OPEC

Monthly Oil Market Report

16 April 2015

Feature article:

Summer oil market outlook

Organization of the Petroleum Exporting Countries

Helferstorferstrasse 17, A-1010 Vienna, Austria
E-mail: prid@opec.org
Website: www.opec.org

Oil market highlights

Crude Oil Price Movements

The OPEC Reference Basket retreated in March by $1.60 to $52.46/b as the market refocused on the oversupply situation as demand remained subdued. ICE Brent and Nymex WTI futures contracts also fell $1.86 and $2.87 to average $56.94/b and $47.85/b, respectively, for the month. The Brent-WTI spread widened to around $9/b.

World Economy

World economic growth for 2015 is forecast at 3.4%, unchanged from the previous report. The OECD growth estimate for the year also remains the same at 2.2%. US growth in 2015 remains unchanged at 2.9%, while better-than-expected growth in the Euro-zone has resulted in an upwardly revised forecast of 1.3%. In contrast, Japan's growth has been revised lower to 0.8%. China's growth forecast remains unchanged at 7.0% in 2015. India is forecast to see growth of 7.5% for the year. The most recent softening trend in the US and some major emerging markets will need to be carefully monitored.

World Oil Demand

World oil demand growth in 2014 was revised down marginally to 0.95 mb/d. For 2015, oil demand growth is anticipated to be around 1.17 mb/d, unchanged from the previous *MOMR*. Almost two thirds of 2015 oil demand growth is seen coming from China, Other Asia and the Middle East.

World Oil Supply

Non-OPEC oil supply growth in 2014 now stands at 2.17 mb/d, following an upward revision of 0.13 mb/d since the previous report. In 2015, non-OPEC oil supply is now projected to grow by 0.68 mb/d, following a downward revision of 165 tb/d compared to the previous assessment. US tight oil and Canadian oil sands output are expected to see lower growth following the recent strong declines in rig counts. OPEC NGLs are expected to grow by 0.19 mb/d in 2015, following growth of 0.18 mb/d last year. In March, OPEC crude production increased by 0.81 mb/d to average 30.79 mb/d, according to secondary sources.

Product Markets and Refining Operations

Product markets remained healthy in the Atlantic Basin in March. Higher gasoline demand ahead of the driving season provided support amid tight sentiment fuelled by the heavy maintenance season and some outages in the US. Meanwhile, the Asian market exhibited a positive performance supported by the increasing light and middle distillates demand in several countries in the region.

Tanker Market

Dirty tanker spot freight rates declined in March, mainly due to declines in VLCC and Aframax spot freight rates, which fell by 14% and 3%, respectively. Freight rates in March were influenced by high tonnage availability and low tonnage demand ahead of refinery maintenance season in the East. High activity supported clean tanker spot freight rates for both East and West of Suez. On average, clean tanker spot freight rates edged up by 16% in March.

Stock Movements

OECD commercial oil stocks declined 10.4 mb in February to stand at 2,723 mb. At this level, stocks were 74 mb higher than the five-year average. Crude inventories showed a surplus of 106 mb, while product stocks remained 32 mb below the five-year average. In terms of days of forward cover, OECD commercial stocks stood at 60.9 days, some 2.8 days higher than the five-year average.

Balance of Supply and Demand

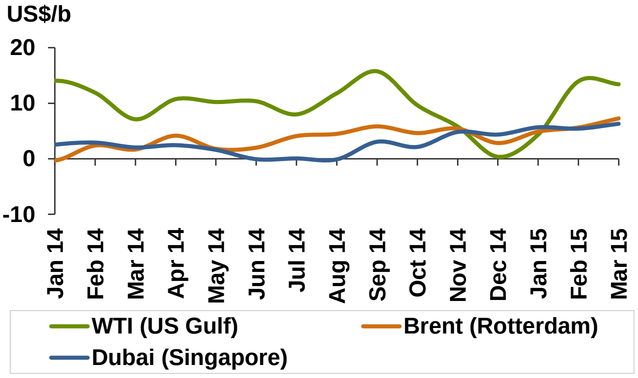
Demand for OPEC crude is estimated at 29.0 mb/d in 2014, a decline of 0.1 mb/d from the previous assessment. In 2015, required OPEC crude is projected at 29.3 mb/d, following an upward adjustment of 0.1 mb/d

Summer oil market outlook

Since the beginning of the year, product markets and refinery margins across the world, and particularly in the US, have seen steady improvement (***Graph 1***). During the first quarter of 2015, margins in the Atlantic Basin were supported by healthy light distillate demand, amid a general tight sentiment in product markets. Refining operations were impacted by a series of unplanned shutdowns and the early effects of the spring maintenance cycle in the US, while export opportunities lent support to the European market. Meanwhile, in Asia, crack spreads have been supported by strong gasoline and naphtha demand.

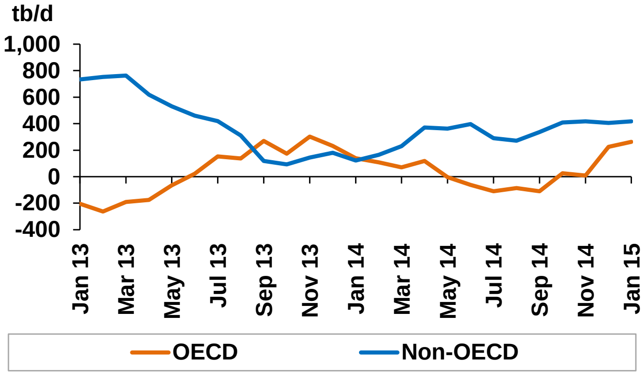
Worldwide gasoline demand has been soaring in recent months, driven by strong demand growth in the OECD. In the first quarter of the year, gasoline demand in the US showed a sharp y-o-y increase of more than 250 tb/d. This came despite the dampening effect that cold weather typically has on gasoline demand. The improvement was supported by a rise of almost 5% in vehicle miles travelled in January, encouraged by lower retail gasoline prices.

Graph 1: Refinery margins



Source: OPEC.

Graph 2: OECD and non-OECD gasoline consumption growth, 3-month moving average



Source: OPEC.

Demand for the light end of the barrel – mainly gasoline – has also shown a sharp increase in the non-OECD region (***Graph 2***), particularly in China, India, Vietnam and Pakistan. Asian gasoline demand growth continued, despite the removal of subsidies, implementation of new taxes, and ongoing policies to increase biofuels in several countries in the region.

Moreover, global middle distillate demand growth has also accelerated in the first quarter, boosted by recent increases in China and India. In the Atlantic Basin, new regulations have come into force establishing maritime Environment Control Areas (ECAs), resulting in the replacement of residual fuel oil with marine gasoil in bunker demand, thus boosting gasoil consumption.

Despite the increase in demand, pressure on the middle distillates market could come from the supply side. New refinery capacity coming on-stream in the Middle East is likely to lead to increased competition in the global gasoil market, which could further pressure gasoil crack spreads, starting in Europe and then spreading to other markets.

Looking ahead, refinery margins in the Atlantic Basin, particularly in the US, will continue to be supported by healthy domestic demand. The onset of the upcoming driving season in the US is expected to provide continued support for the upward trend in gasoline demand, particularly as miles driven and new car sales have been on the rise. Meanwhile, in Europe and Asia, margins are likely to come under pressure from the expected increase in inflows from the Middle East and Russia.

Higher global refinery runs, driven by increased seasonal demand, along with the improvement in refinery margins, are likely to increase demand for crude oil over the coming months. Given expectations for lower US crude oil production in the second half of the year, these higher refinery needs will be partially met by crude oil stocks, reducing the current overhang in inventories.

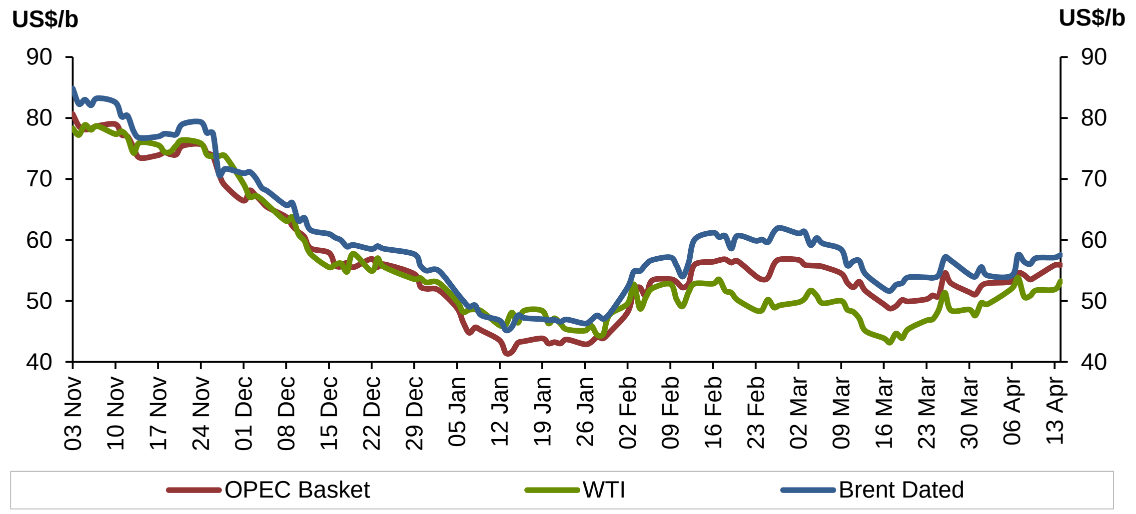
Crude Oil Price Movements

The OPEC Reference Basket (ORB) retreated in March as the market refocused on the oversupply situation, which was further impacted by production increases in many areas, while demand remained subdued. The ORB dropped $1.60 to $52.46/b m-o-m and remained markedly lower than the previous quarter and year. Although support came late in the month from the depreciation of the US dollar and geopolitics, oil futures ended lower amid a growing oil glut, storage constraints in the US and the rising US dollar earlier on. The ICE Brent contract dipped $1.86 m-o-m to $56.94/b, while the Nymex WTI contract was down $2.87 at $47.85/b. Both contracts were down for the year and the quarter. Money managers bet further on higher oil prices in the ICE Brent market, but remained less bullish on US crude where short positions blew up. The transatlantic spread widened further as growing US crude stockpiles continued to drag down the Nymex WTI. The Brent-WTI spread increased sharply to above $9/b.

OPEC Reference Basket

The ORB gave back part of its previous month's gains as the oil market shifted its focus back to the problem of the supply glut that it has been facing since June 2014. This was compounded by production increases in the US and elsewhere, while crude demand remained subdued due to lower refinery intake in many parts of the world because of the ongoing seasonal refinery maintenance. Inventories also continued to build everywhere, particularly in the US, where crude stocks are now at all-time highs. Moreover, the month-long rally in European refinery margins lost a bit of steam in March, curbing some of the previous month's improvement in crude oil demand in the Atlantic Basin. Nevertheless, the ORB's month-on-month decline was significantly less than the sharp deteriorations witnessed in the previous months since June 2014 as the market potentially started to establish a provisional floor price. The oil market also found some support over the month from geopolitical turmoil and weather-related supply disruptions. Furthermore, on a quarterly basis, the ORB lost more than 30% of its value in 1Q15.

Graph 1.1: Crude oil price movement, 2014-2015



On a monthly basis, the ORB slipped to an average of $52.46/b in March, down by $1.60 or 3%. Quarterly, the ORB plunged by $23.06 or 31% in 1Q15 from $73.36/b in 4Q14. Compared to a year ago, the year-to-date ORB value is about 52% lower at $50.27/b from $104.73/b during the same time in 2014.

Table 1.1: OPEC Reference Basket and selected crudes, US$/b

	Feb 15	Mar 15	Change Mar/Feb	Year-to-date 2014	Year-to-date 2015
OPEC Reference Basket	**54.06**	**52.46**	**-1.60**	**104.73**	**50.27**
Arab Light	53.78	52.20	-1.58	105.60	50.13
Basrah Light	51.82	50.53	-1.29	102.72	48.29
Bonny Light	58.46	56.75	-1.71	110.17	54.55
Es Sider	56.83	54.78	-2.05	107.81	52.76
Girassol	58.27	56.86	-1.41	108.70	54.35
Iran Heavy	53.26	51.27	-1.99	104.62	49.09
Kuwait Export	52.25	50.52	-1.73	103.67	48.33
Marine	55.38	54.27	-1.11	104.29	51.71
Merey	48.41	45.79	-2.62	93.65	44.01
Murban	58.56	57.41	-1.15	107.97	54.78
Oriente	47.00	45.79	-1.21	95.22	45.00
Saharan Blend	58.18	56.93	-1.25	109.80	54.32
Other Crudes					
Brent	58.13	55.93	-2.20	108.21	53.94
Dubai	55.85	54.66	-1.19	104.44	52.01
Isthmus	52.68	51.41	-1.27	98.49	49.85
LLS	55.28	54.41	-0.87	104.36	52.84
Mars	51.22	51.34	0.12	100.83	49.15
Minas	55.90	54.11	-1.79	110.92	52.10
Urals	57.81	55.07	-2.74	106.81	53.26
WTI	50.76	47.77	-2.99	98.64	48.56
Differentials					
Brent/WTI	7.37	8.16	0.79	9.57	5.38
Brent/LLS	2.85	1.52	-1.33	3.85	1.09
Brent/Dubai	2.28	1.27	-1.01	3.78	1.93

Note: Arab Light and other Saudi Arabian crudes as well as Basrah Light preliminarily based on American Crude Market (ACM) and subject to revision.

Sources: Platt's, Direct Communication and Secretariat's assessments.

All ORB components saw their values slipping in March along with the global crude oil benchmarks. North Sea Dated Brent, Dubai and US light sweet marker WTI lost $2.20, $1.19 and $2.99, respectively, over the month.

The Brent market came under pressure as seasonal maintenance in Europe cut demand, adding to the impact of plentiful supply. Unsold West African cargoes plus more plentiful supplies in the Mediterranean put downward pressure on North Sea crude. Output from 12 of the main British and Norwegian crude streams was also set to be up 6%, loading programmes showed.

Nevertheless, the European market received some support in the Mediterranean from good refining margins and supply concerns from Libya. West African crude oil stayed off downward pressure earlier in the month as contango and Asian buying helped to keep prices steady. But, this was phased out as brisk buying from the east subsided with Asian buying shifting to Iraq's Basrah Light rather than West African grades, and China slowed imports as its strategic reserve started to reach capacity. Demand for crude oil to be stored at sea also faded partially on the back of stronger prompt prices.

The Middle East crude market held better with good refining margins supporting demand. Support also came as India geared up to buy 8 mb of the medium sour grade to fill its first strategic petroleum reserves (SPR).

In the USGC, high crude inventories limited regional crude gains despite support from the widening WTI Brent spread and healthy margins. Brent-related Basket components, Saharan Blend, Es Sider, Girassol and Bonny Light decreased $1.61 or 2.8% to $56.33/b in March. Middle Eastern spot components and multi-destination grades dropped by $1.13 and $1.65 to settle at $55.84/b and $51.13/b, respectively. The steep downward adjustments for March's OSPF of these grades also negatively affected their performance due to the deep Dubai market contango. For the Latin American ORB components, Merey plunged $2.62 or 5.4%, while Oriente slipped $1.21 or 2.6%.

On 15 April, the OPEC Reference Basket stood at $57.01/b, $4.55 over the March average.

The oil futures market

ICE Brent and Nymex WTI crude oil futures ended March lower amid a growing oil glut, storage constraints in the US, and the US dollar rising to fresh highs earlier in the month. Signs of higher output in the United States also pressured the market. Global crude prices struggled to find a bottom over the month as initial fears that a 60% price drop since June was excessive were later offset by growing oil production. Slowing growth in China's economy as well as high US production have contributed to a global surplus in oil supplies. Meanwhile, the rally in the dollar in the first half of the month brought further pressure on dollar-denominated commodities, making them more expensive to holders of the euro and other currencies.

By the end of March, US crude stockpiles stood at nearly 500 mb after record builds for 11 straight weeks. Crude stocks at the Cushing, Oklahoma, delivery hub rose to almost 55 mb, a record since the EIA began tracking inventories at the delivery point for Nymex WTI. Meanwhile, the US has lost an unprecedented 750 oil rigs in 15 weeks, reaching the lowest level in more than five years. The slide in the rig count threatens to impact oil production by the second half of this year. Despite this, oil prices found some support from the weaker dollar, geopolitical concerns and speculative buying.

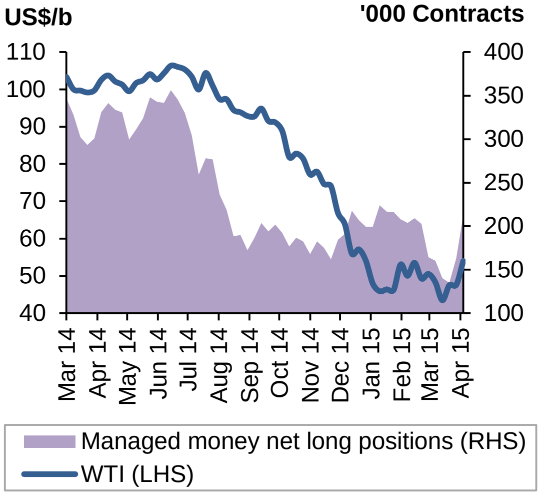
For the month, ICE Brent first-month futures settled down $1.86 or 3.2% at $56.94/b, while Nymex WTI lost $2.87 or 5.7% to finish the month at an average of $47.85/b. For the first quarter, ICE Brent and Nymex WTI came in at around 28% and 34%, respectively. Compared to 2014, Nymex WTI and ICE Brent were lower by $50.04/b and $52.54/b at $48.57/b and 55.33/b, respectively.

Crude oil futures prices improved in the second week of April. On 15 April, ICE Brent stood at $60.32/b and Nymex WTI at $56.39/b.

Money managers bet further on higher oil prices in the ICE Brent market. Net length positions increased 10,413 lots to 182,783 contracts as they remained bullish on oil prices, according to figures from the ICE Futures Europe exchange. By contrast, hedge funds and other big speculators cut their bullish wagers on US crude for a second straight month to the lowest since November as worries about oil oversupply grew, US Commodity Futures Trading Commission (CFTC) data showed. The funds have built their biggest ever short position in US WTI as short positions increased by a massive 60,477 contracts to 178,123 lots, while the long position decreased by

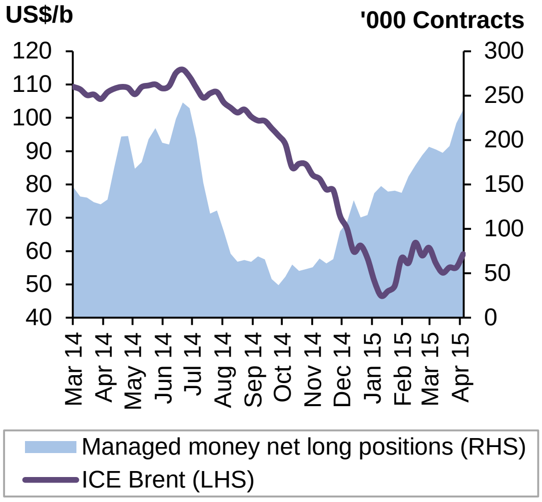
7,175 lots to 313,080 contracts, raising the percentage of shorts relative to long from 37% to 57%. Net long US crude futures and options positions during the month slipped to 134,957 contracts, down 67,652 lots. Moreover, the total futures and options open interest volume in the two markets increased in March by 159,229 contracts to 5.19 million contracts.

Graph 1.2: Nymex WTI price vs. speculative activity, 2014-2015



Source: CFTC.

Graph 1.3: ICE Brent price vs. speculative activity, 2014-2015



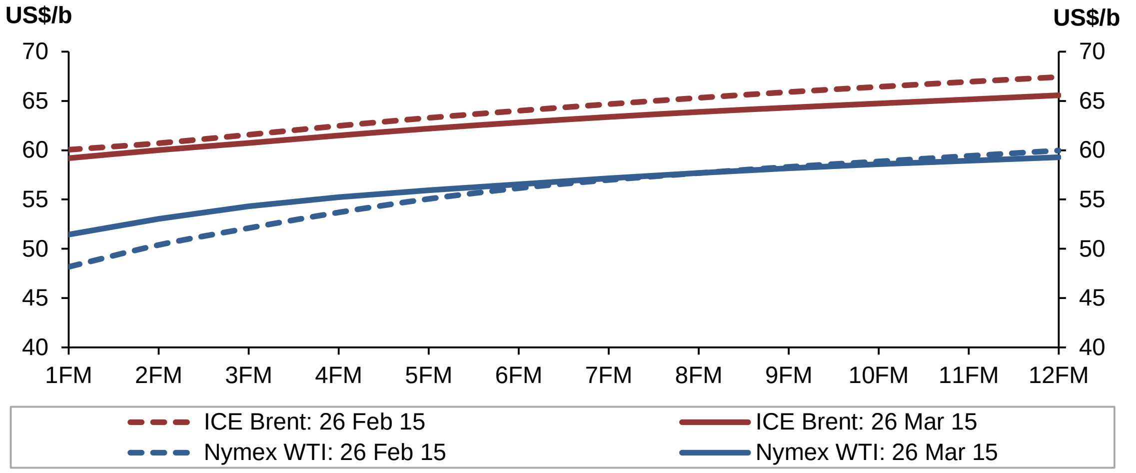
Source: IntercontinentalExchange, Inc.

The daily average traded volume during March for Nymex WTI contracts decreased sharply by 253,558 lots, wiping out two months' gains, to average 812,919 contracts. ICE Brent daily traded volume also fell sharply by 129,622 contracts to 721,183 lots. The daily aggregate traded volume in both crude oil futures markets decreased by 383,220 contracts, down 20%, to around 1.53 million future contracts, equivalent to around 1.5 billion barrels per day. The total traded volume in Nymex WTI was down sharply at 17.88 million contracts, and ICE Brent was also down at 15.87 million lots.

The futures market structure

The contango in the ICE Brent market structure eased further over the month, despite the oversupply condition in the market and lower refinery demand. But, in general, supply disruptions in Libya continued to support the regional light sweet crude oil complex. Refinery margins in Europe are still well above the annual average, potentially supporting demand, although some European refineries are heading into spring maintenance. Increased buying activities for arbitrage shipments to Asia were also supportive. South Korean refiners and major oil traders have purchased several North Sea Forties crude oil cargoes as the arbitrage window opened. South Korea is a regular buyer of Forties as its crude imports from the European Union are tax-free under a free trade agreement. ICE Brent's first month discount to the second month decreased by 15¢ to 75¢/b. In contrast, the US Nymex WTI contango widened farther by 70¢ to $1.80/b as available crude oil storage in Cushing, Oklahoma, continues to diminish.

Graph 1.4: Nymex WTI and ICE Brent forward curves, 2015



FM = future month.

The transatlantic spread widened further over the month as growing US crude stockpiles continued to drag the Nymex WTI front-month contract below that of ICE Brent. Meanwhile, demand and supply disruptions in Libya supported ICE Brent. In March, the ICE Brent premium over Nymex WTI climbed to its largest since January 2014 when it was over $12/b. In the last week of March, EIA data showed crude stocks at the Cushing, Oklahoma, delivery hub rose by 2.7 mb to 58.9 mb. Cushing stockpiles have set new record-highs, but have yet to reach capacity. US crude inventories also rose to a record high for the 12th straight week to 471.4 mb in the week to 27 March. The prompt ICE Brent/Nymex WTI spread widened to $9.08/b from $8.07/b in the previous month. This wide gap is boosting US Gulf Coast refiners' buying interest in domestic crude over Brent-related imports.

Table 1.2: Nymex WTI and ICE Brent forward curves, US$/b

	1st FM	2nd FM	3rd FM	6th FM	12th FM
Nymex WTI					
26 Feb 15	48.17	50.39	52.10	56.15	59.97
26 Mar 15	51.43	53.04	54.31	56.54	59.28
ICE Brent					
26 Feb 15	60.05	60.71	61.57	64.00	67.42
26 Mar 15	59.19	60.01	60.73	62.81	65.57

FM = future month.

The light sweet/medium sour crude spread

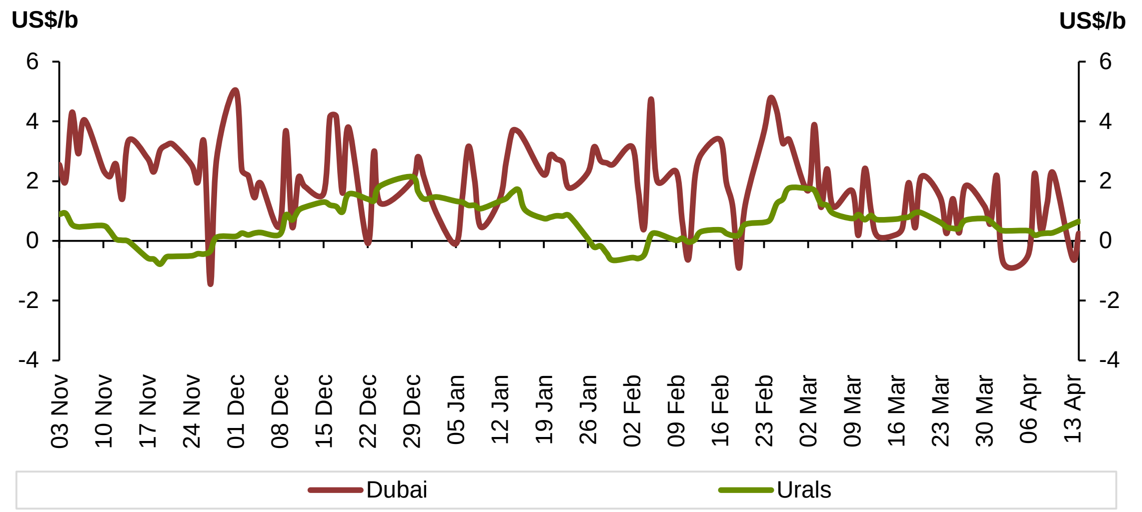
Sweet/sour differentials narrowed in Asia and the USGC, while, in Europe, they widened.

In **Asia**, the sweet/sour spread, represented by the Tapis/Dubai spread, narrowed more over the month amid heathy demand for Middle East Gulf crudes from Asian buyers, which was reflected in a dip in the Dubai market contango structure. Modest prices, despite marginally higher OSPs, and strong refining margins continued to lift Asian demand. The Asian cracking margin has remained steady over the course of the month, with a few factors contributing to this, including some short-term support to gasoline coming from the USWC, an open arbitrage window for diesel to Europe as well as the start of the refinery maintenance season. Meanwhile, the narrower Brent/Dubai spread resulted in increased light sweet arbitrage volumes from Europe and Africa moving to the Asia-Pacific and some pressure on Tapis, despite steady market conditions. The Brent/Dubai spread averaged $1.25/b in March, the lowest since October. Over the month, the Dubai crude discount to Tapis dropped 40¢ to $5.28/b.

In **Europe**, the Urals medium sour crude discount to light sweet Dated Brent increased by about 55¢ to 85¢/b in the Mediterranean (Med) as supply tightness in the Med last month was alleviated. Urals has been pressured by stronger Iraqi supplies coming to the region after weather-related delays eased, with loadings gathering pace. Exports of supplies from Iraqi Kurdistan leaving from the Turkish port of Ceyhan were also higher. Despite falling Urals differentials in the Med, the arbitrage to the south was open, as the premium of Med cargoes over the Baltic reached approximately $1/b.

In the **USGC**, the Light Louisiana Sweet (LLS) premium over medium sour Mars dropped sharply from $4.00/b to $3.00/b on average for the month. A drop in US imports of Middle East sour crudes buoyed the domestic medium sour market on the USGC. Mars rose by more than $3.00 to a $3.50/b premium to the WTI marker. Further support came for all USGC crudes from increased regional buying in the face of more expensive Brent-related sour crude imports as the Brent-WTI spread widened. Moreover, most US cash crude differentials rose broadly on strong demand in the USGC backed by traders storing oil in the region. Support also came from refineries coming out of maintenance.

Graph 1.5: Brent Dated vs. Sour grades (Urals and Dubai) spread, 2014-2015



Commodity Markets

Energy prices declined in March as crude oil retreated on large inventory build-ups in the US, while in the group of non-energy commodities, agricultural prices declined on ample global supplies. With the exception of copper, metals also declined due to sustained overcapacity and easing of manufacturing activity in China, Japan and the US.

Trends in selected commodity markets

During the month, the US dollar resumed its path of appreciation, thereby adding pressure to dollar-denominated commodity prices in general. The quantitative easing programme started by the European Central Bank managed to lower borrowing yields significantly in the Eurozone, which translated in a large depreciation of the euro against the US dollar. Meanwhile, the US Federal Reserve opened the door for interest rate hikes, but at the same time reduced its expectations for the pace of increases, with the effect of taming dollar appreciation in the second half of the month and providing support for precious metal prices.

Metal prices have been under pressure as the expansion in manufacturing activity slowed in the US, Japan and China. The March ISM Purchasing Managers' Index (PMI) was at 51.5 versus 52.9 in February in the US. In Japan, the March PMI was at 50.3 versus 51.6 in February, and in China the March PMI was at 49.6 versus 50.7 in February. Moreover, in the case of iron ore, continued production increases by major mining companies added significant pressure on prices, which have declined by 15% this year, after experiencing losses of around 50% in 2014. In contrast, copper prices experienced their first increase in 2015 after heavy rains in major exporter Chile forced some mining companies to halt operations temporarily, as well as due to labour disputes in one of Indonesia's largest mines.

Agricultural prices experienced a broad decline, as global end-of-season inventories forecast by the US Department of Agriculture remained abundant; lower energy prices affected biofuel demand, and due to the impact of a stronger dollar. Improving weather in South America, the end of a truck drivers' strike which limited access to Brazilian ports, and weakening in the Brazilian currency pressured down the prices of sugar, coffee and the soy complex – soybeans, soy oil and soy meal – during the month.

Energy prices declined on average, due to lower crude oil prices, while natural gas prices showed a variable pattern across continents. Crude oil declined due to large inventory build-ups in the US in the first half of the month; however prices recovered some of their lost ground in the second half on the expectation of lower growth in US production and geopolitical tensions in the Middle East. Natural gas prices declined in the US as the first storage build-up was reported on milder temperatures, while in Europe inventories reported by Gas Infrastructure Europe were at 26.07% at the end of March, lower than the 44.94% reported one year ago. However, utilities are expected to take advantage of lower prices in term contracts due to oil indexing in spring.

Improving economic conditions in the Eurozone and measures to spur economic growth by the government of China may provide support to current commodity prices in the upcoming months. Spring weather conditions will define the direction of agricultural prices; the pace of inventory injections of natural gas should receive close attention.

Table 2.1: Commodity price data, 2015

Commodity	Unit	Monthly averages			% Change		
		Jan 15	Feb 15	Mar 15	Jan/Dec	Feb/Jan	Mar/Feb
World Bank commodity price indices (2010 = 100)							
Energy		63.1	70.5	68.3	-19.7	11.7	-3.0
Coal, Australia	$/mt	62.1	61.4	60.6	-0.5	-1.1	-1.3
Crude oil, average	$/bbl	47.1	54.8	52.8	-22.4	16.3	-3.6
Natural gas, US	$/mmbtu	3.0	2.8	2.8	-13.4	-4.3	-1.7
Non-energy		88.3	86.9	85.0	-3.2	-1.6	-2.2
Agriculture		94.6	93.3	90.8	-2.2	-1.4	-2.7
Food		98.9	96.6	94.1	-2.5	-2.3	-2.6
Soybean meal	$/mt	452.0	438.0	407.0	-3.4	-3.1	-7.1
Soybean oil	$/mt	802.0	773.0	747.0	-2.2	-3.6	-3.4
Soybeans	$/mt	424.0	407.0	404.0	-4.9	-4.0	-0.7
Grains		96.8	95.3	94.1	-2.9	-1.5	-1.3
Maize	$/mt	174.7	173.7	174.2	-2.3	-0.6	0.3
Wheat, US, HRW	$/mt	248.5	237.2	230.8	-7.9	-4.6	-2.7
Sugar, world	$/kg	0.3	0.3	0.3	0.1	-4.9	-9.8
Base Metal		80.1	79.2	79.2	-7.1	-1.2	0.0
Aluminum	$/mt	1,814.7	1,817.8	1,773.9	-5.0	0.2	-2.4
Copper	$/mt	5,830.5	5,729.3	5,939.7	-9.6	-1.7	3.7
Iron ore, cfr spot	$/dmtu	68.0	63.0	58.0	0.0	-7.4	-7.9
Lead	$/mt	1,843.1	1,795.7	1,792.5	-4.9	-2.6	-0.2
Nickel	$/mt	14,849.2	14,573.8	13,755.5	-7.0	-1.9	-5.6
Tin	$/mt	19,454.1	18,233.9	17,421.9	-1.9	-6.3	-4.5
Zinc	$/mt	2,113.1	2,097.8	2,028.7	-2.9	-0.7	-3.3
Precious Metals							
Gold	$/toz	1,250.8	1,227.1	1,178.6	4.2	-1.9	-3.9
Silver	$/toz	17.2	16.8	16.2	5.8	-2.6	-3.3

Source: World Bank, Commodity price data.

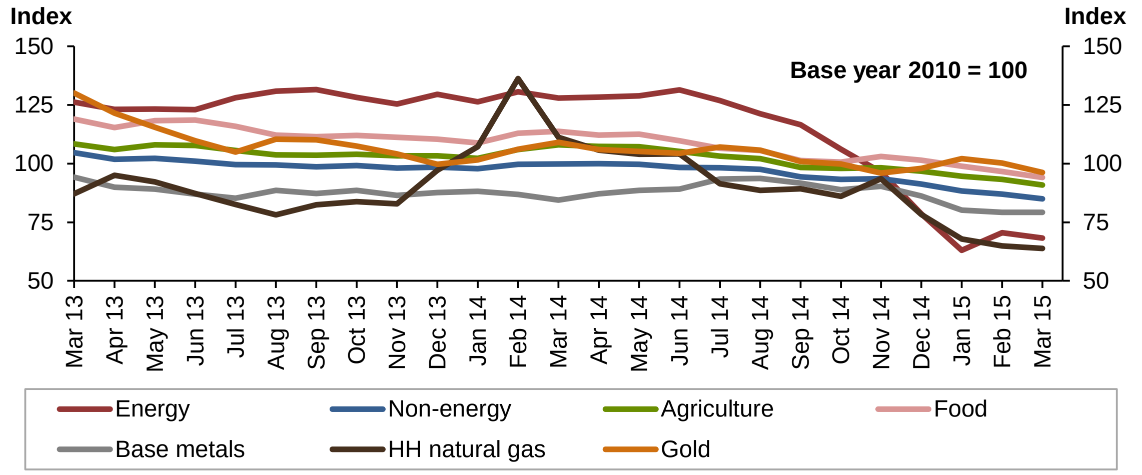
Average **energy prices** in March decreased by 3.1% m-o-m due to a 3.6% drop in crude oil, on volatile trading during the month. Natural gas prices declined during the month in the US by 1.7% m-o-m, while average import prices stayed stable in Europe.

Agricultural prices decreased by 2.7% m-o-m, due to a 2.6% decrease in food, a 5.5% decrease in beverages and a 1.4% drop in raw materials. Sugar declined sharply by 9.8% m-o-m due to bumper Indian production and after the weak Brazilian currency made exports more attractive relative to ethanol production. Soy complex prices dropped with soybeans, soybean oil and soy meal declining by 0.7%, 3.4% and 7.1%, respectively, after rains hit in South America. Arabica coffee prices declined by 10.1% on improving weather in Brazil.

Base metals stayed stable on opposing effects. An increase in copper prices by 3.7% m-o-m due to supply disruptions from major exporter Chile was somewhat balanced by a decline in nickel prices by 5.6% on decreasing demand for stainless steel. Iron ore declined sharply by 8.4% m-o-m after the addition of increasing capacity by major producing companies and efforts by Chinese authorities to shut down steel producing capacity for environmental reasons. Aluminium decreased after LME inventories increased significantly during the month.

Precious metals decreased by 3.9% in January. Average gold prices decreased by 3.9% m-o-m in response to increasing bond yields before the Federal Reserve meeting; however, they recovered in the second half of the month. Silver prices decreased by 3.3% m-o-m.

Graph 2.1: Major commodity price indices, 2013-2015

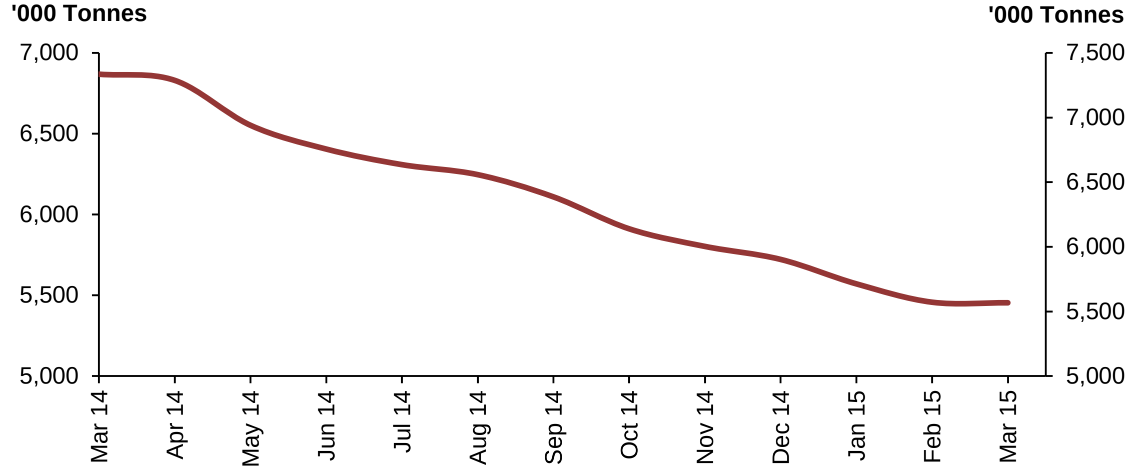


Source: World Bank, Commodity price data.

In March, the **Henry Hub natural gas** price declined after demand decreased on moderating temperatures. The average price decreased by 5¢ or 1.7% to $2.80 per million British thermal units (mmbtu) after trading at an average of $2.85/mmbtu the previous month.

The US Energy Information Administration (EIA) said utilities withdrew 18 billion cubic feet (Bcf) of gas from storage during the week ending 27 March. This was above market expectations of an 11 Bcf decrease. Total gas in storage stood at 1,461 Bcf, 75.4% higher than the previous year and 11.5% below the previous five-year average. One month ago it was 7.7% below that average. The EIA noted that temperatures were close to the 30-year average.

Graph 2.2: Inventories at the LME

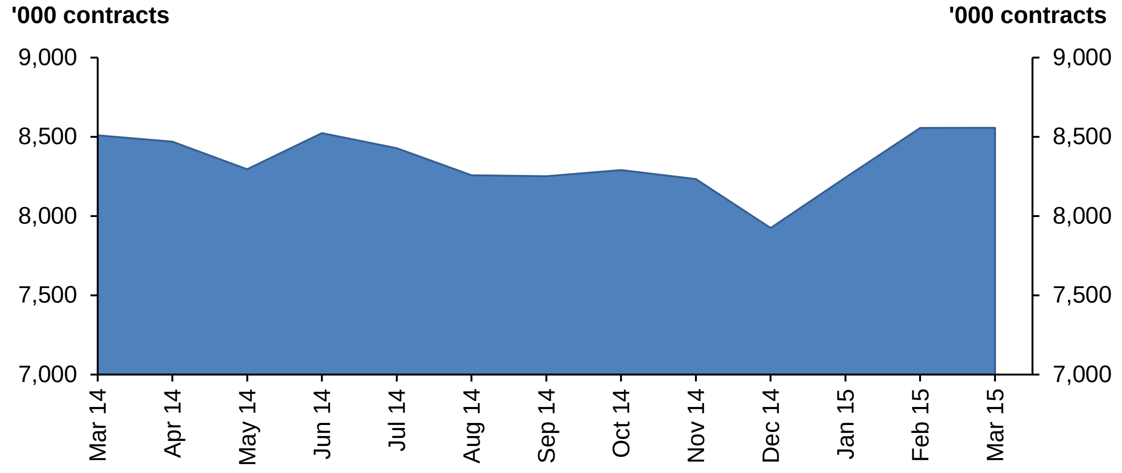


Sources: London Metal Exchange and Haver Analytics.

Investment flows into commodities

The total open interest volume (OIV) in selected US commodity markets remained stable at 8.7 million contracts in March, with the OIV increased by 0.9% for crude oil, 2.5% for precious metals and 7.2% for livestock. Meanwhile, the OIV declined by 8.5% for copper, 2.4% for natural gas and 0.5% for agriculture.

Graph 2.3: Total open interest volume



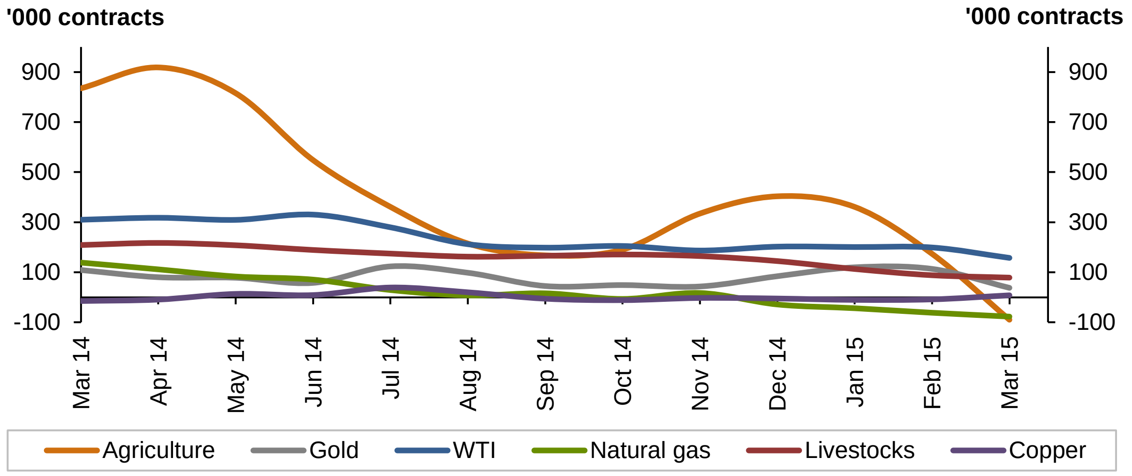
Source: US Commodity Futures Trading Commission.

