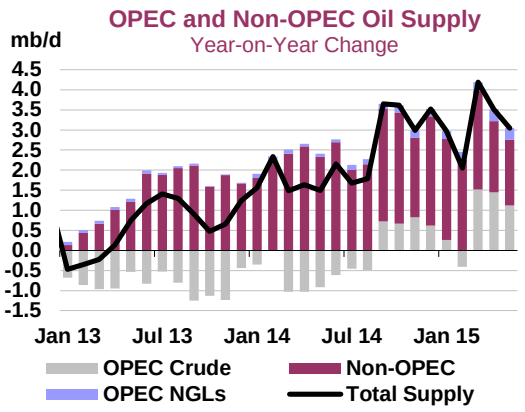
- **OPEC crude supply edged up 50 kb/d in May to 31.33 mb/d – the highest since August 2012.** Saudi Arabia, Iraq and the UAE pumped at record monthly rates to keep OPEC output more than 1 mb/d above the group's official 30 mb/d supply target for a third month running. OPEC oil ministers agreed to maintain the production target at their 5 June meeting.

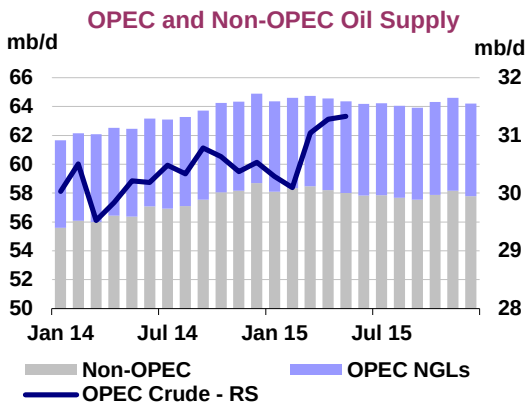
- **Barring unforeseen outages, OPEC is likely to keep pumping at around 31 mb/d during the coming months as Middle East producers sustain higher rates to preserve market share and meet summer domestic demand.** OPEC's lofty production reduced 'effective' spare capacity to 2.38 mb/d in May. Upward revisions to demand have lifted the 2H15 'call' on OPEC by 150 kb/d to 30.2 mb/d.

- **Lower oil prices and a drop in capital spending are taking time to curb non-OPEC supply, with growth for 2015 revised up by 195 kb/d since last month's *Report*, to nearly 1 mb/d**. An upward revision to the US baseline and the expectation of fewer summer field maintenance shutdowns than previously forecast in the North Sea and the FSU underpin the higher figure.

- **Non-OPEC supply is estimated to have dropped by 200 kb/d in May, to 58 mb/d, as wildfires and scheduled maintenance lowered Canadian output and maintenance in the North Sea got underway**. New projects also failed to offset field decline in Brazil, where output is estimated to have declined for a fifth consecutive month, and annual gains slipping to half their 360 kb/d 1Q15 average. A seasonal increase in biofuels production and an expected recovery in Mexican and Australian production from recent lows likely provided a partial offset.

- **The estimate of US oil production has been raised by 90 kb/d for 4Q14 and more than 200 kb/d for 1Q15**, based on latest data from the US Energy Information Administration (EIA). As such, US total liquids growth was lifted to 1.6 mb/d in 2014, and more than 1.7 mb/d in the first quarter of this year. Sharp cuts in drilling rates are nevertheless starting to curb supplies. In all, US oil production is expected to average 12.7 mb/d in 2015, up 0.8 mb/d from year ago.

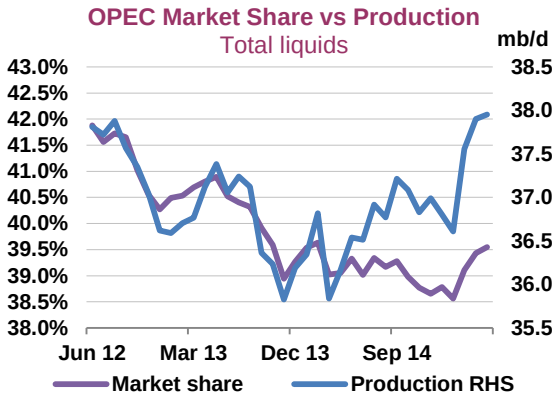




All world oil supply data for May discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary May supply data.

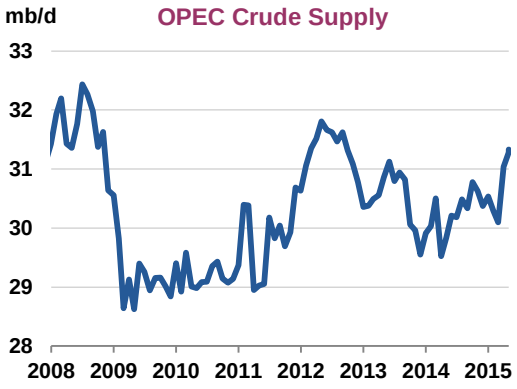
OPEC crude oil supply

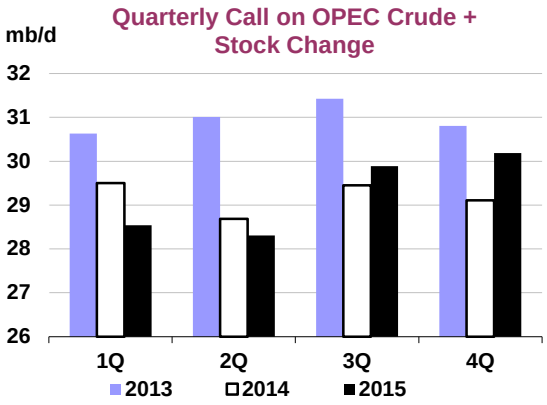
OPEC crude oil production of 31.33 mb/d in May edged up 50 kb/d on the previous month to reach the highest level since August 2012. Record monthly production from Saudi Arabia, Iraq and the UAE offset losses from Libya, Nigeria, Kuwait and Iran. May marked the third straight month with output more than 1 mb/d above the group's official 30 mb/d supply target, which OPEC ministers agreed to maintain at their scheduled gathering in Vienna. Production in May stood 1.12 mb/d above the previous year.



Barring unforeseen disruptions, OPEC is likely to keep pumping at around 31 mb/d during the coming months. Middle East producers are expected to sustain lofty rates to defend market share and meet summer domestic demand. Iraq, which has smashed export records for three months in a row, could see further gains in June after it launched a new system to ship heavy crude. And although Libyan production fell in May, the North African producer could yet surprise to the upside.

Upward revisions to demand have lifted the 'call on OPEC crude and stock change' for 2015 by 100 kb/d to 29.4 mb/d. For 2H15, the call was raised by 150 kb/d to 30.2 mb/d – above OPEC's official target but 1 mb/d below what it has been producing in recent months. OPEC's 'effective' spare capacity was estimated at 2.38 mb/d in May, down from April's 2.55 mb/d, with Saudi Arabia accounting for close to 90% of the surplus.

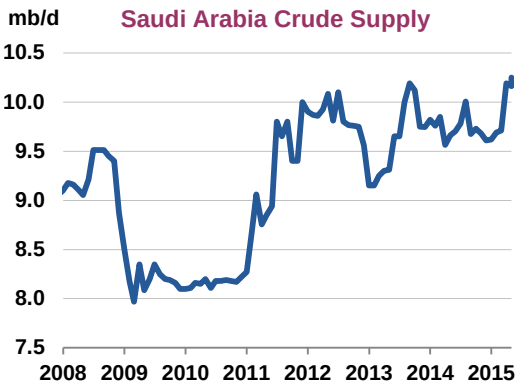


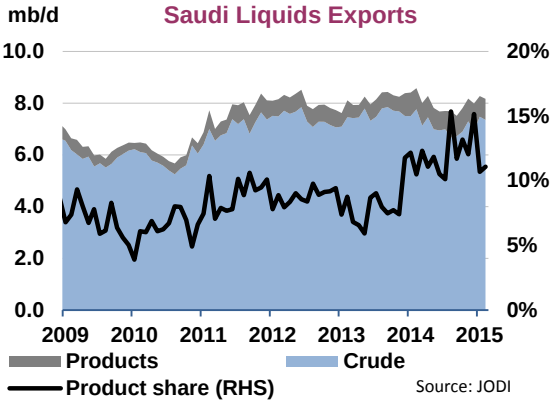


Crude supply from **Saudi Arabia** rose to a record monthly high of 10.25 mb/d in May, up from an upwardly revised 10.16 mb/d estimate for April as Riyadh burned more oil at home and sought to preserve its market share worldwide. May marked the third straight month with production running in excess of 10 mb/d and Saudi Oil Minister Ali al-Naimi has said the country's oil fields will continue to pump at around that level.

Saudi Arabia's internal demand is meanwhile rising as domestic power plants consume more crude during the blistering heat of summer. Direct use of crude in 2014 climbed from roughly 360 kb/d in March to almost 900 kb/d in July, according to figures submitted to the Joint Organisations Data Initiative (JODI). In March 2015, Saudi Arabia's power plants used about 350 kb/d. Saudi domestic refinery runs are also expected to rise as Riyadh brings the 400 kb/d Yasref refinery - a joint venture between state-owned Saudi Aramco and China's Sinopec - up to full speed. In March 2015, domestic refiners processed 1.9 mb/d of crude, according to JODI.

Record output rates during May reduced Riyadh's spare capacity to an estimated 2.09 mb/d. In an interview with the Saudi-owned al-Hayat newspaper published on 5 June, Naimi said OPEC's top producer could, if needed, reach full output capacity of up to 12.5 mb/d in 90 days by moving rigs from exploration work to new drilling sites. Saudi Aramco now has more than 200 oil and gas drilling rigs in operation, according to industry sources.





As the driving force behind OPEC's decision last November to maintain the group's 30 mb/d supply target, Riyadh has repeatedly made clear that it will not cut output on its own to rebalance the world oil market. State oil company Saudi Aramco has been increasing its crude shipments to Asia – and China, in particular. Beijing's oil imports fell about 11% in May from a year ago – the steepest drop since November 2013. Preliminary tanker tracking data, however, showed Saudi exports to China rose in May. Overall exports of Saudi crude during May were flat to lower compared to April, according to tanker trackers.

The latest figures from JODI meanwhile show Saudi crude shipments in March soared by 550 kb/d from February to 7.90 mb/d – the highest level in nearly a decade and in line with increased production. Exports of products edged up to 838 kb/d from 815 kb/d in February. Overall Saudi oil exports, excluding condensates and NGLs, rose to 8.74 mb/d in March versus 8.17 mb/d in February.

OPEC Crude Production

(million barrels per day)

	Mar 2015 Supply	Apr 2015 Supply	May 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs May 2015 Supply	1Q15 Average Crude Supply
Algeria	1.12	1.11	1.11	1.14	0.03	1.11
Angola	1.75	1.73	1.77	1.80	0.03	1.77
Ecuador	0.55	0.55	0.55	0.57	0.02	0.55
Iran	2.79	2.88	2.85	3.60	0.75	2.82
Iraq	3.70	3.75	3.85	3.90	0.05	3.49
Kuwait[2]	2.80	2.80	2.76	2.82	0.06	2.80
Libya	0.48	0.52	0.45	0.50	0.00	0.37
Nigeria	1.74	1.80	1.76	1.92	0.16	1.81
Qatar	0.68	0.67	0.67	0.70	0.03	0.67
Saudi Arabia[2]	10.19	10.16	10.25	12.34	2.09	9.87
UAE	2.84	2.87	2.87	2.94	0.07	2.84
Venezuela[3]	2.40	2.44	2.44	2.49	0.05	2.39
Total OPEC	**31.04**	**31.28**	**31.33**	**34.72**	**3.34**	**30.49**
(excluding Iraq, Nigeria, Libya and Iran)					**2.38**	

1 Capacity levels can be reached within 90 days and sustained for an extended period.

2 Includes half of Neutral Zone production.

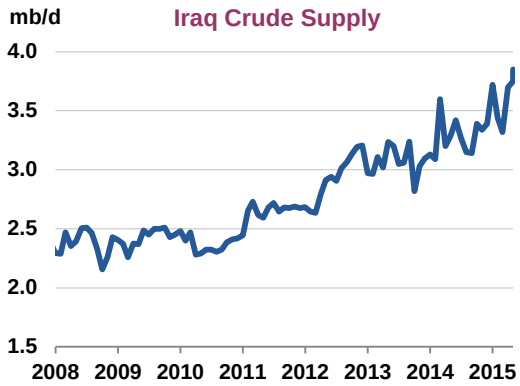
3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in May

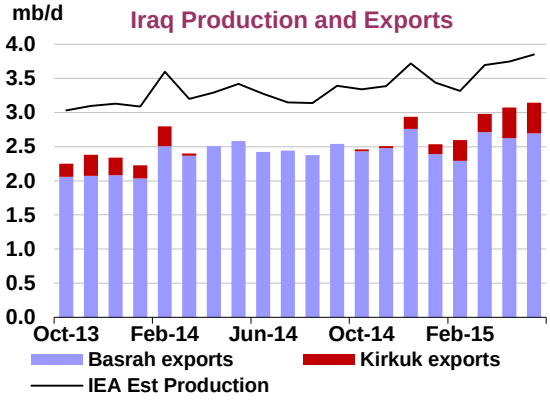
Crude oil production from Saudi Arabia's Gulf allies was steady m-o-m. **Qatari** supply was stable at 670 kb/d and the **UAE** kept up record output of 2.87 mb/d during May. The UAE has ordered 14 new onshore and offshore drilling rigs at a cost of $543 million as it seeks to reach official target capacity of 3.5 mb/d by the end of the decade. The Abu Dhabi National Oil Co. (Adnoc) is aiming to raise the total rig count from 69 to 100 by the end of this year and to 122 by 2017 to support its capacity effort.

Production from **Kuwait** edged down by 40 kb/d to 2.76 mb/d in May due to a decline in output from the Neutral Zone it shares with Saudi Arabia. The onshore Wafra oilfield, which had been pumping at around 150 kb/d, was shut down in early May following a reported operational dispute between the two sides. It will remain shut until the issues are resolved. Chevron, which operates Wafra on behalf of Saudi Arabia, has said difficulties in securing supplies and work permits for its expatriate staff have impacted operations. Saudi Arabia unilaterally closed the 300 kb/d offshore Khafji oilfield in the Neutral Zone last October ostensibly due to environmental concerns. Average Neutral Zone output in May slipped to 70 kb/d versus 150 kb/d in April.

Crude output from **Iraq**, including the Kurdistan Regional Government (KRG), rose to a new post-1979 high of 3.85 mb/d in May versus 3.75 mb/d in April. May was the third consecutive month of record-breaking exports, with overall shipments – including oil from the north delivered via the Turkish Mediterranean port of Ceyhan - climbing to an average 3.14 mb/d, up from 3.08 mb/d the previous month.

Baghdad's 2015 budget calls for exports of 3.3 mb/d and June could see OPEC's second largest producer edging closer to that target thanks to the launch of a new export system for heavy crude. Sales of crude oil in May rose largely due to higher flows from Iraq's giant southern oilfields, which lifted Basra Light exports to 2.69 mb/d. That was up from 2.62 mb/d in April and not far off a record 2.76 mb/d hit in December.





In June, Iraq started to export its new Basra Heavy grade alongside Basra Light, which should boost overall shipments from the south and stabilise the quality of Basra Light. Some heavy crude from southern oil fields such as West Qurna-2, Halfaya and Gharraf had been shut in to enhance the quality of Basra Light. But now this lower quality crude with an API of below 24 degrees is being pumped to two dedicated single point mooring (SPM) buoys for export. Basra Light is being shipped via a third SPM, the Basra Oil Terminal and Khor al-Amaya.

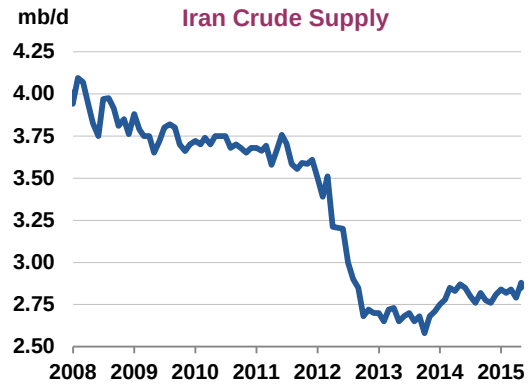
Preliminary loading schedules for June showed southern exports topping the 3 mb/d mark with Basra Heavy volumes at 1.2 mb/d and Basra Light at 1.85 mb/d. Such initial plans, however, are subject to revision and often fall short of initial targets. Iraq is hoping to route much of its Basra Heavy to Asia, but refiners in the region are so far reluctant to buy big quantities due to limited desulphurisation capacity and lingering concerns over quality.

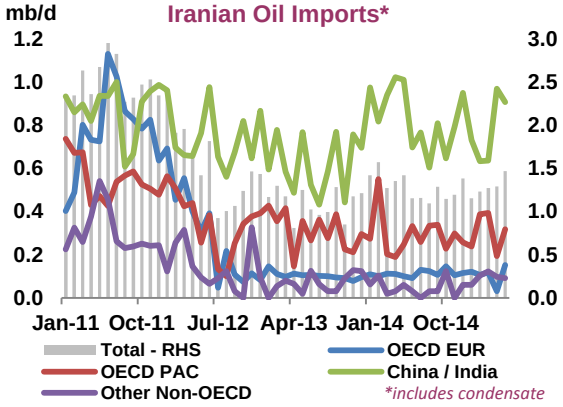
Continued cooperation between the central government and the KRG is also contributing to Iraq's strong export and production performance. Baghdad said its northern export sales of 450 kb/d during May were steady m-o-m. The KRG said it transferred 449 kb/d to Iraq's State Oil Marketing Organisation (SOMO) during May that was shipped via its pipeline to Turkey. The KRG also said it made 184 kb/d of independent sales in May. Industry sources say some 650 kb/d of crude from northern Iraq - from the KRG and Iraq's North Oil Company (NOC) - is now flowing through the KRG's pipeline to Turkey. NOC is contributing about 200 kb/d, according to industry sources.

An export deal agreed late last year calls for the KRG to provide 250 kb/d to SOMO to sell and allows for another 300 kb/d of federal oil from Kirkuk to flow through the KRG's pipeline system. In return, the central government is to release the KRG's 17% share of national revenue.

Iraq has managed so far this year to raise output to an average 3.6 mb/d versus 3.33 mb/d in 2014, with much of the increase due to the KRG/Baghdad export deal that created an outlet for northern Kirkuk crude that was shut in by the advance of Islamist militants last summer. Despite the impressive gains, low oil prices combined with the amount the government has to spend on weapons and militia salaries to fight the Islamic State of Iraq and the Levant (ISIL) means there is less left over to reimburse the international oil companies developing the country's southern oil fields. Baghdad has advised them to go slow and has, as a result, revised down its ambitious 2020 production target of 9 mb/d to 6 mb/d. Our *Medium Term Oil Market Report* shows output capacity rising to 4.7 mb/d by the end of the decade.

With the 30 June deadline looming for a final nuclear deal between **Iran** and the P5+1 (the United States, UK, France, Russia, China and Germany), Tehran continues to prepare for the day when international sanctions are lifted. Iranian oil fields pumped 2.85 mb/d in May, easing 30 kb/d from April's relatively high level – and are in theory capable of producing as much as 3.4 mb/d to 3.6 mb/d within months of sanctions being lifted. Iranian Oil Minister Bijan Zanganeh said in early June that Tehran could boost exports by 1 mb/d roughly seven months after sanctions are removed.



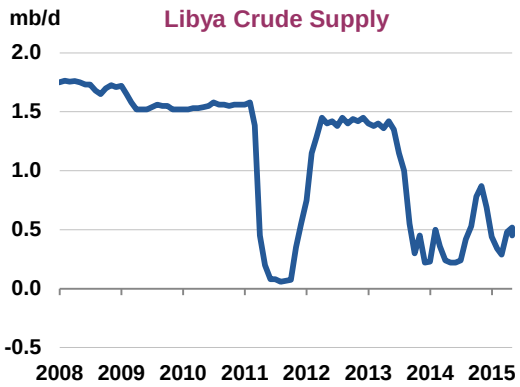


Preliminary tanker tracking data show that imports of Iranian crude surged to 1.4 mb/d during May – up 235 kb/d on April – and the highest level since June 2012, the last month before rigorous financial measures were enforced by the US and EU. It is unclear how much, if any, of the May volume came out of floating storage. A significant amount of the crude for delivery in May could have been produced during April, when Iran's output rose to its highest since sanctions took effect.

Those sanctions have cut exports of Iranian crude to around 1.1 mb/d from roughly 2.2 mb/d at the start of 2012. A nominal 1 mb/d cap was set on Tehran's crude exports under a November 2013 preliminary deal that partially eased sanctions, with buyers required to hold imports near that level.

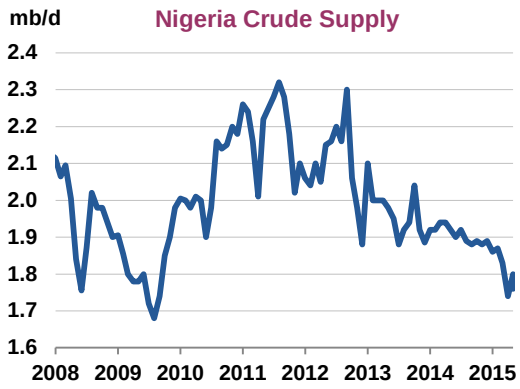
Since then, China and India have emerged as Iran's top customers and Tehran is expected to target Asia for its additional crude if and when sanctions are lifted. India raised its imports of Iranian crude oil in May by 110 kb/d to 370 kb/d - the highest level since March 2014. The higher purchases in May arrived after India cut its imports to zero in March in response to international pressure. Turkey boosted purchases to 150 kb/d – up 120 kb/d on the previous month – the highest since the imposition of sanctions. Japan raised imports by 120 kb/d in May to 190 kb/d. Syria imported 90 kb/d in May versus 30 kb/d in April. China, Iran's top buyer, scaled back imports by 170 kb/d to 540 kb/d in May. Purchases of condensate – ultra light oil from Iran's South Pars gas project – shrank to 60 kb/d in May, the lowest since December 2013 and far below the 2014 average of 190 kb/d. Import volumes are based on data submitted by OECD countries and non-OECD statistics that come from customs agencies, tanker movements and news reports.

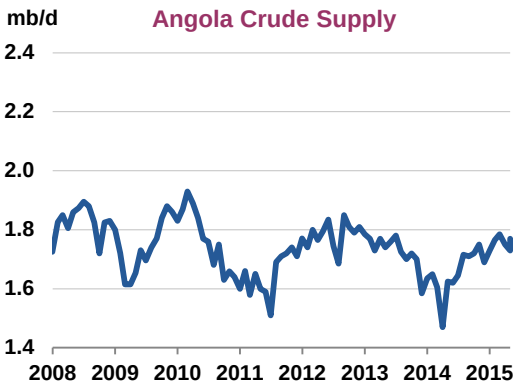
Libyan oil fields fell victim to protests, poor security and pipeline blockades in May with production declining 70 kb/d m-o-m to 450 kb/d. For months, the ongoing fight between the country's two rival governments – the so-called Libya Dawn administration in Tripoli and the officially recognised government that fled to the east – has forced a halt to operations at strategic oil fields and terminals. State oil firm the National Oil Corp (NOC) in December declared force majeure, which removes contractual liability, on exports from the main terminals of Ras Lanuf and Es Sider after fighting between the two sides broke out in the area. And repeated attacks by militants reportedly aligned with ISIL led NOC in March to declare force majeure on a dozen oilfields.



Major oil fields such as El Sharara and Elephant in the southwest remain shut due to a strike by security guards demanding more jobs. Technical glitches, along with poor security and pipeline blockades, are also hindering a production recovery in the central Sirte basin oil heartland. Despite the ongoing chaos and militant attacks, output in the North African producer had risen to 600 kb/d in early April – the highest so far this year. That level is some distance from the 1 mb/d achieved last October and far below the 1.6 mb/d produced before the 2011 civil war that unseated Muammar Gaddafi.

Theft and sabotage caused pipeline leaks and sank production in **Nigeria** by 40 kb/d to 1.76 mb/d in May. Nigeria's new President Muhammadu Buhari, sworn in on 29 May, has vowed to combat militancy in the Niger Delta and stamp out corruption throughout the oil sector. Buhari reportedly might not appoint a new oil minister immediately and try to combat the fraud himself. Nigeria's oil production continues to be hampered by large-scale theft in the Niger Delta.





Output in **Angola**, OPEC's other west African producer, rose by 40 kb/d m-o-m to 1.77 mb/d in May. The launch of new production by ExxonMobil and Eni in April has helped lift supply. Eni started up the Cinguvu field, which is pumping around 60 kb/d, while Exxon brought production online ahead of schedule from a cluster of offshore fields known as Kizomba Satellites Phase 2. Peak production at the project is estimated at 70 kb/d.

Non-OPEC overview

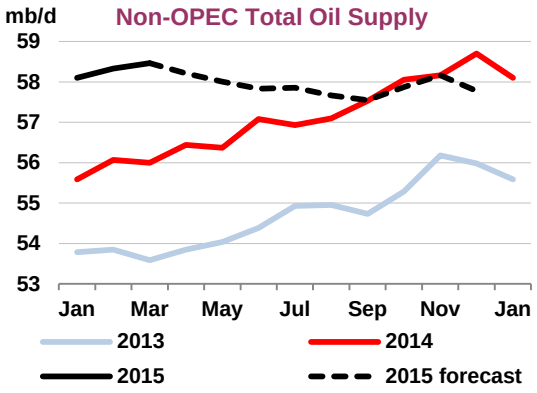
Non-OPEC oil production is estimated to have fallen by 200 kb/d in May, to 58 mb/d, as wildfires curbed output in northeastern Canada and maintenance got under way both in Canada and the North Sea. Preliminary data suggest US output eased further in May (with the sharpest declines from Alaska's Northern Slope), while sustaining robust annual gains of nearly 1.2 mb/d. In all, non-OPEC output was estimated 1.6 mb/d above a year earlier, only modestly weaker than growth seen in previous months. An upward revision to US production data from the start of 2014 lifted non-OPEC supply growth to 2.4 mb/d for 2014 and 1Q15.

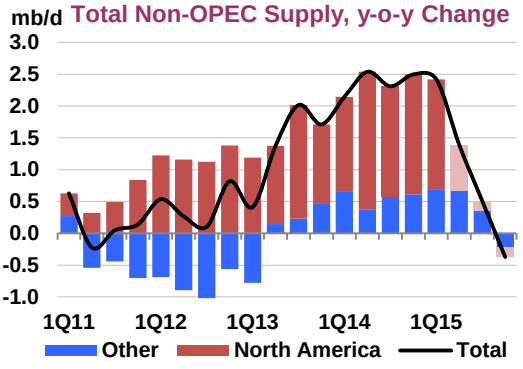
Non-OPEC Supply

(million barrels per day)

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Americas	**17.1**	18.2	18.8	19.1	19.7	**19.0**	19.9	19.5	19.3	19.5	**19.6**
Europe	**3.3**	3.5	3.2	3.1	3.5	**3.3**	3.4	3.3	3.2	3.4	**3.3**
Asia Oceania	**0.5**	0.5	0.5	0.5	0.5	**0.5**	0.4	0.5	0.5	0.5	**0.5**
Total OECD	**20.9**	22.2	22.6	22.8	23.7	**22.8**	23.8	23.3	23.0	23.5	**23.4**
Former USSR	**13.8**	13.9	13.8	13.8	13.9	**13.9**	14.0	14.0	13.8	13.8	**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**
China	**4.2**	4.2	4.2	4.2	4.3	**4.2**	4.3	4.3	4.2	4.2	**4.3**
Other Asia	**3.6**	3.5	3.5	3.4	3.6	**3.5**	3.7	3.7	3.7	3.8	**3.7**
Latin America	**4.2**	4.2	4.3	4.5	4.6	**4.4**	4.6	4.5	4.5	4.5	**4.5**
Middle East	**1.4**	1.4	1.3	1.3	1.3	**1.3**	1.3	1.2	1.2	1.2	**1.2**
Africa	**2.3**	2.3	2.3	2.3	2.3	**2.3**	2.4	2.3	2.3	2.3	**2.3**
Total Non-OECD	**29.5**	29.8	29.6	29.7	30.2	**29.8**	30.5	30.2	29.9	30.0	**30.1**
Processing Gains	**2.2**	2.2	2.2	2.2	2.2	**2.2**	2.2	2.2	2.2	2.2	**2.2**
Global Biofuels	**2.0**	1.7	2.3	2.5	2.3	**2.2**	1.8	2.3	2.6	2.3	**2.2**
Total Non-OPEC	**54.6**	55.9	56.6	57.2	58.3	**57.0**	58.3	58.0	57.7	57.9	**58.0**
Annual Chg (mb/d)	**1.4**	2.1	2.5	2.3	2.50	**2.4**	2.4	1.4	0.5	-0.4	**1.0**
Changes from last OMR (mb/d)	**0.0**	0.0	0.1	0.0	0.1	**0.0**	0.2	0.3	0.2	0.0	**0.2**

While the new EIA supply data point to even stronger output gains in the US through the first quarter, lower oil prices and steep cuts in upstream spending are starting to take their toll on supply. Both the EIA's weekly production estimates and its *Drilling Productivity Report* show output declining over April and May. The latter report sees output in selected onshore shale plays dropping by 55 kb/d in May and another 85 kb/d in June. The Bakken and Eagle Ford plays are expected to see the sharpest declines, while output in the Permian Basin is likely to hold up better.





Output also continues to defy expectations in Russia, which, despite facing the twin challenges of lower prices and international sanctions, has again managed to lift production. In May, total liquids output inched up another 40 kb/d to a new record of 11.04 mb/d, including 10.71 mb/d of crude and condensates. Such growth does not appear to be sustainable, however. While several new projects will add to supplies later in the year, as the country's largest producers struggle to obtain necessary financing to service debt and develop new projects, field decline is nevertheless expected to drag down production by the end of 2015.

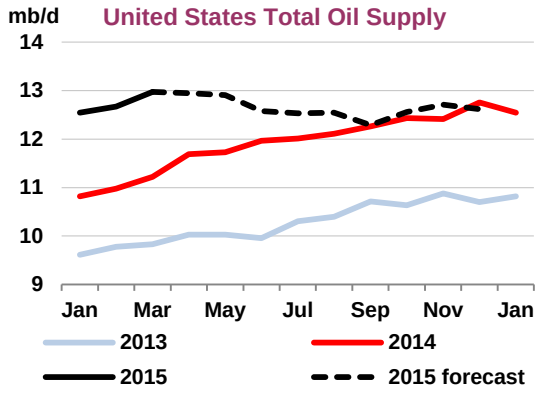
Field decline is also curbing output in Brazil, which saw its oil production slip for a fourth consecutive month in April. New field start-ups failed to offset mature field declines and outages in the Campos Basin and annual gains slipped to 180 kb/d, compared with 360 kb/d average annual growth in 1Q15. A string of outages slashed output in Australia and Mexico in March and April, with both countries seeing recent-year lows. In the North Sea, output has held up above expectations this year, and loading schedules through July suggest relatively light maintenance shutdowns planned in coming months. Output could thus be maintained above year-earlier levels in the next few months.

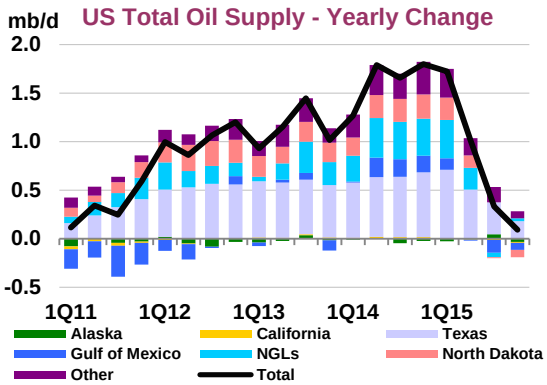
Finally, the ramping up of Indonesia's large Banyu Urip field in ExxonMobil's Cepu block in East Java could reverse field decline in the former OPEC member. Indonesia's oil output has been in continual decline since peaking at around 1.6 mb/d in the mid-1990s, with lack of investment and operational problems impeding output targets. The Banyu Urip field, estimated to hold more than 450 mb of recoverable resources, was discovered in 2001, making it one of the largest discoveries to be made in Asia in the past 15 years. Exxon announced output had already ramped up to 75 kb/d in April, with peak production of 165 kb/d targeted by year-end.

OECD

North America

US – May preliminary, Alaska actual, others estimated: Estimated US liquids production slipped by 40 kb/d in May, to 12.9 mb/d. While lower activity levels at onshore shale plays have started to impact output, the largest drop in output came from Alaska's Prudhoe Bay. A disruption to the delivery of supplies to Alaska's North Slope oil fields likely contributed to the drop in output. Unprecedented flooding has caused intermittent road closures for more than two months, forcing supplies to be brought in by air. The road reopened in early June.

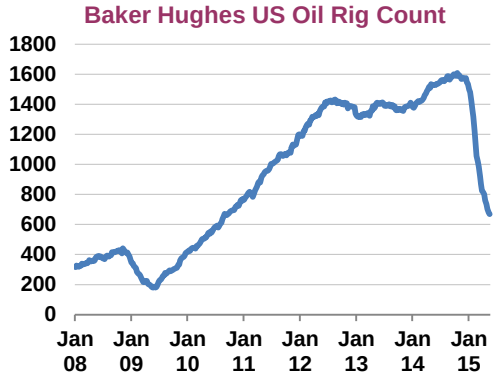


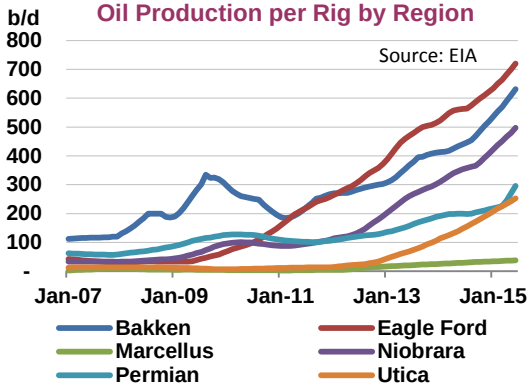


With further declines in May, the US oil rig count has now fallen for 26 consecutive weeks through the week ending 5 June. Baker Hughes data show the overall US rig count in early June had dropped to 868, of which 642 were oil rigs and the remainder natural gas rigs. While the total oil rig count was 37 fewer than a month earlier, the rate of decline was less steep than in previous months. Over April and May, the rig count dropped by 145 and 173, respectively.

However remarkable the drop in the rig count may seem in its rapidity and scale, totalling nearly 60% since its October peak, recent improvements in drilling efficiency and productivity in key output areas are no less noteworthy. The EIA's *Drilling Productivity Report* shows a simultaneous impressive increase in output per rig, of 40% in some cases. As producers have taken the least productive rigs out of service, output per rig rose to 720 b/d in the Eagle Ford region, up 20% from October. Gains were even more impressive in the Permian Region, where production rose 43% on average, to 296 barrels/day per rig. Producers in the Utica lifted output by 40% to 253 b/d per rig, while Bakken saw gains of 30% over the same period to 631 b/d rig in June.

Despite the gains in output per rig, the *Drilling Productivity Report* estimates that output in the seven most prolific US oil shale plays will continue to fall in June. Output was seen 85 kb/d lower m-o-m, after having lost 55 kb/d in May. The EIA estimates that the sharpest declines will again come from Eagle Ford, followed by Bakken and Niobrara. Annual growth was nevertheless impressive, at 925 kb/d in June, though at its lowest in 16 months. Permian, the largest US shale play in terms of liquids output, was the only one seen higher m-o-m, though gains had eased to only 7 kb/d.





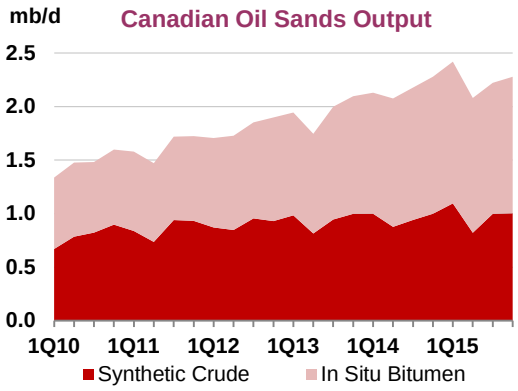
Quarterly reports posted by major US shale drillers show how the drop in oil prices hit earnings in 1Q15. On 4 May, Anadarko Petroleum reported a $3.3 billion loss for the first three months of the year, despite record quarterly production. The company said it had cut its average cost of drilling a well in the Eagle Ford shale by 14% since 4Q14. Similarly, EOG Resources, Noble Energy and Concho Resources each reported drops in both income and operating costs. Noble reported a $22 million loss for the quarter, but said it had greatly improved drilling efficiency. Concho, which operates in the Permian Basin in West Texas, saw its net profit drop to $7.5 million and said it had reduced its number of rigs by half since the start of the year, to 18. EOG, which operates mostly in Texas, the Rocky Mountains and the Bakken formation in North Dakota, cut its spending by nearly 40% as it reduced the number of rigs from 32 to 18. EOG saw output increase, by 5% to 590 kb/d, but nevertheless reported a net loss of $169.7 million. Pioneer Natural Resources, one of the largest US shale producers, reported its first quarterly loss since 2009, of some $79 million. Both EOG and Pioneer have indicated they are preparing to step up production again as oil prices have recovered somewhat.

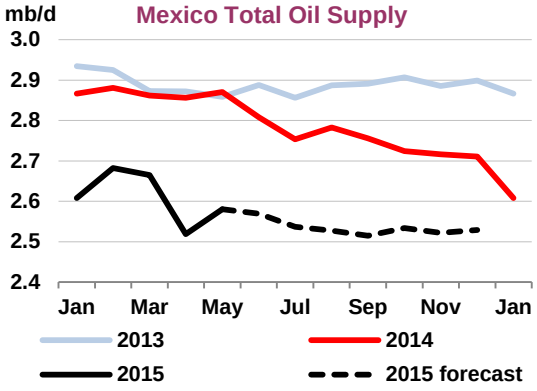
In the Gulf of Mexico, meanwhile, Chevron's Big Foot platform, which was due to start up later in 2015, has reportedly been indefinitely delayed due to damaged subsea installation tendons at the tension leg platform.

Final monthly production data for March led to a sharp upward adjustment from preliminary estimates. Production rates for as far back as the start of 2014 were also revised upwards. The sharpest revisions were made to Texas output, which now looks to have grown by 0.7 mb/d y-o-y in 1Q15, up from average growth of just over 0.6 mb/d for 2014. In all, US historical data was lifted by 70 kb/d for 2014, and 145 kb/d on average for January and February 2015. As such, US total oil supply gained 1.6 mb/d, to 11.9 mb/d in 2014, of which 8.7 mb/d was crude and condensates. US production growth is expected to slow to 0.8 mb/d in 2015, to average 12.7 mb/d, with crude oil output making up 9.3 mb/d.

Canada – March actual: Canadian oil production fell by 145 kb/d in March, to 4.5 mb/d, as both crude and gas liquids output declined. Total crude output was 85 kb/d lower, while mined synthetics output declined by 35 kb/d and NGLs fell by 25 kb/d. Canadian output likely saw further declines from April through June, as planned maintenance firstly curbed synthetics output before wild fires shut in bitumen output from May. Four major upgrading facilities were planning maintenance in 2Q15, including Canadian Oil Sands' 100 kb/d Syncrude's Coker 8-3, Shell's Scotford upgrader, and Suncor U1 and U2 upgraders. Canadian oil output was curbed further in May, as wildfires across northeastern Alberta caused the shutdown of Natural Resources' Primrose and Kirby South oil-sands projects, as well as Cenovus' Foster Creek plant. In total an estimated 235 kb/d of bitumen output was taken offline from the last week of May. At the time of writing, the fires had abated and companies were looking to resume production.

Separately, Conoco reported it had started commercial operations at its 118 kb/d Phase 2 Surmount project in northern Alberta. First oil is expected in 3Q15 with production ramping up through next year. The project is a joint venture between Conoco and Total. Total is also developing the 160 kb/d Fort Hills project with Suncor Energy, but recently announced it will put its Alberta Northern Lights project with Sinopec on the 'long back burner'.





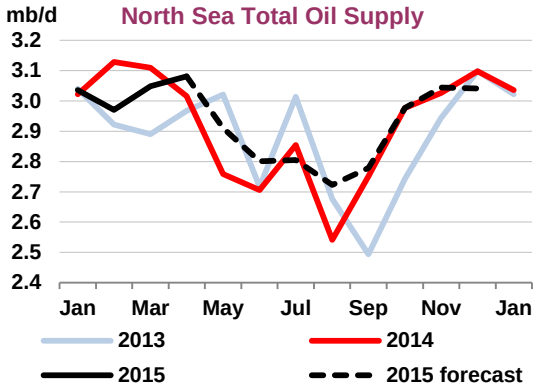
Mexico – April actual, May preliminary: The slide in Mexican oil production continued in April, with crude oil output slipping another 120 kb/d from March's low, to 2.2 mb/d. Lower NGL volumes took total output to only 2.5 mb/d, 150 kb/d below March and 340 kb/d below a year earlier. As noted in last month's *Report*, a deadly explosion at Pemex's Abkatun Permanente platform in the Gulf of Mexico on 1 April shut in offshore output. The platform, which is part of the Abkatun Pol Chuck (APC) system, was producing over 300 kb/d prior to the outage. The Cantarell field slipped another 13 kb/d to 285 b/d, down 123 kb/ d from a year ago, while Ku-Maloob-Zaap produced 850 kb/d, largely unchanged from the previous year. Weekly preliminary data for May show an increase of 30 kb/d in Mexican crude oil production in May, to 2.2 mb/d. Natural gas liquid production is thought to have rebounded by 30 kb/d from April's low of just 310 kb/d.

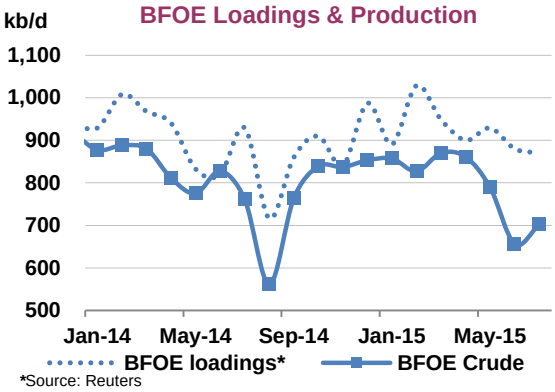
On a more positive note, the Mexican government announced in early June it had prequalified 19 individual companies and seven consortia to take part in the country's inaugural tender for access to Mexican oil reserves. The announcement by Mexican upstream regulator CNH clears the firms to present bids for 14 shallow-water exploration blocks in Mexico's first upstream auction since a 2013 energy reform ended state-owned producer Pemex's 76-year monopoly. The minimum percentage of profits that companies must bid to win the contracts will only be revealed 15 July, when the tenders are awarded. The regulator was previously expected to publish the minimum requirements ahead of the auction.

Also in May, in its third call for bid in the past five months, CNH opened the bid process for 26 onshore extraction contracts. The bids, which are due on December 15, 2015, follow the earlier calls for bid that pertained to shallow waters (both exploration as well as extraction blocks). Interestingly, the prequalification technical and financial requirements were materially lowered and the technical criteria now focus on the teams and not on the individual companies being prequalified. For the first time, CNH also offered a License instead of a Production Sharing Contract.

North Sea

North Sea oil production is estimated to have dropped by 170 kb/d in May, as field maintenance reduced output at a number of fields. At nearly 2.9 mb/d, supplies were 150 kb/d higher than a year earlier, when a large number of Norwegian fields, including Brage, Grane, Heidrun Oseberg and Veslefrikk, had planned shutdowns. BFOE loading schedules suggest North Sea maintenance could be relatively modest this year. The supply of North Sea crude that underpins the Brent contract, was set to average 870 kb/d in July, only marginally lower than an upwardly revised June, and only 60 kb/d below the May allocations. As such we have slightly trimmed the forecasted seasonal drop in North Sea output since last month's *Report*. North Sea total oil supply is forecast at just over 2.9 mb/d for 2015 as a whole, up 20 kb/d on the previous year.





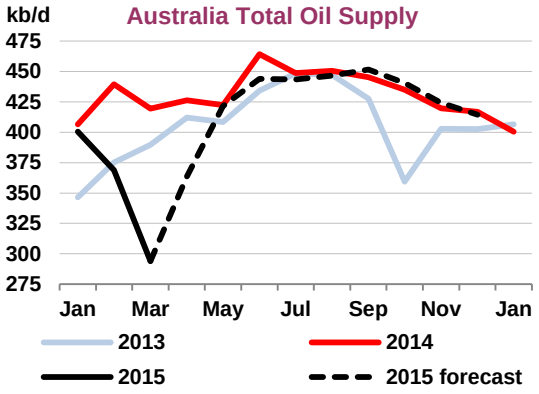
Norway – March actual, April preliminary: Norwegian oil output averaged 1.96 mb/d in April, of which 1.58 mb/d was crude. Output was marginally higher than March and April the previous year, and output continues to exceed official government prognoses; the latest data 5.6% above the Department of Energy's prognosis from last year. Final data for March show output at the Gudrun field falling to only 5 kb/d in March, from 35 kb/d a month earlier and 55 kb/d at the end of last year.

UK – February actual, March preliminary: In line with earlier estimates, UK offshore oil output fell steeply in February, down 70 kb/d from January and 140 kb/d below a year earlier. The Forties system, which includes the core Buzzard field, saw the sharpest declines, of 27 kb/d m-o-m, as the field recorded a drop of 16 kb/d to 155 kb/d. Preliminary data show that total UK oil output rebounded by around 70 kb/d in March.

Asia Oceania

Australia – March actual: Australia's oil production plunged to its lowest levels in more than a decade, as maintenance, industrial action and cyclone activity compounded natural declines at mature fields. Total supplies were 75 kb/d less than in February and 125 kb/d lower than the previous year. Of the total output of 295 kb/d, 100 kb/d was condensate while NGLs accounted for 45 kb/d.

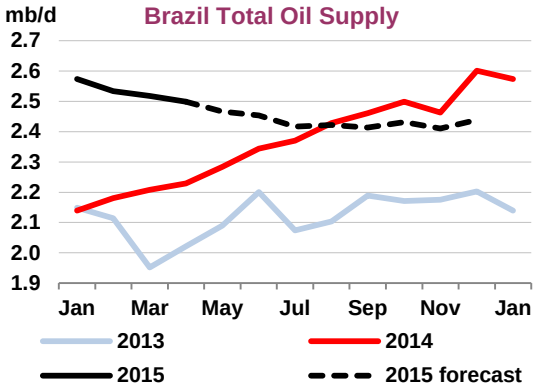
The drop in output was widespread. Production from Santos's Mutineer-Exeter/Fletcher-Finucane wells had been shut-in since mid-January as the FPSO was taken offline for scheduled maintenance until early May. Output at the Gippsland JV project, operated by ExxonMobil, averaged only 14 kb/d in 1Q15, a drop of more than 60% from 4Q14, as industrial action shut the crude oil plant for 45 days in the quarter. Production reportedly only resumed on 29 April. Cyclone activity during the month further cut NWS and Stybarrow output. The Stybarrow field, which has seen its output fall from a peak of 66 kb/d in 2008, produced less than 4 kb/d in 1Q15 and will be decommissioned later this year. On a more positive note, Apache finally brought on line its Coniston field in May after numerous delays. Output, which is expected to average 18 kb/d in the first year, will be tied back to the nearby Van Gogh FPSO.

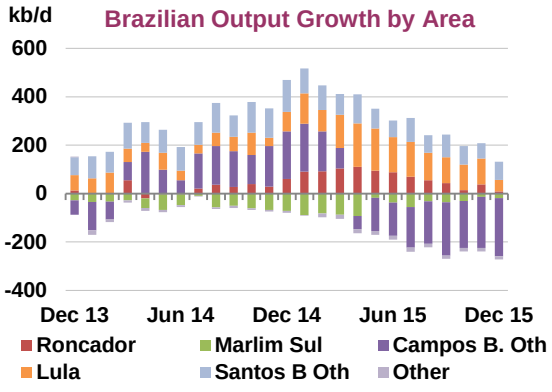


Non-OECD

Latin America

Brazil – April actual: Brazilian oil production fell for a fourth consecutive month in April, as new projects again failed to offset maintenance and field declines, with annual gains half those seen on average in 1Q15. At 2.5 mb/d, output was 20 kb/d lower than a month earlier, with declines mostly accounted for in the Campos Basin. Among others, Petrobras' P-58 FPSO, moored in the Parque de Baleias field in the Campos Basin, was reportedly stopped for preventive maintenance from 18 March to 8 April, while Statoil's Peregrino oil field declined by 50 kb/d to only 35 kb/d. Extended decline at the Marlin Fields also took its toll, with output at Marlim Sul dropping to only 165 kb/d, 90 kb/d less than a year earlier. Total Brazilian oil output was nevertheless up an impressive 270 kb/d from a year prior, with annual gains of 110 kb/d each at Saphinoa and Roncador, while the massive Lula field raised output by 180 kb/d to 308 kb/d in the latest month.





Heavily indebted Petrobras continues efforts to raise capital in the wake of a massive corruption scandal and huge write-downs that have crippled the state-controlled company. Petrobras has seen its access to capital constrained as its cost of borrowing surged. In June, the state-run company sold $2.5 billion worth of 100-year bonds, at a 6.85% yield. The bonds were sold at only 81.07% of face value however, raising only $2.03 billion and lifting the yield to 8.45%. The sale shows that despite its numerous problems, the company can still raise capital though investors are demanding higher returns. Petrobras signed $7 billion-worth of loans with the Chinese Development Bank in May during a visit to Brasilia by Chinese Premier Li Keqiang. The company also announced it had finalised a five-year export financing loan worth nearly $1 billion from Brazil's second largest private bank Banco Bradesco.

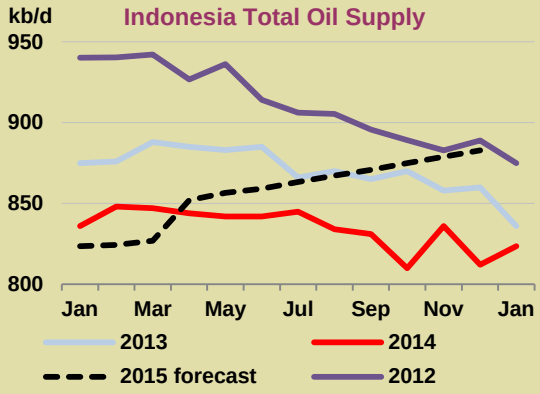
In all, Brazil's production is expected to grow by 110kb/d in 2015, to 2.5 mb/d, with most of the gains already completed. While new projects will struggle to offset field decline this year, production should get a boost from the start-up of the P-61 platform at the Papa-Terra Field, which Petrobras operates with JV partner Chevron in the southern tip of the Campos Basin. The P-61, Brazil's first tension leg wellhead platform, started operations in March. The platform will operate alongside the P-63 FPSO, which started production in November 2013, and has the capacity to process 140 kb/d of oil and 1 mcm of gas.

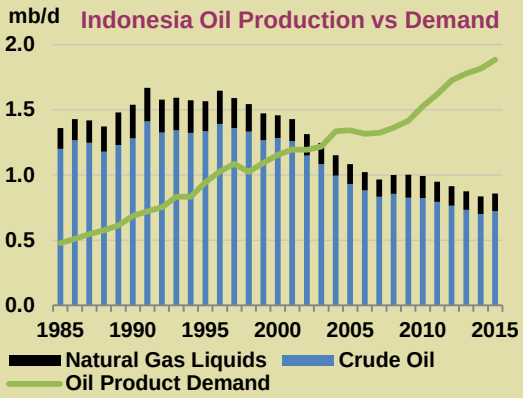
Colombia – April actual: Total oil production in Colombia averaged just shy of 1.03 mb/d in March and April, up 40 kb/d and 90 kb/d above the previous year, respectively, and nearly 60 kb/d higher than forecast for both months. Output is nevertheless expected to ease from current levels, as heavy spending cuts by state-run Ecopetrol, which produces more than half the country's oil, and the country's largest independent producer, Pacific Rubiales, take a toll on production. Both companies and the country's private-sector oil producer's oil association, ACP, have downgraded their expectations for the Latin American producer. ACP has stated it expects the country to struggle to sustain production above 1 mb/d through the end of the year, while Ecopetrol recently cut its production target from 1 mb/d in 2020 to 870 kb/d as lower prices and cutbacks in oilfield E&D investments filter through to output.

Asia

Indonesian comeback?

Seven years after leaving OPEC, Indonesia has announced it is looking to re-join the producer group, according to its Energy Minister Sudiman Said. Indonesia suspended its membership in 2008 after a combination of declining domestic production and surging internal demand saw the country become a net importer. Since peaking at a rate above 1.6 mb/d in the mid-1990s, Indonesia's crude oil production has consistently lagged government targets, as a lack of investment has resulted in steep declines at its maturing oil fields. Indonesia produced around 835 kb/d of oil in 2014 and consumed more than twice as much.



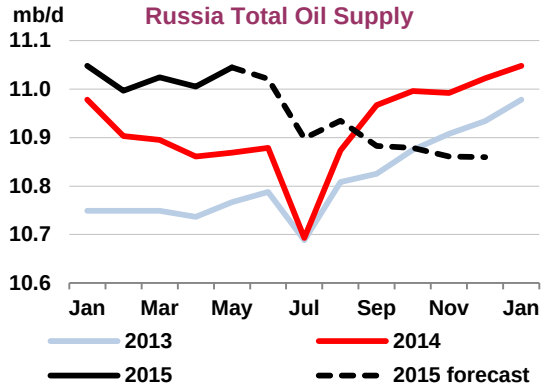


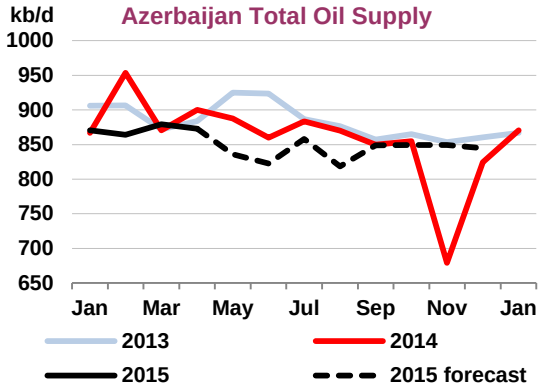
The year 2015 could mark a trend reversal, however. After numerous delays, ExxonMobil and JV partner Pertamina finally began ramping up production at the Banyu Urip field, which is part of the Cepu block in East Java. At planned peak production, Banyu Urip is expected to produce as much as 165 kb/d – a target which some reports indicate has been revised to 200 kb/d. According to a company statement, the oilfield was already producing 75 kb/d at the end of April. The Banyu Urip field, which was discovered in 2001 and is one of the largest discoveries made in Asia in the last 15 years, has faced numerous development delays due to disagreements between the US oil major and the Indonesian state oil company. The field could help Indonesia offset decline this year, enabling it to post its first annual production growth in nearly 20 years. Banyu Urip is a light to medium waxy crude with very low sulphur content that will yield good output of diesel, kerosene and vacuum gas oil according to ExxonMobil. The company estimates recoverable resources at the field at more than 450 million barrels. At full production, Banyu Urip will be Indonesia's largest oil project, ExxonMobil said. Further increases this year could come from the Bukit Toa field in East Java, operated by Petronas Carigali, could reach peak production of 20 kb/d by the end of the year.

Former Soviet Union

Russia – April actual, May preliminary: Russian crude and condensate production continued to defy expectations in May, rising another 40 kb/d, to 10.7 mb/d. Increased drilling operations by Russian producers of around 15% y-o-y during the first four months of the year has offset decline at mature fields, while condensate production has also increased as new projects are coming on stream. Russia's largest producer, Rosneft, saw its production decline, despite increased drilling operations. In particular, Rosneft has embarked on a programme to stabilise production at is massive Samotlor field. Rosneft was also reported to have brought on stream the 94 mb Protzanovskoye field at its Uvat project in west Siberia, which will add 20 kb/d once it reached peak production. Rosneft brought on line a new block at West Siberia's 1-billion-bbl Samotlor field, which should help offset decline at the giant field. Bashneft and Gazpromneft showed the highest output growth rates, along with Novatek, who brought on new projects. Most recently, Total announced that it had started production at its Termokarstovoye field, which is a joint venture with Novatek. The field will produce 233 mcm/d of gas and 20 kb/d of condensates when fully operational.

Faced with the need to balance debt repayments and new investments, Rosneft is looking for huge new loans as it seems to have exhausted possibilities to obtain pre-payments from buyers and traders. The company is seeking to raise up to Rbs 10 trillion ($200 billion) reportedly mainly on a short term basis from three Russian state controlled banks (VTB, Russian Regional Development Bank and Gazprombank). Rosneft was reportedly to ask its shareholders for approval to borrow the money on its shareholder annual general meeting (AGM) on 17 June. Rosneft has been forced to reduce and delay its investment programme, not only due to lower oil prices and international sanctions but also to its debt obligations. Rosneft had debt of $45 bn at the end of 2014 after borrowing heavily mainly to finance its 2013 acquisition of TNK-BP, of which $23.5 billion is due in 2015. Rosneft has also been looking to the government for support from the National Wealth Fund, from which it sought $40 billion (Rbs 1.5-2 trillion) to finance 28 projects. The Government indicated it would not be able or willing to allocate the full amount, and that it would only consider financing specific projects. Rosneft raised $10 billion in a rouble bond issued ahead of a December 2014 deadline to repay $7 bn of debt. In January, the company raised another $6 bn in another rouble bond issue ahead of a $7 bn debt repayment on 13 February, 2015. Another loan was reimbursed using company cash flow in May 2015.





Other FSU: April actual: Azeri output averaged 870 kb/d in April, largely unchanged from a month earlier. BP suspended operations at its West Azeri platform in the Caspian Sea on 21 May for 22 days and plans to halt output at its Chirag platform for maintenance in early August. Both the West Azeri and the Chirag platforms operate at the massive ACG field in the Caspian Sean and produced at 129 kb/d and 54 kb/d in 1Q15, respectively. Kazakhstan's production was unchanged at 1.75 mb/d, while in Turkmenistan higher output from the Cheleken and Nebit Dag fields continued to support growth.

FSU net exports dropped by 260 kb/d to average 9.9 mb/d in April, marking the first time this year that they have sunk below 10 mb/d. Crude oil shipments fell by 130 kb/d, although much of this fall came from Kazakh and Azeri exports while Russian exports through the Transneft network remained relatively stable at 4.4 mb/d as domestic demand for crude fell as seasonal refinery maintenance ramped up. Exports from southern terminals fell by nearly 300 kb/d as flows through the CPC and BTC pipelines decreasing by 80 kb/d and 30 kb/d, respectively, while volumes shipped via other non-Russian Caspian ports slipped by approximately 70 kb/d. Russian exports from Novorossiysk fell by 100 kb/d as exporters likely diverted flows to other outlets amid reports of unsold sour cargoes in the Mediterranean.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	2Q2014	3Q2014	4Q2014	1Q2015	Feb 15	Mar 15	Apr 15	Latest month vs. Mar 15	Latest month vs. Apr 14
Crude											
Black Sea	1.78	1.62	1.65	1.59	1.50	1.83	1.87	1.84	1.59	-0.25	-0.20
Baltic	1.57	1.33	1.46	1.32	1.20	1.47	1.45	1.44	1.56	0.12	0.00
Arctic/FarEast	0.81	1.14	1.18	1.23	1.26	1.36	1.38	1.38	1.43	0.05	0.23
BTC	0.64	0.60	0.59	0.68	0.55	0.64	0.59	0.61	0.58	-0.03	-0.03
Crude Seaborne	**4.80**	**4.69**	**4.88**	**4.82**	**4.51**	**5.29**	**5.30**	**5.26**	**5.16**	**-0.10**	**0.00**
Druzhba Pipeline	1.03	1.01	1.00	1.03	0.99	1.07	1.05	1.14	1.10	-0.04	0.03
Other Routes	0.57	0.40	0.38	0.28	0.21	0.25	0.26	0.25	0.26	0.01	-0.12
Total Crude Exports	**6.40**	**6.14**	**6.26**	**6.22**	**5.71**	**6.61**	**6.61**	**6.65**	**6.52**	**-0.13**	**-0.10**
Of Which: Transneft[1]	4.08	3.88	4.02	3.90	3.65	4.27	4.22	4.31	4.36	0.05	0.13
Products											
Fuel oil[2]	1.64	1.72	1.75	1.79	1.71	1.65	1.65	1.60	1.75	0.14	-0.09
Gasoil	0.85	0.95	1.00	0.88	0.88	1.22	1.20	1.22	1.08	-0.14	0.11
Other Products	0.51	0.57	0.61	0.55	0.50	0.73	0.72	0.75	0.65	-0.10	0.08
Total Product	**3.00**	**3.25**	**3.37**	**3.22**	**3.09**	**3.61**	**3.57**	**3.58**	**3.48**	**-0.10**	**0.11**
Total Exports	**9.40**	**9.38**	**9.63**	**9.44**	**8.90**	**10.22**	**10.17**	**10.23**	**10.00**	**-0.23**	**0.00**
Imports	0.08	0.08	0.07	0.10	0.10	0.05	0.06	0.04	0.08	0.03	0.01
Net Exports	**9.32**	**9.30**	**9.56**	**9.34**	**8.81**	**10.17**	**10.11**	**10.18**	**9.92**	**-0.26**	**-0.01**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

In the east, exports from Kozmino, the end-point of the ESPO pipeline, hit a new record of 670 kb/d with ship -tracking data indicating that Korea upped its purchases from the terminal, while seaborne exports to China remained at about 270 kb/d, about double the 2014 average. China also imported a combined 460 kb/d of FSU crudes via the Amur spur pipeline to Daqing and the Atasu – Alashankou pipeline.

As Russian refineries entered maintenance, product exports were curbed by 100 kb/d to 3.5 mb/d in April. However, they remained over 100 kb/d above year-earlier levels. The spur for this year-on-year growth has not necessarily been the recent changes in Russian product export taxes but rather the current year-on-year contraction in Russian oil demand as the country remains mired in a recession.

OECD STOCKS

Summary

- **Stock builds have persisted into the second quarter as global supply continues to outstrip demand**. Preliminary indications are that builds have been centred in China, the US and Europe, while product builds have begun to catch up with crude, especially in the OECD.

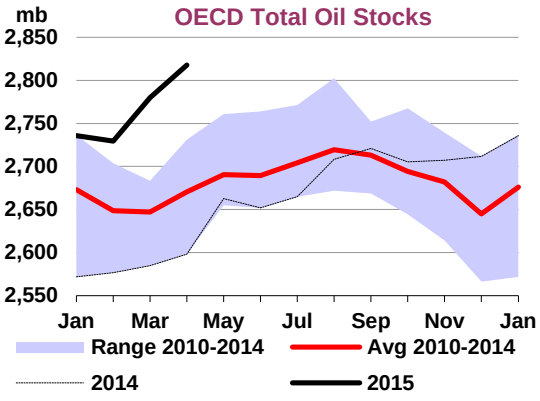
- **OECD commercial inventories built by a steep 38.0 mb in April**, ending at a 147 mb surplus versus average levels, the widest since April 2009.

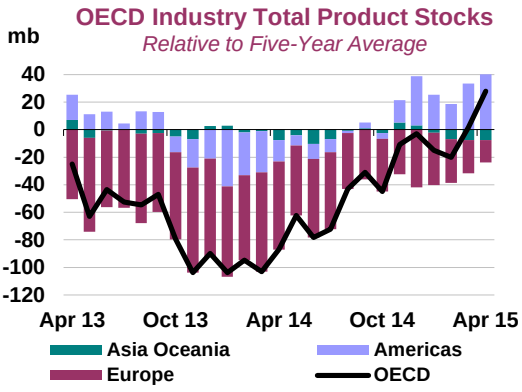
- **Following revisions to March data, OECD refined product inventories are now seen at a surplus to average levels for the first time since January 2011**. By April, the surplus had widened to 28 mb as OECD product holdings climbed by a steep 26.9 mb. On a days-of-forward-demand basis, inventories covered 30.7 days at end-April, 0.4 days above end-March.

- **The deficit of European inventories to average levels has narrowed sharply over recent months;** by end-April they stood a slim 0.5 mb below average. The deficit remains centred in refined product holdings, offsetting a surplus in crude oil.

- **Preliminary data indicate that OECD inventories added 12.6 mb in May** led by a 13.6 mb rise in refined products while crude stocks added a slim 0.4 mb as US posted its first month-on-month decline in crude holdings for nine months.

- **The implied national crude build in China ballooned to 33 mb in April as net imports hit a record level.** In May, despite imports falling steeply, data imply that Chinese crude inventories likely continued to build. Chinese crude stock have now built by approximately 90 mb over the first five months of 2015.





Global overview

Preliminary data indicate stock builds continued into the second quarter. Global supply and demand balances suggest that the pace of builds is not expected to slow until the third quarter when supply growth is projected to be reined in. Indications from the OECD suggest the builds have begun to spread outside of the US. In April, European inventories moved to their smallest deficit against average levels in nearly four and a half years. There is also evidence that product builds are starting to catch up with crude; OECD product inventories now stand in surplus to average levels for the first time since 2011.

Meanwhile, despite a sharp fall in crude imports in May, China is still building crude stocks and has accumulated approximately 90 mb of crude over the first five months of the year. Reports from shipbrokers also indicate that over March to May floating storage built, mostly located off Asia. However, as the contango structure of many markets flattened over recent weeks, indications are that these volumes are being swiftly offloaded and will likely be transferred to on-land tanks where storage costs are lower.

OECD inventory position at end-April and revisions to preliminary data

OECD commercial inventories rose seasonally by 38.0 mb in April to leave stocks at 2 818 mb by end-month. Since this was steeper than the 23.5 mb average build for the month, inventories' surplus to average levels widened to an astounding 147 mb, the largest since April 2009 and up from 133 mb one month earlier. Although April marked the first month this year that builds were led by products, rather than crude, there were few signs to suggest that the large overhang in OECD crude inventories, centred in the US and built up over the first quarter, was being processed into refined products. The vast majority of the refined products build was in 'other products' and located in the US. These holdings were primarily composed of propane and ethane, products which largely bypass the refinery system and which built steeply as winter space heating demand ebbed. Moreover, when excluding 'other products', US product inventories only added a slim 2.6 mb.

Following upwards revisions to March data, OECD refined product inventories climbed to a surplus against average levels during that month for the first time since January 2011. By April, the surplus had grown to 28 mb as OECD product inventories rose steeply by 26.9 mb, compared to a five-year average build of 0.6 mb/d. On a days-of-forward-demand basis, products inventories covered 30.7 days at end-April, 0.4 days above end-March. Middle distillates rose counter-seasonally by 7.6 mb and by end-month stood 8.6 mb below average, their smallest deficit since March 2012. Residual fuel oil inventories now account for the bulk of the deficit in refined products. The fuel oil deficit is concentrated in OECD Europe where stock holders appear unwilling to build inventory amid declining regional demand following the recent switch to more stringent bunker fuel specifications.

Revisions versus 13 May 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Feb-15	Mar-15	Feb-15	Mar-15	Feb-15	Mar-15	Feb-15	Mar-15
Crude Oil	**0.3**	**-5.8**	**0.6**	**19.6**	**-0.1**	**-4.1**	**0.8**	**9.7**
Gasoline	-0.6	-0.7	1.5	-0.2	0.0	-0.5	0.9	-1.4
Middle Distillates	-0.7	1.9	0.7	1.6	0.0	-0.6	0.0	3.0
Residual Fuel Oil	0.0	0.7	0.0	-2.5	0.0	-0.1	0.0	-1.9
Other Products	-0.4	-3.2	-0.2	0.7	0.0	-0.9	-0.6	-3.4
Total Products	**-1.7**	**-1.3**	**2.0**	**-0.4**	**0.0**	**-2.1**	**0.3**	**-3.8**
Other Oils[1]	0.0	4.3	0.0	3.0	0.0	0.0	0.0	7.3
Total Oil	**-1.4**	**-2.7**	**2.6**	**22.2**	**-0.1**	**-6.3**	**1.1**	**13.2**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Upon the receipt of more complete data, OECD industry stocks were adjusted upwards by 13.2 mb in March. The revision came from a 19.6 mb adjustment to European crude stocks (centred in Italy and the Netherlands) which more than offset downward revisions elsewhere. Together with a 3.0 mb upward adjustment in 'other oils', this saw European stocks soar counter-seasonally by 27.5 mb in March compared to the 7.8 mb build presented in last month's *Report*. Since inventories also built counter-seasonally by 0.4 mb in April, the deficit of the region's stocks to average levels stood at a slim 0.5 mb at end-month, its smallest since January 2011.

Preliminary data indicate that OECD inventories added 12.6 mb in May, led by a steep 15.2 mb build in Japanese holdings which more-than-offset a 4.5 mb draw in European inventories. Refined products

posted a 13.6 mb build with all product categories except motor gasoline (-12.8 mb) posting builds. Notably, 'other products' rose by 18.6 mb as the seasonal restocking of propane inventories continued apace. Middle distillates rose by 4.2 mb, far steeper than the 0.8 mb five-year average build for the month, which saw their deficit versus average levels narrow further to 5 mb. Crude oil built by a slim 0.4 mb, although for the first time in several months this was not led by the US as crude stocks there posted a 9.6 mb draw to arrest recent steep builds.

Preliminary Industry Stock Change in April 2015 and First Quarter 2015

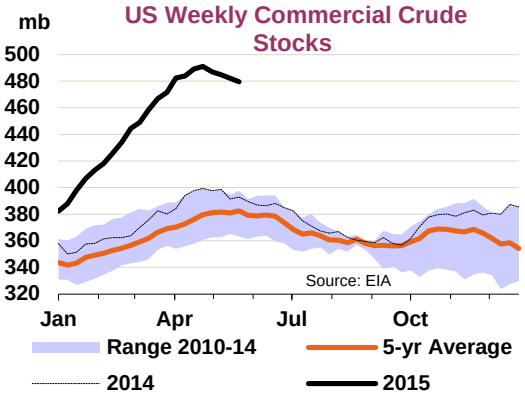
	April 2015 (preliminary) *(million barrels)*				*(million barrels per day)*				First Quarter 2015 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**10.7**	**0.4**	**-1.8**	**9.3**	**0.36**	**0.01**	**-0.06**	**0.31**	**0.82**	**0.32**	**-0.02**	**1.11**
Gasoline	-3.5	-2.7	0.2	-6.0	-0.12	-0.09	0.01	-0.20	-0.11	0.11	0.02	0.01
Middle Distillates	1.5	4.6	1.5	7.5	0.05	0.15	0.05	0.25	-0.09	0.08	-0.09	-0.10
Residual Fuel Oil	1.1	0.9	1.4	3.4	0.04	0.03	0.05	0.11	0.05	0.01	-0.03	0.03
Other Products	23.6	-1.8	0.0	21.9	0.79	-0.06	0.00	0.73	-0.23	-0.01	-0.09	-0.33
Total Products	**22.7**	**1.1**	**3.1**	**26.8**	**0.76**	**0.04**	**0.10**	**0.89**	**-0.39**	**0.19**	**-0.18**	**-0.38**
Other Oils[1]	1.4	-1.0	1.5	1.9	0.05	-0.03	0.05	0.06	-0.01	0.06	-0.02	0.03
Total Oil	**34.8**	**0.4**	**2.8**	**38.0**	**1.16**	**0.01**	**0.09**	**1.27**	**0.42**	**0.56**	**-0.23**	**0.76**

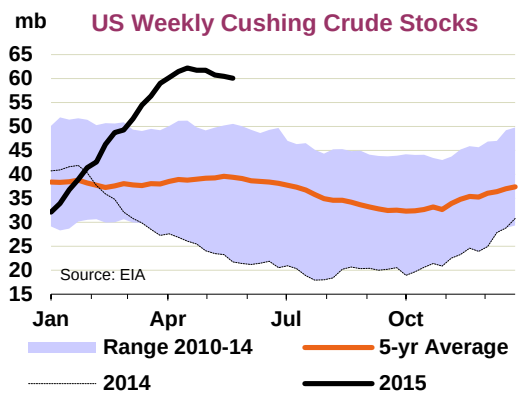
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Recent OECD industry stock changes

OECD Americas

Industry inventories in OECD Americas increased by 34.8 mb in April, roughly twice their seasonal build for the month, which saw their surplus to average levels widen to a steep 178 mb. The monthly build was driven by a 23.6 mb rise in 'other products', largely propane and ethane, the supply of which largely bypasses the refinery system and which rose as space heating demand fell. As refiners came back from maintenance, crude oil stocks added 10.7 mb, slightly steeper than the 7.3 mb average build for the month but significantly less than recent builds which had averaged nearly 25 mb per month over the first quarter. Motor gasoline inventories dropped by a relatively weak 3.5 mb as refiners destocked ahead of the switch to summer-grade product. Middle distillates rose counter-seasonally by 1.5 mb, which saw their deficit to average levels fall to 3.3 mb, the smallest since March 2012. All told, refined products covered 29.8 days at end-April, 0.7 days above end-March.

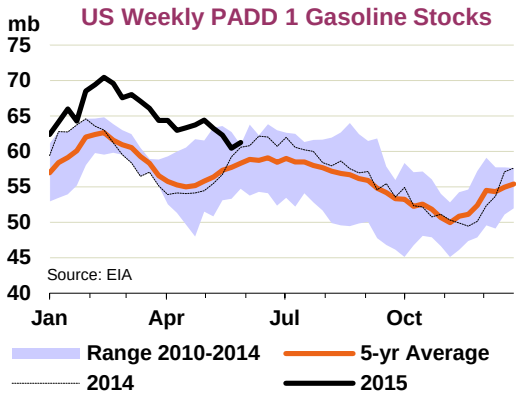


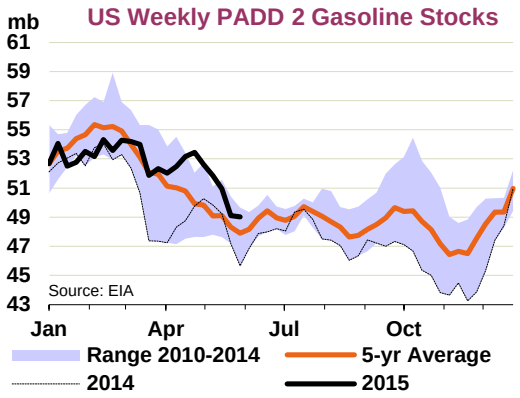


Preliminary weekly data from the US Energy Information Administration (EIA) indicate that during May the pace of stock builds in the US slowed from previous months. Total oil inventories added a slim 1.9 mb, significantly less that the 19.9 mb five-year average build after a 14.5 mb increase in refined products more-than-offset a combined 12.6 mb draw in crude oil, NGLs and other feedstocks.

Crude oil decreased steeply by 9.6 mb, bringing to a halt eight consecutive monthly builds totalling 122 mb. The main catalyst for the decline was a 300 kb/d m-o-m reduction in crude imports largely after wildfires and upgrader maintenance in Canada stymied imports into PADD 2 (the Midcontinent). An

additional drain on crude stocks came from a 70 kb/d hike in refinery throughputs as plants continued ramping up runs to meet higher summer demand after completing seasonal maintenance. Cushing stocks drew by 2.6 mb during May and by end-month stood at 60 mb, equating to 83% of working storage capacity at the hub according to the most recent March 2015 EIA survey of storage capacity. According to reports, it is likely that a portion of the oil destocked from Cushing was destined for the SPR located on the Gulf Coast which is in the midst of replenishing the 5 mb it sold during a test sale in 2014.

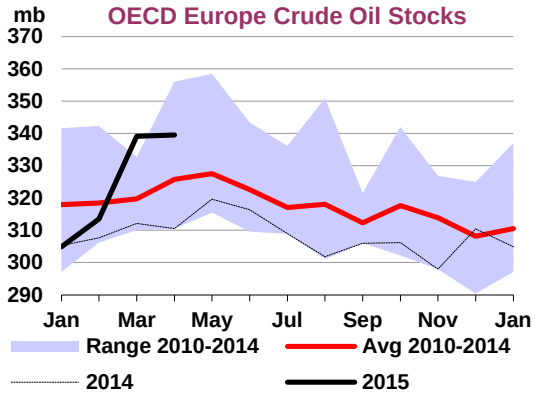


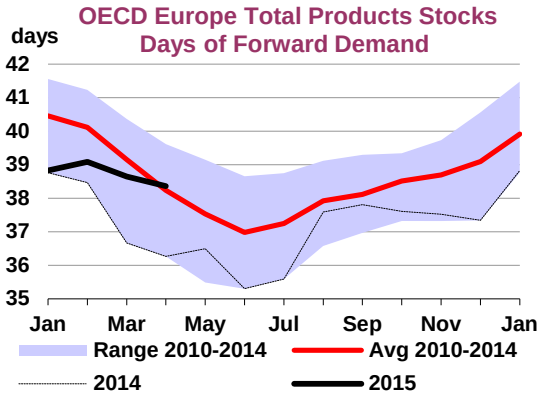


Despite the increase in refinery throughputs, US refined product inventories, excluding 'other products', drew counter-seasonally by 1.5 mb. This draw was led by motor gasoline which defied seasonal trends and dropped by 7.6 mb. Although national gasoline inventories remain above average levels, they have drawn steeply by nearly 20 mb over the past three months with the draw concentrated in PADDs 1 and 2. Despite reports of localised supply tightness in these two regions, recent data indicate that stocks in both regions remained above average by end-May.

OECD Europe

European commercial inventories built counter-seasonally by a slim 0.4 mb in April. Consequently, their deficit to average levels narrowed to 0.5 mb, the smallest since March 2012. The deficit is centred in refined products, which at end-April, stood 16.1 mb below average, while crude, NGLs and other feedstocks remained 15.6 mb above average. The monthly build resulted from a counter-seasonal increase in refined products (+1.1 mb) which was likely driven by relatively strong refining activity. Despite throughputs falling on a monthly basis as a number of plants conducted maintenance, they remained higher than a year earlier amid strong margins. The strong refinery activity weighed on crude stocks which increased by a slim 0.4 mb, during a month when they have built 6.0 mb on average over the past five years. NGLs and other feedstocks adhered to seasonal trends, drawing by 1.0 mb.



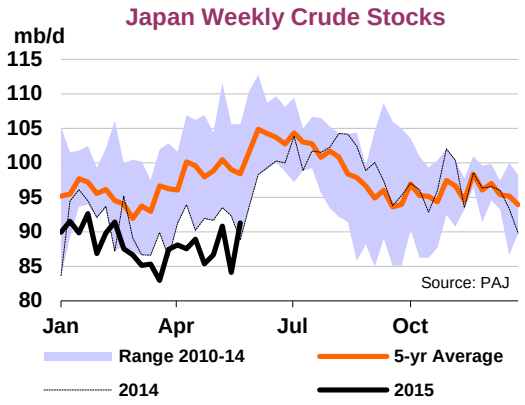


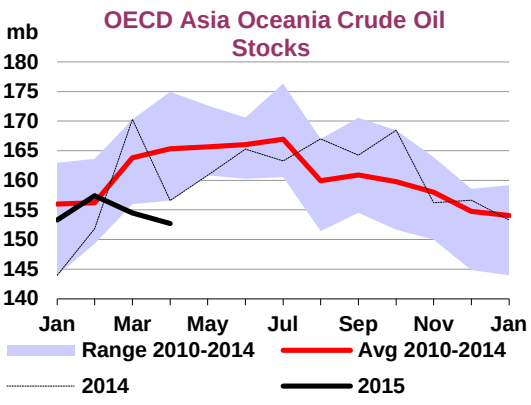
The monthly build in refined products was driven by middle distillates, which rose by 4.6 mb, counter-seasonal to the 4.0 mb five-year average draw for the month. Gasoline followed seasonal trends and drew by 2.7 mb amid healthy exports to West Africa and the US Atlantic Coast. All told, at end-April, refined product holdings covered 38.2 days of forward demand, 0.3 days lower than end-March as demand is seen rising over coming months. All product categories bar gasoline continue to lag average levels. Notably fuel oil remains 11.5 mb below average, likely as stockholders have reduced their inventories of the product as regional demand has decreased in line with the recent switch to low sulphur bunker fuels.

Preliminary data from Euroilstock for EU15 plus Norway, indicate that European commercial inventories followed seasonal trends and drew by 4.5 mb in May. Stocks were driven lower by a 6.0 mb draw in refined products which more-than-offset a 1.5 mb build in crude oil. Motor gasoline inventories fell by a steep 6.2 mb amid reports of strong transatlantic gasoline exports while middle distillates holdings remained stable at 264 mb, which saw their deficit to average levels narrow to 1.8 mb.

OECD Asia Oceania

Industry oil inventories in OECD Asia Oceania added a slim 2.8 mb in April, which saw the regions deficit versus average level widen to 29.6 mb at end-month, a remarkable turnaround considering regional inventories stood in surplus in October 2014. A portion of this is likely linked to the ongoing rationalization of the Japanese refining industry as refiners reduce their feedstock holdings as capacity is closed. By end-April Japanese combined stocks of crude, NGLs and other feedstocks stood 12 mb below one-year earlier and 22 mb below the five-year average. Some of the closed plants will be turned into import terminals with crude storage switched over to products. However, this transformation will likely take some time bearing in mind recent, similar projects in Europe.



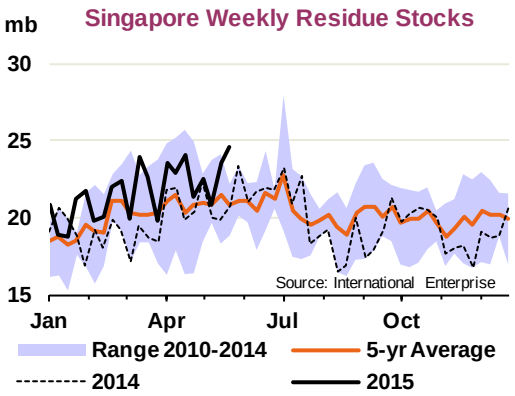


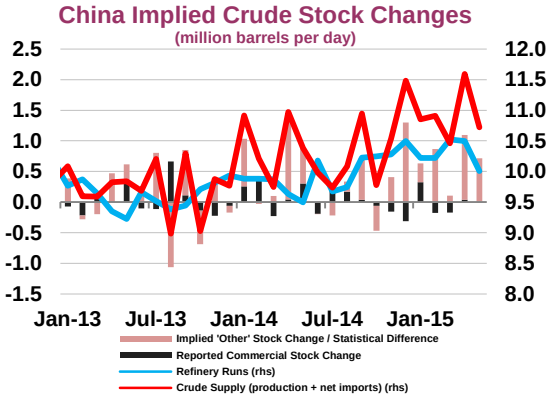
The monthly build in stocks was driven by refined products which posted a seasonal build of 3.1 mb spanning all product categories. By end-April, refined products covered 20.2 days of forward demand, 0.6 days higher that at end-March. Crude inventories retreated counter-seasonally by 1.8 mb driven by a 3.5 mb draw in Japanese inventories as crude imports there fell.

Weekly data from the Petroleum Association of Japan indicate that stocks added 15.2 mb during May as crude oil holdings rose steeply by 8.5 mb. Despite refinery throughputs slipping by close to 300 kb/d due to seasonal maintenance, refined products added 5.1 mb amid reports that extra cargoes of clean products were shipped to Japan from the Middle East. All product categories posted builds, notably the increase in motor gasoline (1.0 mb) was counter-seasonal.

Recent developments in Singapore and China stocks

According to weekly data from International Enterprise, land-based refined product inventories in Singapore rose by 3.0 mb in May. Surging fuel oil holdings (+3.1 mb) drove the build and by end-month they stood at close to 25 mb, their highest level in over 5 years. A wide arbitrage to ship product to Asia from Europe attracted cargoes to the region with stockholders content to increase inventories amid healthy regional bunker demand and ahead of summer when inflows from Saudi Arabia are expected to be curbed. Light distillates added 0.2 mb to stand above their five-year range while middle distillates drew steadily over the month and by month-end remained 0.3 mb below one month earlier.



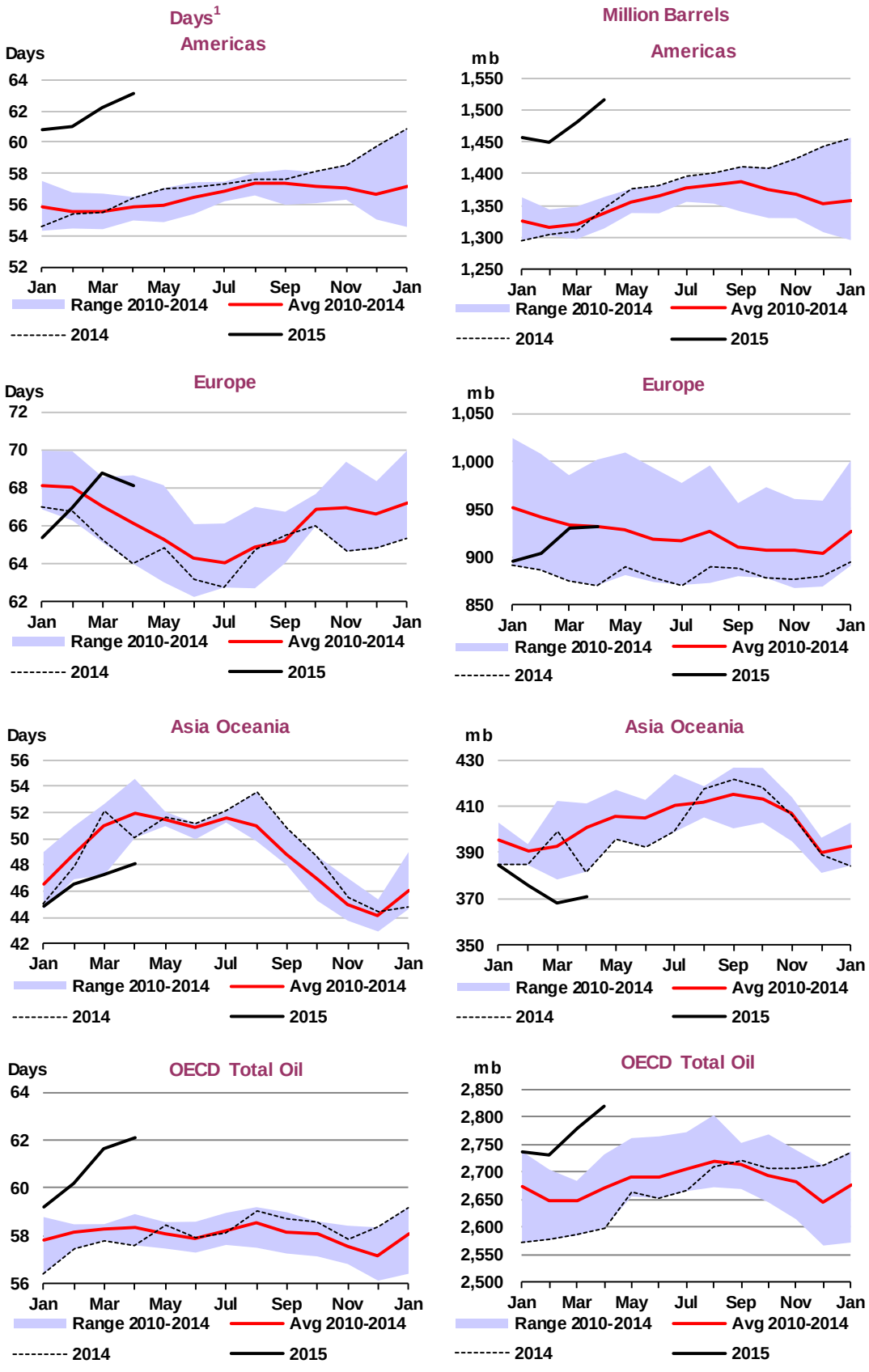


Data from *China Oil, Gas and Petrochemicals* (*China OGP*) suggest that Chinese commercial crude inventories (excluding the strategic petroleum reserve) inched up by an equivalent 1.2 mb in April (data are reported in terms of percentage stock change) as crude net imports hit a new record of 7.3 mb/d and outstripped refinery throughputs. Nonetheless, according to preliminary crude supply and refining data, the national crude build was much steeper since the gap between crude supply (crude production and net imports minus refinery throughputs) ballooned to 33 mb, its largest since April 2014. Although information on the construction schedule of Chinese SPR sites is sketchy, it is likely that no new sites have been commissioned so far in 2015. Therefore, most of the extra build is likely to have taken place at unreported commercial storage sites such as bulk terminals. Despite preliminary May data showing a sharp fall in crude imports, crude supply still outstripped estimated refinery demand which saw implied crude stocks build. Over the first five months of this year data imply that China has accumulated approximately 90 mb of crude inventory.

Chinese refined products inventories dropped by 3.5 mb in April led by a 4.7 mb draw in diesel stocks. Relatively high exports weighed on diesel stocks, as amid sluggish domestic demand, they exceeded 110 kb/d, their highest since June 2014. Additionally, kerosene holdings slipped by 0.6 mb while gasoline inventories added 1.7 mb.

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

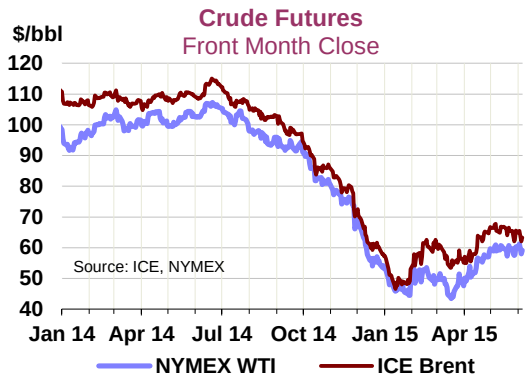
- **Product market strength and conflict in the Middle East supported global crude oil prices in May and through early June.** OPEC's 5 June decision to stick with its official 30 mb/d production ceiling and market expectations the group would continue to pump around 1 mb/d above that target limited oil's upside potential. At the time of writing, ICE Brent was trading at around $65.95/bbl while US WTI was at $61.50/bbl.

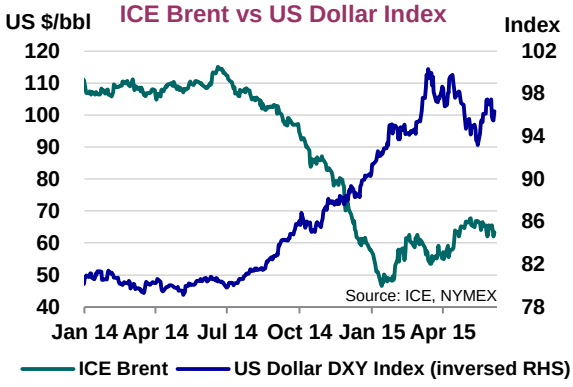
- **An overhang of light, sweet crude in the Atlantic Basin spot market has depressed differentials for North Sea and West African barrels versus Dated Brent.** But still-healthy demand for sour Middle East crude oil in Asia led Saudi Arabia to raise its monthly formula price for Arab Light loading in July to customers in the region.

- **Spot product prices increased across the board on a monthly average basis in May amid reports of healthy demand for motor fuels and as future supply concerns weighed on fuel oil markets.** Tightness in the US gasoline market saw cracks surge there to their highest levels in nearly three years while in Europe, markets were supported by seasonal refinery maintenance and export demand.

- **Recent data indicate that outside of the US, consumers have seen very little benefit of lower crude prices** with falls in the pump price of motor fuels not matching falls in crude due to the effect of high taxes and the strength of the US Dollar.

- **Rates for very-large-crude-carriers (VLCCs) from the Middle East Gulf to China reached their highest** monthly average since the 2008 supercontango.





Market overview

Oil prices edged higher month-on-month (m-o-m) in May, stoked by product market strength and rising tension in Yemen, northern Iraq and Syria. The upside was limited, however, by plentiful supplies and a firmer US dollar which makes dollar-denominated crude more expensive for holders of other currencies. Adding pressure, OPEC oil ministers meeting in Vienna swiftly agreed to sustain the Saudi-led strategy put in place last November to defend market share rather than price.

While trading far above a six-year low of $45/bbl in January, ICE Brent is 45% below last June's peak above $115 /bbl. Its premium over US WTI has fallen by about 35% since mid-April, narrowing to $4.25 /bbl. In the United States, higher refinery runs to meet gasoline demand during peak driving season and slower light tight oil (LTO) output growth have helped to drain down bulging stocks and support WTI.

Prompt Month Oil Futures Prices

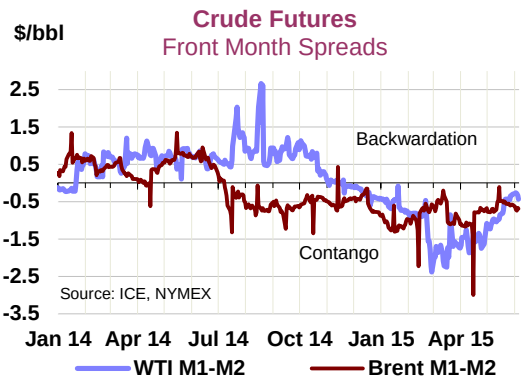
(monthly and weekly averages, $/bbl)

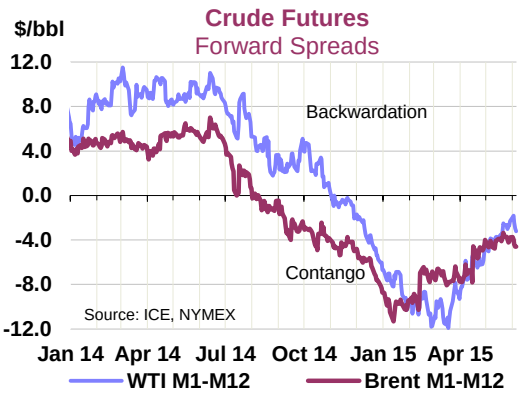
	Mar	Apr	May	May-Apr Avg Chg	% Chg	Week Commencing: 04 May	11 May	18 May	25 May	01 Jun
NYMEX										
Light Sweet Crude Oil	47.85	54.63	59.37	4.74	8.7	59.72	60.01	59.22	58.38	59.65
RBOB	76.68	79.74	85.19	5.46	6.8	84.97	85.52	85.79	84.14	85.37
No.2 Heating Oil	74.82	77.30	82.42	5.13	6.6	83.37	83.66	82.32	79.62	79.61
No.2 Heating Oil ($/mmbtu)	13.20	13.63	14.54	0.90	6.6	14.70	14.76	14.52	14.04	14.04
Henry Hub Natural Gas ($/mmbtu)	2.75	2.59	2.86	0.27	10.2	2.80	2.93	2.94	2.75	2.64
ICE										
Brent	56.94	61.14	65.61	4.47	7.3	66.53	66.40	65.45	63.89	63.90
Gasoil	73.13	75.19	80.54	5.34	7.1	81.75	81.07	80.64	78.69	77.99
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-9.09	-6.51	-6.24	0.27		-6.81	-6.39	-6.23	-5.51	-4.25
NYMEX No.2 Heating Oil - WTI	26.97	22.67	23.05	0.39		23.65	23.65	23.10	21.24	19.96
NYMEX RBOB - WTI	28.83	25.11	25.82	0.72		25.25	25.51	26.57	25.76	25.72
NYMEX 3-2-1 Crack (RBOB)	28.21	24.30	24.90	0.61		24.72	24.89	25.42	24.25	23.80
NYMEX No.2 - Natural Gas ($/mmbtu)	10.45	11.04	11.68	0.64		11.91	11.82	11.58	11.30	11.40
ICE Gasoil - ICE Brent	16.19	14.05	14.93	0.87		15.22	14.67	15.19	14.80	14.09

Source: ICE, NYMEX.

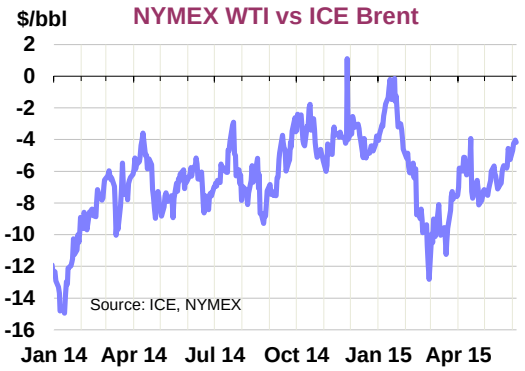
Global crude oil benchmarks have held relatively steady since the end of April. ICE Brent futures rose $4.47 /bbl, or 7.3%, from April to an average $65.61/bbl in May. NYMEX WTI strengthened by $4.74 /bbl, or 8.7%, versus April to an average $59.37/bbl in May. ICE Brent was last at around $65.95/bbl. US WTI was trading at roughly $61.50/bbl.

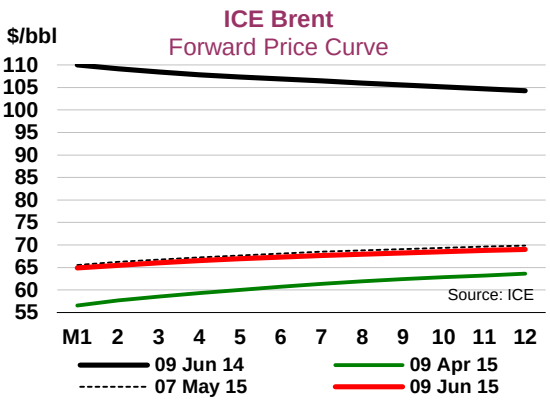
Refiners' robust demand for crude meanwhile flattened the contango structure – where prices for immediate delivery are discounted versus forward months – for both Brent and WTI during May. Brent's flatter contango is starting to draw some crude sales out of floating storage. The discount of prompt-month to second-month Brent shrank to -$0.58/bbl in May versus -$1.02/bbl in April. The NYMEX WTI M1-M2 spread narrowed to -$0.77/bbl in May compared to -$1.50/bbl in April.





Forward curves showed a similar flattening. The Brent M1-M12 contract spread pulled in to -$4.09 /bbl in May compared to -$6/bbl in April. The WTI M1-M12 spread contracted to -$3.55/bbl in May versus -$6.49 /bbl in April.

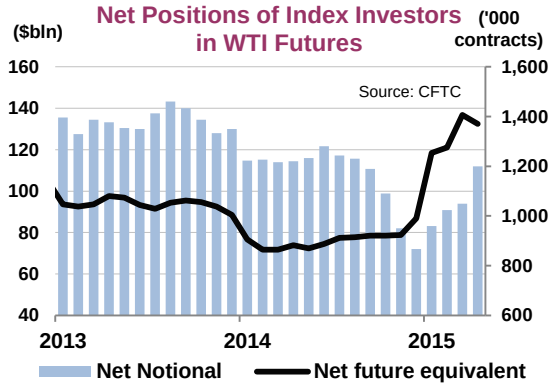


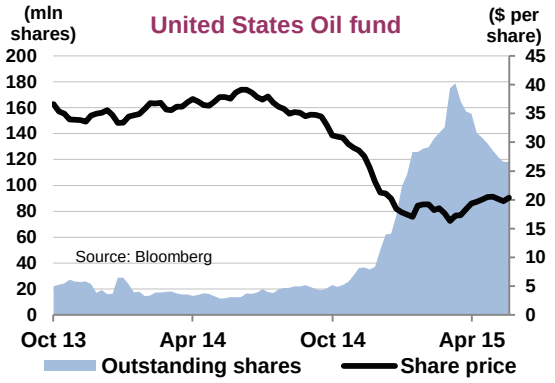


Financial markets

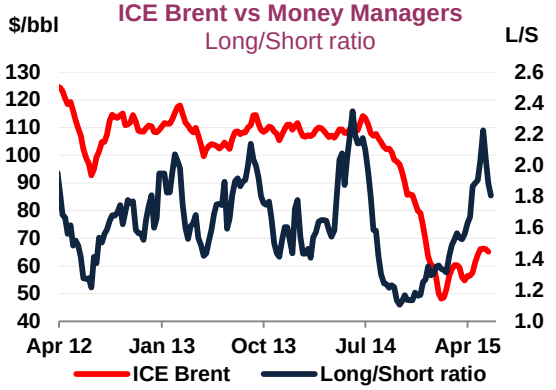
Market activity

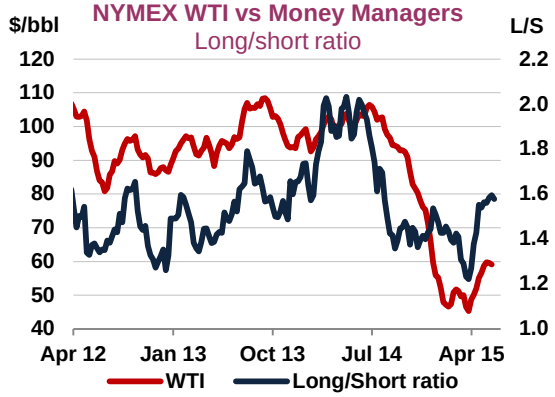
In May, investors in WTI-based funds reduced their overall net investment for the first time in a year. Index-investment data, compiled monthly by the US Commodity Futures Trading Commission, encompasses a wide array of funds and investment vehicles (both on and off exchange) designed to track the WTI oil price. Oil attracted a big inflow of capital after the 2014 price crash, as investors poured money into WTI-based funds as they sought a good return. The US Oil Fund, the largest exchange-traded oil-based fund by capitalisation, cut shares by as much as 30% from its peak in late March.





Hedge funds adopted a decisively more bearish stance towards ICE Brent in the second half of May. The '*long-to-short ratio*' indicating funds' average exposure slowed down and then had a brisk reversal before the 5 June OPEC meeting. In contrast, fund's interest in NYMEX WTI remained stable throughout the month, as the Cushing-delivered benchmark moved in a relatively narrow range and remains relatively disconnected from global markets.



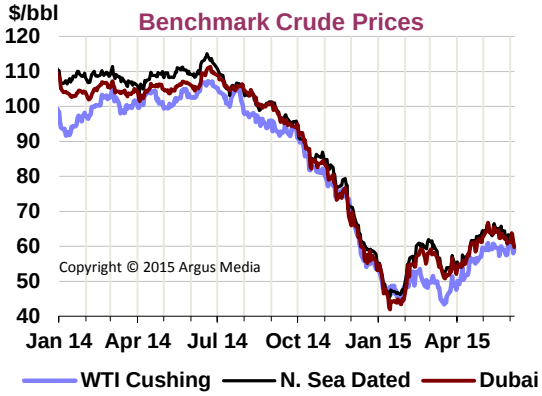


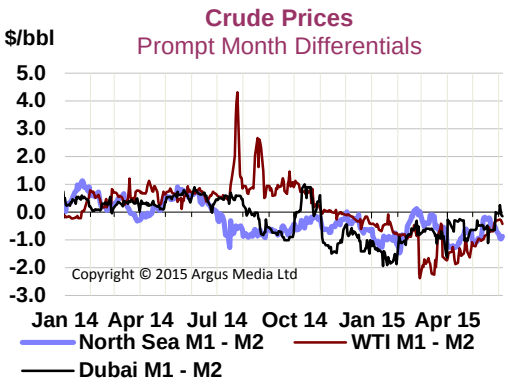
Financial regulation

The deadline for the publication of the draft technical standard for the EU Market in Financial Instruments Directive (MiFID II) has been postponed by the European Commission from July to September 2015, at the request of the European Securities and Markets Authority (ESMA). The technical standards will determine the threshold of capital employed in financial instruments above which utilities and physical traders would need to comply with the directive, adding to trading costs.

Spot crude oil prices

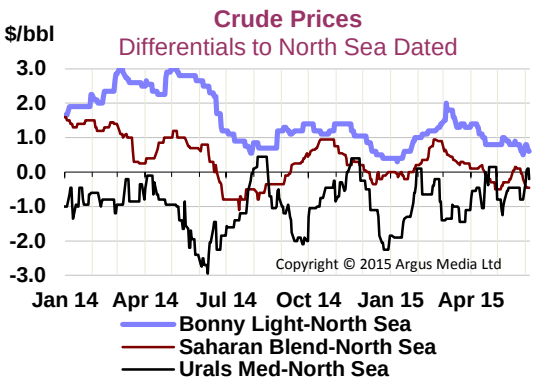
An armada of unsold June-loading Nigerian crude has lengthened the Atlantic Basin spot market and depressed differentials for sweet West African and North Sea barrels versus Dated Brent. By early June, the North Sea benchmark had dropped below $61/bbl. But Brent's flatter contango – narrower discounts for prompt oil versus future deliveries – has started to lure some crude out of floating storage.

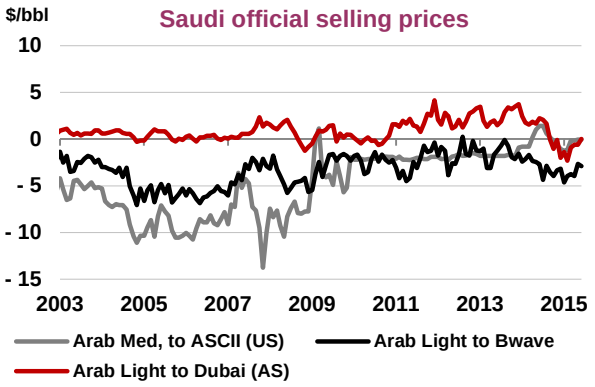




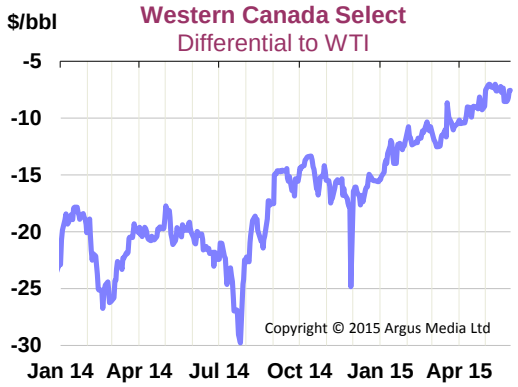
Middle East OPEC producers are meanwhile expected to keep pumping flat out to preserve market share. OPEC's top supplier Saudi Arabia is producing at near-record levels. Shipments from Iraq, OPEC's second-biggest producer, are at the highest-ever and are expected to climb further in June.

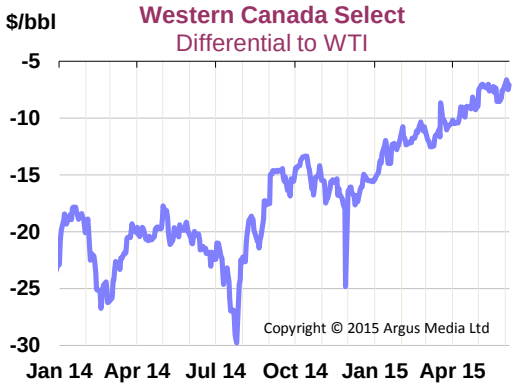
A stronger Middle East Dubai market has meanwhile narrowed the Brent/Dubai spread and sellers sought to shift some of the Atlantic Basin overhang into Asia. Dubai posted the largest m-o-m increase, rising $5.21/bbl to $63.58/bbl in May. North Sea Dated Brent firmed to an average $64.35/bbl during May, for a gain of $4.57/bbl on April. US WTI climbed $4.81/bbl from April to average $59.27/bbl in May. Russian Urals was up only $4.23/bbl m-o-m to a May average of $63.67/bbl. Higher anticipated exports of Russian crude during June and July are expected to put the sour grade's differential to Dated Brent under pressure. Algerian Saharan Blend was pressured by higher volumes of competing grades and a softening in naphtha margins in the Mediterranean.





Still-healthy refiner demand for sour barrels in Asia led Saudi Arabia to raise its monthly formula price for Arab Light crude loading in July to customers in the region. Refiners in Asia appear reluctant to buy big volumes of Iraq's new Basra heavy due to limited desulphurisation capacity and lingering concerns over quality. Muted interest has sunk the sour grade to a $1/bbl discount to its official formula price.





Upgrader maintenance and forest fires in Alberta kept Canadian output offline and pushed differentials against US WTI sharply higher for heavy crude. At WTI minus $7/bbl, the differential for benchmark Western Canadian Select was at its narrowest since April 2009. The discount of US Bakken crude to WTI also contracted sharply, pulling in to near parity with WTI. At the same time, Brent's shrinking premium versus WTI is threatening the economics of shipment by rail from the Midwest to the US coasts. As a result, some East Coast refiners have opted to source crude from overseas, with imports of light sweet crude from Nigeria edging above 100 kb/d in early May.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Mar	Apr	May	May-Apr Avg Chg	%	Week Commencing: 04 May	11 May	18 May	25 May	01 Jun
Crudes										
North Sea Dated	56.05	59.79	64.35	4.57	7.6	65.44	65.14	64.52	62.06	61.98
Brent (Asia) Mth 1	56.59	59.90	65.31	5.41	9.0	66.59	65.95	65.33	63.36	63.50
WTI (Cushing) Mth 1	47.79	54.46	59.27	4.81	8.8	59.72	60.01	58.83	58.38	59.65
Urals (Mediterranean)	54.82	59.44	63.67	4.23	7.1	64.39	64.65	64.07	61.26	61.93
Dubai	54.53	58.37	63.58	5.21	8.9	65.11	64.28	63.14	61.79	62.04
Tapis (Dated)	54.79	58.86	63.44	4.58	7.8	64.44	64.24	63.62	61.46	60.84
Differential to North Sea Dated										
WTI (Cushing)	-8.27	-5.33	-5.08	0.25		-5.72	-5.12	-5.68	-3.68	-2.33
Urals (Mediterranean)	-1.24	-0.34	-0.68	-0.33		-1.05	-0.49	-0.45	-0.80	-0.05
Dubai	-1.53	-1.41	-0.77	0.64		-0.33	-0.86	-1.38	-0.27	0.06
Tapis (Dated)	-1.26	-0.92	-0.91	0.01		-1.00	-0.90	-0.90	-0.60	-1.14
Prompt Month Differential										
Forw ard Cash Brent Mth1-Mth2	-0.49	-0.97	-0.59	0.38		-1.02	-0.43	-0.29	-0.60	-0.91
Forw ard WTI Cushing Mth1-Mth2	-1.61	-1.44	-0.82	0.63		-1.07	-0.97	-0.70	-0.36	-0.32
Forw ard Dubai Mth1-Mth2	-0.82	-0.55	-0.54	0.01		-0.51	-0.54	-0.71	-0.40	-0.01

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Spot product prices

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Mar	Apr	May	May-Apr		Week Commencing:					Mar	Apr	May	Chg
				Chg	%	04 May	11 May	18 May	25 May	01 Jun				
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	70.86	75.57	80.72	5.15	6.8	81.09	81.01	81.26	79.02	82.40	14.81	15.79	16.37	0.58
Naphtha	56.57	59.07	61.94	2.88	4.9	62.85	62.62	61.85	59.95	61.26	0.52	-0.72	-2.41	-1.69
Jet/Kerosene	70.52	72.84	77.25	4.41	6.1	78.64	78.31	77.01	74.92	75.57	14.47	13.05	12.90	-0.15
ULSD 10ppm	73.09	75.64	80.60	4.96	6.6	82.04	81.62	80.56	77.92	77.91	17.04	15.85	16.25	0.40
Gasoil 0.1%	70.27	73.77	79.43	5.66	7.7	80.56	80.43	79.55	76.98	76.99	14.22	13.98	15.08	1.10
LSFO 1%	46.90	50.40	53.68	3.28	6.5	55.57	54.74	52.98	51.24	51.49	-9.15	-9.38	-10.67	-1.29
HSFO 3.5%	43.18	47.19	51.12	3.93	8.3	53.20	52.45	50.16	48.51	48.80	-12.87	-12.60	-13.24	-0.64
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	71.78	76.48	81.62	5.14	6.7	81.99	81.92	82.16	79.88	83.28	16.96	17.04	17.95	0.91
Naphtha	53.65	55.81	59.62	3.81	6.8	60.55	60.37	59.56	57.45	58.48	-1.17	-3.64	-4.05	-0.42
Jet Aviation fuel	68.73	70.71	76.21	5.50	7.8	77.62	77.34	76.00	73.71	74.05	13.92	11.26	12.54	1.27
ULSD 10ppm	72.43	75.04	81.02	5.98	8.0	81.98	82.18	81.29	78.40	78.15	17.61	15.60	17.34	1.74
Gasoil 0.1%	69.57	72.24	80.12	7.88	10.9	81.28	81.11	80.45	77.58	76.52	14.76	12.79	16.44	3.65
LSFO 1%	48.27	51.27	54.40	3.13	6.1	56.24	55.40	53.75	52.07	52.58	-6.54	-8.17	-9.27	-1.10
HSFO 3.5%	43.00	46.82	50.68	3.86	8.2	52.71	51.98	49.77	48.15	48.59	-11.81	-12.62	-12.99	-0.37
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	78.65	85.34	95.37	10.02	11.7	92.43	93.08	97.85	99.37	102.35	24.24	24.62	30.42	5.80
Unleaded	70.31	76.63	83.36	6.74	8.8	81.92	84.08	84.35	82.98	85.47	15.91	15.90	18.42	2.51
Jet/Kerosene	68.32	71.50	77.67	6.17	8.6	79.20	78.87	77.06	74.77	73.79	13.91	10.77	12.72	1.95
ULSD 10ppm	71.87	74.61	80.46	5.85	7.8	81.63	81.62	80.28	77.52	76.85	17.47	13.88	15.51	1.63
Heating Oil	63.54	68.49	74.51	6.02	8.8	75.35	75.92	74.20	71.86	71.23	9.13	7.77	9.57	1.80
No. 6 3%*	45.84	48.56	52.41	3.85	7.9	53.56	53.43	51.46	50.81	51.84	-8.57	-12.16	-12.53	-0.37
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	73.82	75.56	83.68	8.12	10.8	83.04	83.86	85.28	82.55	82.55	19.30	17.19	20.10	2.92
Naphtha	57.74	59.79	62.38	2.59	4.3	63.10	63.40	62.67	60.35	61.33	3.22	1.42	-1.20	-2.62
Jet/Kerosene	70.00	72.14	77.71	5.58	7.7	78.85	78.84	77.60	75.56	75.28	15.47	13.76	14.13	0.37
Gasoil 0.05%	70.73	72.38	78.05	5.67	7.8	78.89	79.39	77.93	75.97	75.70	16.21	14.00	14.47	0.46
LSWR Cracked	55.51	54.67	62.40	7.73	14.1	62.43	63.49	62.32	61.35	60.10	0.99	-3.70	-1.18	2.52
HSFO 180 CST	51.60	54.89	61.45	6.56	11.9	62.24	62.32	60.56	60.66	58.60	-2.92	-3.48	-2.13	1.35
HSFO 380 CST 4%	49.83	52.92	58.72	5.80	11.0	59.65	59.26	57.75	58.23	57.81	-4.69	-5.45	-4.86	0.59

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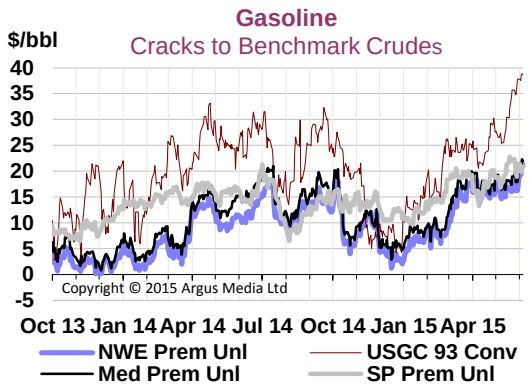
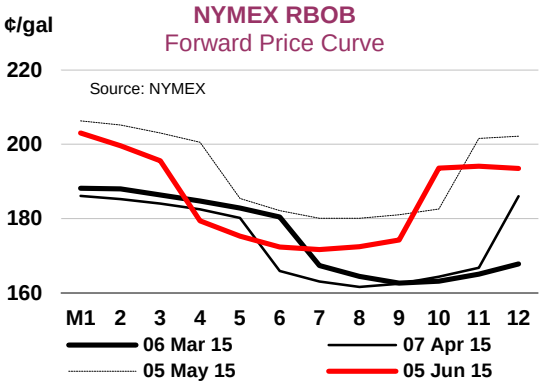
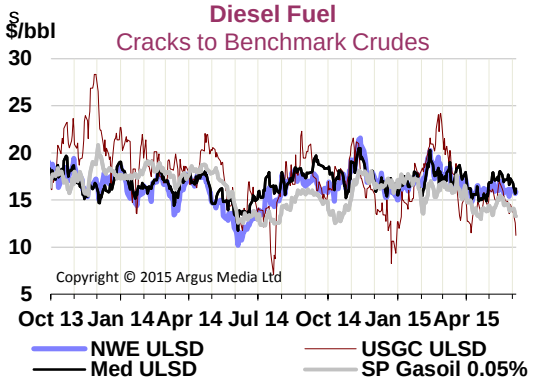
Spot product prices increased across the board on a monthly average basis in May amid reports of healthy demand for motor fuels and as future supply concerns weighed on fuel oil markets. Tightness in the US gasoline market saw cracks surge there to their highest levels in nearly three years while in Europe, product markets tightened on seasonal refinery maintenance and export demand. In Singapore, despite naphtha cracks sliding on reduced gasoline blending and petrochemical demand, firming gasoline, middle distillate and fuel oil provided some respite for refiners.

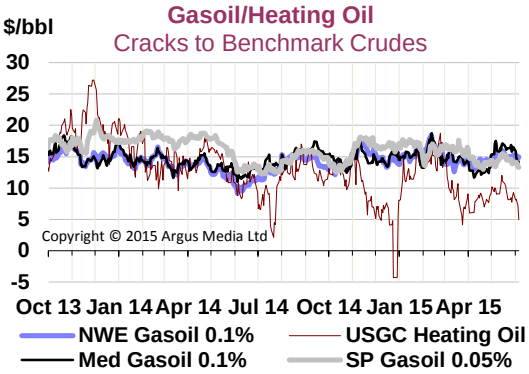




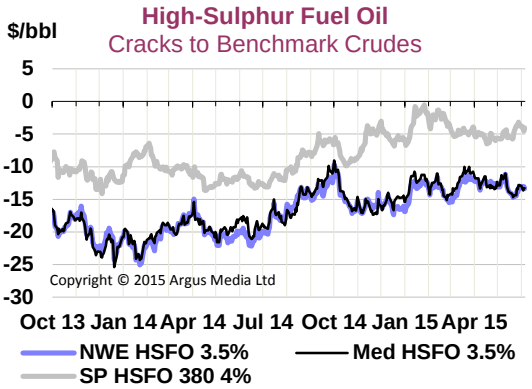
Spot gasoline prices on the US Gulf surged by an impressive $10/bbl in May as the US driving season began with the Memorial Day holiday weekend and as initial indications from US EIA weekly data show gasoline demand remaining well above year-ago levels. As US gasoline supplies ramp up, expectations are that markets will loosen as the backwardation in the M1-M3 spread steepened over June.

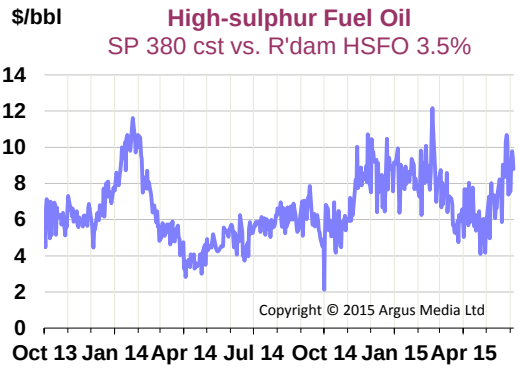
As spot prices soared and outstripped gains in LLS, the US Gulf gasoline crack surged to over $35 /bbl, levels not seen since summer 2012. Anecdotal reports suggest that extra product from the Gulf was required in the Midcontinent to offset reduced output at Exxon's Joliet and Citgo's Lemont refineries. This in turn saw less product shipped from the Gulf Coast to the Atlantic Coast which pulled in extra transatlantic cargoes. Consequently European prices firmed by over $5/bbl as increasing shipments to the US offset a drop in exports to Nigeria amid the current standoff there between gasoline importers and the government. Since the increase in spot prices was less than in the US, European cracks only firmed by approximately $1/bbl and by month-end remained close to $17/bbl.





European and Asian cracks in the middle of the barrel have remained remarkably resilient over the past twelve months as gasoil and diesel prices have largely tracked crude markets. Gasoil cracks in these markets have remained at close to $15/bbl while diesel cracks have been a couple of dollars more reflecting the product's higher specifications. Meanwhile, cracks on the US Gulf have been more volatile, especially during 1Q15 with diesel cracks notably reflecting weather-related supply tightness during the first quarter.

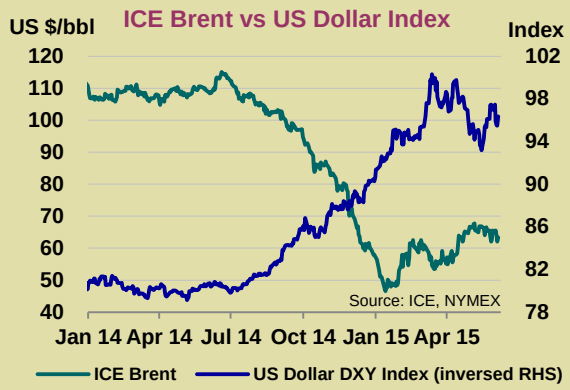




In Singapore, prices for both high and low sulphur fuel oil posted impressive gains in both absolute and percentage term amid reports of y-o-y growth in marine bunker fuel sales and future supply concerns as Middle Eastern exports are expected to be curbed over the summer. Although remaining negative, regional fuel oil cracks improved on the month despite fuel oil inventories in Singapore hitting a five-year high as the future supply concerns, stemming from delays to a number of non-OECD refinery start-ups, weighed heavy. High Asian prices have seen the Singapore's premium to Rotterdam HSFO widen to exceed $10/bbl in late-May, easily enough to cover shipping costs and attract inflows from Europe. This saw European spot prices firm by nearly $4/bbl on a monthly average basis as supplies also remained relatively tight against a backdrop of refinery maintenance. Moreover, reports from shipbrokers indicating that fuel oil is now being shipped from Europe to Asia on larger and larger vessels to take account of economies of scale.

Drivers outside of the US see little benefit from lower crude prices

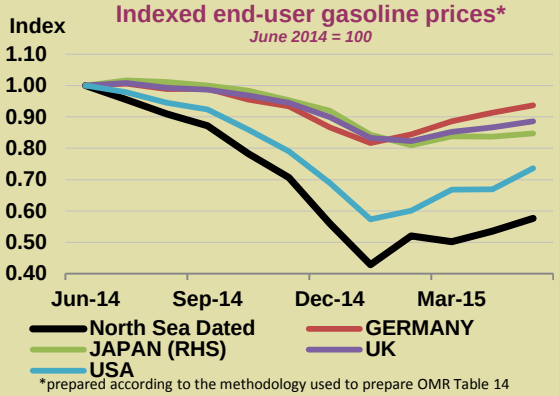
It is now 12 months since global crude prices began their descent, but despite ICE Brent hitting a low of $48/bbl in January 2015, it is evident that falls in consumer product prices have not matched those in crudes. By end-May, Brent stood approximately 40% below its June 2014 level but product prices only lost between 5% and 25% of their prices over the same period.



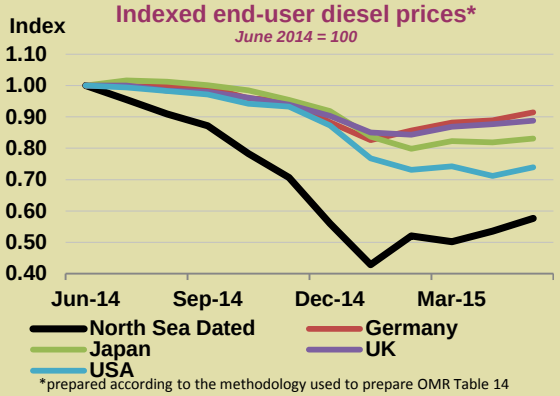
Within the OECD, US consumers which have reaped the most benefit from lower crude prices. Not only are motor fuel taxes there low but unlike elsewhere they see no negative effect from a strengthening US Dollar. With gasoline being the US motor fuel of choice, recent data indicate that consumption of the fuel has received a boost from lower prices with reports of increasing sales of less-efficient larger vehicles. Average US gasoline prices in May stood at $0.76/litre, approximately 75% June 2014. However, it should be noted that US gasoline prices have been strengthening of late unlike in other economies. After tracking crude prices for much of the past year, US gasoline prices have, to a certain degree, recently become dislocated from crude prices. The catalyst for this has been high gasoline prices amid localised short-term gasoline supply tightness in the midcontinent.

Outside the US, the strengthening US Dollar has offset much of the positive effect from the fall in crude prices for consumers paying in other currencies. This has been particularly noticeable in Europe where taxes on motor fuels are among the highest globally, further reducing the impact of lower crude prices. For example, German gasoline and diesel prices averaged €1.49/litre and €1.27/litre, respectively, in May, approximately, 95% and 91% of June 2014 prices. Outside of the Eurozone, Norwegian motorists are currently paying record prices for gasoline, in part due to the Norwegian Krone's weakness against the US Dollar. While in Japan, diesel and gasoline prices remain at 85% and 83% of their June 2014 prices, respectively. Despite indications of moderately increasing motor fuel demand in OECD Europe, there is little evidence to suggest that this is a response to lower pump prices.

Outside of the OECD, the scarcity of accurate monthly pricing data makes comparison difficult. Nonetheless, a number of countries including Indonesia, India, and Nigeria have taken the opportunity of lower crude prices to reduce or remove subsidies for certain fuels. In India, prices for gasoline – which has not been subsidised for several years – have fallen by around 12% since June 2014 while in China the fall has been approximately 18%.



*prepared according to the methodology used to prepare OMR Table 14

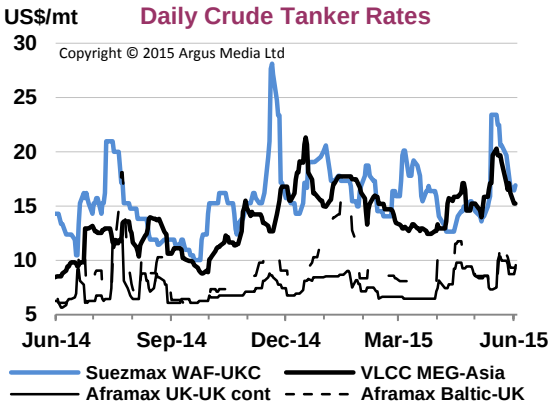


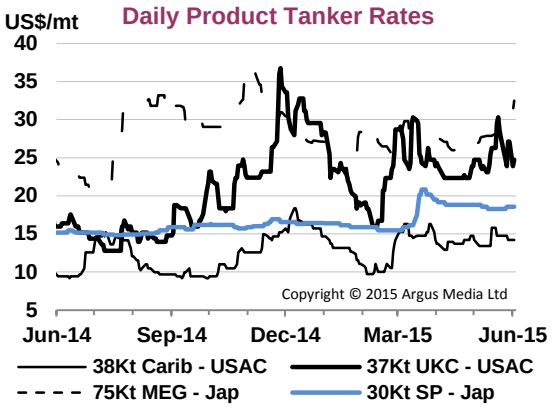
*prepared according to the methodology used to prepare OMR Table 14

Freight

Surveyed freight rates for crude carriers had a strong month across the board, due mostly to strong peaks in mid-May. Rates then retreated by end-month. Rates for **very-large-crude-carriers** (VLCCs) from the Middle East Gulf to Asia reached their highest year-to-date in spite of subdued eastward loadings due to a brief shortage of available tonnage. VLCCs rates held their strong momentum, as growing demand has met with a fleet unchanged in size (See *New oil landscape boosts tanker industry earnings*).

Fixtures data showed a single cargo trade sending the **Suezmax** West Africa-UK rate from $15 /mt to $23 /mt in May. The rate spike froze the market, but thin trading saw the rate pare some of the gains. Suezmax rates got a boost from higher demand for longer haul voyages as Libyan exports remain mostly offline and Iraqi shipments are at record levels. Healthy activity in the North Sea and Baltic sustained rates for **Aframaxes**, particularly in the Baltic.

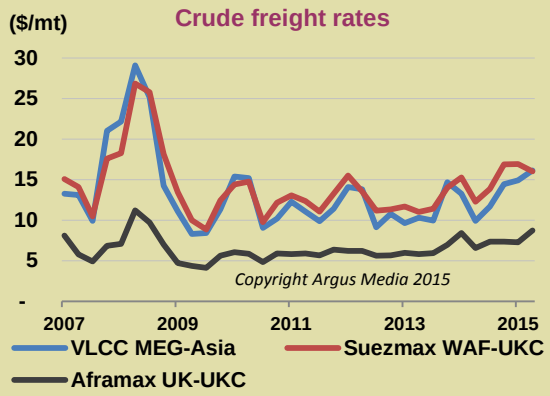


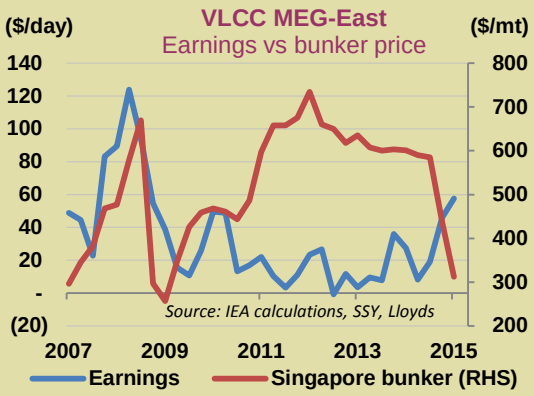


Product tanker rates inched up on the month, particularly on eastbound cargoes leaving the Middle East Gulf, on the back of strong naphtha shipments, as Japanese petrochemical demand stays strong (see *Demand*). The UK-US Atlantic product route had a volatile May amid ample trading volumes, as strong gasoline attracted more cargoes from Europe. As the rate rose, it drew cargoes from the US Gulf.

New oil landscape boosts tanker industry earnings

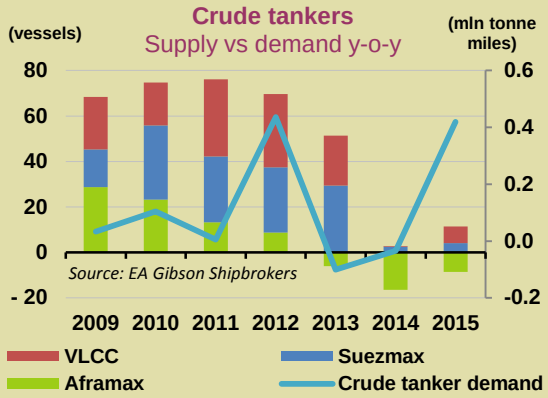
The new global oil market reality has been vastly beneficial to crude tanker owners in the last year, driving earnings to surge to their highest levels since 2008. The oil price collapse halved the price of bunker fuel which represents by far the largest component of marine shipping costs. At the same time, increased crude trade arising from extra volumes out of the Arab Gulf met with a stagnant fleet growth; this in turn sent freight rates to their highest since the 2008 super-contango on the major benchmark routes.

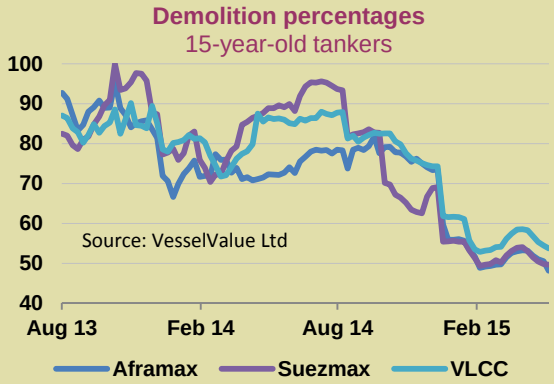




New oil landscape boosts tanker industry earnings (continued)

Arab Gulf loadings inject new life to VLCCs. Crude vessel fundamentals have been tightening since 2013, as the global crude fleet posted very limited growth once the 2008-2010 boom ended, particularly for larger classes of crude tankers. Data compiled by EA Gibson shipbrokers shows that overall crude fleet growth decreased substantially from 2010 to virtually zero in 2014. Such relative tightening in vessel supply was offset in 2013 and 2014 by shrinking long-haul crude trade volumes, as more oil was being refined closer to the wellhead, essentially in North America (See '*2015 Medium Term Oil Market Report, Refining and Product Trade*'). Vessel supply was however still growing in 2013 when demand first declined; owners that came late in the market have been struggling to get returns for their investment.





The balance finally turned in 3Q14, as soaring volumes out of the Arab Gulf, the highest since the 1980s at just shy of 12mb/d, met with a still tight fleet, boosting earnings to their highest since the 2008 super-contango. Very-large-crude-carriers (VLCC), the larger 2-million-barrel ships employed in the Arab Gulf eastward shipments, reaped the biggest benefit. Eastward volumes leaving the Gulf reached their highest average on record in 1Q15, prompting rates to over $15/mt, and earnings to $60 000 /day, according to IEA calculations. The surge in earnings is lending support to the size of the fleet, as the demolition of older tankers is being delayed across size classes, data compiled from VesselsValue shows. Newbuild prices are still contained and nowhere near those of 2008, signaling that shippers are being relatively cautious about engaging in another construction boom – at least for now.

REFINING

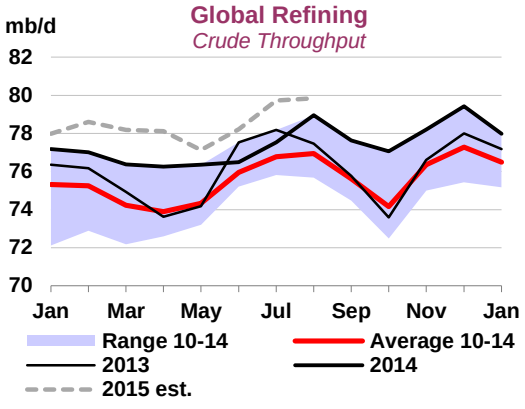
Summary

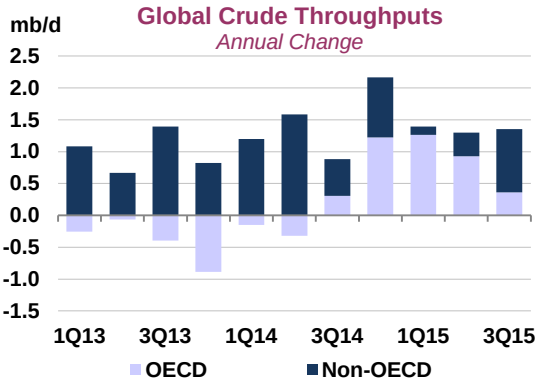
- **Delayed capacity ramp-up totalling 1.5 mb/d in non-OECD regions has forced OECD refining to compensate, pushing utilisation rates high**. Globally, high demand combined with limited throughput has kept product stocks in check, product cracks supported and caused backwardation to re-appear in a number of oil products markets. In this product-driven market, product strength supports crude prices, and contributes to a narrowing of the crude contango.

- **Global refinery crude runs for April reached an estimated 77.9 mb/d,** 0.3 mb/d lower than March, and an impressive 1.7 mb/d above a year earlier. Preliminary May figures shows OECD refinery runs continuing with steady annual growth in spite of May marking the peak of the maintenance season. Global refinery maintenance this year should peak at 5.6 mb/d of capacity. For the second consecutive year, however, spring maintenance has been relatively subdued, as refiners sought to capture high margins, likely resulting in higher levels of maintenance later on.

- **Global throughputs averaged 78.2 mb/d in 1Q15, unchanged from last month's *Report*.** Small downward revisions in the Middle East were offset by slightly higher runs in North America. Annual growth in 1Q15 throughputs is a still steep 1.4 mb/d, decreasing to 1.3 mb/d in 2Q15. In both quarters, OECD countries account for most of the annual growth. 3Q15 annual growth remains at the same level but shifts to non-OECD.

- **Global refinery margins generally remained elevated in May, but regional trends varied.** Simple margins remained positive in all regions, supporting high crude runs. Cracking margins eased slightly in Europe but increased in the US and in the rest of the world. In the US Mid-continent, margins gained around $3/bbl, reaching over $20/bbl, but failed to match March's recent highs. A rising gasoline crack, reaching over $35/bbl, was the supportive factor of US margins. Other regions did not experience such gasoline strength.





Global refinery overview

Regional imbalances in the global refining market appear to have caused widespread ripple effects on the whole oil market recently. Confronted with unexpectedly high product demand, the non-OECD refining system has not been delivering, essentially because of delayed start-ups at a number of new large refineries in the Middle East, India and Latin America. Those include the Yanbu, Ruwais, Paradip, Cartagena and Abreu e Lima plants, together accounting for as much as 1.5 mb/d of capacity.

The delays in refinery completion have three important consequences. Firstly, the OECD refining industry has had to compensate with unusually high throughput – especially in Europe - and deliver extra supply for both the OECD and the non-OECD regions (OECD and non-OECD demand growth for 1H15 is estimated at 0.6 mb/d and 1.0 mb/d respectively, compared with gains of 1.1 mb/d and 0.3 mb /d for OECD and non-OECD throughput over the same period). Secondly, higher than expected demand growth has kept product stocks in check and product cracks supported despite high OECD crude runs. This explains how OECD refiners can benefit at the same time from high throughputs and high margins, and why backwardation is appearing in a number of oil-product markets. Thirdly, the recent strength in product markets have been a supportive factor to crude prices and contributed to the recent narrowing of the contango previously seen in crude prices.

This situation, where oil products tightness is supporting prompt prices and market structure of crude oil, may last only until these non-OECD refineries eventually ramp up to full capacity, within a few months. Nevertheless, it could continue to provide support to crude prices until the crude supply/demand situation becomes less in surplus than currently, which is expected towards the end of 2015.

Global Refinery Crude Throughput[1]

(million barrels per day)

	Feb 15	Mar 15	**1Q2015**	Apr 15	May 15	Jun 15	**2Q2015**	Jul 15	Aug 15	Sep 15	**3Q2015**
Americas	18.4	18.6	**18.5**	18.9	19.0	19.3	**19.1**	19.7	19.6	19.3	**19.6**
Europe	12.2	11.8	**11.9**	12.0	11.7	11.8	**11.8**	12.1	12.2	11.7	**12.0**
Asia Oceania	7.2	6.9	**7.0**	6.7	6.0	5.9	**6.2**	6.4	6.7	6.5	**6.5**
Total OECD	37.7	37.3	**37.5**	37.6	36.7	37.0	**37.1**	38.2	38.5	37.5	**38.1**
FSU	7.2	6.8	**7.0**	6.7	6.8	7.1	**6.8**	7.1	7.3	6.9	**7.1**
Non-OECD Europe	0.4	0.5	**0.5**	0.5	0.4	0.5	**0.4**	0.5	0.5	0.5	**0.5**
China	10.2	10.5	**10.3**	10.5	10.0	10.1	**10.2**	10.3	10.3	10.3	**10.3**
Other Asia	10.1	10.0	**10.1**	9.5	9.8	10.0	**9.8**	10.0	10.0	10.0	**10.0**
Latin America	4.5	4.5	**4.4**	4.6	4.7	4.7	**4.7**	4.7	4.8	4.6	**4.7**
Middle East	6.3	6.3	**6.3**	6.2	6.4	6.4	**6.3**	6.6	6.3	6.6	**6.5**
Africa	2.2	2.3	**2.2**	2.3	2.2	2.3	**2.2**	2.3	2.2	2.3	**2.2**
Total Non-OECD	40.9	40.9	**40.8**	40.3	40.3	41.1	**40.6**	41.5	41.3	41.1	**41.3**
Total	78.6	78.2	**78.2**	77.9	77.0	78.1	**77.7**	79.7	79.8	78.6	**79.4**

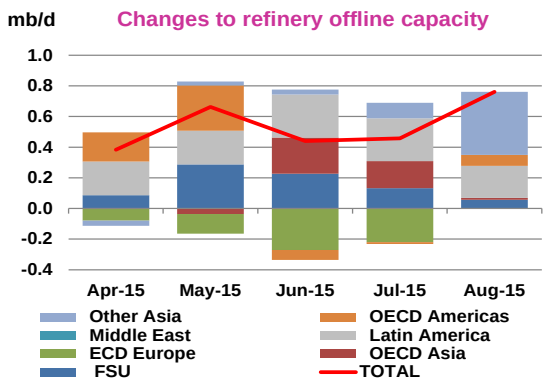
1 Preliminary and estimated runs based on capacity, known outages, economic run cuts and global demand forecast

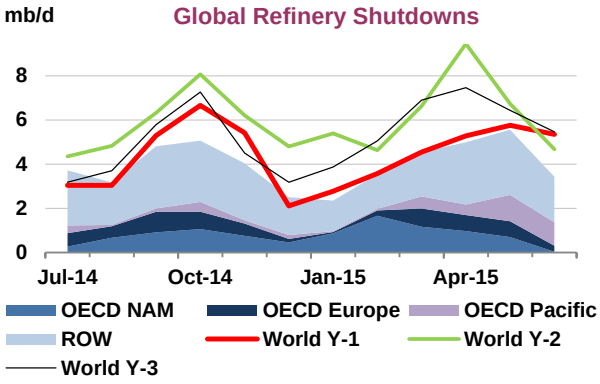
Global refinery markets continued to exhibit remarkable strength in May, as OECD crude runs showed steady annual growth in spite of May marking the peak of the maintenance season, with 2.6 mb/d of capacity offline. Non-OECD performance seems to have been more diverse, with various delays in the start-up of new refineries in the Middle East and Latin America limiting output growth.

In March, the most recent month for which a complete set of monthly data is available, OECD refiners recorded an increase of 1.4 mb/d year-on-year (y-o-y) in aggregate crude throughputs. In contrast, non-OECD refinery runs expanded by only 0.4 mb/d. Europe is still leading the increase with gains of 0.8 mb/d, due in part to an exceptionally poor showing in 2014, followed by North America with an advance of 0.5 mb/d. In April, preliminary data show that OECD runs increased by 0.3 mb/d month on month (m-o-m), with refinery utilisation rates inching up by another 2 percentage points m-o-m in North America and by one percentage point in Europe. However, OECD y-o-y throughput gains were lower in April (1.1 mb/d) than in March and expected to be even lower in May (0.4 mb/d).

Global crude run estimates for 1Q15 remain at 78.2 mb/d. Some downward revisions took place in the Middle East, offsetting higher runs in North America. Annual growth is now seen at 1.4 mb/d in 1Q15, decreasing slightly to 1.3 mb/d in 2Q15 - still historically very high. The estimate of 2Q15 crude runs was revised downwards, by 0.1 mb/d, with all non-OECD regions bar China showing declines, and all OECD regions up.

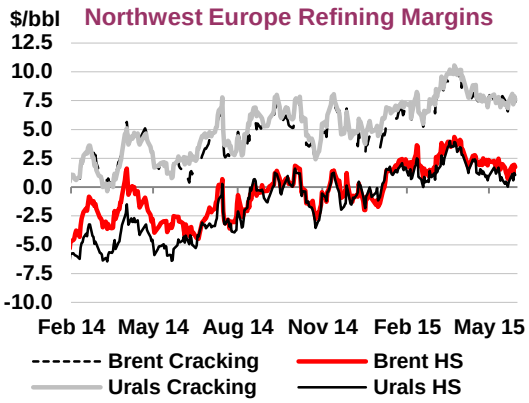
Compared to last month's *Report*, significantly more refinery capacity has been reported offline, with additional outages spanning most regions except Europe. Those include the US in April-May, Russia (an average 150 kb/d over April/July), Latin America (the Abreu e Lima, Brazil, and Cartagena, Colombia, refineries), Asia Pacific (the Ulsan, Korea, refinery) and Other Asia. Yet, the level of offline capacity is roughly equal to last year's, and remains well below those of two and three years ago. This could mean higher maintenance this autumn.

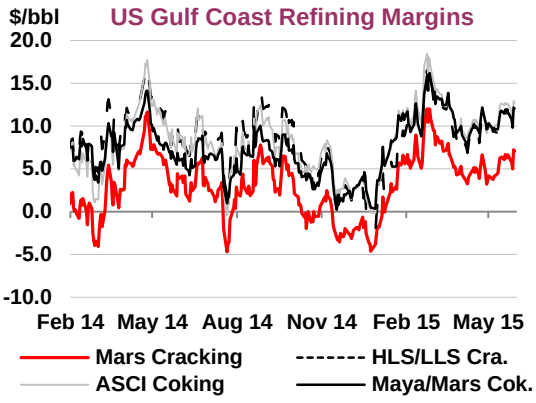




Margins

Refinery margins took diverging paths in May, easing off in Europe but rebounding in Singapore and even more in the US. Simple refinery margins remain largely positive in all markets, supporting high refinery runs. Once again, US mid-continent margins reached impressive numbers, above $20/bbl, supported by large discounts for local crude oil.





All product cracks – gasoline, diesel and high sulphur fuel oil - have remained relatively stable recently, except for the US Gulf gasoline crack. The latter shot up above $35/bbl at the end of May, boosting all US margins. The gasoline price spike occurred even though gasoline stocks remained above average. Various refinery outages on the US Gulf, and the need to ship gasoline to the US Mid-continent, could have provided localised tightness supporting gasoline prices, however. High sulphur fuel oil cracks remained relatively narrow globally. In Singapore, despite very high fuel oil stocks, cracks hovered around a rather narrow minus $5/bbl.

IEA/KBC Global Indicator Refining Margins[1]

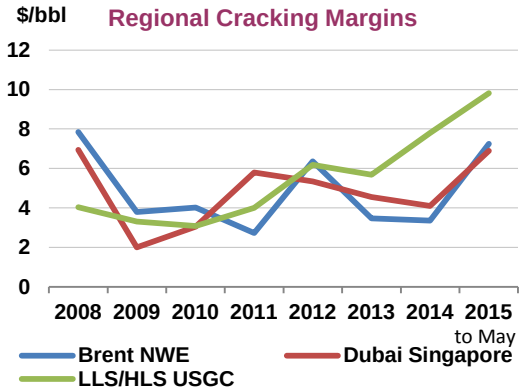
($/bbl)

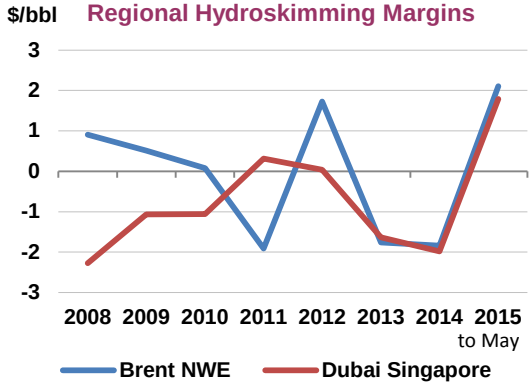
	Monthly Average				Change		Average for week ending:			
	Feb 15	Mar 15	Apr 15	May 15	May 15-Apr 15	08 May	15 May	22 May	29 May	05 Jun
NW Europe										
Brent (Cracking)	6.60	8.75	7.71	7.40	-0.32	7.41	7.58	7.06	7.42	8.82
Urals (Cracking)	6.91	9.31	8.06	7.50	-0.56	7.74	7.42	7.17	7.70	8.80
Brent (Hydroskimming)	1.83	3.34	2.30	1.74	-0.56	2.02	1.99	1.21	1.68	2.60
Urals (Hydroskimming)	1.08	2.75	1.62	0.91	-0.70	1.47	0.98	0.31	1.00	1.66
Mediterranean										
Es Sider (Cracking)	8.89	10.26	9.52	9.30	-0.22	9.31	9.60	9.10	9.12	10.25
Urals (Cracking)	7.63	9.30	7.48	7.65	0.16	8.00	7.65	7.23	7.78	7.79
Es Sider (Hydroskimming)	4.08	5.44	4.77	4.25	-0.53	4.44	4.55	3.89	4.07	5.14
Urals (Hydroskimming)	0.43	2.14	0.60	0.55	-0.05	1.17	0.64	-0.14	0.62	0.56
US Gulf Coast										
50/50 HLS/LLS (Cracking)	11.85	11.51	9.31	10.95	1.63	9.55	11.05	11.66	11.50	11.82
Mars (Cracking)	8.01	6.98	4.55	5.58	1.03	3.98	5.75	6.41	6.26	6.57
ASCI (Cracking)	8.11	6.85	4.42	5.41	0.99	3.83	5.77	6.16	5.95	6.27
50/50 HLS/LLS (Coking)	13.45	13.59	11.40	13.18	1.78	11.76	13.28	13.94	13.71	14.01
50/50 Maya/Mars (Coking)	12.06	12.14	9.71	10.88	1.17	9.61	10.96	11.69	11.19	10.62
ASCI (Coking)	13.53	12.46	10.12	11.50	1.38	9.68	11.79	12.56	11.95	11.96
US Midcon										
WTI (Cracking)	15.97	20.43	16.53	20.35	3.82	15.89	19.04	24.83	22.97	17.29
30/70 WCS/Bakken (Cracking)	16.48	20.50	15.65	17.07	1.43	13.36	15.64	21.35	19.88	14.25
Bakken (Cracking)	19.29	23.64	18.99	21.36	2.37	16.94	19.59	25.62	24.60	18.27
WTI (Coking)	17.65	22.77	18.66	22.88	4.23	18.02	21.48	27.72	25.76	19.60
30/70 WCS/Bakken (Coking)	19.79	24.16	18.89	20.93	2.04	16.45	19.43	25.98	24.21	17.77
Bakken (Coking)	19.88	24.60	19.85	22.42	2.57	17.77	20.59	26.87	25.80	19.22
Singapore										
Dubai (Hydroskimming)	2.57	2.54	0.52	0.66	0.14	0.08	0.63	0.64	1.31	0.89
Tapis (Hydroskimming)	4.94	5.29	2.77	4.23	1.46	3.60	4.23	4.39	4.65	4.64
Dubai (Hydrocracking)	7.15	8.25	5.77	6.11	0.33	5.25	6.10	6.56	6.41	5.98
Tapis (Hydrocracking)	7.25	8.95	6.88	8.10	1.23	7.42	8.01	8.48	8.44	8.54

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.

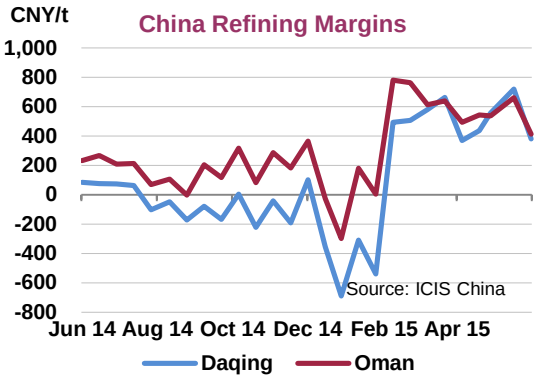
Source: IEA, KBC Advanced Technologies (KBC)

The "noise" of the daily changes seen on the margins in the graphs above masks an unusual situation for yearly margins. Not since 2008 have margins been as high as today, be it on a cracking or on a hydroskimming basis. How long might these good time for refiners last?



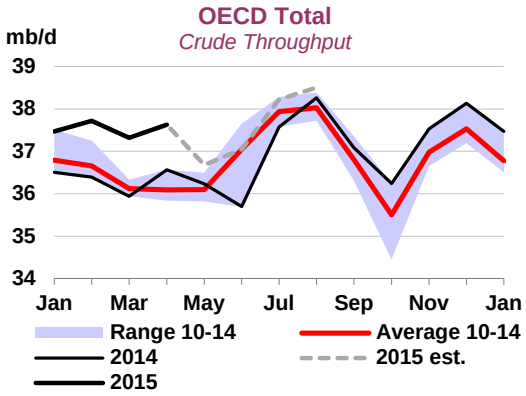


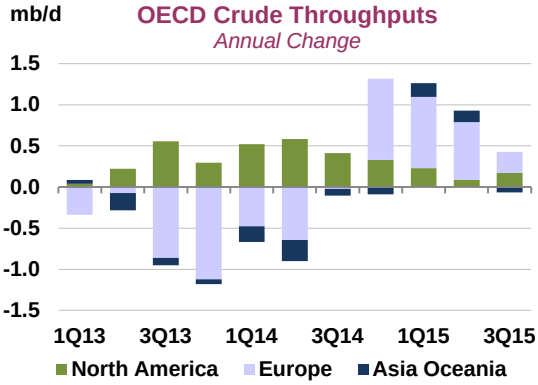
Finally, China's refinery runs have recently been at record highs – as opposed to those in most other non-OECD regions. Margin calculations based on international seaborne crude and oil product markets are not relevant within inland China, but recently margins calculated on the basis of the internal market prices have also been shooting up, supporting high crude runs.



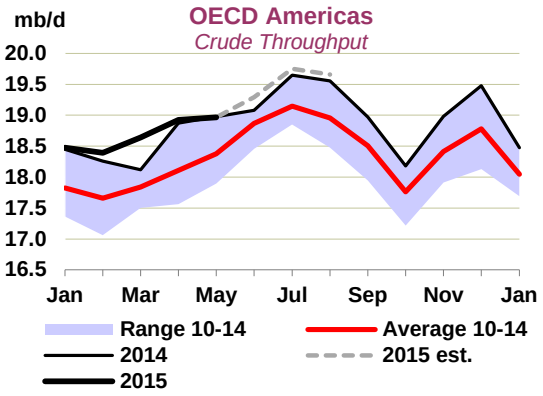
OECD refinery throughput

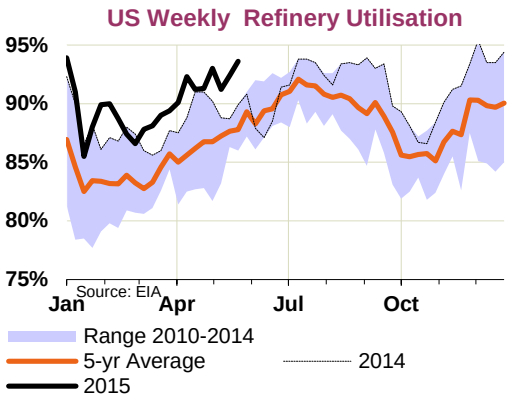
OECD refinery crude runs rose 0.3 mb/d in April from March, to 37.6 mb/d despite an increase in maintenance activity. Reported shutdowns in April were 0.3 mb/d higher than a month earlier. Throughputs were revised from last month by +0.2 mb/d in both Europe and Asia Oceania and total OECD is now 1.1 mb/d higher y-o-y. Utilisation rates have inched up by 1 percentage points in Europe and in the US, reaching 84 and 88 percent, respectively.





1Q15 and 2Q15 OECD throughputs were revised up by 0.1 mb/d and 0.3 mb/d to 37.5 mb/d and 37.1 mb/d respectively, since last month's *Report*. They are now 1.2 mb/d and 0.9 mb/d higher y-o-y.





Refinery activity in the **OECD Americas** picked up in April, reaching 18.9 mb/d. Various operational problems curtailed US runs in May, both in the US Gulf, mostly catalytic crackers shutdowns, and on the West Coast. ExxonMobil's 155 kb/d Torrance refinery is reported to have reduced rates until June. However, despite these snags, the ending of the strikes in some refineries and the strong runs elsewhere boosted the crude intake to 16.1 mb/d. The average US utilisation rate in May reached 92.6%, the

highest number for a month of May since 2005. Marathon's Cattlesburg refinery planned shutdown was postponed from April to September, another example of maintenance being delayed most likely to take advantage of the current high margins.

In Mexico, runs remained roughly unchanged from March, despite two CDU shutdowns in Pemex's Salina Cruz and Gadereyta refineries

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

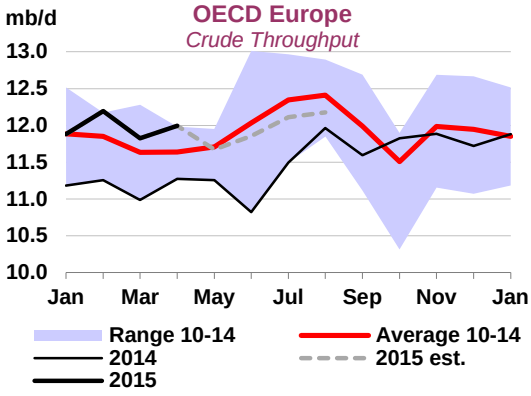
							Change from		Utilisation rate[1]	
	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	*Mar 15*	*Apr 14*	Apr 15	Apr 14
US[2]	16.04	16.47	15.49	15.41	15.66	16.15	0.49	0.28	0.91	0.90
Canada	1.70	1.74	1.81	1.77	1.71	1.55	-0.16	-0.01	0.85	0.85
Chile	0.15	0.17	0.15	0.17	0.16	0.16	-0.01	-0.02	0.69	0.79
Mexico	1.07	1.09	1.01	1.03	1.10	1.06	-0.04	-0.19	0.64	0.76
OECD Americas	**18.97**	**19.47**	**18.47**	**18.38**	**18.63**	**18.92**	**0.29**	**0.05**	**0.88**	**0.88**
France	1.14	1.16	1.16	1.26	1.30	1.19	-0.11	0.11	0.85	0.77
Germany	1.93	1.92	1.94	2.00	1.79	1.88	0.08	-0.07	0.93	0.96
Italy	1.27	1.28	1.26	1.31	1.25	1.31	0.06	0.23	0.75	0.62
Netherlands	1.03	0.99	1.08	1.11	0.95	1.01	0.06	0.00	0.78	0.78
Spain	1.19	1.25	1.19	1.19	1.25	1.36	0.11	0.23	0.90	0.75
United Kingdom	1.14	1.17	1.11	1.10	1.13	1.18	0.05	0.01	0.86	0.75
Other OECD Europe	4.17	3.94	4.12	4.20	4.14	4.06	-0.09	0.21	0.83	0.79
OECD Europe	**11.87**	**11.71**	**11.87**	**12.18**	**11.81**	**11.98**	**0.17**	**0.72**	**0.84**	**0.78**
Japan	3.18	3.41	3.49	3.44	3.27	3.23	-0.04	0.07	0.81	0.79
South Korea	2.65	2.70	2.79	2.83	2.76	2.63	-0.13	0.28	0.80	0.77
Other Asia Oceania	0.84	0.84	0.85	0.89	0.83	0.87	0.03	-0.06	0.87	0.76
OECD Asia Oceania	**6.68**	**6.95**	**7.13**	**7.15**	**6.87**	**6.72**	**-0.14**	**0.29**	**0.81**	**0.78**
OECD Total	**37.52**	**38.13**	**37.46**	**37.72**	**37.31**	**37.62**	**0.31**	**1.06**	**0.85**	**0.83**

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

European April refinery runs reached 12.0 mb/d, barely higher than in March. Germany and Netherlands picked up a little from their lows in March, while the UK and Spain posted very strong numbers, the latter at a record high at least January 2004. France was the only major European country showing a monthly decline, of 110 kb/d. Other OECD Europe was also down by 90 kb/d, due to large shutdowns in Scandinavia.

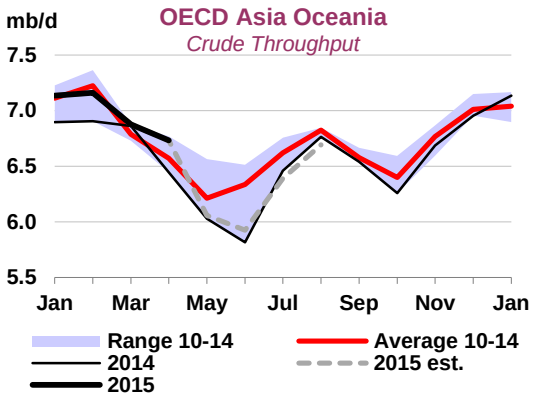


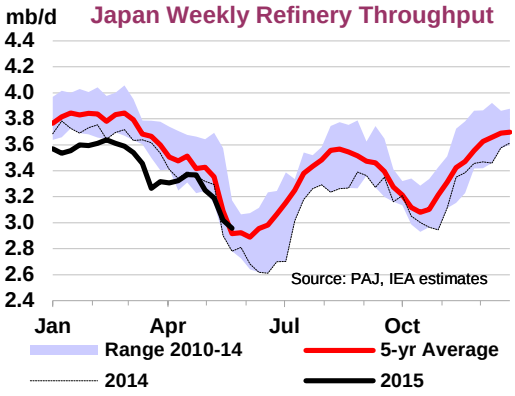
Gunvor's Antwerp refinery had a fire at end May, expected to take the plant offline for two weeks. Some refineries – for instance Total's Donges in France and Phillips' Humber in the UK - seem to have substantially deferred outages planned in May-June-July, most likely to take advantage of current margins.

OECD data are starting to show the impact of the changes in bunker sulphur specifications in Northern Europe, with an increase of roughly 90 kb/d for gasoil use in bunkers. The increase is twice less than

forecasted, because a good part of the demand is being met with specific low sulphur/high density bunker fuels specially manufactured by refiners. These limited gasoil quantities should still act as a support to European diesel cracks.

Euroilstock preliminary data for Europe 16 in May confirms that crude runs are on the decrease from April, although a bit less than in our expectations, and remain 0.4 mb/d higher y-o-y.





OECD Asia April crude runs declined seasonally by 140 kb/d, to 6.7 mb/d. They now stand at the top of their five-year range, in contrast with 2014, when they had been mostly at the bottom of the range. A strong South Korean showing accounts for the difference.

In **Japan**, the utilisation rate slipped to 80.8 percent of capacity, down 1.1 percentage point m-o-m, but still higher by 1.7 percentage points y-o-y. A fire at JX's Kashima refinery at end-May shut down a 190 kb/d crude unit, with no indication of a restart date. Nippon Oil's Toyama facility will shut its 60 kb/d CDU for maintenance for two months starting in June.

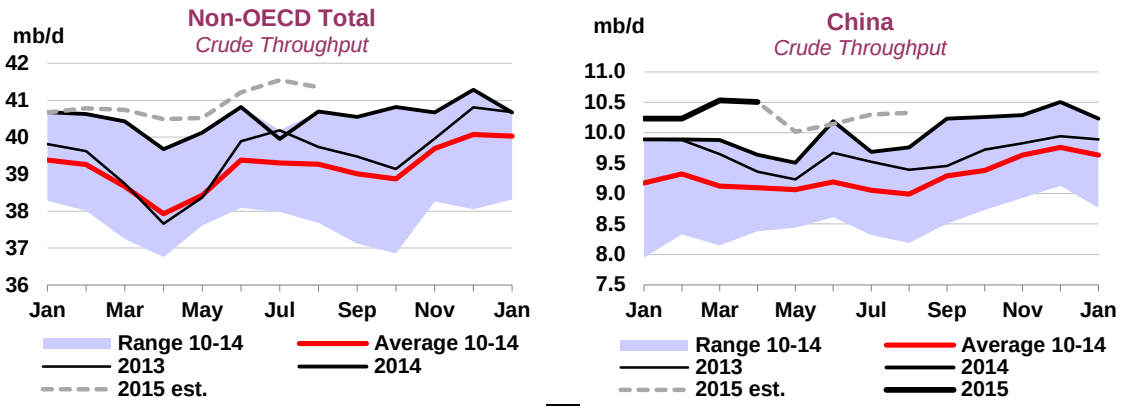
In **South Korea**, refinery runs declined by 130 kb/d to 2.6 mb/d on higher refinery maintenance, but are still higher by 280 kb/d y-o-y. Runs will likely remain low until the end of the maintenance season in June. SK's Ulsan refinery maintenance shutdown, scheduled over March/April, has been deferred to June/July.

Non-OECD refinery throughput

In March, **non-OECD** refinery throughput remained nearly stable at 40.9 mb/d, with tepid annual growth of just 0.4 mb/d. China showed the largest y-o-y increases (+0.7 mb/d), followed by Africa and Europe, while the largest losses were seen in the FSU (-0.3 mb/d), the Middle East and Latin America. For 1Q2015, non-OECD throughput reached 40.8 mb/d, 0.2 mb/d higher y-o-y. Runs should decrease to 40.6 mb/d in 2Q15.

Official **Chinese** refinery data for April show that runs remained at their previous month record of 10.5 mb/d, higher by 0.3 mb/d from February. Runs are expected to be negatively impacted in May by the maintenance season. April maintenance was estimated 0.4 mb/d higher than in March, and May figures should be another 0.3 mb/d higher. Diesel stocks are running high, which caused a reduction in diesel margins, sustained diesel exports, and incentivised refineries across China to maximise gasoline at the expense of diesel.

Sinopec and PetroChina announced at the end May their financial results, which showed weaker refining margins. PetroChina and Sinopec both showed refining losses of roughly 4 billion yuans ($650 million), vs. positive results one year ago. Consequently, Sinopec announced a reduction by half of its forecast refining capex.



Lower sulphur road fuel specifications: diverging paths…

Two of the world's largest economies – China and Russia - have adopted similar policies regarding road fuels' sulphur content: adopt increasingly strict specifications in stages until the implementation of Euro 5 standards, which mandate a maximum of 10 parts per million (ppm). Today, however, China and Russia have diverging paths: while the former is accelerating adoption, the latter had been considering delaying it.

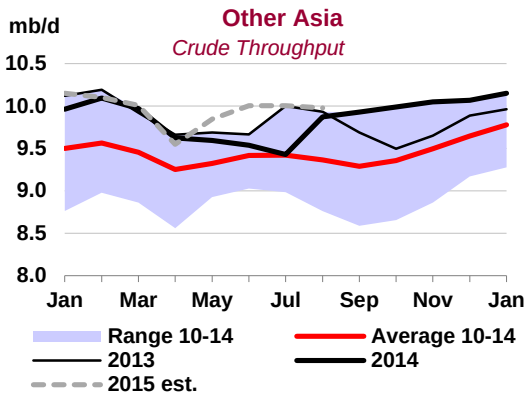
Coming after Euro 2 in 1996, Euro 3 in 2000 and Euro 4 in 2005, Euro 5 standards became mandatory in Europe in September 2009 and Euro 6 in September 2014. These specifications, for passenger cars and light commercial vehicles, affect both the road fuels themselves and the vehicles using them, as they define the maximum allowable emissions of certain pollutants by new vehicles. One of the main pollutants targeted by the regulations is sulphur: Euro 2 implemented sulphur content limits of 500 ppm, which Euro 3 then tightened to 350p ppm for diesel and 150 ppm for gasoline. Euro 4 lowered this maximum to 50 ppm and Euro 5 to 10 ppm. Euro 6 did not reduce the maximum allowable sulphur content of road fuels any further, but set tighter emission limits for nitrogen and particulate matters, making it for instance necessary to use an after-treatment of diesel engine emissions to comply with NOx limits.

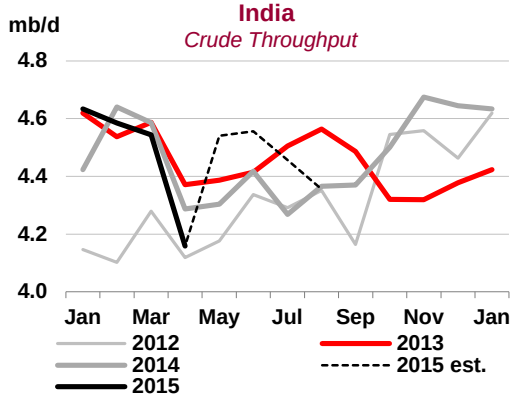
Most countries outside Europe have opted to gradually implement the same specifications, but according to very different timelines (the US is a notable exception and follows its own specifications, set by the US Environmental Protection Agency, with a sulphur cap of 15 ppm, slightly above that of Euro 5). Singapore, after implementing Euro 4 in 2014, is set to adopt Euro 5 in 2017 and Euro 6 from end 2017/early 2018. India's Bharat 3 standard, on the other hand, is only equivalent to Euro 3, or a limit of 350 ppm for diesel, with no stricter target in sight. Many countries have yet to implement any sulphur limits, or have very high ones.

In China, in the face of severe pollution challenges, the authorities announced in May that the implementation of Phase 5 standards (equivalent to Euro 5) for gasoline and diesel would be moved up to January 2017, one year earlier than planned. In addition, China's premier Li Kequiang announced that, after Beijing, Shanghai and Guangdong Province, all 11 Provinces of Eastern China would fast track the adoption of Phase 5 standards to January 2016. Finally, the National Development and Reform Commission announced that Phase 6 specifications would become mandatory by 2019. That would make China one of the very few countries in Asia to adopt Euro 6.

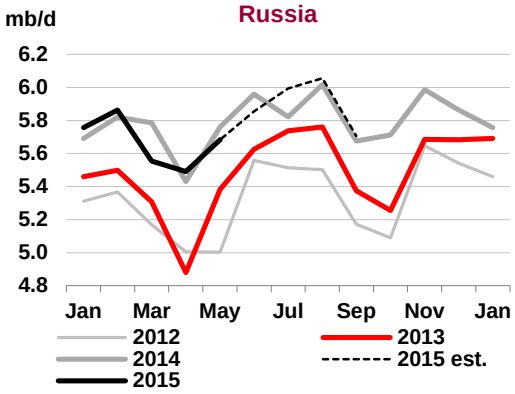
In Russia, Euro 5 had been set to become mandatory by January 2016. However, domestic oil companies, led by Rosneft, asked the authorities for a delay on account of the difficulties generated by Western sanctions in financing the refinery modernisation program and obtaining the Western equipment required to meet the new standards. However, on June 9th, the Russian authorities confirmed that the ban on Euro 4 motor fuels will go ahead as scheduled in January 2016. Major companies, such as Lukoil, Bashneft or Gazpromneft are reportedly ready for the switch scheduled end 2015. Delays have been seen in the past: Euro 3, 4 and 5 were initially planned for 2009, 2010 and 2013, respectively, but Euro 3 was implemented only in 2013 and Euro 4 in 2015. This time, however, the decision seems final, but the implementation of Euro 6 specifications remains to be scheduled.

In March, **other non-OECD Asia** crude runs were slightly down, to 10.0 mb/d. In **India,** refinery throughput is down 0.4 mb/d m-o-m in April, to 4.2 mb/d. Reliance defered maintenance in Jamnagar from March/April to July/August, but an unusually large number of partial or full shutdowns compensated for this: IOC's Koyaly and Mathura, HPCL's Mumbai, MRPL's Mangalore, PCL's Numaligarh and BPCL's Bina plants. As a result, this is the lowest monthly figure since April 2012. Shell's Bukom refinery In **Singapore** began a shutdown in mid-May for 1.5 month, and SRC Jurong refinery will stop two weeks in June. In **Thailand,** March crude runs remained at a high 1.2 mb/d, boosted by high margins. For 1Q15, throughputs averaged 10% higher y-o-y.



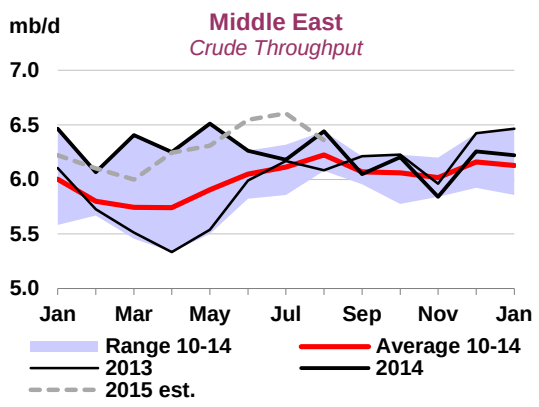


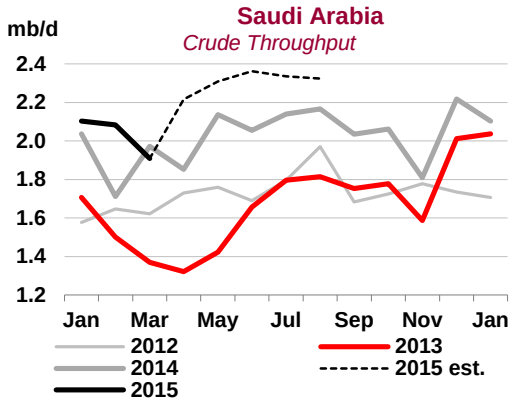
Russian refinery throughputs were stable at 5.5 mb/d in April, even though it is the peak spring maintenance month, with 0.7 mb/d of capacity taken offline. In addition, Surgutneftegas' Kirishi plant also had an unscheduled shutdown. Preliminary figures for May show a rebound in runs to 5.7 mb/d. It remains to be seen whether such strong thoughtputs will continue to end-2015. Various local forecasts (CDU TEK and Bashneft) had announced that 2015 throughputs were expected to be lower than in 2014, due to the difficult economic conditions and the tax reform. In June, Lukoil plans to bring online a new 120 kb/d crude distillation unit (CDU) at its 195 kb/d Volgograd refinery. In June, Lukoil plans to bring online a new 120 kb/d crude distillation unit (CDU) at its 195 kb/d Volgograd refinery.



In **Ukraine**, the Kremenchug refinery apparently continues to process minimal amounts of crude despite the troubled environment.

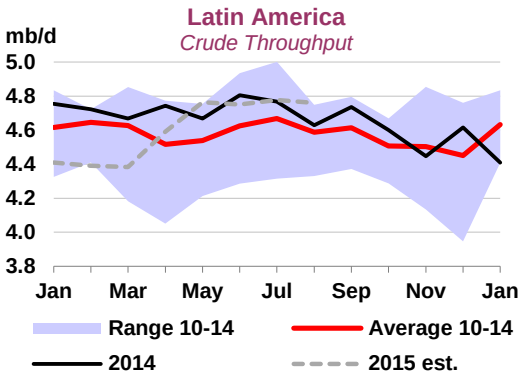
Middle East crude runs have been revised downwards because of the apparently slow start-up of the new Ruwais refinery in the UAE. Some technical issues are reported to have reduced the throughput of Ruwais below 50 percent of capacity at the end of May. The refinery would now be running nearly at normal, however, so we have assumed the refinery ramping up progressively over February-June. The total revisions for March in the Middle East is a negative 0.2 mb/d. March throughput stands at 6.3 mb/d, 0.1 mb/d lower than a year ago.





Reported refinery throughputs in **Saudi Arabia** in March were nearly 0.2 mb/d below February and on par with 2014. The figures were sharply lower than our earlier expectations, based on the assumption of that the country's two new refineries would ramp up, and with no reports of any maintenance shutdowns. Furthermore, JODI estimates of oil products output was reported higher by 90 kb/d m-o-m.

In **Latin America**, March runs were stable at 4.5 mb/d, 0.15 mb/d lower y-o-y. **Brazil** April refinery processing inched marginally upwards on the month, but remained 6% lower y-o-y. Reduced throughput is expected for the rest of this year, both because of the weak economic situation, and because trouble is continuing at the RNEST refinery. The completed 115 kb/d first train at the RNEST Abreu e Lima refinery is limited to 50 kb/d until the desulphurisation unit is eventually started, which in a best-case scenario is expected to happen in July. Moreover, the second train (115 kb/d) is 80% complete, but completion is "postponed for an extended timeframe". Petrobras's Revised Business Plan 2015-19, due soon, should shed some light on the fate of this second train. In **Colombia**, the full shutdown for expansion of Ecopetrol's 165 kb/d Cartagena refinery, that was supposed to last until end May, has been prolonged to at least end-September, and could take up to five months to reach its projected production rate.



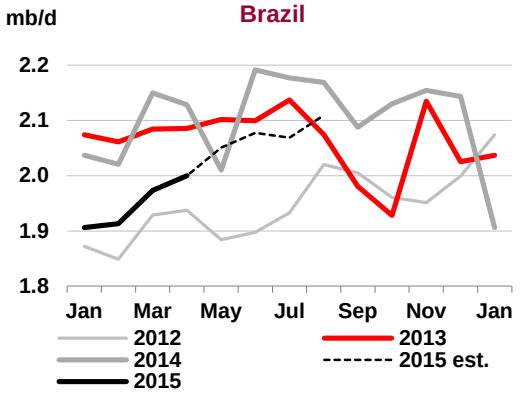


Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas[1]	24.0	23.6	23.8	23.9	24.3	24.3	24.1	23.9	23.6	24.2	24.5	24.0	24.2	23.8	24.3	24.5	24.2
Europe[2]	14.3	13.8	13.2	13.9	14.0	13.6	13.7	13.0	13.4	13.9	13.6	13.5	13.6	13.5	13.9	13.6	13.7
Asia Oceania[3]	8.2	8.5	8.9	7.8	8.0	8.6	8.3	8.9	7.7	7.7	8.3	8.1	8.7	7.8	7.9	8.3	8.2
Total OECD	46.4	45.9	45.9	45.6	46.4	46.6	46.1	45.7	44.7	45.8	46.3	45.6	46.5	45.1	46.1	46.5	46.0
NON-OECD DEMAND																	
FSU	4.6	4.6	4.5	4.7	4.9	5.0	4.8	4.6	4.8	5.1	5.0	4.9	4.6	4.7	4.8	4.8	4.7
Europe	0.7	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	9.4	9.8	9.9	10.1	10.2	10.3	10.1	10.2	10.4	10.4	10.8	10.4	10.5	10.8	10.7	11.0	10.8
Other Asia	11.2	11.6	11.9	11.9	11.6	12.0	11.8	12.2	12.1	11.8	12.3	12.1	12.5	12.6	12.3	12.8	12.6
Americas	6.2	6.4	6.4	6.6	6.8	6.8	6.7	6.6	6.8	6.9	6.9	6.8	6.7	6.8	7.0	7.0	6.9
Middle East	7.5	7.8	7.6	8.0	8.4	7.8	7.9	7.8	8.2	8.6	8.0	8.1	7.9	8.3	8.7	8.1	8.3
Africa	3.6	3.8	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.0	4.1	4.0	4.1	4.1
Total Non-OECD	43.1	44.7	44.8	45.8	46.2	46.4	45.8	46.0	46.9	47.3	47.5	46.9	47.0	47.9	48.3	48.5	47.9
Total Demand[4]	**89.5**	**90.6**	**90.7**	**91.4**	**92.6**	**93.0**	**91.9**	**91.7**	**91.6**	**93.1**	**93.8**	**92.6**	**93.5**	**93.1**	**94.3**	**95.0**	**94.0**
OECD SUPPLY																	
Americas[1,7]	14.6	15.8	16.7	16.6	17.4	17.8	17.1	18.2	18.8	19.1	19.7	19.0	19.9	19.5	19.3	19.5	19.6
Europe[2]	3.8	3.5	3.4	3.3	3.2	3.4	3.3	3.5	3.2	3.1	3.5	3.3	3.4	3.3	3.2	3.4	3.3
Asia Oceania[3]	0.6	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5
Total OECD	18.9	19.8	20.6	20.5	21.1	21.6	20.9	22.2	22.6	22.8	23.7	22.8	23.8	23.3	23.0	23.5	23.4
NON-OECD SUPPLY																	
FSU	13.6	13.6	13.8	13.7	13.7	14.0	13.8	13.9	13.8	13.8	13.9	13.9	14.0	14.0	13.8	13.8	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	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.3	4.2	4.2	4.3
Other Asia[5]	3.6	3.6	3.7	3.6	3.5	3.5	3.6	3.5	3.5	3.4	3.6	3.5	3.7	3.7	3.7	3.8	3.7
Americas[5,7]	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.5	4.6	4.4	4.6	4.5	4.5	4.5	4.5
Middle East	1.7	1.5	1.4	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2
Africa[5]	2.5	2.3	2.2	2.2	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.3	2.3	2.3	2.3
Total Non-OECD	30.0	29.5	29.5	29.4	29.2	29.8	29.5	29.8	29.6	29.7	30.2	29.8	30.5	30.2	29.9	30.0	30.1
Processing gains[6]	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.9	1.9	1.5	2.0	2.4	2.2	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.3	2.6	2.3	2.2
Total Non-OPEC[5]	52.8	53.3	53.7	54.1	54.9	55.8	54.6	55.9	56.6	57.2	58.3	57.0	58.3	58.0	57.7	57.9	58.0
OPEC																	
Crude[8]	29.9	31.3	30.5	30.9	30.6	29.8	30.5	30.0	30.1	30.5	30.5	30.3	30.5				
NGLs	5.9	6.2	6.2	6.3	6.3	6.3	6.3	6.3	6.3	6.4	6.5	6.4	6.5	6.6	6.6	6.7	6.6
Total OPEC[5]	35.8	37.5	36.7	37.2	36.9	36.1	36.7	36.3	36.4	37.0	37.0	36.7	37.0				
Total Supply[9]	**88.6**	**90.8**	**90.4**	**91.3**	**91.8**	**91.9**	**91.4**	**92.2**	**93.0**	**94.1**	**95.3**	**93.7**	**95.3**				
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.2	0.2	0.2	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.8	-0.1	0.4	0.8				
Government	-0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0				
Total	-0.3	0.2	0.3	-0.1	0.4	-1.4	-0.2	0.2	0.7	0.7	-0.1	0.4	0.8				
Floating storage/Oil in transit	-0.1	0.0	0.2	-0.1	0.2	0.3	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1				
Miscellaneous to balance[10]	-0.6	0.0	-0.7	0.1	-1.4	0.0	-0.5	0.0	1.1	0.0	1.6	0.7	1.2				
Total Stock Ch. & Misc	**-0.9**	**0.1**	**-0.3**	**-0.1**	**-0.8**	**-1.1**	**-0.6**	**0.5**	**1.4**	**1.1**	**1.4**	**1.1**	**1.9**				
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.8	31.2	30.7	31.0	31.4	30.9	31.0	29.5	28.7	29.5	29.1	29.2	28.6	28.4	30.0	30.4	29.4

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)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	0.1	0.1
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	0.3	0.2	0.2
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	0.1	-	-	-	0.1	-	-	-	-	0.1	-	0.1	0.3	-	-	0.1
Total Demand	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.3**	**0.4**	**0.3**	**0.2**	**0.3**
OECD SUPPLY																	
Americas	-	-	-	-	0.1	-	-	-	0.1	-	0.1	0.1	0.2	0.2	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	0.1	-	-	-	0.1	-	0.1	0.1	0.2	0.2	-	-	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-0.1	-	-	-	-	-	0.1	-	0.1	-	0.2	0.3	0.2	-	0.2
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-	-				
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total Supply	**-**	**-**	**-0.1**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**0.2**				
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-	-	-	0.1				
Government	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total	-	-	-	-	-	-	-	-	-	-	-	-	0.2				
Floating storage/Oil in transit	-	-	-	-	-	-	-	-	-	-	-	-	-				
Miscellaneous to balance	-	-0.1	-0.1	-	-	-0.1	-0.1	-	-	-	-	-	-0.3				
Total Stock Ch. & Misc	**-**	**-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	0.1

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

	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Demand (mb/d)																
Americas[1]	23.59	23.80	23.87	24.33	24.35	24.09	23.86	23.63	24.21	24.47	24.04	24.16	23.79	24.27	24.54	24.19
Europe[2]	13.80	13.20	13.91	14.04	13.63	13.70	13.01	13.41	13.89	13.56	13.47	13.58	13.54	13.91	13.57	13.65
Asia Oceania[3]	8.53	8.86	7.83	8.00	8.59	8.32	8.85	7.66	7.67	8.31	8.12	8.74	7.79	7.87	8.34	8.18
Total OECD	45.93	45.86	45.61	46.36	46.57	46.10	45.72	44.71	45.77	46.34	45.64	46.48	45.12	46.05	46.45	46.02
Asia	21.43	21.87	22.00	21.73	22.36	21.99	22.36	22.50	22.24	23.03	22.54	23.03	23.36	23.06	23.80	23.31
Middle East	7.78	7.58	7.97	8.42	7.80	7.94	7.83	8.20	8.58	7.97	8.15	7.91	8.31	8.74	8.14	8.28
Americas	6.45	6.40	6.63	6.78	6.80	6.66	6.61	6.78	6.94	6.92	6.81	6.72	6.84	6.99	7.02	6.89
FSU	4.61	4.47	4.65	4.95	4.96	4.76	4.63	4.84	5.06	5.00	4.88	4.62	4.69	4.83	4.76	4.73
Africa	3.78	3.90	3.88	3.70	3.81	3.82	3.92	3.92	3.82	3.90	3.89	4.01	4.06	4.00	4.13	4.05
Europe	0.65	0.61	0.65	0.66	0.67	0.65	0.64	0.65	0.67	0.67	0.66	0.68	0.68	0.69	0.69	0.69
Total Non-OECD	44.69	44.83	45.78	46.23	46.41	45.82	45.99	46.91	47.32	47.49	46.93	46.97	47.94	48.30	48.55	47.94
World	**90.62**	**90.69**	**91.39**	**92.60**	**92.98**	**91.92**	**91.72**	**91.61**	**93.09**	**93.83**	**92.57**	**93.45**	**93.05**	**94.35**	**95.00**	**93.97**
of which: US50	18.51	18.64	18.72	19.21	19.26	18.96	18.82	18.71	19.17	19.44	19.04	19.29	19.01	19.32	19.53	19.29
Europe 5*	8.36	8.04	8.37	8.34	8.16	8.23	7.89	7.93	8.26	8.13	8.05	8.21	8.03	8.26	8.06	8.14
China	9.82	9.93	10.12	10.17	10.33	10.14	10.15	10.43	10.40	10.78	10.44	10.50	10.78	10.74	11.03	10.76
Japan	4.71	5.05	4.07	4.26	4.71	4.52	5.02	3.88	3.88	4.43	4.30	4.74	3.94	4.02	4.38	4.27
India	3.75	3.87	3.86	3.55	3.82	3.77	3.96	3.85	3.67	3.90	3.85	4.06	4.17	3.86	4.10	4.05
Russia	3.40	3.34	3.44	3.71	3.64	3.53	3.49	3.63	3.81	3.67	3.65	3.47	3.47	3.59	3.46	3.50
Brazil	2.97	2.97	3.08	3.14	3.20	3.10	3.12	3.17	3.28	3.31	3.22	3.16	3.17	3.27	3.33	3.23
Saudi Arabia	2.97	2.76	3.09	3.33	2.91	3.02	2.88	3.33	3.57	3.11	3.22	3.03	3.42	3.67	3.13	3.31
Canada	2.36	2.45	2.42	2.45	2.43	2.44	2.43	2.34	2.46	2.42	2.41	2.36	2.27	2.42	2.40	2.36
Korea	2.32	2.33	2.29	2.27	2.40	2.32	2.36	2.32	2.33	2.39	2.35	2.49	2.37	2.36	2.44	2.42
Mexico	2.09	2.05	2.08	2.03	2.02	2.04	1.95	1.97	1.96	1.98	1.97	1.87	1.89	1.90	1.97	1.91
Iran	1.81	1.82	1.84	1.85	1.84	1.84	1.85	1.78	1.84	1.86	1.83	1.84	1.81	1.85	1.88	1.84
Total	**63.07**	**63.26**	**63.39**	**64.33**	**64.70**	**63.92**	**63.93**	**63.33**	**64.61**	**65.42**	**64.33**	**65.02**	**64.34**	**65.25**	**65.70**	**65.08**
% of World	69.6%	69.8%	69.4%	69.5%	69.6%	69.5%	69.7%	69.1%	69.4%	69.7%	69.5%	69.6%	69.1%	69.2%	69.2%	69.3%
Annual Change (% per annum)																
Americas[1]	-1.7	2.0	1.4	2.6	2.4	2.1	0.3	-1.0	-0.5	0.5	-0.2	1.2	0.6	0.3	0.3	0.6
Europe[2]	-3.2	-4.0	0.4	1.1	-0.8	-0.8	-1.5	-3.6	-1.0	-0.5	-1.7	4.4	0.9	0.1	0.1	1.3
Asia Oceania[3]	4.6	-2.9	-2.2	-3.2	-1.6	-2.5	-0.1	-2.2	-4.1	-3.3	-2.4	-1.3	1.8	2.6	0.4	0.8
Total OECD	-1.1	-0.7	0.4	1.1	0.7	0.4	-0.3	-2.0	-1.3	-0.5	-1.0	1.6	0.9	0.6	0.2	0.8
Asia	4.0	3.8	3.6	2.4	0.8	2.6	2.3	2.3	2.4	3.0	2.5	3.0	3.8	3.6	3.3	3.4
Middle East	4.1	5.0	2.2	1.1	0.4	2.1	3.3	2.9	1.9	2.2	2.6	1.0	1.3	1.9	2.2	1.6
Americas	3.7	3.1	3.6	3.4	2.8	3.2	3.3	2.3	2.3	1.7	2.4	1.7	0.8	0.7	1.4	1.1
FSU	1.3	1.3	2.2	4.3	5.0	3.3	3.5	4.1	2.2	0.7	2.6	-0.2	-3.2	-4.6	-4.7	-3.3
Africa	5.5	3.9	3.3	-1.1	-1.4	1.2	0.6	1.2	3.4	2.3	1.9	2.4	3.4	4.6	5.9	4.1
Europe	-3.1	-5.2	-0.9	2.3	3.8	0.0	4.8	1.1	2.9	-0.3	2.0	5.4	4.3	1.6	3.5	3.7
Total Non-OECD	3.7	3.5	3.1	2.2	1.3	2.5	2.6	2.5	2.4	2.3	2.4	2.1	2.2	2.1	2.2	2.2
World	**1.2**	**1.3**	**1.8**	**1.7**	**1.0**	**1.4**	**1.1**	**0.3**	**0.5**	**0.9**	**0.7**	**1.9**	**1.6**	**1.4**	**1.2**	**1.5**
Annual Change (mb/d)																
Americas[1]	-0.41	0.46	0.32	0.61	0.57	0.49	0.06	-0.24	-0.12	0.13	-0.04	0.30	0.15	0.06	0.07	0.15
Europe[2]	-0.46	-0.54	0.05	0.16	-0.10	-0.11	-0.19	-0.49	-0.15	-0.07	-0.23	0.57	0.12	0.02	0.01	0.18
Asia Oceania[3]	0.38	-0.27	-0.18	-0.26	-0.14	-0.21	-0.01	-0.17	-0.32	-0.29	-0.20	-0.12	0.13	0.20	0.03	0.06
Total OECD	-0.49	-0.35	0.20	0.51	0.33	0.17	-0.14	-0.90	-0.59	-0.23	-0.47	0.75	0.41	0.28	0.11	0.39
Asia	0.82	0.81	0.76	0.50	0.18	0.56	0.49	0.50	0.52	0.68	0.55	0.67	0.86	0.81	0.77	0.78
Middle East	0.30	0.36	0.17	0.10	0.03	0.17	0.25	0.23	0.16	0.17	0.20	0.08	0.11	0.16	0.17	0.13
Americas	0.23	0.19	0.23	0.22	0.19	0.21	0.21	0.15	0.16	0.12	0.16	0.11	0.05	0.05	0.10	0.08
FSU	0.06	0.06	0.10	0.20	0.24	0.15	0.16	0.19	0.11	0.04	0.12	-0.01	-0.15	-0.23	-0.24	-0.16
Africa	0.20	0.15	0.12	-0.04	-0.05	0.04	0.02	0.05	0.12	0.09	0.07	0.09	0.13	0.18	0.23	0.16
Europe	-0.02	-0.03	-0.01	0.01	0.02	0.00	0.03	0.01	0.02	0.00	0.01	0.03	0.03	0.01	0.02	0.02
Total Non-OECD	1.59	1.53	1.38	1.00	0.60	1.13	1.17	1.13	1.09	1.09	1.12	0.98	1.03	0.98	1.06	1.01
World	**1.10**	**1.18**	**1.58**	**1.50**	**0.92**	**1.30**	**1.03**	**0.23**	**0.49**	**0.85**	**0.65**	**1.73**	**1.44**	**1.26**	**1.17**	**1.40**
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	0.00	0.00	0.00	0.11	-0.05	-0.03	-0.01	0.00
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.06	0.04	0.13	0.07	0.08
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.21	0.15	0.12	0.13
Total OECD	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	-0.01	0.00	0.20	0.20	0.26	0.18	0.21
Asia	0.00	0.01	0.01	0.00	0.02	0.01	-0.01	0.02	0.00	0.02	0.01	0.04	0.16	-0.01	-0.01	0.04
Middle East	0.02	0.01	0.01	0.01	0.02	0.02	0.03	0.02	0.01	0.03	0.02	-0.01	-0.02	-0.01	0.01	-0.01
Americas	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.02	0.09	0.06	0.02	0.02	0.05
FSU	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.04	0.08	0.04	0.03	0.05
Africa	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	-0.01	-0.01	-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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-OECD	0.05	0.04	0.04	0.03	0.05	0.04	0.03	0.05	0.03	0.06	0.04	0.13	0.25	0.02	0.04	0.11
World	**0.05**	**0.04**	**0.04**	**0.03**	**0.05**	**0.04**	**0.02**	**0.04**	**0.03**	**0.05**	**0.04**	**0.33**	**0.45**	**0.28**	**0.22**	**0.32**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.04	0.00	-0.02	-0.03	0.01	-0.01	-0.02	0.00	0.00	0.00	-0.01	0.31	0.41	0.25	0.17	0.28

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)

	2013	2014	2Q14	3Q14	4Q14	1Q15	Jan 15	Feb 15	Mar 15 [2]	Latest month vs. Feb 15	Latest month vs. Mar 14
Americas[3]											
LPG and ethane	3.34	3.20	2.85	2.98	3.43	3.48	3.66	3.61	3.19	-0.43	-0.06
Naphtha	0.38	0.35	0.34	0.35	0.35	0.35	0.37	0.35	0.33	-0.02	-0.03
Motor gasoline	10.55	10.65	10.73	10.85	10.79	10.49	10.39	10.34	10.72	0.38	0.36
Jet and kerosene	1.67	1.70	1.69	1.76	1.73	1.69	1.59	1.68	1.78	0.10	0.11
Gasoil/diesel oil	5.08	5.27	5.14	5.13	5.36	5.50	5.44	5.80	5.29	-0.51	-0.01
Residual fuel oil	0.69	0.57	0.56	0.57	0.60	0.48	0.49	0.43	0.52	0.09	-0.04
Other products	2.38	2.31	2.33	2.56	2.22	2.17	2.16	2.10	2.23	0.14	0.15
Total	**24.09**	**24.04**	**23.63**	**24.21**	**24.47**	**24.16**	**24.10**	**24.31**	**24.07**	**-0.25**	**0.49**
Europe[4]											
LPG and ethane	1.05	1.06	1.09	1.10	1.06	1.19	1.20	1.21	1.15	-0.06	0.08
Naphtha	1.19	1.17	1.20	1.12	1.05	1.29	1.32	1.33	1.24	-0.09	0.00
Motor gasoline	1.95	1.92	1.97	2.01	1.91	1.79	1.73	1.82	1.83	0.01	0.00
Jet and kerosene	1.22	1.25	1.24	1.40	1.24	1.19	1.18	1.18	1.22	0.04	0.08
Gasoil/diesel oil	5.99	5.93	5.76	6.03	6.21	6.20	5.94	6.49	6.20	-0.29	0.34
Residual fuel oil	1.00	0.93	0.89	0.92	0.93	0.89	0.88	0.92	0.87	-0.04	-0.05
Other products	1.29	1.21	1.26	1.32	1.17	1.03	1.00	1.06	1.03	-0.03	-0.11
Total	**13.70**	**13.47**	**13.41**	**13.89**	**13.56**	**13.58**	**13.25**	**14.01**	**13.53**	**-0.47**	**0.35**
Asia Oceania[5]											
LPG and ethane	0.85	0.82	0.82	0.78	0.81	0.88	0.84	0.96	0.85	-0.10	0.00
Naphtha	1.84	1.87	1.74	1.80	1.95	2.02	2.06	2.06	1.95	-0.10	0.11
Motor gasoline	1.59	1.56	1.51	1.59	1.59	1.53	1.46	1.58	1.55	-0.03	-0.07
Jet and kerosene	0.89	0.88	0.71	0.68	1.00	1.13	1.16	1.26	0.99	-0.27	-0.04
Gasoil/diesel oil	1.76	1.77	1.72	1.70	1.82	1.85	1.73	1.97	1.86	-0.10	-0.02
Residual fuel oil	0.76	0.67	0.63	0.58	0.63	0.76	0.75	0.79	0.75	-0.04	-0.03
Other products	0.63	0.56	0.53	0.55	0.51	0.56	0.51	0.60	0.58	-0.02	-0.08
Total	**8.32**	**8.12**	**7.66**	**7.67**	**8.31**	**8.74**	**8.52**	**9.21**	**8.53**	**-0.68**	**-0.13**
OECD											
LPG and ethane	5.24	5.09	4.76	4.86	5.30	5.55	5.70	5.78	5.19	-0.59	0.02
Naphtha	3.41	3.38	3.28	3.27	3.34	3.67	3.75	3.74	3.52	-0.22	0.09
Motor gasoline	14.10	14.12	14.20	14.45	14.28	13.81	13.57	13.74	14.10	0.36	0.29
Jet and kerosene	3.78	3.83	3.64	3.84	3.97	4.01	3.93	4.12	3.99	-0.13	0.16
Gasoil/diesel oil	12.83	12.96	12.62	12.86	13.39	13.55	13.11	14.26	13.35	-0.91	0.30
Residual fuel oil	2.46	2.16	2.08	2.07	2.15	2.13	2.13	2.14	2.14	0.00	-0.12
Other products	4.29	4.09	4.12	4.42	3.90	3.76	3.68	3.76	3.84	0.08	-0.04
Total	**46.10**	**45.64**	**44.71**	**45.77**	**46.34**	**46.48**	**45.87**	**47.53**	**46.13**	**-1.40**	**0.70**

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)

	2013	2014	2Q14	3Q14	4Q14	1Q15	Jan 15	Feb 15	Mar 15 [2]	Latest month vs. Feb 15	Latest month vs. Mar 14
United States[3]											
LPG and ethane	2.44	2.36	2.03	2.21	2.55	2.62	2.76	2.76	2.35	-0.41	-0.02
Naphtha	0.27	0.23	0.20	0.23	0.24	0.23	0.26	0.23	0.20	-0.03	-0.02
Motor gasoline	8.84	8.92	9.00	9.10	9.05	8.81	8.72	8.65	9.05	0.40	0.37
Jet and kerosene	1.44	1.48	1.47	1.52	1.52	1.46	1.37	1.45	1.55	0.09	0.11
Gasoil/diesel oil	3.83	4.01	3.92	3.86	4.08	4.27	4.23	4.53	4.06	-0.47	0.01
Residual fuel oil	0.32	0.26	0.25	0.24	0.30	0.24	0.27	0.20	0.26	0.06	0.04
Other products	1.82	1.78	1.82	2.00	1.70	1.65	1.63	1.57	1.75	0.18	0.21
Total	**18.96**	**19.04**	**18.71**	**19.17**	**19.44**	**19.29**	**19.25**	**19.40**	**19.22**	**-0.18**	**0.69**
Japan											
LPG and ethane	0.50	0.48	0.47	0.43	0.48	0.55	0.52	0.61	0.53	-0.08	0.00
Naphtha	0.77	0.74	0.65	0.68	0.82	0.83	0.82	0.88	0.80	-0.08	0.09
Motor gasoline	0.95	0.92	0.88	0.95	0.93	0.88	0.84	0.91	0.90	-0.01	-0.10
Jet and kerosene	0.54	0.52	0.37	0.35	0.61	0.73	0.75	0.84	0.62	-0.22	-0.06
Diesel	0.41	0.40	0.38	0.39	0.41	0.40	0.37	0.43	0.40	-0.02	-0.05
Other gasoil	0.41	0.41	0.37	0.35	0.41	0.45	0.43	0.50	0.43	-0.07	-0.06
Residual fuel oil	0.45	0.39	0.35	0.33	0.36	0.44	0.43	0.46	0.42	-0.05	-0.06
Other products	0.50	0.43	0.40	0.40	0.39	0.46	0.43	0.49	0.48	-0.01	-0.05
Total	**4.52**	**4.30**	**3.88**	**3.88**	**4.43**	**4.74**	**4.59**	**5.11**	**4.57**	**-0.54**	**-0.29**
Germany											
LPG and ethane	0.11	0.09	0.10	0.10	0.08	0.10	0.09	0.10	0.11	0.01	0.01
Naphtha	0.40	0.42	0.41	0.42	0.41	0.47	0.50	0.47	0.44	-0.03	0.02
Motor gasoline	0.43	0.44	0.43	0.45	0.44	0.41	0.40	0.40	0.43	0.04	0.00
Jet and kerosene	0.19	0.19	0.19	0.21	0.18	0.17	0.17	0.17	0.18	0.01	0.01
Diesel	0.70	0.73	0.71	0.78	0.76	0.73	0.69	0.73	0.78	0.05	0.06
Other gasoil	0.42	0.36	0.31	0.36	0.38	0.45	0.47	0.50	0.38	-0.12	-0.06
Residual fuel oil	0.12	0.12	0.10	0.12	0.15	0.13	0.13	0.13	0.13	0.00	0.01
Other products	0.07	0.05	0.06	0.06	0.05	0.02	0.02	0.03	0.02	-0.01	-0.03
Total	**2.43**	**2.40**	**2.32**	**2.50**	**2.45**	**2.49**	**2.48**	**2.53**	**2.46**	**-0.07**	**0.03**
Italy											
LPG and ethane	0.11	0.10	0.09	0.09	0.10	0.12	0.12	0.13	0.10	-0.03	0.01
Naphtha	0.08	0.06	0.06	0.06	0.06	0.08	0.07	0.09	0.10	0.01	0.04
Motor gasoline	0.21	0.20	0.21	0.21	0.20	0.20	0.19	0.21	0.21	0.00	0.01
Jet and kerosene	0.09	0.09	0.10	0.11	0.08	0.08	0.08	0.07	0.08	0.01	0.00
Diesel	0.45	0.49	0.48	0.51	0.51	0.43	0.40	0.44	0.44	0.01	0.01
Other gasoil	0.11	0.07	0.06	0.05	0.07	0.11	0.10	0.13	0.11	-0.02	0.02
Residual fuel oil	0.08	0.07	0.06	0.07	0.07	0.08	0.08	0.09	0.08	-0.01	0.02
Other products	0.19	0.16	0.16	0.16	0.15	0.12	0.12	0.12	0.13	0.01	-0.04
Total	**1.32**	**1.23**	**1.22**	**1.26**	**1.25**	**1.23**	**1.17**	**1.27**	**1.26**	**-0.01**	**0.07**
France											
LPG and ethane	0.11	0.10	0.09	0.09	0.11	0.14	0.13	0.15	0.14	-0.02	0.03
Naphtha	0.15	0.15	0.16	0.15	0.10	0.15	0.15	0.16	0.15	-0.01	-0.01
Motor gasoline	0.17	0.17	0.18	0.19	0.17	0.16	0.15	0.16	0.16	0.01	0.00
Jet and kerosene	0.15	0.15	0.15	0.16	0.14	0.14	0.14	0.14	0.14	0.00	0.00
Diesel	0.69	0.70	0.70	0.71	0.71	0.67	0.63	0.68	0.69	0.01	0.03
Other gasoil	0.29	0.26	0.21	0.25	0.27	0.30	0.30	0.32	0.26	-0.06	-0.02
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.05	0.00	0.00
Other products	0.15	0.14	0.14	0.17	0.12	0.13	0.11	0.14	0.12	-0.02	0.01
Total	**1.77**	**1.71**	**1.69**	**1.77**	**1.68**	**1.73**	**1.67**	**1.81**	**1.72**	**-0.09**	**0.04**
United Kingdom											
LPG and ethane	0.11	0.11	0.12	0.10	0.11	0.16	0.15	0.18	0.15	-0.03	0.03
Naphtha	0.03	0.02	0.02	0.03	0.03	0.02	0.02	0.03	0.02	0.00	0.00
Motor gasoline	0.31	0.30	0.31	0.30	0.30	0.29	0.28	0.32	0.26	-0.06	-0.01
Jet and kerosene	0.31	0.31	0.30	0.32	0.32	0.32	0.31	0.31	0.34	0.02	0.02
Diesel	0.46	0.48	0.48	0.48	0.50	0.47	0.42	0.54	0.46	-0.08	0.01
Other gasoil	0.12	0.12	0.12	0.12	0.11	0.12	0.11	0.12	0.13	0.02	0.03
Residual fuel oil	0.04	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	-0.01	-0.01
Other products	0.13	0.13	0.13	0.13	0.12	0.11	0.11	0.11	0.11	0.00	-0.01
Total	**1.51**	**1.50**	**1.51**	**1.51**	**1.53**	**1.51**	**1.43**	**1.64**	**1.49**	**-0.15**	**0.05**
Canada											
LPG and ethane	0.45	0.40	0.38	0.34	0.42	0.41	0.44	0.40	0.39	-0.01	-0.03
Naphtha	0.09	0.09	0.10	0.10	0.09	0.10	0.10	0.09	0.10	0.01	0.01
Motor gasoline	0.82	0.85	0.85	0.88	0.84	0.80	0.81	0.81	0.78	-0.03	-0.01
Jet and kerosene	0.11	0.10	0.09	0.11	0.09	0.10	0.09	0.10	0.10	0.00	0.00
Diesel	0.29	0.29	0.29	0.29	0.31	0.32	0.31	0.35	0.32	-0.03	0.03
Other gasoil	0.31	0.32	0.29	0.34	0.31	0.28	0.30	0.29	0.26	-0.03	-0.04
Residual fuel oil	0.06	0.06	0.05	0.06	0.06	0.06	0.05	0.06	0.06	0.00	0.00
Other products	0.32	0.31	0.29	0.34	0.31	0.29	0.30	0.32	0.26	-0.06	-0.03
Total	**2.44**	**2.41**	**2.34**	**2.46**	**2.42**	**2.36**	**2.39**	**2.43**	**2.27**	**-0.16**	**-0.08**

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)

	2013	2014	2015	4Q14	1Q15	2Q15	3Q15	4Q15	Mar 15	Apr 15	May 15
OPEC											
Crude Oil											
Saudi Arabia	9.40	9.53		9.53	9.77				10.09	10.09	10.22
Iran	2.68	2.81		2.80	2.82				2.79	2.88	2.85
Iraq	3.08	3.33		3.48	3.49				3.70	3.75	3.85
UAE	2.76	2.76		2.75	2.84				2.84	2.87	2.87
Kuwait	2.55	2.61		2.67	2.70				2.70	2.73	2.73
Neutral Zone	0.52	0.38		0.21	0.20				0.20	0.15	0.07
Qatar	0.73	0.71		0.68	0.67				0.68	0.67	0.67
Angola	1.72	1.66		1.72	1.77				1.75	1.73	1.77
Nigeria	1.95	1.90		1.88	1.81				1.74	1.80	1.76
Libya	0.90	0.46		0.67	0.37				0.48	0.52	0.45
Algeria	1.15	1.12		1.13	1.11				1.12	1.11	1.11
Ecuador	0.52	0.55		0.55	0.55				0.55	0.55	0.55
Venezuela	2.50	2.46		2.44	2.39				2.40	2.44	2.44
Total Crude Oil	30.46	30.28		30.51	30.49				31.04	31.28	31.33
Total NGLs[1]	6.26	6.38	6.62	6.45	6.51	6.62	6.65	6.70	6.51	6.62	6.62
Total OPEC	**36.72**	**36.67**		**36.97**	**37.00**				**37.55**	**37.90**	**37.95**
NON-OPEC[2]											
OECD											
Americas[6]	17.14	18.96	19.56	19.69	19.94	19.51	19.25	19.54	20.11	19.81	19.49
United States[5]	10.24	11.87	12.66	12.54	12.73	12.81	12.46	12.63	12.98	12.95	12.91
Mexico	2.89	2.80	2.57	2.72	2.65	2.56	2.53	2.53	2.67	2.52	2.58
Canada	4.00	4.28	4.33	4.43	4.54	4.14	4.26	4.38	4.46	4.33	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[7]	3.32	3.33	3.35	3.46	3.44	3.34	3.18	3.43	3.48	3.49	3.32
UK	0.89	0.87	0.88	0.89	0.93	0.89	0.77	0.93	0.95	0.97	0.88
Norway	1.84	1.89	1.91	1.97	1.94	1.90	1.85	1.95	1.95	1.96	1.88
Others	0.59	0.57	0.56	0.60	0.57	0.56	0.56	0.55	0.58	0.57	0.56
Asia Oceania[8]	0.48	0.51	0.48	0.50	0.43	0.48	0.52	0.50	0.37	0.44	0.50
Australia	0.40	0.43	0.41	0.42	0.35	0.41	0.45	0.43	0.29	0.36	0.42
Others	0.08	0.08	0.07	0.08	0.08	0.07	0.07	0.07	0.08	0.07	0.07
Total OECD	**20.94**	**22.80**	**23.39**	**23.66**	**23.81**	**23.34**	**22.95**	**23.47**	**23.96**	**23.74**	**23.31**
NON-OECD											
Former USSR	13.80	13.87	13.93	13.93	14.05	14.01	13.84	13.82	14.06	14.06	14.04
Russia	10.80	10.91	10.95	11.00	11.02	11.02	10.91	10.87	11.02	11.01	11.04
Others	3.00	2.96	2.97	2.93	3.02	2.98	2.93	2.95	3.04	3.05	3.00
Asia	7.73	7.75	7.98	7.86	7.98	7.97	7.93	8.02	8.01	7.99	7.94
China	4.18	4.22	4.26	4.26	4.29	4.29	4.21	4.24	4.31	4.31	4.25
Malaysia	0.64	0.67	0.77	0.73	0.78	0.76	0.76	0.79	0.77	0.77	0.76
India	0.88	0.88	0.88	0.89	0.88	0.88	0.88	0.89	0.89	0.86	0.88
Indonesia	0.87	0.84	0.86	0.82	0.82	0.86	0.87	0.88	0.83	0.85	0.86
Others	1.16	1.14	1.21	1.17	1.21	1.19	1.21	1.22	1.22	1.20	1.18
Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15	0.14	0.14
Americas	4.20	4.41	4.54	4.60	4.63	4.53	4.48	4.51	4.59	4.56	4.50
Brazil[5]	2.12	2.35	2.46	2.52	2.54	2.47	2.42	2.43	2.52	2.50	2.47
Argentina	0.65	0.64	0.65	0.64	0.64	0.65	0.65	0.65	0.64	0.64	0.65
Colombia	1.01	0.99	1.02	1.01	1.03	1.02	1.01	1.02	1.02	1.03	1.01
Others	0.42	0.42	0.41	0.42	0.41	0.39	0.41	0.41	0.41	0.39	0.37
Middle East[3]	1.36	1.32	1.22	1.30	1.30	1.21	1.19	1.19	1.30	1.23	1.19
Oman	0.95	0.96	0.96	0.94	0.98	0.96	0.96	0.95	0.99	0.96	0.96
Syria	0.06	0.03	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.15	0.04	0.13	0.11	0.03	0.02	0.02	0.09	0.06	0.02
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.27	2.32	2.33	2.34	2.36	2.34	2.33	2.31	2.37	2.34	2.34
Egypt	0.71	0.70	0.69	0.72	0.70	0.69	0.68	0.67	0.71	0.69	0.69
Gabon	0.24	0.24	0.23	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.33	1.38	1.41	1.39	1.43	1.41	1.41	1.40	1.43	1.42	1.41
Total Non-OECD	**29.50**	**29.80**	**30.14**	**30.18**	**30.47**	**30.20**	**29.91**	**29.98**	**30.48**	**30.33**	**30.16**
Processing gains[4]	2.18	2.21	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Global Biofuels[5]	2.01	2.19	2.24	2.26	1.80	2.26	2.61	2.27	1.81	1.93	2.33
TOTAL NON-OPEC	**54.63**	**57.01**	**57.98**	**58.31**	**58.30**	**58.02**	**57.69**	**57.94**	**58.47**	**58.21**	**58.01**
TOTAL SUPPLY	**91.35**	**93.67**		**95.28**	**95.30**				**96.02**	**96.11**	**95.96**

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			
	Dec2014	Jan2015	Feb2015	Mar2015	Apr2015*	Apr2012	Apr2013	Apr2014	2Q2014	3Q2014	4Q2014	1Q2015
OECD Americas												
Crude	552.8	576.4	600.5	626.5	637.2	515.3	532.9	533.4	0.08	-0.20	0.44	0.82
Motor Gasoline	273.8	273.9	274.0	263.6	260.1	246.9	258.1	253.1	-0.07	-0.07	0.31	-0.11
Middle Distillate	207.9	207.3	195.3	199.8	201.3	198.5	196.5	193.0	0.06	0.13	0.05	-0.09
Residual Fuel Oil	41.5	40.9	43.3	45.7	46.7	42.6	49.1	44.9	0.01	0.00	-0.03	0.05
Total Products[3]	726.9	713.8	688.8	692.0	714.7	658.1	676.0	653.9	0.51	0.38	0.08	-0.39
Total[4]	1443.3	1456.4	1450.3	1481.0	1515.8	1335.4	1363.6	1346.1	0.78	0.32	0.35	0.42
OECD Europe												
Crude	310.5	304.9	313.5	339.2	339.6	319.8	325.2	310.5	0.05	-0.11	0.05	0.32
Motor Gasoline	91.6	101.1	105.6	101.1	98.4	94.6	94.2	87.1	-0.09	0.04	0.06	0.11
Middle Distillate	252.4	259.7	255.5	259.2	263.7	273.0	242.9	251.6	-0.01	0.19	-0.14	0.08
Residual Fuel Oil	64.2	70.1	67.6	65.4	66.3	71.2	81.0	64.1	0.08	-0.05	0.01	0.01
Total Products[3]	504.9	528.0	523.6	521.6	522.7	546.3	516.3	493.5	-0.01	0.24	-0.09	0.19
Total[4]	880.2	895.1	903.6	931.0	931.4	934.6	905.0	870.6	0.03	0.11	-0.09	0.56
OECD Asia Oceania												
Crude	156.7	153.3	157.4	154.5	152.7	165.8	160.8	156.6	-0.05	-0.01	-0.08	-0.02
Motor Gasoline	21.1	23.0	23.7	23.0	23.1	26.1	27.1	26.1	-0.01	-0.02	-0.02	0.02
Middle Distillate	63.7	62.5	58.9	55.8	57.3	59.5	62.0	56.1	-0.02	0.18	-0.07	-0.09
Residual Fuel Oil	20.8	19.7	18.4	18.3	19.7	20.3	20.4	21.4	0.00	0.02	-0.02	-0.03
Total Products[3]	168.8	167.0	157.9	152.6	155.7	162.4	171.2	157.5	-0.04	0.28	-0.16	-0.18
Total[4]	388.7	384.4	375.9	368.3	371.1	403.7	409.4	381.8	-0.07	0.32	-0.36	-0.23
Total OECD												
Crude	1019.9	1034.6	1071.4	1120.1	1129.4	1000.9	1018.8	1000.5	0.07	-0.32	0.41	1.11
Motor Gasoline	386.5	397.9	403.2	387.7	381.7	367.6	379.4	366.3	-0.18	-0.06	0.34	0.01
Middle Distillate	523.9	529.5	509.7	514.8	522.4	531.0	501.4	500.7	0.03	0.50	-0.16	-0.10
Residual Fuel Oil	126.5	130.7	129.3	129.3	132.7	134.0	150.5	130.3	0.09	-0.03	-0.05	0.03
Total Products[3]	1400.7	1408.8	1370.2	1366.2	1393.0	1366.8	1363.5	1304.9	0.46	0.91	-0.16	-0.38
Total[4]	2712.2	2736.0	2729.8	2780.3	2818.3	2673.8	2678.1	2598.5	0.74	0.75	-0.10	0.76

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			
	Dec2014	Jan2015	Feb2015	Mar2015	Apr2015*	Apr2012	Apr2013	Apr2014	2Q2014	3Q2014	4Q2014	1Q2015
OECD Americas												
Crude	691.0	691.0	691.0	691.0	690.9	696.0	696.0	693.3	-0.05	0.00	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	209.5	208.6	208.9	208.9	208.7	189.7	204.3	206.3	0.02	0.01	0.03	-0.01
Products	256.6	255.9	255.8	257.6	257.1	234.8	258.3	260.0	-0.04	-0.02	0.00	0.01
OECD Asia Oceania												
Crude	385.0	385.0	386.2	386.9	386.9	393.5	389.6	387.8	0.00	-0.02	-0.01	0.02
Products	31.9	32.0	32.0	32.6	32.6	20.0	23.1	30.5	0.00	0.00	0.01	0.01
Total OECD												
Crude	1285.4	1284.5	1286.1	1286.8	1286.4	1279.1	1289.9	1287.4	-0.04	-0.02	0.02	0.01
Products	289.5	288.9	288.8	291.2	290.7	255.8	282.4	291.6	-0.04	-0.02	0.01	0.02
Total[4]	1579.2	1577.2	1578.5	1581.6	1581.0	1536.1	1575.4	1582.8	-0.07	-0.02	0.02	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 March 2014		End June 2014		End September 2014		End December 2014		End March 2015 [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	174.2	75	178.8	73	186.1	77	193.1	81	184.5	-
Chile	9.5	30	10.6	33	10.1	32	9.7	31	9.8	-
Mexico	47.6	24	47.3	24	48.8	25	52.8	28	47.1	-
United States[4]	1754.0	94	1814.7	95	1836.0	94	1857.5	96	1909.4	-
Total[4]	2007.5	85	2073.5	86	2103.0	86	2135.2	88	2172.9	91
OECD Asia Oceania										
Australia	36.8	34	36.3	34	38.6	35	36.2	33	34.2	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	585.8	151	585.1	151	604.1	137	576.5	122	563.5	-
Korea	186.5	80	180.3	77	186.7	78	184.4	74	181.4	-
New Zealand	8.4	56	9.5	65	9.2	56	8.4	49	8.7	-
Total	817.6	107	811.2	106	838.5	101	805.5	92	787.8	101
OECD Europe[5]										
Austria	23.4	88	21.5	78	22.0	85	22.9	90	23.7	-
Belgium	42.5	70	43.7	70	43.8	70	42.4	64	42.7	-
Czech Republic	19.3	95	18.9	88	19.5	96	20.4	108	20.3	-
Denmark	19.6	126	23.1	146	22.4	148	25.3	169	28.2	-
Estonia	1.7	56	1.7	50	1.8	53	1.6	55	1.5	-
Finland	37.9	194	39.0	191	38.7	193	37.9	201	44.1	-
France	167.2	99	168.1	95	171.3	102	167.8	97	172.9	-
Germany	289.2	125	291.7	117	286.9	117	289.5	116	285.0	-
Greece	24.9	92.54	25.6	83.14	29.6	98	26.5	92	31.1	-
Hungary	16.2	116	16.3	114	16.7	109	17.2	131	18.5	-
Ireland	11.0	80	9.6	69	10.0	66	9.3	62	12.8	-
Italy	122.5	100	121.6	96	123.0	99	119.4	97	121.0	-
Luxembourg	0.7	12	0.8	15	0.8	14	0.9	15	0.7	-
Netherlands	122.5	119	127.4	131	126.8	143	123.3	138	136.4	-
Norway	28.6	121	27.4	121	24.5	116	24.2	117	23.2	-
Poland	60.0	119	58.2	109	60.7	115	60.4	119	59.9	-
Portugal	23.8	98	20.2	78	20.5	82	20.6	86	20.1	-
Slovak Republic	9.6	136	8.8	108	8.9	127	9.7	128	9.9	-
Slovenia	4.9	102	4.8	92	4.8	94	4.6	98	4.9	-
Spain	117.4	99	118.2	97	122.7	100	121.3	98	132.4	-
Sweden	27.5	90	26.4	82	27.3	97	29.1	102	32.0	-
Switzerland	36.4	159	36.2	146	37.0	143	36.1	148	36.0	-
Turkey	62.6	88	62.4	84	62.5	88	62.4	81	64.7	-
United Kingdom	75.9	50	74.5	49	74.3	49	78.1	52	79.0	-
Total	1345.3	100	1346.0	97	1356.6	100	1350.6	99	1401.1	104
Total OECD	**4170.3**	**93**	**4230.7**	**93**	**4298.2**	**93**	**4291.4**	**92**	**4361.8**	**97**
DAYS OF IEA Net Imports[6]	**-**	**157**	**-**	**169**	**-**	**171**	**-**	**170**	**-**	**174**

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 2015 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]*		
1Q2012	4193	1536	2656	92	34	59
2Q2012	4226	1539	2687	92	34	59
3Q2012	4270	1542	2728	92	33	59
4Q2012	4212	1547	2664	92	34	58
1Q2013	4246	1580	2667	93	35	58
2Q2013	4238	1576	2661	91	34	57
3Q2013	4278	1582	2696	92	34	58
4Q2013	4151	1584	2567	91	35	56
1Q2014	4170	1585	2585	93	35	58
2Q2014	4231	1579	2652	93	35	58
3Q2014	4298	1577	2721	93	34	59
4Q2014	4291	1579	2712	92	34	58
1Q2015	4362	1582	2780	97	35	62

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 1Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2012	2013	2014	2Q14	3Q14	4Q14	1Q15	Jan 15	Feb 15	Mar 15	Mar 14	change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.75	0.47	0.60	0.58	0.43	0.69	0.63	0.71	-0.07
Europe	0.85	0.79	0.84	0.87	0.93	0.84	0.91	0.81	1.06	0.86	0.78	0.08
Asia Oceania	1.26	1.21	1.17	1.17	1.08	1.18	1.37	1.25	1.39	1.48	1.28	0.20
Saudi Medium												
Americas	0.44	0.45	0.36	0.40	0.36	0.25	0.24	0.24	0.18	0.30	0.40	-0.10
Europe	0.05	0.01	0.03	0.01	0.05	0.04	0.02	0.03	0.04	-	-	-
Asia Oceania	0.45	0.43	0.45	0.40	0.50	0.45	0.40	0.34	0.43	0.45	0.45	0.00
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.33	0.49	0.20	0.09	0.27	-	-	0.40	-
Europe	0.26	0.25	0.50	0.51	0.50	0.70	0.50	0.55	0.48	0.47	0.33	0.14
Asia Oceania	0.33	0.31	0.24	0.20	0.21	0.27	0.41	0.40	0.40	0.44	0.38	0.06
Kuwait Blend												
Americas	0.22	0.28	0.27	0.29	0.25	0.22	0.15	0.43	-	-	0.23	-
Europe	0.09	0.10	0.09	0.12	0.04	0.14	0.12	0.15	0.19	0.03	0.11	-0.09
Asia Oceania	0.65	0.64	0.62	0.56	0.62	0.62	0.66	0.69	0.67	0.64	0.70	-0.07
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.06	0.11	0.12	0.09	0.10	0.08	0.09	0.10	-0.01
Asia Oceania	0.02	0.00	0.01	-	0.03	-	0.03	0.05	0.02	0.01	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.04	0.01	0.00	0.03	0.02	0.03	0.03	0.01	0.01
Asia Oceania	0.33	0.30	0.28	0.26	0.28	0.26	0.31	0.19	0.37	0.38	0.20	0.18
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.62	0.71	0.62	0.67	0.67	0.62	0.72	0.59	0.13
Europe	0.08	0.07	0.08	0.08	0.09	0.09	0.10	0.07	0.13	0.09	0.08	0.00
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.66	0.67	0.66	0.59	0.67	0.51	0.59	0.65	-0.06
Europe	0.14	0.14	0.14	0.13	0.13	0.13	0.16	0.12	0.20	0.15	0.16	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.67	1.81	1.79	1.83	1.76	1.92	1.82	1.66	0.15
Europe	-	-	0.00	0.01	-	0.01	-	-	-	-	-	-
Asia Oceania	-	-	0.00	-	0.00	0.00	-	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	-	-	0.01	0.01	-	-	0.03	0.03	0.00
Europe	0.55	0.47	0.56	0.58	0.53	0.59	0.47	0.43	0.46	0.52	0.59	-0.07
Asia Oceania	0.07	0.06	0.07	0.07	-	0.04	0.03	0.06	-	0.02	0.10	-0.08
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.68	1.53	1.38	1.54	1.52	1.59	1.51	1.74	-0.23
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	-	-	-	-	-	-	-	-	-
Europe	0.53	0.59	0.64	0.71	0.58	0.68	0.72	0.76	0.70	0.69	0.54	0.16
Asia Oceania	-	0.00	0.02	0.01	0.05	0.01	0.04	0.03	0.04	0.03	0.03	0.00
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.13	0.34	0.54	0.20	0.21	0.18	0.22	0.15	0.06
Asia Oceania	0.04	0.03	0.02	0.02	0.03	0.02	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.24	0.07	0.00	-	-	0.01	0.03	0.02	0.07	-	0.02	-
Europe	0.58	0.53	0.55	0.51	0.59	0.54	0.62	0.68	0.65	0.54	0.59	-0.05
Asia Oceania	0.04	0.03	0.02	0.04	0.03	0.00	-	-	-	-	0.03	-

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)

	2012	2013	2014	2Q14	3Q14	4Q14	1Q15	Jan 15	Feb 15	Mar 15	Year Earlier Mar 14	Year Earlier % change
Crude Oil												
Americas	6101	5130	4201	4331	4336	3755	3826	3743	3737	3988	4323	-8%
Europe	9346	8926	8687	8480	9006	9048	9473	8954	9863	9641	8208	17%
Asia Oceania	6761	6553	6381	5923	6315	6331	6871	6798	7139	6704	7074	-5%
Total OECD	22208	20608	19268	18734	19657	19135	20171	19495	20739	20333	19604	4%
LPG												
Americas	20	17	12	9	7	13	12	16	12	9	18	-49%
Europe	287	382	426	410	475	433	489	445	474	546	332	64%
Asia Oceania	620	546	531	532	520	527	537	450	573	592	514	15%
Total OECD	927	945	969	950	1002	973	1038	911	1059	1147	864	33%
Naphtha												
Americas	20	17	20	23	16	13	20	30	22	9	21	-56%
Europe	381	332	344	360	301	372	417	480	405	365	298	23%
Asia Oceania	900	927	960	891	912	996	976	1031	977	919	1006	-9%
Total OECD	1301	1276	1323	1275	1228	1380	1413	1541	1404	1294	1324	-2%
Gasoline[3]												
Americas	730	659	665	769	660	663	576	564	558	603	587	3%
Europe	212	106	125	124	113	114	125	100	111	161	173	-7%
Asia Oceania	86	83	83	95	70	79	102	89	113	104	64	63%
Total OECD	1028	848	873	988	843	856	802	754	782	868	824	5%
Jet & Kerosene												
Americas	73	81	100	121	94	104	148	131	152	162	104	55%
Europe	398	445	458	457	583	412	379	369	331	434	395	10%
Asia Oceania	62	74	60	50	43	88	67	56	88	60	36	64%
Total OECD	533	601	617	628	720	604	595	555	571	655	536	22%
Gasoil/Diesel												
Americas	59	58	95	62	41	81	153	158	160	142	231	-39%
Europe	984	1121	1083	1093	1172	977	1098	1050	962	1270	1052	21%
Asia Oceania	185	162	181	221	175	176	167	176	179	148	151	-2%
Total OECD	1227	1341	1360	1376	1388	1233	1419	1383	1302	1560	1434	9%
Heavy Fuel Oil												
Americas	206	165	132	132	134	135	119	107	130	121	120	1%
Europe	521	552	619	650	667	559	689	658	631	772	564	37%
Asia Oceania	224	242	214	205	183	167	212	209	186	239	293	-18%
Total OECD	951	960	965	986	984	861	1020	974	947	1132	977	16%
Other Products												
Americas	813	812	671	728	682	656	626	698	591	587	690	-15%
Europe	636	791	722	785	696	664	665	637	697	665	786	-15%
Asia Oceania	357	386	374	355	372	307	317	237	398	323	444	-27%
Total OECD	1806	1989	1768	1868	1750	1627	1608	1571	1686	1574	1920	-18%
Total Products												
Americas	1921	1810	1695	1844	1633	1665	1655	1704	1625	1633	1772	-8%
Europe	3419	3729	3777	3879	4006	3530	3862	3738	3611	4212	3600	17%
Asia Oceania	2433	2421	2402	2349	2276	2339	2378	2247	2514	2386	2507	-5%
Total OECD	7773	7960	7875	8072	7915	7534	7895	7688	7751	8231	7879	4%
Total Oil												
Americas	8022	6940	5896	6175	5969	5420	5481	5447	5363	5621	6094	-8%
Europe	12765	12655	12464	12359	13012	12578	13335	12691	13474	13853	11808	17%
Asia Oceania	9194	8974	8783	8273	8590	8670	9249	9045	9653	9090	9581	-5%
Total OECD	29982	28568	27143	26806	27571	26669	28065	27183	28490	28564	27483	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.

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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 12 August 2014), 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 © 2015 Argus Media Limited - all rights reserved).

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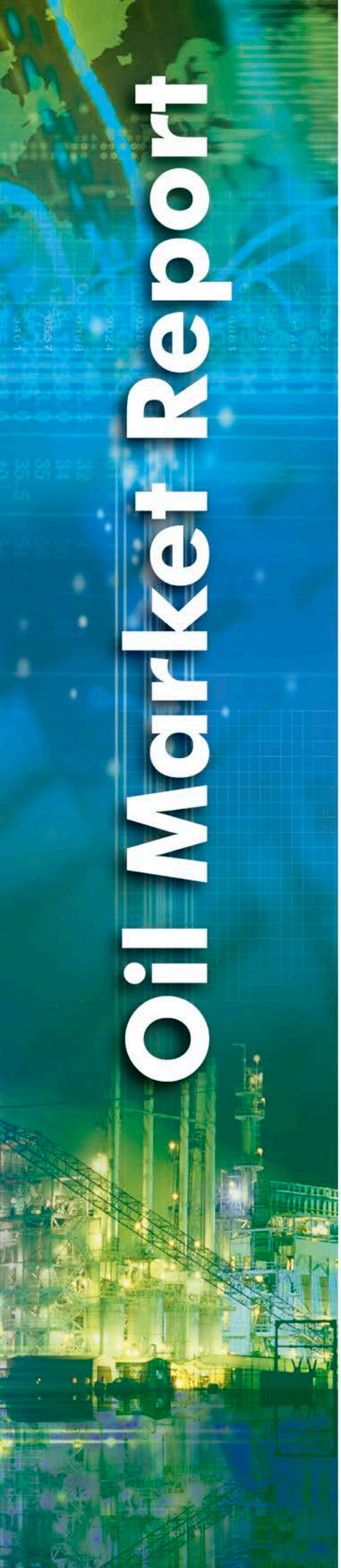

International Energy Agency

Secure • Sustainable • Together

10 July 2015

HIGHLIGHTS

- **Crude oil prices fell to their lowest in nearly three months in early July,** pressured by ever rising supply while financial turmoil in Greece and China unsettled world markets. At the time of writing, Brent was around $59/bbl and US WTI at $53.10/bbl.

- **Global oil demand growth is forecast to slow to 1.2 mb/d in 2016,** from an average 1.4 mb/d this year, with strong consumption expected in non-OECD Asia. World oil demand growth appears to have peaked in 1Q15 at 1.8 mb/d and will continue to ease throughout the rest of this year and into next as temporary support fades.

- **Global oil supply surged by 550 kb/d in June,** on higher output from OPEC and non-OPEC. At 96.6 mb/d, world oil production gained an impressive 3.1 mb/d on 2014, of which OPEC crude and NGLs accounted for 60%. Non-OPEC supply growth is expected to grind to a halt in 2016, as lower oil prices and spending cuts take a toll.

- **OPEC crude supply rose by 340 kb/d in June to 31.7 mb/d,** a three-year high, led by record high output from Iraq, Saudi Arabia and the UAE. OPEC output stood 1.5 mb/d above the previous year. The 'call on OPEC crude and stock change' for 2016 is forecast to rise by 1 mb/d, to 30.3 mb/d.

- **OECD industry inventories hit a record 2 876 mb in May,** up by a steep 38.0 mb. Product holdings led the build and by end-month covered 30.7 days of forward demand. Global supply and demand balances suggest that the rate of global stock builds quickened rapidly to an astonishing 3.3 mb/d during 2Q15.

- **Robust margins spurred stronger-than-expected OECD refinery runs,** lifting 2Q15 global throughput estimates to 78.7 mb/d. Global refinery throughputs are forecast to increase by a further 0.7 mb/d in 3Q15, with annual gains shifting to the non-OECD. New capacity start-ups in 2015 and 2016 will put margins under pressure.

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REACHING FOR THE FLOOR?

Oil prices tumbled again in the last month, with front-month WTI futures down about 14% and Brent roughly 10% lower at the time of writing. That is a testament to the continued headwinds facing the oil industry, a recurrent theme of this *Report*. The rebalancing that began when oil markets set off on an initial 60% price drop a year ago has yet to run its course. Recent developments suggest that the process will extend well into 2016, as shown in our quarterly supply/demand balances for that year, unveiled here for the first time.

The rolling out of next year's oil market forecast, a rite of summer for this *Report*, is an opportunity to revisit the projections of the *Medium-Term Oil Market Report* released in February. To be sure, some of the intervening developments have come as a surprise: the financial market's exuberant response to the falling US rig count, the persistent vigour of North American supply, the odds-defying, record-breaking surge in Russian and Brazilian output, the paradoxical race of Riyadh and Baghdad to scale new production highs. The expected timing of the rebalancing has shifted a bit, but the story line has not changed. The supply response to lower prices is on the way, and US light tight oil (LTO) production is feeling the impact. While LTO output may be more price sensitive than conventional crude supply, it cannot stop on a dime: lags remain. Barring a major supply disruption elsewhere, it may also take another price drop for the full supply response to unfold.

Two nagging questions have recently emerged whose answers will shape the short-term outlook: why, in the face of a large second-quarter market imbalances and rapid stock builds, have oil prices not fallen faster? And could stock builds in 2Q15 really have been as large as implied by the 'total stocks change and miscellaneous to balance' line item of our 'Table 1', at a massive 3.3 mb/d? The key to the first enigma lies in the US gasoline market – the world's largest. Few consumers love a low oil price more than the American driver. Surging US gasoline demand since the oil price collapse has supported gasoline imports into the US East Coast and beefed up refiners' earnings worldwide, lifting global throughputs to records. This cannot last, given the challenge of finding a market outlet for the by-products of gasoline. Refining margins are already coming down from their highs.

