OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:
Tanker market prospects

Helferstorferstrasse 17, A-1010 Vienna, Austria
Tel +43 1 21112   Fax +43 1 2164320   E-mail: prid@opec.org   Web site: www.opec.org

Oil Market Highlights

- The **OPEC Reference Basket** rose by 2.5% in January to settle at $109.28/b. All Basket components improved with Venezuelan Merey showing the most significant increase. ICE Brent and Nymex WTI also moved higher in January. The WTI front-month improved by 7.5% to average $94.83/b and ICE Brent ended the month at $112.32/b. The agreement in the US averting the fiscal cliff triggered a rally in crude prices, along with improving confidence in the global economy. The increasing optimism about the economic outlook has also stimulated a large wave of speculative buying in the oil futures market. The return of the expanded 400-tb/d Seaway pipeline, open arbitrage to Asia, and production glitches in the North Sea market have also underpinned Nymex WTI and ICE Brent prices.
- **World economic** growth remains unchanged at 3.0% for 2012 and 3.2% for 2013. The weak fourth quarter in the US caused growth to be revised lower to 2.2% in 2012 and 1.8% in 2013. Growth in Japan remains unchanged at 0.7% this year, after an estimated expansion of 2.0% in 2012. The Euro-zone is still forecast to recover to 0.1% from a decline of 0.4% in 2012. China continues to benefit from increasing global trade and is forecast to expand at 8.1% in 2013 and 7.8% in 2012, up 0.1 and 0.2 percentage points, respectively. India's growth in 2013 has been revised to 6.1% from 6.4%, following growth of 5.5% in 2012. While a tentative recovery in the global economy is visible, a number of fiscal-related issues in the developed countries remain and are likely to impact growth in the coming months.
- **World oil demand** growth in 2012 was revised up by 45 tb/d to stand at 0.8 mb/d, reflecting higher-than-expected actual data for the fourth quarter. Given some signs of recovery in the global economy and colder weather at the start of this year, the forecast for world oil demand growth in 2013 has also been revised up by 80 tb/d to stand at 0.8 mb/d. The bulk of the growth is seen coming from China, which is forecast to increase by 0.4 mb/d. Other non-OECD countries will add further 0.7 mb/d, while OECD demand is expected to still see a contraction of 0.3 mb/d, although 0.1 mb/d less than estimated in 2012.
- **Non-OPEC supply** is estimated to have increased by 0.5 mb/d in 2012, unchanged from the previous month. In 2013, non-OPEC oil supply is forecast to increase by 0.9 mb/d, unchanged from the previous month. The US, Canada, the Sudans, Brazil, Australia, and Kazakhstan are seen as the major contributors to supply growth in 2013. OPEC NGLs are expected to increase by 0.2 mb/d in 2013, following an estimated increase of 0.4 mb/d in 2012. In January, total OPEC crude oil production averaged 30.32 mb/d, according to secondary sources, representing a decrease of about 20 tb/d from the previous month.
- **Product markets** in January reversed the declining trend seen since October. The gasoline market became temporarily bullish on the back of tightening sentiment with inventories falling in the Atlantic Basin amid healthy cracks in the bottom of the barrel. Additionally, refinery margins in Asia continue to recover, supported by rising seasonal demand in middle distillates and fuel oil for utilities, as well as expectations of tightening product supplies in the region.
- The **tanker market** in January saw a generally lower trend, with both clean and dirty spot freight rates declining partially due to increased new Worldscale flat rates on higher bunker prices. Ample tonnage supply amid lower tonnage demand pressured freight rates. On average, VLCC rates decreased 18%, Suezmax dropped 5%, and Aframax declined 6%. OPEC sailings and fixtures declined in January by 3% and 6.6%, respectively.
- Preliminary data for December shows that total **OECD commercial oil stocks** fell seasonally by 44.1 mb, but remained in line with the five-year average. Commercial crude stocks showed a surplus of 47 mb, while products indicated a deficit of almost the same amount. In terms of forward cover, OECD commercial stocks stood at around 57.2 days at the end of December, one-and-a-half days higher than the five-year average. US total commercial oil stocks rose 13.8 mb in January , showing a surplus of 54.0 mb with the five-year average. The build in total US commercial oil stocks was attributed to both crude and products, which rose by 11.7 mb and 2.1 mb, respectively.
- **Demand for OPEC crude** in 2012 remained unchanged from the previous assessment to stand at 30.1 mb/d, representing a decline of 0.1 mb/d from the previous year. Required OPEC crude for this year is forecast to average 29.8 mb/d, indicating a decline of 0.3 mb/d and representing an upward adjustment of 0.1 mb/d from the previous report.

Tanker market prospects

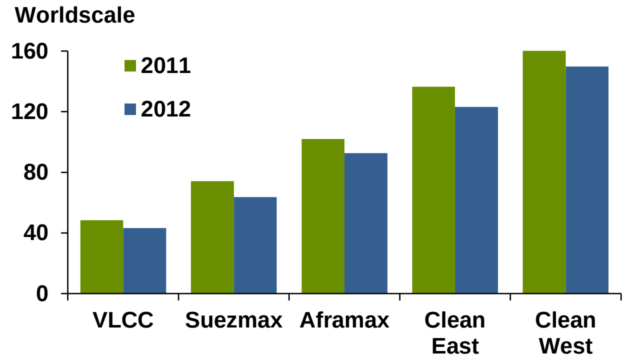
The year 2012 was a challenging year for the tanker industry. Several ship sizes – if not the market as a whole – suffered from a combination of low freight rates and high idle capacity. The year started with slightly improved freight rates in the first quarter for both dirty and clean vessels. However, by the summer season, dirty spot freight rates reached an absolute low, in which owners' margins were often reported at zero, or even a loss, as bunker prices increased. This was partially due to new regulation limiting the sulphur content of bunker fuel, which came into force in January 2012 and raised operational cost to higher levels. By November, however, spot freight rates saw an overall improvement, on the back of winter seasonal oil demand.

The continued increase in tanker fleet capacity was another negative factor impacting the market last year. Indeed, between 2008 and 2012, tanker fleet capacity increased by 25%, leading to an imbalance in tonnage supply and demand. Fleet expansion could have been even stronger in 2012 if not for a number of delivery postponements.

Last year, dirty vessel capacity increased by 5% and clean capacity rose by 2%. Fleet expansion was mainly seen in VLCC and Suezmax, while Aframax increased to a lesser degree. Despite the fall in the number of deliveries, fleet capacity remained plentiful and any new influx would have only worsened the existing tonnage over-supply in the market. Freight rates were also affected by 2012 Worldscale flat rates, which were almost 20% higher than in the previous year.

On the whole, the oil tanker market was clearly out of balance in 2012. Sluggish global economic growth leading to weak oil demand fundamentals, as well as global pipeline expansions and the continued inflow of new tonnage sent freight rates lower (see ***Graph 1***).

Graph 1: Spot freight rates, 2012/2011



Graph 2: Tanker capacity development

The removal of vessels from the trading fleet provided one of the only means to alleviate the severe imbalance between tonnage supply and demand in 2012. Vessel scrapping accelerated over the course of 2012, as older vessels lost more value, providing an incentive to sending them to the scrap yards. At the same time, resale values fell to their lowest level in 10 years, with the price of a five-year-old tanker dropping by 6% (see ***Graph 2***).

Looking ahead, many of the factors depressing rates during the previous year will likely continue to cast their shadow over the current year's performance. The expansion in tanker fleets is likely to be particularly strong in 1Q13, as some deferred deliveries from 2012 are expected. This could put further pressure on tanker freight rates. Fleet growth will continue in 2013, although to a lesser degree. Therefore, the imbalance between tonnage supply and demand is expected to persist.

The gains in freight rates seen in the last two months of 2012 are seen providing some support for market sentiment in 2013. While the tanker market is expected to continue to be pressured by new fleet additions, rates are not expected to drop below the levels of 2012 and could even experience a slight increase. Indeed, recent signs of a global economic recovery also offer some hope, as GDP and world trade are expected to increase to 3.2% and 4% in 2013, higher than in the previous year. Furthermore, expected additional growth in global crude demand to Asian economies, especially China and India, are projected to lead to higher oil demand in these markets and will likely translate into higher tonnage demand.

Also, tanker owners are in concrete talks on consolidation. This could be a solution to minimize cost in order to decrease losses. Overall, the above factors will impact the shipping industry this year, but it is still too early to gauge the extent of these effects.

Additionally, new energy efficiency measures mandated by the International Maritime Organization (IMO) came into force at the start of this year. These will require an energy efficiency management plan and introduce a fuel efficiency tool at the design stage of new vessels. Both measures are targeted to reduce vessel energy consumption, with milestones planned over the coming years.

Crude Oil Price Movements

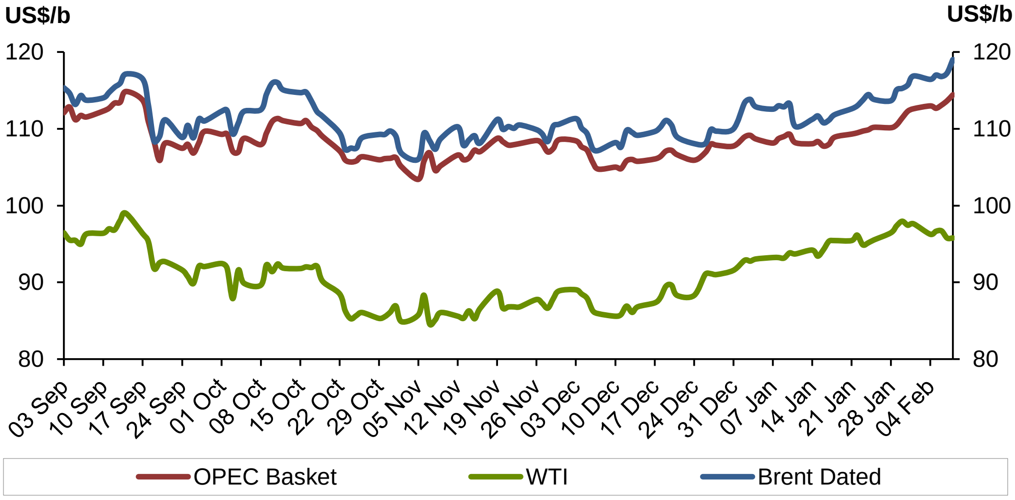
OPEC Reference Basket

OPEC Reference Basket rose in January to its highest since September

The OPEC Reference Basket rose by more than 2.5% in January to settle at $109.28/b, the highest monthly average since September of the previous year. The increase in the Basket was supported by restored optimism about the state of the world economy, after strong data from major economies boosted the outlook for oil demand and lifted global oil prices. Financial optimism coupled with geopolitical concerns spurred a large wave of speculative buying in the oil futures market, helping accelerate the price move upward. Oil prices were further supported by rising world stock markets, a weaker US dollar, healthy refined product markets, and enthusiasm about the increased flow of the US Mid-continent crude to the US Gulf Coast (USGC) which was achieved by the startup of the Seaway pipeline expansion.

On a monthly basis, the OPEC Reference Basket increased to an average of $109.28/b in January, improving $2.73 or 2.6% over the previous month. However, the Basket was $2.48 or 2.2% below the level in the same period last year when prices averaged $111.76/b.

Graph 1.1: Crude oil price movements, 2012-13



All Basket components improved in January with Venezuelan Merey grades showing the most significant increase amid improving pricing formula elements, notably the sharp rebound in WTS spreads, as well as outright WTI prices. Merey increased by $5.31 or almost 6% over the month. Brent-related components also fared well supported by the healthy Atlantic Basin light distillates market which improved amid consecutive US refined product inventory draws, news of continued US East Coast refinery closures and a snap of cold weather. Saharan Blend, Es Sider, Girassol, and Bonny Light improved by 3.5% to average $113.72/b, an increase of $3.90/b. Multi-destination grades showed the next important gain, amid noticeably better global performance of benchmark crudes at these grade ranges, particularly the medium/heavy sour market in the Mediterranean. These grades – including Iran Heavy, Basrah Light, Kuwait Export, and Arab Light – improved on average by $2.20 or 2.1%. Middle Eastern Qatar Marine and Murban achieved less with decelerating Northern Asian demand as planned spring refinery maintenance approached and expectations of warmer weather after February. The low demand has also dragged down the Dubai market structure to near contango for the first time since August, despite the upcoming over 1 mb/d expansion in refining capacity in Asia. Nevertheless, these grades increased by 1.5%, or $1.56, over the month of January. Ecuador's Oriente registered an increase at $2.71, or 2.75%, to stand at a monthly average of $101.39/b.

On 11 February, the OPEC Reference Basket stood at $114.36/b, $5.08 above January's average.

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

	Dec 12	Jan 13	Change Jan/Dec	Year-to-date 2012	Year-to-date 2013
OPEC Reference Basket	**106.55**	**109.28**	**2.73**	**111.76**	**109.28**
Arab Light	108.35	110.64	2.29	112.82	110.64
Basrah Light	105.04	107.51	2.47	110.21	107.51
Bonny Light	111.19	115.41	4.22	113.08	115.41
Es Sider	109.29	113.01	3.72	111.28	113.01
Girassol	108.92	112.24	3.32	113.01	112.24
Iran Heavy	106.56	108.52	1.96	111.77	108.52
Kuwait Export	106.19	108.31	2.12	112.00	108.31
Marine	106.25	107.87	1.62	110.65	107.87
Merey	91.68	96.99	5.31	107.77	96.99
Murban	108.90	110.39	1.49	113.03	110.39
Oriente	98.68	101.39	2.71	104.11	101.39
Saharan Blend	109.89	114.21	4.32	111.43	114.21
Other Crudes					
Brent	109.29	113.01	3.72	110.58	113.01
Dubai	106.34	107.94	1.60	109.86	107.94
Isthmus	99.03	106.48	7.45	110.02	106.48
Mars	103.96	107.87	3.91	108.38	107.87
Minas	108.96	116.92	7.96	120.41	116.92
Urals	108.21	111.62	3.41	109.91	111.62
WTI	88.23	94.77	6.54	100.30	94.77
Differentials					
WTI/Brent	-21.06	-18.24	2.82	-10.28	-18.25
Brent/Dubai	2.95	5.07	2.12	0.73	5.08

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

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

The oil futures market

Crude oil futures moved up, buoyed by increased optimism over the global economy

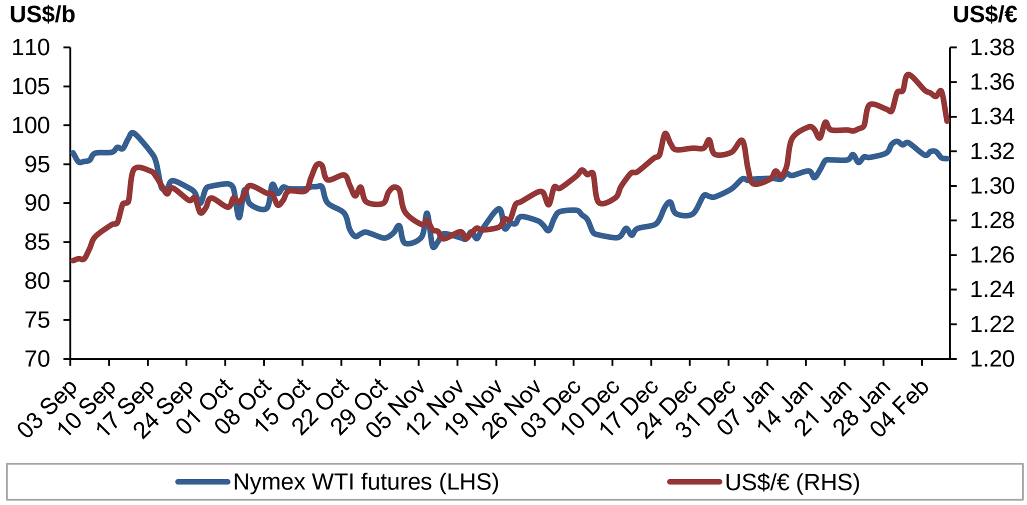
The two major international crude oil futures on both sides of the Atlantic moved upwards in January to their highest level in several months. The WTI front-month averaged nearly $95/b for the first time in nine months. ICE Brent also ended the month gaining to its highest monthly average since September. Besides the agreement to avert the so-called US fiscal cliff, which triggered a crude price rally, several bullish factors supported crude oil markets in January. The wider oil complex was buoyed by confidence over the global economy, particularly as the latest manufacturing data from China was encouraging. Positive data also emerged from the US and the struggling Euro-zone. Steady job creation and expanding manufacturing activity in the US provided another anchor. This financial optimism stimulated a large wave of speculative buying in the oil futures market, helping to accelerate the price move upward. Hedge funds and other large speculators raised their bets on higher crude oil prices for the eighth straight week, increasing bullish positions to the largest since September. The growing economic optimism has been most apparent in global stock markets and Purchasing Managers' Indexes (PMIs). The S&P 500 is now near its all-time closing high and JP Morgan's Global Manufacturing PMI is at its highest level in ten months. Meanwhile, the WTI price rose in mid-January owing to the return of the expanded Seaway pipeline from the WTI pricing hub Cushing to the USGC. The pipeline's capacity expanded to 400 tb/d on 11 January, adding another 250 tb/d of pipeline capacity. The uplift in the WTI price signaled confidence in the greater light crude takeaway capacity out of the oversupplied Mid-Continent. In the meantime, open arbitrage to the Asia-Pacific and production glitches underpinned the North Sea market. ICE Brent prices were also sustained by geopolitical tensions and prospects for future supply disruptions increasing as a result. Finally, the healthy refined product demand also added to the bullish oil market sentiments in January.

On the Nymex, the WTI front-month improved by 7.5%, or $6.60/b, the largest month-to-month gain since November 2011, to average $94.83/b in January. However, compared to January 2012, Nymex crude futures were $5.50 lower. On the ICE exchange, the Brent front-month, to a lesser extent, also increased in January by almost 2.90%, or $3.11, to average $112.32/b, the highest monthly average in

4 months. In January, ICE Brent registered a higher value compared to the same period last year, improving by 84¢.

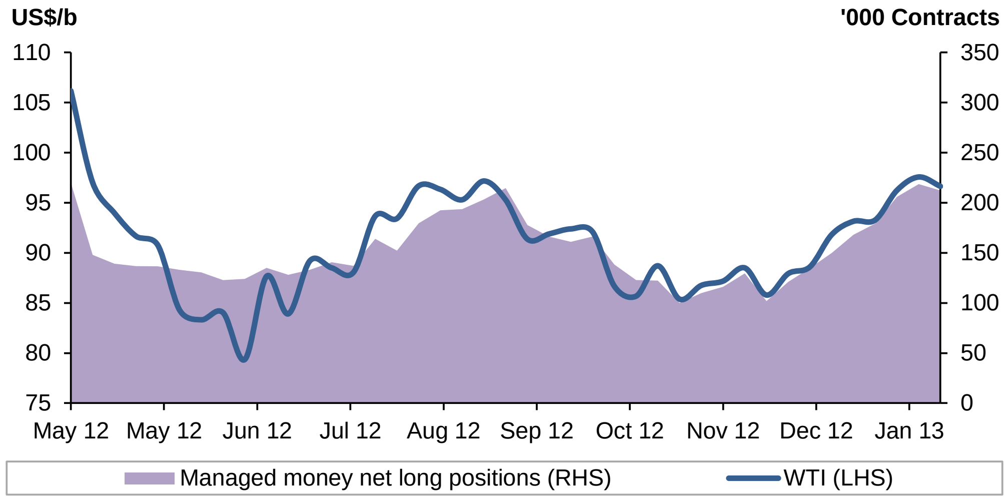
Crude oil futures prices kept their upward momentum as Nymex WTI stood at $97.03/b and ICE Brent at $118.13/b on 11 February.

Graph 1.2: Nymex WTI futures and US$ exchange rate, 2012-13



In the week to 29 January, hedge funds and other large speculators raised their bets on higher Nymex crude oil prices for the eighth straight week, the longest stretch since 2006 and the highest postion since September, data from the US Commodity Futures Trading Commission (CFTC) showed. Compared to the end of December, money managers increased combined US crude oil futures and options positions in New York by a hefty 68,711 net long contracts, or 45%, to 218,604 lots in the week to 29 January. Moreover, by the end of January, hedge funds and other money managers increased bullish bets on Brent crude to their highest level in two years, data from ICE futures shows. Speculative bets that prices will increase in futures and options combined outnumbered short positions by 179,735 lots. This is the highest number of net long positions since January 2011, the earliest date for which data is available. The gain of 25,822 contracts, or 17%, is also the biggest since records began. Furthermore, amid increasing speculative buying in the oil futures market, open interest volume (OIV) for the two major contracts increased almost 10% by the end of January to 4.01 million contracts, compared to 3.65 million contracts at the end of the previous month.

Graph 1.3: Nymex WTI price vs. speculative activity, 2012-13



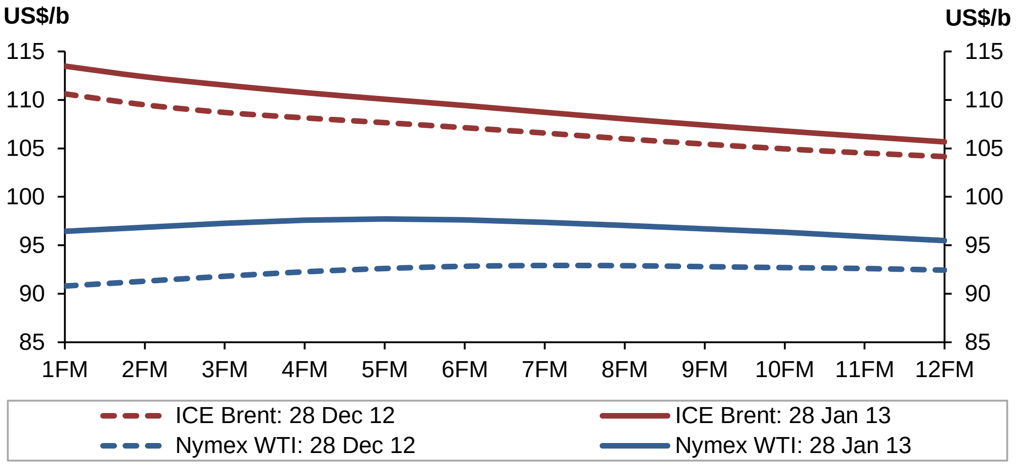
The daily average traded volume during January for WTI Nymex contracts increased by 151,635 lots, or 35%, to average 582,426 contracts or more than 580 mb/d. For ICE Brent, the volume also increased by 164,458 lots, or 37%, to 604,442 contracts, surpassing the WTI volume by more than 22,000 lots.

The futures market structure

While Nymex contango eased, ICE Brent backwardation widened

Although remaining in contango for the entire month of January, the Nymex WTI market structure in January was at a much narrower range, supported by stronger prompt values of the WTI market. The main factor behind this narrowing trend was the 400,000 b/d Seaway pipeline link which is helping to overcome the bottleneck problem at the landlocked Nymex WTI delivery point in Cushing, Oklahoma, where stocks are currently at record highs. In January, the first month versus second month time spread came down on average to around 30¢/b, compared to about 55¢/b in the previous month. It would have narrowed further if flows had not been cut due to elevated storage levels at the Jones Creek terminal in Texas. In contrast, the ICE Brent market structure further widened its backwardation supported by North Sea production issues, as well as continued arbitrage of the benchmark-setting grade Forties to South Korea. The spread between the second and the first month of the ICE Brent contract averaged around $1.15/b in January, the highest in four months, compared to $1/b in the previous month.

Graph 1.4: Nymex WTI and ICE Brent forward curve, 2012-13



FM = future month.

The Brent-WTI spread recently narrowed in anticipation that an expanded Seaway pipeline moving crude oil from the US Midwest to the USGC will ease the glut of crude in the US Midwest — especially at the Cushing, Oklahoma, delivery point for the US oil futures contract — that has been weighing on US crude futures prices. However, the spread rebounded slightly as storage and handling capacity at the Jones Creek terminal near the Texas Gulf Coast quickly filled up, creating a new bottleneck. This could be a periodic issue until the completion of a pipeline linking Jones Creek to the bigger ECHO terminal by year-end. In the meantime, ICE Brent was supported by production outages and open arbitrage to Asia. On average, the ICE Brent/Nymex WTI front-month differential was at $17.50/b, the lowest level since July, down $3.50 from December.

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

	1st FM	2nd FM	3rd FM	6th FM	12th FM
Nymex WTI					
28 Dec 12	90.80	91.30	91.81	92.84	92.44
28 Jan 13	96.44	96.87	97.26	97.63	95.48
ICE Brent					
28 Dec 12	110.62	109.49	108.70	107.13	104.15
28 Jan 13	113.48	112.38	111.52	109.42	105.67

FM = future month.

Light-sweet/ heavy-sour spread widened in all regions except the USGC

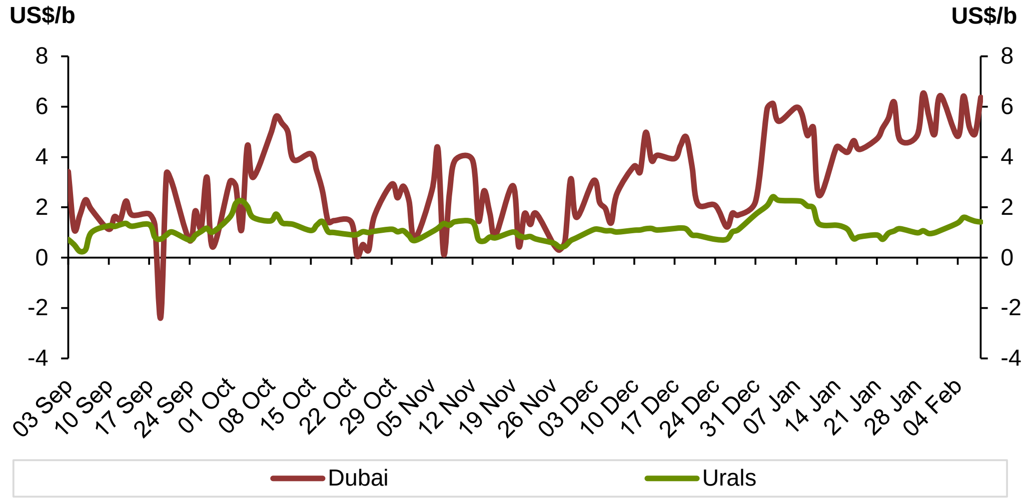
The light-sweet/heavy-sour crude spread

In Asia, light-sweet/heavy-sour differentials, represented by the Tapis-Dubai spread, widened further amid weak North Asian demand for Middle Eastern crudes as peak spring maintenance nears. Medium-sour grades were also weakened by plentiful supplies because of maintenance at Oman's 116,000 b/d Sohar refinery. Lacklustre refining margins have further dampened crude demand. Weakening prompt Dubai values have seen the benchmark's market structure contract significantly, with the first versus the third month spread narrowing to its tightest level since August. Meanwhile, Malaysia's Tapis found support from improving light distillate cracks in the Asian market, while the regional fuel oil crack was seen declining of late. Forecasts of rather cold weather kept crude with a high middle distillate yield in demand. The Tapis monthly average premium to Dubai in January widened to $10.15/b, compared to a premium of about $8.50/b in December, an increase of $1.65. Furthermore, a weaker Asian market in combination with a Brent market supported by North Sea production outages and continued arbitrage to South Korea has led to a very wide Brent-Dubai spread of about $5.05/b from $2.95/b in the previous month.

In Europe, Russian medium-sour Med Urals differentials to Dated Brent narrowed steeply during the month of January. In fact, for a short period, Urals moved from a differential to a premium to North Sea Brent — a shift not seen since August — amid a lack of alternatives to sour supply as Iranian crudes continue to be sanctioned. Stormy weather led to lengthy delays hauling crude out of the Black Sea while the supply of Iraqi Kirkuk was impacted by frequent outages along the Kirkuk-Ceyhan pipeline. Meanwhile, light-sweet Brent also remained strong throughout January amid production outages and continued arbitrage of Forties crude to South Korea. The Urals differential moved from over a $2/b discount to Dated Brent earlier in January to around $1/b below at the end of the month. On a month-to-month average basis, the differential stood at about $1.40/b in favour of Brent, compared to $1.10/b in the previous month.

The spread between USGC sweet and sour grades, represented by the LLS/Mars spread, narrowed in January amid increasing supplies of light sweet crude and firm demand for sour crudes on the USGC. More light-sweet Eagle Ford crude is coming by barge to Louisiana after being displaced from Houston-area refineries by crudes shipped on expanded pipelines from Cushing and West Texas. On the other hand, the gradual restart of the Motiva refinery and lower year-end import of sour crudes supported medium sour crudes in the USGC. The differential for LLS vs. Mars averaged $4.80/b in January, down from the previous month's premium of $5.60/b, 80¢ lower. Meanwhile, on average, West Texas Sour (WTS), traded at $12.75/b under WTI in January compared to a differential of $15.10/b the previous month. The recent strength of the sour Midland grades and WTS is due to expectations that the grades will get a price boost from upcoming pipeline access. The upcoming Longhorn Pipeline reversal project, which will carry crude from the Midland area to the Gulf Coast, has been expected to provide support to Midland-area crude oil grades.

Graph 1.5: Brent Dated vs. Sour grades (Urals and Dubai) spread, 2012-13



Commodity Markets

Several commodity markets are moving on a better macro outlook despite weak fundamentals

Trends in selected commodity markets

In January 2013, the World Bank **energy price index** rebounded by 3.5% m-o-m mainly on a 3.9% m-o-m rise in petroleum prices **while the non-energy price index** showed a small increase of 0.8% m-o-m compared to a 1% m-o-m fall in the previous month. Agriculture prices declined by 0.6% m-o-m with food prices being down 0.97% m-o-m compared to a 1.2% decline in December. Base metal prices increased at a slower pace of 0.5% m-o-m than in the previous month when prices as a whole for the complex rose by 4.8% m-o-m. The price of gold also fell by 0.8% m-o-m compared to a 2% m-o-m drop in December.

Commodity prices, especially base metals, benefited somewhat from an improvement in the stream of macroeconomic data, especially on China and the US economy. Nevertheless, macroeconomic uncertainties still remain. Investors continued showing caution about commodity risk although OIV in the major US markets rebounded in January compared to a decrease in last December.

The base metal price recovery in the last weeks of November and December resulted mainly from short-covering, and the outlook for 2012 relied especially on sustained economic and domestic demand growth in China. So far, base metal fundamentals have shown little sign of strengthening.

Table 2.1: Commodity price data, 2012-13

Commodity	Unit	*Monthly averages*			*% Change*		
		Nov 12	Dec 12	Jan 13	Nov/Oct	Dec/Nov	Jan/Dec
World Bank commodity price indices for low and middle income countries (2005 = 100)							
Energy		180.9	181.6	187.9	-1.6	0.4	3.5
Coal, Australia	$/mt	85.9	92.9	92.8	4.9	8.1	-0.1
Crude oil, average	$/bbl	101.2	101.2	105.1	-2.2	0.0	3.9
Natural gas, US	$/mmbtu	3.5	3.3	3.3	6.6	-5.6	0.0
Non Energy		185.0	187.0	188.4	-2.0	1.1	0.8
Agriculture		190.1	189.0	187.9	-2.1	-0.6	-0.6
Food		210.2	207.6	205.6	-1.9	-1.2	-1.0
Soybean meal	$/mt	579.0	580.0	538.0	-3.7	0.2	-7.2
Soybean oil	$/mt	1,135.0	1,163.0	1,190.0	-3.4	2.5	2.3
Soybeans	$/mt	589.0	607.0	592.0	-4.5	3.1	-2.5
Grains		261.8	253.8	250.1	0.3	-3.1	-1.4
Maize	$/mt	321.6	308.6	303.1	0.1	-4.0	-1.8
Wheat, US, HRW	$/mt	360.8	348.0	335.5	0.7	-3.6	-3.6
Sugar World	¢/kg	42.6	42.6	41.6	-4.8	-0.2	-2.3
Base Metal		163.2	171.1	172.0	-3.3	4.8	0.5
Aluminum	$/mt	1,948.8	2,086.8	2,037.8	-1.3	7.1	-2.3
Copper	$/mt	7,711.2	7,966.5	8,047.4	-4.4	3.3	1.0
Iron ore, cfr spot	¢/dmtu	120.4	128.5	150.8	5.6	6.8	17.3
Lead	¢/kg	218.2	228.0	233.4	1.9	4.5	2.4
Nickel	$/mt	16,335.4	17,448.5	17,472.5	-4.9	6.8	0.1
Tin	¢/kg	2,071.3	2,288.1	2,454.6	-2.5	10.5	7.3
Zinc	¢/kg	191.2	204.0	203.2	0.4	6.7	-0.4
Precious Metals							
Gold	$/toz	1,721.6	1,684.8	1,671.8	-1.4	-2.1	-0.8
Silver	¢/toz	3,277.3	3,187.5	3,106.2	-1.2	-2.7	-2.5

Source: World Bank, Commodity price data.

The **Henry Hub (HH) natural gas price index** shows no growth in January which compares favourably to a 5% m-o-m drop in the previous month. The effects of normal winter weather and weak fundamentals, in combination with high inventories, were partly offset by cold weather in the West, which resulted in a significant drop in production.

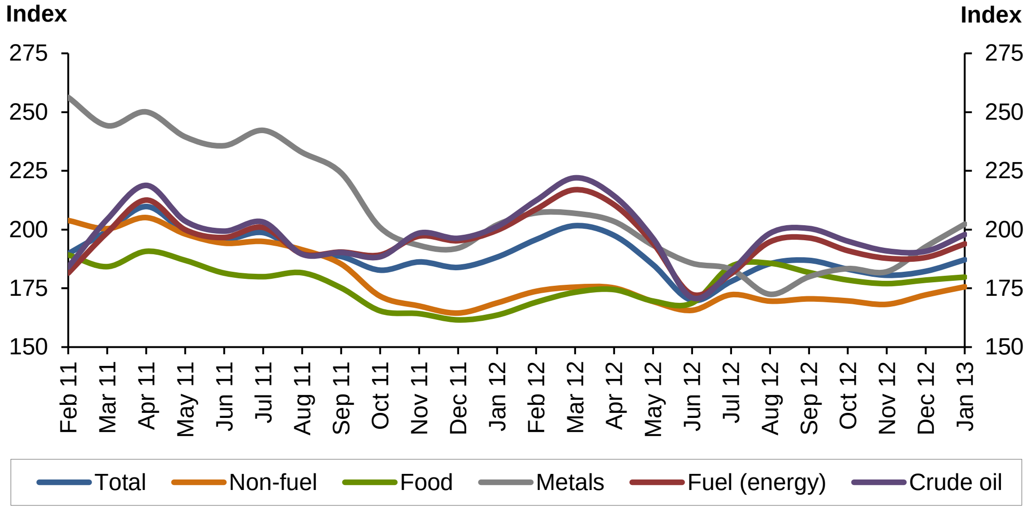
The expected positive impact of the retirement of coal-fired generation on natural gas demand is not likely to materialise until 2015. Fundamentals are expected to weaken until production starts to decrease by the second half of this year.

