OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:

Economic uncertainties and the oil demand outlook

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Oil Market Highlights

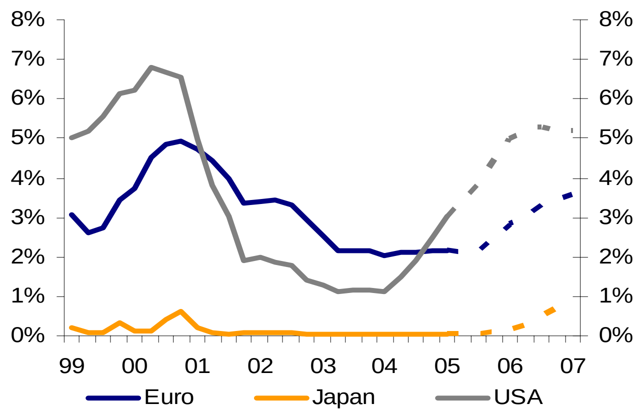
- First-quarter growth in the United States and China was strong. The Japanese economy decelerated from the remarkable pace achieved at the end of 2005. Business sentiment in Europe has risen to high levels but consumers remain cautious and domestic demand has yet to record sustained growth. High rates of growth of world trade supported global manufacturing activity, especially in Asia.
- The US economy is expected to grow by 3.3% in 2006. Germany is experiencing a clear improvement in business sentiment and the growth forecast for 2006 has been increased to 1.6%. The 2006 forecast for Japan is unchanged at 2.6% but the forecasts for China and India have been raised to 9.1% and 7.4% respectively. These upgrades are the main reason why the forecast of world GDP growth for 2006 has been raised to 4.5%.
- Sustained higher energy prices may pose a risk to growth, especially in economies where consumer budgets face pressure from rising interest rates. The USA is expected to slow later in 2006 and the world economy will become more dependent upon demand generated in Asia and Europe. In Asia the outlook is encouraging, particularly if the progress towards economic reform is maintained. Prospects for Europe are uncertain. Political uncertainty may inhibit much needed labour market restructuring, keeping unemployment at high levels and reinforcing the reluctance of households to spend.
- Global oil prices began March in a volatile manner dominated by bullish sentiment due to concerns over supply shortfalls amid geopolitical tensions. This upward pressure was furthered by refined product stock draws in the USA amid heavy refinery turnarounds. Toward the end of the month prices moved steadily upward on concern over light sweet crude supplies amid prolonged outages in Nigeria. As a result, the OPEC Reference Basket averaged $57.86/b in March, a gain of $1.24 or over 2%. Prices continued to move higher in April, with the Basket reaching a new record high of $65.02/b on 14 April.
- A combination of heavy refinery maintenance and larger than expected gasoline stock-draws in the USA over the last few weeks has raised the fear of a supply shortage over the driving season due to rising demand and the phasing-out of MTBE from the gasoline pool. This shifted the focus of the market to gasoline trends, which lifted fuel prices across the globe. This switch helped the performance of the product markets to overwhelm their underlying benchmark crude costs, supporting refinery margins in March. The continuation of refinery maintenance in the USA in April and May, together with the heavy turnaround schedule in Asia in the second quarter, will extend further support to prices for light product and refinery margins over the next months. Additionally, due to the approaching US driving season and potential gasoline stock-draws in April, product market developments may take the driver’s seat of the market and provide some support for crude prices.
- OPEC spot fixtures recovered from their decline seen last month, increasing 0.4 mb/d to average 13.1 mb/d in March, while sailings moved down by 1.2 mb/d, partially reflecting the decline in spot fixtures from the previous month. The market for crude oil tankers in all categories displayed significant declines, especially by the end of the month, due to excess supply resulting from lower seasonal demand and growing fleet capacity. However, freight rates for VLCCs moving from the Middle East to Asia lost 36% in March to average WS84, but reached WS50s during the last week of the month compared to more than WS100 at the beginning of March. Similarly product freight rates continued to weaken due to lower activity, especially on the Singapore/Asia route where they fell 120 points to stand at a 24-month low.
- With full preliminary figures available for the first time for the whole of 2005, global oil demand appears to have grown by almost 1 mb/d or 1.2 % to average 83.1 mb/d during 2005. In 2006, world oil demand is forecast to grow by 1.4 mb/d or 1.7 % to average 84.5 mb/d, marginally lower with respect to the growth estimate in the last *MOMR*. The slight downward revision to this year’s growth can be traced back to the disappointing consumption in the USA over the first three months of 2006 partially offset by an above trend growth in Western Europe, especially in January. Although complete information is not available, China’s apparent demand for the first quarter of 2006, preliminary trade and production figures point to a very volatile consumption with demand appearing to have surged by around 20% in January but only increased by 3% in February.
- Non-OPEC supply in 2005 is expected to average 50.1 mb/d, representing marginal growth of 0.2 mb/d over 2004. In 2006, non-OPEC oil supply is expected to average 51.5 mb/d, an increase of 1.4 mb/d over 2005, or broadly unchanged from the last assessment. However, the impact of historical revisions and actual data, recently announced maintenance plans, unscheduled shutdowns as well as adjustments to project schedules have resulted in a material revision in the quarterly breakdown. On a quarterly basis, non-OPEC supply is expected to average 50.7 mb/d, 51 mb/d, 51.6 mb/d, and 52.9 mb/d in the first, second, third and fourth quarters, representing an upward revision of 99,000 b/d in the first, a downward revision of 285,000 b/d in the second, an upward revision of 248,000 b/d in the third and 258,000 b/d in the fourth quarter. Preliminary data for February puts total non-OPEC supply at 50.7 mb/d, slightly higher than in the revised January figure of 50.4 mb/d and 0.4 mb/d higher y-o-y. Total OPEC crude oil production averaged 29.6 mb/d in March, according to secondary sources, a decline of 200,000 b/d from last month.

- Revisions to the historical data for total OPEC NGLs and non-conventional oil has resulted in a slightly lower base for 2006. Total combined production is expected to average 4.5 mb/d in 2006, a growth of 0.3 mb/d versus last year, but the absolute level is 0.1 mb/d lower than previously assessed. OPEC non-conventionals, in particular Venezuela's Orimulsion, has been revised down for the 2003 – 2005 period to reflect lower baseline production, and a slightly different conversion factor. Orimulsion is now estimated at 60,000 b/d in 2003 and 90,000 b/d in 2004 and 2005. In 2006, the new forecast for Orimulsion assumes a level that is marginally lower than the new revised figure for last year. The contribution of the new Sinovensa plant (110,000 – 120,000 b/d) this year will be offset by the shutdown of the old and smaller PDVSA plant at Morichal.
- Preliminary data shows that OECD total crude oil and product imports remained almost stable at 42.7 mb/d in March while exports dropped by 234 000 b/d to 15.2 mb/d. US total oil imports declined by more than 670,000 b/d, while Japan's oil imports increased a slight 26,000 b/d, offsetting a drop from the previous month. China's oil import growth slowed to 54,000 b/d in February with crude oil imports losing 50,000 b/d to stand at 3.1 mb/d, but still 370,000 b/d higher than a year earlier. India's oil imports remained unchanged but exports continued to increase to stay above 0.5 mb/d in February.
- Commercial oil stocks in the USA experienced a draw of 16.5 mb or 0.6 mb/d from the previous month to stand at 1,007.6 mb in March. Although the fall was considerably stronger than in February, the overall level remained respectively at 4% and 8% above the year-ago and five-year average. A 10-mb rise in crude oil inventories partially offset a considerable 26.9-mb decline in product stocks. Indeed, in the week ended 7 April, crude oil stocks reached 346 mb, the highest level since 1998. Total oil stocks in the EUR-16 (EU-15 plus Norway) fell by 9.8 mb on the back of lower product inventories. Gasoline stocks in Europe dropped by 4.0 mb in March from the previous month, which corresponds to a drop of 3% y-o-y and 4% below the five-year average. In Japan, total commercial oil stocks experienced a surplus of 2 mb in February as the 3.5 mb build in crude oil stocks outweighed the 1.5 mb decline in total product inventories over the same period. Despite the decline, product inventories remain 5% above year-ago levels.
- The estimated demand for OPEC crude in 2005 has been revised to 28.8 m/d, representing an increase of 0.6 mb/d from last year and a revision of 0.1 mb/d. In 2006, the demand for OPEC crude is expected to average 28.5 mb/d, representing an upward revision of 0.1 mb/d versus the previous month. On a quarterly basis, the demand for OPEC crude is expected at 29.9 mb/d in the first quarter, 27.8 mb/d in the second, 28 mb/d in the third and 28.3 mb/d in the fourth, representing an upward revision of 0.4 mb/d in the second quarter and a negative revision of 0.1 mb/d in the third. Preliminary data shows that there was an inventory draw of 0.25 mb/d in the first quarter of 2006.

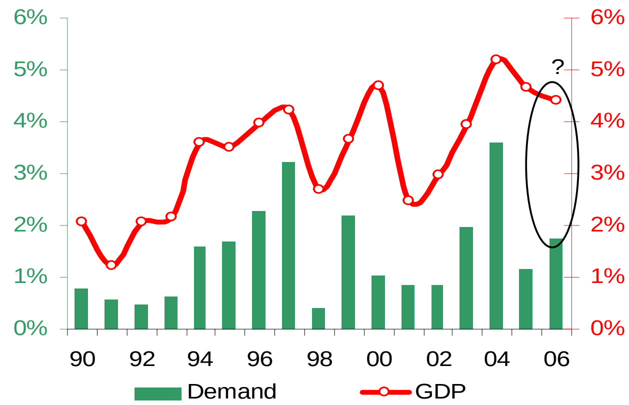
Economic uncertainties and the oil demand outlook

- Following disappointing GDP growth in the final quarter of 2005, first data for 2006 has been very strong. Consensus forecasts have been revised up and the world economy is expected to grow at a rate of at least 4.5% in 2006 — very substantial growth for the fourth year of the recovery. The strength of the upswing and favourable global financial conditions have allowed consumers and businesses to absorb higher fuel costs — indeed the impact on global GDP of the rise in oil prices since 2002 has been around 1%.
- Despite the generally favourable outlook for 2006 downside risks remain. Monetary policies have begun to tighten in the USA, Europe and Japan as central banks guard against the inflationary consequences of high commodity prices, shrinking spare capacity and tighter labour markets (*see **Graph 1***). The engines of the world economy, the USA and China, are expected to record solid growth but the momentum of these two leaders may weaken towards the end of the year. Renewed growth in Japan and Europe may take up the slack although export growth is important to both regions. The Euro-zone index of economic sentiment increased to the highest level since mid-2001, but gains in consumer confidence have yet to translate into sustained increases in household spending in Germany and France. Recent remarks by the ECB President indicated that the next increase in Euro-zone interest rates may be delayed until June. These comments support a cautious view of the economic recovery in the Euro-zone.
- Higher growth in the Euro-zone and Japan should support oil demand to some extent but higher growth in these regions is being led by the business sector which is less oil intensive. Consumer demand in Europe remains subdued and although GDP growth may be higher, any increase in spending on transportation is likely to be moderate, especially if retail fuel prices and the levels of fuel taxation remain high. Developing countries in Asia ended 2005 on a strong note but their industrial sectors are highly dependent on exports which may suffer from lower growth in the USA and China. Africa and Latin America continue to benefit from high commodity prices but any weakness in the growth of industrial production in China could have a negative impact on these revenues.

Graph 1: 3 Month interest rates and implied futures rates (%)



Graph 2: GDP growth and incremental oil demand (%)



- In the USA, most concern focuses on consumer spending as retail sales and car sales showed weakness in March. The Federal Funds rate is expected to rise to 5% in May – taking monetary policy into clearly restrictive territory with a real rate of interest approaching 3%. Better employment prospects will help the American consumer to absorb the higher interest rates but the low level of household savings suggests that the growth of consumer spending could fall significantly in the second half. Lower spending by consumers could have some effect on motor fuel consumption, allowing the weaker-than-expected oil demand growth in the first quarter to carry over into the second half of the year.
- The performance of China in the first months of 2006 has been strong. Investment, exports and industrial production have grown at rates hardly below those of 2005. Nevertheless the 11th Five-Year Plan requires a structural shift in the economy with less emphasis on exports and investment. Investment growth in 2006 is planned to be only 18%, down from 26% in 2005. Monetary tightening may also impact investment spending and further appreciation of the yuan combined with slower growth in the US may moderate export growth. In consequence, the rate of growth of industrial production in 2006 is likely to be lower than the 16% achieved in 2005 and oil demand may be affected. An additional uncertainty is the outlook for domestic fuel prices following the 5-7% hike in March. In 2006 the growth of Chinese oil demand is likely to reach 7 mb/d or 6%, well above the exceptionally low rate seen last year but some moderation in GDP growth and higher prices may still affect incremental consumption.
- Overall, GDP growth in 2006 is expected to match that of 2005, although some factors such as the advanced stage of the recovery, the tightening in global economic policy and persistent structural financial imbalances suggest the potential for volatility in the world economy. Given the current price environment, these uncertainties could have an adverse impact on oil demand growth, particularly in the Developing Countries. Over a longer time horizon, the uncertainties only intensify, complicating the planning for appropriate and timely investments in OPEC countries. The need for greater transparency in the outlook for oil demand presents a challenge to the market as a whole and will serve as an important issue for discussion in the dialogue between producer and consuming countries at the 10th International Energy Forum later this month in Doha.

Highlights of the World Economy

Economic growth rates 2005-2006, %	World	OECD	USA	Japan	Euro-zone
2005	4.7	2.7	3.5	2.7	1.3
2006	4.5	2.8	3.3	2.6	1.7

Industrialised countries

United States of America

First quarter growth was substantial as the strong labour market and good profitability supported domestic demand

The growth of consumer spending will be critical to the performance of the US economy in 2006 and first quarter data confirmed a satisfactory, if volatile, start to the year. Retail sales data for January was encouraging as consumers responded to holiday sales and warm weather. Sales rose by 2.3% following a 0.4% increase in December. The weather took a turn for the worse in February, however, and this factor affected employment growth. Total retail sales fell by 0.8% and car sales were particularly weak. Both consumer confidence and spending improved in March, indeed the Conference Board index jumped to its highest reading since May 2002. The improvement in expectations was reflected in retail sales for March which rose by 0.6%. This increase was better than expected as the improving labour market generated demand for cars, building materials and furniture. **Retail sales for the first quarter as a whole showed growth of 8.3% over the same quarter of 2005.** Annualized growth over the final quarter of 2005 was much higher, at over 13%, since that period was disrupted by the after-effects of the exceptional hurricane season. **These spending trends suggest that the first quarter saw a strong recovery in growth. GDP and personal consumption are assumed to have grown by about 4.5%.**

Looking beyond this rebound it is clear that both incomes from employment and total profits are growing at substantial rates. The trend of employment growth thus far in 2006 has been impressive. Payrolls rose by 211,000 in March and the average gain in the first three months was close to 200,000. The increase in average hours worked also indicates a tighter labour market. Corporate profits grew by 14% in the final quarter of 2005 and although profit increases may be less this year, the health of the business sector should be sufficient to keep investment growing at a steady rate. On the other hand higher energy costs and rising interest rates will absorb much of these gains in household and business incomes and the pressure from the labour market may persuade the Federal Reserve to continue to tighten monetary policy.

The March statement from the Federal Reserve suggested that the high growth rates of the first quarter will not be maintained and that a “more sustainable” pace is likely in the remainder of the year. If growth were to fall back in the second quarter, the Federal Reserve could end the process of raising interest rates in the summer. **Financial markets anticipate one further rate increase to 5% but any further hike will be conditional on the trend of wages and prices in the second quarter.** An important leading indicator for activity in the remainder of the year is the housing market. Housing activity has softened and the latest data on house prices suggests significant deceleration. This market is more sensitive to long term bond yields which have been slow to adjust in line with short term interest rates. 10 year yields have risen rapidly since the fourth quarter of 2005 and broke through the 5% level in mid-April. **Higher loan costs may lead to further weakness in house prices and restrict the ability of homeowners to finance consumer spending.**

The US trade deficit fell by $2.8 billion to $65.7 billion in February and the three month moving average has been stable at the high level of $66 billion since November. The current strength of Asia and signs of recovery in Europe provide hope that this year will see genuine progress in the direction of global adjustment provided that domestic demand in these regions is sustained if the US stimulus falters later in the year. Thus far in 2006 the recovery in Europe and Japan has been more than matched by maintained growth in US domestic demand — indeed US imports rose by 12% in the first two months of this year. The US dollar may weaken later in the year in response to changing interest differentials with Europe and Japan but exchange rate movements will probably have only a minor impact on the trade balance. **Substantial financial imbalances are set to remain a feature of the global landscape in 2006 and stability in foreign exchange markets will depend on the continued willingness of overseas investors to hold and acquire dollar assets.**

Japan

February weakness may hold back the first quarter but outlook for Japan remains encouraging

The Japanese economy ended 2005 on a very strong note but slowed in the first quarter of this year. The fourth quarter growth rate was over 5% but this momentum could not be sustained into the New Year. According to the official Household Survey, the rate of growth of personal consumption was at most 1% in January and February and business investment spending was volatile. **Import growth was much stronger in the first quarter and deterioration in net exports probably restricted GDP growth to about 2% for the first quarter.** Disappointing figures for industrial production in February and surveys of business opinion also indicated moderation in the pace of economic growth. The leading indicator in the *Tankan* survey fell slightly in February to 106.9 from January's record high of 107.7 although the level of the index suggests solid expectations for capital spending later in the year.

Despite a mixed start to the year it seems likely that Japanese economic activity will grow by more than 2% during the remainder of 2006. Private consumption should be supported by solid gains in labour incomes and private investment has been boosted by higher spending on housing. Labour market reports for February showed further tightening and Winter bonuses for 2005 were 1% above year-ago levels. Shipments of capital goods fell in January and February which indicates weakness in capital spending for the first quarter. Nevertheless business confidence remains generally high and the recovery in investment should not be affected by short term volatility. According to the *Tankan* report, large firms in all industries plan to increase their capital expenditure. The economic recovery is spreading throughout the economy and this was reflected in improved sentiment in nonmanufacturing – particularly retailing. Looking forward, growth is expected to continue at a moderate pace in 2006. Steady growth in household real incomes of about 1.5% should keep personal consumption growing by a similar rate whilst the excellent growth performance of 2004/2005 should generate the need for faster investment spending to ease capacity constraints. Growth in fixed capital expenditure is forecast to be the most dynamic component of domestic demand in 2006, growing by about 4-5%. **Total domestic demand in 2006 is forecast to grow by about 2.5% and GDP is expected to grow by 2.6%.**

The rate of core inflation in Japan is expected to be slightly positive in 2006. Consumer prices in February rose by 0.5%, the same as the previous month. Domestic producer prices are also rising, reflecting higher commodity prices. Deflation continues to affect some sectors – such as machinery and domestic services but the declines in prices are moderating as demand conditions continue to improve.

Monetary policy is entering a period of uncertainty. On March 9 the Bank of Japan announced the end of the policy of quantitative easing but confirmed that short-term interest rates would remain close to zero. Over the summer period the Bank will reduce the level of excess reserves and financial markets anticipate that short term interest rates may reach 0.25-0.5% by the end of this year. **Long term interest rates have begun to move up as markets anticipate a lasting economic recovery and positive inflation.** The yield on the benchmark 10 year bond rose to 1.9% in mid-April, the highest since August 2004.

Despite the revival of domestic demand the economy would suffer from any downward adjustment in the US or Chinese economies in 2006 and this remains a major risk factor for the Japanese economy. A further risk is a turnaround in the fortunes of the US dollar which rose by 15% against the yen in 2005. So far in 2006 dollar/yen is little changed on balance at ¥119 and the consensus expects the Japanese yen to rise towards ¥110 during 2006. **In the near term, however, the combination of negative real interest rates and a competitive currency should keep the economy growing at better than trend growth rates provided that the international environment remains healthy.**

Euro-zone

Political uncertainty in France and Italy threatens recovery

The decision by the French government to withdraw the proposed labour market legislation may call into question the ongoing determination of the administration to make significant structural reforms. Similarly the indecisive result of the Italian election hardly gives the new government a clear mandate to move in the direction of freer markets. The formation of the coalition will take time and could be delayed until after the Presidential elections in June. The first task will be to set out short- and medium-term fiscal policy guidelines to address the problem of Italy's high level of debt. Rating agencies may decide to lower the credit rating of Italian debt if the plans are not convincing. **These uncertainties may reduce the willingness of companies to invest in the Euro-zone.** For their part, consumers remain concerned about the prospects of unemployment and are reluctant to make major purchases. In Germany business confidence is very high in export-oriented companies and in domestic sectors there is a slight improvement in confidence from very low levels but in the service sector sentiment remains weak, consistent with lacklustre labour markets and very subdued wages. The April economic sentiment index of the German ZEW Institute showed a slight fall from March as companies reassessed the progress of economic reforms under the new Merkel government.

The fall in industrial production in France in February surprised observers. Total production fell by 0.9% and manufacturing output declined by 1.1% from the January level. All sectors shared in the decline although the auto industry was worst affected. German data for February is not yet available but statistics for Italy, Spain and the Netherlands suggest that **overall industrial production in the Euro-zone stabilized in February for the second consecutive month.** The performance of the service sector was probably better and, if these trends continued in March, **overall GDP might have increased by about 1.6% in the first quarter**. The main source of growth remains external demand. Exports performed well at the start of the year but machinery and equipment investment probably stayed flat whilst Euro-zone retail sales growth was only about 1.2% in the first quarter – even lower than the 1.6% achieved in the final quarter of 2005.