As to the second riddle, the bottom line is that available data only go so far towards explaining a notional stock build of such magnitude. Preliminary reports show builds in the OECD – roughly half the global market – of 740 kb/d in 2Q15. China, India and Singapore together may have added another 350 kb/d. Refinery start-ups in Asia, the Middle East and Latin America could have absorbed large amounts of extra oil, as refiners typically store up to 35 days worth of crude runs and 15 days of product output. Oil on the water also surged, as crude cargoes from West Africa to the North Sea struggled to find buyers while Iranian floating storage and fuel oil on tankers in Asia have also built. All this might not amount to the full notional 2Q15 build. Nevertheless, even if the inevitable data revisions are taken into account, it remains that the oil market was massively oversupplied in 2Q15, and remains so today. It is equally clear that the market's ability to absorb that oversupply is unlikely to last. Onshore storage space is limited. So is the tanker fleet. New refineries do not get built every day. Something has to give.

That something is, first and foremost, LTO supply, thanks to its short lead times and steep decline rates. Cost savings, efficiency gains and producer hedging have let LTO producers defy expectations until now, but growth ground to a halt in May and will likely stay there through mid-2016 – down from annual gains of 1.0 mb/d in the first five months of 2015 and 1.8 mb/d in 2014. Total US supply will keep growing through 2016, but much more slowly than in 2014, and thanks to NGL and new deepwater plays rather than onshore crude supply.

Non-OPEC supply as a whole, after expanding by a massive 2.4 mb/d in 2014, looks on track to slow to 1 mb/d in 2015 and stay flat in 2016. Demand growth, meanwhile, is projected to reach 1.2 mb/d in 2016, slightly above the *MTOMR*'s forecast. On the face of it, that makes for a tightening market next year, when the 'call on OPEC and stock changes' looks set to jump to 30.3 mb/d, up 1 mb/d on the year. That is still a whopping 1.4 mb/d below current OPEC production, however. And the group is not slowing down. On the contrary, its core Middle East producers are pumping at record rates and the outlook for Iraqi capacity growth – accounting for most projected OPEC expansions – keeps improving. Meanwhile, Tehran has made clear its intention to lift exports as soon as the ink dries on an accord with the P5+1, which at the time of writing was still under negotiation. The bottom of the market may still be ahead.

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DEMAND

Summary

- **Global oil product deliveries are forecast to average 95.2 mb/d in 2016, a rise of 1.2 mb/d.** The global gain stems almost entirely from additional non-OECD demand.

- **At least two 'curve-balls' are contained within the demand forecast: Greece**, to the downside, and **Iran**, to the upside. A possible Greek exit from European Monetary Union could dampen not only Greek oil product demand, but also potentially curb deliveries across the continent if macroeconomic activity were to weaken. The upside Iranian risk surrounds the possible removal of sanctions and the additional economic growth and oil product demand that could follow.

- **Having peaked at around 1.8 mb/d in 1Q15, global oil demand growth has since eased** and is expected to continue to do so through to the end of the year. Preliminary 2Q15 estimates show growth falling, to +1.4 mb/d on a year-on-year (y-o-y) basis, before further easing to +1.2 mb/d in 2H15. This deceleration takes hold as one of the key 1Q15 supports was likely transitory, the unusually cold European winter weather, which proved particularly supportive to European gasoil demand.

- **US demand data have surprised to the upside recently,** coming in at 19.0 mb/d in April, 205 kb/d up on last month's *Report*, attributable to additional LPG (includes ethane), gasoil and 'other products'. April marked the fifth consecutive month of y-o-y growth in US demand.

- **In contrast with US demand, recent European, Japanese and Brazilian data have come out below prior forecasts.** European demand growth is now assessed at +0.6% y-o-y in 2Q15, down from 4.6% in 1Q15, confirming that 1Q15 demand strength was largely attributable to a combination of a post-recessionary bounce and colder-than-year-earlier winter weather. Japan saw falling y-o-y deliveries in May, showing April's gain to be temporary. Brazilian demand, meanwhile, fell by a larger-than-expected 130 kb/d y-o-y in May, as worsening underlying macroeconomic conditions took hold.

Global Oil Demand (2014-2016)

(million barrels per day)

	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Africa	3.9	3.9	3.8	3.9	3.9	4.0	4.0	4.0	4.1	4.0	4.2	4.2	4.1	4.2	4.2
Americas	30.5	30.4	31.2	31.4	30.9	31.0	30.8	31.3	31.6	31.2	31.1	31.0	31.6	31.9	31.4
Asia/Pacific	31.2	30.3	30.0	31.4	30.7	31.8	31.1	30.8	32.1	31.5	32.5	31.7	31.6	32.9	32.2
Europe	13.6	14.0	14.4	14.1	14.0	14.2	14.1	14.5	14.2	14.3	14.0	14.2	14.5	14.2	14.2
FSU	4.6	4.8	5.1	5.0	4.9	4.6	4.7	4.8	4.8	4.7	4.5	4.6	4.8	4.8	4.7
Middle East	7.8	8.3	8.6	8.0	8.2	7.9	8.4	8.8	8.2	8.3	8.1	8.6	9.1	8.4	8.5
World	**91.7**	**91.8**	**93.0**	**93.8**	**92.6**	**93.5**	**93.1**	**94.2**	**95.0**	**94.0**	**94.4**	**94.4**	**95.6**	**96.4**	**95.2**
Annual Chg (%)	1.2	0.4	0.6	0.9	0.8	2.0	1.5	1.3	1.3	1.5	0.9	1.3	1.4	1.5	1.3
Annual Chg (mb/d)	1.1	0.4	0.5	0.9	0.7	1.8	1.4	1.2	1.2	1.4	0.9	1.2	1.3	1.4	1.2
Changes from last OMR (mb/d)	-0.02	0.14	-0.04	-0.04	0.01	0.09	0.07	-0.12	-0.03	0.00					

Global Overview

This month's *Report* includes, for the first time, comprehensive monthly forecasts for 2016. With the transitory demand supports of 1Q15 not thought likely to be repeated in 2016, projected global oil product demand growth eases to 1.2 mb/d. This slowdown in global growth takes average deliveries up to an estimated 95.2 mb/d in 2016, significantly below most of the existing projections for oil supplies. Unlike 2015, non-OECD countries completely dominate the growth outlook for 2016, particularly non-OECD Asia which accounts for nearly two out of every three additional barrels consumed. The absolute

OECD oil demand growth, seen in 2015, likely turned out to be a temporary phenomenon, driven by one-off factors in 2015. OECD oil demand growth will likely vanish in 2016, as long-entrenched efficiency gains cancel-out the potential OECD demand gains attributable to economic growth.

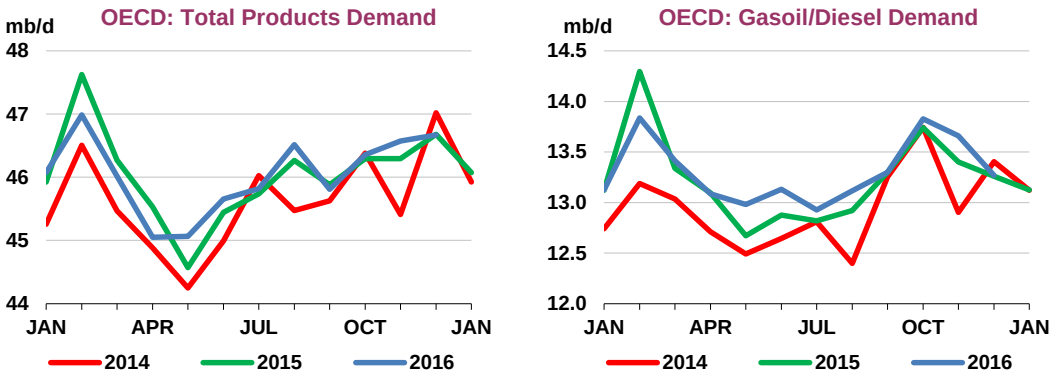
Looking at 2015, with neither the colder European winter weather of 1Q15 nor recent post-recessionary bounces likely to be repeated soon, global oil product demand momentum likely peaked in 1Q15. Indeed early indicators of 2Q15 deliveries cement this view, as global growth, which climbed to a four-year high of 1.8 mb/d y-o-y in 1Q15, eased to around 1.4 mb/d y-o-y in 2Q15. Recent European data magnify this change, with European demand growth easing from +600 kb/d on a y-o-y basis in 1Q15 to 80 kb/d in 2Q15. A further moderation of this trend is foreseen in 2H15, with global oil product demand forecast easing to +1.2 mb/d y-o-y, taking prospective annual growth to an average of 1.4 mb/d in 2015. Under this forecast, total global oil product deliveries average 94.0 mb/d in 2015.

Notable April revisions, compared with the forecasts cited in last month's *Report*, include the US (+205 kb/d), Japan (+90 kb/d), Turkey (+70 kb/d) and Italy (+55 kb/d) to the upside, and to the downside Egypt (-65 kb/d), France (-50 kb/d) and Nigeria (-35 kb/d). Notable May revisions include, to the upside, China (+225 kb/d) and Mexico (+55 kb/d), and France (-145 kb/d), Japan (-140 kb/d), Germany (-115 kb/d), Brazil (-95 kb/d) and Italy (-45 kb/d) to the downside.

Two key, conflicting directional risks surround current oil product demand forecast. On the upside, there is a risk of higher Iranian oil product demand, related to the possibility of the removal of sanctions against the country and additional economic activity this would bring. On the downside, the risk of a Greek exit from the European Monetary Union (EMU) has been raised, following early-July's "no" vote on certain austerity measures. Not only would such an exit potentially reduce Greek oil demand, but it could also dampen prospective European deliveries if economic turmoil in Greece were to spread to other EU countries.

OECD

Forecasts for OECD oil demand in 2016, included for a first time this month, show OECD deliveries averaging 46.0 mb/d, much as they did in 2015. Such a flat forecast, however, masks some conflicting trends across the key product sub-markets, with absolute gains in LPG and gasoil, consequential on escalating underlying macroeconomic momentum, but absolute declines in gasoline and jet fuel, as expected OECD efficiency gains filter through once more.



Having topped out at four-and-a-half year high of 0.9 mb/d y-o-y in 1Q15, OECD growth has since moderated, to around +0.5 mb/d in 2Q15, as gasoil demand growth eased. Three key, somewhat related, factors underpinned the adjustment. Firstly, European gasoil demand received a temporary support from much colder-than-year-earlier winter weather conditions. Secondly, many countries/regions saw additional growth in 1Q15, as their economies came out of recessions, specifically Europe and Japan.

Thirdly, oil prices plummeted 4Q14-1Q15 but have since clawed back some of this lost ground in the following two quarters, 1Q15-2Q15.

OECD Demand based on Adjusted Preliminary Submissions - May 2015

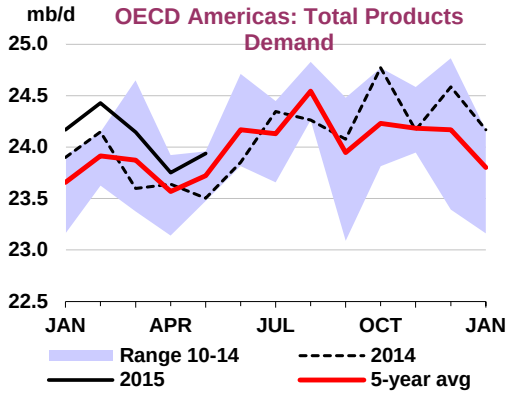
(million barrels per day)

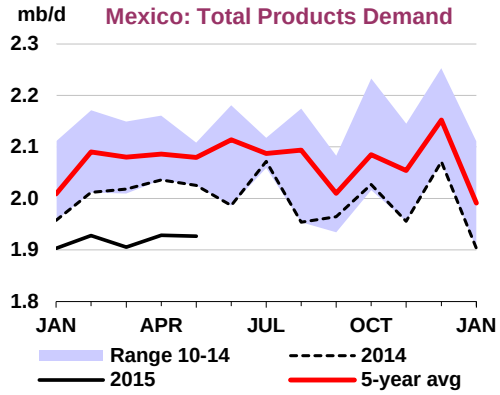
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.98**	**2.0**	**1.78**	**7.3**	**4.68**	**2.9**	**0.56**	**-8.0**	**0.49**	**-12.8**	**5.45**	**1.59**	**23.94**	**1.8**
US50	9.26	2.7	1.52	8.1	3.77	2.5	0.22	-16.8	0.23	-1.4	4.06	3.57	19.06	2.9
Canada	0.83	-1.9	0.14	1.4	0.31	6.7	0.26	-3.7	0.05	6.6	0.71	-2.44	2.30	-0.8
Mexico	0.76	-0.9	0.07	4.4	0.39	0.5	0.06	10.6	0.10	-41.4	0.56	-5.68	1.93	-4.9
OECD Europe	**1.92**	**-1.1**	**1.29**	**4.3**	**4.56**	**1.6**	**1.13**	**2.6**	**0.82**	**-4.3**	**3.38**	**-2.87**	**13.11**	**0.0**
Germany	0.44	-0.7	0.18	-10.6	0.71	-2.4	0.28	-6.8	0.13	33.4	0.50	-11.50	2.25	-4.1
United Kingdom	0.29	-4.6	0.32	2.6	0.47	3.4	0.12	8.8	0.01	-37.2	0.28	5.37	1.49	1.7
France	0.16	0.7	0.15	0.3	0.65	-2.4	0.17	-4.4	0.04	-11.6	0.33	-3.18	1.50	-2.5
Italy	0.19	-6.9	0.11	5.0	0.46	-1.9	0.05	-12.2	0.07	21.4	0.33	-4.48	1.20	-2.3
Spain	0.11	1.2	0.12	2.0	0.44	2.8	0.12	2.6	0.15	-4.4	0.23	-6.29	1.17	-0.3
OECD Asia & Oceania	**1.53**	**0.5**	**0.63**	**-3.1**	**1.28**	**2.1**	**0.45**	**-6.5**	**0.60**	**-0.4**	**3.02**	**-2.92**	**7.52**	**-1.4**
Japan	0.88	-0.1	0.31	-9.6	0.37	-3.6	0.33	-9.5	0.35	0.7	1.48	-2.90	3.72	-3.2
Korea	0.20	-1.4	0.15	5.0	0.37	10.2	0.09	2.4	0.21	-4.9	1.29	-3.02	2.32	-0.4
Australia	0.32	3.0	0.13	3.4	0.44	0.8	0.00	22.0	0.03	17.7	0.17	-4.48	1.10	1.3
OECD Total	**14.43**	**1.4**	**3.70**	**4.3**	**10.53**	**2.2**	**2.14**	**-2.3**	**1.91**	**-5.5**	**11.85**	**-0.89**	**44.57**	**0.7**

* Including US territories

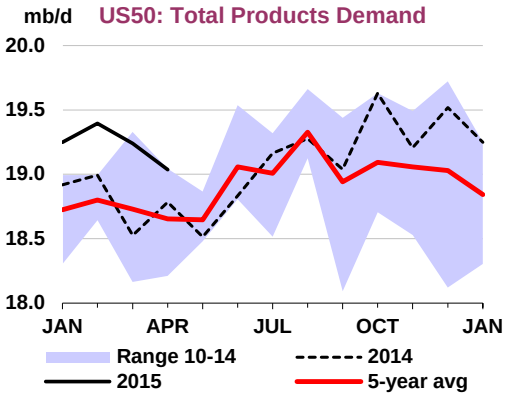
Americas

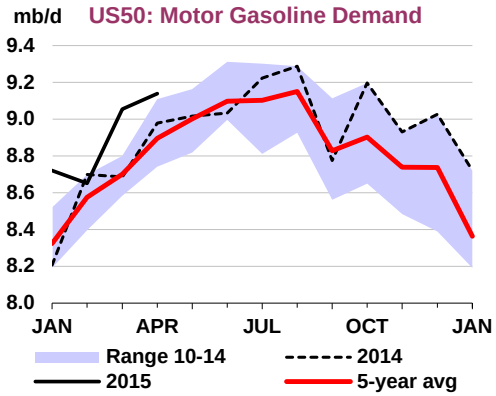
At a net 24.0 mb/d in 2Q15, the OECD Americas saw deliveries post a second consecutive +1.5% y-o-y gain with consistently robust gains in the transport sector underpinning 1H15 growth. Gains have not, however, been universally shared across the OECD Americas, as strong growth in the US offset absolute declines in Canada and Mexico. **Canadian** deliveries dipped on reduced road transport use, while **Mexican** demand fell on sharply curtailed power sector demand. Despite such ongoing weakness, the historical Mexican series has been revised up, with 45 kb/d added to the 2013 demand estimate to 2.1 mb/d, chiefly on account of upwardly revised official data for residual fuel oil, 'other products' and LPG.



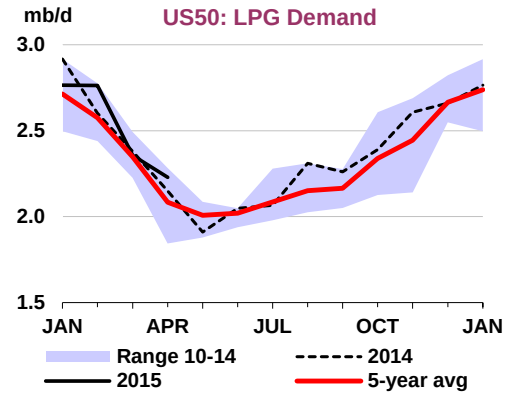


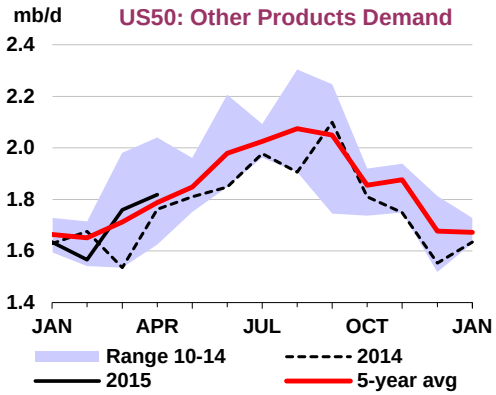
US demand averaged 19.0 mb/d in April, up by an upwardly revised 255 kb/d y-o-y, the latest official monthly data show. Not only was this a fifth consecutive monthly y-o-y rise, but it also amounted to a 205 kb/d addition over the month earlier forecast. Sharp gains in gasoline, LPG (includes ethane) and the 'other products' category led April's upside. At 9.1 mb/d in April, US gasoline deliveries rose to a six-month high and were 1.8% up on the year earlier, a pace that was shadowed by the latest vehicle-miles-travelled statistics consequential on efficiency gains. The US Department of Transportation's Federal Highway Administration reporting that total US vehicle miles travelled rose by 3.9% y-o-y in April.



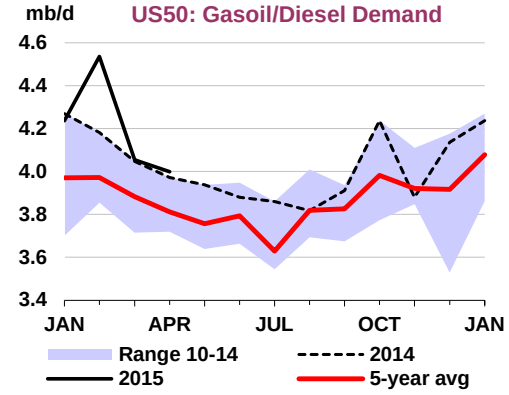


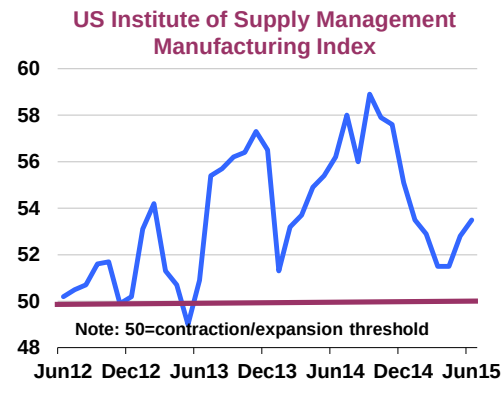
Persistent gains in the industrial sector supported additional gasoil/diesel deliveries, up 25 kb/d y-o-y in April, LPG 80 kb/d higher and 'other products' adding 55 kb/d. The US Institute of Supply Management's closely watched Manufacturing index depicted an increasingly upbeat short-term outlook and one that has risen steadily since temporarily stalling at the end of 1Q15. Of the 18 manufacturing sectors tracked, 11 are reporting growth, notably including 'chemical products' consistent with the growth seen in LPG deliveries recently.





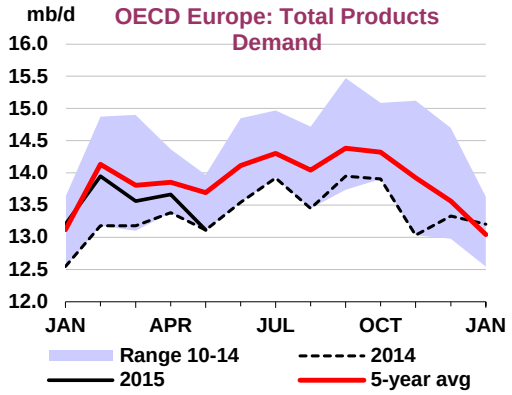
Preliminary estimates of May demand, based on the US Department of Energy's Energy Information Administration's weekly series, showed total US oil deliveries rising to 19.1 mb/d in May. Up by nearly 3% on the year earlier, the preliminary May series contained particularly sharp gains in petrochemical feedstocks and transport fuels, which more than offset persistent softness in residual fuel oil use. Looking forward, total US deliveries are forecast to average 19.3 mb/d in 2015 as a whole, 1.6% up on the year, as both the recuperating macroeconomic backdrop and starkly lower prices inflated oil product demand. US demand momentum then roughly halves in 2016, as additional efficiency gains filter through alongside the likely plateau in underlying macroeconomic momentum.

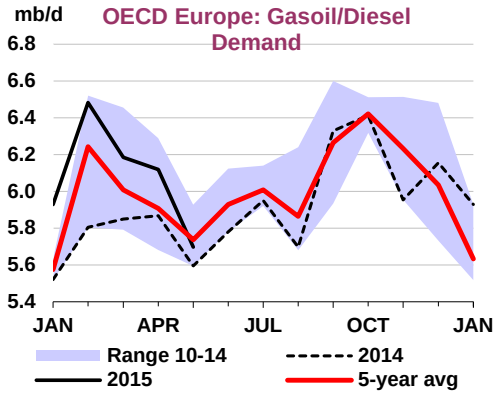




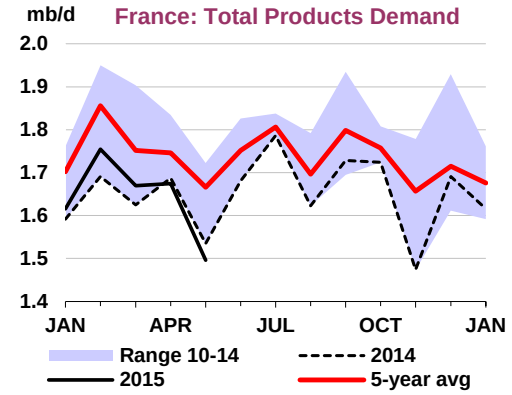
Europe

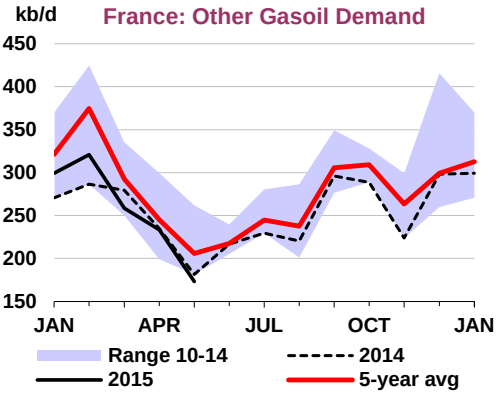
Playing a vital role in the escalation in global demand growth, to a four-year high in 1Q15, changing European momentum proved critical in the deceleration that followed. Within the global 1Q15 uptick, Europe accounted for 70%, then in the resultant 2Q15 slowdown the deceleration in Europe went as far as to exceed the global climb-down. Baseline data revisions also took 115 kb/d off the 2013 European demand estimate, to 13.6 mb/d, as new historical series for France and Italy, in particular, were incorporated.



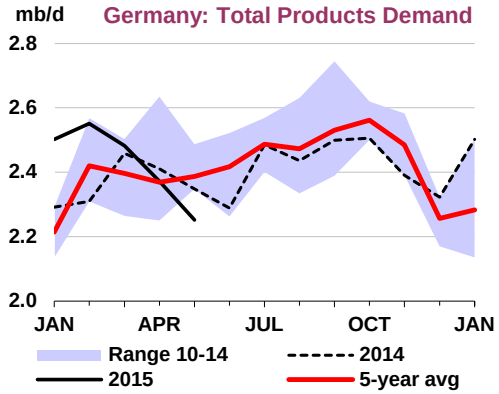


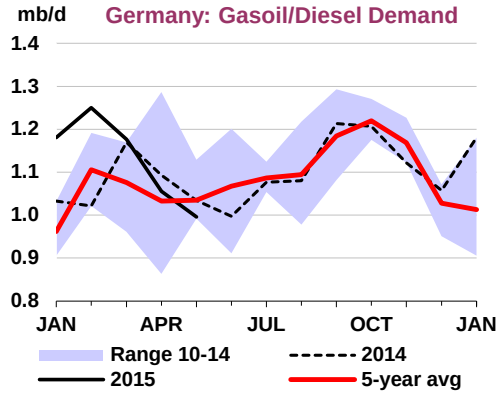
Preliminary estimates of May **French** demand suggest a second consecutive y-o-y decline, to 1.5 mb/d, as the previous four-month uptick now increasingly looks to have been a temporary aberration induced by colder-than-year-earlier weather. The demand forecast for 2015 as a whole remains at -1.5%, likely easing back to -1.0% in 2016 as macroeconomic momentum is forecast to build.





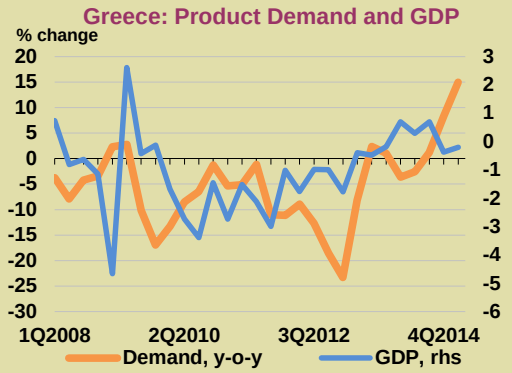
The latest preliminary data for **Germany** paint a similar picture, as total deliveries fell to 2.3 mb/d in May, a second consecutive y-o-y decline reversing the prior four-month uptrend. As with France, colder-weather conditions played something of a role, with the number of heating degree days December-March roughly one-sixth up on the year earlier. 'Other gasoil' demand accounted for just over 40% of the total December-March German demand growth and 60% of the April-May decline. This is unlikely to be due to the refilling of heating oil stocks, as data show they have drawn steadily through June. In 2015 as a whole, growth of around 1.1% is foreseen, taking average deliveries up to around 2.4 mb/d, before declining modestly in 2016, albeit still averaging 2.4 mb/d, as the negative impact from efficiency gains are likely to exceed any upside support from tentative macroeconomic gains.





Finance turmoil in Greece

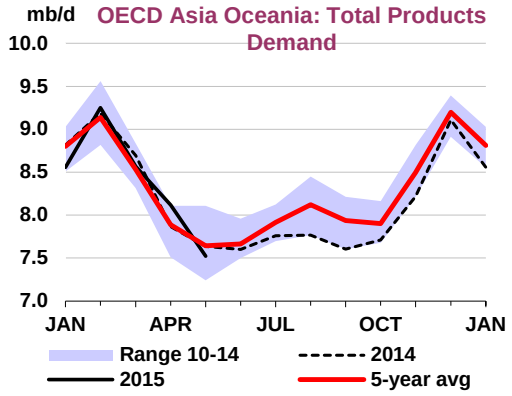
With serious questions being raised about Greece's ongoing participation in the European single currency, and amid Greece's unsustainable debt levels and one-quarter of the populace out of work, the macroeconomic outlook for Greece and potentially Europe has come under threat. This brings with it the prospect of weakening oil demand. Demand in 1Q15 in Europe and Greece rose by 4.6% y-o-y (or 600 kb/d) and 15% (or 40 kb/d), respectively, as their economies grew by 1.5% and 0.2%. Such strong oil demand growth looks unsustainable, with Greece almost certain to see a short-term reversal. This is because a large part of 1Q15 Greek growth was likely the result of cold weather, as the number of heating-degree days carried a 30% premium and 'other gasoil' accounted for 80% of the 1Q15 gain. Furthermore, the recent imposition of daily cash withdrawal limits and refusals of credit cards at petrol stations will limit access to oil products.

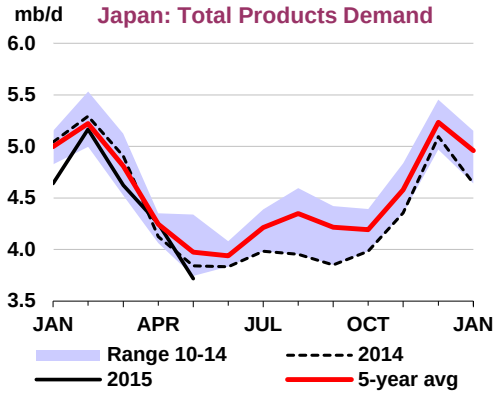


Although current forecasts of Greek demand point to a contraction, falling from 290 kb/d in 1Q15 to 275 kb/d by 4Q16, additional downside pressures loom amid concerns over Greece's participation in the single European currency. If Greece were to exit the euro, any replacement currency it adopts could be severely debased; bringing additional downside to Greek oil product demand as goods and services priced in US dollars would become more expensive. Already a net exporter, with recent estimates of refinery outputs exceeding demand, future currency weakness would encourage further exports at the expense of domestic demand. In a recent study of crisis-hit exchange rate regime changes, JPMorgan concluded that the average depreciation in the first year of trading is between 40% and 80% versus the US dollar. Argentina, for example, saw 70% wiped off the value of the peso in 2002 alongside contractions of 10.9% in GDP and 8.6% of oil product demand; a similarly sized contraction in Greece in 2016 would remove a further 15 kb/d. The possibility of Greece's economic woes spilling over to other EU countries also bears watching, as this could curtail oil demand growth across the region.

Asia Oceania

Lagging the rising OECD demand trend in recent months, even still contracting OECD Asia Oceania has posted notably slower declines. Preliminary May data showed deliveries in OECD Asia Oceania down by 110 kb/d (or -1.4%) on the year earlier, roughly one-third the size of 2H14 drops. Important baseline revisions have accompanied this month's OECD Asia Oceania release, with approximately 45 kb/d added to the 2013 baseline series, to 8.4 mb/d, reflecting sharply higher historical petrochemical usage. Japan saw the largest OECD Asia Oceania baseline revision, with 35 kb/d added to the 2013 estimate, to 4.6 mb/d, on additional LPG and residual fuel oil.





Preliminary May data for **Japan** confirm our month earlier forecast that the increase seen in April (+3.1% y-o-y) would prove to be a short-term move, driven largely by weaknesses in year earlier demand triggered by a sales tax hike. Falling by approximately 125 kb/d y-o-y in May, average Japanese oil product demand likely slipped to around 3.7 mb/d, with particularly sharp declines in LPG, jet/kerosene, gasoil/diesel and 'other products'. Having declined by, on average, 2.1% in 2015, to 4.3 mb/d, a lesser drop of 1.7% is forecast in 2016, to 4.2 mb/d, as the downside momentum in the power sector, in particular, bottoms-out.

Non-OECD

Relatively weak non-OECD gasoil demand growth continues to constrain the overall pace of non-OECD demand growth, with Brazil, Russia, Saudi Arabia and, to a lesser degree, China the main protagonists of slow/falling gasoil demand. Total non-OECD oil product deliveries rose by around 2% in 1H15, as non-OECD gasoil demand growth struggled to get much above 1%, this despite robust gains in LPG, gasoline and 'other products'. The forecast for 2H15 is much the same, equating to non-OECD oil demand growth of approximately 2.1% on the year as a whole, as deliveries average 47.9 mb/d in 2015. Gently accelerating macroeconomic momentum in 2016 should then support a modest acceleration in non-OECD oil demand growth, to 2.5%, as deliveries average 49.1mb/d in 2016.

Non-OECD: Demand by Product

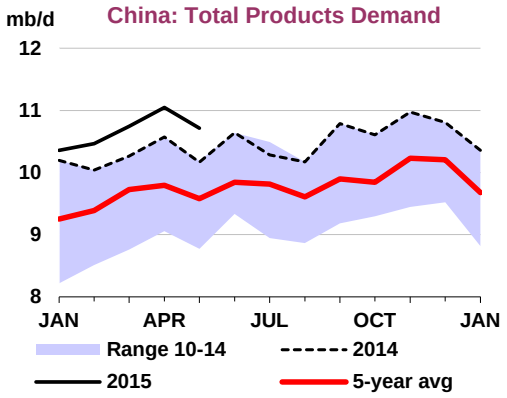
(thousand barrels per day)

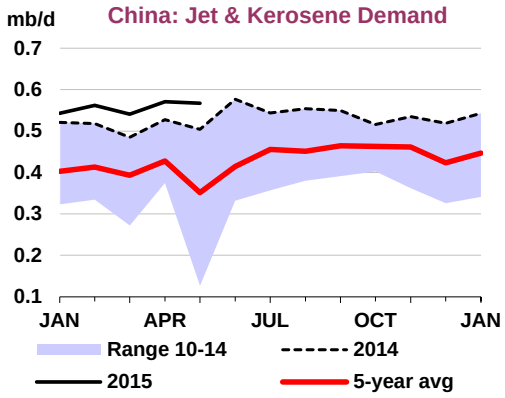
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
LPG & Ethane	5,213	5,264	5,288	183	145	3.6	2.8
Naphtha	3,087	3,123	3,112	-95	56	-3.0	1.8
Motor Gasoline	9,945	9,900	10,037	392	280	4.1	2.9
Jet Fuel & Kerosene	3,015	3,005	3,011	71	72	2.4	2.4
Gas/Diesel Oil	14,394	13,849	14,459	131	219	1.0	1.5
Residual Fuel Oil	5,457	5,409	5,390	20	-77	0.4	-1.4
Other Products	6,402	6,418	6,653	290	205	4.7	3.2
Total Products	**47,513**	**46,968**	**47,950**	**992**	**902**	**2.2**	**1.9**

China

The recent relative recuperation in Chinese oil demand continued into May, as apparent demand added roughly 0.5 mb/d (or 5.4%) on the year earlier, taking deliveries up to around 10.7 mb/d. This gain amounted to a fourth consecutive month of +0.4 mb/d y-o-y growth, as momentum continued to build along with the precarious but still expanding domestic economy. The latest National Bureau of Statistics (NBS) data, for example, shows industrial output rising by 6.1% y-o-y in May while their Manufacturing PMI posted its third consecutive month of 'expanding' activity in May, albeit only modestly at 50.2. Economic growth in China is, however, far from clear cut, as NBS reported GDP growth of 7% in 1Q15, a

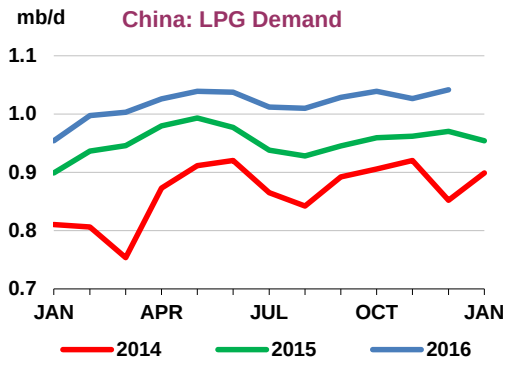
six-year low, while the stock market entered bear-market territory in July, although still up 80% on the beginning of the year. Furthermore, oft-quoted alternative measurements of economic activity, like power output, remain flat. A policy of four interest rate cuts in seven months, coupled with reductions in size of deposits banks need to hold in reserve, shows the continued determination of the government to support underlying economic activity. Chinese oil demand growth of approximately 3% is forecast for both 2015 and 2016, well down on the double-digit percentage point gains seen only a few years back, as the economy has made a clear structural change away from export-orientated manufacturing increasingly towards domestic consumption. Accordingly, relatively strong gains are foreseen in gasoline, jet fuel and LPG, while gasoil and residual fuel oil continue to lag.

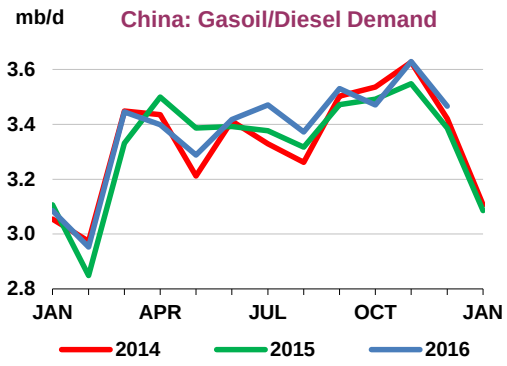




Robust growth has been seen across the Chinese product spectrum recently, with jet/kerosene and LPG particularly dominating May's upside. Up by approximately 65 kb/d y-o-y in May, Chinese jet/kerosene demand rose to its third highest level ever, this despite reports that China has starting exporting jet fuel to Europe, a consequence of its own even more rapidly expanding refining capacity. In late-May, the Norwegian-flagged SKS Driva was reported to have loaded nearly 100 000 tons of jet fuel from Sinopec's Hainan refinery, destined for Gibraltar, with visits planned for the Welsh port of Milford Haven and French storage hub Le Havre. LPG deliveries, meanwhile, rose to an all-time high of 1.0 mb/d in May, supported by May's near 6% gain in industrial activity and the start-up of additional propane dehydrogenation capacity. Even previously hamstrung Chinese gasoil/diesel demand posted modest growth on a y-o-y basis, rising to an estimated 3.4 mb/d in May, supported by reports of a second consecutive monthly destocking.

At an upwardly revised 10.7 mb/d in May, Chinese apparent demand is approximately 225 kb/d higher than the forecast cited in last month's *Report*, an upgrade chiefly attributable to higher-than-expected refinery activity. The near 3% per annum gains that are foreseen for Chinese oil demand, 2015-16, are underpinned by 6-to-7% GDP projections and very much depend on the economy not underperforming, hence the risks of much lower demand are not insubstantial.





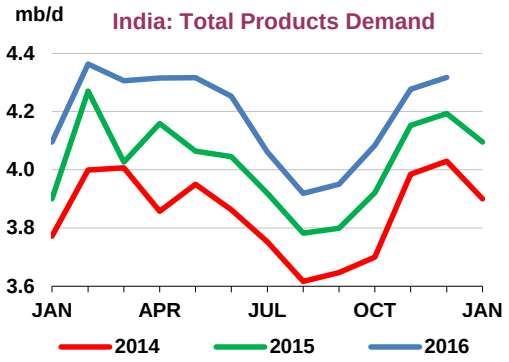
China: Demand by Product

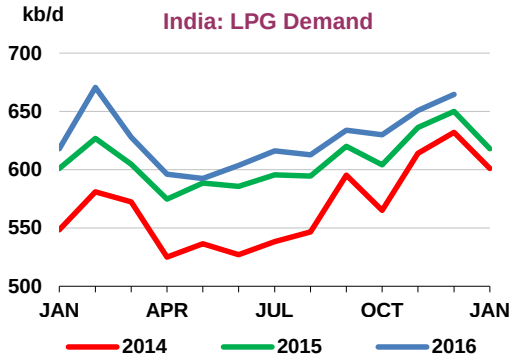
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	863	953	1,018	90	65	10.4	6.8
Naphtha	1,186	1,198	1,231	12	33	1.0	2.8
Motor Gasoline	2,224	2,343	2,464	119	121	5.4	5.2
Jet Fuel & Kerosene	529	556	580	26	25	5.0	4.5
Gas/Diesel Oil	3,353	3,349	3,378	-3	29	-0.1	0.9
Residual Fuel Oil	330	251	247	-79	-4	-24.0	-1.5
Other Products	1,975	2,142	2,209	167	67	8.5	3.1
Total Products	**10,460**	**10,792**	**11,128**	**332**	**336**	**3.2**	**3.1**

Other Non-OECD

A relatively modest, near 3% y-o-y gain, was reported for **Indian** oil product demand in May as, with the power of hindsight, it now appears that some of April's sharp near 8% y-o-y gain was attributable to displaced May oil demand, as many consumers reportedly bought additional volumes in April in anticipation of a late-April retail price hike. Strong May gains were seen in Indian LPG demand, as the expanding dealer network supported additional delivery-flows. The May slowdown is likely to only provide temporary respite, however, with a near 4.4% gain forecast for the year as a whole, taking average oil product deliveries up to around 4.0 mb/d in 2015 and 4.2 mb/d in 2016.



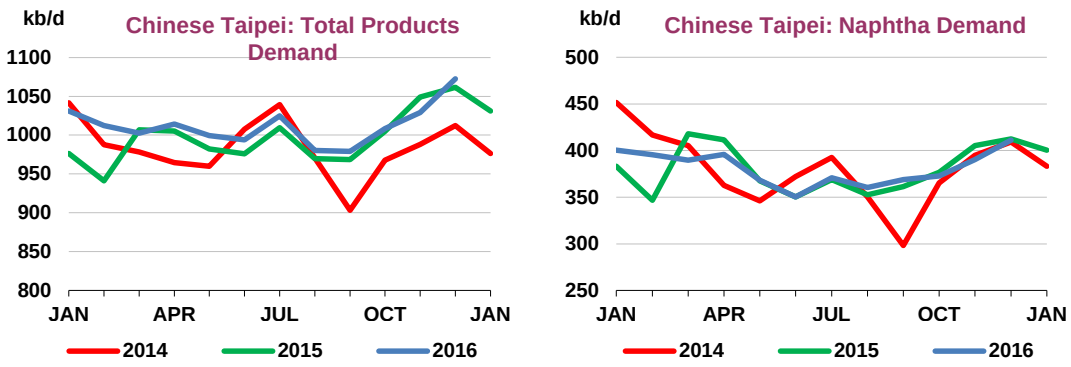


Non-OECD: Demand by Region

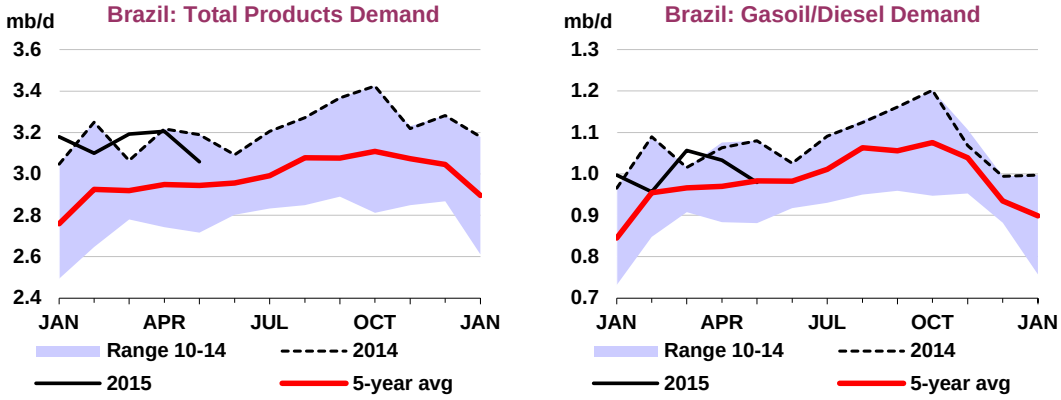
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
Africa	3,892	4,004	4,004	88	84	2.2	2.1
Asia	23,036	23,039	23,412	706	847	3.2	3.8
FSU	4,999	4,621	4,692	-10	-150	-0.2	-3.1
Latin America	6,918	6,714	6,792	106	11	1.6	0.2
Middle East	7,995	7,911	8,372	68	88	0.9	1.1
Non-OECD Europe	672	679	678	34	23	5.3	3.5
Total Products	**47,513**	**46,968**	**47,950**	**992**	**902**	**2.2**	**1.9**

The recently reported uptick in **Chinese Taipei** deliveries continued in April, as total demand averaged 1.0 mb/d for a second successive month, largely on account of resurgent naphtha demand. Also occurring for a second consecutive month, total deliveries rose on a y-o-y basis. Burgeoning demand was largely attributable to the additional petrochemical demand, post the 4Q14-1Q15 drought, which forced many companies to ease back on output. Looking forward, a modest near 1% gain in total deliveries is foreseen in 2015, to 1.0 mb/d, accelerating to +1.6% in 2016 as macroeconomic momentum builds.

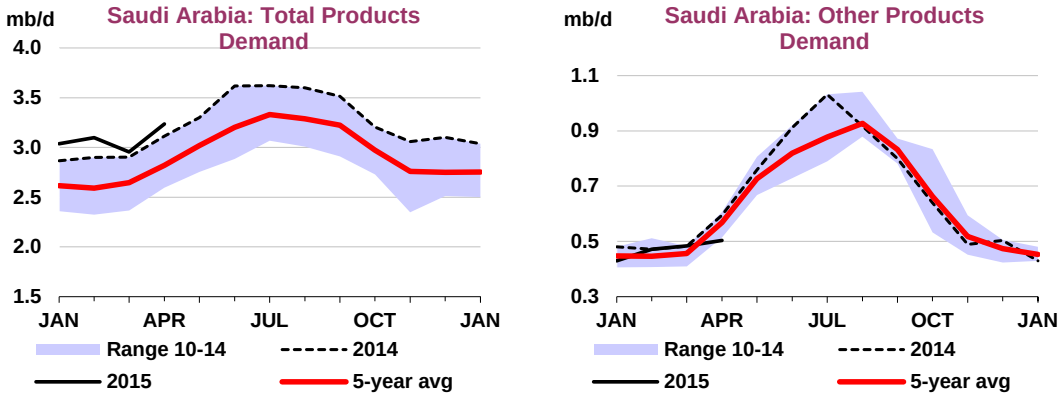


Exceptionally weak industrial activity curbed **Brazilian** oil deliveries, as they plummeted by around 130 kb/d on the year earlier in May, to 3.1 mb/d, with particularly sharp declines seen in both gasoil/diesel and residual fuel oil. Manufacturing sentiment, as tracked by HSBC/Markit, endured a fourth consecutive 'pessimistic' month, having fallen to 45.9 in May, while the latest industrial output data, from the Instituto Brasileiro de Geografia e Estatistica, plummeted by 7.6% y-o-y in April. Looking forward, although macroeconomic-watchers like the IMF foresee economic growth rebounding in 2016, only a very modest +1.0% increase in Brazilian oil product demand is foreseen for 2016, to a fresh average of approximately 3.2 mb/d.



The recent trend of negative y-o-y growth in **Iranian** oil deliveries continued into April, but to a lesser degree than forecast in last month's *Report*, with notable declines in gasoline, residual fuel oil and diesel. Having likely seen sub 1% demand growth in both 2014 and 2015, Iranian oil demand growth is forecast to accelerate in 2016, taking deliveries up to an average of around 1.9 mb/d on a brightening macroeconomic backdrop even if sanctions are not relaxed. Potential changes in the level/persistence of sanctions remain the big wild card for Iran, as their removal would likely support not only much stronger economic growth but also an even faster pace of oil demand growth.

Heady gains in motor gasoline and LPG supported the near 120 kb/d y-o-y gain in **Saudi Arabian** oil product demand in April, which rose to an estimated 3.2 mb/d, a seven month high. The gain would have been even larger had it not been for the late arrival of hotter weather this year, as relatively cooler April climes curbed the direct crude oil burn, with the number of cooling degree-days roughly 10% down on the year earlier. Given the generally transitory nature of such factors, as hotter temperatures return post-April, the overall demand forecast continues to show near 3% growth in 2015, as deliveries average 3.3 mb/d, easing to 2.2% in 2016 as macroeconomic momentum itself likely decelerates.



Still falling heavily, the latest **Egyptian** demand data showed a 2.5% y-o-y contraction through the first four months of the year, as the precarious macroeconomic backdrop particularly dampened LPG and jet/kerosene. For the year as a whole a modest, near 1%, expansion in average oil deliveries is foreseen to 885 kb/d, before accelerating sharply in 2016 (+3.5%) to 915 kb/d, as additional macroeconomic momentum builds. The IMF, in April's *World Economic Outlook*, predicted that Egyptian GDP growth would escalate up towards 4.3% in 2016. Efforts to curb oil-price subsidies act as a constraint on oil demand growth; the recently published 2015-16 budget cited the share of spending dedicated to oil subsidies falling below 7% from 20% in 2012-13.

Hamstrung by acute product shortages, the latest **Nigerian** data depicted just 230 kb/d of oil products being delivered in April, a contraction of 65 kb/d on the year earlier. A dispute between national fuel marketers and the Nigerian government triggered the shortages, that have yet to be fully appeased, despite an agreement being reached late-May. Nigeria dominant fuel, gasoline, saw the sharpest y-o-y correction, down by 30 kb/d in April to an estimated 170 kb/d. Despite such problems, indeed partially because of such problems, an impending bounce-back in demand is now foreseen for 2016, when a near double-digit percentage point gain is envisaged lifting deliveries to an average 295 kb/d.

SUPPLY

Summary

- **Global oil supply surged a further 550 kb/d in June, on higher output from both OPEC and non-OPEC producers.** At 96.6 mb/d, world oil output stood an impressive 3.1 mb/d above the previous year, with OPEC crude and NGLs accounting for 60% of the gain.

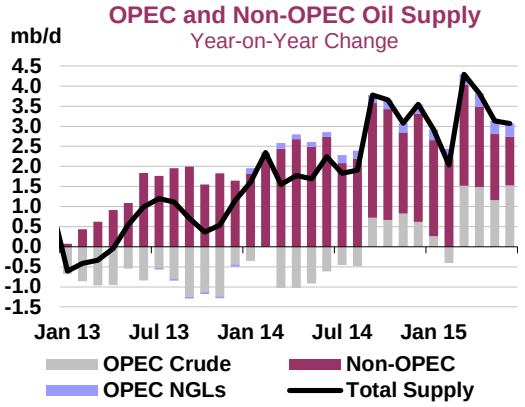
- **After expanding by a massive 2.4 mb/d in 2014, non-OPEC oil production growth is expected to ease to 1.0 mb/d in 2015 before grinding to a halt in 2016**, as lower oil prices and spending cuts take a toll on output. The Americas, led by the US, Canada and Brazil will continue to expand through 2016, offsetting declines in other regions. In all, non-OPEC supply averages 58 mb/d for 2015 and 2016.

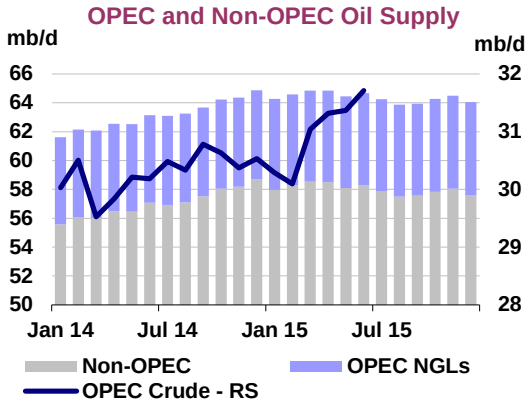
- **While the US maintains its position as the largest source of non-OPEC supply growth in 2016, annual gains are set to decline to 0.3 mb/d from an impressive 1.7 mb/d in 2014 and 0.9 mb/d for 2015.** In contrast to recent trends, gains will stem from new projects in the Gulf of Mexico and from NGLs, while growth in light tight oil supplies is curbed by the recent drop in drilling activity.

- **The 'call on OPEC crude and stock change' for 2016 is forecast to rise by 1 mb/d to 30.3 mb/d as growth from producers outside the group is expected to stall.** The 'call' for 2015 is steady at 29.3 mb/d.

- **OPEC crude supply rose by 340 kb/d in June to 31.7 mb/d, a three-year high, led by Iraqi output of more than 4 mb/d, an all-time high.** Record monthly rates from Saudi Arabia and the UAE and higher Nigerian flows also helped push OPEC output 1.5 mb/d above the previous year. Robust OPEC output lowered 'effective' spare capacity in June to 2.27 mb/d versus 2.38 mb/d in May.

- **Non-OPEC total oil production rose by 200 kb/d in June, to 58.3 mb/d,** on the back of a seasonal increase in biofuels supplies, and an expected recovery in Canadian and Australian output after outages over April and May. Year-on-year growth remained at a hefty 1.2 mb/d, of which the United States accounted for 75%. Growth is expected to taper off in coming months, with particularly steep declines expected in US LTO output gains.

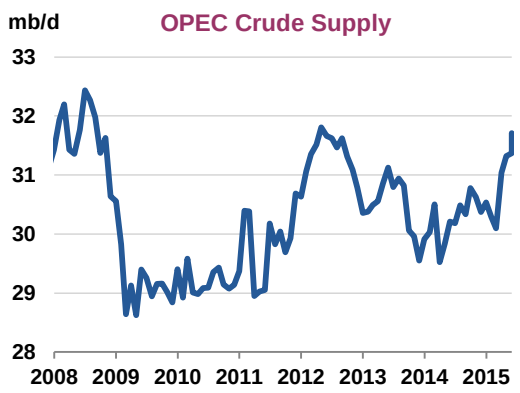


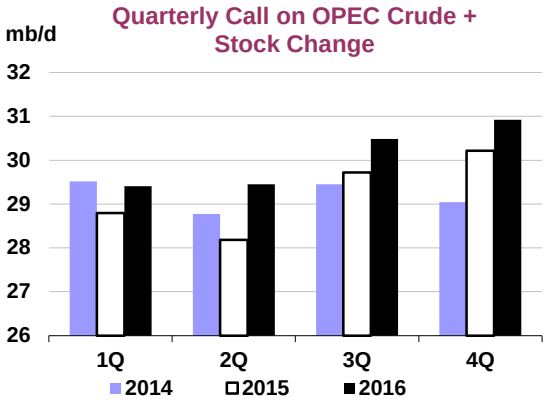


All world oil supply data for June discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary June supply data.

OPEC crude oil supply

OPEC crude oil output climbed by 340 kb/d from May to 31.7 mb/d – the highest since April 2012 - with June marking another record-breaking month for Middle East producers. Supply from Iraq, including the Kurdistan Regional Government (KRG), rose to 4.1 mb/d – the highest-ever rate. Saudi Arabia, OPEC's top producer, scaled a record monthly 10.35 mb/d, while neighbouring UAE lifted output to an all-time high. Muscular pumping in June put OPEC's supply 1.5 mb/d above the previous year and a whopping 1.7 mb/d above its official 30 mb/d supply target.





Since November, when OPEC agreed its strategy to defend market share at the expense of price, supply has risen by 1.3 mb/d. Saudi Arabia and Iraq, OPEC's second largest producer, have each increased output by more than 700 kb/d over the November-June period. Their strong performance helped drive OPEC's 1H15 supply to an average of nearly 31 mb/d. Indications are that flows will remain well above the 31 mb/d mark during the coming months. Riyadh is expected to keep pumping above 10 mb/d during the peak summer demand season. Iraq posted a fourth straight month of record-breaking exports in June and will strive for higher oil sales. And Libyan supply could start to ramp up following the early-July lifting of force majeure at the Ras Lanuf terminal.

OPEC Crude Production

(million barrels per day)

	Apr 2015 Supply	May 2015 Supply	Jun 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Jun 2015 Supply	1H15 Average Crude Supply
Algeria	1.11	1.11	1.11	1.14	0.03	1.11
Angola	1.73	1.77	1.79	1.80	0.01	1.77
Ecuador	0.55	0.55	0.54	0.57	0.03	0.55
Iran	2.88	2.85	2.80	3.60	0.80	2.83
Iraq[4]	3.75	3.85	4.12	4.00	-	3.70
Kuwait[2]	2.80	2.76	2.74	2.82	0.08	2.78
Libya	0.52	0.45	0.42	0.50	0.08	0.42
Nigeria	1.80	1.76	1.84	1.92	0.08	1.81
Qatar	0.67	0.66	0.66	0.70	0.04	0.67
Saudi Arabia[2]	10.20	10.30	10.35	12.34	1.99	10.07
UAE	2.87	2.87	2.90	2.94	0.04	2.86
Venezuela[3]	2.44	2.44	2.44	2.49	0.05	2.42
Total OPEC	**31.32**	**31.37**	**31.71**	**34.82**	**3.23**	**30.97**
(excluding Iraq, Nigeria, Libya and Iran)					**2.27**	

1 Capacity levels can be reached within 90 days and sustained for an extended period.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in June.

4 Iraq production during June exceeded our assessment of sustainable capacity.

The 'call' on OPEC for this year is steady at 29.3 mb/d, but is forecast to climb by 1 mb/d in 2016 to 30.3 mb/d as non-OPEC growth grinds to a halt. OPEC's 'effective' spare capacity was estimated at 2.27 mb/d in June, down from 2.38 mb/d in May, with Saudi Arabia accounting for roughly 90% of the surplus.

OPEC capacity: How quickly can it be brought on line?

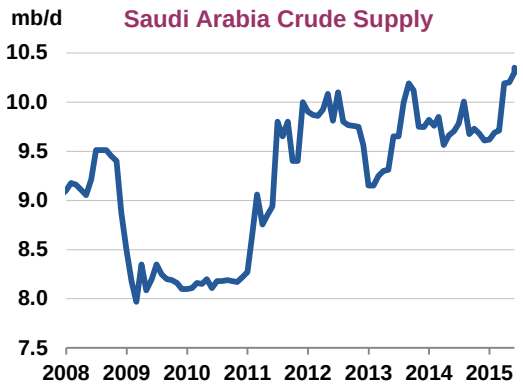
As of last month's *Report*, the IEA's definition of OPEC's sustainable capacity has changed to "capacity levels (that) can be reached within 90 days and sustained for an extended period" from "capacity levels (that) can be reached within 30 days and sustained for 90 days". The change is intended to better reflect the reality of how quickly reserve production can be brought to the market. It does not change the IEA's assessment of OPEC capacity, nor does it affect how the IEA would act, if needed, during an oil supply disruption.

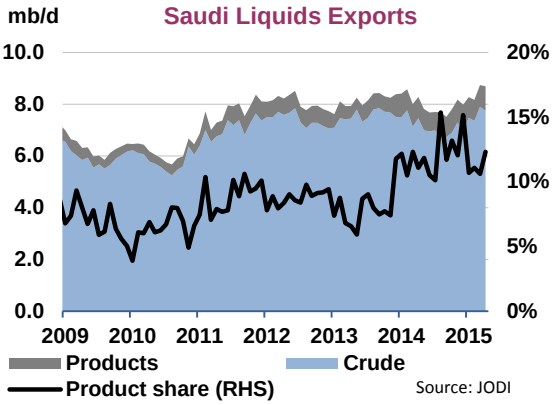
The IEA's current assessment of sustainable capacity in both its monthly *Oil Market Report* and in the *Medium Term Oil Market Report (MTOMR)* strives to accurately reflect sustainable production based on existing oil field development programmes and expected increases coming from planned investments. It is worth noting that Saudi Oil Minister Ali al-Naimi, in a 5 June 2015 interview with the Saudi-owned al-Hayat newspaper, said Saudi Arabia needed 90 days to reach full production capacity of up to 12.5 mb/d, in order to move rigs from exploration work over to drill new wells to raise production.

This is not to say that all of OPEC's spare capacity, most of it in Saudi Arabia, would take as long as 90 days to come to the market. But to ramp up production more quickly would be challenging, incur great expense and require tremendous effort and sustained commitment.

As OPEC seeks to maximise market share following its agreement last November, the group's spare capacity has shrunk. With OPEC output at 31.7 mb/d in June, effective spare capacity has been reduced to 2.27 mb/d.

Crude supply from **Saudi Arabia** edged to a record monthly high of 10.35 mb/d in June, up from an upwardly revised 10.3 mb/d in May, marking a fourth consecutive month of double-digit output. Higher seasonal demand at domestic power plants, increases in domestic refining capacity and brisk sales to international markets are likely to keep Saudi oil fields cranking out more than 10 mb/d during the coming months.





Riyadh steered OPEC's decision last November to stick with the group's 30 mb/d supply target and has made clear that it will not reduce production unilaterally to rebalance the world oil market. To that end, it appears to be aiming to sustain oil sales of roughly 7.5 mb/d, according to industry sources. The latest figures submitted to the Joint Organisations Data Initiative (JODI) show crude exports during the January to April period running at 7.6 mb/d, up 510 kb/d on the annual average rate for 2014.

Saudi crude shipments in April eased to 7.7 mb/d from March's robust 7.9 mb/d, according to JODI data. Exports of products rose to 950 kb/d from 840 kb/d in March. Overall Saudi oil exports, excluding condensates and NGLs, dipped to 8.69 mb/d in April versus 8.74 mb/d in March.

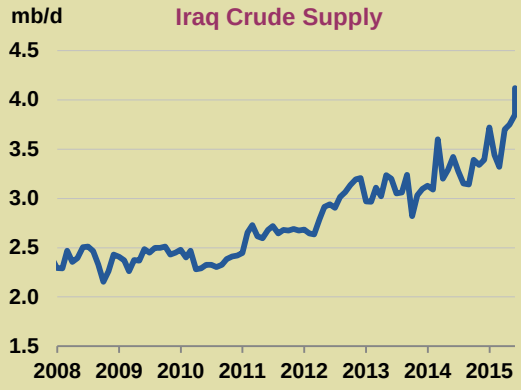
Saudi consumption is meanwhile on the rise as power plants burn more crude during the summer months and the new Yasref refinery, a joint venture between state-owned Saudi Aramco and China's Sinopec, reached full throttle. The Kingdom's refineries revved up to a record 2.2 mb/d in April, according to JODI figures. Saudi power plants consumed about 350 kb/d in April 2015, steady on March. Riyadh's direct use of crude rose last year from around 360 kb/d in March to nearly 900 kb/d in July.

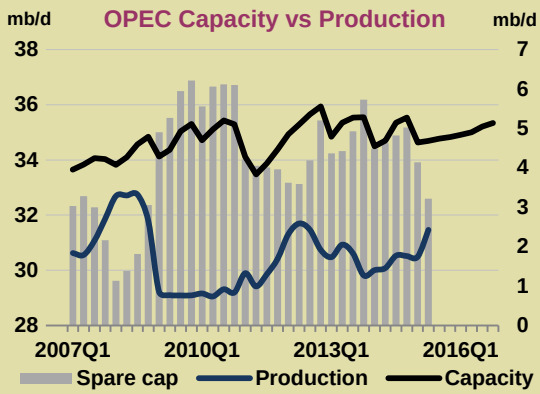
Little month-on-month (m-o-m) fluctuation was evident in crude oil production from Saudi Arabia's Gulf neighbours. The **UAE** lifted flows to a monthly record of 2.9 mb/d in June. **Kuwaiti** supply dipped to 2.74 mb/d in June as output from the Neutral Zone it shares with Saudi Arabia slowed to a trickle due to ongoing operational dispute between the two sides, industry sources say. **Qatari** production held steady m-o-m at 660 kb/d.

Iraq output strides to boost OPEC capacity

Strong production gains by **Iraq** are expected to drive estimated OPEC capacity to 35.2 mb/d in 2016 - marking a return to growth for the producer group for the first time since 2012. After losing nearly 700 kb/d in aggregate capacity over the past three years, a 430 kb/d expansion is projected for next year and Iraq is due to account for more than half of it. Iraq's sustainable capacity this year is estimated at 4 mb/d, rising to an average 4.2 mb/d in 2016.

Already in 2015, OPEC's second-biggest producer has made huge strides to expand output despite the twin challenge of low oil prices and a costly battle against the Islamic State of Iraq and the Levant (ISIL). Crude output from Iraq, including the KRG, rose by 270 kb/d from May to reach an all-time high of 4.12 mb/d.





Production in June stood 845 kb/d higher than a year ago. And exports - as reported by Baghdad - set new record highs for a fourth-month running in June, with a big surge in southern supply making up for lower exports from the north. Overall shipments rose to an average 3.19 mb/d in June versus 3.14 mb/d the previous month.

Sales of crude from Iraq's giant southern oil fields leapt by nearly 330 kb/d from May to just over 3 mb/d -a post 1979-high - after Baghdad started up a new export system for heavy crude. Roughly 620 kb/d of new Basra Heavy crude was exported alongside Basra Light deliveries of some 2.4 mb/d, according to industry sources. Some heavy crude from oil fields such as West Qurna-2, Halfaya and Gharraf had been shut in to enhance the quality of Basra Light. The separation of the grades has allowed for significantly higher overall exports and stabilised the quality of Basra Light.

In the north, the fragile export deal between the central government and the KRG is showing signs of strain, although overall shipments of northern crude remained steady m-o-m at roughly 570 kb/d. The KRG cut its transfer of oil to Iraq's State Oil Marketing Organisation (SOMO) to just 150 kb/d in June versus 450 kb/d in May. At the same time, it sold roughly 400 kb/d on its own behalf through Turkey's Ceyhan port during June versus about 130 kb/d in May. The export deal agreed late last year granted SOMO the right to sell 55 kb/d of northern Iraqi crude from Ceyhan in return for payment to the KRG. The deal was seen as a breakthrough in a long-standing feud over oil rights and revenue sharing, but it has grown increasingly tenuous. The KRG

Iraq output strides to boost OPEC capacity (continued)

says it has not been paid in full by Baghdad, which – in turn - says the KRG has not delivered the agreed volumes.

Rising tension between Baghdad and the Kurds could threaten the security of Iraq's northern crude shipments, but the infrastructure is finally in place to support the southern export effort. Every attempt will be made to keep up record Basra crude oil shipments and Iraqi and Western industry sources say Iraq should be able to sustain the lofty volume for a while, at least.

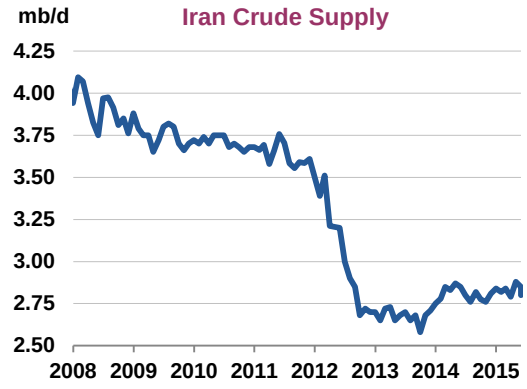
The worry is that output could drop off later in the year due to budget cuts at oil field mega-projects. Low oil prices and the fight against ISIL have left Baghdad with little cash to repay the international oil companies at work in the country's southern oil fields. Baghdad has advised them to slow down and has agreed lower 2015 budgets for Rumaila, run by BP, and West Qurna-1, where ExxonMobil is in charge. The amended plan at West Qurna-1, now pumping around 400 kb/d, has cut investment to $1.1 billion from $1.6 billion. Spending this year on Rumaila, Iraq's biggest oil field, was cut to $2.5 billion from $3.5 billion. It is producing around 1.3 mb/d and is expected to reach 1.4 mb/d by 2016.

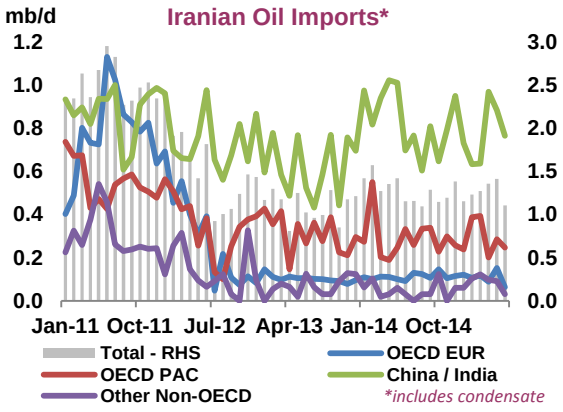
Outside of Iraq, Libya is the only other country due to post a material increase in OPEC capacity (150 kb/d) in 2016 – provided it can overcome security and infrastructure issues. A smaller gain of roughly 80 kb/d is expected from Saudi Arabia.

In addition to its projected crude oil capacity gains, OPEC is expected to add 300 kb/d of natural gas liquids (NGL) capacity in 2016, with Iran and Angola expected to provide the bulk of the increase.

Crude oil production from **Iran** edged down by 50 kb/d to 2.8 mb/d in June against the backdrop of crucial negotiations for a nuclear deal between Tehran and the P5 +1 (the US, UK, France, Russia, China and Germany). An agreement to curb Tehran's nuclear programme could include the removal of US and European Union sanctions and pave the way for Tehran to raise oil output. At the time of writing, talks were ongoing.

Iranian oil fields are estimated to be capable of pumping up to 3.4 mb/d to 3.6 mb/d within months of sanctions being lifted. (For further details, please see "*Framework agreement opens door for potential Iran export increase*" in the *Report* dated 15 April 2015.) But Tehran could raise exports immediately out of floating storage. Iran was housing roughly 40 mb of oil on vessels at the end of June, according to IEA estimates. At least 17 mb is crude oil ready to be shipped – if and when allowed – into an already well-supplied market. The remaining 22 mb is condensate.



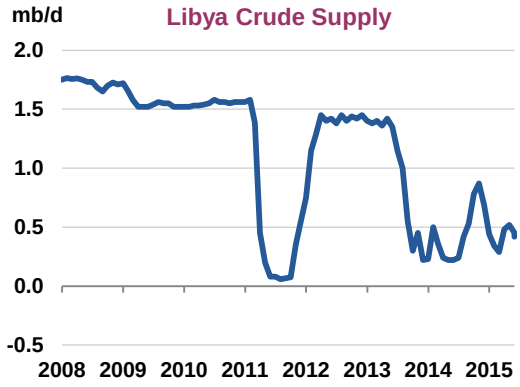


Since tough financial measures were enforced in mid-2012, Iran's crude exports have fallen to roughly 1.1 mb/d from around 2.2 mb/d at the start of 2012. A nominal 1 mb/d cap was set on Tehran's crude exports under a November 2013 preliminary deal that partially eased sanctions, with buyers required to hold imports near that level.

After running well above the 1 mb/d target at an average 1.16 mb/d in the first five months of the year, import volumes of Iranian crude eased back to roughly 1 mb/d in June, according to preliminary tanker tracking data. Deliveries in May climbed to 1.36 mb/d, the highest since June 2012 – the last month before strict financial sanctions were imposed by the US and EU. A substantial volume of the crude for delivery in May could have been pumped during April, when Tehran produced at its highest since sanctions took effect.

In June, meanwhile, India halved its imports of Iranian crude oil after it purchased 370 kb/d in May, the highest level since March 2014. Similarly, Turkey cut purchases to 65 kb/d – a sharp drop from the previous month when it bought 155 kb/d, the highest volume since sanctions were imposed. Japan also cut back – reducing imports to 115 kb/d in June from 190 kb/d in May. China, Iran's top buyer, and South Korea raised purchases. Beijing bought 580 kb/d versus 520 kb/d in May, while South Korea imported 130 kb/d in June versus 100 kb/d the previous month. Purchases of condensate – ultra light oil from Iran's South Pars gas project – edged up by 50 kb/d to 110 kb/d in June, still well below the 2014 average of 190 kb/d. Import volumes are based on data submitted by OECD countries and non-OECD statistics that come from customs agencies, tanker movements and news reports.

Ongoing challenges with security and technical glitches trimmed **Libyan** production by 30 kb/d m-o-m to 420 kb/d. But state National Oil Corp. (NOC) is aiming to boost output following the lifting of force majeure in early July at its Ras Lanuf terminal. NOC said it was able to reopen the vital 200 kb/d export outlet – shut for six months - after security in the area improved substantially. A tanker was scheduled to load Sirtica crude on 8-10 July. Once loaded, NOC expects to start pumping up to 80 kb/d of Amna crude into tanks at the eastern port, industry sources said.

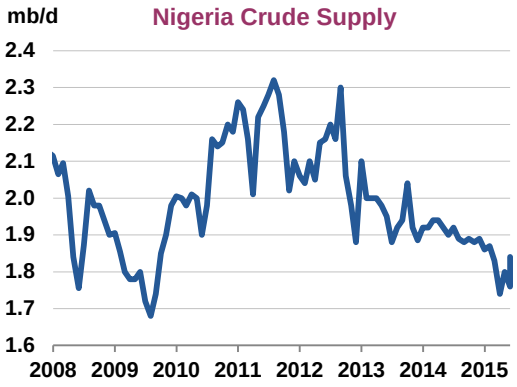


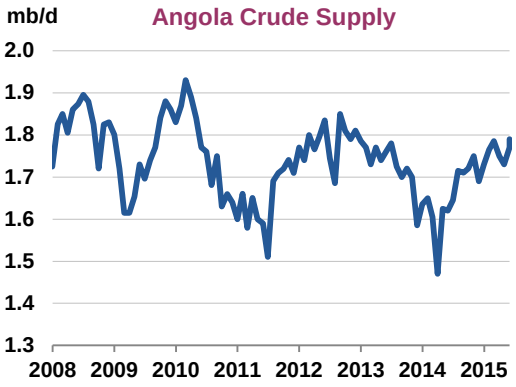
Negotiations with tribal elders in western Libya to reopen pipelines linking the core oil fields of El Feel and El Sharara to ports in the western Mediterranean also raised hopes of higher output. The major fields in the southwest have been shut due to a strike by security guards demanding more jobs.

Output in the North African producer had climbed to 600 kb/d in early April - the highest so far this year. That level is some way from the 1 mb/d hit last October and far below the 1.6 mb/d produced before the 2011 civil war that ousted Muammar Gaddafi. A long-running battle between the country's two rival governments – the so-called Libya Dawn administration in Tripoli and the officially recognised government that fled to the east – has, for months, forced a halt to operations at strategic oil fields and terminals.

Crude oil output trended higher in **Nigeria**, rising 80 kb/d m-o-m to 1.84 mb/d in June. The West African producer is looking increasingly to Europe and India as supply outlets after the US light tight oil boom all but dried up sales to its once core customer. Output in June could have been higher had it not been for disruptions in loadings of Bonny Light crude. Nigerian production and exports also continue to be held back by industrial-scale oil theft and sabotage in the Niger Delta.

Output from fellow West African producer **Angola** edged 20 kb/d higher m-o-m to 1.79 mb/d in June. Angola relies on oil sales for about 80% of government revenue and low oil prices are causing budgetary pain. Nearly 50% of its oil exports are routed to China and President Eduardo dos Santos travelled to Beijing in June to discuss new forms of finance. Beijing has issued oil-backed loans to Angola for more than a decade.

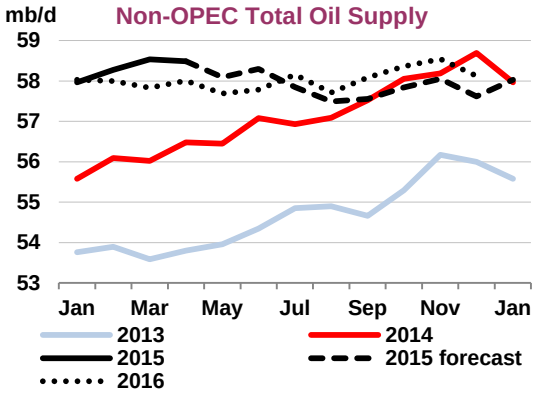


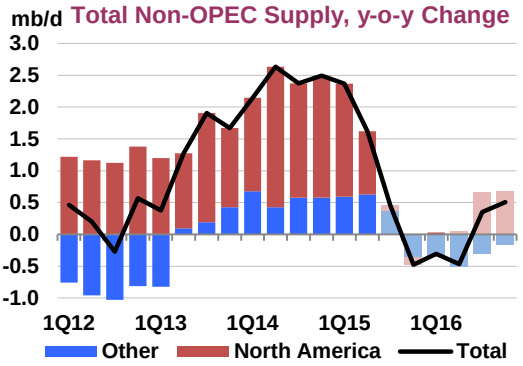


Non-OPEC overview

Non-OPEC supplies rose 200 kb/d in June, to 58.3 mb/d, on seasonally higher biofuels production and an expected recovery of Canadian and Australian production after extended outages in April and May.

The forecast for 2015 non-OPEC supply is unchanged since last month's *Report,* at 58.0 mb/d, as an upwards adjustment to US output growth in 2Q15 is offset by expectations of lower supplies later on. The latest US monthly production estimates, for March and April, show stubbornly robust US production, with both crude and NGLs output surging to fresh highs. Production is nevertheless expected to start declining, both in the US and elsewhere, as cuts in spending and rig activity filter through. Overall robust growth estimates of 1.0 mb/d for 2015 mask a sharp deceleration in expansions towards year-end, with annual increases dropping from 2.4 mb/d in 1Q15 to 1.6 mb/d in 2Q15 and turning negative by year-end. June production was estimated up 1.2 mb/d on the year prior.





Non-OPEC oil supply growth is expected to grind to a halt in 2016, as the impact of lower oil prices and spending cuts filter through more fully. Production from the Americas is nevertheless forecast to post continued gains, with the US, Canada and Brazil all increasing output. While US production sees the sharpest declines in growth, from record highs in 2014 and early 2015, output growth remains positive at around 300 kb/d for the year as a whole, with increases stemming mostly from additional natural gas liquid volumes and output from new projects in the Gulf of Mexico. Canadian production is also expected to continue on it's upwards trend, adding 130 kb/d on oil-sands project expansions. Continued structural declines in Mexico provide a partial offset.

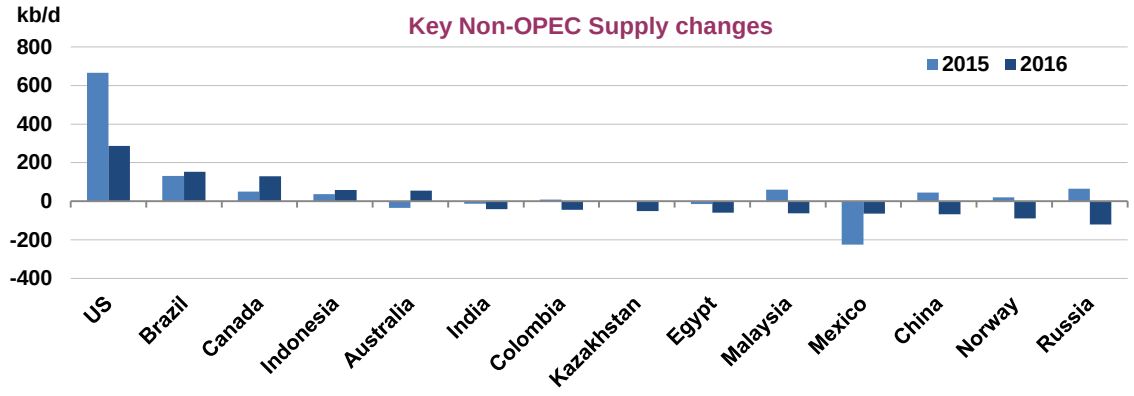
The only other country expected to add any meaningful increases next year is Brazil. Despite a number of challenges, partly resulting from the ongoing corruption scandal at Petrobras, Brazil is expected to add a further 150 kb/d of output in 2016 as new production facilities come on stream. In a much-awaited update of its business plan, Petrobras cut its target for 2020 production to 2.8 mb/d, from 4.2 mb/d

previously. The more sober outlook brings Petrobras's projections more closely in line with those of the February 2015 *Medium Term Oil Market Report (*see *Petrobras slashes production and investment plans).*

Non-OPEC Supply
(million barrels per day)

	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Americas	**19.0**	20.0	19.8	19.2	19.6	**19.6**	20.0	19.8	19.8	20.3	**20.0**
Europe	**3.3**	3.4	3.4	3.2	3.4	**3.4**	3.4	3.2	3.1	3.3	**3.2**
Asia Oceania	**0.5**	0.4	0.4	0.5	0.5	**0.5**	0.5	0.5	0.6	0.5	**0.5**
Total OECD	**22.8**	23.8	23.6	22.9	23.5	**23.5**	23.9	23.6	23.5	24.1	**23.8**
Former USSR	**13.9**	14.0	14.0	13.9	13.8	**13.9**	13.9	13.8	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**
China	**4.2**	4.3	4.3	4.2	4.2	**4.3**	4.2	4.2	4.2	4.2	**4.2**
Other Asia	**3.5**	3.7	3.7	3.7	3.7	**3.7**	3.7	3.6	3.6	3.6	**3.6**
Latin America	**4.4**	4.6	4.5	4.5	4.5	**4.6**	4.6	4.6	4.7	4.7	**4.6**
Middle East	**1.3**	1.3	1.2	1.2	1.2	**1.2**	1.2	1.2	1.2	1.2	**1.2**
Africa	**2.3**	2.3	2.3	2.3	2.2	**2.3**	2.2	2.2	2.2	2.2	**2.2**
Total Non-OECD	**29.8**	30.4	30.2	29.9	29.8	**30.1**	29.9	29.7	29.5	29.6	**29.7**
Processing Gains	**2.2**	2.2	2.2	2.2	2.2	**2.2**	2.3	2.3	2.4	2.3	**2.3**
Global Biofuels	**2.2**	1.8	2.3	2.6	2.3	**2.2**	1.8	2.3	2.6	2.3	**2.3**
Total Non-OPEC	**57.0**	58.3	58.3	57.6	57.8	**58.0**	58.0	57.8	58.0	58.3	**58.0**
Annual Chg (mb/d)	**2.4**	2.4	1.6	0.5	-0.5	**1.0**	-0.3	-0.5	0.4	0.5	**0.0**
Changes from last OMR (mb/d)	**0.0**	0.0	0.3	-0.1	-0.1	**0.0**					

Outside of the Americas, overall output is mostly expected to slip as new projects fail to offset accelerated field decline resulting from spending cuts. The sharpest decrease in absolute volumes stems from Russia, which, in addition to lower oil prices, faces international sanctions limiting access to capital and technology. Russian output is expected to fall by 120 kb/d, or 1.1%, in 2016, to 10.86 mb/d. Other key areas featuring output declines are Norway, China, Mexico, Malaysia and Egypt.



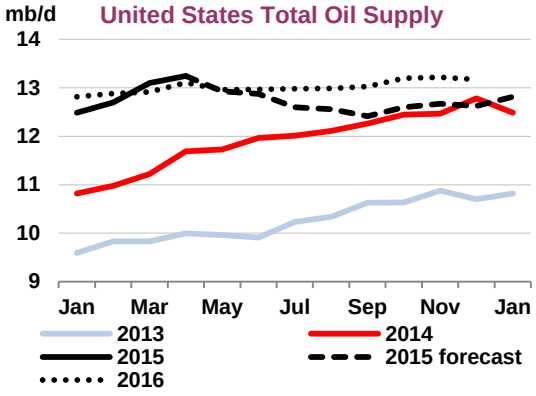
OECD

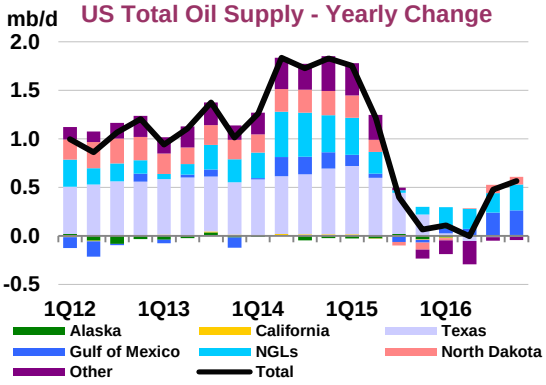
North America

US – April actual, May-June preliminary: According to the US Energy Information Administration's (EIA) latest official oil data, US monthly crude oil production continued to rise through April, hitting a 44-year high, above 9.7 mb/d. Natural gas liquids output also reached a record high, at 3.3 mb/d, propping up total US liquids supplies to 13.2 mb/d, 145 kb/d higher than in March and nearly 1.6 mb/d above the year prior. March production estimates were also revised up; when combined with April's strong performance, this underpins an upwards revision to US supplies of nearly 0.3 mb/d for 2Q15 and 0.1 mb/d for the year as a whole.

In April, US crude production was boosted by a 105 kb/d increase in output in the **Gulf of Mexico**, to 1 511 kb/d, its highest since January 2011, as new projects were ramping up. LLOG Exploration, a private

US deepwater exploration company, announced it had commenced production at its Delta House platform in April. The semi-sub facility has a peak capacity of 100 kb/d of oil and 240 million cubic feet of gas per day, and LLOG plans to ramp up production with eight wells tied in by the end of the year.



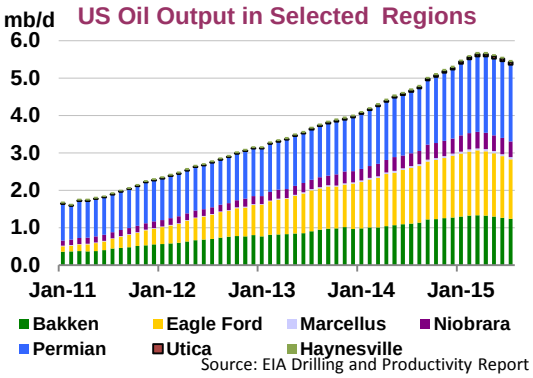


Gulf of Mexico production, which already saw gains of around 140 kb/d to 1.4 mb/d in 2014, is on track to boost output by another 170 kb/d by2016, when it is expected to reach 1.6 mb/d. Output growth in 2015 is stymied by a hurricane adjustment factor in 3Q15, as no crude oil and natural gas production in the Gulf of Mexico was shut in during 2014. Recent Gulf of Mexico output gains stem in part from Chevron's 170 kb/d Jack-St Malo and the Hess-operated 60 kb/d Tubular Bells projects, which started production late last year. Anadarko's 80 kb/d Lucius Spar turned on the taps in January, and by March the platform had taken on additional production from ExxonMobil's Hadrian South development. Anadarko is replicating the production facility for its Heidelberg development, which is expected to be commissioned in 2016.

Looking ahead, Noble Energy is currently developing its Big Bend and Dantzler discoveries, with first production for Big Bend targeted for 4Q15 followed by Dantzler in 1Q16. Once fully operational, these two projects will produce an aggregate 120 kb/d. Also due for start-up in 2016 is Shell's ultra-deepwater Stones development, which will host the Gulf's second floating production, storage and offloading vessel (FPSO) after Petrobras' Cascade-Chinook development. Stones will be the world's deepest production facility at 9500 feet, with production capacity pegged at 50 kboe/d in its initial phase from two wells.

Additional supplies are also forthcoming for 2016 from the ExxonMobil-led Julia field, Murphy's Thunder Bird well, and Noble Energy's Gunflint field. Chevron's Big Foot project meanwhile faces significant delays due to damage to the facility's subsea installation tendons. The project had targeted first oil at end-2015.

In contrast to booming US offshore output, characterised by large projects with long lead-times, US onshore production continues to show signs of slowdown. The latest official data confirm that capital spending cuts and a plunge in drilling and well completion activity is starting to impact on supplies. Output in Texas, North Dakota, Oklahoma and Colorado fell in April. In its latest *Drilling Productivity Report,* the EIA reckons that output in key shale play locations saw accelerated decline in more recent months. The *Report* estimates that output in the seven most prolific US oil shale plays dropped by 45 kb/d in May and 70 kb/d in June and is projected to decline further by more than 90 kb/d in July, to 5.49 mb/d, with the steepest declines expected in the Eagle Ford.



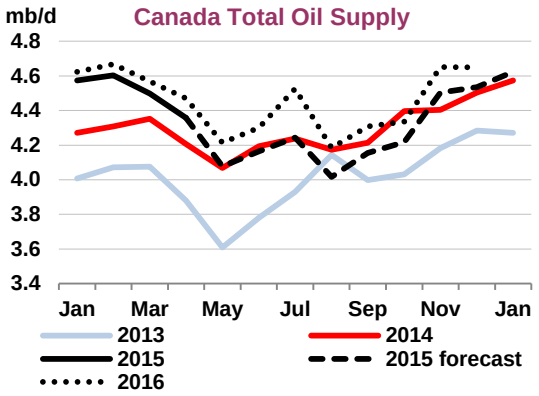
Source: EIA Drilling and Productivity Report

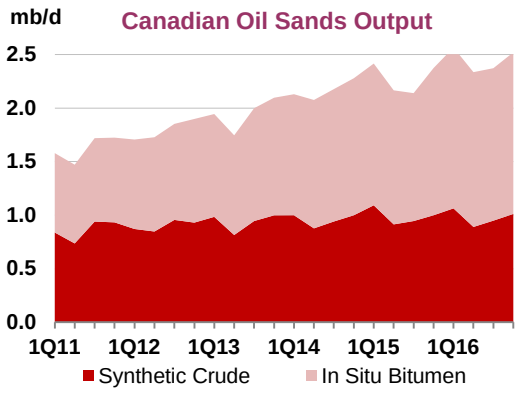
Considerable uncertainty surrounds the outlook for US LTO production, with steep cost reductions, well efficiency improvements, as well as a large number of uncompleted wells clouding the outlook. Nevertheless, we expect output to stabilise around current levels through mid-2016, before growth picks up slightly, resulting in annual gains dropping from around 760 kb/d in 2015 to only 60 kb/d in 2016. In all, US total oil supplies are seen gaining 850 kb/d in 2015 then declining to 290 kb/d in 2016, compared with record gains of nearly 1.7 mb/d seen in 2014.

Canada – April actual: Canadian total oil production dropped 140 kb/d in April, to just under 4.4 mb/d on lower syncrude output as a number of upgrading units were undergoing maintenance. As highlighted in earlier *Reports*, four major upgrading facilities were planning maintenance in 2Q15, including Canadian Oil Sands' 100 kb/d Syncrude's Coker 8-3, Shell's Scotford upgrader, and Suncor U1 and U2 upgraders.

Canadian oil output was likely curbed further in May, as wildfires ravaged Northeastern Alberta, causing the shutdown of Natural Resources' Primrose and Kirby South oil-sands projects, as well as Cenovus' Foster Creek plant. In total, an estimated 235 kb/d of bitumen output was taken offline from the last week of May.

Conoco reported it had started commercial operations at its 109 kb/d Phase 2 Surmount project in northern Alberta in June. First oil is expected in 3Q15 with production ramping up through next year. Imperial Oil also announced it had completed its Kearl oil sands expansion project in June, ahead of schedule. The project is expected to double the plant's capacity, to 220 kb/d. Imperial's Cold Lake Nabiye projects also started production earlier this year, and is expected to ramp up output to around 40 kb/d by the end of the year. Further gains will come from expansions of Cenovus Energy's Christina Lake and Foster Creek projects as well as Canadian Natural Resources Limited's Horizon project, taking total Canadian output up 50 kb/d in 2015 and a further 130 kb/d next year, to 4.5 mb/d in total.

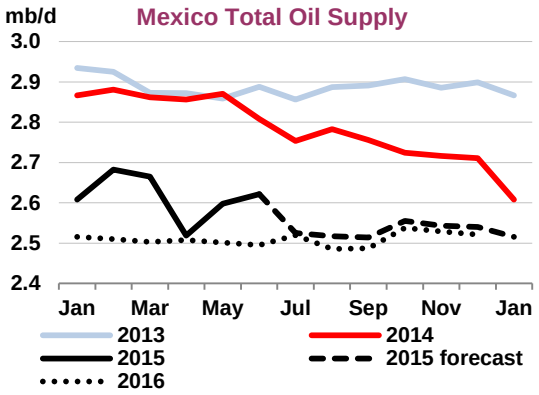




Mexico – May actual, June preliminary: Mexican oil production increased by 80 kb/d to just under 2.6 mb/d in May, as output at the Abkatun Pol Chuc system partly recovered after an explosion curbed supplies a month earlier. The fields saw further gains in June, contributing to an additional increase in total Mexican crude output of 30 kb/d. Despite efforts by Pemex to manage field decline with secondary and enhanced recovery techniques, structural decline will continue to drag down supplies in 2015 and 2016. The ramping up of new projects is nevertheless expected to slow the decline from 225 kb/d in 2015 to 65 kb/d in 2016, when total production is forecast at just over 2.5 mb/d, of which crude oil accounts for 2.15 mb/d.

In the near term, additional output is expected to come from Pemex's Tsimin-Xux oilfield. Pemex brought on line a new platform at the Tsimin-Xux complex at the end of 2014, CA-Litoral-A, with a capacity to process up to 200 kb/d. Pemex is also moving forward with its Ayatsil-Tekel project in the Bay of Campeche. The heavy-oil field, which was scheduled to start production in 2014, has faced delays after

suffering damage to the wellhead platform during installation in 2013. Pemex is looking for an international partner to help develop the project, which features one VLCC-size FPSO and a network of five platforms,. Pemex announced first production on the Ayatsil field in early March at a rate of 5 kb/d and 16 mcf/d of gas. Pemex expects output to rise to a plateau of 136 kb/d by 2019, though further delays are possible. Contracting for the FPSO has been delayed as the project has been submitted to the farm-out process as part of Mexico's Energy Reform.

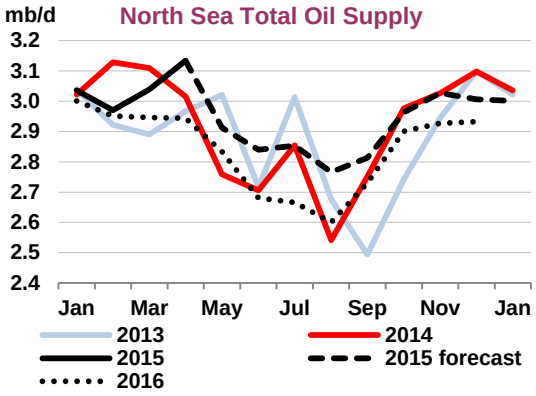


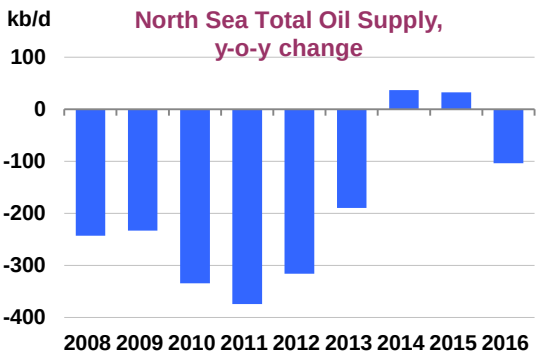
Beyond 2016, output could see a further boost from a shallow-water discovery, Pemex's biggest commercial find in five years. The four shallow-water fields in the Gulf of Mexico hold a total up to 350 mboe and could produce 200 kb/d of light crude oil, within 16 months according to Pemex. New output will likely only come after 2016, however.

The Five-Year Plan of Tenders for Exploration and Extraction of Hydrocarbons 2015-19 has been approved by the Mexican Energy Secretariat, based on proposals from Hydrocarbons Regulator CNH, and is now put to consultation by industry and federal states. The underlying official goal is to raise crude oil production by 500 kb/d by 2018 and 1 mb/d by 2025. The Plan comprises four bid rounds (including the ongoing Round 1), affecting 178,554 km^2, with remaining total resources of 68,205 million barrels of crude oil equivalent (42,150 million of which is in Chicontepec) for extraction and a total prospective volume of 39,254 million barrels of crude oil equivalent for exploration. It includes a total of 244 oil fields, of which 182 are onshore, 13 extra heavy crude, 45 in shallow water and four in deep water. By 30 September, SENER will have to inform the Finance Ministry about the fields to put out for bid rounds in 2016.

North Sea

North Sea – May preliminary: Despite a sharp 220 kb/d drop in North Sea output in May. The region's producers look on track to post a second consecutive year of production gains in 2015. While preliminary data for both Norway and the UK show steep monthly declines, in line with seasonal trends, both countries have recorded robust output in recent months. Preliminary data for Norwegian oil production show that output declined by 85 kb/d on the month in May but was 220 kb/d higher than a year prior, when a number of fields were undergoing maintenance. Also UK offshore production has shown signs of strength lately, surging 90 kb/d in April, up 110 kb/d y-o-y. At 930 kb/d, UK offshore crude and condensate output was at its highest since December 2013. While preliminary data show also UK output slipping in May, North Sea loading schedules suggest maintenance outages over the summer months may be relatively light compared with previous years. Total North Sea loadings are expected higher for both June and July, with many cargoes in the earlier month reportedly struggling to find buyers.

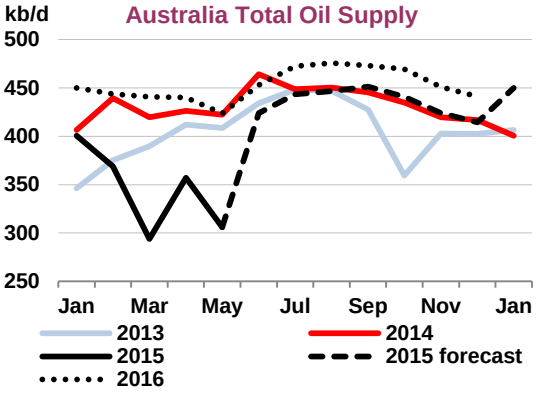




As such, total North Sea output is expected to inch up 30 kb/d to an average 2.95 mb/d for 2015 as a whole. Field decline and return to more normal seasonal outage levels are expected to curb supplies in 2016, by around 100 kb/d in total. The start-up of new projects, such as BG's Knarr field, Enquest's Alma-Galia oil fields, Lundin's Edward Grieg, Statoil's Goliat oil and gas field, Premier Oil's Solan field and Nexen's Golden Eagle will provide a partial offset. Meanwhile, Dana Petroleum announced in early July that its Western Isles project, including the Harris and Barra oil fields, has faced a two-year delay, and that it now expects the project to come on stream in the second half of 2017.

Asia Oceania

Australia – April actual, May provisional: Australia's oil production saw a partial recovery in April, after plunging to its lowest level in more than a decade a month earlier on a number of planned and unplanned outages. Crude and condensate output gained 50 kb/d m-o-m, to nearly 300 kb/d, while natural gas liquids increased by 13 kb/d. Preliminary May figures indicate that total oil production, including natural gas liquids, dropped again in May, back to 305 kb/d, from 355 kb/d a month earlier.



Due to the recently low production figures, Australian liquids production is forecast to decline by 35 kb/d in 2015 on average. Crude and condensate supply coming from the massive Gorgon gas project and the newly commissioned Coniston oil field should prop up rates in 2016, however. Two years behind schedule, the Apache Energy-Inpex joint venture's Coniston field finally started up in offshore Western Australia on 10 May. The project will be tied back to the nearby Van Gogh field, whose FPSO recently came back from extended modification work in Singapore. The vessel has the capacity to process 150 kb/d of liquids. According to Apache, output is expected to average 18 kb/d in its first year. All in all, Australian production is expected to recoup 2015's losses next year, rising 55 kb/d, to 450 kb/d in total.

Non-OECD

Latin America

Brazil – May actual: Brazilian output inched higher by 20 kb/d in May, to 2.5 mb/d. The monthly increase, which reversed a five-month decline, came largely from the Campos Basin, and in particular the Peregrino and Jubarte field, following steep drops in earlier months. On an annual basis, output was up 225 kb/d, as a 270 kb/d increase in Santos Basin output, where the Lula and Sapinhoa oil fields are located, offset a small decline in output from the Campos Basin.

Petrobras slashes investment and production plans

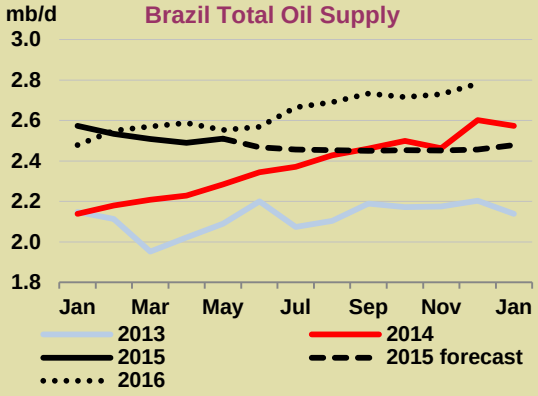
On 29 June, Petrobras, one of the world's most heavily indebted oil companies, announced a revised business plan for 2015-2019 which foresees aggregate investments for the period of $130 billion, 37% less than projected in its previous five-year plan running through 2018, released in February 2014.

In addition to slashing spending, the company, which is grappling with one of the largest corruption scandals in history, aims to reduce its debt and raise capital by divesting assets in coming years. It outlined plans to divest $15.1 billion worth of assets over 2015/2016 alone, of which 30% is to come from exploration and production, 30% from its downstream sector and 40% from its gas and power business. A further $42.6 billion of divestments are planned for 2017/2018.

The new investment plan prioritises exploration and production projects in Brazil and most notably the pre-salt fields, with 83% of capex, or $108.6 billion, allocated to E&P for 2015-2019. Production targets for 2020 were slashed from 4.2 mb/d to 2.8 mb/d, representing only 800 kb/d aggregate net growth. Petrobras' total oil output averaged 2.0 mb/d in 2014, accounting for 85% of Brazilian output.

Petrobras slashes investment and production plans (continued)

While Petrobras also cut its short-term forecast from 2.4 mb/d and 2.5 mb/d in 2015 and 2016, respectively, to 2.1 mb/d and 2.2 mb/d, this is largely in line with our earlier expectations. The *Medium-Term Oil Market Report 2015* projected total Brazilian oil production growth of 130 kb/d in 2015 and 150 kb/d in 2016. *MTOMR 2015* saw total Brazilian output reach 3.2 mb/d in 2020, and increase of 880 kb/d from 2014 levels, largely in line with the new Petrobras growth targets.



In the near term, output is expected to continue on its downward slope through the remainder of the year, before new production facilities ramp up and lift production through 2016. Increased output will come from the Saphinoa field in the Santos Basin, where a second FPSO (the 150 kb/d Cidade de Ilabela) has raised output since reporting first oil in November 2014. The Cidade de Mangaratiba FPSO working in the Lula field since October 2014 should also contribute to Santos Basin output growth.

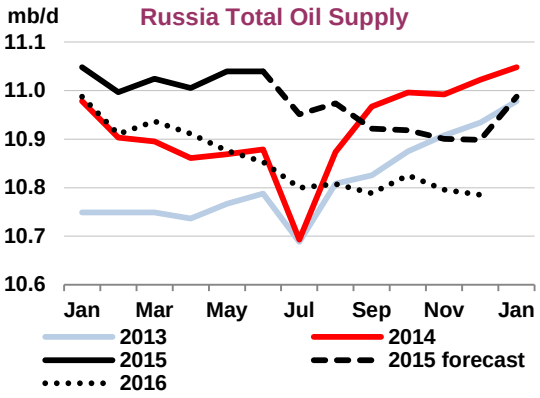
Petrobras is on track to deliver five new FPSOs before the end of 2016. The Citade de Itagui is expected to start up in 4Q15 in the Iracema North area of the Lula field. The 150 kb/d FPSO Cidade de Marica will start production in Lula Alto in 1Q16 followed by the 150 kb/d Cidade de Saquarema added to Lula Central in 2Q16. Towards the end of the year, the 100 kb/d Cidade de Caraguatatuba should start production in the Lapa field, while a 50 kb/d FPSO will be added to Libra in 4Q16. Meanwhile, Brazilian independent Queiroz Galvao Exploration & Production (QGEP) is gearing up for first oil from the Atlanta development, adding an additional 46 kb/d FPSO in 2016.

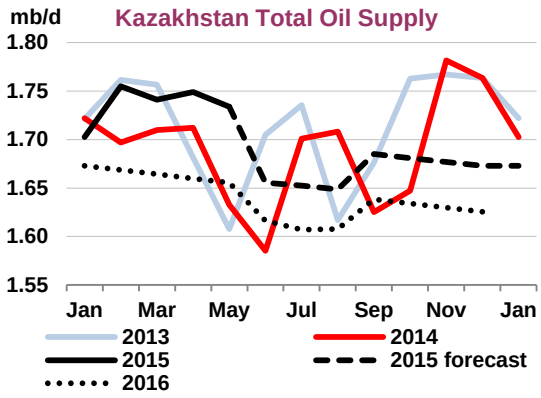
Former Soviet Union

Russia – May actual, June provisional: Russian crude and condensate production inched up another 35 kb/d in May. At 10.7 mb/d, output was just 10 kb/d shy of January's record high and up 165 kb/d from a year prior. Again, the increase came from smaller independent producers, which lifted output by an aggregate 30 kb/d, accounting for 93% of the annual increase. Russia's largest producer, Rosneft, held production steady on the month, 25 kb/d below a year earlier. Preliminary data show Russian output unchanged in June, at around 10.7 mb/d.

Rosneft CEO Igor Sechin said in June that the company planned to hold its hydrocarbon output steady in 2015-2017, investing $5.6-6.5 billion into new large upstream projects over the period. Of key importance will be Rosneft's ability to stabilise the decline in brownfields, which requires larger drilling volumes, top-end technologies and investments. These will depend on the ability to generate enough cash flow or obtain credits in a context of high pre-payment to traders with redemptions due in 2015, debt repayment obligations and a commitment to maintain dividend payment levels unchanged.

Deputy Energy Minister Kirill Molodtsov, meanwhile, said Russia's output was expected to increase by 3 million mt per year, or roughly 60 kb/d. This implies that production could ease in the 2H15, in line with our forecast, as growth through June has averaged 130 kb/d. Annual increases stem mostly from higher gas condensate output from Gazpromneft and Novatek through their SeverEnergia affiliation. The company reportedly launched a third condensate field, the Yaro-Yakhinskoye, in mid-April, offsetting decline at mature fields. Looking to 2016, new projects such as Lukoil's Filanovsky field in the Caspian Sea, Rosneft's Suzun field, Gazprom Neft's Novoportovskoye and Messoyakha fields are expected to only partly offset field declines at mature assets. In all, Russian total oil production is estimated to average 10.98 mb/d in 2015, up 65 kb/d y-o-y, before declining 120 kb/d in 2016, to 10.86 mb/d (of which 10.5 mb/d is crude and condensates). It is noteworthy that according to Energy Minister Novak, Russia's draft new Energy Strategy to 2035 envisages stables liquids output at 10.5 mb/d over this period.



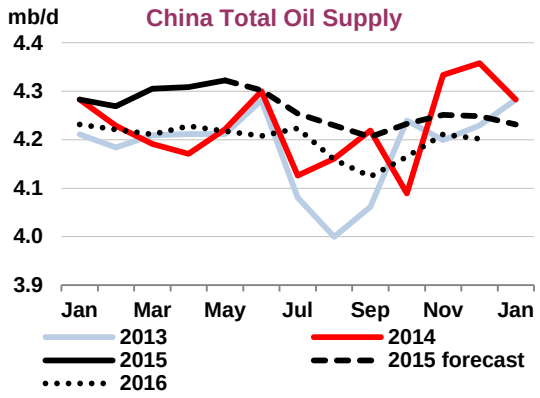


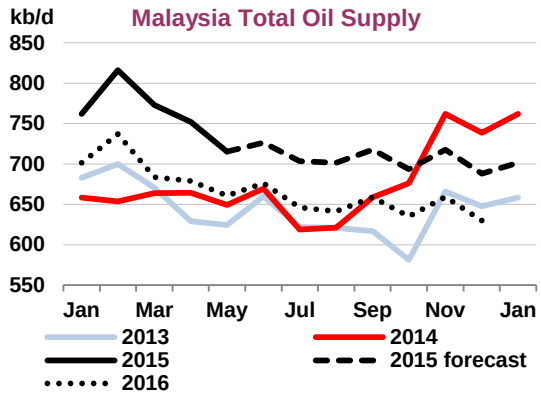
Other FSU –May preliminary: Oil production outside of Russia was unchanged from our previous estimate, as slightly higher than expected production in Azerbaijan offset lower volumes for Kazakhstan. Both countries saw output steady from a month earlier, though, while Kazakhstan posted annual gains of 100 kb/d, Azeri production dropped some 50 kb/d. BP had suspended operations at its West Chirage platform on 21 May for around 3 weeks of planned maintenance. In 2016, Kazakhstan output is expected to decline by around 50 kb/d 1640 kb/d, while Azerbaijan's production inch down to 845 kb/d.

Asia

China – April actual, May preliminary: Chinese crude oil production was unchanged in April from a month earlier, averaging 4.25 mb/d. An increase in output from the massive Daqing field, offset declines at offshore assets. Despite the m-o-m drop, offshore production was nevertheless up 270 kb/d from a year earlier. Preliminary data from China's National Bureau of Statistics indicate that Chinese crude oil production inched marginally higher in May, to 4.27 mb/d.

For 2015 as a whole, China's total oil production is expected to increase by 45 kb/d y-o-y, to 4.3 mb/d on average, as higher output from state-owned China National Offshore Oil Corporation (CNOOC Ltd.) is expected to offset declines by the country's two largest producers, PetroChina and Sinopec. CNOOC spent $17 billion on capital expenditures in 2014, and has already raised production from a year earlier. According to the company's 2015 outlook, output could be lifted by 135 kb/d by the end of the year. PetroChina and Sinopec meanwhile have both announced they expect domestic production to shrink by about 30 kb/d each for 2015. As a result, China's oil output is expected to decline by 65 kb/d in 2016, to 4.2 mb/d.





Malaysia – April actual: Malaysia's crude oil and condensate production slipped by 20 kb/d in April to 676 kb/d, according to the Malaysian Department of Statistics. Malaysian oil production is forecast to increase overall in 2015, by 60 kb/d, to 730 kb/d in total, boosted by the start-up of the offshore

Gumusut-Kakap field. According to minority shareholder Murphy Oil, the field, which started production in October 2014, had ramped up to full rates of around 150 kb/d in March. The field is operated by Shell. In addition to Murphy Oil, ConocoPhillips and Petronas Carigali also hold shares. Bogged down by field decline at mature assets, Malaysian output is expected to slip by 60 kb/d, to 670 kb/d in 2016.

Regional output will also get a boost from **Indonesia**'s recently commissioned Banyu Urip field (see *Indonesian comeback?* in June 2015 OMR). The field, which started production after numerous delays earlier this year, already produced 75 kb/d in April, according to operator ExxonMobil. Peak capacity of the project was targeted at 165 kb/d, which some reports suggest could be lifted to 200 kb/d. Further increases will likely come from the recently commissioned Bukit Toa field which is expected to peak at 20 kb/d by the end of the year. In all, Indonesia's oil production could see its output increase in 2015, by 35 kb/d, followed by another gain of 60 kb/d in 2016, stemming nearly 30 years of structural declines from a peak of around 1.6 mb/d. Indonesian production is expected to average 930 kb/d in 2016.

Viet Nam – June actual: Viet Nam's crude oil production inched up another 20 kb/d in June, to 355 kb/d, 50 kb/d more than a year earlier. Production has been boosted by the start-up of Su Tu Nau field in October 2014. Current production of the field is estimated at 50 kb/d. Output will get another lift by the restart of the offshore Dai Hung field in 3Q15, which has been shut since August 2014 for maintenance. In all, Viet Nam's oil production is forecast to increase by a net 30 kb/d in 2015, to 345 kb/d, before field decline reverses some of the gains in 2016, to take total output to an estimated 330 kb/d.

OECD STOCKS

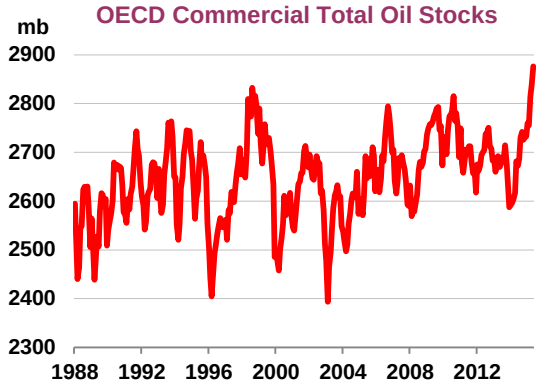
Summary

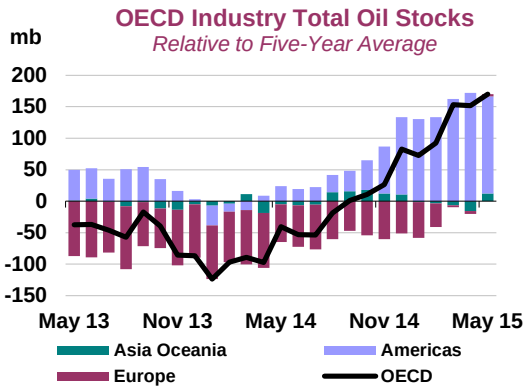
- **OECD inventories hit a record 2 876 mb in May, up by a steep 38.0 mb on the month**. Product holdings led the build and by end-month covered 30.7 days of forward demand, 0.2 days higher than at end-April.

- **Gasoline and middle distillates stocks showed diverging trends during May.** While the former drew steeply in Europe and the US, the latter built as middle distillates production rose in tandem with gasoline supply.

- **Global supply and demand balances suggest that the rate of global inventory builds quickened rapidly to an astonishing 3.3 mb/d (300 mb) on average during 2Q15.** Data suggest OECD stocks rose by over 67 mb, while reported stock builds in China and Singapore totalled 24 mb. Tanks were likely filled at several new refineries in the Middle East and Latin America and filling of the Indian SPR likely commenced, while volumes held on tankers increased markedly in the Atlantic Basin and Asia.

- **The baseline estimate of OECD commercial inventories has been revised upwards by 33.1 mb,** taking account of previously unavailable data pertaining to stocks held under bilateral arrangements in OECD members for non-OECD countries and oil held in pipelines.





Global overview

Global supply and demand balances suggest that the rate of global inventory builds quickened rapidly in 2Q15 to an astonishing 3.3 mb/d, from 1.8 mb/d in 1Q15. Reported inventory data for OECD countries suggest stocks rose by over 67 mb during 2Q15 while available data for non-OECD countries indicate that inventories in the region added approximately 24 mb. Scarce data coverage of non-OECD inventories makes attributing the remainder of the build more difficult, but Middle Eastern and Latin American stocks likely rose as tanks were being filled at newly commissioned refineries in the UAE, Saudi Arabia and Colombia. Meanwhile, the long-awaited filling of the Indian SPR likely commenced. There are also anecdotal reports of builds at major terminals in the Middle East and non-OECD Asia.

Additionally, by late-June there was an armada of tankers holding unsold West African and North Sea crude in the Atlantic Basin. The fleet had built up in response to North American and European refiners being comfortably supplied following their restocking over 1Q15. Additional cargoes of residual fuel oil were being held on tankers off Singapore due to a combination of brimming onshore inventories and port congestion.

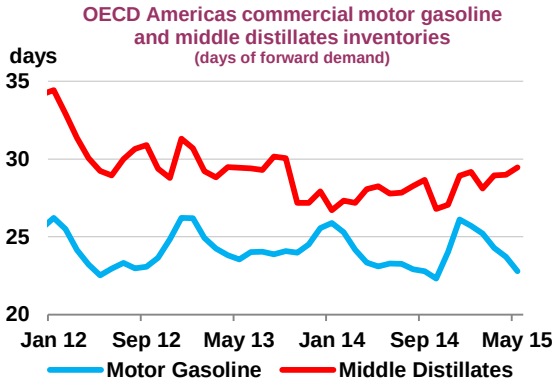
The vast majority of oil "on the water" is being held for logistical reasons. Recently, there has been little interest in speculative floating storage, as the contango in global crude futures markets has narrowed. By late June, the discount of front month ICE Brent versus month three stood close to $1/bbl, while the M1 – M12 spread stood at about $4.30/bbl, both significantly less than at the start of the year, when interest in speculative floating storage had increased. Following the narrowing contango, there have been numerous reports that on-land commercial storage plays were being wound down. However, for the moment that would not seem to be the case. For example, ship-tracking data suggest that tankers have not been moving crude out of the Saldanha Bay terminal in South Africa.

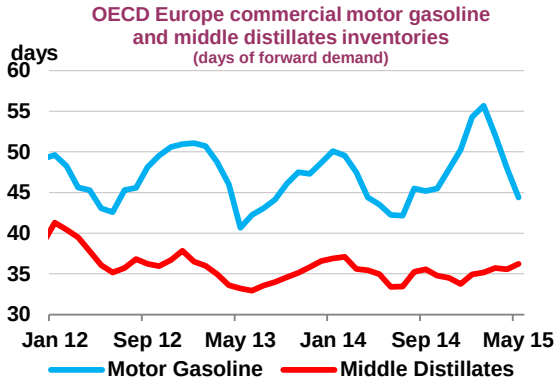
Second-quarter OECD stock builds have been more geographically dispersed than in 1Q15, when they had been largely concentrated in North America. Recently, inventories in both Europe and Asia Oceania have posted significant gains. Looking towards the second half of the year and 2016, the 'call on OPEC crude and stock change' is projected at 30.2 mb/d and 30.3 mb/d, respectively. While these mark a sharp increase from the assessed 'call' for 1H15, they are significantly below OPEC's current crude production level, which suggests that, *ceteris paribus*, there would be a potential for further global stock builds.

OECD inventory position at end-May and revisions to preliminary data

OECD commercial inventories rose seasonally by 38.0 mb in May to end the month at 2 876 mb. Following upward revisions to baseline data (see *Improvements made to baseline commercial inventory data*), stocks are now at a record high, after surpassing the previous high of 2 832 mb, posted in August 1998. Since the monthly stock build was approximately twice the average 19.8 mb build for the month, inventories' surplus to average levels rose to 170 mb from 152 mb one month earlier. This is a startling turnaround, considering that OECD inventories were in deficit to average levels as recently as August 2014. Since then, they have added 146 mb.

Soaring refined products holdings (+25.8 mb) drove total stocks upwards. 'Other products' (+22.3 mb) accounted for the majority of the build as US propane holdings continued to increase seasonally. At end-May, total refined product stocks covered 30.7 days of forward demand, 0.2 days above a month earlier.





During May, motor gasoline and middle distillates holdings posted diverging trends in both absolute and forward demand terms: Motor gasoline inventories slipped by a steep 14.0 mb as Atlantic Basin refiners struggled to keep up with demand. The draw was centred in the US (-8.8 mb), mostly on the Atlantic Coast (PADD 1). These draws at the start of the US driving season drove US gasoline prices higher. Consequently, transatlantic shipments surged and European inventories drew by a relatively steep 5.7 mb. As Atlantic Basin refiners increased their production of gasoline, middle distillate output rose in tandem, lifting middle distillate stocks to a surplus to average levels for the first time since March 2012.

OECD crude holdings added 10.2 mb in May. Unlike previous months, this was not led by OECD Americas, where inventories drew counter-seasonally by 12.6 mb on seasonally rising domestic refinery demand,

as US crude production growth eased and as imports dropped by approximately 700 kb/d on the month. Heading into 2H15, Atlantic Basin refiners appear well supplied, with crude inventories in the OECD Americas and OECD Europe standing 103 mb and 16 mb above average, respectively.

Revisions versus 11 June 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Mar-15	Apr-15	Mar-15	Apr-15	Mar-15	Apr-15	Mar-15	Apr-15
Crude Oil	**-1.2**	**-0.8**	**-1.3**	**0.5**	**0.0**	**-5.3**	**-2.5**	**-5.6**
Gasoline	2.6	1.2	0.2	-3.8	0.0	1.3	2.7	-1.4
Middle Distillates	0.4	-0.2	-0.8	-3.7	0.0	0.4	-0.3	-3.5
Residual Fuel Oil	0.1	-0.5	0.1	1.1	0.0	-0.2	0.2	0.4
Other Products	0.1	-10.6	0.7	1.3	0.0	0.6	0.8	-8.8
Total Products	**3.2**	**-10.2**	**0.2**	**-5.2**	**0.0**	**2.1**	**3.4**	**-13.3**
Other Oils1	0.4	5.5	0.6	0.3	0.0	-0.1	1.0	5.7
Total Oil	**2.4**	**-5.4**	**-0.5**	**-4.4**	**0.0**	**-3.3**	**2.0**	**-13.1**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Significant revisions were made to baseline stock data (see *Improvements made to baseline commercial inventory data*). These baseline revisions have been excluded from the above table, which indicates that, upon the receipt of more complete data, OECD inventories were adjusted down by 13.1 mb in April with all inventories in OECD regions being lower than initially assessed. The net effect is that the steep 38.0 mb stock build presented in last month's *Report* is now seen much more in line with seasonal trends at 23.0 mb.

Preliminary Industry Stock Change in May 2015 and First Quarter 2015

	May 2015 (preliminary) *(million barrels)*				May 2015 (preliminary) *(million barrels per day)*				First Quarter 2015 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-12.6**	**2.9**	**19.8**	**10.1**	**-0.41**	**0.09**	**0.64**	**0.33**	**0.81**	**0.31**	**0.05**	**1.17**
Gasoline	-9.3	-5.7	1.0	-14.0	-0.30	-0.18	0.03	-0.45	-0.08	0.13	0.02	0.06
Middle Distillates	4.6	7.7	4.6	16.9	0.15	0.25	0.15	0.54	-0.09	0.10	-0.09	-0.07
Residual Fuel Oil	1.7	-2.3	1.3	0.6	0.05	-0.07	0.04	0.02	0.05	0.02	-0.03	0.03
Other Products	18.3	-0.8	4.8	22.3	0.59	-0.02	0.16	0.72	-0.23	0.00	-0.09	-0.32
Total Products	**15.2**	**-1.1**	**11.7**	**25.8**	**0.49**	**-0.04**	**0.38**	**0.83**	**-0.35**	**0.24**	**-0.18**	**-0.29**
Other Oils[1]	-2.1	2.6	1.5	2.0	-0.07	0.08	0.05	0.07	-0.01	0.07	-0.02	0.04
Total Oil	**0.4**	**4.4**	**33.1**	**37.9**	**0.01**	**0.14**	**1.07**	**1.22**	**0.45**	**0.62**	**-0.15**	**0.92**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Preliminary data for June indicate that OECD inventories rose counter-seasonally by 5.8 mb in June with a fourth consecutive monthly build in the Americas (+11.8 mb) offsetting draws in Europe (-3.2 mb) and Asia Oceania (-2.7 mb). The continued restocking of 'other products' (+16.1 mb), centred on the US, was the largest single contributor to the monthly build and more-than-offset offset a 5.7 mb draw in crude oil. In total, OECD stocks added 67 mb over the second quarter with builds being more geographically dispersed than over the first quarter. Meanwhile, product inventories (+49 mb) accounted for the majority of the build in total oil.

Improvements made to baseline commercial inventory data

A significant 33.1 mb upwards revision has been made to the OECD industry stocks baseline as previously uncounted stocks are included for the first time. This includes 23.8 mb of stocks held by OECD member countries for non-OECD countries under bilateral arrangements, and 9.3 mb of pipeline stocks held in OECD Europe.

The holding of physical volumes in the OECD on behalf of non-OECD countries has come into the spotlight in recent years when Japan and Korea began holding stocks for Middle Eastern producers. The past decade has seen a startling eastwards swing in crude trade flows, which is set to continue into the medium term and beyond driven by emerging Asian economies. Bilateral agreements have afforded Middle Eastern producers

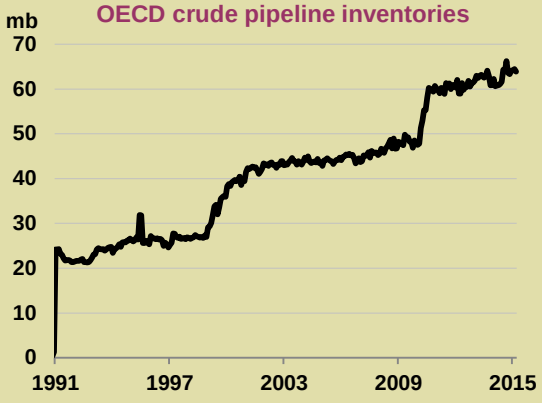
Improvements made to baseline commercial inventory data (continued)

strategic sites with which to facilitate their supplying of Asian customers. These agreements have also proved beneficial to the OECD host countries, as they provide a cost-effective method to improve the country's energy security. The data submitted by the Korean and Japanese administrations suggest that volumes held vary over time, often on a monthly basis, which indicates that the tanks volumes are being 'turned over' periodically as the stock holders use these tanks for their commercial operations.

Although the Korean administration regards the country-by-country breakdown of bilateral stocks as confidential, market reports indicate that in late-2006 KNOC signed an agreement with the Kuwaiti national oil company KPC to store 2 mb of crude on its territory. In 2012, KNOC signed a similar agreement with ADNOC – the UAE's national oil company – featuring a provision to store up to 6 mb of crude at the Yeosu terminal. According to official data, approximately 600 000 barrels of middle distillates are also held under a similar agreement. The historical series for Korea has only been revised from March 2012 onwards.

Japan embarked upon a similar pathway when in December 2009, JX Nippon Oil signed a contract with ADNOC to store up to 4.5 mb of crude for the UAE in tanks at the Kiire terminal in the southwest of the country. The data submitted by the Japanese administration for 2009 onwards suggest that the full 4.5 mb has never been reached, with volumes peaking at 4.2 mb in late-2014. As with Korea, the contract included a provision that in the event of a market disruption, Japan would have priority on the crude. Subsequently, JOGMEC signed a similar agreement with Saudi Arabia to store 3.8 mb of crude at Okinawa. This was then raised to a reported 6.3 mb at end-2013. The Saudi Arabian stocks have been included in the aggregate Japanese commercial inventories for several years and reports suggest that at end-May volumes were approximately 3 mb.

Pipeline stocks are volumes of oil held in oil pipelines for operational purposes. They have been added for Denmark (beginning January 1991), the Czech Republic (beginning January 1993), Switzerland (beginning December 1994), Hungary (beginning January 1997), Poland (beginning January 2000) and the Slovak Republic (beginning January 2001). Although thee volumes fluctuate over time, in March 2015 they totalled 9.3 mb, of which 8.9 mb was crude oil. Before these revisions, pipeline stocks were already included within German and Canadian commercial oil inventories. US stock data presented in this *Report* include aggregate volumes held in pipelines.

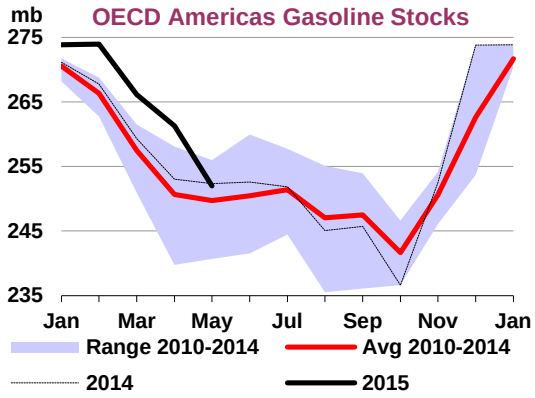


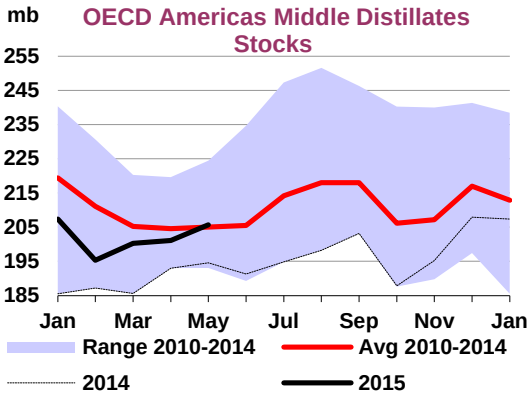
Recent OECD industry stock changes

OECD Americas

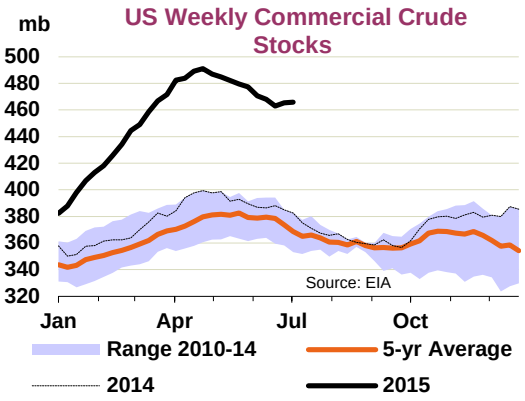
Inventories in the OECD Americas inched up by 0.4 mb in May, far less than the 18.2 mb five-year average build for the month. Crude oil drew counter-seasonally by 12.6 mb, amid a ramping up of refinery throughputs, slowing domestic production growth and a significant drop in imports, while holdings of NGLS and other feedstocks fell by 2.1 mb. Meanwhile, refined products provided some offset as they built by a steep 15.2 mb. That headline figure masked several important trends, however. Firstly, the continued seasonal replenishment of US 'other products' holdings (+18.3 mb m-o-m), of which propane and ethane are the two main components, and which largely bypass the refinery system. Secondly, a sharp 9.3 mb draw in motor gasoline, which coincided with the start of the US driving season.

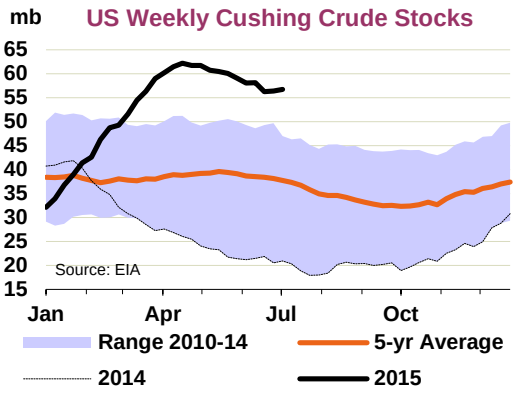
By end-month, gasoline holdings stood 2.2 mb above average and on par with a year earlier. Finally, after posting a 4.6 mb build in May, regional middle distillates holdings returned to surplus for the first time since February 2012. All told, refined products covered 29.5 days of forward demand at end-month, 0.3 days higher than at end-April.





Preliminary data from the US Energy Information Administration (EIA) indicate that US inventories followed seasonal trends and added 11.8 mb in June. This saw their surplus to average levels widen slightly to 146 mb in June. The build was tempered by crude oil (-11.8 mb m-o-m) which drew for the second consecutive month amid rising refinery demand, slowing production growth and imports remaining below year-earlier levels. Inventories at the Cushing, Oklahoma storage hub (which serves as the delivery point of the NYMEX WTI contract) fell by a further 2.5 mb to 56.5 mb by month-end. Inventories at the hub are now nearly 6 mb below their mid-April high. Meanwhile, inventories on the Gulf Coast (PADD 3), posted a 4.0 mb m-o-m fall as refinery throughputs there ramped up to reach 96 % utilisation.



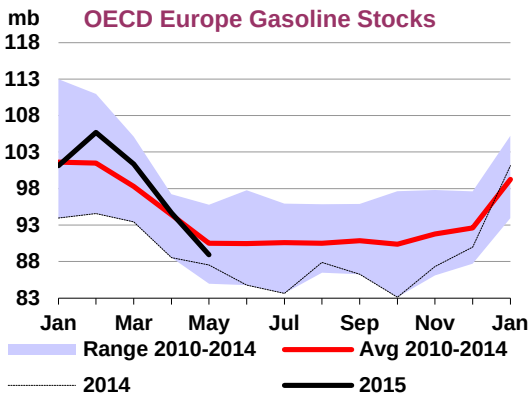


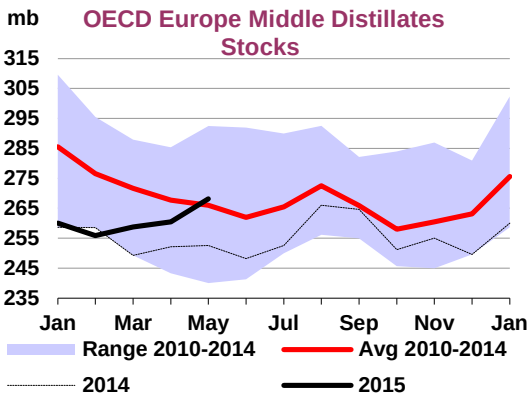
On the products side, 'other products' continued to build seasonally by 16.7 mb, while motor gasoline posted a second consecutive steep draw (-2.9 mb) centred on the Atlantic coast, which again saw gasoline prices strengthen and draw in multiple cargoes from Europe and further afield. Middle distillates posted small counter-seasonal build (+7.8 mb) which saw their surplus to average levels widen to nearly 6 mb.

OECD Europe

After building counter-seasonally by 4.4 mb in May, European industry inventories moved to a small surplus versus average levels in May for the first time since January 2011. The monthly build was driven by a steep combined 5.6 mb build in crude oil, NGLs and other feedstocks, which came as regional crude imports likely offset a 100 kb/d increase in refinery throughput and a 100 kb/d decrease in regional

production. Product stocks drew by 1.1 mb, significantly less than the 5.3 mb average draw for the month over the last five years. The hike in refinery throughputs was driven by relatively robust margins which drew strength from soaring motor gasoline cracks and booming transatlantic gasoline trade. Accordingly, gasoline stocks drew by 5.7 mb. In contrast, middle distillates holdings defied seasonal trends and surged by 7.7 mb. By end-May, they stood at a surplus (2 mb) versus average levels for the first time since December 2011. All told, regional refined product holdings covered 37.8 days of forward demand at end-month, 0.6 days lower than end-April with the fall resulting from a stronger demand prognosis going forward.

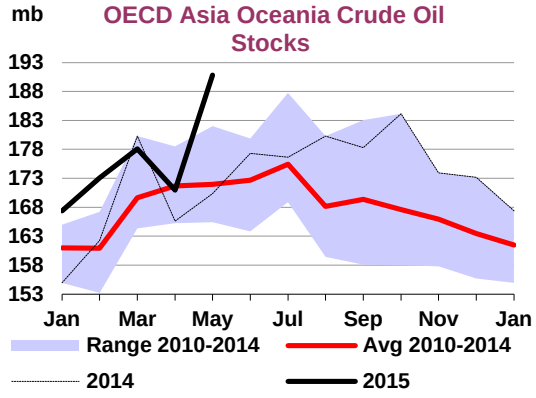


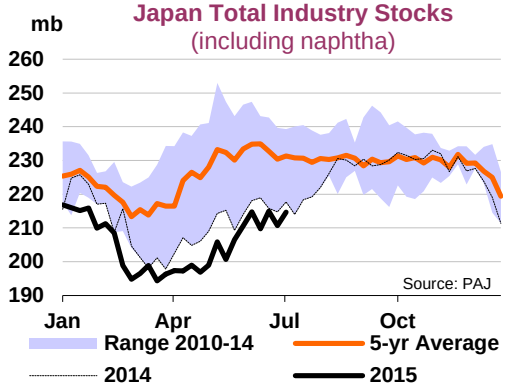


Preliminary data from Euroilstock suggest that commercial inventories in EU15+Norway drew by 3.2 mb in June as a 6.0 mb decrease in product holdings weighed heavy. The product draw was centered on middle distillates which slipped by 6.5 mb on the month while motor gasoline inventories inched up by 0.2 mb. Some offset came from a counter-seasonal 2.9 mb build in crude oil. Meanwhile reports suggest that refined product volumes held at independent storage terminals in Northwest Europe are brimming.

OECD Asia Oceania

Commercial inventories in OECD Asia Oceania surged by a record 33.1 mb in May. Consequently, they moved back to a 12.3 mb surplus against the five-year average after standing at a 15.7 mb deficit at end-April. Against a backdrop of seasonal refinery maintenance, regional crude oil holdings surged by almost 20 mb with Japan and Korea accounting for approximately 10 mb each. Considering that throughputs fell by 350 kb/d, the scale of the build suggests that regional crude imports rose by 300 kb/d. Despite the monthly fall in throughputs, refined products built by a steep 11.7 mb, with all product categories increasing during the month. Notably, middle distillates moved back to a surplus to average levels after building by 4.6 mb, while 'other products' rose by 4.8 mb. All told, at end-May refined products covered 21.9 days, a rise of 1.2 days on end-April.



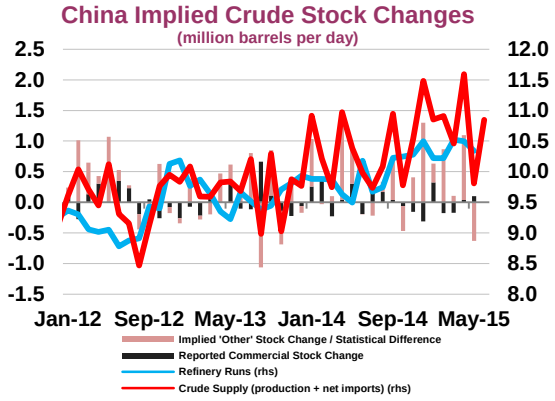


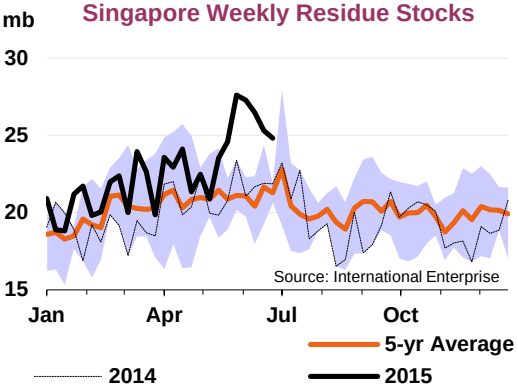
Weekly data from the Petroleum Association of Japan (PAJ) suggest that Japanese commercial inventories slipped seasonally by 2.7 mb in June. Crude holdings posted a second consecutive monthly build (+ 3.3 mb) while NGLS and other feedstocks drew by a steep 4.1 mb. Despite recent builds, Japanese crude holdings continue to lag average levels, with the deficit standing at 13 mb at end-June. With refinery maintenance peaking, product holdings adhered to seasonal trends and drew by 2.0 mb. Residual fuel oil accounted for 0.9 mb of the draw, market reports suggesting that this was likely led by healthy exports to elsewhere in Asia, notably Singapore.

Recent developments in Singapore and China stocks

Data from *China Oil, Gas and Petrochemicals* (*China OGP)* suggest that, despite a significant fall in crude imports, Chinese commercial crude inventories rose by an equivalent 3.1 mb (data are reported in terms of percentage stock change) in May. However, the 'gap' between crude supply (production plus net imports) and refinery demand turned negative in May which suggests an unreported crude draw of 0.6 mb/d. This would suggest that some of the oil which was built up at unreported commercial storage facilities over the past few months has been drained.

Initial indications for June suggest that crude stocks may have rebounded slightly. A portion of these volumes may have been destined for the 20 mb Qingdao SPR site which reportedly commenced filling last month. It is also understood that no further SPR sites are due to be commissioned until 4Q15 at the earliest. If confirmed by subsequent data, Chinese crude inventories (including reported and unreported commercial stocks and strategic reserves) could have built by up to 23 mb over 2Q15. On the product side, gasoil inventories continued to adhere to seasonal trends and drew by an equivalent 2.7 mb while gasoline and kerosene increased by 0.8 mb and 0.2 mb, respectively.

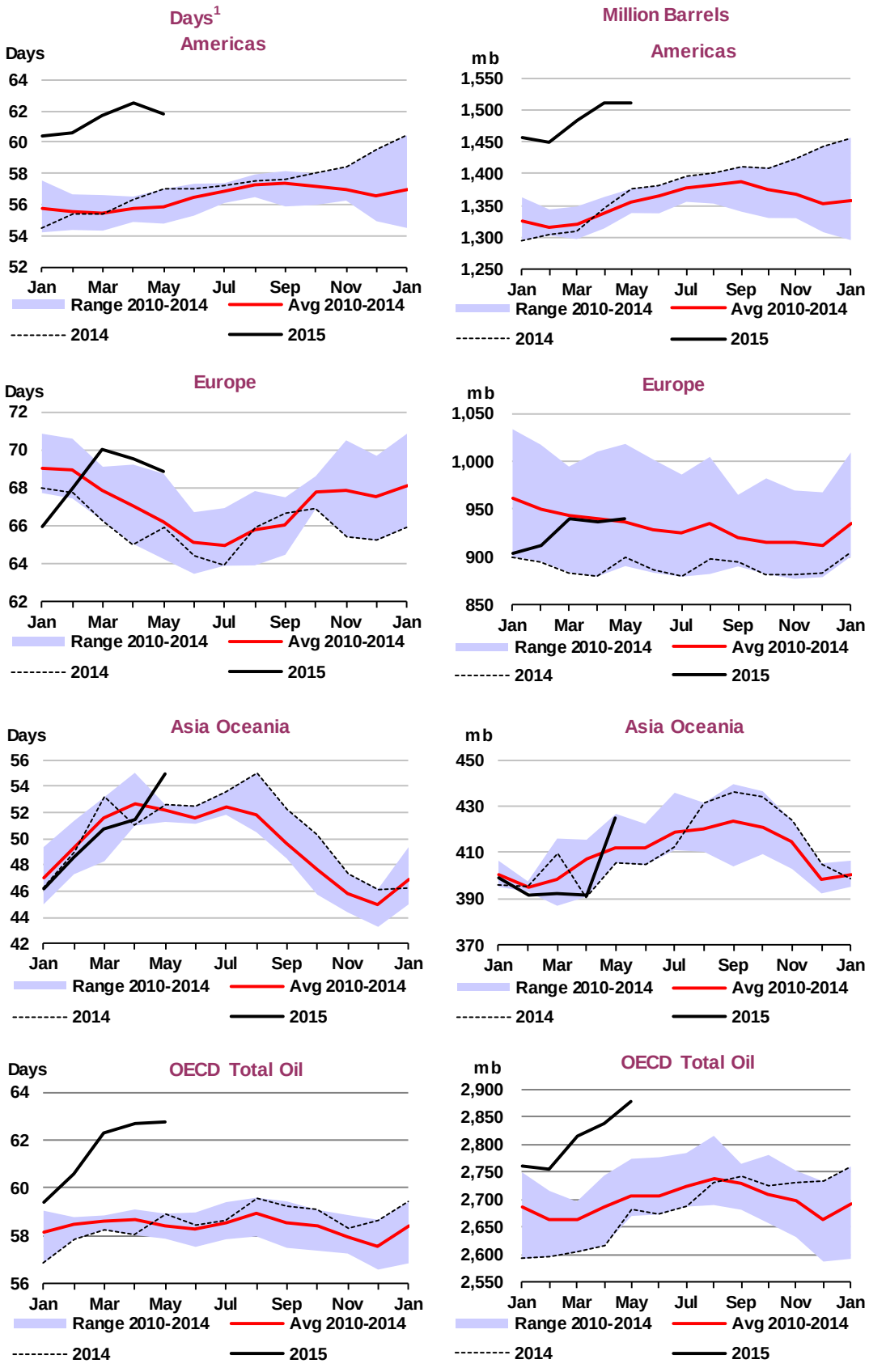




According to weekly data from International Enterprise, land-based refined product inventories in Singapore decreased by 3.8 mb in June as all oil categories drew. Residual fuel stocks drew by 1.5 mb during the month but this masked their surge to a five-year high of nearly 28 mb in mid-June. Reports suggest that as tank space was scarce, many market participants had to resort to storing residual fuel oil at sea, with some of these cargoes still waiting to be offloaded as ports in the territory remain congested. Meanwhile, light and middle distillates drew by 0.9 mb and 1.4 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

PRICES

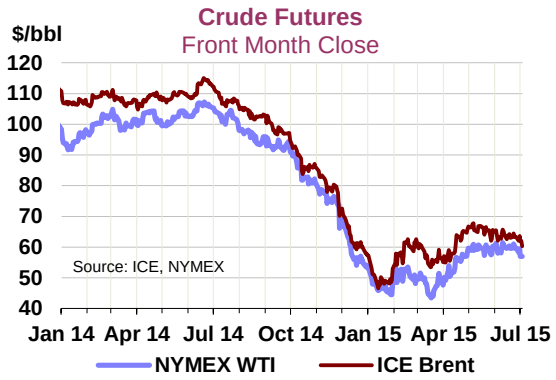
Summary

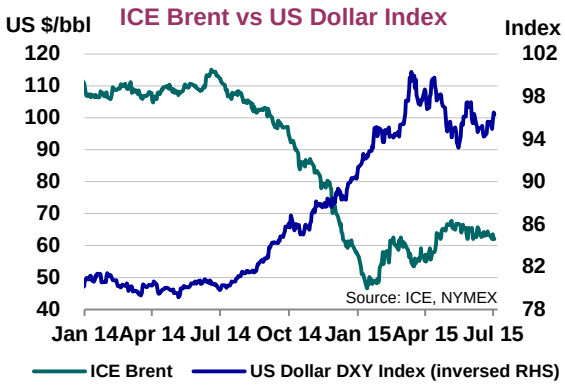
- **Crude oil prices fell in early July to their lowest in nearly three months, pressured by ever rising supply while financial turmoil in Greece and China unsettled world markets. At the time of writing, Brent was around $59/bbl and US WTI at $53.10/bbl.** Global benchmarks had diverged during June, as an abundance of Atlantic basin barrels softened Brent while draining US stockpiles kept WTI steady.

- **Differentials for North Sea and West African crude sank to multi-year lows against Dated Brent during June spot trade due to plentiful supply.** A narrow Brent/Dubai spread lured much of the surplus into Asia, with some barrels heading for the US. The arrival of Atlantic basin cargoes in Asia and slower anticipated demand due to upcoming refinery maintenance led Saudi Arabia to trim its monthly formula price for Arab light to the Far East.

- **Spot product prices generally weakened on a monthly average basis in June. The one bright spot was gasoline where prices continued to strengthen in the Atlantic Basin** as refiners there struggled to keep pace with strong demand.

- **Ample oil supplies from OPEC Middle Eastern producers and unsold cargoes of North Sea and West African crudes in the Atlantic Basin supported freight rates for crude tankers in June.** Increased shipments of Atlantic Basin crudes to Asia and even Latin America tightened available tonnage. Product rates meanwhile generally moved higher on increased transatlantic shipments of gasoline.





Market overview

Plentiful supplies of Atlantic basin crude pressured Brent crude oil throughout June, while a steady reduction in US crude stocks supported WTI. By early July, however, surging supply sent both benchmarks sharply lower. US oil drilling activity increased at the start of the month – the first weekly increase in the rig count in 30 weeks – an indication that higher prices may have convinced some producers to pick up activity. China's stock market turmoil and the Greek debt crisis also unsettled the oil market. Greece rejected debt bailout terms on 5 July, casting doubt on its membership in the euro and depressing the single currency against the US dollar. A strong US dollar makes dollar-denominated crude more expensive for holders of other currencies, which can put pressure on the price of oil.

Market participants were also keeping close tabs on nuclear talks between the P5+1 and Tehran, looking for any sign of a deal to lift sanctions on the major OPEC producer. An initial 30 June deadline for a final agreement, which could lead the way for higher Iranian oil exports, has been extended.

Prompt Month Oil Futures Prices

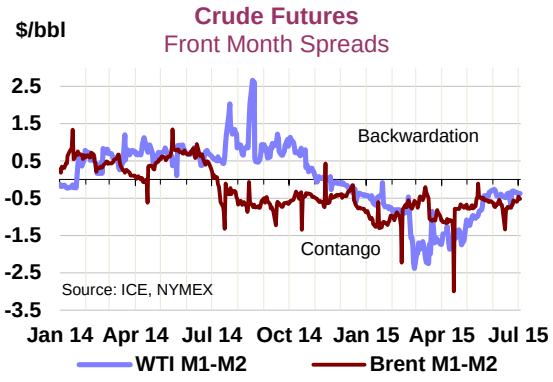
(monthly and weekly averages, $/bbl)

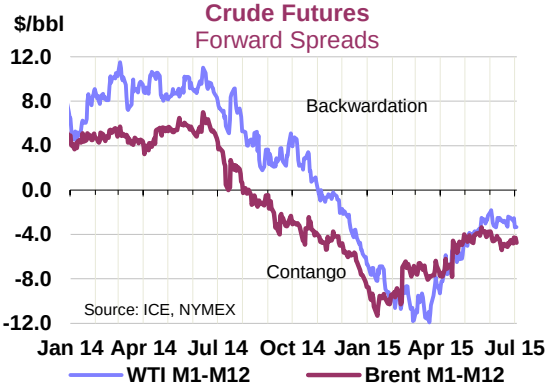
	Apr	May	Jun	Jun-May Avg Chg	% Chg	Week Commencing: 01 Jun	08 Jun	15 Jun	22 Jun	29 Jun
NYMEX										
Light Sweet Crude Oil	54.63	59.37	59.83	0.46	0.8	59.65	60.09	59.89	60.06	57.72
RBOB	79.74	85.19	86.89	1.69	2.0	85.37	88.12	88.14	86.08	85.64
No.2 Heating Oil	77.30	82.42	79.34	-3.09	-3.7	79.61	80.04	79.36	78.81	77.64
No.2 Heating Oil ($/mmbtu)	13.63	14.54	13.99	-0.54	-3.7	14.04	14.12	14.00	13.90	13.69
Henry Hub Natural Gas ($/mmbtu)	2.59	2.86	2.77	-0.09	-3.0	2.64	2.80	2.85	2.77	2.81
ICE										
Brent	61.14	65.61	63.75	-1.86	-2.8	63.90	64.45	63.49	63.55	62.00
Gasoil	75.19	80.54	77.82	-2.72	-3.4	77.99	78.78	77.81	77.28	76.23
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-6.51	-6.24	-3.92	2.32		-4.25	-4.36	-3.60	-3.49	-4.28
NYMEX No.2 Heating Oil - WTI	22.67	23.05	19.51	-3.55		19.96	19.95	19.47	18.75	19.92
NYMEX RBOB - WTI	25.11	25.82	27.06	1.23		25.72	28.03	28.25	26.02	27.92
NYMEX 3-2-1 Crack (RBOB)	24.30	24.90	24.54	-0.36		23.80	25.34	25.32	23.59	25.25
NYMEX No.2 - Natural Gas ($/mmbtu)	11.04	11.68	11.22	-0.46		11.40	11.31	11.15	11.13	10.88
ICE Gasoil - ICE Brent	14.05	14.93	14.07	-0.86		14.09	14.33	14.32	13.73	14.23

Source: ICE, NYMEX.

The weight of the Atlantic basin overhang has helped push global benchmarks to their lowest since mid-April. ICE Brent is about 50% below last June's peak above $115/bbl, though still considerably above the six-year low of $45/bbl hit in January. Its premium over US WTI has fallen by about 40% since mid-April, shrinking to an average $3.92/bbl in June. The US benchmark found support during June after imports slowed and refiners – running flat out to meet gasoline demand during peak driving season - drained crude oil stocks for eight straight weeks to mid-June. By early July, US prices slumped after crude stocks built following the steady draw down.

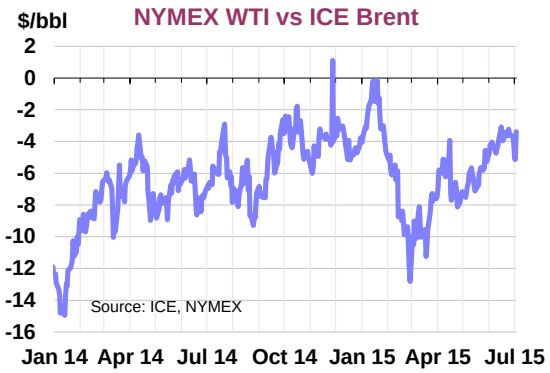
Since early May, Brent crude has been on a downward trend while US WTI had held in a range of around $57/bbl to $62/bbl. During June, ICE Brent futures slipped by $1.86/bbl, or 2.8%, from May to an average $63.75/bbl. NYMEX WTI edged up $0.46/bbl, or 0.8%, from May to an average $59.83/bbl in June. ICE Brent was last trading near $59/bbl. US WTI was at around $53.10/bbl.

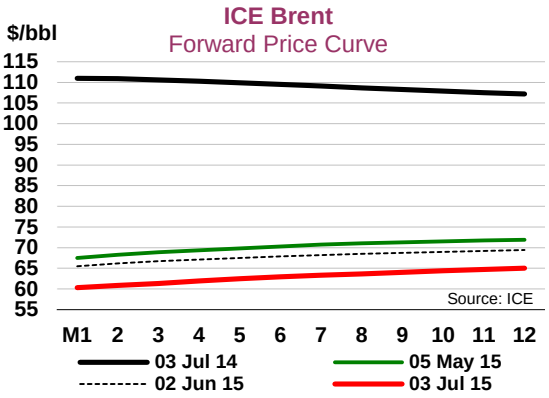




The Atlantic basin overhang also widened out the contango structure – where prices for immediate delivery are discounted versus forward months – for North Sea Brent. The discount of prompt-month to second-month Brent widened out to -$0.70/bbl in June compared to -$0.58/bbl in May. Still-strong refiner demand for crude in the US during June meant the contango on NYMEX WTI continued to flatten. The WTI M1-M2 spread in June pulled in to -$0.39/bbl versus -$0.77/bbl in May.

A similar trend was seen on forward curves. The Brent M1-M12 contract spread widened out to -$4.60 /bbl in June compared to -$4.09/bbl in May. The WTI M1-M12 spread pulled in to -$ 2.67 /bbl in June versus -$3.60/bbl in May.

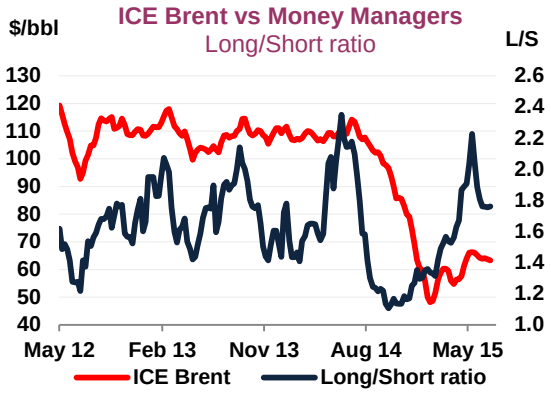


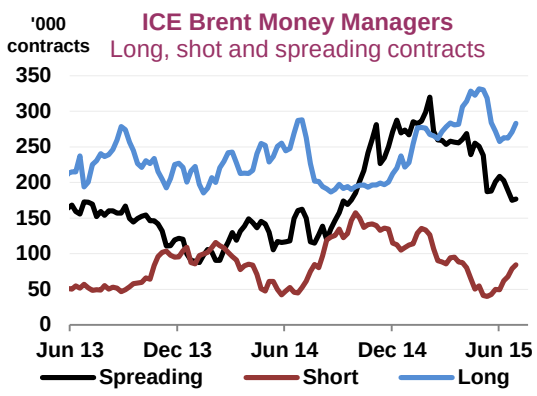


Financial markets

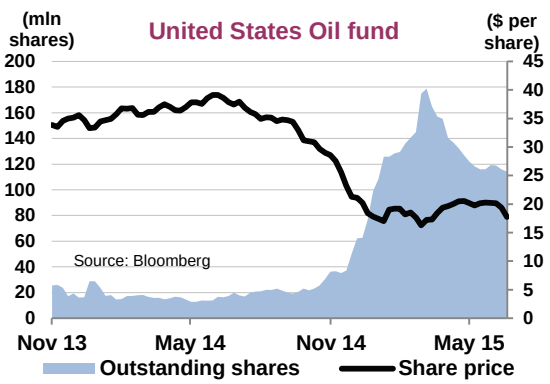
Market activity

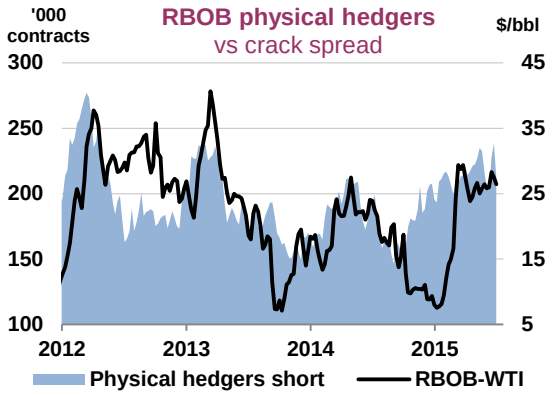
Hedge funds positioning towards ICE Brent became markedly less bullish in early June. The long-to-short ratio, an overall indicator of funds' positioning, came down from a 2.2 peak, as net-short positions doubled from mid-May. Conversely, fund's overall portfolios of WTI contracts were essentially unchanged as of 30 June as the benchmark has traded in a very narrow $5/bbl range since May. Investors have been maintaining their positions as shown both by index-investors May data, compiled by the US Commodity Futures Trading Commission (CFTC), and outstanding shares in the US Oil Fund, the largest exchange-traded fund by capitalization, which tracks the WTI price.





On the product side, data from the CFTC suggests that refiners are locking in the exceptional margins led by gasoline (See 'Refining' and 'Product prices'). Data compiled by the US commodity agency shows physical hedgers' short positioning at their highest since March 2013.



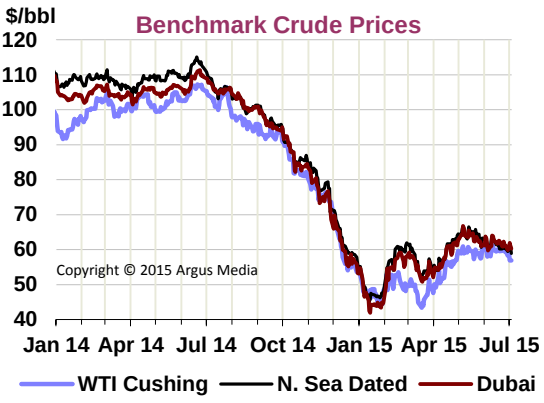


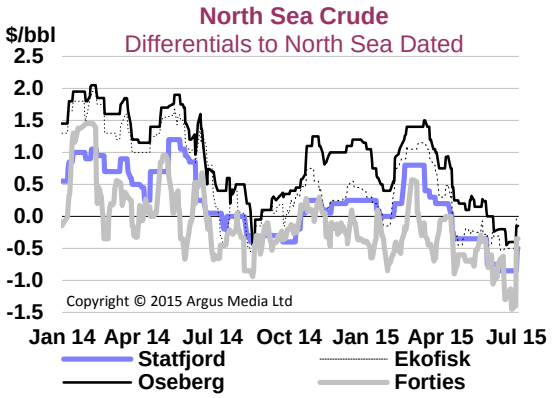
Financial regulation

The European Securities and Markets Authority (ESMA) has published draft regulatory and implementing technical standards (RTS and ITS) for the Market in Financial Instruments Directive (MiFID II). The standards cover "*authorisation, passporting, registration of third country firms and cooperation between competent authorities*". The final report on the standards is expected by end-2015, after which the European Commission will have three months to decide whether to endorse the standards. MiFID II is expected to come into force in January 2017.

Spot crude oil prices

Abundant prompt supply in the Atlantic basin has seen buyers snap up North Sea grades at very wide discounts to benchmark Dated Brent. And recently-released loading programmes for August indicate that North Sea and West African availability will remain high. Spot crude oil trade during June saw UK Forties crude fall to a six-year low against the North Sea benchmark, while Ekofisk sank to its widest discount since 2004. Much of the Atlantic basin surplus has now moved far afield, encouraged by a narrow Brent/Dubai spread. North Sea Ekofisk sailed to China and – for the first time ever, to Uruguay, while UK Forties headed for South Korea.



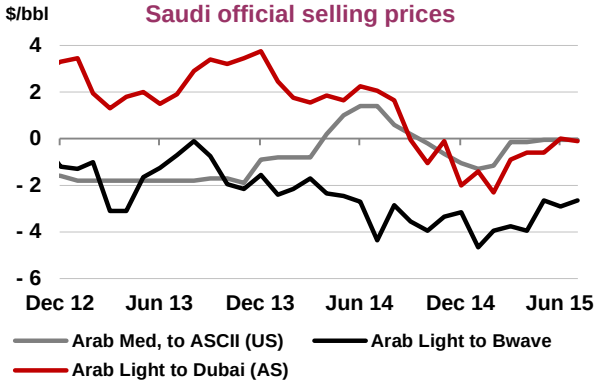


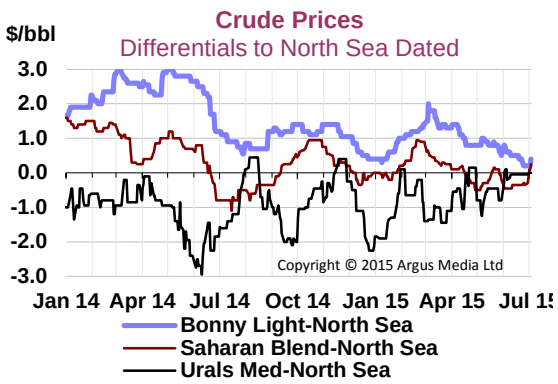
Of the global benchmarks, US WTI turned in the strongest month-on-month (m-o-m) performance in June, rising $0.53/bbl to $59.80/bbl as stockpiles drained steadily. Dubai held up comparatively well, shedding $1.74/bbl over June to average $61.84/bbl. Russian Urals lost $2.10/bbl versus May to average $61.57 /bbl in June. North Sea Dated Brent took a bigger hit, losing $2.27/bbl over June to average $63.04 /bbl for the month.

Nigerian grades priced against Dated Brent continued to struggle. The West African producer's flagship export crudes Bonny Light and Qua Iboe are trading at multi-year lows. At the time of writing, roughly 10 mb of July-loading Nigerian crude was unsold. Bonny Light's premium to Dated Brent was just

$0.20 /bbl. Nigeria is finding it especially difficult to find outlets for its crude after the relentless rise of US light tight oil has virtually shut out the African producer from its once-core market. Fellow West African OPEC producer Angola has found healthier demand for its heavier crudes in Asia, with China showing keen interest.

Light sweet North African crudes are meanwhile proving popular with refiners in Asia. Algerian Saharan Blend is moving to China for the first time in a year and India also bought a cargo of the gasoline-rich crude. US Gulf refiners have also expressed interest in Algerian barrels.





As Atlantic basin crudes move into Asia, competing Middle East grades are feeling the competition. August-loading spot cargoes of Abu Dhabi's light sour Murban have slipped to a $0.30/bbl discount to the Adnoc official selling price – from a $0.15/bbl premium in initial trade for August spot market barrels. The arrival of Atlantic basin cargoes and anticipated slower demand due to seasonal refinery maintenance in Asia prompted Saudi Arabia to lower its monthly formula price for Arab Light crude loading in August to customers in the region.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Apr	May	Jun	Jun-May Avg Chg	%	Week Commencing: 01 Jun	08 Jun	15 Jun	22 Jun	29 Jun
Crudes										
North Sea Dated	59.79	64.35	61.63	-2.72	-4.2	61.98	62.97	61.27	60.92	60.39
Brent (Asia) Mth 1	59.90	65.31	63.04	-2.27	-3.5	63.50	64.21	63.01	62.31	61.41
WTI (Cushing) Mth 1	54.46	59.27	59.80	0.53	0.9	59.65	60.09	59.89	59.94	57.92
Urals (Mediterranean)	59.44	63.67	61.57	-2.10	-3.3	61.93	62.90	61.22	60.87	60.37
Dubai	58.37	63.58	61.84	-1.74	-2.7	62.04	62.54	62.21	61.31	60.71
Tapis (Dated)	58.86	63.44	60.65	-2.79	-4.4	60.84	62.07	60.37	60.02	59.29
Differential to North Sea Dated										
WTI (Cushing)	-5.33	-5.08	-1.83	3.25		-2.33	-2.88	-1.38	-0.97	-2.46
Urals (Mediterranean)	-0.34	-0.68	-0.05	0.62		-0.05	-0.07	-0.05	-0.05	-0.02
Dubai	-1.41	-0.77	0.21	0.98		0.06	-0.43	0.93	0.39	0.33
Tapis (Dated)	-0.92	-0.91	-0.98	-0.07		-1.14	-0.90	-0.90	-0.90	-1.10
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.97	-0.59	-0.83	-0.24		-0.91	-0.72	-0.88	-0.81	-0.76
Forward WTI Cushing Mth1-Mth2	-1.44	-0.82	-0.38	0.44		-0.32	-0.44	-0.42	-0.32	-0.37
Forward Dubai Mth1-Mth2	-0.55	-0.54	-0.37	0.17		-0.01	-0.14	-0.10	-0.90	-0.40

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In the Mediterranean, lengthy loading delays on Iraqi Kirkuk and an anticipated drop in Russia Urals exports tightened the sour crude market, which saw discounts against Dated Brent shrink. The drop in Kirkuk has also boosted demand for spot supplies of Basra Light as well as South American crude. Europe could soon be seeing more light sweet crude after Libya lifted force majeure at the 200 kb/d Ras Lanuf terminal in early July following a six-month shutdown. The first cargo was due to load on 8-10 July.

Spot product prices

Spot product prices generally weakened on a monthly average basis in June. The one bright spot was gasoline where prices continued to strengthen in the Atlantic Basin as refiners there struggled to keep pace with strong demand. Product cracks were mixed as with light ends and fuel oil generally firming while middle distillates weakened on increased refinery supplies and stock builds.

Gasoline was the star of the show in June. The US market remains tight as demand ramps up seasonally, drawing stocks steadily over recent months so that by end-June they were approximately 26 mb below their February high. Additionally, a number of unexpected refinery outages including an FCC at Marathon's Garyville plant disrupted Gulf Coast supplies. Consequently, cracks in the region have continued to surge and by early-July approached an astonishing $50/bbl, the highest in nearly four years.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Apr	May	Jun	Jun-May		Week Commencing:					Apr	May	Jun	Chg
				Chg	%	01 Jun	08 Jun	15 Jun	22 Jun	29 Jun				
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	75.57	80.72	83.63	2.91	3.6	82.40	84.65	85.70	82.35	83.49	15.79	16.37	22.00	5.63
Naphtha	59.07	61.94	60.54	-1.40	-2.3	61.26	62.67	60.06	59.15	57.80	-0.72	-2.41	-1.09	1.32
Jet/Kerosene	72.84	77.25	75.25	-2.00	-2.6	75.57	75.83	75.30	74.87	73.68	13.05	12.90	13.62	0.72
ULSD 10ppm	75.64	80.60	77.75	-2.85	-3.5	77.91	78.64	77.82	77.20	76.19	15.85	16.25	16.13	-0.13
Gasoil 0.1%	73.77	79.43	76.89	-2.54	-3.2	76.99	77.74	77.05	76.42	75.24	13.98	15.08	15.27	0.18
LSFO 1%	50.40	53.68	51.21	-2.47	-4.6	51.49	51.68	51.08	50.87	50.12	-9.38	-10.67	-10.42	0.25
HSFO 3.5%	47.19	51.12	48.37	-2.74	-5.4	48.80	48.94	48.25	47.86	47.21	-12.60	-13.24	-13.25	-0.02
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	76.48	81.62	84.54	2.92	3.6	83.28	85.54	86.64	83.26	84.40	17.04	17.95	22.97	5.02
Naphtha	55.81	59.62	57.52	-2.10	-3.5	58.48	59.61	57.05	56.01	54.35	-3.64	-4.05	-4.05	0.00
Jet Aviation fuel	70.71	76.21	73.42	-2.79	-3.7	74.05	73.98	73.45	72.90	71.41	11.26	12.54	11.85	-0.69
ULSD 10ppm	75.04	81.02	77.47	-3.55	-4.4	78.15	78.48	77.37	76.55	75.64	15.60	17.34	15.89	-1.45
Gasoil 0.1%	72.24	80.12	76.03	-4.09	-5.1	76.52	76.70	76.48	75.23	73.68	12.79	16.44	14.46	-1.99
LSFO 1%	51.27	54.40	52.39	-2.02	-3.7	52.58	52.86	52.33	51.99	51.39	-8.17	-9.27	-9.19	0.08
HSFO 3.5%	46.82	50.68	48.08	-2.60	-5.1	48.59	48.77	48.02	47.34	48.76	-12.62	-12.99	-13.50	-0.50
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	85.34	95.37	103.73	8.37	8.8	102.35	103.56	104.69	103.45	106.69	24.62	30.42	40.48	10.06
Unleaded	76.63	83.36	86.09	2.73	3.3	85.47	87.62	86.01	84.86	87.95	15.90	18.42	22.84	4.42
Jet/Kerosene	71.50	77.67	72.75	-4.92	-6.3	73.79	73.58	72.71	71.43	71.30	10.77	12.72	9.50	-3.23
ULSD 10ppm	74.61	80.46	75.66	-4.80	-6.0	76.85	76.33	75.34	74.54	74.44	13.88	15.52	12.41	-3.11
Heating Oil	68.49	74.51	69.75	-4.76	-6.4	71.23	69.49	69.23	69.23	69.25	7.77	9.57	6.50	-3.06
No. 6 3%*	48.56	52.41	51.88	-0.54	-1.0	51.84	52.11	51.98	51.92	50.73	-12.16	-12.53	-11.37	1.16
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	75.56	83.68	83.70	0.01	0.0	82.55	85.93	85.60	81.79	79.49	17.19	20.10	21.86	1.76
Naphtha	59.79	62.38	61.16	-1.22	-2.0	61.33	62.81	61.50	60.04	58.57	1.42	-1.20	-0.68	0.52
Jet/Kerosene	72.14	77.71	74.45	-3.26	-4.2	75.28	75.10	74.58	73.98	72.07	13.76	14.13	12.61	-1.52
Gasoil 0.05%	72.38	78.05	74.73	-3.32	-4.2	75.70	75.66	74.72	74.10	72.03	14.00	14.47	12.89	-1.57
LSWR Cracked	54.67	62.40	57.65	-4.75	-7.6	60.10	57.47	57.07	57.12	55.50	-3.70	-1.18	-4.18	-3.00
HSFO 180 CST	54.89	61.45	57.04	-4.40	-7.2	58.60	57.71	57.41	55.89	53.47	-3.48	-2.13	-4.79	-2.66
HSFO 380 CST 4%	52.92	58.72	56.22	-2.51	-4.3	57.81	57.45	56.67	54.66	52.56	-5.45	-4.86	-5.62	-0.76

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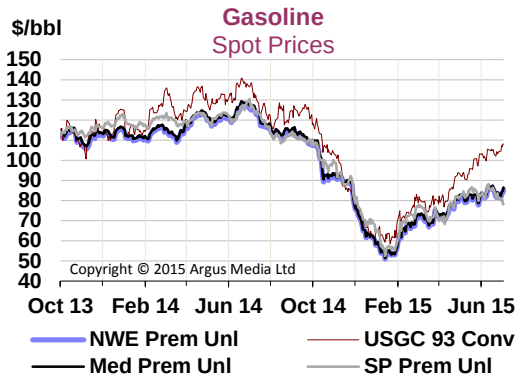
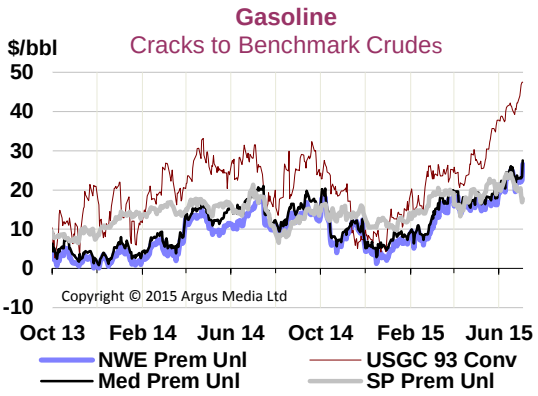
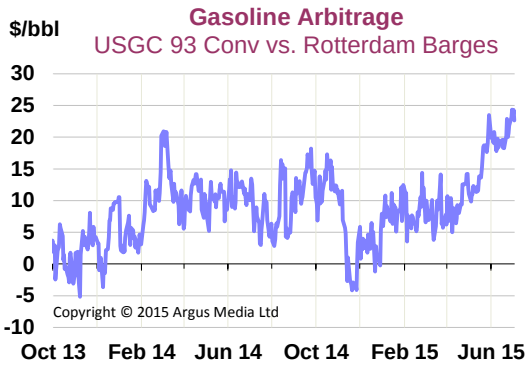
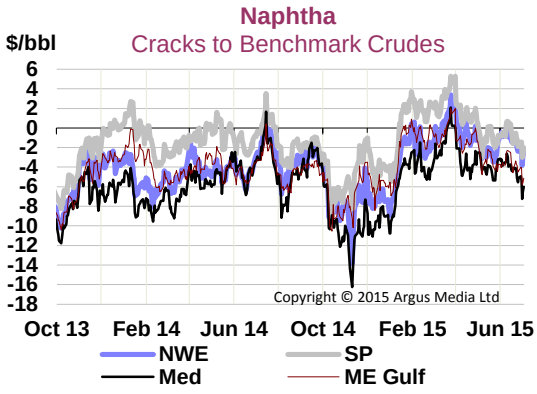
Logistical issues and rocketing freight rates for Jones Act tankers are hindering the movement of gasoline from the Gulf Coast to the key Atlantic Coast market (PADD 1). Consequently, numerous cargoes have been drawn in from Europe, which has helped to propel prices upwards there. By early-July, the arbitrage window to ship product westwards from Europe remained extremely wide with market reports suggesting that, even in the face of surging freight costs, a veritable armada of vessels were booked to take advantage. This has helped to offset a notable fall in volumes shipped to Nigeria in the wake of a dispute between the newly installed government and fuel marketers.



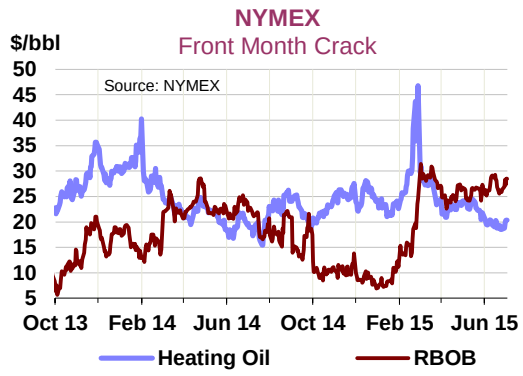


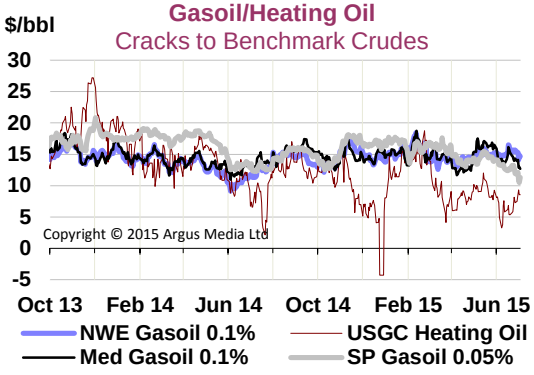
Naphtha cracks strengthened across the board on a monthly average basis, as, despite spot prices slipping over the month, they fell by less than for crude. In Europe, demand from gasoline blenders proved a partial buttress for prices as downward pressure came from a closed arbitrage to Asia amid high freight rates and reportedly reduced demand from the petrochemical industry. In Asia, naphtha use as a petrochemical feedstock waned with prices slipping accordingly.



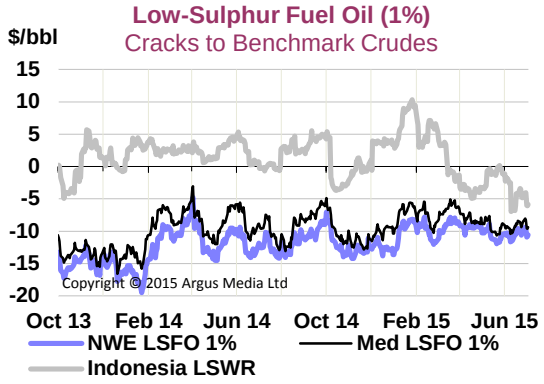


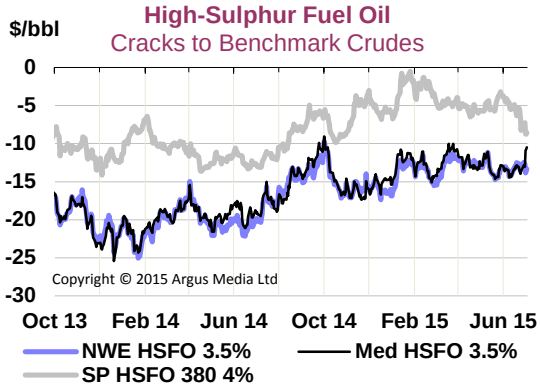
Middle distillate spot prices posted the sharpest falls across all surveyed markets in June. Higher Atlantic basin refinery throughputs, as refiners take advantage of soaring gasoline cracks, has led to excess middle distillate supply at a time of seasonally low demand. Accordingly, stocks on both sides of the Atlantic have built. This was especially evident in the US where gasoil cracks on the Gulf Coast sank to around $5 /bbl in early-June. The diverging paths of gasoline and gasoil prices and the importance of gasoline to refiners is illustrated by the soaring premium of the front month NYMEX RBOB crack to that of the heating oil crack, which stood at close to $8.00/bbl by early-July, its widest since 2009.





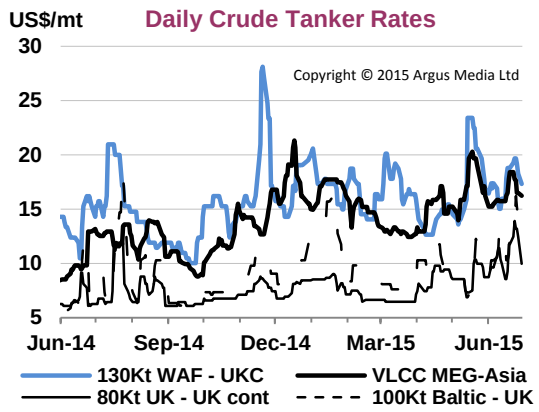
At the bottom of the barrel, prices for both HSFO and LSFO in Singapore fell sharply. The main catalyst for this was brimming onshore inventories, which reportedly led to a plethora of unsold cargoes in the region. Despite this, and even as the arbitrage opportunity to ship product to Asia closed, European prices have remained relatively resilient as extra volumes are being moved to North Africa for power generation.

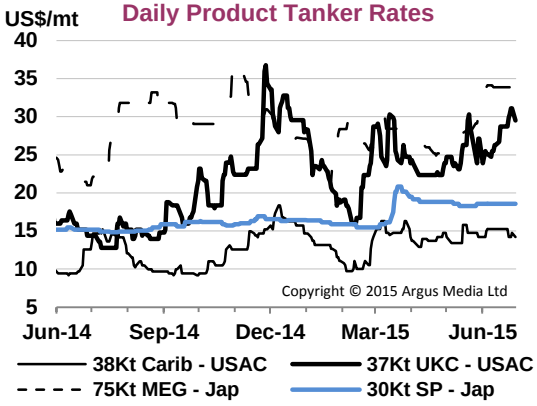




Freight

Surveyed crude freight rates had a strong month across the board, with smaller tankers posting the most significant gains. Unsold North Sea **Aframax** cargoes tightened available tonnage, causing the rate to spike. Five cargoes reportedly were fixed from the Baltic for delivery in South Korea, roughly 320 kb/d, something not seen in more than two years. High OPEC Middle East production pushed the Arab Gulf – Asia route for **very-large-crude-carriers** (VLCCs) above $15/mt. A whopping 54 **Suezmax** cargoes were fixed for the West Africa-UK route, compared with a monthly average of 35 so far this year, which propelled the rate higher in June.





Product freight rates were mixed as only longer haul voyages posted gains. The **UK-US Atlantic** route reached its highest year-to-date, with the gasoline arbitrage window wide open (See '*Product prices*'). Nearly 50 cargoes carrying a total of 13 mb of gasoline were booked in June alone. **US Gulf-UK** trade also saw robust gains and the highest fixtures in two years, as traders discharging gasoline on the US East Coast often ship gasoil back to Europe (so-called triangulation). The **Arab Gulf-Japan route**, served by larger 75Kt vessels, rose in early July and held the stronger levels - the highest since late 2014.

REFINING

Summary

- **Global refinery crude run estimates for 2Q15 reached 78.7 mb/d, an all-time record,** with impressive 2.3 mb/d year on year (y-o-y) growth (similar to that in 4Q14). These estimates have been revised up by a massive 0.9 mb/d since last month's Report. The main upward revision – 0.65 mb/d - took place in the OECD. In the non-OECD, China was revised higher by 0.38 mb/d. The only meaningful downward change took place in FSU, at -0.27 mb/d.

- **For 3Q15, global refinery throughput is forecast to increase a further 0.7 mb/d**, setting a new record of 79.4 mb/d, posting a 1.45 mb/d y-o-y growth.

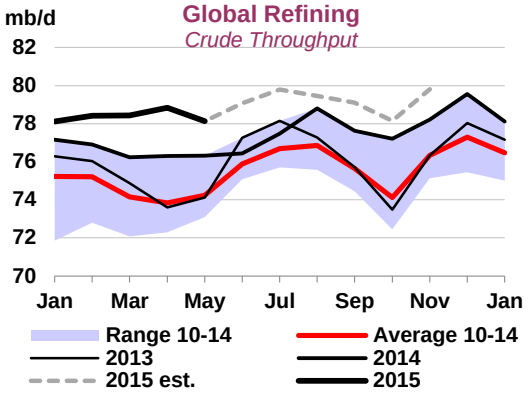
- **Second-quarter maintenance peaked in May, abating rapidly in June**. Maintenance remains in the lows of the historical range, with fewer outages than usual in Europe, North America and the Middle East. Asia bucked the trend; China in particular had very high maintenance in May/June, though that did not stop refiners from running flat out. Reports suggest maintenance will be heavy in the Middle East this autumn.

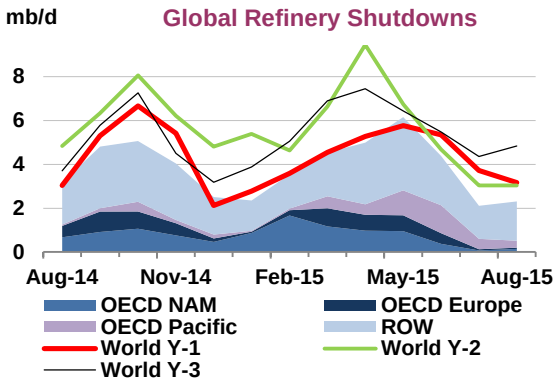
- **In June, global refinery margins drew continued support from high gasoline cracks**. Diesel and fuel oil cracks eased, especially in Singapore, amid rising stocks. Refining margins in China remained elevated, while reportedly low margins in Russia led to a drop in refinery runs.

Global refinery overview

Is the sky the limit? Month after month, the estimate of global crude runs is being revised upwards, with year-on-year growth regularly surpassing 2.3 mb/d. Refinery crude runs reach new highs, generating unusual movements such as the first export of Chinese jet fuel to Europe – despite very high freight rates. Gasoline cracks have gained another few dollars per barrel each month, compensating for the growing weakness of other products.

Current margins justify every installation running flat out to produce the desired gasoline, but for how long can this last? With gasoline, refiners also manufacture other "by-products" – notably diesel and fuel oil – for which there is less demand and growing stocks. The driving season is well advanced, and refiners should start seeing lower gasoline demand. Conversely, when margins subside – for instance internally in Russia – refinery runs are trimmed.





And where are all the refined products going? Growth of 2 mb/d y-o-y in refining throughputs versus 1.2 mb/d for product demand suggests product stock growth of 0.8 mb/d, which is not fully reflected in

OECD stock reports nor in reported non-OECD stocks. Some of it may be included in non-reported non-OECD commercial storage, in floating storage or in the operational stocks of new refineries, but a gap subsists. Finally, it is also puzzling to see that such strong refinery runs have barely dented crude stocks.

Spare refining capacity is a crucial parameter that influences margins. This month we detail our 2016 refinery capacity changes forecast (*see Text Box*: *Refinery capacity additions in 2015-16 surpass the "call on refinery capacity"*). Over the past few years, net refinery additions have been below the "call on refinery capacity" changes – tightening global refinery markets. The situation is expected to change in 2015-2016 as more capacity is slated to come online than effectively required by demand forecasts. This said, refineries are prone to late completions rather than early ones, especially given constraints on capex. Petrobras is a case in point – the company deferred the completion of a number of refineries - and further project delays or refinery closures are expected elsewhere, reducing the capacity overhang toward a more balanced situation.

Global Refinery Crude Throughput[1]

(million barrels per day)

	Mar 15	**1Q2015**	Apr 15	May 15	Jun 15	**2Q2015**	Jul 15	Aug 15	Sep 15	**3Q2015**	Oct 15
Americas	18.6	**18.5**	19.2	19.1	19.4	**19.2**	19.6	19.6	19.4	**19.5**	18.6
Europe	11.8	**11.9**	11.8	11.9	11.8	**11.9**	12.0	12.0	11.8	**11.9**	11.9
Asia Oceania	6.9	**7.0**	6.7	6.4	6.0	**6.4**	6.5	6.9	6.6	**6.7**	6.4
Total OECD	37.3	**37.5**	37.8	37.4	37.2	**37.5**	38.2	38.5	37.8	**38.2**	37.0
FSU	6.8	**7.0**	6.7	6.3	6.9	**6.7**	6.9	6.9	6.7	**6.8**	6.7
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	10.5	**10.3**	10.5	10.3	10.6	**10.5**	10.2	10.3	10.4	**10.3**	10.4
Other Asia	10.1	**10.1**	9.7	10.0	10.2	**10.0**	10.3	9.9	10.1	**10.1**	10.1
Latin America	4.5	**4.4**	4.7	4.7	4.7	**4.7**	4.6	4.6	4.6	**4.6**	4.6
Middle East	6.5	**6.3**	6.6	6.6	6.7	**6.6**	6.8	6.6	6.7	**6.7**	6.5
Africa	2.3	**2.2**	2.4	2.3	2.2	**2.3**	2.3	2.3	2.3	**2.3**	2.2
Total Non-OECD	41.1	**40.8**	41.1	40.7	41.8	**41.2**	41.6	41.0	41.2	**41.3**	41.1
Total	78.4	**78.3**	78.8	78.1	79.1	**78.7**	79.8	79.5	79.0	**79.4**	78.0

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

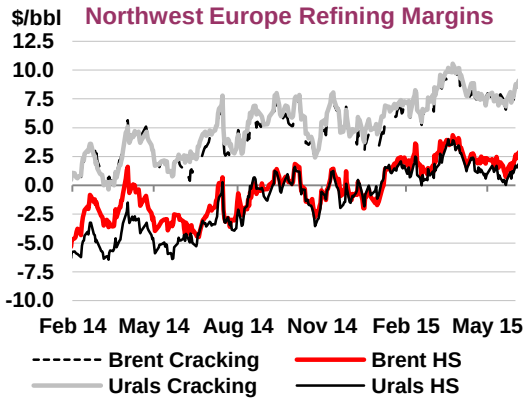
In April, the most recent month for which a complete set of monthly data is available, OECD refiners recorded an increase of 1.2 mb/d year-on-year (y-o-y) in aggregate crude throughputs, with Europe the strongest region in OECD. Non-OECD refinery runs also expanded by 1.3 mb/d.

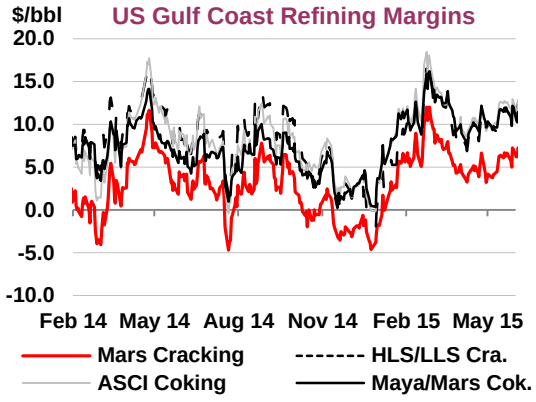
Preliminary figures for May show that OECD runs should be slightly smaller despite lower maintenance levels and decrease by 0.3 mb/d to 37.4 mb/d. This decrease is expected to continue in June but over the summer, OECD throughputs are expected to rise again, with very robust levels estimated for 3Q15.

Margins

Refinery margins remained robust in June, with hydroskimming margins remaining positive in all regions. In the latest two weeks, however, Singapore's hydroskimming margins lost $1.80/bbl and are now negative at -$1.60/bbl

Margins were significantly up in Europe, with North West Europe posting particularly strong cracking margins above $8/bbl. In the US Gulf Coast, most margins have risen by over $1/bbl, but US mid-continent margins were slightly weaker. In Singapore, Dubai margins – both cracking and hydroskimming – posted small declines.





Gasoline continues to exhibit exceptional strength; it is *the* oil product supporting margins. Gasoline cracks this month were above $20/bbl in Europe and Asia and even surpassed $45/bbl in the US Gulf Coast. However in the last two weeks, gasoline cracks in Singapore started to weaken substantially, losing $5/bbl to reach $16/bbl.

IEA/KBC Global Indicator Refining Margins[1]

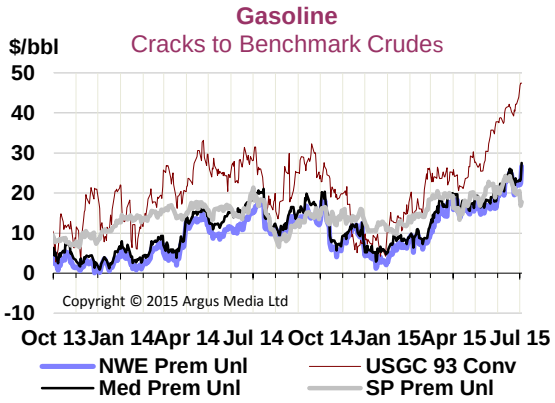
($/bbl)

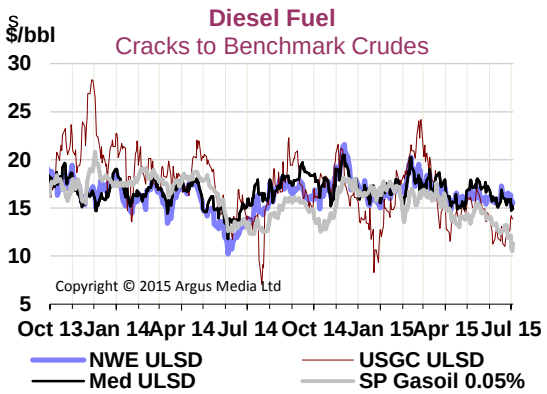
	Monthly Average				Change		Average for week ending:				
	Mar 15	Apr 15	May 15	Jun 15		Jun 15-May 15	05 Jun	12 Jun	19 Jun	26 Jun	03 Jul
NW Europe											
Brent (Cracking)	8.75	7.71	7.40	9.18	↑	1.79	8.82	8.71	10.32	8.75	9.62
Urals (Cracking)	9.31	8.06	7.50	9.31	↑	1.81	8.80	9.00	10.32	9.23	8.93
Brent (Hydroskimming)	3.34	2.30	1.74	2.76	↑	1.02	2.60	2.19	3.58	2.47	3.10
Urals (Hydroskimming)	2.75	1.62	0.91	1.93	↑	1.02	1.66	1.52	2.63	1.98	1.45
Mediterranean											
Es Sider (Cracking)	10.26	9.52	9.30	10.51	↑	1.21	10.25	9.99	11.31	10.32	10.87
Urals (Cracking)	9.30	7.48	7.65	8.05	↑	0.40	7.79	7.57	8.72	7.98	8.46
Es Sider (Hydroskimming)	5.44	4.77	4.25	5.36	↑	1.12	5.14	4.76	6.07	5.25	5.76
Urals (Hydroskimming)	2.14	0.60	0.55	0.70	↑	0.16	0.56	0.17	1.27	0.64	1.60
US Gulf Coast											
50/50 HLS/LLS (Cracking)	11.51	9.31	10.95	12.40	↑	1.45	11.84	13.16	12.20	11.78	14.52
Mars (Cracking)	6.98	4.55	5.58	7.53	↑	1.95	6.59	7.80	7.29	7.65	10.09
ASCI (Cracking)	6.85	4.42	5.41	7.17	↑	1.76	6.28	7.68	7.08	7.03	9.33
50/50 HLS/LLS (Coking)	13.59	11.40	13.18	14.54	↑	1.36	14.03	15.41	14.36	13.77	16.67
50/50 Maya/Mars (Coking)	12.14	9.71	10.88	10.52	↓	-0.37	10.64	11.35	10.11	9.49	12.42
ASCI (Coking)	12.46	10.12	11.50	12.58	↑	1.08	11.98	13.35	12.35	12.00	14.89
US Midcon											
WTI (Cracking)	20.43	16.53	20.35	19.25	↓	-1.10	17.31	20.88	19.97	17.86	22.79
30/70 WCS/Bakken (Cracking)	20.50	15.65	17.07	17.38	↑	0.31	14.27	17.94	18.35	17.29	22.44
Bakken (Cracking)	23.64	18.99	21.36	21.54	↑	0.17	18.29	22.58	22.74	20.91	26.83
WTI (Coking)	22.77	18.66	22.88	21.74	↓	-1.14	19.62	23.47	22.57	20.25	25.44
30/70 WCS/Bakken (Coking)	24.16	18.89	20.93	21.01	↑	0.08	17.79	21.68	22.05	20.74	26.32
Bakken (Coking)	24.60	19.85	22.42	22.59	↑	0.17	19.24	23.69	23.85	21.92	27.97
Singapore											
Dubai (Hydroskimming)	2.54	0.52	0.66	0.19	↓	-0.48	0.89	0.67	0.19	-0.48	-1.58
Tapis (Hydroskimming)	5.29	2.77	4.23	4.23	↓	-0.01	4.64	3.59	4.77	4.20	3.13
Dubai (Hydrocracking)	8.25	5.77	6.11	5.75	↓	-0.35	5.98	6.24	5.84	5.26	4.23
Tapis (Hydrocracking)	8.95	6.88	8.10	8.69	↑	0.59	8.54	8.36	9.55	8.58	7.45

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)

Despite the strength of gasoline, naphtha cracks have also been weakening early July in all regions. Diesel cracks are edging down everywhere except in Europe, but remain relatively firm considering the large increase of stocks in many regions. High-sulphur fuel oil cracks remained fairly narrow in Europe – another support for margins – but started to drop in Singapore, moving from -$4/bbl in early June to -$7/bbl in early July. The market finally took into account the overhang of fuel in Singapore, with dozens of vessels loaded with fuel oil apparently unable to find buyers and land storage brimming.





OECD refinery throughput

OECD refinery crude runs decreased by 0.4 mb/d in May from April, to 37.4 mb/d, a y-o-y increase of 1.2 mb/d. A large 1.07 mb/d upward revision underpinned this strong y-o-y growth, spread between Asia Pacific (0.56 mb/d), Europe (0.35mb/d) and North America (0.16 mb/d). Estimates for April were also revised upwards by 0.6 mb/d. On average, those adjustments to April and May data have raised the estimate of OECD throughput for 2Q15 by 0.65 mb/d.

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

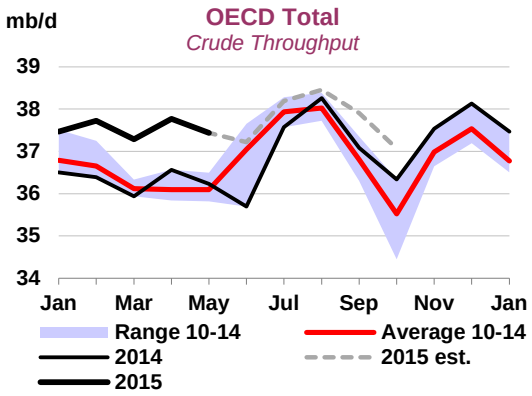
							Change from		Utilisation rate[1]	
	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	*Apr 15*	*May 14*	May 15	May 14
US[2]	16.47	15.49	15.41	15.66	16.30	16.26	-0.04	0.32	0.92	0.90
Canada	1.74	1.81	1.77	1.70	1.68	1.57	-0.12	-0.14	0.85	0.93
Chile	0.17	0.15	0.17	0.14	0.16	0.18	0.02	-0.01	0.78	0.81
Mexico	1.09	1.01	1.03	1.10	1.06	1.10	0.04	-0.03	0.67	0.69
OECD Americas	**19.47**	**18.47**	**18.38**	**18.60**	**19.20**	**19.11**	**-0.10**	**0.14**	**0.89**	**0.88**
France	1.16	1.16	1.26	1.30	1.19	1.12	-0.07	0.11	0.80	0.72
Germany	1.92	1.94	2.00	1.79	1.88	2.03	0.15	0.23	1.00	0.89
Italy	1.28	1.26	1.31	1.25	1.30	1.42	0.12	0.25	0.81	0.67
Netherlands	0.99	1.08	1.11	0.95	1.00	1.15	0.15	0.17	0.89	0.76
Spain	1.25	1.19	1.19	1.25	1.36	1.33	-0.03	0.08	0.88	0.83
United Kingdom	1.17	1.11	1.10	1.13	1.12	1.03	-0.08	-0.11	0.75	0.73
Other OECD Europe	3.94	4.12	4.20	4.14	3.97	3.86	-0.11	-0.03	0.79	0.80
OECD Europe	**11.72**	**11.87**	**12.18**	**11.81**	**11.83**	**11.95**	**0.12**	**0.70**	**0.84**	**0.78**
Japan	3.41	3.49	3.44	3.27	3.25	2.94	-0.32	0.13	0.73	0.70
South Korea	2.70	2.79	2.83	2.76	2.63	2.75	0.12	0.34	0.84	0.79
Other Asia Oceania	0.84	0.85	0.89	0.83	0.85	0.69	-0.16	-0.11	0.70	0.66
OECD Asia Oceania	**6.95**	**7.13**	**7.15**	**6.87**	**6.73**	**6.38**	**-0.35**	**0.36**	**0.77**	**0.73**
OECD Total	**38.13**	**37.46**	**37.72**	**37.28**	**37.76**	**37.43**	**-0.33**	**1.20**	**0.85**	**0.82**

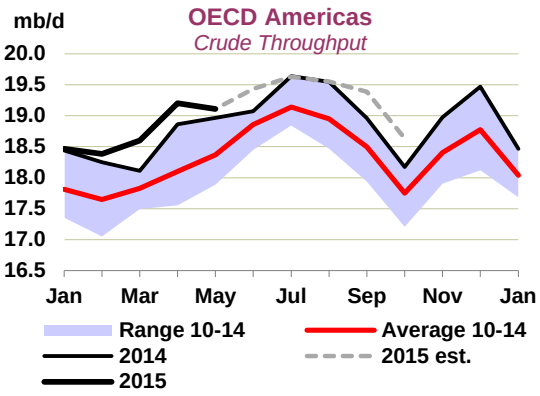
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

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

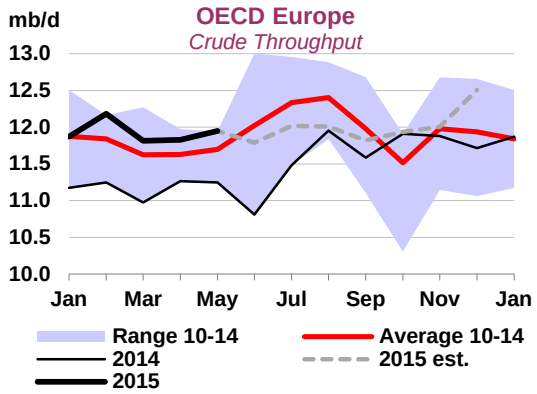
It is interesting to note the strength of OECD refining runs (except Japan). For instance, the April and May figures have been revised higher, for Asia Pacific by 214 kb/d and 558 kb/d respectively, adding to previous upwards revisions last month of 204 kbd and 228 kb/d, respectively. South Korea was the highest revision (+325 kb/d in May), followed by Japan (+211 kb/d). In North America, the estimate of monthly throughputs was revised upwards by 339 kb/d for May and 162 kb/d for April. In Europe, May throughput was revised upwards from last month by 348 kb/d, with Italy, the Netherlands and Spain posting the largest increases.

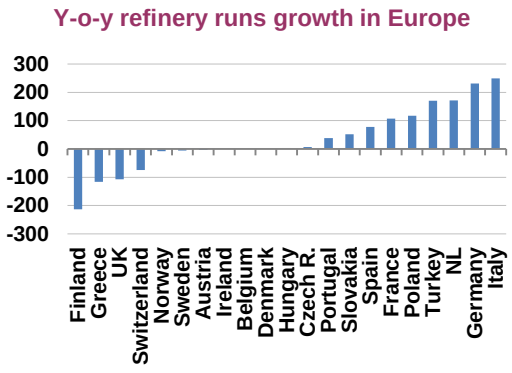




In **the OECD Americas,** May crude runs eased by -0.1 mb/d, to 19.1 mb/d, but are expected to rebound to 19.4 mb/d for June and to peak at 19.6 mb/d in July and August, matching the very high throughputs seen in the summer of 2014. In the **United States,** May crude runs remained at 16.3 mbd, 0.3 mb/d higher y-o-y. Over the first five months of this year, throughput was higher by an average 0.35 mb/d, or 2.2 %, on the year. It remains to be seen whether potentially lower margins in July will reduce these high throughputs. US motorists set a record for the number of miles driven in April, the highest for the month since the 1990s and up by 3.9% y-o-y. Weekly gasoline production was reported by the EIA to have reached over 10 mb/d, close to the all-time 10.2 mb/d of December 2014.

In **OECD Europe** y-o-y refinery run growth is being led by a group of southern countries coming out of recession, first Italy but also Spain and Portugal (Greece remains in negative territory). Turkey and Poland - two countries whose economies have been growing significantly - also contributed, as did Germany and the Netherlands Finland's negative showing is explained by the shutdown of the Porvoo refinery. The maintenance season is ending, with only 105 kb/d of capacity scheduled to shut down in July when the Philipps 66 Humber refinery is expected to come off-line.

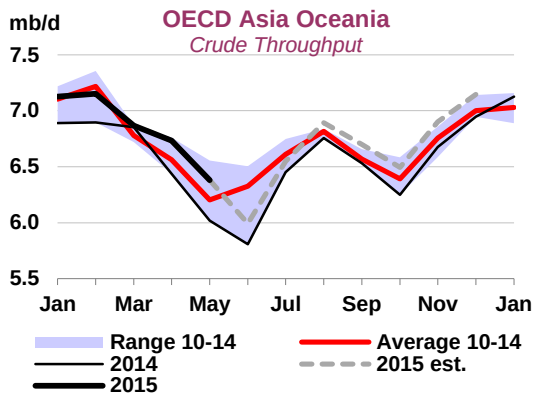


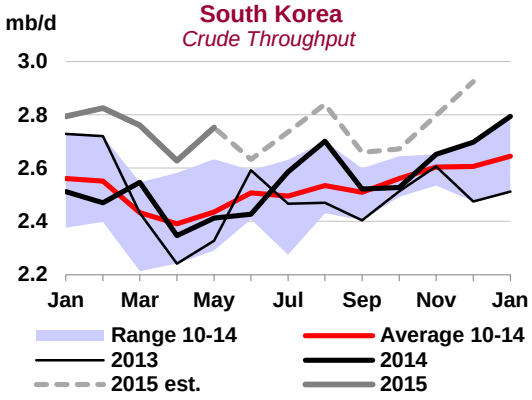


In Germany, the ownership of refineries was restructured. Total sold its participation in the Schwedt refinery to Rosneft, and Rosneft and BP unwound their Ruhr Oel JV: Rosneft kept the share of the JV in Schwedt - thus obtaining the majority – in Bayernoil and in Miro refineries, while BP became the sole owner of Gelsenkirchen.

In the Baltic, Transneft announced that it would expand the capacity of the Sever pipeline exporting 10 ppm gasoil to Primorsk. It is currently 14 mt/yr and Transneft plans to bring it to 18 mt/yr in 2016 and 25 mt/yr in 2018 (however Primorsk loadport limitations will limit exports to 20 mt/yr until 2020). This is likely to increase the relative part of Russia in Europe's gasoil imports, although part of the increased loadings at Primorsk will only be a replacement of other Baltic ports like Ventspils.

In **OECD Asia,** the maintenance program was significant in June with 1.3 mb/d of capacity off-line; nine Japanese refineries made up 85% of the total. July and August will be much lighter with outages of 0.5 mb/d and 0.3 mb/d, respectively. Altogether, Asia refinery runs in June and July are forecast just a little higher than in 2014.

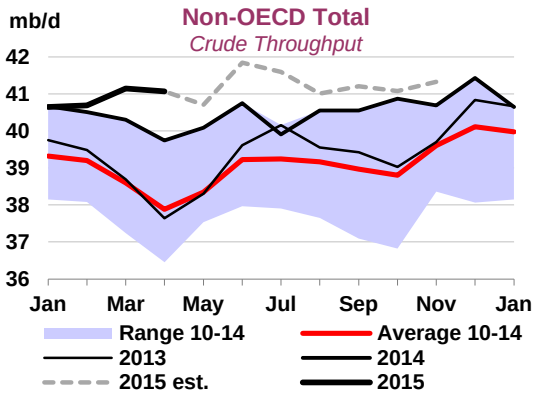


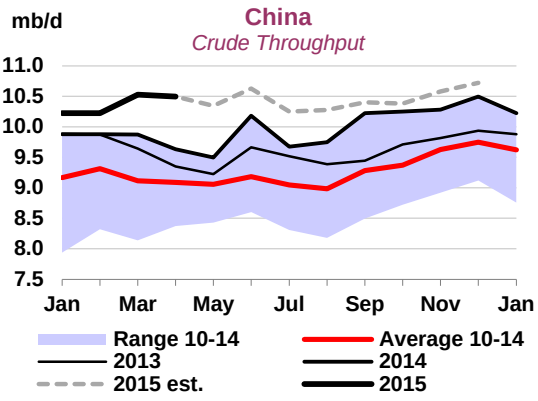


In **South Korea**, refinery runs continue at a very high rate, with a 12 % increase y-o-y over the first five months. SK's Ulsan refinery shut down in June/July will be followed by the shutdown of S-Oil's Onsan 240 kb/d refinery from mid-August, for an extended period. In **Japan**, a fire at the end of May forced JX Energy to shut its Kashima refinery. The affected units should ramp up progressively in July.

Non-OECD refinery throughput

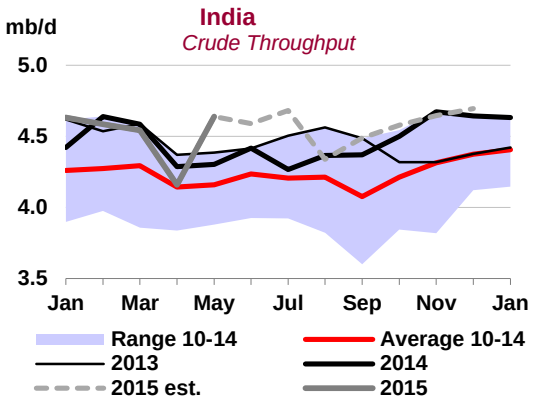
In April, **non-OECD** refinery throughput remained nearly stable at 41.1 mb/d. , after an upward monthly revision of 0.45 mb/d. China posted the largest revision (+320 kb/d), followed by the Middle East and Africa, while other Asia was down by -265 kbd, essentially due to lower-than-expected Indian runs. April non-OECD figures are 1.3 mb/d higher y-o-y, two thirds of this increase being attributable to China, and the last third to the Middle East. In May, non-OECD crude runs are expected to reach 40.7 mb/d, after a -0.2 mb/d downward revision. The downward move took place only in Russia (-655 kb/d), and overcame the upward changes in China (+329 kb/d) and Africa (+142 kb/d). After such revisions, the y-o-y throughput growth for May stands at 0.6 mb/d, and is mostly due to China and India.

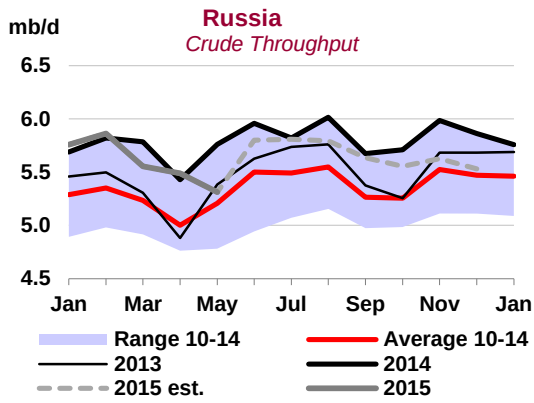




For 2Q15 non-OECD throughput is estimated at 41.2 mb/d, higher by 1.0 mb/d y-o-y, with China, Other Asia and Middle East showing gains and only FSU lower (-0.35 mb/d). In 3Q15 non-OECD refinery intake is expected to reach 41.3 mb/d, a 0.9 mb/d increase y-o-y.

Chinese refinery runs continue at a high level, with May througputs estimated at 10.34 mb/d. Over the first five months of 2015, y-o-y growth averaged 0.6 mb/d or 5.8%, despite a record high announced maintenance program in May.

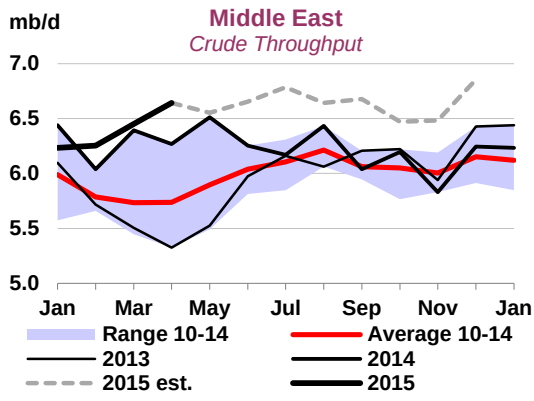


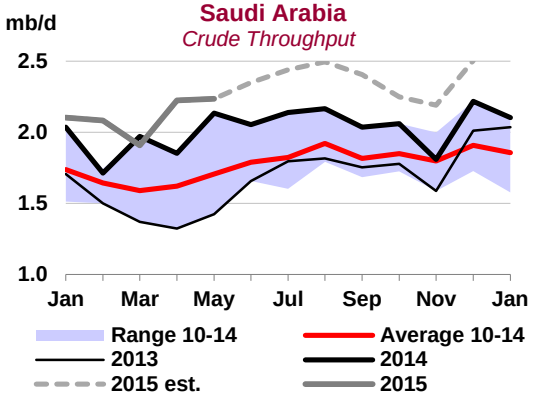


In **India,** refinery throughputs were back up to 4.64 mb/d in May, after a heavy maintenance program in April thant had reduced crude intake to 4.16 mb/d. August should see reduced throughput as both Essar's Vadinar and Reliance's Jamnagar 1 will undergo maintenance initially scheduled for June. In **Singapore**, ExxonMobil's refinery shut down reduced May crude runs to 1.17 mb/d. Shell's Bukom refinery shut down will also reduce local runs to 1.27 mb/d in August. **Viet Nam** received its first Russian ESPO crude following the commissioning of a new sulphur recovery unit at its Dung Quat refinery

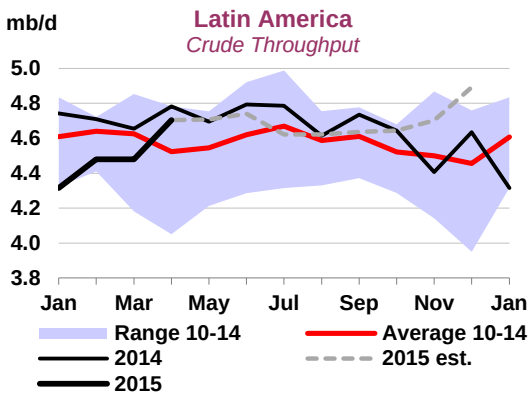
Russian refinery throughput in May has slightly decreased to 5.31 mb/d, despite spring maintenance being completed. This is a decrease of 3.2% m-o-m or 7.8% y-o-y, consistent with weaker margins. Refining margins are increasingly under pressure. Bashneft for instance reported that "refining margins were close to zero in the first quarter", and reduced its 2015 processing target by 6% as a result.

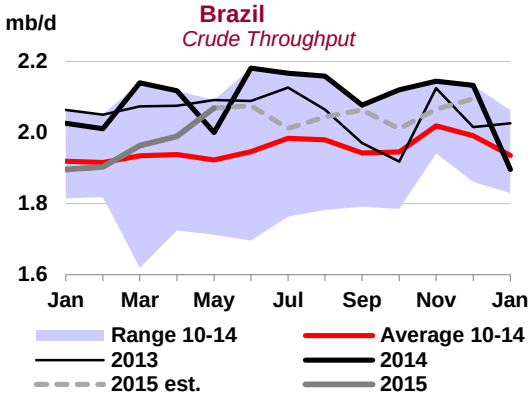
Middle East April crude runs increased by 190 kb/d from March to 6.6 mb/d, 0.37 mb/d higher than in April 2014. April figures were revised up by 228 kb/d, with higher numbers seen in Kuwait and Iran. **Saudi Arabia** April throughput reached 2.2 mb/d, 0.3 mb/d higher than in March and 0.37 mb/d higher y-o-y, a result of the ramping up of the new Yasref refinery. We expect Saudi crude runs later in 2015 to be consistently higher y-o-y by 0.3-0.4 mb/d.





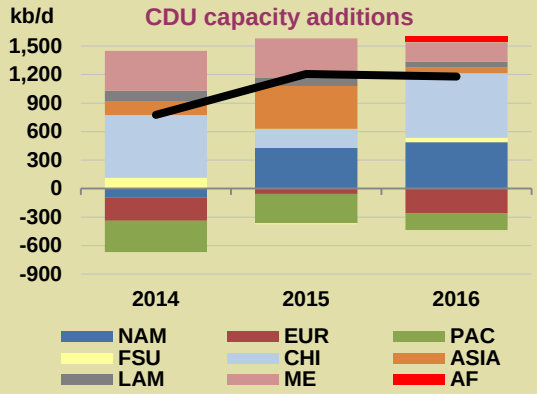
In **Latin America,** April runs have edged up by 220 kb/d from March to 4.7 mb/d, -80 kb/d lower y-o-y. 2Q15 is equally forecast at 4.7 mb/d, -40 kb/d y-o-y growth. In **Brazil,** May runs are 80 kb/d higher than last month, and 70 kb/d higher y-o-y. Petrobras published its revised Business Plan for 2015-19, outlining investments of $12.8 billion planned for its downstream business. Two thirds of that sum is earmarked for maintenance, with the remainder mostly attributed to the completion of the second 115 kb/d train of the Abreu e Lima refinery. The Comperj refinery in Rio de Janeiro State is not slated to be completed in the near future.

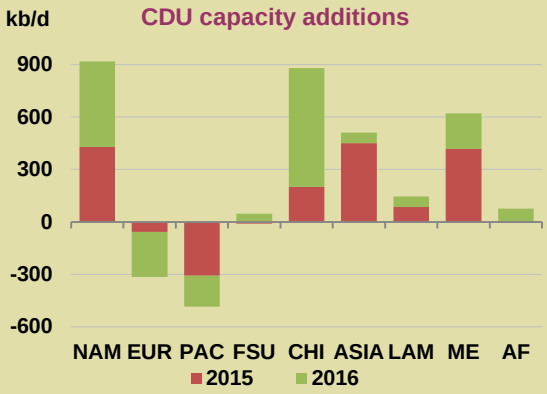




Refinery capacity additions in 2015-16 surpass the "call on refinery capacity"

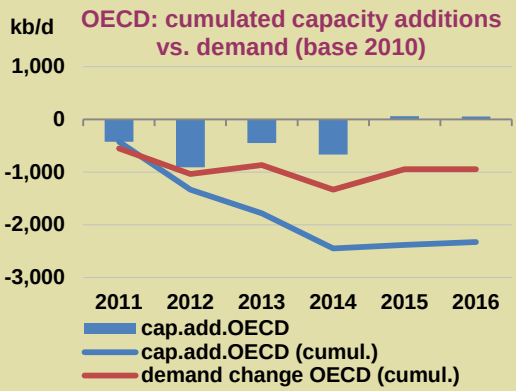
Global refinery capacity is expected to rise from 95 mb/d to 97.4 mb/d between 2014 and 2016, with substantial net increases of 1.1 mb/d in each of 2015 and 2016. The largest increases over 2015-16 take place in the US and China, each with 0.9 mb/d, then in the Middle East and non-OECD Asia with 0.6 mb/d and 0.5 mb/d, respectively. Announced shutdowns reduce Europe and OECD Asia Pacific capacity by 0.3 mb/d and 0.5 mb/d, respectively. Compared to our forecast in the *MTOMR* 2015 a number of changes have been incorporated,and are detailed on a regional basis below. They lift our expectations for 2015 by 0.2 mb/d and decrease the 2016 estimate by 0.3 mb/d.

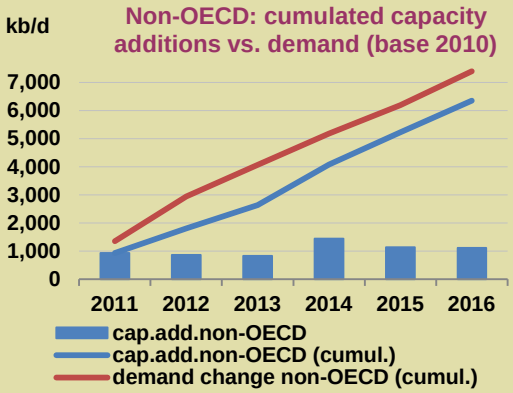




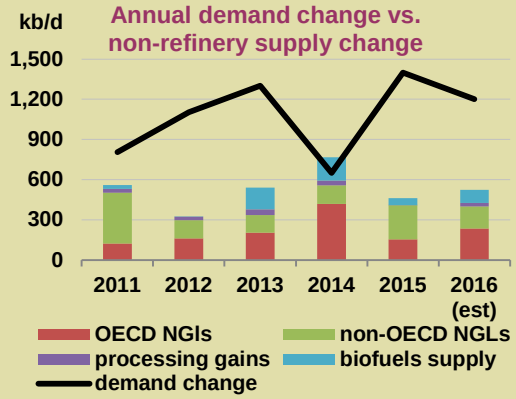
Overall, non-OECD refining capacity additions remain fairly stable around 1 mb/d per year, while in the OECD, capacity reductions seen previously have given place to stability over 2015-2016, with growing US additions compensating the continuing reductions in Europe and Asia. On a cumulative basis, refinery additions remain below demand growth. In OECD, both demand and refining capacity seem to be stabilizing in 2015-2016; however, with ever-increasing measures to curb green-house gasses emissions and increase efficiency, we forecast OECD demand to resume its downward trend from 2017 onwards.

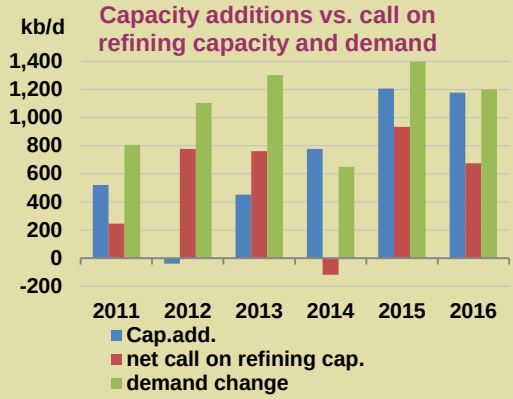
Refinery capacity additions in 2015-16 surpass the "call on refinery capacity" (continued)





While global refinery capacity additions do not entirely meet expected demand growth, a part of this demand will continue to be met by supply elements that bypass refineries: biofuels, NGLs (natural gas liquids: ethane, propane, and butane) and refinery processing gains. What remains to be supplied by refineries can be defined as the "call on refining capacity". Strikingly, in 2014, this call was negative, as a 420 kb/d increase in OECD NGLs output - a result of booming US tight oil production - coincided with subdued demand growth. In 2012-13, net capacity additions were below the call on refining capacity, due to the OECD shutdowns, reducing the capacity surplus. Conversely in 2015-16, net capacity additions will be more than needed, which will cause the global utilization rate to decline and casts a doubt on the continuation of current unusually high refining margins.





Regionally, expected **North America** refinery additions have been raised for 2015 by 0.1 mb/d due to an accelerated completion of condensate splitters in the US Gulf Coast and Midwest. Five new plants were completed: Marathon's Canton, Ohio, and Catlettsburg, Kentucky, installations; Kinder Morgan's two 50 kb/d trains at Galena Park, Texas; Castleton and Buckeye partners, both in Corpus Christi, Texas. In 2016, three more condensate splitters are also scheduled: in Corpus Christi, Texas, Martin Midstream 100 kb/d and Magellan 50 kb/d projects, plus Targa Resource's 35 kb/d installation in Houston, Texas. In addition, Marathon will add 30 kb/d extra distillation capacity in Robinson, Illinois, and Valero will increase nameplate capacity by 70 kb/d in Corpus Christi and 90 kb/d in Houston. All in all, 0.9 mb/d of new refinery capacity is expected to be added over the two year period.

In contrast, OECD Europe and Asia Oceania continue to see downward pressure on their refinery sector. An extra 260 kb/d of shutdowns has been added in **OECD Europe:** Switzerland's Collombey refinery in early 2015, followed by Total's La Mède refinery in France and part of UK's Lindsey refinery in 2016.

Two shutdowns totalling 130 kb/d have also been added in **OECD Asia Pacific.** In 2015, BP's Bulwer (Australia) and Petrobras's Okinawa plant in Japan are closing, and there will be small reductions of capacity from Idemitsu and Tonen General. In 2016, Cosmo Oil will cut the nameplate capacity of its Chiba and Yokkoaichi refinery by 100 kb/d and 63 kb/d respectively; however a 140 kb/d condensate splitter should come on stream in Hyundai's Daesan refinery.

Refinery capacity additions in 2015-16 surpass the "call on refinery capacity" (continued)

An extra 80 kb/d reduction took place in **FSU** in 2015, coming from the advanced shutdown of the old Baku Azerneftyag refinery, partly compensated by CDU expansions in Volgograd and Nizhnekamsk, and by the new 70 kb/d condensate splitter built by Novatek in Ust-Luga.

In **China**, the pace of CDU capacity additions continues unabated, with additions in both 2015 and 2016 each 0.2 mb/d higher than previous expectations. In 2015 three refineries will be completed: CNPC's 100 kb/d Renqui (Huabei), Sinopec's Jiujiang (Jiangxi) 100 kb/d and a 100 kb/d condensate splitter built by CNOOC at the Yanchang oilfield. In 2016, six completions are expected: CNOOC's Taizhou (Zhejiang) 60 kb/d, Zhongjie (Hebei) 70 kb/d, Ningbo (Zhejiang) 140 kb/d and CNPC's Daqing (Heilongjiang) 90 kb/d, Karamay (Xinjiang) 60 kb/d and Kunming/Anning (Yunnan) 260 kb/d in 2016 (initially planned for 2017). In total we estimate 0.9 mb/d of capacity to be added over these two years.

The 2015 **non-OECD Asia** numbers were increased by 330 kb/d on account of the deferral of the 120 kb/d Byco Baluchistan (Pakistan) refinery from 2014 to 2015, and the closure of CPC's Kaoshiung (Taiwan) refinery delayed from end 2015 to early 2016. Indian Oil Corporation (IOC)'s 300 kb/d Paradip plant came on stream in spring, although with some delay. Conversely, 2016 figures were lowered by 270 kb/d, because of the delayed closure of Kaoshiung, but also by a delayed completion of IOC's Panipat (India) refinery, now estimated more likely in 2018. Still scheduled for 2016 are CPC's 150 kb/d Ta-lin (Taiwan) and Nagarjuna's 120 kb/d Cuddalore (India) plants. Overall, a total growth of 0.5 mb/d is foreseen over 2015-16 is expected.

Conversely, 2015 expectations for **Latin America**, were lowered by 115 kb/d due to the deferral of the completion of the first train of Petrobras's Abreu e Lima (Brazil) plant; with some offset provided by Ecopetrol's Cartagena (Colombia) refinery which will finally come online by the end of 2015. We estimate that the 60 kb/d first phase of the Santa Ines (Venezuela) plant could be starting in 2016, for a relatively limited 145 kb/d total growth.

Finally, in the **Middle East,** ADNOC's Ruwais refinery is the only 2015 start-up as Yasref's Yanbu refinery formally started in 2014. In 2016 two condensate splitters are due: the 115 kb/d NIOC Persian Gulf Star project in Bandar Abbas and the Qatar Petroleum 145 kb/d Ras Laffan plant. Still, we built a small downward revision, due to the advanced scheduled shutdown of the old Saudi Aramco Jeddah refinery towards end 2016 (which could eventually take place only after the completion of the Jizan refinery, a few years later). The Middle East will thus add 0.6 mb/capacity over 2015-2016.