The **agricultural price index** declined by 0.6% m-o-m with food prices down by 1.3% m-o-m in January. Wheat prices dropped by 3.6% m-o-m despite lower-than-expected reported plantings of US winter wheat according to the USDA's 11 January report. Wheat prices in the US were also affected by lower imports from China in December. Corn prices were down 1.8% m-o-m compared to a 4% drop in the previous month, due to a larger US corn crop and increased production for South America for 2012-13, combined with lower imports from China.

Sugar prices declined further by 2.3% m-o-m compared to a 0.6% fall in December, due to a surplus in global markets. There has been record production of sugar in Brazil and good production in China, which has resulted in lower sugar imports to China in December.

Lower speculative activity also weighed on agricultural prices.

Graph 2.1: Major commodity price indexes, 2011-13



Commodity price index, 2005 = 100

Total:	*Includes both fuel and non-fuel.*
Non-fuel:	*Includes food and beverages and industrial inputs.*
Food:	*Includes cereal, vegetable oils, meat, seafood, sugar, bananas and oranges.*
Metals:	*Includes copper, aluminum, iron ore, tin, nickel, zinc, lead and uranium.*
Fuel (energy):	*Includes crude oil (petroleum), natural gas and coal.*
Crude oil:	*Is the simple average of three spot prices: Dated Brent, West Texas Intermediate and Dubai Fateh.*

Source: International Monetary Fund.

Base metal prices declined in January

The **World Bank's base metal price index** declined by 0.5% m-o-m in January compared to a 4.8% m-o-m gain in December. The slower increase in base metal prices took place across the complex: aluminium and zinc prices declined by 2% and 0.2% m-o-m, respectively, in January. Copper prices rose by 1% m-o-m compared to a 3.3% gain in December; lead prices increased by 2.4% m-o-m in January. Nickel was up 0.14% compared to a 7% m-o-m gain in the previous month. The International Nickel Study Group estimated an important surplus of refined nickel for 2012 compared to the previous year.

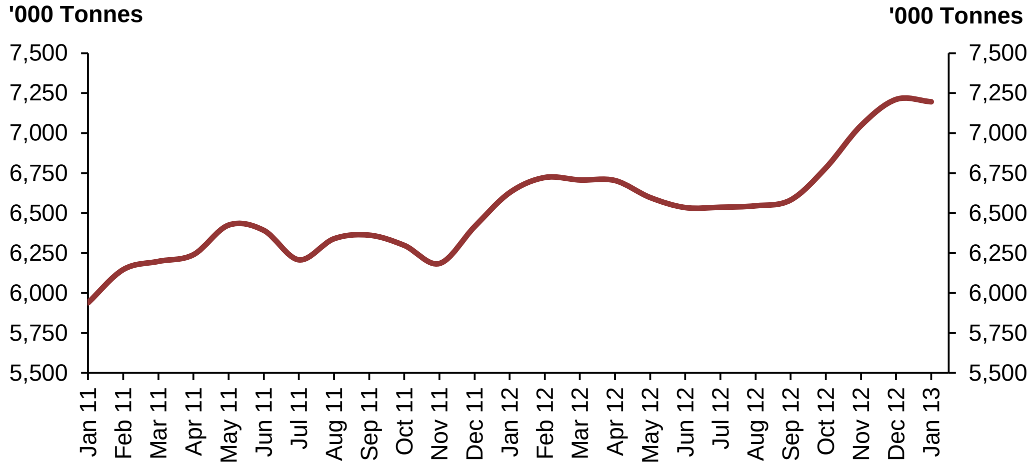
Encouraging factors for base metals, particularly copper and zinc, have been the improving sentiment regarding Chinese demand and the expected recovery in the US housing market in 2013-14. Nevertheless, this and other positive macroeconomic factors were partly offset by a softening trend in most base metal imports from China and rising inventories. London Metal Exchange (LME) stocks are increasing for metals such as copper, nickel and tin. Weak speculative activity also prevailed for most of January. However, in the last week of January, sustained optimism about global growth, particularly in China and the US, has led to short covering across base metals in what is becoming a risk-on environment. This recent rally for base metals was driven more by short covering by commodity trading advisors than discretionary investment or corporate flows. Nevertheless, a further move higher is possible in the short-term if the

Some recovery but still cautious mood in the commodity markets

macroeconomic environment remains positive. Short covering due to the possible impact on the commodity markets of changes in the interest rate regime may also take place in February.

There is an outlook for surpluses in 2013 across all base metals, except tin. Chinese base metal imports for December continued to point to weak copper demand which is coherent with rising estimated bonded warehouse stocks.

Graph 2.2: Inventories at the LME



Source: London Metal Exchange and Haver analytics.

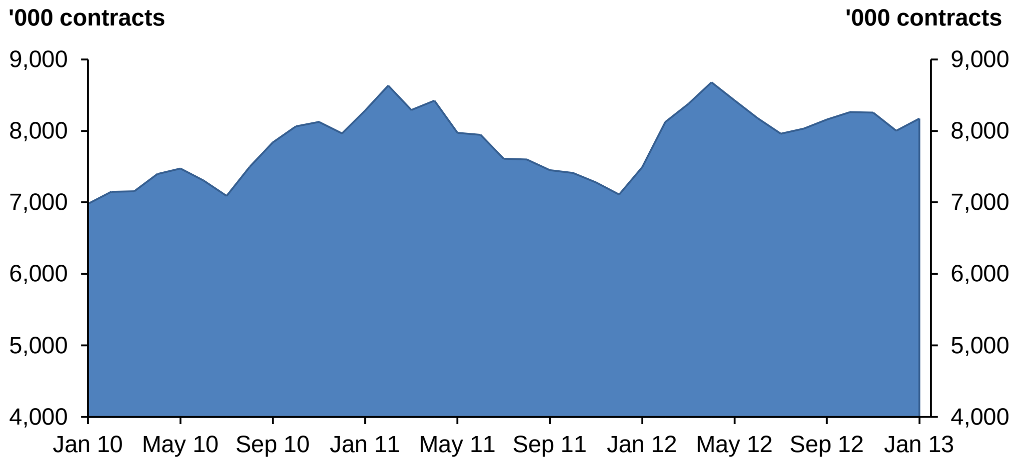
Gold prices posted a slower decline of 0.8% m-o-m compared to a 2% m-o-m fall in December. Unfavourable factors were a better macroeconomic outlook, weaker Asian demand and a decline in ETP buying. Speculative positioning also decreased by 18.7% due to lack of conviction in gold.

Investment flows into commodities

A rebound in the **total open interest volume (OIV)** in major commodity markets in the US declined by 2.1% m-o-m to 8,171,868 contracts in January compared to 3.1% m-o-m in December. Most of the market groups posted a gain in OIV.

Total net length speculative positions in commodities declined by 8.1% m-o-m to 636,911 contracts in January compared to an 11% drop in the previous month. Long positions declined by 0.2% m-o-m to 1,621,478 contracts but shorts gained 5.7% m-o-m to 984,567contracts.

Graph 2.3: Total open interest volume

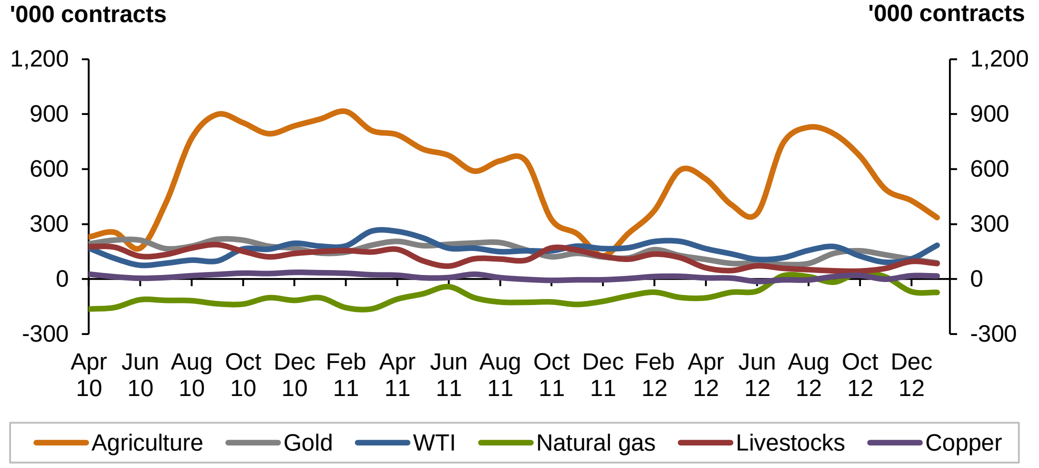


Source: US Commodity Futures Trading Commission.

Agricultural OIV was 3.3% up m-o-m to 4,280,611 contracts in January compared to a 4.4% loss in December. Strategic net long positions in agricultural markets declined further by 21.6% m-o-m to 335,480 contracts in January. This was driven by a 3.3% m-o-m decline to 872,574 contracts in January, while short positions increased further by 13.2% m-o-m to 537,094 contracts. The grains complex, in particular, reported a retrieve in speculative activity.

HH natural gas OIV increased by 0.9% m-o-m to 1,167,912 contracts in January compared with a 0.4% drop in the previous month. Money managers' net length declined 6.5% standing at minus 729,000 contracts from minus 68,459 contracts in December.

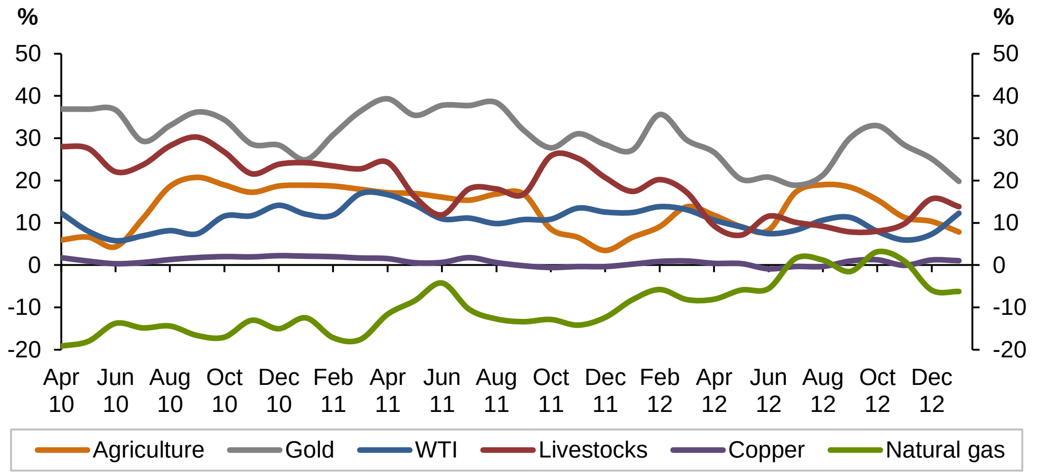
Graph 2.4: Speculative activity in key commodities, net length



Source: US Commodity Futures Trading Commission.

Copper OIV rose 7.9% m-o-m to 160,582 contracts in January compared to a drop of 0.8% in the previous month. Strategic investments in copper rose to 18,209 contracts in December from minus 741 contracts. Money managers' net long positions decreased by 7.7% m-o-m to 16,805 contracts, but it is still at high levels considering the massive boost in strategic investment in copper during the previous month. A 0.7% m-o-m increase in shorts combined with a 3.5% decline in longs.

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



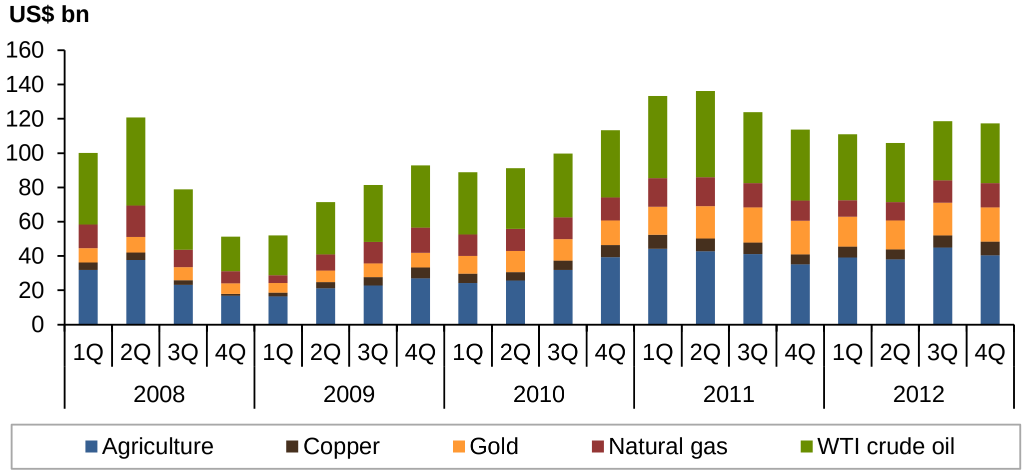
Source: US Commodity Futures Trading Commission.

The **gold** OIV increased by 3.2% m-o-m to 445,291 contracts compared to a 7.2% drop in the previous month. Strategic investments in gold fell by 18.7% to 88,212 contracts in January compared to a 17.9% loss in December. Short positions increase by 31.5% m-o-m to 29,006 contracts in January compared to a 93.5% gain in the previous month, while longs retreated by 10.29% m-o-m to 117,218 contracts in January.

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

	Open interest		*Net length*			
	Dec 12	**Jan 13**	**Dec 12**	**% OIV**	**Jan 13**	**% OIV**
Crude Oil	1,507	1,505	111	7	185	12
Natural Gas	1,157	1,168	-68	-6	-73	-6
Agriculture	4,144	4,281	428	10	335	8
Precious Metals	573	587	138	24	113	19
Copper	149	161	18	12	17	10
Livestock	613	613	96	16	85	14
Total	**8,143**	**8,314**	**722**	**9**	**662**	**8**

Graph 2.6: Inflow of investment into commodities, 2008 to date



Source: US Commodity Futures Trading Commission.

World Economy

Table 3.1: Economic growth rates 2012-13, %

	World	OECD	US	Japan	Euro-zone	China	India
2012	3.0	1.4	2.2	2.0	-0.4	7.8	5.5
2013	3.2	1.3	1.8	0.7	0.1	8.1	6.1

Industrialised countries

US

US GDP in 4Q12 fell by 0.1%, largely due to cuts in defence spending, while consumption grew by 2.2%.

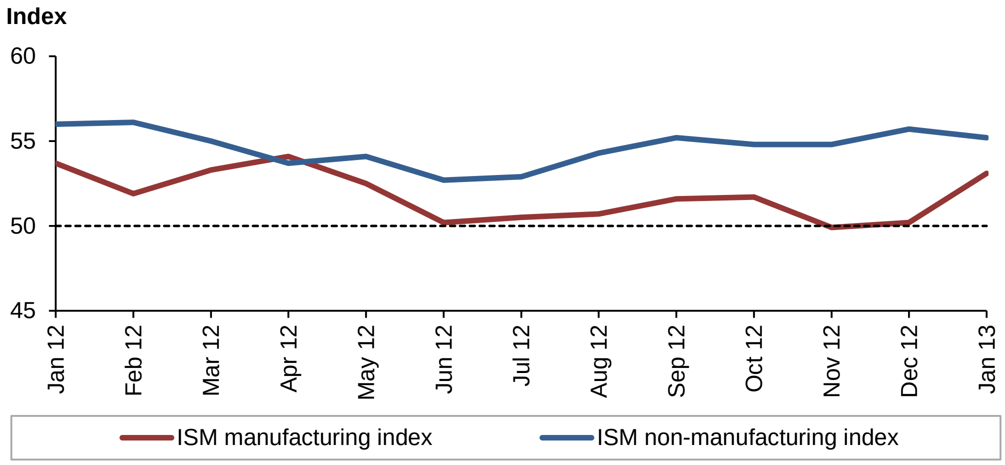
The US economy continues to recover and to expand at a reasonable level, but the surprising decline in GDP in the 4Q12, which has been published by the Bureau of Economic Analysis in its advanced estimates, has been surprising. This highlights the fact that fiscal issues largely continue to drive the US economy, beyond its ability to recover based only on an improvement in consumption. While US GDP has declined by 0.1% q-o-q seasonally adjusted annualized growth, private consumption expenditures have increased by 2.2%. That is a positive development and it is higher than in the 3Q12, when it stood at 1.6%. This also reflects the underlying improvements in the labour market that are supported by rising industrial production and a recovery in the housing and equity markets, which are supportive for wealth levels and consumer confidence.

The drag on the recovery came mainly from governmental consumption, which after a large increase in the 3Q12 of 3.9%, declined by 6.6% in 4Q12. This move was almost entirely driven by defense spending cuts, which had increased by almost 14% in 3Q12 and declined by a stunning 21% in 4Q12. The reasons for this unusual pattern may be manifold, but it highlights the fact that despite the underlying recovery in the economy and the consequent improvement in consumption, the governmental sector still has a large impact on the economy's growth. Moreover, the status of the fiscal negotiations over the next several weeks will need to be closely monitored. In March the postponed spending cuts expire and a solution must be found in the coming two weeks. The negative impact of these spending cuts would be at around 0.5% of GDP, which would considerably reduce GDP forecast estimates for this year. Also, on 27 March a resolution on the budget for this year will need to be found. In addition, the debt ceiling issue now has been postponed to 18 May. So uncertainty prevails and it remains to be seen what the impact of the decisions that have to be taken will be. Already it is visible that this uncertainty has had an unnecessary impact on the investment behavior in the US, which is holding back the expansion. It should be considered that already in 4Q12 this caused a drag, even when consumption expanded considerably.

The labour market has slightly improved, when analyzing the job creation numbers that have been revised upwards for the past two months to stand now at 247,000 in November, 196,000 in December and 157,000 in January. On the other side, the additions in January were less than expected and also the growth trend is in deceleration. With the unemployment rate having risen to 7.9% from 7.8% and long-term unemployment standing still at a very high level of 38%, the labour market remains fragile. However, there have been major improvements since the crisis has started and this should be considered as a success, driven by past and ongoing monetary and fiscal stimulus measures. With slight improvements in the labour market, consumer confidence held up well. The consumer sentiment index of the University of Michigan rose to 73.8 in January from December's number of 72.9.

Industrial production continues expanding. It grew by 2.3% in December after growing 2.9% in November. Manufacturing orders however show some deceleration, when they rose by 0.7% y-o-y in December after rising 1.0% in November. The improving manufacturing sector has also been confirmed by the latest numbers of the Institute of Supply Management (ISM), which provides the main Purchasing Managers' Index (PMI) for the US economy. The ISM number for the manufacturing sector stood at 53.1 in January after reaching 50.2 in December. The ISM for the services sector held up well at 55.2 after 55.7 in December, both supporting the composite index at around December's level, with 55.0 in January after 55.1 in the previous month.

Graph 3.1: ISM manufacturing and non-ISM manufacturing indices



Source: Institute for Supply Management.

The very important housing sector continues improving, but indicators remain somewhat mixed. Pending home sales fell by 4.3% in December, after an increase of 1.6% in November. This compare to a stellar rise of 5.0% in October, according to the National Association of Realtors. Pending home sales are considered a leading indicator of progress in real estate because they track contract signings. Positively, the yearly change of the house pricing index of the Federal Housing Finance Agency (FHFA) has continued its rising trend at a monthly price rise of 5.6% in November, the largest increase since August 2006.

The US growth forecast for 2013 has been revised down to 1.8%

The current environment of political uncertainty might lead to muted growth in 2013, which is expected to be below the previous year's level of 2.2%. It is estimated that 2013 GDP will increase by 1.8%, which is a downward revision from the previous month's forecast, which stood at 2.0%. But the current uncertainty is expected to hold back investments and, to some extent, consumption during the 1H13. If, on the other hand, a profound agreement on fiscal issues is worked out relatively soon, the economy should benefit via increased business spending and investment, which could lead to higher growth. But it should be mentioned that the looming spending cuts scheduled for March could have a negative impact of up to 0.5 percentage points (pp) of GDP, which could make another downward revision necessary in the coming month.

Japan

Japan's forecast unchanged at 0.7% in 2013, following estimated growth of 2.0% in 2012; the impact of recently announced stimulus and policy measures remain to be seen

The economy is slightly improving in Japan from the lows seen in 2H12. It is still too early to gauge the exact magnitude of the rebound, but while most of the indicators have been pointing to a decline — or at least a deceleration in most areas of the economy over the past months — as well as the recovery in global trade combined with the stimulus efforts of the newly elected government, the momentum seems to accelerate. However, Japan in the past has remained highly dependent on its foreign trade and its domestic stimulus efforts had a limited impact over the medium-term. This time the government has announced aggressive measures to stimulate the economy. The inflation target that should be achieved via monetary measures by the Bank of Japan (BoJ) has been announced at 2%. This compares with yearly inflation in December of minus 0.2% and one would need to go back for quite some time to find inflation levels in Japan significantly above the 0% level. Moreover, the government has clearly expressed that in combination with this target a devaluation of the Japanese yen is desired in order to support exports. By watching the recent decline of the yen's value compared to the US dollar and the Euro, it becomes obvious that this announcement has been considered as credible by the foreign exchange markets and it even raised fears that major economies could start to manage their exchange rates more aggressively with unpredictable consequences to the global economy. Moreover, the newly elected government has announced that it will again push for a fiscal stimulus package of, at this time, 10.3 trillion yen. All these already implemented measures and the announcements of further measures are bound to support the economy in the current year, but it remains to be seen what the effect will be beyond that. Close monitoring of the economy will be important and for the time being a larger positive impact will be needed to significantly lift growth expectations for 2013. If, however, the yen keeps its declining trend, the BoJ is able to achieve an inflation target of around 2% and domestic consumption moves up again, then the positive impact in the next year and beyond could potentially be felt at a higher rate than this year. The current plan of reviving the economy has been compared to the effective stimulus enacted in the 1930s in Japan by then Finance Minister, which comprised foreign exchange rate adjustments, monetary and fiscal measures. At that time, the BoJ also underwrote government bonds as a strategy of supporting the sovereign debt sphere.

However, the economy remains burdened by structural challenges and it remains to be seen if these recently announced plans will be successful in the long-term. The reasons for the continued softening of the economy have been manifold and are in general triggered by structural problems, like an aging population leading to an aging consumer population and a declining workforce. When looking at the GDP in relation to the absolute magnitude of its workforce, the economy actually has done a very good job. As it has been highlighted by Paul Krugman recently in an article in the New York Times, GDP per working adult has actually increased by around 15% over the past 20 years. Adding to the declining size of the labour market, the high sovereign debt level of the economy — at almost 2.5 times GDP — is certainly putting additional limitations on the government's ability to support the economy via fiscal means in the long-run.

Exports increased by 2.4% m-o-m on a seasonally adjusted base in December, while on a yearly comparison it was still negative, but the weakness of the yen could provide a base for a recovery in the coming months. With an increase in imports of 1.2% y-o-y, the trade balance has remained clearly negative at 800 billion yen. Retail sales increased in December by 0.4% y-o-y, after an increase of 1.2% y-o-y in November and after having fallen by 1.2% in October, which at that time was the largest decline in almost a year. Industrial production increased by 2.5% m-o-m on a seasonally adjusted rate in December, after November's decline of 1.4%. This soft recovery trend is also reflected in the PMI for manufacturing, which has remained largely below the growth indicating 50 level for the eighth consecutive month at 47.7 in January, but is still considerably higher than the 45 reached in December. The services sector PMI remains at an encouraging level of 51.5 in January, the same level as in December.

The growth forecast remains unchanged at 0.7% for 2013 and at 2.0% for 2012. It remains to be seen what the detailed effect of the just announced stimulus and policy measures will be, and while currently there is positive momentum, most indicators remain negative when comparing them on a yearly base. If however the modest momentum from the past weeks is able to continue, growth might potentially have to be revised upwards.

Euro-zone

The forecast for Euro-zone growth of 0.1% in 2013 skewed to the downside, while the estimate for 2012 unchanged at minus 0.4%

The Euro-zone's economy has continued to show some signs of a modest rebound in the past weeks, but it is still early in the year and many challenges lie ahead, starting with the elections in Italy at the end of February and some expected opposition for continued integration of member economies budgets and the centralized supervision of the European banking system. It has become clear according to most indicators that GDP growth in the 4Q12 remained negative and the question will be about the magnitude of the shortfall. It is expected to be now the largest shortfall in the past year, based on a survey published by Bloomberg, which predicts a decline of 0.4% quarterly growth. In the meantime, some momentum for a rebound has been built up and while it is too early to say, growth in the 1Q13 could at least be flat on a quarterly base.

A major advantage for the Euro-zone is the fact that sovereign debt yields for the peripheral economies have come down in the past months, which is providing more breathing space and could serve as a base for a recovery. Spain's ten-year government bond yields have fallen from last year's peak levels in summer at 6.8% to 5.1% at the end of January, a consecutive fall for five months. The significantly reduced yield does provide some room for maneuvering and there is currently only a limited discussion about an application by Spain for the support of the emergency umbrella of the Euro-zone. Italy has also experienced a decline in yields. Italy's ten-year government bond yields have fallen from last year's peak levels in the summer of more than 6.0% to 4.3% at the end of January, but some uncertainties remain about the handling of the sovereign debt situation after the elections at the end of February.

The weakness of Germany — and, to some extent, also the deceleration in France — was the main factor that pushed the Euro-zone into negative growth territory in the 2H12. These larger economies felt a lagging effect from the decline of the peripheral economies via trade channels but were also experiencing the effect of the slowdown in the global economy in general. Industrial production has been negative from September to November in Germany and only in December turned positive at 0.3% m-o-m on a seasonally and work-day adjusted rate. Capacity utilization was also negative for most of the 2H12 and just recently moved back from a level of 80.7 in 4Q12 to 82.2 in January. Manufacturing orders have also been negative on a yearly basis for most of the 2H12. The monthly trend showed some improvement in December and turned positive again with a level of 0.8% m-o-m. In France the negative trend form 2H12 turned also somewhat positive in the past weeks with manufacturing orders growing for three months from September to stand at 0.9% y-o-y in November. Industrial production turned positive at 0.5% m-o-m in November, after a decline of 0.6% in October and minus 2.8% in September. So the trend remains mixed and shows some soft improvements, but on a slightly positive note this momentum of the larger Euro-zone economies, in combination with the better performance in some of the peripherals, could provide the base for returning to growth again this year. Some economic reports are, however, highlighting the fact that the drag could be longer and lead into the current year, delaying an economic recovery from the 1Q13 to a later stage. This has been reflected already in the latest forecast of the OECD Secretariat, which assumes 2013 growth level in the Euro-zone of only minus 0.1%. The European Central Bank's (ECB) most recent forecast foresees a decline of minus 0.3%.

The ECB has again kept its key policy rate at 0.75% in the February meeting and, while it cannot be ruled out entirely, the likelihood of a further rate cut has fallen. It could be triggered mainly by the still dire situation in the credit sphere in combination with falling inflation, which would allow room for lowering. Lending of financial intermediaries to the private sector has been negative now since the beginning of the previous year and reached a decline of 1.3% y-o-y in December, the highest decline over the past months and even bigger than the decline in October 2009, shortly after the bankruptcy of Lehman Brothers.

Industrial production has declined in all past twelve months and reached the largest decline in the most recently released month of November at –3.5% y-o-y. The main indicator for future production developments, the PMI, is pointing at some improvements in the near future, while still highlighting the negative trend as it remains below the growth indicating level of 50. The latest PMI numbers for manufacturing published by Markit stood at 47.9 in January after reaching 46.1 in December. The PMI for the services sector improved to stand at 48.6 after 47.8 in December. This modest positive trend has lifted the composite PMI to now 48.6, after 47.3 in December. It seems that there will a lot more momentum be needed for lifting the index above the level of 50 and keep the economy growing again. This low industrial activity leads to an again high unemployment rate of 11.7% in December, unchanged for three months.

The currently positive assessment that the economy will rebound in 2013 has to be reviewed in the coming month. At that time, 4Q12 GDP data will be available and more indicators will allow for an in-depth analysis of recent developments. Currently, it seems that the risk to our forecast for 2013 of 0.1% GDP growth is slightly skewed to the downside. The forecast for 2012 GDP growth is also unchanged at minus 0.4%.

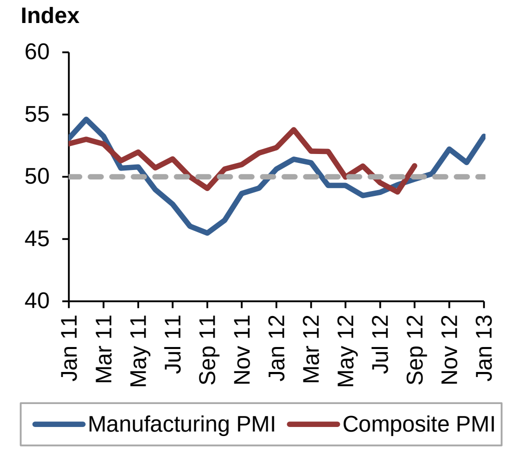
Emerging markets

Growth in international trade supports other evidence of global economic expansion

The US narrowly avoided a fiscal catastrophe in early 2013. However, the crisis in fact has deferred a final decision on spending cuts until early March rather being resolved. Considering the need to raise the debt ceiling at around the same time, the US is facing another fiscal confrontation in a couple of months. Nevertheless, the US housing market is recovering and job creation is improving. The Euro-zone will be growing again by the second half of the year, and China and most emerging markets will be expanding at a faster pace. Average growth for all of 2013, however, will be only slightly better than for 2012 although we expect the pace of economic growth globally to accelerate from mid-2013.

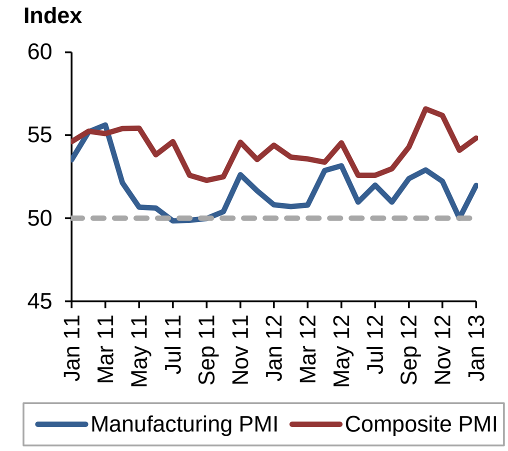
China's economy continues to recover from its mid-2012 slowdown. Industrial production and exports both rose by more than 10% in November from a year earlier, and most other economic indicators continued to move higher. We expect GDP growth of 8.1% in 2013. The Euro-zone's troubles are a drag on growth in the eastern economies. Growth has weakened as the Euro-zone, the region's most important market and source of investment, has gone back into recession. Several countries — including the Czech Republic, Hungary and Slovenia — contracted in 2012. The Commonwealth of Independent States (CIS) is the sub-region least affected, as its trade and investment linkages to Western Europe are less strong and its economies have reaped benefits from high energy prices. But even here there has been a marked slowdown, as exemplified by the recent sluggish performance of Russia.

Graph 3.2: Brazilian PMI



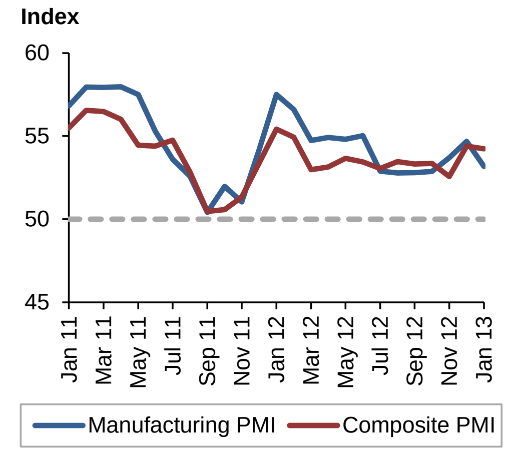
Source: HSBC, Markit and Haver analytics.

Graph 3.3: Russian PMI



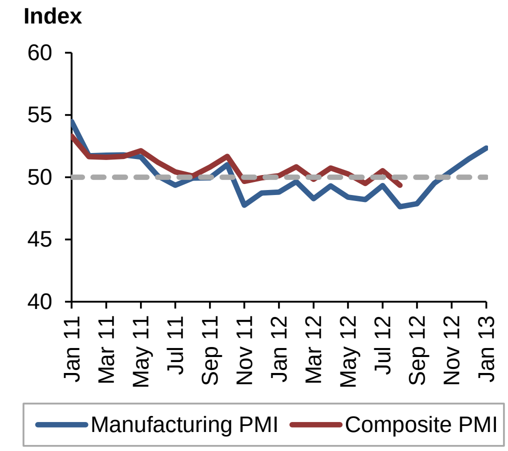
Source: HSBC, Markit and Haver analytics.

Graph 3.4: Indian PMI



Source: HSBC, Markit and Haver analytics.

Graph 3.5: Chinese PMI



Source: HSBC, Markit and Haver analytics.

In 2013, we estimate that growth in Asia (excluding Oceania) to reach at 4.2% from 3.8% in 2012. The region has been suffering a broad-based slowdown owing to sluggish demand in the West. The region's two largest economies, China and India,

have both decelerated. China's slowdown in particular has had ramifications for other countries in the region given its size and role as a catalyst of regional and global growth. Even so, Asia retained its status as the world's fastest-growing region. Asia's economic fundamentals are sound. Levels of debt (both government and private) are in most cases low compared with those in the West, and Asian banks are in good shape.
We estimate that growth in Latin America, which in 2012 slowed to 2.5%, will rebound to 3.3% in 2013. Activity in the region was adversely affected by the debt crisis and recession in the Euro-zone, slower growth in China and the sluggish performance of the US economy. We maintain the view that the slowdown in the region is cyclical rather than structural. We expect growth to pick up in 2013 and to be sustained by sound macroeconomic policies. Economic growth in the Middle East and North Africa will be constrained in 2013 by on-going developments in the region. However, expansionary fiscal policies are likely to sustain strong rates of growth in many of the oil exporting countries in the region.

