

OPEC

Organization of the Petroleum Exporting Countries



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Monthly Oil Market Report

OPEC Basket average price

US \$ per barrel

Up \$0.07 in January

| | |
|----------------|--------------|
| January | 24.06 |
| December | 24.13 |
| Year-to-date | 24.06 |

January OPEC production

million barrels per day, according to secondary sources

| | | | | | |
|-----------|------|--------------|------|--------------|------|
| Algeria | 0.84 | Kuwait | 2.20 | Saudi Arabia | 8.37 |
| Indonesia | 1.25 | SP Libyan AJ | 1.43 | UAE | 2.36 |
| IR Iran | 3.80 | Nigeria | 2.16 | Venezuela | 3.02 |
| Iraq | 1.77 | Qatar | 0.74 | | |

Supply and demand

million barrels per day

2000

| | |
|-------------------|-------------|
| World demand | 75.8 |
| Non-OPEC supply | 48.8 |
| Difference | 27.0 |

2001

| | |
|-------------------|-------------|
| World demand | 77.2 |
| Non-OPEC supply | 49.8 |
| Difference | 27.4 |

Stocks

Slight stock-draw in USA in January

World economy

World GDP growth estimate unchanged at 3.5% for 2001

February 2001

Crude oil The scapegoat for economic slowdown?

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Crude oil — the scapegoat for economic slowdown?

Crude oil has recently — and fashionably — been accused of causing the slowdown in some G7 economies and threatening the global economy. This is a clear fallacy, when one considers that trade in crude oil and products constitutes less than 5% of global trade (it reached nearly 24% in the early 1980s); hence a commodity that trades at that magnitude, in dollar terms, cannot have such a large impact. Moreover, OECD and global oil intensities have dropped sharply through the 1980s and 1990s, causing the impact of crude prices on growth prospects to be only minimal (even the OECD claims that a crude oil price of \$38.5 per barrel sustained over 2001 through the end of 2002 could lower real GDP in the main OECD areas by only 0.2–0.4% during that period)¹. When one looks at the price of crude oil in real terms, taking into account inflation, one finds that it is very near the levels of the early 1970s.

Added to all this is the huge tax cushion between the producer price and the end-user price. This tax cushion has become so large that, if one were to argue that product prices were causing the slowdown, it would be far easier and more effective to just reduce the taxes which constitute more than 70% of the cost of a product in some OECD countries.

Some argue that trying to keep the oil market stable by supplying it with what it really needs is causing backwardation. A more plausible argument is that backwardation is caused by buyers holding off from buying until the last minute in anticipation of lower prices, and not by the tightness of the market. The oil market has been tighter and free of boom-and-bust cycles recently, but it has never been a question of physical shortage. There have been no reports of refiners or consumers being unable to get physical delivery because of market tightness. While there have been some spikes for both crude and product prices in recent memory, none of them has been caused by a lack of supply of crude.

¹ OECD Economic Outlook, No. 68, December 2000

HIGHLIGHTS OF THE WORLD ECONOMY

Economic growth rates 2001

%

| World | G-7 | USA | Japan | Germany |
|-------|-----|-----|-------|---------|
| 3.5 | 2.0 | 1.8 | 0.7 | 2.7 |

Industrialised countries

Data point to possible recession in USA, while Japanese prospects have worsened; Europe remains relatively unscathed

A sharp slowdown in US growth in the fourth quarter provides fresh evidence that the USA may be on the verge of a recession. Sentiment remains negative towards Japanese economic prospects, after a downward revision in third-quarter GDP growth to -0.6% from an initial +0.2% estimate. The euro-zone appears to be more immune to the effects of a slowdown in the USA than Japan, but some signs of softening are evident in Germany.

United States of America

Slowdown very pronounced in USA, with real potential of recession

Providing fresh evidence that the country may be on the verge of slipping into recession, the United States economy grew at a rate of 1.4% in the fourth quarter of 2000, the slowest quarterly reading since 0.8% in the second quarter of 1995, when the economy was also coping with overstocked inventories. The GDP figure was weaker than a 2.2% growth rate in the third quarter. The price deflator — a key measure of inflation — came in at 2.1% for the fourth quarter, above the third-quarter reading of 1.6%. Hours after the data were released, the Federal Reserve Board (Fed), as expected, cut the key interest rate by half a percentage point to 5.5%, the second aggressive rate reduction in less than a month. The Fed has been looking at an array of data on employment, manufacturing and consumer confidence showing that the economy's performance has dropped off dramatically. Chairman Alan Greenspan warned that growth in the first quarter was probably "very close to zero." Consumer spending — which fuels about two-thirds of the country's economy — slowed to 2.9% in the fourth quarter of 2000 from 4.5% in the third. Recent data show that consumer confidence has dropped to its lowest level in four years, as Americans become more uneasy about the health of the economy. Businesses added to inventories at a rate of \$67.1 billion rate in the fourth quarter, down from \$72.5 bn in the third and \$78.6 bn in the second. The steady scaling-back of additions to inventories has drained a potent source of economic growth, since it means factories produce less in response to a reduced level of shopping.

Japan

Sentiment remains negative towards Japanese economic prospects; downward revision in third-quarter GDP growth to -0.6% from +0.2%

Sentiment remains negative towards Japanese economic prospects this year. As expected, Japan's government revised GDP data for the third quarter of 2000 to show a contraction of -0.6%, from an initial estimate of +0.2%, reflecting weaker-than-estimated business investment, which rose by only 1.5% instead of 7.8%. Domestic demand and net exports during the quarter subtracted 0.5% and 0.1% from growth, respectively, with consumption remaining flat. Retail sales in December fell 0.9% on the year; this was the 45th consecutive month of falls. Overall retail sales for 2000 were thus 1.7% down from 1999, the fourth consecutive year of declines. Part of the drop can be attributed to falling prices, while, in volume terms, retail sales moved sideways. This is reflected in overall household spending *in real terms*, which rose by 2.1% in December from last year, while spending by wage-earners increased by 0.8%. Persistent deflationary pressures continued in January. Domestic wholesale prices fell by 0.2% on the month and by 0.3% from the year-earlier month. The Tokyo January consumer price index (CPI) also dropped from a year earlier, by 0.4%, extending its streak of declines to a record 17 straight months. While industrial production continued to grow, the pace of expansion decelerated. Output rose by 1.5% in December from November. However, on a quarterly basis, output almost ground to a halt during the fourth quarter, on slowing domestic and export demand, rising by only 0.3% from the previous quarter, a sharp deceleration from the third quarter rise of 1.6%. The merchandise trade surplus continued to contract, falling by 27.4% in December from the year earlier, after a drop of 10.1% in November and of 41.0% in October. This was the sixth consecutive month of year-on-year drops. Japan's crude oil imports, in volume terms, declined by 0.4% to 4.29 million barrels a day in 2000.

Growth prospects in euro-zone unlikely to be hampered by US slow-down

Euro-zone

Gross domestic product reports for the fourth quarter of 2000 so far show a pick-up in the region. Italy's expansion accelerated in that quarter, lifting last year's rate to the highest level in five years. Dutch growth sped to 1.2% from 0.7% in the third quarter. Although the European Central Bank said recently that inflation risks were diminishing, prices are still rising faster than the bank would like. Bundesbank President Ernst Welteke said a slackening US economy would not have a huge impact on Europe, since Americans buy just 13% of the region's exports. German retail sales and exports fell in December, as slowing growth at home and abroad sapped demand for goods, according to government figures. Business confidence in the euro area also fell more than expected last month, to the lowest level since October 1999. It is predicted that growth in Europe will still outstrip that of the USA this year, for the first time in a decade. France, in December, posted its first trade surplus in six months, as exports reached a record and imports fell. The surplus was a seasonally and work-day adjusted 31 million euros (\$28 million), compared with a deficit of €99m in November. In 2000, the annual trade surplus shrank to €1.998 bn, the lowest in eight years, from €16.546 bn in 1999. Exports may slow in the coming months, as the US economy cools and the euro's 11% rebound against the dollar since late October makes French goods costlier abroad. Italian industrial production rose in December at the fastest pace in seven months, led by machinery and consumer goods; this supported evidence that growth in the 12-nation euro-zone was outstripping that of the USA, as companies in the euro-zone's third-largest economy made 2.4% more goods in the final month of the year, compared with November.

Slowdown in economic growth expected this year in Russia, after very strong economic performance in 2000

Former Soviet Union

Preliminary official statistics indicate that the Russian economy grew by about 7.6% in 2000, more than double 1999's 3.2% growth rate and the strongest pace since 1991. However, there are signs that the economy is slowing down. Industrial output growth in December dropped to 2.5% on the year, significantly below the estimated 9% for the whole year. December's poor figures were mostly the result of a two-week-long production stoppage at Russia's second-largest car-maker. Moreover, demand for Russian exports, mainly energy resources, is expected to decelerate this year, translating into slower economic growth. At the same time, it is estimated that about half the competitive gains from the rouble devaluation of 1998 and the continued strong dollar last year have worn off, due to inflation, which has been on the rise. Separately, the attempt by Russia to default on payments to the official Paris Club (PC) creditors in the first quarter of 2001 have continued to meet with strong protests from these creditors. Russia is seen to be quite capable financially of meeting its obligations (around \$3.2 bn in 2001, of which \$1.6 bn is in the first quarter), given its estimated \$60 bn trade surplus in 2000 (the final figures for the first three quarters show a surplus of \$44.5 bn). About \$3 bn of the \$13.8 bn of debt service payments due this year are not provided for in the 2001 budget. Total Soviet-era debt owed to the PC is estimated at \$38.7 bn. More recently, the Russian government appears to have softened its stance, showing more willingness to meet its obligations. The Russian government has raised its oil export quotas by three million metric tons, effective February, in response to over-supply on the domestic market. Consequently, February's export total is expected to rise to 11.5–12 mt. The government uses both export quotas and obligatory domestic deliveries to ensure adequate domestic supplies.

Despite inflationary pressures, growth prospects bright for Hungary, Poland and Czech Republic

Eastern Europe

The core inflation rate in Hungary has been raised to 9.8% year-on-year (y-o-y), after a 30% increase in agricultural product prices due to drought conditions, which pushed up crop prices by 30% during the first 11 months of 2000. This will continue to apply upward pressure on the CPI in the first half of 2001. However, such an inflation rate is not expected to be a restraint on GDP growth, which was projected last month at 5% in 2001, since the preliminary figures released in February noted that there was strong growth in industrial value-added and a recovery in the Purchasing Managers' Index to 49.5 in January, from 44.2 in December. The current account deficit dropped sharply, helped by a lower outflow of investment income. Recent economic data released in Poland have revised down real GDP growth to 4.1% in 2000, from 4.5% reported last month. The reductions in inflation and the current account deficit have been achieved at the cost of a slowdown in economic activity. However, these negative effects are expected to be partly reversed in 2001, especially since the National Bank of Poland is expected to start easing monetary policy at its next meeting on 27–28 February. The Czech Republic's economy continues to perform well, despite the strong rise in CPI inflation to 1.9% month-on-month and 4.2% y-o-y in January, due mainly to a new basket composition to calculate inflation, so as to be in line with European Union standards.

US slowdown will affect Asian exports, but not severely harm their GDP growth prospects

Planned business improvements in some OPEC Member Countries begin this quarter

Real oil price fell in line with slight drop in nominal Basket price and further depreciation of US dollar versus OPEC currency basket

Developing countries

The macroeconomic outlook for all Africa points to modestly stronger economic growth in 2001. Primary commodity exports and foreign investment will continue to be the main drivers of economic expansion. The real GDP growth rate for 2001 is expected to be 4.6%, higher than the 2000 level of 3.2%. China's real GDP growth rate of 8% last year was fuelled by strong exports and record government spending, but the slowdown in the global economy will push it down to 7% this year. China's negotiations with the World Trade Organization have stalled over the dispute about agricultural subsidies. Asia's growth will slow this year to 5%, versus 5.4% last year. The sharp US slowdown will have a noticeable effect on Asia, curbing export growth in most countries and slowing GDP expansion. The USA accounts for a large proportion of south-east Asian economies' exports, ranging from 19% to 25%. Brazil's economy is less exposed to international trade flows than countries like Mexico, so it will be better able to absorb the US slowdown this year. GDP growth is expected to accelerate to 4.2% this year, from 4.0% in 2000.