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

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas[1]	23.6	24.1	23.9	23.7	24.2	24.5	24.1	24.2	24.0	24.3	24.6	24.3	24.4	24.1	24.5	24.8	24.4
Europe[2]	13.8	13.6	13.0	13.3	13.8	13.4	13.4	13.6	13.4	13.8	13.5	13.6	13.3	13.5	13.8	13.5	13.5
Asia Oceania[3]	8.5	8.4	8.9	7.7	7.7	8.3	8.2	8.8	7.7	7.8	8.3	8.2	8.7	7.6	7.8	8.3	8.1
Total OECD	45.9	46.0	45.7	44.7	45.7	46.3	45.6	46.6	45.2	46.0	46.4	46.0	46.3	45.3	46.0	46.5	46.0
NON-OECD DEMAND																	
FSU	4.6	4.8	4.6	4.8	5.1	5.0	4.9	4.6	4.7	4.8	4.8	4.7	4.5	4.6	4.8	4.8	4.7
Europe	0.7	0.7	0.6	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	9.8	10.2	10.2	10.5	10.4	10.8	10.5	10.5	10.9	10.7	11.0	10.8	10.9	11.1	11.1	11.4	11.1
Other Asia	11.6	11.8	12.2	12.1	11.8	12.2	12.1	12.5	12.5	12.3	12.8	12.5	12.9	13.0	12.7	13.1	12.9
Americas	6.4	6.7	6.6	6.8	6.9	6.9	6.8	6.7	6.8	7.0	7.0	6.9	6.7	6.9	7.1	7.1	7.0
Middle East	7.8	8.0	7.8	8.3	8.6	8.0	8.2	7.9	8.4	8.8	8.2	8.3	8.1	8.6	9.1	8.4	8.5
Africa	3.8	3.8	3.9	3.9	3.8	3.9	3.9	4.0	4.0	4.0	4.1	4.0	4.2	4.2	4.1	4.2	4.2
Total Non-OECD	44.7	45.8	46.0	47.0	47.3	47.5	47.0	47.0	48.0	48.3	48.5	47.9	48.1	49.1	49.5	49.9	49.1
Total Demand[4]	**90.7**	**91.9**	**91.7**	**91.8**	**93.0**	**93.8**	**92.6**	**93.5**	**93.1**	**94.2**	**95.0**	**94.0**	**94.4**	**94.4**	**95.6**	**96.4**	**95.2**
OECD SUPPLY																	
Americas[1,7]	15.8	17.1	18.2	18.8	19.1	19.7	19.0	20.0	19.8	19.2	19.6	19.6	20.0	19.8	19.8	20.3	20.0
Europe[2]	3.5	3.3	3.5	3.2	3.1	3.5	3.3	3.4	3.4	3.2	3.4	3.4	3.4	3.2	3.1	3.3	3.2
Asia Oceania[3]	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5
Total OECD	19.8	20.9	22.2	22.6	22.8	23.7	22.8	23.8	23.6	22.9	23.5	23.5	23.9	23.6	23.5	24.1	23.8
NON-OECD SUPPLY																	
FSU	13.6	13.8	13.9	13.8	13.8	13.9	13.9	14.0	14.0	13.9	13.8	13.9	13.9	13.8	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	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.3	4.2	4.2	4.3	4.2	4.2	4.2	4.2	4.2
Other Asia[5]	3.6	3.6	3.5	3.5	3.4	3.6	3.5	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.6
Americas[5,7]	4.2	4.2	4.3	4.3	4.5	4.6	4.4	4.6	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.6
Middle East	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Africa[5]	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.3	2.2	2.2	2.2	2.2	2.2
Total Non-OECD	29.5	29.5	29.8	29.6	29.7	30.2	29.8	30.4	30.2	29.9	29.8	30.1	29.9	29.7	29.5	29.6	29.7
Processing gains[6]	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuels[7]	1.9	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.3	2.6	2.3	2.2	1.8	2.3	2.6	2.3	2.3
Total Non-OPEC[5]	53.3	54.6	55.9	56.7	57.2	58.3	57.0	58.3	58.3	57.6	57.8	58.0	58.0	57.8	58.0	58.3	58.0
OPEC																	
Crude[8]	31.3	30.5	30.0	30.1	30.5	30.5	30.3	30.5	31.5								
NGLs	6.2	6.2	6.3	6.3	6.4	6.4	6.4	6.5	6.6	6.7	6.7	6.6	6.8	6.8	6.9	6.9	6.9
Total OPEC[5]	37.5	36.6	36.3	36.4	36.9	36.9	36.6	37.0	38.1								
Total Supply[9]	**90.8**	**91.3**	**92.2**	**93.1**	**94.1**	**95.3**	**93.7**	**95.3**	**96.4**								
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.2	-0.2	0.2	0.8	0.7	-0.1	0.4	0.9									
Government	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0									
Total	0.2	-0.2	0.2	0.7	0.7	-0.1	0.4	0.9									
Floating storage/Oil in transit	0.0	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1									
Miscellaneous to balance[10]	0.0	-0.6	0.0	1.0	0.0	1.7	0.7	0.9									
Total Stock Ch. & Misc	**0.1**	**-0.6**	**0.5**	**1.3**	**1.1**	**1.5**	**1.1**	**1.8**	**3.3**								
Memo items:																	
Call on OPEC crude + Stock ch.[11]	31.2	31.1	29.5	28.8	29.5	29.0	29.2	28.7	28.2	29.9	30.4	29.3	29.6	29.7	30.7	31.2	30.3

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)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	0.1	0.2	0.1	-	0.1					
Europe	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-	-0.1	-0.1	-0.1	-0.1					
Asia Oceania	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-					
Total OECD	-	-0.1	-	-	-0.1	-0.1	-	0.1	0.1	-0.1	-	-					
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-					
Europe	-	-	-	-	-	-	-	-	-	-	-	-					
China	-	-	-	-	-	-	-	-	0.1	-	-	-					
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-					
Americas	-	-	-	-	-	-	-	-	-	-	-	-					
Middle East	-	-	-	0.1	-	-	-	-	0.1	-	0.1	-					
Africa	-	-	-	-	-	-	-	-	-0.1	-	-	-					
Total Non-OECD	-	-	-	0.1	-	-	-	-	-	-	-	-					
Total Demand	**-**	**-0.1**	**-**	**0.1**	**-**	**-**	**-**	**0.1**	**0.1**	**-0.1**	**-**	**-**					
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	0.3	-0.1	0.1	0.1					
Europe	-	-	-	-	-	-	-	-	-	-	-	-					
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-					
Total OECD	-	-	-	-	-	-	-	-	0.3	-	-	0.1					
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-					
Europe	-	-	-	-	-	-	-	-	-	-	-	-					
China	-	-	-	-	-	-	-	-	-	-	-	-					
Other Asia	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1					
Americas	-	-	-	-	-	-	-	-	-	-	-	-					
Middle East	-	-	-	-	-	-	-	-	-	-	-	-					
Africa	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1					
Total Non-OECD	-	-	-	-	-	-	-	-0.1	-	-	-0.1	-0.1					
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-					
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-					
Total Non-OPEC	-	-	-	-	-	-	-	-	0.3	-0.1	-0.1	-					
OPEC																	
Crude	-	-	-	-	-	-	-	-									
NGLs	-	-0.1	-	-	-	-	-	-	-	-	-	-					
Total OPEC	-	-0.1	-	-	-	-	-	-									
Total Supply	**-**	**-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	-	-	-	-0.3									
Total Stock Ch. & Misc	**-**	**-**	**-**	**-0.1**	**-**	**-**	**-**	**-0.1**									
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	0.1	-	-	-	0.1	-0.2	-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

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Demand (mb/d)																
Americas[1]	24.08	23.87	23.66	24.23	24.51	24.07	24.24	24.02	24.35	24.57	24.30	24.36	24.10	24.45	24.75	24.42
Europe[2]	13.58	12.96	13.34	13.77	13.42	13.38	13.56	13.42	13.81	13.50	13.57	13.31	13.52	13.77	13.46	13.52
Asia Oceania[3]	8.36	8.89	7.70	7.71	8.35	8.16	8.78	7.73	7.80	8.34	8.16	8.68	7.63	7.82	8.32	8.11
Total OECD	46.02	45.72	44.70	45.71	46.28	45.60	46.57	45.18	45.96	46.42	46.03	46.34	45.26	46.05	46.53	46.05
Asia	21.98	22.33	22.57	22.25	23.04	22.55	23.04	23.41	23.03	23.79	23.32	23.85	24.12	23.76	24.55	24.07
Middle East	7.97	7.84	8.28	8.60	8.00	8.18	7.91	8.37	8.79	8.19	8.32	8.08	8.59	9.06	8.44	8.54
Americas	6.66	6.61	6.78	6.94	6.92	6.81	6.71	6.79	6.96	7.00	6.87	6.73	6.92	7.10	7.13	6.97
FSU	4.76	4.63	4.84	5.06	5.00	4.88	4.62	4.69	4.83	4.76	4.73	4.48	4.58	4.79	4.80	4.66
Africa	3.82	3.92	3.92	3.81	3.89	3.89	4.00	4.00	3.97	4.11	4.02	4.23	4.20	4.11	4.23	4.19
Europe	0.65	0.65	0.66	0.68	0.67	0.66	0.68	0.68	0.68	0.69	0.68	0.69	0.70	0.70	0.71	0.70
Total Non-OECD	45.84	45.98	47.05	47.34	47.51	46.97	46.97	47.95	48.26	48.55	47.94	48.06	49.11	49.51	49.86	49.14
World	**91.86**	**91.69**	**91.75**	**93.05**	**93.79**	**92.58**	**93.54**	**93.13**	**94.22**	**94.97**	**93.97**	**94.40**	**94.36**	**95.56**	**96.39**	**95.18**
of which: US50	18.96	18.81	18.71	19.16	19.45	19.03	19.29	19.18	19.37	19.53	19.34	19.43	19.23	19.49	19.73	19.47
Europe 5*	8.12	7.85	7.89	8.17	8.03	7.99	8.17	7.89	8.14	7.98	8.04	7.97	7.95	8.05	7.89	7.97
China	10.16	10.17	10.46	10.41	10.79	10.46	10.52	10.86	10.74	11.03	10.79	10.92	11.11	11.08	11.40	11.13
Japan	4.56	5.07	3.93	3.93	4.48	4.35	4.80	3.89	3.96	4.38	4.26	4.67	3.78	3.94	4.34	4.18
India	3.76	3.92	3.89	3.67	3.90	3.85	4.06	4.09	3.83	4.09	4.02	4.25	4.29	3.98	4.23	4.19
Russia	3.53	3.49	3.63	3.81	3.67	3.65	3.47	3.47	3.59	3.46	3.50	3.33	3.35	3.53	3.47	3.42
Brazil	3.10	3.12	3.17	3.28	3.31	3.22	3.16	3.13	3.25	3.32	3.22	3.14	3.18	3.30	3.36	3.25
Saudi Arabia	3.03	2.89	3.34	3.58	3.12	3.24	3.03	3.43	3.69	3.15	3.33	3.05	3.50	3.80	3.25	3.40
Canada	2.37	2.41	2.32	2.44	2.41	2.40	2.36	2.29	2.43	2.41	2.37	2.34	2.31	2.40	2.37	2.35
Korea	2.33	2.35	2.31	2.32	2.38	2.34	2.48	2.36	2.35	2.45	2.41	2.51	2.35	2.38	2.45	2.43
Mexico	2.09	2.00	2.02	2.00	2.02	2.01	1.91	1.93	1.92	1.98	1.94	1.91	1.94	1.93	1.99	1.94
Iran	1.85	1.85	1.85	1.86	1.88	1.86	1.83	1.87	1.88	1.91	1.87	1.89	1.92	1.91	1.95	1.92
Total	**63.85**	**63.93**	**63.51**	**64.63**	**65.44**	**64.39**	**65.08**	**64.41**	**65.16**	**65.70**	**65.09**	**65.42**	**64.92**	**65.79**	**66.45**	**65.64**
% of World	69.5%	69.7%	69.2%	69.5%	69.8%	69.5%	69.6%	69.2%	69.2%	69.2%	69.3%	69.3%	68.8%	68.8%	68.9%	69.0%
Annual Change (% per annum)																
Americas[1]	1.9	0.4	-0.8	-0.4	0.7	0.0	1.5	1.5	0.5	0.3	0.9	0.5	0.3	0.4	0.7	0.5
Europe[2]	-1.4	-1.0	-3.3	-1.1	-0.7	-1.5	4.6	0.6	0.3	0.6	1.5	-1.8	0.7	-0.3	-0.3	-0.4
Asia Oceania[3]	-2.0	0.3	-2.4	-4.3	-3.5	-2.4	-1.3	0.4	1.2	0.0	0.0	-1.1	-1.3	0.2	-0.3	-0.6
Total OECD	0.2	0.0	-1.9	-1.3	-0.5	-0.9	1.9	1.1	0.6	0.3	0.9	-0.5	0.2	0.2	0.2	0.0
Asia	2.6	2.1	2.5	2.4	3.1	2.6	3.2	3.8	3.5	3.3	3.4	3.5	3.0	3.2	3.2	3.2
Middle East	2.2	3.2	3.6	1.9	2.1	2.7	0.9	1.1	2.1	2.5	1.6	2.1	2.6	3.1	3.1	2.7
Americas	3.3	3.2	2.2	2.3	1.7	2.3	1.6	0.2	0.3	1.2	0.8	0.3	1.9	2.0	1.8	1.5
FSU	3.3	3.5	4.1	2.2	0.7	2.6	-0.2	-3.1	-4.5	-4.7	-3.2	-3.1	-2.4	-0.7	0.7	-1.3
Africa	1.1	0.5	1.2	3.4	2.2	1.8	2.2	2.1	4.1	5.5	3.5	5.7	4.8	3.4	3.0	4.2
Europe	-0.6	4.3	0.6	2.9	-0.1	1.9	5.3	3.5	1.2	3.2	3.3	0.9	3.4	1.6	2.2	2.0
Total Non-OECD	2.5	2.5	2.7	2.4	2.4	2.5	2.2	1.9	2.0	2.2	2.1	2.3	2.4	2.6	2.7	2.5
World	**1.3**	**1.2**	**0.4**	**0.6**	**0.9**	**0.8**	**2.0**	**1.5**	**1.3**	**1.3**	**1.5**	**0.9**	**1.3**	**1.4**	**1.5**	**1.3**
Annual Change (mb/d)																
Americas[1]	0.44	0.09	-0.20	-0.09	0.17	-0.01	0.37	0.36	0.12	0.07	0.23	0.12	0.08	0.10	0.18	0.12
Europe[2]	-0.19	-0.13	-0.46	-0.15	-0.09	-0.21	0.60	0.08	0.04	0.08	0.20	-0.24	0.10	-0.03	-0.04	-0.06
Asia Oceania[3]	-0.17	0.03	-0.19	-0.34	-0.30	-0.20	-0.11	0.03	0.09	0.00	0.00	-0.10	-0.10	0.02	-0.02	-0.05
Total OECD	0.08	-0.01	-0.85	-0.59	-0.22	-0.42	0.85	0.47	0.25	0.14	0.43	-0.23	0.08	0.09	0.11	0.01
Asia	0.55	0.46	0.56	0.53	0.70	0.56	0.71	0.85	0.78	0.75	0.77	0.82	0.71	0.73	0.76	0.75
Middle East	0.17	0.24	0.29	0.16	0.17	0.22	0.07	0.09	0.18	0.20	0.13	0.16	0.22	0.27	0.25	0.22
Americas	0.21	0.21	0.15	0.16	0.11	0.16	0.11	0.01	0.02	0.08	0.06	0.02	0.13	0.14	0.12	0.10
FSU	0.15	0.16	0.19	0.11	0.04	0.12	-0.01	-0.15	-0.23	-0.24	-0.16	-0.14	-0.11	-0.03	0.03	-0.06
Africa	0.04	0.02	0.05	0.12	0.09	0.07	0.09	0.08	0.16	0.21	0.14	0.23	0.19	0.14	0.13	0.17
Europe	0.00	0.03	0.00	0.02	0.00	0.01	0.03	0.02	0.01	0.02	0.02	0.01	0.02	0.01	0.02	0.01
Total Non-OECD	1.11	1.11	1.24	1.10	1.10	1.14	0.99	0.90	0.92	1.04	0.96	1.09	1.16	1.25	1.31	1.20
World	**1.19**	**1.10**	**0.39**	**0.52**	**0.88**	**0.72**	**1.85**	**1.37**	**1.18**	**1.18**	**1.39**	**0.86**	**1.24**	**1.34**	**1.42**	**1.21**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	-0.01	0.01	0.03	0.02	0.04	0.02	0.08	0.24	0.08	0.03	0.11					
Europe[2]	-0.11	-0.05	-0.07	-0.12	-0.13	-0.09	-0.03	-0.11	-0.10	-0.06	-0.08					
Asia Oceania[3]	0.04	0.04	0.04	0.04	0.04	0.04	0.04	-0.06	-0.07	0.00	-0.02					
Total OECD	-0.08	0.00	0.00	-0.06	-0.06	-0.03	0.10	0.06	-0.09	-0.03	0.01					
Asia	0.00	-0.03	0.06	0.00	0.00	0.01	0.01	0.05	-0.02	-0.01	0.01					
Middle East	0.02	0.01	0.08	0.02	0.02	0.04	0.00	0.06	0.04	0.05	0.04					
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.05	-0.02	-0.01	-0.02					
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Africa	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.05	-0.03	-0.02	-0.03					
Europe	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	0.02	-0.02	0.14	0.02	0.02	0.04	-0.01	0.02	-0.03	0.00	-0.01					
World	**-0.06**	**-0.02**	**0.14**	**-0.04**	**-0.04**	**0.01**	**0.09**	**0.07**	**-0.12**	**-0.03**	**0.00**					
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	-0.11	0.07	0.16	0.02	0.03	0.07	0.11	-0.06	-0.08	0.01	-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)

	2013	2014	2Q14	3Q14	4Q14	1Q15	Feb 15	Mar 15	Apr 15 [2]	Latest month vs. Mar 15	Latest month vs. Apr 14
Americas[3]											
LPG and ethane	3.28	3.18	2.84	2.97	3.42	3.48	3.60	3.20	3.04	-0.16	0.04
Naphtha	0.38	0.35	0.34	0.35	0.35	0.35	0.35	0.33	0.34	0.01	0.01
Motor gasoline	10.55	10.64	10.73	10.84	10.78	10.49	10.34	10.72	10.80	0.08	0.14
Jet and kerosene	1.70	1.74	1.72	1.79	1.77	1.72	1.72	1.82	1.73	-0.10	0.04
Gasoil/diesel oil	5.07	5.26	5.14	5.13	5.35	5.52	5.85	5.29	5.17	-0.12	0.04
Residual fuel oil	0.72	0.58	0.58	0.59	0.62	0.51	0.46	0.54	0.38	-0.16	-0.20
Other products	2.38	2.31	2.32	2.56	2.23	2.17	2.11	2.24	2.30	0.06	0.04
Total	**24.08**	**24.07**	**23.66**	**24.23**	**24.51**	**24.24**	**24.43**	**24.14**	**23.75**	**-0.40**	**0.11**
Europe[4]											
LPG and ethane	1.06	1.07	1.10	1.10	1.06	1.22	1.22	1.24	1.14	-0.10	0.07
Naphtha	1.13	1.16	1.19	1.11	1.04	1.29	1.32	1.23	1.19	-0.04	0.00
Motor gasoline	1.93	1.91	1.96	2.00	1.89	1.79	1.82	1.83	1.99	0.16	0.03
Jet and kerosene	1.21	1.23	1.24	1.37	1.21	1.19	1.18	1.22	1.28	0.06	0.08
Gasoil/diesel oil	5.97	5.91	5.75	5.99	6.18	6.19	6.48	6.18	6.12	-0.07	0.25
Residual fuel oil	1.00	0.91	0.88	0.90	0.91	0.88	0.90	0.86	0.85	-0.01	-0.06
Other products	1.28	1.18	1.23	1.29	1.14	1.00	1.03	1.00	1.10	0.11	-0.09
Total	**13.58**	**13.38**	**13.34**	**13.77**	**13.42**	**13.56**	**13.95**	**13.56**	**13.67**	**0.11**	**0.29**
Asia Oceania[5]											
LPG and ethane	0.87	0.84	0.84	0.80	0.83	0.90	0.98	0.87	0.79	-0.08	-0.04
Naphtha	1.85	1.88	1.76	1.81	1.96	2.04	2.07	1.97	2.01	0.04	0.16
Motor gasoline	1.60	1.57	1.52	1.60	1.60	1.54	1.59	1.56	1.55	-0.01	0.07
Jet and kerosene	0.88	0.86	0.69	0.67	0.98	1.11	1.24	0.97	0.79	-0.18	0.05
Gasoil/diesel oil	1.77	1.77	1.73	1.70	1.83	1.85	1.97	1.87	1.81	-0.06	0.10
Residual fuel oil	0.78	0.67	0.63	0.58	0.63	0.77	0.79	0.75	0.65	-0.10	-0.04
Other products	0.63	0.57	0.53	0.55	0.51	0.56	0.60	0.58	0.51	-0.06	-0.05
Total	**8.36**	**8.16**	**7.70**	**7.71**	**8.35**	**8.78**	**9.25**	**8.57**	**8.12**	**-0.45**	**0.25**
OECD											
LPG and ethane	5.21	5.10	4.77	4.87	5.31	5.60	5.80	5.31	4.97	-0.34	0.08
Naphtha	3.36	3.39	3.29	3.28	3.35	3.68	3.75	3.53	3.54	0.01	0.18
Motor gasoline	14.07	14.12	14.21	14.44	14.27	13.82	13.75	14.11	14.34	0.22	0.24
Jet and kerosene	3.79	3.83	3.65	3.83	3.95	4.03	4.14	4.01	3.79	-0.22	0.17
Gasoil/diesel oil	12.81	12.94	12.61	12.81	13.35	13.56	14.30	13.34	13.09	-0.24	0.38
Residual fuel oil	2.49	2.16	2.09	2.08	2.16	2.15	2.16	2.15	1.88	-0.27	-0.30
Other products	4.29	4.06	4.08	4.40	3.88	3.74	3.73	3.82	3.92	0.10	-0.11
Total	**46.02**	**45.60**	**44.70**	**45.71**	**46.28**	**46.57**	**47.62**	**46.27**	**45.53**	**-0.74**	**0.65**

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)

	2013	2014	2Q14	3Q14	4Q14	1Q15	Feb 15	Mar 15	Apr 15 [2]	Latest month vs. Mar 15	Latest month vs. Apr 14
United States[3]											
LPG and ethane	2.44	2.36	2.03	2.21	2.55	2.62	2.76	2.36	2.23	-0.13	0.08
Naphtha	0.27	0.23	0.20	0.23	0.24	0.23	0.23	0.20	0.22	0.02	0.02
Motor gasoline	8.84	8.92	9.01	9.10	9.05	8.81	8.65	9.05	9.14	0.08	0.16
Jet and kerosene	1.44	1.48	1.47	1.52	1.52	1.46	1.45	1.55	1.48	-0.07	0.04
Gasoil/diesel oil	3.83	4.01	3.93	3.86	4.09	4.27	4.54	4.05	4.00	-0.06	0.03
Residual fuel oil	0.32	0.26	0.26	0.24	0.30	0.24	0.20	0.26	0.15	-0.11	-0.13
Other products	1.82	1.78	1.81	1.99	1.70	1.66	1.57	1.76	1.82	0.06	0.06
Total	**18.96**	**19.03**	**18.71**	**19.16**	**19.45**	**19.29**	**19.40**	**19.24**	**19.04**	**-0.20**	**0.25**
Japan											
LPG and ethane	0.52	0.50	0.49	0.44	0.50	0.57	0.63	0.55	0.49	-0.05	0.00
Naphtha	0.77	0.75	0.66	0.68	0.83	0.84	0.89	0.80	0.84	0.03	0.09
Motor gasoline	0.95	0.92	0.88	0.95	0.94	0.88	0.91	0.90	0.90	0.00	0.05
Jet and kerosene	0.53	0.52	0.37	0.34	0.61	0.73	0.83	0.61	0.44	-0.17	0.03
Diesel	0.41	0.40	0.39	0.39	0.41	0.40	0.43	0.41	0.40	-0.01	0.02
Other gasoil	0.41	0.40	0.37	0.35	0.41	0.45	0.50	0.43	0.39	-0.04	0.01
Residual fuel oil	0.46	0.41	0.37	0.35	0.38	0.46	0.49	0.44	0.38	-0.06	-0.04
Other products	0.50	0.44	0.41	0.41	0.40	0.47	0.50	0.48	0.42	-0.06	-0.04
Total	**4.56**	**4.35**	**3.93**	**3.93**	**4.48**	**4.80**	**5.17**	**4.62**	**4.25**	**-0.37**	**0.13**
Germany											
LPG and ethane	0.11	0.09	0.11	0.10	0.08	0.10	0.10	0.11	0.11	0.00	0.01
Naphtha	0.39	0.42	0.41	0.42	0.41	0.47	0.47	0.44	0.45	0.01	0.03
Motor gasoline	0.43	0.44	0.44	0.45	0.44	0.42	0.40	0.44	0.44	0.00	0.00
Jet and kerosene	0.19	0.19	0.20	0.21	0.18	0.18	0.17	0.18	0.19	0.00	0.00
Diesel	0.70	0.73	0.73	0.76	0.75	0.75	0.74	0.79	0.76	-0.03	0.02
Other gasoil	0.43	0.36	0.31	0.36	0.38	0.45	0.51	0.39	0.29	-0.09	-0.06
Residual fuel oil	0.12	0.12	0.09	0.11	0.14	0.13	0.13	0.13	0.12	0.00	0.01
Other products	0.07	0.05	0.05	0.07	0.04	0.01	0.02	0.01	0.01	0.00	-0.04
Total	**2.44**	**2.40**	**2.35**	**2.47**	**2.41**	**2.51**	**2.55**	**2.48**	**2.37**	**-0.11**	**-0.04**
Italy											
LPG and ethane	0.11	0.11	0.10	0.10	0.11	0.13	0.14	0.11	0.12	0.00	0.01
Naphtha	0.05	0.09	0.08	0.08	0.08	0.11	0.11	0.12	0.12	0.00	0.03
Motor gasoline	0.20	0.20	0.20	0.20	0.20	0.19	0.20	0.20	0.22	0.02	0.02
Jet and kerosene	0.09	0.09	0.10	0.11	0.08	0.08	0.07	0.08	0.10	0.02	0.01
Diesel	0.45	0.50	0.49	0.52	0.52	0.44	0.45	0.46	0.48	0.02	-0.02
Other gasoil	0.10	0.04	0.03	0.02	0.05	0.09	0.10	0.08	0.08	0.00	0.06
Residual fuel oil	0.08	0.06	0.06	0.06	0.06	0.08	0.08	0.08	0.08	0.00	0.03
Other products	0.18	0.14	0.15	0.15	0.13	0.11	0.11	0.12	0.14	0.02	0.01
Total	**1.26**	**1.22**	**1.21**	**1.25**	**1.24**	**1.22**	**1.26**	**1.25**	**1.34**	**0.09**	**0.15**
France											
LPG and ethane	0.12	0.11	0.10	0.10	0.12	0.15	0.16	0.15	0.13	-0.02	0.02
Naphtha	0.12	0.12	0.14	0.13	0.07	0.12	0.13	0.13	0.12	-0.01	-0.01
Motor gasoline	0.16	0.16	0.17	0.17	0.16	0.14	0.14	0.15	0.18	0.03	0.00
Jet and kerosene	0.15	0.15	0.15	0.16	0.14	0.14	0.14	0.14	0.15	0.01	0.00
Diesel	0.69	0.70	0.70	0.71	0.71	0.67	0.68	0.69	0.73	0.04	0.01
Other gasoil	0.28	0.25	0.21	0.25	0.27	0.29	0.32	0.26	0.23	-0.03	0.00
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.03	-0.01	-0.01
Other products	0.13	0.12	0.13	0.15	0.11	0.11	0.13	0.11	0.10	0.00	-0.03
Total	**1.71**	**1.65**	**1.63**	**1.71**	**1.63**	**1.68**	**1.75**	**1.67**	**1.67**	**0.01**	**-0.01**
United Kingdom											
LPG and ethane	0.11	0.11	0.12	0.10	0.11	0.16	0.18	0.15	0.14	0.00	0.02
Naphtha	0.03	0.02	0.02	0.03	0.03	0.02	0.03	0.02	0.02	0.00	0.00
Motor gasoline	0.31	0.30	0.31	0.30	0.30	0.29	0.32	0.26	0.30	0.04	-0.01
Jet and kerosene	0.31	0.31	0.30	0.32	0.32	0.32	0.31	0.34	0.32	-0.01	0.03
Diesel	0.46	0.48	0.48	0.48	0.50	0.47	0.54	0.46	0.50	0.05	0.01
Other gasoil	0.12	0.12	0.12	0.12	0.11	0.12	0.12	0.13	0.14	0.01	0.02
Residual fuel oil	0.04	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.00	-0.01
Other products	0.13	0.13	0.13	0.13	0.12	0.11	0.11	0.11	0.12	0.00	-0.01
Total	**1.50**	**1.51**	**1.51**	**1.51**	**1.53**	**1.51**	**1.64**	**1.49**	**1.57**	**0.08**	**0.05**
Canada											
LPG and ethane	0.38	0.37	0.36	0.31	0.40	0.40	0.38	0.39	0.39	0.00	-0.02
Naphtha	0.09	0.09	0.10	0.10	0.09	0.10	0.09	0.10	0.10	0.00	0.00
Motor gasoline	0.81	0.84	0.84	0.87	0.83	0.79	0.80	0.77	0.78	0.01	-0.02
Jet and kerosene	0.14	0.13	0.13	0.14	0.13	0.13	0.14	0.13	0.13	0.00	0.00
Diesel	0.29	0.29	0.29	0.29	0.31	0.32	0.35	0.32	0.33	0.01	0.06
Other gasoil	0.30	0.30	0.27	0.33	0.29	0.27	0.29	0.24	0.20	-0.05	-0.05
Residual fuel oil	0.06	0.06	0.05	0.06	0.07	0.06	0.07	0.07	0.05	-0.02	0.00
Other products	0.31	0.30	0.28	0.34	0.30	0.29	0.32	0.25	0.26	0.00	0.00
Total	**2.37**	**2.40**	**2.32**	**2.44**	**2.41**	**2.36**	**2.45**	**2.27**	**2.23**	**-0.04**	**-0.02**

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)

	2014	2015	2016	1Q15	2Q15	3Q15	4Q15	1Q16	Apr 15	May 15	Jun 15
OPEC											
Crude Oil											
Saudi Arabia	9.53			9.77	10.24				10.13	10.27	10.33
Iran	2.81			2.82	2.84				2.88	2.85	2.80
Iraq	3.33			3.49	3.91				3.75	3.85	4.12
UAE	2.76			2.84	2.88				2.87	2.87	2.90
Kuwait	2.61			2.70	2.72				2.73	2.73	2.72
Neutral Zone	0.38			0.20	0.09				0.15	0.07	0.04
Qatar	0.71			0.67	0.66				0.67	0.66	0.66
Angola	1.66			1.77	1.76				1.73	1.77	1.79
Nigeria	1.90			1.81	1.80				1.80	1.76	1.84
Libya	0.46			0.37	0.46				0.52	0.45	0.42
Algeria	1.12			1.11	1.11				1.11	1.11	1.11
Ecuador	0.55			0.55	0.55				0.55	0.55	0.54
Venezuela	2.46			2.39	2.44				2.44	2.44	2.44
Total Crude Oil	30.28			30.49	31.47				31.32	31.37	31.71
Total NGLs[1]	6.36	6.64	6.87	6.54	6.64	6.66	6.70	6.81	6.64	6.64	6.64
Total OPEC	**36.64**			**37.03**	**38.10**				**37.96**	**38.01**	**38.35**
NON-OPEC[2]											
OECD											
Americas[6]	18.96	19.64	20.00	19.98	19.80	19.19	19.60	20.01	20.12	19.61	19.67
United States[5]	11.88	12.73	13.02	12.76	13.01	12.52	12.63	12.87	13.24	12.93	12.88
Mexico	2.80	2.57	2.51	2.65	2.58	2.52	2.55	2.51	2.52	2.60	2.62
Canada	4.28	4.33	4.46	4.56	4.20	4.14	4.42	4.62	4.36	4.08	4.16
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]	3.33	3.36	3.24	3.44	3.37	3.22	3.40	3.37	3.54	3.32	3.25
UK	0.87	0.89	0.87	0.93	0.91	0.78	0.92	0.95	1.03	0.90	0.82
Norway	1.89	1.92	1.83	1.94	1.90	1.88	1.94	1.88	1.95	1.86	1.90
Others	0.57	0.55	0.54	0.57	0.55	0.55	0.54	0.54	0.56	0.56	0.54
Asia Oceania[8]	0.51	0.48	0.53	0.43	0.45	0.53	0.51	0.53	0.45	0.39	0.51
Australia	0.43	0.40	0.45	0.35	0.36	0.45	0.43	0.45	0.36	0.31	0.42
Others	0.08	0.08	0.08	0.08	0.09	0.08	0.08	0.08	0.09	0.09	0.08
Total OECD	**22.81**	**23.48**	**23.76**	**23.85**	**23.62**	**22.94**	**23.51**	**23.90**	**24.12**	**23.32**	**23.43**
NON-OECD											
Former USSR	13.87	13.94	13.74	14.05	14.01	13.86	13.84	13.89	14.01	14.04	13.98
Russia	10.91	10.98	10.86	11.02	11.03	10.95	10.91	10.95	11.01	11.04	11.04
Others	2.95	2.96	2.88	3.02	2.98	2.92	2.93	2.95	3.01	3.00	2.94
Asia	7.75	7.94	7.80	7.95	7.99	7.90	7.91	7.88	7.98	7.98	8.01
China	4.22	4.27	4.20	4.29	4.31	4.23	4.24	4.22	4.31	4.32	4.30
Malaysia	0.67	0.73	0.67	0.78	0.73	0.71	0.70	0.71	0.75	0.72	0.73
India	0.87	0.86	0.82	0.87	0.86	0.86	0.85	0.83	0.85	0.87	0.88
Indonesia	0.84	0.87	0.93	0.81	0.87	0.89	0.91	0.93	0.86	0.87	0.88
Others	1.14	1.20	1.19	1.19	1.21	1.20	1.20	1.20	1.20	1.20	1.23
Europe	0.14	0.14	0.13	0.14	0.14	0.14	0.14	0.13	0.14	0.14	0.14
Americas	4.42	4.56	4.64	4.64	4.55	4.51	4.52	4.58	4.55	4.55	4.53
Brazil[5]	2.35	2.48	2.64	2.54	2.49	2.45	2.45	2.53	2.49	2.51	2.47
Argentina	0.64	0.65	0.62	0.64	0.65	0.65	0.65	0.64	0.64	0.65	0.65
Colombia	0.99	1.00	0.96	1.03	1.00	0.99	0.99	0.98	1.02	1.00	0.99
Others	0.44	0.42	0.43	0.43	0.40	0.42	0.43	0.43	0.40	0.39	0.41
Middle East[3]	1.32	1.23	1.17	1.30	1.23	1.20	1.19	1.19	1.24	1.23	1.21
Oman	0.96	0.96	0.93	0.98	0.97	0.96	0.95	0.94	0.97	0.98	0.96
Syria	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.05	0.03	0.11	0.04	0.03	0.03	0.03	0.06	0.03	0.03
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.31	2.27	2.19	2.31	2.28	2.26	2.23	2.22	2.29	2.28	2.27
Egypt	0.70	0.69	0.63	0.70	0.69	0.68	0.67	0.66	0.69	0.69	0.69
Gabon	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.37	1.35	1.34	1.37	1.36	1.34	1.33	1.34	1.37	1.36	1.35
Total Non-OECD	**29.81**	**30.07**	**29.68**	**30.39**	**30.20**	**29.87**	**29.83**	**29.90**	**30.22**	**30.23**	**30.14**
Processing gains[4]	2.21	2.22	2.33	2.22	2.22	2.22	2.22	2.32	2.22	2.22	2.22
Global Biofuels[5]	2.19	2.24	2.25	1.80	2.26	2.61	2.27	1.84	1.93	2.33	2.52
TOTAL NON-OPEC	**57.02**	**58.00**	**58.03**	**58.26**	**58.29**	**57.63**	**57.84**	**57.95**	**58.49**	**58.09**	**58.30**
TOTAL SUPPLY	**93.66**			**95.29**	**96.39**				**96.45**	**96.10**	**96.64**

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			
	Jan2015	Feb2015	Mar2015	Apr2015	May2015*	May2012	May2013	May2014	2Q2014	3Q2014	4Q2014	1Q2015
OECD Americas												
Crude	576.4	600.5	625.3	636.4	623.8	525.6	530.9	538.5	0.08	-0.20	0.44	0.81
Motor Gasoline	273.9	274.0	266.2	261.3	252.0	240.7	256.0	252.4	-0.07	-0.07	0.31	-0.08
Middle Distillate	207.3	195.3	200.2	201.1	205.7	193.1	196.0	194.6	0.06	0.13	0.05	-0.09
Residual Fuel Oil	40.9	43.3	45.8	46.3	47.9	42.8	47.1	47.8	0.01	0.00	-0.03	0.05
Total Products[3]	713.8	688.8	695.2	704.5	719.7	659.2	682.8	674.2	0.51	0.38	0.08	-0.35
Total[4]	1456.4	1450.3	1483.4	1510.4	1510.8	1351.1	1368.9	1376.7	0.78	0.32	0.35	0.45
OECD Europe												
Crude	313.7	322.4	346.7	348.9	351.8	323.4	331.8	328.7	0.04	-0.11	0.04	0.31
Motor Gasoline	101.2	105.7	101.3	94.7	88.9	91.2	85.0	87.5	-0.10	0.02	0.04	0.13
Middle Distillate	260.0	255.9	258.8	260.4	268.1	261.8	240.0	252.5	-0.01	0.18	-0.16	0.10
Residual Fuel Oil	70.1	67.6	65.5	67.4	65.1	73.0	76.0	69.3	0.08	-0.05	0.03	0.02
Total Products[3]	528.5	524.2	522.2	517.9	516.8	532.1	496.7	501.5	-0.01	0.21	-0.11	0.24
Total[4]	904.5	913.0	939.8	936.3	940.7	921.7	890.7	899.4	0.03	0.09	-0.12	0.62
OECD Asia Oceania												
Crude	167.4	173.1	178.1	171.0	190.8	182.0	172.2	170.4	-0.03	0.01	-0.06	0.05
Motor Gasoline	23.0	23.7	23.0	24.5	25.4	26.9	27.3	25.2	-0.01	-0.02	-0.02	0.02
Middle Distillate	62.8	59.2	56.0	57.9	62.5	63.0	57.5	58.8	-0.02	0.18	-0.07	-0.09
Residual Fuel Oil	19.7	18.4	18.3	19.5	20.8	20.4	20.7	22.5	0.00	0.02	-0.02	-0.03
Total Products[3]	167.3	158.2	152.8	158.0	169.6	168.3	164.2	164.4	-0.04	0.28	-0.16	-0.18
Total[4]	398.8	391.9	392.1	391.6	424.6	426.7	410.6	405.6	-0.05	0.34	-0.33	-0.15
Total OECD												
Crude	1057.5	1096.0	1150.1	1156.3	1166.4	1031.0	1034.9	1037.6	0.09	-0.29	0.43	1.17
Motor Gasoline	398.0	403.3	390.5	380.4	366.4	358.8	368.3	365.1	-0.18	-0.08	0.33	0.06
Middle Distillate	530.1	510.3	515.0	519.4	536.2	517.8	493.5	505.9	0.03	0.49	-0.18	-0.07
Residual Fuel Oil	130.7	129.3	129.6	133.2	133.8	136.2	143.8	139.6	0.09	-0.03	-0.03	0.03
Total Products[3]	1409.6	1371.1	1370.2	1380.4	1406.2	1359.7	1343.6	1340.0	0.46	0.87	-0.18	-0.29
Total[4]	2759.8	2755.1	2815.3	2838.3	2876.2	2699.5	2670.2	2681.6	0.75	0.75	-0.10	0.92

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			
	Jan2015	Feb2015	Mar2015	Apr2015	May2015*	May2012	May2013	May2014	2Q2014	3Q2014	4Q2014	1Q2015
OECD Americas												
Crude	691.0	691.0	691.0	691.0	692.4	696.0	696.0	691.0	-0.05	0.00	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	208.6	208.9	208.9	208.5	209.0	188.7	204.6	207.9	0.02	0.01	0.03	-0.01
Products	255.9	255.8	257.8	261.1	260.9	235.6	256.6	261.2	-0.04	-0.02	0.00	0.01
OECD Asia Oceania												
Crude	385.0	386.2	386.9	386.9	386.9	393.5	389.5	387.7	0.00	-0.02	-0.01	0.02
Products	32.0	32.0	32.6	32.6	32.6	20.0	23.1	30.5	0.00	0.00	0.01	0.01
Total OECD												
Crude	1284.5	1286.1	1286.8	1286.3	1288.3	1278.1	1290.1	1286.6	-0.04	-0.02	0.02	0.01
Products	288.9	288.8	291.5	294.7	294.5	256.6	280.7	292.7	-0.04	-0.02	0.01	0.02
Total[4]	1577.2	1578.5	1581.8	1585.0	1586.6	1536.0	1575.1	1583.3	-0.07	-0.02	0.02	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 March 2014		End June 2014		End September 2014		End December 2014		End March 2015 [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	174.2	75	178.8	73	186.1	77	193.1	82	182.7	-
Chile	9.5	30	10.6	33	10.1	32	9.7	28	11.3	-
Mexico	47.6	24	47.3	24	48.8	24	52.8	28	49.8	-
United States[4]	1754.0	94	1814.7	95	1836.0	94	1857.5	96	1909.4	-
Total[4]	2007.5	85	2073.5	86	2103.0	86	2135.2	88	2175.3	91
OECD Asia Oceania										
Australia	36.8	34	36.3	34	38.6	35	36.2	33	34.2	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	589.5	150	589.3	150	608.2	136	580.7	121	567.7	-
Korea	193.0	84	188.2	81	196.6	83	196.8	79	201.0	-
New Zealand	8.4	56	9.5	65	9.2	56	8.4	49	8.7	-
Total	827.7	108	823.2	107	852.6	102	822.1	94	811.6	105
OECD Europe[5]										
Austria	23.4	87	21.5	78	22.0	84	22.9	91	23.8	-
Belgium	42.5	69	43.7	69	43.8	69	42.4	63	42.7	-
Czech Republic	20.7	103	20.4	95	21.0	103	21.9	116	21.7	-
Denmark	20.1	130	23.6	150	23.0	152	25.8	173	28.8	-
Estonia	1.7	58	1.7	52	1.8	55	1.6	57	1.5	-
Finland	37.9	205	39.0	200	38.7	204	37.9	213	44.1	-
France	167.2	102	168.1	98	171.3	105	167.8	100	172.9	-
Germany	288.4	123	289.8	117	283.0	118	284.2	113	286.1	-
Greece	24.9	92	25.6	82	29.6	97	26.5	91	31.1	-
Hungary	17.7	129	17.8	126	18.2	121	18.7	145	20.0	-
Ireland	11.0	82	9.6	71	10.0	67	9.3	63	12.8	-
Italy	122.5	101	121.6	97	123.0	100	119.4	98	121.0	-
Luxembourg	0.7	12	0.8	15	0.8	14	0.9	15	0.7	-
Netherlands	122.5	119	127.4	130	126.8	143	123.3	138	136.4	-
Norway	28.6	129	27.4	129	24.5	125	24.2	110	23.2	-
Poland	62.8	125	61.0	114	63.5	121	63.2	125	62.7	-
Portugal	23.8	99	20.2	79	20.5	83	20.6	87	20.1	-
Slovak Republic	11.4	162	10.6	130	10.6	152	11.4	152	11.6	-
Slovenia	4.9	100	4.8	90	4.8	92	4.6	96	4.9	-
Spain	117.4	99	118.2	97	122.7	100	121.3	98	132.4	-
Sweden	27.8	88	27.4	82	27.8	92	29.1	98	31.1	-
Switzerland	37.8	173	37.5	158	38.8	156	37.3	161	37.3	-
Turkey	62.6	87	62.4	83	62.5	87	62.4	81	64.7	-
United Kingdom	75.9	50	74.5	49	74.3	49	78.1	52	78.5	-
Total	1354.2	102	1354.5	98	1363.1	102	1354.6	100	1410.1	105
Total OECD	**4189.4**	**94**	**4251.3**	**93**	**4318.7**	**93**	**4311.9**	**93**	**4397.1**	**97**
DAYS OF IEA Net Imports[6]	**-**	**157**	**-**	**168**	**-**	**170**	**-**	**170**	**-**	**174**

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 2015 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]*		
1Q2012	4210	1536	2673	93	34	59
2Q2012	4244	1539	2705	93	34	59
3Q2012	4292	1542	2750	93	33	59
4Q2012	4230	1547	2683	93	34	59
1Q2013	4259	1580	2680	94	35	59
2Q2013	4253	1576	2676	92	34	58
3Q2013	4296	1582	2715	92	34	58
4Q2013	4172	1584	2588	91	35	57
1Q2014	4189	1585	2604	94	35	58
2Q2014	4251	1578	2673	93	35	58
3Q2014	4319	1577	2742	93	34	59
4Q2014	4312	1579	2733	93	34	59
1Q2015	4397	1582	2815	97	35	62

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 1Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

	2012	2013	2014	2Q14	3Q14	4Q14	1Q15	Feb 15	Mar 15	Apr 15	Year Earlier Apr 14	Year Earlier change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.75	0.47	0.60	0.58	0.69	0.63	0.81	0.82	-0.01
Europe	0.85	0.79	0.84	0.87	0.93	0.84	0.91	1.06	0.86	0.83	0.89	-0.06
Asia Oceania	1.26	1.21	1.17	1.17	1.08	1.18	1.37	1.39	1.48	1.31	1.15	0.16
Saudi Medium												
Americas	0.44	0.45	0.36	0.40	0.36	0.25	0.24	0.18	0.30	0.35	0.49	-0.15
Europe	0.05	0.01	0.03	0.01	0.05	0.04	0.02	0.04	-	0.02	0.01	0.01
Asia Oceania	0.45	0.43	0.45	0.40	0.50	0.45	0.40	0.43	0.45	0.46	0.41	0.04
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.33	0.49	0.20	0.09	-	-	0.15	0.19	-0.03
Europe	0.26	0.25	0.50	0.51	0.50	0.70	0.50	0.48	0.47	0.55	0.33	0.22
Asia Oceania	0.33	0.31	0.24	0.20	0.21	0.27	0.41	0.40	0.44	0.18	0.26	-0.08
Kuwait Blend												
Americas	0.22	0.28	0.27	0.29	0.25	0.22	0.15	-	-	0.28	0.31	-0.04
Europe	0.09	0.10	0.09	0.12	0.04	0.14	0.12	0.19	0.03	0.09	0.14	-0.05
Asia Oceania	0.65	0.64	0.62	0.56	0.62	0.62	0.66	0.67	0.64	0.61	0.46	0.16
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.06	0.11	0.12	0.09	0.08	0.09	0.09	0.07	0.02
Asia Oceania	0.02	0.00	0.01	-	0.03	-	0.03	0.02	0.01	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.04	0.01	0.00	0.03	0.03	0.03	-	0.05	-
Asia Oceania	0.33	0.30	0.28	0.26	0.28	0.26	0.31	0.37	0.38	0.20	0.19	0.01
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.62	0.71	0.62	0.67	0.62	0.72	0.78	0.57	0.21
Europe	0.08	0.07	0.08	0.08	0.09	0.09	0.10	0.13	0.09	0.14	0.08	0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.66	0.67	0.66	0.59	0.51	0.59	0.44	0.62	-0.18
Europe	0.14	0.14	0.14	0.13	0.13	0.13	0.16	0.20	0.15	0.11	0.17	-0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	0.03	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.67	1.81	1.79	1.84	1.93	1.83	1.95	1.64	0.31
Europe	-	-	0.00	0.01	-	0.01	-	-	-	-	-	-
Asia Oceania	-	-	0.00	-	0.00	0.00	-	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	-	-	0.01	0.01	-	0.03	-	-	-
Europe	0.55	0.47	0.56	0.58	0.53	0.59	0.47	0.46	0.52	0.45	0.68	-0.23
Asia Oceania	0.07	0.06	0.07	0.07	-	0.04	0.03	-	0.02	0.00	0.13	-0.13
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.68	1.53	1.38	1.54	1.59	1.51	1.48	1.48	0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	-	-	-	-	-	-	-	-	-
Europe	0.53	0.59	0.64	0.71	0.58	0.68	0.73	0.70	0.69	0.43	0.71	-0.27
Asia Oceania	-	0.00	0.02	0.01	0.05	0.01	0.04	0.04	0.03	0.04	0.04	0.00
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.13	0.34	0.54	0.20	0.18	0.22	0.24	0.04	0.21
Asia Oceania	0.04	0.03	0.02	0.02	0.03	0.02	-	-	-	0.02	0.05	-0.02
Nigerian Light[4]												
Americas	0.24	0.07	0.00	-	-	0.01	0.03	0.07	-	-	-	-
Europe	0.58	0.53	0.55	0.51	0.59	0.54	0.62	0.65	0.54	0.65	0.63	0.02
Asia Oceania	0.04	0.03	0.02	0.04	0.03	0.00	-	-	-	-	0.05	-

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)

	2012	2013	2014	2Q14	3Q14	4Q14	1Q15	Feb 15	Mar 15	Apr 15	Year Earlier Apr 14	Year Earlier % change
Crude Oil												
Americas	6101	5130	4201	4331	4336	3755	3869	3737	4114	3916	4675	-16%
Europe	9346	8926	8689	8480	9006	9056	9474	9865	9641	9350	8328	12%
Asia Oceania	6761	6553	6381	5923	6315	6331	6871	7139	6704	6157	5755	7%
Total OECD	22208	20608	19270	18734	19657	19142	20214	20741	20459	19423	18759	4%
LPG												
Americas	20	17	12	9	7	13	13	12	11	6	12	-48%
Europe	287	382	426	410	475	433	489	474	546	380	379	0%
Asia Oceania	620	546	531	532	520	527	537	573	592	565	489	15%
Total OECD	927	945	969	950	1002	973	1039	1059	1149	952	881	8%
Naphtha												
Americas	20	17	20	23	16	13	20	22	9	19	20	-6%
Europe	381	332	348	360	304	384	415	405	365	301	327	-8%
Asia Oceania	900	927	960	891	912	996	976	977	919	969	797	22%
Total OECD	1301	1276	1327	1275	1232	1392	1411	1404	1294	1288	1143	13%
Gasoline[3]												
Americas	730	659	665	769	660	663	572	558	592	679	746	-9%
Europe	212	106	131	139	115	114	124	111	161	127	150	-15%
Asia Oceania	86	83	83	95	70	79	102	113	104	104	87	19%
Total OECD	1028	848	879	1003	845	856	798	782	857	910	983	-7%
Jet & Kerosene												
Americas	73	81	100	121	94	104	148	152	162	123	148	-17%
Europe	398	445	459	460	584	412	379	331	434	471	457	3%
Asia Oceania	62	74	60	50	43	88	67	88	60	57	50	13%
Total OECD	533	601	618	630	721	604	595	571	655	651	655	-1%
Gasoil/Diesel												
Americas	59	58	95	62	41	81	157	160	152	35	117	-70%
Europe	984	1121	1085	1094	1176	978	1098	962	1270	1285	1208	6%
Asia Oceania	185	162	181	221	175	176	164	179	139	203	208	-3%
Total OECD	1227	1341	1361	1377	1392	1234	1419	1302	1561	1522	1533	-1%
Heavy Fuel Oil												
Americas	206	165	132	132	134	135	119	130	121	106	139	-24%
Europe	521	552	618	649	663	559	690	631	775	462	740	-38%
Asia Oceania	224	242	214	205	183	167	212	186	239	133	251	-47%
Total OECD	951	960	964	985	981	861	1021	947	1135	700	1130	-38%
Other Products												
Americas	813	812	671	728	682	656	626	591	586	747	773	-3%
Europe	636	791	721	776	697	665	667	697	665	564	780	-28%
Asia Oceania	357	386	374	355	372	307	317	398	323	287	418	-31%
Total OECD	1806	1989	1766	1859	1751	1628	1610	1686	1574	1597	1971	-19%
Total Products												
Americas	1921	1810	1695	1844	1633	1665	1655	1625	1634	1714	1955	-12%
Europe	3419	3729	3787	3887	4015	3544	3862	3611	4215	3589	4039	-11%
Asia Oceania	2433	2421	2402	2349	2276	2339	2375	2514	2377	2317	2300	1%
Total OECD	7773	7960	7885	8081	7924	7548	7893	7751	8226	7619	8295	-8%
Total Oil												
Americas	8022	6940	5896	6175	5969	5420	5525	5363	5749	5630	6630	-15%
Europe	12765	12655	12476	12367	13021	12600	13336	13476	13856	12939	12367	5%
Asia Oceania	9194	8974	8783	8273	8590	8670	9246	9653	9080	8474	8056	5%
Total OECD	29982	28568	27155	26815	27581	26690	28107	28491	28685	27043	27053	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.

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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 12 August 2014), 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 © 2015 Argus Media Limited - all rights reserved).

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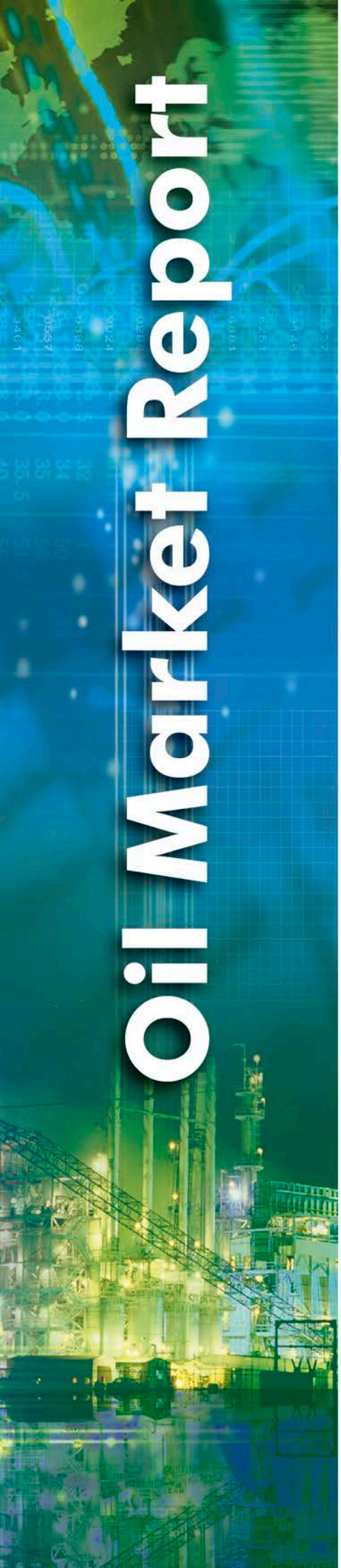

International Energy Agency

Secure • Sustainable • Together

12 August 2015

HIGHLIGHTS

- **Crude oil prices fell sharply during July and into early August, pressured by an abundance of supply and a strong US dollar.** By early August, global benchmarks had sunk around 25% below end June levels. At the time of writing, ICE Brent was trading at around $49 /bbl while NYMEX WTI was at $43.30/bbl.

- **Global oil demand in 2015 is expected to grow by 1.6 mb/d, up 0.2 mb/d from our previous *Report* and the fastest pace in five years,** as economic growth solidifies and consumers respond to lower oil prices. Persistent macro-economic strength supports above-trend growth of 1.4 mb/d in 2016.

- **World oil supply fell nearly 0.6 mb/d in July, mainly on lower non-OPEC output.** OPEC crude production held steady near a three-year high. As lower prices and spending cuts take a toll, non-OPEC supply growth is expected to slow sharply from a 2014 record of 2.4 mb/d to 1.1 mb/d this year and then contract by 200 kb/d in 2016.

- **OPEC crude supply inched 15 kb/d lower in July to 31.79 mb/d as Saudi output eased and offset record high Iraqi production and increased Iranian flows.** The 'call on OPEC crude and stock change' rises to 30.8 mb/d in 2016, up 1.4 mb/d on this year due to a stronger demand outlook and stalling non-OPEC supply growth.

- **OECD inventories rose counter-seasonally by 9.9 mb to hit another all-time high of 2 916 mb in June** with their surplus to average levels widening to a record 210 mb. As the seasonal restocking of 'other products' continued apace, refined products by end-month covered 31.3 mb days of forward demand, 0.2 days above end-May.

- **Global refinery runs reached a record 80.6 mb/d in July, 3.2 mb/d up on a year earlier, but fissures are showing.** High distillate stocks have pushed cracks in Singapore down to their lowest level since 2009 and prompted run cuts in Asia. Elsewhere, especially in the US, still-soaring gasoline cracks supported high margins and throughput.

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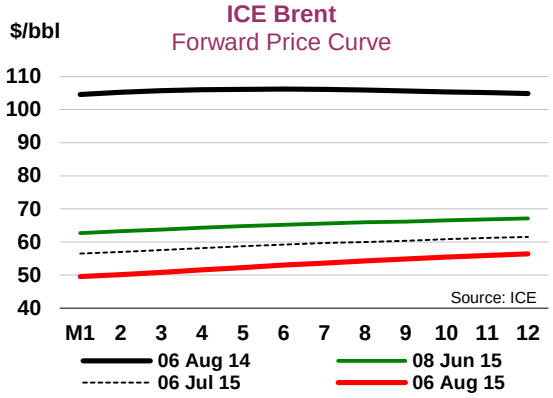
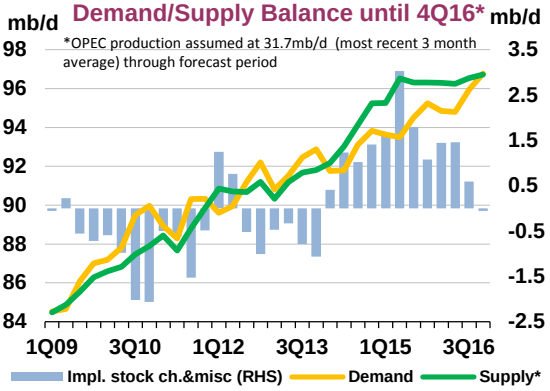
Long and winding road

From the driller in the Bakken to the motorist at the pump, oil market players are adjusting to a world of lower prices. Our latest forecast shows stronger-than-anticipated demand and non-OPEC supply growth swinging into contraction next year. While a rebalancing has clearly begun, the process is likely to be prolonged as a supply overhang is expected to persist through 2016 - suggesting global inventories will pile up further.

Oil's plunge below $50/bbl from triple digits a year ago has seen demand react more swiftly than supply. As a result, the world is now expected to use 1.6 mb/d more fuel in 2015 than the previous year as economic growth consolidates and consumers burn more oil. That's the biggest growth spurt in five years and a dramatic uptick on a demand increase of just 0.7 mb/d in 2014.





On the other side of the equation, global supply continues to grow at a breakneck pace – currently running 2.7 mb/d above a year earlier – despite a collapse in oil prices. Muscular pumping from OPEC's top producers Saudi Arabia and Iraq has boosted the group's flows to 31.8 mb/d – the highest in three years. Since the Riyadh-led OPEC decision last November to defend market share rather than price, output from the 12-member group has soared by 1.4 mb/d and it looks as if there is no backing down.

But OPEC only accounts for a bit more than half of the annual increase in world oil supply. While non-OPEC output growth has sunk from its heights of 2014, supply in July was still running 1.2 mb/d on a year earlier thanks to hefty investment made previously. Oil's second lurch below $50/bbl has prompted major oil companies and independents alike to revisit investment plans and take an axe to them. While a drop in costs and efficiency improvements will help to offset some of the spending cuts, output is likely to take a hit soon. As such, non-OPEC supply growth is expected to decelerate through the end of the year and decline in 2016 – with the US hardest hit.

Even with the slowdown in non-OPEC production and higher demand growth, a sizeable surplus remains. Our latest balances show that while the overhang will ease from a staggering 3.0 mb/d in 2Q15, its highest since 1998, the projected oversupply persists through 1H16. Assuming OPEC production continues at around 31.7 mb/d (its recent three-month average) through 2016, 2H15 sees supply exceeding demand by 1.4 mb/d, testing storage limits worldwide. The surplus drains down to about 850 kb/d in 2016, with 4Q16 marking the first quarter of a potential stock draw. This outlook does not include potentially higher Iranian output in the case of sanctions being lifted.

Against this backdrop, many participants in the oil industry have adopted a new mantra – "lower for longer''. But how low and how long? While reduced capital spending will help rebalance the market in the short term, it will no doubt also lead to lower future supply growth. This will become increasingly sensitive if demand continues above-trend, as it has so far in 2015.

DEMAND

Summary

- **Global oil demand is forecast to average 94.2 mb/d in 2015, 0.3 mb/d above last month's *Report* and 1.6 mb/d up on a year ago** as economic growth solidifies and US consumers, in particular, respond to sharply lower oil prices. The 2016 forecast rises by 0.4 mb/d to 95.6 mb/d – an above trend 1.4 mb/d gain – on higher baseline numbers and expectations of a more robust economy.

- **The 2Q15 global demand estimate has been revised up by 380 kb/d** compared to last month's *Report* to 93.5 mb/d as baseline non-OECD data has been adjusted up alongside notable upgrades to demand estimates for China, Russia and Brazil. This upside support, along with strong gains in US demand due to lower oil prices, fuelled 2Q15 global year-on-year (y-o-y) demand growth of 1.7 mb/d.

- **The latest Chinese oil demand numbers show relatively robust gains** despite recent cracks in the country's economic data. Near 5% y-o-y Chinese oil demand growth in 1H15 bucked stalling property prices and pessimistic business sentiment. Recent petrochemical expansions, coupled with the ongoing strength in the transport sector, offset any downside impact from the ongoing macroeconomic malaise, at least in the short-term.

- **Baseline 2013 non-OECD demand has been revised up** compared to last month's *Report* following the publication of the IEA's 2015 annual *Energy Statistics of Non-OECD Countries* - the most comprehensive reassessment of historical non-OECD deliveries available. The fresh 2013 non-OECD demand estimate of 45.9 mb/d is 0.1 mb/d higher than last month's citation. China, Malaysia, Kazakhstan and Iran account for the bulk of the increase.

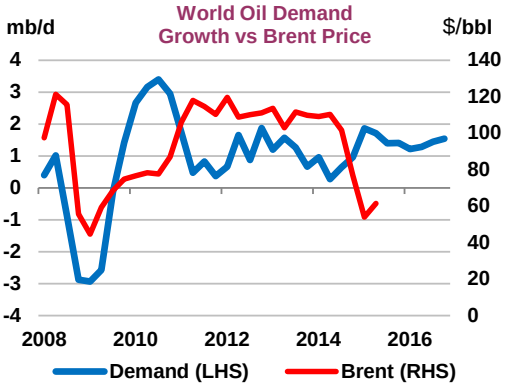
Global Oil Demand (2014-2016)

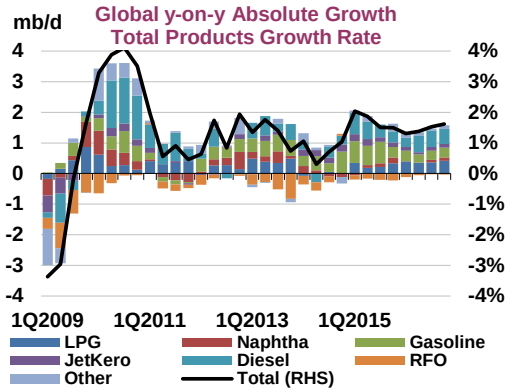
(million barrels per day)

	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Africa	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.2	4.1	4.3	4.3	4.2	4.3	4.3
Americas	30.5	30.5	31.2	31.5	30.9	31.0	30.9	31.5	31.7	31.3	31.3	31.2	31.7	32.0	31.6
Asia/Pacific	31.2	30.3	30.0	31.5	30.7	31.9	31.3	30.8	32.2	31.5	32.6	31.8	31.7	33.0	32.3
Europe	13.6	14.0	14.5	14.1	14.1	14.3	14.1	14.5	14.2	14.3	14.0	14.2	14.5	14.2	14.2
FSU	4.6	4.8	5.0	4.9	4.8	4.6	4.8	4.9	4.8	4.8	4.6	4.7	4.9	4.9	4.8
Middle East	7.8	8.2	8.5	7.9	8.1	7.8	8.3	8.7	8.1	8.2	8.0	8.5	9.0	8.4	8.5
World	**91.8**	**91.8**	**93.1**	**93.8**	**92.6**	**93.6**	**93.5**	**94.5**	**95.2**	**94.2**	**94.8**	**94.8**	**96.0**	**96.8**	**95.6**
Annual Chg (%)	1.1	0.3	0.7	1.0	0.8	2.0	1.9	1.5	1.5	1.7	1.3	1.4	1.5	1.6	1.5
Annual Chg (mb/d)	1.0	0.3	0.7	1.0	0.7	1.9	1.7	1.4	1.4	1.6	1.2	1.3	1.4	1.5	1.4
Changes from last OMR (mb/d)	0.07	0.04	0.06	0.04	0.05	0.09	0.38	0.28	0.27	0.26	0.45	0.43	0.39	0.39	0.41

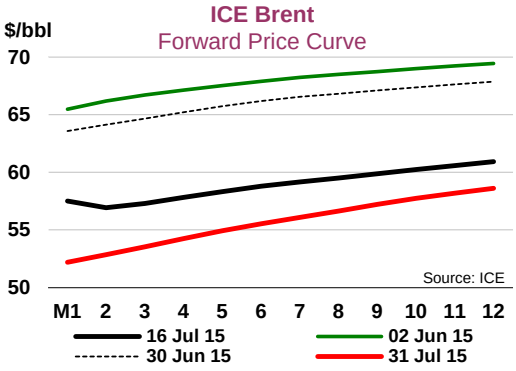
Global Overview

One swallow does not a summer make, to quote Aristotle, but a year into a major price correction and oil demand has clearly accelerated. Having peaked above $115/bbl in June 2014, Brent crude now trades at less than half this level. Over a comparable period, demand growth is up, from 0.3 mb/d y-o-y in 2Q14 to 1.7 mb/d in 2Q15, a near six-fold increase. This is not to say that sharply lower prices are the sole reason for the additional demand, as economic momentum has also solidified; but the emerging trend shows a clear link between sharply lower prices, accelerating oil demand growth and recuperating economic conditions.





Lower crude prices logically have a positive impact upon demand, *ceteris paribus*, but the price adjustment needs to be very sizeable to raise demand growth significantly as was the case in 1H15. A repeat along this scale is unlikely and future demand growth is expected to decelerate due to the return of some long-entrenched efficiency gains. Thus, global oil demand growth is projected to fall from a 1H15 high of 1.8 mb/d, to 1.4 mb/d in 2H15. For the year as a whole, global deliveries average 94.2 mb/d, 0.3 mb/d above the estimate cited last month and 1.6 mb/d (or 1.7%) up on the year, a five-year high for growth. About 0.1 mb/d of this 0.3 mb/d addition is attributable to historical non-OECD data amendments (see *Non-OECD 2013 Baseline Data Revisions*), the remainder is due to higher-than-forecast 2Q15 numbers in the US, China, Brazil and Russia.



A further 0.4 mb/d is added to the 2016 global oil demand estimate, since last month's *Report*, raising the outlook to 95.6 mb/d. The majority of this revision is attributable to the raised baseline forecast (i.e. 0.3 mb/d added in 2015), with the remainder due to the more rapidly accelerating macroeconomic assumptions that our demand model now includes. The near $10/bbl parallel reduction in the 2016 forward price curve also supports the adjustment. Economic growth assessments, as outlined by the International Monetary Fund (IMF) in its July edition of its *World Economic Outlook*, incorporate a sharp half-a-percentage point acceleration in global economic growth in 2016, to +3.8%, a notable ratcheting up compared to the three-tenths-of-a-percentage point acceleration that the IMF forecast in April's study.

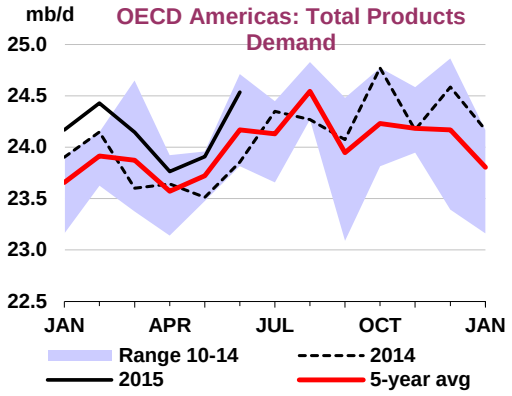
OECD

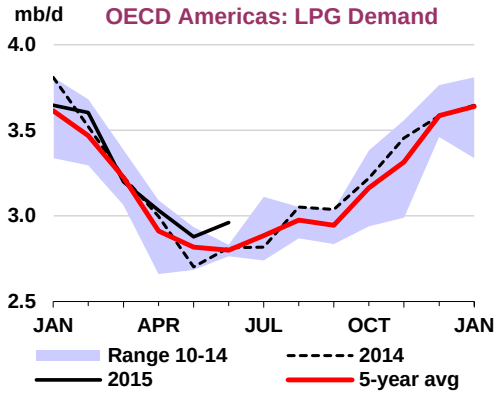
OECD oil demand growth has eased back considerably, from the heady heights achieved in 1Q15 (+1.9%) to 0.4 mb/d (or 0.9%) on a y-o-y basis in 2Q15, due largely to easing impetus from Europe. Oil demand in Europe rose by 0.6 mb/d (or 4.6%) y-o-y in 1Q15, as colder-than-year-earlier winter weather conditions struck. This additional space-heating requirement has since dropped out of the equation, as predicted, with European growth all but vanishing in 2Q15. For the year as a whole, near 1% OECD demand growth is foreseen, to around 46.1 mb/d. Momentum is likely to ease in 2016, as additional efficiency gains roughly offset the demand support provided by additional economic growth and lower crude oil prices.

Americas

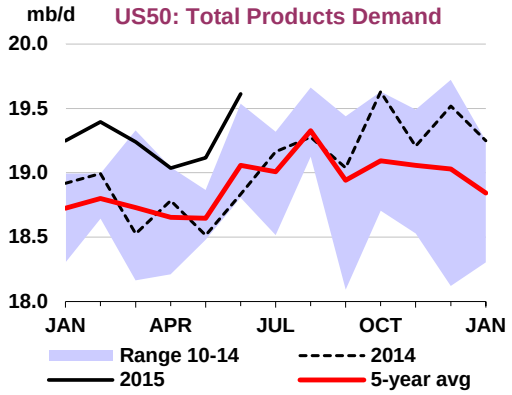
Rising for a seventh consecutive month, deliveries across the OECD Americas are once again just shy of where they were in in 2010. Exceptionally strong LPG (including ethane) and gasoline demand led the recovery that initially commenced in 1Q13, before stuttering in 2Q14-3Q14 and then returning to growth in 4Q14-2Q15. Universally rising delivery data have not been seen across the region, with strong gains in

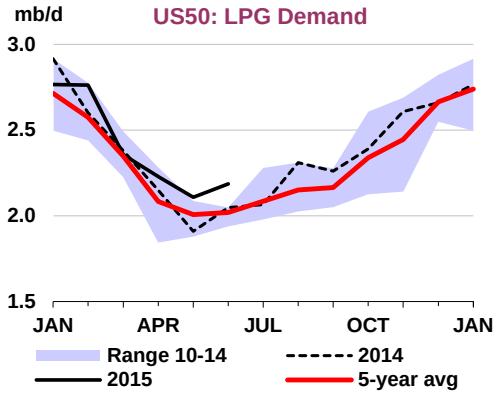
the US and Chile, as macroeconomic momentum built, offsetting declines in Mexico and Canada. Falling oil prices dent growth prospects, for demand, in Canada and Mexico. Looking forward, growth likely continues in 2H15-2016, as macroeconomic sentiment remains broadly supportive. The extremes of early US demand growth likely subside as the previous sharp retail price declines ease into the memories of more price-dependent drivers.





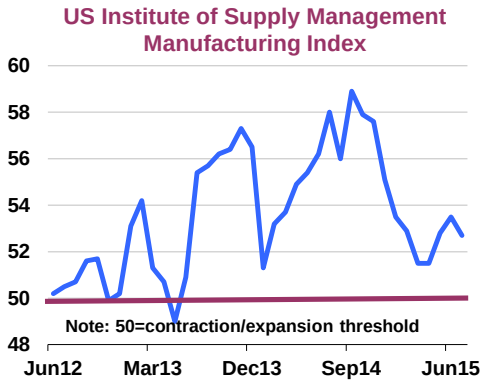
With an upwardly revised **US** demand estimate of 19.1 mb/d now being cited for May, this amounts to the sixth consecutive month of absolute y-o-y growth. Strong gains in the transport and petrochemical sectors led May's upside; as additional LPG (including ethane), gasoline and jet/kerosene accounted for over 90% of the total 0.6 mb/d (or 3.3%) y-o-y expansion. Not only did May's official release confirm the strongly rising US demand trend but it also revealed a further 60 kb/d of oil demand above the estimate quoted in last month's *Report*, with additional 'other product' demand the leading contributor. Up by 2.6% y-o-y (or 235 kb/d) in May, to 9.3 mb/d, US gasoline demand growth closely reflected the 2.7% gain in US vehicle miles travelled, as reported by the US Department of Transportation's Federal Highway Administration.

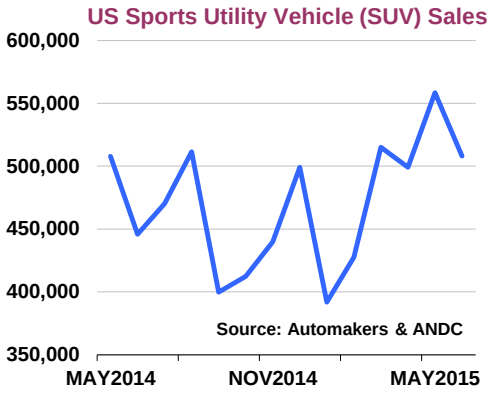




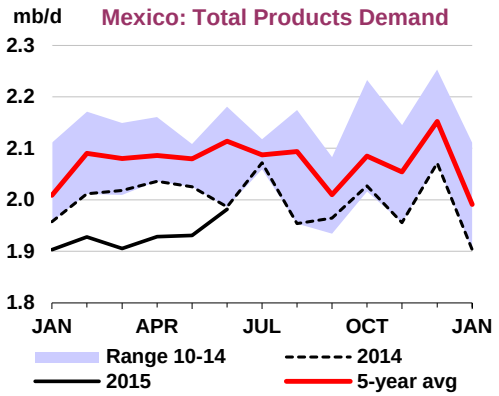
Preliminary estimates of June demand, based upon the latest weekly data from the US Energy Information Administration (EIA), point towards a further y-o-y gain of 0.8 mb/d to 19.6 mb/d. Persistent upticks in gasoline and LPG (largely additional petrochemical demand) dominate June growth, in contrast to jet/kerosene and residual fuel oil which fell. At 53.5 in June, the Institute of Supply Management's closely watched Manufacturing Purchasing Managers' Index (PMI) was not only at a five month high but also clearly above the key 50-threshold that signifies the discrepancy between 'optimistic' and 'pessimistic' business sentiment, a level it has maintained for 30 consecutive months through June. The modest dip, to 52.7 in July, may signify something of a slowdown in 2H15 industrial growth, as the PMI is a useful gauge of economic sentiment six-months ahead. Remaining above 50, however, the index still clearly shows the majority of US manufacturing business leaders still foresee 2H15 growth. Accordingly the US demand forecast for 2H15 is for y-o-y growth of 1.5%, roughly half the heights achieved in 1H15, but still firmly in positive territory and with gains in transport fuel demand leading the way. A 2H15

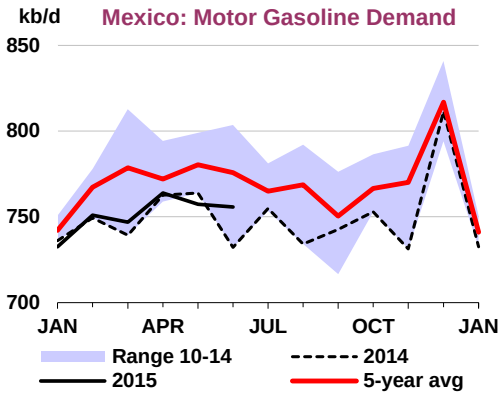
slowdown in US demand is likely as the heady heights of 2H14 – when the initial price stimuli occurred – are unlikely to be repeated.



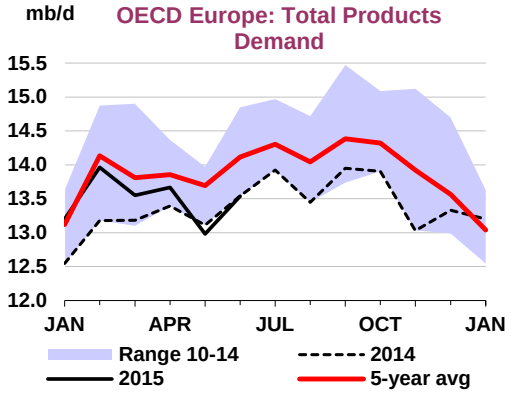


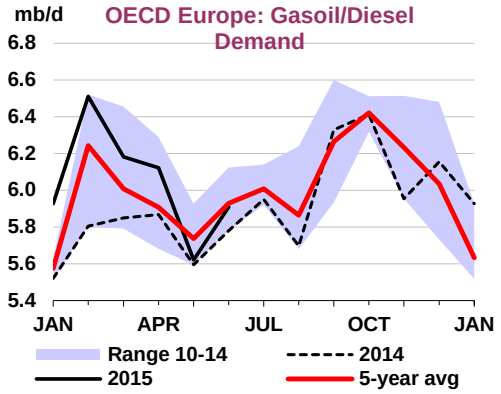
At an average of 19.4 mb/d in 2015, the US demand forecast is 0.4 mb/d (or 2.1%) up on the year, supported by very strong gains in US gasoline (+0.3 mb/d) and LPG (+0.1 mb/d). US oil demand growth is then forecast to ease in 2016, to +0.2 mb/d (+0.9%), as additional efficiency gains filter through, keeping US gasoline demand in particular flat compared to the year earlier. This is where one of the greatest forecast uncertainties lie, however, as the strong gains in US gasoline demand so far in 2015 are outstripping the efficiency gains that had been expected. Robust demand growth in 2015 has been supported by a near perfect storm of higher SUV sales, sharply increased vehicle usage and anecdotal reports of multi-car families switching their vehicle choices to use their least efficient models in response to lower pump prices. Although it is not our base case scenario, similar pressures, potentially garnering support from persistently low product prices, could raise US gasoline demand further in 2016.





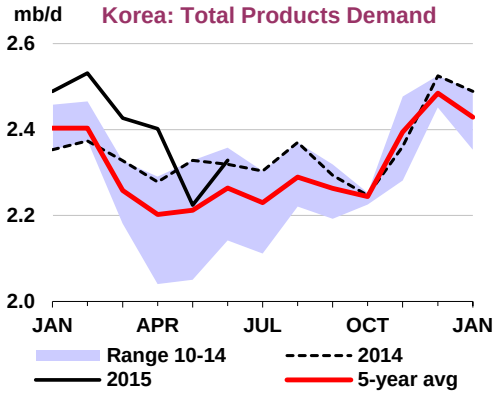
Roughly flat on the year earlier, at 2.0 mb/d in June, **Mexican** oil product demand ended a five-month spell of heavily declining deliveries, as strong transport fuel demand offset further falls from the power sector. The long running decline in Mexico's power-sector requirement continued in June, encouraging a near 6% y-o-y contraction in residual fuel oil demand, a trend confirmed by statistics from the Secretaria de Energia which showed a compensative surge in natural gas use in the power sector (+12.0% y-o-y). Overall in 2015, having been tainted by some very sharp declines January-through-May, Mexican oil product demand is forecast to average 1.9 mb/d, 3.1% down on the year earlier. The relative growth trend should then flatten in 2016, as additional macroeconomic momentum builds, supporting additional demand from the transport and industrial sectors. Continued, although more muted, declines in power sector demand provide a partial offset.

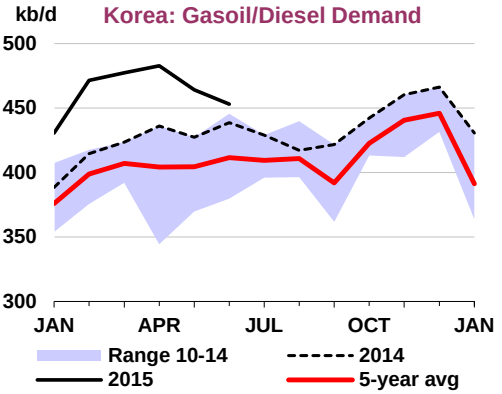




Europe

Although still marginally up in y-o-y terms, European momentum eased back considerably in 2Q15 (+0.3%) compared to rapacious 1Q15 (+4.6%) consumption. The slowdown came as little surprise, however, matching our month earlier 13.4 mb/d 2Q15 European forecast and only marginally (0.1 mb/d) below the estimate quoted in February's *Medium Term Oil Market Report*. Exceptionally strong gasoil demand drove the 1Q15 European uptick, which was largely attributable to much colder-than-year-earlier winter weather conditions, a support that waned in 2Q15. Looking ahead to the year as a whole, growth should average 1.4%, Europe's first annual gain in nearly a decade, taking average deliveries up to 13.6 mb/d. Projected growth will all but vanish in 2016, as less dramatic price supports offset persistent macroeconomic stimuli. The IMF is forecasting, in July's edition of its *World Economic Outlook*, euro area GDP growth of 1.7% in 2016 after a gain of 1.5% in 2015.





Asia Oceania

Down on the year earlier in both May and June, the demand trend for OECD Asia Oceania generally continues to show y-o-y declines, albeit with a decelerating hue. Relatively slower declines in Japan and easing growth in Korea, co-exist alongside y-o-y gains in Australia, New Zealand and Israel. Having peaked at 2.5 mb/d in February, total Korean oil deliveries have since plummeted, falling to 2.2 mb/d in May and with only with a very modest recovery seen in June to 2.3 mb/d. The dramatic recent reversal took hold as heady climb-downs hit industrial oil use, consequential on the creaking industrial backdrop. The latest data, from Statistics Korea, depict a heavy 2.8% y-o-y contraction in industrial output in May, while forward-looking business sentiment indicators such as Markit's Manufacturing Purchasing Manufacturers' Index (PMI) have been net-pessimistic since March. For the year as a whole, Korean deliveries are forecast to average 2.4 mb/d, equivalent to a gain of 2.6% on the year earlier. This acceleration, compared to the recent easing, is largely attributable to the much stronger gains that were seen January-April. A further moderation, to +1.4% growth, is foreseen for 2016, as efficiency gains eat into the upside otherwise provided by likely economic growth of at least 3%.

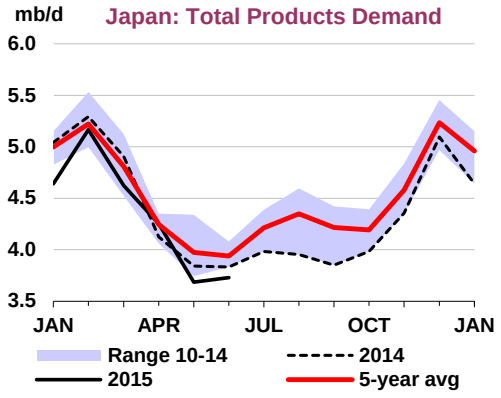
OECD Demand based on Adjusted Preliminary Submissions - June 2015

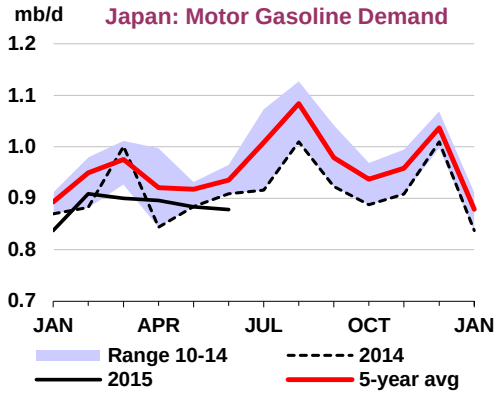
(million barrels per day)

	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*	**11.29**	**4.9**	**1.79**	**-1.1**	**4.75**	**2.5**	**0.47**	**-4.8**	**0.51**	**-15.4**	**5.71**	**3.08**	**24.53**	**2.8**
US50	9.58	6.1	1.54	-1.1	3.85	2.4	0.13	5.7	0.21	-20.6	4.30	4.98	19.61	4.1
Canada	0.83	-5.6	0.12	-5.2	0.32	5.4	0.26	-12.2	0.04	-41.8	0.72	-1.88	2.28	-4.8
Mexico	0.76	3.2	0.07	3.2	0.37	0.1	0.06	11.6	0.16	-5.7	0.57	-4.46	1.98	-0.2
OECD Europe	**1.99**	**-0.1**	**1.36**	**6.3**	**4.82**	**2.8**	**1.09**	**-0.2**	**0.82**	**-5.4**	**3.45**	**-4.61**	**13.53**	**0.0**
Germany	0.45	1.4	0.19	-2.6	0.75	5.1	0.23	-20.1	0.12	59.9	0.50	-13.26	2.24	-2.2
United Kingdom	0.30	-5.6	0.30	3.7	0.50	1.0	0.13	5.3	0.02	-49.6	0.30	6.35	1.55	0.3
France	0.18	3.6	0.16	3.6	0.75	5.2	0.21	-5.2	0.04	3.4	0.36	-2.69	1.71	1.7
Italy	0.20	3.3	0.10	0.8	0.51	-2.5	0.03	61.8	0.07	8.9	0.35	5.06	1.25	2.4
Spain	0.11	-1.7	0.13	8.2	0.44	2.6	0.12	1.4	0.15	-9.6	0.23	-9.16	1.18	-1.5
OECD Asia & Oceania	**1.52**	**-1.6**	**0.64**	**-6.8**	**1.28**	**1.7**	**0.46**	**-4.9**	**0.58**	**-3.4**	**3.05**	**0.33**	**7.52**	**-1.1**
Japan	0.88	-3.4	0.32	-10.8	0.40	1.2	0.34	-8.7	0.34	-3.3	1.45	0.27	3.73	-2.7
Korea	0.20	0.7	0.14	-3.3	0.36	2.0	0.09	8.3	0.20	-6.1	1.33	0.81	2.33	0.4
Australia	0.31	1.0	0.13	-2.2	0.42	1.8	0.00	-18.3	0.02	9.3	0.18	-3.52	1.07	0.3
OECD Total	**14.80**	**3.5**	**3.79**	**0.4**	**10.85**	**2.5**	**2.02**	**-2.4**	**1.92**	**-7.7**	**12.21**	**0.12**	**45.58**	**1.3**

* Including US territories

Down by 45 kb/d (or -1.2%) y-o-y in 2Q15, **Japanese** oil product demand posted its shallowest relative decline in just over one year, as the relative decline rates in residual fuel oil and 'other product' deliveries eased. Additional products, such as gasoline, gasoil and naphtha, also provided some support as their respective growth rates increased, or fell by a lesser degree. The Ministry of Economy, Trade and Industry quoted three consecutive months of y-o-y retail sales growth in June, the first time such a sequence has occurred this year and at its sharpest pace of growth since early 2014. Gasoline prices, as quoted by the Japanese Agency for Natural Resources and Energy, were roughly one-quarter below year earlier levels in 2Q15. These factors, together with only very muted 2Q15 declines in residual fuel oil and 'other product' demand, supported the shallowest relative contraction in Japanese oil product demand in over a year.





Non-OECD

Demonstrating renewed vigour in 2Q15 (+2.8% y-o-y), non-OECD demand growth accelerated to its fastest pace in two years. Particularly sharp gains were seen in the transport and petrochemical sectors, with non-OECD Asia, notably China and India, playing a dominant role. For the year as a whole, deliveries are expected to average 48.2 mb/d, equivalent to a gain of 2.4% on the year, before accelerating with growth of 2.6% in 2016 to 49.4 mb/d as macroeconomic pressures build. The IMF is forecasting economic growth of 4.7% in 2016 in its close proxy for non-OECD, "emerging market and developing economies", half a percentage point up on the 4.2% gain envisaged for 2015.

Non-OECD 2013 Baseline Demand Revisions

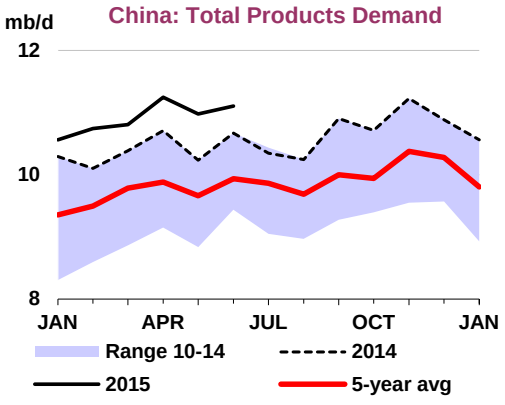
Once a year the IEA publishes its comprehensive annual data analysis work, supplying a better annual demand series plus revisions/improvements to the older historical series. This month sees the publication of the 2015 editions of both the IEA's *Annual Statistical Supplement* and the IEA's annual *Energy Statistics of Non-OECD Countries* (sometimes referred to as "*Green-Book*"). Previous estimates of 2013 non-OECD oil demand were based on a combination of national source statistics, JODI numbers, internal demand estimates and other reports and journals.

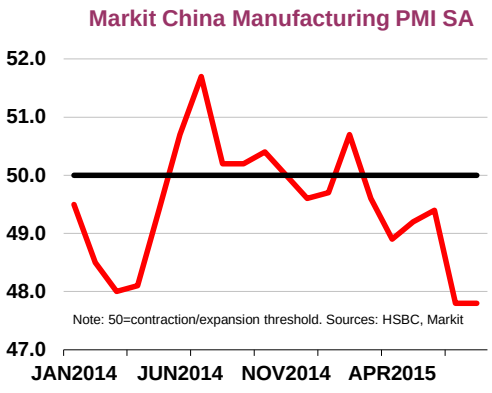
Only a modest 0.1 mb/d of additional non-OECD oil demand has been found in 2013, compared to last month's *Report*, to 45.9 mb/d. China, Malaysia, Kazakhstan, Thailand, Libya, Iran and South Africa accounted for the largest additions, offsetting notable downside adjustments to Egypt, Russia, Indonesia and India. Of the major 2013 demand revisions, the 95 kb/d Chinese addition draws particular attention, consequential on the slightly convoluted method of monthly data calculation: i.e. apparent demand = refinery throughput + net product imports – any product stock additions. The 2015 edition of the IEA's annual *Energy Statistics of Non-OECD Countries shows* much higher levels of Chinese diesel, LPG and 'other product' demand, compared to last month's *Report*, and lower levels of naphtha, residual fuel oil and gasoline.

The Malaysian demand estimate, which at 715 kb/d in 2013, has been revised up by 65 kb/d compared to last month's *Report*, carries an additional premium attributable to extra road transport fuel demand. Other notable 2013 sectorial upgrades include Thai petrochemical demand and extra road transport fuel use in Kazakhstan, South Africa and Libya. Like every coin, however, there are two sides to the story. Notable curtailments have been applied to estimates of 2013 road transport demand in Egypt, with lower industrial oil use in Russia, India and Indonesia.

China

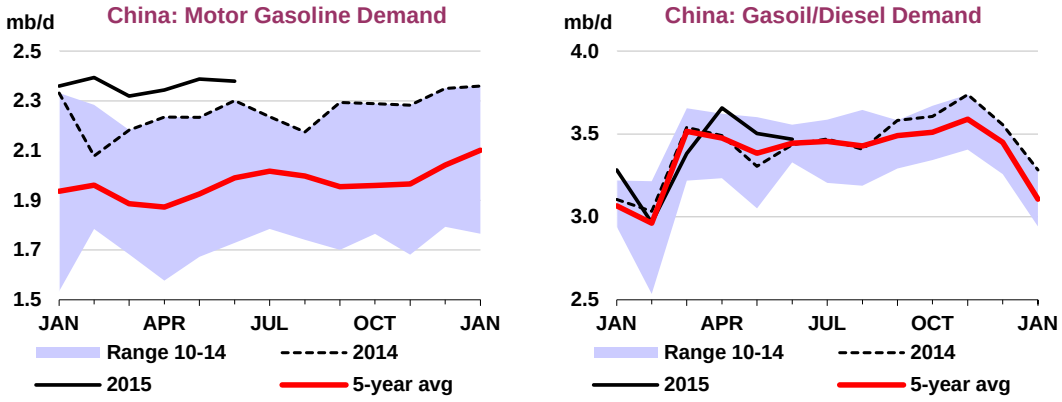
Some very significant upgrades to the recent and baseline (see *Non-OECD 2013 Baseline Demand Revisions*) data have resulted in an upwardly revised 11.1 mb/d estimate for 2Q15 demand. Not only is this 0.2 mb/d above the prediction cited in last month's *Report*, it is also 0.6 mb/d higher than demand a year ago as robust gains in the petrochemical and transport sectors supported strong growth in the LPG (including ethane), gasoline and jet/kerosene product sub-categories. Indeed, even long-suffering gasoil/diesel strengthened in 2Q15 as a number of additional government-led infrastructure investments projects came on-stream.





The latest data, also at 11.1 mb/d in June, reflects the same general demand strength as the overall Chinese 2Q15 metric, at least in most of the major oil product categories bar jet/kerosene. Having long highlighted the possibility that the Chinese economy is struggling, June's absolute decline in industrial profits (-0.3% according to the National Bureau of Statistics, NBS) came as little surprise. From an oil demand perspective, however, such weaknesses are unlikely to be wholly negative, potentially dampening growth in some specific product categories, such as jet, while supporting others, such as gasoil, as additional government infrastructure spending and/or lower interest rates provide some short-term support. For example, NBS estimate that the 1Q15 Chinese infrastructure spend rose by roughly 20% y-o-y. Deliberate efforts to curb retail product prices, meanwhile, buttress road transport fuel

demand. The Chinese gasoline market, for example, traded at a $1/bbl discount to crude in June, a far cry from the $7/bbl premium seen in Singapore. Economic regulator, NDRC, cut retail product prices, early-July, by approximately $2/bbl for both gasoline and diesel.



The relative Chinese oil demand strength seen in 1H15 is not forecast to hold in 2H15, as we envisage weaker growth across some of the key product categories as economic growth comes under pressure. Forward-looking business sentiment indicators, such as Markit's Manufacturing PMI, have alluded to a 'pessimistic' bias in the data since March 2015, while the recent destruction of roughly one-third of the value of the Chinese stock market also points to cause for concern. Despite such a flagging outlook, the overall forecast for 2015, at 10.9 mb/d, is 0.2 mb/d up on the month earlier prediction, due to a combination of the higher baseline annual series and the recent monthly demand strength, leaving a net annual growth estimate of 0.4 mb/d in 2015. Growth moderates to +0.3 mb/d in 2016, as the IMF's latest prediction remains for a near 50 basis point deceleration in Chinese GDP growth, to 6.3% from 6.8% in 2015.

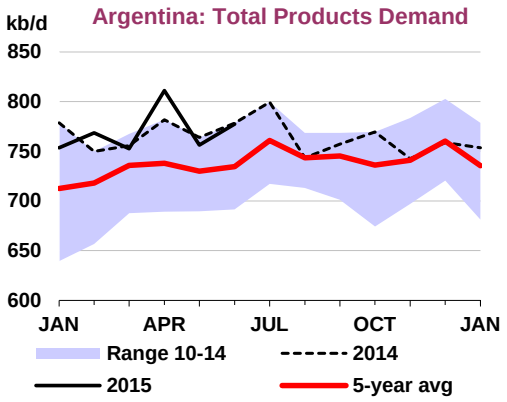
China: Demand by Product

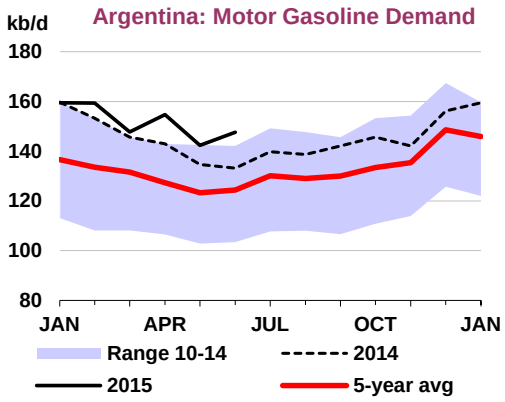
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	882	1,007	1,092	125	85	14.1	8.5
Naphtha	1,170	1,177	1,209	6	32	0.5	2.8
Motor Gasoline	2,250	2,373	2,492	123	120	5.4	5.0
Jet Fuel & Kerosene	502	540	570	38	30	7.6	5.5
Gas/Diesel Oil	3,441	3,456	3,483	15	26	0.4	0.8
Residual Fuel Oil	316	279	267	-37	-12	-11.6	-4.3
Other Products	1,999	2,111	2,175	112	64	5.6	3.1
Total Products	**10,561**	**10,943**	**11,289**	**382**	**346**	**3.6**	**3.2**

Other Non-OECD

Recent **Argentinian** data has rebounded, with 2Q15 deliveries at an average 780 kb/d posting their first y-o-y gain in just over a year, supported by particular upticks in gasoline and gasoil/diesel demand. Gasoil deliveries rose on additional industrial usage, with the Instituto Nacional de Estadistica y Censos reporting that total industrial output was up, on a y-o-y basis, for the first time in nearly two years in June. Gasoline deliveries, meanwhile, put on an extra 8.3% y-o-y in 2Q15 to 150 kb/d, as the Universidad Torcuato di Tella's consumer confidence index rose to a three-and-a-half year high. For the year as a whole deliveries are expected to average 770 kb/d, a modest 0.6% gain on 2014, with little change envisaged in 2016 as the underlying macroeconomic backdrop remains precarious.



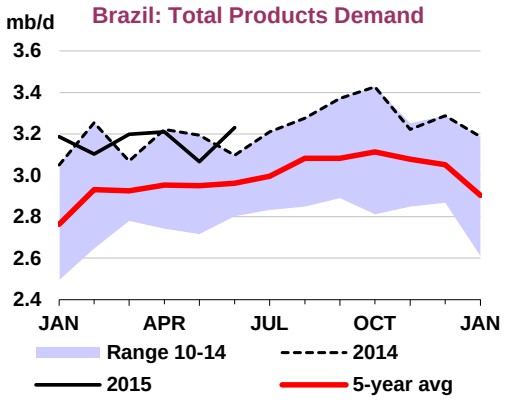


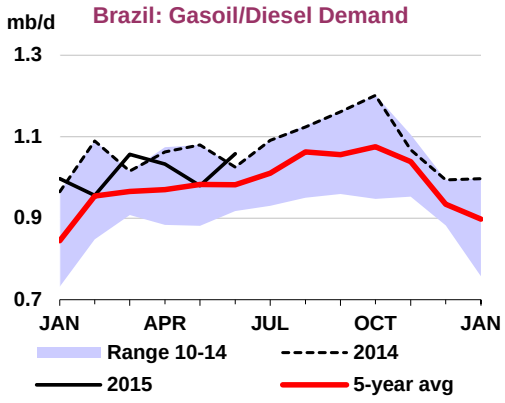
Non-OECD: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
LPG & Ethane	5,269	5,312	5,317	219	149	4.3	2.9
Naphtha	3,118	3,145	3,143	-81	50	-2.5	1.6
Motor Gasoline	10,163	10,146	10,314	445	332	4.6	3.3
Jet Fuel & Kerosene	2,993	2,990	3,032	86	109	3.0	3.7
Gas/Diesel Oil	14,521	13,965	14,723	124	393	0.9	2.7
Residual Fuel Oil	5,285	5,250	5,306	33	34	0.6	0.6
Other Products	6,205	6,248	6,558	193	248	3.2	3.9
Total Products	**47,554**	**47,055**	**48,394**	**1,020**	**1,314**	**2.2**	**2.8**

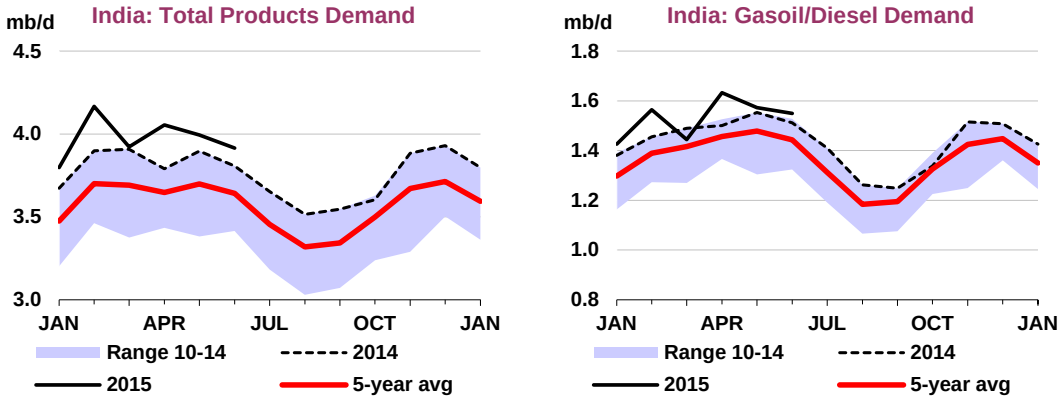
Brazilian demand data surprised in June, up 4.3% over the year earlier to 3.2 mb/d, as sharp upticks in both gasoline and gasoil deliveries fed through and raised total Brazilian demand despite the generally weaker domestic economy. With industrial output, as quoted by the Instituto Brasileiro de Geografia e Estatistica, falling heavily in May (-8.8% y-o-y) and trending lower for over a year, it is hard to see June's additional gasoil demand (+3.2% y-o-y) as anything other than a temporary aberration. Despite June's gain we envisage Brazilian gasoil demand declining once again in 3Q15, as the economy continues to creak, leaving average total deliveries roughly flat for the year as a whole at 3.2 mb/d. Only very modest growth, +0.8% to 3.3 mb/d, is forecast for 2016 on the assumption that economic conditions improve somewhat, albeit modestly, up 0.7% according to the IMF's July *World Economic Outlook*.





Heavy June rains dampened **Indian** oil product demand growth, with June's 2.8% y-o-y expansion the weakest pace since the latter stages of 2014. Agricultural demand particularly suffered, but this mid-year weakness is likely to prove as transitory as the weather; we have therefore only modestly curtailed our net 2015 growth forecast of +4.3% to a 3.9 mb/d average in 2015 as a whole. The first half of 2015 has been particularly supportive of Indian jet fuel demand as lower airfares, a consequence of sharply lower

crude oil prices, have boosted domestic air passenger numbers by 20% y-o-y. A similar pace of expansion is foreseen in 2016, to 4.1 mb/d, as economic growth is predicted to come in at 7.5% in both years according to the IMF's July *World Economic Outlook*.



The **Russian** oil demand growth forecast has been revised up, compared to last month's *Report*, as recent oil delivery data held up better than previously expected and the IMF revised up its still recessionary macroeconomic projections. The latest Russian June oil demand estimate – at an upwardly revised 3.7 mb/d, 140 kb/d above that cited in last month's *Report* and roughly unchanged on a year ago – is a far cry above our previously 'bearish' stance on Russia. Industrial oil use appears to have held up better than previously foreseen. Although the economy has undoubtedly contracted, the recent sharp declines in the value of the domestic currency have, in some cases, made Russian industry costs competitive again. The previously ailing Russian steel industry is now reportedly much more cost-competitive in international markets, and is therefore supporting additional industrial oil use through increased activity. Similarly, the May delivery estimate has been revised up by 90 kb/d to 3.5 mb/d, still down by around 130 kb/d on the year earlier.

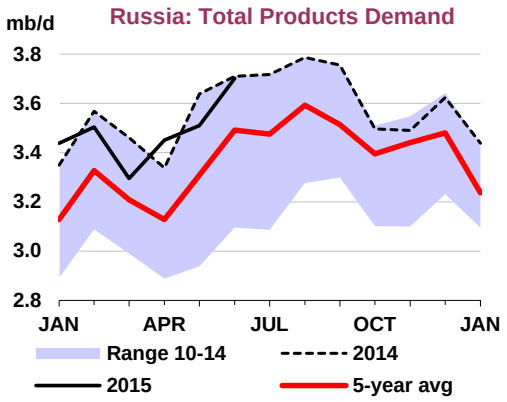
Russia: Demand by Product

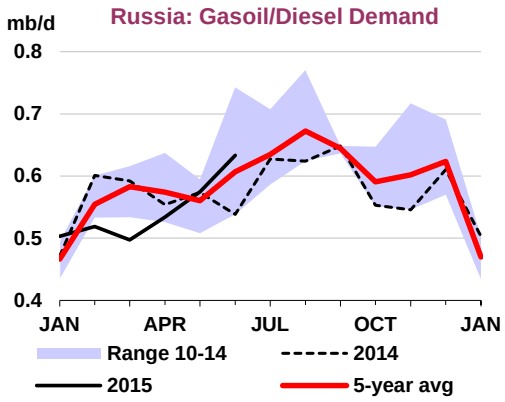
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	401	396	401	-6	6	-1.4	1.5
Naphtha	458	455	471	-2	15	-0.5	3.3
Motor Gasoline	833	806	791	-26	-16	-3.2	-1.9
Jet Fuel & Kerosene	293	283	285	-10	2	-3.5	0.8
Gas/Diesel Oil	578	568	561	-10	-7	-1.8	-1.2
Residual Fuel Oil	347	289	292	-58	3	-16.8	1.1
Other Products	670	717	685	46	-31	6.9	-4.4
Total Products	**3,580**	**3,514**	**3,486**	**-67**	**-28**	**-1.9**	**-0.8**

Source: Petromarket RG, IEA

The IMF's July update of its *World Economic Outlook* added four-tenths of a percentage point to its 2015 Russian economic growth forecast, to a still contracting -3.4%, and added a further 1.3 percentage points to its 2016 GDP estimate, to +0.2%. This still bleak but notably less bearish economic outlook, coupled with stronger-than-previously-foreseen May-June delivery numbers, has raised the 2015 Russian oil demand forecast to -1.9%, versus -4.2% previously; the 2016 forecast has also been raised to -0.8%, compared to -2.2% before. Despite such relative additions, lower baseline numbers, a consequence of the IEA's annual *Energy Statistics of Non-OECD Countries* for 2015, curbed the net 2015 Russian oil demand estimate to 3.5 mb/d, only 15 kb/d up on last month's estimate, with a similarly subdued 65 kb/d addition applied to 2016, also to 3.5 mb/d.





Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
Africa	3,983	4,111	4,092	109	88	2.7	2.2
Asia	23,107	23,116	23,608	774	996	3.5	4.4
FSU	4,915	4,613	4,813	-14	0	-0.3	0.0
Latin America	6,951	6,748	6,878	115	68	1.7	1.0
Middle East	7,913	7,771	8,316	1	143	0.0	1.8
Non-OECD Europe	686	695	688	35	18	5.2	2.7
Total Products	**47,554**	**47,055**	**48,394**	**1,020**	**1,314**	**2.2**	**2.8**

SUPPLY

Summary

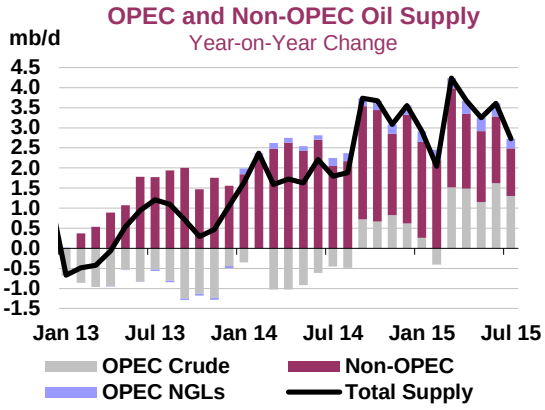
- **Global oil supply fell by nearly 0.6 mb/d in July to 96.6 mb/d mainly on lower non-OPEC production.** OPEC oil output was largely unchanged, as an increase in NGLs offset a slight decline in crude. Despite the monthly decrease, total output stood 2.7 mb/d above a year earlier, of which OPEC crude and NGLs accounted for nearly 60%.

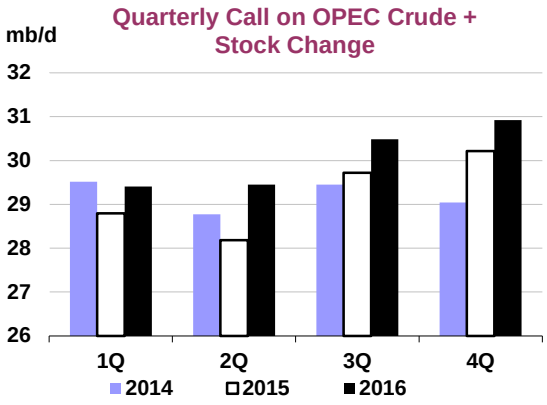
- **OPEC crude oil supply held steady in July at 31.79 mb/d, close to a three-year high. Saudi output eased from an all-time high,** offsetting another record-smashing month from Iraq and the UAE and slightly higher Iranian production. Total OPEC production stood 1.3 mb/d above a year ago.

- **A stronger demand outlook and slower non-OPEC growth have raised the 'call on OPEC crude and stock change' for 2016 to 30.8 mb/d, up 1.4 mb/d year-on-year (y-o-y**) and a 600 kb/d revision to last month's *Report*. The 'call' in 4Q15 is expected to rise to 30.6 mb/d, up 650 kb/d from 3Q15.

- **As lower prices and reduced spending take their toll, non-OPEC supply growth is expected to decelerate sharply through the end of the year and decline in 2016 – with US growth hit hardest.** Non-OPEC output is forecast to add 1.1 mb/d, to average 58.1 mb/d in 2015 and contract next year by 200 kb/d to 57.9 mb/d. That compares with record growth of 2.4 mb/d in 2014.

- **Non-OPEC oil output declined by almost 0.6 mb/d in July to 58.1 mb/d due to slowing US supply and seasonal North Sea maintenance**. Total supplies were nevertheless nearly 1.2 mb/d above a year ago, with the Americas accounting for most of the growth.



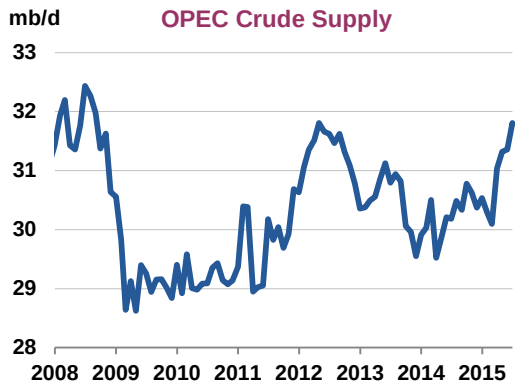


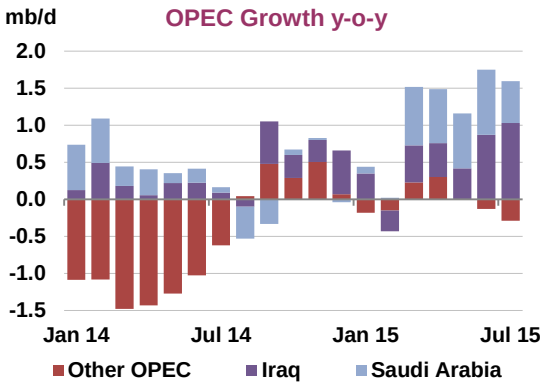
All world oil supply data for July discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary July supply data.

OPEC crude oil supply

OPEC crude oil output inched 15 kb/d lower during July to 31.79 mb/d – close to a three-year high. Supply from OPEC's top producer Saudi Arabia eased from June's record rate of 10.48 mb/d, offsetting output from Iraq - the group's second in rank – that hit an all-time high and record flows from the UAE. Iranian production also edged up during July, as Tehran and the P5+1 (China, France, Russia, the UK, US and Germany) clinched a historic nuclear accord. Libya, Qatar and Nigeria posted modest month-on-month (m-o-m) declines. OPEC's lofty production put supply 1.3 mb/d above the previous year and about 1.8 mb/d above the group's official 30 mb/d supply target. The group's 'effective' spare capacity stood at 2.22 mb/d in July versus 2.17 mb/d in June, with Saudi Arabia accounting for 87% of the surplus.

With Iraq opening the taps and Saudi pumping hard, OPEC supply has soared by 1.4 mb/d since November when the group's 12 members agreed to preserve market share rather than price. Iraq has ramped up by nearly 800 kb/d since November, while Saudi oil fields during July also produced about 800 kb/d above November levels. Initial soundings suggest that OPEC supply is likely to remain substantially higher than 31 mb/d during 3Q15.





The 'call on OPEC crude and stock change' for 2015 and 2016 has been revised up by 200 kb/d and 600 kb/d, respectively, since last month's *Report* due to stronger expectations for demand and a further reduction in non-OPEC supply growth. The 'call' in 2016 is estimated at 30.8 mb/d, up 1.4 mb/d y-o-y. The 'call' is expected to rise by 650 kb/d from 3Q15 to reach 30.6 mb/d in the final quarter of 2015.

OPEC Crude Production

(million barrels per day)

	May 2015 Supply	Jun 2015 Supply	Jul 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Jul 2015 Supply	1H15 Average Crude Supply
Algeria	1.11	1.11	1.11	1.14	0.03	1.11
Angola	1.77	1.78	1.80	1.80	0.00	1.76
Ecuador	0.55	0.54	0.55	0.57	0.02	0.55
Iran	2.85	2.82	2.87	3.60	0.73	2.83
Iraq[4]	3.84	4.15	4.18	4.00	-	3.70
Kuwait[2]	2.76	2.74	2.74	2.82	0.08	2.78
Libya	0.45	0.42	0.39	0.50	0.11	0.42
Nigeria	1.76	1.79	1.77	1.92	0.15	1.80
Qatar	0.66	0.66	0.63	0.70	0.07	0.67
Saudi Arabia[2]	10.30	10.48	10.40	12.34	1.94	10.10
UAE	2.87	2.88	2.91	2.94	0.03	2.86
Venezuela[3]	2.44	2.44	2.44	2.49	0.05	2.42
Total OPEC	**31.36**	**31.81**	**31.79**	**34.82**	**3.21**	**30.99**
(excluding Iraq, Nigeria, Libya and Iran)					**2.22**	

1 Capacity levels can be reached within 90 days and sustained for an extended period.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in July.

4 Iraq production during July exceeded our assessment of sustainable capacity.

Iran nuclear deal could pave way to higher output

After nearly two years of negotiations, **Iran** and the P5+1 struck a landmark nuclear deal on 14 July that could pave the way for Tehran to boost production and exports to world markets. It may take at least four to six months to execute the complex agreement that limits Iran's nuclear work in return for a lifting of sanctions that have cut the country's exports by more than 1 mb/d since 2012. The US Congress and Iranian parliament are now scrutinising the 159-page document.

Timeline for Iran sanctions relief

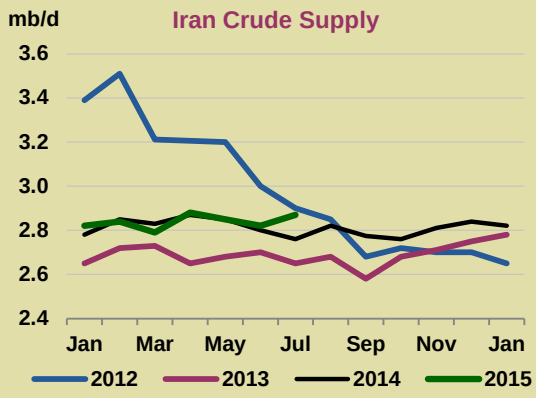
14 July - Nuclear accord clinched by Iran and P5+1.
19 July - US President Barack Obama sends the deal to Congress for a 60-day review; vows to veto any attempt to reject it.
20 July - UN Security Council endorses agreement.
17 Sept - Deadline for US Congress to approve or reject deal.
By 15 Oct - Tehran to answer questions from International Atomic Energy Agency (IAEA).
15 Dec/early 2016 - IAEA to verify that Iran is in compliance with the deal and issue report on Tehran's research programme. EU, US to lift nuclear-related sanctions (non-nuclear sanctions to remain in place).

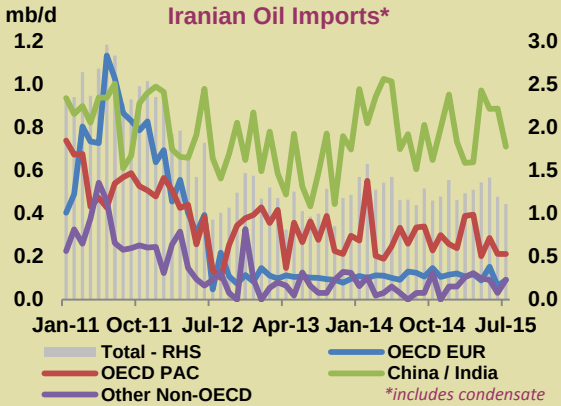
While significantly higher production is unlikely before next year, oil held in floating storage – at the highest level since sanctions were tightened in mid-2012 - could start to reach international markets before then. The addition of three VLCCs of condensate during July has lifted the total stored at sea to 46 mb from 40 mb at the end of June. Some 60% of the overall volume stored at sea is condensate.

In terms of production capacity, Iranian oil fields that pumped roughly 2.87 mb/d in July – up 50 kb/d on June - are estimated to be capable of ramping up to 3.4 mb/d to 3.6 mb/d within months of sanctions being removed. Iran's Oil Minister Bijan Zanganeh has said Tehran expects to boost output by 500 kb/d as soon as sanctions are lifted and by 1 mb/d within months.

Since strict financial measures were enforced in mid-2012, Iran's crude exports have fallen from roughly 2.2 mb/d at the start of 2012 to around 1.1 mb/d. China has emerged as Iran's top oil buyer, with India ranking second. South Korea, Japan and Turkey are also regular lifters. A nominal 1 mb/d cap was set on Tehran's crude exports under a November 2013 preliminary deal that partially eased sanctions, with buyers required to hold imports near that level.

According to preliminary data, imports of Iranian crude inched down to around 1.0 mb/d during July versus 1.03 mb/d the previous month. Lower purchases from China, India and Korea offset higher imports from Japan, Turkey and the UAE. Imports of condensate – ultra-light oil from Iran's South Pars gas project – slipped to about 105 kb/d from roughly 160 kb/d the previous month and well below the 2014 average of 190 kb/d.





Once sanctions are lifted, Iran is expected to seek to raise oil sales swiftly to regular buyers in Asia and try to recapture market share in Europe, which accounted for about 30% of pre-sanctions crude sales. To help shift barrels more quickly post-sanctions, the National Iranian Oil Co (NIOC) may continue to offer competitive pricing and credit terms, as it has under sanctions, industry sources said.

Iran will also strive to reclaim its spot as OPEC's second biggest producer after Saudi Arabia – a post now occupied by neighbouring Iraq. But with Iraq – OPEC's main source of capacity growth - now pumping in

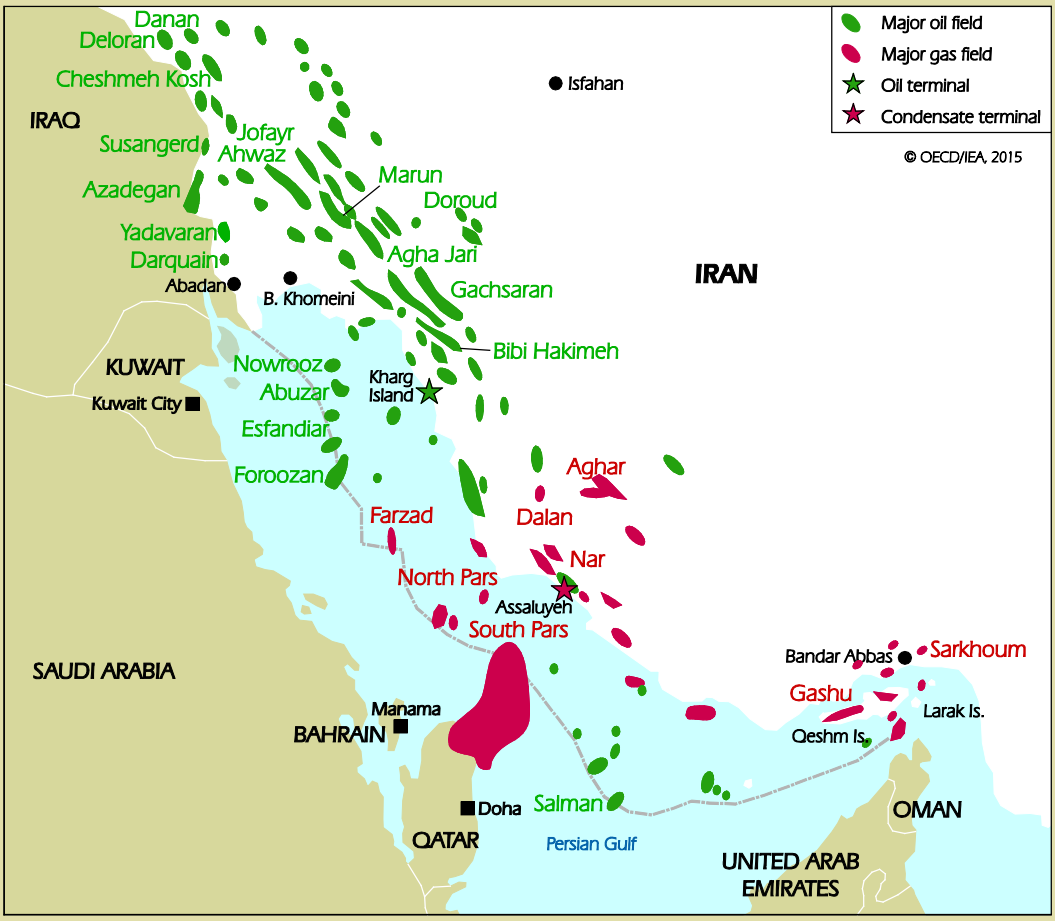
Iran nuclear deal could pave way to higher output (continued)

excess of 4 mb/d, Tehran will have some catching up to do. Once it regains full access to capital markets, it should – under its own steam - be able to bring in more advanced technology and gradually raise production capacity beyond 3.6 mb/d.

That effort will come at considerable cost. Iran's Industry Minister Mohammad Reza Nematzadeh was quoted as saying it would take around $100 billion to rebuild the country's oil sector. And with the help of foreign cash and cutting-edge technology, Tehran may be able to push capacity back up to the 4 mb/d mark towards the end of the decade. The country's oil fields last pumped near that level in 2008.

Iran is meanwhile hoping to woo some of the same companies – such as France's Total, Royal Dutch Shell, Italy's Eni and Russia's Lukoil – that are already at work in the giant oil fields of southern Iraq. To drum up interest, its new integrated petroleum contract (IPC) will have to offer attractive commercial terms, especially in the environment of low oil prices in which companies are cutting capital expenditure.

European and Asian firms are already positioning for a return, with high-ranking officials from Germany, France, Italy and Japan travelling to Tehran in the days and weeks after the accord was struck. At the end of July, Zanganeh spoke of a "new chapter of cooperation" with Total following a meeting with French Foreign Minister Laurent Fabius. Total, Shell and Eni invested heavily in Iran's oil fields before sanctions.



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.

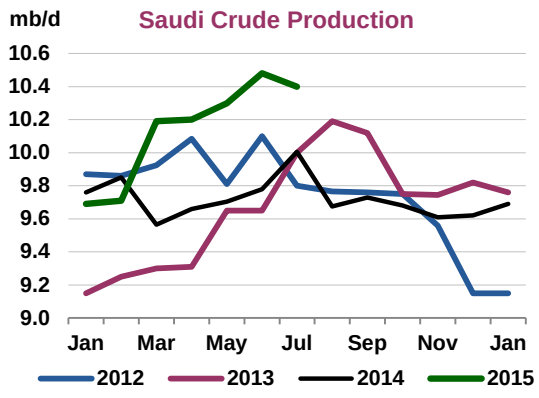
As for Asian companies, China may also seek to expand its presence in Iran's energy sector. The country's state oil giants - China National Petroleum Corp (CNPC) and Sinopec - have maintained a presence in Iran and are reportedly set to bring on new oil in 4Q15 from the fields of Yadavaran and North Azadegan that border Iraq. US companies, however, might find themselves out of the race while Washington's non-nuclear-related sanctions remain in place.

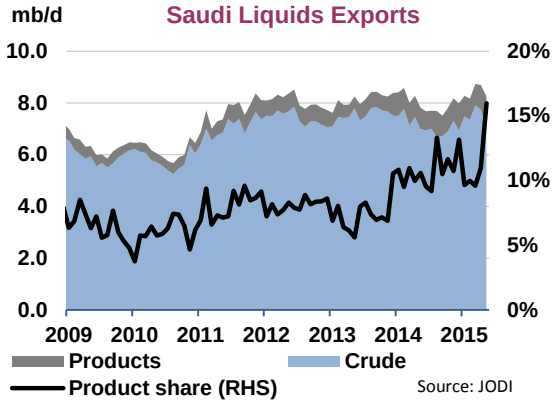
For its part, Tehran has wasted no time in sketching out a post-sanctions business scenario that would appeal to international investors and revive its ageing oil fields. It hopes by 2020 to secure nearly $200 billion worth of oil and gas projects with foreign partners. The new IPC investment model and 50 oil and gas projects are due to be unveiled at a conference set for 14-16 December in London.

July marked the fifth straight month of double-digit output for **Saudi Arabia**, although crude supply pulled back to 10.4 mb/d from an upwardly revised 10.48 mb/d in June – a record monthly high. Oil sales to world markets, although still running around the 7 mb/d mark, appeared to be slightly lower in July, according to industry sources.

Riyadh led OPEC's decision late last year to maintain the group's 30 mb/d supply target and says it will not make a unilateral output cut to balance the market. Early soundings suggest Saudi oil fields are likely to pump in excess of 10 mb/d for some time to come in order to keep pace with demand for its oil at home and abroad. Blistering summer heat has raised demand at Saudi power plants and domestic refiners have revved up so the Kingdom may be meeting some of the additional requirements from its domestic storage.

The latest figures submitted to the Joint Organisations Data Initiative (JODI) show that internal consumption is on the rise. Power plants burned about 680 kb/d of crude in May, up 320 kb/d m-o-m. Riyadh's domestic power requirement typically soars during the summer period when the use of air conditioning peaks and crude burned to generate power rose to nearly 900 kb/d in July last year. The latest JODI data also show that Saudi refineries – including the 400 kb/d Yasref plant that opened at the start of 2Q15 - ramped up to a record 2.4 mb/d in May versus 2.2 mb/d in April.





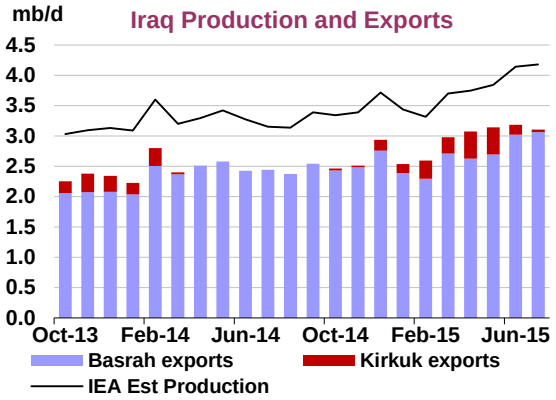
As for the international market, crude oil shipments sank to a five-month low of 6.9 mb/d in May, well down from April's brisk pace of 7.7 mb/d, according to JODI data. Product exports rose to 1.3 mb/d from 950 kb/d in April and accounted for 16% of overall oil sales. Excluding condensates and NGLs, total Saudi oil exports eased to 8.25 mb/d in May from 8.69 mb/d in April.

Neighbouring **Kuwait** held supply steady m-o-m at 2.74 mb/d, but the ongoing operational dispute over the Neutral Zone it shares with Saudi Arabia has sunk the country's output to the lowest in more than two years. Production from the onshore Wafra and offshore Khafji oil fields in the Neutral Zone has slowed to a trickle from 400 kb/d last September before the row kicked off. Elsewhere in the region, the **UAE** hit a record rate of 2.91 mb/d during July, while **Qatari** output dipped by 30 kb/d to 630 kb/d after a rig collapsed in early July at the offshore al-Shaheen field.

Iraq's strong performance continued in July, with output – including from the KRG - rising to an all-time high of 4.18 mb/d. Production in July stood 1 mb/d above a year ago, when the advance of militants from the Islamic State of Iraq and the Levant (ISIL) took its toll on oil operations in the north of the country.

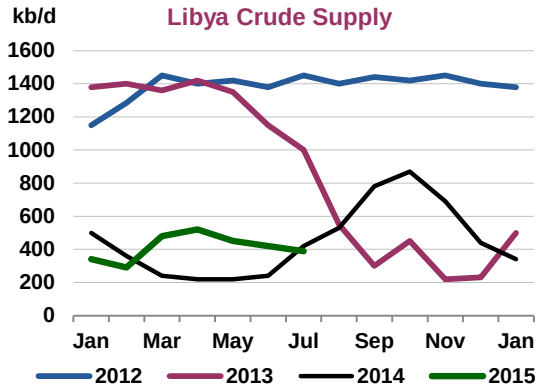
Giant oil fields in the south cranked out record Basra crude exports of 3.06 mb/d, up about 40 kb/d on June. Roughly 2.24 mb/d of the shipments from Iraq's Gulf terminals were Basra Light, with Basra Heavy accounting for the remainder.

Shipments from the north eased 50 kb/d to roughly 520 kb/d due to rising tension between Baghdad and the Kurds over payments and an end-July sabotage attack on the pipeline carrying the crude to the Turkish Mediterranean. Exports resumed on 6 August and Ankara has vowed to beef up security around the line that had been moving more than 600 kb/d of Kurdish and Kirkuk oil to Ceyhan prior to the attack by the Kurdistan Workers Party (PKK).



The KRG has been routing most of that oil into independent exports and said it cut its transfer of crude to the central government's State Oil Marketing Organisation (SOMO) by half to roughly 70 kb/d in July. The KRG agreed in December to export 550 kb/d via SOMO in return for the restoration of budget payments from Baghdad. The bulk of July's shipments were from fields under the KRG's control. It said Iraq's North Oil Co in Kirkuk contributed only about 130 kb/d. The semi-autonomous northern region has meanwhile vowed to pay part of its revenue from independent oil sales to producers from September. International oil companies operating its oil fields have not received revenue from exports since late last year, although they receive some cash for domestic sales.

Supply from **Libya** dipped to 390 kb/d in July as the country's oil fields continued to be plagued by security issues and technical hitches. Production had edged up to 430 kb/d in early July and further increases were anticipated after state National Oil Corp (NOC) lifted force majeure at its 200 kb/d Ras Lanuf terminal. But guards that protect the strategic export outlet have reportedly refused to allow tankers to load.

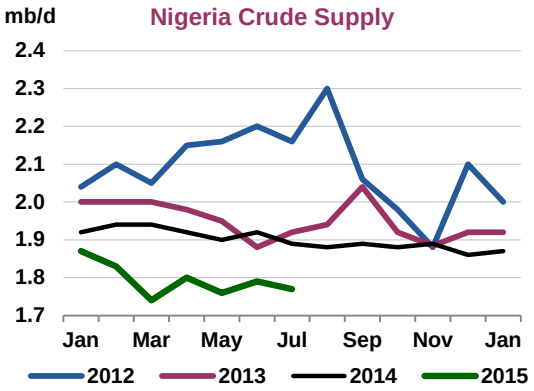


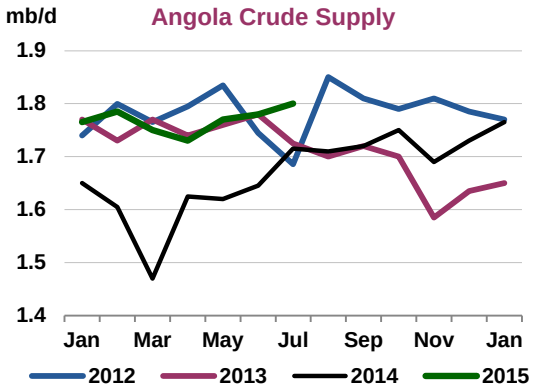
Negotiations are continuing with tribal elders in western Libya to reopen pipelines linking the core oil fields of El Feel and El Sharara to ports in the western Mediterranean. The major fields in the southwest have been closed since December due to a strike by security guards demanding more jobs.

Output in the North African producer had climbed to 600 kb/d at the start of April- the highest so far this year, but still far below the 1.6 mb/d produced before the 2011 civil war that toppled Muammar Gaddafi. A protracted battle between the country's two rival governments – the so-called Libya Dawn administration in Tripoli and the officially recognised government that fled to the east – has, for months, forced a halt to operations at vital oil fields and terminals. The United Nations is attempting to resolve the conflict.

Loading disruptions trimmed crude output in **Nigeria** by 20 kb/d m-o-m to 1.77 mb/d. But President Muhammadu Buhari is moving swiftly to make a clean sweep of the oil sector. In early August he appointed a new head of the Nigerian National Petroleum Corp - Emmanuel Ibe Kachikwu, a former ExxonMobil executive – who promptly dismissed the company's top brass. Buhari has vowed to stamp out corruption in the country's oil industry, which earns roughly 70% of the government's revenue.

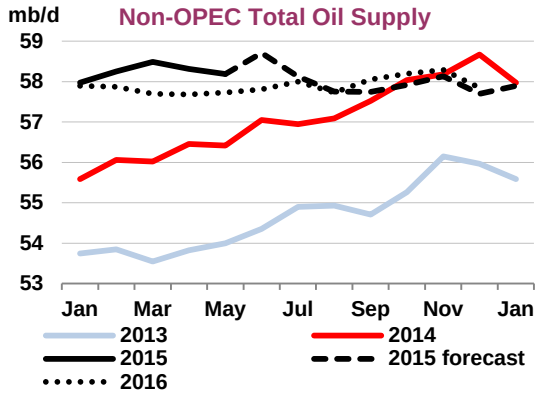
Elsewhere in Africa, **Angolan** supplies inched 20 kb/d higher m-o-m to 1.8 mb/d in July. France's Total brought on an extra 20 kb/d from Block 17, which will help boost output from the deep offshore Dalia complex to around 200 kb/d. Production in **Algeria** was steady at 1.1 mb/d. Two new oil fields came on line in early August – the 20 kb/d Bir Sebaa and the 12 kb/d Bir Msana – which will help stem declines.

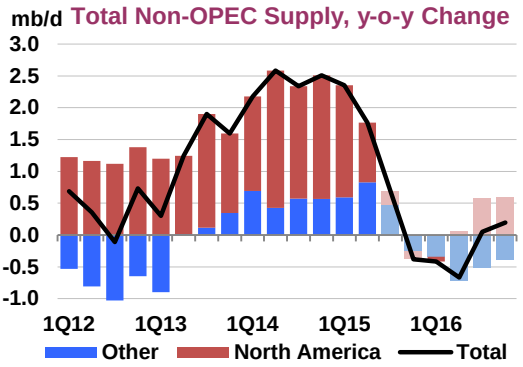




Non-OPEC overview

Lower oil prices and sharp spending cuts are expected to slow non-OPEC supply dramatically through the end of this year and swing it into decline in 2016 – the first contraction since 2008. Majors and independent oil producers alike have embarked on a new round of budget cuts, dimming hopes for a significant uptick in activity over the months to come. In all, non-OPEC supply is forecast to average 58.1 mb/d in 2015 and 57.9 mb/d in 2016. After record growth of 2.4 mb/d in 2014, the non-OPEC supply expansion slows to 1.1 mb/d in 2015 and is projected to decline by 0.2 mb/d in 2016. US growth rates are expected to fall the most. Although the latest US oil rig count readings from Baker Hughes through end-July showed an uptick in drilling for the first time since last October, the recent plunge in oil prices could derail earlier plans for increased activity.





Some producers have meanwhile opted for a very different response to the lower oil price environment– raising output to offset reduced revenues due to declining prices. Viet Nam is a case in point, as the country's oil ministry recently lifted the 2015 oil output target for PetroVietnam by 1 million mt in order to help offset the impact of lower prices on the country's budget and economic growth. Improved efficiencies through better well performance and cost control could also prop up output rates, as oil companies tighten their belts during the downturn. US LTO producers in particular have been reporting steep productivity increases and impressive reductions in operating costs. But while some producers might be successful in lifting output in the short-run, we expect the majority will struggle to sustain higher rates over longer periods due to steep spending curbs.

With more data becoming available, June production has been revised up by 400 kb/d since last month's *Report*. After a bumper month in May, North Sea producers posted a second month of strong growth in June, up by more than 300 kb/d from a year earlier, on improved field reliability, lower maintenance and as new projects - commissioned during the period of sustained high oil prices - ramped up. The high output rates led to an armada of unsold North Sea cargoes over June and July, despite record-high global refinery demand. Seasonal maintenance likely curbed output from July onwards, as indicated by loading

schedules for key North Sea grades. Surging oil production in China led by new offshore field start-ups by CNOOC also underpinned the higher June levels. And US output was adjusted slightly higher on surprisingly robust natural gas liquids output, despite the slowdown in oil and gas drilling and weak fractionation spreads.

The most recent comprehensive monthly data made available for the US, however, shows crude and condensate output slipping by nearly 200 kb/d in May, in contrast to preliminary weekly data, which had shown an 80 kb/d increase. The drop was in line with our earlier estimate, however, and did not result in any major revision to our forecast which shows US output easing through September. As the Hurricane season draws to a close in October, we expect US output to stabilise as new offshore projects ramp up – offsetting declines in LTO from lower drilling and well completion rates. Recent Canadian April data also showed steeper drops than those reported in preliminary data, in particular for Albertan syncrude output.

Non-OPEC Supply

(million barrels per day)

	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Americas	19.0	20.0	19.7	19.4	19.6	19.7	19.9	19.8	19.9	20.2	20.0
Europe	3.3	3.4	3.5	3.3	3.4	3.4	3.4	3.2	3.0	3.3	3.2
Asia Oceania	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	22.8	23.8	23.7	23.2	23.5	23.5	23.8	23.5	23.5	24.0	23.7
Former USSR	13.9	14.0	14.0	13.8	13.8	13.9	13.8	13.7	13.6	13.6	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
China	4.2	4.3	4.4	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Other Asia	3.5	3.6	3.6	3.6	3.7	3.6	3.6	3.6	3.5	3.5	3.6
Latin America	4.4	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.7
Middle East	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Africa	2.3	2.3	2.3	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.2
Total Non-OECD	29.8	30.4	30.2	29.9	29.9	30.1	29.9	29.6	29.4	29.5	29.6
Processing Gains	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuels	2.2	1.8	2.4	2.6	2.3	2.3	1.8	2.3	2.6	2.3	2.3
Total Non-OPEC	57.0	58.2	58.4	57.9	57.9	58.1	57.8	57.7	57.9	58.1	57.9
Annual Chg (mb/d)	2.4	2.4	1.8	0.7	-0.4	1.1	-0.4	-0.7	0.1	0.2	-0.2
Changes from last OMR (mb/d)	0.0	0.0	0.1	0.2	0.1	0.1	-0.1	-0.1	-0.1	-0.2	-0.1

Majors take knife to spending plans

Tumbling oil prices have forced oil majors to axe capital expenditure (capex) budgets, with several reducing head count and/or cutting output targets. Cutbacks across the industry total $180 billion so far this year and are the deepest since the oil crash of 1986, according to Rystad Energy. Further cuts of 5% to 15% are expected in 2016 following a 21% cut this year, said the Oslo-based consultants.

In its latest quarterly earnings update, **Exxon Mobil** reported its lowest profit since 2009 as spending cuts failed to keep up with the oil price drop. Exxon was amongst the first to tighten its belt after crude prices started their downward spiral. After cutting the budget by 9.3% in 2014, this year's reduction looks on track to exceed the original 12% target. While Exxon maintained its latest capex guidance of $34 billion for 2015, it said it would cut spending on major projects like floating crude platforms and gas-export terminals by 20% to $6.746 billion during the quarter. The company nevertheless reiterated its goal of raising production to 4.3 mboe/d in 2017 from 3.979 mboe/d in 2Q15.

Chevron's profit dropped to $571 million, the lowest in more than 12 years, from $5.665 billion a year earlier. Its oil and gas production unit meanwhile posted a loss of $2.219 billion (offsetting healthy downstream returns) as the company recorded a $1.96 billion write-down on assets and another $670 million charge for taxes and projects suspended due to weaker economics. Chevron said the latest oil

Majors take knife to spending plans (continued)

price slump convinced it to lower its long-term outlook for crude oil prices. As a result, it plans to cut spending by $3 billion mainly by reducing operating expenditure (opex) and laying off 1 500 staff in the US.

Royal Dutch Shell pledged further measures to cut costs and rein in spending. In response to what it said could be "a prolonged downturn" which "could last for several years" it laid out plans to cut another $3 billion from capital spending, reduce its operating costs by 10% (or $4 billion) and cut its global headcount by 6 500. Of the more than 7% reduction to its work force this year, roughly one quarter is related to the company's cost reduction and efficiency efforts. Shell plans further cuts and improvements in 2016. Its downstream earnings jumped to $2.96 billion from $1.35 billion a year earlier.

BP said its 2015 capex would come in less than its previous $20 billion guidance due to cost deflation and project deferrals. The company had initially planned to spend as much as $24-26 billion. BP swung to a loss in 2Q15 after taking a $10 billion pre-tax charge related to a settlement of most of its remaining Gulf of Mexico oil spill liabilities. Its upstream earnings dropped from $4.7 billion a year ago to $0.5 billion. Exploration write offs contributed to weaker-than-expected upstream results. The UK-based company nevertheless announced it would spend $1 billion on lifting output and extending the life of its ETAP oil fields in the North Sea.

French major **Total's** earnings are already seeing the benefits of aggressive cost reductions and company-wide staff cuts. The company's earnings beat analysts' expectations, netting $2.797 billion - only 8% below a year earlier despite the halving of oil prices. The company's bottom-line was helped by an impressive increase to its 2Q15 downstream unit earnings, with a threefold annual increase to its net operating income from the segment to $1.349 billion. "The excellent downstream results highlight the resilience of our integrated model," said CEO Patrick Pouyanné. Total reported its upstream opex had been cut by 20% in 1H15, and is on track to exceed its $1.2 billion opex savings target this year. The company expects its capex to fall below $20 billion from 2017. While it has seen a significant drop in rig and seismic costs, it is waiting for platform construction costs to fall further before moving ahead with new projects.

Statoil cut its spending forecast for this year to $17.5 billion from an earlier $18 billion and will reduce spending further in 2016. The Norwegian company said it expected efficiencies worth $1.7 billion to pre-tax cash flow from 2016. It said North Sea opex has fallen faster than expected, vindicating its earlier decision to delay final investment decisions on some projects to preserve flexibility of $5-7 billion spending.

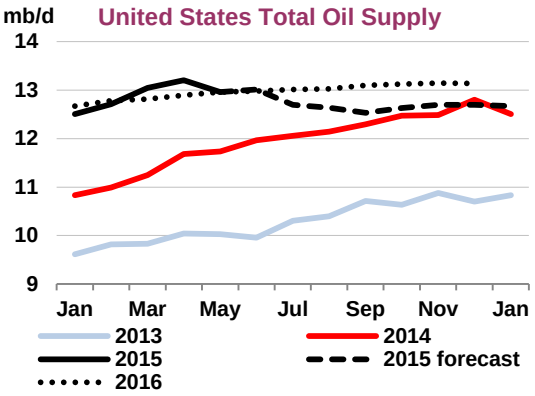
In contrast, **Repsol** announced it would maintain its capital spending plans at around $4.5 billion this year, and aims to keep spending flat in 2016. The Spanish major, which spent $13 billion acquiring Canadian oil producer Talisman earlier this year, said the focus going forward would be on capital discipline and cost efficiency rather than growth.

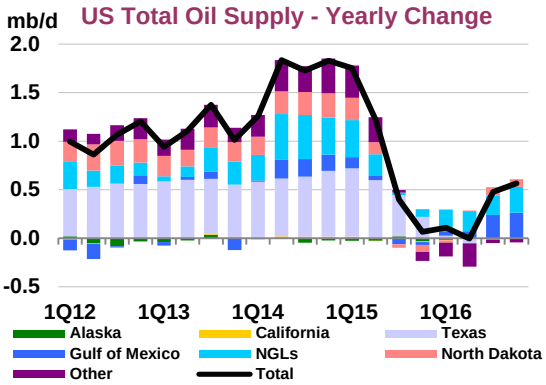
OECD

North America

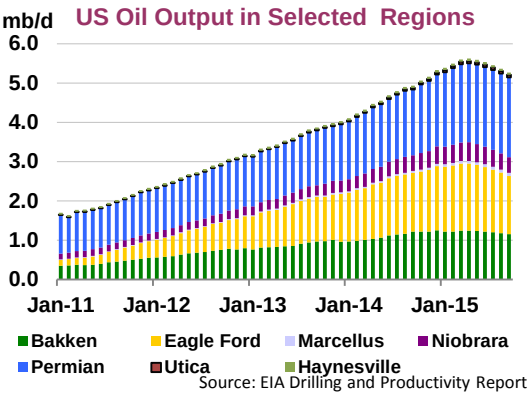
US – July Alaska actual, others estimated: Official monthly oil statistics for the US for May contrast with preliminary weekly statistics and confirm our earlier estimates of falling US production. The latest data update from the US Energy Information Administration (EIA) show total US crude and condensate output falling 180 kb/d in May, to 9.5 mb/d on average, while natural gas liquids output slipped by 65 kb/d, to 3.2 mb/d. While many had anticipated declines in LTO output, most of the monthly decline stemmed from offshore production with BP's Thunder Horse platform, amongst others, undergoing maintenance. Texas output saw smaller declines of roughly 40 kb/d, while Alaskan production dipped by 35 kb/d.

While the weekly statistics suggest further increases in June, the latest data series also shows output easing in July. We forecast a 280 kb/d monthly decline in US crude production. The EIA's *Drilling Productivity Report* estimates output declines in the seven most prolific shale plays accelerating to 80 kb/d in July and 89 kb/d in August and 93 kb/d in September. In the absence of any hurricane outages, US Gulf of Mexico production will likely be higher than our base case scenario, which includes some downtime adjustments for August, September and October.

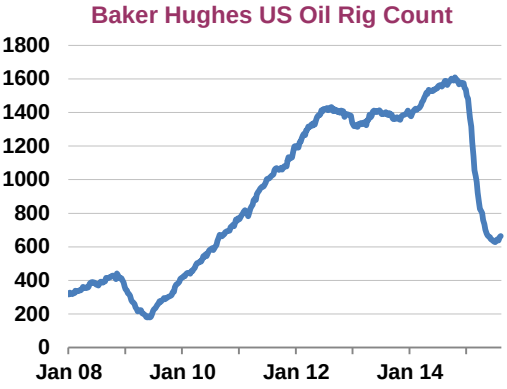




Ahead of the latest oil rout, US operators had showed signs of reversing the slide in the US oil rig count, as measured by Baker Hughes. A total of 36 rigs were added over July, 17 of which were in the Permian Basin. In contrast, rigs in the Eagle Ford play dropped another 5, to 78 over July, while the Williston Basin, where the Bakken formation is located, lost a further 3 rigs, to a total of 71. Despite the recent additions, at 664 active rigs at end-July, total US drilling activity was nevertheless down steeply from the October 2014 peak with 59% less rigs operating at end-July.



Source: EIA Drilling and Productivity Report



Low oil prices force US producers to re-think priorities

A prolonged spell of lower prices has forced US independent oil producers to rethink their output strategies and spending plans. Better-than-expected drilling efficiencies and significant declines in the cost of services have allowed companies to raise output despite the lower capital spend. But as lower prices persist, the group's impressive output gains could come to an abrupt halt as the debt-laden sector struggles to cover capex and dividends from operating cash flow.

In spite of spending cuts, **ConocoPhillips**, the largest US independent producer, still believes it can achieve a production target of 1.7 mboe/d in 2017, up from 1.595 mboe/d in 2Q15. However, it will prioritise dividends over production growth and will cut its deepwater exploration spending and terminating the deal for a drilling ship in the Gulf of Mexico. The company's operating cash flow was not enough to cover capex and dividends, raising its debt by $2.4 billion to $24.9 billion.

Anadarko, another large US independent producer, has maintained its no-growth strategy through 2015. The company has been taking a cautious stance and has "no interest in adding to an oversupplied market with production that doesn't give us a good rate of return". Anadarko targets output of around 820 kb/d for full year 2015, roughly on par with 2014.

EOG has cut capital spending for 2015 by a further $200 million, and echoed Anadarko's view stating that it does "not want to grow production until we see the oil market is firmly rebalancing". The company announced it had made further improvements in well economics, and said it is focussing on capital efficiency to improve returns and quickly transition itself to be successful in a lower commodity price environment.

Low oil prices force US producers to re-think priorities (continued)

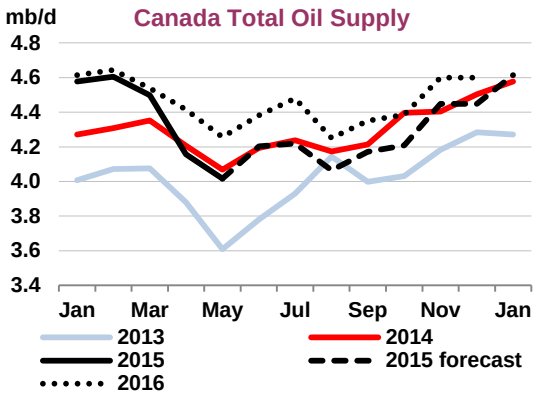
Bucking the trend, **Pioneer** announced plans to ramp up its drilling program and confirmed it had put two more rigs to work in the Spraberry/Wolfcamp play. It said it would add a total of 12 by the end of the year if the outlook for prices "remains constructive".

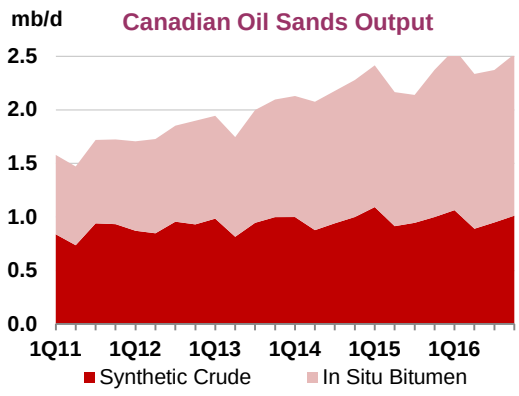
Whiting Petroleum cut its 2015 budget to $2.15 billion in July, only two weeks after raising it to $2.3 billion, following the latest slump in oil prices. The company, one of North Dakota's largest producers, plans to run eight drilling rigs, three fewer than it had previously planned. For 2016, the company cut capex and discretionary cash flow to be roughly $1 billion. The capex cuts will result in output dropping from 169 kboe/d in 2Q15 to 147 kboe/d next year.

Marathon, **Continental** and **Apache** announced they had achieved higher-than-expected well production rates and in some cases lower capital spending than budgeted. While Continental hiked its 2015 output target on improved well efficiency, the company announced it would drop its Bakken operated rig count by 20% by year-end if low commodity prices persist. Lastly, Apache raised its output target for 2015 as a result of better-than-expected output so far this year, and now sees a 1% - 2% increase in North American production for full year 2015, despite a 60% reduction in its capital spending compared with 2014.

Canada – Alberta, Newfoundland, Saskatchewan May actual, others estimated: Partial data for Canada for May confirm earlier estimates of a significant output drop, extending April's steep decline. Preliminary estimates peg output at just over 4 mb/d, 140 kb/d lower than in April and 50 kb/d below the same month a year earlier. Final April data show that month's drop already 200 kb/d below earlier estimates as maintenance reductions to syncrude output were more significant than first assumed. Mined synthetic crude oil (SCO) output averaged only 815 kb/d, compared with 1070 kb/d in March, as output at Syncrude's Mildred Lake and Shell's Scottford upgraders dropped by 120 kb/d and 110 kb/d, respectively – exceeding the decline reported in data submitted by the Canadian administration to our Monthly Oil Statistics by 150 kb/d.

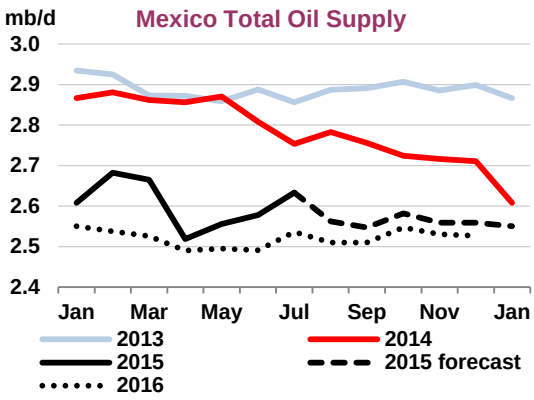
In May, synthetic crude output likely rebounded while wildfires curbed Albertan crude and bitumen output by nearly 90 kb/d on average, to 1.78 mb/d in total. Scheduled maintenance at the offshore Terra Nova and Hibernia fields in Newfoundland further cut output. An oil spill from a Nexen pipeline in northern Alberta led the company to shut in production at its Kinosis/Long Lake project. Nexen, a subsidiary of China National Offshore Oil Corp. Ltd. (CNOOC), started the first 20 kb/d phase of the Long Lake project in 2014. Plans to expand the plant's output to its 70 kb/d regulatory approved capacity were slowed earlier this year, with Nexen announcing company layoffs following the decline in oil prices.





Canadian oil output is forecast to average 4.3 mb/d in 2015, relatively unchanged from 2014, before expanding by 160 kb/d in 2016 as new projects ramp up production. Amongst others, Cenovus Energy plans to add 100 kb/d oil sands output next year as it expands its Christina Lake (Phase F) and Foster Creek (Phase G) facilities. Canadian Natural Resources Limited is also on track to expand output at its Horizon project towards the end of 2016 and 2017.

Mexico - June actual, July preliminary: Mexican oil output continued its recovery in July, following a deadly explosion at an offshore installation that has curtailed output since April. Total production inched up another 55 kb/d to 2.6 mb/d after recovering 20 kb/d a month earlier. As supplies rebounded, the year-on-year contraction eased to 120 kb/d compared with an average of 255 kb/d through 1H2015.

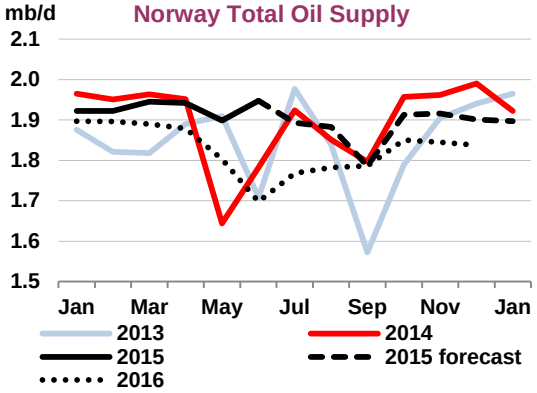


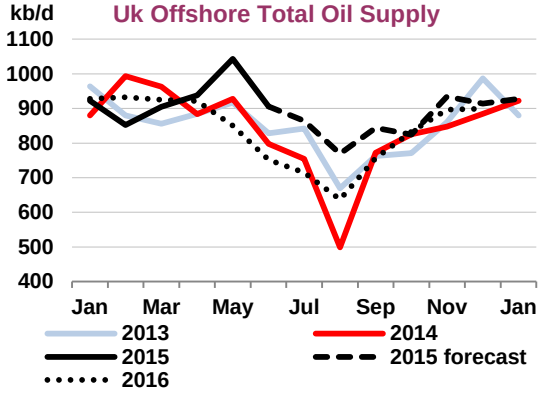
After a disappointing Round One of Mexico's oil sector opening to foreign investments, the National Hydrocarbons Commission postponed its auction for deep-water blocks in the Gulf of Mexico to the end of September from July to improve the terms and generate more interest. The auction is the fourth, and most coveted package of blocks under the country's licensing round that kicked off in December 2014. The first round, which included 14 shallow water exploration blocks, resulted in only two awards in July, falling short of the Governments targets. Bidders had to reach or exceed two targets set by the Finance ministry, revealed only after the bids were entered. The first target was a minimum state stake in operational profit. For most blocks that target was 40%, though for others it was set at 25%. The second target was the "increment in the minimum work program" but that was set at zero on all the blocks. Mexican start-up Sierra Oil and Gas in a consortium with Talos Energy and Premier Oil won both the blocks that were awarded. Bids from a consortium of Murphy Oil and Petronas for two other blocks were rejected as they fell 5% short of the target set by the government. A second auction, including five shallow water development contracts will be awarded on 30 September and a third for 26 onshore blocks on 15 December.

North Sea

Norway – May actual, June preliminary: Norway's total oil output exceeded expectations again in June. At 1.95 mb/d, total output was nearly 50 kb/d higher than a month earlier and almost 10% above the same month a year ago when significant maintenance work and unscheduled outages curtailed output. NGLs production accounted for roughly 350 kb/d of total output.

Statoil announced it had started production at its Gullfaks South project at end-July, only three years after the project for improved oil recovery was approved. The satellite installation, part of Statoil's fast track project, is expected to add 65 mb of output to the mature field, which was first brought on line in 1998. The company also announced it had drilled the first production well at its Gina Krog field in July.

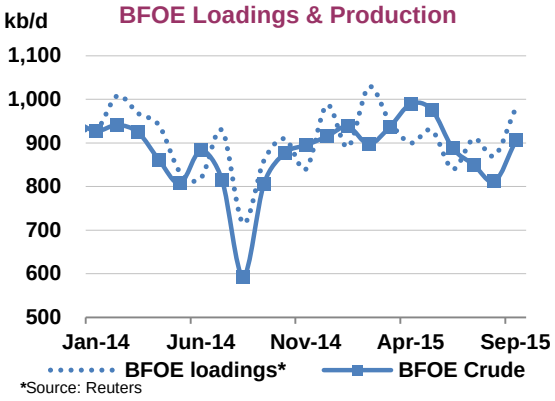


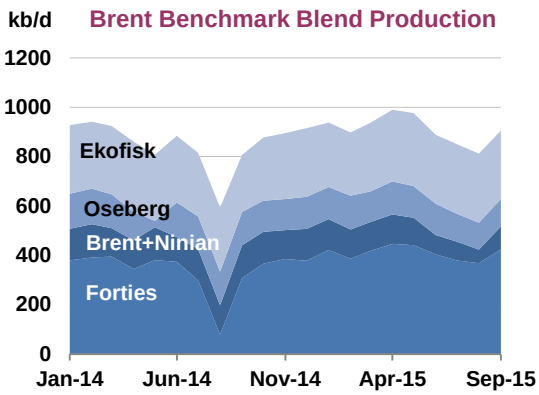


UK – May actual, June preliminary: UK oil producers posted another month of strong output in May, recording the highest monthly average since February 2012. At 1085 kb/d, total output stood 115 kb/d above a year earlier on improved efficiencies and due to production from new fields such as Nexen's

Golden Eagle field and the BP-operated Kinnoull field, both which feed into the Forties pipeline system. While preliminary data indicate UK output slipped in June by around 110 kb/d as summer field maintenance picked up, output remained 105 kb/d up on the year prior.

North Sea loading schedules for crudes underpinning the Brent benchmark suggest North Sea output slipped further in July and August as field maintenance intensified, before rebounding sharply in September. The Brent benchmark is based on four crude streams, including Brent, Forties, Oseberg and Ekofisk (BFOE). Initial schedules show that loadings were to rise to 980 kb/d in September, from a downwardly revised 870 kb/d in August and 840 kb/d and 910 kb/d in June and July, respectively. The biggest increase in September was to come from the Forties stream, which was set to lift loadings by 110 kb/d to 460 kb/d.



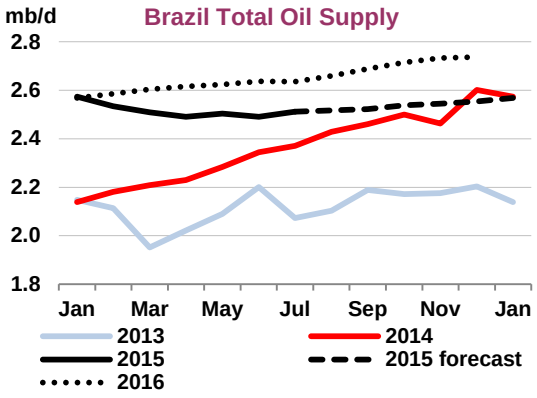


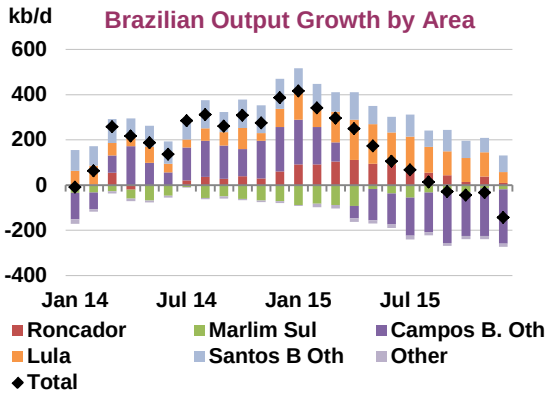
With higher output from both Norway and UK offshore fields in the first half of the year, North Sea oil production looks on track to post an annual increase of 65 kb/ d in 2015, to nearly 3 mb/d. Offshore output rose already in 2014, by 35 kb/d, after higher prices prompted increased investments reversing years of field decline. If confirmed, 2015 would mark the first time with two consecutive years of North Sea output growth since 1999-2000. The latest oil rout will likely contribute to another production slump in 2016, as companies curtail spending and decline rates accelerate once again. Total North Sea output is forecast 150 kb/d lower in 2016, of which Norway and the UK account for roughly equal shares.

Non-OECD

Latin America

Brazil – June actual: After posting a small monthly increase in May, Brazilian oil supplies nudged down in June. A 20 kb/d monthly increase in Santos Basin output was not enough to offset declines in the Campos Basin, taking total supplies down by 12 kb/d compared with the month earlier. At 2.50 mb/d, total oil output nevertheless stood some 150 kb/d above a year earlier.

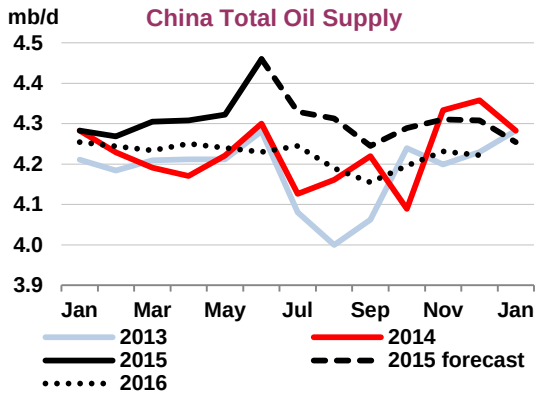


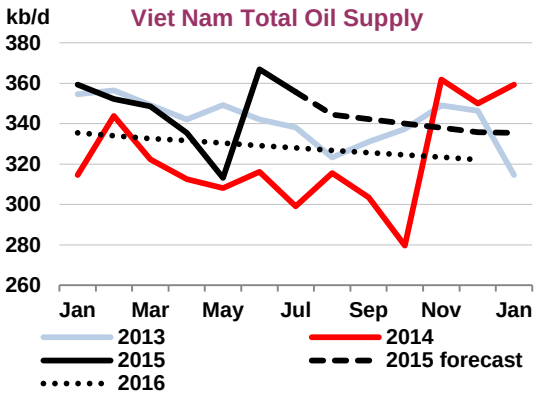


Growth remains firmly rooted in the Santos Basin, where the massive Lula field continues to ramp up. In June, output at the massive field averaged nearly 300 kb/d, contributing 150 kb/d to annual gains. The second largest contributor to growth was the Sapinhoá field, which added 100 kb/d from a year earlier, to reach 200 kb/d. In the Campos Basin, an increase of 115 kb/d in Roncador output was not enough of offset declines at Marlim Sul and smaller drops at a number of other fields. Total basin output was down 100 kb/d from a year earlier. Lula output will get a further boost in coming months following the start-up of the Cidade de Itaguai FPSO at the end of July – ahead of earlier expectations. The 150 kb/d vessel, which is moored at the Iracema Norte area of the Lula field, will ramp up towards its 150 kb/d capacity through early 2017. Another five FPSOs will be added before the end of 2016. This will offset declines at more mature fields and lift output to 2.65 mb/d in 2016 on average, up from 2.52 mb/d expected this year.

Asia

China – June actual: Chinese crude production surged by nearly 140 kb/d in June to a record-high above 4.4 mb/d. While no field level data was available at the time of writing, increases likely stemmed from offshore fields operated by China National Offshore Oil Company (CNOOC). In its 2015 Business Strategy and Development plan published in February, CNOOC announced it planned to increase production capacity by 120 kb/d this year with the start-up of seven projects. Following an announcement on 30 June that the 30 kb/d Bozhang field had started operations, in July the company reported first oil from its Luda 10-1 project in the Bay of Bohai. Earlier in the year, the Jinzhou 9-3 oilfield in North Liaodong Bay in Bohai was the first project to be brought on stream in February, followed by the shallow-water Kenli 10-1 oilfield, which lies to the south of Bohai, in April and its Dongfang1-1 project ahead of schedule around mid-June. Two more projects, Weizhou 12-2 oil field joint development and Weizhou 11-4N oil field Phase II, both in Western South China Sea, are scheduled to commence production in second half 2015. These two projects, together with the other five brought on stream earlier, would enable CNOOC to achieve its 2015 net production target of around 475 to 495 mboe.





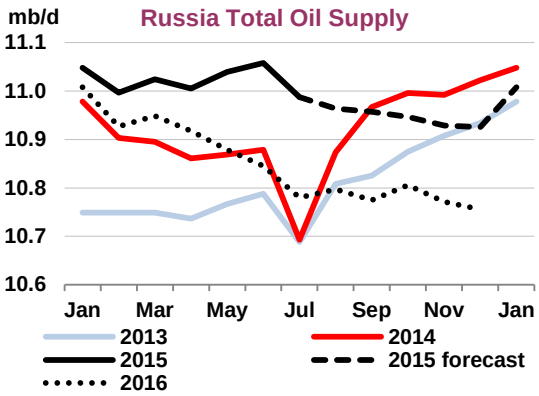
Viet Nam – July actual: After a temporary dip in May, Vietnamese oil production rebounded sharply over June and July, registering annual increases of roughly 50 kb/d for both months. While Viet Nam has increased its production by 11% over the first half of 2015, to 8.38 million mt, or roughly 345 kb/d, the decline in global oil prices has seen revenues contributed by crude oil sales to the national budget curtailed. In an attempt to make up for the shortfall and amid concerns that lower oil price would impact negatively on economic growth, Viet Nam recently revised up its crude oil output target for 2015. The country's oil ministry announced in early July that the national oil and gas group PetroVietnam would have to produce an extra 1 million mt of crude in 2015, raising the full-year target to 15.74 million mt from 14.74 million mt a year earlier to achieve a target of annual economic growth of 6.2%.

In **Indonesia**, ExxonMobil cut production at its newly started Banyu Urip project in the Cepu block in July to facilitate the installation of new production units allowing it to ramp up to capacity. The field was reportedly producing around 85 kb/d in early July and the shutdown was expected to temporarily reduce output by about 20 kb/d. According to upstream regulator SKK Migas, production may already reach 149 kb/d in August. Exxon, in its latest quarterly earnings report, raised peak output target from 165 kb/d previously to 200 kb/d. Indonesia targets crude production to average 825 kb/d in 2015.

Former Soviet Union

Russia – June actual, July provisional: Crude and condensate production in Russia showed a monthly drop of around 75 kb/d in July, to 10.65 mb/d as maintenance at Gazprom's Surgut gas condensate plant curbed output. Supplies were nevertheless 250 kb/d higher than a year earlier, with small independent producers and PSAs, as well as Gasprom, Bashneft and Novatek providing the bulk of the additions. Russia's number one and two producers - Rosneft and Lukoil - meanwhile saw annual output declines of 50 kb/d and 20 kb/d, respectively.

In its latest earnings report, Bashneft announced that it had increased output 10.4% y-o-y, to 390 kb/d in 2Q15, confirming the company as the fastest-growing oil producer. Novatek meanwhile confirmed its target to double liquids output to 8.6 million mt in 2015 while lifting gas output 27% to 68.1 bcm, as outlined in its 2011-2020 strategy presented to investors at the end of 2011. The company has brought on several JV projects in 2015 and plans to start up its 75 kb/d Yarudeiskoye field before the end of this year.



Despite the success of Novatek, Bashneft and other independent producers, Russia's output is expected to decline later this year and next. Including gas plant liquids output, total Russian production is seen falling from an average 10.99 mb/d in 2015 to 10.85 mb/d in 2016, as lower prices and sanctions takes their toll on output growth.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	3Q2014	4Q2014	1Q2015	2Q2015	Apr 15	May 15	Jun 15	Latest month vs. May 15	Latest month vs. Jun 14
Crude											
Black Sea	1.78	1.62	1.59	1.50	1.83	1.56	1.59	1.56	1.52	-0.04	-0.04
Baltic	1.57	1.33	1.32	1.20	1.47	1.45	1.56	1.32	1.47	0.15	0.16
Arctic/FarEast	0.81	1.14	1.23	1.26	1.36	1.41	1.43	1.44	1.37	-0.07	0.17
BTC	0.64	0.60	0.68	0.55	0.64	0.61	0.58	0.59	0.64	0.05	0.00
Crude Seaborne	**4.80**	**4.69**	**4.82**	**4.51**	**5.29**	**5.03**	**5.16**	**4.91**	**5.01**	**0.10**	**0.29**
Druzhba Pipeline	1.03	1.01	1.03	0.99	1.07	1.08	1.10	1.13	1.01	-0.12	0.07
Other Routes	0.57	0.40	0.28	0.21	0.25	0.24	0.26	0.25	0.23	-0.03	-0.16
Total Crude Exports	**6.40**	**6.14**	**6.22**	**5.81**	**6.61**	**6.35**	**6.52**	**6.29**	**6.24**	**-0.05**	**0.21**
Of Which: Transneft[1]	4.08	3.88	3.90	3.65	4.27	4.16	4.36	4.08	4.04	-0.04	0.27
Products											
Fuel oil[2]	1.64	1.72	1.79	1.71	1.65	1.58	1.75	1.47	1.52	0.05	-0.19
Gasoil	0.85	0.95	0.88	0.88	1.22	1.04	1.08	1.03	1.03	0.01	0.00
Other Products	0.51	0.57	0.55	0.50	0.73	0.69	0.65	0.79	0.63	-0.16	0.04
Total Product	**3.00**	**3.25**	**3.22**	**3.09**	**3.61**	**3.31**	**3.48**	**3.28**	**3.18**	**-0.10**	**-0.15**
Total Exports	**9.40**	**9.38**	**9.44**	**8.90**	**10.22**	**9.66**	**10.00**	**9.57**	**9.42**	**-0.15**	**0.06**
Imports	0.08	0.08	0.10	0.10	0.05	0.07	0.05	0.07	0.08	0.00	0.01
Net Exports	**9.32**	**9.30**	**9.34**	**8.81**	**10.17**	**9.60**	**9.94**	**9.50**	**9.34**	**-0.16**	**0.05**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

OECD STOCKS

Summary

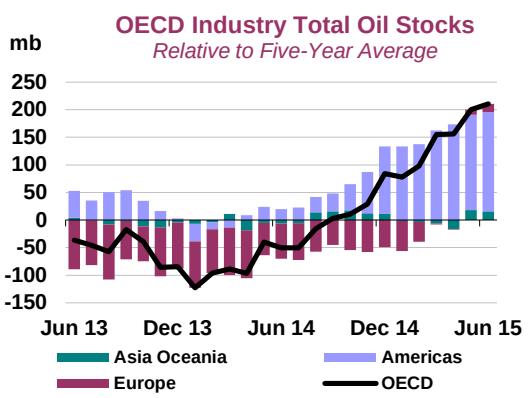
- **The supply overhang has persisted and reached a staggering 3.0 mb/d in 2Q15, the widest gap in 17 years, as ever-higher flows of oil hit world markets. The pace of stock builds should ease over 2H15** as non-OPEC supply growth is expected to slow and projected demand growth remain above trend. Of the 273 mb global inventory overhang in 2Q15, 160 mb can be accounted for; OECD stocks climbed by 102 mb, Chinese inventories added 50 mb and Iranian floating storage rose by 8 mb.

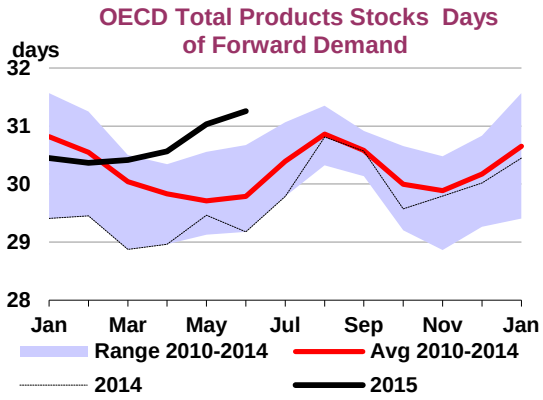
- **After posting a 9.9 mb counter-seasonal build, OECD inventories hit an all-time high of 2 916 mb in June**. Consequently, inventories' surplus to average levels rose to a record 210 mb from 200 mb one month earlier.

- **OECD refined product inventories rose by a steep 14.0 mb as the seasonal restocking of 'other products' continued apace.** By end-June, refined products covered 31.3 mb days of forward demand, 0.2 days above end-May. Middle distillates rose counter-seasonally by 1.2 mb and by end-month stood at a 25 mb surplus to the five-year average.

- **Preliminary data point to OECD stocks adding a further 21.2 mb in July** after refined products continued to build along seasonal lines, NGLs and other feedstocks rose steeply and crude oil drew by a weaker-than-normal 5.0 mb.

- **China's stockpiling of crude may continue for some time to come. Beijing has built up inventories over recent months following the commissioning of a further tranche of its Strategic Petroleum Reserve capacity**. There could be an additional two SPR sites ready to take oil by the end of the year with combined capacity of 50 mb.





Global overview

Rising volumes of oil on world markets widened the gap between supply and demand in 2Q15 to an exceptional 3.0 mb/d, the highest since 1998. The global inventory overhang grew to a notional 273 mb, of which approximately 160 mb can currently be accounted for. OECD stocks rose by 102 mb, Chinese inventories added 50 mb while volumes of Iranian crude held on tankers increased by 8 mb. Going forward, our forecast suggests the pace of stock builds should ease over the second half of 2015 as non-OPEC supply growth gradually slows and demand remains above trend.

While it has been suggested that inventories are approaching tank tops, pricing signals indicate this is not the case. Benchmark crude prices for prompt delivery weakened significantly over July, but the back of the forward curves moved in tandem with the front so the contango structure – where prompt oil is

cheaper than future months – remained relatively steady. For example, by late July, the spread between M1-M3 contracts for ICE Brent widened slightly to $1.34/bbl from $1.08/bbl one month earlier. If storage was brimming, the prompt price would weaken faster than at the back of the curve to a level which would encourage storing oil on tankers at sea – a so-called 'supercontango'. The last 'supercontango' occurred over 2008 -2010, during which the spread in the M1-M3 ICE Brent contract exceeded $8 /bbl. In contrast, the M1-M3 contango in the ICE gasoil contract has widened over the past month to stand at $6.50 /bbl at the time of writing. This is not necessarily a signal that inventories are full. Instead, it may reflect that inventories in the ARA region, which includes Rotterdam – the delivery point of the contract, are at very high levels. Indeed, in July, it was reported that volumes stored in independent storage in Northwest Europe had reached a multi-year high.

OECD inventory position at end-June and revisions to preliminary data

After posting a 9.9 mb counter-seasonal build, OECD inventories hit a record 2 916 mb in June. As a result, inventories' surplus to average levels increased to a record 210 mb from 200 mb one month earlier.

Preliminary Industry Stock Change in June 2015 and Second Quarter 2015

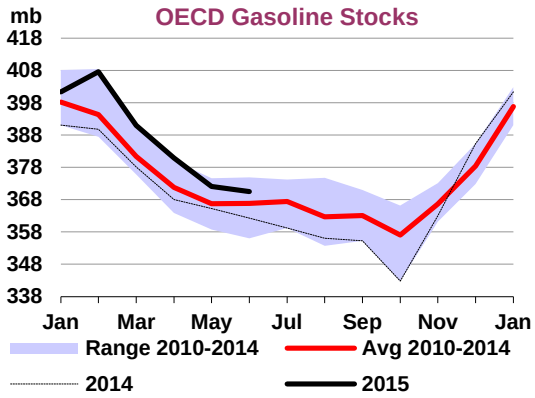
	June 2015 (preliminary) *(million barrels)*				June 2015 (preliminary) *(million barrels per day)*				Second Quarter 2015 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-6.0**	**0.0**	**1.8**	**-4.2**	**-0.20**	**0.00**	**0.06**	**-0.14**	**-0.02**	**-0.03**	**0.24**	**0.19**
Gasoline	-1.7	-0.1	0.2	-1.6	-0.06	0.00	0.01	-0.05	-0.14	-0.11	0.02	-0.22
Middle Distillates	7.4	-5.3	-0.8	1.2	0.25	-0.18	-0.03	0.04	0.18	0.17	0.05	0.40
Residual Fuel Oil	-0.3	2.6	-1.7	0.6	-0.01	0.09	-0.06	0.02	0.02	0.03	0.01	0.07
Other Products	14.5	-0.4	-0.4	13.7	0.48	-0.01	-0.01	0.46	0.48	-0.03	0.05	0.50
Total Products	**19.9**	**-3.2**	**-2.7**	**14.0**	**0.66**	**-0.11**	**-0.09**	**0.47**	**0.55**	**0.06**	**0.14**	**0.74**
Other Oils[1]	1.9	0.1	-1.9	0.1	0.06	0.00	-0.06	0.00	0.14	0.00	0.01	0.16
Total Oil	**15.8**	**-3.0**	**-2.9**	**9.9**	**0.53**	**-0.10**	**-0.10**	**0.33**	**0.67**	**0.03**	**0.39**	**1.09**

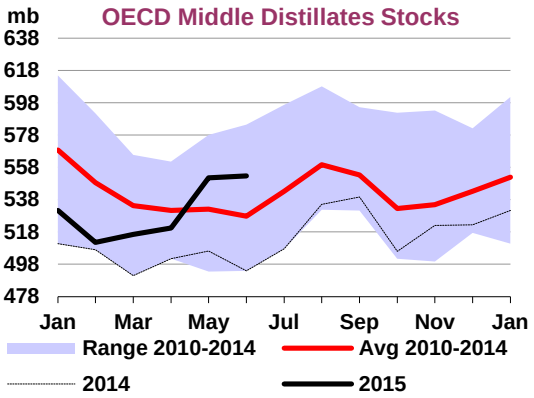
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Three factors caused inventories to defy seasonal patterns. Firstly, as in previous years, the June stock build was driven by the replenishment of 'other products' centred in the US that are composed mostly of ethane and propane - closely linked to natural gas production. As US natural gas output has posted significant year-on-year growth over the past few years, stocks have grown steadily outside of the peak winter space-heating demand season. The build-up in June this year was even steeper than average. By end-month, OECD 'other products' stood 36.7 mb and 35.5 mb above average and last year, respectively.

Secondly, crude oil stocks drew by 4.3 mb, less than half the seasonal draw over the past five years. Despite inventories in the OECD Americas falling seasonally as refiners there continued to ramp up throughput, stocks elsewhere in the OECD remained on an upward path. European refinery intake stood 1 mb/d above a year earlier, but crude inventories steadied, suggesting that regional crude supply remained high. Meanwhile, stocks rose counter-seasonally by 1.8 mb in Asia Oceania after Japanese holdings added a steep 4.0 mb with refinery activity slowing as maintenance and run cuts took hold.

Finally, middle distillates increased by 1.2 mb, counter-seasonal to the 4.3 mb average draw for the month. As discussed in last month's *Report*, middle distillates stocks are rising as OECD refiners boost gasoline output. Nonetheless, OECD gasoline holdings are broadly following seasonal trends and dropped by 1.6 mb in June, marking the fourth consecutive monthly draw. Nonetheless, by end-month, OECD gasoline holdings remained above last year and average levels in both absolute and days of forward cover terms.





All told, refined products added 14.0 mb in June, more than twice the seasonal build for the month. Accordingly, the surplus of inventories versus average levels widened to 56 mb from 49 mb one month earlier. Even when discounting the overhang of 'other products' on the basis that they have limited use and largely bypass the refinery system, refined product stocks stood more than 19 mb above average. The only product category in deficit to average levels is fuel oil, which now has limited use in the OECD due to recently-introduced stricter bunker fuel regulations in Northwest Europe and North America. At end-June, refined product stocks covered 31.3 days of forward demand, 0.2 days above end-May.

Revisions versus 10 July 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Apr-15	May-15	Apr-15	May-15	Apr-15	May-15	Apr-15	May-15
Crude Oil	**1.3**	**6.1**	**1.1**	**-8.3**	**-0.5**	**7.4**	**1.9**	**5.2**
Gasoline	0.1	3.2	0.5	2.9	0.0	-0.4	0.5	5.8
Middle Distillates	-0.3	3.5	1.5	12.7	0.0	-1.0	1.2	15.2
Residual Fuel Oil	0.1	0.3	0.3	0.8	0.0	0.1	0.4	1.2
Other Products	0.0	-1.7	-0.2	-0.6	0.0	-0.5	-0.2	-2.8
Total Products	**-0.2**	**5.3**	**2.0**	**15.8**	**0.0**	**-1.8**	**1.9**	**19.4**
Other Oils[1]	0.2	6.6	0.2	-1.0	0.0	0.3	0.4	5.8
Total Oil	**1.3**	**17.9**	**3.3**	**6.4**	**-0.5**	**6.0**	**4.1**	**30.3**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Upon the receipt of more complete data, OECD inventories in May were revised up by a considerable 30.3 mb with the net-effect being that the 38.0 mb build presented in last month's *Report* is now seen considerably steeper at 64.2 mb, the highest for 12 months. OECD Americas (predominantly the US) accounted for broadly half of the revision with all oil categories except 'other products' now seen higher. European inventories were adjusted up by 6.4 mb on a 8.5 mb upward revision to Germany which more-than-offset downward adjustments to Italy and the UK. Likewise, OECD Asia Oceania's holding were revised up by 6.0 mb

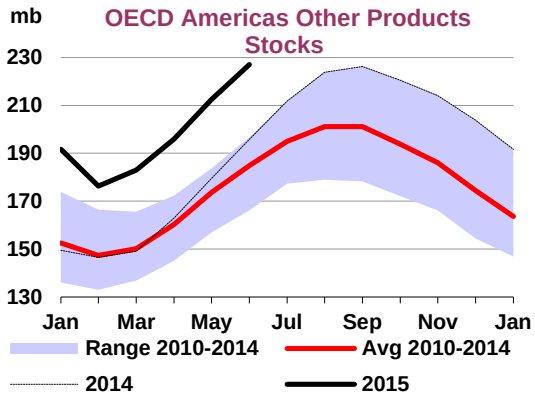
Preliminary data for July suggest that OECD inventories have remained on an upward trajectory in July and added 21.2 mb over the month with all OECD regions posting builds. Although refined products added 20.8 mb, this was weaker than the 28.9 mb average build for the month as fuel oil (-3.0 mb) and motor gasoline (-2.8 mb) drew relatively steeply. Crude oil fell by a weak 5.0 mb as European stocks built counter-seasonally while NGLs and other feedstocks added a steep 5.3 mb after builds in the Americas and Asia Oceania.

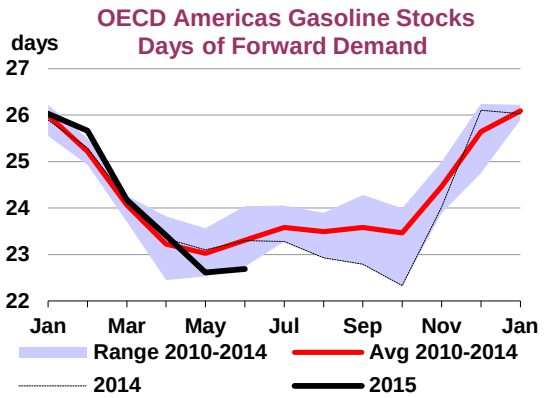
Recent OECD industry stock changes

OECD Americas

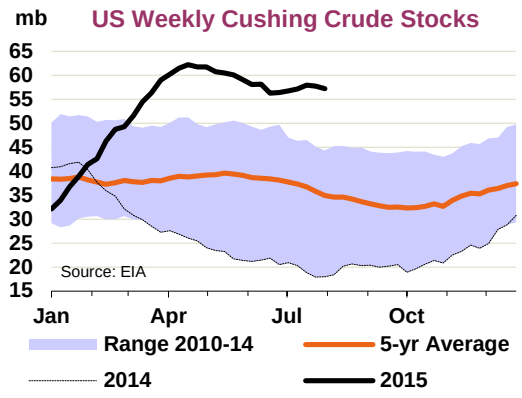
Commercial inventories in OECD Americas rose by a steep 15.8 mb in June, nearly double the five-year average build for the month. This saw stocks end the month a record 179 mb above average and 163 mb higher than one year earlier. Refined products rose by a steep 19.9 mb as the seasonal restocking of 'other products' continued apace. Propane accounts for the majority of this category and inventories have risen in tandem with surging US natural gas production and despite US propane exports hitting a record 500 kb/d in June.

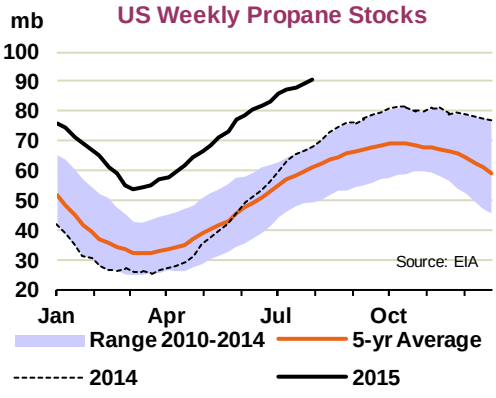
Stocks were lifted further by middle distillates holdings, which rose by 7.4 mb, steeper than the 0.4 mb average build for the month. In contrast, motor gasoline inventories drew counter-seasonally by 1.7 mb. Although gasoline stocks stand above average and last year's level on an absolute basis, the opposite holds on a days-of-forward-demand basis due to stronger regional motor gasoline demand. All told, regional refined products holdings covered 30.4 days of forward demand at end-June, 0.9 days above one month earlier. Meanwhile, regional crude inventories adhered to seasonal trends and slipped by 6.0 mb as refinery throughputs continued to ramp up but nonetheless remained 108 mb above average.



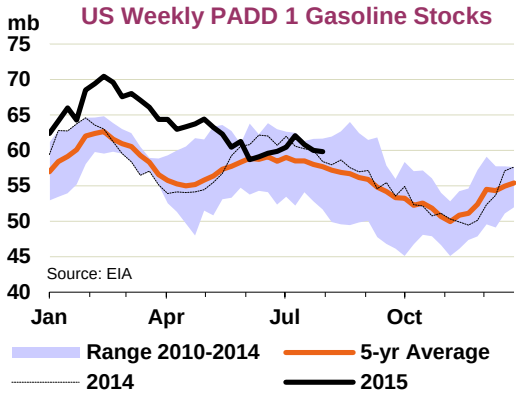


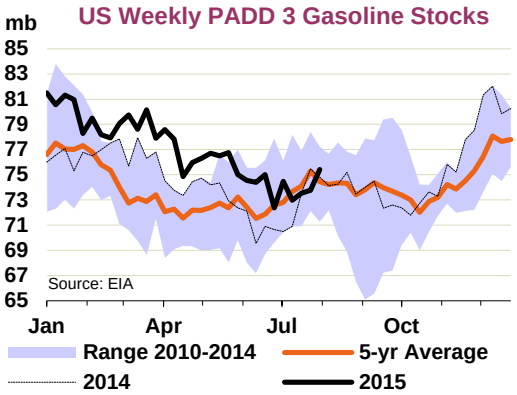
Preliminary weekly data from the US Energy Information Administration suggest that US commercial inventories followed seasonal trends and rose by 10.1 mb in July as an 18.8 mb increase in refined products more-than-offset a 10.3 mb fall in crude oil. The decrease in crude oil holdings was centred on the Gulf Coast (PADD 3, -6.3 mb m-o-m). In contrast, stocks in the midcontinent (PADD 2) only inched down by 0.7 mb after they were buttressed by a rebound in imports from Canada which were disrupted by wildfires the previous month. Moreover, NYMEX WTI was pressured downwards after levels at the Cushing, Oklahoma storage hub remained stubbornly high on the rise in imports. By end-July, they stood at about 57.2 mb, more than 39 mb above one year earlier.





Stocks of refined products rose for the fifth consecutive month as the seasonal replenishment of propane inventories continued at a faster-than-average pace. Middle distillates also added a steep 9.4 mb, which saw their surplus to average levels widen to 12 mb. In contrast, motor gasoline inventories slipped counter-seasonally by 0.7 mb. The draw was concentrated on the Atlantic Coast (PADD 1, -0.4 mb) and the Rocky Mountains (PADD 4, -0.6 mb) while stocks on the Gulf Coast rose by 1.8 mb. Following the closure of a number of PADD 1 refineries over recent years, the region has become increasingly gasoline short, which has seen it import increasing volumes from PADD 3. Over recent months, extra volumes have been required which have had to be sourced from outside the US due to prohibitively high freight rates and little spare pipeline capacity.





OECD Europe

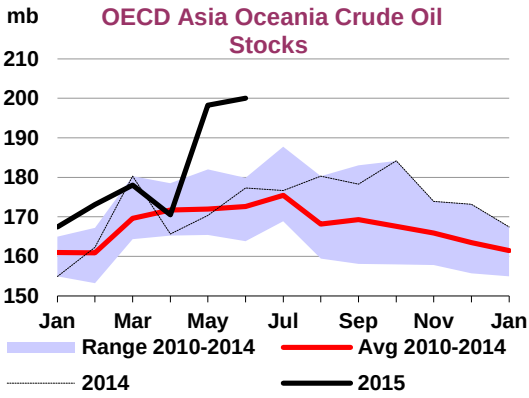
European commercial inventories slipped by 3.0 mb in June after crude inventories remained remarkably stable considering that refinery throughputs stood more than 1 mb/d higher than one year earlier. In contrast, and despite the higher runs, refined products drew seasonally by 3.2 mb to cover 38.4 days of forward demand at end-month, 0.6 days below end-May. Healthy margins on the back of high gasoline cracks stimulated refiners to run harder than usual. Reports suggested that the extra gasoline produced was exported to markets including the US Atlantic Coast and West Africa. This is confirmed by inventory data as gasoline holdings inched down by 0.1 mb. A surprising 5.3 mb draw in middle distillate holdings appears counter-intuitive and open to subsequent revision given that the region remains awash with middle distillates as refinery output remains high, demand remains on a par with one year earlier and the region has been a target for US and Russian imports. The only product category to post a build was fuel oil (+2.6 mb), which rose as trade to Asia dried up in response to surging inventories in Singapore.

Recent data suggest that refined products held in independent storage in Northwest Europe remain at close to record levels after recent builds. Meanwhile, data from Euroilstock suggest that inventories in EU15+Norway rebounded counter-seasonally by 4.4 mb over July. Inventories were propelled upwards by crude oil that defied seasonal trends and added 4.8 mb despite throughputs rising on the month. Refined products inched down by 0.4 mb with all product categories posting draws except middle distillates (+1.9 mb).

OECD Asia Oceania

Industry inventories in OECD Asia Oceania fell by a broadly seasonal 2.9 mb after a 2.7 mb draw in refined products and combined a 1.9 mb drop in NGLs and other feedstocks more-than-offset a 1.8 mb rise in crude oil. The build in crude stocks was centred in Japan where stocks added a sharp 4.0 mb as refiners cut runs amid shrinking margins and seasonal maintenance. Overall, regional refinery throughputs fell by 360 kb/d with simple refiners in particular cutting runs after margins turned negative. Consequently, fuel oil production fell and inventories dropped by a relatively steep 1.7 mb. Meanwhile, middle distillates and 'other products' posted draws of 0.8 mb and 0.5 mb, respectively. The only category to build was gasoline, which added a slim 0.2 mb. All told, regional refined product inventories covered 21.2 days of forward demand at end-June, 0.6 days below end-May.

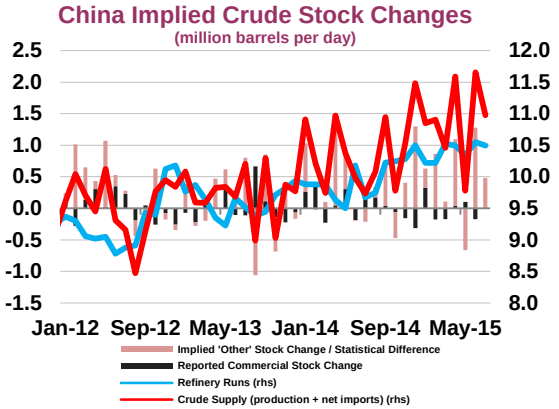
Weekly data from the Petroleum Association of Japan (PAJ) suggest that Japanese commercial inventories rose seasonally by 6.7 mb in July. As Japanese refinery runs rebounded by nearly 450 kb/d, product holdings increased by 2.5 mb as middle distillates and 'other products' added 2.8 mb, respectively. On the other hand, gasoline stocks dropped seasonally by 0.6 mb while fuel oil stocks fell by a further 1.3 mb. Despite the increase in refinery activity, crude oil inched up by 0.5 mb likely on increased imports, while NGLs and other feedstocks soared counter-seasonally by 3.7 mb.

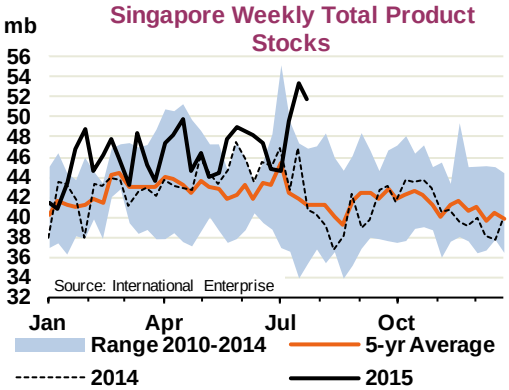


Recent developments in Singapore and China stocks

Data from *China Oil, Gas and Petrochemicals* (*China OGP*) indicate that during June Chinese commercial crude inventories fell by an equivalent 5.1 mb (data are reported in terms of percentage stock change). However, these stock changes do not include China's SPR. During June, as crude imports hit their second highest-ever monthly level, the surplus between crude supply (domestic production plus net imports) and refinery runs signalled that unreported crude stocks built by 38 mb. Moreover, initial indications are that crude supply has continued to run ahead of demand in July with stocks potentially rising by a further 15 mb. Much of this extra oil was likely destined for a newly-completed SPR site at Huangdao, which reportedly opened in June with 19 mb of working capacity. Over the second half of 2015, two new SPR sites located at Huizhou and Jinzhou with a combined capacity of over 50 mb could be commissioned. Additionally, an 8 mb commercial facility located in Hainan is due to commence filling before end-August.

In June, *OGP* data point to commercial product stocks increasing by a combined 6.4 mb as refinery throughputs ramped up to a record 10.5 mb/d. All product categories built, notably gasoil added an equivalent 4.6 mb amid reports of sluggish domestic demand and as exports hit a new record. Gasoline stocks rose by 1.3 mb, likely tempered by healthy consumption, and kerosene holdings increased by 1.2 mb.

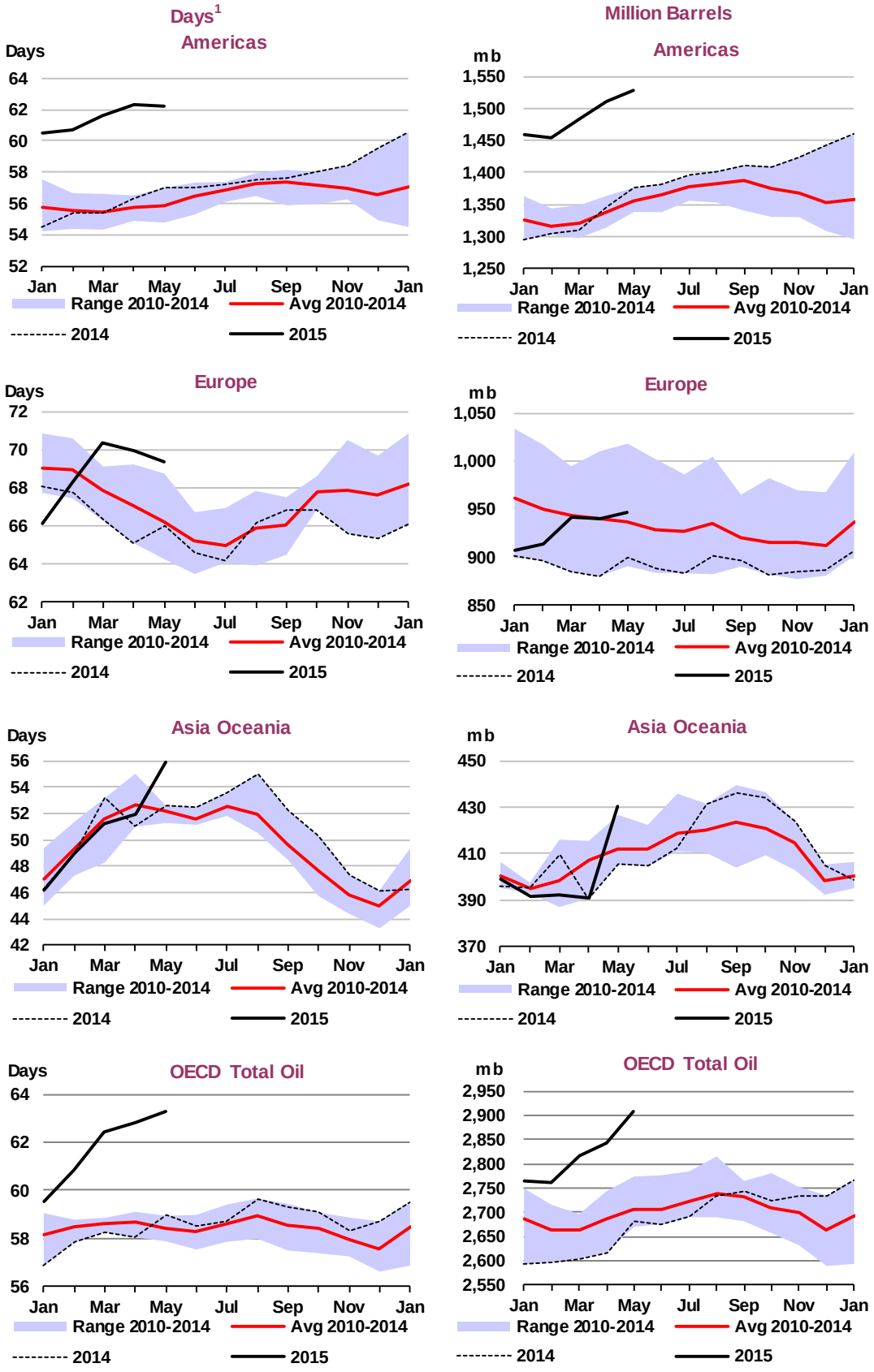




Data from International Enterprise point to on-land refined product inventories in Singapore surging by 7 mb in July. Most of this build came in the third week of the month when both middle distillates and fuel oil holdings soared upon the arrival of a flotilla of cargoes. By end-month, middle distillates, fuel oil and gasoline stood 3.6 mb, 2.5 mb and 1.0 mb above one month earlier.

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

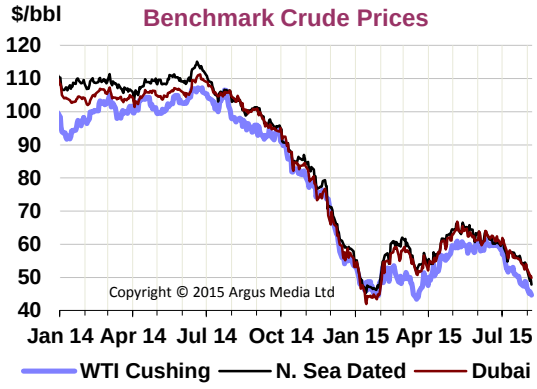
- **Crude oil oversupply and a strong US dollar weighed heavily on benchmark crude prices, which fell sharply during July and into early August.** By early-August, prompt month futures prices had dropped by around 25% from end-June levels. At the time of writing ICE Brent was trading around $49/bbl while NYMEX WTI was at $43.30/bbl.

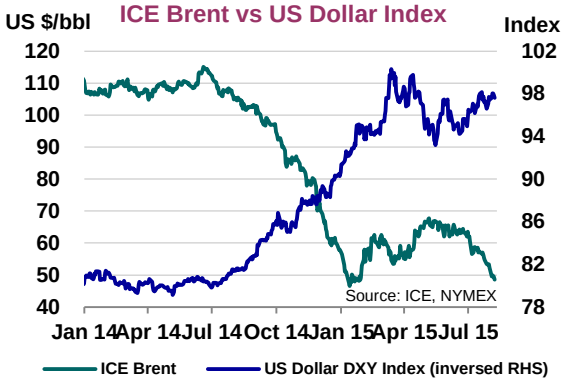
- **While oversupply weighed heavy on the front of futures curves, the 14 July agreement over Iran's nuclear programme had a more marked impact on the back of the curve.** By late-July, the contango structure – where oil for immediate delivery is cheaper than future months – of the M1-M12 spreads for WTI and ICE Brent had widened to double that at end-June.

- **Despite record high refinery runs, spot crude prices fell across the board as crude supply continues to outstrip demand with refiners holding ample inventory**. WTI suffered the sharpest losses as US Light Tight Oil (LTO) output continues to be extraordinarily resilient while imports climbed.

- **Product prices tracked crude prices in July and weakened across the board**. The scale of losses varied: tight Atlantic Basin supply buttressed gasoline prices, while brimming inventories pressured products in the middle and bottom of the barrel.

- **Despite high OPEC crude output, freight rates for VLCCs on trades between the Middle East and Asia ended July lower than where they began** as Saudi exports dipped seasonally in-line with an increase in domestic crude burn for electricity generation.

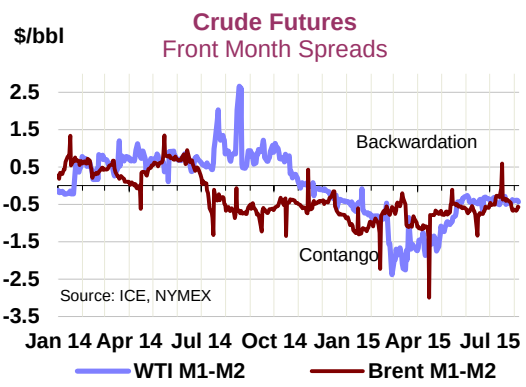


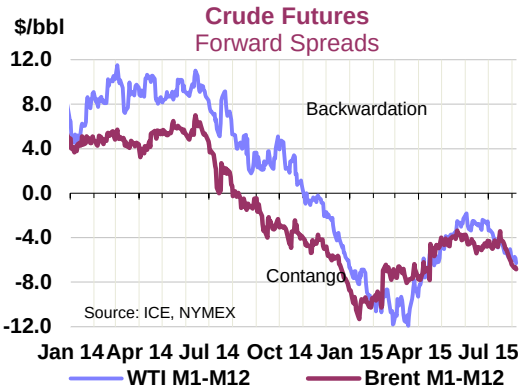


Market overview

Crude prices sent a strong signal during July and early August that world markets are oversupplied. All marker crudes posted steep losses as Middle East OPEC producers continued to pump at high rates while concerns of a weak economy, especially in China, added pressure. Turmoil in Greece and concern over a 'Grexit'also weighed and saw the Euro weaken against the US dollar in early-July.

Losses on US WTI were steeper than other benchmarks due to the resilience of US domestic production and stubbornly high inventories at the Cushing, Oklahoma storage hub. At the time of writing, the contract for prompt delivery stood at $43.30/bbl, having lost $16.20/bbl (27%) from end-June. Over the same period, ICE Brent lost $14.60/bbl (23%) and was last trading around $49/bbl. In Asia, where much of the extra Middle East crude has been heading of late, Dubai had lost $10.40/bbl and by early-August was trading at $49.86/bbl.





Futures markets were pressured lower by the current supply overhang and after Iran and the P5+1 reached a deal over Tehran's nuclear programme that could see an eventual increase in Iranian exports hitting an already-oversupplied market. Given the current overhang in crude markets, the front-month contango structure remained relatively steady. ICE Brent briefly flirted with backwardation in early July on the expiry of the August contract. By end-July, however, the contango between the first and second months remained about $0.60/bbl – on a par with a month earlier and similar to the contango in the NYMEX WTI contract. On the other hand, market expectations that extra volumes of Iranian oil will not hit world markets until 2016 pressured the back of futures curves downwards. Despite this, the premium of oil for delivery in twelve months' time compared to cargoes for immediate delivery widened over the month. By early-August, The M1-M12 spreads doubled from a month earlier to -$6.85 /bbl and -$6.30 /bbl for ICE Brent and NYMEX WTI, respectively.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

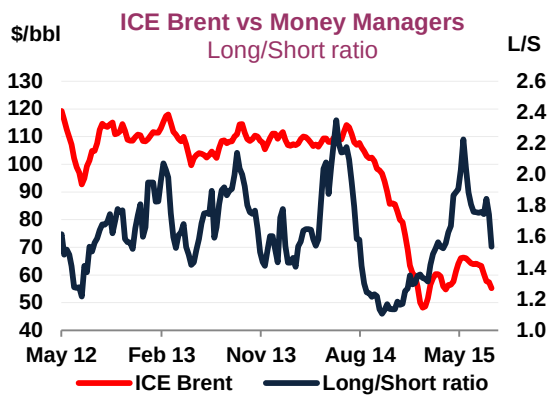
	May	Jun	Jul	Jul-Jun Avg Chg	% Chg	Week Commencing: 06 Jul	13 Jul	20 Jul	27 Jul	03 Aug
NYMEX										
Light Sweet Crude Oil	59.37	59.83	50.93	-8.90	-14.9	52.41	51.69	49.26	47.96	45.11
RBOB	85.19	86.89	80.26	-6.62	-7.6	83.44	80.26	78.95	76.57	69.88
No.2 Heating Oil	82.42	79.34	70.65	-8.69	-10.9	72.33	70.93	69.66	67.04	64.79
No.2 Heating Oil ($/mmbtu)	14.54	13.99	12.46	-1.53	-10.9	12.76	12.51	12.29	11.82	11.43
Henry Hub Natural Gas ($/mmbtu)	2.86	2.77	2.81	0.04	1.4	2.73	2.87	2.84	2.80	2.80
ICE										
Brent	65.61	63.75	56.76	-6.99	-11.0	57.56	57.60	55.94	53.13	49.63
Gasoil	80.54	77.82	69.95	-7.87	-10.1	71.19	70.36	68.41	66.15	63.25
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-6.24	-3.92	-5.83	-1.91		-5.15	-5.91	-6.68	-5.17	-4.52
NYMEX No.2 Heating Oil - WTI	23.05	19.51	19.72	0.21		19.92	19.24	20.40	19.08	19.68
NYMEX RBOB - WTI	25.82	27.06	29.33	2.28		31.03	28.57	29.69	28.61	24.77
NYMEX 3-2-1 Crack (RBOB)	24.90	24.54	26.13	1.59		27.33	25.46	26.60	25.43	23.08
NYMEX No.2 - Natural Gas ($/mmbtu)	11.68	11.22	9.65	-1.57		10.03	9.64	9.45	9.03	8.63
ICE Gasoil - ICE Brent	14.93	14.07	13.19	-0.88		13.63	12.76	12.47	13.02	13.62

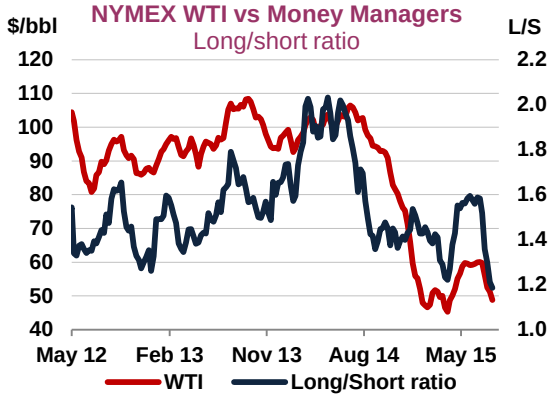
Source: ICE, NYMEX.

Financial markets

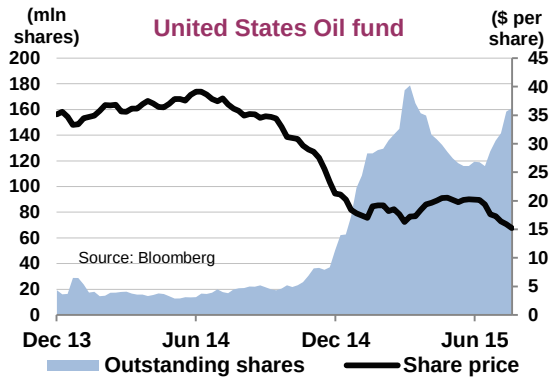
Market activity

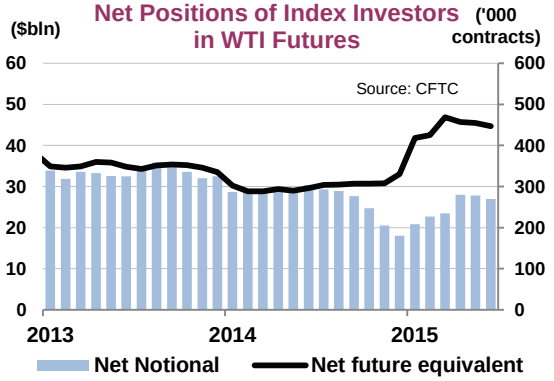
Hedge funds dramatically slashed their positions in crude oil futures and options contracts in July as prices fell below $50/bbl and $45/bbl for Brent and WTI, respectively. Long positions dropped and short positions doubled for both benchmarks, resulting in a dramatic reduction in the *'long-to-short'* ratio, which indicates overall funds' positioning – and suggesting that investors were betting on lower prices persisting. The drop was particularly marked in WTI as the Cushing benchmark came under stronger pressure.





In contrast, the latest drop in oil prices has attracted more money into oil-based funds. WTI-linked funds had previously seen outflows for three third straight months up to June, data compiled from the US Commodity Futures Trading Commission (CFTC) showed. However, more recent data show how investors in the United States Oil fund, the largest exchange-traded fund tracking the WTI price, stepped up their buying again.





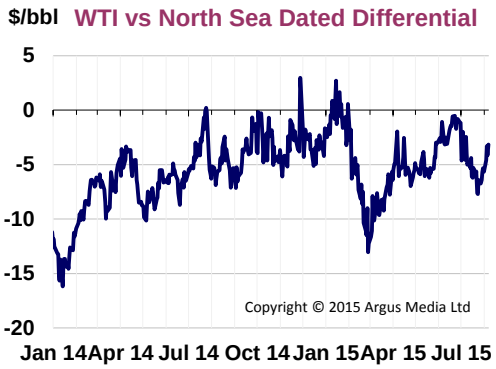
Financial Regulation

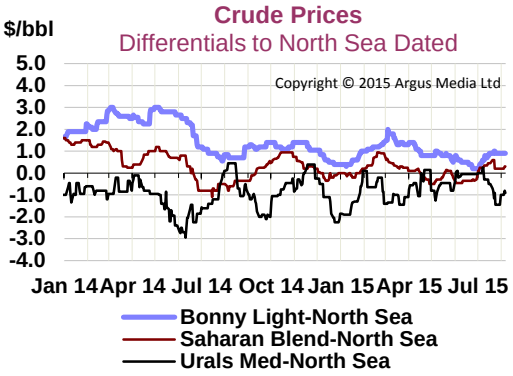
The Volcker Rule, one of the most prominent new rules under the 2010 US Dodd-Frank financial reform, came into force on 21 July. The rule forbids commercial banks ('insured depository institutions') from engaging in proprietary trading. The rule also limits banks' stakes in hedge and private equity funds. Exceptions are made for activities such as hedging, trading government bonds, insurance activities and market making.

Spot crude oil prices

The Atlantic Basin appears to be awash with light crudes as competing grades jostle for market share. Benchmark Dated Brent lost $5.15/bbl (8.4%) over July as reports suggested that relatively high production over June left many cargoes unsold. Indications are that European refiners are well supplied and inventories are high. Additional downward pressure came from South Korea, which throttled back its imports of Forties as low prices for similar Asian grades such as Malaysian Tapis coupled with high freight rates eroded the economics of this long-distance play.

As global gasoline production remains high amid exceptional cracks, light sweet African crudes continued to look attractive to refiners in Europe and Asia. During early June, premiums to Dated Brent widened and held steady even as benchmark crudes weakened.





North American crudes posted the sharpest losses across global benchmarks. WTI lost $8.91/bbl (14.9%) on the month, its steepest monthly fall since January, and saw its discount to ICE Brent widen to $5.58 /bbl in July from $1.83/bbl the previous month. WTI was pressured by counter-seasonal inventory builds at the Cushing, Oklahoma storage hub – the delivery point of the NTMEX WTI contract. Additionally, US imports rose by approximately 500 kb/d as Canadian pipeline imports increased. Seaborne imports rose with Russian ESPO reaching the West Coast for the first time since summer 2014. Additionally, as LLS ran at a premium to North Sea Dated in June, imports of Atlantic Basin crudes are likely to have risen. With LLS moving back to a more-usual discount to Dated Brent in June, it is likely these import flows were choked off.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	May	Jun	Jul	Jul-Jun Avg Chg	%	Week Commencing: 06 Jul	13 Jul	20 Jul	27 Jul	03 Aug
Crudes										
North Sea Dated	64.35	61.63	56.48	-5.15	-8.4	56.57	57.16	55.80	53.91	48.98
Brent (Asia) Mth 1	65.31	63.04	56.57	-6.47	-10.3	57.41	57.15	55.94	52.85	50.01
WTI (Cushing) Mth 1	59.27	59.80	50.90	-8.91	-14.9	52.41	51.69	49.11	47.96	45.18
Urals (Mediterranean)	63.67	61.57	55.87	-5.70	-9.3	56.55	56.74	54.80	52.55	48.06
Dubai	63.58	61.84	56.20	-5.64	-9.1	57.18	56.42	55.22	53.06	50.46
Tapis (Dated)	63.44	60.65	55.14	-5.50	-9.1	55.47	56.30	54.30	52.11	47.08
Differential to North Sea Dated										
WTI (Cushing)	-5.08	-1.83	-5.58	-3.76		-4.16	-5.47	-6.69	-5.95	-3.80
Urals (Mediterranean)	-0.68	-0.05	-0.61	-0.55		-0.02	-0.42	-1.00	-1.36	-0.92
Dubai	-0.77	0.21	-0.28	-0.49		0.61	-0.74	-0.59	-0.86	1.48
Tapis (Dated)	-0.91	-0.98	-1.34	-0.36		-1.10	-0.86	-1.50	-1.80	-1.90
Prompt Month Differential										
Forw ard Cash Brent Mth1-Mth2	-0.59	-0.83	-0.35	0.48		-0.58	-0.03	-0.22	-0.36	-0.56
Forw ard WTI Cushing Mth1-Mth2	-0.82	-0.38	-0.38	-0.01		-0.41	-0.40	-0.30	-0.41	-0.40
Forw ard Dubai Mth1-Mth2	-0.54	-0.37	0.03	0.40		0.05	-0.02	-0.04	0.13	1.22

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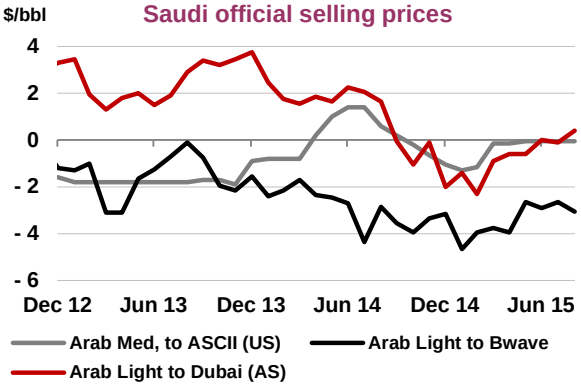
Persistently high inventories at Cushing also pressured other North American grades heading into the US mid-continent. Both WCS and Bakken saw their prices fall at a faster clip than WTI. On a monthly average basis, the discount of Bakken to WTI widened to $3.31/bbl in July compared with $1.31 /bbl over June. Canadian crudes fared worst as supplies increased in July following lower supplies in preceding months due to syncrude maintenance and as wildfires curbed Albertan production. Consequently, at end-July, the discount of WCS to WTI had widened to $14.34 /bbl from $8.45 /bbl at the start of the month.

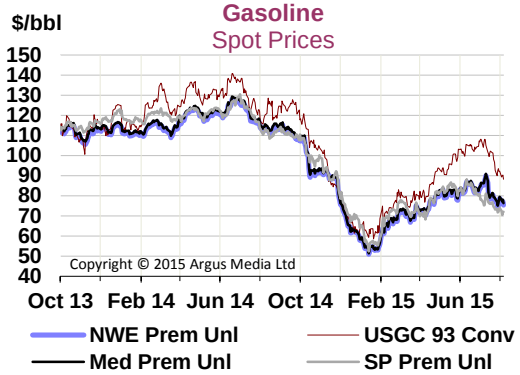
Northwest European sour crude markets remained weak over July with Urals' discount to North Sea Dated widening over the month as Russian exports from Baltic ports remained relatively robust. Refiners in the Mediterranean also appear to be well supplied with sour crude as OPEC's Middle East members continue to pump at high rates. Consequently, Urals shipped via Novorossiysk (Urals MED) has weakened more swiftly than Urals shipped from Baltic ports (Urals NWE). Even the loss of Iraqi sour-crude exports through the Kirkuk pipeline in late-July could not reverse its fortunes, with Urals MED at a small discount to Urals NWE for the first time since January. By the second week of August, however, Urals NWE had weakened against MED as imports from Baltic ports rose.

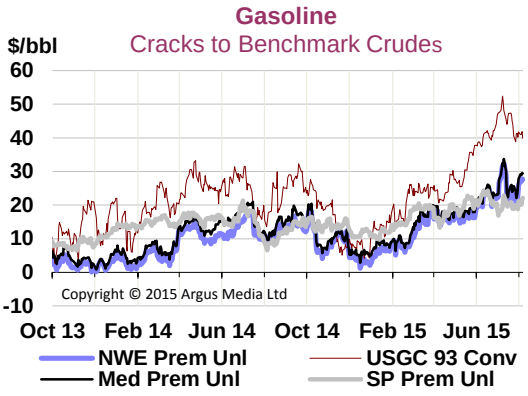
Asian refiners also seem well supplied ahead of the third quarter with benchmark Dubai weakening at a faster pace than ICE Brent. One reason for this is that as the supply overhang persists in the Atlantic Basin, cargoes of West African crudes are reportedly being offered to Asian refiners at substantial discounts. Moreover, in early August, Saudi Arabia signalled its intention to keep its crude competitive by increasing the price formula for Arab Light to Asian customers by a relatively small amount compared to the expectations of traders.



Spot product prices

Spot product prices tracked crude prices to a large extent in July and weakened across the board. Nonetheless, the scale of losses varied across products. Gasoline prices were buttressed by tight Atlantic Basin supply, while products in the middle and bottom of the barrel plummeted amid plentiful supply as output increased in tandem with gasoline production. Crack spreads told a similar story with gasoline in the US and Europe firming on a monthly average basis while middle distillates cracks plummeted in all surveyed markets.





July was a tale of two halves as far as gasoline was concerned. Spot prices generally maintained their upward momentum during early-July but turned sharply lower from mid-month onward. Despite these falls, cracks in the US and Europe firmed on a monthly average basis with cracks in all surveyed markets remaining above year-earlier levels. Gasoline cracks on the US Gulf Coast surged to 10-year highs with that for super unleaded against LLS exceeding $50/bbl in mid-month as Atlantic Basin supply remained tight amid healthy y-o-y demand growth and inventory draws. These levels proved unsustainable and eventually spot prices were dragged lower by crude prices. Nonetheless, by early-August, cracks remained elevated at approximately $40 /bbl. European cracks experienced a topsy-turvy month. After initially firming on export demand to the US and West Africa, levels fell back after the economics of these trades were eroded by soaring spot prices and freight costs. By-early August cracks were once again strengthening on regional refinery outages.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	May	Jun	Jul	Jul-Jun Chg	Jul-Jun %	Week Commencing: 06 Jul	13 Jul	20 Jul	27 Jul	03 Aug	May	Jun	Jul	Chg
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	80.72	83.63	81.21	-2.42	-2.9	87.24	80.44	79.00	76.30	76.42	16.37	22.00	24.73	2.73
Naphtha	61.94	60.54	53.05	-7.49	-12.4	52.47	52.93	52.70	51.39	48.15	-2.41	-1.09	-3.43	-2.34
Jet/Kerosene	77.25	75.25	66.99	-8.26	-11.0	68.20	67.33	65.36	63.12	60.02	12.90	13.62	10.51	-3.11
ULSD 10ppm	80.60	77.75	69.86	-7.89	-10.2	71.16	70.24	68.27	66.03	63.14	16.25	16.13	13.38	-2.75
Gasoil 0.1%	79.43	76.89	68.74	-8.16	-10.6	70.32	69.20	67.01	64.57	61.38	15.08	15.27	12.26	-3.01
LSFO 1%	53.68	51.21	45.12	-6.09	-11.9	45.72	45.70	44.22	41.98	39.05	-10.67	-10.42	-11.36	-0.95
HSFO 3.5%	51.12	48.37	42.27	-6.11	-12.6	42.92	42.92	41.34	39.03	36.36	-13.24	-13.25	-14.21	-0.96
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	81.62	84.54	82.12	-2.42	-2.9	88.17	81.35	79.90	77.18	77.33	17.95	22.97	26.25	3.28
Naphtha	59.62	57.52	49.74	-7.78	-13.5	48.47	49.29	49.65	48.98	46.06	-4.05	-4.05	-6.13	-2.08
Jet Aviation fuel	76.21	73.42	64.82	-8.61	-11.7	65.17	64.77	63.55	61.95	59.14	12.54	11.85	8.95	-2.90
ULSD 10ppm	81.02	77.47	69.26	-8.21	-10.6	69.94	69.13	67.96	66.23	63.39	17.34	15.89	13.39	-2.51
Gasoil 0.1%	80.12	76.03	67.18	-8.85	-11.6	68.08	67.34	65.71	63.81	60.90	16.44	14.46	11.31	-3.15
LSFO 1%	54.40	52.39	46.38	-6.00	-11.5	46.86	46.95	45.57	43.32	40.39	-9.27	-9.19	-9.49	-0.30
HSFO 3.5%	50.68	48.08	45.26	-2.81	-5.9	45.78	45.87	44.44	42.17	39.54	-12.99	-13.50	-10.61	2.89
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	95.37	103.73	100.09	-3.64	-3.5	106.28	101.13	98.02	92.01	89.47	30.42	40.48	45.41	4.93
Unleaded	83.36	86.09	81.50	-4.58	-5.3	86.88	81.70	78.83	75.68	72.59	18.42	22.84	26.82	3.98
Jet/Kerosene	77.67	72.75	64.77	-7.97	-11.0	65.70	64.47	64.35	62.03	59.34	12.72	9.50	10.09	0.59
ULSD 10ppm	80.46	75.66	67.83	-7.83	-10.3	69.54	67.87	66.99	64.33	61.93	15.52	12.41	13.14	0.74
Heating Oil	74.51	69.75	61.89	-7.87	-11.3	62.85	62.21	61.42	58.14	56.06	9.57	6.50	7.20	0.70
No. 6 3%*	52.41	51.88	44.40	-7.48	-14.4	45.86	45.38	43.11	40.85	37.54	-12.53	-11.37	-10.29	1.09
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	83.68	83.70	75.84	-7.86	-9.4	77.38	76.74	74.80	72.78	71.69	20.10	21.86	19.64	-2.22
Naphtha	62.38	61.16	53.43	-7.72	-12.6	53.84	52.56	52.97	51.16	49.61	-1.20	-0.68	-2.76	-2.09
Jet/Kerosene	77.71	74.45	65.76	-8.69	-11.7	66.97	66.24	64.49	61.62	58.54	14.13	12.61	9.56	-3.05
Gasoil 0.05%	78.05	74.73	65.06	-9.67	-12.9	67.19	65.56	63.41	59.99	58.30	14.47	12.89	8.86	-4.03
LSWR Cracked	62.40	57.65	50.88	-6.78	-11.8	51.72	51.69	50.32	47.37	45.18	-1.18	-4.18	-5.32	-1.14
HSFO 180 CST	61.45	57.04	48.77	-8.27	-14.5	49.71	49.73	48.18	45.15	42.90	-2.13	-4.79	-7.43	-2.63
HSFO 380 CST 4%	58.72	56.22	47.86	-8.36	-14.9	48.71	48.64	47.06	44.43	41.55	-4.86	-5.62	-8.34	-2.72

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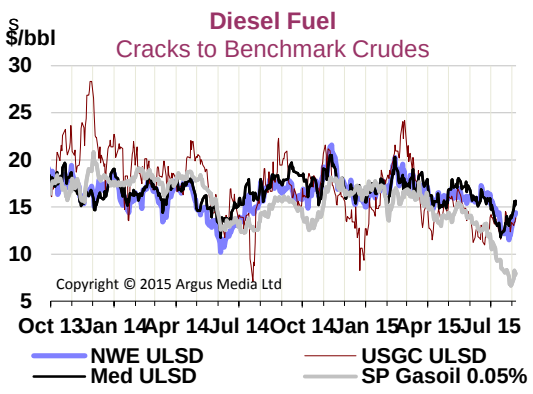
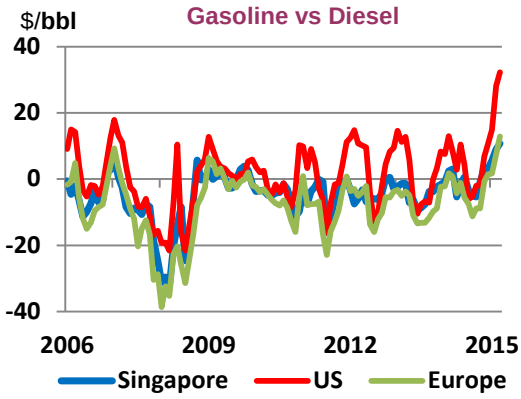
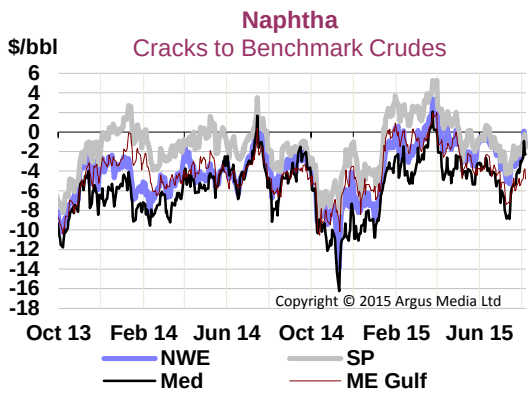
In contrast to gasoline, middle distillates markets remain under pressure amid oversupply with kerosene, diesel and gasoil prices posting double-digit percentage point losses across surveyed markets. In part, the oversupply is resulting from middle distillate output increasing in tandem with refiners maximising their gasoline output. Diesel cracks in Singapore had the poorest performance across surveyed markets and had plummeted to less than $7/bbl by early-August, their lowest since late-2009. Catalysts for this have been rising stocks and record exports from Chinese refiners, who faced with high production and sluggish domestic demand, are increasingly targeting international markets. European cracks were pressured lower throughout the early part of month on high imports from Russia and the US but by late-July began to rebound after refinery problems in Germany.

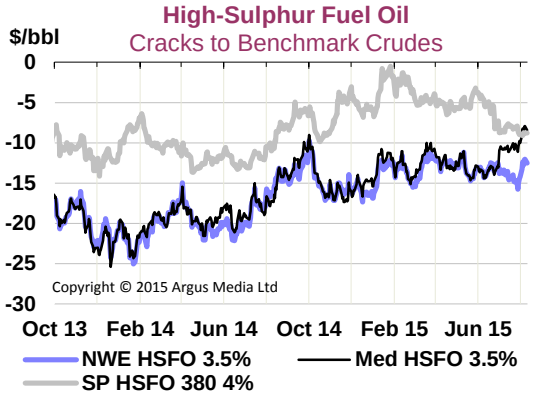




The diverging trends between gasoline and diesel have seen gasoline prices rise to record premiums across surveyed markets. In the US, gasoline trading at a large premium to diesel is not a new phenomenon. Gasoline is by far the most popular motor fuel and the US exports significant volumes to markets including West Africa and Latin America. However, in Europe, where diesel has a larger share of transport demand and significant volumes are imported, the picture is more seasonal. The current situation appears to stem from the strength of US gasoline demand coupled with logistical difficulties and associated costs to transport product from the Gulf Coast refining centre to the demand centre on the Atlantic Coast. This has necessitated the import of significant volumes from Europe, buttressing prices there. Meanwhile in Europe, diesel demand remains on a par with a year earlier and is unable to soak up the extra regional diesel production and high imports from the US. These factors have seen gasoline recently trade at a $13/bbl premium to diesel in Europe.

European Naphtha prices performed particularly badly in July as, despite relatively high demand from gasoline blenders, the arbitrage window to ship product to Asia slammed shut in mid-month amid prohibitively high freight rates. Further downward momentum came from the reported switching of a number of European steam crackers to run on LPG as its spread to naphtha widened considerably over the month amid a glut of imports from the US.

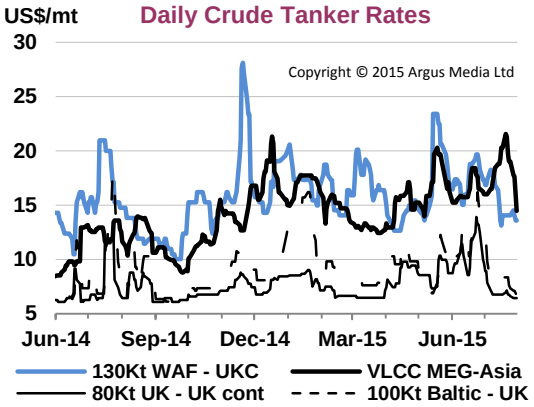


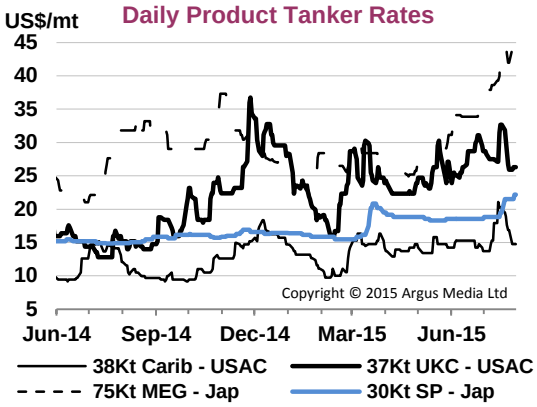


Fuel oil markets remained weak over July with all cracks across surveyed markets standing firmly in the red. Cracks in Singapore weakened steadily over the month as regional inventories rose amid ample supply and as arrivals from Europe remained high. By-early August cracks had bottomed out as arrivals from the west dried up. European cracks remained under pressure from limited regional demand, high supply as simple refiners maximised gasoline output and limited arbitrage opportunities to ship product to eastwards over July. However, by early-August, cracks had turned a corner as low regional spot prices made eastwards arbitrage once-again economic.

Freight

Despite high OPEC crude production, **very-large-crude-carriers** (VLCCs) on trades between the Middle East and Asia ended July lower than where they began. Although mid-month saw rates spike above $20 /mt on weather delays in the Middle East Gulf, exports remained seasonally lower on fewer Saudi shipments, which tend to ease during the summer when domestic crude burn for electricity generation rises (*See 'Refining'*). **Suezmaxes** out of West Africa seesawed through the month to settle at a slightly lower rate than in June, as supply of vessels remained abundant. Rates for **Aframaxes** in the Baltic and North Sea returned to their floor as discharging delays ended and summer maintenance began.





Rates for product carriers had a generally stronger month, led by shipments on larger **75 Kt** vessels on the Middle East Gulf – Japan route that firmed to an historic high of $45/mt in mid-July on high naphtha exports. Clean, high-value product exports from the Gulf have been steadily rising recently as new refining capacity has been commissioned. The latest data from JODI shows Saudi Arabia alone posted record exports of 1.3 mb/d in May. The **cross-Atlantic 37 Kt** route saw some strength in mid-July as the gasoline arbitrage between the UK and US East Coast shot up on operational issues which lured cargoes from Singapore and the UK (See *'Refining'*). The rate then eased and settled around $25/mt.

REFINING

Summary

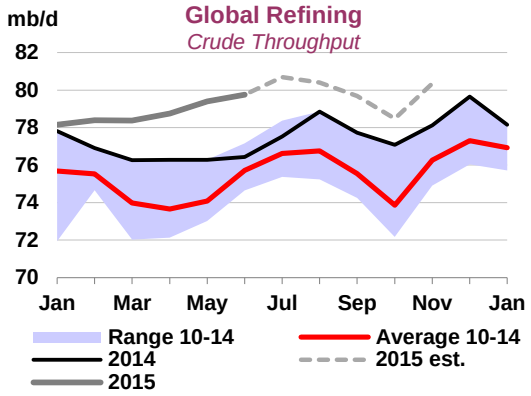
- **The global refining sector is going from strength to strength, with crude runs rising to 80.2 mb/d in 3Q15 from 79.2 mb/d in the previous quarter.** Throughput in July rose to a record 80.6 mb/d. Annual throughput growth is now assessed at a staggering 3 mb/d for 2Q15 and 2.2 mb/d for 3Q15, with China showing the biggest gains.

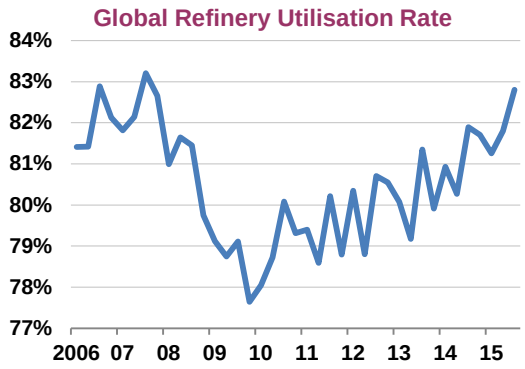
- **Middle distillate crack spreads have started to collapse due to brimming stocks, with levels in Singapore falling below $7/bbl - the lowest since 2009 – and dragging margins down.** Singapore hydroskimming margin even turned negative and the first batch of run cuts took place in Japan, China and Taiwan. The market is now facing a potential oversupply of middle distillates along with crude oil, with Saudi Arabia a pivotal force in both markets. New Saudi refineries, geared towards distillates, are exporting massive quantities of middle distillates towards Europe and Asia.

- **Elsewhere, however, margins remain high, supported by still-soaring gasoline crack spreads that showed further improvement in the US**. Throughput rose along with margins, with Europe stable and the US posting record high runs.

Global refinery overview

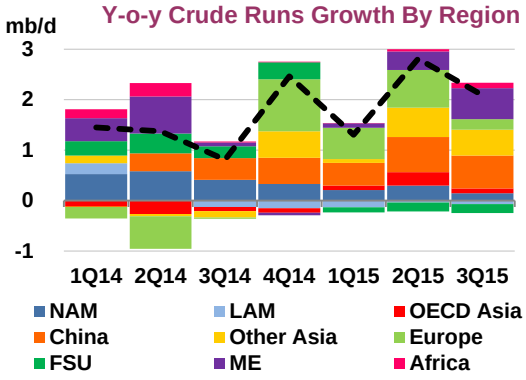
The global refining sector continued its strong performance, with record throughput of 80.6 mb/d estimated for July and utilisation rates at the highest in eight years. Nevertheless, fissures are appearing. Diesel supplies are building, stocks are piling up and crack spreads are decreasing. As a result, hydroskimming margins in Asia turned negative, prompting the first batch of run cuts. In addition, the end of the US driving season next month will withdraw the support provided to margins by robust gasoline crack spreads, which could have implications for the crude market.





Sky-high refinery throughput had, until recently, supported crude demand and prices. This support will fade if lower margins force more run cuts on top of throughput reductions from upcoming seasonal maintenance. The market is now facing a potential oversupply of middle distillates along with crude oil, with Saudi Arabia a crucial player in both markets. New Saudi refineries, geared towards distillates, are now exporting massive quantities of middle distillates towards Europe and Asia. The Kingdom's Yasref joint venture refinery tendered 2.8 mb of ULSD for loading late July-early August, adding to already ample supplies of middle distillates.

Since the end of 2014, refinery throughputs have increased y-o-y well above the million barrels per day or so required to balance demand (in addition to NGLs and biofuels). Average growth over 4Q14-3Q15 is estimated at 2.2 mb/d, with Europe – surprisingly - contributing the most (0.7 mb/d), followed by China (0.6 mb/d) and other Asia (0.4 mb/d). The Middle East and OECD Americas each account for 0.25 mb/d, the latter bumping up against capacity limits. Europe is expected to be hit in 3Q15 by lower margins, while the Middle East only started to feel the positive impact of its new refineries ramping up in 2Q15.



Global crude run estimates for 2Q15 have been raised by 380 kb/d since last month's *Report*, to 79.2 mb/d. The estimate of 3Q15 crude runs was also revised upwards by a hefty 610 kb/d to 80.2 mb/d. In both quarters, upward revisions took place in the non-OECD regions, including China, FSU, other Asia and Middle East. Growth in 3Q15 y-o-y is expected to reach 2.2 mb/d, led by China (650 kb/d), the Middle East (620 kb/d) and other non-OECD Asia (510 kb/d). OECD also contributes 640 kb/d overall. The FSU bucks the trend, slowing by 170 kb/d.

Global Refinery Crude Throughput[1]

(million barrels per day)

	Apr 15	May 15	Jun 15	**2Q2015**	Jul 15	Aug 15	Sep 15	**3Q2015**	Oct 15	Nov 15
Americas	19.1	19.3	19.5	**19.3**	19.8	19.6	19.4	**19.6**	18.7	19.6
Europe	11.8	11.9	11.9	**11.9**	12.0	12.0	11.8	**12.0**	11.8	12.0
Asia Oceania	6.7	6.4	6.3	**6.4**	6.6	6.9	6.7	**6.7**	6.5	7.0
Total OECD	37.7	37.5	37.7	**37.6**	38.5	38.5	37.9	**38.3**	37.0	38.6
FSU	6.7	6.9	6.9	**6.8**	7.1	7.1	6.7	**7.0**	6.7	6.8
Non-OECD Europe	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.6	0.5
China	10.5	10.3	10.5	**10.5**	10.5	10.5	10.6	**10.5**	10.4	10.5
Other Asia	9.7	10.2	10.4	**10.1**	10.3	10.0	10.2	**10.2**	10.2	10.1
Latin America	4.7	4.7	4.8	**4.7**	4.6	4.6	4.7	**4.6**	4.7	4.7
Middle East	6.7	6.8	6.8	**6.7**	6.9	6.8	6.8	**6.9**	6.7	6.7
Africa	2.2	2.3	2.1	**2.2**	2.2	2.3	2.2	**2.2**	2.2	2.2
Total Non-OECD	41.0	41.8	42.0	**41.6**	42.1	41.8	41.7	**41.9**	41.4	41.6
Total	78.7	79.3	79.6	**79.2**	80.6	80.3	79.6	**80.2**	78.4	80.3

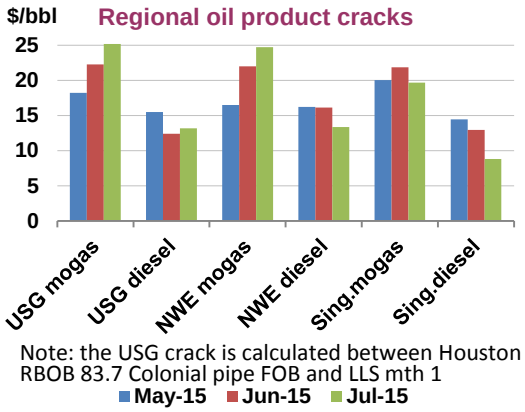
1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

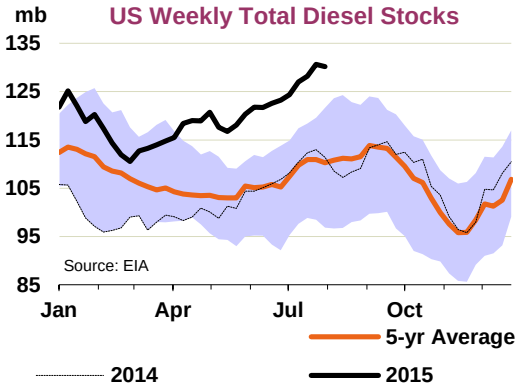
Global throughput figures for May show a 0.6 mb/d month on month (m-o-m) increase after a 0.8 mb/d increase from non-OECD refiners offset a 0.2 mb/d decrease in the OECD. The resulting figure is 79.3 mb/d. The Americas edged up by 0.2 mb/d, while seasonal maintenance curbed OECD Asian runs by 0.3 mb/d. In non-OECD regions, other Asia increased by 0.5 mb/d and the FSU by 0.2 mb/d while China decreased by 0.2 mb/d. Annual growth in May was a whopping 3.1 mb/d with non-OECD regions accounting for 1.8 mb/d and the OECD for the remainder.

In June, the most recent month for which a complete set of monthly data is available, OECD refiners posted a 0.2 mb/d m-o-m increase in crude throughput to 37.7 mb/d - 2.0 mb/d above a year earlier. OECD Americas increased by 0.21 mb/d to 19.48 mb/d, while OECD Europe edged up by 0.05 mb/d and OECD Asia declined by 0.09 mb/d, with Japan leading the decline at -0.37 mb/d. Preliminary figures for July show OECD runs should increase seasonally by 0.8 mb/d and reach 38.5 mb/d – 0.9 mb/d higher y-o-y. High runs are also expected in August with maintenance only starting in September.

Margins

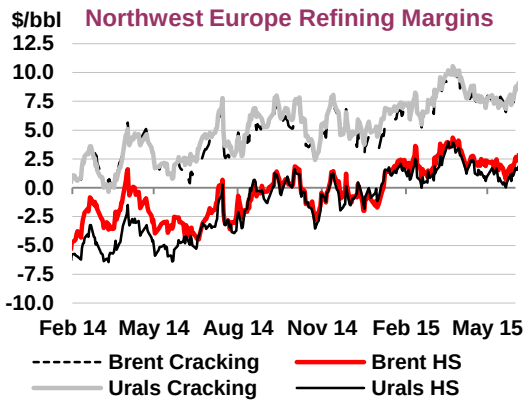
In June, a simple view on margins does not reveal the huge underlying changes in the oil product cracks. Gasoline crack spreads kept growing from a high base in the US and in Europe. They reached a peak above $30/bbl in early July in the USG (calculated vs. LLS) and Europe, as the price for crude fell more swiftly than gasoline. Gasoline demand was supported by heavy buying from Asia and Latin America along with refinery issues in the US, although stocks in NWE were reported to be at their highest level in more than a year.