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	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Brazil	1.5	3.3	5.5	5.5	-51.6	-61.6	-2.5	-2.2	58.7	58.8
China	7.8	8.1	2.7	3.2	226.6	218.0	-1.6	-2.0	15.6	16.0
India	5.1	6.1	9.3	7.6	-74.3	-72.4	-6.1	-5.5	50.8	51.0
Russia	3.7	3.4	6.6	5.9	88.2	61.4	0.1	-0.3	7.8	7.8

Source: Data Services Department, OPEC Secretariat for GDP growth rates; Consensus Forecasts, January 2013, for prices and current accounts; Economic Intelligence Unit, January 2013 and February 2013, for government fiscal balance.

Figures for India are from the fiscal year 2012-2013 and 2013-2014.

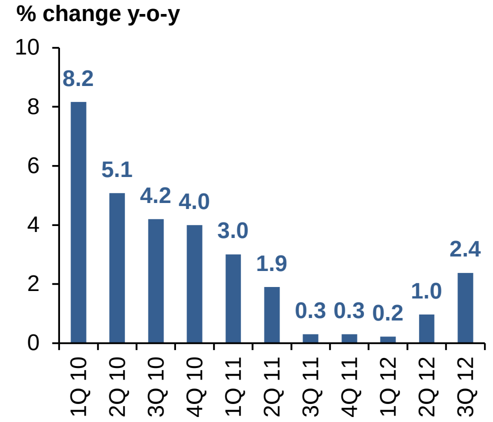
Brazil

Tight labour markets slow the economic rebound although FDI and domestic demand remain strong

The industrial production index was been flat in its latest release. However, durable goods production has increased on a monthly basis in January compared to December 2012. Capital goods, on the other hand, had the worst performance with a 0.8% drop m-o-m. Despite all policy stimulus aimed at boosting investment, capital formation remained a disappointment in 4Q12 with a sharp decline in construction material production. The confidence survey, however, points to a recovery and the latest PMI showed a significant manufacturing PMI expansion of 53.2 in January, the highest level since March 2011. Despite subdued economic growth last year the unemployment rate broke record lows and ended 2012 at 5.4%, close to its historical low, on a seasonally adjusted basis. It is expected that productivity increase should ease labour market condition slightly in the coming months.

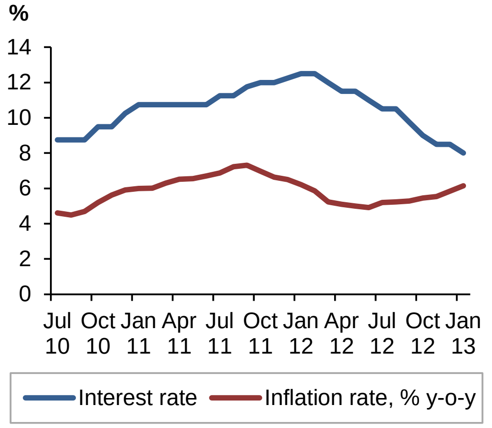
The total public sector primary surplus ended 2012 at R$ 104.1 bn, or 2.4% of GDP. After deducting extraordinary revenue from this amount this is reduced to 1.4% of GDP. With the real interest rate at 5% to 6%, and real GDP growth close to its potential, the primary surplus required to stabilize the net debt ratio is between 1.5% and 2% of GDP. For 2013 it is expected that primary surplus will be around 1% of GDP. Upward inflation pressures remained in the spotlight in recent weeks in Brazil. The focus of the Banco Central do Brasi (BCB, the Central Bank) now seems to be shifted towards exchange rate policy. The BRL appreciated 2.5%, breaking the psychological level of 2.0 against the US dollar, from a 2.08 average in December. Although government officials did not accept a more pronounced appreciation trend, arguing that a competitive currency was crucial for local manufacturing, it was recognized that an FX rate around 2.0 could gradually ease inflation pressures.
Despite a worsening trade balance that in November registered a $6.3 bn, the central bank’s figures showed that FDI continued to pour into the country. According to these figures, FDI in Brazil in October and November 2012 reached $6.3 bn and $4.6 bn, respectively. The BCB has outlined its outlook for the Brazilian economy in 2013 in its latest inflation report. According to the report, inflation is to fall from 5.7% in 2012 to 4.8% in 2013. Meanwhile, GDP growth is expected to pick up from 1.5% to 3.3% next year. The interest rate is expected to remain at 7.25%.

Graph 3.6: Brazilian GDP growth (SAAR = seasonally adjusted annual rate)



Source: Instituto Brasileiro de Geografia e Estatística and Haver analytics.

Graph 3.7: Brazilian interest and inflation rates



Source: Banco Central do Brasil and Haver analytics.

China

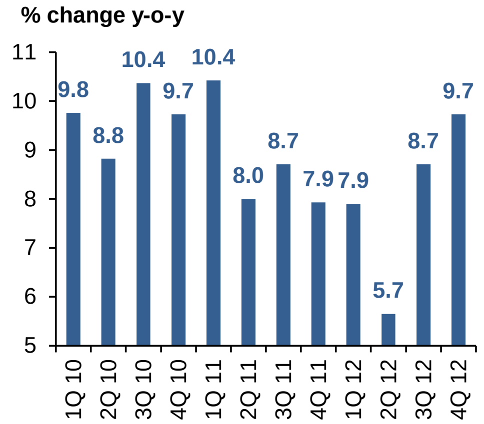
An effective macroeconomic policy mix and an improving property sector support China's economic growth

In China industrial profits have turned around in recent months with domestic demand-related sectors and high-tech outperforming other sectors. China's economic indicators improved steadily towards the end of last year. At the macro level, the impact of policy easing including fiscal expenditure, accommodative liquidity conditions and stabilization in the housing market, all of which have contributed to a decent recovery in domestic economic activity. While there have been concerns that the recovery so far mainly has been restricted to sectors that have received top-down policy support, encouragingly, there have been growing signs that the corporate sector, which had been dragged down by the slowing economy through most of last year, has stabilized (JP Morgan, 1 February 2013). Total industrial profits have begun to recover recently, rising 5.3% on an annual basis, with a notable 17.3% rise in December. Meanwhile, industrial enterprise's profit margins also improved moderately to 6.07% in Jan-Dec compared to 5.66 year-to-date in November. Along with the gradual pickup in economic activity in recent months, the pace of total industrial sale revenue growth has turned up steadily, rising 11.0% in January and December after bottoming out at 10.2% in August. Across industries, the state-owned sector underperformed significantly last year, with profits down 5.1 on an annual basis. Meanwhile, domestic private enterprise have outperformed notably, continuing to register respectable profit growth at 20.0% on the back of government policy support and perhaps reflecting that these enterprises are generally more flexible and geared more toward domestic demand.

For much of 2012, the weakening trend in corporate profits had been seen as one of the major constraints on corporate capital expenditure. The recent turnaround in industrial profits will likely boost the willingness and ability of industrial enterprises to make capital expenditures and investments this year. The revenue and profit trend of Industrial enterprises tie in closely with their hiring decisions, and hence impact household income and consumer spending. For the public sector, government tax revenue — especially from value-added taxes and taxes on profit — are also significantly affected by the state of industrial revenue. China's manufacturing PMI, compiled by the National Bureau of Statistics (NBS) and the China Federation of Logistic and Purchasing, eased modestly to 50.4 in January from 50.6 in December. This was the fourth consecutive month that the NBS manufacturing PMI reading remained above 50. In contrast to the small decline in the NBS headline index, the final Markit manufacturing PMI picked up to 52.3 in January from 51.5 in December, with a broad-based gain across the major components, including output, new orders and export.

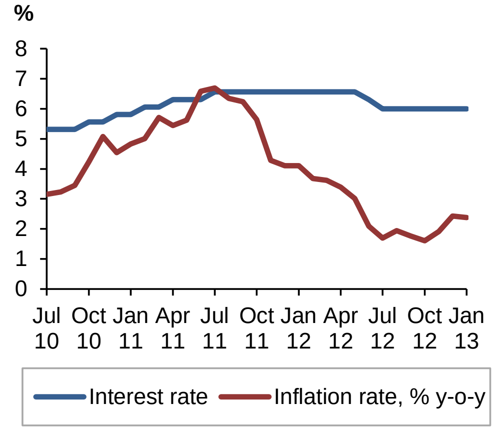
A recovery in the 4Q12 has resulted in China's economy having a full-year growth rate growth of 7.8%. Although this is the country's lowest annual rate of expansion for 13 years, the acceleration in real GDP growth in the final quarter will allay concerns about a possible economic hard landing that were being widely voiced during the mid-2012 doldrums. It is expected that China's economy supported by the Government policies and a recovering property sector to lead to faster year on year growth in 2013. However, there are indications the economic momentum has peaked and that inflation is likely to re-emerge as concerns for authorities. Thus, despite that fact that 4Q economic growth was slightly stronger than was estimated, it is unlikely that additional upward revisions in China's economic growth in China would be needed.

Graph 3.8: Chinese GDP growth (SAAR)



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

Graph 3.9: Chinese interest and inflation rates



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

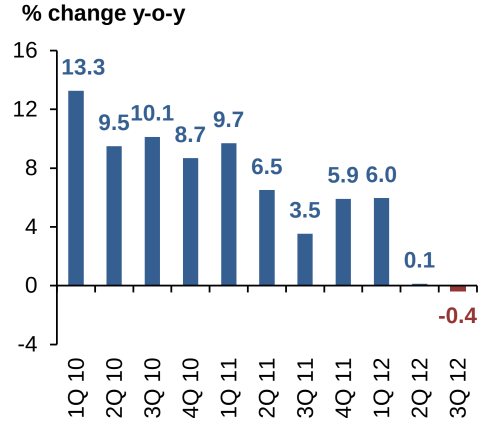
India

The RBI cuts interest rate by 25 basis points to arrest declining rate of growth

On 17 December, the government put forward its Mid-Year Economic Analysis report for fiscal year 2012-2013 in parliament. The report lowered the government's forecast for real GDP growth to a range of 5.7% to 5.9 % from a previous forecast of 7.6%. However, the GDP growth for the current fiscal year was estimated to have been only around 5%. This is the lowest level for a decade and is the result of sluggish activity in mining, farming and manufacturing, according to a recent official forecast that has surprised investors and disappointed the government. In a release on Thursday, the Central Statistics Office (CSO) said Indian GDP was expected to grow only 5% in the year to 31 March, down from 6.2% the previous year and nearly a full percentage point below recent predictions by government ministers. Meanwhile, the Reserve Bank of India (RBI) on Tuesday cut the country's benchmark interest rate by 25 basis points (bp), a move that will bring relief to the Congress-led coalition government as it struggles to return the economy to higher growth. The RBI also said in a statement that it would cut the cash reserve ratio — the share of deposits that banks must hold at the RBI — by 25 bp to 4%, a surprise move that will release Rs 80 bn ($3.4 bn) of extra liquidity into the banking system.

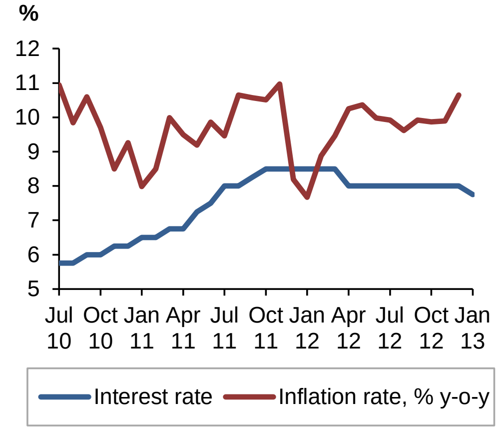
The interest rate cut, from 8% to 7.75%, which was anticipated in the financial markets, was the first in nine months. It could mark a turning point for the Indian economy, which has suffered from a sharp fall in growth from more than 8% to around 5% and is now afflicted with high twin deficits in the budget and the current account. According to Mr. Subbarao, the RBI's governor, "it is critical now to arrest the loss of growth momentum without endangering external stability. The moderation of inflation conditions provides the opportunity for monetary policy to act in conjunction with fiscal and other measures to stem the growth risks."

Graph 3.10: Indian GDP growth (SAAR)



Source: Central statistical office of India and Haver analytics.

Graph 3.11: Indian interest and inflation rates



Source: Reserve Bank of India and Haver analytics.

Persistently high consumer price inflation reached 10.6% in December, largely because of rising food prices, but headline wholesale price inflation fell to 7.2% last month, down from 8.1% in September.

India's finance minister recently travelled to Hong Kong and Singapore, and is now in Europe to tell investors that his government is determined to entrench reforms aimed at encouraging investment. Independent economists agree that Indian growth is likely to pick up in the months ahead, although they express concern about the deficits and doubt whether the government will be able to curb spending ahead of a general election due in 2014. A gradual recovery in growth is expected as structural reforms inch forward and the implementation of infrastructure projects picks up.

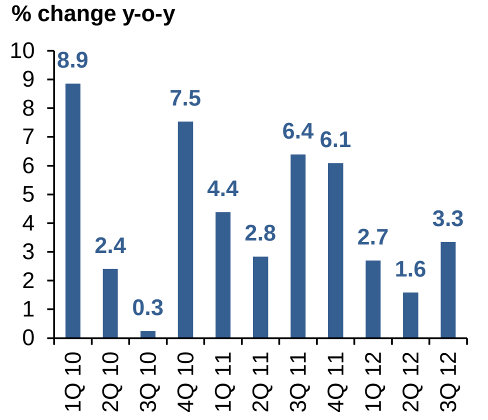
Russia

A shortage of skilled workers and a lack of international intra-industrial links are two weaknesses of the Russian economy

According to the Ministry of Economic Development, real GDP growth slowed down in January-November 2012 to 3.5%. For the year as a whole it is estimated that Russian economy might have expanded by 3.7%. Growth slowed in the second half of the year due to the base effect, the effect of drought over the summer and weaker global activity. Retail sales volume growth slowed to 4.4 y-o-y in November. Investment grew by only 1.2% on an annual basis. Industrial output rose by 1.9% in November. The Duma (Parliament) approved the budget with no changes to any of the main budgetary aggregates or assumptions about macroeconomic trends from the revised draft of late September. The Budget assumes real GDP growth of 3.7% and inflation at the end of 2013 of 5-6%. Revenue is projected to grow by 7-8% in nominal terms and to decline slightly as a share of GDP to less than 38%. Spending is expected to increase to more than 38% of GDP. Spending is being kept in check largely because transfers to regional budget are being cut. Defence is the fastest growing category of federal budget spending, rising by 15% in 2013.

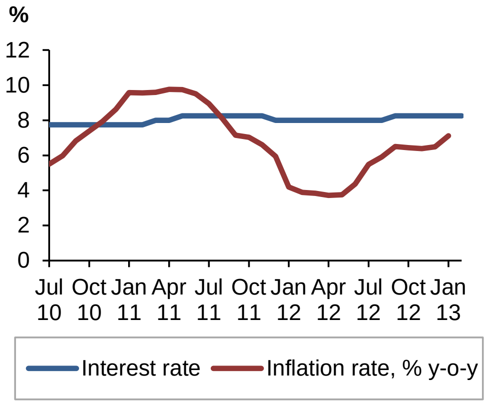
In a new study, "Diversifying Russia", the European Bank for Reconstruction and Development (EBRD) has provided a timely checklist of the challenges for Russia's economic development at the beginning of the second presidency of Vladimir Putin. Russia has proven hydrocarbon reserves sufficient to maintain production past current levels for only 20 years. Russia needs to diversify and with much more urgency than other large hydrocarbon producers. Despite innovative projects in recent years, the Russian economy remains relatively less diversified economy. With a falling labour force, immigration is essential. The report analyses that the problem is restrictions on in-immigration of skilled workers while it is relatively easier for unskilled labour force to obtain work permission. A lack of strong intra-industrial relationships at the international level has been identified a major weakness of Russian economy in this report. India and China both are deeply involved in an international division of labour based on micro-specification, and both countries can boast of flagship companies making technologically highly complex components for global industries like the car industry.

Graph 3.12: Russian GDP growth (SAAR)



Source: Federal State Statistics Service and Haver analytics.

Graph 3.13: Russian interest and inflation rates



Source: Central Bank of the Russian Federation, Federal State Statistics Service and Haver analytics.

Asia Pacific

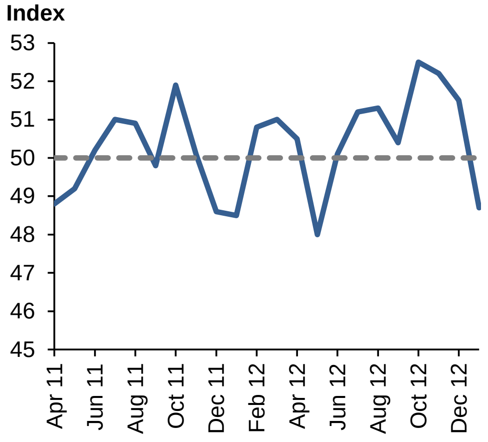
December's PMI data offers additional encouragement that Asia's manufacturing sector is slowly taking a turn for the better.

The firm growth trend in Indonesia and Malaysia through much of 2012 continued into the 4Q12.

HSBC and Markit reported that December data signaled decreased output in the Indonesian manufacturing sector, with the rate of decline quickening from November. After adjusting for seasonal factors, the index posted 48.7 in December, down from a reading of 51.5 in November. Indonesia's headline Consumer Price Index (CPI) inflation rate retreated to 4.3% y-o-y in December but had no significant changes in comparison to the previous month.

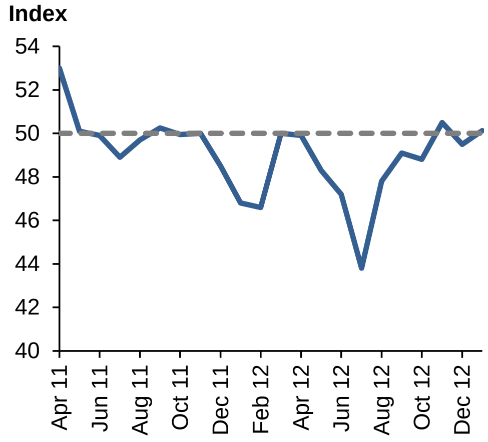
Meanwhile, Vietnam's PMI reading increased to 50.5 in December from 49.5 in the previous month.

Graph 3.14: Indonesian PMI



Source: Markit and HSBC.

3.15: Vietnamese PMI



Source: Markit and HSBC.

Asia Pacific consensus forecasts assumed that the Philippines' CPI inflation decelerated further to 3.3% y-o-y in December, down from the 3.5% rate in November. Philippines and Thailand are expected to perform well in terms of their economic growth rate in 2013. Recent studies on historic economic growth rates and long-term trends project a likely stable economic growth rate in the Asia Pacific region in the year 2013.

MENA

The prospects for the MENA region have brightened. Qatar National Bank (QNB) Group has forecast growth in the region at 5.3% in 2012 and 3.6% in 2013. Growth in the MENA region is considered “two-dimensional”, with a clear distinction between oil exporters and importers.

A study on historic economic growth rates and long-term trends support an expectation that the economic situation in the MENA region in 2013 is likely to be similar to the previous year.

Latin America without Brazil

Recent economic indicators from Latin America highlight the robust recovery of many Latin America countries in the region, excluding Brazil. Colombia's economy was a surprised on the downside in 3Q12, after real GDP growth slowed sharply in 2Q12 from 4.9% to 2.1% y-o-y. Argentina’s official CPI ended 2012 up by 10.8% y-o-y compared to 9.5% in December 2011.

OPEC Member Countries

The Central Department of Statistics and Information reported that the Kingdom of Saudi Arabia’s CPI (using a base year of 1999=100) is expected to remain manageable throughout the forecast period. The level of the CPI was 3.8% y-o-y in December. Based on the Economist Intelligent Unit’s predictions, CPI in Iraq increased at a 4.8% y-o-y rate in October and is expected at around 6% for the year 2013.

According to a December 2012 report from Markit and HSBC, PMI in Saudi Arabia and UAE has seen a positive trend, indicating continued growth in the coming year.

A report from the Bank of Algeria for 2013 showed that the Algerian government has approved a budget that will set spending at $90.5 bn, down by 11% from the figure agreed to in the 2012 supplementary budget. The official aim is to control the money supply in order to contain inflation.

Furthermore, Venezuela’s Central Bank announced that the economy accelerated 5.5% in 2012 and that inflation is expected to increase to 27.5% y-o-y at the end of 2013.

Oil prices, US dollar and inflation

The US dollar gained against all major currencies with the exception of the Euro. In real terms, after accounting for inflation and currency fluctuations, the Basket price rose by 2.8%, or $1.83/b, to $66.81/b from $64.98/b

The US dollar gained in value against all major currencies with the exception of the euro. On an average monthly basis, the US dollar fell by 1.3% compared to the euro, The dollar rose by 6.7% versus the yen, gained 1.2% versus the pound sterling and was almost flat compared to the Swiss franc, with a slight rise of 0.2%. The impressive development of the US dollar versus the yen has continued and the monthly average rate in January of ¥89.160/$ is forecast to continue. At the beginning of February it already stood at around the ¥93/$ level. Some observers in Japan have raised the issue of the quick — and to some extent unexpected — decline of the yen after the newly elected government announced its aim to push inflation and devalue the yen, seeing it as hurtful to the economy. But it seems that the current momentum is continuing and it is certainly welcomed by Japan’s export industry.

With regards to the Euro, there have been comments by the French president that the rise in value might have hurt the export industry raising some concern about the foreign exchange developments in the global economy. This should be expected to be a major topic in the G20 meetings in February. The euro has traded at up to $1.35/€ in January and while the president of the ECB managed to talk down this solid appreciation, the trend should be expected continuing as long as the Euro-zone continues to recover with sovereign debt yields coming down and with the US continuing its inability to manage its fiscal issues in the medium-term.

In nominal terms, the price of the OPEC Reference Basket rose by $2.73/b, or 2.6%, from $106.55/b in December to $109.28/b in January. In real terms, after accounting for inflation and currency fluctuations, the Basket price rose by 2.8% or $1.83/b to

$66.81/b from $64.98/b (base June 2001=100). Over the same period, the US dollar gained 0.2% 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

World oil demand growth is estimated at 0.8 mb/d in 2012

World oil demand growth for the first three quarters of 2012 was affected by macroeconomic concerns, as well as the lack of stronger growth from China, which performed much lower than the increase experienced in previous years. However, the latest data published for the 4Q, mainly for China, India, Brazil and Japan, and to a lesser extent for the US, has reversed this trend. Indeed, Chinese demand has been growing for the last four months, with December showing an increase of nearly 6%, leading to a quarterly average of more than 10.0 mb/d, the highest on record. Unusually cold weather in North Asia has also boosted demand for heating oil for the region. In Brazil, growth was boosted by higher fuel oil consumption for power generation. Better economic data from European countries has suggested that the drop in demand in the 4Q was smaller than seen in the previous quarters. Thus, world oil demand in the 4Q has increased much more than in the 3Q, resulting in growth of 1.2 mb/d compared with average growth of 0.7 mb/d during the first three quarters. The fourth quarter is estimated to have reached 90.3 mb/d, the highest demand on record. All in all, world oil demand in 2012 is estimated at 0.8 mb/d, an increase of around 45 tb/d over the previous assessment. This corresponds to a yearly absolute level of 88.8 mb/d.

In 2013, world oil demand is forecast to increase by 0.8 mb/d

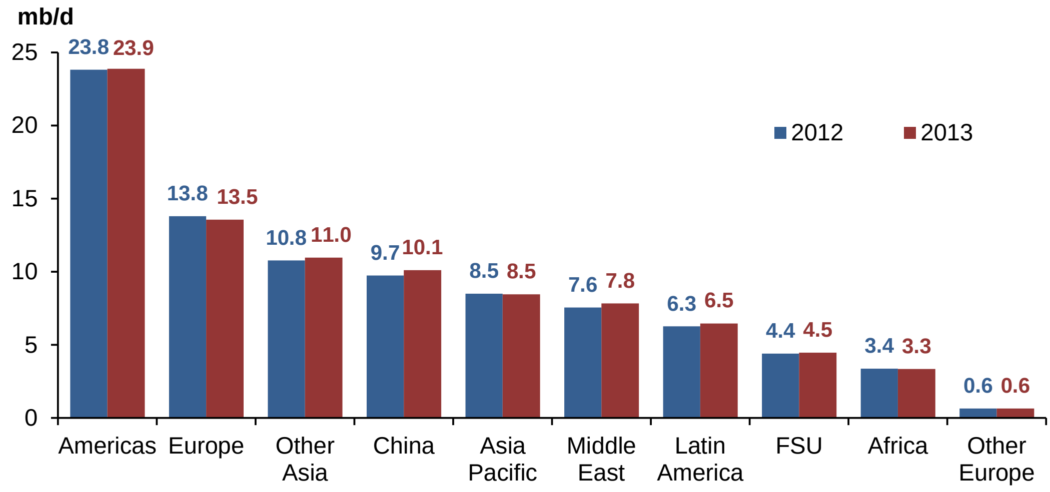
Using the latest information from the 4Q as a guide and given some signs of a recovery in the world economy in 2013, colder-than-normal weather in the beginning of this year suggests that the world oil demand in 2013 could see growth similar to the previous year. The bulk of the increase will come from China, indicating an increase of 0.4 mb/d. Other non-OECD countries will add a further 0.7 mb/d, while OECD demand is expected to still see a contraction of 0.3 mb/d. Overall, world oil demand growth is projected to increase by 0.8 mb/d in 2013 to average 89.7 mb/d, with growth indicating an upward revision of 80 tb/d from the previous report.

Table 4.1: World oil demand forecast for 2012, mb/d

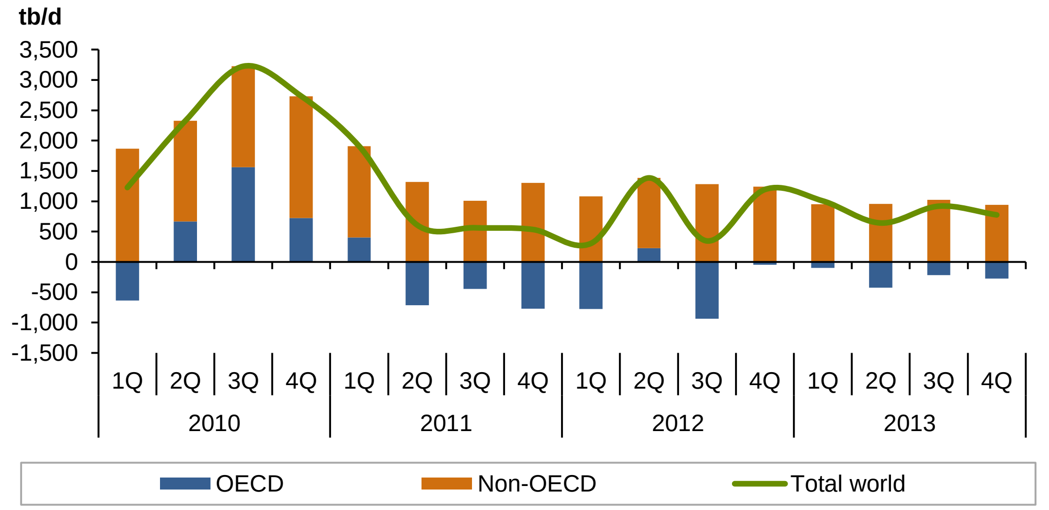
							Change 2012/11	
	2011	1Q12	2Q12	3Q12	4Q12	2012	Growth	%
Americas	24.06	23.51	23.81	23.89	24.06	23.82	-0.24	-1.02
Europe	14.31	13.75	13.78	13.82	13.84	13.80	-0.51	-3.59
Asia Pacific	8.13	9.08	7.97	8.23	8.74	8.51	0.38	4.63
Total OECD	**46.50**	**46.33**	**45.56**	**45.94**	**46.64**	**46.12**	**-0.38**	**-0.82**
Other Asia	10.46	10.51	10.79	10.87	10.88	10.76	0.30	2.86
Latin America	6.06	5.97	6.22	6.47	6.37	6.26	0.19	3.21
Middle East	7.30	7.47	7.44	7.87	7.45	7.56	0.26	3.50
Africa	3.36	3.37	3.39	3.28	3.44	3.37	0.01	0.31
Total DCs	**27.19**	**27.32**	**27.83**	**28.49**	**28.15**	**27.95**	**0.76**	**2.80**
FSU	4.29	4.24	4.09	4.51	4.72	4.39	0.10	2.33
Other Europe	0.64	0.63	0.59	0.63	0.72	0.64	0.00	-0.01
China	9.41	9.46	9.88	9.54	10.08	9.74	0.33	3.50
Total "Other regions"	**14.34**	**14.33**	**14.56**	**14.68**	**15.52**	**14.77**	**0.43**	**2.99**
Total world	**88.04**	**87.99**	**87.94**	**89.12**	**90.31**	**88.84**	**0.81**	**0.92**
Previous estimate	88.04	87.98	87.95	89.16	90.06	88.80	0.76	0.86
Revision	0.00	0.00	-0.01	-0.04	0.24	0.05	0.05	0.05

Totals may not add up due to independent rounding.

Graph 4.1: World oil demand by region



Graph 4.2: Quarterly world oil demand growth



OECD Americas

Oil demand in the OECD Americas expected to increase slightly in 2013, following a contraction of 0.24 mb/d in 2012

The latest monthly US oil consumption data for November 2012 shows oil consumption decreasing by 2.4% y-o-y. US oil consumption has dropped in all months since May 2012 and the decrease in November was amongst the strongest observed since then. Demand for gasoline was flat, despite decreasing retail prices, but offset by growing mileage. Moreover, although industrial production improved during November 2012, distillate and residual fuel oil requirements fell compared with the same month last year. One of the main reasons behind the reduced consumption of these products could be attributed to their substitution with natural gas, as gas prices hit their lowest level since 1999. Indeed, natural gas prices during 2012 decreased by 31% from a year earlier, leading to a boost of 5.0% in natural gas consumption.

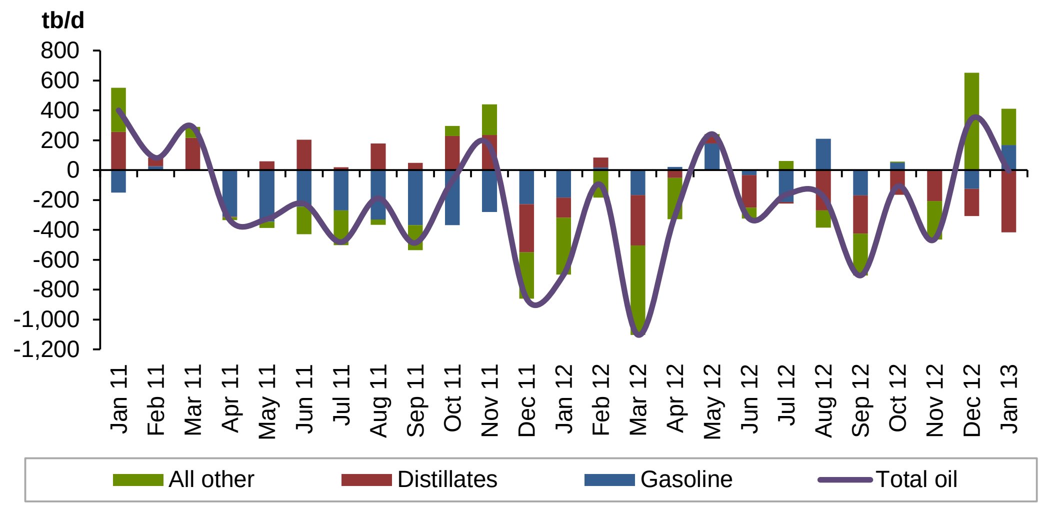
After taking into consideration weekly data for December 2012, the past year looks to have been generally quite disappointing for US consumption. Declines were seen across all product categories, with the bulk of the decline coming from distillates and residual fuel oil. US consumption fell by nearly 320 tb/d in 2012 from a year earlier driven by weak industrial production, the struggling economy, high fuel prices in the first half of the year, and fuel switching, particularly towards natural gas.

Preliminary weekly data shows US oil consumption was flat in January, but the picture was mixed within products. Gasoline and propane/propylene consumption increased, while distillate fuel oil and residual fuel oil demand fell. Temperatures on the US East Coast have dropped sharply since mid-January implying that demand for heating fuels could be much stronger over the coming weeks.

The outlook for US oil consumption in 2013 shows a stagnating picture, although still an improvement from the contraction seen last year. Less fuel switching is expected, combined with an assumption for normal weather compared to the much warmer weather that prevailed last year. However, the uncertainty related to the economic development, especially with regards to sequestration, will weigh on US economic and oil demand growth.

In the latest reported data for December 2012, Mexican oil consumption showed practically no changes as compared to the same month last year. Nevertheless, Mexican oil consumption during the 4Q12 and the year 2012 grew substantially by 5% and 3%, respectively. Improved industrial activity and the performance of the economy in general were the main factors behind this sharp increase, which translated into increasing residual fuel oil and distillate use. Mexican oil consumption is forecast to also grow during 2013, but at a slower rate. The latest available November 2012 data for Canada show oil demand increasing strongly by almost 5% compared to last year. Oil usage in transportation fuels, and especially gasoline, dominated this increase.

Graph 4.3: US oil consumption, y-o-y changes



In 2012, oil consumption in OECD Americas decreased by 0.24 mb/d to average 23.8 mb/d. Oil consumption in 2013 is expected to increase slightly by 0.04 mb/d to stand at 23.9 mb/d.

OECD — Europe

The decline in European oil consumption expected to ease to 0.25 mb/d in 2013 after a contraction of 0.5 mb/d last year

European oil consumption contracted again in December 2012, declining for the sixteenth month in a row, reflecting the region's turbulent economy. However, early indications suggest that the decline in European demand eased in the 4Q, dropping by only by 0.27 mb/d, or 1.9%, compared with nearly 0.87 mb/d, or 6%, in the 3Q. This slowdown in the decrease was supported by some improvement in economic activity, which contracted by 0.4% in the 4Q compared to a decline of 0.6% in the previous quarter. Within the countries, industrial production in Germany switched to a declining trend in November and December 2012, resulting in shrinking demand driven by lower exports within the European continent. In France, falling industrial production was the main cause of shrinking demand during December 2012, whereas during the same month, news from the Italian and Spanish economies was also not positive. On the other hand, the UK showed some signs of improvement. In addition, according to the latest ACEA figures, during December 2012, new car registrations in European shrank for the fifteenth month in a row, dropping by 16% y-o-y, which marked the sharpest monthly decrease in five years.