OPEC Member Countries

Several OPEC Members are introducing measures to improve the business environment in the first quarter of 2001. Algeria is to issue a series of tenders for contracts, including investment in fixed-line and mobile phones, infrastructure projects and a consultancy on the privatization of state-owned monopolies in the energy and financial sectors. The Islamic Republic of Iran is stepping up efforts to improve scientific research; R&D spending is now 0.44% of GDP, compared with 0.29% three years ago, and will grow to 1.5% within the present five-year plan (2000-04). In Saudi Arabia, a series of improvements in the state-owned internet regulator, the King Abdul-Aziz City for Science and Technology (KACST), is planned. In Venezuela, flood-related reconstruction and rural development programmes are giving a major boost to infrastructure investment. Incentives offered to foreign investors in the non-oil sector, and clear policies to privatize telecommunications, power projects, regional electric utilities and transport, will contribute greatly to enhancing the business environment. In Indonesia, the cumulative effects of liberalization and trade deregulation, associated with financial adjustments, have recently increased the private sector's access to credit and spurred export-led growth; manufacturing now constitutes a larger proportion of GDP than either agriculture or petroleum. Kuwait plans to push ahead with a \$7 bn plan to allow world oil majors to operate the country's northern oil fields.

Oil price, US dollar and inflation

As in December, the US dollar fell against the European currencies in the Geneva I + US basket in January, but continued to appreciate versus the yen. The Japanese currency fell by 4.19% to average 116.83Y/\$ from 112.13Y/\$ in December, while the German mark rose by 4.49%, to 2.081DM/\$ from 2.179 DM/\$ in December.

The dollar continued to fall against the euro, but held its ground versus the yen, following the release of weak US economic data and a further slide in US stocks. The euro rose sharply in the first week of January, to highs of almost \$0.96 on 5 January, following the unexpected easing by the Fed. On 3 January, in-between FOMC meetings, the Fed lowered the target for the federal funds rate by 50 basis points, causing alarm in financial markets and arousing fears that the US economy was in worse shape than generally believed. Again on 31 January, the Fed lowered rates by another 50 basis points to 5.5%. The euro could not maintain its strength and fell to around 0.92 by 29 January, before recovering to 0.94 by 31 January, on weak German business sentiment reports and profit-taking. However, most data continued to be dollar-bearish. US GDP growth fell to 1.4% in the fourth quarter, and expectations of zero-to-negative growth in the first quarter of 2001 increased, as more data pointed to a contraction in the manufacturing sector and a sharp drop in consumer confidence. The dollar surged to Y119 mid-month, a more than 17-month high, on plunging Japanese stock markets, a drop in Japanese leading economic indicators and official support for a weaker yen. However, the yen recovered subsequently on supportive statements from Bank of Japan Governor Hayami and from the repatriation of Japanese investors' overseas funds, ahead of the 31 March fiscal year-end.

The OPEC spot Reference Basket fell slightly in January, by 0.29%, to \$24.06/b from \$24.13/b in December. In real terms (base July 1990 = 100), after accounting for inflation and currency fluctuations, the Basket price fell by 2.39% in January to \$21.68/b, due mainly to the dollar depreciation. This amounted to 2.04%, as measured by the import weighted Geneva I + US dollar basket, while inflation accounted for a 0.08% erosion in the value of the oil barrel.

* The 'Geneva I + US dollar' basket includes eight leading European currencies and the Japanese yen and the

CRUDE OIL PRICE MOVEMENTS

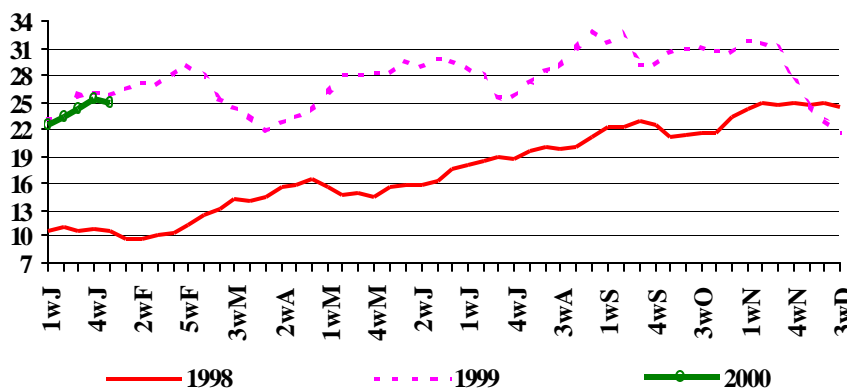
Monthly average of OPEC Reference Basket declined by \$0.07/b to \$24.06/b in January

General trends

The monthly price of OPEC's spot Reference Basket of crudes edged down by \$0.07/b to average \$24.06/b in January. Minas was the main contributor to the price decrease, moving down sharply by \$0.84/b. Arabian Light's loss was \$0.34/b, while the two Brent-related crudes, Bonny Light and Saharan Blend, each edged slightly lower, by around \$0.04/b. Tia Juana Light moved up by just \$0.07/b, but the increase for Isthmus was much higher, at \$0.40/b, while Dubai rose by \$0.29/b.

In the first week of January, the average weekly price of the Basket increased by \$0.97/b, as the market reacted to news forecasting a sizeable cut in OPEC production, at the same time as the US weekly stocks data showed a draw on crude oil. Further support came from the tight North Sea market, due to low availability and strong buying interest. The Basket made a further improvement of \$0.78/b to average \$24.25/b in the second week, in the volatile environment which usually precedes OPEC Conferences. The Conference's subsequent confirmation of a 1.5 mb/d cut in OPEC production gave solid support to prices in Asia. The rally continued into the third week, its major support stemming from the cut in OPEC production, and it was further augmented by short-covering in the futures market and a sharp rise in dated Brent, due to a single trader amassing cargoes for movement to the USA. Towards the end of the week, prices started to move down, as refiners' margins began to deteriorate in Europe and US heating oil stocks showed a counter-seasonal build, which coincided with forecasts of milder weather. Nevertheless, the Basket gained \$1.16/b in the week. The downtrend in prices dropped the average by \$0.51/b in the fourth week, as the Basket registered \$24.70/b. Prices moved sideways, but spiked in one day by more than \$1/b, as funds bought heavily in the futures market.

Graph 1
OPEC Reference Basket — weekly spot crude prices
 US \$/b



WTI rallied in USA in January, due to low stocks in mid-continent and demand for sweeter crude grades

US and European markets

A big differential between West Texas Intermediate (WTI) and Brent kept attracting transatlantic cargoes into the US Gulf Coast throughout January, despite high freight rates, but a bottleneck in the pipeline leading to the mid-continent caused stocks in Cushing, Oklahoma, to drop to 58 mb, thereby increasing the backwardation of WTI to \$1.8/b. The return of US refineries from maintenance and their urge to produce high-quality gasoline increased premiums of sweeter crudes. On the other hand, sour crudes suffered great pressure due to ample availability, and Basrah Light's competitiveness was lost due to uncertainty in its supply.

In Europe, strong refiners' margins encouraged refiners to buy more North Sea grades, causing the market to be tight, and the movement of six cargoes across the Atlantic

In the Mediterranean, sour crudes strengthened due to the absence of Iraq's Kirkuk crude, but refiners' margins created a preference for sweeter West African crudes in the region. However, refinery run cuts maintained the pressure on Russian Urals.

Far Eastern markets

Sour crudes were over-supplied early in the month, but the OPEC production cut gave prices a boost, as buyers rushed to buy spot crudes. The absence of China from the market throughout the month put pressure on heavy sweet Minas and light sweet Tapis.

In Asia, OPEC production cut pushed Dubai higher in January

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

| | <u>Dec.</u> | <u>Jan.</u> | <u>Year-to-date average</u> | |
|-------------------------|-------------|--------------|-----------------------------|--------------|
| | | | <u>2000</u> | <u>2001</u> |
| Reference Basket | 24.13 | 24.06 | 24.58 | 24.06 |
| Arabian Light | 22.65 | 22.31 | 24.43 | 22.31 |
| Dubai | 22.27 | 22.56 | 23.23 | 22.56 |
| Bonny Light | 25.47 | 25.43 | 25.41 | 25.43 |
| Saharan Blend | 26.11 | 26.08 | 25.89 | 26.08 |
| Minas | 24.87 | 24.03 | 24.39 | 24.03 |
| Tia Juana Light | 23.11 | 23.18 | 23.74 | 23.18 |
| Isthmus | 24.40 | 24.80 | 24.97 | 24.80 |
| Other crudes | | | | |
| Brent | 25.07 | 25.60 | 25.26 | 25.60 |
| WTI | 28.39 | 29.42 | 27.15 | 29.42 |
| Differentials | | | | |
| WTI/Brent | 3.32 | 3.82 | 1.89 | 3.82 |
| Brent/Dubai | 2.80 | 3.04 | 2.03 | 3.04 |

PRODUCT MARKETS AND REFINERY OPERATIONS

US Gulf product prices rose significantly in January. Refinery throughput fell by 0.46 mb/d due to scheduled maintenance, indicating 90.8% utilization rate, lowest since March; this led, in part, to healthy refiners' margins

US Gulf products and European gasoline experienced large price rises in January, driven by impending US refinery maintenance and soaring natural gas prices. Other product markets fell under further pressure from abundant supply, except for gasoline in Singapore, which gained slightly on healthy regional demand.

US Gulf market

After collapsing in December, US Gulf product markets witnessed enormous price gains in January. Gasoline took the lead, putting gasoil in the back seat for the first time since August and indicating a switch in the market's focus from heating oil to gasoline. Both products, however, showed unusual premiums over their counterparts in the US East Coast; these were more pronounced for gasoline, with the average monthly differential exceeding \$1.50/b between the US Gulf Coast and New York and attracting product cargoes originally destined for the latter's harbour. Moreover, gasoline and gasoil production were reduced on the back of heavy scheduled refinery turnarounds, particularly in conversion units. Despite strong unseasonal foreign cargo arrivals and seasonally thin winter demand, gasoline soared by \$6.08/b, supported by record tightness in blending and the raw material markets — namely methyl tertiary butyl ether (MTBE), which is a component of the reformulated gasoline pool, and naphtha, whose prices witnessed unprecedented levels for a couple of weeks that lingered from late December over unleaded gasoline. It is worth noting that squeezed MTBE and naphtha supply were a direct consequence of a rally in the natural gas market for most of the month. This also firmed up the distillates market, since natural gas is essential for making low-sulphur gasoil; therefore, its price surged by \$1.55/b. This was helped by robust utility consumption, in the light of sustained strong natural gas prices, although a middle distillates inventory deficit, compared with January 2000, was erased amid prevailing moderate weather and strong import flows, which reached an all-time record of 965,000 b/d for distillates during the first week of the month. Buoyant Mexican and bunker demand in late January, in addition to a considerable increase in WTI prices, compared with other crudes, constituted the main reasons for a significant increase of \$2.13/b in the fuel oil price.

Refiners' margins witnessed tremendous gains (i.e. the highest for at least five years) on the back of soaring product prices, specifically gasoline on squeezed supply.

US refinery throughput in January stood at 15.02 mb/d; this was a fall of 0.46 mb/d from the previous month's run, indicating a utilization rate of 90.8%, which was nearly five percentage points higher than last year's level.

Rotterdam market

Light end of barrel surged, while middle and heavy ends lost ground in Rotterdam in January. Refinery utilization stood at 92.1%, and refiners' margins weakened

For most of the first half of January, European light product markets were bullish, particularly for gasoline, in tandem with extended heavy movements of transatlantic arbitrages, hence improving refiners' margins and increasing refinery throughputs. However, narrowed NYMEX light product futures, compared with their IPE counterparts, caused a closure of an arbitrage window throughout the second half of January and, consequently, seriously affected refiners' margins, which forced refiners to cut runs. Gasoline surged by \$1.80/b, supported by the large gains in US gasoline markets and soaring naphtha prices. Gasoil experienced a sharp decline of \$4.10/b, on a number of depressing factors: first, thin regional demand amid mild European weather; secondly, the perception of a weaker US heating oil market, following recent robust imports and bearish weather forecasts; and thirdly, ample Russian supply. The fuel oil market shrugged off Brent's moderate gain and plunged by \$2.83/b, undermined by fading refinery and bunker demand and steady Russian supply.

