OPEC

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Monthly Oil Market Report

July 2003

Next report to be issued on 15 August 2003

FEATURE ARTICLE:
Crude oil import and stock levels in the USA
(p. i)

OPEC Basket average price

US$ per barrel

Up 1.14 in June

June 2003	**26.74**
May 2003	25.60
Year-to-date	28.11

June OPEC production

in million barrels per day, according to secondary sources

Algeria	1.14	Kuwait	2.12	Saudi Arabia	8.56
Indonesia	1.02	SP Libyan AJ	1.43	UAE	2.25
IR Iran	3.69	Nigeria	2.11	Venezuela	2.60
Iraq	0.49	Qatar	0.74		

Supply and demand

in million barrels per day

2002	
World demand	76.78
Non-OPEC supply	51.52
Difference	**25.26**
2003	
World demand	77.79
Non-OPEC supply	52.46
Difference	**25.33**

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

Stocks

Stocks continued upward trend in USA in June

World economy

World GDP growth revised up to 2.9% for 2003

Inside

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Data covers period up to end of June 2003, unless otherwise stated

Issued 18 July 2003

OIL MARKET HIGHLIGHTS

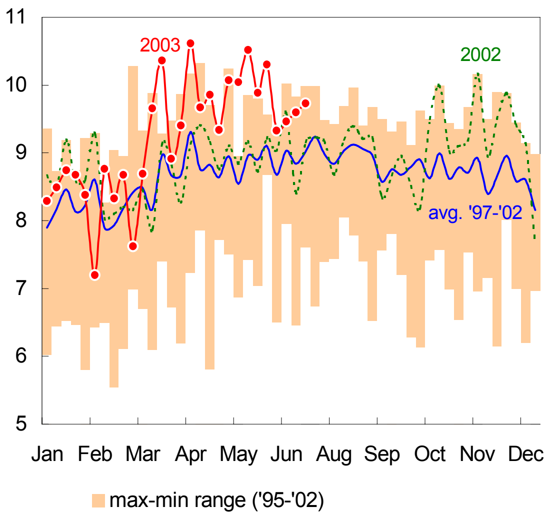
- World GDP is forecast to grow 2.87% in 2003, up 0.02% from last month's estimate. The drop in the OECD forecast of 0.06% is due mainly to the weaker outlook in Europe, particularly in the euro-zone, where the estimate has been reduced by 0.1% to 0.8% as a result of poor industrial production data for all of the major economies in May. The Japanese estimate has been maintained at 0.5%, while the North American and Latin American forecasts are hardly changed, although with a further increase in the estimate for Argentina. The estimate for Asia has been moved up by 0.24% to reflect the revision in forecasts following the end of the SARS epidemic and the strong growth performance by India and China so far in 2003. The estimate for Russia has also been increased, by 0.5% to 5%.
- The US economy continues to be driven by strong consumer spending but the impact on production or employment is hard to establish. Business surveys are generally optimistic and the performance of financial markets suggests that the third quarter will see substantially higher growth. The testimony of the Federal Reserve Chairman to the House Financial Services Committee was surprising optimistic; indeed the Federal Reserve central forecast for GDP growth through 2004 is 3.75-4.75%. Yet again, it was confirmed that US interest rates are likely to stay low for the foreseeable future.
- There have been few signs of any acceleration of economic activity in Japan thus far in 2003 and it is not clear how quickly exports will recover from SARS-related weakness. The industrial production figures for May did show a slight increase on year-ago levels but domestic demand is stable at best. Companies are concentrating on balance sheet adjustment, as in a deflationary environment the only way to increase profits is to reduce costs and capital expenditures. The Japanese stock market has risen by well over 20% since the year's low in April but much of this optimism is based on expected overseas growth in the second half of 2003.
- The OPEC Reference Basket made hefty gains in June, surging $1.14/b or 4.5% to average $26.74/b, which extended May's recovery from April's $25.34/b, the lowest level of the year. June's rise maintained the Basket's year-to-date average above the upper limit of the price-band mechanism, which stood at $28.11/b at the end of June, or 27 % higher when compared to the first half of 2002. This recovery extended into the first two weeks of July when the Basket rose 72¢/b to $27.14/b, followed by a gain of 16¢/b in the second week of June, which put the weekly level at less than $1/b below the upper limit of the price band.
- Product price rises tracked continuous gains in crude prices in June, although at different paces as regional fundamentals were also at work. Refinery throughput remained almost unchanged in all three centres, despite differing economic performance.
- OPEC area spot-fixtures lost the previous month's gain, falling 3.50 mb/d to 10.67 mb/d, a level not seen since December 2002 when OPEC spot chartering plunged to 10.61 mb/d. The month of June began with a huge number of accumulated available tankers which combined with slower July chartering at the beginning of the month to keep freight rates for crude vessels near the previous month's level. Product freight rates did not show any signs of improvement during June. Instead, they continued downward at a more accelerated speed than expected, especially from the Middle East and within the Mediterranean where rates registered very big losses due to the lack of sufficient trade.
- 2001 and 2002 historical world oil demand data have been substantially revised up, mostly due to the revision in the OECD consumption figures. The yearly averages now stand at 76.54 mb/d and 76.78 mb/d respectively. Major upward revisions in the first quarter 2003 apparent demand for the FSU and China have led to a significantly upward revised world average first quarter 2003 consumption at 78.97 mb/d, nearly 0.40 mb/d higher than the figure reported last month. The forecasts of the other quarterly averages of the current year have undergone little changes.
- OPEC crude oil production, based on secondary sources, was estimated at 26.46 mb/d in June. Non-OPEC oil supply for 2002 was estimated at 47.80 mb/d, 1.39 mb/d higher than the 2001 estimated figure of 46.40 mb/d. 2003 non-OPEC supply is expected to reach a level of 48.75 mb/d, an increase of 0.96 mb/d over the 2002 estimate. Net FSU exports figures for 2002 and 2003 were estimated at 5.56 mb/d and 6.26 mb/d, respectively.
- At the end of June 2003, US commercial onland oil stocks rose a slight 2.9 mb, mainly on the 5.2 mb increase in distillate stocks, while crude oil inventories registered a substantial draw of 6.9 mb. The y-o-y deficit is still around 11%. Eur-16 oil stocks showed a massive unseasonable draw of 22 mb in both crude oil and products to remain 2.9% below last year's level.

