OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

December 2003

Feature Article:

The value and price of the OPEC Reference Basket

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Oil Market Highlights

- World GDP is forecast to grow by 3.4% in 2003, a fall of 0.1% below last month's estimate. The slight decrease is due to a downward revision of third quarter data in Japan. Otherwise growth estimates for 2003 are unchanged. The latest data confirms that the economic expansion of the USA is strong — indeed the estimate of US third quarter growth was revised up to an annual rate of 8.2%. US industrial production in November rose 0.9% month-on-month with the strongest growth achieved by the business equipment sector. The Euro-zone economy showed some improvement in October, largely as a result of growing exports, but the expected recovery in domestic spending has yet to be confirmed.

- A current concern of financial markets is the possible change in the policy stance of the US Federal Reserve. In October policymakers concentrated on the still weak state of the US labour market. In November the Federal Reserve changed its view concerning inflation risks — in effect higher interest rates are one step closer. The justification for the change in attitude may lie in the weakness of the US dollar, rising producer price inflation and signs that the global economic recovery is finally picking up speed.

- The 2004 forecasts for North America and Japan are unchanged, while the forecasts for Europe and Latin America are 0.1% higher. The forecasts for Africa, China and Russia remain unchanged but the estimate for Asia Pacific increased to 5% as this region is clearly benefiting from growth strength in China and the USA. The world economy as a whole is forecast to grow by 4.2% in 2004, an increase of 0.1% over last month's forecast.

- The OPEC Reference Basket slid a few cents per barrel but closed more than half-a-dollar above the upper limit of the price band mechanism. The Basket lost 9¢/b with respect to October to average $28.45/b. With the sustained recovery from this year's lows in April and May, the Basket's year-to-date average stood at $27.95/b at the end of November, a significant increase of $4.01/b, or 16.7% above the $23.93/b of 2002. By month-end, the Basket had shed 89¢/b, or 3%, to close at $28.47/b, followed by a slight 3¢/b gain during the first week of December and another rise of 86¢/b or 3% to $29.36/b in the second week of the month.

- Average petroleum product prices experienced mixed movements in November, influenced largely by regional fundamentals rather than crude price trends. The price of the seasonal product, gasoil, faired best in all three markets. Refining margins moved in different tracks, but all had positive values in the world's main refining centres.

- OPEC area spot chartering in November continued to register a record high for the second consecutive month, increasing a marginal 0.98 mb/d to stand at 15.59 mb/d. This slight rise could be attributed to pre-seasonal holiday bookings. Very tight tonnage availability pushed rates considerably up, especially VLCC rates, to a level not seen since November 2000. Product freight rates also enjoyed higher levels on all main routes, benefiting from high seasonal demand for heating fuel oil in the US market, jet fuel in Europe and naphtha for the petrochemical industry in the Far East.

- The estimated 2003 third quarter average of world oil demand has been raised by 0.15 mb/d to 78.11 mb/d on the basis of higher than expected OECD demand reflected in the latest consumption data. A robust fourth quarter is anticipated to register an average consumption of 79.95 mb/d. On the basis of slightly higher prospects for economic growth, the 2004 world oil demand forecast has again been revised up by 0.05 mb/d to 79.61 mb/d. The OECD and Developing Countries are expected to contribute nearly equally to the 2004 demand growth.

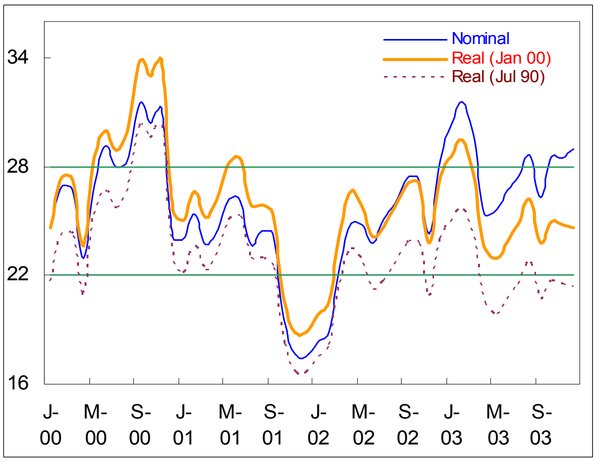
- OPEC crude oil production in November, based on secondary sources, is estimated at 27.39 mb/d, a decline of 0.05 mb compared with the October figure. Non-OPEC oil supply for 2003 is forecast at 48.62 mb/d, which is 0.86 mb/d more than the 47.75 mb/d estimated for 2002. Non-OPEC supply in 2004 is expected to reach 49.75 mb/d, an increase of 1.13 mb/d over the 2003 estimate. Net FSU exports for 2002 and 2003 are estimated at 5.57 mb/d and 6.34 mb/d respectively, and expected to rise to 6.82 mb/d in 2004.

- Commercial oil stocks in USA registered a massive draw of 12.7 mb at a rate of 0.45 mb/d to 953.8 mb during the period 31 October-28 November. Both crude oil and products contributed to the draw, decreasing by 7.6 mb to 284.3 mb and 5.0 mb to 669.5 mb respectively. Total oil stocks in Eur-16 (EU plus Norway) reversed the previous two months' pattern of draw-downs, increasing by 1.3 mb or 0.04 mb/d to 1,057.1 mb. A moderate rise of 5.9 mb to 619.8 mb in total products was nearly abated by a decrease of 4.6 mb to 437.3 mb in crude oil stocks. In October, Japan's commercial oil stocks experienced a large draw of 12 mb at a rate of 0.4 mb/d to 191.7 mb. This draw, the first since March 2003, was attributed mainly to a decline of 10.7 mb to 111.9 mb in crude oil and, to a lesser extent, a 1.3 mb decrease in total product stocks to 79.8 mb.

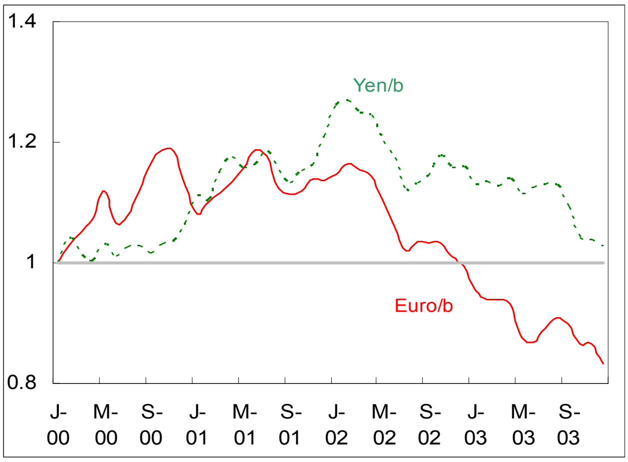
The value and price of the OPEC Reference Basket

- Recently the US dollar has been steadily losing value against other major currencies and has reached its lowest level against the euro at $1.24 on December 17. At the same time, the OPEC Reference Basket (ORB) had moved above the $28/b upper limit of the OPEC price band to hit $30.45/b on December 17. The coinciding of these two events has focused attention on the relationship between the nominal price of oil and fluctuations of the dollar, as well as the effects this has on consumers, producers and market stability.
- The US currency's central role in the oil market is based on the fact that all crude oil and petroleum products are priced in dollars, regardless of their origin or destination. The real value of a barrel of crude oil is mainly influenced by two factors, which are inflation and currency fluctuation (*see graph 1*). Inflation has a cumulative effect, as its gradually erosion of the real value of the oil price only has a meaningful impact over the long term. For example, since the inception of the OPEC price band in January 2000, the nominal price of the OPEC Reference Basket has risen from $24.6/b to $28.9/b. When indexed to July 1990 values, inflation consumes as much as 36% of the nominal price rise of the OPEC Reference Basket, reducing, in 1990 prices, the $28.9/b to $21.4/b.

Graph 1: OPEC Reference Basket price (Nominal and real terms, $/b)



Graph 2: Relative value of ORB $/b price in ¥ and € (January '00 =1)



- Over the short term, currency fluctuations have a more disruptive impact on real price values than inflation. For example, in the period between January 2002 and November 2003, inflation eroded the value of the OPEC Reference Basket by 3.65%, whereas currency fluctuations caused a more substantial loss of 17.60% in the Basket's value.
- A currency's valuation is based on the market's changing perception of the strength of the economy behind it. Surprisingly, despite the US economy's very strong showing of 8.2% annualized growth in the third quarter of this year, the value of the dollar has declined sharply. Moreover, there is now a growing consensus in financial markets that the gradual weakening trend will only continue, as US authorities have limited scope to reduce the massive current account deficit and high unemployment rate using traditional monetary and fiscal policy.
- The dollar's decline was accelerated on comments by the Chairman of the US Treasury, who noted that the weak US dollar was helping US exports. Some interpreted this as a reversal of the US authorities' long-standing "strong dollar" policy. Such perceptions have only increased the volatility of the currency markets and put further pressure on the dollar. Further developments on this issue merit attention.
- What impact might this continuing slide have on the market? For consumers, the effect varies greatly. US consumers receive a benefit from the market's reliance on the dollar, as they are protected against the effects of currency fluctuations. In contrast, European and Japanese consumers are exposed to currency risk. As shown in graph 2, despite the $4/b increase of the OPEC Basket since 2000, prices in Japan have stayed relatively constant. For Europeans, the euro's rise against the dollar strengthens their relative purchasing power and makes oil and petroleum products cheaper. Compared to a year ago, the OPEC Basket price now has 10% and 15% less value in terms of the yen and euro respectively.
- For producers, the dollar's sliding trend is a cause of concern. This is because some Member Countries have strong trade links with Euro-zone countries. The dollar's continued move downward against the euro, compounding a 33% fall over the last two years, will only further undermine the purchasing power of the barrel.
- The OPEC price band was established three years ago to support stable prices at levels fair to both consumers and producers alike. The band is the primary mechanism that OPEC Member Countries use in their efforts to keep prices within the target range. The recent weakening of the dollar has brought renewed attention to the impact that currency fluctuations have on the value of traded oil. Today's price band around the higher end of the band — while attributable to a number of factors in the market — is also being seen in this context.

OPEC Monthly Oil Market Report
Publishing Schedule for 2004

Wednesday 21 January 2004
Wednesday 18 February 2004
Thursday 18 March 2004
Friday 16 April 2004
Tuesday 18 May 2004
Thursday17 June 2004
Monday 19 July 2004
Thursday 18 August 2004
Thursday 16 September 2004
Monday 18 October 2004
Thursday 18 November 2004
Thursday 16 December 2004

128th (Extraordinary) Meeting of the OPEC Conference
Vienna, Austria, 4th December 2003

The 128th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on 4th December 2003, under the Chairmanship of its President, HE Abdullah bin Hamad Al-Attiyah, Second Deputy Prime Minister and Minister of Energy & Industry of Qatar, and Head of its Delegation.

The Conference welcomed the newly appointed Nigerian Presidential Advisor on Petroleum & Energy, HE Dr. Edmund Maduabebe Daukoru, as Head of its Delegation, and recorded its deep appreciation of the services rendered to the Organization and the Conference by his predecessor in office, HE Dr. Rilwanu Lukman.

The Conference considered the report of the Ministerial Monitoring Sub-Committee and, once again, thanked the Sub-Committee Members for their untiring efforts on behalf of the Organization.

Having reviewed the oil market situation, including the overall demand/supply expectations for the remainder of the year 2003 and the first half of 2004, as well as the outlook for the oil market in the medium term, and having observed that, despite upward revisions in oil demand estimates, the crude oil market is well-supplied, allowing replenishment of commercial oil stocks to continue in recent months, the Conference decided to maintain currently agreed production levels until further notice. In this connection, the Conference reiterated its call on Member Countries to ensure strict compliance with agreed production levels.

Whilst noting, further, the relative strength in current market prices, with the price of the OPEC Reference Basket having fluctuated around the upper limit of the OPEC price band in recent weeks, the Conference acknowledged that this is partially a reflection of prevailing geopolitical concerns and, therefore, warrants continued careful observation. In this connection, the Conference also noted, with some concern, the decline in the purchasing power of the barrel as a result of current US dollar weakness vis-à-vis other major currencies.

Moreover, taking into consideration the market outlook for 2004, in particular the second quarter, when the projected significant supply over-hang is expected to exert considerable pressure on oil prices, a situation requiring continuous monitoring and close assessment, the Conference reaffirmed its firm determination to take any measures, when deemed necessary, to maintain market stability and avoid price fluctuations. With this in mind, the Conference decided to convene an Extraordinary Meeting in Algiers, Algeria, on 10th February 2004 to consider adjustments in OPEC production.

The Conference decided that, from 1st January 2004, the President of the Conference shall assume the responsibilities of the Secretary General, until such time as a new Secretary General has been elected. The Conference extended its thanks to the outgoing Secretary General, HE Dr. Alvaro Silva-Calderon, whose services to the Organization were greatly appreciated.

The Conference appointed Mr. Ivan A. Orellana, Governor for Venezuela, as Chairman of the Board of Governors for the year 2004, and Mr. Hamid Dahmani, Governor for Algeria, as Alternate Chairman for the same period, with effect from 1st January 2004.

The Conference resolved that its next Ordinary Meeting will convene in Vienna, Austria, on 31st March 2004. The Conference further decided to convene an Extraordinary Meeting in Beirut, Lebanon, on Thursday, 3rd June 2004.

The Conference expressed its renewed appreciation to the Government of the Federal Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting.

The Conference passed Resolutions that will be published on 4th January 2004, after ratification by Member Countries.

Highlights of the World Economy

Economic growth rates 2003-2004
%

	World	G-7	USA	Japan	Euro-zone
2003	3.4	2.0	3.0	2.1	0.5
2004	4.2	3.0	4.2	1.6	2.0

Industrialised countries

United States of America

2004 set to be a year of strong growth. High US deficits threaten currency stability

After the very strong performance of the US economy in the third quarter, recent data suggests that most of this momentum has continued into the final months of the year. Retail sales rose by 0.9% in November and estimates for personal consumption in the fourth quarter indicate growth at an annual rate of about 2%. Sales of discretionary items were particularly strong. Businesses are starting to rebuild inventories for the first time since February and the better outlook for US manufacturing was confirmed by the industrial production data for November. Industrial production rose by 0.9% month-on-month with the strongest growth achieved by the business equipment sector. Inflation performance continues to be good as producer prices fell in November. On a year-on-year basis producer prices are rising at 0.5%, but this rate may excellerate as the stronger economy allows businesses to increase profit margins. Indeed, the minutes of the November **Federal Reserve meeting noted that the risk of deflation has fallen significantly**. This change in emphasis of the Federal Reserve **may mark the first step towards monetary tightening** although no rise in US interest rates is expected before mid-2004. Despite a weaker dollar, **the stronger economy continues to expand the trade deficit which widened to$42 bn in October**. Both imports and exports rose sharply but export growth was particularly notable – exports grew at the fastest rate since 2000. Nevertheless the current account deficit for the fourth quarter is likely to be at least $550 bn at an annual rate, or about 5.3% of GDP. The outlook for 2004 remains good although most forecasters expect some deceleration in the second half of the year. The strongest quarter of 2004 may turn out to be the first, when the effects of federal tax cuts reach peak intensity. Much depends on the growth in employment as the tentative recovery in the labour market is not yet well established. It seems clear that business spending will be strong — inventories are low and the fundamentals for fixed investment growth are positive. Corporate cash flows have risen sharply and higher capital orders indicate that businesses have confidence in the recovery. How overseas investors percieve the US economy and financial markets is harder to judge. The decline in the dollar since 2002 has been gradual since long term portfolio inflows (particularly into US bonds) have financed most of the current account deficit. As 2004 proceeds and the pace of US economic growth slows, these inflows will probably be lower. It is to be hoped that both “twin deficits” — the public sector and current account — show signs of improvement as the year goes on to reduce the chance of damaging currency instability.