Collapsing refiners' margins in the second half of January were faster than their rises during the first half; therefore, the monthly average margins for all crude grades switched to negative territory.

January, responding to good margins during the first half of the month on active transatlantic trading. The refinery utilization rate climbed to 92.1%, which was 2.5 percentage points above the preceding year's volume.

Despite refinery cuts in Singapore and lower Asian crude throughput, both gasoil and fuel oil prices plunged in January, while gasoline rose marginally

Singapore market

In Singapore, regional refinery run cuts, in addition to scheduled refinery maintenance in Indonesia and Thailand, put a cap on hefty losses in product prices in January, after the big price falls experienced in December. Gasoline climbed by just \$0.05/b, on continued robust Indonesian demand, coupled with an upsurge in the naphtha market. However, both the gasoil and fuel oil markets remained under pressure from well-supplied markets. Therefore, gasoil fell by a further \$1.20/b and fuel oil price by another \$1.75/b, hindered by fading Chinese and bunker buying interest, amid an overhang of regional and Latin American supplies.

Although refiners' margins retreated for all types of crude on persistent ample product supply in Singapore in January, Dubai and Minas showed positive margins, in contrast with other crudes.

In Japan, refinery throughput in December was boosted further to register 4.52 mb/d, representing a utilization rate of 90.5%, which was 3.3 percentage points above the year-ago figure.

Table 2
Refined product prices
US \$/b

| | | <u>Nov.00</u> | <u>Dec.00</u> | <u>Jan.01</u> | <u>Change Jan./Dec.</u> |
|------------------|-------------------|---------------|---------------|---------------|-------------------------|
| US Gulf | | | | | |
| Regular gasoline | <i>(unleaded)</i> | 35.99 | 30.25 | 36.34 | +6.08 |
| Gasoil | <i>(0.2%S)</i> | 40.54 | 34.32 | 35.86 | +1.55 |
| Fuel oil | <i>(3.0%S)</i> | 20.81 | 16.44 | 18.57 | +2.13 |
| Rotterdam | | | | | |
| Premium gasoline | <i>(unleaded)</i> | 33.46 | 28.05 | 29.85 | +1.80 |
| Gasoil | <i>(0.2%S)</i> | 40.68 | 34.25 | 30.15 | -4.10 |
| Fuel oil | <i>(3.5%S)</i> | 22.18 | 18.31 | 15.48 | -2.83 |
| Singapore | | | | | |
| Premium gasoline | <i>(unleaded)</i> | 32.97 | 29.97 | 30.02 | +0.05 |
| Gasoil | <i>(0.5%S)</i> | 34.85 | 29.61 | 28.41 | -1.20 |
| Fuel oil | <i>(380 cst)</i> | 24.49 | 19.74 | 17.99 | -1.75 |

Table 3
Refinery operations in selected OECD countries

| | Refinery throughput | | | Refinery utilization* | | |
|----------|---------------------|--------------------|---------------|-----------------------|-------------------|---------------|
| | <i>mb/d</i> | <i>mb/d</i> | <i>mb/d</i> | <i>%</i> | <i>%</i> | <i>%</i> |
| | <u>Nov.00</u> | <u>Dec.00</u> | <u>Jan.01</u> | <u>Nov.00</u> | <u>Dec.00</u> | <u>Jan.01</u> |
| USA | 15.38 | 15.49 | 15.02 | 93.0 | 93.6 | 90.8 |
| France | 1.85 ^R | 1.78 | 1.87 | 97.4 ^R | 93.5 | 98.8 |
| Germany | 2.18 ^R | 2.17 | 2.21 | 95.8 ^R | 95.2 | 98.0 |
| Italy | 1.86 ^R | 1.75 ^R | 1.84 | 79.7 ^R | 74.9 ^R | 77.9 |
| UK | 1.66 ^R | 1.64 | 1.68 | 93.1 ^R | 91.7 ^R | 95.1 |
| Eur-16** | 12.70 ^R | 12.29 ^R | 12.56 | 93.3 ^R | 90.3 ^R | 92.1 |
| Japan | 4.39 | 4.52 | n.a. | 87.9 | 90.5 | n.a. |

n.a. Not available.

* Refinery capacities used are in barrels per calendar day.

** Fifteen European Union members plus Norway.

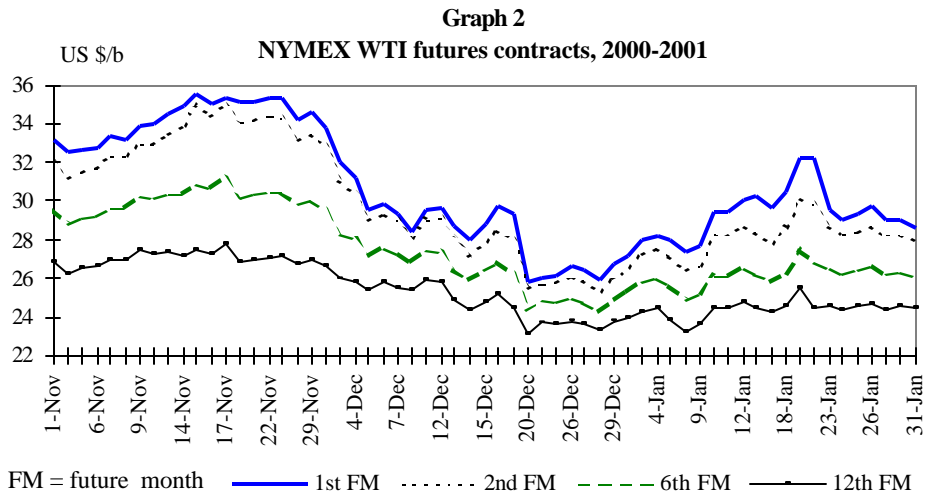
R Revised since last issue.

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

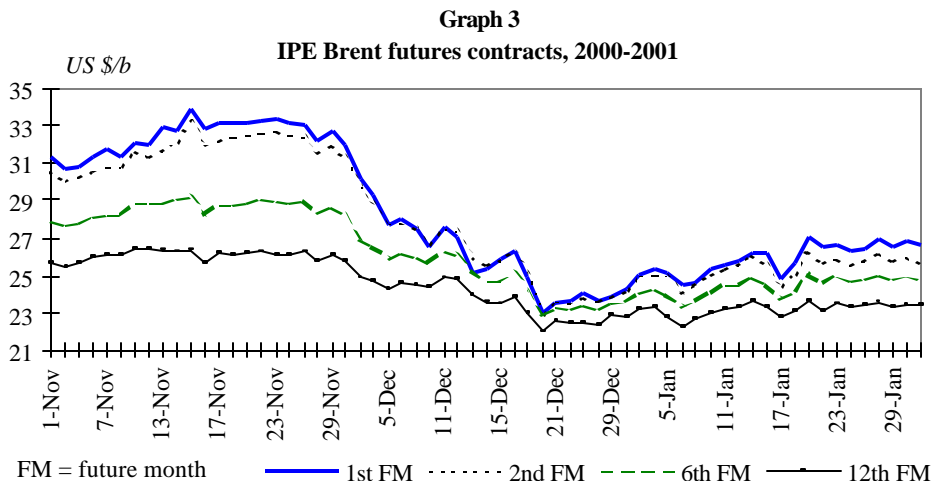
THE OIL FUTURES MARKET

NYMEX WTI gained around \$2/b in January

NYMEX WTI moved up from \$26.81/b on the last day of 2000 to \$29.41/b on 11 January 2001 in a nearly continuous rally, as signals from OPEC Member Countries pointed towards a cut in output of at least 1.5 mb/d. The rally was interrupted by a breathtaking level of liquidating and profit-taking and then resumed, as evidence emerged that Saudi Arabia had notified customers of cuts in its February contracts amounting to 0.5 mb/d.



In the following week, an initial continuation of the rally was followed by a price dip, due to profit-taking after the announcement of the decision of the 113th (Extraordinary) Meeting of the Conference to cut production by 1.5 mb/d. The shut-down of a pipeline from Canada, which carried 640,000 b/d of crude into the mid-continent, and gains in heating oil again pushed up WTI by \$0.65/b to \$30.45/b; thereafter, technical buying raised it further to \$32.19/b. Profit-taking and long liquidation, in addition to a weakening heating oil market, brought the price down to \$29.36/b.



In the last week of January, WTI started with a rise of \$0.41/b, as the March/April spread ballooned to \$1.0/b on concern about low inventories in the mid-continent. However, technical factors and extended mild weather brought the prices down again. NYMEX WTI finished January at \$28.66/b.

THE TANKER MARKET

OPEC area spot-chartering rose seasonally, by 5.52 mb/d to 13.88 mb/d, in January

OPEC area spot-chartering increased by 5.52 mb/d to stand at a monthly average of 13.88 mb/d in January, the highest level since October. This was consistent with seasonal trends, whereby the spot-chartering volume rises at this time of the year, and reflected higher demand, especially in the first half of the month, from commercial oil companies rather than national oil companies, in response to expectations of a big cut in OPEC oil production. Compared with year-ago fixtures, the current volume is 0.25 mb/d higher. The substantial increase in OPEC spot fixtures has had a positive impact on global spot-chartering, which moved up considerably, by 8.85 mb/d, to a monthly average of 23.64 mb/d in January. This volume of global spot-chartering was 2.51 mb/d higher. OPEC's share of global spot fixtures stood at 58.71%, which was 2.18 percentage points higher than its share in the preceding month. Middle East eastbound and westbound long-haul fixtures rose by 1.26 mb/d to 4.84 mb/d and by 1.48 mb/d to 2.36 mb/d respectively. This resulted in a fall of 7.98 percentage points to 34.86% in the share of eastbound long-haul chartering, while the westbound share rose by 6.49 percentage points to 17.02%. Together, they accounted for 51.87% of total chartering in the OPEC area, which was 1.50 percentage points lower than in December. Preliminary estimates of sailings from the OPEC area for the weeks ending 6, 13, 20 and 27 January are 22.77 mb/d, 22.82 mb/d, 23.26 mb/d, and 22.70 mb/d respectively. The Middle East's share of OPEC sailings was nearly at the preceding month's level, as it moved down by 0.59 percentage points to stand at 69.39%. Arrivals in the US Gulf and East Coasts, including the Caribbean, NW Europe and Euromed all showed increases in January. In NW Europe, they rose by 0.21 mb/d to 6.28 mb/d, followed by the US Gulf and East Coasts, including the Caribbean, which increased by 0.06 mb/d to 8.23 mb/d, while arrivals in Euromed moved up marginally by 0.01 mb/d to 4.13 mb/d. The estimate of oil-at-sea on 28 January is 483 mb, which is 25 mb below that witnessed at the end of December; this is the lowest level since September and can be attributed to the increasing arrivals during the month.

VLCC freight rates on Middle East eastbound and westbound routes fell substantially, to WS147 and WS119 respectively, in January

Despite an increase of about 20% in Worldscale flat rates for 2001, freight rates for VLCC long-haul cargoes from the Middle East to the Far East and the West fell by 24 points to WS147 and by 33 points to WS119 respectively in January. The suspension of Iraqi exports, which had been cut short since late December and continued during most of January, the lower spot fixtures after the year-end holidays, the production cut announced by the 113th (Extraordinary) Meeting of the OPEC Conference and the Chinese New Year holiday were the factors depressing VLCC freight rates the most. The monthly average freight rates for Suezmax cargoes from West Africa to the US Gulf moved up by 11 points to WS221; very high rates at the beginning of the month were behind this level, but they started to fall as the month continued, due to lower activity. Freight rates for cargoes on Aframax tankers within the Mediterranean and from the Caribbean to the US East Coast slipped by 10 points to WS236 and by 34 points to WS281, on the back of ample tonnage availability, while they rose by one point to WS258 on the Mediterranean-to-NW Europe route, due to steady activity. Freight rates for 70-100,000 dwt tankers, for cargoes shipped by Aframax along the Indonesia/US West Coast route, increased by 20 points to WS253; this rise was attributed to strong activity, due to higher demand for Indonesian grades, in light of uncertainty about Iraqi exports.

