

# OPEC

Organization of the Petroleum Exporting Countries



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## Monthly Oil Market Report

### OPEC Basket average price

*US \$ per barrel*

Up 1.33 in July

<b>July</b>	<b>25.13</b>
June	23.80
Year-to-date	22.65

### July OPEC production

*million barrels per day, according to secondary sources*

Algeria	0.85	Kuwait	1.90	Saudi Arabia	7.62
Indonesia	1.11	SP Libyan AJ	1.33	UAE	1.98
IR Iran	3.41	Nigeria	1.94	Venezuela	2.72
Iraq	1.76	Qatar	0.64		

### Supply and demand

*million barrels per day*

#### **2002**

World demand	76.16
Non-OPEC supply*	51.46
<b>Difference</b>	<b>24.70</b>

#### **2003**

World demand	76.95
Non-OPEC supply*	52.40
<b>Difference</b>	<b>24.55</b>

*\*Includes OPEC NGLs and non-conventional oils*

### Stocks

Unseasonable marginal draw in USA in July

### World economy

World GDP growth estimate revised down to 2.8% for 2002

## August 2002

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### **OPEC to hold Ministerial Conference in Japan**

The 121st Meeting of the Conference of Ministers of the Organization of the Petroleum Exporting Countries (OPEC) is to be held in Osaka, Japan, on 19 September 2002, the OPEC Secretariat announced today.

The Meeting was earlier scheduled to be held in Vienna, Austria, at the Organization's Headquarters on 18 September 2002.

Commenting on the decision, OPEC Conference President Dr Rilwanu Lukman said the Meeting was being held in Osaka to coincide with the Eighth International Energy Forum, to be convened on 21-23 September 2002.

## OIL MARKET HIGHLIGHTS

- World GDP is forecast to grow at 2.8% in 2002, down 0.1% from last month's figure. Small downward revisions have been made in all OECD regions: in North America (mainly for the USA), in OECD Pacific (for Japan), and in the euro-zone (for Germany, France and Italy). While no deterioration in the outlook for the Asia Pacific countries has been forecast, in other developing regions, in particular Latin America, the estimates have been revised down.
- The US economic recovery is losing momentum, and the downside risks to US and global outlooks in the second half of the year have increased. Talk of a double-dip recession in the USA has resurfaced, although this outcome is still generally viewed as improbable. The gloomier outlook followed epic drops in US stock prices in July and an unexpectedly strong slowdown in second-quarter GDP (down to 1.1% from 5% in the first quarter). Furthermore, data for July points to a perceptible slowdown in the industrial sector, a drop in consumer confidence and stagnant labour markets. However, consumer behaviour, buoyed by low mortgage rates, a rise in income and generous financing terms for vehicle purchases, is still apparently immune to the loss of wealth implied by stock prices falls.
- In Japan, industrial production in June dropped for the first time, after four months of expansion, as the slowing US economy and the strong yen endangered the fragile export-driven economic recovery. In the euro-zone, the European Commission lowered its growth estimate for the third quarter somewhat, but continued to expect the pace of growth to accelerate slightly. Most data in July pointed to a lacklustre recovery, with weak domestic demand and rising unemployment in France and Germany.
- In July, the average price of the OPEC Reference Basket bounced back up, capping the falling trend seen in May and June. It gained almost 6% of its value, closing above the mean of the price band mechanism at \$25.13/b. The Basket started the month rising by \$0.40/b to average \$25.07/b; then it suffered a setback, shedding almost 1% of its value to average \$24.83/b. It peaked during the third week, gaining more than 3% to close at \$25.69/b, but it retreated during the last week, losing 2%, or \$0.51/b, to average \$25.18/b. The price weakness extended to the first part of August, when the Basket lost another \$0.21/b, to stand at \$24.96/b for the week ending 1 August, and yet another \$0.16/b to average \$24.80/b for the week ending 8 August. The prevailing political premium, which is believed to have contributed to a large extent to higher prices in recent months, has become more accentuated in the second week of August, as the price of OPEC's Reference Basket reached around \$26/b.
- Product price rises reflected the resurgence in crude prices in July, but there were also other regional fundamental supports. Prevailing robust gasoline demand supported gasoline prices in the Atlantic Basin, and emerging European demand pushed distillate prices higher there, while continued tight high sulphur fuel oil supply in Asia remained the underlying factor for the firming of its prices around the globe. Refinery throughput was healthy in the USA and almost steady in Europe, but it moved down sharply in Japan, hindered by prevailing sluggish product demand.
- The average 2002 demand estimate has once again been revised down and is expected to rise by 0.76 mb/d to average 76.16 mb/d. However, the continued downward revision in economic growth has raised uncertainty about the robust growth in oil demand later this year. The preliminary forecast puts an increase of 0.79 mb/d on a total of 76.95 mb/d for 2003, and this is 0.15 mb/d less than the previous forecast.
- OPEC crude oil production, based on secondary sources, rose to 25.25 mb/d in July. The non-OPEC oil supply forecast for 2002 has been revised up to 47.88 mb/d, which is 1.40 mb/d higher than the revised-down 2001 figure.. 2003 non-OPEC supply is expected to reach a level of 48.80 mb/d, an increase of 0.92 mb/d from the 2002 forecast. The forecast for net FSU exports for 2002 has been revised up to 5.33 mb/d, while, in 2003, exports are expected to increase to 5.69 mb/d.
- In July, US commercial onland oil stocks lost the previous month's overall gain, decreasing unseasonably by 6.1 mb, or a rate of 0.18 mb/d, to 1,025.3 mb. Eur-16 (EU plus Norway) displayed a moderate contra-seasonal draw of 10.5 mb, or about 0.34 mb/d, to stand at 1,058.5 mb. In the second quarter of 2002, OECD commercial onland oil stocks (the USA, Eur-16 and Japan) are estimated to have shown a moderate seasonal build of 41.4 mb, or a rate of 0.45 mb, to stand at 2,283.1 mb. Falling commercial oil inventories — recently — in the US market in particular, warrant closer monitoring of their levels in the coming weeks, as they are an influential factor in the direction of oil market fundamentals.

## HIGHLIGHTS OF THE WORLD ECONOMY

### Economic growth rates 2002

	%			
World	G-7	USA	Japan	Euro-zone
2.8	1.5	2.2	-0.2	1.2

#### *Industrialised countries*

##### *United States of America*

**Recent bearish economic data and sharp stock market declines rekindle talk of double-dip recession in USA**

The outlook for the US economy has deteriorated markedly, following an avalanche of bearish economic news and precipitous stock market declines in July, rekindling speculation about a double-dip recession. Consumers continue to uphold the economy, but there are doubts that the pace of consumption can be maintained. The US economic recovery lost steam in the second quarter, with first estimates showing lower-than-expected 1.1% GDP growth, following a downward revision to 5% in the first quarter. Several reports indicate continued weakness. Construction spending unexpectedly fell by 2.2% in June, the second monthly decline, to \$820.8 billion at an annual rate, following a 2% decline in May. Durable goods orders dropped by 4.1% in June to \$166 bn. Moreover, manufacturing activity slumped in July — the Institute of Supply Management's (ISM) monthly business barometer fell 5.7 points to 50.5, only barely above the dividing line of 50. This resulted mainly from a 10.4-point plunge in the index of new orders to 50.4, an eight-month low. The ISM's index for the services sector (85% of the economy) showed a reading of 53.1, down from 57.2 in June. More alarmingly, consumer confidence declined sharply in July (the Conference Board's index fell to 97.1 in July, from a revised 106.3 in June). Moreover, the rate of unemployment remained steady at 5.9% in July; but employers added only 6,000 jobs to payrolls, after a revised 66,000 increase in June, while the number of hours worked declined, indicating anaemic labour markets. The gloomier mood raised expectations of a further easing by the Federal Reserve Board (Fed) before the year-end, possibly in September. Meanwhile, inflation remains tame. The producer price index, a measure of wholesale inflation, fell 0.2% in July, after rising 0.1% in June, mainly the result of a 1.5–1.6% drop in vehicle prices. Consumers continued to spend in July. Advanced retail sales rose 1.2% to \$304.3 bn, after a revised 1.4% gain in June. However, excluding volatile automobile sales, retail sales rose by only 0.2%, compared with a revised gain of 0.5% in June. Reinstated zero-per cent financing (e.g. by General Motors) pushed July auto sales up by 8.2% to 1.52 million vehicles from a year ago (an annual sales rate of 18.1m vehicles), according to sales tracker Autodata. Moreover, mortgage rates fell to fresh lows (thirty-year rates averaged 6.17%), provoking a new round of mortgage-refinancing activity and releasing cash to home-owners. Also, wages grew by 0.3% in July and rose by 3.2% over the previous 12 months.

##### *Japan*

**Japanese industrial production faltered in June, as slowing US economy and strong yen posed danger to fragile export-driven economic recovery**

Industrial production in the past four months has been supported by strong external demand and a weak yen. However, with the weakening of the US economy and the strong appreciation of the yen, industrial output faltered in June, falling 0.7% (2.9% year-on-year), after a strong rise of 4.1% in May. The drop was partly due to weak sales of personal computers and other electronic goods. Auto output fell 1.6% in June, although the Ministry of Economy, Trade and Industry said the trend remained firm, particularly for sales to the USA. Based on a survey of companies, industrial output is expected to pick up again in the coming months, led by an upturn in general machinery and car production. On the other hand, the government expects machine orders, considered a leading indicator of business spending, to fall by 3.9% in the third quarter, after rising by 7.1% in the second. Total orders rose by 2.9% in June, while orders from manufacturers increased by 1.2%. The employment situation remained severe in June. The number of unemployed reached 3.68m, an increase of 300,000, or 8.9%, from the previous year, while the seasonally adjusted unemployment rate remained unchanged at 5.4% from the previous month. Consumer prices fell year-on-year (y-o-y) for the 34th successive month, while manufacturing wages dropped by 3.2% in the year to June. However, consumer confidence rose to 39.3 in the second quarter, from 38.4 in the first. The Japanese government approved the outline of an austerity budget for the next fiscal year, starting April 2003, with a 48.1 trillion yen ceiling on general budget requests. In the hope of revitalizing the anaemic economy, tax-cuts over the next three fiscal years, starting with ¥1–2 trn next year, will be balanced with tax hikes over five years. Public works spending will also be reduced, by a modest 3% to ¥9.0 trn.

**EU slightly lowers growth forecast for third quarter in euro-zone, but continues to expect pace of growth to accelerate**

#### *Euro-zone*

Data released in July mostly points to a lacklustre recovery in the euro-zone, amid plunging stock market prices and concern that the stronger euro would hit exports and weaken the economic recovery. With consumer inflation remaining moderate (prices rose by 1.9% on the year in July from 1.7% in June), the European Central Bank has recently signalled that it might not raise interest rates soon, pointing to the moderating effect of the higher euro on inflation. The European Union confirmed the region's 0.3% GDP growth during the first quarter of 2002, kept unchanged its estimate of 0.3–0.6% for the second quarter, but lowered its third-quarter forecast slightly to 0.6–0.9% from its previous 0.7–1.0%, quoting the weaker-than-expected US recovery and the euro-zone's subdued domestic demand, where retail and construction sectors remain weak. The euro-zone's service sector purchasing management index slipped to 52.6 in July, from 52.8 in June. Industrial production in the region fell by 1.2% in the year to May, but manufacturing activity appears to have expanded for the third straight month in June, albeit weakly. Germany's industrial output rose in June by a seasonally adjusted 1.7% from the previous month, after a revised 1.6% decline in May. This was preceded by a big increase in manufacturing orders, which is usually an indicator of future industrial production. In June, however, manufacturing orders fell by 3.2% on the month, due entirely to a 7% drop in export orders, presaging future weakness in production. The euro area ran a \$72.7 bn trade surplus in the year to May, with exports falling by 1% over the year, while imports dropped even more, by 8%. Business confidence in July fell in Germany (Ifo report), France (INSEE business climate index) and Italy, the three countries accounting for more than two-thirds of the euro-zone's overall economy.

**Positive outlook maintained for Russian economy**

#### *Former Soviet Union*

The outlook for the Russian economy remains positive. The Ministry of Economy published a preliminary estimate of GNP growth in the second quarter of 2002 of 3.8%. In June, the output of goods and services in five basic sectors (industry, construction, agriculture, transport and retail sales) grew by a healthy 4.1% y-o-y. Industrial output and construction activity registered growth of 3.2% and 2.8% in June respectively for the second month in a row. Results of a business survey, offering up-to-date information about the situation in companies, recorded an encouraging acceleration of demand growth in June, after a slowdown in May. The fuels sector also enjoyed a positive trend in the first half of the year. Crude oil production rose by 8.4% in the first half of 2002, while refinery throughput was up 1.6%, indicating that most of the increment of crude output went to exports. Exports of refined products were also up by 16.7% y-o-y in the first five months of 2002. However, the commission on protective measures in foreign trade recommended that the government raise export duties on crude oil from \$20.4 per tonne to \$21.9/t and on petrol and diesel fuel from €25/t to €35/t, from 1 August. The higher duties on products became necessary, as rapidly expanding exports had led to shortages on the domestic market, resulting in higher prices. Preliminary estimates of the balance of payments for the first half of the year show that current account surplus was fairly stable in the first and second quarters, at \$7.2 bn and \$7.4 bn, respectively, while, for the whole first half, it fell by 30% y-o-y. In June, the consumer price index (CPI) rose by 14.7%, down from 16.0% in May and April.

**Strong growth in Hungary contrasts with marked slowdown in Poland, while prospects in Czech Republic officially downgraded**

#### *Eastern Europe*

Hungary's GDP growth remained relatively robust at 3.5% y-o-y in the first half of the year, driven by strong domestic demand, following large wage rises. Construction activity and retail sales registered increases of 14% and 12%, respectively, in the same period, compared with 10% and 5% in 2001. However, industrial output remained relatively weak, growing by only 3.1% y-o-y in June and 1.4% over May. Meanwhile, core inflation remained sticky at 5.7% y-o-y in June, still above the government's target range of 2.5–4.5%. In Poland, sentiment concerning the direction of the economy was bearish. GDP grew by only 1.0% in the second quarter, the lowest in ten years. Record-high unemployment rates and a series of bankruptcies at some major state-owned enterprises wiped out consumer spending. However, the government plans to undertake a number of immediate actions, including industrial restructuring and introducing new regulations, in order to restore investors' confidence. Although activity indicators showed no signs of a real slowdown, the Czech Financial Ministry revised down its forecast for 2002 GDP growth from 3.4% to 3.0%. The Czech National Bank decided to reduce the interest rate further, by 75 basis points as of 27 July, in a new attempt to weaken the ongoing appreciation of the koruna.