Japan

Japan’s economic growth rate revised down to 0.3% in third quarter, as investment and consumer spending declined

Japan’s economy grew at a slower pace in the third quarter, leading to a downward revision in the growth rate to 0.3% from the 0.6% reported earlier. On an annualized basis, GDP rose 1.4%. The change largely reflects weaker investment and consumer spending growth. Capital spending was revised down significantly to 0.5% from a preliminary estimate of 2.8%, and consumer spending, which accounts for more than half of the economy, fell by 0.1%. **An increase in the jobless rate to 5.2% in October and rising medical costs may discourage consumption in the fourth quarter as well.** However, there is evidence that indicates that the short-term outlook and business sentiment are gaining momentum. Government reports are suggesting that machinery orders in October grew by 17.4% y-o-y, and the “Tankan Survey” index rose sharply to 11 points this quarter from 1 point in the previous quarter. The large companies are increasing investment to meet rising exports to the USA and China, underpinning an economic recovery amid slumping domestic demand. Japanese exports rose 3.0% in the third quarter. **The yen’s sharp appreciation against the dollar may be the biggest threat to growth. The Bank of Japan has sold a record 17.8 trillion yen ($164 billion) this year up to November 26 to halt the gain of the yen versus the US dollar**. Notwithstanding the short-term positive outlook, still three key problems — namely, consumer and asset price deflation, a weak financial sector burdened with high levels of non-performing loans, and structural issues in the non-financial corporate sector — could undermine the long-term prospects of the Japanese economy. Prices as measured by the GDP deflator fell 2.1 per cent from a year earlier in the third quarter.

Euro-zone output is growing but domestic demand remains sluggish. Agreement on German reforms seen as a positive sign

Euro-zone

October industrial production data for Germany and France confirmed that the Euro-zone economic recovery has begun. German industrial production rose by 2.4% month-on-month to show 5% growth above the third quarter at an annual rate. The growth in manufacturing output was stronger at 3.2% month-on-month. French industrial production rose by 1.3% month-on-month as a good results from consumer goods companies boosted the growth of manufacturing production to 1% for the second successive month. Unfortunately the recovery in Europe thus far appears to be based narrowly on external demand. In the third quarter net exports were responsible for the acceleration as private consumption was unchanged and investment spending fell. Export growth can probably not sustain the recovery in the longer term – especially considering the recent strength of the euro. The October orders data for Germany was encouraging in that domestic orders rose by 2.7%, following a 3% rise in September. The Euro area services Purchasing Managers Index was also strong — rising to 57.5 in November, the best result since October 2000 — and services activity is more closely connected with domestic activity. Retail sales in October were also healthy in Germany and France. If these trends continue the growth of Euro-zone consumption in the fourth quarter could be in the region of 1.5% at an annual rate. Adding a good fourth quarter export performance (in line with the third quarter), total Euro-zone GDP should rise by an annualised rate of 2% in the final quarter of this year. Indeed, the Euro-zone should be able to achieve such growth for 2004 as a whole. This expectation for 2004 is based on accommodative financial conditions. The ECB is unlikely to raise interest rates in 2004 and, following the suspension of the Stability and Growth Pact, fiscal policy should be at least neutral. **A very positive signal for Europe was the reform package which was finally agreed by the German government and opposition.** The main features of the agreement were that income taxes will be reduced, employment protection will be relaxed and the structure of unemployment benefits and the wage bargaining system will be reformed. The size of the fiscal boost is not large but the measures may have an important psychological impact and open the door to more significant reforms, including those concerning the pensions system.

Russian oil sector continued to drive economic growth, and officials raised their annual GDP forecast from 5.9% to 6.6%

Former Soviet Union

The oil sector continued to drive economic growth in the FSU, with some support from investment in other sectors and strong consumer demand. In October, Royal Dutch/Shell announced a plan to increase its investment in Russia and Central Asia to around $8 bn by 2008. **Growth in the basic sectors of the Russian economy also remained strong, and the ministry of economy has raised its official full year annual GDP growth forecast from 5.9% to 6.6%.** However, industrial production growth slowed somewhat, to 7.2% y-o-y, compared with 8% in September, while construction stayed flat at 14.6%. Agricultural output growth rose significantly, to 13.1% from 7.9% in September. **The foreign trade surplus hit $43.9 billion for the first nine months of 2003, an increase of 30.2% compared with the same period of 2002.** Gross investment in fixed capital rose 12.9% y-o-y in October, while foreign investment reached $20.90 billion, up 61.9% versus a year earlier. As a result, the volume of contract construction work performed increased by 14.5%. Retail trade data indicates that recently household consumption growth slowed very modestly, but the cumulative figure for the first ten months is impressive, a rise of 8.1%. **Household consumption has been boosted by the continuing surge in real wages and income. Both wages and income registered real growth in October that surpassed the average figure for the first ten months of 2003.** Real wages were up 9.5% in October, compared with an average of 9.1% for the January-October period. Consumer prices increased 1.0% in October, bringing the y-o-y inflation rate to 13.2%, down marginally from 13.3% in September.

Fast growing economies face budgetary problems

Eastern Europe

The Polish economy continues to be led by exports, particularly of manufactured goods which are growing at a rate of 16% over 2002 levels. The current account deficit fell to a record low of 2% of GDP in October. Polish GDP in the third quarter probably grew by an annual rate of nearly 4% and Poland remains the fastest growing economy in Central Europe. The growth rate should increase to at least 4.5% in 2004. Hungary saw some recovery from a depressed first half to expand by 2.9% in the third quarter but the overall result for 2003 is likely to be disappointing growth of only 2.5%. Net trade has been a major drag on the economy and private consumption will be restrained by higher taxes. The growth rate of the Czech Republic in 2003 will be slightly higher at 2.6%. All sectors of the economy are improving, particularly investment demand and net exports. All three economies face challenges in 2004. The Polish authorities are under pressure to reform entitlement programmes, the Czech authorities must implement an ambitious fiscal reform package to reduce the budget deficit to below 6% of GDP by 2006 and the Hungarian budget for 2004 should bolster attempts by the National Bank of Hungary to support the forint. The forint has been weak in recent months and Hungarian interest rates were raised to 12.5% at the end of November to keep the currency above 260 to the euro.

OPEC Member Countries

OPEC Member Countries move on hydrocarbon investment plans

Most OPEC Member Countries pressed ahead with hydrocarbon investment plans. Saudi Arabia is moving on plans to attract up to $4 bn of private and foreign investment for an expansion of its Red Sea Rebigh refinery, aiming to transform it into a giant international petroleum complex by late 2008. In addition to the gas deal signed between Saudi Arabia, Total Dutch/Shell and Total, as much as $2 bn could be invested to develop a 210,000 km block in the country's Empty Quarter. IR Iran's phase one South Pars gas field will go on stream by 21 December according to officials. The giant offshore field is forecast to pump 25 m cm/d of gas and 40,000 b/d of gas condensates. The first 10 phases of the field are expected to lure about $8.6 bn of foreign investment. Venezuela plans to award a round of licenses to foreign companies to develop its large Deltana platform natural gas project at the end of November, according to President Chavez. SP Libyan AJ awarded a $102.2m oil and gas exploration contract to a consortium for the Marzouk and Syrte areas. Indonesia's Pertamina is in talks with the Japanese trading houses Mitsui & Co. and Mitsubishi Corporation about a new refinery to process at least 150,000 b/d to supply the large East Java market. Oil producing countries in the Mideast region need $500 bn in investments to increase oil and gas production over the coming three decades, according to a recent study by the International Energy Agency. The development of the natural gas infrastructure in Mideast oil producing countries would require $250 bn during the next 30 years. Mideast gas exports are expected to soar from the current level of 300 bcm to more than 360 bcm by 2030. This will increase the total gas export share of the Mideast from a current 13% to 42% in 2030, an IEA report said.

Developing countries

Asia still outperformed the developing world's GDP growth, while Brazil expands modestly. Sub-Saharan exports to USA increased

The SARS epidemic, the Iraq war and higher oil prices were not enough to cause an economic slowdown in the Asian region. The developing economies in the Asia and Pacific areas are expected to grow by 4.9% this year, up from an earlier forecast of 4.4%. According to the Asian Development Bank, the region's future economic performance should become less vulnerable to downturns in industrialized countries as intraregional trade expands and regional economies focus on policies to spur domestic demand. China's economic expansion for this year is anticipated at 8.5% before dropping slightly to 8.0% in 2004, enhanced by an upturn in OECD growth and the continued relocation of manufacturing capacity to China from higher-cost locations. Exports are expected to grow by more than 11% per year. However, investment growth is likely to slow in 2004 as the Central Bank seeks to tighten the supply of credits, and the government will rein in its policy of using infrastructure spending to boost economic growth. Due to a rebound in the agricultural sector and continued industrial expansion, GDP growth forecasts have been revised up to 6.8% for the year 2003/04. The value of Sub-Saharan exports to the USA increased under a US governmental programme "African Growth and Opportunity Act" (AGOA) to almost 60% during the first nine months of 2003, partly reflecting the weaker US dollar and higher commodity prices, particularly of oil. Indeed, US energy imports totalled $8.1 bn, the bulk coming from Nigeria. The second largest category by far was clothing and textiles, valued at almost $682 m, or about 6.7% of the total. In Brazil, the expectations that the 2003 GDP growth rate will be modestly positive have been confirmed by increased GDP growth in the third quarter of this year. While the government is expected to restrict public spending growth to meet fiscal targets in 2004, interest rate cuts and regained confidence will encourage a gradual recovery of private consumption and investment.

US dollar advanced against other major currencies early n November, but lost ground later in the month

Oil price, US dollar and inflation

In November, the US dollar advanced slightly against the euro and the Swiss franc, but lost versus the Japanese yen and the pound sterling in the modified Geneva I+ US$ basket*. On average, the euro lost 0.16% and was quoted at $1.1673, while the pound was traded at $1.6863, up from $1.6750 in the previous month. Furthermore, the dollar slipped 0.21% versus the Japanese yen, but gained 1.01% against the Swiss franc and soared to CHF1.336 from CHF1.323. **In early November, the US dollar advanced sharply against other major currencies, as the government reports showed that the economy added almost twice as many jobs as expected in October and the unemployment rate dropped to 5.9%.** The labour department report also suggested that the pace of the economic growth in the fourth quarter and next year may exceed expectations, attracting foreign investment to the USA. Later on, investors shifted their attention to more positive news elsewhere, with the euro benefiting from data pointing to an economic upturn in the Euro-zone. A strong business survey from Germany, coupled with a larger-than-expected rise in French manufacturing output, seem to have caused the bullish momentum of the US dollar market to change adversely. **On 24 November, the dollar came under more pressure, following the news that the flow of capital into the USA in September had been very low, as compared to the net flow required each month to offset the massive and growing trade deficit. This trend was reinforced when the German government said that it was not concerned about the pace of the decline, and the dollar hit a new record low of $1.20 versus the euro**. The Japanese yen and the pound sterling also extended their gains against the dollar, but the BOJ tried to halt this trend, which threatens the nation's exports, by selling 1.6 trillion yen.

In the same month, the OPEC Reference Basket declined by $0.09/b or 0.31% to $28.45/b from $28.54/b in October. In real terms (base July 1990=100), after accounting for inflation and currency variations, the Basket decreased a further 0.41% to $21.60/b from $21.69/b, as the depreciation of the dollar and inflation eroded the actual price more.

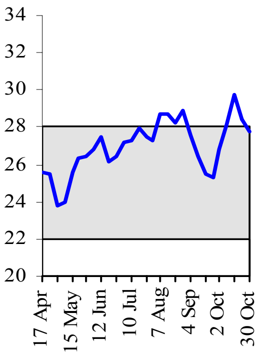
** The 'modified Geneva I+ US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

Crude Oil Price Movements

The OPEC Reference Basket declined a marginal 9¢/b to average $28.45/b

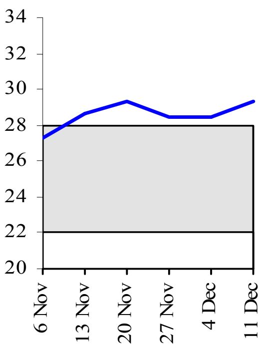
The OPEC Reference Basket slid a few cents per barrel but closed more than half-a-dollar above the upper limit of the price band mechanism. The Basket lost 9¢/b with respect to October to average $28.45/b. With the sustained recovery from this year's lows in April and May, the Basket's year-to-date average stood at $27.95/b at the end of November, a significant increase of $4.01/.b or 16.7% above the $23.93/b of 2002.

Weekly average Basket price, 2003



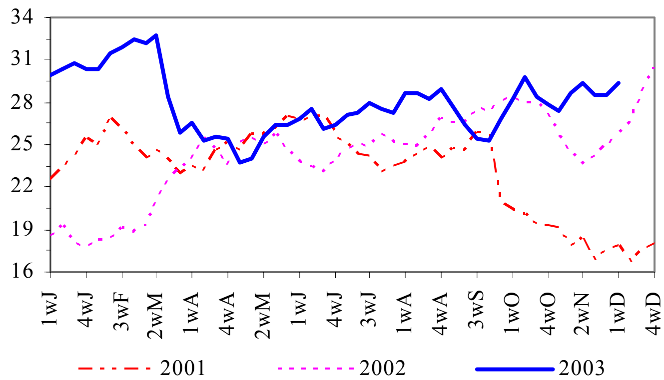
Following a six-month high in mid-October, the Basket moved lower in the subsequent weeks extending the fall to the first week of November when it lost 45¢/b or 1.6 % to average $27.33/b. Then it made an upturn gaining $1.32/b or almost 5% in the following week and rising a further 71¢/b to $29.36/b by the third week of the month. By month-end, the Basket had shed 89¢/b, or 3%, to close at $28.47/b, followed by a slight 3¢/b gain during the first week of December and another rise of 86¢/b or 3% to $29.36/b in the second week of the month.