The year ended with 8% less new car registrations, compared to 2011. All major vehicle markets were on the decline, compared with December 2011, with the only exception being the UK, which marked growth of around 4%. The European automotive industry is one of the backbones of the European economy and any future improvements will significantly influence oil consumption, also beyond transportation fuels. Throughout 2011, all the main product categories saw a decline with the bulk coming from gasoline and residual fuel oil. However, in December the cold weather in large parts of the continent offset some of these declines, making December 2012 oil consumption the lowest for the year.

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

	Dec 12	Dec 11	Change from Dec 11	Change from Dec 11, %
LPG	435	455	-20	-4.5
Gasoline	1,105	1,137	-32	-2.8
Jet/Kerosene	722	706	16	2.3
Gas/Diesel oil	3,109	3,141	-32	-1.0
Fuel oil	383	416	-32	-7.8
Other products	953	956	-3	-0.3
Total	**6,708**	**6,812**	**-104**	**-1.5**

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

Due to some signs of improvement in the economy in 2013, as the contraction of 0.4% in 2012 is projected to switch to an expansion of 0.1%, the decreasing trend in oil demand seems to have eased. There are even some fiscal indicators pointing to stabilization and possible recovery. In fact, 2013 projections continue to see European oil demand declining, but not as much as in previous years. For 2012, European oil consumption shrank by 0.51 mb/d, as a result of the economic turbulence in several economies in the region, while oil consumption in 2013 is projected to decrease by 0.25 mb/d to stand at 13.6 mb/d.

OECD — Asia Pacific

In 2013, OECD Asia Pacific oil demand expected to remain at the same level as a year earlier

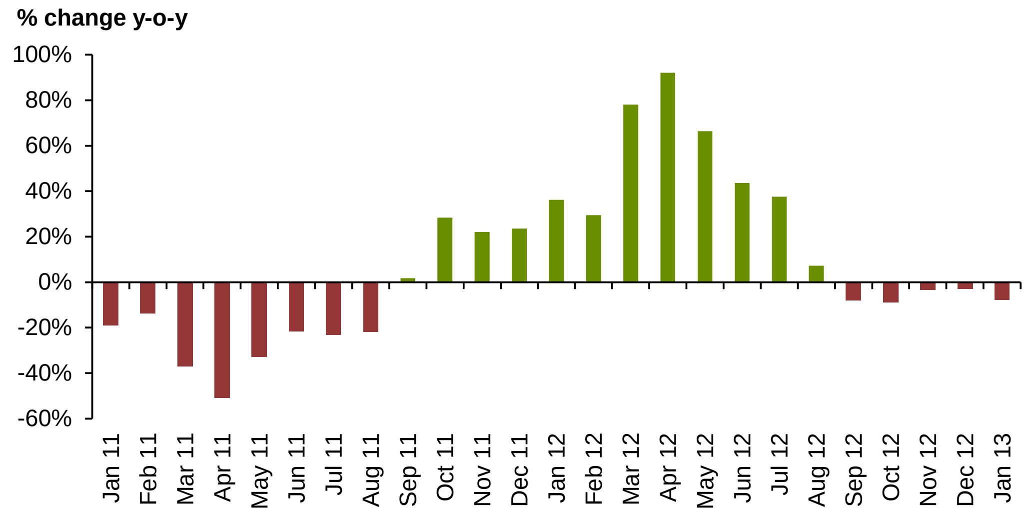
In Japan, December 2012 oil consumption increased by a marginal 0.04 mb/d, compared with the same month in 2011. Oil requirements in December 2012 were once more determined by quite cold weather, pushing up electricity generation and, hence, direct use of fuel oil and crude. In December, the major contributor was a 37.4% jump in sales of B.C type fuel oil used partly by the utilities. Moreover, December 2012 kerosene and LPG consumption marked considerable increases as compared to December 2011, while in the same month the consumption of gasoline fell as a result of high retail prices leading to decreased mileage.

Throughout 2012, growth in the direct use of fuel and crude oil for electricity generation in Japan diminished on the baseline effects of 2011. Nevertheless, direct use of crude and fuel oil determined the bulk of Japan's oil consumption growth of around 0.26 mb/d. Direct use of fuel oil and crude increased by 36% and 58%, respectively, compared to a year earlier.

With regard to 2013, whether Japan reopens some of its nuclear reactors is probably the biggest variable in Japanese demand outlook. However, despite the recent election of the pro-nuclear Liberal Democratic Party, early indications suggest that use of fossil fuels for electricity generation will continue to dominate. The latest government decisions towards introducing stricter safety rules for nuclear plants will probably take several years before some units restart. Hence, 2013 Japanese oil consumption is projected to remain roughly at the same level as 2012. In South Korea, December 2012 saw a rise of 0.05 mb/d y-o-y, driven by an increase in industrial products, notably naphtha for the petrochemical industry, which outpaced the declining consumption for gasoline, diesel and other products.

South Korean oil consumption increased by 0.1 mb/d during the whole of 2012, with naphtha being the product growing the most. While South Korean oil consumption during 2013 is currently forecast to remain flat compared to 2012, the country could see higher growth, as frequent nuclear reactor incidents (there were 15 incidents in 2012) and shutdowns of nuclear plants (one was shut down for approximately 2 weeks in December due to malfunctioning systems) become more and more frequent. The Korean government's nuclear stress regulations and the country's Nuclear Safety and Security Commission has already started conducting tests on all reactors to determine whether power stations in the future can withstand natural disasters.

Graph 4.4: Japanese new passenger car registrations



OECD Asia Pacific oil consumption grew in 2012 by 0.38 mb/d, while the bulk of this increase results from direct crude/fuel oil burning for electricity generation in Japan. During 2013, OECD Asia Pacific oil consumption is projected to remain approximately at the same levels as 2012, with risks of change being skewed towards the upside.

Developing countries

DCs oil demand growth is projected at 0.7 mb/d in 2013, almost the same rate as 2012

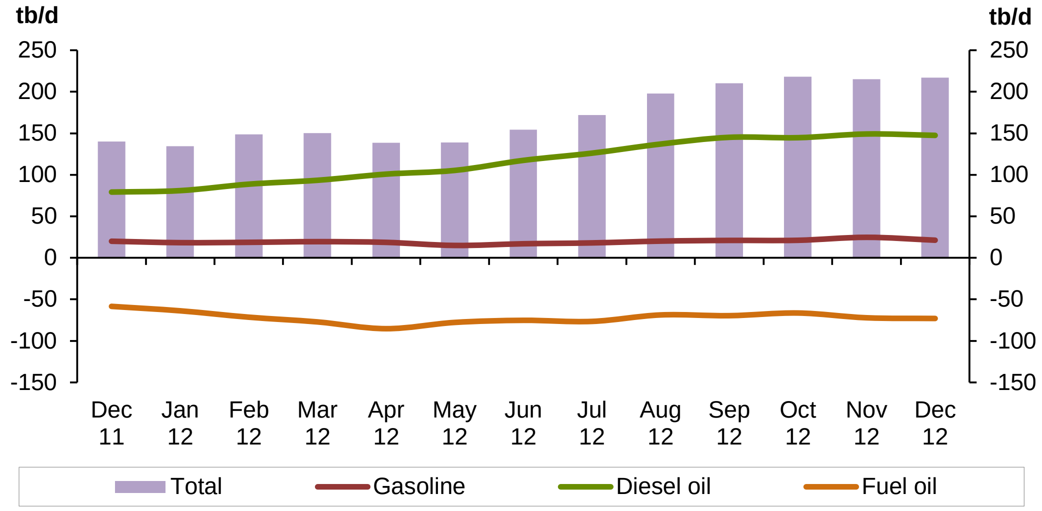
Oil demand in India grew by 2.8% y-o-y in December — the lowest recorded monthly growth since May 2012. Demand growth was led by diesel as cold weather positively affected consumption, especially the use of 2-wheeled vehicles. Delhi experienced the coldest December in the last five years. Despite this increase, diesel consumption grew only by 4%, lower than in previous months, as a result of price increases and some fuel substitution. Following a strong November, gasoline consumption in December 2012 was flat as a result of declining mileage, reduced new passenger vehicle registrations, as well as a high baseline in December 2011. Moreover, naphtha consumption continued to grow strongly as a result of the flourishing petrochemical sector, along with continued weakness in domestic gas production. The bulk of these increases originated in the Haldia Petrochemicals and IOC Panipat plants.

The year ended with a remarkable 0.2 mb/d yearly growth in Indian consumption, mainly due to the excessive diesel usage for electricity generation. Demand growth in 2013 is forecast to be lower, at around 0.1 mb/d. In Indonesia and Thailand, economic activities and higher industrial production also implied solid growth in oil consumption during 2012. For Thailand, the 4Q experienced solid growth in line with higher activities in the construction sector. For Indonesia, large current account deficits, as well as plans to further reduce fuel subsidies are the main downside risks for the near future. Plans to reduce fuel subsidies are also the main downside risk for oil demand in Thailand, Malaysia and the Philippines.

Table 4.3: Taiwan oil demand, tb/d

	Nov 12	Nov 11	Change	Change, %
LPG	46	87	-40	-46.5
Gasoline	168	166	3	1.6
Jet/Kerosene	51	45	5	12.0
Gas/Diesel oil	99	94	5	5.6
Fuel oil	118	131	-13	-9.8
Other products	494	417	78	18.7
Total	**977**	**938**	**38**	**4.1**

Graph 4.5: Yearly changes in Indian oil demand, 12 month moving averages



As a result of strong Indian oil demand, Other Asia's oil demand grew at 0.3 mb/d y-o-y in 2012. As for 2013, oil demand is forecast to grow, returning to the normal trend of around 0.2 mb/d, averaging 11.0 mb/d.

Oil demand in Saudi Arabia in December 2012 was flat, as declines in direct crude burning were offset by strong growth in transportation and industrial fuels. Over the summer, Saudi Arabia experienced a higher need for crude burning, which then eased in November and December. In contrast, diesel consumption continued to increase, driven by expanding transportation and power generation needs. Middle Eastern oil consumption grew strongly during the 4Q12 with transportation fuels dominating the increase.

For 2012, Middle Eastern oil consumption grew only by 0.26 mb/d as a result of the economic turbulence in several of the region's economies, while oil consumption in 2013 is projected to increase slightly higher to average 7.8 mb/d.

In Brazil, November 2012 oil consumption increased strongly by 0.2 mb/d compared with the same month in 2011. Transportation fuels, supported by increasing new vehicle registrations dominated the November 2012 figures. Brazilian oil consumption grew almost 6% y-o-y during the first eleven months of 2012, supported by fuel oil burning for power generation. This upward trend is expected to continue at least in the first half of this year to cover hydroelectric shortfalls. In addition, the intensified process of electrification in Brazil will required more diesel and fuel for power generation leading to more demand this year. As a result, for the whole year of 2013, oil requirements in Brazil are expected to grow strongly in line with better economic activity which is projected to increase by 3.3% this year from 1.3% last year. In Argentina, oil demand in 2012 grew only slightly as the country's economy, especially construction activity, was stumbling. Venezuela's oil requirements in November continued their upward trend that started in the beginning of 2012, with gasoline and fuel oil showing the greatest increase.

Latin American oil consumption grew in 2012 by 0.20 mb/d. During 2013, Latin American oil consumption is projected to grow by 0.21 mb/d to stand at 6.5 mb/d as a result of higher economic expectations with some downside risks, especially related to Argentina and, to a lesser extent, Brazil.

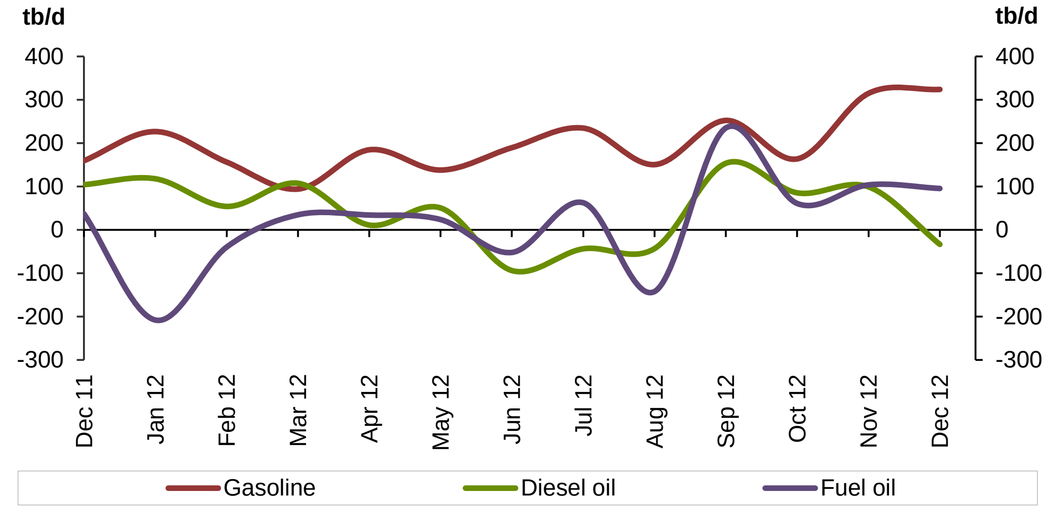
In 2013, oil demand in the Developing Countries is projected to increase by 0.7 mb/d to average 28.6 mb/d, in line with the estimated growth seen in 2012.

Other regions

China's oil demand growth estimated at 0.33 mb/d for 2012, increasing to 0.37 mb/d in 2013

Apparent Chinese oil demand in December 2012 grew strongly by almost 6% y-o-y, the largest monthly growth during 2012, to stand at 10.5 mb/d. Part of this increase was due to the stronger economic growth of 7.8% in the 4Q. This has boosted demand of raw materials as well as consumption of fuel oil. At the same time, higher refinery throughput, which rose by 8.4% in December, also contributed to increasing apparent demand in China. Gasoline consumption rose by almost 17% y-o-y as a result of growing mileage and new vehicle registrations. Moreover, strong industrial production in December 2012 pushed the consumption of fuel oil up. Gasoil consumption during December 2012 was weak due to cold weather limiting construction and agricultural activity with the situation worsening in January, the coldest winter for the last 30 years. Overall, demand in China in 2012 averaged 9.7 mb/d, an increase of 0.33 mb/d, compared to the previous year.

Graph 4.6: Changes in Chinese main oil products apparent consumption, y-o-y changes



Looking ahead, the country is facing a severe challenge from pollution, especially in its big cities, resulting from traffic congestion. In some cities like Beijing, the government already restricts private vehicle owners from using their cars at least one day every week. Also, the government plans to increase fuel quality and inspection standards for cars. Other measures include capping car sales and restricting the issuance of license plates. Such measures would imply higher fuel prices and, in general, less consumption of transportation fuel in the short-term future. Extensive coal use for heat generation could also reduce oil consumption needs in China. In contrast, the solid economic recovery and new leaders looking to promote growth, as well the addition of new refinery capacity, will call for more use of oil this year. Indeed, Chinese oil demand in 2013 is expected to grow by 0.37 mb/d, slightly more than in 2012, averaging 10.1 mb/d.

Table 4.4: World oil demand forecast for 2013, mb/d

	2012	1Q13	2Q13	3Q13	4Q13	2013	Change 2013/12 Growth	%
Americas	23.82	23.63	23.76	23.96	24.07	23.86	0.04	0.17
Europe	13.80	13.56	13.50	13.56	13.58	13.55	-0.25	-1.79
Asia Pacific	8.51	9.05	7.88	8.20	8.71	8.46	-0.05	-0.55
Total OECD	**46.12**	**46.24**	**45.13**	**45.73**	**46.37**	**45.87**	**-0.25**	**-0.55**
Other Asia	10.76	10.73	10.99	11.09	11.09	10.97	0.21	1.95
Latin America	6.26	6.19	6.43	6.69	6.57	6.47	0.21	3.36
Middle East	7.56	7.76	7.68	8.15	7.70	7.82	0.26	3.48
Africa	3.37	3.34	3.36	3.25	3.41	3.34	-0.03	-0.89
Total DCs	**27.95**	**28.01**	**28.45**	**29.18**	**28.77**	**28.60**	**0.65**	**2.34**
FSU	4.39	4.31	4.15	4.57	4.79	4.46	0.06	1.45
Other Europe	0.64	0.64	0.59	0.64	0.72	0.65	0.00	0.74
China	9.74	9.80	10.27	9.93	10.44	10.11	0.37	3.80
Total "Other regions"	**14.77**	**14.74**	**15.01**	**15.13**	**15.95**	**15.21**	**0.44**	**2.97**
Total world	**88.84**	**88.99**	**88.58**	**90.04**	**91.08**	**89.68**	**0.84**	**0.94**
Previous estimate	88.80	88.86	88.46	90.04	90.84	89.55	0.76	0.85
Revision	0.05	0.13	0.13	0.00	0.25	0.13	0.08	0.09

Totals may not add up due to independent rounding.

World Oil Supply

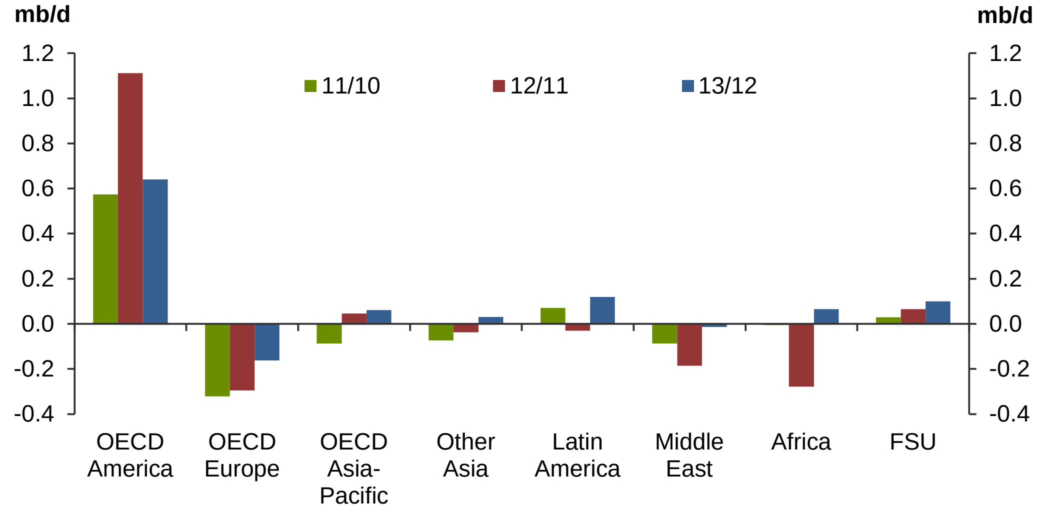
Non-OPEC supply estimated at 52.98 mb/d in 2012, an increase of 0.54 mb/d

Non-OPEC

Estimate for 2012

Non-OPEC oil supply is estimated to have averaged 52.98 mb/d in 2012, an increase of 0.54 mb/d over the previous year, and unchanged from the previous *Monthly Oil Market Report* (*MOMR*). Despite the steady state compared to the previous month, non-OPEC supply estimates for 2012 encountered some offsetting upward and downward revisions. The majority of the revisions were in the 4Q. Further revisions to 2012 non-OPEC supply estimates could be seen in the coming month, as more actual data becomes available. The overall situation remains the same for non-OPEC supply in 2012, with strong growth from OECD Americas, followed by China, the FSU, and OECD Asia Pacific, while OECD Europe, Africa, the Middle East, Other Asia and Latin America supply declined.

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



On a regional basis, OECD Americas oil supply experienced the highest increase among all non-OPEC regions in 2012. On a country basis, the US, Canada, Russia and China experienced the largest growth, while South Sudan & Sudan, the UK, Syria, and Norway had the biggest declines. On a quarterly basis, non-OPEC supply is estimated to have averaged 53.20 mb/d, 52.63 mb/d, 52.43 mb/d and 53.67 mb/d, respectively.

In 2012, non-OPEC supply forecast experienced various revisions since the initial projection that saw growth of 0.68 mb/d. Developments in South Sudan & Sudan, Syria, and Yemen required significant downward revisions due to the political situation. The strong growth in US oil supply, the highest annual growth on record, necessitated upward revisions. During the 1Q, non-OPEC supply experienced growth of 0.41 mb/d, compared with the same quarter of 2011, which is lower than the average 1Q growth of the last five years. However, annual growth in the 2Q and 4Q came in higher than the average for the last five years. Technical difficulties negatively influenced production in various locations, such as the North Sea, Azerbaijan and Brazil. Other issues, such as weather and decline rate, also impacted production in 2012.

Table 5.1: Non-OPEC oil supply in 2012, mb/d

	2011	1Q12	2Q12	3Q12	4Q12	2012	Change 12/11
Americas	15.55	16.50	16.42	16.49	17.22	16.66	1.11
Europe	4.07	4.08	3.92	3.49	3.61	3.77	-0.30
Asia Pacific	0.57	0.51	0.53	0.69	0.72	0.61	0.05
Total OECD	**20.18**	**21.09**	**20.87**	**20.66**	**21.56**	**21.05**	**0.86**
Other Asia	3.63	3.65	3.56	3.58	3.57	3.59	-0.04
Latin America	4.73	4.80	4.66	4.63	4.72	4.70	-0.03
Middle East	1.69	1.44	1.54	1.53	1.51	1.51	-0.19
Africa	2.59	2.39	2.28	2.28	2.30	2.31	-0.28
Total DCs	**12.65**	**12.28**	**12.05**	**12.02**	**12.11**	**12.11**	**-0.53**
FSU	13.24	13.36	13.24	13.23	13.39	13.31	0.07
Other Europe	0.14	0.14	0.15	0.14	0.14	0.14	0.00
China	4.11	4.16	4.16	4.20	4.30	4.21	0.09
Total "Other regions"	**17.49**	**17.66**	**17.54**	**17.57**	**17.83**	**17.65**	**0.16**
Total Non-OPEC production	**50.32**	**51.03**	**50.46**	**50.26**	**51.50**	**50.81**	**0.49**
Processing gains	2.12	2.17	2.17	2.17	2.17	2.17	0.05
Total Non-OPEC supply	**52.44**	**53.20**	**52.63**	**52.43**	**53.67**	**52.98**	**0.54**
Previous estimate	52.45	53.22	52.65	52.47	53.59	52.98	0.54
Revision	0.00	-0.02	-0.02	-0.04	0.07	0.00	0.00

Revisions to 2012 estimate

Non-OPEC supply estimates for 2012 remained steady compared with the previous *MOMR*. There were a few upward and downward revisions that offset each other. The estimates for the first three quarters of 2012 encountered downward revisions, while the 4Q estimate experienced an upward revision, compared with last month's assessment. Supply estimates for the US, Canada, Mexico, Brazil, Gabon and Azerbaijan all witnessed revisions to the annual figures.

There were many minor revisions to the 4Q estimate that did not affect the annual figures for several countries, such as Norway, the UK, Denmark, Other OECD Europe, Yemen, Kazakhstan and China. These revisions affected the 4Q estimate, which indicated an upward revision of 75 tb/d compared with the previous *MOMR*. Updated current production data necessitated these revisions.

US and Canada supply estimates in 2012 saw upward revisions, while Mexico, Brazil, Gabon and Azerbaijan output figures witnessed downward revisions. US oil supply figures experienced an upward revision of 40 tb/d compared with the previous *MOMR*. US oil production is estimated to have averaged 9.99 mb/d, the highest level since 1987, an increase of 0.95 mb/d over the previous year, the largest growth among all non-OPEC producers in 2012. The upward revision was introduced to adjust for updated production data in which output was higher than expected. The continued strong growth of tight oil production supported the upward revision. North Dakota's oil supply reached 730 tb/d in November, 44% higher than in the previous year. Updated production data for the 4Q necessitated the upward revisions to Canada oil supply of 5 tb/d compared with the previous *MOMR*.

Mexico, Brazil, and Gabon oil supply estimates in 2012 experienced downward revisions of 10 tb/d each, compared with the previous month. These were due to lower 4Q output. Azerbaijan's oil supply estimate in 2012 saw a downward revision of 10 tb/d, as updated production data showed lower output from the Azeri–Chirag–Guneshli (ACG) field.

Forecast for 2013

Non-OPEC supply to increase by 0.94 mb/d in 2013, to average 53.92 mb/d

Non-OPEC supply is expected to increase by 0.94 mb/d over the previous year to average 53.92 mb/d, relatively unchanged from the previous month. Despite the steady position of total non-OPEC supply compared to the last *MOMR*, there were various upward and downward revisions that offset each other. The revisions came on the back of changes to the base supply figure, as well as to adjustments to individual countries' supply profile. The Non-OPEC oil supply increase in 2013 is seen as being driven by growth in OECD Americas and Latin America, as well as in the FSU, while OECD Europe output is seen to decline. A combination of recovery from 2012 outages and continuing growth by key producers is anticipated to be the main driver of 2013 non-OPEC supply growth. A high level of risk is associated with non-OPEC supply forecast on political, price, economic, weather, environmental and geological factors.

Table 5.2: Non-OPEC oil supply in 2013, mb/d

	2012	1Q13	2Q13	3Q13	4Q13	2013	Change 13/12
Americas	16.66	17.17	17.24	17.31	17.47	17.30	0.64
Europe	3.77	3.72	3.57	3.50	3.65	3.61	-0.16
Asia Pacific	0.61	0.66	0.68	0.69	0.67	0.68	0.06
Total OECD	**21.05**	**21.55**	**21.49**	**21.50**	**21.79**	**21.58**	**0.54**
Other Asia	3.59	3.59	3.61	3.63	3.65	3.62	0.03
Latin America	4.70	4.73	4.75	4.87	4.93	4.82	0.12
Middle East	1.51	1.47	1.46	1.50	1.54	1.49	-0.01
Africa	2.31	2.28	2.36	2.43	2.45	2.38	0.06
Total DCs	**12.11**	**12.07**	**12.18**	**12.43**	**12.58**	**12.31**	**0.20**
FSU	13.31	13.39	13.34	13.39	13.50	13.41	0.10
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	4.21	4.30	4.26	4.26	4.27	4.27	0.06
Total "Other regions"	**17.65**	**17.82**	**17.74**	**17.78**	**17.91**	**17.81**	**0.16**
Total Non-OPEC production	**50.81**	**51.45**	**51.41**	**51.71**	**52.28**	**51.71**	**0.90**
Processing gains	2.17	2.21	2.21	2.21	2.21	2.21	0.04
Total Non-OPEC supply	**52.98**	**53.66**	**53.62**	**53.92**	**54.49**	**53.92**	**0.94**
Previous estimate	52.98	53.64	53.61	53.91	54.49	53.92	0.93
Revision	0.00	0.01	0.01	0.01	0.00	0.01	0.01

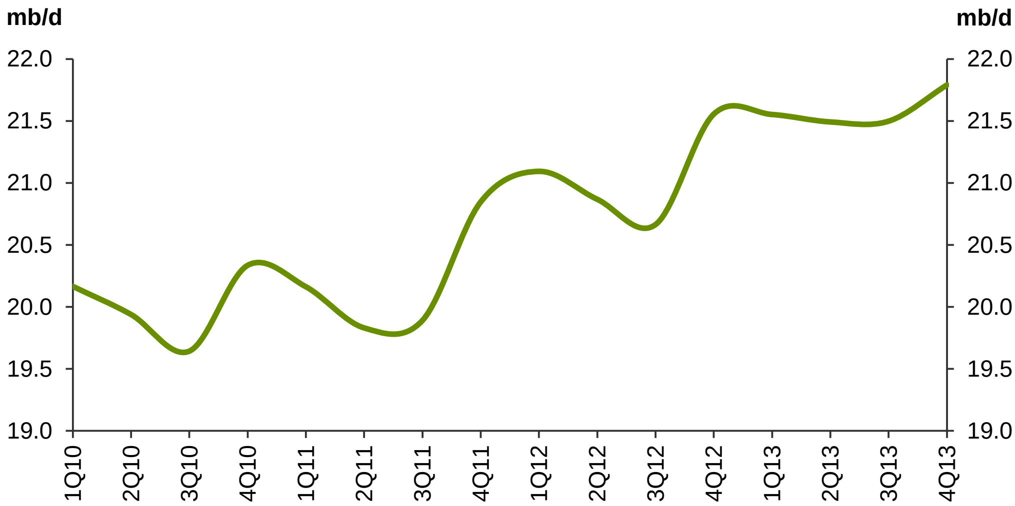
On a regional basis, OECD Americas is forecast to achieve the highest supply growth in 2013 among all non-OPEC regions, followed by Latin America. In terms of decline, OECD Europe is expected to suffer the biggest drops in 2013. On a quarterly basis, non-OPEC supply is expected to average 53.66 mb/d, 53.62 mb/d, 53.92 mb/d and 54.49 mb/d, respectively.

OECD

OECD output to grow 0.54 mb/d in 2013, to average 21.58 mb/d

Total OECD oil supply is projected to increase by 0.54 mb/d in 2013, over the previous year, to average 21.58 mb/d, indicating an upward revision of 60 tb/d, compared with the previous *MOMR*. The upward revision was driven by adjustments carried over from historical data, as well as some changes to supply elements that affected the production forecasts of the US, Canada, the UK and New Zeeland. The OECD supply profile remains relatively unchanged, with strong growth expected from OECD Americas and OECD Asia Pacific, while the decline is seen to continue in OECD Europe in 2013. On a quarterly basis, OECD oil supply is expected to stand at 21.55 mb/d, 21.49 mb/d, 21.50 mb/d and 21.79 mb/d, respectively.

Graph 5.2: OECD's quarterly production



OECD Americas

Oil production in the OECD Americas is projected to increase by 0.64 mb/d over 2012 to average 17.30 mb/d in 2013, indicating an upward revision of 70 tb/d compared with the previous month. The oil production outlook remains relatively unchanged from the previous month, with the US and Canada expected to add volume, while Mexico is seen to suffer a decline in 2013. On a quarterly basis, OECD Americas' oil supply in 2013 is expected to stand at 17.17 mb/d, 17.24 mb/d, 17.31 mb/d and 17.47 mb/d, respectively.

US

Shale developments to drive US oil production growth of 0.52 mb/d in 2013

US oil production is forecast to increase by 0.52 mb/d in 2013, the highest among non-OPEC countries, to average 10.51 mb/d, following an upward revision of 70 tb/d from the previous *MOMR*. This upward revision was driven mainly by updates to 2012 supply estimates, in addition to other factors in 2013. Oil production from shale formations is expected to be the main driver of the anticipated growth in 2013, as the Gulf of Mexico's output is seen to remain relatively steady with minor growth and Alaska output is expected to decline. The strong increase in 2012 supported the undertaken upward revision to 2013. Texas oil supply during the first eleven months of 2012 increased by 500 tb/d, or 36%, compared to the same period a year earlier. The Bakken, Eagle Ford and Permian areas are anticipated to be the major supporters of growth in 2013. The strong growth is supported by an anticipated increase in capital expenditure (capex) in the US. Furthermore, the anticipated growth in NGLs is seen to further support the increase in 2013. Despite a weak market for NGLs on the back of increased supply, new opportunities in Canada for NGL to be used as an additive to ship heavy grades could lift market sentiment. Additionally, improved drilling efficiency is seen to counter the impact of a lower rig count that some analysts expect will continue in 2013.

However, there are remaining risks associated with the growth forecast on the back of weather, technical, environmental and price factors. The heavy decline rate associated with wells producing from shale plays in the first year is seen as a major factor that could impact growth. Furthermore, price levels could have an impact on operators' budgets and limit capex as the year progresses. Additionally, the ethanol production margin is a major risk factor on production, as some producers recently reduced output due to weak margins. Moreover, severe weather conditions could dampen the output from projects in the Gulf of Mexico and other areas. Technical factors could delay start-ups of different projects that are essential to growth in 2013. On a quarterly basis, US oil production is seen to stand at 10.42 mb/d, 10.49 mb/d, 10.52 mb/d and 10.60 mb/d, respectively.

Canada and Mexico

Canadian supply to increase by 0.18 mb/d in 2013, to average 3.92 mb/d

Canadian oil supply is anticipated to increase by 0.18 mb/d over the previous year to average 3.92 mb/d in 2013, indicating a minor upward revision of 10 tb/d compared with the previous *MOMR*. The minor upward revision came on the back of updated production data in the 4Q12. The expected growth is supported by both shale and oil sand developments. Projects such as Kearl, Firebag, Christina Lake and Foster Creek are anticipated to support growth in addition to shale oil development in 2013. The oil price will play a major role in the development of Canadian oil supply in 2013 as recently limited takeaway has affected prices. Remaining risks are associated with forecasts on logistics, technical and environmental factors, among others. On a quarterly basis, Canada's oil supply is expected to average 3.85 mb/d, 3.88 mb/d, 3.93 mb/d and 4.03 mb/d, respectively.

Mexico supply to decline by 70 t/d in 2013, to average 2.85 mb/d

Mexican oil supply is anticipated to decline by 70 tb/d from the previous year to average 2.85 mb/d in 2013, unchanged from last month. In 2012, Mexican crude oil production encountered a minor decline of 20 tb/d compared to the previous year as the operator managed to stabilize oil output. The output of the country's largest producing field, the Ku-Maloob-Zaap (KMZ), remained strong in 2012 and offset declines from other areas. Additionally, output at the technically challenging Chicontepec field increased in 2012 and supported the slowdown of decline. Output is expected to experience heavier declines in 2013 compared to 2012 as the main producing fields are seen remaining at steady levels and mature fields continue to decline. On a quarterly basis, Mexico oil supply is seen standing at 2.89 mb/d, 2.85 mb/d, 2.85 mb/d and 2.83 mb/d, respectively.

OECD Europe

OECD Europe's oil production is anticipated to decline by 0.16 mb/d, the largest decline among all non-OPEC regions, to average 3.61 mb/d in 2013, indicating a minor downward revision of 5 tb/d compared with the previous *MOMR*. The expected decline is slower than the drop experienced in 2012, as the supply difficulties encountered then are seen to lessen in 2013 and support output. The downward revision was introduced to adjust for historical revisions, mainly for the UK. OECD Western Europe is seen to have a quarterly supply of 3.72 mb/d, 3.57 mb/d, 3.50 mb/d and 3.65 mb/d, respectively.