During the press conference following the April meeting, the ECB President made it clear that euro interest rates would not be raised in May. The market now expects a rate increase in June. This delay suggests that the ECB recognizes the divergence between very positive survey evidence and the message coming from actual economic data in the Euro-zone. A further two month's data may clarify whether growth in the zone is approaching the trend rate of 2%. According to the April Bulletin of the ECB, "inflation was 2.2% in March 2006 compared with 2.3% in February" but the Bank continues to stress the upside risks to price stability including the influence of higher indirect taxes and the effects of previous oil price increases. **Interest rates are certain to rise further in Europe but the pace of increase should be steady. The peak for short-term interest rates may be 3.5-3.7% which should be reached within the next twelve months.**

Euro-zone fiscal policy may also turn restrictive – but rather in 2007. The expected increase of 3% in the German rate of VAT in January 2007 may actually increase consumer spending this year with a payback in 2007. Both France and Italy may also need to tighten fiscal conditions towards the end of 2006. **The outlook for the Euro-zone in 2006 remains dependent on the domestic sector.** Exporters may no longer have the advantage of a weakening currency and growth in world trade is expected to be lower. Euro-zone GDP began 2006 at a depressed level, following the poor performance of the fourth quarter. **Unless the survey results translate into higher domestic spending in the second quarter, it seems unlikely that GDP growth in the Euro-zone will exceed 1.7% this year.**

Former Soviet Union

Severe weather in January and February slowed growth in manufacturing

Bad weather continued to depress economic activity in Russia in February. Industrial output growth decelerated to 1% year-on-year taking the growth rate for the first two months of this year down to 2.7%. The manufacturing sector shrank by 0.1%, mining rose by 1.1% and only the utility sector benefited from the difficult conditions, increasing output by 5.5%. Fixed investment in February rose by only 1.7% and the level of investment relative to GDP remained at about 11%. According to the Minister of Economic Development, higher investment and better labour productivity will be necessary to boost growth in the period 2007-2009. **Otherwise capacity constraints in oil and gas extraction, coupled with poor competitiveness in manufacturing may slow growth to less than 5%.** Higher energy prices boosted producer prices by 3.2% in February although the year-on-year rate fell to 15.5%, much lower than the 18% recorded in the same period of 2005. **Consumer prices rose very rapidly in February and in the first two months of the year prices increased by 4.1% - nearly half the increase targeted for 2006 as a whole.** The rapid rise in nominal incomes continued to support consumption growth and imports. Nominal salaries rose by 22% year-on-year in January and February. This translated into a rise in real incomes of about 10%. Despite the strong growth in spending and imports the Russian foreign trade surplus continued to grow. In January the surplus exceed $12 billion thanks to high prices for energy and other commodities. The growth in oil revenues boosted the Stabilization Fund which ended February at 1.56 billion roubles, up 26% from end-2005 levels.

Eastern Europe

Global uncertainties in emerging markets affect East European currencies

The Polish economy performed better than expected in the fourth quarter as GDP rose by 4.2%, ahead of the 3.7% achieved in the previous period. Fixed investment rose sharply in the quarter taking the GDP growth rate for 2005 as a whole GDP to 3.2%. Household consumption was also strong although exports disappointed. This year should see significantly higher growth in GDP of at least 4%. Following another month of low inflation in January, the Monetary Policy Council decided to reduce interest rates to 4.25%. **The rate was further reduced to 4% in February, taking Polish interest rates to their lowest ever level.** Private consumption should perform better than last year as lower inflation supports higher real wage growth and the momentum of investment should continue as Polish companies have a strong competitive position. As ever, much depends on the strength of demand from the Euro-zone since 80% of Poland's exports are destined for EU markets. The Hungarian economy is achieving much higher growth than Poland but at the cost of higher inflation and a poor fiscal situation. The rise in global interest rates is putting pressure on Hungary which has wide budget and current account deficits. The main problem facing the government is the very high budget deficit which was at least 6% of GDP in 2005. **The outlook for 2006 is for little improvement as planned tax cuts and increased spending may keep the deficit over 6% of GDP.** As a result of this fiscal weakness the ratings agency Moodys' decided to downgrade Hungary's long term foreign currency rating from "Stable" to "Negative". **The performance of the Czech economy continues to impress.** GDP grew by 6.9% in the fourth quarter – driven mainly by exports which rose by 12.6% above 2004 levels. **Industrial production rose by 15.1% in January** – the fastest growing sector continues to be the motor industry which expanded production to 40% above 2005 levels. The rate of inflation fell to 1.9% in 2005 but has risen to 2.9% in the first two months of the year. No change in Czech interest rates is expected until later in the year. The Czech trade balance continues to improve and the public finance deficit was lower than expected at only 2.8% of GDP in 2005.

Developing Countries

East Asia grew strongly in 2005

The East Asian countries grew strongly in 2005 by about 8.2%, according to a World Bank report. This trend came against series of threats that many had previously expected to significantly slow growth. The high price of oil, interest rates and worries over financing the US current account deficit constituted the main threats. The report points out that high oil prices might have caused slower growth across the region in the first half of 2005, in addition to other factors such as slower growth in China and slowing high-tech exports, but economies in the region rebounded in the second half of 2005. The challenges that the region might face in 2006 are continuously high oil prices, falling investment levels and environmental issues related to climate change.

Developing Asia's growth will soften slightly in 2006

The Asian Development Bank predicts that growth in developing Asian economies will slow slightly over the next two years. Growing domestic consumption in most of the Asian countries would absorb much of the current account surplus in the region. The adjustment process to high oil prices and a less accommodative macro-economic policy could cause the aggregate growth to soften by 0.2% to reach 7.2% this year and a further 0.2% for 2007.

China lifts domestic petroleum product prices

China has lifted the prices of domestic petroleum products. The National Development and Reform Commission (NDRC) announced a rise of about 6% for gasoline prices and 5% for diesel. While not matching the rise in international oil prices, higher product prices are expected to ease the pain of domestic refiners. In the same announcement the NDRC promised that China's finance ministry would introduce subsidies to some affected sectors such as grain producing farmers, fishermen and fish farmers, forestry businesses and urban transport companies. Deflation emerges as another threat to the rapid growth of the Chinese economy, with overcapacity contributing to this threat. The National Bureau of Statistics of China data shows consumer price inflation continuing to weaken despite strong economic growth and higher oil prices last year. China's authorities expect deflation to make a brief appearance in 2006 before inflation returns in response to government actions that might include rising energy cost.

The Inter-American Development Bank shed light on the dramatic growth of remittances and their importance to Latin American economies in a recent report. Individual migrants send money home periodically, in amounts ranging from $200 to $300 per month. Most benefiting countries are Mexico, Colombia, Brazil, Guatemala, Dominican Republic and El Salvador. Through their support to consumption those remittances boost growth. In some countries the share of remittances in the GDP is over 10%. Risks might arise from vulnerability of these inflows whose dynamics is beyond government control. US economic cycles for example might negatively impact this source of funds.

OPEC Member Countries

Algerian economy forecast to expand in 2006

Algeria is forecast to grow by 6.5% this year and 6.7% in 2007, accelerating from last year's 5.2%. This comes as a result of a greater liberalisation of the economy and expansion policies. The Algerian government is using windfall oil revenues to create thousands of jobs through major projects, such as financing an east-west highway project and several other railway and aviation schemes. Sectors such as telecommunications, power and water have been attracting more foreign investment.

Inflation in Nigeria slows in 2006

Inflation in Nigeria began to slow in late 2005 after reaching very high levels in July due to higher food and energy prices. The government will not make any further increases in domestic fuel prices in 2006 and the rise in food prices is expected to slow as well. As a result, inflation should fall steadily.

The Saudi Arabian Tadawl all-Share Index (TASI) recovered strongly at the end of March after a collapse in late February and early March. New measures introduced by the Saudi Arabian Capital Market Authority have been received positively by market participants. These measures entailed allowing foreign residents, restoring the 10% fluctuation limit and splitting stocks into smaller denominations.

Oil prices, the US dollar and inflation

Major exchange rates stable in March

Exchange rates remained stable in March. Although markets recognize that the interest rate advantage of the US dollar will erode during this year, the healthy state of the US economy continues to attract dollar buyers. In March the dollar fell by 0.6% against the euro, 0.2% against the British pound and 0.5% against the yen. The dollar was unchanged versus the Swiss franc.

In March the OPEC Reference Basket rose to $57.86/b from $56.62/b in February. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose by 1.9% to $42.12/b from $41.32/b. The dollar fell by 0.3% as measured by the import-weighted modified Geneva I +US dollar basket*.

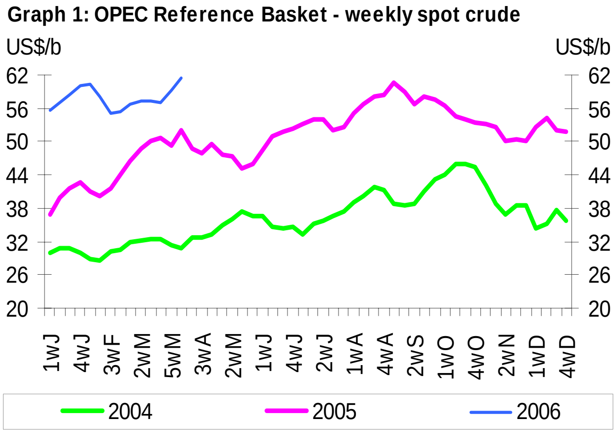
** The 'modified Geneva I+ US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

Crude Oil Price Movements

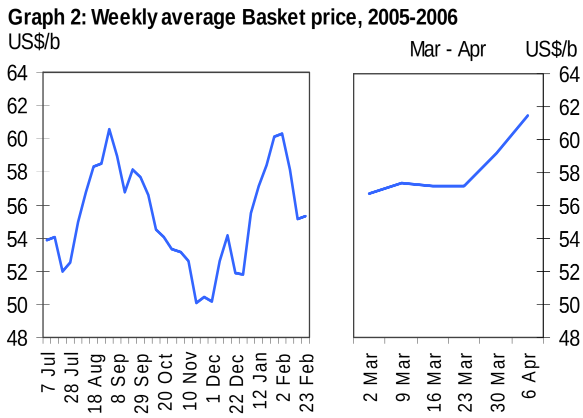
The fear premium rose further in March on geopolitical tensions, pushing the Basket above the $60/b level

OPEC Reference Basket

The petroleum market began the month on an upward trend due revived fear of a supply shortfall amid ongoing political tensions in both the Middle East and West Africa. Concerns over a depletion of refined products as refineries underwent heavy seasonal maintenance supported the bullish sentiment. The Basket closed more than 5% or $3 higher at $59.08/b on 3 March.. Steady OPEC output amid a call to keep quotas unchanged at the March Meeting of the Conference helped the market to turn bearish. The Basket slipped by $2.90/b or nearly 5% on average to settle at $56.18/b on 10 March. However, concern over gasoline supply in the West as more refineries moved into the maintenance season amid prolonged light sweet grade supply disruptions from Nigeria revived market jitteriness once again. The lower April programme from Europe amid a widened Brent/Dubai spread preventing crude flows into Asia inspired the renewed upward trend. While ample supply in the USA kept a cap on the rally, concern over stringent gasoline specifications prevented any further decline. The Basket closed up $2.29/b or 4% to stand at $58.47/b on 17 March.



In the fourth week, the sentiment eased on ample crude oil supply amid the expectation of lower global demand growth. Concern over light sweet crude supply maintained the market's bullish sentiment as some US refineries returned from turnaround. The Basket eased a marginal 42¢ to close at $58.05/b on 24 March. In the final week of the month, the bullish sentiment gained momentum on developments in the Middle East and West Africa, as well as an expected rise in demand as US refineries returned from turnaround. The month ended with a hefty drop in the US gasoline stocks. Hence, in the final week of the month, the Basket rallied over $3 or 5% to close at $60.64/b. The monthly average was $57.86/b, representing a gain of $1.24 or over 2%.



During the first week of April, the bullish momentum was sustained by attention turning to the geopolitical arena. The Basket reached a new record-high of $65.02/b on 17 April with month-to-date average at $62.67/b.

Early concern over sweet crude flipped to light grades amid refiners processing more gasoline

US market

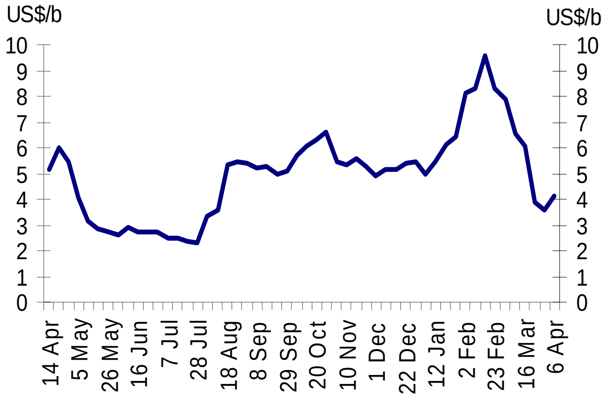
The US crude oil market was pressured by outages in Nigeria, although rising crude oil stocks amid sluggish refinery demand helped to calm market sentiment. However, concern over gasoline supply during the driving season narrowed differentials for the light crude. The WTI/WTS spread weakened in the first week to $7.60/b, compared to a peak of over $10/b and an average of $8.62/b in the previous month. The resumption of some refineries in the US Gulf Coast stepped up demand for sour crude. Hence, the sweet/sour spread for light crude narrowed further in the second week to average $6.28/b. Continued outage from Nigeria forced refiners to take alternative grades as more CDUs returned to production amid the shift towards grades with higher gasoline yields. Thus, the WTI/WTS spread narrowed to $5.81/b.

High outright prices in Asia prompted the flow of North Sea crude into the region amid a tight loading programme in Europe

Ample supplies amid weak refining margins sent the Urals discount to Brent to the highest level this year

Ongoing concern over geopolitical tensions in West Africa amid tight supply of light crude continued to inspire the light sour grade further while refinery appetite emerged. Although demand for sweet grades stayed strong amid stringent specifications for summer fuel, the WTI/WTS spread narrowed further to $3.77/b, a level last seen in August. The final week saw a hefty draw on gasoline stocks which revived fear of a supply shortage ahead of the peak driving season. The WTI/WTS spread narrowed to $3.51/b. The WTI/WTS monthly average spread narrowed to $5.21/b, a significant drop of $3.41/b, or almost 40%.

Graph 3: WTI spread to WTS

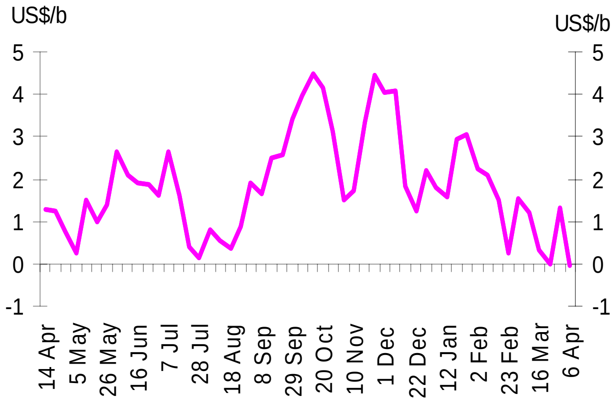


European market

North Sea market

Differentials for North Sea crude firmed early in the month on strong demand amid limited availability. However, closed transatlantic arbitrage depressed differentials by the end of the first week. Continued high OPEC output amid the prospect of the return of Nigerian production calmed the market in the second week. However, lower availability in the April loading programme kept differentials for North Sea grades firm in the third week amid the eastward flow of some North Sea crude. The return of oil fields from maintenance as buyers moved to the sideline kept differentials steady. In the final week, differentials were underpinned by stronger buying interest as some refineries returned from turnaround. The price differential strengthened at the end of the month on reduced April production amid high outright prices in Asia prompting some barrels to flow eastward.

Graph 4: WTI premium to Dated Brent



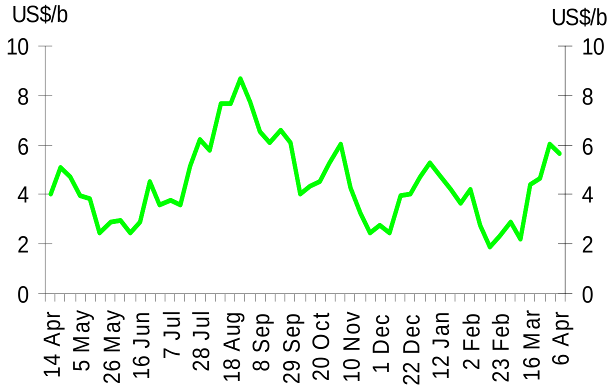
Mediterranean market

Urals crude firmed in the first few days of the month on healthy refining margins and open eastward arbitrage amid low freight rates. The Brent/Urals spread narrowed a marginal 9¢ to $2.40/b. However, sentiment weakened in the second week as supply outweighed demand and due to difficulties in marketing larger cargoes amid lower Mideast crude prices. The average weekly Brent/Urals spread widened to $2.92/b. The discount widened in the third week as lingering March cargoes had trouble finding homes amid ample supplies, pushing the Urals spread to $4.35/b. Nonetheless, tight Russian supplies from Mediterranean outlets supported the grade in the south, while ample supplies in the north balanced market sentiment. The grade continued to slip in the fourth week as some buyers took advantage of big discounts from the north while others waited on the sidelines for further discounts. Although the grade found some support from Asian demand, the momentum was short-lived on heavy maintenance in the east and west, which helped the Brent/Urals spread to widen to $4.88/b. In the last week of March, improving refinery margins supported the grade, while the winding down of refinery maintenance in the Mediterranean narrowed the Urals discount to $4.69/b, amid the possibility for some arbitrage barrels to flow east and west. The monthly average for Brent/Urals was $3.97/b up from $3.06/b in February.

The widened Brent/Dubai spread balanced heavy maintenance in Asia

Far East market

Graph 5: Dated Brent spread to Dubai



The market for Middle Eastern crude began the month under pressure from heavy maintenance in Asia amid the eastward flow of some rival grades such as Algerian and North Sea crude. May Oman traded at a 5-10¢/b discount to MOG in the first few days of March. In the second week the sentiment continued to weaken on slow demand and the flow of arbitrage barrels as the Brent/Dubai spread narrowed to $2.20/b. May Oman was discussed on bid/offer at a 15¢-6¢/b discount to MOG. As the heating season drew to a close in the North-East Asian region, kerosene-rich crude remained under pressure with May Murban slipping from an early 5¢ premium to a 10¢/b discount to ADNOC's OSP. In the third week, persistent slow demand helped May Oman to continue trading at discount of 5-10¢/b to MOG, while Murban was offered at a 20¢/b discount amid rising production. However, the Brent/Dubai spread continued to widen to $4.81/b preventing price differentials from slipping further. In the fourth week, although seasonal maintenance was near with the prospect of some 1.35 mb/d refining capacity shut in, the continued wide Brent/Dubai spread kept May Oman to trade at a steady 6-12¢/b discount to the OSP amid China re-selling some Oman barrels.

May Murban was also steady at a discount of 20¢ to the OSP on the prospect of a cut in production of some 100,000 b/d in May due to maintenance work. In the final week, the market sentiment for the Mideast crude remained weak on a flow of rival western crude and slow refinery demand amid lingering May barrels. May Oman was trading at a steeper discount of 15¢/b to MOG with Murban at a discount of some 30¢/b to OSP. Nonetheless, emerging June trade for both grades firmed on the prospect that cargoes will arrive as refineries return from seasonal turnaround. June Oman was assessed between a 2¢ discount and a 5¢/b premium to MOG amid a widening Brent/Dubai spread which reached $6.12/b. The monthly average Brent/Dubai spread was $4.27/b, up from $2.52/b in February.

Tight regional supply of sweet crude poised by the hefty maintenance season

Asian market

The Asia/Pacific regional crude rose to a record-high premium due to direct burning, although the heavy maintenance programme kept the market under pressure. Malaysia's April Tapis traded at a $2/b premium to APPI, about $1 lower than the last March deal. Nevertheless, a cyclone in the Pacific which shut in production along the Australian coast helped the market to remain firm but balanced by weak demand for naphtha-rich crude. Uncertainty over Nigerian supply was somewhat offset by refinery maintenance work in the east. The market strengthened on limited regional May supply amid the shut-down of a nuclear power plant prompting more direct burning crude. However, the flow of West African crude for April arrival prevented premiums from escalating further. Another in a series of cyclones halted Australian production and pushed the premium to firm, although slower demand for naphtha by North-East Asian petrochemical producers, amid surplus naphtha supplies from South-East Asian producers, kept the market calm at the end of the month.