Total speculative net length positions in select commodities decreased by 75.1% m-o-m to 133,959 contracts in March due to decreases in net length for all groups, with the exception of copper.

Agricultural OIV was down 0.5% m-o-m to 4,759,861 contracts in March. Meanwhile, money managers switched to a net short position of 89,790 lots on the expectation of ample global supplies.

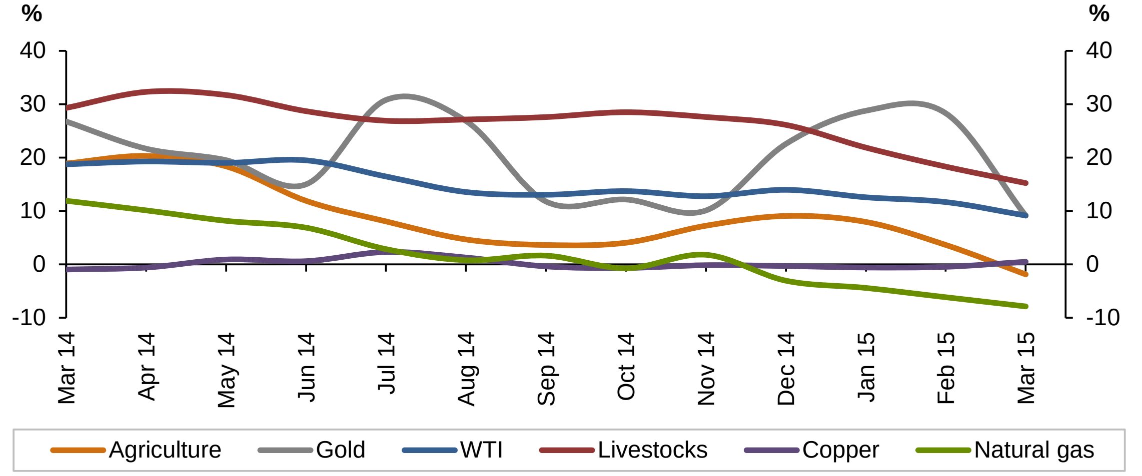
Henry Hub's natural gas OIV decreased by 2.4% m-o-m to 979,859 contracts in March. Money managers increased their net short positions by 24.9% to reach 77,251 lots on moderating US temperatures.

Graph 2.4: Speculative activity in key commodities, net length



Source: US Commodity Futures Trading Commission.

Graph 2.5: Speculative activity in key commodities, as% of open interest



Source: US Commodity Futures Trading Commission.

Copper OIV increased by 8.54% m-o-m to 165,493 contracts in March. Money managers switched to a net long position of 7,849 lots, as prices were supported by concerns regarding a supply disruption in Chile.

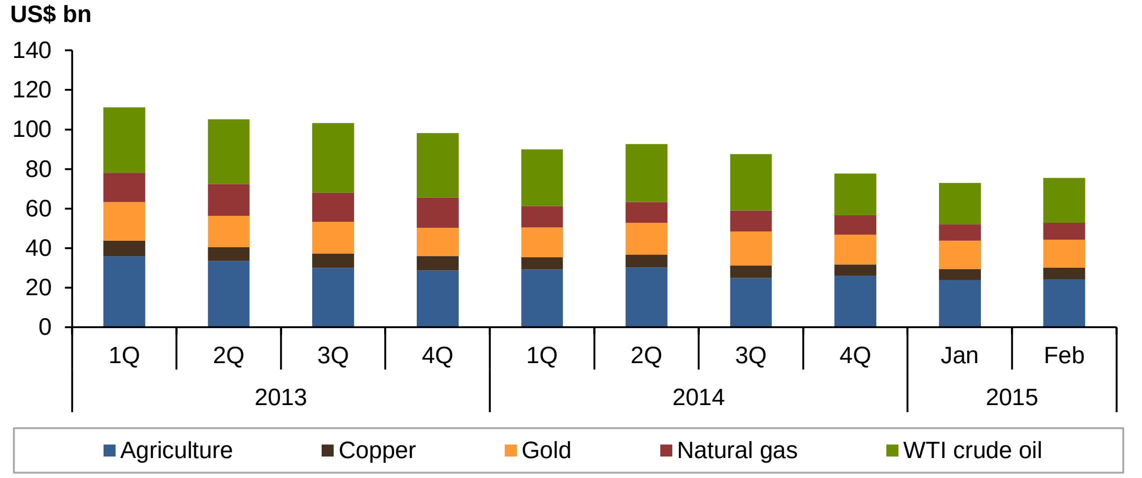
Table 2.2: CFTC data on non-commercial positions, '000 contracts

	Open interest		*Net length*			
	Feb 15	**Mar 15**	**Feb 15**	**% OIV**	**Mar 15**	**% OIV**
Crude oil	1,706	1,722	199	12	157	9
Natural gas	1,004	980	-62	-6	-77	-8
Agriculture	4,784	4,760	174	4	-90	-2
Precious metals	570	584	148	26	57	10
Copper	181	165	-8	-5	8	5
Livestock	481	516	88	18	78	15
Total	**8,725**	**8,727**	**538**	**6**	**134**	**2**

Source: US Commodity Futures Trading Commission.

Gold OIV increased by 3.3% m-o-m to 413,426 contracts in March. Money managers decreased their net long positions sharply by 66.7% to 37,699 lots due to the potential normalization of monetary policy in the US from mid-year.

Graph 2.6: Inflow of investment into commodities, 2013-2015



Source: US Commodity Futures Trading Commission.

World Economy

Over the past weeks, some weakening of the global economy has become apparent. While this slow-down in some of the key economies is considered to be transitory, it will need close monitoring in the coming weeks to better understand the extent to which this trend might be due to temporary factors. The US economy seems to have slowed down, but it is expected to rebound in the remainder of 2015. Japan is recovering from declining growth seen in 2014, but still seems to face challenges in moving away from its low growth trajectory. China's decelerating trend has continued in the 1Q15 which impacted the first quarter GDP of 7%. The Euro-zone's gentle recovery is ongoing, supported by rising domestic demand, better export opportunities and improving financing conditions. India also continues its recovery and is now forecast to grow more than last year. Meanwhile, Russia and Brazil continue facing additional headwinds, as both economies were showing better-than-expected 4Q14 numbers. These developments have kept this month's global growth forecast at 3.4% for 2015, after 3.3% growth in the past year. The central bank policies of the world's key economies will need close monitoring in the coming months as unexpected short-term changes in monetary policies there may create unforeseen negative effects for global economic growth.

Table 3.1: Economic growth rate and revision, 2014-2015, %

	World	OECD	US	Japan	Euro-zone	China	India	Brazil	Russia
2014E*	**3.3**	**1.8**	**2.4**	**-0.1**	**0.9**	**7.4**	**7.2**	**0.2**	**0.6**
Change from previous month	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.2	0.3
2015F*	**3.4**	**2.2**	**2.9**	**0.8**	**1.3**	**7.0**	**7.5**	**0.2**	**-3.2**
Change from previous month	0.0	0.0	0.0	-0.1	0.1	0.0	0.0	0.0	0.0

** E = estimate and F = forecast.*

OECD

OECD Americas

US

The moderation of the US economy was highlighted already some weeks ago, when **4Q GDP numbers** pointed at some slow-down. This has now been confirmed with the final number at a seasonally adjusted annualized rate (SAAR) of only 2.2%, after reaching 4.6% q-o-q in the 2Q14 and 5% q-o-q in the 3Q. This decelerating trend in the US economy has continued in recent months and growth in the 1Q15 is now expected to be only around 1%, which – if it materializes – would impact the 2015 growth estimate. Labour market data, retail sales and industrial production all weakened in recent months. This may also have an effect on the decision of the Federal Reserve Board (Fed) to consider a potential interest rate rise.

Some factors which have caused this negative trend might have been temporary. Cold weather and the quick appreciation of the US dollar were important factors in the recent slow-down of the 1Q. Therefore, a rebound of some delayed economic activity is expected to materialise during the rest of the year. This will also depend, to some extent, on the future trend of the US dollar and, even more so, on the Fed's monetary policy. While it is expected that any increase in the interest rate will only be made after careful consideration of the performance of the domestic economy and the impact that such a rate hike might have on the global economy, it is not clear how markets will react once a policy change becomes likely.

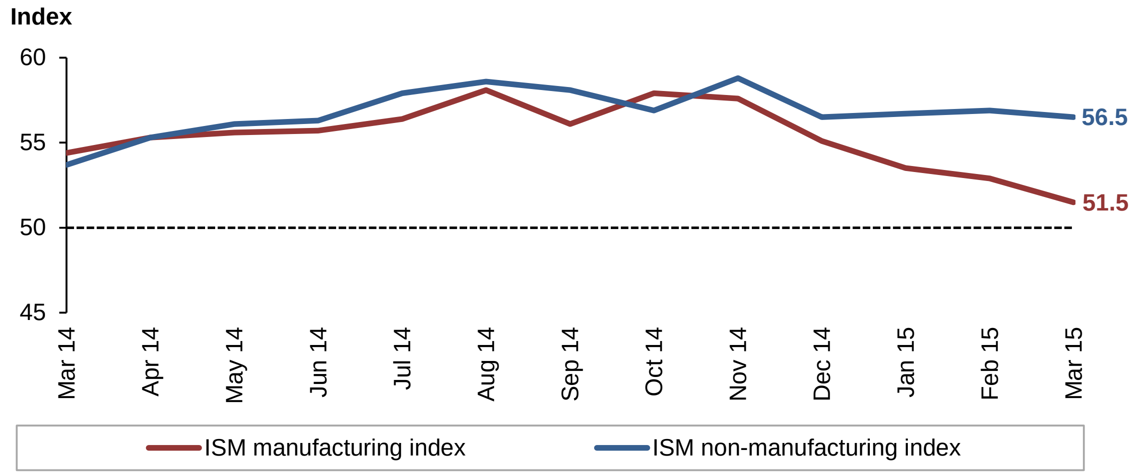
Private household consumption is healthy and remains the most important driving force for US economic growth. Although it depends on the further development of the earnings situation, and other labour market and wealth-related factors, the rise in private household consumption is forecast to lead to rising GDP growth in the current year. Personal consumption stood at a SAAR of 4.4% q-o-q in the 4Q14, after registering 3.2% q-o-q in the 3Q, which could be taken as a positive sign for growth in 2015.

The **labour market** has improved significantly over the past several months and latest data confirms this trend. But some weakening has become apparent. The unemployment rate remained at 5.5% in March, but total non-farm payrolls disappointed, growing by only 126,000 in March, after a downwardly revised number of 264,000 in February. On the positive side, the share of long-term unemployed improved to 29.8% from 31.1% in February, the lowest level since June 2009.

The **housing market** continues to recover, while the pace of the recovery was slowing in the past months. Monthly average house prices rose more than 5% in the latest available three months (November to January). Prices increased again by 5.1% y-o-y in January, as reported by the Federal Housing Finance Agency. Existing home sales have also continued improving, rising by 4.7% y-o-y in February after reaching 3.2% y-o-y in January and 4.3% y-o-y in December.

Consumer confidence remained at a high level of 101.3 in March after 98.8 in February and only slightly lower than the 103.8 seen in January, based on the index provided by the Conference Board. A sign of deceleration, however, was noted in the **purchasing manager's index** (PMI) for the manufacturing sector, as provided by the Institute of Supply Management (ISM). It fell again slightly to 51.5 in March, after reaching 52.9 in February. The ISM for the services sector, which contributes more than 70% to the economy, remained almost unchanged at 56.5 in March, which was only 0.4 points lower than in February.

Graph 3.1: Manufacturing and non-manufacturing ISM indices



Sources: Institute for Supply Management and Haver Analytics.

The **GDP growth forecast** for 2015 remains unchanged at 2.9%. However, the latest signals from output and lead indicators suggest that the depth of the recovery in the current year remains, to some extent, uncertain. This year's growth forecast is already at a much higher level than the final growth estimate of 2.4% in 2014, as provided by the Bureau of Economic Affairs (BEA). Uncertainties remain and economic activity will need close monitoring, given the recent slow-down. Low first quarter output numbers might also force a downward revision of this year's growth figure in the near future.

Canada

In **Canada**, improvements continue. A slowdown in exports and in the energy sector has become apparent recently, but industrial production growth in January grew at a solid 3.7% y-o-y. This was almost the same level as in December, when it stood at 3.8% y-o-y. Given the challenges in the resource sector, mining, oil and gas extraction growth decelerated to 3.8% in January, compared to an average increase of 5.8% in 2014. The PMI for manufacturing in January points at a slow-down and now stands at 48.9 for March, barely unchanged from February, indicating a contraction in the sector in the near-term. This comes after registering levels of 53.9 in December and 51 in January. The growth forecast remains unchanged with 2015 GDP growth at 2.3%, after reaching 2.4% in the previous year.

OECD Asia-Pacific

Japan

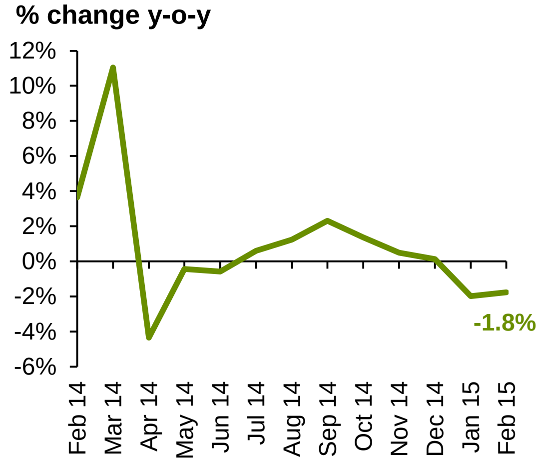
Japan is obviously continuing to face some slack in its recovery, despite ongoing monetary stimulus, fiscal support and structural reforms. Exports continue to provide some support to the economy, but domestic demand remains relatively lacklustre. After last year's sales tax increase, retail sales continue to be negatively impacted. Also, earnings have not been rising as much as inflation has increased. April inflation is now forecast to stand at again around the 0% level and probably might turn negative. This compares to a 2% inflation target that the government and the Bank of Japan (BoJ) had originally envisaged. Thus, the Japanese economy is still facing multiple challenges and it may take some time before it is able to move back to higher growth levels. Meanwhile, some positive developments in the budget deficit are expected this year, given last year's sales tax increase. Declining energy prices, while negatively impacting inflation, are also a positive factor for lowering the economy's import bills.

China is also slowing down and, given its weight as Japan's most important trading partner in Asia, such a trend will continue to impact the economy. In addition to this, the likely temporary slow-down in the US and a still relatively weak situation in the Euro-zone, though it is recovering, might have some effect on export levels. Moreover, domestic demand has decelerated and industrial production has remained clearly negative on a yearly basis in February. All this points at a still challenging situation. It remains to be seen whether exports will continue at the current pace and whether the domestic situation improves.

Domestic economic improvements will be challenged as last April's sales tax increase has artificially pushed up total **inflation** to a level above 2%. In February, it remained at 2.2%. This was again well above earnings growth, which had increased significantly in December by 2% y-o-y but declined in January and February by 0.7% y-o-y and 0.4% y-o-y, respectively. Rising inflation has certainly depressed real income and should be considered an important factor that has so far dragged down any possible domestic improvements.

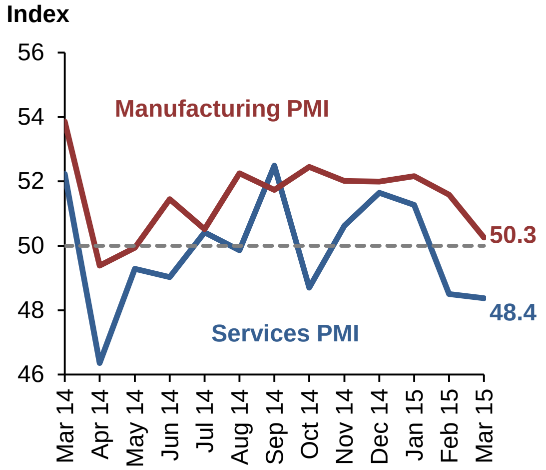
The current weakness in domestic demand has led to a decline in **retail sales**, which fell by 1.8% y-o-y in February, after an already considerable decline of 2% in January. Exports increased again in February by 2.5% y-o-y but at a clearly less impressive level than in January, when they grew by 17% y-o-y, after a rise of already 12.8% y-o-y in December. Industrial production remained sluggish on a yearly comparison. It fell by 2.6% y-o-y in February, the eighth consecutive month of decline.

Graph 3.2: Japanese retail trade



Sources: Ministry of Economy, Trade and Industry and Haver Analytics.

Graph 3.3: Japanese PMI indices



Sources: Markit, Japan Materials Management Association and Haver Analytics.

The **PMI numbers**, as provided by Markit, show that the manufacturing PMI in March fell again to only 50.3, after reaching 51.6 in February. Moreover, the very important services sector index fell to 48.4 in March, after reaching an already low number of 48.5 in February. This is considerably below the growth-indicating level of 50.

The 2015 **GDP growth forecast** stands at 0.8%, as some of the current challenges have been accommodated for already. However, the near-term trend clearly will need close monitoring. The risk to the growth forecast remains slightly skewed to the downside. Growth in 2014 stood at -0.1% as reported by the government's statistical office.

South Korea

The **South Korean economy** continues to grow at a solid pace, but some indicators point at a deceleration as the economy is impacted by the economic performance of its most important trading partners in the Asian region. Industrial production grew again by 2.3% y-o-y in February, after a decline of 1.2% y-o-y on January. Importantly, export growth declined in March again. It fell by 3.1% y-o-y, after already a decline of 1.8% y-o-y in February. The manufacturing PMI for March fell to 49.2 and now stands below the growth indicating level of 50. The growth forecast remains unchanged with 2015 GDP growth at 3.3%, after reaching 3.4% in the previous year, though downside risks remain.

OECD Europe

Euro-zone

The Euro-zone's fragile recovery has continued. While Germany, in particular, is improving, France is also rebounding somewhat from a very low output growth level. It seems that after three years of recession, Italy is also able to post a positive growth number this year. In addition, Spain continues to recover, albeit with still very high unemployment levels. In general, the speed of economic recovery is very different across Europe's various economies and it is probably too early to classify this as a broad-based recovery. Industrial production in the Euro-zone rose slightly by 0.2% y-o-y in February after reaching 0.4% y-o-y in January. The capacity utilisation rate increased to 81%, the highest level since 2011. Moreover, retail trade performed very well, with yearly growth rates of 3.2% in both January and February. This positive domestic demand momentum has also been reflected in the latest available consumer confidence indicator, as provided by the European Commission, which rose to the highest level since August 2007 to -3.7 in March, from -6.7 the previous month.

While the economy of the Euro-zone has continued to heal to some extent, the **European Central Bank (ECB)** has started to implement its latest monetary easing measures, which will be pursued until at least September 2016. The ECB will purchase private and public sector bonds at a monthly magnitude of 60 billion euros. **Inflation** has already started to improve from a level of -0.3% in February to -0.1% in March. This improving trend has come ahead of the ECB's measures and it is likely that it is the outcome of a general improving trend in the underlying economy. With energy prices also having stabilised, inflation might again move to the positive zone. Depending on the speed of the underlying economy's recovery, the ECB's ongoing programme might quickly push inflation back to higher levels, which at the back end of the curve might cause the ECB in 2016 to re-evaluate its monetary policy earlier than currently envisaged.

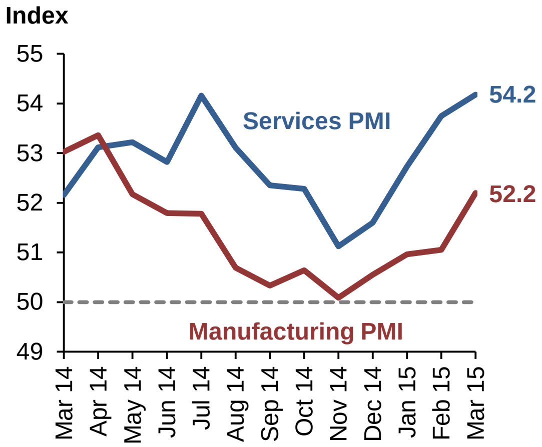
Some downside risk remains. Greece continues constituting a key topic in economic discussions in the Euro-zone. Though improving, the deflationary trend continues to be an important issue and banking sector-related issues also remain.

While the situation for the Euro-zone's banking sector remains challenging, some positive trends have become visible over the last several months. **Credit lending** from financial intermediaries to the private sector has shown a positive trend since the end of 2013. And, while the transmission channels still seem to be somewhat impaired, loan growth was positive in February for the second time in almost two years, growing by 0.5% y-o-y, after reaching 0.3% y-o-y a month earlier.

While some modest improvements have become apparent, the legacy of the global financial crisis is still present in the Euro-zone. The average general non-consolidated **government debt** compared to a seasonally adjusted annualised GDP rate has been growing over the last several years and in 3Q14 stood at 92.1%, the second highest level in history. The unemployment rate remains at a high level of 11.3%, although this is the lowest in more than two years.

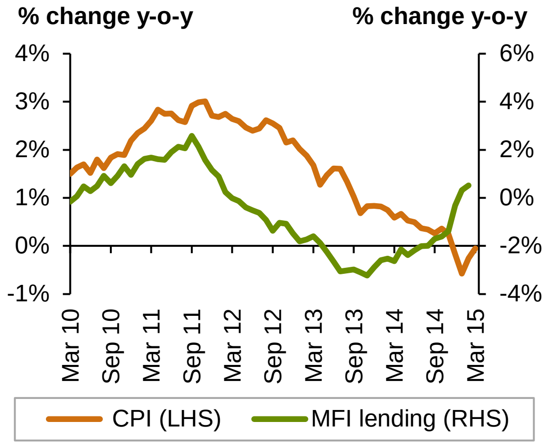
Some improvements are also visible in the **PMI indicators**. The latest PMI for manufacturing has improved slightly. It increased to 52.2 in March from 51.1 in February. The PMI for the important services sector also increased to 54.2 in March from 53.8 in February.

Graph 3.4: Euro-zone PMI indices



Sources: Markit and Haver Analytics.

Graph 3.5: Euro-zone consumer price index and lending activity



Sources: Statistical Office of the European Communities, European Central Bank and Haver Analytics.

As the recovery in the Euro-zone has improved, the **GDP growth forecast** has been raised to 1.3% for 2015 from a previous 1.2%. This comes after estimated growth of 0.9% for 2014. Challenges remain, but if the trend continues, it could lead to upside revisions in coming months.

UK

The **United Kingdom's** economy continues recovering. Lead indicators point at an ongoing solid momentum, while the 4Q14 GDP number has underscored a somewhat softening dynamic of the strong growth momentum that initially became apparent in the 1H14. The revised 4Q GDP growth figure stood at a SAAR of 2.5% q-o-q, the same level as in the 3Q14. Yearly 2014 growth stood at 2.8%. The PMI for manufacturing was slightly higher in March, when it moved to 54.4 after reaching 54.1 in February. The GDP growth forecast for 2015 remains unchanged at 2.6%, slightly below the 2014 growth level of 2.8%.

Emerging and Developing Economies

In **Brazil**, the economy contracted by 0.2% y-o-y in the 4Q14. This brings GDP growth in 2014 to 0.2% y-o-y, the slowest since the 2009 recession. Gross Fixed Capital Formation (GFCF) declined by 5.8% and government consumption decelerated 0.2% in the same period. The trade balance was another trigger of GDP slow-down in the 4Q14, with exports falling 10.7% y-o-y. Inflation grew 8.1% y-o-y in March, the highest rate since December 2003 and well above the 6.5% ceiling of the central bank's target range. The central bank raised its benchmark interest rate by 50 basis points (bp) to 12.75% in early March. It announced last month that it expects inflation to hit 7.9% in 2015, while it expects economic growth to contract by 0.5%.

In **Russia**, GDP growth posted 0.4% y-o-y in the 4Q14, the slowest since the 4Q09. GDP growth for 2014 stood at 0.6%, which was higher than most estimates. However, it is the lowest rate of economic growth since the 2009 recession. The economy slowed for the fourth straight year, mainly due to a fall in investment and slower growth in household consumption, according to revised data from the Federal Statistics Office. Inflation increased further in March to 16.9% y-o-y, following a rise of 16.7% in the previous month. This indicates the eight consecutive month of consumer price acceleration. The ruble appreciated in March for the first time in eight months. The forecast for GDP growth in 2015 remains intact this month at -3.2% y-o-y.

India's current account deficit narrowed to 1.6% of GDP in the 4Q14 from 2% of GDP in the 3Q. It seems that the collapse of the current account deficit and strong capital inflows are allowing the Reserve Bank of India (RBI) to focus on domestic dynamics. This decline was mainly due to a solid increase in the invisibles balance, even as the trade deficit widened slightly. India's industrial production grew by 2.6% y-o-y in January, while December's reading was revised sharply upward to 3.2% y-o-y from the previously reported 1.7%. However, on a negative note, consumer goods output still remains weak, having slipped into contraction again in January after tentative signs of recovery in the previous month. In addition, PMI data for March pointed to an overall improvement in manufacturing operating conditions across India.

The **Chinese** economy started 2015 on a weak note with 1Q15 GDP at 7%. According to monthly data for January to March, the Chinese economy slowed further in the 1Q15 due mainly to ongoing deterioration in the housing market. Consumption growth will continue to exceed that of overall GDP as the authorities gradually steer the economy towards one that depends less on investment and more on consumer spending. The China Manufacturing PMI fell back below the neutral 50 mark to 49.6 in March, as the sector continued to struggle to gain growth traction.

Table 3.2: Summary of macroeconomic performance of BRIC countries

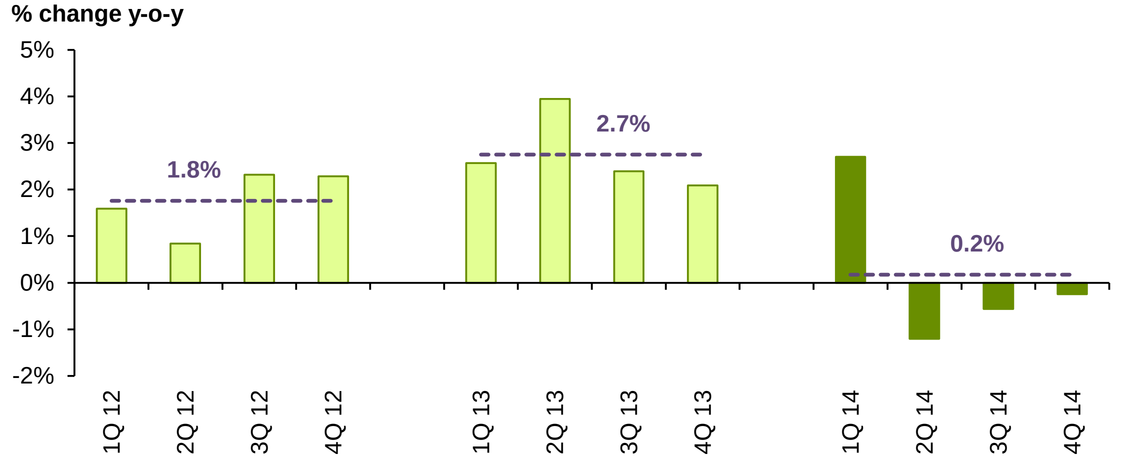
	GDP growth rate		Consumer price index, % change y-o-y		Current account balance, US$ bn		Government fiscal balance, % of GDP		Net public debt, % of GDP	
	2014E*	2015F*	2014	2015	2014	2015	2014	2015	2014	2015
Brazil	0.2	0.2	6.3	7.6	-91.3	-80.2	-6.7	-5.2	63.2	65.7
Russia	0.6	-3.2	7.8	15.2	51.9	42.5	-0.5	-3.8	8.3	11.5
India	7.2	7.5	7.2	5.8	-27.4	-30.7	-4.1	-4.1	49.7	49.0
China	7.4	7.0	2.1	1.2	214.0	238.6	-1.8	-2.5	15.6	17.1

Sources: OPEC Secretariat, Consensus Economics, Economic Intelligence Unit, Financial Times and Oxford.
** E = estimate and F = forecast.*

Brazil

The economy of Brazil contracted by 0.2% y-o-y in the 4Q14, bringing **GDP growth** in 2014 to 0.2% y-o-y, the slowest since the 2009 recession. **Private consumption** increased by 1.3% y-o-y in the 4Q14, the lowest 4Q growth since 2003. **GFCF** declined by 5.8% and **government consumption** decelerated by 0.2% in the same period. The **trade balance** was another trigger of GDP slow-down in the 4Q14 with **exports** falling by 10.7% y-o-y, while **imports** were 4.4% lower.

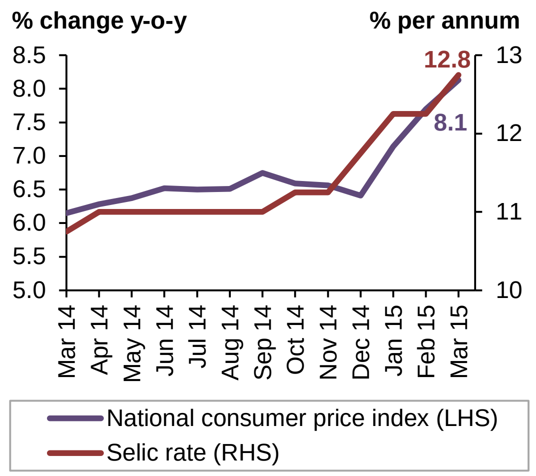
Graph 3.6: Brazilian quarterly GDP growth



Sources: Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

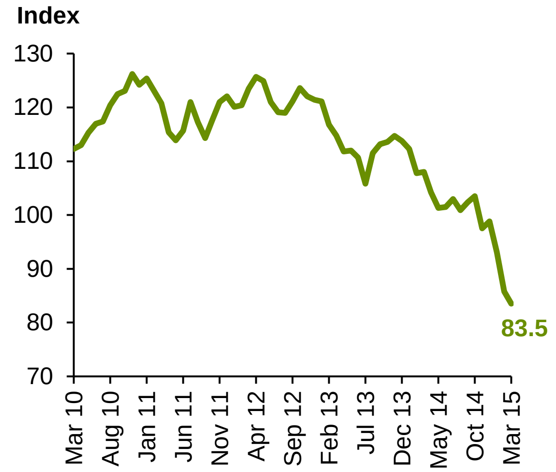
The **unemployment rate** increased in February to 5.9%, up from 5.3% in January, as the number of unemployed surged by 10.2% and the number of employed decreased. This marks the highest rate of unemployment since June 2013. **Inflation** grew by 8.1% y-o-y in March, the highest rate since December 2003 and well above the 6.5% ceiling of the central bank's target range. Tax increases aiming at balancing the budget deficit have raised prices for basics like electricity, bus fares and gasoline, and directly resulted in increasing the rate of inflation. **Consumer confidence** dipped to a new record low in March, at 83.5 points, as a result of poor economic activity and sustained inflationary pressures.

Graph 3.7: Brazilian inflation vs. interest rate



Sources: Banco Central do Brasil, Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

Graph 3.8: Brazilian consumer confidence index



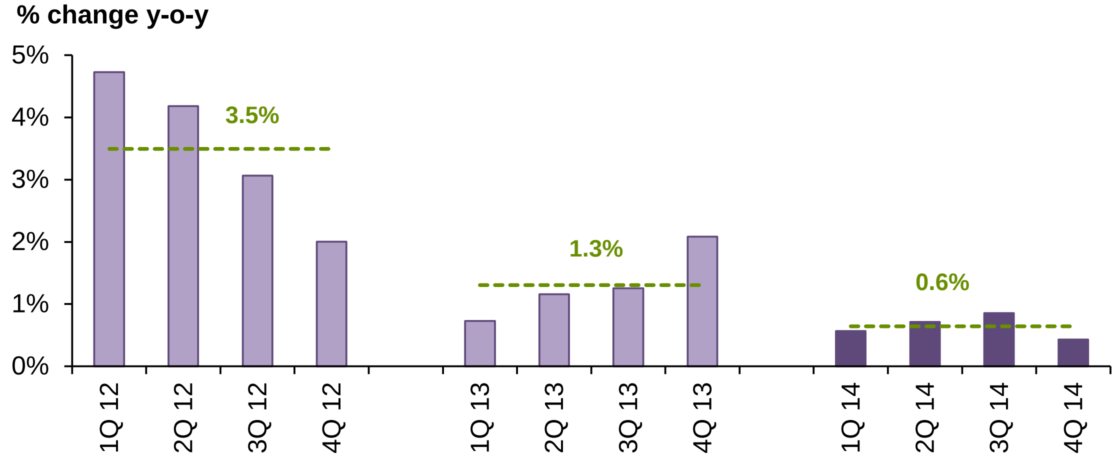
Sources: Fundação Getúlio Vargas and Haver Analytics.

The Brazilian **real** moved sharply lower in March, depreciating by 11.5% against the dollar. The stagnating economy, rising inflation and worsening consumer confidence have pressed the currency, which lost more than 18% of its value during the February-March 2015 period. The central bank raised its benchmark **interest rate** by 50 bp to 12.75% in early March, amid stubbornly high inflation. It is the highest interest rate since September 2011. The central bank is aiming to stop the real depreciation and curb inflationary expectations. It announced last month that it expects inflation to hit 7.9% in 2015, while it foresees economic growth contracting by 0.5%.

Russia

GDP growth posted 0.4% y-o-y in the 4Q14, the slowest since the 4Q09. **Household consumption** increased nearly 1%, while **government consumption** declined 0.2% over the same period. **GFCF** declined 1.2% compared to the 4Q13. Growth was also supported by a 7.7% drop in **imports**, which was greater than the 2.3% deceleration in **exports**. GDP growth for 2014 stood at 0.6%, which was higher than most estimates. However, it is the lowest rate of economic growth since the 2009 recession. The economy slowed for the fourth straight year, mainly due to a fall in investment and slower growth in household consumption, according to revised data from the Federal Statistics Office.

Graph 3.9: Russian quarterly GDP growth

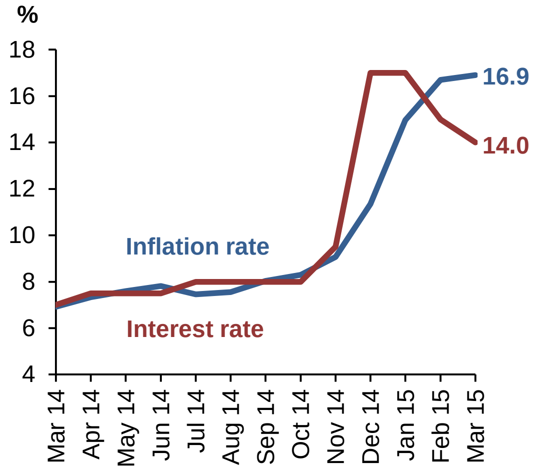


Sources: State Committee of the Russian Federation and Haver Analytics.

Inflation increased further in March to 16.9% y-o-y, following a rise of 16.7% in the previous month. This indicates the eighth consecutive month of consumer price acceleration. The inflation rate has been on an upward trend since the beginning of 2014 as the ruble depreciation has led to a rise in import prices. The central bank lowered its benchmark **interest rate** in March to 14% from 15% in February. Nevertheless, the ruble appreciated in March for the first time in eight months. The ongoing ceasefire in Ukraine, now in its second month, though not fully observed, and news of a better-than-expected economic performance in the 4Q14 have supported the currency. The market estimates that foreign debt payments of Russian firms will be 42% less in the 2Q15 than in the first three months of the year. This could be a supportive factor for the ruble in the coming months.

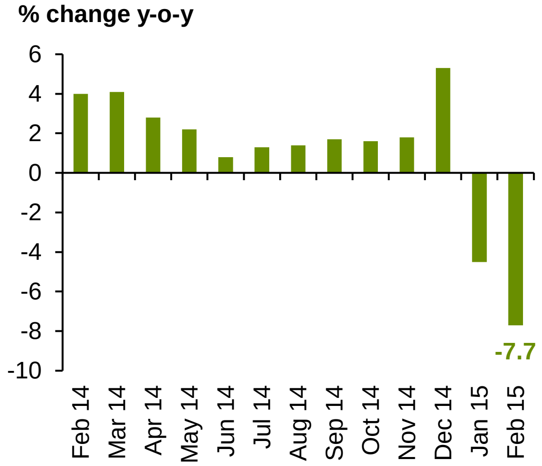
Retail sales dropped sharply in February by 7.7% y-o-y, signaling the second consecutive month of contraction. The forecast for GDP growth in 2015 remains intact this month at -3.2% y-o-y. So far, monthly data shows that the GDP shrank by 1.4% in January 2015 and by 2.3% in February 2015. It is worth noting in this context that the central bank of Russia estimates that GDP will fall by 3.5-4.0% in 2015, while the Economy Ministry expects it to shrink by 3%.

Graph 3.10: Russian inflation vs. interest rate



Sources: Federal State Statistics Service, Central Bank of Russia and Haver Analytics.

Graph 3.11: Russian retail sales



Sources: Federal State Statistics Service and Haver Analytics.

India

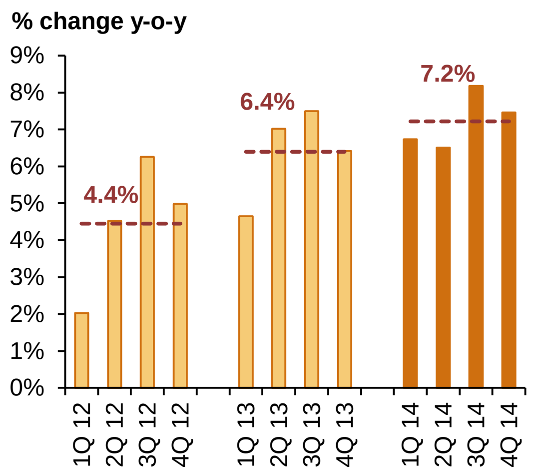
The pressure on public finances has reduced as a result of lower oil prices easing the government's fuel subsidy bill. In addition, the improved credibility of the authorities' macro policy over the last year has given the government the scope to relax its budget deficit targets; lowering the deficit to 3% of **GDP** has been postponed by one year to 2017-18. The deficit targets now stand at 3.9% for 2015-16, 3.5% for 2016-17 and 3% for 2017-18. Based on the government's projections, this should give them an extra $11 billion to be spent on infrastructure. Given the heavy indebtedness of the corporate sector, increasing the government's capital spending to address supply side bottlenecks is a sensible approach.

India's current account deficit narrowed to $8.2 billion (1.6% of GDP) in the 4Q14 from $10.1 billion (2% of GDP) in the 3Q. This decline was mainly due to a solid increase in the balance of invisibles (service net exports, remittances and investment income), even as the trade deficit widened slightly. Regarding goods trade, the value of oil imports fell sharply on lower crude prices, which was partially offset by an increase in gold imports as well as a pickup in non-oil, non-gold import growth to 7.8% in the 4Q14 y-o-y from 7% in the 3Q. As a consequence of the downward surprise in the 4Q14 account deficit, the deficit for the 2015 fiscal year (FY15) in now tracking at about 1% of GDP, down from the 1.3% of GDP that was previously envisioned.

This budget confirms that slow and steady progress is being made on **economic reforms**. The government has also successfully passed three important ordinances on insurance, mining and coal, into law. However, the key test for the government remains the reform of the Land Acquisition Act. As such, the forecast remains unchanged for 2015 at 7.5%. The acceleration of the GDP growth rate (market price) from 7.2% in 2014 to 7.5% in 2015 was driven by low crude oil and products prices, which make up 40% of India's' total imports. This has led to the import bill being significantly lower, helping to narrow the current account deficit which also has eased inflation. **Monetary easing** and improved **consumer confidence** are other main drivers. In addition, there was an increased emphasis on infrastructure, with a pledge to raise public and private investment in the railway and power sectors as well as incentives to boost investment through initiatives such as tax-free infrastructure bonds. Some important tax measures were also introduced.

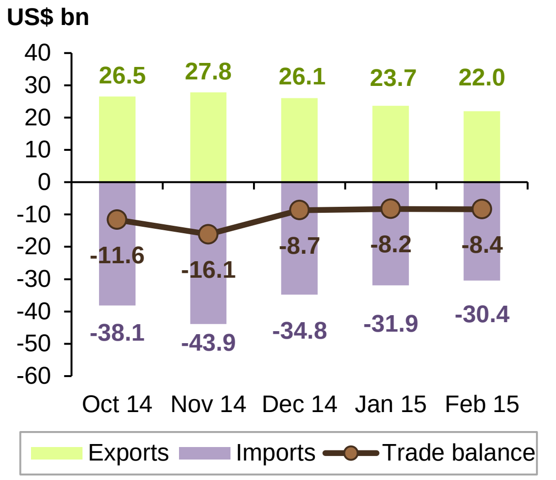
The RBI issued the central government's borrowing programme for the first half of FY16 in March 2015. The government is scheduled to borrow 60% of the total FY16 gross requirement (Rs 6 trillion) in the first half of FY16, in line with market expectations and similar to the borrowing in the first half of FY15.

Graph 3.12: Indian GDP growth, SAAR



Sources: National Informatics Centre (NIC) and Haver Analytics.