**Positive steps underway in OPEC Member Countries to enhance investment, create jobs and improve economies**

***OPEC Member Countries***

In the Islamic Republic of Iran, the government is taking steps to draw foreign capital and firms into the country to fund economic growth and accelerate development. It has started negotiations to implement development projects, particularly in the oil and gas sectors, worth some \$15 bn, under the umbrella of the constitution, that allows foreign companies to operate under “buy-back” contracts i.e. as sub-contractors to the National Iranian Oil Company. The Algerian government’s top priority is to reduce unemployment, which is conservatively estimated at 28%, through higher rates of investment-driven GDP growth. Creating sustainable employment requires improving the economy’s supply-side efficiencies, by providing credit for the private sector, deepening the capital market and reducing the dominance of the government sector in general. In Indonesia, some progress on the privatization of state assets is expected in the fiscal year 2002–03. The economy is expected to recover this year, led by export growth in the second half of the year. Saudi Arabia’s priority is to create jobs and mobilise funds for investment in the infrastructure and public utilities.

**Generally downbeat trends in Asia-Pacific and Latin America, while China and African Union seek outside support**

***Developing countries***

In the Asia-Pacific region (except Japan), venture capital investment decreased by 73% (y-o-y) in the first half of 2002, with the investment of \$545.2m in 123 companies during this period down sharply from the \$2 bn in the first half of 2001. China and India were the main beneficiaries, accounting for 21% and 19% respectively of total regional investment capital. In China, the government has drafted rules that allow foreign multinationals to purchase controlling stakes in state-owned enterprises. However, the proposal is likely to face strong opposition from some sectors of the government, and both the timing and details of the change are unclear. The fledgling African Union, recently launched in Durban, South Africa, is understood to require support from outside bodies in meeting its targets, e.g. to reduce poverty, ease conflicts and combat epidemic diseases in Africa. Both Brazil and Uruguay have been hit by a dramatic loss of confidence, currency depreciation and a decline in reserves in recent months. In Uruguay, the banking system has also been strained by a large withdrawal of deposits.

**Real oil price rose by about 2% in July, as continued dollar weakness eroded higher gains in nominal price of 5.6%**

***Oil price, US dollar and inflation***

The US dollar’s depreciation accelerated in July, with the US currency losing ground against all the currencies in the modified Geneva I + US \$ basket\*. The yen appreciated by 4.46% to ¥118.055/\$ from ¥123.56/\$ in June, while the dollar fell by 3.88% against the euro, averaging \$0.9921/€ from \$0.9551/€ in June.

The dollar continued to drop in July, in tandem with stock prices, as confidence in corporate America was dented even further and signs of an economic slowdown became more evident. US companies appeared to be scaling back spending on employees and equipment, durable goods orders were weak and the current account gap continued to widen. However, the dollar gained some respite from news that retail sales rose by a higher-than-expected 1.1% in June, from a revised drop of 1.1% in May, despite a fall in consumer sentiment. The euro finally reached one-to-one parity with the dollar in the third week of July, but receded towards the end of the month to around \$0.98. The upward potential of the single currency remains constrained by the perception that euro-zone economic growth is faltering and by the increasing difficulties faced by some member countries in achieving the budget deficit targets laid down by the Maastricht Treaty. The yen also continued to rise, getting as high as ¥115.9 on 19 July, before falling to levels of around ¥120 by the end of the month, despite the threat of further intervention and the generally depressed state of the economy. Latin American financial woes may also have dampened the US currency.

In July, the OPEC Reference Basket rose by \$1.33/b, or 5.61%, to \$25.13/b from \$23.80/b in June. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose by 2.04% to \$21.58/b from \$21.15/b, as the dollar depreciation, for the fifth month in a row, eroded the gains in the nominal price. The dollar fell by 3.10%, as measured by the import-weighted modified Geneva I + US dollar basket, while inflation was estimated at 0.30% in July.

\* 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

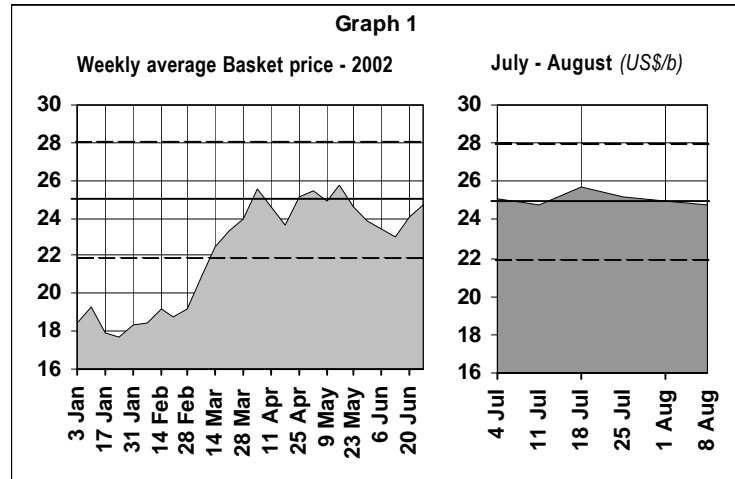
**Crude prices rose on speculative trading ahead of US 4 July holiday; thereafter, markets underwent correction, in spite of bullish weekly US stock data**

**Prices firmed in July on good gasoline demand in USA and tougher US stand on Iraqi issue; however, turmoil in equity markets spilled over into energy markets**

In July, the average price of the OPEC Reference Basket bounced back up, capping the falling trend seen in May and June. It gained almost 6% of its value, closing above the

mean of the price-band mechanism at \$25.13/b, the second-highest monthly July average in the last five years, trailing the mark of July 2000, when the Basket averaged \$27.94/b. Even though the Basket made a hefty recovery in July, the year-to-date average of \$22.57/b

remained behind the same period of that of last year, \$24.79/b.

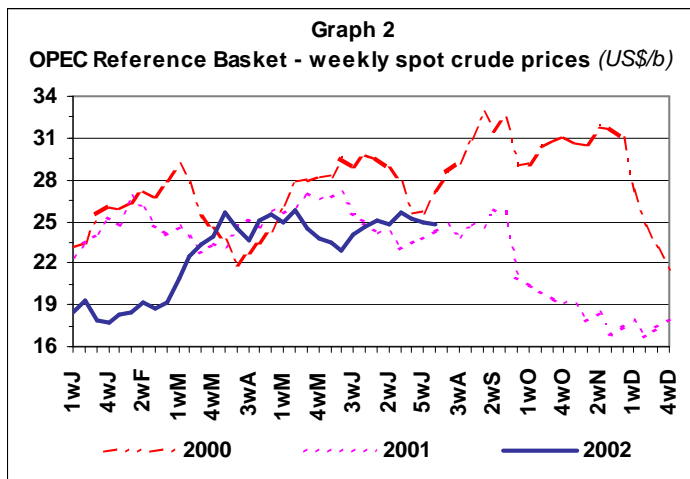


Chronologically, the Basket started the month rising by \$0.40/b to average \$25.07/b; then it suffered a setback, shedding almost 1% of its value to average \$24.83/b. It peaked during the third week, gaining more than 3% to close at \$25.69/b, but it retreated during the last week, losing 2%, or \$0.51/b, to average \$25.18/b. The price weakness extended to the first part of August, when the Basket lost another \$0.21/b, to stand at \$24.96/b for the week ending 1 August, and yet another \$0.16/b to average \$24.80/b for the week ending 8 August. Disaggregating the Basket into its seven components, we see that all crudes posted gains, with Brent-related Algerian Saharan Blend leading the rise, with an increase of \$2.19/b, while Indonesian Minas registered the most modest gain, of just \$0.67/b.

International benchmark crude prices started the month on a positive note. However, the upside movement was timid due to a short-trading week, with the US futures market closed for the long 4 July Independence Day holiday. Volumes in the early and mid-week sessions were on the light side, amid a lack of enthusiasm, and concentrated mainly on book-squaring and short-covering ahead of the 4 July holiday. The Brent contract at the International Petroleum Exchange moved with more impetus at the beginning of the week on a fairly moderate volume, but it was dragged down late in the week by a lack of activity at the NYMEX. The second week started with crude markets dipping considerably, as traders sold long positions taken ahead of the US long Independence Day Holiday, after concern over a possible terrorist attack proved unfounded. Crude prices made a turn on Tuesday in the ACCESS after-hour market, responding positively to the bullish industry (API) weekly report that presented a considerable draw on crude oil, as well as gasoline inventories. The full impact of the bullish stock figures was felt on 10 July, when the front-month August NYMEX sweet crude contract passed the \$27/b level, after the release of the Department of Energy's report that mostly corroborated the earlier industry figures. The week ended with crude firming slightly, helped further by stronger gasoline futures prices.

Crude oil prices in general strengthened during the third week of July, with the European benchmark crude Brent posting solid gains, and its counterpart in the Americas, West Texas Intermediate, rising at a faster pace. Prices were underpinned by improved US gasoline demand, a toughening of the rhetoric by the US Administration towards Iraq and the ongoing situation of unease in Venezuela. Several refinery outages in the USA fuelled the upside momentum. The combined effect of profit-taking in the futures markets and comments by senior OPEC Member Country officials put a cap on prices. Crude oil prices strengthened early in the last week of the month, after Venezuela's Minister of Energy and Mines, Rafael Ramirez, reiterated his country's support for

OPEC policies, dissipating unfounded rumours about production hikes. Crude markets then retreated heavily, amid concern that the turmoil in the equity markets could affect economic activity worldwide and therefore slow down the already low oil demand. The collapse of investor confidence in stock markets extended to the crude oil market, resulting in a further weakening of oil prices; nonetheless, the fall was moderate. Crude futures reversed direction, upon the release of industry stock

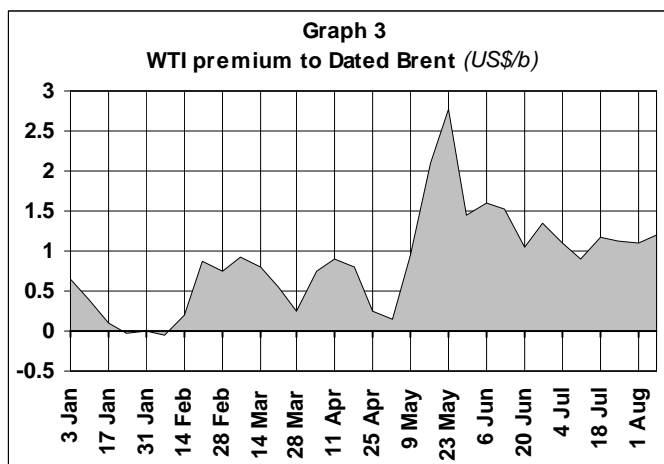


figures that showed a large drop in crude inventories. According to the API, gasoline, as well as distillate, stocks fell during the week ending 19 July. Bullish inventory figures, solid gains in US equity markets and high US gasoline demand figures boosted market sentiment on 17 July. News that OPEC could ease production restraints during its September Meeting of the Conference, however, exerted pressure on prices.

**Strong gasoline demand supported crude prices in July, while concern over deterioration in stock markets and implications for oil demand raised concern**

**US and European markets**

Strong gasoline demand supported crude oil prices in July, but energy markets remained watchful, as equity markets plunged. Gasoline consumption rose sharply, reaching a plateau of 9.45 mb/d in the second and third weeks of July. Part of the demand was covered by rising imports, which also surged during the month, topping 0.87 mb/d in the third week, according to API's figures. In spite of this surge, the strong demand cut into inventories, bringing them to the level of 2001. The sharp fall in stock markets, that brought the main index Dow Jones Industrial Average below the 8000 mark, raised concern in energy markets over the fate of the economic recovery and, ultimately, the impact on oil demand. Another issue was the notably low crude stock levels in the US mid-continent, that fell below 60 mb. WTI's premium to Brent widened marginally and was sufficient to increase interest in moving North Sea and West African sweet grades into the US



Gulf and East Coasts. In Europe, North Sea sweet grades firmed in the later part of the month, widening their premium over sour crudes, on a combination of increased demand for gasoline-rich grades and smaller-than-normal August loading programmes, as summer field maintenance began.

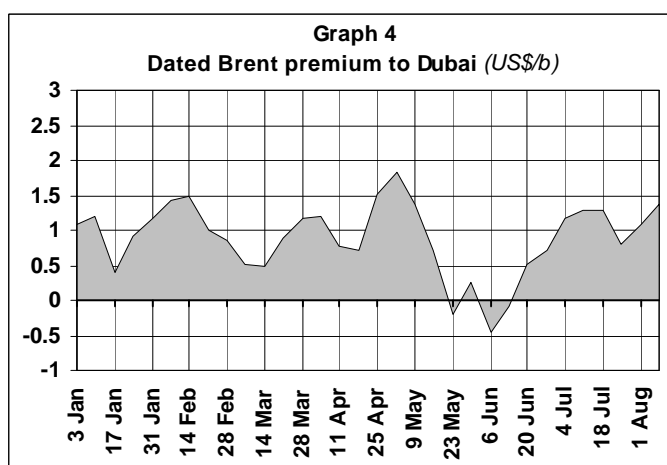
**Far East market**

Even though the unusual Brent/Dubai premium seen in mid-to-end-June returned to its normal level and widened to just above \$1/b, strong fuel oil demand in Asia continued to attract heavier and medium-sweet West African crudes. Over 20 mb of August loadings of West African crudes, including Nigerian Forcados, Qua Iboe and Bonny Light, were sold in the first half of July. Demand for gasoil-rich grades remained strong, with the first September deliveries traded at healthy premiums to their official selling prices. Likewise, towards the month's end, kerosene-rich grades on the Middle East Gulf market

**Despite widening of Brent/Dubai spread, cargoes continued to head east during first half of July**



for September delivery surged, as a result of strong seasonal demand by Japanese and South Korean refiners ahead of the Northern hemisphere winter. Meanwhile, the medium-sour benchmark crude Oman came under pressure from Chinese end-users actively seeking to resell their term supplies.