Table 1: OPEC Reference Basket and selected crudes, US$/b

			Change	Year-to-date average	
	Feb 06	**Mar 06**	**Mar/Feb**	**2005**	**2006**
OPEC Reference Basket	**56.62**	**57.86**	1.25	**43.29**	**57.67**
Arab Light[1]	56.54	57.53	0.99	42.29	57.51
Basrah Light	52.32	54.01	1.68	40.82	54.00
BCF-17	45.90	49.52	3.62	na	47.86
Bonny Light[1]	62.12	63.80	1.68	48.01	63.36
Es Sider	59.13	60.22	1.10	44.90	60.39
Iran Heavy	55.39	56.54	1.15	40.17	56.36
Kuwait Export	55.01	55.79	0.78	39.72	55.78
Marine	59.06	59.39	0.33	42.21	59.44
Minas[1]	61.35	62.30	0.95	47.67	62.35
Murban	61.77	62.33	0.56	45.75	62.28
Saharan Blend[1]	61.59	62.97	1.38	47.93	62.90
Other Crudes					
Dubai[1]	57.61	57.82	0.21	41.25	58.00
Isthmus[1]	53.87	56.85	2.97	42.94	56.47
T.J. Light[1]	49.98	52.27	2.29	39.41	52.52
Brent	60.12	62.08	1.96	47.62	61.79
W Texas Intermediate	61.49	62.82	1.33	49.84	63.25
Differentials					
WTI/Brent	1.37	0.74	-0.63	2.21	1.46
Brent/Dubai	2.52	4.27	1.75	6.38	3.79

Note: As of the 3W of June 2005, the price is calculated according the current Basket methodology that came into effect on June 16, 2005. BCF-17 data available only as of March 1, 2005.

As of January 2006, monthly and year-to-date average based on daily quotations.

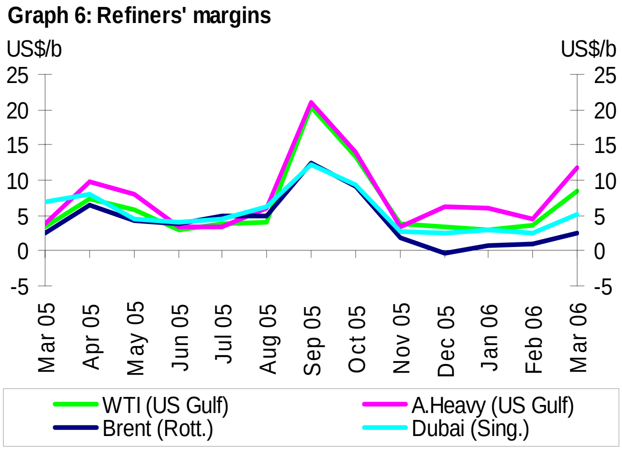
[1] Previous Basket Components: Arab Light, Bonny Light, Dubai, Isthmus, Minas, Saharan Blend and T.J. Light.

na not available.

Product Markets and Refinery Operations

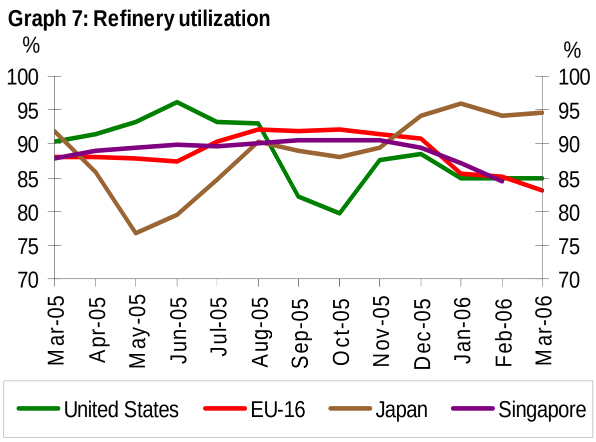
Product market sentiment improved across the board

A combination of heavy refinery maintenance and massive gasoline stock-draws in the USA over the last few weeks has raised the fear of a supply shortage during the driving season due to increased demand and the phasing-out of MTBE from the gasoline pool. This shifted the focus of the market to gasoline developments, which lifted prices across the globe.



As a result, the performance of product markets in March overwhelmed the costs of the various benchmark crudes, supporting global refinery margins. As **Graph 6** shows, refinery margins for WTI benchmark crude at the US Gulf Coast rose to $8.54/b from $3.61/b in February. The same trend existed for Brent margins, which reached $2.52/b from $1.04/b the month before.

In Asia, the market benefited from both the strength in middle distillates and the bullish sentiment of the gasoline market in the west. Refinery margins surged significantly in March reaching $5.12/b from $2.44/b in the previous month. **The continuation of refinery maintenance in the USA in April and May, together with the heavy maintenance schedule in Asia during the second quarter, is expected to extend further support to light product prices and refinery margins over the next months. Additionally, due to the approaching US driving season and potential gasoline stock-draws in April, product market developments may take the driver's seat of the market again and provide support for crude prices.**



Refinery operation rate fell further in Europe during March 2006

Due to the spring maintenance schedule and slowing demand for middle distillates particularly heating oil, European refiners cut throughput causing the utilization rate to drop to 83.2% from 85% in February. In the USA, the refinery utilization rate remained low at 84.9%, a trend which may extend over the next two months due to the current heavy maintenance schedule. In Japan, the refinery operation levels improved a slight 0.4% in March, reaching 94.5% from 94.1% in the previous month, a rate which may decline over the coming months.

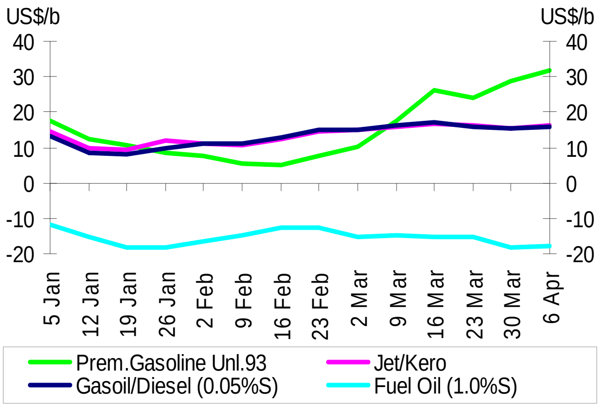
US market

The gasoline crack surged sharply in the US market

Following the disappointing performance of gasoline in the first two months of this year, prices rebounded significantly in March. As Graph 8 indicates, the gasoline crack spread against the corresponding WTI crude oil jumped to $31.68/b on 6 April from $10-15/b in early March. This situation encouraged traders to send arbitrage cargoes from Europe and Asia to the USA. However, due to the extension of the heavy refinery maintenance and the expectation of increasing demand in the second quarter, the gasoline market sentiment is expected to remain strong. According to the EIA, US gasoline demand during the second quarter could reach 9.03 mb/d, which is 330,000 b/d higher than in the first three months of the year. In line with gasoline prices, naphtha prices have also surged, lending support to light crude prices.

Apart from the very top cut of the barrel, middle distillate prices have also risen in March as relatively cold weather in the North-East widened the gasoil crack spread versus WTI crude oil to $15.83/b from about $12.51/b in February**.** Due to higher demand from the agricultural and industrial sectors, the crack spread of the middle of the barrel may remain healthy, but as distillate stock levels look very comfortable, refiners may be encouraged to strongly shift operations in favour of the gasoline pool as soon as the maintenance schedule is finished, providing support for distillate prices.

Graph 8: US Gulf crack spread vs. WTI



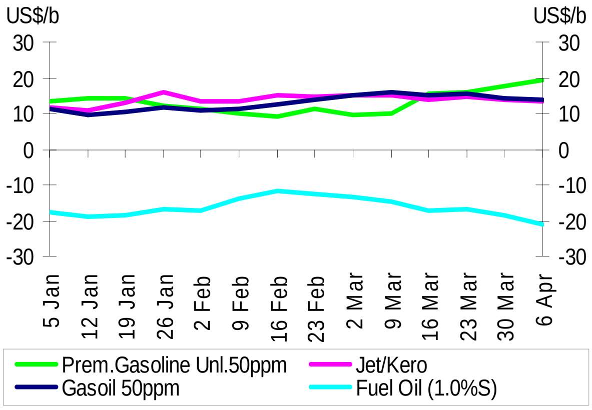
Similarly, due to the arrival of higher temperatures and falling natural gas prices, demand for low-sulphur fuel oil (LSFO) may drop further and put pressure on LSFO prices. As **Graph 8** shows, the LSFO crack spread plummeted to minus $18.09/b in early April from minus $15.24/b in early March.

European market

European market sentiment rebounded due to recent developments in the USA

The extended winter in Europe, along with massive gasoline stock-draws in the USA, has provided further support for the European product markets and lifted physical and futures prices of light products. This bullish development in the US market also triggered arbitrage opportunities for North-West European and Mediterranean refiners to fix 3 million barrels for US destinations in the middle of March. As **Graph 9** shows, the gasoline crack spread in Rotterdam surged to $19.38/b from $9.37/b early March.

Graph 9: Rotterdam crack spreads vs. Brent

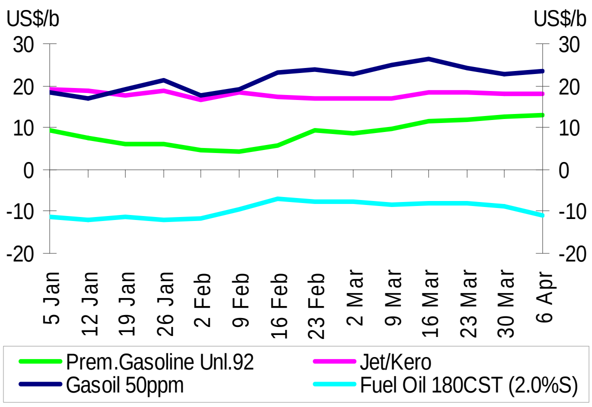


With regard to middle distillates, the European market lost ground recently, with the emergence of warmer weather, but due to higher demand for gasoil it may remain relatively strong over the next several months. The jet fuel market may also rebound in the latter part of the second quarter. **T**he warm weather has similarly affected the fuel oil market and put pressure on LSFO and high-sulphur fuel oil (HSFO) markets. As Graph 9 shows, the LSFO crack spread versus Brent dropped by over $7/b and reached minus $20.87/b from minus $13.42/b in early March. Due to the increasing FSU supply, HSFO fell further.

Asian market

The Asian product market is facing tighter specifications in South Korea, Australia, New Zealand and Taiwan as well as heavy maintenance schedules in Japan during the second quarter and a changing pricing mechanism in China. The Chinese government has not only suspended tax rebates for petroleum products but has also raised retail prices for gasoline by 5%, for diesel by 3% and for jet fuel by 5% on 26 March.

Graph 10: Singapore crack spreads vs. Dubai



Falling Chinese gasoline exports, coupled with the bullish sentiment of this product in the west, lifted prices sharply in the Asian market

Official prices had remained unchanged over the past eight months. This was the first change under the new price regulation. These new prices may encourage Chinese refiners to sell their products in the domestic market rather than to export them, further strengthening the Asian market sentiment. As mentioned earlier, the gasoline market tightened in March, with its crack spread against Dubai benchmark crude climbing to above $13/b from $9.24/b in late February. Bullish developments in the gasoline market, along with low exports from India due to refinery maintenance, have provided some support to the naphtha market as well.

As far as the distillate market is concerned, due to the warmer weather jet/kerosene lost its strength and some of the Middle East cargoes moved westward rather than to the east. But market momentum for gasoil, in particular for the low-sulphur grade, remained strong. As **Graph 10** shows, the crack spread versus the Dubai crude surged to $23.65/b. Due to tighter specifications in North Asia and heavy refinery maintenance over the coming months, the low-sulphur gasoil price is expected to remain strong in the next few months. The fuel oil market in Asia has performed very well over the last few months, but more recently has lost ground due to higher arbitrage cargoes from the west and sluggish Chinese demand. As a result, the crack spread for HSFO dropped to about minus $11/b from minus $7.82/b earlier in March.

Table 2: Refined product prices, US$/b

		Jan 06	Feb 06	Mar 06	Change Mar/Feb
US Gulf (Cargoes):					
Naphtha		69.29	61.88	72.76	10.88
Premium gasoline	*(unleaded 93)*	76.63	67.98	86.24	18.26
Regular gasoline	*(unleaded 87)*	72.01	64.89	77.58	12.69
Jet/Kerosene		76.62	74.02	78.91	4.89
Gasoil	*(0.05% S)*	75.30	74.54	78.94	4.40
Fuel oil	*(1.0% S)*	49.00	47.67	46.77	-0.90
Fuel oil	*(3.0% S)*	46.01	46.67	46.69	0.02
Rotterdam (Barges FoB):					
Naphtha		73.50	68.79	69.12	0.33
Premium gasoline	*(unleaded 50 ppm)*	76.37	70.12	76.53	6.41
Premium gasoline	*(unleaded 95)*	68.13	62.65	68.23	5.58
Jet/Kerosene		76.16	74.31	76.52	2.21
Gasoil/Diesel	*(50 ppm)*	73.79	72.76	77.42	4.66
Fuel oil	*(1.0% S)*	45.19	47.04	45.37	-1.67
Fuel oil	*(3.5% S)*	42.21	44.03	44.02	-0.01
Mediterranean (Cargoes):					
Naphtha		59.23	56.42	57.70	1.28
Premium gasoline	*(50 ppm)*	75.71	68.48	77.70	9.22
Jet/Kerosene		73.64	73.49	75.71	2.22
Gasoil/Diesel	*(50 ppm)*	74.58	74.41	77.59	3.18
Fuel oil	*(1.0% S)*	47.98	51.10	47.73	-3.37
Fuel oil	*(3.5% S)*	39.62	42.56	43.29	0.73
Singapore (Cargoes):					
Naphtha		58.26	56.65	59.82	3.17
Premium gasoline	*(unleaded 95)*	66.78	65.02	69.64	4.62
Regular gasoline	*(unleaded 92)*	65.42	64.20	69.05	4.85
Jet/Kerosene		77.02	74.96	75.66	0.70
Gasoil/Diesel	*(50 ppm)*	77.61	79.36	82.11	2.75
Fuel oil	*(180 cst 2.0% S)*	46.72	49.18	49.43	0.25
Fuel oil	*(380 cst 3.5% S)*	45.33	47.95	48.89	0.94

Table 3: Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				Refinery utilization *%*			
	Jan 06	Feb 06	Mar 06	Mar/Feb	Jan 06	Feb 06	Mar 06	Mar/Feb
USA	14.55	14.53	14.53	0.00	84.9	84.9	84.9	0.00
France	1.73	1.54 R	1.54	0.00	87.4	77.7	77.9	0.20
Germany	2.20	2.23 R	2.04	-0.19	90.7	92.9 R	83.9	-9.00
Italy	1.88	1.98	1.88	-0.10	81.1	85.2	81.1	-4.10
UK	1.46	1.36 R	1.46	0.10	77.8	72.2 R	77.8	5.60
Eur-16	12.08	12.01 R	11.75	-0.26	85.5	85.0 R	83.2	-1.80
Japan	4.48	4.40	4.42	0.02	96.0	94.1 R	94.5	0.40

R *Revised since last issue.*

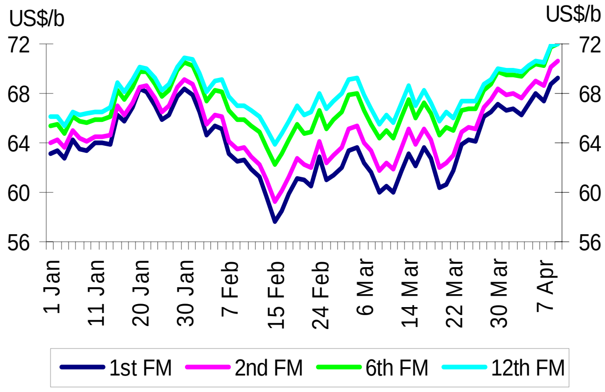
Sources *OPEC statistics; Argus; Euroilstock Inventory Report/IEA.*

The Oil Futures Market

The futures market flipped into net long for the first time in two months. Concern over crude oil supply was ignited by geopolitical tensions amid tight gasoline stocks

Nymex WTI crude oil futures began in March in a volatile mode. Concern in the geopolitical arena continued, although somewhat balanced by continued high OPEC output amid a call to keep quotas steady in the March Meeting of the OPEC Conference. WTI futures peaked at $63.67/b before easing to $61.58/b later in the first weekly period, yet speculators increased long positions and reduced shorts. Hence, the net short positions fell a healthy 6,500 lots to stand at 19,100. Open interest increased a strong 24,900 lots to reach 966,500.

Graph 11: Nymex WTI futures prices, 2006

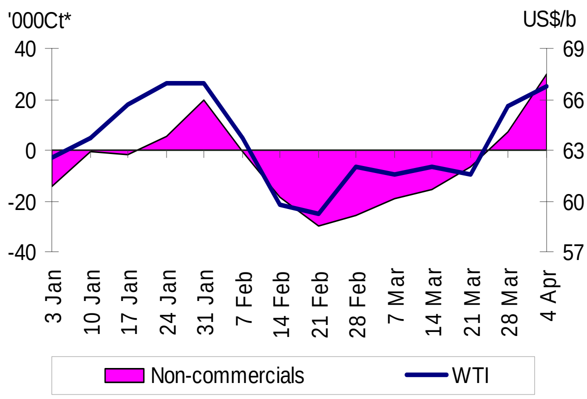


FM = future month

In the second weekly period, healthy crude oil stocks in the USA calmed the market, although the momentum was short-lived. A cold snap in the US Northeast ignited demand for heating fuels amid increased geopolitical concerns in the Middle East and West Africa, which helped to push the WTI contract to $63/b. Hence, the CFTC reported that non-commercial contracts continued to increase longs at a faster rate than shorts, causing net short positions to fall for the third week by 3,800 to stand at 15,200 contracts. Open interest also rose to 988,300 lots.

In the third weekly period, healthy crude oil supply amid a significant rise in US crude oil inventories to a eight-year high pushed the futures market lower. However, revived concern over gasoline stocks capped any further downward movement. The Nymex contract closed the weekly period at $60.57/b. Despite the fall in prices, speculators continued to reduce net short positions by lowering their exposure at a faster rate than longs. Thus, net shorts were down by nearly 9,000 to 6,300 lots with open interest deflated by a significant 52,000 to 928,500 contracts.

Graph 12: Non-commercial net long positions vs WTI, 2006



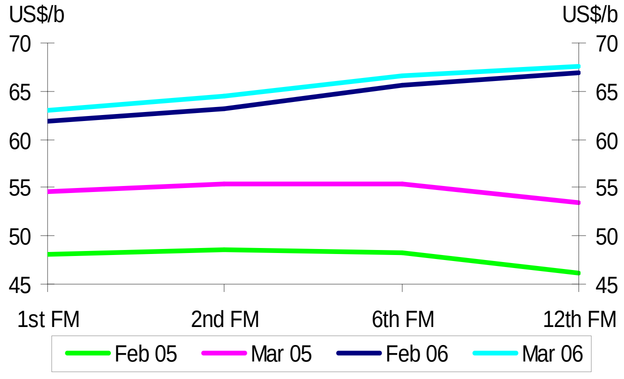
In the final weekly period, rising tensions in the geopolitical arena amid prolonged outages from Nigeria at a time when some refineries were gearing up to return to operation raised demand. Nymex WTI closed the weekly period at $66.07/b. Speculators reduced shorts while increasing longs with net positions increasing by 13,500 to switch into net longs of 7,200 lots for the first time in nine weeks. Open interest was up a marginal 7,600 to 936,100 contracts.

On a monthly basis, non-commercial longs were lower while the shorts increased for a significant change in the net positions by some 10,000 lots. Open interest rose 28,000 lots to average 953,000, some 129,000 higher than last year. Nymex WTI's monthly average was up by $1.04 or 1.7% to $62.97/b.

Near-month contango widened amid record-high crude stocks

The forward market structure remained in contango in March amid healthy crude oil stock levels peaking at an eight-year high. The 1st/2nd month spread was 27¢ steeper for a monthly average of \$1.49/b. Yet, the 1st/6th, 12th and 18th spread was narrower by 8¢, 36¢ and 48¢ respectively on concern over tight supply with refineries returning from maintenance by the end of the second quarter.

Graph 13: Nymex WTI forward curve



FM = future month

The Tanker Market

OPEC spot fixtures recovered in March to average 13.1 mb/d, but showed a 1 mb/d decline y-o-y

After showing a decline of more than 2.4 mb/d in February, **OPEC spot fixtures enjoyed some recovery with an increase of 0.4 mb/d or 2.8%** to reach 311 mb/d in March, driven by eastbound chartering. Nevertheless, OPEC spot fixtures remained 1 mb/d below the March 2005 level. Despite this recovery, the share of OPEC in total spot fixtures declined from 66% in February to 63% in March, meaning that spot fixtures from countries outside OPEC saw higher increases. Middle East/eastbound fixtures increased by 0.3 mb/d or 4.6% to average 5.6 mb/d, while westbound fixtures dropped by 0.2 mb/d or almost 10% to stand at 1.7 mb/d due to lower activity from USA, supported by high stocks and ongoing refinery maintenance. Compared to a year earlier, both Middle East/east- and westbound fixtures were 0.1 mb/d lower. The share of Middle East spot fixtures in total spot fixtures remained stable at 40% with eastbound at 27% and westbound at 13%. However, **non-OPEC spot fixtures surged by more than 1 mb/d, the highest growth in almost one year** to average 7.6 mb/d, which corresponds to a 0.6 mb/d y-o-y growth.