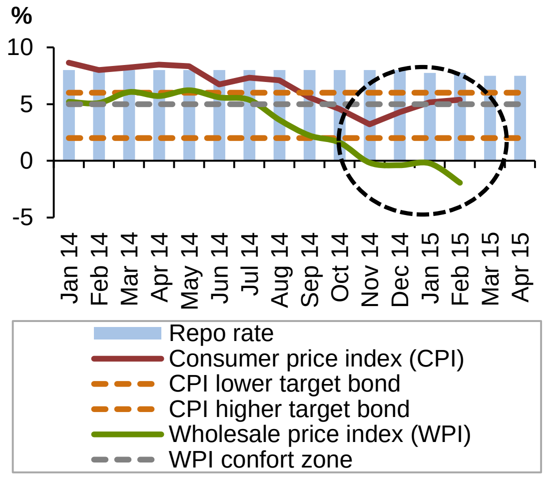
Graph 3.13: Indian trade balance



Sources: Ministry of Commerce and Industry and Haver Analytics.

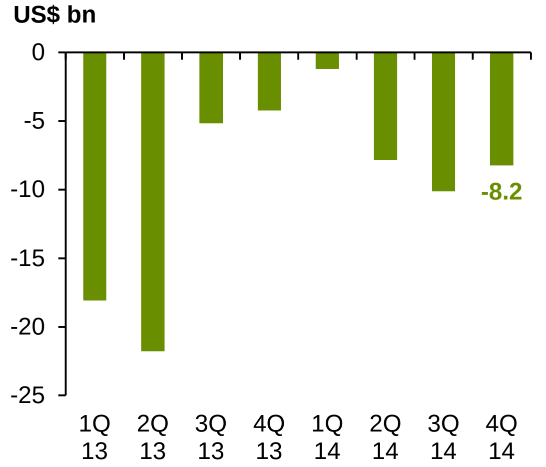
The annual **inflation rate** on the WPI measure was -2.1% y-o-y in February, with core manufacturing prices up just 0.2%. The continuous decline in India's WPI inflation is not all good news for the economy. Although on one hand, the lower fuel and power prices still indicate falling input costs for Indian producers, weakening manufacturing product inflation is also a sign of continued weakness in aggregate demand. Meanwhile, uncomfortably high food inflation is also a concern as it may signal rising price pressures in the coming months. Although CPI inflation edged up to 5.4% y-o-y (driven by food prices) from 5.2% y-o-y in January, it is expected to remain below 6% y-o-y, the RBI's inflation target for January 2016 throughout this year. Lower inflation will improve consumers' purchasing power and encourage spending.

Graph 3.14: Indian inflation vs. repo rate



Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

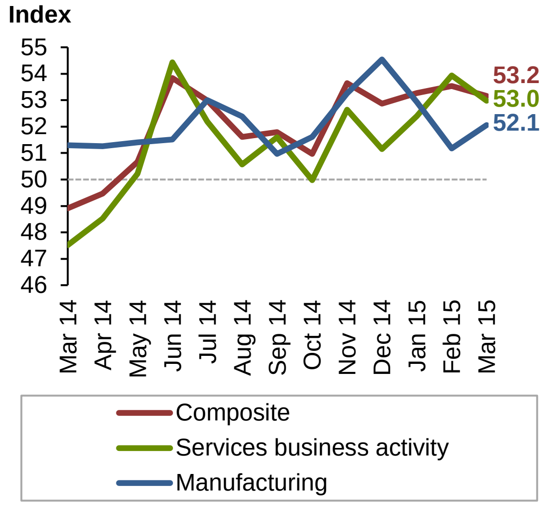
Graph 3.15: Indian current account balance, NSA



Sources: Reserve Bank of India and Haver Analytics.

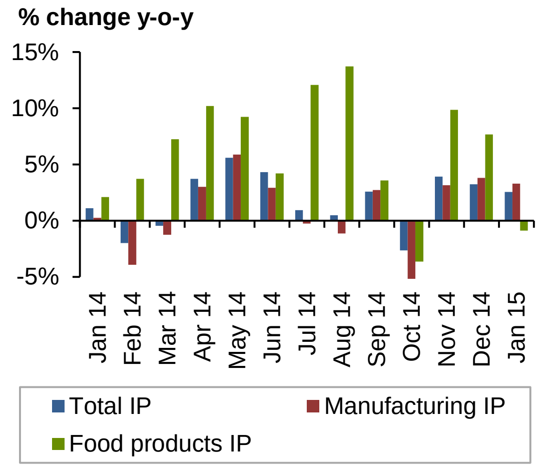
India's industrial production grew 2.6% y-o-y in January, while December's reading was sharply revised upward to 3.2% y-o-y from the previously reported 1.7%. However, the manufacturing recovery appears to be proceeding quicker than expected as newly released January data and sharply upward-revised December data show manufacturing growth above 3% y-o-y for the third consecutive month. The source of manufacturing strength is also heartening as it comes from a stronger off-take of capital goods, a sign of strengthening investment demand. On a negative note, consumer goods output still remains weak, having slipped into contraction again in January after tentative signs of recovery in the previous month. Despite lower inflation and improving consumer sentiment, Indian households remain wary of making new purchases, particularly in rural India, hurt by the weak agricultural harvest last season.

Graph 3.16: Indian PMIs



Sources: HSBC, Markit and Haver Analytics.

Graph 3.17: Indian industrial production breakdown



Sources: Central Statistical Organisation of India and Haver Analytics.

March **PMI** data pointed to an overall improvement in manufacturing operating conditions across India. A stronger increase in new orders led firms to boost production levels and raise buying activity. The manufacturing PMI increased from 51.2 in February to 52.1 in March, highlighting further improvement in the health of India's manufacturing economy. Output rose for the seventeenth consecutive month in March and at a solid pace that was faster than in February. Momentum is mounting in manufacturing as the sector begins to build up a head of steam. Stronger expansions of output, new orders and stocks of purchases all contributed to a higher PMI reading in March.

China

The Chinese economy started 2015 on a weak note. According to monthly data for January to March, the Chinese economy slowed further in the 1Q15, mainly due to the ongoing deterioration in the housing market. The People's Bank of China (PBoC), the China Banking Regulatory Commission and the Minister of Housing and Urban-Rural Development jointly announced an easing in the mortgage policy. Both sales volumes and new construction starts fell sharply on the year, and housing prices continued to decline steadily in February.

Industrial production grew by 6.8% on the year, the slowest pace since early 2009, despite a surge in exports, indicating a weakening of domestic demand. Indeed, import volumes are estimated to have fallen so far this year. It seems the correction in the real estate sector will continue to feed through the rest of the economy, dampening activity and investment. However, rising net exports should partly offset weaker domestic demand. Import volume growth is forecast to slow further this year, while exports should benefit from strengthening global demand, particularly in the US market. The substantial fall in oil prices will also provide a boost to growth this year.

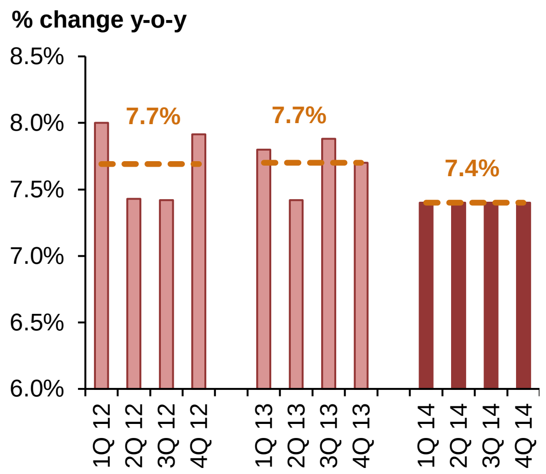
In terms of **growth stability**, China's National Development and Reform Commission (NDRC) is preparing growth-stabilizing policies that are expected to be launched soon. NDRC dispatched surveyors to local economies across China to better understand the causes of the sharp downturn in recent monthly economic data. As a result, additional investment projects and consumption support policies are being drafted and are likely to be released soon.

Chinese **GDP growth rate,** with regard to upside potential and downside risk, is forecast to remain unchanged at 7% for 2015.

In terms of Chinese **monetary policy** addressing the tight market condition, the real trade-weighted exchange rate has appreciated, and interbank rates are well above the levels prevailing in the 3Q14, despite two cuts in the lending rate since November as capital continues to leave the country. Moreover, real interest rates are trending higher as inflation slows. The PBoC is expected to continue its general easing cycle to counter these factors and to ensure a controlled slow-down.

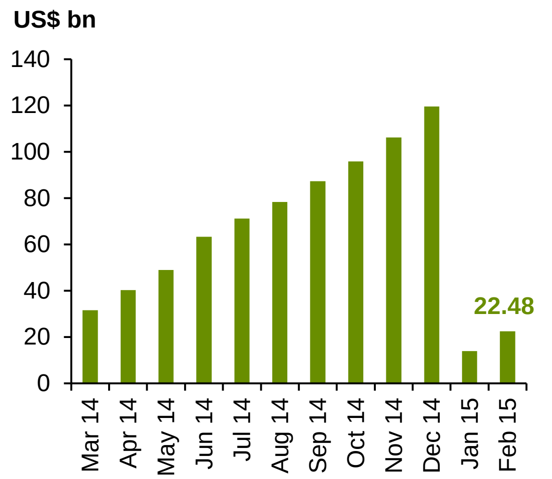
Consumption growth will continue to exceed that of overall GDP as the authorities gradually steer the economy towards one that depends less on investment and more on consumer spending. Strong real wage growth and high state spending are lifting the living standards of households, feeding through into reasonably robust spending. Meanwhile, China will implement a new Catalogue for the Guidance of Foreign Investment Industries next month. The new catalogue reduces the number of restricted sectors from 79 to 38. Manufacturing sectors with newly opened market access include steel, ethylene, papermaking, construction cranes, as well as power transmission and transformer equipment. Foreign investment in manufacturing, such as international shipping and railway freight, will now be permitted, although a foreign share may not exceed 50%. Foreign investment in a broader array of financial service segments was removed from the restricted list, including investment in trust companies, security brokerages and insurance companies, although it is capped at a 49% share.

Graph 3.18: Chinese GDP growth rate, SAAR



Source: China's National Bureau of Statistics and Haver Analytics.

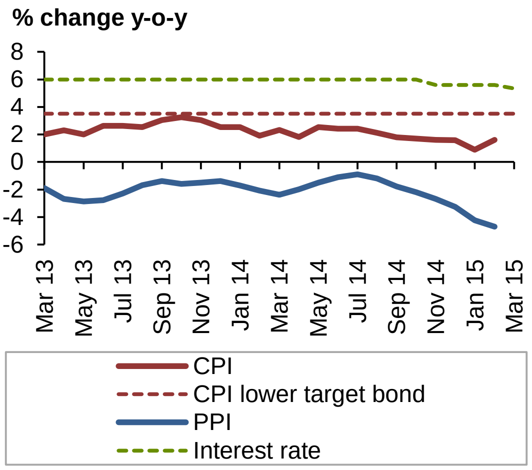
Graph 3.19: Chinese foreign direct investment (FDI)



Source: China National Bureau of Statistics .

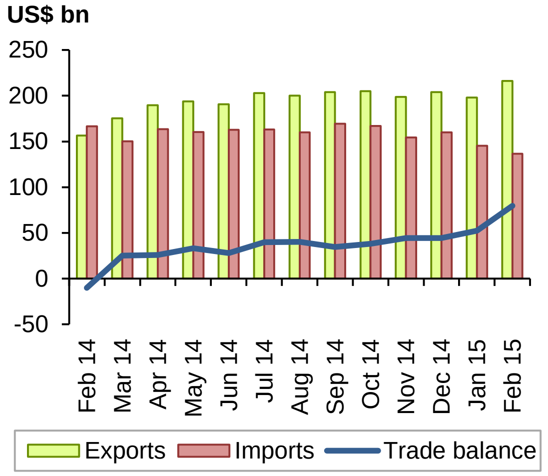
Accumulated **utilized FDI** in China increased to $22.5 billion in February, up 16.4% y-o-y. Growth in the services sector slowed relative to a blisteringly fast January, although it remained the largest and fastest portion of FDI growth. Real estate development dominates foreign investment in services in China, having accounted for about 47% in 2014. FDI in agriculture and manufacturing rebounded from large contractions in January 2015. The largest manufacturing sub-sector is communication equipment and computer manufacturing, which accounted for approximately 15% of manufacturing investment in 2014.

Graph 3.20: Chinese consumer price index (CPI) vs. producer price index (PPI)



Sources: China National Bureau of Statistics and Haver Analytics.

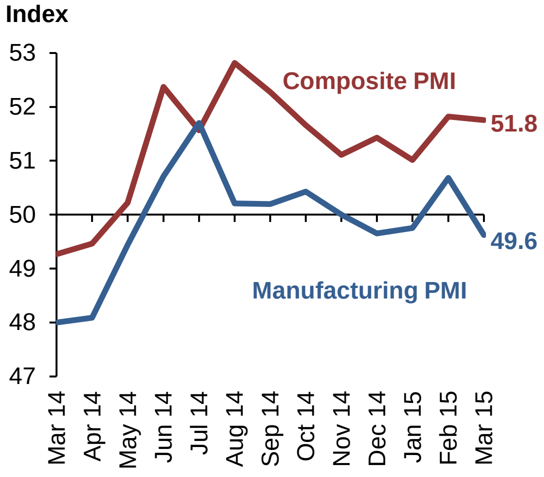
Graph 3.21: Chinese trade balance



Sources: China Customs and Haver Analytics.

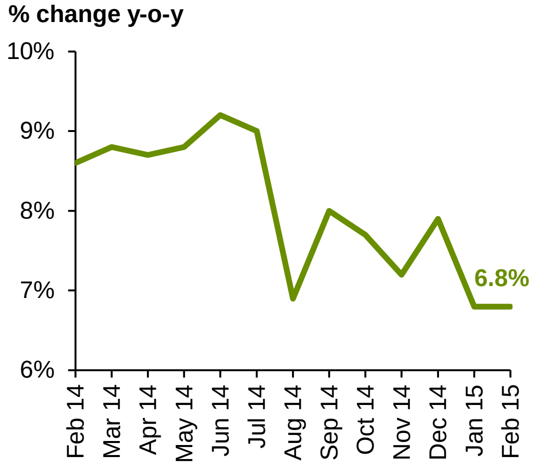
After adjusting for seasonal factors, the **PMI** posted at 49.6 in March, up slightly from an earlier flash reading of 49.2. However, this was down from 50.7 in February and signalled a renewed deterioration in the health of the sector.

Graph 3.22: Chinese PMIs



Sources: HSBC, Markit and Haver Analytics.

Graph 3.23: Chinese industrial production



Sources: China National Bureau of Statistics and Haver Analytics.

The latest data indicated that domestic and foreign demands remain subdued amid weaker market conditions, which as a result have dampened output growth as a result. Meanwhile, company downsizing policies contributed to a further decline in manufacturing employment, with the pace of job shedding the strongest since last summer. Despite the sustained fall in cost burdens, any savings were generally passed on to clients as part of attempts to attract new business, suggesting a further squeeze on profit margins. The improved manufacturing PMI is isolated to large enterprises, while contractions deepened at small and medium-sized enterprises, indicating that policy easing is failing to trickle down to smaller firms.

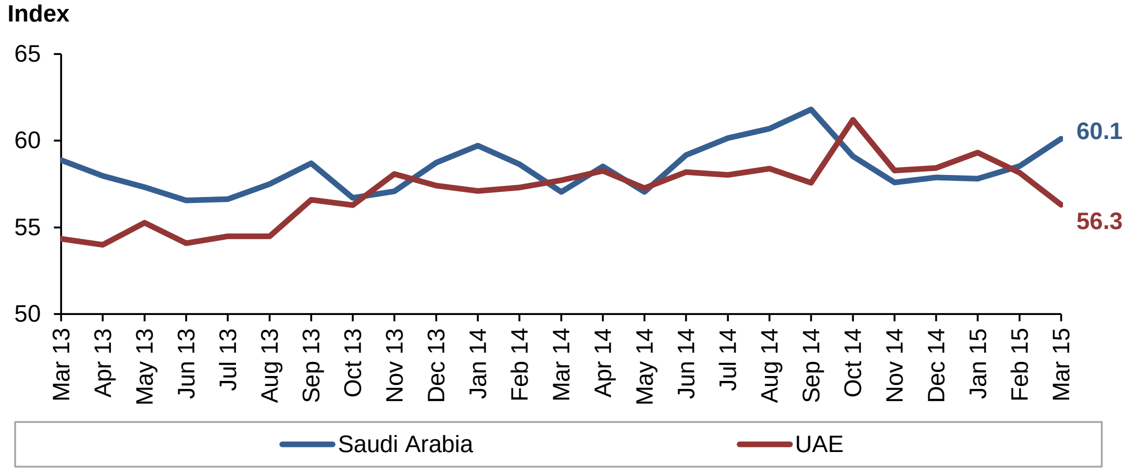
OPEC Member Countries

Saudi Arabia's non-oil-producing private sector continued to expand in March. The SABB HSBC PMI for March increased to 60.1, up from 58.5 a month earlier, marking the highest reading in six months. The survey revealed faster growth in output and new orders alongside continued improvement in job creation.

IR Iran Customs announced an 18.9% y-o-y increase in the country's non-oil exports during the year up until late March 2015. Non-oil exports amounted to $49.7 billion during that period, up from $41.8 billion in the previous 12 months. It is planned for non-oil exports to increase by 20% in the present year.

In the **United Arab Emirates**, the non-oil private sector posted further strong growth in output and new orders in March. However, the pace of growth is softening for the second month in a row. The PMI stood at 56.3 in March, down from 58.1 in February. The survey showed a slower rate of growth in employment, while input prices fell for the first time in five years.

Graph 3.24: Saudi Arabia and UAE: PMIs



Sources: SAAB, HSBC, Markit and Haver Analytics.

Other Asia

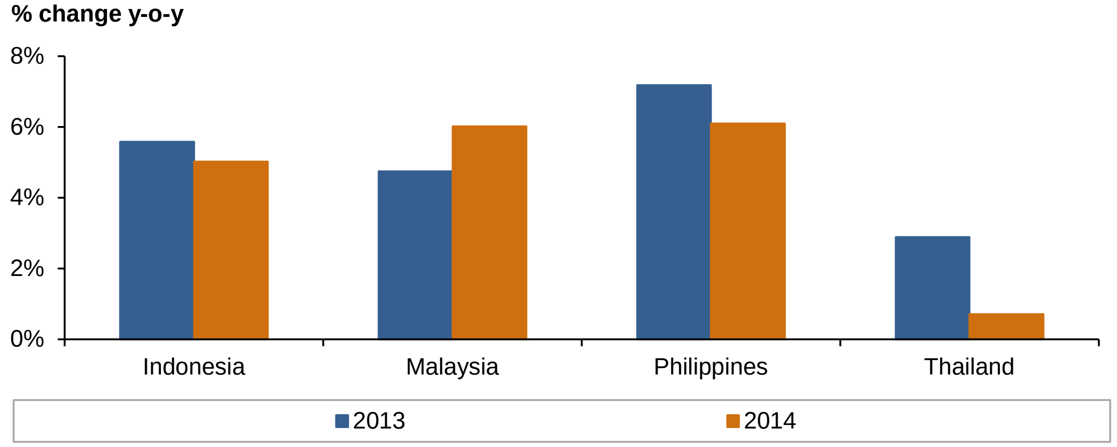
The economy of **Indonesia** grew by 5% y-o-y in the 4Q14, marginally higher than 4.9% in the previous quarter. For 2014, GDP expanded by 5%, its slowest pace in five years, hurt by a slow-down in private and public spending and lower exports. Exports fell 4.5% y-o-y in the 4Q14, following a 0.7% decline in the 3Q14. Private consumption grew 5%, slowing from 5.4% growth in the 3Q14. GFCF grew 4.3% in the 4Q14 from 4% growth in the previous quarter. For 2014, GDP grew by 5% compared to the 5.6% expansion in 2013. Exports recorded the lowest increase, at 1%, followed by government spending, at 2% and imports at 2.2%. Private consumption expanded by 5.1% and investment grew by 4.1%.

In **Malaysia**, GDP grew by 6% y-o-y in 2014 compared to a 4.7% expansion in 2013. GDP registered growth of 5.8% y-o-y in the 4Q14, accelerating from a 5.6% expansion in the previous quarter. This improvement is mainly driven by a rise in private consumption and investment.

In the **Philippines**, GDP grew by 6.9% y-o-y in the 4Q14, faster than the 5.3% growth in the 3Q. This marks the strongest pace in five quarters as exports and household and government spending showed strong growth. For 2014, GDP grew by 6.1% as compared to the 7.2% expansion in 2013, missing the government's target of 6.5% to 7.5% growth.

In **Thailand**, GDP grew 0.7% y-o-y in 2014, slowing from the 2.3% growth in 2013. Political uncertainty brought the economy into contraction during the first half of 2014 before it started to pick up in the following quarters.

Graph 3.25: GDP growth rates in Other Asia countries



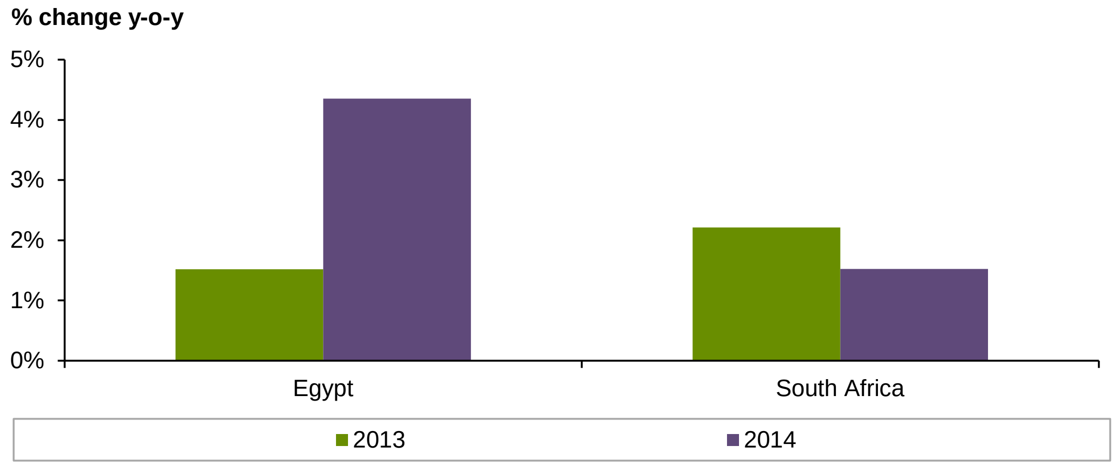
Sources: Badan Pusat Statistik of Indonesia, Department of Statistics of Malaysia, National Statistical Coordination Board of the Philippines, National Economic and Social Development Board of Thailand and Haver Analytics.

Africa

The economy of **Egypt** expanded 4.3% y-o-y in 2014, notably higher than 2013 growth of 1.5%. Domestic demand has notably improved in 2014 and increased to 5.7% y-o-y in the first three quarters, up from 1.0% growth in 2013. Investment markedly accelerated last year by 12.6% in the first three quarters, from 2013's contraction of 11.1%. On the other hand, the broad-based fall in commodities' prices has largely caused exports to decline 3.0% in 2014, after witnessing an increase of 1.6% in the previous year.

In **South Africa**, GDP growth decelerated in 2014 to 1.5% y-o-y, down from 2.2% in 2013. Last year's growth was the lowest since the 1.5% contraction in 2009. Private consumption expenditure was significantly lower last year with an increase of only 1.4% over 2013, when private consumption grew by 2.9%. Investment contracted in 2014 by 0.6% compared with the 1.5% increase in 2013. Exports of goods grew by 2% last year, down from 4.5% in 2013.

Graph 3.26: GDP growth rates in Egypt and South Africa



Sources: Central Bank of Egypt, South African Reserve Bank and Haver Analytics.

Latin America

The economy of **Argentina** grew by 0.4% y-o-y in the 4Q14, up from 0% in the 3Q14. Private consumption expenditure continued to decelerate at a faster pace for the second quarter in a row, falling 1.2% in the 4Q14, from the 0.5% drop of the previous quarter. On the other hand, government consumption expenditure grew by more than double the rate in the 3Q, increasing by 3.8% as compared to 1.6%. GFCF, however, shrank for the fourth consecutive quarter by 9.7% in the 4Q14, from the 4.9% dip in the 3Q. From an accounting perspective, a significant decrease in imports has supported GDP, falling 19% y-o-y in the last quarter of 2014. For 2014, the economy grew nearly 0.5% over 2013.

Generally, the same growth trends were observed in **Chile**, where private consumption softened in the last quarter of 2014, while government spending strengthened. Investment, however, contracted for most of 2014.

Transition region

In the **Czech Republic**, the fall in investment during the 4Q14 negatively affected growth in the last quarter of last year. Investment fell by 1.9% y-o-y, bringing GDP growth to 1.2% in the 4Q14. Government consumption improved significantly, increasing by 4.3% over the same period, from 0.6% y-o-y in the 3Q14, while household consumption posted slightly lower growth of 2%, from 2.2%. The manufacturing sector has seen strong growth throughout the first three months of 2015 with the manufacturing PMI for March posting 56.1, up from 55.6 in February. The index was supported by strong new business and job creation.

In **Poland**, the manufacturing sector started 2015 on a positive note, ending the 1Q15 with the second best general performance in more than four years. The manufacturing PMI of March registered 54.8, from 55.1 in February. Faster growth in new orders drove up production amid the swiftest rate of employment in the survey's history.

Oil prices, US dollar and inflation

The volatile trends in the currency markets, in combination with a rising US dollar, continue. This trend remains largely influenced by the monetary decisions of various central banks but is also impacted by some real economic and political developments. With the quantitative easing measures of the ECB, a continued expansionary policy in Japan, the potential of monetary tightening in the US and monetary decisions targeting growth in major emerging economies, the volatility in currency markets should be expected to continue. This is even more likely as the latest softening in the US could probably delay the decision to raise the interest rate, while a faster-than-expected recovering Euro-zone could force the ECB to reconsider its latest monetary decisions.

In terms of numbers, the US dollar continued strengthening on average in March against all major currencies. It gained 4.5% compared to the euro, 1.5% versus the yen, it rose 2.3% versus the pound sterling and 4.7% compared to the Swiss franc. While on average the exchange rate to the euro stood at $1.1346/€ in February, it reached around $1.0834/€ in March. The Russian ruble halted its considerable decline as it rose by 6.5% m-o-m in March and continued rising at the beginning of April. The Brazilian real continued depreciating versus the US dollar by 11.5% m-o-m on average in March, after a decline of 6.9% in February.

In nominal terms, the price of the **OPEC Reference Basket (ORB)** fell by a monthly average of $1.6/b, or 3%, from $54.06/b in February to $52.46/b in March. In real terms, after accounting for inflation and currency fluctuations, the ORB fell by 0.2%, or $0.06/b, to $36.39/b from $36.44/b (base June 2001=100). Over the same period, the US dollar gained 2.8% against the import-weighted modified Geneva I + US dollar basket[*], while inflation remained flat**.**

[*] *The 'modified Geneva I+US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

World Oil Demand

World oil demand growth in 2014 was revised marginally lower since the previous report to 0.95 mb/d. For 2015, world oil demand is forecast to grow by 1.17 mb/d, unchanged from the previous month, despite positive revisions to OECD Americas and Europe, which were offset by downward revisions elsewhere. Total oil consumption in 2015 is anticipated to be around 92.45 mb/d.

World oil demand in 2014 and 2015

Table 4.1: World oil demand in 2014, mb/d

	2013	1Q14	2Q14	3Q14	4Q14	2014	Change 2014/13 Growth	%
Americas	24.09	23.87	23.76	24.37	24.68	24.17	0.09	0.35
of which US	*19.27*	*19.16*	*19.04*	*19.52*	*19.84*	*19.39*	*0.12*	*0.64*
Europe	13.70	13.01	13.58	13.90	13.55	13.51	-0.19	-1.36
Asia Pacific	8.32	8.85	7.66	7.70	8.35	8.14	-0.18	-2.17
Total OECD	**46.10**	**45.73**	**44.99**	**45.98**	**46.57**	**45.82**	**-0.28**	**-0.61**
Other Asia	11.06	11.08	11.37	11.34	11.30	11.27	0.21	1.92
of which India	*3.70*	*3.85*	*3.80*	*3.63*	*3.87*	*3.79*	*0.09*	*2.38*
Latin America	6.50	6.42	6.69	6.98	6.67	6.69	0.20	3.02
Middle East	7.81	8.07	7.93	8.39	7.85	8.06	0.25	3.18
Africa	3.67	3.79	3.79	3.69	3.85	3.78	0.11	3.06
Total DCs	**29.04**	**29.35**	**29.78**	**30.40**	**29.67**	**29.80**	**0.77**	**2.65**
FSU	4.49	4.39	4.24	4.63	4.91	4.54	0.05	1.14
Other Europe	0.64	0.64	0.60	0.64	0.73	0.65	0.02	2.44
China	10.07	10.08	10.56	10.31	10.90	10.46	0.40	3.94
Total "Other regions"	**15.20**	**15.11**	**15.39**	**15.58**	**16.53**	**15.66**	**0.46**	**3.05**
Total world	**90.33**	**90.20**	**90.17**	**91.96**	**92.78**	**91.28**	**0.95**	**1.05**
Previous estimate	90.24	90.15	90.09	91.85	92.71	91.21	0.96	1.07
Revision	0.09	0.05	0.08	0.11	0.07	0.08	-0.01	-0.01

Totals may not add up due to independent rounding.

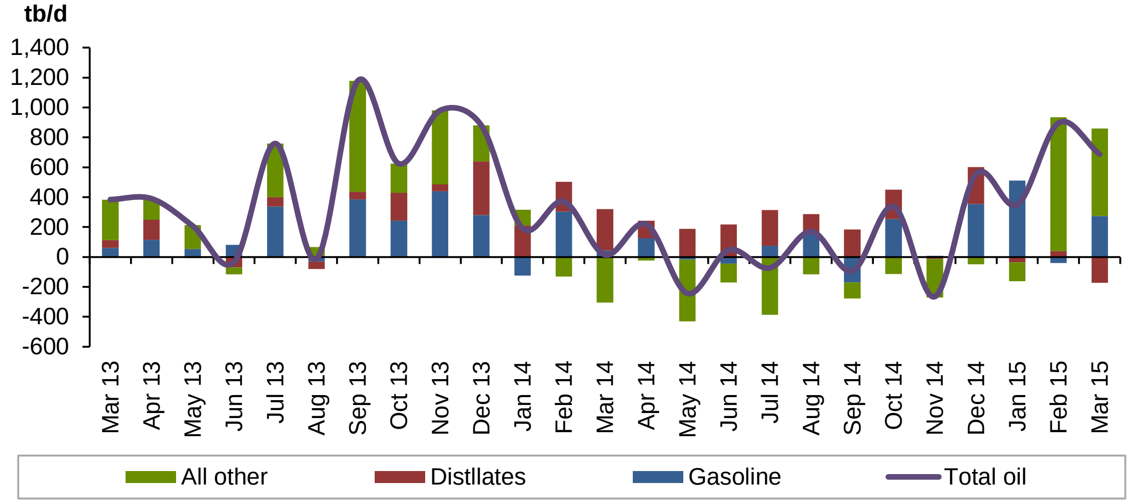
OECD Americas

The most recent monthly **US** oil demand data for January showed gains in oil requirements of around 1.8% y-o-y. These developments follow steady demand growth in 2014, especially in the fourth quarter, partly influenced by lower prices for gasoline and diesel oil. Considering product categories for January 2015, gains in gasoline of more than 0.5 mb/d or 6.2% y-o-y were partly offset by slight declines in demand for distillates and propane/propylene, the latter as a result of fuel substitution. Demand for gasoline was also in line with increasing mileage, especially supported by lower fuel prices.

Preliminary February weekly data showed slightly growing overall requirements during a month with exceptionally cold temperatures. However, driving and gasoline demand were down compared with the previous month a year earlier, while distillate and jet fuel demand grew.

March preliminary figures suggest once more overall strong growth of around 4.0% y-o-y. Gains in gasoline and jet fuel oil demand were partly offset by losses in residual fuel and distillate requirements. While 2015, US oil demand remains strongly dependent on the US economy, risks are more skewed to the upside compared with the previous month's publication, especially as a result of the low oil price environment.

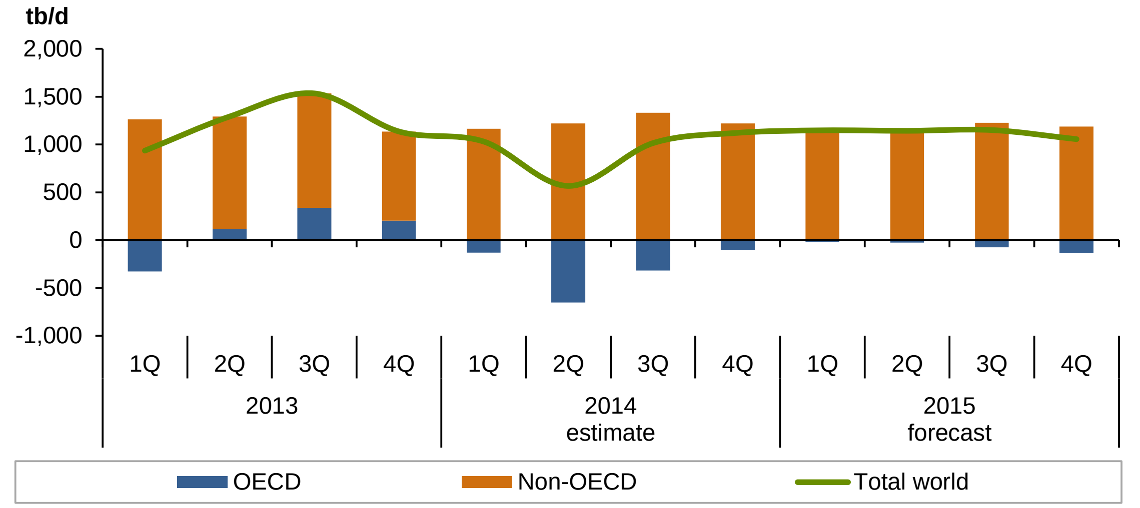
Graph 4.1: US oil consumption, y-o-y changes



In **Mexico**, February was another disappointing month for oil demand, characterized by falling requirements in all product categories, with the largest decline seen in residual fuel oil as a result of fuel substitution with natural gas. Mexican oil demand is projected to fall slightly in 2015; risks are more skewed to the downside compared with the previous month's report.

The latest January data for **Canada** shows overall declining oil requirements with all product categories falling, notably transportation fuels, which have been affected by cold weather, similar to the US. The 2015 projections for Canadian oil demand remain unchanged from those reported one month ago.

Graph 4.2: Quarterly world oil demand growth



In 2014, **OECD Americas'** oil demand grew by 0.09 mb/d compared with a year earlier. 2015 demand for oil in OECD Americas is projected to grow by 0.21 mb/d compared with the previous year.

OECD Europe

Upward movement in **European** oil demand during December 2014 continued during the first two months of 2015, as a result of several factors, including the current oil price environment, which favours oil usage in the road transportation sector, the low baseline during the last three years, and the seemingly improving economy in some parts of the region. February Big 4 total oil demand data indicates a 1.9% increase y-o-y, with almost all product categories increasing – distillates, jet fuel, LPG and gasoline rose – while residual fuel oil fell. Declines in oil demand for most countries with debt issues seemed to have reversed. January oil demand grew solidly in Spain and Greece y-o-y.

Factors which could possibly further boost European oil demand in the short term are increasing industrial production and an auto market which has overcome a very long negative history, showing gains in February for the eighteenth consecutive month. Downside risks are mainly financial in nature, and remain the same as in previous months. They include unsolved debt issues in a number of countries in the region and ongoing austerity measures, as well as strongly taxed European oil demand. Yet, general expectations for the region's oil demand during 2015 have improved since the previous month's projections and are largely connected to developments in the economy and the current oil price environment.

Table 4.2: Europe Big 4* oil demand, tb/d

	Feb 15	Feb 14	Change from Feb 14	Change from Feb 14, %
LPG	460	401	59	14.6
Gasoline	1,072	1,073	-1	-0.1
Jet/Kerosene	732	697	35	5.0
Gas/Diesel oil	3,192	3,144	47	1.5
Fuel oil	258	284	-26	-9.2
Other products	1,024	1,013	11	1.1
Total	**6,738**	**6,612**	**126**	**1.9**

** Germany, France, Italy and the UK.*

In 2014, **European oil demand** shrank by 0.18 mb/d while oil demand in 2015 is projected to again contract, but to a lesser extent, by 0.06 mb/d.

OECD Asia Pacific

February **Japanese** oil demand decreased 2.8% y-o-y with diverse developments in the main product categories. Oil requirements in crude and fuel oil for electricity generation fell as a result of continuing substitution with natural gas and coal, while demand for gasoline, LPG, and particularly jet fuel naphtha grew solidly. The backbone of Japanese oil demand growth seemed to be focused solely on petrochemical activities in the country, moving away from previously predominant electricity-generation fuels, namely crude and fuel oil.

The outlook risks for 2015 remain unchanged from the previous month's forecasts and are determined by the likelihood of operation restarts in some of the country's nuclear plants during 2015.

Table 4.3: Japanese domestic sales, tb/d

	Feb 15	Change from Feb 14	Change from Feb 14, %
LPG	582	18	3.1
Gasoline	910	25	2.8
Naphtha	892	14	1.6
Jet fuel	84	27	46.5
Kerosene	611	-16	-2.5
Gasoil	625	19	3.1
Fuel oil	702	-110	-13.5
Other products	71	7	11.6
Direct crude burning	165	-119	-42.0
Total	**4,641**	**-136**	**-2.8**

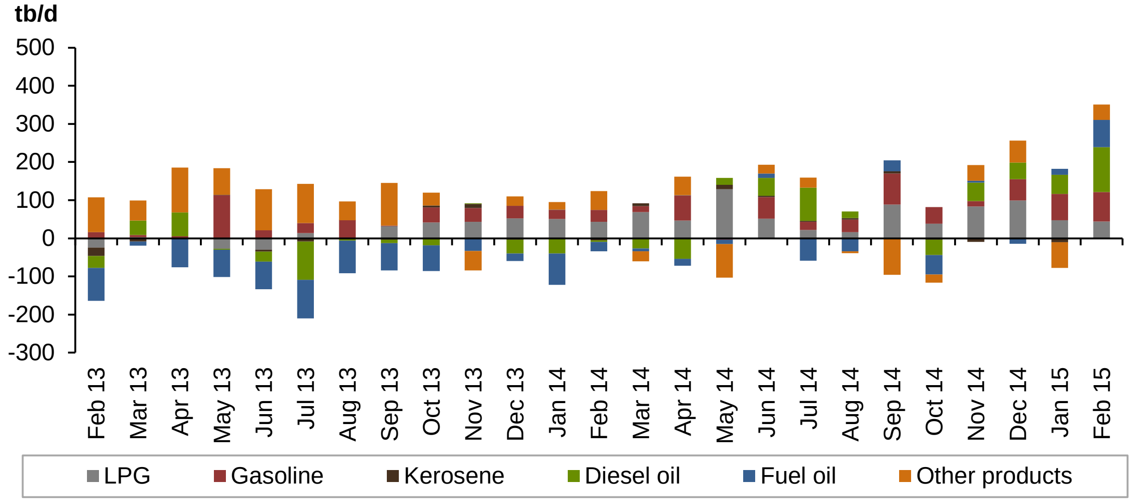
In **South Korea**, January came up strongly, increasing y-o-y. Flourishing petrochemical activities – which called for rising naphtha and LPG requirements – accounted for the bulk of the increases. Demand for transportation fuels also grew, particularly gasoline. The outlook for South Korean oil consumption during 2015 remained unchanged compared with the previous month's projections.

OECD Asia Pacific oil consumption in 2014 shrank by 0.18 mb/d. This downward trend will continue in 2015 but to a lesser degree, by 0.12 mb/d.

Other Asia

India's oil consumption continued to accelerate significantly in 2015, with yet another month of very positive oil demand growth data. February demand increased by more than 0.35 mb/d or 9% y-o-y, the largest increase since August 2012, while total consumption reached more than 4.10 mb/d. Strength in demand was not only supported by the notable growth in LPG and gasoline – which has been on the rise for more than 18 months – but also by diesel oil and fuel oil, which grew substantially during the month of February.

Graph 4.3: Changes in Indian oil demand, y-o-y



India's gasoline demand rose in February, with total consumption levels reaching above 0.50 mb/d for only the second time in history, according to data dating back to early last decade. Growth was around 80 tb/d or more than 18% y-o-y. In addition to the positive effect of good weather conditions across the country on vehicle movement, passenger vehicle sales statistics were a factor. Overall passenger vehicle sales recorded growth of around 8% in February, with two-wheeler sales at more than 1.2 million units. This growth continued to support the upsurge in gasoline demand, despite India's government raising fuel taxes four times since November 2014 during a time of declining international oil prices.

Another observed development was the persisting growth in LPG, which rose more than 40 tb/d, or around 8% compared with the same period in 2014, on the back of a continued pick up in residential usage as logistical constrains eased and the number of subsided cylinders increased.

Similarly, Indian diesel oil demand increased substantially in February, contrary to the normal seasonal pattern; it traditionally peaks in summer. Growth stemmed from increased construction in infrastructure projects. Diesel grew by more than 0.11 mb/d or close to 8% y-o-y, the highest growth reading since January 2013.

Fuel oil demand growth was also markedly positive, recording the highest rise since January 2008. This is a result of higher-than-anticipated consumption in the power and petrochemical sectors, as well as a low 2014 baseline. Fuel oil grew by around 72 tb/d or 32% y-o-y.