Norway's oil production to drop 80 tb/d in 2013, to average 1.83 mb/d

Oil production from Norway is expected to drop by 0.08 mb/d to average 1.83 mb/d in 2013, flat compared with the previous month. The steady state came despite a minor upward revision for the 4Q12 estimate on updated production data. Norway oil supply is expected to continue the decrease mainly due to decline rates at mature producing assets and limited volume from new developments. The forecast decline in 2013 is coming about, despite a healthy level of capex in 2012. Furthermore, the forecast of Norway's National Petroleum Directorate, which indicates a decline in crude oil production in 2013 compared with the previous year, further supports the outlook of a drop for the year, despite the expectation of fewer technical difficulties. Moreover, reports have suggested maintenance impact on the Troll and Oseberg fields in early 2013. On the other hand, the restart of the Valhall project is seen to support output in 2013. On a quarterly basis, Norwegian oil production is anticipated to average 1.90 mb/d, 1.81 mb/d, 1.76 mb/d and 1.86 mb/d, respectively. As per preliminary data, Norway's oil supply averaged 1.84 mb/d in the 4Q12.

UK oil supply to decline 60 tb/d in 2013, to average 0.90 mb/d

The UK's oil supply is estimated to decline by 60 tb/d to average 0.90 mb/d in 2013, indicating a minor downward revision of 10 tb/d, compared with the previous month. This revision was carried over from adjustments to the 4Q12. The anticipated production in 2013 suggests a slower decline than in the previous year, since the present year is expected to experience less technical difficulties than the last one. As per preliminary data, the UK's oil supply dropped 0.16 mb/d, or 14%, in 2012. Such a decline is higher than the natural decline at mature producing areas and has arisen partially from the various shutdowns on technical grounds. Yet the forecast for 2013 is foreseen to experience a recovery from such a low level. The recent stabilization of the Buzzard field is a positive factor to support UK output in 2013. Additionally, the restart of the Elgin-Franklin field in the 1Q13, is seen supporting production. On the other hand, technical difficulties on some fields will likely impact output in 2013. On a quarterly basis, UK oil supply is seen averaging 0.94 mb/d, 0.88 mb/d, 0.86 mb/d and 0.93 mb/d, respectively.

OECD Asia Pacific

OECD Pacific oil production is seen increasing by 60 tb/d in 2013 to average 0.68 mb/d, indicating a downward revision of 10 tb/d, compared with the previous *MOMR*. This downward revision is due to changes to New Zealand supply outlook, on the back of updated production data in 2012 that was carried over to 2013. On a quarterly basis, OECD Pacific total oil supply is estimated to average 0.66 mb/d, 0.68 mb/d, 0.69 mb/d and 0.67 mb/d, respectively.

Australian supply to increase by 70 tb/d in 2013, to average 0.60 mb/d

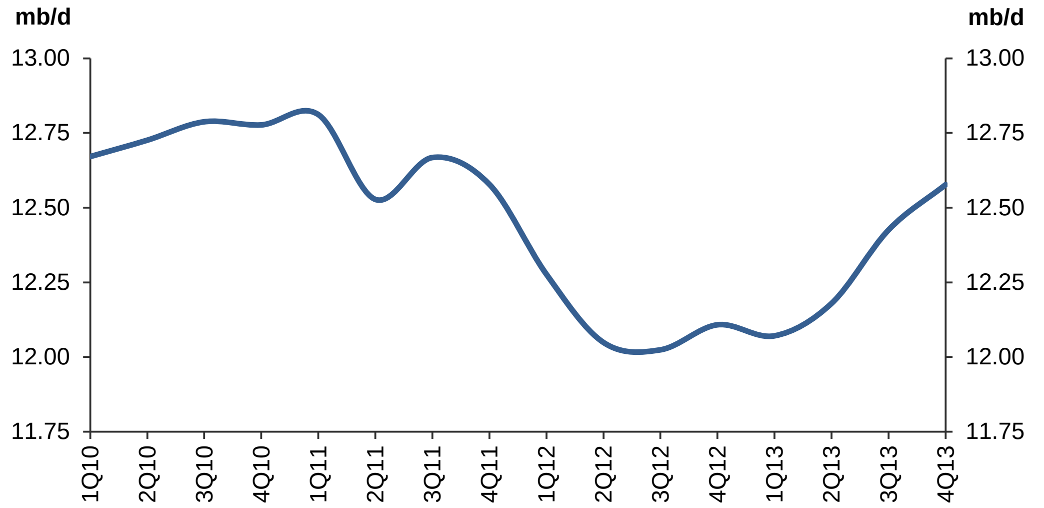
Australia's oil supply is expected to increase by 70 tb/d in 2013 to average 0.60 mb/d, unchanged from the previous month. The steady state came despite the short shutdown of many fields for cyclone Narelle. The expected increase is supported by the startup of the Montara project in addition to other developments. The increase in the 2H12 supported by the improvement of output from the Pyrenees and other field is seen to continue in 2013. However, the risk to the forecast remains on the high side on the back of technical, decline rates and weather issues. On a quarterly basis, Australian oil production is seen to stand at 0.59 mb/d, 0.61 mb/d, 0.61 mb/d and 0.60 mb/d, respectively.

Developing countries

DC supply growth in 2013 supported by Latin America and Africa

Total oil production in Developing Countries (DCs) is seen to grow by 0.20 mb/d to average 12.31 mb/d in 2013, indicating a downward revision of 60 tb/d from last month. The downward revision came on the back of historical revisions as well as changes to the forecast for 2013. The Latin America oil supply outlook saw a downward revision, while the majority of the revision came from Africa's supply outlook. The DC supply forecast indicates healthy growth from Latin America, Africa, and Other Asia, and the Middle East supply is expected to decline. Latin America remains the region with the second highest expected growth in 2013 among all the non-OPEC regions. DCs' share of non-OPEC supply is seen to remain steady for the year, as per the forecast, at 23%. The risk associated with the DC supply forecast remains on the high side, given the various political issues connected with some of the producers in the group, in addition to other technical, environmental and weather-related factors. DC supply growth in 2013 is expected to be gradual throughout the year. On a quarterly basis, total oil supply in DCs is expected to average 12.07 mb/d, 12.18 mb/d, 12.43 mb/d and 12.58 mb/d, respectively. During the 4Q12, DC supply declined by 0.47 tb/d, compared with the same period of 2011, as per the preliminary data.

Graph 5.3: Developing Countries' quarterly production



Other Asia supply to increase by 30 tb/d in 2013, to average 3.62 mb/d

Other Asia's oil supply is estimated to increase by 30 tb/d and average 3.62 mb/d in 2013, unchanged from the previous *MOMR*. Growth in 2013 is expected to be supported by India, Malaysia and Vietnam, while Indonesian and Thai oil supply is expected to encounter declines. Malaysian oil supply is projected to increase by 40 tb/d in 2013 to average 0.69 mb/d, flat from the previous month. The expected increase is supported by projects such as Gumusut and Kikeh. India's oil production is anticipated to increase by 10 tb/d to average 0.89 mb/d. This growth is supported by the Bhagyam project, part of the Mangala development in Rajasthan. Vietnamese oil production is expected to increase slightly in 2013 on ramp-ups of new fields. Indonesian oil supply is expected to decline by 40 tb/d in 2013 compared to the previous year, unchanged from the last *MOMR*. The drop is anticipated on a decline in mature producing areas and delays of new volumes from the Cepu project. Indonesian authorities provided that production is expected to decline in 2013. Thai oil supply is seen to encounter a minor decline of 10 tb/d in 2013 on the back of mature area production. On a quarterly basis, Other Asia's supply is seen to average 3.59 mb/d, 3.61 mb/d, 3.63 mb/d and 3.65 mb/d, respectively. According to preliminary data, Other Asia's oil supply averaged 3.57 mb/d, steady from the previous quarter.

Latin American supply to grow by 0.12 mb/d in 2013, supported by increases in Brazil and Colombia

Latin America's oil production is expected to increase by 0.12 mb/d to average 4.82 mb/d in 2013, indicating a downward revision of 20 tb/d compared to the previous *MOMR*. The downward revision came from Brazil on updated 4Q12 data as well as changes to the 2013 supply profile. The supply growth outline for Latin America continues with the outlook for increases from Brazil and Colombia, while the rest of the region's producers should remain steady during the year. Argentina's oil supply is expected to drop by 10 tb/d to average 0.70 mb/d in 2013. This drop is anticipated for declines in mature producing areas, with limited new developments. Colombia's oil supply is forecast to increase by 50 tb/d to average 1.01 mb/d n 2013, unchanged from the previous *MOMR*. Growth is supported by continued ramp-ups of the Quifa and Rubiales developments. However, the risk remains associated with the forecast on security issues. On a quarterly basis, Latin American supply is estimated at 4.73 mb/d, 4.75 mb/d, 4.87 mb/d and 4.93 mb/d, respectively.

Brazil's oil supply is projected to grow by 90 tb/d in 2013 to average 2.69 mb/d, indicating a downward revision of 20 tb/d compared to the previous month. The downward revision came on the back of updated production figures in the 4Q12 as well as other changes. Startup delays are expected to impact Brazil oil supply in 2013 as well as maintenance, which supported the downward revision. Additionally, the collision of P-63 and P-58 in the shipyards due to weather conditions could further delay the startup. Brazil oil supply will likely remain impacted by maintenance in limited new volumes in the 1H13, while the 2H13 is seen to experience healthy growth. The startup of the Cidade De Sao Paulo FPSO at the Sapinhoa field is seen to support expected growth in 2013. On the other hand, decline in mature areas such as from the Ostra is seen to negatively affect the output in 2013. On a quarterly basis, Brazil's oil supply is expected to stand at 2.62 mb/d, 2.64 mb/d, 2.73 mb/d and 2.78 mb/d, respectively.

Middle East supply expected to decline by 10 tb/d in 2013 with high level of risk

Middle East oil production is forecast to average 1.49 mb/d in 2013, a decline of 10 tb/d from 2012 and steady compared with the previous month. A minor supply increase is forecast from Oman, Bahrain, and Yemen while Syrian oil supply is seen to decline. Omani oil supply is expected to increase by 30 tb/d in 2013 to average 0.94 mb/d. The increase is seen supported by the anticipated growth from the Mukhaizna oil development. Yemeni oil production is expected to increase by 20 tb/d in 2013 to average 0.20 mb/d. Syria's oil supply is anticipated to decline by 70 tb/d to average 0.14 mb/d in 2013. Its supply projection is associated with the highest risk, given the ongoing political situation. Limited production data from Syria is creating difficulty in assessing production levels and adjusting the forecast, and this could bring large revisions once the data becomes available. On a quarterly basis, Middle East supply is expected to average 1.47 mb/d, 1.46 mb/d, 1.50 mb/d and 1.54 mb/d, respectively.

South Sudan output restart sees further delays

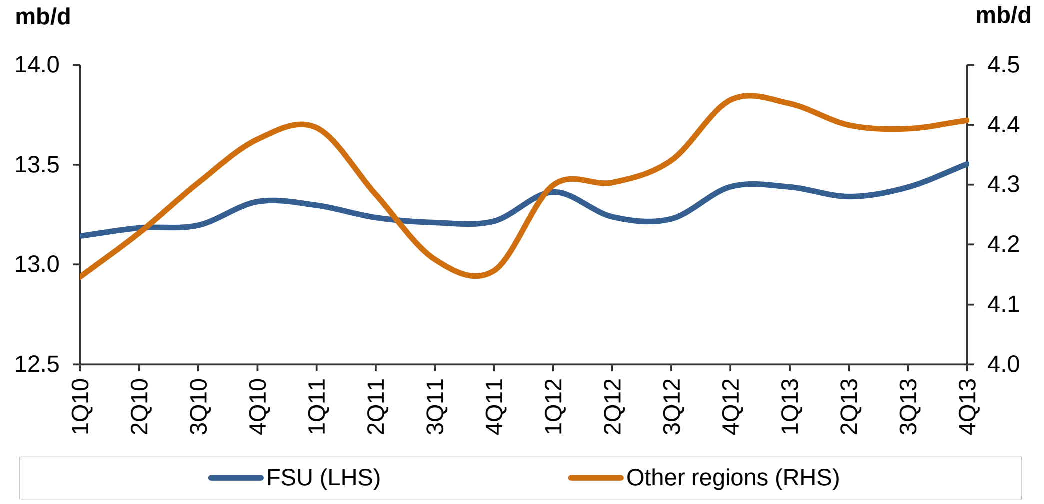
Africa's oil supply is forecast to average 2.38 mb/d in 2013, representing growth of 60 tb/d from the previous year and a downward revision of 40 tb/d, compared with the previous month. South Sudan's and Sudan's oil supply saw a downward revision of 30 tb/d on the back of further delays, due to political issues, of the restart of South Sudan's production. Data remains very limited regarding both Sudan's and South Sudan's production and could cause major revisions to the forecast, once available. Ghana's oil supply is expected to support the outlook in 2013 on the back of continued ramp-up of the Jubilee project. On a quarterly basis, Africa's supply is seen to average 2.28 mb/d, 2.36 mb/d, 2.43 mb/d and 2.45 mb/d, respectively.

FSU, Other regions

FSU supply to increase by 0.10 mb/d in 2013, to average 13.41 mb/d

Total FSU oil production is expected to average 13.41 mb/d in 2013, an increase of 0.10 mb/d over 2012, indicating a minor downward revision of 10 tb/d compared with the previous *MOMR*. The downward revisions came in part from historical data, in addition to minor changes to individual country supply estimates in 2013. Growth is expected from Russia and Kazakhstan. Limited new developments, coupled with declines in mature areas, as well as fiscal issues, have reduced anticipated growth in the FSU in 2013. However, the FSU remains the leading region, in terms of production among all non-OPEC regions. FSU production is expected to maintain a 25% share of global output for the year. On a quarterly basis, total oil supply from the FSU is seen to average 13.39 mb/d, 13.34 mb/d, 13.39 mb/d and 13.50 mb/d, respectively. China's oil supply is seen to grow by 60 tb/d to average 4.27 mb/d in 2013. Other Europe's supply is expected to remain steady and average 0.14 mb/d in 2013.

Graph 5.4: FSU and other region's quarterly production



Russia

Russia's supply to remain steady in 2013, to average 10.42 mb/d

Russian oil production is forecast to increase by 50 tb/d to average 10.42 mb/d in 2013, unchanged from the previous *MOMR*. Russia's oil supply is expected to remain steady throughout the year, with new additions expected to offset decline from mature areas. The Vankor oil field is expected to average 435 tb/d in 2013, a minor increase from the level of 410 tb/d achieved by the end of 2012. Some operators provided that new technologies will be utilized to stop natural decline. On the other hand, the supply forecast remains associated with a high level of risk, due to technical, political, geological and price factors. On a quarterly basis, Russian oil supply is expected to average 10.43 mb/d, 10.42 mb/d, 10.42 mb/d and 10.42 mb/d, respectively. Preliminary figures indicate that Russian oil production stood at 10.46 mb/d in January, steady from the previous month.

Caspian

Kazakh supply to average 1.66 mb/d in 2013

Kazakhstan's oil production is seen to increase by 70 tb/d to average 1.66 mb/d in 2013, unchanged from the previous *MOMR*. The startup of the Kashagan is seen as the main driver of the growth in 2013. The major field is seen to start up in the 2H13. On a quarterly basis, Kazakh oil supply is seen to average 1.62 mb/d, 1.61 mb/d, 1.65 mb/d and 1.73 mb/d, respectively.

Azeri supply to average 0.86 mb/d in 2013

Oil supply in Azerbaijan is estimated to decrease by 40 tb/d in 2013 to average 0.86 mb/d, representing a downward revision of 10 t/d from the previous *MOMR*. This revision has come on the back of a historical adjustment to the 4Q12 estimate and has affected the 2013 forecast. Azeri output is expected to decline on the back of limited new developments as well as decline in mature producing areas. On a quarterly basis, Azerbaijan's oil supply is seen to stand at 0.89 mb/d, 0.85 mb/d, 0.85 mb/d and 0.87 mb/d, respectively.

China

China's supply expected to increase by 60 tb/d in 2013

Oil supply from China is predicted to increase by 60 tb/d over 2012 to average 4.27 mb/d in 2013, indicating an upward revision of 15 tb/d compared to the previous *MOMR*. The upward revision came partially on the back of updated production data in the 4Q. Additionally, the ramp-up of the Peng Lai project further supported the upward revision. On the other hand, cold weather impacted the output at Bohai Bay as well as a hull crack that is delaying drilling activities, partially offsetting the upward revision. On a quarterly basis, China's oil supply is seen to average 4.30 mb/d, 4.26 mb/d, 4.26 mb/d and 4.27 mb/d, respectively.

OPEC natural gas liquids and non-conventional oils

OPEC NGLs and non-conventional oils are forecast to average 5.98 mb/d in 2013, growing by 0.23 mb/d over the previous year. In 2012, OPEC NGLs are estimated to have averaged 5.75 mb/d, an increase of 0.38 mb/d over 2011.

Table 5.3: OPEC NGLs + non-conventional oils, 2010-13

	2010	2011	Change 11/10	1Q12	2Q12	3Q12	4Q12	2012	Change 12/11	2013	Change 13/12
Total OPEC	**4.98**	**5.37**	0.39	5.56	5.68	5.81	5.94	**5.75**	0.38	**5.98**	0.23

OPEC crude oil production

OPEC crude production declined slightly in January to 30.32 mb/d

Total OPEC crude oil production averaged 30.32 mb/d in January, representing a minor decline of 21 tb/d from the previous month, according to secondary sources. Crude oil production increased in Angola, Iran, Iraq, and Venezuela, while declining in Saudi Arabia, Nigeria, Algeria, the UAE, and Libya. OPEC crude oil production, not including Iraq, averaged 27.29 mb/d, down by 50 tb/d from December.

Table 5.4: OPEC crude oil production based on *secondary sources*, tb/d

	2011	2012	2Q12	3Q12	4Q12	Nov 12	Dec 12	Jan 13	Jan/Dec
Algeria	1,240	1,210	1,214	1,209	1,186	1,188	1,187	1,151	*-35.7*
Angola	1,667	1,732	1,738	1,709	1,721	1,712	1,733	1,812	*79.2*
Ecuador	490	499	496	501	502	502	501	502	*1.8*
Iran, I.R.	3,628	2,970	3,086	2,742	2,668	2,677	2,663	2,691	*28.2*
Iraq	2,665	2,979	2,956	3,135	3,118	3,208	3,006	3,033	*27.5*
Kuwait	2,538	2,796	2,791	2,805	2,821	2,812	2,833	2,850	*17.0*
Libya	462	1,394	1,424	1,466	1,471	1,481	1,424	1,401	*-23.2*
Nigeria	2,111	2,072	2,143	2,110	1,962	1,858	2,064	2,017	*-47.0*
Qatar	794	755	748	745	740	738	741	755	*14.3*
Saudi Arabia	9,293	9,760	9,911	9,813	9,494	9,565	9,181	9,105	*-75.8*
UAE	2,516	2,624	2,607	2,653	2,650	2,651	2,652	2,623	*-28.8*
Venezuela	2,380	2,359	2,367	2,348	2,342	2,337	2,358	2,379	*21.3*
Total OPEC	**29,785**	**31,151**	**31,481**	**31,234**	**30,673**	**30,728**	**30,341**	**30,320**	***-21.2***
OPEC excl. Iraq	**27,119**	**28,172**	**28,525**	**28,099**	**27,555**	**27,520**	**27,335**	**27,286**	***-48.7***

Totals may not add up due to independent rounding.

Table 5.5: OPEC crude oil production based on *direct communication*, tb/d

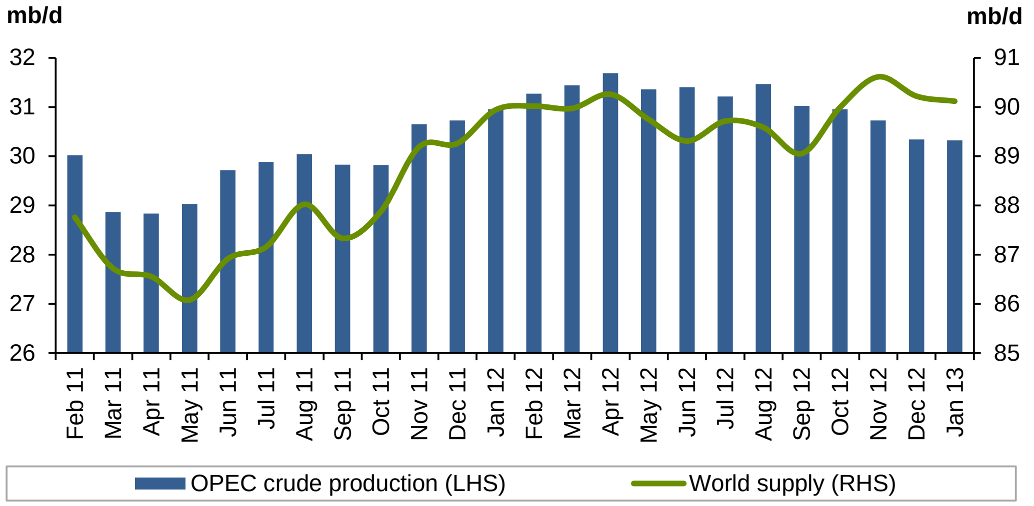
	2011	2012	2Q12	3Q12	4Q12	Nov 12	Dec 12	Jan 13	Jan/Dec
Algeria	1,173	1,203	1,213	1,201	1,184	1,175	1,170	1,195	*25.0*
Angola	1,618	1,704	1,716	1,677	1,690	1,640	1,753	1,736	*-16.6*
Ecuador	500	504	500	509	503	504	503	505	*1.6*
Iran, I.R.	3,576	3,740	3,758	3,746	3,713	3,708	3,710	3,705	*-5.0*
Iraq	2,653	2,944	2,936	3,150	3,058	3,190	2,953	2,920	*-33.0*
Kuwait	2,660	2,977	2,990	2,957	2,967	2,985	2,988	2,876	*-111.6*
Libya	462	1,449	1,503	1,504	1,493	1,544	1,375	1,478	*102.6*
Nigeria	1,896	1,943	1,971	2,032	1,891	1,915	1,972	1,944	*-28.0*
Qatar	734	734	737	726	727	730	726	728	*2.6*
Saudi Arabia	9,311	9,763	10,002	9,760	9,413	9,492	9,025	9,050	*24.8*
UAE	2,565	2,652	2,615	2,727	2,664	2,674	2,673	2,808	*135.1*
Venezuela	2,795	2,805	2,818	2,820	2,787	2,819	2,769	2,766	*-2.8*
Total OPEC	**29,942**	**32,418**	**32,758**	**32,808**	**32,091**	**32,375**	**31,618**	**31,713**	**95**
OPEC excl. Iraq	**27,290**	**29,474**	**29,823**	**29,658**	**29,033**	**29,185**	**28,665**	**28,793**	**128**

Totals may not add up due to independent rounding.

World Oil Supply

Preliminary figures for the month of January indicate that world oil supply averaged 90.12 mb/d, a decrease of 0.10 mb/d from the December figure. OPEC's crude share stood at around 34%. The estimate is based on preliminary data for non-OPEC supply, estimates for OPEC NGLs and OPEC crude production from secondary sources.

Graph 5.5: OPEC and world oil supply

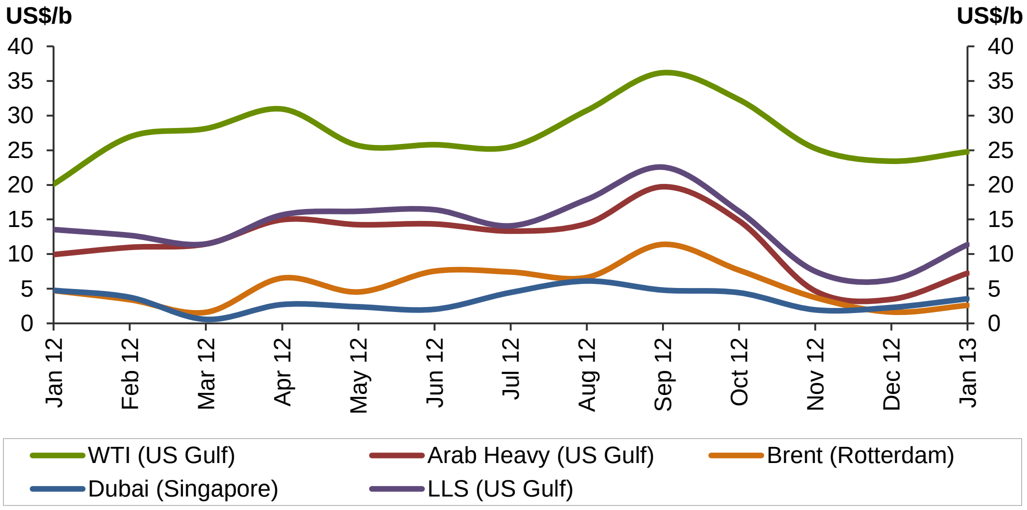


Product Markets and Refinery Operations

Refinery margins stopped falling worldwide

Product markets in January reversed the declining trends seen since October. The gasoline market became temporarily bullish on the back of tightening sentiment, with inventories falling in the Atlantic Basin amid healthy cracks at the bottom of the barrel. Additionally, in Asia, refinery margins continued to recover, supported by rising seasonal demand in middle distillates and fuel oil for utilities, amid expectations of tightening product supplies in the region.

Graph 6.1: Refining margins, 2012-13



US Gulf Coast (USGC) refining margins recovered during January on the back of widening cracks for gasoline and relatively healthy low-sulphur fuel oil (LSFO), offsetting the losses in the middle of the barrel.

US gasoline strengthened, supported by export opportunities and tightening sentiment due to reduced imports and falling inventories fuelling bullish sentiment. Meanwhile, middle distillates continued losing ground during the month as demand fell far below the average amid a lack of support to the heating oil market from the warmer winter.

The margin for WTI rose $1.4 to remain at around $24.8/b. The margins for Light Louisiana Sweet and Arabian Heavy crude on the USGC showed a sharp increase of $5 and $3 respectively to stand at around $11/b and $7/b in January, thus recovering part of the losses suffered during 4Q12.

Refining margins in Northwest Europe and the Mediterranean gained ground on every product crack in the barrel, except for naphtha, which has been pressured by declining demand from the petrochemical sector due to the drop in LPG prices.

The gasoline crack in Northwest Europe bounced higher on the back of transatlantic support. The market tightened as higher volumes were exported, mainly to South American destinations. European gasoil cracks remained healthy during January with small improvements in heating oil amid expectations of increasing supplies limiting any uptick. The refinery margin for Brent crude in Northwest Europe showed a gain of $1 to average $2.6/b in January.

Refinery margins in Asia continued to recover on the back of firm seasonal demand supporting the product markets and allowed the cracks to improve across the barrel.

Strong demand and expectations of tighter supplies lifted light distillates, while strong Northeast Asian winter demand supported the middle distillates and fuel oil, which became stronger on the back of higher demand from the utilities sector.

These developments caused refinery margins in Singapore to gain more than $1 to average $3.5/b in January.

Refinery runs continued to rise in Asia

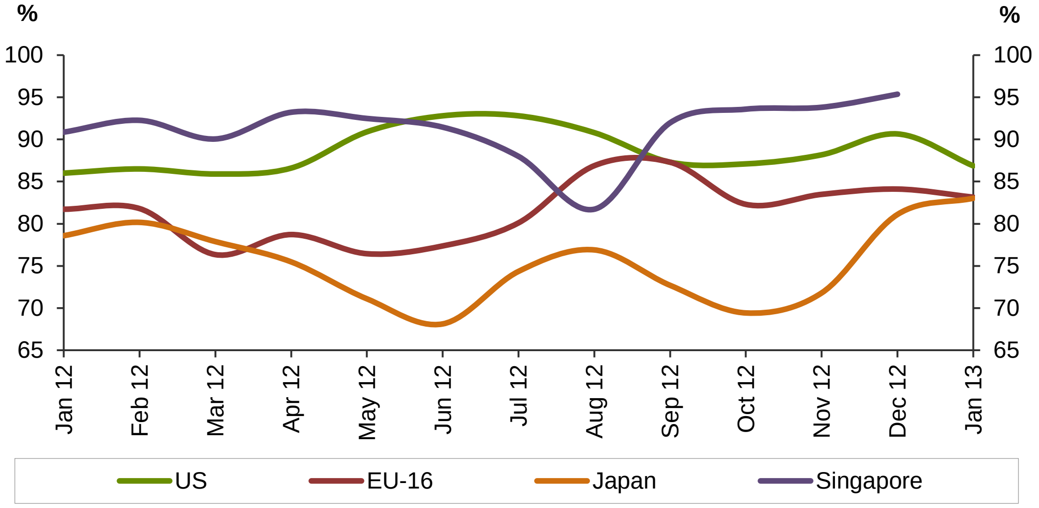
Refinery operations

Refineries in Asia remained on the rise in the face of increasing seasonal demand, while in the Atlantic Basin runs have been moderating in line with the drop in margins over the last months.

US refinery runs averaged 87% of capacity during January, reducing about 4% of throughputs. The level was in line with the increasing inventories in US products during the last several months and some maintenance in the region.

During the last several weeks, the US product inventories stopped their rising trend. Gasoline reached a level of inventories in line with the five-year average, while middle distillates remained below average. This situation and the availability of cheaper crude in the US could encourage refineries to raise crude runs over the coming weeks.

Graph 6.2: Refinery utilization rates, 2012-13



During the last quarter, margins have been falling in the Atlantic Basin. In addition, mild weather has not supported demand in the Atlantic Basin for much of the winter season, and margins in Europe have kept falling, causing the region's refineries to continue their moderated throughputs. The refinery utilization averaged above 84% in December and could be lower over the course of the coming months following the depressed margins.

In Asia, activity in most of the refineries rose during the last few months after a heavy maintenance season, with Singapore, China and India all continuing to run above 93% of capacity to meet the increasing demand in the region during the winter season. Chinese refineries, in particular, hit a record-high throughput of above 10 mb/d in November and continued to rise. Japanese throughputs continued increasing to average around 83% of capacity in January, raising runs to face increasing seasonal utility demand.

Bullish gasoline market helped cracks recover

US market

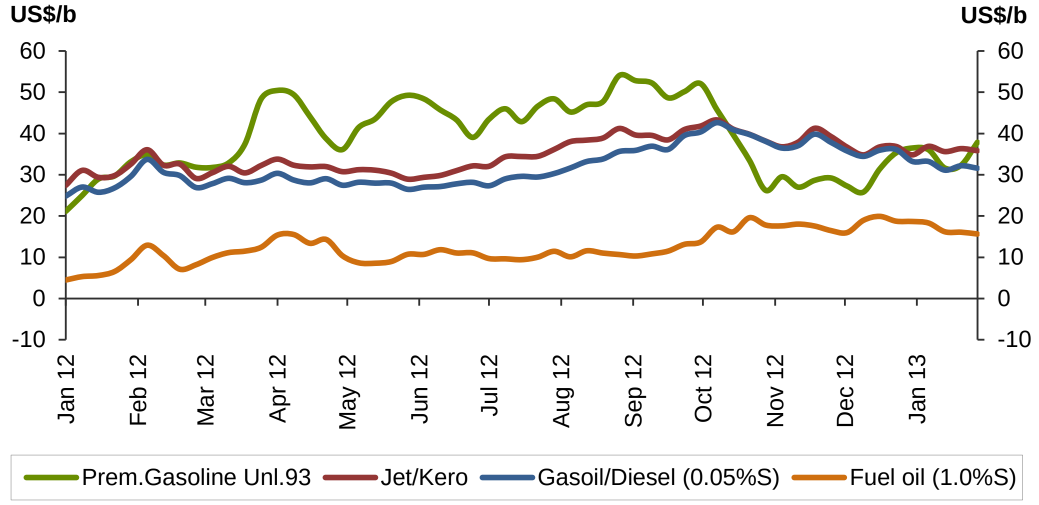
US gasoline demand stood at around 8.4 mb/d in January, falling around 150 tb/d from the previous month and up by around 170 tb/d from the same month a year earlier.

US gasoline demand continued to be seasonally low, and despite increasing production and inventories above the typical average, the gasoline crack posted a sharp gain, supported by export opportunities.

Atlantic Coast gasoline prices were on the rise supported by reduced supply, as the arbitrage from Europe to the US East Coast was limited. Additional backing came in mid-January when the inventories dropped more than 1 mb in the largest stock draw since the end of August. Imports weakened considerably, while exports were supported by persistently high demand from Latin America and Europe. Further support came from the supply side as the fluid catalytic cracking unit at Trainer, Pennsylvania, was offline.

The gasoline crack averaged $34.5/b in January, a sharp increase of more than $4 from the previous month's average.

Graph 6.3: US Gulf crack spreads vs. WTI, 2012-13



Middle distillate demand stood at around 3.4 mb/d in January, which was 260 tb/d below the previous month and around 400 tb/d below the same month the year before.

The middle of the barrel continued losing ground with domestic demand continuing its free-fall to stand 400 tb/d below a year ago. Over the month, despite production continuing its downward trend, inventories continued to increase, reaching more than 130 mb, the highest level since 1Q12.

Meanwhile, the heating oil crack narrowed slightly as temperatures in the lower 48 US states were recorded above the 30-year average during the start of the year.

On the other hand, the gasoil market continued receiving support from the export opportunities to Latin America from USGC refineries, as the diesel demand for small-scale diesel-fired generation in replacement of power generation increased due to the drought conditions in some countries.

The gasoil crack on the USGC lost almost $3 to stand at around $32/b in January.

At the bottom of the barrel, fuel oil cracks trended slightly downwards over the month, with the residue being pressured by limited arbitrage toward Asia and plentiful supply exerting pressure on High Sulphur Fuel Oil (HSFO) in the US Gulf Coast, while the Low Sulphur Fuel Oil (LSFO) remained stable.

Furthermore, the spread between low and high sulphur remained high on demand for LSFO, following the start of the North American emission control area since August and additional demand of Straight Run Fuel Oil (SRFO) as secondary feedstock to some refineries.

The fuel oil crack averaged $17/b in January, losing $1 from the previous month.

Product cracks rose with support coming from export opportunities

European market

Product markets showed a slight recovery in Europe. The oversupply has eased and arbitrage opportunities supported the market, amid lower inflows fuelling tightening sentiment. Additionally, relatively colder weather in Northwest Europe provided some support to heating oil prices.

The gasoline crack in Northwest Europe kept the recovery seen last month on the back of improving exports. Supportive factors included demand from North and West Africa. European demand has continued to be relatively poor, but it was offset with the supply side being hit by problems at Stanlow refinery in the UK, which helped lift prices.