**Table 1**  
**Monthly average spot quotations for OPEC's Reference Basket and selected crudes**  
*US \$/b*

	<u>Jun.02</u>	<u>Jul.02</u>	<u>2001</u>	<u>2002</u>
<b>Reference Basket</b>	23.80	<b>25.13</b>	24.79	<b>22.65</b>
Arabian Light	24.42	<b>25.13</b>	24.41	23.06
Dubai	23.87	<b>24.66</b>	24.21	22.62
Bonny Light	23.98	<b>25.93</b>	26.28	23.53
Saharan Blend	23.60	<b>25.79</b>	26.54	23.15
Minas	24.60	<b>25.27</b>	26.28	23.16
Tia Juana Light	22.54	<b>23.97</b>	21.95	20.59
Isthmus	23.57	<b>25.18</b>	23.80	22.43
<b>Other crudes</b>				
Brent	24.04	<b>25.79</b>	26.23	23.49
WTI	25.42	<b>26.87</b>	28.06	24.35
<b>Differentials</b>				
WTI/Brent	1.38	1.08	1.83	0.86
Brent/Dubai	0.17	1.13	2.02	0.87

## PRODUCT MARKETS AND REFINERY OPERATIONS

**Record demand pushed gasoline price higher in US markets in July; as a result, US refinery utilization rate rose to 95.1%, despite drop in profit margins**

**European gasoline surged in July, in tandem with firmed US gasoline market, while distillate price received local demand support in Rotterdam; hence, refinery utilization moved higher to 85.70%, though margins remained in negative territory**

Product price rises reflected the resurgence in crude prices in July, but there were also other regional fundamental supports. Prevailing robust gasoline demand supported gasoline prices in the Atlantic Basin, and emerging European demand pushed distillate prices higher there, while continued tight high sulphur fuel oil supply in Asia remained the underlying factor for the firming of its prices around the globe. Refinery throughput was healthy in the USA and almost steady in Europe, but it moved down sharply in Japan, hindered by prevailing sluggish product demand.

### *US Gulf market*

US gasoline market fundamentals were mixed in July. On the supply side, there was an increase in refinery output, despite several refinery glitches, but imports fell. At the same time, US gasoline demand gained further momentum to reach a record level that exceeded 9.1 mb/d, according to the EIA's moving weekly average (Department of Energy's Energy Information Administration). Lower imports and soaring demand led to a decrease of 3.6 mb in gasoline inventories and thus pushed the gasoline price up by \$2.12/b in the US East Coast, where the bulk of imports is usually unloaded; meanwhile, in the country's main refinery producing areas, the US Gulf Coast, the gasoline price climbed by only \$0.74/b. Despite continuously declining demand, amid lower refinery distillate supply, there was another increase in US distillate stocks, of 6.2 mb, on top of the already prevailing hefty stocks, but the gasoil price surged by \$1.42/b, driven more than anything else by the sizeable rise in the crude price. Fuel oil increased moderately, by \$0.49/b, with a high level of exports to the Far East being the underlying factor.

Refining margins in the US Gulf were largely shaped by gasoline price trends in July. Relative strength in the gasoline crack (i.e. its price compared with crude values) in the first three weeks caused a steady rise in refiners' earnings during that period. But the weaker gasoline price and aggressive selling-off of the product related to the expired August contract in the last part of the month exerted significant downward pressure on the gasoline price, which led to declining refinery profits, though they remained in positive territory.

US refinery throughput crept 0.06 mb/d higher to 15.74 mb/d in July. The equivalent utilization rate of 95.1% was almost on a par with last year's level. With the driving season drawing to a close at the end of August and comfortable distillate stocks amid the current sluggish demand, US refineries are expected to trim their runs in the near term.

### *Rotterdam market*

Product price increases took their lead from the relative strength of Brent, compared with other marker crudes, in July, but other factors were also at work. Gasoline, for instance, surged by \$1.75/b, bolstered by bullish US demand that offset continuously sagging European consumption. The distillate market in Europe, nonetheless, showed signs of rising demand for diesel and heating oil, as indicated by a 7 mb distillate stock draw in the Eur-16 countries at the end of July, together with a fall in Russian exports of distillate products by 7% to 535,000 b/d from the previous month; these were the main reasons for the gasoil price soaring by \$1.83/b. Fuel oil rebounded by \$1.08/b, supported, in part, by persistently tight supply, solid bunker demand during the first half of the month and, most importantly, lingering heavy exports to the Far East. Rising Russian cargo arrivals at the end of the month nonetheless exerted downward pressure on the fuel oil price.

Refining margins in Europe recovered slightly in July, but still stood in negative territory, as strong product price rises, led by gasoil, were offset by the soaring Brent price.

Refinery throughput in the Eur-16 countries edged up by 0.09 mb/d to 11.70 mb/d in July, induced by the continuous selling of gasoline to the USA and the revival of heating oil demand in Europe. The corresponding utilization rate of 85.7% was 1.2% lower than last year's level.

**Gasoline declined in July in Singapore, but distillates and fuel oil enjoyed modest gains; refining margins weakened**

**Singapore market**

In July, Asian product markets, except for gasoline in Singapore, were largely affected by tight supply, caused by prevailing discretionary refinery run cuts in response to poor economics. The gasoline market was amply supplied, and therefore its price was pulled down by \$0.35/b, amid lower demand from the regional key buyer, Indonesia, which purchased 0.85 mb, compared with 1.3 mb in the preceding month. Price rises for both gasoil and fuel oil were linked to the increase in crude prices. The former gained \$0.36/b, while fuel oil rose by \$0.89/b, benefiting the most from steady demand from China, amid tight supply; this pushed down fuel oil stocks in Singapore to 6.2 mb at the end of the month, its lowest level since January 1994.

Refining margins in Singapore in July continued to slide into negative territory, as the modest increases in distillate and fuel oil prices were not enough to outpace the rise in Dubai's price.

In Japan, refinery throughput fell heavily in June, by 0.33 mb/d to 3.20 mb/d, amid slack domestic demand. Hence, the equivalent utilization rate also declined, to 66.8%, which was 7.1% lower than in the preceding month and 3.7% below the previous year's level.

**Table 2**  
**Refined product prices**  
US \$/b

		<u>May02</u>	<u>Jun.02</u>	<u>Jul.02</u>	<u>Change Jul./Jun.</u>
<b>US Gulf</b>					
Regular gasoline	(unleaded)	31.37	31.20	<b>31.93</b>	+0.74
Gasoil	(0.2%S)	27.05	26.26	<b>27.68</b>	+1.42
Fuel oil	(3.0%S)	21.95	21.38	<b>21.87</b>	+0.49
<b>Rotterdam</b>					
Premium gasoline	(unleaded)	28.94	29.02	<b>30.77</b>	+1.75
Gasoil	(0.2%S)	26.54	25.97	<b>27.80</b>	+1.83
Fuel oil	(3.5%S)	21.02	19.94	<b>21.02</b>	+1.08
<b>Singapore</b>					
Premium gasoline	(unleaded)	29.73	28.54	<b>28.19</b>	-0.35
Gasoil	(0.5%S)	28.72	27.82	<b>28.19</b>	+0.36
Fuel oil	(380 cst)	22.99	21.99	<b>22.88</b>	+0.89

**Table 3**  
**Refinery operations in selected OECD countries**

	Refinery throughput			Refinery utilization*		
	<u>May02</u>	<u>Jun.02</u>	<u>Jul.02</u>	<u>May02</u>	<u>Jun.02</u>	<u>Jul.02</u>
USA	15.39	15.68	<b>15.74</b>	92.9	94.7	<b>95.1</b>
France	1.66 <sup>R</sup>	1.65	<b>1.69</b>	87.6 <sup>R</sup>	87.3	<b>89.4</b>
Germany	2.07 <sup>R</sup>	2.08	<b>2.15</b>	91.8 <sup>R</sup>	92.1	<b>95.4</b>
Italy	1.42 <sup>R</sup>	1.77	<b>1.81</b>	62.3 <sup>R</sup>	77.8	<b>79.4</b>
UK	1.56 <sup>R</sup>	1.53	<b>1.55</b>	87.2 <sup>R</sup>	85.9	<b>87.1</b>
Eur-16**	11.26 <sup>R</sup>	11.61 <sup>R</sup>	<b>11.70</b>	82.5 <sup>R</sup>	85.1	<b>85.7</b>
Japan	3.53	3.20	<b>n.a.</b>	73.9	66.8	<b>n.a.</b>

n.a. Not available.

R Revised since last issue.

\* Refinery capacities used are in barrels per calendar day.

\*\* Fifteen European Union members plus Norway.

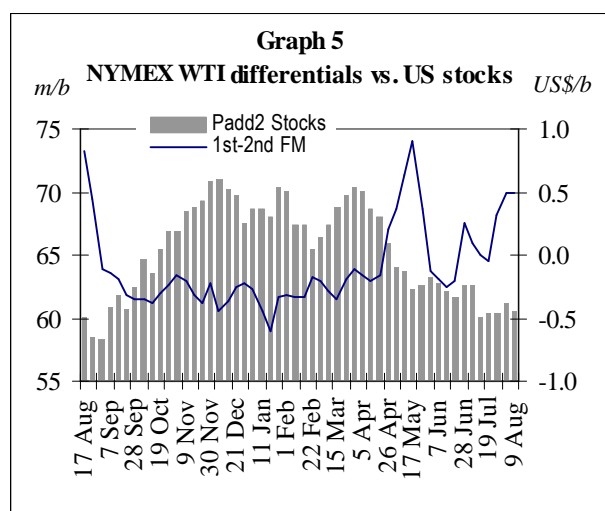
Sources: OPEC Statistics, Argus, Euroilstock Inventory Report/IEA.

## THE OIL FUTURES MARKET

### Gasoline demand was main driver of prices in July in volatile inventory environment

The main price-mover of NYMEX WTI futures prices during July was data from the American Petroleum Institute (API) and the US Department of Energy. Although contradictions between the two sources are becoming the norm, they nevertheless agreed on two issues: gasoline demand is at a high level, averaging 9.7 mb/d during most of July, and crude oil stocks in PADD 2 (US Midwest), the delivery point of the NYMEX contract, are at very low levels, reaching 60.1 mb.

Crude oil stock data showed very high volatility, which was even higher than price volatility. This encouraged funds and banks to buy. But what was noticeable was that the low stocks in PADD 2, which were 10.3 mb below the five-year average, did not trigger a huge price jump. Backwardation was limited to \$0.5/b, basically due to the perception that, despite the tight stocks, supplies were at comfortable levels, and the problem in Cushing, Oklahoma, was due to logistical factors, rather than supply factors.

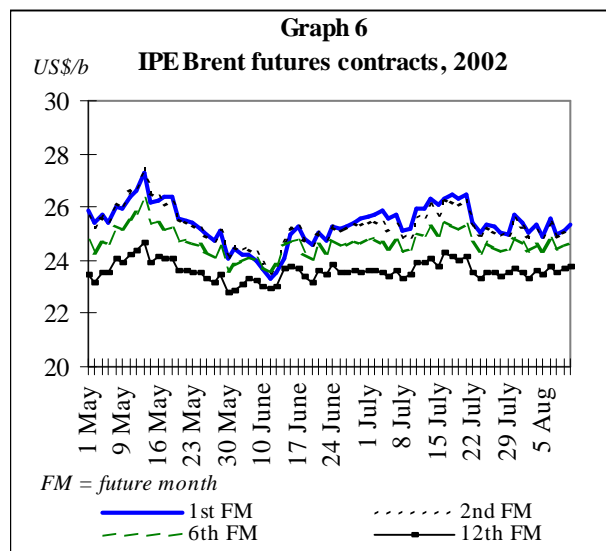


Gasoline implied demand, which showed resilience and reached 9.9 mb/d in the third week of the month, was the market obsession and the main source of bullishness. It was attributed to disposable income in the USA, which increased by 5% in 2002, compared with a rise of 3–4% in 2001.

Market sentiment received a negative shock in the third week, when prices moved down by \$1.23/b, after the stock market (Dow Jones Industrial Average) witnessed a heavy loss at a time when the non-commercials had high long positions, indicating the vulnerability of a downside move.

Sentiment received a further blow, after a media report showed that OPEC had been overproducing by 1.9 mb/d during June.

The only price hike towards the end of the month came in response to rumours of logistical preparations for a military action of the USA against Iraq, which moved the price \$0.81/b higher to \$27.02/b, pulling it \$0.21/b above the level of the beginning of the month.



## THE TANKER MARKET

### **OPEC area spot-chartering rose by 1.87 mb/d in July**

OPEC area spot-chartering regained some of the previous month's losses in July, increasing by 1.87 mb/d to a monthly average of 11.99 mb/d. Most of this increment occurred in the second half of the month, while the first half was quiet. However, compared with July 2001, the current level of OPEC fixtures remained at a deficit of 2.04 mb/d, or about 15% lower. Meanwhile, non-OPEC spot-chartering improved by 0.83 mb/d to a monthly average of 10.95 mb/d, although its market share softened slightly, by 2%. Global spot fixtures rose by 2.70 mb/d to a monthly average of 22.94 mb/d, but remained 2.70 mb/d below the level witnessed last year. The OPEC area's share of global spot-chartering grew by 2.04 percentage points to about 52%, and this level was 7.62 percentage points below the previous year's share. Spot fixtures from the Middle East on the eastbound and westbound long-haul routes edged higher, by 1.29 mb/d to 4.34 mb/d and by 0.31 mb/d to 1.39 mb/d respectively. Thus, OPEC's Middle East eastbound share of total fixtures improved significantly, by 5.99 percentage points to 36.18%, while the share of westbound chartering moved up slightly, by 0.93 percentage points to 11.63%. Together, they accounted for 47.81% of total chartering in the OPEC area, which was 6.92 percentage points above the previous month's level. According to preliminary estimates, sailings from the OPEC area continued to improve, rising by 1.05 mb/d to a monthly average of 21.70 mb/d. Sailings from the Middle East also edged higher, by 0.84 mb/d, to a monthly average of 14.47 mb/d, which was about 67% of total OPEC sailings. Additionally, according to preliminary estimates, arrivals in the US Gulf Coast, the US East Coast and the Caribbean continued the previous month's trend, declining by a further 1.17 mb/d to a monthly average of 7.37 mb/d. However, arrivals in North-West Europe and Euromed reversed last month's trend, worsening by 0.68 mb/d to 5.79 mb/d and improving by 0.07 mb/d to 5.15 mb/d respectively. The estimated oil-at-sea on 28 July was 440 mb, which was 13 mb above the level observed at the end of the previous month.