Table 4.4: Indian oil demand by main products, tb/d

	Feb 15	Feb 14	Change	Change, %
LPG	568	524	44	8.4
Gasoline	505	428	78	18.2
Kerosene	286	287	-1	-0.5
Diesel oil	1,646	1,529	117	7.7
Fuel oil	291	220	72	32.6
Other products	811	771	40	5.2
Total oil demand	**4,108**	**3,758**	**350**	**9.3**

In **Taiwan**, oil demand declined for another month by almost 7% y-o-y, with the bulk of the decline originating in heavy products, including fuel oil and other products. Oil demand in the country is predicted to slow as exports – a major component of the Taiwanese economy – are expected to grow slightly above 1% in 2015, compared with 2.74% in 2014.

In **Indonesia**, the latest available January data is led by rising demand for LPG and fuel oil, the first mostly used in the residential sector and the latter for industrial purposes. Other transportation fuels have also grown going into 2015, particularly gasoline, diesel oil and jet/kerosene. Total consumption reached 1.46 mb/d with a growth magnitude of around 60 tb/d y-o-y.

The risks for 2015 **oil demand in Other Asia** are currently pointing upward as a result of overall economic improvement in the biggest oil consumer in the region, India, and the steady general economic performance of some other countries in the region. Other Asia's oil demand grew by 0.21 mb/d in 2014. For 2015, oil demand is forecast to be 0.26 mb/d higher than for 2014.

Latin America

In February 2015, oil demand in **Brazil** declined substantially by 0.17 mb/d or around 7% y-o-y. Total consumption was at 2.34 mb/d, the lowest level since March 2014. The decline was led by gasoline and diesel oil, which eased by 73 tb/d or more than 9% y-o-y and by 0.14 mb/d or 13% y-o-y, respectively. The reduction in gasoline demand was attributed to an announcement by the Brazilian government increasing gasoline excise duties, which took effect at the beginning of February 2015. As a result, retail prices for gasoline soared by around 7%, lowering gasoline consumption.

Demand for diesel also declined, with total consumption at 0.91 mb/d, as truck drivers went on strike to oppose high fuel costs. This resulted in reduced truck movements and slowed trading as well as reduced agricultural activity in the country. Fuel oil demand slowed by 7 tb/d or around 6% y-o-y.

Table 4.5: Brazilian inland deliveries, tb/d

	Feb 15	Feb 14	Change	Change, %
LPG	210	214	-4	-1.8
Gasoline	700	773	-73	-9.4
Jet/Kerosene	131	127	3	2.4
Diesel	914	1,051	-137	-13.1
Fuel oil	103	110	-7	-6.2
Alcohol	285	238	47	19.7
Total	**2,343**	**2,514**	**-171**	**-6.8**

Oil consumption in **Argentina** declined slightly in January; transportation fuels eased, with diesel registering the most notable shrinkage, having a decline of more than 15% y-o-y. As highlighted previously, vehicle sales are projected to drop in 2015, as the government's scheme of subsidizing car purchases is expected to be eliminated, impacting sales growth and thus reducing transportation fuel consumption.

Looking ahead, risks for 2015 oil demand growth in Latin America are currently pointing downward much like the previous month, as economic activity in Brazil is predicted to be slower than in 2014 and an increase in excise duties for gasoline is assumed to reduce gasoline consumption. Conversely, low oil prices in addition to the expectation of a hotter-than-average summer season should keep demand for power generation up.

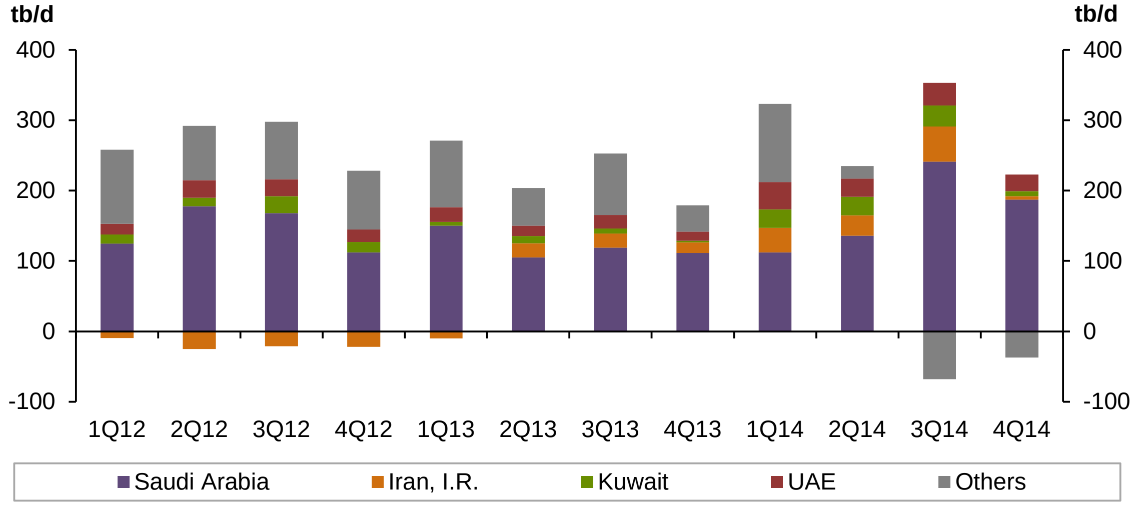
Latin American oil demand grew by 0.20 mb/d in 2014. During 2015, oil demand growth is forecast to be marginally lower than the previous year, reaching 0.19 mb/d.

Middle East

In **Saudi Arabia**, product categories saw positive performance during the month of February, with the exception of direct crude burning, which decreased by around 40 tb/d. This translates into more than 11% y-o-y, in line with seasonal norms for power generation consumption, which tends to ease during winter. Performance of transportation fuels, on the other hand, was on the rise, with jet fuel, gasoline and gasoil increasing by more than 21 tb/d, 66 tb/d and 61 tb/d y-o-y, respectively. Oil demand was higher by 0.16 mb/d, or 8%, in February, y-o-y.

Oil demand in **Iraq** continued to decline. The magnitude of the drop was strong in February, with total demand shrinking by more than 0.11 mb/d or around 16% y-o-y. All products saw decreases, with no exception. Oil demand in Iraq is traditionally driven by diesel oil – as both a transportation and industrial fuel – followed by fuel oil for power generation and gasoline for road transportation, all of which have recorded a significant drop in volume.

Graph 4.4: Oil demand growth in the Middle East, y-o-y



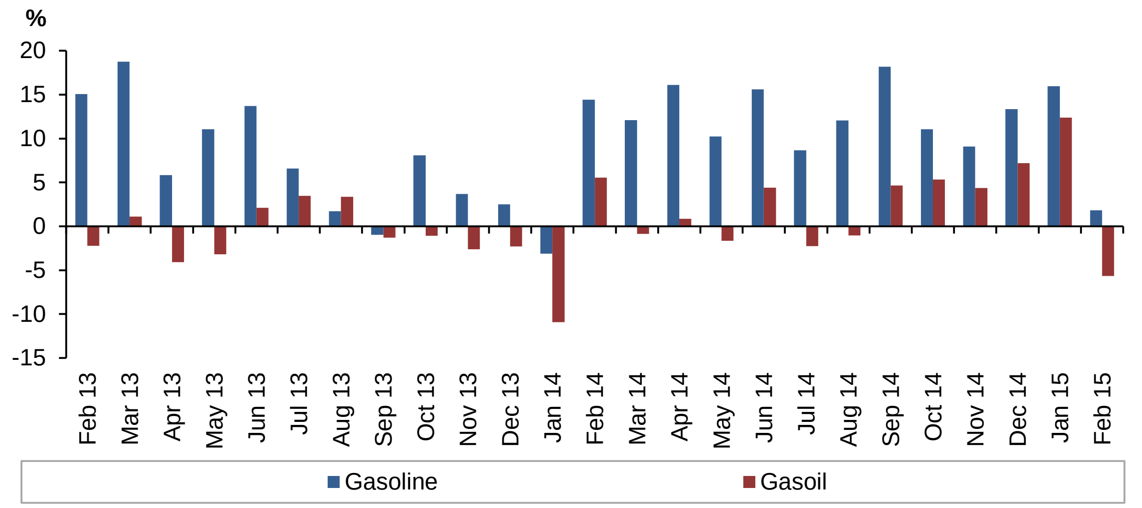
Projections for oil demand in 2015 remain as highlighted in the previous *MOMR*. Nevertheless, persistent declining performance in certain countries of the region could, in turn, drive oil demand data lower, if not met by an equal rise from other countries.

Middle East oil demand for 2014 grew by 0.25 mb/d, with matching growth expectations for 2015.

China

February oil demand in **China** retained positive growth at an estimated level of 0.34 mb/d, despite moderating growth in the country's overall economy. The structure of Chinese oil demand continues to be characterized by rising gasoline usage in the road transportation sector, as well as high LPG demand for the petrochemical sector. The consumption of residual fuel oil declined, however, as a result of fuel substitution with natural gas and coal, particularly in the industrial sector.

Graph 4.5: Chinese gasoil and gasoline demand growth, y-o-y

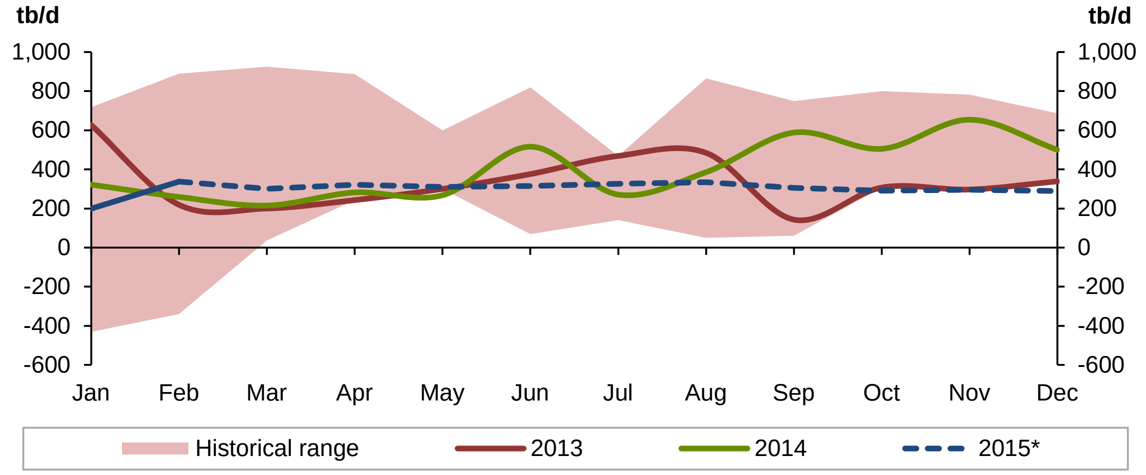


LPG demand picked up in February, increasing by 75 tb/d or more than 7% y-o-y. The LPG cost advantage over other fuels, as well as the demand for existing and planned additions of dehydrogenation (PDH) plants, supported LPG consumption and was expected to keep product demand intact over the next months.

Gasoline consumption rose compared with the same period in 2014, with growth levels above 47 tb/d or close to 2% y-o-y. Retail sales were robust in February, encouraged by additional driving for the Chinese New Year. According to the China Association for Automobile Manufacturers (CAAM), auto sales increased by more than 6% y-o-y and SUV sales registered an increase of more than 94% over February.

Diesel oil demand, on the other hand, was lower compared with February by around 0.21 mb/d or by 6% y-o-y, mainly as a result of a slowdown in activities at mining plants, infrastructure construction and other gasoil-consuming sectors due to the lunar New Year holidays. Expectations for diesel demand are going forward, supported by expansion projects in the railway transportation sector. Consumption of fuel oil was largely reversing, as initial data seemed to suggest a decrease in growth of around 0.17 mb/d or around 22% y-o-y. Slower industrial activity – as well as weaker teapot refinery margins – seemed to be the largest contributor to this slowdown.

Graph 4.6: Changes in Chinese apparent oil demand, y-o-y changes



** Forecast.*

The 2015 outlook for China remains balanced, with downside risks linked to a slowing of the economy, as well as policies supporting a reduction in transportation fuel consumption. Conversely, expansion in the petrochemical sector – especially in PDH plants and projects in the refinery sectors – constitute the upside potential for China's oil demand growth.

For 2014, **Chinese oil demand** is estimated to have grown by 0.40 mb/d, while oil demand in 2015 is projected to increase by 0.31 mb/d.

Table 4.6: World oil demand in 2015, mb/d

							Change 2015/14	
	2014	1Q15	2Q15	3Q15	4Q15	2015	Growth	%
Americas	24.17	24.09	23.94	24.61	24.88	24.39	0.21	0.88
of which US	*19.39*	*19.35*	*19.18*	*19.70*	*20.02*	*19.56*	*0.18*	*0.91*
Europe	13.51	13.01	13.51	13.81	13.46	13.45	-0.06	-0.45
Asia Pacific	8.14	8.77	7.57	7.57	8.17	8.01	-0.12	-1.51
Total OECD	**45.82**	**45.87**	**45.02**	**45.99**	**46.51**	**45.85**	**0.03**	**0.06**
Other Asia	11.27	11.33	11.63	11.62	11.54	11.53	0.26	2.27
of which India	*3.79*	*4.00*	*3.91*	*3.76*	*3.99*	*3.91*	*0.13*	*3.37*
Latin America	6.69	6.59	6.89	7.18	6.88	6.89	0.19	2.88
Middle East	8.06	8.27	8.16	8.67	8.10	8.30	0.25	3.04
Africa	3.78	3.88	3.88	3.79	3.94	3.87	0.09	2.45
Total DCs	**29.80**	**30.08**	**30.56**	**31.25**	**30.46**	**30.59**	**0.79**	**2.64**
FSU	4.54	4.42	4.26	4.67	4.95	4.58	0.04	0.77
Other Europe	0.65	0.65	0.61	0.65	0.74	0.67	0.01	1.84
China	10.46	10.39	10.87	10.63	11.19	10.77	0.31	2.94
Total "Other regions"	**15.66**	**15.46**	**15.74**	**15.95**	**16.88**	**16.01**	**0.35**	**2.26**
Total world	**91.28**	**91.41**	**91.33**	**93.19**	**93.86**	**92.45**	**1.17**	**1.28**
Previous estimate	91.21	91.35	91.26	93.06	93.79	92.37	1.17	1.28
Revision	0.08	0.06	0.07	0.14	0.07	0.08	0.01	0.00

Totals may not add up due to independent rounding.

World Oil Supply

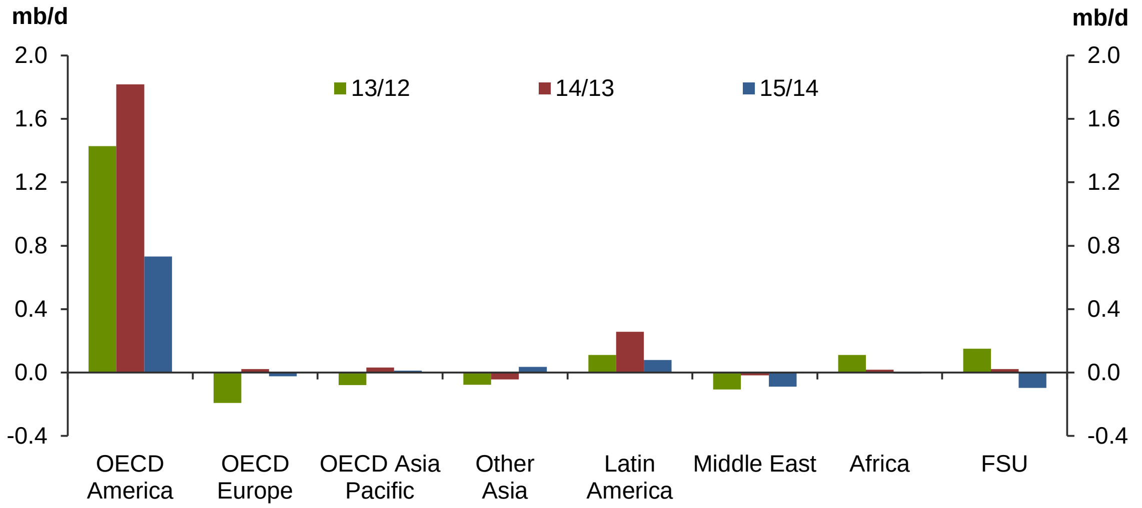
Non-OPEC oil supply is estimated to have averaged 56.49 mb/d in 2014, an increase of 2.17 mb/d y-o-y and up by 0.13 mb/d over the previous Monthly Oil Market Report (MOMR). This constitutes the highest growth seen since shale oil emerged in the US and was driven predominantly by growth of 0.32 mb/d in 4Q14. In 2015, non-OPEC oil supply is projected to grow by 0.68 mb/d, indicating a downward revision by 165 tb/d compared to the previous assessment and offset by upward revisions in the UK, Malaysia, Brazil, Colombia and Russia to average 57.17 mb/d. It is expected that US tight oil and Canadian oil sands output in the coming months will decrease after the significant declines seen recently in rig counts. OPEC NGL production is estimated to grow by 0.18 mb/d to average 5.83 mb/d in 2014 and is expected to grow by 0.19 mb/d to average 6.02 mb/d in 2015. In March, OPEC crude production increased by 0.81 mb/d to average 30.79 mb/d, according to secondary sources. As a result, preliminary data indicates that global oil supply increased by 0.90 mb/d in March to average 94.52 mb/d.

Estimate for 2014

Non-OPEC supply

Non-OPEC oil supply is estimated to have averaged 56.49 mb/d in 2014, an increase of 2.17 mb/d over 2013 and an upward revision in absolute supply volume by 0.13 mb/d from the previous MOMR. Moreover, 2013 was also revised up by 30 tb/d to average 1.43 mb/d. Within the quarters, non-OPEC oil supply encountered upward revisions in the first to fourth quarters, by 0.15 mb/d, 0.13 mb/d, 0.10 mb/d and 0.32 mb/d, respectively. The upward revisions in all quarters of 2014 in OECD Americas, OECD Europe, Latin America and China led to this adjustment, as well as the minor downward revisions in OECD Asia Pacific and Other Asia.

Graph 5.1: Regional non-OPEC supply growth, y-o-y



In 2014, non-OPEC supply saw the highest growth since 2007, driven by significant growth in tight oil and unconventional NGL production in the US along with strong oil sands output in Canada. Two contrary developments were observed: strong growth was seen in OECD Americas and Latin America, as well as FSU, Africa, China, OECD Europe and Asia Pacific, while declines were recorded in other regions. OECD

Americas' oil supply growth estimate of 1.82 mb/d in 2014 was the highest on record, while a decline of 0.04 mb/d in Other Asia represented the largest contraction. At the same time, both growth and decline in output were registered in North America, with the US recording growth of 1.64 mb/d and Mexico a decline of 90 tb/d. Strong growth in OECD Americas was supported by tight oil and NGLs from unconventional sources in the US and oil sands in Canada, while declines in the other regions were driven mainly by political, technical and weather-related factors. Disruptions in 2014 mainly affected output from Mexico, Syria, Colombia, Indonesia, the UK and the Sudans.

According to preliminary and estimated data, total non-OPEC supply in 4Q14 increased by 2.35 mb/d over the same period a year earlier. During 2H14, non-OPEC supply increased by 2.21 mb/d compared with the same period of the previous year.

On a quarterly basis, non-OPEC supply in 2014 is estimated at 55.76 mb/d, 56.07 mb/d, 56.36 mb/d and 57.74 mb/d, respectively.

Table 5.1: Non-OPEC oil supply in 2014, mb/d

	2013	1Q14	2Q14	3Q14	4Q14	2014	*Change* 14/13
Americas	18.18	19.21	19.86	20.17	20.72	20.00	1.82
of which US	*11.24*	*11.98*	*12.82*	*13.15*	*13.56*	*12.88*	*1.64*
Europe	3.59	3.76	3.52	3.41	3.74	3.61	0.02
Asia Pacific	0.48	0.51	0.51	0.53	0.50	0.51	0.03
Total OECD	**22.24**	**23.49**	**23.90**	**24.10**	**24.96**	**24.12**	**1.87**
Other Asia	3.60	3.56	3.55	3.48	3.64	3.56	-0.04
Latin America	4.79	4.88	4.94	5.11	5.24	5.04	0.26
Middle East	1.36	1.34	1.34	1.36	1.33	1.34	-0.02
Africa	2.40	2.44	2.41	2.40	2.41	2.42	0.02
Total DCs	**12.15**	**12.23**	**12.24**	**12.35**	**12.63**	**12.36**	**0.21**
FSU	13.41	13.48	13.36	13.39	13.48	13.43	0.02
of which Russia	*10.51*	*10.59*	*10.55*	*10.52*	*10.65*	*10.58*	*0.07*
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	4.25	4.26	4.28	4.21	4.36	4.28	0.03
Total "Other regions"	**17.79**	**17.89**	**17.78**	**17.74**	**17.99**	**17.85**	**0.05**
Total Non-OPEC production	**52.19**	**53.60**	**53.91**	**54.20**	**55.57**	**54.33**	**2.14**
Processing gains	2.13	2.16	2.16	2.16	2.16	2.16	0.03
Total non-OPEC supply	**54.32**	**55.76**	**56.07**	**56.36**	**57.74**	**56.49**	**2.17**
Previous estimate	54.29	55.62	55.95	56.26	57.42	56.33	2.04
Revision	0.03	0.15	0.13	0.10	0.32	0.16	0.13

OECD

Total OECD oil supply in 2014 is estimated to grow by 1.87 mb/d to average 24.12 mb/d, indicating an upward revision of 0.11 mb/d from the last MOMR. Output in 4Q reached 24.96 mb/d, with an increase of 2.35 mb/d compared with the same quarter in 2013. The upward revision came from OECD Americas and OECD Europe, while OECD Asia Pacific registered a minor downward revision compared with the last MOMR.

On a quarterly basis, total OECD supply is estimated to average 23.49 mb/d, 23.90 mb/d, 24.10 mb/d and 24.96 mb/d, respectively.

OECD Americas

OECD Americas' oil supply is estimated to average 20.00 mb/d, showing growth of 1.82 mb/d compared with last year's increase of 1.43 mb/d. The US and Canada both recorded remarkable growth in oil supply by 1.64 mb/d and 0.27 mb/d, respectively, in 2014, while that of Mexico is estimated to decline by 90 tb/d.

On a quarterly basis, OECD America's oil supply in 2014 is estimated to average 19.21 mb/d, 19.86 mb/d, 20.17 mb/d and 20.72 mb/d, respectively.

US

US updated total oil supply production across 2014 is estimated to increase by 1.64 mb/d to average 12.88 mb/d, representing an upward revision of 50 tb/d from the last monthly report. The net growth of crude oil output is estimated at 1.22 mb/d, including 1.12 mb/d of tight oil, 0.14 mb/d from the GOM and a decline of 20 tb/d in Alaska. US NGL production (including NGLs from unconventional sources) and biofuels grew by 0.35 mb/d and 0.07 mb/d, respectively. US total liquids output in 4Q was revised up by 116 tb/d to average 13.56 mb/d. The largest increase in 4Q came from crude output, which rose to 9.32 mb/d, a record high in December, while NGL output remained unchanged at 3.12 mb/d. Unsurprisingly, crude output growth was not impacted by falling prices as hedging and commitments in drilling and lease contracts meant drilling continued.

In 2014, oil production from the GOM increased to average 1.39 mb/d, with maximum output being registered in December at 1.46 mb/d. New projects that started to come online in 4Q14 (peak production capacity of 0.26 mb/d) boosted GOM output at year-end. The Cardamom Project (50 tboe/d) came online in September, and mid-November saw the commencement of first oil at the Tubular Bells development, which is expected to produce roughly 50 tboe/d. Finally, Jack/St. Malo also started up in December with a peak capacity of 0.1 mb/d. Averaged across the year, GOM volumes grew by 0.14 mb/d as high decline rates at existing fields offset most of the new additions. The summary of the US annual supply breakdown in 2014 can be seen in ***Table 5.2***.

Table 5.2: US annual supply breakdown in 2014 along with absolute and percentage growth

US supply components	2013	2014	Change	Change, %
Crude oil	7,464	8,680	1,216	16.3
NGLs	2,606	2,964	358	13.7
Total crude oil & NGLs	**10,070**	**11,644**	**1,574**	**15.6**
Unconventional fuels	1,172	1,238	66	5.6
Total liquids production	**11,242**	**12,882**	**1,640**	**14.6**
Processing gain	**1,086**	**1,086**	**0**	**0.0**
US total liquids supply	**12,328**	**13,968**	**1,640**	**13.3**

The average crude oil output growth of more than 250 tb/d in major states, regions or plays in 2014 can be seen in ***Table 5.3***.

Table 5.3: US major states and shale plays, absolute and percentage of annual growth in 2014

Major regions and plays	2013	2014	Change	Change, %
Permian Delaware	218	331	113	51.8
Eagle Ford	942	1343	401	42.6
Permian Midland	311	461	150	48.2
Bakken	831	1065	234	28.2
Gulf of Mexico	1,258	1,395	137	10.9
Texas	2,529	3,160	631	25.0
North Dakota	860	1,086	226	26.3
California	544	557	13	2.4
New Mexico	276	333	57	20.7
Alaska	515	497	-18	-3.5
Colorado	179	238	59	33.0

Sources: EIA, OPEC Secretariat and Rystad Energy.

On a quarterly basis, US oil supply (excluding processing gain) is estimated to stand at 11.98 mb/d, 12.82 mb/d, 13.15 mb/d and 13.56 mb/d, respectively.

Canada and Mexico

Oil supply growth in **Canada** is estimated at 0.27 mb/d in 2014 to average 4.40 mb/d, an upward revision by 71 tb/d compared with the previous month. Preliminary data places 4Q Canadian oil production higher q-o-q by 0.13 mb/d at 4.43 mb/d. The actual production of conventional crude oil in December dropped m-o-m by 7 tb/d to 1.42 mb/d. The output of oil sands also declined by 26 tb/d to average 2.24 mb/d in the same month. On the other hand, NGL output increased by 41 tb/d to 0.77 mb/d. On a quarterly basis, Canada’s supply in 2014 is estimated to average 4.35 mb/d, 4.19 mb/d, 4.24 mb/d and 4.43 mb/d, respectively.

Mexico’s oil supply reached an average of 2.80 mb/d in 2014, showing a decline of 90 tb/d, unchanged from the previous month’s estimation. On a quarterly basis, Mexico’s supply in 2014 is estimated to average 2.87 mb/d, 2.85 mb/d, 2.77 mb/d and 2.72 mb/d, respectively.

OECD Europe

Total OECD Europe oil supply, which declined by 0.19 mb/d to average 3.59 mb/d in 2013, increased by 20 tb/d in 2014 from the previous year to average 3.61 mb/d, an upward revision of 20 tb/d from the previous MOMR. Although UK output was revised up in 4Q and production from **Other OECD Europe** was revised up in all quarters from 2012 to the end of 2014, there were no changes in the last estimation of OECD Europe’s oil production volume and growth.

Updated OECD Europe oil supply indicates a quarterly supply of 3.76 mb/d, 3.52 mb/d, 3.41 mb/d and 3.74 mb/d, respectively.

The **UK’s** oil supply registered an average of 0.86 mb/d, representing a decline of 10 tb/d in 2014 y-o-y, unchanged from the previous MOMR. Total UK production in 2014 consisted of 0.78 mb/d of crude oil and 0.06 mb/d of NGLs.

On a quarterly basis, UK oil output in 2014 is estimated to average 0.97 mb/d, 0.90 mb/d, 0.71 mb/d and 0.88 mb/d, respectively. This reflects only the change in 4Q, when supply was 10 tb/d higher compared to the last MOMR.

OECD Asia Pacific

Total OECD Asia Pacific oil supply, which declined by 0.08 mb/d to average 0.48 mb/d in 2013, increased by 30 tb/d in 2014 from the previous year to average 0.51 mb/d. There was no change in growth compared to the last *MOMR*, but the absolute volume was revised down by 10 tb/d to 0.51 mb/d due to the 2013 base change. Australian oil production data was also revised down, reduced by 5 tb/d in all quarters from 2012 to the end of 2014.

On a quarterly basis, updated Australia oil supply in 2014 is estimated to average 0.43 mb/d, 0.43 mb/d, 0.44 mb/d and 0.42 mb/d, respectively.

Updated OECD Asia Pacific oil supply indicates a quarterly supply of 0.51 mb/d, 0.51 mb/d, 0.53 mb/d and 0.50 mb/d, respectively.

Developing countries

Total developing countries' (DCs) oil output reached 12.36 mb/d in 2014, indicating an increase of 0.21 mb/d, revised up by 10 tb/d from the last MOMR. Growth in 2014 was provided by robust output from pre-salt reservoirs reaching more than 0.7 mb/d in deep offshore Brazil after a significant decline in 2013. According to preliminary data, supply averaged 12.63 mb/d in 4Q14, up by 0.35 mb/d from the same period a year earlier.

On a quarterly basis, total oil supply in DCs is estimated to average 12.23 mb/d, 12.24 mb/d, 12.35 mb/d and 12.63 mb/d, respectively.

Other Asia

Other Asia's oil production is estimated to decrease by 40 tb/d in 2014 to average 3.56 mb/d, representing an upward revision in growth of 10 tb/d from the previous MOMR. Other Asia's supply was revised down in all quarters of 2013 as well as in 3Q 14 due to updated oil output, which was partly carried over to 2015.

On a quarterly basis, Other Asia's supply in 2014 is estimated to average 3.56 mb/d, 3.55 mb/d, 3.48 mb/d and 3.64 mb/d, respectively.

The estimated oil output in **Malaysia** and **Thailand** was revised up by 10 tb/d each to average 0.75 mb/d and 0.40 mb/d, respectively, while oil production in **Other Asia** was revised down by 10 tb/d to average 0.23 mb/d.

Latin America

Latin America's oil supply is estimated to have grown by 0.26 mb/d to average 5.04 mb/d in 2014, revised up by 10 tb/d from the last *MOMR*. Latin America is another main driver of growth among all the non-OPEC regions. It is seen that Argentina, Brazil and Latin America others contributed to growth in 2014, while output from Colombia is likely to experience a decline of 20 tb/d in 2014 to average 1.01 mb/d, unchanged from the last estimation. Total liquids output in Argentina was revised up this month by 20 tb/d, resulting from upward revisions in biofuels production during all quarters of 2013 and 2014.

On a quarterly basis, Latin America's supply in 2014 is expected to stand at 4.86 mb/d, 4.92 mb/d, 5.10 mb/d and 5.23 mb/d, respectively.

Middle East

The Middle East's oil supply in 2014 is estimated to have declined by 20 tb/d to average 1.34 mb/d, unchanged from the previous *MOMR*.

On a quarterly basis, Middle East's supply in 2014 is expected to stand at 1.34 mb/d, 1.34 mb/d, 1.36 mb/d and 1.33 mb/d, respectively.

Africa

Africa's oil supply in 2014 is estimated to have grown by 20 tb/d to average 2.42 mb/d, unchanged from the previous *MOMR*. On a quarterly basis, Africa's supply in 2014 is expected to stand at 2.44 mb/d, 2.41 mb/d, 2.40 mb/d and 2.41 mb/d, respectively.

FSU, other regions

FSU's oil supply in 2014 is estimated to have grown by 20 tb/d to average 13.43 mb/d, unchanged from the previous *MOMR*.

On a quarterly basis, FSU's supply in 2014 is expected to stand at 13.48 mb/d, 13.36 mb/d, 13.39 mb/d and 13.48 mb/d, respectively.

Russia

Russia's oil supply in 2014 was also unchanged this month, remaining at 10.58 mb/d, with growth of 70 tb/d.

On a quarterly basis, Russia's supply in 2014 is expected to stand at 10.59 mb/d, 10.55 mb/d, 10.52 mb/d and 10.65 mb/d, respectively.

China

China's oil supply in 2014 is estimated to have grown by 30 tb/d to average 4.28 mb/d, revised up by 10 tb/d from the previous *MOMR*. CNOOC, the state-owned China National Offshore Oil Corp., produced 432.5 mboe last year, a rise of 5.1% from 2013, the company said in its annual results released recently. Total liquids output was up 4.7% at 348.8 mb, while gas production rose by 6.6% to 485.5 Bcf over the period. The company said 13 new projects came on stream last year, most of which were ahead of schedule and below budget. In terms of exploration, its success rate ranged between 50% and 70% for independent wells spudded offshore China. It achieved a reserve replacement rate of 112% last year.

On a quarterly basis, China's supply in 2014 is expected to stand at 4.26 mb/d, 4.28 mb/d, 4.21 mb/d and 4.36 mb/d, respectively.

Forecast for 2015

Non-OPEC supply

Non-OPEC oil supply is forecast to grow by 0.68 mb/d in 2015 to average 57.17 mb/d, a decrease of 165 tb/d, yet, a negligible increase of 10 tb/d in absolute terms from the previous MOMR. There were various upward and downward revisions applied to the output data of some non-OPEC oil producers during all quarters, and specifically in 1Q15. Non-OPEC oil supply growth in 2015 is expected to increase, mostly in IH15, on a y-o-y basis, but at a slower pace. The main factors for the lower growth prediction in this monthly report are still low oil price expectations, the declining number of active rigs in North America, the decrease in drilling permits in the US and the reduction in IOCs' 2015 capex.

Table 5.4: Non-OPEC oil supply in 2015, mb/d

	2014	1Q15	2Q15	3Q15	4Q15	2015	Change 15/14
Americas	20.00	20.69	20.69	20.71	20.83	20.73	0.73
of which US	*12.88*	*13.61*	*13.65*	*13.62*	*13.59*	*13.62*	*0.74*
Europe	3.61	3.70	3.54	3.44	3.66	3.58	-0.02
Asia Pacific	0.51	0.50	0.53	0.54	0.52	0.52	0.01
Total OECD	**24.12**	**24.88**	**24.76**	**24.69**	**25.00**	**24.84**	**0.72**
Other Asia	3.56	3.65	3.61	3.58	3.53	3.59	0.03
Latin America	5.04	5.28	5.12	5.10	4.99	5.12	0.08
Middle East	1.34	1.32	1.25	1.23	1.22	1.25	-0.09
Africa	2.42	2.44	2.42	2.40	2.38	2.41	-0.01
Total DCs	**12.36**	**12.69**	**12.41**	**12.30**	**12.12**	**12.38**	**0.02**
FSU	13.43	13.56	13.34	13.23	13.20	13.33	-0.10
of which Russia	*10.58*	*10.70*	*10.56*	*10.49*	*10.44*	*10.54*	*-0.03*
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	4.28	4.32	4.30	4.28	4.34	4.31	0.03
Total "Other regions"	**17.85**	**18.02**	**17.79**	**17.66**	**17.68**	**17.78**	**-0.06**
Total Non-OPEC production	**54.33**	**55.59**	**54.96**	**54.65**	**54.80**	**55.00**	**0.67**
Processing gains	2.16	2.17	2.17	2.17	2.17	2.17	0.01
Total non-OPEC supply	**56.49**	**57.77**	**57.13**	**56.82**	**56.97**	**57.17**	**0.68**
Previous estimate	56.33	57.58	57.18	56.89	57.02	57.16	0.85
Revision	0.16	0.19	-0.05	-0.06	-0.04	0.01	-0.16

One of the most important indications of uncertainty in the production growth outlook in terms of non-OPEC supply in the coming months would be the number of active rigs around the world, particularly in higher cost regions. According to the latest report of Baker Hughes, the US rig count declined by 238 rigs over four weeks in March to 1,110 rigs, decelerating the pace from last month's 335 rigs taken out of service. This is the 17th consecutive week of total decline and the lowest reading since the week ending 31 December 2009, according to the latest survey from Baker Hughes.

Preliminary data for 1Q15 indicates that non-OPEC supply increased by 190 tb/d q-o-q and was revised upward by 150 tb/d to average 57.77 mb/d from the previous MOMR. This revision was driven by upward changes in OECD countries during 4Q that were partially carried over to 1Q15. These changes occurred in the US, Canada, Other OECD Europe as well as in Argentina and China. However, most of the changes came from downward revisions in 1Q15 from Canada, Mexico, Norway, Denmark, Indonesia, Yemen, Syria, Chad and FSU Others. On a regional basis, OECD Americas is expected to have the highest growth by 0.73 mb/d, followed by Latin America, China, Other Asia and OECD Asia Pacific, while FSU, the Middle East, OECD Europe and

Africa are seen to decline. Growth is expected to come mainly from the US, Brazil, Canada, China, Malaysia, Other Asia and Australia, while oil supply from Mexico, Colombia, Russia, Azerbaijan, Yemen and the UK witnessed the biggest declines. The risk and uncertainties associated with the supply forecast due to the drop in oil price, that began in the middle of last year, remain high on both sides, especially for the US, Canada, Russia, Norway and the UK.

On a quarterly basis, non-OPEC supply in 2015 is expected to average 57.77 mb/d, 57.13 mb/d, 56.82 mb/d and 56.97 mb/d, respectively.

OECD Americas

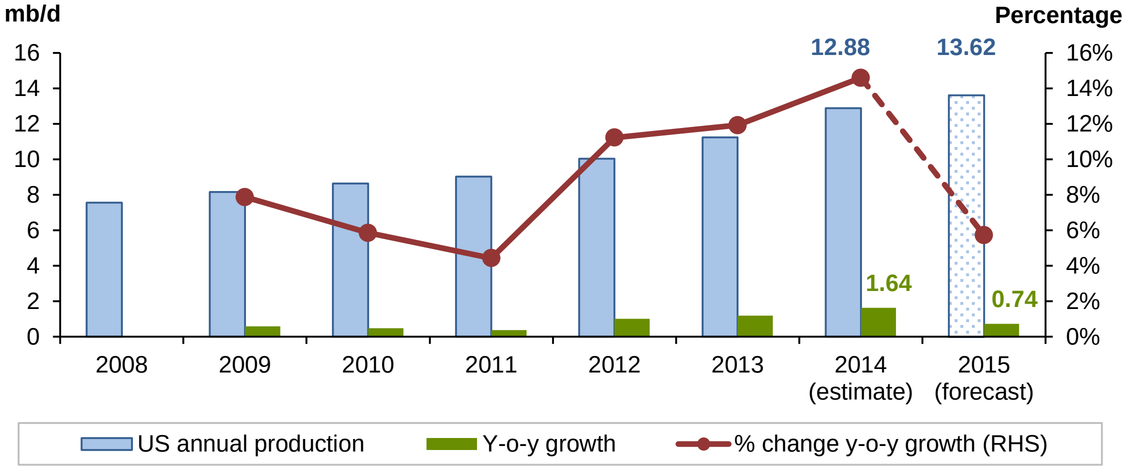
OECD Americas' oil supply is predicted to average 20.73 mb/d in 2015, showing growth of 0.73 mb/d compared with last year at 1.82 mb/d. The US and Canada are both expected to see remarkable growth of oil supply by 0.74 mb/d and 0.11 mb/d, respectively, while that of Mexico is estimated to decline by 110 tb/d.

On a quarterly basis, OECD America's oil supply in 2015 is estimated to average 20.69 mb/d, 20.69 mb/d, 20.71 mb/d and 20.83 mb/d, respectively.

US

US liquids supply is predicted to average 20.73 mb/d in 2015, showing growth of 0.73 mb/d compared with last year at 1.82 mb/d. US oil production is estimated to average 13.44 mb/d in January 2015, indicating a decline by 0.37 mb/d m-o-m. Total crude oil decreased by 135 tb/d to average 9.19 mb/d in January 2015, and NGL output declined by 149 tb/d to average 2.98 mb/d. Crude output dropped in most regions and states, decreasing in North Dakota by 37 tb/d to 1.19 mb/d, in Alaska by 15 tb/d to 0.50 mb/d and in the GOM by 24 tb/d to average 1.44 mb/d. However, in Texas, crude output increased by a slight 3 tb/d to settle at 3.46 mb/d in January.

Graph 5.2: US annual liquids production and annual growth



Source: OPEC Secretariat.

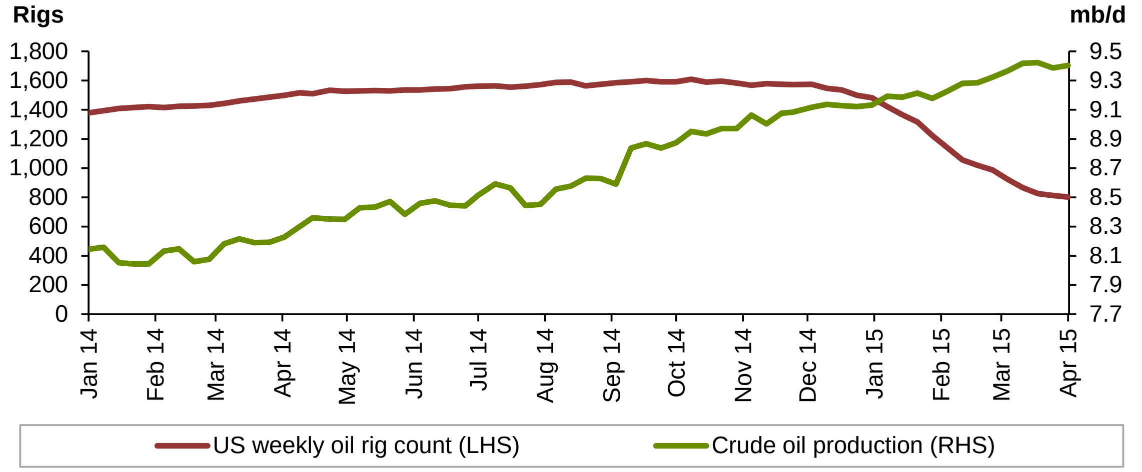
In spite of the 6.5% tax break kicking in from June in Bakken and about 125 of the 1,000 uncompleted wells needing to be finished by the end of June to comply with state requirements, Bakken output is not likely to maintain the previous strong growth. Based on the latest EIA Drilling Productivity Report, although the monthly additions from one average rig in Bakken increased by 18 b/d leading to output of 610 b/d at a single well in April, total oil production at Bakken in April declined by 8 tb/d m-o-m because the decline at legacy wells has been more than the production volume produced by new wells. Moreover, based on the release of this new report, the EIA predicts that tight oil output in May 2015 at Bakken, Eagle Ford and Niobrara will decline by 23 tb/d to average 1,297 mb/d, 33 tb/d to average 1,690 mb/d and 14 tb/d to average 0.403 mb/d, respectively. However, the Permian basin is expected to see growth in oil production in May. Permian's production is expected to grow by 11 tb/d to average 1,992 mb/d.