Nov - Dec 03 ***(US$/b)***



Graph 1

OPEC Reference Basket - weekly spot crude prices ***(US$/b)***



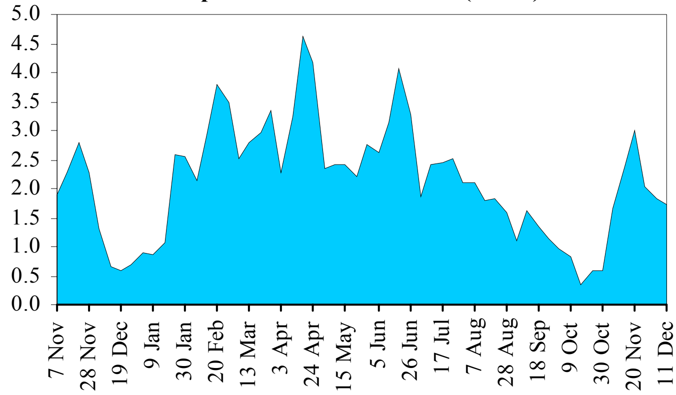
Concern over low product stocks in the USA and healthy Asia-Pacific demand underpinned crude prices in early November. However, prices collapsed ahead of the Thanksgiving holiday as speculators sold the market

Following weak values in the second half of October, crude oil prices regained strength over much of November before undergoing a considerable correction towards month-end. Atlantic benchmarks gained over $1/b early in November, supported by concerns about low heating oil stocks in the USA with the approach of the Northern Hemisphere winter season. The price strength drew additional support from the 2.5 mb draw on gasoline stocks reported by the EIA in the week of 31 October. Asia-Pacific's thirst for West African and North Sea crude, especially China's, remained unabated. Demand for direct-burning crude remained strong in Japan on the continued closure of nuclear plants. At mid-month, WTI and Brent posted further gains, with the US benchmark closing at $32.37/b on 14 November while Brent surged to $29.56/b at the IPE in London. **The factors behind the excessive but mainly speculative rally were fears of inadequate crude oil and product inventories in the USA and Europe, preliminary figures showing OPEC-10 was implementing the September 24 Agreement calling for production cuts, and the dramatic increase in speculators' long positions at the Nymex, which indicates that the market expected prices to rise in the future.** In the following week, crude prices edged to levels last seen just before the war in Iraq. The Nymex sweet crude contract passed the $33/b mark on 18 November to close at $33.28/b, and the Brent contract surged to $30.47/b on the same day. According to some analysts, the rally was sparked by unseasonably strong gasoline demand in the USA and fears that OPEC could engineer another production cut in its 4 December Ministerial Meeting to counteract the seasonal decline in demand during the second quarter of 2004. Adding to the bullish market mode was the looming MTBE ban in California, Connecticut and New York as well as persistent strong demand from Asia-Pacific which soaked up West African crude, otherwise bound for the USA. **Crude oil prices collapsed as speculators' exuberant net-long positions over the past few weeks turned out to be unsustainable.** Speculators took profits and reduced their exposure ahead of the forthcoming OPEC Meeting, as the unexpected September decision was still fresh in their minds. With the speculative premium mostly erased from crude prices, market fundamentals are expected to take the driver seat, thus minimizing oil price volatility.

Aggressive inventory management by US refiners and unworkable arbitrage kept imports down and prevented stock replenishment

US and European markets

Graph 2
WTI premium to Dated Brent (US$/b)

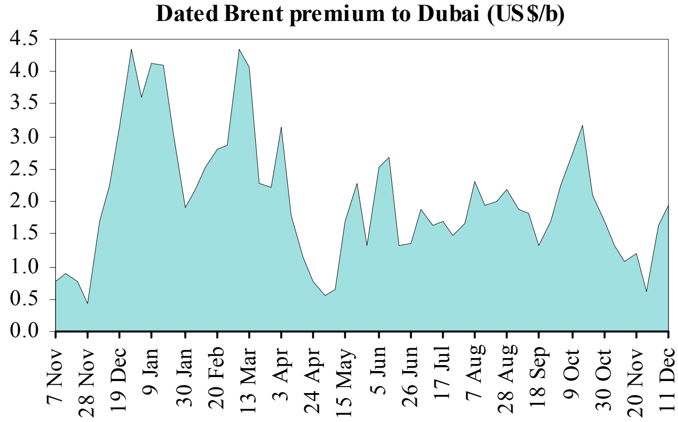


The release of bullish stock data in the USA earlier in November, combined with incidents in Saudi Arabia and Turkey, pushed the sweet crude benchmark Nymex WTI to $32.95/b on 20 November. However, **buying interest by US refiners was timid amid soft refining margins and aggressive moves to push down stock levels to minimize tax payments on crude and product inventories**, an established pattern over the last few years Crude oil stocks retreated in the second half of the month closing at 284.3 mb on 28 November, according to the EIA's weekly status report, which was 4.1 mb below the same week last year. Falling import levels and unworkable transatlantic arbitrage opportunities given high freight rates were behind the stock draw-down. **In Europe, healthy refining margins early in the month supported demand for sour grades.** Urals prices strengthened in the Mediterranean market, following delays on the Bosporus Strait and the closure of the main Black Sea Urals loading terminal at Novorossiysk. Later in November, dwindling regional demand, limited arbitrage opportunities to the USA and an overhang of early December loading cargoes weighed heavily on the North Sea cash market.

Buoyant regional demand supported local prices, which narrowed the spread to BFO and favored the eastbound shipment of West African Crudes

Far East market

Graph 3
Dated Brent premium to Dubai (US$/b)



The strength of regional benchmark Dubai amid robust regional demand, especially from China, narrowed the spread against BFO-related crudes inducing a flow of West African cargoes despite the high freight rates. The closing of the BFO/Dubai spread, together with high prices for regional sweet grades, supported imports of some 10 mb of Angolan crude to the Asia-Pacific region in the first half of November. Continued strong demand by China narrowed Dubai's discount to January forward BFO to just 40¢/b (*see graph*), a level seen only in late April and early May of this year, throwing open the arbitrage window for Brent related crude. By the first half of the month, 1.3 mb/d of December West African crude had been sold to Asia-Pacific. However, the bullish mode on the Asia-Pacific market was not confined to sweet foreign grades, regional crudes from Australia and Malaysia also cleared as premiums to their respective benchmarks strengthened.

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

			Year-to-date average	
	Oct 03	**Nov. 03**	2002	**2003**
Reference Basket	28.54	**28.45**	23.94	**27.95**
Arabian Light	28.26	**28.63**	24.08	27.53
Dubai	27.42	**27.62**	23.63	26.63
Bonny Light	29.59	**28.93**	24.72	28.67
Saharan Blend	29.87	**28.94**	24.45	28.62
Minas	29.67	**30.12**	24.85	29.25
Tia Juana Light	26.60	**26.69**	22.14	26.90
Isthmus	28.38	**28.24**	23.73	28.09
Other crudes				
Brent	29.85	**28.68**	24.64	28.70
WTI	30.43	**30.94**	25.77	30.97
Differentials				
WTI/Brent	0.58	**2.26**	1.13	2.27
Brent/Dubai	2.43	**1.06**	1.01	2.07

Product Markets and Refinery Operations

Average petroleum product prices experienced mixed movements in November, influenced largely by regional fundamentals rather than crude price trends, with the price of the seasonal product, gasoil, fairing best in all three markets. Refining margins moved in different tracks, but they maintained positive values in the world's main refining centres.

US Gulf market

Slowdown in US gasoline demand hampered its price, while the pick up in distillate demand supported corresponding values in the US Gulf in November. Refining margins retreated, but remained adequate, while the US refinery utilization rate slid further to 93%

Average spot product prices exhibited divergent trends in the US Gulf market in November. On average, prices for the light and the heavy ends of the barrel, which is made up of gasoline and high sulphur fuel oil (HSFO), fell by 2%, while the gasoil counterpart rose by a similar magnitude, amid a nearly 2% increase in WTI's average value for the same period. Nevertheless, the Energy Information Agency's four-week average, representing the bulk of US refinery and product activity in November, showed that average refinery throughput in the USA crept lower, albeit the supply of major products was higher than in the previous month. This essentially implied a policy by refiners to boost the output of the seasonal product, distillates, which together with jet fuel registered an increase of almost 2% to stand at 3.8 mb/d and 1.5 mb/d respectively. While average US gasoline refinery output remained almost steady at 8.7 mb/d, the US fuel oil refinery supply was reduced by nearly 9% to around 0.5 mb/d. Meanwhile, gasoline demand continued to surpass last year's level by a hefty 2.6%, registering almost 9 mb/d, but still down 2% below the October level, which was in line with the usual seasonal decline in gasoline consumption. Although mild weather dominated the densely populated northeastern region of the USA, distillate demand was robust, close to 4 mb/d. This equalled the level attained during the colder than normal November of last year. Fuel demand also moved around 1% higher compared to the previous month and nearly 3% above last year's level. This rise in distillate and fuel oil demand seemed to reflect the active stock-piling of heating oil and low sulphur fuel oil (LSFO) in tertiary inventories for use during the remaining winter months, as demand for low sulphur gasoil from the agricultural sector waned during November.

As a result of the combination of a modest increase in the WTI price and weaker gross product worth (GPW), which is the sum of each product price multiplied by its refinery yield, the average refining margins for WTI fell in the US Gulf Coast in November to remain barely above $1/b.

US refinery throughput decreased further in November, sliding by 85,000 b/d to 15.49 mb/d. Despite a fall of 0.5% to 93.2% on the month, the US refinery utilization rate added 1.2% compared to the previous year's runs.

Rotterdam market

As in the USA, only gasoil enjoyed a modest price rise in the Rotterdam market in November, despite the mild European weather. Refining margins jumped again into positive territory, while the refinery utilization rate rose to almost 91%

Average spot product prices in Rotterdam were range-bound in November, despite a significant fall of 4% in the price of their underlying crude, Brent. However, the European product markets were mainly shaped by the following developments. Firstly, the gasoline market was better supplied than in the previous months, reflecting two principal factors, which were rising refinery gasoline output with the resolution of refinery operational problems in the UK and Germany, and the continuing slowdown in transatlantic arbitrages for most of the month due to high freight rates. Secondly, strong demand from commercial aviation in Europe and rapid military airline requirements in Iraq supported the jet fuel market. Gasoil saw sluggish demand, affected by the mild weather, which was further exacerbated on news that end-user heating oil stocks in Germany had been filled to 66% by the end of November. Thirdly, a number of developments led to an overhang in the regional fuel oil supply. These were the reduction of refinery intakes of fuel oil feedstocks on improving competitive crude margins, the continuous flow of Russian straight-run fuel oil, increased refinery fuel oil output, and slack purchases from utilities in South European countries.

Brent refining margins rebounded in November to move into positive territory, despite rising freight costs. The exceptional weakness of Brent was the underlying factor behind the improvement in refining margins as the GPW remained almost steady.

Refinery throughput in Eur-16 countries moved sharply higher by 0.4 mb/d to average 12.47 mb/d in November, with the equivalent utilization rate rising to 90.8%, representing similar levels as in the corresponding period last year.

The gasoil price led product markets in Singapore in November, pushing refining margins even higher

Singapore market

Average spot product prices moved in different directions in Singapore in November, but showed unusual premiums compared to the two aforementioned markets. The gasoil price rose a considerable 4%, followed by a moderate 1% increase in the gasoline price. By contrast, the HSFO counterpart, slid 1%, thereby balancing out the almost 1% increase in the average marker crude, Dubai, for the same period. Nevertheless, an overall analysis of the Asian product market sheds light on some important factors influencing them. Firstly, the Asian gasoline market retained the previous month's fundamentals. Gasoline exports from China and Taiwan continued to be low as they had to meet strong domestic demand. Furthermore, the price of gasoline's underlying feedstock, naphtha, enjoyed a continuing surge of more than $2/b in the month of November, linked to healthy downstream industry margins. This, together with reduced exports from Saudi Arabia's Aramco in early December, squeezed naphtha supply. However, gasoline demand in Australia came to a halt during November, as stock-piling for the driving season ended. A second factor moving the market was the strength of Asian demand for distillate products, particularly for jet fuel and to a lesser extent gasoil. A good month for Chinese airlines, together with stockpiling of kerosene, which is widely used for heating in most Asian countries, supported jet fuel demand. Gasoil consumption during the month originated mainly from China where tight supply occurred. In contrast, a lack of Chinese HSFO buying at a time of continuous arrivals of foreign HSFO cargoes resulted in a supply glut. Nonetheless, LSFO enjoyed strong demand, supported by the delayed restart of nuclear power generators in Japan and rising LNG prices in South Korea, which encouraged a switch to LSFO.

The relative strength in the GPW, in comparison with the cost of Dubai, outpaced an increase in freight costs, further boosting refining margins of the marker crude to hover moderately above $1/b in Singapore in November.

In Japan, refinery throughput enjoyed another rise of 0.14 mb/d to register almost 4.1 mb/d in November. This indicated a 85.8% utilization rate, a drop of 4.4% from the year before.

Table 2
Refined product prices
US $/b

		Sept 03	Oct 03	**Nov 03**	**Change Nov/Oct**
US Gulf					
Regular gasoline	*(unleaded)*	34.16	35.57	**34.71**	–0.86
Gasoil	*(0.2% S)*	30.16	33.59	**34.10**	+0.51
Fuel oil	*(3.0% S)*	22.42	24.48	**24.00**	–.0.48
Rotterdam					
Premium gasoline	*(unleaded)*	33.70	33.71	**33.54**	–0.17
Gasoil	*(0.2% S)*	29.84	33.92	**34.21**	+0.29
Fuel oil	*(3.5% S)*	21.64	22.63	**22.56**	–0.07
Singapore					
Premium gasoline	*(unleaded)*	33.11	35.55	**35.78**	+0.23
Gasoil	*(0.5% S)*	32.42	33.58	**35.08**	+1.50
Fuel oil	*(380 cst)*	23.80	24.38	**24.02**	–0.36

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Sept 03	Oct 03	**Nov 03**	Sept 03	Oct 03	**Nov 03**
USA	15.69	15.57	**15.49**	94.4	93.7	**93.2**
France	1.80	1.80	**1.84**	94.6	94.6	**96.5**
Germany	2.29	2.28	**2.31**	100.9	100.7	**101.9**
Italy	1.80	1.81 R	**1.87**	78.3	78.8 R	**81.4**
UK	1.64	1.46	**1.65**	91.9	81.6	**92.5**
Eur-16	12.29	12.06 R	**12.47**	87.2	87.8 R	**90.8**
Japan	3.82	3.95 R	**4.09**	80.1	82.9 R	**85.8**

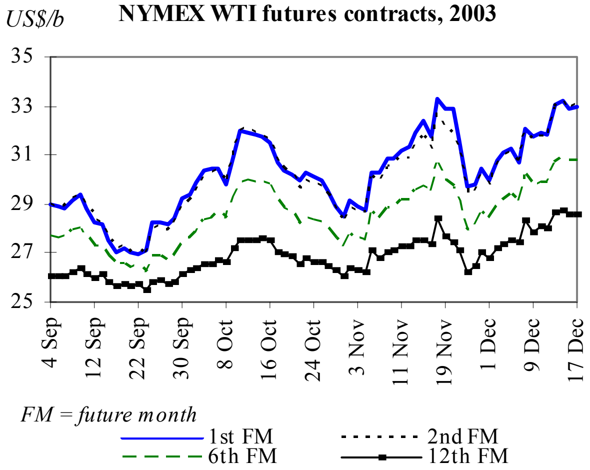
* *Refinery capacities used are in barrels per calendar day*
R *Revised since last issue*
Sources: *OPEC Statistics, Argus, Euroilstock Inventory Report/IEA.*

The Oil Futures Market

Non-commercials turned bullish but maintained considerable caution. WTI price lost $3.5/b amid the sell-off ahead of the long Thanksgiving holiday in the USA and the December OPEC Meeting

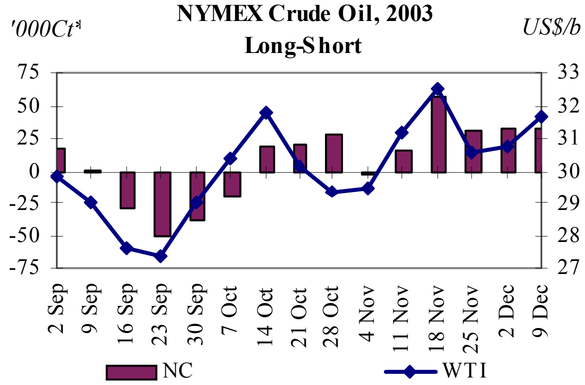
Aside from a brief period in the first week of November when speculators held a net-short position of 2,988 contracts, most of the month non-commercials showed a more optimistic side, although always exercising considerable caution, especially in the second half of the month. The Commodity and Futures Trading Commission's (CFTC) Commitments of Traders report for the second week of November showed a large increase in long positions (21,965 lots) while shorts gained only 2,407, resulting in a 16,750 lot return to the net-long arena. Meanwhile, front-month WTI futures gained more than $2/b on 11 November to close at $31.15/b.