### **VLCC freight rates improved on Middle East eastbound route in July, while they remained low westbound**

Spot VLCC demand on long-haul eastbound routes improved in July, assisted by increased fixture volumes and tightened modern tanker availability, as tonnage owned by Japan's and South Korea's oil companies left the spot market and engaged in private programmes. Therefore, monthly average spot freight rates for shipping crude oil cargoes from the Middle East to the Far East gained ten points to reach WS44. However, the VLCC market on the westbound route remained weak, in the absence of sufficient demand, causing freight rates to remain at the low level of WS36, one point below the previous month's level. Meanwhile, despite significant fixture volumes on the routes across the Atlantic, Suezmax freight rates softened, amid cargoes to US destinations being divided between VLCC and Suezmax tankers. The monthly average freight rates for Suezmax voyages from West Africa and from North-West Europe to the US Gulf and East Coasts declined by 11 points to WS66 and by four points to WS70 respectively. Freight rates for crude oil tankers trading on short-haul routes displayed different trends in July, improving significantly in the Caribbean, while retreating further in the Mediterranean. Tight tonnage supply, with increased fixtures on the route from the Caribbean to the US destinations, supported Aframax freight rates, as they surged by 14 points to WS127. However, on the routes across the Mediterranean and to North-West Europe, freight rates continued to slide on lower activity, decelerating by 18 points to WS134 and by ten points to WS98 respectively. Freight rates for 70-100,000 dwt tankers on the route from Indonesia to the US West Coast regained the previous month's losses, rising by two points to WS91.

### **Clean tanker freight rates ended mixed in July**

The clean product tanker market exhibited diverse trends. The large-range (LR1) clean tonnage in the Middle East market remained in demand for Far East cargoes and, therefore, freight rates continued to climb, gaining another ten points to reach a monthly average of WS173. Additionally, medium range tankers in the Singapore market were active, and freight rates to the Far East remained almost stable at WS191, with a deficit of only two points. On the trans-Atlantic route, rates for product cargoes from the Rotterdam area to US destinations rose by two points to WS180, assisted by arbitrage opportunities. However, freight rates in the Caribbean retreated by ten points to WS174, for voyages to the US Gulf Coast, in an excess supply market. In the Mediterranean, the product tanker market weakened further and freight rates extended the previous month's losses, decreasing by nine points to WS164 on the route across the Mediterranean and by eight points to WS179 on the route from the Mediterranean to North-West Europe.

**Table 4**  
**Spot tanker chartering — sailings and arrivals**  
*mb/d*

	<u>May02</u>	<u>Jun.02</u>	<u>Jul.02</u>	<u>Change Jul./Jun.</u>
<b>Chartering</b>				
All areas	23.47	20.24	<b>22.94</b>	+2.70
OPEC	13.24	10.12	<b>11.99</b>	+1.89
eastbound	4.74	3.05	<b>4.34</b>	+1.29
westbound	2.37	1.08	<b>1.39</b>	+0.31
<b>Sailings</b>				
OPEC	20.49	20.65	<b>21.70</b>	+1.05
Middle East	13.45	13.63	<b>14.47</b>	+0.84
<b>Arrivals</b>				
US Gulf Coast, US East Coast, Caribbean	9.28	8.54	<b>7.37</b>	-1.17
North-West Europe	6.32	6.47	<b>5.79</b>	-0.68
Euromed	5.47	5.08	<b>5.15</b>	+0.07

Source: Oil Movements.

**Table 5**  
**Spot tanker freight rates**  
*Worldscale*

	<u>Size</u> <i>1,000 DWT</i>	<u>May02</u>	<u>Jun.02</u>	<u>Jul.02</u>	<u>Change Jul./Jun.</u>
<b>Crude</b>					
Middle East/east	200-300	53	34	<b>44</b>	+10
Middle East/west	200-300	45	37	<b>36</b>	-1
West Africa/US Gulf	100-160	66	77 <sup>R</sup>	<b>66</b>	-11
North-West Europe/US East Coast	100-160	67	74	<b>70</b>	-4
Indonesia/US West Coast	70-100	91	89	<b>91</b>	+2
Caribbean/US East Coast	40-70	157	113	<b>127</b>	+14
Mediterranean/Mediterranean	40-70	156	152	<b>134</b>	-18
Mediterranean/North-West Europe	70-100	119	108	<b>98</b>	-10
<b>Product</b>					
Middle East/east	30-50	154	163 <sup>R</sup>	<b>173</b>	+10
Singapore/east	25-30	164	193	<b>191</b>	-2
Caribbean/US Gulf Coast	25-30	200	184	<b>174</b>	-10
North-West Europe/US East Coast	25-30	192	178	<b>180</b>	+2
Mediterranean/Mediterranean	25-30	212	173	<b>164</b>	-9
Mediterranean/North-West Europe	25-30	222	205	<b>197</b>	-8

R Revised since last issue.

## WORLD OIL DEMAND

**World oil demand for 2000 and 2001 revised up by 0.20 mb/d to 75.86 mb/d and by 0.21 mb/d to 76.00 mb/d respectively**

### *Historical data*

#### *World*

There has been an upward revision to baseline historical data for developing countries. This means that world oil demand for 2000 is now assumed to be 75.86 mb/d, which is 0.20 mb/d above the figure reported in the last *MOMR*. At the same time, 2001 world oil demand averaged 76.00 mb/d, which is 0.21 mb/d higher than the figure presented previously. However, the volume and percentage changes show minor increases. Specifically, the latest data shows that world oil demand in 2001 grew by 0.15 mb/d, instead of the previously estimated 0.14 mb/d. The entire upward revision has been applied to Africa, the Middle East and "other Asia", as they experienced adjustments of 0.10 mb/d, 0.06 mb/d and 0.05 mb/d respectively.

**Table 6**  
**World oil demand in 2002**  
*mb/d*

	<u>2001</u>	<u>1Q02</u>	<u>2Q02</u>	<u>3Q02</u>	<u>4Q02</u>	<u>2002</u>	<b>Change 2002/01</b>	
							<u>Volume</u>	<u>%</u>
North America	23.85	23.66	23.68	24.15	24.01	23.88	0.02	0.09
Western Europe	15.25	15.14	14.59	15.31	15.75	15.20	-0.05	-0.33
OECD Pacific	8.55	9.08	7.69	8.09	8.93	8.45	-0.11	-1.24
<b>Total OECD</b>	<b>47.66</b>	<b>47.88</b>	<b>45.96</b>	<b>47.55</b>	<b>48.69</b>	<b>47.52</b>	<b>-0.14</b>	<b>-0.28</b>
Other Asia	7.37	7.38	7.41	7.29	7.79	7.47	0.10	1.38
Latin America	4.61	4.42	4.69	4.68	4.58	4.59	-0.02	-0.38
Middle East	4.54	4.64	4.48	4.76	4.62	4.62	0.08	1.83
Africa	2.48	2.54	2.48	2.44	2.48	2.49	0.01	0.29
<b>Total DCs</b>	<b>19.00</b>	<b>18.98</b>	<b>19.07</b>	<b>19.17</b>	<b>19.46</b>	<b>19.17</b>	<b>0.17</b>	<b>0.92</b>
FSU	3.93	3.92	3.58	3.83	4.23	3.89	-0.04	-1.14
Other Europe	0.73	0.78	0.78	0.69	0.74	0.75	0.02	2.92
China	4.69	4.74	5.12	4.80	4.68	4.83	0.15	3.12
<b>Total "other regions"</b>	<b>9.35</b>	<b>9.44</b>	<b>9.48</b>	<b>9.31</b>	<b>9.66</b>	<b>9.47</b>	<b>0.12</b>	<b>1.31</b>
<b>Total world</b>	<b>76.00</b>	<b>76.29</b>	<b>74.50</b>	<b>76.03</b>	<b>77.81</b>	<b>76.16</b>	<b>0.16</b>	<b>0.21</b>
Previous estimate	75.79	76.15	74.63	76.02	77.56	76.09	0.30	0.40
Revision	0.21	0.14	-0.13	0.01	0.25	0.07	-0.14	-0.19

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

#### *Projections for 2002*

**World oil demand estimate for 2002 revised down to 76.16 mb/d, an increase of 0.16 mb/d from 2001**

For the present year, the projection for world oil demand has once again been revised down, due to another downward adjustment to world economic growth. The downward revision for the first half of the year occurs mainly in the second quarter, as up-to-date information has become available. Consumption is expected to rise by 0.16 mb/d, to average 76.16 mb/d. This latest estimate translates into a downward revision of 0.14 mb/d, compared with the figure presented last month. On a regional basis, demand is projected to decrease by 0.14 mb/d in the OECD, while developing countries and "other regions" are expected to see increases of 0.17 mb/d and 0.12 mb/d respectively. Demand in the first half of 2002 was weaker than projected in the previous month; indeed, the first and the second quarters are estimated to have decreased by 0.49 mb/d and 0.37 mb/d respectively. Demand is forecast to recover in the second half of the year, to register growth of 0.39 mb/d and 1.09 mb/d in the third and fourth quarters, respectively. However, the situation is compounded by the continued downward revision of economic growth, especially in the USA and its export-oriented economy, where the collapse and the bankruptcy of some corporates have undermined the confidence of investors in the economic recovery and raised uncertainty about oil demand growth.

### OECD

According to the latest figures, inland deliveries of petroleum products in the OECD contracted by 0.74 mb/d in the first five months of 2002, and the preliminary estimate for June 2002 for the nine largest oil consumers in the OECD showed a decline of almost 0.61 mb/d. This indicates that, for the first half of this year, total OECD could register losses of about 0.75 mb/d versus the same period a year ago. However, in the second half of the year, OECD demand is projected to increase by 0.09 mb/d and by 0.74 mb/d in the third and fourth quarters respectively. For the whole year, North America is the only region which is expected to register a slight increase, of 0.02 mb/d, while Western Europe and the OECD Pacific are projected to see decreases of 0.05 mb/d and 0.11 mb/d respectively. However, the prospects for robust growth in oil demand later this year remain uncertain, as the falling value of the US dollar and the drop in the stock market imply that North America might need longer to experience a return to oil demand growth.

### DCs

Oil demand in developing countries is expected to rise by 0.17 mb/d to 19.17 mb/d. The estimated growth in consumption has been lower for Latin America, due to the weakness of its economics; indeed, Latin American GDP is projected to contract at a lower-than-anticipated rate, while, for the other regions in developing countries, demand growth has not changed.

### Other regions

Apparent demand in the "other regions" group is projected to grow by 0.12 mb/d to 9.47 mb/d, which is a 0.03 mb/d downward revision, compared with the last *MOMR*. Revisions to trade and production data for the first quarter show that apparent FSU consumption decreased by 0.04 mb/d, compared with the year-earlier figure. The latest assessment indicates that there has been a reduction of 0.17 mb/d in the second quarter. We anticipated a rise of 0.1 mb/d in the third quarter, but a 0.08 mb/d decline in the fourth quarter. Indigenous production and trade data for the first three months of this year shows a significant rise of 0.33 mb/d in China's apparent consumption. The latest figures demonstrate an increase of 0.09 mb/d in the second quarter. For the third and the fourth quarters, apparent demand is projected to grow by 0.07 mb/d and 0.1 mb/d respectively, in line with the estimate for economic growth, which remains at a healthy 7.3% for the current year.

**Table 7**  
**First- and second-quarter world oil demand comparison for 2002**  
*mb/d*

	<u>1Q01</u>	<u>1Q02</u>	<u>Change 2002/01</u>		<u>2Q01</u>	<u>2Q02</u>	<u>Change 2002/01</u>	
			<u>Volume</u>	<u>%</u>			<u>Volume</u>	<u>%</u>
North America	24.19	23.66	-0.52	-2.17	23.70	23.68	-0.02	-0.08
Western Europe	15.20	15.14	-0.06	-0.40	14.76	14.59	-0.17	-1.18
OECD Pacific	9.42	9.08	-0.33	-3.56	7.98	7.69	-0.28	-3.55
<b>Total OECD</b>	<b>48.80</b>	<b>47.88</b>	<b>-0.92</b>	<b>-1.89</b>	<b>46.43</b>	<b>45.96</b>	<b>-0.48</b>	<b>-1.03</b>
Other Asia	7.30	7.38	0.08	1.10	7.34	7.41	0.07	1.00
Latin America	4.56	4.42	-0.14	-3.07	4.68	4.69	0.02	0.37
Middle East	4.47	4.64	0.18	3.94	4.43	4.48	0.05	1.17
Africa	2.52	2.54	0.02	0.74	2.49	2.48	-0.01	-0.24
<b>Total DCs</b>	<b>18.84</b>	<b>18.98</b>	<b>0.14</b>	<b>0.72</b>	<b>18.93</b>	<b>19.07</b>	<b>0.14</b>	<b>0.72</b>
FSU	3.95	3.92	-0.03	-0.80	3.75	3.58	-0.17	-4.56
Other Europe	0.77	0.78	0.01	0.78	0.73	0.78	0.05	7.13
China	4.41	4.74	0.33	7.37	5.02	5.12	0.09	1.85
<b>Total "other regions"</b>	<b>9.14</b>	<b>9.44</b>	<b>0.30</b>	<b>3.28</b>	<b>9.50</b>	<b>9.48</b>	<b>-0.03</b>	<b>-0.28</b>
<b>Total world</b>	<b>76.78</b>	<b>76.29</b>	<b>-0.49</b>	<b>-0.63</b>	<b>74.87</b>	<b>74.50</b>	<b>-0.37</b>	<b>-0.49</b>