US oil rig count

The US rotary oil rig count generally experienced an uptrend in 2014, but that trend has reversed from 5 December 2014 when the oil rig count peaked at 1,575 until the end of the fourth week in March 2015.

In the past four months, 16 consecutive weeks of falling oil rig counts show that US drilling activity is on a downturn by 762 rigs (-48.4%). According to oilfield service company Baker Hughes (BHI), rotary oil rig counts in March also saw active oil rigs decrease by 173 to 813 rigs during the last four weeks (27 Feb.-27 Mar.), declining at a slower pace compared with 237 rigs in Feb. 2015. The following tables and graphs reflect the monthly declines in the US and Canada rig counts as well as monthly changes in the six US major shale plays in March 2015.

Graph 5.3: US weekly oil rig count vs. crude oil production



Sources: Baker Hughes and US Energy nformation Administration.

Table 5.5: Monthly changes in rig count in different regions and locations

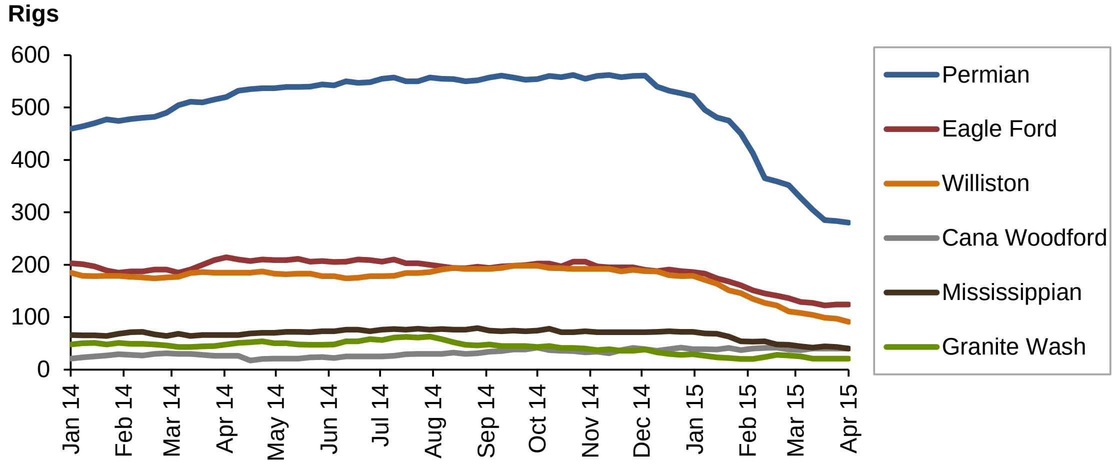
States and locations	Mar 15	Feb 15	Change
Texas	461	569	-108
North Dakota	96	108	-12
Oklahoma	133	146	-13
Colorado	37	44	-7
Louisiana	40	54	-14
New Mexico	51	68	-17
Ohio	28	36	-8
US Land	1,014	1,216	-202
US Offshore	34	51	-17
Rig count for horizontal well	812	946	-134
US total	1,110	1,348	-238
US oil rigs	813	986	-173
Canadian total	196	363	-167
Canadian oil rigs	18	171	-153
Total US & Canadian rig counts	**1,306**	**1,711**	**-405**
Total international	**1,251**	**1,275**	**-24**
Total world	**2,557**	**2,986**	**-429**

Oil production in the GOM in 2015 is being supported by the startup of the Tubular Bells and Jack/St Malo projects in 4Q14. It is expected that the GOM's output, with the new Lucius project started up in January, will likely rise by 0.18 mb/d in 2015.

Table 5.6: Monthly rig count changes in different basins and major shale plays

Major shale plays	Feb 15	Mar 15	Change
Cana Woodford	38	40	2
Eagle Ford	136	124	-12
Granite Wash	27	21	-6
Permian	352	283	-69
Williston	111	97	-14
Mississippian	47	43	-4

Graph 5.4: US oil rig count for selected basins



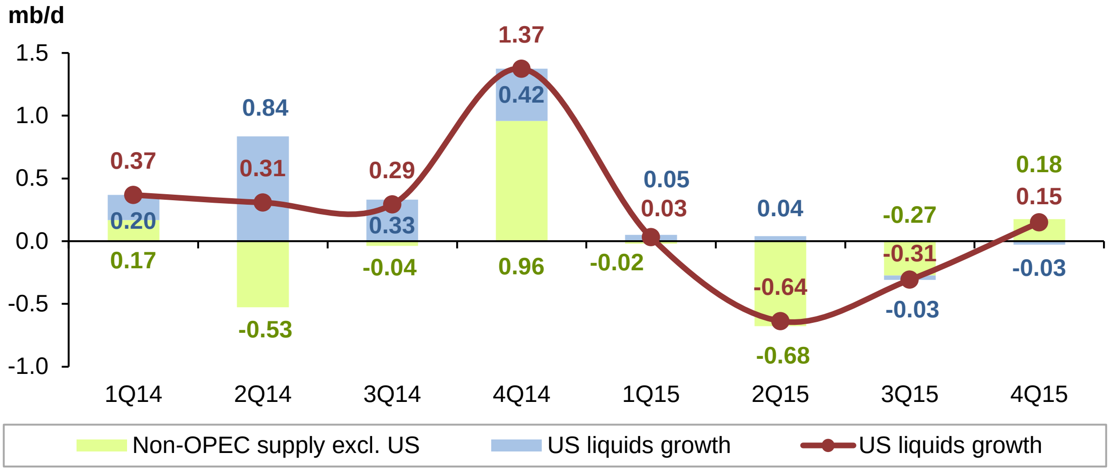
Source: Baker Hughes.

According to the EIA, 13 fields are expected to start up in the next two years, of which eight will come online this year and five next year. More than half the projects starting up during that time will utilize subsea tiebacks to existing production platforms. New projects, combined with continuing production from the developments brought online in last year's second half, are forecast to add 265 tb/d by year-end. Production estimates include adjustments to account for seasonal shut-ins from hurricanes. However, the current low oil price environment adds uncertainty to the timelines of deepwater gulf projects, with those in early development stages exposed to the greatest risk of delay. To reduce risk, producers are collaborating to develop projects more cost-effectively, to shorten the time necessary to reach the final investment decision and production launch, and to share development costs.

Notably, Chevron, BP and ConocoPhillips in January reported plans to explore and appraise 24 jointly held offshore leases in the northwest portion of Keathley Canyon. The EIA says the increase in fields that came online in 2014 and that are scheduled for production startup in 2015 and 2016 reflects a revival of interest and activity in the Gulf following the moratorium on deepwater drilling after the 2010 Deepwater Horizon incident.

On a quarterly basis, US liquids supply in 2015 is expected to average 13.61 mb/d, 13.65 mb/d, 13.62 mb/d and 13.59 mb/d, respectively.

Graph 5.5: US liquids vs. non-OPEC supply, q-o-q growth

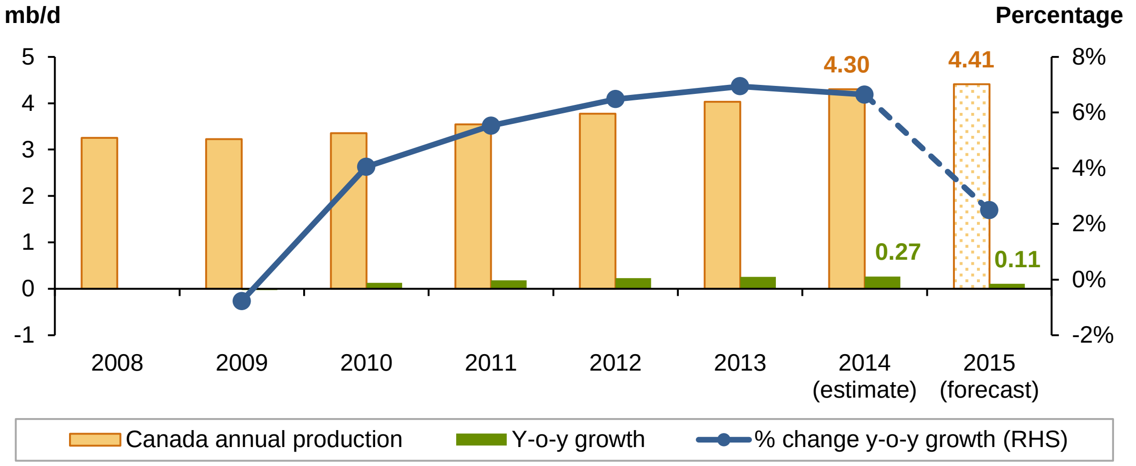


Source: OPEC Secretariat.

Canada and Mexico

Canada's oil output is forecast to average 4.41 mb/d in 2015, the growth revised down by 35 tb/d due to lower-than-expected oil production, weakening after the heavy decline in rig counts and the postponement of several projects to the next years. An increase of 0.11 mb/d over the previous year is forecast, revised down compared with the previous MOMR. Despite the upward revision that raised 2014 supply estimates, Canada's oil production outlook in 2015 is seen declining compared to last month's forecast on expected conventional oil, but output from unconventional sources will be affected gradually by sustained low oil prices. Preliminary estimates place January Canadian oil output lower y-o-y by 0.1 mb/d at 4.35 mb/d, a decline of 80 tb/d m-o-m (20 tb/d of oil sands and 60 tb/d of conventional crude) as cold weather curtailed output. However, Syncrude production rose by 48 tb/d m-o-m as technical issues at the site's sour water treater were resolved. Conventional output is declining in Canada due to the rig count data showing another 153 unit drop in March compared to February.

Graph 5.6: Canada's annual liquids production and annual growth

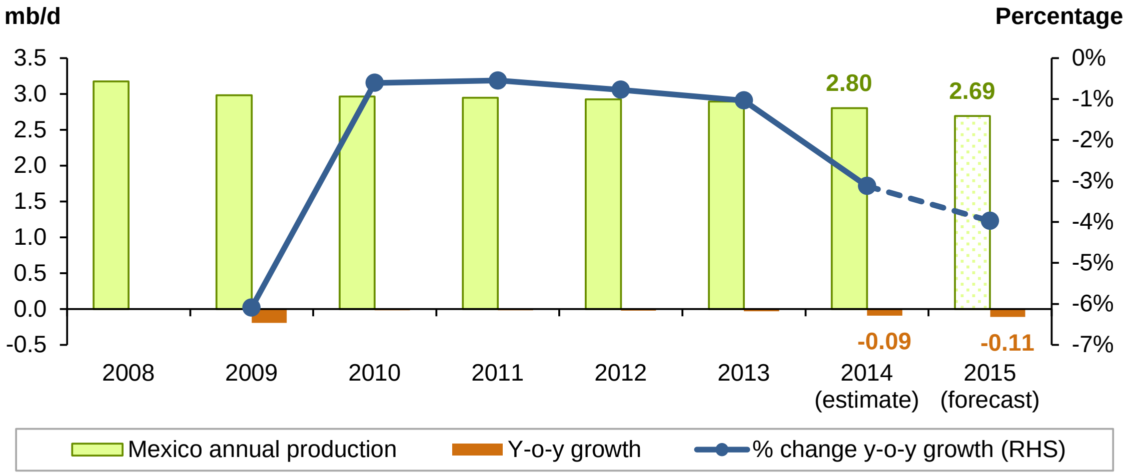


Source: OPEC Secretariat.

Oil production in **Mexico** in February recovered compared to a month earlier, but output fell y-o-y by 0.19 mb/d to 2.69 mb/d. Mexico's oil supply is forecast to average 2.69 mb/d in 2015, showing a decline of 0.11 mb/d, revised down by 10 tb/d from the previous month's estimation. Crude output fell y-o-y by 0.17 mb/d, with heavy crude output lower y-o-y by 0.14 mb/d as declines continued to accelerate at the Cantarell field, where output eased to 0.25 mb/d. Issues with rising water-cuts in oil and a worsening oil-to-gas ratio present further downsides to Mexican production. All of the leading fields are in decline, including Ku, Maloob and Zaap (KMZ), which fell by 75 tb/d y-o-y to 0.79 mb/d in January, likely due to maintenance at a gas processor plant, forcing operations to be scaled back at the field for part of the month. Since then, KMZ output recovered to 0.87 mb/d in February, a level maintained in March. Mexican crude output was 2.33 mb/d in February. However, output from large fields generally continued to decline. Oil production in Chuc remains the exception with growth of 15 tb/d y-o-y. Preliminary March oil output is estimated to remain unchanged at 2.69 mb/d.

On a quarterly basis, Mexico's supply is seen to average 2.67 mb/d, 2.69 mb/d, 2.71 mb/d and 2.70 mb/d, respectively.

Graph 5.7: Mexico's annual liquids production and annual growth



Source: OPEC Secretariat.

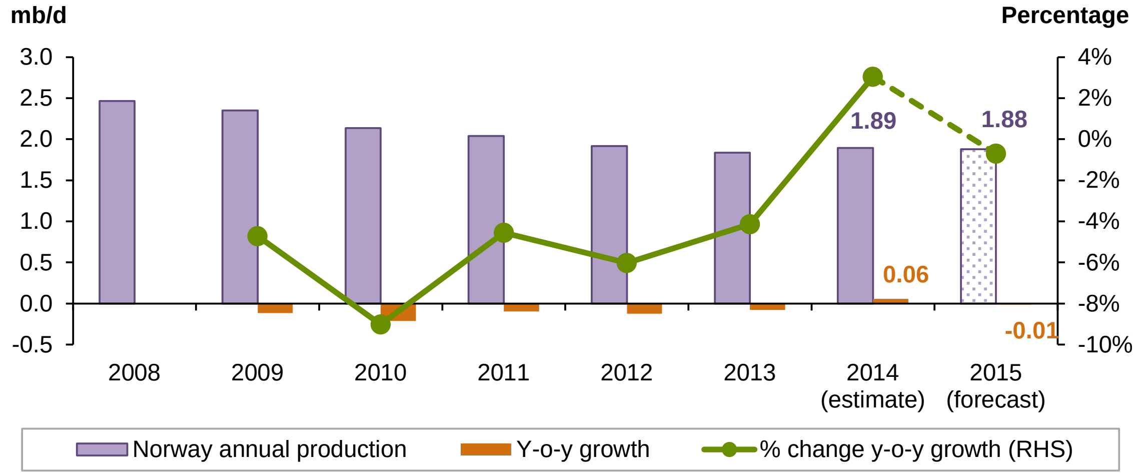
OECD Europe

Total OECD Europe oil supply, which increased by 0.02 mb/d to average 3.61 mb/d in 2014, is expected to decrease by 20 tb/d from the previous year to average 3.58 mb/d in 2015, revised up by 30 tb/d due to the base being changed from the previous *MOMR*. Output from the region is expected to continue on a downward trend from 1Q to 3Q15. OECD Europe's 4Q15 forecast was revised up by 30 tb/d mostly due to oil volumes coming back from seasonal maintenance and higher-than-expected output from delayed projects in Norway, the UK and even Other OECD Europe at the end of 2015.

OECD Europe is expected to see a quarterly supply of 3.70 mb/d, 3.54 mb/d, 3.44 mb/d and 3.66 mb/d, respectively.

Norway's oil supply is predicted to decline by 10 tb/d from the previous year to average 1.88 mb/d in 2015, unchanged from the previous *MOMR*. Preliminary production figures for February 2015 indicate an average daily production of about 1.93 mb/d of oil, NGLs and condensates. This is flat compared to January. The average daily liquids production in February was 1.55 mb/d of oil, 0.33 mb/d of NGLs and 0.05 mb/d of condensates. Oil production is 0.3% above the level seen in February of last year.

Graph 5.8: Norway's annual liquids production and annual growth



Source: OPEC Secretariat.

Production has begun at the deepwater Knarr oil field in the Norwegian North Sea. Operator BG Group didn't report initial flow rates but said the Petrojarl Knarr floating production, storage and offloading vessel has a capacity of 63 tboe/d. The vessel, moored in 400 m of water about 45 km northeast of the Snorre field, can store 800,000 barrels of oil. BG estimates gross reserves at 80 million barrels of oil in the Lower Jurassic Cook formation. It expects the field to produce for at least 10 years. The field's former name was Jordbaer.

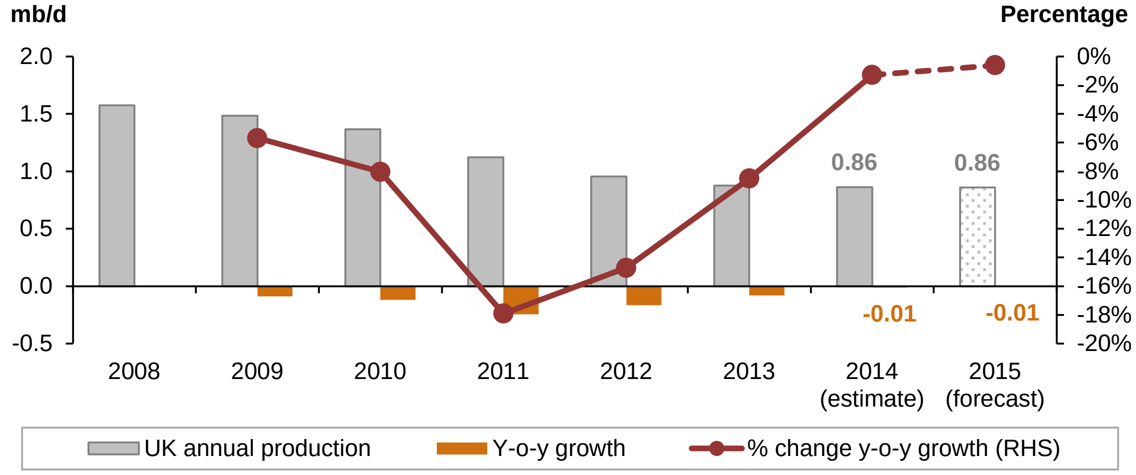
The CEO of the new Norwegian Oil and Gas Association said while spending in the current year would be down from the previous year's record levels, companies were still spending big and investing in future production. He acknowledged that there has been a drop in investments offshore Norway but said they are still at historically high levels. The conservative Norwegian Petroleum Directorate (NPD) has estimated that total industry capital expenditure on the shelf will fall 15% in 2015 to $19 billion against 2014 levels, but consultancy Wood Mackenzie has estimated cuts may total as much as 25%, and some analysts have warned capex could be cut by even more if the oil price does not recover. The NPD has also forecast that oil production in Norway will fall 8% from the 2014 levels of 1.51 mb/d to 1.39 mb/d in 2019.

On a quarterly basis, Norway's production in 2015 is seen to average 1.94 mb/d, 1.85 mb/d, 1.80 mb/d and 1.94 mb/d, respectively.

The **UK's** oil supply is forecast to average 0.86 mb/d, representing a decline of 10 tb/d in 2015, and y-o-y, it has been revised up by 35 tb/d from the previous *MOMR*. UK liquids output was revised up by 50 tb/d in 1Q15 to 0.91 mb/d, but it is lower y-o-y by 60 tb/d. UK liquids production eased m-o-m and was lower y-o-y by 0.12 mb/d at 0.89 mb/d in February due to technical failures at the Buzzard field, which reduced output for around 10 days, and also due to maintenance at smaller fields. As a result, March loadings were lowered from a one-year high of 0.43 mb/d to 0.41 mb/d. The return of the smaller fields from maintenance meant April loadings were set to rise by 0.42 mb/d. In order to encourage investment in the North Sea, the UK government has reduced the supplementary tax rate from 30% to 20% on newer fields.

On a quarterly basis, UK oil output in 2015 is forecast to average 0.91 mb/d, 0.83 mb/d, 0.80 mb/d and 0.89 mb/d, respectively.

Graph 5.9: UK annual liquids production and annual growth



Source: OPEC Secretariat.

OECD Asia Pacific

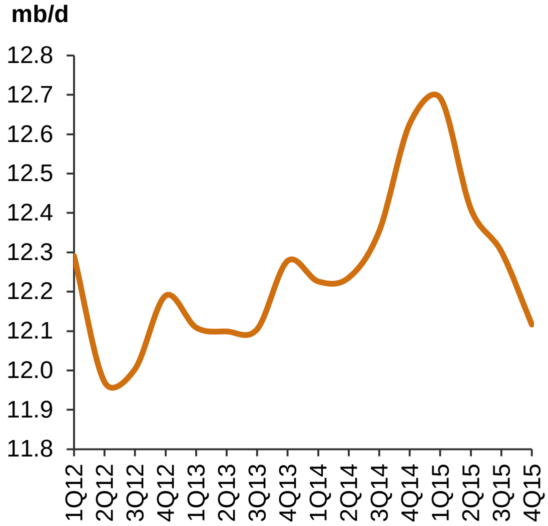
OECD Asia Pacific's oil supply is predicted to grow by 0.01 mb/d to average 0.52 mb/d in 2015, revised down by a minor volume of 5 tb/d from the last *MOMR*. The revision is due to the downward revision in 1Q15 of Australia, whose actual output was lower than our expectation. The revision was thus carried over to all quarters in 2015.

On a quarterly basis, OECD Asia Pacific's oil supply in 2015 is expected to stand at 0.50 mb/d, 0.53 mb/d, 0.54 mb/d and 0.52 mb/d, respectively.

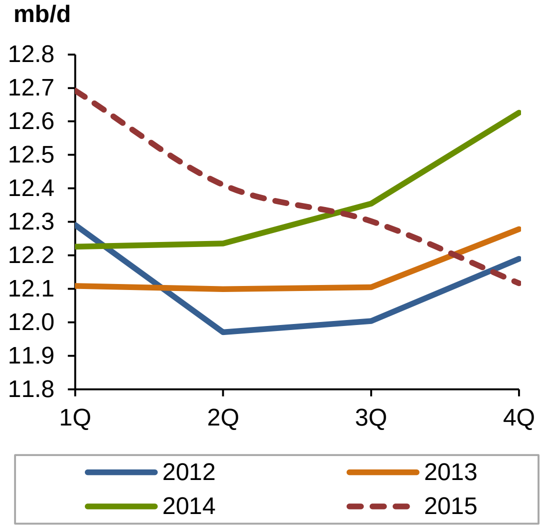
Developing countries

Total developing countries' (DCs) oil production is anticipated to stand at 12.38 mb/d in 2015, indicating an increase of only 20 tb/d, one-tenth of the level achieved in 2014, and a downward revision by 56 tb/d from the last *MOMR*. If the growth in 2014 was provided by the robust output of Brazilian pre-salt reservoirs in Latin America, this year, the shut-in wells in Yemen and lower production in Latin America have stunted the growth. Nevertheless, according to preliminary data, supply averaged 12.69 mb/d in 1Q15, up by 60 tb/d q-o-q and by 0.46 mb/d from the same period a year earlier. 400 tb/d came from Latin America, and the rest originated from Other Asia.

Graph 5.10: Developing Countries' quarterly production



Graph 5.11: Developing Countries' quarterly production, annual comparison



Other Asia

Other Asia's oil supply is predicted to grow by 0.03 mb/d to average 3.59 mb/d in 2015, revised down by 20 tb/d from the last *MOMR*. The revision is due to the downward revision in 1Q15, when the actual output was lower than our expectation, and hence the revision was carried over to all quarters in 2015. Nevertheless, Other Asia will be another driver of growth among all the non-OPEC regions in 2015. It is expected that **Malaysia** and **Other Asia's** production will grow by 40 tb/d and 30 tb/d, respectively, while **India** and **Indonesia** are expected to decline.

On a quarterly basis, Other Asia's supply in 2015 is expected to stand at 3.65 mb/d, 3.61 mb/d, 3.58 mb/d and 3.53 mb/d, respectively.

In **Indonesia**, the peak production target for the Cepu block has been raised by the Indonesian upstream regulator by 40 tb/d to 205 tb/d and expects operator ExxonMobil and its partner, state-owned Pertamina, to attain this target in 4Q15. Cepu, which has been critical to Indonesia in hitting or missing its annual oil production targets, is currently producing 40 tb/d. The existing wells at the block are producing better than the company had expected, and thus, the peak production volume has been raised.

The Energy Minister said that if everything precedes smoothly, Indonesia should be able to meet its 2015 oil production target of 825 tb/d. The block, which straddles the border between Central Java and East Java, is estimated to contain about 600 million barrels of oil and 1.7 Tcf (Trillion Cubic Feet) of gas.

Latin America

Latin America's oil supply is forecast to grow by 0.08 mb/d to average 5.12 mb/d in 2015, revised up by 20 tb/d from the last *MOMR*. However, the oil supply in **Argentina** was revised down by 10 tb/d. On the other hand, the proposed production from **Colombia** and **Brazil** was revised up by 20 and 10 tb/d, respectively. Latin America will be another main driver of growth among all the non-OPEC regions in 2015. The y-o-y growth in 1Q15 is estimated at 400 tb/d, but the q-o-q growth stands at 40 tb/d.

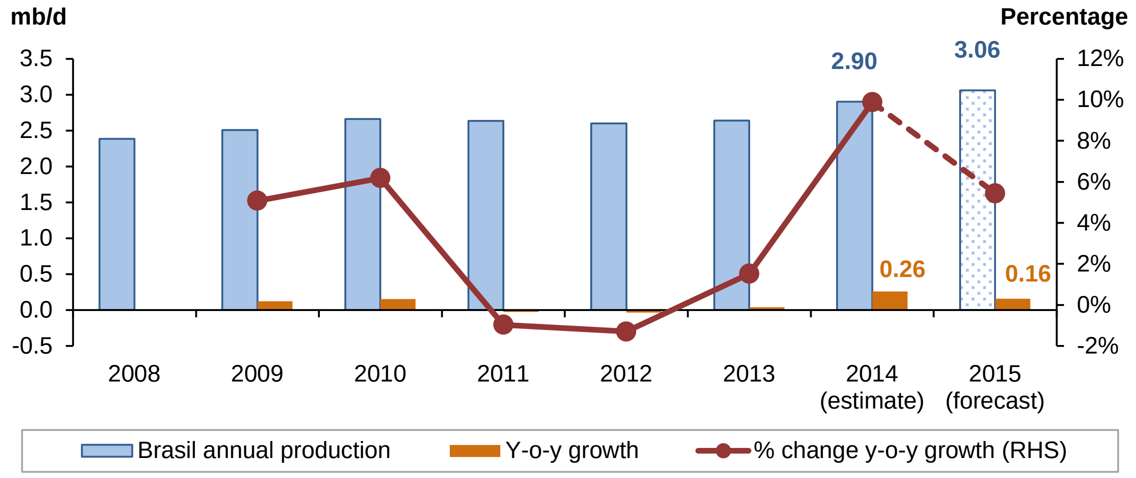
On a quarterly basis, Latin America's supply in 2015 is expected to stand at 5.28 mb/d, 5.12 mb/d, 5.10 mb/d and 4.99 mb/d, respectively.

Brazil

Brazil's annual liquids supply growth in 2015 is set to slow to 0.16 mb/d this year, down from 0.26 mb/d in 2014. This indicates an upward revision by 10 tb/d to 3.06 mb/d. Liquids production in Brazil in 1Q15 increased q-o-q by 20 tb/d to 3.10 mb/d, although crude oil production fell seasonally m-o-m by 40 tb/d to 2.53 mb/d in February and for the second consecutive month as maintenance continued at the P-58 platform. Oil output was also lower at the Lula (Brazil's second largest) and Marlim (Brazil's fourth largest) fields. Moreover, it is expected that the declining trend will continue in March as the 0.1 mb/d P-58 platform was shut down due to safety concerns.

Therefore, while 1Q15 will still register impressive y-o-y growth of 0.38 mb/d supported by record high pre-salt production, which hit 0.74 mb/d in February, production growth from 2Q15 will likely slow towards the end of the year.

Graph 5.12: Brazil's annual liquids production and annual growth



Source: OPEC Secretariat.

Petrobras has started up the P-61 tension-leg platform at the Papa Terra field on the southern tip of the Campos basin, 110 km offshore Brazil. Thirteen production wells will be interconnected to P-61, and production from P-61 is transferred via flexible lines to P-63, which is capable of processing 140 tb/d of oil and 1 mcm of gas, as well as injecting 340 thousand barrels of water. The presence of reservoirs with 14-17° gravity oil and the project's large water depths have made the development of the Papa-Terra field one of Petrobras's most complex projects, According to the exploration news announced by Petrobras, a large column of crude oil was discovered in the second extension well at the subsalt Libra Field in late March 2015. The C1 well, which was drilled in the Santos Basin about 220 kilometres off Rio de Janeiro state, is about 18 kilometres from the first extension well drilled at Libra. Petrobras earlier confirmed two other oil discoveries in this field previously announced in 2014. The drilling results confirmed the presence of a column of hydrocarbons approximately 200 meters thick and reservoirs with good permeability and porosity. The well, which the Schahin Sertao drillship started on 27 September, reached a final depth of 5,780 meters in waters that were 2,160 meters deep. Libra is estimated to hold 8-12 billion barrels of recoverable crude.

Brazil's total output in 2015 on a quarterly basis is predicted at 3.10 mb/d, 3.03 mb/d, 13.07 mb/d and 13.03 mb/d, respectively.

Colombia

Oil production in **Colombia,** which was expected to decline by 80 tb/d in 2015 due to the oil price slump in late 2014, has now been revised up by 20 tb/d to average 0.96 mb/d, compared with the last *MOMR*. Oil output in 1Q15 was revised up by 30 tb/d to 1.05 mb/d. The increase was due to a rise in output at the 100% Ecopetrol-owned Castile heavy oil field in eastern Meta province, where production reached 124 tb/d during the period. Output also reached a record 85 tb/d at Chichimene, which is also 100% owned by Ecopetrol. Colombian oil output in 2015 on a quarterly basis is predicted at 1.05 mb/d, 0.98 mb/d, 0.93 mb/d and 0.88 mb/d, respectively.

Middle East

Oil production from some non-OPEC producers in the Middle East faces considerable uncertainty and high risk. Syria and Yemen are on the verge of oil fields shutting down completely.

It is expected that the Middle East's oil output in 2015 will decline by 90 tb/d to a total average of 1.25 mb/d. No growth is expected in Bahrain, Oman or Syria, and oil production is predicted to decline in Yemen by 90 tb/d to average 50 tb/d in 2015.

Middle East oil output in 2015 on a quarterly basis is predicted at 1.32 mb/d, 1.25 mb/d, 1.23 mb/d and 1.22 mb/d, respectively.

Yemen

Yemen is a relatively minor oil and gas producer, producing around 0.14 mb/d of crude oil last year, down from a peak of 0.44 mb/d in 2001, due to limited investment, natural declines and frequent supply disruptions. There are two main crude grades, the light sweet Marib (API 48.9, sulphur 0.07%) and the medium Masila (API 31.4, sulphur 0.54%). Amid the worsening security situation, international oil operators in Yemen's oil projects have been halting operations since the start of the year. In January 2015, around 50 tb/d of oil production was shut down in the Shabwah province. Oil production of state-owned Safer Exploration & Production Operations Co., which produces around 30 tb/d of crude and also operates the gas fields around the country's LNG plant is in process of shutting down. On 30 March, Total Co. shut down most of its 35 tb/d Block 10 when it evacuated expatriate staff. The other IOCs have also left Yemen, and their production was halted since the first week of April. It seems that there is only one operator left, PetroMasila, the operator of Block 14, which is pumping 30 tb/d of oil.

Africa

Oil production from non-OPEC producers in Africa is expected to decline by 10 tb/d to average 2.41 mb/d. This indicates a downward revision by 10 tb/d compared with the last monthly report. Some growth is forecast in Congo as well as Equatorial Guinea at 10 tb/d each.

Oil output in Africa in 2015 on a quarterly basis is predicted at 2.44 mb/d, 2.42 mb/d, 2.40 mb/d and 2.38 mb/d, respectively.

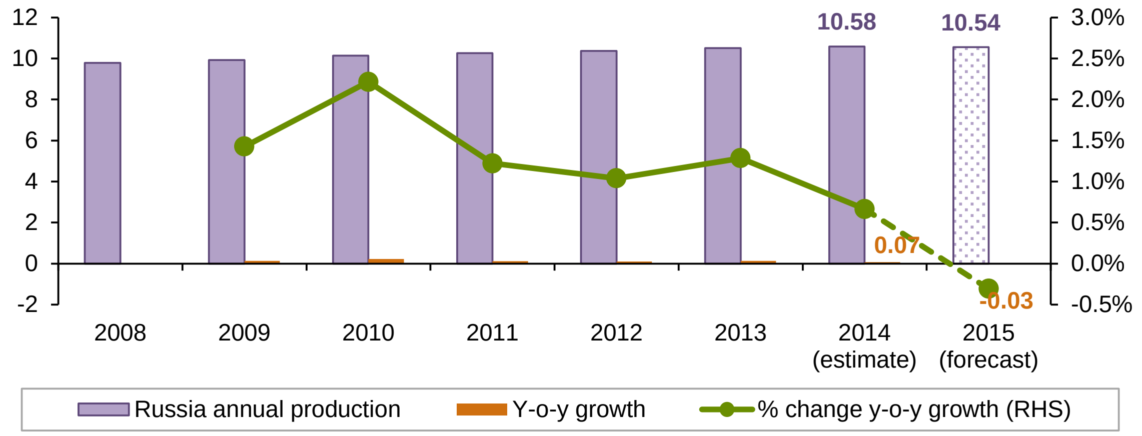
FSU, other regions

Oil production in **FSU** is expected to decline in 2015 by 0.10 mb/d, including 30 tb/d in Russia, 20 tb/d in Kazakhstan, 40 tb/d in Azerbaijan and 10 tb/d in FSU others, mainly Turkmenistan. FSU's output was revised up by 30 tb/d to average 13.33 mb/d in 2015. FSU total output in 2015 on a quarterly basis is predicted at 13.50 mb/d, 13.33 mb/d, 13.22 mb/d and 13.18 mb/d, respectively.

Russia

Oil production in **Russia** is forecast to decline in 2015 by 30 tb/d to average 10.54 mb/d, an upward revision by 30 tb/d due to higher-than-expected oil production in 1Q15. Despite lower oil prices and limited access to financing because of sanctions, Russian companies continue to grow crude oil production, which reached another post-Soviet record of 10.71 mb/d in March, a hike of 1.34% on the year, although NGLs and condensates supported output in 1Q15. Nevertheless, the production outlook for the coming months is uncertain.

Graph 5.13: Russia's annual liquids production and annual growth



Source: OPEC Secretariat.

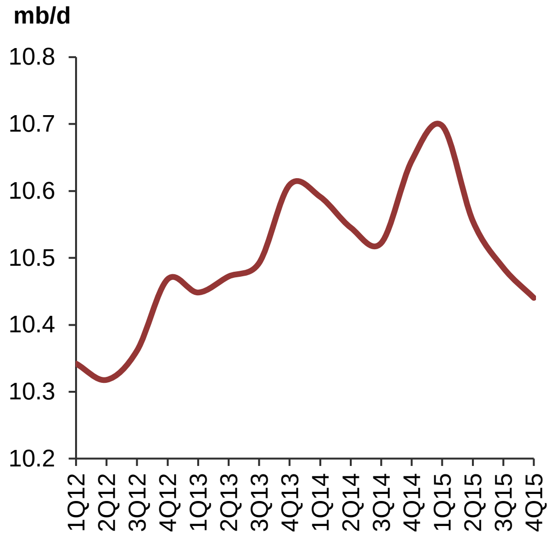
According to preliminary data from the Russian Energy Ministry, the recently nationalized Bashneft and small independent producers demonstrated the biggest growth rates in March. Bashneft was 10.6% up on the year at 0.39 mb/d. Total production by small-sized independents grew so far by 12.3% from March 2014, up to 1.1 mb/d. Gazprom Neft also showed a healthy increase of 2.9%, up to 0.69 mb/d. It is expected that the oil arm of Gazprom will keep growing its output this year at rates similar to or higher than in 2014. Last year, the company's production of hydrocarbons rose by 6.4%, with the output of liquids increasing by more than 2%. This is partly the result of the application of advanced technology, including horizontal drilling and multistage hydraulic fracturing, which allowed Gazprom Neft to increase production from its mature fields in West Siberia.

On the other hand, other Russian companies saw production declines at their mature fields in West Siberia. For instance, Lukoil saw a slight drop in March production to 1.74 mb/d. State-controlled Rosneft, for the same reason, saw its production fall by 0.5% from March 2014 down to 3.81 mb/d. Rosneft's Vankor field in East Siberia reached a peak of 0.44 mb/d and will start declining next year, but the company plans to launch the neighbouring Suzunskoye field to compensate for this decline next year, which is to reach peak output of 90 tb/d by 2018. Together with Tagulskoye and Lodochnoye, Suzunskoye has been included into the so-called Vankor cluster, which is slated to produce 0.5 mb/d. Drilling at Lodochnoye and Tagulskoye is to begin in 2018.

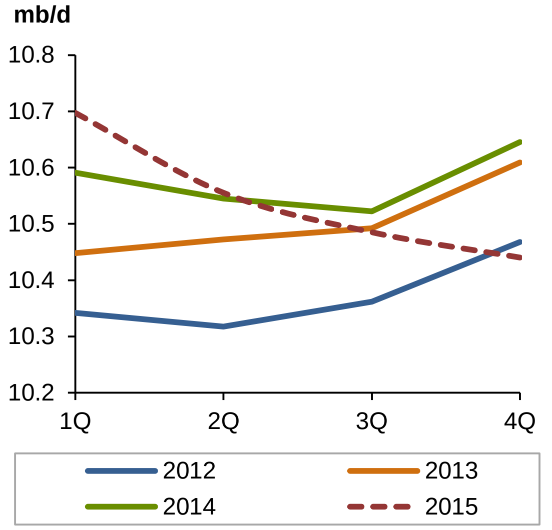
Oil production from the production sharing agreement projects such as the Exxon Mobil operated Sakhalin-1, Gazprom-led Sakhalin-2 and Total operated Kharyaga was down 7.6% to below 0.3 mb/d. Moreover, Sakhalin-2's crude oil output could fall by 15% in 2015 because of depletion.

Preliminary forecasts indicate that Russian oil output in 2015 on a quarterly basis will be at 10.70 mb/d, 10.56 mb/d, 10.49 mb/d and 10.44 mb/d, respectively.

Graph 5.14: Russia's quarterly production



Graph 5.15: Russia's quarterly production, annual comparison



Caspian

Oil production in **Kazakhstan, Azerbaijan** and **FSU others,** is expected to decline in 2015 by 20 tb/d to average 10.54 mb/d, 40 tb/d to average 1.61 mb/d and 10 tb/d to average 0.38 mb/d, respectively, unchanged from previous *MOMR*. The q-o-q growth in 1Q15 in Kazakhstan and Azerbaijan was -20 tb/d and 40 tb/d, respectively.

China

China's oil supply is forecast to grow by 30 tb/d over the previous year to average 4.31 mb/d in 2015, revised down in growth by 30 tb/d from the previous month. Chinese crude oil output reached a record high of 4.36 mb/d in 4Q14 as well as 4.32 mb/d in December, but it declined seasonally m-o-m by 70 tb/d to 4.25 mb/d in January and then again decreased by 30 tb/d to average 4.22 mb/d in February. China's largest oil field, Daqing, is expected to cut production by around 30 tb/d in 2015, with the slump in oil prices putting pressure on margins for refining crude from the ageing field.

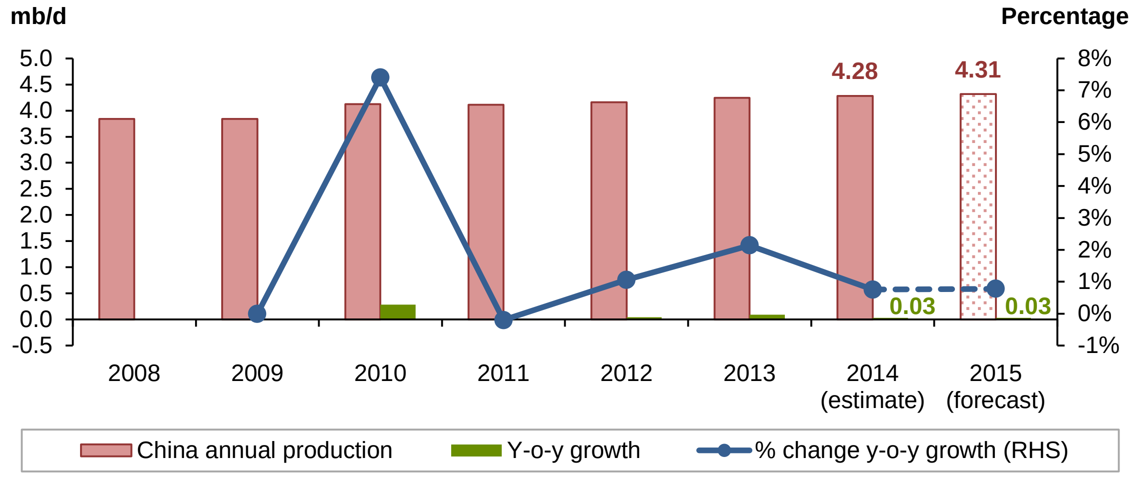
Based on news received from CNOOC in January, the capital budget for this year would be set at Yuan 70-80 billion, and the reduced capex this year was primarily because of lower oil prices. The CEO has said the company would adjust high risk projects in terms of exploration but projects that are already under construction will not be halted. CNOOC's net oil and gas production this year is targeted at 475 million to

495 million boe, which would be up to a 14.5% increase from last year. Nevertheless, last Friday, the former director of the National Energy Administration claimed Chinese output would fall by 14% y-o-y to 3.8 mb/d in 2015 from 4.2 mb/d currently as oil prices are far below the cost of production in the country.