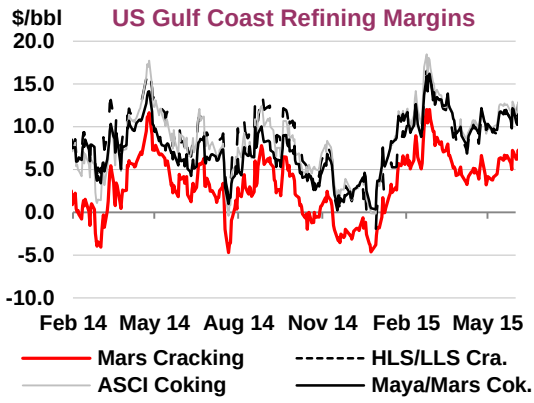




Diesel crack spreads declined in July, especially in Asia. Middle distillate stocks are brimming as demand in Asia fades due to the monsoon season and economic growth slows in China. Diesel crack spreads in Singapore fell from $15/bbl in mid-May to $7/bbl at the end of July, the lowest since the end of 2009. The ample supply of middle distillates is also hitting refining profits, with hydroskimming margins now negative in Asia and barely positive in Europe, especially for sour crude. Run cuts are on the agenda and have already started in Asia, suggesting that there could be an even bigger dip in throughput during the seasonal maintenance period this autumn. Paradoxically, diesel crack spreads edged up in the US Gulf Coast at a time when total US stocks well above their five-year average.

Supported by lofty gasoline crack spreads, refining profits increased by a couple of dollars in the US Gulf Coast and shot up by $2-5/bbl to above $25/bbl in the Midcontinent. European cracking margins remain around a very comfortable $9/bbl level, well above Singapore hydrocracking margin, which fell to a weak $3.4/bbl on Dubai. However, gasoline crack spreads are expected to deflate as the driving season nears its end, affecting margins – especially cracking ones – negatively.





IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Apr 15	May 15	Jun 15	Jul 15	Jul 15-Jun 15	03 Jul	10 Jul	17 Jul	24 Jul	31 Jul
NW Europe										
Brent (Cracking)	7.71	7.40	9.18	9.53	0.34	9.62	12.03	8.84	8.72	8.41
Urals (Cracking)	8.06	7.50	9.31	8.65	-0.66	8.93	10.24	8.26	8.26	7.70
Brent (Hydroskimming)	2.30	1.74	2.76	2.72	-0.04	3.10	4.44	2.23	2.15	1.88
Urals (Hydroskimming)	1.62	0.91	1.93	0.85	-1.09	1.45	1.68	0.68	0.67	0.14
Mediterranean										
Es Sider (Cracking)	9.52	9.30	10.51	10.14	-0.36	10.87	12.29	9.66	9.27	8.94
Urals (Cracking)	7.48	7.65	8.05	8.14	0.09	8.46	9.31	7.35	7.79	7.87
Es Sider (Hydroskimming)	4.77	4.25	5.36	5.12	-0.25	5.76	6.93	4.75	4.41	4.07
Urals (Hydroskimming)	0.60	0.55	0.70	1.75	1.05	1.60	2.55	1.13	1.62	1.60
US Gulf Coast										
50/50 HLS/LLS (Cracking)	9.31	10.95	12.40	13.71	1.31	14.51	15.55	12.59	13.51	12.66
Mars (Cracking)	4.55	5.58	7.53	9.75	2.22	10.09	11.09	8.61	9.67	9.25
ASCI (Cracking)	4.42	5.41	7.17	9.34	2.17	9.33	10.80	8.36	9.21	8.76
50/50 HLS/LLS (Coking)	11.40	13.18	14.54	15.84	1.30	16.67	17.84	14.60	15.60	14.72
50/50 Maya/Mars (Coking)	9.71	10.88	10.51	12.88	2.36	12.42	14.43	11.64	12.91	12.41
ASCI (Coking)	10.12	11.50	12.58	15.08	2.50	14.89	16.79	13.75	15.02	14.55
US Midcon										
WTI (Cracking)	16.53	20.35	19.25	20.88	1.63	22.79	24.08	19.64	20.46	18.16
30/70 WCS/Bakken (Cracking)	15.65	17.07	17.38	21.96	4.58	22.44	24.07	21.13	22.15	20.04
Bakken (Cracking)	18.99	21.36	21.54	25.20	3.66	26.83	28.27	23.79	24.97	22.62
WTI (Coking)	18.66	22.88	21.74	23.35	1.61	25.44	26.80	22.01	22.87	20.47
30/70 WCS/Bakken (Coking)	18.89	20.93	21.01	25.86	4.85	26.31	28.18	24.81	26.13	23.87
Bakken (Coking)	19.85	22.42	22.59	26.26	3.68	27.97	29.46	24.80	26.01	23.61
Singapore										
Dubai (Hydroskimming)	0.52	0.66	0.19	-2.28	-2.47	-1.58	-2.09	-2.10	-2.58	-2.44
Tapis (Hydroskimming)	2.77	4.23	4.23	2.82	-1.41	3.13	3.26	2.41	2.71	2.84
Dubai (Hydrocracking)	5.77	6.11	5.75	3.41	-2.34	4.23	3.80	3.60	3.01	3.13
Tapis (Hydrocracking)	6.88	8.10	8.69	7.10	-1.60	7.45	7.68	6.68	6.86	7.07

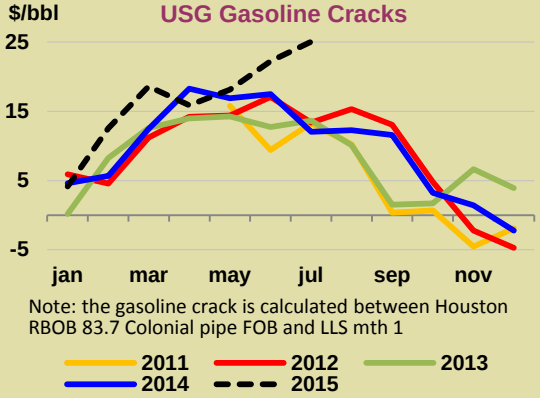
1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should 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)

Gasoline tightness: how real?

Concern over gasoline tightness was sparked in July after gasoline crack spreads peaked at a record $30/bbl in the US (RBOB vs LLS) and Europe, while Singapore crack spreads surged to $25/bbl in June. But is the gasoline supply-demand balance really all that tight? First off, the rise of gasoline crack spreads over the first few months of this year tracked normal seasonal behaviour; they began to diverge from usual trends only at the end of June when demand initially exceeded supply.

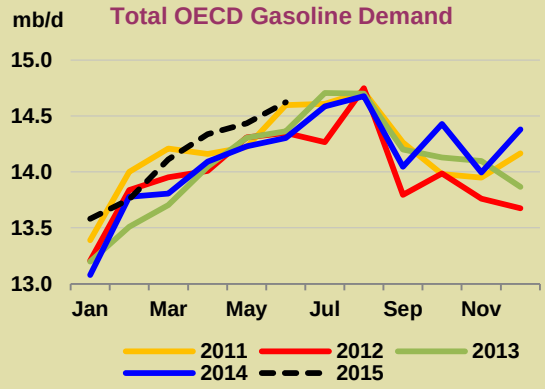
Demand growth is impressive. In non-OECD regions, 1Q15 gasoline demand showed 4.6% y-o-y growth, the largest of all oil products, and double 1Q15 global demand growth of 1.9% y-o-y. In 1H15, gasoline y-o-y demand growth reached 6% for China and 15% for India, which imported eight times more gasoline than a year ago. In the US, supported by lower retail prices, vehicle-miles-travelled (VMT) were up nearly 4% y-o-y and 1H15 demand was up 3.4% y-o-y. In the OECD, y-o-y gasoline demand growth for the first five months reached 1.7%, higher than previous full years (0.3% in 2014, 0.6% in 2013 and -1.4% in 2012).

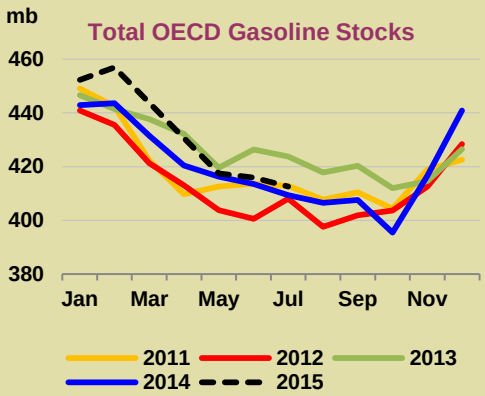


Note: the gasoline crack is calculated between Houston RBOB 83.7 Colonial pipe FOB and LLS mth 1

Gasoline tightness: how real?(continued)

However, supply eventually seems to have responded in a timely manner. In the OECD, production in the first four months of 2015 was 2.9% higher than in 2014, underpinned by refinery crude runs that were 2.4% higher y-o-y. In OECD Americas, which accounts for two thirds of OECD gasoline supply and demand, supply rose to a record 10 mb/d (see OECD Americas paragraph). Production figures are not yet available for non-OECD regions, but China continued to export substantial amounts of gasoline in 2Q15 despite growing demand.



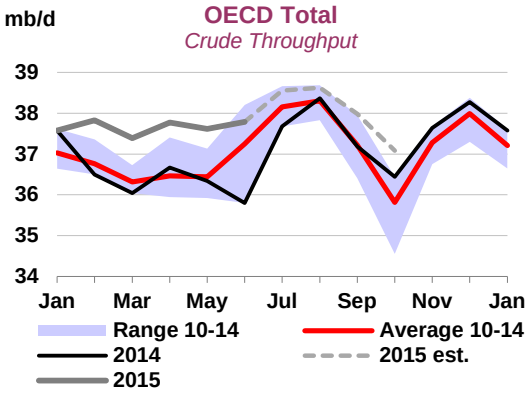


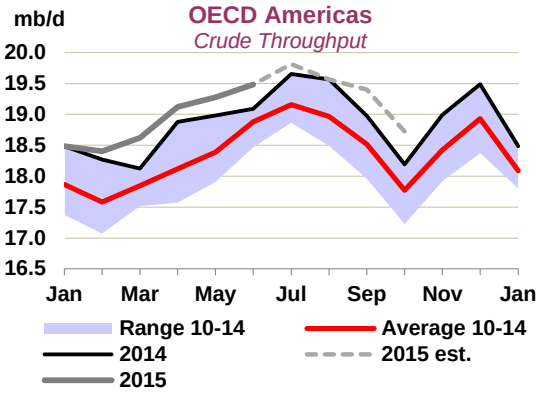
More importantly, gasoline stocks showed no sign of tightness: OECD stocks (60% held in the Americas and over 30% in Europe) were relatively high until May and remain adequate to day. It appears that rising crude runs – over 2 mb/d higher than a year earlier – effectively covered the higher gasoline demand. The level of gasoline crack spreads in June and July is therefore a bit surprising, but two elements may have contributed:

- Local shortages due to operational glitches, like in the US West Coast or the US Gulf Coast, reinforced by Mexican and Venezuelan outages – with much attention given to such bullish news.
- An octane shortage, which contributed to make finished gasoline more expensive. Octane spreads (Super unleaded vs. RBOB) doubled in the US Gulf Coast from mid-May to early June.

Although the $30/bbl level for gasoline crack spreads is striking, summer peaks recently have not been much lower, in a $20-25/bbl range.

OECD refinery throughput





OECD refinery crude runs increased by 0.2 mb/d from May to an average 37.7 mb/d in June, 2.0 mb/d y-o-y. Asia accounted for some decline, while Europe was stable OECD Americas posted 0.2 mb/d gains on an already-high May. Refinery utilisation rates inched up by two percentage points in the US, and declined by one in Asia Oceania. OECD throughput for 2Q15 and 3Q15 inched up to 37.6 mb/d and 38.3 mb/d, respectively, exhibiting a 1.45 mb/d and 0.65 mb/d y-o-y growth.

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Change from *May 15*	Change from *Jun 14*	Utilisation rate[1] Jun 15	Utilisation rate[1] Jun 14
US[2]	15.49	15.41	15.66	16.30	16.44	16.49	0.05	0.67	0.93	0.89
Canada	1.82	1.78	1.71	1.60	1.56	1.74	0.18	-0.13	0.95	1.02
Chile	0.15	0.17	0.14	0.15	0.17	0.17	0.01	0.00	0.76	0.76
Mexico	1.01	1.03	1.10	1.06	1.10	1.07	-0.03	-0.14	0.65	0.74
OECD Americas	**18.48**	**18.39**	**18.61**	**19.11**	**19.26**	**19.48**	**0.21**	**0.39**	**0.91**	**0.89**
France	1.16	1.26	1.30	1.19	1.12	1.02	-0.10	-0.03	0.73	0.75
Germany	1.94	2.00	1.79	1.88	2.02	1.97	-0.04	0.34	0.98	0.81
Italy	1.26	1.31	1.25	1.30	1.42	1.33	-0.10	0.14	0.76	0.68
Netherlands	1.08	1.11	0.95	1.00	1.11	1.17	0.06	0.27	0.91	0.70
Spain	1.19	1.19	1.25	1.36	1.33	1.26	-0.07	0.03	0.83	0.81
United Kingdom	1.11	1.10	1.13	1.12	1.06	1.13	0.07	0.08	0.82	0.67
Other OECD Europe	4.12	4.20	4.15	3.97	3.84	4.07	0.22	0.31	0.83	0.77
OECD Europe	**11.87**	**12.18**	**11.82**	**11.83**	**11.90**	**11.95**	**0.05**	**1.14**	**0.84**	**0.75**
Japan	3.49	3.44	3.27	3.25	2.92	2.54	-0.37	0.02	0.64	0.63
South Korea	2.79	2.83	2.76	2.63	2.75	2.93	0.18	0.50	0.89	0.80
Other Asia Oceania	0.85	0.89	0.83	0.85	0.68	0.79	0.11	-0.07	0.80	0.71
OECD Asia Oceania	**7.13**	**7.15**	**6.87**	**6.73**	**6.35**	**6.26**	**-0.09**	**0.46**	**0.76**	**0.70**
OECD Total	**37.47**	**37.73**	**37.29**	**37.67**	**37.52**	**37.69**	**0.17**	**1.99**	**0.86**	**0.81**

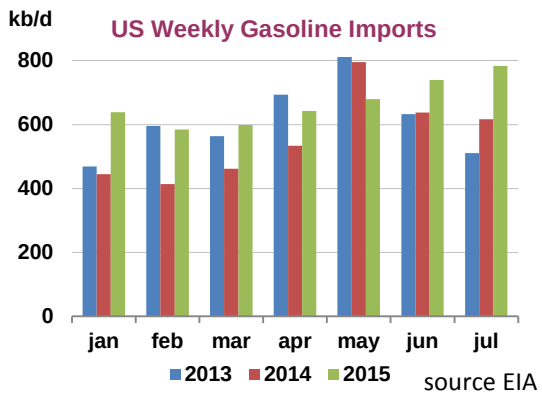
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

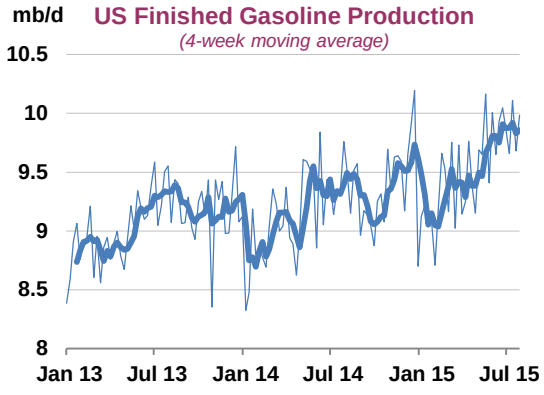
2 US50

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

OECD Americas

In the **United States**, operational issues shut down a number of FCCs and curbed runs on the West Coast. As a result, local gasoline prices shot up and attracted gasoline cargoes from as far afield as Singapore. Despite the refinery glitches, US weekly crude throughput reached a new 17.07 mb/d record in the week to July 31st, supported by stellar gasoline crack spreads. The resulting utilisation rate of 96.1% had not been reached since 2006. Gasoline demand reached its second highest level – 9.7 mb/d – since the beginning of records in 1991. As a result, gasoline imports and production both increased. Imports - mostly from Europe into PADD 1 – continued to grow in July, whereas in the past two years they peaked in May. Imports were also significantly higher in June-July than in the past two years, while domestic output neared 10 mb/d.



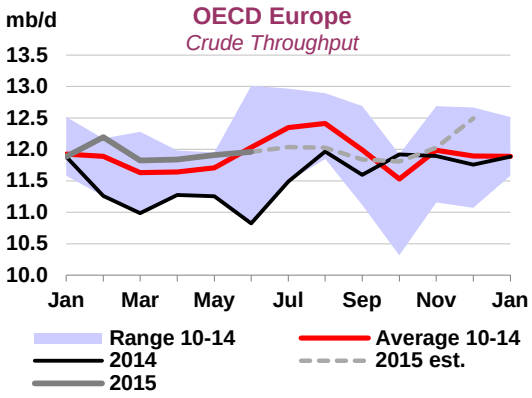


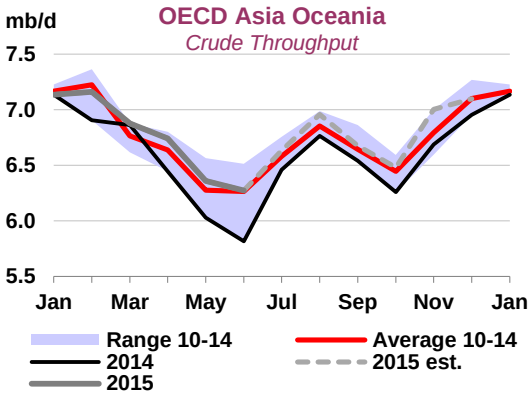
Distillate exports to non-OECD Americas and Europe are reported to have significantly slowed in the second half of July. In addition, domestic demand was 3.6% lower y-o-y in June while distillate stocks were 13% above last year's level.

Canada processed 7% more crude than in May, with runs up to 1.67 mb/d – still 0.2 mb/d below last year, when throughput was exceptionally high. Despite stable refinery runs at 1.1 mb/d, both in May and June, **Mexico** experienced a growing gasoline shortfall, and had to increase imports substantially from the Gulf and West Coast.

OECD Europe

Europe appears to be the target for most of world's excess middle distillate: China is sending jet fuel and the Middle East is routing diesel exports from the Jubail and Ruwais refineries, and Russian gasoil exports are higher by 12% from last year. Gasoil stocks in ARA reportedly rose to new highs. NWE jet crack spreads are at very low levels, that is, sub-$10/bbl. Gasoline continues to hold up the whole margin complex, helped by cracker glitches in Germany and despite high ARA stocks. Gasoline crack spreads have eased from the $30/bbl levels seen in the first half of July but remain in a very comfortable $20-$25/bbl band. Demand is particularly strong for high-octane components to the US. Otherwise, the trans-Atlantic arbitrage is narrowing due to high US refinery throughputs and stocks. European crude runs were stable in June, at 11.9 mb/d. Italy and France posted the largest losses, offset by the UK. Runs are still 1.1 mb/d higher than in 2014, but just below the 2010-2014 average.





OECD Asia

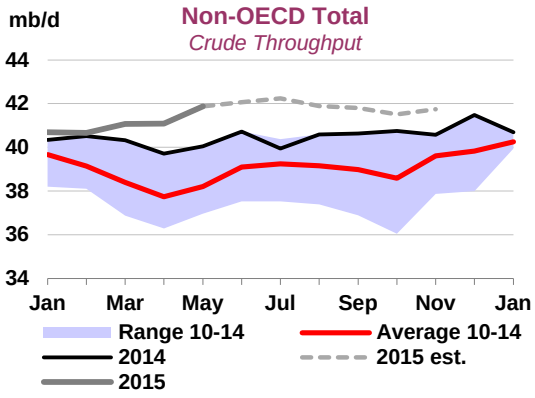
OECD Asia crude intake barely decreased to 6.3 mb/d in June, 0.1 mb/d lower m-o-m, and 0.45 mb/d above the year earlier – despite maintenance shutdowns and weaker margins. Japan reduced runs the most, by 0.37 mb/d, partly offset by South Korea. JX Nippon Oil & Energy, Japans' largest refiner, said on 4 August it would cut runs by 4% – to the lowest level since August 2010 – due to excess supply of middle distillates. Singapore diesel crack spreads plummeted to $7/bbl by the end of July. Conversely, gasoline crack spreads were firm at around $20/bbl, supported by regional tenders: India's IOC tendered for 0.7 mb over August-September and Pakistan's PSO for 3.3 mb over August-October. As further evidence of the weakness in Asian markets, a Forties cargo destined for Asia made a U-turn back to Europe to be sold ship-to-ship or put in storage.

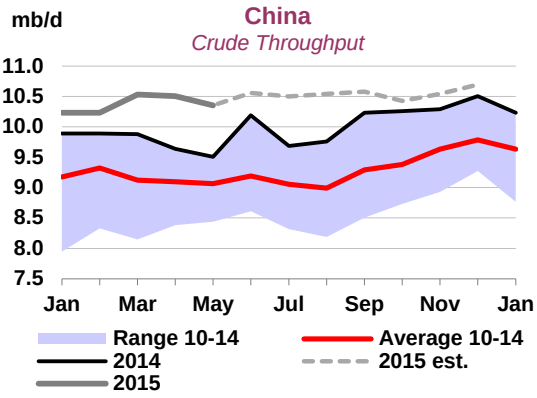
In **Japan**, Royal Dutch Shell agreed at the end of July to sell 33% of its 35% stake in Showa Shell Sekiyu to Idemitsu Kosan Co. for 169 billion yen ($1.4 billion). Showa Shell owns three refineries totalling 445 kb/d while Idemitsu has three refineries totalling 535 kb/d. The two companies are expected to merge at a second stage; Idemitsu would thus control about a third of the domestic market under the deal, as much as JX Energy, currently the country's largest refiner. Autumn maintenance season is now approaching and the first shutdowns announced are, in Japan, Cosmo's 100 kb/d Sakai refinery, TonenGeneral's 132 kb/d Wakayama refinery and JX's 140 kb/d Mizushima-A refinery. In South Korea, S-Oil's Onsan plant

will cut 240 kb/d off over mid-August to mid-November (CDU n°2 of 240 kb/d followed by CDU n°3 of 250 kb/d).

Non-OECD refinery throughput

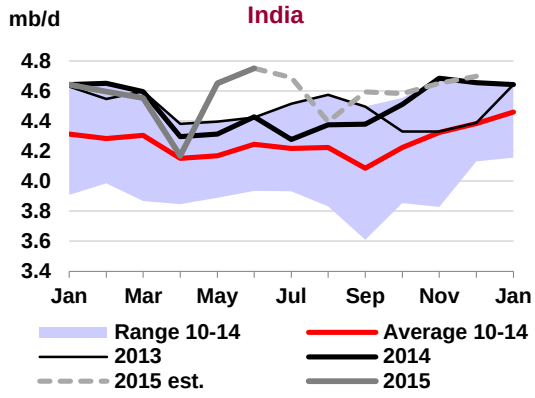
In May, **non-OECD** refinery throughput increased by 0.8 mb/d to 41.8 mb/d, after a 1.1 mb/d upward revision to last month's Report. The FSU accounted for half the adjustment, with the rest in other non-OECD Asia and in the Middle East. Throughput is forecast to edge up another 0.2 mb/d in June. Overall, estimated 2Q15 figures show crude intake of 41.6 mb/d, 0.9 mb/d higher than in 1Q15. The 1.5 mb/d y-o-y growth includes 0.7 mb/d in China, 0.6 mb/d in other non-OECD Asia, 0.4 mb/d in the Middle East, and -0.2 mb/d in FSU.

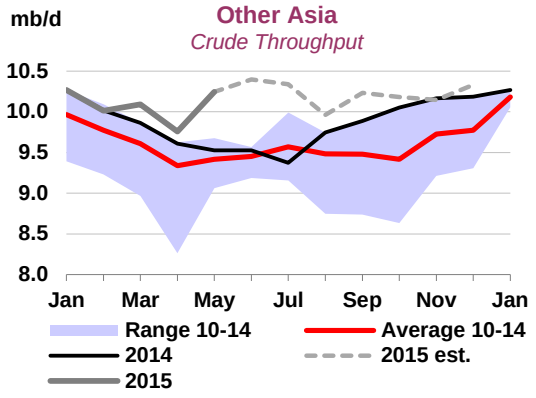




In **China**, June crude runs increased to a record 10.55 mb/d, 3.6% higher than a year earlier. Over 1H15, the y-o-y growth reached 5.8%. June oil product output growth was led by jet/kero (0.8 mb/d, or 19.5% y-o-y growth), gasoline (2.9 mb/d, or 8.9% y-o-y growth) and LPG (0.9 mb/d, or 7% y-o-y growth).

Strong gasoline demand stimulated higher crude runs, which also resulted in excess middle distillate production. Consequently, exports of jet and diesel increased, respectively, from 0.17 mb/d to 0.22 mb/d, and from 0.09 mb/d to 0.17 mb/d. Beijing has meanwhile issued higher diesel export quotas for 3Q15 – more than doubled those of 2Q15. Surprisingly, however, gasoline exports also increased, from 0.1 mb/d to 0.14 mb/d, while naphtha imports grew from 0.9 mb/d to 0.19 mb/d. An indication of possible future run cuts, Sinopec announced plans on 6 August to cut crude runs by 5% – or 250 kb/d – in 4Q15 compared to 1H15 because of high diesel inventories and lower demand.





In **India,** crude throughput reached a record 4.74 mb/d in June. Still, with a weak 1Q15, the y-o-y increase for 1H15 is only 2%, when oil product demand grew 5.1% y-o-y over the same period. Over 2Q15, diesel and gasoline net exports both fell by over 20%, to a respective 290 kb/d and 390 kb/d. Other Asian countries put in much stronger figures than India. For instance, over the first five months, crude runs grew by 9% in Thailand – reaching 1.3 mb/d – by 13% in Malaysia and by approximately 20% in the Philippines (with a correction in March 2014 due to the typhoon).

Chinese independents win crude import quotas: still teapots?

As the world's second-largest oil consumer, China has strict rules for importing crude. While five state-owned companies—PetroChina, Sinopec, CNOOC, Sinochem and Zhuhai Zhenrong – can import unlimited amounts of crude, scores of other companies have to import crude via a quota system. In 2014, crude import quotas for non-state companies reached 690 kb/d, or roughly 10% of the country's overall crude imports. In 2015, the quota volume increased by 160 kb/d to 750 kb/d.

But until recently, China's so-called "teapot" refiners – small, unsophisticated plants that traditionally were unable to churn out transport fuel to meet the latest emission standards – were shut out from the crude import quota system. The teapots that account for roughly 30% of China's refining network of 14.4 mb/d, had been forced to rely on the supply of foreign crude imported by the "Big Five", on domestic crude or on straight run fuel oil or bitumen blend for their feedstock.

The teapots usually run at very low utilisation rates. For instance, in Eastern China's Shandong province, where 80% of the teapot refineries are located, April run rates were reportedly only 40% of nameplate capacity, while utilisation rates for state-owned refineries usually hover around 80%.

Now they, too, are winning import quotas. Ten to twelve teapot refineries have applied for crude licenses to replace straight run fuel oil or bitumen blend. They will have to decommission their smaller crude distillation units (CDUs) and commit to producing road fuels meeting China V emission standards by the end of 2015, with principally a lower sulfur content. The quotas are recommended by the National Development and Reform Commission (NDRC) after a proposal by the China Petroleum and Chemical Industry (CPCIF) and finally awarded by the Ministry of Commerce. The Ministry said later on August 10th that it will grant licenses to two independent refineries – Dongming Petrochemical and Panjin Beifang – to directly import crude oil, shortly after these companies won import quotas.

Dongming Petrochemical, the country's largest independent teapot refiner, was awarded the first quota at 120 kb/d, higher than initial expectations of 100 kb/d but smaller than the 150 kb/d the NDRC recommended. Dongming will retain two CDU's with 100 kb/d and 50 kb/d capacity and close 3 older CDUs totalling 70 kb/d. Overall, Dongming's capacity will be reduced from 220 kb/d to 150 kb/d. However, it had only run 110 kb/d in 2014 (51% utilisation rate), with most of its crude supplied by PetroChina.

The CPCIF also recommended six other quota allocations, which are pending (see below). These seven companies will cut 344 kb/d or 32% of their nameplate capacity, but the quotas received in exchange should allow them to process at a higher level than before. This trend is expected to continue, however the fate of smaller companies is questionable, both due to the need to upgrade road fuels specifications and to the uncertain profitability of running straight run fuel oil or bitumen. Could the charming name of "teapot" one day fade into memory?

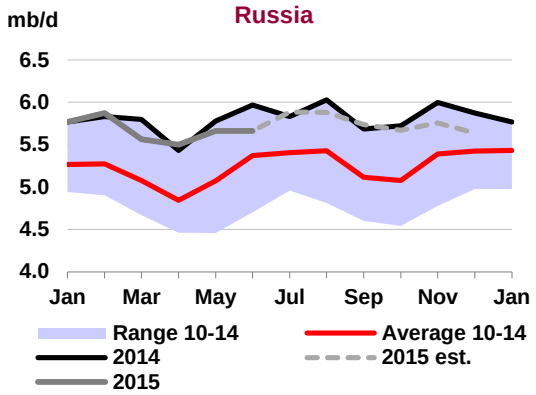
capacity (kb/d)	initial	cut	final	quota
Dongmin Petrochemical	220	70	150	120
Panjin Beifan Chemical fuel	210	70	140	*140*
Baota Petrochemical	160	34	126	*123*
Hongrun Petrochemical	160	46	114	*106*
Lijin Petrochemical	120	50	70	*70*
Yatong Petrochemical	104	34	70	*67*
Kenli Petrochemical	100	40	60	*50*
Total	**1074**	**344**	**730**	**676**

Note 1: Yatong is currently building a 100 kb/d CDU which is expected online in 2016
Note 2: the quotas in italic are not final

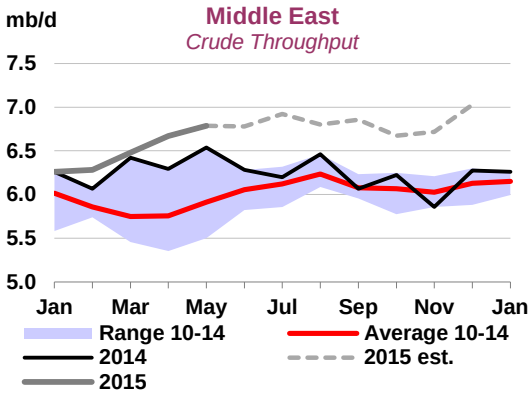
Early July, Russia's Rosneft signed a framework agreement with Essar Oil to acquire 49% of Essar and supply 100 mt of crude oil over 10 years (200 kb/d). The two companies would also work together towards expanding the 400 kb/d Vadinar refinery to 900 kb/d and the retail network from 1600 to 5000 outlets. Conversely, the acquisition of a part of PetroVietnam's Dung Quat refinery in Vietnam by Gazpromneft is reported to be stalling.

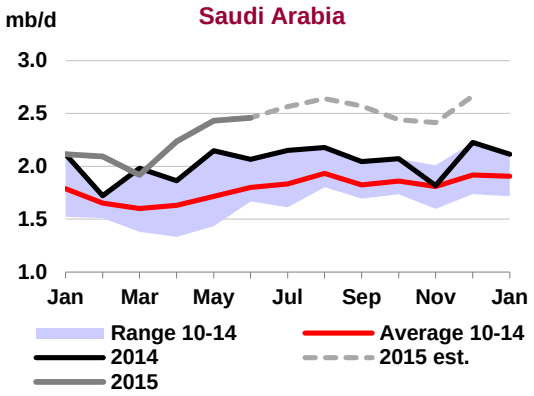
In **Chinese Taipei**, Formosa's Mailiao 180 kb/d scheduled maintenance is due to end in mid-August. In **India**, Essar's Vadinar refinery will enter maintenance in September, followed in October by BPCL's Kochi. In **Malaysia**, Shell's Port Dickson 156 kb/d refinery will undergo maintenance for 30-40 days from the second half of August

Russia's crude runs in June were unchanged m-o-m at 5.65 mb/d. However, y-o-y they are 0.3 mb/d lower due to a combination of weaker domestic demand plus lower profitability due to the tax manoeuvre. Bashneft reduced its 2015 processing target by 6%. However, over 1H15, Russian refinery crude runs were only cut by 1.6% y-o-y. This more conservative trend is expected to continue over the rest of the year. Lukoil and Bashneft cut production by 14.9% and 10%, respectively, while Rosneft increased by 1.8%. Fuel oil output was lower than average, reduced by 4% y-o-y, while gasoline production increased by 3.5%, a result of the new tax regime and the upgrading investments.



Middle East crude runs in May were revised up by 0.2 mb/d, mostly in Saudi Arabia because of the strong performance of its new refineries. Regional run now reach 6.8 mb/d, 0.1 mb/d higher m-o-m, and 0.25 mb/d higher y-o-y, despite the continued shutdown of Iraq's 170 kb/d Baji refinery.

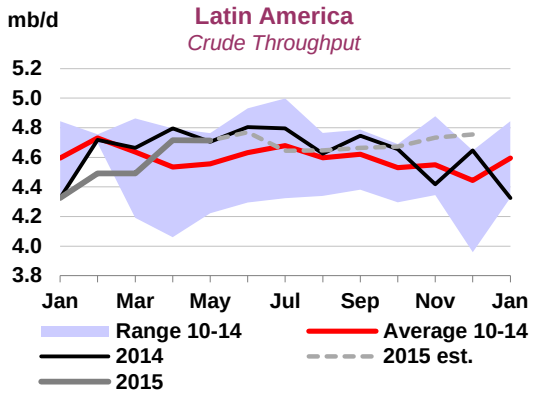


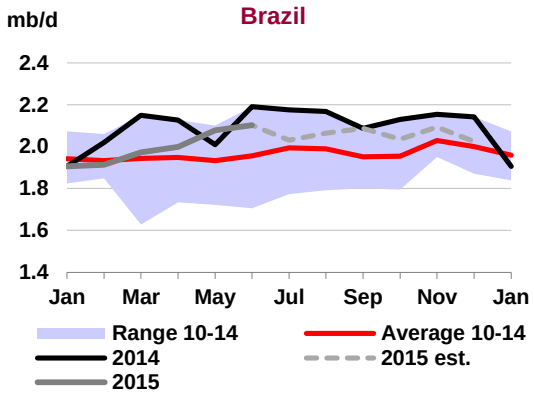


The **UAE's** Ruwais refinery is reported to be running at a reduced rate for a couple of weeks due to an FCC shutdown and is trying to resell some crude. Otherwise there is a raft of scheduled maintenance planned: in **Kuwait**, the 265 kb/d Mina Abdullah plant in August-September followed by the 200 kb/d Shuaibah refinery in October-November and the 120 kb/d Mina Al Ahmadi in December. In **Saudi Arabia**, the 400 kb/d PetroRabigh plant will shut down during October-November.

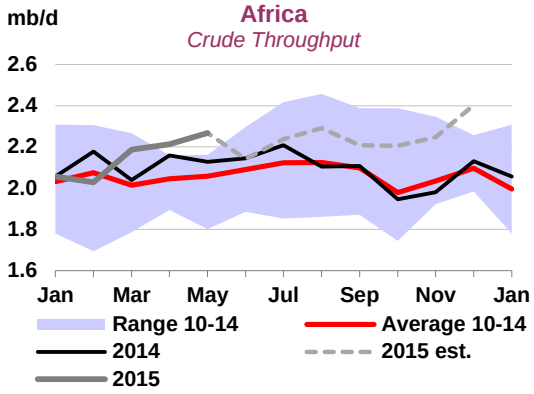
In **Kuwait**, Kuwait National Petroleum Co. finally awarded $11.5 billion worth of contracts to build the al Zour refinery. The last package is expected to be awarded in August. The start-up of the plant is targeted for 2019, but is likely to be delayed.

Latin America's crude intake in May was stable at 4.7 mb/d, on a par with last year. Over the first five months, it was lower by 2% y-o-y, but we expect 2H15 to be at a similar level than a year earlier, and Ecuador's Cartagena refinery is due on-stream by the end of this year. In **Brazil**, crude runs are picking up and reached 2.1 mb/d in June. Still we expect 2H15 figures to be substantially lower than a year earlier.





In **Africa**, crude throughput appeared to be edging up and reached 2.25 mb/d in May, up 0.14 mb/d y-o-y. Over the first 5 months of 2015, crude runs increased by an average 1.8%. **Egypt** showed the largest gain at 5.4%, while **South Africa** and **Algeria** were roughly stable.



In **Nigeria**, changes appear to be around the corner: the government named ExxonMobil Africa's executive vice-chairman Emmanuel Ibe Kachikwu to head Nigeria's state-owned oil company. Meanwhile, maintenance is ongoing at the 210 kb/d Port Harcourt and 125 kb/d Warri refineries, and NNPC announced that these refineries could be working at 80% starting in August.

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

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	23.6	24.1	23.9	23.7	24.2	24.5	24.1	24.2	24.1	24.5	24.7	24.4	24.5	24.2	24.6	24.9	24.5
Europe	13.8	13.6	13.0	13.3	13.8	13.4	13.4	13.6	13.4	13.8	13.5	13.6	13.3	13.5	13.8	13.5	13.5
Asia Oceania	8.5	8.4	8.9	7.7	7.7	8.3	8.2	8.8	7.7	7.8	8.3	8.1	8.6	7.6	7.8	8.4	8.1
Total OECD	45.9	46.0	45.7	44.7	45.7	46.3	45.6	46.6	45.1	46.1	46.5	46.1	46.4	45.3	46.2	46.7	46.2
NON-OECD DEMAND																	
FSU	4.6	4.7	4.6	4.8	5.0	4.9	4.8	4.6	4.8	4.9	4.8	4.8	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	9.9	10.3	10.3	10.5	10.5	10.9	10.6	10.7	11.1	10.8	11.1	10.9	11.1	11.3	11.2	11.5	11.3
Other Asia	11.4	11.8	12.1	12.1	11.8	12.2	12.0	12.4	12.5	12.2	12.7	12.5	12.9	12.9	12.6	13.1	12.9
Americas	6.5	6.7	6.6	6.8	7.0	7.0	6.8	6.7	6.9	7.0	7.0	6.9	6.8	7.0	7.1	7.2	7.0
Middle East	7.9	7.9	7.8	8.2	8.5	7.9	8.1	7.8	8.3	8.7	8.1	8.2	8.0	8.5	9.0	8.4	8.5
Africa	3.8	3.9	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.2	4.1	4.3	4.3	4.2	4.3	4.3
Total Non-OECD	44.8	45.9	46.0	47.1	47.4	47.6	47.0	47.1	48.4	48.5	48.7	48.2	48.4	49.5	49.8	50.1	49.4
Total Demand[1]	**90.7**	**91.9**	**91.8**	**91.8**	**93.1**	**93.8**	**92.6**	**93.6**	**93.5**	**94.5**	**95.2**	**94.2**	**94.8**	**94.8**	**96.0**	**96.8**	**95.6**
OECD SUPPLY																	
Americas[4]	15.8	17.1	18.2	18.8	19.1	19.7	19.0	20.0	19.7	19.4	19.6	19.7	19.9	19.8	19.9	20.2	20.0
Europe	3.5	3.3	3.5	3.2	3.1	3.5	3.3	3.4	3.5	3.3	3.4	3.4	3.4	3.2	3.0	3.3	3.2
Asia Oceania	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	19.8	21.0	22.2	22.6	22.8	23.7	22.8	23.8	23.7	23.2	23.5	23.5	23.8	23.5	23.5	24.0	23.7
NON-OECD SUPPLY																	
FSU	13.6	13.8	13.9	13.8	13.8	13.9	13.9	14.0	14.0	13.8	13.8	13.9	13.8	13.7	13.6	13.6	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	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.4	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Other Asia[2]	3.7	3.5	3.5	3.5	3.4	3.6	3.5	3.6	3.6	3.6	3.7	3.6	3.6	3.6	3.5	3.5	3.6
Americas[2,4]	4.2	4.2	4.3	4.3	4.5	4.6	4.4	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.7
Middle East	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Africa[2]	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.2
Total Non-OECD	29.6	29.5	29.8	29.6	29.6	30.1	29.8	30.4	30.2	29.9	29.9	30.1	29.9	29.6	29.4	29.5	29.6
Processing gains[3]	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuel[4]	1.9	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.4	2.6	2.3	2.3	1.8	2.3	2.6	2.3	2.3
Total Non-OPEC[2]	53.3	54.6	55.9	56.6	57.2	58.3	57.0	58.2	58.4	57.9	57.9	58.1	57.8	57.7	57.9	58.1	57.9
OPEC																	
Crude[5]	31.3	30.5	30.0	30.1	30.5	30.5	30.3	30.5	31.5								
NGLs	6.2	6.2	6.3	6.3	6.4	6.4	6.4	6.5	6.6	6.7	6.7	6.6	6.8	6.8	6.9	6.9	6.9
Total OPEC[2]	37.5	36.6	36.3	36.4	36.9	36.9	36.6	37.0	38.1								
Total Supply[6]	**90.9**	**91.2**	**92.2**	**93.0**	**94.1**	**95.2**	**93.7**	**95.3**	**96.5**								
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.2	-0.2	0.2	0.8	0.7	-0.1	0.4	0.9	1.1								
Government	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0								
Total	0.2	-0.2	0.2	0.7	0.7	-0.1	0.4	0.9	1.1								
Floating storage/Oil in transit	0.0	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1	0.2								
Miscellaneous to balance[7]	0.0	-0.6	0.0	0.9	0.0	1.6	0.6	0.8	1.7								
Total Stock Ch. & Misc	**0.1**	**-0.7**	**0.4**	**1.2**	**1.0**	**1.4**	**1.0**	**1.6**	**3.0**								
Memo items:																	
Call on OPEC crude + Stock ch.[8]	31.2	31.1	29.6	28.8	29.5	29.1	29.3	28.8	28.5	30.0	30.6	29.5	30.3	30.2	31.1	31.8	30.8

1 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.
2 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 2011.
Total OPEC comprises all countries which were OPEC members at 1 January 2011.
3 Net volumetric gains and losses in the refining process and marine transportation losses.
4 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
5 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.
6 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
7 Includes changes in non-reported stocks in OECD and non-OECD areas.
8 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)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-0.1	0.1	0.1	-	0.1	0.1	0.1	0.2	0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-0.1	-	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.2
Other Asia	-0.2	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1	-	-	-0.1
Americas	0.1	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.1	0.1	-	-	0.1
Middle East	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
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	0.1
Total Non-OECD	0.1	0.1	0.1	-	0.1	-	-	0.1	0.4	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.3
Total Demand	**0.1**	**0.1**	**0.1**	**-**	**0.1**	**-**	**0.1**	**0.1**	**0.4**	**0.3**	**0.3**	**0.3**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-0.1	0.2	-	-	-0.1	-	0.1	-0.1	-
Europe	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-0.1	-
Americas	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.1	-0.1	-0.1	-0.1	-0.2	-0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-								
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-								
Total Supply	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**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									
Total Stock Ch. & Misc	**-**	**-0.1**	**-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	0.1	0.3	-	0.2	0.2	0.6	0.5	0.5	0.6	0.6

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

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Demand (mb/d)																
Americas	24.08	23.87	23.67	24.23	24.51	24.07	24.24	24.06	24.48	24.68	24.37	24.45	24.20	24.60	24.85	24.53
Europe	13.58	12.96	13.34	13.77	13.42	13.38	13.56	13.39	13.79	13.52	13.57	13.34	13.53	13.76	13.47	13.53
Asia Oceania	8.36	8.89	7.70	7.71	8.35	8.16	8.78	7.66	7.78	8.33	8.13	8.65	7.61	7.82	8.36	8.11
Total OECD	46.02	45.72	44.71	45.71	46.28	45.61	46.57	45.11	46.05	46.53	46.07	46.45	45.34	46.18	46.68	46.17
Asia	22.04	22.34	22.61	22.26	23.11	22.58	23.12	23.61	23.04	23.84	23.40	23.95	24.23	23.87	24.65	24.18
Middle East	7.91	7.77	8.17	8.55	7.91	8.10	7.77	8.32	8.75	8.14	8.25	8.04	8.52	8.96	8.36	8.47
Americas	6.68	6.63	6.81	6.97	6.95	6.84	6.75	6.88	7.02	7.03	6.92	6.80	7.00	7.14	7.15	7.02
FSU	4.72	4.63	4.81	5.04	4.91	4.85	4.61	4.81	4.90	4.80	4.78	4.59	4.71	4.91	4.88	4.77
Africa	3.89	4.00	4.00	3.89	3.98	3.97	4.11	4.09	4.05	4.19	4.11	4.32	4.28	4.18	4.33	4.28
Europe	0.66	0.66	0.67	0.69	0.69	0.68	0.69	0.69	0.69	0.70	0.69	0.70	0.71	0.71	0.72	0.71
Total Non-OECD	45.89	46.04	47.08	47.40	47.55	47.02	47.05	48.39	48.45	48.71	48.16	48.40	49.45	49.77	50.10	49.43
World	**91.92**	**91.76**	**91.79**	**93.11**	**93.84**	**92.63**	**93.63**	**93.50**	**94.51**	**95.24**	**94.23**	**94.85**	**94.79**	**95.95**	**96.78**	**95.60**
of which: US50	18.96	18.81	18.71	19.16	19.45	19.03	19.29	19.25	19.53	19.65	19.43	19.54	19.36	19.67	19.85	19.61
Europe 5*	8.12	7.85	7.89	8.17	8.03	7.99	8.17	7.89	8.10	7.99	8.04	7.96	7.94	8.05	7.93	7.97
China	10.25	10.27	10.53	10.50	10.94	10.56	10.70	11.11	10.82	11.14	10.94	11.10	11.30	11.23	11.53	11.29
Japan	4.56	5.07	3.93	3.93	4.48	4.35	4.80	3.89	3.95	4.38	4.25	4.64	3.76	3.94	4.38	4.18
India	3.69	3.82	3.83	3.57	3.81	3.76	3.96	3.99	3.73	4.00	3.92	4.14	4.17	3.90	4.15	4.09
Russia	3.46	3.46	3.56	3.75	3.55	3.58	3.42	3.55	3.62	3.45	3.51	3.40	3.43	3.61	3.51	3.49
Brazil	3.12	3.12	3.17	3.28	3.31	3.22	3.17	3.17	3.28	3.32	3.23	3.16	3.21	3.30	3.36	3.26
Saudi Arabia	2.96	2.77	3.24	3.57	3.04	3.16	2.93	3.39	3.67	3.10	3.27	3.03	3.44	3.72	3.17	3.34
Canada	2.37	2.41	2.32	2.44	2.41	2.40	2.36	2.23	2.38	2.39	2.34	2.30	2.25	2.35	2.35	2.32
Korea	2.33	2.35	2.31	2.32	2.38	2.34	2.48	2.32	2.36	2.45	2.40	2.52	2.37	2.39	2.47	2.43
Mexico	2.09	2.00	2.02	2.00	2.02	2.01	1.91	1.95	1.93	1.99	1.94	1.92	1.95	1.93	1.99	1.95
Iran	1.92	1.98	1.92	1.88	1.93	1.93	1.88	1.91	1.94	2.00	1.94	1.95	1.98	1.98	2.02	1.98
Total	**63.83**	**63.90**	**63.44**	**64.58**	**65.34**	**64.32**	**65.07**	**64.65**	**65.31**	**65.86**	**65.22**	**65.67**	**65.15**	**66.06**	**66.70**	**65.90**
% of World	69.4%	69.6%	69.1%	69.4%	69.6%	69.4%	69.5%	69.1%	69.1%	69.1%	69.2%	69.2%	68.7%	68.9%	68.9%	68.9%
Annual Change (% per annum)																
Americas	1.9	0.4	-0.8	-0.4	0.7	0.0	1.5	1.7	1.1	0.7	1.2	0.9	0.6	0.5	0.7	0.7
Europe	-1.4	-1.0	-3.3	-1.1	-0.7	-1.5	4.6	0.3	0.1	0.7	1.4	-1.6	1.1	-0.2	-0.4	-0.3
Asia Oceania	-2.1	0.3	-2.4	-4.2	-3.5	-2.4	-1.3	-0.6	0.9	-0.2	-0.3	-1.4	-0.7	0.5	0.4	-0.3
Total OECD	0.2	0.0	-1.9	-1.2	-0.5	-0.9	1.9	0.9	0.8	0.5	1.0	-0.3	0.5	0.3	0.3	0.2
Asia	3.5	1.5	2.5	2.6	3.1	2.4	3.5	4.4	3.5	3.2	3.6	3.6	2.6	3.6	3.4	3.3
Middle East	0.7	2.3	2.1	2.1	3.4	2.5	0.0	1.8	2.3	2.9	1.8	3.4	2.5	2.5	2.7	2.7
Americas	2.5	3.3	2.3	2.5	1.8	2.5	1.7	1.0	0.8	1.1	1.1	0.8	1.7	1.6	1.7	1.5
FSU	2.0	4.5	4.5	2.7	-0.2	2.8	-0.3	0.0	-2.6	-2.4	-1.4	-0.5	-2.2	0.2	1.7	-0.2
Africa	2.0	0.2	1.1	4.7	2.5	2.1	2.7	2.2	3.9	5.3	3.5	5.2	4.6	3.3	3.4	4.1
Europe	-4.1	5.3	1.3	3.7	0.7	2.7	5.2	2.7	0.5	2.7	2.8	0.6	3.9	1.9	2.4	2.2
Total Non-OECD	2.5	2.1	2.5	2.7	2.6	2.5	2.2	2.8	2.2	2.4	2.4	2.9	2.2	2.7	2.8	2.6
World	**1.3**	**1.1**	**0.3**	**0.7**	**1.0**	**0.8**	**2.0**	**1.9**	**1.5**	**1.5**	**1.7**	**1.3**	**1.4**	**1.5**	**1.6**	**1.5**
Annual Change (mb/d)																
Americas	0.44	0.09	-0.20	-0.09	0.17	-0.01	0.37	0.40	0.25	0.17	0.30	0.21	0.14	0.12	0.17	0.16
Europe	-0.19	-0.13	-0.46	-0.15	-0.09	-0.21	0.60	0.04	0.02	0.10	0.19	-0.21	0.15	-0.02	-0.05	-0.04
Asia Oceania	-0.18	0.03	-0.19	-0.34	-0.30	-0.20	-0.12	-0.04	0.07	-0.02	-0.03	-0.13	-0.05	0.04	0.03	-0.03
Total OECD	0.08	-0.01	-0.84	-0.58	-0.22	-0.41	0.85	0.40	0.34	0.25	0.46	-0.13	0.23	0.13	0.15	0.10
Asia	0.75	0.34	0.55	0.56	0.70	0.54	0.77	1.00	0.79	0.74	0.82	0.84	0.62	0.83	0.81	0.77
Middle East	0.05	0.18	0.17	0.17	0.26	0.20	0.00	0.14	0.20	0.23	0.14	0.26	0.21	0.22	0.22	0.23
Americas	0.16	0.21	0.15	0.17	0.13	0.16	0.11	0.07	0.05	0.08	0.08	0.06	0.12	0.11	0.12	0.10
FSU	0.09	0.20	0.21	0.13	-0.01	0.13	-0.01	0.00	-0.13	-0.12	-0.07	-0.02	-0.10	0.01	0.08	-0.01
Africa	0.08	0.01	0.04	0.17	0.10	0.08	0.11	0.09	0.15	0.21	0.14	0.21	0.19	0.13	0.14	0.17
Europe	-0.03	0.03	0.01	0.02	0.00	0.02	0.03	0.02	0.00	0.02	0.02	0.00	0.03	0.01	0.02	0.02
Total Non-OECD	1.11	0.97	1.13	1.23	1.19	1.13	1.02	1.31	1.06	1.16	1.14	1.35	1.06	1.31	1.39	1.27
World	**1.19**	**0.96**	**0.28**	**0.65**	**0.96**	**0.71**	**1.87**	**1.71**	**1.40**	**1.41**	**1.60**	**1.22**	**1.29**	**1.44**	**1.54**	**1.37**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.14	0.10	0.07	0.10	0.10	0.15	0.10	0.11
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	-0.02	0.02	-0.01	0.03	0.01	-0.01	0.01	0.01
Asia Oceania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	-0.02	-0.02	-0.03	-0.03	-0.02	0.00	0.04	0.00
Total OECD	0.00	0.01	0.01	0.00	0.00	0.00	0.00	-0.06	0.09	0.11	0.03	0.10	0.09	0.14	0.15	0.12
Asia	0.06	0.01	0.05	0.01	0.07	0.03	0.08	0.20	0.01	0.05	0.08	0.10	0.11	0.11	0.10	0.10
Middle East	-0.06	-0.07	-0.11	-0.05	-0.08	-0.08	-0.14	-0.06	-0.04	-0.05	-0.07	-0.04	-0.06	-0.09	-0.08	-0.07
Americas	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.09	0.06	0.03	0.05	0.07	0.08	0.04	0.02	0.05
FSU	-0.04	0.00	-0.03	-0.02	-0.08	-0.03	-0.01	0.12	0.08	0.04	0.06	0.11	0.13	0.12	0.08	0.11
Africa	0.07	0.09	0.08	0.08	0.09	0.08	0.11	0.09	0.08	0.09	0.09	0.09	0.08	0.07	0.10	0.09
Europe	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Total Non-OECD	0.06	0.06	0.03	0.06	0.04	0.05	0.09	0.44	0.19	0.16	0.22	0.35	0.34	0.25	0.24	0.30
World	**0.06**	**0.07**	**0.04**	**0.06**	**0.04**	**0.05**	**0.09**	**0.38**	**0.28**	**0.27**	**0.26**	**0.45**	**0.43**	**0.39**	**0.39**	**0.41**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	-0.01	-0.14	-0.10	0.13	0.08	-0.01	0.02	0.34	0.22	0.23	0.20	0.36	0.05	0.11	0.12	0.16

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2013	2014	2Q14	3Q14	4Q14	1Q15	Mar 15	Apr 15	May 15 [2]	Latest month vs. Apr 15	Latest month vs. May 14
Americas											
LPG and ethane	3.28	3.18	2.84	2.97	3.42	3.48	3.20	3.03	2.88	-0.15	0.18
Naphtha	0.38	0.35	0.34	0.35	0.35	0.35	0.33	0.34	0.31	-0.03	-0.04
Motor gasoline	10.55	10.64	10.73	10.84	10.78	10.49	10.72	10.80	10.94	0.14	0.18
Jet and kerosene	1.70	1.74	1.72	1.79	1.77	1.72	1.82	1.73	1.77	0.05	0.11
Gasoil/diesel oil	5.07	5.26	5.14	5.13	5.35	5.52	5.29	5.18	5.05	-0.12	-0.11
Residual fuel oil	0.72	0.58	0.58	0.59	0.62	0.51	0.54	0.38	0.47	0.09	-0.09
Other products	2.38	2.32	2.32	2.56	2.23	2.17	2.24	2.30	2.48	0.18	0.17
Total	**24.08**	**24.07**	**23.67**	**24.23**	**24.51**	**24.24**	**24.14**	**23.76**	**23.91**	**0.15**	**0.40**
Europe											
LPG and ethane	1.06	1.07	1.10	1.10	1.06	1.21	1.22	1.14	1.08	-0.06	-0.02
Naphtha	1.13	1.16	1.19	1.11	1.04	1.29	1.23	1.19	1.11	-0.08	-0.07
Motor gasoline	1.93	1.91	1.96	2.00	1.89	1.79	1.83	1.99	1.91	-0.08	-0.04
Jet and kerosene	1.21	1.23	1.24	1.37	1.21	1.20	1.22	1.28	1.31	0.03	0.08
Gasoil/diesel oil	5.97	5.91	5.75	5.99	6.18	6.20	6.18	6.12	5.62	-0.50	0.03
Residual fuel oil	1.00	0.91	0.88	0.90	0.91	0.88	0.87	0.85	0.84	-0.01	-0.02
Other products	1.28	1.18	1.23	1.29	1.14	1.00	1.00	1.10	1.11	0.01	-0.09
Total	**13.58**	**13.38**	**13.34**	**13.77**	**13.42**	**13.56**	**13.55**	**13.67**	**12.98**	**-0.69**	**-0.13**
Asia Oceania											
LPG and ethane	0.86	0.84	0.84	0.80	0.83	0.90	0.87	0.79	0.68	-0.11	-0.16
Naphtha	1.85	1.88	1.76	1.81	1.96	2.04	1.97	2.01	1.79	-0.22	0.01
Motor gasoline	1.60	1.57	1.52	1.60	1.60	1.54	1.56	1.55	1.52	-0.03	0.00
Jet and kerosene	0.88	0.86	0.69	0.67	0.98	1.11	0.97	0.78	0.62	-0.16	-0.03
Gasoil/diesel oil	1.77	1.77	1.73	1.70	1.83	1.85	1.87	1.81	1.72	-0.09	-0.01
Residual fuel oil	0.77	0.67	0.63	0.58	0.63	0.77	0.75	0.65	0.58	-0.07	-0.03
Other products	0.63	0.57	0.53	0.55	0.51	0.56	0.58	0.51	0.44	-0.08	-0.05
Total	**8.36**	**8.16**	**7.70**	**7.71**	**8.35**	**8.78**	**8.57**	**8.11**	**7.36**	**-0.75**	**-0.28**
OECD											
LPG and ethane	5.21	5.10	4.77	4.87	5.31	5.58	5.29	4.96	4.64	-0.32	-0.01
Naphtha	3.36	3.39	3.29	3.28	3.35	3.67	3.53	3.54	3.21	-0.33	-0.10
Motor gasoline	14.07	14.12	14.21	14.44	14.27	13.82	14.12	14.34	14.37	0.03	0.14
Jet and kerosene	3.79	3.83	3.65	3.83	3.95	4.04	4.01	3.79	3.71	-0.08	0.16
Gasoil/diesel oil	12.81	12.94	12.61	12.81	13.35	13.57	13.33	13.10	12.40	-0.71	-0.10
Residual fuel oil	2.49	2.16	2.09	2.08	2.16	2.16	2.16	1.88	1.89	0.01	-0.13
Other products	4.29	4.06	4.09	4.41	3.88	3.74	3.82	3.91	4.03	0.11	0.03
Total	**46.02**	**45.61**	**44.71**	**45.71**	**46.28**	**46.57**	**46.26**	**45.53**	**44.24**	**-1.29**	**-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. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2013	2014	2Q14	3Q14	4Q14	1Q15	Mar 15	Apr 15	May 15 [2]	Latest month vs. Apr 15	Latest month vs. May 14
United States[3]											
LPG and ethane	2.44	2.36	2.03	2.21	2.55	2.62	2.36	2.23	2.11	-0.12	0.20
Naphtha	0.27	0.23	0.20	0.23	0.24	0.23	0.20	0.22	0.20	-0.02	-0.01
Motor gasoline	8.84	8.92	9.01	9.10	9.05	8.81	9.05	9.14	9.25	0.11	0.24
Jet and kerosene	1.44	1.48	1.47	1.52	1.52	1.46	1.55	1.48	1.53	0.04	0.12
Gasoil/diesel oil	3.83	4.01	3.93	3.86	4.09	4.27	4.05	4.00	3.79	-0.21	-0.14
Residual fuel oil	0.32	0.26	0.26	0.24	0.30	0.24	0.26	0.15	0.23	0.08	0.00
Other products	1.82	1.78	1.81	1.99	1.70	1.66	1.76	1.82	2.01	0.19	0.20
Total	**18.96**	**19.03**	**18.71**	**19.16**	**19.45**	**19.29**	**19.24**	**19.04**	**19.12**	**0.08**	**0.60**
Japan											
LPG and ethane	0.52	0.50	0.49	0.44	0.50	0.57	0.55	0.49	0.37	-0.13	-0.13
Naphtha	0.77	0.75	0.66	0.68	0.83	0.84	0.80	0.84	0.73	-0.11	0.07
Motor gasoline	0.95	0.92	0.88	0.95	0.94	0.88	0.90	0.90	0.88	-0.01	0.00
Jet and kerosene	0.53	0.52	0.37	0.34	0.61	0.73	0.61	0.44	0.30	-0.14	-0.04
Diesel	0.41	0.40	0.39	0.39	0.41	0.40	0.41	0.40	0.37	-0.03	-0.01
Other gasoil	0.41	0.40	0.37	0.35	0.41	0.45	0.43	0.39	0.34	-0.05	-0.03
Residual fuel oil	0.46	0.41	0.37	0.35	0.38	0.46	0.44	0.38	0.33	-0.05	-0.01
Other products	0.50	0.44	0.41	0.41	0.40	0.47	0.48	0.42	0.37	-0.06	0.00
Total	**4.56**	**4.35**	**3.93**	**3.93**	**4.48**	**4.80**	**4.62**	**4.25**	**3.68**	**-0.57**	**-0.16**
Germany											
LPG and ethane	0.11	0.09	0.11	0.10	0.08	0.10	0.11	0.11	0.11	0.00	0.00
Naphtha	0.39	0.42	0.41	0.42	0.41	0.47	0.44	0.45	0.34	-0.10	-0.06
Motor gasoline	0.43	0.44	0.44	0.45	0.44	0.42	0.44	0.44	0.44	0.00	-0.01
Jet and kerosene	0.19	0.19	0.20	0.21	0.18	0.18	0.18	0.19	0.19	0.00	-0.01
Diesel	0.70	0.73	0.73	0.76	0.75	0.75	0.79	0.76	0.73	-0.04	0.00
Other gasoil	0.43	0.36	0.31	0.36	0.38	0.45	0.39	0.29	0.21	-0.08	-0.10
Residual fuel oil	0.12	0.12	0.09	0.11	0.14	0.13	0.13	0.12	0.12	0.00	0.03
Other products	0.07	0.05	0.05	0.07	0.04	0.01	0.01	0.01	0.05	0.04	0.00
Total	**2.44**	**2.40**	**2.35**	**2.47**	**2.41**	**2.51**	**2.48**	**2.37**	**2.19**	**-0.18**	**-0.16**
Italy											
LPG and ethane	0.11	0.11	0.10	0.10	0.11	0.13	0.11	0.12	0.10	-0.02	0.00
Naphtha	0.05	0.09	0.08	0.08	0.08	0.11	0.12	0.12	0.13	0.01	0.04
Motor gasoline	0.20	0.20	0.20	0.20	0.20	0.19	0.20	0.22	0.20	-0.03	-0.01
Jet and kerosene	0.09	0.09	0.10	0.11	0.08	0.08	0.08	0.10	0.10	0.00	0.00
Diesel	0.45	0.50	0.49	0.52	0.52	0.44	0.46	0.48	0.44	-0.03	-0.02
Other gasoil	0.10	0.04	0.03	0.02	0.05	0.09	0.08	0.08	0.08	-0.01	0.02
Residual fuel oil	0.08	0.06	0.06	0.06	0.06	0.08	0.08	0.08	0.08	0.00	0.02
Other products	0.18	0.14	0.15	0.15	0.13	0.11	0.12	0.14	0.13	-0.01	-0.03
Total	**1.26**	**1.22**	**1.21**	**1.25**	**1.24**	**1.22**	**1.25**	**1.34**	**1.26**	**-0.08**	**0.03**
France											
LPG and ethane	0.12	0.11	0.10	0.10	0.12	0.15	0.15	0.13	0.11	-0.02	0.01
Naphtha	0.12	0.12	0.14	0.13	0.07	0.12	0.13	0.12	0.12	0.00	-0.01
Motor gasoline	0.16	0.16	0.17	0.17	0.16	0.14	0.15	0.18	0.16	-0.02	0.00
Jet and kerosene	0.15	0.15	0.15	0.16	0.14	0.14	0.14	0.15	0.15	0.01	0.01
Diesel	0.69	0.70	0.70	0.71	0.71	0.67	0.69	0.73	0.64	-0.10	-0.03
Other gasoil	0.28	0.25	0.21	0.25	0.27	0.29	0.26	0.23	0.17	-0.06	-0.01
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.03	0.04	0.01	-0.01
Other products	0.13	0.12	0.13	0.15	0.11	0.11	0.11	0.10	0.11	0.00	0.00
Total	**1.71**	**1.65**	**1.63**	**1.71**	**1.63**	**1.68**	**1.67**	**1.67**	**1.50**	**-0.18**	**-0.04**
United Kingdom											
LPG and ethane	0.11	0.11	0.12	0.10	0.11	0.14	0.13	0.15	0.14	-0.01	0.02
Naphtha	0.03	0.02	0.02	0.03	0.03	0.02	0.02	0.02	0.03	0.01	0.01
Motor gasoline	0.31	0.30	0.31	0.30	0.30	0.29	0.26	0.30	0.30	-0.01	0.00
Jet and kerosene	0.31	0.31	0.30	0.32	0.32	0.33	0.33	0.32	0.28	-0.04	-0.03
Diesel	0.46	0.48	0.48	0.48	0.50	0.47	0.46	0.50	0.48	-0.02	0.03
Other gasoil	0.12	0.12	0.12	0.12	0.11	0.13	0.13	0.14	0.13	-0.02	0.02
Residual fuel oil	0.04	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.03	0.01	0.01
Other products	0.13	0.13	0.13	0.13	0.12	0.11	0.11	0.11	0.10	-0.01	-0.03
Total	**1.50**	**1.51**	**1.51**	**1.51**	**1.53**	**1.52**	**1.48**	**1.57**	**1.49**	**-0.08**	**0.02**
Canada											
LPG and ethane	0.38	0.37	0.36	0.31	0.40	0.40	0.39	0.37	0.33	-0.04	-0.01
Naphtha	0.09	0.09	0.10	0.10	0.09	0.10	0.10	0.10	0.09	-0.01	-0.01
Motor gasoline	0.81	0.84	0.84	0.87	0.83	0.79	0.77	0.78	0.80	0.01	-0.05
Jet and kerosene	0.14	0.13	0.13	0.14	0.13	0.13	0.13	0.13	0.12	-0.01	-0.01
Diesel	0.29	0.29	0.29	0.29	0.31	0.32	0.32	0.33	0.30	-0.03	0.01
Other gasoil	0.30	0.30	0.27	0.33	0.29	0.27	0.24	0.20	0.27	0.08	0.00
Residual fuel oil	0.06	0.06	0.05	0.06	0.07	0.06	0.07	0.05	0.03	-0.02	-0.02
Other products	0.31	0.30	0.28	0.34	0.30	0.29	0.25	0.26	0.25	0.00	-0.02
Total	**2.37**	**2.40**	**2.32**	**2.44**	**2.41**	**2.36**	**2.27**	**2.21**	**2.19**	**-0.02**	**-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)

	2014	2015	2016	1Q15	2Q15	3Q15	4Q15	1Q16	May 15	Jun 15	Jul 15
OPEC											
Crude Oil											
Saudi Arabia	9.53			9.77	10.28				10.27	10.46	10.38
Iran	2.81			2.82	2.85				2.85	2.82	2.87
Iraq	3.33			3.49	3.91				3.84	4.15	4.18
UAE	2.76			2.84	2.87				2.87	2.88	2.91
Kuwait	2.61			2.70	2.72				2.73	2.72	2.72
Neutral Zone	0.38			0.20	0.09				0.07	0.04	0.04
Qatar	0.71			0.67	0.66				0.66	0.66	0.63
Angola	1.66			1.77	1.76				1.77	1.78	1.80
Nigeria	1.90			1.81	1.78				1.76	1.79	1.77
Libya	0.46			0.37	0.46				0.45	0.42	0.39
Algeria	1.12			1.11	1.11				1.11	1.11	1.11
Ecuador	0.55			0.55	0.55				0.55	0.54	0.55
Venezuela	2.46			2.39	2.44				2.44	2.44	2.44
Total Crude Oil	30.28			30.49	31.49				31.36	31.81	31.79
Total NGLs[1]	6.36	6.64	6.86	6.54	6.64	6.66	6.70	6.77	6.64	6.64	6.66
Total OPEC	**36.64**			**37.03**	**38.13**				**38.00**	**38.44**	**38.45**
NON-OPEC[2]											
OECD											
Americas	18.98	19.67	19.96	19.97	19.74	19.36	19.62	19.90	19.54	19.80	19.56
United States[5]	11.90	12.78	12.97	12.76	13.06	12.62	12.68	12.76	12.96	13.01	12.70
Mexico	2.80	2.59	2.52	2.65	2.55	2.58	2.57	2.54	2.56	2.58	2.63
Canada	4.28	4.30	4.46	4.56	4.12	4.15	4.37	4.60	4.02	4.20	4.22
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe	3.34	3.39	3.22	3.44	3.49	3.27	3.38	3.39	3.53	3.45	3.35
UK	0.88	0.93	0.88	0.94	1.00	0.87	0.93	0.97	1.08	0.95	0.90
Norway	1.89	1.91	1.83	1.93	1.93	1.85	1.91	1.89	1.90	1.95	1.89
Others	0.57	0.55	0.52	0.57	0.56	0.55	0.54	0.53	0.55	0.55	0.55
Asia Oceania	0.51	0.47	0.53	0.43	0.43	0.53	0.50	0.52	0.39	0.47	0.53
Australia	0.43	0.39	0.44	0.35	0.34	0.44	0.41	0.43	0.30	0.38	0.44
Others	0.08	0.09	0.09	0.08	0.09	0.09	0.09	0.09	0.08	0.09	0.09
Total OECD	**22.83**	**23.54**	**23.71**	**23.84**	**23.66**	**23.15**	**23.50**	**23.81**	**23.46**	**23.72**	**23.44**
NON-OECD											
Former USSR	13.87	13.92	13.66	14.05	13.98	13.85	13.82	13.82	14.01	13.97	13.87
Russia	10.91	10.99	10.85	11.02	11.03	10.97	10.93	10.96	11.04	11.06	10.99
Others	2.95	2.93	2.81	3.02	2.95	2.88	2.88	2.86	2.97	2.91	2.88
Asia	7.71	7.93	7.79	7.90	7.95	7.92	7.95	7.88	7.89	8.04	7.91
China	4.22	4.31	4.22	4.29	4.36	4.30	4.30	4.24	4.32	4.46	4.33
Malaysia	0.67	0.73	0.67	0.78	0.73	0.71	0.70	0.71	0.72	0.73	0.70
India	0.87	0.87	0.83	0.87	0.86	0.87	0.86	0.84	0.87	0.87	0.87
Indonesia	0.84	0.87	0.93	0.81	0.84	0.89	0.93	0.94	0.87	0.81	0.84
Others	1.11	1.16	1.14	1.15	1.15	1.16	1.16	1.15	1.12	1.18	1.17
Europe	0.14	0.14	0.13	0.14	0.14	0.14	0.14	0.13	0.14	0.14	0.14
Americas	4.42	4.60	4.68	4.65	4.57	4.57	4.61	4.64	4.58	4.57	4.56
Brazil[5]	2.35	2.52	2.65	2.54	2.50	2.52	2.55	2.59	2.50	2.49	2.51
Argentina	0.63	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
Colombia	0.99	1.01	0.96	1.03	1.02	0.99	0.99	0.98	1.03	1.01	1.00
Others	0.44	0.42	0.42	0.43	0.40	0.41	0.42	0.43	0.39	0.42	0.40
Middle East[3]	1.32	1.21	1.14	1.30	1.22	1.17	1.16	1.15	1.21	1.19	1.18
Oman	0.96	0.96	0.93	0.98	0.97	0.96	0.95	0.94	0.98	0.96	0.96
Syria	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.04	0.00	0.11	0.03	0.00	0.00	0.00	0.02	0.02	0.01
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.32	2.28	2.21	2.32	2.30	2.24	2.24	2.22	2.30	2.29	2.26
Egypt	0.70	0.69	0.65	0.70	0.70	0.68	0.67	0.66	0.70	0.69	0.69
Gabon	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.38	1.35	1.33	1.38	1.37	1.33	1.34	1.33	1.37	1.36	1.34
Total Non-OECD	**29.77**	**30.09**	**29.61**	**30.36**	**30.17**	**29.90**	**29.93**	**29.85**	**30.13**	**30.19**	**29.92**
Processing gains[4]	2.21	2.22	2.33	2.22	2.22	2.22	2.22	2.32	2.22	2.22	2.22
Global Biofuels[5]	2.19	2.27	2.25	1.82	2.36	2.61	2.27	1.84	2.39	2.58	2.55
TOTAL NON-OPEC	**57.01**	**58.11**	**57.90**	**58.24**	**58.40**	**57.88**	**57.91**	**57.82**	**58.19**	**58.71**	**58.12**
TOTAL SUPPLY	**93.65**			**95.27**	**96.53**				**96.19**	**97.15**	**96.57**

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.

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			
	Feb2015	Mar2015	Apr2015	May2015	Jun2015*	Jun2012	Jun2013	Jun2014	3Q2014	4Q2014	1Q2015	2Q2015
OECD Americas												
Crude	600.6	625.2	637.7	629.9	623.8	523.1	519.8	529.8	-0.20	0.44	0.81	-0.02
Motor Gasoline	277.8	266.2	261.4	255.2	253.5	241.5	260.0	252.6	-0.07	0.31	-0.08	-0.14
Middle Distillate	195.3	200.2	200.8	209.2	216.5	189.3	195.7	191.3	0.13	0.05	-0.09	0.18
Residual Fuel Oil	43.3	45.8	46.4	48.2	47.9	46.3	46.0	44.8	0.00	-0.03	0.05	0.02
Total Products[3]	692.6	695.2	704.4	725.0	744.9	670.7	698.3	684.5	0.38	0.08	-0.35	0.55
Total[4]	1454.2	1483.3	1511.7	1528.8	1544.6	1362.0	1378.4	1381.5	0.32	0.35	0.45	0.67
OECD Europe												
Crude	322.1	346.6	350.0	343.5	343.5	329.8	318.7	326.4	-0.12	0.04	0.31	-0.03
Motor Gasoline	106.2	101.8	95.1	91.8	91.8	88.5	88.0	85.2	0.02	0.04	0.13	-0.11
Middle Distillate	257.0	260.2	261.9	280.8	275.5	253.7	241.3	248.8	0.19	-0.17	0.10	0.17
Residual Fuel Oil	67.7	65.4	67.7	65.9	68.5	74.9	76.3	66.4	-0.05	0.03	0.01	0.03
Total Products[3]	526.0	524.2	520.0	532.6	529.5	522.5	504.2	492.0	0.22	-0.11	0.24	0.06
Total[4]	914.4	941.6	939.6	947.2	944.2	920.7	883.7	889.1	0.08	-0.12	0.62	0.03
OECD Asia Oceania												
Crude	173.1	178.0	170.5	198.2	200.0	179.9	172.8	177.3	0.01	-0.06	0.05	0.24
Motor Gasoline	23.7	23.0	24.5	25.1	25.3	26.0	27.0	24.4	-0.02	-0.02	0.02	0.02
Middle Distillate	59.2	56.0	57.9	61.5	60.7	61.7	61.3	53.8	0.18	-0.07	-0.09	0.05
Residual Fuel Oil	18.4	18.3	19.5	20.9	19.3	19.7	19.7	21.1	0.02	-0.02	-0.03	0.01
Total Products[3]	158.2	152.8	158.0	167.9	165.2	167.1	167.5	157.3	0.28	-0.16	-0.18	0.14
Total[4]	391.9	392.1	391.1	430.6	427.7	422.4	414.3	404.6	0.34	-0.33	-0.15	0.39
Total OECD												
Crude	1095.8	1149.8	1158.1	1171.6	1167.3	1032.8	1011.3	1033.5	-0.31	0.43	1.16	0.19
Motor Gasoline	407.6	391.0	380.9	372.1	370.5	356.0	374.9	362.3	-0.08	0.33	0.06	-0.22
Middle Distillate	511.5	516.4	520.6	551.5	552.7	504.7	498.2	493.9	0.50	-0.19	-0.07	0.40
Residual Fuel Oil	129.4	129.5	133.5	135.0	135.6	140.9	141.9	132.2	-0.04	-0.03	0.03	0.07
Total Products[3]	1376.8	1372.1	1382.3	1425.5	1439.6	1360.3	1369.9	1333.7	0.88	-0.18	-0.29	0.74
Total[4]	2760.5	2817.0	2842.4	2906.5	2916.4	2705.1	2676.4	2675.2	0.75	-0.10	0.91	1.09

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			
	Feb2015	Mar2015	Apr2015	May2015	Jun2015*	Jun2012	Jun2013	Jun2014	3Q2014	4Q2014	1Q2015	2Q2015
OECD Americas												
Crude	691.0	691.0	691.0	692.4	694.1	696.0	696.0	691.0	0.00	0.00	0.00	0.03
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	208.9	208.9	208.5	208.3	207.4	192.6	206.8	207.1	0.00	0.02	-0.01	-0.02
Products	255.8	257.8	261.1	260.6	259.1	234.6	259.0	258.2	-0.02	0.00	0.02	0.01
OECD Asia Oceania												
Crude	386.2	386.9	386.9	385.1	385.6	393.5	386.1	387.6	-0.02	-0.01	0.02	-0.01
Products	32.0	32.6	32.6	32.6	32.8	20.0	23.1	31.0	0.00	0.01	0.01	0.00
Total OECD												
Crude	1286.1	1286.8	1286.3	1285.7	1287.0	1282.1	1288.9	1285.7	-0.02	0.02	0.01	0.00
Products	288.8	291.5	294.7	294.3	292.9	255.7	283.1	290.1	-0.02	0.01	0.02	0.02
Total[4]	1578.5	1581.8	1584.9	1583.8	1584.1	1539.0	1576.3	1579.7	-0.02	0.02	0.03	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 June 2014		End September 2014		End December 2014		End March 2015		End June 2015 [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	178.8	73	186.1	77	193.1	82	182.7	-	-	-
Chile	10.6	33	10.1	32	9.7	28	11.3	-	-	-
Mexico	47.3	24	48.8	24	52.8	28	49.8	-	-	-
United States[4]	1814.7	95	1836.0	94	1857.5	96	1909.4	-	-	-
Total[4]	2073.5	86	2103.0	86	2135.2	88	2175.3	90	2239.7	91
OECD Asia Oceania										
Australia	36.3	34	38.6	35	36.2	33	34.1	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	589.3	150	608.2	136	580.7	121	567.7	-	-	-
Korea	188.2	81	196.6	83	196.8	79	201.0	-	-	-
New Zealand	9.5	65	9.2	56	8.4	49	8.7	-	-	-
Total	823.2	107	852.6	102	822.1	94	811.6	106	846.1	109
OECD Europe[5]										
Austria	21.5	78	22.0	84	22.9	91	23.8	-	-	-
Belgium	43.7	69	43.8	69	42.4	63	42.7	-	-	-
Czech Republic	20.4	95	21.0	103	21.9	116	21.7	-	-	-
Denmark	23.6	150	23.0	152	25.8	173	29.0	-	-	-
Estonia	1.7	52	1.8	55	1.6	57	1.5	-	-	-
Finland	39.0	200	38.7	204	37.9	213	44.1	-	-	-
France	168.1	98	171.3	105	167.8	100	172.9	-	-	-
Germany	289.8	117	283.0	118	284.2	113	286.1	-	-	-
Greece	25.6	82	29.6	97	26.5	91	31.1	-	-	-
Hungary	17.8	126	18.2	121	18.7	145	20.0	-	-	-
Ireland	9.6	71	10.0	67	9.3	63	12.8	-	-	-
Italy	121.6	97	123.0	100	119.4	98	121.0	-	-	-
Luxembourg	0.8	15	0.8	14	0.9	15	0.7	-	-	-
Netherlands	127.4	130	126.8	143	123.3	138	136.4	-	-	-
Norway	27.4	129	24.5	125	24.2	110	23.2	-	-	-
Poland	61.0	114	63.5	121	63.2	125	62.7	-	-	-
Portugal	23.8	93	23.0	93	22.5	95	21.7	-	-	-
Slovak Republic	10.6	130	10.6	152	11.4	152	11.6	-	-	-
Slovenia	4.8	90	4.8	92	4.6	96	4.9	-	-	-
Spain	118.2	97	122.7	100	121.3	98	132.4	-	-	-
Sweden	27.4	82	27.8	92	29.1	98	31.1	-	-	-
Switzerland	37.5	158	38.8	156	37.3	161	37.3	-	-	-
Turkey	62.4	83	62.5	87	62.4	81	64.7	-	-	-
United Kingdom	74.5	49	74.3	49	78.1	51	78.5	-	-	-
Total	1358.2	99	1365.6	102	1356.5	100	1411.9	105	1414.8	103
Total OECD	**4254.9**	**93**	**4321.2**	**93**	**4313.8**	**93**	**4398.8**	**98**	**4500.5**	**98**
DAYS OF IEA Net Imports[6]	-	**169**	-	**171**	-	**170**	-	**174**	-	**-**

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 2015 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]*		
2Q2012	4244	1539	2705	93	34	59
3Q2012	4292	1542	2750	93	33	59
4Q2012	4230	1547	2683	93	34	59
1Q2013	4259	1580	2680	94	35	59
2Q2013	4253	1576	2676	92	34	58
3Q2013	4296	1582	2715	92	34	58
4Q2013	4174	1584	2589	91	35	57
1Q2014	4190	1585	2605	94	35	58
2Q2014	4255	1580	2675	93	35	59
3Q2014	4321	1577	2744	93	34	59
4Q2014	4314	1579	2735	93	34	59
1Q2015	4399	1582	2817	98	35	62
2Q2015	4500	1584	2916	98	34	63

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 2Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2012	2013	2014	2Q14	3Q14	4Q14	1Q15	Mar 15	Apr 15	May 15	May 14	change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.75	0.47	0.60	0.58	0.63	0.81	0.60	0.66	-0.07
Europe	0.85	0.79	0.84	0.87	0.93	0.84	0.91	0.86	0.83	0.67	0.96	-0.28
Asia Oceania	1.26	1.21	1.17	1.17	1.08	1.18	1.37	1.48	1.31	1.34	1.33	0.00
Saudi Medium												
Americas	0.44	0.45	0.36	0.40	0.36	0.25	0.24	0.30	0.35	0.40	0.40	0.00
Europe	0.05	0.01	0.03	0.01	0.05	0.04	0.02	-	0.02	0.01	0.02	0.00
Asia Oceania	0.45	0.43	0.45	0.40	0.50	0.45	0.40	0.45	0.46	0.47	0.40	0.07
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.33	0.49	0.20	0.09	-	0.15	0.27	0.39	-0.12
Europe	0.26	0.25	0.50	0.51	0.50	0.70	0.50	0.47	0.55	0.36	0.57	-0.21
Asia Oceania	0.33	0.31	0.24	0.20	0.21	0.27	0.41	0.44	0.18	0.31	0.14	0.17
Kuwait Blend												
Americas	0.22	0.28	0.27	0.29	0.25	0.22	0.15	-	0.28	0.22	0.23	-0.01
Europe	0.09	0.10	0.09	0.12	0.04	0.14	0.12	0.03	0.09	0.01	0.09	-0.08
Asia Oceania	0.65	0.64	0.62	0.56	0.62	0.62	0.66	0.64	0.61	0.71	0.63	0.08
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.06	0.11	0.12	0.09	0.09	0.09	0.15	0.05	0.10
Asia Oceania	0.02	0.00	0.01	-	0.03	-	0.03	0.01	-	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.04	0.01	0.00	0.03	0.03	-	-	0.05	-
Asia Oceania	0.33	0.30	0.28	0.26	0.28	0.26	0.31	0.38	0.20	0.32	0.25	0.07
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.62	0.71	0.62	0.67	0.72	0.77	0.58	0.70	-0.11
Europe	0.08	0.07	0.08	0.08	0.09	0.09	0.10	0.09	0.14	0.06	0.08	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.66	0.67	0.66	0.59	0.59	0.44	0.39	0.72	-0.33
Europe	0.14	0.14	0.14	0.13	0.13	0.13	0.16	0.15	0.11	0.13	0.09	0.04
Asia Oceania	-	-	-	-	-	-	-	-	0.03	-	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.67	1.81	1.79	1.84	1.83	1.95	1.73	1.86	-0.13
Europe	-	-	0.00	0.01	-	0.01	-	-	-	0.02	-	-
Asia Oceania	-	-	0.00	-	0.00	0.00	-	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	-	-	0.01	0.01	0.03	-	-	-	-
Europe	0.55	0.47	0.56	0.58	0.53	0.59	0.47	0.52	0.45	0.48	0.66	-0.18
Asia Oceania	0.07	0.06	0.07	0.07	-	0.04	0.03	0.02	0.00	0.13	-	-
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.68	1.53	1.38	1.54	1.51	1.48	1.65	1.71	-0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	-	-	-	-	-	-	-	-	-
Europe	0.53	0.59	0.64	0.71	0.58	0.68	0.73	0.69	0.43	0.82	0.70	0.12
Asia Oceania	-	0.00	0.02	0.01	0.05	0.01	0.04	0.03	0.04	0.03	-	-
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.13	0.34	0.54	0.20	0.22	0.24	0.27	0.24	0.03
Asia Oceania	0.04	0.03	0.02	0.02	0.03	0.02	-	-	0.02	0.02	0.02	0.00
Nigerian Light[4]												
Americas	0.24	0.07	0.00	-	-	0.01	0.03	-	-	0.03	-	-
Europe	0.58	0.53	0.55	0.51	0.59	0.54	0.62	0.54	0.65	0.43	0.39	0.04
Asia Oceania	0.04	0.03	0.02	0.04	0.03	0.00	-	-	-	-	0.03	-

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)

	2012	2013	2014	2Q14	3Q14	4Q14	1Q15	Mar 15	Apr 15	May 15	Year Earlier May 14	Year Earlier % change
Crude Oil												
Americas	6101	5130	4201	4331	4336	3755	3869	4114	3891	4231	4217	0%
Europe	9346	8926	8689	8480	9006	9056	9474	9641	9350	9537	8855	8%
Asia Oceania	6761	6553	6381	5923	6315	6331	6871	6704	6156	6982	6045	16%
Total OECD	22208	20608	19270	18734	19657	19142	20214	20459	19398	20751	19117	9%
LPG												
Americas	20	17	12	9	7	13	13	11	19	12	8	48%
Europe	287	382	426	410	475	433	479	540	381	303	453	-33%
Asia Oceania	620	546	531	532	520	527	537	592	565	498	555	-10%
Total OECD	927	945	969	950	1002	973	1029	1143	965	812	1016	-20%
Naphtha												
Americas	20	17	20	23	16	13	20	9	24	10	30	-66%
Europe	381	332	348	360	304	384	415	365	301	216	373	-42%
Asia Oceania	900	927	960	891	912	996	976	919	969	899	1021	-12%
Total OECD	1301	1276	1327	1275	1232	1392	1411	1294	1294	1125	1425	-21%
Gasoline[3]												
Americas	730	659	665	769	660	663	572	592	679	749	894	-16%
Europe	212	106	131	139	115	114	125	163	127	99	103	-4%
Asia Oceania	86	83	83	95	70	79	102	104	103	153	119	29%
Total OECD	1028	848	879	1003	845	856	799	859	909	1002	1115	-10%
Jet & Kerosene												
Americas	73	81	100	121	94	104	148	162	123	151	112	35%
Europe	398	445	459	460	584	412	373	398	471	344	466	-26%
Asia Oceania	62	74	60	50	43	88	67	60	57	54	60	-9%
Total OECD	533	601	618	630	721	604	589	619	651	549	638	-14%
Gasoil/Diesel												
Americas	59	58	95	62	41	81	157	152	38	45	51	-13%
Europe	984	1121	1085	1094	1176	978	1103	1282	1272	1257	974	29%
Asia Oceania	185	162	181	221	175	176	164	139	198	193	239	-19%
Total OECD	1227	1341	1361	1377	1392	1234	1423	1574	1508	1495	1264	18%
Heavy Fuel Oil												
Americas	206	165	132	132	134	135	119	121	106	145	130	12%
Europe	521	552	618	649	663	559	690	775	462	546	666	-18%
Asia Oceania	224	242	214	205	183	167	212	239	133	128	188	-32%
Total OECD	951	960	964	985	981	861	1021	1135	700	819	984	-17%
Other Products												
Americas	813	812	671	728	682	656	626	586	747	743	771	-4%
Europe	636	791	721	776	697	665	666	665	566	734	697	5%
Asia Oceania	357	386	374	355	372	307	317	323	287	272	339	-20%
Total OECD	1806	1989	1766	1859	1751	1628	1609	1574	1600	1748	1807	-3%
Total Products												
Americas	1921	1810	1695	1844	1633	1665	1655	1634	1736	1855	1997	-7%
Europe	3419	3729	3787	3887	4015	3544	3851	4187	3580	3499	3732	-6%
Asia Oceania	2433	2421	2402	2349	2276	2339	2375	2377	2312	2197	2521	-13%
Total OECD	7773	7960	7885	8081	7924	7548	7881	8198	7628	7551	8250	-8%
Total Oil												
Americas	8022	6940	5896	6175	5969	5420	5525	5749	5627	6086	6214	-2%
Europe	12765	12655	12476	12367	13021	12600	13324	13828	12930	13036	12587	4%
Asia Oceania	9194	8974	8783	8273	8590	8670	9246	9080	8468	9180	8566	7%
Total OECD	29982	28568	27155	26815	27581	26690	28095	28657	27026	28302	27367	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.

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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 12 August 2015), 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 © 2015 Argus Media Limited - all rights reserved).

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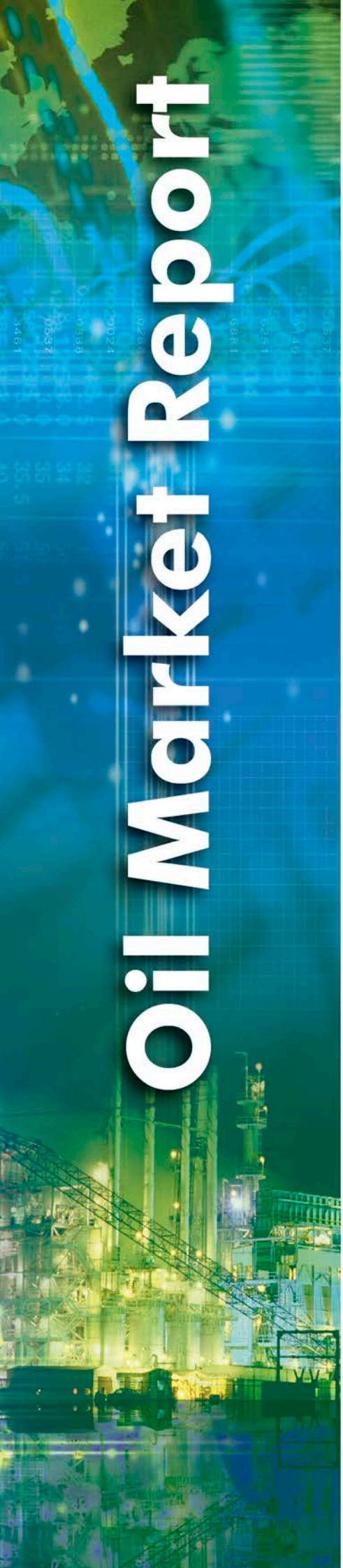

International Energy Agency
Secure Sustainable Together

11 September 2015

HIGHLIGHTS

- **Oil prices sank to six-year lows in August** as a supply overhang grew and concern deepened over the health of the global economy, especially in China. After rebounding on a slew of economic and fundamental data, prices turned volatile in September. Brent was last trading at $48.10/bbl with NYMEX WTI at $45.20/bbl.

- **Oil's latest tumble is expected to cut non-OPEC supply in 2016 by nearly 0.5 mb/d – the biggest decline in more than two decades.** Lower output in the US, Russia and North Sea is expected to drop overall non-OPEC production to 57.7 mb/d. US light tight oil, the driver of US growth, is forecast to shrink by 0.4 mb/d next year.

- **OPEC crude supply fell by 220 kb/d in August to 31.57 mb/d, led by losses in Saudi Arabia, Iraq and Angola.** The group's output stood 1.2 mb/d higher than a year ago. The 'call' on OPEC climbs to 31.3 mb/d in 2016, up 1.6 mb/d y-o-y as lower prices dent non-OPEC supply and support above-trend demand growth.

- **Global oil demand growth is expected to climb to a five-year high of 1.7 mb/d in 2015**, before moderating to a still above-trend 1.4 mb/d in 2016 thanks to lower oil prices and a strengthening macroeconomic backdrop.

- **OECD oil inventories swelled by a further 18 mb in July to a record 2 923 mb.** Robust refinery throughput pushed crude stocks 9.9 mb lower, while refined products added 26.7 mb. At end-July, product stocks covered 31.2 days of forward demand, 0.6 days above end-June. Preliminary data suggest further builds in August.

- **Global refinery throughput reached a seasonal peak of 80.9 mb/d in August before autumn turnarounds cut runs through October.** Refinery margins remained robust through early September, but with support shifting from gasoline to middle distillates as refiners gear up for the heating season.

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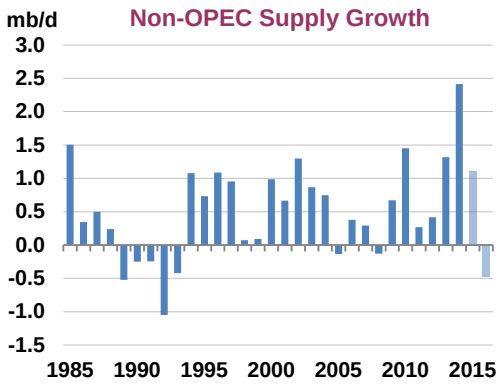
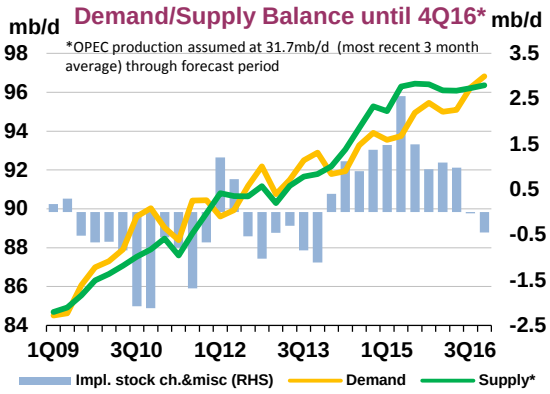
In a word: supply

The big story this month is one of tightening supply, with the spotlight firmly fixed on non-OPEC. Oil's price collapse is closing down high-cost production from Eagle Ford in Texas to Russia and the North Sea, which may result in the loss next year of half a million barrels a day – the biggest decline in 24 years. While oil's recent volatility has been unnerving – Brent crude jolted from a six-year low below $43 /bbl to above $50/bbl in the space of days - the lower price environment is forcing the market to behave as it should by shutting in output and coaxing demand.

US oil production is likely to bear the brunt of an oil price decline that has already wiped half the value off Brent. After expanding by a record 1.7 mb/d in 2014, the latest price rout could stop US growth in its tracks. A sharp decline is already underway, with annual gains shrinking from more than 1 mb/d at the start of 2015 to roughly half that level by July. Rigorous analysis of our data suggests that US light tight oil supply, the engine of US production growth, could sink by nearly 400 kb/d next year as oil's rout extends a slump in drilling and completion rates.

Producers outside of the US also continue to adjust to the lower price outlook. Marginal fields are being shut or are at risk as companies seek to stem losses from high operating costs. Spending curbs are also accelerating decline rates. The sizeable anticipated loss of overall non-OPEC output and robust demand growth suggest that unless prices recover, lower-cost OPEC producers would need to turn up the taps during the second half of 2016 to keep the market in balance. Our forecast shows the 'call' on OPEC for 2H16 leaping to an average 32 mb/d – a level last pumped seven years ago. The group produced 31.6 mb/d during August.





But until then, inventories are continuing to build with global supply - towering 2.4 mb/d above a year ago – outpacing demand. Our balances show the world only starting to siphon off record-high stocks in the second half of 2016. At that point Iran could be producing more oil, provided sanctions are lifted following implementation of the nuclear pact it secured with the P5+1 group.

As for demand, the lure of $50/bbl oil is boosting growth to a five-year high of 1.7 mb/d this year and an above-trend 1.4 mb/d in 2016. US motorists are taking to the roads, propelling domestic gasoline demand to an eight-year high. We expect China, the world's second largest oil consumer, to keep up its crude purchases despite the recent stock market collapse, currency devaluation and steady stream of negative macroeconomic news. Beijing could also buy extra crude to fill up its strategic reserves.

Of course, it is not just non-OPEC that is taking a hit from lower oil prices. High-cost projects are also at risk in OPEC nations. The 12-member group meanwhile continues to pump vigorously, with Saudi Arabia, Iraq and the UAE producing at or near record rates. On the face of it, the Saudi-led OPEC strategy to defend market share regardless of price appears to be having the intended effect of driving out costly, "inefficient" production.

DEMAND

Summary

- **Global oil demand growth is expected to climb to a five-year high of 1.7 mb/d in 2015, before moderating to a still-above-trend 1.4 mb/d in 2016** thanks to lower oil prices and a strengthening macroeconomic backdrop. US baseline revisions, coupled with preliminary July numbers ahead of prior expectations, raised the 2015 global demand estimate by 0.2 mb/d to 94.4 mb/d.

- **Higher estimates for 3Q15 demand, 0.4 mb/d higher at 95.0 mb/d, were chiefly attributable to raised July numbers for the US, China, Europe and Russia.** Russian demand beat earlier expectations as industrial-stimuli provided by recent currency weaknesses offset, to a greater degree than previously forecast, the negative impact from otherwise contracting Russian macroeconomic activity.

- **Chinese oil demand growth has shown persistent gains as strong growth in the petrochemical and transport sectors, outweighs any apparent weakness in industrial oil use.** Until more clarity emerges as to the success of government efforts to support continued macroeconomic growth, the forecast for Chinese oil product demand growth remains relatively muted at +3% in 2016.

- **Large upgrades to historical estimates of US oil product demand** added 0.1 mb/d to the global demand estimate for 2014. This work, which follows the publication of comprehensive delivery data from the US Department of Energy's Energy Information Administration (EIA), particularly raised US gasoil/diesel and LPG (which includes ethane). The latest US demand data has also exceeded earlier expectations, with preliminary July estimates pointing towards deliveries of approximately 19.8 mb/d, 0.4 mb/d up on the forecast cited in last month's *Report*, led by above-forecast LPG, gasoline and 'other product' demand.

Global Oil Demand (2014-2016)

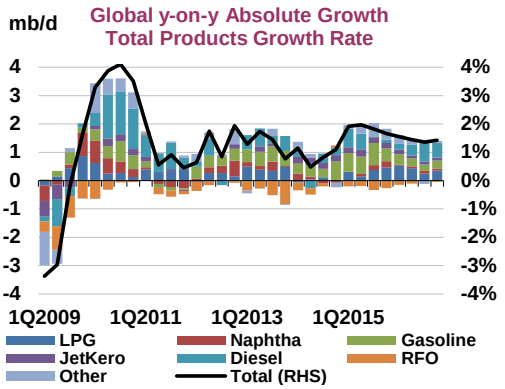
(million barrels per day)

	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Africa	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.2	4.1	4.3	4.3	4.2	4.3	4.2
Americas	30.5	30.5	31.3	31.5	31.0	31.0	31.0	31.9	31.8	31.4	31.4	31.3	31.9	32.1	31.7
Asia/Pacific	31.2	30.4	30.0	31.5	30.8	32.0	31.4	30.9	32.3	31.6	32.7	32.0	31.8	33.0	32.4
Europe	13.6	14.0	14.5	14.1	14.1	14.1	14.2	14.5	14.3	14.3	14.1	14.3	14.5	14.2	14.3
FSU	4.6	4.8	5.1	5.0	4.9	4.6	4.8	5.0	4.9	4.8	4.6	4.8	5.0	4.9	4.8
Middle East	7.8	8.2	8.5	7.9	8.1	7.7	8.3	8.7	8.1	8.2	8.0	8.5	8.9	8.3	8.4
World	**91.8**	**91.9**	**93.3**	**93.9**	**92.7**	**93.5**	**93.7**	**95.0**	**95.5**	**94.4**	**95.0**	**95.1**	**96.2**	**96.8**	**95.8**
Annual Chg (%)	1.1	0.5	0.8	1.1	0.9	1.9	2.0	1.8	1.7	1.8	1.6	1.4	1.4	1.4	1.4
Annual Chg (mb/d)	1.0	0.4	0.8	1.0	0.8	1.8	1.8	1.7	1.6	1.7	1.5	1.4	1.3	1.4	1.4
Changes from last OMR (mb/d)	0.03	0.14	0.16	0.08	0.10	-0.08	0.24	0.45	0.22	0.21	0.15	0.31	0.29	0.04	0.20

Global Overview

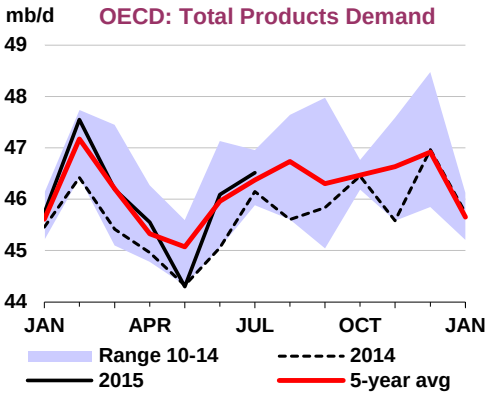
Half a year into a period of clearly above-trend global oil demand growth, estimates for 2015 as a whole increasingly point to growth rising to a five-year high of around 1.7 mb/d (or 1.8%). Lower crude oil prices (if not always product prices, see *Retail prices stickier outside the US*), a generally strengthening macroeconomic backdrop and colder-than-year-earlier 1Q15 European winter temperatures provided a potent cocktail for robust gains in oil product demand and a turn-around from the previously beleaguered state of growth. Just one year earlier, global oil demand growth bottomed-out at a five-year low of 0.8 mb/d. We envisage global oil demand growth easing back to a still above recent-trend 1.4 mb/d in 2016, as notable decelerations (compared to 2015) are forecast for Europe, the OECD Americas and non-OECD Asia – the latter chiefly consequential on weaker Chinese demand growth.

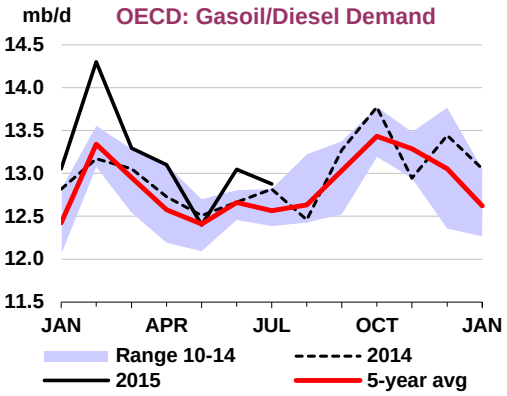
After rising sharply in 1Q15, +1.9% (or 1.8 mb/d) year on year (y-o-y), as much colder-than-year-earlier European winter weather conditions stimulated additional gasoil/diesel demand, global oil product demand growth inched higher in 2Q15 to +2.0% y-o-y supported by accelerating gains in non-OECD Asia and a decelerating decline in OECD Asia Oceania. The light-end of the barrel pushed 2Q15 growth to a new peak, with notable 2Q15 accelerations occurring in naphtha and jet/kerosene offsetting decelerating gasoil. Global growth is forecast to ease somewhat from 2H15 through 2016, but projections remain well above recent trends and rest heavily on the assumption of continued gains in global macroeconomic activity. Current demand forecasts are based upon July's *World Economic Outlook* from the International Monetary Fund (IMF), which cites global economic growth accelerating to 3.8% in 2016, from +3.3% in 2015. The IMF highlights the ongoing heightened risks that surround these projections, stating in July that on the upside "a greater boost from lower oil prices is still an upside risk, especially in advanced economies," while "disruptive asset price shifts and a further increase in financial market volatility remain an important downside risk". The IMF particularly notes the possibility of "greater difficulties in China's transition to a new growth model," and the potential "spillovers to economic activity from increased geopolitical tensions in Ukraine, the Middle East, or parts of Africa". Such uncertainties in the macroeconomic outlook carry across to the very demand forecasts that they are a crucial determinant of, adding a heightened level of uncertainty to demand projections.



OECD

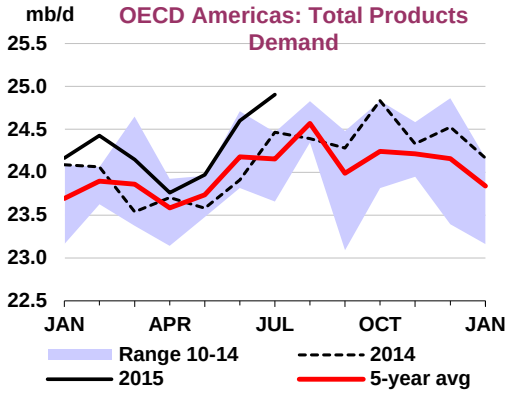
Preliminary OECD estimates suggest that the recent strength of the OECD data likely eased in July and will continue to ebb through to the end of our forecasting horizon in 2016. Having risen by an average of 1.4 % y-o-y in 1H15, total OECD demand growth likely pulled back to around +0.8% y-o-y in July. Momentum eases still further, to around 0.3% in 2016, as modest forecast gains in the OECD Americas roughly counter-balance some very slight projected declines in OECD Europe and OECD Asia Oceania.

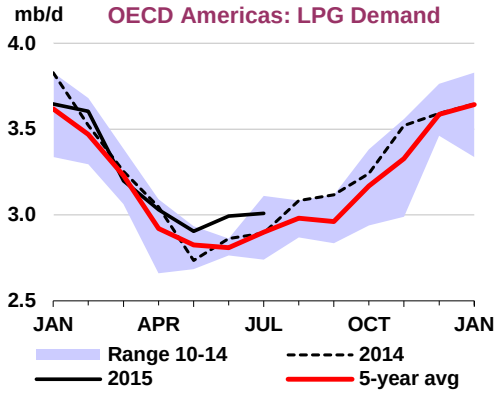




Americas

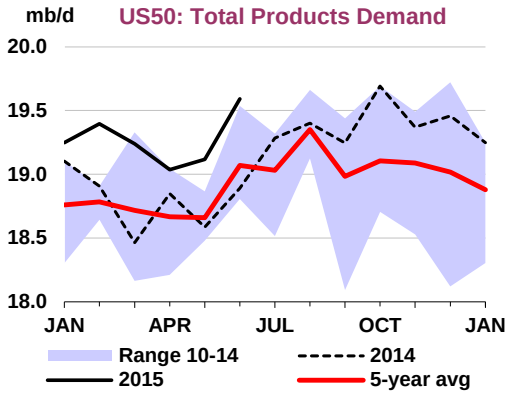
Up for eight consecutive months in July in y-o-y terms, OECD American oil product demand remains clearly in growth mode as continued macroeconomic gains, coupled with sharp declines in crude oil prices, support rising oil deliveries across the OECD Americas. Gains have not, however, been seen across every participant nation, with strong gains in the US and Chile offsetting generally declining demand in Canada. Mexico has also generally seen contracting oil demand, October 2014-June 2015, albeit with a modest y-o-y gain posted in July. The overall product split in the OECD Americas is also not universally a rising one, as strong gains in gasoline, LPG and jet/kerosene counteract dips in naphtha and residual fuel oil demand.

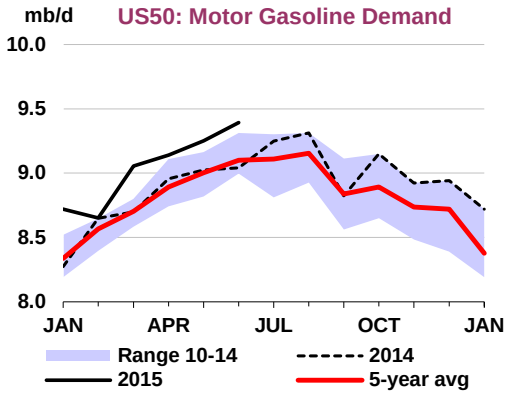




The **US** has led the recent demand strength in the OECD Americas, as drivers' thirst for cheaper gasoline remains far from quenched. Up by approximately 355 kb/d on the year earlier, US gasoline deliveries clambered to a near eight-year high of 9.6 mb/d in July, as many more miles are proverbially put 'on the clock' while anecdotal reports of multi-car households making less efficient vehicle choices further add to gasoline's upside. The US Department of Transport's Federal Highway Administration reported a 3.9 % y-o-y gain in US vehicle miles travelled for the latest month it has data, i.e. June, perfectly matching US gasoline demand growth in that same month and also incidentally July. Robust gasoline, along with relatively strong gains in LPG (includes ethane), supported total US deliveries of 19.6 mb/d in June, rising to 19.8 mb/d in July. This month's *Report* is also noteworthy for including the EIA's revised annual data series for 2014, which essentially added 70 kb/d to the historic US oil product demand numbers. An upwardly revised 19.1 mb/d 2014 US demand estimate is cast, as estimates of LPG and gasoil/diesel demand are heavily hiked. Total US gasoil demand is now thought to have accounted for 21% of the US demand-barrel in 2014, LPG 12.5%, while gasoline still dominates at around 47%.

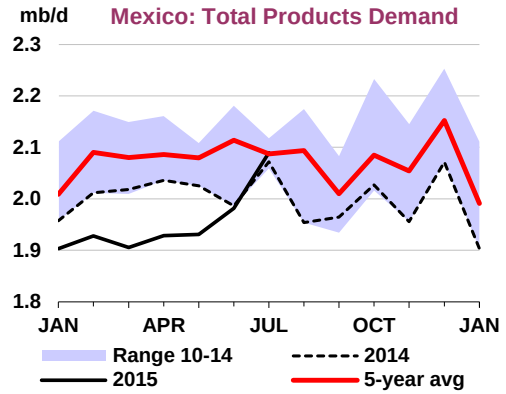
Looking forward, to the year as a whole, total US oil product deliveries are expected to average 19.5 mb/d, 2.2% up on the year earlier, as sharply higher transport fuel demand (land and air) offset declines in residual fuel oil and naphtha. Moving into 2016, US demand momentum, although still positive, is forecast to ease back as a large part of the initial lower-price driven transport stimulus wanes once more.

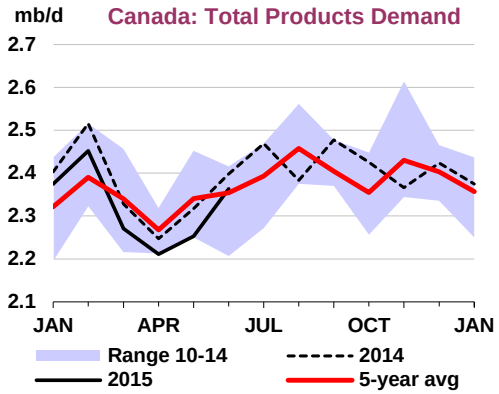




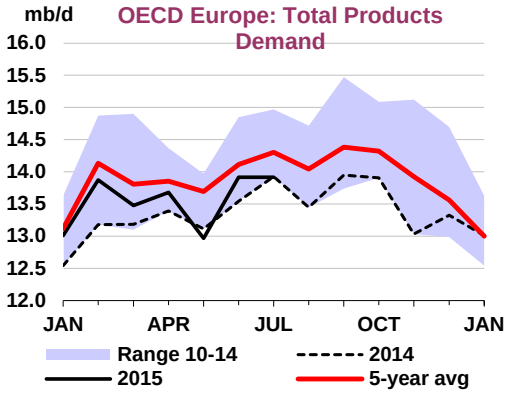
Mexican oil demand edged higher (y-o-y) once again in July, ending nine successive months of declining y-o-y demand, supported by robust gains in the transport sector. Strengthening gasoline demand led the rebound, rising strongly for two consecutive months, June-July, as much lower retail prices and slowly recuperating macroeconomic activity stimulate demand. Gasoline in Mexico accounted for roughly one out of every two-and-a-half barrels delivered last year, and with the Asociacion Nacional de Transporte Privado reporting retail prices falling to a near two-year low of 0.9 US dollars a litre in July, demand returned above 800 kb/d for the first time since 2012.

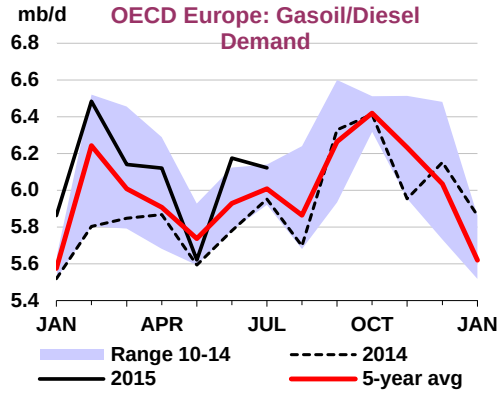
Mexican power sector oil demand continues to fall, as alternative fuels increasingly dominate production of electricity in the country. The Mexican Secretaria de Energia reported natural gas use in the power sector in July up by nearly one-third on the year earlier, triggering declines in power sector use of residual fuel oil and 'other products'. Oil's falling share of Mexican generating demand was not, however, sufficient to outweigh the strong demand support provided by resurgent transport demand. Looking forward, the forecast for total Mexican oil deliveries across the year as a whole should average 2.0 mb/d, 1.8% down on the year earlier chiefly due to sharply contracting power demand. Essentially flat demand is foreseen in 2016, as the upside support from additional macroeconomic activity and persistently lower prices are forecast to offset the downside influence from slowing projected declines in the power sector.





Reflecting the recent sharp contractions that have taken hold across **Canadian** industrial output in general, oil deliveries fell in y-o-y terms in each month in 1H15. With sharply lower crude oil prices cutting into the extraction spend, Statistics Canada reported total industrial output down 2.8% y-o-y in May, a fourth consecutive monthly decline. Oil deliveries, having fallen by 50 kb/d (or 2%) y-o-y in 1Q15, posted a further 45 kb/d contraction in 2Q15, as average deliveries fell to approximately 2.3 mb/d. With the sharpest 2Q15 contractions occurring in residual fuel oil, gasoline and naphtha, as a combination of ailing industrial activity and enhanced efficiency gains filters across the latest demand statistics. For the year as a whole, deliveries are expected to average 2.4 mb/d, equivalent to a drop of 1.8% on the year, a further decline of around 1.2% is foreseen in 2016, as demand falls to an average of 2.3 mb/d.



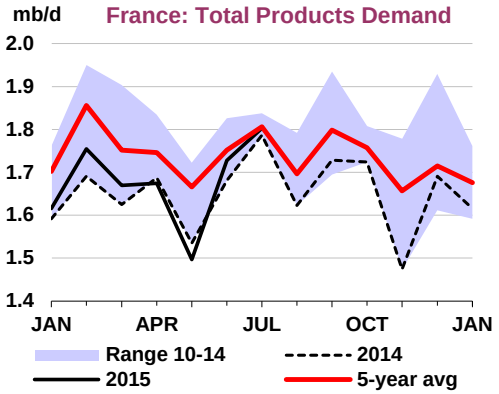


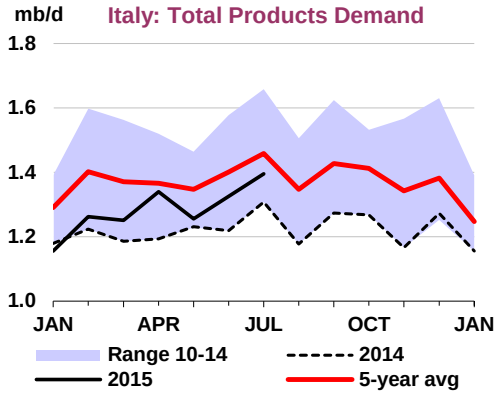
Europe

Although historical estimates of European demand still point towards a heady 1Q15 gain of around 480 kb/d y-o-y, the estimate has been curbed dramatically from last month's *Report* (+0.6 mb/d) as official German data has been revised down. At 2.4 mb/d in 1Q15, approximately 120 kb/d have been trimmed from the 1Q15 German demand estimate, on notably lower gasoil, naphtha and gasoline. This

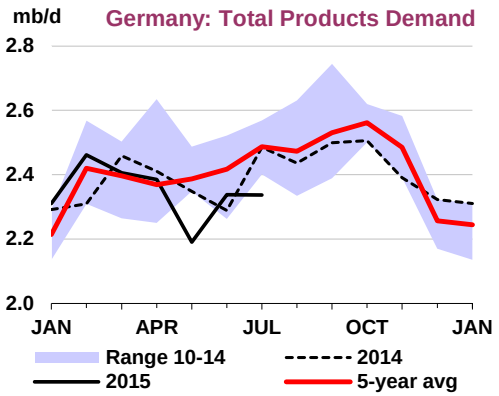
1Q15 reduction, not replicated in 2Q15, eases the previously forecast European 2Q15 deceleration; as we now have European growth easing from 3.7% in 1Q15 to around 1.3% in 2Q15, as opposed to 4.6% to 0.3% previously. Indeed, the 2Q15 European demand estimate has been revised up, by around 125 kb/d since last month's *Report*, as very strong June demand numbers were seen in Sweden (+10% y-o-y), Turkey (+11.8%), Italy (+8.8%) and Poland (+12.1%). Specifically **Swedish** gasoil deliveries surged as macroeconomic activity strengthened. Notably industrial output rose by 1.2% y-o-y in June, while car registrations rose to a near-15-year high of 34 415, both series reported by Statistics Sweden.

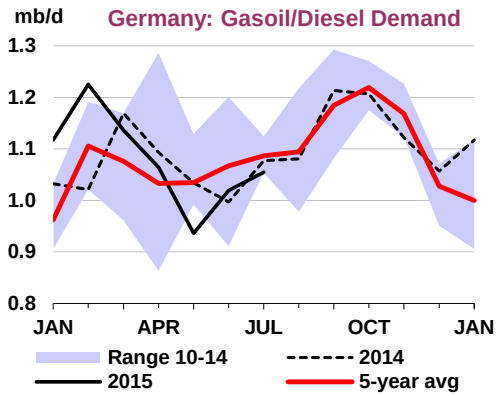
Preliminary July estimates of both **French** and Italian demand showed continued y-o-y growth, respectively rising by around 15 kb/d and 90 kb/d on a y-o-y basis in July. French deliveries climbed to a near two-year high, of approximately 1.8 mb/d in July, supported by very strong gains across the main transport fuels. **Italy**, underpinned by very strong gains in transport and industrial fuels, saw total deliveries rise to a two-and-a-half year peak of 1.4 mb/d. The forecasts for both countries, along as many others within the region, have accordingly been raised. The Italian outlook for 2015 has been revised up by 20 kb/d, compared to last month's *Report* to 1.3 mb/d, the French by 10 kb/d to 1.7 mb/d.





The recent evolution of the European demand picture has not seen universal gains, however, with some notable laggards existing, such as Finland, Germany, Slovenia and the **Netherlands**. The latest Dutch data from June showed a tenth successive y-o-y decline, pulled down by sharp reductions in petrochemical usage. Statistics Netherlands reported total industrial production across the economy as a whole down by 2.6% y-o-y in June, a third consecutive monthly y-o-y fall.



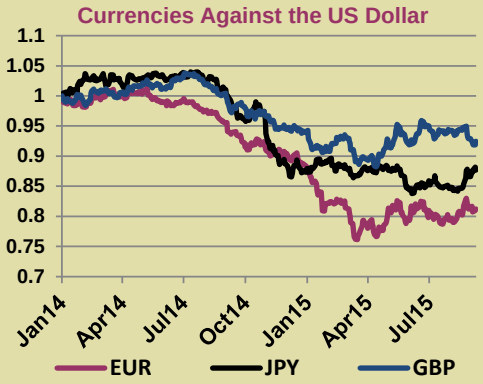


Coupled with the now much lower starting point in **German** oil product demand, -120 kb/d in 1Q15, preliminary estimates of July deliveries point towards four out of the five months through July enduring absolute y-o-y contractions. This relative weakness occurring, despite sharply lower crude prices, as not only have high taxation levels in Germany sheltered consumers from any significant feed-through from lower crude prices but also relatively plentiful heating oil stocks have eased the need to refill tanks while

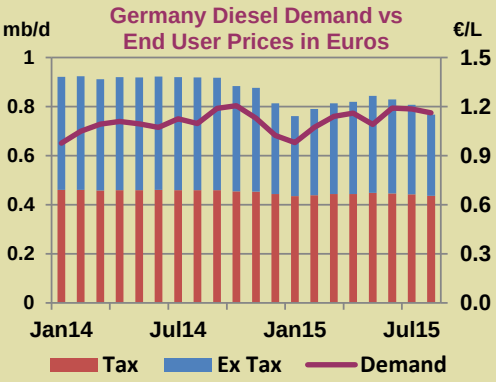
low water levels on the Rhine have disrupted some mid-year shipments. A net-demand-decline is forecast across 2015-16, albeit to a lessening degree as ongoing economic growth and persistently depressed crude oil prices curb the projected decline rates.

Retail prices stickier outside the US

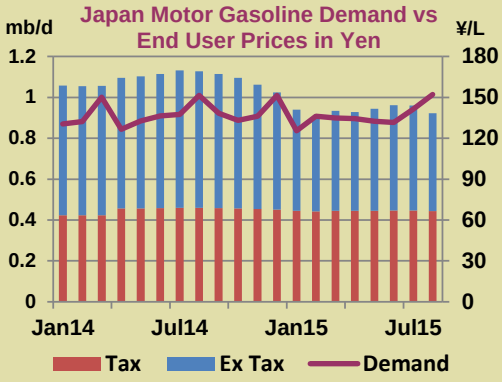
Since January, oil has traded below $70/bbl, roughly two-fifths down on the previous year. Estimates of 2015 oil demand growth have nearly doubled over a comparable period – from 0.9 mb/d to 1.7 mb/d – even though price drops at petrol forecourt have been muted outside the US. A large part of the demand adjustment – 0.7 mb/d – is attributable to OECD countries, with 48% and 38% respectively attributable to the US and Europe.



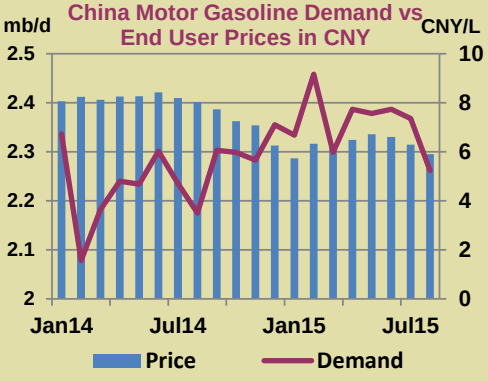
The US is commonly regarded as a very price-responsive economy. In a low price environment, the impact of excise taxation, which is essentially a fixed fee added to the fuel price before applying VAT, grows. In 2015, at $0.12 per litre (tax varies by state; figure is a US average) this tax was approximately five times lower than in Germany. As a consequence of the 38% drop in US Gulf Coast gasoline prices, July 2014 to August 2015, end user prices dropped by 27%, raising US gasoline demand forecasts by 265 kb/d since January's Report.



In Europe, high taxes and a strong US dollar limited the impact of the global crude price slide. In Germany for example, in July 2014, when the retail price peaked at 1.60 €/L the implied tax rate was 57%; six months later, when the average gasoline price stood at 1.30 €/L, the implied tax rate was 66%. At the same time the euro dropped almost 17% against the dollar. So, while dollar-denominated spot prices at Rotterdam fell between July 2014 and January 2015 -- 55% and 47% for motor gasoline and diesel, respectively, the corresponding retail price declines were 30% and 29% in dollars and 19% and 17% in euros. Despite this more muted price-support, the hike in the European 2015 demand forecast neatly matches that of the US, as the European economic backdrop has improved significantly.

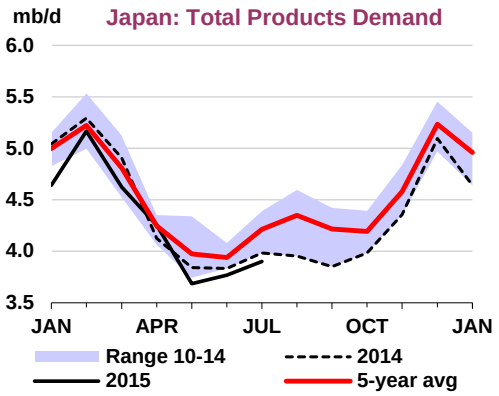


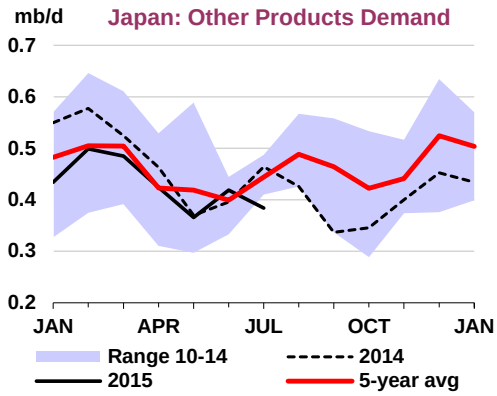
The situation in OECD Asia Oceania is similar to that in Europe, although the region is taxed less than in Germany (at 41 % in Japan, in 2014), the tax rate remains high compared to the US. At ¥138/L in August, the motor gasoline pump price was 15% lower than in 1H2014 but almost 30% lower in US dollars. The Japanese gasoline forecast for 2015 has accordingly been raised, by 20 kb/d since January's *Report*. In China, until recently the exchange rate held firm against the US dollar, knocking gasoline prices down by around 28% since the July 2014 peak. Yet the weakening economy offsets most of the low price impact and only 15 kb/d have been added to January's forecast for Chinese gasoline. China's decision to devalue its currency against the US dollar by around 2%, on 10 August, potentially trims the prospective feed-through from further dollar-denominated price slides, dimming this potential additional Chinese demand support going forward.



Asia Oceania

Having fallen heavily, 2Q14-4Q14, recent data for OECD Asia Oceania has shown a clearly moderating pace of decline. The average 3.4% y-o-y decline, 2Q14-4Q14, eased to -0.4%, January-July; as a notable deceleration took hold in residual fuel oil, alongside upticks in naphtha, gasoline and gasoil. The greatest recent upside in OECD Asia Oceania is reserved for New Zealand, Israel and Korea, while Japan and commodity-dependent Australia have struggled. Averaging 3.9 mb/d in 2Q15, **Japanese** oil product deliveries fell by around 35 kb/d (or 0.8%) on the year earlier, as the negative impacts from escalating efficiency gains and contracting economic activity exceeded the support garnered from lower crude prices. Economic activity in 2Q15 came in 1.6% lower than the year earlier, or 0.4% down on 1Q15, with both exports and domestic consumption seeing absolute declines. Such weak Japanese economic underpinnings particularly impacted gasoil and jet/kerosene, while the ongoing power sector migration away from oil as a means of generating electricity dampened residual fuel oil and 'other product' demand. Preliminary estimates of July demand, meanwhile, matched last month's forecast, at 3.9 mb/d. Looking forward, for the year as a whole, Japanese deliveries are forecast to average 4.3 mb/d, 2.2 % down on the year, before falling by a more muted 1.8% in 2016 to 4.2 mb/d. Although now only accounting for a very small share of Japanese power sector demand, residual fuel oil and 'other product' demand lead the projected 2015 downside, as nuclear restarts likely dampen the power sector requirements of most 'other' energy sources, including oil. In 2016, the total relative decline rate in Japanese oil product demand eases somewhat as the underlying macroeconomic backdrop itself solidifies, with the IMF's July *World Economic Outlook* citing economic growth of 1.2% in 2016 after a 0.8% gain of 2015.





Non-OECD: Demand by Region

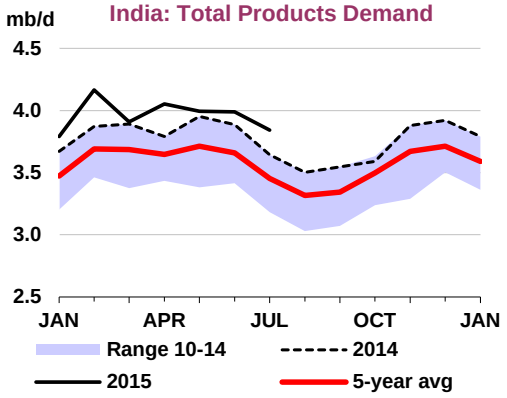
(thousand barrels per day)

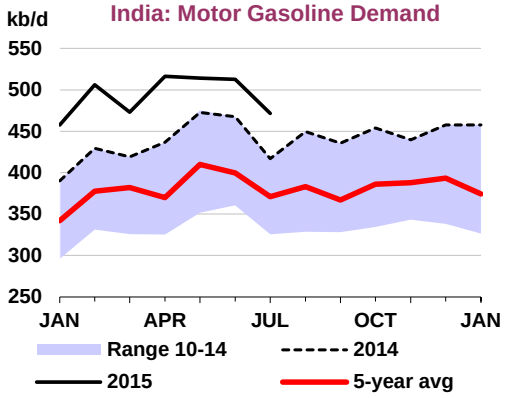
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
Africa	3,972	4,093	4,067	93	69	2.3	1.7
Asia	23,119	23,202	23,683	843	1,004	3.8	4.4
FSU	4,958	4,635	4,791	-2	-48	0.0	-1.0
Latin America	6,951	6,746	6,868	112	58	1.7	0.9
Middle East	7,891	7,725	8,338	-34	171	-0.4	2.1
Non-OECD Europe	685	693	696	34	27	5.1	4.1
Total Products	**47,576**	**47,095**	**48,443**	**1,046**	**1,282**	**2.3**	**2.7**

Non-OECD

The recent sharp deterioration in crude oil prices is a mixed bag for non-OECD oil demand; as net oil-importing economies should, all else being equal, see higher demand, while the converse is true for net oil-exporters. This adjustment is particularly apparent for the Middle East, as the 2015 Middle Eastern demand forecast, at 8.2 mb/d, is 50 kb/d below that carried in last month's *Report*, as lower potential

crude-export revenues curtail the potential size of domestic spending budgets in many of these countries. Non-OECD Asian demand is likely to be one of the key beneficiary regions from significantly lower oil prices, as the quantity of financing required to pay for imported oil products falls as their prices contract. **India** in particular will likely see higher demand, which at 3.9 mb/d in 2015 is 15 kb/d more than quoted last month, and 170 kb/d up on 2014, rising to 4.1 mb/d in 2016. The latest Indian data depicts demand growth of approximately 5.5% y-o-y in July, supported by strong gains in LPG, residual fuel oil and gasoline. Gasoil demand in July contracted by around 0.5% on the year earlier as heavy rains curbed agricultural usage.





China

Despite recent concerns regarding the strength of the Chinese economy – highlighted for well over a year in previous editions of this *Report* – Chinese oil product demand remains remarkably resilient, as estimated deliveries in 1H15 averaged 11 mb/d, approximately 5.2% higher than the year earlier. Deliberate efforts to steer the economy towards additional domestic consumption, at the expense of heavy manufacturing/exports, has supported a swing towards more rapid gasoline/jet demand growth versus lagging gasoil/residual fuel oil. Tracking forwards, a likely consequence of the recent stock market correction and resultant government efforts to calm markets – such as the devaluation of the domestic currency, sub-market product prices, lower interest rates and additional infrastructural spend – could be an easing in the pace of this adjustment, to additional transport fuels as opposed to industrial oil use.

China: Demand by Product

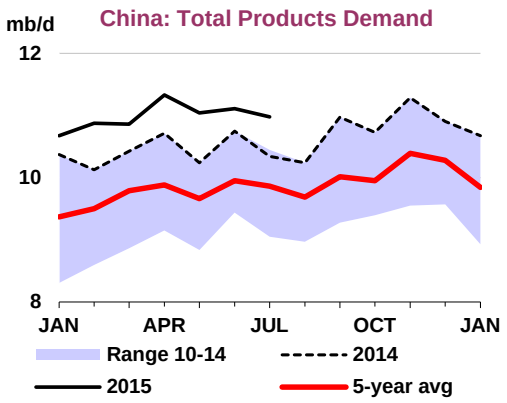
(thousand barrels per day)

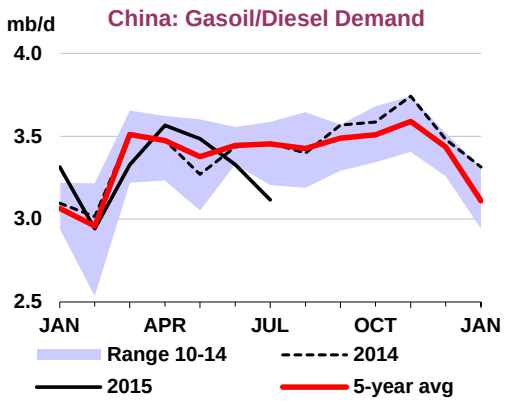
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	882	1,111	1,203	229	93	25.9	8.3
Naphtha	1,170	1,161	1,197	-9	36	-0.8	3.1
Motor Gasoline	2,253	2,361	2,472	108	111	4.8	4.7
Jet Fuel & Kerosene	517	582	614	64	32	12.4	5.6
Gas/Diesel Oil	3,422	3,305	3,329	-117	24	-3.4	0.7
Residual Fuel Oil	313	248	224	-65	-24	-20.8	-9.8
Other Products	2,035	2,257	2,313	222	56	10.9	2.5
Total Products	**10,592**	**11,024**	**11,353**	**432**	**329**	**4.1**	**3.0**

That being said the forecast for the year as a whole, at 11 mb/d, and equivalent to a gain of approximately 4.1%, incorporates the long held belief that Chinese oil product demand growth decelerates in 2H15: from 5.6% y-o-y in 2Q15, to 3.7% in 3Q15 and 2.3% in 4Q15. August's very bleak business confidence estimate (see *Untangling the significance of Chinese business sentiment indicators*) confirm escalating macroeconomic worries, as have the recent weak car sales data, declines in industrial activity, plummeting property prices and fragile electricity output. For example, the National Bureau of

Statistics (NBS) released data showing a 2% y-o-y slide in total power production, as well as a 0.3% y-o-y contraction in total industrial activity. Dampening the potential long-term growth forecast for Chinese transport fuels, the China Association of Automobile Manufacturers reported a 6.6% y-o-y contraction in passenger car sales in July.

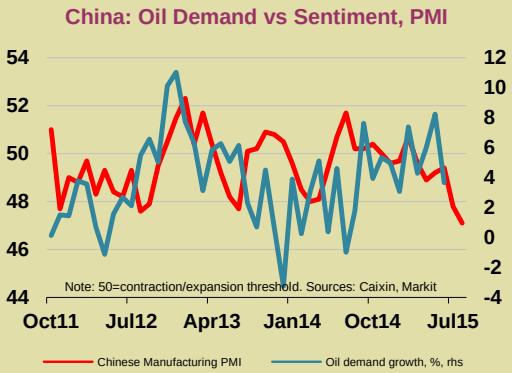
Looking further forward, projections of Chinese oil demand growth remain buttressed at around 3% in 2016, at least until more clarity emerges with regard to the success of government efforts to support continued macroeconomic growth.





Untangling the significance of Chinese business sentiment indicators

The month of August saw particularly sharp declines in the price of most financial assets classes – with equities, most emerging market currencies and commodities falling sharply as investor sentiment turned increasingly bearish in response to escalating concerns about the health of the Chinese economy. The results published in August's Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) for China, at 47.1 in August, were commonly cited as a particular cause for concern. Not only was this widely-quoted measure of Chinese manufacturing sentiment significantly below the key 50-threshold that demonstrates the break-even point between optimism and pessimism, it had also fallen to a near six-and-a-half-year-low. We have often alluded to the usefulness of the PMIs as a means of forecasting future economic activity, but here we explicitly focus on the potential use of these metrics as an indicator of pending Chinese oil demand.

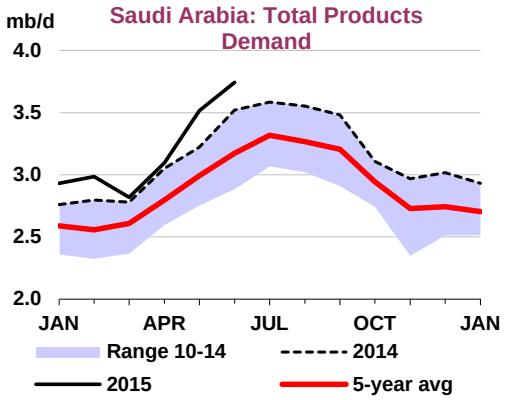


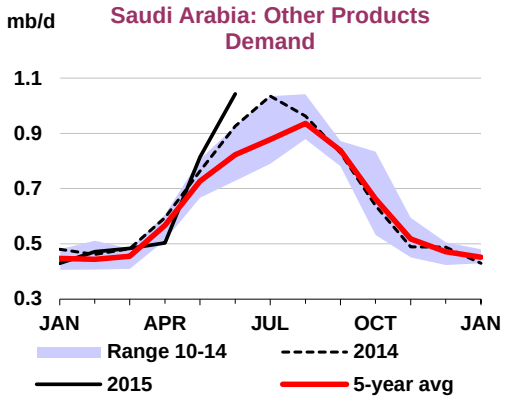
Not including this year, the past three years have endured 19 months of net-pessimism, i.e. roughly half of the months in 2012-14 were below 50. In this specific net-pessimistic time-period, Chinese y-o-y oil demand growth averaged +3.4%. The remaining months saw Chinese oil demand growth average +4.2%; thus alluding, very roughly, to an eight-tenth of a percentage point premium when the Caixin/Markit Manufacturing PMI is net-optimistic. This optimism-premium proves particularly heightened in gasoil/diesel and gasoline, respectively, carrying additional average demand gains of 1.3 and 0.9 percentage points, 2012-14, while residual fuel oil and 'other products' significantly lagged.

Other Non-OECD

At 3.7 mb/d in June the latest **Saudi Arabian** demand estimate maintains a large premium on the year earlier, roughly 0.2 mb/d higher than last year with strong gains in the residual fuel oil and 'other products' categories. Reports of very hot early summer weather raised both the fuel oil and 'other products' demand numbers, as additional air conditioning demand raised the Saudi Arabian power

sector requirement. Despite this additional mid-year demand the forecast for the year as a whole, at 3.3 mb/d and up 3.6% on the year, has been very modestly curtailed as sharply lower oil prices curb pending government revenues. Only a modest near 2% gain is then foreseen in 2016, as lower oil prices keep a lid on domestic spending possibilities.

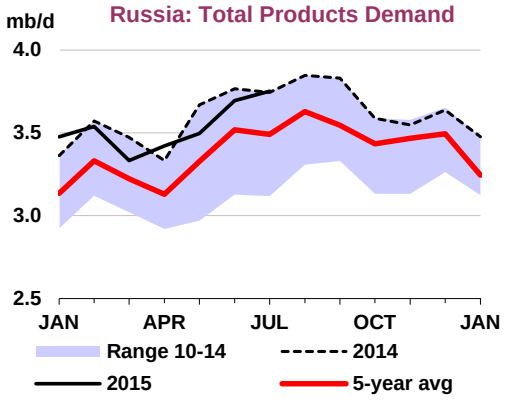


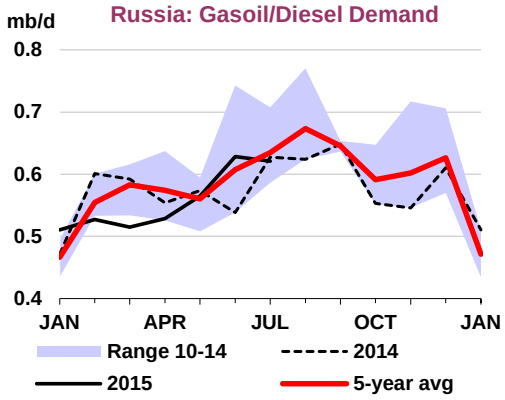


Non-OECD: Demand by Product

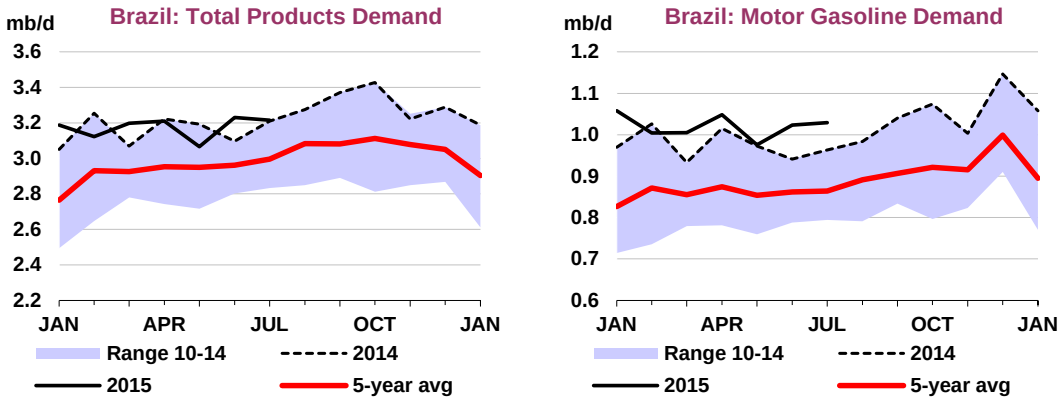
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	4Q14	1Q15	2Q15	1Q15	2Q15	1Q15	2Q15
LPG & Ethane	5,257	5,293	5,295	211	136	4.2	2.6
Naphtha	3,096	3,136	3,081	-22	45	-0.7	1.5
Motor Gasoline	10,159	10,141	10,329	423	332	4.4	3.3
Jet Fuel & Kerosene	2,998	3,000	3,024	68	89	2.3	3.0
Gas/Diesel Oil	14,474	13,941	14,671	130	341	0.9	2.4
Residual Fuel Oil	5,316	5,245	5,333	26	5	0.5	0.1
Other Products	6,276	6,338	6,709	210	335	3.4	5.3
Total Products	**47,576**	**47,095**	**48,443**	**1,046**	**1,282**	**2.3**	**2.7**





Recent **Russian** oil product demand data have been remarkably resilient, given the severity of the recession that currently grips the economy. With the Federal State Statistics Service reporting an economic contraction of 4.6% y-o-y in 2Q15 and retail sales falling across the economy as a whole, down by 9.2% in July, the latest oil demand data demonstrate surprising buoyancy. Posting modest growth in July, to approximately 3.8 mb/d, not only is this is the highest level of Russian oil demand in nearly one year but it is also 0.1 mb/d above the estimate cited in last month's *Report*. We note that the sharp decline in the value of the Russian rouble, versus the US dollar and the euro, provided a welcome impetus to many previously beleaguered domestic industries, pulling in additional (or at least lower decline rates) of naphtha, gasoil and 'other products' compared to our previous forecasts.



Roughly flat on the year earlier, latest estimates of **Brazilian** demand, at 3.2 mb/d in July, near perfectly matched our month earlier-forecast. With strong gains in gasoline and 'other product' demand offsetting sharp y-o-y contractions in industrial fuel use, notably gasoil and residual fuel oil, the overall forecast for the year as a whole has been left unaffected, also at 3.2 mb/d and essentially flat on the year earlier. This status-quo should persist in 2016, as the macroeconomic backdrop is also projected to flatten, the IMF citing an economic contraction of 0.3% in 2016 in July's *World Economic Outlook*.

Brazil: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	234	235	238	1	3	0.3	1.1
Naphtha	164	163	159	-1	-4	-0.4	-2.2
Motor Gasoline	1,006	1,034	1,054	29	19	2.8	1.9
Jet Fuel & Kerosene	131	130	133	0	2	-0.3	1.9
Gas/Diesel Oil	1,073	1,058	1,078	-14	19	-1.3	1.8
Residual Fuel Oil	195	175	174	-20	-1	-10.4	-0.6
Other Products	421	430	415	10	-16	2.3	-3.6
Total Products	**3,223**	**3,226**	**3,250**	**3**	**24**	**0.1**	**0.7**

SUPPLY

Summary

- **Global oil production dropped by 0.6 mb/d in August, to 96.3 mb/d**, on lower output in both OPEC and non-OPEC countries. Supplies nevertheless stood more than 2.4 mb/d above a year earlier, with non-OPEC producers accounting for 43% of the gain.

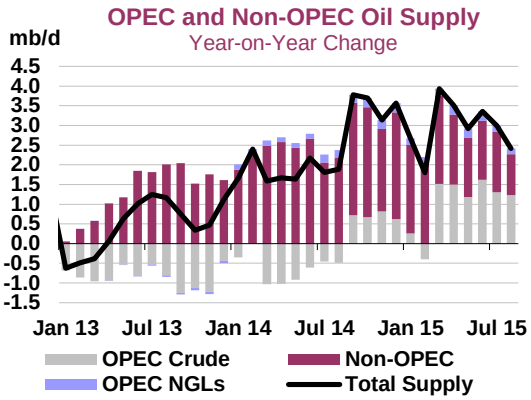
- **OPEC crude oil supply fell by 220 kb/d in August to 31.57 mb/d, led by losses in Saudi Arabia, Iraq and Angola.** OPEC's two largest producers, Saudi Arabia and Iraq, posted month-on-month (m-o-m) declines, but continued to pump near record rates - leaving overall OPEC crude output roughly 1.2 mb/d higher than a year ago.

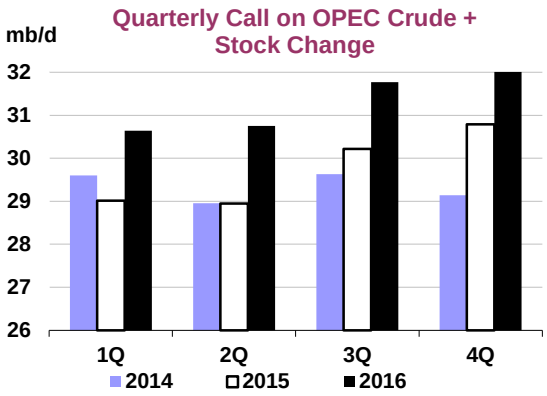
- **Non-OPEC production declined by 350 kb/d in August, to 58.16 mb/d.** The decline was led by the US, which based on preliminary data saw accelerating declines from recent highs, and lower North Sea volumes, curbed by seasonal field maintenance. Annual gains in total non-OPEC liquids output still stood an impressive 1 mb/d above a year earlier, from an average 1.8 mb/s seen since the start of the year.

- **The plunge in global crude prices is expected to cut non-OPEC oil production by nearly 0.5 mb/d next year,** on a sharply weaker outlook for US supply, lower Russian output and structural declines in the North Sea. The projected drop in output would be the largest since 1992, when non-OPEC supply contracted by 1 mb/d from the previous year, with the collapse of the Former Soviet Union.

- **US LTO production is forecast to contract by nearly 0.4 mb/d next year,** as the latest price rout takes 2016 futures prices below the average breakeven cost for all major shale plays. As such, the current slump in drilling and completion rates is expected to extend well into next year – in contrast to a rebound expected previously.

- **'The call on OPEC crude and stock change' climbs to 31.3 mb/d in 2016, up 1.6 mb/d year-on-year (y-o-y) on an anticipated sharp slowdown in non-OPEC supply growth combined with robust demand.** The 'call' in 2H16 jumps 1.3 mb/d from 1H16 to 32 mb/d, which is above the group's current production.

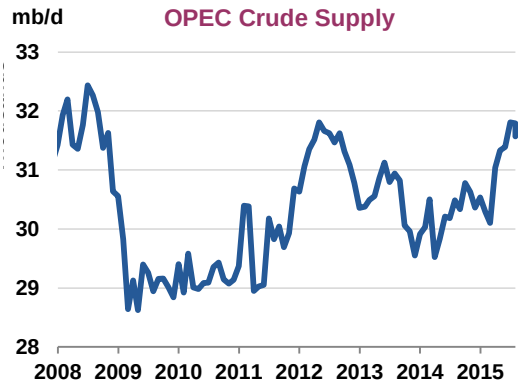


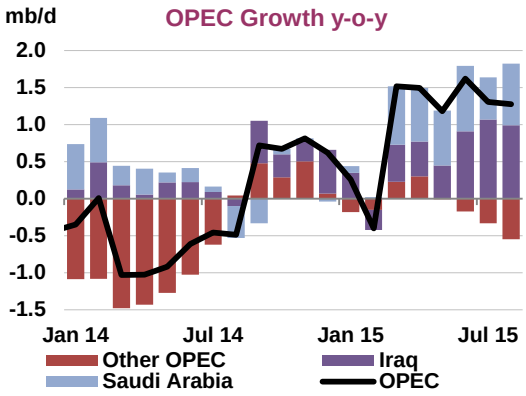


All world oil supply data for August discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary August supply data.

OPEC crude oil supply

OPEC crude oil production eased by 220 kb/d m-o-m in August to 31.57 mb/d due to lower flows in Saudi Arabia, Iraq and Angola – but still stood roughly 1.2 mb/d above a year ago. Despite m-o-m declines, Saudi Arabia and Iraq – the main drivers of OPEC's expansion - continued to pump vigorously. Six straight months of double-digit production has lifted Riyadh's average output to 10.16 mb/d this year – up by 410 kb/d on 2014. Output from Iraq, including the Kurdistan Regional Government (KRG), dropped to 4.13 mb/d in August as disruptions along the country's northern pipeline thwarted supply growth. Even so, the oil fields in OPEC's second biggest producer have flowed above the 4 mb/d mark for three months running. This has raised average Iraqi supply this year to 3.8 mb/d, 560 kb/d higher than 2014.





Overall OPEC output is running at 31.17 mb/d so far this year, up 1 mb/d on a year ago and well in excess of the group's official 30 mb/d production target. Supply looks set to hold above the 31 mb/d mark for some time to come, with Riyadh holding fast to its policy of defending market share, not price, and Iraq striving to sustain its impressive growth. The group's 'effective' spare capacity stood at 2.27 mb/d in August versus 2.22 mb/d in July, with Saudi Arabia accounting for 86% of the surplus.

The 'call on OPEC crude and stock change' for 2015 and 2016 has been revised up by 200 kb/d and 500 kb/d, respectively, since last month's *Report* due to an expected marked slowdown in non-OPEC supply growth and a more robust demand outlook. The 'call' in 2016 is estimated at 31.3 mb/d, up 1.6 mb/d y-o-y. The 'call' in 2H16 is expected to leap by 1.3 mb/d from 1H16 to reach 32 mb/d – higher than the group's current production.

Brent crude's tumble below $50/bbl is meanwhile causing budgetary discomfort throughout OPEC, prompting some members to call for an emergency meeting to discuss output curbs. But top producer Saudi Arabia is unlikely to reverse the OPEC strategy it has steered. In any case, Saudi Arabia and fellow Gulf producers Kuwait, Qatar and the UAE are better able to withstand financial stress due to their hefty foreign currency reserves. Those with little or no cash cushion such as Venezuela, Nigeria and Angola are much more vulnerable.

OPEC is scheduled to meet on 4 December, at which point its ranks are due to swell to 13 after Indonesia re-joins the group. Indonesia left OPEC seven years ago when it became a net oil importer. It now produces around 800 kb/d of crude.

OPEC Crude Production

(million barrels per day)

	Jun 2015 Supply	Jul 2015 Supply	Aug 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Aug 2015 Supply	YTD Average Crude Supply
Algeria	1.11	1.11	1.13	1.14	0.01	1.11
Angola	1.78	1.80	1.71	1.80	0.09	1.76
Ecuador	0.54	0.54	0.53	0.57	0.04	0.54
Iran	2.82	2.87	2.87	3.60	0.73	2.84
Iraq[4]	4.19	4.22	4.13	4.10	-	3.83
Kuwait[2]	2.74	2.74	2.78	2.80	0.02	2.78
Libya	0.41	0.39	0.37	0.50	0.13	0.41
Nigeria	1.78	1.77	1.77	1.87	0.10	1.79
Qatar	0.66	0.62	0.65	0.70	0.05	0.66
Saudi Arabia[2]	10.48	10.40	10.30	12.26	1.96	10.16
UAE	2.88	2.91	2.93	2.94	0.01	2.87
Venezuela[3]	2.42	2.42	2.40	2.49	0.09	2.41
Total OPEC	**31.81**	**31.79**	**31.57**	**34.77**	**3.23**	**31.17**
(excluding Iraq, Nigeria, Libya and Iran)					**2.27**	

1 Capacity levels can be reached within 90 days and sustained for an extended period.

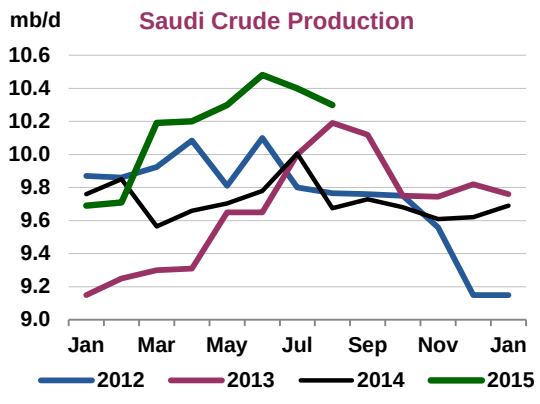
2 Includes half of Neutral Zone production.

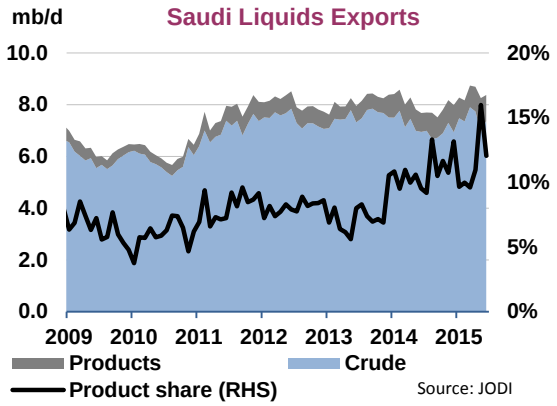
3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in August.

4 Iraq production during August exceeded our assessment of sustainable capacity.

Saudi oil fields continued to produce near record-rates in August, with output of 10.3 mb/d edging down 100 kb/d m-o-m. Riyadh has pushed flows beyond the 10 mb/d mark for six months in a row - suggesting it has no intention of backing down from an OPEC policy to preserve market share, rather than price. August's dip in production appeared to be due to slightly lower exports to world markets, according to tanker trackers and industry sources, although domestic requirements remained high because of heightened summer demand from power plants.

The latest figures submitted to the Joint Organisations Data Initiative (JODI) show power plants burned 890 kb/d of crude in June versus 820 kb/d in May. Riyadh's domestic power requirement usually surges during the summer when air conditioners run flat out. Saudi refineries throttled back in June, using about 2.1 mb/d of crude versus a record 2.4 mb/d in May.





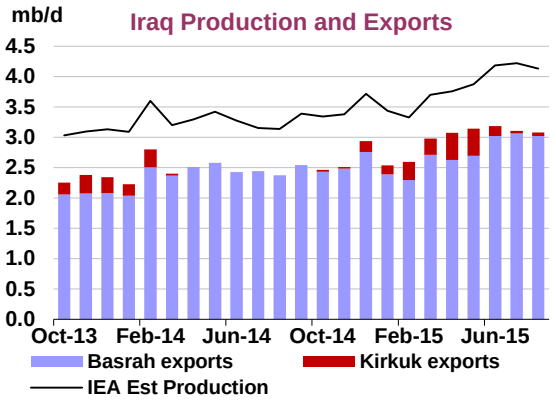
As for the international market, crude oil exports rose to around 7.4 mb/d in June from 6.9 mb/d in May, with shipments during the January-June period running close to 7.5 mb/d. Product exports fell to 1 mb/d from 1.3 mb/d in May and accounted for 12% of overall oil sales. Excluding condensates and NGLs, total Saudi oil exports rose to 8.37 mb/d in June from 8.25 mb/d in May.

The Kingdom's robust production boosted economic growth during the second quarter, but analysts expect the pace to slow as lower oil prices take a deeper toll. In a bid to plug a widening budget deficit, Riyadh sold bonds worth 20 billion riyals ($5.3 billion) in August – the second sovereign bond issue since 2007. The first, placed with quasi-sovereign institutions, took place in July.

Output in neighbouring **Kuwait** edged up 40 kb/d m-o-m to 2.78 mb/d as enhanced oil recovery efforts began to show results, according to industry sources. But the prolonged operational dispute over the Neutral Zone that Kuwait shares with Saudi Arabia continues to prevent the country from achieving its production potential. The offshore Khafji and onshore Wafra oil fields in the Neutral Zone have all but stopped flowing. Fellow core Gulf producer the **UAE** posted a fresh record of 2.93 mb/d in August thanks mostly to higher output from the offshore Upper Zakum oil field. **Qatari** output recovered to 650 kb/d – up 30 kb/d from July, when the collapse of a rig in the offshore al-Shaheen field impacted operations.

Output in **Iraq** (including the KRG) declined by 90 kb/d in August to 4.13 mb/d as attacks and theft along the northern pipeline to Turkey prevented the country from scaling new heights. OPEC's second biggest producer turned in its strongest ever performance in July, when output hit 4.2 mb/d (an upward revision from last month's *Report*).

The cash-strapped country has every incentive to crank out as much as it can, given the twin challenge of oil's collapse and a costly battle against the Islamic State of Iraq and the Levant (ISIL). But oil revenues fell to $3.87 billion in August – down 20% versus July - due mostly to lower oil prices as well as reduced shipments to world markets.



Iraq's giant southern oil fields delivered 3.02 mb/d of Basra crude exports, down about 40 kb/d from July's record volumes. According to official data, the southern fields pumped 3.36 mb/d in July - their highest ever.

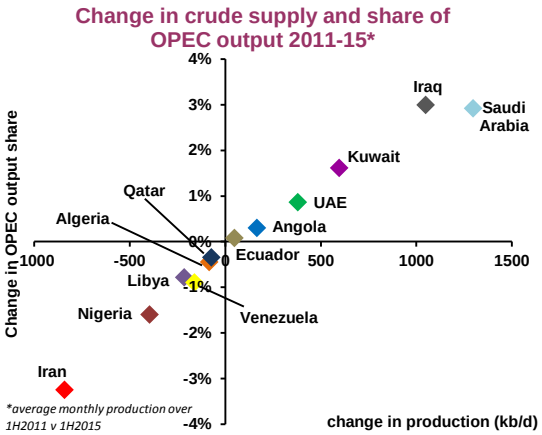
Exports of crude from the north slid 50 kb/d to around 470 kb/d in August after flows via the Kurdish pipeline that feeds into the Iraq-Turkey pipeline were disrupted. Most of the exports to the Turkish Mediterranean port of Ceyhan were from fields under the control of the KRG, with the federal government's North Oil Co (NOC) contributing about 120 kb/d from the Kirkuk field's Baba dome and the adjacent Jambour field. Apart from the KRG's Taq Taq and Tawke oil fields and the Kirkuk oil field's Khurmala dome, the Kurds are also managing Kirkuk's Avana dome and the nearby Bai Hassan oil field, formerly operated by NOC. Industry sources say the capacity of the KRG's independent pipeline to the Turkish border has risen to at least 750 kb/d.

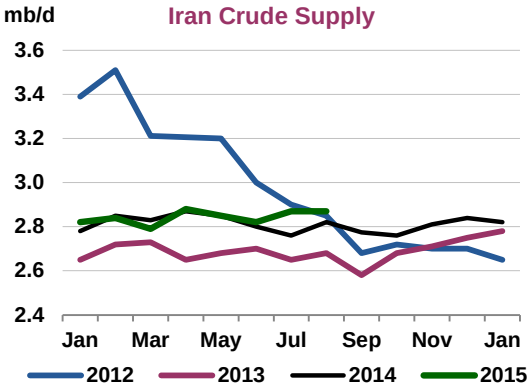
The KRG agreed at the end of last year to ship 550 kb/d via the central government's State Oil Marketing Organisation (SOMO) in exchange for the resumption of budget payments from Baghdad. But since mid-June, the KRG has increased its independent oil sales and cut allocations to SOMO amid an escalating row over export rights and budget payments. It said it transferred roughly 50 kb/d to SOMO in August versus 70 kb/d in July. In early September, the KRG said it allocated $75 million of revenue from its direct crude sales to three international oil companies – Genel Energy, DNO and Gulf Keystone. Companies operating in the region's oil fields had not received any revenue from exports since late last year due to the dispute between Baghdad and the Kurdish capital Erbil.

Iranian output held steady at 2.87 mb/d in August, although Tehran is gearing up to boost supplies following an anticipated easing of international sanctions. Iran and the P5+1 (China, France, Russia, the UK, US and Germany) struck a landmark nuclear pact in July that paves the way for a suspension of

sanctions after Tehran complies with the terms of the deal. In theory, that point could be reached by the end of this year although in practice, the agreement is more likely to be implemented in 2016.

Iranian Oil Minister Bijan Zanganeh has said Tehran will boost output immediately to reclaim the market share it has lost since rigorous financial measures were imposed in mid-2012. Since then, neighbouring Iraq has seen striking growth. Its output has soared by more than 1 mb/d, allowing it to overtake Iran to become OPEC's second biggest producer after Saudi Arabia.



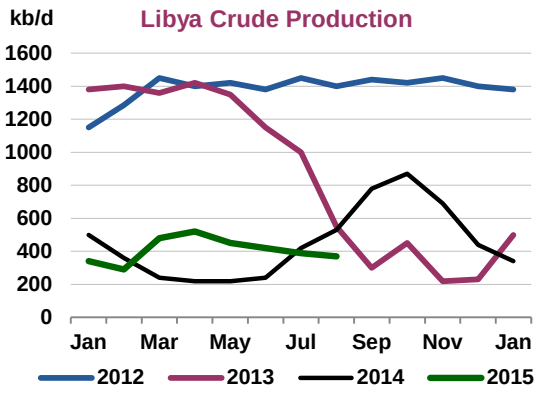


Zanganeh expects the country's oil fields to ramp up by 500 kb/d as soon as sanctions are lifted and by 1 mb/d within months. Even that strong performance would still leave Iran trailing Iraq, which is pumping in excess of 4 mb/d. Our estimate is that Iranian oil fields are capable of cranking up to 3.4 to 3.6 mb/d within six months of sanctions being eased. Tehran was producing around 3.6 mb/d in 2011 before the US and European Union imposed tighter financial restrictions.

As for international oil sales, Iran's crude exports have fallen from roughly 2.2 mb/d at the start of 2012 to around 1.0 mb/d during August versus 1.16 mb/d the previous month. Lower purchases from China, India, Syria and Turkey offset higher imports from South Korea, according to preliminary data. Purchases of condensate – ultra-light oil from the South Pars gas project – rose to about 130 kb/d from 105 kb/d the previous month, still well below the 2014 average of 190 kb/d.

While there is unlikely to be a substantial boost in Iranian production before next year, oil held in floating storage could start to hit world markets before then. Tehran had a total of 44 mb stored at sea at the end of August, down from 46 mb at the end of July. Condensate accounts for some 60% of that overall volume.

Technical snags at oil fields in the east of **Libya** and ongoing security issues nudged supply down to 370 kb/d in August – the lowest level since February – and less than a quarter of the 1.6 mb/d pumped before the civil war that ousted Muammar Gaddafi in 2011. The country's core source of supply is for now provided by eastern oil fields run by state Arabian Gulf Oil Co (Agoco). They were pumping roughly 225 kb/d in August versus capacity of 350 kb/d as the Nafoura and Bayda fields remained closed due to protests and power outages.



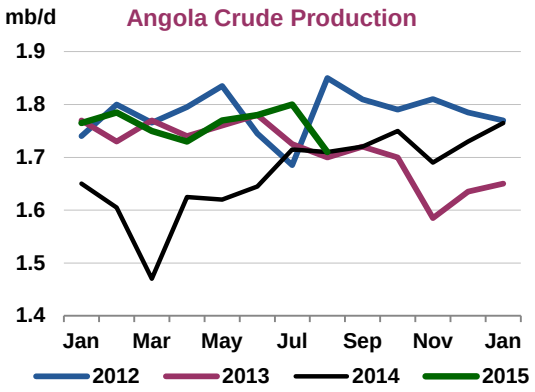
Talks are meanwhile continuing with tribal elders in western Libya to reopen pipelines linking the oil fields of El Feel and El Sharara to ports in the western

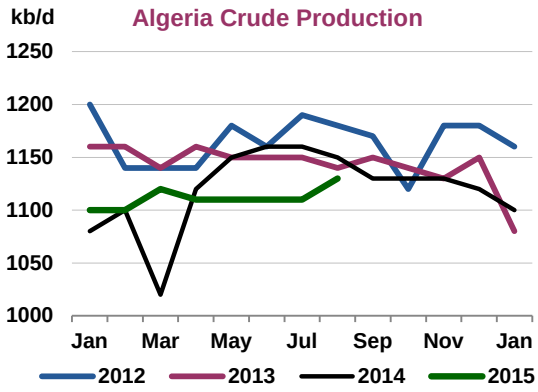
Mediterranean. These core fields in the southwest, which together could produce up to 480 kb/d, have been closed since December due to a strike by oil security guards and pipeline blockades.

A long-running battle between the country's two rival governments – the so-called Libya Dawn administration in Tripoli and the officially recognised government that fled to the east – has, for months, forced a halt to operations at vital oil fields and terminals. The United Nations is attempting to resolve the conflict.

Elsewhere in Africa, **Angolan** supplies fell 90 kb/d m-o-m to 1.71 mb/d in August due to scheduled maintenance on offshore oil fields. Luanda is feeling the pinch of lower oil prices, and the International Monetary Fund said economic growth is likely to slow to an average annual 3.5% between 2015 and 2016 from around 4% last year. The West African producer's economy had shown rapid expansion after the end of a decades-long civil war in 2002.

And in a bid to offset a sharp decline in oil revenue due to the collapse in oil prices, **Algeria** will cut spending by 9% in 2016. Output in the north African producer bumped up to 1.13 mb/d in August thanks to the start-up of two new oil fields - Bir Sebaa and Bir Msana.





Oil's rout is also causing budgetary distress for **Nigeria** - Africa's biggest economy – where output held steady in August at 1.77 mb/d. Shell lifted a force majeure on Bonny Light crude oil after it fixed pipelines that had been hit by theft.

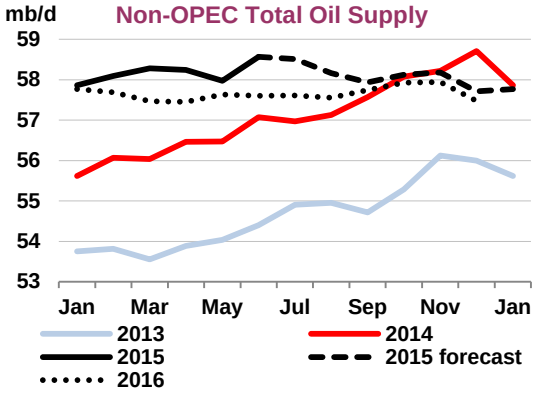
Among OPEC producers, cash-strapped **Venezuela** – which pumped 2.4 mb/d in August - is one of the hardest hit by oil's collapse amid runaway inflation and acute shortages of basic goods. The South American country's president, Nicolas Maduro, said in early September Caracas has lined up $5 billion in loans from China. Since 2007, Beijing has loaned more than $50 billion to Venezuela in return for oil. In July, China's imports of Venezuelan crude climbed to around 520 kb/d – the highest in nearly a decade.

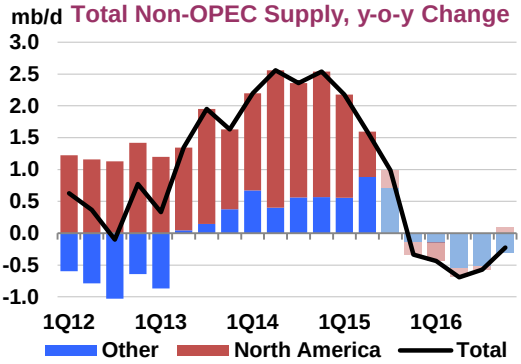
Caracas has also been lobbying for an emergency OPEC meeting and joint cooperation with Russia to help reverse oil's decline. Maduro furthermore has proposed an OPEC heads-of-state summit to bolster oil prices that are half the value of a year ago. A severe economic crisis has made oil's recovery a top priority for the Latin American producer, especially in the run-up to crucial parliamentary elections in early December. The price of Venezuelan oil, which is mostly heavy quality, is roughly $40/bbl versus an average of around $88/bbl in 2014.

The head of Venezuelan state oil company PDVSA, Eulogio Del Pino, was meanwhile appointed to run the country's oil ministry. Del Pino, who will hold onto his post as PDVSA boss, will take over leadership of the ministry from Asdrubal Chavez so that Chavez can run for parliament.

Non-OPEC overview

The outlook for non-OPEC oil production has been cut for this year and next on the back of downwardly revised US production estimates for the first five months of this year and further oil price declines. Global crude benchmarks extended July's losses, shedding another $10/bbl on average in August to fresh six-year lows. While evidence of slowing US output reversed some of the declines, the average future strip for 2016 Brent is more than $10/bbl lower than in early July.





As a result, producers across the world are shutting in marginal fields with high costs of production. In the US, the recovery in drilling activity and output expected for next year is starting to look elusive. The decline in the rig count, which had stalled in early July and started to show signs of an uptick in recent weeks, shed 13 rigs in the first week of September.

A revised EIA methodology for estimating US crude production - polling producers rather than relying on partial and often incomplete state level data - suggests US Lower 48 output is already seeing an accelerated decline. With a drop in new well starts of around 40% since the start of the year, it is surprising the cut in output is not steeper (see *Latest price rout slashes US production outlook*). With futures prices currently well below average breakeven costs for most US LTO plays, we expect the drop to accelerate through 2016 as activity levels drop further.

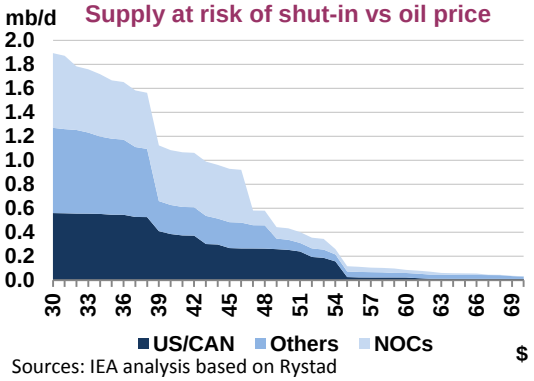
Non-OPEC Supply

(million barrels per day)

	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Americas	19.0	19.9	19.6	19.5	19.6	19.6	19.6	19.4	19.4	19.7	19.5
Europe	3.3	3.4	3.5	3.3	3.3	3.4	3.4	3.2	3.1	3.3	3.2
Asia Oceania	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	22.9	23.7	23.5	23.3	23.4	23.5	23.5	23.2	23.0	23.5	23.3
Former USSR	13.9	14.0	14.0	13.9	13.9	13.9	13.9	13.8	13.6	13.6	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
China	4.2	4.3	4.4	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Other Asia	3.5	3.6	3.6	3.6	3.7	3.6	3.6	3.6	3.6	3.5	3.6
Latin America	4.4	4.6	4.6	4.5	4.6	4.6	4.6	4.6	4.7	4.7	4.7
Middle East	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.3	2.2
Total Non-OECD	29.8	30.3	30.2	29.9	30.0	30.1	29.9	29.7	29.5	29.6	29.7
Processing Gains	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuels	2.2	1.8	2.4	2.8	2.4	2.3	1.9	2.4	2.8	2.4	2.4
Total Non-OPEC	57.0	58.1	58.3	58.2	58.0	58.1	57.6	57.6	57.6	57.8	57.7
Annual Chg (mb/d)	2.4	2.2	1.6	1.0	-0.3	1.1	-0.4	-0.7	-0.6	-0.2	-0.5
Changes from last OMR (mb/d)	0.0	-0.1	-0.1	0.3	0.1	0.0	-0.2	-0.2	-0.3	-0.4	-0.3

Elsewhere, producers are also adjusting to lower prices by extending capital expenditure curbs and targeting lower operating costs. Rig contracts are being re-negotiated or cancelled while marginal fields

are being decommissioned to stem losses. We estimate that production at risk of being shut in at a realised oil price of $50/bbl totals more than 400 kb/d, of which 250 kb/d is in the US and Canada. At an oil price of $45/bbl, this number rises to 930 kb/d. While in reality only a portion of those projects are likely to be shut, in particular by national oil companies which might choose to operate even if they were losing money, the results are illustrative of the potential impact of the latest drop in prices.



Sources: IEA analysis based on Rystad

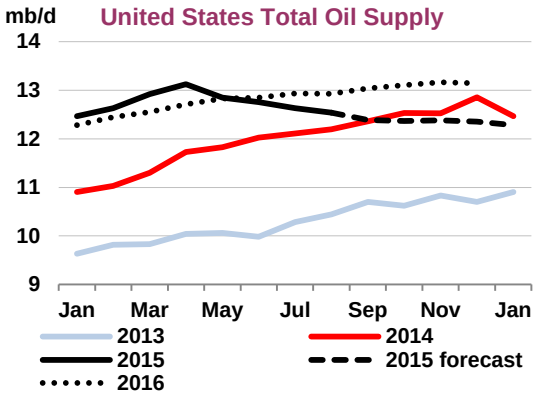
In addition, so called stripper wells, those that "strip" the remaining oil out of the ground and most of which produce less than 5 barrels a day, are being shut or are at risk of shutting at current price levels. With an estimated 400,000 stripper wells in the US alone – totalling perhaps as much as 1 mb/d, a price drop from $50/bbl to $40 /bbl could have a tremendous impact. While we try to capture these marginal field shutdowns in our model through accelerated decline rates and adjustments, the very nature and small scale of the producing units makes them hard to track and quantify and the impact could be greater than assumed in this *Report*, should prices remain at current levels.

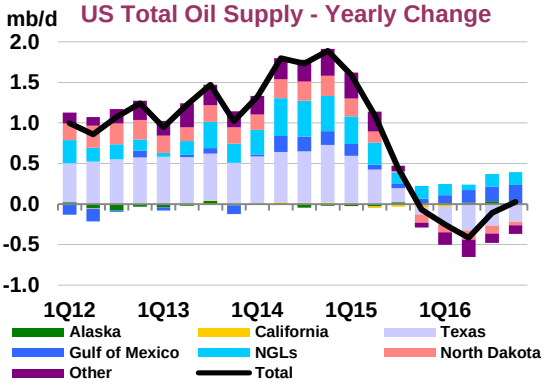
As a result of the lower outlook for North American supply for next year, offset in part by a higher biofuel production forecast for Brazil and the US, projected non-OPEC production for next year has been curbed by 0.3 mb/d since last month's *Report.* The estimate for this year however is largely unchanged. Total non-OPEC liquids production is forecast to contract by 480 kb/d next year, to 57.7 mb/d, after posting gains of 1.1 mb/d on average in 2015. If it materialises, the decline in output would be the largest since 1992 –and the collapse of the Former Soviet Union - when non-OPEC supplies contracted by 1 mb/d from the previous year.

OECD

North America

US – August Alaska actual, others estimated: US crude and condensate production dropped by 105 kb/d in June, to 9.3 mb/d and some 620 kb/d above a year earlier. The decline in output stemmed largely from Texas, which - according to the EIA's new estimation methods - declined for the third consecutive month through June. After posting annual gains of more than 640 kb/d in 2014, output in the US' largest producing state has already lost 45 kb/d on average in the first half of this year. Output in North Dakota, where the Bakken shale play is mostly located, held steady in June, but output in this state is also lower in 1H15 compared with the same period a year earlier. Including NGLs, total US supply growth slipped to 820 kb/d in June, its lowest since August 2012.





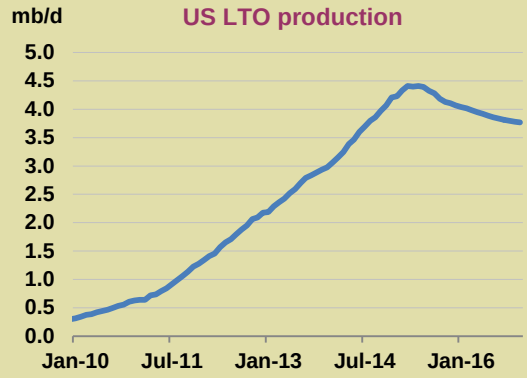
Preliminary data suggest extended output declines in subsequent months. Weekly estimates show monthly contractions of 90 kb/d in July and nearly 200 kb/d in August. The EIA's *Drilling Productivity Report* meanwhile shows output declines at the seven most prolific shale plays accelerating, losing an aggregate 350 kb/d through September from a peak of 5.6 mb/d hit in April. Lower prices and drilling are clearly starting to impact on output (see *Oil rout slams brakes on US LTO growth).* As such, LTO production is forecast to contract by nearly 0.4 mb/d next year, offset by higher Gulf of Mexico (+165 kb/d) and NGL production (+130 kb/d), resulting in an overall decline of 190 kb/d in US liquids output, to 12.5 mb/d.

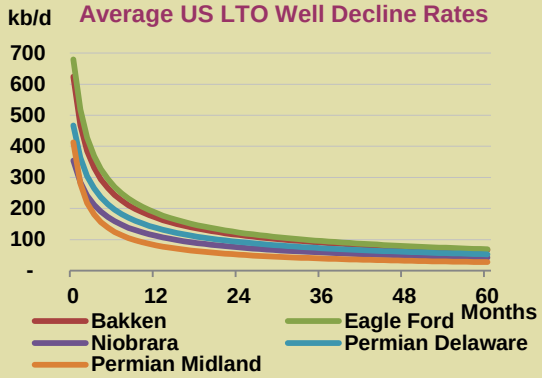
Oil rout slams brakes on US LTO growth

Oil's downward spiral to fresh six-year lows below $50/bbl has dimmed the prospects for a recovery in US drilling activity and stalled near-term growth in light tight oil (LTO) output. Unless oil prices bounce back in coming months, supply is forecast to fall by 385 kb/d next year to 3.9 mb/d versus 4.3 mb/d forecast for this year. A sharp decline has already started, with annual gains dropping from nearly 1.2 mb/d at the start of the year to around half by July.

LTO, because of its shorter investment cycle and steep decline rates, has the capacity to respond much more quickly to price movements than other sources of supply. The very steep decline rates characterizing tight oil wells means that to grow or even to sustain production levels requires continuous investment. A new EIA methodology for assessing US oil production shows accelerated declines in US supply in the most recent months, suggesting LTO output may already have peaked.

Our analysis of recent output data for the main US shale plays reveals that output per well fell by an average 72% from initial production rates within 12 months of start-up, and declined 82% in the first two years of operation due to natural decline. As such, operators have to keep on drilling new wells or increasingly focus on higher yielding wells in core acreage (high-grading) just to offset natural declines.





Given oil companies' cuts in capital spending, an expected rebound in drilling activity and output levels for next year looks elusive in the current lower price environment (see *Low prices force US producers to rethink priorities* in the *Oil Market Report* dated 12 August). Indeed, the levelling off and partial recovery in the US rig count since early July came to an abrupt halt in in early September when data showed the steepest drop in active oil rigs since May. At 662, the number of active rigs stands nearly 60% lower than a year ago.

Since early June, the average Brent futures price for 2016, which is used as input into this *Report*'s oil supply and demand forecasts, slumped by nearly $20/bbl before recovering some losses in early September to around $55/bbl. Taking into consideration the discount of Bakken to Brent crude – which has dropped to an average of $7.50/bbl so far this year, futures prices are currently below the average cost of production for all the main shale plays: Norwegian oil consultancy Rystad Energy estimates that the average breakeven prices for most of US LTO plays' output range from $54/bbl in the Bakken and Eagle Ford, $61-68/bbl for the Permian Basin and $64/bbl for Niobrara, with marginal acreage at a much higher cost. Although operators in the best acreage see much lower break-even costs for new wells, in the current price environment, further reductions to new LTO producing wells look inevitable.

We expect drilling and completion rates to drop by a further 20%-70% next year, depending on the play's differential between cost and realised crude prices. So far this year, the number of new producing wells in

Oil rout slams brakes on US LTO growth (continued)

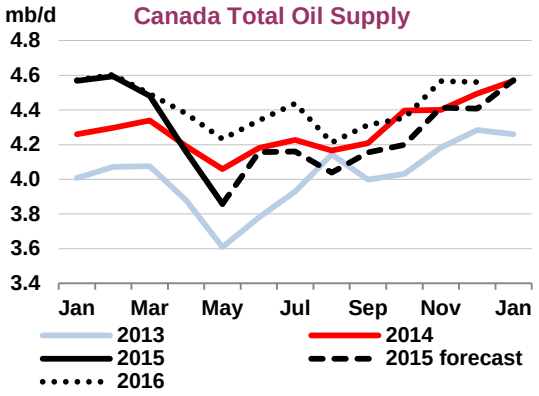
the US has already declined by nearly 50% compared with the same period a year ago, a drop largely offset by impressive increases in productivity. Current well start and output data suggest initial production rates have surged by more than 50% this year as a result of operators only leaving rigs in the most profitable acreage. Real productivity gains are most certainly also taking place, though this is yet difficult to quantify.

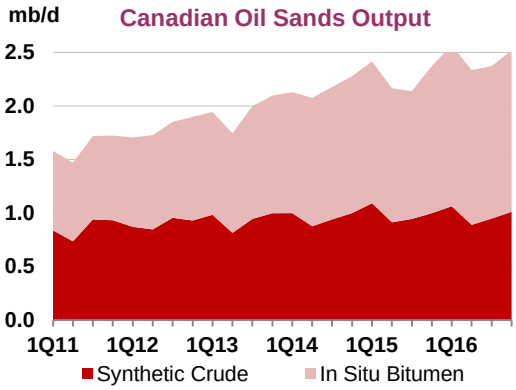
As operators are likely to have already completed wells in the best acreage, the potential for further improvements in production rates per well in 2016 looks doubtful in the absence of further breakthroughs in technology. We assume initial production rates will remain largely unchanged from this year's impressive levels, on the assumption producers have enough high-quality stock not having to go into more marginal areas.

Of course the key characteristics of LTO is its flexibility – and it is responsive to prices both to the upside and to the downside. As such LTO supplies will likely also be the first to respond should market conditions improve.

Canada – May actual, June preliminary: Latest consolidated data for Canada, through May, show total oil production slipping below 4 mb/d for the first time in 20 months. At 3.86 mb/d, total output was 300 kb/d down on the month, and 200 kb/d lower than the previous year. The drop was largely anticipated after outages at Albertan upgraders and wildfires shut in some bitumen sites, but it was larger than indicated in preliminary data. In particular, synthetic crude production dropped to only 700 kb/d, its lowest since May 2013, and compares with more than 1.1 mb/d as recently as February. Other Albertan oil output dropped nearly 90 kb/d to 1.8 mb/d, with bitumen output accounting for the bulk of the decline. Lower output at the Suncor operated Terra Nova field, which shut for planned maintenance mid-month, also contributed to the slump in production.

Preliminary data for June show a rebound not only in Albertan bitumen output, by 50 kb/d, but more importantly a 230 kb/d rise in synthetic crude production. The offshore Terra Nova field remained shut for the entire month however, reporting zero output.





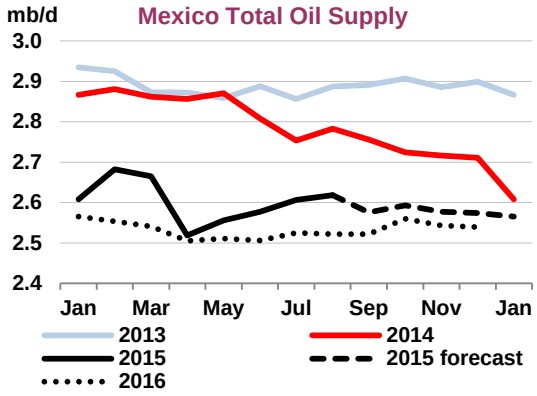
A fire at Syncrude's Mildred Lake upgrader on 29 August cut the outlook for September and the year as a whole. Canadian Oil Sands, which holds a 36.7% interest in the plant, announced the plant's output will now likely be at the lower range of its 2015 target announced a month earlier, around 260 kb/d.

Benchmark Canadian heavy crude oil prices collapsed to 12-year lows at near $20/bbl in August, raising questions about current operations and future expansions of the country's oil sands. Canada's largest synthetic crude project, Syncrude Canada, announced last month it is not likely to shut down operations even as the plant was losing $6 for every barrel it produces. According to the company, the project has break-even costs of C$57/bbl (US$43.46/bbl), and $47.27/bbl including interest payments, administration and other costs added. Syncrude prices meanwhile briefly slipped to $35/bbl in August before recovering to nearly $48/bbl in early September.

Lower prices have already curbed growth prospects for Canada. French major Total put on hold its Joslyn North Mine oil sands project earlier this year due to the worsening fundamental outlook. Harvest Operations says that while construction of its 10 kb/d Black Gold project is completed, first steam will be delayed until WTI oil prices rebound to around $60/bbl. Sunshine Oilsands is also postponing commissioning and start-up of the first 5 kb/d phase of its West Ells SAGD project from 1Q15 to September in order to reduce costs. Shell Canada, meanwhile, has delayed start-up of its Carmon Creek project from 2017 to 2019 to take advantage of the current downturn to achieve cost reductions.

Despite the latest oil price rout, Albertan heavy oil supplies are nevertheless rising from the start-up of new projects long in the planning. In mid-June, Imperial oil announced the start-up of its 110 kb/d expansion at its Kearl oil sands mining project, which was originally targeted for end-2015. 2Q15 also saw the start-up of ConocoPhillips' Surmont 2 project, which reported first steam at the end of May. Once fully operational at end-2017, the project will add nearly 120 kb/d of capacity.

Mexico – July actual, August provisional: Total oil output rose 30 kb/d in July to 2.6 mb/d and is forecast to remain around these levels in August as an expected rebound in NGL output offsets slightly lower crude oil production. Despite the recent uptick, Mexican production continues to face extensive structural field declines. Total liquids were around 150 kb/d lower than a year earlier during the July-August period. After managing to stem field declines at its legacy Cantarell field to less than 10% in early 2014, declines have accelerated to an average of nearly 30% so far this year. Output at the massive field averaged only 270 kb/d in August, down from 365 kb/d a year earlier and 440 kb/d on average in 2013.

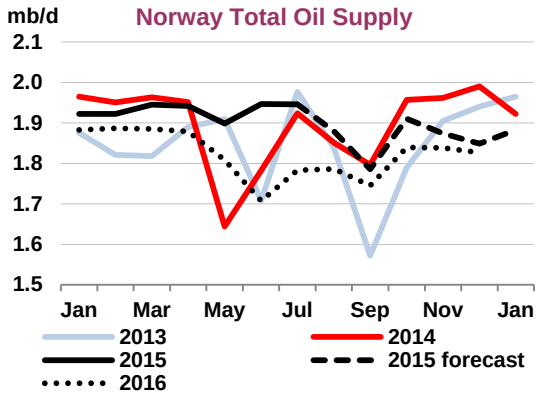


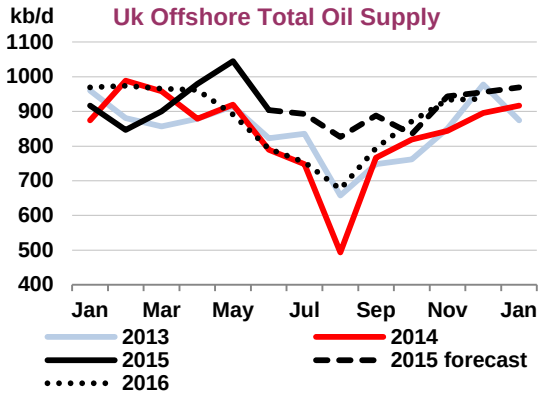
According to its finance ministry, Mexico has h edged 580 kb/d of its 2016 production at $49/bbl, a price 35% lower than the $76.4/bbl locked in for 625 kb/d of its 2015 production. The ministry paid $1.09 billion for the put options bought for Brent and Maya crude, nearly a 30% increase on last year's investment. Maya crude is currently trading around $40 /bbl.

North Sea

Norway – June actual, July provisional: Norwegian oil production held steady in July from a month earlier at 1.95 mb/d, up 20 kb/d from a year earlier. Final data for June show production 165 kb/d above a year ago, with annual gains stemming mostly from new fields such as the Gudrun field, Knarr and Hyme. Lower maintenance outages at existing fields also contributed, while NGL output rose 35 kb/d from the previous year to 350 kb/d. While Eni recently stated it was on track to commission its Goliat project by end summer, production has yet to start. Goliat, which is Norway's first Barents Sea development, has been plagued with delays and cost overruns. Industry sources say production will likely be delayed to later in the year.

The Norwegian Ministry of Petroleum and Energy formally approved the development plans for the Johan Sverdrup oil and gas project on 21 August. The massive offshore field, which is estimated to hold recoverable resources of 1.7-3.0 billion boe, is slated to start up by late 2019. Phase 1 of the Sverdrup development consists of four bridge linked platforms and three subsea water injection templates, with a production capacity of 315-380 kboe/d. At a later stage, output will be raised to a peak of 650 kb/d. With total capital expenditures for the field development estimated at $20.7-26.8 billion, the project's breakeven cost is estimated at less than $40/bbl.

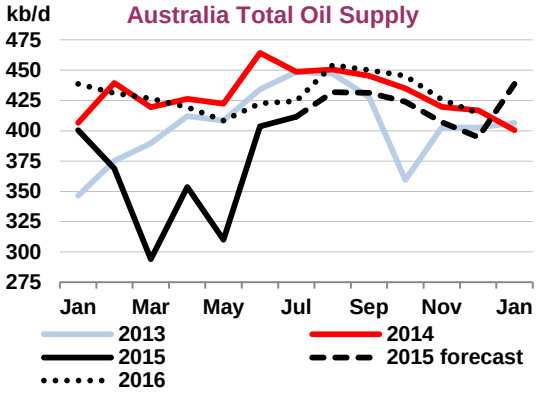




UK – June actual, July preliminary: Total UK oil output dropped by 10 kb/d in July, extending June's 120 kb/d dip. Field level data for May show offshore crude and condensate output rising 45 kb/d, with fields feeding into the Forties stream posting healthy gains. Output increases stemmed from the recently started Peregrine and Kinnoul fields. Nexen's Golden Eagle field, which started production in November 2014, also contributed to growth as the field had reached output of 44 kb/d in May. Further gains are expected from Enquest's Alma-Galia project, set to start-up in the next few weeks.

Maersk Oil announced it would shut down the Janice floating production unit, which carries output from the Janice, Affleck and James fields in the second or third quarter of next year, as the company aims to slash overall operating expenditures by 20% by the end of 2016 compared with 2014. The facility currently produces around 7 kb/d. The announcement follows similar news from Fairfield Energy, which said in May it plans to shut its Dunlin cluster of oil fields, and Itacha Energy's decision to decommission its Athena, Beatrice and Jacky fields earlier this year.

Australia – June actual, July preliminary: Australian oil production recovered in June but continued to lag year earlier levels. At 404 kb/d, total liquids output was 95 kb/d higher than a month earlier, but 60 kb/d less than June 2014. In addition to steep field decline at a number of offshore fields, Australian production was cut by outages and industrial action over the second quarter. Woodside's Enfield project for instance saw a 50% drop in output in 2Q15 from 1Q15 due to a planned one-month turnaround and cyclone activity. Daily lockouts of more than 200 maintenance workers at the ExxonMobil operated Gippsland JV, cut 2Q15 output by 40% from the start of the year. The recently commissioned Van Gogh/Coniston oil field continued to ramp up production, to an average of 14 kb/d for the quarter from only 2 kb/d in the first quarter of the year. Preliminary data for July suggest output remain around June's level.

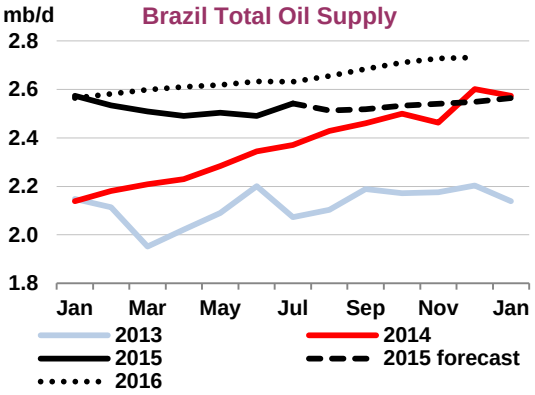


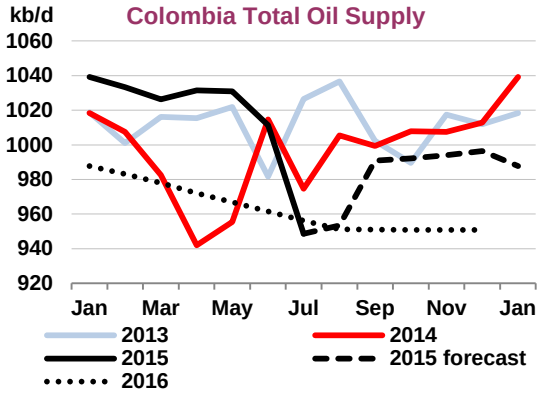
Non-OECD

Latin America

Brazil – July actual: Brazilian crude and condensate output jumped 50 kb/d in July to 2.45 mb/d, its highest level since January. Output rose in both the Campos and Santos Basins. State producer pre-salt output hit a new daily record on 8 July of 865 kb/d (798 kb/d for July on average). Supplies were boosted by new wells coming on line at the p-58 production platform in the Parque das Baleias and the P-62 at the Roncador field – both in the Campos Basin. Pre-salt output benefitted from new wells at the Cidade

de Mangaratiba FPSO in the Santos Basin. In all, output stood 180 kb/d higher than a year earlier with gains of 300 kb/d in the Santos Basin, partly offset by Campos Basin declines of around 100 kb/d. The threat of an open-ended oil workers' union strike in protest against Petrobras' latest five-year business plan, was clouding the production outlook for the short-term at the time of writing.



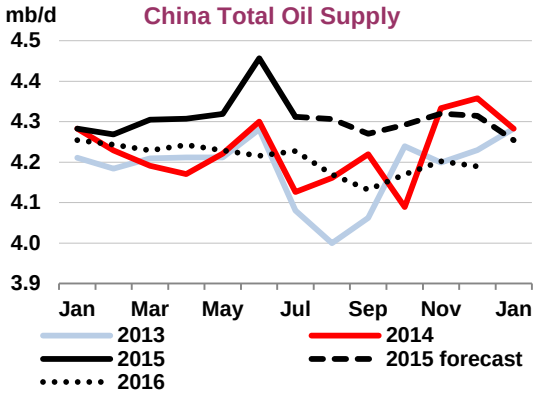


In **Colombia,** production dropped 65 kb/d in July. A near two-month shutdown of the Cano Limon pipeline after rebel attacks shut in supply at the Cano Limon and Cano Yaruma fields through most of August, when the pipeline resumed flows. Colombian oil production is set to fall next year as companies have slashed spending and drilling activity. A total of 36 exploration wells were drilled so far this year, down from a planned 63, according to the country's oil regulator.

In **Argentina**, meanwhile, output was also curbed by shutdowns in early September. Argentinian state-run energy company YPF said protests and roadblocks had forced it to shut in production at two of its largest fields: the Lomo la Lata and Loma Campana – where it is developing the Vaca Muerta shale resources. The two fields produce just over 30 kb/d, out of Argentina's 530 kb/d crude and condensate output in July. Shale output stood at 22 kb/d.

Asia

China – July actual: Chinese oil production slipped 145 kb/d in July, reversing the preceding month's gain. At an average 4.31 mb/d, total output stood 190 kb/d above the previous year, and in line with last month's forecast. June's gains stemmed entirely from offshore production, which was up by 220 kb/d on the year prior and 63 kb/d up on May. According to China's CNOOC, its crude and condensate production from offshore China rose 19% year-on-year to 868 kb/d in 1H15, leaving the company on track to meet its full year production targets. In response to lower prices and revenues, the company has cut its cost by 4.5% year-on-year to $41.35/boe and its total capex by 31.4%.



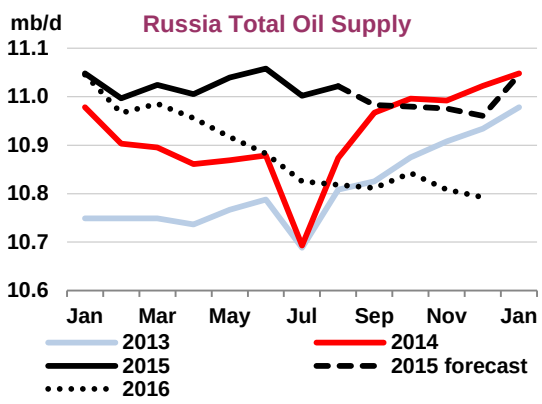
Former Soviet Union

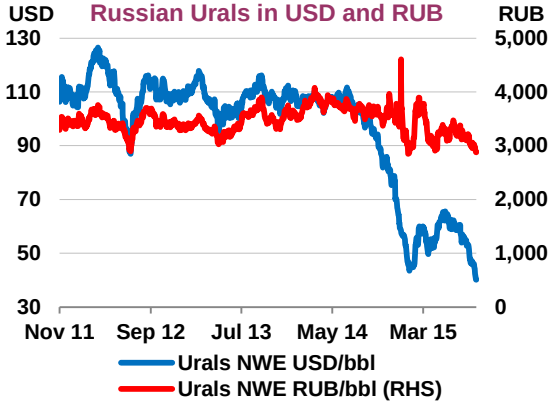
Russia – July actual, August provisional: Russian oil production continued to defy low oil prices and international sanctions, posting nearly 150 kb/d annual gain in August. Crude and condensate output inched up 20 kb/d from July, to 10.68 mb/d, supported by high drilling rates. Russian producers have been benefitting from the rouble's depreciation against the US dollar, with the dollar-based returns largely compensated for by rouble-based investments. The country's flexible tax system is also sheltering producers from the price drop, with the government taking the brunt of the decline.

Output at the country's two largest crude producers, Rosneft and Lukoil, contracted year-on year, while SeverEnergia, Bashneft, Gazprom Neft and Gazprom continued to show the highest output growth rates. So far this year, output is up 1.4% (or 145 kb/d) from a year earlier. Production is expected to level off through the remainder of the year, leaving annual output growth of 95 kb/ d for the year as a whole before production slips by 95 kb/d next year.

Russia's largest producer, Rosneft, said in its latest quarterly earnings report it was confident it could meet production and debt payment targets this year, despite lower oil prices and sanctions. Rosneft reduced its net debt by $3.9 billion in the first half of 2015, to $39.9 billion. The company plans to pay off a further $10.9 billion this year and $15.1 billion in 2016. The latest report shows total hydrocarbon production continued to grow and that crude oil output declines had slowed due to a significant increase in drilling in the first half of the year. The company said its crude oil output dropped by 0.15% in the second quarter, to 4.1 mb/d. Rosneft maintains that it will start up its Suzuskoye field in 2016.

Lukoil meanwhile recently announced it is planning to redirect its investments from its refinery modernisation program to exploration and production. Russia's second largest producer aims to stabilise output levels, with new output from its West Qurna 2 in Iraq, Pyakyakhinskoye in West Siberia and Filanovsky in the Caspian Sea offsetting declines at Western Siberian oil fields. Lukoil's CEO warned that the plans were dependent on the company's access to capital however, and that without it, output would fall.





FSU net oil exports sank by 200 kb/d in July to 8.9 mb/d in July, the first time they have dipped under 9 mb/d this year and the second consecutive month they have remained below year-earlier levels. Refined product shipments account for the entirety of the monthly drop with Russian refinery runs falling by nearly 200 kb/d on a month-on-month basis. Considering that the lion's share of the decrease was in gasoil, it could be that Russian exporters decided to hold over shipments given the extremely low Atlantic Basin diesel prices during July. Fuel oil shipments continued to decline and posted their third straight monthly decline and now stand 420 kb/d lower year-on-year, largely as a result in changes to the excise tax regime which favours the export of crude over fuel oil.

In contrast to product exports, crude shipments increased by a slight 10 kb/d to 6.25 mb/d and remain on a par with both month- and year-earlier levels. The monthly increase came after a 70 kb/d rise in BTC blend shipments offset a 50 kb/d decrease in Russian exports through the Transneft network. Nonetheless, at 4.0 mb/d in July, flows through the system remained 190 kb/d higher year-on-year. One major reason for this is the sharp devaluation of the Russian Rouble versus the US Dollar over the last year. Considering that the vast majority of Russian crude traded on international markets is priced in US Dollars, the weakness of the Rouble has largely insulated producers from the sharp decline in global crude prices.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	3Q2014	4Q2014	1Q2015	2Q2015	May 15	Jun 15	Jul 15	Latest month vs. Jun 15	Latest month vs. Jul 14
Crude											
Black Sea	1.78	1.62	1.59	1.50	1.83	1.56	1.56	1.52	1.60	0.08	-0.01
Baltic	1.57	1.33	1.32	1.20	1.47	1.45	1.32	1.47	1.26	-0.21	-0.03
Arctic/FarEast	0.81	1.14	1.23	1.26	1.36	1.41	1.44	1.37	1.42	0.05	0.24
BTC	0.64	0.60	0.68	0.55	0.64	0.61	0.59	0.64	0.72	0.07	-0.03
Crude Seaborne	**4.80**	**4.69**	**4.82**	**4.51**	**5.29**	**5.03**	**4.91**	**5.01**	**4.99**	**-0.01**	**0.17**
Druzhba Pipeline	1.03	1.01	1.03	0.99	1.07	1.08	1.13	1.01	1.04	0.03	0.06
Other Routes	0.57	0.40	0.28	0.21	0.25	0.24	0.25	0.23	0.22	0.00	-0.21
Total Crude Exports	**6.40**	**6.14**	**6.22**	**5.81**	**6.61**	**6.35**	**6.29**	**6.24**	**6.25**	**0.01**	**0.01**
Of Which: Transneft[1]	4.08	3.88	3.90	3.65	4.27	4.16	4.08	4.04	4.00	-0.05	0.19
Products											
Fuel oil[2]	1.64	1.72	1.79	1.71	1.65	1.51	1.47	1.32	1.28	-0.05	-0.42
Gasoil	0.85	0.95	0.88	0.88	1.22	1.03	1.03	0.99	0.85	-0.14	-0.07
Other Products	0.51	0.57	0.55	0.50	0.73	0.69	0.79	0.62	0.62	0.00	0.09
Total Product	**3.00**	**3.25**	**3.22**	**3.09**	**3.61**	**3.23**	**3.28**	**2.94**	**2.75**	**-0.19**	**-0.39**
Total Exports	**9.40**	**9.38**	**9.44**	**8.90**	**10.22**	**9.58**	**9.57**	**9.18**	**8.99**	**-0.18**	**-0.39**
Imports	0.08	0.08	0.10	0.10	0.05	0.06	0.05	0.06	0.08	0.01	0.00
Net Exports	**9.32**	**9.30**	**9.34**	**8.81**	**10.17**	**9.53**	**9.52**	**9.12**	**8.92**	**-0.20**	**-0.38**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Other Non-OPEC

In **Ghana**, the Tullow-operated Jubilee field bounced back to around 65 kb/d at the end of July, after experiencing technical problems in June. Tullow announced in its latest investor update that it plans to bring on the 80 kb/d TEN project in mid-2016.

Oman's oil output topped 1 mb/d for first time in country's history in June, despite the plunge in prices. The boost was due to a drop in planned maintenance work and was designed to compensate for revenues lost to the oil price rout. Oman is heavily dependent on oil revenues, and needs an oil price of $95-96/bbl to balance its national budget according to the International Monetary Fund. Oman's oil production has higher break-even cost than many of its neighbours, as it relies on relatively expensive Enhanced Oil Recovery (EOR) for a high share its production.

Biofuels

The outlook for global biofuels for 2015 and 2016 has been revised up by 70 kb/d and 114 kb/d respectively, since last month's *Report* to average 2.4 mb/d next year. The adjustments were led by Brazil, whose ethanol production was revised upwards 50 kb/d for 2015 and 70 kb/d for 2016, following an increase in the taxation of gasoline, which has increased the competitiveness of hydrous ethanol, and the increase in the anhydrous ethanol blending mandate to 27.5%. Brazil's biodiesel industry also received a boost from an increase in the blending mandate to 7%, resulting in an upward revision of about 10 kb/d throughout the forecast period.

In the United States, the recent uptick in gasoline demand has led higher biofuel blending requirements, lifting the US ethanol supply forecast by 10 kb/d for 2015 and 20 kb/d 2016. With the exception of biodiesel, the proposed Renewable Fuel Standard (RFS2) volumes announced by the US Environmental Protection Agency (EPA) for 2014-2016 are lower than previous statutory targets for transport biofuels. However, if achieved, the volumes proposed would still represent growth in renewable transport fuel consumption. For a full update on biofuel market developments please consult the upcoming *Medium Term Renewable Energy Market Report*, to be released on 2 October.

OECD STOCKS

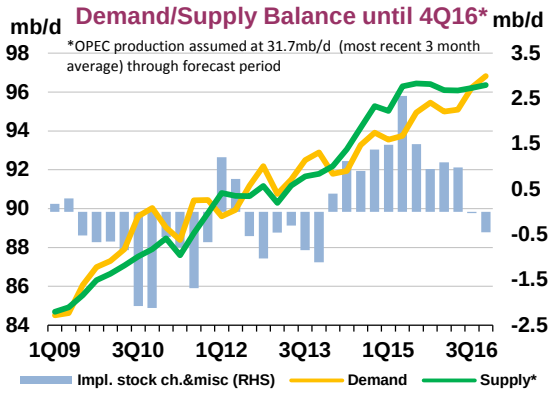
Summary

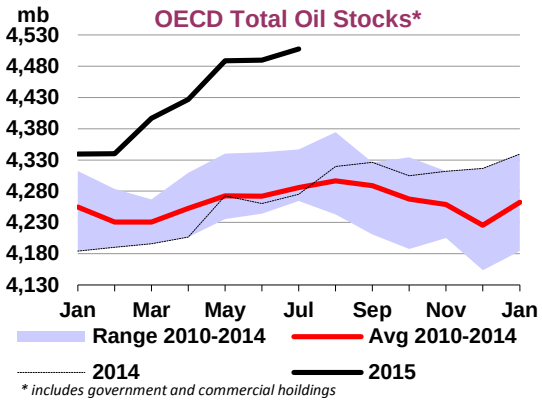
- **Oil markets are tightening going forwards, as stockpiling gradually slows and inventories start to draw in 2H16.** Notable builds are still anticipated, but will be significantly lower than during the previous six quarters up to 2Q15 when global stocks rose by a notional 715 mb.

- **OECD commercial oil inventories followed seasonal trends and rose by 18.0 mb to end July at a record 2 923 mb.** As refinery throughputs hit a seasonal high, crude oil inventories drew by 9.9 mb while refined products added 26.7 mb. At end-July, refined products covered 31.2 days of forward demand, 0.6 days above end-June.

- **China appears, once again, to have added to its strategic petroleum reserve.** The construction of two further sites with total capacity of 37.8 mb is expected to be completed by end-2015 and a further four sites amounting to 94.5 mb will likely start up in 2016. This schedule would imply a fill rate of roughly 380 kb/d until end-2015 slowing to 260 kb/d over 2016.

- **Preliminary data suggest that OECD inventories rose seasonally by a further 13.0 mb in August** after a steep 16.9 mb build in the US, centred in refined products, more-than-offset counter-seasonal draws elsewhere.





Global overview

With global supply and demand balances looking tighter going forward, the pace of stock builds is expected to slow gradually over the next four quarters before inventories begin drawing in 2H16. Although projected builds are still sizeable, they will be significantly less than during the previous six quarters up to 2Q15 when global stocks rose by a notional 715 mb. Each incremental barrel added to stocks obtains more significance as inventories rise, but price signals in crude and product markets do not suggest storage capacity limits are fast-approaching. Indeed, contango structures in WTI and Brent contracts remains relatively constant despite the recent price falls. Looking forward, an impressive 230 mb of new land-based storage capacity could be commissioned before end-2016 in locations as diverse as North America, the Middle East, Africa and South East Asia with new Chinese SPR capacity expected to account for more than half. Together with current spare storage capacity, these projects will help global markets absorb excess oil.

OECD inventory position at end-July and revisions to preliminary data

OECD commercial oil inventories followed seasonal trends and rose by 18.0 mb in July to end the month at a record 2 923 mb. This marked the fifth consecutive month that stocks have built, during which time they have added 162 mb and at end-July stood 200 mb above the five-year average. When taking government inventories into account, it is also apparent that national administrations have taken advantage of low prices to replenish inventories over the past year, since total inventories have posted builds for each of the last nine months, during which they have added a net 203 mb.

The July build was driven by refined products which increased by 26.7 mb as OECD refiners continued to ramp up throughput. Middle distillates accounted for the lion's share of the build as they surged by 18.9 mb. Atlantic Basin refiners were left with excess middle distillates supplies as they lifted runs to meet surging US gasoline demand. In contrast, gasoline holdings drew counter-seasonally by 2.8 mb, which - together with a downward revision to June data - saw OECD inventories slip below the five-year average for the first time since November 2014. The seasonal restocking of propane inventories continued in North America, with 'other products' rising by 10.5 mb to stand 26 mb above average at end-July. By end-month, product cover was 31.2 days of forward demand, 0.6 days above end-June.

As US refinery activity increased and supply growth eased, crude inventories dropped by 9.9 mb, shallower than the 13.0 mb average draw for the month. The draw in OECD Americas remained in line with seasonal trends. In Europe, the decline was less than half the seasonal draw. It appears that the European stocks draw was tempered by high imports and relatively high regional crude production, amid lighter than average field maintenance, which offset high refinery throughputs. In OECD Asia Oceania, crude holdings rose seasonally by 2.8 mb despite rising refinery runs.

Revisions versus 12 August 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	May-15	Jun-15	May-15	Jun-15	May-15	Jun-15	May-15	Jun-15
Crude Oil	**-1.0**	**2.9**	**-0.1**	**-1.1**	**0.0**	**1.0**	**-1.1**	**2.8**
Gasoline	-0.1	-2.4	0.0	-6.0	0.0	0.0	-0.1	-8.4
Middle Distillates	0.0	-3.4	-0.2	2.7	0.0	0.4	-0.2	-0.3
Residual Fuel Oil	0.1	0.4	-0.1	-1.7	0.0	0.1	0.0	-1.2
Other Products	-0.3	-6.3	0.1	-0.9	0.0	-0.3	-0.2	-7.4
Total Products	**-0.3**	**-11.7**	**-0.2**	**-6.0**	**0.0**	**0.3**	**-0.5**	**-17.3**
Other Oils[1]	0.1	1.9	-0.1	1.2	0.0	0.4	0.0	3.5
Total Oil	**-1.2**	**-6.8**	**-0.4**	**-5.9**	**0.0**	**1.8**	**-1.7**	**-10.9**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

June OECD inventories were revised 10.9 mb lower after downward adjustments were made to the Americas and Europe. The upshot of these revisions and a much smaller downward adjustment to May was that the 9.9 mb build presented in last month's *Report* is now tempered to a slim-but-still-counter-seasonal 0.6 mb increase with OECD inventories now seen to have added 1.0 mb/d over 2Q15. Notably, refined products in OECD Americas were revised downwards by a combined 11.7 mb as holdings of 'other products', middle distillates and gasoline were seen lower. In Europe, a 6.0 mb downward revision to gasoline weighed heavy and saw regional holdings slip to a 4.8 mb deficit versus average levels.

Preliminary Industry Stock Change in July 2015 and Second Quarter 2015

	July 2015 (preliminary) (million barrels)				July 2015 (preliminary) (million barrels per day)				Second Quarter 2015 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-10.6**	**-2.1**	**2.8**	**-9.9**	**-0.34**	**-0.07**	**0.09**	**-0.32**	**0.02**	**-0.02**	**0.25**	**0.25**
Gasoline	-0.3	-1.6	-0.9	-2.8	-0.01	-0.05	-0.03	-0.09	-0.17	-0.18	0.03	-0.32
Middle Distillates	9.8	4.1	5.1	18.9	0.32	0.13	0.16	0.61	0.14	0.20	0.06	0.40
Residual Fuel Oil	-0.4	0.0	0.6	0.1	-0.01	0.00	0.02	0.00	0.03	0.01	0.01	0.05
Other Products	11.0	-0.7	0.3	10.5	0.35	-0.02	0.01	0.34	0.41	-0.04	0.05	0.42
Total Products	**20.0**	**1.8**	**4.9**	**26.7**	**0.65**	**0.06**	**0.16**	**0.86**	**0.42**	**-0.01**	**0.14**	**0.55**
Other Oils[1]	1.6	-1.7	1.2	1.1	0.05	-0.05	0.04	0.04	0.16	0.02	0.02	0.20
Total Oil	**11.0**	**-2.0**	**9.0**	**18.0**	**0.36**	**-0.07**	**0.29**	**0.58**	**0.60**	**-0.01**	**0.41**	**1.00**

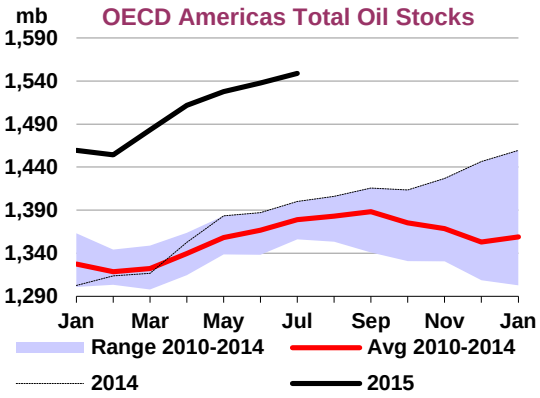
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

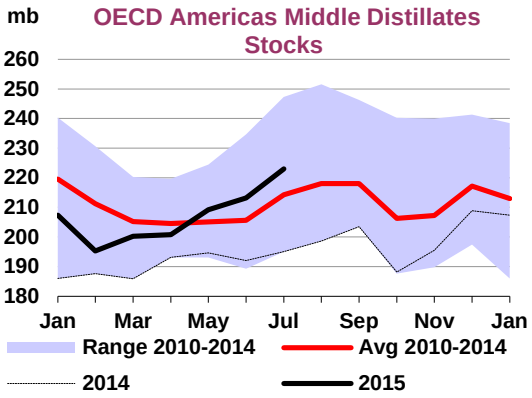
Preliminary data for August suggest that OECD industrial stocks rose for a sixth consecutive month as they adhered to seasonal trends and added 13.0 mb over the month. Stocks were driven upwards by refined products (+19.3 mb) which built as refinery throughputs remained seasonally high. As OECD crude demand remained high, stocks drew by 6.8 mb, less than the seasonal draw for the month as counter-seasonal builds were posted in the US and Europe. On a product-by-product basis, 'other products' (+12.9 mb) continued to seasonally restock while middle distillates (+6.1 mb) and fuel oil (+3.6 mb) also built.

Analysis of recent OECD industry stock changes

OECD Americas

Commercial inventories in OECD Americas adhered to seasonal trends and built by 11.0 mb in July. Consequently, the region's surplus versus average levels remained at close to 170 mb. The continued seasonal replenishment of propane saw 'other product' inventories gain 11.0 mb while, as regional refinery throughputs hit a seasonal high, middle distillates holdings added a further 9.8 mb. In contrast, amid buoyant US demand, gasoline stocks inched down counter-seasonally by 0.3 mb. As a result, regional gasoline holdings slipped below the five-year average for the first time since October 2014. All told, refined products built seasonally by 20.0 mb and demand cover increased to 30.3 days, 0.8 days above end-June. Meanwhile, the increased refinery activity weighed on crude stocks which drew by 10.6 mb while NGLs and other feedstocks increased seasonally by 1.6 mb.

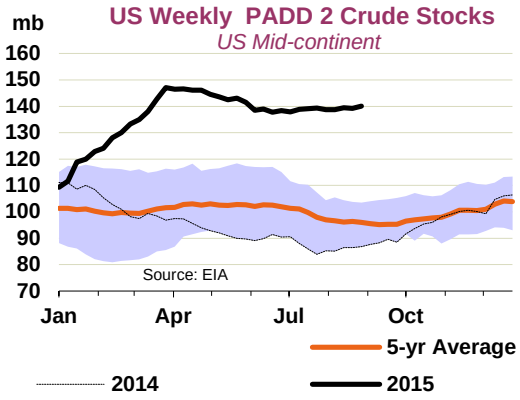


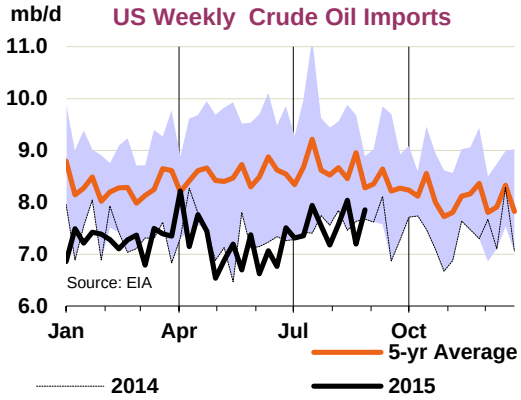


Weekly data from the US Energy Information Administration (EIA) suggest that US commercial inventories rose by a steep 16.9 mb in August, their tenth consecutive monthly build. Moreover, they have now posted only one monthly draw since February 2014, during which they have increased by a staggering 250 mb to stand at a 183 mb surplus to the five-year average. The monthly build was driven by refined products, which increased by 15.6 mb as 'other products' (largely propane) continued their seasonal replenishment, rising by 12.9 mb on the month. Middle distillates continued to build at a steeper-than-seasonal rate as US refiners continue to hike production in tandem with the rising refinery

output of motor gasoline. Moreover, as the driving season neared its end, stocks of motor gasoline decreased by 2.6 mb, the only refined product category to post a draw.

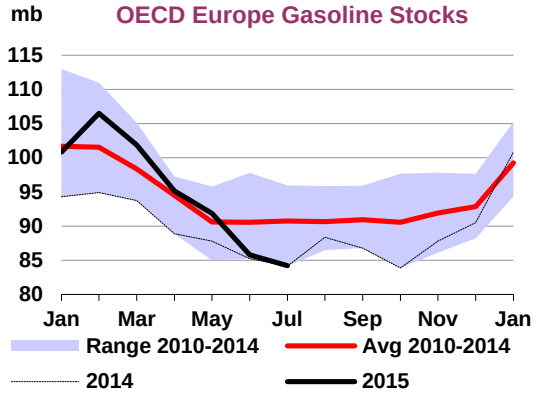
Despite US crude demand hitting a seasonal high, crude stocks rose counter-seasonally by 1.6 mb as imports, especially shipments from Canada into PADD 2, remained higher than in previous months. Some effect also came from the two-week unexpected shutdown of a 250 kb/d crude processing unit at BP's Whiting, Indiana refinery during mid-August. Indeed, this was reflected in PADD 2 crude stocks, which remained at close to 140 mb throughout the month. Moreover, stocks at the Cushing, Oklahoma storage hub remained at 57 mb, equating to 80% of working capacity. This helped to pressure NYMEX WTI downwards over the month and contributed to WTI delivered at Cushing falling to an unusual discount to WTI delivered at Midland.

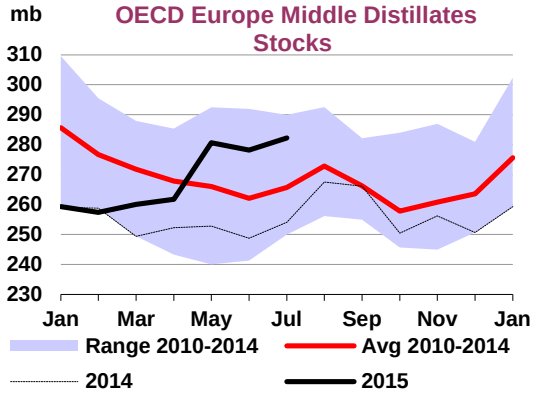




OECD Europe

Industry inventories in OECD Europe slipped seasonally by 2.0 mb in July as a combined 3.8 mb draw in crude, NGLs and other feedstocks outweighed a 1.8 mb build in refined products. As with the Americas, the driver was increased refinery activity as throughputs hit a seasonal peak. Regardless, the decrease in crude oil was more shallow than usual for the time of year, with regional crude production remaining higher than over the past few years amid a relatively light maintenance schedule on North Sea fields.



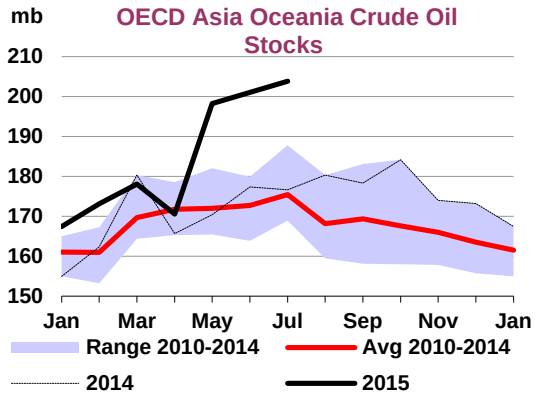


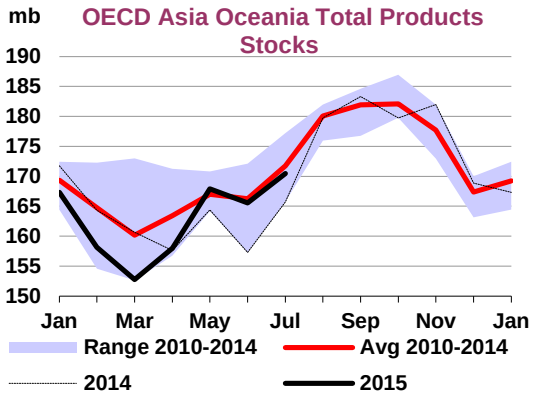
The build in refined products was entirely in middle distillates which increased strongly by 4.1 mb. On the other hand, motor gasoline decreased counter-seasonally by 1.6 mb to leave regional inventories standing 6.5 mb below the five-year average by end-month. Considering high refinery output and sluggish European gasoline demand, it is highly likely that stocks were pressured downwards after large quantities of gasoline were exported to the US. By end-month, regional refined product holdings covered 37.9 days of forward demand, 0.1 days above one month earlier.

Data from Euroilstock for EU15 + Norway imply that stocks inched down by 0.7 mb in August after a counter-seasonal draw (-4.4 mb) in middle distillates weighed heavy while motor gasoline holdings drew by a further 0.6 mb. Crude oil inventories rose by 1.8 mb despite refinery throughputs remaining high as reports suggest that North Sea crude production and arrivals from Russia and West Africa remained healthy. Additionally, reports suggest that refined products holdings held in independent storage in Northwest Europe remain at multi-year highs as arrivals of middle distillates from the US, Russia and Middle East remain strong ahead of European refiners entering seasonal turnarounds.

OECD Asia Oceania

Commercial oil holdings in OECD Asia Oceania continued to trend above average levels in July as they built seasonally by 9.0 mb over the month. Moreover, the regional surplus continues to be concentrated in crude oil which added a further 2.8 mb over the month to stand 28.4 mb above average at end-month. In contrast, by end-July, refined product inventories stood a slim 1.3 mb below average. The build in crude oil came against the backdrop of a continued ramp-up in refinery throughputs which indicates that regional crude imports remained high. On the product side, stocks rose by 4.9 mb as all product categories except motor gasoline posted builds. Notably, middle distillates stocks surged by 5.1 mb, significantly more than the 2.9 mb average build for the month, to leave inventories at a 3.0 mb surplus to average levels by end-month. All told, total refined product stocks covered 21.9 days of forward demand at end-July, 0.6 days above one month earlier.





Preliminary weekly data from the Petroleum Association of Japan indicate that Japanese commercial holdings remained relatively stable in August as they inched down by 30 kb. As Japanese refinery runs hit a seasonal high, crude inventories dropped by 10.2 mb, significantly steeper than the average draw for the month. Meanwhile, refined products holdings rose seasonally by 6.2 mb as increases in middle distillates (5.6 mb) and fuel oil (2.1 mb) more-than-offset draws in motor gasoline (-0.3 mb) and other products (-1.5 mb).

China fills up SPR

China's finance ministry hinted heavily in early-2015 that it would allocate extra money to build up stocks of raw materials including crude oil, copper, nickel, zinc and corn. Some of the funds were used to complete a number of delayed sites for Phase 2 of the crude SPR (strategic petroleum reserve) and significant volumes appear to have been delivered into these sites this year. Still more tanks are expected to be built in the months to come, which could imply a fill rate of roughly 380 kb/d until end-2015 slowing to 260 kb/d over 2016.

Chinese Strategic Petroleum Reserve Sites
(million barrels)

	Operator	Location	Capacity	Status	Completion
Phase 1	**Sinopec**	Zhenhai, Zhejiang	32.7	filled	2006
	Sinochem	Zhoushan, Zhejiang	31.4	filled	2007
	Sinopec	Huangdao, Shandong	20.1	filled	2007
	CNPC	Dalian, Liaoning	18.9	filled	2008
Total			**103.1**		
Phase 2	CNPC	Lanzhou, Gansu	18.9	filled	2011
	CNPC	Dushanzi, Xinjiang	18.9	filled	2011
	Sinopec	Tianjin	20.1	filled	2014
	CNPC	Shanshan, Xinjiang	39	filled	2014
	Sinopec	Huangdao, Shandong	18.9	filling	2015
	Sinopec	Zhoushan, Zhejiang Phase 2	18.9	under construction	2H15
	CNPC	Jinzhou, Liaoning	18.9	under construction	2H15
	CNOOC	Huizhou, Guangdong	31.4	under construction	1H16
	Sinopec	Yangpu, Heinan	16	under construction	1H16
	CNPC	Jintan, Jiangsu	15.7	under construction	2016
	Sinopec	Zhanjiang, Guangdong	31.4	under construction	2016
Total			**248.1**		
Phase 3	PetroChina	Wanzhou, Chongqing	5	planned	2020
	Sinopec	Caofeidian, Hebei	32.7	planned	2020
	Sinopec	Yangpu, Heinan	12.5	planned	2020
	Yingcheng	Yingcheng, Hubei	15.4	planned	2020
	CNPC	Rizhao, Shandong		planned	2020
	CNPC	Daqing, Heilongjiang		planned	2020
	CNPC	Yunnan province		planned	2020
	CNPC	Qinzhou, Guangxi		planned	2020
Total			**148.8**		
Total SPR			**500**		**2020**

Source: OGP, CNPC, FGE Energy, SIA Energy, Argus, IEA Estimates

Although information on the SPR is scarce, data suggest Chinese crude stocks have built over 2015 by an amount greater than reported by *China OGP* which covers commercial stock changes. Chinese crude net imports have hit record levels exceeding 7 mb/d, which, coupled with a slight rise in crude production, has seen crude supply (domestic production plus net imports) outstrip domestic demand for crude. When accounting for the stock changes reported by *China OGP*, data suggest that unreported crude stocks built by up to 116 mb over January to July.

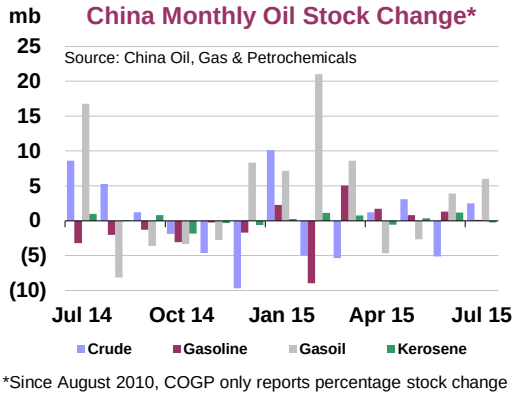
Not all of these implied volumes have been added to the SPR, with reports suggesting that unreported commercial crude inventories have built at a number of locations including Yangpu and Dagang. Taking account of the above SPR construction schedule, up to 78 mb have been added to the SPR over the last 18 months. Moreover, two SPR sites located at Zhoushan and Jinzhou, with total capacity of 37.8 mb, are expected to be commissioned by end-2015. Additionally, a four further sites amounting to 94.5 mb are in the latter stages of construction which will likely start up in 2016. This should see total Phase 2 capacity exceed 230 mb – significantly above the original 169 mb aim of the Chinese administration.

According to reports, China purchased a number of ESPO cargoes which were put into tanks at the recently-completed Huangdao site over July and August. Assuming that total fill at this site was 10 mb at end-August and that Zhoushan and Jinzhou will be completely filled by end-2015, this would imply a fill rate of roughly 340 kb/d until the end of the year .If the remaining Phase 2 sites were completed by end-2016 this would entail filling at an average 260 kb/d over 2016. However, it should be noted that China is also constructing tanks at a number of new refineries and oil terminals which are due to be commissioned before end-2016. Locations include Zhongjie, Anning, Nanjiang and Hainan, and these could see total tank fill exceed the rates quoted above.

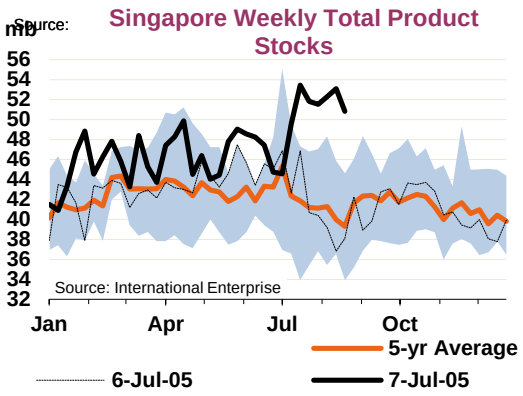
Information surrounding Phase 3 of the SPR is still vague. Original plans were for the SPR to contain 500 mb by 2020 which would equate to 67 days of China's projected net imports. However, much recent speculation has concerned whether the Chinese administration is aiming for a much larger SPR, perhaps holding as much as 90 days of net imports. If this were the case, this would see the SPR holding 670 mb (based on IEA projections of China's net import requirement in 2020) with Phase 3 required to contain around 320 mb.

Recent developments in Singapore and China stocks

According to data from China Oil, Gas and Petrochemicals, Chinese commercial crude inventories rose by an equivalent 2.5 mb (data are reported in terms of percentage stock change) in July as crude net-imports remained high, at above 7 mb/d which, together with healthy domestic production, outstripped crude refinery intake. Refined products also built as refinery output remained relatively robust at close to 10.5 mb/d. Gasoline stocks inched up by 0.1 mb as domestic demand remained healthy. Gasoil holdings surged by 6.0 mb, even as exports of the product remained close to June's high. This suggests that Chinese refiners may be experiencing a similar situation to their Atlantic Basin counterparts as they are left with 'unwanted' gasoil volumes resulting from increasing gasoline output.



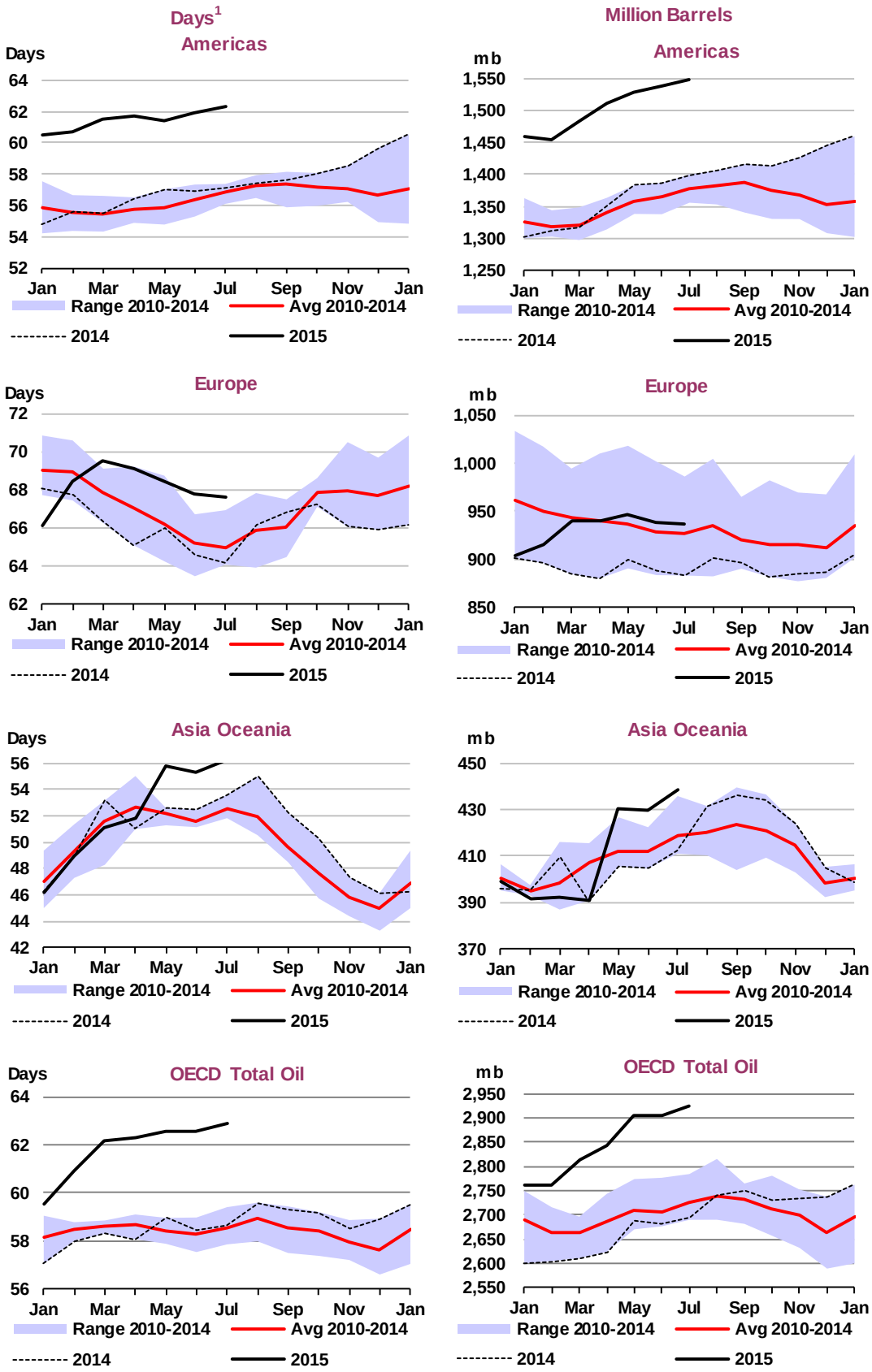
*Since August 2010, COGP only reports percentage stock change



Data from International Enterprise suggest that land-based refined product inventories in Singapore remained relatively stable during August as they inched down by 0.5 mb after draws in middle distillates (-0.5 mb) and residual fuel (-1.4 mb) oil more-than-offset a 0.4 build in light distillates. Despite the August draw, since the beginning of the year, total product inventories have broadly followed an upwards trajectory similar to OECD inventories and remain at close to July's historical high. At end-August, all products remained in surplus to average levels, with residual fuel oil's 7 mb surplus particularly startling.