Following the growth in OPEC and non-OPEC fixtures, total spot fixtures averaged 20.7 mb/d, a gain of 1.4 mb/d from the previous month. Preliminary estimates put OPEC sailings at 24.2 mb/d, which corresponds to 1.3 mb/d below February level. This decline is explained to some extent by the drop in OPEC fixtures displayed in the previous month. Sailings from the Middle East retreated by around 0.9 mb/d to 17.7 mb/d. Arrivals increased in most of the main importing regions, except for the Euro-Mediterranean countries where they fell 0.5 mb/d to 4.5 mb/d. Arrivals at US Gulf/East Coasts and the Caribbean as well as in Japan continued to increase for the second consecutive month to average 12.3 mb/d and 4.8 mb/d respectively, which corresponds to 1 mb/d and 0.2 mb/d above February levels. Arrivals in North-West Europe improved by 0.8 mb/d or 11%, the highest increase in more than one year, to stand at around 8.5 mb/d. Compared to a year earlier, arrivals at US Gulf/East Coasts and the Caribbean were 2 mb/d higher while arrivals in the other regions were around 0.5 mb/d.

Table 4: Tanker chartering, sailings and arrivals, mb/d

	Jan 06	Feb 06	Mar 06	Change Mar/Feb
Spot Chartering				
All areas	21.80	19.28	20.70	1.42
OPEC	15.16	12.72	13.08	0.36
Middle East/east	6.11	5.39	5.64	0.25
Middle East/west	2.36	1.84	1.66	-0.18
Sailings				
OPEC	23.53	25.42	24.17	-1.25
Middle East	17.17	18.63	17.73	-0.91
Arrivals				
US Gulf Coast, US East Coast, Caribbean	8.97	11.32	12.33	1.01
North West Europe	8.05	7.65	8.47	0.83
Euromed	4.24	4.98	4.45	-0.54
Japan	4.04	4.62	4.83	0.21

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

Spot freight rates fell in all sectors due to excess tonnage

Spot freight rates for shipping crude oil weakened significantly in March, especially by the end of the month, due to ample tonnage resulting from the combination of lower demand following heavier refining maintenance in Asia and USA compared to the previous year as well as growing tanker capacity. Usually, freight rates decline during the second quarter of the year when demand slows due to refinery maintenance but this year the downward trend started earlier and was more pronounced than in the previous year, especially for **VLCCs moving from the Middle East where freight rates declined to WS50-60 at the end of March, levels which in 2005 were not reached until June**. On a monthly basis, rates for **VLCCs trading on the Middle East/east- and west-bound long-haul routes hit an eight-month low** in March after rates for VLCCs moving to the East lost 47 points or 36% to average WS84 while those moving to the West fell 29 points or 28% to stand at WS74.

Plentiful supply — the main reason behind the deterioration of freight rates — can be seen in the 30-day availability of tankers in the Middle East which, according to some secondary sources, rose from 58 VLCCs in the first week of March to 74 VLCCs in the last week East. On the demand side, the number of VLCCs fixed from the Middle East decreased from more than 130 in January to below 120 in March. Similarly, the abundance of tonnage forced ship-owners in the Suezmax sector to accept lower rates compared to the previous month. However, on average, rates declined by nearly 50 points or 27% on the West Africa/US Gulf Coast route to stand at WS132, while on the North-West Europe to US East and Gulf Coasts routes they lost up to 60 points or one third to hold at WS121, their lowest levels since September 2005. In addition to refinery outages, the disruption of production in Nigeria, high US stock levels and limited opportunities for transatlantic arbitrage contributed to the weakness in freight rates. Following the same trend, the Aframax sector saw freight rates weaken, especially on the Indonesia/US West Coast route. Limited activity on the route caused freight rates to hit their lowest level since June 2005 declining by 40 points or 25% to average WS130, which corresponds to around 50% of the level a year earlier. The other routes in the Aframax sector showed moderate losses of around 6% with rates in the Caribbean falling by 12 points to average WS223, while within the Mediterranean and from there to North-West Europe they dropped between 8 and 10 points to stand at WS144 and WS138 respectively.

Table 5: Spot tanker freight rates, Worldscale

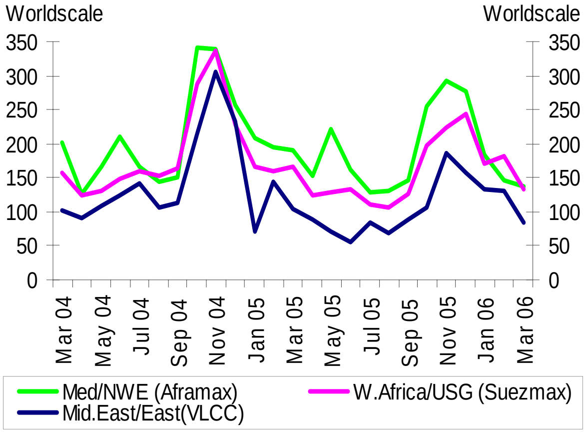
	Size *1,000 DWT*	Jan 06	Feb 06	Mar 06	Change Mar/Feb
Crude					
Middle East/east	200–300	132	131	84	-47
Middle East/west	200–300	98	103	74	-29
West Africa/US Gulf Coast	100–160	170	181	132	-49
NW Europe/USEC - USGC	100–160	164	180	121	-59
Indonesia/US West Coast	70–100	271	170	130	-40
Caribbean/US East Coast	40–70	242	235	223	-12
Mediterranean/Mediterranean	40–70	187	154	144	-10
Mediterranean/North-West Europe	70–100	184	146	138	-8
Products					
Middle East/east	30–50	363	207	196	-11
Singapore/east	25–30	394	352	235	-117
Caribbean/US Gulf Coast	25–30	375	327	233	-94
NW Europe/USEC - USGC	25–30	336	297	263	-34
Mediterranean/Mediterranean	25–30	410	300	211	-89
Mediterranean/North-West Europe	25–30	420	312	210	-102

Source: Galbraith's Tanker Market Report and others.

Freight rates for products continued the downward trend on the back of lower activity

The product tanker market followed the same trend as the crude oil tanker market and continued to decline for the second consecutive month, especially in the Mediterranean. Spot freight rates for tankers of 30,000-50,000 dwt trading on the Middle East/East route averaged WS196, a drop of 11 points from the the previous month, **while rates for tankers trading from Singapore to other Asian countries fell significantly by around 117 points or 33% to average WS235, representing a 24-month low. Freight rates for tankers trading from the Middle East to the East also hit their lowest levels since early 2004**.

Graph 14: Monthly averages of crude oil spot freight rates



Lower activity from USA due to high stock levels, especially for gasoline, and warmer weather resulted in a decline of 94 points or 30% in freight rates on the Caribbean/US Gulf Coast route to average WS233 and a loss of 34 points on the transatlantic route where they fell to WS263. In the Mediterranean and from there to North-West Europe, freight rates dropped by around 33% to hold at WS211, which corresponds to losses of around 90 points and 100 points respectively. More daylight hours which led to a reduction in the delays on the Turkish Strait have contributed to the increase in tonnage availability and have put more downward pressure on freight rates. Compared to a year earlier, freight rates for all sectors declined, especially for tankers trading in the East or in the Mediterranean which were around 110-120 points or 33% lower in March.

World Oil Demand

World oil demand averaged 83.1 mb/d in 2005 rising by almost 1 mb/d or 1.2%

Estimate for 2005

With preliminary figures available for the first time for the whole of 2005, global oil demand appears to have grown by almost 1 mb/d or 1.2% to average 83.1 mb/d in 2005. The estimated growth is almost identical to the figure presented in the last *MOMR;* however, on a quarterly basis some minor adjustments have been made based on historical data revisions. Thus, first-quarter absolute world demand was raised a slight 0.04 mb/d to 83.8 mb/d, while second-quarter figures were adjusted up by 0.1 mb/d to 82.2 mb/d. The third and the fourth quarter also suffered minor revisions of 40,000 b/d to 82.7 mb/d and 50,000 b/d to 83.8 mb/d, respectively. On a regional basis, OECD growth of 0.2 mb/d made up less than one-fifth of total global demand growth, while developing countries accounted for more than three quarters of total world oil demand growth. China's apparent demand appears to have risen by a disappointing 0.3% in sharp contrast to a GDP growth rate of nearly 10%.

Table 6: World oil demand forecast for 2005, mb/d

	2004	1Q05	2Q05	3Q05	4Q05	2005	Change 2005/04 Volume	Change 2005/04 %
North America	25.33	25.53	25.30	25.47	25.44	25.43	0.10	0.39
Western Europe	15.62	15.56	15.31	15.71	15.73	15.58	-0.04	-0.29
OECD Pacific	8.53	9.49	8.10	8.12	8.83	8.63	0.10	1.20
Total OECD	**49.48**	**50.57**	**48.71**	**49.29**	**49.99**	**49.64**	**0.16**	**0.31**
Other Asia	8.40	8.63	8.76	8.42	8.62	8.61	0.21	2.47
Latin America	4.89	4.83	5.01	5.13	5.08	5.02	0.12	2.47
Middle East	5.45	5.60	5.69	5.93	5.78	5.75	0.30	5.60
Africa	2.71	2.78	2.81	2.78	2.87	2.81	0.10	3.62
Total DCs	**21.45**	**21.83**	**22.27**	**22.26**	**22.36**	**22.18**	**0.73**	**3.41**
FSU	3.83	3.90	3.74	3.82	3.97	3.86	0.03	0.66
Other Europe	0.86	0.93	0.88	0.87	0.86	0.88	0.03	3.46
China	6.52	6.51	6.58	6.43	6.64	6.54	0.02	0.33
Total "Other Regions"	**11.21**	**11.35**	**11.19**	**11.12**	**11.47**	**11.28**	**0.08**	**0.69**
Total world	**82.14**	**83.76**	**82.18**	**82.67**	**83.82**	**83.11**	**0.96**	**1.17**
Previous estimate	82.09	83.72	82.08	82.63	83.77	83.05	0.96	1.16
Revision	0.05	0.04	0.09	0.04	0.05	0.06	0.01	0.01

Totals may not add due to independent rounding.

Table 7: First and second quarter world oil demand comparison for 2005, mb/d

	1Q04	1Q05	Change 2005/04 Volume	Change 2005/04 %	2Q04	2Q05	Change 2005/04 Volume	Change 2005/04 %
North America	25.23	25.53	0.31	1.21	25.03	25.30	0.27	1.09
Western Europe	15.66	15.56	-0.11	-0.69	15.20	15.31	0.11	0.70
OECD Pacific	9.28	9.49	0.20	2.19	7.90	8.10	0.20	2.51
Total OECD	**50.17**	**50.57**	**0.40**	**0.80**	**48.13**	**48.71**	**0.58**	**1.20**
Other Asia	8.24	8.63	0.39	4.69	8.46	8.76	0.30	3.56
Latin America	4.69	4.83	0.14	2.94	4.89	5.01	0.12	2.47
Middle East	5.32	5.60	0.28	5.27	5.41	5.69	0.28	5.21
Africa	2.69	2.78	0.08	3.13	2.70	2.81	0.12	4.38
Total DCs	**20.94**	**21.83**	**0.89**	**4.24**	**21.45**	**22.27**	**0.82**	**3.83**
FSU	3.61	3.90	0.29	8.06	3.75	3.74	-0.01	-0.28
Other Europe	0.91	0.93	0.03	3.14	0.86	0.88	0.02	2.58
China	6.23	6.51	0.28	4.57	6.77	6.58	-0.19	-2.79
Total "Other Regions"	**10.75**	**11.35**	**0.60**	**5.63**	**11.37**	**11.19**	**-0.18**	**-1.56**
Total world	**81.86**	**83.76**	**1.89**	**2.31**	**80.95**	**82.18**	**1.22**	**1.51**

Totals may not add due to independent rounding.

Table 8: Third and fourth quarter world oil demand comparison for 2005, mb/d

			Change 2005/04				Change 2005/04	
	3Q04	3Q05	Volume	%	4Q04	4Q05	Volume	%
North America	25.41	25.47	0.06	0.23	25.67	25.44	-0.24	-0.93
Western Europe	15.60	15.71	0.11	0.71	16.02	15.73	-0.29	-1.79
OECD Pacific	8.16	8.12	-0.04	-0.54	8.77	8.83	0.06	0.64
Total OECD	**49.17**	**49.29**	**0.13**	**0.25**	**50.46**	**49.99**	**-0.47**	**-0.93**
Other Asia	8.28	8.42	0.14	1.66	8.61	8.62	0.01	0.10
Latin America	5.02	5.13	0.11	2.24	4.97	5.08	0.11	2.28
Middle East	5.58	5.93	0.35	6.26	5.47	5.78	0.31	5.61
Africa	2.70	2.78	0.09	3.16	2.77	2.87	0.11	3.81
Total DCs	**21.58**	**22.26**	**0.68**	**3.17**	**21.82**	**22.36**	**0.54**	**2.45**
FSU	3.90	3.82	-0.08	-2.11	4.07	3.97	-0.09	-2.26
Other Europe	0.82	0.87	0.06	6.74	0.84	0.86	0.01	1.50
China	6.36	6.43	0.07	1.02	6.71	6.64	-0.07	-1.05
Total "Other Regions"	**11.08**	**11.12**	**0.04**	**0.34**	**11.62**	**11.47**	**-0.15**	**-1.29**
Total world	**81.83**	**82.67**	**0.85**	**1.03**	**83.91**	**83.82**	**-0.08**	**-0.10**

Totals may not add due to independent rounding.

Forecast for 2006

World oil demand in 2006 is forecast to rise by 1.4 mb/d or 1.7% to average 84.5 mb/d, slightly below the previous estimate

World oil demand is forecast at 1.4 mb/d or 1.7% to average 84.5 mb/d, marginally lower with respect to the growth estimate in the last *MOMR.* The slight downward revision to this year's growth can be traced back to disappointing consumption in the USA during the first three months of 2006 partially offset by above trend growth in Western Europe, especially in January. Although complete information for China's apparent demand for the first quarter of 2006 is not yet available, preliminary trade and production figures point to very volatile consumption, with demand appearing to have surged by around 20% in January but increasing by only 3% in February.

The latest EIA figure showed a substantial contraction in first-quarter demand in the USA. The figures indicate that total petroleum supplies dropped by more than 0.4 mb/d or 2% in January only to register a minor y-o-y rise of 0.3% in February. The weekly data, which is available for the period January-March, points to a fall of 0.2 mb/d or nearly 1% for the first quarter of 2006. Warm weather which affected heating oil demand, along with lower fuel oil consumption on inter-fuel switching with gas, could in part explain the drop in consumption; nonetheless, with the economy expected to grow at a consensus rate of by 4-5% during the first quarter, it is clear that there is a dichotomy between economic and demand growth possibly attributable to high domestic petroleum product prices. As for now, and despite the worrisome contraction in US consumption during the first three months of the year, we remain optimistic and maintain a 1.3% growth in consumption for the next three quarters in line with the expected economic growth. However, if demand figures come in weak for the next couple of months, the forecast will have to be reassessed.

Surprisingly oil demand came in strong and above trend in Western Europe during January rising by nearly 0.4 mb/d or 2.7% y-o-y. Gasoil/diesel demand jumped by more than 7% in January on the back of cold weather and the continued dieselization of the transportation fleet while kerosene consumption was up by nearly 7%. Preliminary demand figures for February show further growth although at lower levels than in January with consumption falling in the three biggest consumers. Preliminary data suggests that heating oil demand was weak in February despite low temperatures although higher than in the February of the previous year.

Chinese apparent demand rose significantly in January underpinned by the surge in crude oil imports but also on higher production levels. In February, crude imports returned to a more moderate level while net product imports fell by more than 0.2 mb/d y-o-y. As for the first quarter, estimated growth remains at a conservative 6-7%, far lower than the 20% rise seen in January which was probably the result of lower 2005 demand as well as atypically high import levels ahead of the Chinese New Year.

Table 9: World oil demand forecast for 2006, mb/d

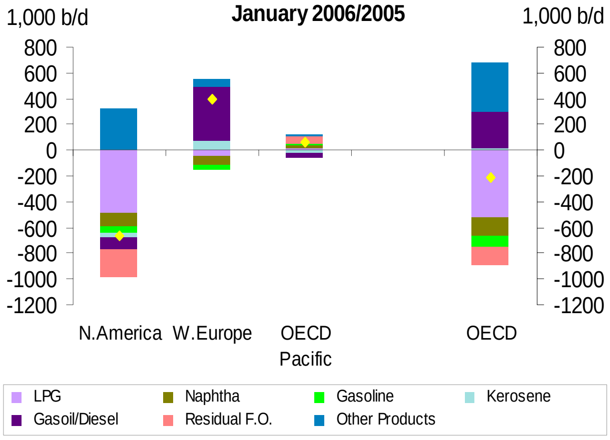
	2005	1Q06	2Q06	3Q06	4Q06	2006	Change 2006/05 Volume	%
North America	25.43	25.39	25.52	25.80	25.90	25.65	0.22	0.86
Western Europe	15.58	15.73	15.32	15.75	15.82	15.66	0.08	0.51
OECD Pacific	8.63	9.54	8.17	8.15	8.98	8.71	0.08	0.88
Total OECD	**49.64**	**50.65**	**49.01**	**49.70**	**50.70**	**50.01**	**0.37**	**0.75**
Other Asia	8.61	8.76	8.81	8.58	8.89	8.76	0.16	1.81
Latin America	5.02	4.99	5.13	5.24	5.14	5.13	0.11	2.20
Middle East	5.75	5.77	5.88	6.14	6.11	5.98	0.22	3.91
Africa	2.81	2.86	2.88	2.85	2.97	2.89	0.08	2.86
Total DCs	**22.18**	**22.39**	**22.70**	**22.82**	**23.10**	**22.75**	**0.57**	**2.58**
FSU	3.86	4.02	3.69	3.85	4.10	3.92	0.06	1.55
Other Europe	0.88	0.94	0.95	0.87	0.87	0.91	0.02	2.42
China	6.54	6.92	6.96	6.84	7.05	6.94	0.40	6.15
Total "Other Regions"	**11.28**	**11.88**	**11.60**	**11.56**	**12.02**	**11.77**	**0.48**	**4.28**
Total world	**83.11**	**84.92**	**83.31**	**84.07**	**85.82**	**84.53**	**1.43**	**1.72**
Previous estimate	83.05	85.00	83.29	84.10	85.65	84.51	1.46	1.76
Revision	0.06	-0.08	0.02	-0.03	0.17	0.02	-0.03	-0.04

Totals may not add due to independent rounding.

OECD

OECD demand is projected to grow by 0.4 mb/d or 0.8% to average 50 mb/d for the whole of 2006. Naturally, the lion's share of the growth is expected to originate in the North American region, with US consumption accounting for nearly 80% of the growth. As was the case in previous years, OECD countries combined demand growth is expected to be around one-quarter of total global demand despite the fact that the group accounts for more than three-fifths of world demand. According to the latest data available for the month of January 2006, inland deliveries of petroleum products fell by 0.2 mb/d or 0. 5% y-o-y. The sizeable drop in demand occurred in the North American region where oil requirements fell by nearly 0.6 mb/d or 2.4% with respect to January. On the other hand oil demand in Western Europe and the OECD Pacific regions rose by 0.4 mb/d or 2.9% and 60,000 b/d mb/d or 0.7% y-o-y in January partially offsetting the decline in the North American region. As indicated earlier, total petroleum product supplies in the USA fell by 0.17 mb/d or nearly 1% during the first quarter of 2006. The fall was spread across all major product categories in January followed by a modest recovery in February. Preliminary figures indicate a further y-o-y decline in March with fuel oil deliveries in particular showing a continuously falling trend since the beginning of the year. Oil demand in Canada plunged in January by almost 10% y-o-y while Mexico's demand rose by nearly 2%. Oil demand growth was particularly healthy in the United Kingdom and France with y-o-y growth rates of 7.2% and 5.2%. Likewise, demand increased by 1.4% in the rest of Western Europe, excluding the "Big Four" economies.

Graph 15: OECD - Growth of total requirements by component

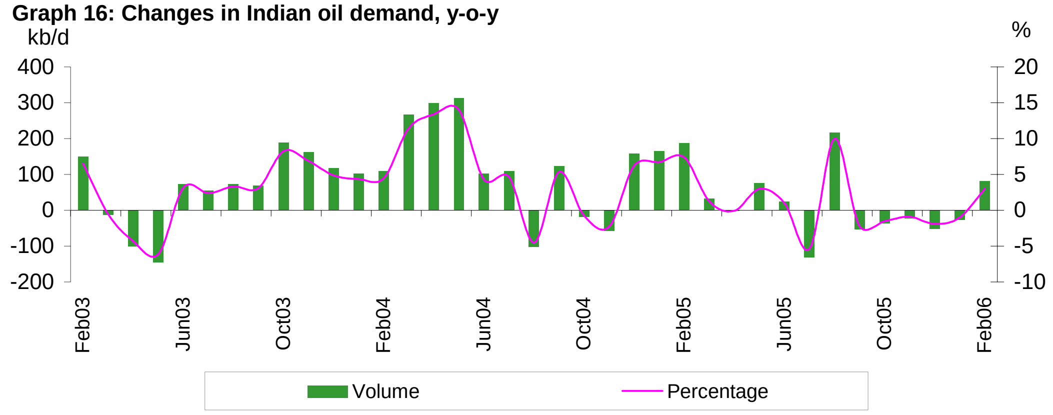


Developing Countries

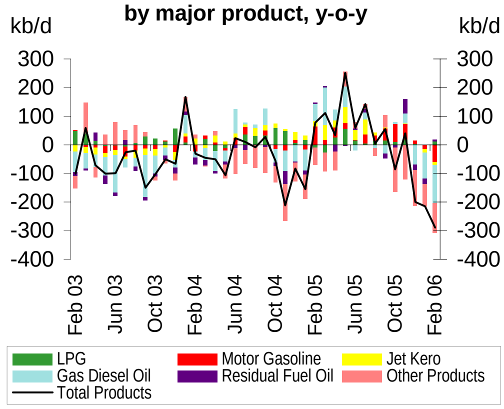
Developing Countries oil demand is forecast to rise by 0.6 mb/d or 2.6% to average 22.8 mb/d during 2006

On a regional basis, the Middle East and non-OECD Asia are expected to account for 27% and 39% of the total growth in oil demand with Latin America and Africa contributing 19% and 14% respectively. The quarterly breakdown indicates a y-o-y growth of nearly 0.6 mb/d during the first quarter of 2006 followed by a 0.4 mb/d rise during the second quarter. Growth in the third and fourth quarters is estimated to reach 0.6 mb/d and 0.7 mb/d respectively. The rapid deceleration in oil demand growth rates in non-OECD Asian countries observed in the second half of 2005 —when demand rose by only 1.7% and 0.1% y-o-y in the third and fourth quarters compared to more than 4% during the first half — seems to have extended to the beginning of 2006. The full impact of the subsidy phase out and consequent increases in domestic petroleum product prices in several Asian countries appears to still be working its way into consumption patterns. Oil consumption in India, where oil demand figures are available for January and February, grew by a mere 0.9% well below the last five-year average and even lower than the 1.3% growth seen during 2005.