Petro China reduced capex by 10%, but the company's price assumptions are for Brent to average $75/b in 2015, which seems highly unlikely, and thus Capex will probably be cut further. The company has already announced a 10% output cut at Daqing, China's largest oil field. Sinopec is also set to reduce its 2015 capex by 12.1% following an 8.3% y-o-y reduction in 2014, and within that, there will be an increasing focus towards gas with a targeted output increase of 24%. Sinopec reduced its oil production target because the company believes that natural gas will be the biggest contributor to profitability going forward. They will revisit exploration and development of mature fields where costs can be more than $70/b once prices recover, but for now, they will shut down these high-cost wells. The company, therefore, expects production to be lower y-o-y by 3.5%. CNOOC will also reduce capex by 26-35%, although it sees output rising by 10-15% due to seven new fields coming online. This follows 13 new starts in 2014, mostly ahead of schedule and below budget.

On a quarterly basis, China's supply in 2015 is seen to average 4.32 mb/d, 4.30 mb/d, 4.28 mb/d and 4.34 mb/d, respectively.

Graph 5.16: China's annual liquids production and annual growth



Source: OPEC Secretariat.

OPEC NGLs and non-conventional oils

OPEC NGLs and non-conventional oils are estimated to grow by 0.18 mb/d to average 5.83 mb/d in 2014, unchanged compared to the previous *MOMR*. In 2015, OPEC NGLs and non-conventional oil are projected to average 6.02 mb/d, an increase of 0.19 mb/d over the previous year. OPEC's forecast is very close to the average of seven other sources of 0.20 mb/d. Moreover, the OPEC forecast excludes the temporary cut of 10 tb/d of output capacity from the Pearl GTL project in Qatar due to maintenance, which is expected to come back online soon.

Table 5.7: OPEC NGLs + non-conventional oils, 2012-2015

			Change						*Change*		*Change*
	2012	**2013**	13/12	1Q14	2Q14	3Q14	4Q14	**2014**	14/13	**2015**	15/14
Total OPEC	**5.57**	**5.65**	0.08	5.73	5.79	5.86	5.93	**5.83**	0.18	**6.02**	0.19

OPEC crude oil production

According to secondary sources, total OPEC crude oil production averaged 30.79 mb/d in March, an increase of 0.81 mb/d over the previous month. Crude oil output increased mostly from Saudi Arabia and Iraq, while Libya saw a return of about 165 tb/d from shut-in wells in active oil fields. According to secondary sources, OPEC crude oil production, not including Iraq, stood at 27.16 mb/d in March, down by 0.49 mb/d over the previous month.

Table 5.8: OPEC crude oil production based on *secondary sources*, tb/d

	2013	2014	3Q14	4Q14	1Q15	Jan 15	Feb 15	Mar 15	*Mar/Feb*
Algeria	1,159	1,151	1,167	1,152	1,113	1,117	1,110	1,112	*2.2*
Angola	1,738	1,660	1,705	1,688	1,767	1,776	1,751	1,772	*21.4*
Ecuador	516	542	543	546	557	558	555	557	*2.2*
Iran, I.R.	2,673	2,766	2,759	2,763	2,777	2,776	2,783	2,773	*-10.4*
Iraq	3,037	3,265	3,153	3,424	3,447	3,398	3,306	3,625	*318.8*
Kuwait	2,822	2,774	2,794	2,719	2,749	2,734	2,756	2,759	*3.0*
Libya	928	473	614	679	380	350	308	473	*165.2*
Nigeria	1,912	1,911	1,949	1,904	1,906	1,956	1,900	1,861	*-38.6*
Qatar	732	716	724	682	675	675	675	676	*0.8*
Saudi Arabia	9,586	9,683	9,747	9,608	9,776	9,644	9,663	10,010	*346.8*
UAE	2,741	2,761	2,791	2,757	2,818	2,820	2,818	2,817	*-1.2*
Venezuela	2,389	2,373	2,369	2,364	2,351	2,355	2,349	2,350	*1.6*
Total OPEC	**30,231**	**30,075**	**30,316**	**30,286**	**30,317**	**30,158**	**29,974**	**30,786**	***811.8***
OPEC excl. Iraq	**27,194**	**26,809**	**27,162**	**26,862**	**26,870**	**26,760**	**26,669**	**27,162**	***493.0***

Totals may not add up due to independent rounding.

Table 5.9: OPEC crude oil production based on *direct communication*, tb/d

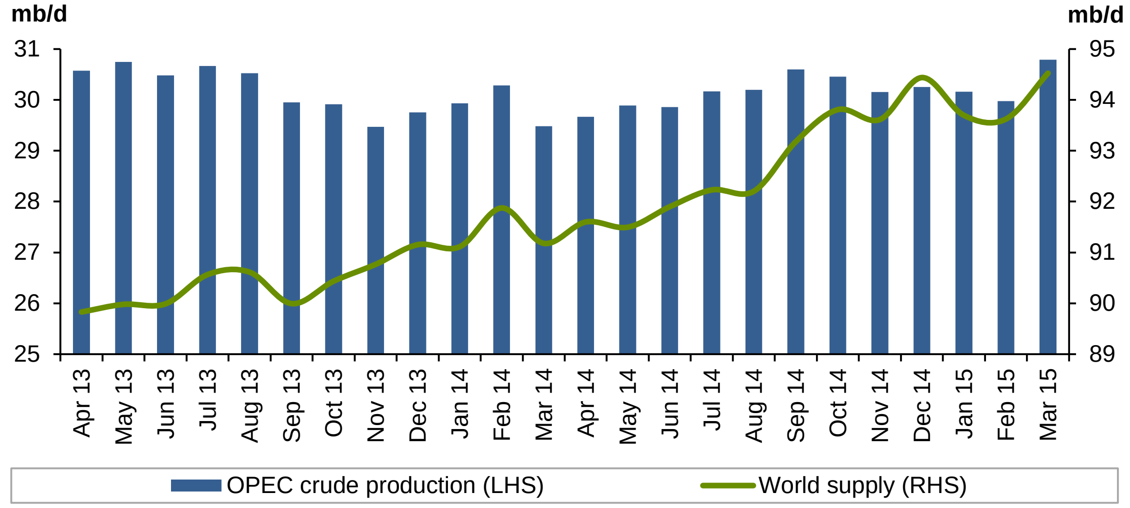
	2013	2014	3Q14	4Q14	1Q15	Jan 15	Feb 15	Mar 15	*Mar/Feb*
Algeria	1,203	1,192	1,196	1,179	1,141	1,165	1,131	1,125	*-6.0*
Angola	1,701	1,654	1,723	1,727	1,766	1,761	1,790	1,748	*-42.0*
Ecuador	526	557	557	560	550	561	533	553	*19.6*
Iran, I.R.	3,576	3,121	3,003	3,020	3,017	3,020	3,010	3,020	*10.0*
Iraq	2,980	3,110	3,077	3,141	3,064	3,042	2,783	3,339	*556.0*
Kuwait	2,922	2,867	2,876	2,807	2,850	2,850	2,850	2,850	*0.0*
Libya	993	480	571	735	411	360	341	525	*183.8*
Nigeria	1,754	1,807	1,724	1,816	1,761	1,796	1,802	1,689	*-112.7*
Qatar	724	709	720	682	687	674	676	708	*32.4*
Saudi Arabia	9,637	9,713	9,769	9,644	9,878	9,680	9,636	10,294	*658.8*
UAE	2,797	2,794	2,881	2,790	2,948	2,960	2,980	2,907	*-72.4*
Venezuela	2,786	2,683	2,668	2,701	2,729	2,717	2,742	2,729	*-13.2*
Total OPEC	**31,599**	**30,685**	**30,765**	**30,802**	**30,800**	**30,587**	**30,273**	**31,488**	**1,214**
OPEC excl. Iraq	**28,619**	**27,575**	**27,687**	**27,661**	**27,736**	**27,545**	**27,490**	**28,149**	**658**

Totals may not add up due to independent rounding.

World oil supply

Preliminary data indicates that global oil supply increased by 0.90 mb/d to average 94.52 mb/d in March 2015 compared with the previous month. The increase of non-OPEC supply as well as OPEC crude oil production in March caused the rise in global oil output. The share of OPEC crude oil in total global production increased by 0.6% to 32.6% in March, compared with the previous month. Estimates are based on preliminary data for non-OPEC supply as well as OPEC NGLs and non-conventional from direct communications, while estimates for OPEC crude production come from secondary sources.

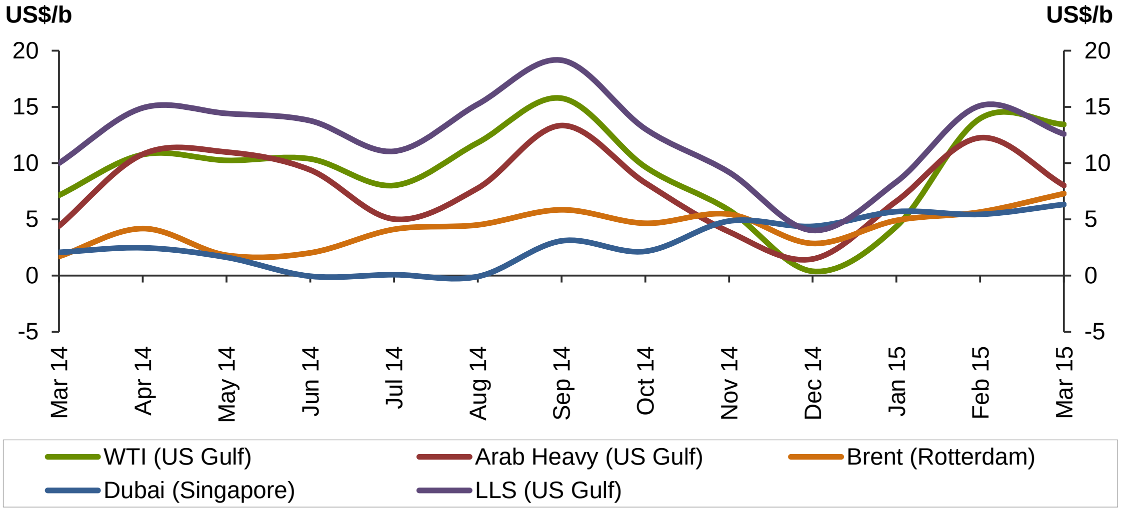
Graph 5.17: OPEC and world oil supply



Product Markets and Refinery Operations

Product markets in the Atlantic Basin remained healthy during March on the back of higher gasoline demand ahead of the US driving season. In addition, tight sentiment fuelled by the heavy maintenance season and some outages amid the switch to summer quality fuels allowed gasoline crack spreads to increase. This partially offset weakening demand for heating oil as the winter season receded, thus allowing refinery margins to remain healthy in the region. Meanwhile, the Asian market exhibited a positive performance. This was supported by increasing demand for light and middle distillates in several countries in the region amid the upcoming maintenance season, which will fuel tighter market sentiment and lend further support to refinery margins.

Graph 6.1: Refinery margins, 2014-2015



US product markets continued to exhibit a positive performance during March on the back of stronger domestic gasoline demand ahead of the driving season. This took place amid tight sentiment fuelled by the supply side with some FCC unit outages amid the transition to summer specifications. The sharp gain in gasoline crack spreads partially offset the fall in gasoil cracks caused by the drop in heating oil consumption as winter vanished. This allowed refinery margins to remain healthy, despite minor losses.The refinery margin for WTI crude on the US Gulf Coast (USGC) showed a slight loss of 50¢ to average around $13/b in March, remaining at a healthy level. Meanwhile, the margin for Light Louisiana Sweet (LLS) crude on the USGC averaged $13/b in March, exhibiting a loss of more than $2, as its price strengthened versus WTI prices.

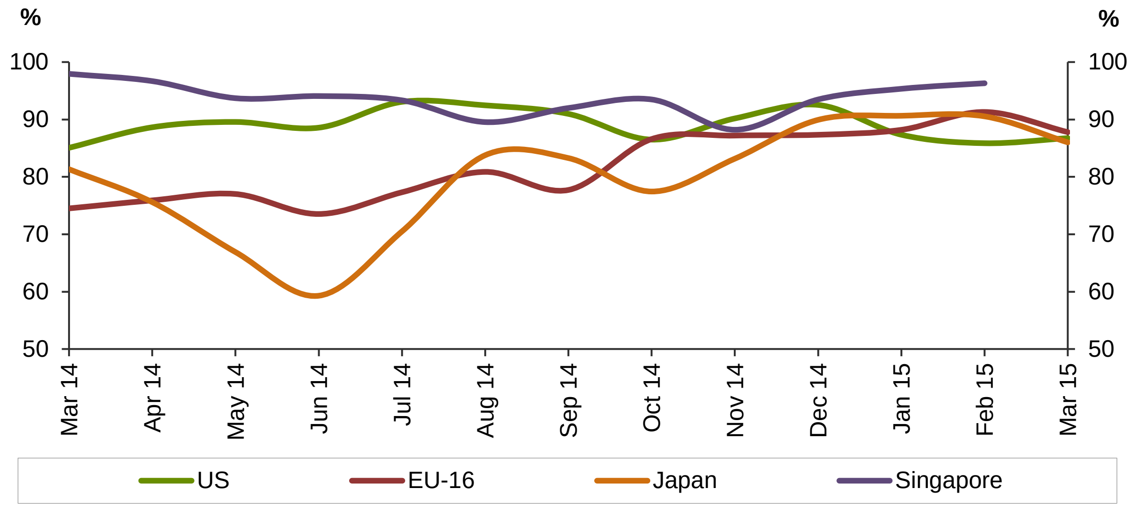
European refining margins continued to rise in March, as product markets were supported by higher export opportunities of gasoline to the Americas and West Africa. However, the uptick was limited by a weakening at the middle of the barrel. The refinery margin for Brent crude in Northwest Europe gained more than $1 to average $7.3/b in March.

Asian refining margins recovered in March on the back of support from stronger gasoline and middle distillate demand in the region. Additional support came from the upcoming refinery turnarounds, which fuelled tightening sentiment to the market. Refinery margins in Singapore showed an uptick of 90¢ versus the previous month to average around $6.3/b in March.

Refinery operations

Refinery utilization rates in the **US** recovered somewhat during March. This reversed the downward trend seen in the last months caused by the onset of the maintenance season amid bad weather and some outages, as well as the return of some refineries from maintenance and the vanishing impacts of the strike after an agreement reached between parties. US refinery utilization averaged 87% in March, about 1 percentage point (pp) higher than a month earlier.

Graph 6.2: Refinery utilisation rates, 2014-2015



European refinery runs averaged above 88% of refining capacity in March, corresponding to a throughput of 10.3 mb/d, 400 tb/d lower than the previous month and more than 700 tb/d compared with the same month a year ago. European refineries were encouraged to increase throughput in the last month because of export opportunities and healthy margins. However, refinery throughputs have been impacted by some maintenance in the region.

Asian refinery levels have continued to rise in the face of increasing demand in the region, with Chinese refineries averaging more than 10.5 mb/d in February, the highest level seen in the last months. Refinery runs in Singapore for February averaged around 96%, increasing 1 pp over the previous month, while Japanese throughputs averaged above 86% of capacity in March.

US market

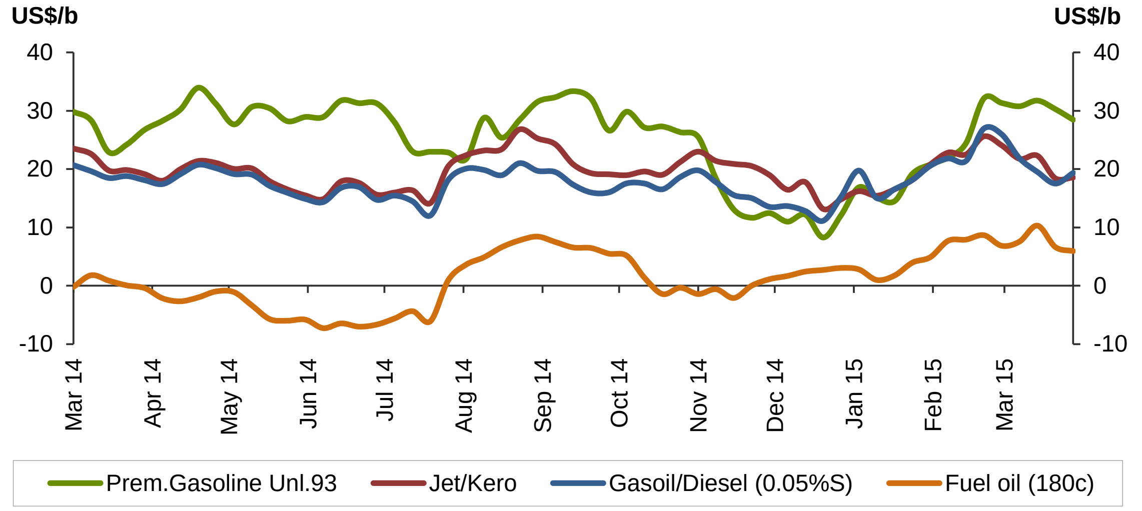
US gasoline demand stood at around 9 mb/d in March, about 300 tb/d higher than the previous month and 270 tb/d higher than the same month a year earlier.

The gasoline crack continued exhibiting a strong upward trend in March on the back of tight sentiment fuelled by the supply side. Several refinery issues and some FCC unit outages amid the transition to summer specifications provided strong support to the gasoline market.

The crack spread gains were boosted by stronger domestic demand fuelled by higher driving activity, as spring weather arrived, and by higher exports, mainly to Mexico. This contributed to a nationwide draw of more than 10 mb in gasoline inventories during the month.

The gasoline crack spread saw a sharp gain of more than $5 to average $31/b in March.

Graph 6.3: US Gulf crack spread vs. WTI, 2014-2015



Middle distillate demand stood at around 3.9 mb/d in March, around 340 tb/d lower than the previous month and 170 tb/d lower than the same month a year earlier.

The middle distillate market weakened slightly due to pressure coming from the supply side with increasing imports and higher outputs causing the crack spread to lose part of the ground gained last month. Higher imports in the East and Gulf Coasts contributed to the rising inventories.

Another bearish factor was the decline in heating oil consumption as the winter season came to an end. However, further losses were avoided by increasing exports to Europe and Latin America, and expectations of higher demand from the agricultural sector as the planting season got underway.

The USGC gasoil crack gained $1.5 versus the previous month to average around $21.2/b in March.

At the **bottom of the barrel**, the fuel oil crack showed smaller gains than seen in the previous month due to decreased support coming from vacuum gasoil (VGO) demand as a feedstock, which was caused by some FCC outages. However, the market has been receiving support from the tightening environment, further fuelled by the supply side with the recent start-up of a coking unit at Petrobras' new Abreu e Lima refinery, which will cut fuel oil exports from Brazil.

The fuel oil crack in the USGC gained 80¢ to average around $4/b in March.

European market

Product markets in Europe continued exhibiting a positive performance on the back of stronger gasoline export opportunities to the Americas and West Africa. As a result, gasoline crack spreads continued their upward trend, thus offsetting the weakening middle distillate market.

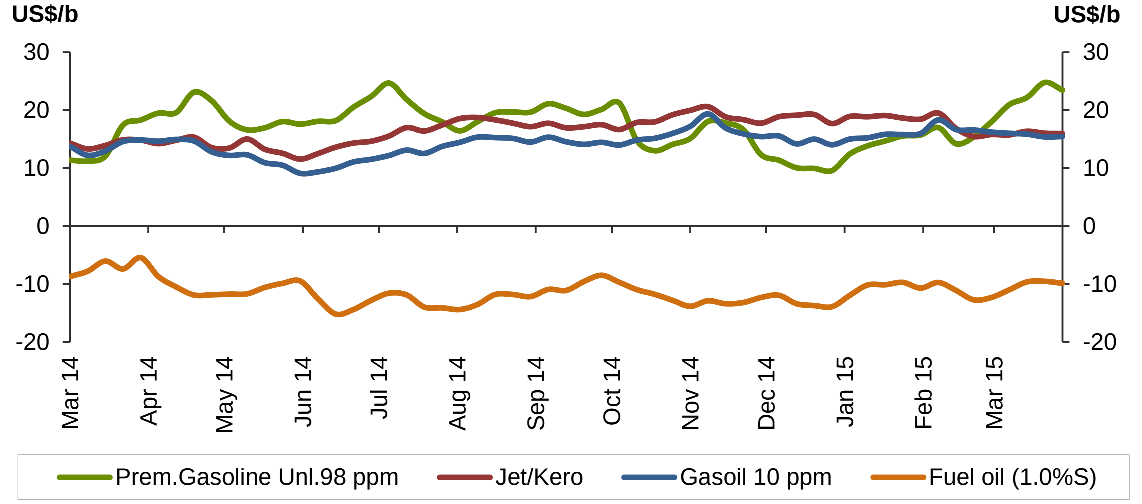
The gasoline market continued strengthening in Europe on the back of increasing export opportunities to West Africa and the US, amid the switch from winter grades to more expensive summer-quality gasoline.

Strong gasoline demand in the US East Coast, amid the stockpiling of summer grades ahead of the US driving season, supported European exports to the US.

The gasoline crack spread against Brent gained almost $6 to average $22/b in March.

The light distillate naphtha crack continued its upward trend, gaining more than $2/b, supported by healthy domestic petrochemical demand amid high cracker utilization rates and higher arbitrage volumes to Asia.

Graph 6.4: Rotterdam crack spreads vs. Brent, 2014-2015



Middle distillate cracks partially lost the ground recovered last month in the European market.

The gasoil crack spread lost ground due to pressure coming from the supply side. Domestic production was on the rise with increasing refinery runs seen in the previous month and Russian gas oil exports hitting a high level in February, breaking the 1.1 mb/d mark, and remaining elevated over the last weeks.

In addition, US exports are expected to be on the rise in the coming weeks with the return of warmer temperatures in the Northeast as winter ends. In Europe, domestic demand continued without lending sufficient support to the middle distillate market.

The gasoil crack spread against Brent crude at Rotterdam lost $1 versus the previous month to average around $16/b in March.

At the bottom of the barrel, fuel oil cracks recovered the ground lost in the previous month on the back of a tightening market due to a reduction in fuel oil production as refiners anticipate lower demand with the implementation of new maritime Emission Control Area (ECA) regulations. In addition, the expected decrease in Russian crude intake with the maintenance season reaching its peak over the coming weeks may reduce exports to Europe, thus further tightening the fuel market.

The Northwest European fuel oil crack gained 50¢ versus the previous month's level to average around minus $10.6/b in March.

Asian market

The Asian market continued to recover on the back of support from stronger regional gasoline and middle distillate demand, which boosted gasoline and gasoil crack spreads. Additional support came from refinery trunarounds in the region, which tightened the market.

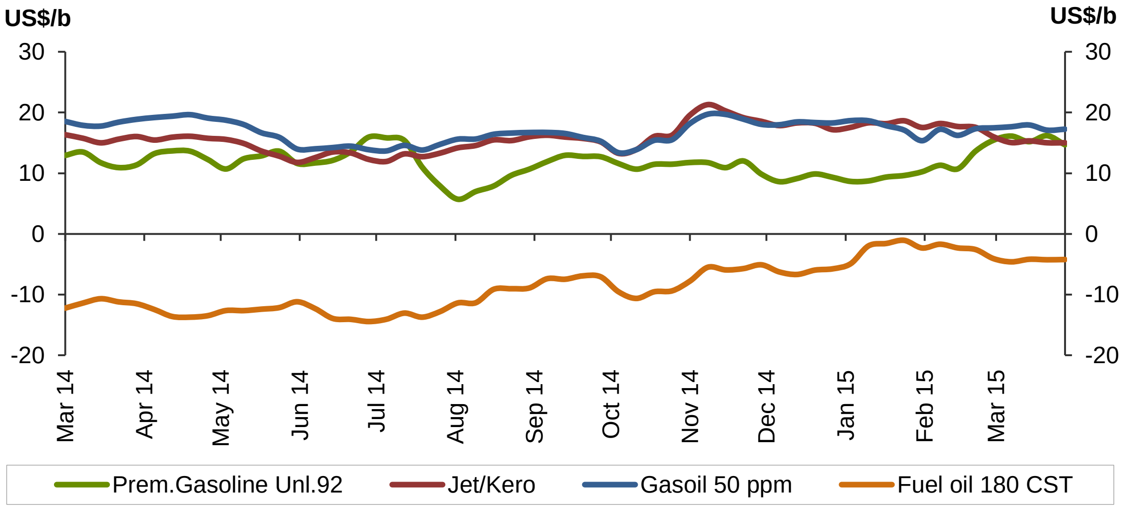
The Singapore **gasoline** crack continued its upward trend during March on the back of support from stronger demand in several countries in the region, mainly from India, China, Thailand, South Korea and Australia.

Gasoline demand exhibited a sharp increase during the last months in Northeast Asia, and preliminary reports for January and February indicated an increase of more than 250 tb/d y-o-y in combined sales for India and China.

The gasoline crack spread against Dubai crude in Singapore gained more than $4 versus the previous month to average $16/b in March.

The Singapore naphtha crack continued its upward trend on the back of stronger buying interest from the petrochemical sector, however some pressure is expected in the coming weeks due to turnarounds at several naphtha crackers and increasing Western volumes.

Graph 6.5: Singapore crack spread vs. Dubai, 2014-2015



For the **middle of the barrel**, gasoil cracks recovered the ground lost last month on the back of stronger regional demand and amid support coming from the upcoming heavy maintenance season.

Demand for middle distillates has shown impressive gains in India and China, thus supporting the market in the region. This trend is expected to continue in the coming months.

Additionally, the Singapore gas oil crack strengthened with support coming from the supply side as several countries increased their requirements ahead of heavy refinery maintenance, which offset higher exports from new refineries in the Mideast Gulf.

The gasoil crack spread in Singapore against Dubai strengthened, gaining $1.4 versus the previous month's level to average around $17.6/b in March.

The **fuel oil** market weakened during March due to pressure coming from the supply side with higher arbitrage volumes heading to the Asia-Pacific region, including higher inflows from the Middle East, in recent weeks.

In addition to the plentiful supplies, another bearish factor was lacklustre bunker demand, which caused Singapore's fuel oil stock to remain high.

The fuel oil crack spread in Singapore against Dubai averaged around minus $4.3/b in March, a decline of almost $2 versus the previous month.

Table 6.1: Refined product prices, US$/b

		Jan 15	Feb 15	Mar 15	Change Mar/Feb
US Gulf (Cargoes FOB):					
Naphtha*		55.45	66.26	65.39	-0.87
Premium gasoline	*(unleaded 93)*	63.76	75.57	78.43	2.86
Regular gasoline	*(unleaded 87)*	54.72	68.17	71.10	2.93
Jet/Kerosene		63.86	73.67	69.14	-4.53
Gasoil	*(0.2% S)*	64.76	73.46	68.80	-4.66
Fuel oil	*(1.0% S)*	42.49	53.73	51.57	-2.16
Fuel oil	*(3.0% S)*	38.47	48.71	45.86	-2.85
Rotterdam (Barges FoB):					
Naphtha		46.66	55.35	55.65	0.30
Premium gasoline	*(unleaded 98)*	61.80	73.71	77.62	3.91
Jet/Kerosene		66.67	75.70	71.93	-3.77
Gasoil/Diesel	*(10 ppm)*	63.24	75.02	71.77	-3.25
Fuel oil	*(1.0% S)*	37.20	47.05	45.35	-1.70
Fuel oil	*(3.5% S)*	37.79	47.79	46.07	-1.72
Mediterranean (Cargoes FOB):					
Naphtha		39.92	52.53	52.55	0.02
Premium gasoline*		56.54	68.31	73.37	5.06
Jet/Kerosene		63.25	73.37	68.63	-4.74
Gasoil/Diesel*		64.39	76.34	73.42	-2.92
Fuel oil	*(1.0% S)*	39.43	49.07	47.87	-1.20
Fuel oil	*(3.5% S)*	38.01	46.78	46.03	-0.75
Singapore (Cargoes FOB):					
Naphtha		45.23	57.39	57.38	-0.01
Premium gasoline	*(unleaded 95)*	57.42	70.46	73.84	3.38
Regular gasoline	*(unleaded 92)*	54.66	67.06	70.34	3.28
Jet/Kerosene		63.66	73.25	70.01	-3.24
Gasoil/Diesel	*(50 ppm)*	63.65	72.08	72.20	0.12
Fuel oil	*(180 cst 2.0% S)*	43.99	54.93	51.54	-3.39
Fuel oil	*(380 cst 3.5% S)*	42.59	52.24	49.42	-2.82

** Cost, insurance and freight (CIF).*
Sources: Platts and Argus Media.

Table 6.2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				*Refinery utilization, %*			
				Change				***Change***
	Jan 15	**Feb 15**	**Mar 15**	**Mar/Feb**	**Jan 15**	**Feb 15**	**Mar 15**	**Mar/Feb**
US	15.60	15.34	15.50	0.16	87.35	85.87	86.75	0.88
France	1.14	1.24	1.27	0.03	75.71	82.07	84.33	2.25
Germany	1.90	1.96	1.84	-0.12	84.37	87.57	82.29	-5.29
Italy	1.30	1.37	1.35	-0.01	63.29	66.91	66.18	-0.73
UK	1.08	1.08	1.11	0.02	82.15	82.07	83.97	1.90
Euro-16	10.32	10.69	10.30	-0.39	88.20	91.31	87.80	-3.51
Japan	3.58	3.57	3.40	-0.18	90.65	90.55	86.01	-4.54

Sources: OPEC statistics, Argus, Euroilstock inventory report, IEA, EIA/DoE, METI and PAJ.

Tanker Market

Dirty tanker freight rates generally declined in March from the previous month, dropping 3% on average. This fall mainly affected the VLCC and Aframax class in March, while Suezmax closed the month 5% higher than the previous month. VLCC spot freight rates on all reported routes were down in March from a month earlier on the back of lower tonnage demand from Asia with the approach of the refinery maintenance season. Clean tanker spot freight rates showed improved sentiment on all reported routes without exception. Product tankers of different sizes reported higher freight rates in March on the back of strong tonnage demand, often reporting low availability. On average, clean tanker spot freight rates were up by 16% from the month before.

Spot fixtures

Preliminary data for March showed that OPEC spot fixtures dropped by 9.6% compared with the previous month to average 11.79 mb/d. Global spot fixtures declined as well by 5.8% in March, compared with the previous month, to average 17.04 mb/d. Fixtures on the Middle East-to-East route were down by 17.1% ahead of refinery maintenance season in the East, while Middle East-to-West routes increased by a slight 0.01 mb/d, though remaining higher by 10% compared with the same month one year ago. In general, global chartering activity showed a drop of 12.6% from the same month one year earlier.

Table 7.1: Tanker chartering, sailings and arrivals, mb/d

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15
Spot Chartering				
All areas	17.16	18.09	17.04	-1.05
OPEC	12.36	13.04	11.79	-1.25
Middle East/East	6.21	6.60	5.47	-1.13
Middle East/West	2.04	2.75	2.76	0.01
Outside Middle East	4.11	3.69	3.56	-0.13
Sailings				
OPEC	24.03	24.48	23.67	-0.81
Middle East	17.69	18.10	17.34	-0.76
Arrivals				
North America	10.49	10.14	9.85	-0.29
Europe	12.07	12.50	12.57	0.07
Far East	8.29	8.50	8.73	0.23
West Asia	4.75	4.66	4.59	-0.07

Sources: Oil Movements and Lloyd's Marine Intelligence Unit.

Sailings and arrivals

OPEC sailings, as per preliminary data, reflected a decline of 3.3% in March from a month earlier to average 23.67 mb/d. However, compared with the same month one year ago, they were down by 2%. Arrivals in North America and West Asia were lower by 2.9% and 1.5%, respectively, from the previous month, while European and Far East port arrivals reported an increase of 0.6% and 2.6% from a month earlier.

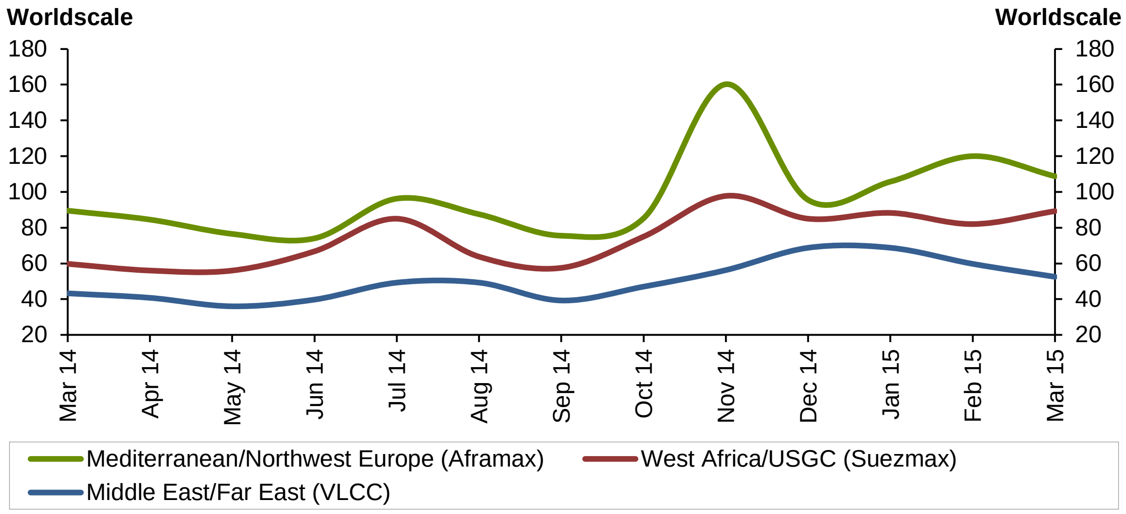
Spot freight rates

VLCC

In March, VLCC freight rates dropped to their lowest level this year so far for tankers trading on all reported routes, showing a decline from a month earlier. On average, VLCC freight rates dropped by 14% from the previous month to stand at WS44 points, continuing the downward trend they have experienced since the beginning of the year. March fixtures continued to be on the low side for both eastern and western destinations. The relatively high activity seen in the market only maintained rates flat, a clear sign of market imbalance. Even continuous delays at Middle Eastern and Chinese ports had no effect on tonnage supply and freight rates.

Fixtures for tankers operating on the Middle East-to-West route saw softer rates, as tonnage requirements remained low in general in March, while rates remained unchanged at best. Freight rates did not pick up at all in April; first-decade-of-the-month requirements came into play and numbers ended low. VLCC owners tried to hold freight rates steady to avoid any further slippage, mainly to prevent breaking the WS50-point mark. Freight rates to the East dropped, despite occasional tight availability. Thus, Middle East-to-East freight rates dropped by 12%, mainly on the back of low tonnage demand ahead of refinery maintenance season in the East. West Africa-to-East freight rates followed the same pattern, dropping by 11% to stand at WS52 points. Freight rates for tankers operating on the Middle East-to-West route experienced a higher drop, down by 20% from one month before. Of all reported routes in the dirty tanker segment, only freight rates on the Middle East-to-West route showed negative performance over the same month in 2014.

Graph 7.1: Monthly averages of crude oil spot freight rates



Suezmax

Suezmax spot freight rates were volatile in March. At the beginning of the month, rates for Suezmax in West Africa were stable since chartering activity was slow, however the market did encounter later gains as a result of activity in the Caribbean, Black Sea and Mediterranean. Suezmax freight rates surged in West Africa for end-of-March fixtures as tonnage supply tightened, while fixing activity increased before rates bounced back; tonnage supply and demand came into balance. The Suezmax market experienced positive performance in transatlantic trade due to a stable flow of requirements versus limited tonnage supply in the region. Freight rates for tankers operating on the West Africa-to-US Gulf Coast (USGC) route increased by 9% to average WS89 points, the highest amount seen since the beginning of this year, showing a worthy annual increase of 49%, while Northwest Europe (NWE)-to-USGC freight rates remained almost unchanged from the previous month to average WS70 points.

Suezmax was the only dirty segment class which closed the month on a positive note, up by an average of 5% from the previous month and 37% from one year earlier.

Table 7.2: Spot tanker crude freight rates, Worldscale

	Size *1,000 DWT*	**Jan 15**	**Feb 15**	**Mar 15**	***Change*** **Mar 15/Feb 15**
Crude					
Middle East/East	230-280	69	60	53	-7
Middle East/West	270-285	39	36	29	-7
West Africa/East	260	67	58	52	-7
West Africa/US Gulf Coast	130-135	88	82	89	7
Northwest Europe/US Gulf Coast	130-135	75	70	70	0
Indonesia/East	80-85	111	105	104	-1
Caribbean/US East Coast	80-85	136	165	171	6
Mediterranean/Mediterranean	80-85	113	128	116	-11
Mediterranean/Northwest Europe	80-85	106	120	109	-11

Sources: Galbraith's tanker market report and Platts.

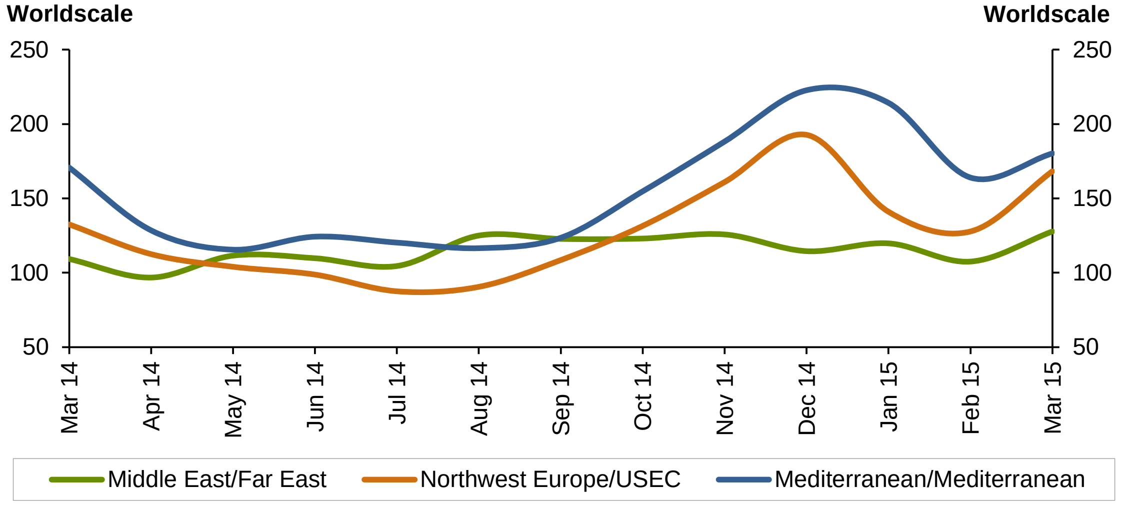
Aframax

Aframax freight rates dropped on average in March by 3% from one month earlier as a result of mixed performance for the class. Most routes showed a decline, with the exception of the Caribbean-to-US East Coast (USEC) route, which went up by 4% from February. Aframax freight rates in the Caribbean remained stable even during times of low requirement, lack of inquiry and a well-populated tonnage list. Freight rate gains in the Caribbean were supported by delays and bad weather conditions, which led to prompt replacements in a tighter market. Aframax freight rates dropped in both directions of the Mediterranean due to a lack of inquiries and low number of fixtures. This, combined with a long tonnage list, reduced delays at the Turkish Straits and shortened transit time, thus adding further vessels to the list. Freight rates for tankers operating on the Mediterranean-to-Mediterranean and Mediterranean-to-NWE routes declined by 9% each to average WS116 and WS109 points, respectively. Average spot freight rates dropped in the Mediterranean, despite premiums being paid for late-running replacement vessels.

Clean spot freight rates

Clean tanker market sentiment was bullish in March on all reported routes due to a busy product tanker market. In West of Suez, medium-range (MR) tankers enjoyed an active market and a jump in freight rates. Tankers operating in transatlantic trade benefited from high tonnage demand, a short positions lists and the refinery strike in the US. Although MR tanker freight rates experienced a drop at some point, the market later corrected itself; its activities increased, while vessel availability declined. Thus, spot freight rates for NWE-to-US routes showed the highest gains, edging up by 32% over a month earlier to stand at WS168 points, while Mediterranean-to-Mediterranean and Mediterranean-to-NWE clean spot freight rates increased by 9% each to stand at WS180 points and WS190 points, respectively, benefiting from the preholiday rush and a high number of inquiries.

Graph 7.2: Monthly average of clean spot freight rates



The clean tanker market in East of Suez was eventful, as sufficient activity combined with an occasionally short tonnage supply was enough to support clean freight rates across a number of product tanker classes.

On average, clean spot freight rates on East of Suez increased by 17% in March from the previous month. Clean spot freight rates on Middle East-to-East routes increased by 19% to average WS128 points, while Singapore-to-East spot freight rates stood at WS135 points, up by 16% from one month earlier.

Tonnage demand remained strong in the East, with long-range (LR) 1 freight rates increasing on the back of naphtha shipments combined with tight availability. MR freight rates remained strong during the month, benefiting from high demand.

Table 7.3: Spot tanker product freight rates, Worldscale

	Size *1,000 DWT*	**Jan 15**	**Feb 15**	**Mar 15**	***Change*** **Mar 15/Feb 15**
Products					
Middle East/East	30-35	120	108	128	20
Singapore/East	30-35	120	116	135	18
Northwest Europe/US East Coast	33-37	141	128	168	41
Mediterranean/Mediterranean	30-35	214	164	180	16
Mediterranean/Northwest Europe	30-35	225	174	190	16

Sources: Galbraith's tanker market report and Platts.