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

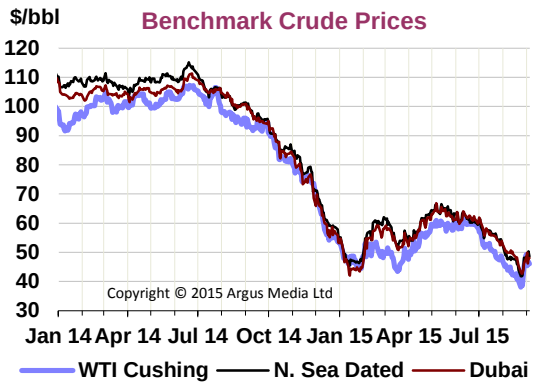
Summary

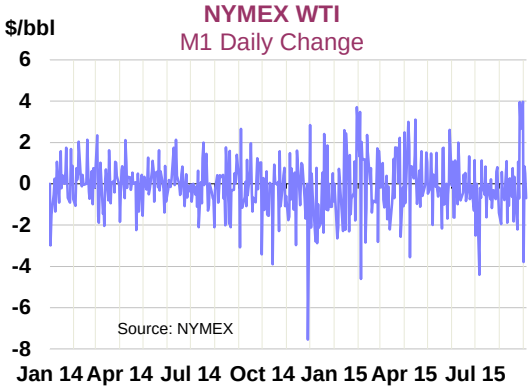
- **Crude oil prices plummeted to six-year lows in August on the back of a growing supply glut, escalating concerns over the health of the global economy, especially in China**, and the associated devaluation of the Yuan. After rebounding on a slew of economic and fundamental data, prices turned volatile in late August. Brent was last trading at $48.10/bbl with NYMEX WTI at $45.20/bbl.

- **Despite the fall in prompt prices, the contango in ICE Brent and NYMEX WTI held steady** with spreads remaining below levels that encourage storage for profit. In contrast, the Dubai market was hit by a flurry of prompt trading that flipped the contract into backwardation during August.

- **Spot product prices fell across the board in August. In contrast to early summer, gasoline and fuel oil prices posted the sharpest losses** while falls in middle distillates were comparatively moderate. Crack spreads were mixed with those for gasoline plunging while middle distillate spreads generally firmed.

- **Crude freight rates saw a dramatic turn of events in August, particularly for larger vessel classes**. Rates on the MEG-Asia route for very-large-crude-carriers (VLCCs) lost as much as 70% in three weeks, just after scaling the highest year to date, ending the earnings bonanza ship owners enjoyed throughout the year.





Market overview

Benchmark crude prices touched six-year lows in August on the back of a growing global supply overhang, escalating concerns over the health of the global economy, especially in China, and the associated devaluation of the Yuan. However, after sliding steadily for much of the month, prices rebounded in early September on a slew of economic and fundamental data. At the time of writing, ICE Brent was trading at $48.10/bbl with NYMEX WTI nearly $3/bbl lower at $45.20/bbl.

As prices rebounded late in August there was a noticeable increase in volatility with markets yo-yoing into early-September. Global markets were seemingly driven by sentiment and reacting to Chinese, European and US economic numbers, a revision to US EIA supply numbers and on US inventory data.

ICE Brent weakened at a faster pace than NYMEX WTI in August which saw the spread between the two grades shrink slightly to $5.32/bbl on a monthly average basis. However, the real movement was in Dubai, which strengthened relative to other benchmarks over the month. This may have encouraged traders to arbitrage flows of Atlantic Basin crudes to Asia with reports suggesting that at least one cargo of Forties has been fixed to sail eastwards in September.

Prompt Month Oil Futures Prices

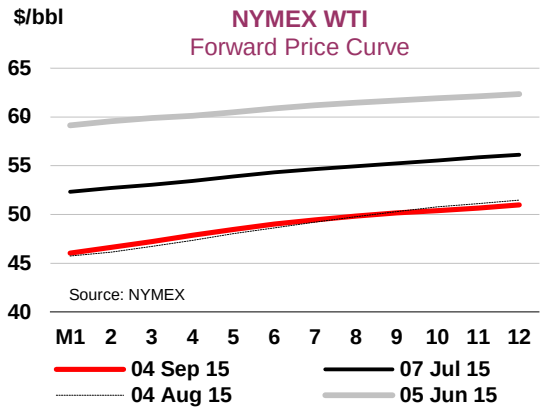
(monthly and weekly averages, $/bbl)

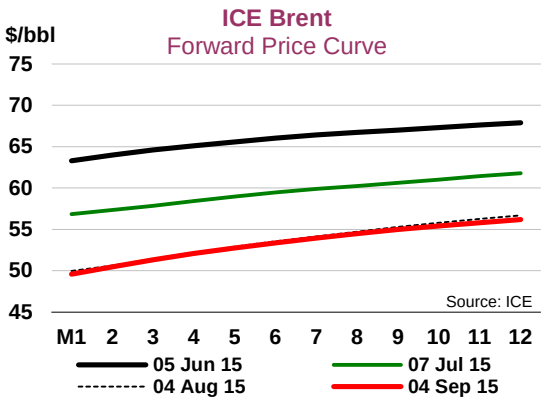
	Jun	Jul	Aug	Aug-Jul Avg Chg	% Chg	Week Commencing: 03 Aug	10 Aug	17 Aug	24 Aug	31 Aug
NYMEX										
Light Sweet Crude Oil	59.83	50.93	42.89	-8.04	-15.8	44.92	43.21	41.38	40.79	46.73
RBOB	86.89	80.26	67.35	-12.91	-16.1	69.73	71.84	66.69	60.84	61.46
No.2 Heating Oil	79.34	70.65	64.17	-6.49	-9.2	64.76	66.10	63.75	60.83	67.83
No.2 Heating Oil ($/mmbtu)	13.99	12.46	11.32	-1.14	-9.2	11.42	11.66	11.24	10.73	11.96
Henry Hub Natural Gas ($/mmbtu)	2.77	2.81	2.75	-0.05	-2.0	2.79	2.84	2.72	2.68	2.68
ICE										
Brent	63.75	56.76	48.21	-8.55	-15.1	49.45	49.50	47.36	45.33	50.90
Gasoil	77.82	69.95	62.17	-7.78	-11.1	63.16	63.59	62.09	59.24	64.95
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-3.92	-5.83	-5.32	0.51		-4.53	-6.29	-5.98	-4.54	-4.17
NYMEX No.2 Heating Oil - WTI	19.51	19.72	21.28	1.55		19.84	22.89	22.37	20.04	21.10
NYMEX RBOB - WTI	27.06	29.33	24.46	-4.87		24.81	28.63	25.31	20.05	14.73
NYMEX 3-2-1 Crack (RBOB)	24.54	26.13	23.40	-2.73		23.15	26.71	24.33	20.05	16.85
NYMEX No.2 - Natural Gas ($/mmbtu)	11.22	9.65	8.56	-1.09		8.63	8.82	8.53	8.05	9.28
ICE Gasoil - ICE Brent	14.07	13.19	13.96	0.77		13.71	14.09	14.73	13.91	14.05

Source: ICE, NYMEX.

Futures markets

Even as prompt crude prices tumbled, the futures markets remained relatively stable in a slim contango structure (where prompt oil trades at a discount to future deliveries) - thus limiting the appetite of stockholders to increase inventories for speculative purposes. Despite prompt NYMEX WTI prices being pressured lower by persistently high inventories at the Cushing, Oklahoma delivery point, by early-September the M1-M3 spread widened to $1.18/bbl from $0.98/bbl one month earlier. The M1-M12 spread narrowed by around $0.80/bbl to $4.92 at the time of writing. The changes were even smaller in the ICE Brent market where the M1-M12 spread stood at $6.58/bbl in early September, $0.14/bbl less than one month earlier, and far from the $1 per barrel per month required to cover the costs of land-based storage.

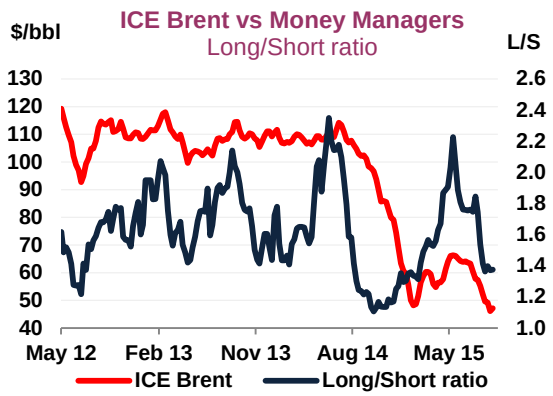




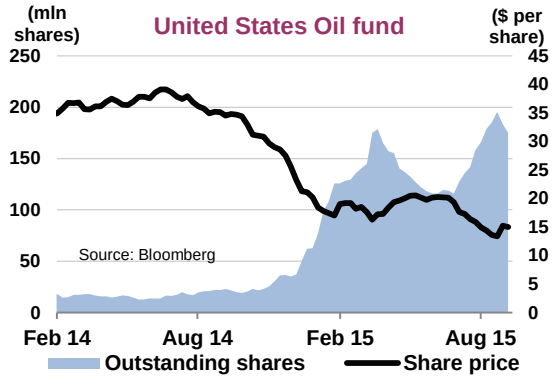
The one exception to the contango structure was the Dubai market, which flipped into backwardation following a flurry of trading activity between two Chinese state companies in the partials market causing the price for prompt barrels to soar compared to those for future delivery. Nonetheless, as buying activity cooled, the market had returned to a contango structure by early-September.

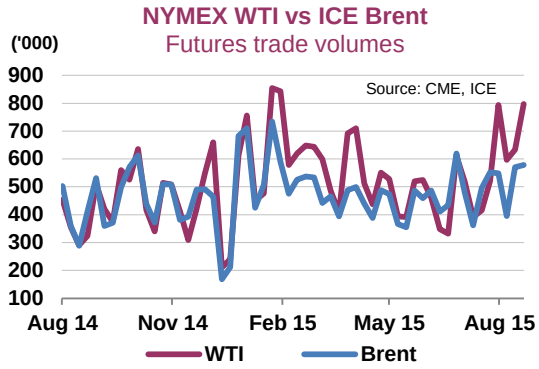
Market activity

Financial markets were remarkably volatile in August, with hedge funds' exposure to ICE Brent plunging again during the middle of the month. The 'long-to-short ratio', an indicator of speculators' sentiment, approached lows which were last touched one year ago when prices first collapsed. Funds' exposure to WTI also inched down to new lows.



Trading volumes soared counter-seasonally for both ICE Brent and NYMEX WTI during August. Activity was also exceptionally strong for the United States Oil fund, the largest oil-indexed publicly traded investment vehicle aimed at retail investors. The fund saw near-record trading volumes and strong inflows from June to mid-August, suggesting cheaper prices attracted retail investors looking for a bargain. However, the trend reversed to outflows in late August, as volatility in the market appears to have discouraged investors.





Regulation

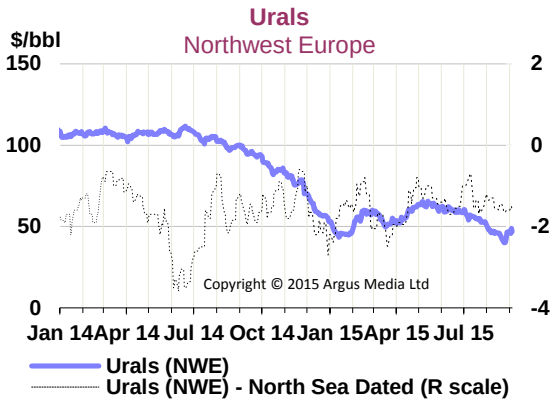
The European Securities and Markets Authority (ESMA) is seeking comment on its Implementing Technical Standards under the MiFID II directive, including weekly positions reports for commodity derivatives.

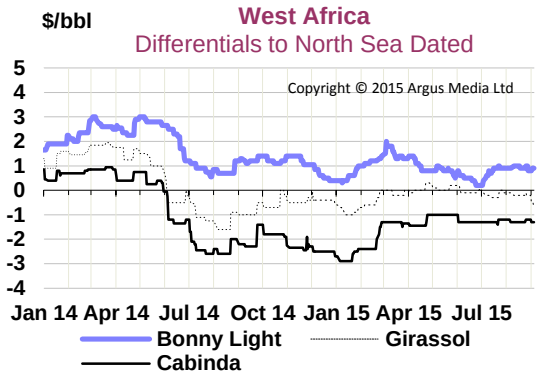
ESMA has also opened a public consultation on the margin period of risk, i.e. the period that clearing houses have to cope with a potential client's default in order to guarantee its counterparty in a trade. The consultation intends to shed light on the possible harmonisation of US and EU rules and will close on 30 September.

Spot crude oil prices

Global crude benchmarks plunged in August as the global supply glut weighed heavy. This saw benchmark North Sea Dated plummet by $9.88/bbl on a monthly average basis. Moreover, during the

fourth week of August it touched $42/bbl, its lowest level since 2009. By early-September, however, it had rebounded to above $52/bbl. European refiners appear well supplied, with crude inventories standing well above average. North Sea production remains above year-ago levels due to this year's relatively light field maintenance schedule, thus limiting the opportunities for imported crudes. Indeed, the discount of Russian Urals to North Sea Dated widened over the month as exports from Russia's Baltic terminals rose. Reports also suggest that African producers in August managed to place barrels in Europe, despite not cutting prices versus North Sea Dated during the month. However, the market could become more competitive over the next few months given the expected cut in crude demand as a number of refiners enter seasonal turnarounds.





During August, the consequences of an unplanned outage on a 250 kb/d heavy crude processing unit at BP's Whiting, Indiana refinery were felt across all North American crudes. The refinery completed a modernisation project in 2013 to allow it to process heavy crude oil. Consequently, the temporary shuttering of its largest crude unit had profound ramifications for Canadian crude prices. Western Canadian Select (WCS) quickly sank below $24/bbl in mid-August, its lowest level in nearly ten years and its discount to WTI widened to $20/bbl, the largest since 4Q14. Despite initial reports that the unit could be offline for several months, the unit restarted in late-August which saw WCS rebound to close to $35 /bbl at the time of writing.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Jun	Jul	Aug	Aug-Jul Avg Chg	%	Week Commencing: 03 Aug	10 Aug	17 Aug	24 Aug	31 Aug
Crudes										
North Sea Dated	61.63	56.48	46.60	-9.88	-17.5	48.69	47.94	46.09	43.68	48.77
Brent (Asia) Mth 1	63.04	56.57	47.31	-9.26	-16.4	50.01	49.58	46.98	43.48	49.51
WTI (Cushing) Mth 1	59.80	50.90	42.86	-8.03	-15.8	44.92	43.21	41.33	40.72	46.73
Urals (Mediterranean)	61.57	55.87	45.76	-10.11	-18.1	47.77	47.21	45.13	42.93	48.24
Dubai	61.84	56.20	47.64	-8.56	-15.2	50.46	49.97	47.28	43.78	48.04
Tapis (Dated)	60.65	55.14	44.63	-10.52	-19.1	47.08	45.92	44.21	41.88	46.67
Differential to North Sea Dated										
WTI (Cushing)	-1.83	-5.58	-3.74	1.84		-3.77	-4.73	-4.76	-2.96	-2.04
Urals (Mediterranean)	-0.05	-0.61	-0.84	-0.23		-0.92	-0.73	-0.96	-0.75	-0.54
Dubai	0.21	-0.28	1.03	1.32		1.77	2.03	1.19	0.10	-0.73
Tapis (Dated)	-0.98	-1.34	-1.98	-0.64		-1.61	-2.03	-1.88	-1.80	-2.10
Prompt Month Differential										
Forw ard Cash Brent Mth1-Mth2	-0.83	-0.35	-0.47	-0.12		-0.54	-0.26	-0.54	-0.53	-0.80
Forw ard WTI Cushing Mth1-Mth2	-0.38	-0.38	-0.52	-0.14		-0.42	-0.71	-0.39	-0.53	-0.62
Forw ard Dubai Mth1-Mth2	-0.37	0.03	1.07	1.04		1.22	1.16	0.92	1.06	-0.64

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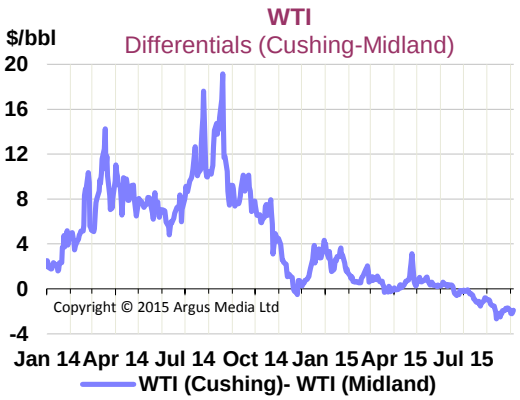
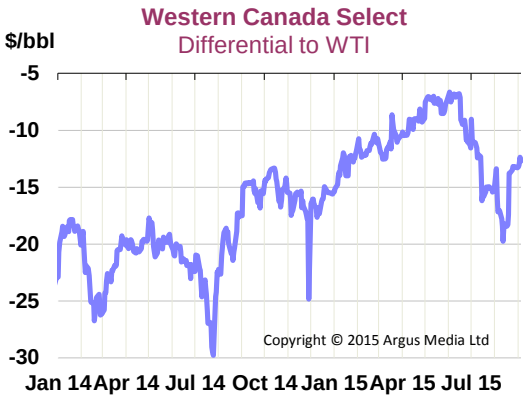
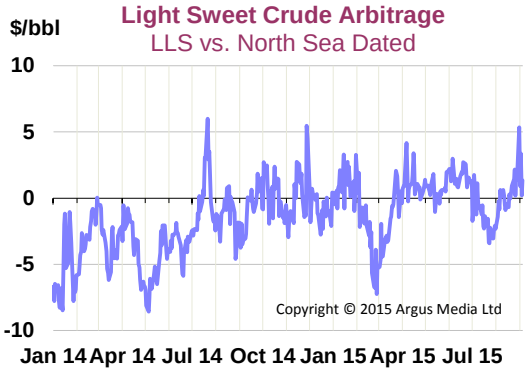




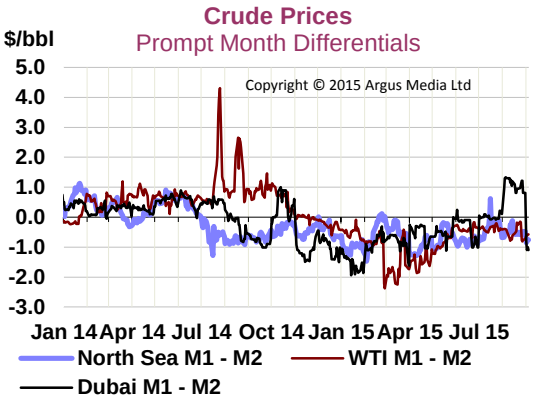
US EIA weekly data suggest that, despite the outage, Canadian imports into PADD 2 ramped up during August. It is likely that a significant portion of these volumes found their way into tanks at the Cushing, Oklahoma storage hub, the delivery point of the NYMEX WTI contract. Indeed, during August, Cushing inventories remained stubbornly high at close to 80% of working capacity. This saw WTI pressured lower so that it lost $8.03/bbl to $42.86/bbl on a monthly average basis. Nonetheless, by early August, it had recovered some of the lost ground and was last trading at $46.06/bbl. As WTI delivered to Cushing weakened, in a rare move, WTI delivered to Midland, Texas shifted into a widening premium. By early September, WTI Cushing was trading approximately $2.20/bbl below Midland. This has also been helped by the recent commissioning of the 220 kb/d Permian Express II pipeline to evacuate crude to Gulf Coast markets that has seen producers shun pipelines to move oil from Midland to Cushing.

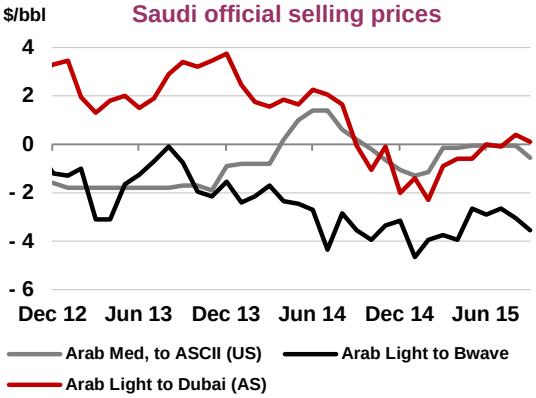
On the Gulf Coast, LLS drew support from a weaker dollar and the first hurricane of the season. Coupled with the weakness in the Brent market, this saw LLS rise to its highest premium over Brent since 4Q14. This could have enticed US market participants to increase imports of Atlantic Basin crudes which until recently had flowed to a trickle. Considering that recent US crude stock builds have been led by increases in imports rather than from domestic production, this could create further downward pressure on WTI if and when these cargoes arrive.



In Asia, sour crude markets strengthened on a flurry of trading in the benchmark spot Dubai partial-cargo market by two Chinese state companies, Chinaoil and Unipec. This saw the market flip into backwardation mid-month as prompt prices rose against prices for future months. Nonetheless, by early-September, prompt prices had once-again moved to a discount against future months. Despite the strength of Dubai, Saudi Arabia signalled its intent for its crudes to remain competitive in Asia by cutting the official formula selling prices of its light, medium and heavy grades for October delivery to customers in the region. The relative strength of sour crude markets and the comparative abundance of light crudes, also saw the discount of light, sweet Tapis versus Dubai widen to over $3.00/bbl on a monthly average basis in August from $1.00/bbl one month earlier.

African producers are reportedly struggling to place barrels after Asian buyers, which they have been increasingly targeting of late, reportedly cut back purchases. In August, China reduced imports of Angolan grades as it bought more Russian crude. That left producers with an overhang of unsold cargoes and frantically trying to place barrels in Europe and Asia. Despite low freight rates making long-haul trades more economical, the expected decrease in refinery throughputs over the next few months will likely weigh heavy and could see the differentials of African grades being trimmed against global benchmarks.





Spot product prices

Spot product prices fell across the board in August. In contrast to early summer, gasoline and fuel oil prices experienced the sharpest losses while falls in middle distillates were relatively moderate. Crack spreads were mixed with those for gasoline posting some of the steepest falls while middle distillate cracks generally firmed.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Jun	Jul	Aug	Aug-Jul		Week Commencing:					Jun	Jul	Aug	Chg
				Chg	%	03 Aug	10 Aug	17 Aug	24 Aug	31 Aug				
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	83.63	81.21	68.23	-12.98	-16.0	75.76	70.62	66.60	59.95	62.53	22.00	24.73	21.63	-3.10
Naphtha	60.54	53.05	45.33	-7.72	-14.6	47.70	47.12	45.17	41.33	45.94	-1.09	-3.43	-1.27	2.15
Jet/Kerosene	75.25	66.99	58.96	-8.03	-12.0	59.82	60.12	59.18	56.73	62.38	13.62	10.51	12.36	1.85
ULSD 10ppm	77.75	69.86	61.72	-8.14	-11.6	63.04	63.56	61.60	58.69	64.40	16.13	13.38	15.12	1.74
Gasoil 0.1%	76.89	68.74	60.19	-8.55	-12.4	61.31	62.05	60.15	57.24	63.21	15.27	12.26	13.58	1.33
LSFO 1%	51.21	45.12	35.48	-9.63	-21.4	38.84	37.34	34.59	31.16	37.57	-10.42	-11.36	-11.12	0.25
HSFO 3.5%	48.37	42.27	33.11	-9.16	-21.7	36.19	35.06	32.25	28.94	35.58	-13.25	-14.21	-13.49	0.72
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	84.54	82.12	69.15	-12.97	-15.8	76.67	71.55	67.52	60.87	63.48	22.97	26.25	23.39	-2.86
Naphtha	57.52	49.74	43.21	-6.53	-13.1	45.63	45.10	43.01	39.10	43.72	-4.05	-6.13	-2.55	3.58
Jet Aviation fuel	73.42	64.82	58.10	-6.72	-10.4	58.97	59.40	58.28	55.74	61.37	11.85	8.95	12.34	3.39
ULSD 10ppm	77.47	69.26	62.54	-6.72	-9.7	63.42	64.48	62.59	59.68	65.04	15.89	13.39	16.78	3.40
Gasoil 0.1%	76.03	67.18	59.61	-7.56	-11.3	60.74	61.05	59.65	57.01	62.65	14.46	11.31	13.85	2.55
LSFO 1%	52.39	46.38	36.63	-9.75	-21.0	40.19	38.61	35.66	32.07	38.56	-9.19	-9.49	-9.13	0.36
HSFO 3.5%	48.08	45.26	36.22	-9.04	-20.0	39.37	38.19	35.35	31.98	38.68	-13.50	-10.61	-9.54	1.07
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	103.73	100.09	79.75	-20.34	-20.3	88.32	87.78	78.29	65.76	69.34	40.48	45.41	32.59	-12.82
Unleaded	86.09	81.50	69.72	-11.78	-14.5	72.32	76.43	70.18	60.69	60.05	22.84	26.82	22.55	-4.27
Jet/Kerosene	72.75	64.77	58.37	-6.41	-9.9	59.35	60.48	57.70	54.75	61.24	9.50	10.09	11.20	1.11
ULSD 10ppm	75.66	67.83	61.46	-6.37	-9.4	61.92	63.46	61.03	58.05	64.46	12.41	13.14	14.29	1.14
Heating Oil	69.75	61.89	55.72	-6.17	-10.0	55.87	57.38	55.77	52.77	58.29	6.50	7.20	8.55	1.35
No. 6 3%*	51.88	44.40	35.11	-9.29	-20.9	37.43	36.96	33.37	31.64	37.58	-11.37	-10.29	-12.06	-1.77
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	83.70	75.84	65.89	-9.95	-13.1	71.69	70.38	65.13	58.97	65.47	21.86	19.64	18.25	-1.39
Naphtha	61.16	53.42	46.00	-7.41	-13.9	49.61	48.76	46.14	40.87	46.12	-0.68	-2.78	-1.63	1.15
Jet/Kerosene	74.45	65.76	57.04	-8.72	-13.3	58.54	58.71	57.17	54.13	59.74	12.61	9.56	9.40	-0.15
Gasoil 0.05%	74.73	65.06	57.12	-7.93	-12.2	58.30	59.10	57.12	54.33	60.13	12.89	8.86	9.49	0.63
LSWR Cracked	57.65	50.88	40.77	-10.10	-19.9	45.18	44.24	40.70	34.80	40.23	-4.18	-5.32	-6.86	-1.54
HSFO 180 CST	57.04	48.77	38.74	-10.03	-20.6	42.90	41.82	38.68	33.07	39.66	-4.79	-7.43	-8.90	-1.47
HSFO 380 CST 4%	56.22	47.86	37.68	-10.18	-21.3	41.55	40.56	37.64	32.36	39.07	-5.62	-8.34	-9.96	-1.62

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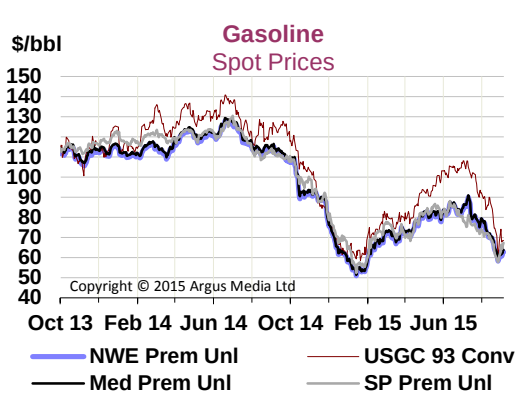
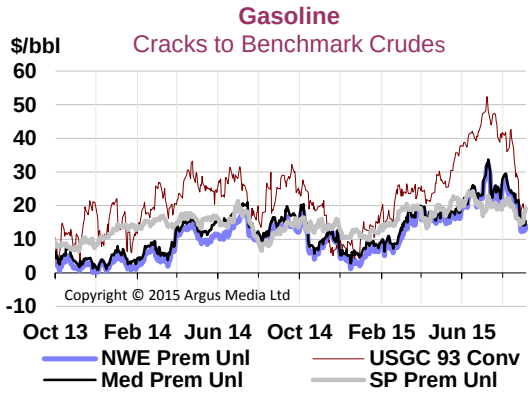
Gasoline prices in the Atlantic Basin plummeted from their mid-summer highs during August as buying interest from traders receded ahead of the traditional Labour Day weekend end to the US driving season. As concerns over market tightness dissipated, the backwardation in the M1-M3 spread of the RBOB contract flattened to $4.63/bbl in early September from $24.28/bbl one month earlier. The recent surge in gasoline prices seen in the Atlantic Basin was led by the US where refiners struggled to supply gasoline

to the key demand centres and it was here that the sharpest losses were felt, with prices on the US Gulf Coast falling by an astounding $20/bbl on a monthly average basis. In contrast, European prices fell by about $13/bbl on the same basis. Nevertheless, the arbitrage window to ship gasoline from Europe to the US remained wide for much of August and only closed during early September.

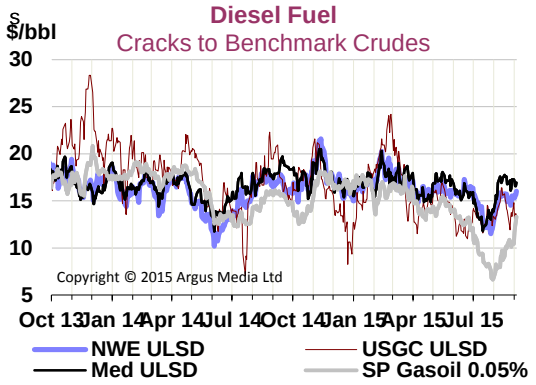
Considering the scale of product price losses, falls in gasoline cracks were tempered by plummeting crude prices. On the US Gulf, cracks for super unleaded against LLS lost nearly $13/bbl while those for conventional gasoline slipped by $4/bbl. It is highly likely that while cracks for Super were hit by waning domestic demand, cracks for the latter grade were buttressed by healthy export demand for low-octane product to markets such as Latin America and West Africa. In Europe, gasoline cracks slipped by close to $3 /bbl although the fall in the Mediterranean market was tempered by the weakness of Urals relative to Brent.

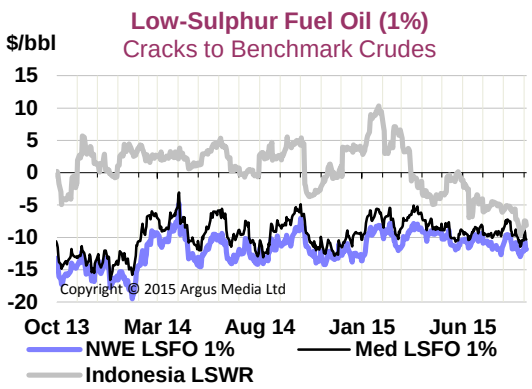




Middle distillates cracks generally improved month-on-month after falls in spot prices were outstripped by plunging crude prices. The exception was in Singapore where improvements in cracks were dampened by the unusual strength in the Dubai market amid a flurry of prompt buying activity (see *spot crude prices* section). The strongest rises in diesel cracks were posted in the Mediterranean where they were buoyed by the weakness of Urals and healthy export demand from North Africa. Meanwhile, rises in diesel and gasoil cracks at Rotterdam were tempered by persistently high stocks amid an uptick in imports from Russia, the Middle East and the US ahead of the normal increase in regional refinery turnarounds. On the US Gulf Coast, diesel cracks firmed by $1.14/bbl as cargoes were sent to Europe and Latin America, although spot price gains were tempered by stock builds. In Singapore, middle distillate cracks turned the corner from July's exceptional lows and rebounded to more usual levels after an uptick in demand to ship product to Europe and Australia and amid tighter supplies, likely coming after Chinese refiners reduced exports.

In percentage terms, fuel oil markets experienced the sharpest losses with spot prices falling by more than 20% across surveyed markets. Asian markets were hit hard by Chinese teapot refiners reducing their intake of fuel oil as they have been given government permission to import crude oil. As Asian prices fell, the arbitrage to move fuel oil from Europe eastwards remained firmly shut for most of the month which in turn saw European prices weaken as refiners strove to offload excess volume. Eventually, European prices weakened to levels which one again made it economic to ship product to Asia. In Asia, the relative strength of Dubai saw cracks weaken steadily over the month, the Indonesian LSWR crack was particularly badly affected and by early September stood at -$10/bbl, the lowest since 2010 as reports suggest that Japanese utility demand fell as a nuclear reactor restarted.

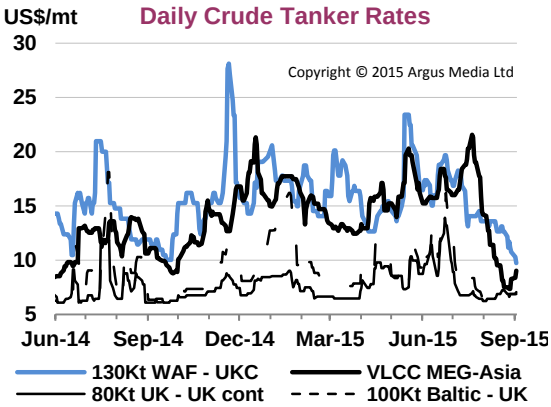


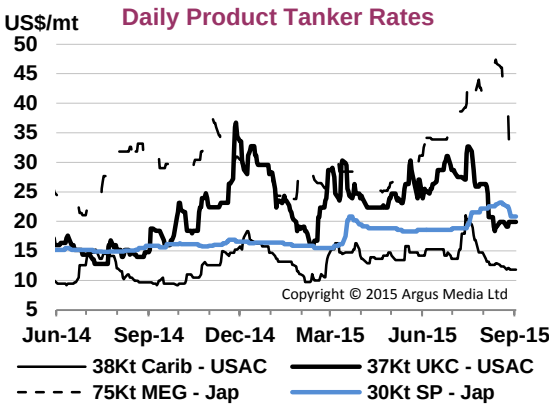


Freight

Crude freight rates saw a dramatic turn of events in August, particularly for larger classes of vessels. Rates on the MEG-Asia route for **very-large-crude-carriers** (VLCCs) lost as much as 70% in three weeks, just after scaling the highest year-to-date, ending the earnings bonanza ship owners enjoyed since the start of the year. China sparked the drop in August fixtures as traders took stock of autumn refinery maintenance and the country increased its purchases of Russian ESPO crude. Spot trades represent about a third of the crude leaving the Arab Gulf as most of the volume moves on national oil companies' proprietary fleets. These rates remained stable.

Suezmaxes leaving West African traded at sharply lower rates on the month, the lowest level for the year-to-date. This came amid stable vessel demand with an oversupply in the region reportedly weighing heavy. **Aframaxes** saw modest activity in the North Sea and the Baltic on seasonally lower demand. Rates began to firm modestly in late August, with September loading schedules appearing to be busier.





Product tanker rates also weakened across the board, led by eastbound naphtha shipments on the **MEG-Japan route.** The market loosened after fixtures eased from a five-month high and a previous peak in rates attracted more tankers to the Middle East. The **UK-US Atlantic 37Kt** route came under pressure in August on fading gasoline demand as the driving season approached its end and limited exports from Europe. Weakness from lower gasoline demand spilled over into lower rates for vessels on the **Caribbean – USAC** trade. The **US Gulf – Europe** route came under pressure as well as there were limited opportunities to ship diesel eastwards.

REFINING

Summary

- **Global refinery crude runs peaked at an estimated record 80.9 mb/d in August**. Seasonal maintenance in the region will now curb throughput and steeply falling freight rates for large ships East of Suez confirm lower forecast crude demand.

- **Throughput for 3Q15 and 4Q15 is estimated at 80.4 mb/d and 79.9 mb/d, with yearly growth of 2.5 mb/d and 1.7 mb/d, respectively.** The Middle East, China, Europe, and Other Asia led growth in 3Q15, with the FSU the only region to post a year-on-year (y-o-y) decrease.

- **Margins have been unexpectedly resilient in August and explain high crude runs.** Distillate cracks edged up despite persistently high global stocks, and gasoline cracks saw substantial declines. This combination weighed on margins in the US Gulf but sent European cracking margins up above $10 /bbl. Singapore margins edged higher despite the Dubai crude price shifting into backwardation due to relentless Chinese purchases of Dubai partials. Nonetheless, Chinese ex-refinery margins are getting close to zero, a possible indication of run cuts to come.

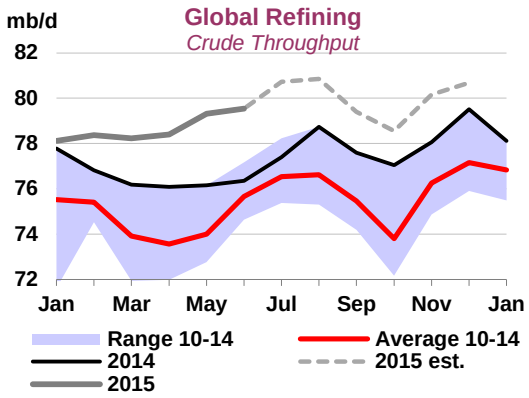
- **Reported autumn maintenance schedules suggest outages at the low end of historical trends, peaking at 4.3 mb/d in October.** While non-OECD maintenance is estimated at or above the historical average, announced shutdowns in the OECD remain below average, especially in Europe.

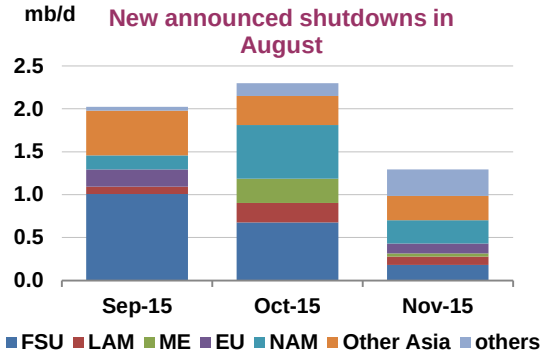
Global refinery overview

Global crude runs are expected to have peaked in August and look set to decrease due to scheduled seasonal maintenance - not because of plunging margins, as was feared last month. Y-o-y throughput growth is shifting from above 3 mb/d to below 2 mb/d.

With the driving season nearing to its end, gasoline is no longer the driver of high margins and cracks declined to more average values. Against expectations, high middle distillate stocks did not weigh on cracks. Diesel demand appeared in places like Africa and cracks started to increase seasonally. Higher scheduled maintenance levels in Russia over September and October also cast a doubt on the level of diesel exports to Europe.

We registered above 2 mb/d of newly reported shutdowns since last month's *Report* for September and October, which confirms our previous assumptions of a global autumn maintenance at the low end of the historic 5-year range, and peaking in October at 4.3 mb/d. Reported data now shows non-OECD maintenance levels around their historic average (2.65 mb/d in October) except for Latin America (below average) and the Middle East, above average, with outages peaking at 1.0 mb/d in October. In OECD regions, maintenance is expected to be low but still within the 5-year range in the Americas (1.1 mb/d in October) and Asia Oceania (0.55 mb/d in October). In Europe, our information shows very limited maintenance, peaking at 0.3 mb/d in September, vs. a historical average peaking in October at 1.3 mb/d. This could be missing information or because refiners deliberately chose to postpone maintenance amid good margins.





Global Refinery Crude Throughput

(million barrels per day)

	May 15	Jun 15	**2Q2015**	Jul 15	Aug 15	Sep 15	**3Q2015**	Oct 15	Nov 15	Dec 15	**4Q2015**
Americas	19.3	19.6	**19.4**	19.7	19.8	19.5	**19.7**	18.7	19.4	19.3	**19.1**
Europe	11.9	11.7	**11.8**	12.4	12.1	12.0	**12.2**	11.9	12.1	12.2	**12.1**
Asia Oceania	6.4	6.2	**6.4**	6.8	7.0	6.7	**6.8**	6.5	7.0	7.2	**6.9**
Total OECD	37.6	37.5	**37.6**	39.0	39.0	38.1	**38.7**	37.2	38.5	38.6	**38.1**
FSU	6.9	6.9	**6.8**	7.0	7.2	6.5	**6.9**	6.5	6.7	6.8	**6.7**
Non-OECD Europe	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.6	0.5	0.5	**0.5**
China	10.3	10.5	**10.5**	10.3	10.4	10.5	**10.4**	10.4	10.4	10.4	**10.4**
Other Asia	10.2	10.5	**10.2**	10.1	10.1	10.1	**10.1**	10.2	10.4	10.4	**10.4**
Latin America	4.8	4.8	**4.8**	4.8	4.6	4.8	**4.8**	4.7	4.7	4.9	**4.8**
Middle East	6.8	6.5	**6.6**	6.9	7.0	6.8	**6.9**	7.0	7.0	7.0	**7.0**
Africa	2.1	2.2	**2.2**	2.2	2.2	2.2	**2.2**	2.1	2.2	2.1	**2.1**
Total Non-OECD	41.7	42.1	**41.5**	41.8	42.0	41.4	**41.7**	41.5	41.9	42.1	**41.8**
Total	79.3	79.5	**79.1**	80.7	80.9	79.5	**80.4**	78.7	80.3	80.7	**79.9**

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

In June, global crude runs reached 79.5 mb/d, only 0.2 mb/d higher month-on-month (m-o-m) but still 3.2 mb/d higher year on year (y-o-y). Once again, it is remarkable that OECD accounts for the largest part of the y-o-y increases (1.8 mb/d, with half of it in Europe). In the non-OECD, all regions bar the FSU showed an increase, with Other Asia the largest.

In July, the most recent month for which a complete set of monthly data is available, OECD refiners posted a 1.5 mb/d m-o-m increase in crude throughput bringing it to 39.0 mb/d – 1.4 mb/d above a year earlier. OECD Europe leads both in m-o-m and y-o-y increases while OECD Americas seems to be plateauing, probably close to its maximum capacity. Preliminary figures for August show OECD runs stable before the maintenance seasons starts in earnest: throughput is then expected to plummet to 38.1 mb/d in September then 37.2 mb/d in October.

Global crude run estimates for 3Q15 have been raised by 240 kb/d since last month's *Report*, to 80.4 mb/d, and 4Q15 crude runs are now predicted at 79.9 mb/d. 3Q15 upward revisions turned up in OECD for 0.4 mb/d, with half in Europe. The negative -0.15 mb/d revision in the non-OECD is a result of lower-than-expected throughputs in China and a heavier maintenance schedule announced for the FSU (more September maintenance) offset by some increase in Latin America and the Middle East. All regions, bar FSU and Latin America, contribute to the 3Q15 2.5 mb/d y-o-y growth.

IEA/KBC Global Indicator Refining Margins[1]

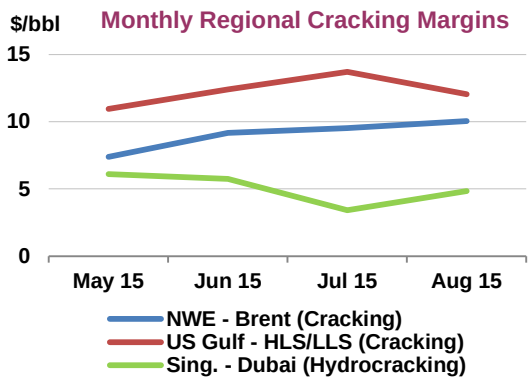
($/bbl)

	Monthly Average					Change	Average for week ending:				
	May 15	Jun 15	Jul 15	Aug 15		Aug 15-Jul 15	07 Aug	14 Aug	21 Aug	28 Aug	04 Sep
NW Europe											
Brent (Cracking)	7.40	9.18	9.53	10.05	↑	0.53	11.51	10.51	9.87	8.33	7.57
Urals (Cracking)	7.50	9.31	8.65	9.63	↑	0.99	10.57	10.09	9.54	8.35	7.89
Brent (Hydroskimming)	1.74	2.76	2.72	3.53	↑	0.82	4.63	3.97	3.35	2.19	2.03
Urals (Hydroskimming)	0.91	1.93	0.85	2.20	↑	1.36	2.71	2.64	2.12	1.34	1.58
Mediterranean											
Es Sider (Cracking)	9.30	10.51	10.14	11.19	↑	1.05	11.82	11.57	11.25	10.14	9.79
Urals (Cracking)	7.65	8.05	8.15	9.88	↑	1.73	10.31	10.19	10.13	8.91	8.52
Es Sider (Hydroskimming)	4.25	5.36	5.12	5.93	↑	0.82	6.82	6.37	5.84	4.70	4.69
Urals (Hydroskimming)	0.55	0.70	1.78	3.37	↑	1.59	4.04	3.74	3.45	2.24	2.33
US Gulf Coast											
50/50 HLS/LLS (Cracking)	10.95	12.40	13.71	12.04	↓	-1.67	12.56	15.47	12.26	7.89	5.37
Mars (Cracking)	5.58	7.53	9.75	8.54	↓	-1.22	9.24	11.18	8.47	5.26	3.14
ASCI (Cracking)	5.41	7.17	9.34	8.32	↓	-1.02	8.68	10.87	8.59	5.14	2.82
50/50 HLS/LLS (Coking)	13.18	14.54	15.84	14.47	↓	-1.37	14.70	18.12	14.89	10.16	7.29
50/50 Maya/Mars (Coking)	10.88	10.51	12.88	14.17	↑	1.29	13.77	16.79	14.90	11.21	8.47
ASCI (Coking)	11.50	12.58	15.08	14.99	↓	-0.09	14.84	17.80	15.73	11.59	8.69
US Midcon											
WTI (Cracking)	20.35	19.25	20.88	27.45	↑	6.57	20.70	40.65	32.78	17.83	16.33
30/70 WCS/Bakken (Cracking)	17.07	17.38	21.96	28.29	↑	6.33	23.33	41.16	32.53	17.57	15.79
Bakken (Cracking)	21.36	21.54	25.20	31.67	↑	6.47	25.39	46.02	37.15	20.61	18.79
WTI (Coking)	22.88	21.74	23.35	30.86	↑	7.51	23.25	45.03	36.79	20.67	18.94
30/70 WCS/Bakken (Coking)	20.93	21.01	25.86	33.81	↑	7.95	27.65	47.66	38.83	22.46	20.45
Bakken (Coking)	22.42	22.59	26.26	33.20	↑	6.93	26.52	48.03	38.94	21.87	19.91
Singapore											
Dubai (Hydroskimming)	0.66	0.19	-2.28	-1.35	↑	0.94	-1.72	-1.20	-0.90	-1.62	-0.22
Tapis (Hydroskimming)	4.23	4.23	2.82	5.84	↑	3.03	5.76	6.71	6.12	4.95	5.34
Dubai (Hydrocracking)	6.11	5.75	3.41	4.83	↑	1.42	4.21	4.98	5.23	4.82	5.80
Tapis (Hydrocracking)	8.10	8.69	7.09	10.38	↑	3.28	10.07	11.16	10.62	9.76	10.12

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.

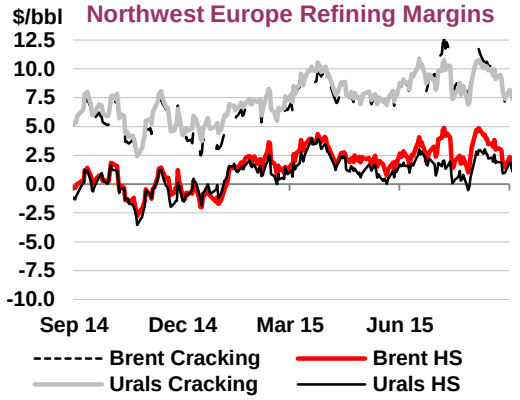
Source: IEA, KBC Advanced Technologies (KBC)

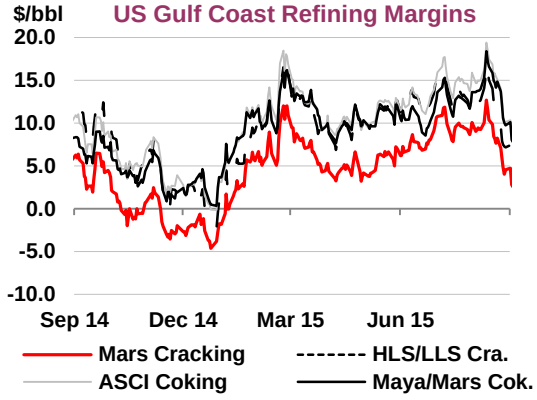
Margins



The strength in gasoline margins finally gave in with the tail end of the driving season. Over August, gasoline cracks lost $20/bbl in the US Gulf, $6/bbl in Singapore and $13/bbl in Europe. More unexpectedly though, despite the high level of stocks, middle distillates cracks started to increase moderately, with Singapore levels back above $10/bbl amid reports of growing exports to Africa and Europe and news of higher seasonal maintenance in Russia. The contango in diesel prices simultaneously decreased. The fuel oil cracks were stable in August, for the month as a whole, though rising during the first half of the month before falling back towards end-month. The combination of these trends - and the larger importance of gasoline in the US - weighed on US margins, but lifted them in Europe and Singapore. The NWE Brent cracking margin reached

$10.05 /bbl, the highest since 2008 with the exception of September 2012. In Singapore, the Dubai hydrocracking margin firmed to $4.83/bbl – an average value. In the US Gulf Coast, the HLS/LLS cracking margin lost $1.67 /bbl to $12.04 /bbl (still $3.6/bbl higher y-o-y), and a similar situation prevails for US Gulf coking margins. The US Mid-continent margins shot up by $6-8/bbl, but only because of lower regional output during the BP Whiting refinery outage, which has since been resolved.





OECD refinery throughput

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

							Change from		Utilisation rate (1)	
	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	*Jun 15*	*Jul 14*	Jul 15	Jul 14
US (2)	15.41	15.66	16.30	16.44	16.69	16.87	0.17	0.33	0.94	0.94
Canada	1.78	1.71	1.60	1.62	1.70	1.68	-0.02	-0.09	0.91	0.96
Chile	0.17	0.14	0.15	0.17	0.16	0.17	0.00	0.00	0.74	0.75
Mexico	1.03	1.10	1.06	1.10	1.07	1.00	-0.07	-0.17	0.61	0.71
OECD Americas	**18.39**	**18.61**	**19.11**	**19.33**	**19.62**	**19.72**	**0.09**	**0.07**	**0.91**	**0.92**
France	1.26	1.30	1.19	1.12	1.02	1.11	0.09	-0.06	0.79	0.83
Germany	2.00	1.79	1.88	2.02	1.96	1.90	-0.06	0.10	0.94	0.89
Italy	1.31	1.25	1.30	1.42	1.32	1.39	0.06	0.14	0.79	0.71
Netherlands	1.11	0.95	1.00	1.11	1.08	1.18	0.10	0.22	0.91	0.74
Spain	1.19	1.25	1.36	1.33	1.26	1.35	0.09	0.18	0.89	0.77
United Kingdom	1.10	1.13	1.12	1.06	1.00	1.18	0.18	0.05	0.86	0.72
Other OECD Europe	4.20	4.15	3.97	3.84	4.02	4.32	0.30	0.29	0.89	0.82
OECD Europe	**12.18**	**11.81**	**11.83**	**11.89**	**11.66**	**12.42**	**0.75**	**0.94**	**0.87**	**0.80**
Japan	3.44	3.27	3.25	2.92	2.52	3.12	0.60	0.16	0.81	0.74
South Korea	2.83	2.76	2.63	2.75	2.93	2.91	-0.02	0.33	0.88	0.81
Other Asia Oceania	0.89	0.83	0.85	0.68	0.74	0.79	0.05	-0.12	0.79	0.74
OECD Asia Oceania	**7.15**	**6.87**	**6.73**	**6.35**	**6.19**	**6.82**	**0.63**	**0.37**	**0.84**	**0.77**
OECD Total	**37.73**	**37.29**	**37.67**	**37.57**	**37.48**	**38.95**	**1.47**	**1.37**	**0.89**	**0.85**

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

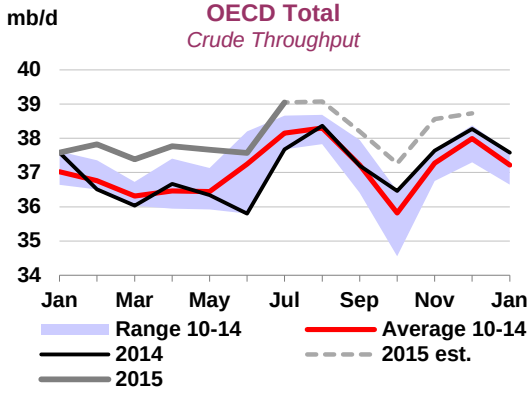
2 US50

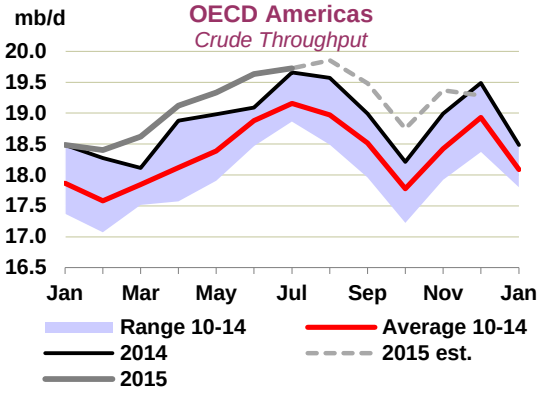
3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

OECD refinery crude runs increased by 1.5 mb/d in July from June, to 39.0 mb/d. Japan and Europe shared most of the increase, however the US edged up from a high 16.7 mb/d to an even higher 16.9 mb/d. The sharp increase in Japanese throughputs in July comes mostly from the comparison to a low June. Still, July's relatively high level does not seem to reflect the announcements of reduced

throughputs heard of from Japanese companies last month; and neither does August, with preliminary figures another 0.26 mb/d higher. July refinery utilisation rates are now high in all the OECD: 87% in Europe to 89 % in Asia Oceania and 91% in the Americas.

OECD throughput for 3Q15 was revised up by 0.4 mb/b to 38.7 mb/d, with final figures for July and provisional ones for August up by 0.5 mb/d. The largest revisions take place in Europe, the 0.2 mb/d revision was spread in a number of countries, with Spain and Netherlands the highest. In Asia Oceania, Japan led the 0.1 mb/d upward revision.





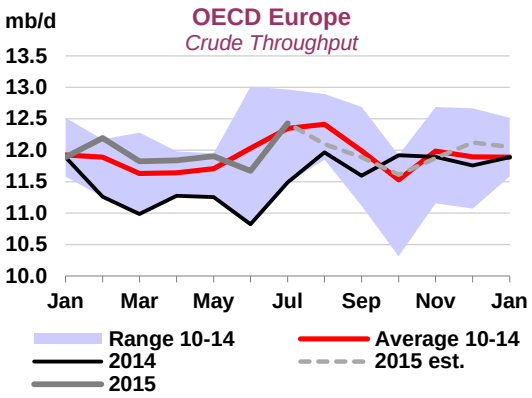
OECD Americas

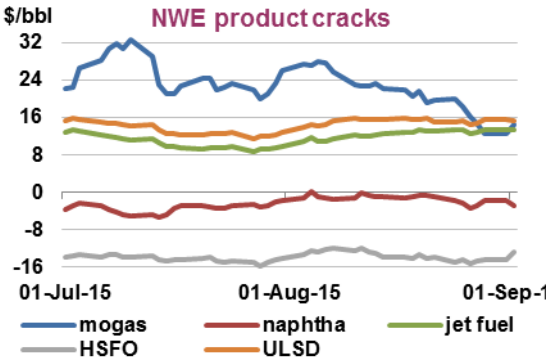
In the **OECD Americas**, crude throughput reached 19.7 mb/d in July, after a downward revision of 0.1 mb/d due essentially to lower intake in Mexico. Preliminary figures show August just edging up.

In the **United States,** unexpected shutdowns strongly affected margins in August: in PADD 2, a partial 250 kb/d shutdown of BP's Whiting refinery sent the local crude prices on a downward spiral, lifting coking margins to above $55/bbl. However, the shutdown was shorter than initially expected, and margins settled rapidly back to more usual values. The West Coast was also subject to various operational problems at Tesoro's Los Angeles and Exxon's Torrance refinery amongst others, which created tightness in gasoline markets. In the East Coast, FCCs shut down in PBF's Delaware and Phillips' Bayway refineries. However, crude runs eased end-August, with weekly throughput decreasing for four weeks successively, from a peak of 17.1 mb/d down to 16.4 mb/d. Maintenance is expected to peak in October at 1.05 mb/d, at the low end of the 5-year range.

OECD Europe

Europe's crude processing rose to 12.4 mb/d in July, 0.75 mb/d higher m-o-m, the highest value since summer 2012, despite relatively low utilisation rates in France and Italy. Other countries compensated, for instance Germany with a 94% utilisation rate. Notwithstanding still very high middle distillates stocks, diesel cracks edged up $1.7/bbl above last month to an average $15.1/bbl. NWE Gasoline cracks fell from $27/bbl early August to below $15/bbl at the end of the month. Consequently average NWE Brent cracking margin rose by $0.50/bbl to $10/bbl. Hydroskimming margins also remain clearly positive. Announced maintenance appears to be particularly low this autumn, peaking at 0.3 mb/d in September when the 2010-14 average peaked in October at 1.3 mb/d. We expect final autumn maintenance levels to be revised significantly higher from this 0.3 mb/d figure, even if a number of planned shutdowns may have been deferred until 2016 to benefit from the good current margins. The latest example was the postponement of Repsol's Cartagena 4Q15 maintenance shutdown to 2016, announced on 8 September. Lower VLCC freight rates have incentivised exports of fuel oil to Asia, and three shipments are already reported for September, with fuel oil cracks narrowing at the end of August.

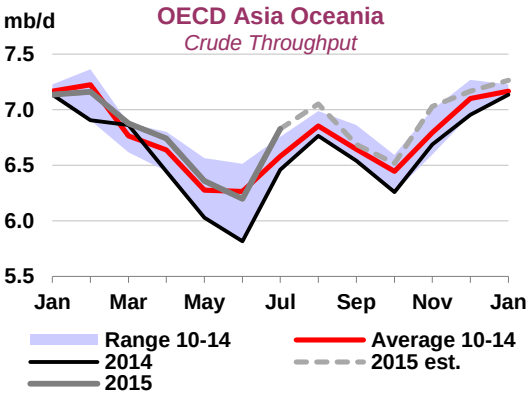


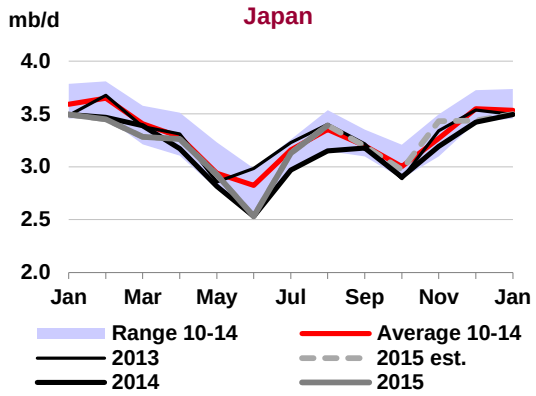


OECD Asia Oceania

In OECD Asia Oceania July crude runs increased to 6.8 mb/d, 0.6 mb/d higher m-o-m. This is mainly due to the end of a rather high June maintenance in Japan, and this value is very much in line with past years. Seasonal autumn maintenance is announced slightly below average, peaking at 0.54 mb/d.

The run cuts announced for August in **Japan** on account of the excess supply of middle distillates failed to materialize, with preliminary weekly figures for August showing throughput reaching 3.4 mb/d, 0.3 mb/d higher m-o-m and 0.2 mb/d higher y-o-y. In August, margins bounced back by $1-3/bbl from a dismal July, which explains the strong refinery runs. We will have to wait for next month to see if, in **Korea,** GS Caltex and SK Energy did implement the run cuts both companies had announced early August.

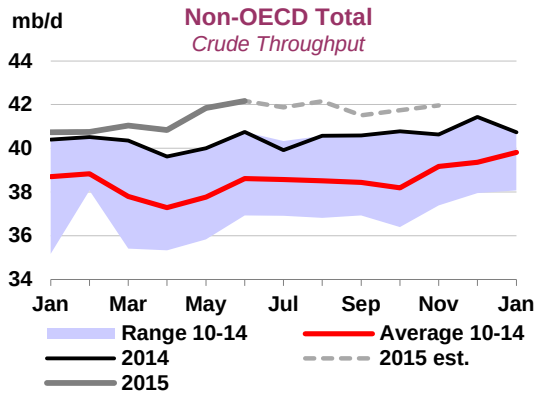


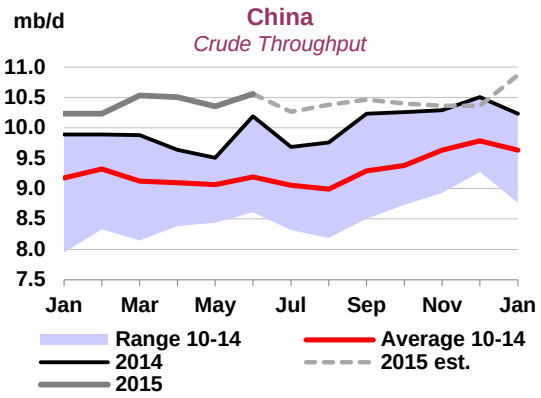


Non-OECD refinery throughput

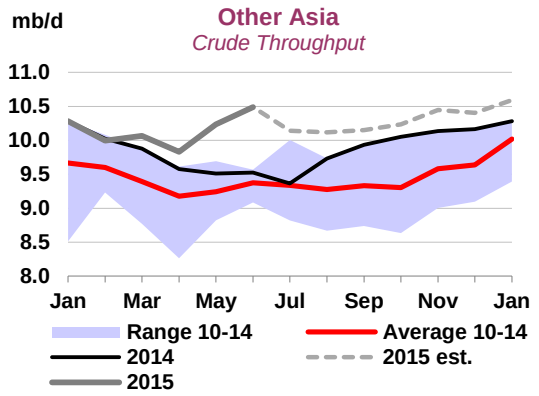
In June **non-OECD** refinery throughput increased by 0.3 mb/d to 42.1 mb/d, after a minimal monthly revision of 0.1 mb/d. In contrast, July forecast edges down by -0.3 mb/d. The largest contributor to the 1.4 mb/d y-o-y growth for June is Other Asia, (1.0 mb/d), followed by China and the Middle East, and partly offset by a negative -0.4 mb/d for FSU.

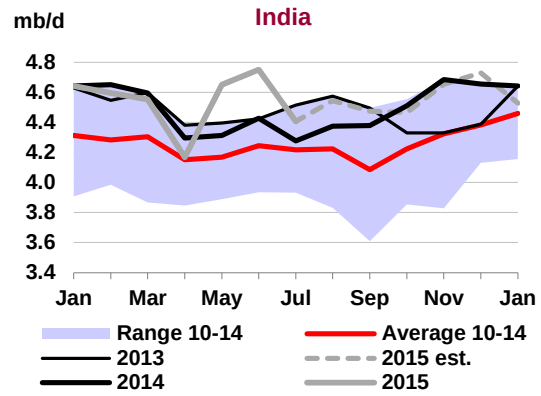
Estimated quarterly figures for 3Q2015 and 4Q15 hit 41.7 mb/d and 41.8 mb/d respectively. 3Q15 has been revised down marginally by -0.2 mb/d, lower in China and the FSU and higher in Latin America and the Middle East. The y-o-y growth in the non-OECD is now estimated at 1.5 mb/d in 3Q15 and 1.0 mb/d in 4Q15.





In **China**, July crude runs fell by 0.3 mb/d to 10.25 mb/d, after a 0.2 mb/d increase in June to 10.55 mb/d. These high runs continued to generate large diesel exports: approximately 0.16 mb/d in June vs. an average of 0.10 mb/d over the first 7 months of 2015. A fourth batch of oil products export quotas has been allocated by the Chinese authorities, with growing gasoil volumes, and refiner's gasoil exports could keep growing in the second half. Autumn announced maintenance is above the 5-year average, peaking at 0.5 mb/d in November, with six Sinopec refineries off-line. Internal ex-refinery margins have been decreasing steadily since May, when they reached around $12/bbl. They continued to do so in August, reaching a low of $1-2/bbl, which could end up weighing on throughputs.

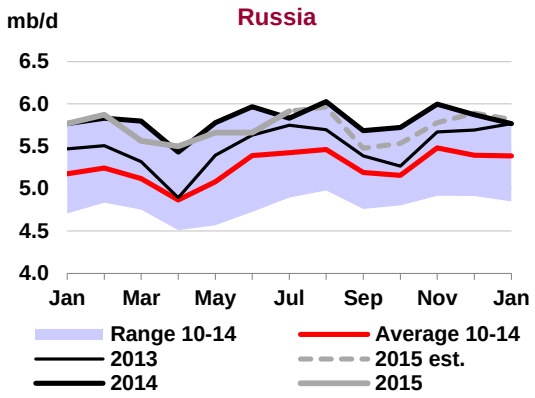


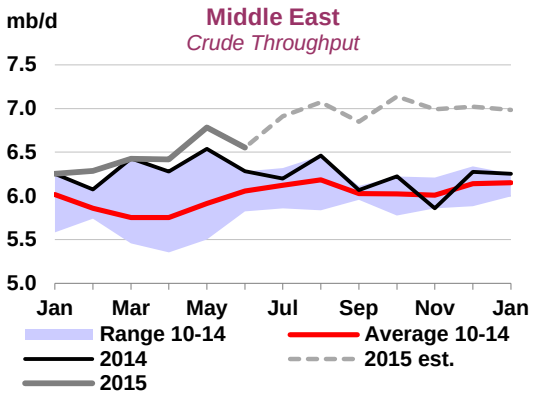


June throughput in **Other Asia** reached 10.5 mb/d, 0.3 mb/d m-o-m growth, boosted by India's record intake, but also by strong runs in Singapore and Indonesia. Announced seasonal maintenance is roughly at its average, but peaks early in September at 0.5 mb/d, with three Indian refineries – Essar's Vadinar, MRPL's Mangalore and IOC's Koyali - offline. In **India,** July crude throughput fell by 0.3 mb/d from its June high, to 4.4 mb/d. Singapore September crude runs might be reduced due to a fire that delayed the restart of Shell's 500 kb/d Singapore refinery at end August.

FSU June crude runs were unchanged m-o-m at 6.9 mb/d, lower by 0.4 mb/d y-o-y. Autumn maintenance has been revised upward, to 1.1 mb/d in September and 0.7 mb/d in October, close to the 5-year average. Eleven Russian and one Kazakh refineries are expected to stop at one point in September. This higher estimate curbs our previous September throughput figure to 6.5 mb/d.

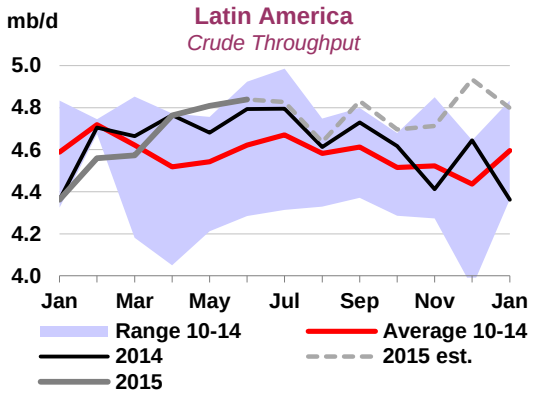
Russian throughput crept higher over the summer, from 5.7 mb/d in June, to 5.9 mb/d in July and 6.0 mb/d in August. However, like in China, poor ex-refinery margins may not justify running flat out. Refinery runs for the first eight months of the year have been 1% lower y-o-y, and are expected lower for the rest of this year.

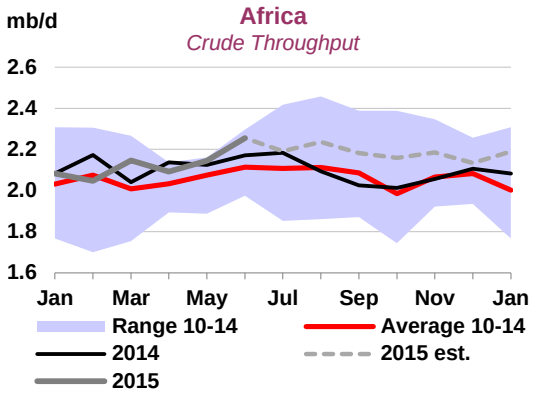




Middle East crude runs in June were revised down by 0.2 mb/d to 6.5 mb/d. Saudi Arabia accounted for more than the entirety of this revision as its crude intake decreased from 2.4 mb/d in May to 2.1 mb/d in June – but is expected to rebound to 2.5 mb/d in July. Autumn outages this year are reported above the average, peaking at 1 mb/d in October with four large refineries offline: Saudi Aramco's PetroRabigh and Sasref, KNPC's Shuaibah – which shut down for one week during August because of a fire – and Iraq's Baji refinery, still mired in local conflicts.

In **Latin America**, June throughputs were stable at 4.8 mb/d, after a small upward revision of 0.1 mb/d. Announced seasonal maintenance is well below the average, however we expect additional unreported maintenance especially in Venezuela.





In **Africa**, June crude throughput rose by 0.1 mb/d to reach 2.2 mb/d. In Nigeria, the Kaduna refinery was the last one of the four previously shuttered refineries to restart, in August, and we expect to see some increase in JODI figures in the next few months.

Table 1
WORLD OIL SUPPLY AND DEMAND

(million barrels per day)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	23.6	24.1	23.9	23.7	24.4	24.6	24.1	24.2	24.1	24.8	24.8	24.5	24.6	24.3	24.8	25.0	24.7
Europe	13.8	13.6	13.0	13.3	13.8	13.4	13.4	13.4	13.5	13.8	13.5	13.6	13.4	13.6	13.8	13.5	13.6
Asia Oceania	8.5	8.4	8.9	7.7	7.7	8.3	8.2	8.8	7.7	7.8	8.3	8.1	8.7	7.6	7.8	8.4	8.1
Total OECD	45.9	46.0	45.7	44.8	45.9	46.3	45.7	46.5	45.3	46.5	46.7	46.2	46.6	45.5	46.4	46.9	46.4
NON-OECD DEMAND																	
FSU	4.6	4.7	4.6	4.8	5.1	5.0	4.9	4.6	4.8	5.0	4.9	4.8	4.6	4.8	5.0	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	9.9	10.3	10.3	10.6	10.5	11.0	10.6	10.8	11.2	10.9	11.2	11.0	11.1	11.4	11.3	11.5	11.4
Other Asia	11.4	11.8	12.0	12.1	11.7	12.1	12.0	12.4	12.5	12.2	12.7	12.5	12.9	13.0	12.7	13.1	12.9
Americas	6.5	6.7	6.6	6.8	7.0	7.0	6.8	6.7	6.9	7.0	7.0	6.9	6.8	7.0	7.1	7.1	7.0
Middle East	7.9	7.9	7.8	8.2	8.5	7.9	8.1	7.7	8.3	8.7	8.1	8.2	8.0	8.5	8.9	8.3	8.4
Africa	3.8	3.9	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.2	4.1	4.3	4.3	4.2	4.3	4.2
Total Non-OECD	44.8	45.9	46.0	47.2	47.4	47.6	47.1	47.1	48.4	48.5	48.8	48.2	48.4	49.6	49.8	49.9	49.4
Total Demand[1]	**90.7**	**91.9**	**91.8**	**91.9**	**93.3**	**93.9**	**92.7**	**93.5**	**93.7**	**95.0**	**95.5**	**94.4**	**95.0**	**95.1**	**96.2**	**96.8**	**95.8**
OECD SUPPLY																	
Americas[4]	15.8	17.2	18.3	18.9	19.2	19.8	19.0	19.9	19.6	19.5	19.6	19.6	19.6	19.4	19.4	19.7	19.5
Europe	3.5	3.3	3.5	3.2	3.1	3.5	3.3	3.4	3.5	3.3	3.3	3.4	3.4	3.2	3.1	3.3	3.2
Asia Oceania	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	19.8	21.0	22.3	22.6	22.9	23.8	22.9	23.7	23.5	23.3	23.4	23.5	23.5	23.2	23.0	23.5	23.3
NON-OECD SUPPLY																	
FSU	13.6	13.8	13.9	13.8	13.8	13.9	13.9	14.0	14.0	13.9	13.9	13.9	13.9	13.8	13.6	13.6	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	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.4	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Other Asia[2]	3.7	3.5	3.5	3.5	3.4	3.6	3.5	3.6	3.6	3.6	3.7	3.6	3.6	3.6	3.6	3.5	3.6
Americas[2,4]	4.2	4.2	4.2	4.3	4.5	4.6	4.4	4.6	4.6	4.5	4.6	4.6	4.6	4.6	4.7	4.7	4.7
Middle East	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa[2]	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.3	2.2
Total Non-OECD	29.5	29.5	29.8	29.6	29.6	30.1	29.8	30.3	30.2	29.9	30.0	30.1	29.9	29.7	29.5	29.6	29.7
Processing gains[3]	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuel[4]	1.9	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.4	2.8	2.4	2.3	1.9	2.4	2.8	2.4	2.4
Total Non-OPEC[2]	53.3	54.6	55.9	56.7	57.2	58.3	57.0	58.1	58.3	58.2	58.0	58.1	57.6	57.6	57.6	57.8	57.7
OPEC																	
Crude[5]	31.3	30.5	30.0	30.1	30.5	30.5	30.3	30.5	31.5								
NGLs	6.2	6.2	6.3	6.3	6.4	6.4	6.4	6.5	6.5	6.6	6.7	6.6	6.7	6.8	6.9	6.9	6.8
Total OPEC[2]	37.5	36.6	36.3	36.4	36.9	36.9	36.6	36.9	38.1								
Total Supply[6]	**90.8**	**91.3**	**92.2**	**93.1**	**94.2**	**95.3**	**93.7**	**95.0**	**96.3**								
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.2	-0.2	0.2	0.8	0.7	-0.1	0.4	0.9	1.0								
Government	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0								
Total	0.2	-0.2	0.2	0.7	0.7	-0.1	0.4	0.9	1.0								
Floating storage/Oil in transit	0.0	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1	0.2								
Miscellaneous to balance[7]	-0.1	-0.6	-0.1	0.8	-0.1	1.6	0.5	0.7	1.3								
Total Stock Ch. & Misc	**0.1**	**-0.6**	**0.4**	**1.1**	**0.9**	**1.4**	**1.0**	**1.5**	**2.6**								
Memo items:																	
Call on OPEC crude + Stock ch.[8]	31.2	31.1	29.6	29.0	29.6	29.1	29.3	29.0	28.9	30.2	30.8	29.7	30.6	30.7	31.8	32.2	31.3

1 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.
2 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 2011.
Total OPEC comprises all countries which were OPEC members at 1 January 2011.
3 Net volumetric gains and losses in the refining process and marine transportation losses.
4 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
5 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.
6 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
7 Includes changes in non-reported stocks in OECD and non-OECD areas.
8 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)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	-	-	-	0.1	0.1	0.1	0.1	-	-	0.4	0.1	0.1	0.1	0.1	0.2	0.2	0.1
Europe	-	-	-	-	-	-	-	-0.1	0.1	0.1	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	0.1	0.1	0.1	0.1	-0.1	0.2	0.4	0.2	0.2	0.2	0.1	0.2	0.2	0.2
NON-OECD DEMAND																	
FSU	-	-	-	-	0.1	-	-	-	-	0.1	0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	-	0.1	0.1	-	0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1	-	-	-0.1	-0.1
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	0.1	-	-	-	-	-	-	-	-	-	0.2	0.1	-0.2	-
Total Demand	**-**	**-**	**-**	**0.1**	**0.2**	**0.1**	**0.1**	**-0.1**	**0.2**	**0.4**	**0.2**	**0.2**	**0.2**	**0.3**	**0.3**	**-**	**0.2**
OECD SUPPLY																	
Americas	-	-	-	0.1	-	-	-	-0.1	-0.2	0.1	-	-	-0.3	-0.4	-0.5	-0.5	-0.4
Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-0.1	-0.2	0.1	-0.1	-	-0.3	-0.4	-0.5	-0.5	-0.4
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.1
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Total Non-OPEC	-	-	-	-	-	-	-	-0.1	-0.1	0.3	0.1	-	-0.2	-0.2	-0.3	-0.4	-0.3
OPEC																	
Crude	-	-	-	-	-	-	-	-	-								
NGLs	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-	-0.1	-	-	-0.1	-	-
Total OPEC	-	-	-	-	-	-	-	-0.1	-0.1								
Total Supply	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.2**	**-0.2**								
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	0.1	-	-	-	-	-	-0.1								
Government	-	-	-	-	-	-	-	-	-								
Total	-	-	0.1	-	-	-	-	-	-0.1								
Floating storage/Oil in transit	-	-	-	-	-	-	-	-	-								
Miscellaneous to balance	-	-	-0.1	-0.1	-0.1	-	-0.1	-0.1	-0.3								
Total Stock Ch. & Misc	**-**	**-**	**-**	**-0.1**	**-0.1**	**-**	**-0.1**	**-0.1**	**-0.4**								
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	0.1	0.1	-	0.1	0.1	0.5	0.2	0.1	0.2	0.4	0.5	0.7	0.4	0.5

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

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Demand (mb/d)																
Americas	24.07	23.88	23.73	24.38	24.56	24.14	24.24	24.11	24.84	24.83	24.51	24.57	24.30	24.78	25.01	24.67
Europe	13.58	12.96	13.34	13.77	13.42	13.38	13.44	13.51	13.85	13.55	13.59	13.38	13.57	13.81	13.51	13.57
Asia Oceania	8.36	8.89	7.70	7.71	8.35	8.16	8.78	7.68	7.77	8.34	8.14	8.66	7.62	7.82	8.36	8.12
Total OECD	46.02	45.73	44.77	45.86	46.33	45.68	46.45	45.30	46.46	46.71	46.23	46.62	45.49	46.41	46.88	46.35
Asia	22.05	22.36	22.68	22.26	23.12	22.61	23.20	23.68	23.14	23.93	23.49	24.00	24.39	23.97	24.64	24.25
Middle East	7.91	7.76	8.17	8.51	7.89	8.08	7.73	8.34	8.67	8.06	8.20	7.97	8.50	8.93	8.26	8.42
Americas	6.68	6.63	6.81	6.97	6.95	6.84	6.75	6.87	7.01	7.02	6.91	6.80	6.99	7.12	7.13	7.01
FSU	4.71	4.64	4.84	5.09	4.96	4.88	4.64	4.79	4.98	4.88	4.82	4.63	4.76	4.96	4.88	4.81
Africa	3.89	4.00	4.00	3.89	3.97	3.96	4.09	4.07	4.01	4.17	4.08	4.29	4.25	4.15	4.29	4.25
Europe	0.66	0.66	0.67	0.69	0.69	0.68	0.69	0.70	0.69	0.70	0.70	0.70	0.72	0.71	0.72	0.71
Total Non-OECD	45.89	46.05	47.16	47.40	47.58	47.05	47.09	48.44	48.50	48.75	48.20	48.39	49.61	49.84	49.94	49.44
World	**91.91**	**91.78**	**91.93**	**93.26**	**93.91**	**92.73**	**93.55**	**93.74**	**94.96**	**95.46**	**94.43**	**95.00**	**95.10**	**96.24**	**96.82**	**95.79**
of which: US50	18.96	18.82	18.77	19.31	19.51	19.11	19.29	19.25	19.81	19.77	19.53	19.63	19.43	19.80	19.98	19.71
Europe 5*	8.12	7.85	7.89	8.17	8.03	7.99	8.05	7.97	8.16	8.00	8.05	7.99	7.97	8.07	7.94	7.99
China	10.26	10.31	10.56	10.52	10.97	10.59	10.80	11.16	10.90	11.23	11.02	11.13	11.44	11.30	11.53	11.35
Japan	4.56	5.07	3.93	3.93	4.48	4.35	4.80	3.90	3.95	4.38	4.26	4.65	3.76	3.93	4.38	4.18
India	3.69	3.81	3.88	3.56	3.80	3.76	3.95	4.01	3.76	4.01	3.93	4.14	4.18	3.90	4.16	4.10
Russia	3.46	3.47	3.59	3.81	3.59	3.61	3.45	3.54	3.70	3.53	3.55	3.44	3.48	3.65	3.51	3.52
Brazil	3.12	3.12	3.17	3.28	3.31	3.22	3.17	3.16	3.27	3.31	3.23	3.16	3.21	3.29	3.35	3.25
Saudi Arabia	2.96	2.78	3.26	3.54	3.03	3.16	2.91	3.45	3.65	3.06	3.27	3.00	3.45	3.74	3.14	3.33
Canada	2.37	2.41	2.32	2.44	2.41	2.40	2.36	2.28	2.38	2.38	2.35	2.31	2.26	2.37	2.35	2.32
Korea	2.33	2.35	2.31	2.32	2.38	2.34	2.48	2.32	2.34	2.44	2.40	2.51	2.36	2.39	2.47	2.43
Mexico	2.09	2.00	2.02	2.00	2.02	2.01	1.91	1.95	2.00	2.02	1.97	1.95	1.97	1.96	2.02	1.98
Iran	1.92	1.96	1.89	1.86	1.92	1.91	1.84	1.85	1.87	1.95	1.88	1.89	1.92	1.92	1.96	1.92
Total	**63.83**	**63.95**	**63.60**	**64.75**	**65.44**	**64.44**	**65.01**	**64.82**	**65.80**	**66.10**	**65.44**	**65.81**	**65.44**	**66.33**	**66.78**	**66.09**
% of World	69.4%	69.7%	69.2%	69.4%	69.7%	69.5%	69.5%	69.2%	69.3%	69.2%	69.3%	69.3%	68.8%	68.9%	69.0%	69.0%
Annual Change (% per annum)																
Americas	1.9	0.4	-0.5	0.3	1.0	0.3	1.5	1.6	1.9	1.1	1.5	1.4	0.8	-0.3	0.7	0.7
Europe	-1.4	-1.0	-3.3	-1.1	-0.7	-1.5	3.7	1.3	0.5	0.9	1.6	-0.4	0.4	-0.3	-0.3	-0.2
Asia Oceania	-2.1	0.3	-2.4	-4.2	-3.5	-2.4	-1.3	-0.3	0.8	-0.1	-0.3	-1.3	-0.8	0.7	0.3	-0.3
Total OECD	0.2	0.0	-1.7	-0.9	-0.3	-0.7	1.6	1.2	1.3	0.8	1.2	0.4	0.4	-0.1	0.4	0.3
Asia	3.5	1.7	2.8	2.5	3.2	2.5	3.8	4.4	4.0	3.5	3.9	3.4	3.0	3.6	3.0	3.2
Middle East	0.7	2.3	2.2	1.5	3.1	2.2	-0.4	2.1	1.9	2.1	1.4	3.2	1.9	3.0	2.6	2.7
Americas	2.5	3.3	2.3	2.5	1.8	2.5	1.7	0.9	0.6	1.0	1.0	0.8	1.8	1.5	1.6	1.5
FSU	1.9	5.5	5.4	3.3	0.4	3.6	0.0	-1.0	-2.3	-1.6	-1.3	-0.2	-0.7	-0.3	0.1	-0.3
Africa	2.1	0.1	0.9	4.5	2.1	1.9	2.3	1.7	3.2	4.9	3.0	4.7	4.5	3.5	3.0	4.0
Europe	-4.1	5.3	1.3	3.5	0.5	2.6	5.1	4.1	0.6	2.7	3.1	1.1	3.0	2.4	2.5	2.2
Total Non-OECD	2.5	2.3	2.7	2.6	2.5	2.5	2.3	2.7	2.3	2.5	2.4	2.7	2.4	2.8	2.4	2.6
World	**1.3**	**1.1**	**0.5**	**0.8**	**1.1**	**0.9**	**1.9**	**2.0**	**1.8**	**1.7**	**1.8**	**1.6**	**1.4**	**1.4**	**1.4**	**1.4**
Annual Change (mb/d)																
Americas	0.44	0.11	-0.13	0.07	0.24	0.07	0.36	0.38	0.46	0.26	0.37	0.33	0.20	-0.06	0.19	0.16
Europe	-0.19	-0.13	-0.46	-0.15	-0.09	-0.21	0.48	0.17	0.07	0.12	0.21	-0.06	0.06	-0.04	-0.04	-0.02
Asia Oceania	-0.18	0.03	-0.19	-0.34	-0.30	-0.20	-0.12	-0.02	0.06	-0.01	-0.02	-0.11	-0.06	0.05	0.03	-0.02
Total OECD	0.08	0.01	-0.78	-0.42	-0.16	-0.34	0.72	0.53	0.60	0.38	0.56	0.16	0.19	-0.05	0.17	0.12
Asia	0.75	0.37	0.61	0.55	0.71	0.56	0.84	1.00	0.88	0.81	0.88	0.80	0.71	0.82	0.71	0.76
Middle East	0.05	0.17	0.17	0.12	0.23	0.18	-0.03	0.17	0.16	0.16	0.12	0.25	0.16	0.26	0.21	0.22
Americas	0.16	0.21	0.15	0.17	0.13	0.16	0.11	0.06	0.04	0.07	0.07	0.05	0.13	0.11	0.12	0.10
FSU	0.09	0.24	0.25	0.16	0.02	0.17	0.00	-0.05	-0.11	-0.08	-0.06	-0.01	-0.03	-0.01	0.00	-0.01
Africa	0.08	0.00	0.04	0.17	0.08	0.07	0.09	0.07	0.12	0.20	0.12	0.19	0.18	0.14	0.13	0.16
Europe	-0.03	0.03	0.01	0.02	0.00	0.02	0.03	0.03	0.00	0.02	0.02	0.01	0.02	0.02	0.02	0.02
Total Non-OECD	1.11	1.03	1.23	1.19	1.18	1.16	1.05	1.28	1.10	1.18	1.15	1.29	1.16	1.34	1.18	1.24
World	**1.19**	**1.04**	**0.45**	**0.77**	**1.02**	**0.82**	**1.77**	**1.81**	**1.69**	**1.55**	**1.71**	**1.45**	**1.36**	**1.29**	**1.35**	**1.36**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas	-0.01	0.01	0.06	0.15	0.05	0.07	0.00	0.04	0.36	0.15	0.14	0.12	0.10	0.18	0.16	0.14
Europe	0.00	0.00	0.00	0.00	0.00	0.00	-0.12	0.13	0.06	0.02	0.02	0.04	0.04	0.04	0.03	0.04
Asia Oceania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.01	0.01	0.00	0.01	0.01	0.00	0.00	0.01
Total OECD	-0.01	0.01	0.06	0.15	0.05	0.07	-0.12	0.19	0.40	0.18	0.16	0.17	0.15	0.22	0.20	0.18
Asia	0.00	0.02	0.07	0.00	0.01	0.03	0.09	0.07	0.10	0.09	0.09	0.04	0.17	0.10	-0.01	0.07
Middle East	0.00	-0.01	-0.01	-0.04	-0.02	-0.02	-0.05	0.02	-0.08	-0.09	-0.05	-0.06	-0.03	-0.04	-0.10	-0.06
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	0.00	0.00	-0.02	-0.02	-0.01
FSU	0.00	0.01	0.03	0.05	0.04	0.03	0.02	-0.02	0.07	0.08	0.04	0.04	0.05	0.05	0.00	0.03
Africa	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.02	-0.02	-0.03	-0.03	-0.03	-0.04	-0.03	-0.03	-0.04	-0.03
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-OECD	0.00	0.01	0.08	0.01	0.02	0.03	0.04	0.05	0.05	0.04	0.04	-0.02	0.16	0.07	-0.16	0.01
World	**-0.01**	**0.02**	**0.14**	**0.16**	**0.08**	**0.10**	**-0.08**	**0.24**	**0.45**	**0.22**	**0.21**	**0.15**	**0.31**	**0.29**	**0.04**	**0.20**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.08	0.17	0.12	0.05	0.10	-0.10	0.10	0.29	0.15	0.11	0.23	0.07	-0.16	-0.19	-0.01

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2013	2014	3Q14	4Q14	1Q15	2Q15	Apr 15	May 15	Jun 15 [2]	Latest month vs. May 15	Latest month vs. Jun 14
Americas											
LPG and ethane	3.28	3.22	3.03	3.45	3.48	2.98	3.03	2.90	2.99	0.09	0.13
Naphtha	0.38	0.35	0.35	0.35	0.35	0.31	0.34	0.31	0.29	-0.02	-0.04
Motor gasoline	10.55	10.64	10.87	10.73	10.49	10.97	10.80	10.96	11.14	0.18	0.37
Jet and kerosene	1.70	1.74	1.80	1.76	1.72	1.81	1.73	1.77	1.92	0.15	0.12
Gasoil/diesel oil	5.06	5.29	5.16	5.39	5.52	5.11	5.17	5.06	5.11	0.05	-0.04
Residual fuel oil	0.72	0.58	0.60	0.59	0.51	0.44	0.38	0.47	0.47	0.00	-0.13
Other products	2.38	2.32	2.57	2.29	2.17	2.49	2.30	2.49	2.67	0.18	0.28
Total	**24.07**	**24.14**	**24.38**	**24.56**	**24.24**	**24.11**	**23.76**	**23.97**	**24.60**	**0.63**	**0.69**
Europe											
LPG and ethane	1.06	1.07	1.10	1.06	1.20	1.13	1.14	1.08	1.16	0.08	0.04
Naphtha	1.13	1.16	1.11	1.04	1.25	1.13	1.19	1.11	1.11	0.00	-0.10
Motor gasoline	1.93	1.91	2.00	1.89	1.77	1.98	1.99	1.91	2.03	0.12	0.03
Jet and kerosene	1.21	1.23	1.37	1.21	1.19	1.33	1.29	1.30	1.40	0.10	0.12
Gasoil/diesel oil	5.97	5.91	5.99	6.17	6.15	5.97	6.12	5.62	6.17	0.55	0.39
Residual fuel oil	1.00	0.91	0.90	0.91	0.88	0.85	0.85	0.84	0.85	0.01	-0.02
Other products	1.28	1.18	1.29	1.14	1.00	1.13	1.10	1.10	1.19	0.09	-0.10
Total	**13.58**	**13.38**	**13.77**	**13.42**	**13.44**	**13.51**	**13.68**	**12.97**	**13.91**	**0.95**	**0.37**
Asia Oceania											
LPG and ethane	0.86	0.84	0.80	0.83	0.90	0.73	0.79	0.68	0.72	0.03	-0.13
Naphtha	1.85	1.88	1.81	1.96	2.04	1.88	2.01	1.79	1.86	0.07	0.21
Motor gasoline	1.60	1.57	1.60	1.60	1.54	1.53	1.55	1.52	1.52	0.00	-0.02
Jet and kerosene	0.88	0.86	0.67	0.98	1.11	0.68	0.78	0.62	0.63	0.01	-0.05
Gasoil/diesel oil	1.77	1.77	1.70	1.83	1.85	1.77	1.81	1.72	1.77	0.04	0.03
Residual fuel oil	0.77	0.67	0.58	0.63	0.77	0.60	0.65	0.58	0.57	-0.01	-0.03
Other products	0.63	0.57	0.55	0.51	0.56	0.49	0.51	0.44	0.51	0.07	-0.04
Total	**8.36**	**8.16**	**7.71**	**8.35**	**8.78**	**7.68**	**8.11**	**7.36**	**7.58**	**0.21**	**-0.03**
OECD											
LPG and ethane	5.21	5.14	4.93	5.34	5.57	4.83	4.96	4.67	4.87	0.20	0.04
Naphtha	3.36	3.39	3.28	3.35	3.64	3.33	3.54	3.21	3.26	0.05	0.07
Motor gasoline	14.07	14.12	14.47	14.22	13.80	14.48	14.34	14.40	14.69	0.30	0.38
Jet and kerosene	3.79	3.83	3.84	3.95	4.03	3.82	3.80	3.70	3.96	0.26	0.19
Gasoil/diesel oil	12.80	12.97	12.84	13.39	13.52	12.84	13.10	12.40	13.05	0.65	0.38
Residual fuel oil	2.49	2.16	2.09	2.14	2.15	1.89	1.88	1.89	1.90	0.00	-0.17
Other products	4.29	4.06	4.41	3.94	3.73	4.11	3.92	4.03	4.37	0.34	0.14
Total	**46.02**	**45.68**	**45.86**	**46.33**	**46.45**	**45.30**	**45.55**	**44.30**	**46.09**	**1.79**	**1.04**

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).

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2013	2014	3Q14	4Q14	1Q15	2Q15	Apr 15	May 15	Jun 15 [2]	Latest month vs. May 15	Latest month vs. Jun 14
United States[3]											
LPG and ethane	2.44	2.40	2.27	2.58	2.62	2.18	2.23	2.11	2.21	0.10	0.11
Naphtha	0.27	0.23	0.23	0.24	0.23	0.20	0.22	0.20	0.18	-0.02	-0.02
Motor gasoline	8.84	8.92	9.13	9.00	8.81	9.26	9.14	9.25	9.39	0.14	0.35
Jet and kerosene	1.44	1.48	1.53	1.51	1.46	1.55	1.48	1.53	1.64	0.11	0.09
Gasoil/diesel oil	3.83	4.04	3.89	4.12	4.27	3.88	4.00	3.79	3.85	0.06	-0.05
Residual fuel oil	0.32	0.26	0.25	0.28	0.24	0.19	0.15	0.23	0.17	-0.06	-0.08
Other products	1.82	1.78	2.00	1.76	1.66	1.99	1.82	2.01	2.14	0.14	0.29
Total	**18.96**	**19.11**	**19.31**	**19.51**	**19.29**	**19.25**	**19.04**	**19.12**	**19.59**	**0.47**	**0.70**
Japan											
LPG and ethane	0.52	0.50	0.44	0.50	0.57	0.42	0.49	0.37	0.39	0.02	-0.08
Naphtha	0.77	0.75	0.68	0.83	0.84	0.75	0.84	0.73	0.67	-0.05	0.10
Motor gasoline	0.95	0.92	0.95	0.94	0.88	0.89	0.90	0.88	0.88	-0.01	-0.03
Jet and kerosene	0.53	0.52	0.34	0.61	0.73	0.35	0.44	0.30	0.31	0.01	-0.04
Diesel	0.41	0.40	0.39	0.41	0.40	0.39	0.40	0.37	0.41	0.04	0.01
Other gasoil	0.41	0.40	0.35	0.41	0.45	0.36	0.39	0.34	0.35	0.01	-0.02
Residual fuel oil	0.46	0.41	0.35	0.38	0.46	0.34	0.38	0.33	0.33	0.00	-0.02
Other products	0.50	0.44	0.41	0.40	0.47	0.40	0.42	0.37	0.42	0.05	0.02
Total	**4.56**	**4.35**	**3.93**	**4.48**	**4.80**	**3.90**	**4.25**	**3.68**	**3.77**	**0.08**	**-0.07**
Germany											
LPG and ethane	0.11	0.09	0.10	0.08	0.09	0.11	0.11	0.11	0.12	0.00	0.01
Naphtha	0.39	0.42	0.42	0.41	0.43	0.38	0.45	0.34	0.36	0.02	-0.05
Motor gasoline	0.43	0.44	0.45	0.44	0.40	0.44	0.44	0.44	0.45	0.01	0.00
Jet and kerosene	0.19	0.19	0.21	0.18	0.17	0.20	0.19	0.19	0.20	0.01	0.01
Diesel	0.70	0.73	0.76	0.75	0.71	0.76	0.77	0.73	0.79	0.07	0.08
Other gasoil	0.43	0.36	0.36	0.38	0.45	0.24	0.29	0.21	0.22	0.02	-0.06
Residual fuel oil	0.12	0.12	0.11	0.14	0.12	0.13	0.12	0.12	0.13	0.01	0.06
Other products	0.07	0.05	0.07	0.04	0.01	0.04	0.01	0.05	0.06	0.01	0.00
Total	**2.44**	**2.40**	**2.47**	**2.41**	**2.39**	**2.30**	**2.38**	**2.19**	**2.34**	**0.15**	**0.05**
Italy											
LPG and ethane	0.11	0.11	0.10	0.11	0.13	0.11	0.12	0.10	0.10	0.01	0.01
Naphtha	0.05	0.09	0.08	0.08	0.11	0.11	0.12	0.13	0.10	-0.03	0.02
Motor gasoline	0.20	0.20	0.20	0.20	0.19	0.21	0.22	0.20	0.22	0.02	0.02
Jet and kerosene	0.09	0.09	0.11	0.08	0.08	0.10	0.10	0.10	0.10	0.00	0.01
Diesel	0.45	0.50	0.52	0.52	0.44	0.47	0.48	0.44	0.48	0.04	-0.03
Other gasoil	0.10	0.04	0.02	0.05	0.09	0.09	0.08	0.08	0.09	0.01	0.07
Residual fuel oil	0.08	0.06	0.06	0.06	0.08	0.08	0.08	0.08	0.08	0.00	0.02
Other products	0.18	0.14	0.15	0.13	0.11	0.14	0.14	0.13	0.15	0.01	0.00
Total	**1.26**	**1.22**	**1.25**	**1.24**	**1.22**	**1.31**	**1.34**	**1.26**	**1.33**	**0.07**	**0.11**
France											
LPG and ethane	0.12	0.11	0.10	0.12	0.15	0.11	0.13	0.11	0.11	0.00	0.02
Naphtha	0.12	0.12	0.13	0.07	0.12	0.12	0.12	0.12	0.13	0.00	-0.01
Motor gasoline	0.16	0.16	0.17	0.16	0.14	0.17	0.18	0.16	0.18	0.02	0.01
Jet and kerosene	0.15	0.15	0.16	0.14	0.14	0.16	0.15	0.15	0.16	0.01	0.01
Diesel	0.69	0.70	0.71	0.71	0.67	0.71	0.73	0.64	0.76	0.12	0.04
Other gasoil	0.28	0.25	0.25	0.27	0.29	0.20	0.23	0.17	0.21	0.04	-0.01
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.04	0.03	0.04	0.04	0.00	0.00
Other products	0.13	0.12	0.15	0.11	0.11	0.12	0.10	0.11	0.14	0.04	0.00
Total	**1.71**	**1.65**	**1.71**	**1.63**	**1.68**	**1.63**	**1.67**	**1.50**	**1.73**	**0.23**	**0.05**
United Kingdom											
LPG and ethane	0.11	0.11	0.10	0.11	0.14	0.14	0.15	0.14	0.13	0.00	0.02
Naphtha	0.03	0.02	0.03	0.03	0.02	0.02	0.02	0.03	0.02	0.00	0.01
Motor gasoline	0.31	0.30	0.30	0.30	0.29	0.30	0.30	0.30	0.30	0.01	-0.01
Jet and kerosene	0.31	0.31	0.32	0.32	0.33	0.30	0.32	0.28	0.30	0.02	0.01
Diesel	0.46	0.48	0.48	0.50	0.47	0.50	0.50	0.48	0.52	0.04	0.02
Other gasoil	0.12	0.12	0.12	0.11	0.13	0.14	0.14	0.13	0.13	0.00	0.01
Residual fuel oil	0.04	0.03	0.03	0.03	0.02	0.02	0.02	0.03	0.02	-0.01	-0.01
Other products	0.13	0.13	0.13	0.12	0.11	0.11	0.11	0.10	0.11	0.01	-0.03
Total	**1.50**	**1.51**	**1.51**	**1.53**	**1.52**	**1.53**	**1.57**	**1.49**	**1.55**	**0.06**	**0.00**
Canada											
LPG and ethane	0.38	0.37	0.31	0.40	0.40	0.35	0.37	0.36	0.33	-0.02	0.01
Naphtha	0.09	0.09	0.10	0.09	0.10	0.09	0.10	0.09	0.08	-0.01	-0.01
Motor gasoline	0.81	0.84	0.87	0.83	0.79	0.82	0.78	0.82	0.86	0.04	-0.01
Jet and kerosene	0.14	0.13	0.14	0.13	0.13	0.13	0.13	0.12	0.15	0.03	0.02
Diesel	0.29	0.29	0.29	0.31	0.32	0.31	0.33	0.30	0.31	0.01	0.01
Other gasoil	0.30	0.30	0.33	0.29	0.27	0.25	0.20	0.27	0.27	0.00	-0.02
Residual fuel oil	0.06	0.06	0.06	0.07	0.06	0.04	0.05	0.03	0.03	0.01	-0.03
Other products	0.31	0.30	0.34	0.30	0.29	0.28	0.26	0.26	0.31	0.05	0.00
Total	**2.37**	**2.40**	**2.44**	**2.41**	**2.36**	**2.28**	**2.21**	**2.25**	**2.36**	**0.11**	**-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)

	2014	2015	2016	1Q15	2Q15	3Q15	4Q15	1Q16	Jun 15	Jul 15	Aug 15
OPEC											
Crude Oil											
Saudi Arabia	9.53			9.77	10.28				10.46	10.38	10.28
Iran	2.81			2.82	2.85				2.82	2.87	2.87
Iraq	3.33			3.50	3.94				4.19	4.22	4.13
UAE	2.76			2.84	2.87				2.88	2.91	2.93
Kuwait	2.61			2.70	2.72				2.72	2.72	2.76
Neutral Zone	0.38			0.20	0.09				0.04	0.04	0.04
Qatar	0.71			0.67	0.66				0.66	0.62	0.65
Angola	1.66			1.77	1.76				1.78	1.80	1.71
Nigeria	1.90			1.81	1.78				1.78	1.77	1.77
Libya	0.46			0.37	0.46				0.41	0.39	0.37
Algeria	1.12			1.11	1.11				1.11	1.11	1.13
Ecuador	0.55			0.55	0.55				0.54	0.54	0.53
Venezuela	2.46			2.39	2.43				2.42	2.42	2.40
Total Crude Oil	30.28			30.49	31.51				31.81	31.79	31.57
Total NGLs[1]	6.36	6.56	6.82	6.45	6.55	6.56	6.69	6.74	6.55	6.56	6.56
Total OPEC	**36.64**			**36.94**	**38.05**				**38.35**	**38.35**	**38.13**
NON-OPEC[2]											
OECD											
Americas	19.03	19.63	19.53	19.88	19.57	19.47	19.60	19.59	19.58	19.69	19.49
United States[b]	11.96	12.72	12.53	12.68	12.95	12.66	12.57	12.42	12.84	12.77	12.66
Mexico	2.80	2.60	2.53	2.65	2.55	2.60	2.58	2.55	2.58	2.61	2.62
Canada	4.27	4.31	4.46	4.55	4.06	4.20	4.44	4.61	4.16	4.31	4.20
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe	3.33	3.39	3.24	3.41	3.50	3.32	3.35	3.41	3.45	3.43	3.28
UK	0.87	0.94	0.90	0.91	1.01	0.91	0.94	1.00	0.96	0.95	0.86
Norway	1.89	1.90	1.82	1.93	1.93	1.87	1.88	1.88	1.95	1.95	1.88
Others	0.57	0.55	0.51	0.57	0.55	0.54	0.53	0.52	0.54	0.54	0.54
Asia Oceania	0.51	0.47	0.51	0.43	0.44	0.51	0.49	0.52	0.49	0.50	0.52
Australia	0.43	0.39	0.43	0.35	0.36	0.42	0.41	0.43	0.40	0.41	0.43
Others	0.08	0.08	0.08	0.08	0.09	0.09	0.08	0.09	0.09	0.09	0.09
Total OECD	**22.87**	**23.49**	**23.28**	**23.72**	**23.50**	**23.30**	**23.44**	**23.51**	**23.52**	**23.62**	**23.29**
NON-OECD											
Former USSR	13.87	13.94	13.72	14.05	13.98	13.90	13.86	13.88	13.97	13.94	13.88
Russia	10.91	11.01	10.91	11.02	11.03	11.00	10.97	11.02	11.06	11.00	11.02
Others	2.95	2.94	2.81	3.02	2.95	2.89	2.88	2.86	2.91	2.93	2.86
Asia	7.71	7.93	7.80	7.90	7.96	7.91	7.96	7.89	8.03	7.87	7.93
China	4.22	4.31	4.21	4.29	4.36	4.30	4.31	4.24	4.46	4.31	4.31
Malaysia	0.67	0.73	0.67	0.78	0.74	0.71	0.70	0.71	0.70	0.71	0.71
India	0.87	0.86	0.82	0.87	0.86	0.86	0.86	0.83	0.86	0.84	0.86
Indonesia	0.84	0.87	0.96	0.81	0.84	0.89	0.93	0.95	0.81	0.84	0.91
Others	1.11	1.16	1.15	1.15	1.16	1.16	1.16	1.16	1.20	1.17	1.14
Europe	0.14	0.14	0.13	0.14	0.14	0.14	0.13	0.13	0.14	0.14	0.14
Americas	4.41	4.57	4.65	4.63	4.55	4.52	4.57	4.61	4.55	4.53	4.50
Brazil[b]	2.35	2.52	2.65	2.54	2.50	2.52	2.54	2.58	2.49	2.54	2.51
Argentina	0.63	0.63	0.64	0.63	0.63	0.63	0.63	0.64	0.63	0.63	0.63
Colombia	0.99	1.00	0.96	1.03	1.02	0.96	0.99	0.98	1.01	0.95	0.95
Others	0.44	0.41	0.41	0.43	0.40	0.40	0.40	0.41	0.41	0.40	0.40
Middle East[3]	1.32	1.23	1.15	1.30	1.23	1.20	1.18	1.17	1.24	1.23	1.19
Oman	0.95	0.97	0.93	0.97	0.98	0.98	0.95	0.94	1.00	1.01	0.97
Syria	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.04	0.01	0.11	0.03	0.01	0.01	0.01	0.02	0.01	0.01
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.32	2.28	2.23	2.32	2.30	2.25	2.26	2.24	2.29	2.26	2.24
Egypt	0.70	0.69	0.67	0.70	0.70	0.69	0.68	0.68	0.70	0.70	0.69
Gabon	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.38	1.35	1.34	1.38	1.37	1.33	1.34	1.33	1.36	1.34	1.31
Total Non-OECD	**29.76**	**30.09**	**29.68**	**30.33**	**30.17**	**29.92**	**29.96**	**29.92**	**30.21**	**29.97**	**29.87**
Processing gains[4]	2.21	2.22	2.33	2.22	2.22	2.22	2.22	2.32	2.22	2.22	2.22
Global Biofuels[b]	2.19	2.34	2.37	1.81	2.37	2.77	2.39	1.90	2.62	2.70	2.79
TOTAL NON-OPEC	**57.04**	**58.14**	**57.66**	**58.08**	**58.26**	**58.21**	**58.00**	**57.64**	**58.57**	**58.51**	**58.16**
TOTAL SUPPLY	**93.68**			**95.03**	**96.31**				**96.92**	**96.86**	**96.29**

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.

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			
	Mar2015	Apr2015	May2015	Jun2015	Jul2015*	Jul2012	Jul2013	Jul2014	3Q2014	4Q2014	1Q2015	2Q2015
OECD Americas												
Crude	625.2	637.7	628.9	626.8	616.2	510.3	508.4	521.1	-0.19	0.41	0.81	0.02
Motor Gasoline	266.2	261.4	255.1	251.1	250.8	244.5	257.8	252.4	-0.08	0.33	-0.08	-0.17
Middle Distillate	200.2	200.8	209.2	213.1	223.0	198.9	198.9	195.0	0.12	0.06	-0.09	0.14
Residual Fuel Oil	45.8	46.4	48.3	48.2	47.8	45.5	46.3	44.5	0.00	-0.03	0.05	0.03
Total Products[3]	695.2	704.4	724.7	733.3	753.3	692.2	706.4	704.6	0.38	0.10	-0.35	0.42
Total[4]	1483.3	1511.7	1527.5	1537.8	1548.8	1371.7	1379.2	1399.9	0.31	0.33	0.45	0.60
OECD Europe												
Crude	344.4	350.0	343.4	342.3	340.2	322.2	323.1	319.5	-0.12	0.04	0.28	-0.02
Motor Gasoline	101.9	95.1	91.8	85.8	84.2	92.8	87.4	84.1	0.02	0.04	0.13	-0.18
Middle Distillate	260.0	261.7	280.6	278.1	282.2	261.3	249.9	254.0	0.19	-0.17	0.10	0.20
Residual Fuel Oil	65.5	67.6	65.8	66.8	66.8	78.0	76.6	65.1	-0.05	0.03	0.02	0.01
Total Products[3]	524.1	519.7	532.4	523.5	525.3	540.3	507.3	496.3	0.22	-0.11	0.25	-0.01
Total[4]	939.3	939.3	946.8	938.3	936.2	929.9	892.3	883.3	0.08	-0.12	0.59	-0.01
OECD Asia Oceania												
Crude	178.0	170.5	198.2	201.0	203.8	187.8	171.0	176.6	0.01	-0.06	0.05	0.25
Motor Gasoline	23.0	24.5	25.1	25.3	24.3	26.8	27.2	23.2	-0.02	-0.02	0.02	0.03
Middle Distillate	56.0	57.9	61.5	61.2	66.2	65.0	66.2	58.7	0.18	-0.07	-0.09	0.06
Residual Fuel Oil	18.3	19.5	20.9	19.4	20.0	20.9	20.9	23.0	0.02	-0.02	-0.03	0.01
Total Products[3]	152.8	158.0	167.9	165.5	170.5	173.1	174.4	165.7	0.28	-0.16	-0.18	0.14
Total[4]	392.1	391.1	430.6	429.5	438.5	435.8	418.2	412.3	0.34	-0.33	-0.15	0.41
Total OECD												
Crude	1147.7	1158.1	1170.5	1170.1	1160.2	1020.2	1002.5	1017.2	-0.30	0.40	1.14	0.25
Motor Gasoline	391.0	380.9	372.0	362.2	359.3	364.1	372.3	359.8	-0.08	0.35	0.06	-0.32
Middle Distillate	516.3	520.4	551.3	552.4	571.4	525.2	514.9	507.7	0.49	-0.18	-0.07	0.40
Residual Fuel Oil	129.6	133.4	135.0	134.4	134.5	144.4	143.8	132.6	-0.04	-0.03	0.04	0.05
Total Products[3]	1372.1	1382.0	1425.0	1422.3	1449.0	1405.6	1388.0	1366.6	0.88	-0.17	-0.29	0.55
Total[4]	2814.7	2842.1	2904.9	2905.5	2923.5	2737.5	2689.8	2695.6	0.74	-0.12	0.89	1.00

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			
	Mar2015	Apr2015	May2015	Jun2015	Jul2015*	Jul2012	Jul2013	Jul2014	3Q2014	4Q2014	1Q2015	2Q2015
OECD Americas												
Crude	691.0	691.0	692.4	693.9	694.9	696.0	696.0	691.0	0.00	0.00	0.00	0.03
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	208.9	208.5	208.3	207.4	207.5	194.2	206.4	208.2	0.00	0.02	-0.01	-0.02
Products	257.8	261.0	260.6	259.1	258.0	233.7	260.8	256.6	-0.02	0.00	0.02	0.01
OECD Asia Oceania												
Crude	386.9	386.9	385.1	385.6	385.6	393.4	384.9	387.7	-0.02	-0.01	0.02	-0.01
Products	32.6	32.6	32.6	32.8	32.9	20.0	23.1	31.0	0.00	0.01	0.01	0.00
Total OECD												
Crude	1286.8	1286.3	1285.7	1286.9	1288.0	1283.6	1287.3	1286.9	-0.02	0.02	0.01	0.00
Products	291.5	294.7	294.3	292.9	291.9	254.7	284.9	288.5	-0.02	0.01	0.02	0.02
Total[4]	1581.8	1584.9	1583.8	1584.0	1584.1	1539.5	1576.7	1579.7	-0.02	0.02	0.03	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 June 2014		End September 2014		End December 2014		End March 2015		End June 2015 [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	178.8	73	186.1	77	193.1	82	182.8	80	176.7	-
Chile	10.6	33	10.1	32	9.7	28	11.3	33	11.2	-
Mexico	47.3	24	48.8	24	52.8	28	49.8	26	50.4	-
United States[4]	1820.1	94	1840.7	94	1860.5	96	1909.4	99	1972.2	-
Total[4]	2078.9	85	2107.8	86	2138.3	88	2175.3	90	2232.6	90
OECD Asia Oceania										
Australia	36.3	34	38.6	35	36.2	33	34.1	32	35.8	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	589.3	150	608.2	136	580.7	121	567.7	146	578.3	-
Korea	188.2	81	196.6	83	196.8	79	201.0	87	224.6	-
New Zealand	9.5	65	9.2	56	8.4	49	8.7	56	9.0	-
Total	823.2	107	852.6	102	822.1	94	811.6	106	847.9	109
OECD Europe[5]										
Austria	21.5	78	22.0	84	22.9	92	23.7	91	23.2	-
Belgium	43.7	69	43.8	69	42.4	63	42.7	68	47.6	-
Czech Republic	20.4	95	21.0	103	21.9	116	21.7	103	21.5	-
Denmark	23.6	150	23.0	152	25.8	173	29.0	188	28.4	-
Estonia	1.7	52	1.8	55	1.6	57	1.5	50	1.5	-
Finland	39.0	200	38.7	204	37.9	213	44.1	254	45.0	-
France	168.1	98	171.3	105	167.8	100	172.9	106	169.8	-
Germany	289.8	117	283.0	118	284.2	119	286.1	124	287.2	-
Greece	25.6	82	29.6	97	26.5	91	31.1	112	27.8	-
Hungary	17.8	126	18.2	121	18.7	145	20.0	139	20.5	-
Ireland	9.6	71	10.0	67	9.3	63	12.8	90	11.1	-
Italy	121.6	97	123.0	100	119.4	98	121.0	93	117.1	-
Luxembourg	0.8	15	0.8	14	0.9	15	0.7	12	0.6	-
Netherlands	127.4	130	126.8	143	123.3	138	136.4	155	140.2	-
Norway	27.4	129	24.5	125	24.2	110	23.2	102	26.4	-
Poland	61.0	114	63.5	121	63.2	125	62.7	115	62.6	-
Portugal	23.8	93	23.0	93	22.5	95	21.7	86	21.8	-
Slovak Republic	10.6	130	10.6	152	11.4	152	11.6	133	11.4	-
Slovenia	4.8	90	4.8	92	4.6	96	4.9	99	4.7	-
Spain	118.2	97	122.7	100	121.3	98	132.4	111	132.8	-
Sweden	27.4	82	27.8	92	29.1	98	31.1	94	29.2	-
Switzerland	37.5	158	38.8	156	37.3	161	37.3	172	37.2	-
Turkey	62.4	83	62.5	87	62.4	81	64.7	75	65.7	-
United Kingdom	74.5	49	74.3	49	77.8	51	76.3	50	75.6	-
Total	1358.2	99	1365.6	102	1356.2	101	1409.7	104	1409.0	102
Total OECD	**4260.3**	**93**	**4326.0**	**93**	**4316.6**	**93**	**4396.5**	**97**	**4489.5**	**97**
DAYS OF IEA Net Imports[6]	**-**	**169**	**-**	**171**	**-**	**170**	**-**	**174**	**-**	**197**

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 2015 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]*		
2Q2012	4244	1539	2705	93	34	59
3Q2012	4292	1542	2750	93	33	59
4Q2012	4230	1547	2683	93	34	59
1Q2013	4259	1580	2680	94	35	59
2Q2013	4253	1576	2676	92	34	58
3Q2013	4296	1582	2715	92	34	58
4Q2013	4174	1584	2589	91	35	57
1Q2014	4196	1585	2611	94	35	58
2Q2014	4260	1580	2681	93	34	58
3Q2014	4326	1577	2749	93	34	59
4Q2014	4317	1579	2738	93	34	59
1Q2015	4397	1582	2815	97	35	62
2Q2015	4489	1584	2905	97	34	63

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 2Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

	2012	2013	2014	3Q14	4Q14	1Q15	2Q15	Apr 15	May 15	Jun 15	Year Earlier Jun 14	Year Earlier change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.47	0.60	0.58	0.65	0.81	0.60	0.53	0.77	-0.24
Europe	0.85	0.79	0.84	0.93	0.84	0.91	0.77	0.83	0.67	0.81	0.75	0.06
Asia Oceania	1.26	1.21	1.17	1.08	1.18	1.37	1.25	1.31	1.34	1.09	1.01	0.08
Saudi Medium												
Americas	0.44	0.45	0.36	0.36	0.25	0.24	0.37	0.35	0.40	0.35	0.30	0.06
Europe	0.05	0.01	0.03	0.05	0.04	0.02	0.02	0.02	0.01	0.03	0.01	0.02
Asia Oceania	0.45	0.43	0.45	0.50	0.45	0.40	0.44	0.46	0.47	0.39	0.39	0.00
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.49	0.20	0.09	0.20	0.15	0.27	0.19	0.40	-0.21
Europe	0.26	0.25	0.50	0.50	0.70	0.50	0.48	0.55	0.36	0.55	0.62	-0.07
Asia Oceania	0.33	0.31	0.24	0.21	0.27	0.41	0.31	0.18	0.31	0.44	0.21	0.23
Kuwait Blend												
Americas	0.22	0.28	0.27	0.25	0.22	0.15	0.21	0.28	0.22	0.12	0.32	-0.20
Europe	0.09	0.10	0.09	0.04	0.14	0.12	0.08	0.09	0.01	0.13	0.12	0.01
Asia Oceania	0.65	0.64	0.62	0.62	0.62	0.66	0.61	0.61	0.71	0.51	0.58	-0.07
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.11	0.12	0.09	0.11	0.09	0.15	0.10	0.06	0.04
Asia Oceania	0.02	0.00	0.01	0.03	-	0.03	-	-	-	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.01	0.00	0.03	0.01	-	-	0.02	0.03	-0.01
Asia Oceania	0.33	0.30	0.28	0.28	0.26	0.31	0.25	0.20	0.32	0.21	0.33	-0.12
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.71	0.62	0.67	0.67	0.78	0.60	0.63	0.60	0.03
Europe	0.08	0.07	0.08	0.09	0.09	0.10	0.09	0.14	0.06	0.07	0.07	0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.67	0.66	0.59	0.43	0.44	0.39	0.44	0.62	-0.18
Europe	0.14	0.14	0.14	0.13	0.13	0.16	0.13	0.11	0.13	0.16	0.13	0.03
Asia Oceania	-	-	-	-	-	-	0.01	0.03	-	-	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.81	1.79	1.84	1.81	1.95	1.73	1.76	1.49	0.27
Europe	-	-	0.00	-	0.01	-	0.01	-	0.02	-	0.02	-
Asia Oceania	-	-	0.00	0.00	0.00	-	-	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	-	0.01	0.01	-	-	-	-	-	-
Europe	0.55	0.47	0.56	0.53	0.59	0.47	0.48	0.45	0.48	0.51	0.39	0.12
Asia Oceania	0.07	0.06	0.07	-	0.04	0.03	0.09	0.00	0.13	0.13	0.07	0.07
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.53	1.38	1.54	1.51	1.48	1.65	1.40	1.87	-0.46
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	-	-	-	0.01	-	-	0.02	-	-
Europe	0.53	0.59	0.64	0.58	0.68	0.73	0.60	0.43	0.82	0.54	0.71	-0.18
Asia Oceania	-	0.00	0.02	0.05	0.01	0.04	0.02	0.04	0.03	-	-	-
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.34	0.54	0.20	0.23	0.24	0.27	0.18	0.12	0.06
Asia Oceania	0.04	0.03	0.02	0.03	0.02	-	0.02	0.02	0.02	0.02	-	-
Nigerian Light[4]												
Americas	0.24	0.07	0.00	-	0.01	0.03	0.01	-	0.03	-	-	-
Europe	0.58	0.53	0.55	0.59	0.54	0.62	0.53	0.65	0.43	0.52	0.52	0.00
Asia Oceania	0.04	0.03	0.02	0.03	0.00	-	-	-	-	-	0.03	-

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)

	2012	2013	2014	3Q14	4Q14	1Q15	2Q15	Apr 15	May 15	Jun 15	Year Earlier Jun 14	Year Earlier % change
Crude Oil												
Americas	6101	5130	4201	4336	3755	3869	4082	3887	4271	4081	4105	-1%
Europe	9346	8926	8689	9006	9056	9477	9197	9350	9344	8893	8243	8%
Asia Oceania	6761	6553	6381	6315	6331	6871	6426	6156	6980	6123	5966	3%
Total OECD	22208	20608	19270	19657	19142	20217	19705	19393	20595	19097	18313	4%
LPG												
Americas	20	17	12	7	13	13	12	19	12	4	7	-41%
Europe	287	382	426	475	433	479	361	380	305	400	396	1%
Asia Oceania	620	546	531	520	527	537	535	565	497	545	549	-1%
Total OECD	927	945	969	1002	973	1029	908	965	814	949	952	0%
Naphtha												
Americas	20	17	20	16	13	20	14	24	10	9	18	-54%
Europe	381	332	348	304	384	411	287	301	260	302	382	-21%
Asia Oceania	900	927	960	912	996	976	915	969	899	879	852	3%
Total OECD	1301	1276	1327	1232	1392	1407	1217	1294	1169	1190	1252	-5%
Gasoline[3]												
Americas	730	659	665	660	663	572	743	678	755	796	662	20%
Europe	212	106	131	115	114	125	114	118	96	130	166	-22%
Asia Oceania	86	83	83	70	79	102	125	103	153	119	80	49%
Total OECD	1028	848	879	845	856	799	983	899	1004	1045	908	15%
Jet & Kerosene												
Americas	73	81	100	94	104	148	152	123	151	181	104	74%
Europe	398	445	459	584	412	373	426	467	340	474	455	4%
Asia Oceania	62	74	60	43	88	67	68	57	55	92	39	137%
Total OECD	533	601	618	721	604	589	646	647	547	747	598	25%
Gasoil/Diesel												
Americas	59	58	95	41	81	157	40	38	45	39	19	105%
Europe	984	1121	1085	1176	978	1106	1310	1259	1305	1367	1105	24%
Asia Oceania	185	162	181	175	176	164	188	198	190	175	215	-19%
Total OECD	1227	1341	1361	1392	1234	1427	1538	1495	1539	1581	1340	18%
Heavy Fuel Oil												
Americas	206	165	132	134	135	119	114	106	145	90	127	-29%
Europe	521	552	618	663	559	690	484	448	543	459	539	-15%
Asia Oceania	224	242	214	183	167	212	134	133	128	142	175	-19%
Total OECD	951	960	964	981	861	1021	732	686	817	691	841	-18%
Other Products												
Americas	813	812	671	682	656	626	760	747	743	792	639	24%
Europe	636	791	721	697	665	666	667	566	779	652	852	-24%
Asia Oceania	357	386	374	372	307	317	306	287	272	360	310	16%
Total OECD	1806	1989	1766	1751	1628	1609	1733	1600	1794	1805	1801	0%
Total Products												
Americas	1921	1810	1695	1633	1665	1655	1836	1735	1861	1910	1576	21%
Europe	3419	3729	3787	4015	3544	3850	3651	3540	3628	3784	3896	-3%
Asia Oceania	2433	2421	2402	2276	2339	2375	2272	2312	2194	2313	2221	4%
Total OECD	7773	7960	7885	7924	7548	7880	7758	7587	7683	8007	7692	4%
Total Oil												
Americas	8022	6940	5896	5969	5420	5525	5917	5622	6132	5991	5680	5%
Europe	12765	12655	12476	13021	12600	13326	12848	12890	12972	12678	12139	4%
Asia Oceania	9194	8974	8783	8590	8670	9246	8698	8468	9174	8435	8186	3%
Total OECD	29982	28568	27155	27581	26690	28097	27463	26981	28278	27104	26006	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.

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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 12 August 2015), 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 © 2015 Argus Media Limited - all rights reserved).

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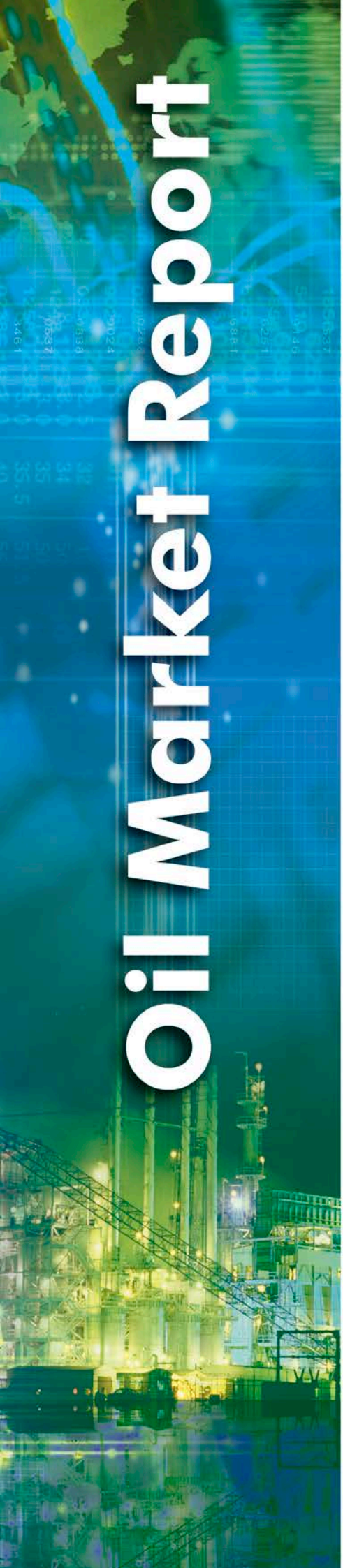

International Energy Agency
Secure Sustainable Together

13 October 2015

HIGHLIGHTS

- After a relatively stable month in September, **crude oil price benchmarks rallied in early October on expectations of lower US output and rising tension in the Middle East.** At the time of writing, ICE Brent was trading at $51.90/bbl with NYMEX WTI lower at $48.80/bbl.

- **Global demand growth is expected to slow from its five-year high of 1.8 mb/d in 2015 to 1.2 mb/d in 2016 –** closer towards its long-term trend as previous price support is likely to wane. Recent downgrades to the macro-economic outlook are also filtering through.

- **World oil supply held steady near 96.6 mb/d in September, as lower non-OPEC production was offset by a slight increase in OPEC crude.** Non-OPEC accounted for just under 40% of the 1.8 mb/d annual increase in total oil output. Lower oil prices and steep spending curbs are expected to cut non-OPEC output by nearly 0.5 mb/d in 2016.

- **OPEC crude supply rose by 90 kb/d in September to 31.72 mb/d as record Iraqi output more than offset a dip in Saudi supply.** A slowdown in forecast demand growth and slightly higher non-OPEC supply lowers the 2016 'call' on OPEC by 0.2 mb/d from last month's *Report* to 31.1 mb/d.

- **OECD commercial inventories extended recent gains and rose by 28.8 mb in August** to stand at 2 943 mb by end-month. Since this was nearly double the 15.0 mb five-year average build for the month, inventories' surplus to average levels widened to 204 mb.

- **The onset of seasonal turnarounds in the OECD and the FSU is estimated to have curbed global refinery runs by 1.9 mb/d in September to 79.4 mb/d.** Runs remained remarkably strong, particularly in Asia and the Middle East, leaving global throughputs up nearly 2 mb/d on a year ago.

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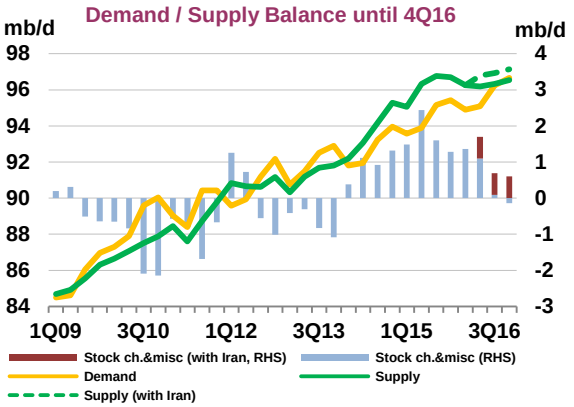
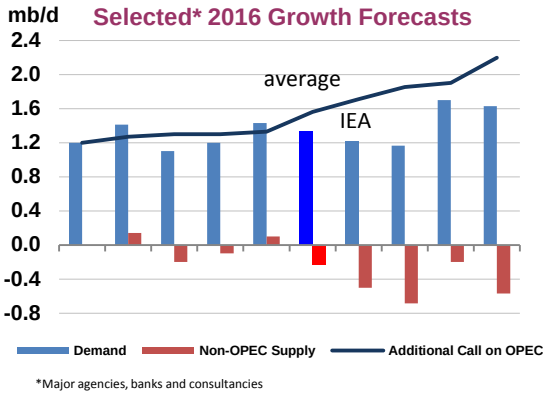
Tipping the balance

Oil at $50/bbl is a powerful driver in rebalancing the global oil market, but the big question is just when will equilibrium be restored. To be sure, the world is using more oil and high-cost supply – primarily non-OPEC - is being forced out. But a projected marked slowdown in demand growth next year and the anticipated arrival of additional Iranian barrels – should international sanctions be eased – are likely to keep the market oversupplied through 2016.





For now, lower oil prices are supporting strong demand growth. The world's top consumers, the US and China, are buying more oil - boosting growth this year to a five-year high of 1.8 mb/d, a leap on paltry gains of 0.5 mb/d in 2Q14 when oil was in triple digits. But the outlook for oil demand growth is looking softer next year. The International Monetary Fund, in its latest *World Economic Outlook*, cut 0.2 percentage points from 2015 and 2016 economic growth, with big markdowns in oil-dependent economies, such as Canada, Brazil, Venezuela, Russia and Saudi Arabia. The stimulus from lower oil prices is also expected to fade next year with oil demand growth set to slow by 0.6 mb/d to 1.2 mb/d.

The previously relentless growth in non-OPEC supply is also shrinking fast. Although Brazil and Russia pumped at record rates in August and September respectively – pushing non-OPEC output nearly 0.7 mb/d above a year ago - that is down from gains of 2.7 mb/d in December 2014. Supply in the US – which had been the motor of growth - is already sinking swiftly: year-on-year gains have eased to just 0.3 mb/d from 1.6 mb/d during the first quarter. Total non-OPEC output next year is expected to contract by nearly 0.5 mb/d as global upstream spending cuts of more than 20% impact both new projects and existing production. A remarkable decline in costly infill drilling, required to stem declines at producing fields, is already evident with rates in some areas dropping by more than 50% so far this year - nearly double that seen in previous downturns.

Even low-cost OPEC producers are tightening their belts. Spending curbs and a severe financial crisis are limiting supply growth in the near term in Iraq, which now ranks as the world's fastest source of additional supply. Production from neighbouring Iran could be on the rise once it is released from international sanctions and ramps up towards 3.6 mb/d from 2.9 mb/d currently. How quickly Iran can bring those extra barrels to the market will make a big difference to 2016 dynamics.

Rising geopolitical tension, such as Russia's military intervention in Syria, is back in the frame, even if the present global oversupply is tempering the market's reaction. These moving pieces are creating uncertainty. Estimates of 2016 demand growth from a selection of leading forecasters swing by 0.6 mb/d, non-OPEC supply by 0.8 mb/d and the resulting "call on OPEC" by a hefty 1.0 mb/d. Some of this uncertainty may start to clear next year although, considering Iran, the market may be off balance for a while longer.

DEMAND

Summary

- **The demand outlook for 2016 is likely to return to long-term trend,** as recent downgrades to the macroeconomic outlook and expectations that crude oil prices will not see repeats of the heavy losses of 2015 filter through. Global demand growth is expected to slow from its five-year high, of 1.8 mb/d in 2015, to 1.2 mb/d in 2016.

- **Global growth peaked at 1.9 mb/d in 2Q15,** on a year-on-year (y-o-y) basis, supported by a near halving in the underlying crude oil price, recuperating OECD macroeconomic conditions and resilient transport fuel demand in China and the US. This year's upturn is all the more surprising as nearly a third of the growth comes from the OECD – a stark contrast to the region's previously declining trend.

- Approximately 0.4 mb/d of global 2015 demand growth is attributable to rapidly expanding **US oil deliveries, with sharply escalating gasoline the key driver.** Recent data depicts a 0.4 mb/d y-o-y 3Q15 expansion in US gasoline alone, dominating the total 3Q15 US gain of 0.5 mb/d y-o-y.

- **Surprisingly resilient Chinese oil demand data have come in**; our preliminary August estimate posted a near double-digit percentage point gain in y-o-y terms despite the otherwise ailing macroeconomic backdrop. Gasoline escalates sharply despite reports of falling car sales, as even these lower numbers support an expanding vehicle pool.

Global Oil Demand (2014-2016)

(million barrels per day)

	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Africa	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.2	4.1	4.3	4.2	4.1	4.3	4.2
Americas	30.5	30.5	31.3	31.5	31.0	30.9	30.9	31.8	31.7	31.3	31.2	31.1	31.7	31.9	31.5
Asia/Pacific	31.3	30.4	30.0	31.5	30.8	32.1	31.5	31.1	32.3	31.8	32.8	32.2	32.0	33.0	32.5
Europe	13.6	14.0	14.5	14.1	14.1	14.1	14.2	14.6	14.3	14.3	14.1	14.3	14.6	14.3	14.3
FSU	4.6	4.9	5.1	5.0	4.9	4.6	4.9	5.0	4.9	4.9	4.7	4.8	5.0	4.9	4.8
Middle East	7.8	8.2	8.5	7.9	8.1	7.7	8.3	8.6	8.0	8.2	7.9	8.4	8.8	8.2	8.4
World	**91.8**	**91.9**	**93.2**	**94.0**	**92.7**	**93.6**	**93.9**	**95.2**	**95.4**	**94.5**	**94.9**	**95.1**	**96.2**	**96.7**	**95.7**
Annual Chg (%)	1.2	0.5	0.8	1.2	0.9	1.9	2.1	2.1	1.5	1.9	1.4	1.3	1.1	1.3	1.3
Annual Chg (mb/d)	1.1	0.5	0.7	1.1	0.8	1.8	1.9	1.9	1.5	1.8	1.3	1.2	1.1	1.2	1.2
Changes from last OMR (mb/d)	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.2	0.0	0.1	-0.1	0.0	0.0	-0.1	-0.1

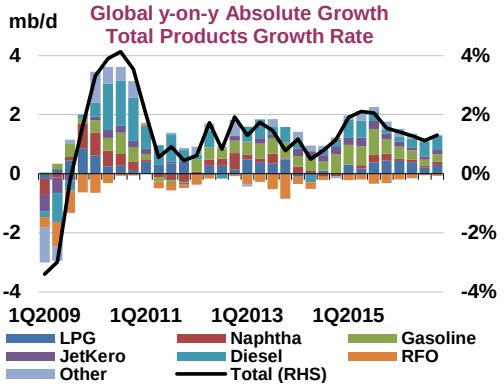
Global Overview

The demand outlook for 2016 looks markedly softer as downgrades to the macroeconomic outlook (see *More Pessimistic Economic Outlook Curbs Oil Demand Forecast*) and expectations that crude oil prices will not repeat the heavy declines seen in 2015, filter through. At an estimated 1.2 mb/d in 2016, global demand growth returns to its long-term trend, taking projected average demand up to 95.7 mb/d. The anticipated slowdown is in sharp contrast to surprisingly strong consumption this year that has been revised up to an estimated 94.5 mb/d – for growth of 1.8 mb/d (or 1.9%). Recent strength in global demand continued unabated into 3Q15, led by strong gains in US, Chinese and European deliveries. Up by around 1.9 mb/d y-o-y in 2Q15 and 3Q15, global growth attained its highest pace since 4Q10.

The much maligned Chinese economy is having little, if any, apparent negative impact upon Chinese oil demand growth, which at an estimated 0.6 mb/d in 3Q15 accounts for roughly one-out-of-every-three-extra barrels of oil delivered globally. Strong gains in Chinese gasoline and LPG (including ethane) led the way, as additional propane dehydrogenation plants required extra LPG deliveries while dips in new car sales failed to dent the sharp gains in the total size of the Chinese vehicle fleet.

Adding around 0.5 mb/d in both 2Q15 and 3Q15, US y-o-y growth estimates follow not far behind China's recent exuberance, also supported by rapid gains in gasoline and LPG. US gasoline demand rose by an estimated 0.4 mb/d in 3Q15, as sharp gains in vehicle usage coincide with a price-driven swing towards less fuel-efficient vehicle choices.

With an extra 0.2 mb/d y-o-y then added in Europe in 3Q15, preliminary estimates of European oil demand growth remain lifted by the severity of the economic slowdown that engulfed the economies of the region in 2014. Economic activity in the Euro Zone area, for example, has steadily built since 2Q14, according to Eurostat, which reported y-o-y growth of 0.8% in 2Q14, momentum that built each successive quarter through to 2Q15 (+1.5%). Lower crude oil prices also played a role, down by around one-fifth in domestic currency terms in 3Q15, compared to the year earlier.



Globally gasoline has dominated recent growth, accounting for just shy of one-in-every-two extra barrels delivered in 3Q15. The world's two largest consumers account for roughly two-thirds of this extra gasoline, with China 25% and the US 42% of global 3Q15 gasoline demand growth. Other product categories of notable recent strength include LPG and naphtha. LPG benefited from heightened petrochemical demand in China and the US; naphtha reaccelerated as recent price swings, versus LPG, encouraged additional petrochemical usage, particularly in Asia.

More Pessimistic Economic Outlook Curbs Oil Demand Forecast

With the International Monetary Fund (IMF) revising down estimates of global economic growth by about one-fifth of a percentage point for 2015-16, projections for commodity demand logically require some trimming. Not only did the IMF, in its October *World Economic Outlook*, revise its forecasts – it also alluded to the possibility that "long-run potential output growth may have fallen broadly … (as) slow expected potential growth itself dampens aggregate demand, further limiting investment, in a vicious circle." Having previously cited global demand growth at approximately 1.4 mb/d in 2016, weaker macroeconomic activity sees an associated reduction in the demand forecast to 1.2 mb/d.

Economic Outlook, 2016
IMF projections

% change	Jul-15	Oct-15
WORLD	**3.8**	**3.6**
US	3.0	2.8
Germany	1.7	1.6
France	1.5	1.5
Italy	1.2	1.3
Spain	2.5	2.5
UK	2.2	2.2
Canada	2.1	1.7
Japan	1.2	1.0
China	6.3	6.3
India	7.5	7.5
Brazil	0.7	(1.0)
Russia	0.2	(0.6)
Saudi Arabia	2.4	2.2

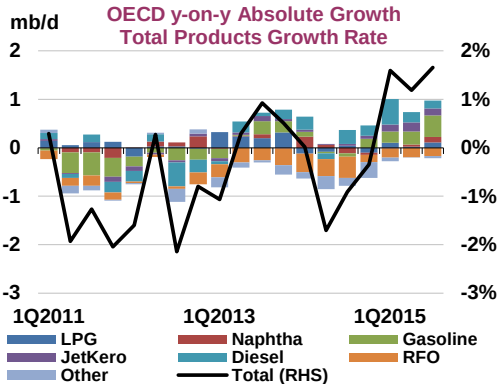
Source: IMF

As with the direction of the revisions in the latest economic numbers, many big commodity-dependent economies, such as Brazil, Venezuela and Saudi Arabia, took the brunt of this month's demand curtailment. Lower commodity prices, with all else held equal, eventually equate to lower public spending and a potential dampening in consumer expenditure in many of these countries, consequently curbing projections of gasoil/diesel and gasoline consumption in particular. The downside revisions are particularly heavy for Venezuela, which the IMF foresees experiencing a "deep recession in 2015 and 2016 (-10% and -6%, respectively), because the oil price decline since mid-2014 has exacerbated domestic macroeconomic imbalances and balance of payment pressures". With Venezuelan unemployment forecast to top 18% in 2016, inflation projected to rise above 200% and the current account balance up at around 2% of economic activity, the economic risks for Venezuela in 2016 are heavily skewed to the downside.

Indeed, globally, additional downside risks surround projections of both economic activity and oil demand in 2016, as the IMF alludes to the "downside risks to the world economy (being) … more pronounced than they did just a few months ago."

OECD

Contributing roughly a third of global oil demand growth in 2015, the dynamics of OECD deliveries have changed dramatically in recent months. Last year the amalgamated OECD metric remained tangled in the midst of a long-running declining trend, as OECD deliveries contracted by 0.3 mb/d amongst a global gain of 0.8 mb/d. As global demand growth accelerated to a five-year high of 1.8 mb/d in 2015, OECD flipped direction, up 0.6 mb/d or a third of global demand growth. Of this near net 1 mb/d about-face, Europe dominated switching from a 0.2 mb/d decline in 2014 to an estimated 0.2 mb/d hike in 2015. For the region as a whole, additional gasoline demand led the OECD revival, accounting for roughly half of forecast 2015 demand growth, followed by gasoil, jet/kerosene, LPG and naphtha, respectively.



Early estimates of 3Q15 OECD demand – based upon official July statistics, preliminary August numbers and forecasts for September – show growth at 0.8 mb/d with absolute y-o-y gains forecast in each of the main demand centres. The OECD Americas leading (+0.5 mb/d) the upside, followed by Europe (+0.2 mb/d) and Asia Oceania (+0.1 mb/d). Momentum likely wanes in 2016, as recent price supports fade, while the positive impact from post-recessionary bounces in many countries ease.

OECD Demand based on Adjusted Preliminary Submissions - August 2015

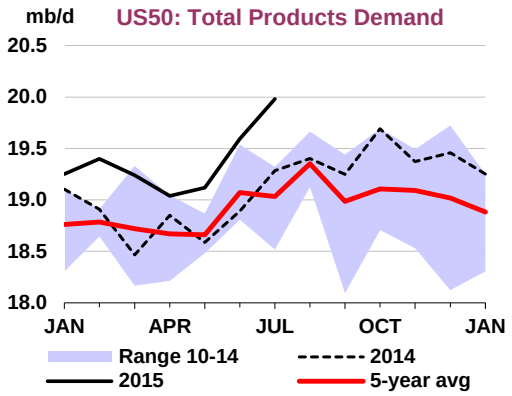
(million barrels per day)

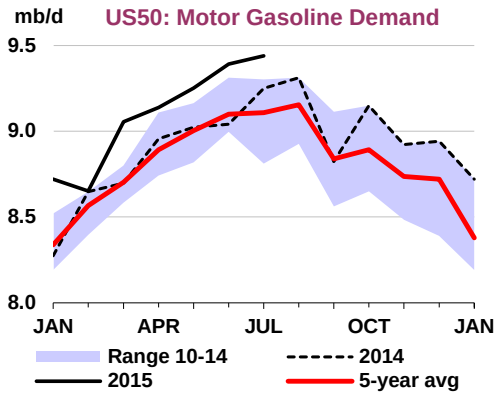
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**11.45**	**3.7**	**1.84**	**2.4**	**4.68**	**1.4**	**0.46**	**-5.1**	**0.48**	**-14.6**	**6.12**	**4.11**	**25.04**	**2.7**
US50	9.71	4.2	1.55	1.9	3.79	0.2	0.11	24.9	0.14	-34.3	4.67	4.45	19.97	3.0
Canada	0.85	-1.5	0.16	5.5	0.32	19.5	0.27	-15.6	0.03	-57.7	0.77	6.33	2.39	0.2
Mexico	0.76	3.3	0.07	8.3	0.35	-3.7	0.06	4.9	0.20	21.5	0.56	-1.30	2.00	2.4
OECD Europe	**1.99**	**0.4**	**1.45**	**3.7**	**4.70**	**4.8**	**1.23**	**2.0**	**0.84**	**-5.6**	**3.46**	**-0.58**	**13.67**	**1.7**
Germany	0.44	0.3	0.20	-6.7	0.78	6.6	0.28	-20.3	0.13	13.1	0.51	-12.23	2.34	-3.8
United Kingdom	0.30	-3.7	0.31	-5.8	0.50	1.3	0.14	13.2	0.02	-40.9	0.26	7.19	1.53	-0.2
France	0.17	-0.6	0.18	4.7	0.65	1.4	0.25	14.2	0.04	-25.9	0.36	-3.00	1.65	1.4
Italy	0.20	1.2	0.12	0.3	0.47	1.0	0.06	173.7	0.08	30.0	0.34	5.80	1.26	6.8
Spain	0.12	4.0	0.14	-3.4	0.45	7.9	0.13	19.2	0.15	-6.1	0.23	1.13	1.21	4.0
OECD Asia & Oceania	**1.71**	**2.0**	**0.69**	**7.2**	**1.29**	**7.3**	**0.45**	**-0.5**	**0.54**	**-2.5**	**3.29**	**1.62**	**7.97**	**2.6**
Japan	1.03	2.1	0.35	11.9	0.39	3.6	0.31	-7.5	0.32	-7.3	1.62	3.30	4.03	1.8
Korea	0.23	2.9	0.15	2.7	0.38	15.6	0.11	23.7	0.18	7.1	1.41	0.07	2.47	4.0
Australia	0.33	0.3	0.13	1.3	0.43	6.1	0.00	51.3	0.02	2.6	0.17	-4.39	1.08	1.9
OECD Total	**15.15**	**3.1**	**3.98**	**3.7**	**10.68**	**3.5**	**2.14**	**-0.1**	**1.86**	**-7.3**	**12.87**	**2.17**	**46.68**	**2.4**

* Including US territories

Americas

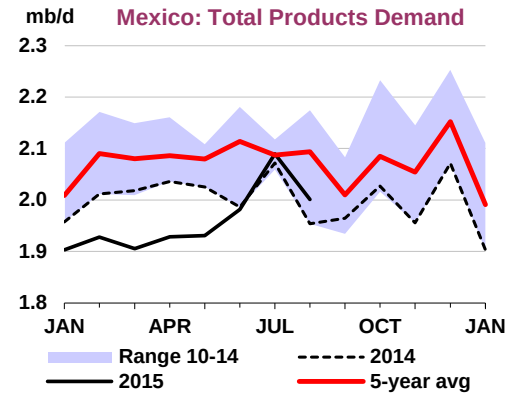
Escalating by approximately 2.7% (or 0.6 mb/d) in August on the year earlier, preliminary estimates of oil deliveries across the OECD Americas show the region marginally leading the overall OECD. Strong gains in gasoline (+0.4 mb/d) and LPG (+0.1 mb/d) dominated upside momentum; gains that were particularly attributable to rapidly expanding **US** demand in these categories. Although lower prices have played a key role underpinning the recent gasoline demand strength, as US pump prices fell by one-third in August versus the year earlier, strong underlying economic activity has also been a major support. Annualised quarter-on-quarter economic growth of 3.9% in 2Q15 came in just shy of its one-year high, according to US Bureau of Economic Analysis data, or 2.7% up on a y-o-y basis.

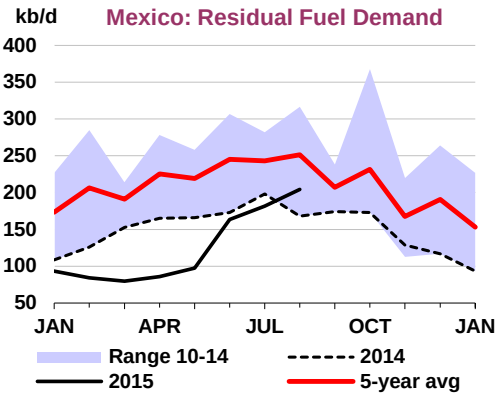




Official monthly data depicted total deliveries across the 50 states of the US at 20.0 mb/d in July, the first time such a threshold has been broken in seven-and-a-half years. Of the 0.7 mb/d overall y-o-y gain, approximately 0.2 mb/d was attributable to additional gasoline demand, 0.2 mb/d LPG, the remainder further jet/kerosene, residual fuel oil and 'other products'. Gasoline deliveries themselves surged to an eight-year high of 9.4 mb/d in July, or 2% up on the year earlier, as total US vehicle miles travelled rose by 4.2% y-o-y in July, according to the latest data from the US Department of Transport's Federal Highway Administration.

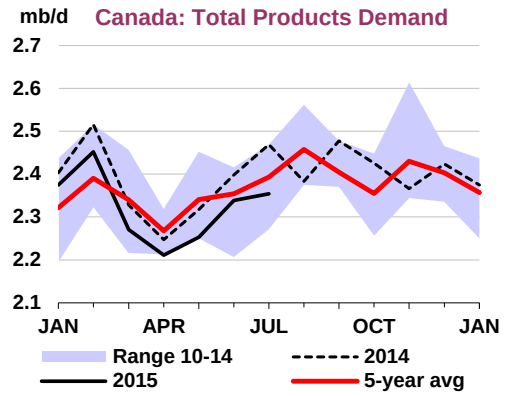
Preliminary estimates of August demand, based on weekly data from the US Department of Energy's Energy Information Administration, carry a continuation of the near 3% y-o-y growth recent experience, as estimated deliveries essentially maintain July's 20.0 mb/d average through August. For the year as a whole, deliveries are expected to average 19.5 mb/d, approximately 0.4 mb/d (or 2.2%) up on the year. US demand momentum is forecast to then ease back to around 0.1 mb/d in 2016, as deliveries average 19.7 mb/d, with a lot of the previous lower-price driven exuberance falling out of current market thinking. The current futures price strip showing crude oil prices edging higher in 2016.

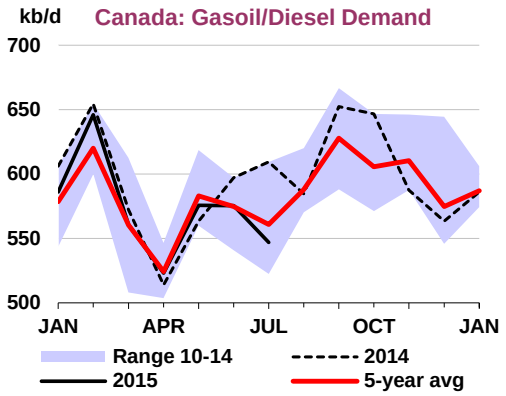




At exactly 2 mb/d in August, the latest official data for **Mexico** shows its strongest y-o-y gain in two years, with approximately 45 kb/d (or 2.4%) of additional deliveries added compared to the year earlier. Sharp increases in residual fuel oil and gasoline led August's upside, respectively adding 35 kb/d and 25 kb/d over the year. Residual fuel oil deliveries in August posted their first y-o-y gain in nine months, as compensatory power use rose in response to declines elsewhere; the Mexican Secretaria de Energia reported power sector coal use down 8.1% y-o-y in August.

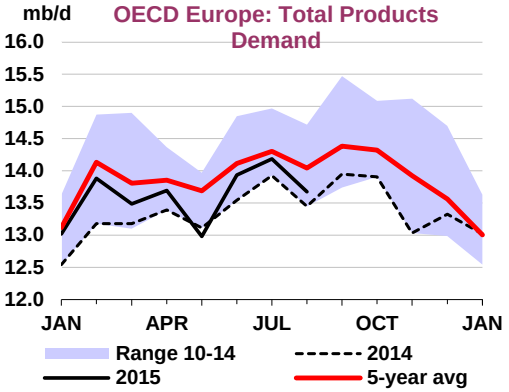
Down for a seventh consecutive month in July, **Canadian** oil product demand continues to fall compared to the year earlier. Total deliveries averaged 2.3 mb/d in the first seven months of 2015, 2.5% below the comparable period in 2014, as recent price-driven pullbacks in Canadian oil extraction activity dampened industrial oil use. For the year as a whole, deliveries are expected to average 2.3 mb/d, equivalent to a drop of 2.1% on the year earlier, before a further decline of around 1.4% sets stock in 2016.

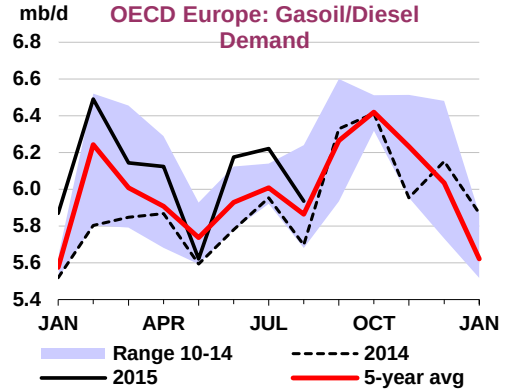




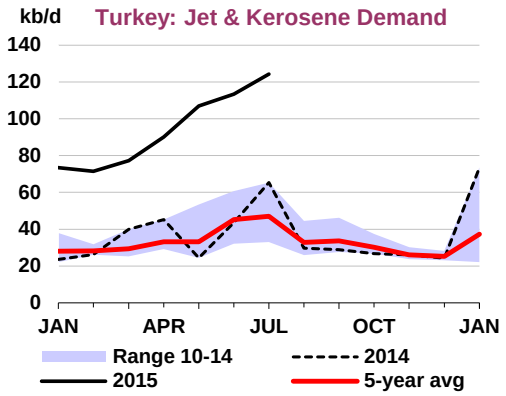
Europe

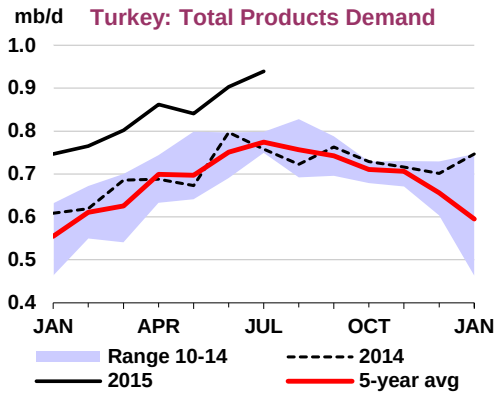
Playing a key role in the OECD turn-around, since mid-2014, recent data has shown that the moderating European demand trend that we forecast in previous editions of this *Report* has indeed occurred. Up by approximately 0.5 mb/d in 1Q15, on a y-o-y basis, having fallen by 0.5 mb/d as recently as 2Q14, European demand growth edged down to 185 kb/d in 2Q15 and is forecast to ease further to 170 kb/d in 3Q15 and 150 kb/d in 4Q15. The key contributor being the y-o-y experiences of European gasoil/diesel, itself a consequence of both the unusually cold winter weather conditions endured in 1Q15 and the added impetus provided from the post-recessionary economic bounces experienced in many economies in the region. Gasoil demand contracting by 275 kb/d y-o-y in 2Q14, before surging to 435 kb/d y-o-y addition in 1Q15, then easing to 225 kb/d in 2Q15, 155 kb/d in 3Q15 and 90 kb/d in 4Q15.





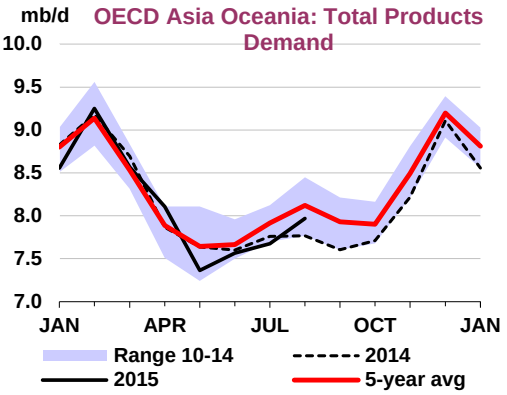
The recent resurgence in **Turkish** jet/kerosene deliveries continued into July, rising to an all-time high of 125 kb/d, as airline activity thrives supported by the recent macroeconomic acceleration. We note, however, that the extremities of the apparent growth (+60 kb/d) have likely been magnified by the use of a new data collection methodology, whereby large quantities of international aviation deliveries were previously misreported as exports. We are still waiting for official revisions to the historical series using this method, hence pre-2015 jet fuel data may be revised. The International Air Transport Association reported for July a 16% y-o-y increase in Turkish airlines available seat kilometres, i.e. the sum of the products obtained by multiplying the number of passenger seats available for sale on each flight by the stage distance, as well as 28% y-o-y growth in freight tonne kilometres. The Turkish Statistical Institute cited economic growth of 3.8% y-o-y in 2Q15, the strongest pace of growth in more than a year. Netting around 940 kb/d in total in July, total Turkish oil product demand rose by approximately 180 kb/d on the year earlier and is forecast to average 840 kb/d in 2015 as a whole, 135 kb/d up on the year earlier.

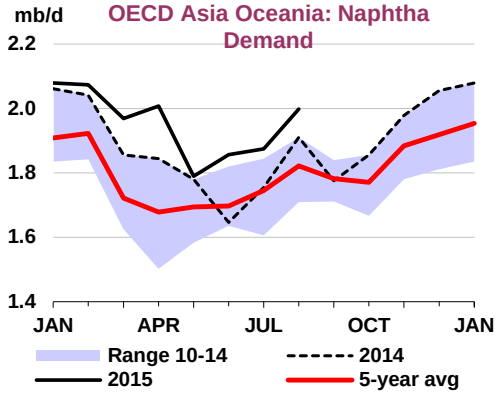




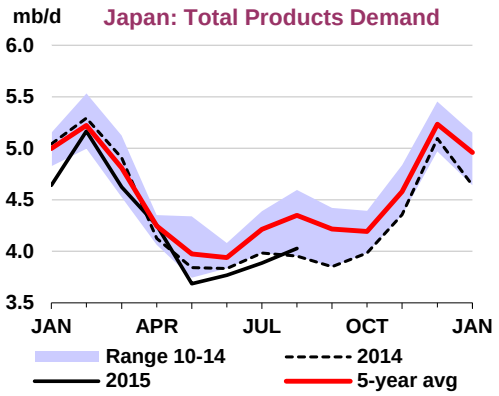
Asia Oceania

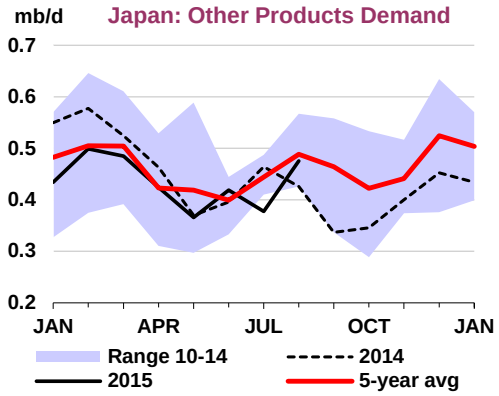
Rising on a y-o-y basis in 3Q15, after five consecutive quarters of declines, projected deliveries in OECD Asia Oceania eked out a gain of around 105 kb/d (or 1.4%). Naphtha dominated the 3Q15 upside, most notably additional Japanese and Korean demand, but there were also strong gains in New Zealand gasoil. Along with these recent product specific gains, one of the key contributing factors to the 3Q15 turn-around in OECD Asia Oceania has been the apparent flipping in **Japanese** 'other product' deliveries, which include the 'direct crude oil burn' in the power sector. Japanese 'other product' demand falling in each of the five quarters 2Q14-2Q15, but rising in 3Q15 as reductions in hydroelectric output required some additional replacement oil to be 'burnt'.





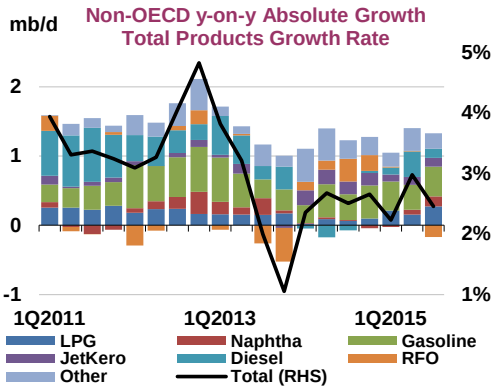
Specifically in August, Japanese 'other product' deliveries totalled 475 kb/d, roughly 50 kb/d up on the year earlier and accounting for roughly two-thirds of total oil product demand growth. Overall, approximately 4.0 mb/d were delivered in August, resulting in Japan's first y-o-y gain in four months. Along with 'other products', strong gains in naphtha, gasoline and jet/kerosene played key supportive roles, as did the relatively muted decline in residual fuel oil (-7.3% compared to previous six month average of -10.8%). Both residual fuel oil and 'other product' demand exceeded their previous trends, as additional power sector oil use compensated for sharp declines in hydroelectric output. Gasoline and jet fuel deliveries, meanwhile, rose by 20 kb/d and 35 kb/d respectively in August, as lower retail prices and gently increasing consumer confidence indicators, such as that published by the Cabinet Office which showed Japanese confidence scaling a near two-year high in August, filter through. Naphtha's increased price competitiveness, versus LPG, triggered a relatively similarly sized switch from increased naphtha demand versus LPG in August, both moving by 45 kb/d on the year earlier. For the year as a whole, Japanese oil deliveries are forecast to average 4.3 mb/d, 2.2% down on the year earlier, before a similarly sized (-2%) takes hold in 2016, as nuclear restarts curb power sector oil use and underlying macroeconomic momentum likely remains muted.





Non-OECD

Early estimates 3Q15 non-OECD demand, at 48.5 mb/d, have been revised up by 45 kb/d compared to last month's *Report*, as both Chinese and Russian demand numbers continue to surprise to the upside. Such revisions marginally (+0.1 mb/d) raise the 3Q15 non-OECD growth forecast, to +1.2 mb/d y-o-y, little changed from the general pace that has set in since mid-2013. The US Federal Reserve's September decision to leave interest rates unchanged supports continued growth at around this recent trend in 3Q15, a forecast that is roughly envisaged to hold through to the end of 2016. Caution, however, surrounds the potential pace of emerging market economic activity if/when the potential unwinding in "over-borrowed" debt unfolds, putting an additional layer of uncertainty on non-OECD demand forecasts in 2016.



Non-OECD: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q15	2Q15	3Q15	2Q15	3Q15	2Q15	3Q15
LPG & Ethane	5,262	5,283	5,407	155	272	3.0	5.3
Naphtha	3,132	3,097	3,215	70	146	2.3	4.8
Motor Gasoline	10,147	10,326	10,375	359	431	3.6	4.3
Jet Fuel & Kerosene	3,052	3,072	3,115	115	126	3.9	4.2
Gas/Diesel Oil	13,901	14,674	14,336	368	133	2.6	0.9
Residual Fuel Oil	5,245	5,345	5,210	9	-168	0.2	-3.1
Other Products	6,365	6,783	6,890	331	222	5.1	3.3
Total Products	**47,104**	**48,580**	**48,548**	**1,405**	**1,163**	**3.0**	**2.5**

China

The latest Chinese demand data held up strongly versus the year earlier, particularly considering the country's well document macroeconomic woes, as robust gains in gasoline, jet/kerosene and LPG supported double-digit percentage point y-o-y growth once again in August. This preliminary estimate of August apparent demand, at 11.3 mb/d, carries a growth rate nearly five times higher than that experienced during the Great Recession, when the Chinese economy itself was still growing by close to double-digits. The degree to which financial markets have been spooked by the Chinese economic slowdown became increasingly apparent in September, as the US Federal Reserve's eagerly anticipated interest rate announcement became surprisingly focussed on China. US Federal Reserve Chairwoman Janet Yellen unusually took to highlighting potential problems outside of the US, specifically flagging up that there "might be a risk of a more abrupt slowdown (in the Chinese economy as) … developments we

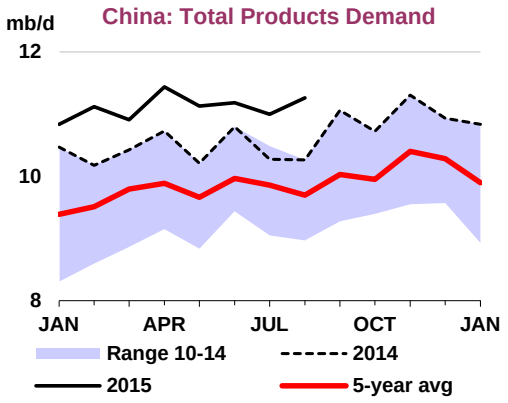
saw in financial markets in August reflected concerns of downside risk to Chinese economic performance." Although the latest estimates of Chinese economic growth depict a modest slowdown, to +7% y-o-y in 2Q15, alternative ad-hoc measures, such as electricity production, paint a more pessimistic picture, rising only modestly (+1% y-o-y) in August.

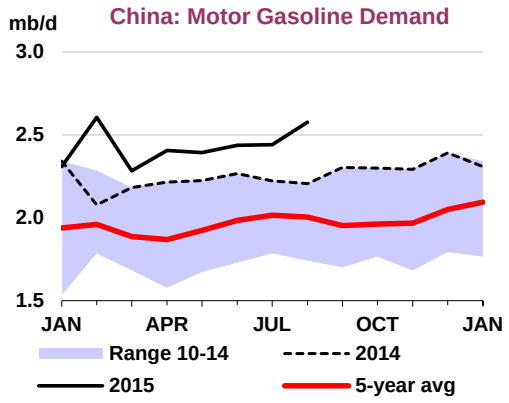
China: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	883	1,091	1,180	208	89	23.6	8.1
Naphtha	1,171	1,173	1,205	2	32	0.2	2.7
Motor Gasoline	2,254	2,418	2,528	164	110	7.3	4.5
Jet Fuel & Kerosene	540	616	661	75	45	14.0	7.3
Gas/Diesel Oil	3,384	3,365	3,374	-19	10	-0.6	0.3
Residual Fuel Oil	318	254	218	-64	-36	-20.1	-14.3
Other Products	2,065	2,215	2,284	151	69	7.3	3.1
Total Products	**10,614**	**11,132**	**11,450**	**518**	**317**	**4.9**	**2.9**

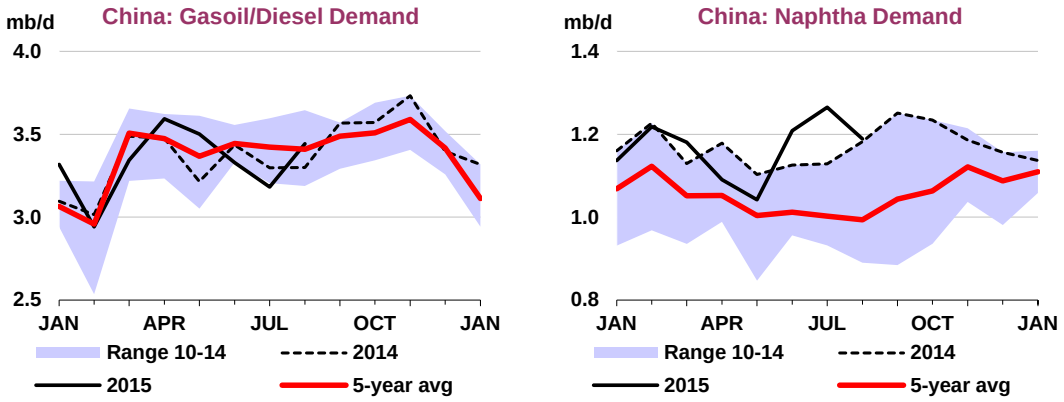
Transportation fuel demand remains strong in the face of mounting economic headwinds, with preliminary estimates of both gasoline and jet fuel up sharply in August, in y-o-y terms. Estimated gasoline deliveries rose by 0.4 mb/d on the year earlier, a strong gain counter to recent reports of falling new car sales. The China Association of Automobile Manufacturers reported new car sales of 1.4 million vehicles in August, 3.4% down on the corresponding month last year, a third consecutive monthly y-o-y decline. Although such declines mute the projected pace of medium-to-long-term transport fuel demand growth, their impact is negligible over the shorter term, as many previous years of rapid vehicle sales growth are likely to underpin continued robust short-term gasoline demand growth in China. Indeed, the first eight months of 2015 saw new car sales total 12.8 million units, still well in excess of the 0.7 million vehicles that we forecast being scrapped over the entirety of 2015. Even with declining Chinese vehicle sales, the total car pool still rises sharply, supporting continued gasoline demand growth 2015-16. Further supporting the short-term demand trend are reports of very strong SUV and MPV sales, respectively rising by 44.5% and 10% in August on a y-o-y basis, and undermining any efficiency gains that would otherwise have been made.





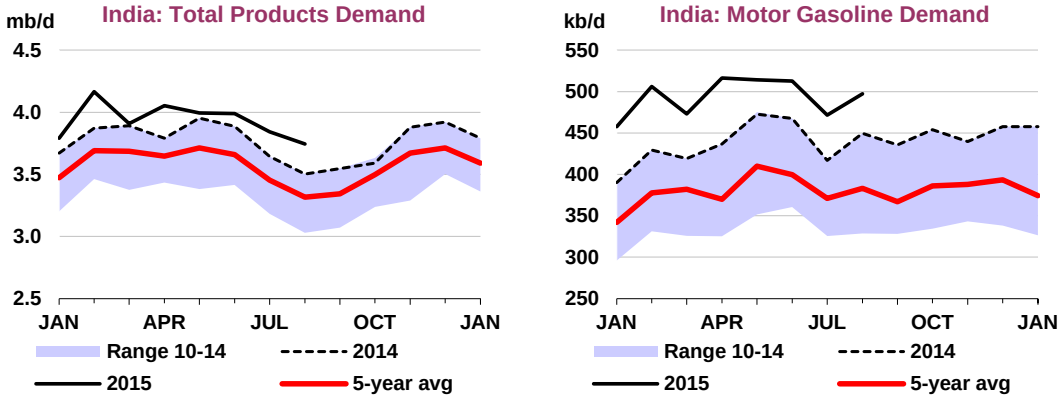
Even previously ailing Chinese gasoil/diesel demand, a direct consequence of the country's recent economic wobbles, posted modest y-o-y growth in August. According to preliminary estimates, Chinese gasoil demand rose once again in August, as the lifted fishing bans and rising industrial activity of around 6.1% on the year earlier, provided muted support. Reports of record gasoil exports curbed diesel's potential upside, with the General Administration of Customs citing Chinese gasoil exports at 722 516 tonnes in August, 33% up on a m-o-m basis and 77% y-o-y. State-owned refineries have applied for more gasoil export quotas this year, as weak domestic demand fails to keep-pat with the volumes

they can produce. The Ministry of Commerce issued export quotas of 28.55 million tonnes in 2015, comprising 8.8 million tonnes gasoil, 6.4 million tonnes gasoline and 13.32 million tonnes jet fuel, late-August.



Recent petrochemical closures, following a number of explosions at facilities, late-July-through-August, ranging from Qingyang Petrochemical company's Gansu plant to Binyuan Chemical's Dongying facility, severely curbed 3Q15 naphtha demand. Weak naphtha deliveries could persist into 4Q15 as the government of Shandong, in eastern China, imposed a temporary ban on trial operations at new petrochemical projects and the government generally forces more strident safety checks on the industry.

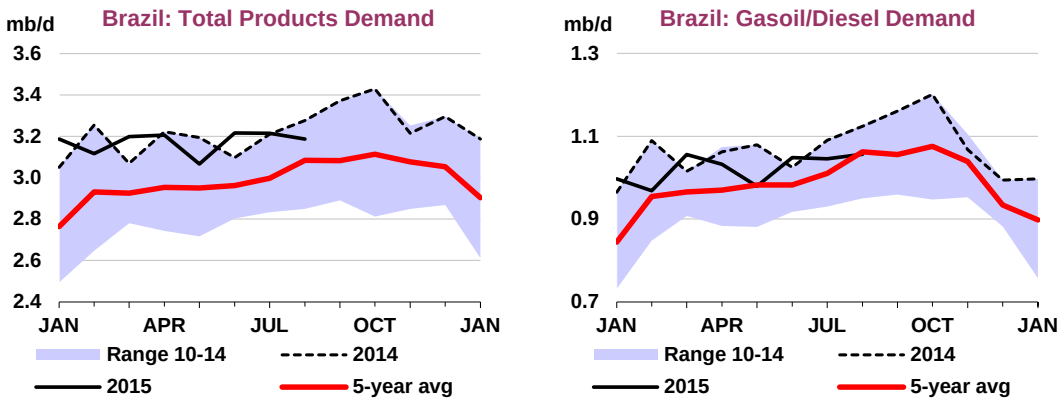
Overall, Chinese oil demand is expected to average close to 11.1 mb/d in 2015, roughly 0.5 mb/d up on the year earlier. Growth then likely eases, to around 0.3 mb/d in 2016, as the exceptionally choppy macroeconomic headwinds, weaker car sales and rising gasoline prices potentially dampens transportation fuel demand. The National Development & Reform Commission (NDRC) announced a mid-September retail price hike for both gasoline and gasoil of 90 yuan per tonne; rises that come in sharp contrast to the six previous adjustments. Most recently, in early-September, prices were lowered, gasoline down by 125 yuan per tonne and gasoil 120 yuan per tonne, the last two Chinese price changes that fed into last month's *Report*.



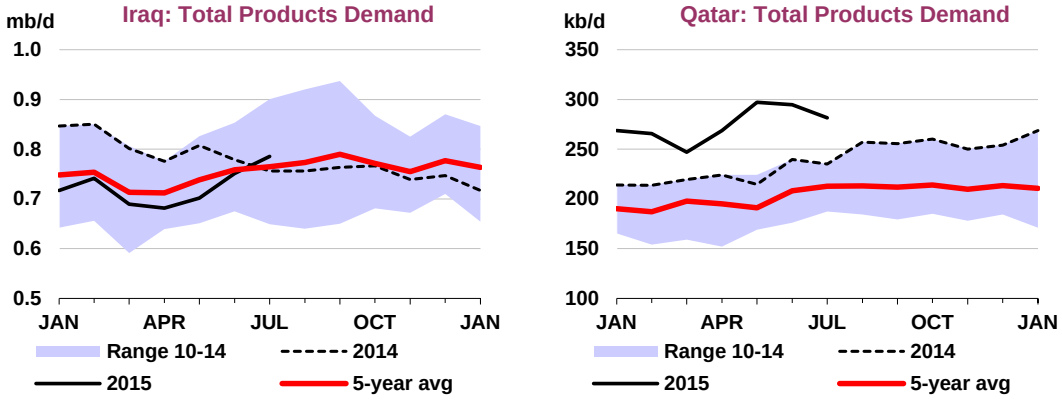
Other Non-OECD

Preliminary August demand numbers for **India**, at 3.7 mb/d, came out 35 kb/d above the forecast cited in last month's *Report*, attributable to strong gains in gasoline, naphtha and LPG. Such strength at the lighter-end of the barrel, coupled with gasoil rising by its fastest clip in four months as heavy mid-year rainfall eased, saw overall Indian demand growth come in at 6.9% y-o-y. Deliveries are forecast to average 3.9 mb/d in 2015, equivalent to a gain of 4.7% on the year, with a modest deceleration then foreseen in 2016, as the stimulus from sharply lower prices in 2015 likely fades in 2016.

Big declines in **Brazilian** gasoil demand pulled down the overall metric, to an estimated 3.2 mb/d in August, 2.7% below the year earlier reading. Both gasoil and fuel oil demand fell heavily consequential on the contracting industrial backdrop, as the Instituto Brasileiro de Geografia e Estatistica's latest industrial output data shows an 8.9% y-o-y slide in July, the 17th consecutive monthly fall. Indeed, diesel imports fell heavily in August, down 95% y-o-y according to the Agencia Nacional do Petroleo, as the economic slowdown means that domestic requirements can increasingly be met by Brazilian products. At an estimated 3.2 mb/d, average Brazilian oil product demand declines by an estimated 0.7% in 2015, a level it is roughly forecast to maintain in 2016.

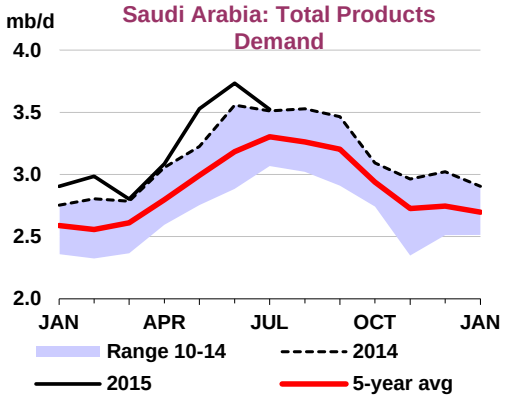


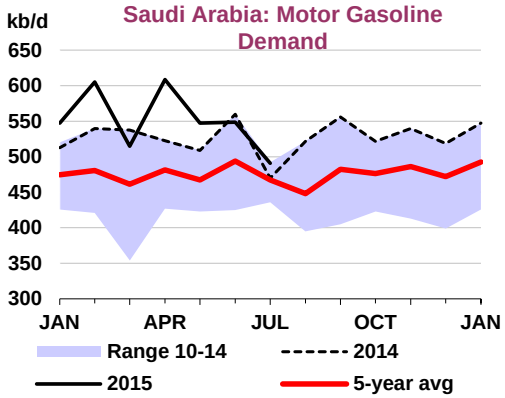
Having endured more than a year of heavily falling (y-o-y) **Iraqi** demand, preliminary July estimates point towards a gain of around 30 kb/d. Warm summer temperatures raised mid-year power demand, while the relative y-o-y statistics were tightened considerably by mid-2014 seeing some of the worst of the recent political troubles. For the year as a whole, an average decline rate of around 40 kb/d (or 5%) is foreseen, before picking up in 2016 as the geopolitical backdrop hopefully improves. The IMF's said in October's *World Economic Outlook* that the Iraqi economy would expand by approximately 7% in 2016, momentum that is forecast to support oil demand growth of around 25 kb/d. The recent strength demonstrated in **Qatari** demand continued into July, as the latest data depicts a 45 kb/d y-o-y gain to 280 kb/d, supported by robust transport demand. For the year as a whole, Qatari oil product demand is expected to average 270 kb/d, 35 kb/d up on the year earlier, with a notable deceleration foreseen in 2016 (+5 kb/d) as recent oil price declines potentially dampened public expenditure growth.



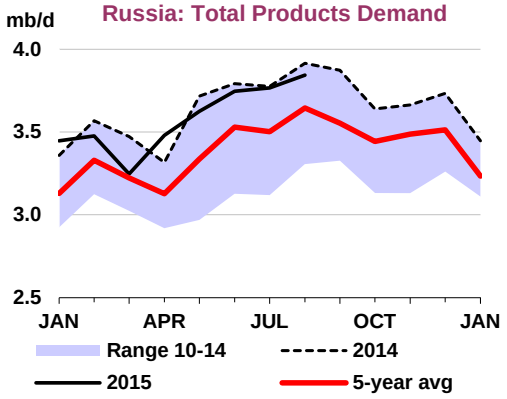
A sharp decline in gasoil/diesel demand took **Saudi Arabian** oil deliveries back down to around 3.5 mb/d in July, their lowest level since April and the weakest y-o-y performance since November 2013. Alongside falling (y-o-y and m-o-m) diesel deliveries, gasoline demand also maintained its traditional mid-year slump, falling by 60 kb/d in July to 490 kb/d, albeit still up in y-o-y terms (+20 kb/d). The key forecast variable is whether the traditional September-gasoline-bounce resurfaces or the prolonged period of lower international crude oil prices proves sufficient to dent consumer confidence enough to keep

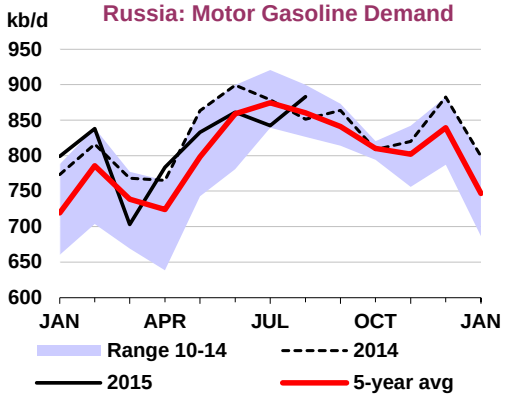
gasoline demand suppressed; current IEA estimates assume a modest September gasoline demand gain of around 25 kb/d in the month, equivalent to roughly two-thirds the previous five year average. For the year as a whole, total deliveries are forecast to average 3.2 mb/d, 85 kb/d (or 2.7%) up on the year, momentum that is then forecast to ease back to around 1.7% in 2016 as the economic backdrop for Saudi Arabia likely becomes even more precarious.





Down by just 70 kb/d (or 1.8%) in August, the latest estimate of **Russian** oil product, at 3.8 mb/d, exceeded our month earlier forecast by 120 kb/d as, despite the economy's recent domestic woes, gasoline demand in particular surprised to the upside in August. Although still beleaguered, the Federal State Statistics Service's consumer confidence index edged higher in 2Q15, to a still net-pessimistic -23, from -32 in 1Q15, while their business confidence index flattened for a fourth consecutive month in August, at a net-pessimistic -6. At 620 kb/d in August, Russian gasoil demand also posted absolute y-o-y growth, as recent currency weaknesses provided some cost-competitiveness stimuli to industry.





Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q15	2Q15	3Q15	2Q15	3Q15	2Q15	3Q15
Africa	4,084	4,067	3,995	75	118	1.9	3.1
Asia	23,342	23,775	23,333	1,090	1,067	4.8	4.8
FSU	4,575	4,870	5,038	13	-99	0.3	-1.9
Latin America	6,708	6,832	6,916	22	-52	0.3	-0.7
Middle East	7,702	8,336	8,563	174	113	2.1	1.3
Non-OECD Europe	693	699	703	31	15	4.6	2.2
Total Products	**47,104**	**48,580**	**48,548**	**1,405**	**1,163**	**3.0**	**2.5**

SUPPLY

Summary

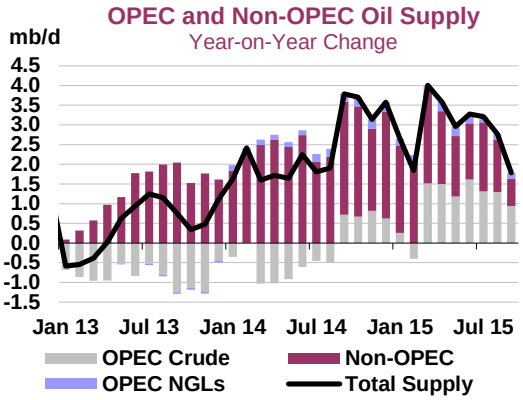
- **Global oil supplies held steady near 96.6 mb/d in September, as lower non-OPEC production was offset by a slight increase in OPEC** crude output. Non-OPEC producers accounted for just under 40% of the 1.8 mb/d annual increase in total oil output.

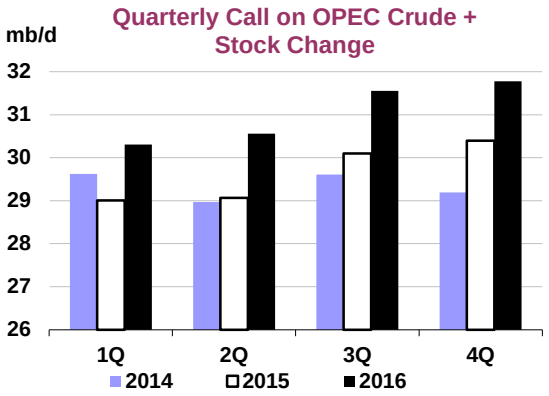
- **OPEC crude oil supply rose by 90 kb/d in September to 31.72 mb/d as Iraqi output climbed to a record and more than offset a dip in Saudi production.** Overall OPEC crude output stood 940 kb/d above a year ago as Iraqi oil fields cranked out 4.3 mb/d in September and Riyadh pumped in excess of 10 mb/d for a seventh month running.

- **A slowdown in forecast demand growth and slightly higher-than-expected non-OPEC supply lowers the 2016 'call on OPEC crude and stock change' by 0.2 mb/d versus our previous *Report* to 31.1 mb/d.** The 'call' in 2H16 rises by 1.3 mb/d from 1H16 to 31.8 mb/d, which is just above the group's current production.

- **Non-OPEC supply growth is disappearing fast.** Although record rates from Brazil and Russia pushed non-OPEC output in September nearly 0.7 mb/d above a year ago, that is down from growth of 2.2 mb/d at the start of the year. Much of the slowdown is in the US, where year-on-year (y-o-y) gains are estimated to have eased to just 0.3 mb/d from 1.6 mb/d in early 2015.

- **Lower oil prices and steep spending curbs are expected to cut nearly 0.5 mb/d from non-OPEC output next year, with the US, Russia and Norway hit hard.** For now, however, record supply from Russia and Brazil and a faster-than-expected rebound in Canada have led to a 150 kb/d upward revision to 2015 and a 110 kb/d lift for 2016 since last month's *Report*. For September, non-OPEC supply fell by 180 kb/d to 58.3 mb/d on lower North American output.

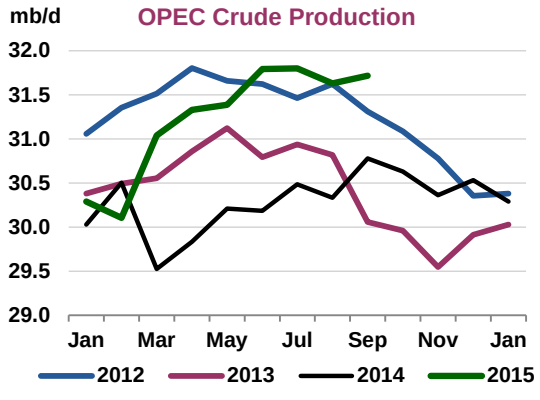


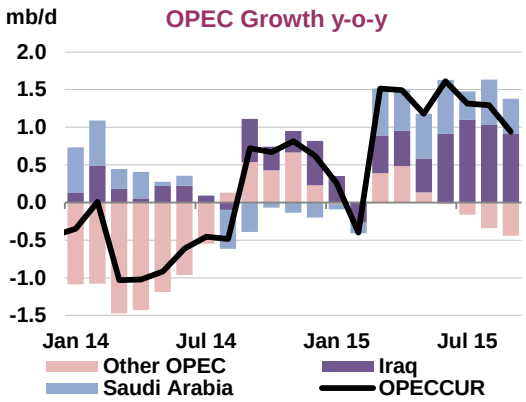


All world oil supply data for September discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary September supply data.

OPEC crude oil supply

A banner month for Iraqi production pushed overall OPEC crude output 90 kb/d higher in September to 31.72 mb/d. Output from Iraq, including the Kurdistan Regional Government (KRG), rose by 130 kb/d to a record 4.30 mb/d as northern exports recovered from disruptions along the country's pipeline to Turkey. But severe budgetary strain and ongoing issues with security and infrastructure are likely to limit supply growth in the near-term for Iraq, now the world's biggest source of additional supply. Flows from top exporter Saudi Arabia dipped in September, but remained near record highs well beyond the 10 mb/d mark.





The continued strong performance from OPEC's two biggest producers – Saudi Arabia and Iraq – left the group's overall output in September running 940 kb/d higher than the previous year. Since March, OPEC has pumped in excess of 31 mb/d - raising its year-to-date average to 31.2 mb/d versus 30.2 mb/d in the first nine months of 2014. The group's official production ceiling is 30 mb/d.

OPEC Crude Production

(million barrels per day)

	Jul 2015 Supply	Aug 2015 Supply	Sep 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Sep 2015 Supply	YTD Average Crude Supply
Algeria	1.11	1.13	1.12	1.14	0.02	1.11
Angola	1.80	1.73	1.77	1.80	0.03	1.76
Ecuador	0.54	0.53	0.53	0.57	0.04	0.54
Iran	2.87	2.87	2.88	3.60	0.72	2.85
Iraq[4]	4.25	4.17	4.30	4.18	-	3.89
Kuwait[2]	2.74	2.80	2.81	2.82	0.01	2.78
Libya	0.39	0.37	0.37	0.50	0.13	0.40
Nigeria	1.77	1.77	1.80	1.87	0.07	1.79
Qatar	0.62	0.65	0.65	0.70	0.05	0.66
Saudi Arabia[2]	10.38	10.28	10.20	12.26	2.06	10.16
UAE	2.91	2.93	2.91	2.94	0.03	2.88
Venezuela[3]	2.42	2.40	2.38	2.49	0.11	2.41
Total OPEC	**31.80**	**31.63**	**31.72**	**34.87**	**3.27**	**31.23**
(excluding Iraq, Nigeria, Libya and Iran)					**2.35**	

1 Capacity levels can be reached within 90 days and sustained for an extended period.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in September.

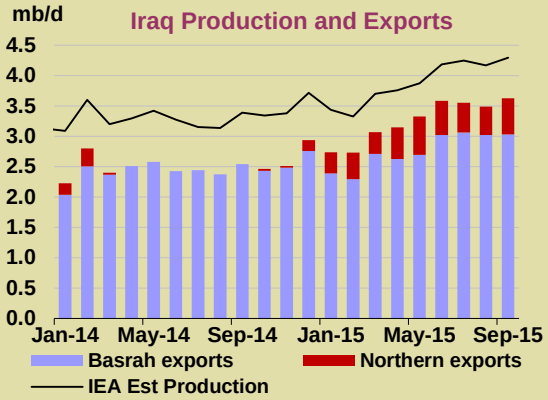
4 Iraq production during September exceeded our assessment of sustainable capacity.

With Riyadh showing little inclination to abandon its policy to defend volume rather than price and Iraq striving to at least sustain its record rates, overall OPEC supply looks set to hover around 31.5 mb/d during the coming months. The group's 'effective' spare capacity stood at 2.35 mb/d in September versus 2.27 mb/d in August, with Saudi Arabia accounting for 88% of the surplus.

The 'call on OPEC crude and stock change' for 2015 and 2016 has been revised down by 0.1 mb/d and 0.2 mb/d, respectively, since last month's *Report* due to an anticipated slowdown in demand growth and projections of slightly higher non-OPEC supply. The forecast 'call' in 2016 is estimated at 31.1 mb/d, up 1.4 mb/d y-o-y. The 'call' in 2H16 is expected to rise by 1.3 mb/d from 1H16 to reach 31.8 mb/d – just above the group's current production.

Iraq, Iran in market focus

Iraq and Iran are critical low-cost OPEC producers when it comes to determining how the global oil market balance evolves in 2016. Iraq is currently the world's fastest source of supply growth: average output of 4.2 mb/d during 3Q15 was 1 mb/d above a year ago. But oil's collapse and Iraq's severe financial crisis have forced the government to curb spending, hence output next year is likely to remain broadly flat versus 3Q15 levels. Iran, on the other hand, could see upside potential of some 600 kb/d - provided international sanctions are eased.



OPEC's second biggest producer Iraq has indeed performed better than many had anticipated despite its obvious security, infrastructure and institutional challenges. Output in September surged to a record 4.3 mb/d, after exports from the north of the country recovered from pipeline sabotage the previous month.

But there are clear signs of strain. The ongoing, costly battle with the Islamic State of Iraq and the Levant, whose fighters still control large tracts of the country since their incursion in June 2014, has been a drain on the Iraqi treasury - forcing the oil ministry to call time out on investment in new capacity and vital infrastructure projects. The semi-autonomous Kurdistan Regional Government (KRG) is also hard put to pay companies tapping the oil fields of northern Iraq, which is crimping investment. As a result, it may prove a challenge for Iraq to sustain output in the order of 4.3 mb/d. Expectations are for modest annual growth next year of 200 kb/d to 300 kb/d from output this year that is on track to average around 4.0 mb/d.

Tehran meanwhile intends to start ramping up its crude oil production and exports in early 2016, should sanctions be eased, and we estimate that crude oil output capacity of up to 3.6 mb/d could be brought on within six months. Iran also had 40 mb of oil, of which 60% was condensates, in floating storage at the end of September.

How quickly Iran's oil is available to the market will make a big difference to our 2016 market dynamics; if an additional 0.6 mb/d of oil was brought to the market over 2016, an assumed stock build of 0.6 mb/d would increase to 1.1 mb/d. Just looking at 2H16, market equilibrium would tilt into a renewed stock build.

Much of this anticipated increase from Iran – at least 400 kb/d – is already committed to buyers, according to Iranian oil industry sources. Some former customers in the Mediterranean would prefer to use Iranian crude as their baseload feedstock once sanctions are lifted and South Africa, Greece, Turkey and South Korea have reportedly shown interest. The additional Iranian barrels may end up replacing similar sour quality crudes from Saudi Arabia, Iraq or Russia – though much will depend on the pricing of Iranian crude.

For now, however, Tehran's production is hovering around 2.9 mb/d. It was pumping around 3.6 mb/ d in 2011 before the US and European Union imposed tighter financial restrictions. As for international oil sales - crude oil exports so far this year have been running at roughly 1.15 mb/d, down from around 2.2 mb/ d at the start of 2012 before sanctions were tightened.

Iran is meanwhile due to introduce its new upstream contract and 50 projects at a Tehran conference that is scheduled to take place on 21-22 November and in London on 22-24 February. Multinationals such as Royal Dutch Shell, BP, Total and Eni have been talking to Iran about possible post-sanctions upstream involvement.

The threat of snap-back sanctions should Tehran fail to honour its commitment under the terms of the Joint Comprehensive Plan of Action (JCPOA) may dampen the appetites of foreign investors and much will depend on contractual terms that Iran's oil ministry is fine tuning in preparation for sanctions relief.

Iranian Oil Minister Bijan Zanganeh has said Tehran will increase output immediately to regain the ground it has lost since rigorous financial measures were imposed in mid-2012. But Iraq has made impressive strides during this time – vaulting past its neighbour to become OPEC's second biggest producer after Saudi Arabia.

It is now exporting three times as much as Iran, with oil sales breaching 3.6 mb/d during September.

Iraq, Iran in market focus (continued)

But it may prove a challenge for Iraq to sustain such lofty export rates due to its financial difficulties. Oil's decline to $50/bbl from a June 2014 peak above $115/bbl has forced Baghdad to renegotiate service contracts with international oil companies. And with a major investment opening in Iran on the horizon, Iraq will be under pressure to ensure its contract terms are competitive.

Estimated oil development and production costs

Country or region	Type of project	Scale (mb/d)	Capital cost per barrel per day of capacity ($ thousand)	Operating costs ($/bbl)
Iran	Onshore expansion	0.25	12-17	3-5
Iran	Onshore giant	0.15	20-31	5-7
Brazil	Deepwater pre-salt	0.50	38-65	12-16
Canada	Canadian oil sands with upgrading	0.25	95-114	25-30
Iraq	Onshore super-giant	1.00	9-14	2-5
Kazakhstan	North Caspian offshore	0.25	67-76	15-20
Saudi Arabia	Onshore generic expansion	0.50	9-14	2-5
United States	Light tight oil	0.25	59-90	8
West Africa	Deepwater	0.25	60-75	18-25

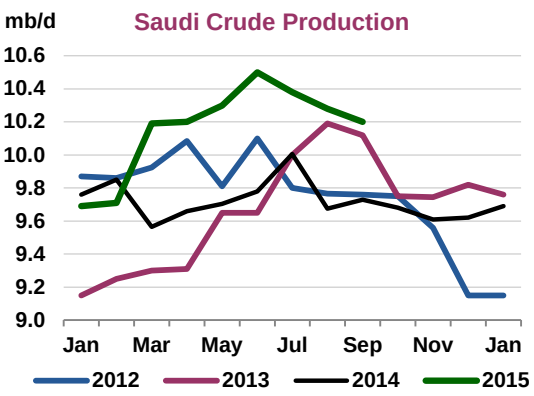
Source: World Energy Outlook analysis

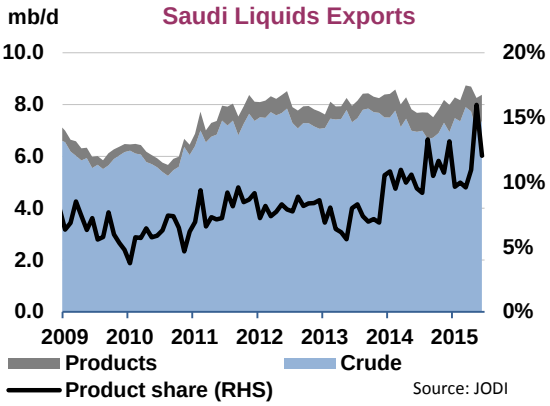
Note: Capital cost is per barrel per day of plateau rate production capacity (or maximum production in the case of LTO). Operating costs include all expenses incurred by the operator in day-to-day production operations, but not taxes or royalties or payments that might be due to the operator such as remuneration fees. The figures are for selected projects for which data were available, but are not representative of all projects of similar types or scale in the countries concerned.

To lure the international oil companies, Tehran has worked up a vastly improved version of its former buy-back investment contract that it believes is better than Iraq's. Foreign oil companies at work in Iraqi oilfields have often grumbled about slim margins, payment issues, contract delays and red tape. But they are unlikely to abandon Iraq in favour of Iran after building up their local operations and investing billions. Regardless, both countries offer low-cost oil fields that look more attractive to external investors in a low-price environment.

Production in **Saudi Arabia** dropped by 80 kb/d in September due to slightly lower exports and domestic consumption, but – at 10.2 mb/d - remained near record rates. September marked the seventh consecutive month of Riyadh pumping in excess of 10 mb/d and the Kingdom shows no sign of abandoning its policy to defend market share rather than supporting prices. Saudi Oil Minister Ali al Naimi said in an early October interview with India's Economic Times newspaper that "eventually, economic producers will continue to prevail". The influential Saudi oil minister convinced OPEC last November to maintain its official 30 mb/d output ceiling despite oil's collapse – arguing that to reduce output would only hand more market share to non-OPEC producers.

More than half of the Kingdom's crude oil sales are destined for Asia, where the battle for market share is at its most pitched. In early October, Saudi Aramco cut its official selling price for crude loading in November for customers in the region. The latest figures submitted to the Joint Organisations Data Initiative (JODI) show Saudi crude exports running at around 7.4 mb/d from January through July compared to about 7.3 mb/d during the same period in 2014. Total Saudi oil exports, excluding condensates and NGLs, averaged around 8.4 mb/d during the first seven months of the year versus 8.1 mb/d during the same period in 2014.





Output from Saudi's core Gulf neighbours was steady month-on-month (m-o-m). **Qatari** supply held at 650 kb/d. **Kuwaiti** production inched up to 2.81 mb/d and the country has vowed to keep spending on major upstream projects despite oil's collapse. The message was much the same from the **UAE**, which continues to invest in order to expand production to an official capacity target of 3.5 mb/d by 2017. Output in September dipped to 2.91 mb/d, but remained near record rates.

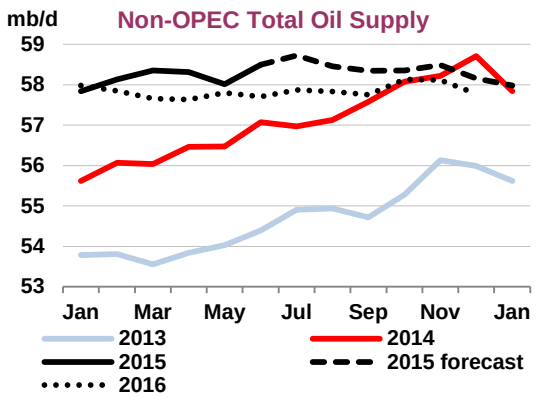
Output from West African producers picked up by 70 kb/d in September. **Angolan** supply climbed to 1.77 mb/d – a 40 kb/d m-o-m rise – after scheduled maintenance work was completed. Output in **Nigeria** bumped up to 1.8 mb/d. Royal Dutch Shell in early October launched production at the Bonga Phase 3 project, which is an expansion of the main deepwater Bonga field. The oil and gas from Bonga Phase 3 – with peak output of 50 kb/d – will be routed via an existing pipeline to the Bonga floating production storage and offloading facility, which has the ability to pump more than 200 kb/d of oil.

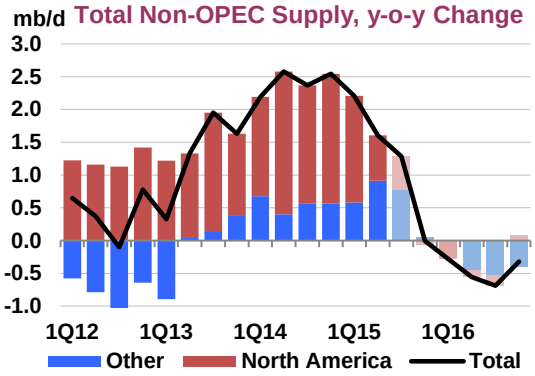
In North Africa, **Algerian** output ran a touch lower m-o-m at 1.12 mb/d. Seeking to slow a steady decline in production, Algiers is reportedly poised to award a contract to start a new development at its biggest oil field, Hassi Messaoud. **Libyan** flows held steady at 370 kb/d during September. The country's eastern oil fields run by state Arabian Gulf Oil Co (Agoco) are providing the bulk of the supply. The core fields of El Feel and El Sharara in the southwest, which together could produce up to 480 kb/d, have been closed since December due to a strike by oil security guards and pipeline blockades. Militants in early October meanwhile targeted the eastern port of Es Sider, which has been under force majeure since early December due to fighting between armed factions linked to the country's two rival governments. The prolonged battle between the officially recognised government in the east and the so-called Libya Dawn administration in Tripoli has also – for months running - forced a halt to operations at crucial oil fields.

Non-OPEC overview

Non-OPEC supply growth is clearly eroding. From 2.2 mb/d at the start of the year, and as much as 2.7 mb/d in December 2014, y-o-y growth had fallen to below 0.7 mb/d in September. The sharpest slowdown is in the US, where onshore crude and condensate production has started to drop. Further reductions in drilling activity since the start of September are expected to accelerate declines in US LTO production. After a brief recovery in active oil rigs in the US over July and August, producers pulled 70 rigs out of service in September and early October, reducing the total number of rigs to only 605 in the week ending 9 October. The sector could be tested further in October as banks re-evaluate credit lines that are crucial to operators with little or negative free cash flow. For the time being, it looks as though banks are maintaining lines, not cutting them, as they need the heavily indebted sector to maintain production to service their debt.

For September, non-OPEC oil production is estimated to have slipped by 180 kb/d to 58.3 mb/d on lower output in North America. Declining US onshore production and outages at Canadian oil sands facilities curbed output compared with a month earlier. Supplies nevertheless exceeded expectations, with Brazil and Russia recording record output levels during August and September, respectively, while North Sea production has continued to surprise to the upside.





Major oil companies and independents alike continue to adjust to the lower price environment. French major Total cut its investment sharply to a "sustainable level" of $17-19 billion from 2017, compared with a peak of $28 billion in 2013 and $23-24 billion targeted for 2015. The company also raised its targeted reduction in operational expenditures (OPEX) to $3 billion by 2017, from $2 billion announced earlier. Brazil's Petrobras cut its spending plans for the second time in only three months, by $3 billion to $25 billion for 2015 and by a hefty 30% for 2016 (from $27 to $19 billion). Royal Dutch Shell meanwhile announced it had abandoned its exploration efforts in Arctic waters outside Alaska, ending a seven-year, $7 billion effort to drill in the region - potentially delaying US Arctic production by decades.

Non-OPEC Supply

(million barrels per day)

	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Americas	19.0	19.9	19.6	19.7	19.7	19.7	19.6	19.5	19.6	19.8	19.6
Europe	3.3	3.4	3.5	3.3	3.4	3.4	3.4	3.2	3.1	3.3	3.3
Asia Oceania	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	22.9	23.7	23.5	23.6	23.6	23.6	23.5	23.2	23.1	23.6	23.4
Former USSR	13.9	14.0	14.0	13.9	13.9	13.9	13.9	13.8	13.6	13.7	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
China	4.2	4.3	4.4	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Other Asia	3.5	3.6	3.6	3.6	3.6	3.6	3.7	3.6	3.6	3.5	3.6
Latin America	4.4	4.6	4.6	4.6	4.7	4.6	4.7	4.6	4.7	4.7	4.7
Middle East	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.3	2.2
Total Non-OECD	29.8	30.3	30.1	30.0	30.1	30.1	30.0	29.8	29.5	29.6	29.7
Processing Gains	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuels	2.2	1.8	2.4	2.6	2.4	2.3	1.9	2.4	2.7	2.4	2.4
Total Non-OPEC	57.0	58.1	58.3	58.5	58.3	58.3	57.8	57.6	57.7	57.9	57.8
Annual Chg (mb/d)	2.4	2.2	1.6	1.3	-0.1	1.2	-0.3	-0.6	-0.8	-0.3	-0.5
Changes from last OMR (mb/d)	0.0	0.0	0.0	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1

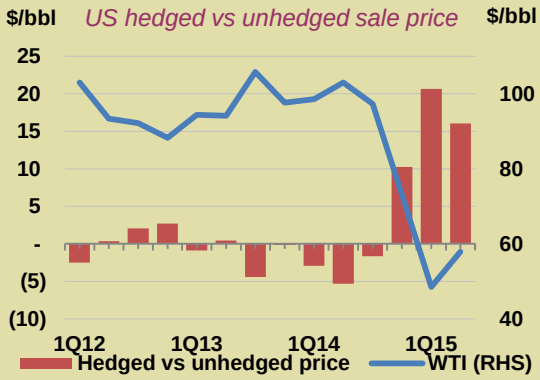
The outlook for the remainder of the year and 2016 is little changed since last month's *Report*. Total supplies are expected to fall by 0.5 mb/d next year, as lower prices and spending cuts filter through. Not only are new projects at risk of delay and cancellations from lower investments, but producing fields are also expected to decline faster as companies spend less money to sustain output. A notable decline in infill drilling, required to stem declines at producing fields, is already becoming apparent. Some

estimates show infill drilling rates dropping by more than 50% so far this year, nearly double the rate seen in previous price downturns. As such, output declines are expected to be widespread. The producers most affected are expected to be the United States (-190 kb/d), Russia (-85 kb/d), Kazakhstan (-60 kb/d) Norway (-70 kb/d), the UK (-40 kb/d), and Colombia (-40 kb/d).

Over the hedge

Faced with plummeting prices, US independent producers have thus far surprised with their resilience. Many factors are contributing to this, including cost deflation, productivity gains, and – for integrated oil companies – relief from revived refinery margins. In addition, smaller US independents reaped the benefits of financial hedging in 2015. For producers, hedging secures in advance either a sale price (through a price swap) or, by paying a premium, a price floor (which is often combined with a ceiling in order to reduce the cost).

Although only a portion of 2015 production was hedged, quarterly filings for publicly listed companies that chose to protect against price risk show the remarkable impact of hedges on the final sale price so far this year. The premium received by producers compared with benchmark WTI reached as much as $20/bbl in 1Q15 for about 1mb/d of reportedly hedged production.



Not all independent producers adopted this strategy. According to the latest annual reports, larger US drillers (with more than 100 kb/d of output in 2Q15) had hedged around 20% of their production in 2015. Excluding Devon Energy Co, which has a significant portion of its production in Canada, the percentage falls to around 10%. Smaller companies hedged a substantially higher share of their production – on average, 60% for 2015. Those volumes were locked in at prices hovering around $80-85/bbl.

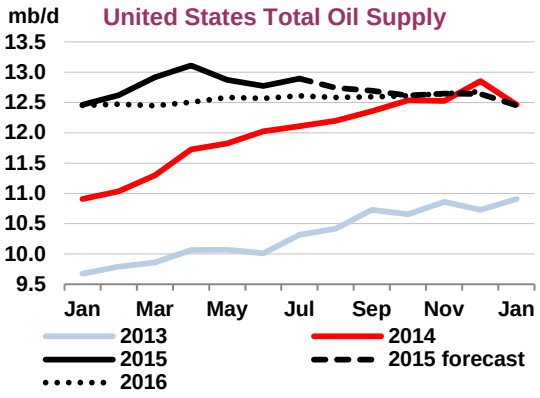
With banks and capital markets looking to re-determine credit lines secured by producer reserves in their twice-yearly credit re-evaluations, the focus is shifting to 2016. The latest filings show production for 2016 was far from secured by mid-year. Larger companies had then covered less than 10% of their expected 2016 volumes, whereas the share that had been covered by smaller producers was around 40%. Having locked in an oil price in the range of $75-80/bbl producers should still reap a nice benefit from this strategy. With prices now well below $60/bbl, and with the premium for option contracts having risen considerably *(see 'Prices', 'Options volatility smile suggests hedging from rebound)*, producers are unlikely to have been able to lock in additional volumes at such thresholds.

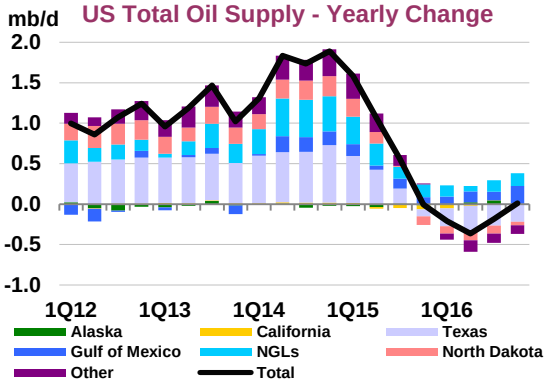
More details will be available by early November, when most 3Q15 company filings will be made public and more detail becomes apparent regarding companies' ability to secure financing. It will be interesting to see whether producers took advantage of the $10/bbl rally over a few days in August to hedge a sizeable chunk of their production. The oil markets will be watching closely.

OECD

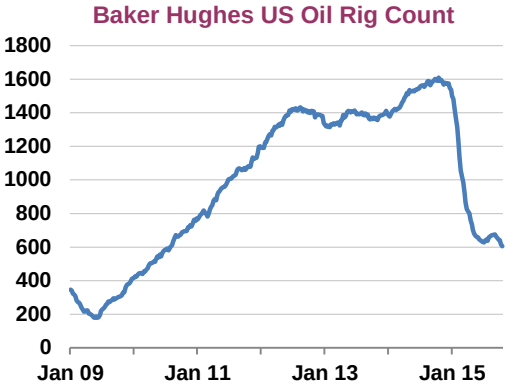
North America

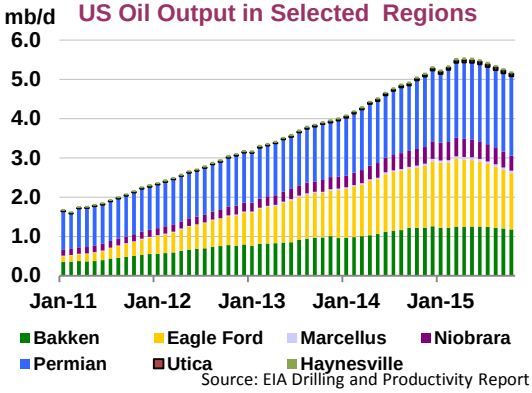
US – August Alaska actual, others estimated: A faster than expected ramp up in Gulf of Mexico oil production underpinned a 120 kb/d monthly increase in US oil output in July, the latest month for which official data are available. Output from Texas onshore, North Dakota and New Mexico all saw modest declines from the month earlier. At 9.36 mb/d, US crude and condensate supplies stood more than 600 kb/d above a year earlier, with notable gains from Federal Offshore areas, offsetting a slowdown in onshore output growth. While supplies in Texas, North Dakota, New Mexico and Colorado still posted annual increases in July, gains in these four states alone had slipped from more than 1.2 mb/d at the end of 2014, to just above 450 kb/d in the latest month of official oil production statistics.





After a slight recovery in US drilling activity over the summer, the US rig count took another tumble and by early October hit its lowest level since July 2010. Producers, who added 47 rigs over July and August after the price of WTI recovered to $60/bbl in early June, again cut back on upstream activity as prices slumped to around $45/bbl. Over the last six weeks, through 9 October, producers cut their active rigs by 70 to 605 according to Baker Hughes Rig Count data. The steepest decline came in the Permian Basin, which shed 21 rigs, followed by the Eagle Ford (-16), Granite Wash (-11) and the Williston Basin (-8).



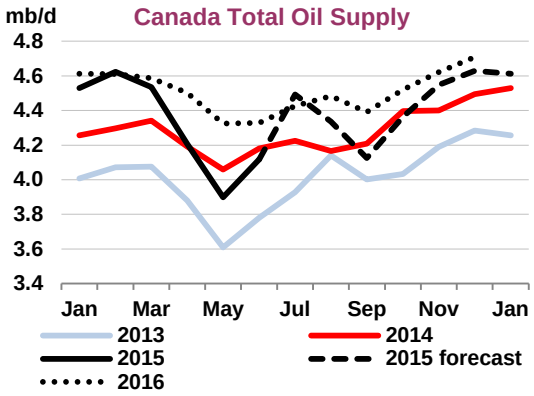


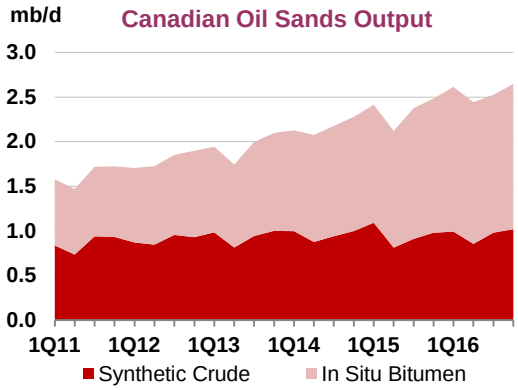
Source: EIA Drilling and Productivity Report

While the 60% drop in active US oil rigs has yet to translate into significant output declines, as the drop in activity levels have been offset by high-grading and other efficiency gains (see *Oil rout slams brakes on US LTO growth* in the September 2015 OMR), as well as a back-log of uncompleted wells, the most recent data are clearly showing that onshore production growth has stalled and output is starting to decline. EIA's Drilling Productivity Report estimates that output from the seven most prolific US shale plays continued to decline through October, losing a total of 350 kb/d of production since April, when output peaked near 5.6 mb/d. The biggest declines are seen in the Eagle Ford, which is estimated to have dropped by 300 kb/d in total over the May-October period. Niobrara has lost a cumulative 90 kb/d, while output in the Permian has continued to increase, adding 90 kb/d to surpass an estimated 2 mb/d in output in October.

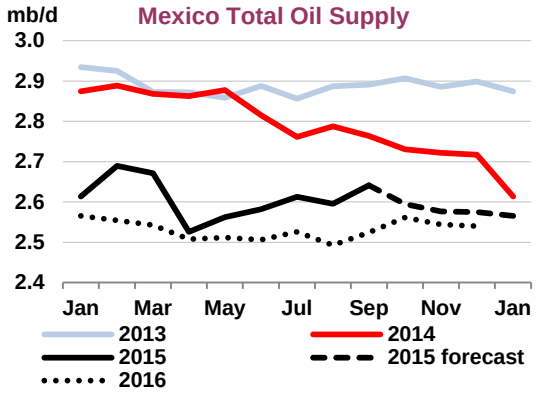
Canada – Alberta, Newfoundland August actual, others estimated: Canadian oil production rebounded sharply in July, with output in Alberta surging 180 kb/d to breach the 2 mb/d mark for the first time. Bitumen production recovered to nearly 1.5 mb/d, supported by production from Imperial's Kearl expansion starting ahead of schedule in June. Once fully operational, the plant's production is expected to double to 220 kb/d. Bitumen output will see further gains towards the end of the year, with several new projects starting up. Most notably, ConocoPhillips reported first steam at its Surmont in-situ oil sands expansion in May, with first oil delivered at the start of September. The project will ramp up towards its 118 kb/d nameplate capacity through 2017.

Synthetic crude output rose another 155 kb/d to 1 085 kb/d in July, from only 700 kb/d in May and 930 kb/d in June. The completion of maintenance at Syncrude's Mildred Lake and Shell's Albian Sands upgraders lifted output. A pipeline spill at Nexen's Long Lake oil sands project, which forced the company to shut down its operations and a fire at Syncrude's upgrader on 29 August have since reduced output. Production at the latter was curbed from 308 kb/d in August to only 63 kb/d in September, according to the company website. Offshore oil production in Newfoundland also inched higher in July, to 155 kb/d, as the Terra Nova resumed production after a full maintenance shutdown starting in May. In all, Canadian oil production is forecast to rise 100 kb/d this year, to 4.37 mb/d, and a further 145 kb/d next year to 4.5 mb/d.





Mexico – August actual, September preliminary: Preliminary data show Mexican crude and condensate production inching up 15 kb/d in September, to 2.27 mb/d, reversing a similar decline in August. An expected recovery in natural gas liquids output following a rebound in natural gas production added a further 30 kb/d. Total output stood 120 kb/d below a year earlier, its smallest decline so far this year. Pemex' legacy Cantarell field accounted for the majority of the drop, while the large offshore Ku-Maloob-Zaap development saw stable output with gains in the Zaap field offsetting declines at the Ku and Maloob fields. For the last quarter of the year, persistent field decline is expected to take Mexican oil production 140 kb/d lower from a year earlier, compared with y-o-y declines of 220 kb/d over the first 9 months of 2015.

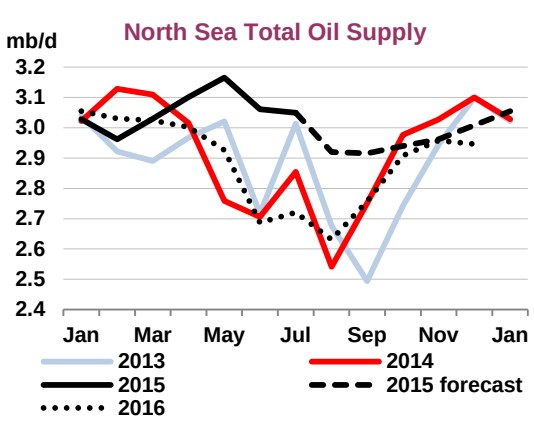


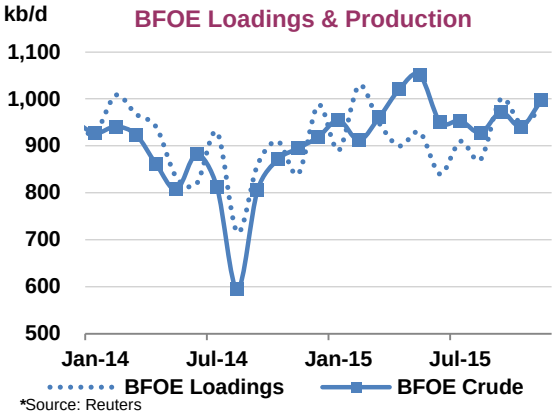
Mexico's upstream regulator, the National Hydrocarbons Commission (NHC), is moving forward with reforms that will end a 77-year upstream monopoly. NHC agreed in September to migrate several fields from existing service contracts to production sharing contracts, in accordance with the 2014 energy sector reform. Twelve fields, grouped into seven contracts, have been announced to be offered for such contracts through auction. The migrations will form part of what is known as Round Zero of the Reforms.

Furthermore, the second phase of a series of upstream bid auctions, part of Round One, took place on 30 September. Having eased the terms and conditions from the first phase, which only awarded two out of 15 blocks, the NHC awarded three out of five blocks on offer. All the blocks were for development and production in shallow water of the Gulf of Mexico, with all but one having proven reserves, while the first phase included only fields for exploration. The winners of the blocks offered government revenue takes ranging from 70-83.5%, compared with the government's minimum requirement of around 35%. The government expects output from the fields could reverse the downward trend in output by 2018.

North Sea

North Sea oil production held up over July and August, posting robust annual gains, despite some seasonal declines in both Norway and the UK in August. In July, the most recent data for which official data are available for all countries, total North Sea oil output was nearly 200 kb/d higher than a year earlier, following year-on-year gains of around 400 kb/d over the preceding two months. Preliminary data and loading scheduled suggest output remained high in August and would remain so through November.





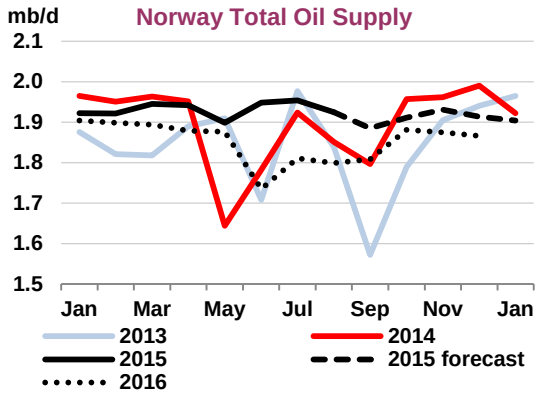
Loading schedules of benchmark BFOE crudes suggest output rebounded in September after an August dip. Moreover, the latest figures show a 30 kb/d increase in planned November loadings, from an upwardly revised October schedule of around 950 kb/d, to 980 kb/d. Schedules for the 12 main streams show planned October loadings of 2.065 mb/d, up nearly 50 kb/d from September and the highest since November 2013 according to Reuters calculations. September loadings were already up 80 kb/d from August.

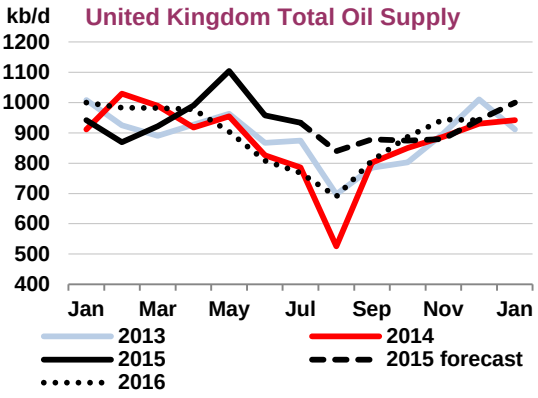
Norway – July actual, August provisional: Norwegian oil output continues to surprise to the upside, exceeding the Norwegian oil directorates estimate by 13.5% in August (and 45 kb/d above our previous forecast). At 1.92 mb/d, total oil production was 30 kb/d lower than in July but 70 kb/d above that of a year earlier. Final data for July show output totalling 1.95 mb/d in that month, of which NGLs accounted for around 340 kb/d (18%).

Over the first eight months of 2015, Norwegian oil production posted annual gains of some 50 kb/d from a year earlier, with gains averaging 130 kb/d over the last four months through August. Field level data through July reveal a faster ramp-up in output from a number of recently commissioned fields than previously expected. Notably, output at Statoil's Gudrun field, which started production in April 2014, was last nearing 60 kb/d. Statoil's Svalin field, which also reported first oil last March had ramped up output to nearly 40 kb/d, while Knarr, which was completed in March 2015, produced 28 kb/d in July. ConocoPhillips is also ramping up output at Eldfisk II and Ekofisk South.

While the ramping up of output at these and other fields should continue to support output in coming months, the start-up of a few other major projects has been delayed. The start-up of Eni's Goliat field is starting to look elusive. The project, which has already endured numerous delays and cost overruns, is facing further delays as it awaits approval from the Norwegian Petroleum Safety Authority, which says more work and corrections must be completed before the project can start up. Earlier this year, Eni had targeted production start-up in July, and a peak of about 100 kb/d by end-year. We now expect the project to start up early next year. Total's Martin Linge project has been delayed, with the company announcing in early October it had pushed back a planned start-up from 4Q16 to 2018, due to engineering fabrication delays. Martin Linge is expected to produce 100 kb/d at its peak. While including

only a small amount of liquids, the start-up of Statoil's Aasta Hansteen gas field could slip from 2017 to 2018 due to delays in building the platform the Norwegian government said in early October. Lundin Petroleum, meanwhile, is still targeting production start at its 100 kboe/d Edvard Grieg platform in 4Q15.





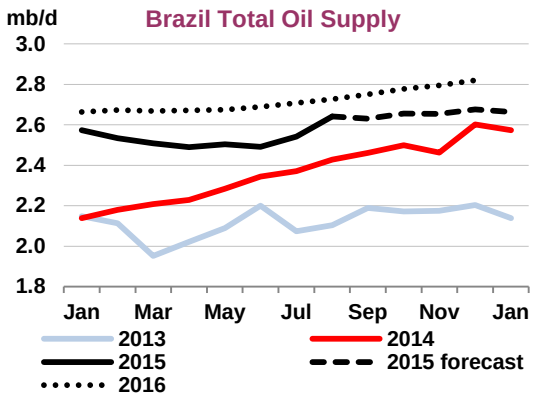
UK – July actual: According to official data, total UK oil output slipped a further 25 kb/d in July, to 935 kb/d. Production nevertheless stood a robust 150 kb/d above the same month a year earlier, marking the third consecutive month with annual gains surpassing 100 kb/d. Growth has mostly come from the Forties system, where a number of fields are ramping up. Notably, BP's Kinnoull which reported first oil in December 2014, produced 38 kb/d in June. Nexen's Golden Eagle project, which started up last November, had reached 47 kb/d in June, with the recently commissioned Peregrine field adding another 10 kb/d. ConocoPhillips' Enochdhu field, expected to add 10 kb/d, reported first oil in June.

Annual gains are expected to be even higher in August, but from exceptionally weak output levels in August of last year. Little maintenance has been announced and loading schedules suggest output stayed high. Nexen announced in late September it had delayed planned maintenance at its Buzzard field by one month to November. Buzzard, the largest field contributing to the Forties benchmark, produced an average of 170 kb/d in 1H15. While the extent and the duration of the shutdown are not known, we expect an average of 50 kb/d of production for November to be affected.

Non-OECD

Latin America

Brazil – August actual: Brazilian crude and condensate output surged nearly 100 kb/d in August to 2.55 mb/d, surpassing the 2.5 mb/d mark for the first time. Including natural gas liquids, output averaged 2.64 mb/d. More than half of the monthly rise stemmed from the giant Lula field, where the start-up of the 150 kb/d Cidade de Itaguaí FPSO on 31 July propped up flows. After several months of sluggish output, Campos Basin fields also recovered to 1670 kb/d, from 1615 kb/d a month earlier.



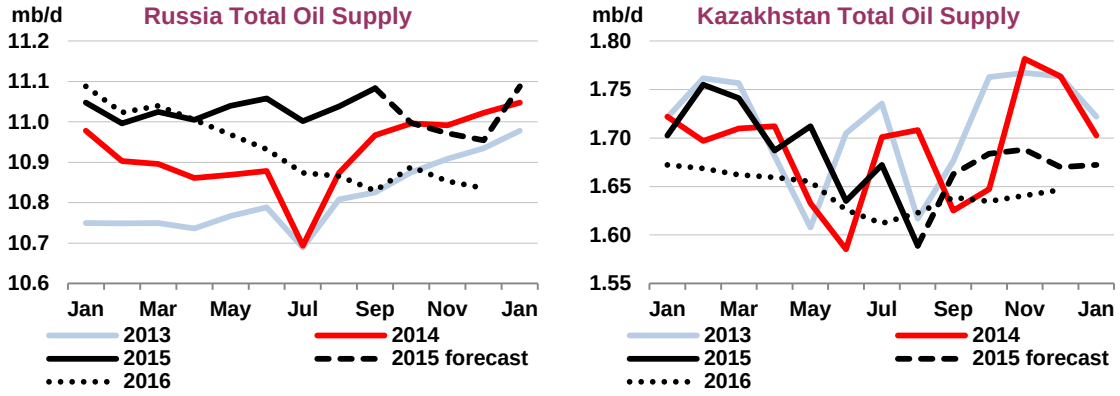
On a year-on year basis, gains are heavily centred in the Santos Basin, where the Lula and Sapinhoa fields are located. In August total output was 210 kb/d above the previous year, with Lula (+195 kb/d), Sapinhoa (+110 kb/d) and Roncador (+75 kb/d) providing the bulk of the gains. Output declines at the Marlim fields dragged down Campos Basin totals to 60 kb/d y-o-y. Brazil is on track to expand output by a total of 215 kb/d this year on average to 2.57 mb/d. Production is expected to rise another 100 kb/d next year, despite further cuts to spending plans in early October.

As Petrobras' financial difficulties persist, the major oil company cut its spending plans for a second time in three months, from $28 billion to $25 billion for 2015, and by 30% to $19 billion from $27 billion in 2016. Meanwhile, Brazil's National Petroleum Agency put 266 blocks on offer at its 13th round auction of oil and natural gas exploration and concessions on 7 October. Low oil prices, and reductions in capex programmes from Petrobras and other large oil companies, saw only 14% of the 266 exploration blocks on offer being snapped up, with no major oil company participation.

Former Soviet Union

Russia – September preliminary: Russian crude and condensate production averaged 10.74 mb/d in September, a new record-high and just shy of our previous forecast. Year-on-year gains, of around 100 kb/d, were again underpinned by growth from independent producers offsetting drops in Russian output from Rosneft, Lukoil and other major oil companies. Record high output follows a boom in development drilling, up 8.9% y-o-y for the first 8 months of 2015 compared with the same period a year earlier, as well as a greater share of horizontal wells and a continued focus on brownfield maintenance.

Russian oil companies are meanwhile mulling the impacts of potential changes to the country's tax regime. Discussions of planned changes to oil taxation have intensified after the Russian finance ministry in September suggested raising the Mineral Extraction Tax for oil and delaying the planned reduction in oil export duties. The government, which has up until now borne the brunt of the drop in oil prices due to its flexible taxation system, which adapts to the oil price and the dollar exchange rate, is looking for ways to boost state budgets. The Energy, Natural Resource and Economy ministries, as well as oil companies themselves, are against raising the tax burden on companies, which they say will limit the companies' ability to make necessary investments to sustain production. While the proposed increase in the Mineral Extraction Tax seems to have been taken off the table for now, a delay in the reduction to export duties is still being considered. Energy Minister Novak said such a delay would divert $4.6 billion from producers to the national budget, reducing investments by the same amount. He estimated output could decline by 140-200 kb/d next year as a result.



Other FSU – August actual: Kazakh oil output fell by 80 kb/d in August, to 1590 kb/d, with declines stemming from the Tengiz field. Deputy Energy Minister Uzakbai Karabalin said last month that Kazakhstan had cut its oil production forecast for 2016 to 77 mt (1.6 mb/d) based on an oil price of $40 /bbl, but that output could be as low as 73 mt (1.52 mb/d) if prices fell below $30/bbl. Karabalin said that the laying of replacement pipelines at the offshore Kashagan field was ahead of schedule with 26 km installed and welded out of a total of 180 km of pipeline that has to be replaced. Karabalin said the field, which had to be stopped after only a month in operation in October 2013, is on track to restart at the end of 2016. Our forecast is that oil output will decline 60 kb/d next year to 1.61 mb/d, from 1.67 mb/d expected in 2015.

Azeri output was unchanged from a month earlier in August, at 840 kb/d, but 30 kb/d below the same month a year earlier. Azerbaijan is faced with structural declines and for the first 8 months of this year, output has fallen by an average of 40 kb/d. In all, production is expected decline by 20 kb/d for the year, to average 840 kb/d, before slumping by a further 35 kb/d in 2016, to 805 kb/d.

FSU net oil exports fell by 440 kb/d to 8.5 mb/d in August, their lowest level this year. Plunging crude exports accounted for the lion's share of the drop as they plummeted by 320 kb/d m-o-m to 5.9 mb/d, their lowest level since December 2014. This drop was entirely accounted for shipments of non-Russian crudes while Russian exports remained stable at 4.2 mb/d. The biggest drop was in volumes shipped through the BTC pipeline (-170 kb/d). The reason behind the decline remains unclear considering stable Azeri output. Nonetheless, the latest export programmes suggest that deliveries of BTC blend crude to Ceyhan are expected to have rebounded steadily during September and into October. Exports via the CPC pipeline were also sharply lower at 780 kb/d in August (-120 kb/d m-o-m), as deliveries of both Russian crudes produced by Rosneft and of Kazakhstani crudes were lower.

In the east, flows through the ESPO pipeline to the Pacific port of Kozmino dropped by 70 kb/d over the month as maintenance and dredging work was carried out in preparation for the port being able to load Suezmax-sized vessels. Exports from the terminal are likely to be curbed into October and this, combined with rampant Chinese buying, has recently seen ESPO's premium to regional benchmark Dubai rapidly steepen to $6/bbl.

In falling by 120 kb/d in August, refined product shipments slipped for a fifth consecutive month and at 2.6 mb/d, stood 1 mb/d lower than recent highs posted in the first quarter. The monthly decrease came against a backdrop of refinery maintenance in the region, and especially in Russia, where nine refineries experienced some type of shutdown accounting for a combined 240 kb/d. All products posted falls, notably gasoline (included here under 'other products') exports slumped by 65 kb/d.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	3Q2014	4Q2014	1Q2015	2Q2015	Jun 15	Jul 15	Aug 15	Latest month vs. Jul 15	Latest month vs. Aug 14
Crude											
Black Sea	1.78	1.62	1.59	1.50	1.83	1.56	1.52	1.60	1.46	-0.13	-0.01
Baltic	1.57	1.33	1.32	1.20	1.47	1.45	1.47	1.26	1.31	0.05	0.02
Arctic/FarEast	0.81	1.14	1.23	1.26	1.36	1.41	1.37	1.42	1.36	-0.06	0.17
BTC	0.64	0.60	0.68	0.55	0.64	0.61	0.64	0.72	0.55	-0.17	-0.12
Crude Seaborne	**4.80**	**4.69**	**4.82**	**4.51**	**5.29**	**5.03**	**5.01**	**4.99**	**4.69**	**-0.31**	**0.05**
Druzhba Pipeline	1.03	1.01	1.03	0.99	1.07	1.08	1.01	1.04	1.04	0.01	0.04
Other Routes	0.57	0.40	0.28	0.21	0.25	0.24	0.23	0.22	0.20	-0.02	-0.01
Total Crude Exports	**6.40**	**6.14**	**6.22**	**5.81**	**6.61**	**6.35**	**6.24**	**6.26**	**5.93**	**-0.32**	**-0.06**
Of Which: Transneft[1]	4.08	3.88	3.90	3.65	4.27	4.16	4.04	4.00	3.96	-0.04	0.21
Products											
Fuel oil[2]	1.64	1.72	1.79	1.71	1.65	1.51	1.32	1.28	1.27	-0.01	-0.60
Gasoil	0.85	0.95	0.88	0.88	1.22	1.03	0.99	0.85	0.81	-0.03	-0.05
Other Products	0.51	0.57	0.55	0.50	0.73	0.69	0.62	0.62	0.54	-0.08	-0.01
Total Product	**3.00**	**3.25**	**3.22**	**3.09**	**3.61**	**3.23**	**2.94**	**2.75**	**2.62**	**-0.12**	**-0.66**
Total Exports	**9.40**	**9.38**	**9.44**	**8.90**	**10.22**	**9.58**	**9.18**	**9.00**	**8.56**	**-0.45**	**-0.72**
Imports	0.08	0.08	0.10	0.10	0.05	0.06	0.06	0.08	0.08	-0.01	-0.03
Net Exports	**9.32**	**9.30**	**9.34**	**8.81**	**10.17**	**9.53**	**9.12**	**8.92**	**8.48**	**-0.44**	**-0.70**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

OECD STOCKS

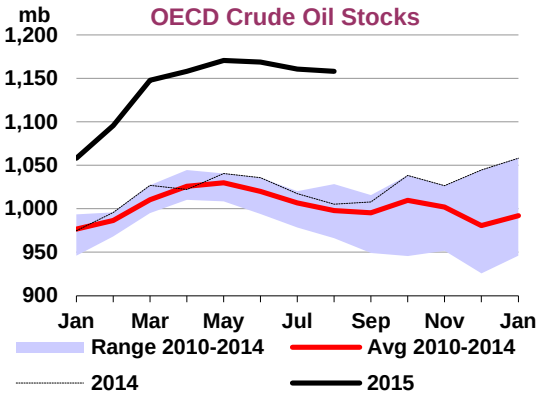
Summary

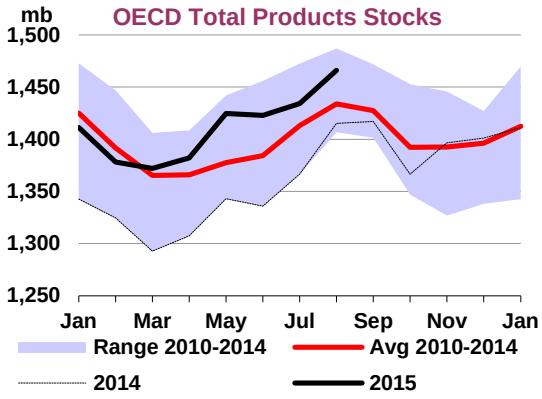
- **OECD commercial inventories extended recent gains and rose by 28.8 mb in August** to stand at 2 943 mb by end-month. Since this was nearly double the 15.0 mb five-year average build for the month, inventories' surplus to average levels widened to 204 mb.