Graph 4
NYMEX WTI futures contracts, 2003



For the week ending 18 November, the CFTC reported a large increase in non-commercial long positions while shorts remained largely unchanged for the week ending 18 November, implying that speculators had to a large extent turned bullish. Long positions rose by more than 40,000 lots while shorts only gained 1,318 resulting in a net-long position of 56,469 lots. Open interest gained 50,841 to 590,275 lots indicating that WTI futures trading had become more attractive. Not surprisingly the WTI futures contract added another $2/b during the week to surpass the $33/b mark and close at $33.28/b on 18 November. The rally in both long positions and WTI prices was induced by speculators' belief that OPEC might engineer a new production curve in its December Meeting to counteract the seasonal drop in demand during the forthcoming spring season. High seasonal gasoline demand and falling heating oil inventories in the USA also helped underpin prices. **Large non-commercials disposed heavily of their long position ahead of the extended Thanksgiving holiday weekend and OPEC's impending 4 December Meeting**. According to the CFTC's Commitment of Traders report on 25 November, speculators trimmed long positions by 25,175 lots to 82,886 and also disposed of their shorts by a mere 443 lots, leaving the net-long at 31,737 lots. The sell-off in long positions caused WTI prices to plunge by $3.5/b in just one week.

Graph 5
Futures Commitment of Traders Report: NYMEX Crude Oil, 2003
Long-Short



NC = Non-commercials: funds, investments and banks.
Ct = * Each contract is 1,000 barrels.

Curiously, speculators remained bullish in the run-up to the OPEC Meeting, maybe on the belief that OPEC would delay any decisions on output levels to the beginning of next year when market fundamentals and price trends would be clearer. After the spike in mid-November, prices have returned to a more moderate and sustained level, thus, if the coming winter generates enough demand for oil to compensate for the rise in non-OPEC and OPEC supply, prices should remain within the $28-32/b range for WTI. On the other hand, if the winter turns out to be mild and the optimistic 0.9 mb/d expected rise in first quarter 2004 world oil demand does not materialize, prices could go on a downward spiral, especially heading into the low demand spring season.

The Tanker Market

OPEC area spot fixtures rose 0.98 mb/d to 15.59 mb/d in November

In November, **OPEC area spot fixtures continued to register record high levels for the second consecutive month, standing at 15.59 mb/d, an increase of 0.98 mb/d over last month** and a 24% rise over last year The slight decrease in OPEC oil production during November noted by secondary sources does not justify the marginal gain in OPEC spot chartering. This increase may be attributable to pre-seasonal holiday bookings where charterers prefer to secure tonnage ahead of Christmas and New Year's holidays. Another factor which could explain the move upward was low oil inventories which forced refiners to fill their depleted tanks despite the high crude oil prices. Accordingly, **OPEC's share of global spot fixtures rose a further 3.31% to stand at about 65% compared to the October level and about 13% over last year**. Most of the increment in OPEC spot-chartering came from the non-Middle East region as fixtures on both Middle East long-haul routes were affected by the oil production cut effective 1 November. **Middle East eastbound and westbound long-haul spot fixtures declined slightly by 0.06 mb/d to 5.38 mb/d and 0.04 mb/d to 2.31 mb/d respectively**. Compared with the year-ago level, eastbound and westbound long-haul spot fixtures were up 1.16 mb/d and 0.41 mb/d higher respectively. Together, **these routes accounted for about 49% of total fixtures in the OPEC area,** or 5% less than that registered last month. **Non-OPEC spot-chartering headed in the opposite direction, declining by 0.69 mb/d to 8.59 mb/d, which was 2.21 mb/d or about 20% below last year's figure**. This drop pushed non-OPEC's share down to 36%, or about 3% below last month's level. Hence, **global spot fixtures moved up a slight 0.29 mb/d to 24.18 mb/d which was 1.49 mb/d above the year-ago level**. Following a stagnant period, based on preliminary estimates, sailings from the OPEC area during the month of November rose a remarkable 2.06 mb/d to 25.04 mb/d. About one quarter of this rise came from the Middle East, where sailings rose 0.55 mb/d to 16.56 mb/d. However, this increase is not reflected in the region's share of sailings which fell 4% compared with last month's level. Arrivals on most of the main routes continued to show lower figures than in the previous period, except in Japan which moved up slightly by 0.08 mb/d to 3.57 mb/d. A considerable drop was witnessed in North-West Europe which fell by 0.86 mb/d to 6.80 mb/d, while sailings in the US Gulf Coast, US East Coast and the Caribbean decreased a marginal 0.03 mb/d to 10.71 mb/d. Sailings in Euro-Med also declined, decreasing by 0.15 mb/d to 3.89 mb/d.

VLCC freight rates surged considerably in November on very tight tonnage availability.

During November, low crude oil stocks in main consuming regions, combined with very tight tonnage availability, pushed crude freight rates — particularly VLCC rates — to an extreme high not seen since November 2000. Increased demand not only for November cargoes but also for early December cargoes fueled this rally as charterers were seeking to secure satisfactory coverage amid concerns that the tanker market might get very tight before the Christmas period. **Freight rates for VLCC cargoes from the Middle East to the Far East were twice as high as last month, showing an extreme increase of 72 points or 114% to stand at a monthly average of WS 135**. **On the Middle East to the West route, VLCC freight rates followed the same upward trend, soaring by 65 points or 120% to reach a monthly average of WS 119**. Suezmax freight rates from West Africa to the US Gulf Coast benefited from the very tight VLCC market, displaying a rise of 38 points or 34% to stand at a monthly average of WS 149. This average was affected by a short period of low levels in the middle of November, when rates fell from a high of WS 160s to WS 120s on sparse activity, but rates changed direction again returning to a high WS 160s near the end of the month. Aframax freight rates also rose higher, especially within the Mediterranean basin, driven by a bottleneck in the Bosporus. This helped rates to surge by 106 points or 66% for a monthly average of WS 266. The rise on the Mediterranean to NW Europe route was not as high as within the Mediterranean basin as rates increased only 29 points or 17% to WS 203. Very high activity in the Caribbean pushed prices up 56 points or 35% to WS 218 for cargoes from the Caribbean to the US East Coast. Some improvement was also seen on the Indonesia to the US West Coast route where rates rose a slight 13 points or 9% to WS 152 on the back of a generally healthy Aframax market.

Product freight rates enjoyed higher rates on high demand

Contrary to the previous month's trend where product freight rates suffered from a lack of sufficient fixtures, rates were up on all main routes during November, benefiting from high regional demand particularly for the petrochemical sector. **Clean freight rates for medium-range tankers on the Middle East/Far East route gained two points for a monthly average of WS 156**. From Singapore to the East, the increase was much higher as rates reached a monthly average of WS 216 or 32 points above last month's level. The route benefiting most was the Mediterranean to the NW Europe route where rates surged by 101 points to WS 273 due to very high activity especially for jet fuel cargoes. Within the Mediterranean basin, rates improved less than on other routes, increasing by only 17 points to WS 214. From NW Europe to the US East and Gulf Coasts, rates managed to enjoy an 19% increase or 38 points to WS 239 on the back of increasing demand from the US market where the cold weather and low product inventories encouraged end-users to seek higher quantities ahead of the holiday season. US heating oil demand helped freight rates along the Caribbean/ US Gulf route to gain 54 points or 23% to register a monthly average of WS 294.

Table 4
Spot tanker chartering: sailings and arrivals
mb/d

	Sept 03	Oct 03	Nov 03	Change Nov/Oct
Chartering				
All areas	19.48	23.89	24.18	0.29
OPEC	11.63	14.61	15.59	0.98
Middle East/east	3.77	5.44	5.38	–0.06
Middle East/west	2.36	2.35	2.31	–0.04
Sailings				
OPEC	22.15	22.98	25.04	2.06
Middle East	15.43	16.00	16.56	0.55
Arrivals				
US Gulf Coast, US East Coast, Caribbean	10.31	10.75	10.71	–0.03
North West Europe	7.37	7.66	6.80	–0.86
Euromed	4.56	4.05	3.89	–0.15
Japan	3.71	3.49	3.57	0.08

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

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Sept 03	Oct 03	Nov 03	Change Nov/Oct
Crude					
Middle East/east	200–300	106	63	135	72
Middle East/west	200–300	84	54	119	65
West Africa/US Gulf	100–160	100	111	149	38
North-West Europe/US East Coast	100–160	106r	119	141	22
Indonesia/US West Coast	70–100	116	139	152	13
Caribbean/US East Coast	40–70	150	162	218	56
Mediterranean/Mediterranean	40–70	137	160	266	106
Mediterranean/North-West Europe	70–100	98	174	203	29
Products					
Middle East/east	30–50	193	154	156	2
Singapore/east	25–30	249	184	216	32
Caribbean/US Gulf Coast	25–30	258	240	294	54
North-West Europe/US East Coast	25–30	220	201	239	38
Mediterranean/Mediterranean	25–30	192	197	214	17
Mediterranean/North-West Europe	25–30	220	172	273	101

Source: Gailbraith Tanker Market Report as well as other relevant industry publications.

World Oil Demand

World demand for 2003 revised up a slight 0.03 mb/d to 78.36 mb/d

Estimates for 2003

World

Further data on the actual demand in the current year points to higher than expected third quarter consumption of 0.22 mb/d in the OECD and 0.01 mb/d in the FSU, partly offset by a 0.08 mb/d reduction in the expected demand for Developing Countries. As a result, **the third quarter average has been revised up by a substantial 0.15 mb/d, while the forecast 2003 world oil demand volume average has been raised by 0.03 mb/d to 78.36 mb/d** versus the 78.33 mb/d in the last *MOMR*. The yearly increment, which represents the difference between the 2002 and the 2003 averages, has likewise been adjusted upwards by 0.03 mb/d to read 1.39 mb/d. Quarterly and regional details are given in Table 7.

On a regional basis, 2003 demand is forecast to rise 0.75 mb/d or 1.56% in the OECD following a minor fall of 0.07 mb/d in 2002. Only a moderate 0.10 mb/d or 0.50% increase in consumption is forecast in 2003 in Developing Countries, following much higher growth of 0.18 mb/d in 2002. **Apparent demand in the former CPEs is forecast to grow by a considerable 0.54 mb/d or 5.67%, more than double the volume and growth rate of 2002, which saw increases of 0.21 mb/d or 2.21%.**

Table 6
World oil demand in 2003
mb/d

							Change 2003/02	
	2002	1Q03	2Q03	3Q03	4Q03	**2003**	Volume	%
North America	24.16	24.56	24.16	24.83	24.69	24.56	0.40	1.66
Western Europe	15.08	15.20	14.99	15.25	15.44	15.22	0.14	0.94
OECD Pacific	8.50	9.61	8.04	7.88	9.28	8.70	0.20	2.39
Total OECD	**47.73**	**49.37**	**47.19**	**47.96**	**49.40**	**48.48**	**0.75**	**1.56**
Other Asia	7.47	7.54	7.58	7.53	7.77	7.60	0.13	1.74
Latin America	4.75	4.54	4.69	4.78	4.68	4.67	–0.08	–1.62
Middle East	4.95	4.89	4.76	5.15	5.08	4.97	0.02	0.47
Africa	2.53	2.55	2.54	2.53	2.57	2.55	0.02	0.88
Total DCs	**19.70**	**19.52**	**19.57**	**19.99**	**20.10**	**19.80**	**0.10**	**0.50**
FSU	3.77	4.01	3.35	3.70	4.41	3.87	0.10	2.61
Other Europe	0.74	0.77	0.73	0.70	0.76	0.74	0.00	–0.09
China	5.03	5.41	5.46	5.75	5.28	5.48	0.44	8.82
Total "Other Regions"	**9.54**	**10.20**	**9.54**	**10.16**	**10.44**	**10.09**	**0.54**	**5.67**
Total world	**76.97**	**79.08**	**76.30**	**78.11**	**79.95**	**78.36**	**1.39**	**1.80**
Previous estimate	76.97	79.08	76.28	77.96	79.97	78.33	1.36	1.76
Revision	0.01	–0.01	0.02	0.15	–0.03	0.03	0.03	0.04

Totals may not add due to independent rounding.

On a quarterly basis, compared with the exceptionally weak first quarter 2002, world demand is estimated to have grown by a significant 2.27 mb/d or 2.96% to average 79.08 mb/d in the first quarter of 2003. This is the net effect of the colder than normal weather in most parts of the northern hemisphere, fuel substitution in Japan as a result of nuclear power reactors maintenance, stockpiling ahead of the anticipated Iraq war, and record high natural gas prices in the USA. Consumption for the second quarter of 2003 is estimated to have risen by 1.08 mb/d or 1.44% compared to the exceptionally weak second quarter of 2002 thanks to the robust economic growth in China and due to the continuation of fuel substitution in Japan. Third quarter consumption is assumed to have grown a similar 1.04 mb/d or 1.35%, while the fourth is expected to display a somewhat higher growth of 1.17 mb/d or 1.48%. Detailed quarterly comparisons for all quarters are presented in Tables 8 and 9.