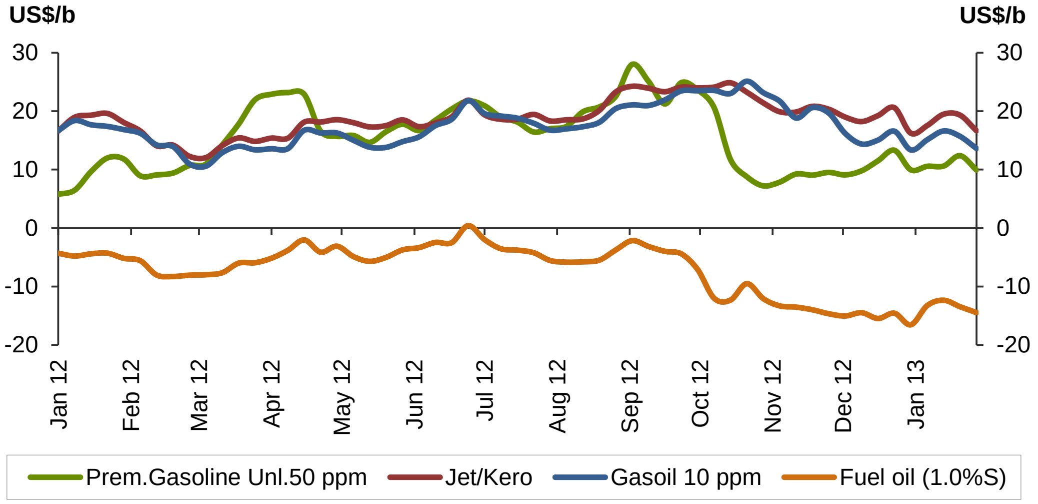
The gasoline crack in Northwest Europe bounced higher on the back of transatlantic support. The market tightened as several cargoes of gasoline were fixed to depart for US and South American destinations at the middle of the month. Although overall US gasoline stocks have improved in recent weeks, East Coast stocks were below their five-year average, which helped to support the Northwest European market.

The gasoline crack spread against Brent crude averaged around $10.7/b in January, the same level as the previous month.

The naphtha crack in Europe lost the ground gained in recent months, as the decline in propane and butane prices exerted pressure on the naphtha market with the naphtha/LPG spread widening, while petrochemical demand remained subdued. Demand was also hit by on-going maintenance at naphtha cracker units in Sweden and France.

Oversupply in Europe and aggressive selling weighed on naphtha prices, which opened the arbitrage to the east, particularly from the Mediterranean, removing some of the surplus.

Graph 6.4: Rotterdam crack spreads vs. Brent, 2012-13



The middle of the barrel remained stable and the gasoil crack showed only marginal changes.

Cold weather in Northwest Europe provided some support in January to heating oil prices; however, as milder weather was forecast for the start of February, buyers were looking to run down stocks rather than buy at current prices, thus limiting the potential gain in the cracks.

Diesel demand in Northwest Europe is slim, but Italian and Turkish buying bolstered Mediterranean prices.

Despite the bullish help associated with the arrival of colder weather, any significant upward movement in the market was held back by improving stocks and expectations of healthy Russian ULSD inflows from the Primorsk port.

The gasoil crack spread against Brent crude at Rotterdam remained around an average of $15/b in January, the same level as December.

At the bottom of the barrel, both fuel oil cracks recovered ground during the month, on the back of strong demand for SRFO and bullish developments in the Asian market.

European fuel oil prices rose amid a wave of arbitrage bookings to the US and Asia-Pacific with the demand for LSFO being relatively firm.

The supply side added further support to the market, as temporary stormy weather tightened fuel oil supply in the Black Sea and Mediterranean. The Northwest European fuel oil crack spread against Brent gained $1 in January to stand at minus $13.9/b.

Asian market

Seasonal demand supported product cracks in Asia

The Asian market continued its recovery on the back of firm seasonal demand for utilities supporting middle distillates and fuel oil cracks. Furthermore, the expectations of tighter regional supplies allowed the cracks to improve across the barrel.

The gasoline crack continued moving up as the market was supported by healthy regional demand amid tightening sentiment.

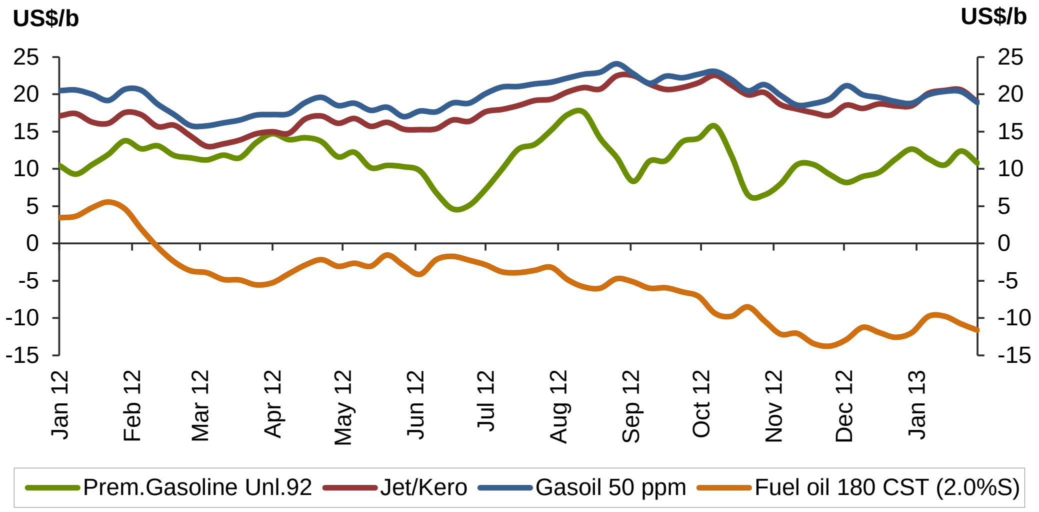
The gasoline crack witnessed the most pronounced uptick at the end of January after two consecutive weeks of decline. The main supporting factors to this development included the prospect of tightening supplies over the coming period in line with the onset of the maintenance season in Asia and expectations of healthy Chinese demand due to the Lunar New Year holiday.

Refinery turnarounds and expectations of tighter supplies boosted gasoline, amid additional support from stronger regional demand, mainly from Pakistan and Indonesia. Additionally, Kenya was also seeking some volumes of gasoline.

These factors allowed gasoline to show a sharp recovery and the crack spread against Dubai crude in Singapore gained more than $3/b to average $12/b in January.

Light distillate naphtha also gained ground, mainly on the back of some support stemming from buying interest in Northeast Asia and Taiwan. The uptick to the naphtha crack was likely limited by expectations of increased European arbitrage inflows into Asia.

Graph 6.5: Singapore crack spreads vs. Dubai, 2012-13



At the middle of the barrel, the gasoil crack remained largely steady, in a relatively balanced market.

Firm heating demand in Japan because of a cold snap soaked up kerosene stocks, helping to support jet kerosene prices, causing regional refiners to focus on maximizing their production of kerosene.

Gasoil/diesel demand remained healthy with support mainly from the Philippines and Vietnam. Additional support came from steady Australian diesel imports and likely higher Chinese diesel demand ahead of the Lunar New Year holidays.

The prospect of reduced refinery production ahead of maintenance turnarounds helped buoy gasoil prices. The westbound arbitrage to Europe remained unworkable, partly confining supplies of ultra-low sulphur gasoil within Asia-Pacific. The gasoil crack-spread in Singapore against Dubai remained around $20/b in January, a similar level to the previous month.

At the bottom of the barrel, the fuel oil crack continued the upward trend over the month, on the back firm regional demand, mainly from utilities in Northeast Asia, amid Singapore´s residual fuel oil inventories falling due to higher exports to China and Hong Kong.

Additional support was received by the low-sulphur fuel oil from stronger demand in Japan and South Korea, amid nuclear plant shutdowns and a price rally for competing fuel LNG for power generation.

The fuel oil crack-spread in Singapore against Dubai increased by $3 to average minus $9.4/b in January.

Additionally, the expectations of hefty arbitrage arrivals from Russia and the Caribbean weighed on high-sulphur fuel oil spot values.

Table 6.1: Refined product prices, US$/b

		Nov 12	Dec 12	Jan 13	*Change* Jan/Dec
US Gulf (Cargoes):					
Naphtha		116.92	118.67	120.03	1.36
Premium gasoline	*(unleaded 93)*	115.02	118.19	129.39	11.19
Regular gasoline	*(unleaded 87)*	108.59	107.54	115.41	7.87
Jet/Kerosene		124.81	124.42	130.73	6.31
Gasoil	*(0.05% S)*	123.91	123.69	126.94	3.25
Fuel oil	*(1.0% S)*	101.06	98.81	102.69	3.88
Fuel oil	*(3.0% S)*	92.96	93.65	96.69	3.04
Rotterdam (Barges FoB):					
Naphtha		103.00	103.83	103.22	-0.61
Premium gasoline	*(unleaded 10 ppm)*	103.68	105.57	109.89	4.32
Premium gasoline	*(unleaded 95)*	117.89	120.03	124.95	4.92
Jet/Kerosene		129.34	128.37	131.56	3.18
Gasoil/Diesel	*(10 ppm)*	129.48	124.71	128.47	3.76
Fuel oil	*(1.0% S)*	95.37	94.35	99.44	5.09
Fuel oil	*(3.5% S)*	92.46	91.16	96.75	5.59
Mediterranean					
Naphtha		100.19	100.52	99.89	-0.62
Premium gasoline	*(50 ppm)*	119.82	118.38	127.10	8.73
Jet/Kerosene		122.95	121.71	125.51	3.80
Gasoil/Diesel	*(50 ppm)*	110.35	108.72	112.99	4.27
Fuel oil	*(1.0% S)*	93.92	92.87	100.39	7.52
Fuel oil	*(3.5% S)*	91.40	90.04	96.16	6.12
Singapore (Cargoes):					
Naphtha		102.64	103.21	105.55	2.34
Premium gasoline	*(unleaded 95)*	119.61	118.85	122.77	3.92
Regular gasoline	*(unleaded 92)*	116.47	115.89	120.07	4.18
Jet/Kerosene		125.21	124.75	128.09	3.34
Gasoil/Diesel	*(50 ppm)*	126.57	126.20	128.02	1.82
Fuel oil	*(180 cst 2.0% S)*	97.48	96.74	99.53	2.80
Fuel oil	*(380 cst 3.5% S)*	94.59	94.20	98.48	4.28

Table 6.2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d			*Refinery utilization, %*		
	Dec 12	**Jan 13**	**Jan/Dec**	**Dec 12**	**Jan 13**	**Jan/Dec**
US	15.41	14.86	-0.55	90.65	86.87	-3.78
France	1.08	1.04	-0.05	63.01	60.27	-2.73
Germany	1.92	1.87	-0.05	79.39	77.44	-1.94
Italy	1.44	1.41	-0.02	61.44	60.46	-0.98
UK	1.24	1.18	-0.06	69.94	66.60	-3.34
Euro-16	10.60	10.38	-0.22	85.00	83.20	-1.85
Japan	3.68	3.71	-0.55	81.10	83.03	1.93

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

Tanker Market

Global fixtures declined by 8% in January

OPEC spot fixtures dropped by 0.95 mb/d, or 6.6%

OPEC sailings declined by 0.73 mb/d or 3%

In January, global fixtures declined by 8% compared with the previous month. OPEC spot fixtures were down as well, by 0.95 mb/d, or 6.6%, to average 13.5 mb/d, according to preliminary data. The drop in OPEC fixtures came as a result of the decline registered in both Middle East-to-East and Middle East-to-West fixtures, as both declined in January by 0.89 mb/d and 0.51 mb/d, respectively. While fixtures from outside the Middle East saw a smaller decline of 0.46 mb/d, or 10.5%, from a month earlier to average 4.81 mb/d. On an annual basis, all fixtures were found to be higher than last year's level. Preliminary data showed that OPEC sailings declined in January by 0.73 mb/d, or 3%, to average 23.63 mb/d, and sailings from the Middle East dropped by a similar amount to average 17.31 mb/d. However, compared with the same month last year, OPEC sailings were 1.6% higher while sailings from the Middle East were 1% lower. January arrivals in all areas were seen lower on a monthly basis, with the greatest decline registered on arrivals in North America ports, which dropped by 0.89 mb/d, or 8.4%, to average 9.67 mb/d. Arrivals at European ports were down by 0.15 mb/d, or 1.3%, from the previous month. Arrivals at ports in the Far East and western Asia both declined by 0.01 mb/d and 0.02 mb/d, respectively.

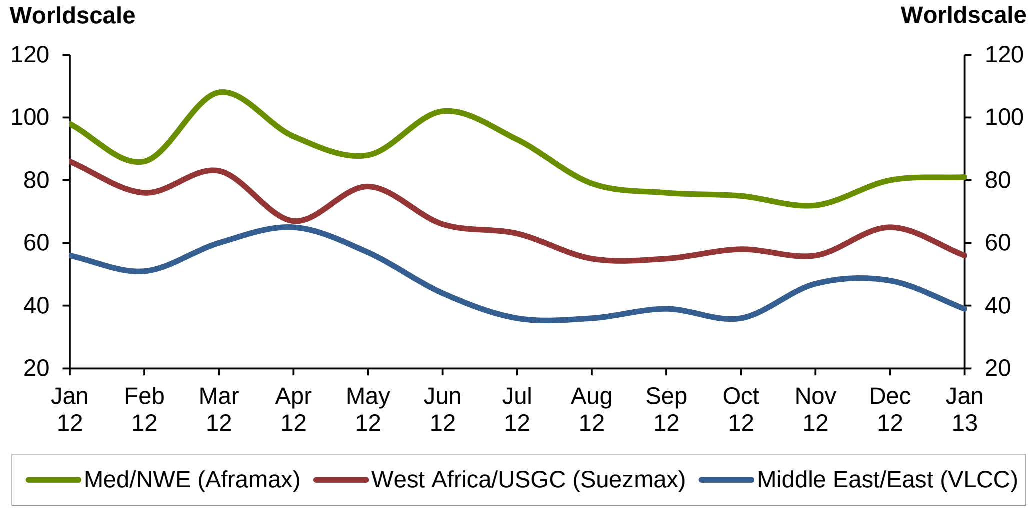
Table 7.1: Tanker chartering, sailings and arrivals, mb/d

	Nov 12	Dec 12	Jan 13	*Change Jan/Dec*
Spot Chartering				
All areas	19.01	19.29	17.75	-1.55
OPEC	13.80	14.45	13.50	-0.95
Middle East/East	6.08	7.08	6.19	-0.89
Middle East/West	3.33	3.01	2.50	-0.51
Outside Middle East	4.39	4.36	4.81	0.46
Sailings				
OPEC	24.26	24.35	23.63	-0.73
Middle East	17.88	18.01	17.31	-0.70
Arrivals				
North America	9.58	10.56	9.67	-0.89
Europe	12.64	11.83	11.68	-0.15
Far East	8.63	8.74	8.73	-0.01
West Asia	4.45	4.35	4.33	-0.02

Source: "Oil Movements" and Lloyd's Marine Intelligence Unit.

January proved to be a sluggish month in the tanker market, with freight rates falling in several parts of the world. Both dirty and clean tanker spot freight rates were bearish in January, with declines seen compared to December 2012. The decline of freight rates came partially as Worldscale (WS) flat rates increased by almost 9% as a result of an increase in bunker prices. On the other hand, the position list was lengthy as the tonnage availability remained sufficient during the month. The decline in dirty rates was experienced on most reported routes with the exception of Suezmax trading Northwest Europe-to-US Gulf and Aframax trading on the Mediterranean-to-Northwest Europe route. In the clean market, rates on all reported routes dropped except on Northwest Europe-to-US. In the dirty tanker segment, VLCC spot freight rates declined by 18% while Suezmax and Aframax saw an approximate decline from last month of 5% and 6%, respectively. In the clean tanker segment, the situation was not better as the market was very quiet with generally low activity. As a result, freight rates in East of Suez dropped by 18.5% and freight rates in West of Suez declined by 3%.

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



Dirty vessels' freight rates declined in January as VLCC freight rates decreased 18%, Suezmax dropped 5%, and Aframax declined 6%.

Although the beginning of the month witnessed an increase in the activity level which was seen on **VLCC** vessels in particular, even that was not capable of increasing the rates as they stayed almost stable at that point. Activity slowed down by the middle of the month as the January programme was completed with a number of fixtures finding less than what owners had hoped for. The limited number of inquiries and fixtures led to an increase in the competition seen from different owners, as each inquiry attracted a large number of offers, thus dragging freight rates down. VLCC spot freight rates experienced the biggest declines in January compared with the previous month. The average rate fell by 18% on the reported routes. In a monthly comparison, spot freight rates for VLCCs operating from the Middle East-to-East and from the Middle East-to-West both declined in January by 19% and 17%, respectively, as less interest for loading was seen from charterers and inquiries remained limited amid a long list of available tonnage. Rates for VLCCs operating on the route from West Africa-to-East also declined in January by a similar 17%. The drop in rates was mainly driven by the increase in the 2013 WS flat rate on the back of higher bunker prices.

Suezmax freight rates showed the same pattern as they dropped by an average of 5% in January from last month. The Suezmax market was slow and mainly controlled by the surplus in tonnage which was available all the time to cover any prompt requirements. The effects of delays seen at Turkish straits and adverse weather conditions remained limited and had no impact on freight rates. With the amount of available tonnage, replacement vessels were secured easily once needed. Activity for West Africa loading declined as the number of vessels exceeded cargo requirements. Consequently, freight rates declined on average, although they saw an enhanced sentiment towards the end of the month as charterers showed more interest in some dates which became tight. Spot freight rates for vessels operating West Africa to US Gulf coast declined by 14% from the previous month to average 57 WS points. On an annual comparison, the rates on said route dropped by 35%, while spot freight rates for Northwest Europe-to-US East Coast/Gulf Coast saw an increase of 6% from a month earlier, yet a drop of 22% from last year's level. This monthly gain came as result of a more balanced vessels situation as tonnage availability was tight for some dates in February.

Aframax spot freight rates followed the same pattern as seen in other dirty vessel classes in January. Tonnage demand was limited versus ample vessel supply. Generally, Aframax freight rates had a softer sentiment in January as tonnage built up during the month dragged the freight rates down. The Caribbean Aframax market had a quiet feel in general with softer rates, as the tonnage available exceeded the number of cargoes. Aframax Caribbean-to-US East Coast spot freight rates showed a decline of 6% from the previous month; yet the decline was greater on a yearly basis as they dropped by 27% to average 85 WS points. Freight rates for vessel operation on the Mediterranean-to-Mediterranean experienced a similar monthly loss, as it declined on average by 6% to settle at 80 WS points. The rate on the Indonesia-to-East route experienced the greatest decline amid other reported routes in January as it fell by 13% to average 80 WS points. Mediterranean-to-Northwest Europe was the only route which saw an increase, though minor, in January, increasing by an average 1.3% or 1 WS point.

Table 7.2: Spot tanker crude freight rates, Worldscale

	Size 1,000 DWT	Nov 12	Dec 12	Jan 13	Change Jan/Dec
Crude					
Middle East/East	230-280	47	48	39	-9
Middle East/West	270-285	30	30	25	-5
West Africa/East	260	46	47	39	-8
West Africa/US Gulf Coast	130-135	56	65	56	-9
NW Europe/USEC-USGC	130-135	50	54	57	3
Indonesia/US West Coast	80-85	92	92	80	-12
Caribbean/US East Coast	80-85	118	90	85	-5
Mediterranean/Mediterranean	80-85	78	85	80	-5
Mediterranean/North-West Europe	80-85	72	80	81	1

Source: Galbraith's Tanker Market Report and Platt's.

In the clean tanker market, spot freight rates were bearish in January, West and East of Suez clean tanker spot freight rates declined in January by 3% and 18%.

In the clean tanker market, spot freight rates weakened on almost all reported routes in January. West and East of Suez clean tanker spot freight rates followed the same pattern, with average rates on both reported routes declining in January by 3% and 18%, respectively. Freight rates dropped as a result of a quiet market and access tonnage availability in general, despite medium range vessels seeing a rush of activities during the first few days of the month as the arbitrage was open. Rates were softer while long range vessels registered a lower number of fixtures. The best that owners could do was maintain the last rates obtained and prevent them from falling further from one month to the other. The only route which registered a gain was Northwest Europe-to-the US as freight rates increased by 8%. The increase in said route came on the back of an increase in gasoline cargoes in the US. Meanwhile, the Middle East-to-East route witnessed the greatest decline of 24%. The rate for tankers operating on the Singapore-to-East route declined by 13%, while those for the Mediterranean-to-Mediterranean and the Mediterranean-to-Northwest Europe dropped by 6% and 8%, respectively.

Graph 7.2: Monthly averages of clean spot freight rates

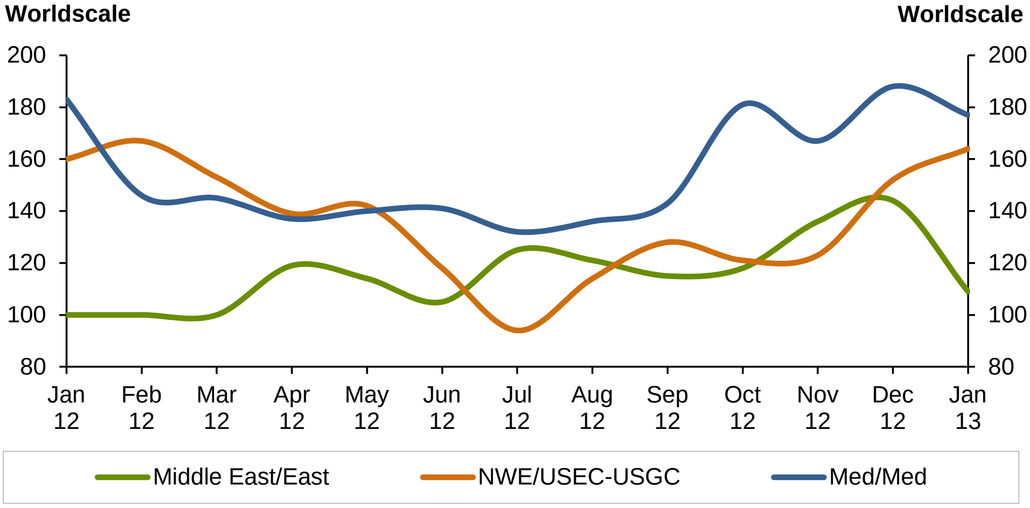


Table 7.3: Spot tanker product freight rates, Worldscale

	Size 1,000 DWT	Nov 12	Dec 12	Jan 13	Change Jan/Dec
Products					
Middle East/East	30-35	136	144	109	-35
Singapore/East	30-35	155	158	137	-21
NW Europe/USEC-USGC	33-37	123	152	164	12
Mediterranean/Mediterranean	30-35	167	188	177	-11
Mediterranean/North-West Europe	30-35	177	198	183	-15

Source: Galbraith's Tanker Market Report and Platt's.

Oil Trade

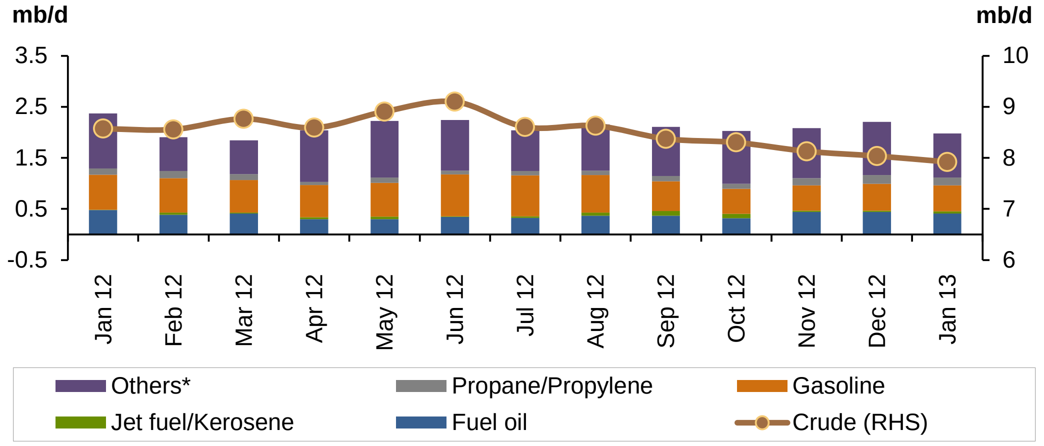
US crude oil imports declined for the second consecutive month by 115 tb/d or 1.4% from the previous month to average 7.9 mb/d

US

Preliminary data for January shows that US crude oil imports declined for the second consecutive month by 115 tb/d, or 1.4%, from the previous month to average 7.9 mb/d. On an annual basis, crude imports declined by 650 tb/d, or 7.6%, compared to a year earlier, and reached their lowest level since January 2000.

US monthly product imports dropped by 227 tb/d, or 10%, to average 1.98 mb/d, the lowest level seen since March 2012. On an annual comparison, product imports dropped by 388 tb/d or 16%. On a year-to-date comparison, both crude and product imports declined by 4.5% and 17%, respectively. US product exports registered a drop of 122 tb/d, or 4.25%, in January on a monthly basis, to average 2.99 mb/d. On an annual basis, the figures reflect a greater drop of 212 tb/d or 7.6%. As a result, total US net imports declined slightly in January to average 6.8 mb/d, 6.3% lower than the previous month and 15% less than a year ago.

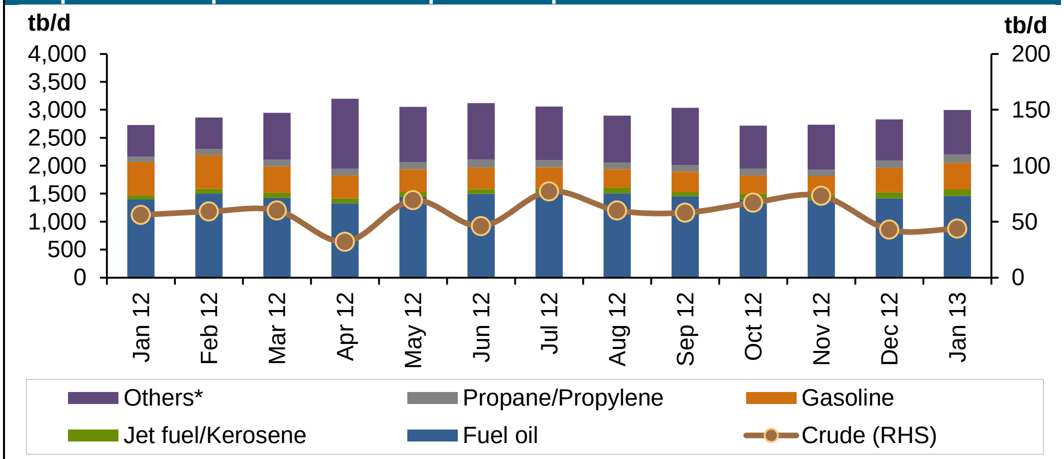
Graph 8.1: US imports of crude and petroleum products



**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.*

In November, the top two suppliers to the US maintained the same order seen last month. Canada remained the premier crude supplier to the US, accounting for 28% of total US crude imports; yet its monthly volumes were slightly higher than a month earlier by 30 tb/d or 1.4%. Saudi Arabia remained the second largest supplier to the US in November with volumes up by 56 tb/d, or 5%, from a month earlier. Venezuela came in as the third top supplier, accounting for 13% of total US crude imports and up by 104 tb/d, or 14%, from the previous month's level. US crude imports from Venezuela reached the highest level since June 2009.

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.*

US crude imports from OPEC Member Countries remained almost steady in November, accounting for 48.8% of total US crude imports. On the other hand, US product imports from OPEC Member Countries increased by 40 tb/d, or 21%, from last month. However, on an annual basis, the figure reflects a decline of 116tb/d or 34%. As to product supplier share, Canada and Russia maintained their position as first and second suppliers to the US, accounting for 30% and 18%, respectively. From last month, Canada increased its product imports to the US by 28%, while product imports from Russia declined by 16%. Algeria came in as the third supplier to the US, increasing its exported volumes by 29 tb/d, or 34%, from the previous month.

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

	Nov 12	Dec 12	Jan 13	*Change* Jan/Dec
Crude oil	8,057	7,994	7,878	-116
Total products	-1,358	-664	-1,013	-348
Total crude and products	**7,264**	**7,330**	**6,866**	**-464**

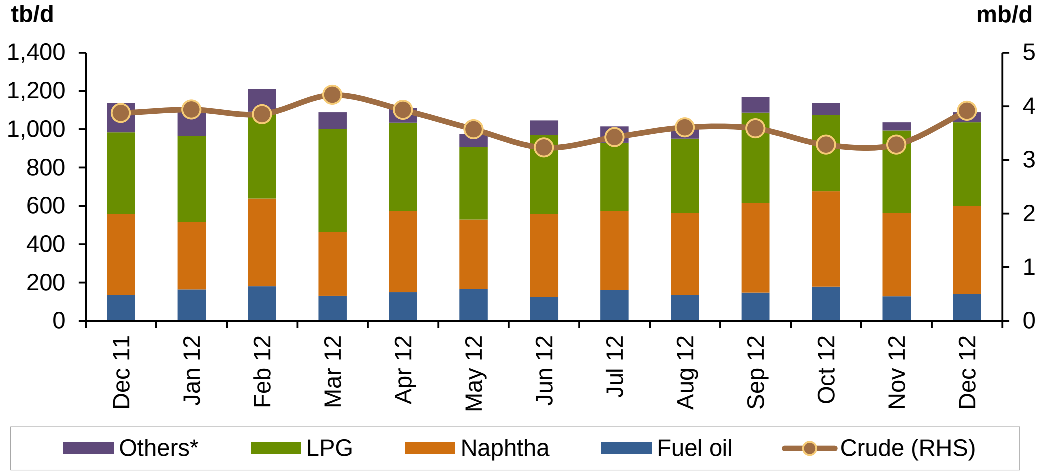
Japan

Japan crude oil imports increased in December by 628 tb/d or 19% to average 3.9 mb/d.

Product imports also increased in December by 46 tb/d to average 651 tb/d

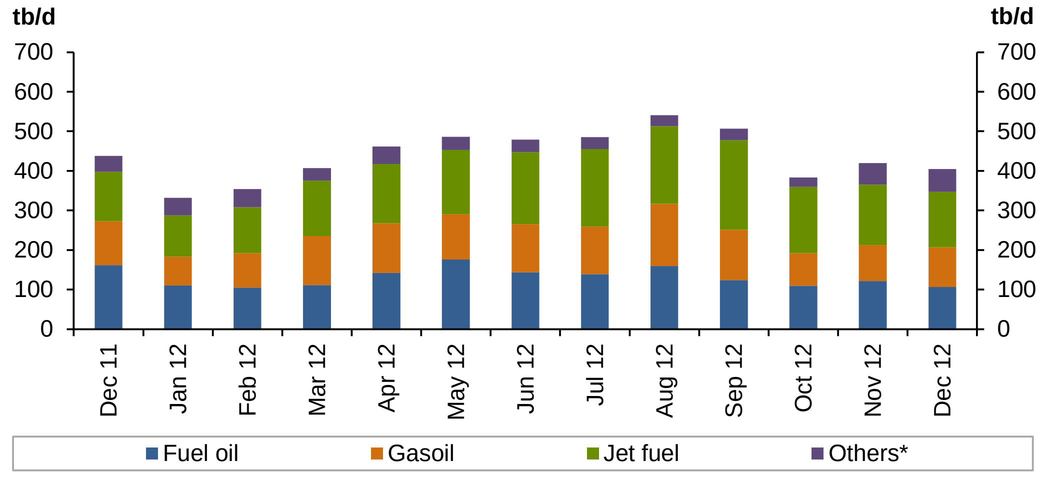
Japan crude oil imports saw a gain in December by 628 tb/d, or 19%, from the previous month, to average 3.9 mb/d. The increase in Japan's monthly imports came as Japanese refining runs rose significantly. On a y-o-y comparison, crude imports rose in December by 42 tb/d or 1%. Monthly crude import volumes were the highest since April 2012. As to the suppliers' share, Saudi Arabia, the UAE and Qatar were the top suppliers to Japan in December. Saudi Arabia, as in the previous month, came in as the first crude supplier to Japan representing 30% of total crude exports going to Japan. The UAE was the second largest supplier to Japan with a share of 23% of total crude exports, while Qatar held the third position in December with a share of 12%. From the previous month, all three countries saw an increase in export volumes going to Japan: Saudi Arabia with an increase of 3%, the UAE with 23% and Qatar with 80%. Product imports also increased in Japan in December, rising by 46 tb/d to average 651 tb/d. This reflected a gain of 7.7% m-o-m yet a drop of 9% y-o-y. As to product exports, Japan exports in December declined by 16 tb/d, or 4%, to average 397 tb/d. On a y-o-y basis, the decline is equal to 35 tb/d or 8%. Accordingly Japan's net imports in December increased by 690 tb/d to average 4.2 mb/d, reflecting monthly and annual gains of 20% and 4%, respectively.

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



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

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

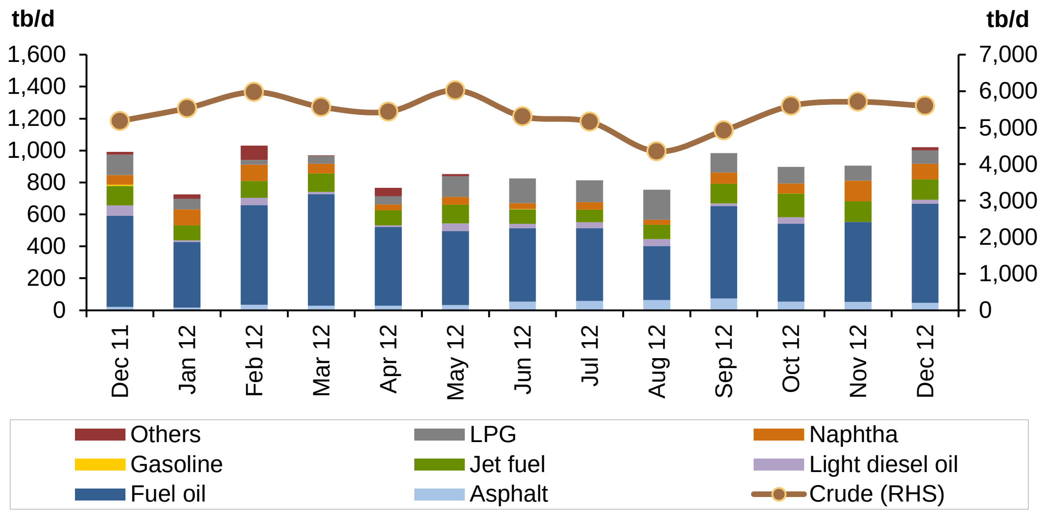
	Oct 12	Nov 12	Dec 12	*Change* Dec/Nov
Crude oil	3,280	3,285	3,914	628
Total products	362	192	254	62
Total crude and products	**3,643**	**3,477**	**4,168**	**690**

China

In December, China crude exports dropped by 10 tb/d to average 20 tb/d, the lowest level since April 2012

China crude oil imports declined in December by 112 tb/d, or 2%, from the previous month to average 5.6 mb/d, the lowest since October 2012. On an annual comparison, China's crude imports increased by 415 tb/d, which is 8% higher than levels seen last year. The increase in crude imports in 2012 was mainly due to an increase in Chinese refinery developments and expansions in the second phase of the country's strategic petroleum reserve. Additionally, on a year-to-date basis, the figures reflect an increase of 373 tb/d or 7.4%. In terms of supplier share, Saudi Arabia, Angola, Oman and Russia were the top suppliers to China in December, accounting for 19%, 14%, 8% and 11%, respectively. Volumes exported from Saudi Arabia and Oman was lower than seen last month, by 19% and 8%, while volumes from Angola and Russia increased by 6% and 39%. China's product imports increased in December by 134 tb/d, or 15%, to average 10.2 mb/d. This increase comes mainly as a result of the need for transportation fuel in the preparation of the Chinese New Year, as imports reached their highest levels since February 2012.