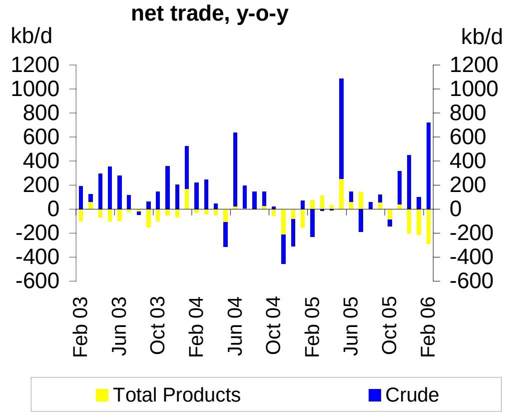
Graph 16: Changes in Indian oil demand, y-o-y



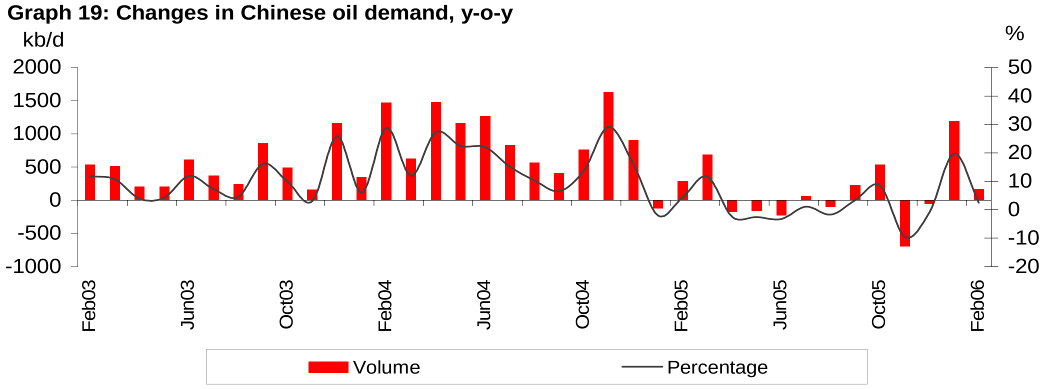
Graph 17: Changes in Indian oil net imports by major product, y-o-y



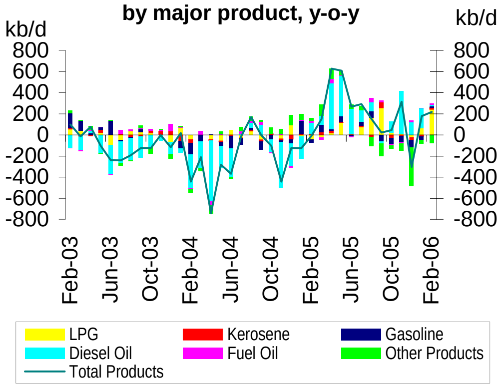
Graph 18: Changes in Indian oil and product net trade, y-o-y



Graph 19: Changes in Chinese oil demand, y-o-y



Graph 20: Changes in Chinese oil net imports by major product, y-o-y



Graph 21: Changes in Chinese oil and product net trade, y-o-y

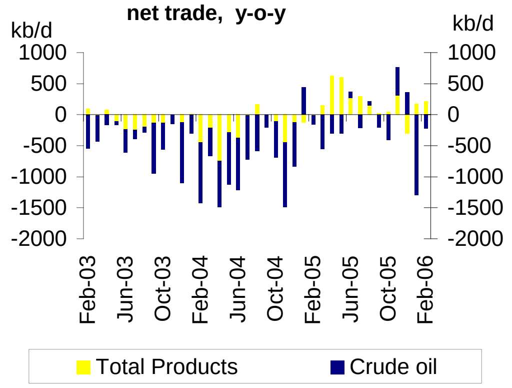


Table 10: First and second quarter world oil demand comparison for 2006, mb/d

			Change 2006/05				Change 2006/05	
	1Q05	1Q06	Volume	%	2Q05	2Q06	Volume	%
North America	25.53	25.39	-0.14	-0.57	25.30	25.52	0.22	0.88
Western Europe	15.56	15.73	0.17	1.12	15.31	15.32	0.01	0.08
OECD Pacific	9.49	9.54	0.05	0.52	8.10	8.17	0.07	0.86
Total OECD	**50.57**	**50.65**	**0.08**	**0.16**	**48.71**	**49.01**	**0.31**	**0.63**
Other Asia	8.63	8.76	0.14	1.61	8.76	8.81	0.05	0.57
Latin America	4.83	4.99	0.16	3.33	5.01	5.13	0.12	2.38
Middle East	5.60	5.77	0.17	3.07	5.69	5.88	0.19	3.26
Africa	2.78	2.86	0.09	3.11	2.81	2.88	0.07	2.35
Total DCs	**21.83**	**22.39**	**0.56**	**2.56**	**22.27**	**22.70**	**0.42**	**1.89**
FSU	3.90	4.02	0.12	2.99	3.74	3.69	-0.04	-1.10
Other Europe	0.93	0.94	0.01	1.02	0.88	0.95	0.07	7.68
China	6.51	6.92	0.41	6.22	6.58	6.96	0.38	5.82
Total "Other Regions"	**11.35**	**11.88**	**0.53**	**4.68**	**11.19**	**11.60**	**0.41**	**3.65**
Total world	**83.76**	**84.92**	**1.17**	**1.40**	**82.18**	**83.31**	**1.14**	**1.38**

Totals may not add due to independent rounding.

Table 11: Third and fourth quarter world oil demand comparison for 2006, mb/d

			Change 2006/05				Change 2006/05	
	3Q05	3Q06	Volume	%	4Q05	4Q06	Volume	%
North America	25.47	25.80	0.33	1.29	25.44	25.90	0.46	1.82
Western Europe	15.71	15.75	0.04	0.24	15.73	15.82	0.09	0.59
OECD Pacific	8.12	8.15	0.03	0.43	8.83	8.98	0.15	1.69
Total OECD	**49.29**	**49.70**	**0.40**	**0.82**	**49.99**	**50.70**	**0.70**	**1.41**
Other Asia	8.42	8.58	0.17	1.97	8.62	8.89	0.27	3.12
Latin America	5.13	5.24	0.11	2.09	5.08	5.14	0.05	1.08
Middle East	5.93	6.14	0.21	3.60	5.78	6.11	0.33	5.64
Africa	2.78	2.85	0.07	2.53	2.87	2.97	0.10	3.42
Total DCs	**22.26**	**22.82**	**0.56**	**2.50**	**22.36**	**23.10**	**0.75**	**3.34**
FSU	3.82	3.85	0.04	0.95	3.97	4.10	0.13	3.20
Other Europe	0.87	0.87	0.00	-0.22	0.86	0.87	0.01	1.27
China	6.43	6.84	0.41	6.36	6.64	7.05	0.41	6.19
Total "Other Regions"	**11.12**	**11.56**	**0.44**	**3.99**	**11.47**	**12.02**	**0.55**	**4.78**
Total world	**82.67**	**84.07**	**1.40**	**1.70**	**83.82**	**85.82**	**2.00**	**2.39**

Totals may not add due to independent rounding.

World Oil Supply

The estimate for non-OPEC supply growth in 2005 remains broadly unchanged at 0.2 mb/d

Non-OPEC

Estimate for 2005

Non-OPEC supply in 2005 is expected to average 50.1 mb/d, representing an increase of 0.2 mb/d over 2004. Baseline revisions to the 2004 and 2005 estimates have resulted in a slight adjustment to the level of non-OPEC supply, but not to growth.

Revisions to the 2004 and 2005 estimate

The full year estimate for 2004 has been revised up 7,000 b/d to account for a higher baseline than previously assessed. For 2005, the level of non-OPEC supply has also been revised up 29,000 b/d due to the impact of historical revisions in the UK, and the inclusion of actual data for India, Vietnam, Malaysia, Syria, Yemen and China.

Table 12: Non-OPEC oil supply in 2005, mb/d

	2004	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04
North America	14.56	14.40	14.57	13.74	13.54	14.06	-0.50
Western Europe	6.15	6.01	5.73	5.49	5.57	5.70	-0.45
OECD Pacific	0.57	0.54	0.62	0.59	0.56	0.58	0.00
Total OECD	**21.28**	**20.95**	**20.92**	**19.82**	**19.67**	**20.33**	**-0.94**
Other Asia	2.61	2.71	2.70	2.66	2.69	2.69	0.08
Latin America	4.07	4.18	4.38	4.33	4.34	4.31	0.24
Middle East	1.91	1.86	1.85	1.84	1.82	1.84	-0.07
Africa	3.42	3.60	3.64	3.79	3.93	3.74	0.32
Total DCs	**12.01**	**12.36**	**12.57**	**12.62**	**12.78**	**12.58**	**0.57**
FSU	11.15	11.39	11.47	11.62	11.86	11.59	0.43
Other Europe	0.16	0.16	0.16	0.16	0.16	0.16	0.00
China	3.49	3.63	3.61	3.64	3.59	3.62	0.13
Total "Other regions"	**14.79**	**15.18**	**15.24**	**15.42**	**15.61**	**15.36**	**0.57**
Total Non-OPEC production	**48.08**	**48.48**	**48.73**	**47.85**	**48.06**	**48.28**	**0.20**
Processing gains	1.83	1.88	1.85	1.84	1.88	1.86	0.03
Total Non-OPEC supply	**49.91**	**50.36**	**50.58**	**49.69**	**49.94**	**50.14**	**0.23**
Previous estimate	49.90	50.33	50.57	49.65	49.91	50.11	0.21
Revision	**0.01**	**0.03**	**0.02**	**0.04**	**0.03**	**0.03**	**0.02**

Non-OPEC supply growth forecast for 2006 is estimated at 1.4 mb/d; including OPEC NGLs, total growth is estimated at 1.7 mb/d

Forecast for 2006

Non-OPEC oil supply for 2006 is expected to average 51.5 mb/d, an increase of 1.4 mb/d over 2005, broadly unchanged from the last assessment, but the impact of historical revisions and actual data, recently announced maintenance plans, unscheduled shutdowns as well as adjustments to project schedules have resulted in a material revision in the quarterly breakdown. In particular, the outlook of the US, Canada, Norway, UK, Australia, Philippines, Angola, Azerbaijan, and China have been adjusted. Major uncertainties remain in the second half including the expected path of recovery for US Gulf of Mexico (GoM), and a potential slide in the start up of some fields from 4Q06 to 2007.

On a quarterly basis, non-OPEC supply is expected to average 50.7 mb/d, 51 mb/d, 51.6 mb/d, and 52.9 mb/d in the first, second, third and fourth quarters, representing an upward revision of 99,000 b/d in the first quarter, downward revision of 285,000 b/d in the second, upward revision of 248,000 b/d in the third and 258,000 in the fourth.

Affected production in February is estimated at 0.6 mb/d, half the level of January

Preliminary data for February 2006 puts total non-OPEC supply at 50.7 mb/d, slightly higher than the revised January figure of 50.4 mb/d, and 0.4 mb/d higher y-o-y. A total of 0.6 mb/d was affected during February including the US GoM. Looking into March, the loss of 0.1 mb/d at Prudhoe bay is the most material; all other shutdowns including those in Norway and Canada, proved to be short-lived (see March report for details) whilst the US GoM recovered only marginally month-on- month averaging 0.35 mb/d.

In the first quarter of 2006 average losses related to unplanned shutdowns, deeper maintenance, weather impact, accidents, and strikes are estimated at 1 mb/d in January and 0.6 mb/d in February and March, the bulk of which is concentrated in the OECD. In April, early indicators suggest that total affected production may be larger than in March, but this is expected to be offset by increases elsewhere, underpinned by strong growth in non-OECD. Prudhoe Bay is likely to produce around 30,000 b/d below capacity, Ecuador is still facing challenges in restoring full output due to damage to the export pipelines and strikes, while in Angola the 200,000 b/d Girasol development will be offline for an extended period of time in April/May to under go maintenance and technical upgrades. In Norway, the latest maintenance schedule also suggests that some 300,000 b/d will be out for the month, much higher than previously anticipated. The US GoM is also not expected to see any significant improvement.

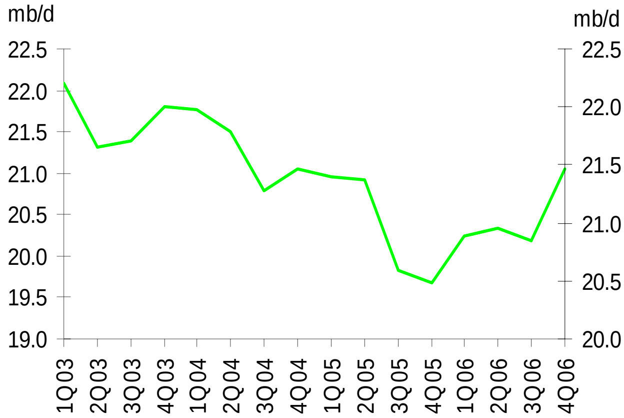
Table 13: Non-OPEC oil supply in 2006, mb/d

	2005	1Q06	2Q06	3Q06	4Q06	2006	Change 06/05
North America	14.06	14.20	14.41	14.39	14.90	14.48	0.42
Western Europe	5.70	5.55	5.42	5.14	5.49	5.40	-0.30
OECD Pacific	0.58	0.50	0.52	0.64	0.66	0.58	0.00
Total OECD	**20.33**	**20.25**	**20.35**	**20.18**	**21.05**	**20.46**	**0.12**
Other Asia	2.69	2.72	2.71	2.76	2.75	2.73	0.04
Latin America	4.31	4.37	4.46	4.61	4.65	4.52	0.22
Middle East	1.84	1.81	1.82	1.81	1.80	1.81	-0.03
Africa	3.74	4.01	4.05	4.38	4.66	4.28	0.54
Total DCs	**12.58**	**12.91**	**13.04**	**13.56**	**13.86**	**13.35**	**0.76**
FSU	11.59	11.77	11.94	12.10	12.20	12.00	0.42
Other Europe	0.16	0.17	0.17	0.17	0.17	0.17	0.01
China	3.62	3.70	3.66	3.69	3.67	3.68	0.06
Total "Other regions"	**15.36**	**15.64**	**15.76**	**15.96**	**16.04**	**15.85**	**0.49**
Total Non-OPEC production	**48.28**	**48.79**	**49.15**	**49.69**	**50.95**	**49.65**	**1.37**
Processing gains	1.86	1.88	1.87	1.87	1.93	1.89	0.02
Total Non-OPEC supply	**50.14**	**50.67**	**51.02**	**51.56**	**52.88**	**51.54**	**1.40**
Previous estimate	50.11	50.58	51.31	51.31	52.62	51.46	1.35
Revision	**0.03**	**0.10**	**-0.29**	**0.25**	**0.26**	**0.08**	**0.05**

OECD

OECD oil supply is expected to average 20.5 mb/d, representing an increase of 120,000 b/d versus the previous year and unchanged from last month's report. The outlook for the US and Australia has been revised slightly down, whilst that of Canada has been revised upward.

Graph 22: OECD's quarterly production



USA

GoM recovery below expectations

US oil supply is expected to average 7.4 mb/d in 2006, an increase of 130,000 b/d versus 2005, but slightly lower versus the last assessment. On a quarterly basis, US oil supply is expected to average 7.2 mb/d, 7.4 mb/d, 7.4 mb/d, and 7. 7 mb/d in the first, second, third, and fourth quarters respectively. The revision reflects a slightly worse expectation for the recovery of the US GoM in 2Q06 and 3Q06. Assumed GoM losses in 2Q06 have been adjusted to 280,000 from a previous estimate of 200,000 b/d while for 3Q06 losses are now assumed at 100,000 b/d compared to a previous 50,000 b/d. Additionally, 50,000 b/d of permanent losses are not expected to recover in 2006, an assumption that remains unchanged. The main fields that are currently shut down include Mars (140,000 b/d), Typhoon (40,000 b/d), and K2 (15,000 b/d).

The second reason for the revisions is related to the problems in Prudhoe Bay gathering centre No 2, which averaged 100,000 b/d in March. Some of these losses will extend into April, but recovery is under way with over 70% of the lost output back on line.

Preliminary data puts average US oil supply at 7.2 mb/d in the 1Q06, reaching 7.2 mb/d in March. The latest weekly preliminary data also indicates that in the first few days of April, US supply averaged 7.2 mb/d. It is important to highlight that despite the lower than expected recovery in the US GoM, oil supply continues to improve due to the combined effect of new start ups and more drilling in conventional matured fields. Looking forward, the greatest uncertainty/risk remains the path of recovery of GoM production, the impact of new storms, and a potential slide in the start up of the Atlantis field from 4Q06 to 2007, which remains unconfirmed.

Mexico and Canada

Mexican oil supply is expected to average 3.8 mb/d in 2006, flat from last year and broadly unchanged from the previous month. The last data available indicates that total oil supply averaged 3.8 mb/d in February, a level which is likely to be maintained in March.

The supply outlook for Canada has improved

Canadian oil supply is expected to average 3.3 mb/d in 2006, representing an increase of 280,000 b/d versus 2005, and a positive revision of 53,000 b/d. Base line production for 2006 is now assessed slightly higher when considering recent production trends in January and February of 3.2 mb/d and 3.3 mb/d respectively resulting is a positive revision to the full year outlook. Unplanned shutdowns during March (see March *MOMR)* are expected to take production down during the month, but total oil supply is expected to rebound to 3.4 mb/d by 4Q06, compared to 3.35 mb/d previously.

Western Europe

Total oil supply in Western Europe is expected to average 5.4 mb/d in 2006, a drop of 300,000 b/d versus 2005 and broadly unchanged from last month. Recent announcements indicate that maintenance levels will be higher than previously assessed, resulting is a significant re distribution of the quarterly production levels in Norway and the UK, and OECD as a whole.

Maintenance levels in Norway and the UK are expected to be higher than previously assessed

Norwegian oil supply is expected to average 2.8 mb/d to 2.9 mb/d in 2006, a drop of 110,000 b/d versus last year broadly unchanged versus last month. On a quarterly basis, oil supply is expected to average 2.9 mb/d, 2.9 mb/d, 2.8 mb/d, and 2.9 mb/d, in the first, second, third and fourth quarters, representing a revision of down 78,000 b/d, up 20,000 b/d, up 89,000 b/d, in the second, third, and fourth respectively. On a monthly basis, maintenance levels are expected to be in the order of 250,000 b/d and 300,000 b/d in the second and third quarters, respectively. January and February production averaged 2.9 mb/d in each month.

UK oil supply is expected to average 1.7 mb/d, which represents a drop of 160,000 b/d versus 2005. Recent official data indicates that the baseline for the UK is slightly higher (around 30,000 b/d) than previously assessed, and this has now been incorporated in the historical data and forecast. Maintenance levels have also been re adjusted, but peak is still estimated to take place in 3Q06 at 130,000 – 150,000 b/d, but more fields may be added to the list in the coming months. On a quarterly basis, supply is expected to average 1.8 mb/d, 1.7 mb/d, 1.6 mb/d, 1.8 mb/d in the first, second, third and fourth quarters, representing a revision of up 20,000 b/d, down 76,000 b/d, up 122,000 b/d, and 58,000 b/d respectively. January and February production is currently assessed at 1.8 for each month.

Elsewhere in Europe, Danish oil supply is expected average 360,000 b/d, a drop of 20,000 b/d versus last year and unchanged from last month's report. The estimate for the first quarter has been revised down 20,000 b/d to reflect lower than expected production in January - March; but the following quarters remain unchanged. The outlook for other European producers combined, which collectively produce around 0.45 mb/d, has been revised down by 15,000 b/d based on lower than expected production in the Netherlands and Austria among others.