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



**Table 8**  
Third- and fourth-quarter world oil demand comparison for 2002  
*mb/d*

	<u>3Q01</u>	<u>3Q02</u>	Change 2002/01		<u>4Q01</u>	<u>4Q02</u>	Change 2002/01	
			<u>Volume</u>	<u>%</u>			<u>Volume</u>	<u>%</u>
North America	23.93	24.15	0.22	0.91	23.61	24.01	0.40	1.69
Western Europe	15.49	15.31	-0.17	-1.11	15.55	15.75	0.20	1.30
OECD Pacific	8.04	8.09	0.04	0.55	8.79	8.93	0.14	1.62
<b>Total OECD</b>	<b>47.46</b>	<b>47.55</b>	<b>0.09</b>	<b>0.19</b>	<b>47.95</b>	<b>48.69</b>	<b>0.74</b>	<b>1.55</b>
	0.00							
Other Asia	7.27	7.29	0.02	0.34	7.56	7.79	0.23	3.01
Latin America	4.66	4.68	0.02	0.40	4.54	4.58	0.03	0.71
Middle East	4.70	4.76	0.06	1.18	4.57	4.62	0.05	1.13
Africa	2.43	2.44	0.01	0.37	2.47	2.48	0.01	0.28
<b>Total DCs</b>	<b>19.06</b>	<b>19.17</b>	<b>0.11</b>	<b>0.57</b>	<b>19.14</b>	<b>19.46</b>	<b>0.32</b>	<b>1.66</b>
FSU	3.72	3.83	0.10	2.76	4.31	4.23	-0.08	-1.85
Other Europe	0.68	0.69	0.01	1.99	0.73	0.74	0.01	1.84
China	4.72	4.80	0.07	1.52	4.58	4.68	0.10	2.16
<b>Total "other regions"</b>	<b>9.12</b>	<b>9.31</b>	<b>0.19</b>	<b>2.06</b>	<b>9.63</b>	<b>9.66</b>	<b>0.03</b>	<b>0.34</b>
<b>Total world</b>	<b>75.65</b>	<b>76.03</b>	<b>0.39</b>	<b>0.51</b>	<b>76.71</b>	<b>77.81</b>	<b>1.09</b>	<b>1.43</b>

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

#### Forecast for 2003

**World oil demand for 2003 projected at 76.95 mb/d, a 0.79 mb/d increase from 2002**

Due to a downward revision to world economic growth, the preliminary 2003 world oil demand forecast has been revised down by 0.15 mb/d to 76.95 mb/d, which translates into a growth rate of 0.79 mb/d. This projected 2003 growth level is higher than those experienced in 2000 and 2001 and that expected in 2002. An assumed return to normal weather, a continuing recovery in jet fuel consumption and higher GDP growth are all expected to support this robust growth in demand for 2003, compared with the previous years. However, a wide range of regional uncertainties dominates the economic outlook; therefore, this assessment will be subject to further adjustment, as more information on major factors becomes available.

**Table 9**  
World oil demand forecast for 2003  
*mb/d*

	<u>2002</u>	<u>1Q03</u>	<u>2Q03</u>	<u>3Q03</u>	<u>4Q03</u>	<u>2003</u>	Change 2003/02	
							<u>Volume</u>	<u>%</u>
North America	23.88	23.92	23.72	24.18	24.36	24.05	0.17	0.71
Western Europe	15.20	15.29	14.63	15.28	15.85	15.27	0.07	0.44
OECD Pacific	8.45	9.20	7.64	8.08	9.17	8.52	0.08	0.91
<b>Total OECD</b>	<b>47.52</b>	<b>48.42</b>	<b>45.99</b>	<b>47.54</b>	<b>49.38</b>	<b>47.84</b>	<b>0.31</b>	<b>0.66</b>
Other Asia	7.47	7.54	7.52	7.39	7.87	7.58	0.11	1.47
Latin America	4.59	4.40	4.65	4.71	4.64	4.60	0.01	0.18
Middle East	4.62	4.75	4.60	4.83	4.68	4.71	0.09	1.94
Africa	2.49	2.58	2.53	2.47	2.51	2.52	0.04	1.44
<b>Total DCs</b>	<b>19.17</b>	<b>19.26</b>	<b>19.30</b>	<b>19.39</b>	<b>19.70</b>	<b>19.41</b>	<b>0.24</b>	<b>1.27</b>
FSU	3.89	4.02	3.77	3.87	4.17	3.96	0.07	1.73
Other Europe	0.75	0.77	0.78	0.71	0.76	0.76	0.01	1.46
China	4.83	4.93	5.23	4.96	4.84	4.99	0.16	3.21
<b>Total "other regions"</b>	<b>9.47</b>	<b>9.72</b>	<b>9.78</b>	<b>9.55</b>	<b>9.77</b>	<b>9.70</b>	<b>0.23</b>	<b>2.46</b>
<b>Total world</b>	<b>76.16</b>	<b>77.41</b>	<b>75.07</b>	<b>76.48</b>	<b>78.85</b>	<b>76.95</b>	<b>0.79</b>	<b>1.04</b>
Previous estimate	76.09	77.90	75.32	76.22	78.70	77.03	0.94	1.24
Revision	0.07	-0.49	-0.25	0.26	0.15	-0.08	-0.15	-0.20

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

## WORLD OIL SUPPLY

**2002 non-OPEC supply figure revised up to 47.88 mb/d in July, an increase of 1.40 mb/d over 2001**

### *Non-OPEC*

#### *Forecast for 2002*

The 2002 non-OPEC supply figure has been revised up by 0.03 mb/d to 47.88 mb/d since the last *MOMR*. Separately, there has been a considerable upward revision for the second quarter, of 0.24 mb/d to 47.85 mb/d, as well as modest downward revisions for the other three quarters, of 0.04 mb/d each to 47.65 mb/d, 47.65 mb/d and 48.37 mb/d respectively. The yearly average increase is estimated at 1.40 mb/d, compared with the revised-down 2001 figure.

**Table 10**  
**Non-OPEC oil supply in 2002**  
*mb/d*

	<u>2001</u>	<u>1Q02</u>	<u>2Q02</u>	<u>3Q02</u>	<u>4Q02</u>	<u>2002</u>	<u>Change</u> <u>02/01</u>
North America	14.36	14.62	14.65	14.45	14.47	14.55	0.19
Western Europe	6.70	6.73	6.70	6.55	6.94	6.73	0.04
OECD Pacific	0.77	0.76	0.74	0.72	0.70	0.73	-0.04
<b>Total OECD</b>	<b>21.82</b>	<b>22.11</b>	<b>22.09</b>	<b>21.72</b>	<b>22.11</b>	<b>22.01</b>	<b>0.19</b>
Other Asia	2.28	2.35	2.34	2.38	2.43	2.37	0.10
Latin America	3.75	3.92	3.93	3.97	3.95	3.94	0.19
Middle East	2.13	2.09	2.06	2.07	2.05	2.07	-0.06
Africa	2.80	3.02	3.02	2.96	3.09	3.02	0.22
<b>Total DCs</b>	<b>10.96</b>	<b>11.38</b>	<b>11.34</b>	<b>11.38</b>	<b>11.51</b>	<b>11.40</b>	<b>0.44</b>
FSU	8.53	8.92	9.16	9.31	9.49	9.22	0.69
Other Europe	0.18	0.18	0.18	0.18	0.17	0.18	0.00
China	3.30	3.35	3.37	3.34	3.36	3.35	0.06
<b>Total "Other regions"</b>	<b>12.00</b>	<b>12.45</b>	<b>12.71</b>	<b>12.82</b>	<b>13.02</b>	<b>12.75</b>	<b>0.75</b>
<b>Total non-OPEC production</b>	<b>44.79</b>	<b>45.93</b>	<b>46.13</b>	<b>45.93</b>	<b>46.65</b>	<b>46.16</b>	<b>1.37</b>
Processing gains	1.69	1.72	1.72	1.72	1.72	1.72	0.03
<b>Total non-OPEC supply</b>	<b>46.48</b>	<b>47.65</b>	<b>47.85</b>	<b>47.65</b>	<b>48.37</b>	<b>47.88</b>	<b>1.40</b>
Previous estimate	46.50	47.69	47.61	47.68	48.40	47.85	1.35
<b>Revision</b>	<b>-0.02</b>	<b>-0.04</b>	<b>0.24</b>	<b>-0.04</b>	<b>-0.04</b>	<b>0.03</b>	<b>0.05</b>

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

**2003 non-OPEC supply expected to be 48.80 mb/d, which is 0.92 mb/d above 2002 level**

### Expectations for 2003

Non-OPEC supply is expected to rise by another 0.92 mb/d in 2003. The major contributors to the projected increase are North America and the FSU. The quarterly distribution is estimated at 48.55 mb/d, 48.77 mb/d, 48.57 mb/d and 49.31 mb/d respectively, resulting in a yearly average of 48.80 mb/d.

**Table 11**  
Non-OPEC oil supply in 2003  
mb/d

	<u>2002</u>	<u>1Q03</u>	<u>2Q03</u>	<u>3Q03</u>	<u>4Q03</u>	<u>2003</u>	<u>Change</u> <u>03/02</u>
North America	14.55	14.87	14.90	14.70	14.72	14.80	0.25
Western Europe	6.73	6.77	6.74	6.59	6.99	6.77	0.04
OECD Pacific	0.73	0.76	0.74	0.72	0.70	0.73	0.00
<b>Total OECD</b>	<b>22.01</b>	<b>22.40</b>	<b>22.38</b>	<b>22.01</b>	<b>22.40</b>	<b>22.30</b>	<b>0.29</b>
Other Asia	2.37	2.38	2.37	2.41	2.46	2.40	0.03
Latin America	3.94	4.00	4.01	4.05	4.03	4.02	0.08
Middle East	2.07	2.09	2.06	2.07	2.05	2.07	0.00
Africa	3.02	3.07	3.08	3.02	3.15	3.08	0.06
<b>Total DCs</b>	<b>11.40</b>	<b>11.55</b>	<b>11.51</b>	<b>11.55</b>	<b>11.69</b>	<b>11.57</b>	<b>0.17</b>
FSU	9.22	9.34	9.58	9.74	9.93	9.65	0.43
Other Europe	0.18	0.18	0.18	0.18	0.17	0.18	0.00
China	3.35	3.35	3.37	3.34	3.36	3.35	0.00
<b>Total "Other regions"</b>	<b>12.75</b>	<b>12.86</b>	<b>13.13</b>	<b>13.25</b>	<b>13.47</b>	<b>13.18</b>	<b>0.43</b>
<b>Total non-OPEC production</b>	<b>46.16</b>	<b>46.80</b>	<b>47.02</b>	<b>46.82</b>	<b>47.56</b>	<b>47.05</b>	<b>0.89</b>
Processing gains	1.72	1.75	1.75	1.75	1.75	1.75	0.03
<b>Total non-OPEC supply</b>	<b>47.88</b>	<b>48.55</b>	<b>48.77</b>	<b>48.57</b>	<b>49.31</b>	<b>48.80</b>	<b>0.92</b>
Previous estimate	47.85	48.60	48.52	48.60	49.34	48.77	0.92
<b>Revision</b>	<b>0.03</b>	<b>-0.04</b>	<b>0.24</b>	<b>-0.04</b>	<b>-0.04</b>	<b>0.03</b>	<b>0.00</b>

Totals may not add, due to independent rounding.

**2003 net FSU oil exports expected to be 5.69 mb/d; 2002 forecast revised up to 5.33 mb/d**

The forecast for the FSU's net oil exports for 2002 has been revised up by 0.03 mb/d to 5.33 mb/d since the last *MOMR*. There has also been an upward revision to the 2003 forecast, of 0.04 mb/d to 5.69 mb/d.

**Table 12**  
FSU net oil exports  
mb/d

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Year</u>
<b>1999</b>	3.12	3.62	3.52	3.49	<b>3.44</b>
<b>2000</b>	3.97	4.13	4.47	4.01	<b>4.14</b>
<b>2001</b>	4.30	4.71	4.89	4.47	<b>4.59</b>
<b>2002 (forecast)</b>	5.00	5.58	5.48	5.26	<b>5.33</b>
<b>2003 (forecast)</b>	5.31	5.82	5.87	5.77	<b>5.69</b>

### OPEC natural gas liquids

OPEC NGL and non-conventional oil data for 1999–2002 has been revised up by 0.15 mb/d to 3.22 mb/d, by 0.17 mb/d to 3.39 mb/d, by 0.16 mb/d to 3.53 mb/d and by 0.19 mb/d to 3.58 mb/d respectively, compared with the last *MOMR*'s figures. The forecast for 2003 has also been revised up, to 3.61 mb/d. **All these revisions are due to the introduction of non-conventional oils and recent NGL data released by some Member Countries.**

**OPEC NGL production — 1998–2002**  
mb/d

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>1Q02</u>	<u>2Q02</u>	<u>3Q02</u>	<u>4Q02</u>	<u>2002</u>	<u>Change</u> <u>02/01</u>	<u>2003</u>	<u>Change</u> <u>03/02</u>
<b>3.22</b>	<b>3.39</b>	<b>3.53</b>	3.58	3.58	3.58	3.59	<b>3.58</b>	0.05	<b>3.61</b>	0.03

**OPEC NGL production forecast revised up to 3.61 mb/d for 2003; figures for 1999–2002 also revised up, due to new data availability**

**Available secondary sources put OPEC's July production at 25.25 mb/d**

### ***OPEC crude oil production***

Available secondary sources indicate that, in July, OPEC output was 25.25 mb/d, which was 0.52 mb/d higher than the revised June level of 24.73 mb/d. Table 13 shows OPEC production, as reported by selected secondary sources.

**Table 13**  
**OPEC crude oil production, based on secondary sources**  
*1,000 b/d*

	<u>2000</u>	<u>2001</u>	<u>1Q02</u>	<u>Jun.02*</u>	<u>2Q02*</u>	<u>Jul.02*</u>	<u>Jul.-Jun.</u>
Algeria	808	820	793	834	827	<b>850</b>	16
Indonesia	1,278	1,214	1,138	1,131	1,131	<b>1,105</b>	-26
IR Iran	3,671	3,665	3,352	3,357	3,359	<b>3,405</b>	49
Iraq	2,552	2,383	2,386	1,574	1,509	<b>1,756</b>	182
Kuwait	2,101	2,032	1,848	1,888	1,878	<b>1,903</b>	15
SP Libyan AJ	1,405	1,361	1,274	1,317	1,309	<b>1,330</b>	13
Nigeria	2,031	2,097	1,963	1,902	1,935	<b>1,940</b>	38
Qatar	698	683	605	633	636	<b>640</b>	7
Saudi Arabia	8,273	7,946	7,230	7,435	7,397	<b>7,623</b>	188
UAE	2,251	2,163	1,967	1,966	1,972	<b>1,980</b>	14
Venezuela	2,897	2,831	2,564	2,696	2,625	<b>2,720</b>	25
<b>Total OPEC</b>	<b>27,965</b>	<b>27,194</b>	<b>25,122</b>	<b>24,731</b>	<b>24,577</b>	<b>25,251</b>	<b>520</b>

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

\* *Not all sources available.*

## **RIG COUNT**

**Non-OPEC rig count up by 48 in July**

### ***Non-OPEC***

Rig activity continued to increase in July. In North America, the major contributor, the rig count rose by 57, compared with the June figure. In Canada, the count grew by a considerable 61 to reach 266. Also, the USA witnessed an increase of eight to 851 rigs, while Mexico's rig activity declined by 12. In Western Europe, activity declined by six and three rigs in the UK and Norway respectively.