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



China's crude exports dropped in December by 10 tb/d to average 20 tb/d, the lowest level since April 2012. Looking to the decline percentages, the drop equals 33% m-o-m, while on a y-o-y basis it reflects a greater decline in crude exports of 75%. In contrast, China's product exports saw an increase of 73 tb/d, or 13%, m-o-m and 66 tb/d, or 12%, on a y-o-y basis. As a result, China's net oil imports decreased by a slight 42 tb/d, or 0.7%, from the previous month and 437 tb/d, or 8%, from a year earlier.

Graph 8.6: China's exports of crude and products

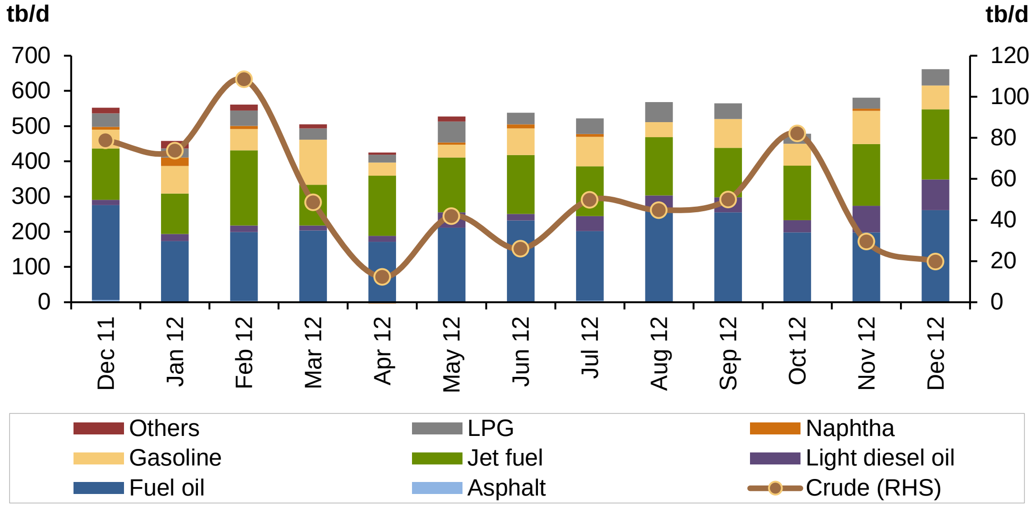


Table 8.3: China's crude and product net imports, tb/d

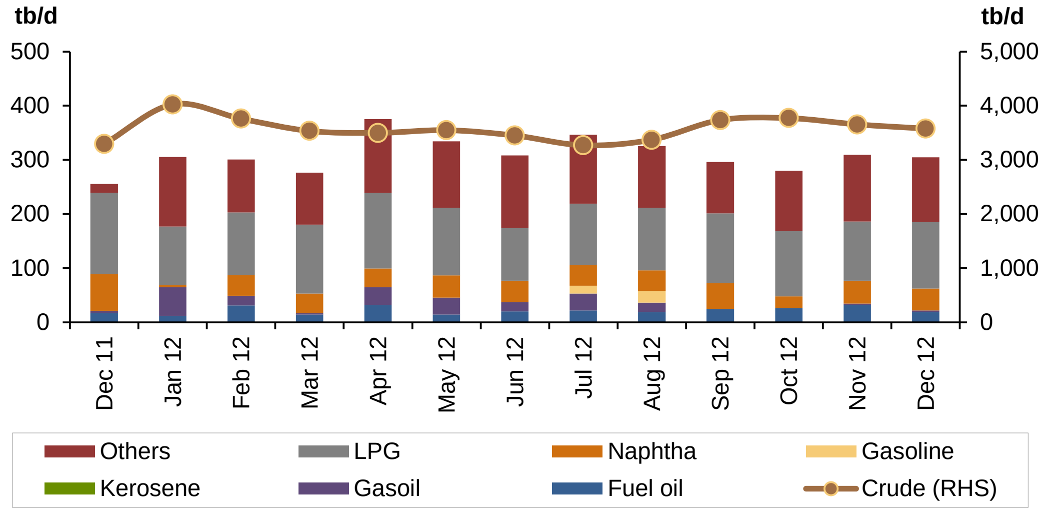
	Oct 12	Nov 12	Dec 12	*Change Dec/Nov*
Crude oil	5,517	5,681	5,578	-102
Total products	337	342	403	61
Total crude and products	**5,854**	**6,022**	**5,981**	**-42**

India

India crude imports declined for the second consecutive month by 78 tb/d or 2.1% to average 3.6 mb/d, the lowest since August 2012

In December, India's crude imports declined for the second consecutive month by 78 tb/d, or 2.1%, from the previous month to average 3.6 mb/d. India's crude imports in December are considered the lowest since August 2012. India's crude imports have decreased as Reliance Industries plans to have one of its refineries go on maintenance in January for 25 days. Nevertheless, crude imports reflect an annual increase of 284 tb/d or 9%. On the product side, India's imports in December saw a small decrease of 5 tb/d, or 1.6%, m-o-m to average 305 tb/d, while y-o-y they increased by 49 tb/d or 19%. The decrease seen in products imports came mainly as a result of decreased volumes in fuel oil, naphtha and diesel. India's product exports declined in December by 299 tb/d, or 19%, to average 13 mb/d. On a y-o-y basis, the product exports increased by 15 tb/d or 1.2%. The drop in monthly product exports has been registered on all products with the largest decline seen in diesel exports. Consequentially, India's net imports increased by 217 tb/d to average 2.6 mb/d, reflecting a gain of 9% m-o-m and 14% y-o-y.

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



Graph 8.8: India's exports of petroleum products

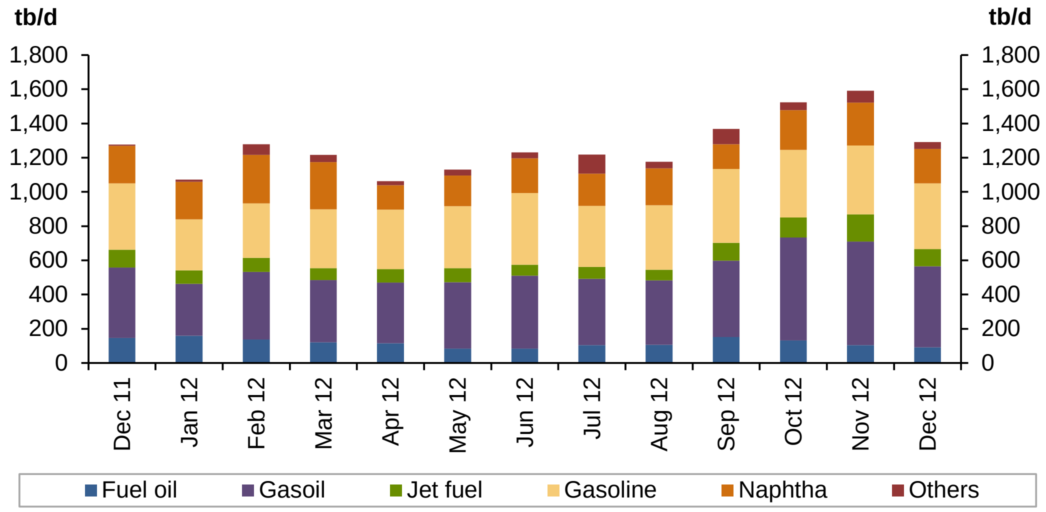


Table 8.4: India's crude and product net imports, tb/d

	Oct 12	Nov 12	Dec 12	*Change* Dec/Nov
Crude oil	3,771	3,655	3,578	-78
Total products	-1,243	-1,282	-987	294
Total crude and products	**2,528**	**2,373**	**2,590**	**217**

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

FSU

In December, total crude oil exports from the former Soviet Union declined by 104 tb/d or 1.7% to average 6.2 mb/d

In December, total crude oil exports from the Former Soviet Union (FSU) declined by 104 tb/d, or 1.7%, to average 6.2 mb/d. Crude exports through Russian pipelines declined as well by 126 tb/d, or 3%, to average 3.9 mb/d.

Shipments from the Black Sea increased by 47 tb/d, or 7%, to average 761 tb/d, while Kozmino shipments increased as well at a higher rate of 9%. Exports through the Russian rail and Kazakh rail both dropped from last month by 62 tb/d (or 29%) and 46 tb/d (or 25%), respectively. Loadings from CPC blend increased by 111 tb/d, or 19%, to average 694 tb/d. Total FSU products exports decreased by 305 tb/d, or 10%, from last month to average 2.8 mb/d. This drop in product exports came on the back of less exported quantities seen on all products in December. However, the greatest decline was registered in fuel oil and VGO, both of which decreased from last month's levels by 176 tb/d and 53tb/d, respectively.

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

	2011	2012	2Q12	3Q12	4Q12	Nov 12	Dec 12*
Crude							
Russian pipeline							
Black Sea	918	858	900	932	774	714	761
Baltic	1,511	1,747	1,725	1,611	1,665	1,674	1,473
Druzhba	1,170	1,079	1,109	1,006	980	971	968
Kozmino	309	331	317	315	380	397	432
Total	**4,224**	**4,322**	**4,356**	**4,174**	**4,100**	**4,069**	**3,943**
Other routes							
Russian rail	173	107	137	87	195	215	153
Russian-Far East	283	258	265	249	242	238	257
Kazakh rail	158	97	128	78	165	182	136
Vadandey	82	66	41	57	104	106	103
Kaliningrad	23	20	18	22	17	16	19
CPC	685	656	685	654	614	583	694
BTC	695	654	681	638	590	593	603
Kenkiyak-Alashankou	222	210	186	213	252	266	233
Caspian	170	173	168	198	166	176	152
Total crude exports	**6,558**	**6,466**	**6,538**	**6,292**	**6,280**	**6,262**	**6,158**
Products							
Gasoline	162	130	113	113	124	134	127
Naphtha	259	313	295	307	345	373	334
Jet	10	9	5	12	10	6	1
Gasoil	773	791	744	734	787	861	837
Fuel oil	1,305	1,416	1,277	1,415	1,314	1,476	1,300
VGO	211	250	264	281	234	246	193
Total	**2,721**	**2,909**	**2,697**	**2,863**	**2,814**	**3,097**	**2,792**
Total oil exports	**9,279**	**9,375**	**9,235**	**9,154**	**9,095**	**9,359**	**8,950**

** Preliminary*
Totals may not add due to independent rounding.

Source: Nefte Transport, Global Markets, Argus Fundamentals, Argus FSU and OPEC.

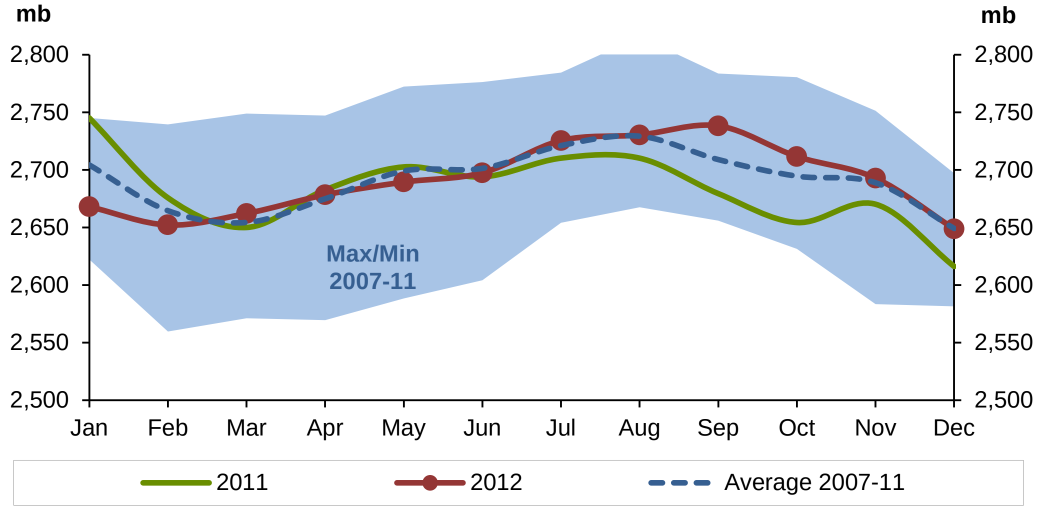
Stock Movements

Preliminary data for December shows that total OECD commercial oil stocks fell seasonally by 44.1 mb

OECD

Preliminary data for December shows that total OECD commercial oil stocks fell seasonally by 44.1 mb to stand at 2,649 mb. Despite the fall in total stocks, inventories showed a surplus of 32.6 mb over a year ago and stood in line with the five-year average. The total stock draw came from both crude and products, which declined by 31.7 mb and 12.4 mb, respectively. Within the components, crude stocks stood at comfortable levels, indicating a surplus of almost 70.0 mb with last year and nearly 47.0 mb with the seasonal norm. However, products remained tight showing a deficit of 36.8 mb with the previous year and 47.4 mb with the seasonal norm.

Graph 9.1: OECD's commercial oil stocks



On a regional basis, OECD America's stocks declined in December by 24.1 mb, with crude and products falling by 18.7 mb and 5.4 mb, respectively. At 661 mb, OECD America's commercial crude oil stocks stood at comfortable levels, denoting a surplus with a year ago at 43.0 mb and 14.3 mb more than the five-year average. The fall in US commercial crude stocks in December reflected a higher refinery utilization rate reaching almost 91%, which corresponds to a crude throughput of around 15.4 mb/d. It should be noted that, the fall in US crude commercial stocks at the end of each year reflects refinery positions to reduce their inventories in order to optimize tax liabilities. In contrast to the healthy level of crude stocks, product inventories remained tight, indicating a deficit of 14.8 mb with a year ago and 7.8 mb with the seasonal average. Middle distillates accounted for the total of the deficit, indicating 31 mb below the seasonal norm, while gasoline stocks started to improve, showing a surplus of 9.0 mb with the five-year average.

OECD Europe's inventories saw a fall of 12.6 mb in December, reversing the build of the last month, driven mainly by the stock draw in crude and products, which declined by 11.1 mb and 1.5 mb, respectively. With this total stock draw, the region's commercial stocks remained at 74.3 mb below the five-year average and stood 19.6 mb below the same period a year ago. Both crude and products showed a deficit with the five-year average, at 29.5 mb and 44.8 mb, respectively. Product stocks stood at 29.9 mb below a year earlier, while crude stocks indicated a surplus of 10.3 mb with the previous year. The fall in OECD Europe's crude inventories in December could be attributed to higher refinery runs.

In December, total commercial oil stocks in OECD Asia Pacific saw the second consecutive decline, falling 7.4 mb to end the month at 415 mb. Despite this stock draw, the region's commercial stocks stood at 19.3 mb above the five-year average and were 24.3 mb higher than at the same time a year ago. Both crude and product stocks saw a decline of 1.9 mb and 5.5 mb, respectively. Within the components, commercial crude stood 14.3 mb above the historical average and 16.4 mb higher than over the same period a year ago. Product stocks in the OECD Asia Pacific at the end of December showed a surplus of 5.0 mb with the five-year average and 7.8 mb with a year earlier.

In terms of forward cover, OECD commercial stocks in December stood at nearly 57.2 days, a loss of 0.6 days compared to the previous month, but displayed a gain of nearly one and a half days over the last five-year average and a gain of around one day over the same period a year ago.

Table 9.1: OECD commercial stocks, mb

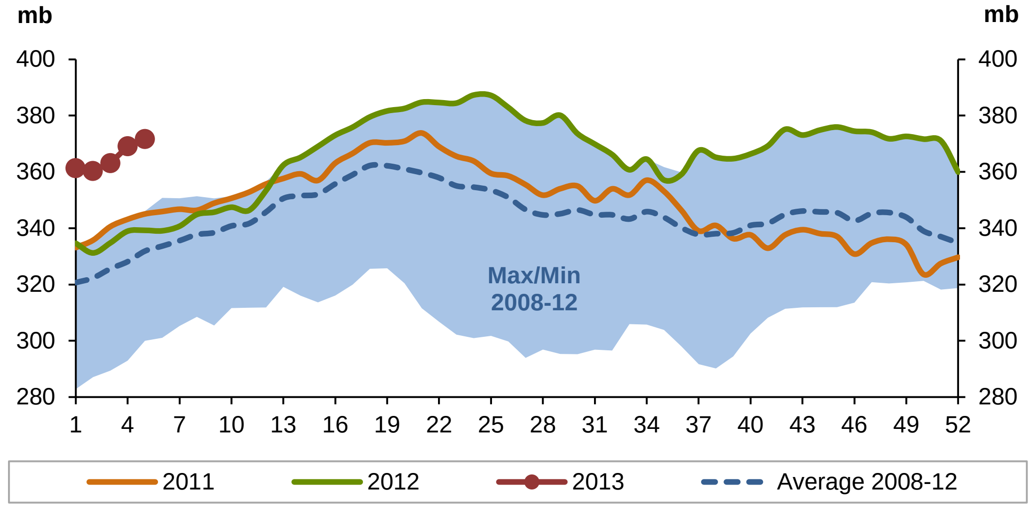
	Oct 12	Nov 12	Dec 12	Change Dec 12/Nov 12	Dec 11
Crude oil	1,307	1,300	1,269	-31.7	1,199
Products	1,405	1,393	1,380	-12.4	1,417
Total	**2,712**	**2,693**	**2,649**	**-44.1**	**2,616**
Days of forward cover	**58.6**	**57.8**	**57.2**	**-0.5**	**56.4**

US

US total commercial oil stocks in January reversed the downward trend of the last three months, increasing by 13.8 mb

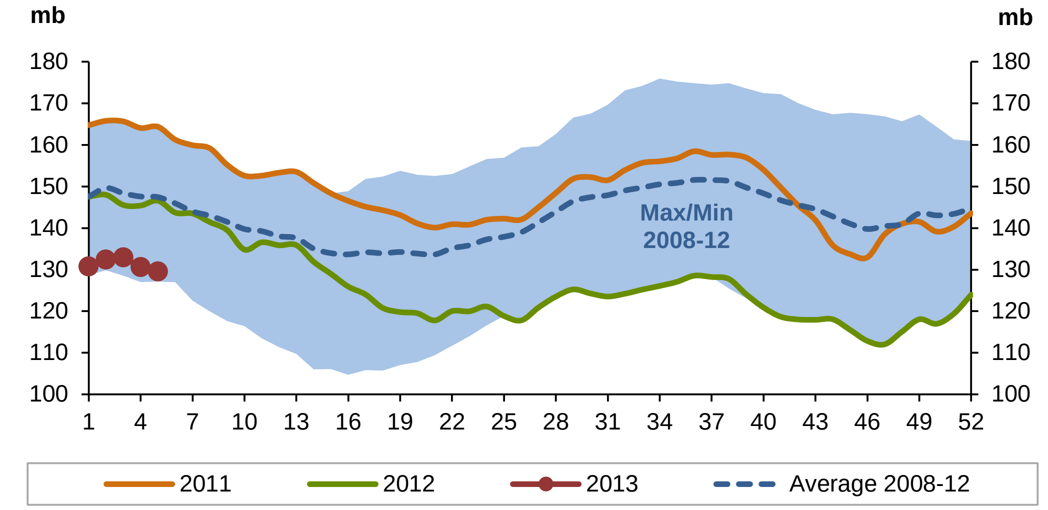
In January, **US total commercial oil stocks** reversed the downward trend of the last three months and increased by 13.8 mb to end the month at 1,103.3 mb. With this stock build, total commercial stocks were 27.5 mb, or 3.6%, above the same period a year ago and 53.8 mb, or 5.1%, higher than the five-year average. The build was attributed mainly to crude, which rose by 11.7 mb, while products increased by 2.1 mb.

Graph 9.2: US weekly commercial crude oil stocks



US commercial crude stocks rose in January by 11.7 mb, reversing the draw of 18.7 mb in December to stand at 371.7 mb, the highest level since June 2012. At this level, commercial crude oil stocks remained at comfortable levels, indicating a surplus of 31.6 mb, or 9.3%, with a year ago and 37.9 mb, or 11.4%, with the five-year average. The build in US crude stocks came about from lower crude oil refinery inputs which decreased by nearly 600,000 b/d to 14.8 mb/d, but remained slightly higher than the same time last year. In January, US refineries operated at around 87%, a decline of 5.2 percentage points (pp) from a month earlier, but still 2.6 pp higher than the same month last year. Higher domestic production averaging 7.0 mb/d, also contributed to the build in US commercial crude stocks. However, the fall in US crude oil imports limited a further build in crude oil stocks. In fact, US crude oil imports in January fell by nearly 110,000 b/d to average 7.9 mb/d, the lowest level since January 2000. Following the seasonal pattern, crude oil stocks are expected to continue their upward trend in the coming weeks as refinery maintenance and continued upgrades will require less processing of crude. Inventories in Cushing showed a further increase in January, reaching 51.4 mb, but stocks fell during the last week of the month. Due to logistical constraints at the Seaway pipeline and Jones Creek terminal, Cushing stocks will remain higher in the near term.

Graph 9.3: US weekly distillate stocks



Within products, the picture was mixed. Distillates and gasoline saw builds, while residual fuel, jet fuel stocks and propylene witnessed declines. Gasoline stocks continued their build of five consecutive months, increasing by 8.4 mb to end January at 234.0 mb, the highest level in one year. Despite this build, inventories were still 1.1 mb, or 0.5%, below a year ago but 3.1 mb, or 1.3%, higher than the seasonal average. A drop of about 140,000 b/d in demand to average 8.4 mb/d was behind the stock build in gasoline. Lower gasoline output in January, averaging 8.8 mb/d from almost 9.1 mb/d during December, has limited a further build in gasoline stocks. Distillate stocks rose by 5.6 mb for the second consecutive month to end January at 129.6 mb, the highest level since March 2012. Despite this build, distillates remained at 19.2 mb, or 12.9%, below the year-ago level and 20.2 mb, or 13.5%, lower than the seasonal norm. Lower demand in January was behind the drop in distillate stocks. Indeed, apparent demand for distillates fell by around 260,000 b/d from a month earlier and 400,000 b/d from the level of the same period last year. Lower output limited a further build in distillate stocks. In December, distillate production averaged 4.4 mb/d, or around 450,000 b/d more than a month earlier, but slightly below a year ago. Jet fuel stocks fell marginally by 0.1 mb to finish January at 39.1 mb. At this level, jet fuel stocks were 3.1 mb, or 7.3%, lower than a year ago and indicated a deficit of 2.9 mb, or 6.9%, with the seasonal norm. Residual oil stocks also declined by 2.0 mb in January to stand at 34.4 mb. At this level, they were 0.5 mb, or 1.5%, higher than the same month a year ago but are still 2.8 mb, or 7.5%, below the latest five-year average.

Table 9.2: US onland commercial petroleum stocks, mb

	Nov 12	Dec 12	Jan 13	Change Jan 13/Dec 12	Jan 12
Crude oil	378.6	359.9	371.7	11.7	340.0
Gasoline	214.9	225.7	234.0	8.4	235.2
Distillate fuel	117.9	124.0	129.6	5.6	148.8
Residual fuel oil	37.6	36.4	34.4	-2.0	33.9
Jet fuel	40.7	39.2	39.1	-0.1	42.1
Total	**1113.6**	**1089.5**	**1103.3**	**13.8**	**1075.8**
SPR	695.0	695.0	695.8	0.9	696.0

Source: US Department of Energy's Energy Information Administration.

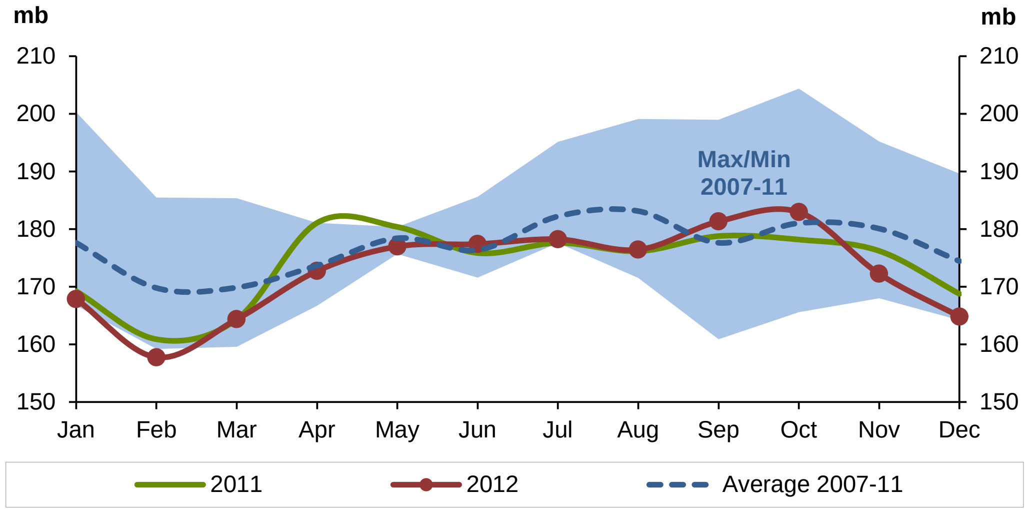
Japan

Total commercial oil stocks in Japan in December fell for the second consecutive month, declining by 7.4 mb

In December, total **commercial oil stocks** in Japan fell for the second consecutive month declining by 7.4 mb to end the month at 164.8 mb, the lowest level since March 2012. With this stock draw, they remained at 3.9 mb, or 2.3%, below a year ago and were 9.6 mb, or 5.5%, lower than the last five-year average. Both crude and product stocks saw a decline of 1.9 mb and 5.5 mb, respectively.

Japanese commercial crude oil stocks fell by 1.9 mb for the third consecutive month and ended December at 97.1 mb. At this level, they stood at 0.9 mb below the same time a year ago and 1.9 mb below the seasonal average. The stock draw in crude came as crude throughput rose by 464,000 b/d, or 14.4%, from a month earlier. At 3.7 mb/d, Japanese crude oil runs were 2.6% higher than at the same time a year ago. In December, Japanese's refiners were running at 82.2%, more than 10 pp higher than in the previous month and 2.5 pp above the same period last year. Direct crude burning in power plants jumped in December by more than 50% to end the month at around 320,000 b/d, but they are still 4.5% less than the same period last year. An increase of 630,000 b/d in Japanese crude oil imports in December limited a further decline in crude oil stocks. At 3.9 mb/d, crude oil imports stood 1.1% above the same period last year.

Graph 9.4: Japan's commercial oil stocks



Japan's total product inventories fell further in December for the second consecutive month to end the month at 68.0 mb. At this level, product inventoreis indicated a deficit of 3.0 mb, or 4.2%, with a year ago and stood at 7.7 mb, or 10.2%, below the five-year average. The stock draw in total products came as total oil product sales rose by more than 16% in December from a month earlier. At 4.0 mb/d, product sales were 1.4% more than at the same time a year ago. The major contributor to this increase was the jump in consumption of fuel oil B.C used for power generation. Within products, middle distillate stocks saw the bulk of the decline falling by 5.6 mb and ending the month at 28.9 mb, which represents a deficit of 4.0 mb, or 12.3%, with a year ago and 5.6 mb, or 16.2%, with the seasonal average. Within distillate components, all products went down with kerosene stocks falling by 10%. The fall in kerosene stocks came from stronger kerosene sales, which increased by 6.0% from the previous month due to colder temperatures. Jet fuel stocks dropped by 14% due to higher consumption, while gasoil stocks fell by 6% as sales went up 10%. Gasoline stocks fell 0.8 mb to end the month at 11.9 mb. At this level, they were 0.3 mb, or 2.7%, above a year ago, but remained 0.4 mb, or 3.2%, less than the five-year average. The fall in gasoline stocks is attributed to higher gasoline sales which increased by 7.6%. However, the 17% increase in gasoline production limited the stock draw. Total residual fuel oil stocks rose by 1.2 mb to end the month of December at 16.7 mb. At this level, they were 1.2 mb, or 7.6%, above a year ago, but remained 0.5 mb, or 3.0%, below the five-year average. Fuel oil B.C stocks saw a drop of 6.0% driven by an increase in sales of nearly 26%. Naphtha inventories saw a stock draw of 0.4 mb, ending December at 10.3 mb. With this drop, naphtha stocks remained at 0.5 mb, or 4.3%, below a year ago, and 1.2 mb, or 10.4%, lower than the five-year average. The fall in naphtha stocks came from higher sales and imports, while increases in naphtha production limited further stock draws.

Table 9.3: Japan's commercial oil stocks*, mb

	Oct 12	Nov 12	Dec 12	Change Dec 12/Nov 12	Dec 11
Crude oil	**102.6**	**98.9**	**97.1**	**-1.9**	**98.0**
Gasoline	14.1	12.7	11.9	-0.8	11.6
Naphtha	11.6	10.7	10.3	-0.4	10.8
Middle distillates	37.5	34.4	28.9	-5.6	32.9
Residual fuel oil	17.1	15.5	16.7	1.2	15.5
Total products	**80.3**	**73.3**	**67.8**	**-5.5**	**70.8**
Total**	**183.0**	**172.3**	**164.8**	**-7.4**	**168.8**

* *At end of month.*
** *Includes crude oil and main products only.*
Source: Ministry of Economy, Trade and Industry, Japan.

Singapore and Amsterdam-Rotterdam-Antwerp (ARA)

Product stocks in Singapore at the end of December reversed the upward trend of the last three months, declining by 3.3 mb

At the end of December, **product stocks in Singapore** reversed the upward trend of the last three months and declined by 3.3 mb, ending the month at 39.3 mb. Despite this stock draw, they were at 2.7 mb, or 7.3%, above a year ago at the same time.

Within products, fuel oil stocks saw the total of the draw, decreasing by 3.7 mb, followed by a 0.1 mb draw in middle distillate stocks, while light distillates rose by 0.4 mb. Residual fuel oil reversed the build of the last three months and fell to stand at 19.0 mb, representing a surplus of 2.3 mb, or 13.9%, with the same period last year. This stock draw is mainly due to higher exports, especially to South Korea where demand increased after two nuclear reactors were shut temporarily for safety reasons. Exports were also higher in parts of Asia on the back of cold temperatures, contributing to the fall in residual fuel stocks. Middle distillate stocks fell slightly in December to end the month at 10.3 mb but still represented a surplus of 0.7 mb, or 7.2%, with a year ago at the same period. The fall in middle distillate stocks is attributed to higher exports to Australia combined with lower imports from Taiwan. In contrast to other products, light distillate stocks rose by 0.4 mb to finish the month of December at 10.0 mb, leaving them at 0.4 mb, or 3.4%, below the same period last year. This build came mainly from higher exports to Singapore from India as well as from South Korea. It was reported that exports from South Korea to Singapore had increase by more than 40% during the last week of December.

ARA product stocks rose by 0.8 mb in December after three consecutive months of stock draws

Products stocks in Amsterdam-Rotterdam-Antwerp (ARA) rose by 0.8 mb in December after three consecutive months of stock draws to end the month at 30.1 mb. At this level, product stocks stood at 0.8 mb, or 2.7%, higher than last year at the same time.

Within products and with the exception of jet fuel oil, all other products witnessed a build, with the bulk coming from gasoil stocks as they increased by 1.4 mb to end the month of December at 15.0 mb. At this level, gasoil stocks stood at 0.7 mb, or 4.8%, above last year at this time. The stock build came from high level of arrival to ARA hub, but the expectation of higher demand in the region could lead to more gasoil inventories moving out of the storage. Gasoline stocks also saw a build of 0.8 mb in December finishing the month at 5.9 mb, indicating a slight deficit of 0.1 mb, or 1.7%, with the same period a year ago. The stock draw was driven by higher arrivals in ARA outpacing the exports mainly to the US. Fuel oil stocks reversed the fall of last month, increasing by 0.9 mb to stand at 5.9 mb at the end of December representing a surplus of 2.0 mb, or around 50%, with the same period last year. This build was boosted by higher arrivals, mainly from Russia and Brazil. Naphtha stocks rose by 0.1 mb to stand at 1.3 mb indicating a surplus of 0.5 mb, or 54%, above the same time last year. Meanwhile, jet fuel stocks saw a decline of 0.3 mb and ended the month of December at 2.0 mb, almost 54% lower than the same level last year.

Balance of Supply and Demand

Forecast for 2012

Required OPEC crude for 2012 estimated at 30.1 mb/d, a decline of 0.1 mb/d from the previous year

Demand for OPEC crude for 2012 remains unchanged from the previous report as world oil demand and non-OPEC supply saw only a minor adjustment. However, within the quarters, 4Q12 saw an upward revision of 0.2 mb/d, reflecting mainly the upward adjustment of demand as actual data has become available. The first three quarters remain unchanged from the previous assessment. Demand for OPEC crude stood at 30.1 mb/d in 2012, representing a decline of 0.1 mb/d from the previous year's level. The first quarter is estimated to decline by 0.5 mb/d versus the same period a year ago; the second to increase by 0.4 mb/d, while the third is seen declining 0.3 mb/d. The fourth quarter is estimated to remain unchanged.