Asia Pacific

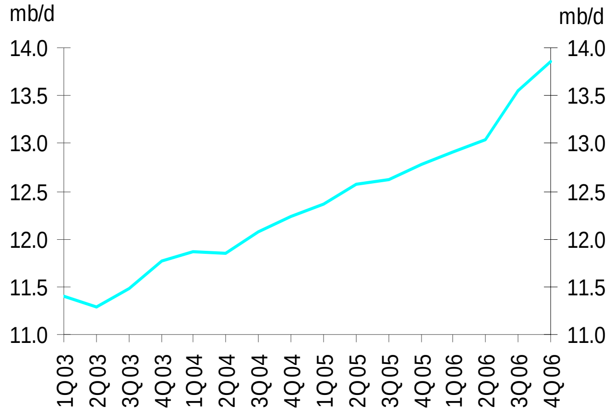
Oil supply in the Asia Pacific region is expected to average 580,000 b/d in 2006 or 22,000 b/d lower than previously thought. The region has come under pressure due to intense cyclone activity which has resulted in the shutdown of oil and gas production during January, March and April in Australia.

Australia's oil production is expected to recover in March; Enfield project to start early 3Q

Australian oil supply is now expected to average 540,000 b/d in 2006, a downward revision of 18,000 b/d versus last month. Total oil supply averaged 380,000 b/d and 460,000 b/d in January and February, respectively, or 150,000 b/d and 100,000 b/d below capacity. Preliminary March data suggests that oil production edged slightly higher but still remain below 500,000 b/d due to ongoing shutdowns and mechanical problems. Australia's Enfield project (100,000 b/d) is expected to start early in 3Q06 as detailed in last month's report. The project is one of the largest to enter into production in the last few years, and will make a significant contribution to the production in the second half. In New Zealand, the start up of the Pohokura project (20,000 b/d) has slipped from 2Q to 3Q06, resulting in a slight revision there.

Developing Countries

Graph 23: Developing Countries' quarterly production



Oil supply in the Developing Countries (DCs) is expected to average 13.3 mb/d, an increase of 0.7 mb/d over 2005 and broadly unchanged from last month's report. The main changes in the outlook took place in India, Vietnam, Argentina, Angola, and Gabon all of which have been revised slightly up, whilst the outlook of Philippines and Ecuador has been revised down.

Total Indian oil supply is expected to average 0.8 mb/d in 2006 or 40,000 b/d more than in 2005. Recent data for January and February shows production averaging 30,000 b/d higher than previously assessed, and as a result the baseline has been revised up by the same amount. Numerous small marginal fields/wells are being tied back to the infrastructure resulting in better performance and this combined with the unwinding effect of lost production last year due to the fire, the contribution of Sarawati/Raageshwari (20,000 b/d) in 2Q06, and other satellites in the Mumbai South development is expected to keep production in 2006 above last year's level in the second half. In Vietnam, the overall level has been revised up to reflect a higher baseline as assessed by the first two months of data in 2006. Total oil supply is now expected to average 0.38 mb/d, a drop of 10,000 b/d versus 2005. The outlook for Philippines has been revised down following confirmation that the 50,000 b/d Malampaya project will not start until 2007 at the earliest instead of 3Q06. The project has been affected by partner disputes, but now technical issues are hindering the project.

The outlook for Argentina has been revised up also based on higher baseline production. Total oil supply is now expected to average 0.72 mb/d this year, or 13,000 b/d higher than previously thought. In Ecuador, recent problems involving pipeline ruptures, and local strikes have affected production during 1Q06, and this has resulted in a downward revision to the outlook. Ecuador's oil supply is expected to average 0.53 mb/d, down 10,000 b/d versus 2005 and a downward revision of 25,000 b/d. Installed pipeline capacity is around 750,000 b/d most of which is concentrated in the OCP pipeline, but a lack of large scale developments in the short term means that the system will remain under utilized and vulnerable.

Recent information regarding Girasol field off Angola has resulted in a downward revision to the 2Q06 estimate

The full year estimate for Angola remains broadly unchanged, but the quarterly breakdown has been revised materially based on recent information that the Girasol development (200,000 b/d) will be offline for an extended period of time in April/May to under go maintenance and technical upgrades. Additionally, some of the production in Cabinda was affected due to weather. The full year estimate remains broadly unchanged at 1.5 mb/d, however on a quarterly basis, oil supply is expected to average 1.4 mb/d, 1.3 mb/d, 1.5 mb/d, and 1.7 mb/d, in the first, second, third and fourth quarters, representing a revision of down 150,000 b/d, up 93,000 b/d, up 113,000 b/d, in the second, third, and fourth respectively. The main contributors to growth in 2006 include the BBLT Phase I (onstream), Marimba tied back (3Q06) previously assumed to start in 4Q06, and Dalia (4Q06). The outlook for Gabon has been revised slightly up based on indications of higher production in the first months of 1Q06, and the expected contribution of ongoing development work in existing fields by year end. Oil production is expected to average 0.27 mb/d in 2006, or 10,000 b/d higher than last year.

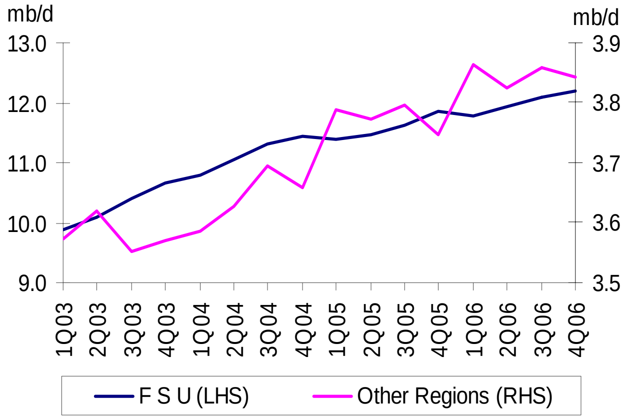
FSU, Other Regions

FSU oil supply is expected to average 12 mb/d, an increase of 0.4 mb/d versus 2005, broadly unchanged from last month. The forecast for Other Regions (Other Europe and China) has been revised up slightly, with total oil supply expected at 3.8 mb/d in 2005 representing an increase of 70,000 b/d from 2005.

Russia

The outlook for Russia remains unchanged. Oil supply is expected to average 9.6 mb/d in 2006, an increase of 180,000 b/d versus 2005. Data for 1Q06 indicates that oil supply averaged 9.5 mb/d, or 18,000 b/d higher than our forecast resulting in a slightly positive adjustment to the 1Q06 figure.

Graph 24: FSU and other region's quarterly production



In April the new tax duty came into force for crude exports which may affect some producers, particularly those that depend on rail exports. It is interesting to notice that despite the level of oil prices seen this year, recent drilling statistic shows that drilling footage is down 7% year on year in January, mainly due to the cold weather, but the trend over the last several months also shows a slight negative/flat slope for the growth in drilling footage, which correlates well with the slowdown in the rate of production growth seen recently.

Caspian, China

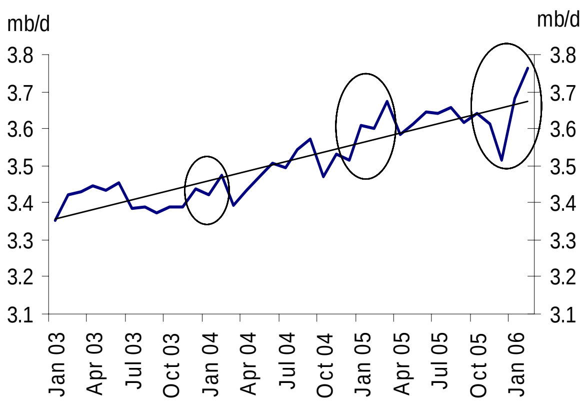
Azeri oil production is expected to average 0.64 mb/d in 2006, an increase of 200,000 b/d versus 2005 and 19,000 b/d higher than previously thought. The performance of the ACG project has been better than expected; the project is reported to have reached 420,000 b/d in January which represents a three fold increase since early 2005. Azeri oil supply averaged 0.56 mb/d in January and 0.6 mb/d in February.

Kazak oil production is expected to average 1.3 mb/d in 2006, an increase of 40,000 b/d over last year, and unchanged from last month. During 1Q06 Kazak oil production averaged 1.22 mb/d, and there are positive signs to suggest that production may now be on a recovery path after a number of accidents, and disputes between the government and operators regarding the issue of gas flaring no longer exist. Additionally, the expansion of the CPC pipeline has now been agreed, the impact of which is likely to be positive for producers as this will allow the continuing expansion and resumption of activities in large projects next year.

The recent increase in China oil production is unlikely to be sustained through the rest of the year

The estimate for China has been revised up slightly to 3.7 mb/d, or 27,000 b/d following indications that the baseline is higher than previously assessed. Year on year growth is now expected to be 60,000 b/d. The latest data shows that total oil production averaged 3.7 mb/d in January and 3.76 mb/d in February, higher than our previous estimate for 1Q06 and this new base has been assumed for the rest of the year, but we don't expect the recent increase to be sustained through 2006 as there are no material projects until next year. It is interesting to re call that in the last three years, there has been significant production increases in China between December and March before it settles back to a new, albeit higher, level through the remainder of the year. Perhaps this is related to the consumption period, but it is not as clear.

Graph 25: Chinese Oil Production



Total OPEC NGLs and non conventional oils is expected to average 4.5 mb/d in 2006

OPEC natural gas liquids and non-conventional oil

OPEC natural gas liquids (NGLs) are expected to average 4.5 mb/d in 2006, representing an increase of 0.3 mb/d versus 2005. Additionally, non-conventional oil is expected to average 0.16 mb/d, broadly unchanged from last year, but the absolute level has been revised down historically, resulting in a lower base for total OPEC NGLs and non-conventional oils.

OPEC non conventional oil is composed of Venezuela's Orimulsion and Saudi Arabia's input into MTBE plants. However, the estimate for Orimulsion has been revised down for the 2003 – 2005 period to reflect lower baseline production and a slightly different conversion factor to assess the plant's output. Orimulsion is now estimated to have averaged around 60,000 b/d in 2003 and 90,000 b/d in 2004 and 2005. In 2006, the new forecast assumes a level that is slightly lower than last year due to the shutdown of the Morichal plant operated by PDVSA, which ceased production as of 1 April 2006 and the expected build up of the new Sinovensa plant (JV between PDVSA, CNPC, Petrochina) to around 110,000 - 120,000 b/d by end 2006. The plant began operations on 1 April according to JV partners and is expected to make its first delivery by the end of the month.

Table 14: OPEC NGL + non-conventional oils - 2002-2006

2002	2003	2004	Change 04/03	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04	2006	Change 06/05
3.60	**3.71**	**4.02**	**0.31**	4.13	4.18	4.23	4.28	**4.21**	0.19	**4.50**	0.29

OPEC output averaged 29.6 mb/d in March

OPEC crude oil production

Total crude oil production averaged 29.6 mb/d in March, according to secondary sources, a drop of 200,000 b/d from last month. Iraq's oil production was 1.8 mb/d as loading and weather conditions continue to improve. However, Nigerian oil production continues to be affected by community disturbances in some parts of the Delta, and more specifically the shutdown of the Forcados terminal and EA field.

Table 15: OPEC crude oil production based on secondary sources, 1,000 b/d

	2004	2005	2Q05	3Q05	4Q05	Jan 06	Feb 06	Mar 06	*Mar/ Feb*
Algeria	1,228	1,349	1,344	1,366	1,374	1,377	1,374	1,377	*2.8*
Indonesia	968	942	945	937	935	921	923	922	*-0.1*
IR Iran	3,920	3,924	3,946	3,937	3,911	3,824	3,868	3,866	*-2.3*
Iraq	2,015	1,829	1,841	1,968	1,675	1,551	1,794	1,803	*8.4*
Kuwait	2,344	2,504	2,505	2,524	2,548	2,544	2,540	2,531	*-8.7*
SP Libyan AJ	1,537	1,642	1,634	1,654	1,665	1,668	1,682	1,684	*2.3*
Nigeria	2,352	2,413	2,423	2,423	2,470	2,384	2,299	2,122	*-177.2*
Qatar	777	795	794	796	806	811	810	816	*6.0*
Saudi Arabia	8,982	9,404	9,456	9,498	9,439	9,398	9,394	9,379	*-15.2*
UAE	2,360	2,447	2,398	2,478	2,518	2,496	2,515	2,516	*1.0*
Venezuela	2,582	2,637	2,640	2,618	2,592	2,580	2,605	2,596	*-8.1*
OPEC-10	**27,049**	**28,057**	**28,084**	**28,232**	**28,258**	**28,003**	**28,009**	**27,810**	***-199.4***
Total OPEC	**29,064**	**29,886**	**29,925**	**30,199**	**29,933**	**29,554**	**29,803**	**29,612**	***-191.0***

Totals may not add due to independent rounding.

Total FSU net oil exports are expected to average 8.1 mb/d in 2006

FSU net oil exports (crude and products)

The forecast for 2006 shows FSU net oil exports averaging 8.1 mb/d, which represents an increase of 0.3 mb/d over 2005. In 2005, FSU net oil exports averaged 7.7 mb/d, or 0.4 mb/d higher than the previous year. During 1Q06, FSU exports came under pressure due to cold weather, resulting in a significant drop in January versus December. However, February data and preliminary indications for March suggest that net oil exports are on the rise again, for both crude and products. In fact, all routes for crude are showing month on month increases, except high cost rail exports. To note is the significant increase on Azeri oil exports via the Batumi port in Georgia.

Table 16: FSU estimated net oil exports (historical and forecast), mb/d

	1Q	2Q	3Q	4Q	Year	Growth (y-o-y)
2002	5.14	5.84	5.85	5.49	**5.58**	**0.99**
2003	5.87	6.75	6.72	6.61	**6.49**	**0.91**
2004	7.17	7.30	7.38	7.37	**7.31**	**0.82**
2005	**7.49**	**7.73**	**7.81**	**7.89**	**7.73**	**0.42**
2006 (forecast)	**7.75**	**8.24**	**8.25**	**8.10**	**8.09**	**0.36**

Recent exports of crude and products by source, mb/d

	2004	2005	2Q05	3Q05	4Q05	Jan 06	Feb 06
Crude							
Russian pipeline							
Black Sea	1,283	1,335	1,279	1,335	1,284	1,253	1,376
Baltic	1,396	1,462	1,469	1,456	1,486	1,391	1,491
Druzhba	1,256	1,315	1,258	1,320	1,397	1,323	1,411
Total	**3,935**	**4,112**	**4,006**	**4,111**	**4,167**	**3,967**	**4,278**
Other routes							
Russian rail	706	416	474	333	268	332	308
Russian - Far East	32	65	133	103	71	22	21
Kazak rail	24	17	16	13	19	45	45
CPC pipeline	490	648	635	629	669	595	593
Caspian	252	295	270	305	363	318	382
of which							
Supsa (AIOC) - Georgia	130	137	142	140	143	135	155
Batumi - Georgia	99	140	121	147	203	166	207
Total	**1,504**	**1,441**	**1,529**	**1,382**	**1,390**	**1,312**	**1,349**
Total crude exports	**5,439**	**5,553**	**5,535**	**5,493**	**5,557**	**5,279**	**5,627**
Products							
All routes							
Fuel oil	753	836	757	913	931	955	773
Gasoil	702	759	686	762	765	934	924
Others	413	575	753	638	633	696	770
Total	**1,868**	**2,170**	**2,196**	**2,312**	**2,330**	**2,585**	**2,467**
Total oil exports	**7,307**	**7,723**	**7,731**	**7,805**	**7,887**	**7,864**	**8,094**

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

Rig Count

Non-OPEC rig activity stood at 2,791 rigs in March

Non-OPEC

Non-OPEC rig count stood at 2,791 rigs in March, which represents a decrease of 74 rigs compared to the previous month. Of the total, 277 rigs were operating offshore and 2,514 onshore. In terms of oil and gas split, 824 rigs were drilling for oil, while the rest was drilling for gas. Regionally, North America lost 71 rigs (mainly Canada), Western Europe lost 5 rigs, and OECD Asia gained 3 rigs, while the Middle East, Africa, Latin America and other Asia lost 13 rigs.

Table 17: Non-OPEC rig count in 2004-2005

	2004	2005	05/04	Feb 06	Mar 06	Change Mar/Feb
North America	1,669	1,975	306	2,327	2,256	-71
Western Europe	65	65	0	80	75	-5
OECD Pacific	22	25	3	24	27	3
OECD	**1,755**	**2,065**	**310**	**2,431**	**2,358**	**-73**
Other Asia	126	142	16	149	152	3
Latin America	126	141	15	151	140	-11
Middle East	70	72	2	71	73	2
Africa	54	58	4	61	66	5
DCs	**376**	**412**	**36**	**432**	**431**	**-1**
FSU	na	na	na	na	na	na
Other Europe	2	3	1	2	2	0
China	na	na	na	na	na	na
Other regions	na	na	na	na	na	na
Total non-OPEC	**2,132**	**2,479**	**347**	**2,865**	**2,791**	**-74**

Totals may not add due to independent rounding.
na: not available.
Source: Baker Hughes International.

OPEC rig count stood at 317 in March

OPEC

OPEC rig count stood at 317 rigs in March, representing an increase of 10 rigs over the previous month. Gains took place in Algeria (1), Iran (3), Nigeria (2), Saudi Arabia (8) and Venezuela (2). Of the total, 76 rigs were operating offshore and 241 onshore. In terms of oil and gas split, there were 255 oil rigs operating and the rest was gas rigs.

Table 18: OPEC rig count in 2004-2005

	2004	2005	05/04	Feb06	Mar06	Change Mar/Feb
Algeria	19	21	2	21	22	1
Indonesia	49	54	5	54	52	-2
IR Iran	41	40	-1	39	42	3
Iraq	na	na	na	na	na	na
Kuwait	10	12	2	13	13	0
SP Libyan AJ	10	9	-1	9	9	0
Nigeria	8	9	1	9	11	2
Qatar	9	12	3	14	11	-3
Saudi Arabia	32	36	4	52	60	8
UAE	16	16	0	17	16	-1
Venezuela	55	67	12	79	81	2
Total OPEC	**249**	**276**	**27**	**307**	**317**	**10**

Totals may not add due to independent rounding.
na: not available.
Source: Baker Hughes International.

Oil Trade

OECD total crude and product imports remained almost unchanged in March, while exports went down by 232,000 b/d

OECD

Preliminary data shows OECD crude oil imports in March fell by 27,000 b/d to 31.7 mb/d while product imports rose by 15,000 b/d to almost 11 mb/d. The drop in crude oil imports for the first time this year came as a result of the seasonal slowdown in refinery demand due to maintenance. Exports of both crude oil and products fell for the first time since November 2005 with crude oil exports declining by almost 148,000 b/d to 7.2 mb/d and product exports falling by 84,000 b/d to 8.0 mb/d. Consequently, OECD total net crude and product imports increased by 121 000 b/d to 24.5 mb/d and by 99,000 b/d to 2.9 mb/d respectively, which led to total net oil imports of 27.4 mb/d. Compared to a year earlier, OECD crude oil net imports were 711,000 b/d or 3% higher and product net imports 51,000 b/d or 1.7% lower. Saudi Arabia remained the main supplier of OECD crude with 16% followed by FSU with 15%. Products were supplied by several countries with the maximum share of 5% attributed to the Netherlands and FSU.

Table 19: OECD Crude and Product Net Imports/(Exports), tb/d

	Jan 06	Feb 06	Mar 06	Change Mar/Feb
Crude Oil	24,328	24,347	24,468	121
Total Products	2,785	2,848	2,947	99
Total crude and products	27,113	27,195	27,415	220

US crude oil and product imports dropped by 673,000 b/d in March

USA

US crude oil imports averaged 9.9 mb/d in March, which corresponds to a decline of 147,000 b/d from the previous month and 590,000 b/d or 6% lower than a year earlier. Product imports declined significantly losing 526,000 b/d or 15% to stand at nearly 3.1 mb/d. Contrary to crude oil, product imports were 215,000 b/d higher than in the corresponding month of last year. The drop in both crude and product imports in March, which pushed total US total oil imports below 13 mb/d, was due to lower seasonal refinery demand for crude oil and the warm weather which dampened demand for products. In addition, high inventories contributed to the weakness in US imports. US total oil exports increased by 86,000 b/d to around 1.0 mb/d, with 98% belonging to petroleum products. With exports at 1.0 mb/d, US total net imports of crude oil and products averaged 12 mb/d, with crude oil at 9.9 mb/d and products at almost 2.1 mb/d. However, compared to a year earlier, US total net crude oil and product imports were 70,000 b/d lower in March. US crude oil imports from Saudi Arabia, Nigeria, Venezuela, and Angola were 110,000-130,000 b/d lower, depending on the origin, while imports from Canada or Mexico were around 30,000 b/d higher, compared to the previous month.

Compared to a year earlier, Canada's and Nigeria's shares in US crude imports increased by around 3 percentage points each to stand at 17% and 12%, respectively. However, Mexico's share remained almost stable at 16%, while Saudi Arabia saw its share lose 2 percentage points to 13% and Venezuela lost 3 percentage points to 10%. On the product side, US imports remained dominated by Canada with 15% and the Virgin Islands with 10%.

Table 20: USA Crude and Product Net Imports/(Exports), tb/d

	Jan 06	Feb 06	Mar 06	Change Mar/Feb
Crude Oil	9,693	10,020	9,873	-147
Total Products	2,865	2,668	2,056	-612
Total crude and products	12,558	12,688	11,929	-759

Japan's total oil imports increased slightly in March

Japan

Japan's crude oil import growth slowed 17,000 b/d in March to average 4.2 mb/d compared to an increase of more than 140,000 b/d observed in the previous month while product imports remained unchanged at almost 1 mb/d. With 290,000 b/d of products exported, Japan's net oil imports accounted for around 4.9 mb/d. Compared to a year earlier, Japan's net oil imports were 635,000 b/d lower with crude oil contributing 46% to the drop and products 54%. Saudi Arabia remained the main supplier of Japan's crude oil with 30%, followed by UAE with 24%, Iran with 13% and Qatar with 8%. The shares of different suppliers remained almost unchanged from a year earlier. For products, UAE and Saudi Arabia remained the main suppliers followed by South Korea and USA.