- **Surging product inventories (+31.9 mb) led total stocks higher** as OECD refinery throughputs hit a seasonal high and as the seasonal restocking of propane in the US continued apace. By end-August stocks covered 31.5 days of forward demand, 0.7 days and 0.8 days above end-July and one year earlier, respectively.

- **As on-shore refined product storage capacity in key European and Asian terminals has become constrained, a number of market participants have taken to storing refined products,** notably middle distillates, at sea.

- **Preliminary data for September point to a counter-seasonal 14.8 mb build in OECD inventories**, meaning that stocks have built for five consecutive quarters. Surging motor gasoline inventories led refined product holdings to build counter-seasonally. Meanwhile crude stocks rebounded as refiners entered seasonal turnarounds.





Global Overview

As more data become available, it is apparent that although the pace of global stock builds has slowed in the third quarter, they still remain impressive at a notional 1.6 mb/d (147 mb). Nearly 60 mb of this can be attributed to China where crude reserves have continued to swell. Meanwhile, the pace of OECD stock builds has slowed. Crude builds ground to a halt over July and August as refiners have ramped up throughputs to take advantage of strong margins on the back of lofty gasoline cracks. In doing so, OECD refined product stocks have risen by over 50 mb to sit at their highest level in more than four years. Product stocks have also built in Asia, notably in Singapore where inventories added an impressive 8 mb over the quarter. The remainder is likely to have occurred in regions such as Latin America where the US has been exporting large volumes of products of late.

Although there is no suggestion that storage capacity is currently being tested on a global scale, these recent refined product builds appear to have put capacity at a number of key European and Asian hubs under pressure. Reports indicate that some market participants have recently resorted to storing refined products on tankers in these regions. However, it may not even be that these terminals are full, rather, it may be a reflection that all capacity is leased and some traders may not be able to place their product in

on-shore tanks. Regardless, considering that the M1-M3 time spread in the ICE Gasoil contract currently stands at $0.80/bbl, insufficient to cover floating storage costs, it is apparent that the decision to store product at sea is being taken for logistical, rather than economic reasons.

OECD inventory position at end-August and revisions to preliminary data

OECD commercial inventories extended recent gains and rose by 28.8 mb in August to stand at 2 943 mb by end-month. Since this was nearly double the 15.0 mb five-year average build for the month, inventories' surplus to average levels widened to 204 mb. All OECD regions remained in surplus, although OECD Americas accounted for the vast majority (173 mb) while Europe and Asia Oceania stood 3 mb and 27 mb above average, respectively.

Preliminary Industry Stock Change in August 2015 and Second Quarter 2015

	August 2015 (preliminary) (million barrels)				August 2015 (preliminary) (million barrels per day)				Second Quarter 2015 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-1.8**	**0.0**	**-1.1**	**-2.9**	**-0.06**	**0.00**	**-0.03**	**-0.09**	**0.00**	**-0.02**	**0.25**	**0.23**
Gasoline	-2.0	-0.4	0.1	-2.4	-0.06	-0.01	0.00	-0.08	-0.16	-0.18	0.03	-0.32
Middle Distillates	5.3	4.9	4.1	14.2	0.17	0.16	0.13	0.46	0.14	0.20	0.06	0.39
Residual Fuel Oil	-1.2	2.0	1.5	2.2	-0.04	0.06	0.05	0.07	0.03	0.01	0.01	0.06
Other Products	12.9	1.9	2.9	17.7	0.42	0.06	0.09	0.57	0.43	-0.04	0.04	0.43
Total Products	**14.9**	**8.3**	**8.6**	**31.9**	**0.48**	**0.27**	**0.28**	**1.03**	**0.43**	**-0.01**	**0.14**	**0.56**
Other Oils[1]	-0.5	-1.9	2.2	-0.2	-0.02	-0.06	0.07	-0.01	0.16	0.02	0.02	0.19
Total Oil	**12.7**	**6.4**	**9.8**	**28.8**	**0.41**	**0.21**	**0.32**	**0.93**	**0.59**	**-0.02**	**0.41**	**0.98**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

In August, total stocks were boosted by a 31.9 mb build in refined products that rose as OECD refinery throughputs hit a seasonal high of 39 mb/d. This also saw crude inventories draw by 2.9 mb, although this was significantly weaker than the 8.7 mb average draw for the month. Middle distillates inventories (+14.2 mb m-o-m) extended recent gains which, as discussed in recent issues of the *Report,* have resulted from middle distillates production rising in tandem with Atlantic Basin refiners maximising their gasoline output on the back of exceptional gasoline cracks. OECD middle distillates holdings had risen for six consecutive months up until August, during which they added over 66 mb to stand nearly 19 mb above average by end-August. This is a staggering turnaround considering that twelve months earlier they stood 72 mb lower, and 54 mb below average.

Despite the rise in refinery throughputs, a large portion of the increase in product inventories came from the continued seasonal restocking of 'other products' in North America. This product category includes propane that has risen in tandem with natural gas production growth and largely bypasses the refining system. By end-August, OECD refined product inventories covered 31. days of forward demand, a rise of 0.7 days on end-July and 0.8 days higher than one year earlier.

Revisions versus 11 September 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Jun-15	Jul-15	Jun-15	Jul-15	Jun-15	Jul-15	Jun-15	Jul-15
Crude Oil	**-1.3**	**2.3**	**0.0**	**-2.3**	**0.0**	**0.6**	**-1.3**	**0.5**
Gasoline	0.1	-2.4	-0.2	-0.6	0.0	0.4	-0.2	-2.7
Middle Distillates	-0.1	-7.0	-0.3	0.6	0.0	-0.9	-0.4	-7.3
Residual Fuel Oil	0.2	-0.5	0.0	1.7	0.0	-0.1	0.2	1.1
Other Products	1.1	-5.4	0.1	-0.7	-0.3	0.1	0.9	-6.0
Total Products	**1.3**	**-15.3**	**-0.5**	**1.1**	**-0.3**	**-0.6**	**0.5**	**-14.9**
Other Oils[1]	-0.4	7.7	0.0	-2.3	0.0	-0.7	-0.4	4.7
Total Oil	**-0.4**	**-5.3**	**-0.5**	**-3.5**	**-0.3**	**-0.8**	**-1.2**	**-9.6**

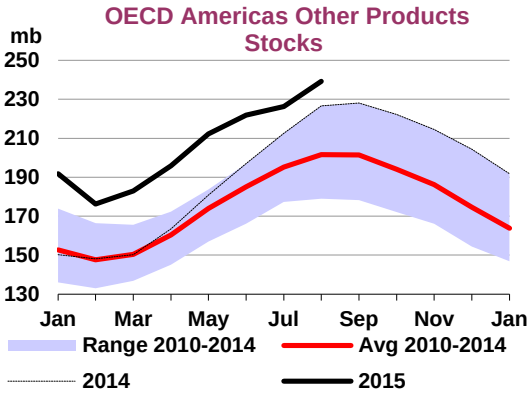
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Upon the receipt of more complete data, OECD stocks have been revised downwards by 9.6 mb in July after holdings in OECD Americas, Europe and Asia Oceania were adjusted downwards by 5.3 mb, 3.5 mb and 0.8 mb, respectively. The revision to the Americas was centered in the US and masked a combined 10.0 mb upward adjustment in crude oil, NGLs and other feedstocks which was more-than-offset by a 15.3 mb downward revision to refined products, concentrated in middle distillates and ' other products'. Considering that June data were also adjusted 1.2 mb lower, the 18.0 mb OECD stock build for July presented in last month's *Report* is now nearly halved to 9.5 mb while the June stock build is now seen as a 0.4 mb draw, the first time stocks have declined since February. Despite this draw, the OECD stocks still rose by 1.0 mb/d over 2Q15, the same as presented in last month's *Report*.

Preliminary data for September point to a counter-seasonal 14.8 mb build in OECD inventories meaning that stocks have built for five consecutive quarters. Motor gasoline inventories surged by 9.7 mb, centered in the US, which pushed products up counter-seasonally by 8.2 mb. As refiners entered seasonal turnarounds, crude stocks rebounded by 6.4 mb with builds in the US and Japan more-than-offsetting a draw in Europe where refinery maintenance schedules have been weak compared to previous years.

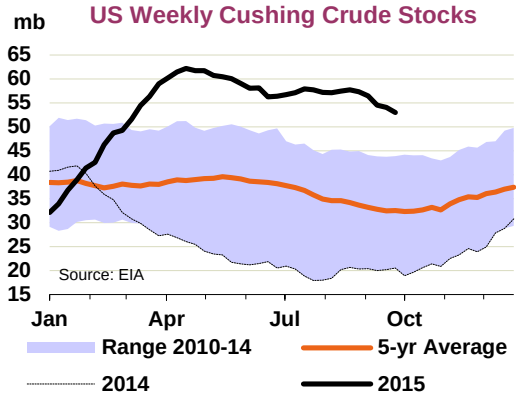
Recent OECD industry stock changes

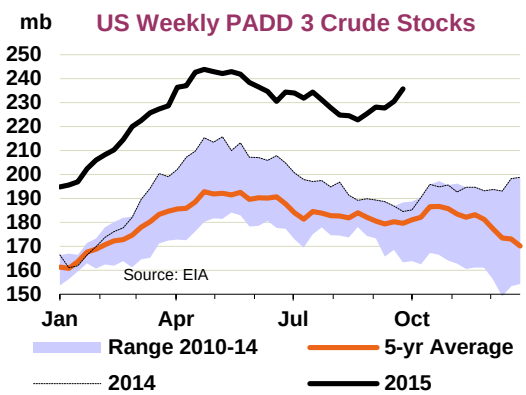
OECD Americas



Industry inventories in OECD Americas added a steeper-than-seasonal 12.7 mb in August as they were boosted by the continued brisk restocking of 'other products' (mainly propane) which hit a record 239 mb (+12.9 mb m-o-m in August). The seasonal restocking of 'other products' has been faster-than-normal this year amid rising natural gas production and by August had already exceeded last-year's maximum of 228 mb that was attained in September. Middle distillates rose seasonally by 5.3 mb while motor gasoline drew by a relatively weak 2.0 mb. All told, refined products added 14.9 mb in August, more than three times the 4.5 mb five-year average build for the month to cover 30.5 days of forward demand at end-month, 0.7 days and 1.2 days above the previous month and previous year, respectively.

As refinery throughputs remained high in August and as regional crude production declined, led by the US, crude oil inventories drew for the fourth consecutive month (-1.7 mb). Nonetheless, by end-month they stood 104 mb (17%) above one year earlier. Meanwhile, NGLs and other feedstocks slipped counter-seasonally by 0.5 mb to stand at 187 mb, more than 10.0 mb above year-ago levels.



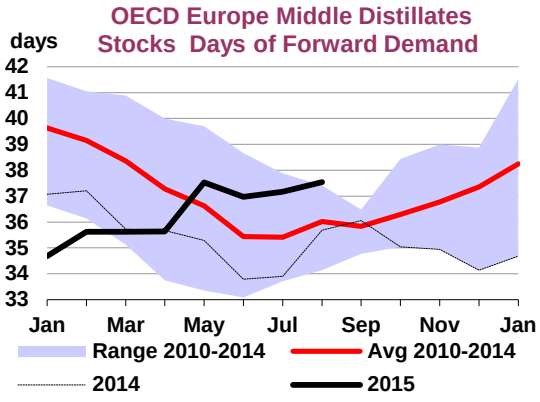


Preliminary weekly data from the US Energy Information Administration (EIA) suggest that US inventories rose by 12.3 mb in September, approximately double the average build for the month. Refined products (+10.6 mb) continued to boost inventories, although builds in 'other products' tapered off (+3.7 mb) as propane demand rose as the harvest season began – propane is the crop drying fuel of choice in the US agricultural heartland of the Midwest. Middle distillates posted a draw (-3.1 mb) for the first time in seven months but still stood above average at end-month. In contrast, motor gasoline rebounded by 9.0 mb as the driving season drew to a close and despite the concerns of US market tightness over the summer, remained 7.8 mb above average at end-month.

US crude stocks rose counter-seasonally by 3.2 mb in September. This came against the backdrop of an uptick in imports, firstly from Canada into PADD 2 and then latterly from elsewhere in the Atlantic Basin which moved to the US following the narrow LLS – ICE Brent spread during August and September. Additionally, refinery throughputs continued to slip from mid-summer peaks and by end-September were 1.5 mb/d below their end-July peak. There has also been a sustained draining of crude from the Cushing, Oklahoma storage hub to the US Gulf Coast refining centre. In September, Cushing stocks drew by 3.8 mb while stocks in PADD 3 built by 12.3 mb. This saw Cushing pressured upwards over the month so that its spreads to both LLS and ICE Brent narrowed.

OECD Europe

European commercial holdings built weakly by 6.4 mb, which saw their surplus to average levels narrow to 3.4 mb from 6.5 mb one month earlier. As regional throughputs peaked seasonally, refined products rose by 8.3 mb. Despite the robust refining activity, crude oil inventories remained on a par with one month earlier, likely buttressed by relatively high North Sea production and imports. On the product side, middle distillates accounted for more than half of the build while fuel oil and 'other products' posted builds of around 2 mb each. On the other hand, gasoline stocks inched down by 0.4 mb amid reports of still-healthy transatlantic exports. Moreover, data indicate that the draw was concentrated in the Netherlands, the main European hub for transatlantic trade. At end-August, regional refined product holdings covered 38.7 days of forward demand, a rise of 0.7 days on end-July.

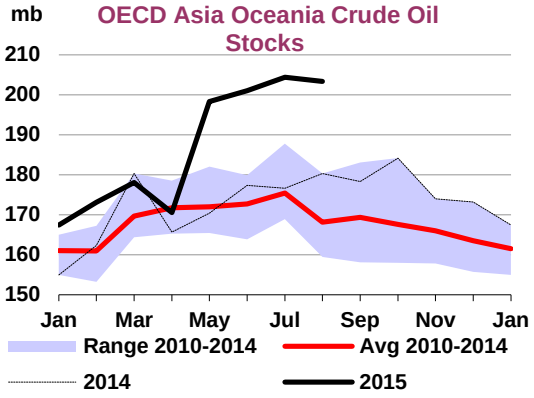


According to preliminary data from Euroilstocks for EU15 + Norway, regional inventories fell by 7.7 mb in September. However, this was weaker than the 15.5 mb five-year average draw for the month after refinery throughputs remained high as some maintenance was delayed. Refined products drew by 5.2 mb as only motor gasoline posted a build while crude inventories declined by a relatively weak 2.4 mb. In Germany, consumers took advantage of low gasoil prices and continued to seasonally restock their heating oil tanks. In September they reached 60% of capacity, their highest since February. Reports concerning refined products held in independent storage in Northwest Europe suggest that levels remain at close to historical highs. As spare capacity is becoming scarce, a number of market participants have taken to storing products on tankers in the region with market reports suggesting that these cargoes are generally middle distillates, notably jet fuel.

OECD Asia Oceania

Stocks in OECD Asia Oceania extended recent gains and rose by 9.8 mb in August. Since this was significantly more than the 1.4 mb five-year average build for the month, the region's surplus to average levels ballooned to 27.0 mb from 18.6 mb one month earlier. As with Europe, refinery throughputs

touched seasonal highs that saw products increase seasonally by 8.6 mb. However, the healthy refinery activity did not drain crude inventories significantly since they slipped by a weak 1.1 mb compared to the 7.3 mb average draw for the month. This therefore suggests that imports remained high, especially in Korea where crude stocks built counter-seasonally by 3.0 mb.

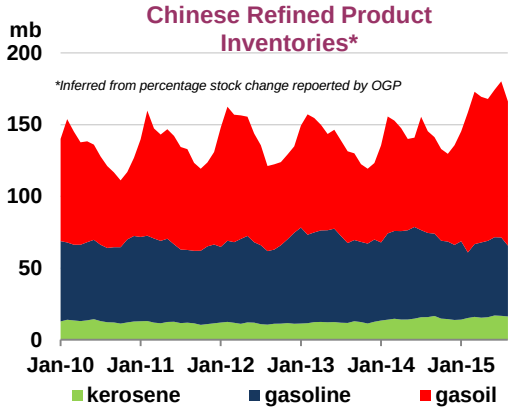


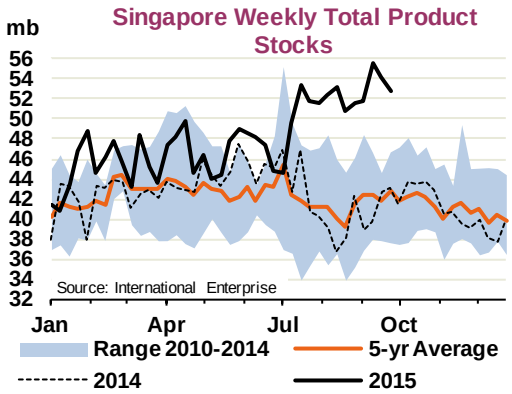
The product build was led by middle distillates that rose seasonally by 4.1 mb while 'other products' and fuel oil added 2.9 mb and 1.5 mb, respectively. Motor gasoline, meanwhile, remained relatively stable rising counter-seasonally by 0.1 mb over the month. By end-month total products covered 22.4 days of forward demand, 0.8 days above end-July but 0.5 days lower than the year earlier.

Preliminary weekly data from the Petroleum Association of Japan (PAJ) suggest that stocks there surged by 10.2 mb in September, far steeper than the 1.6 mb average build for the month. Crude inventories bucked seasonal trends and climbed by 5.6 mb as a likely uptick in imports came as refiners reduced their throughputs by around 350 kb/d m-o-m. Despite the lower refinery output, product stocks (+2.8 mb) continued to climb as stocks of middle distillates (+2.3 mb), motor gasoline (+0.5 mb) and 'other products' (+0.1 mb) all rose and more-than-offset a 0.1 mb draw in 'fuel oil'.

Recent developments in Singapore and China stocks

Data from *China Oil, Gas and Petrochemicals* (*China OGP*) indicate that Chinese commercial refined product stocks drew by an equivalent 14 mb (data are reported in terms of percentage stock change) in August. Despite refinery throughputs increasing by close to 200 kb/d, holdings of gasoil (-8.3 mb), gasoline (-5.3 mb) and kerosene (-0.4 mb) all posted draws. Nonetheless, it is evident that refined product inventories have been building this year amid healthy year-on-year growth in refinery throughputs. Commercial crude stocks posted a 0.3 mb draw in August against a backdrop of the high refinery throughputs and a decrease in crude imports. Nonetheless, the gap between crude supply (domestic production plus net-imports) and refinery throughputs remained in positive territory, implying an unreported build of approximately 6 mb, significantly less than estimated over recent months.

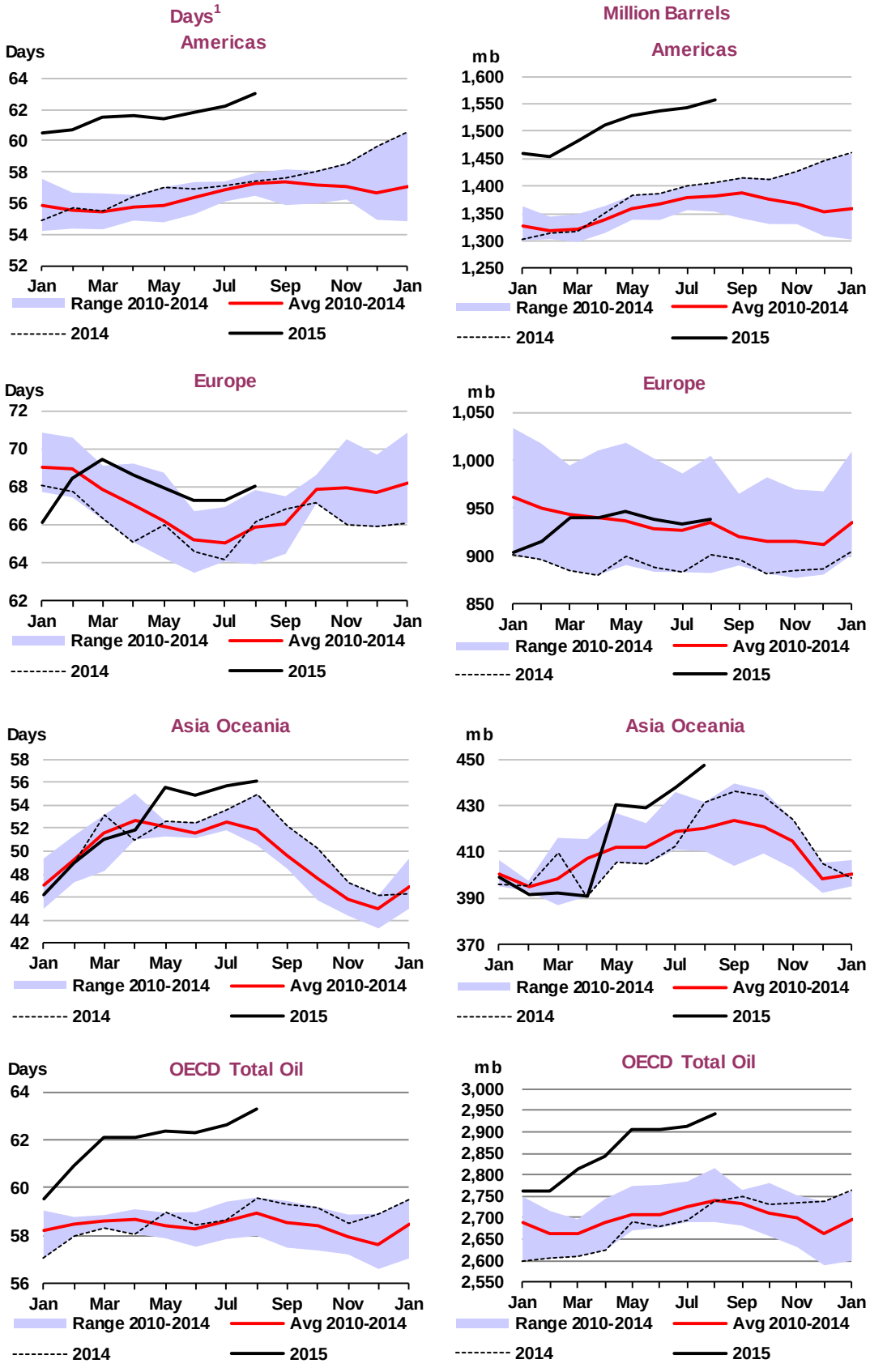




According to weekly data from International Enterprise, land-based refined product stocks in Singapore rose by 1.5 mb to end September at 52. 9 mb. Nonetheless, September was characterised by volatility in stock levels. After building rapidly, driven by rising residual fuel oil imports from Europe, total inventories hit a record 55 mb in mid-month. They then fell back sharply as imports fell so that by end-month they stood at nearly 53 mb.

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

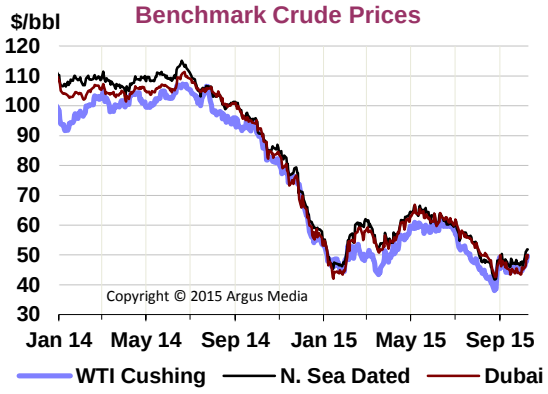
- **Benchmark crude prices recovered in September from recent lows to trade in narrow bands before a further rally in early October on expectations of lower US output that could lead to an eventual market rebalancing**. At the time of writing, ICE Brent was trading at $51.90/bbl with NYMEX WTI lower at $48.80/bbl.

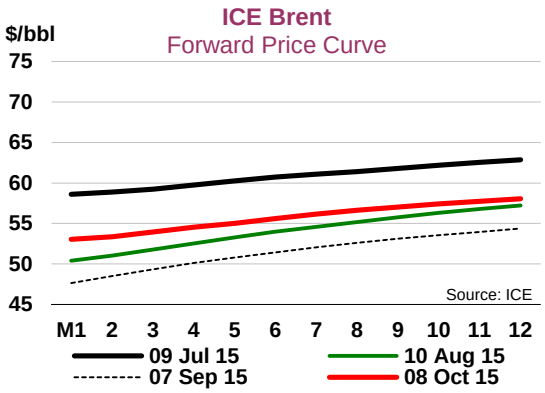
- **Crude oil markets remained locked in contango during September**. Dubai moved back into contango amid ample Middle Eastern sour crude supply while buying interest from Chinese traders cooled. The time spreads in ICE Brent and NYMEX WTI futures contracts remain at less than $0.50/bbl, enough to cover land-based storage but below levels needed to cover floating storage costs.

- **The WTI – Brent spread has recently narrowed to less than $3/bbl** after WTI was supported by declines in US production and stock draws at Cushing while gains in Brent were capped by ample supply, stiff competition in Europe and regional refinery maintenance.

- **Spot product prices were mixed with gasoline continuing to tumble from its mid-summer highs, while fuel oil prices weakened on soft fundamentals**. On the other hand, naphtha prices firmed on strong petrochemical demand.

- **Crude freight rates had an exceptionally strong month, particularly for larger classes of vessels.** Daily prices for eastbound very large crude vessels (VLCCs) leaving the Middle East Gulf rebounded to their highest levels since 2008.





Market overview

Benchmark crude prices recovered from their August lows in September. After an early volatile period, prices stabilised mid-month and then oscillated within a narrow band. Prices rallied in early-October on data suggesting US production is in decline and forecasts that the oil markets could rebalance in 2016. At the time of writing, ICE Brent was trading at $51.90/bbl with NYMEX WTI lower at $48.80/bbl.

The present global oversupply is helping markets shrug off current geopolitical tensions with little initial bullish sentiment triggered by escalating Russian military intervention in Syria. Oil markets also paid little attention to the US Federal Reserve's decision to keep interest rates unchanged. Nonetheless, markets are still relatively volatile compared to historical averages and there is evidence to suggest that there is still significant uncertainty as to where oil prices are heading in the short-term. This is manifested in market participants paying still-hefty premiums on options contracts to insure themselves against price swings (see *Why so serious? Option volatility 'smile' suggests hedging from rebound*).

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

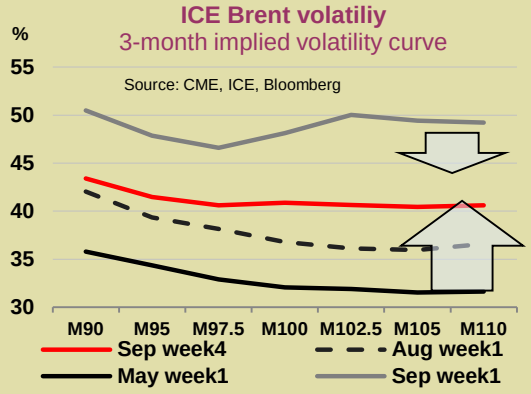
	Jul	Aug	Sep	Sep-Aug Avg Chg	% Chg	Week Commencing: 07 Sep	14 Sep	21 Sep	28 Sep	05 Oct
NYMEX										
Light Sweet Crude Oil	50.93	42.89	45.47	2.58	6.0	45.16	45.46	45.52	45.01	48.33
RBOB	80.26	67.35	58.03	-9.32	-13.8	58.02	56.71	58.48	57.20	59.10
No.2 Heating Oil	70.65	64.17	64.62	0.45	0.7	65.70	63.55	63.82	63.23	66.63
No.2 Heating Oil ($/mmbtu)	12.46	11.32	11.40	0.08	0.7	11.59	11.21	11.26	11.15	11.75
Henry Hub Natural Gas ($/mmbtu)	2.81	2.75	2.64	-0.11	-4.1	2.68	2.68	2.58	2.51	2.48
ICE										
Brent	56.76	48.21	48.54	0.33	0.7	48.35	47.86	48.50	47.95	51.64
Gasoil	69.95	62.17	63.13	0.96	1.5	63.60	62.53	62.54	61.84	64.62
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-5.83	-5.32	-3.07	2.25		-3.19	-2.40	-2.98	-2.94	-3.31
NYMEX No.2 Heating Oil - WTI	19.72	21.28	19.15	-2.13		20.54	18.09	18.30	18.22	18.30
NYMEX RBOB - WTI	29.33	24.46	12.56	-11.90		12.86	11.25	12.96	12.19	10.77
NYMEX 3-2-1 Crack (RBOB)	26.13	23.40	14.76	-8.64		15.42	13.53	14.74	14.20	13.28
NYMEX No.2 - Natural Gas ($/mmbtu)	9.65	8.56	8.76	0.19		8.90	8.53	8.68	8.64	9.27
ICE Gasoil - ICE Brent	13.19	13.96	14.59	0.63		15.25	14.67	14.04	13.89	12.98

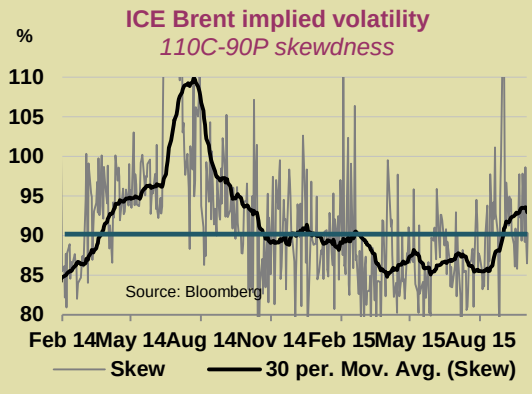
Source: ICE, NYMEX.

While NYMEX WTI gained strength from domestic production declines and stock draws at the Cushing, Oklahoma storage hub, gains in ICE Brent were capped by ample supply, stiff competition in Europe and regional refinery maintenance. This saw the spread between ICE Brent and NYMEX WTI narrow significantly over the month so that by early October it stood at less than $3/bbl. This spread has reopened the arbitrage opportunities to ship African crudes eastwards and relieved some pressure on African producers who, during mid-summer, had difficulty placing barrels.

Options volatility smile suggests hedging from rebound

Oil market volatility soared in late August, as prices swung by more than 10% within days, and climbed throughout September. Amidst that volatility, options prices sent a powerful signal on market expectations. Implied volatility - an indicator derived from options prices - can be used as a gauge of future uncertainty. The higher the indicator, the more dispersed are expectations with respect to the futures curve. Higher uncertainty typically commands a higher 'options premium', the price paid for locking in a price floor/ceiling while keeping the upside.





August and September data show two trends. Firstly, implied volatility climbed significantly as overall uncertainty grew over future price direction (See *'Futures Markets'*). Secondly, as implied volatility can be calculated for different price levels (so-called '*moneyness*'), its decreasing skewedness since early August shows that more market participants are expecting prices to have bottomed out. Skewedness is normally calculated as the ratio between implied volatility at 110% and 90% moneyness.

Options volatility smile suggests hedging from rebound (continued)

In concrete terms, the price for a refiner hedging against a 10% crude spike ('call option') versus the price a producer would pay to be hedged against a 10% price drop ('put option').

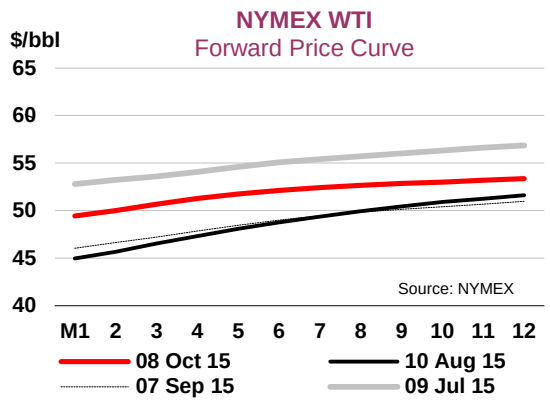
Such asymmetry is commonly referred to as the '*volatility smile*' after the U shape in the chart, and it is the norm among most financial assets. Traders typically pay more to ensure against a price drop than against a rise and bullish positions are executed by buying the underlying futures. A few points difference in implied volatility translate more than proportionally to option premiums. For example, if one wanted to hedge oil trading at $45/bbl six months ahead, a put option locking in a $40/bbl floor would cost $0.34/bbl with implied volatility at 20%, $0.97/bbl at 30%, $1.73/bbl at 40%, and $2.56/bbl at 50%.

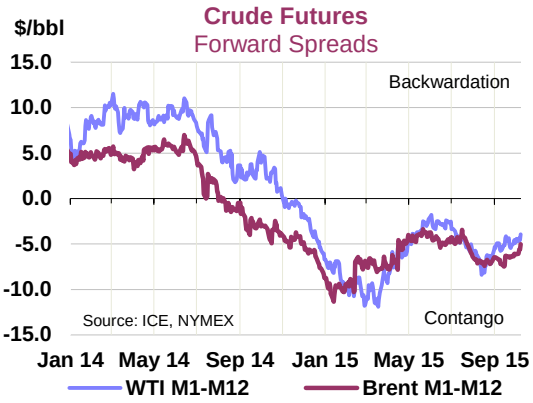
The call-to-put ratio normally hovers around the 90 mark. However, since prices rebounded in late August, such skewedness has been rapidly levelling. Indeed, even briefly reversing when 'call' options became relatively more expensive than 'put' options for a few days in late August. The ratio trending up, with its 30-day moving average moving towards the 95 level, the highest in in more than a year, suggests that after the recent price evolution, hedgers are prepared to pay more to lock in the low price, and speculators are more willing to bet on the bottom.

The last time the ratio stayed above the 95 threshold for a sustained period was in June-July 2014, just before the big slide, probably to hedge against (or speculate on) a price spike stemming from Middle East turmoil. In short, the options market shows us that - as of late - market participants have a less directional view on where prices are going to go next.

Futures markets

All markets remained in contango during September. The Dubai market moved back into contango as prompt prices were pressured lower after feverish trading between Chinese traders cooled down. At the same time, supplies of competing Middle Eastern sour crudes remained ample. By late-September the M1-M2 spread stood at over $1.50/bbl, its steepest since January. However, it narrowed once again to around $1.00/bbl in early-October. In the ICE Brent market, as prompt prices rose, the spread between the M1 and M12 contracts flattened and came in by about $1.70/bbl to $6.02/bbl. With an approximate spread of about $0.40/bbl per month over the duration of the M1-M12 curve, these are levels which barely cover land-based storage costs and are far below those which are required to cover floating storage costs.

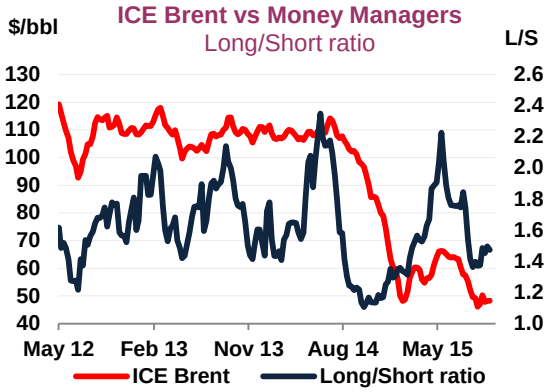


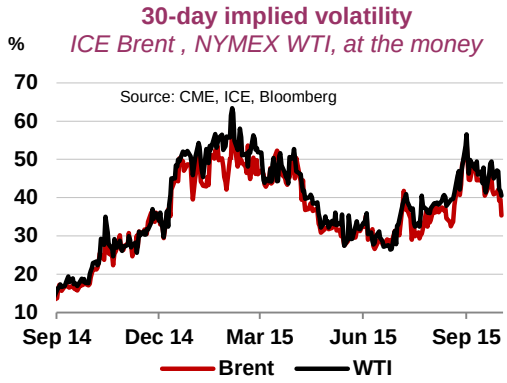


While the NYMEX WTI forward curve is flatter than ICE Brent, the forward time spreads are more complex. Despite prompt prices recovering in September, the spread in the M1-M3 contract has remained relatively stable at around $1.20/bbl. However, the 12-month forward time spread has come in by about $1/bbl from early-September levels as the back of the curve has risen at a slower rate than prompt prices.

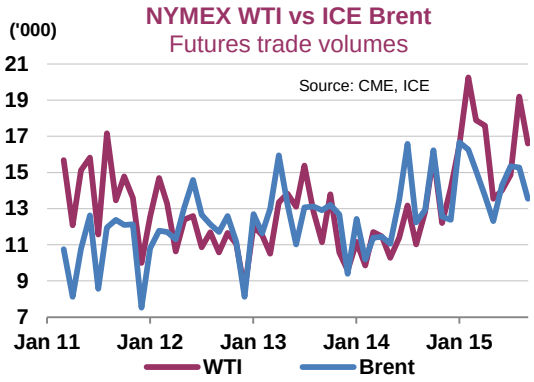
Market activity

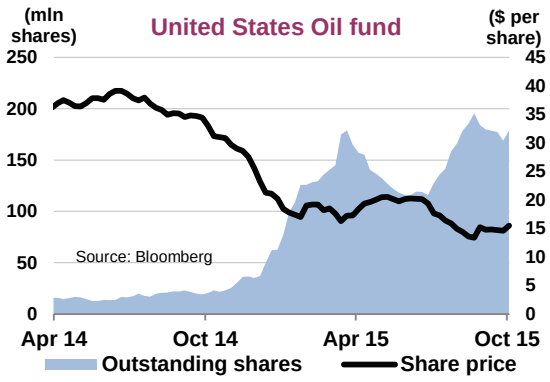
Financial markets had a relatively quiet September, following volatility spikes during August. Hedge funds in both Brent and WTI took a slightly more bullish stance, with the *'long-to-short'* ratio, an overall indicator of funds' overall positioning, inching up. Implied volatility, a gauge of future uncertainty derived from option prices, eased in September from August peaks of over 50%, although it still sits at levels of over 40%.





Activity levels in crude futures eased from August highs but were sustained by historical standards, particularly for WTI. The United States Oil fund, the largest oil-based retail fund by capitalisation, issued new shares in October for the first time in a month, a sign that small investors have regained some confidence towards WTI.





Regulation

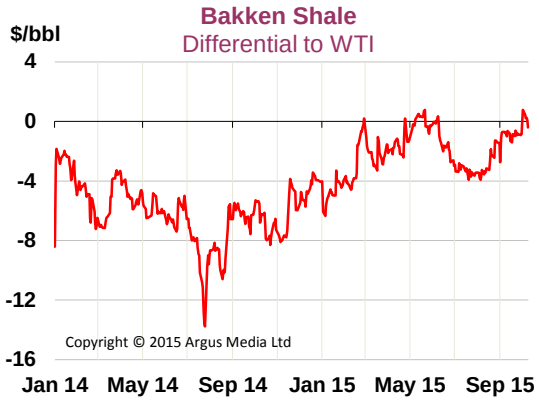
The European Securities and Markets Authority (ESMA) published its final regulatory technical standards (RTS) on the Market in Financial Instruments Directive (MiFID II), one of the central pieces of the post-crisis legislation. The final draft was delivered three months later than initially scheduled as ESMA considered feedback from European energy firms and commodity trading houses. The RTS clarify the thresholds for a firm to fall within the scope of MiFID. For a firm to qualify for exemption, it has to pass two tests.

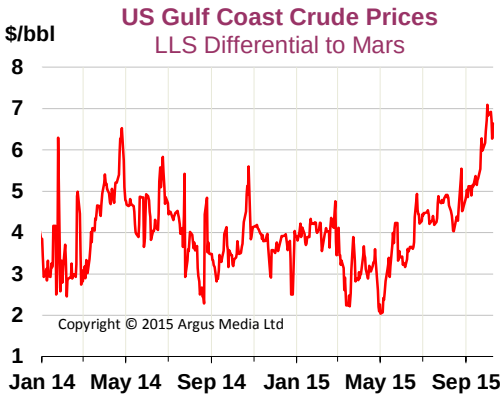
Firstly, the 'market share test' provides that the firm's EU market share, once deducted from the volumes related to physical hedging, market making and other exempt transactions, must remain under the 3% threshold for oil and oil products. Secondly, the 'main business test' determines that the size of a firm's speculative trading has to be less than 10% of its total trading. However, if the firm exceeds the 10% threshold, it may still be exempt, providing its EU market share remains below 1.5% (or 0.6% if speculative activity is more than 50% of total trading). This is to ensure that only 'sizeable participants' are captured by the regulation.

The final draft has been sent for endorsement to the European Commission, which has three months to approve it. After this, the EU Parliament and the Council will have one month to reject it. Once approval is formalised, MiFID II is expected to come into force in January 2017. ESMA is also expected to publish draft rules on position limits. It has anticipated that position limits will range between 5% and 35%, with a special regime for new and illiquid contracts.

Spot crude oil prices

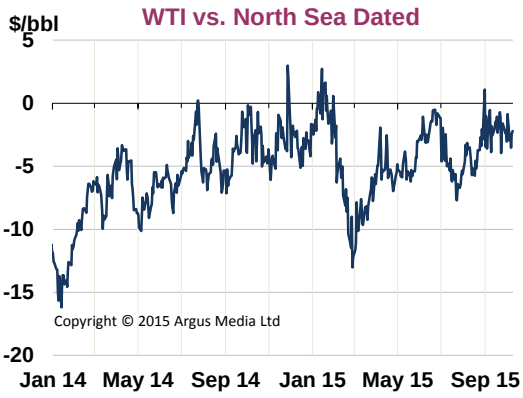
The US sour crude market was unusually weak in September as refinery maintenance cut demand in both the Gulf Coast and Midcontinent refining centres. Gains in Mars were muted in the wake of maintenance at the 330 kb/d Pascagoula refinery. Consequently, Mars weakened against competing sour crudes while its discount to LLS widened to over $7/bbl by early-October, the largest since winter 2013. In the Midcontinent, Western Canadian Select was affected by increased supplies of oil sands while refinery maintenance in both the midcontinent and Gulf Coast regions reduced demand. Accordingly, its discount to WTI remained steep and widened over the second half of the month to approach $15 /bbl.





US light crude markets fared somewhat better - driven by declining US LTO production and stock draws in the midcontinent. WTI rose by $2.59/bbl on a monthly average basis, the highest across global benchmarks, after US EIA data suggested US LTO production is declining while stocks at the Cushing, Oklahoma storage hub have begun to drain. As US domestic production declines, notably in the Bakken formation, the price of light, sweet Bakken crude has strengthened and by early-October had risen to a small premium against WTI. This strength closed the arbitrage window to rail Bakken eastwards to PADD1 refiners, considering the narrow WTI – Brent spread, this has drawn in light African crudes to the region. Meanwhile, gain in LLS was relatively subdued (+$1.45/bbl on a monthly average basis) as a relatively weak Brent market, refinery maintenance and a raft of transatlantic imports, purchased during August when the LLS – Brent spread narrowed, added downward pressure.

North Sea crudes experienced a relatively weak month. Despite North Sea Dated making up ground after its exceptionally weak August, gains were capped by refinery maintenance and high stock levels. Additionally, North Sea supply remained high with BFOE loadings attaining a year-to-date high. Further downward pressure came from an uptick in arrivals of African and FSU crudes, the latter as loadings from Baltic ports rose sharply.



Considering the relative weakness of North Sea Dated and the strength in WTI, the spread between the global

benchmarks has recently narrowed and by early October stood at less than $3/bbl. This narrow spread reopened the arbitrage to ship Atlantic Basin crude to the US with reports suggesting that some Russian and African crudes have already arrived in PADD 1 with more African cargoes en-route. It is also spurring Latin American customers to up their imports of transatlantic crudes. Market reports suggest that Colombia recently bought Nigerian Bonny Light for the first time in several years.

In the Mediterranean, light crudes were supported by buoyant naphtha cracks that saw refiners upping their purchases of light FSU crudes such as CPC blend and Azeri Light while Algerian Saharan Blend was also in demand. However, the sour market was much softer with increased volumes of Iraqi KRG crude coming out of Ceyhan and competing directly with Urals shipped via the Black Sea. Further bearish sentiment came from refinery maintenance that is due to peak in October.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Jul	Aug	Sep	Sep-Aug Avg Chg	%	Week Commencing: 07 Sep	14 Sep	21 Sep	28 Sep	05 Oct
Crudes										
North Sea Dated	56.48	46.60	47.61	1.01	2.2	47.61	47.16	47.39	47.14	51.07
Brent (Asia) Mth 1	56.57	47.31	48.10	0.79	1.7	48.37	47.54	47.36	47.62	50.85
WTI (Cushing) Mth 1	50.90	42.86	45.45	2.59	6.0	45.16	45.46	45.46	45.01	48.33
Urals (Mediterranean)	55.87	45.76	46.98	1.22	2.7	47.21	46.71	46.66	45.91	50.02
Dubai	56.20	47.64	45.45	-2.18	-4.6	46.43	44.51	44.39	44.42	48.22
Tapis (Dated)	55.14	44.63	46.04	1.41	3.2	46.15	45.66	45.96	45.34	49.67
Differential to North Sea Dated										
WTI (Cushing)	-5.58	-3.74	-2.16	1.58		-2.45	-1.70	-1.94	-2.14	-2.74
Urals (Mediterranean)	-0.61	-0.84	-0.63	0.21		-0.40	-0.45	-0.73	-1.23	-1.05
Dubai	-0.28	1.03	-2.16	-3.19		-1.19	-2.65	-3.00	-2.72	-2.85
Tapis (Dated)	-1.34	-1.98	-1.57	0.40		-1.47	-1.50	-1.43	-1.80	-1.40
Prompt Month Differential										
Forw ard Cash Brent Mth1-Mth2	-0.35	-0.47	-0.66	-0.19		-0.83	-0.58	-0.55	-0.57	-0.44
Forw ard WTI Cushing Mth1-Mth2	-0.38	-0.52	-0.43	0.09		-0.59	-0.37	-0.23	-0.45	-0.53
Forw ard Dubai Mth1-Mth2	0.03	1.07	-1.34	-2.40		-1.13	-1.43	-1.49	-1.45	-1.08

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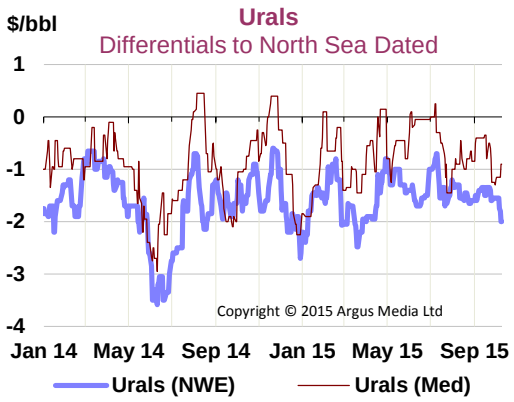
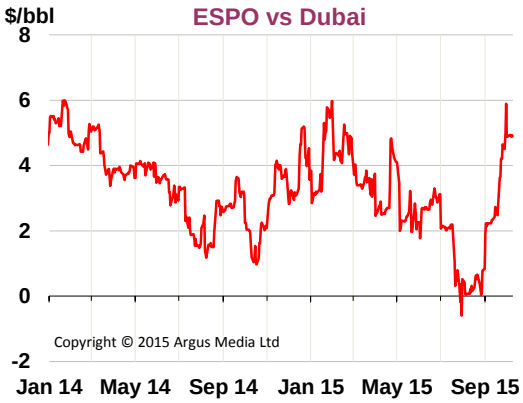
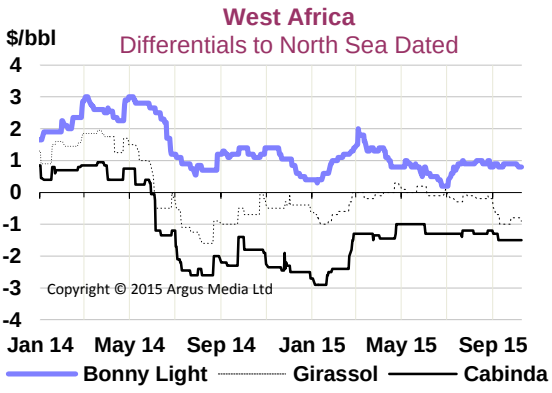
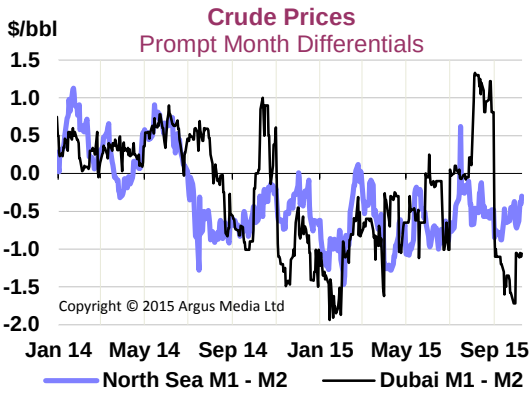
Russian crudes experienced differing fortunes between western and eastern outlets. In the west, Urals for both Northwest European and Mediterranean customers weakened against North Sea Dated from mid-September onwards. In Northwest Europe it appears that amid high North Sea crude production and brimming stocks, regional refiners are particularly well supplied. In the Mediterranean, competition is fierce among sour crudes. In contrast, deliveries of ESPO blend from the pipeline's end-point at Kozmino have been lower of late as the port is dredged ahead of its expansion next year to take Suezmax sized tankers. Chinese buyers also reportedly increased their purchases of the grade that saw its premium to Dubai rise to a record $6/bbl by early-October before falling back to $5/bbl.





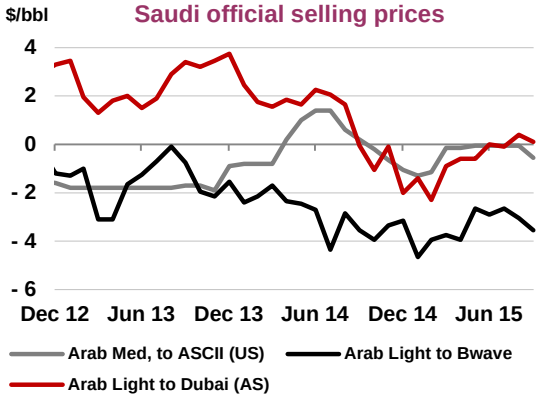
Light, sweet West African crudes were boosted by the narrow North Sea Dated – WTI/LLS spreads which saw renewed buying interest from trans-Atlantic customers. Nigerian cargoes reportedly moved across the Atlantic to the US and to Venezuela where they are also being used as diluent in heavy oil production. Consequently, Bonny Light's premium to North Sea Dated remained stable at about $1 /bbl over the month. Despite the picture being brighter than during mid-summer, Angolan crudes remained under pressure during September and it took price cuts to spur Asian interest with reports suggesting that Chinese buyers stepped up purchases and have brought a significant volume of Angolan barrels for October and November delivery.





Dubai was the only benchmark crude to fall on a monthly average basis in September as it slipped by $2.18 /bbl from August's exceptionally strong level after frantic buying by Chinese traders cooled down while supplies of other competing Middle Eastern grades remain high. Consequently, the grade moved back into a widening contango during early September. As it weakened, it moved back to a discount to North Sea Dated which by early-October stood at about $2.00/bbl. It appears that Dubai's unusual strength in August saw barrels arbitraged to the region from the Atlantic Basin with an uptick in arrivals from Africa and Latin America.

Now that Dubai has weakened, Middle Eastern crudes are likely back in vogue. Despite moving its official price formulae away from Dubai during August, Saudi Arabia has once again returned to its standard pricing methodology and taken account of the sharp drop in Dubai to cut its official price formulae for Asian customers more steeply than for customers in other regions. Considering the recent spike seen in rates for VLCCs travelling between the Middle East Gulf and China, it appears that Chinese buyers have stepped up their purchases of Middle Eastern crudes likely attracted by the low prices.



Improving regional naphtha cracks also saw Asian refiners stepping up their interest in lighter crudes. Notably, Malaysian Tapis garnered strength and saw its premium to sour Dubai briefly exceed $3.00 /bbl, a level not seen since early-2014.

Spot product prices

Spot product prices experienced a mixed month with gasoline prices continuing to tumble from mid-summer highs while fuel oil prices were weakened by soft fundamentals. On the other hand, naphtha prices firmed on strong petrochemical demand. In Europe and the US, the divergence of product and crude prices saw product crack spreads weaken. However, Asian cracks firmed due to Dubai standing apart from other benchmark crudes and weakening.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Jul	Aug	Sep	Sep-Aug		Week Commencing:					Jul	Aug	Sep	Chg
				Chg	%	07 Sep	14 Sep	21 Sep	28 Sep	05 Oct				
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	81.21	68.23	60.82	-7.42	-10.9	62.11	60.86	60.11	57.49	59.99	24.73	21.63	13.20	-8.43
Naphtha	53.05	45.33	46.31	0.98	2.2	45.99	46.30	46.81	46.81	50.80	-3.43	-1.27	-1.30	-0.03
Jet/Kerosene	66.99	58.96	60.44	1.48	2.5	61.06	59.78	59.76	58.87	60.90	10.51	12.36	12.83	0.47
ULSD 10ppm	69.86	61.72	62.43	0.71	1.1	63.12	61.59	61.86	60.81	63.57	13.38	15.12	14.82	-0.30
Gasoil 0.1%	68.74	60.19	60.98	0.79	1.3	61.64	59.76	59.92	60.25	62.36	12.26	13.58	13.36	-0.22
LSFO 1%	45.12	35.48	33.80	-1.69	-4.8	34.02	32.62	32.35	32.89	36.47	-11.36	-11.12	-13.82	-2.70
HSFO 3.5%	42.27	33.11	31.89	-1.22	-3.7	32.25	30.88	30.49	30.48	33.93	-14.21	-13.49	-15.72	-2.23
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	82.12	69.15	61.81	-7.34	-10.6	63.07	61.87	61.11	58.57	61.05	26.25	23.39	14.83	-8.56
Naphtha	49.74	43.21	44.03	0.82	1.9	43.71	44.03	44.53	44.49	48.60	-6.13	-2.55	-2.95	-0.40
Jet Aviation fuel	64.82	58.10	59.27	1.17	2.0	59.99	58.67	58.51	57.36	59.56	8.95	12.34	12.29	-0.05
ULSD 10ppm	69.26	62.54	62.68	0.14	0.2	63.03	61.49	62.28	61.42	63.94	13.39	16.78	15.70	-1.08
Gasoil 0.1%	67.18	59.61	60.61	0.99	1.7	61.37	59.86	59.79	59.11	62.14	11.31	13.85	13.62	-0.23
LSFO 1%	46.38	36.63	34.86	-1.77	-4.8	35.14	33.84	33.40	33.73	37.21	-9.49	-9.13	-12.12	-3.00
HSFO 3.5%	45.26	36.22	35.04	-1.19	-3.3	35.50	34.06	33.57	33.57	36.95	-10.61	-9.54	-11.95	-2.41
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	100.09	79.75	65.94	-13.81	-17.3	65.33	63.85	66.17	66.86	68.52	45.41	32.59	17.32	-15.26
Unleaded	81.50	69.72	56.97	-12.75	-18.3	56.01	54.95	58.22	57.64	59.06	26.82	22.55	8.36	-14.20
Jet/Kerosene	64.77	58.37	58.29	-0.07	-0.1	59.17	56.63	57.85	58.18	60.93	10.09	11.20	9.68	-1.52
ULSD 10ppm	67.83	61.46	60.50	-0.96	-1.6	61.86	58.87	59.18	60.00	62.74	13.14	14.29	11.88	-2.41
Heating Oil	61.89	55.72	55.99	0.28	0.5	57.04	54.35	55.99	56.20	59.51	7.20	8.55	7.38	-1.17
No. 6 3%*	44.40	35.11	34.42	-0.69	-2.0	34.34	33.90	33.73	33.54	36.63	-10.29	-12.06	-14.20	-2.14
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	75.84	65.89	65.26	-0.63	-1.0	65.94	64.17	65.34	65.87	66.14	19.64	18.25	19.81	1.55
Naphtha	53.42	46.00	47.04	1.03	2.2	46.66	47.28	47.77	47.54	50.62	-2.78	-1.63	1.58	3.22
Jet/Kerosene	65.76	57.04	59.04	2.00	3.5	59.44	58.46	58.70	58.83	61.68	9.56	9.40	13.59	4.19
Gasoil 0.05%	65.06	57.12	59.45	2.32	4.1	60.09	58.98	59.06	58.54	61.23	8.86	9.49	14.00	4.51
LSWR Cracked	50.88	40.77	37.83	-2.94	-7.2	38.01	37.22	36.79	36.88	40.36	-5.32	-6.86	-7.62	-0.76
HSFO 180 CST	48.77	38.74	37.53	-1.21	-3.1	37.75	36.99	36.36	36.73	40.03	-7.43	-8.90	-7.92	0.97
HSFO 380 CST 4%	47.86	37.68	36.92	-0.76	-2.0	37.09	36.46	35.90	35.75	38.67	-8.34	-9.96	-8.54	1.42

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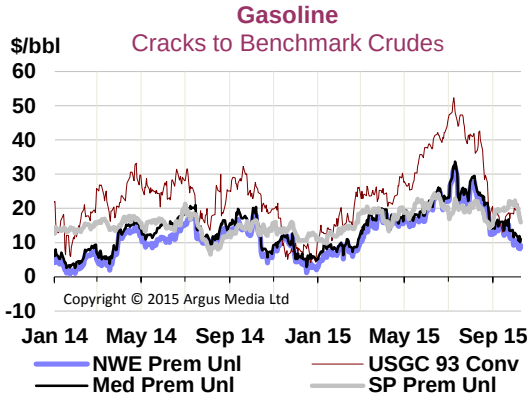
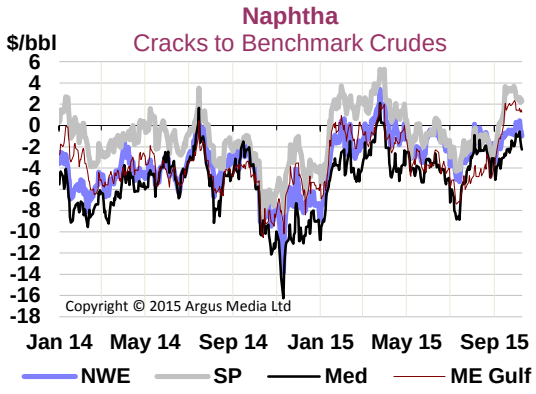
Atlantic Basin gasoline prices continued to tumble from their mid-summer highs with spot prices posting double digit falls in percentage terms over the month. Much of this stemmed from the end of the driving season in the US. This saw US stocks, particularly in the key PADD 1 market build steadily over the month putting downward pressure on domestic prices. Consequently, USGC conventional gasoline cracks dropped below $20 /bbl which put them on a par with year-ago levels. In Europe, spot prices dropped due to lower transatlantic exports although this decline could have been steeper had it not been for rising demand from Nigeria. During early September, the arbitrage window to ship European product westwards remained shut, although it reopened mid-month but this was not enough for cracks to turn upwards which saw them end the month below $12/bbl, about $8/bbl below one month earlier. In Asia, cracks benefitted from both the weakness of Dubai and strength in the gasoline market from mid-month onwards which saw spot prices firm on the back of tighter fundamentals.

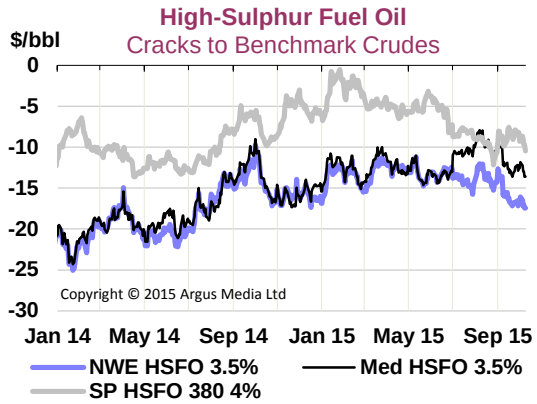
Naphtha prices firmed across all surveyed markets in September, but prices remain low, stimulating an uptick in petrochemical demand where it faces stiff competition from LPG. On an absolute basis, Singapore spot prices saw the steepest rise by over $1/bbl with cracks surging by $3.22/bbl on a monthly average basis to stand in positive territory for the first time since the first quarter. In Europe, healthy eastbound trade saw spot prices rise and cracks briefly flirt with positive territory during late-September for the first time since April. Nonetheless, as spot prices firmed, exports reportedly waned as the arbitrage to ship product eastwards closed.

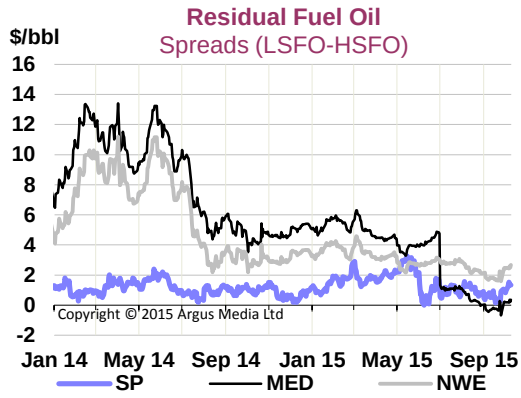




On a monthly average basis, Asian and European middle distillates prices firmed. However, to a certain extent this is misleading considering that after their early-September rally, they then resumed a downward trend. In Europe, diesel prices were depressed in the face of brimming stocks and higher arrivals from Russia and the Middle East. In Asia, despite concerns over sluggish Chinese demand, demand remained brisk while cracks benefitted from the weak Dubai market.

After initially rebounding from their August lows, fuel oil markets weakened in September. Stockpiles in Singapore hit record levels as imports from the Middle East and Europe remained high throughput the first half of the month. Asian HSFO prices steadily declined and once again stood below $35/bbl by late-September. Northwest European prices tumbled as opportunities to ship product to Asia remained scarce and by mid-month had stabilised at $30/bbl with cracks slipping to around -$15/bbl, their lowest level in over 18 months.

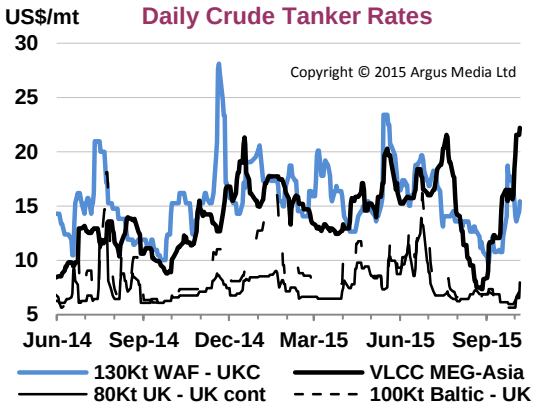


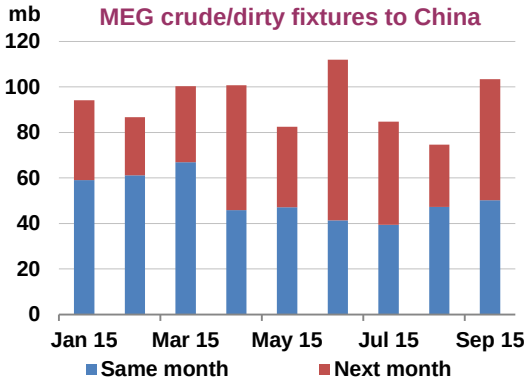


The premium of LSFO to HSFO remained under pressure during September as demand for LSFO has fallen. Japan has been steadily moving away from LSFO for power generation, towards natural gas and eventually nuclear, although the pace at which oil's share declined eased in August due to intermittent disruptions to other power sources, such as hydro. LSFO bunker demand has also taken a battering of late following the introduction of more stringent environmental legislation in Emission Control Areas which has reduced the maximum sulphur content of bunker fuel to 0.1% from 1% previously. This narrowing premium is most evident in the Americas and Northwest Europe, which are both located in ECAs, where by mid-September spreads had narrowed to less than $1/bbl from over $5/bbl one year ago.

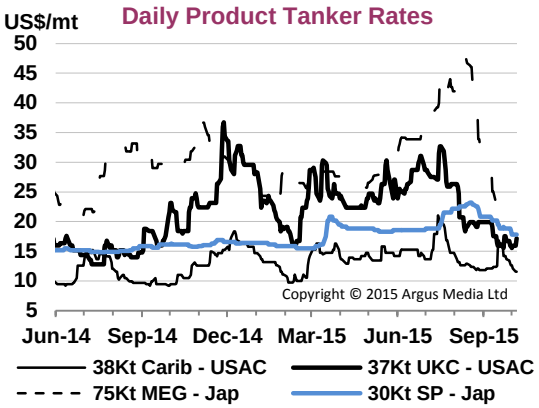
Freight

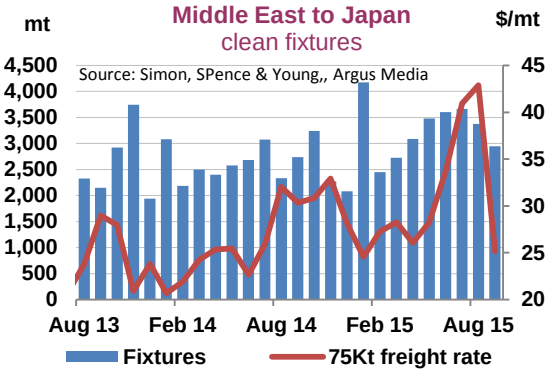
Crude freight rates had an exceptionally strong September, particularly for larger classes of vessels. Daily prices for eastbound very-large-crude-vessels (VLCCs) leaving the Middle East Gulf rebounded to their highest levels since 2008, exceeding 22$/mt. Rates plummeted to new lows in August on the back of slowing Chinese imports and low bunker costs. Demand for Middle Eastern crudes picked up again strongly in September, with the majority of the volumes set to be lifted in October. Westbound Suezmaxes ex-West Africa also gained strength in mid-September from tightening fundamentals. Moreover, vessel owners were reportedly reluctant to send their vessels to Nigerian terminals, despite a ban on 113 vessels being lifted on 9 September. Rates for Aframaxes on voyages in the Baltic and North Sea eased slightly during the month despite volumes being lifted, as available vessels remained abundant. Further downward pressure came after a number of North Sea cargoes were combined and transported upon larger VLCCs.





Surveyed product rates fell across the board in September. Naphtha shipments from the Middle East Gulf to Japan eased as fundamentals softened. Rates settled at about half of July's peaks, which were set against the backdrop of healthy Asian petrochemical demand. Meanwhile, the cross-Atlantic UK-USAC route also weakened as the gasoline arbitrage window remained closed for most of the month. Diesel arbitrage was closed throughout September, prompting ships to ballast back to Europe from the US Atlantic Coast.





REFINING

Summary

- **The onset of seasonal turnarounds is estimated to have curbed global refinery runs by 1.9 mb/d in September to 79.4 mb/d**. The OECD and FSU accounted for the bulk of the decline, while runs remained remarkably strong in Asia and the Middle East.

- **Throughput in 3Q15 was steady at 80.5 mb/d and the 4Q15 estimate was slightly lower at 79.9 mb/d,** due to higher announced maintenance shutdowns. Annual throughput growth is now estimated at 2.6 mb/d for 3Q15, easing to 1.7 mb/d for 4Q15. The contribution of OECD regions to year on year (y-o-y) growth remains significant, representing around 40% of total gains.

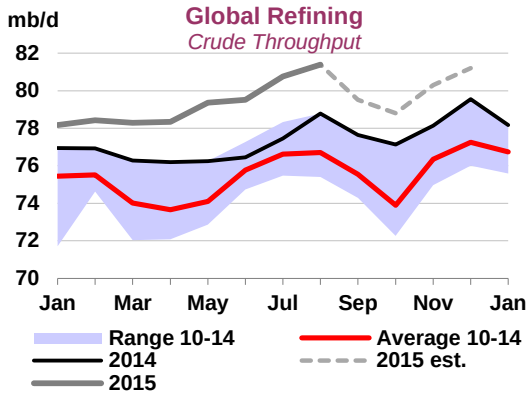
- **Refinery margins fell sharply in September**, losing $2-3/bbl in Europe and twice as much in the US Gulf Coast, due to lower gasoline and fuel oil cracks. Diesel cracks were barely stable but naphtha proved surprisingly strong versus gasoline. Only in Singapore did margins edge up, supported by rising gasoline and distillates cracks, with Dubai relatively weaker than last month.

Global refinery overview

The outlook for the global refinery business is not much changed from last month's Report, and with few revisions. Crude runs started decreasing in September due to normal autumn maintenance, and as margins adjusted to more prevailing levels on seasonally lower gasoline cracks. Finally, the weakness in Asian distillates seems to have disappeared, with gasoil cracks back up to around $15/bbl. The one unexpected feature was the gasoline strength in Asia, where cracks moved up from $16/bbl to $22 /bbl, on demand from Vietnam, India and refinery issues.

Two facts, however, should be kept in mind. First, refineries are still running much higher than in the past years, with y-o-y throughput growth of 2.6 mb/d in 3Q15 – a lot more than the 3Q15 y-o-y growth for refinery capacity (1.5 mb/d) or demand (2.0 mb/d). Secondly, stocks remain at record levels. OECD crude stocks are 170 mb above their 5-year average. OECD product stocks keep rising, especially in "other products "(essentially propane, which by-passes the refining system) and middle distillates, with concurring reports of high fuel oil and distillates stocks in Asia (See '*Stocks*').

With maintenance kicking in, crude stocks could rise faster than products, and margins may be preserved. This has been the case in the past few months, and year-to-date margins have been remarkably strong. However, for the time being, it seems that – barring unusually cold weather - no single product has the potential to support margins, which could be under pressure especially if crude prices picked up. One potential element of support for early next year, though, is the likely high level of spring maintenance in the OECD, as the backlog of deferred maintenance cannot be postponed indefinitely (see "*A maintenance backlog in the OECD*").



Global Refinery Crude Throughput

(million barrels per day)

	Jun 15	**2Q2015**	Jul 15	Aug 15	Sep 15	**3Q2015**	Oct 15	Nov 15	Dec 15	**4Q2015**	Jan 16
Americas	19.6	**19.4**	19.8	19.7	19.0	**19.5**	18.6	19.3	19.5	**19.1**	19.0
Europe	11.7	**11.8**	12.3	12.3	11.9	**12.2**	11.8	12.0	12.1	**12.0**	11.9
Asia Oceania	6.2	**6.4**	6.7	7.1	6.7	**6.8**	6.6	7.0	7.1	**6.9**	7.2
Total OECD	37.5	**37.6**	38.9	39.1	37.7	**38.6**	37.0	38.3	38.7	**38.0**	38.2
FSU	6.9	**6.8**	7.1	7.2	6.8	**7.1**	6.6	6.9	7.0	**6.8**	6.9
Non-OECD Europe	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.6	0.5	0.5	**0.5**	0.5
China	10.5	**10.5**	10.3	10.4	10.4	**10.4**	10.3	10.4	10.5	**10.4**	10.5
Other Asia	10.5	**10.1**	10.1	10.2	10.1	**10.1**	10.2	10.4	10.3	**10.3**	10.4
Latin America	4.8	**4.8**	4.9	4.6	4.8	**4.8**	4.7	4.7	4.9	**4.8**	4.8
Middle East	6.5	**6.6**	6.8	7.0	6.9	**6.9**	7.0	6.8	7.0	**6.9**	6.9
Africa	2.1	**2.1**	2.1	2.2	2.1	**2.1**	2.1	2.1	2.1	**2.1**	2.1
Total Non-OECD	41.9	**41.4**	41.8	42.2	41.7	**41.9**	41.6	41.8	42.2	**41.8**	42.1
Total	79.4	**79.0**	80.7	81.3	79.4	**80.5**	78.6	80.1	80.9	**79.9**	80.3

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

In July, global crude runs reached 80.7 mb/d. This represents 1.3 mb/d month-on-month (m-o-m) growth, and a massive 3.3 mb/d y-o-y growth. This y-o-y supply growth is now at its peak, and should decrease to more customary levels later this year.

In August, the most recent month for which a complete set of monthly OECD data is available, OECD crude runs edged up by 0.2 mb/d m-o-m to 39.1 mb/d – 0.8 mb/d above a year earlier. Estimates of global crude runs show them peaking at 81.3 mb/d, 0.3 mb/d higher than estimated last month. Preliminary figures and estimates for September show OECD runs lower by 1.4 mb/d, with the decrease spread equally among the three regions. Looking at the global picture, total crude processing for September would be 79.4 mb/d, 1.9 mb/d lower than in August, but still 1.9 mb/d higher y-o-y. On a quarterly basis, global crude run estimates for 3Q15 and 4Q15 stand at 80.5 mb/d and 80.0 mb/d, respectively.

Margins

After gasoline margins plummeted last month, the picture was more varied this month. Gasoline cracks were stable in the US, with some strength showing at the end of the month. They weakened in Europe, eventually coming down under the $10/bbl mark, and picked up in Singapore to above $20 /bbl. Middle distillates cracks did not show a clear direction either, weaker in the US and, to a lesser extent, in NWE but a little stronger in Singapore. Distillate is now the largest contributor to margins in NWE and Singapore, while gasoline remains the major driver in the US. NWE fuel oil cracks went a couple of dollars lower, to an average value when compared to the close past. Only naphtha cracks did show a clear strength – up to a $5/bbl increase in Asia - supported by a shrinking propane-naphtha spread and growing Asian demand.

IEA/KBC Global Indicator Refining Margins[1]

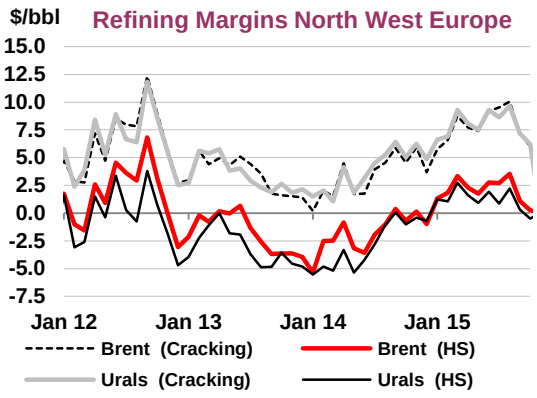
($/bbl)

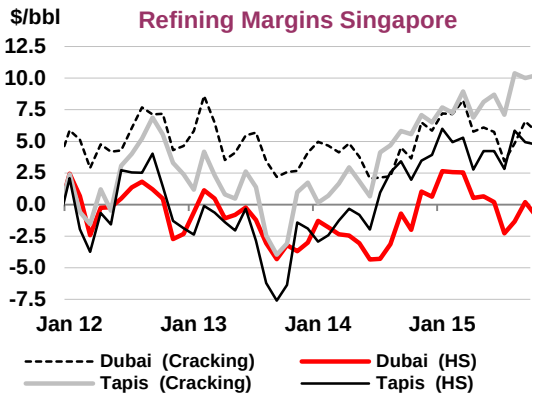
	Monthly Average				Change	Average for week ending:				
	Jun 15	Jul 15	Aug 15	Sep 15	Sep 15-Aug 15	11 Sep	18 Sep	25 Sep	02 Oct	09 Oct
NW Europe										
Brent (Cracking)	9.18	9.53	10.05	7.15	↓ -2.90	7.70	7.13	6.96	6.01	4.45
Urals (Cracking)	9.31	8.65	9.63	7.16	↓ -2.47	7.61	7.00	6.86	6.19	5.18
Brent (Hydroskimming)	2.76	2.72	3.53	1.09	↓ -2.45	1.48	0.83	0.68	0.29	-1.03
Urals (Hydroskimming)	1.93	0.85	2.20	0.33	↓ -1.88	0.66	-0.02	-0.20	-0.45	-1.25
Mediterranean										
Es Sider (Cracking)	10.51	10.14	11.19	8.95	↓ -2.24	9.44	8.69	8.63	7.94	6.31
Urals (Cracking)	8.05	8.15	9.88	7.81	↓ -2.08	8.05	7.37	7.59	7.46	5.86
Es Sider (Hydroskimming)	5.36	5.12	5.93	3.43	↓ -2.50	3.87	3.09	2.89	2.50	1.09
Urals (Hydroskimming)	0.70	1.78	3.37	1.14	↓ -2.22	1.37	0.64	0.66	0.81	-0.53
US Gulf Coast										
50/50 HLS/LLS (Cracking)	12.40	13.71	12.04	5.49	↓ -6.55	4.34	3.69	7.51	7.43	7.07
Mars (Cracking)	7.53	9.75	8.54	3.60	↓ -4.94	2.26	2.08	5.46	6.11	5.92
ASCI (Cracking)	7.17	9.34	8.32	3.01	↓ -5.31	1.77	1.46	4.57	5.55	5.28
50/50 HLS/LLS (Coking)	14.54	15.84	14.47	7.50	↓ -6.97	6.30	5.61	9.60	9.59	9.10
50/50 Maya/Mars (Coking)	10.51	12.88	14.17	8.89	↓ -5.27	8.01	7.36	10.41	11.06	10.23
ASCI (Coking)	12.58	15.08	14.99	9.03	↓ -5.96	7.90	7.16	10.74	11.88	11.28
US Midcon										
WTI (Cracking)	19.25	20.88	27.45	17.73	↓ -9.72	16.24	16.68	19.76	20.24	21.87
30/70 WCS/Bakken (Cracking)	17.38	21.96	28.29	16.68	↓ -11.61	15.12	15.91	18.33	18.57	19.78
Bakken (Cracking)	21.54	25.20	31.67	20.00	↓ -11.66	18.22	19.06	21.98	22.07	23.28
WTI (Coking)	21.74	23.35	30.86	20.63	↓ -10.23	18.99	19.53	22.84	23.48	25.45
30/70 WCS/Bakken (Coking)	21.01	25.86	33.81	21.73	↓ -12.08	20.04	20.78	23.64	24.23	26.36
Bakken (Coking)	22.59	26.26	33.20	21.29	↓ -11.91	19.42	20.34	23.38	23.53	24.91
Singapore										
Dubai (Hydroskimming)	0.19	-2.28	-1.35	0.21	↑ 1.55	-0.20	0.61	0.37	-0.09	-1.86
Tapis (Hydroskimming)	4.23	2.82	5.84	4.93	↓ -0.92	5.44	5.00	4.56	4.51	3.10
Dubai (Hydrocracking)	5.75	3.41	4.83	6.57	↑ 1.74	6.29	6.91	6.92	6.46	4.47
Tapis (Hydrocracking)	8.69	7.09	10.38	10.01	↓ -0.37	10.61	10.05	9.81	9.75	8.01

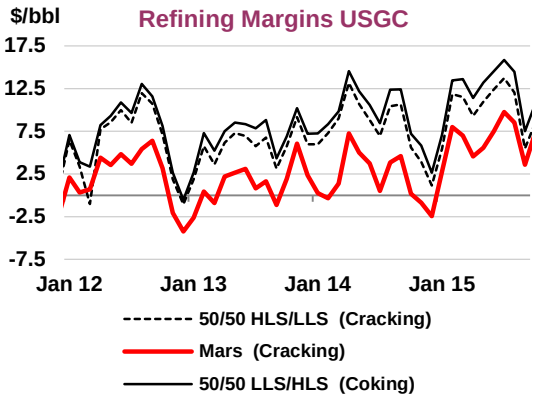
1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should 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)

These product trends combined to generate lower refining margins in the US and Europe. In Europe, margins lost $2-3/bbl, with hydroskimming margins now barely positive, which should pressure crude runs lower and give some support to VGO markets. In the US, the loss was more severe: -$5-7/bbl in the US Gulf and -$10-12/bbl in the US Midcontinent. Margins remain at decent levels in the US Gulf, and very high in the US Midcontinent, around $20/bbl. Margins in Singapore nominally increased vs. Dubai, but the strength of Dubai last month explains it for a part. Relative to Tapis, they slightly decreased.

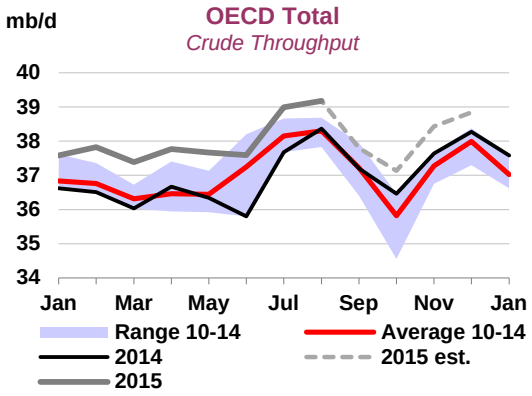


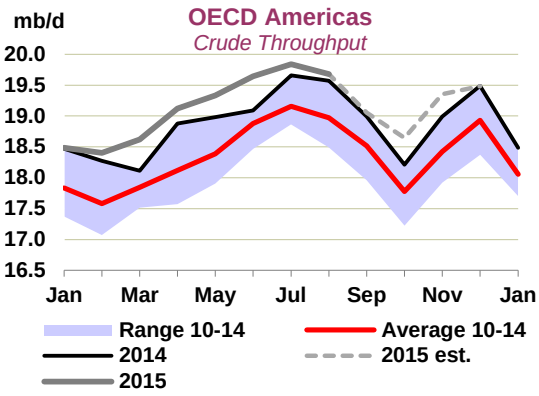




OECD refinery throughput

OECD refinery crude runs increased by another 0.2 mb/d in August from July, to 39.1 mb/d. Japan was the only significant increase – up 0.34 mb/d – while the US showed the largest decrease – by 0.26 mb/d although the utilisation rate is still at a high 93 percent (vs. 94 percent in July). The Mexican refinery utilisation rate remains the lowest in the OECD, at 64 percent, which generates hefty oil products imports from the US Gulf. In Europe, runs were revised higher by 0.3 mb/d and are now flat y-o-y. Spain and Turkey experienced the highest upward revisions while France figures were revised slightly lower, leading to the lowest utilisation rate in Europe (78 percent) despite robust local demand. OECD throughput estimates for 3Q15 were revised down by 0.1 mb/b to 38.6 mb/d.





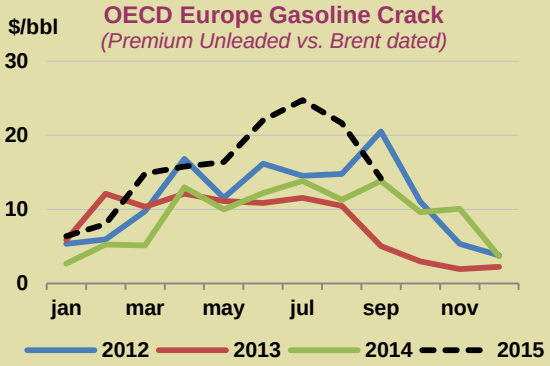
OECD Americas

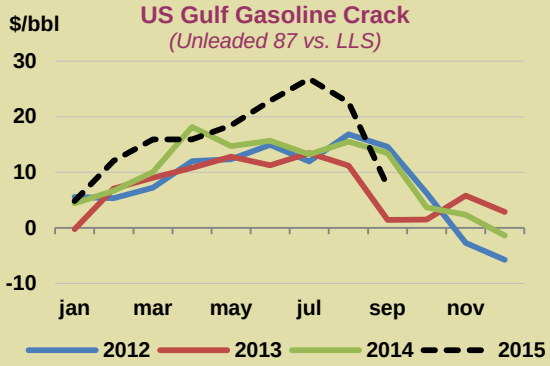
In the **OECD Americas**, August crude throughput decreased to 19.7 mb/d, after a downward revision of 0.2 mb/d due mainly to a lower intake in the US. In the **US**, estimated runs based on weekly figures decreased very significantly in September, down by 0.4 mb/d m-o-m to 16.2 mb/d). The margin for mid-continent crude railed to the Atlantic Coast seems to have eroded, prompting refiners to look more at West African grades.

Exxon Mobil announced an agreement to sell its 155 kb/d Torrance, California, refinery to PBF Energy. In June it had already agreed to sell to PBF its 190 kb/d Chalmette, Louisiana, plant. Another announcement took place, with the bid of Monarch Energy partners to buy and re-start the idled 650 kb/d Hovensa refinery in the US Virgin Islands. However this refinery has a long history of shutdowns and re-starts, and a previous bid in 2014 was turned down by the government.

Gasoline yields react slowly to high gasoline cracks

This summer has been glorious for gasoline cracks. Boosted by fast-growing demand, crude runs and gasoline production strongly increased and gasoline cracks surged well above their usual values.

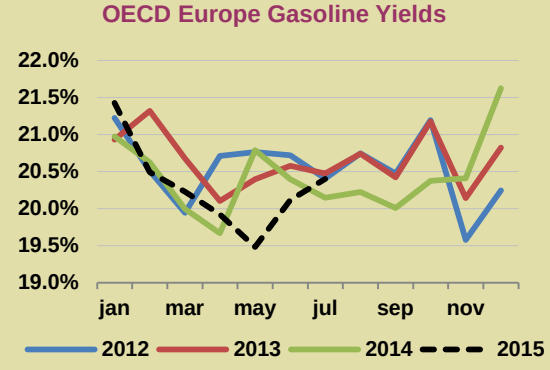


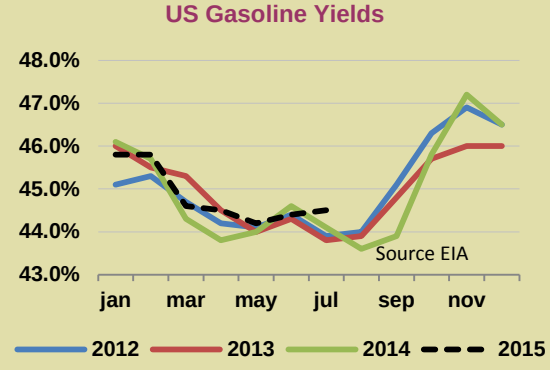


One would have expected refiners to try maximizing their gasoline yields, especially in Europe, where diesel is the product that refiners usually seek to maximize. However, gasoline yields did not rise above the past values. This appears counter-intuitive, but the following factors may go a long way explaining it.

- **Gasoline yields are "diluted" by very high crude runs:** to face high demand refineries run their CDUs at the highest rates possible - above 90% utilisation rate. But secondary units making finished gasoline – FCC, reformer, alkylation, MTBE plant - are usually relatively smaller than the CDU capacity and run at full rates well before the CDU does. Additional marginal crude runs thus have lower gasoline yield and higher fuel oil yields than the average at lower throughputs.
- **An unusual number of unplanned outages for gasoline-making units** took place this summer in the US and Europe
- **A number of refiner's reactions take time to implement.** Most refineries do not change their settings immediately, and some have limited flexibility in changing feedstocks or operating mode from a well established maximum distillates mode. It also probably took time for the decision-makers to realise that this strong gasoline demand was a lasting feature. Finally, some setup changes – catalysts for instance – need a turnaround to be implemented and cannot therefore follow short-term price signals.
- **OECD gasoline stocks were average during summer,** and refiners were probably not to react, as they could have serviced gasoline demand with their inventory, without the need for extra production.

However, it seems July yields did finally recover and it remains to be seen whether August will be higher, in which case this would comfort the idea of a delay in the final reaction.





Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Change from Jul 15	Change from Aug 14	Utilisation rate (1) Aug 15	Utilisation rate (1) Aug 14
US (2)	15.66	16.30	16.44	16.69	16.88	16.63	-0.26	0.16	0.93	0.93
Canada	1.71	1.60	1.62	1.71	1.78	1.82	0.04	0.06	0.99	0.96
Chile	0.14	0.15	0.17	0.16	0.16	0.16	-0.01	-0.03	0.69	0.80
Mexico	1.10	1.06	1.10	1.07	1.00	1.06	0.06	-0.09	0.64	0.70
OECD Americas	**18.61**	**19.11**	**19.33**	**19.64**	**19.83**	**19.67**	**-0.16**	**0.11**	**0.91**	**0.91**
France	1.30	1.19	1.12	1.02	1.11	1.09	-0.02	-0.12	0.78	0.87
Germany	1.79	1.88	2.02	1.96	1.90	1.93	0.03	-0.07	0.95	0.99
Italy	1.25	1.30	1.42	1.32	1.39	1.42	0.03	0.11	0.81	0.75
Netherlands	0.95	1.00	1.11	1.08	1.08	1.05	-0.03	0.08	0.82	0.76
Spain	1.25	1.36	1.33	1.26	1.35	1.41	0.06	0.14	0.93	0.84
United Kingdom	1.13	1.12	1.06	1.00	1.22	1.19	-0.02	0.05	0.87	0.73
Other OECD Europe	4.15	3.97	3.84	4.02	4.27	4.25	-0.01	0.20	0.87	0.83
OECD Europe	**11.81**	**11.83**	**11.89**	**11.66**	**12.31**	**12.35**	**0.03**	**0.39**	**0.87**	**0.83**
Japan	3.27	3.25	2.92	2.52	3.05	3.39	0.34	0.25	0.88	0.79
South Korea	2.76	2.63	2.75	2.93	2.91	2.88	-0.04	0.17	0.87	0.85
Other Asia Oceania	0.83	0.85	0.68	0.74	0.79	0.80	0.02	-0.11	0.81	0.75
OECD Asia Oceania	**6.87**	**6.73**	**6.35**	**6.19**	**6.75**	**7.07**	**0.32**	**0.32**	**0.87**	**0.80**
OECD Total	**37.29**	**37.67**	**37.57**	**37.49**	**38.89**	**39.08**	**0.19**	**0.81**	**0.89**	**0.87**

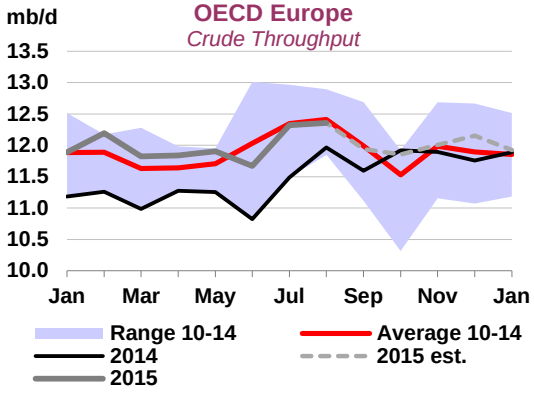
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

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 Europe

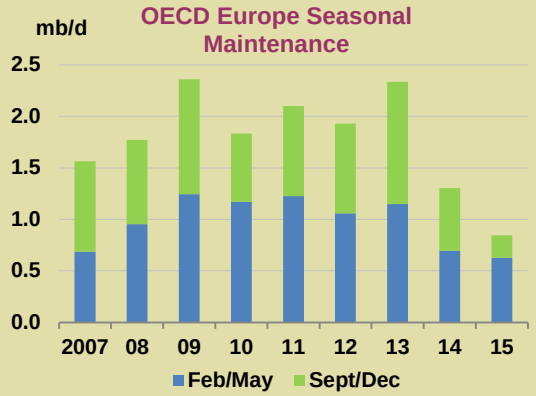
Europe's crude processing in August remained stable at 12.3 mb/d. Despite persistently high stocks, middle distillates continued to sail to Europe from all regions – the US (although the arbitrage became closed in September, see *Prices*), Asia, Russia, Middle East - with some cargoes from Asia taking advantage of the contango to take the long route from Korea via the Cape of Good Hope. A similar movement, but from Europe to Asia, took place for fuel oil, with cargoes from all Europe re-loaded on VLCCs in Rotterdam bound to Asia, despite very high stocks over there and increasing freight rates. Notwithstanding these high stocks and continuing imports, diesel margins resisted around $15/bbl, decreasing just slightly in the second half of September. Combined with decreasing fuel oil and gasoline cracks, this brought hydroskimming margins very close to zero. Announced maintenance still appears to be particularly low this autumn, with only a few refineries reporting outages, generating expectations of 2016 maintenance to be above average.

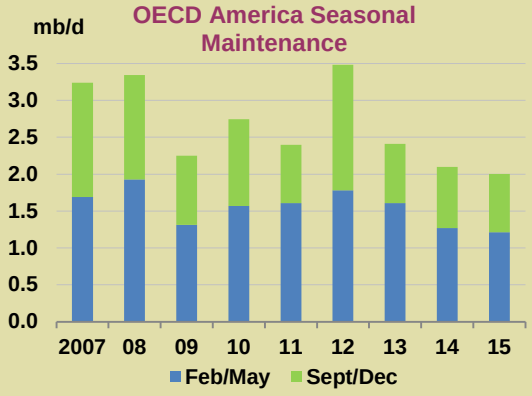


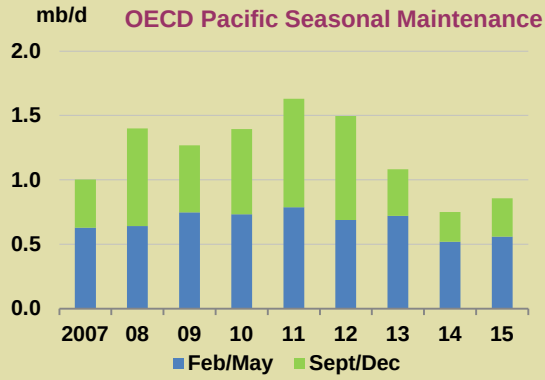
On 8 October, Gunvor announced an agreement with KPC to buy its Rotterdam's 80 kb/d Europort refinery. It will be Gunvor's third European refinery, after Ingolstadt and Antwerp.

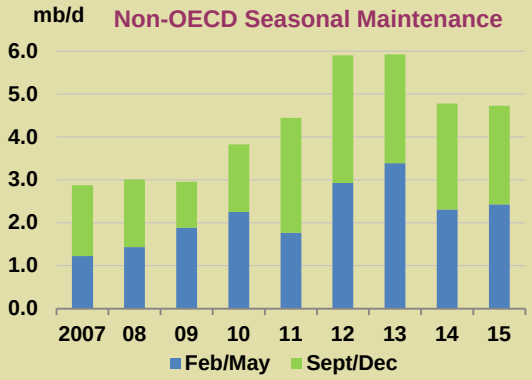
A maintenance backlog in the OECD

Seasonal maintenance is an essential factor in the safety of refinery operations. Maintenance turnarounds intervals are regulated, with a maximum interval depending on each unit. It is shorter if the operational conditions of a given unit are more severe, for instance for FCCs or hydrocrackers. In short, secondary units may have to stop every three to four years, while there may be up to five years between complete refinery turnarounds. When looking at the announced shutdowns for 2015, it is striking that, in OECD, the level of CDU maintenance was well below the usual range in 2014 and, in Europe, even more so in 2015 - which is clearly not the case for non-OECD regions.

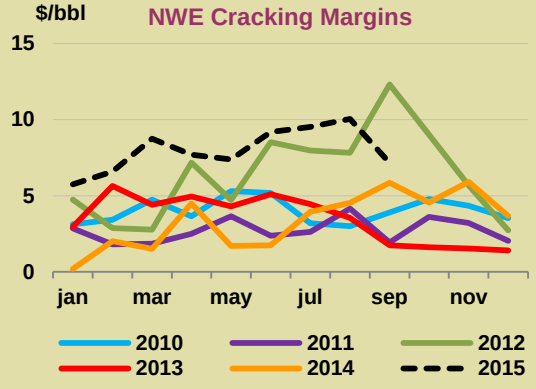


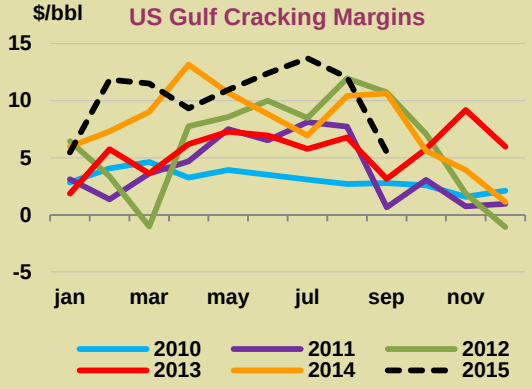






The most likely reason is that OECD refiners are extremely responsive to margins and that they are takers of "market" margins. Since margins have not been as high over the summer for the past five years, refiners might have been ready to accept the trouble of deferring a turnaround to benefit from such unusually high margins. Similar reasons explain why non-OECD maintenance did not follow such a path: firstly, they mostly "receive" margins centrally set by local crude or ex-refinery product prices, and do not necessarily follow all the movements of free markets. But also because most non-OECD refining is state-owned and probably more responsive to centralised state-planning decisions than to instantaneous margins.



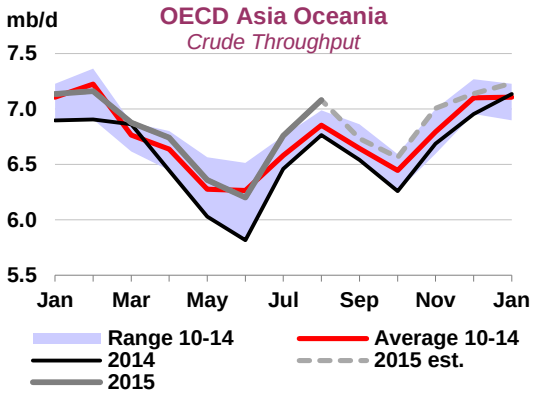


A maintenance backlog in the OECD (continued)

What does it mean for the future? As mentioned above, regulations create a tight frame for turnaround decisions, and turnarounds thus cannot be deferred for very long. It is therefore likely that we will see a very high maintenance in OECD during 2016. This would then put downward pressure on crude prices and upward pressure on product prices, a recipe or virtuous circle to support elevated margins. However, margins have already substantially weakened in September, despite the beginning of the maintenance season.

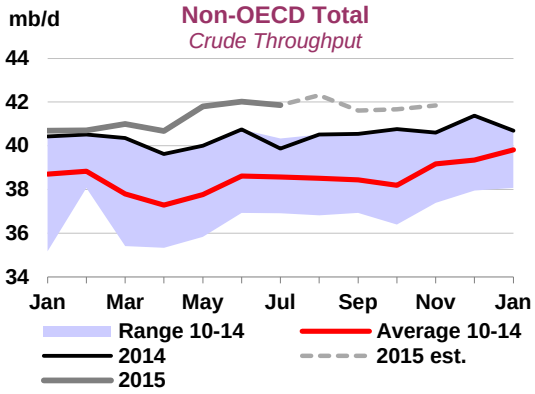
OECD Asia Oceania

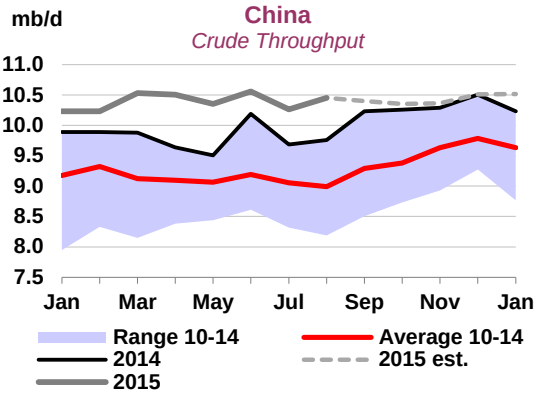
OECD Asia Oceania crude runs rose by 0.3 mb/d in August to 7.1 mb/d, with the increase entirely due to Japan. This value comes unexpectedly above the past Five-year range. As discussed in last month's *Report*, August figures for South Korea do not reflect the run cuts announced by Korean refiners early August. Gasoline and distillate cracks were supported by rising import requirements and some unplanned outages, such as Taiwan's Formosa 84 kb/d FCC.



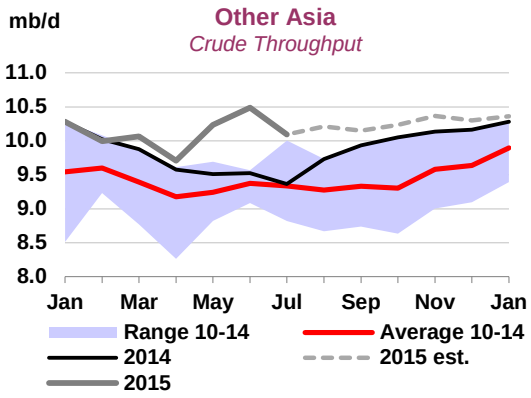
Non-OECD refinery throughput

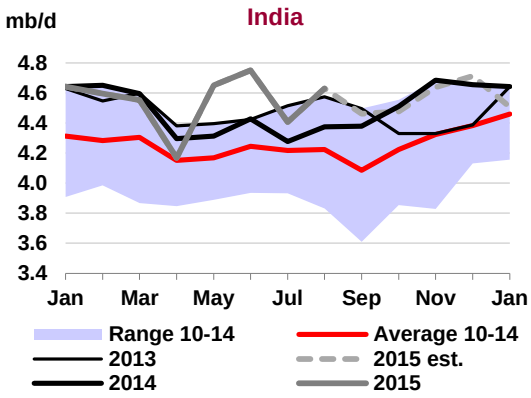
In July, **non-OECD** refinery throughput remained stable at 41.8 mb/d. August forecast is slightly higher, at 42.2 mb/d, before maintenance season kicks in. This is still nearly 2.0 mb/d above last year's figures, with the Middle East, China and Other Asia accounting roughly equally for all the growth. Estimated quarterly figures for 3Q2015 and 4Q15 are also 41.9 mb/d and 41.8 mb/d, respectively.





In **China**, despite announced run reductions, August crude runs edged higher to 10.44 mb/d, from 10.25 mb/d in June. Over the first 8 months, refining runs have been higher by 6.0% y-o-y. As a consequence of such high runs, and to alleviate pressure on bulging inventories, distillates exports remained at the elevated June levels: approximately 0.20 mb/d of jet/kerosene and 0.15 mb/d of diesel. This could go higher, as quotas have been approved for up to 0.27 mb/d of diesel, and as the local refining margin has somehow rallied. Nonetheless, all major companies still seem to be scheduling lower runs in Q4. To join its larger exporting peers, Sinochem also applied for product export licences for its Quanzhou, Fujian, refinery.

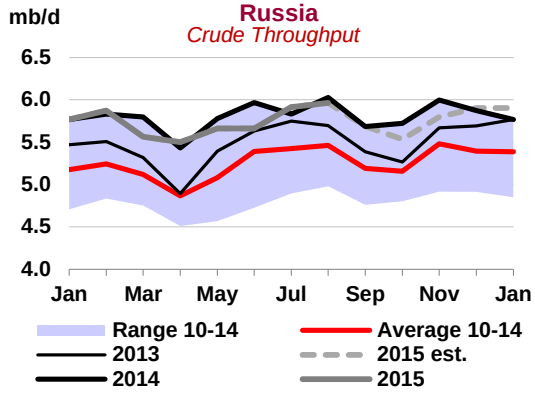


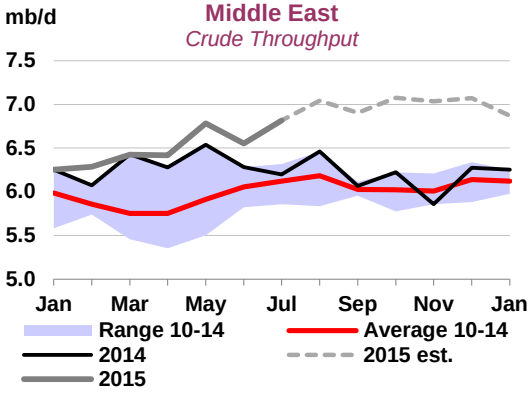


In **Non-OECD Asia** refinery crude intake in July dropped 0.4 mb/d to 10.1 mb/d, essentially because of India's lower throughput (4.4 mb/d vs. 4.7 mb/d last month) but also because of lower runs in Chinese Taipei (-0.2 mb/d). However, in August, runs in **India** recovered to 4.6 mb/d. In **Singapore**, runs will be lower until the end of this year, as Shell has delayed the restart of a 210 kb/d crude unit until 2016. Indonesia' Pertamina announced that gasoline imports next year would be cut by 90 kbd with the re-start of TPPI's 100 kb/d condensate splitter and the ramp-up of a new 60 kb/d FCC at its Cilacap refinery mid-October. In Singapore, JAC's 100 kb/d condensate splitter was shut down indefinitely as its owner went into receivership.

In **FSU,** July crude runs moved up 0.2 mb/d m-o-m to 7.1 mb/d. August is forecast at similar levels, but crude runs will be reduced by 0.6 mb/d because of the seasonal maintenance starting September. In **Ukraine**, the Kremenchug refinery is still the only one operating, and well below capacity.

In September, **Russian** throughput started its seasonal decrease to 5.7 mb/d, flat y-o-y. Asian naphtha demand strength made it possible to export directly from the Baltic to Japan two 80,000 tons shipments. Supporting the request of some refiners, and because a number of new units needed for the upgrade to Euro 5 are behind schedule, Russian authorities delayed by six months the ban on Euro 4 gasoline.

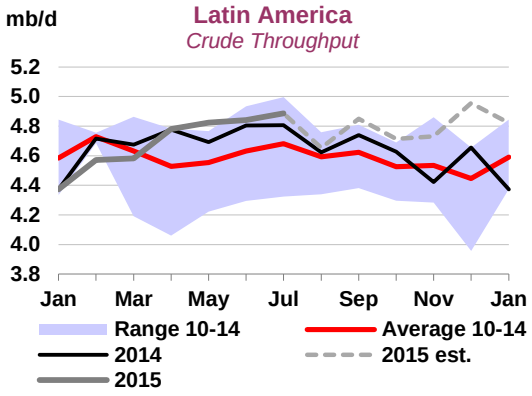




In July, **Middle East** crude runs reached 6.8 mb/d, 0.3 mb/d higher m-o-m and 0.6 mb/d higher y-o-y. They are expected to reach a record 7.0 mb/d in August and stay close to this level despite the high maintenance level in October and November, in part because of the full ramp-up of the Ruwais refinery and the re-start of Yemen's 150 kb/d Aden refinery.

In **Latin America**, the large 750 kb/d Paraguana refining complex in Venezuela stopped on October 1 due to a power outage. It is reported to be currently re-starting, but this could affect October throughput figures.

In **Africa**, July crude throughput is stable at 2.1 mb/d. **Nigeria** issued extra gasoline import quotas for Q3 (equivalent to 80 kb/d) to compensate for the delays in re-starting the local refineries, but quotas for Q4 are still not out.



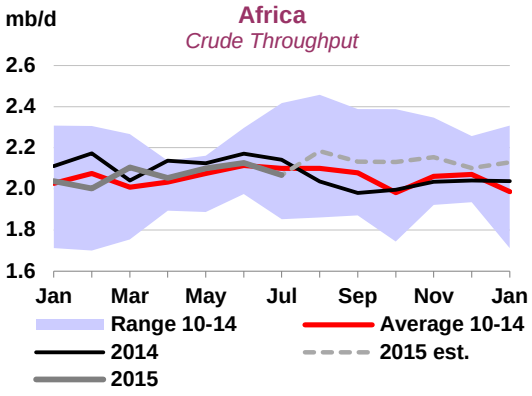


Table 1
WORLD OIL SUPPLY AND DEMAND

(million barrels per day)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	23.6	24.1	23.9	23.7	24.4	24.6	24.1	24.2	24.1	24.9	24.8	24.5	24.5	24.2	24.7	24.9	24.6
Europe	13.8	13.6	13.0	13.3	13.8	13.4	13.4	13.4	13.5	13.9	13.6	13.6	13.4	13.6	13.9	13.6	13.6
Asia Oceania	8.5	8.4	8.9	7.7	7.7	8.3	8.2	8.8	7.7	7.8	8.4	8.2	8.7	7.6	7.8	8.4	8.1
Total OECD	45.9	46.0	45.7	44.8	45.9	46.3	45.7	46.5	45.3	46.6	46.7	46.3	46.6	45.5	46.4	46.9	46.3
NON-OECD DEMAND																	
FSU	4.6	4.7	4.6	4.9	5.1	5.0	4.9	4.6	4.9	5.0	4.9	4.9	4.7	4.8	5.0	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	9.9	10.3	10.4	10.6	10.5	11.0	10.6	11.0	11.3	11.1	11.2	11.1	11.2	11.6	11.5	11.5	11.4
Other Asia	11.4	11.8	12.0	12.1	11.7	12.1	12.0	12.4	12.5	12.2	12.7	12.5	12.9	13.0	12.7	13.1	12.9
Americas	6.5	6.7	6.6	6.8	7.0	7.0	6.8	6.7	6.8	6.9	6.9	6.8	6.7	6.9	7.0	7.0	6.9
Middle East	7.9	7.9	7.8	8.2	8.5	7.9	8.1	7.7	8.3	8.6	8.0	8.2	7.9	8.4	8.8	8.2	8.4
Africa	3.8	3.9	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.2	4.1	4.3	4.2	4.1	4.3	4.2
Total Non-OECD	44.8	45.9	46.1	47.2	47.4	47.6	47.1	47.1	48.6	48.5	48.7	48.2	48.3	49.6	49.8	49.8	49.4
Total Demand[1]	**90.7**	**91.9**	**91.8**	**91.9**	**93.2**	**94.0**	**92.7**	**93.6**	**93.9**	**95.2**	**95.4**	**94.5**	**94.9**	**95.1**	**96.2**	**96.7**	**95.7**
OECD SUPPLY																	
Americas[4]	15.8	17.2	18.3	18.9	19.2	19.8	19.0	19.9	19.6	19.7	19.7	19.7	19.6	19.5	19.6	19.8	19.6
Europe	3.5	3.3	3.5	3.2	3.1	3.5	3.3	3.4	3.5	3.3	3.4	3.4	3.4	3.2	3.1	3.3	3.3
Asia Oceania	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	19.8	21.0	22.3	22.6	22.9	23.8	22.9	23.7	23.5	23.6	23.6	23.6	23.5	23.2	23.1	23.6	23.4
NON-OECD SUPPLY																	
FSU	13.6	13.8	13.9	13.8	13.8	13.9	13.9	14.0	14.0	13.9	13.9	13.9	13.9	13.8	13.6	13.7	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	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.4	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
Other Asia[2]	3.7	3.5	3.5	3.5	3.4	3.6	3.5	3.6	3.6	3.6	3.6	3.6	3.7	3.6	3.6	3.5	3.6
Americas[2,4]	4.2	4.2	4.2	4.3	4.5	4.6	4.4	4.6	4.6	4.6	4.7	4.6	4.7	4.6	4.7	4.7	4.7
Middle East	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa[2]	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.3	2.2
Total Non-OECD	29.5	29.5	29.8	29.6	29.6	30.1	29.8	30.3	30.1	30.0	30.1	30.1	30.0	29.8	29.5	29.6	29.7
Processing gains[3]	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuel[4]	1.9	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.4	2.6	2.4	2.3	1.9	2.4	2.7	2.4	2.4
Total Non-OPEC[2]	53.3	54.6	55.9	56.7	57.2	58.3	57.0	58.1	58.3	58.5	58.3	58.3	57.8	57.6	57.7	57.9	57.8
OPEC																	
Crude[5]	31.3	30.5	30.0	30.1	30.5	30.5	30.3	30.5	31.5	31.7							
NGLs	6.2	6.2	6.3	6.3	6.4	6.4	6.4	6.5	6.5	6.6	6.7	6.6	6.7	6.8	6.9	6.9	6.8
Total OPEC[2]	37.5	36.6	36.3	36.4	36.9	36.9	36.6	36.9	38.0	38.3							
Total Supply[6]	**90.8**	**91.3**	**92.2**	**93.1**	**94.2**	**95.3**	**93.7**	**95.1**	**96.3**	**96.8**							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.2	-0.2	0.2	0.8	0.7	-0.1	0.4	0.9	1.0								
Government	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0								
Total	0.2	-0.2	0.2	0.7	0.7	-0.1	0.4	0.9	1.0								
Floating storage/Oil in transit	0.0	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1	0.2								
Miscellaneous to balance[7]	-0.1	-0.6	-0.1	0.8	-0.1	1.5	0.5	0.7	1.2								
Total Stock Ch. & Misc	**0.1**	**-0.7**	**0.4**	**1.1**	**0.9**	**1.3**	**0.9**	**1.5**	**2.4**	**1.6**							
Memo items:																	
Call on OPEC crude + Stock ch.[8]	31.2	31.1	29.6	29.0	29.6	29.2	29.3	29.0	29.1	30.1	30.5	29.7	30.4	30.6	31.7	31.9	31.1

1 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.
2 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 2011.
Total OPEC comprises all countries which were OPEC members at 1 January 2011.
3 Net volumetric gains and losses in the refining process and marine transportation losses.
4 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
5 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.
6 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
7 Includes changes in non-reported stocks in OECD and non-OECD areas.
8 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)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.2	-	-	-0.1	-	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	0.1	-	-0.1	0.1	0.1	0.1	-	-	-	0.1	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	0.1	0.1	0.2	-	0.1	0.1	0.2	0.2	-	0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Middle East	-	-	-	-	-0.1	-	-	-	-	-0.1	-	-	-	-0.1	-0.1	-	-0.1
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	0.1	-	-	0.1	-	-0.1	-	-0.1	-	-	-0.1	-0.1
Total Demand	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**-**	**0.1**	**0.2**	**-**	**0.1**	**-0.1**	**-**	**-**	**-0.1**	**-0.1**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	-	-	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	-	-	0.1	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-								
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-								
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	**-**	**-**	**-**	**-**	**-**	**-0.1**	**-**	**-**	**-0.1**								
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	0.1	-	-	0.1	-0.1	-0.3	-0.1	-0.2	-0.1	-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

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Demand (mb/d)																
Americas	24.07	23.88	23.73	24.38	24.56	24.14	24.24	24.10	24.86	24.77	24.49	24.48	24.25	24.72	24.93	24.60
Europe	13.58	12.96	13.34	13.77	13.42	13.38	13.45	13.53	13.94	13.57	13.62	13.40	13.61	13.88	13.55	13.61
Asia Oceania	8.36	8.89	7.70	7.71	8.35	8.16	8.78	7.68	7.82	8.38	8.16	8.69	7.63	7.82	8.38	8.13
Total OECD	46.01	45.73	44.77	45.86	46.33	45.68	46.46	45.30	46.62	46.73	46.28	46.57	45.49	46.42	46.86	46.33
Asia	22.06	22.40	22.69	22.27	23.12	22.62	23.34	23.78	23.33	23.92	23.59	24.08	24.56	24.13	24.64	24.35
Middle East	7.91	7.75	8.16	8.45	7.87	8.06	7.70	8.34	8.56	8.05	8.16	7.92	8.43	8.84	8.23	8.35
Americas	6.68	6.63	6.81	6.97	6.95	6.84	6.71	6.83	6.92	6.92	6.85	6.69	6.86	6.98	7.02	6.89
FSU	4.71	4.63	4.86	5.14	5.05	4.92	4.58	4.87	5.04	4.94	4.86	4.66	4.79	5.01	4.91	4.84
Africa	3.89	3.99	3.99	3.88	3.96	3.96	4.08	4.07	4.00	4.16	4.08	4.27	4.24	4.14	4.29	4.23
Europe	0.66	0.66	0.67	0.69	0.68	0.68	0.69	0.70	0.70	0.71	0.70	0.70	0.72	0.71	0.72	0.72
Total Non-OECD	45.90	46.08	47.17	47.38	47.63	47.07	47.10	48.58	48.55	48.70	48.24	48.33	49.60	49.82	49.81	49.39
World	**91.92**	**91.81**	**91.94**	**93.24**	**93.97**	**92.75**	**93.57**	**93.88**	**95.17**	**95.42**	**94.52**	**94.89**	**95.08**	**96.24**	**96.67**	**95.72**
of which: US50	18.96	18.82	18.77	19.31	19.51	19.11	19.29	19.25	19.85	19.73	19.53	19.55	19.39	19.77	19.90	19.65
Europe 5*	8.12	7.85	7.89	8.17	8.03	7.99	8.05	7.97	8.21	8.02	8.06	7.99	7.99	8.11	7.96	8.01
China	10.27	10.36	10.57	10.53	10.99	10.61	10.95	11.25	11.12	11.21	11.13	11.22	11.61	11.46	11.51	11.45
Japan	4.56	5.07	3.93	3.93	4.48	4.35	4.80	3.90	3.95	4.39	4.26	4.64	3.76	3.91	4.37	4.17
India	3.69	3.81	3.88	3.56	3.80	3.76	3.95	4.01	3.78	4.01	3.94	4.15	4.19	3.92	4.18	4.11
Russia	3.46	3.46	3.61	3.85	3.68	3.65	3.39	3.62	3.76	3.60	3.59	3.47	3.51	3.70	3.54	3.56
Brazil	3.12	3.12	3.17	3.28	3.31	3.22	3.17	3.16	3.21	3.26	3.20	3.12	3.14	3.23	3.29	3.19
Saudi Arabia	2.96	2.78	3.28	3.50	3.03	3.15	2.89	3.45	3.54	3.04	3.23	2.97	3.40	3.68	3.10	3.29
Canada	2.37	2.41	2.32	2.44	2.41	2.40	2.36	2.27	2.38	2.37	2.34	2.30	2.25	2.35	2.34	2.31
Korea	2.33	2.35	2.31	2.32	2.38	2.34	2.48	2.32	2.40	2.49	2.42	2.54	2.39	2.42	2.49	2.46
Mexico	2.09	2.00	2.02	2.00	2.02	2.01	1.91	1.95	2.01	2.01	1.97	1.94	1.97	1.96	2.02	1.97
Iran	1.92	1.96	1.88	1.85	1.91	1.90	1.84	1.85	1.85	1.94	1.87	1.88	1.90	1.90	1.96	1.91
Total	**63.84**	**64.00**	**63.63**	**64.75**	**65.53**	**64.48**	**65.07**	**64.98**	**66.04**	**66.06**	**65.54**	**65.77**	**65.51**	**66.42**	**66.68**	**66.10**
% of World	69.5%	69.7%	69.2%	69.4%	69.7%	69.5%	69.5%	69.2%	69.4%	69.2%	69.3%	69.3%	68.9%	69.0%	69.0%	69.0%
Annual Change (% per annum)																
Americas	1.9	0.4	-0.5	0.3	1.0	0.3	1.5	1.6	2.0	0.8	1.5	1.0	0.6	-0.6	0.6	0.4
Europe	-1.4	-1.0	-3.3	-1.1	-0.7	-1.5	3.8	1.4	1.2	1.1	1.8	-0.3	0.6	-0.5	-0.2	-0.1
Asia Oceania	-2.1	0.3	-2.4	-4.2	-3.5	-2.4	-1.3	-0.3	1.4	0.4	0.0	-1.0	-0.6	0.1	0.0	-0.4
Total OECD	0.2	0.0	-1.7	-0.9	-0.3	-0.7	1.6	1.2	1.7	0.8	1.3	0.2	0.4	-0.4	0.3	0.1
Asia	3.6	1.9	2.7	2.4	3.2	2.6	4.2	4.8	4.8	3.4	4.3	3.1	3.3	3.4	3.0	3.2
Middle East	0.7	2.2	2.1	0.7	2.8	1.9	-0.6	2.1	1.3	2.3	1.3	2.9	1.1	3.2	2.3	2.3
Americas	2.5	3.3	2.3	2.5	1.8	2.5	1.1	0.3	-0.7	-0.4	0.1	-0.2	0.5	1.0	1.3	0.6
FSU	1.9	5.6	5.8	4.2	2.2	4.4	-1.3	0.3	-1.9	-2.1	-1.3	1.9	-1.7	-0.5	-0.6	-0.3
Africa	2.0	-0.1	0.7	4.5	2.0	1.7	2.2	1.9	3.1	5.0	3.1	4.5	4.2	3.6	3.1	3.8
Europe	-4.1	5.4	1.4	3.6	0.6	2.7	5.1	4.6	2.2	2.9	3.7	1.7	3.1	1.4	2.7	2.2
Total Non-OECD	2.5	2.4	2.7	2.5	2.7	2.5	2.2	3.0	2.5	2.2	2.5	2.6	2.1	2.6	2.3	2.4
World	**1.3**	**1.2**	**0.5**	**0.8**	**1.2**	**0.9**	**1.9**	**2.1**	**2.1**	**1.5**	**1.9**	**1.4**	**1.3**	**1.1**	**1.3**	**1.3**
Annual Change (mb/d)																
Americas	0.44	0.11	-0.13	0.07	0.24	0.07	0.36	0.37	0.49	0.20	0.35	0.24	0.15	-0.14	0.16	0.10
Europe	-0.19	-0.13	-0.46	-0.15	-0.09	-0.21	0.49	0.18	0.17	0.15	0.25	-0.04	0.08	-0.06	-0.02	-0.01
Asia Oceania	-0.18	0.03	-0.19	-0.34	-0.30	-0.20	-0.12	-0.02	0.11	0.04	0.00	-0.09	-0.05	0.01	0.00	-0.03
Total OECD	0.08	0.01	-0.78	-0.42	-0.16	-0.34	0.73	0.53	0.76	0.39	0.60	0.10	0.19	-0.20	0.13	0.06
Asia	0.76	0.41	0.61	0.53	0.71	0.56	0.94	1.09	1.07	0.79	0.97	0.73	0.79	0.80	0.72	0.76
Middle East	0.06	0.17	0.17	0.06	0.21	0.15	-0.05	0.17	0.11	0.18	0.10	0.22	0.09	0.27	0.18	0.19
Americas	0.16	0.21	0.15	0.17	0.12	0.16	0.07	0.02	-0.05	-0.03	0.00	-0.01	0.03	0.07	0.09	0.04
FSU	0.09	0.24	0.27	0.21	0.11	0.21	-0.06	0.01	-0.10	-0.10	-0.06	0.09	-0.08	-0.03	-0.03	-0.01
Africa	0.08	0.00	0.03	0.17	0.08	0.07	0.09	0.07	0.12	0.20	0.12	0.19	0.17	0.14	0.13	0.16
Europe	-0.03	0.03	0.01	0.02	0.00	0.02	0.03	0.03	0.01	0.02	0.02	0.01	0.02	0.01	0.02	0.02
Total Non-OECD	1.12	1.06	1.23	1.16	1.23	1.17	1.03	1.41	1.16	1.06	1.16	1.22	1.02	1.27	1.12	1.15
World	**1.20**	**1.07**	**0.45**	**0.74**	**1.07**	**0.83**	**1.76**	**1.94**	**1.92**	**1.45**	**1.77**	**1.33**	**1.20**	**1.07**	**1.25**	**1.21**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.02	-0.06	-0.01	-0.10	-0.05	-0.05	-0.09	-0.07
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.09	0.03	0.04	0.02	0.04	0.07	0.05	0.04
Asia Oceania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.02	0.02	0.01	0.00	0.02	0.01
Total OECD	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.16	0.01	0.05	-0.05	0.00	0.02	-0.02	-0.02
Asia	0.01	0.04	0.01	0.00	0.00	0.01	0.14	0.09	0.19	-0.01	0.10	0.08	0.17	0.17	0.00	0.10
Middle East	0.00	-0.01	0.00	-0.06	-0.02	-0.02	-0.02	0.00	-0.10	-0.01	-0.03	-0.05	-0.07	-0.09	-0.04	-0.06
Americas	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	-0.04	-0.10	-0.09	-0.07	-0.11	-0.13	-0.14	-0.12	-0.12
FSU	0.00	0.00	0.02	0.05	0.09	0.04	-0.06	0.08	0.06	0.06	0.04	0.03	0.03	0.05	0.03	0.04
Africa	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	0.00	-0.02	-0.01	-0.01	-0.02	-0.01	-0.02	0.00	-0.01
Europe	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	0.00	0.00	0.00
Total Non-OECD	0.01	0.03	0.01	-0.02	0.06	0.02	0.01	0.14	0.05	-0.06	0.03	-0.06	-0.01	-0.02	-0.12	-0.05
World	**0.01**	**0.03**	**0.01**	**-0.02**	**0.06**	**0.02**	**0.02**	**0.14**	**0.21**	**-0.04**	**0.08**	**-0.11**	**-0.01**	**-0.01**	**-0.15**	**-0.07**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.01	0.03	0.00	-0.04	0.06	0.01	-0.01	0.13	0.23	-0.10	0.06	-0.13	-0.15	-0.22	-0.10	-0.15

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2013	2014	3Q14	4Q14	1Q15	2Q15	May 15	Jun 15	Jul 15 [2]	Latest month vs. Jun 15	Latest month vs. Jul 14
Americas											
LPG and ethane	3.28	3.22	3.03	3.45	3.48	2.98	2.90	3.01	3.12	0.11	0.22
Naphtha	0.38	0.35	0.35	0.35	0.35	0.31	0.31	0.29	0.29	0.00	-0.07
Motor gasoline	10.55	10.64	10.87	10.73	10.49	10.97	10.96	11.15	11.25	0.10	0.22
Jet and kerosene	1.70	1.74	1.80	1.76	1.72	1.81	1.77	1.92	1.94	0.02	0.10
Gasoil/diesel oil	5.06	5.29	5.16	5.39	5.52	5.11	5.06	5.10	5.11	0.01	-0.05
Residual fuel oil	0.72	0.58	0.60	0.59	0.51	0.44	0.47	0.47	0.63	0.16	0.00
Other products	2.38	2.32	2.57	2.29	2.17	2.47	2.49	2.63	2.72	0.08	0.16
Total	**24.07**	**24.14**	**24.38**	**24.56**	**24.24**	**24.10**	**23.97**	**24.57**	**25.05**	**0.48**	**0.59**
Europe											
LPG and ethane	1.06	1.07	1.10	1.06	1.20	1.13	1.08	1.16	1.16	0.00	0.05
Naphtha	1.13	1.16	1.11	1.04	1.25	1.13	1.11	1.11	1.15	0.04	-0.05
Motor gasoline	1.93	1.91	2.00	1.89	1.78	1.98	1.91	2.03	2.07	0.04	0.04
Jet and kerosene	1.21	1.23	1.37	1.21	1.19	1.34	1.31	1.42	1.47	0.05	0.09
Gasoil/diesel oil	5.97	5.91	5.99	6.17	6.16	5.97	5.62	6.17	6.22	0.05	0.27
Residual fuel oil	1.00	0.91	0.90	0.91	0.88	0.85	0.84	0.85	0.91	0.06	0.00
Other products	1.28	1.18	1.29	1.14	1.00	1.13	1.10	1.19	1.21	0.02	-0.14
Total	**13.58**	**13.38**	**13.77**	**13.42**	**13.45**	**13.53**	**12.98**	**13.93**	**14.18**	**0.25**	**0.26**
Asia Oceania											
LPG and ethane	0.86	0.84	0.80	0.83	0.90	0.73	0.68	0.72	0.81	0.09	-0.03
Naphtha	1.85	1.88	1.81	1.96	2.04	1.88	1.79	1.86	1.87	0.02	0.12
Motor gasoline	1.60	1.57	1.60	1.60	1.54	1.53	1.52	1.52	1.63	0.10	0.07
Jet and kerosene	0.88	0.86	0.67	0.98	1.11	0.68	0.62	0.63	0.64	0.00	-0.01
Gasoil/diesel oil	1.77	1.77	1.70	1.83	1.85	1.76	1.72	1.76	1.71	-0.05	0.00
Residual fuel oil	0.77	0.67	0.58	0.63	0.77	0.60	0.58	0.57	0.54	-0.03	-0.08
Other products	0.63	0.57	0.55	0.51	0.56	0.49	0.44	0.50	0.48	-0.03	-0.14
Total	**8.36**	**8.16**	**7.71**	**8.35**	**8.78**	**7.68**	**7.36**	**7.57**	**7.67**	**0.11**	**-0.09**
OECD											
LPG and ethane	5.21	5.14	4.93	5.34	5.57	4.84	4.67	4.89	5.08	0.19	0.24
Naphtha	3.36	3.39	3.28	3.35	3.64	3.33	3.21	3.26	3.32	0.06	0.00
Motor gasoline	14.07	14.12	14.47	14.22	13.81	14.48	14.40	14.70	14.94	0.24	0.33
Jet and kerosene	3.79	3.83	3.84	3.95	4.03	3.83	3.71	3.97	4.04	0.07	0.17
Gasoil/diesel oil	12.80	12.97	12.84	13.39	13.53	12.84	12.40	13.04	13.04	0.01	0.22
Residual fuel oil	2.49	2.16	2.09	2.14	2.15	1.89	1.89	1.89	2.08	0.19	-0.08
Other products	4.29	4.06	4.41	3.94	3.73	4.09	4.03	4.33	4.40	0.07	-0.12
Total	**46.01**	**45.68**	**45.86**	**46.33**	**46.46**	**45.30**	**44.31**	**46.07**	**46.91**	**0.84**	**0.76**

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).

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2013	2014	3Q14	4Q14	1Q15	2Q15	May 15	Jun 15	Jul 15 [2]	Latest month vs. Jun 15	Latest month vs. Jul 14
United States[3]											
LPG and ethane	2.44	2.40	2.27	2.58	2.62	2.18	2.11	2.21	2.33	0.12	0.19
Naphtha	0.27	0.23	0.23	0.24	0.23	0.20	0.20	0.18	0.19	0.01	-0.05
Motor gasoline	8.84	8.92	9.13	9.00	8.81	9.26	9.25	9.39	9.44	0.05	0.19
Jet and kerosene	1.44	1.48	1.53	1.51	1.46	1.55	1.53	1.64	1.64	0.00	0.07
Gasoil/diesel oil	3.83	4.04	3.89	4.12	4.27	3.88	3.79	3.85	3.88	0.02	0.01
Residual fuel oil	0.32	0.26	0.25	0.28	0.24	0.19	0.23	0.17	0.33	0.15	0.07
Other products	1.82	1.78	2.00	1.76	1.66	1.99	2.01	2.14	2.18	0.04	0.22
Total	**18.96**	**19.11**	**19.31**	**19.51**	**19.29**	**19.25**	**19.12**	**19.59**	**19.98**	**0.39**	**0.70**
Japan											
LPG and ethane	0.52	0.50	0.44	0.50	0.57	0.42	0.37	0.39	0.43	0.04	-0.04
Naphtha	0.77	0.75	0.68	0.83	0.84	0.75	0.73	0.67	0.76	0.09	0.08
Motor gasoline	0.95	0.92	0.95	0.94	0.88	0.89	0.88	0.88	0.96	0.09	0.05
Jet and kerosene	0.53	0.52	0.34	0.61	0.73	0.35	0.30	0.31	0.31	0.00	-0.02
Diesel	0.41	0.40	0.39	0.41	0.40	0.39	0.37	0.41	0.39	-0.02	-0.01
Other gasoil	0.41	0.40	0.35	0.41	0.45	0.36	0.34	0.35	0.34	-0.02	-0.01
Residual fuel oil	0.46	0.41	0.35	0.38	0.46	0.34	0.33	0.33	0.32	-0.01	-0.06
Other products	0.50	0.44	0.41	0.40	0.47	0.40	0.37	0.42	0.38	-0.04	-0.09
Total	**4.56**	**4.35**	**3.93**	**4.48**	**4.80**	**3.90**	**3.68**	**3.77**	**3.89**	**0.12**	**-0.10**
Germany											
LPG and ethane	0.11	0.09	0.10	0.08	0.09	0.11	0.11	0.12	0.11	-0.01	0.01
Naphtha	0.39	0.42	0.42	0.41	0.43	0.38	0.34	0.36	0.37	0.00	-0.09
Motor gasoline	0.43	0.44	0.45	0.44	0.40	0.44	0.44	0.45	0.46	0.01	0.00
Jet and kerosene	0.19	0.19	0.21	0.18	0.17	0.20	0.19	0.20	0.21	0.00	0.00
Diesel	0.70	0.73	0.76	0.75	0.71	0.76	0.73	0.79	0.84	0.05	0.09
Other gasoil	0.43	0.36	0.36	0.38	0.45	0.24	0.21	0.22	0.27	0.04	-0.06
Residual fuel oil	0.12	0.12	0.11	0.14	0.12	0.13	0.12	0.13	0.13	0.00	0.02
Other products	0.07	0.05	0.07	0.04	0.01	0.04	0.05	0.06	0.04	-0.02	-0.03
Total	**2.44**	**2.40**	**2.47**	**2.41**	**2.39**	**2.30**	**2.19**	**2.34**	**2.42**	**0.08**	**-0.06**
Italy											
LPG and ethane	0.11	0.11	0.10	0.11	0.13	0.11	0.10	0.10	0.11	0.01	0.01
Naphtha	0.05	0.09	0.08	0.08	0.11	0.11	0.13	0.10	0.10	0.00	0.02
Motor gasoline	0.20	0.20	0.20	0.20	0.19	0.21	0.20	0.22	0.24	0.02	0.03
Jet and kerosene	0.09	0.09	0.11	0.08	0.08	0.10	0.10	0.10	0.12	0.02	0.01
Diesel	0.45	0.50	0.52	0.52	0.44	0.47	0.44	0.48	0.51	0.03	-0.05
Other gasoil	0.10	0.04	0.02	0.05	0.09	0.09	0.08	0.09	0.10	0.01	0.08
Residual fuel oil	0.08	0.06	0.06	0.06	0.08	0.08	0.08	0.08	0.09	0.01	0.02
Other products	0.18	0.14	0.15	0.13	0.11	0.14	0.13	0.15	0.15	0.00	-0.01
Total	**1.26**	**1.22**	**1.25**	**1.24**	**1.22**	**1.31**	**1.26**	**1.33**	**1.42**	**0.10**	**0.12**
France											
LPG and ethane	0.12	0.11	0.10	0.12	0.15	0.11	0.11	0.11	0.11	0.00	0.01
Naphtha	0.12	0.12	0.13	0.07	0.12	0.12	0.12	0.13	0.13	0.00	-0.01
Motor gasoline	0.16	0.16	0.17	0.16	0.14	0.17	0.16	0.18	0.19	0.01	0.01
Jet and kerosene	0.15	0.15	0.16	0.14	0.14	0.16	0.15	0.16	0.18	0.01	0.01
Diesel	0.69	0.70	0.71	0.71	0.67	0.71	0.64	0.76	0.77	0.02	0.02
Other gasoil	0.28	0.25	0.25	0.27	0.29	0.20	0.17	0.21	0.23	0.02	0.00
Residual fuel oil	0.06	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.00	-0.01
Other products	0.13	0.12	0.15	0.11	0.11	0.12	0.11	0.14	0.12	-0.02	-0.05
Total	**1.71**	**1.65**	**1.71**	**1.63**	**1.68**	**1.63**	**1.50**	**1.73**	**1.77**	**0.04**	**-0.02**
United Kingdom											
LPG and ethane	0.11	0.11	0.10	0.11	0.14	0.14	0.14	0.13	0.13	0.00	0.01
Naphtha	0.03	0.02	0.03	0.03	0.02	0.02	0.03	0.02	0.03	0.01	-0.01
Motor gasoline	0.31	0.30	0.30	0.30	0.29	0.30	0.30	0.30	0.29	-0.01	0.01
Jet and kerosene	0.31	0.31	0.32	0.32	0.33	0.30	0.28	0.30	0.29	-0.01	0.00
Diesel	0.46	0.48	0.48	0.50	0.47	0.50	0.48	0.52	0.49	-0.03	0.02
Other gasoil	0.12	0.12	0.12	0.11	0.13	0.14	0.13	0.13	0.13	0.00	0.01
Residual fuel oil	0.04	0.03	0.03	0.03	0.02	0.02	0.03	0.02	0.03	0.00	0.00
Other products	0.13	0.13	0.13	0.12	0.11	0.11	0.10	0.11	0.13	0.01	-0.01
Total	**1.50**	**1.51**	**1.51**	**1.53**	**1.52**	**1.53**	**1.49**	**1.55**	**1.53**	**-0.02**	**0.03**
Canada											
LPG and ethane	0.38	0.37	0.31	0.40	0.40	0.36	0.36	0.35	0.34	-0.02	0.03
Naphtha	0.09	0.09	0.10	0.09	0.10	0.09	0.09	0.08	0.08	0.00	-0.02
Motor gasoline	0.81	0.84	0.87	0.83	0.79	0.82	0.82	0.87	0.87	0.00	-0.02
Jet and kerosene	0.14	0.13	0.14	0.13	0.13	0.13	0.12	0.16	0.16	0.01	0.02
Diesel	0.29	0.29	0.29	0.31	0.32	0.31	0.30	0.31	0.32	0.01	0.03
Other gasoil	0.30	0.30	0.33	0.29	0.27	0.24	0.27	0.26	0.23	-0.03	-0.10
Residual fuel oil	0.06	0.06	0.06	0.07	0.06	0.04	0.03	0.03	0.03	0.00	-0.05
Other products	0.31	0.30	0.34	0.30	0.29	0.26	0.26	0.27	0.33	0.06	-0.02
Total	**2.37**	**2.40**	**2.44**	**2.41**	**2.36**	**2.27**	**2.25**	**2.34**	**2.35**	**0.02**	**-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)

	2014	2015	2016	2Q15	3Q15	4Q15	1Q16	2Q16	Jul 15	Aug 15	Sep 15
OPEC											
Crude Oil											
Saudi Arabia	9.53			10.29	10.27				10.36	10.26	10.18
Iran	2.81			2.85	2.87				2.87	2.87	2.88
Iraq	3.33			3.94	4.24				4.25	4.17	4.30
UAE	2.76			2.87	2.92				2.91	2.93	2.91
Kuwait	2.61			2.72	2.76				2.72	2.78	2.79
Neutral Zone	0.38			0.09	0.04				0.04	0.04	0.04
Qatar	0.71			0.66	0.64				0.62	0.65	0.65
Angola	1.66			1.76	1.77				1.80	1.73	1.77
Nigeria	1.90			1.77	1.78				1.77	1.77	1.80
Libya	0.46			0.46	0.38				0.39	0.37	0.37
Algeria	1.12			1.11	1.12				1.11	1.13	1.12
Ecuador	0.55			0.55	0.53				0.54	0.53	0.53
Venezuela	2.46			2.43	2.40				2.42	2.40	2.38
Total Crude Oil	30.28			31.50	31.72				31.80	31.63	31.72
Total NGLs[1]	6.36	6.56	6.82	6.55	6.56	6.69	6.74	6.80	6.56	6.56	6.56
Total OPEC	**36.64**			**38.05**	**38.28**				**38.36**	**38.19**	**38.28**
NON-OPEC[2]											
OECD											
Americas	19.04	19.73	19.61	19.55	19.72	19.74	19.62	19.45	20.01	19.68	19.47
United States[5]	11.96	12.75	12.56	12.92	12.78	12.64	12.46	12.55	12.90	12.74	12.69
Mexico	2.81	2.60	2.53	2.56	2.62	2.58	2.55	2.51	2.61	2.60	2.64
Canada	4.27	4.37	4.51	4.07	4.32	4.51	4.60	4.38	4.49	4.34	4.13
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe	3.33	3.40	3.26	3.50	3.35	3.35	3.41	3.25	3.44	3.30	3.30
UK	0.87	0.93	0.89	1.02	0.88	0.90	0.99	0.90	0.93	0.84	0.88
Norway	1.89	1.92	1.85	1.93	1.92	1.92	1.90	1.83	1.95	1.92	1.88
Others	0.57	0.55	0.52	0.55	0.54	0.53	0.53	0.52	0.55	0.54	0.54
Asia Oceania	0.51	0.47	0.49	0.44	0.51	0.49	0.50	0.49	0.49	0.52	0.52
Australia	0.43	0.38	0.41	0.36	0.43	0.41	0.42	0.40	0.41	0.44	0.43
Others	0.08	0.08	0.08	0.09	0.09	0.08	0.08	0.08	0.09	0.09	0.09
Total OECD	**22.87**	**23.60**	**23.36**	**23.50**	**23.58**	**23.58**	**23.54**	**23.19**	**23.94**	**23.51**	**23.29**
NON-OECD											
Former USSR	13.87	13.95	13.75	13.96	13.92	13.86	13.91	13.80	13.93	13.88	13.95
Russia	10.91	11.02	10.93	11.03	11.04	10.97	11.05	10.97	11.00	11.04	11.08
Others	2.95	2.93	2.82	2.93	2.88	2.89	2.86	2.83	2.93	2.84	2.86
Asia	7.71	7.93	7.79	7.96	7.92	7.96	7.91	7.83	7.90	7.94	7.92
China	4.22	4.32	4.21	4.36	4.31	4.31	4.24	4.23	4.31	4.33	4.27
Malaysia	0.67	0.74	0.71	0.74	0.72	0.72	0.74	0.71	0.72	0.72	0.73
India	0.87	0.86	0.82	0.86	0.86	0.86	0.84	0.82	0.84	0.89	0.86
Indonesia	0.84	0.85	0.92	0.84	0.86	0.91	0.94	0.93	0.84	0.86	0.87
Others	1.11	1.16	1.14	1.16	1.17	1.16	1.15	1.14	1.19	1.14	1.18
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.14	0.13
Americas	4.41	4.61	4.68	4.55	4.60	4.67	4.67	4.64	4.53	4.63	4.64
Brazil[5]	2.35	2.57	2.67	2.50	2.60	2.63	2.64	2.63	2.54	2.64	2.61
Argentina	0.63	0.63	0.64	0.63	0.63	0.63	0.64	0.64	0.63	0.63	0.63
Colombia	0.99	1.01	0.97	1.03	0.97	1.00	0.99	0.97	0.95	0.96	0.99
Others	0.44	0.41	0.41	0.40	0.40	0.40	0.41	0.41	0.40	0.40	0.40
Middle East[3]	1.32	1.23	1.15	1.23	1.20	1.18	1.17	1.15	1.23	1.19	1.19
Oman	0.95	0.97	0.93	0.98	0.98	0.95	0.94	0.93	1.01	0.97	0.96
Syria	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.04	0.01	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.32	2.28	2.23	2.30	2.25	2.26	2.24	2.21	2.26	2.24	2.25
Egypt	0.70	0.69	0.67	0.70	0.69	0.68	0.68	0.67	0.70	0.69	0.69
Gabon	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.38	1.35	1.34	1.37	1.33	1.34	1.33	1.31	1.34	1.31	1.33
Total Non-OECD	**29.76**	**30.14**	**29.72**	**30.15**	**30.03**	**30.06**	**30.03**	**29.76**	**30.00**	**30.01**	**30.08**
Processing gains[4]	2.21	2.24	2.33	2.24	2.24	2.24	2.32	2.31	2.24	2.24	2.24
Global Biofuels[5]	2.19	2.31	2.35	2.38	2.63	2.39	1.90	2.38	2.55	2.69	2.66
TOTAL NON-OPEC	**57.04**	**58.28**	**57.77**	**58.27**	**58.49**	**58.27**	**57.78**	**57.64**	**58.72**	**58.45**	**58.28**
TOTAL SUPPLY	**93.68**			**96.32**	**96.76**				**97.08**	**96.64**	**96.56**

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.

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			
	Apr2015	May2015	Jun2015	Jul2015	Aug2015*	Aug2012	Aug2013	Aug2014	3Q2014	4Q2014	1Q2015	2Q2015
OECD Americas												
Crude	637.7	628.8	625.5	618.5	616.8	500.7	511.1	513.2	-0.19	0.41	0.81	0.00
Motor Gasoline	261.4	255.1	251.2	248.4	246.4	235.5	254.1	245.4	-0.08	0.33	-0.08	-0.16
Middle Distillate	200.8	209.2	213.0	216.0	221.3	203.8	205.9	198.6	0.12	0.06	-0.09	0.14
Residual Fuel Oil	46.4	48.3	48.4	47.3	46.1	43.3	42.9	46.0	0.00	-0.03	0.05	0.03
Total Products[3]	704.4	724.7	734.6	737.9	752.9	691.5	715.9	716.6	0.38	0.10	-0.35	0.43
Total[4]	1511.7	1527.5	1537.4	1543.5	1556.2	1360.9	1393.9	1406.1	0.31	0.33	0.45	0.59
OECD Europe												
Crude	350.0	343.5	342.3	337.9	337.9	331.9	310.0	311.7	-0.12	0.04	0.28	-0.02
Motor Gasoline	95.1	91.8	85.5	83.6	83.2	90.7	86.5	88.4	0.02	0.04	0.13	-0.18
Middle Distillate	261.7	280.6	277.8	282.9	287.7	274.7	256.1	267.5	0.19	-0.17	0.10	0.20
Residual Fuel Oil	67.6	65.8	66.8	68.5	70.4	76.8	74.2	67.4	-0.05	0.03	0.02	0.01
Total Products[3]	519.7	532.4	523.0	526.4	534.7	547.5	509.7	518.7	0.22	-0.11	0.25	-0.01
Total[4]	939.3	946.9	937.8	932.7	939.1	946.1	882.4	901.7	0.08	-0.12	0.59	-0.02
OECD Asia Oceania												
Crude	170.5	198.3	201.0	204.4	203.3	177.5	159.4	180.3	0.01	-0.06	0.05	0.25
Motor Gasoline	24.5	25.1	25.3	24.7	24.8	27.5	26.0	22.6	-0.02	-0.02	0.02	0.03
Middle Distillate	57.9	61.5	61.2	65.3	69.4	70.8	69.8	69.4	0.18	-0.07	-0.09	0.06
Residual Fuel Oil	19.5	20.9	19.4	19.8	21.3	21.7	21.9	24.2	0.02	-0.02	-0.03	0.01
Total Products[3]	158.0	167.6	165.2	169.8	178.4	181.5	181.1	179.8	0.28	-0.16	-0.18	0.14
Total[4]	391.1	430.3	429.2	437.7	447.4	431.5	413.6	431.1	0.34	-0.33	-0.15	0.41
Total OECD												
Crude	1158.1	1170.5	1168.8	1160.8	1157.9	1010.1	980.4	1005.2	-0.30	0.40	1.14	0.23
Motor Gasoline	380.9	372.0	362.0	356.7	354.3	353.7	366.6	356.3	-0.08	0.35	0.06	-0.32
Middle Distillate	520.4	551.3	552.0	564.1	578.3	549.3	531.8	535.5	0.49	-0.18	-0.07	0.39
Residual Fuel Oil	133.4	135.0	134.6	135.6	137.8	141.7	139.0	137.5	-0.04	-0.03	0.04	0.06
Total Products[3]	1382.0	1424.7	1422.8	1434.1	1466.0	1420.6	1406.6	1415.1	0.88	-0.17	-0.29	0.56
Total[4]	2842.1	2904.7	2904.3	2913.8	2942.7	2738.5	2689.9	2738.8	0.74	-0.12	0.89	0.98

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			
	Apr2015	May2015	Jun2015	Jul2015	Aug2015*	Aug2012	Aug2013	Aug2014	3Q2014	4Q2014	1Q2015	2Q2015
OECD Americas												
Crude	691.0	692.4	693.9	695.1	695.1	696.0	696.0	691.0	0.00	0.00	0.00	0.03
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	208.5	208.3	207.4	207.8	207.5	194.8	205.8	208.4	0.00	0.02	-0.01	-0.02
Products	261.0	260.6	259.1	256.1	257.1	234.4	262.1	257.4	-0.02	0.00	0.02	0.01
OECD Asia Oceania												
Crude	386.9	385.1	385.6	384.4	384.4	393.4	384.9	387.6	-0.02	-0.01	0.02	-0.01
Products	32.6	32.6	32.8	33.4	33.4	20.0	23.6	31.0	0.00	0.01	0.01	0.00
Total OECD												
Crude	1286.3	1285.7	1286.9	1287.3	1287.1	1284.2	1286.7	1287.1	-0.02	0.02	0.01	0.00
Products	294.7	294.3	292.9	290.5	291.5	255.4	286.7	289.4	-0.02	0.01	0.02	0.02
Total[4]	1584.9	1583.8	1584.0	1582.0	1582.6	1540.9	1577.6	1580.7	-0.02	0.02	0.03	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 June 2014		End September 2014		End December 2014		End March 2015		End June 2015 [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	178.8	73	186.1	77	193.1	82	182.8	81	175.6	-
Chile	10.6	33	10.1	32	9.7	28	11.3	33	11.8	-
Mexico	47.3	24	48.8	24	52.8	28	49.8	26	50.4	-
United States[4]	1820.1	94	1840.7	94	1860.5	96	1909.4	99	1972.2	-
Total[4]	2078.9	85	2107.8	86	2138.3	88	2175.3	90	2232.2	90
OECD Asia Oceania										
Australia	36.3	34	38.6	35	36.2	33	34.1	32	35.6	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	589.3	150	608.2	136	580.7	121	567.7	146	578.3	-
Korea	188.2	81	196.6	83	196.8	79	201.0	87	224.6	-
New Zealand	9.5	65	9.2	56	8.4	49	8.7	56	9.0	-
Total	823.2	107	852.6	102	822.1	94	811.6	106	847.6	108
OECD Europe[5]										
Austria	21.5	78	22.0	84	22.9	92	23.7	91	23.2	-
Belgium	43.7	69	43.8	69	42.4	63	42.7	68	47.6	-
Czech Republic	20.4	95	21.0	103	21.9	116	21.7	103	21.5	-
Denmark	23.6	150	23.0	152	25.8	173	29.0	188	28.4	-
Estonia	1.7	52	1.8	55	1.6	57	1.5	50	1.5	-
Finland	39.0	200	38.7	204	37.9	213	44.1	254	45.0	-
France	168.1	98	171.3	105	167.8	100	172.9	106	169.8	-
Germany	289.8	117	283.0	118	284.2	119	286.1	124	287.2	-
Greece	25.6	82	29.6	97	26.5	91	31.1	112	27.8	-
Hungary	17.8	126	18.2	121	18.7	136	20.0	137	20.5	-
Ireland	9.6	71	10.0	67	9.3	63	12.8	90	11.1	-
Italy	121.6	97	123.0	100	119.4	98	121.0	93	117.1	-
Luxembourg	0.8	15	0.8	14	0.9	15	0.7	12	0.6	-
Netherlands	127.4	130	126.8	143	123.3	138	136.4	155	140.2	-
Norway	27.4	129	24.5	125	24.2	110	23.2	101	25.9	-
Poland	61.0	114	63.5	121	63.2	125	62.7	115	62.6	-
Portugal	23.8	93	23.0	93	22.5	95	21.7	86	21.8	-
Slovak Republic	10.6	130	10.6	152	11.4	152	11.6	133	11.4	-
Slovenia	4.8	90	4.8	92	4.6	96	4.9	99	4.7	-
Spain	118.2	97	122.7	100	121.3	98	132.4	111	132.8	-
Sweden	27.4	82	27.8	92	29.1	98	31.1	94	29.3	-
Switzerland	37.5	158	38.8	156	37.3	161	37.3	172	37.2	-
Turkey	62.4	83	62.5	87	62.4	81	64.7	75	65.7	-
United Kingdom	74.5	49	74.3	49	77.8	51	76.3	50	75.6	-
Total	1358.2	99	1365.6	102	1356.2	101	1409.7	104	1408.5	101
Total OECD	**4260.3**	**93**	**4326.0**	**93**	**4316.6**	**93**	**4396.5**	**97**	**4488.3**	**96**
DAYS OF IEA Net Imports[6]	**-**	**169**	**-**	**171**	**-**	**170**	**-**	**174**	**-**	**197**

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 2015 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]*		
2Q2012	4244	1539	2705	93	34	59
3Q2012	4292	1542	2750	93	33	59
4Q2012	4230	1547	2683	93	34	59
1Q2013	4259	1580	2680	94	35	59
2Q2013	4253	1576	2676	92	34	58
3Q2013	4296	1582	2715	92	34	58
4Q2013	4174	1584	2589	91	35	57
1Q2014	4196	1585	2611	94	35	58
2Q2014	4260	1580	2681	93	34	58
3Q2014	4326	1577	2749	93	34	59
4Q2014	4317	1579	2738	93	34	59
1Q2015	4397	1582	2815	97	35	62
2Q2015	4488	1584	2904	96	34	62

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 2Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2012	2013	2014	3Q14	4Q14	1Q15	2Q15	May 15	Jun 15	Jul 15	Jul 14	change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.47	0.60	0.58	0.65	0.60	0.53	0.56	0.42	0.14
Europe	0.85	0.79	0.84	0.93	0.84	0.91	0.77	0.67	0.81	0.76	0.80	-0.04
Asia Oceania	1.26	1.21	1.17	1.08	1.18	1.37	1.25	1.34	1.09	1.14	1.07	0.06
Saudi Medium												
Americas	0.44	0.45	0.36	0.36	0.25	0.24	0.37	0.40	0.35	0.39	0.45	-0.06
Europe	0.05	0.01	0.03	0.05	0.04	0.02	0.02	0.01	0.03	0.02	0.03	-0.01
Asia Oceania	0.45	0.43	0.45	0.50	0.45	0.40	0.44	0.47	0.39	0.50	0.57	-0.07
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.49	0.20	0.09	0.20	0.27	0.19	0.16	0.60	-0.43
Europe	0.26	0.25	0.50	0.50	0.70	0.50	0.48	0.36	0.55	0.85	0.49	0.36
Asia Oceania	0.33	0.31	0.24	0.21	0.27	0.41	0.31	0.31	0.44	0.49	0.15	0.34
Kuwait Blend												
Americas	0.22	0.28	0.27	0.25	0.22	0.15	0.21	0.22	0.12	-	0.32	-
Europe	0.09	0.10	0.09	0.04	0.14	0.12	0.08	0.01	0.13	0.21	0.05	0.16
Asia Oceania	0.65	0.64	0.62	0.62	0.62	0.66	0.61	0.71	0.51	0.66	0.60	0.06
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.11	0.12	0.09	0.11	0.15	0.10	0.09	0.12	-0.03
Asia Oceania	0.02	0.00	0.01	0.03	-	0.03	-	-	-	0.02	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.01	0.00	0.03	0.01	-	0.02	0.02	0.01	0.00
Asia Oceania	0.33	0.30	0.28	0.28	0.26	0.31	0.25	0.32	0.21	0.21	0.26	-0.05
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.71	0.62	0.67	0.67	0.60	0.63	0.67	0.70	-0.04
Europe	0.08	0.07	0.08	0.09	0.09	0.10	0.09	0.06	0.07	0.07	0.09	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.67	0.66	0.59	0.43	0.39	0.44	0.46	0.61	-0.16
Europe	0.14	0.14	0.14	0.13	0.13	0.16	0.13	0.13	0.16	0.16	0.13	0.03
Asia Oceania	-	-	-	-	-	-	0.01	-	-	0.03	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.81	1.79	1.84	1.81	1.73	1.76	1.91	1.76	0.15
Europe	-	-	0.00	-	0.01	-	0.01	0.02	-	-	-	-
Asia Oceania	-	-	0.00	0.00	0.00	-	-	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	-	0.01	0.01	-	-	-	-	-	-
Europe	0.55	0.47	0.56	0.53	0.59	0.47	0.48	0.48	0.51	0.53	0.45	0.09
Asia Oceania	0.07	0.06	0.07	-	0.04	0.03	0.09	0.13	0.13	-	-	-
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.53	1.38	1.54	1.51	1.65	1.40	1.60	1.66	-0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	-	-	-	0.01	-	0.02	-	-	-
Europe	0.53	0.59	0.64	0.58	0.68	0.73	0.60	0.82	0.54	0.65	0.63	0.02
Asia Oceania	-	0.00	0.02	0.05	0.01	0.04	0.02	0.03	-	0.16	0.03	0.12
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.34	0.54	0.20	0.23	0.27	0.18	0.30	0.09	0.21
Asia Oceania	0.04	0.03	0.02	0.03	0.02	-	0.02	0.02	0.02	-	0.01	-
Nigerian Light[4]												
Americas	0.24	0.07	0.00	-	0.01	0.03	0.01	0.03	-	0.05	-	-
Europe	0.58	0.53	0.55	0.59	0.54	0.62	0.53	0.43	0.52	0.56	0.61	-0.05
Asia Oceania	0.04	0.03	0.02	0.03	0.00	-	-	-	-	-	0.03	-

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)

	2012	2013	2014	3Q14	4Q14	1Q15	2Q15	May 15	Jun 15	Jul 15	Year Earlier Jul 14	Year Earlier % change
Crude Oil												
Americas	6101	5130	4201	4336	3755	3869	4085	4271	4089	4107	4624	-11%
Europe	9346	8926	8689	9006	9056	9477	9197	9344	8893	9437	8812	7%
Asia Oceania	6761	6553	6381	6315	6331	6871	6426	6980	6122	6663	6284	6%
Total OECD	22208	20608	19270	19657	19142	20217	19708	20595	19105	20208	19720	2%
LPG												
Americas	20	17	12	7	13	13	12	12	4	1	8	-86%
Europe	287	382	426	475	433	479	361	305	400	390	405	-4%
Asia Oceania	620	546	531	520	527	537	535	497	545	479	565	-15%
Total OECD	927	945	969	1002	973	1029	908	814	949	871	979	-11%
Naphtha												
Americas	20	17	20	16	13	20	14	10	9	8	19	-58%
Europe	381	332	348	304	384	411	287	260	302	356	318	12%
Asia Oceania	900	927	960	912	996	976	915	899	879	954	877	9%
Total OECD	1301	1276	1327	1232	1392	1407	1217	1169	1190	1319	1214	9%
Gasoline[3]												
Americas	730	659	665	660	663	572	745	755	801	816	681	20%
Europe	212	106	131	115	114	125	114	96	130	3	93	-97%
Asia Oceania	86	83	83	70	79	102	125	153	119	63	56	11%
Total OECD	1028	848	879	845	856	799	985	1004	1050	882	831	6%
Jet & Kerosene												
Americas	73	81	100	94	104	148	152	151	181	158	83	90%
Europe	398	445	459	584	412	373	426	340	474	586	618	-5%
Asia Oceania	62	74	60	43	88	67	68	55	92	46	38	22%
Total OECD	533	601	618	721	604	589	646	547	747	791	740	7%
Gasoil/Diesel												
Americas	59	58	95	41	81	157	40	45	38	24	19	21%
Europe	984	1121	1085	1176	978	1106	1310	1305	1366	1148	1146	0%
Asia Oceania	185	162	181	175	176	164	188	190	176	179	214	-16%
Total OECD	1227	1341	1361	1392	1234	1427	1538	1539	1580	1351	1379	-2%
Heavy Fuel Oil												
Americas	206	165	132	134	135	119	113	145	87	109	142	-24%
Europe	521	552	618	663	559	690	484	543	459	645	610	6%
Asia Oceania	224	242	214	183	167	212	134	128	142	160	186	-14%
Total OECD	951	960	964	981	861	1021	732	817	689	913	939	-3%
Other Products												
Americas	813	812	671	682	656	626	760	743	792	837	726	15%
Europe	636	791	721	697	665	666	667	780	652	581	633	-8%
Asia Oceania	357	386	374	372	307	317	306	272	360	300	408	-26%
Total OECD	1806	1989	1766	1751	1628	1609	1733	1794	1804	1717	1766	-3%
Total Products												
Americas	1921	1810	1695	1633	1665	1655	1836	1861	1912	1953	1679	16%
Europe	3419	3729	3787	4015	3544	3850	3650	3628	3784	3710	3824	-3%
Asia Oceania	2433	2421	2402	2276	2339	2375	2272	2194	2313	2181	2345	-7%
Total OECD	7773	7960	7885	7924	7548	7880	7759	7683	8009	7844	7848	0%
Total Oil												
Americas	8022	6940	5896	5969	5420	5525	5921	6132	6001	6060	6303	-4%
Europe	12765	12655	12476	13021	12600	13327	12848	12972	12677	13147	12636	4%
Asia Oceania	9194	8974	8783	8590	8670	9246	8698	9174	8435	8844	8629	3%
Total OECD	29982	28568	27155	27581	26690	28097	27466	28278	27113	28051	27567	2%

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.

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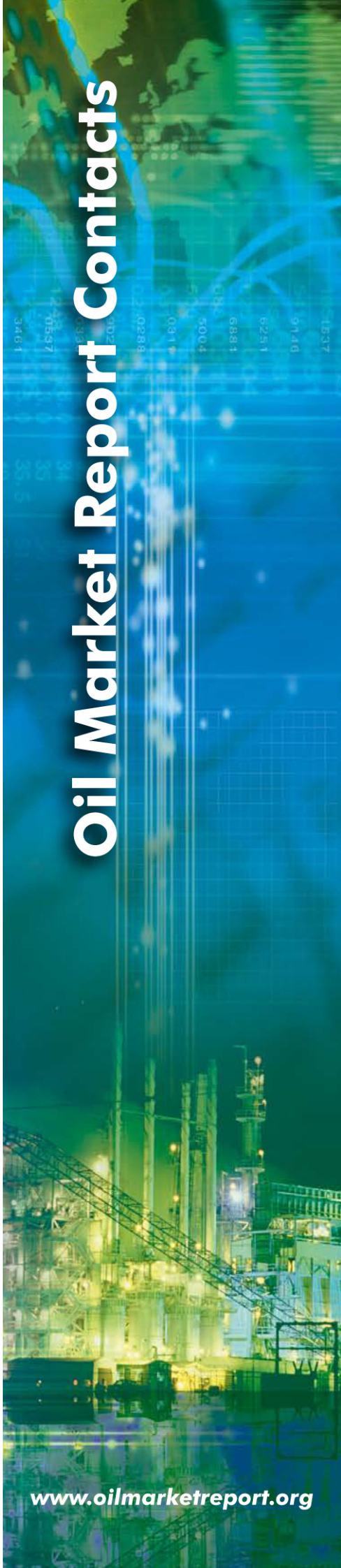
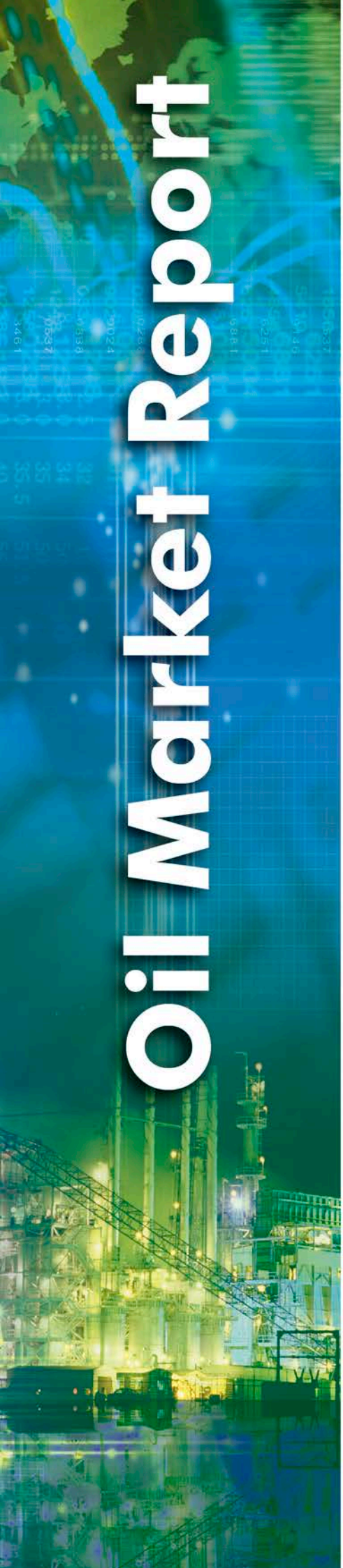
User's Guide and Glossary to the IEA *Oil Market Report*

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 12 August 2015), 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 © 2015 Argus Media Limited - all rights reserved).

Next Issue: 13 November 2015





International Energy Agency
Secure Sustainable Together

13 November 2015

HIGHLIGHTS

- **Crude oil benchmarks were locked in a narrow range during October** as continuing oversupply in world markets and a strong US dollar limited the impact of strikes in Brazil and geopolitical tensions. At the time of writing, ICE Brent was trading at $44.43/bbl and NYMEX WTI at $41.75/bbl.

- **Global demand growth is forecast to slow to 1.2 mb/d in 2016 after surging to a five-year high of 1.8 mb/d in 2015.** Momentum eases towards its long-term trend as recent props – sharply lower oil prices, colder-than-year earlier winter weather and post-recessionary bounces in some countries – are likely to give way.

- **Global oil supplies breached 97 mb/d in October, as non-OPEC output recovered from lower levels the previous month.** Despite the resilience of producers such as Russia, non-OPEC supply is forecast to contract by more than 0.6 mb/d next year. US light tight oil (LTO), the driver of non-OPEC growth, is expected to decline by 0.6 mb/d in 2016.

- **OPEC crude supply held steady in October at 31.76 mb/d with declines in Iraq and Kuwait** offset by higher supply from Libya, Saudi Arabia and Nigeria. A slight tightening in fundamentals lifts the 2016 'call' on OPEC by 0.2 mb/d from last month's *Report* to 31.3 mb/d.

- **OECD commercial inventories rose counter-seasonally by 13.8 mb to stand at a record near 3 billion barrels by end-September.** The pace of global stockbuilding slowed during the third quarter to 1.6 mb/d from 2.3 mb/d in 2Q15, but remained significantly above the historical average.

- **Global refinery runs sank by 1.2 mb/d in October to 78.2 mb/d** with seasonal maintenance in full swing, leading to a significant reduction in annual throughput growth. Margins edged lower in October versus September but remained robust despite high product stocks.

www.oilmarketreport.org

OMR PUBLISHING SCHEDULE 2016.

Please find below the 2016 release dates for the ***Oil Market Report***:

Tuesday 19 January

Tuesday 9 February*

Friday 11 March

Thursday 14 April

Thursday 12 May

Tuesday 14 June

Wednesday 13 July**

Thursday 11 August

Tuesday 13 September

Tuesday 11 October

Thursday 10 November

Tuesday 13 December

This information is also available at: **www.iea.org/oilmarketreport/schedule/**

The 2016 Edition of the ***Medium-Term Oil Market Report (MTOMR) will be released on **22 February (to be confirmed).** The 9th February ***OMR*** will comprise the usual data and projections through end-2016, but with abridged text.

****The ***OMR*** of 13 July will contain projections through end-2017.

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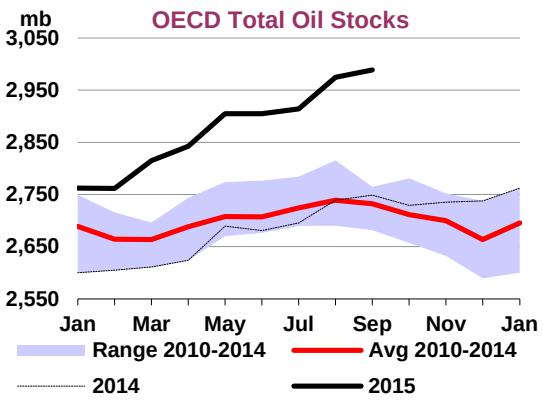
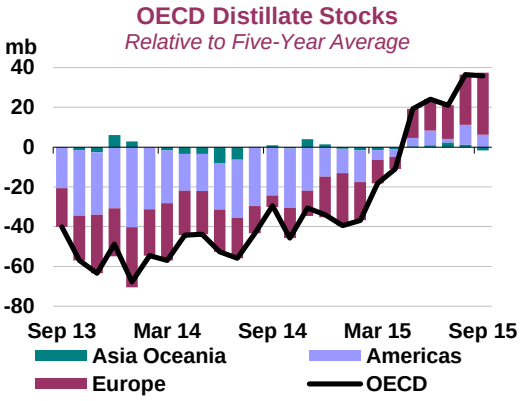
3 billion barrel cushion

Stockpiles of oil at a record 3 billion barrels are providing world markets with a degree of comfort. This massive cushion has inflated even as the global oil market adjusts to $50/bbl oil. Demand growth has risen to a five-year high of nearly 2 mb/d, with India galloping to its fastest pace in more than a decade. But gains in demand have been outpaced by vigorous production from OPEC and resilient non-OPEC supply – with Russian output at a post-Soviet record and likely to remain robust in 2016 as well. The net result is brimming crude oil stocks that offer an unprecedented buffer against geopolitical shocks or unexpected supply disruptions.

The stock overhang that first developed in the US on the back of soaring North American crude production, has now spread across the OECD. Since the second quarter, inventories in Asia Oceania have swollen by more than 20 million barrels. In Europe, record high Russian output and rising deliveries from major Middle East exporters are filling the tanks. Crude oil stocks are also piling up in the non-OECD, with China building inventories at a 0.7 mb/d clip during the third quarter and India starting to pour oil into its strategic reserves. This surplus crude provides some relief, with OPEC's spare production buffer stretched thin as Saudi Arabia - which holds the lion's share of excess capacity – and its Gulf neighbours pump at near record rates.





The shock absorber provided by oil stocks is no longer restricted to just crude. As refineries ran flat out to meet soaring demand for gasoline in top consumers the United States and China, distillate inventories ballooned as a consequence. This is not only due to seasonal factors: lower oil prices are also having an uneven influence on consumers. While motorists are responding relatively quickly to cheaper gasoline by purchasing bigger cars and taking to the roads, middle distillate demand growth has failed to match the heights seen in gasoline as industrial activity in many countries wavers.

Moreover, world demand growth is forecast to ease closer to a long-term trend of 1.2 mb/d in 2016 as supportive factors that have recently fuelled consumption are expected to fade. The impact of oil's steep price plunge on end users is unlikely to be repeated and economic conditions are forecast to remain problematic in countries such as China.

As winter approaches, stocks of diesel – the heating fuel of choice for Europe and the US Northeast – are now brimming. Between February and August, OECD middle distillate stocks surged by over 84 mb. By end-August they stood close to 600 mb, their highest absolute level since 2010. By end-September they remained a comfortable 36 mb above average and 49 mb above a year ago.

This could protect the market from a supply crunch should there be a lengthy spell of cold temperatures. But the current forecast is for a mild winter in Europe and the US. If it turns out to be true, bulging stock levels will add further pressure and oil market bears may choose not to hibernate.

DEMAND

Summary

- **World demand growth is forecast to slow to 1.2 mb/d in 2016 after surging to a five-year high of 1.8 mb/d in 2015.** Momentum eases towards its long-term trend as recent supports – such as post-recessionary bounces in some countries and sharply falling crude oil prices – likely prove temporary.

- **Global growth is likely to have peaked in 3Q15** at +2.1 mb/d on a year-on-year (y-o-y) basis and is expected to ease to 1.5 mb/d in 4Q15. Third quarter gains were particularly strong in Europe and non-OECD Asia – notably India, and to a lesser extent China. Gasoline dominated global growth, accounting for roughly two of every extra five barrels delivered in 3Q15.

- **Indian demand growth soared to its fastest pace in more than a decade in September,** supported by strong gains across the barrel, particularly diesel and gasoline. As Aristotle warned, "one swallow does not make a summer", but with increased economic optimism, an ambitious road building programme and rising car sales, relatively robust Indian demand conditions are expected to hold. Chinese demand, up by around 0.8 mb/d y-o-y in 3Q15, also beat earlier expectations.

- The latest official **US demand data for August were significantly below** earlier official weekly statistics. Growth softened to a four-month low versus 2014, as gains in gasoline eased to a six-month low. Preliminary estimates for September-October suggest the slowdown will continue, as the positive impact of lower oil prices fades and the macroeconomic outlook appears fragile.

- **Resilient European demand growth continued in 3Q15** adding 0.3 mb/d over a year ago, as strong gains in Italy, Turkey and the UK exceeded declines in countries such as Germany and Netherlands.

Global Oil Demand (2014-2016)

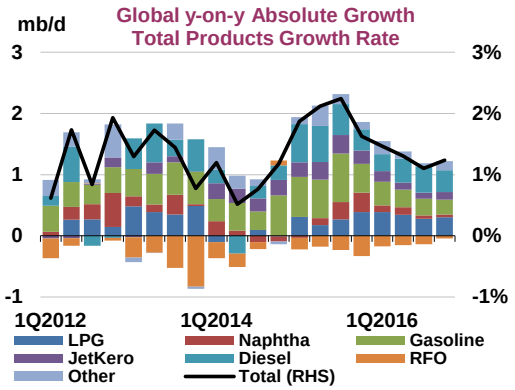
(million barrels per day)

	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Africa	4.0	4.0	3.9	4.0	4.0	4.1	4.1	3.9	4.1	4.0	4.2	4.2	4.1	4.3	4.2
Americas	30.5	30.5	31.3	31.5	31.0	30.9	30.9	31.7	31.6	31.3	31.1	31.1	31.6	31.9	31.4
Asia/Pacific	31.3	30.4	29.9	31.5	30.8	32.1	31.5	31.4	32.5	31.9	32.9	32.3	32.1	33.1	32.6
Europe	13.6	14.0	14.5	14.1	14.1	14.1	14.2	14.8	14.3	14.4	14.2	14.4	14.6	14.3	14.4
FSU	4.6	4.9	5.1	5.1	4.9	4.6	4.9	5.1	4.9	4.9	4.7	4.8	5.0	4.9	4.9
Middle East	7.8	8.2	8.4	7.9	8.1	7.7	8.3	8.5	8.0	8.1	7.9	8.4	8.8	8.2	8.3
World	**91.8**	**92.0**	**93.2**	**94.0**	**92.7**	**93.5**	**93.9**	**95.3**	**95.5**	**94.6**	**94.9**	**95.1**	**96.4**	**96.7**	**95.8**
Annual Chg (%)	1.2	0.5	0.8	1.2	0.9	1.9	2.1	2.2	1.6	2.0	1.5	1.3	1.1	1.2	1.3
Annual Chg (mb/d)	1.1	0.5	0.7	1.1	0.8	1.7	1.9	2.1	1.5	1.8	1.4	1.2	1.1	1.2	1.2
Changes from last OMR (mb/d)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.1

Global Overview

Strong gains in Europe and non-OECD Asia took global oil demand growth up to a four-and-a-half-year high of 2.1 mb/d y-o-y in 3Q15, with momentum dominated by gasoline. With OECD growth expected to weaken in 4Q15 and predictions of relatively mild northern hemisphere temperatures, global demand growth is forecast to ease towards 1.5 mb/d. For the year as a whole, growth comes in at a five-year high of 1.8 mb/d, as global deliveries average 94.6 mb/d. A slowdown to +1.2 mb/d is forecast for 2016, as many of the recent demand supports – such as post-recessionary bounces in some countries, sharply falling crude oil prices – are likely to prove transitory.

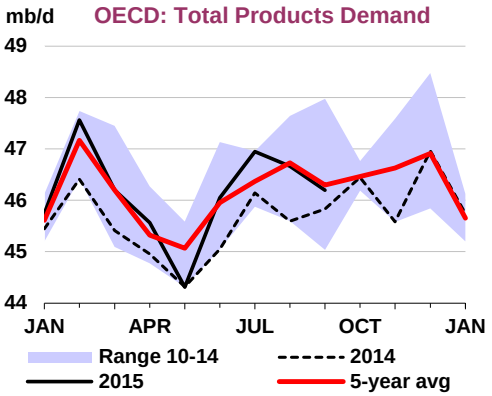
Gasoline, accounting for roughly two-out-of-every-five-extra barrels of oil products consumed in 3Q15, dominated global demand growth – albeit not at the same pace as 4Q14 when roughly two-out-of-every-three-extra barrels of oil products delivered were to satisfy additional gasoline demand. Strong global 3Q15 gains were also seen in gasoil/diesel (particularly in India and Europe), jet/kerosene, naphtha and LPG (which includes ethane). The main 3Q15 global laggard was residual fuel oil, which continued to see sharp declines in Japan (along with 'other products' on falling power sector use) and Europe, where bunker fuel demand continues to switch over to marine diesel in response to the tightening in sulphur regulations imposed in 2015.

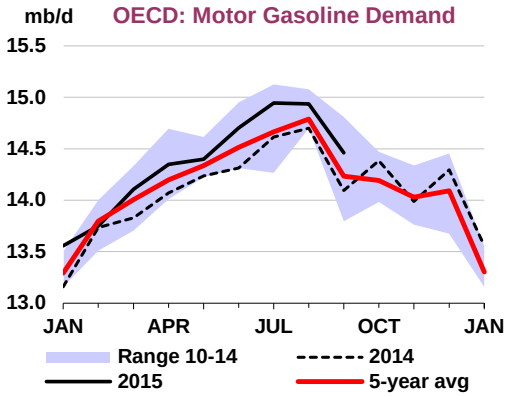


As global demand growth decelerates to +1.2 mb/d in 2016, gasoline's share eases further as two of the key supports in 2015 – China and US – slow. Gasoil/diesel and LPG are forecast to take up the slack, as non-OECD growth is likely to remain robust – underpinned respectively by still-expanding industrial and petrochemical sectors.

OECD

Supported by absolute 3Q15 gains across all three main OECD regions, total OECD oil product demand averaged 46.6 mb/d, 0.7 mb/d (or 1.6%) up on a year ago, and a four-and-a-half year high. For gasoline, it was a more than a decade high – with the US accounting for most of the growth. Looking ahead, we assume a resumption of the flat-to-falling OECD demand outlook in 2016 as many of the previous demand-supports fade.

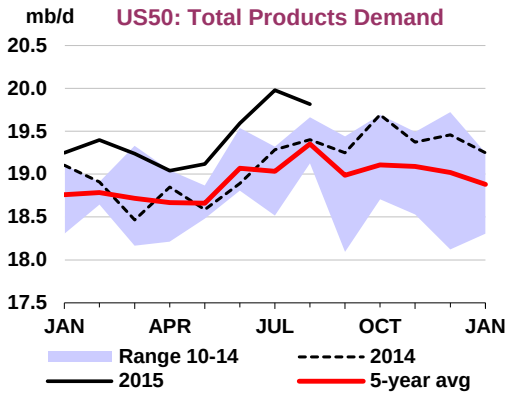


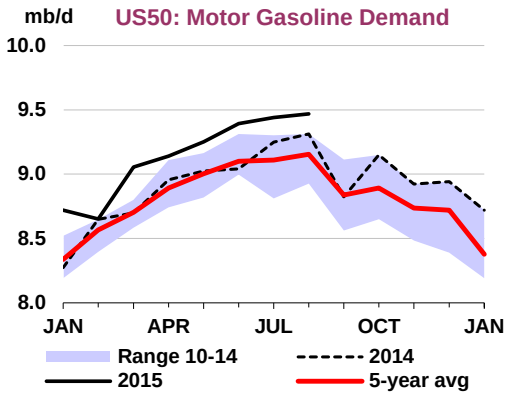


Americas

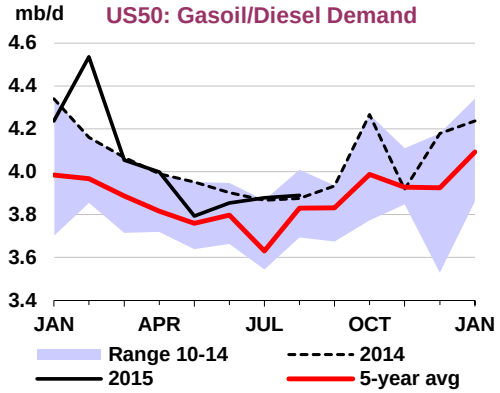
The scale of demand growth seen in the OECD Americas remained broadly unchanged on recent months, rising by 0.4 mb/d on a y-o-y basis in 3Q15. Gasoline played a dominant role, accounting for roughly three-out-of-every-four-extra barrels delivered in 3Q15, compared to the year earlier. Rising by a much more muted 0.1 mb/d in 2016, OECD American demand growth is forecast to decelerate on lower US demand growth – with the stimulus from the near-halving in oil prices this year unlikely to be repeated.

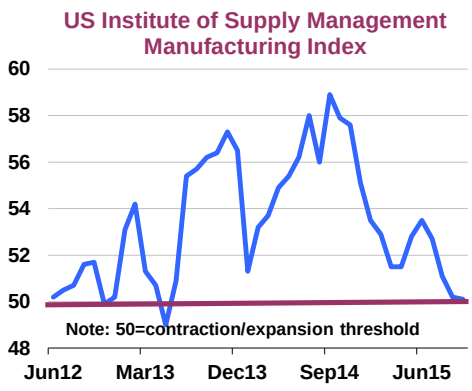
US oil demand growth has already decelerated somewhat. The latest official data for August show US oil product demand growth of 415 kb/d (or 2.1%) compared to a year earlier, a four-month low triggered by decelerating gasoline, its previous key support. US gasoline demand growth eased back to a six-month low of 155 kb/d (or 1.7%) in August, as its key recent determinant – growth in US vehicle usage – eased to a nine-month low of 2.3% according to the latest data from the US Department of Transport's Federal Highway Administration.





The recent slowdown in US industrial activity is restraining total US demand growth, particularly in distillates but also taking some of the gloss off gasoline. The US Federal Reserve citing industrial output growth easing to a near six-year low, of 0.4% y-o-y in September, as sharp contractions in the 'mining' sub-index dampened prospects overall. The University of Michigan's closely watched US consumer confidence index attained a fresh four-month low in September, while the Institute of Supply Management's Manufacturing Purchasing Managers' Index (PMI) dropped to a similar three-month low in August before deteriorating still further September-through-October. Indeed, this key forward-looking measure for tracking industrial activity is testing near net-pessimistic territory once again in October, a depth not previously explored in over two years.





Preliminary estimates of demand in September and October, based upon the latest weekly data provided by the US Department of Energy's Energy Information Administration, point towards a further easing in US growth. At approximately 19.6 mb/d in 4Q15, the demand in the 50 states of the US carries only a modest 0.4% premium over the year earlier, a much slower clip than the respective y-o-y gains of 2.5%, 2.5% and 2.1% seen in the previous three quarters. A similarly flat US demand trajectory is forecast for 2016, as deliveries average 19.6 mb/d. The breaks have been applied due to an increasingly precarious macroeconomic outlook, potentially warmer winter weather and the fact that consumers are more than a year into a lower oil price environment. Milder-than-average winter weather conditions are forecast for the northern and western US as one of the strongest El Ninos on record exerts a strong influence over US conditions, according to National Oceanic and Atmospheric Administration estimates. Although colder temperatures are envisaged in the southern and eastern US, the net effect is for a mildly warmer winter than last year. The risk of much colder 1Q16 temperatures in the Northeast, however, is a prospect that we will continue to monitor closely.

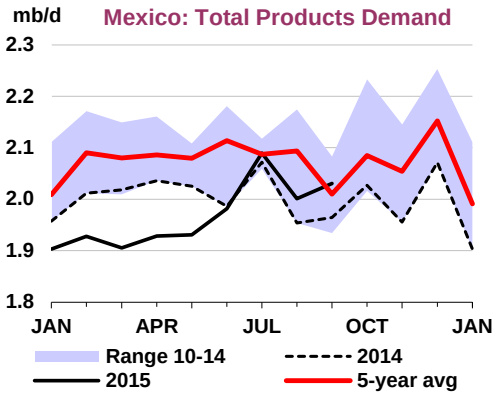
OECD Demand based on Adjusted Preliminary Submissions - September 2015

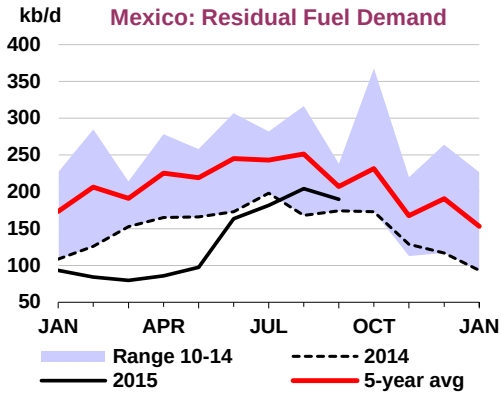
(million barrels per day)

	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*	**10.94**	**3.6**	**1.77**	**1.4**	**4.67**	**1.0**	**0.57**	**-2.7**	**0.47**	**-21.6**	**5.93**	**-3.94**	**24.34**	**0.3**
US50	9.19	4.1	1.51	0.8	3.78	0.3	0.20	21.1	0.17	-38.0	4.49	-4.64	19.35	0.5
Canada	0.85	-1.5	0.14	5.5	0.33	6.5	0.29	-16.7	0.03	-47.3	0.74	-3.85	2.38	-3.9
Mexico	0.77	4.1	0.06	4.3	0.37	2.2	0.06	10.9	0.19	9.1	0.58	0.56	2.03	3.4
OECD Europe	**1.96**	**-0.8**	**1.47**	**10.4**	**4.93**	**1.1**	**1.46**	**0.3**	**0.85**	**-8.1**	**3.44**	**1.43**	**14.11**	**1.1**
Germany	0.45	0.7	0.20	3.0	0.82	3.1	0.38	-10.7	0.13	9.6	0.51	-3.55	2.48	-0.7
United Kingdom	0.30	-1.6	0.34	-1.6	0.50	4.6	0.14	14.8	0.02	-40.2	0.26	10.03	1.55	2.8
France	0.17	-0.6	0.17	17.0	0.73	-0.6	0.30	2.6	0.04	-10.9	0.34	2.03	1.76	1.6
Italy	0.19	-3.1	0.11	-2.7	0.51	-5.7	0.07	150.6	0.07	16.8	0.38	10.72	1.32	3.8
Spain	0.11	-2.7	0.13	4.9	0.45	1.6	0.14	2.3	0.16	-9.8	0.25	-3.00	1.22	-0.9
OECD Asia & Oceania	**1.57**	**-0.2**	**0.75**	**6.2**	**1.28**	**2.2**	**0.50**	**3.2**	**0.53**	**-5.4**	**3.11**	**2.91**	**7.74**	**1.9**
Japan	0.91	-1.0	0.39	2.4	0.41	1.0	0.35	-4.9	0.28	-15.7	1.56	9.14	3.91	1.7
Korea	0.22	5.0	0.17	18.7	0.36	8.5	0.12	38.9	0.21	13.4	1.29	-3.05	2.38	3.7
Australia	0.31	-0.5	0.14	4.5	0.42	1.2	0.00	22.0	0.02	-9.7	0.18	-5.25	1.07	-0.3
OECD Total	**14.46**	**2.6**	**4.00**	**5.5**	**10.87**	**1.2**	**2.53**	**0.1**	**1.85**	**-11.2**	**12.48**	**-0.85**	**46.19**	**0.8**

* Including US territories

Having initially ended a nine-month period of consecutive y-o-y declines in July, **Mexican** demand has seen growth in each of the three months through September. Deliveries of 2.0 mb/d in September were up 65 kb/d (or 3.4%) on the previous year. Strong gains in gasoline, residual fuel oil and gasoil/diesel drove the up-surge, as lower prices, additional economic activity and resurgent power demand filtered through. The Instituto Nacional de Estadistica y Geografia (INEGI) reported business confidence at a three-month high of 53.84 in September, well above the 50-threshold that signifies the break-even point between net-optimism and pessimism. INEGI also cited for 3Q15 economic growth at its highest rate thus far in 2015, +0.6% on a quarter-on-quarter basis or 2.4% y-o-y. Having likely declined by around 25 kb/d (or 1.3%) in the year as a whole on very weak 1H15 data, a flattening in Mexican demand is forecast for 2016, at around 2.0 mb/d.

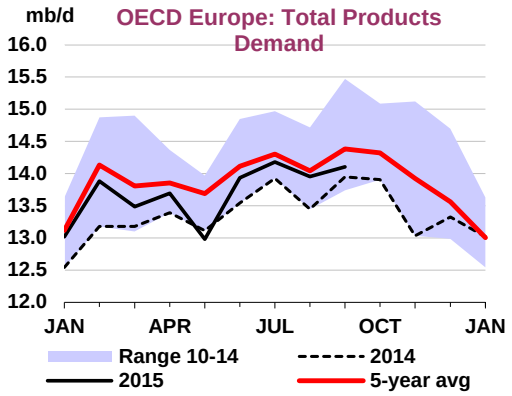


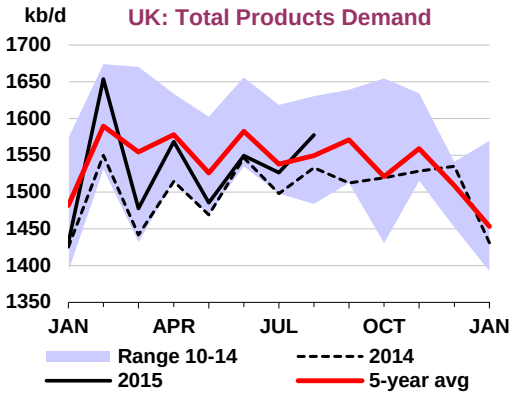


Europe

European demand continues to rise, up by approximately 310 kb/d (or 2.2%) y-o-y in 3Q15, after increases of 185 kb/d in 2Q15 and 490 kb/d in 1Q15. Strong 3Q15 gains reported in Italy, Turkey, the UK, Poland and Spain, offset persistent weaknesses in the Netherlands, Germany and Switzerland. After anticipated growth of around 0.3 mb/d (or 2.2%) in 2015, the European demand forecast flattens in 2016, as deliveries average 13.7mb/d in both years. This vanishing act for European growth occurs as many of the factors that previously raised demand disappear, such as the post-recessionary bounces that supported economic growth in many European countries in 2015, the sharp crude oil price declines and the exceptionally cold 1Q15 weather conditions. Early forecasts for winter weather point towards a

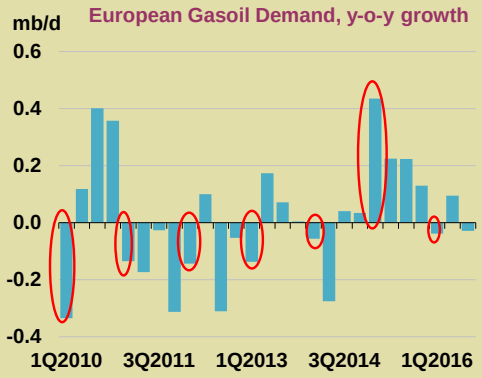
mixed picture, although last year's localised cold spells in big heating oil markets such as Germany are unlikely to be repeated (see *Snow on its bill?*).





Snow on its bill?

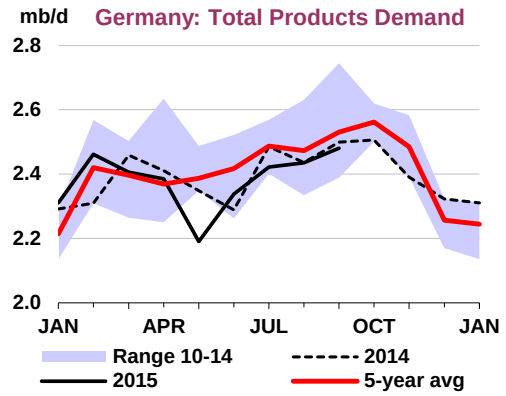
"Will this winter be warmer?" is a key question for Europe after colder-than-year-earlier winter conditions in 1Q15 pushed European gasoil demand growth to a multi-year high. Although predicting weather patterns more than a few days in advance is an inexact science, it is necessary when it comes to demand forecasts. With all-else held equal, repeat winter weather conditions would lead to minimal-to-muted gasoil demand growth, warmer climes potentially triggering y-o-y declines, while much colder conditions would support projections of additional gasoil consumption.

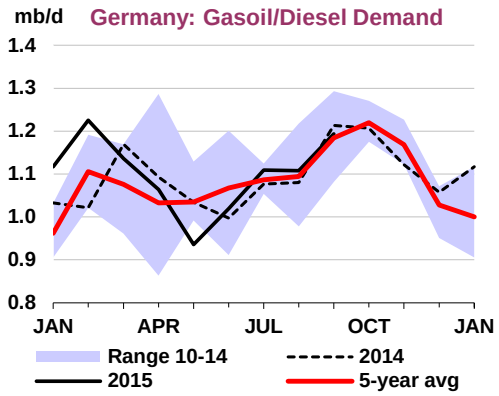


Unlike both the US and Japan, where the current consensus is that this winter will be warmer, the outlook for Europe is less clear. AccuWeather updated its winter outlook in mid-October as mildly warmer with abnormally cold conditions forecast for Scandinavia, a seasonable northwest, late season "cold shots" in the northeast, frequent storms across central Europe and mild conditions in the south. The shadow cast by El Nino potentially magnifies the uncertainty, with the UK Met Office stating that "in El Nino years there is a tendency for early winter to be warmer and wetter than usual and late winter to be colder and drier".

Weather forecast uncertainty, and hence projections of heating demand, are perhaps best demonstrated by the disproportionate amount of media attention aligned to the record early arrival of migratory Siberian swans into the UK on 11 October – a full 25 days ahead of 2014. Regardless of the apt Russian proverb – "the swan brings snow on its bill" – we cautiously anticipate that a warmer European winter this year will trigger a marginal decline in European 1Q16 gasoil demand. Such weather-related forecasts, however, carry an additional level of forecast uncertainty.

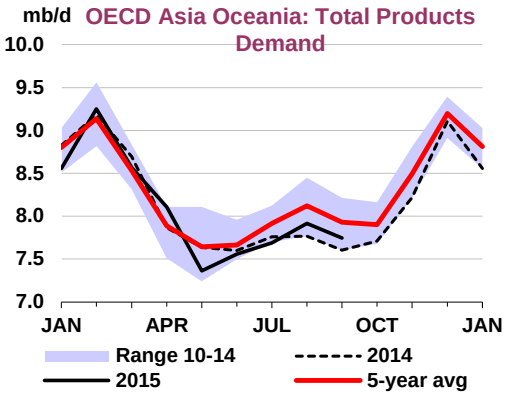
At an upwardly revised 2.4 mb/d in August, total **German** oil product deliveries were roughly unchanged on last year. Not only did this official number carry a 90 kb/d premium over the estimate based on inland-delivery statistics, the best source available when publishing last month's *Report*, it also amounted to a six-month high in German oil demand data. Weak petrochemical demand was offset by gains in gasoline, residual fuel oil and diesel – product sectors that garnered support from a combination of rising industrial output and lower prices. Industrial activity gaining 2.3% y-o-y in August, according to Deutsche Bundesbank data, while August pump prices eased to six-month lows. Preliminary estimates of September demand allude to a similarly flat trend, down 0.7% y-o-y, as likely declines in petrochemical and gasoil demand offset modest gains in gasoline, jet and residual fuel oil. A similarly flat demand trajectory is foreseen in 2016, as deliveries average 2.4 mb/d.

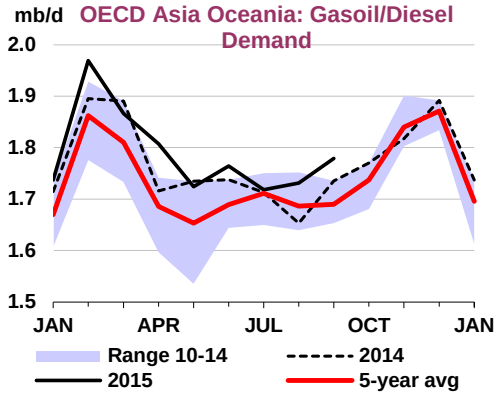




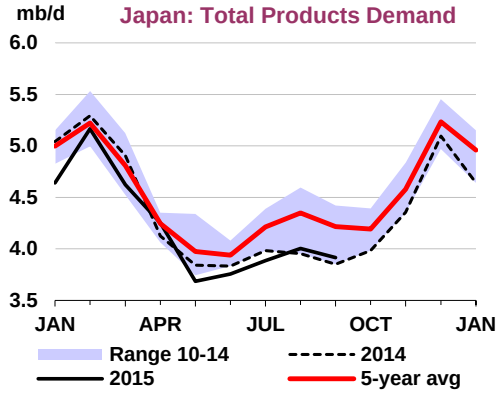
Asia Oceania

Posting two successive y-o-y gains of nearly 2%, in August and September, 3Q15 deliveries in OECD Asia Oceania rose in y-o-y terms for the first time since 1Q14. Growth re-emerged as gains took hold in Japan, alongside persistent robust expansion in Korea. Deliveries are forecast to remain roughly unchanged at around 8.1 mb/d in both 2015 and 2016, as tenacious declines in Japanese power sector usage roughly offset ongoing industrially-led gains in gasoil.

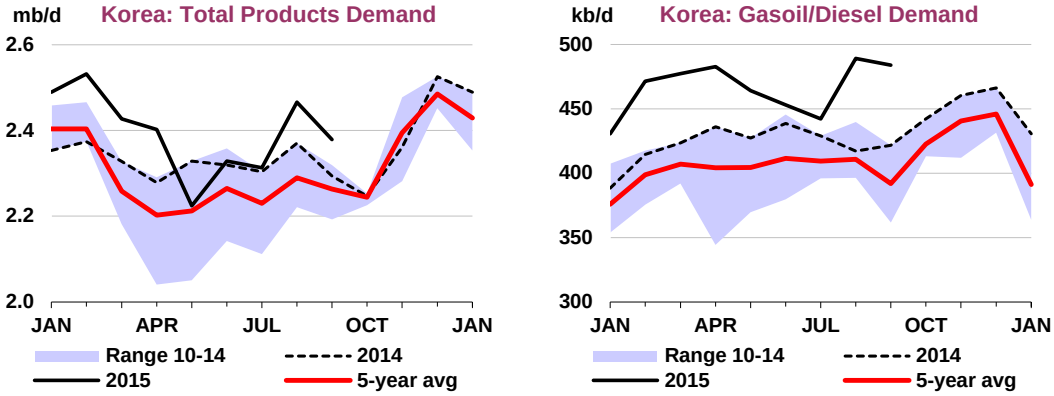




At an estimated 3.9 mb/d in September and up by 65 kb/d (or 1.7%) on the year earlier, preliminary estimates of **Japanese** oil product demand show a second consecutive month of growth, a feat previously not seen since March 2014. The recent Japanese demand strength supported flat (y-o-y) 3Q15 deliveries, ending a five quarter trend of absolute declines. The 3Q15 reprieve is, however, likely to be little more than temporary. Most of the key 3Q15 demand supports are unlikely to be repeated going forward, such as the extremities of the price declines already seen or the very weak 3Q14 baseline data that supported 3Q15 y-o-y growth estimates. With a second nuclear reactor expected to resume commercial operations in 4Q15 and forecasts from the Japanese Meteorological Agency of warmer early winter weather, the Japanese demand forecast is unlikely to receive any additional support from the heating/power sector. Thus, for the year as a whole, deliveries are forecast to average 4.2 mb/d, 105 kb/d (or 2.4%) down on the year prior, before declining by a further 85 kb/d in 2016 as additional drops in power sector usage coincide with efficiency gains across both industry and transport.



Strong gasoil demand underpinned recent **Korean** demand strength, with consecutive y-o-y gains of 70 kb/d and 60 kb/d in August and September posted in gasoil, accounting for roughly three-quarters of total Korean growth. Deliveries averaging 2.4 mb/d in 3Q15, 65 kb/d (or 2.7%) up on the year earlier, were supported by economic growth at a near five-year high and resurgent industrial activity. Statistics Korea reporting industrial output growth at 2.4% y-o-y in September, while the Bank of Korea's consumer confidence index climbed to a four-month high of 103, whereby any reading above 100 implies an improving outlook. Having likely risen by around 3.6% in 2015, Korean momentum is forecast to ease to a more sustainable 1.8% in 2016, as transport demand growth in particular falls back on efficiency gains and potentially easing price supports.



Non-OECD

Having somewhat stalled earlier in the year, non-OECD momentum has picked up steadily, rising by around 3% through the middle of 2015. With relatively robust gains in gasoline demand throughout, the majority of the recent uptick is attributable to additional gains in the petrochemical and industrial sectors, triggering additional naphtha and gasoil deliveries. Looking ahead, the region as a whole should see growth of around 1.2 mb/d in 2016, raising average non-OECD demand to around 49.5 mb/d, with notably gains foreseen in the transport and petrochemical sectors.

Non-OECD: Demand by Product

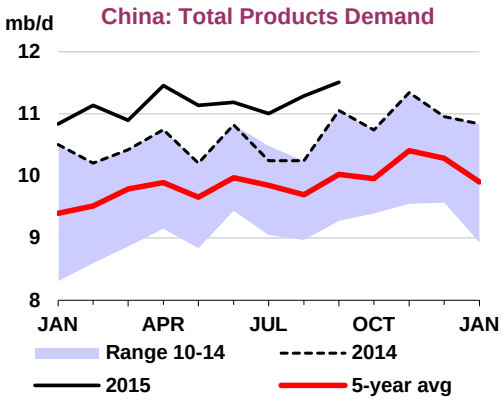
(thousand barrels per day)

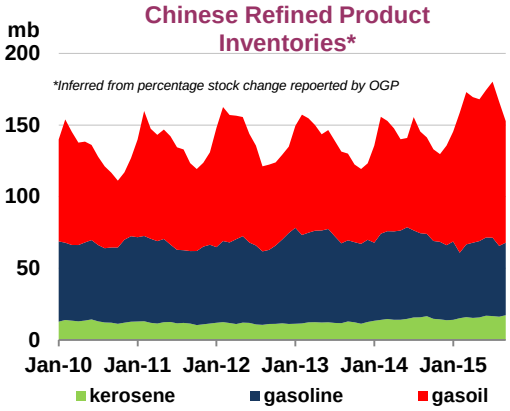
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q15	2Q15	3Q15	2Q15	3Q15	2Q15	3Q15
LPG & Ethane	5,254	5,282	5,380	159	254	3.1	5.0
Naphtha	3,131	3,099	3,226	74	161	2.4	5.3
Motor Gasoline	10,148	10,324	10,414	352	481	3.5	4.8
Jet Fuel & Kerosene	3,051	3,069	3,083	107	99	3.6	3.3
Gas/Diesel Oil	13,895	14,682	14,441	373	245	2.6	1.7
Residual Fuel Oil	5,239	5,358	5,212	18	-160	0.3	-3.0
Other Products	6,361	6,798	6,935	338	261	5.2	3.9
Total Products	**47,079**	**48,613**	**48,691**	**1,419**	**1,341**	**3.0**	**2.8**

China

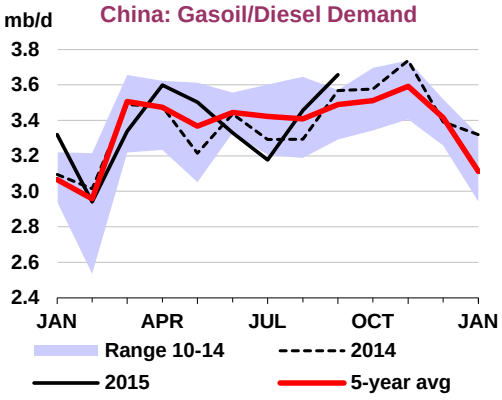
September's heavy product stock draw, a second consecutive monthly reduction, supported otherwise anaemic Chinese demand. Due to the paucity of comprehensive Chinese statistics, we traditionally measure Chinese apparent demand as the sum of Chinese refinery output, plus net product imports, minus any product stock-builds. Without the latest product stock data, from *China Oil, Gas and Petrochemicals* (*China OGP*, published by China's Xinhua news agency), which showed a 450 kb/d net-product destocking in September led by big declines in gasoil/diesel inventories, estimates of Chinese oil demand would have been struggling to rise above parity on a y-o-y basis. Taking all of the components of

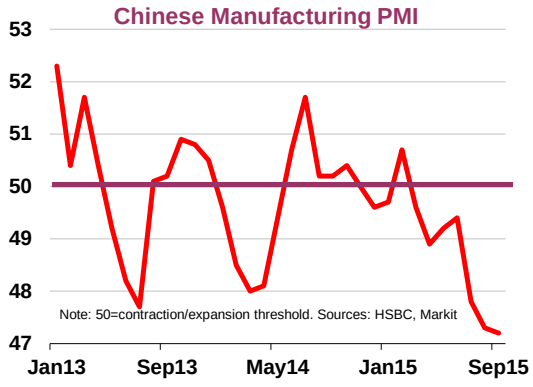
the apparent demand calculation into consideration, however, September growth came in at around 460 kb/d (or 4.2%) y-o-y.





Long amongst the lagging growth product categories, Chinese gasoil demand has shown modest signs of picking up recently, rising (y-o-y) in both August and September as reports of heady net-diesel exports were offset by even larger reductions in gasoil stocks. Official customs data for September, for example, showed net-light diesel exports of 275 kb/d, while China OGP reported an even larger 525 kb/d drop in Chinese gasoil stocks. A re-emergence of Chinese gasoil demand growth is unlikely to prove sustainable going forward, as prospects for one of the key determinants of such growth – industrial output – look bleak. Falling heavily since June, the Caixin/Markit Manufacturing PMI plummeted to a six-and-a-half year low, approaching 47 in September, whereby any reading below 50 signifies net-pessimism. This bleak forward-looking indicator, which provides a useful proxy for industrial activity six months ahead, implies anaemic gasoil demand conditions in 4Q15 through 1Q16. Indeed, our Chinese demand model foresees persistent weakness in gasoil/diesel demand growth through all of 2016, as forecast Chinese gasoil deliveries essentially flatten at 3.4 mb/d. Other restraints on Chinese demand growth in 2016 are likely include residual fuel oil, which is forecast to continue its recent declines, and decelerating momentum in the key transport markets.





We have revised up our forecast for the year as a whole, by 60 kb/d compared to last month's *Report* to 11.2 mb/d. We accurately anticipated the dramatic slowdown in September demand growth, but did not fully envisage the heavy reduction in Chinese product stocks that would raise the otherwise ailing demand data. Incorporating this adjustment, the Chinese growth forecast for 2015 has been modestly raised to +5.3%, accounting for roughly a third of the total global expansion in demand. Moving into 2016, momentum is likely to ease, with forecast growth of around 2.9% based on dire forward-looking indicators of manufacturing activity and the unlikelihood that the steep oil price declines of 2015 will be repeated.

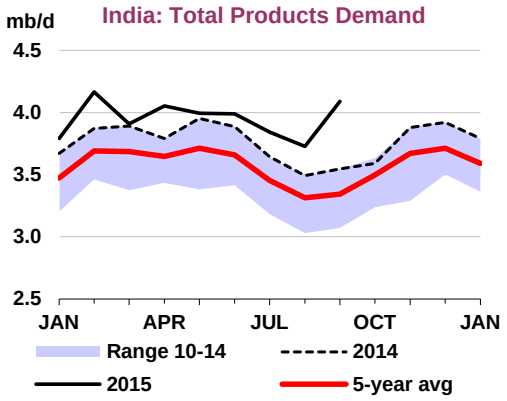
China: Demand by Product

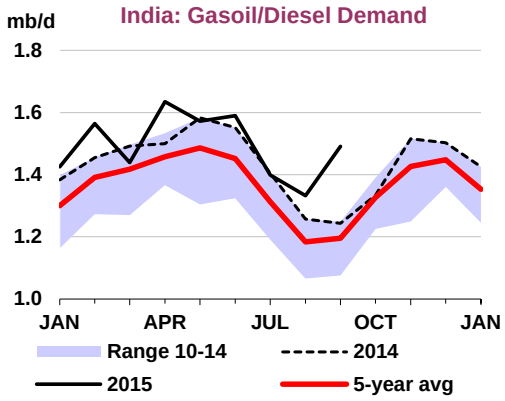
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	883	1,091	1,179	208	88	23.5	8.1
Naphtha	1,170	1,178	1,208	8	30	0.7	2.6
Motor Gasoline	2,254	2,417	2,527	163	110	7.2	4.5
Jet Fuel & Kerosene	542	604	648	62	44	11.4	7.3
Gas/Diesel Oil	3,383	3,408	3,415	25	7	0.7	0.2
Residual Fuel Oil	319	268	230	-51	-38	-15.9	-14.3
Other Products	2,071	2,225	2,303	154	78	7.4	3.5
Total Products	**10,622**	**11,190**	**11,509**	**568**	**319**	**5.3**	**2.9**

Other Non-OECD

Rising at a pace roughly four-times faster than China, **Indian** y-o-y oil product demand growth at +15.3% in September posted its sharpest gain in over a decade. Strong growth is taking hold right across the barrel. Road transport fuels and bitumen led the way, surging as increased economic optimism, an ambitious road building programme, lower prices, heady vehicle sales and low base-year numbers (a consequence of last year's flooding), combined to sharply stimulate additional oil product deliveries in September. The latest industrial output numbers from the Ministry of Statistics and Programme Implementation showed a 6.4% y-o-y gain in August, a near three-year high. Having risen by an estimated 6.6% in 2015, thanks to sharp oil price declines and the relatively robust Indian macroeconomic situation, momentum eases back to an estimated 4.6% in 2016. Indian oil product deliveries thus rise to approximately 4.2 mb/d in 2016.



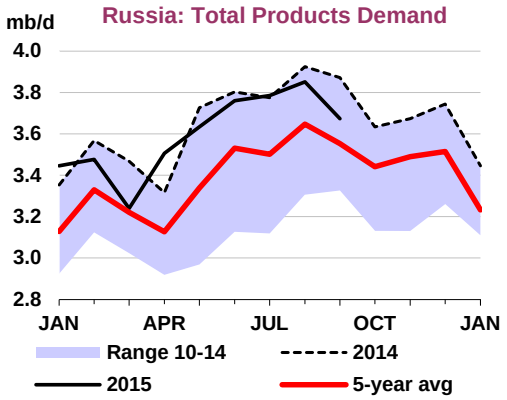


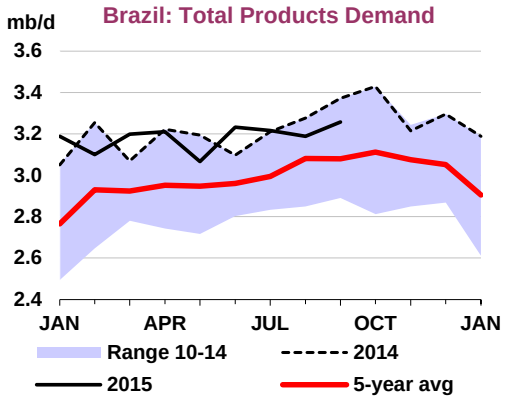
India: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	569	607	633	38	26	6.7	4.3
Naphtha	272	297	310	25	12	9.2	4.2
Motor Gasoline	439	504	551	65	47	14.7	9.3
Jet Fuel & Kerosene	273	275	278	2	3	0.6	1.2
Gas/Diesel Oil	1,435	1,522	1,589	87	68	6.1	4.5
Residual Fuel Oil	130	137	139	7	2	5.0	1.4
Other Products	642	669	694	27	25	4.2	3.7
Total Products	**3,761**	**4,010**	**4,193**	**250**	**183**	**6.6**	**4.6**

Russian oil product deliveries eased to an estimated 3.7 mb/d in September, nearly 200 kb/d (or 5.1%) below their year earlier levels, as Russian demand plummeted as predicted in last month's *Report*. The chief protagonists were lower residual fuel oil, 'other products', jet fuel and gasoil demand, as economic activity retracted. The Federal State Statistics Service reported industrial output sank for an eighth consecutive month in September, down by 3.7% y-o-y. It also reported business confidence in general down to an eight-month low of -7 in September, whereby any number below zero signifies net-pessimism. Jet/kerosene demand, meanwhile, eased back sharply as consumer confidence, as measured by the Federal State Statistics Service's consumer confidence index, slipped to -24 in 3Q15, dramatically below the zero 'neutrality' threshold. In this stark economic landscape, further sizeable declines in Russian oil deliveries are anticipated, -85 kb/d y-o-y in 4Q15 and -30 kb/d in 2016, when demand is forecast to average 3.6 mb/d.





The weak recent **Brazilian** demand trend continued, down by 3.4% over the year earlier in September, having declined by 2.7% in August, as increasingly anaemic economic activity dampens both the industrial and private sector oil requirement. Gasoil/diesel demand fell particularly sharply, down by 7.6% y-o-y in September and 6% in August, as the latest industrial output numbers for the economy as a whole, from the Instituto Brasileiro de Geografia e Estatistica, showed a 9% y-o-y slide in August. Despite the recent decline, a relatively flat trajectory is foreseen for the year as a whole (-0.6%). The volatile nature of Brazilian demand has seen strong gains in some months roughly offset declines elsewhere. A similarly flat trend is foreseen for 2016, as persistent economic weakness likely eradicates the prospect of demand growth, while the likely relative improvement in the projected decline rate for the economy reduces the prospect of further drops in demand. The International Monetary Fund, in October's edition of the *World Economic Outlook*, predicted an economic contraction of 3% in 2015, easing back to -1% in 2016.

Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q15	2Q15	3Q15	2Q15	3Q15	2Q15	3Q15
Africa	4,079	4,058	3,928	65	56	1.6	1.4
Asia	23,341	23,784	23,572	1,088	1,334	4.8	6.0
FSU	4,573	4,887	5,055	23	-86	0.5	-1.7
Latin America	6,704	6,839	6,924	29	-44	0.4	-0.6
Middle East	7,690	8,347	8,504	184	61	2.3	0.7
Non-OECD Europe	693	699	708	31	20	4.6	3.0
Total Products	**47,079**	**48,613**	**48,691**	**1,419**	**1,341**	**3.0**	**2.8**

SUPPLY

Summary

- **Global oil supplies, including biofuels, breached 97 mb/d in October,** as non-OPEC output rebounded from reduced levels a month earlier. Total oil supplies stood 2.0 mb/d above a year earlier, of which non-OPEC supplies accounted for a third.

- **OPEC crude oil output held steady in October at 31.76 mb/d with declines in Iraq and Kuwait offset by higher supply from Libya, Saudi Arabia and Nigeria.** Overall OPEC output stood 1.1 mb/d above a year ago as Saudi production remained in excess of 10 mb/d for an eighth straight month and Iraq continued to pump near record rates above 4 mb/d.

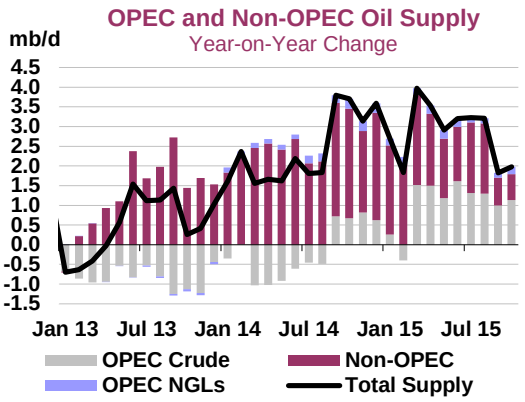
- **A marginal tightening in fundamentals lifts the 2016 'call on OPEC crude and stock change' by 200 kb/d versus our previous *Report* to 31.3 mb/d.** The 'call' in 2H16 rises by 1.4 mb/d from 1H16 to 32 mb/d, which is higher than the group's current production. OPEC ministers are due to meet on 4 December in Vienna to review the market outlook for 2016.

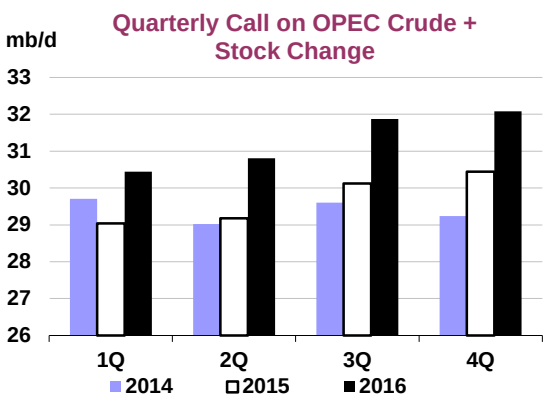
- **The outlook for non-OPEC supply growth in 2016 has dimmed since last month's *Report*,** with steeper declines foreseen for US light tight oil (LTO). Non-OPEC supply is expected to contract by more than 0.6 mb/d next year to 57.7 mb/d, despite resilient production in a number of countries.

- **Continued declines in US drilling activity suggest steeper drops in US LTO output lie ahead.** Producers pulled another 36 rigs out of service in October, to 578, and the number of new wells completed dropped to 800, the lowest rate since February 2011. As a result, US LTO production is forecast to contract by 600 kb/d next year compared with declines of 400 kb/d expected previously.

- **Record-high output in Russia provides a partial offset**. Despite signs of accelerated decline at mature fields, the outlook for Russian oil supply has been lifted versus last month's *Report*. Russian producers are favouring developments that boost output in the near term, while the ruble's depreciation and Russia's oil taxation system are neutralising the impact of lower prices and spending curbs.

- **Non-OPEC oil production bounced back by 0.4 mb/d in October,** after outages in Norway, Brazil and Canada curbed output a month earlier. A worker's union strike from early November threatened to cause the biggest disruption to Brazilian output in 20 years. At the time of writing, however, contingency plans limited losses to around 130 kb/d.

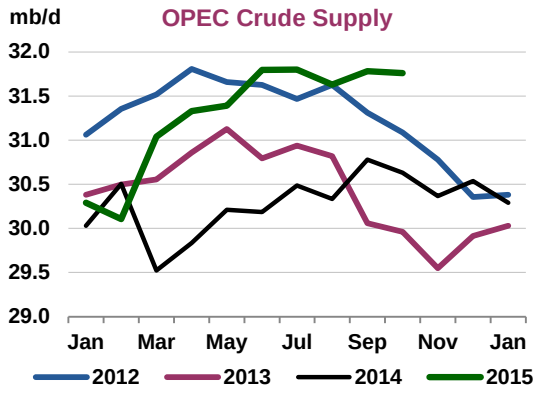


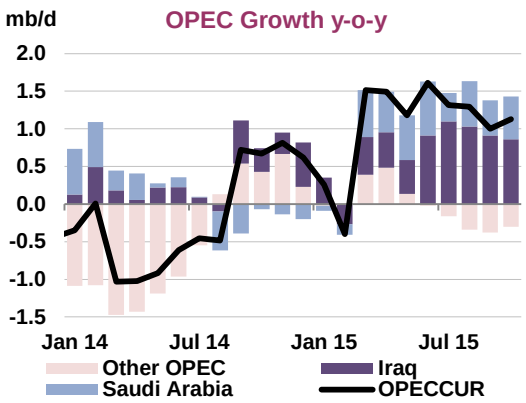


All world oil supply data for October discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary October supply data.

OPEC crude oil supply

OPEC crude oil output inched down by 20 kb/d in October to 31.76 mb/d with reduced flows from Iraq and Kuwait offset by higher production in Libya, Saudi Arabia and Nigeria. Weather-related export delays led to a 100 kb/d decrease in production from Iraq, including the Kurdistan Regional Government (KRG), although output of 4.2 mb/d was not far off an all-time high hit the previous month. Scheduled field maintenance cut Kuwaiti output by 80 kb/d, while Saudi production edged up 50 kb/d to 10.25 mb/d as exports rose to world markets. African producers pumped more during October, with Libyan output climbing to a five-month high of 430 kb/d. The recovery may prove fragile, however, after deteriorating security at the eastern port of Zueitina forced Libya's National Oil Corp. to declare force majeure in early November.





In the run-up to OPEC's scheduled meeting on 4 December in Vienna, Saudi Arabia shows no sign of reversing its year-old policy to defend market share rather than price. It was Riyadh that led OPEC's decision in November 2014 to maintain the group's official production ceiling despite oil's collapse from above $115/bbl last summer. Since then, Saudi Arabia and Iraq – the group's largest producers – have each ramped up by an average 500 kb/d. Overall OPEC production is running more than 800 kb/d higher at an average 31.2 mb/d. The group's slightly lower output in October lifted 'effective' spare capacity to 2.37 mb/d versus 2.35 mb/d in September, with Saudi Arabia accounting for 85% of the surplus.

OPEC Crude Production

(million barrels per day)

	Aug 2015 Supply	Sep 2015 Supply	Oct 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Oct 2015 Supply	YTD Average Crude Supply
Algeria	1.13	1.12	1.11	1.14	0.03	1.11
Angola	1.73	1.77	1.79	1.80	0.01	1.76
Ecuador	0.53	0.53	0.53	0.57	0.04	0.54
Iran	2.87	2.88	2.88	3.60	0.72	2.85
Iraq[4]	4.17	4.30	4.20	4.18	-	3.89
Kuwait[2]	2.80	2.81	2.73	2.82	0.09	2.78
Libya	0.37	0.37	0.43	0.50	0.07	0.40
Nigeria	1.77	1.86	1.90	1.92	0.02	1.79
Qatar	0.65	0.65	0.67	0.70	0.03	0.66
Saudi Arabia[2]	10.28	10.20	10.25	12.26	2.01	10.16
UAE	2.93	2.91	2.89	2.94	0.05	2.88
Venezuela[3]	2.40	2.38	2.38	2.49	0.11	2.41
Total OPEC	**31.63**	**31.78**	**31.76**	**34.92**	**3.18**	**31.24**
(excluding Iraq, Nigeria, Libya and Iran)					**2.37**	

1 Capacity levels can be reached within 90 days and sustained for an extended period.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in October.

4 Iraqi production during October exceeded our assessment of sustainable capacity.

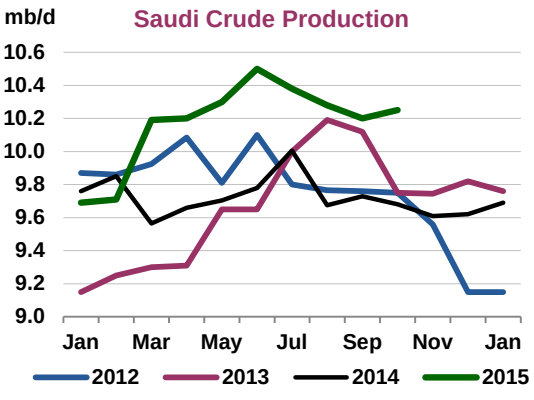
When it last met in June, OPEC agreed to maintain its official 30 mb/d output target. OPEC is expected to adjust that ceiling at its December meeting when Indonesia re-joins as the group's thirteenth member. The Asian producer suspended its membership in 2008 when it became a net oil importer. It currently pumps around 800 kb/d of crude.

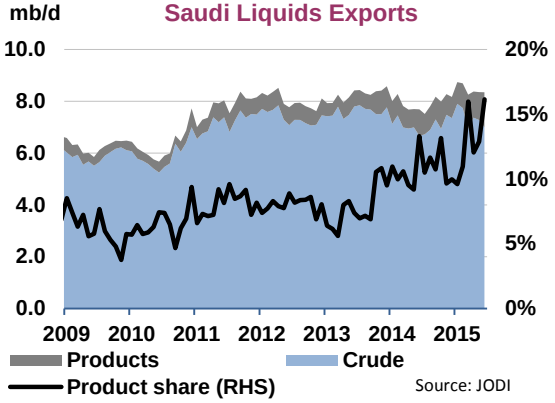
A slight tightening in fundamentals has meanwhile raised the 2016 'call on OPEC crude and stock change' by 200 kb/d versus our previous *Report* to 31.3 mb/d (excluding Indonesia). The 'call' in 2H16 rises by 1.4 mb/d from 1H16 to 32 mb/d, which is higher than the group's current production.

Production in **Saudi Arabia** edged 50 kb/d higher in October to 10.25 mb/d as an increase in exports more than offset declines in domestic refinery runs and crude oil for direct burn in power plants. The Kingdom's oil fields have been pumping more than 10 mb/d since March to support Riyadh's policy to preserve market share and satisfy internal demand. Oil sales to world markets rose during October, with much of the increase destined for Asia, according to preliminary tanker tracking data. In November, Riyadh is targeting new customers in northern Europe (see *Sour Wars*).

During the blistering heat of summer, Saudi Arabia burns higher quantities of crude oil to generate power for air conditioning. It has also been supplying more crude to domestic refineries to boost product exports that reached a record 1.35 mb/d during August, according to the latest figures submitted to the Joint Organisations Data Initiative (JODI). Scheduled maintenance during October at the 400 kb/d Yanbu Aramco Sinopec Refining Co. (Yasref) joint-venture refinery eased the requirement for crude at home.

Saudi crude exports meanwhile ran at around 7.4 mb/d from January through August compared to about 7.2 mb/d during the same period in 2014, according to JODI data. Total Saudi oil exports, excluding condensates and NGLs, averaged around 8.4 mb/d during the first eight months of the year versus 8.0 mb/d during the same period in 2014.

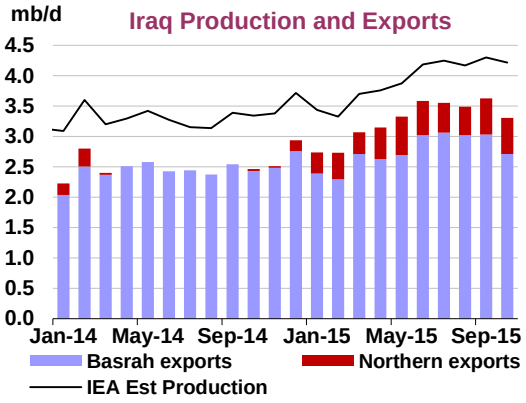




A 50% drop in oil prices since June 2014 has burdened Riyadh with a budget deficit that is expected to exceed $100 billion. The government, under pressure to cut spending, has started to draw down sizeable foreign reserves that have piled up over the past decade. On the oil front, state Saudi Aramco has said it would renegotiate some contracts and delay some projects due to the low oil price environment.

Elsewhere in the Gulf, scheduled maintenance cut **Kuwaiti** output by 80 kb/d to 2.73 mb/d during October, but flows recovered by the end of the month after work was completed at a gathering centre. Kuwait has been doing its utmost to compensate for a loss of output from the Neutral Zone that it shares with Saudi Arabia. A year-long row between the Gulf neighbours has slowed output to a trickle from 400 kb/d. Production in the **UAE** dipped 20 kb/d to 2.89 mb/d, but held near a record high of 2.91 mb/d. **Qatari** supply bumped up to 670 kb/d.

Output in **Iraq,** including the KRG, declined by 100 kb/d to 4.2 mb/d in October as bad weather in the Gulf cut southern exports sharply and northern shipments eased a touch. Average exports from the country's giant southern oil fields fell by 300 kb/d to 2.7 mb/d during October, having scaled record rates of 3.1 mb/d earlier in the month before high winds played havoc with loadings. OPEC's second biggest producer, however, continued to pump in excess of 4 mb/d for a fifth consecutive month, with much of the crude oil that was unable to load routed into storage tanks, industry sources said.



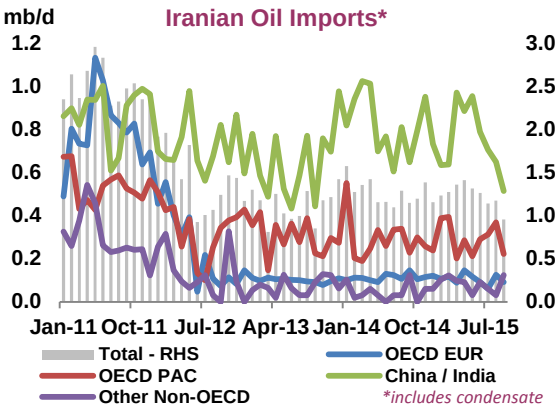
All of the federal government's exports were sold via the Gulf, while northern shipments of 595 kb/d via Turkey were sold solely by the KRG. The semi-autonomous northern region has increased independent oil sales since mid-June and has cut allocations to Iraq's State Oil Marketing Organisation (SOMO) in an escalating row over budget payments and export rights.

Iraq's oil ministry is meanwhile in talks with ExxonMobil and PetroChina to revive a water injection project that is crucial to maintaining output from prized southern oil fields. A lack of finance and delays to the multi-billion dollar project led Baghdad to open negotiations with Exxon and PetroChina, which each hold a 25% stake in the West Qurna-1 project.

Iraq is struggling with the stress of $50/bbl oil and a costly battle with the Islamic State of Iraq and the Levant, whose militants control a large swathe of the country after their advance in June 2014. The financial strain has forced Baghdad to ask foreign contractors to cut 2015-16 budgets and hold output steady. Production, including from the KRG, is likely to remain broadly flat next year versus 3Q15 levels of around 4.2 mb/d.

Iran continues to flag plans for a substantial output increase following an anticipated easing of international sanctions. Iranian Oil Minister Bijan Zanganeh has said Tehran will immediately deliver an additional 500 kb/d to world markets when that day arrives. Production during October was steady at 2.88 mb/d. Iranian oil fields were pumping around 3.6 mb/d in 2011 before the US and European Union enforced tighter financial measures. Our estimate remains that Tehran is capable of ramping up production to 3.4 to 3.6 mb/d within six months of sanctions being suspended.

As for international oil sales, Iran's crude exports have slumped from roughly 2.2 mb/d at the start of 2012 to below 800 kb/d during October, according to preliminary data, versus roughly 1.1 mb/d the previous month. Lower purchases from India, Japan, Korea and Turkey offset higher imports from Taiwan and Syria. Deliveries this year have been running at roughly 1.1 mb/d, steady on 2014. Purchases of condensate – ultra-light oil from the South Pars gas project – rose from about 100 kb/d in September to around 190 kb/d – the highest this year. The above import figures are subject to revision.



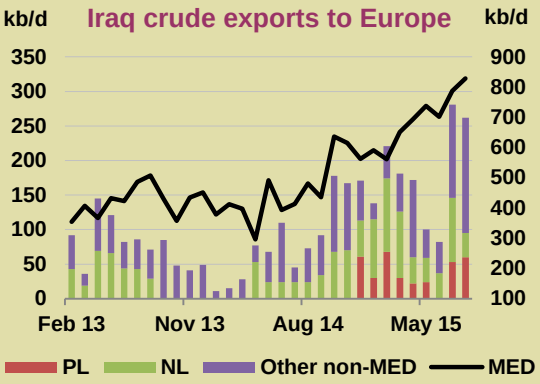
There is unlikely to be a significant rise in Iranian production before next year, but oil stored at sea could start to hit world markets before then. Iran had about 38 mb of oil, of which 63% was condensates, in floating storage at the end of October.

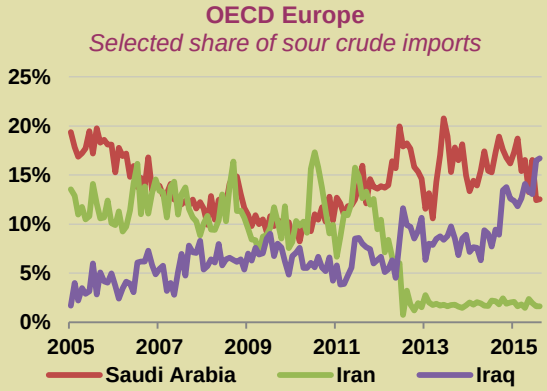
Production from African OPEC members rose in October, led by **Libya**. The country's oil fields ramped up 60 kb/d month-on-month (m-o-m) to 430 kb/d – the highest since May – but a small fraction of the 1.6 mb/d pumped before the downfall of Muammar Gaddafi four years ago. And October's production improvement may prove fleeting. By early November, output had sunk to around 415 kb/d after the eastern port of Zuetina was closed due to deteriorating security. A long-running fight between the officially recognised government in the east and the so-called Libya Dawn administration in Tripoli has forced a halt to operations at vital oil fields and terminals. The country's eastern fields run by state Arabian Gulf Oil Co (Agoco) now form the production backbone. El Feel and El Sharara in the southwest, which together could produce nearly 500 kb/d, have been closed since the start of the year due to pipeline blockages and a strike by oil security guards. The ports of Ras Lanuf, Es Sider and Zueitina are also shut. Output from neighbouring **Algeria** inched down month-on-month to 1.1 mb/d. Supply from West African producers rose by 60 kb/d in October. **Angolan** supply edged up to 1.79 mb/d. Chevron has started up the deepwater, 40 kb/d Lianzi field in the zone between Angola and Congo (Brazzaville). Production in **Nigeria** climbed by 40 kb/d m-o-m to 1.9 mb/d. Nigerian President Muhammadu Buhari has, as expected, appointed Nigerian National Petroleum Corp. head Emmanuel Kachikwu as minister of state for oil. Buhari remains senior oil minister.

Sour wars

An overabundance of crude oil has left suppliers targeting energy-hungry Asia with cut-price barrels and much has been made of the battle between OPEC's Middle East producers for a share of the region's sour market. But with less fanfare, a second front has opened up in Europe as Asia grows more crowded.

While the headlines focus on Russia and Saudi Arabia jostling for position on the continent, it is Iraq that has stolen a march on its regional rivals. Europe imports over 9 mb/d of crude from outside the region, and sour grades account for more than 6 mb/d. Although Russian Urals continues to dominate with around 55%, Iraq has gained substantial market share since 2012 after international sanctions were tightened on Iran. A bit more space was created with Russia pivoting eastward. It shot past top exporter Saudi Arabia to rank as China's largest supplier during September.





OPEC's top two producers Saudi Arabia and Iraq now appear to be locking in additional supply to Europe before sanctions are eased on Iran. Before Tehran was banned from selling oil to Europe, it was delivering about 1 mb/d of high-sulphur sour crude – mostly to refiners in the Mediterranean. Now, however, Iran supplies only about 100 kb/d to Turkey.

By targeting Iran's former buyers, Iraq – with its fast growing exports – has managed to increase significantly its European customer base. Iraqi sales into the Netherlands, Germany and Poland are especially brisk. Since mid-2014, Iraq's overall exports have risen by about 40% to above 3 mb/d after infrastructure bottlenecks – both north and south - were overcome. Deliveries of 1 mb/d to Europe during July and August raised Iraq's market share to 17% – allowing it to overtake Saudi Arabia.