**Table 14**  
**Non-OPEC rig count in 2002**

	<u>2000</u>	<u>2001</u>	<u>Change</u> <u>2001-00</u>	<u>Jun.02</u>	<u>Jul.02</u>	<u>Change</u> <u>Jul.-Jun.</u>
North America	1,305	1,552	247	1,115	<b>1,172</b>	57
Western Europe	125	95	-30	84	<b>75</b>	-9
OECD Pacific	17	20	3	16	<b>17</b>	1
<b>OECD</b>	<b>1,447</b>	<b>1,667</b>	<b>220</b>	<b>1,215</b>	<b>1,264</b>	<b>49</b>
Other Asia	83	95	12	113	<b>117</b>	4
Latin America	120	141	20	108	<b>103</b>	-5
Middle East	45	50	5	61	<b>64</b>	3
Africa	34	36	2	44	<b>41</b>	-3
<b>DCs</b>	<b>282</b>	<b>321</b>	<b>40</b>	<b>326</b>	<b>325</b>	<b>-1</b>
FSU	n.a.	n.a.	n.a.	n.a.	<b>n.a.</b>	n.a.
Other Europe	3	3	0	2	<b>2</b>	0
China	n.a.	n.a.	n.a.	n.a.	<b>n.a.</b>	n.a.
<b>Other regions</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Total non-OPEC</b>	<b>1,732</b>	<b>1,991</b>	<b>260</b>	<b>1,543</b>	<b>1,591</b>	<b>48</b>

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

*Source: Baker Hughes International.*

**OPEC's rig count down  
by four in July****OPEC**

OPEC's rig count declined by four to 221 in July, compared with the June figure. Most of the changes occurred in Indonesia and Qatar, where the counts declined by two rigs each to 41 and 12 respectively.

**Table 15**  
**OPEC rig count**

	<u>2000</u>	<u>2001</u>	<u>Change</u> <u>2000-01</u>	<u>Jun.02</u>	<u>Jul.02</u>	<u>Change</u> <u>Jul.-Jun.</u>
Algeria	15	20	5	18	<b>18</b>	0
Indonesia	32	41	9	43	<b>41</b>	-2
IR Iran	27	30	3	34	<b>33</b>	-1
Iraq	0	0	0	n.a.	<b>n.a.</b>	n.a.
Kuwait	12	9	-3	7	<b>6</b>	-1
SP Libyan AJ	7	5	-2	9	<b>9</b>	0
Nigeria	8	12	4	11	<b>13</b>	2
Qatar	6	9	3	14	<b>12</b>	-2
Saudi Arabia	25	30	5	32	<b>32</b>	0
UAE	13	15	3	16	<b>16</b>	0
Venezuela	63	67	5	41	<b>41</b>	0
<b>Total OPEC</b>	<b>206</b>	<b>238</b>	<b>32</b>	<b>225</b>	<b>221</b>	<b>-4</b>

Totals may not add, due to independent rounding.

Source: Baker Hughes International.

## STOCK MOVEMENTS

**Unseasonable draw of  
0.18 mb/d in USA in July****USA**

US commercial onland oil stocks lost the previous month's overall gain, decreasing unseasonably by 6.1 mb, or a rate of 0.18 mb/d, to 1,025.3 mb during the period 28 June – 2 August. Most oil stocks showed draws, notably crude oil, this being the main factor behind the overall draw. Crude oil fell massively, by 14.0 mb to 307.2 mb. This draw could be attributed to lower imports, especially from Iraq. Gasoline added to this draw, when it declined by 3.9 mb to 212.5 mb on relatively healthy seasonal demand. Fuel oil and jet kerosene each decreased by a marginal 1.1 mb, to 33.5 mb and 39.2 mb respectively. A build in distillates of 6.8 mb to 135.1 mb occurred on weak demand, and an increase of 10.8 mb to 211.5 mb in "other oils" reduced the overall draw. Total oil stocks were only 1.3 mb above the year-ago level.

During the week ending 9 August, total oil stocks in the USA showed a further contra-seasonal draw, of 12.6 mb to 1,012.7 mb. This resulted mainly from a decrease of 7.2 mb to 300.0 mb in crude oil, and, to a lesser degree, a decline of 4.5 mb to 208.0 mb in gasoline, where healthy seasonal demand continued to push stocks down

**Table 16**  
**US onland commercial petroleum stocks\***  
*mb*

	<u>29 Mar.02</u>	<u>28 Jun.02</u>	<u>2 Aug.02</u>	<u>Change</u> <u>Jul./Jun.</u>	<u>28 Aug.01</u>	<u>9 Aug.02**</u>
<b>Crude oil (excl. SPR)</b>	325.1	321.2	<b>307.2</b>	<b>-14.0</b>	312.7	<b>300.0</b>
Gasoline	211.5	216.4	212.5	-3.9	208.0	208.0
Distillate fuel	119.7	128.3	135.1	6.8	125.1	134.0
Residual fuel oil	34.6	34.6	33.5	-1.1	39.0	32.4
Jet fuel	41.0	40.3	39.2	-1.1	42.3	40.0
Unfinished oils	93.6	89.9	86.3	-3.6	89.8	85.9
Other oils	171.1	200.7	211.5	10.8	207.1	212.5
<b>Total</b>	<b>996.6</b>	<b>1,031.4</b>	<b>1,025.3</b>	<b>-6.1</b>	<b>1,024.0</b>	<b>1,012.7</b>
SPR	560.9	575.4	578.5	3.1	543.7	579.1

\* 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.

**Moderate contra-seasonal draw of 0.34 mb/d in Eur-16 in July**

During the period 28 June – 2 August, the Strategic Petroleum Reserve (SPR) added another 3.1 mb, to stand at 578.5 mb.

### **Western Europe**

Commercial onland oil stocks in the Eur-16 (EU plus Norway) displayed a moderate contra-seasonal draw of 10.5 mb, or about 0.34 mb/d, to stand at 1,058.5 mb in July. Most of the draw came from distillates, which fell by a considerable 6.8 mb to 338.6 mb. This biggest monthly drop in ten months was attributed to very strong demand for diesel fuel and heating oil. Other major product inventories contributed marginally to this draw. Gasoline declined by 0.8 mb to 144.5 mb, amid persistent demand from the USA, where the opened arbitrage still attracted cargoes from across the Atlantic. Fuel oils moved down by 0.2 mb to 109.3 mb, on the back of lower output. Crude oil added to the draw, decreasing by 1.9 mb to 442.2 mb, on increasing refinery throughput. Crude stocks remained 13.7 mb higher than the level observed a year ago. The overall draw narrowed the year-on-year deficit to 15.8 mb.

**Table 17**  
**Western Europe commercial oil stocks\***  
*mb*

	<u>Dec.01</u>	<u>Mar.02</u>	<u>Jun.02</u>	<u>Jul.02</u>	<b>Change</b> <u>Jul./Jun.</u>	<u>Jul.01</u>
<b>Crude oil</b>	436.0	440.9	444.1	<b>442.2</b>	<b>-1.9</b>	428.6
Mogas	151.8	156.5	145.3	144.5	-0.8	141.6
Naphtha	26.4	24.2	24.6	23.8	-0.9	25.6
Middle distillates	331.2	340.9	345.4	338.6	-6.8	328.9
Fuel oils	119.1	111.7	109.5	109.3	-0.2	118.0
<b>Total products</b>	628.5	633.3	624.8	<b>616.2</b>	<b>-8.6</b>	614.1
<b>Overall total</b>	1,064.5	1,074.2	1,069.0	<b>1,058.5</b>	<b>-10.5</b>	1,042.6

\* At end of month, and region consists of the Eur-16.

Source: Argus Euroilstock.

**Considerable stock-build of 0.32 mb/d in Japan in June**

### **Japan**

In June, commercial onland oil stocks experienced a further considerable seasonal build, when they rose by 9.6 mb, or a rate of 0.32 mb/d, to 182.7 mb, a level not seen since December 2001. This significant rise was largely confined to a massive build of 13.1 mb to 118.3 mb in crude oil stocks, due to lower refinery runs, because of scheduled plant maintenance and in order to counter weak profit margins. Major product inventories capped this build, declining by 3.5 mb to 64.4 mb. This draw on total major products was due to lower output, after the shut-down of some refineries, partly for regular maintenance and partly due to poor refining margins. Total oil stocks were about 6% below the level registered a year ago.

**Table 18**  
**Japan's commercial oil stocks\***  
*mb*

	<u>Dec.01</u>	<u>Mar.02</u>	<u>May02</u>	<u>Jun.02</u>	<b>Change</b> <u>Jun./May</u>	<u>Jun.01</u>
<b>Crude oil</b>	113.4	106.8	105.2	<b>118.3</b>	<b>13.1</b>	127.3
Gasoline	12.3	15.8	15.6	14.2	-1.4	14.3
Middle distillates	37.8	29.5	31.9	30.2	-1.7	33.6
Residual fuel oil	18.5	18.7	20.4	20.1	-0.3	19.8
<b>Total products</b>	68.6	64.0	67.9	<b>64.4</b>	<b>-3.5</b>	67.7
<b>Overall total **</b>	182.0	170.9	173.1	<b>182.7</b>	<b>9.6</b>	195.1

\* At end of month.

\*\* Includes crude oil and main products only. Source: MITI, Japan.

**Moderate seasonal build of 0.45 mb/d in OECD in second quarter of 2002***OECD*

In the second quarter of 2002, OECD commercial onland oil stocks (the USA, Eur-16 and Japan) are estimated to have shown a moderate seasonal build of 41.4 mb, or a rate of 0.45 mb, to stand at 2,283.1 mb, compared with the previous quarter. Most of the build occurred with US oil stocks, which rose by 34.8 mb, or a rate of 0.38 mb/d, to 1,031.4 mb. They were followed by Japan, where stocks increased by 11.8 mb, or 0.13 mb/d, to 182.7 mb. Eur-16 stocks behaved contrary to the seasonal trend, declining by 5.2 mb, or 0.06 mb/d, to 1,069.0 mb, due to relatively higher demand, especially for gasoline, which seized the opportunity of the opened arbitrage to cross the Atlantic to the US market.

**Table 19**  
**Estimated stock movements in OECD\* in second quarter of 2002**

	<i>mb</i>		<u>Change Jun./Mar.</u>	
	<u>Mar.02</u>	<u>Jun.02</u>	<i>mb</i>	<i>mb/d</i>
USA	996.6	1,031.4	34.8	0.38
Eur-16	1,074.2	1,069.0	-5.2	-0.06
Japan	170.9	182.7	11.8	0.13
<b>OECD total</b>	<b>2,241.7</b>	<b>2,283.1</b>	<b>41.4</b>	<b>0.45</b>

\* Includes USA, Eur-16 and Japan only. Data as at end of month.

## BALANCE OF SUPPLY AND DEMAND

**2002 supply/demand difference revised down to 24.70 mb/d**

**Please note that most of the revisions made to non-OPEC supply this month have been due to the inclusion of OPEC non-conventional oils for some Member Countries into the figures for OPEC NGLs.**

The summarized supply/demand balance table for 2002 shows upward revisions to the world oil demand forecast of 0.07 mb/d to 76.16 mb/d and to total non-OPEC supply of 0.22 mb/d to 51.46 mb/d, resulting in an expected annual difference of around 24.70 mb/d, down by 0.15 mb/d, compared with the last *MOMR* figure. There is a quarterly distribution of 25.07 mb/d, 23.08 mb/d, 24.80 mb/d and 25.86 mb/d respectively. The balance for the first quarter remains unchanged at 0.05 mb/d, while the balance for the second quarter has been revised up by 0.55 mb/d to 1.50 mb/d. The 2001 balance has been revised down by 0.08 mb/d to 1.20 mb/d.

**Table 20**  
**Summarized supply/demand balance for 2002**

	<u>2001</u>	<u>1Q02</u>	<u>2Q02</u>	<u>3Q02</u>	<u>4Q02</u>	<u>2002</u>
(a) World oil demand	76.00	76.29	74.50	76.03	77.81	76.16
(b) Non-OPEC supply <sup>(1)</sup>	50.00	51.22	51.43	51.23	51.95	51.46
<b>Difference (a – b)</b>	<b>26.00</b>	<b>25.07</b>	<b>23.08</b>	<b>24.80</b>	<b>25.86</b>	<b>24.70</b>
OPEC crude oil production <sup>(2)</sup>	27.19	25.12	24.58			
<b>Balance</b>	<b>1.20</b>	<b>0.05</b>	<b>1.50</b>			

(1) Including OPEC NGLs + non-conventional oils.

(2) Selected secondary sources.

Totals may not add, due to independent rounding.

**2003 supply/demand difference forecast at 24.55 mb/d**

The summarized supply/demand balance table for 2003 shows a downward revision to the world oil demand forecast of 0.08 mb/d to 76.95 mb/d, while total non-OPEC supply has been revised up by 0.22 mb/d to 52.41 mb/d. This has resulted in an expected difference of around 24.55 mb/d, with a quarterly distribution of 25.25 mb/d, 22.70 mb/d, 24.30 mb/d and 25.93 mb/d respectively.