Product freight rates for medium-range tankers on Middle East/Far East route firmed in January

Product freight rates for cargoes on the Middle East-to-Far East route for medium-range tankers and from Singapore to the Far East firmed in January, moving up by 39 points to WS359 and by 31 points to WS414 respectively, due to a scarcity of vessels. Freight rates on the other major routes showed considerable decreases, falling by 38 points to WS319 along the Caribbean-to-US Gulf route, on the back of lower activity, especially as the month drew to an end. Freight rates for clean cargoes on the Mediterranean-to-NW Europe route and within the Mediterranean slumped by 33 points to WS357 and by 13 points to WS333 respectively; a decline in US diesel imports from Europe was the main reason for this fall.

WORLD OIL DEMAND

World demand forecast for 2000 revised down marginally to 75.81 mb/d

Revision to 1999

According to the latest revisions, world oil demand growth for 1999 has been adjusted up by 0.09 b/d, from the previous 1.20 mb/d to 1.29 mb/d. The adjustments are most noticeable in the developing country growth rate, which has been revised up by 0.3% from the previous 1.4%. OECD oil consumption is also up, by 0.01 mb/d, mainly to account for higher growth in North America. The figure for apparent consumption in the former CPEs has also been increased, by 0.04 mb/d, to stand at 0.18 mb/d.

Figures for 2000

World

World oil demand growth has once again been revised down for the year just ended. The revision arises from the latest available data, which include 11 months (January–November) and the best estimate for December. According to this, demand grew by 0.83 mb/d, or 1.1%, and averaged 75.81 mb/d for the year 2000. The quarterly data show that, compared with year-earlier figures, consumption declined by 0.32 mb/d, or 0.4%, during the first quarter; for the remaining three quarters, demand growth recovered, rising by 1.4%, 2.0% and 1.5% respectively. On a regional basis, OECD consumption registered a marginal increment of 0.05 mb/d, or 0.1%, to average 47.67 mb/d. DC consumption is expected to show a rise of 0.50 mb/d, or 2.7%; however, due to the limited reliability and availability of the data, no definite conclusion can be drawn yet. Finally, “Other regions” apparent consumption growth, derived from production and trade statistics, seems to have increased by 0.28 mb/d, or 3.1%, to 9.27 mb/d.

Table 4
World oil demand in 2000
mb/d

| | 1999 | 1Q00 | 2Q00 | 3Q00 | 4Q00 | 2000 | Change 2000/99 | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|------------|
| | | | | | | | Volume | % |
| North America | 23.88 | 23.59 | 23.73 | 24.34 | 24.47 | 24.03 | 0.16 | 0.7 |
| Western Europe | 15.12 | 15.07 | 14.52 | 15.02 | 15.42 | 15.01 | -0.11 | -0.7 |
| OECD Pacific | 8.63 | 9.28 | 8.03 | 8.29 | 8.94 | 8.63 | 0.01 | 0.1 |
| Total OECD | 47.62 | 47.95 | 46.27 | 47.65 | 48.82 | 47.67 | 0.05 | 0.1 |
| Other Asia | 7.08 | 6.97 | 7.42 | 7.28 | 7.63 | 7.33 | 0.25 | 3.5 |
| Latin America | 4.63 | 4.64 | 4.78 | 4.82 | 4.59 | 4.71 | 0.08 | 1.8 |
| Middle East | 4.28 | 4.35 | 4.41 | 4.51 | 4.34 | 4.40 | 0.12 | 2.7 |
| Africa | 2.37 | 2.45 | 2.39 | 2.39 | 2.47 | 2.43 | 0.05 | 2.3 |
| Total DCs | 18.36 | 18.42 | 18.99 | 19.00 | 19.02 | 18.86 | 0.50 | 2.7 |
| FSU | 4.03 | 3.69 | 3.64 | 3.51 | 4.18 | 3.75 | -0.28 | -6.9 |
| Other Europe | 0.79 | 0.84 | 0.78 | 0.78 | 0.83 | 0.81 | 0.01 | 1.8 |
| China | 4.17 | 4.73 | 4.43 | 4.90 | 4.80 | 4.71 | 0.55 | 13.1 |
| Total "Other regions" | 8.99 | 9.25 | 8.84 | 9.18 | 9.81 | 9.27 | 0.28 | 3.1 |
| Total world | 74.97 | 75.62 | 74.11 | 75.83 | 77.65 | 75.81 | 0.83 | 1.1 |
| Previous estimate | 74.89 | 75.58 | 74.09 | 75.58 | 78.03 | 75.83 | 0.94 | 1.3 |
| Revision | 0.08 | 0.04 | 0.02 | 0.25 | -0.38 | -0.02 | -0.11 | -0.2 |

OECD

The most recent estimates for 2000 indicate that oil demand grew modestly, by 0.16 mb/d, or 0.7%, in North America. The entire increment was concentrated in the two smaller countries of the group (Mexico and Canada). In the USA, the biggest oil consumer on the globe, demand declined marginally, by 0.1%. Relatively strong product prices and warm weather in the first quarter contributed to the year's decline in demand. Inland deliveries of motor gasoline fell by 0.7%, capping the growth in jet fuel, distillates and fuel oil. In Western Europe, according to the latest estimates, demand shrank, by 0.11 mb/d, or 0.7%, for the second consecutive year; however, the fall was less pronounced than the 1.1% seen in 1999. All the loss in consumption took place in the “Big Four” economies, with the remaining 15

year-earlier figures, consumption registered a considerable 4.5% drop in the first quarter, possibly attributed to the “Y2K” effect, which prompted earlier (fourth quarter of 1999) buying; consumption then grew by 1.1% and 2.2% during the second and third quarters, but declined by 1.5% in the last quarter. As we have mentioned in many past reports, structural changes in the electricity sector, the substitution of fuel oil for gas, environmental policies and higher taxation on energy continue to dampen consumption. OECD Pacific consumption growth, contrary to expectations at the beginning of the year, finished almost unchanged at 8.63 mb/d. Inland deliveries dropped by 1.3% in the first quarter, but recovered during the second and third quarters. By the last three months of the year, consumption of petroleum products showed a noticeable decline. Japan continues to undermine demand growth in the group, with South Korea making up for lost Japanese consumption. Japanese demand has been on a plateau of 5.5 mb/d for several years, due to poor refiners’ and marketing margins.

DCs

DC oil demand is forecast to rise by 500,000 barrels in the year. However, because of the huge time-lag and the limited reliability of data in this group, this assessment is subject to further change and thus should not be considered as definite. Evidence suggests that consumption decelerated in the “Other Asia” group of countries towards the last quarter of the year. Nonetheless, this group constitutes half the total growth in demand expected in the developing world. The group’s economies grew by a healthy 5.8%; however, the phasing-out of government subsidies seems to have undermined demand. For instance, India’s gasoil demand fell sharply at the end of the year, as the government was forced to pass on to consumers part of the international rise in price. The remaining gain in consumption of half a million barrels took place in Latin America (0.08 mb/d), the Middle East (0.12 mb/d) and Africa (0.05 mb/d).

Other regions

Apparent demand in the “Other regions”, according to preliminary estimates, grew by 0.28 mb/d, or 3.1%. Consumption in the FSU continued to fall sharply, declining by 6.9%, or 0.28 mb/d. In the FSU, with the exception of 1997, consumption has shrunk throughout the last eight years. Among the explanations for such a decline is the ongoing restructuring of the industrial sector; but the need for hard currency is inducing an increase in exports at the expense of domestic consumption. Quota systems imposed by the government are likely to loosen, making the situation more critical. China, by contrast, has put up an impressive performance. Consumption growth, derived from production and trade data, increased by an astonishing 13.1%, or 0.55 mb/d. On a quarterly basis, compared with year-earlier figures, apparent demand shot up by 17%, 3.1%, 18.3% and 14.4%, respectively. These numbers, even though impressive, are drawn from *China Oil, Gas and Petrochemicals*, the acceptable source used by the Secretariat. Of course, the reason behind such formidable growth lies in the extremely high level of imports, since production has remained fairly flat. For instance, imports of crude oil and petroleum products were 1.45 mb/d, 1.71 mb/d and 1.63 mb/d in the last three months of the year.

Projections for 2001

The world oil demand forecast for 2001 has been revised down to account for sharp corrections in regional and global GDP growth rate estimates. Initially, in August 2000, when we first issued our demand projections for the current year, the world GDP growth rate was estimated at 3.5% (market exchange rate-based). Since then, this estimate has been lowered several times and now stands at 2.7%. The forecast is also based on assumptions that weather patterns behave normally and that crude and product prices remain at moderate levels throughout the year. Our main concern regarding the demand equation for the present year relates to the level of prices, but also important is the issue of temperature. Another factor undermining demand is the ongoing phasing-out of government subsidies in many developing countries, especially in Asia, which will ultimately translate into higher prices at the consumers’ end.

World demand is now projected to grow by 1.34 mb/d, or 1.8%, to reach 77.15 mb/d by the end of the year. Demand in the first quarter is projected to reach 76.97 mb/d, which is 1.8% higher than in the first quarter of 2000. These levels, somehow conservative, seem reasonable in the absence of lower temperatures in the Northern Hemisphere. Temperatures, as measured by degree days for January, were milder than the accepted historical normal levels in the USA. In Europe, the winter season has also been warmer than normal.

**World demand for 2001
estimated at 77.15 mb/d**

Seasonality will bring world demand down to 75.03 mb/d in the second quarter, which is still 1.2% higher year-on-year. Oil demand is expected to pick up considerably during the third quarter to reach 77.07 mb/d, gaining 1.6%, or 1.24 mb/d, with respect to the same quarter of 2000. Consumption will level off at 79.50 mb/d during the last quarter. This will represent an increase of 2.4%, or 1.84 mb/d, compared with the fourth quarter of 2000, and a rise of 2.43 mb/d against the third quarter of 2001.

OECD

OECD inland delivery of petroleum products is projected to rise by 0.56 mb/d, or 1.2%, to average 48.23 mb/d in the present year. Slightly more than half the incremental consumption will be concentrated in North America. The USA will account for the lion's share in this group. In the USA, demand is projected to grow again after the marginal decline of 2000; nevertheless, it is expected to rise at a moderate level in line with the lower rate of economic growth. Reversing last year's decline, gasoline consumption is projected to rise, driven by lower pump prices. Distillate consumption is expected to grow, based on incremental demand for transportation diesel; however, heating oil demand is projected to remain unchanged or contract. Jet fuel deliveries will grow, bolstered by the rise in disposable income. Fuel oil consumption, on the contrary, will most likely experience a decline, and the extent of this will depend on the drop in gas prices, which will result in the displacement of fuel oil in the industrial and power generation sectors. Oil consumption in Western Europe is projected to rise modestly, by 0.14 mb/d, or 1%, to 15.15 mb/d, after the declines seen in the last two years. This forecast is based on a healthy 2.9% regional forecast rate of economic growth, but the issues of high taxes, the substitution of fuel oil for gas and conservation measures ought to be considered. Healthy projected economic growth in the OECD Pacific countries will be the main force driving oil demand growth. South Korea's economy is expected to expand by 4.7%, and Australia and New Zealand will experience growth rates of 2.9% and 2.7% respectively. Japan's economy, on the other hand, is expected to undergo a mild 0.7% economic expansion, which will ultimately translate into lower oil consumption. Poor refiners' and marketing margins will also cap demand for crude oil.