Table 7
First and second quarter world oil demand comparison for 2003
mb/d

			Change 2003/02				Change 2003/02	
	1Q02	1Q03	Volume	%	2Q02	2Q03	Volume	%
North America	23.93	24.56	0.63	2.64	24.02	24.16	0.14	0.57
Western Europe	15.15	15.20	0.05	0.33	14.63	14.99	0.36	2.48
OECD Pacific	9.06	9.61	0.55	6.04	7.64	8.04	0.41	5.33
Total OECD	**48.14**	**49.37**	**1.23**	**2.55**	**46.28**	**47.19**	**0.91**	**1.96**
Other Asia	7.29	7.54	0.25	3.40	7.50	7.58	0.08	1.06
Latin America	4.70	4.54	-0.16	–3.50	4.78	4.69	–0.10	–1.99
Middle East	4.83	4.89	0.05	1.11	4.91	4.76	–0.15	–3.08
Africa	2.56	2.55	0.00	–0.09	2.50	2.54	0.05	1.83
Total DCs	**19.38**	**19.52**	**0.13**	**0.69**	**19.69**	**19.57**	**–0.12**	**–0.62**
FSU	3.78	4.01	0.23	6.20	3.39	3.35	–0.05	–1.45
Other Europe	0.77	0.77	0.00	0.09	0.73	0.73	0.00	0.60
China	4.74	5.41	0.67	14.23	5.12	5.46	0.34	6.65
Total "Other Regions"	**9.29**	**10.20**	**0.91**	**9.79**	**9.24**	**9.54**	**0.30**	**3.20**
Total world	**76.80**	**79.08**	**2.27**	**2.96**	**75.22**	**76.30**	**1.08**	**1.44**

Totals may not add due to independent rounding.

Table 8
Third and fourth quarter world oil demand comparison for 2003
mb/d

			Change 2003/02				Change 2004/03	
	3Q02	3Q03	Volume	%	4Q02	4Q03	Volume	%
North America	24.34	24.83	0.49	2.02	24.35	24.69	0.34	1.41
Western Europe	15.18	15.25	0.07	0.44	15.35	15.44	0.09	0.59
OECD Pacific	8.03	7.88	–0.15	–1.87	9.26	9.28	0.02	0.19
Total OECD	**47.55**	**47.96**	**0.41**	**0.86**	**48.95**	**49.40**	**0.45**	**0.92**
	0.00							
Other Asia	7.47	7.53	0.07	0.90	7.64	7.77	0.13	1.68
Latin America	4.81	4.78	–0.04	–0.75	4.69	4.68	-0.01	–0.31
Middle East	5.10	5.15	0.05	0.92	4.93	5.08	0.14	2.92
Africa	2.49	2.53	0.04	1.48	2.57	2.57	0.01	0.31
Total DCs	**19.88**	**19.99**	**0.11**	**0.58**	**19.83**	**20.10**	**0.27**	**1.34**
FSU	3.65	3.70	0.06	1.56	4.25	4.41	0.15	3.59
Other Europe	0.73	0.70	–0.03	–4.05	0.74	0.76	0.02	2.99
China	5.27	5.75	0.49	9.25	5.00	5.28	0.28	5.54
Total "Other Regions"	**9.64**	**10.16**	**0.51**	**5.33**	**9.99**	**10.44**	**0.45**	**4.52**
Total world	**77.07**	**78.11**	**1.04**	**1.35**	**78.78**	**79.95**	**1.17**	**1.48**

Totals may not add due to independent rounding.

OECD

The OECD consumption forecast of 48.48 mb/d constitutes 62% of the total world demand in 2003 as indicated in the previous *MOMR*. Out of the forecast 1.39 mb/d increment in world oil consumption in 2003, about 0.75 mb/d or nearly 54% is expected to originate in the OECD. Within the group, **North America ranks first in forecast demand growth with 0.40 mb/d, close to 54% of the demand increment for the group.** OECD Pacific ranks second with 0.20 mb/d, equivalent to 27% and Western Europe ranks third with 0.14 mb/d, nearly 19%.

DCs
Oil demand in Developing Countries is forecast to grow by 0.10 mb/d or 0.50% to 19.80 mb/d. Consumption in Latin America is expected to contract by 0.08 mb/d or 1.62% to average 4.67 mb/d, indicating a relative improvement over the last year when demand weakened by 0.12 mb/d due to persistent economic and financial problems. Other Asia is forecast to register highest volume and percentage growth of 0.13 mb/d or 1.74%, followed by Africa with 0.02 mb/d or 0.88% and the Middle East with 0.02 mb/d or 0.47% respectively.

Other Regions
Although apparent demand in the former CPEs in 2003 is now forecast at 10.09 mb/d, marginally higher than the level mentioned in the last *MOMR*, their share of world oil consumption remains unchanged at 13%. Thanks to an upward revision to China's demand forecast last month, the demand growth forecast currently stands at 39% of the total world demand increment, equivalent to 0.54 mb/d or 5.64% and more than double that in 2002. Within the group, the apparent 5.48 mb/d demand in **China is forecast to register the highest volume and percentage growth of 0.44 mb/d or 8.82%**, singly accounting for 32% of the total world increment. The FSU, with an average 3.87 mb/d, is expected to experience the second highest demand rise of 0.10 mb/d or 2.61%. Apparent demand in Other Europe is expected to experience a negligible change.

Forecast for 2004

World demand for 2004 revised up a slight 0.05 mb/d to 79.61 mb/d

Based on slightly higher prospects for economic growth, **the average world oil demand forecast for 2004 has been revised up by 0.05 mb/d to 79.61 mb/d,** compared with the 79.56 mb/d presented in the last *MOMR*. The anticipated oil demand growth in 2004, however, has been raised only by 0.01 mb/d to 1.25 mb/d to reflect the simultaneous upward revision in average 2003 oil demand forecast, compared with the 1.24 mb/d reported in the last MOMR. **The third quarter forecast has been raised by 0.16 mb/d mostly to reflect the similar upward revision in the corresponding 2003 period.**

The analysis of regional oil consumption remains similar to that presented in the last *MOMR*. On a regional basis, oil demand is forecast to register solid growth in all of the three major groups of countries. Although the demand in the OECD is expected to grow at the lowest rate, i.e. 0.98%, the group is forecast to rank first through a 0.47 mb/d growth, equivalent to 38% of the total world demand increment. Developing Countries are expected to rank e second in growth rate at 2.18%, with an increment volume of 0.43 mb/d, for a 35% share of world oil demand growth. The highest percentage growth of 3.40% is attributable to the former CPEs. Their volume and share of the world demand growth, however, ranks third at 0.34 mb/d equivalent to 27% of the world increment.

Every single quarter of 2004 is forecast to experience oil demand growth. The first quarter is expected to account for the lowest growth rate at 0.90 mb/d or 1.14%. The second and the third quarters are forecast to enjoy much higher rises of 1.33 mb/d and 1.27 mb/d respectively, while **the highest growth of 1.49 mb/d or 1.86% is expected in the fourth quarter.**

Table 9
World oil demand forecast for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	2004	Change 2004/03 Volume	%
North America	24.56	24.76	24.40	25.15	25.13	24.86	0.30	1.21
Western Europe	15.22	15.26	15.11	15.37	15.58	15.33	0.11	0.74
OECD Pacific	8.70	9.65	8.11	7.95	9.35	8.76	0.06	0.74
Total OECD	**48.48**	**49.67**	**47.63**	**48.46**	**50.06**	**48.95**	**0.47**	**0.98**
Other Asia	7.60	7.67	7.83	7.76	7.99	7.82	0.21	2.78
Latin America	4.67	4.60	4.74	4.84	4.74	4.73	0.06	1.30
Middle East	4.97	4.97	4.88	5.25	5.20	5.08	0.11	2.14
Africa	2.55	2.61	2.62	2.55	2.63	2.60	0.05	2.06
Total DCs	**19.80**	**19.86**	**20.08**	**20.41**	**20.56**	**20.23**	**0.43**	**2.18**
FSU	3.87	4.04	3.46	3.82	4.54	3.97	0.10	2.59
Other Europe	0.74	0.79	0.79	0.71	0.77	0.76	0.02	3.05
China	5.48	5.62	5.68	5.97	5.51	5.70	0.22	4.02
Total "Other Regions"	**10.09**	**10.46**	**9.93**	**10.50**	**10.82**	**10.43**	**0.34**	**3.40**
Total world	**78.36**	**79.98**	**77.63**	**79.38**	**81.43**	**79.61**	**1.25**	**1.59**
Previous estimate	78.33	79.98	77.60	79.22	81.45	79.56	1.24	1.58
Revision	0.03	0.00	0.03	0.16	–0.02	0.05	0.01	0.01

Totals may not add due to independent rounding

Table 10
First and second quarter world oil demand comparison for 2004
mb/d

	1Q03	1Q04	Change 2004/03 Volume	%	2Q03	2Q04	Change 2004/03 Volume	%
North America	24.56	24.76	0.19	0.78	24.16	24.40	0.25	1.02
Western Europe	15.20	15.26	0.06	0.41	14.99	15.11	0.12	0.80
OECD Pacific	9.61	9.65	0.05	0.51	8.04	8.11	0.07	0.87
Total OECD	**49.37**	**49.67**	**0.30**	**0.61**	**47.19**	**47.63**	**0.44**	**0.92**
Other Asia	7.54	7.67	0.13	1.77	7.58	7.83	0.26	3.37
Latin America	4.54	4.60	0.06	1.41	4.69	4.74	0.06	1.22
Middle East	4.89	4.97	0.08	1.68	4.76	4.88	0.12	2.46
Africa	2.55	2.61	0.06	2.36	2.54	2.62	0.08	3.00
Total DCs	**19.52**	**19.86**	**0.34**	**1.74**	**19.57**	**20.08**	**0.51**	**2.58**
FSU	4.01	4.04	0.03	0.68	3.35	3.46	0.12	3.56
Other Europe	0.77	0.79	0.02	2.75	0.73	0.79	0.05	7.23
China	5.41	5.62	0.21	3.90	5.46	5.68	0.22	4.01
Total "Other Regions"	**10.20**	**10.46**	**0.26**	**2.54**	**9.54**	**9.93**	**0.39**	**4.10**
Total world	**79.08**	**79.98**	**0.90**	**1.14**	**76.30**	**77.63**	**1.33**	**1.75**

Totals may not add due to independent rounding.

Table 11
Third and fourth quarter world oil demand comparison for 2004
mb/d

			Change 2004/03				Change 2004/03	
	3Q03	3Q04	Volume	%	4Q03	4Q04	Volume	%
North America	24.83	25.15	0.32	1.27	24.69	25.13	0.44	1.77
Western Europe	15.25	15.37	0.12	0.79	15.44	15.58	0.15	0.94
OECD Pacific	7.88	7.95	0.07	0.84	9.28	9.35	0.07	0.76
Total OECD	**47.96**	**48.46**	**0.50**	**1.05**	**49.40**	**50.06**	**0.65**	**1.32**
Other Asia	7.53	7.76	0.23	3.03	7.77	7.99	0.23	2.93
Latin America	4.78	4.84	0.06	1.34	4.68	4.74	0.06	1.24
Middle East	5.15	5.25	0.10	2.00	5.08	5.20	0.12	2.44
Africa	2.53	2.55	0.02	0.96	2.57	2.63	0.05	1.95
Total DCs	**19.99**	**20.41**	**0.42**	**2.10**	**20.10**	**20.56**	**0.46**	**2.29**
FSU	3.70	3.82	0.12	3.31	4.41	4.54	0.13	2.97
Other Europe	0.70	0.71	0.01	1.06	0.76	0.77	0.01	1.20
China	5.75	5.97	0.22	3.75	5.28	5.51	0.24	4.46
Total "Other Regions"	**10.16**	**10.50**	**0.35**	**3.41**	**10.44**	**10.82**	**0.38**	**3.59**
Total world	**78.11**	**79.38**	**1.27**	**1.62**	**79.95**	**81.43**	**1.49**	**1.86**

Totals may not add due to independent rounding.

World Oil Supply

Non-OPEC supply for 2003 revised down to 48.62 mb/d in November, still an increase of 0.86 mb/d over the downwardly revised figure for 2002

Non-OPEC

Forecast for 2003

The non-OPEC supply figure for 2003 was revised down to 48.62 mb/d. **The third quarter saw a significant 0.12 mb/d downward revision due to the longer maintenance schedule and the underperformance in the UK sector of the North Sea**, while the other quarters received only minor revisions. The quarterly distribution now stands at 48.62 mb/d, 47.96 mb/d, 48.65 mb/d and 49.22 mb/d respectively. The yearly average increase stands at 0.86 mb/d, compared with the downwardly revised figure for 2002.

Table 12
Non-OPEC oil supply in 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
North America	14.50	14.76	14.55	14.78	14.66	14.69	0.19
Western Europe	6.63	6.73	6.19	6.10	6.49	6.37	–0.25
OECD Pacific	0.76	0.67	0.65	0.70	0.71	0.68	–0.08
Total OECD	**21.88**	**22.16**	**21.38**	**21.57**	**21.86**	**21.74**	**–0.14**
Other Asia	2.27	2.37	2.35	2.34	2.35	2.35	0.08
Latin America	3.87	3.86	3.78	3.89	3.91	3.86	–0.01
Middle East	2.06	2.05	2.02	1.99	2.01	2.02	–0.05
Africa	3.03	2.92	2.96	3.09	3.28	3.06	0.04
Total DCs	**11.23**	**11.19**	**11.11**	**11.32**	**11.55**	**11.29**	**0.06**
FSU	9.34	9.88	10.09	10.42	10.42	10.21	0.86
Other Europe	0.18	0.17	0.17	0.17	0.17	0.17	0.00
China	3.39	3.40	3.44	3.38	3.41	3.41	0.02
Total "Other regions"	**12.91**	**13.46**	**13.71**	**13.97**	**13.99**	**13.79**	**0.87**
Total non-OPEC production	**46.02**	**46.82**	**46.20**	**46.86**	**47.40**	**46.82**	**0.80**
Processing gains	1.73	1.81	1.77	1.79	1.82	1.79	0.06
Total non-OPEC supply	**47.75**	**48.62**	**47.96**	**48.65**	**49.22**	**48.62**	**0.86**
Previous estimate	47.76	48.61	47.97	48.78	49.20	48.64	0.88
Revision	**–0.01**	**0.01**	**–0.01**	**–0.12**	**0.02**	**–0.03**	**–0.02**

Totals may not add due to independent rounding.

Non-OPEC supply for 2004 expected at 49.75 mb/d, an increase of 1.13 mb/d above 2003

Expectations for 2004

Non-OPEC supply for 2004 is expected to rise 1.13 mb/d. **Russia should be the main contributor with an expected 0.49 mb/d, followed by Chad, Angola and Kazakhstan with 0.16 mb/d, 0.11 mb/d and 0.09 mb/d respectively. Colombia also contributed to the increase with 0.06 mb/d, partially offset by a 0.05 mb/d decline in Oman.** The quarterly distribution now stands at 49.76 mb/d, 49.14 mb/d, 49.85 mb/d and 50.24 mb/d respectively. The yearly average is forecast at 49.75 mb/d.