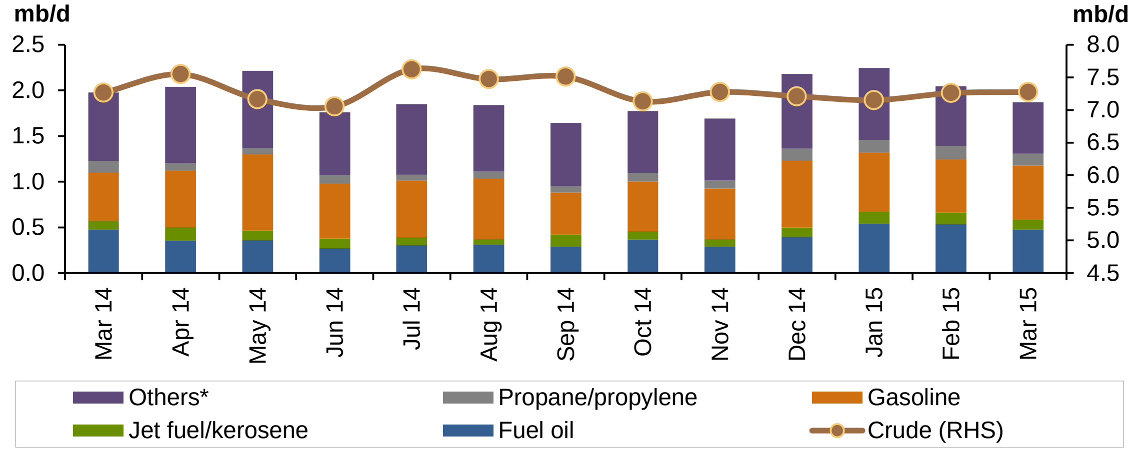
Oil Trade

Preliminary March data showed that US crude oil imports increased slightly by 16 tb/d from the previous month to average 7.2 mb/d. However, in y-o-y terms, US crude imports remained flat. US product imports declined by 137 tb/d or 8% to average 1.8 mb/d. In February, Japan's crude oil imports went up by 165 tb/d or 5% to average 3.7 mb/d, the highest level seen since March 2014. Japan's product imports dropped in February by 57 tb/d to average 635 tb/d. China's crude oil imports increased slightly in February by 55 tb/d or 1% from the previous month to average 6.7 mb/d. China's product imports also increased in February by 212 tb/d from the previous month and by 312 tb/d from a year earlier to average 1.1 mb/d. India's crude imports averaged 3.4 mb/d, which is 750 tb/d or 18% lower than the level seen last month, marking the lowest crude imports since July 2014. India's product imports saw an increase by 40 tb/d or 8% from a month ago to average 507 tb/d.

US

Preliminary March data shows that **US crude oil imports** increased slightly by 16 tb/d from the previous month to average 7.2 mb/d. On an annual basis, US crude imports remained flat from a year earlier. Year-to-date, crude imports declined by 122 tb/d.

Graph 8.1: US imports of crude and petroleum products



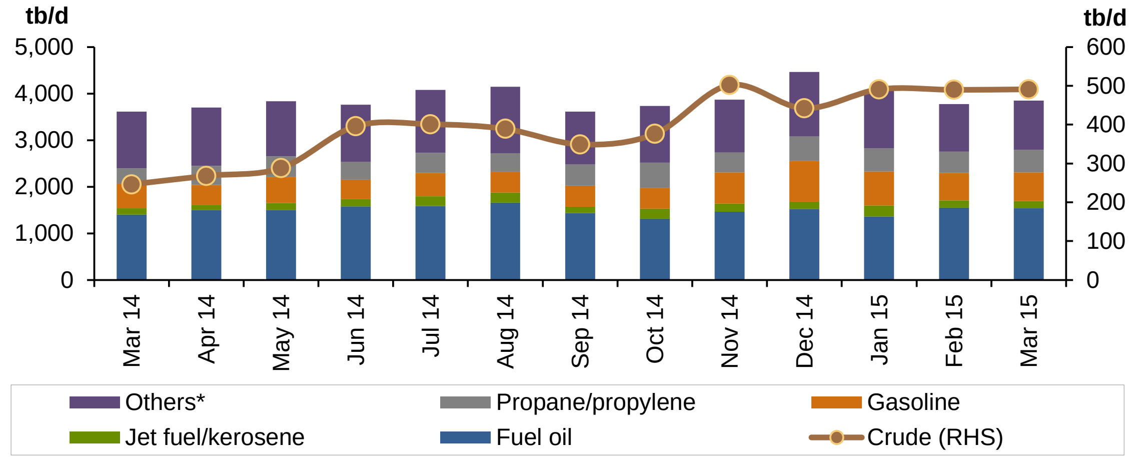
**Others: Contains natural gas liquids, liquefied refinery gases (LRG's), other liquids and all finished petroleum products except gasoline, jet fuel/kerosene, fuel oil and propane/propylene.*

US product imports declined by 175 tb/d or 8% to average 1.8 mb/d m-o-m, the lowest since November 2014. In y-o-y terms, they dropped by 105 tb/d or 5%. Year-to-date, product imports increased by 184 tb/d.

In March, **US product exports** went up by 73 tb/d or 2% to average 3.8 mb/d from the previous month. On an annual comparison, the figures show an increase of 273 tb/d or 7%. As a result, **US total net imports dropped in March to average 4.8 mb/d**, a 5% decrease from the previous month and an 11% drop from last year.

In January, Canada remained the **top crude supplier** as seen before, accounting for 32% of total US crude imports, although its exports to the US were lower by 4% or 115 tb/d from last month. Canada has held the top US supplier position since March 2006. Saudi Arabia came in as the second largest supplier to the US, holding a share of 11% of total crude imports while Mexico was the third largest US supplier with a similar share to Saudi Arabia. Imports from both Saudi Arabia and Mexico dropped from last month by 3% each.

Graph 8.2: US exports of crude and petroleum products



**Others: Contains natural gas liquids, liquefied refinery gases (LRG's), other liquids and all finished petroleum products except gasoline, jet fuel/kerosene, fuel oil and propane/propylene.*

Crude imports from **OPEC Member Countries** dropped in January from the previous month by 200 tb/d or 8% and accounted for 32% of total US crude imports. US product imports from OPEC Member Countries dropped as well from a month earlier to stand at 219 tb/d, representing a share of 10% of the total amount of products imported by the US and a decline of 45% from the same month last year.

As for the **product supplier** share, Canada and Russia maintained their positions as the first and second suppliers to the US with a share of 34% and 16%, respectively. Imports from both countries were up from the previous month by 133 tb/d and 11 tb/d, respectively. The United Kingdom came in as the third largest product supplier to the US with a similar level of imports from what it had the previous month.

In January, US crude imports from North America averaged 3.2 mb/d, making North America the top region for US crude imports, followed by Latin America, which stood at 2.4 mb/d in January, while the Middle East was the third region with an average of 1.3 mb/d. Imports from Africa were down from last month to stand at 185 tb/d, while imports from Asia dropped by 32 tb/d to average 28 tb/d.

Table 8.1: US crude and product net imports, tb/d

	Jan 15	Feb 15	Mar 15	Change Mar 15/Feb 15
Crude oil	6,659	6,769	6,783	15
Total products	-1,833	-1,730	-1,978	-248
Total crude and products	**4,826**	**5,039**	**4,805**	**-234**

Looking at **crude imports by PADD**, in PADD 1, the highest crude imports to the USEC were sourced from North America to average 355 tb/d. Imports from Africa declined slightly by 8 tb/d or 2%. Crude imports from Latin America to PADD 1 increased from the previous month to average 154 tb/d. Imports from PADD 2 were mostly obtained from North America to average 2 mb/d, while PADD 2 imported only 32 tb/d from the Middle East in January. PADD 3 sourced its imports from Latin America and the Middle East, with both suppliers exporting higher volumes in January by 75 tb/d and 59 tb/d to average 1.8 mb/d and 836 mb/d, respectively. PADD 4 sourced all of its imports from North America, averaging 279 tb/d in January, down by

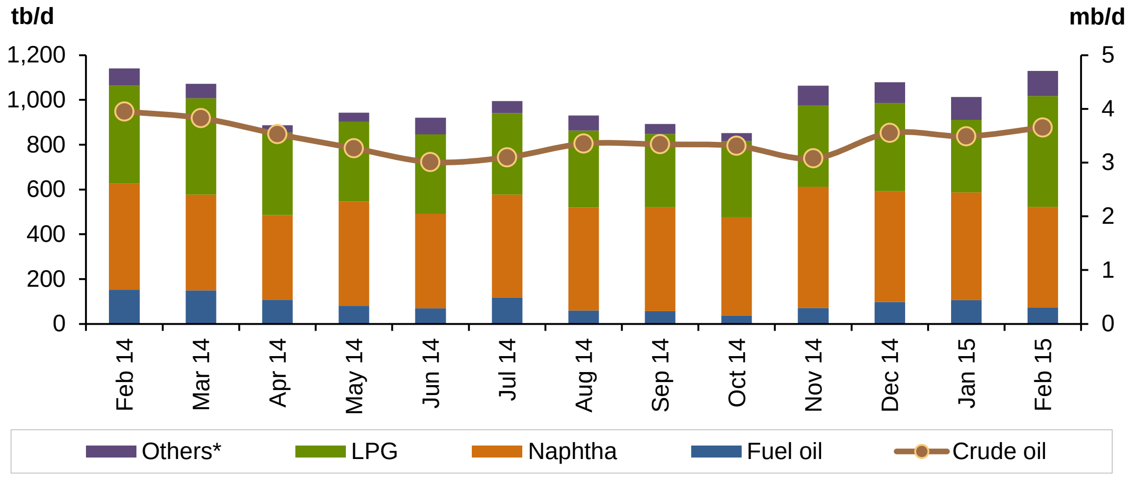
18 tb/d from the previous month. In PADD 5, the West Coast's largest imports continued to be sourced from the Middle East with an average of 413 tb/d, up by 13 tb/d from the month before. Latin America and North America were the second and third largest sources, exporting 385 tb/d and 225 tb/d, respectively, in January, with increases of 76 tb/d and 20 tb/d from last month.

Japan

Japan's **crude oil imports** increased in February by 165 tb/d or 5% to average 3.7 mb/d, the highest level seen since March 2014. On an annual basis, crude imports dropped in February by 7%.

As for the supplier's share, Saudi Arabia was again the **top crude supplier** to Japan with 33% of total crude exports as it increased the volumes exported to Japan by 134 tb/d or 13% over the previous month. UAE came in as the second largest supplier to Japan with 23% of total crude imports. Russia came in third place with a share of 9%. Japan's imports from both UAE and Russia were lower than in the previous month by 41 tb/d and 45 tb/d, respectively.

Graph 8.3: Japan's imports of crude and petroleum products

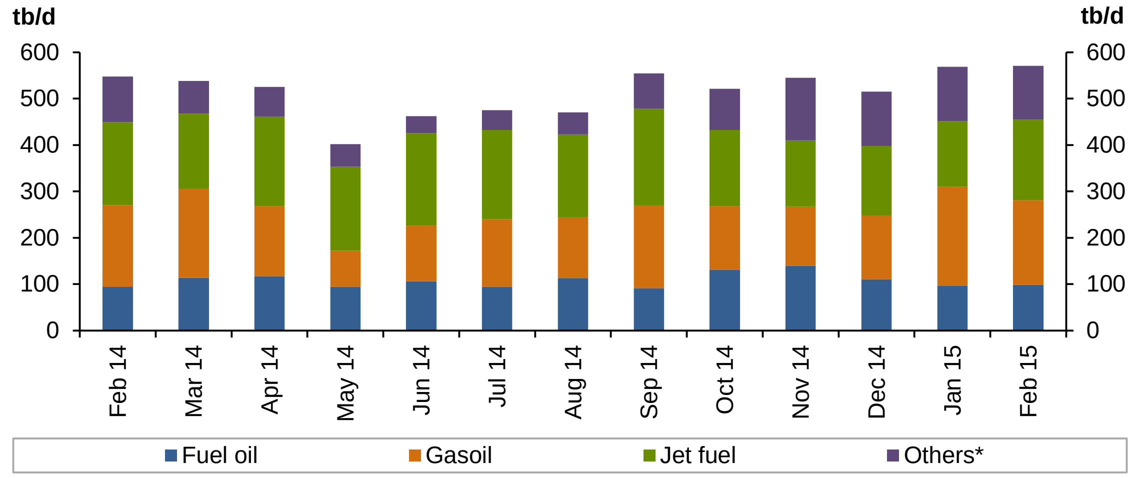


**Others: Contains gasoline, jet fuel, kerosene, gasoil, asphalt and paraffin wax.*

Japan's **product imports** dropped in February by 57 tb/d to average 635 tb/d as a result of lower imports of fuel oil, naphtha and gasoil, which dropped by 31%, 32% and 3%, respectively. At the same time, Japan's product sales dropped by 1.1% from last year.

Japan's **product exports** in February were almost unchanged from the previous month to average 571 tb/d, the highest level seen since September 2013. Accordingly, **Japan's net imports rose in February by 109 tb/d to average 3.7 mb/d**, reflecting a monthly gain of 109 tb/d, yet an annual loss of 388 tb/d.

Graph 8.4: Japan's exports of petroleum products



**Others: Contains LPG, gasoline, naphtha, kerosene, lubricating oil, asphalt and paraffin wax.*

Table 8.2: Japan's crude and product net imports, tb/d

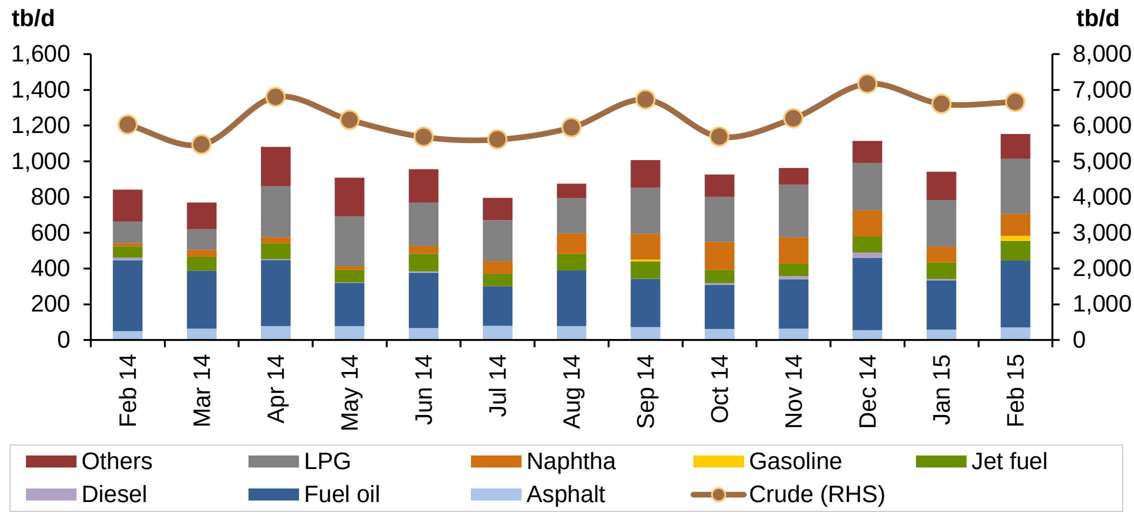
	Dec 14	Jan 15	Feb 15	*Change* Feb 15/Jan 15
Crude oil	3,553	3,489	3,654	165
Total products	170	120	64	-56
Total crude and products	**3,723**	**3,609**	**3,719**	**109**

China

China's **crude oil imports** increased marginally in February by 55 tb/d or 1% from the previous month to average 6.7 mb/d. On an annual basis, China's crude imports were up by 636 tb/d or 11%. Y-t-d, the figures reflect an increase of 297 tb/d or 5%. In February, China reported high refinery runs and utilization rates.

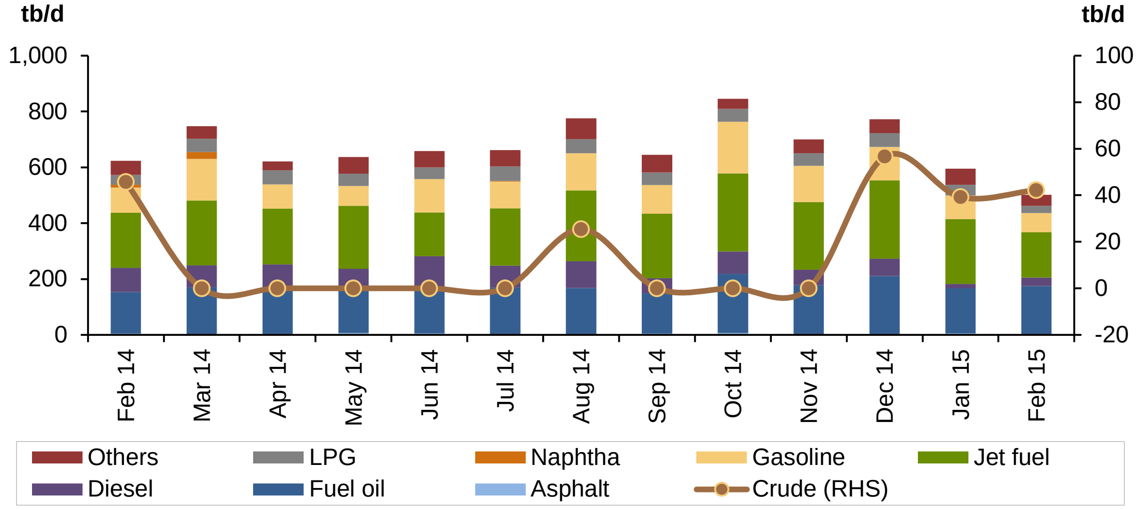
In terms of **supplier share**, Saudi Arabia, Angola and Russia were the top crude suppliers to China in February, holding shares of 17%, 12% and 10%, respectively. In February, all top suppliers had raised their exports to China by 127 tb/d, 37 tb/d and 10 tb/d, respectively, from one month ago.

Graph 8.5: China's imports of crude and petroleum products



China's **product imports** increased in February by 212 tb/d from the previous month and 312 tb/d from a year earlier to average 1.1 mb/d.

Graph 8.6: China's exports of crude and petroleum products



China's **crude exports** increased slightly in February to average 42 tb/d, while **product exports** dropped from last month by 93 tb/d to average 501 tb/d, the lowest level seen since October 2012. As a result, **China's net oil imports rose by 339 tb/d or 5% from the previous month** and 17% from a year before.

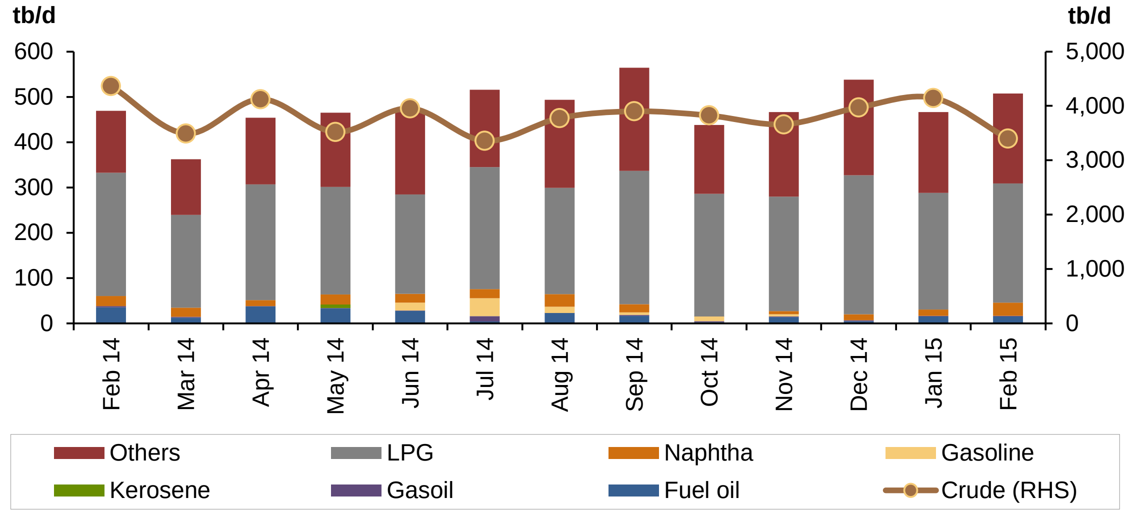
Table 8.3: China's crude and product net imports, tb/d

	Dec 14	Jan 15	Feb 15	*Change* Feb 15/Jan 15
Crude oil	7,115	6,568	6,620	52
Total products	343	347	652	305
Total crude and products	**7,458**	**6,914**	**7,272**	**357**

India

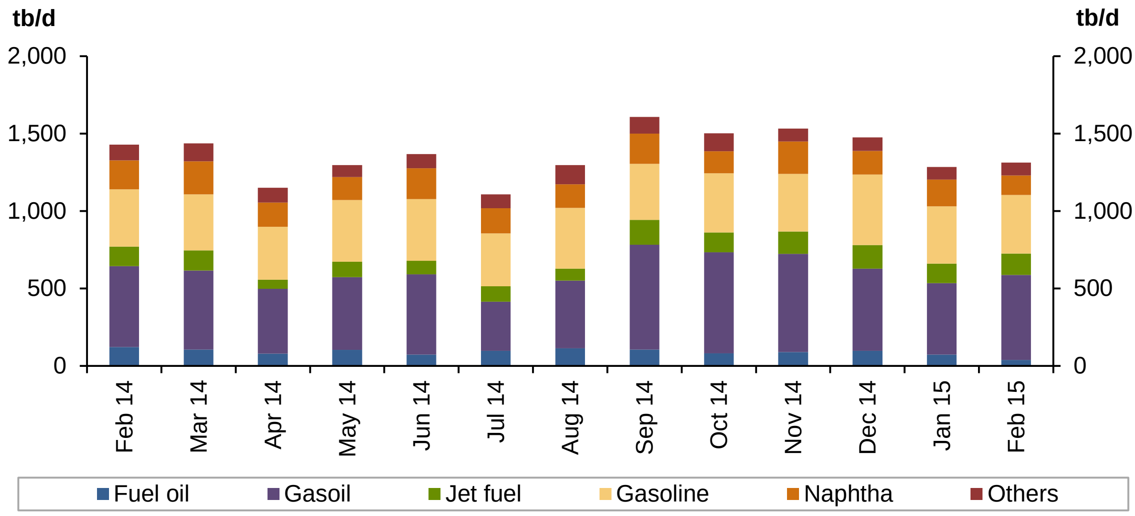
In February, India's **crude imports** averaged 3.4 mb/d, which is 750 tb/d or 18% lower than the level seen last month, marking the lowest crude imports seen since July 2014. On an annual basis, it reflects a greater decrease, dropping by 970 tb/d or 22%. Refinery runs showed no change in February from the previous month.

Graph 8.7: India's imports of crude and petroleum products



On the contrary, **product imports** saw an increase of 40 tb/d or 8% over a month ago to average 507 tb/d. Year-on-year, it reflects a similar gain of 38 tb/d or 8%. The monthly increase in product imports came mainly as a result of increased imports of naphtha, which rose by 115 tb/d or 116%. Domestic oil product sales rose in February from a year earlier by 9.2%, driven by strong demand for gasoline and gasoil.

Graph 8.8: India's exports of petroleum products



India's **product exports** increased in February by 28 tb/d or 2% from the previous month to average 1.3 mb/d, while y-o-y, they dropped by 116 tb/d or 8%. Monthly exports of naphtha and fuel oil were down by 27% and 48%, respectively, from the previous month, while exports of diesel increased for the same month by 19%. Consequentially, **India's net imports declined by 737 tb/d to average 2.6 mb/d**, the lowest level seen since March 2014.

Table 8.4: India's crude and product net imports, tb/d

	Dec 14	Jan 15	Feb 15	*Change* Feb 15/Jan 15
Crude oil	3,972	4,146	3,396	-750
Total products	-939	-818	-805	13
Total crude and products	**3,033**	**3,329**	**2,591**	**-737**

Note: India data table does not include information for crude import and product export by Reliance Industries.

FSU

In February, **total crude oil exports** from the former Soviet Union (FSU) increased by 35 tb/d or 0.5% to average 6.6 mb/d. Crude exports through Russian pipelines declined by 64 tb/d or 2% to average 4 mb/d.

Total **shipments from the Black Sea** dropped by 48 tb/d or 7% to average 683 tb/d as shipments from Novorossiysk decreased by 52 tb/d from a month before.

Total Baltic Sea exports dropped by 72 tb/d in February as shipments from the Primorsk port terminal dropped by 105 tb/d. This, however, was offset by the increase seen at the Ust Luga port terminal.

The **Druzhba pipeline's** total shipments went up by 26 tb/d to average 1 mb/d. Additionally,

Kozmino shipments increase by 31 tb/d or 5% to average 611 tb/d.

Exports through the **Lukoil system** dropped from the previous month in the Barents Sea as the Varandey offshore platform reported a drop of 4 tb/d, while in the Baltic Sea, the Kalinigrad port terminal increased by 2 tb/d.

In the Russian **Far East**, total exports were up by 52 tb/d or 19% from the previous month with exports from the Aniva Bay port terminal declining by 12 tb/d and exports from the De Kastri port terminal increasing by 64 tb/d from January. **Central Asia's** total exports through the Kenkiyak-Alashankou pipeline stood at 269 tb/d, up by 26 tb/d. **Baltic Sea** total exports went up by 129 tb/d as a result of increased shipments from the Novorossiyk port terminal (CBC), which rose by 154 tb/d from the month before. In the **Mediterranean**, BTC supplies dropped from the previous month by 122 tb/d or 17% to average 593 tb/d.

FSU total product exports dropped by 221 tb/d or 6% from last month to average 3.6 mb/d. This decrease was the result of a decline seen in fuel oil, gasoil and gasoline exports, which dropped by 188 tb/d, 55 tb/d and 37 tb/d, respectively, from the previous month, while exports of VGO, jet fuel and naphtha increased from last month.

Table 8.5: Recent FSU exports of crude and petroleum products by source, tb/d

			2013	3Q 14	4Q 14	Jan 15	Feb 15
Transneft system							
	Europe	**Black Sea total**	**739**	**570**	**503**	**731**	**683**
		Novorossiysk port terminal - total	739	570	503	731	683
		of which: Russian oil	535	409	358	555	459
		Others	204	162	145	176	224
		Baltic Sea total	**1,546**	**1,288**	**1,180**	**1,497**	**1,424**
		Primorsk port terminal - total	1,083	799	730	959	854
		of which: Russian oil	1,007	799	730	959	854
		Others	76	0	0	0	0
		Ust-Luga port terminal - total	463	489	450	538	570
		of which: Russian oil	342	315	277	327	389
		Others	121	174	173	210	181
		Druzhba pipeline total	**1,032**	**1,025**	**988**	**1,024**	**1,050**
		of which: Russian oil	1,000	993	956	992	1,017
		Others	32	32	32	32	32
	Asia	**Pacific ocean total**	**434**	**552**	**517**	**580**	**611**
		Kozmino port terminal - total	434	552	517	580	611
		China (via ESPO Pipeline) total	**321**	**321**	**325**	**313**	**312**
		China Amur	321	321	325	313	312
	Total Russian crude exports		**4,071**	**3,757**	**3,513**	**4,145**	**4,080**
Lukoil system			**2013**	**3Q 14**	**4Q 14**	**Jan 15**	**Feb 15**
	Europe and North America	**Barents Sea Total**	**111**	**125**	**125**	**135**	**131**
		Varandey offshore platform	111	125	125	135	131
	Europe	**Baltic Sea Total**	**19**	**16**	**13**	**15**	**17**
		Kalinigrad port terminal	19	16	13	15	17
Other routes			**2013**	**3Q 14**	**4Q 14**	**Jan 15**	**Feb 15**
	Asia	**Russian Far East total**	**259**	**235**	**294**	**278**	**330**
		Aniva bay port terminal	114	103	107	113	101
		De Kastri port terminal	145	133	186	165	229
		Central Asia total	**239**	**230**	**209**	**243**	**269**
		Kenkiyak-Alashankou	239	230	209	243	269
	Europe	**Baltic sea total**	**853**	**1,003**	**1,001**	**1,041**	**1,170**
		Novorossiysk port terminal (CPC)	704	886	889	905	1,058
		Supsa port terminal	76	90	99	102	90
		Batumi port terminal	53	27	14	35	22
		Kulevi port terminal	20	0	0	0	0
		Mediterranean sea total	**641**	**683**	**549**	**715**	**593**
		BTC	641	683	549	715	593
Russian rail			**2013**	**3Q 14**	**4Q 14**	**Jan 15**	**Feb 15**
		Russian rail	**198**	**24**	**12**	**12**	**28**
		of which: Russian oil	*9*	*7*	*7*	*8*	*9*
		Others	189	17	5	4	19
	Total FSU crude exports		**6,392**	**6,073**	**5,716**	**6,585**	**6,619**
Products			**2013**	**3Q 14**	**4Q 14**	**Jan 15**	**Feb 15**
		Gasoline	122	80	103	175	138
		Naphtha	390	481	477	573	586
		Jet	11	7	1	6	19
		Gasoil	857	897	884	1,260	1,205
		Fuel oil	1,415	1,598	1,452	1,611	1,423
		VGO	263	250	265	214	247
	Total FSU product exports		**3,058**	**3,312**	**3,181**	**3,839**	**3,618**
Total FSU oil exports			**9,450**	**9,385**	**8,897**	**10,424**	**10,237**

Sources: Argus Nefte Transport and Argus Global Markets.

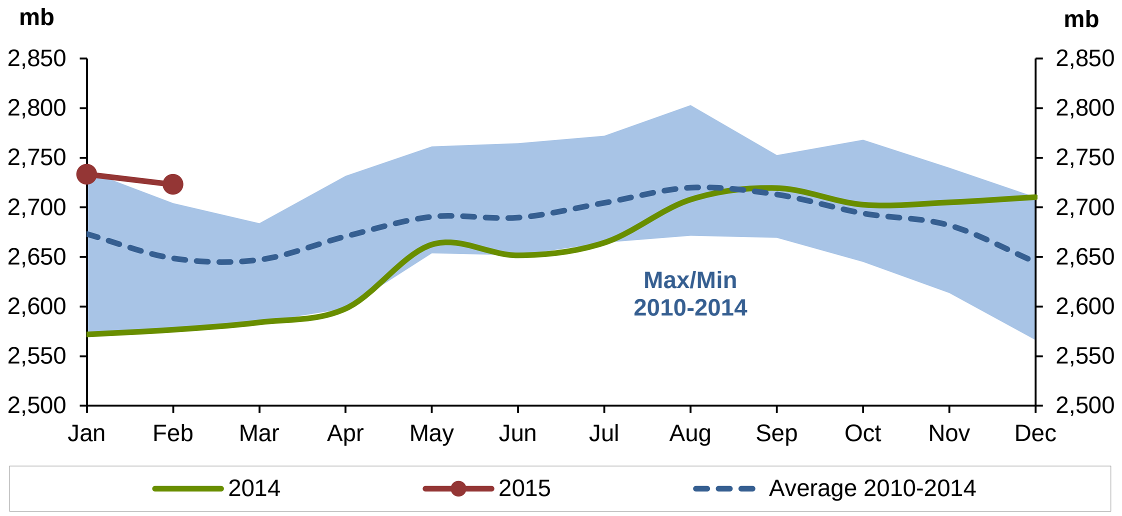
Stock Movements

OECD commercial oil stocks in February fell by 10.4 mb compared to the previous month to stand at 2,723 mb. However, this was nearly 146.4 mb higher than the same time a year ago and 74.4 mb above the latest five-year average. Crude saw a surplus of around 106.5 mb, while product stocks remained 32.1 mb below the five-year average. In terms of days of forward cover, OECD commercial stocks stood at 60.9 days, 2.8 days higher than the five-year average. Preliminary data for March shows that total commercial oil stocks rose by 23.4 mb to stand at 1,205 mb, nearly 148.3 mb or 14% above the same period a year ago and 137.9 mb or 12.9% higher than the five-year average. Within components, commercial crude saw a build of 27.1 mb, while product stocks declined by 3.7 mb. The latest information for February shows Chinese total commercial oil inventories rose by 5.3 mb to stand at 414.6 mb, with crude commercial stocks declining by 5.2 mb, while product inventories increased by 10.5 mb.

OECD

Total OECD commercial oil stocks fell in February by 10.4 mb following a build of 23.1 mb in January. At 2,723 mb, inventories are 146.4 mb higher than the same time one year ago and around 74.4 mb above the latest five-year average. Within the components, commercial crude rose by 25.4 mb, while product stocks were down by 35.8 mb.

Graph 9.1: OECD's commercial oil stocks



OECD **commercial crude** continued its upward trend for the third consecutive month to end February at 1,365 mb, 108.2 mb above the same time a year earlier and 106.5 mb higher than the latest five-year average. Commercial crude stocks in the OECD are concentrated in the US, where refineries are in turnaround and US production is reaching a record high. Contango in major benchmarks also contributed to the build in crude oil stocks.

In contrast, OECD **product inventories** fell sharply by 35.8 mb to end February at 1,358 mb. At this level, they stood 38.2 mb higher than a year ago, while still remaining 32.1 mb below the seasonal norm.

In terms of **days of forward cover**, OECD commercial stocks rose by 0.8 days in February from the previous month to stand at 60.9 days, 3.7 days above the previous year in the same period and 2.8 days higher than the latest five-year average. Within the regions, OECD Americas' forward cover was 6.1 days above the historical average at 61.6 days in February, while OECD Asia Pacific stood at 0.9 days below the seasonal average to finish the month at 47.9 days. At the same time, OECD Europe indicated a deficit of 0.7 days, averaging 67.2 days in February.

In February, **commercial stocks** in **OECD Americas** fell by 1.3 mb to stand at 1,467 mb, a surplus of 150 mb above the seasonal norm and around 161 mb more than the same time one year ago. Within the components, crude stocks rose by 22.9 mb, while product inventories abated, declining by 24.2 mb.

At the end of February, **crude commercial oil stocks** in **OECD Americas** had risen to close the month at 780 mb, which is 133 mb above the latest five-year average and 120 mb higher than the same time one year ago. Lower oil refinery crude input contributed to the build in US commercial crude oil stocks, combined with an ongoing increase in domestic production. WTI's contango structure has pushed US crude commercial inventories to another record high.

In contrast, **product stocks** in **OECD Americas** fell in February to stand at 687 mb. Despite this stock draw, they indicated a surplus of 41.2 mb above the same time one year ago, and are 16.5 mb higher than the seasonal norm. The fall in product stocks came mainly from higher US demand, with preliminary data showing signs of a pickup in consumption of gasoline and distillates.

OECD Europe's commercial stocks remained almost flat in February to stand at 883 mb. This is 3.6 mb lower than the same time a year ago and 58.5 mb below the latest five-year average. Crude stocks went up by 5.0 mb, while product inventories saw a stock draw of 4.9 mb.

OECD Europe's commercial crude stocks rose in February to stand at 371 mb or 5.6 mb below the same period a year earlier, 15.4 mb less than the five-year average. An improvement in crude supply contributed to this build, though it was limited by increased crude runs.

In contrast, **OECD Europe's commercial product stocks** fell by 4.9 mb in February to stand at 512 mb. At this level, European stocks were 2.0 mb below a year ago at the same time, and 43.1 mb lower than the seasonal norm.

OECD Asia Pacific's commercial oil stocks fell by 9.2 mb in February for the fifth-consecutive month to stand at 373 mb. At this level, OECD Asia Pacific's commercial oil inventories are 11.1 mb less than a year ago, and 16.9 mb below the five-year average. Within components, crude and product stocks fell by 2.5 mb and 6.7 mb, respectively. Crude inventories ended the month of February at 214 mb, standing 6.1 mb below a year ago and 11.3 mb down from the seasonal norm. OECD Asia Pacific's total product inventories ended February at 159 mb, indicating a deficit of 5.0 mb with a year ago and 5.6 mb less than the seasonal norm.

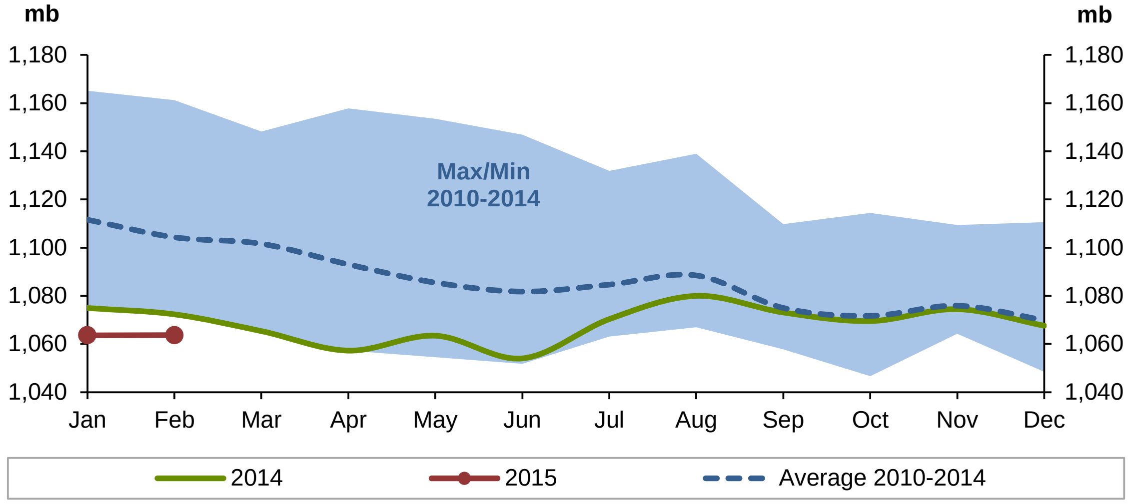
Table 9.1: OECD's commercial stocks, mb

	Dec 14	Jan 15	Feb 15	*Change* Feb 15/Jan 15	Feb 14
Crude oil	1,312	1,340	1,365	25.4	1,257
Products	1,398	1,394	1,358	-35.8	1,320
Total	**2,710**	**2,733**	**2,723**	**-10.4**	**2,577**
Days of forward cover	**59.2**	**60.1**	**60.9**	**0.8**	**57.2**

EU plus Norway

Preliminary data for February shows that total **European stocks** remained almost flat, ending the month at 1,063.7 mb. At this level, they are 8.6 mb or 0.8% below the same time a year ago, and 40.6 mb or 3.7% below the latest five-year average. Crude stocks rose by 5.0 mb, while product inventories abated the build, declining by 4.9 mb.

Graph 9.2: EU-15 plus Norway's total oil stocks



European crude inventories rose in February, reversing the fall of the previous month to stand at 468.7 mb. With this stock build, crude inventories stood at 4.5 mb or 1.0% above the same period one year earlier and are 6.2 mb or 1.3% above the latest five-year average. Higher crude supplies from West Africa and Russia contributed to this build, however, increased crude runs limited stocks from growing further. Indeed, European refinery throughput rose by 345,000 b/d from the previous month to stand at 10.7 mb/d, the highest point since September 2012. This corresponds to a refinery utilization rate of around 89.4%, about 2.9 p.p higher than the previous month, and up from the rate of 78.8% a year earlier.

In contrast, **European product stocks** fell by 4.9 mb in February, reversing the build of 9.4 mb in January. At 595.0 mb, European product stocks were 13.1 mb or 2.2% below one year earlier at the same time, ansd remaining 46.8 mb or 7.3% below the seasonal norm. Within products, the picture was mixed, with gasoline stocks up, while naphtha, distillates and residual fuel oil experienced stock draws.

Gasoline stocks rose by 1.8 mb in February to end the month at 112.6 mb. Despite this build, gasoline stocks showed a deficit of 2.3 mb or 2.0% less than one year earlier, and are 5.4 mb or 4.5% below the seasonal norm. The build mainly reflects higher gasoline output, indicating an increase of 25,000 b/d from the previous month and 185,000 b/d more than one year earlier in the same month.

In contrast, **distillate** stocks fell by 1.5 mb in February, reversing a build of 6.4 mb in January. At 388.9 mb, distillate stocks indicated a deficit of 5.1 mb or 1.3% compared with a year ago over the same period and 9.6 mb or 2.4% less than the five-year average. The fall in distillate stocks was due to cold weather in the US, which reduced exports to Europe. However, higher distillate output in Europe limited further stock draws.

Residual fuel oil stocks also fell by 3.8 mb in February, reversing the stock build of the previous month. At 69.8 mb, residual fuel oil stocks were 2.8 mb or 3.8% below the same time a year ago and 22.7 mb or 24.5% less than the seasonal average. This stock draw was mainly driven by higher exports to Singapore. **Naphtha** stocks fell by 1.3 mb in February to stand at 23.8 mb, indicating a deficit of 2.9 mb or 10.8% below the same month one year ago and 9.2 mb or 27.8% lower than the five-year average.