Table 21: Japan's Crude and Product Net Imports/(Exports), tb/d

	Jan 06	Feb 06	Mar 06	Change Mar/Feb
Crude Oil	4,038	4,181	4,198	17
Total Products	809	656	665	9
Total crude and products	4,847	4,837	4,863	26

China

China's total oil imports increased by 54,000 b/d to 4 mb/d in February

In February 2006, China's imports saw the opposite trend of the previous month with crude oil imports declining and product imports rising. After two consecutive increases between November 2005 and January 2006 totaling 600,000 b/d, crude oil imports dropped by 48,000 b/d in February to average 3 mb/d, while product imports increased by around 100,000 b/d to 0.86 mb/d. This trend can be explained to some extent by the slowdown in Chinese crude oil demand due to refinery maintenance and the compensation of product supply by imports. Compared to February, crude oil imports were 370,000 b/d higher in March, while products remained almost unchanged. With exports of crude oil and products increasing by 20,000 b/d and 45,000 b/d to average 0.1 mb/d and 0.3 mb/d respectively, China's total net imports of crude oil and products showed a marginal drop of 11,000 b/d to 3.5 mb/d in February, which corresponds to a y-o-y growth of nearly 190,000 b/d or 6%.

February saw a sharp 220,000 b/d increase in imports from Angola to average 582,000 b/d. As a result Angola moved from the main supplier of China with 19% of total crude oil imports followed by Saudi Arabia with 18%, Iran with 11% and Oman and Russia with 9% each. Imports from Iran — the main supplier in January — fell by 90,000 b/d. The strong growth in Chinese imports from Angola corresponds to the need to comply with product specifications as refining capacity for processing sour crude appears to be insufficient. In addition, lower freight rates and improved arbitrage opportunities contributed to the surge in crude imports from West Africa.

Table 22: China's Crude and Product Net Imports/(Exports), tb/d

	Dec 05	Jan 06	Feb 06	Change Feb/Jan
Crude Oil	2,352	3,021	2,953	-68
Total Products	653	481	537	56
Total crude and products	3,005	3,502	3,490	-11

India

India's oil imports remained stable in February, while product exports stayed above 0.5 mb/d

In February, India's crude oil and product imports remained unchanged at 2.2 mb/d and 0.2 mb/d respectively, but compared to the corresponding month of last year, the picture is different with crude oil imports showing a growth of 392,000 b/d or 21% while products displayed a drop of 170,000 b/d or almost 50%.

Exports of products averaged 0.5 mb/d, a fall of 35,000 b/d from the previous month but 92,000 b/d or 22% higher than the same period last year. As a result, India's net total oil imports showed a growth of 33,000 b/d or 1.8% to average 1.9 mb/d in February with 2.2 mb/d of crude oil imports and 0.3 mb/d of net product exports. India's product imports were 170,000 b/d lower than a year earlier, while exports rose 92,000 b/d corresponding to net export growth of 262,000 b/d. However, it should be noted that product exports were very low in February of last year at just 70,000 b/d compared to 164,000 b/d in January of that year and 194,000 b/d in December 2004.

Table 23: India's Crude and Product Net Imports/(Exports), tb/d

	Dec 05	Jan 06	Feb 06	Change Feb/Jan
Crude Oil	2,191	2,237	2,237	0
Total Products	-373	-365	-331	34
Total crude and products	1,818	1,872	1,906	33

Stock Movements

US commercial oil stocks plummeted 16.5 mb in March, with a 4.6 mb fall in the last week. Crude oil inventory builds slightly offset the considerable fall in product stocks

USA

Taking in aggregate, US commercial oil stocks recorded a decline of 16.5 mb or 0.6 mb/d over the previous month to stand at 1,007.6 mb in March. This fall was considerably stronger than in the previous month, but the overall level remained 4% and 8% above the year-ago surplus and the five-year figure. The considerable decline in product inventories, which was somewhat attenuated by a build in crude oil stocks, accounted for this performance on a monthly basis. Similarly, the week ended 31 March saw an impressive drop of around 5 mb prompted by larger-than-expected draws on gasoline, diesel and heating oil stocks.

Compared to the previous month, crude oil stocks continued to experience a surplus, increasing by 10 mb to almost 343.2 mb or 8% higher than the same month last year and 15% above the five-year average, boosting forward cover to 23.5 days. In volume terms, this level was the highest since 1998 and occurred despite an increase of 0.7% in refinery runs over the previous month, which was most likely due to a gradual recovery in the US Gulf Coast, although data from late March points to a slower-than-expected recovery in refinery throughput in the region as some 23% of capacity remains shut in. The growth in crude inventories was moderated by a cut in imports which slid by 199,000 b/d from February to reach 9.8 mb/d, a decrease of 302,000 b/d relative to the same time last year, discouraged by unfavorable arbitrage possibilities in the earlier weeks. Worries about the lack of storage in some areas of the USA continued to be the single issue of concern regarding crude oil.

In contrast, the development in product inventories highlighting ongoing fears regarding the possibility of tight gasoline markets. From February, the surplus turned into a deficit of 12 mb or 0.4 mb/d to stand at 211.9 mb, reducing the size of the gap with the five-year average from around 7% to 4% relative to the last month and year ago levels. In days of cover, gasoline stocks declined from 25 days to 23.3 days between the last weeks of February and March, falling back to parity to the five-year average from a 2% surplus in February and below the year-ago figure. The draw on gasoline stocks appears to be associated with declining imports which dropped by 37,000 b/d on a monthly basis amid lower refinery runs and a slow-down in production from February. One contributing factor behind the movement in gasoline inventories during March might have been the change from winter to summer grades as well as the transition to ethanol RFG with refiners cutting gasoline yields by 0.8% to 54.6% in the week ended 31 March. As noted in the previous *MOMR*, gasoline fundamentals look bullish, possibly heralding potential summer supply shortages due to extended refinery maintenance, delays in restarting some units, the switch to ethanol RFG and the availability for imports from Europe. The future trend in the gasoline market will primarily rely on forecast domestic demand, the supply available from Europe and the reaction of refiners to possible higher margins. It has been argued that data on gasoline stock-draws is over-estimated due to the inclusion of the blending components stocks, which are already included in finished gasoline supply. However, such components account for only 0.24 mb of the decline for the week ended 31 March. Consequently, overall data appears bullish for products and refinery cracks.

When it comes to distillate inventories, booming demand owing to the late cold weather in the main consuming area PADD 1, combined with a curb down in production, increased the deficit by 11.2 mb in March to stand at 121 mb, in spite of higher imports. Nevertheless, distillate stocks were still above historically high levels with forward cover at 29.2 days, a rise of 21% and 12% above last year’s figure and the five-year average respectively. Heating oil stocks explain most of the decline in distillate inventories, falling in March compared to February.

Figures for the week ended 7 April indicate that gasoline inventories plunged by **3.9 mb for five consecutive weeks leading the forward cover into a negative territory, 3% lower than the same time last year and 2% below the five-year average. This was mainly due to declining production,** caused by the heavy maintenance schedule, refinery restart delays and the specification changes.

Gasoline remains the main issue in the oil market because of expected higher demand in the approaching driving season. The positive sign is that Europe may be in a position to provide exports to the USA, as refiners were reported to have filled their storages with non-oxygenated gasoline. Nevertheless, the final outcome in the gasoline market in the coming months will heavily depend on the rise in production following the maintenance seen, the impact of specification changes, the increase in demand in the driving season and availability of imports.

Assuming that rising gasoline prices in USA may encourage imports, that the higher costs owing to specification changes guarantee adequate profits and that the end of the maintenance season in Europe and the USA may lead to a recovery of output, the market might end up seeing both healthy supply and high prices. Diesel stocks saw a large 2.8 mb drop caused by increased demand due to the planting season, while heating oil inventories also slumped by 1.4 mb due to the cold weather in the PADD-1 region. Despite this, the stock levels of both diesel and heating oil look healthy with a cushion of 10% against the five-year average.

Table 24: US onland commercial petroleum stocks*, mb

	Jan 06	Feb 06	Mar 06	Change Feb 06/Jan 06	Mar 05	7 Apr 06**
Crude oil	321.0	333.2	343.2	10.0	318.3	346.0
Gasoline	219.0	224.1	211.9	-12.2	212.2	207.9
Distillate fuel	136.3	132.2	121.0	-11.2	104.9	117.4
Residual fuel oil	40.9	41.7	39.7	-2.0	39.5	40.1
Jet fuel	44.6	43.3	41.8	-1.5	37.9	41.3
Total	**1022.2**	**1024.1**	**1007.6**	**-16.5**	**969.0**	**1005.3**
SPR	683.7	684.7	686.3	1.6	688.0	686.5

* *At end of month, unless otherwise stated.*

** *Latest available data at time of report's release.*

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

Western Europe

Eur-16 stocks inched down 9.8 mb in March driven by a collective drop in total product inventories despite a surplus in crude

Total oil stocks in Eur-16 (EU-15 plus Norway) presented a mixed picture in March. Crude oil inventories saw a recovery while total product stocks experienced a hefty decline resulting in a fall of 9.83 mb or 0.334 mb/d to 1,136.8 mb in total stocks versus February. However, inventories still look comfortable at 2.2% above a year earlier and 7% against the five-year average.

The deficit in crude oil stocks which occurred in February turned into a surplus of 5.2 mb to 482.4 mb, a gain of 5% compared to the five-year average and a 2 % increase from a year earlier following the slump in crude runs. This corresponds to a capacity utilization rate of 89.7% in March compared to 91.7% in February and 91.8% in March last year.

The focus of attention in Europe in March was also gasoline. Except for Spain and Italy, European gasoline stocks plunged by 4.0 mb or 2.7% from February to stand at 143.5 mb, representing a fall of 3% and 4% versus a year ago and the five-year average. Refinery maintenance turnaround together with greater exports to the tight US gasoline market accounted for this outcome. This represents a bullish factor in the gasoline market because of the possibly reduced ability of Europe to cushion supply shocks in USA at the edge of the summer driving season. Also, refinery turnarounds in Europe are expected to be light in the coming months with the peak already being achieved in March, but problems may stem from gasoline specification changes in the USA. As a consequence of persistent low temperatures across Northern Europe and lower Russian exports from the Baltic owing to cold weather, heating oil demand has risen expanding the middle distillate deficit by 7.5 mb from February, but remaining about 8% above the previous year and 14% higher than the five-year average.

Table 25: Western Europe's oil stocks*, mb

	Jan 06	Feb 06	Mar 06	Change Mar 06/Feb 06	Mar 05
Crude oil	480.2	477.2	482.4	5.2	480.6
Mogas	147.4	147.5	143.5	-4.0	147.6
Naphtha	26.0	26.4	25.5	-0.9	27.4
Middle distillates	392.7	386.6	379.1	-7.5	353.7
Fuel oils	114.6	109.0	106.4	-2.6	103.5
Total products	654.6	643.0	628.9	-14.1	604.8
Overall total	**1,160.8**	**1,146.6**	**1,136.8**	**-9.8**	**1,112.8**

** At end of month, with region consisting of the Eur–16.*
Source: Argus, Euroilstock.

Japan

Commercial oil stocks in Japan achieved a surplus of 2 mb in February, although total product inventories experiencing a deficit of 1.5 mb

In contrast to the previous month, the deficit of commercial oil stocks in Japan turned into a surplus of 2 mb or 0.07 mb/d to stand at 162.6 mb in February, reversing the seasonal pattern from 2002. Nevertheless, this was still 5% lower than a year ago and 4% below the five-year average. The rise in commercial stocks took place entirely on the back of a considerable built of crude oil as total product stocks reported a deficit.

The three-month downward trend in commercial oil stocks was reversed in February. As reported by MITI, crude oil stock escalated by 3.5 mb to stand at 98.6 mb. The y-o-y and five-year average declined by 9.8% and 7% respectively, which was modest compared to previous declines of 18% and 11% in January. Likewise, according to the Petroleum Association of Japan (PAJ) crude oil stocks fell during the week ended 4 February, but there was a recovery over the next three weeks, with an upsurge of around 12 mb between the last and the first week of February. This performance can be attributed to maintenance which declined by 2% on a monthly basis. Total major product inventories, which consist of gasoline, middle distillates and residual fuel oil, experienced a drop of 1.5 mb or 50,000 b/d compared to last month to stand at 64 mb, but still provided a 5% cushion against the year ago level. The lower refinery utilization rate pulled down product inventories despite weaker domestic demand, with middle distillate inventories falling by 4.7% as a result of a deterioration in gasoil, fuel oil A and BC, lubricating oil and others inventories which overcame the recovery in kerosene, naphtha and jet fuel stocks. Compared to the previous month, the surplus in gasoil and fuel oil BC stocks turned into a deficit of 5% and 1.3% due to growing demand and lower production respectively. In contrast, kerosene stocks experienced an important recovery on a monthly basis due to lower demand. According to the PAJ, kerosene/jet inventories were 31% above a year ago in the week ended 4 March. As in other markets, the major point of concern in Japan by the end of February is the tight gasoline market. Gasoline inventories fell a slight 0.1 mb to stand at 13.7 mb from the previous month, a level 11.7% lower than one year ago and 6% below the five-year average. Data reported by PAJ indicates negative weekly growth rates for gasoline inventories of 0.6% and 0.5% respectively for February and March as a result of heavy spring maintenance season. This situation has led Japan to having to compete with the USA for ultra-low sulphur gasoline (ULSG) from South Korea. Higher Nymex gasoline futures and low freight rates are encouraging strong arbitrage flows from Asia to the US market. This situation has been worsened by a set of reported outages and this amid expected heavy maintenance season from April to June might exert a negative impact on gasoline stocks. There was also an upward trend in the naphtha crack as higher Asian gasoline prices led to a tightening of the market of reformer grade naphtha because of the use of more of this product to expand gasoline output in Indonesia, South Korea and the USA which resulted in lower exports to Japan.

Table 26: Japan's commercial oil stocks*, mb

	Dec 05	Jan 06	Feb 06	Change Feb 06/Jan 06	Feb 05
Crude oil	104.8	95.1	98.6	3.5	109.3
Gasoline	12.2	13.7	13.7	0.1	15.6
Middle distillates	35.1	33.1	31.6	-1.6	27.1
Residual fuel oil	17.9	18.7	18.7	0.0	18.3
Total products	65.2	65.5	64.0	-1.5	61.0
Overall total**	**170.0**	**160.6**	**162.6**	**2.0**	**170.3**

* *At end of month.*
** *Includes crude oil and main products only.*
Source: MITI, Japan.

Balance of Supply and Demand

The estimated demand for OPEC crude in 2005 has been revised to 28.8 mb/d

Estimate for 2005

The estimated demand for OPEC crude in 2005 (a-b) has been revised to 28.8 m/d, representing an increase of 0.6 mb/d from last year and a revision of 0.1 mb/d. In the same year, OPEC crude production averaged 29.9 mb/d, and this contributed to a 1 mb/d build in OECD inventories during the year.

Table 27: Summarized supply/demand balance for 2005, mb/d

	2004	1Q05	2Q05	3Q05	4Q05	2005
(a) World Oil Demand	82.14	83.76	82.18	82.67	83.82	83.11
(b) Non-OPEC Supply	53.92	54.49	54.76	53.92	54.22	54.35
Difference (a-b)	28.22	29.26	27.42	28.75	29.60	28.76
OPEC crude oil production	29.06	29.48	29.93	30.20	29.93	29.89
Balance	0.85	0.22	2.51	1.45	0.33	1.13

(1) Including OPEC NGLs + non-conventional oils.
(2) Selected secondary sources.
Totals may not add due to independent rounding.

The estimated demand for OPEC crude in 2006 has been revised up by 0.1 mb/d to 28.5 mb/d

Forecast for 2006

In 2006, the demand for OPEC crude is expected to average 28.5 mb/d (versus 29.6 mb/d production now), representing an upward revision of 0.1 mb/d versus last month. On a quarterly basis, the new forecast shows the demand for OPEC crude at 29.9 mb/d in the first quarter, 27.8 mb/d in the second, 28 mb/d in the third and 28.3 mb/d in the fourth, representing an upward revision of 0.4 mb/d in the second quarter, and a negative revision of 0.1 mb/d in the third. Preliminary data indicates that in 1Q06 there was a stock draw of 0.25 mb/d.

Table 28: Summarized supply/demand balance for 2006, mb/d

	2005	1Q06	2Q06	3Q06	4Q06	2006
(a) World Oil Demand	83.11	84.92	83.31	84.07	85.82	84.53
(b) Non-OPEC Supply	54.35	55.03	55.46	56.11	57.53	56.04
Difference (a-b)	28.76	29.90	27.85	27.97	28.29	28.50
OPEC crude oil production	29.89	29.65				
Balance	1.13	-0.25				

(1) Including OPEC NGLs + non-conventional oils.
(2) Selected secondary sources.
Totals may not add due to independent rounding.

Graph 26: Balance of supply and demand

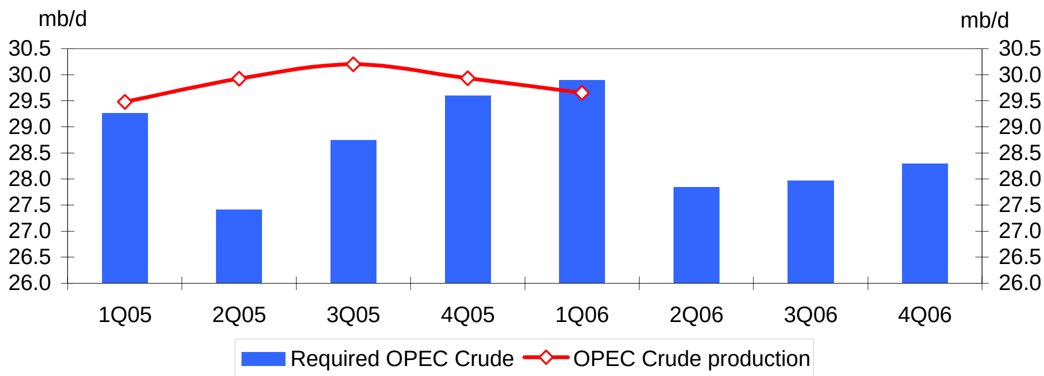


Table 29: World oil demand/supply balance, mb/d

	2001	2002	2003	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
World demand														
OECD	48.0	48.0	48.6	49.5	50.6	48.7	49.3	50.0	49.6	50.7	49.0	49.7	50.7	50.0
North America	24.0	24.1	24.5	25.3	25.5	25.3	25.5	25.4	25.4	25.4	25.5	25.8	25.9	25.7
Western Europe	15.3	15.3	15.4	15.6	15.6	15.3	15.7	15.7	15.6	15.7	15.3	15.7	15.8	15.7
Pacific	8.6	8.6	8.7	8.5	9.5	8.1	8.1	8.8	8.6	9.5	8.2	8.2	9.0	8.7
DCs	19.7	20.2	20.4	21.5	21.8	22.3	22.3	22.4	22.2	22.4	22.7	22.8	23.1	22.8
FSU	3.9	3.7	3.8	3.8	3.9	3.7	3.8	4.0	3.9	4.0	3.7	3.9	4.1	3.9
Other Europe	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
China	4.7	5.0	5.6	6.5	6.5	6.6	6.4	6.6	6.5	6.9	7.0	6.8	7.1	6.9
(a) Total world demand	77.1	77.7	79.2	82.1	83.8	82.2	82.7	83.8	83.1	84.9	83.3	84.1	85.8	84.5
Non-OPEC supply														
OECD	21.8	21.9	21.6	21.3	20.9	20.9	19.8	19.7	20.3	20.2	20.3	20.2	21.0	20.5
North America	14.3	14.5	14.6	14.6	14.4	14.6	13.7	13.5	14.1	14.2	14.4	14.4	14.9	14.5
Western Europe	6.7	6.6	6.4	6.1	6.0	5.7	5.5	5.6	5.7	5.6	5.4	5.1	5.5	5.4
Pacific	0.8	0.8	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.7	0.6
DCs	11.0	11.4	11.5	12.0	12.4	12.6	12.6	12.8	12.6	12.9	13.0	13.6	13.9	13.3
FSU	8.5	9.3	10.3	11.2	11.4	11.5	11.6	11.9	11.6	11.8	11.9	12.1	12.2	12.0
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.3	3.4	3.4	3.5	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7
Processing gains	1.7	1.7	1.8	1.8	1.9	1.9	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Total non-OPEC supply	46.5	47.9	48.8	49.9	50.4	50.6	49.7	49.9	50.1	50.7	51.0	51.6	52.9	51.5
OPEC NGLs + non-conventional oils	3.6	3.6	3.7	4.0	4.1	4.2	4.2	4.3	4.2	4.4	4.4	4.5	4.7	4.5
(b) Total non-OPEC supply and OPEC NGLs	50.1	51.5	52.5	53.9	54.5	54.8	53.9	54.2	54.3	55.0	55.5	56.1	57.5	56.0
OPEC crude oil production (secondary sources)	27.2	25.4	27.0	29.1	29.5	29.9	30.2	29.9	29.9	29.7				
Total supply	77.3	76.9	79.5	83.0	84.0	84.7	84.1	84.2	84.2	84.7				
Balance (stock change and miscellaneous)	0.2	-0.8	0.2	0.8	0.2	2.5	1.5	0.3	1.1	-0.2				
OECD closing stock levels (*mb*)														
Commercial	2630	2476	2517	2550	2546	2625	2646	2593	2593					
SPR	1288	1347	1411	1450	1462	1494	1494	1487	1487					
Total	3918	3823	3928	4000	4009	4119	4140	4080	4080					
Oil-on-water	830	816	883	908	927	929	925	962	962					
Days of forward consumption in OECD														
Commercial onland stocks	55	51	51	51	52	53	53	51	52					
SPR	27	28	29	29	30	30	30	29	30					
Total	82	79	79	81	82	84	83	81	82					
Memo items														
FSU net exports	4.6	5.6	6.5	7.3	7.5	7.7	7.8	7.9	7.7	7.7	8.2	8.2	8.1	8.1
(a) - (b)	27.0	26.2	26.8	28.2	29.3	27.4	28.7	29.6	28.8	29.9	27.8	28.0	28.3	28.5

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

Table 30: World oil demand/supply balance: changes from last month's table † , mb/d

	2001	2002	2003	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
World demand														
OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-
Western Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	0.1	-	-	-	-	-	-	0.1	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-0.1	-	-	0.2	-
(a) Total world demand	-	-	-	-	-	0.1	-	-	0.1	-0.1	-	-	0.2	-
Non-OPEC supply														
OECD	-	-	-	-	-	-	-	-	-	-	-0.2	0.1	0.1	-
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-	-	-	-	-	-0.2	0.1	0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-0.1	0.1	0.1	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-	-	0.1	-0.3	0.2	0.3	0.1
OPEC NGLs + non-conventionals	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-0.1	-0.1	-0.1	-	-0.1	-0.1	-	-0.4	0.1	0.2	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	-0.1	-0.1	-0.1	-	-0.1	-0.1	-				
Balance (stock change and miscellaneous)	-	-	-	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-				
OECD closing stock levels (*mb*)														
Commercial	-	-	-	-8	-	-1	-	4	4					
SPR	-	-	-	-	-	-	-	2	2					
Total	-	-	-	-8	-	-1	-	6	6					
Oil-on-water	-	-	-	4	-	1	-	-	-					
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-					
Memo items														
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	-	0.1	0.1	0.2	0.1	0.1	0.1	-	0.4	-0.1	-	0.1

† This compares Table 29 in this issue of the MOMR with Table 29 in the March 2006 issue.