Table 10.1: Summarized supply/demand balance for 2012, mb/d

	2011	1Q12	2Q12	3Q12	4Q12	2012
(a) World oil demand	**88.04**	**87.99**	**87.94**	**89.12**	**90.31**	**88.84**
Non-OPEC supply	52.44	53.20	52.63	52.43	53.67	52.98
OPEC NGLs and non-conventionals	5.37	5.56	5.68	5.81	5.94	5.75
(b) Total supply excluding OPEC crude	**57.81**	**58.77**	**58.31**	**58.24**	**59.60**	**58.73**
Difference (a-b)	**30.23**	**29.22**	**29.63**	**30.88**	**30.70**	**30.11**
OPEC crude oil production	29.78	31.22	31.48	31.23	30.67	31.15
Balance	-0.44	2.00	1.85	0.35	-0.03	1.04

Totals may not add up due to independent rounding.

Forecast for 2013

Demand for OPEC crude in 2013 forecast at 29.8 mb/d, a drop of 0.3 mb/d from last year

Demand for OPEC crude for 2013 has been revised up by 0.1 mb/d from the previous report to stand at 29.8 mb/d. This represents negative growth of 0.3 mb/d compared to 2012. The upward revision came from an adjustment in world oil demand, as non-OPEC supply remained broadly unchanged. The first and second quarters saw an upward adjustment of 0.1 mb/d, while the third remained unchanged from the previous report. The fourth quarter experienced an upward revision of 0.3 mb/d. The first quarter is estimated to increase by 0.2 mb/d versus a year ago; while the second and third are expected to see negative growth of 0.6 mb/d and 0.7 mb/d, respectively. The fourth quarter is forecast to drop by 0.1 mb/d from the same quarter last year.

Table 10.2: Summarized supply/demand balance for 2013, mb/d

	2012	1Q13	2Q13	3Q13	4Q13	2013
(a) World oil demand	**88.84**	**88.99**	**88.58**	**90.04**	**91.08**	**89.68**
Non-OPEC supply	52.98	53.66	53.62	53.92	54.49	53.92
OPEC NGLs and non-conventionals	5.75	5.94	5.96	5.99	6.03	5.98
(b) Total supply excluding OPEC crude	**58.73**	**59.60**	**59.58**	**59.90**	**60.52**	**59.90**
Difference (a-b)	**30.11**	**29.39**	**29.00**	**30.13**	**30.56**	**29.78**

Totals may not add up due to independent rounding.

Graph 10.1: Balance of supply and demand

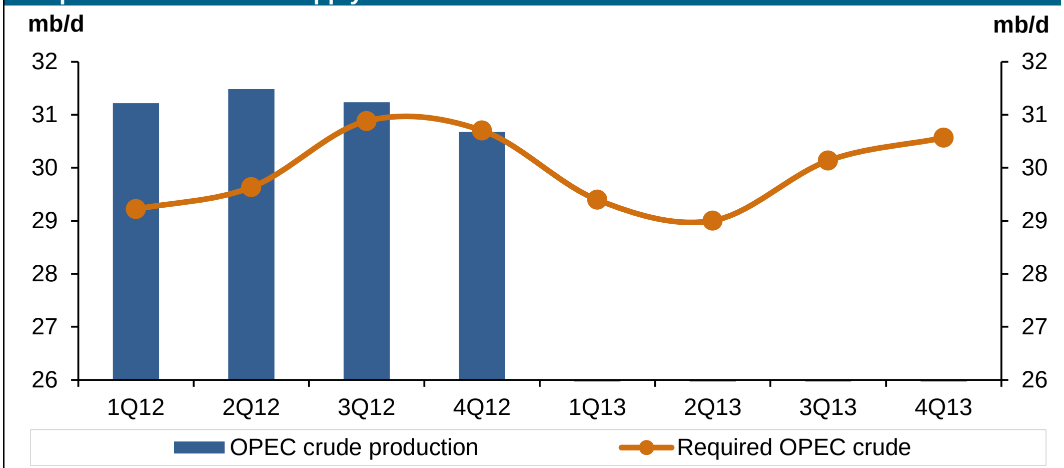


Table 10.3: World oil demand/supply balance, mb/d

	2007	2008	2009	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
World demand															
OECD	50.1	48.4	46.3	46.9	46.5	46.3	45.6	45.9	46.6	46.1	46.2	45.1	45.7	46.4	45.9
Americas	25.8	24.5	23.7	24.1	24.1	23.5	23.8	23.9	24.1	23.8	23.6	23.8	24.0	24.1	23.9
Europe	15.6	15.5	14.7	14.7	14.3	13.7	13.8	13.8	13.8	13.8	13.6	13.5	13.6	13.6	13.5
Asia Pacific	8.7	8.3	8.0	8.1	8.1	9.1	8.0	8.2	8.7	8.5	9.1	7.9	8.2	8.7	8.5
DCs	24.2	25.0	25.6	26.5	27.2	27.3	27.8	28.5	28.2	27.9	28.0	28.4	29.2	28.8	28.6
FSU	4.0	4.1	4.0	4.2	4.3	4.2	4.1	4.5	4.7	4.4	4.3	4.1	4.6	4.8	4.5
Other Europe	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.6
China	7.6	8.0	8.3	9.0	9.4	9.5	9.9	9.5	10.1	9.7	9.8	10.3	9.9	10.4	10.1
(a) Total world demand	86.6	86.1	84.8	87.1	88.0	88.0	87.9	89.1	90.3	88.8	89.0	88.6	90.0	91.1	89.7
Non-OPEC supply															
OECD	20.0	19.6	19.8	20.0	20.2	21.1	20.9	20.7	21.6	21.0	21.6	21.5	21.5	21.8	21.6
Americas	14.3	14.0	14.4	15.0	15.5	16.5	16.4	16.5	17.2	16.7	17.2	17.2	17.3	17.5	17.3
Europe	5.2	4.9	4.7	4.4	4.1	4.1	3.9	3.5	3.6	3.8	3.7	3.6	3.5	3.7	3.6
Asia Pacific	0.6	0.6	0.6	0.7	0.6	0.5	0.5	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7
DCs	11.9	12.2	12.4	12.7	12.6	12.3	12.0	12.0	12.1	12.1	12.1	12.2	12.4	12.6	12.3
FSU	12.5	12.6	13.0	13.2	13.2	13.4	13.2	13.2	13.4	13.3	13.4	13.3	13.4	13.5	13.4
Other Europe	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	3.8	3.8	4.1	4.1	4.2	4.2	4.2	4.3	4.2	4.3	4.3	4.3	4.3	4.3
Processing gains	2.0	2.0	2.0	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	50.4	50.4	51.1	52.3	52.4	53.2	52.6	52.4	53.7	53.0	53.7	53.6	53.9	54.5	53.9
OPEC NGLs + non-conventional oils	3.9	4.1	4.3	5.0	5.4	5.6	5.7	5.8	5.9	5.7	5.9	6.0	6.0	6.0	6.0
(b) Total non-OPEC supply and OPEC NGLs	54.4	54.5	55.5	57.3	57.8	58.8	58.3	58.2	59.6	58.7	59.6	59.6	59.9	60.5	59.9
OPEC crude oil production (secondary sources)	30.2	31.3	28.8	29.2	29.8	31.2	31.5	31.2	30.7	31.2					
Total supply	84.6	85.8	84.2	86.6	87.6	90.0	89.8	89.5	90.3	89.9					
Balance (stock change and miscellaneous)	-2.0	-0.3	-0.5	-0.6	-0.4	2.0	1.8	0.4	0.0	1.0					
OECD closing stock levels (mb)															
Commercial	2,582	2,697	2,662	2,690	2,616	2,662	2,698	2,738	2,649	2,649					
SPR	1,528	1,530	1,568	1,565	1,536	1,536	1,539	1,542	1,541	1,541					
Total	4,110	4,227	4,230	4,254	4,152	4,198	4,237	4,281	4,190	4,190					
Oil-on-water	948	969	919	871	825	787	812	797	808	808					
Days of forward consumption in OECD															
Commercial onland stocks	53	58	57	58	57	58	59	59	57	58					
SPR	32	33	33	34	33	34	33	33	33	34					
Total	85	91	90	91	90	92	92	92	91	91					
Memo items															
FSU net exports	8.5	8.5	9.0	9.1	8.9	9.1	9.2	8.7	8.7	8.9	9.1	9.2	8.8	8.7	9.0
(a) - (b)	32.2	31.6	29.3	29.8	30.2	29.2	29.6	30.9	30.7	30.1	29.4	29.0	30.1	30.6	29.8

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

	2007	2008	2009	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
World demand															
OECD	-	-	-	-	-	-	-	-	0.1	-	-	-	-0.1	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1	0.2	0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
(a) Total world demand	-	-	-	-	-	-	-	-	0.2	-	0.1	0.1	-	0.2	0.1
World demand growth	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*0.24*	*-*	*0.13*	*0.14*	*-*	*-*	*0.08*
Non-OPEC supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OECD	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1	0.1	0.1
Americas	-	-	-	-	-	-	-	-	0.2	-	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Total non-OPEC supply growth	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*0.07*	*-*	*-*	*-*	*-*	*-0.07*	*-*
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-					
Total supply	-	-	-	-	-	-	-	-	-	-					
Balance (stock change and miscellaneous)	-	-	-	-	-	-	-	-	-0.2	-0.1					
OECD closing stock levels (*mb*)															
Commercial	4	-3	-2	-3	-5	-2	-3	1	-	-					
SPR	-	-	-	-	-	-	-	-	-	-					
Total	4	-3	-2	-3	-5	-2	-3	1	-	-					
Oil-on-water	-	-	-	-	-	-	-	-	-	-					
Days of forward consumption in OECD															
Commercial onland stocks	-	-	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-	-					
Memo items															
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	-	-	-	-	-	-	0.2	-	0.1	0.1	-	0.3	0.1

** This compares Table 10.3 in this issue of the MOMR with Table 10.3 in the January 2013 issue.*
This table shows only where changes have occurred.

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

	2007	2008	2009	2010	2011	2012	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
Closing stock levels, mb																						
OECD onland commercial	2,582	2,697	2,662	2,690	2,616	2,649	2,749	2,765	2,784	2,662	2,696	2,776	2,765	2,690	2,650	2,694	2,680	2,616	2,662	2,698	2,738	2,649
Americas	1,209	1,278	1,284	1,329	1,308	1,336	1,329	1,364	1,369	1,284	1,312	1,367	1,396	1,329	1,298	1,338	1,341	1,308	1,334	1,361	1,381	1,336
Europe	966	1,012	995	969	917	898	1,013	1,000	996	995	996	1,004	967	969	971	950	926	917	950	923	929	898
Asia Pacific	407	407	383	391	391	415	408	401	419	383	387	405	402	391	382	406	413	391	378	413	429	415
OECD SPR	1,528	1,530	1,568	1,565	1,536	1,541	1,550	1,565	1,568	1,568	1,571	1,566	1,553	1,565	1,562	1,565	1,530	1,536	1,536	1,539	1,542	1,541
Americas	699	704	729	729	697	696	715	726	727	729	729	729	728	729	727	727	696	697	697	697	696	696
Europe	425	420	431	427	426	432	427	430	433	431	433	426	423	427	424	427	424	426	425	429	433	432
Asia Pacific	404	406	409	410	414	414	408	408	408	409	409	411	402	410	411	411	409	414	414	413	414	414
OECD total	4,110	4,227	4,230	4,254	4,152	4,190	4,300	4,329	4,352	4,230	4,266	4,342	4,318	4,254	4,212	4,259	4,209	4,152	4,198	4,237	4,281	4,190
Oil-on-water	948	969	919	871	825	808	899	904	869	919	919	897	926	871	891	853	835	825	787	812	797	808
Days of forward consumption in OECD																						
OECD onland commercial	53	58	57	58	57	58	61	60	60	57	59	59	58	57	58	57	57	56	58	59	59	57
Americas	49	54	53	55	55	56	57	58	57	54	54	56	58	55	55	55	56	56	56	57	57	57
Europe	62	69	68	68	66	66	70	69	68	69	69	67	65	68	69	65	66	67	69	67	67	66
Asia Pacific	49	51	47	48	46	49	54	53	51	45	51	51	48	46	52	51	48	43	48	50	49	46
OECD SPR	32	33	33	34	33	34	34	34	34	34	34	33	33	33	34	33	33	33	34	33	33	33
Americas	28	30	30	30	29	29	31	31	30	31	30	30	30	30	31	30	29	30	29	29	29	29
Europe	27	29	29	30	31	32	30	29	30	30	30	28	28	30	30	29	30	31	31	31	31	32
Asia Pacific	49	51	51	50	49	49	54	54	49	48	54	52	48	48	56	52	48	46	52	50	47	46
OECD total	85	91	90	91	90	91	95	95	93	91	93	92	91	90	93	91	90	90	92	92	92	91

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

	2007	2008	2009	2010	Change 10/09	1Q11	2Q11	3Q11	4Q11	2011	Change 11/10	1Q12	2Q12	3Q12	4Q12	2012	Change 12/11	1Q13	2Q13	3Q13	4Q13	2013	Change 13/12
US	7.47	7.57	8.17	8.64	0.47	8.77	8.92	8.91	9.53	9.03	0.39	9.76	9.80	9.89	10.50	9.99	0.95	10.42	10.49	10.52	10.60	10.51	0.52
Canada	3.31	3.25	3.23	3.36	0.13	3.54	3.32	3.62	3.75	3.56	0.20	3.81	3.68	3.67	3.80	3.74	0.18	3.85	3.88	3.93	4.03	3.92	0.18
Mexico	3.49	3.17	2.98	2.96	-0.02	2.97	2.96	2.92	2.93	2.95	-0.02	2.92	2.93	2.92	2.90	2.92	-0.02	2.89	2.85	2.85	2.83	2.85	-0.07
OECD Americas*	14.28	14.01	14.39	14.97	0.58	15.29	15.21	15.45	16.22	15.55	0.57	16.50	16.42	16.49	17.22	16.66	1.11	17.17	17.24	17.31	17.47	17.30	0.64
Norway	2.55	2.47	2.36	2.14	-0.22	2.14	1.98	1.99	2.05	2.04	-0.10	2.08	1.98	1.75	1.84	1.91	-0.13	1.90	1.81	1.76	1.86	1.83	-0.08
UK	1.69	1.57	1.48	1.37	-0.12	1.27	1.16	0.95	1.11	1.12	-0.25	1.09	1.02	0.83	0.90	0.96	-0.16	0.94	0.88	0.86	0.93	0.90	-0.06
Denmark	0.31	0.28	0.26	0.25	-0.02	0.23	0.25	0.23	0.21	0.23	-0.02	0.22	0.22	0.21	0.20	0.21	-0.02	0.19	0.19	0.18	0.17	0.18	-0.03
Other OECD Europe	0.62	0.62	0.63	0.64	0.01	0.67	0.66	0.70	0.68	0.68	0.04	0.69	0.70	0.70	0.68	0.69	0.01	0.69	0.69	0.70	0.70	0.69	0.00
OECD Europe	5.17	4.94	4.74	4.39	-0.35	4.31	4.05	3.87	4.05	4.07	-0.32	4.08	3.92	3.49	3.61	3.77	-0.30	3.72	3.57	3.50	3.65	3.61	-0.16
Australia	0.53	0.53	0.54	0.56	0.02	0.47	0.49	0.48	0.49	0.48	-0.08	0.43	0.45	0.60	0.65	0.53	0.05	0.59	0.61	0.61	0.60	0.60	0.07
Other Asia Pacific	0.08	0.10	0.10	0.10	0.00	0.09	0.08	0.09	0.09	0.09	-0.01	0.09	0.09	0.08	0.07	0.08	0.00	0.07	0.07	0.07	0.07	0.07	-0.01
OECD Asia Pacific	0.60	0.63	0.64	0.66	0.02	0.56	0.57	0.57	0.58	0.57	-0.09	0.51	0.53	0.69	0.72	0.61	0.05	0.66	0.68	0.69	0.67	0.68	0.06
Total OECD	20.05	19.58	19.76	20.02	0.26	20.16	19.83	19.89	20.85	20.18	0.16	21.09	20.87	20.66	21.56	21.05	0.86	21.55	21.49	21.50	21.79	21.58	0.54
Brunei	0.19	0.17	0.16	0.17	0.00	0.17	0.16	0.17	0.17	0.17	0.00	0.16	0.14	0.16	0.16	0.16	-0.01	0.16	0.16	0.16	0.16	0.16	0.00
India	0.80	0.80	0.78	0.86	0.08	0.90	0.89	0.88	0.87	0.88	0.03	0.87	0.88	0.87	0.87	0.87	-0.01	0.88	0.89	0.89	0.88	0.89	0.01
Indonesia	1.02	1.05	1.03	1.04	0.02	1.03	1.02	1.03	1.01	1.02	-0.02	0.99	0.97	0.94	0.93	0.96	-0.07	0.93	0.93	0.92	0.91	0.92	-0.04
Malaysia	0.76	0.76	0.73	0.70	-0.03	0.68	0.59	0.63	0.65	0.64	-0.06	0.68	0.63	0.64	0.65	0.65	0.01	0.65	0.67	0.70	0.74	0.69	0.04
Thailand	0.33	0.36	0.37	0.34	-0.02	0.34	0.34	0.33	0.33	0.33	-0.01	0.35	0.35	0.36	0.35	0.35	0.02	0.34	0.34	0.34	0.34	0.34	-0.01
Vietnam	0.35	0.33	0.37	0.35	-0.02	0.35	0.33	0.34	0.38	0.35	0.00	0.38	0.38	0.39	0.39	0.38	0.03	0.40	0.40	0.40	0.40	0.40	0.01
Asia others	0.26	0.26	0.25	0.23	-0.02	0.23	0.23	0.23	0.23	0.23	0.00	0.22	0.22	0.22	0.22	0.22	-0.01	0.22	0.22	0.22	0.22	0.22	0.00
Other Asia	3.70	3.73	3.69	3.70	0.01	3.70	3.56	3.62	3.64	3.63	-0.07	3.65	3.56	3.58	3.57	3.59	-0.04	3.59	3.61	3.63	3.65	3.62	0.03
Argentina	0.77	0.78	0.76	0.75	-0.01	0.76	0.68	0.74	0.75	0.73	-0.02	0.72	0.71	0.72	0.70	0.72	-0.02	0.71	0.70	0.70	0.70	0.70	-0.01
Brazil	2.22	2.38	2.51	2.66	0.16	2.61	2.62	2.61	2.70	2.64	-0.03	2.71	2.57	2.53	2.60	2.60	-0.03	2.62	2.64	2.73	2.78	2.69	0.09
Colombia	0.54	0.60	0.68	0.80	0.11	0.88	0.94	0.94	0.96	0.93	0.13	0.95	0.96	0.95	0.99	0.96	0.03	0.99	1.01	1.02	1.03	1.01	0.05
Trinidad & Tobago	0.16	0.16	0.15	0.15	-0.01	0.14	0.14	0.13	0.13	0.14	-0.01	0.12	0.12	0.12	0.12	0.12	-0.02	0.11	0.11	0.10	0.10	0.10	-0.01
L. America others	0.27	0.28	0.30	0.31	0.01	0.30	0.30	0.30	0.30	0.30	-0.01	0.30	0.30	0.31	0.32	0.31	0.01	0.30	0.30	0.31	0.32	0.31	0.00
Latin America	3.96	4.20	4.39	4.66	0.27	4.70	4.68	4.72	4.84	4.73	0.07	4.80	4.66	4.63	4.72	4.70	-0.03	4.73	4.75	4.87	4.93	4.82	0.12
Bahrain	0.21	0.21	0.21	0.20	0.00	0.21	0.21	0.21	0.22	0.21	0.01	0.20	0.21	0.21	0.20	0.20	-0.01	0.21	0.21	0.22	0.22	0.21	0.01
Oman	0.71	0.76	0.81	0.86	0.05	0.89	0.87	0.89	0.89	0.89	0.02	0.89	0.92	0.93	0.94	0.92	0.03	0.94	0.94	0.95	0.95	0.94	0.03
Syria	0.42	0.41	0.41	0.42	0.01	0.42	0.42	0.37	0.26	0.37	-0.05	0.22	0.24	0.19	0.18	0.21	-0.16	0.12	0.11	0.14	0.17	0.14	-0.07
Yemen	0.33	0.30	0.30	0.29	-0.01	0.29	0.19	0.24	0.18	0.23	-0.06	0.14	0.18	0.21	0.19	0.18	-0.05	0.20	0.19	0.20	0.21	0.20	0.02
Middle East	1.66	1.68	1.73	1.78	0.05	1.81	1.69	1.72	1.55	1.69	-0.09	1.44	1.54	1.53	1.51	1.51	-0.19	1.47	1.46	1.50	1.54	1.49	-0.01
Chad	0.15	0.15	0.14	0.15	0.01	0.14	0.14	0.14	0.14	0.14	0.00	0.14	0.13	0.13	0.13	0.13	-0.01	0.12	0.12	0.13	0.13	0.13	-0.01
Congo	0.24	0.26	0.27	0.30	0.02	0.29	0.29	0.30	0.30	0.30	0.00	0.30	0.30	0.30	0.30	0.30	0.00	0.30	0.29	0.30	0.30	0.30	0.00
Egypt	0.66	0.69	0.69	0.71	0.01	0.70	0.70	0.71	0.70	0.70	-0.01	0.71	0.71	0.71	0.71	0.71	0.01	0.70	0.69	0.69	0.68	0.69	-0.02
Equatorial Guinea	0.37	0.38	0.36	0.32	-0.03	0.31	0.30	0.29	0.30	0.30	-0.02	0.32	0.31	0.31	0.31	0.32	0.01	0.31	0.31	0.30	0.30	0.31	-0.01
Gabon	0.25	0.24	0.24	0.25	0.01	0.26	0.24	0.25	0.25	0.25	0.00	0.25	0.24	0.24	0.24	0.24	-0.01	0.24	0.24	0.24	0.24	0.24	0.00
South Africa	0.18	0.18	0.17	0.18	0.01	0.18	0.18	0.18	0.19	0.18	0.00	0.19	0.19	0.19	0.19	0.19	0.01	0.19	0.19	0.19	0.18	0.19	-0.01
Sudans	0.48	0.46	0.48	0.46	-0.01	0.45	0.45	0.43	0.38	0.43	-0.03	0.19	0.09	0.10	0.10	0.12	-0.31	0.11	0.20	0.26	0.28	0.21	0.09
Africa other	0.28	0.27	0.25	0.23	-0.02	0.27	0.30	0.31	0.30	0.29	0.06	0.30	0.30	0.30	0.32	0.31	0.01	0.31	0.32	0.33	0.34	0.32	0.02
Africa	2.60	2.62	2.60	2.60	0.00	2.61	2.60	2.61	2.55	2.59	-0.01	2.39	2.28	2.28	2.30	2.31	-0.28	2.28	2.36	2.43	2.45	2.38	0.06
Total DCs	11.93	12.22	12.42	12.74	0.32	12.81	12.53	12.67	12.58	12.65	-0.10	12.28	12.05	12.02	12.11	12.11	-0.53	12.07	12.18	12.43	12.58	12.31	0.20
FSU	12.54	12.60	12.95	13.21	0.26	13.30	13.24	13.21	13.22	13.24	0.03	13.36	13.24	13.23	13.39	13.31	0.07	13.39	13.34	13.39	13.50	13.41	0.10
Russia	9.87	9.78	9.92	10.14	0.22	10.21	10.23	10.28	10.34	10.27	0.12	10.34	10.32	10.36	10.47	10.37	0.11	10.43	10.42	10.42	10.42	10.42	0.05
Kazakhstan	1.35	1.41	1.54	1.60	0.06	1.66	1.60	1.54	1.61	1.60	0.01	1.62	1.57	1.52	1.63	1.59	-0.02	1.62	1.61	1.65	1.73	1.66	0.07
Azerbaijan	0.87	0.94	1.06	1.07	0.01	1.02	0.99	0.96	0.84	0.95	-0.12	0.96	0.91	0.91	0.85	0.91	-0.05	0.89	0.85	0.85	0.87	0.86	-0.04
FSU others	0.45	0.46	0.44	0.40	-0.03	0.41	0.41	0.42	0.42	0.42	0.02	0.44	0.44	0.44	0.44	0.44	0.02	0.45	0.45	0.47	0.48	0.46	0.02
Other Europe	0.15	0.15	0.14	0.14	0.00	0.14	0.14	0.14	0.14	0.14	0.00	0.14	0.15	0.14	0.14	0.14	0.00	0.14	0.14	0.14	0.14	0.14	0.00
China	3.77	3.84	3.84	4.12	0.28	4.25	4.14	4.04	4.02	4.11	-0.01	4.16	4.16	4.20	4.30	4.21	0.09	4.30	4.26	4.26	4.27	4.27	0.06
Non-OPEC production	48.44	48.38	49.11	50.23	1.12	50.67	49.88	49.94	50.80	50.32	0.09	51.03	50.46	50.26	51.50	50.81	0.49	51.45	51.41	51.71	52.28	51.71	0.90
Processing gains	1.99	1.97	2.00	2.11	0.11	2.12	2.12	2.12	2.12	2.12	0.01	2.17	2.17	2.17	2.17	2.17	0.05	2.21	2.21	2.21	2.21	2.21	0.04
Non-OPEC supply	50.43	50.35	51.11	52.35	1.23	52.79	52.00	52.07	52.92	52.44	0.10	53.20	52.63	52.43	53.67	52.98	0.54	53.66	53.62	53.92	54.49	53.92	0.94
OPEC NGL	3.86	4.04	4.24	4.87	0.63	5.06	5.21	5.37	5.29	5.23	0.36	5.36	5.45	5.57	5.69	5.52	0.28	5.69	5.71	5.73	5.75	5.72	0.20
OPEC Non-conventional	0.08	0.11	0.11	0.11	0.00	0.11	0.11	0.15	0.17	0.13	0.02	0.20	0.23	0.24	0.25	0.23	0.10	0.25	0.25	0.26	0.28	0.26	0.03
OPEC (NGL+NCF)	3.95	4.14	4.35	4.98	0.63	5.17	5.32	5.52	5.45	5.37	0.39	5.56	5.68	5.81	5.94	5.75	0.38	5.94	5.96	5.99	6.03	5.98	0.23
Non-OPEC & OPEC (NGL+NCF)	54.37	54.49	55.46	57.33	1.87	57.96	57.32	57.59	58.38	57.81	0.49	58.77	58.31	58.24	59.60	58.73	0.92	59.60	59.58	59.90	60.52	59.90	1.17

* *Chile has been included in OECD Americas.*

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

Table 10.7: World Rig Count

	2009	Change 09/08	1Q10	2Q10	3Q10	4Q10	2010	Change 10/09	1Q11	2Q11	3Q11	4Q11	2011	Change 11/10	1Q12	2Q12	3Q12	4Q12	2012	Change 12/11	Dec12	Jan13	Change Jan/Dec
US	1,081	-796	1,345	1,508	1,622	1,687	1,541	459	1,717	1,829	1,945	2,031	1,881	340	1,990	1,971	1,906	1,809	1,919	39	1,784	1,756	-28
Canada	218	-161	470	166	364	389	347	129	587	188	443	474	423	76	599	172	326	367	366	-57	353	502	149
Mexico	128	26	118	106	84	80	97	-31	83	87	103	104	94	-3	98	110	108	108	106	12	114	110	-4
Americas	1,428	-931	1,933	1,780	2,070	2,156	1,985	557	2,386	2,104	2,492	2,609	2,398	413	2,688	2,253	2,340	2,285	2,391	-6	2,251	2,368	117
Norway	20	0	21	18	13	20	18	-2	21	17	16	16	17	-1	17	18	14	20	17	0	25	22	-3
UK	18	-4	15	20	21	21	19	1	18	17	15	15	16	-3	14	19	18	21	18	2	21	22	1
Europe	83	-15	87	96	92	100	94	11	118	112	123	119	118	24	112	117	117	129	119	1	136	134	-2
Asia Pacific	25	-11	22	18	23	22	21	-4	17	17	17	18	17	-4	19	25	25	27	24	7	31	29	-2
Total OECD	1,557	-978	2,042	1,893	2,185	2,278	2,100	543	2,521	2,232	2,632	2,745	2,532	433	2,819	2,395	2,483	2,441	2,534	2	2,418	2,531	113
Other Asia	217	1	235	249	253	255	248	31	257	234	232	233	239	-9	231	216	205	215	217	-22	207	208	1
Latin America	157	-34	183	203	220	213	205	48	191	192	196	201	195	-10	191	190	172	165	180	-15	168	166	-2
Middle East	150	-18	152	150	163	159	156	6	101	107	102	107	104	-52	116	112	110	100	110	6	89	91	2
Africa	10	-2	20	19	19	18	19	9	1	2	0	5	2	-17	3	3	9	11	7	5	10	9	-1
Total DCs	534	-52	589	621	655	645	628	93	549	535	530	546	540	-88	542	522	496	491	513	-27	474	474	0
Non-OPEC rig count	2,091	-1,030	2,632	2,514	2,840	2,924	2,727	636	3,070	2,768	3,161	3,291	3,072	345	3,361	2,916	2,979	2,931	3,047	-25	2,892	3,005	113
Algeria	27	1	23	28	24	24	25	-2	29	33	30	33	31	6	31	31	44	38	36	5	38	44	6
Angola	4	-1	10	8	9	9	9	5	11	11	11	8	10	1	10	12	7	7	9	-1	7	8	1
Ecuador	10	0	11	11	11	11	11	1	11	11	11	15	12	1	17	17	22	25	20	8	26	26	0
Iran**	52	2	52	52	52	52	52	0	54	54	54	54	54	2	54	54	36	54	50	-5	54	54	0
Iraq**	36	7	36	36	36	36	36	0	36	36	36	36	36	0	36	50	76	69	58	22	69	68	-1
Kuwait**	13	0	19	18	21	23	20	8	56	56	57	60	57	37	56	56	58	58	57	0	57	59	2
Libya**	14	-1	17	17	14	15	16	1	10	3	8	9	8	-8	12	11	11	14	12	4	15	16	1
Nigeria	6	-1	11	13	18	17	15	8	35	35	36	36	36	21	37	35	37	33	36	0	32	38	6
Qatar	9	-2	8	8	9	9	9	0	10	8	7	7	8	-1	8	7	8	7	8	0	8	9	1
Saudi Arabia	68	-9	68	67	67	65	67	-1	98	98	98	105	100	33	106	114	111	115	112	12	109	118	9
UAE	12	0	13	13	13	13	13	1	17	21	24	22	21	8	22	24	23	26	24	3	26	29	3
Venezuela	60	-20	66	64	70	80	70	10	125	125	125	113	122	52	126	122	112	110	117	-5	106	112	6
OPEC rig count	311	-24	334	335	344	355	342	31	493	490	495	498	494	152	515	534	546	556	538	44	547	581	34
Worldwide rig count*	2,402	-1,054	2,965	2,849	3,184	3,278	3,069	667	3,563	3,258	3,656	3,789	3,566	497	3,876	3,451	3,524	3,487	3,585	18	3,439	3,586	147
of which:																							
Oil	1,222	-210	1,590	1,534	1,783	1,896	1,701	479	2,197	2,023	2,354	2,453	2,257	556	2,709	2,528	2,677	2,682	2,649	392	2,641	2,755	114
Gas	1,125	-825	1,333	1,276	1,356	1,337	1,325	200	1,319	1,187	1,257	1,286	1,262	-63	1,116	879	799	749	886	-376	753	790	37
Others	35	3	43	40	42	46	43	8	48	49	47	52	49	6	54	46	51	59	52	3	50	46	-4

Note: Totals may not add up due to independent rounding.
na: Not available.
Source: 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
Hasan M. Qabazard, Director, Research Division
email: hqabazard@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	Odalis López-Gonzalez email: olopez@opec.org
World Economy	Mehdi Asali email: masali@opec.org Afshin Javan email: ajavan@opec.org Joerg Spitzy email: jspitzy@opec.org
World Oil Supply	Haidar Khadadeh email: hkhadadeh@opec.org
Product Markets and Refinery Operations	Elio Rodriguez email: erodriguez@opec.org
Tanker Market *and* Oil Trade	Anisah Almadhayyan email: aalmadhayyan@opec.org
World Oil Demand *and* 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
Nabeel F. Al Mojil, Officer-in-Charge, Data Services Department (nabeel.mojil@opec.org),
Ramadan Janan (rjanan@opec.org),
Pantelis Christodoulides (World Oil Demand *and* Stock Movements),
Hannes Windholz (Oil Trade *and* Product & Refinery), Mouhamad Moudassir (Tanker Market),
Klaus Stoeger (World Oil Supply), Harvir Kalirai (Economics), Mohammad Sattar (Crude Oil Prices)

Editing, production, design and circulation
Keith Aylward-Marchant, Alvino-Mario Fantini, Viveca Hameder, Hataichanok Leimlehner,
Evelyn Oduro-Kwateng, Andrea Birnbach

Disclaimer

Data Summary February 2013

OPEC Basket average price

US$ per barrel

↑ *up $2.73 in January*

January 2013	***109.28***
December 2012	*106.55*

January OPEC crude production

in million barrels per day, according to secondary sources

↓ *down 0.02 in January*

January 2013	***30.32***
December 2012	*30.34*

World economy

Global growth expectations are unchanged at 3.0% for 2012 and at 3.2% for 2013. Japan remains at 2.0% in 2012 and 0.7% in 2013, while the US has been revised down to 2.2% for 2012 and 1.8% for this year. The Euro-zone remains at –0.4% for 2012 and at 0.1% for 2013. Growth expectations for China have been revised up to 7.8% for 2012 and to 8.1% for 2013, while India's 2013 forecast has been revised down to 6.1%, but estimated growth in 2012 remains at 5.5%.

Supply and demand

in million barrels per day

2012		*11/12*
World demand	*88.8*	***0.8***
Non-OPEC supply	*53.0*	***0.5***
OPEC NGLs	*5.7*	***0.4***
Difference	***30.1***	***–0.1***

2013		*12/13*
World demand	*89.7*	***0.8***
Non-OPEC supply	*53.9*	***0.9***
OPEC NGLs	*6.0*	***0.2***
Difference	***29.8***	***–0.3***

Totals may not add due to independent rounding.

Stocks

Preliminary data for December shows that total OECD commercial oil stocks fell seasonally by 44.1 mb, but remained in line with the five-year average. Commercial crude stocks show a surplus of 47 mb, while product stocks indicate a deficit of almost the same amount. In terms of forward cover, OECD commercial stocks stood at around 57.2 days at the end of December, around one-and-a-half days higher than the five year average. US total commercial oil stocks rose by 13.8 mb in January, showing a surplus of 54.0 mb with the five year average, owing to both crude and products, which increased by 11.7 mb and 2.1 mb respectively.

Issued 12 February 2013

Next report to be issued on 12 March 2013

Data covered up to the end of January 2013 unless otherwise stated.