Table 13
Non-OPEC oil supply in 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**	**Change 04/03**
North America	14.69	14.87	14.67	14.90	14.79	14.81	0.12
Western Europe	6.37	6.76	6.22	6.13	6.52	6.40	0.03
OECD Pacific	0.68	0.66	0.64	0.69	0.70	0.67	–0.01
Total OECD	**21.74**	**22.30**	**21.52**	**21.71**	**22.00**	**21.88**	**0.14**
Other Asia	2.35	2.41	2.39	2.38	2.39	2.39	0.04
Latin America	3.86	3.95	3.88	4.00	4.01	3.96	0.10
Middle East	2.02	1.95	1.95	1.94	1.96	1.95	–0.07
Africa	3.06	3.33	3.37	3.48	3.49	3.42	0.36
Total DCs	**11.29**	**11.65**	**11.59**	**11.79**	**11.84**	**11.72**	**0.42**
FSU	10.21	10.45	10.67	11.01	11.01	10.79	0.58
Other Europe	0.17	0.17	0.17	0.17	0.17	0.17	0.00
China	3.41	3.38	3.42	3.36	3.39	3.39	–0.02
Total "Other regions"	**13.79**	**14.00**	**14.26**	**14.55**	**14.57**	**14.35**	**0.56**
Total non-OPEC production	**46.82**	**47.95**	**47.37**	**48.05**	**48.41**	**47.95**	**1.12**
Processing gains	1.79	1.82	1.77	1.80	1.83	1.80	0.01
Total non-OPEC supply	**48.62**	**49.76**	**49.14**	**49.85**	**50.24**	**49.75**	**1.13**
Previous estimate	48.64	49.86	49.27	50.08	50.33	49.89	1.24
Revision	**–0.03**	**–0.10**	**–0.12**	**–0.23**	**–0.09**	**–0.13**	**–0.11**

Totals may not add due to independent rounding.

Net FSU oil export forecast at 6.82 mb/d for 2004 and estimated at 6.34 mb/d for 2003

The FSU net oil export for 2004 is expected at 6.82 mb/d, while figures for 2000-2003 remain almost unchanged from the last *MOMR*.

Table 14
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	**Year**
2000	3.97	4.13	4.47	4.01	**4.14**
2001	4.30	4.71	4.89	4.47	**4.59**
2002 (estimate)	5.13	5.76	5.88	5.52	**5.57**
2003 (estimate)	5.87	6.75	6.72	6.01	**6.34**
2004 (forecast)	6.40	7.20	7.19	6.47	**6.82**

OPEC NGL for 2004 expected at 3.83 mb/d, an increase of 0.23 mb/d over 2003

OPEC natural gas liquids

The OPEC NGL figure for 2004 is expected at 3.81 mb/d, an increase of 0.23 mb/d over the 2003 figure of 3.58 mb/d. Figures for 2000–2002 remain unchanged at 3.34 mb/d, 3.58 mb/d and 3.62 mb/d respectively, compared with those in the last *MOMR*.

OPEC NGL production for 2000–2004
mb/d

2000	**2001**	**2002**	1Q03	2Q03	3Q03	4Q03	**2003**	**Change 03/02**	**2004**	**Change 04/03**
3.34	**3.58**	**3.62**	3.44	3.59	3.64	3.64	**3.58**	–0.04	**3.81**	0.23

Available secondary sources put OPEC's November production at 27.39 mb/d

OPEC crude oil production

Available secondary sources indicate that OPEC output for November was 27.39 mb/d, a decline of 0.05 mb/d from the revised October figure of 27.44 mb/d. Table 15 shows OPEC production as reported by selected secondary sources.

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

	2001	2002	2Q03	3Q03	Oct 03*	**Nov 03***	Nov-Oct
Algeria	820	864	1,127	1,160	1,175	1,173	–1
Indonesia	1,214	1,120	1,026	1,011	1,011	1,000	–11
IR Iran	3,672	3,428	3,716	3,766	3,798	3,787	–12
Iraq	2,383	1,999	291	1,046	1,650	1,880	230
Kuwait	2,021	1,885	2,250	2,130	2,178	2,187	9
SP Libyan AJ	1,361	1,314	1,423	1,425	1,445	1,433	–12
Nigeria	2,098	1,969	1,985	2,173	2,249	2,220	–29
Qatar	683	648	750	740	746	718	–28
Saudi Arabia	7,939	7,535	9,022	8,533	8,422	8,247	–175
UAE	2,163	1,988	2,294	2,261	2,210	2,187	–23
Venezuela	2,862	2,586	2,583	2,556	2,560	2,559	–1
Total OPEC	**27,217**	**25,335**	**26,467**	**26,803**	**27,443**	**27,391**	**–52**

Totals may not add due to independent rounding.
* *Not all sources available.*

Rig Count

Non-OPEC rig count gained 9 in November

Non-OPEC

Rig activity rose in November. North America gained 27 rigs, compared to October. Canada added 18 rigs to reach 412 and the USA saw an increase of 10 rigs to 1,118, while Mexico dropped 1 rig to 107. Western Europe's rig activity showed a continuing decline of 3 rigs to 72. Rig activity in Australia was also down by 3 rigs to 12, while Other Asia witnessed a loss of 9 rigs to 113.

Table 16
Non-OPEC rig count in 2002–2003

	2001	2002	Change 02/01	Oct 03	Nov 03	Change Nov/Oct
North America	1,552	1,162	–390	1,604	1,631	27
Western Europe	95	85	–10	75	72	–3
OECD Pacific	20	17	–3	22	17	–5
OECD	**1,667**	**1,264**	**–40 3**	**1,701**	**1,720**	**19**
Other Asia	95	111	16	122	113	–9
Latin America	141	106	–35	114	115	1
Middle East	50	62	12	69	65	–4
Africa	36	43	7	48	50	2
DCs	**321**	**322**	**1**	**353**	**343**	**–10**
FSU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Europe	3	2	–1	2	2	0
China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other regions	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Total non-OPEC	**1,991**	**1,588**	**–403**	**2.056**	**2,065**	**9**

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

OPEC rig count also added 9 in November

OPEC

OPEC's rig count was 225 in November, an increase of 9 rigs compared with the October figure. Algeria added 2 rigs to 19 and Venezuela gained 19 rigs to 47 over the month before.

Table 17
OPEC rig count

	2001	2002	Change 02/01	Oct 03	Nov 03	Change Nov/ Oct
Algeria	20	20	0	17	19	2
Indonesia	41	46	6	42	41	–1
IR Iran	30	34	4	35	36	1
Iraq	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kuwait	9	6	–3	5	8	3
SP Libyan AJ	5	10	5	10	9	–1
Nigeria	12	12	0	7	7	0
Qatar	9	13	4	6	9	3
Saudi Arabia	30	32	2	33	32	–1
UAE	15	16	0	17	17	0
Venezuela	67	42	–25	44	47	3
Total OPEC	**238**	**231**	**–7**	**216**	**225**	**9**

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

Stock Movements

The USA saw a considerable stock-draw of 0.45 mb/d at the end of November

USA

Commercial oil stocks in USA registered a massive draw of 12.7 mb at a rate of 0.45 mb/d to 953.8 mb during the period 31 October-28 November. Both crude oil and products contributed to the draw, decreasing by 7.6 mb to 284.3 and 5.0 mb to 669.5 mb respectively. Crude oil stocks began the period rising to 294.0 mb in the week ending 14 November as crude oil imports reached 10.34 mb/d. However, directions changed during the last two weeks with crude oil stock levels and imports declining. Indeed, US crude oil imports averaged 9.1 mb/d in the week ending 28 November, down 0.23 mb/d from the previous week. For the last four weeks, crude oil imports averaged 9.64 mb/d, more or less unchanged from the average over the same period last year. Although it is still too early to determine the origin of the weekly crude oil imports, Iraqi crude oil exports appear to be the highest since the resumption of exports after the war. Another reason behind the draw on crude oil stocks could be associated with the increase in refinery inputs, which moved up 0.29 mb/d to 15.5 mb/d during the week ending 28 November, corresponding to a utilization rate of 93.5%. Almost all of this increase was seen in the East Coast (PADD1), where crude runs returned to levels seen a few weeks earlier. Crude oil inputs to refineries have averaged 15.28 mb/d during last four weeks, 0.15 mb/d less than last year at the same time. On the product side, distillate fuel oil stocks registered a draw of 1.6 mb to 131.1 mb, mainly due to high demand, which was 4.9% above last month's. But the week ending 28 November saw a rise of 2.8 m/d in distillate stocks compared to the previous week, with most of the increase in low-sulphur (diesel) distillate fuel. At this level, distillate stocks are 5.6% above last year at the same period, while heating oil stocks showed a y-o-y surplus of around 3.2%. Gasoline stocks moved up 5.8 mb to 197.1 mb to follow a seasonal pattern, but still remained at a 3.7% y-o-y deficit. This build was observed gradually over the last four weeks, with a surge of 4.3 mb during the week ending 28 November. Gasoline demand averaged 9.0 mb/d over the last four weeks, a decline of 1.9% compared to last month, but still 2.6% above last year at the same time. Residual fuel and jet fuel oil stocks moved in different directions. Residual fuel oil stocks increased 1.7 mb to 35.3 mb on the back of a substantial rise in imports, while jet fuel inventories registered a draw of 2.0 mb to 37.8 mb on the declining imports.

During the same period, the Strategic Petroleum Reserve (SPR) continued its build, increasing by 3.4 mb, to reach a new record of 633.4 mb, which was around 38 mb higher than last year's level at the same time.

During the week ending 5 December, total commercial oil stocks showed a significant draw of 4.9 mb to 948.9 mb compared to the previous week, widening the y-o-y deficit to 3% or around 30 mb. The bulk of this draw came from crude oil stocks which declined 6.4 mb to 277.9 mb as refiners stepped up production. Crude oil refinery inputs averaged nearly 15.7 mb/d, up 0.21 mb/d, which corresponded to a refinery utilization rate of 94.2% or 0.7 % above a week earlier. At the same time, crude oil imports rose 0.40 mb/d to around 9.5 mb/d, with virtually all the increase in the Gulf Coast region (PADD III). With the drop in crude oil stocks, the y-o-y shortage stood at about 3.1% or 8.8 mb. On the product side, data showed some improvement. Indeed, distillate stocks climbed by 1.0 mb to 131.1 mb, registering 5.5% or 6.4 mb above last year's level. In the meantime, heating oil stocks registered a build of 0.2 mb to 55.9 mb, which was a comfortable 5.5 mb increase over this time last year. The build in distillate stocks was mainly due to high production as refiners were concerned about heating oil supplies in winter. The build of 3.4 mb to 200.5 mb in gasoline stocks followed the usual seasonal pattern at this time of the year, but remained 5.8 mb or 2.8% below last year's level. The apparent demand for gasoline was 8.77 mb/d, a drop of 0.20 mb/d from the previous weeks.

The SPR continued the upward trend increasing by 0.8 mb to 634.2 mb, around 38 mb above the same period last year.

Table 18
US onland commercial petroleum stocks*
mb

	3 Oct 03	31 Oct 03	28 Nov 03	Nov/Oct	28 Nov 02	5 Dec 03**
Crude oil (excl. SPR)	**286.2**	**291.9**	**284.3**	**–7.60**	**288.4**	277.9
Gasoline	198.0	191.3	197.1	5.80	204.7	200.5
Distillate fuel	131.5	132.7	131.1	–1.60	124.1	132.1
Residual fuel oil	32.4	33.6	35.3	1.70	35.4	36.5
Jet fuel	40.4	39.8	37.8	–2.00	42.6	37.1
Unfinished oils	82.5	84.6	84.0	–0.60	88.4	83.6
Other oils	196.1	192.6	184.3	–8.30	199.1	181.1
Total	**967.0**	**966.5**	**953.8**	**–12.70**	**982.7**	948.8
SPR	623.8	630.0	633.4	3.40	595.3	634.2

* *At end of month, unless otherwise stated*
** *Latest available data at time of report's release*
Source: US Department of Energy's Energy Information Administration

Western Europe

Marginal seasonal 0.04 mb/d stock-build in Eur-16 at the end of November

Total oil stocks in Eur-16 (EU plus Norway) reversed the previous two months' pattern of draw-downs, increasing by 1.3 mb or 0.04 mb/d to 1,057.1 mb. A moderate rise of 5.9 mb to 619.8 mb in total products was nearly abated by a decrease of 4.6 mb to 437.3 mb in crude oil stocks. This build left total oil inventories a slight 0.2% or 2.3 mb below last year at the same period. The draw on crude oil stocks came as refineries returned from a heavy turnaround of autumn maintenance. In fact, crude runs rose 0.25 mb/d to 12.3 mb/d, equivalent to a 93.9% utilization rate or 1.9% above the October level. With this draw, the y-o-y deficit is also around 1.9% or 8.5 mb. Distillate stocks, which include heating oil, diesel and jet fuel, registered a slight draw of 0.2 mb to 347.0 mb. This small change occurred as high demand absorbed the increase in production and a steady flow of imports from Russia. At this level, distillate stocks remained at a comfortable level of 2.4% or 8 mb above a year earlier. Gasoline stocks rose 2.9 mb to 138.4 mb, their highest level since May 2003. This was mainly due to high production combined with closed trans-Atlantic gasoline arbitrage. Fuel oil inventories continued upward for the third successive month increasing by 2.3 mb to 113.6 mb. This build came due to an increase in refinery throughputs and a rise in Russia's exports. However, despite this build, the year-on-year deficit remains at 5.5%.

Table 19
Western Europe's oil stocks*
Mb

	Sept 03	Oct 03	Nov 03	Change Nov/Oct	Nov. 02
Crude oil	**437.6**	**441.9**	**437.3**	**–4.6**	**445.8**
Mogas	135.4	135.5	138.4	2.9	134.5
Naphtha	22.9	22.0	22.9	0.9	22.2
Middle distillates	353.8	347.1	347.0	–0.2	338.9
Fuel oils	107.5	109.3	111.6	2.3	118.1
Total products	619.6	613.9	619.8	5.9	613.7
Overall total	**1,057.22**	**1,055.8**	**1,057.1**	**1.3**	**1,059.4**

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

Japan saw a massive seasonal 0.4 mb/d stock-draw at the end of October

Japan

In October, Japan's commercial oil stocks experienced a large draw of 12 mb at a rate of 0.4 mb/d to 191.7 mb. This draw, the first since March 2003, was attributed mainly to a decline of 10.7 mb to 111.9 mb in crude oil and, to a lesser extent, a decrease in total product stocks of 1.3 mb to 79.8 mb. Despite this draw, total commercial stocks remained at a comfortable level of 8.3%. The massive draw registered in crude oil stocks was a result of the decline in crude oil imports combined with the rise in crude throughput. Indeed, crude oil imports fell by 1.5% to 3.73 mb/d from last month and around 2.7% from last year, while crude oil throughput rose by 7% to 3.96 mb/d compared to the previous month and by 6% above a year ago. This is equivalent to refinery operations of 80% compared with 75% a year earlier. Despite the draw on crude oil stocks, the y-o-y surplus remained at a comfortable level of 6.4%. Middle distillates registered a slight draw of 2.0 mb to 45.9 mb, but remained 9.9% above last year's level at the same time. The distillate component kerosene, which is used for heating oil in Asia, declined by 2.2% despite a high increase in imports as domestic oil companies boosted flows from overseas to help compensate for the loss in domestic capacity after the closure of the Idemistu Kosan' refinery ahead of the winter season. However, kerosene stocks stood at a comfortable level of 12.8%. Another middle distillate component "fuel oil B.C.", which is used by oil-fired thermal power stations, rose 9.4% compared to the previous month or 38.1% from a year ago as most of the Tokyo Electric Power Company's generators have been shut down and might remain so until the end of the year.