This table shows only where changes have occurred.

Table 31: OECD oil stocks and oil on water at the end of period

	2001	2002	2003	2004	2005	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05
Closing stock levels *mb*													
OECD onland commercial	2,630	2,476	2,517	2,550	2,593	2,465	2,545	2,581	2,550	2,546	2,625	2,646	2,593
North America	1,262	1,174	1,161	1,193	1254	1,145	1,193	1,206	1,193	1,200	1,275	1,257	1,254
Western Europe	925	895	922	927	945	919	933	945	927	957	928	957	945
OECD Pacific	443	408	435	430	394	400	420	430	430	389	422	432	394
OECD SPR	1,288	1,347	1,411	1,450	1,487	1,423	1,429	1,435	1,450	1,462	1,494	1,494	1,487
North America	552	601	640	678	687	654	664	672	678	690	698	696	687
Western Europe	356	357	374	377	407	371	366	367	377	377	401	405	407
OECD Pacific	380	389	396	396	393	398	398	396	396	396	395	393	393
OECD total	3,918	3,823	3,928	4,000	4,080	3,888	3,974	4,016	4,000	4,009	4,119	4,140	4,080
Oil-on-water	830	816	883	908	962	906	892	894	908	927	929	925	962
Days of forward consumption in OECD													
OECD onland commercial	55	51	51	51	52	51	52	51	50	52	53	53	51
North America	52	48	46	47	49	46	47	47	47	47	50	49	49
Western Europe	61	58	59	60	60	60	60	59	60	63	59	61	60
OECD Pacific	52	47	51	50	45	51	51	49	45	48	52	49	41
OECD SPR	27	28	29	29	30	30	29	28	29	30	30	30	29
North America	23	25	25	27	27	26	26	26	27	27	27	27	27
Western Europe	23	23	24	24	26	24	23	23	24	25	26	26	26
OECD Pacific	44	45	46	46	45	50	49	45	42	49	49	45	41
OECD total	82	79	79	81	82	81	81	80	79	82	84	83	81

Table 32: Non-OPEC supply and OPEC natural gas liquids, mb/d

	2001	2002	2003	2004	Change 04/03	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04	1Q06	2Q06	3Q06	4Q06	2006	Change 06/05
USA	8.05	8.04	7.82	7.65	-0.17	7.71	7.74	7.02	6.64	7.27	-0.38	7.18	7.37	7.39	7.67	7.40	0.13
Canada	2.73	2.84	2.98	3.07	0.09	2.94	2.95	3.00	3.17	3.02	-0.05	3.22	3.25	3.30	3.42	3.30	0.28
Mexico	3.57	3.59	3.80	3.83	0.04	3.75	3.88	3.71	3.73	3.77	-0.07	3.80	3.79	3.71	3.80	3.77	0.01
North America	14.34	14.48	14.60	14.56	-0.04	14.40	14.57	13.74	13.54	14.06	-0.50	14.20	14.41	14.39	14.90	14.48	0.42
Norway	3.42	3.33	3.26	3.19	-0.07	3.08	2.94	2.93	2.92	2.97	-0.22	2.93	2.87	2.77	2.86	2.86	-0.11
UK	2.54	2.52	2.33	2.09	-0.23	2.05	1.95	1.71	1.83	1.88	-0.21	1.81	1.73	1.57	1.80	1.73	-0.16
Denmark	0.35	0.37	0.37	0.39	0.02	0.39	0.38	0.37	0.36	0.38	-0.01	0.36	0.36	0.34	0.35	0.35	-0.02
Other Western Europe	0.38	0.42	0.43	0.47	0.04	0.48	0.46	0.47	0.45	0.47	-0.01	0.45	0.45	0.46	0.47	0.46	-0.01
Western Europe	6.68	6.65	6.39	6.15	-0.25	6.01	5.73	5.49	5.57	5.70	-0.45	5.55	5.42	5.14	5.49	5.40	-0.30
Australia	0.71	0.70	0.60	0.52	-0.08	0.48	0.57	0.54	0.51	0.53	0.01	0.45	0.47	0.57	0.59	0.52	-0.01
Other Pacific	0.07	0.06	0.06	0.05	0.00	0.05	0.05	0.05	0.05	0.05	0.00	0.05	0.05	0.07	0.07	0.06	0.01
OECD Pacific	0.78	0.77	0.65	0.57	-0.08	0.54	0.62	0.59	0.56	0.58	0.00	0.50	0.52	0.64	0.66	0.58	0.00
Total OECD	21.81	21.89	21.65	21.28	-0.37	20.95	20.92	19.82	19.67	20.33	-0.94	20.25	20.35	20.18	21.05	20.46	0.12
Brunei	0.20	0.20	0.21	0.21	0.00	0.21	0.21	0.21	0.21	0.21	0.00	0.22	0.22	0.22	0.22	0.22	0.01
India	0.73	0.78	0.79	0.80	0.01	0.80	0.80	0.73	0.75	0.77	-0.03	0.79	0.79	0.83	0.83	0.81	0.04
Malaysia	0.68	0.71	0.75	0.83	0.08	0.86	0.84	0.86	0.85	0.85	0.02	0.83	0.83	0.84	0.83	0.83	-0.02
Vietnam	0.34	0.34	0.35	0.40	0.04	0.38	0.38	0.37	0.40	0.38	-0.02	0.39	0.37	0.38	0.37	0.38	-0.01
Asia others	0.31	0.31	0.30	0.37	0.07	0.46	0.47	0.48	0.48	0.48	0.10	0.48	0.49	0.49	0.49	0.49	0.01
Other Asia	2.26	2.35	2.40	2.61	0.21	2.71	2.70	2.66	2.69	2.69	0.08	2.72	2.71	2.76	2.75	2.73	0.04
Argentina	0.86	0.84	0.84	0.79	-0.05	0.77	0.77	0.75	0.73	0.75	-0.03	0.73	0.72	0.72	0.71	0.72	-0.03
Brazil	1.53	1.72	1.80	1.79	-0.01	1.85	2.03	2.02	2.03	1.98	0.19	2.06	2.13	2.30	2.35	2.21	0.23
Colombia	0.61	0.58	0.55	0.53	-0.01	0.52	0.53	0.53	0.52	0.53	-0.01	0.53	0.53	0.53	0.53	0.53	0.00
Ecuador	0.41	0.40	0.43	0.53	0.10	0.55	0.54	0.53	0.55	0.54	0.01	0.53	0.54	0.53	0.54	0.53	-0.01
Trinidad & Tobago	0.13	0.15	0.16	0.16	-0.01	0.20	0.21	0.22	0.22	0.21	0.05	0.22	0.24	0.24	0.24	0.23	0.02
L. America others	0.24	0.25	0.26	0.27	0.01	0.29	0.30	0.29	0.29	0.29	0.02	0.30	0.31	0.29	0.29	0.30	0.01
Latin America	3.78	3.95	4.04	4.07	0.03	4.18	4.38	4.33	4.34	4.31	0.24	4.37	4.46	4.61	4.65	4.52	0.22
Bahrain	0.19	0.20	0.20	0.20	0.00	0.20	0.20	0.20	0.20	0.20	0.00	0.20	0.20	0.20	0.20	0.20	0.00
Oman	0.96	0.90	0.82	0.79	-0.03	0.77	0.78	0.78	0.76	0.77	-0.02	0.75	0.75	0.75	0.75	0.75	-0.02
Syria	0.54	0.55	0.53	0.50	-0.03	0.49	0.48	0.46	0.45	0.47	-0.03	0.45	0.46	0.45	0.44	0.45	-0.03
Yemen	0.47	0.46	0.44	0.42	-0.03	0.40	0.40	0.40	0.41	0.40	-0.02	0.42	0.42	0.42	0.42	0.42	0.01
Middle East	2.15	2.10	2.00	1.91	-0.09	1.86	1.85	1.84	1.82	1.84	-0.07	1.81	1.82	1.81	1.80	1.81	-0.03
Angola	0.74	0.89	0.87	0.99	0.11	1.13	1.16	1.23	1.38	1.23	0.24	1.40	1.30	1.54	1.74	1.50	0.27
Chad	0.00	0.00	0.02	0.16	0.13	0.18	0.18	0.18	0.18	0.18	0.02	0.18	0.18	0.18	0.18	0.18	0.00
Congo	0.27	0.25	0.24	0.24	0.00	0.24	0.24	0.24	0.24	0.24	0.00	0.25	0.25	0.25	0.25	0.25	0.01
Egypt	0.76	0.75	0.75	0.71	-0.04	0.70	0.69	0.69	0.70	0.70	-0.01	0.69	0.68	0.67	0.71	0.68	-0.01
Equatorial Guinea	0.14	0.20	0.24	0.34	0.10	0.35	0.36	0.36	0.36	0.36	0.02	0.35	0.35	0.35	0.35	0.35	0.00
Gabon	0.30	0.29	0.25	0.25	0.00	0.25	0.25	0.26	0.25	0.25	0.00	0.26	0.26	0.27	0.28	0.27	0.01
South Africa	0.18	0.19	0.20	0.22	0.02	0.21	0.20	0.20	0.20	0.20	-0.02	0.20	0.20	0.20	0.20	0.20	0.00
Sudan	0.21	0.24	0.27	0.30	0.04	0.31	0.33	0.36	0.35	0.34	0.04	0.38	0.46	0.56	0.57	0.49	0.15
Africa other	0.20	0.20	0.20	0.21	0.01	0.23	0.22	0.27	0.27	0.25	0.04	0.30	0.37	0.37	0.39	0.36	0.11
Africa	2.79	3.01	3.05	3.42	0.37	3.60	3.64	3.79	3.93	3.74	0.32	4.01	4.05	4.38	4.66	4.28	0.54
Total DCs	10.98	11.41	11.49	12.01	0.52	12.36	12.57	12.62	12.78	12.58	0.57	12.91	13.04	13.56	13.86	13.35	0.76
FSU	8.53	9.32	10.27	11.15	0.89	11.39	11.47	11.62	11.86	11.59	0.43	11.77	11.94	12.10	12.20	12.00	0.42
Russia	6.99	7.62	8.46	9.19	0.73	9.30	9.34	9.50	9.60	9.44	0.25	9.50	9.59	9.68	9.71	9.62	0.18
Kazakhstan	0.80	0.94	1.03	1.18	0.15	1.26	1.22	1.17	1.27	1.23	0.05	1.22	1.25	1.28	1.31	1.27	0.04
Azerbaijan	0.30	0.31	0.31	0.31	0.00	0.35	0.42	0.47	0.53	0.44	0.13	0.58	0.62	0.66	0.70	0.64	0.20
FSU others	0.45	0.45	0.47	0.47	0.01	0.47	0.48	0.49	0.46	0.48	0.00	0.47	0.48	0.48	0.48	0.47	0.00
Other Europe	0.18	0.18	0.17	0.16	-0.01	0.16	0.16	0.16	0.16	0.16	0.00	0.17	0.17	0.17	0.17	0.17	0.01
China	3.30	3.39	3.41	3.49	0.08	3.63	3.61	3.64	3.59	3.62	0.13	3.70	3.66	3.69	3.67	3.68	0.06
Non-OPEC production	44.80	46.20	46.98	48.08	1.10	48.48	48.73	47.85	48.06	48.28	0.20	48.79	49.15	49.69	50.95	49.65	1.37
Processing gains	1.69	1.73	1.80	1.83	0.03	1.88	1.85	1.84	1.88	1.86	0.03	1.88	1.87	1.87	1.93	1.89	0.02
Non-OPEC supply	46.49	47.93	48.78	49.91	1.13	50.36	50.58	49.69	49.94	50.14	0.23	50.67	51.02	51.56	52.88	51.54	1.40
OPEC NGL	3.40	3.42	3.57	3.85	0.28	3.96	4.01	4.06	4.11	4.04	0.19	4.20	4.30	4.39	4.47	4.34	0.31
OPEC Non-conventional	0.18	0.18	0.14	0.17	0.03	0.17	0.17	0.17	0.17	0.17	0.00	0.15	0.14	0.15	0.18	0.16	-0.01
OPEC (NGL+NCF)	3.58	3.60	3.71	4.02	0.31	4.13	4.18	4.23	4.28	4.21	0.19	4.35	4.44	4.54	4.65	4.50	0.29
Non-OPEC & OPEC (NGL+NCF)	50.07	51.53	52.48	53.92	1.44	54.49	54.76	53.92	54.22	54.35	0.42	55.03	55.46	56.11	57.53	56.04	1.69

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

Table 33: Non-OPEC Rig Count

	2001	2002	2003	Change 03/02	1Q 04	2Q 04	3Q 04	4Q 04	2004	Change 04/03	1Q 05	2Q 05	3Q 05	4Q 05	2005	Change 05/04	Feb 06	Mar 06	1Q 06	Change Mar06 -Feb06
USA	1156	831	1032	201	1,119	1164	1229	1249	1190	158	1279	1336	1419	1478	1378	188	1533	1551	1519	18
Canada	342	266	372	106	528	202	326	420	369	-3	620	241	527	572	490	121	715	620	665	-95
Mexico	54	65	92	27	107	113	111	108	110	18	114	116	104	93	107	-3	79	85	85	6
North America	1552	1162	1496	334	1,754	1479	1665	1777	1669	173	2013	1693	2050	2143	1975	306	2327	2256	2269	-71
Norway	23	19	19	0	19	18	14	16	17	-2	15	18	19	17	17	0	19	18	19	-1
UK	24	26	20	-6	15	19	14	15	16	-4	16	22	23	24	21	5	30	30	29	0
Denmark	4	4	4	0	4	4	3	4	4	0	2	3	2	2	2	-2	3	4	3	1
Other Western Europe	44	36	36	0	31	30	27	27	29	-7	23	24	25	24	24	-5	28	23	26	-5
Western Europe	95	85	78	-7	69	70	57	62	65	-13	56	67	68	68	65	0	80	75	77	-5
Australia	10	9	11	2	12	13	18	14	14	3	17	15	17	15	16	2	16	19	16	3
Other Pacific	9	8	7	-1	7	8	9	6	8	1	7	10	10	9	9	1	8	8	9	0
OECD Pacific	20	17	18	1	19	22	26	20	22	4	24	25	27	24	25	3	24	27	25	3
Total OECD	1667	1264	1592	328	1,842	1570	1749	1859	1755	163	2093	1785	2146	2234	2065	310	2431	2358	2371	-73
Brunei	3	3	3	0	2	3	3	2	3	0	1	2	3	2	2	-1	3	2	3	-1
India	50	55	60	5	64	68	71	76	70	10	76	76	81	84	79	9	81	83	82	2
Malaysia	11	14	14	0	15	15	13	13	14	0	12	14	14	13	13	-1	16	15	15	-1
Papua New Guinea	1	1	2	1	3	2	0	1	2	0	1	2	2	2	2	0	3	3	3	0
Vietnam	8	9	9	0	8	9	8	7	8	-1	8	10	10	10	9	1	9	9	10	0
Asia others	22	30	29	-1	27	31	31	31	30	1	35	36	36	37	36	6	37	40	40	3
Other Asia	95	111	117	6	119	128	127	130	126	9	133	140	146	148	142	16	149	152	153	3
Argentina	71	49	60	11	64	73	73	74	71	11	74	76	78	79	77	6	76	69	75	-7
Brazil	28	27	26	-1	24	26	26	26	26	0	26	27	28	27	27	1	32	27	31	-5
Colombia	15	11	11	0	8	9	9	11	9	-2	13	12	16	19	15	6	21	21	20	0
Ecuador	10	9	9	0	7	9	12	12	10	1	10	12	11	13	12	2	12	12	12	0
Peru	4	2	3	1	2	2	3	3	2	-1	3	4	3	3	4	2	2	4	3	2
Trinidad & Tobago	5	4	3	-1	3	4	4	4	4	1	3	2	2	4	3	-1	2	3	3	1
L. America others	7	5	4	-1	6	6	3	4	5	1	3	4	3	5	4	-1	6	4	5	-2
Latin America	141	106	116	10	114	127	129	134	126	10	133	138	141	151	141	15	151	140	149	-11
Bahrain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	25	29	35	6	36	35	34	36	35	0	34	35	34	35	34	-1	32	36	34	4
Syria	19	22	24	2	24	24	23	23	24	0	21	20	22	23	22	-2	22	22	22	0
Yemen	6	9	9	0	7	8	9	11	9	0	10	11	13	14	12	3	14	12	13	-2
Middle East	50	62	70	8	69	68	69	73	70	0	69	71	73	75	72	2	71	73	72	2
Angola	5	5	4	-1	4	3	3	3	3	-1	3	3	3	2	3	0	4	4	4	0
Cameroon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	1	1	1	0	2	2	3	2	2	1	3	2	2	2	2	0	0	3	1	3
Egypt	22	23	26	3	27	28	29	28	28	2	28	30	28	30	29	1	32	33	32	1
Gabon	2	2	3	1	2	2	2	2	2	-1	2	3	2	2	2	0	2	2	2	0
South Africa	1	1	0	-1	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0
Africa other	4	12	13	1	15	18	20	22	19	6	23	21	19	23	21	2	22	23	23	1
Africa	36	43	48	5	48	53	56	57	54	6	58	58	54	60	58	4	61	66	62	5
Total DCs	322	322	350	28	350	376	381	394	376	26	393	407	414	433	412	36	432	431	436	-1
FSU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Europe	3	2	2	0	2	2	2	2	2	0	3	2	3	2	3	1	2	2	2	0
China	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-OPEC Rig count	1992	1588	1944	356	2,194	1949	2132	2255	2132	188	2489	2194	2562	2670	2479	347	2865	2791	2809	-74

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

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Data is provided by Data Services Department.

Data Summary April 2006

OPEC Basket average price

US$ per barrel

↑ *up 1.24 in March*

March 2006	***57.86***
February 2006	*56.62*
Year-to-date	*57.67*

March OPEC production

in million barrels per day, according to secondary sources

Algeria	*1.38*	*Kuwait*	*2.53*	*Saudi Arabia*	*9.38*
Indonesia	*0.92*	*SP Libyan AJ*	*1.68*	*UAE*	*2.52*
IR Iran	*3.87*	*Nigeria*	*2.12*	*Venezuela*	*2.60*
Iraq	*1.80*	*Qatar*	*0.82*	***TOTAL***	***29.61***

Supply and demand

in million barrels per day

2005		***2006***	
World demand	*83.1*	*World demand*	*84.5*
Non-OPEC supply	*54.3*	*Non-OPEC supply*	*56.0*
Difference	***28.8***	***Difference***	***28.5***

Non-OPEC supply includes OPEC NGLs and non-conventional oils
Totals may not add due to independent rounding.

Stocks

US commercial oil stocks stood at 1,008 mb in March, 4% higher than a year ago despite a seasonal draw.

World economy

World GDP growth revised up to 4.7% for 2005 and 4.5% for 2006.

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Data covers period up to end of March 2006 unless otherwise stated