DCs

DC consumption is estimated to rise by 0.63 mb/d, or 3.4%, to 19.50 mb/d in 2001. Half the growth in consumption will be concentrated in the Asian countries belonging to this group, where economic growth is projected to expand by 4.9%. As stated above, demand growth in these countries might be halted by the elimination of government subsidies, as they struggle to balance their national accounts. The rest of the growth in demand will come from Latin America, the Middle East and Africa, where the consumption of crude oil and petroleum products is projected to rise by 2.1%, 3.0% and 3.7% respectively.

Other regions

Current projections set apparent consumption for the "Other regions" at 9.42 mb/d, rising by 0.14 mb/d, or 1.6 %, during the year. Apparent FSU demand is projected to shrink by 0.9%, or 0.03 mb/d; however, this estimate might prove to be too conservative, based on the experience of previous years. The healthy rate of economic expansion anticipated for the year implies that oil consumption should not experience a big decline, but the need for hard currency and the restructuring of the industrial sector might result in another considerable drop in demand. China remains the wild card, when assessing demand for the present year. According to several well-known trade publications, China has remained absent from international markets since the beginning of the year and, in some instances, has come forward to sell cargoes that had been bought previously. In December, oil imports were down by nearly half the levels of November. The growth rate in China appears to be slowing. This is why we have chosen to be conservative in our projection of oil demand growth in China (3.1%), even though the estimate for economic expansion has remained at a very healthy 7.0%. China's consumption will be critical, in order to balance the global supply/demand equation. A small increase in Chinese consumption or, even worse, a decline, will mean that the critical balance between supply and demand will have to be adjusted, so as to avoid the negative impact of prices. This became evident in 2000, where two-thirds of the total growth in consumption originated in China.

Table 5
World oil demand forecast for 2001
mb/d

| | 2000 | <u>1Q01</u> | <u>2Q01</u> | <u>3Q01</u> | <u>4Q01</u> | 2001 | Change 2001/00 | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|------------|
| | | | | | | | <u>Volume</u> | <u>%</u> |
| North America | 24.03 | 23.75 | 23.73 | 24.75 | 25.13 | 24.35 | 0.31 | 1.3 |
| Western Europe | 15.01 | 15.23 | 14.66 | 15.10 | 15.61 | 15.15 | 0.14 | 1.0 |
| OECD Pacific | 8.63 | 9.47 | 8.09 | 8.33 | 9.07 | 8.74 | 0.10 | 1.2 |
| Total OECD | 47.67 | 48.45 | 46.47 | 48.18 | 49.82 | 48.23 | 0.56 | 1.2 |
| Other Asia | 7.33 | 7.55 | 7.63 | 7.52 | 7.85 | 7.64 | 0.31 | 4.2 |
| Latin America | 4.71 | 4.58 | 4.81 | 4.94 | 4.90 | 4.81 | 0.10 | 2.1 |
| Middle East | 4.40 | 4.41 | 4.53 | 4.66 | 4.53 | 4.53 | 0.13 | 3.0 |
| Africa | 2.43 | 2.52 | 2.54 | 2.45 | 2.56 | 2.52 | 0.09 | 3.7 |
| Total DCs | 18.86 | 19.06 | 19.50 | 19.57 | 19.84 | 19.50 | 0.63 | 3.4 |
| FSU | 3.75 | 3.70 | 3.59 | 3.51 | 4.08 | 3.72 | -0.03 | -0.9 |
| Other Europe | 0.81 | 0.86 | 0.82 | 0.82 | 0.85 | 0.84 | 0.03 | 4.0 |
| China | 4.71 | 4.89 | 4.64 | 5.00 | 4.91 | 4.86 | 0.15 | 3.1 |
| Total "Other regions" | 9.27 | 9.45 | 9.05 | 9.32 | 9.84 | 9.42 | 0.14 | 1.6 |
| Total world | 75.8 | 76.9 | 75.0 | 77.0 | 79.5 | 77.15 | 1.34 | 1.8 |
| | 1 | 7 | 3 | 7 | 0 | | | |
| Previous estimate | 75.83 | 76.88 | 75.24 | 77.14 | 79.77 | 77.26 | 1.44 | 1.9 |
| Revision | -0.02 | 0.09 | -0.21 | -0.07 | -0.27 | -0.11 | -0.10 | -0.1 |

WORLD OIL SUPPLY

Non-OPEC

Historical data, including 1999

No revision to non-OPEC supply historical figures

There are no revisions to non-OPEC supply historical data, compared with the last *MOMR's* figures.

Figures for 2000

2000 non-OPEC supply figure revised up by 0.06 mb/d

The non-OPEC supply total for 2000 has been revised up by 0.06 mb/d to 45.89 mb/d. This is the result of revisions made to the figures for the second, third and the fourth quarters, which have been revised up by 0.03 mb/d to 45.57 mb/d, 0.13 mb/d to 45.73 mb/d and 0.06 mb/d to 46.36 mb/d respectively; the first quarter remains unchanged from the last *MOMR*. The yearly average increase is estimated at around 1.30 mb/d, compared with the 1999 figure.

Table 6
Non-OPEC oil supply in 2000
mb/d

| | 1999 | <u>1Q00</u> | <u>2Q00</u> | <u>3Q00</u> | <u>4Q00</u> | 2000 | Change |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | | | | | | | 00/99 |
| North America | 14.05 | 14.37 | 14.40 | 14.30 | 14.27 | 14.34 | 0.29 |
| Western Europe | 6.63 | 7.00 | 6.55 | 6.55 | 6.88 | 6.74 | 0.12 |
| OECD Pacific | 0.66 | 0.86 | 0.85 | 0.83 | 0.84 | 0.84 | 0.18 |
| Total OECD | 21.33 | 22.23 | 21.80 | 21.68 | 21.99 | 21.92 | 0.59 |
| Other Asia | 2.18 | 2.22 | 2.22 | 2.25 | 2.29 | 2.25 | 0.07 |
| Latin America | 3.77 | 3.71 | 3.68 | 3.74 | 3.89 | 3.76 | -0.01 |
| Middle East | 2.07 | 2.09 | 2.12 | 2.16 | 2.16 | 2.13 | 0.06 |
| Africa | 2.79 | 2.88 | 2.87 | 2.87 | 2.87 | 2.87 | 0.08 |
| Total DCs | 10.81 | 10.90 | 10.90 | 11.02 | 11.21 | 11.01 | 0.20 |
| FSU | 7.47 | 7.65 | 7.77 | 7.976 | 8.13 | 7.88 | 0.41 |
| Other Europe | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.00 |
| China | 3.21 | 3.28 | 3.28 | 3.22 | 3.21 | 3.25 | 0.04 |
| Total "Other regions" | 10.86 | 11.11 | 11.23 | 11.38 | 11.51 | 11.31 | 0.44 |

| | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Processing gains | 1.58 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 0.07 |
| Total non-OPEC supply | 44.58 | 45.89 | 45.54 | 45.73 | 46.36 | 45.89 | 1.30 |
| Previous estimate | 44.58 | 45.89 | 45.54 | 45.60 | 46.30 | 45.83 | 1.25 |
| Revision | 0.00 | 0.00 | 0.03 | 0.13 | 0.06 | 0.06 | 0.05 |

Totals may not add, due to independent rounding.

2001 non-OPEC supply forecast revised up by 0.14 mb/d to 46.81 mb/d

Expectations for 2001

The non-OPEC supply forecast for 2001 has been revised up by 0.14 mb/d to 46.81 mb/d, which is 0.93 mb/d more than the revised estimate for 2000. The expected 2001 quarterly figures have been revised up by 0.08 mb/d to 46.80 mb/d, 0.11 mb/d to 46.48 mb/d, 0.21 mb/d to 46.66 mb/d and 0.14 mb/d to 47.31 mb/d respectively from the last *MOMR*.

Table 7
Non-OPEC oil supply in 2001
mb/d

| | <u>2000</u> | <u>1Q01</u> | <u>2Q01</u> | <u>3Q01</u> | <u>4Q01</u> | <u>2001</u> | <u>Change 01/00</u> |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|
| North America | 14.34 | 14.62 | 14.65 | 14.55 | 14.52 | 14.59 | 0.25 |
| Western Europe | 6.74 | 7.19 | 6.73 | 6.72 | 7.06 | 6.92 | 0.18 |
| OECD Pacific | 0.84 | 0.81 | 0.80 | 0.79 | 0.79 | 0.80 | -0.05 |
| Total OECD | 21.92 | 22.62 | 22.17 | 22.06 | 22.37 | 22.31 | 0.38 |
| Other Asia | 2.25 | 2.26 | 2.27 | 2.29 | 2.33 | 2.29 | 0.04 |
| Latin America | 3.76 | 3.80 | 3.77 | 3.85 | 4.00 | 3.86 | 0.10 |
| Middle East | 2.13 | 2.15 | 2.18 | 2.22 | 2.22 | 2.19 | 0.06 |
| Africa | 2.87 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 0.13 |
| Total DCs | 11.01 | 11.21 | 11.22 | 11.36 | 11.56 | 11.34 | 0.33 |
| FSU | 7.88 | 7.81 | 7.92 | 8.14 | 8.29 | 8.04 | 0.16 |
| Other Europe | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.00 |
| China | 3.25 | 3.30 | 3.30 | 3.24 | 3.23 | 3.27 | 0.02 |
| Total "Other regions" | 11.31 | 11.28 | 11.40 | 11.56 | 11.69 | 11.48 | 0.18 |
| Total non-OPEC production | 44.24 | 45.11 | 44.79 | 44.98 | 45.62 | 45.13 | 0.89 |
| Processing gains | 1.65 | 1.69 | 1.69 | 1.69 | 1.69 | 1.69 | 0.04 |
| Total non-OPEC supply | 45.8 | 46.8 | 46.4 | 46.6 | 47.3 | 46.8 | 0.93 |
| Previous estimate | 45.83 | 46.72 | 46.37 | 46.45 | 47.17 | 46.68 | 0.85 |
| Revision | 0.06 | 0.08 | 0.11 | 0.21 | 0.14 | 0.14 | 0.08 |

Totals may not add, due to independent rounding.

Contrasting revisions made to FSU net oil export figures for 1999 and 2000

The FSU's net oil export figures for 1999 and 2000 have been revised down by 0.04 mb/d to 3.44 mb/d and up by 0.01 mb/d to 4.13 mb/d respectively; the forecast for 2001 remains unchanged, compared with the last *MOMR*'s figures.

Table 8
FSU net oil exports
mb/d

| | <u>1Q</u> | <u>2Q</u> | <u>3Q</u> | <u>4Q</u> | <u>Year</u> |
|------------------------|-----------|-----------|-----------|-----------|-------------|
| 1997 | 2.81 | 2.92 | 2.88 | 2.88 | 2.87 |
| 1998 | 2.77 | 3.02 | 3.18 | 3.20 | 3.04 |
| 1999 | 3.12 | 3.62 | 3.52 | 3.49 | 3.44 |
| 2000 (estimate) | 3.97 | 4.13 | 4.47 | 3.95 | 4.13 |
| 2001 (forecast) | 4.10 | 4.33 | 4.63 | 4.21 | 4.32 |

OPEC natural gas liquids

OPEC NGL data for the 2000 estimate and 2001 forecast remain unchanged, at 2.91 mb/d and 2.95 mb/d respectively.

OPEC NGL production — 1997–2001
mb/d

| | | | | | | | | Change | Change | |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|--------------|
| <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>1Q00</u> | <u>2Q00</u> | <u>3Q00</u> | <u>4Q00</u> | <u>2000</u> | <u>00/99</u> | <u>2001</u> | <u>01/00</u> |
| | | | | | | | | | | |

No revisions made to OPEC NGL data

| | | | | | | | | | | |
|-------------|-------------|-------------|------|------|------|------|-------------|------|-------------|------|
| 2.81 | 2.78 | 2.84 | 2.91 | 2.91 | 2.91 | 2.91 | 2.91 | 0.07 | 2.95 | 0.04 |
|-------------|-------------|-------------|------|------|------|------|-------------|------|-------------|------|

Available secondary sources put OPEC's January production at 27.91 mb/d

OPEC crude oil production

Available secondary sources indicate that, in January, OPEC output was 27.91 mb/d, which was 0.04 mb/d higher than the revised December level of 27.87 mb/d. Table 9 shows OPEC production, as reported by selected secondary sources.