Table 9.2: EU-15 plus Norway's total oil stocks, mb

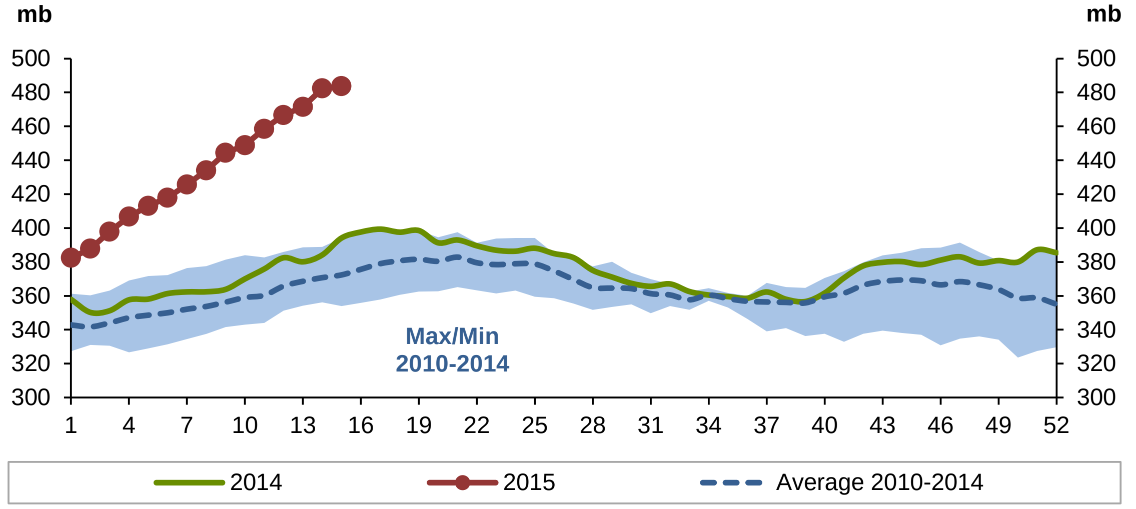
	Dec 14	Jan 15	Feb 15	*Change* Feb 15/Jan 15	Feb 14
Crude oil	**477.1**	**463.7**	**468.7**	**5.0**	**464.2**
Gasoline	108.9	110.8	112.6	1.8	115.0
Naphtha	26.4	25.1	23.8	-1.3	26.6
Middle distillates	384.0	390.4	388.9	-1.5	394.0
Fuel oils	71.2	73.6	69.8	-3.8	72.5
Total products	590.5	599.9	595.0	-4.9	608.1
Total	**1,067.6**	**1,063.6**	**1,063.7**	**0.1**	**1,072.3**

Sources: Argus and Euroilstock.

US

Preliminary data for March shows that **total commercial oil stocks** rose by 23.4 mb to stand at 1,205 mb. With this build, they were nearly 148.3 mb or 14% above the same period one year ago and 137.9 mb or 12.9% higher than the latest five-year average. Within the components, commercial crude saw a build of 27.1 mb, while product stocks declined by 3.7 mb.

Graph 9.3: US weekly commercial crude oil stocks



US commercial crude stocks rose sharply by 27.1 mb in March to stand at 471.4 mb, another record high. Since the beginning of the year, US commercial stocks have accumulated nearly 80 mb. Crude commercial stocks finished the month at 87.7 mb or

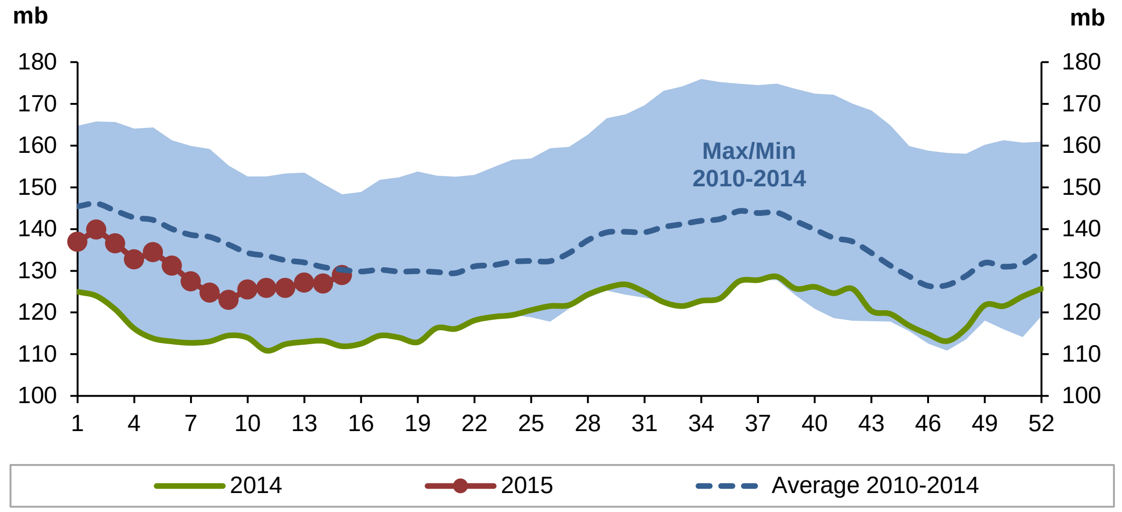
23% above the same time one year ago, remaining 97.8 mb or 26.2% above the five-year average. An ongoing increase in US domestic production, along with the WTI contango structure, has pushed crude oil inventories to another all-time record high. Increased crude oil imports, reaching 7.2 mb/d, also contributed to a build in commercial crude inventories. However, rises in crude oil refinery input limited a further build. Refineries were running at 88.6% of operable capacity in March, 0.9 pp higher than the previous month and 2.3% above the previous year at the same time. Crude at Cushing, Oklahoma has built continuously since the week ending 5 December, accumulating more than 36 mb and ending the month of March at nearly 60 mb, around 11 mb higher than February's level.

In contrast to the sharp build in US crude commercial stocks in March, **total product stocks** fell by 3.7 mb to end the month at 733.9 mb. Despite this stock draw, US product stocks were around 60.6 mb, or 9.0%, above levels seen the same time a year ago, showing a surplus of 40.0 mb or 5.8% above the seasonal norm. Within products the picture was mixed, with the bulk of the stock draw coming from gasoline, while distillate stocks experienced the highest build.

Gasoline stocks fell by 10.9 mb in March, ending the month at 229.1 mb, which was 8.2 mb or 3.7% higher than the same period one year ago and 8.5 mb or 3.9% above the latest five-year average. The drop came mainly from stronger apparent demand, averaging more than 9.0 mb/d in March. Higher gasoline output limited a further drop in gasoline inventories.

Jet fuel stocks also fell by 2.4 mb, ending the month of March at 36.7 mb, which is 0.7 mb, or 1.9%, higher than the same month one year ago, but still 2.7 mb or 6.9% below the latest five-year average.

Graph 9.4: US weekly distillate stocks



In contrast, **distillate stocks** rose by 4.2 mb in March, ending the month at 127.2 mb. At this level, they indicated a surplus of 11.8 mb or 10.3% more than the same period one year ago, but still represent a deficit of 5.3 mb or 4.0% with the five-year average. The build in middle distillate stocks reflected lower demand, which decreased by nearly 400,000 b/d, averaging 3.8 mb/d.

Residual fuel oil stocks also rose by 1.8 mb in March, to end the month at 38.7 mb, which is 2.3 mb or 6.3% higher than the previous year in the same period, and 1.1 mb or 3.0% below the seasonal norm.

Table 9.3: US onland commercial petroleum stocks, mb

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15	Mar 15
Crude oil	421.5	444.4	471.4	27.1	383.7
Gasoline	239.6	240.1	229.1	-10.9	220.9
Distillate fuel	132.0	123.0	127.2	4.2	115.3
Residual fuel oil	34.3	36.9	38.7	1.8	36.4
Jet fuel	38.5	39.1	36.7	-2.4	36.0
Total	**1,183.3**	**1,182.0**	**1,205.4**	**23.4**	**1,057.1**
SPR	691.0	691.0	691.0	0.0	695.9

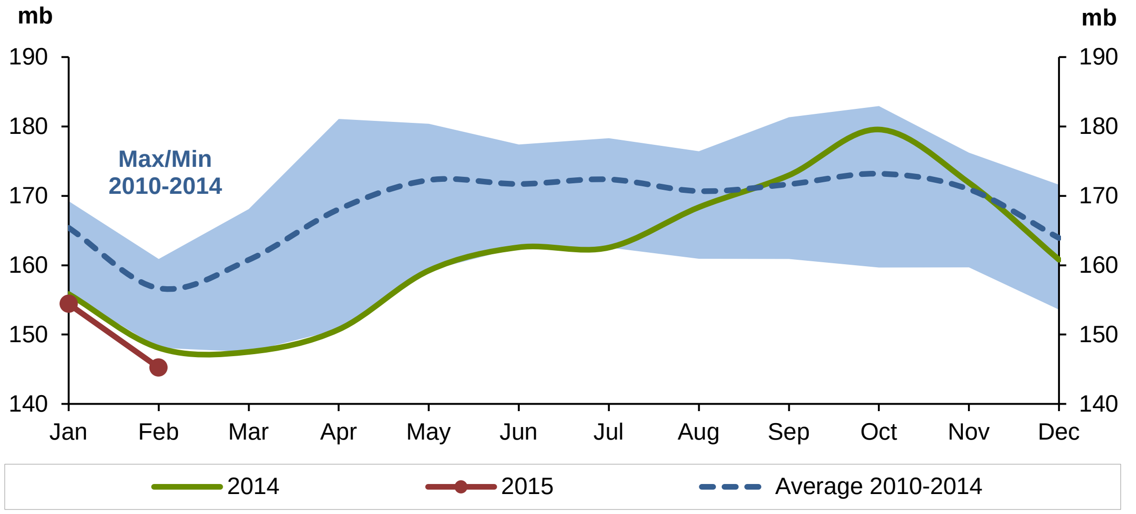
Source: US Energy Information Administration.

Japan

In Japan, total **commercial oil stocks** fell by 9.2 mb in February for the fourth consecutive month to stand at 145.2 mb. With this fall, Japanese commercial oil inventories are 2.8 mb or 1.9% lower than one year ago, and 11.4 mb or 7.3% below the five-year average. Within components, crude and product stocks fell by 2.5 mb and 6.7 mb, respectively.

Japanese commercial **crude oil stocks** fell in January for the fourth consecutive month to stand at 84.4 mb. At this level, they were 4.4 mb or 2.9% below one year ago at the same time, and 5.8 mb or 6.5% below the seasonal norm. The stock draw in crude oil was driven by higher refinery throughputs, up by around 50,000 b/d or 1.3% to average 3.6 mb/d in February. However, higher crude imports limited a further build in commercial crude stocks. Indeed, crude oil imports rose by 165,000 b/d or 4.7% to average 3.7 mb/d. Direct crude burning in power plants fell by 2.0% in February, averaging 161.4 tb/d, showing a decline of 42.4% over the same period one year ago.

Graph 9.5: Japan's commercial oil stocks



Japan's **total product inventories** fell by 6.7 mb in February to stand at 60.8 mb. Despite this fall, product stocks are 1.5 mb or 2.6% up from the same time a year ago, though still showing a deficit of 5.6 mb or 8.4% with the five-year average. The drop was driven mainly by higher domestic sales, which increased by nearly 350,000 b/d or 10% to average 3.8 mb/d. The drop in oil product imports also contributed to the stock draw in product inventories. However, higher refinery output limited any further decline. All products saw a decrease, with the exception of gasoline.

Gasoline stocks rose slightly by 0.2 mb in February, following a build of 1.7 mb in January. At 11.2 mb, gasoline inventories are 1.8 mb or 13.7% less than at the same time the previous year and 2.5 mb or 18% below the five-year average. This stock build was driven by higher gasoline output, which increased by around 20,000 b/d to average 0.96 mb/d. High gasoline imports also contributed to the stock build.

Distillate stocks fell by 4.4 mb in February to stand at 25.5 mb, which is 0.1 mb or 0.4% below the same period one year ago and 2.0 mb or 7.4% lower than the seasonal average. Within distillate components, all products experienced a drop. Kerosene fell by 13.6% on the back of a 10.7% decline in output. Gasoil stocks also fell by 9.8%, driven mainly by higher output combined with improved domestic sales. Jet fuel stocks declined by 13.6%, on the back of stronger domestic sales, which increased by 4.3%.

Total residual **fuel oil stocks** fell by 1.1 mb in February to stand at 13.5 mb, which is 0.8 mb or 5.9% above one year ago and 1.6 mb or 10.4% lower than the latest five-year average. Within fuel oil components, fuel oil A fell by 16.3% on stronger domestic sales with higher exports. Fuel oil B.C also fell by 9.1%, driven by lower imports.

Naphtha stocks also dropped by 1.4 mb to finish the month of February at 10.6 mb, indicating a surplus of 2.7 mb, or 33.3%, compared with a year ago at the same time and 0.5 mb or 4.5% higher than the seasonal norm. The stock build came from lower domestic sales, which declined by 3.2%.

Table 9.4: Japan's commercial oil stocks*, mb

	Dec 14	Jan 15	Feb 15	*Change* Feb 15/Jan 15	Feb 14
Crude oil	**92.8**	**86.9**	**84.4**	**-2.5**	**88.8**
Gasoline	9.3	11.0	11.2	0.2	13.0
Naphtha	11.4	12.1	10.6	-1.4	8.0
Middle distillates	32.0	29.8	25.5	-4.4	25.6
Residual fuel oil	15.2	14.6	13.5	-1.1	12.8
Total products	**68.0**	**67.5**	**60.8**	**-6.7**	**59.3**
Total**	**160.8**	**154.4**	**145.2**	**-9.2**	**148.1**

* *At end of month.*

** *Includes crude oil and main products only.*

Source: Ministry of Economy, Trade and Industry, Japan.

China

The latest information for February showed **Chinese total oil commercial inventories** rose by 5.3 mb following a build of 19.5 mb in January to stand at 403.0 mb. Despite this stock build, Chinese inventories stood 11.6 mb below the previous year at the same time. Within components, crude commercial stocks fell by 5.2 mb, while product inventories rose 10.5 mb. At 255.5 mb, crude commercial stocks showed a surplus of around 7.8 mb compared with the same period one year earlier. The fall in crude commercial stocks came mainly from a drop in crude oil imports, which declined by 8.7%. A fall in crude oil production also contributed to the decline in Chinese commercial stocks.

In contrast, total **product stocks** in China rose by 10.5 mb to end February at 147.5 mb. At this level, Chinese product stocks were 19.4 mb below a year ago at the same time. Within products, gasoline fell by 9.1 mb, ending February at 47.1 mb, while inventories for diesel and kerosene went up by 18.5 mb and 1.1 mb, ending the month at 86.0 mb and 14.4 mb, respectively. The fall in gasoline stocks was driven by stronger demand around the lunar New Year holiday, when passenger transportation surged. Diesel stocks climbed on the back of weak demand, as most plants were shut and major infrastructure construction was largely suspended.

Table 9.5: China's commercial oil stocks, mb

	Dec 14	Jan 15	Feb 15	*Change* Feb 15/Jan 15	Feb 14
Crude oil	**250.1**	**260.7**	**255.5**	**-5.2**	**247.7**
Gasoline	53.8	56.2	47.1	-9.1	59.5
Diesel	61.2	67.5	86.0	18.5	92.1
Jet kerosene	13.1	13.3	14.4	1.1	15.3
Total products	**128.1**	**137.0**	**147.5**	**10.5**	**166.9**
Total	**378.2**	**397.7**	**403.0**	**5.3**	**414.6**

Source: OPEC Secretariat analysis.

Singapore and Amsterdam-Rotterdam-Antwerp (ARA)

At the end of February, **product stocks in Singapore** rose by 0.2 mb following a build of 8.2 mb in January. At 47.8 mb, product stocks in Singapore indicated a surplus of 4.9 mb or 11.4% over the same period the previous year. Within products, the picture was mixed. Middle distillate and fuel oil went up, while light distillates experienced a stock draw.

Light distillate stocks fell by 1.2 mb, ending February at 13.4 mb, which is 0.6 mb or 3.9% below the same time one year ago. Middle distillate stocks rose by 0.8 mb, ending February at 12.4 mb. At this level, middle distillates indicated a surplus of 2.1 mb or 20% over the previous year at the same time. Residual fuel oil stocks also rose by 0.6 mb in February, ending the month at 22.0 mb, which is 4.9 mb or 11.4% above the same period the previous year. Weak marine bunker demand in the region contributed to the build in fuel oil stocks.

Product stocks in Amsterdam-Rotterdam-Antwerp (ARA) fell by 1.2 mb in February, reversing the build of the last two months. At 40.7 mb, product stocks in ARA were 10.5 mb or 34.8% higher than the same time a year ago. With the exception of gasoil, all products witnessed a stock draw.

Gasoline stocks fell by 0.7 mb in February to stand at 7.5 mb, which is 0.1 mb or 0.8% below the same period a year ago. Residual fuel oil stocks also fell by 1.6 mb, ending February at 4.2 mb, which is 0.2 mb or 3.9% higher than the previous year at the same time. In contrast, gasoil rose by 1.3 mb, ending February at 23.0 mb. With this stock build, it remained 8.3 mb or 56% higher than the same period the previous year. A contango structure in gasoil prices, which more commonly occurs with lower demand, supported this build.

Balance of Supply and Demand

Demand for OPEC crude in 2014 was revised down by 0.1 mb/d from the previous report to stand at 29.0 mb/d, which is 1.4 mb/d lower than the 2013 level. In 2015, demand for OPEC crude was revised up by 0.1 mb/d to average 29.3 mb/d, 0.3 mb/d higher than last year.

Estimate for 2014

Demand for OPEC crude in 2014 was revised down by 0.1 mb/d from the previous report to stand at 29.0 mb/d, representing a decrease of around 1.4 mb/d from the 2013 level. This downward adjustment reflects mainly an upward revision in non-OPEC supply. The first and the second quarters are estimated to show the declines of 1.0 mb/d and 1.9 mb/d, respectively, versus the same periods last year. The third and the fourth quarters showed declines of 1.3 mb/d and 1.4 mb/d, respectively.

Table 10.1: Summarized supply/demand balance for 2014, mb/d

	2013	1Q14	2Q14	3Q14	4Q14	2014
(a) World oil demand	**90.33**	**90.20**	**90.17**	**91.96**	**92.78**	**91.28**
Non-OPEC supply	54.32	55.76	56.07	56.36	57.74	56.49
OPEC NGLs and non-conventionals	5.65	5.73	5.79	5.86	5.93	5.83
(b) Total supply excluding OPEC crude	**59.96**	**61.49**	**61.86**	**62.22**	**63.67**	**62.32**
Difference (a-b)	**30.37**	**28.71**	**28.31**	**29.74**	**29.11**	**28.97**
OPEC crude oil production	30.23	29.88	29.81	30.32	30.29	30.07
Balance	-0.14	1.18	1.50	0.58	1.18	1.11

Totals may not add up due to independent rounding.

Forecast for 2015

Demand for OPEC crude in 2015 was revised up by 0.1 mb/d from the previous month, driven mainly by the downward revision in non-OPEC supply combined with a slight upward adjustment in world oil demand. The first quarter was revised down by 0.1 mb/d, while the second and the fourth quarters experienced upward revisions of 0.1 mb/d. The third quarter saw an upward revision of 0.2 mb/d. Demand for OPEC crude is projected to be 29.3 mb/d, representing an increase of 0.3 mb/d from the estimated 2014 level. The first and the second quarters are expected to decline by 0.9 mb/d and 0.1 mb/d, respectively, compared to the same period last year. In contrast, the third and the fourth quarters are projected to increase by 0.6 mb/d and 1.6 mb/d, respectively.

Table 10.2: Summarized supply/demand balance for 2015, mb/d

	2014	1Q15	2Q15	3Q15	4Q15	2015
(a) World oil demand	**91.28**	**91.41**	**91.33**	**93.19**	**93.86**	**92.45**
Non-OPEC supply	56.49	57.77	57.13	56.82	56.97	57.17
OPEC NGLs and non-conventionals	5.83	5.86	5.95	6.08	6.18	6.02
(b) Total supply excluding OPEC crude	**62.32**	**63.63**	**63.08**	**62.90**	**63.15**	**63.19**
Difference (a-b)	**28.97**	**27.78**	**28.25**	**30.29**	**30.71**	**29.27**
OPEC crude oil production	30.07	30.32				
Balance	1.11	2.54				

Totals may not add up due to independent rounding.

Graph 10.1: Balance of supply and demand

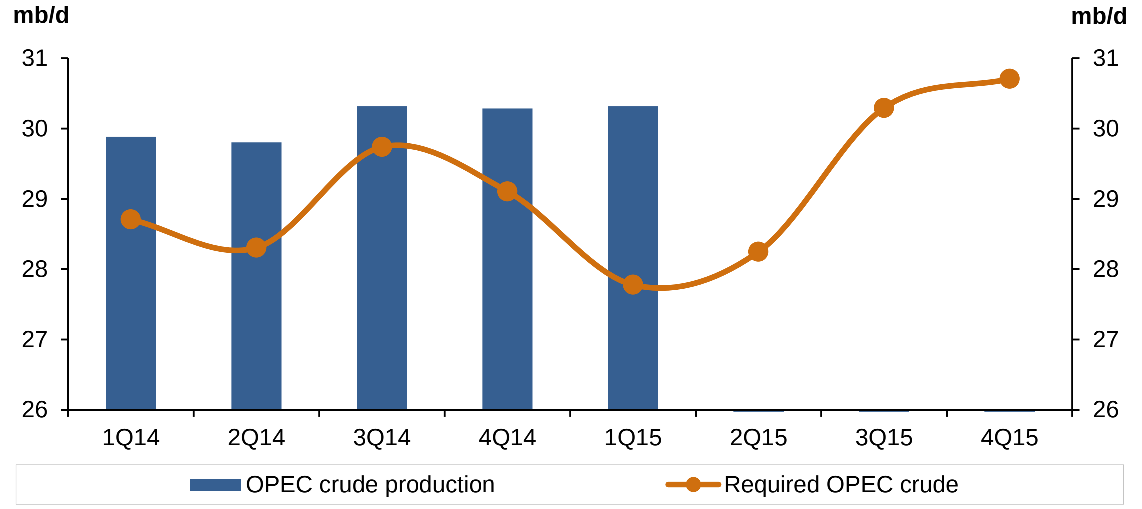


Table 10.3: World oil demand and supply balance, mb/d	2011	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
World demand													
OECD	46.4	45.9	46.1	45.7	45.0	46.0	46.6	45.8	45.9	45.0	46.0	46.5	45.9
Americas	24.0	23.6	24.1	23.9	23.8	24.4	24.7	24.2	24.1	23.9	24.6	24.9	24.4
Europe	14.3	13.8	13.7	13.0	13.6	13.9	13.5	13.5	13.0	13.5	13.8	13.5	13.5
Asia Pacific	8.2	8.5	8.3	8.9	7.7	7.7	8.4	8.1	8.8	7.6	7.6	8.2	8.0
DCs	27.3	28.3	29.0	29.4	29.8	30.4	29.7	29.8	30.1	30.6	31.3	30.5	30.6
FSU	4.3	4.4	4.5	4.4	4.2	4.6	4.9	4.5	4.4	4.3	4.7	5.0	4.6
Other Europe	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.7
China	9.4	9.7	10.1	10.1	10.6	10.3	10.9	10.5	10.4	10.9	10.6	11.2	10.8
(a) Total world demand	**88.1**	**89.0**	**90.3**	**90.2**	**90.2**	**92.0**	**92.8**	**91.3**	**91.4**	**91.3**	**93.2**	**93.9**	**92.5**
Non-OPEC supply													
OECD	20.2	21.1	22.2	23.5	23.9	24.1	25.0	24.1	24.9	24.8	24.7	25.0	24.8
Americas	15.5	16.7	18.2	19.2	19.9	20.2	20.7	20.0	20.7	20.7	20.7	20.8	20.7
Europe	4.1	3.8	3.6	3.8	3.5	3.4	3.7	3.6	3.7	3.5	3.4	3.7	3.6
Asia Pacific	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
DCs	12.6	12.1	12.1	12.2	12.2	12.4	12.6	12.4	12.7	12.4	12.3	12.1	12.4
FSU	13.2	13.3	13.4	13.5	13.4	13.4	13.5	13.4	13.6	13.3	13.2	13.2	13.3
Other 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
China	4.1	4.2	4.2	4.3	4.3	4.2	4.4	4.3	4.3	4.3	4.3	4.3	4.3
Processing gains	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Total non-OPEC supply	52.4	52.9	54.3	55.8	56.1	56.4	57.7	56.5	57.8	57.1	56.8	57.0	57.2
OPEC NGLs + non-conventional oils	5.4	5.6	5.6	5.7	5.8	5.9	5.9	5.8	5.9	5.9	6.1	6.2	6.0
(b) Total non-OPEC supply and OPEC NGLs	**57.8**	**58.5**	**60.0**	**61.5**	**61.9**	**62.2**	**63.7**	**62.3**	**63.6**	**63.1**	**62.9**	**63.1**	**63.2**
OPEC crude oil production (secondary sources)	29.8	31.2	30.2	29.9	29.8	30.3	30.3	30.1	30.3				
Total supply	87.6	89.6	90.2	91.4	91.7	92.5	94.0	92.4	93.9				
Balance (stock change and miscellaneous)	-0.5	0.6	-0.1	1.2	1.5	0.6	1.2	1.1	2.5				
OECD closing stock levels (mb)													
Commercial	2,605	2,664	2,566	2,584	2,652	2,719	2,710	2,710					
SPR	1,536	1,547	1,584	1,586	1,581	1,579	1,581	1,581					
Total	4,142	4,211	4,151	4,170	4,233	4,299	4,291	4,291					
Oil-on-water	825	879	909	954	914	952	924	924					
Days of forward consumption in OECD													
Commercial onland stocks	57	58	56	57	58	58	59	59					
SPR	33	34	35	35	34	34	35	34					
Total	90	91	91	93	92	92	94	94					
Memo items													
FSU net exports	8.9	8.8	8.9	9.1	9.1	8.8	8.6	8.9	9.1	9.1	8.6	8.2	8.8
(a) - (b)	**30.3**	**30.5**	**30.4**	**28.7**	**28.3**	**29.7**	**29.1**	**29.0**	**27.8**	**28.2**	**30.3**	**30.7**	**29.3**

Note: Totals may not add up due to independent rounding.

Table 10.4: World oil demand/supply balance: changes from last month's table* , mb/d

	2011	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
World demand													
OECD	-	-	-	-	-	0.1	-	-	0.1	-	0.1	0.1	0.1
Americas	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Europe	-	-	0.1	-	-	0.1	0.1	0.1	0.1	-	0.1	0.1	0.1
Asia Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	-	-	0.1	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
World demand growth	-	-	0.1	-	-	-	-	-	-	-	-	-	-
Non-OPEC supply													
OECD	-	-	-	0.1	0.1	0.1	0.3	0.1	-	-	-	-	-
Americas	-	-	-	0.1	0.1	0.1	0.3	0.1	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-
FSU	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	0.1	0.1	0.1	0.3	0.2	0.2	-	-0.1	-	-
Total non-OPEC supply growth	-	-	-	0.1	0.1	0.1	0.3	0.1	-	-0.2	-0.2	-0.4	-0.2
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	0.1	0.1	0.1	0.3	0.2	0.2	-	-0.1	-	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	0.1	0.1	0.1	0.3	0.2	-				
Balance (stock change and miscellaneous)	-	-	-0.1	0.1	-	-	0.3	0.1	-				
OECD closing stock levels (mb)													
Commercial	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-					
Oil-on-water	-	-	-	-	-	-	-	-					
Days of forward consumption in OECD													
Commercial onland stocks	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-					
Memo items													
FSU net exports	-	-	-	-	-	-	-	-	0.1	-	-	-	-
(a) - (b)	-	-	0.1	-0.1	-	-	-0.3	-0.1	-0.1	0.1	0.2	0.1	0.1

* *This compares Table 10.3 in this issue of the MOMR with Table 10.3 in the March 2015 issue.*
This table shows only where changes have occurred.

Table 10.5: OECD oil stocks and oil on water at the end of period

		2011	2012	2013	2014	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Closing stock levels, mb													
OECD onland commercial		**2,605**	**2,664**	**2,566**	**2,710**	**2,665**	**2,660**	**2,695**	**2,566**	**2,584**	**2,652**	**2,719**	**2,710**
	Americas	1,308	1,365	1,316	1,444	1,349	1,378	1,404	1,316	1,311	1,382	1,411	1,444
	Europe	905	902	869	878	904	873	879	869	874	878	887	878
	Asia Pacific	392	396	381	388	412	409	412	381	399	392	422	388
OECD SPR		**1,536**	**1,547**	**1,584**	**1,581**	**1,581**	**1,577**	**1,582**	**1,584**	**1,586**	**1,581**	**1,579**	**1,581**
	Americas	697	696	697	692	697	697	697	697	697	692	692	692
	Europe	426	436	470	472	472	471	472	470	470	471	471	472
	Asia Pacific	414	415	417	417	413	409	413	417	418	419	417	417
OECD total		**4,142**	**4,211**	**4,151**	**4,291**	**4,246**	**4,237**	**4,277**	**4,151**	**4,170**	**4,233**	**4,299**	**4,291**
Oil-on-water		**825**	**879**	**909**	**924**	**942**	**871**	**932**	**909**	**954**	**914**	**952**	**924**
Days of forward consumption in OECD													
OECD onland commercial		**57**	**58**	**57**	**58**	**58**	**57**	**57**	**56**	**57**	**58**	**58**	**59**
	Americas	53	55	55	57	57	57	57	55	55	57	57	60
	Europe	68	67	66	66	65	62	65	67	65	64	67	69
	Asia Pacific	47	48	46	48	53	51	47	43	52	51	51	44
OECD SPR		**33**	**34**	**33**	**34**	**35**	**34**	**34**	**35**	**35**	**34**	**34**	**35**
	Americas	30	30	30	29	29	29	28	29	29	28	28	29
	Europe	29	30	31	32	34	34	35	36	35	34	35	37
	Asia Pacific	50	50	49	50	53	51	48	47	55	54	50	47
OECD total		**90**	**91**	**90**	**91**	**93**	**91**	**91**	**91**	**93**	**92**	**92**	**94**

Table 10.6: Non-OPEC supply and OPEC natural gas liquids, mb/d

	2011	2012	2013	3Q14	4Q14	2014	Change 14/13	1Q15	2Q15	3Q15	4Q15	2015	Change 15/14
US	9.0	10.0	11.2	13.1	13.6	12.9	1.6	13.6	13.7	13.6	13.6	13.6	0.7
Canada	3.5	3.8	4.0	4.2	4.4	4.3	0.3	4.4	4.3	4.4	4.5	4.4	0.1
Mexico	2.9	2.9	2.9	2.8	2.7	2.8	-0.1	2.7	2.7	2.7	2.7	2.7	-0.1
OECD Americas*	**15.5**	**16.7**	**18.2**	**20.2**	**20.7**	**20.0**	**1.8**	**20.7**	**20.7**	**20.7**	**20.8**	**20.7**	**0.7**
Norway	2.0	1.9	1.8	1.9	2.0	1.9	0.1	1.9	1.9	1.8	1.9	1.9	0.0
UK	1.1	1.0	0.9	0.7	0.9	0.9	0.0	0.9	0.8	0.8	0.9	0.9	0.0
Denmark	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Other OECD Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
OECD Europe	**4.1**	**3.8**	**3.6**	**3.4**	**3.7**	**3.6**	**0.0**	**3.7**	**3.5**	**3.4**	**3.7**	**3.6**	**0.0**
Australia	0.5	0.5	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.5	0.4	0.4	0.0
Other Asia Pacific	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OECD Asia Pacific	**0.6**	**0.6**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**	**0.5**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**
Total OECD	**20.2**	**21.1**	**22.2**	**24.1**	**25.0**	**24.1**	**1.9**	**24.9**	**24.8**	**24.7**	**25.0**	**24.8**	**0.7**
Brunei	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
India	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.8	0.9	0.0
Indonesia	1.0	1.0	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.0
Malaysia	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.8	0.7	0.7	0.7	0.7	0.0
Thailand	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Vietnam	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.3	0.4	0.0
Asia others	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.3	0.3	0.2	0.0
Other Asia	**3.7**	**3.7**	**3.6**	**3.5**	**3.6**	**3.6**	**0.0**	**3.7**	**3.6**	**3.6**	**3.5**	**3.6**	**0.0**
Argentina	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Brazil	2.6	2.6	2.6	3.0	3.1	2.9	0.3	3.1	3.0	3.1	3.0	3.1	0.2
Colombia	0.9	1.0	1.0	1.0	1.0	1.0	0.0	1.0	1.0	0.9	0.9	1.0	-0.1
Trinidad & Tobago	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
L. America others	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Latin America	**4.7**	**4.7**	**4.8**	**5.1**	**5.2**	**5.0**	**0.3**	**5.3**	**5.1**	**5.1**	**5.0**	**5.1**	**0.1**
Bahrain	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Oman	0.9	0.9	0.9	1.0	0.9	0.9	0.0	1.0	0.9	0.9	0.9	0.9	0.0
Syria	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yemen	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.1	-0.1
Middle East	**1.7**	**1.5**	**1.4**	**1.4**	**1.3**	**1.3**	**0.0**	**1.3**	**1.3**	**1.2**	**1.2**	**1.3**	**-0.1**
Chad	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Congo	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Egypt	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Equatorial Guinea	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Gabon	0.3	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
South Africa	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.0
Sudans	0.4	0.1	0.2	0.3	0.3	0.3	0.1	0.3	0.3	0.3	0.3	0.3	0.0
Africa other	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Africa	**2.6**	**2.3**	**2.4**	**2.4**	**2.4**	**2.4**	**0.0**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**0.0**
Total DCs	**12.6**	**12.1**	**12.1**	**12.4**	**12.6**	**12.4**	**0.2**	**12.7**	**12.4**	**12.3**	**12.1**	**12.4**	**0.0**
FSU	**13.2**	**13.3**	**13.4**	**13.4**	**13.5**	**13.4**	**0.0**	**13.6**	**13.3**	**13.2**	**13.2**	**13.3**	**-0.1**
Russia	10.3	10.4	10.5	10.5	10.6	10.6	0.1	10.7	10.6	10.5	10.4	10.5	0.0
Kazakhstan	1.6	1.6	1.6	1.6	1.7	1.6	0.0	1.6	1.6	1.6	1.6	1.6	0.0
Azerbaijan	1.0	0.9	0.9	0.9	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
FSU others	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Other Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
China	4.1	4.2	4.2	4.2	4.4	4.3	0.0	4.3	4.3	4.3	4.3	4.3	0.0
Non-OPEC production	**50.3**	**50.8**	**52.2**	**54.2**	**55.6**	**54.3**	**2.1**	**55.6**	**55.0**	**54.7**	**54.8**	**55.0**	**0.7**
Processing gains	2.1	2.1	2.1	2.2	2.2	2.2	0.0	2.2	2.2	2.2	2.2	2.2	0.0
Non-OPEC supply	**52.4**	**52.9**	**54.3**	**56.4**	**57.7**	**56.5**	**2.2**	**57.8**	**57.1**	**56.8**	**57.0**	**57.2**	**0.7**
OPEC NGL	5.2	5.4	5.4	5.6	5.7	5.6	0.2	5.6	5.7	5.8	5.9	5.8	0.2
OPEC non-conventional	0.1	0.2	0.2	0.3	0.3	0.3	0.0	0.2	0.2	0.3	0.3	0.3	0.0
OPEC (NGL+NCF)	**5.4**	**5.6**	**5.6**	**5.9**	**5.9**	**5.8**	**0.2**	**5.9**	**5.9**	**6.1**	**6.2**	**6.0**	**0.2**
Non-OPEC & OPEC (NGL+NCF)	**57.8**	**58.5**	**60.0**	**62.2**	**63.7**	**62.3**	**2.4**	**63.6**	**63.1**	**62.9**	**63.1**	**63.2**	**0.9**

** Chile has been included in OECD Americas.*

Note: Totals may not add up due to independent rounding.

Table 10.7: World Rig Count

	2011	2012	2013	2014	*Change* 14/13	2Q14	3Q14	4Q14	1Q15	Feb 15	Mar 15	*Change* Mar/Feb
US	1,881	1,919	1,761	1,862	101	1,852	1,904	1,912	1,380	1,348	1,109	-239
Canada	423	366	354	380	26	202	385	406	309	363	195	-168
Mexico	94	106	106	86	-20	87	85	78	67	63	68	5
Americas	2,398	2,391	2,221	2,327	106	2,140	2,374	2,396	1,755	1,774	1,372	-402
Norway	17	17	20	17	-3	18	15	16	17	19	18	-1
UK	16	18	17	16	-1	17	15	17	18	20	20	0
Europe	118	119	135	145	10	146	148	148	132	133	135	2
Asia Pacific	17	24	27	26	-1	27	25	25	21	22	22	0
Total OECD	2,532	2,534	2,383	2,499	116	2,314	2,547	2,569	1,908	1,929	1,529	-400
Other Asia	239	217	219	228	9	221	231	229	214	218	211	-7
Latin America	195	180	166	172	6	176	174	174	161	159	162	3
Middle East	104	110	76	82	6	85	82	79	77	77	71	-6
Africa	2	7	16	28	12	30	24	29	22	21	18	-3
Total DCs	540	513	477	510	33	512	511	511	473	475	462	-13
Non-OPEC rig count	**3,072**	**3,047**	**2,860**	**3,008**	**149**	**2,826**	**3,058**	**3,080**	**2,382**	**2,404**	**1,991**	**-413**
Algeria	31	36	47	48	1	46	48	48	52	54	54	0
Angola	10	9	11	15	4	16	14	14	15	15	15	0
Ecuador	12	20	26	24	-2	25	26	21	17	19	17	-2
Iran**	54	54	54	54	0	54	54	54	54	54	54	0
Iraq**	36	58	83	79	-4	93	75	59	57	57	54	-3
Kuwait**	57	57	58	64	6	60	68	69	77	77	79	2
Libya**	8	12	15	10	-4	10	8	8	6	6	6	0
Nigeria	36	36	37	34	-3	31	32	36	35	36	32	-4
Qatar	8	8	9	10	2	11	11	10	9	10	8	-2
Saudi Arabia	100	112	114	134	20	132	137	143	154	155	156	1
UAE	21	24	28	34	6	33	37	38	38	38	38	0
Venezuela	122	117	121	116	-5	114	122	106	108	114	104	-10
OPEC rig count	**494**	**542**	**602**	**622**	**20**	**624**	**631**	**605**	**621**	**635**	**617**	**-18**
Worldwide rig count*	**3,566**	**3,589**	**3,462**	**3,631**	**169**	**3,450**	**3,689**	**3,685**	**3,002**	**3,039**	**2,608**	**-431**
of which:												
Oil	2,257	2,654	2,611	2,795	184	2,687	2,851	2,820	2,214	2,216	1,904	-312
Gas	1,262	886	746	743	-3	671	744	776	690	702	613	-89
Others	49	52	109	95	-14	95	96	91	100	122	92	-30

Note: Totals may not add up due to independent rounding.
na: Not available.
Sources: Baker Hughes Incorporated & Secretariat's estimates.

* *Excludes China and FSU.*
** *Estimated figure when Baker Hughes Incorporated did not reported the data.*

Contributors to the OPEC Monthly Oil Market Report

Editor-in-Chief

Omar S. Abdul-Hamid, Director, Research Division
email: oabdul-hamid@opec.org

Editor

Hojatollah Ghanimi Fard, Head, Petroleum Studies Department
email: h.ghanimifard@opec.org

Analysts

Crude Oil Price Movements	Eissa Alzerma email: ealzerma@opec.org
Commodity Markets	Hector Hurtado email: hhurtado@opec.org
World Economy	Afshin Javan email: ajavan@opec.org Imad Alam Al-Deen email: ialamal-deen@opec.org Joerg Spitzy email: jspitzy@opec.org
World Oil Demand	Hassan Balfakeih email: hbalfakeih@opec.org
World Oil Supply	Mohammad Ali Danesh email: mdanesh@opec.org
Product Markets and Refinery Operations	Elio Rodriguez email: erodriguez@opec.org
Tanker Market *and* Oil Trade	Anisah Almadhayyan email: aalmadhayyan@opec.org
Stock Movements	Aziz Yahyai email: ayahyai@opec.org
Technical and editorial team	Aziz Yahyai email: ayahyai@opec.org Douglas Linton email: dlinton@opec.org

Data services

Adedapo Odulaja, Head, Data Services Department (aodulaja@opec.org),
Hossein Hassani, Statistical Systems Coordinator (hhassani@opec.org),
Pantelis Christodoulides (World Oil Demand and Stock Movements),
Klaus Stoeger (World Oil Supply), Harvir Kalirai (World Economy),
Mouhamad Moudassir (Product Markets and Refinery Operations),
Mohammad Sattar (Crude Oil Price Movements),
Anna Gredinger (Tanker Market and Oil Trade)

Editing, production, design and circulation

Alvino-Mario Fantini, Maureen MacNeill, Scott Laury, Viveca Hameder,
Hataichanok Leimlehner, Evelyn Oduro-Kwateng, Andrea Birnbach

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OPEC Basket average price

US$/b

down 1.60 in March	March 2015	52.46
	February 2015	54.06
	Year-to-date	**50.27**

March OPEC crude production

mb/d, according to secondary sources

up 0.81 in March	March 2015	30.79
	February 2015	29.97

Economic growth rate

per cent

	World	OECD	US	Japan	Euro-zone	China	India
2014	3.3	1.8	2.4	–0.1	0.9	7.4	7.2
2015	3.4	2.2	2.9	0.8	1.3	7.0	7.5

Supply and demand

mb/d

2014		**14/13**	**2015**		**15/14**
World demand	91.3	1.0	World demand	92.5	1.2
Non-OPEC supply	56.5	2.2	Non-OPEC supply	57.2	0.7
OPEC NGLs	5.8	0.2	OPEC NGLs	6.0	0.2
Difference	**29.0**	**–1.4**	**Difference**	**29.3**	**0.3**

OECD commercial stocks

mb

	Dec 14	Jan 15	Feb 15	Feb 15/Jan 15	Feb 14
Crude oil	1,312	1,340	1,365	25.4	1,257
Products	1,398	1,394	1,358	–35.8	1,320
Total	**2,710**	**2,733**	**2,723**	**–10.4**	**2,577**
Days of forward cover	59.2	60.1	60.9	0.8	57.2

Next report to be issued on 12 May 2015.