Table 20
Japan's commercial oil stocks*
mb

	Aug 03	Sept 03	Oct 03	Change Oct/Sept	Oct 02
Crude oil	**122.3**	**122.6**	**111.9**	**–10.7**	**105.2**
Gasoline	13.9	12.9	12.9	0.0	12.8
Middle distillates	43.9	47.9	45.9	–2.0	41.8
Residual fuel oil	21.3	20.3	21.0	0.7	17.4
Total products	79.1	81.1	79.8	–.3	71.9
Overall total**	**201.4**	**203.7**	**191.7**	**–12.0**	**177.1**

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

Balance of Supply and Demand

2003 supply/demand difference revised up to 26.16 mb/d in November

The summarized supply/demand balance table for 2003 shows a downward revision to total non-OPEC supply of 0.02 mb/d to 52.20 mb/d and an upward revision to world oil demand of 0.03 mb/d to 78.36 mb/d, resulting in an estimated annual difference of around 26.16 mb/d. This represents a minor rise of 0.05 mb/d from the last *MOMR* figure, with a quarterly distribution of 27.02 mb/d, 24.75 mb/d, 25.81 mb/d and 27.08 mb/d respectively. Minor downward revisions were made to the balance in the first and the second quarters, while the third quarter has been revised down significantly by 0.28 mb/d. The quarterly balance figures now stand at –0.25 mb/d, 1.71 mb/d and 0.99 mb/d respectively.

Table 21
Summarized supply/demand balance for 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	**2003**
(a) World oil demand	76.97	79.08	76.30	78.11	79.95	78.36
(b) Non-OPEC supply(1)	51.37	52.06	51.55	52.30	52.87	52.20
Difference (a – b)	**25.60**	**27.02**	**24.75**	**25.81**	**27.08**	**26.16**
OPEC crude oil production(2)	25.33	26.76	26.47	26.80		
Balance	**–0.27**	**–0.25**	**1.71**	**0.99**		

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

2004 supply/demand difference expected at 26.05 mb/d

The summarized supply/demand balance table for 2004 shows world oil demand expected at 79.61 mb/d and total non-OPEC supply anticipated at 53.56 mb/d. This has resulted in a difference of around 26.05 mb/d, with a quarterly distribution of 26.61 mb/d, 24.65 mb/d, 25.63 mb/d and 27.30 mb/d respectively.

Table 22
Summarized supply/demand balance for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**
(a) World oil demand	78.36	79.98	77.63	79.38	81.43	79.61
(b) Non-OPEC supply(1)	52.20	53.37	52.98	53.74	54.14	53.56
Difference (a – b)	**26.16**	**26.61**	**24.65**	**25.63**	**27.30**	**26.05**

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

Table 23
World oil demand/supply balance
mb/d

	1999	2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004
World demand														
OECD	47.7	47.8	47.8	47.7	49.4	47.2	48.0	49.4	48.5	49.7	47.6	48.5	50.1	49.0
North America	23.8	24.1	24.0	24.2	24.6	24.2	24.8	24.7	24.6	24.8	24.4	25.2	25.1	24.9
Western Europe	15.2	15.1	15.3	15.1	15.2	15.0	15.2	15.4	15.2	15.3	15.1	15.4	15.6	15.3
Pacific	8.7	8.6	8.5	8.5	9.6	8.0	7.9	9.3	8.7	9.7	8.1	7.9	9.3	8.8
DCs	18.9	19.2	19.5	19.7	19.5	19.6	20.0	20.1	19.8	19.9	20.1	20.4	20.6	20.2
FSU	4.0	3.8	3.9	3.8	4.0	3.3	3.7	4.4	3.9	4.0	3.5	3.8	4.5	4.0
Other Europe	0.8	0.7	0.7	0.7	0.8	0.7	0.7	0.8	0.7	0.8	0.8	0.7	0.8	0.8
China	4.2	4.7	4.7	5.0	5.4	5.5	5.8	5.3	5.5	5.6	5.7	6.0	5.5	5.7
(a) Total world demand	75.5	76.2	76.7	77.0	79.1	76.3	78.1	79.9	78.4	80.0	77.6	79.4	81.4	79.6
Non-OPEC supply														
OECD	21.3	21.9	21.8	21.9	22.2	21.4	21.6	21.9	21.7	22.3	21.5	21.7	22.0	21.9
North America	14.0	14.2	14.3	14.5	14.8	14.6	14.8	14.7	14.7	14.9	14.7	14.9	14.8	14.8
Western Europe	6.6	6.8	6.7	6.6	6.7	6.2	6.1	6.5	6.4	6.8	6.2	6.1	6.5	6.4
Pacific	0.7	0.8	0.8	0.8	0.7	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7
DCs	10.7	10.9	10.9	11.2	11.2	11.1	11.3	11.5	11.3	11.6	11.6	11.8	11.8	11.7
FSU	7.5	7.9	8.5	9.3	9.9	10.1	10.4	10.4	10.2	10.4	10.7	11.0	11.0	10.8
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Processing gains	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Total non-OPEC supply	44.5	45.7	46.4	47.8	48.6	48.0	48.7	49.2	48.6	49.8	49.1	49.9	50.2	49.8
OPEC NGLs + non-conventional oils	3.2	3.3	3.6	3.6	3.4	3.6	3.6	3.6	3.6	3.6	3.8	3.9	3.9	3.8
(b) Total non-OPEC supply and OPEC NGLs	47.7	49.1	50.0	51.4	52.1	51.5	52.3	52.9	52.2	53.4	53.0	53.7	54.1	53.6
OPEC crude oil production (secondary sources)	26.5	28.0	27.2	25.3	26.8	26.5	26.8							
Total supply	74.2	77.1	77.2	76.7	78.8	78.0	79.1							
Balance (stock change and miscellaneous)	-1.4	0.9	0.5	-0.3	-0.3	1.7	1.0							
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	2446	2530	2621	2465	2405	2525	2571							
OECD SPR	1284	1268	1283	1343	1357	1361	1379							
OECD total	3730	3798	3904	3807	3762	3885	3950							
Other onland	997	1016	1044	1018	1006	1039	1056							
Oil-on-water	808	876	831	815	857	886	867							
Total stock	5535	5690	5779	5641	5626	5810	5874							
Days of forward consumption in OECD														
Commercial onland stocks	51	53	55	51	51	53	52							
SPR	27	27	27	28	29	28	28							
Total	78	79	82	79	80	81	80							
Memo items														
FSU net exports	3.4	4.1	4.6	5.6	5.9	6.7	6.7	6.0	6.3	6.4	7.2	7.2	6.5	6.8
(a) - (b)	27.9	27.1	26.7	25.6	27.0	24.8	25.8	27.1	26.2	26.6	24.7	25.6	27.3	26.0

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

Table 24
World oil demand/supply balance: changes from last month's table †
mb/d

	1999	2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004
World demand														
OECD	-	-	-	-	-	-	0.2	-	-	-	-	0.2	-	-
North America	-	-	-	-	-	-	0.2	-	-	-	-	0.2	-	-
Western Europe	-	-	-	-	-	-	0.2	-	-	-	-	0.2	-	-
Pacific	-	-	-	-	-	-	-0.2	-0.1	-	-	-	-0.2	-0.1	-
DCs	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	-	-	-	-	-	-	0.1	-	-	-	-	0.2	-	-
Non-OPEC supply														
OECD	-	0.1	-	-	-	-	-0.1	-	-	-	-	-0.1	-	-
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Western Europe	-	0.1	-	-	-	-	-0.1	-	-	-	-	-0.1	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	0.1	-	-	-	-	-0.1	-	-	-0.1	-0.1	-0.2	-0.1	-0.1
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	0.1	-	-	-	-	-0.1	-	-	-0.1	-0.1	-0.3	-0.1	-0.2
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-							
Total supply	-	0.1	-	-	-	-	-0.1							
Balance (stock change and miscellaneous)	-	0.1	-	-	-	-	-0.3							
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	-	-	-	-	-	5.3	-19.2							
OECD SPR	-	-	-	-	-	-	3.2							
OECD total	-	-	-	-	-	5.3	-16.1							
Other onland	-	-	-	-	-	1.4	-4.3							
Oil on water	-	-	-	3.7	-	-	-							
Total stock	-	-	-	3.7	-	7.1	-							
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-	-							
SPR	-	-	-	-	-	-	-							
Total	-	-	-	-	-	-	-							
Memo items														
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-0.1	-	-	-	-	0.3	-	0.1	0.1	0.2	0.4	0.1	0.2

† *This compares Table 23 in this issue of the MOMR with Table 23 in the November 2003 issue.*

This table shows only where changes have occurred.

Table 25
World oil stocks (excluding former CPEs) at end of period

	1997	1998	1999	2000	2001	2002	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03
Closing stock level *mb*																	
OECD onland commercial	2,615	2,698	2,446	2,530	2,621	2,465	2,525	2,597	2,661	2,621	2,598	2,648	2,567	2,465	2,405	2,525	2,571
North America	1,211	1,283	1,127	1,146	1,263	1,172	1,159	1,231	1,269	1,263	1,235	1,262	1,216	1,172	1,096	1,177	1,204
Western Europe	912	963	881	930	915	883	918	909	918	915	927	939	912	883	896	895	908
OECD Pacific	492	453	437	454	443	410	447	457	473	443	435	447	440	410	413	453	460
OECD SPR	1,254	1,302	1,284	1,268	1,283	1,343	1,269	1,267	1,267	1,283	1,303	1,314	1,319	1,343	1,357	1,361	1,379
North America	563	571	567	543	550	601	544	545	547	550	563	578	589	601	601	611	626
Western Europe	329	362	346	354	353	352	351	347	345	353	353	348	344	352	363	358	359
OECD Pacific	362	369	370	370	380	389	374	374	375	380	386	388	386	389	393	393	393
OECD total	**3,869**	**4,000**	**3,730**	**3,798**	**3,904**	**3,807**	**3,794**	**3,864**	**3,928**	**3,904**	**3,901**	**3,962**	**3,886**	**3,807**	**3,762**	**3,885**	**3,950**
Other onland	1,035	1,070	997	1,016	1,044	1,018	1,015	1,033	1,050	1,044	1,043	1,060	1,039	1,018	1006	1039	1056
Oil-on-water	812	859	808	876	831	815	903	829	870	831	797	806	804	815	857	886	867
Total stock	**5,715**	**5,929**	**5,535**	**5,690**	**5,779**	**5,641**	**5,712**	**5,726**	**5,848**	**5,779**	**5,740**	**5,828**	**5,729**	**5,641**	**5,626**	**5,810**	**5,874**
Days of forward consumption in OECD																	
OECD onland commercial	56	57	51	53	55	51	54	55	55	54	56	56	52	50	51	53	52
North America	52	54	47	48	52	48	49	51	53	53	51	52	50	48	45	47	49
Western Europe	60	63	58	61	61	58	62	59	59	60	63	62	59	58	60	59	59
OECD Pacific	58	52	51	53	52	47	56	57	54	49	57	56	47	43	51	57	50
OECD SPR	27	27	27	27	27	28	27	27	26	27	28	28	27	27	29	28	28
North America	24	24	24	23	23	24	23	23	23	23	23	24	24	24	25	25	25
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	22	23	24	23	23
OECD Pacific	43	42	43	43	45	45	47	47	43	42	51	48	42	41	49	50	42
OECD total	**83**	**84**	**78**	**79**	**82**	**79**	**81**	**81**	**82**	**81**	**84**	**83**	**79**	**77**	**80**	**81**	**80**
Days of global forward consumption	**88**	**89**	**83**	**84**	**86**	**83**	**86**	**85**	**86**	**86**	**87**	**86**	**83**	**82**	**84**	**86**	**85**