**Table 21**  
**Summarized supply/demand balance for 2003**

	<u>2002</u>	<u>1Q03</u>	<u>2Q03</u>	<u>3Q03</u>	<u>4Q03</u>	<u>2003</u>
(a) World oil demand	76.16	77.41	75.07	76.48	78.85	76.95
(b) Non-OPEC supply <sup>(1)</sup>	51.46	52.16	52.37	52.18	52.92	52.41
<b>Difference (a – b)</b>	<b>24.70</b>	<b>25.25</b>	<b>22.70</b>	<b>24.30</b>	<b>25.93</b>	<b>24.55</b>

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

**Table 22**  
**World oil demand/supply balance**  
*mb/d*

	1999	2000	2001	1Q02	2Q02	3Q02	4Q02	2002	1Q03	2Q03	3Q03	4Q03	2003
<b>World demand</b>													
<b>OECD</b>	47.7	47.7	47.7	47.9	46.0	47.5	48.7	47.5	48.4	46.0	47.5	49.4	47.8
North America	23.8	24.0	23.9	23.7	23.7	24.1	24.0	23.9	23.9	23.7	24.2	24.4	24.0
Western Europe	15.2	15.1	15.3	15.1	14.6	15.3	15.8	15.2	15.3	14.6	15.3	15.9	15.3
Pacific	8.7	8.6	8.6	9.1	7.7	8.1	8.9	8.4	9.2	7.6	8.1	9.2	8.5
<b>DCs</b>	18.6	18.9	19.0	19.0	19.1	19.2	19.5	19.2	19.3	19.3	19.4	19.7	19.4
<b>FSU</b>	4.0	3.8	3.9	3.9	3.6	3.8	4.2	3.9	4.0	3.8	3.9	4.2	4.0
<b>Other Europe</b>	0.8	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.7	0.8	0.8
<b>China</b>	4.2	4.7	4.7	4.7	5.1	4.8	4.7	4.8	4.9	5.2	5.0	4.8	5.0
<b>(a) Total world demand</b>	<b>75.3</b>	<b>75.9</b>	<b>76.0</b>	<b>76.3</b>	<b>74.5</b>	<b>76.0</b>	<b>77.8</b>	<b>76.2</b>	<b>77.4</b>	<b>75.1</b>	<b>76.5</b>	<b>78.8</b>	<b>77.0</b>
<b>Non-OPEC supply</b>													
<b>OECD</b>	21.3	21.8	21.8	22.1	22.1	21.7	22.1	22.0	22.4	22.4	22.0	22.4	22.3
North America	14.1	14.2	14.4	14.6	14.6	14.5	14.5	14.5	14.9	14.9	14.7	14.7	14.8
Western Europe	6.6	6.7	6.7	6.7	6.7	6.6	6.9	6.7	6.8	6.7	6.6	7.0	6.8
Pacific	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7
<b>DCs</b>	10.8	11.0	11.0	11.4	11.3	11.4	11.5	11.4	11.5	11.5	11.5	11.7	11.6
<b>FSU</b>	7.5	7.9	8.5	8.9	9.2	9.3	9.5	9.2	9.3	9.6	9.7	9.9	9.7
<b>Other Europe</b>	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
<b>China</b>	3.2	3.2	3.3	3.3	3.4	3.3	3.4	3.4	3.3	3.4	3.3	3.4	3.4
<b>Processing gains</b>	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8
<b>Total non-OPEC supply</b>	<b>44.6</b>	<b>45.7</b>	<b>46.5</b>	<b>47.6</b>	<b>47.9</b>	<b>47.6</b>	<b>48.4</b>	<b>47.9</b>	<b>48.6</b>	<b>48.8</b>	<b>48.6</b>	<b>49.3</b>	<b>48.8</b>
<b>OPEC NGLs + non-conventionals</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>
<b>(b) Total non-OPEC supply and OPEC NGLs</b>	<b>47.8</b>	<b>49.1</b>	<b>50.0</b>	<b>51.2</b>	<b>51.4</b>	<b>51.2</b>	<b>52.0</b>	<b>51.5</b>	<b>52.2</b>	<b>52.4</b>	<b>52.2</b>	<b>52.9</b>	<b>52.4</b>
<b>OPEC crude oil production (secondary sources)</b>	<b>26.5</b>	<b>28.0</b>	<b>27.2</b>	<b>25.1</b>	<b>24.6</b>								
<b>Total supply</b>	<b>74.3</b>	<b>77.1</b>	<b>77.2</b>	<b>76.3</b>	<b>76.0</b>								
<b>Balance (stock change and miscellaneous)</b>	<b>-1.0</b>	<b>1.2</b>	<b>1.2</b>	<b>0.1</b>	<b>1.5</b>								
<b>Closing stock level (outside FCPEs) mb</b>													
OECD onland commercial	2446	2530	2623	2599	2642								
OECD SPR	1228	1210	1222	1237	1248								
OECD total	3674	3740	3844	3836	3891								
Other onland	983	1000	1028	1026	1040								
Oil-on-water	808	876	842	838	n.a.								
<b>Total stock</b>	<b>5465</b>	<b>5617</b>	<b>5715</b>	<b>5701</b>	<b>n.a.</b>								
<b>Days of forward consumption in OECD</b>													
Commercial onland stocks	51	53	55.2	56.6	55.6								
SPR	26	25	25.7	26.9	26.3								
Total	77	78	80.9	83.5	81.8								
<b>Memo items</b>													
FSU net exports	3.4	4.1	4.6	5.0	5.6	5.5	5.3	5.3	5.3	5.8	5.9	5.8	5.7
<b>(a) - (b)</b>	<b>27.5</b>	<b>26.7</b>	<b>26.0</b>	<b>25.1</b>	<b>23.1</b>	<b>24.8</b>	<b>25.9</b>	<b>24.7</b>	<b>25.2</b>	<b>22.7</b>	<b>24.3</b>	<b>25.9</b>	<b>24.5</b>

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



**Table 23**  
**World oil demand/supply balance: changes from last month's table †**  
*mb/d*

	1999	2000	2001	1Q02	2Q02	3Q02	4Q02	2002	1Q03	2Q03	3Q03	4Q03	2003
<b>World demand</b>													
<b>OECD</b>	-	-	-	-	-0.3	-	-	-0.1	-0.6	-0.3	0.2	-	-0.1
North America	-	-	-	-	-0.1	-	-	-	-0.1	-	-	-0.1	-0.1
Western Europe	-	-	-	-	-	-	-	-	-0.3	-0.1	0.2	0.1	-
Pacific	-	-	-	-	-0.2	-	-	-	-0.1	-0.2	-	0.1	-
<b>DCs</b>	0.1	0.2	0.2	0.3	0.2	-	0.3	0.2	0.4	0.1	-	0.2	0.2
FSU	-	-	-	-	-0.1	-	-	-	-0.3	-0.2	0.1	0.2	-
<b>Other Europe</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>China</b>	-	-	-	-0.1	-	-	-	-	-0.1	0.1	-0.1	-0.3	-0.1
<b>(a) Total world demand</b>	0.1	0.2	0.2	0.1	-0.1	-	0.2	0.1	-0.5	-0.3	0.3	0.2	-0.1
<b>Non-OPEC supply</b>													
<b>OECD</b>	-	-	-	-	0.1	-	0.1	0.1	-	0.1	-	0.1	0.1
North America	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-
Western Europe	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>DCs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-
<b>Other Europe</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>China</b>	-	-	-	-0.1	-	-0.1	-0.1	-	-0.1	-	-0.1	-0.1	-
<b>Processing gains</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-OPEC supply</b>	-	-	-	-	0.2	-	-	-	-	0.2	-	-	-
<b>OPEC NGLs + non-conventionals</b>	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>(b) Total non-OPEC supply and OPEC NGLs</b>	0.1	0.2	0.1	0.1	0.4	0.2	0.2	0.2	0.1	0.4	0.2	0.2	0.2
<b>OPEC crude oil production (secondary sources)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total supply</b>	0.1	0.2	0.1	0.1	0.4								
<b>Balance (stock change and miscellaneous)</b>	0.1	-	-0.1	-	0.5								
<b>Closing stock level (outside FCPEs)<i>mb</i></b>													
OECD onland commercial	-	-	-	-									
OECD SPR	-	-	-	-									
OECD total	-	-	-	-									
Other onland	-	-	-	-									
Oil on water	-	-	-	-									
<b>Total stock</b>	-	-	-	-									
<b>Days of forward consumption in OECD</b>													
Commercial onland stocks	-	-	-	-									
SPR	-	-	-	-									
Total	-	-	-	1									
<b>Memo items</b>													
FSU net exports	-	-	-	-	0.1	-	-	-	0.3	0.2	-0.1	-0.2	-
<b>(a) - (b)</b>	-0.1	-	0.1	-	-0.6	-0.1	0.1	-0.2	-0.6	-0.7	0.1	-	-0.3

† This compares Table 22 in this issue of the MOMR with Table 21 in the July 2002 issue.  
This table shows only where changes have occurred.

**Table 24**  
**World oil stocks (excluding former CPEs) at end of period**

	1999	2000	2001	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02
<b>Closing stock level <i>mb</i></b>													
OECD onland commercial	2,446	2,530	2,623	2,419	2,510	2,542	2,530	2,524	2,597	2,661	2,623	2,599	2,642
North America	1,127	1,146	1,263	1,108	1,165	1,180	1,146	1,159	1,231	1,269	1,263	1,233	1,263
Western Europe	881	930	916	902	900	910	930	918	909	919	916	930	942
OECD Pacific	437	454	444	409	445	452	454	447	457	473	444	435	437
OECD SPR	1,228	1,210	1,222	1,234	1,232	1,237	1,210	1,210	1,207	1,205	1,222	1,237	1,248
North America	567	543	552	569	569	572	543	544	545	547	552	563	578
Western Europe	346	354	353	349	349	353	354	351	347	345	353	353	349
OECD Pacific	315	313	316	315	315	312	313	314	314	313	316	321	321
<b>OECD total</b>	<b>3,674</b>	<b>3,740</b>	<b>3,844</b>	<b>3,653</b>	<b>3,742</b>	<b>3,778</b>	<b>3,740</b>	<b>3,734</b>	<b>3,804</b>	<b>3,866</b>	<b>3,844</b>	<b>3,836</b>	<b>3,891</b>
Other onland	983	1,000	1,028	977	1,001	1,010	1,000	999	1,017	1,034	1,028	1,026	1,040
Oil-on-water	808	876	842	840	866	849	876	913	835	874	842	838	n.a.
<b>Total stock</b>	<b>5,465</b>	<b>5,617</b>	<b>5,715</b>	<b>5,470</b>	<b>5,609</b>	<b>5,638</b>	<b>5,617</b>	<b>5,646</b>	<b>5,656</b>	<b>5,774</b>	<b>5,715</b>	<b>5,701</b>	<b>n.a.</b>
<b>Days of forward consumption in OECD</b>													
OECD onland commercial	51	53	55	52	52	52	52	54	55	55	55	57	56
North America	47	48	53	47	48	48	47	49	51	54	53	52	52
Western Europe	58	61	60	62	59	59	61	62	59	59	60	64	62
OECD Pacific	51	53	53	51	53	51	48	56	57	54	49	57	54
OECD SPR	26	25	26	27	26	25	25	26	25	25	26	27	26
North America	24	23	23	24	23	23	22	23	23	23	23	24	24
Western Europe	23	23	23	24	23	23	23	24	22	22	23	24	23
OECD Pacific	37	37	37	39	38	36	33	39	39	36	35	42	40
<b>OECD total</b>	<b>77</b>	<b>78</b>	<b>81</b>	<b>79</b>	<b>78</b>	<b>78</b>	<b>77</b>	<b>80</b>	<b>80</b>	<b>81</b>	<b>80</b>	<b>83</b>	<b>82</b>
<b>Days of global forward consumption</b>	<b>82</b>	<b>84</b>	<b>86</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>83</b>	<b>87</b>	<b>85</b>	<b>86</b>	<b>85</b>	<b>88</b>	<b>n.a.</b>