Iraq and Saudi Arabia are also courting northern European refiners who have traditionally relied on Russia as their steady source of sour crude supply via the Druzhba pipeline and through tanker loadings from Baltic ports. Iraq was the first Middle East producer to blaze the trail into Poland, offering discounts to Urals in the range of $2-$4/bbl, according to market sources. Its sales have risen to an average 45 kb/d this year.

Sour wars (continued)

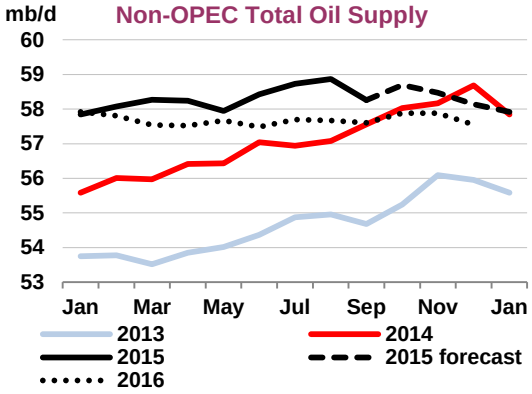
Shipping data suggest that regular imports via the Adria pipeline into Hungary only began once the KRG started marketing crude from northern Iraq.

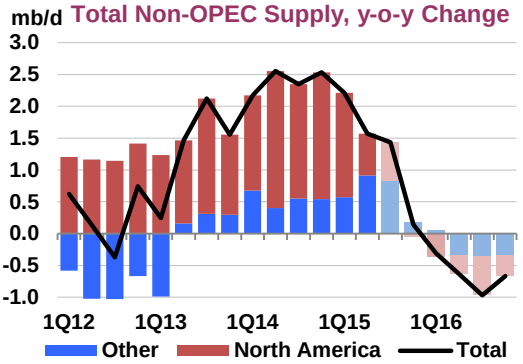
Saudi, too, is venturing deeper into the Polish market and has cut the Arab Light differential for December-loading cargoes to northwest Europe by $1.30/bbl. Polish refiners PKN and Lotos are due to receive Saudi cargoes during November and Poland's biggest refiner PKN sees Saudi pricing terms as "attractive". Saudi Aramco is also due to deliver a cargo to Sweden's Preem – the first sale in two decades.

Iran meanwhile is keen to reclaim its European customer base once sanctions are eased. Previous regular buyers in Italy, Greece and Spain would prefer to use Iranian crude as their baseload feedstock, according to Iranian industry sources (See 'Iraq, Iran in market focus', Supply, October Report). Tehran has already lined up buyers in Europe and Asia for at least an extra 400 kb/d, they say. The additional Iranian barrels may back out similar sour quality crude from Saudi Arabia, Iraq and Russia. For this reason, producers are likely to grow still more competitive on pricing.

Non-OPEC overview

The outlook for non-OPEC oil production has deteriorated since last month's *Report*, with steeper declines expected at US LTO plays. Producers pulled another 36 rigs out of service in October, while the number of wells completed dropped to the lowest since the start of 2011. As such, we forecast US shale output to decline by nearly 600 kb/d next year, offset by continued gains in offshore output and natural gas liquids. According to the latest official statistics from the US Energy Information Administration (EIA), the US Gulf of Mexico became the largest source of supply growth in August as onshore production gains eroded.





Output outside of the US continues to defy expectations, posting healthy gains in spite of lower prices and spending cuts. Russia, non-OPEC's second largest oil producer and its biggest crude and condensate supplier, posted yet another record-high in October. At 10.78 mb/d, crude and condensate output stood 135 kb/d above a year earlier. Production gains are coming mostly from smaller producers, and most notably from SeverEnergia's new condensate project in Western Siberia. In response to lower prices, companies are shifting their focus to domestic developments that can boost output in the near term. While it looks increasingly likely that Russia can sustain output rates at elevated levels into 2016, financial strain and accelerated decline rates at mature fields are likely to have a bigger impact on output down the line.

China, Vietnam, Oman and the North Sea are other producers that have been able to boost output. Brazil, a significant contributor to growth earlier in the year, is seeing its output gains ease and at the time of writing, the country was facing an additional challenge. In protest against Petrobras' revised Business and Management plan and planned divestments, workers affiliated to the Federal Petroleum Union (FUP) were shutting in oil output from platforms in the Campos Basin, cutting into projected growth for the year.

Non-OPEC Supply

(million barrels per day)

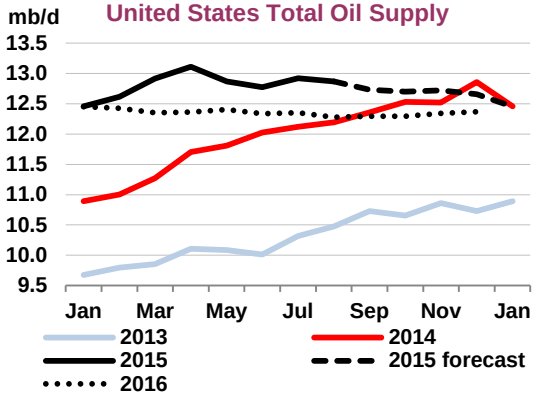
	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Americas	19.0	19.9	19.5	19.8	19.8	19.7	19.5	19.2	19.2	19.4	19.4
Europe	3.3	3.4	3.5	3.4	3.4	3.4	3.4	3.3	3.1	3.3	3.3
Asia Oceania	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	22.9	23.7	23.5	23.7	23.7	23.6	23.5	23.0	22.8	23.2	23.1
Former USSR	13.9	14.0	14.0	13.9	14.0	14.0	13.9	13.9	13.8	13.8	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
China	4.2	4.3	4.4	4.3	4.4	4.3	4.3	4.3	4.3	4.3	4.3
Other Asia	3.5	3.6	3.6	3.6	3.7	3.6	3.7	3.6	3.5	3.5	3.6
Latin America	4.4	4.6	4.5	4.5	4.5	4.6	4.6	4.6	4.6	4.7	4.6
Middle East	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Total Non-OECD	29.7	30.3	30.1	30.0	30.1	30.1	30.1	29.9	29.8	29.8	29.9
Processing Gains	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuels	2.2	1.8	2.4	2.6	2.4	2.3	1.9	2.4	2.7	2.4	2.4
Total Non-OPEC	57.0	58.1	58.2	58.6	58.4	58.3	57.8	57.6	57.7	57.8	57.7
Annual Chg (mb/d)	2.4	2.2	1.6	1.4	0.1	1.3	-0.3	-0.6	-1.0	-0.7	-0.6
Changes from last OMR (mb/d)	0.0	0.0	-0.1	0.1	0.2	0.0	0.0	-0.1	-0.1	-0.1	-0.1

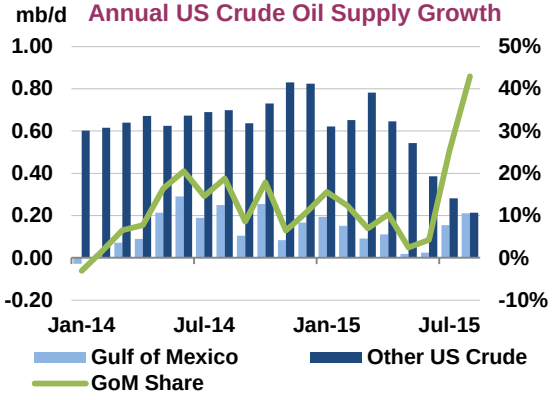
All told, non-OPEC supplies are on track to post annual gains of more than 1.3 mb/d this year, to 58.3 mb/d. The OECD Americas remains the most significant contributor to growth, followed by Latin America and Brazil in particular. The outlook for 2016 has been curbed by 0.1 mb/d since last month's *Report*, to 57.7 mb/d, or 0.6 mb/d below 2015 estimates, despite a more upbeat view on Russia, China and Oman. As long as non-OPEC producers are able to sustain output levels at these high levels in order to maximize income, a continued slowdown in US LTO seems inevitable.

OECD

North America

US – Alaska October actual, others estimated: Total US oil output dropped by 50 kb/d in August, the most recent month for which a complete set of official data are available. In line with previous expectations, output rates were lower for all major oil producing regions, except for the Gulf of Mexico. The biggest monthly drop stemmed from Alaska, where Prudhoe Bay flows dropped by 40 kb/d due to maintenance. Production also declined in key producing states such as Texas (-27 kb/d), North Dakota (-20 kb/d) and Oklahoma (-14 kb/d).





In contrast, offshore production posted sharper than expected gains. According to EIA data, Gulf of Mexico production rose by more than 60 kb/d in August to 1.65 mb/d, its highest level since February 2010. With year-on-year gains of 210 kb/d, the US Gulf of Mexico took over as the largest contributor to

US supply growth in August. At 12.9 mb/d, total US oil production was 675 kb/d above a year earlier, its weakest annual increase in nearly four years. Gains in natural gas liquids production also eased to around 180 kb/d, from more than 400 kb/d on average in 2014, largely in line with expectations.

Gulf of Mexico drives US supply growth

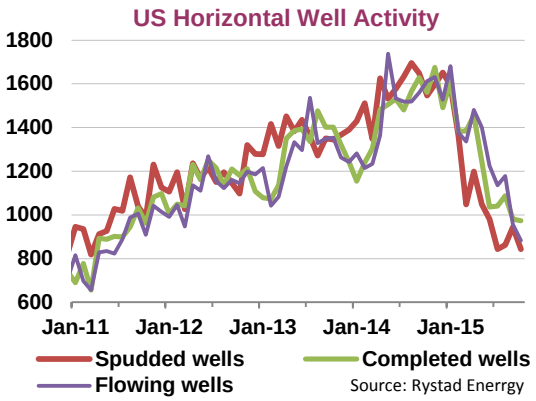
As output from new projects ramps up, the US Gulf of Mexico took the number one rank of US supply growth sources in August. Posting annual gains of more than 210 kb/d, total Gulf of Mexico production averaged 1.65 mb/ d in August, its highest since February 2010. While higher output was largely anticipated, the latest figures are more than 100 kb/d above our previous expectations. Field level data reported by the Bureau of Safety and Environmental Enforcement (BSEE) through August were not complete at the time of writing so the full production increase cannot yet be fully accounted for.

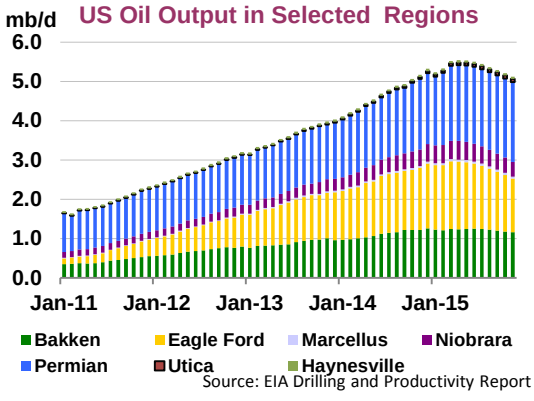
The latest BSEE data nevertheless show Anadarko's Lucius spar ramped up to full capacity near 80 kb/d in July only six months after reporting first oil. Chevron's Jack and St Malo fields, which started up in December 2014, ramped up to a combined 74 kb/d in August. Output from the first stage of development is expected to rise to 94 kb/d over the next year before a second stage boosts production to 190 kb/d by 2019. Tubular Bells, operated by Hess and co-owned by Chevron, which reported first oil in November 2014, has also contributed to growth - producing around 30 kb/d since April.

Further gains are expected in 2016. Anadarko is on track to bring on its Heidelberg unit, identical to its Lucius spar, in mid-2016, while Shell plans to commission its 50 kb/d Stones development in 2016. Noble is on track to complete its Rio Grande Development, which includes the Big Bend and Dantzler fields. In addition, Noble says first production from the Gunflint field is expected in mid-2016.

A reported drop in infill drilling, needed to sustain production at existing projects, risks providing a partial offset as field declines at producing assets accelerate. Total Gulf of Mexico output is nevertheless expected to increase by about 130 kb/d both this year and next, lifting output to nearly 1.7 mb/d on average in 2016.

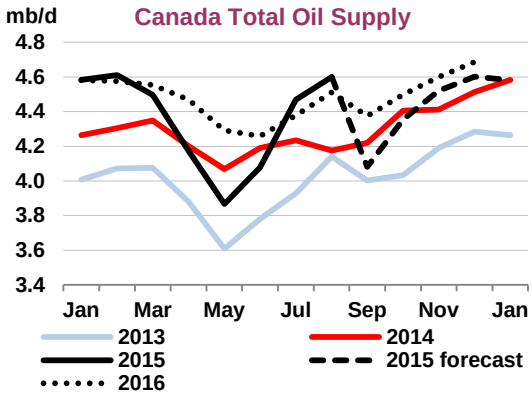
US onshore oil production meanwhile is clearly on the decline. Excluding the Gulf of Mexico, US oil output fell by 110 kb/d in August and preliminary data suggest steeper declines ahead. Indeed, the EIA's *Drilling Productivity Report* suggests output at the seven most prolific shale plays fell by nearly 80 kb/d over September and October before accelerating to nearly 95 kb/d in November. Decline rates could be even steeper, as producers pulled another 36 rigs out of service during October, to leave 578 active rigs at the start of November. According to Rystad Energy, the number of new completed wells was estimated to have dropped to only 800 in October, less than half the number of wells completed in the same month a year earlier. As such, we see steeper declines in US LTO output in 2016 than previously forecast. Production is now expected to drop by 600 kb/d, leaving total US oil production at 12.4 mb/d, down 425 kb/d on 2015.





Canada – Newfoundland September actual, others estimated: Total Canadian oil production surged by 100 kb/d in August, to nearly 4.6 mb/d, a six-month high. Higher output at Albertan oil sands upgraders lifted total Albertan oil output to 3.2 mb/d from 3.1 mb/d in July. Despite a resumption of oil flows from

the offshore Terra Nova installation, Newfoundland production was largely unchanged due to a drop in output at Husky's White Rose field. The rebound in Synthetic crude output was likely short-lived as Syncrude's Mildred Lake upgrader reported a production drop from more than 300 kb/d in July and August to around 60 kb/d in September when a fire forced the company to halt operations. Canadian Oil Sands reported normal operations had resumed on 2 October, lifting output for that month to 215 kb/d on average.



US rejects Keystone XL pipeline

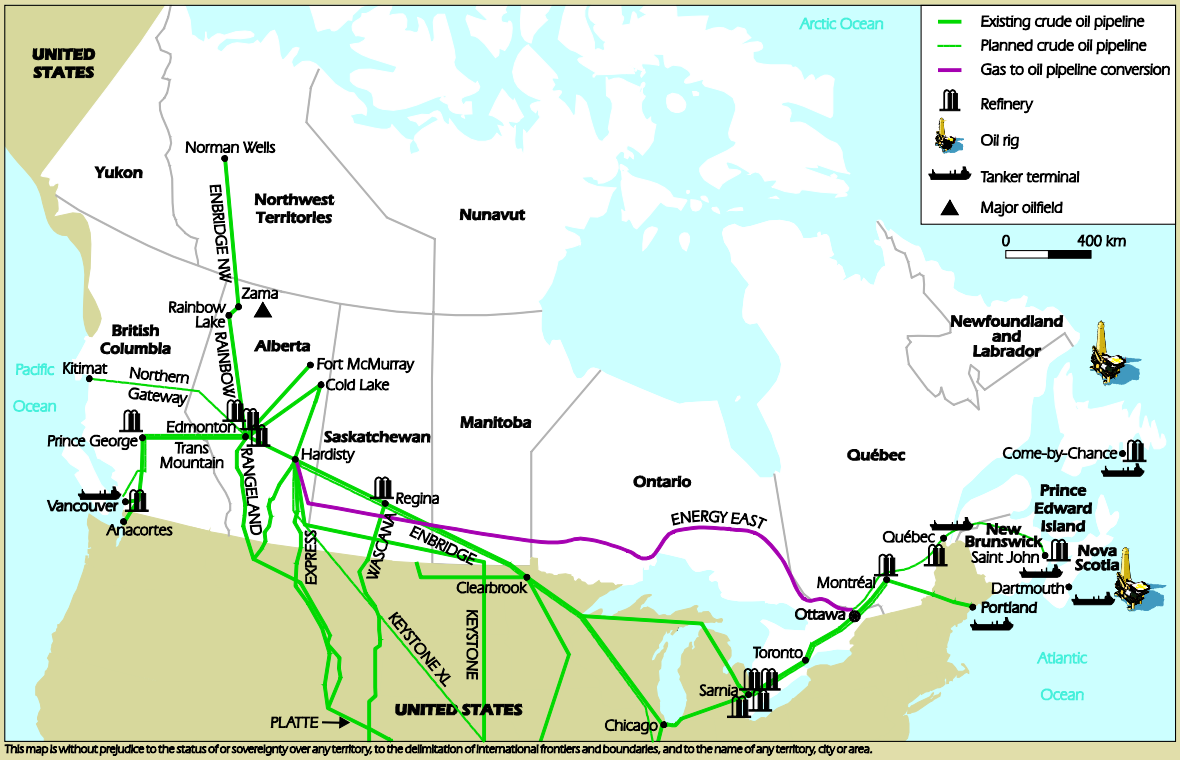
In early November, US President Barack Obama rejected the proposed Keystone XL pipeline from Canada to the US Gulf Coast. The 800 kb/d pipeline, which was to take crude from Alberta and North Dakota to refineries in Illinois and eventually to the US Gulf Coast, where it could be shipped to world markets, has been hotly contested since it was first proposed seven years ago. Obama said the pipeline "would not make a meaningful long-term contribution to our economy" and that it would not reduce gasoline prices. Shipping "dirtier" crude from Canada would not increase US energy security, he said. US Secretary of State John Kerry, who determined the pipeline was not in the country's interest before Obama's final decision, said approving Keystone "would significantly undermine our ability to continue leading the world in combating climate change."

While the rejection is a blow to both its owner TransCanada and oil producers in Alberta - hoping to grow output via Keystone's expanded capacity - a number of other pipeline options remain on the table.

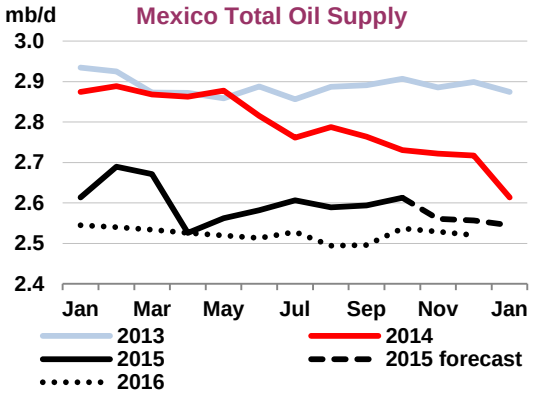
- Enbridge's Line 67 expansion project - part of its mainline system that expanded capacity of the line from 450 kb/d to 570 kb/d. Line 67, also known as the Alberta Clipper Pipeline, goes from the Hardisty in southeastern Alberta to Manitoba where it connects to the US portion of the system and continues to Superior, Wisconsin. The project was mechanically completed in the third quarter of 2014.
- Enbridge is currently in the process of filling its Line 9 pipeline, which it has expanded and reversed to take crude from Alberta to refineries in Eastern Canada. The line, which will transport 250 kb/d of light and 50 kb/d of heavy crude to Montreal, should deliver first oil in December.
- Enbridge's Line 3 replacement project - part of its mainline system that will increase current capacity from 390 kb/d to 760 kb/d. Line 3 goes from Hardisty, Alberta to Manitoba, where it connects to the US portion of the system. The project is scheduled to be completed in the second half of 2017.
- TransCanada's Energy East pipeline from Alberta to New Brunswick with a capacity of 1.1 mb/d. Formal application for a permit to build the pipeline was submitted in October 2014.
- Kinder Morgan's proposed Trans Mountain Expansion Project which would increase Trans Mountain's capacity by from 300 kb/d to 890 kb/d by twinning the existing pipeline in Alberta and British Columbia. Trans Mountain filed an application with the NEB in December 2013. According to the company, if regulatory application process is successful, construction of the new pipeline could begin in 2016, with oil flowing in late 2018.
- Enbridge's Northern Gateway pipelines from Alberta to coastal British Columbia with capacity to export 525 kb/d of crude oil and import 193 kb/d of condensate. In June 2014 the Northern Gateway pipeline project was approved by the federal government, subject to 209 conditions.

Increased shipments by rail remains an additional option to make up for a shortfall in pipeline capacity. Since the 2013 oil train disaster in Lac Mégantic, however, rail safety has become a major concern. According to data from the National Energy Board, crude oil volumes exported by rail has declined from a peak of 165 kb/d in 3Q2014 to less than 85 kb/d in 2Q15.

US rejects Keystone XL pipeline (continued)

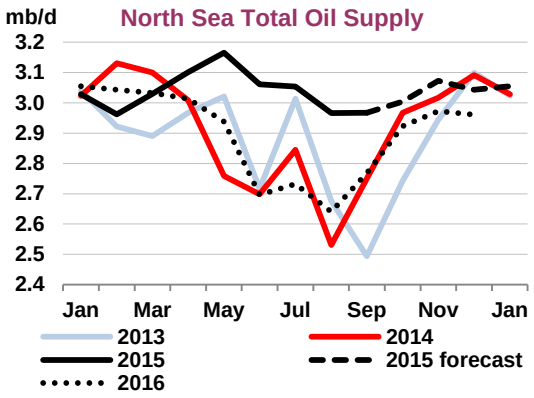


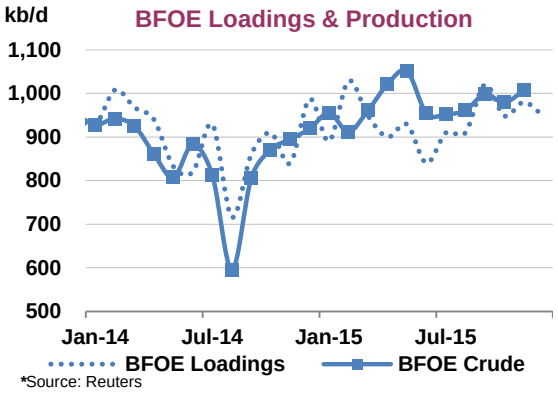
Mexico - September actual, October preliminary: Mexico's crude and condensates output was largely unchanged in October from a month earlier, just shy of 2.3 mb/d. Including NGLs output was 2.6 mb/d. Annual output declines shrunk to their lowest so far this year - only 120 kb/d, compared with 230 kb/d on average over the first nine months of the year. Accelerated field decline is expected to continue to restrict output in 2016. Observed field decline at Pemex' legacy Cantarell field has seen a marked acceleration to more than 27% y-o-y in recent months, compared with 15% on average in 2014 and as little as 4% at the start of that year. In all, we forecast total Mexican oil output to average 2.5 mb/d next year, down 90 kb/d, but less than the 210 kb/d drop this year, when output was also hit by deadly explosion at an offshore installation.



North Sea

The supply of North Sea crude remained healthy, with latest data showing robust year-on-year gains. While Norwegian production dipped in September, most likely due to field maintenance, preliminary data suggest UK output rebounded sharply – in line with loading schedules for key North Sea crudes. Supply of the four North Sea crude streams that underpin the dated Brent benchmark - Brent, Forties, Oseberg and Ekofisk (BFOE) – loaded at a seven-month-high above 1 mb/d in September, before easing by 70 kb/d in October, to 950 kb/d. Scheduled loadings for both the BFOE crudes and North Sea supplies more generally suggest companies were planning to maintain output at relatively high levels through December.

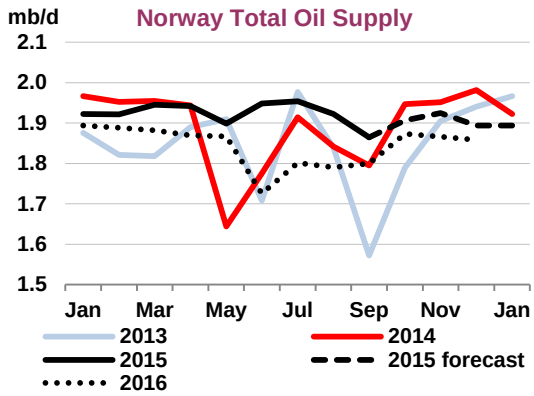


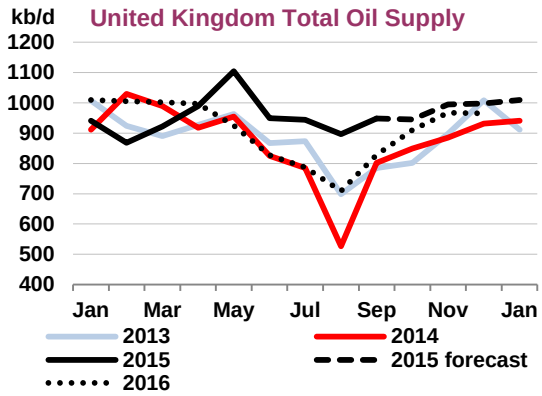


*Source: Reuters

In a statement accompanying its latest quarterly earnings, Norwegian oil major Statoil announced it has again put back the start date of its $7 bn Mariner field on the UK side of the North Sea. Mariner is now expected to be commissioned in the second half of 2018, compared with an earlier targeted start-up date in 2017, as development costs have risen by 10% from the original plan. Mariner, located about 150 km east of the Shetlands, is the largest development on the UK continental shelf in more than a decade. It is expected to produce more than 250 million barrels of oil over its 30-year lifespan, with peak production estimated at about 55 kb/d. The company also delayed its Aasta Hansteen field, in the Norwegian waters just inside the Arctic Circle.

Norway – August actual, September provisional: Norwegian oil output fell to its lowest level so far this year in September. Output declined to 1.86 mb/d, from 1.92 mb/d in August. While September marked a second month of decline, total output nevertheless exceeded that of a year earlier by 70 kb/d. For the first nine months of 2015, output was up by 60 kb/d on average.





UK – August actual, September provisional: Preliminary data suggest UK oil production rebounded in September after posting a slight decline a month earlier. UK oil production eased by about 50 kb/d in August, to just shy of 900 kb/d, with both lower crude and NGL volumes. Preliminary data for September, however, suggest output recovered, on a 60 kb/d increase in offshore crude production. Lower NGL output provided a partial offset. In early November, Nexen confirmed it had deferred a planned maintenance shutdown of its Buzzard oil field from November 2015 to 2016. Buzzard is the largest field contributing to the Forties oil stream, the chief contributor to the Brent crude oil benchmark. UK-listed Premier Oil announced it is expecting first oil from its Solan development to start in 4Q15, one year beyond the original target. Initial production is expected at a rate of 24 kb/d following ramp up according to the company.

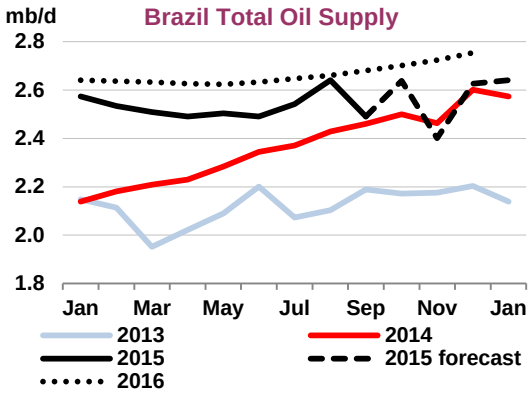
Non-OECD

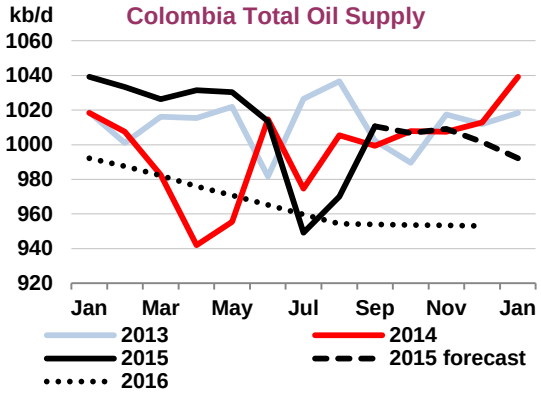
Latin America

Brazil – September actual: In September, Brazil's oil output saw its largest monthly decline since March 2013, slipping by 150 kb/d to 2.49 mb/d. While declines were widespread, the biggest drop stemmed from the Campos basin. Maintenance curbed Roncador oil output by nearly a third, to 254 kb/d. After months of robust gains, total Brazilian oil output stood at the same level as a year ago, with gains in the Santos Basin of 270 kb/d offsetting declines of nearly the same magnitude in the more mature Campos Basin.

While output is estimated to have rebounded in October, a workers' strike crippled supplies in early November. In protest against Petrobras' new Business and Management plan, which significantly cut the Company's planned spending and included plans for the sale of assets worth up to $15.1 billion over 2015 and 2016, workers declared an indefinite strike on 1 November, paralysing operations at 22 of Petrobras' 44 offshore platforms in the Campos Basin. Another eight production units were functioning partially according to the union, while the control of five rigs was handed over to the company's contingency teams The remaining nine rigs continued normal operations. The strike was also affecting gas production as well as refineries, terminals and a fertilizer plant.

Petrobras had announced a disinvestment plan this year to cope with a crisis triggered by a drop in global oil prices, fall in profits, increase in debt, difficulties in raising capital and losses incurred due to an estimated $2 billion corruption scandal. The company said on 11 November that due to its contingency plans taking effect, cumulative lost production through 9 November was 1.17 mb, or an average 130 kb/d since the start of the strike.

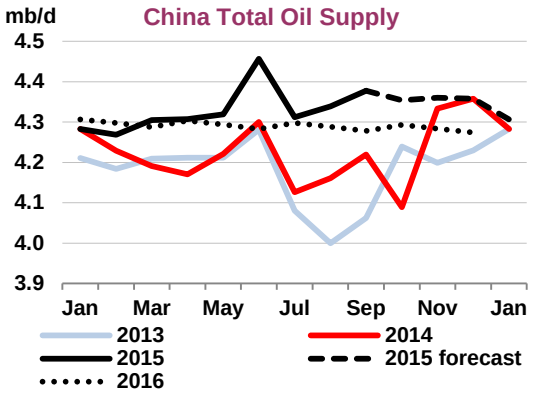




Elsewhere, **Colombian** oil production rebounded to above 1 mb/d in September after attacks had shut in output over the two previous months.

Asia

China – September actual: China's oil output surprised to the upside again in September, rising 40 kb/d from August to near 4.4 mb/d. Production stood 160 kb/d above a year earlier, lifting annual gains for the year to date to 120 kb/d on average, or 2.8%. Despite high output in 3Q15, weaker oil prices are hitting Chinese oil producers hard. In their latest financial filings, China's top oil firms revealed a plunge in earnings for the first 9 months of the year. PetroChina, China's largest oil and

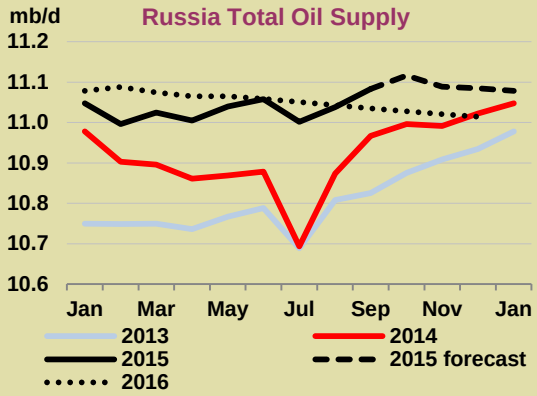


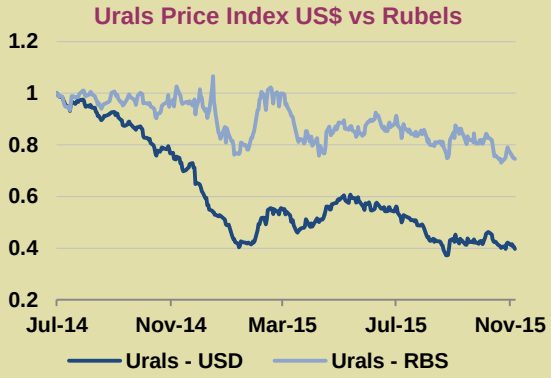
gas producer saw its net profits drop 68.1% from the same period a year earlier. Sinopec, which has a larger downstream presence, saw profits slip by nearly half, as the company's refining segment posted healthy profits. China National Offshore Oil Corp. Ltd. (CNOOC) meanwhile saw its oil and gas sale revenues falling by a lesser 32.3% year-on-year in 3Q15. CNOOC's output from its operations offshore China increased 28.2% year-on-year to 83.3 million boe in 3Q15, due to new projects coming on stream in the Bohai and Eastern South China Seas.

Former Soviet Union

Russia robust through 2016

Despite myriad challenges to its energy sector, Russia is hitting record output month after month as oil from new projects more than makes up for declines at ageing fields. Preliminary October data show oil output, (excluding gas plant liquids), hitting a post-Soviet high of 10.78 mb/d. Non-OPEC's biggest crude and condensate producer looks likely to keep pumping at these higher rates into next year as companies prioritise developments that deliver immediate growth. We have raised our 2016 forecast for total oil supply including NGLs by about 120 kb/d, to just under 11.1 mb/d since last month's *Report* –on par with this year's level – as the ruble's depreciation and Moscow's oil tax system to a large degree shelter Russian companies from the pain of $50/bbl oil and spending curbs.





Ten months into this year, output looks on track to post an annual gain of around 140 kb/d as the ruble's depreciation has largely offset oil's 60% collapse since last summer. The decline in Russia's currency has also underpinned cost deflation, in turn tempering companies' spending curbs on oil field developments. Even before sanctions, Russian companies were making strides to source more of their supplies and services at home and are estimated to have about 90% of their costs in rubles. Moscow's oil tax structure has also protected companies' operating profits, with the government's budget taking the biggest hit so far from oil's decline. Lower mineral extraction and export taxes on oil at $50/bbl versus oil at $110/bbl also lessen the impact on companies' bottom line, with some experts estimating that net-profit of Russian oil companies has only fallen from around $6.50/bbl to around $5.50/bbl.

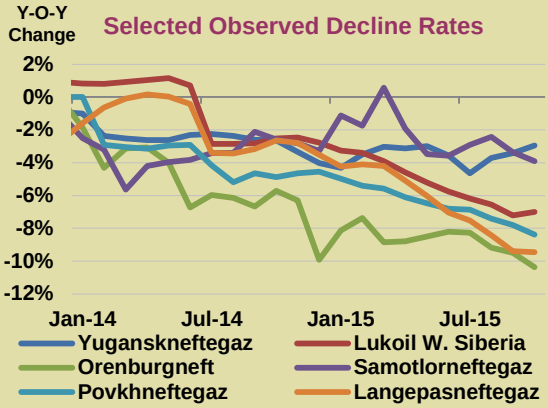
The most impressive output gains this year have been posted by **Novatek** (Russia's largest independent natural gas producer). In the first nine months of 2015 it lifted liquids output (including its share from joint ventures) by 53% year-on-year. Condensate production from SeverEnergia, its joint venture project with Gazprom, reached 170 kb/d in October - more than 100 kb/d higher than a year ago. The launch of Novatek's Termokarstovoye field in May and increased crude oil output from new wells drilled at the East-Tarko field contributed to growth.

Gains have also been notched up by Bashneft, Gazprom-Neft and smaller state companies. **Bashneft,** Russia's fifth largest producer, pumped just over 400 kb/d in October and is on track to exceed its 2015 target of 390 kb/d – up from 360 kb/d in 2014. It aims to lift output to just over 400 kb/d next year by ramping up drilling and exploration to sustain output levels in the mature fields in the Bashkortostan region. Russia's fourth largest producer **Gazprom-Neft** also expects robust growth in the next several years. The oil arm of state-controlled gas giant Gazprom will continue its programme of intensive drilling and aims to produce at least 1.57 mb/d of oil this year, up 12% from 2014. Growth is stemming from its Prirazlomnoye

Russia robust through 2016 *(continued)*

field in the Pechora Sea, where it expects to more than double output this year to 16 kb/d. Next year output at the field, which is Russia's only producing offshore field in the Artic, should double.

While companies focus on projects that maximise output, some of the mature fields operated by Russia's largest producers are experiencing accelerated declines. Despite drilling 800 new wells in 1H15, **Rosneft,** Russia's Yuganskneftegas, producing 1.25 mb/d in October, has declined steadily since the start of 2013. The company's Orenburgneft fields - producing a combined 300 kb/d - are declining at nearly 10% per year. Samotlorneftegaz, operating in one of Russia's largest oil and gas fields, Samotlor, is seeing declines accelerate to around 4%. Reduced drilling at **Lukoil's** Western Siberia fields has pushed observed decline rates to 8% from 2% only a year ago. Russia's second largest producer is also taking a more cautious stance on expansion abroad and considering slowing down its Caspian plans. Lukoil plans to start commercial drilling of its Filanovsky field in December, with oil flowing by mid-2016, but have stated it might scale back plans from an earlier target of 100 kb/d next year.



With the Federal budget in deficit, the Ministry of Finance is meanwhile looking for ways to increase its income from the oil and gas sector. Companies successfully lobbied the government against increasing the Mineral Extraction Tax earlier this year. Instead, the government will freeze the export duties on oil exports at the current level of 42% of the actual oil price minus $25, instead of a planned drop to 36% next year and 30% in 2017 - in accordance with the so-called tax manoeuvre that went into force at the start of the year. The freeze would last only for eight months of 2016, which would bring an additional 133 billion rubles to the state budget according to Energy Minister Alexander Novak.

While Russian production may be immune to lower prices for now, there could be a bigger impact down the line from international sanctions, accelerated declines at mature fields, spending cuts and an increasing fiscal burden.

Other FSU – September actual: In Kazakhastan, output inched higher at the Tengichevroil project, after maintenance cut output by 100 kb/d in August. Karachaganak meanwhile saw production drop by more than 40 kb/d from a month earlier taking overall volumes down slightly from August to 1.56 mb/d, including gas plant liquids, or 1.48 mb/d for crude only. Azeri output inched up 20 kb/d to 860 kb/d on higher output from the ACG complex.

FSU net exports surged by 820 kb/d in September to 9.3 mb/d as both crude and product shipments rebounded from their mid-summer lows. Crude exports rose to 6.6 mb/d (+690 kb/d m-o-m), their second highest ever and only 25 kb/d below the record set in March 2015. This increase came against the backdrop of a 400 kb/d decline in regional refinery throughputs as refineries entered seasonal turnarounds while crude production remained above year-ago levels. Seaborne exports from terminals on the Baltic and Black Seas accounted for the lion's share of the increase although only about half of the increase came from Russia with the rest accounted for by Kazakhstani and Azeri exports. In the Baltic,

volumes sent via Primorsk and Ust Luga rose by over 100 kb/d apiece. In the Black Sea, flows through the CPC pipeline exceeded 1 mb/d for only the second time on record. Meanwhile, exports of Urals shipped via Novorossiysk slipped by 60 kb/d to their lowest level this year.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	4Q2014	1Q2015	2Q2015	3Q2015	Jul 15	Aug 15	Sep 15	Latest month vs. Aug 15	Latest month vs. Sep 14
Crude											
Black Sea	1.78	1.62	1.50	1.83	1.56	1.59	1.60	1.46	1.70	0.24	0.03
Baltic	1.57	1.33	1.20	1.47	1.45	1.38	1.26	1.31	1.57	0.26	0.21
Arctic/FarEast	0.81	1.14	1.26	1.36	1.41	1.41	1.42	1.36	1.44	0.08	0.11
BTC	0.64	0.60	0.55	0.64	0.61	0.61	0.72	0.55	0.55	0.00	-0.08
Crude Seaborne	**4.80**	**4.69**	**4.51**	**5.29**	**5.03**	**4.98**	**4.99**	**4.69**	**5.27**	**0.58**	**0.27**
Druzhba Pipeline	1.03	1.01	0.99	1.07	1.08	1.06	1.04	1.04	1.09	0.05	0.00
Other Routes	0.57	0.40	0.21	0.25	0.24	0.23	0.22	0.20	0.26	0.06	0.06
Total Crude Exports	**6.40**	**6.14**	**5.81**	**6.61**	**6.35**	**6.27**	**6.26**	**5.93**	**6.62**	**0.69**	**0.19**
Of Which: Transneft[1]	4.08	3.88	3.65	4.27	4.16	4.08	4.00	3.96	4.29	0.33	0.14
Products											
Fuel oil[2]	1.64	1.72	1.71	1.65	1.51	1.31	1.28	1.27	1.38	0.11	-0.42
Gasoil	0.85	0.95	0.88	1.22	1.03	0.82	0.85	0.81	0.81	-0.01	-0.06
Other Products	0.51	0.57	0.50	0.73	0.69	0.58	0.62	0.54	0.58	0.04	0.02
Total Product	**3.00**	**3.25**	**3.09**	**3.61**	**3.23**	**2.71**	**2.75**	**2.62**	**2.76**	**0.14**	**-0.46**
Total Exports	**9.40**	**9.38**	**8.90**	**10.22**	**9.58**	**8.98**	**9.00**	**8.56**	**9.39**	**0.83**	**-0.27**
Imports	0.08	0.08	0.10	0.05	0.06	0.07	0.08	0.07	0.07	0.01	-0.05
Net Exports	**9.32**	**9.30**	**8.81**	**10.17**	**9.53**	**8.91**	**8.92**	**8.49**	**9.31**	**0.82**	**-0.22**

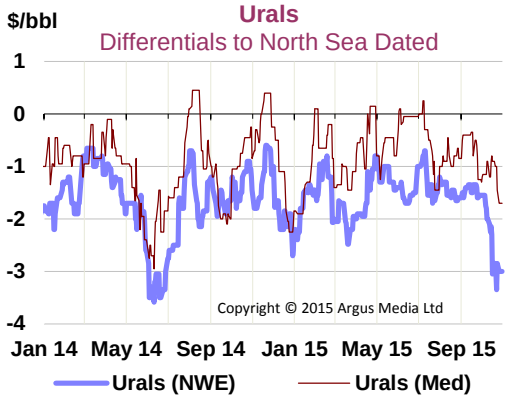
Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Record Russian oil production and loading schedules suggest that FSU crude exports will likely break records in October with increases expected across all major routes. Consequently, the discount of Urals to regional benchmark North Sea Dated has widened over October. By early-November, Urals delivered to customers in Northwest Europe stood at a $3/bbl discount against North Sea dated, its steepest since Mid-2014.

Despite the fall in regional refinery throughputs, refined product shipments rose by 140 kb/d to 2.8 mb/d. Fuel oil (+110 kb/d) accounted for the majority of the increase after increased volumes were delivered to Black Sea terminals and then subsequently shipped to OECD Mediterranean countries. In contrast, deliveries of gasoil remained relatively stable at 810 /kb/d as a fall in 10 ppm diesel delivered to Baltic terminals was offset by an increase in likely-lower specification cargoes sent via the Black Sea to Singapore.



OECD STOCKS

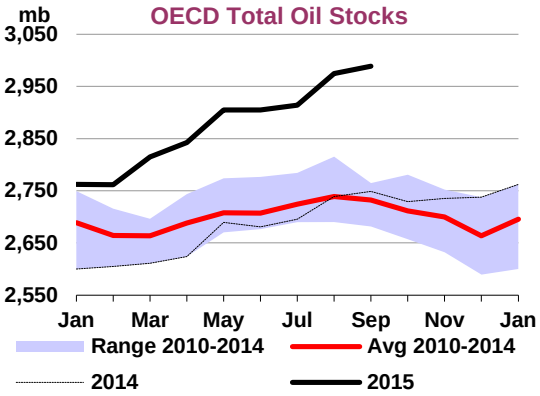
Summary

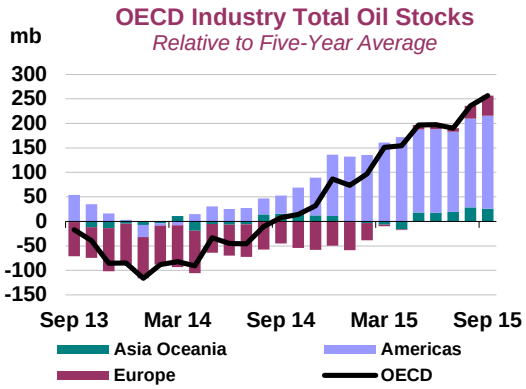
- **The pace of global stock building slowed during the third quarter to 1.6 mb/d from 2.3 mb/d in the second quarter but remained significantly above historical averages.** OECD commercial stocks accounted for nearly 60% of this (0.9 mb/d) as they continued to build at close to the same rate as during the previous two quarters to touch a record near 3 billion barrels by end-September.

- **OECD inventories defied seasonal trends building by 13.8 mb in September** to extend recent records. At end-month OECD stocks stood at 2 989 mb, a staggering 257 mb above average levels. The monthly build was split roughly equally between crude and products both of which rose counter-seasonally. By end-month, refined products covered 32.1 days of forward demand, level with end-August but 1.5 days above one year earlier.

- **After building steeply over the summer and with winter approaching, OECD middle distillate stocks stood 36 mb and 49 mb above average and the previous year, respectively, at end-September.** Both the Americas and Europe stood at surpluses to the average while Asia Oceania was at a small deficit.

- **Preliminary data point to OECD commercial inventories remaining remarkably stable in October as they inched down by 0.1 mb**, a far shallower draw then the 20 mb average draw over the last five years. Despite refinery throughputs increasing as refiners come out of seasonal turnarounds, product holdings drew by 27.2 mb while crude, NGLs and other feedstocks added a combined 27.1 mb.





Global overview

The pace of global stock building slowed during the third quarter to 1.6 mb/d from 2.3 mb/d in the second quarter but remained significantly above the historical average. OECD commercial stocks accounted for 60% of this (0.9 mb/d) as they continued to build at close to the same rate as during the previous two quarters to touch a record near 3 billion barrels by end-September. Unlike the previous two quarters, the build was relatively evenly spread across OECD regions whereas previously it was centred in North America.

Outside of the OECD, Chinese inventories continued to rise at a rate of over 0.7 mb/d during the quarter. The main difference with the second quarter in the non-OECD is that stock building at key terminals East of Suez has ground to a halt as capacity has likely been filled. As discussed in last month's *Report*, pricing signals do not suggest that global stocks are bumping against capacity limits, but high inventories are putting pressure on crude and product prices. At the time of writing, time spreads stood at around $0.50 /bbl per month over the M-3 and M-12 ICE Brent futures contracts.

Preliminary Industry Stock Change in September 2015 and Third Quarter 2015

	September 2015 (preliminary) (million barrels)				September 2015 (preliminary) (million barrels per day)				Third Quarter 2015 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**4.4**	**-0.3**	**2.8**	**6.9**	**0.15**	**-0.01**	**0.09**	**0.23**	**-0.06**	**-0.01**	**0.06**	**-0.01**
Gasoline	9.8	0.5	-0.3	10.0	0.33	0.02	-0.01	0.33	0.09	0.00	-0.02	0.07
Middle Distillates	-3.7	-0.7	-2.7	-7.2	-0.12	-0.02	-0.09	-0.24	0.12	0.21	0.07	0.40
Residual Fuel Oil	0.8	0.1	1.1	1.9	0.03	0.00	0.04	0.06	-0.03	0.05	0.03	0.05
Other Products	3.8	-0.7	-0.7	2.5	0.13	-0.02	-0.02	0.08	0.20	0.04	0.04	0.28
Total Products	**10.8**	**-0.8**	**-2.6**	**7.3**	**0.36**	**-0.03**	**-0.09**	**0.24**	**0.39**	**0.30**	**0.11**	**0.80**
Other Oils[1]	-1.8	0.9	0.5	-0.4	-0.06	0.03	0.02	-0.01	0.12	-0.03	0.04	0.12
Total Oil	**13.3**	**-0.2**	**0.7**	**13.8**	**0.44**	**-0.01**	**0.02**	**0.46**	**0.44**	**0.26**	**0.22**	**0.91**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

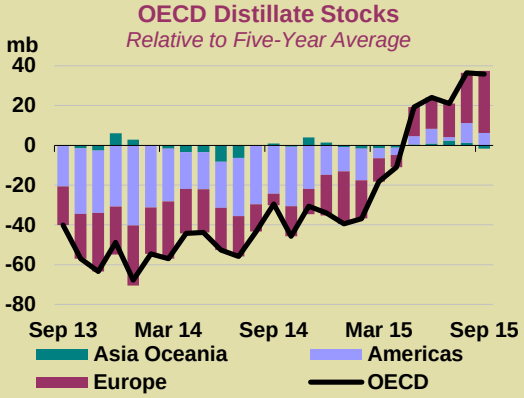
OECD inventory position at end-September and revisions to preliminary data

OECD inventories defied seasonal trends and built by 13.8 mb in September to extend recent records and end the month at 2 989 mb, a staggering 257 mb above average levels. Stocks in all OECD regions stand above average, although the lion's share is located in OECD Americas. The build was split roughly equally between crude and products, both of which rose counter-seasonally. As crude added 6.9 mb, its surplus to average levels widened to 173 mb while products stood 69 mb above average after rising by 7.3 mb. All product categories stand above average except fuel oil, which has been hit in 2015 by declining OECD demand for power generation and from the introduction of stricter bunker fuel legislation. The upshot of this is that fuel oil is now being swiftly shipped to non-OECD markets, notably Asia.

Motor gasoline inventories soared by 10.0 mb in September as holdings in the Americas continued to build. Meanwhile, middle distillate inventories declined by 7.2 mb and 'other products' inventories rose by 2.5 mb as their seasonal replenishment after demand for crop drying increased. All told, at end-September refined products covered 32.1 days of forward demand, level with end-August but 1.5 days above one year earlier.

OECD middle distillate stocks more than comfortable ahead of winter

As winter approaches, the focus of many market participants turns towards middle distillates, a product category that includes ultra-low sulphur diesel (ULSD), the liquid space heating fuel of choice in Europe and the Northeast US and kerosene in Asia, as it is the preferred heating fuel in Japan.



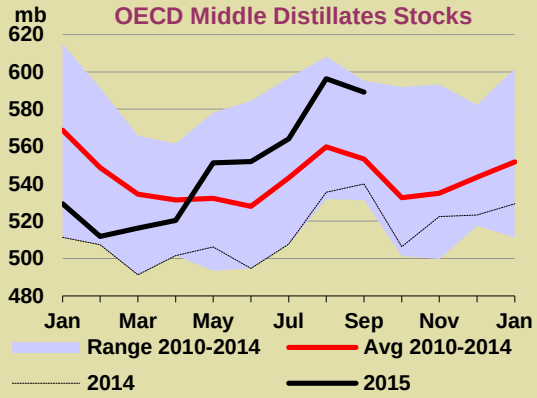
Between February and August, OECD middle distillate stocks surged by over 84 mb as output increased after OECD refiners hiked throughput to take advantage of exceptional gasoline cracks. By end-August they stood at close to 600 mb, their highest absolute levels since 2010. Although stocks drew seasonally by 7.2 mb in September, by end-month they remained a comfortable 36 mb above average and 49 mb above one year earlier. Despite near-500 kb/d year-on-year growth in OECD middle distillate demand, OECD stocks also appear comfortable on a days of forward demand basis. At end-September, they stood 1.3 days and 2.5 days above average and one year earlier, respectively.

The bulk of the overhang is located in OECD Europe as stocks there have been propelled higher by US and Russian imports. In September, European middle distillate inventories stood 31 mb above the average and the previous year. Forward demand cover also stood well above average (+3.2 days) and the previous year's (+3.0 days) levels. Additionally, data suggest that German end-consumers have continued to restock their tanks with ULSD over the summer, levels stood at 61% of capacity at end-September.

OECD middle distillate stocks more than comfortable ahead of winter (continued)

In the Americas, and despite high US distillate exports, middle distillate stocks stood 6.3 mb above average, while in days of forward demand terms they stood on a par with average levels but 3.3 days above one year earlier. In the Northeast US (PADD 1) - which remains the world's largest distillate heating oil market despite the recent intrusion of natural gas into the space heating fuel mix - commercial distillate stocks stood at 59 mb at end September. This was a comfortable 6.7 mb above average and 17.7 mb (43%) above one year earlier.

In Asia Oceania, the picture remains tighter, at end-September stocks stood a slim 1.7 mb and 2.9 mb below the five-year average and last year, respectively. They also remained towards the bottom of the five-year range in terms of forward demand cover. However, it should be noted that the middle distillate market remains smaller here than in other OECD regions and the arrival of one or two cargoes can make stock levels move from the bottom to the top of the five-year range. Additionally, middle distillates inventories in Singapore remain at close to record levels.



The comfortable middle distillates holdings in key markets could cushion markets from a hard landing in the event of a prolonged spell of cold weather. A lengthy cold snap in the US last January quickly depleted already-low distillate inventories, causing prices to surge and drawing in distillate cargoes from as far away as Europe, Russia and India. Moreover, high stocks could limit the prospect of soaring product prices leading crude prices higher.

On the receipt of more complete data, OECD inventories were revised upwards by a steep 32.1 mb that saw the 28.8 mb August stock build presented in last month's *Report* adjusted upwards to 60.7 mb, the third steepest build posted over the last four years. The revision was centred in OECD Europe where stocks were raised by 22.6 mb with middle distillates accounting for 10.3 mb. Meanwhile, levels in OECD Americas were adjusted up by 6.4 mb, again concentrated in middle distillates. Inventories in OECD Asia Oceania were 1.2 mb higher than previously presented.

Revisions versus 13 October 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Jul-15	Aug-15	Jul-15	Aug-15	Jul-15	Aug-15	Jul-15	Aug-15
Crude Oil	**-1.3**	**-1.6**	**1.2**	**4.3**	**0.5**	**1.0**	**0.4**	**3.6**
Gasoline	0.0	3.3	0.0	1.8	0.0	-1.2	0.0	3.8
Middle Distillates	0.0	6.8	-0.3	10.3	0.3	0.8	0.1	17.9
Residual Fuel Oil	0.0	-1.2	0.0	0.6	0.0	-0.2	0.0	-0.7
Other Products	0.0	-2.5	0.0	3.9	0.0	0.3	0.0	1.7
Total Products	**0.0**	**6.4**	**-0.3**	**16.5**	**0.4**	**-0.2**	**0.1**	**22.7**
Other Oils[1]	-0.1	3.5	-0.1	1.8	0.0	0.5	-0.2	5.8
Total Oil	**-1.4**	**8.3**	**0.8**	**22.6**	**0.9**	**1.2**	**0.3**	**32.1**

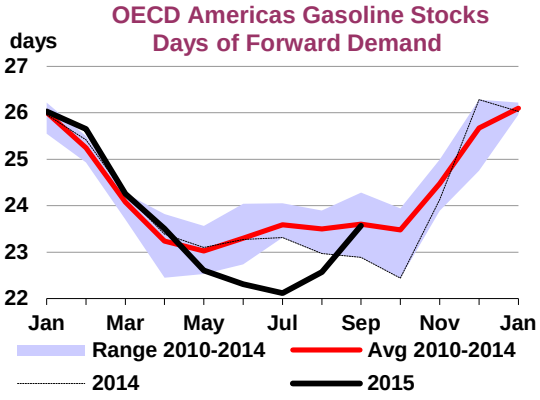
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

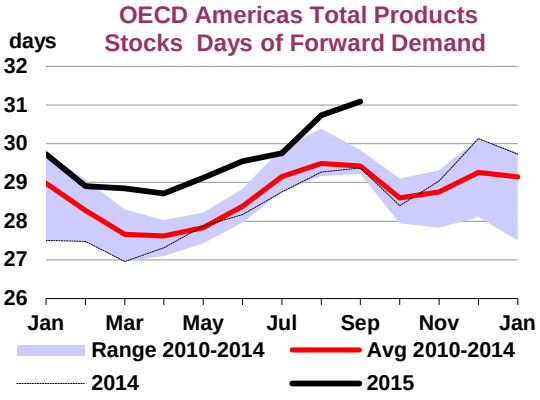
Preliminary data point to OECD commercial inventories remaining remarkably stable in October as they inched down by 0.1 mb, far shallower then the 21 mb average draw for the month over the last five years. However, this masked significant disparities between crude and product inventories with seasonally low maintenance-affected refinery throughputs leading to a 27.2 mb draw in products while crude added 28.7 mb. Meanwhile, NGLS and other refinery feedstocks drew by 1.5 mb. On a region-by-region basis, stocks remained relatively stable in the US where they slipped by 0.5 mb while in Europe inventories drew by 6.9 mb and in Japan they built by 7.3 mb.

Recent OECD industry stock changes

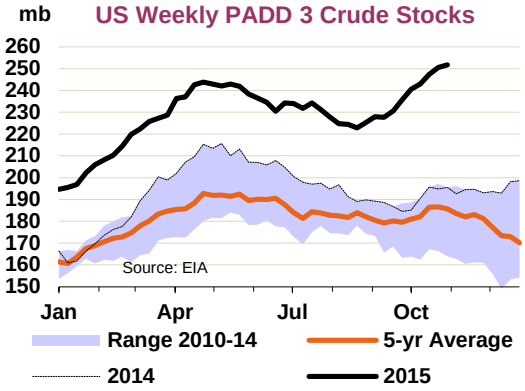
OECD Americas

Commercial inventories in the OECD Americas built for the seventh consecutive month in September as they rose by 13.4 mb. Since this was more than double the 5.2 mb seasonal build for the month, stocks' surplus to average levels widened to an astounding 190 mb. Despite regional refinery throughputs falling by 750 kb/d, soaring refined products holdings led total stocks upwards. However, in contrast to previous months this was not driven by the seasonal restocking of 'other products' which slowed appreciably as US agricultural demand grew. Rather, it was led by a steep 9.8 mb build in motor gasoline inventories. These holdings had drawn relatively steeply during the first seven months of the year to briefly sit below average in July but have since reversed course and at end-September once again stood 12 mb above average. In contrast, middle distillate holdings declined by 3.7 mb but still stood 6.3 mb and 20.9 mb above average and one year earlier, respectively. All told, regional refined product holdings covered 31.3 days of forward demand at end-September, 0.3 days above end-August and 1.8 days above one year earlier. Meanwhile, crude oil holdings added 4.4 mb while NGLS and other feedstocks drew counter-seasonally by 1.8 mb.





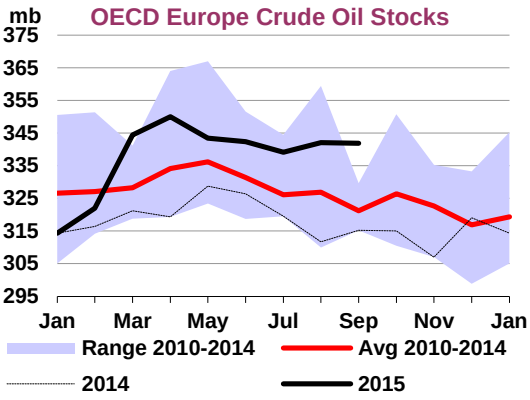
Preliminary weekly data from the US Energy Information Administration (EIA) suggest that US commercial inventories remained relatively flat in October after they drew by a slim 0.5 mb. However, this masked diverging trends in crude and product holdings. As refinery throughputs remained seasonally low as a number of refiners conducted turnarounds, crude stocks surged by 22.7 mb. The build was concentrated in PADD 2 (the Midcontinent) and PADD 3 (the Gulf Coast). In the Midcontinent (+6.6 mb), stocks rose at refineries and terminals outside of Cushing, Oklahoma where levels remained flat at 53 mb and capped gains in NYMEX WTI. Additionally PADD 2 refinery throughput began to rebound in mid-month on the completion of turnarounds. Stocks soared on the Gulf Coast by 12.5 mb, as the region's refinery throughput remained significantly lower than during mid-summer.



Conversely, the lower refinery throughput saw product stocks tumble seasonally by 22.2 mb with all product categories drawing except fuel oil (+2.2 mb m-o-m). Middle distillates holdings adhered to seasonal trends and drew by 11.3 mb amid distillate exports breaching 1.3 mb for the first time. By end-month, stocks stood 6.4 mb and 23.8 mb above average and last year, respectively. Motor gasoline inventories dropped by 8.0 mb as refiners drew stocks ahead of the switch to lower-specification winter-grade product. 'Other products' (-5.1 mb) drew for the first time since February as propane demand in the agricultural sector where it is used for crop drying, and for household space heating, rose.

OECD Europe

Commercial inventories in OECD Europe remained relatively flat (-0.2 mb m-o-m) at around 960 mb in September. Over the past five years, European inventories have drawn by over 15 mb on average in September. Since this did not occur this year, at end-month the surplus of regional inventories to average levels widened to 41 mb, the largest since March 2009. Both crude and product inventories remained relatively flat and drew by a combined 1.1 mb which was almost offset by a combined 0.9 mb increase in NGLs and other feedstocks.



On the products side, motor gasoline inched up by 0.5 mb while fuel oil added 0.1 mb. In contrast, middle distillates and other products slipped by 0.7 mb apiece. By end-month regional refined products stocks stood at 550 mb, 17 mb above average. Due to a forecast seasonal fall in product demand going forward, on a days of forward cover basis, at end-September they covered 40.4 days, a rise of 0.7 days compared to end-August.

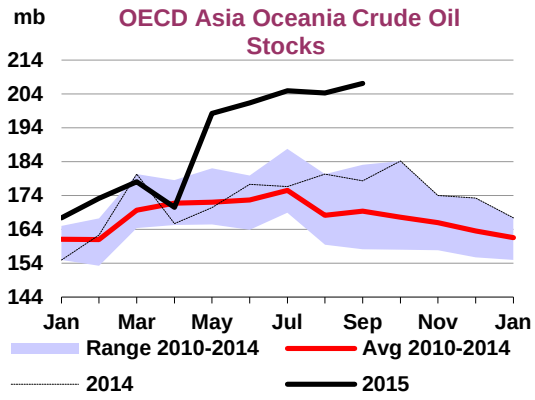
Market reports suggest that despite regional product inventories remaining healthy, in October, Switzerland experienced some localised tightness in product markets. Due to an unplanned shutdown of the Cressier refinery (following the permanent close of the Collombey plant earlier this year) and extremely low water levels on the river Rhine – the main artery for transporting product between Rotterdam and Switzerland – the government recently chose to release emergency stocks of gasoline and diesel totalling about 1.6 mb. With the refinery having restarted in early-November it is anticipated that this is only a short-term measure.

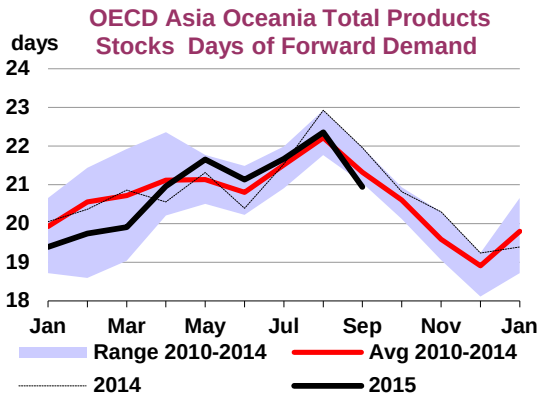
Preliminary data from Euroilstock indicate that regional inventories slipped seasonally by 6.9 mb in October. Crude stocks drew counter-seasonally by 4.2 mb while refined products declined by 2.6 mb, far shallower than the 11.4 mb five-year average draw for the month. Elsewhere, reports suggest that refined products held in independent storage in Northwest Europe have declined slightly during recent weeks but remain at close to record levels with the low water levels on the Rhine hindering the draining of product from the region.

OECD Asia Oceania

Industry stocks in OECD Asia Oceania built by a slim 0.7 mb in September, slightly less than the 3.2 mb seasonal build for the month. Consequently, inventories' surplus to the five-year average shrank to 25.8 mb from 28.3 mb one month earlier. As a number of regional refiners undertook seasonal turnarounds, crude stocks built by 2.8 mb, likely as imports remained buoyant. On the flip side, lower refinery activity saw product stocks draw by 2.6 mb. Accordingly, their deficit to average levels widened to 6.3 mb from 1.8 mb one month earlier. On a days of forward demand basis, stocks covered 21.0 days at end month, 1.5 days lower than at end-August. Product stocks were pressured lower by a steep 2.8 mb draw in middle distillates which saw inventories slip to a deficit against average levels for the first time since June. 'Other products' and motor gasoline drew by 0.7 mb and 0.3 mb, respectively, more than offsetting a 1.1 mb build in fuel oil.

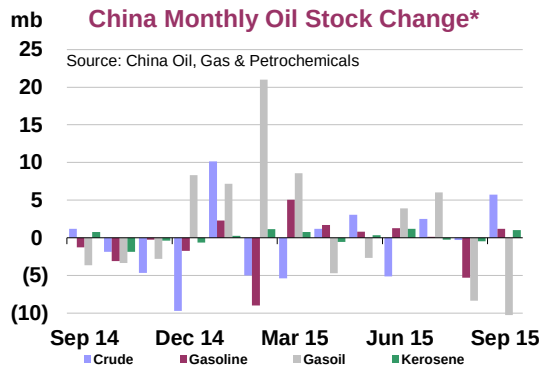
Preliminary weekly data from the Petroleum Association of Japan suggest that stocks there rose counter-seasonally by 7.3 mb in November. Considering that Japanese refinery throughputs remained low, crude stocks built by an exceptionally steep 10.2 mb as imports likely remained high. On the other hand, product holdings drew by 2.4 mb with middle distillates (-1.7 mb), 'other products' (-0.8 mb) and motor gasoline (-0.2 mb) posting draws. Fuel oil stocks inched up by 0.4 mb.



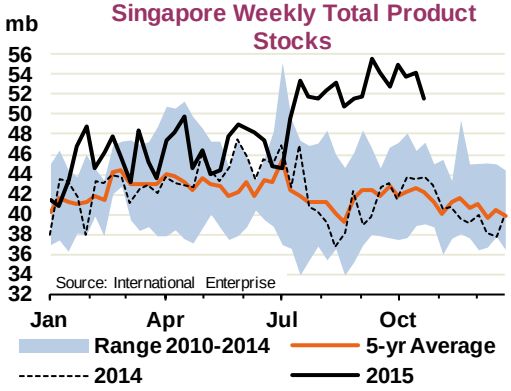


Recent developments in Singapore and China stocks

According to *China Oil, Gas and Petrochemicals* (*China OGP*), Chinese commercial crude inventories rose by an equivalent 5.7 mb in September (data are reported in terms of percentage stock change) as imports remained high while refinery throughputs fell. Nonetheless, it is likely that national crude stocks built by a greater amount as crude supply (production plus net imports) exceeded refinery throughputs by 860 kb/d leading to a 20 mb unreported build. All told, using this methodology, Chinese crude inventories added 68 mb over 3Q15 with a large volume of this expected to have been added to newly completed SPR sites (see *China fills up SPR* in OMR dated 11 September 2015).



*Since August 2010, COGP only reports percentage stock change

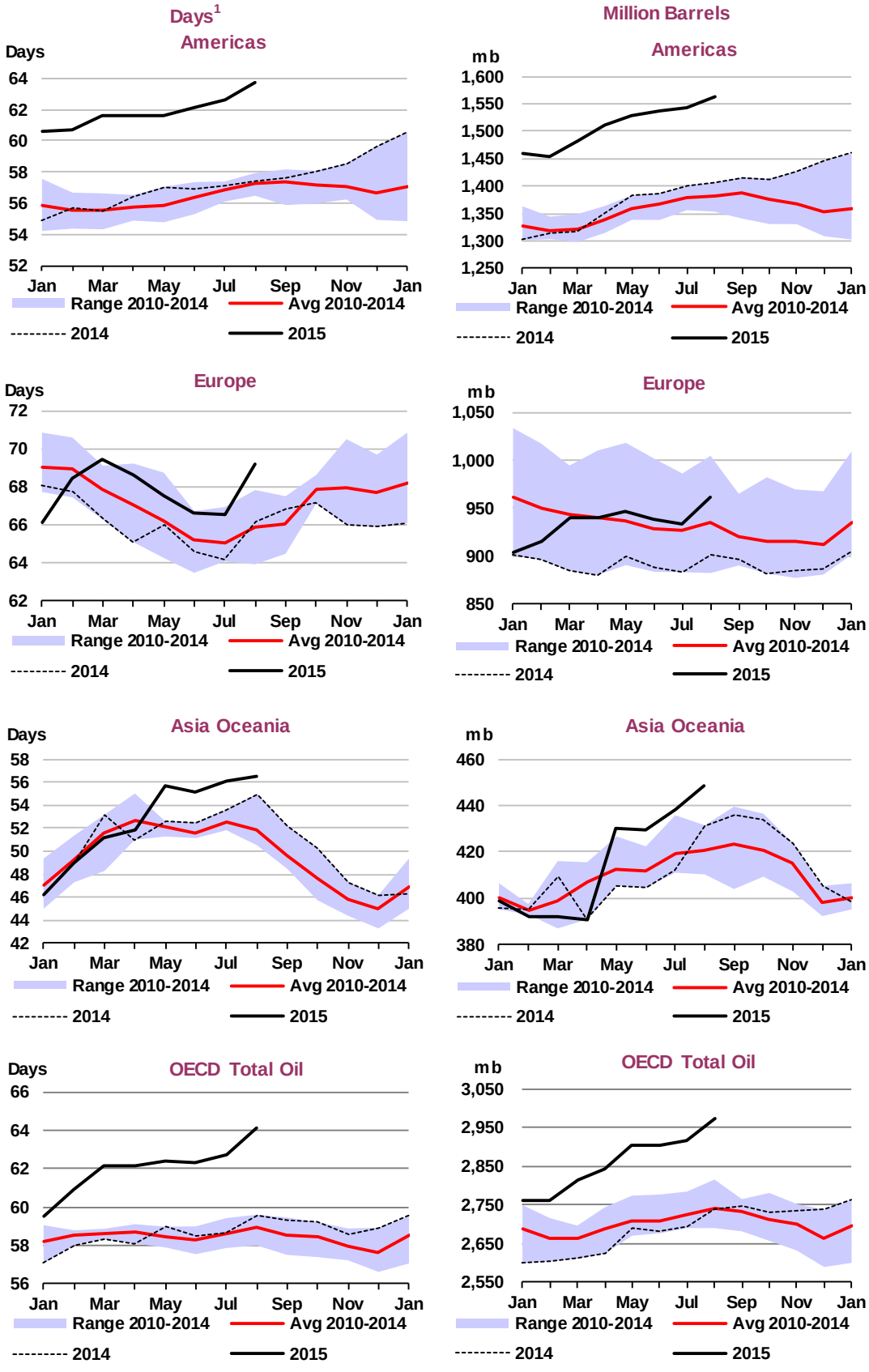


Chinese commercial product stocks drew by a combined 13.5 mb after gasoil fell by 15.8 mb while motor gasoline and kerosene holdings rose by 1.2 mb and 1.0 mb, respectively. Bearing in mind a year-on-year increase in refinery throughputs and recent underwhelming Chinese gasoil demand growth, it is increasingly apparent that Chinese refiners are choosing to export gasoil. Recent shipping data suggest that the majority of these exports have headed to Singapore which has seen inventories there remain at close to record levels. Moreover, as a global trade hub, Singapore is increasingly used for the breaking of bulk with gasoil subsequently being shipped all over Asia Pacific and even as far as Africa.

Data from *International Enterprise* indicate that land-based inventories in Singapore slipped by 2.3 mb during October as residual fuel oil holdings dropped (-1.3 mb) from their lofty levels. By early-November, fuel oil stocks stood at a four-month low as bunkering activity picked up, an increase in exports to Malaysia and less product arrived from the West. In contrast, middle distillate stocks added 0.2 mb as Chinese and European arrivals remained high.

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

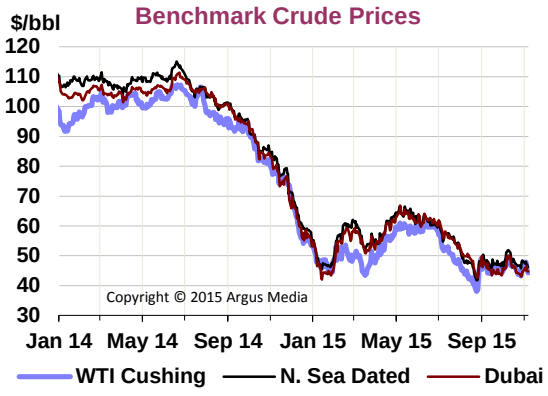
Summary

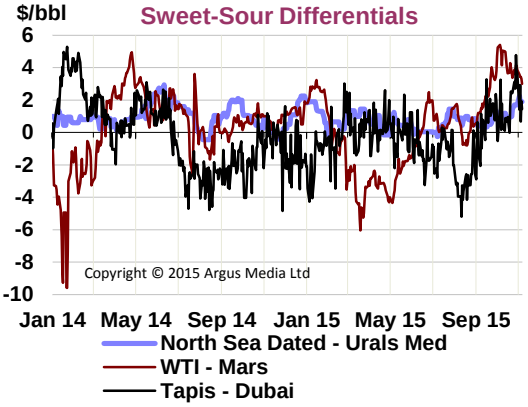
- **Global benchmark crudes held within a narrow band during October** as continuing oversupply in global oil markets and a strong US dollar limited the impact of strikes in Brazil and geopolitical concerns. By early-November, ICE Brent was trading at $44.43/bbl with NYMEX WTI slightly lower at $41.75 /bbl.

- **Sour crude markets appear especially oversupplied with discounts versus sweet grades widening.** Europe is awash with competing sour crudes from the FSU and Middle East and US sour crudes remained depressed by refinery maintenance. Meanwhile in Asia, middle-distillate-rich light, sweet grades gained strength from the increased production of heating fuels.

- **Spot product prices were mixed in October with brimming inventories hitting prices for gasoline and middle distillates**. Monthly average prices in Northwest Europe fell sharply after logistical issues affected the draining of ARA stocks towards inland markets while product cracks in the region weakened more than elsewhere as ICE Brent held its price better than other benchmark crudes.

- **Surveyed freight rates had another extremely volatile month, particularly for crude vessels**. VLCCs moving from the Middle East Gulf to Asia saw another dramatic plunge from early October highs, as eastward loadings dropped significantly while North European Aframax markets tightened on record Russian exports and high North Sea production.





Market overview

Global benchmark crudes oscillated in a narrow band in October as the continuing oversupply in global oil markets, a further strengthening in the value of the US dollar and brimming inventories limited price rallies. In Europe, ICE Brent gained $0.75/bbl on a monthly average basis, drawing strength from a light European autumn refinery maintenance schedule, strikes in Brazil, continuing disruptions to Libyan exports and Russian involvement in Syria, which saw the North Sea marker briefly touch $50/bbl in early-November. Nonetheless, the rally was short-lived and Brent was last trading at $44.43/bbl.

Meanwhile in the US, the bullish impact of declining domestic LTO production in the face of persistently low prices has helped to prop-up benchmark WTI and negate the impact of soaring stocks due to US refinery turnarounds. US crude inventories added a steep 23 mb over October while levels at the Cushing, Oklahoma delivery hub remained stubbornly high at close to 53 mb over the month. WTI strengthened by $0.82/bbl on a monthly average basis and was last trading at $41.75/bbl.

At the time of writing sour crude markets appear especially oversupplied with discounts versus sweet grades widening over the month. In the US, refiners on the Gulf Coast running sour crudes ramped up their maintenance while in Europe supply remains abundant in the face of record FSU exports. Middle Eastern exporters have increasingly targeted the region ahead of the expected return of Iranian crude once sanctions are eased sometime in 2016. Nonetheless, light crudes are also struggling to find a home and despite the narrower LLS – ICE Brent spread, there remains an overhang of African barrels for November delivery waiting to be cleared despite the release of barrels for December delivery.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

	Aug	Sep	Oct	Oct-Sep Avg Chg	% Chg	Week Commencing: 05 Oct	12 Oct	19 Oct	26 Oct	02 Nov
NYMEX										
Light Sweet Crude Oil	42.89	45.47	46.29	0.82	1.8	48.33	46.81	45.32	45.15	45.97
RBOB	67.35	58.03	56.21	-1.82	-3.1	59.10	55.43	53.93	56.11	58.32
No.2 Heating Oil	64.17	64.62	62.97	-1.64	-2.5	66.63	62.49	61.04	61.39	63.45
No.2 Heating Oil ($/mmbtu)	11.32	11.40	11.11	-0.29	-2.5	11.75	11.02	10.77	10.83	11.19
Henry Hub Natural Gas ($/mmbtu)	2.75	2.64	2.39	-0.25	-9.6	2.48	2.49	2.40	2.15	2.30
ICE										
Brent	48.21	48.54	49.29	0.75	1.5	51.64	49.48	48.25	48.35	48.66
Gasoil	62.17	63.13	61.47	-1.66	-2.6	64.62	61.67	59.64	59.91	61.10
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-5.32	-3.07	-3.00	0.07		-3.31	-2.67	-2.93	-3.20	-2.69
NYMEX No.2 Heating Oil - WTI	21.28	19.15	16.68	-2.46		18.30	15.68	15.72	16.24	17.48
NYMEX RBOB - WTI	24.46	12.56	9.92	-2.64		10.77	8.62	8.61	10.96	12.35
NYMEX 3-2-1 Crack (RBOB)	23.40	14.76	12.18	-2.58		13.28	10.97	10.98	12.72	14.06
NYMEX No.2 - Natural Gas ($/mmbtu)	8.56	8.76	8.72	-0.04		9.27	8.53	8.37	8.67	8.89
ICE Gasoil - ICE Brent	13.96	14.59	12.18	-2.41		12.98	12.19	11.39	11.56	12.44

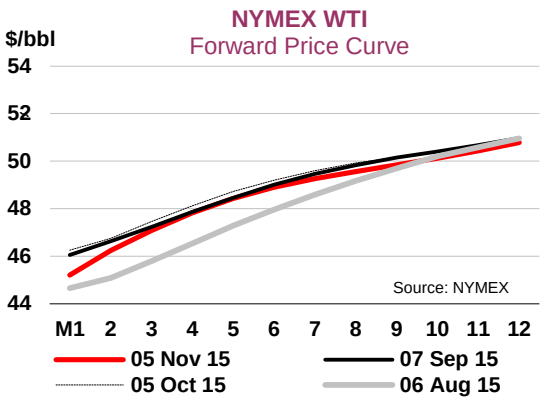
Source: ICE, NYMEX.

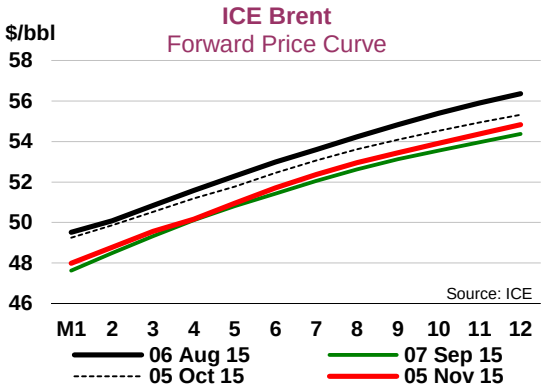
High inventories are also hitting product markets with middle distillate stocks standing significantly above average heading into winter. US product inventories in key demand centres remain high while refined product inventories in Singapore remain at close to record levels, buoyed by increasing flows from new Middle Eastern refineries and China. In Europe, prices are being hit especially hard by logistical bottlenecks hindering the movement of product from coastal terminals in the key Amsterdam Rotterdam Antwerp (ARA) region to demand centres in inland markets.

Futures markets

The contangos in benchmark crude markets steepened during October as, despite prompt prices strengthening over the month on an average basis, prices by early November stood below one month earlier. The contango in the NYMEX WTI market is now at its deepest for several months as prompt prices have been pressured lower by high inventories at the Cushing, Oklahoma storage hub. With the back of the curve having slipped by a lesser amount this suggests that market participants believe stocks at the hub will once again draw when refinery throughputs ramp up on the completion of seasonal maintenance. At the time of writing, monthly time spreads over M1-M3 stood at $0.63/bbl per month compared to $0.33/bbl per month over M4-M12. In comparison, time spreads in the ICE Brent market remain more uniform over the first 12 months of the contract at $0.57/bbl per month for M1-M12 and $0.53 /bbl per month for M1-M3.

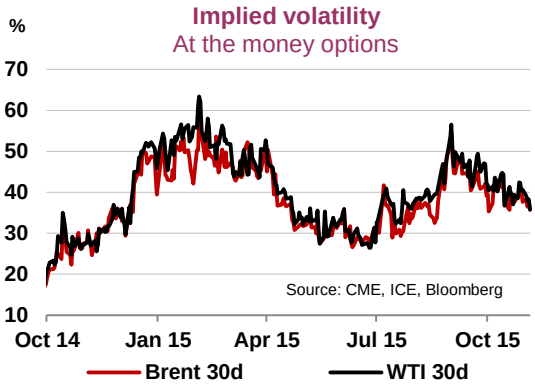
By comparison, product futures slipped over the month with contangos steepening as high stocks weighed on prompt prices. Accordingly, the contango in the ICE gasoil contract stood at $1.34 /bbl over M1-M3 compared with $0.90/bbl one month earlier. These time spreads are insufficient to cover floating storage costs. Diesel and jet kerosene cargoes are nonetheless moving into floating storage off ARA as logistical bottlenecks hinder the transport of product into the continent.

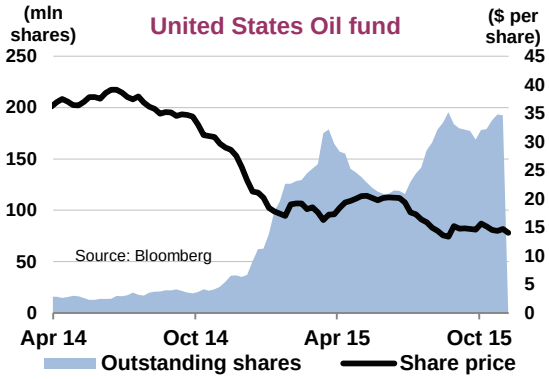




Market activity

October was a fairly quiet market for futures and options oil markets. Hedge funds expressed moderate optimism throughout the month, as their overall exposure to both ICE Brent and NYMEX WTI inched up. Expected future volatility implied by three-month forward options contracts eased from September to around the 35% mark, as overall sentiment was moderately positive, and the actual volatility of the realized prices – typically providing an anchor for future expectations – decreased as well. Outstanding shares in the United States Oil fund, the largest oil-based fund traded on a stock exchange, rose again, to just shy of previous highs. The fund's number of outstanding shares normally has an inverse relationship with oil prices, suggesting that shares tend to be bought in expectation of a rebound in prices.





Financial regulation

US Commodities Futures Trading Commission (CFTC) chairman Timothy Massad reportedly signalled the CFTC's intention to curb high-speed-trading in multiple asset classes, including commodities. The chairman explicitly addressed not only manipulative practices, but explicitly addressed the potential for disruptive 'flash events', reportedly saying that the CFTC is looking into proposing design requirements for the testing and supervision of automated trading systems.

Spot crude oil prices

European benchmark North Sea Dated firmed by $0.90/bbl to $48.51/bbl on a monthly average basis in October. Despite coming under pressure from high supply, brimming European inventories and geopolitical issues, upward momentum came from a relatively light European refinery maintenance schedule which saw refiner demand for crude remain healthy and from preliminary loading programs indicating a drop in Norwegian exports in December.

US benchmark West Texas Intermediate (WTI) gained strength from declining US LTO production as producers scaled back drilling activity in the face of low prices. Prices experienced a brief rally towards end-month as midcontinent crude demand rose after a number of refiners exited turnarounds. Nonetheless, persistently high stocks at the Cushing, Oklahoma storage hub capped gains. On a monthly average basis WTI gained $0.75/bbl and was last trading at about $42.93/bbl.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Aug	Sep	Oct	Oct-Sep Avg Chg	%	Week Commencing: 05 Oct	12 Oct	19 Oct	26 Oct	02 Nov
Crudes										
North Sea Dated	46.60	47.61	48.51	0.90	1.9	51.07	49.10	46.95	47.49	47.18
Brent (Asia) Mth 1	47.31	48.10	48.73	0.63	1.3	50.85	49.92	47.59	46.86	48.46
WTI (Cushing) Mth 1	42.86	45.45	46.20	0.75	1.6	48.33	46.81	44.92	45.15	45.97
Urals (Mediterranean)	45.76	46.98	47.31	0.33	0.7	50.02	48.10	45.88	45.79	45.21
Dubai	47.64	45.45	45.92	0.47	1.0	48.22	47.13	44.62	43.87	45.50
Tapis (Dated)	44.63	46.04	47.62	1.58	3.4	49.67	47.80	46.43	47.49	47.18
Differential to North Sea Dated										
WTI (Cushing)	-3.74	-2.16	-2.31	-0.15		-2.74	-2.29	-2.03	-2.33	-1.21
Urals (Mediterranean)	-0.84	-0.63	-1.20	-0.57		-1.05	-1.00	-1.07	-1.70	-1.97
Dubai	1.03	-2.16	-2.59	-0.43		-2.85	-1.97	-2.33	-3.62	-1.68
Tapis (Dated)	-1.98	-1.57	-0.90	0.68		-1.40	-1.30	-0.52	0.00	0.00
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.47	-0.66	-0.59	0.06		-0.44	-0.49	-0.66	-0.74	-1.10
Forward WTI Cushing Mth1-Mth2	-0.52	-0.43	-0.62	-0.19		-0.53	-0.49	-0.63	-0.89	-0.98
Forward Dubai Mth1-Mth2	1.07	-1.34	-1.19	0.15		-1.08	-1.14	-1.31	-1.26	-1.32

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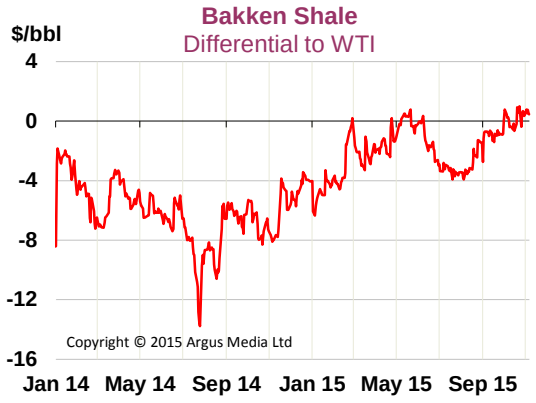
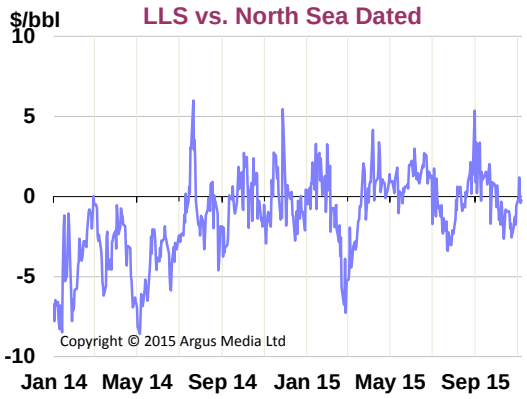
Refinery throughputs remained low on the US Gulf Coast as refiners undertook a maintenance schedule in line with the historical average. Accordingly, this saw crude stocks surge by 23 mb during October. During the first half of the month, sour Mars weakened against Louisiana Light Sweet (LLS) as a number of US Gulf refiners who normally run sour crudes were in maintenance. However, from mid-October onwards the differential began to rebound as refiners slowly ramped up throughput. On the other hand, Louisiana Light Sweet (LLS) saw its premium to WTI erode over the month as crude stocks in the region built. By end-October the differential narrowed to about $0.25/bbl but at the time of writing had rebounded to about $1.70/bbl on increasing refinery throughputs.

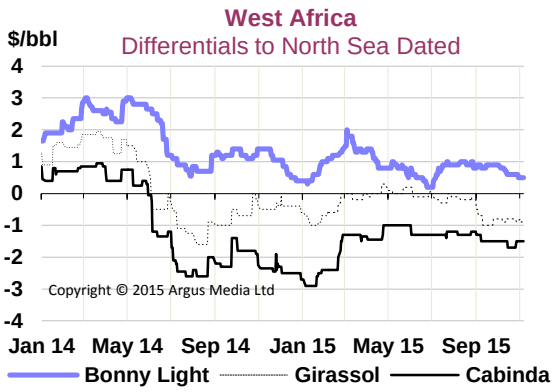




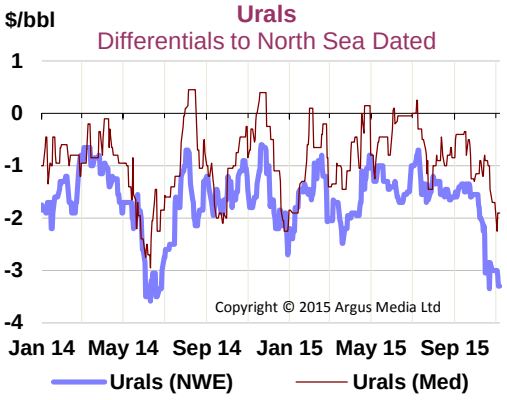
The WTI – Brent spread remained relatively stable at about $2.20/bbl for most of the month. However, as high inventories pressured LLS, the arbitrage to ship Atlantic Basin crudes westwards narrowed with Brent's premium to LLS exceeding $2.50/bbl in mid-month. However, as LLS once again began to strengthen, the premium narrowed steadily and by the time of writing, LLS stood at a small premium to Brent. This could once again see an uptick in arrivals of light, sweet African crudes into refineries on the Gulf Coast and in PADD 1.

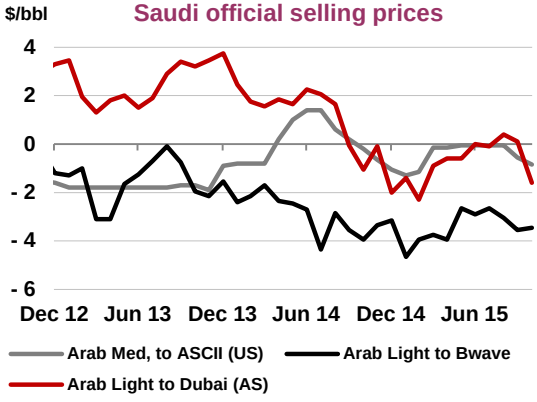
Bakken crude has proved to be remarkably resilient considering the recent narrow differential between LLS and ICE Brent which has seen a closing of the arbitrage to rail Bakken eastwards to PADD 1. This has seen refiners in the region increase their imports of light, sweet African crudes. The main driver for the resilience of Bakken has been the decreasing drilling activity and falling LTO production in the formation since early-Summer. Accordingly, from standing at a $4.00/bbl discount to WTI in mid-July, Bakken has strengthened against the regional benchmark so that by early-November it stood at a $0.75 /bbl premium. However, not all mid-continent grades have traced the same path. The discount of WCS to WTI remained at close to $14/bbl, and not even the news that the Line 9 pipeline will soon begin shipping Albertan crudes eastwards to Montreal area refineries provided any lasting upward momentum.

Light, sweet African crude prices were pressured by a significant overhang of West-African barrels for November delivery. This only began to clear from mid-October onwards after the price of Bonny Light fell far enough to entice European buyers. Some cargoes reportedly headed to Asia. African sour grades fared better due to strong buying interest from Asia, notably China. At the time of writing, this had seen much of Angola's December loading program sold.



Amid record domestic crude production and exports from Russian terminals, Urals slumped versus benchmark North Sea Dated in October. With much of the increase in exports coming out of Baltic terminals, the discount of NWE Urals versus North Sea Dated plummeted to a nadir of $3.35/bbl in mid-month, a differential not seen since Brent was trading at over $100/bbl. By comparison, Urals in the Mediterranean held up better as, despite the region reportedly being awash with Middle Eastern sour crude, Urals exports decreased on the month as more oil was diverted northwards and eastwards. Most of the extra exports coming out of the southern FSU were of the lighter CPC Blend crude that saw its premium to Urals eroded to less than $0.25/bbl.





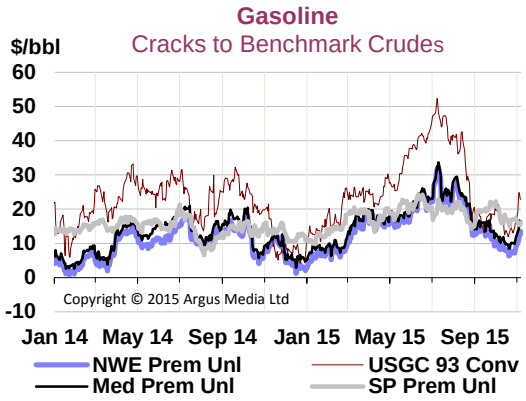
Global sour crude markets look set to remain weak going forward after Saudi Arabia sharply cut its official selling prices for European customers for December loading with the discount of Arab Light versus ICE Brent falling to its lowest level since February 2009. Additionally, reports indicate that the Kingdom is attempting to increase supply to non-traditional European states including Poland and Sweden that have previously taken significant volumes of sour Russian Urals (see *Sour Wars* in Supply section).

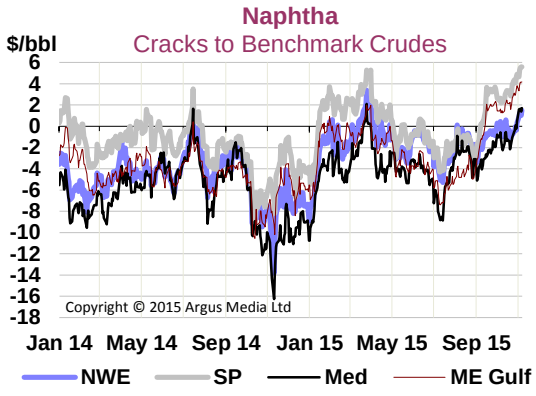
East of Suez markets stayed weak due to the competition between African and Middle Eastern producers. Nonetheless, as Asian demand remained relatively strong, regional benchmark Dubai gained $0.47 /bbl on a monthly average basis. In Asian light, sweet markets, distillate-rich Malaysian Tapis drew

strength from regional refiners who turned their attention towards the production of middle distillate heating fuels. Nonetheless, considering the relative strength of North Sea Dated, Tapis remained at a discount which should limit arrivals from the North Sea. Arrivals from West Africa, however, could provide some competition.

Spot product prices

Spot product prices experienced a mixed month in October with brimming inventories hitting prices for gasoline and middle distillates. Only naphtha saw strength on the back of a seasonal change in gasoline specifications and demand from the Asian petrochemical industry. Cracks in Northwest Europe slipped more than elsewhere after logistical issues affected the draining of ARA stocks towards inland Europe while Brent held its price better than other benchmark crudes.





Spot Product Prices

(monthly and weekly averages, $/bbl)

	Aug	Sep	Oct	Oct-Sep		Week Commencing:					Aug	Sep	Oct	Chg
				Chg	%	05 Oct	12 Oct	19 Oct	26 Oct	02 Nov				
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	68.23	60.82	56.78	-4.04	-6.6	59.99	57.49	54.09	55.23	59.36	21.63	13.20	8.27	-4.94
Naphtha	45.33	46.31	48.21	1.91	4.1	50.80	49.06	46.09	47.28	48.38	-1.27	-1.30	-0.30	1.01
Jet/Kerosene	58.96	60.44	58.81	-1.63	-2.7	60.90	58.83	57.62	58.00	58.85	12.36	12.83	10.30	-2.53
ULSD 10ppm	61.72	62.43	60.21	-2.22	-3.6	63.57	60.20	58.21	58.76	60.90	15.12	14.82	11.70	-3.12
Gasoil 0.1%	60.19	60.98	58.97	-2.00	-3.3	62.36	58.98	57.13	57.16	58.00	13.58	13.36	10.46	-2.90
LSFO 1%	35.48	33.80	34.82	1.03	3.0	36.47	35.15	33.79	34.58	34.47	-11.12	-13.82	-13.69	0.13
HSFO 3.5%	33.11	31.89	32.12	0.23	0.7	33.93	32.48	31.13	31.55	31.17	-13.49	-15.72	-16.39	-0.67
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	69.15	61.81	57.84	-3.97	-6.4	61.05	58.58	55.15	56.28	60.48	23.39	14.83	10.53	-4.29
Naphtha	43.21	44.03	46.27	2.24	5.1	48.60	47.01	44.31	45.67	46.79	-2.55	-2.95	-1.04	1.91
Jet Aviation fuel	58.10	59.27	57.73	-1.54	-2.6	59.56	57.61	56.70	57.31	58.12	12.34	12.29	10.42	-1.86
ULSD 10ppm	62.54	62.68	60.70	-1.98	-3.2	63.94	60.52	58.80	59.37	60.62	16.78	15.70	13.39	-2.31
Gasoil 0.1%	59.61	60.61	58.66	-1.94	-3.2	62.14	58.61	56.89	56.89	57.33	13.85	13.62	11.35	-2.27
LSFO 1%	36.63	34.86	35.50	0.64	1.8	37.21	35.82	34.43	35.15	34.92	-9.13	-12.12	-11.81	0.31
HSFO 3.5%	36.22	35.04	35.08	0.05	0.1	36.95	35.47	34.07	34.38	33.84	-9.54	-11.95	-12.23	-0.28
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	79.75	65.94	62.84	-3.10	-4.7	68.52	61.86	58.64	60.74	70.28	32.59	17.32	15.56	-1.77
Unleaded	69.72	56.97	54.57	-2.41	-4.2	59.06	52.65	51.42	53.81	57.69	22.55	8.36	7.29	-1.07
Jet/Kerosene	58.37	58.29	58.40	0.10	0.2	60.93	57.04	57.19	58.25	59.62	11.20	9.68	11.12	1.44
ULSD 10ppm	61.46	60.50	59.52	-0.97	-1.6	62.74	58.65	57.64	58.61	60.95	14.29	11.88	12.24	0.37
Heating Oil	55.72	55.99	56.29	0.30	0.5	59.51	55.36	54.47	55.26	57.45	8.55	7.38	9.01	1.63
No. 6 3%*	35.11	34.42	34.66	0.24	0.7	36.63	34.70	33.46	34.10	34.53	-12.06	-14.20	-12.62	1.58
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	65.89	65.26	63.46	-1.79	-2.7	66.14	64.47	60.79	60.96	61.20	18.25	19.81	17.55	-2.26
Naphtha	46.00	47.04	49.17	2.13	4.5	50.62	50.19	47.99	48.30	50.83	-1.63	1.58	3.25	1.67
Jet/Kerosene	57.04	59.04	59.24	0.20	0.3	61.68	59.60	57.97	57.69	60.10	9.40	13.59	13.32	-0.27
Gasoil 0.05%	57.12	59.45	59.09	-0.35	-0.6	61.23	59.68	58.01	57.61	59.78	9.49	14.00	13.18	-0.82
LSWR Cracked	40.77	37.83	38.90	1.07	2.8	40.36	39.84	38.11	37.95	38.98	-6.86	-7.62	-7.01	0.61
HSFO 180 CST	38.74	37.53	38.36	0.83	2.2	40.03	38.81	37.45	37.60	38.55	-8.90	-7.92	-7.56	0.36
HSFO 380 CST 4%	37.68	36.92	37.30	0.39	1.0	38.67	37.72	36.47	36.74	37.70	-9.96	-8.54	-8.62	-0.08

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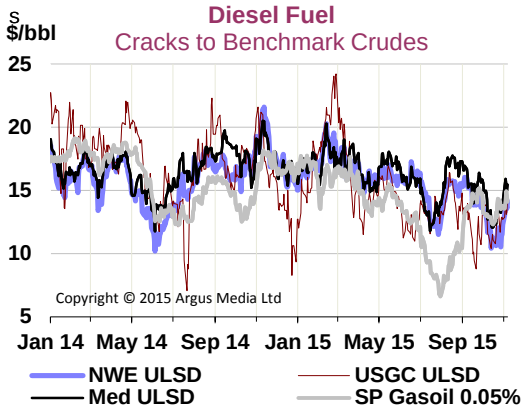
Gasoline spot prices dropped across all surveyed markets although losses were steeper in the Atlantic Basin than in Asia. European prices slipped by around $4/bbl on a monthly average basis amid logistical difficulties transporting product into central Europe. The window to ship European product to the US remained shut for most of the month, although export demand to Latin America and West Africa provided some offset. In Singapore, relatively strong regional demand, especially from China, tempered price losses compared to other markets.

Naphtha markets went from strength to strength in October as spot prices rose on demand from both the Asian petrochemical industry and from gasoline blenders – winter grade product can contain a higher proportion of naphtha compared to summer grade product. In Europe, where competing LPG remains more economical for many petrochemical plants, large volumes of product were arbitraged to Asia and by end-month cracks in both Northwest Europe and the Mediterranean stood in positive territory for the first time since 1Q15.

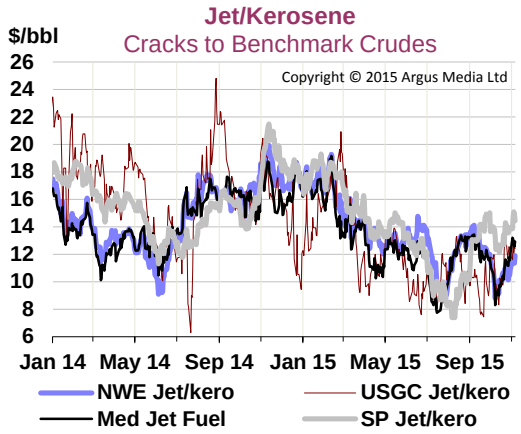
Despite refiners turning their attention to middle distillate production, middle distillate prices appear depressed across all surveyed markets. Much of this can be pinned on inventories in the key markets of Europe, the US and Singapore standing significantly above year-ago levels (see *OECD middle distillate stocks more than comfortable ahead of winter* in OECD Stocks section). Diesel cracks which before mid-summer had held up relatively well, are now languishing at levels not seen since global benchmark crudes were trading at over $100/bbl.

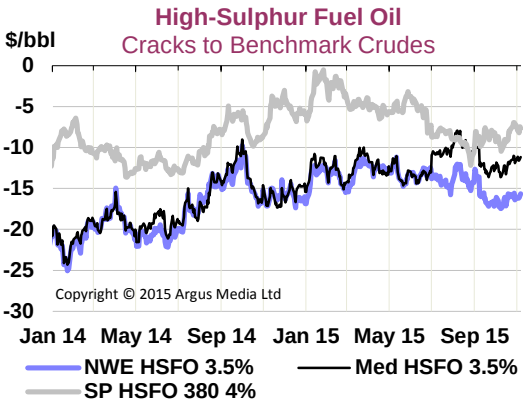
In Europe, ULSD cracks stood at close to $10/bbl in late-October, pressured lower by close-to-record volumes held in independent storage in Northwest Europe as low water levels in the river Rhine hindered the movement by barge of product to demand centres in Germany and Switzerland. This has forced traders to turn to floating storage despite monthly forward time spreads in the ICE gasoil market being insufficient to cover costs. According to market reports, a number of European gasoil and diesel cargoes have been shipped eastwards. These have helped to propel middle distillates inventories in Singapore higher as they have come at a time of rising Chinese gasoil exports as Chinese state refiners are compensating their refineries for supplying less profitable export markets. This saw Asian gasoil prices slip by $0.35/bbl on a monthly average basis while cracks against benchmark Dubai dropped by a steeper $0.82 /bbl.



Kerosene prices in Europe remain depressed due to logistical issues hindering transport away from coastal terminals. In addition to low water levels in the Rhine, Nato's Central European Pipeline System (CEPS) which connects the ARA region to a number of the region's main airports is reportedly running at capacity. In comparison, losses in Asia were smaller as prices and cracks were buttressed by tighter fundamentals given ongoing regional refinery maintenance and higher demand for kerosene for space heating. By early-November, Asian kerosene cracks exceeded $15/bbl, about $1.50/bbl higher than in Europe and the US.

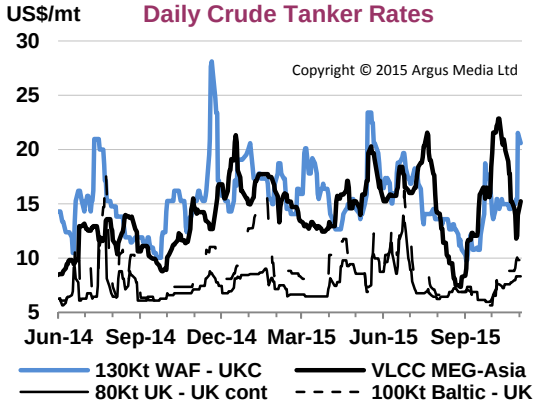
Fuel oil spot prices fared better than gasoline and middle distillates after surging Asian bunker demand saw markets tighten and stocks in Singapore draw. Accordingly, prices for both LSFO and HSFO in the region firmed over the month with cracks strengthening accordingly. Northwest European cargoes were drawn towards Asia, especially in late-October as the arbitrage window widened, which saw LSFO prices gain $1.00/bbl on a monthly average basis.

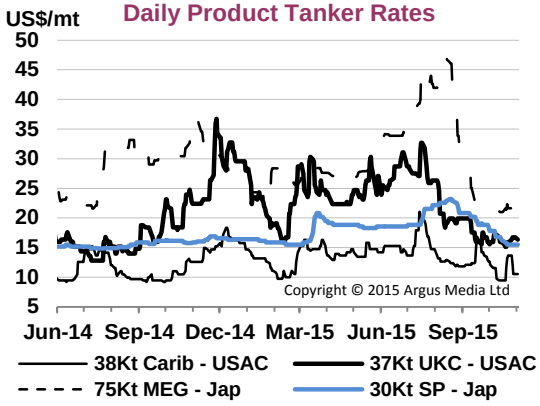




Freight

Surveyed freight rates had another extremely volatile month, particularly for crude vessels. **Very large crude carriers** (VLCCs) moving from the Middle East Gulf to Asia saw another dramatic plunge from early October highs, as eastward loadings dropped significantly, removing support. After trending sideways for much of October as trade remained scarce, **Suezmaxes** on voyages from West Africa have seen the rates surge over recent days as European and Asian refiners entered the market in response to price cuts. This saw an overhang of November's loading program swiftly cleared while date-specific cargoes for December delivery have also left the region. At the time of writing the rates had exceeded $20/mt for the first time since 2Q15 as the available tonnage pool was depleted due to a number of owners being reluctant to send their vessels to Nigeria, despite the government rescinding a ban on 113 vessels. In Northern Europe, **Aframax** markets were tightened in October as spot activity increased significantly. Data indicate that exports from Russian Baltic terminals hit a high in October while North Sea production remains comfortably above year-ago levels as maintenance at a number of fields has been postponed.





Clean rates for the 75Kt MEG Japan rate, carrying almost exclusively naphtha, stagnated in October, as inquiry didn't pick up and tonnage remained abundant. Shipments of other products from the Middle East remained low with Asian stocks remaining plentiful despite a number of regional refiners conducting turnarounds. Reports also suggest that amid scarce trade, vessels supply remained plentiful on routes between Singapore and Japan which saw the rate remain at $15/bbl for much of the month. In the Atlantic Basin, rates for voyages between the UK and Atlantic Coast remained subdued as the gasoline (front haul) and diesel (back haul) arbitrage windows remained shut throughout October with product prices on both sides of the Atlantic remaining depressed in the face of brimming inventories.

REFINING

Summary

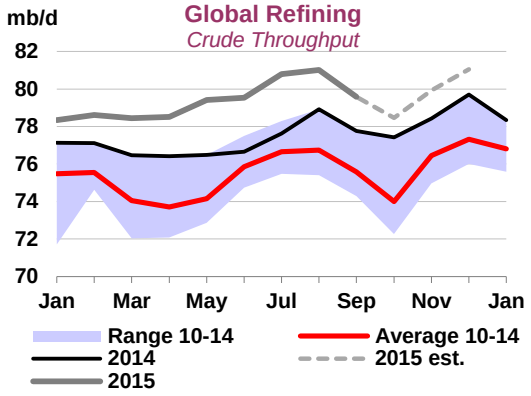
- **Global refinery throughput sank by 1.2 mb/d in October to 78.2 mb/d, with seasonal maintenance in full swing.** Runs are expected to return to much higher levels in November and December - 79.8 mb/d and 81.0 mb/d, respectively - as maintenance finishes.

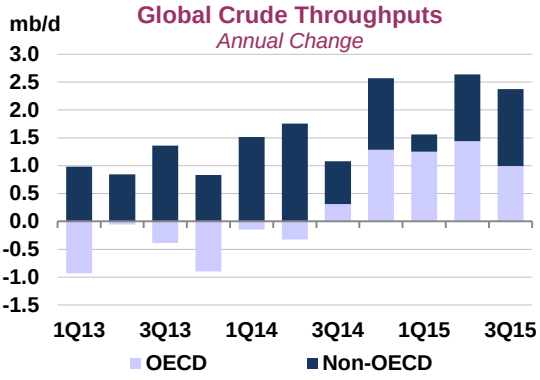
- **Annual throughput growth has slipped into a much lower 1-2 mb/d range**, well below the record 3 mb/d seen in July. The OECD and Middle East contribute most of the year-on-year (y-o-y) growth, while China's gains are marginal.

- **October margins edged down from September, but remained robust.** Profits edged up by $2 /bbl in early November, as gasoline cracks reversed earlier October losses. Naphtha is the main prop, with fuel oil and gasoline adding support. Diesel cracks remain subdued.

Global refinery overview

The global refining sector plods on, undeterred by bearish margin signals, although slightly less buoyant than a few months ago. Yearly throughput growth has eased into a much lower 1-2 mb/d range, well down on the 3 mb/d July record.





Global crude run estimates for 3Q15 have been lowered by 90 kb/d from last month's *Report* to 80.4 mb/d. The downward revisions, split over most of the non-OECD, were offset by an unexpectedly large upward adjustment in Europe. The estimate of 4Q15 crude runs was also revised down by 220 kb / d to 79.7 mb/d, mostly due to a large 370 kb/d downward revision from the Americas partly offset by a 145 kb/d upward revision spread over most non-OECD regions. The quarterly US downward revision originated in preliminary October US figures being 0.7 mb/d below our expectations in last month's *Report.*

Global throughput figures for August show a 0.2 mb/d month-on-month (m-o-m) increase, due mostly to the OECD, for a total of 80.9 mb/d. Annual growth topped 2 mb/d, with gains of 1.3 mb/d in the non-OECD, primarily China. Global September throughput estimates came in 1.4 mb/d lower m-o-m, due to the start of maintenance season, and October is expected to fall a further 1.3 mb/d to 78.2mb/d –the lowest since July 2014. However, maintenance did not play out similarly in all regions. September figures for Europe are 0.1 mb/d higher m-o-m, which is 0.5 mb/d higher than expected in last month's *Report*. September global y–o-y growth amounted to 1.8 mb/d, led by Europe and the Middle East, with very little contribution from China.

November and December are expected to return to much higher levels as maintenance ends, to 79.8 mb/d and 81.0 mb/d, respectively.

Global Refinery Crude Throughput

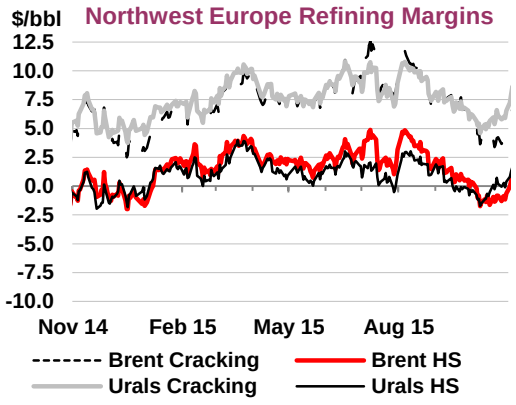
(million barrels per day)

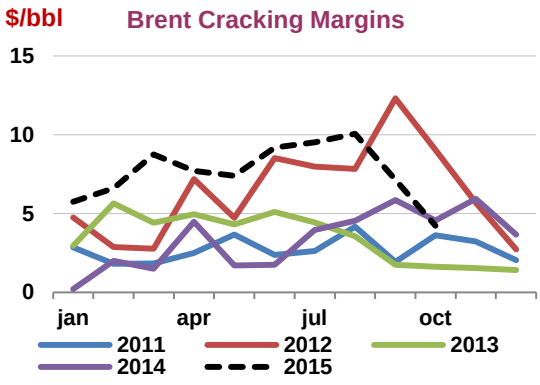
	Jul 15	Aug 15	Sep 15	**3Q2015**	Oct 15	Nov 15	Dec 15	**4Q2015**	Jan 16	Feb 16
Americas	19.8	19.6	18.9	**19.4**	18.0	19.0	19.4	**18.8**	18.7	18.4
Europe	12.3	12.4	12.5	**12.4**	12.0	12.1	12.0	**12.0**	12.0	12.2
Asia Oceania	6.7	7.0	6.7	**6.8**	6.6	6.9	7.1	**6.9**	7.2	7.2
Total OECD	38.8	39.0	38.1	**38.6**	36.7	37.9	38.4	**37.7**	37.9	37.8
FSU	7.1	7.2	6.7	**7.0**	6.6	6.9	6.9	**6.8**	6.9	7.1
Non-OECD Europe	0.5	0.6	0.5	**0.5**	0.6	0.5	0.5	**0.5**	0.5	0.5
China	10.3	10.4	10.3	**10.3**	10.2	10.3	10.5	**10.4**	10.4	10.4
Other Asia	10.1	10.1	10.0	**10.1**	10.2	10.4	10.4	**10.3**	10.5	10.2
Latin America	4.9	4.6	4.7	**4.7**	4.7	4.7	4.9	**4.8**	4.9	4.9
Middle East	6.8	6.7	7.1	**6.9**	7.0	6.9	7.1	**7.0**	6.9	6.9
Africa	2.2	2.2	2.2	**2.2**	2.2	2.3	2.2	**2.2**	2.2	2.2
Total Non-OECD	41.9	41.9	41.4	**41.7**	41.5	41.9	42.5	**42.0**	42.3	42.2
Total	80.7	80.9	79.5	**80.4**	78.2	79.8	81.0	**79.7**	80.2	79.9

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

Margins

Margins in October and early November followed different and somehow surprising paths. Gasoline and, to a lesser extent, diesel were under pressure during October but picked up in early November – boosting margins by up to $2/bbl above end-October values. European margins suffered the most, with gasoline cracks falling below $10/bbl for most of the month and diesel cracks nearing this level mid-month. Their average October values were respectively $5/bbl and $3/bbl below September.





In Singapore, losses for gasoline and diesel cracks were only $2.30/bbl and $0.80/bbl, respectively, with distillates in a small backwardation. In the US Gulf, gasoline cracks lost $1.80/bbl while diesel cracks gained $0.40/bbl. Cracks for fuel oil narrowed marginally, with stocks in Singapore showing a sharp drawdown. The strongest product was naphtha, supported by strong petrochemical demand. Its crack ended up above $1/bbl in NWE and $5/bbl in Singapore in early November. It is rather unusual to see margins in this season supported by naphtha, fuel oil and, to some extent, gasoline.

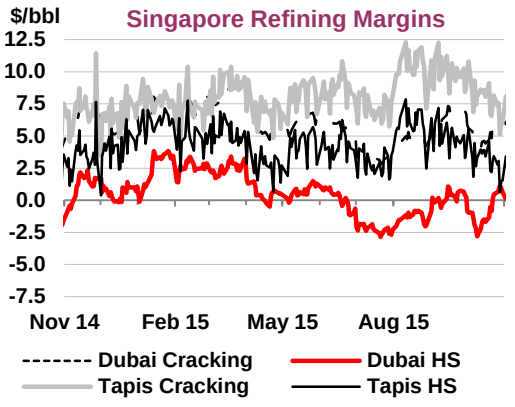
IEA/KBC Global Indicator Refining Margins[1]

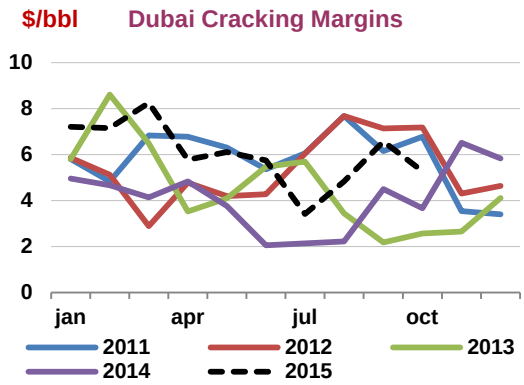
($/bbl)

	Monthly Average				Change	Average for week ending:				
	Jul 15	Aug 15	Sep 15	Oct 15	Oct 15-Sep 15	09 Oct	16 Oct	23 Oct	30 Oct	06 Nov
NW Europe										
Brent (Cracking)	9.53	10.05	7.15	4.24	-2.91	4.45	3.99	3.88	3.96	6.26
Urals (Cracking)	8.65	9.63	7.16	5.66	-1.50	5.18	5.29	5.95	6.03	8.18
Brent (Hydroskimming)	2.72	3.53	1.09	-0.95	-2.04	-1.03	-1.24	-1.05	-0.98	0.61
Urals (Hydroskimming)	0.85	2.20	0.33	-0.46	-0.78	-1.25	-0.85	0.15	0.12	1.45
Mediterranean										
Es Sider (Cracking)	10.14	11.19	8.95	6.01	-2.94	6.31	5.62	5.66	5.68	7.57
Urals (Cracking)	8.15	9.88	7.81	5.81	-2.00	5.86	5.20	5.47	6.08	7.98
Es Sider (Hydroskimming)	5.12	5.93	3.43	1.04	-2.39	1.09	0.69	0.87	0.93	2.42
Urals (Hydroskimming)	1.78	3.37	1.14	-0.31	-1.45	-0.53	-0.84	-0.42	0.13	1.48
US Gulf Coast										
50/50 HLS/LLS (Cracking)	13.71	12.04	5.49	5.92	0.43	7.07	4.00	5.26	6.39	7.95
Mars (Cracking)	9.75	8.54	3.60	4.12	0.51	5.92	2.65	2.54	4.17	5.06
ASCI (Cracking)	9.34	8.32	3.01	3.58	0.57	5.28	2.16	1.94	3.74	4.73
50/50 HLS/LLS (Coking)	15.84	14.47	7.50	7.82	0.32	9.10	5.81	7.07	8.23	9.97
50/50 Maya/Mars (Coking)	12.88	14.17	8.89	8.59	-0.30	10.23	6.96	7.21	8.73	10.71
ASCI (Coking)	15.08	14.99	9.03	9.19	0.16	11.28	7.44	7.29	9.31	10.93
US Midcon										
WTI (Cracking)	20.88	27.45	17.73	15.28	-2.45	21.87	12.74	11.94	12.50	13.45
30/70 WCS/Bakken (Cracking)	21.96	28.29	16.68	13.73	-2.95	19.78	11.09	10.48	11.17	11.79
Bakken (Cracking)	25.20	31.67	20.00	16.37	-3.64	23.28	14.39	12.45	13.28	13.97
WTI (Coking)	23.35	30.86	20.63	18.22	-2.41	25.45	15.59	14.57	15.05	16.00
30/70 WCS/Bakken (Coking)	25.86	33.81	21.73	19.13	-2.60	26.36	16.26	15.34	15.97	16.57
Bakken (Coking)	26.26	33.20	21.29	17.66	-3.63	24.91	15.64	13.59	14.37	15.06
Singapore										
Dubai (Hydroskimming)	-2.28	-1.35	0.21	-0.80	-1.01	-1.86	-1.74	-0.41	0.85	0.25
Tapis (Hydroskimming)	2.82	5.84	4.93	3.17	-1.76	3.10	3.76	3.12	1.88	3.61
Dubai (Hydrocracking)	3.41	4.83	6.57	5.28	-1.29	4.47	4.43	5.47	6.58	6.14
Tapis (Hydrocracking)	7.09	10.38	10.01	7.89	-2.11	8.01	8.45	7.65	6.41	8.25

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.

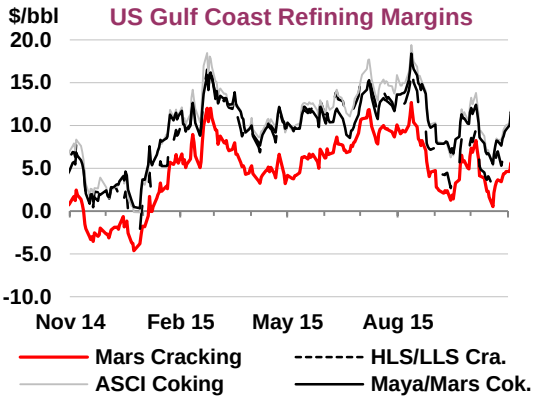
Source: IEA, KBC Advanced Technologies (KBC)

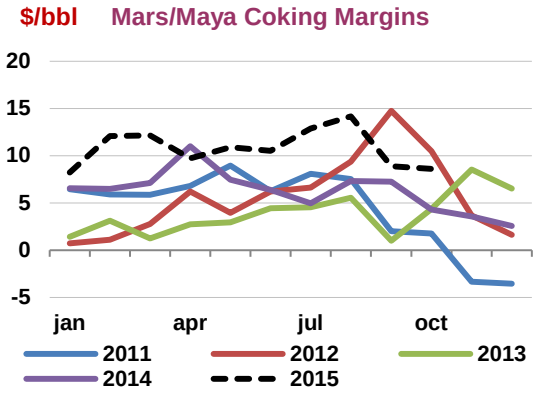




These product trends impacted regional margins differently, with European cracking margins losing the most, –$3/bbl for Brent and $1.5/bbl against a weaker Urals. Singapore margins were down by roughly $1 /bbl, while US Gulf coking margins were stable. Other cracking margins in the US Gulf were marginally

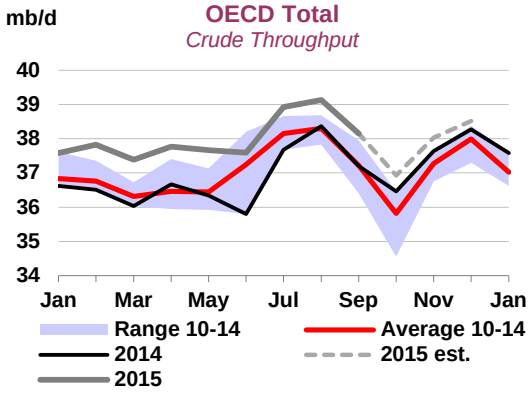
higher than in September. However, US Midcontinent margins lost between $2-$4/bbl as WTI strengthened relative to LLS. It is worth noting that, when compared with the past four years, the average October margin remained at relatively strong levels in every region. November will see a tug-of-war on margins, with crude surpluses competing with product weakness.

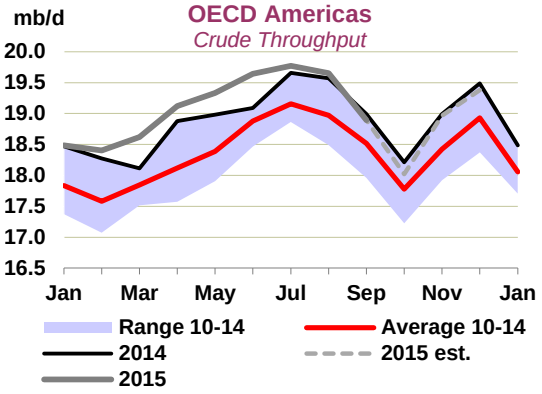




OECD refinery throughput

In September, the most recent month for which a complete set of monthly data is available, **OECD** refinery crude runs reached 38.1 mb/d, 0.9 mb/d lower than in August, but still 1.0 mb/d higher y-o-y. The decline took place mostly in the Americas (-0.76 mb/d or -3.9%) and in Asia Oceania (-0.27 mb/b or -3.9%). Europe inched up by 0.06 mb/d, and stood 0.9 mb/d higher y-o-y. As a result, refinery utilisation rates compared with August decreased by four percentage points in the US, by five percentage points in Asia Oceania and increased by one percentage point in Europe. The net result was an overall decrease of two percentage points. OECD throughput for 3Q15 is 38.6 mb/d, unchanged from last month's estimates.





Preliminary figures for October show OECD runs decreased seasonally by 1.4 mb/d to reach 36.7 mb/d – 0.3 mb/d higher y-o-y. Runs are expected to pick up rapidly in November and December unless margins prove too disappointing.

OECD Americas

The **Americas** September crude throughput estimate was revised by -0.16 mb/d from last month's Report, essentially in the **United States**, where maintenance reduced runs by a sharp 0.58 mb/d. The 18.9 mb/d figure for North America is 0.1 mb/d lower than at the same period last year, and is the biggest y-o-y decrease in Americas' crude runs since February 2013.

In the **United States**, middle distillates cracks tested a multi-year low of $10/bbl, but moved higher at the end of the month, while overall margins were supported by healthy gasoline cracks. In addition, sour crudes became more desirable in the USGC, with strong coking margins encouraging refiners to shift their crude slate. **Canada** processed 0.2 mb/d less crude in September than in August, with runs at 1.58 mb/d, and October runs expected to be another 0.1 mb/d lower. In **Mexico**, throughput for the first nine months has been on average 120 kb/d below last year. The lower rate explains an increase in gasoline deliveries from US refineries, which rose 80 kb/d above last year in July-August to reach 260 kb/d.

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

							Change from		Utilisation rate (1)	
	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	*Aug 15*	*Sep 14*	Sep 15	Sep 14
US (2)	16.30	16.44	16.69	16.88	16.66	16.08	-0.58	0.01	0.90	0.91
Canada	1.60	1.62	1.71	1.71	1.78	1.58	-0.20	0.03	0.86	0.85
Chile	0.15	0.17	0.16	0.16	0.14	0.17	0.03	0.00	0.76	0.77
Mexico	1.06	1.10	1.07	1.00	1.06	1.05	-0.01	-0.13	0.64	0.72
OECD Americas (3)	**19.11**	**19.33**	**19.64**	**19.76**	**19.64**	**18.88**	**-0.76**	**-0.10**	**0.87**	**0.89**
France	1.19	1.12	1.02	1.11	1.09	1.27	0.18	0.10	0.91	0.84
Germany	1.88	2.02	1.96	1.90	1.93	1.92	-0.01	0.02	0.95	0.94
Italy	1.30	1.42	1.32	1.39	1.42	1.35	-0.07	0.14	0.77	0.69
Netherlands	1.00	1.11	1.08	1.08	1.04	1.08	0.03	0.03	0.83	0.81
Spain	1.36	1.33	1.26	1.35	1.41	1.30	-0.12	0.19	0.85	0.73
United Kingdom	1.12	1.06	1.00	1.22	1.21	1.20	-0.01	0.05	0.87	0.73
Other OECD Europe	3.97	3.84	4.02	4.27	4.30	4.34	0.05	0.35	0.89	0.82
OECD Europe	**11.83**	**11.89**	**11.66**	**12.31**	**12.41**	**12.46**	**0.06**	**0.88**	**0.88**	**0.80**
Japan	3.25	2.92	2.52	3.05	3.33	3.20	-0.13	0.03	0.83	0.79
South Korea	2.63	2.75	2.93	2.91	2.88	2.70	-0.18	0.18	0.82	0.79
Other Asia Oceania	0.85	0.68	0.74	0.79	0.78	0.82	0.04	-0.03	0.82	0.69
OECD Asia Oceania	**6.73**	**6.35**	**6.19**	**6.75**	**6.98**	**6.71**	**-0.27**	**0.18**	**0.82**	**0.78**
OECD Total	**37.67**	**37.57**	**37.49**	**38.82**	**39.03**	**38.06**	**-0.98**	**0.96**	**0.87**	**0.84**

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

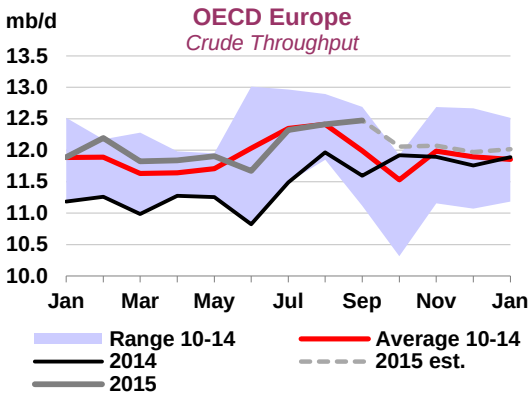
2 US50

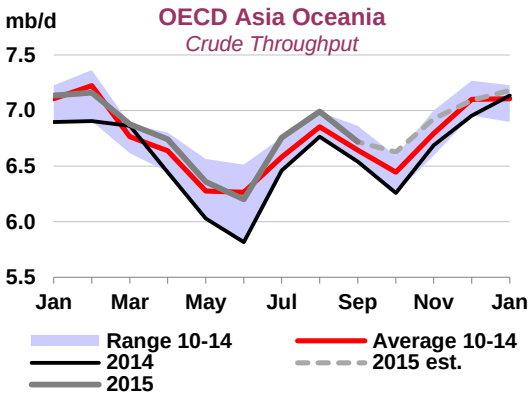
3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

OECD Europe

Europe sent mixed signals in September. On the one hand, very strong crude runs after an upward revision of 0.53 mb/d from last month's *Report*. On the other, lacklustre margins and weak crude differentials - especially in the Mediterranean. Differentials for Urals crude were unusually low, perhaps due to the high export program generated by record output and heavy Russian refinery maintenance. The most significant upward revisions took place in Denmark, France, Greece, Poland, Portugal, Spain and Sweden. We expect October crude runs to be 0.5 mb/d below September, as maintenance peaks. Post-maintenance, we consider it unlikely that margins will justify such high crude runs as seen this summer and forecast levels around 12 mb/d for most of the winter.

A notable event was the announcement by three Northwest European refiners – Sweden's Preem, Poland's PKN Orlen and Lotos – of purchases of Saudi crude oil test cargoes, with term supply contracts under consideration. This is another development in the battle for market share between Russia, Saudi Arabia and Iraq (see *Sour wars*) before the return of Iran after sanctions are eased.



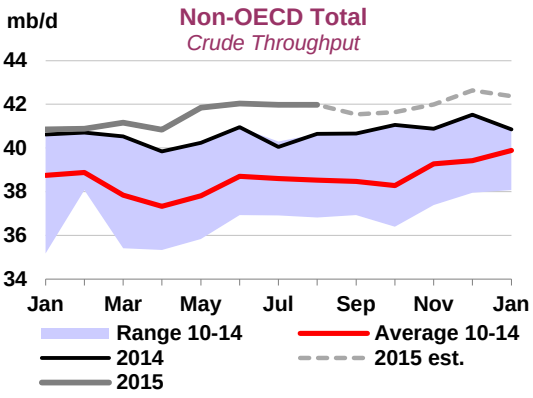


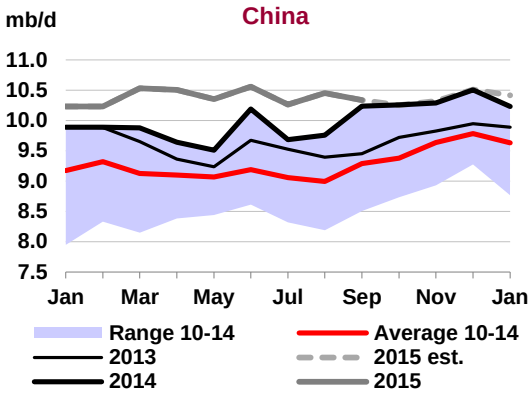
OECD Asia

OECD Asia crude intake decreased to 6.7 mb/d in September, 0.27 mb/d lower m-o-m, but still 0.18 mb/d above a year ago. South Korea reduced runs the most, by 0.18 mb/d, with a turnaround at S Oil's Onsan refinery, while Japan cut runs by 0.13 mb/d. High middle distillates stocks in the region may lead to run cuts down the road. In October, however, margins remained at good levels, supported by strong local gasoline demand, keeping gasoline cracks above $15/bbl.

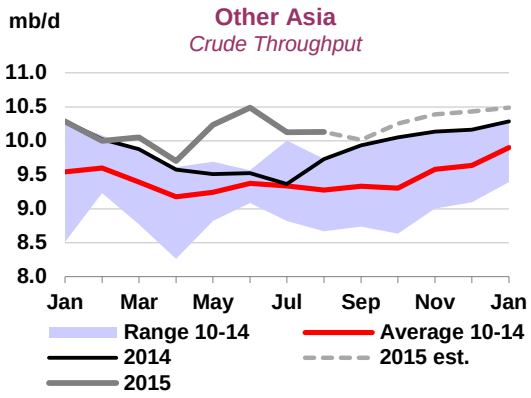
Non-OECD refinery throughput

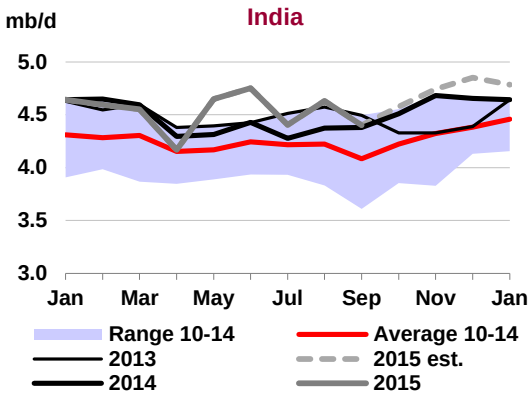
In August, **non-OECD** refinery throughput was stable at 41.9 mb/d, taking into account a 0.3 mb/d downward revision to last month's *Report*, borne essentially by the Middle East. Throughput is forecast to start decreasing in September to 41.4 mb/d as maintenance kicks in. Despite seasonal turnarounds, we forecast 4Q15 throughputs to be marginally higher than in 3Q15.





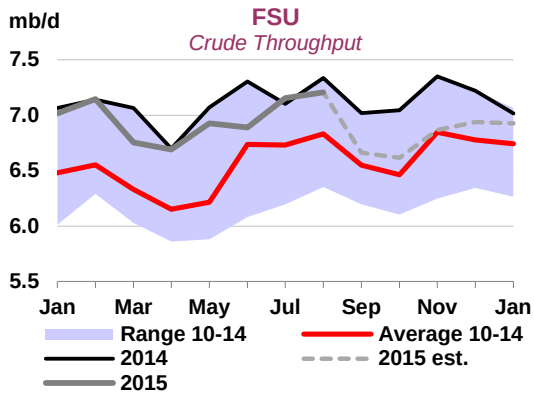
In **China**, September crude runs decreased counter-seasonally by 0.1 mb/d to 10.3 mb/d, 0.1 mb/d higher than a year earlier. Over the first nine months, y-o-y growth averaged 5.5%, in line with demand growth. As per last month, these high runs combined with weak diesel demand generated record high 0.28 mb/d diesel exports. Overall in 2015, gasoil exports are forecast to rise 65% y-o-y, to 0.15 mb/d. This month, Sinopec posted a 34% increase in its refining sector profits over the first nine months of 2015, while PetroChina's refining and petrochemical sector profits turned to a positive CNY3bn ($0.5bn), compared to a CNY9bn ($1.5bn) loss in the same period last year.

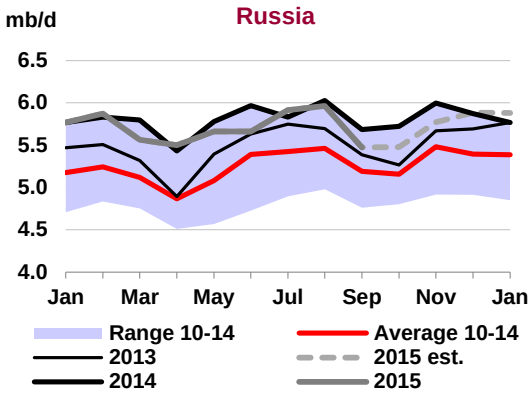




In **Other Asia**, crude throughput was stable at 10.1 mb/d in August. **Indian** crude runs decreased in September by 0.2 mb/d to 4.4 mbd, as three refineries totalling 570 kb/d entered into maintenance (Essar's Vadinar, MRPL's Mangalore and IOC's Koyali). There is a stark contrast between India's impressive demand growth (+15.3% y-o-y in September) and its rather stagnant refinery throughput. Longer term, it will imply a choice between rebalancing imports and exports or building new capacity. In **Indonesia**, Pertamina is planning to restart its 98 kb/d Trans-Pacific Petrochemical Indotama (TPPI) condensate splitter by year-end, reducing gasoline import requirements.

Asia experienced the most robust margins of all regions during October, supported by strong local gasoline demand plus operational problems in a number of large refineries (Shell Pulau Bukom in Singapore, Kuwait's Shuaiba and Thailand's Formosa Mailiao) which reduced rates and delayed a number of gasoline and gasoil cargoes. Only in Mailiao are such problems expected to be resolved before year-end. Shell's 220 kb/d crude unit in Singapore will restart in January at the earliest. Shuaiba should keep running at 75% until its permanent closure, which has been advanced to April 2017. CPC's 220 kb/d Kaoshiung refinery – reported to have only 100 kb/d operational capacity - will be permanently shut next month, but this closure is due to be compensated later by the expansion of CPC's 300 Kb/d Dalin plant, also in Kaohsiung.





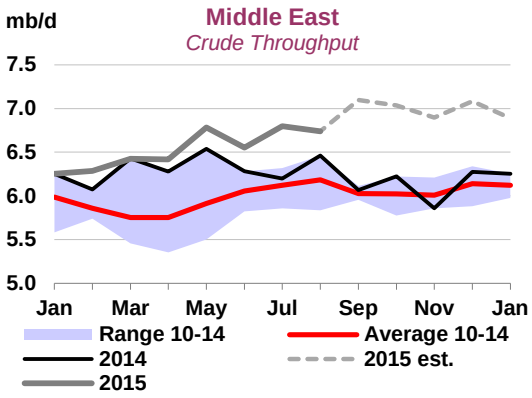
In the **FSU,** August crude runs edged up to 7.2 mb/d before the start of the maintenance season, which is expected to result in a 0.5-0.6 mb/d decrease. **Russia's** crude runs in September fell 0.5 mb/d to 5.5 mb/d on heavy maintenance, which helped to boost crude exports and led to the weak price differentials seen for Urals crude.

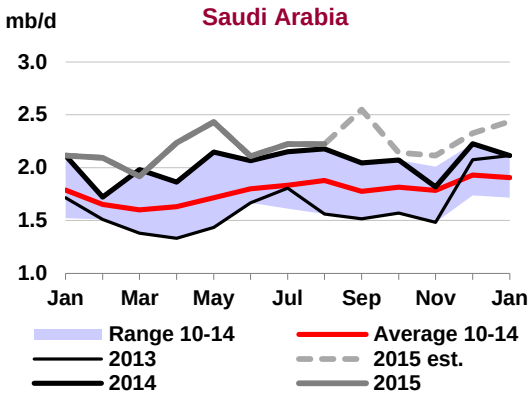
Diesel woes: chance or a risk for European refiners?

It may be premature to discuss the impact on demand for various oil products from the on-going story on under-rated diesel emissions, but it is worth mentioning some factors that frame the debate on this issue.

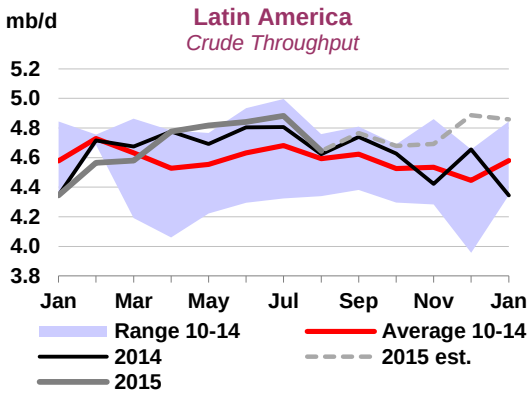
- **Diesel private fleet turnover is relatively slow**, thus a change in consumer behaviour would take time to significantly impact fuel consumption. Diesel used in passenger transport is around 40% of the 4.7 mb/d of OECD Europe road diesel – the rest is for freight transport. Even if there were a step change in buying patterns, the slow turnover of the European fleet means it will take time for a significant change. For instance, if the share of diesel in new car registrations dropped from the current 54% to 40% from 2016 onwards, there would be 17 million less diesel cars in Europe by 2025 – for a current 250 million passenger vehicle fleet. This implies an approximate reduction of 0.3 mb/d of diesel demand, leaving Europe still net short. Seen over time, it corresponds to an annual 0.8% decrease of European diesel demand, which would mostly offset the 1.1% growth seen over 2007-2014.
- **Changes in taxation or emission regulations could speed the transition.** The decision to buy a diesel car will most probably still rest on the perceived savings for diesel, so it would take a substantial shift in fiscal fuel policies to massively discourage diesel car purchases. France has started a slow move, with an equalisation of diesel and gasoline taxes in the next five years. Two measures could accelerate the transition: a ban on diesel cars in city centres, and the implementation of real-world conditions for tests, which could force manufacturers to add expensive equipment to be compliant. Currently, according to the sustainable transport group Transport & Environment, only one out of 10 cars complies when tested in normal driving conditions.
- **Purely a European story.** Only in Europe do diesel passenger vehicles represent a significant share of the passenger fleet – roughly 40%. Because of this crisis, diesel will effectively be ruled out as occupying any significant role in the automotive mix in the U.S. or other non-European countries for the foreseeable future. In these regions, diesel will remain restricted to heavy transport, being the quasi-exclusive fuel used by trucks.
- **Short term loss, long-term gain for Europe's refiners.** Although the diesel yield in European refineries is twice that of gasoline – a unique regional feature - European refineries still produce much more gasoline than needed. The surplus has to be exported at a lower netback, and therefore, a re-balancing between gasoline and diesel in the long term should be a positive factor. In the short term, however, any decrease in diesel demand could translate into a lower diesel margin – or crack - implying a lower overall European refining margin.

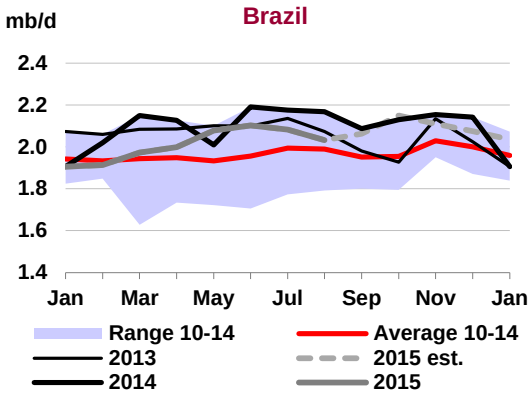
Middle East crude runs in August were roughly stable at 6.7 mb/d, after a 0.3 mb/d downward revision from last month's *Report*. The revision includes a 0.2 mb/d upward adjustment in Kuwait and a 0.46 mb/d downward revision in Saudi Arabia. For Kuwait, the planned 265 kb/d Mina Abullah maintenance shutdown apparently had no impact on reported throughputs according to data reported to the Joint Oil Data Initiative (JODI). For Saudi Arabia, we assumed the new Yasref Yanbu refinery would generate significant y-o-y growth. But according to JODI, 2015 crude runs have been for the past three months at 2014 levels - despite August product exports being reported 300 kb/d above June and July. We still forecast higher Saudi September intake, before significant maintenance in October and November (SASREF, PetroRabigh, Ras Tanura) puts a lid on crude runs. In **Iraq**, crude runs in September are the highest since June 2014 when the advance of ISIL militants forced the Baiji refinery to stop operating.





Latin America's crude intake in August dropped by 0.3 mb/d, because of large maintenance shutdowns in Venezuela and Brazil. Over the first eight months, refinery throughput has been exactly equal to that of 2014. However, we expect a take-off on 4Q15 due to the ramp-up of Ecopetrol's long-delayed Cartagena plant. September crude runs in **Brazil** edged up from August to 2.05 mb/d, 1.5% higher m-o-m, but still 1.2% lower y-o-y. The weak processing level in Brazil can be attributed to the country's severe downturn but also to an increase in mandated level of biofuels. Last March, the mandated ethanol level in gasoline was boosted from 25% to 27%, after an increase from 5 to 7% of the proportion of biodiesel in diesel last November. On 1 November, Brazil's biggest oil workers union announced a strike, which reportedly crippled important refineries, including the Paulinia and Maua plants.





In **Africa**, crude throughput was stable in August, at 2.2 mb/d, including the continued closure of Morocco's Samir refinery. This closure and weak numbers for Algeria explain most of the relatively low figures for the previous months. In **Nigeria**, the re-start of local refineries still seems to be facing severe problems and the country issued its fourth quarter gasoline import quotas amounting to 80 kb/d. It also announced the replacement of previous offshore processing agreements totalling 210 kb/d and their replacement by straightforward crude sales and product purchases contracts.

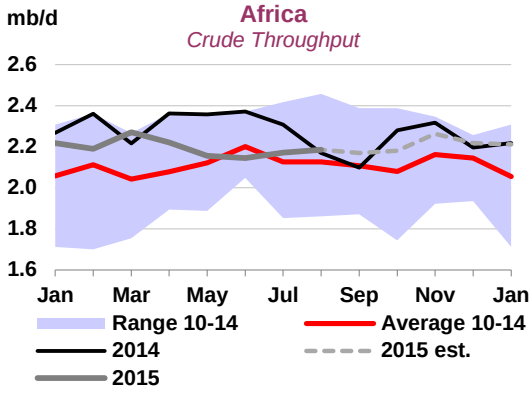


Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	23.6	24.1	23.9	23.7	24.4	24.6	24.1	24.2	24.1	24.7	24.6	24.4	24.4	24.2	24.7	24.8	24.5
Europe	13.8	13.6	13.0	13.3	13.8	13.4	13.4	13.4	13.5	14.1	13.6	13.7	13.5	13.7	13.9	13.6	13.7
Asia Oceania	8.5	8.4	8.9	7.7	7.7	8.3	8.2	8.8	7.7	7.8	8.4	8.1	8.7	7.6	7.8	8.4	8.1
Total OECD	45.9	46.0	45.7	44.8	45.9	46.3	45.7	46.5	45.3	46.6	46.6	46.3	46.5	45.5	46.4	46.8	46.3
NON-OECD DEMAND																	
FSU	4.6	4.7	4.6	4.9	5.1	5.1	4.9	4.6	4.9	5.1	4.9	4.9	4.7	4.8	5.0	4.9	4.9
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	9.9	10.3	10.4	10.6	10.5	11.0	10.6	11.0	11.3	11.3	11.3	11.2	11.3	11.7	11.5	11.6	11.5
Other Asia	11.4	11.8	12.0	12.1	11.7	12.1	12.0	12.4	12.5	12.3	12.9	12.5	12.9	13.0	12.8	13.2	13.0
Americas	6.5	6.7	6.6	6.8	7.0	7.0	6.8	6.7	6.8	6.9	6.9	6.8	6.7	6.9	7.0	7.0	6.9
Middle East	7.9	7.9	7.8	8.2	8.4	7.9	8.1	7.7	8.3	8.5	8.0	8.1	7.9	8.4	8.8	8.2	8.3
Africa	3.8	3.9	4.0	4.0	3.9	4.0	4.0	4.1	4.1	3.9	4.1	4.0	4.2	4.2	4.1	4.3	4.2
Total Non-OECD	44.8	45.9	46.1	47.2	47.3	47.7	47.1	47.1	48.6	48.7	48.9	48.3	48.4	49.7	49.9	49.9	49.5
Total Demand[1]	**90.7**	**91.9**	**91.8**	**92.0**	**93.2**	**94.0**	**92.7**	**93.5**	**93.9**	**95.3**	**95.5**	**94.6**	**94.9**	**95.1**	**96.4**	**96.7**	**95.8**
OECD SUPPLY																	
Americas[4]	15.8	17.2	18.2	18.9	19.2	19.8	19.0	19.9	19.5	19.8	19.8	19.7	19.5	19.2	19.2	19.4	19.4
Europe	3.5	3.3	3.5	3.2	3.1	3.4	3.3	3.4	3.5	3.4	3.4	3.4	3.4	3.3	3.1	3.3	3.3
Asia Oceania	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	19.8	21.0	22.2	22.6	22.9	23.8	22.9	23.7	23.5	23.7	23.7	23.6	23.5	23.0	22.8	23.2	23.1
NON-OECD SUPPLY																	
FSU	13.8	13.8	13.9	13.8	13.8	13.9	13.9	14.0	14.0	13.9	14.0	14.0	13.9	13.9	13.8	13.8	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	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.4	4.3	4.4	4.3	4.3	4.3	4.3	4.3	4.3
Other Asia[2]	3.5	3.5	3.5	3.5	3.4	3.6	3.5	3.6	3.6	3.6	3.7	3.6	3.7	3.6	3.5	3.5	3.6
Americas[2,4]	4.1	4.2	4.2	4.3	4.5	4.6	4.4	4.6	4.5	4.5	4.5	4.6	4.6	4.6	4.6	4.7	4.6
Middle East	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa[2]	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Total Non-OECD	29.5	29.4	29.7	29.6	29.6	30.1	29.7	30.3	30.1	30.0	30.1	30.1	30.1	29.9	29.8	29.8	29.9
Processing gains[3]	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuel[4]	1.9	2.0	1.7	2.3	2.5	2.3	2.2	1.8	2.4	2.6	2.4	2.3	1.9	2.4	2.7	2.4	2.4
Total Non-OPEC[2]	53.2	54.6	55.9	56.6	57.2	58.3	57.0	58.1	58.2	58.6	58.4	58.3	57.8	57.6	57.7	57.8	57.7
OPEC																	
Crude[5]	31.3	30.5	30.0	30.1	30.5	30.5	30.3	30.5	31.5	31.7							
NGLs	6.2	6.2	6.3	6.3	6.4	6.5	6.4	6.4	6.5	6.5	6.6	6.5	6.7	6.8	6.8	6.8	6.8
Total OPEC[2]	37.5	36.6	36.3	36.4	36.9	37.0	36.6	36.9	38.0	38.3							
Total Supply[6]	**90.8**	**91.2**	**92.1**	**93.0**	**94.1**	**95.3**	**93.6**	**95.0**	**96.2**	**96.9**							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.2	-0.2	0.2	0.8	0.7	-0.1	0.4	0.9	1.0	0.9							
Government	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0							
Total	0.2	-0.2	0.2	0.7	0.7	-0.1	0.4	0.9	1.0	0.9							
Floating storage/Oil in transit	0.0	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1	0.2	0.0							
Miscellaneous to balance[7]	-0.1	-0.6	-0.2	0.7	-0.1	1.5	0.5	0.7	1.1	0.7							
Total Stock Ch. & Misc	**0.0**	**-0.7**	**0.3**	**1.1**	**0.9**	**1.3**	**0.9**	**1.4**	**2.3**	**1.6**							
Memo items:																	
Call on OPEC crude + Stock ch.[8]	31.3	31.1	29.7	29.0	29.6	29.2	29.4	29.0	29.2	30.1	30.4	29.7	30.4	30.8	31.9	32.1	31.3

1 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.
2 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 2011.
Total OPEC comprises all countries which were OPEC members at 1 January 2011.
3 Net volumetric gains and losses in the refining process and marine transportation losses.
4 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
5 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.
6 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
7 Includes changes in non-reported stocks in OECD and non-OECD areas.
8 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)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1	0.1	-	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	-	0.1	0.1	0.1
Other Asia	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	0.1	0.2	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**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	-	-	-0.1	-0.2	-0.3	-0.4	-0.3
Europe	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-0.1	-0.2	-0.3	-0.3	-0.2
NON-OECD SUPPLY																	
FSU	0.2	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	0.2	0.2	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Other Asia	-0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-0.1	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	0.3	0.2	0.2
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-0.1	-	-0.1	-	-	-	-	-	-0.1	0.1	0.2	-	-	-0.1	-0.1	-0.1	-0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-							
NGLs	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-							
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								
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	-	-	-	0.1	0.2	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

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Demand (mb/d)																
Americas	24.07	23.88	23.72	24.37	24.56	24.14	24.24	24.09	24.74	24.63	24.43	24.40	24.19	24.66	24.84	24.52
Europe	13.58	12.96	13.34	13.77	13.42	13.38	13.45	13.53	14.08	13.64	13.68	13.45	13.66	13.93	13.60	13.66
Asia Oceania	8.36	8.89	7.70	7.71	8.35	8.16	8.78	7.67	7.78	8.37	8.15	8.68	7.62	7.81	8.37	8.12
Total OECD	46.01	45.73	44.76	45.85	46.33	45.67	46.46	45.29	46.60	46.64	46.25	46.52	45.47	46.40	46.81	46.30
Asia	22.05	22.42	22.70	22.24	23.15	22.63	23.34	23.78	23.57	24.16	23.72	24.20	24.68	24.30	24.77	24.49
Middle East	7.91	7.75	8.16	8.44	7.87	8.06	7.69	8.35	8.50	8.00	8.14	7.90	8.39	8.81	8.19	8.32
Americas	6.67	6.63	6.81	6.97	6.95	6.84	6.70	6.84	6.92	6.93	6.85	6.70	6.87	6.99	7.01	6.89
FSU	4.71	4.63	4.86	5.14	5.05	4.92	4.57	4.89	5.05	4.95	4.87	4.67	4.80	5.02	4.93	4.85
Africa	3.89	4.00	3.99	3.87	3.96	3.95	4.08	4.06	3.93	4.13	4.05	4.22	4.20	4.11	4.27	4.20
Europe	0.66	0.66	0.67	0.69	0.68	0.68	0.69	0.70	0.71	0.71	0.70	0.71	0.72	0.71	0.73	0.72
Total Non-OECD	45.90	46.09	47.19	47.35	47.65	47.08	47.08	48.61	48.69	48.87	48.32	48.40	49.67	49.95	49.89	49.48
World	**91.91**	**91.82**	**91.96**	**93.20**	**93.99**	**92.75**	**93.54**	**93.91**	**95.29**	**95.52**	**94.57**	**94.92**	**95.14**	**96.35**	**96.70**	**95.78**
of which: US50	18.96	18.82	18.77	19.31	19.51	19.11	19.29	19.25	19.72	19.60	19.46	19.47	19.32	19.70	19.82	19.58
Europe 5*	8.12	7.85	7.89	8.17	8.03	7.99	8.05	7.97	8.29	8.05	8.09	8.01	8.02	8.15	7.99	8.04
China	10.26	10.38	10.59	10.51	11.01	10.62	10.95	11.26	11.26	11.28	11.19	11.26	11.65	11.54	11.58	11.51
Japan	4.56	5.07	3.93	3.93	4.48	4.35	4.80	3.90	3.94	4.36	4.24	4.63	3.75	3.90	4.36	4.16
India	3.69	3.81	3.88	3.56	3.80	3.76	3.95	4.01	3.88	4.20	4.01	4.23	4.28	4.01	4.25	4.19
Russia	3.46	3.46	3.62	3.86	3.68	3.66	3.38	3.63	3.77	3.60	3.60	3.48	3.52	3.71	3.55	3.57
Brazil	3.11	3.12	3.17	3.28	3.31	3.22	3.16	3.17	3.22	3.26	3.20	3.12	3.15	3.23	3.29	3.20
Saudi Arabia	2.96	2.78	3.28	3.49	3.02	3.14	2.88	3.46	3.49	3.02	3.22	2.95	3.38	3.67	3.08	3.27
Canada	2.37	2.41	2.32	2.44	2.41	2.40	2.36	2.26	2.36	2.37	2.34	2.29	2.25	2.35	2.34	2.31
Korea	2.33	2.35	2.31	2.32	2.38	2.34	2.48	2.32	2.39	2.51	2.42	2.55	2.40	2.43	2.50	2.47
Mexico	2.09	2.00	2.02	2.00	2.02	2.01	1.91	1.95	2.04	2.02	1.98	1.95	1.98	1.97	2.02	1.98
Iran	1.92	1.96	1.87	1.85	1.91	1.90	1.83	1.85	1.80	1.90	1.84	1.86	1.88	1.88	1.94	1.89
Total	**63.83**	**64.01**	**63.65**	**64.72**	**65.55**	**64.49**	**65.05**	**65.01**	**66.16**	**66.17**	**65.60**	**65.81**	**65.57**	**66.53**	**66.71**	**66.16**
% of World	69.4%	69.7%	69.2%	69.4%	69.7%	69.5%	69.5%	69.2%	69.4%	69.3%	69.4%	69.3%	68.9%	69.1%	69.0%	69.1%
Annual Change (% per annum)																
Americas	1.9	0.4	-0.6	0.2	1.0	0.3	1.5	1.6	1.5	0.3	1.2	0.7	0.4	-0.3	0.9	0.4
Europe	-1.4	-1.0	-3.3	-1.1	-0.7	-1.5	3.8	1.4	2.2	1.6	2.2	0.0	1.0	-1.1	-0.3	-0.1
Asia Oceania	-2.1	0.3	-2.4	-4.2	-3.5	-2.4	-1.3	-0.4	0.9	0.2	-0.2	-1.1	-0.6	0.4	0.1	-0.3
Total OECD	0.2	0.0	-1.7	-0.9	-0.4	-0.7	1.6	1.2	1.6	0.7	1.3	0.1	0.4	-0.4	0.4	0.1
Asia	3.6	1.9	2.8	2.3	3.3	2.6	4.1	4.8	6.0	4.4	4.8	3.7	3.8	3.1	2.5	3.2
Middle East	0.7	2.2	2.1	0.6	2.8	1.9	-0.8	2.3	0.7	1.8	1.0	2.7	0.5	3.6	2.3	2.3
Americas	2.4	3.3	2.4	2.6	2.0	2.6	1.1	0.4	-0.6	-0.3	0.1	-0.1	0.4	1.0	1.3	0.7
FSU	1.9	5.5	5.9	4.3	2.3	4.4	-1.3	0.5	-1.7	-2.1	-1.2	2.1	-1.9	-0.7	-0.4	-0.3
Africa	2.1	0.0	0.7	4.4	1.7	1.7	2.0	1.6	1.4	4.4	2.4	3.6	3.6	4.7	3.4	3.8
Europe	-4.1	5.4	1.4	3.6	0.6	2.7	5.1	4.6	3.0	3.2	3.9	2.0	3.4	0.8	2.7	2.2
Total Non-OECD	2.5	2.4	2.7	2.5	2.7	2.6	2.1	3.0	2.8	2.6	2.6	2.8	2.2	2.6	2.1	2.4
World	**1.3**	**1.2**	**0.5**	**0.8**	**1.2**	**0.9**	**1.9**	**2.1**	**2.2**	**1.6**	**2.0**	**1.5**	**1.3**	**1.1**	**1.2**	**1.3**
Annual Change (mb/d)																
Americas	0.44	0.10	-0.13	0.06	0.23	0.07	0.36	0.37	0.37	0.07	0.29	0.16	0.09	-0.08	0.21	0.09
Europe	-0.19	-0.13	-0.46	-0.15	-0.09	-0.21	0.49	0.18	0.31	0.22	0.30	0.00	0.13	-0.15	-0.05	-0.02
Asia Oceania	-0.18	0.03	-0.19	-0.34	-0.30	-0.20	-0.12	-0.03	0.07	0.02	-0.01	-0.10	-0.05	0.03	0.01	-0.03
Total OECD	0.08	0.01	-0.78	-0.43	-0.16	-0.34	0.73	0.53	0.75	0.31	0.58	0.06	0.18	-0.20	0.17	0.05
Asia	0.76	0.43	0.62	0.51	0.73	0.57	0.92	1.09	1.33	1.02	1.09	0.86	0.90	0.73	0.60	0.77
Middle East	0.06	0.16	0.17	0.05	0.21	0.15	-0.06	0.18	0.06	0.14	0.08	0.21	0.04	0.31	0.19	0.19
Americas	0.15	0.21	0.16	0.18	0.13	0.17	0.07	0.03	-0.04	-0.02	0.01	-0.01	0.03	0.07	0.09	0.04
FSU	0.09	0.24	0.27	0.21	0.11	0.21	-0.06	0.02	-0.09	-0.10	-0.06	0.10	-0.09	-0.04	-0.02	-0.01
Africa	0.08	0.00	0.03	0.16	0.07	0.06	0.08	0.07	0.06	0.17	0.09	0.15	0.15	0.19	0.14	0.15
Europe	-0.03	0.03	0.01	0.02	0.00	0.02	0.03	0.03	0.02	0.02	0.03	0.01	0.02	0.01	0.02	0.02
Total Non-OECD	1.11	1.08	1.26	1.14	1.26	1.18	0.99	1.42	1.34	1.22	1.24	1.32	1.05	1.26	1.02	1.16
World	**1.19**	**1.08**	**0.47**	**0.71**	**1.09**	**0.84**	**1.72**	**1.95**	**2.09**	**1.53**	**1.82**	**1.38**	**1.23**	**1.06**	**1.18**	**1.21**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	-0.01	-0.12	-0.14	-0.07	-0.08	-0.06	-0.07	-0.08	-0.07
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.07	0.05	0.05	0.05	0.06	0.05	0.05
Asia Oceania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Total OECD	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	-0.01	-0.02	-0.08	-0.03	-0.04	-0.01	-0.02	-0.05	-0.03
Asia	0.00	0.02	0.01	-0.03	0.02	0.01	0.00	0.01	0.24	0.25	0.12	0.12	0.12	0.17	0.13	0.14
Middle East	0.00	0.00	0.00	-0.01	0.00	0.00	-0.01	0.01	-0.06	-0.04	-0.03	-0.02	-0.04	-0.02	-0.04	-0.03
Americas	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.00	0.00
FSU	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.02	0.02	0.00	0.01	0.01	0.01	0.01	0.01	0.01
Africa	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	-0.01	-0.07	-0.03	-0.03	-0.05	-0.03	-0.02	-0.02	-0.03
Europe	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	0.00	0.00	0.00
Total Non-OECD	-0.01	0.02	0.02	-0.04	0.02	0.00	-0.02	0.03	0.14	0.18	0.08	0.07	0.07	0.13	0.08	0.09
World	**-0.01**	**0.02**	**0.01**	**-0.04**	**0.02**	**0.00**	**-0.02**	**0.02**	**0.13**	**0.09**	**0.06**	**0.03**	**0.06**	**0.11**	**0.03**	**0.06**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	-0.01	0.02	0.02	-0.03	0.02	0.01	-0.04	0.01	0.17	0.08	0.06	0.05	0.03	-0.01	-0.06	0.00

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2013	2014	3Q14	4Q14	1Q15	2Q15	Jun 15	Jul 15	Aug 15 [2]	Latest month vs. Jul 15	Latest month vs. Aug 14
Americas											
LPG and ethane	3.28	3.22	3.03	3.45	3.48	2.98	2.99	3.14	2.95	-0.18	-0.13
Naphtha	0.38	0.35	0.35	0.35	0.35	0.31	0.29	0.30	0.34	0.05	0.01
Motor gasoline	10.55	10.64	10.87	10.73	10.49	10.97	11.15	11.25	11.23	-0.02	0.19
Jet and kerosene	1.70	1.74	1.80	1.76	1.72	1.81	1.92	1.94	1.90	-0.04	0.10
Gasoil/diesel oil	5.06	5.28	5.15	5.39	5.52	5.11	5.09	5.11	5.09	-0.01	0.00
Residual fuel oil	0.72	0.58	0.60	0.59	0.51	0.44	0.47	0.63	0.65	0.02	0.09
Other products	2.38	2.32	2.57	2.29	2.17	2.47	2.63	2.72	2.62	-0.09	0.17
Total	**24.07**	**24.14**	**24.37**	**24.56**	**24.24**	**24.09**	**24.55**	**25.07**	**24.79**	**-0.28**	**0.41**
Europe											
LPG and ethane	1.06	1.07	1.10	1.06	1.20	1.13	1.16	1.16	1.14	-0.02	0.03
Naphtha	1.13	1.16	1.11	1.04	1.25	1.13	1.11	1.15	1.14	-0.01	-0.03
Motor gasoline	1.93	1.91	2.00	1.89	1.78	1.98	2.03	2.07	2.00	-0.07	0.02
Jet and kerosene	1.21	1.23	1.37	1.21	1.19	1.34	1.42	1.47	1.50	0.04	0.10
Gasoil/diesel oil	5.97	5.91	5.99	6.17	6.16	5.97	6.17	6.22	6.04	-0.18	0.34
Residual fuel oil	1.00	0.91	0.90	0.91	0.88	0.85	0.85	0.91	0.89	-0.02	0.00
Other products	1.28	1.18	1.29	1.14	1.00	1.13	1.19	1.21	1.25	0.04	0.05
Total	**13.58**	**13.38**	**13.77**	**13.42**	**13.45**	**13.53**	**13.93**	**14.18**	**13.95**	**-0.23**	**0.51**
Asia Oceania											
LPG and ethane	0.86	0.84	0.80	0.83	0.90	0.73	0.72	0.81	0.73	-0.07	-0.04
Naphtha	1.85	1.88	1.81	1.96	2.04	1.88	1.86	1.87	2.00	0.13	0.09
Motor gasoline	1.60	1.57	1.60	1.60	1.54	1.53	1.52	1.63	1.70	0.08	0.03
Jet and kerosene	0.88	0.86	0.67	0.98	1.11	0.68	0.63	0.64	0.67	0.03	0.03
Gasoil/diesel oil	1.77	1.77	1.70	1.83	1.85	1.76	1.76	1.72	1.73	0.01	0.08
Residual fuel oil	0.77	0.67	0.58	0.63	0.77	0.60	0.57	0.55	0.57	0.02	0.01
Other products	0.63	0.57	0.55	0.51	0.56	0.48	0.49	0.48	0.51	0.03	-0.05
Total	**8.36**	**8.16**	**7.71**	**8.35**	**8.78**	**7.67**	**7.56**	**7.69**	**7.91**	**0.23**	**0.15**
OECD											
LPG and ethane	5.21	5.14	4.93	5.34	5.57	4.83	4.87	5.10	4.82	-0.28	-0.14
Naphtha	3.36	3.39	3.28	3.35	3.64	3.33	3.26	3.32	3.48	0.16	0.07
Motor gasoline	14.07	14.12	14.47	14.22	13.81	14.48	14.70	14.94	14.93	-0.01	0.23
Jet and kerosene	3.79	3.83	3.84	3.95	4.03	3.83	3.97	4.04	4.07	0.03	0.23
Gasoil/diesel oil	12.80	12.96	12.84	13.39	13.53	12.84	13.03	13.04	12.86	-0.18	0.41
Residual fuel oil	2.49	2.16	2.09	2.14	2.15	1.89	1.89	2.09	2.11	0.02	0.10
Other products	4.29	4.06	4.41	3.94	3.73	4.09	4.32	4.40	4.38	-0.02	0.17
Total	**46.01**	**45.67**	**45.85**	**46.33**	**46.46**	**45.29**	**46.04**	**46.94**	**46.66**	**-0.28**	**1.07**

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. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2013	2014	3Q14	4Q14	1Q15	2Q15	Jun 15	Jul 15	Aug 15 [2]	Latest month vs. Jul 15	Latest month vs. Aug 14
United States[3]											
LPG and ethane	2.44	2.40	2.27	2.58	2.62	2.18	2.21	2.33	2.19	-0.14	-0.15
Naphtha	0.27	0.23	0.23	0.24	0.23	0.20	0.18	0.19	0.24	0.05	0.01
Motor gasoline	8.84	8.92	9.13	9.00	8.81	9.26	9.39	9.44	9.47	0.03	0.16
Jet and kerosene	1.44	1.48	1.53	1.51	1.46	1.55	1.64	1.64	1.60	-0.04	0.07
Gasoil/diesel oil	3.83	4.04	3.89	4.12	4.27	3.88	3.85	3.88	3.89	0.01	0.01
Residual fuel oil	0.32	0.26	0.25	0.28	0.24	0.19	0.17	0.33	0.32	-0.01	0.10
Other products	1.82	1.78	2.00	1.76	1.66	1.99	2.14	2.18	2.12	-0.06	0.21
Total	**18.96**	**19.11**	**19.31**	**19.51**	**19.29**	**19.25**	**19.59**	**19.98**	**19.81**	**-0.17**	**0.41**
Japan											
LPG and ethane	0.52	0.50	0.44	0.50	0.57	0.42	0.39	0.43	0.39	-0.04	-0.04
Naphtha	0.77	0.75	0.68	0.83	0.84	0.75	0.67	0.76	0.77	0.01	0.05
Motor gasoline	0.95	0.92	0.95	0.94	0.88	0.89	0.88	0.96	1.03	0.07	0.02
Jet and kerosene	0.53	0.52	0.34	0.61	0.73	0.35	0.31	0.31	0.34	0.03	0.03
Diesel	0.41	0.40	0.39	0.41	0.40	0.39	0.41	0.39	0.39	0.00	0.01
Other gasoil	0.41	0.40	0.35	0.41	0.45	0.36	0.35	0.34	0.33	-0.01	-0.01
Residual fuel oil	0.46	0.41	0.35	0.38	0.46	0.34	0.33	0.32	0.34	0.02	-0.01
Other products	0.50	0.44	0.41	0.40	0.47	0.40	0.41	0.38	0.42	0.04	0.00
Total	**4.56**	**4.35**	**3.93**	**4.48**	**4.80**	**3.90**	**3.76**	**3.89**	**4.00**	**0.12**	**0.05**
Germany											
LPG and ethane	0.11	0.09	0.10	0.08	0.09	0.11	0.12	0.11	0.10	-0.01	0.00
Naphtha	0.39	0.42	0.42	0.41	0.43	0.38	0.36	0.37	0.38	0.02	-0.04
Motor gasoline	0.43	0.44	0.45	0.44	0.40	0.44	0.45	0.46	0.45	-0.01	0.01
Jet and kerosene	0.19	0.19	0.21	0.18	0.17	0.20	0.20	0.21	0.21	0.00	0.00
Diesel	0.70	0.73	0.76	0.75	0.71	0.76	0.79	0.84	0.77	-0.07	0.04
Other gasoil	0.43	0.36	0.36	0.38	0.45	0.24	0.22	0.27	0.34	0.07	-0.01
Residual fuel oil	0.12	0.12	0.11	0.14	0.12	0.13	0.13	0.13	0.12	-0.01	0.01
Other products	0.07	0.05	0.07	0.04	0.01	0.04	0.06	0.04	0.06	0.02	0.00
Total	**2.44**	**2.40**	**2.47**	**2.41**	**2.39**	**2.30**	**2.34**	**2.42**	**2.43**	**0.01**	**0.00**
Italy											
LPG and ethane	0.11	0.11	0.10	0.11	0.13	0.11	0.10	0.11	0.11	-0.01	0.01
Naphtha	0.05	0.09	0.08	0.08	0.11	0.11	0.10	0.10	0.12	0.02	0.03
Motor gasoline	0.20	0.20	0.20	0.20	0.19	0.21	0.22	0.24	0.22	-0.02	0.03
Jet and kerosene	0.09	0.09	0.11	0.08	0.08	0.10	0.10	0.12	0.12	0.00	0.00
Diesel	0.45	0.50	0.52	0.52	0.44	0.47	0.48	0.51	0.42	-0.09	-0.04
Other gasoil	0.10	0.04	0.02	0.05	0.09	0.09	0.09	0.10	0.09	-0.01	0.07
Residual fuel oil	0.08	0.06	0.06	0.06	0.08	0.08	0.08	0.09	0.08	-0.01	0.02
Other products	0.18	0.14	0.15	0.13	0.11	0.14	0.15	0.15	0.12	-0.03	-0.02
Total	**1.26**	**1.22**	**1.25**	**1.24**	**1.22**	**1.31**	**1.33**	**1.42**	**1.27**	**-0.15**	**0.09**
France											
LPG and ethane	0.12	0.11	0.10	0.12	0.15	0.11	0.11	0.11	0.10	-0.01	0.00
Naphtha	0.12	0.12	0.13	0.07	0.12	0.12	0.13	0.13	0.15	0.02	0.00
Motor gasoline	0.16	0.16	0.17	0.16	0.14	0.17	0.18	0.19	0.17	-0.02	0.00
Jet and kerosene	0.15	0.15	0.16	0.14	0.14	0.16	0.16	0.18	0.17	0.00	0.00
Diesel	0.69	0.70	0.71	0.71	0.67	0.71	0.76	0.77	0.65	-0.12	0.01
Other gasoil	0.28	0.25	0.25	0.27	0.29	0.20	0.21	0.23	0.22	-0.01	0.00
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	0.13	0.12	0.15	0.11	0.11	0.12	0.14	0.12	0.13	0.01	0.00
Total	**1.71**	**1.65**	**1.71**	**1.63**	**1.68**	**1.63**	**1.73**	**1.77**	**1.64**	**-0.13**	**0.02**
United Kingdom											
LPG and ethane	0.11	0.11	0.10	0.11	0.14	0.14	0.13	0.13	0.12	-0.01	0.03
Naphtha	0.03	0.02	0.03	0.03	0.02	0.02	0.02	0.03	0.03	0.00	-0.01
Motor gasoline	0.31	0.30	0.30	0.30	0.29	0.30	0.30	0.29	0.30	0.00	-0.02
Jet and kerosene	0.31	0.31	0.32	0.32	0.33	0.30	0.30	0.29	0.32	0.03	-0.01
Diesel	0.46	0.48	0.48	0.50	0.47	0.50	0.52	0.49	0.51	0.01	0.01
Other gasoil	0.12	0.12	0.12	0.11	0.13	0.14	0.13	0.13	0.15	0.02	0.03
Residual fuel oil	0.04	0.03	0.03	0.03	0.02	0.02	0.02	0.03	0.03	0.00	0.00
Other products	0.13	0.13	0.13	0.12	0.11	0.11	0.11	0.13	0.12	0.00	0.00
Total	**1.50**	**1.51**	**1.51**	**1.53**	**1.52**	**1.53**	**1.55**	**1.53**	**1.58**	**0.05**	**0.04**
Canada											
LPG and ethane	0.38	0.37	0.31	0.40	0.40	0.36	0.34	0.35	0.33	-0.03	0.02
Naphtha	0.09	0.09	0.10	0.09	0.10	0.09	0.08	0.08	0.10	0.01	0.00
Motor gasoline	0.81	0.84	0.87	0.83	0.79	0.82	0.87	0.87	0.87	0.00	0.01
Jet and kerosene	0.14	0.13	0.14	0.13	0.13	0.13	0.16	0.16	0.16	0.00	0.02
Diesel	0.29	0.29	0.29	0.31	0.32	0.31	0.31	0.32	0.32	0.00	0.05
Other gasoil	0.30	0.30	0.33	0.29	0.27	0.24	0.26	0.23	0.25	0.02	-0.07
Residual fuel oil	0.06	0.06	0.06	0.07	0.06	0.04	0.03	0.03	0.03	0.00	-0.04
Other products	0.31	0.30	0.34	0.30	0.29	0.26	0.27	0.33	0.28	-0.04	-0.04
Total	**2.37**	**2.40**	**2.44**	**2.41**	**2.36**	**2.26**	**2.32**	**2.37**	**2.33**	**-0.04**	**-0.05**

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)

	2014	2015	2016	2Q15	3Q15	4Q15	1Q16	2Q16	Aug 15	Sep 15	Oct 15
OPEC											
Crude Oil											
Saudi Arabia	9.53			10.29	10.27				10.26	10.18	10.23
Iran	2.81			2.85	2.87				2.87	2.88	2.88
Iraq	3.33			3.94	4.24				4.17	4.30	4.20
UAE	2.76			2.87	2.92				2.93	2.91	2.89
Kuwait	2.61			2.72	2.76				2.78	2.79	2.71
Neutral Zone	0.38			0.09	0.04				0.04	0.04	0.04
Qatar	0.71			0.66	0.64				0.65	0.65	0.67
Angola	1.66			1.76	1.77				1.73	1.77	1.79
Nigeria	1.90			1.77	1.80				1.77	1.86	1.90
Libya	0.46			0.46	0.38				0.37	0.37	0.43
Algeria	1.12			1.11	1.12				1.13	1.12	1.11
Ecuador	0.55			0.55	0.53				0.53	0.53	0.53
Venezuela	2.46			2.43	2.40				2.40	2.38	2.38
Total Crude Oil	30.28			31.50	31.74				31.63	31.78	31.76
Total NGLs[1]	6.36	6.54	6.79	6.53	6.54	6.64	6.73	6.78	6.54	6.54	6.64
Total OPEC	**36.65**			**38.03**	**38.28**				**38.17**	**38.32**	**38.40**
NON-OPEC[2]											
OECD											
Americas	19.04	19.75	19.35	19.52	19.82	19.77	19.52	19.23	20.03	19.42	19.68
United States[5]	11.95	12.78	12.36	12.92	12.84	12.69	12.41	12.37	12.87	12.73	12.70
Mexico	2.81	2.60	2.51	2.56	2.60	2.58	2.53	2.51	2.59	2.59	2.61
Canada	4.28	4.37	4.48	4.04	4.38	4.49	4.57	4.34	4.57	4.08	4.35
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe	3.32	3.43	3.27	3.50	3.39	3.42	3.42	3.26	3.36	3.35	3.39
UK	0.87	0.96	0.91	1.02	0.93	0.98	1.01	0.92	0.90	0.95	0.95
Norway	1.89	1.92	1.84	1.93	1.91	1.91	1.89	1.82	1.92	1.86	1.91
Others	0.57	0.55	0.52	0.55	0.54	0.53	0.52	0.52	0.54	0.54	0.54
Asia Oceania	0.51	0.47	0.50	0.44	0.51	0.50	0.52	0.51	0.51	0.50	0.51
Australia	0.43	0.39	0.42	0.36	0.42	0.42	0.43	0.42	0.42	0.42	0.42
Others	0.08	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.08	0.09
Total OECD	**22.87**	**23.65**	**23.12**	**23.46**	**23.72**	**23.69**	**23.46**	**22.99**	**23.91**	**23.27**	**23.57**
NON-OECD											
Former USSR	13.87	13.97	13.86	13.97	13.91	13.98	13.93	13.88	13.88	13.92	14.00
Russia	10.91	11.05	11.05	11.03	11.04	11.10	11.08	11.06	11.04	11.08	11.12
Others	2.95	2.93	2.81	2.93	2.87	2.88	2.85	2.82	2.85	2.84	2.89
Asia	7.71	7.96	7.87	7.96	7.96	8.01	7.96	7.89	7.94	8.04	8.00
China	4.22	4.34	4.29	4.36	4.34	4.36	4.30	4.29	4.34	4.38	4.35
Malaysia	0.67	0.74	0.71	0.74	0.72	0.72	0.74	0.71	0.72	0.73	0.71
India	0.88	0.86	0.82	0.86	0.86	0.86	0.84	0.82	0.88	0.86	0.86
Indonesia	0.84	0.85	0.92	0.84	0.86	0.91	0.94	0.93	0.86	0.87	0.89
Others	1.11	1.16	1.14	1.16	1.17	1.17	1.15	1.14	1.14	1.20	1.18
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.13	0.13
Americas	4.40	4.56	4.65	4.54	4.54	4.55	4.64	4.62	4.61	4.51	4.62
Brazil[5]	2.35	2.53	2.66	2.50	2.56	2.53	2.64	2.63	2.64	2.49	2.60
Argentina	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
Colombia	0.99	1.01	0.97	1.03	0.98	1.01	0.99	0.97	0.97	1.01	1.01
Others	0.42	0.39	0.38	0.38	0.38	0.38	0.39	0.39	0.37	0.37	0.39
Middle East[3]	1.31	1.23	1.17	1.22	1.22	1.19	1.18	1.17	1.21	1.21	1.20
Oman	0.94	0.98	0.95	0.98	0.99	0.97	0.96	0.95	0.99	0.99	0.97
Syria	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.04	0.01	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.30	2.28	2.21	2.29	2.27	2.25	2.22	2.19	2.25	2.27	2.26
Egypt	0.69	0.71	0.67	0.71	0.71	0.70	0.69	0.68	0.72	0.71	0.71
Gabon	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.37	1.34	1.31	1.35	1.32	1.32	1.30	1.28	1.30	1.33	1.33
Total Non-OECD	**29.73**	**30.14**	**29.88**	**30.11**	**30.03**	**30.11**	**30.07**	**29.88**	**30.03**	**30.09**	**30.22**
Processing gains[4]	2.21	2.24	2.33	2.24	2.24	2.24	2.32	2.31	2.24	2.24	2.24
Global Biofuels[5]	2.19	2.31	2.35	2.39	2.63	2.39	1.90	2.38	2.69	2.66	2.66
TOTAL NON-OPEC	**57.00**	**58.33**	**57.68**	**58.20**	**58.62**	**58.44**	**57.75**	**57.56**	**58.87**	**58.26**	**58.69**
TOTAL SUPPLY	**93.64**			**96.23**	**96.90**				**97.04**	**96.58**	**97.09**

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.

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			
	May2015	Jun2015	Jul2015	Aug2015	Sep2015*	Sep2012	Sep2013	Sep2014	4Q2014	1Q2015	2Q2015	3Q2015
OECD Americas												
Crude	628.8	625.5	617.2	615.2	619.5	512.6	522.1	514.3	0.41	0.81	0.00	-0.06
Motor Gasoline	255.1	251.2	248.4	249.6	259.5	236.1	253.9	245.7	0.33	-0.08	-0.16	0.09
Middle Distillate	209.2	213.0	216.0	228.1	224.3	203.8	206.4	203.5	0.06	-0.09	0.14	0.12
Residual Fuel Oil	48.3	48.4	47.3	44.9	45.7	45.3	43.0	44.4	-0.03	0.05	0.03	-0.03
Total Products[3]	724.7	734.6	737.9	759.3	770.0	695.6	714.9	721.6	0.10	-0.35	0.43	0.39
Total[4]	1527.5	1537.4	1542.1	1564.4	1577.8	1384.8	1403.6	1415.8	0.33	0.45	0.59	0.44
OECD Europe												
Crude	343.5	342.3	339.1	342.1	341.9	320.0	322.1	315.2	0.04	0.28	-0.02	-0.01
Motor Gasoline	91.8	85.5	83.6	84.9	85.4	93.7	88.5	86.8	0.04	0.13	-0.18	0.00
Middle Distillate	280.6	277.8	282.6	298.0	297.3	265.3	254.9	266.1	-0.17	0.10	0.20	0.21
Residual Fuel Oil	65.8	66.8	68.5	71.0	71.1	77.3	71.7	61.7	0.03	0.02	0.01	0.05
Total Products[3]	532.4	523.0	526.1	551.2	550.4	540.0	504.5	512.1	-0.11	0.25	-0.01	0.30
Total[4]	946.9	937.8	933.5	961.7	961.5	925.9	890.3	896.9	-0.12	0.59	-0.02	0.26
OECD Asia Oceania												
Crude	198.3	201.3	204.9	204.3	207.1	183.0	165.9	178.3	-0.06	0.05	0.26	0.06
Motor Gasoline	25.1	25.3	24.7	23.6	23.3	27.5	24.5	22.8	-0.02	0.02	0.03	-0.02
Middle Distillate	61.5	61.2	65.6	70.2	67.4	69.2	69.9	70.3	-0.07	-0.09	0.06	0.07
Residual Fuel Oil	20.9	19.4	19.8	21.2	22.3	21.4	19.7	22.9	-0.02	-0.03	0.01	0.03
Total Products[3]	167.6	165.2	170.2	178.2	175.6	184.6	182.1	183.3	-0.16	-0.18	0.14	0.11
Total[4]	430.3	429.5	438.5	448.7	449.4	439.5	420.8	435.9	-0.33	-0.15	0.41	0.22
Total OECD												
Crude	1170.5	1169.1	1161.2	1161.6	1168.5	1015.7	1010.1	1007.8	0.40	1.14	0.24	-0.01
Motor Gasoline	372.0	362.0	356.7	358.1	368.1	357.2	366.9	355.2	0.35	0.06	-0.32	0.07
Middle Distillate	551.3	552.0	564.1	596.2	589.1	538.3	531.3	539.9	-0.18	-0.07	0.39	0.40
Residual Fuel Oil	135.0	134.6	135.6	137.1	139.1	144.0	134.3	128.9	-0.03	0.04	0.06	0.05
Total Products[3]	1424.7	1422.8	1434.2	1488.7	1496.0	1420.3	1401.4	1416.9	-0.17	-0.29	0.56	0.80
Total[4]	2904.7	2904.6	2914.1	2974.8	2988.6	2750.2	2714.8	2748.6	-0.12	0.89	0.99	0.91

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			
	May2015	Jun2015	Jul2015	Aug2015	Sep2015*	Sep2012	Sep2013	Sep2014	4Q2014	1Q2015	2Q2015	3Q2015
OECD Americas												
Crude	692.4	693.9	695.1	695.1	695.1	695.0	696.0	691.0	0.00	0.00	0.03	0.01
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	208.3	207.4	207.8	207.1	207.7	195.3	205.2	207.4	0.02	-0.01	-0.02	0.00
Products	260.6	259.1	256.1	255.4	255.7	236.3	262.1	256.2	0.00	0.02	0.01	-0.04
OECD Asia Oceania												
Crude	385.1	385.6	384.4	383.3	383.3	393.5	384.9	385.7	-0.01	0.02	-0.01	-0.03
Products	32.6	32.8	33.4	33.7	33.7	20.0	28.3	31.0	0.01	0.01	0.00	0.01
Total OECD												
Crude	1285.7	1286.9	1287.3	1285.5	1286.1	1283.8	1286.1	1284.0	0.02	0.01	0.00	-0.01
Products	294.3	292.9	290.5	290.1	290.4	257.3	291.4	288.2	0.01	0.02	0.02	-0.03
Total[4]	1583.8	1584.0	1582.0	1579.6	1580.8	1542.3	1581.6	1577.4	0.02	0.03	0.02	-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 September 2014		End December 2014		End March 2015		End June 2015		End September 2015 [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	186.1	77	193.1	82	182.8	81	175.6	-	-	-
Chile	10.1	32	9.7	28	11.3	33	11.8	-	-	-
Mexico	48.8	24	52.8	28	49.8	26	50.4	-	-	-
United States[4]	1840.7	94	1860.5	96	1909.4	99	1972.2	-	-	-
Total[4]	2107.8	86	2138.3	88	2175.3	90	2232.2	90	2273.9	92
OECD Asia Oceania										
Australia	38.6	35	36.2	33	34.1	32	35.9	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	608.2	136	580.7	121	567.7	146	578.3	-	-	-
Korea	196.6	83	196.8	79	201.0	87	224.6	-	-	-
New Zealand	9.2	56	8.4	49	8.7	56	9.0	-	-	-
Total	852.6	102	822.1	94	811.6	106	847.9	109	866.3	104
OECD Europe[5]										
Austria	22.0	84	22.9	92	23.7	91	23.2	-	-	-
Belgium	43.8	69	42.4	63	42.7	68	47.6	-	-	-
Czech Republic	21.0	103	21.9	116	21.7	103	21.5	-	-	-
Denmark	23.0	152	25.8	173	29.0	188	28.4	-	-	-
Estonia	1.8	55	1.6	57	1.5	50	1.5	-	-	-
Finland	38.7	204	37.9	213	44.1	254	45.0	-	-	-
France	171.3	105	167.8	100	172.9	106	169.8	-	-	-
Germany	283.0	118	284.2	119	286.1	124	287.2	-	-	-
Greece	29.6	97	26.5	91	31.1	112	27.8	-	-	-
Hungary	18.2	121	18.7	136	20.0	137	20.5	-	-	-
Ireland	10.0	67	9.3	63	12.8	90	11.1	-	-	-
Italy	123.0	100	119.4	98	121.0	93	117.1	-	-	-
Luxembourg	0.8	14	0.9	15	0.7	12	0.6	-	-	-
Netherlands	126.8	143	123.3	138	136.4	155	140.2	-	-	-
Norway	24.5	125	24.2	110	23.2	101	25.9	-	-	-
Poland	63.5	121	63.2	125	62.7	115	62.6	-	-	-
Portugal	23.0	93	22.5	95	21.7	86	21.8	-	-	-
Slovak Republic	10.6	152	11.4	152	11.6	133	11.4	-	-	-
Slovenia	4.8	92	4.6	96	4.9	99	4.7	-	-	-
Spain	122.7	100	121.3	98	132.4	111	132.8	-	-	-
Sweden	27.8	92	29.1	98	31.1	94	29.3	-	-	-
Switzerland	38.8	156	37.3	161	37.3	172	37.2	-	-	-
Turkey	62.5	87	62.4	81	64.7	75	65.7	-	-	-
United Kingdom	74.3	49	77.8	51	76.3	50	75.6	-	-	-
Total	1365.6	102	1356.2	101	1409.7	104	1408.5	100	1429.2	105
Total OECD	**4326.0**	**93**	**4316.6**	**93**	**4396.5**	**97**	**4488.6**	**96**	**4569.4**	**98**
DAYS OF IEA Net Imports[6]	**-**	**171**	**-**	**170**	**-**	**174**	**-**	**197**	**-**	**-**

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 2015 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]*		
3Q2012	4292	1542	2750	93	33	59
4Q2012	4230	1547	2683	93	34	59
1Q2013	4259	1580	2680	94	35	59
2Q2013	4253	1576	2676	92	34	58
3Q2013	4296	1582	2715	92	34	58
4Q2013	4174	1584	2589	91	35	57
1Q2014	4196	1585	2611	94	35	58
2Q2014	4260	1580	2681	93	34	58
3Q2014	4326	1577	2749	93	34	59
4Q2014	4317	1579	2738	93	34	59
1Q2015	4397	1582	2815	97	35	62
2Q2015	4489	1584	2905	96	34	62
3Q2015	4569	1581	2989	98	34	64

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 3Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2012	2013	2014	3Q14	4Q14	1Q15	2Q15	Jun 15	Jul 15	Aug 15	Aug 14	change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.47	0.60	0.58	0.65	0.53	0.56	0.57	0.43	0.14
Europe	0.85	0.79	0.84	0.93	0.84	0.91	0.77	0.81	0.76	0.66	0.98	-0.31
Asia Oceania	1.26	1.21	1.17	1.08	1.18	1.37	1.25	1.09	1.14	1.20	1.05	0.16
Saudi Medium												
Americas	0.44	0.45	0.36	0.36	0.25	0.24	0.37	0.35	0.39	0.45	0.32	0.13
Europe	0.05	0.01	0.03	0.05	0.04	0.02	0.02	0.03	0.02	0.05	0.02	0.03
Asia Oceania	0.45	0.43	0.45	0.50	0.45	0.40	0.44	0.39	0.50	0.52	0.47	0.05
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.49	0.20	0.09	0.20	0.19	0.16	0.11	0.57	-0.47
Europe	0.26	0.25	0.50	0.50	0.70	0.50	0.48	0.55	0.85	0.93	0.51	0.43
Asia Oceania	0.33	0.31	0.24	0.21	0.27	0.41	0.31	0.44	0.49	0.45	0.26	0.20
Kuwait Blend												
Americas	0.22	0.28	0.27	0.25	0.22	0.15	0.21	0.12	-	0.12	0.25	-0.13
Europe	0.09	0.10	0.09	0.04	0.14	0.12	0.08	0.13	0.21	0.19	0.06	0.13
Asia Oceania	0.65	0.64	0.62	0.62	0.62	0.66	0.61	0.51	0.66	0.65	0.63	0.02
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.11	0.12	0.09	0.11	0.10	0.09	0.07	0.12	-0.05
Asia Oceania	0.02	0.00	0.01	0.03	-	0.03	-	-	0.02	0.02	0.05	-0.04
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.01	0.00	0.03	0.01	0.02	0.02	0.03	0.01	0.02
Asia Oceania	0.33	0.30	0.28	0.28	0.26	0.31	0.25	0.21	0.21	0.23	0.28	-0.05
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.71	0.62	0.67	0.67	0.63	0.67	0.68	0.74	-0.06
Europe	0.08	0.07	0.08	0.09	0.09	0.10	0.09	0.07	0.07	0.04	0.11	-0.07
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.67	0.66	0.59	0.43	0.44	0.46	0.44	0.73	-0.29
Europe	0.14	0.14	0.14	0.13	0.13	0.16	0.13	0.16	0.16	0.17	0.13	0.04
Asia Oceania	-	-	-	-	-	-	0.01	-	0.03	0.03	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.81	1.79	1.84	1.81	1.76	1.91	2.04	1.74	0.30
Europe	-	-	0.00	-	0.01	-	0.01	-	-	-	-	-
Asia Oceania	-	-	0.00	0.00	0.00	-	-	-	-	-	-	-
BFOE												
Americas	0.02	0.03	0.01	-	0.01	0.01	-	-	-	-	-	-
Europe	0.55	0.47	0.56	0.53	0.59	0.47	0.48	0.51	0.53	0.48	0.56	-0.08
Asia Oceania	0.07	0.06	0.07	-	0.04	0.03	0.09	0.13	-	-	-	-
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.53	1.38	1.54	1.51	1.40	1.60	1.65	1.50	0.14
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	-	-	-	0.01	0.02	-	-	-	-
Europe	0.53	0.59	0.64	0.58	0.68	0.73	0.60	0.54	0.65	0.58	0.45	0.13
Asia Oceania	-	0.00	0.02	0.05	0.01	0.04	0.02	-	0.16	0.17	0.04	0.13
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.34	0.54	0.20	0.23	0.18	0.30	0.17	0.27	-0.09
Asia Oceania	0.04	0.03	0.02	0.03	0.02	-	0.02	0.02	-	-	0.05	-
Nigerian Light[4]												
Americas	0.24	0.07	0.00	-	0.01	0.03	0.01	-	0.05	-	-	-
Europe	0.58	0.53	0.55	0.59	0.54	0.62	0.53	0.52	0.56	0.55	0.64	-0.09
Asia Oceania	0.04	0.03	0.02	0.03	0.00	-	-	-	-	-	0.04	-

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)

	2012	2013	2014	3Q14	4Q14	1Q15	2Q15	Jun 15	Jul 15	Aug 15	Year Earlier Aug 14	% change
Crude Oil												
Americas	6101	5130	4201	4336	3755	3869	4085	4089	4196	4073	4293	-5%
Europe	9346	8926	8689	9006	9056	9477	9197	8893	9440	9411	9053	4%
Asia Oceania	6761	6553	6381	6315	6331	6871	6426	6122	6663	6668	6352	5%
Total OECD	22208	20608	19270	19657	19142	20217	19708	19105	20299	20153	19697	2%
LPG												
Americas	20	17	12	7	13	13	12	4	1	9	3	228%
Europe	287	382	426	475	433	479	361	400	391	413	502	-18%
Asia Oceania	620	546	531	520	527	537	535	545	467	543	518	5%
Total OECD	927	945	969	1002	973	1029	908	949	858	965	1023	-6%
Naphtha												
Americas	20	17	20	16	13	20	14	9	8	13	14	-4%
Europe	381	332	348	304	384	411	287	302	356	432	285	52%
Asia Oceania	900	927	960	912	996	976	915	879	954	893	862	4%
Total OECD	1301	1276	1327	1232	1392	1407	1217	1190	1319	1338	1160	15%
Gasoline[3]												
Americas	730	659	665	660	663	572	745	801	816	795	728	9%
Europe	212	106	131	115	114	125	114	130	3	101	70	45%
Asia Oceania	86	83	83	70	79	102	125	119	63	80	63	27%
Total OECD	1028	848	879	845	856	799	985	1050	882	976	861	13%
Jet & Kerosene												
Americas	73	81	100	94	104	148	152	181	158	157	60	161%
Europe	398	445	459	584	412	373	426	474	586	550	511	8%
Asia Oceania	62	74	60	43	88	67	68	92	46	36	41	-12%
Total OECD	533	601	618	721	604	589	646	747	790	743	612	21%
Gasoil/Diesel												
Americas	59	58	95	41	81	157	40	38	24	67	48	39%
Europe	984	1121	1085	1176	978	1106	1310	1367	1148	1360	1108	23%
Asia Oceania	185	162	181	175	176	164	188	176	177	148	133	11%
Total OECD	1227	1341	1361	1392	1234	1427	1538	1580	1349	1575	1289	22%
Heavy Fuel Oil												
Americas	206	165	132	134	135	119	113	87	109	163	121	34%
Europe	521	552	618	663	559	690	484	459	644	483	733	-34%
Asia Oceania	224	242	214	183	167	212	134	142	160	173	198	-12%
Total OECD	951	960	964	981	861	1021	732	689	913	819	1052	-22%
Other Products												
Americas	813	812	671	682	656	626	760	792	837	676	682	-1%
Europe	636	791	721	697	665	666	667	652	581	893	780	14%
Asia Oceania	357	386	374	372	307	317	306	360	307	360	398	-9%
Total OECD	1806	1989	1766	1751	1628	1609	1734	1805	1725	1930	1860	4%
Total Products												
Americas	1921	1810	1695	1633	1665	1655	1836	1912	1953	1880	1657	13%
Europe	3419	3729	3787	4015	3544	3850	3651	3785	3710	4232	3988	6%
Asia Oceania	2433	2421	2402	2276	2339	2375	2272	2313	2174	2233	2213	1%
Total OECD	7773	7960	7885	7924	7548	7880	7759	8009	7836	8345	7858	6%
Total Oil												
Americas	8022	6940	5896	5969	5420	5525	5921	6001	6149	5954	5950	0%
Europe	12765	12655	12476	13021	12600	13327	12848	12678	13150	13643	13041	5%
Asia Oceania	9194	8974	8783	8590	8670	9246	8698	8435	8837	8901	8564	4%
Total OECD	29982	28568	27155	27581	26690	28097	27467	27114	28135	28498	27555	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.

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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 12 August 2015), 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 © 2015 Argus Media Limited - all rights reserved).

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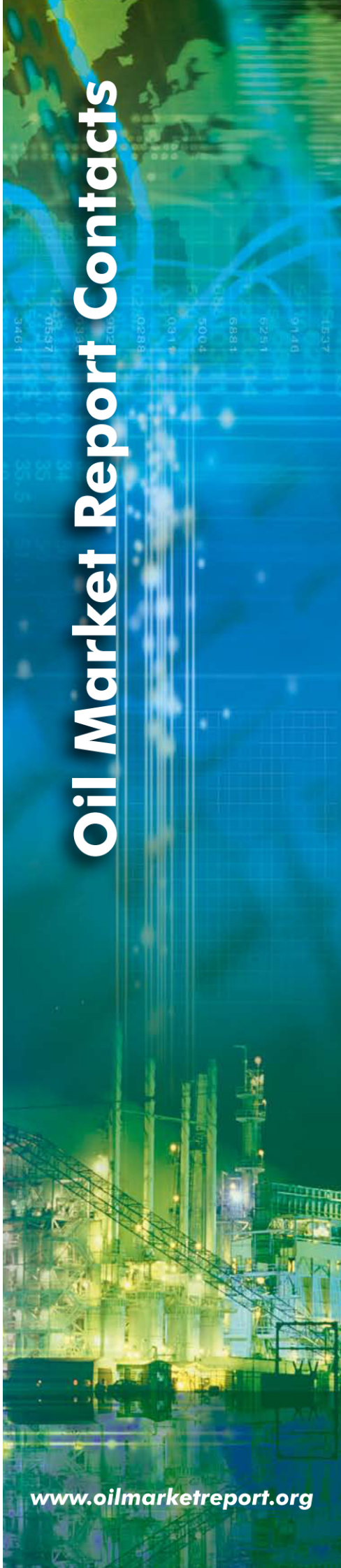

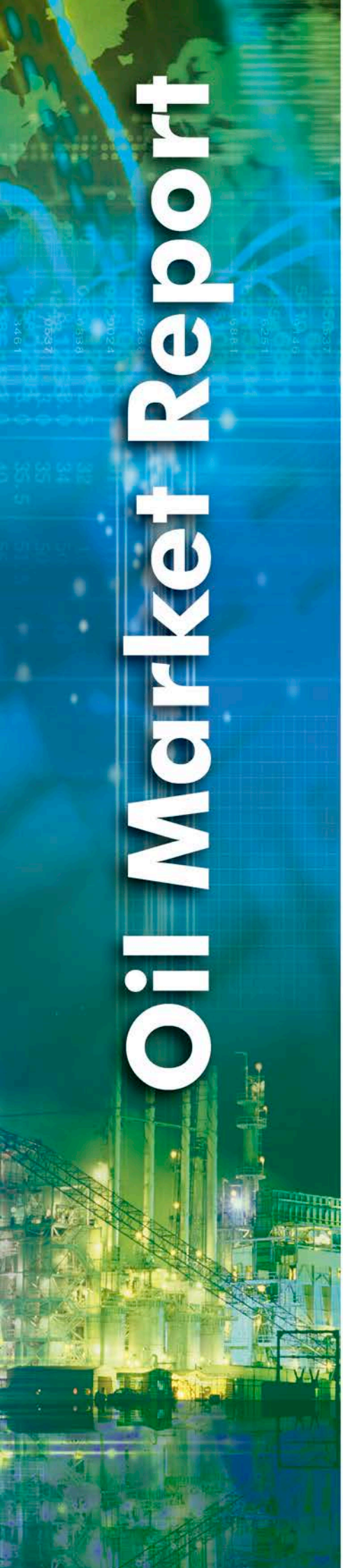

International Energy Agency
Secure Sustainable Together

11 December 2015

HIGHLIGHTS

- **Benchmark crudes approached seven-year lows in early December after OPEC opted to continue producing at will to defend market share**. Unrelenting oversupply in world markets had already weakened benchmarks during November. ICE Brent was last trading at $39.77 /bbl with NYMEX WTI several dollars lower at $36.87/bbl.

- **World demand growth of 1.2 mb/d is forecast in 2016, as first signs of a slowdown appear**. Early indicators for 4Q15 show growth easing to 1.3 mb/d y-o-y, from a 3Q15 peak of 2.2 mb/d. The resulting annual growth of 1.8 mb/d for 2015 is led by China, the US, India and – somewhat surprisingly – Europe.

- **Global oil supply inched up 50 kb/d in November to 96.9 mb/d on slightly higher OPEC crude output.** Total supplies stood 1.8 mb/d above a year ago, with OPEC accounting for the lion's share**.** Non-OPEC supply held at 58.5 mb/d in November, but annual growth slowed to below 300 kb/d from 2.2 mb/d at the start of 2015.

- **OPEC crude output edged 50 kb/d higher in November to 31.73 mb/d.** Record production from Iraq and higher supply from Kuwait offset losses from African members. The 'call on OPEC crude and stock change' for 2016 is unchanged from our previous *Report* at 31.3 mb/d – a substantial rise of 1.6 mb/d on this year.

- **OECD commercial stocks drew for the first time in seven months in October to stand at 2 971 mb at end-month**. Global inventories are set to keep building at least until late 2016, but at a much slower pace than observed this year. New and spare storage capacity should be able to accommodate the projected extra 300 mb of stocks.

- **Global refinery runs rose by 1.4 mb/d in November to 79.9 mb/d as the maintenance season drew to a close**. Margins in November remained healthy, though lower in the US, but higher elsewhere, and still supported by gasoline and naphtha. Product cracks and margins, however, took a hit early December.

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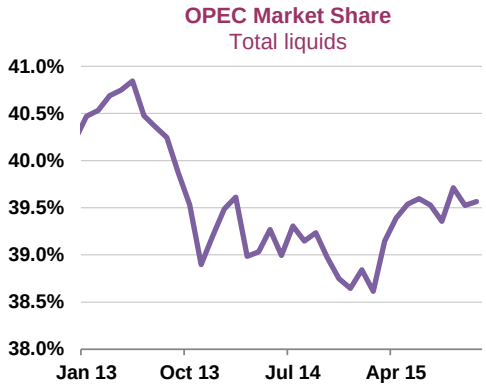
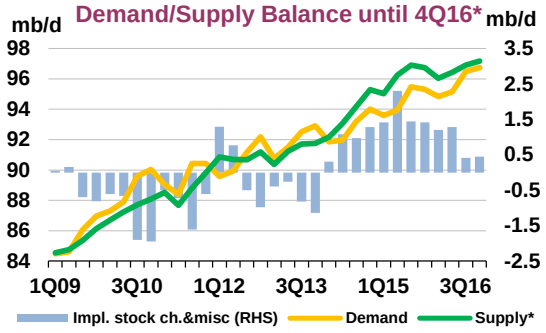
Reality check

OPEC's decision to scrap its official production ceiling and keep the taps open is a *de facto* acknowledgment of current oil market reality. The exporter group has effectively been pumping at will since Saudi Arabia convinced fellow members a year ago to refrain from supply cuts and defend market share against a relentless rise in non-OPEC supply. As oil flirts with $40/bbl and approaches a seven-year low, the early December move appears to signal a renewed determination to maximize low-cost OPEC supply and drive out high-cost non-OPEC production – regardless of price.

But the freewheeling OPEC policy does not – for now - alter the status quo on its supply. We see only limited upside potential until Iran starts to ramp up output assuming sanctions are eased next year. OPEC supply since June has been running at an average 31.7 mb/d, with Saudi Arabia and Iraq – the group's largest producers - pumping at or near record rates. Riyadh has held supply above 10 mb/d since March to satisfy demand at home and abroad while Iraq, including the Kurdistan Regional Government (KRG), is doing its level best to keep production above the 4 mb/d mark first breached in June.

There is evidence the Saudi-led strategy is starting to work. Lower prices are clearly taking a toll on non-OPEC supply, with annual growth shrinking below 0.3 mb/d in November from 2.2 mb/d at the start of the year. A 0.6 mb/d decline is expected in 2016, as US light tight oil – the driver of non-OPEC growth – shifts into contraction. As companies make further spending cuts in reaction to sub-$50/bbl oil, the impact on supplies – both from non-OPEC and OPEC - will be even more pronounced in the longer term.





*OPEC output assumed steady at 31.7mb/d through March 2016. A gradual ramp-up of Iranian production is expected during 2Q16 to 600/kb/d in June.

At the same time, lower oil prices have been a boon to consumers – driving demand growth to a five-year high as motorists in the US, China and India fill up their tanks. But sustained low prices will not necessarily create benefits for importing countries in the longer run as it could complicate the transition to a low-carbon economy, as discussed in the 2015 *World Energy Outlook*. Consumption is likely to have peaked in the third quarter and demand growth is expected to slow to a still-healthy 1.2 mb/d in 2016, as support from sharply falling oil prices begins to fade.

Shrinking non-OPEC supply and on-trend demand growth should lead to a marked slowdown in the pace of global stock builds next year. However, as extra Iranian oil hits the market, inventories are expected to swell by 300 million barrels. Concerns about reaching storage capacity limits appear to be overblown. Oil tank tops should not come under pressure any time soon, due to spare storage capacity in the US and expectations of future storage capacity additions. Much of the excess oil will be soaked up by 230 mb of new storage capacity additions, while US inventories are only 70% full.

Storage levels may provide yet another check on reality. And as inventories continue to swell into 2016, there will still be a lot of oil weighing on the market.

DEMAND

Summary

- **Global demand growth of 1.2 mb/d is forecast in 2016,** a notable slowdown from this year's five-year high as many of the factors that contributed to a rapid increase in oil use are likely to prove temporary. Growth peaked at 1.8 mb/d in 2015, supported by robust gains in China, the US, India and – somewhat surprisingly – Europe.

- **In stark contrast to a 3Q15 peak of 2.2 mb/d year-on-year (y-o-y), early indicators of 4Q15 demand growth show a dramatic slowdown –** with preliminary estimates pointing to 1.3 mb/d y-o-y growth, the lowest in a year. Previous supports – such as post-recessionary bounces in many European countries and very strong US growth – are starting to give way.

- After leading global demand growth, **weaker US demand conditions since September are likely to prove a key contributor to the downside.** Up by a record 0.5 mb/d y-o-y in 1H15, US growth eased to 0.4 mb/d in 3Q15 and will likely fall in absolute terms in 4Q15. Early data signals show that the initial stimulus from sharply falling crude oil prices is starting to fade. Apart from the US, preliminary October numbers show notable slowdowns in Japan, France and Germany.

- **China's 2016 oil demand forecast has been raised due to higher gasoline numbers.** The IEA's latest data show a more rapidly expanding gasoline fleet, with demand next year rising by 0.2 mb/d. The diesel forecast, however, is flat-to-falling due to sluggish industrial oil demand.

- Preliminary **Indian demand figures for October showed their largest ever gain** as low prices, an ambitious road-building programme and robust macroeconomic underpinnings supported strong gains in diesel, gasoline and bitumen.

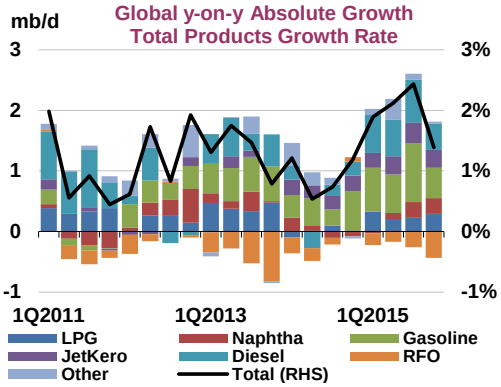
Global Oil Demand (2014-2016)

(million barrels per day)

	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Africa	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.1	4.1	4.2	4.2	4.1	4.3	4.2
Americas	30.5	30.5	31.3	31.5	31.0	30.9	30.9	31.6	31.2	31.2	30.9	30.9	31.5	31.7	31.3
Asia/Pacific	31.3	30.4	29.9	31.5	30.8	32.2	31.5	31.4	32.7	31.9	33.0	32.4	32.3	33.3	32.7
Europe	13.6	14.0	14.5	14.1	14.1	14.1	14.2	14.9	14.2	14.4	14.1	14.4	14.7	14.3	14.4
FSU	4.6	4.9	5.1	5.0	4.9	4.6	4.9	5.0	4.9	4.9	4.7	4.8	5.0	4.9	4.8
Middle East	7.7	8.2	8.4	7.9	8.0	7.7	8.3	8.6	8.0	8.2	7.9	8.4	8.9	8.2	8.3
World	**91.8**	**92.0**	**93.2**	**94.0**	**92.8**	**93.6**	**93.9**	**95.4**	**95.3**	**94.6**	**94.8**	**95.1**	**96.5**	**96.7**	**95.8**
Annual Chg (%)	1.2	0.5	0.7	1.2	0.9	1.9	2.1	2.4	1.4	1.9	1.3	1.3	1.1	1.5	1.3
Annual Chg (mb/d)	1.1	0.5	0.7	1.1	0.8	1.7	1.9	2.2	1.3	1.8	1.2	1.2	1.0	1.4	1.2
Changes from last OMR (mb/d)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-0.2	0.0	-0.1	0.0	0.1	0.0	0.0

Global Overview

Over one year into a period of sharply falling crude oil prices, the supportive influence from lower/falling prices appears to be waning – a long-cited IEA prognosis, but one that is gaining traction with the latest demand data. In the US, a nine-month strong demand trend came to an abrupt halt in September, with preliminary indicators for October and November pointing to further outright declines. For 4Q15, global oil demand growth should ease back towards 1.3 mb/d y-o-y – a one-year low – having peaked at 2.2 mb/d in 3Q15.



Such metrics equate to world oil demand growth maxing-out at a five-year high of 1.8 mb/d in 2015, with global deliveries at an average 94.6 mb/d for the year. Rapid gains in gasoline demand – from the US, China and India – fuelled the growth. Strong gains in European gasoil/diesel demand also contributed heavily after many of the region's economies waved goodbye to recessionary conditions.

As for 2016, global oil demand growth is expected to edge closer towards its long-term trend, easing back to 1.2 mb/d, taking global deliveries to an average 95.8 mb/d. Early indicators of 4Q15 demand show the projected slowdown already occurring, with absolute declines in US, French, German and Japanese deliveries seen in October. An exceptionally precarious macroeconomic backdrop is also likely to restrain the 2016 forecast. The US Federal Reserve is likely to start tightening monetary policy and raise interest rates, which could dampen many already weak emerging market currencies and create more problems for their already ailing economies. The International Monetary Fund (IMF), in October's *World Economic Outlook*, cited that "the liftoff of US policy rates from the zero lower bound is likely to be associated with some tightening of external financial conditions…(and that) emerging markets remain vulnerable in the short term to further declines in commodity prices and sharp appreciation of the US dollar, which could further strain corporate balance sheets in some countries."

OECD

Rapid gains in OECD oil demand growth may be on the verge of a sharp deceleration if the latest preliminary indicators of US, German, French and Japanese deliveries can be used as a 'canary in the mine'. Having risen in 3Q15 by 0.8 mb/d (or 1.8%) y-o-y, OECD oil demand looks to be posting a reversal, falling by around 0.1 mb/d (or 0.2%) in 4Q15 y-o-y as US demand conditions deteriorate sharply (see *Americas*). The OECD oil demand trajectory is forecast to see flat-to-falling demand in 2016.

OECD Demand based on Adjusted Preliminary Submissions - October 2015

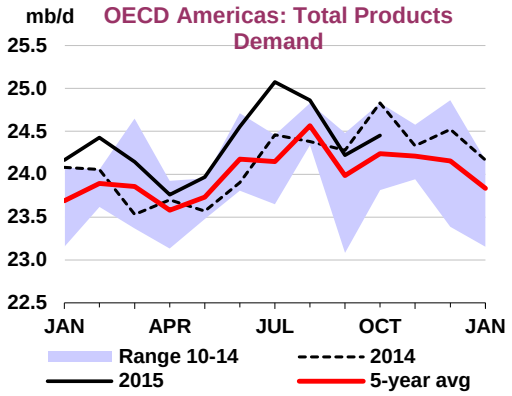
(million barrels per day)

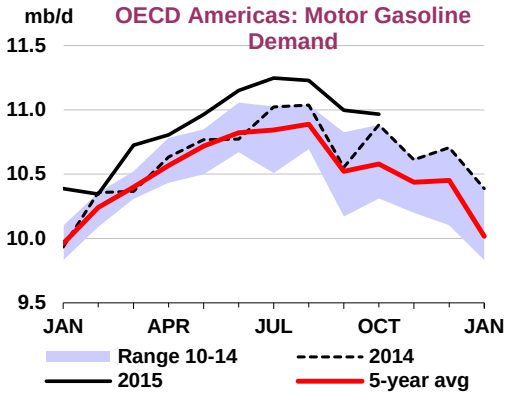
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.96**	**0.8**	**1.80**	**2.7**	**4.88**	**-2.4**	**0.51**	**-14.8**	**0.47**	**-21.2**	**5.83**	**-2.90**	**24.45**	**-1.5**
US50	9.22	0.8	1.53	2.3	3.97	-2.7	0.14	-23.8	0.14	-44.1	4.39	-3.30	19.39	-1.5
Canada	0.82	-1.8	0.14	5.6	0.31	-2.9	0.28	-12.5	0.03	-49.6	0.77	1.83	2.35	-3.0
Mexico	0.77	2.7	0.06	6.8	0.37	-3.6	0.05	-8.7	0.19	10.5	0.56	-6.09	2.01	-0.6
OECD Europe	**1.89**	**-3.3**	**1.38**	**4.7**	**4.94**	**0.7**	**1.55**	**2.5**	**0.79**	**-13.0**	**3.32**	**0.24**	**13.87**	**-0.3**
Germany	0.43	-6.9	0.19	1.3	0.82	1.4	0.40	0.2	0.11	-16.0	0.51	0.90	2.47	-1.4
United Kingdom	0.29	-3.2	0.33	-4.6	0.49	2.7	0.13	10.9	0.03	-17.6	0.26	3.18	1.52	0.2
France	0.16	-2.2	0.15	1.7	0.72	-3.1	0.28	-4.6	0.03	-34.3	0.29	-11.09	1.63	-5.3
Italy	0.19	-2.7	0.10	5.2	0.52	-6.6	0.07	60.7	0.08	13.5	0.35	11.19	1.30	2.6
Spain	0.11	-0.8	0.12	-8.9	0.45	2.1	0.16	-2.5	0.14	-17.7	0.23	-3.19	1.21	-3.6
OECD Asia & Oceania	**1.56**	**0.8**	**0.77**	**3.2**	**1.34**	**5.3**	**0.53**	**6.4**	**0.51**	**-11.9**	**3.05**	**-0.72**	**7.75**	**0.6**
Japan	0.89	0.7	0.41	2.1	0.42	3.9	0.38	3.2	0.26	-26.0	1.48	-5.72	3.84	-3.5
Korea	0.22	6.4	0.18	7.7	0.39	13.2	0.12	16.9	0.21	12.5	1.32	5.84	2.43	8.2
Australia	0.32	-2.2	0.14	2.5	0.44	2.6	0.00	265.5	0.03	7.3	0.17	-4.46	1.10	0.1
OECD Total	**14.41**	**0.2**	**3.95**	**3.5**	**11.16**	**-0.2**	**2.58**	**-0.7**	**1.77**	**-15.1**	**12.20**	**-1.52**	**46.08**	**-0.8**

* Including US territories

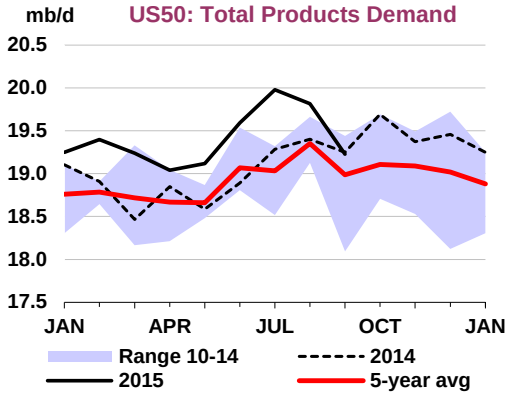
Americas

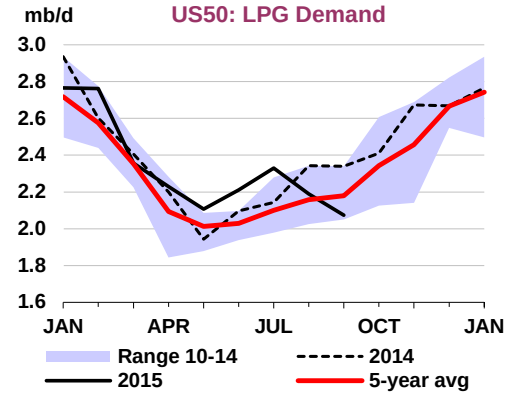
The gloss of sharply falling crude oil prices appears to have faded as a stimulus to strongly rising demand conditions in the OECD Americas. Preliminary October numbers show regional oil deliveries averaging 24.4 mb/d in the OECD Americas, 380 kb/d down on the year earlier after a confirmed y-o-y decline of 55 kb/d in September. This amounts to a dramatic change from the average 410 kb/d gains seen in the first eight months of 2015.



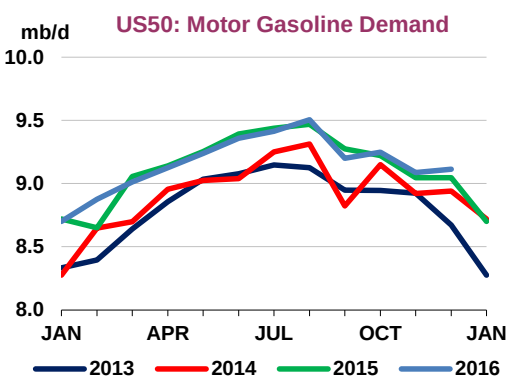


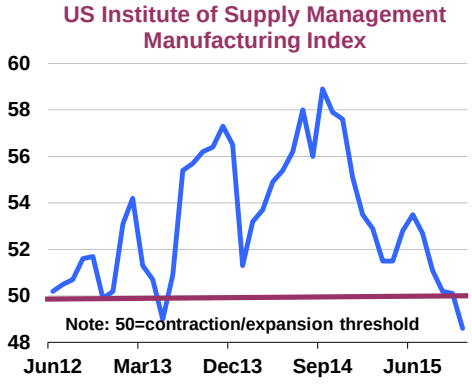
After experiencing nine consecutive months of positive y-o-y growth, the **US** is leading these widely fluctuating demand conditions. September saw a rare, albeit modest, return of lower y-o-y demand across the 50 states of the US. The last confirmed data point for the US shows deliveries easing back by 20 kb/d compared to a year earlier to 19.2 mb/d in September. Demand fell due to sharp declines in LPG, residual fuel oil and 'other products'. LPG's switch has been particularly stark, since it rose strongly from April through July, before falling by 155 kb/d y-o-y in August and 265 kb/d in September. US LPG demand fell as warm weather curbed the propane crop-drying requirement in the Midwest and an ethane cracker shut on the Gulf Coast. Although we have been alluding to a weaker US demand trend towards the end of the year, the September adjustment surprised by its scale – a full 120 kb/d below our previous estimate.



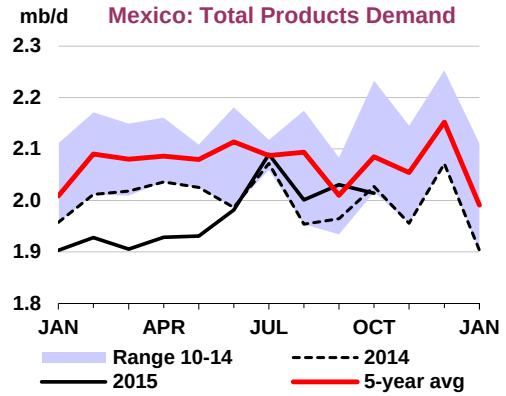


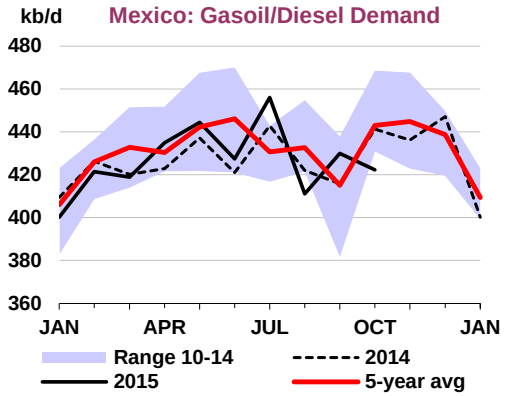
Preliminary estimates of demand across the 50 states of the US for both October and November based on weekly data from the US Energy Information Administration show further y-o-y declines as previously strong gains in US gasoline demand appear to easing just as industrial oil use weakens. Having risen by close to 3% compared to the year earlier through the first nine months of 2015, US gasoline demand growth will struggle to get above 1.5% during October-November. The most price-responsive US drivers have already put many more miles 'on the clock' and with retail pump prices flattening out in recent months the price stimulus has ebbed. Leading manufacturing business sentiment indicators – such as the Institute of Supply Management's Manufacturing Purchasing Managers' Index (PMI) – returned to 'contracting' territory in November after a two-year hiatus, indicating weakening industrial sector oil demand. Thus for 4Q15 as a whole, total US oil deliveries are forecast to average 19.4 mb/d, 155 kb/d below year earlier levels. The forecast for the year as a whole also equates to 19.4 mb/d, a gain of 285 kb/d on the year earlier. Next year the US demand forecast is up only marginally to 19.5 mb/d, as projected decelerations in US gasoline, jet/kerosene and 'other product' demand growth bring the overall trend down significantly.





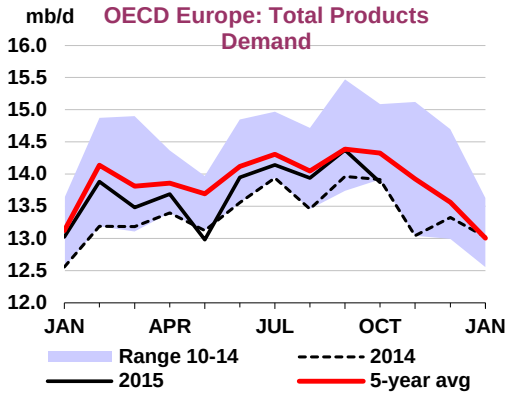
Pulled down compared to recent heights, **Mexican** oil deliveries in October essentially maintained parity with year earlier levels, as previous sharp gains in industrial oil use ebbed. Having risen in y-o-y terms by 65 kb/d in September and 45 kb/d in August, October's modest 15 kb/d decline amounted to a sharp reversal in sentiment. Sizeable declines in Mexican gasoil/diesel and 'other product' deliveries led October's reversal, respectively falling by 20 kb/d and 15 kb/d compared to the year earlier. Easing demand from the electricity generating sector proved a particular downside contributor, as the Mexican Secretaria de Energia reported power-sector gasoil/diesel use down by around a half in October, y-o-y, with coal use up sharply in contrast. A continuation of October's relatively flat Mexican demand trend is foreseen in 2016, as deliveries average roughly 2.0 mb/d in both 2015 and 2016.

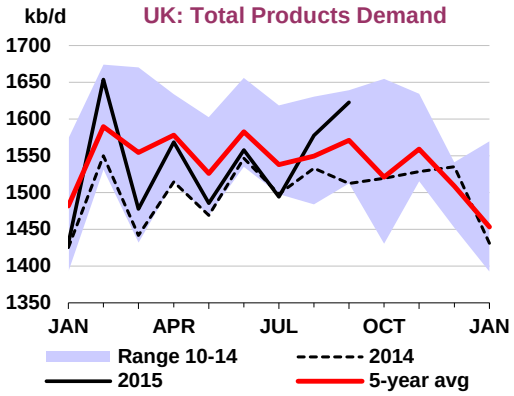




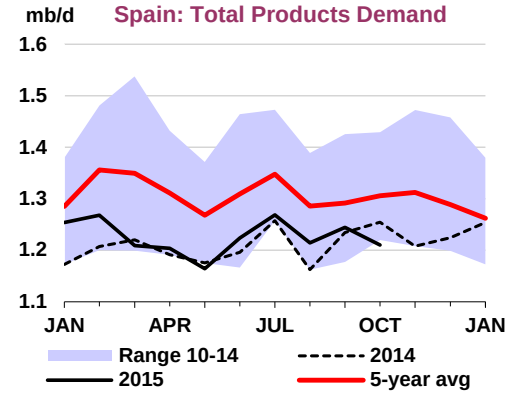
Europe

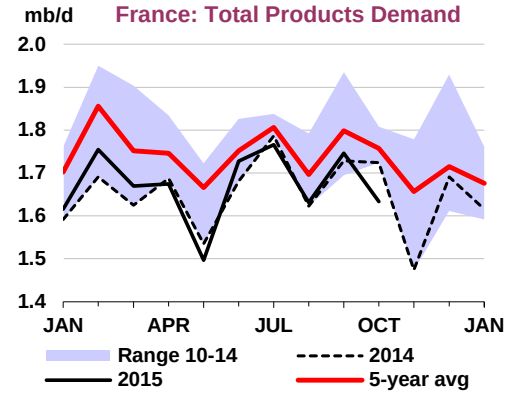
The strength of the European oil demand picture – as deliveries rose in y-o-y terms through the first three quarters of 2015, contrary to the long-term trend – is largely one of rising gasoil/diesel demand. European gasoil demand rose strongly through the first nine months of this year as additional industrial and transport sector use coincided with a legislative change that forced many shippers to use low-sulphur fuels post December 2014 (see *Medium Term Oil Market Report, 2015*). Recent strong gains in Italy, the UK and Turkey have led Europe's upside, offsetting slowdowns/declines in Spain, Germany and France. Additional gasoil demand in the **UK** proved to be a key upside contributor to European growth during August-September. Total UK industrial activity posted a 1.1% y-o-y gain in September, according to the UK Office for National Statistics, continuing a near-two year period of rising y-o-y activity supporting robust gains in industrial oil use. October saw the ninth consecutive month of rising y-o-y demand in previously beleaguered **Italy**, with strong gains in the petrochemical and jet transport markets the key recent upside contributors.





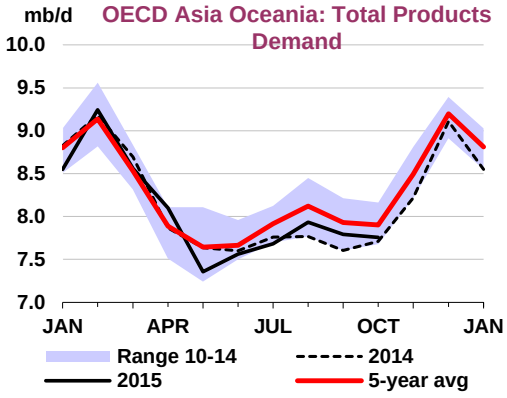
Despite such recent gains, the IEA still foresees a deceleration occurring in 4Q15. Notable European economies that have already shown early signs of easing include Spain, France and Germany. Having seen y-o-y growth average 25 kb/d through the first nine months of the year, **Spain's** 45 kb/d October decline is likely to be a harbinger of persistent weaknesses to come, as we foresee the country's demand falling by around 1% in 2016. Post-recessionary stimuli are losing potency, as is the supportive influence of falling prices. A similar picture is painted for France and Germany, with respective y-o-y declines of 5.3% and 1.4% in October.





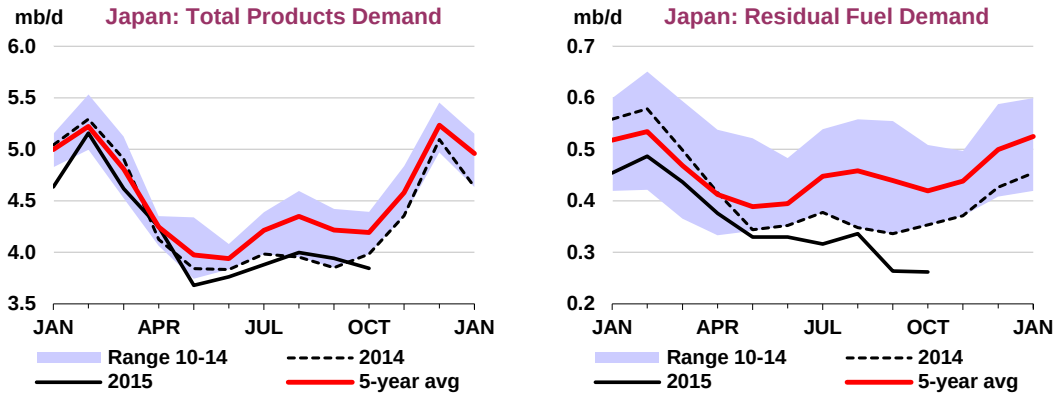
Asia Oceania

Rising modestly in 3Q15, OECD Asia Oceania has seen generally declining oil demand for many years and is forecast to return to trend from 4Q15-through-2016. After a decline of 15 kb/d y-o-y in 2015 to 8.1 mb/d, total oil deliveries in OECD Asia Oceania are forecast to fall by a further 25 kb/d in 2016 due to declines in the transport sector, right across OECD Asia Oceania, and the power-sector, specifically in Japan. Prior to 3Q15 the region endured five consecutive quarters of falling y-o-y demand with the sharpest contractions reserved for residual fuel oil and 'other products'. Declines in Japanese residual fuel oil and 'other product' deliveries, largely attributable to the power sector, account for the majority of these falls. Meanwhile, gains in naphtha and gasoil/diesel demand proved insufficient until 3Q15 to offset the otherwise declining demand trend in OECD Asia Oceania.

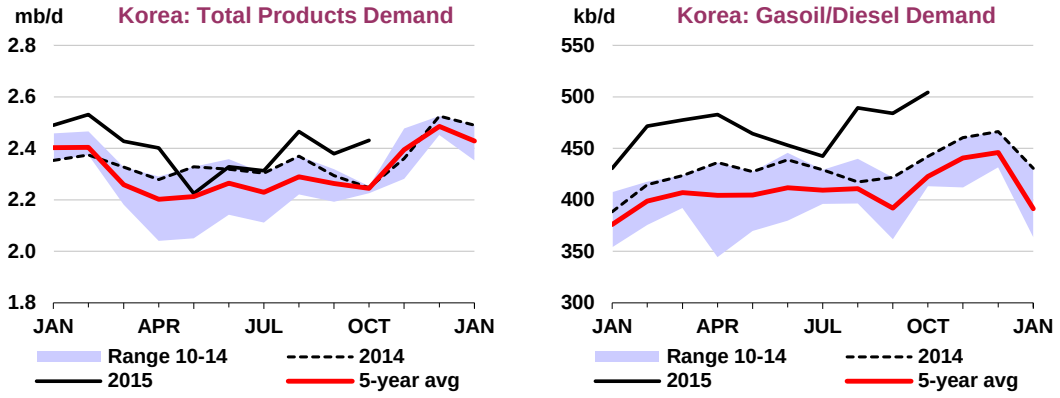


Falling by approximately 3.5% y-o-y in October, along with a downwardly revised January-August series, the overall **Japanese** oil demand estimate for 2015, at 4.2 mb/d, has been curbed by approximately

15 kb/d compared to last month's *Report*. This revised estimate leaves a decline of 120 kb/d (or 2.7%) over 2014, with sharp drops in residual fuel oil, LPG and 'other products' offsetting gains in road diesel and naphtha, the latter largely due to additional petrochemical demand. A further, albeit smaller, decline in Japanese demand, -80 kb/d to 4.1 mb/d, is foreseen for 2016, with drops envisaged across both the transport and power sectors. The downside momentum eases as the power sector's flight from oil progressively runs out of steam. Already as of late-2015 the ten largest Japanese electricity utilities tracked by the Federation of Electric Power Companies had reduced their combined oil usage to 0.1 mb/d in October, as gas, coal, renewables and even nuclear filled the void. Nearly one-quarter down on year earlier levels, or two-thirds down on two years prior, little room is left for further sizeable declines in Japanese power sector oil use, hence the more modest decline that is forecast for 2016.



Strong gains across the major industrial fuels saw **Korean** oil demand growth scale a near three-year high of 185 kb/d (or 8.2%) y-o-y in October. The scale of growth massively outpaced overall industrial output expansion, which according to Statistics Korea rose by approximately 1.5% in October compared to the year earlier. Korean oil demand growth peaked as lower prices and the relatively subdued state of demand one year earlier provided an additional one-off stimulus to consumption. Having risen by around 90 kb/d in 2015, to 2.4 mb/d, a deceleration is foreseen in 2016 (+45 kb/d) due to a softening in Korean transport fuel demand.



Non-OECD

Having bottomed-out at around 1.0 mb/d y-o-y in 1Q15, non-OECD momentum has modestly accelerated, supported by strong gains in the region's two dominant consumer nations – India and China. Rising by approximately 1.4 mb/d (or 3.0%) y-o-y in 3Q15 to 48.8 mb/d, the region posted its sharpest gain in two and a half years - supported by continued gains in gasoline demand and, more recently, by higher deliveries of gasoil/diesel and LPG (including ethane). Previously conspicuous by its absence, returning non-OECD gasoil/diesel demand growth is a very notable occurrence. Looking forward, non-

OECD oil demand growth should stabilise at around 1.0-to-1.4 mb/d from 4Q15-2016, modestly down on recent months, as some of the previous support from falling oil prices wanes. Growth is expected to remain above recent lows as activity in the region's two key pillars of contemporary demand strength – India and China – remain net-supportive.