Table 26

Non-OPEC supply and OPEC natural gas liquids

mb/d

	1999	2000	2001	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03
USA	8.11	8.11	8.05	8.04	-0.01	8.07	7.81	7.80	7.79	7.87	-0.18	8.12	7.86	7.85	7.84	7.92	0.05
Canada	2.59	2.68	2.73	2.86	0.14	2.94	2.99	3.15	3.09	3.04	0.18	3.02	3.07	3.23	3.17	3.12	0.08
Mexico	3.35	3.45	3.57	3.59	0.03	3.75	3.75	3.83	3.78	3.78	0.18	3.74	3.74	3.82	3.77	3.77	-0.01
North America	**14.04**	**14.25**	**14.34**	**14.50**	**0.15**	**14.76**	**14.55**	**14.78**	**14.66**	**14.69**	**0.19**	**14.87**	**14.67**	**14.90**	**14.79**	**14.81**	**0.12**
Norway	3.06	3.32	3.42	3.33	-0.09	3.40	3.16	3.12	3.27	3.24	-0.09	3.42	3.18	3.14	3.29	3.26	0.02
UK	2.84	2.70	2.53	2.50	-0.03	2.52	2.23	2.18	2.39	2.33	-0.17	2.50	2.21	2.16	2.37	2.31	-0.02
Denmark	0.30	0.36	0.35	0.37	0.02	0.38	0.36	0.35	0.38	0.37	0.00	0.39	0.37	0.36	0.40	0.38	0.01
Other Western Europe	0.43	0.41	0.40	0.43	0.03	0.44	0.43	0.44	0.44	0.44	0.01	0.46	0.45	0.46	0.46	0.46	0.02
Western Europe	**6.63**	**6.80**	**6.70**	**6.63**	**-0.07**	**6.73**	**6.19**	**6.10**	**6.49**	**6.37**	**-0.25**	**6.76**	**6.22**	**6.13**	**6.52**	**6.40**	**0.03**
Australia	0.59	0.77	0.71	0.70	0.00	0.62	0.60	0.65	0.65	0.63	-0.07	0.61	0.59	0.64	0.64	0.62	-0.01
Other Pacific	0.07	0.06	0.06	0.05	-0.01	0.05	0.05	0.05	0.05	0.05	0.00	0.05	0.05	0.05	0.05	0.05	0.00
OECD Pacific	**0.66**	**0.83**	**0.77**	**0.76**	**-0.01**	**0.67**	**0.65**	**0.70**	**0.71**	**0.68**	**-0.08**	**0.66**	**0.64**	**0.69**	**0.70**	**0.67**	**-0.01**
Total OECD*	**21.33**	**21.89**	**21.81**	**21.88**	**0.07**	**22.16**	**21.38**	**21.57**	**21.86**	**21.74**	**-0.14**	**22.30**	**21.52**	**21.71**	**22.00**	**21.88**	**0.14**
Brunei	0.18	0.19	0.20	0.20	0.01	0.20	0.21	0.21	0.21	0.21	0.01	0.20	0.21	0.21	0.21	0.21	0.00
India	0.75	0.74	0.73	0.75	0.01	0.75	0.72	0.74	0.74	0.74	-0.01	0.75	0.72	0.74	0.74	0.74	0.00
Malaysia	0.70	0.69	0.68	0.71	0.03	0.74	0.77	0.77	0.76	0.76	0.05	0.76	0.79	0.79	0.77	0.78	0.02
Vietnam	0.26	0.31	0.34	0.34	0.00	0.36	0.36	0.33	0.35	0.35	0.01	0.36	0.36	0.33	0.35	0.35	0.00
Asia others	0.24	0.25	0.25	0.26	0.01	0.31	0.29	0.29	0.29	0.30	0.03	0.33	0.31	0.31	0.31	0.32	0.02
Other Asia	**2.13**	**2.18**	**2.20**	**2.27**	**0.07**	**2.37**	**2.35**	**2.34**	**2.35**	**2.35**	**0.08**	**2.41**	**2.39**	**2.38**	**2.39**	**2.39**	**0.04**
Argentina	0.84	0.80	0.82	0.80	-0.02	0.78	0.78	0.78	0.78	0.78	-0.02	0.78	0.78	0.78	0.78	0.78	0.00
Brazil	1.36	1.49	1.56	1.72	0.16	1.76	1.72	1.78	1.77	1.75	0.04	1.76	1.72	1.78	1.77	1.75	0.00
Colombia	0.82	0.70	0.61	0.58	-0.03	0.56	0.55	0.55	0.56	0.56	-0.03	0.62	0.61	0.61	0.62	0.62	0.06
Ecuador	0.38	0.40	0.41	0.40	-0.01	0.39	0.35	0.40	0.40	0.39	-0.01	0.38	0.34	0.39	0.39	0.38	-0.01
Trinidad & Tobago	0.14	0.14	0.13	0.15	0.02	0.15	0.17	0.17	0.18	0.17	0.01	0.19	0.21	0.21	0.23	0.21	0.04
L. America others	0.22	0.22	0.23	0.22	-0.01	0.22	0.22	0.21	0.21	0.21	-0.01	0.23	0.23	0.22	0.22	0.22	0.01
Latin America	**3.76**	**3.75**	**3.76**	**3.87**	**0.11**	**3.86**	**3.78**	**3.89**	**3.91**	**3.86**	**-0.01**	**3.95**	**3.88**	**4.00**	**4.01**	**3.96**	**0.10**
Bahrain	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	-0.01	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.91	0.95	0.95	0.90	-0.05	0.85	0.83	0.81	0.81	0.83	-0.08	0.78	0.78	0.78	0.78	0.78	-0.05
Syria	0.55	0.52	0.52	0.51	-0.01	0.55	0.54	0.53	0.55	0.54	0.03	0.55	0.54	0.53	0.55	0.54	0.00
Yemen	0.42	0.45	0.47	0.46	-0.01	0.46	0.46	0.47	0.47	0.46	0.00	0.44	0.44	0.44	0.45	0.44	-0.02
Middle East	**2.06**	**2.12**	**2.12**	**2.06**	**-0.06**	**2.05**	**2.02**	**1.99**	**2.01**	**2.02**	**-0.05**	**1.95**	**1.95**	**1.94**	**1.96**	**1.95**	**-0.07**
Angola	0.76	0.75	0.74	0.89	0.15	0.83	0.88	0.90	0.91	0.88	-0.01	0.94	0.99	1.01	1.03	0.99	0.11
Chad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.22	0.07	0.07	0.22	0.22	0.23	0.23	0.23	0.16
Congo	0.27	0.27	0.27	0.25	-0.01	0.24	0.24	0.24	0.24	0.24	-0.01	0.24	0.24	0.24	0.24	0.24	0.00
Equatorial Guinea	0.09	0.11	0.14	0.20	0.06	0.20	0.19	0.23	0.24	0.22	0.02	0.25	0.24	0.29	0.30	0.27	0.05
Egypt	0.83	0.80	0.76	0.75	-0.01	0.76	0.76	0.74	0.75	0.75	0.00	0.76	0.76	0.74	0.75	0.75	0.00
Gabon	0.36	0.34	0.31	0.30	-0.01	0.25	0.25	0.25	0.24	0.25	-0.06	0.25	0.25	0.25	0.24	0.25	0.00
South Africa	0.17	0.18	0.18	0.19	0.01	0.19	0.19	0.20	0.20	0.20	0.01	0.21	0.21	0.22	0.22	0.22	0.02
Sudan	0.06	0.18	0.21	0.24	0.03	0.25	0.25	0.28	0.28	0.27	0.03	0.27	0.27	0.30	0.31	0.29	0.02
Africa other	0.23	0.22	0.20	0.20	0.00	0.19	0.20	0.20	0.18	0.19	0.00	0.19	0.20	0.20	0.18	0.19	0.00
Africa	**2.78**	**2.84**	**2.80**	**3.03**	**0.23**	**2.92**	**2.96**	**3.09**	**3.28**	**3.06**	**0.04**	**3.33**	**3.37**	**3.48**	**3.49**	**3.42**	**0.36**
Total DCs	**10.73**	**10.89**	**10.88**	**11.23**	**0.35**	**11.19**	**11.11**	**11.32**	**11.55**	**11.29**	**0.06**	**11.65**	**11.59**	**11.79**	**11.84**	**11.72**	**0.42**
FSU	**7.47**	**7.91**	**8.53**	**9.34**	**0.82**	**9.88**	**10.09**	**10.42**	**10.42**	**10.21**	**0.86**	**10.45**	**10.67**	**11.01**	**11.01**	**10.79**	**0.58**
Russia	6.14	6.49	6.99	7.64	0.65	8.10	8.31	8.65	8.65	8.43	0.79	8.57	8.79	9.15	9.15	8.92	0.49
Kazakhstan	0.61	0.71	0.79	0.94	0.15	1.01	1.02	0.99	1.00	1.01	0.07	1.10	1.11	1.08	1.09	1.10	0.09
Azerbaijan	0.28	0.27	0.30	0.32	0.02	0.32	0.31	0.32	0.34	0.32	0.00	0.32	0.31	0.32	0.34	0.32	0.00
FSU Others	0.44	0.44	0.44	0.45	0.01	0.45	0.46	0.46	0.43	0.45	0.00	0.45	0.46	0.46	0.43	0.45	0.00
Other Europe	**0.18**	**0.18**	**0.18**	**0.18**	**-0.01**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**
China	**3.21**	**3.23**	**3.30**	**3.39**	**0.10**	**3.40**	**3.44**	**3.38**	**3.41**	**3.41**	**0.02**	**3.38**	**3.42**	**3.36**	**3.39**	**3.39**	**-0.02**
Non-OPEC production	**42.92**	**44.09**	**44.70**	**46.02**	**1.33**	**46.82**	**46.20**	**46.86**	**47.40**	**46.82**	**0.80**	**47.95**	**47.37**	**48.05**	**48.41**	**47.95**	**1.12**
Processing gains	1.58	1.65	1.69	1.73	0.04	1.81	1.77	1.79	1.82	1.79	0.06	1.82	1.77	1.80	1.83	1.80	0.01
Non-OPEC supply	**44.50**	**45.74**	**46.39**	**47.75**	**1.37**	**48.62**	**47.96**	**48.65**	**49.22**	**48.62**	**0.86**	**49.76**	**49.14**	**49.85**	**50.24**	**49.75**	**1.13**
OPEC NGL	3.02	3.18	3.40	3.42	0.01	3.34	3.43	3.49	3.49	3.44	0.03	3.34	3.43	3.49	3.49	3.44	0.00
Non-conventional oils	0.15	0.17	0.18	0.20	0.02	0.10	0.15	0.15	0.15	0.14	-0.06	0.27	0.40	0.40	0.40	0.37	0.23
OPEC NGLs + non-conventional oils	**3.16**	**3.34**	**3.58**	**3.62**	**0.03**	**3.44**	**3.59**	**3.64**	**3.64**	**3.58**	**-0.04**	**3.61**	**3.84**	**3.89**	**3.89**	**3.81**	**0.23**
Total Non-OPEC and OPEC NGLs	**47.66**	**49.09**	**49.97**	**51.37**	**1.40**	**52.06**	**51.55**	**52.30**	**52.87**	**52.20**	**0.82**	**53.37**	**52.98**	**53.74**	**54.14**	**53.56**	**1.36**

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

** Former East Germany is included in the OECD.*

Table 27
Non-OPEC Rig Count

	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	2Q03	3Q03	Oct03	Nov03	Change Nov03- Oct03
USA	916	1,141	1,239	1,231	1,004	1,156	240	818	806	853	847	831	-325	901	1,028	1,088	1,102	1,112	10
Canada	344	515	252	320	278	342	-2	383	147	250	283	266	-76	494	203	383	394	412	18
Mexico	44	50	48	56	62	54	10	63	61	62	76	65	11	82	84	96	108	107	-1
North America	**1,305**	**1,706**	**1,539**	**1,607**	**1,344**	**1,552**	**247**	**1,264**	**1,014**	**1,165**	**1,206**	**1,162**	**-390**	**1,476**	**1,315**	**1,567**	**1,604**	**1,631**	**27**
Norway	22	24	22	22	22	23	1	20	20	17	19	19	-4	18	19	20	19	18	-1
UK	18	18	25	28	26	24	6	28	30	24	23	26	2	19	21	22	15	13	-2
Denmark	3	4	5	4	5	4	1	5	4	3	5	4	0	3	5	3	4	4	0
Other Western Europe	82	43	44	42	47	44	-38	39	38	33	34	36	-8	36	34	38	37	37	0
Western Europe	**125**	**89**	**95**	**96**	**100**	**95**	**-30**	**92**	**91**	**76**	**81**	**85**	**-10**	**77**	**78**	**83**	**75**	**72**	**-3**
Australia	10	11	11	10	10	10	0	9	9	9	9	9	-2	10	10	11	15	12	-3
Other Pacific	7	10	9	8	10	9	2	8	7	7	10	8	-1	8	7	8	7	5	-2
OECD Pacific	**17**	**20**	**20**	**18**	**20**	**20**	**3**	**17**	**16**	**16**	**19**	**17**	**-3**	**18**	**17**	**18**	**22**	**17**	**-5**
Total OECD*	**1,447**	**1,815**	**1,655**	**1,721**	**1,464**	**1,667**	**220**	**1,373**	**1,121**	**1,257**	**1,306**	**1,264**	**-403**	**1,571**	**1,411**	**1,669**	**1,701**	**1,720**	**19**
Brunei	2	3	3	2	2	3	1	2	3	3	3	3	0	3	4	4	3	2	-1
India	49	51	48	50	50	50	1	52	54	55	57	55	5	59	60	61	62	61	-1
Malaysia	7	10	11	13	12	11	4	12	13	15	14	14	2	14	13	16	16	14	-2
Papua New Guinea	0	0	1	2	1	1	1	1	1	1	1	1	0	1	2	2	2	0	-2
Vietnam	8	9	8	8	8	8	0	8	8	9	10	9	0	9	9	10	9	7	-2
Asia others	16	22	23	24	18	22	5	26	29	33	32	30	8	31	28	26	30	29	-1
Other Asia	**83**	**96**	**95**	**98**	**90**	**95**	**12**	**100**	**109**	**116**	**117**	**111**	**16**	**117**	**115**	**119**	**122**	**113**	**-9**
Argentina	57	69	74	77	64	71	14	49	45	49	54	49	-22	59	66	59	56	56	0
Brazil	23	28	30	29	26	28	5	27	27	27	26	27	-2	27	27	27	26	25	-1
Colombia	14	15	16	14	16	15	1	13	13	10	9	11	-4	10	9	11	12	13	1
Ecuador	7	9	10	10	11	10	3	10	9	8	8	9	-1	9	11	8	8	8	0
Peru	4	4	4	3	3	4	0	2	2	2	1	2	-2	2	2	3	4	3	-1
Trinidad & Tobago	4	6	5	4	5	5	1	5	4	4	4	4	-1	3	3	3	3	4	1
L. America others	12	9	8	6	6	7	-4	4	4	4	5	5	-3	3	4	4	5	6	1
Latin America	**120**	**141**	**147**	**144**	**130**	**141**	**20**	**110**	**103**	**104**	**107**	**106**	**-35**	**113**	**121**	**114**	**114**	**115**	**1**
Bahrain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	24	24	24	25	26	25	1	27	29	30	32	29	5	33	34	36	36	35	-1
Syria	14	19	19	20	19	19	5	20	21	23	24	22	3	23	23	26	24	22	-2
Yemen	6	6	6	5	6	6	0	8	9	9	11	9	3	11	10	9	8	7	-1
Middle East	**45**	**49**	**49**	**49**	**51**	**50**	**5**	**57**	**60**	**64**	**69**	**62**	**12**	**70**	**68**	**72**	**69**	**65**	**-4**
Angola	6	6	5	4	6	5	0	5	6	6	5	5	0	3	4	3	5	6	1
Cameroon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	3	1	2	1	1	1	-1	1	1	1	1	1	0	0	1	1	1	0	-1
Egypt	18	21	22	22	23	22	4	22	23	22	23	23	1	26	26	27	24	27	3
Gabon	2	2	4	1	1	2	0	1	2	2	2	2	0	3	4	1	3	2	-1
South Africa	1	2	1	0	1	1	0	1	1	1	0	1	0	0	1	0	0	1	1
Africa other	5	4	5	5	3	4	0	11	12	12	12	12	7	12	14	12	15	14	-1
Africa	**34**	**36**	**40**	**34**	**35**	**36**	**2**	**41**	**45**	**44**	**43**	**43**	**7**	**45**	**50**	**44**	**48**	**50**	**2**
Total DCs	**282**	**322**	**330**	**325**	**307**	**321**	**40**	**307**	**317**	**328**	**336**	**322**	**1**	**346**	**354**	**350**	**353**	**343**	**-10**
FSU																			
Other Europe	**3**	**3**	**3**	**3**	**4**	**3**	**0**	**2**	**2**	**2**	**2**	**2**	**-1**	**2**	**2**	**2**	**2**	**2**	**0**
China																			
Non-OPEC Rig count	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**260**	**1,682**	**1,440**	**1,587**	**1,644**	**1,588**	**-403**	**1,919**	**1,767**	**2,021**	**2,056**	**2,065**	**9**

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

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Data Summary December 2003

OPEC Basket average price

US$ per barrel

⬇ *down 0.09 in November*

November 2003	***28.45***
October 2003	*28.54*
Year-to-date	*27.95*

November OPEC production

in million barrels per day, according to secondary sources

Algeria	*1.17*	*Kuwait*	*2.18*	*Saudi Arabia*	*8.25*
Indonesia	*1.00*	*SP Libyan AJ*	*1.43*	*UAE*	*2.19*
IR Iran	*3.79*	*Nigeria*	*2.22*	*Venezuela*	*2.56*
Iraq	*1.88*	*Qatar*	*0.72*	***TOTAL***	***27.39***

Supply and demand

in million barrels per day

2003		**2004**	
World demand	*78.36*	*World demand*	*79.61*
Non-OPEC supply	*52.20*	*Non-OPEC supply*	*53.56*
Difference	***26.16***	***Difference***	***26.05***

Non-OPEC supply includes OPEC NGLs and non-conventional oils

Stocks

Commercial oil stocks registered a massive draw of 0.45 mb/d in USA in November

World economy

World GDP growth revised down to 3.4% for 2003 and up to 4.2% for 2004

Issued 18 December 2003 *Data covers period up to end of November 2003 unless otherwise stated*
Next report to be issued on 21 January 2004