Table 9
OPEC crude oil production, based on secondary sources
1,000 b/d

| | 1999 | 3Q00 | Dec.00* | 4Q00 | 2000 | Jan.01 [‡] | Jan.01– Dec.00 |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------------|-------------------|
| Algeria | 766 | 823 | 843 | 840 | 807 | 835 | –8 |
| Indonesia | 1,310 | 1,277 | 1,296 | 1,290 | 1,281 | 1,248 | –49 |
| IR Iran | 3,509 | 3,697 | 3,845 | 3,812 | 3,673 | 3,798 | –48 |
| Iraq | 2,507 | 2,760 | 1,282 | 2,350 | 2,548 | 1,768 | 486 |
| Kuwait | 1,907 | 2,161 | 2,220 | 2,207 | 2,101 | 2,199 | –22 |
| SP Libyan AJ | 1,337 | 1,411 | 1,441 | 1,436 | 1,405 | 1,425 | –16 |
| Nigeria | 1,983 | 2,032 | 2,152 | 2,133 | 2,033 | 2,164 | 11 |
| Qatar | 646 | 709 | 730 | 727 | 698 | 735 | 5 |
| Saudi Arabia | 7,655 | 8,535 | 8,673 | 8,696 | 8,246 | 8,366 | –307 |
| UAE | 2,077 | 2,297 | 2,352 | 2,340 | 2,253 | 2,361 | 9 |
| Venezuela | 2,809 | 2,919 | 3,040 | 3,008 | 2,899 | 3,015 | –25 |
| Total OPEC | 26,506 | 28,621 | 27,874 | 28,837 | 27,944 | 27,912 | 38 |

Totals may not add, due to independent rounding.

* Not all sources available.

STOCK MOVEMENTS

Slight stock-draw of 0.26 mb/d in USA in January

USA

US commercial onland oil stocks declined by a further 7.4 mb, or 0.26 mb/d, to 922.6 mb during 29 December – 26 January. This draw resulted mainly from a decrease of 14.4 mb to 151.4 mb in “Other oils”, followed by a fall in crude oil of 6.1 mb to 282.6 mb, on stagnant crude oil output. Meanwhile, a build of 12.1 mb to 205.9 mb in gasoline, which was due to low demand, capped the overall US stock-draw. Distillates continued to show a slight draw, decreasing by 1.6 mb to 114.5 mb, on the back of higher US utility diesel demand, due to ongoing high natural gas prices and lower imports. Total oil stocks were 27.6 mb below the year-ago figure.

Table 10
US onland commercial petroleum stocks*
mb

| | 30 Jun.00 | 29 Sep.00 | 29 Dec.00 | 26 Jan.01 | Change Jan./Dec. | 26 Jan.01 |
|------------------------------|--------------|--------------|--------------|--------------|---------------------|--------------|
| Crude oil (excl. SPR) | 293.7 | 286.7 | 288.7 | 282.6 | –6.1 | 285.7 |
| Gasoline | 204.5 | 195.6 | 193.8 | 205.9 | 12.1 | 205.3 |
| Distillate fuel | 103.7 | 114.2 | 116.1 | 114.5 | –1.6 | 110.4 |
| Residual fuel oil | 37.0 | 36.5 | 34.7 | 34.4 | –0.3 | 35.8 |
| Jet fuel | 44.5 | 43.1 | 43.9 | 45.1 | 1.2 | 42.8 |
| Unfinished oils | 90.1 | 88.0 | 87.1 | 88.7 | 1.6 | 88.4 |
| Other oils | 179.4 | 195.9 | 165.8 | 151.4 | –14.4 | 145.0 |
| Total | 953.0 | 959.9 | 930.0 | 922.6 | –7.4 | 913.5 |
| SPR | 568.4 | 570.7 | 541.2 | 540.7 | –0.5 | 568.3 |

* At end of month, unless otherwise stated.

Source: US/DOE-EIA.

During the same period, and as sales from the US Special Petroleum Reserve (SPR) under the 30 mb swap programme approached its conclusion, the SPR showed a slight decrease of 0.5 mb to 540.7 mb.

Western Europe

Eur-16 oil stocks

In January, commercial onland oil stocks in Eur-16 (EU plus Norway) remained mostly

Western Europe on stagnant demand in January

weather. They declined by only 0.2 mb, or at about a rate of 0.01 mb/d, to 1,066.5 mb. Total major product and crude oil stocks moved in different directions by almost the same volume; the former rose by 2.6 mb to 648.8 mb, while the latter declined by 2.8 mb to 417.7 mb, thus allowing the withdrawal of marginal crude oil quantities to push total oil stocks down slightly. The modest rise in total products resulted from a considerable build of 7.7 mb to 160.6 mb in gasoline, which was fuelled by lower demand and increasing gasoline output to take advantage of higher US gasoline prices, and a smaller draw on distillates of 5.3 mb to 337.4 mb, due to low consumption because of the mild weather. Total product inventories were 12.6 mb lower than the level witnessed last year.

Table 11
Western Europe commercial oil stocks*
mb

| | <u>Jun.00</u> | <u>Sep.00</u> | <u>Dec.00</u> | <u>Jan.01</u> | Change | |
|-----------------------|---------------|---------------|---------------|----------------|------------------|---------------|
| | | | | | <u>Jan./Dec.</u> | <u>Jan.00</u> |
| Crude oil | 440.4 | 424.4 | 420.6 | 417.7 | -2.8 | 428.3 |
| Mogas | 146.9 | 152.8 | 152.9 | 160.6 | 7.7 | 159.5 |
| Naphtha | 24.6 | 26.0 | 24.6 | 25.1 | 0.4 | 24.6 |
| Middle distillates | 311.4 | 325.7 | 342.8 | 337.4 | -5.3 | 338.0 |
| Fuel oils | 125.9 | 124.2 | 125.8 | 125.7 | -0.1 | 128.8 |
| Total products | 608.8 | 628.7 | 646.2 | 648.8 | 2.6 | 650.8 |
| Overall total | 1,049.2 | 1,053.0 | 1,066.7 | 1,066.5 | -0.2 | 1,079.1 |

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

Source: Argus Euroilstocks.

Japan

Moderate stock-draw of 0.43 mb/d in Japan in December

In Japan, commercial oil stocks showed a seasonal draw of 13.3 mb, or 0.43 mb/d, to 178.5 mb in December. Crude oil and total major products both contributed to this draw, with crude oil falling by 5.7 mb to 105.1 mb and total major products decreasing by 7.6 mb to 73.4 mb. Distillates accounted for the greatest part of the product draw, when they moved down by 6.6 mb to 40.3 mb, due to higher demand caused by the cold weather. Gasoline also contributed, declining by 1.5 mb to 12.7 mb on the back of low output. Fuel oil was an exception, registering a slight build of 0.5 mb to 20.4 mb, due to increasing output. The total level was 5.6 mb lower than that observed a year earlier.

Table 12
Japan's commercial oil stocks*
mb

| | <u>Jun.00</u> | <u>Sep.00</u> | <u>Nov.00</u> | <u>Dec.00</u> | Change | |
|-------------------------|---------------|---------------|---------------|---------------|------------------|---------------|
| | | | | | <u>Dec./Nov.</u> | <u>Dec.99</u> |
| Crude oil | 121.4 | 101.2 | 110.8 | 105.1 | -5.7 | 110.3 |
| Gasoline | 14.0 | 13.4 | 14.2 | 12.7 | -1.5 | 13.2 |
| Middle distillates | 34.4 | 43.5 | 46.9 | 40.3 | -6.6 | 41.5 |
| Residual fuel oil | 18.3 | 18.9 | 19.9 | 20.4 | 0.5 | 19.1 |
| Total products | 66.7 | 75.8 | 81.0 | 73.4 | -7.6 | 73.9 |
| Overall total ** | 188.1 | 176.9 | 191.8 | 178.5 | -13.3 | 184.1 |

* At end of month; ** Includes crude oil and main products only.

Source: MITI, Japan.

OECD

Minor stock-draw of 0.16 mb/d in OECD in fourth quarter of 2000

During the fourth quarter of 2000, OECD commercial oil stocks (the USA, Eur-16 and Japan) are estimated to have shown a minor seasonal draw of 14.6 mb, or a rate of 0.16 mb/d, to 2,175.2 mb, compared with the third-quarter figure. This estimated draw took place mainly with US commercial oil stocks, which declined by 29.9 mb, or a rate of 0.33 mb/d, to 930.0 mb. The main reason for this was "Other oils", which fell by 30.1 mb, while crude oil and distillates showed slight increases. Eur-16 and Japanese stock movements diminished the overall impact of the OECD draw, when they rose by 13.7 mb to 1,066.7 mb and by 1.6 mb to 178.5 mb respectively. The increase in Eur-16 was mainly due to a substantial build of 17.1 mb in distillate stocks, which resulted from lower demand, because of the mild weather, and from higher distillate output.

Table 13
Estimated stock movements in OECD* in fourth quarter of 2000
mb

| | <u>Sen.00</u> | <u>Dec.00</u> | <u>Change Dec.00/Sep.00</u> | |
|--|---------------|---------------|-----------------------------|------|
| | | | mb | mb/d |
| | | | | |

| | | | | |
|---------------------|----------------|----------------|--------------|--------------|
| USA | 959.9 | 930.0 | -29.9 | -0.33 |
| Eur-16 | 1,053.0 | 1,066.7 | 13.7 | 0.15 |
| Japan | 176.9 | 178.5 | 1.6 | 0.02 |
| OECD total** | 2,189.8 | 2,175.2 | -14.6 | -0.16 |

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

BALANCE OF SUPPLY AND DEMAND

2000 supply/demand difference estimate revised down to 27.0 mb/d

The non-OPEC supply estimate for 2000 has been revised up by less than 0.1 mb/d to 48.8 mb/d, while no revision has been made to world oil demand, which is estimated at 75.8 mb/d, compared with the last *MOMR*. This results in revising down the difference item by less than 0.1 mb/d, which is now estimated at 27.0 mb/d. The balances for the first two quarters remain unchanged, while those for the third and the fourth quarters have been revised down by 0.2 mb/d to 1.4 mb/d and up by less than 0.5 mb/d to 0.5 mb/d respectively. The 1999 balance remains unchanged from last month's *MOMR*, at -1.0 mb/d.

Table 13
Summarized supply/demand balance for 2000

| | <i>mb/d</i> | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1999</u> | <u>1Q00</u> | <u>2Q00</u> | <u>3Q00</u> | <u>4Q00</u> | <u>2000</u> |
| (a) World oil demand | 75.0 | 75.6 | 74.1 | 75.8 | 77.7 | 75.8 |
| (b) Non-OPEC supply ⁽¹⁾ | 47.4 | 48.8 | 48.5 | 48.6 | 49.3 | 48.8 |
| Difference (a – b) | 27.6 | 26.8 | 25.6 | 27.2 | 28.4 | 27.0 |
| OPEC crude oil production ⁽²⁾ | 26.5 | 26.5 | 27.8 | 28.6 | 28.8 | 27.9 |
| Balance | -1.0 | -0.4 | 2.2 | 1.4 | 0.5 | 0.9 |

(1) Including OPEC NGLs.

(2) Selected secondary sources.

Totals may not add, due to independent rounding.

2001 supply/demand difference revised down to 27.4 mb/d

The non-OPEC supply forecast for 2001 has been revised up by more than 0.1 mb/d to 49.8 mb/d, while world oil demand has been revised down by more than 0.1 mb/d to 77.1 mb/d; the annual difference is, therefore, estimated at 27.4 mb/d, down by less than 0.3 mb/d from the last *MOMR*. The difference has been revised down by 0.3 mb/d to 25.6 mb/d, by 0.3 mb/d to 27.5 mb/d and by 0.4 mb/d to 29.2 mb/d for the second-to-fourth quarters respectively, but remains unchanged for the first.