**Table 25**  
**Non-OPEC supply and OPEC natural gas liquids**

*mb/d*

	Change								Change								Change	
	1999	2000	2001	01/00	1Q02	2Q02	3Q02	4Q02	2002	02/01	1Q03	2Q03	3Q03	4Q03	2003	03/02		
USA	8.11	8.11	8.05	-0.06	8.17	8.24	8.05	7.97	8.11	0.05	8.22	8.29	8.10	8.02	8.16	0.05		
Canada	2.60	2.69	2.74	0.05	2.84	2.84	2.73	2.88	2.82	0.08	2.94	2.94	2.82	2.98	2.92	0.10		
Mexico	3.35	3.45	3.57	0.11	3.61	3.57	3.67	3.61	3.62	0.05	3.71	3.67	3.77	3.71	3.72	0.10		
<b>North America</b>	<b>14.05</b>	<b>14.25</b>	<b>14.36</b>	<b>0.11</b>	<b>14.62</b>	<b>14.65</b>	<b>14.45</b>	<b>14.47</b>	<b>14.55</b>	<b>0.19</b>	<b>14.87</b>	<b>14.90</b>	<b>14.70</b>	<b>14.72</b>	<b>14.80</b>	<b>0.25</b>		
Norway	3.06	3.32	3.42	0.09	3.32	3.37	3.25	3.39	3.33	-0.08	3.34	3.39	3.27	3.41	3.35	0.02		
UK	2.84	2.64	2.53	-0.11	2.60	2.52	2.55	2.73	2.60	0.07	2.62	2.54	2.57	2.75	2.62	0.02		
Denmark	0.30	0.36	0.35	-0.02	0.38	0.37	0.35	0.40	0.38	0.03	0.38	0.37	0.35	0.40	0.38	0.00		
Other Western Europe	0.43	0.41	0.40	-0.01	0.42	0.44	0.41	0.43	0.42	0.02	0.42	0.44	0.41	0.43	0.42	0.00		
<b>Western Europe</b>	<b>6.63</b>	<b>6.74</b>	<b>6.70</b>	<b>-0.04</b>	<b>6.73</b>	<b>6.70</b>	<b>6.55</b>	<b>6.94</b>	<b>6.73</b>	<b>0.04</b>	<b>6.77</b>	<b>6.74</b>	<b>6.59</b>	<b>6.99</b>	<b>6.77</b>	<b>0.04</b>		
Australia	0.59	0.77	0.71	-0.06	0.71	0.68	0.68	0.65	0.68	-0.03	0.71	0.68	0.68	0.65	0.68	0.00		
Other Pacific	0.07	0.06	0.06	0.00	0.05	0.06	0.05	0.04	0.05	-0.01	0.05	0.06	0.05	0.04	0.05	0.00		
<b>OECD Pacific</b>	<b>0.66</b>	<b>0.83</b>	<b>0.77</b>	<b>-0.07</b>	<b>0.76</b>	<b>0.74</b>	<b>0.72</b>	<b>0.70</b>	<b>0.73</b>	<b>-0.04</b>	<b>0.76</b>	<b>0.74</b>	<b>0.72</b>	<b>0.70</b>	<b>0.73</b>	<b>0.00</b>		
<b>Total OECD*</b>	<b>21.34</b>	<b>21.82</b>	<b>21.82</b>	<b>0.00</b>	<b>22.11</b>	<b>22.09</b>	<b>21.72</b>	<b>22.11</b>	<b>22.01</b>	<b>0.19</b>	<b>22.40</b>	<b>22.38</b>	<b>22.01</b>	<b>22.40</b>	<b>22.30</b>	<b>0.29</b>		
Brunei	0.18	0.19	0.20	0.00	0.21	0.21	0.20	0.22	0.21	0.02	0.21	0.21	0.20	0.22	0.21	0.00		
India	0.75	0.74	0.73	-0.01	0.74	0.74	0.73	0.75	0.74	0.01	0.76	0.76	0.75	0.77	0.76	0.02		
Malaysia	0.70	0.68	0.69	0.00	0.73	0.73	0.75	0.75	0.74	0.05	0.73	0.73	0.75	0.75	0.74	0.00		
Papua New Guinea	0.09	0.07	0.06	-0.01	0.05	0.05	0.04	0.05	0.05	-0.01	0.06	0.06	0.05	0.06	0.06	0.01		
Vietnam	0.26	0.31	0.35	0.04	0.34	0.33	0.36	0.36	0.35	0.00	0.34	0.33	0.36	0.36	0.35	0.00		
Asia others	0.20	0.24	0.26	0.02	0.27	0.27	0.29	0.30	0.28	0.03	0.27	0.27	0.29	0.30	0.28	0.00		
<b>Other Asia</b>	<b>2.18</b>	<b>2.23</b>	<b>2.28</b>	<b>0.05</b>	<b>2.35</b>	<b>2.34</b>	<b>2.38</b>	<b>2.43</b>	<b>2.37</b>	<b>0.10</b>	<b>2.38</b>	<b>2.37</b>	<b>2.41</b>	<b>2.46</b>	<b>2.40</b>	<b>0.03</b>		
Argentina	0.84	0.79	0.80	0.01	0.80	0.79	0.80	0.80	0.80	0.00	0.80	0.79	0.80	0.80	0.80	0.00		
Brazil	1.36	1.49	1.57	0.08	1.75	1.79	1.78	1.81	1.78	0.21	1.80	1.84	1.83	1.86	1.83	0.05		
Colombia	0.82	0.70	0.61	-0.08	0.61	0.59	0.63	0.57	0.60	-0.01	0.61	0.59	0.63	0.57	0.60	0.00		
Ecuador	0.38	0.40	0.41	0.01	0.40	0.39	0.38	0.38	0.39	-0.02	0.41	0.40	0.39	0.39	0.40	0.01		
Peru	0.11	0.10	0.10	-0.01	0.10	0.10	0.10	0.10	0.10	0.00	0.11	0.11	0.11	0.11	0.11	0.01		
Trinidad & Tobago	0.14	0.14	0.13	-0.01	0.14	0.14	0.15	0.15	0.14	0.01	0.15	0.15	0.16	0.17	0.15	0.01		
L. America others	0.11	0.12	0.13	0.01	0.13	0.12	0.13	0.13	0.13	0.00	0.13	0.12	0.13	0.13	0.13	0.00		
<b>Latin America</b>	<b>3.76</b>	<b>3.74</b>	<b>3.75</b>	<b>0.01</b>	<b>3.92</b>	<b>3.93</b>	<b>3.97</b>	<b>3.95</b>	<b>3.94</b>	<b>0.19</b>	<b>4.00</b>	<b>4.01</b>	<b>4.05</b>	<b>4.03</b>	<b>4.02</b>	<b>0.08</b>		
Bahrain	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00		
Oman	0.91	0.95	0.95	0.00	0.94	0.91	0.93	0.92	0.93	-0.02	0.94	0.91	0.93	0.92	0.93	0.00		
Syria	0.55	0.54	0.53	-0.01	0.51	0.51	0.49	0.49	0.50	-0.03	0.51	0.51	0.49	0.49	0.50	0.00		
Yemen	0.42	0.45	0.47	0.01	0.45	0.45	0.45	0.44	0.45	-0.02	0.45	0.45	0.45	0.44	0.45	0.00		
<b>Middle East</b>	<b>2.06</b>	<b>2.13</b>	<b>2.13</b>	<b>0.00</b>	<b>2.09</b>	<b>2.06</b>	<b>2.07</b>	<b>2.05</b>	<b>2.07</b>	<b>-0.06</b>	<b>2.09</b>	<b>2.06</b>	<b>2.07</b>	<b>2.05</b>	<b>2.07</b>	<b>0.00</b>		
Angola	0.76	0.75	0.74	-0.01	0.90	0.90	0.86	0.95	0.90	0.16	0.91	0.91	0.87	0.96	0.91	0.01		
Cameroon	0.10	0.10	0.08	-0.02	0.08	0.08	0.08	0.08	0.08	0.00	0.09	0.09	0.09	0.09	0.09	0.01		
Congo	0.27	0.27	0.27	0.00	0.27	0.26	0.27	0.27	0.26	0.00	0.27	0.26	0.27	0.27	0.26	0.00		
Egypt	0.83	0.80	0.76	-0.04	0.75	0.76	0.72	0.74	0.74	-0.02	0.75	0.76	0.72	0.74	0.74	0.00		
Gabon	0.36	0.34	0.31	-0.03	0.31	0.31	0.31	0.31	0.31	0.00	0.32	0.31	0.32	0.32	0.32	0.01		
South Africa	0.17	0.19	0.19	0.00	0.19	0.19	0.18	0.18	0.19	0.00	0.19	0.19	0.18	0.18	0.19	0.00		
Africa other	0.28	0.41	0.46	0.05	0.52	0.53	0.54	0.56	0.54	0.08	0.55	0.56	0.57	0.60	0.57	0.03		
<b>Africa</b>	<b>2.78</b>	<b>2.85</b>	<b>2.80</b>	<b>-0.05</b>	<b>3.02</b>	<b>3.02</b>	<b>2.96</b>	<b>3.09</b>	<b>3.02</b>	<b>0.22</b>	<b>3.07</b>	<b>3.08</b>	<b>3.02</b>	<b>3.15</b>	<b>3.08</b>	<b>0.06</b>		
<b>Total DCs</b>	<b>10.78</b>	<b>10.95</b>	<b>10.96</b>	<b>0.01</b>	<b>11.38</b>	<b>11.34</b>	<b>11.38</b>	<b>11.51</b>	<b>11.40</b>	<b>0.44</b>	<b>11.55</b>	<b>11.51</b>	<b>11.55</b>	<b>11.69</b>	<b>11.57</b>	<b>0.17</b>		
FSU	7.47	7.91	8.53	0.62	8.92	9.16	9.31	9.49	9.22	0.69	9.34	9.58	9.74	9.93	9.65	0.43		
<b>Other Europe</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.00</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.00</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>	<b>0.17</b>	<b>0.00</b>		
<b>China</b>	<b>3.21</b>	<b>3.23</b>	<b>3.30</b>	<b>0.07</b>	<b>3.35</b>	<b>3.37</b>	<b>3.34</b>	<b>3.36</b>	<b>3.35</b>	<b>0.06</b>	<b>3.35</b>	<b>3.37</b>	<b>3.34</b>	<b>3.36</b>	<b>3.35</b>	<b>0.00</b>		
<b>Non-OPEC production</b>	<b>42.99</b>	<b>44.09</b>	<b>44.79</b>	<b>0.69</b>	<b>45.93</b>	<b>46.13</b>	<b>45.93</b>	<b>46.65</b>	<b>46.16</b>	<b>1.37</b>	<b>46.80</b>	<b>47.02</b>	<b>46.82</b>	<b>47.56</b>	<b>47.05</b>	<b>0.89</b>		
Processing gains	1.58	1.65	1.69	0.04	1.72	1.72	1.72	1.72	1.72	0.03	1.75	1.75	1.75	1.75	1.75	0.03		
<b>Non-OPEC supply</b>	<b>44.56</b>	<b>45.74</b>	<b>46.48</b>	<b>0.73</b>	<b>47.65</b>	<b>47.85</b>	<b>47.65</b>	<b>48.37</b>	<b>47.88</b>	<b>1.40</b>	<b>48.55</b>	<b>48.77</b>	<b>48.57</b>	<b>49.31</b>	<b>48.80</b>	<b>0.92</b>		
<b>OPEC NGLs + non-conventionals</b>	<b>3.22</b>	<b>3.39</b>	<b>3.53</b>	<b>0.13</b>	<b>3.58</b>	<b>3.58</b>	<b>3.58</b>	<b>3.59</b>	<b>3.58</b>	<b>0.05</b>	<b>3.60</b>	<b>3.60</b>	<b>3.61</b>	<b>3.62</b>	<b>3.61</b>	<b>0.03</b>		

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

\* Former East Germany is included in the OECD.

**Table 26**  
**Non-OPEC Rig Count**

	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	1Q02	2Q02	Jul02	Change Jul-Jun
USA	608	916	1,141	1,239	1,231	1,004	1,156	240	818	806	851	8
Canada	246	344	515	252	320	278	342	-2	383	147	266	61
Mexico	43	44	50	48	56	62	54	10	63	61	55	-12
<b>North America</b>	<b>897</b>	<b>1,305</b>	<b>1,706</b>	<b>1,539</b>	<b>1,607</b>	<b>1,344</b>	<b>1,552</b>	<b>247</b>	<b>1,264</b>	<b>1,014</b>	<b>1,172</b>	<b>57</b>
Norway	17	22	24	22	22	22	23	1	20	20	14	-3
UK	18	18	18	25	28	26	24	6	28	30	22	-6
Denmark	2	3	4	5	4	5	4	1	5	4	3	0
Other Western Europe	77	82	43	44	42	47	44	-38	39	38	36	0
<b>Western Europe</b>	<b>114</b>	<b>125</b>	<b>89</b>	<b>95</b>	<b>96</b>	<b>100</b>	<b>95</b>	<b>-30</b>	<b>92</b>	<b>91</b>	<b>75</b>	<b>-9</b>
Australia	10	10	11	11	10	10	10	0	9	9	9	2
Other Pacific	6	7	10	9	8	10	9	2	8	7	8	-1
<b>OECD Pacific</b>	<b>16</b>	<b>17</b>	<b>20</b>	<b>20</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>3</b>	<b>17</b>	<b>16</b>	<b>17</b>	<b>1</b>
<b>Total OECD*</b>	<b>1,027</b>	<b>1,447</b>	<b>1,815</b>	<b>1,655</b>	<b>1,721</b>	<b>1,464</b>	<b>1,667</b>	<b>220</b>	<b>1,373</b>	<b>1,121</b>	<b>1,264</b>	<b>49</b>
Brunei	3	2	3	3	2	2	3	1	2	3	3	0
India	46	49	51	48	50	50	50	1	52	54	56	1
Malaysia	6	7	10	11	13	12	11	4	12	13	14	-1
Papua New Guinea	1	0	0	1	2	1	1	1	1	1	2	1
Vietnam	9	8	9	8	8	8	8	0	8	8	8	0
Asia others	16	16	22	23	24	18	22	5	26	29	34	3
<b>Other Asia</b>	<b>81</b>	<b>83</b>	<b>96</b>	<b>95</b>	<b>98</b>	<b>90</b>	<b>95</b>	<b>12</b>	<b>100</b>	<b>109</b>	<b>117</b>	<b>4</b>
Argentina	35	57	69	74	77	64	71	14	49	45	47	0
Brazil	19	23	28	30	29	26	28	5	27	27	27	0
Colombia	12	14	15	16	14	16	15	1	13	13	10	-4
Ecuador	3	7	9	10	10	11	10	3	10	9	9	1
Peru	2	4	4	4	3	3	4	0	2	2	2	-1
Trinidad & Tobago	3	4	6	5	4	5	5	1	5	4	4	0
L. America others	13	12	9	8	6	6	7	-4	4	4	4	-1
<b>Latin America</b>	<b>86</b>	<b>120</b>	<b>141</b>	<b>147</b>	<b>144</b>	<b>130</b>	<b>141</b>	<b>20</b>	<b>110</b>	<b>103</b>	<b>103</b>	<b>-5</b>
Bahrain			0	0	0	0	0	0	0	0	0	0
Oman	19	24	24	24	25	26	25	1	27	29	30	1
Syria	13	14	19	19	20	19	19	5	20	21	23	2
Yemen	4	6	6	6	5	6	6	0	8	9	9	0
<b>Middle East</b>	<b>36</b>	<b>45</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>51</b>	<b>50</b>	<b>5</b>	<b>57</b>	<b>60</b>	<b>64</b>	<b>3</b>
Angola	5	6	6	5	4	6	5	0	5	6	6	0
Cameroon	0	0	0	0	0	0	0	0	0	0	0	0
Congo	3	3	1	2	1	1	1	-1	1	1	1	0
Egypt	17	18	21	22	22	23	22	4	22	23	23	-2
Gabon	2	2	2	4	1	1	2	0	1	2	2	0
South Africa	1	1	2	1	0	1	1	0	1	1	0	-1
Africa other	4	5	4	5	5	3	4	0	11	12	9	0
<b>Africa</b>	<b>30</b>	<b>34</b>	<b>36</b>	<b>40</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>2</b>	<b>41</b>	<b>45</b>	<b>41</b>	<b>-3</b>
<b>Total DCs</b>	<b>232</b>	<b>282</b>	<b>322</b>	<b>330</b>	<b>325</b>	<b>307</b>	<b>321</b>	<b>40</b>	<b>307</b>	<b>317</b>	<b>325</b>	<b>-1</b>
FSU												
<b>Other Europe</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>
China	0	0	0	0	0	0	0	0	0	0	0	0
<b>Non-OPEC Rig count</b>	<b>1,263</b>	<b>1,732</b>	<b>2,140</b>	<b>1,988</b>	<b>2,049</b>	<b>1,774</b>	<b>1,991</b>	<b>260</b>	<b>1,682</b>	<b>1,440</b>	<b>1,591</b>	<b>48</b>

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

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