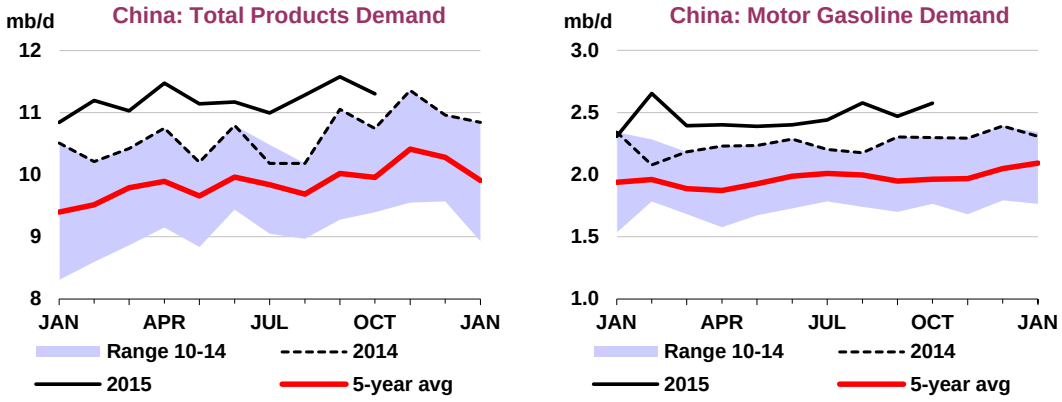
Non-OECD: Demand by Product

(thousand barrels per day)

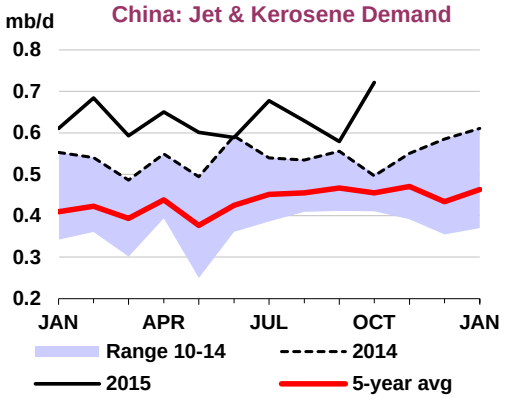
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q15	2Q15	3Q15	2Q15	3Q15	2Q15	3Q15
LPG & Ethane	5,148	5,176	5,272	170	276	3.4	5.5
Naphtha	3,127	3,096	3,196	77	138	2.5	4.5
Motor Gasoline	9,971	10,078	10,248	365	621	3.8	6.5
Jet Fuel & Kerosene	3,040	3,043	3,083	120	122	4.1	4.1
Gas/Diesel Oil	13,666	14,456	14,242	383	301	2.7	2.2
Residual Fuel Oil	5,119	5,254	5,045	12	-226	0.2	-4.3
Other Products	6,255	6,703	6,851	340	272	5.3	4.1
Total Products	**47,105**	**48,610**	**48,760**	**1,403**	**1,436**	**3.0**	**3.0**

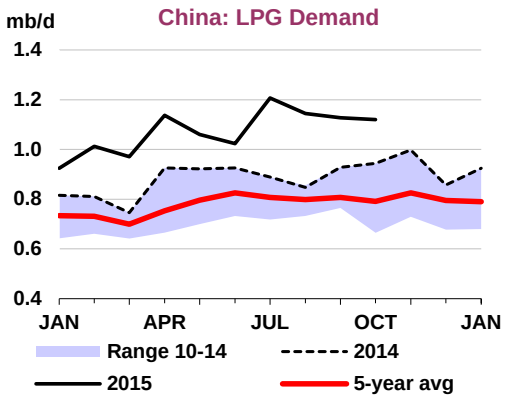
China

The much-anticipated structural shift in the Chinese economy – away from heavy industry/exports towards domestic demand/services –is indeed occurring but having a much gentler impact on net oil demand than previously foreseen. Although some forecasters saw economic growth slowing to about 4% (the IMF's October *World Economic Outlook* cites a 6.8% expansion – still well down on the previous five-year trend of approximately 8.6%), the first ten months of 2015 saw Chinese oil product demand growth average 6.7% (or 0.7 mb/d) in y-o-y terms. This figure shows surprising buoyancy compared to the previous five-year average when the underlying macroeconomic backdrop was arguably much more favourable. Gasoline, LPG and 'other product' demand posted average y-o-y gains of 0.2 mb/d y-o-y through the first ten months of 2015, more than offsetting weak expansion in gasoil and naphtha and absolute declines in residual fuel oil.



Although the economic outlook grew more precarious in 2015, Chinese consumers maintained sufficiently high confidence levels to stimulate escalating vehicle usage – both road and air – supporting robust gasoline (see *Heady vehicle sales support strong Chinese gasoline demand growth*) and jet fuel deliveries. Chinese gasoline demand growth averaged 10.4% (or 230 kb/d) y-o-y through the first ten months of 2015 and jet 19.1% (or 100 kb/d). Such heady gains, coupled with sharp increases in the country's LPG requirement as a petrochemical feedstock, proved more than sufficient to offset China's otherwise ailing industrial oil use.



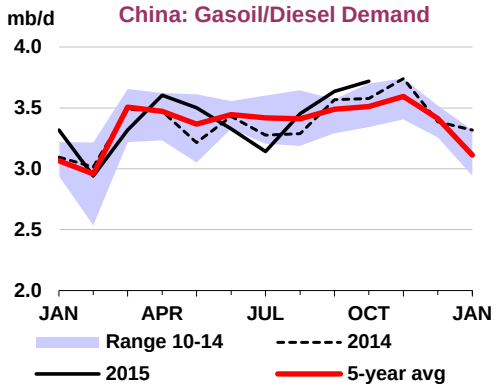


China: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2014	2015	2016	2015	2016	2015	2016
LPG & Ethane	884	1,088	1,175	205	86	23.2	7.9
Naphtha	1,169	1,176	1,204	7	28	0.6	2.4
Motor Gasoline	2,252	2,468	2,661	215	193	9.6	7.8
Jet Fuel & Kerosene	540	632	684	93	51	17.2	8.1
Gas/Diesel Oil	3,381	3,424	3,427	43	3	1.3	0.1
Residual Fuel Oil	318	259	212	-59	-47	-18.6	-18.2
Other Products	2,069	2,204	2,274	135	70	6.5	3.2
Total Products	**10,612**	**11,251**	**11,637**	**639**	**385**	**6.0**	**3.4**

At an estimated 11.3 mb/d for October, the IEA's apparent demand estimate carries a near 5% premium compared to the year earlier, an estimate pulled higher by a third consecutive month of heady diesel destocking. Although sharp gains were clearly seen in gasoline, jet/kerosene and LPG (including ethane) demand, taking into account additional diesel stock draws, the gasoil demand estimate also likely rose. Chinese diesel demand is likely to have risen by around 4% in October, broadly in-line with the 5.6% y-o-y quoted for total Chinese industrial output by the National Bureau of Statistics and the recent uptick in the Manufacturing PMI (although still net-pessimistic).



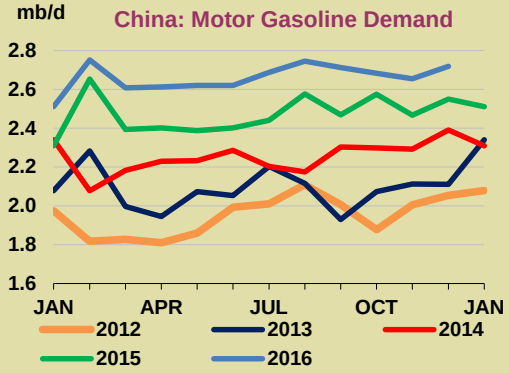
Heady vehicle sales support strong Chinese gasoline demand growth

Upending year-earlier forecasts that Chinese gasoline demand would struggle in 2015, confirmed data for the first ten months of the year show growth of roughly 10.4% y-o-y. Such momentum exceeds the consensus of analysts' earlier expectations, adding roughly four percentage points over *February's Medium-Term Oil Market Report*. Furthermore, reports of rapidly expanding gasoline demand, in contrast to weak gasoil/fuel oil, add to the increasingly compelling argument that the Chinese economy is undergoing a structural transformation – shifting from heavy manufacturing/exports towards a more domestically-focused economy.

Heady vehicle sales support strong Chinese gasoline demand growth (continued)

The obvious questions are 'what has changed' and 'how did Chinese gasoline rise so strongly'? The answer to both is that China sold many more vehicles than previously expected. Given the exceptionally challenging macroeconomic backdrop, with Chinese economic growth forecast to contract to a 25-year low in 2015, excessively muted early forecasts were made for additions to the gasoline vehicle fleet (around 5% in February's *Report)*. The reality proved much stronger. Data for the first ten months of 2015 from the China Association of Automobile Manufacturers (CAAM) show sales of 16.5 million passenger cars. Although such new car sales were only 3.9% higher than the corresponding period in 2014, assuming sales over the remainder of the year averaged the previous ten months, total Chinese passenger car sales would easily top 20 million units in 2015. With an ambitious Chinese scrapping estimate of less than 1 million vehicles in 2015, this equates to a near 20% increase in the Chinese fleet.

Given such dramatic gains in the Chinese vehicle stock, the majority of which we believe to be gasoline-powered, gasoline demand growth has if anything surprised to the downside. Maintaining average vehicle usage levels from the year earlier, coupled with IEA transport model assumptions that over the period 2010-15 the Chinese vehicle stock each year become 1% more efficient each year, robust vehicle sales imply gasoline demand growth of around 0.4 mb/d. Our conservative estimate of the latest data puts it at half this level.

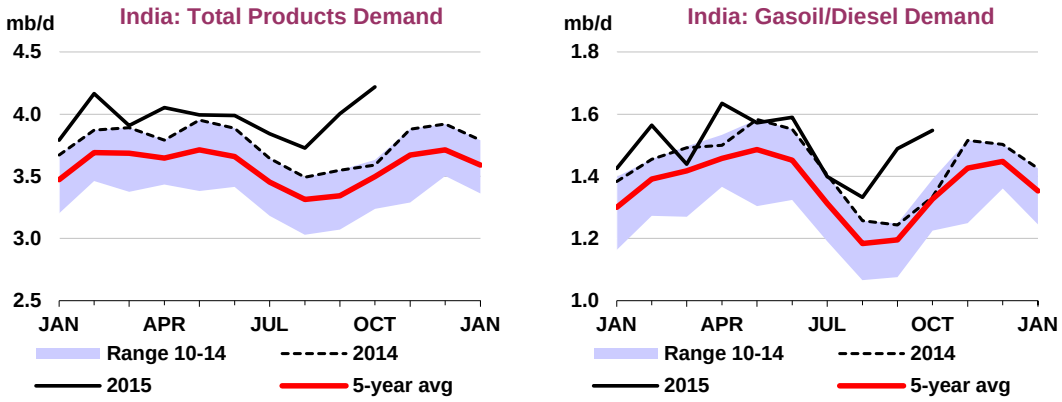


The Chinese authorities do not publish demand statistics, so we have to approximate product demand via our 'apparent demand' calculation, i.e. Chinese apparent gasoline demand = Chinese refinery output of gasoline + net gasoline imports – gasoline product stock-builds. We then adjust this series to take account of historical average discrepancies that exist between these approximations and the detailed work that the IEA's statistics division published in its annual *Energy Statistics of Non-OECD Countries*. This methodology, which is based on estimates, shows Chinese gasoline demand growth of around 230 kb/d (or 10.4%) on a y-o-y basis through the first ten months of the year.

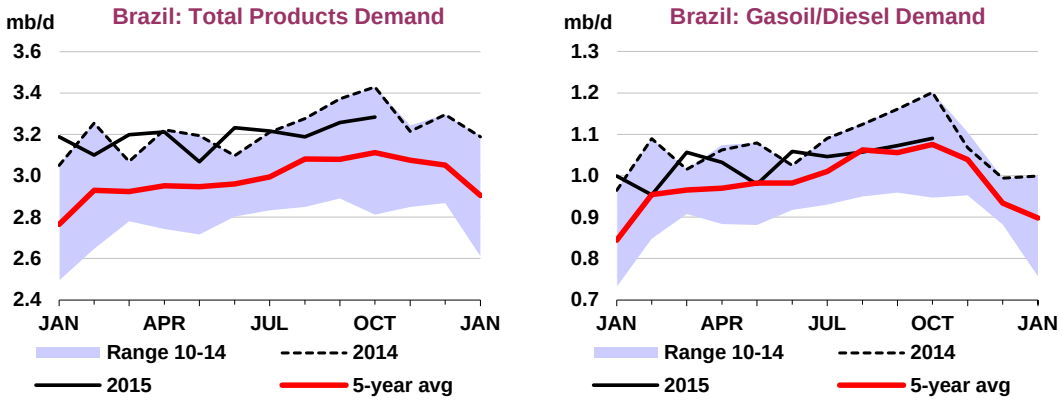
If, as looks probable now, some of the big recent increases in the Chinese vehicle stock have resulted in many vehicles sitting idle, or at least partially-utilised as happened in 2009 and 2011; this potentially stores up persistent strong gains in Chinese gasoline demand for many years to come. For example, assuming a further gain of around 10% in the Chinese gasoline fleet in 2016, equivalent in IEA models to a net-addition of nearly 13 million vehicles, whereby the majority of these extra vehicles are 'normally' utilised but some of the previous year's additions come in at a higher utilisation, the net effective increase in the Chinese vehicle stock would be even higher than the original 13 million estimate. The Chinese gasoline demand forecast could thus be higher than the current +0.2 mb/d forecast, or less of course if not only the previously under-utilised vehicles stay under-utilised but also some of the units sold in 2016 lay idle. Predicting such vehicle usage levels is a very inexact science, but one that we must highlight as a potential wild-card for the 2016 Chinese demand forecast.

Other Non-OECD

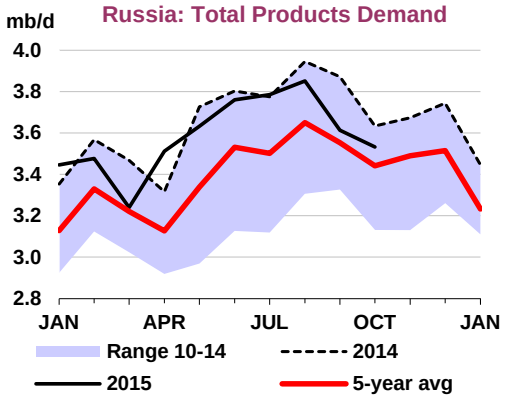
Adding approximately 0.3 mb/d in 2015, to 4.0 mb/d, **Indian** demand posted its largest ever gain supported by strong growth in gasoil/diesel, gasoline and LPG. Preliminary October data, from the Petroleum Planning and Analysis Cell of the Indian government, showed demand growth of 17.5% y-o-y, a 12-year high, with the transport sector leading the upside. With domestic passenger car sales up 22% y-o-y, according to the Society of Indian Automobile Manufacturers, alongside reports of a heavy road building programme, gasoline, diesel and bitumen demand surged, respectively higher by 14.2%, 16.1 % and 64.4% y-o-y in October. A further overall gain of around 0.2 mb/d is foreseen in 2016, down on the year earlier as the dramatic price reductions of 2015 are unlikely to be repeated but still up strongly compared to the pre-2015 trend with gasoline and diesel forecast to rise by a fast clip.

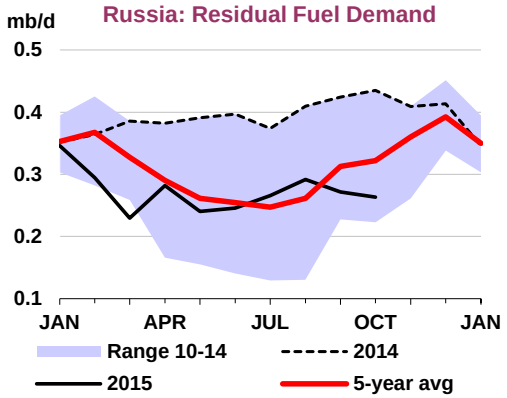


The latest **Brazilian** oil demand data for October show a continuation of the falling y-o-y trend that commenced in August. Pulled down by sharp declines across all of the main product categories, bar gasoline and 'other products', Brazilian oil deliveries in October posted their sharpest y-o-y decline in eight months. Down by 145 kb/d y-o-y in October, or -4.2%, the overall Brazilian demand metric was pulled down chiefly by big contractions in gasoil/diesel demand, -110 kb/d (or -9.3%) y-o-y, a natural consequence of the economy's recent woes. The Instituto de Geografia e Estatistica reporting industrial production declining by 10.9% y-o-y in September, while Markit's Manufacturing PMI fell to an all-time low, of a clearly contractionary, 43.8 in November whereby any reading below 50 signifies net-pessimism. Because of such pressures, it is difficult to foresee anything other than further absolute contractions in Brazilian oil demand 2015-16, with respective declines of 30 kb/d and 25 kb/d forecast taking average deliveries down to around 3.2 mb/d by 2016.

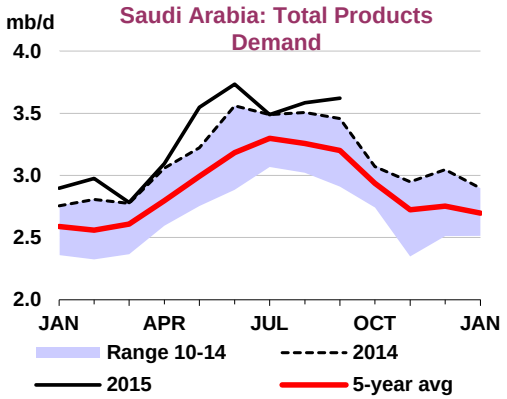


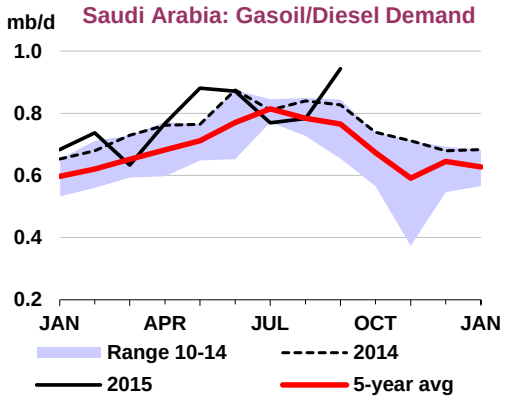
Curbed by big y-o-y declines, August-through-October, the **Russian** oil demand estimate for 2015 shows a decline of around 2%, as deliveries average 3.6 mb/d in 2015. A further drop of around 1% is foreseen in 2016, taking deliveries down to 3.5 mb/d, as Russian oil demand fall as a consequence of the likely prolonged contraction in the Russian economy, albeit at a less severe pace going forwards. The IMF, in October's *World Economic Outlook,* estimated that the Russian economy would contract by 3.8% in 2015 and a further 0.6% in 2016. Focussing on the latest demand data, deliveries declined in both y-o-y and month-on-month terms in September and October, while the y-o-y trend since February has, with the odd exception, been largely a negative one. Averaging 3.5 mb/d in October, Russian oil product deliveries were nearly 3% lower than the corresponding month in 2014, with sharp declines seen in residual fuel oil, jet/kerosene and gasoline. Transport fuel demand ebbed as consumer confidence in Russia, as tracked by the Federal State Statistics Service, came in at a heavily pessimistic -24 in 3Q15, whereby any reading below zero is gloomy; industrial oil demand ailing as Russia's total industrial output fell by 3.6% y-o-y in October.





Having recently paused for breath, **Saudi Arabian** oil demand returned to strong y-o-y growth once again in September, supported by sizeable gains from industry, transport and peak-summer air-conditioning demand. At an estimated 3.6 mb/d in September, total Saudi Arabian oil deliveries rose by 0.2 mb/d (or nearly 5%) compared to the corresponding month last year, bringing growth back towards the kind of heady heights seen in 1H15. For the year as a whole, Saudi Arabian oil deliveries are projected to average roughly 3.2 mb/d, 0.1 mb/d (or 3.2%) up on the year. Growth conditions then likely moderate to around 1.9% in 2016, as underlying macroeconomic conditions deteriorate, a consequence of persistently suppressed oil prices (at least compared to pre-2015 experiences). Lower oil prices dampen Saudi Arabia's potential economic spend and, in turn, the country's own oil use, a downturn that is eased as additional petrochemical demand from the Sadara facility in Jubail provides an offset. Previous reports from the company stated that a mixture of 70% naphtha and 30% ethane would be used as the principal feedstock at the facility.





Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q15	2Q15	3Q15	2Q15	3Q15	2Q15	3Q15
Africa	4,080	4,062	3,952	69	81	1.7	2.1
Asia	23,403	23,794	23,570	1,074	1,355	4.7	6.1
FSU	4,581	4,897	5,043	36	-101	0.7	-2.0
Latin America	6,677	6,810	6,890	0	-78	0.0	-1.1
Middle East	7,671	8,348	8,600	192	163	2.4	1.9
Non-OECD Europe	694	700	705	32	17	4.8	2.5
Total Products	**47,105**	**48,610**	**48,760**	**1,403**	**1,436**	**3.0**	**3.0**

SUPPLY

Summary

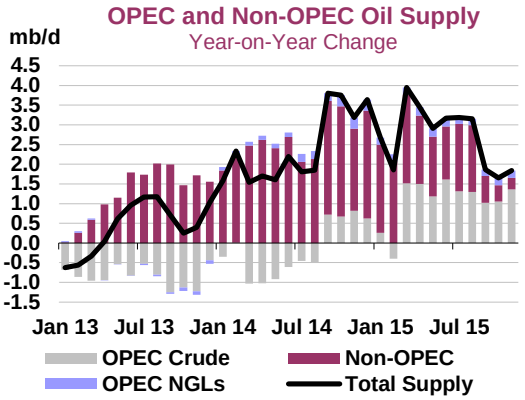
- **Global oil supplies inched up 50 kb/d in November, to 96.9 mb/d, on slightly higher OPEC crude output.** Total supplies stood at a robust 1.8 mb/d above a year earlier, with OPEC total liquids accounting for the lion's share of the growth, at 84%.

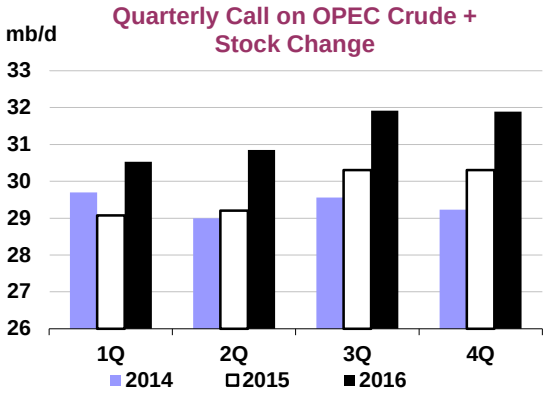
- **OPEC crude output edged 50 kb/d higher in November to 31.73 mb/d with record production from Iraq and higher supply from Kuwait offsetting losses from African members.** The group opted at its 4 December meeting to continue pumping at current levels and scrapped an official 30 mb/d production ceiling that had been roundly ignored. OPEC crude supply stood nearly 1.4 mb/d above a year ago, when it adopted a Saudi-led policy to defend market share regardless of price.

- **The 'call on OPEC crude and stock change' for 2016 is unchanged from our previous *Report* at 31.3 mb/d – a substantial rise of 1.6 mb/d on this year.** Slightly higher expectations for non-OPEC supply have led to a minor downward revision in the 2H16 'call' on OPEC. In the last six months of 2016, the 'call' is due to rise by 1.2 mb/d from 1H16 to 31.9 mb/d – marginally above current output.

- **Oil below $50/bbl is clearly driving out non-OPEC supply, with annual growth slowing to below 0.3 mb/d in November, down from 2.2 mb/d at the start of the year and with a decline of 0.6 mb/d expected in 2016.** Despite oil's latest drop, the forecast for non-OPEC production for next year, which slips to 57.7 mb/d, is largely unchanged since last month's *Report*.

- Record high Russian output and a rebound in Canadian and Kazakh levels offset strike-affected Brazilian oil output and seasonally weaker biofuels production – **leaving non-OPEC output steady in November at 58.5 mb/d.** Output for 2015 is set to expand by 1.3 mb/d – a sharp slowdown on growth of 2.4 mb/d seen the year before.



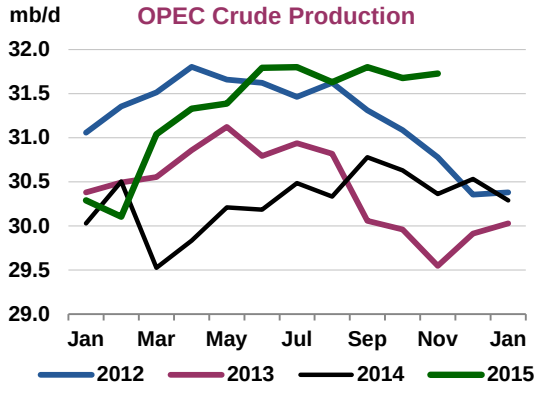


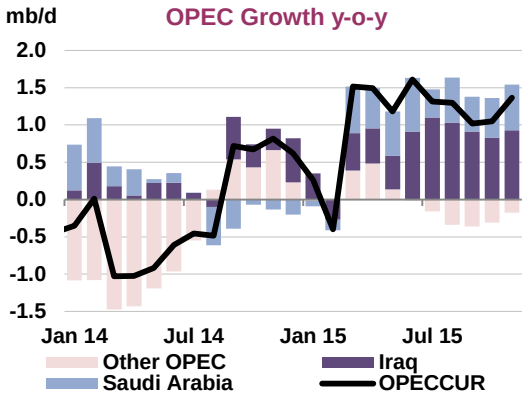
All world oil supply data for November discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary November supply data.

OPEC crude oil supply

OPEC crude oil output crept up 50 kb/d in November to 31.73 mb/d with record rates from Iraq, including the Kurdistan Regional Government (KRG), and a rebound in Kuwaiti flows offsetting lower supply from Nigeria, Libya and Angola. Iraq turned in its strongest performance yet after exports from the south rose to their highest ever after bad weather restricted shipments in October. Saudi production held steady in November at 10.19 mb/d, not far from all-time highs.

OPEC's taps will remain open for the foreseeable future after the group decided at its Vienna meeting on 4 December to keep producing at current levels and abandon its production ceiling. Our November output assessment of 31.73 mb/d excludes Indonesia, which had its membership reactivated in early December. Indonesia's crude oil production estimate will be included in *OPEC Supply* from the January 2016 *Oil Market Report* and will be reflected in the 'call on OPEC' from that point.





OPEC meanwhile acknowledged in a closed session that the group's output was running at least 1.5 mb/d above an official 30 million b/d target. That production ceiling, in place since January 2012, was maintained when OPEC met a year ago and Riyadh persuaded the group not to cut supply but to defend market share against rising non-OPEC supply. At that time, the price of oil had tumbled towards $70/bbl from above $115/bbl in June 2014 and some within OPEC were calling for supply cuts. Brent crude is now around $40/bbl, but Saudi Arabia, the world's largest oil exporter, remains adamant that it will not act alone to shore up prices and continues to insist that non-OPEC producers must also participate in any supply curbs.

OPEC Crude Production

(million barrels per day)

	Sep 2015 Supply	Oct 2015 Supply	Nov 2015 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Nov 2015 Supply	YTD Average Crude Supply
Algeria	1.12	1.11	1.11	1.14	0.03	1.11
Angola	1.79	1.78	1.74	1.80	0.06	1.77
Ecuador	0.53	0.53	0.54	0.56	0.02	0.54
Iran	2.88	2.88	2.87	3.60	0.73	2.85
Iraq[4]	4.30	4.17	4.31	4.18	-	3.89
Kuwait[2]	2.81	2.73	2.80	2.80	0.00	2.78
Libya	0.37	0.43	0.38	0.46	0.08	0.40
Nigeria	1.86	1.90	1.82	1.87	0.05	1.79
Qatar	0.65	0.67	0.68	0.69	0.01	0.66
Saudi Arabia[2]	10.20	10.21	10.19	12.26	2.07	10.16
UAE	2.91	2.89	2.89	2.95	0.06	2.88
Venezuela[3]	2.38	2.38	2.40	2.47	0.07	2.41
Total OPEC	**31.80**	**31.68**	**31.73**	**34.78**	**3.18**	**31.24**
(excluding Iraq, Nigeria, Libya and Iran)					**2.32**	

1 Capacity levels can be reached within 90 days and sustained for an extended period.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 500 kb/d in November.

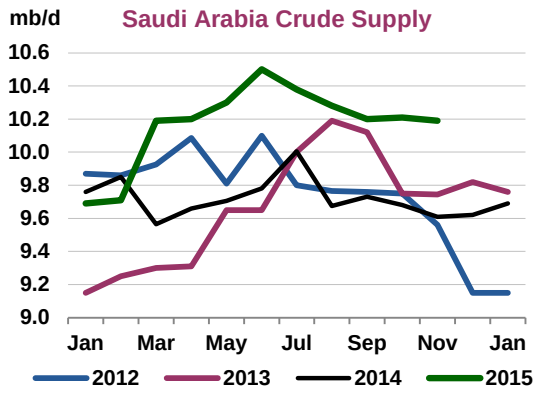
4 Iraqi production during November exceeded our assessment of sustainable capacity.

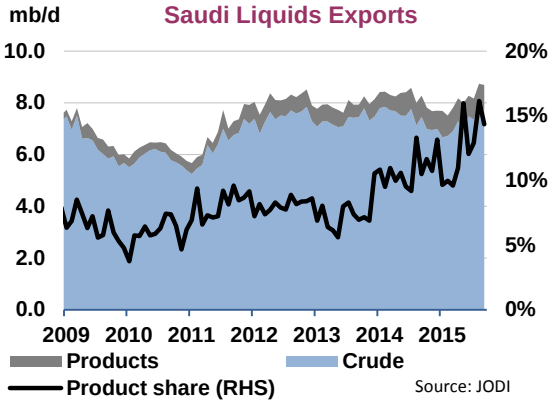
OPEC has effectively been producing at will since it backed the Saudi-led policy a year ago, with overall crude production up nearly 1.4 mb/d year-on-year. Saudi Arabia and Iraq – the group's largest producers – have ramped up by a respective 580 kb/d and 930 kb/d since November 2014. The unusual move to scrap the official supply target at the 4 December meeting signals a renewed determination to defend market share regardless of price. Despite the hands-off OPEC policy, with Saudi Arabia and Iraq pumping at or near record rates there is limited potential for supply growth in 2016 apart from Iran, assuming sanctions are eased. Ministers may discuss a new production ceiling at their next scheduled meeting on 2 June, at which point the impact of Iran's full return to the oil market post-sanctions should be clearer.

The 'call on OPEC crude and stock change' for 2016 (excluding Indonesia) rises by 1.6 mb/d to 31.3 mb/d, unchanged from our previous *Report*. Slightly higher expectations for non-OPEC supply have led to a minor downward revision in the 2H16 'call' on OPEC. In the last six months of 2016, the 'call' is due to rise by 1.2 mb/d from 1H16 to 31.9 mb/d – marginally higher than current output. The group's 'effective' spare capacity stood at 2.32 mb/d in November, with Saudi Arabia accounting for nearly 90% of the surplus.

Production in **Saudi Arabia** held steady at 10.19 mb/d in November as higher shipments of crude oil to world markets and an uptick in internal refinery runs offset a lower requirement for crude to burn in domestic power plants. Riyadh's drive to preserve market share and meet demand at home has pushed production beyond 10 mb/d for nine straight months. Saudi oil officials have said they see signs of strong demand for its crude and industry sources say there is every indication the Kingdom is supplying its customers with all their requested volumes. In particular, China and India appeared to be lifting more Saudi oil during November, according to preliminary tanker tracking data.

Saudi crude exports have been holding above the 7 mb/d mark for much of this year, with shipments averaging roughly 7.3 mb/d from January through September versus around 7.1 mb/d during the same period in 2014, according to the latest figures submitted to the Joint Organisations Data Initiative (JODI). Total Saudi oil exports, excluding condensates and NGLs, averaged around 8.4 mb/d during the first nine months of the year versus 8.0 mb/d during the same period in 2014.





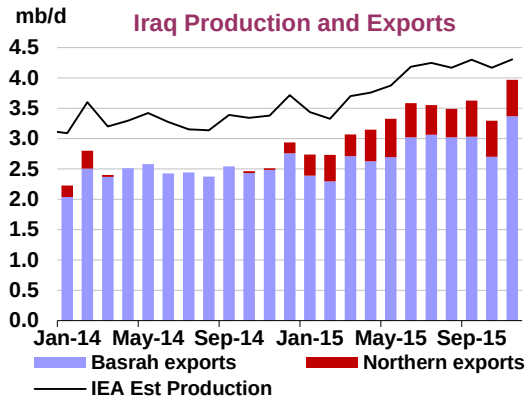
Saudi refineries, returning from scheduled maintenance, processed record quantities of crude – 2.5 mb/d – during September, up about 300 kb/d on the previous month. The volume of crude used to generate power for air conditioning eased to 744 kb/d in September from 847 kb/d the previous month.

Saudi Arabia's Deputy Crown Prince Mohammed bin Salman meanwhile appeared to suggest that the Kingdom could keep up robust spending even if oil prices were to fall to $30/bbl. "The key challenges are our overdependence on oil and the way we prepare and spend our budgets," Prince Mohammed, the son of King Salman, said in an interview with the *New York Times*. Riyadh is mulling various reforms including reduced energy and water subsidies for wealthy Saudis.

As for Saudi Arabia's Gulf neighbours, **Kuwaiti** output rebounded to 2.8 mb/d in November, up 70 kb/d month-on-month (m-o-m), upon the completion of scheduled maintenance at a crude oil gathering centre. Kuwait has meanwhile appointed deputy prime minister and finance minister Anas al-Saleh as acting oil minister, replacing Ali al-Omair. In a cabinet reshuffle, al-Omair was appointed minister of public works and minister of state for national assembly affairs. Kuwait's oil policy is determined by the country's Supreme Petroleum Council. Production in the **UAE** held steady at 2.89 mb/d, close to a record high of 2.91 mb/d, while **Qatari** supply inched up 10 kb/d to 680 kb/d.

Output in **Iraq,** including the KRG, rose by 140 kb/d to a record high of 4.31 mb/d in November. OPEC's second biggest producer supplied world markets with nearly 4 mb/d of crude during November. Shipments from Iraq's main outlet in the south rebounded to 3.37 mb/d – the highest ever – after bad weather in October cut exports to 2.7 mb/d. November's lofty export levels will be difficult to sustain as some of the volume was drawn out of storage tanks that filled up the previous month, according to industry sources.

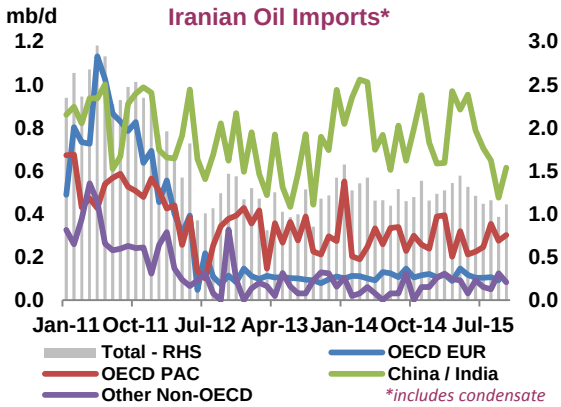
Shipments of northern crude via Turkey remained brisk at around 600 kb/d, all of which was sold by the KRG. The semi-autonomous northern region has increased independent oil sales since mid-June and has cut allocations to Iraq's State Oil Marketing Organisation (SOMO) in an escalating row over budget payments and export rights.



Baghdad and the KRG are struggling with the strain of oil below $50/bbl and a costly battle against the Islamic State of Iraq and the Levant. The federal government has asked contractors to cut 2015-16 budgets and hold production steady, while the KRG is struggling to make timely payments to foreign companies developing its fields. Output, including from the KRG, is likely to remain broadly steady in 2016 versus a 3Q15 rate of roughly 4.2 mb/d.

Given its urgent budgetary needs and the tumble in crude oil prices, Iraq has every incentive to crank out as much as it can. With Basra crude at an average $36.42/bbl, record-breaking oil sales earned the federal government about $3.7 billion in November. Roughly $3.3 billion was earned during October, when southern exports of just 2.7 mb/d were sold at a higher average price of $39.26/bbl.

Crude oil supply from **Iran** held steady at 2.87 mb/d in November, but production is due to rise next year following an anticipated easing of international sanctions. Tehran, which expects sanctions to be suspended at the start of 2016, says it will deliver an extra 500 kb/d to world markets immediately. Iran had been producing around 3.6 mb/d in 2011 before the US and European Union enforced tighter financial restrictions. Our expectation remains that Iranian oil fields are capable of returning to that higher level within six months of sanctions being eased.



Before it ramps up output, Iran is expected to start to release substantial volumes of oil stored at sea. At the end of November, roughly 36 mb of oil, of which 67% was condensates, was floating in 18 tankers. One vessel loaded with crude set sail for Asia during November.

Deliveries of Iranian crude this year have been running at roughly 1.1 mb/d, steady on 2014. Imports of Iranian crude during November rose to 995 kb/d, up roughly 220 kb/d on October when purchases fell to the lowest level since international sanctions were tightened. Exports had been running at roughly 2.2 mb/d at the start of 2012. November saw higher purchases from regular buyers China, India, Turkey, Japan, Syrian and Korea, according to preliminary import figures that are subject to revision. Purchases of condensate – ultra-light oil from the South Pars gas project – slipped to 118 kb/d in November from a 2015 peak of around 190 kb/d in October.

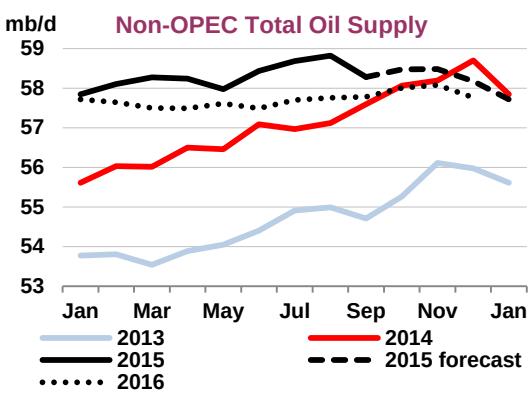
Iran is meanwhile pressing ahead with plans for an ambitious upstream opening, once sanctions are eased. Potential international investors – reportedly including Total, Lukoil, Royal Dutch Shell and OMV - were presented with details of 70 oil and gas projects at a conference in Tehran at the end of November.

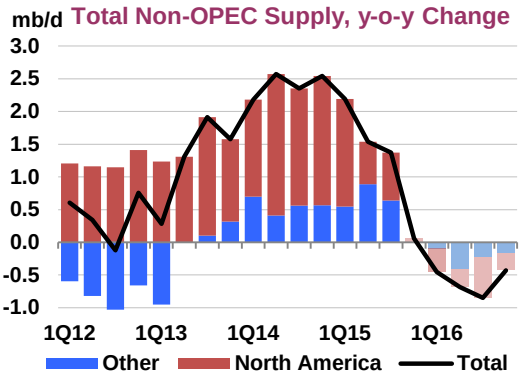
Production from African OPEC members fell by 170 kb/d m-o-m, as exports trended lower, according to preliminary tanker tracking data. Output in **Libya** dropped to 380 kb/d in November, down 50 kb/d m-o-m, after deteriorating security forced the closure of the eastern Zueitina export terminal. A prolonged battle between the officially recognised government in the east and the so-called Libya Dawn administration in Tripoli has shut operations at the North African producer's strategic oil terminals and fields, that had pumped 1.6 mb/d prior to the downfall of Muammar Gaddafi in 2011. Supply from West African producers declined by 120 kb/d. **Angolan** output declined by 40 kb/d m-o-m to 1.74 mb/d in November, while **Nigerian** output fell to 1.82 mb/d, down 80 kb/d m-o-m.

Turning to Latin America, **Venezuela's** opposition scored a decisive win in early December elections – putting it in control of the legislature for the first time in 16 years of Socialist rule. Oil below $50/bbl has dealt a heavy blow to Latin America's largest oil producer, which is in the grip of a severe economic crisis. The opposition has promised to put Caracas on the road to economic recovery, but the victory also raises the risk of prolonged instability. President Nicolas Maduro swiftly recognized the opposition's win. The Socialist government has diverted much of the revenue earned by state oil company PDVSA to social programmes, leaving the company strapped for cash. Crude supply bumped up to 2.4 mb/d in November.

Non-OPEC overview

Non-OPEC production held steady in November at around 58.5 mb/d. A rebound in Canadian oil sands and Kazakh crude supplies offset seasonally lower biofuels production and strike-affected Brazilian output. Production from top non-OPEC producers Russia and the US is proving resilient, with the former inching up to yet another record high in November. US crude and condensate output rose contrary to expectations in September, with lofty Gulf of Mexico output and Alaskan supply offsetting declines in onshore output. According to the latest US Energy Information Administration (EIA) statistics, US LTO production is currently dropping by about 75-115 kb/d per month as legacy declines from existing wells are exceeding output from new wells.





Industrial action and unscheduled outages have meanwhile slashed output in Brazil and Azerbaijan. A workers' union strike curbed output from Petrobras' offshore installation for three weeks in November, cutting into otherwise robust annual gains in output. A deadly fire at one of Socar's offshore platforms in the Caspian Sea in early December is also, depending on the extent of the damage, expected to curb output levels from December onwards.

Non-OPEC Supply

(million barrels per day)

	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Americas	19.0	19.9	19.5	19.9	19.9	19.8	19.5	19.2	19.3	19.6	19.4
Europe	3.3	3.4	3.5	3.3	3.4	3.4	3.4	3.2	3.0	3.3	3.2
Asia Oceania	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	22.9	23.7	23.4	23.8	23.8	23.7	23.4	23.0	22.9	23.4	23.2
Former USSR	13.9	14.0	14.0	13.9	13.9	14.0	13.9	13.9	13.8	13.8	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
China	4.2	4.3	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Other Asia	3.5	3.6	3.6	3.5	3.5	3.6	3.5	3.5	3.4	3.4	3.5
Latin America	4.4	4.6	4.5	4.5	4.5	4.5	4.6	4.6	4.7	4.7	4.7
Middle East	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	28.9	29.5	29.3	29.2	29.1	29.3	29.1	29.0	28.9	29.0	29.0
Processing Gains	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuels	2.2	1.8	2.4	2.6	2.4	2.3	1.9	2.4	2.7	2.4	2.4
Total Non-OPEC	57.0	58.1	58.2	58.6	58.4	58.3	57.6	57.5	57.7	57.9	57.7
Annual Chg (mb/d)	2.4	2.2	1.5	1.4	0.1	1.3	-0.5	-0.7	-0.9	-0.4	-0.6
Changes from last OMR (mb/d)	0.9	0.8	0.9	0.8	0.9	0.8	0.8	0.9	1.0	1.1	0.9

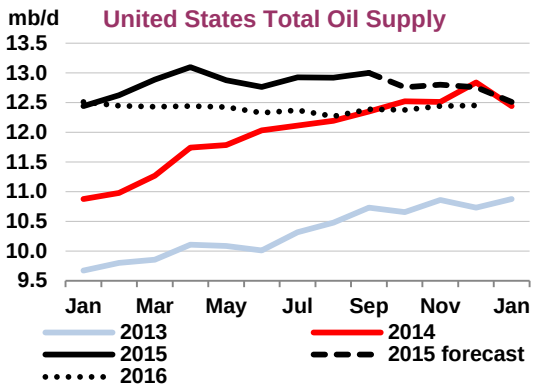
Non-OPEC output growth has nevertheless come down from recent highs. Annual gains are pegged at less than 0.3 mb/d for November, down from 2.2 mb/d at the start of the year. The United States, Canada, Russia, the UK and global biofuels make up the bulk of the year-on-year growth, with Brazil, Mexico, Kazakhstan and Malaysia expected to see the steepest declines. The forecast for non-OPEC output for 2016 is largely unchanged since last month's *Report*, slipping by 0.6 mb/d to 57.7 mb/d. Total non-OPEC oil output is on track to expand by 1.3 mb/d in 2015.

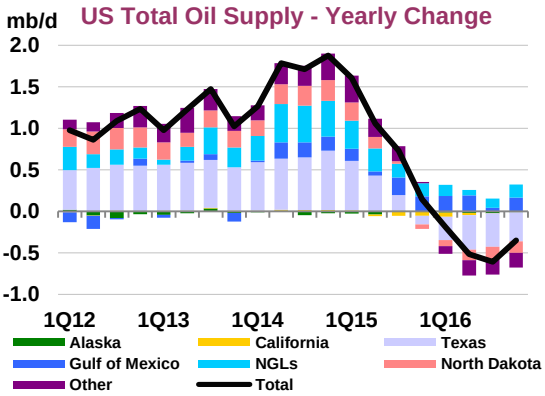
OECD

North America

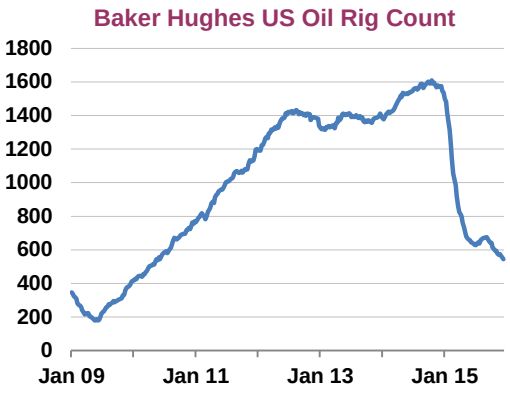
US – September actual, Alaska – November preliminary: Contrary to expectations, US crude oil production increased by 40 kb/d in September to just shy of 9.4 mb/d, with continued gains in the Offshore Gulf of Mexico (+38 kb/d) and a rebound in Alaskan output (+65 kb/d) offsetting onshore declines. The steepest falls stemmed from North Dakota and Colorado, where the Bakken and Niobrara LTO plays dominate supplies, while Texas output held steady. A small increase in NGL production and other non-crude liquids lifted total output by a further 40 kb/d from the previous month. Compared with a year earlier, US oil supplies were 650 kb/d higher, significantly stronger than previously expected but down sharply from the more than 2.1 mb/d gains seen at the tail end of 2014. The forecast for US oil production is largely unchanged since last month's *Report,* however, declining by 415 kb/d in total to 12.4 mb/d in 2016.

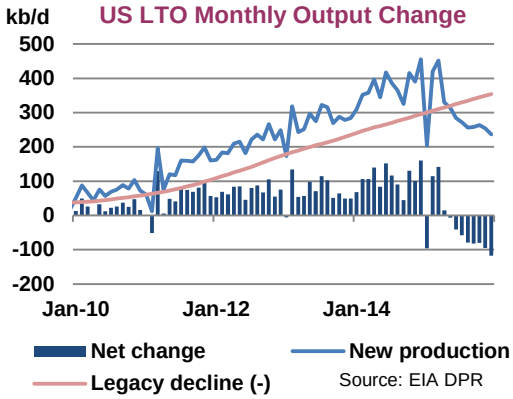
Despite resilient recent output levels, US shale production is falling fast as there are no longer enough completed wells to compensate for declines at existing wells. According to the EIA's *Drilling Productivity Report,* legacy declines from existing wells by December have been exceeding output from new wells since May, with total production set to fall by 95 kb/d in November and 115 kb/d in December. Only the most prolific shale wells are still profitable with prices at around $40/bbl. Drilling activity has fallen by 60% compared with a year ago and new wells added only an estimated 235 kb/d in December, two thirds of the DPR's estimated legacy decline rate.





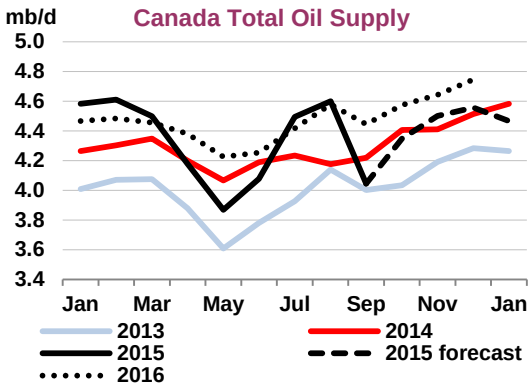
According to oil services company Baker Hughes, US energy firms cut the number of oilrigs for a 13th consecutive week in early December, suggesting drillers are waiting for prices to rebound before returning to the well pad. Drillers removed 10 oilrigs in the week ending 4 December, bringing the total rig count down to 545, its lowest level since June 2010. That decrease brings the total rig count down two-thirds from the 1609 rigs operating at the peak in October last year. In the latest week, drillers removed five rigs in the Permian, two in the Bakken and one in the Niobrara basin. The number of rigs in the Eagle Ford in South Texas remained unchanged.

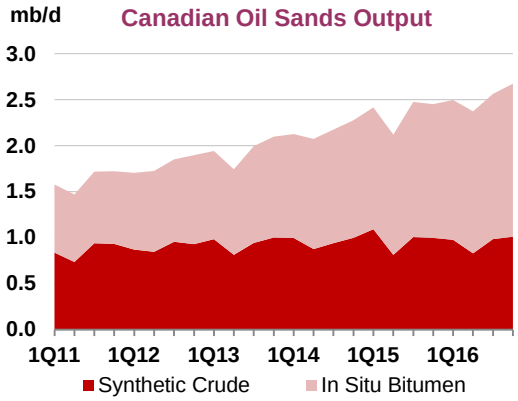




Canada – September actual: In line with our previous estimate, Canadian oil supplies plunged by 550 kb/d in September from a month earlier on lower oilsands output. Albertan bitumen production dropped by 125 kb/d from a month earlier, while upgraded output declined by nearly 400 kb/d to 770 kb/d on average due to an outage at Syncrude's oilsands upgrader. Production from offshore fields in Newfoundland meanwhile slipped by 20 kb/d, despite a resumption of oil flows at the Suncor operated Terra Nova facility after maintenance, as Exxon's Hibernia field saw output drop by nearly half, to just over 50 kb/d.

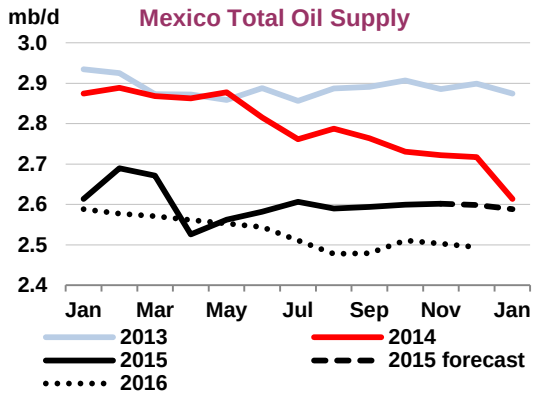
Output is expected to have rebounded in October and November, with Canadian Oil Sands announcing in early October normal operations at the Syncrude upgrader following the 29 August fire. Output at the facility rose from 63 kb/d in September to 214 kb/d in October and 323 kb/d last month. Canadian oil production should see continued output gains in coming months as newly commissioned projects continue to ramp up towards capacity. Imperial oil completed its Kearl expansion project in June, which should ultimately double the oils sands project's capacity to 220 kb/d. ConocoPhillips, meanwhile, started up the second phase of its Surmont oilsands project, adding 118 kb/d of new capacity.

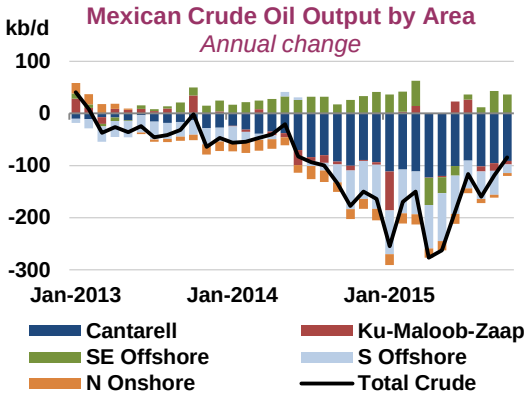




Enbridge's newly reversed Line 9 started crude deliveries to refineries in Eastern Canada in December. The 300 kb/d pipeline will bring 250 kb/d of light and 50 kb/d of heavy crude oil from Sarnia, Ontario, to Montreal. Valero reportedly received its first shipment of light crude off the pipeline at its Montreal terminal, where it will ship it by barge to the 265 kb/d Jean Gaulin refinery near Quebec City. Suncor announced it was starting line-fill for its 137 kb/d Montreal refinery. Both Suncor and Valero have said the reversal of Line 9 will allow them to run a 100% North American crude slate. Both of those refineries already have some access to domestic crudes through rail terminals. Canada, a significant net-crude exporter, imported an average of 850 kb/d of crude oil in the first nine months of the year, of which only 315 kb/d, or 37%, was non-US.

Mexico – October actual, November provisional: Preliminary data for Mexico show crude output holding steady in November at just below 2.3 mb/d. Annual declines narrowed further from a high of 275 kb/d recorded in April of this year, to around 85-90 kb/d over the past two months. Pemex's legacy Cantarell field continued to account for the bulk of the drop, declining by around 90 kb/d in October, the last month for which full monthly data are available. In the absence of any hurricane or other significant storm outages affecting output this season, Mexican oil output for 4Q15 was revised up by 20 kb/d since last month's *Report*. After its precipitous drop of 200 kb/d this year, total output is forecast to decline by 70 kb/d in 2016, to 2.53 mb/d.

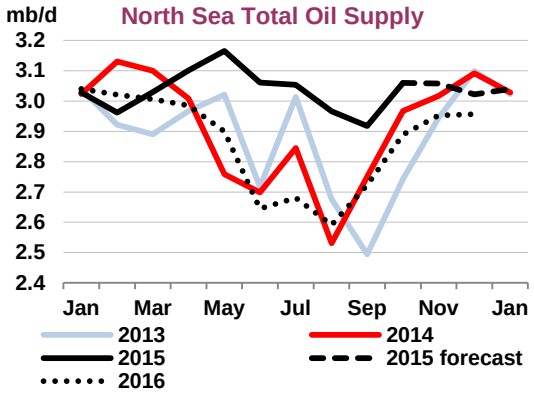


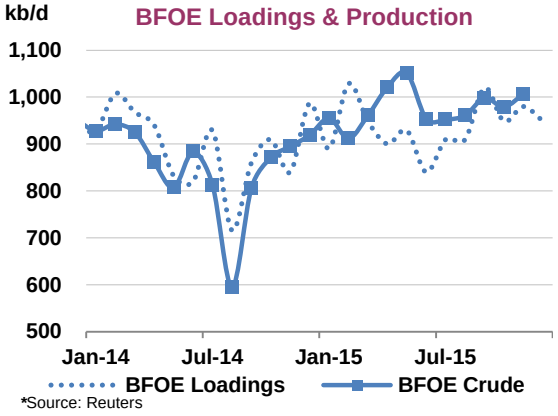


In early December, Mexican regulators prequalified 79 firms to participate in the tender to develop 25 onshore mature blocks on offer in the north, central and southern regions. The licensing round, which is the third since last year's energy reform ended state-owned Pemex's upstream monopoly, will be held on 15 December. Mexico hopes the auction, designed to attract smaller companies and local independents, will boost production by 36 kb/d of oil and 223 bcm/yr of gas in the first five years through investment of $620 million. The first two tenders in Mexico's upstream opening drew 25 and 14 companies respectively for shallow water areas.

North Sea

North Sea oil supplies bounced back in October, jumping 140 kb/d from September, according to preliminary data. Maintenance had curbed supplies on both the UK and Norwegian shelf in August and September, though volumes continued to exceed those of the previous year. In all, North Sea oil output was 100 kb/d higher than the same month a year earlier in October, compared with annual gains of an average 300 kb/d over the previous five months. North Sea producers are on track to lift production by 120 kb/d for the year, before field declines and a return to normal maintenance shutdowns, drag volumes down 155 kb/d in 2016, to 2.88 mb/d on average.



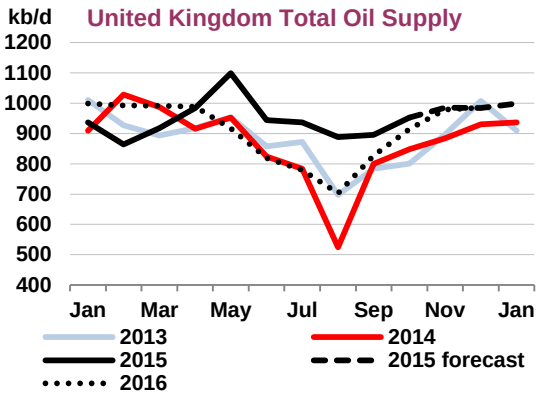


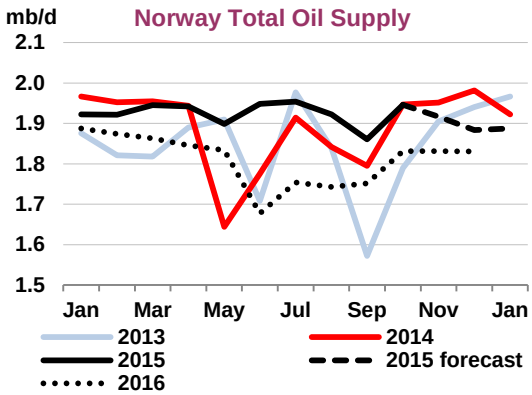
*Source: Reuters

Output from the four streams that make up the North Sea benchmark, Brent, Forties Oseberg and Ekofisk, is scheduled to reach a four-year high in January according to a Reuters survey of loading schedules. Loadings are expected to rise to an average of 974 kb/d in January, from 929 kb/d originally reported for December. Loadings of the 12 largest North Sea crude streams tracked by Reuters was pegged at 2.055 mb/d in December, about 30 kb/d less than that of November but up 75 kb/d y-o-y. BFOE loadings finally came in at 1.026 mb/d in December, up 45 kb/d from November.

UK – September actual, October preliminary: After three months of monthly declines, total UK oil output recovered over September and October. Total oil output rose by around 60 kb/d in September after output had fallen by nearly 70 kb/d a month earlier. Preliminary data submitted through the Joint Oil Data Initiative suggest output rose by roughly the same amount also in October to around 960 kb/d.

Detailed field level data show that output from BP's ETAP cluster of fields dropped to near zero in August. The recently commissioned Kinnoul field saw production slip from 36 kb/d in July to 11 kb/d in August. Nexen's Buzzard field saw its highest output 10 months, of 185 kb/d. As the field only produced 7 kb/d in August of last year, total UK production stood an impressive 320 kb/d above its year-earlier levels that month. Annual gains retreated to 100 kb/d over September and October, and were up by an average 80 kb/d for the first ten months of the year.





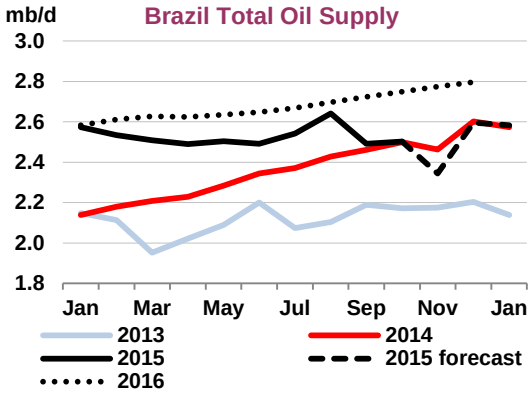
Norway – September actual, October provisional: Norwegian oil output rebounded by 85 kb/d in October, to nearly 1.95 mb/d. Widespread maintenance had curbed production by 60 kb/d a month earlier, with drops from a number of fields, including Balder (-27 kb/d), Aasgard NGLs(-15 kb/d), Vigdis (-11 kb/d) and Snorre (-12 kb/d). A 15 kb/d increase at the Knarr field provided a partial offset. The field, which started production in March, reached output of 35 kb/d in the latest month for which field level data are available. September output nevertheless stood 65 kb/d above a year prior while October production was equal to that of a year ago.

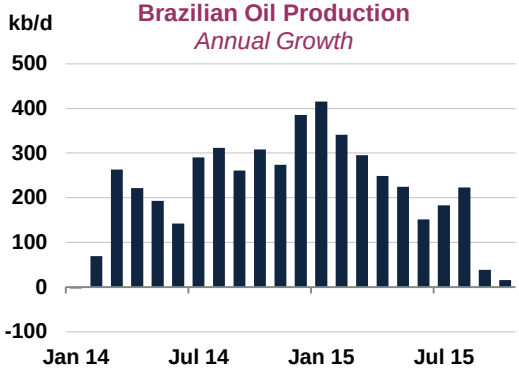
In early December, independent exploration company Lundin reported first oil at its Edvard Grieg development on the Utsira High area in the North Sea. The field, which is estimated to hold 187 million barrels of oil, is expected to reach plateau production at around 75 kboe/d by the end of next year. Lundin reported that the $2.88 billion Edvard Grieg platform, completed both on time and on budget, will serve as processing host to the nearby Ivar Aasen development, which is due on stream next year.

Non-OECD

Latin America

Brazil – October actual: Total Brazilian crude oil production was relatively unchanged from a month earlier in October, at around 2.4 mb/d, despite a recovery in output at the Roncador field. Field level data reveal that output recovered by nearly 70 kb/d from September, when Petrobras shut one of the main production platforms for maintenance. Lower output at a number of other fields, including Lula, which saw lower output for a second consecutive month, provided an offset. The massive Lula field developement nevertheless saw output 130 kb/d above a year earlier, at around 330 kb/d.



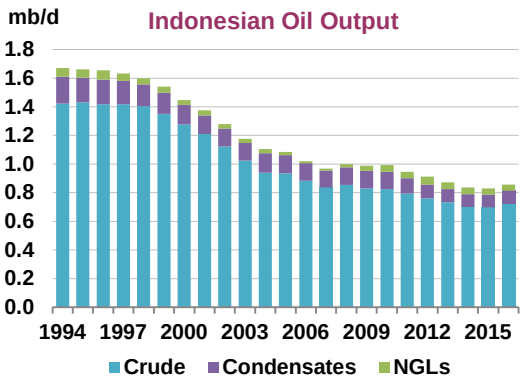


As heavy maintenance continued to restrict flows, total oil output was also roughly equal to that of a year earlier in October, compared with average growth of 240 kb/d over the first nine months of the year. In November, Brazilian oil supplies are estimated to have declined y-o-y for the first time since July 2013. Output is estimated to have dropped nearly 160 kb/d as a national oil workers' strike crippled output at offshore installations. The strike, which started on 1 November, lasted three weeks.

Asia

Indonesia: With Indonesia reactivating its OPEC membership from 4 December, the country's production levels are again under scrutiny. While no official production numbers are available since 2014, OPEC's only Asian member looks set to miss its production target for the year. An energy official from upstream oil and gas regulator SKKMigas was reported to have said Indonesian oil output would likely fall short of an earlier target of 825 kb/d for the year, with output likely to come in closer to 790 kb/d. The Exxon-operated Banyu Urip field in the Cepu block, which started up earlier in 2015 will reportedly only reach peak output of 165 kb/d in early 2016, several months later than earlier expectations. Malaysia's

Petronas meanwhile reported first oil and gas from its offshore Bukit Tua field in November in East Java, Indonesia. The field is expected to produce 20 kb/d of oil and up to 50 MMscf/d of gas. As a result of these latest updates, our estimate for total Indonesian oil production for 2015 has been lowered by roughly 20 kb/d since last month's *Report* to 830 kb/d. Of this, crude oil is estimated to have accounted for just shy of 700 kb/d, with condensate output of around 90 kb/d and other natural gas liquids (NGLs) of 43 kb/d making up the difference. Total Indonesian oil production is forecast to increase to 855 kb/d in 2016 as Banyu Urip and Bukit Tua ramp up to full capacity.



Indonesian oil production will be removed from Non-OPEC totals and included with OPEC from the January OMR, when December production levels will be assessed. Condensate production will at this time be subtracted from the crude and condensate total and included with NGLs as is custom for all OPEC countries.

Africa

Since last month's Report, a revisit of our outlook for **Congo**'s production has resulted in an upward revision of 80 kb/d for oil African oil output next year. Chevron sanctioned its 40 kb/d Lianzi project, which straddles the border of Angola, last month, and Total is set to bring on Phase 1 of its Moho Bilondo phase by the end of the year, adding 40 kb/d to total production. The French major is expected to complete the Moho Nord extension in 2016, adding another 100 kb/d of oil output. Eni meanwhile reported first oil from its Nene Marine field in January 2015. While output from the first phase of the project is expected to yield only 7.5 kb/d, the company plans to bring on the second phase of 40 kb/d in the second half of 2016. Longer term, development of the field will occur in several stages, and Eni is expecting to reach a plateau of over 120 kboe/d. Eni's Litchendjili gas project is also on track to start up in late 2015-early 2016, yielding an additional 20 kb/d of crude, condensates and gas liquids. Congo's total oil production is estimated to add 50 kb/d in 2016, to 305 kb/d in total.

Former Soviet Union

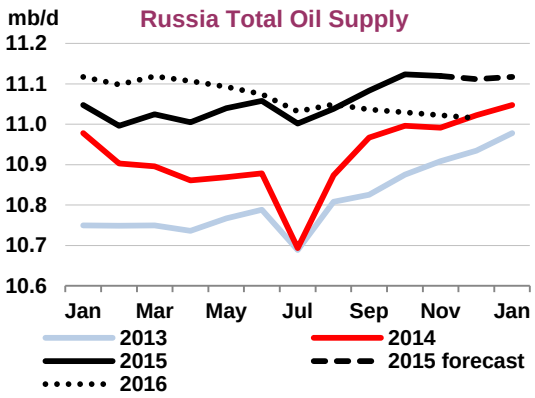
Russia – October actual, November provisional: Russian oil output persisted at record highs in November, underscoring the country's resilience to lower oil prices and sanctions. Crude and condensate production was 10.78 mb/d, unchanged from the previous month. Output growth came from Bashneft, Tatneft and Gazprom Neft, while Rosneft and Lukoil reported continued production declines.

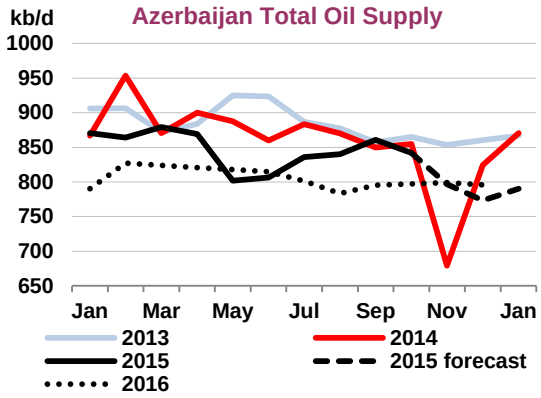
According to Russian investment bank Sberbank, development drilling in Russia expanded 10% from a year earlier over the first 10 months of the year. The highest growth was reported for Rosneft (41%), Bashneft and Tatneft (46% and 128%, respectively). However, despite increased drilling at Rosneft's Yuganskneftegaz (up 51%) and Samotlorneftegaz (up 310%) subsidiaries, total Rosneft production slipped by 1% from a year ago. Lukoil, Russia's second largest producer, meanwhile reported overall cuts in drilling of 26% from a year earlier, with activity at the company's mature West Siberian fields down by 34%. As a result, output in the region, which accounts for roughly half of Lukoil's total output, slipped to 900 kb/d from 965 kb/d a year earlier. Lukoil now expects to resume production growth in Russia no earlier than 2017, following commissioning of its Filanovsky and Pyakyakhinskoye fields.

As discussed in '*Russia robust through 2016*' in last month's *Report*, recent growth in Russia's liquids output has been coming mostly from gas condensates, and in particular from SeverEnergia, a joint venture between Novatek and Gazprom. Novatek will add further output growth in 2016 through its Yargeo joint venture with Nefter Petroleum. The company launched a new oil field in West Siberia on

1 December. The Yarudeyskoye field, which is Novatek's first crude oil project, will have a capacity of around 70 kb/d.

Production is forecast to remain largely flat into 2016 as the commissioning of several greenfields offsets declines at mature fields. In the longer term, output is expected to decline however, as lower prices and capex cuts as well as ongoing uncertainties over the state's tax policies and sanctions trigger production declines.





Azerbaijan – October actual: Azeri oil output dropped by 20 kb/d to 840 kb/d in October, the latest month for which data are available. Preliminary estimates of November supplies imply production slipping further in November, as BP completed a 25-day planned maintenance shutdown at its Chirag platform. Output form the Azeri, Chirag and Guneshli (ACG) fields, which account for about 75% of Azerbaijan's production, averaged 635 kb/d in October. For the year to date, total crude oil and condensate production in Azerbaijan fell 33 kb/d compared to a year earlier, driven by falling oil output from the ACG fields.

In December, a deadly fire at one of Socar's offshore platforms in the Caspian Sea in early December is expected to impact output in coming months. The platform, reportedly accounting for about 60% of Socar's oil output, which totalled 137 kb/d in October, was damaged by a fire after heavy seas damaged a subsea gas line. While little information on the extent of the damage is known at this time, severe storm hampering efforts to stem the damage and evacuate workers could suggest that the platform could mean that the platform might be off for some time. Oil production on 28 wells linked to the facility was suspended and all oil and gas pipelines which link the platform with land were blocked as a safety precaution. Reports emerged later of a fire that struck a second platform.

Kazakhstan – October actual: Kazakhstan's oil production was unchanged at 1.56 mb/d, 85 kb/d below a year ago. Tengiz output was constrained for a third month running, at around 450 kb/d, compared with an average 570 kb/d over the first half of the year. Karachaganak output meanwhile rebounded from September's 28 –month low of 241 kb/d, to 280 kb/d, according to *Caspian Investor*.

FSU net oil exports FSU net-exports increased by 110 kb/d in October to 9.43 mb/d, a significant 450 kb/d above one year earlier. Unlike recent months, the uptick was driven by surging refined product shipments (+200 kb/d) which more than offset a 100 kb/d drop in crude exports. The fall in crude volumes was driven by a decline in exports from other FSU states. In contrast, Russian exports rose by 210 kb/d to 4.7 mb/d amid close-to-record production and as the Russian Rouble remains weak against the US dollar. The largest monthly decline was posted in deliveries through the CPC pipeline (-220 kb/d) which fell amid maintenance on the ACG group of fields. According to reports, the project to expand the CPC line to 1.6 mb/d is almost complete. However, it will not reach capacity until oil from the much-delayed Kashagan project enters the line; this is currently expected in 2017.

Despite the protracted delays to the start-up of Kashagan, exports of Kazakhstan's CPC Blend crude continue to increase, with record high loadings scheduled for December. With the pipeline and terminal expanded, oil that was previously exported via rail to Black Sea terminals or over the Caspian Sea to Azerbaijan via the BTC pipeline have dwindled. As a result, deliveries out of the CPC Blend terminal north of Novorossiisk have jumped dramatically, breaking the 1 mb/d mark again in November, with even higher volumes scheduled for December. CPC Blend is now the single largest source of crude supply in the Mediterranean, surpassing both Russian's Urals grade and northern Iraqi crude sold by the Kurdish Regional Government.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2013	2014	4Q2014	1Q2015	2Q2015	3Q2015	Aug 15	Sep 15	Oct 15	Latest month vs. Sep 15	Latest month vs. Oct 14
Crude											
Black Sea	1.78	1.62	1.50	1.83	1.56	1.59	1.46	1.70	1.54	-0.16	0.06
Baltic	1.57	1.33	1.20	1.47	1.45	1.38	1.31	1.57	1.53	-0.04	0.16
Arctic/FarEast	0.81	1.14	1.26	1.36	1.41	1.41	1.36	1.44	1.49	0.04	0.20
BTC	0.64	0.60	0.55	0.64	0.61	0.61	0.55	0.55	0.61	0.06	0.01
Crude Seaborne	**4.80**	**4.69**	**4.51**	**5.29**	**5.03**	**4.98**	**4.69**	**5.27**	**5.16**	**-0.11**	**0.42**
Druzhba Pipeline	1.03	1.01	0.99	1.07	1.08	1.06	1.04	1.09	1.15	0.06	0.13
Other Routes	0.57	0.40	0.21	0.25	0.24	0.23	0.20	0.26	0.23	-0.04	0.01
Total Crude Exports	**6.40**	**6.14**	**5.81**	**6.61**	**6.35**	**6.27**	**5.93**	**6.62**	**6.53**	**-0.09**	**0.43**
Of Which: CPC Pipeline	0.71	0.85	0.89	0.99	0.90	0.91	0.78	1.03	0.81	-0.22	0.03
Of Which: Transneft[1]	4.08	3.88	3.65	4.27	4.16	4.08	3.96	4.29	4.40	0.11	0.41
Products											
Fuel oil[2]	1.64	1.72	1.71	1.65	1.51	1.31	1.27	1.38	1.38	0.00	-0.24
Gasoil	0.85	0.95	0.88	1.22	1.03	0.82	0.81	0.81	0.87	0.06	0.07
Other Products	0.51	0.57	0.50	0.73	0.69	0.58	0.54	0.58	0.71	0.14	0.18
Total Product	**3.00**	**3.25**	**3.09**	**3.61**	**3.23**	**2.71**	**2.62**	**2.76**	**2.96**	**0.20**	**0.00**
Total Exports	**9.40**	**9.38**	**8.90**	**10.22**	**9.58**	**8.98**	**8.56**	**9.39**	**9.49**	**0.11**	**0.43**
Imports	0.08	0.08	0.10	0.05	0.06	0.07	0.07	0.07	0.07	0.00	-0.02
Net Exports	**9.32**	**9.30**	**8.81**	**10.17**	**9.53**	**8.91**	**8.49**	**9.32**	**9.43**	**0.11**	**0.45**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

In the East, the dredging operation to permit Suezmax tankers to call at Kozmino is complete and October saw the first oil loaded onto one of these 1 mb vessels. According to tanker tracking data, both Japan and China are now using these vessels to import ESPO oil. Despite a brief weather-related closure, exports from the terminal rose by 50 kb/d m o m to 650 kb/d, the second highest on record. Looking forward, Russian seaborne loading schedules suggest that exports should rise slightly in November before falling once again in December.

Despite Russian refinery throughputs falling by close to 300 kb/d m-o-m in October, refined product exports hit 3.0 mb/d (+200 kb/d m-o-m), their highest since May. Light products (here included under 'other products') accounted for the bulk of the rise. Naphtha increased by 50 kb/d as deliveries to Northern ports were hiked, meanwhile gasoline exports surged by 75 kb/d, again as flows increased from Northern Russia.

OECD STOCKS

Summary

- **World oil markets will remain oversupplied at least until late 2016, according to our latest demand and supply projections, although the pace of global stock builds should roughly halve next year.** An impressive 300 mb of oil is still expected to pile into inventories, but tank tops should not come under pressure due to spare storage capacity in the US and expectations of future capacity additions.

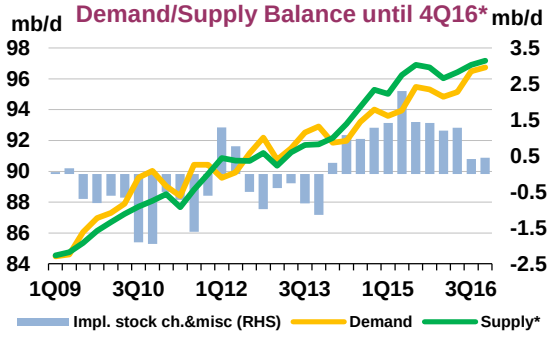
- **OECD commercial inventories drew for the first time in seven months in October to stand at 2 971 mb at end-month**. Since the 8.2 mb draw was more gentle than the 20.7 mb five-year average draw for the month, inventories' surplus to average levels widened to 260 mb.

- **Plunging refined product stocks (29.8 mb) pressured inventories and more than offset a combined 21.6 mb build in crude oil, NGLs and other feedstocks.** Products drew as OECD refinery runs touched a seasonal low. At end-October, product inventories covered 31.7 days of forward demand cover, 0.6 days below end-September but 2.1 days above one year earlier.

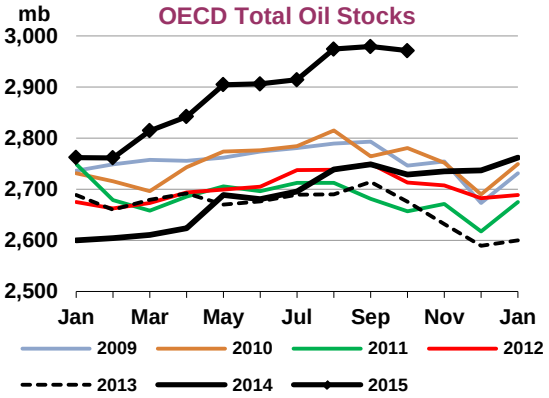
- **Despite middle distillate stocks drawing, by end-October they stood at a significant 43 mb surplus to average levels** and covered 33.1 days of forward demand, 3.6 days above the previous year. The majority of the surplus remains in Europe, although logistical bottlenecks are preventing stocks in the Northwest of the continent from draining into central land-locked markets.

- **As crude inventories rose by 5.8 mb at the Cushing Oklahoma storage hub in November, the contango in the NYMEX WTI contract steepened** so that the discount of prompt barrels to those for delivery in two months' time widened to $1.30/bbl at end-November from $0.90/bbl one month earlier.

- **Preliminary data suggest that OECD inventories inched down by 1.7 mb in November, far less than the 11.6 mb average draw for the month**. Crude oil stocks remained steady after they were buttressed by a counter-seasonal build in the US while refined products drew.



*OPEC output assumed steady at 31.7mb/d through March 2016. A gradual ramp-up of Iranian production is expected during 2Q16 to 600/kb/d in June.



Global overview

Global oil markets remain oversupplied and, according to our latest demand and supply balances, the current imbalance will persist at least until late 2016. Nonetheless, the pace of global stock builds should roughly halve next year with inventories projected to add just over 300 mb. The vast majority of next year's build is expected in the first half of the year before tailing off during the third and fourth quarters.

Despite the scale of these expected builds, global storage capacity should not come under pressure. Much of the excess oil will be soaked up by the 230 mb of new storage capacity slated to be commissioned in 2016. More than half of this will be new SPR capacity in China and India while the rest will be new terminals or expansions of existing commercial storage sites in North America (34 mb), China (26 mb), the Middle East (5 mb), Europe (3 mb) and elsewhere. It should be noted that these volumes do not include new storage at refineries. Although data on storage capacity are scarce, data suggest that current inventory levels in many European states are well below record levels.

Additionally, latest data from the US EIA suggest that US inventories are 70% full, leaving roughly 100 mb of spare capacity. Nonetheless, capacity at key terminals (often the delivery points for oil contracts) could come under pressure as has already been seen in the ARA (Amsterdam-Rotterdam-Antwerp) region and at Cushing. This has the ability to send pricing signals to market participants. Indeed, NYMEX WTI prompt prices have come under pressure in recent weeks as inventories at the Cushing, Oklahoma storage hub have exceeded 80% of working capacity. Meanwhile, time spreads in the ICE Brent forward curve remain at levels that do not support floating storage which suggests that volumes held off ARA and US Gulf are due to unloading delays rather than speculation. Moreover, the spread in the M1 – M3 ICE Brent market stood at about $1.15/bbl in early-December – far less than the $8.00/bbl that was reached during the so-called 'super contango' in 2008-2010.

OECD inventory position at end-October and revisions to preliminary data

OECD commercial inventories drew for the first time in seven months in October to stand at 2 971 mb at end-month. However, since the 8.2 mb draw was far more gentle than the 20.7 mb five-year average draw for the month, inventories' surplus to average levels widened to 260 mb from a downwardly-revised 248 mb one month earlier.

Preliminary Industry Stock Change in October 2015 and Third Quarter 2015

	October 2015 (preliminary) *(million barrels)*				October 2015 (preliminary) *(million barrels per day)*				Third Quarter 2015 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**21.4**	**4.2**	**-1.5**	**24.1**	**0.69**	**0.13**	**-0.05**	**0.78**	**-0.11**	**-0.05**	**0.01**	**-0.15**
Gasoline	-10.7	0.4	-0.1	-10.5	-0.35	0.01	0.00	-0.34	0.07	0.04	-0.02	0.09
Middle Distillates	-12.3	0.6	-1.5	-13.2	-0.40	0.02	-0.05	-0.43	0.07	0.26	0.06	0.40
Residual Fuel Oil	3.1	0.6	-0.4	3.3	0.10	0.02	-0.01	0.11	-0.01	0.02	0.03	0.04
Other Products	-4.9	-1.2	-3.4	-9.4	-0.16	-0.04	-0.11	-0.30	0.19	0.03	0.04	0.26
Total Products	**-24.8**	**0.3**	**-5.3**	**-29.8**	**-0.80**	**0.01**	**-0.17**	**-0.96**	**0.31**	**0.36**	**0.11**	**0.78**
Other Oils[1]	-0.6	-0.5	-1.5	-2.5	-0.02	-0.02	-0.05	-0.08	0.15	-0.03	0.04	0.16
Total Oil	**-3.9**	**4.0**	**-8.3**	**-8.2**	**-0.13**	**0.13**	**-0.27**	**-0.27**	**0.35**	**0.28**	**0.17**	**0.80**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

The monthly draw was driven by plunging refined product stocks (-29.8 mb) which more than offset a combined 21.6 mb build in crude oil, NGLs and other feedstocks. Product holdings were pressured lower by OECD refinery runs that fell close to 900 kb/d to touch a seasonal low amid turnarounds in all regions. This saw declines of 13.2 mb, 10.5 mb and 9.5 mb in middle distillates, motor gasoline and 'other products', respectively. Despite these drops, stock levels of all products bar motor gasoline stood above average by end-October. Since the fall in middle distillates was only about two thirds of the average draw for the month, the surplus of inventories to seasonal levels widened to 43 mb at end-month from 35 mb one month earlier. OECD middle distillate stocks now cover 33.1 days of forward demand, 3.6 days above the previous year. All told, OECD refined product inventories provided 31.7 days of forward demand cover at end-October, 0.6 days below end-September but 1.8 days above one year earlier.

Upon the receipt of more complete data, OECD inventories were adjusted down by 9.1 mb in September, which together with a -0.4 mb amendment to August, saw September inventories build counter-seasonally by 5.1 mb, weaker than the 13.8 mb presented in last month's *Report*. The revision was centred in the OECD Americas where data came in 7.9 mb lower with the US accounting for the majority (5.5 mb). Meanwhile, stocks in Asia Oceania were revised 4.6 mb lower with Japanese crude oil holdings

accounting for 3.9 mb. On the other hand, some offset was provided by European inventories that were adjusted 3.4 mb higher.

Revisions versus 13 November 2015 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Aug-15	Sep-15	Aug-15	Sep-15	Aug-15	Sep-15	Aug-15	Sep-15
Crude Oil	**-0.7**	**-4.0**	**0.8**	**-2.5**	**0.4**	**-4.8**	**0.5**	**-11.3**
Gasoline	0.0	-2.0	-0.1	3.8	0.0	0.3	-0.1	2.1
Middle Distillates	0.1	-4.5	-0.7	4.3	0.0	-0.4	-0.6	-0.7
Residual Fuel Oil	-0.1	1.4	0.0	-2.1	0.0	0.1	-0.1	-0.6
Other Products	-0.1	-1.4	0.0	-0.7	0.0	0.2	0.0	-1.9
Total Products	**-0.1**	**-6.5**	**-0.7**	**5.3**	**0.0**	**0.1**	**-0.8**	**-1.1**
Other Oils[1]	-0.1	2.6	0.0	0.5	0.0	0.1	-0.1	3.2
Total Oil	**-0.9**	**-7.9**	**0.1**	**3.4**	**0.4**	**-4.6**	**-0.4**	**-9.1**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Preliminary data suggest that OECD inventories inched down by 1.7 mb in November, far less than the 11.6 mb average draw for the month. Crude oil stocks fell by a weak 1.6 mb during a month they would normally draw by 7.8 mb, after stocks were buttressed by an unseasonal build in the US. Refined products slipped counter-seasonally by 1.6 mb with 'other products' falling by 11.9 mb while motor gasoline rose by 3.2 mb, significantly weaker than the 9.6 average build over the past five years. Meanwhile, middle distillates rose by a steeper-than-average 6.9 mb.

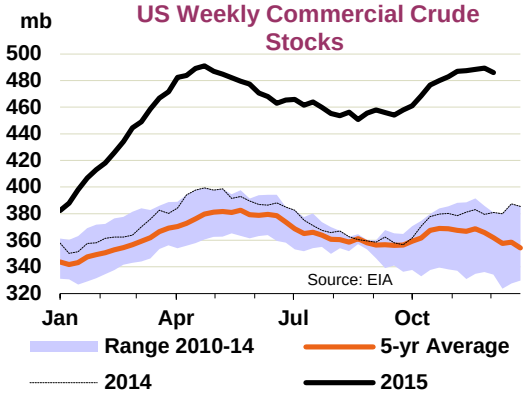
Recent OECD industry stock changes

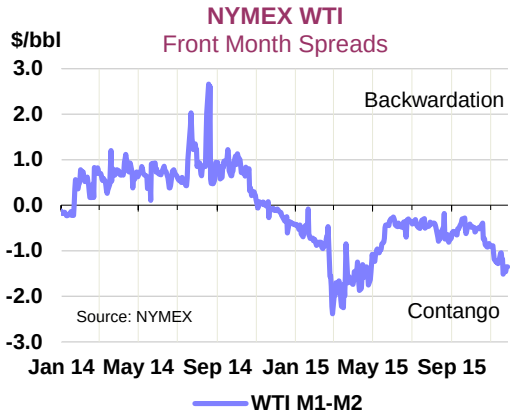
OECD Americas

During October, commercial inventories in the OECD Americas slipped by 4.0 mb. By end-month, they stood at 1.57 billion barrels, a record 191 mb above average. Refined products (-24.8 mb) plummeted in line with seasonal trends as regional refiners remained in turnarounds while stockholders in the US typically destock refined products during the fourth quarter to lessen their end of year tax burden. As refiners reduced runs and despite domestic production waning, crude oil stocks rose by 21.4 mb, their steepest build since March with data suggesting that transatlantic arrivals into the US remained relatively high given the narrow WTI / Brent spread.

Motor gasoline dropped by a steep 10.7 mb, nearly twice the seasonal average but by end-month still stood at a surplus (5 mb) to average levels. Exports appear to have weighed on stocks with US gasoline shipments hitting 500 kb/d in October, 100 kb/d above one year earlier. Middle distillates drew seasonally by 12.3 mb but levels remained about 1 mb above average. Inventories of 'other products' slipped by 4.9 mb, weaker than the 7.4 mb average draw for the month as demand for propane remained underwhelming in the face of drier-than-usual weather in the US mid-west which decreased agricultural demand. At end-month, refined products covered 30.3 days of forward demand, 1.0 day below one month earlier but 1.9 days above one year ago.

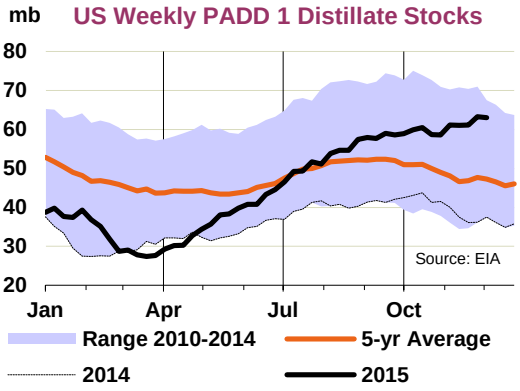
Preliminary weekly data from the US EIA suggest that US inventories built counter seasonally by 4.8 mb in November. Despite refiners exiting turnarounds, commercial crude oil holdings defied seasonal trends and added 4.5 mb to stand a record 500 mb by end-month. However, these volumes include about 120 mb of pipeline fill, cargoes in transit from Alaska and volumes used as lease stocks. When subtracting these volumes and examining the most recent EIA survey of storage capacity (containing data as of 30 September 2015), this equates to almost 70% of working storage capacity.





Inventories at the Cushing, Oklahoma storage terminal – the delivery point of the NYMEX WTI contract – rose by 5.8 mb in November to 59 mb, equating to 81% of capacity. This has pressured NYMEX WTI prompt prices downwards signalling that capacity is becoming a concern. Accordingly, the discount of prompt WTI barrels over those for delivery in two months' time widened to $1.30/bbl at end-November from $0.90 /bbl one month earlier. Capacity in the US Gulf Coast (PADD 3) region stands at about two thirds full. This suggests that the near-40 mb of volumes held in tankers moored in the US Gulf is there due to logistical delays rather than because storage tanks are full.

Refined products inventories inched down counter-seasonally by 1.2 mb in November. This was driven by 'other products' which adhered to seasonal trends, dropping by 10.1 mb as demand for space heating and from agriculture increased. Meanwhile, motor gasoline rose by 2.2 mb, considerably weaker than the 9.4 mb seasonal build for the month. As with October, it is likely that builds in gasoline were tempered amid high exports that hit 600 kb/d, double levels of a year earlier. At end-month, national middle distillates holdings stood 9.3 mb above average with distillate heating oil stocks in the key PADD 1 market standing 75% (27 mb) above one year earlier.

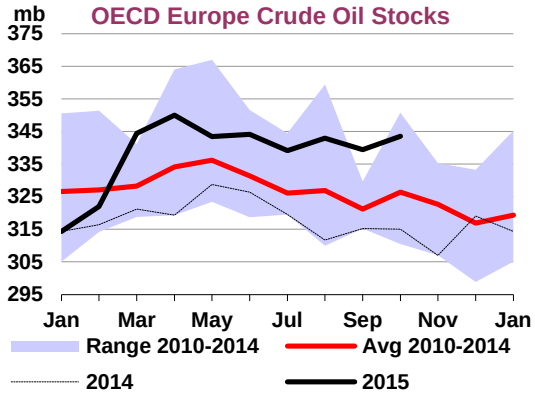


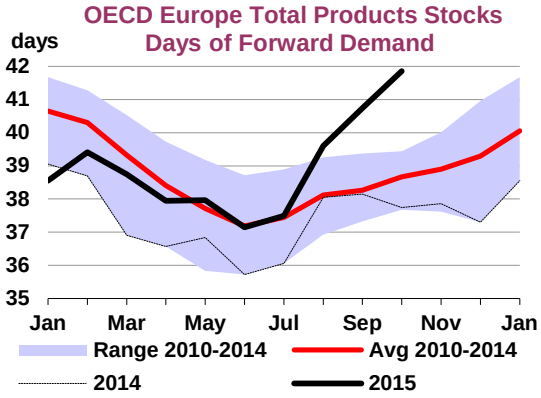
OECD Europe

European commercial inventories bucked seasonal trends and built by 4.0 mb in October. As refiners remained in maintenance, crude oil stocks added a seasonal 4.2 mb with inventories' surplus to average levels standing at 17 mb at end-month. Refined products inched down by 0.3 mb, far weaker than the 11.4 mb five-year average draw. Consequently, the overhang of refined products to average levels ballooned to 34 mb from 22 mb one month earlier. It is likely that stocks drew weakly due to the ongoing problems evacuating products from the ARA region to the inland continent (see *European stocks diverge on logistical bottlenecks*) with the Netherlands notably posting a weaker than average draw. Middle distillates (+0.6 mb), fuel oil (+0.6 mb) and motor gasoline (+0.4 mb) posted small counter-seasonal declines while 'other products' (-1.2 mb) fell in line with seasonal trends. All told, at end-month refined products covered 42.2 days of forward demand, 1.1 days and 4.5 days above last year and one year earlier, respectively.

Preliminary data from Euroilstocks suggest that European commercial holdings adhered to seasonal trends and inched up by 0.8 mb in November. As refiners continued to come out of maintenance, stocks of crude oil decreased by 1.1 mb. However, despite refinery throughputs remaining above a year ago, this was significantly less than the 3.7 mb average draw for the months as regional crude production

remained well above a year ago and imports, especially from Russia and West Africa remained high. The increase in refinery activity saw products rise by 1.9 mb as middle distillates, motor gasoline and 'other products posted builds of 1.2 mb, 0.7 mb and 0.4 mb, respectively. This more-than-offset a 0.4 draw in fuel oil.

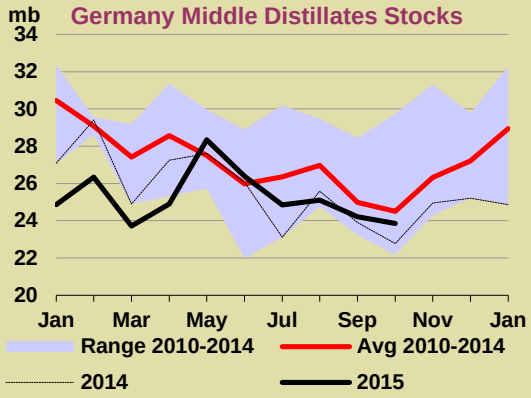


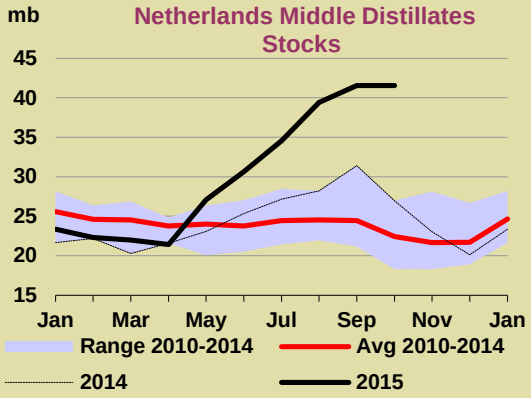


European stocks diverge on logistical bottlenecks

Despite European refined product inventories standing a comfortable 34 mb above average at end-October, it has become increasingly apparent that regional stocks in coastal areas and in inland Europe are on diverging paths. The main factor behind this has been the difficulty in draining product held in tanks in the ARA (Amsterdam – Rotterdam – Antwerp) region to demand centres in central Europe.

As a number of European refineries have closed over recent years, the region has become dependent on imports of refined products. Many of these cargoes arrive in the ARA region on large tankers from as far afield as Russia, the US and the Middle East. Subsequently, they are broken into smaller cargoes and shipped to inland demand centres via barges and pipelines. This summer, central Europe experienced a severe drought that saw water levels in the River Rhine dwindle to their lowest since 1976. The river is the main artery to ship refined products from Northwest Europe to inland Germany and Switzerland and the low levels have curbed barge traffic. There are few alternative options; NATO's Central European Pipeline System (CEPS) linking terminals to a number of main airports, petrochemicals plants and demand centres, is now running at close to full capacity while there is insufficient infrastructure and capacity available to transport products by rail.





Accordingly, traders have been forced to anchor vessels off Northwest Europe until they can either secure space on the CEPS line, offload the cargo onto one of the smaller barges which can still sail on the Rhine or until they can put the product into land-based storage. With time spreads in the ICE gasoil contract still insufficient to cover floating storage and demurrage fees, these delays are eating into profits. The bottlenecks have seen stocks in the ARA region soar in recent months so that by end-October, refined product inventories in the Netherlands stood 25 mb above average. Moreover, heading into winter, it is apparent that much of the surplus stands in middle distillates, with inventories standing 15 mb above average.

European stocks diverge on logistical bottlenecks (continued)

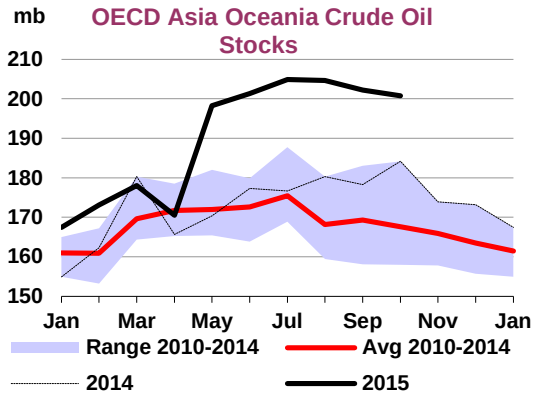
While stocks in Northwest Europe have surged, those in Germany and Switzerland have remained relatively low. According to latest data, German refined product stocks have drawn in line with seasonal trends over the summer but since they came from a very low base, remained 1 mb below average by end-October. This is due to refinery throughputs remaining high at 1.8 mb/d while imports remained relatively steady which suggests that imports via northern ports rose to compensate for decreases elsewhere.

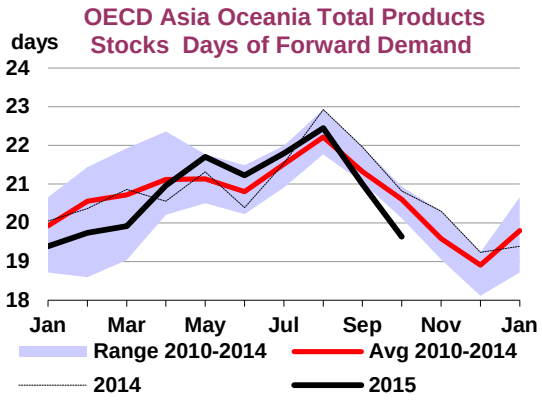
In contrast, the difficulty is shipping products had a bigger impact on Switzerland due to the recent closure of the Collombey refinery. This saw Swiss commercial refined product stocks draw rapidly during late summer to hit their lowest September level on record, and with the brief closure of the country's only refinery at Cressier during early-October, the Swiss administration released 1.6 mb of government-controlled motor gasoline and diesel inventories in early-October. Although the Cressier refinery restarted in late October, stocks still remained very low at the time of writing.

With volumes of refined products held in independent storage in Northwest Europe remaining at close to record levels in recent weeks and with no significant rainfall in central Europe over the past few months, this uneven picture can be expected to last for some time to come. Moreover, according to hydrologists, it will take prolonged precipitation for the levels in the Rhine to recover to a level where barge traffic can normalise and thus bottlenecks will not be alleviated swiftly.

OECD Asia Oceania

Industry stocks in OECD Asia Oceania drew by 8.3 mb in October, considerably steeper than the 2.8 mb seasonal decline for the month. This drop was centred in Japan where inventories slipped unseasonably by 5.4 mb, in stark contrast to the 2.7 mb average build for the month. All oil categories fell, notably crude oil decreased seasonally by 1.5 mb, as - despite a number of regional refiners remaining in maintenance (notably in Japan) - buyers ratcheted back crude purchases. Refined products slipped counter-seasonally by 5.4 mb as stocks of 'other products broke seasonal trends and fell by 3.4 mb. Motor gasoline also drew counter-seasonally (-0.1 mb) while middle distillates – including kerosene, the region's space heating fuel of choice – slipped by a broadly seasonal 1.5 mb with stocks ending the month at 66 mb, 3 mb below average. At end-month, regional refined products covered 19.7 days of forward demand, 1.4 days and 1.1 days below end-September and year-earlier levels, respectively.

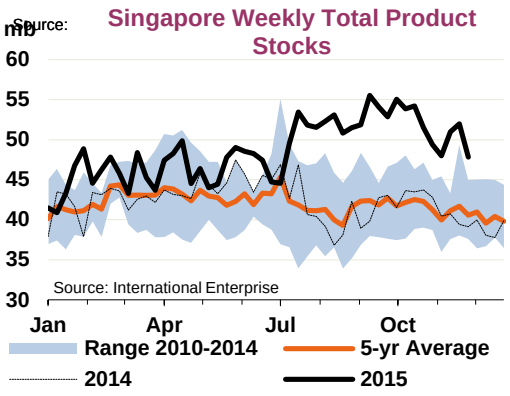


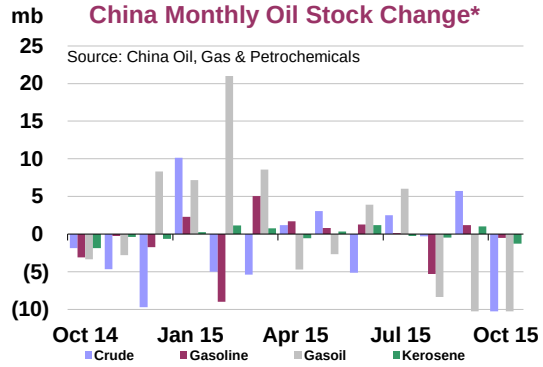


According to weekly data from the Petroleum Association of Japan (PAJ), commercial oil stocks in Japan continued their recent decline, falling for the third consecutive month, as they lost a steep 7.3 mb in November. Plunging crude (-5.0 mb), pressured stocks lower as refiners hiked throughputs by over 200 kb/d which likely outstripped crude imports. Despite this higher refining activity, refined products declined by a combined 2.3 mb. Only motor gasoline (+0.3 mb) and middle distillates (+0.1 mb) posted builds, while ' other products' and fuel oil drew by 2.2 mb and 0.5 mb, respectively. By end-November, stocks of all refined product categories in the country stood below average.

Recent developments in Singapore and China stocks

Weekly data from International Enterprise indicate that land-based refined products inventories in Singapore slipped by 1.6 mb in November. Falling middle distillate (- 2.5 mb) and residual fuel oil (-1.6 mb) holdings pressured stocks lower and more-than offset a 2.5 mb build in light distillates. The draw in middle distillates was the steepest since October 2011 and at end-November stocks hit their lowest level since early summer. The fall came against the backdrop of regional refinery outages, notably at Shell's 500 kb/d Singapore refinery on Bukom Island and as imports from the Middle East tailed off due to refinery maintenance there. In contrast, light distillates built for five consecutive weeks until late November, which saw 3.1 mb added to inventories as shipments of naphtha from Europe and gasoline from India and the Middle East remained strong.





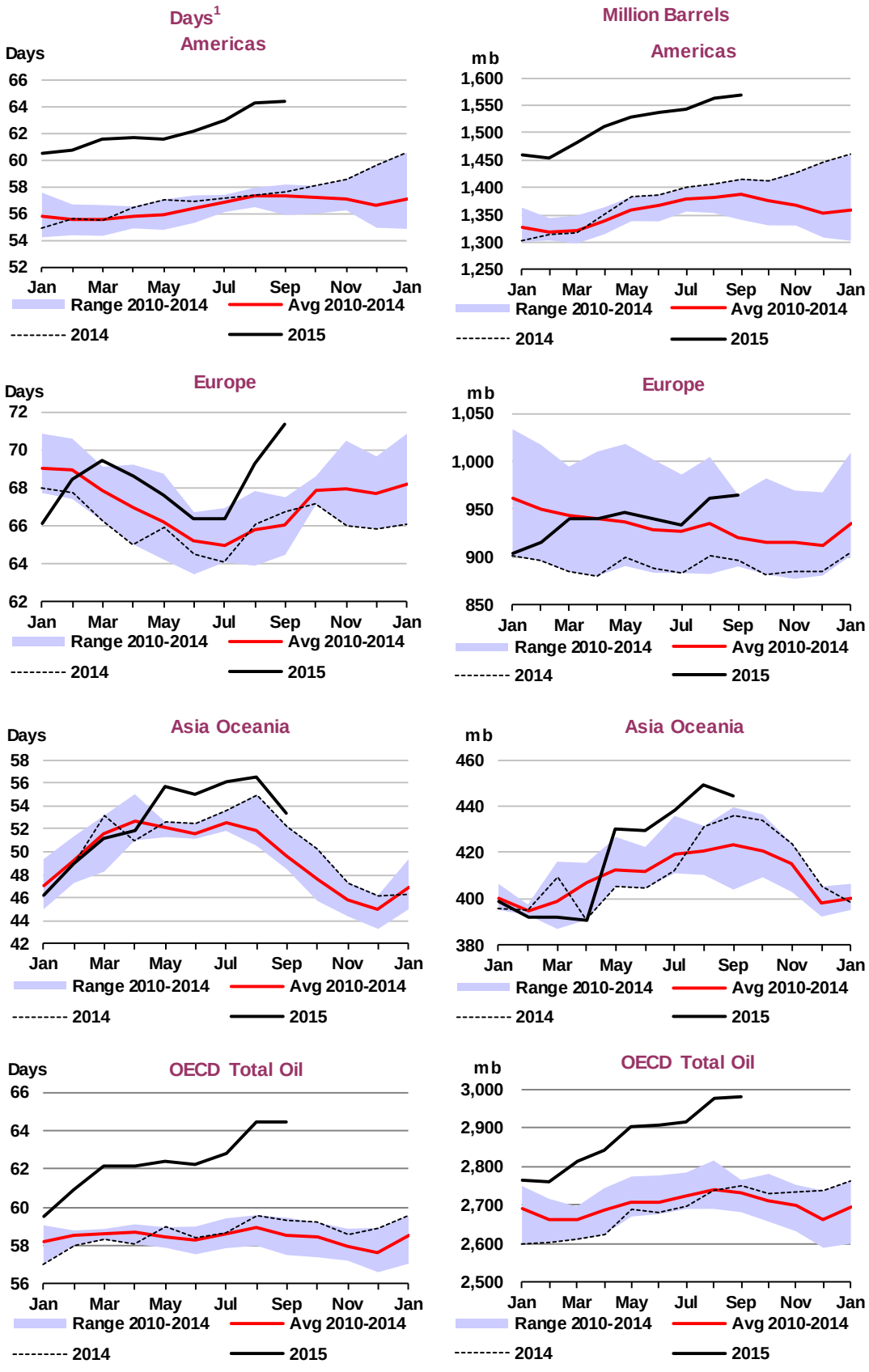
*Since August 2010, COGP only reports percentage stock change

Data from *China Oil, Gas and Petrochemicals* (*China OGP*) point to Chinese commercial crude stocks plummeting by an equivalent 10.8 mb (data are reported in terms of percentage stock change) in October, their steepest monthly decline since January 2010. The decline occurred as refiners hiked throughputs by 100 kb/d after seasonal maintenance. Additionally, crude imports fell by 600 kb/d on a monthly basis. Nonetheless, the difference between crude supply (production minus net imports) and refinery runs remained in positive territory, suggesting a 14.7 mb unreported build. This could be heading to unreported commercial tanks or newly-completed SPR facilities. October was the fifth consecutive month that crude supply has outstripped crude demand and preliminary data suggest that this trend is set to continue in November.

Refined products continued their destocking and drew for the third consecutive month by a combined 13.6 mb. Plunging gasoil holdings (-11.8 mb) led stocks lower, this was likely export led considering underwhelming domestic demand and that the Chinese administration recently changed the tax structure to incentivise refiners to ship excess product abroad. It is likely that Chinese refiners are maximising their gasoline output to satisfy growing domestic demand that in tandem is producing extra gasoil. Gasoline stocks inched down by 0.5 mb while kerosene inventories slipped by 1.3 mb.

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

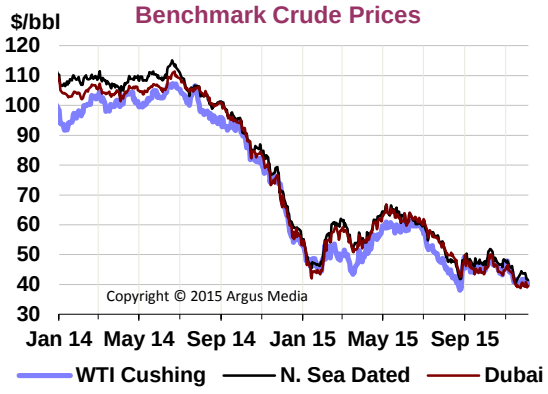
- **Benchmark crudes approached seven-year lows in early December after OPEC opted to continue producing at will to defend market share.** Unrelenting oversupply in world markets had already weakened benchmarks during November. ICE Brent was last trading at $39.77/bbl with NYMEX WTI several dollars lower at $36.87/bbl.

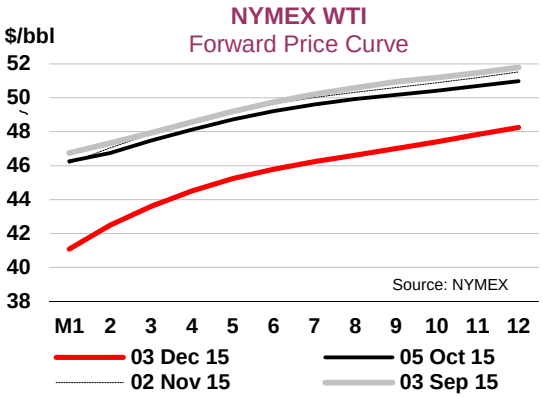
- **Despite recent price falls, time spreads in futures markets remain at levels that do not support floating storage and signal that storage capacity is not under pressure.** The notable exception is NYMEX WTI, where persistent stock builds at the Cushing storage hub have pressured prompt prices lower in comparison to those for later delivery. This has widened the contango to levels that make storing oil attractive to investors.

- **Spot crude oil prices fell in November with European markets among the most affected as supplies of both sweet and sour grades remained ample.** Meanwhile, despite declining US LTO production and increasing refinery activity, US prices fell amid stock builds and increases in Gulf of Mexico production.

- **Spot product prices weakened across the board in November. Plentiful inventories and increasing supply as refiners exited turnarounds weighed heavy**. Products at the top of the barrel fared best; naphtha cracks hit multi-year highs in all regions buoyed by high petrochemical demand, while gasoline cracks firmed in the Atlantic Basin on export demand.

- **Surveyed freight rates had a generally strong month. Very large crude carriers (VLCCs) on the Middle East to Asia route eased throughout November on the back of falling demand** while Suezmax rates fell from their mid-October peak but remained supported by a shrinking tonnage list.





Market overview

Persistent oversupply in world crude markets pressured benchmark crude oil prices in November. This more-than-offset any positive sentiment coming from the ramp up of global refinery throughput as seasonal maintenance eased. Further downward momentum came from OPEC's early-December decision to keep its taps open, with marker crudes touching seven-year lows. ICE Brent was last trading at $39.77/bbl. Meanwhile, NYMEX WTI was pressured by brimming inventories at the Cushing, Oklahoma storage terminal (the delivery point of the contract), with prices sliding by $3.37/bbl on a monthly average basis. The US benchmark was last trading at $36.87 /bbl. Despite the fall in WTI, the spread between US domestic grade LLS and Brent remained narrow in November while the arb to rail

midcontinent crudes to the Atlantic Coast remained shut. This saw Atlantic Basin crudes make their way into the US East Coast.

A similar picture prevailed in product markets, where prices fell on increasing supplies as refiners returned from maintenance. Product inventories remain healthy and logistical bottlenecks in northwest Europe are also putting downward pressure on prices (see *European stocks diverge on logistical bottlenecks* in *Stocks* section). Reports suggest that vessels are storing ULSD and jet fuel in the ARA region. However, time spreads in the ICE gasoil contract do not make this profitable, suggesting that volumes remain at sea due to discharge delays. OECD refiners in the Atlantic Basin are also continuing to look to non-OECD markets as outlets for their products. This has managed to buttress prices, especially for gasoline, although there is growing evidence that those in Europe and the US are increasingly competing against one another in West Africa and Latin America.

Futures markets

All benchmark futures markets remain in contango (where oil for prompt delivery is cheaper than oil for delivery later). Unlike other crudes, the contango in the NYMEX WTI forward contract steepened in November on persistent stock builds at the Cushing, Oklahoma storage hub that saw stocks there surge to 59 mb, equating to 81% of working capacity. Accordingly, prompt prices fell by $3.37/bbl on a monthly, average basis. Considering that the contango in the first four months of the one-year curve is steeper than the following eight months, this is a signal that capacity at the terminal is currently under pressure, rather than of expectations that US refinery throughputs should rise going forward (US throughputs are projected to seasonally peak in December). It is also likely that the back of the curve was buttressed by expectations that US LTO production will decline. The spread in the M1-M3 contracts widened to about $2.50/bbl in early December compared to $1.75/bbl one month earlier. Meanwhile, the contango in the M1-M12 contracts steepened to about $7.20/bbl in early December compared with $5.40 /bbl in early November. These time spreads cover the cost of land-based storage costs and potentially make the storage of oil profitable for investors.

Prompt Month Oil Futures Prices

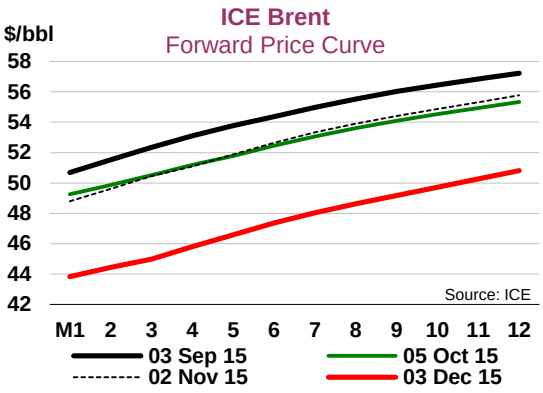
(monthly and weekly averages, $/bbl)

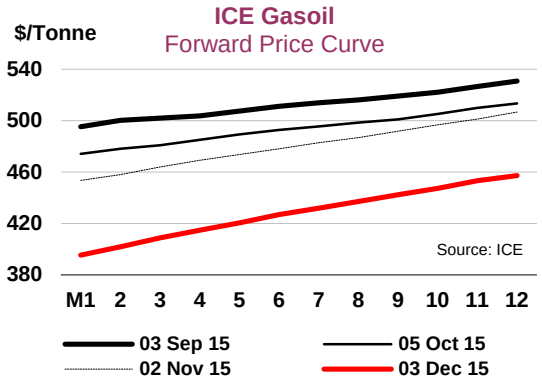
	Sep	Oct	Nov	Nov-Oct Avg Chg	% Chg	Week Commencing: 02 Nov	09 Nov	16 Nov	23 Nov	30 Nov
NYMEX										
Light Sweet Crude Oil	45.47	46.29	42.92	-3.37	-7.3	45.97	42.70	40.82	42.34	40.90
RBOB	58.03	56.21	56.04	-0.17	-0.3	58.32	55.22	53.10	57.65	55.28
No.2 Heating Oil	64.62	62.97	59.84	-3.13	-5.0	63.45	60.48	57.76	58.06	56.38
No.2 Heating Oil ($/mmbtu)	11.40	11.11	10.55	-0.55	-5.0	11.19	10.67	10.19	10.24	9.94
Henry Hub Natural Gas ($/mmbtu)	2.64	2.39	2.28	-0.11	-4.4	2.30	2.30	2.31	2.21	2.20
ICE										
Brent	48.54	49.29	45.93	-3.36	-6.8	48.66	45.62	44.22	45.49	43.68
Gasoil	63.13	61.47	58.45	-3.02	-4.9	61.10	59.11	56.71	57.31	53.86
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-3.07	-3.00	-3.01	-0.01		-2.69	-2.92	-3.40	-3.15	-2.78
NYMEX No.2 Heating Oil - WTI	19.15	16.68	16.92	0.24		17.48	17.78	16.94	15.72	15.48
NYMEX RBOB - WTI	12.56	9.92	13.12	3.20		12.35	12.52	12.28	15.31	14.38
NYMEX 3-2-1 Crack (RBOB)	14.76	12.18	14.39	2.21		14.06	14.27	13.83	15.44	14.75
NYMEX No.2 - Natural Gas ($/mmbtu)	8.76	8.72	8.27	-0.45		8.89	8.36	7.88	8.03	7.74
ICE Gasoil - ICE Brent	14.59	12.18	12.52	0.34		12.44	13.49	12.49	11.82	10.18

Source: ICE, NYMEX.

In contrast, the back and front of the 12-month ICE Brent forward curve dropped in tandem with the spread between the M1 and M12 contracts staying relatively constant at $7.00/bbl between early November and early December. Meanwhile, the M1-M3 narrowed to $1.15/bbl from $1.66/bbl, levels which do not cover the cost of floating storage. Similarly, the contangos in the ICE gasoil contract

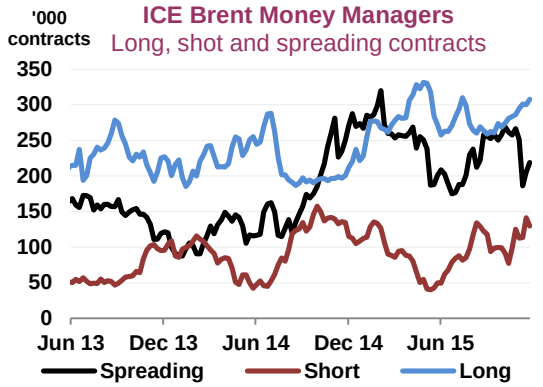
remained insufficient to cover floating storage which suggests that the vessels which are storing product in the ARA (Amsterdam-Rotterdam-Antwerp) region are doing so for logistical, rather than speculative purposes.

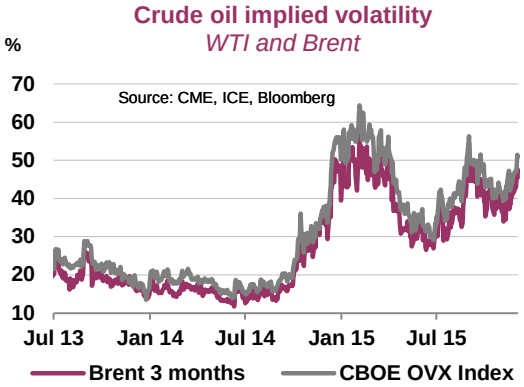




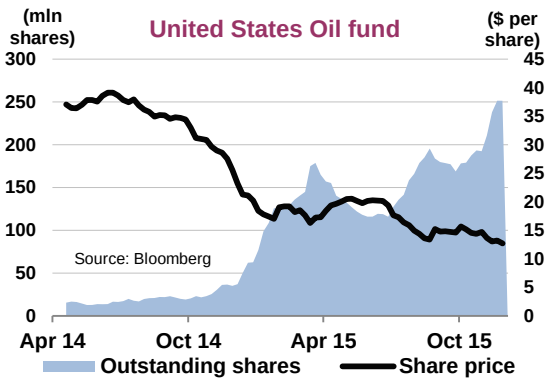
Market activity

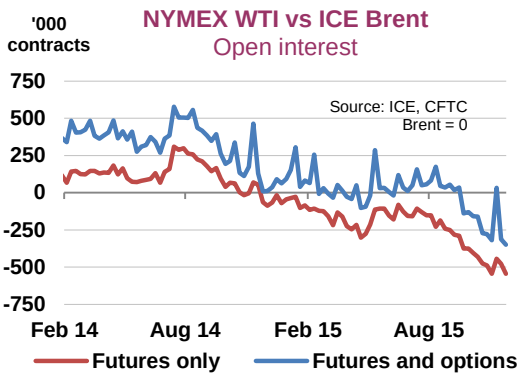
Futures markets saw uncertainty growing in November and early December. Disaggregated data from the commitment-of-trader reports showed hedge funds taking increasingly divergent positions in ICE Brent, as the number of spreading positions decreased while net long and net shorts (ie, directional bets) increased. The polarisation of expectations is reflected in implied volatility, a measure of future uncertainty derived from option contract prices, climbing towards the 50% mark.





The US oil fund, the largest exchange-traded WTI-based fund, drew further support in terms of shares from crude benchmark weakness. Open interest in Brent contracts kept growing with respect to WTI, consolidating its trend for both futures and options contracts. Trading volumes for futures contracts were seasonally down for both benchmarks, with WTI remaining the most frequently traded.



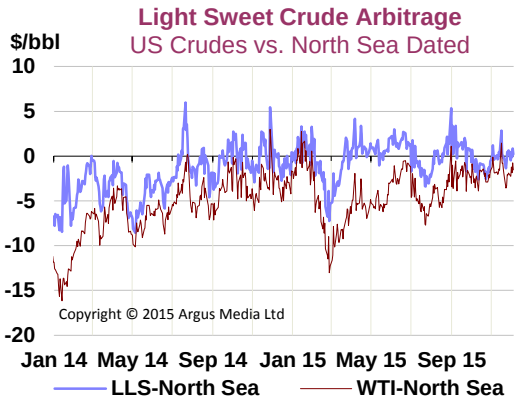


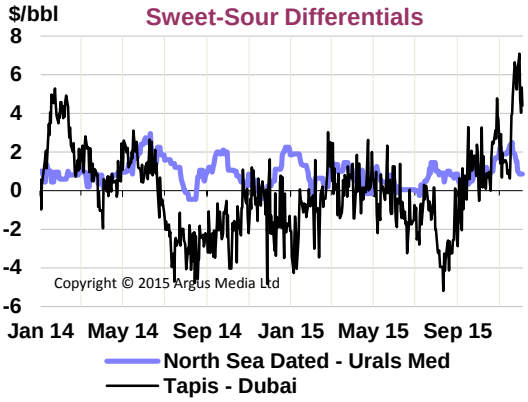
Financial regulation

The European Parliament (EP) has informed the European Commission that it is ready to accept a one-year delay to the start-date of financial market regulation legislation; MiFID II, currently taking effect in January 2017. The call for delay originally came from the European Securities and Markets Authority (ESMA), which informed the EP in a speech that the timing to 'build the necessary IT systems' is tight, relating it to the fact that the regulatory technical standards will be finalised 'well into 2016'.

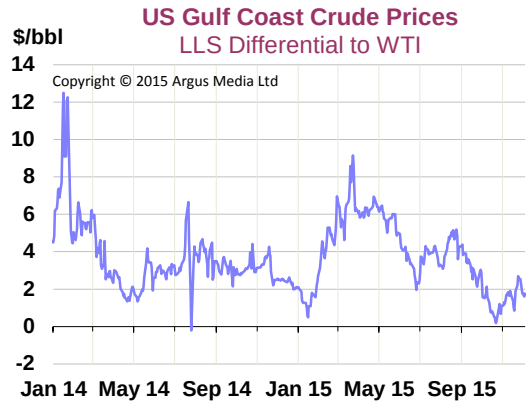
Spot crude oil prices

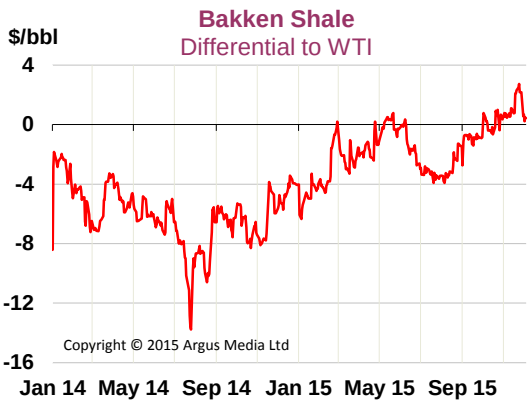
Spot crude oil prices fell in November with European markets among the most affected. Supplies of both sweet and sour grades remained ample, outstripping the effect of refiners returning from maintenance. In the US, despite falls in domestic LTO production and increasing refinery runs, domestic grades were pressured by stock builds and relatively high production in the Gulf of Mexico. US imports were also boosted by the relative strength of Bakken and a narrower LLS – Brent spread in November. Meanwhile in Asia, distillate-rich light, sweet crudes were buttressed by increased buying as refiners reacted to healthy regional naphtha and middle distillate cracks. On the other hand, sour crudes weakened in Asia in the face of continued high supplies from the Middle East.





All US marker crude prices weakened in November. On a monthly average basis, WTI lost $3.45/bbl after being pressured lower by persistent stock builds at the Cushing, Oklahoma storage hub. Nonetheless, on an absolute basis this was less than for other Atlantic Basin grades with WTI likely buttressed by refiners in the mid-continent and Gulf Coast coming out of seasonal maintenance and increasing their purchases. Consequently, the WTI – North Sea Dated spread narrowed by $0.80/bbl on a monthly average basis and by early December stood at about $-0.75/bbl.





The WTI – LLS spread has remained narrow over recent weeks and averaged less than $2/ bbl during November. LLS fell amid relatively robust production in the Gulf of Mexico as a number of new fields have recently come on-line while several refineries in the region have been undergoing maintenance. Moreover, considering the relative weakness in North Sea Dated, LLS has traded at a small premium to North Sea Dated over recent weeks. This has seen a number of transatlantic cargoes reach the US.

Imports of transatlantic crudes, notably from West Africa, were also boosted by the continued closure of the arbitrage opportunity to rail Bakken crude from North Dakota to refineries on the US Atlantic Coast. This closure came as Bakken rose to a premium versus WTI as its production declines. This premium hit a record $2.70/bbl in mid-November (excluding freight). Considering the cost of shipping West African crudes to the US has averaged about $2.60/bbl so far this year, this suggests that if the Brent – WTI/LLS spreads remain narrow and the premium of Bakken versus WTI persists then these transatlantic imports will continue.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Sep	Oct	Nov	Nov-Oct Avg Chg	%	Week Commencing: 02 Nov	09 Nov	16 Nov	23 Nov	30 Nov
Crudes										
North Sea Dated	47.61	48.51	44.26	-4.25	-8.8	47.18	44.45	41.58	43.91	42.42
Brent (Asia) Mth 1	48.10	48.73	45.28	-3.45	-7.1	48.46	45.79	43.26	43.93	43.79
WTI (Cushing) Mth 1	45.45	46.20	42.75	-3.45	-7.5	45.97	42.70	40.82	41.02	40.90
Urals (Mediterranean)	46.98	47.31	42.37	-4.94	-10.4	45.21	42.51	39.25	42.37	41.57
Dubai	45.45	45.92	41.76	-4.15	-9.0	45.50	42.78	39.50	39.97	39.80
Tapis (Dated)	46.04	47.62	45.03	-2.59	-5.4	47.18	44.00	42.52	45.93	44.92
Differential to North Sea Dated										
WTI (Cushing)	-2.16	-2.31	-1.51	0.80		-1.21	-1.75	-0.76	-2.88	-1.52
Urals (Mediterranean)	-0.63	-1.20	-1.89	-0.69		-1.97	-1.94	-2.33	-1.54	-0.85
Dubai	-2.16	-2.59	-2.50	0.10		-1.68	-1.67	-2.08	-3.94	-2.62
Tapis (Dated)	-1.57	-0.90	0.77	1.66		0.00	-0.45	0.94	2.02	2.50
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	-0.66	-0.59	-0.92	-0.33		-1.10	-0.99	-0.81	-0.80	-0.66
Forward WTI Cushing Mth1-Mth2	-0.43	-0.62	-1.21	-0.59		-0.98	-1.26	-1.20	-1.53	-1.37
Forward Dubai Mth1-Mth2	-1.34	-1.19	-1.44	-0.25		-1.32	-1.46	-1.53	-1.45	-1.10

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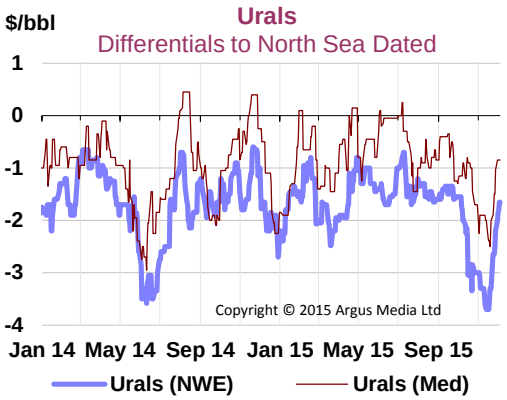
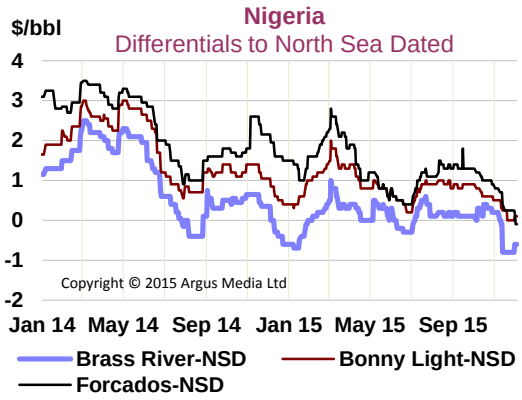
Northwest European light crude markets remained under pressure in November as, despite regional refiners exiting maintenance and hiking throughputs, North Sea production remained healthy while supplies of competing crudes, notably from West Africa, were ample. Regional benchmark North Sea Dated plunged by $4.25/bbl (8.8%) on a monthly average basis, the steepest fall among benchmark light crudes. By early-December it approached its lowest level in seven years and was last trading at $41.52/bbl. A similar picture prevailed in the Mediterranean where supplies of light grades from North Africa and the FSU, including CPC and BTC blends, are increasingly competing for market share with producers cutting prices accordingly.

European sour crude markets remained anaemic in November as FSU crude exports continued at close to record levels while Middle Eastern producers are increasingly targeting central and southern European refiners ahead of an expected increase in Iranian barrels next year (see *Sour wars* in OMR dated 13 November 2015). This has seen European sour benchmark Urals come under increased pressure recently as Russian producers struggle to stay competitive. Accordingly, the discounts of Urals versus North Sea Dated widened steadily during November with the differential for customers in Northwest Europe hitting -$3.70/bbl in mid-November, its widest since March 2012. Nonetheless, the differentials once again narrowed in late month after the release of the December loading program, showing a sharp decrease in volumes. In the East, Russian ESPO held its price relatively well, which saw its premium versus Dubai remain at about $5.00/bbl.

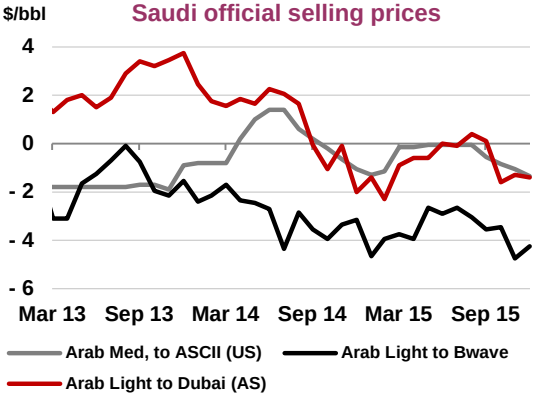




West African crudes are finding homes farther and farther afield. Tanker tracking data indicate that Nigerian barrels are now regularly being processed in refineries in Europe, the US Atlantic Coast, Latin America and Asia. Nonetheless, state company Nigerian National Petroleum Company (NNPC) is having trouble clearing an overhang of barrels, despite relatively strong gasoline cracks in Europe and the US. November saw NNPC cut the price of its flagship grades versus Dated Brent which cleared the overhang of November's barrels. However, at the time of writing, some of December's loading program remained unsold with January's program sailing onto the horizon.

East of Suez markets continue to be awash with sour crudes. Regional benchmark Dubai paired its losses with North Sea dated and weakened by $4.15/bbl on a monthly average basis which saw the spread between the two grades remain at close to $2.50/bbl. On the other hand, as Asian refiners take advantage of relatively robust naphtha and middle distillate cracks, the light crude market in the region is far more buoyant. Light, sweet Malaysian Tapis (which has a comparatively high naphtha yield) weakened by $2.59/bbl in November, far less than for other regional grades. It consequently saw its premium versus Dubai exceed $6.00/bbl, its widest since end-2013.

Saudi Aramco cut the official selling prices for its crude delivered to Asian customers in January in line with the weaker Dubai market. However, the discount of Arab Light to Dubai narrowed compared to previous months due to stronger refinery margins in the region that have been lifted by exceptional naphtha cracks. Although The Kingdom cut the discount of Arab Light versus BWAVE for its European customers, prices remain competitive as it battles for market share with extra Iraqi volumes and Russian Urals.



Spot product prices

Spot product prices weakened across the board in November as plentiful inventories and increasing supply as refiners exited turnarounds, weighed heavy. Products at the top of the barrel fared best with naphtha cracks hitting multi-year high in all regions buoyed by high petrochemical demand, while gasoline cracks firmed in the Atlantic Basin on export demand. Meanwhile, middle distillates prices and cracks remained weak across all markets amid warmer-than-usual weather and high stocks.

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Sep	Oct	Nov	Nov-Oct		Week Commencing:					Sep	Oct	Nov	Chg
				Chg	%	02 Nov	09 Nov	16 Nov	23 Nov	30 Nov				
Rotterdam, Barges FOB											**Differential to Dated Brent**			
Premium Unl 10 ppm	60.82	56.78	56.64	-0.13	-0.2	59.36	59.63	53.30	54.62	53.30	13.20	8.27	12.38	4.12
Naphtha	46.31	48.21	46.92	-1.29	-2.7	48.38	46.08	45.06	47.89	46.58	-1.30	-0.30	2.66	2.96
Jet/Kerosene	60.44	58.81	56.46	-2.35	-4.0	58.85	56.51	54.91	55.91	52.99	12.83	10.30	12.20	1.90
ULSD 10ppm	62.43	60.21	58.06	-2.15	-3.6	60.90	58.82	56.36	56.75	52.77	14.82	11.70	13.80	2.10
Gasoil 0.1%	60.98	58.97	55.44	-3.53	-6.0	58.00	55.69	53.89	54.60	51.09	13.36	10.46	11.19	0.72
LSFO 1%	33.80	34.82	31.63	-3.19	-9.2	34.47	31.79	30.20	30.31	28.42	-13.82	-13.69	-12.63	1.06
HSFO 3.5%	31.89	32.12	27.75	-4.38	-13.6	31.17	27.67	25.53	26.85	24.57	-15.72	-16.39	-16.51	-0.12
Mediterranean, FOB Cargoes											**Differential to Urals**			
Premium Unl 10 ppm	61.81	57.84	57.66	-0.19	-0.3	60.48	60.73	54.26	55.51	54.16	14.83	10.53	15.29	4.75
Naphtha	44.03	46.27	45.00	-1.27	-2.7	46.79	44.16	43.01	45.79	44.56	-2.95	-1.04	2.64	3.68
Jet Aviation fuel	59.27	57.73	55.38	-2.36	-4.1	58.12	55.43	53.65	54.65	51.79	12.29	10.42	13.01	2.59
ULSD 10ppm	62.68	60.70	57.55	-3.15	-5.2	60.62	58.11	55.91	56.08	52.39	15.70	13.39	15.18	1.79
Gasoil 0.1%	60.61	58.66	54.79	-3.88	-6.6	57.33	55.03	52.92	54.13	50.98	13.62	11.35	12.42	1.06
LSFO 1%	34.86	35.50	32.59	-2.91	-8.2	34.92	32.60	31.31	31.61	30.31	-12.12	-11.81	-9.78	2.03
HSFO 3.5%	35.04	35.08	30.35	-4.73	-13.5	33.84	30.61	27.99	29.20	27.27	-11.95	-12.23	-12.02	0.21
US Gulf, FOB Pipeline											**Differential to LLS**			
Super Unleaded	65.94	62.84	60.76	-2.07	-3.3	70.28	59.02	55.42	58.07	57.33	17.32	15.56	16.38	0.82
Unleaded	56.97	54.57	52.06	-2.51	-4.6	57.69	51.41	47.84	51.29	50.40	8.36	7.29	7.67	0.38
Jet/Kerosene	58.29	58.40	55.75	-2.64	-4.5	59.62	56.00	53.15	54.53	51.57	9.68	11.12	11.37	0.25
ULSD 10ppm	60.50	59.52	56.85	-2.67	-4.5	60.95	57.67	53.80	55.22	51.68	11.88	12.24	12.47	0.22
Heating Oil	55.99	56.29	52.40	-3.89	-6.9	57.45	54.32	48.78	48.85	46.26	7.38	9.01	8.01	-1.00
No. 6 3%*	34.42	34.66	31.77	-2.89	-8.3	34.53	32.03	30.08	30.38	27.79	-14.20	-12.62	-12.62	0.01
Singapore, FOB Cargoes											**Differential to Dubai**			
Premium Unleaded	65.26	63.46	58.92	-4.54	-7.2	61.20	59.40	56.94	58.27	57.84	19.81	17.55	17.16	-0.39
Naphtha	47.04	49.17	49.18	0.01	0.0	50.83	49.02	47.76	48.94	49.37	1.58	3.25	7.41	4.16
Jet/Kerosene	59.04	59.24	57.47	-1.77	-3.0	60.10	58.30	55.79	56.20	54.21	13.59	13.32	15.71	2.38
Gasoil 0.05%	59.45	59.09	57.41	-1.68	-2.8	59.78	58.06	55.91	56.36	54.33	14.00	13.18	15.65	2.47
LSWR Cracked	37.83	38.90	36.90	-2.01	-5.2	38.98	37.14	35.62	36.21	34.77	-7.62	-7.01	-4.87	2.15
HSFO 180 CST	37.53	38.36	36.08	-2.27	-5.9	38.55	36.66	34.62	35.03	33.38	-7.92	-7.56	-5.68	1.88
HSFO 380 CST 4%	36.92	37.30	35.26	-2.04	-5.5	37.70	35.75	33.91	34.21	32.46	-8.54	-8.62	-6.50	2.11

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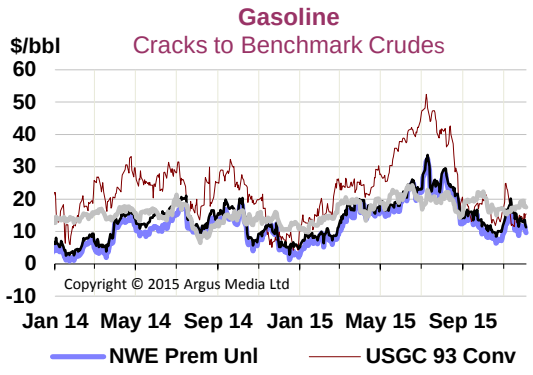
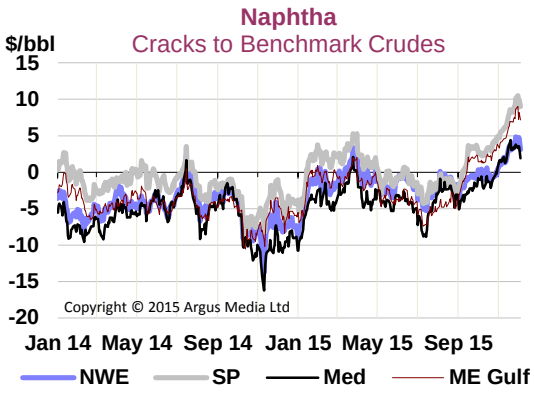
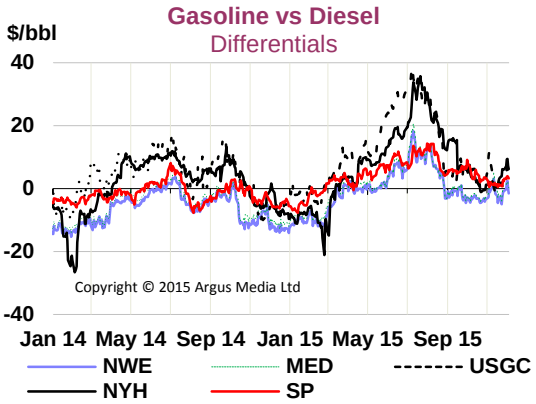
In spite of the onset of winter, by early December, gasoline prices continued to hold a premium versus diesel in all markets except Northwest Europe. This reflects not only the weakness of middle distillates but also the strength in gasoline markets over the past few weeks. In Europe, gasoline spot prices held their levels despite the falls in crude prices after they were buttressed by export demand from the US Atlantic Coast, Latin America and West Africa. European cracks firmed by $4.44/bbl on average in November, the sharpest increases across surveyed products and regions on a monthly average basis. However, these gains could not be sustained and by early December, prices dropped as export demand waned and stocks built. In contrast, US gasoline markets remained weak as refiners came back from maintenance and export demand from Latin America and West Africa was hit by competition from European refiners. Consequently, spot prices on the US Gulf Coast slid by $2.07/bbl on average in November while despite LLS weakening, cracks only inched up by $0.82/bbl on average. Meanwhile, in Asia, gasoline cracks softened by $0.39/bbl on average as prices were hit by Indonesia cutting back its imports as one of its refineries returned from maintenance and as Singapore light distillate stocks built by a steep 3.1 mb over November.



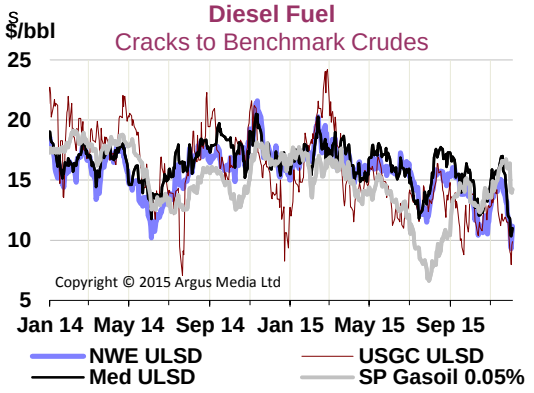
In late November, Asian naphtha cracks breached $10/bbl their highest levels in over ten years on strong demand from petrochemical producers in Korea, India, Singapore and China. This surge in demand saw spot naphtha prices in Singapore hold steady (the only product across surveyed regions to do so) while

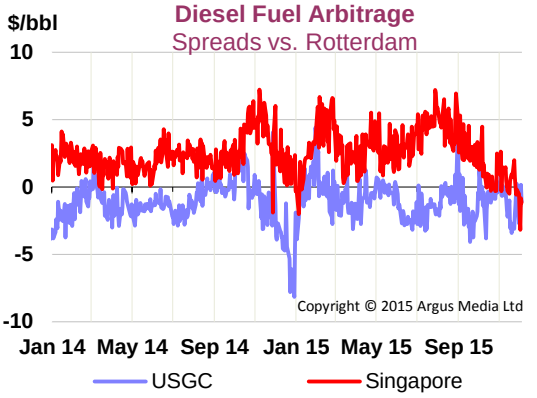
cracks were further buoyed by the relative weakness of benchmark Dubai crude. Cargoes were also drawn to the region from Europe and the Middle East as arbitrage opportunities remained abundant. Accordingly, cracks in Northwest Europe firmed by $2.96/bbl on a monthly average basis. Mediterranean refiners saw naphtha cracks rise by a steeper $3.68/bbl due to the relative weakness of Urals. By early-December, European naphtha cracks stood at about $5/bbl, their highest in over five years.



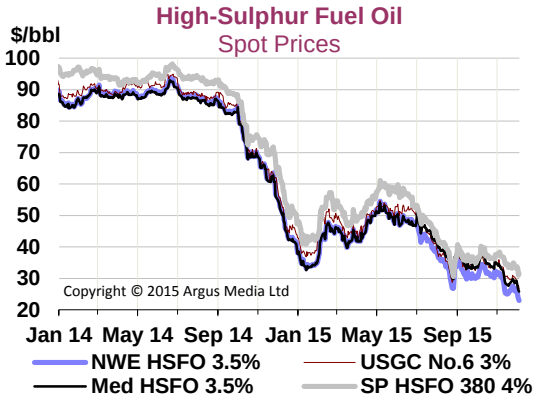


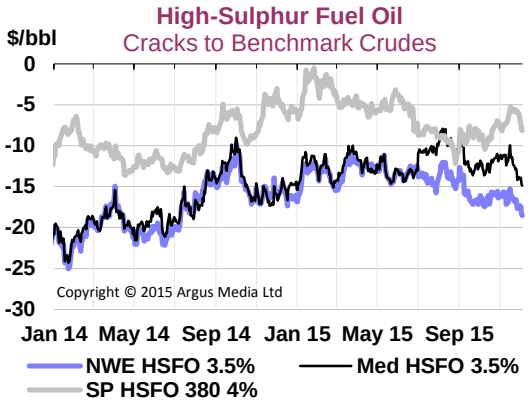
Middle distillate markets remain weak in all surveyed regions with rising supplies, high inventories and unseasonably warm weather maintaining the downside pressure on prices. Notably, inventories in PADD 1, the world's largest heating oil market, continued to build in November and by end-month stood 75% above one year earlier. Additionally, in the Gulf Coast region November was reportedly one of the warmest on record. Accordingly, monthly average ULSD and heating oil spot prices on the Gulf Coast dropped by $2.67/bbl and $3.89/bbl, respectively, with ULSD cracks standing at their lowest levels in nearly twelve months by early December. In Europe, persistently high stocks in the ARA region (amid logistical bottlenecks) and amid a flood of imports from the US and Russia continue to pressure ULSD prices downwards. By early-December, European spot ULSD prices sat at around $50/bbl, their lowest since early 2009. These low prices shut the arbitrage windows to the region from both the US and Asia.





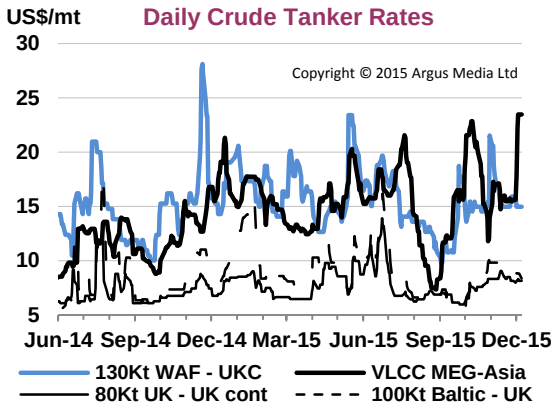
Despite falling prices, Asian fuel oil markets strengthened in November as bunker fuel demand reportedly improved and stocks in Singapore posted their steepest draw in nearly six years. Consequently, HSFO spot prices in Singapore dropped by $2.16/bbl on average with cracks improving by about $2.00/bbl to their highest levels in nearly six months. In contrast, Northwest European prices were hit by high freight rates that narrowed the arbitrage between the region and Asia. This saw regional HSFO prices fall by $4.55/bbl on average. By early December, they stood at close to $23/bbl, their lowest levels in nearly seven years. In percentage terms, this equated to double digit drops, the steepest falls posted across surveyed regions and products. The picture in the Mediterranean was slightly better amid demand for fuel oil from regional refiners and those in North Africa.

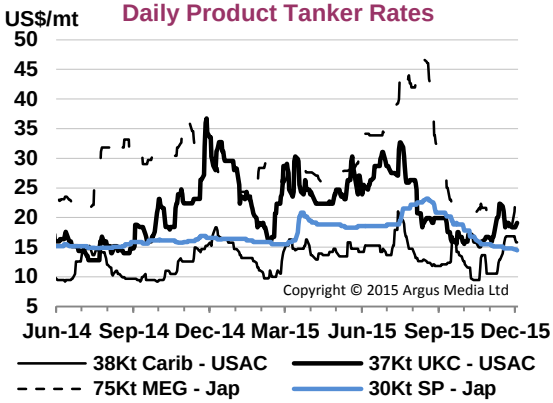




Freight

Surveyed freight rates had a generally strong month. **Very-large-crude-carriers** (VLCCs) on the Middle East Gulf – Asia route eased throughout November on the back of falling demand. However, rates rebounded in early December as a tightened tonnage list met with increasing vessel demand ahead of end-of-year holidays. **Suezmax** rates came off their mid-October peak but remained supported at the $15 /mt level by a shrinking tonnage list, according to reports. A narrowing of the LLS – Brent spread in mid-November prompted three cargoes to be shipped across to the US from West Africa. **Aframaxes** remained at sustained level, just below the $10/mt mark, sustained by close-to-record Russian exports from Baltic ports and healthy North Sea production.





Product rates on the **37 Kt UK – US Atlantic Coast** route gained traction throughout November on higher demand from the US market as the gasoline arbitrage window opened. Unplanned outages in Mexico contributed to tanker demand in the **38 Kt Caribbean – US Atlantic Coast** market, adding to tightness. Rates on the **Middle East Gulf – Japan 75 Kt** route eased in November as the arbitrage opportunity with the Gulf narrowed, which had previously sustained rates. Even as the differential came down from $6 /bbl to around $3/bbl, overall volumes shipped into the region remain sustained. Widening naphtha differentials to Europe jumped the $6/bbl mark, and drew more fixtures to Asia from west of Suez markets, reportedly tightening vessel supply and supporting freight rates in early December.

REFINING

Summary

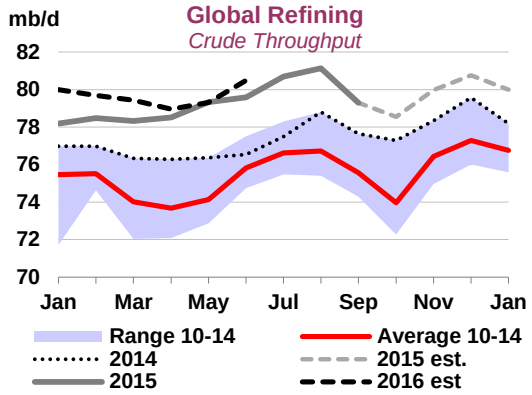
- **Global refinery runs rose by 1.4 mb/d in November to 79.9 mb/d as the maintenance season drew to a close.** Oil products stocks remained comfortable during the period, which could threaten margins as refiners return to full speed.

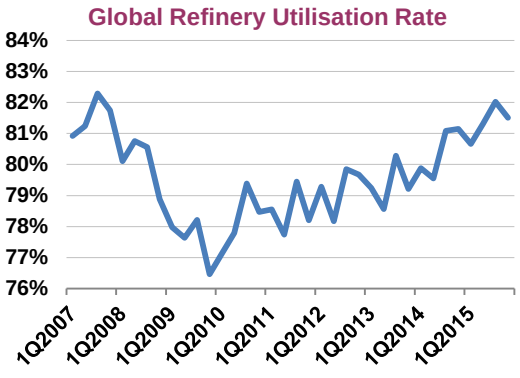
- **Throughput for 4Q15 and 1Q16 are estimated at 79.7 mb/d and 79.6 mb/d, respectively, with yearly growth of 1.4 mb/d for each quarter.** The Middle East is the predominant growth contributor, followed by other Asia, China and Europe. The resulting global refining utilisation rates are the highest since 2007.

- **Margins in November were healthy, though lower in the US than in October, but higher elsewhere.** Light distillates continued to be the main support, showing unseasonal strength. By early December, cracks started to fall in Europe, sinking hydroskimming margins into negative territory. If this trend persists, we might see lower throughputs later on.

Global refinery overview

Global refining is emerging from autumn maintenance with the usual reports of delays in restarting units and various unplanned outages. Crude stocks have risen during this period and product stocks remain at very comfortable levels in all regions - although they have come off slightly. This is because the estimated 4Q15 global refining utilisation rate of 81.5% was at its highest since 2007. If refinery margins remain at the healthy levels seen in November, stocks should test highs again. However, early December saw a weakening of margins. Gasoline, and even more naphtha, remained seasonally strong, but gasoil faltered. Whether light distillates can continue supporting margins through Northern hemisphere winter is questionable.





In September, global crude runs eased to 79.2 mb/d, still 1.7 mb/d higher year on year (y-o-y). Europe and the Middle East are each responsible for about half of this yearly growth.

In October, the most recent month for which a complete set of monthly data is available, OECD refiners posted a 0.8 mb/d month on month (m-o-m) decrease in crude throughput bringing it to 37.1 mb/d – 0.7 mb/d above a year earlier. OECD Europe represents half of this growth, followed by Asia Oceania and the Americas. Preliminary and estimated figures for November show OECD runs picking up to 37.8 mb/d.

Global crude run estimates for 4Q15 have been lowered by 270 kb/d since last month's *Report*, to 79.7 mb/d, and 1Q16 crude runs are now predicted at a similar level. Downward revisions in 4Q15 turned up in most non-OECD regions bar the FSU and OECD Asia Oceania, while the Americas and Europe both showed 0.1 mb/d positive revisions.

Global Refinery Crude Throughput

(million barrels per day)

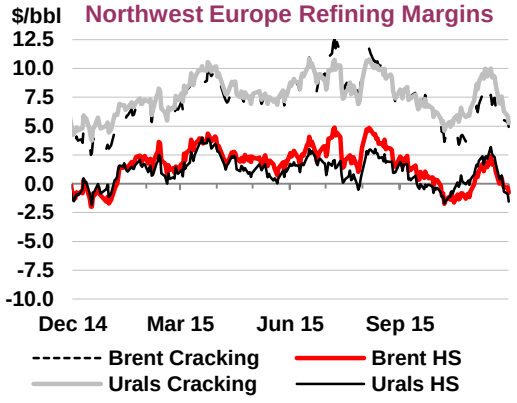
	Aug 15	Sep 15	**3Q2015**	Oct 15	Nov 15	Dec 15	**4Q2015**	Jan 16	Feb 16	Mar 16	**1Q2016**
Americas	19.7	19.0	**19.5**	18.3	18.9	19.4	**18.9**	18.7	18.4	18.8	**18.6**
Europe	12.4	12.5	**12.4**	12.3	12.1	12.0	**12.1**	12.1	12.3	12.0	**12.1**
Asia Oceania	7.0	6.5	**6.7**	6.4	6.8	7.0	**6.7**	6.9	6.8	6.6	**6.8**
Total OECD	39.1	37.9	**38.6**	37.1	37.8	38.4	**37.7**	37.6	37.6	37.4	**37.5**
FSU	7.3	6.8	**7.1**	6.5	7.0	7.1	**6.9**	7.1	7.1	6.9	**7.0**
Non-OECD Europe	0.6	0.6	**0.6**	0.6	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**
China	10.4	10.3	**10.3**	10.4	10.5	10.7	**10.6**	10.4	10.4	10.8	**10.6**
Other Asia	10.1	10.0	**10.1**	10.2	10.5	10.2	**10.3**	10.4	10.2	10.1	**10.2**
Latin America	4.7	4.6	**4.7**	4.6	4.6	4.7	**4.6**	4.7	4.7	4.7	**4.7**
Middle East	6.6	6.9	**6.8**	7.0	6.8	6.9	**6.9**	6.9	6.9	6.8	**6.8**
Africa	2.2	2.1	**2.1**	2.1	2.2	2.2	**2.2**	2.1	2.2	2.1	**2.1**
Total Non-OECD	42.0	41.3	**41.7**	41.4	42.1	42.3	**41.9**	42.2	42.0	42.0	**42.1**
Total	81.0	79.2	**80.3**	78.5	79.9	80.7	**79.7**	79.9	79.6	79.3	**79.6**

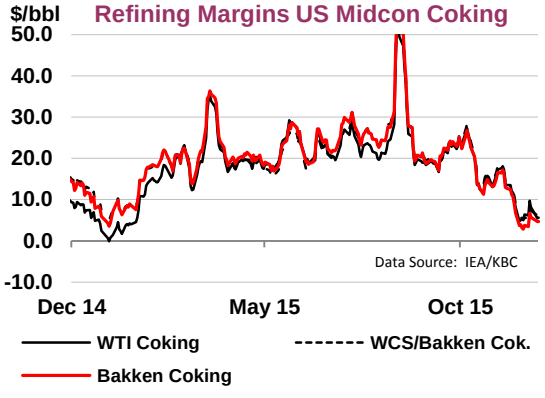
1 Preliminary and estimated runs based on capacity, known outages, economic run cuts and global demand forecast

Margins

Gasoline markets were extremely volatile in November, signalling the changes in refining margins. In the first half of the month, gasoline cracks briefly surged to very high levels both in the US and Europe. Naphtha cracks rose on solid demand to close to $5/bbl in Europe and $10/bbl in Singapore, the highest level since June 2007. Middle distillates were also surprisingly supportive, with cracks rising both in Europe and Asia, but easing in the US. Heating oil was particularly weak with a crack of only $5/bbl. In the Mid-continent, the strength showed by all products in October – a likely result of sustained local maintenance – subsided over November. The product differentials between the Mid-continent and the US Gulf, which were in a $10-15/bbl range in October, disappeared in November. In Singapore, fuel oil cracks narrowed by around $2/bbl as stocks were drawn down to a four-month low. As a result, regional margins took very different paths. In Europe and Singapore, they increased by a couple of dollars a barrel, lifting hydro-skimming margins into the black. Urals margins in Europe also rose even though Urals differential to Brent narrowed. Profits decreased in the US, especially in the mid-Continent, although margins there were still above the US Gulf.

By early December, diesel and heating oil cracks in the US and gasoline cracks in Europe were under pressure, with NWE gasoline cracks below $10/bbl on indications of high storage levels.





IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change		Average for week ending:			
	Aug 15	Sep 15	Oct 15	Nov 15		Nov 15-Oct 15	06 Nov	13 Nov	20 Nov	27 Nov	04 Dec
NW Europe											
Brent (Cracking)	10.05	7.15	4.24	6.65	↑	2.41	6.26	7.64	7.21	5.76	4.89
Urals (Cracking)	9.63	7.16	5.66	8.37	↑	2.71	8.18	9.57	9.29	6.94	5.18
Brent (Hydroskimming)	3.53	1.09	-0.95	0.93	↑	1.88	0.61	1.55	1.77	0.04	-0.81
Urals (Hydroskimming)	2.20	0.33	-0.46	1.44	↑	1.90	1.45	2.18	2.46	0.16	-1.63
Mediterranean											
Es Sider (Cracking)	11.19	8.95	6.01	7.85	↑	1.84	7.57	8.62	8.61	6.88	5.90
Urals (Cracking)	9.88	7.81	5.81	8.09	↑	2.28	7.98	8.78	9.26	6.84	5.04
Es Sider (Hydroskimming)	5.93	3.43	1.04	2.77	↑	1.73	2.42	3.37	3.66	1.85	1.19
Urals (Hydroskimming)	3.37	1.14	-0.31	1.38	↑	1.69	1.48	1.91	2.43	0.16	-1.40
US Gulf Coast											
50/50 HLS/LLS (Cracking)	12.04	5.49	5.92	5.84	↓	-0.08	8.01	5.58	4.33	5.68	4.61
Mars (Cracking)	8.54	3.60	4.12	3.60	↓	-0.52	5.10	3.29	2.73	3.37	2.52
ASCI (Cracking)	8.32	3.01	3.58	3.22	↓	-0.36	4.77	2.92	2.27	3.03	2.07
50/50 HLS/LLS (Coking)	14.47	7.50	7.82	7.78	↓	-0.04	10.03	7.45	6.14	7.74	6.76
50/50 Maya/Mars (Coking)	14.17	8.89	8.59	8.87	↑	0.28	10.74	8.57	7.53	8.83	8.48
ASCI (Coking)	14.99	9.03	9.19	9.04	↓	-0.16	10.97	8.73	7.69	8.93	8.05
US Midcon											
WTI (Cracking)	27.45	17.73	15.28	8.01	↓	-7.28	13.50	8.96	3.60	6.08	3.62
30/70 WCS/Bakken (Cracking)	28.29	16.68	13.74	6.44	↓	-7.30	11.83	7.68	2.23	3.59	2.99
Bakken (Cracking)	31.67	20.00	16.37	7.76	↓	-8.61	14.02	9.13	2.80	4.56	4.12
WTI (Coking)	30.86	20.63	18.22	10.12	↓	-8.10	16.05	11.13	5.37	8.00	5.58
30/70 WCS/Bakken (Coking)	33.81	21.73	19.13	10.39	↓	-8.75	16.61	11.81	5.66	6.94	6.36
Bakken (Coking)	33.20	21.29	17.66	8.61	↓	-9.06	15.11	10.01	3.47	5.29	4.90
Singapore											
Dubai (Hydroskimming)	-1.35	0.21	-0.80	1.80	↑	2.60	0.25	1.31	2.68	2.69	0.80
Tapis (Hydroskimming)	5.84	4.93	3.17	4.34	↑	1.17	3.61	5.10	5.43	3.58	3.76
Dubai (Hydrocracking)	4.83	6.57	5.28	7.73	↑	2.45	6.14	7.27	8.54	8.65	6.93
Tapis (Hydrocracking)	10.38	10.01	7.89	8.94	↑	1.05	8.25	9.77	9.96	8.14	8.47

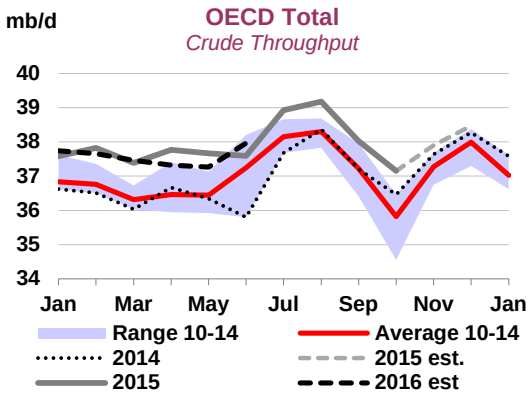
1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should 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.

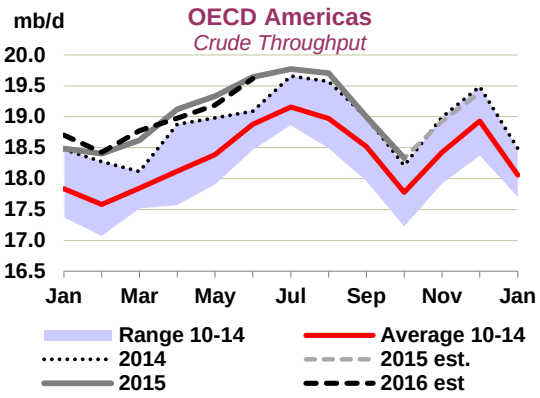
Source: IEA, KBC Advanced Technologies (KBC)

OECD refinery throughput

OECD refinery runs decreased by 0.9 mb/d in October from September to 37.1 mb/d. Most of the decrease took place in the Americas, with a large maintenance program in the US affecting crude runs. US Weekly statistics suggest that Americas crude runs rebounded from 18.3 mb/d to 18.9 mb/d in November. Maintenance was very limited in Europe and in Asia Oceania. October OECD throughput was revised up by nearly 0.4 mb/d from last month's *Report*. The largest upward revisions took place in Canada, Belgium, the US and Greece while Japan was revised downward by 0.1 mb/d.

OECD throughput for 4Q15 was revised slightly up to 37.7 mb/d due to final figures for October and provisional numbers for November. Throughput in 1Q16 is expected to be 0.2 mb/d lower at 37.5 mb/d.





OECD Americas

In the **OECD Americas**, crude throughput dipped substantially in October to 18.3 mb/d, despite a 0.3 mb/d upward revision spread on the four countries of the region. In the **United States,** November weekly data suggest that refinery activity picked up again to 16.1 mb/d following levels of 15.5 mb/d in October. In California, Exxon received the clearance to restart the gasoline units at its Torrance refinery, which had been partly offline since February, and repairs should be completed in 1Q16. In **Canada**, Irving's St John refinery prolonged its maintenance. **Mexican** crude runs are still around 10% below 2014, as crude exports prevailed over local refinery supply.

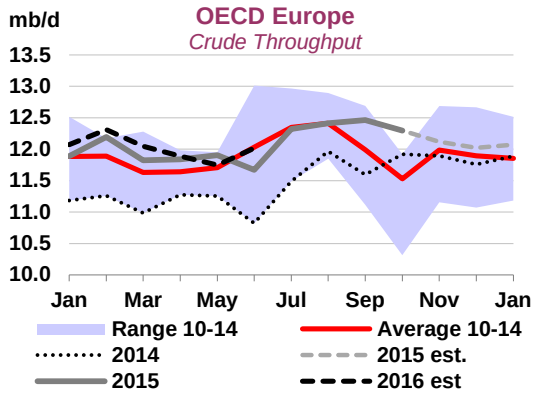
The US Environmental Protection Agency (EPA) finally issued biofuel mandates for 2016 at 1.18 mb/d. This was slightly higher than proposed in May, which pushed up Renewable Identification Number (RIN) certificate prices, adding some cost on imported gasoline.

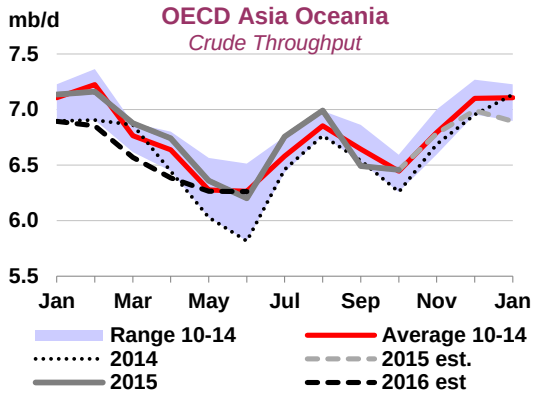
Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

							Change from		Utilisation rate (1)	
	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	*Sep 15*	*Oct 14*	Oct 15	Oct 14
US (2)	16.44	16.69	16.88	16.66	16.17	15.51	-0.67	0.14	0.86	0.87
Canada	1.62	1.71	1.71	1.83	1.60	1.59	-0.01	0.01	0.80	0.80
Chile	0.17	0.16	0.16	0.14	0.16	0.17	0.01	0.00	0.74	0.72
Mexico	1.10	1.07	1.00	1.06	1.05	1.06	0.00	-0.04	0.64	0.66
OECD Americas (3)	**19.33**	**19.64**	**19.76**	**19.70**	**18.99**	**18.32**	**-0.67**	**0.12**	**0.84**	**0.85**
France	1.12	1.02	1.11	1.09	1.27	1.26	-0.01	0.07	0.90	0.85
Germany	2.02	1.96	1.90	1.93	1.90	1.84	-0.07	-0.08	0.91	0.95
Italy	1.42	1.32	1.39	1.42	1.35	1.34	-0.02	0.19	0.76	0.65
Netherlands	1.11	1.08	1.08	1.04	1.10	1.05	-0.04	-0.05	0.82	0.86
Spain	1.33	1.26	1.35	1.41	1.29	1.36	0.06	0.15	0.90	0.80
United Kingdom	1.06	1.00	1.22	1.21	1.20	1.22	0.02	0.07	0.88	0.83
Other OECD Europe	3.84	4.02	4.27	4.30	4.33	4.22	-0.11	0.02	0.87	0.86
OECD Europe	**11.89**	**11.66**	**12.31**	**12.41**	**12.45**	**12.29**	**-0.17**	**0.37**	**0.87**	**0.84**
Japan	2.92	2.52	3.05	3.33	3.07	2.96	-0.11	0.07	0.78	0.72
South Korea	2.75	2.93	2.91	2.88	2.70	2.70	0.00	0.17	0.82	0.77
Other Asia Oceania	0.68	0.74	0.79	0.78	0.71	0.79	0.08	-0.04	0.80	0.76
OECD Asia Oceania	**6.35**	**6.19**	**6.75**	**6.98**	**6.48**	**6.45**	**-0.03**	**0.20**	**0.80**	**0.75**
OECD Total	**37.57**	**37.49**	**38.82**	**39.08**	**37.92**	**37.05**	**-0.87**	**0.69**	**0.84**	**0.82**

OECD Europe

Europe's crude processing slid to 12.3 mb/d in October, 0.17 mb/d lower m-o-m. The water level on the Rhine increased briefly, but demand and crude runs in Germany remained muted. Spain, Italy, France and Turkey had sustained crude runs, with significant y-o-y growth. In Rotterdam, Shell's Pernis refinery was partly shut in November.





OECD Asia Oceania

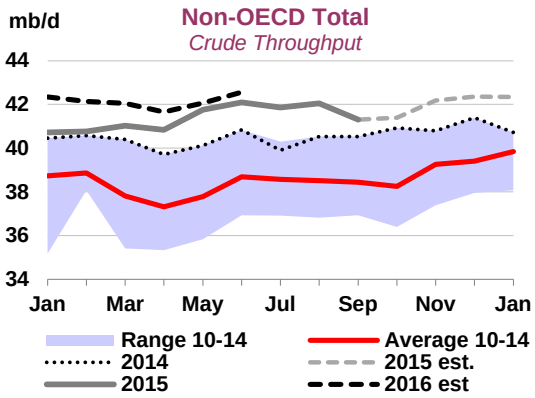
In OECD Asia Oceania, October crude runs were stable at 6.5 mb/d, after a 0.17 downward from last month's *Report*, mostly in Japan. October marked peak maintenance in **Japan**, with 550 kb/d offline. According to weekly figures, November runs will increase to 3.2 mb/d, from 3.0 mb/d in October.

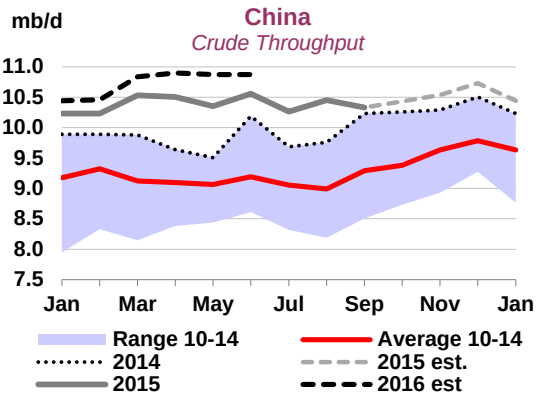
Coming just after the announcement of the merger between Idemitsu Kosan and Showa Shell, Japan's two largest refiners JX Holding and TonenGeneral signed an Memorandum of Understanding to integrate their operations. These two mergers would significantly accelerate the consolidation of the refining and retail sectors in Japan, with one company having a 53% gasoline market share and the other 30%, with a likely restructuring of the refining capacity of both merged companies.

Non-OECD refinery throughput

In September, **non-OECD** refinery throughput decreased by 0.7 mb/d to 41.3 mb/d, after a negative monthly revision of 0.14 mb/d. The FSU had the largest maintenance (1.3 mb/d) which continued into October.

Estimated quarterly figures for 4Q15 reach 41.7 mb/d after a downward revision of 0.4 mb/d split between Latin America, the Middle East and Other Asia. The y-o-y growth in the non-OECD is now estimated at 1.0 mb/d in 4Q15.

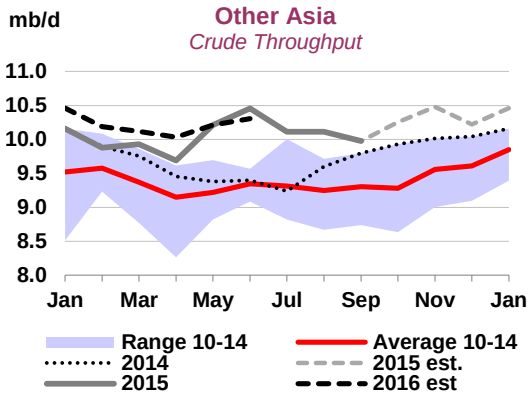


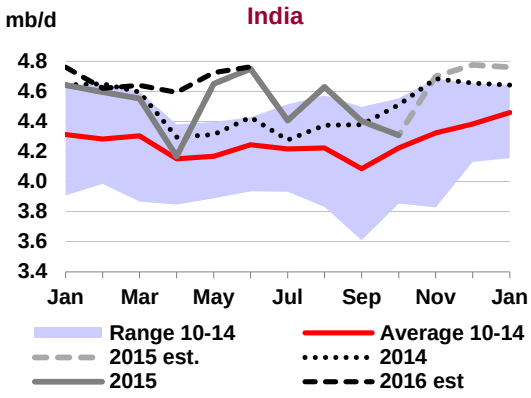


In **China**, October crude runs edged up by 1.7% m-o-m to 10.42 mb/d. Internal ex-refinery margins have dipped a little, but remain comfortable and justify running full speed, with continuing middle distillates exports. Sinopec will have a large maintenance program in November-December, with shutdowns planned in seven refineries (Dongxing, Beihai, Guangzhou, Qingdao, Luoyang, Tianjin and Fujian)

Due to the allocation of crude import quotas to seven teapot refiners, China has raised the total amount of imported crude that non-state refiners can process from 0.75 mb/d to 1.75 mb/d in 2016. It also announced that it would grant them oil products export quotas. The utilisation rate of teapot refiners with crude import quotas is reported to have increased from 30% to 80%, but logistical hurdles will limit product exports for most.

Also to be noted, from January, the gasoline and diesel retailed in Eastern China will have to meet China V specifications, with a 10 ppm sulphur limit.

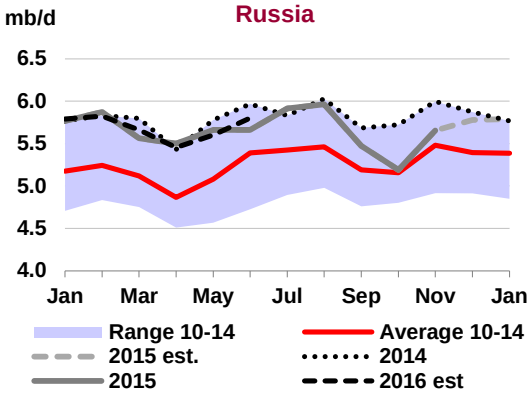




September throughput in **Other Asia** dipped to 10.0 mb/d, just 0.1 mb/d lower m-o-m, with maintenance limited to 0.5 mb/d - of which 0.3 mb/d was in India. In **India**, IOC's Chennai refinery was shut down by floods. The Paradip refinery has started but it seems that it will only fully ramp up progressively over 2016. The Singapore Shell refinery remains partly offline, which will last until January. **Singapore** stocks decreased both for middle distillates and fuel oil, which helped sustain local refining margins.

The **Philippines**, a large importer of gasoil (kt200-300/month) will be shifting its specification of on-road diesel from 500 to 50 ppm in January. In **Indonesia**, Saudi Aramco signed an agreement with Pertamina to share ownership, operations (including crude supply) and upgrade of the 350 kb/d Cilacap refinery.

FSU October crude runs edged down to 6.9 mb/d, a 0.3 mb/d m-o-m decrease and 0.5 mb/d lower y-o-y. Autumn maintenance reached 1.3 mb/d in September and 1.1 mb/d in October, the second highest level in the past eight years. **Russian** throughput recovered from 5.2 mb/d in October to a provisional 5.8 mb/d in November with maintenance nearly over.



With lower oil prices, the Russian tax manoeuver takes its toll on oil product exports

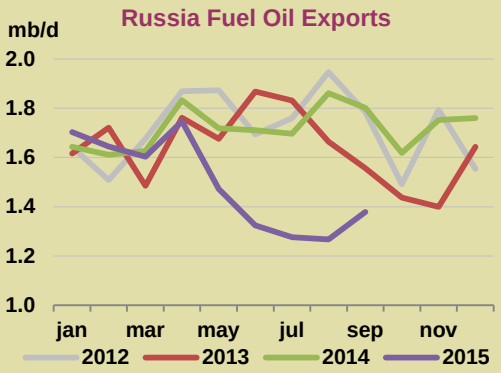
The so-called "tax manoeuver" or the latest Russian export duties reform, voted on in end 2014 for a 2015 implementation, has already been discussed in previous *Reports*. It called for:

- A fast-decreasing crude oil export duty, compensated by a rising Mineral Export Tax (MET). But Russian authorities recently decided not to reduce the formula coefficient in 2016.
- An export duty on oil products calculated as a percentage of crude oil export duty, but with such percentage decreasing rapidly to 30% for light products and increasing to 100% for heavy products (fuel oil and VGO)

duty ratios	crude oil	gasoline	middle dist.	fueloil
	on export price formula	*as a percent of crude duty*		
2014	59%	90%	65%	66%
2015	**42%**	**78%**	**48%**	**76%**
2016	**36%**	**61%**	**40%**	**82%**
2017	**30%**	**30%**	**30%**	**100%**

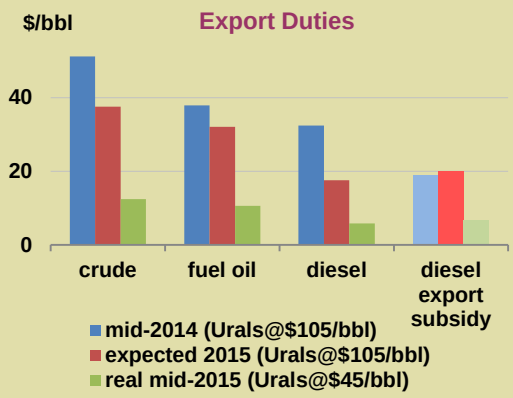
For oil products, the strategy was to keep incentivising companies to refine crude oil locally and export light products rather than export the crude itself, while discouraging exports of fuel oil. This implied that refiners would have to invest in units to upgrade fuel oil into higher valued light products. Nine months on, what are the consequences of this "tax manoeuver" for refiners?

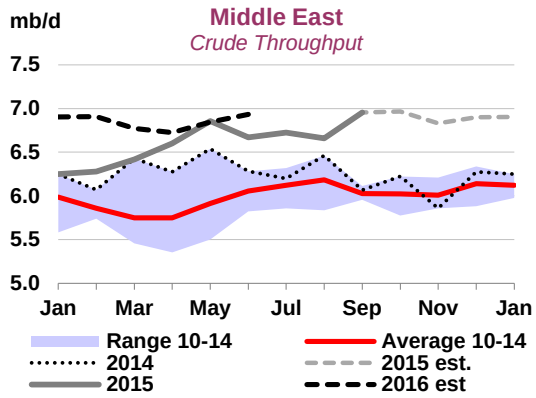
- **Expected consequence: a decrease of fuel oil exports.** Starting in spring 2015, fuel oil exports have plummeted by 25%, to 1.3 mb/d. However, clean products (light and middle distillates) exports also dropped from their winter highs. Still, fuel oil share of products exports decreased from 59% in January-September 2012 to 55% in 2013, 52% in 2014 and only 47% in 2015. This is a result of the completion of a number of upgrading units in the past few years.

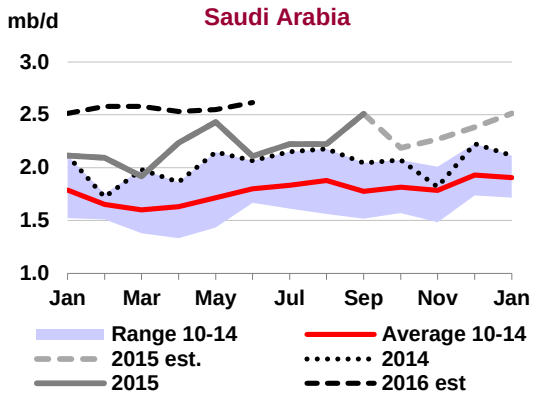


Note: Fuel Oil includes VGO

- **Unexpected consequence: a reduction of the product export "subsidy" and of the overall product export level**. The latest tax reform probably did not anticipate such a decrease in the price of Urals crude exports, from around $105/bbl in mid-2014 to around $45/bbl mid-2015, which cut export duties by 75% to 80%. As a result, the diesel export "subsidy" (the difference between the level of export duties between crude and diesel), instead of being stable as expected with stable oil prices, dropped from $19/bbl to $7/bbl. This $12/bbl "opportunity loss" is very significant when compared to usual cracking refining margins which generally hover in a $5-10 /bbl range, and likely explains why the overall level of exports dropped from 3.6 mb/d in 1Q2015 to 2.7 mb/d in 3Q2015 (the average over 2012-2014 being 3.1 mb/d).



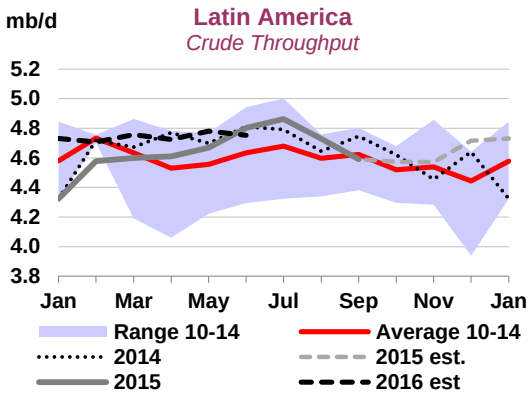




Middle East crude runs in September were revised down slightly to 6.9 mb/d, 0.3 mb/d higher y-o-y. Saudi Arabia's throughput recovered to 2.5 mb/d but will feel the impact of large shutdowns in the next two months.

In **Latin America**, September throughputs edged lower to 4.6 mb/d after a small downward revision of 0.1 mb/d. In **Venezuela,** the Paraguana refining complex suffered from an unplanned outage but had re-started by end-October, and the 250 kb/d El Palito plant was on maintenance throughout November. Refinery runs in **Brazil** during November were reportedly reduced due to the strike affecting some refineries and limiting crude supplies.

In **Africa**, September crude throughput edged down by 0.1 mb/d to 2.1 mb/d. In early December, **Algeria'**s state-run oil company Sonatrach issued a tender for 300 kt of gasoline and 360 kt of diesel over January-February, with speculation swirling over whether all its refineries will be up and running during this period. **Morocco's** Samir refinery is still down with its parent company in receivership.



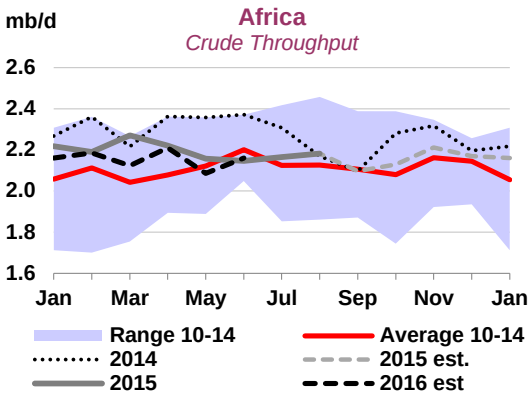


Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	23.6	24.1	23.9	23.7	24.4	24.6	24.1	24.2	24.1	24.7	24.4	24.4	24.3	24.1	24.6	24.7	24.4
Europe	13.8	13.6	13.0	13.4	13.8	13.4	13.4	13.4	13.5	14.1	13.5	13.7	13.4	13.7	13.9	13.6	13.6
Asia Oceania	8.5	8.4	8.9	7.7	7.7	8.3	8.2	8.8	7.7	7.8	8.3	8.1	8.7	7.6	7.8	8.4	8.1
Total OECD	45.9	46.0	45.7	44.8	45.9	46.3	45.7	46.5	45.3	46.7	46.2	46.2	46.4	45.4	46.4	46.7	46.2
NON-OECD DEMAND																	
FSU	4.6	4.7	4.6	4.9	5.1	5.0	4.9	4.6	4.9	5.0	4.9	4.9	4.7	4.8	5.0	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	9.9	10.3	10.4	10.6	10.5	11.0	10.6	11.0	11.3	11.3	11.4	11.3	11.3	11.7	11.7	11.8	11.6
Other Asia	11.4	11.8	12.1	12.1	11.8	12.1	12.0	12.4	12.5	12.3	12.9	12.5	12.9	13.0	12.8	13.2	13.0
Americas	6.5	6.7	6.6	6.8	7.0	7.0	6.8	6.7	6.8	6.9	6.9	6.8	6.6	6.8	6.9	7.0	6.8
Middle East	7.8	7.9	7.7	8.2	8.4	7.9	8.0	7.7	8.3	8.6	8.0	8.2	7.9	8.4	8.9	8.2	8.3
Africa	3.8	3.9	4.0	4.0	3.9	4.0	4.0	4.1	4.1	4.0	4.1	4.1	4.2	4.2	4.1	4.3	4.2
Total Non-OECD	44.8	45.9	46.1	47.2	47.3	47.7	47.1	47.1	48.6	48.8	49.0	48.4	48.4	49.7	50.1	50.1	49.6
Total Demand[1]	**90.7**	**91.9**	**91.8**	**92.0**	**93.2**	**94.0**	**92.8**	**93.6**	**93.9**	**95.4**	**95.3**	**94.6**	**94.8**	**95.1**	**96.5**	**96.7**	**95.8**
OECD SUPPLY																	
Americas[4]	15.8	17.2	18.2	18.9	19.2	19.8	19.0	19.9	19.5	19.9	19.9	19.8	19.5	19.2	19.3	19.6	19.4
Europe	3.5	3.3	3.5	3.2	3.1	3.4	3.3	3.4	3.5	3.3	3.4	3.4	3.4	3.2	3.0	3.3	3.2
Asia Oceania	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	19.8	21.0	22.2	22.6	22.8	23.7	22.9	23.7	23.4	23.8	23.8	23.7	23.4	23.0	22.9	23.4	23.2
NON-OECD SUPPLY																	
FSU	13.8	13.8	13.9	13.8	13.8	13.9	13.9	14.0	14.0	13.9	13.9	14.0	13.9	13.9	13.8	13.8	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	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Other Asia[2]	3.6	3.5	3.5	3.5	3.4	3.6	3.5	3.6	3.6	3.5	3.5	3.6	3.5	3.5	3.4	3.4	3.5
Americas[2,4]	4.1	4.2	4.2	4.3	4.5	4.6	4.4	4.6	4.5	4.5	4.5	4.5	4.6	4.6	4.7	4.7	4.7
Middle East	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.2
Africa[2]	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	29.6	29.4	29.7	29.6	29.6	30.1	29.7	30.3	30.1	30.0	29.9	30.1	30.0	29.9	29.8	29.8	29.9
Processing gains[3]	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.3	2.3
Global Biofuel[4]	1.9	2.0	1.7	2.3	2.6	2.3	2.2	1.8	2.4	2.6	2.4	2.3	1.9	2.4	2.7	2.4	2.4
Total Non-OPEC[2]	53.3	54.6	55.9	56.7	57.2	58.3	57.0	58.1	58.2	58.6	58.4	58.3	57.6	57.5	57.7	57.9	57.7
OPEC																	
Crude[5]	31.3	30.5	30.0	30.1	30.5	30.5	30.3	30.5	31.5	31.7							
NGLs	6.2	6.2	6.3	6.3	6.4	6.5	6.4	6.4	6.5	6.6	6.6	6.5	6.7	6.8	6.8	6.9	6.8
Total OPEC[2]	37.5	36.6	36.3	36.4	36.9	37.0	36.6	36.9	38.0	38.3							
Total Supply[6]	**90.9**	**91.3**	**92.2**	**93.1**	**94.2**	**95.3**	**93.7**	**95.0**	**96.2**	**96.9**							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.2	-0.2	0.2	0.8	0.7	-0.1	0.4	0.9	1.0	0.8							
Government	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1							
Total	0.2	-0.2	0.2	0.7	0.7	-0.1	0.4	0.9	1.0	0.7							
Floating storage/Oil in transit	0.0	0.1	0.3	-0.3	0.3	-0.1	0.0	-0.1	0.2	0.0							
Miscellaneous to balance[7]	0.0	-0.6	-0.2	0.7	-0.1	1.5	0.5	0.7	1.1	0.7							
Total Stock Ch. & Misc	**0.1**	**-0.7**	**0.3**	**1.1**	**1.0**	**1.3**	**0.9**	**1.5**	**2.3**	**1.5**							
Memo items:																	
Call on OPEC crude + Stock ch.[8]	31.2	31.1	29.7	29.0	29.6	29.2	29.4	29.0	29.2	30.3	30.3	29.7	30.5	30.8	31.9	31.9	31.3

1 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.
2 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 2011.
Total OPEC comprises all countries which were OPEC members at 1 January 2011.
3 Net volumetric gains and losses in the refining process and marine transportation losses.
4 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
5 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.
6 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
7 Includes changes in non-reported stocks in OECD and non-OECD areas.
8 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
'Please note that OPEC excludes Indonesia in this month's issue.

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

(million barrels per day)

	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	0.1	-0.1	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.1	-0.4	-0.1	-0.1	-0.1	-	-0.2	-0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	0.1	-	-	0.2	0.1	0.1	0.1	0.2	0.2	0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1
Middle East	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	-	-	0.2	0.2	0.1
Total Demand	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-0.2**	**-**	**-0.1**	**-**	**0.1**	**-**	**-**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	0.1	0.1	-
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	0.1	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Americas	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Total Non-OECD	0.1	-	-	-	-	-	-	-	-	-0.1	-0.2	-	-0.1	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	0.1	-	-	0.1	-	-	-	-	-	-	-0.1	-	-0.1	-	0.1	0.2	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-							
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-							
Total Supply	**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	-	-							
Total Stock Ch. & Misc	**0.1**	**-**	**-**	**0.1**	**-**	**-**	**-**	**0.1**	**-**	**-**							
Memo items:																	
Call on OPEC crude + Stock ch.	-0.1	-	-	-0.1	-	-	-	-0.1	-	-	-	-	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

	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Demand (mb/d)																
Americas	24.07	23.88	23.72	24.37	24.56	24.14	24.24	24.09	24.72	24.38	24.36	24.29	24.12	24.60	24.74	24.44
Europe	13.59	12.97	13.35	13.78	13.43	13.39	13.45	13.53	14.15	13.52	13.66	13.41	13.67	13.94	13.56	13.65
Asia Oceania	8.36	8.89	7.70	7.71	8.35	8.16	8.77	7.67	7.80	8.34	8.14	8.67	7.63	7.83	8.35	8.12
Total OECD	46.02	45.74	44.77	45.87	46.34	45.68	46.45	45.29	46.67	46.24	46.17	46.38	45.42	46.36	46.66	46.21
Asia	22.06	22.45	22.72	22.22	23.16	22.64	23.40	23.79	23.57	24.38	23.79	24.29	24.75	24.48	25.00	24.63
Middle East	7.91	7.74	8.16	8.44	7.86	8.05	7.67	8.35	8.60	8.04	8.17	7.91	8.41	8.85	8.19	8.34
Americas	6.67	6.63	6.81	6.97	6.95	6.84	6.68	6.81	6.89	6.86	6.81	6.64	6.81	6.93	6.95	6.84
FSU	4.72	4.63	4.86	5.14	5.05	4.92	4.58	4.90	5.04	4.92	4.86	4.66	4.79	5.02	4.91	4.84
Africa	3.89	4.00	3.99	3.87	3.96	3.95	4.08	4.06	3.95	4.13	4.06	4.23	4.21	4.11	4.27	4.20
Europe	0.66	0.66	0.67	0.69	0.68	0.68	0.69	0.70	0.71	0.71	0.70	0.71	0.73	0.71	0.73	0.72
Total Non-OECD	45.90	46.11	47.21	47.32	47.66	47.08	47.11	48.61	48.76	49.04	48.39	48.43	49.70	50.10	50.05	49.57
World	**91.92**	**91.85**	**91.98**	**93.19**	**94.00**	**92.76**	**93.56**	**93.90**	**95.43**	**95.28**	**94.55**	**94.81**	**95.11**	**96.47**	**96.71**	**95.78**
of which: US50	18.96	18.82	18.77	19.31	19.51	19.11	19.29	19.25	19.68	19.35	19.39	19.37	19.25	19.63	19.73	19.50
Europe 5*	8.12	7.85	7.89	8.17	8.03	7.99	8.05	7.97	8.33	7.95	8.08	7.98	8.01	8.16	7.97	8.03
China	10.26	10.39	10.58	10.47	11.02	10.61	11.02	11.26	11.28	11.44	11.25	11.35	11.72	11.70	11.77	11.64
Japan	4.56	5.07	3.93	3.93	4.48	4.35	4.79	3.89	3.94	4.31	4.23	4.62	3.74	3.90	4.34	4.15
India	3.69	3.81	3.88	3.56	3.80	3.76	3.95	4.01	3.86	4.27	4.02	4.23	4.28	4.03	4.29	4.21
Russia	3.46	3.46	3.62	3.86	3.68	3.66	3.38	3.63	3.75	3.57	3.59	3.46	3.50	3.70	3.53	3.54
Brazil	3.11	3.12	3.17	3.28	3.31	3.22	3.16	3.17	3.22	3.22	3.19	3.09	3.12	3.21	3.25	3.17
Saudi Arabia	2.96	2.78	3.28	3.48	3.02	3.14	2.88	3.46	3.56	3.06	3.24	2.97	3.41	3.73	3.10	3.30
Canada	2.37	2.41	2.32	2.44	2.41	2.40	2.36	2.26	2.38	2.37	2.34	2.29	2.25	2.36	2.34	2.31
Korea	2.33	2.35	2.31	2.32	2.38	2.34	2.48	2.32	2.39	2.53	2.43	2.55	2.41	2.44	2.50	2.47
Mexico	2.09	2.00	2.02	2.00	2.02	2.01	1.91	1.95	2.04	2.02	1.98	1.95	1.98	1.97	2.02	1.98
Iran	1.92	1.96	1.88	1.85	1.91	1.90	1.83	1.85	1.79	1.89	1.84	1.85	1.86	1.87	1.93	1.88
Total	**63.82**	**64.01**	**63.64**	**64.68**	**65.56**	**64.48**	**65.11**	**65.02**	**66.22**	**65.99**	**65.59**	**65.72**	**65.54**	**66.68**	**66.77**	**66.18**
% of World	69.4%	69.7%	69.2%	69.4%	69.7%	69.5%	69.6%	69.2%	69.4%	69.3%	69.4%	69.3%	68.9%	69.1%	69.0%	69.1%
Annual Change (% per annum)																
Americas	1.9	0.4	-0.6	0.2	1.0	0.3	1.5	1.6	1.4	-0.7	0.9	0.2	0.1	-0.5	1.5	0.3
Europe	-1.3	-1.0	-3.3	-1.0	-0.7	-1.5	3.7	1.3	2.6	0.6	2.1	-0.2	1.0	-1.4	0.4	-0.1
Asia Oceania	-2.1	0.3	-2.4	-4.2	-3.5	-2.4	-1.4	-0.4	1.2	0.0	-0.2	-1.2	-0.5	0.3	0.1	-0.3
Total OECD	0.2	0.0	-1.7	-0.9	-0.3	-0.7	1.6	1.2	1.8	-0.2	1.1	-0.2	0.3	-0.7	0.9	0.1
Asia	3.6	2.1	2.9	2.2	3.3	2.6	4.2	4.7	6.1	5.2	5.1	3.8	4.0	3.8	2.5	3.5
Middle East	0.8	2.0	2.0	0.5	2.7	1.8	-0.9	2.4	1.9	2.3	1.5	3.1	0.7	2.9	1.9	2.1
Americas	2.4	3.3	2.4	2.7	2.0	2.6	0.6	0.0	-1.1	-1.3	-0.5	-0.5	0.0	0.6	1.4	0.4
FSU	1.9	5.4	5.9	4.3	2.2	4.4	-1.0	0.7	-2.0	-2.4	-1.2	1.7	-2.2	-0.6	-0.3	-0.4
Africa	2.0	0.0	0.8	4.5	1.7	1.7	2.0	1.7	2.1	4.3	2.6	3.7	3.6	4.1	3.3	3.7
Europe	-4.1	5.5	1.5	3.7	0.8	2.8	5.4	4.8	2.5	3.4	4.0	2.3	3.7	1.3	2.8	2.5
Total Non-OECD	2.5	2.4	2.8	2.4	2.7	2.6	2.2	3.0	3.0	2.9	2.8	2.8	2.2	2.8	2.1	2.5
World	**1.3**	**1.2**	**0.5**	**0.7**	**1.2**	**0.9**	**1.9**	**2.1**	**2.4**	**1.4**	**1.9**	**1.3**	**1.3**	**1.1**	**1.5**	**1.3**
Annual Change (mb/d)																
Americas	0.44	0.10	-0.13	0.06	0.23	0.07	0.36	0.37	0.35	-0.18	0.22	0.06	0.03	-0.13	0.36	0.08
Europe	-0.18	-0.13	-0.46	-0.14	-0.09	-0.20	0.48	0.18	0.36	0.08	0.28	-0.03	0.13	-0.20	0.05	-0.02
Asia Oceania	-0.18	0.03	-0.19	-0.34	-0.30	-0.20	-0.12	-0.03	0.09	0.00	-0.02	-0.10	-0.04	0.02	0.01	-0.02
Total OECD	0.08	0.01	-0.78	-0.42	-0.16	-0.34	0.72	0.52	0.81	-0.10	0.48	-0.08	0.12	-0.31	0.41	0.04
Asia	0.77	0.45	0.64	0.47	0.74	0.58	0.95	1.07	1.35	1.21	1.15	0.88	0.96	0.91	0.62	0.84
Middle East	0.06	0.15	0.16	0.04	0.21	0.14	-0.07	0.19	0.16	0.18	0.12	0.24	0.06	0.25	0.15	0.17
Americas	0.15	0.21	0.16	0.18	0.13	0.17	0.04	0.00	-0.08	-0.09	-0.03	-0.03	0.00	0.04	0.09	0.03
FSU	0.09	0.24	0.27	0.21	0.11	0.21	-0.05	0.04	-0.10	-0.12	-0.06	0.08	-0.11	-0.03	-0.01	-0.02
Africa	0.08	0.00	0.03	0.17	0.07	0.07	0.08	0.07	0.08	0.17	0.10	0.15	0.15	0.16	0.14	0.15
Europe	-0.03	0.03	0.01	0.02	0.01	0.02	0.04	0.03	0.02	0.02	0.03	0.02	0.03	0.01	0.02	0.02
Total Non-OECD	1.12	1.09	1.26	1.10	1.26	1.18	1.00	1.40	1.44	1.38	1.31	1.33	1.08	1.34	1.01	1.19
World	**1.20**	**1.10**	**0.48**	**0.68**	**1.10**	**0.84**	**1.71**	**1.92**	**2.24**	**1.28**	**1.79**	**1.25**	**1.21**	**1.03**	**1.42**	**1.23**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.25	-0.07	-0.10	-0.07	-0.06	-0.10	-0.08
Europe	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.07	-0.13	-0.01	-0.04	0.00	0.01	-0.03	-0.01
Asia Oceania	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.02	-0.02	0.00	-0.01	0.01	0.01	-0.02	0.00
Total OECD	0.01	0.01	0.01	0.01	0.01	0.01	-0.01	0.00	0.07	-0.40	-0.08	-0.15	-0.06	-0.04	-0.15	-0.10
Asia	0.01	0.03	0.02	-0.02	0.02	0.01	0.06	0.01	0.00	0.21	0.07	0.09	0.07	0.18	0.23	0.14
Middle East	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	0.00	0.10	0.04	0.03	0.01	0.02	0.04	0.01	0.02
Americas	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.03	-0.03	-0.07	-0.04	-0.06	-0.06	-0.06	-0.06	-0.06
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	-0.01	-0.02	0.00	-0.01	-0.01	0.00	-0.02	-0.01
Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.01	0.01	0.00	0.00	0.00	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	0.01	0.01	-0.03	0.01	0.00	0.03	0.00	0.07	0.16	0.06	0.04	0.03	0.15	0.16	0.09
World	**0.01**	**0.02**	**0.02**	**-0.01**	**0.02**	**0.01**	**0.02**	**0.00**	**0.14**	**-0.23**	**-0.02**	**-0.11**	**-0.03**	**0.12**	**0.01**	**0.00**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.02	0.02	0.01	-0.03	0.01	0.00	0.00	-0.03	0.15	-0.25	-0.03	-0.13	-0.03	-0.02	0.24	0.02

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2013	2014	4Q14	1Q15	2Q15	3Q15	Jul 15	Aug 15	Sep 15 [2]	Latest month vs. Aug 15	Latest month vs. Sep 14
Americas											
LPG and ethane	3.28	3.22	3.45	3.48	2.98	3.01	3.14	3.01	2.88	-0.13	-0.23
Naphtha	0.38	0.35	0.35	0.35	0.31	0.33	0.30	0.34	0.34	0.00	0.00
Motor gasoline	10.55	10.64	10.73	10.49	10.97	11.16	11.25	11.23	11.00	-0.23	0.44
Jet and kerosene	1.70	1.74	1.76	1.72	1.81	1.88	1.94	1.90	1.80	-0.09	0.05
Gasoil/diesel oil	5.06	5.28	5.39	5.52	5.11	5.16	5.11	5.09	5.28	0.19	0.07
Residual fuel oil	0.72	0.58	0.59	0.51	0.44	0.63	0.63	0.66	0.59	-0.07	-0.01
Other products	2.38	2.32	2.29	2.17	2.47	2.56	2.72	2.62	2.33	-0.29	-0.38
Total	**24.07**	**24.14**	**24.56**	**24.24**	**24.09**	**24.72**	**25.07**	**24.86**	**24.22**	**-0.64**	**-0.06**
Europe											
LPG and ethane	1.06	1.07	1.06	1.20	1.13	1.11	1.14	1.15	1.04	-0.11	-0.04
Naphtha	1.13	1.16	1.04	1.25	1.13	1.12	1.15	1.12	1.10	-0.02	0.13
Motor gasoline	1.93	1.91	1.89	1.78	1.98	2.02	2.07	2.00	2.00	0.00	0.03
Jet and kerosene	1.22	1.24	1.21	1.19	1.34	1.49	1.45	1.51	1.52	0.02	0.18
Gasoil/diesel oil	5.97	5.91	6.17	6.16	5.97	6.32	6.22	6.10	6.66	0.56	0.32
Residual fuel oil	1.00	0.91	0.91	0.88	0.85	0.87	0.91	0.86	0.85	-0.02	-0.07
Other products	1.28	1.18	1.14	1.00	1.13	1.20	1.20	1.20	1.20	0.00	-0.13
Total	**13.59**	**13.39**	**13.43**	**13.45**	**13.53**	**14.15**	**14.14**	**13.94**	**14.37**	**0.43**	**0.41**
Asia Oceania											
LPG and ethane	0.86	0.84	0.83	0.90	0.73	0.75	0.81	0.73	0.72	-0.01	-0.06
Naphtha	1.85	1.88	1.96	2.04	1.88	1.95	1.87	2.00	1.99	-0.01	0.21
Motor gasoline	1.60	1.57	1.60	1.54	1.53	1.64	1.63	1.71	1.58	-0.13	0.01
Jet and kerosene	0.88	0.86	0.98	1.11	0.68	0.69	0.64	0.68	0.76	0.08	0.05
Gasoil/diesel oil	1.77	1.77	1.83	1.85	1.76	1.76	1.72	1.75	1.82	0.06	0.08
Residual fuel oil	0.77	0.67	0.63	0.77	0.60	0.54	0.55	0.56	0.52	-0.04	-0.05
Other products	0.63	0.57	0.51	0.56	0.48	0.46	0.47	0.50	0.42	-0.09	-0.05
Total	**8.36**	**8.16**	**8.35**	**8.77**	**7.67**	**7.80**	**7.68**	**7.93**	**7.79**	**-0.14**	**0.19**
OECD											
LPG and ethane	5.21	5.14	5.34	5.57	4.83	4.88	5.08	4.89	4.65	-0.25	-0.34
Naphtha	3.36	3.39	3.35	3.64	3.33	3.40	3.31	3.46	3.42	-0.04	0.33
Motor gasoline	14.07	14.12	14.22	13.81	14.48	14.82	14.94	14.94	14.57	-0.37	0.48
Jet and kerosene	3.80	3.83	3.96	4.03	3.83	4.06	4.03	4.08	4.08	0.00	0.28
Gasoil/diesel oil	12.80	12.97	13.39	13.53	12.84	13.25	13.05	12.95	13.76	0.81	0.48
Residual fuel oil	2.49	2.16	2.14	2.15	1.89	2.04	2.09	2.08	1.95	-0.13	-0.13
Other products	4.29	4.06	3.94	3.73	4.09	4.23	4.39	4.33	3.95	-0.38	-0.56
Total	**46.02**	**45.68**	**46.34**	**46.45**	**45.29**	**46.67**	**46.90**	**46.73**	**46.38**	**-0.35**	**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).

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2013	2014	4Q14	1Q15	2Q15	3Q15	Jul 15	Aug 15	Sep 15 [2]	Latest month vs. Aug 15	Latest month vs. Sep 14
United States[3]											
LPG and ethane	2.44	2.40	2.58	2.62	2.18	2.20	2.33	2.19	2.07	-0.12	-0.27
Naphtha	0.27	0.23	0.24	0.23	0.20	0.22	0.19	0.24	0.24	0.00	0.00
Motor gasoline	8.84	8.92	9.00	8.81	9.26	9.39	9.44	9.47	9.27	-0.20	0.45
Jet and kerosene	1.44	1.48	1.51	1.46	1.55	1.59	1.64	1.60	1.54	-0.06	0.04
Gasoil/diesel oil	3.83	4.04	4.12	4.27	3.88	3.93	3.88	3.89	4.02	0.13	0.08
Residual fuel oil	0.32	0.26	0.28	0.24	0.19	0.31	0.33	0.32	0.28	-0.04	0.00
Other products	1.82	1.78	1.76	1.66	1.99	2.04	2.18	2.12	1.82	-0.30	-0.32
Total	**18.96**	**19.11**	**19.51**	**19.29**	**19.25**	**19.68**	**19.98**	**19.81**	**19.23**	**-0.59**	**-0.02**
Japan											
LPG and ethane	0.52	0.50	0.50	0.57	0.42	0.41	0.43	0.39	0.40	0.01	-0.04
Naphtha	0.77	0.75	0.83	0.84	0.75	0.79	0.76	0.77	0.85	0.08	0.19
Motor gasoline	0.95	0.92	0.94	0.88	0.89	0.97	0.96	1.03	0.91	-0.12	-0.01
Jet and kerosene	0.53	0.52	0.61	0.73	0.35	0.35	0.31	0.34	0.40	0.06	0.01
Diesel	0.41	0.40	0.41	0.43	0.42	0.43	0.42	0.42	0.44	0.02	0.03
Other gasoil	0.41	0.40	0.41	0.42	0.33	0.32	0.31	0.30	0.33	0.03	-0.03
Residual fuel oil	0.46	0.41	0.38	0.46	0.34	0.31	0.32	0.34	0.26	-0.07	-0.07
Other products	0.50	0.44	0.40	0.46	0.40	0.38	0.37	0.42	0.34	-0.08	0.00
Total	**4.56**	**4.35**	**4.48**	**4.79**	**3.89**	**3.94**	**3.88**	**4.00**	**3.94**	**-0.06**	**0.09**
Germany											
LPG and ethane	0.11	0.09	0.08	0.09	0.11	0.10	0.11	0.10	0.11	0.01	0.02
Naphtha	0.39	0.42	0.41	0.43	0.38	0.36	0.37	0.38	0.34	-0.04	-0.03
Motor gasoline	0.43	0.44	0.44	0.40	0.44	0.45	0.46	0.45	0.44	-0.01	-0.01
Jet and kerosene	0.19	0.19	0.18	0.17	0.20	0.21	0.21	0.21	0.20	0.00	0.01
Diesel	0.70	0.73	0.75	0.71	0.76	0.81	0.84	0.77	0.81	0.04	0.02
Other gasoil	0.43	0.36	0.38	0.45	0.24	0.34	0.27	0.34	0.42	0.09	0.00
Residual fuel oil	0.12	0.12	0.14	0.12	0.13	0.13	0.13	0.12	0.13	0.01	0.02
Other products	0.07	0.05	0.04	0.01	0.04	0.06	0.04	0.06	0.08	0.02	0.01
Total	**2.44**	**2.40**	**2.41**	**2.39**	**2.30**	**2.46**	**2.42**	**2.43**	**2.53**	**0.10**	**0.03**
Italy											
LPG and ethane	0.11	0.11	0.11	0.13	0.11	0.11	0.11	0.11	0.12	0.01	0.01
Naphtha	0.05	0.09	0.08	0.11	0.11	0.11	0.10	0.12	0.11	-0.01	0.03
Motor gasoline	0.20	0.20	0.20	0.19	0.21	0.23	0.24	0.22	0.23	0.01	0.03
Jet and kerosene	0.09	0.09	0.08	0.08	0.10	0.11	0.12	0.12	0.11	-0.01	0.00
Diesel	0.45	0.50	0.52	0.44	0.47	0.47	0.51	0.42	0.48	0.05	-0.06
Other gasoil	0.10	0.04	0.05	0.09	0.09	0.10	0.10	0.09	0.10	0.01	0.08
Residual fuel oil	0.08	0.06	0.06	0.08	0.08	0.08	0.09	0.08	0.09	0.01	0.02
Other products	0.18	0.14	0.13	0.11	0.14	0.13	0.15	0.12	0.13	0.02	-0.02
Total	**1.26**	**1.22**	**1.24**	**1.22**	**1.31**	**1.35**	**1.42**	**1.27**	**1.36**	**0.09**	**0.09**
France											
LPG and ethane	0.12	0.11	0.12	0.15	0.11	0.11	0.11	0.11	0.11	0.00	0.00
Naphtha	0.12	0.12	0.07	0.12	0.12	0.12	0.13	0.13	0.09	-0.04	0.01
Motor gasoline	0.16	0.16	0.16	0.14	0.17	0.18	0.19	0.17	0.17	0.00	0.00
Jet and kerosene	0.15	0.15	0.14	0.14	0.16	0.17	0.18	0.17	0.16	-0.02	0.02
Diesel	0.69	0.70	0.71	0.67	0.71	0.72	0.77	0.65	0.73	0.08	0.00
Other gasoil	0.28	0.25	0.27	0.29	0.20	0.28	0.23	0.29	0.33	0.04	0.04
Residual fuel oil	0.06	0.05	0.05	0.05	0.04	0.04	0.04	0.03	0.04	0.01	-0.01
Other products	0.13	0.12	0.11	0.11	0.12	0.10	0.12	0.08	0.11	0.03	-0.03
Total	**1.71**	**1.65**	**1.63**	**1.68**	**1.63**	**1.71**	**1.77**	**1.63**	**1.75**	**0.12**	**0.02**
United Kingdom											
LPG and ethane	0.11	0.11	0.11	0.14	0.14	0.12	0.12	0.12	0.13	0.01	0.05
Naphtha	0.03	0.02	0.03	0.02	0.02	0.03	0.03	0.03	0.04	0.01	0.02
Motor gasoline	0.31	0.30	0.30	0.29	0.30	0.30	0.29	0.30	0.30	0.01	0.00
Jet and kerosene	0.31	0.31	0.32	0.33	0.30	0.31	0.27	0.32	0.35	0.03	0.01
Diesel	0.46	0.48	0.50	0.47	0.50	0.50	0.49	0.51	0.50	-0.01	0.01
Other gasoil	0.12	0.12	0.11	0.13	0.14	0.14	0.13	0.15	0.15	0.00	0.03
Residual fuel oil	0.04	0.03	0.03	0.02	0.02	0.03	0.03	0.03	0.03	0.00	0.00
Other products	0.13	0.13	0.12	0.11	0.11	0.13	0.13	0.12	0.13	0.00	-0.01
Total	**1.50**	**1.51**	**1.53**	**1.52**	**1.54**	**1.56**	**1.49**	**1.58**	**1.62**	**0.04**	**0.11**
Canada											
LPG and ethane	0.38	0.37	0.40	0.40	0.36	0.37	0.35	0.38	0.37	-0.01	0.04
Naphtha	0.09	0.09	0.09	0.10	0.09	0.09	0.08	0.10	0.08	-0.02	-0.02
Motor gasoline	0.81	0.84	0.83	0.79	0.82	0.85	0.87	0.86	0.82	-0.04	-0.04
Jet and kerosene	0.14	0.13	0.13	0.13	0.13	0.16	0.16	0.16	0.15	-0.02	0.01
Diesel	0.29	0.29	0.31	0.32	0.31	0.32	0.32	0.32	0.32	0.00	0.01
Other gasoil	0.30	0.30	0.29	0.27	0.24	0.26	0.23	0.25	0.30	0.05	-0.04
Residual fuel oil	0.06	0.06	0.07	0.06	0.04	0.03	0.03	0.03	0.02	-0.01	-0.03
Other products	0.31	0.30	0.30	0.29	0.26	0.31	0.33	0.28	0.31	0.03	-0.04
Total	**2.37**	**2.40**	**2.41**	**2.36**	**2.26**	**2.38**	**2.37**	**2.39**	**2.37**	**-0.01**	**-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)

	2014	2015	2016	2Q15	3Q15	4Q15	1Q16	2Q16	Sep 15	Oct 15	Nov 15
OPEC											
Crude Oil											
Saudi Arabia	9.53			10.29	10.27				10.18	10.19	10.17
Iran	2.81			2.85	2.87				2.88	2.88	2.87
Iraq	3.33			3.94	4.24				4.30	4.17	4.31
UAE	2.76			2.87	2.92				2.91	2.89	2.89
Kuwait	2.61			2.72	2.76				2.79	2.71	2.78
Neutral Zone	0.38			0.09	0.04				0.04	0.04	0.04
Qatar	0.71			0.66	0.64				0.65	0.67	0.68
Angola	1.66			1.76	1.77				1.79	1.78	1.74
Nigeria	1.90			1.77	1.80				1.86	1.90	1.82
Libya	0.46			0.46	0.38				0.37	0.43	0.38
Algeria	1.12			1.11	1.12				1.12	1.11	1.11
Ecuador	0.55			0.55	0.53				0.53	0.53	0.54
Venezuela	2.46			2.43	2.40				2.38	2.38	2.40
Total Crude Oil	30.28			31.50	31.74				31.80	31.68	31.73
Total NGLs[1]	6.36	6.55	6.79	6.52	6.57	6.64	6.68	6.75	6.57	6.64	6.64
Total OPEC	**36.65**			**38.03**	**38.32**				**38.37**	**38.32**	**38.37**
NON-OPEC[2]											
OECD											
Americas	19.03	19.80	19.42	19.51	19.94	19.85	19.52	19.25	19.65	19.71	19.92
United States[5]	11.94	12.82	12.41	12.91	12.95	12.77	12.46	12.40	13.00	12.76	12.80
Mexico	2.81	2.60	2.53	2.56	2.60	2.60	2.58	2.55	2.59	2.60	2.60
Canada	4.28	4.36	4.47	4.04	4.38	4.47	4.47	4.29	4.04	4.35	4.50
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe	3.32	3.42	3.25	3.49	3.35	3.43	3.40	3.22	3.31	3.44	3.44
UK	0.86	0.94	0.91	1.01	0.89	0.98	1.00	0.91	0.90	0.96	0.99
Norway	1.89	1.92	1.82	1.93	1.91	1.92	1.88	1.79	1.86	1.95	1.92
Others	0.57	0.55	0.52	0.55	0.55	0.54	0.53	0.52	0.55	0.54	0.53
Asia Oceania	0.51	0.47	0.49	0.44	0.50	0.49	0.49	0.49	0.48	0.50	0.49
Australia	0.43	0.38	0.40	0.36	0.42	0.40	0.40	0.40	0.40	0.41	0.40
Others	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Total OECD	**22.86**	**23.68**	**23.16**	**23.45**	**23.79**	**23.77**	**23.42**	**22.96**	**23.44**	**23.65**	**23.84**
NON-OECD											
Former USSR	13.87	13.97	13.87	13.97	13.91	13.94	13.94	13.91	13.92	13.94	13.99
Russia	10.91	11.05	11.07	11.03	11.04	11.12	11.11	11.09	11.08	11.12	11.12
Others	2.95	2.91	2.80	2.93	2.87	2.82	2.83	2.82	2.84	2.82	2.87
Asia	7.71	7.90	7.74	7.95	7.86	7.88	7.83	7.76	7.95	7.86	7.90
China	4.22	4.33	4.29	4.36	4.34	4.35	4.30	4.29	4.38	4.32	4.36
Malaysia	0.67	0.71	0.66	0.74	0.67	0.67	0.68	0.66	0.69	0.66	0.69
India	0.88	0.87	0.83	0.86	0.87	0.87	0.85	0.83	0.88	0.87	0.88
Indonesia	0.84	0.83	0.86	0.84	0.83	0.85	0.87	0.87	0.84	0.85	0.85
Others	1.11	1.15	1.11	1.16	1.15	1.14	1.12	1.11	1.17	1.15	1.13
Europe	0.14	0.14	0.13	0.14	0.14	0.14	0.13	0.13	0.14	0.14	0.14
Americas	4.40	4.54	4.66	4.54	4.54	4.49	4.61	4.61	4.50	4.49	4.35
Brazil[5]	2.35	2.52	2.68	2.50	2.56	2.48	2.61	2.64	2.49	2.50	2.34
Argentina	0.63	0.63	0.64	0.63	0.63	0.63	0.63	0.64	0.63	0.63	0.63
Colombia	0.99	1.00	0.96	1.03	0.98	0.98	0.97	0.96	1.01	0.98	0.99
Others	0.42	0.39	0.38	0.38	0.37	0.39	0.40	0.37	0.37	0.38	0.39
Middle East[3]	1.31	1.24	1.18	1.23	1.23	1.20	1.20	1.19	1.22	1.23	1.20
Oman	0.94	0.98	0.94	0.98	0.99	0.97	0.96	0.95	0.99	1.00	0.97
Syria	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Yemen	0.15	0.05	0.03	0.04	0.02	0.02	0.03	0.03	0.02	0.02	0.02
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.31	2.31	2.28	2.32	2.30	2.29	2.28	2.27	2.31	2.30	2.29
Egypt	0.71	0.72	0.69	0.72	0.73	0.72	0.71	0.70	0.72	0.72	0.72
Gabon	0.24	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Others	1.36	1.35	1.37	1.36	1.34	1.34	1.34	1.35	1.35	1.34	1.34
Total Non-OECD	**29.73**	**30.09**	**29.87**	**30.15**	**29.98**	**29.94**	**29.99**	**29.87**	**30.04**	**29.95**	**29.87**
Processing gains[4]	2.21	2.24	2.33	2.24	2.24	2.24	2.32	2.31	2.24	2.24	2.24
Global Biofuels[5]	2.23	2.31	2.36	2.38	2.59	2.43	1.90	2.39	2.55	2.64	2.53
TOTAL NON-OPEC	**57.03**	**58.32**	**57.71**	**58.22**	**58.60**	**58.38**	**57.62**	**57.53**	**58.28**	**58.48**	**58.48**
TOTAL SUPPLY	**93.68**			**96.24**	**96.91**				**96.65**	**96.80**	**96.85**

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.

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			
	Jun2015	Jul2015	Aug2015	Sep2015	Oct2015*	Oct2012	Oct2013	Oct2014	4Q2014	1Q2015	2Q2015	3Q2015
OECD Americas												
Crude	625.5	617.2	614.4	615.6	637.0	514.4	534.2	539.3	0.41	0.81	0.00	-0.11
Motor Gasoline	251.2	248.4	249.6	257.5	246.7	238.8	246.6	237.1	0.33	-0.11	-0.16	0.07
Middle Distillate	213.0	216.0	228.1	219.8	207.5	195.1	187.6	188.2	0.06	-0.10	0.14	0.07
Residual Fuel Oil	48.4	47.3	44.8	47.1	50.2	47.2	43.5	43.9	-0.03	0.05	0.03	-0.01
Total Products[3]	734.6	738.3	759.2	763.5	738.7	682.4	676.4	691.4	0.10	-0.39	0.43	0.31
Total[4]	1537.4	1542.4	1563.5	1569.9	1566.0	1369.0	1375.5	1413.3	0.33	0.41	0.59	0.35
OECD Europe												
Crude	344.1	339.1	342.9	339.4	343.6	320.8	334.8	315.0	0.04	0.28	0.00	-0.05
Motor Gasoline	85.5	83.5	84.8	89.2	89.6	92.1	87.3	83.9	0.04	0.13	-0.18	0.04
Middle Distillate	277.8	282.6	297.4	301.6	302.2	251.8	245.6	250.4	-0.17	0.11	0.20	0.26
Residual Fuel Oil	66.8	68.5	71.0	69.0	69.5	79.5	68.3	62.0	0.03	0.02	0.01	0.02
Total Products[3]	523.0	526.0	550.5	555.7	556.1	521.4	490.3	495.4	-0.11	0.25	-0.01	0.36
Total[4]	939.3	933.4	961.7	964.8	968.8	908.0	890.9	881.9	-0.12	0.60	0.00	0.28
OECD Asia Oceania												
Crude	201.3	204.9	204.7	202.2	200.8	176.0	158.0	184.2	-0.06	0.05	0.26	0.01
Motor Gasoline	25.3	24.7	23.6	23.6	23.5	27.7	24.7	22.3	-0.02	0.02	0.03	-0.02
Middle Distillate	61.2	65.6	70.2	67.0	65.5	70.7	68.2	67.8	-0.07	-0.09	0.06	0.06
Residual Fuel Oil	19.4	19.8	21.2	22.4	22.0	20.4	19.1	21.2	-0.02	-0.03	0.01	0.03
Total Products[3]	165.2	170.2	178.3	175.7	170.4	187.0	180.1	179.8	-0.16	-0.18	0.14	0.11
Total[4]	429.5	438.6	449.1	444.7	436.5	436.5	409.3	433.8	-0.33	-0.15	0.41	0.17
Total OECD												
Crude	1170.9	1161.2	1162.0	1157.2	1181.3	1011.2	1026.9	1038.5	0.40	1.15	0.26	-0.15
Motor Gasoline	362.0	356.6	358.0	370.3	359.8	358.6	358.6	343.3	0.35	0.04	-0.32	0.09
Middle Distillate	552.0	564.1	595.7	588.4	575.2	517.5	501.4	506.4	-0.18	-0.07	0.39	0.40
Residual Fuel Oil	134.6	135.6	137.1	138.4	141.8	147.0	130.8	127.2	-0.03	0.04	0.06	0.04
Total Products[3]	1422.8	1434.5	1487.9	1494.9	1465.1	1390.7	1346.8	1366.5	-0.18	-0.32	0.56	0.78
Total[4]	2906.2	2914.4	2974.4	2979.5	2971.2	2713.4	2675.7	2729.1	-0.12	0.86	1.00	0.80

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			
	Jun2015	Jul2015	Aug2015	Sep2015	Oct2015*	Oct2012	Oct2013	Oct2014	4Q2014	1Q2015	2Q2015	3Q2015
OECD Americas												
Crude	693.9	695.1	695.1	695.1	695.1	695.0	696.0	691.0	0.00	0.00	0.03	0.01
Products	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	207.4	207.8	207.1	208.1	205.1	195.7	204.8	209.1	0.02	-0.01	-0.02	0.01
Products	259.1	256.1	255.4	254.6	255.6	234.7	260.6	254.1	0.00	0.01	0.01	-0.05
OECD Asia Oceania												
Crude	385.6	384.4	383.3	381.4	381.5	393.5	385.7	384.7	-0.01	0.02	-0.01	-0.05
Products	32.8	33.4	33.7	33.7	33.7	20.0	29.9	31.0	0.01	0.01	0.00	0.01
Total OECD												
Crude	1286.9	1287.3	1285.5	1284.6	1281.7	1284.2	1286.5	1284.7	0.01	0.01	0.00	-0.02
Products	292.9	290.5	290.1	289.3	290.3	255.7	291.6	286.1	0.01	0.02	0.02	-0.04
Total[4]	1584.0	1582.0	1579.6	1578.3	1576.4	1541.1	1581.8	1575.5	0.02	0.03	0.02	-0.06

* 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 2014		End December 2014		End March 2015		End June 2015		End September 2015 [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	186.1	77	193.1	82	182.8	81	175.6	74	181.0	-
Chile	10.1	32	9.7	28	11.3	33	11.8	36	11.2	-
Mexico	48.8	24	52.8	28	49.8	26	50.4	25	49.5	-
United States[4]	1840.7	94	1860.5	96	1909.4	99	1972.2	100	2002.1	-
Total[4]	2107.8	86	2138.3	88	2175.3	90	2232.2	90	2266.0	93
OECD Asia Oceania										
Australia	38.6	35	36.2	33	34.1	32	35.9	33	35.5	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	608.2	136	580.7	121	567.7	146	578.3	147	589.6	-
Korea	196.6	83	196.8	79	201.0	87	224.6	94	226.0	-
New Zealand	9.2	56	8.4	49	8.7	56	9.0	59	8.7	-
Total	852.6	102	822.1	94	811.6	106	847.9	109	859.8	103
OECD Europe[5]										
Austria	22.0	84	22.9	92	23.7	91	23.2	83	23.7	-
Belgium	43.8	69	42.4	63	42.7	68	47.6	73	50.5	-
Czech Republic	21.0	103	21.9	116	21.7	103	21.5	106	21.0	-
Denmark	23.0	152	25.8	173	29.0	188	28.4	178	28.6	-
Estonia	1.8	55	1.6	57	1.5	50	1.5	46	1.5	-
Finland	38.7	204	37.9	213	44.1	254	45.0	229	39.9	-
France	171.3	105	167.8	100	172.9	106	169.8	99	166.8	-
Germany	283.0	118	284.2	119	286.1	124	287.2	117	283.2	-
Greece	29.6	97	26.5	91	31.1	112	27.8	91	29.2	-
Hungary	18.2	121	18.7	136	20.0	137	20.5	130	20.6	-
Ireland	10.0	67	9.3	63	12.8	90	11.1	74	11.3	-
Italy	123.0	100	119.4	98	121.0	93	117.1	87	117.2	-
Luxembourg	0.8	14	0.9	15	0.7	12	0.6	12	0.6	-
Netherlands	126.8	143	123.3	138	136.4	155	140.2	152	153.5	-
Norway	24.5	125	24.2	110	23.2	101	25.9	121	25.1	-
Poland	63.5	120	63.2	125	62.7	115	62.6	110	63.9	-
Portugal	23.0	93	22.2	94	21.7	86	21.8	84	23.0	-
Slovak Republic	10.6	152	11.4	152	11.6	133	11.4	140	11.0	-
Slovenia	4.8	92	4.6	96	4.9	99	4.7	88	4.6	-
Spain	122.7	100	121.3	98	132.4	111	132.8	107	139.0	-
Sweden	27.8	92	29.1	98	31.1	94	29.3	90	31.3	-
Switzerland	38.8	156	37.3	161	37.3	172	37.2	165	36.3	-
Turkey	62.5	87	62.4	81	64.7	75	65.7	69	71.2	-
United Kingdom	74.3	49	77.8	51	76.3	50	77.2	49	78.8	-
Total	1365.6	102	1356.0	101	1409.7	104	1410.0	100	1431.9	106
Total OECD	**4326.0**	**93**	**4316.3**	**93**	**4396.5**	**97**	**4490.1**	**96**	**4557.7**	**99**
DAYS OF IEA Net Imports[6]	**-**	**168**	**-**	**168**	**-**	**172**	**-**	**194**	**-**	**197**

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 2015 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]*		
3Q2012	4292	1542	2750	93	33	59
4Q2012	4230	1547	2683	93	34	59
1Q2013	4259	1580	2680	94	35	59
2Q2013	4253	1576	2676	92	34	58
3Q2013	4296	1582	2715	92	34	58
4Q2013	4174	1584	2589	91	35	57
1Q2014	4196	1585	2611	94	35	58
2Q2014	4260	1580	2681	93	34	58
3Q2014	4326	1577	2749	93	34	59
4Q2014	4316	1579	2737	93	34	59
1Q2015	4397	1582	2815	97	35	62
2Q2015	4490	1584	2906	96	34	62
3Q2015	4558	1578	2979	99	34	64

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 3Q2015 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

											Year Earlier	
	2012	2013	2014	3Q14	4Q14	1Q15	2Q15	Jul 15	Aug 15	Sep 15	Sep 14	change
Saudi Light & Extra Light												
Americas	0.76	0.74	0.65	0.47	0.60	0.58	0.65	0.56	0.57	0.56	0.56	-0.01
Europe	0.85	0.79	0.84	0.93	0.84	0.91	0.77	0.76	0.66	0.89	1.00	-0.12
Asia Oceania	1.26	1.21	1.17	1.08	1.18	1.37	1.25	1.14	1.20	1.15	1.11	0.03
Saudi Medium												
Americas	0.44	0.45	0.36	0.36	0.25	0.24	0.37	0.39	0.45	0.41	0.31	0.09
Europe	0.05	0.01	0.03	0.05	0.04	0.02	0.02	0.02	0.05	-	0.11	-
Asia Oceania	0.45	0.43	0.45	0.50	0.45	0.40	0.44	0.50	0.52	0.44	0.47	-0.03
Iraqi Basrah Light[2]												
Americas	0.49	0.38	0.35	0.49	0.20	0.09	0.20	0.16	0.11	-	0.29	-
Europe	0.26	0.25	0.50	0.50	0.70	0.50	0.48	0.85	0.93	1.07	0.52	0.55
Asia Oceania	0.33	0.31	0.24	0.21	0.27	0.41	0.31	0.49	0.45	0.31	0.23	0.09
Kuwait Blend												
Americas	0.22	0.28	0.27	0.25	0.22	0.15	0.21	-	0.12	0.22	0.17	0.05
Europe	0.09	0.10	0.09	0.04	0.14	0.12	0.08	0.21	0.19	0.08	0.00	0.08
Asia Oceania	0.65	0.64	0.62	0.62	0.62	0.66	0.61	0.66	0.65	0.56	0.62	-0.06
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.12	0.08	0.10	0.11	0.12	0.09	0.11	0.09	0.07	0.06	0.11	-0.04
Asia Oceania	0.02	0.00	0.01	0.03	-	0.03	-	0.02	0.02	0.04	0.03	0.00
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.16	0.03	0.01	0.01	0.00	0.03	0.01	0.02	0.03	0.05	-	-
Asia Oceania	0.33	0.30	0.28	0.28	0.26	0.31	0.25	0.21	0.23	0.32	0.31	0.01
Venezuelan 22 API and heavier												
Americas	0.69	0.61	0.64	0.71	0.62	0.67	0.67	0.67	0.68	0.66	0.69	-0.04
Europe	0.08	0.07	0.08	0.09	0.09	0.10	0.09	0.07	0.04	0.11	0.07	0.04
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.73	0.70	0.66	0.67	0.66	0.59	0.43	0.46	0.44	0.42	0.65	-0.23
Europe	0.14	0.14	0.14	0.13	0.13	0.16	0.13	0.16	0.17	0.24	0.13	0.11
Asia Oceania	-	-	-	-	-	-	0.01	0.03	0.03	-	-	-
Canada Heavy												
Americas	1.41	1.49	1.71	1.81	1.79	1.84	1.81	1.91	2.04	2.08	1.93	0.15
Europe	-	-	0.00	-	0.01	-	0.01	-	-	0.02	-	-
Asia Oceania	-	-	0.00	0.00	0.00	-	-	-	-	-	0.01	-
BFOE												
Americas	0.02	0.03	0.01	-	0.01	0.01	-	-	-	0.02	-	-
Europe	0.55	0.47	0.56	0.53	0.59	0.47	0.48	0.53	0.48	0.55	0.58	-0.03
Asia Oceania	0.07	0.06	0.07	-	0.04	0.03	0.09	-	-	0.07	-	-
Russian Urals												
Americas	0.00	0.00	-	-	-	-	-	-	-	-	-	-
Europe	1.86	1.79	1.58	1.53	1.38	1.54	1.51	1.60	1.65	1.66	1.42	0.24
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.01	-	-	-	0.01	-	-	-	-	-
Europe	0.53	0.59	0.64	0.58	0.68	0.73	0.60	0.65	0.58	0.55	0.64	-0.10
Asia Oceania	-	0.00	0.02	0.05	0.01	0.04	0.02	0.16	0.17	0.02	0.07	-0.05
Libya Light and Medium												
Americas	0.03	0.00	-	-	-	-	-	-	-	-	-	-
Europe	0.88	0.57	0.31	0.34	0.54	0.20	0.23	0.30	0.17	0.18	0.69	-0.51
Asia Oceania	0.04	0.03	0.02	0.03	0.02	-	0.02	-	-	-	0.02	-
Nigerian Light[4]												
Americas	0.24	0.07	0.00	-	0.01	0.03	0.01	0.05	-	0.02	-	-
Europe	0.58	0.53	0.55	0.59	0.54	0.62	0.53	0.56	0.55	0.55	0.51	0.03
Asia Oceania	0.04	0.03	0.02	0.03	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)

	2012	2013	2014	4Q14	1Q15	2Q15	3Q15	Jul 15	Aug 15	Sep 15	Year Earlier Sep 14	Year Earlier % change
Crude Oil												
Americas	6101	5130	4201	3755	3869	4085	4071	4196	4117	3893	4084	-5%
Europe	9346	8926	8689	9056	9477	9201	9605	9449	9412	9966	9157	9%
Asia Oceania	6761	6557	6381	6331	6871	6426	6485	6663	6666	6114	6308	-3%
Total OECD	22208	20612	19270	19142	20217	19711	20161	20309	20195	19973	19549	2%
LPG												
Americas	20	17	12	13	13	12	5	1	5	9	9	-4%
Europe	287	382	426	433	479	361	408	391	414	420	520	-19%
Asia Oceania	620	546	531	527	537	535	491	467	543	462	475	-3%
Total OECD	927	945	969	973	1029	908	904	858	962	890	1004	-11%
Naphtha												
Americas	20	17	20	13	20	14	12	8	13	13	13	0%
Europe	381	332	348	384	411	287	413	356	432	452	310	46%
Asia Oceania	900	927	960	996	976	915	954	954	893	1019	999	2%
Total OECD	1301	1276	1327	1392	1407	1217	1379	1319	1338	1484	1323	12%
Gasoline[3]												
Americas	730	659	665	663	572	745	814	816	793	833	567	47%
Europe	212	106	131	114	125	114	72	1	101	116	186	-37%
Asia Oceania	86	83	83	79	102	125	69	63	80	65	92	-29%
Total OECD	1028	848	879	856	799	984	955	880	973	1015	844	20%
Jet & Kerosene												
Americas	73	81	100	104	148	152	132	158	152	84	140	-39%
Europe	398	445	459	412	373	426	583	590	550	609	624	-2%
Asia Oceania	62	74	60	88	67	68	50	46	36	70	51	38%
Total OECD	533	601	618	604	589	646	765	795	738	763	814	-6%
Gasoil/Diesel												
Americas	59	58	95	81	157	40	46	24	49	67	54	23%
Europe	984	1121	1091	984	1112	1309	1270	1136	1360	1315	1282	3%
Asia Oceania	185	162	181	176	164	188	169	177	149	182	180	1%
Total OECD	1227	1341	1368	1241	1433	1537	1485	1337	1557	1564	1516	3%
Heavy Fuel Oil												
Americas	206	165	132	135	119	113	139	109	163	147	140	5%
Europe	521	552	618	559	690	484	513	644	483	407	646	-37%
Asia Oceania	224	242	214	167	212	134	186	160	173	227	165	38%
Total OECD	951	960	964	861	1021	732	838	913	819	781	951	-18%
Other Products												
Americas	813	812	671	656	626	760	759	837	676	764	637	20%
Europe	636	791	721	665	666	667	737	585	893	732	678	8%
Asia Oceania	357	386	374	307	317	306	343	307	360	362	308	17%
Total OECD	1806	1989	1766	1628	1609	1734	1839	1729	1929	1859	1624	14%
Total Products												
Americas	1921	1810	1695	1665	1655	1836	1907	1953	1851	1917	1560	23%
Europe	3419	3729	3794	3550	3857	3649	3994	3703	4231	4051	4247	-5%
Asia Oceania	2433	2421	2402	2339	2375	2272	2264	2174	2234	2387	2270	5%
Total OECD	7773	7960	7891	7555	7887	7758	8165	7829	8316	8355	8077	3%
Total Oil												
Americas	8022	6940	5896	5420	5525	5921	5978	6149	5968	5811	5644	3%
Europe	12765	12655	12482	12606	13333	12850	13600	13152	13643	14017	13404	5%
Asia Oceania	9194	8978	8783	8670	9246	8698	8749	8837	8900	8501	8578	-1%
Total OECD	29982	28572	27161	26696	28104	27468	28326	28138	28512	28328	27627	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.

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Next Issue: 19 January 2016