Table 14
Summarized supply/demand balance for 2001

| | <i>mb/d</i> | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2000</u> | <u>1Q01</u> | <u>2Q01</u> | <u>3Q01</u> | <u>4Q01</u> | <u>2001</u> |
| (a) World oil demand | 75.8 | 77.0 | 75.0 | 77.1 | 79.5 | 77.1 |
| (b) Non-OPEC supply ⁽¹⁾ | 48.8 | 49.7 | 49.4 | 49.6 | 50.3 | 49.8 |
| Difference (a – b) | 27.0 | 27.2 | 25.6 | 27.5 | 29.2 | 27.4 |

(1) Including OPEC NGLs.

Totals may not add, due to independent rounding.

Table 16
World oil demand/supply balance
mb/d

| | 1997 | 1998 | 1999 | 1Q00 | 2Q00 | 3Q00 | 4Q00 | 2000 | 1Q01 | 2Q01 | 3Q01 | 4Q01 | 2001 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| World demand | | | | | | | | | | | | | |
| OECD | 46.7 | 46.8 | 47.6 | 47.9 | 46.3 | 47.6 | 48.8 | 47.7 | 48.5 | 46.5 | 48.2 | 49.8 | 48.2 |
| North America | 22.7 | 23.1 | 23.9 | 23.6 | 23.7 | 24.3 | 24.5 | 24.0 | 23.8 | 23.7 | 24.8 | 25.1 | 24.3 |
| Western Europe | 15.0 | 15.3 | 15.1 | 15.1 | 14.5 | 15.0 | 15.4 | 15.0 | 15.2 | 14.7 | 15.1 | 15.6 | 15.1 |
| Pacific | 9.0 | 8.4 | 8.6 | 9.3 | 8.0 | 8.3 | 8.9 | 8.6 | 9.5 | 8.1 | 8.3 | 9.1 | 8.7 |
| DCs | 17.7 | 18.1 | 18.4 | 18.4 | 19.0 | 19.0 | 19.0 | 18.9 | 19.1 | 19.5 | 19.6 | 19.8 | 19.5 |
| FSU | 4.3 | 4.2 | 4.0 | 3.7 | 3.6 | 3.5 | 4.2 | 3.8 | 3.7 | 3.6 | 3.5 | 4.1 | 3.7 |
| Other Europe | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 0.8 | 0.8 | 0.9 | 0.8 |
| China | 4.0 | 3.8 | 4.2 | 4.7 | 4.4 | 4.9 | 4.8 | 4.7 | 4.9 | 4.6 | 5.0 | 4.9 | 4.9 |
| (a) Total world demand | 73.4 | 73.7 | 75.0 | 75.6 | 74.1 | 75.8 | 77.7 | 75.8 | 77.0 | 75.0 | 77.1 | 79.5 | 77.1 |
| Non-OPEC supply | | | | | | | | | | | | | |
| OECD | 22.1 | 21.8 | 21.3 | 22.2 | 21.8 | 21.7 | 22.0 | 21.9 | 22.6 | 22.2 | 22.1 | 22.4 | 22.3 |
| North America | 14.6 | 14.5 | 14.0 | 14.4 | 14.4 | 14.3 | 14.3 | 14.3 | 14.6 | 14.6 | 14.6 | 14.5 | 14.6 |
| Western Europe | 6.8 | 6.6 | 6.6 | 7.0 | 6.6 | 6.5 | 6.9 | 6.7 | 7.2 | 6.7 | 6.7 | 7.1 | 6.9 |
| Pacific | 0.7 | 0.7 | 0.7 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| DCs | 10.3 | 10.6 | 10.8 | 10.9 | 10.9 | 11.0 | 11.2 | 11.0 | 11.2 | 11.2 | 11.4 | 11.6 | 11.3 |
| FSU | 7.2 | 7.2 | 7.5 | 7.7 | 7.8 | 8.0 | 8.1 | 7.9 | 7.8 | 7.9 | 8.1 | 8.3 | 8.0 |
| Other Europe | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| China | 3.3 | 3.2 | 3.2 | 3.3 | 3.3 | 3.2 | 3.2 | 3.2 | 3.3 | 3.3 | 3.2 | 3.2 | 3.3 |
| Processing gains | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Total non-OPEC supply | 44.6 | 44.5 | 44.6 | 45.9 | 45.6 | 45.7 | 46.4 | 45.9 | 46.8 | 46.5 | 46.7 | 47.3 | 46.8 |
| OPEC NGLs | 2.8 | 2.8 | 2.8 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| (b) Total non-OPEC supply and OPEC NGLs | 47.5 | 47.3 | 47.4 | 48.8 | 48.5 | 48.6 | 49.3 | 48.8 | 49.7 | 49.4 | 49.6 | 50.3 | 49.8 |
| OPEC crude oil production (secondary sources) | 27.2 | 27.8 | 26.5 | 26.5 | 27.8 | 28.6 | 28.8 | 27.9 | | | | | |
| Total supply | 74.7 | 75.1 | 73.9 | 75.3 | 76.3 | 77.3 | 78.1 | 76.7 | | | | | |
| Balance (stock change and miscellaneous) | 1.3 | 1.4 | -1.0 | -0.4 | 2.2 | 1.4 | 0.5 | 0.9 | | | | | |
| Closing stock level (outside FCPEs) mb | | | | | | | | | | | | | |
| OECD onland commercial | 2,643 | 2,725 | 2,470 | 2,446 | 2,526 | 2,557 | 2,518 | | | | | | |
| OECD SPR | 1,207 | 1,249 | 1,228 | 1,234 | 1,232 | 1,237 | 1,202 | | | | | | |
| OECD total | 3,850 | 3,974 | 3,699 | 3,680 | 3,758 | 3,794 | 3,720 | | | | | | |
| Other onland | 1,030 | 1,063 | 989 | 984 | 1,005 | 1,015 | 995 | | | | | | |
| Oil-on-water | 812 | 859 | 808 | 829 | 853 | 834 | 847 | | | | | | |
| Total stock | 5,692 | 5,896 | 5,496 | 5,492 | 5,616 | 5,643 | 5,562 | | | | | | |
| Days of forward consumption in OECD | | | | | | | | | | | | | |
| Commercial onland stocks | 56 | 57 | 52 | 53 | 53 | 52 | 53 | | | | | | |
| SPR | 26 | 26 | 26 | 27 | 26 | 25 | 25 | | | | | | |
| Total | 82 | 83 | 78 | 80 | 79 | 78 | 78 | | | | | | |
| Memo items | | | | | | | | | | | | | |
| FSU net exports | 2.9 | 3.0 | 3.4 | 4.0 | 4.1 | 4.5 | 3.9 | 4.1 | 4.1 | 4.3 | 4.6 | 4.2 | 4.3 |
| (a) - (b) | 25.9 | 26.4 | 27.6 | 26.8 | 25.6 | 27.2 | 28.4 | 27.0 | 27.2 | 25.6 | 27.5 | 29.2 | 27.4 |

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

Table 17
World oil demand/supply balance: changes from last month's table †
mb/d

| | 1997 | 1998 | 1999 | 1Q00 | 2Q00 | 3Q00 | 4Q00 | 2000 | 1Q01 | 2Q01 | 3Q01 | 4Q01 | 2001 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|
| World demand | | | | | | | | | | | | | |
| OECD | - | - | - | - | - | 0.1 | -0.8 | -0.2 | - | -0.1 | 0.1 | -0.6 | -0.1 |
| North America | - | - | - | - | - | - | -0.1 | - | - | - | - | - | - |
| Western Europe | - | - | - | - | - | 0.1 | -0.5 | -0.1 | - | -0.1 | 0.1 | -0.4 | -0.1 |
| Pacific | - | - | - | - | - | - | -0.1 | - | - | - | - | -0.2 | -0.1 |
| DCs | - | - | - | - | - | 0.2 | - | - | - | - | - | - | - |
| FSU | - | - | - | - | - | - | - | - | 0.3 | - | -0.3 | 0.1 | - |
| Other Europe | - | - | - | - | - | - | - | - | - | - | - | - | - |
| China | - | - | - | - | - | - | 0.4 | 0.1 | -0.1 | -0.2 | 0.1 | 0.3 | - |
| (a) Total world demand | - | - | 0.1 | - | - | 0.3 | -0.4 | - | 0.1 | -0.2 | -0.1 | -0.3 | -0.1 |
| Non-OPEC supply | | | | | | | | | | | | | |
| OECD | - | - | - | - | - | - | -0.1 | - | - | - | - | -0.1 | - |
| North America | - | - | - | - | - | - | -0.1 | - | - | - | - | -0.1 | - |
| Western Europe | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pacific | - | - | - | - | - | - | - | - | - | - | - | - | - |
| DCs | - | - | - | - | - | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 |
| FSU | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Europe | - | - | - | - | - | - | - | - | - | - | - | - | - |
| China | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Processing gains | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total non-OPEC supply | - | - | - | - | - | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| OPEC NGLs | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (b) Total non-OPEC supply and OPEC NGLs | - | - | - | - | - | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| OPEC crude oil production (secondary sources) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total supply | - | - | - | - | - | 0.1 | 0.1 | 0.1 | - | - | - | - | - |
| Balance (stock change and miscellaneous) | - | - | -0.1 | - | - | -0.2 | 0.5 | 0.1 | - | - | - | - | - |
| Closing stock level (outside FCPEs) mb | | | | | | | | | | | | | |
| OECD onland commercial | - | - | - | 1 | 1 | 3 | - | - | - | - | - | - | - |
| OECD SPR | - | - | - | - | - | 2 | - | - | - | - | - | - | - |
| OECD total | - | - | - | 1 | 1 | 5 | - | - | - | - | - | - | - |
| Other onland | - | - | - | - | - | 2 | - | - | - | - | - | - | - |
| Oil on water | - | - | - | 2 | - | - | - | - | - | - | - | - | - |
| Total stock | - | - | - | 4 | 2 | - | - | - | - | - | - | - | - |
| Days of forward consumption in OECD | | | | | | | | | | | | | |
| Commercial onland stocks | - | - | - | - | - | 1 | - | - | - | - | - | - | - |
| SPR | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | 1 | - | - | - | - | - | - | - |
| Memo items | | | | | | | | | | | | | |
| FSU net exports | - | - | - | - | - | - | - | - | -0.3 | - | 0.3 | -0.1 | - |
| (a) - (b) | - | - | 0.1 | - | - | 0.1 | -0.4 | -0.1 | - | -0.3 | -0.3 | -0.4 | -0.3 |

† This compares Table 16 in this issue of the MOMR with Table 15 in the January 2001 issue.
This table shows only where changes have occurred.

Table 18
World oil stocks (excluding former CPEs) at end of period

| | 1995 | 1996 | 1997 | 1998 | 1999 | 1Q00 | 2Q00 | 3Q00 | 4Q00 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Closing stock level <i>mb</i> | | | | | | | | | |
| OECD onland commercial | 2,536 | 2,546 | 2,643 | 2,725 | 2,470 | 2,446 | 2,526 | 2,557 | 2,518 |
| North America | 1,168 | 1,138 | 1,211 | 1,283 | 1,126 | 1,109 | 1,163 | 1,176 | 1,153 |
| Western Europe | 938 | 930 | 940 | 989 | 906 | 927 | 917 | 928 | 927 |
| OECD Pacific | 430 | 477 | 493 | 454 | 438 | 410 | 446 | 453 | 438 |
| OECD SPR | 1,198 | 1,199 | 1,207 | 1,249 | 1,228 | 1,234 | 1,232 | 1,237 | 1,202 |
| North America | 592 | 566 | 563 | 571 | 567 | 569 | 569 | 572 | 538 |
| Western Europe | 307 | 330 | 329 | 362 | 346 | 349 | 349 | 353 | 352 |
| OECD Pacific | 299 | 303 | 315 | 315 | 315 | 315 | 315 | 312 | 312 |
| OECD total | 3,733 | 3,745 | 3,850 | 3,974 | 3,699 | 3,680 | 3,758 | 3,794 | 3,720 |
| Other onland | 998 | 1,001 | 1,030 | 1,063 | 989 | 984 | 1,005 | 1,015 | 995 |
| Oil-on-water | 784 | 798 | 812 | 859 | 808 | 829 | 853 | 834 | 847 |
| Total stock | 5,516 | 5,544 | 5,692 | 5,896 | 5,496 | 5,492 | 5,616 | 5,643 | 5,562 |
| Days of forward consumption in OECD | | | | | | | | | |
| OECD onland commercial | 55 | 55 | 56 | 57 | 52 | 53 | 53 | 52 | 53 |
| North America | 53 | 50 | 52 | 54 | 48 | 47 | 48 | 48 | 48 |
| Western Europe | 63 | 62 | 62 | 65 | 60 | 64 | 61 | 60 | 62 |
| OECD Pacific | 49 | 53 | 59 | 53 | 47 | 51 | 54 | 51 | 51 |
| OECD SPR | 26 | 26 | 26 | 26 | 26 | 27 | 26 | 25 | 25 |
| North America | 27 | 25 | 24 | 24 | 24 | 24 | 23 | 23 | 22 |
| Western Europe | 21 | 22 | 22 | 24 | 23 | 24 | 23 | 23 | 23 |
| OECD Pacific | 34 | 34 | 37 | 37 | 34 | 39 | 38 | 35 | 36 |
| OECD total | 81 | 80 | 82 | 83 | 78 | 80 | 79 | 78 | 78 |
| Days of global forward consumption | 88 | 86 | 88 | 89 | 83 | 84 | 84 | 83 | 84 |

Table 19
Non-OPEC supply and OPEC natural gas liquids

mb/d

| | Change | | | | | | | | | | | | | | Change 01/00 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| | 1997 | 1998 | 1999 | 1Q00 | 2Q00 | 3Q00 | 4Q00 | 2000 | 00/99 | 1Q01 | 2Q01 | 3Q01 | 4Q01 | 2001 | |
| USA | 8.61 | 8.39 | 8.11 | 8.22 | 8.18 | 8.11 | 8.18 | 8.17 | 0.06 | 8.30 | 8.26 | 8.19 | 8.26 | 8.25 | 0.08 |
| Canada | 2.58 | 2.61 | 2.59 | 2.72 | 2.73 | 2.69 | 2.71 | 2.71 | 0.12 | 2.82 | 2.83 | 2.78 | 2.81 | 2.81 | 0.10 |
| Mexico | 3.42 | 3.51 | 3.35 | 3.43 | 3.49 | 3.51 | 3.38 | 3.45 | 0.10 | 3.50 | 3.56 | 3.58 | 3.45 | 3.52 | 0.07 |
| North America | 14.61 | 14.51 | 14.05 | 14.37 | 14.40 | 14.30 | 14.27 | 14.34 | 0.29 | 14.62 | 14.65 | 14.55 | 14.52 | 14.59 | 0.25 |
| Norway | 3.33 | 3.08 | 3.06 | 3.36 | 3.20 | 3.26 | 3.47 | 3.32 | 0.27 | 3.42 | 3.25 | 3.32 | 3.53 | 3.38 | 0.06 |
| UK | 2.74 | 2.77 | 2.84 | 2.87 | 2.59 | 2.52 | 2.60 | 2.64 | -0.20 | 2.99 | 2.70 | 2.62 | 2.70 | 2.75 | 0.11 |
| Denmark | 0.23 | 0.24 | 0.30 | 0.36 | 0.36 | 0.35 | 0.38 | 0.36 | 0.07 | 0.37 | 0.37 | 0.37 | 0.39 | 0.37 | 0.01 |
| Other Western Europe | 0.49 | 0.48 | 0.43 | 0.41 | 0.41 | 0.41 | 0.43 | 0.41 | -0.02 | 0.41 | 0.41 | 0.41 | 0.43 | 0.41 | 0.00 |
| Western Europe | 6.80 | 6.56 | 6.63 | 7.00 | 6.55 | 6.55 | 6.88 | 6.74 | 0.12 | 7.19 | 6.73 | 6.72 | 7.06 | 6.92 | 0.18 |
| Australia | 0.64 | 0.61 | 0.59 | 0.80 | 0.79 | 0.77 | 0.78 | 0.78 | 0.19 | 0.75 | 0.74 | 0.72 | 0.73 | 0.74 | -0.05 |
| Other Pacific | 0.09 | 0.08 | 0.07 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | -0.01 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.00 |
| OECD Pacific | 0.73 | 0.69 | 0.66 | 0.86 | 0.85 | 0.83 | 0.84 | 0.84 | 0.18 | 0.81 | 0.80 | 0.79 | 0.79 | 0.80 | -0.05 |
| Total OECD* | 22.14 | 21.75 | 21.33 | 22.23 | 21.80 | 21.68 | 21.99 | 21.92 | 0.59 | 22.62 | 22.17 | 22.06 | 22.37 | 22.31 | 0.38 |
| Brunei | 0.16 | 0.16 | 0.18 | 0.21 | 0.19 | 0.17 | 0.18 | 0.19 | 0.01 | 0.21 | 0.19 | 0.17 | 0.18 | 0.19 | 0.00 |
| India | 0.76 | 0.75 | 0.75 | 0.71 | 0.74 | 0.75 | 0.76 | 0.74 | -0.01 | 0.71 | 0.74 | 0.75 | 0.76 | 0.74 | 0.00 |
| Malaysia | 0.72 | 0.72 | 0.70 | 0.71 | 0.70 | 0.71 | 0.71 | 0.70 | 0.00 | 0.71 | 0.70 | 0.71 | 0.71 | 0.70 | 0.00 |
| Papua New Guinea | 0.08 | 0.08 | 0.09 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | -0.02 | 0.06 | 0.06 | 0.06 | 0.07 | 0.06 | -0.01 |
| Vietnam | 0.19 | 0.23 | 0.26 | 0.28 | 0.30 | 0.31 | 0.33 | 0.31 | 0.05 | 0.30 | 0.32 | 0.34 | 0.36 | 0.33 | 0.02 |
| Asia others | 0.20 | 0.20 | 0.20 | 0.24 | 0.23 | 0.24 | 0.24 | 0.24 | 0.04 | 0.27 | 0.26 | 0.27 | 0.27 | 0.27 | 0.03 |
| Other Asia | 2.11 | 2.14 | 2.18 | 2.22 | 2.22 | 2.25 | 2.29 | 2.25 | 0.07 | 2.26 | 2.27 | 2.29 | 2.33 | 2.29 | 0.04 |
| Argentina | 0.87 | 0.88 | 0.85 | 0.81 | 0.81 | 0.80 | 0.80 | 0.81 | -0.04 | 0.81 | 0.81 | 0.80 | 0.80 | 0.81 | 0.00 |
| Brazil | 1.09 | 1.23 | 1.36 | 1.42 | 1.44 | 1.49 | 1.64 | 1.50 | 0.14 | 1.55 | 1.57 | 1.62 | 1.80 | 1.64 | 0.14 |
| Colombia | 0.65 | 0.75 | 0.82 | 0.73 | 0.70 | 0.67 | 0.67 | 0.69 | -0.13 | 0.67 | 0.64 | 0.61 | 0.61 | 0.63 | -0.06 |
| Ecuador | 0.39 | 0.38 | 0.38 | 0.40 | 0.36 | 0.42 | 0.42 | 0.40 | 0.02 | 0.41 | 0.38 | 0.44 | 0.44 | 0.42 | 0.02 |
| Peru | 0.12 | 0.12 | 0.11 | 0.10 | 0.11 | 0.11 | 0.10 | 0.10 | -0.01 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | -0.01 |
| Trinidad & Tobago | 0.14 | 0.13 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.00 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.00 |
| L. America others | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.12 | 0.11 | 0.11 | 0.00 | 0.12 | 0.12 | 0.13 | 0.12 | 0.12 | 0.01 |
| Latin America | 3.37 | 3.62 | 3.77 | 3.71 | 3.68 | 3.74 | 3.89 | 3.76 | -0.01 | 3.80 | 3.77 | 3.85 | 4.00 | 3.86 | 0.10 |
| Bahrain | 0.19 | 0.20 | 0.20 | 0.20 | 0.20 | 0.19 | 0.19 | 0.19 | 0.00 | 0.20 | 0.20 | 0.19 | 0.19 | 0.19 | 0.00 |
| Oman | 0.90 | 0.90 | 0.91 | 0.91 | 0.94 | 0.98 | 0.98 | 0.95 | 0.04 | 0.95 | 0.98 | 1.03 | 1.03 | 1.00 | 0.04 |
| Syria | 0.58 | 0.56 | 0.55 | 0.54 | 0.53 | 0.53 | 0.53 | 0.53 | -0.01 | 0.54 | 0.53 | 0.53 | 0.53 | 0.53 | 0.00 |
| Yemen | 0.39 | 0.39 | 0.42 | 0.45 | 0.45 | 0.45 | 0.46 | 0.45 | 0.03 | 0.46 | 0.47 | 0.47 | 0.48 | 0.47 | 0.02 |
| Middle East | 2.07 | 2.05 | 2.07 | 2.09 | 2.12 | 2.16 | 2.16 | 2.13 | 0.06 | 2.15 | 2.18 | 2.22 | 2.22 | 2.19 | 0.06 |
| Angola | 0.71 | 0.73 | 0.76 | 0.75 | 0.75 | 0.76 | 0.74 | 0.75 | -0.02 | 0.80 | 0.81 | 0.81 | 0.79 | 0.80 | 0.05 |
| Cameroon | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 |
| Congo | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 | 0.26 | 0.26 | 0.00 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.04 |
| Egypt | 0.89 | 0.86 | 0.83 | 0.80 | 0.78 | 0.80 | 0.80 | 0.79 | -0.04 | 0.78 | 0.76 | 0.78 | 0.78 | 0.78 | -0.02 |
| Gabon | 0.38 | 0.38 | 0.36 | 0.36 | 0.36 | 0.33 | 0.33 | 0.34 | -0.01 | 0.36 | 0.36 | 0.33 | 0.33 | 0.34 | 0.00 |
| South Africa | 0.19 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 |
| Africa other | 0.19 | 0.22 | 0.27 | 0.40 | 0.41 | 0.42 | 0.44 | 0.42 | 0.14 | 0.45 | 0.47 | 0.48 | 0.50 | 0.48 | 0.06 |
| Africa | 2.74 | 2.76 | 2.79 | 2.88 | 2.87 | 2.87 | 2.87 | 2.87 | 0.08 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 0.13 |
| Total DCs | 10.29 | 10.57 | 10.81 | 10.90 | 10.90 | 11.02 | 11.21 | 11.01 | 0.20 | 11.21 | 11.22 | 11.36 | 11.56 | 11.34 | 0.33 |
| FSU | 7.21 | 7.24 | 7.47 | 7.65 | 7.77 | 7.98 | 8.13 | 7.88 | 0.41 | 7.81 | 7.92 | 8.14 | 8.29 | 8.04 | 0.16 |
| Other Europe | 0.20 | 0.19 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.00 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.00 |
| China | 3.25 | 3.22 | 3.21 | 3.28 | 3.28 | 3.22 | 3.21 | 3.25 | 0.04 | 3.30 | 3.30 | 3.24 | 3.23 | 3.27 | 0.02 |
| Non-OPEC production | 43.09 | 42.98 | 43.01 | 44.24 | 43.92 | 44.08 | 44.71 | 44.24 | 1.23 | 45.11 | 44.79 | 44.98 | 45.62 | 45.13 | 0.89 |
| Processing gains | 1.55 | 1.55 | 1.58 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 0.07 | 1.69 | 1.69 | 1.69 | 1.69 | 1.69 | 0.04 |
| Non-OPEC supply | 44.64 | 44.53 | 44.58 | 45.89 | 45.57 | 45.73 | 46.36 | 45.89 | 1.30 | 46.80 | 46.48 | 46.66 | 47.31 | 46.81 | 0.93 |
| OPEC NGLs | 2.81 | 2.78 | 2.84 | 2.91 | 2.91 | 2.91 | 2.91 | 2.91 | 0.07 | 2.95 | 2.95 | 2.95 | 2.95 | 2.95 | 0.04 |

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

* Former East Germany is included in the OECD.