CRUDE OIL IMPORT AND STOCK LEVELS IN THE USA

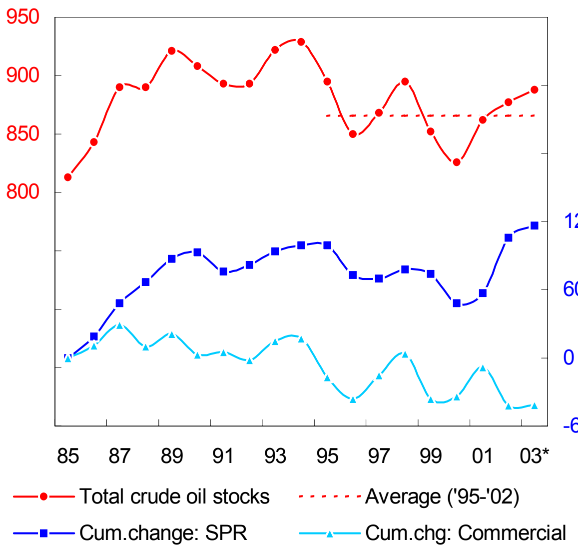
- The proactive stance of OPEC in raising production to accommodate the loss in supply during oil flow disruptions from several major producing countries, including Iraq, has also been reflected in the volume of crude oil import into the USA. During the current year, these imports have not only been higher than the average imports of 97-02, particularly in the 2nd quarter but even close, and on several occasions above, the maximum range of 97-02 (see graph 1). The higher OPEC production, which according to secondary sources, averaged 26.6 mb/d for the 1st half 2003, has contributed to this trend observed in US crude oil imports.

- Similarly, there has been an increasing trend observed in the level of total crude oil stock in the USA, which is now well above its average for the period 95-02 (see graph 2). Total crude oil stocks now stand at 888 mb for the week ending July 11 2003, which is close to levels of 1998 and basically the result of rising SPR. In early May, for the first time since the formation of crude oil SPR in the USA, its level surpassed 600 mb and now stands at close to 610 mb in line with the US government decision to bring its total level up to 700 mb by 2005.

Graph 1: The US weekly crude oil imports (mb/d)



Graph 2: The trend in US crude oil stocks 1985-2003* (mb)



*/ up to July 11, 2003.

- The crude oil SPR has risen more than 30 mb since July 2002 compared to similar levels of commercial withdrawals in crude stocks during the same period, an amount that would correspond to the current deviation of commercial stock levels from its 97-02 average. In fact, the cumulative change in SPR since 1985 has increased to around 120 mb while commercial crude oil stocks have declined by 40 mb, thus confirming the diverging historical trend between the two (see graph 2).

- Current commercial crude oil inventory levels reflect an established industry trend to operate with lower inventory as part of streamlining operations and cutting costs. The price structure and the price risk (e.g., the way the market is being perceived, price curves, refining margins, the cost of storage, stockout risks, etc) are also crucial factors in the commercial stock movements, even though the global oil production at the start of the 3rd quarter, points to a 'sizeable excess of supply over demand' for the 2nd quarter, and should contribute to replenishing low commercial crude oil stocks to bring them to more comfortable levels.

- Nevertheless, notwithstanding the level of the total US crude oil stocks indicated above, it is clear that the level of commercial crude oil stocks is what market players follow and this has the significant impact on price levels and its volatility.

HIGHLIGHTS OF THE WORLD ECONOMY

Economic growth rates 2003
%

World	G-7	USA	Japan	Euro-zone
2.9	1.4	2.2	0.5	0.8

Industrialised countries

United States of America

Consumer spending looks set to lead US economic recovery in the second half of 2003

Although US survey data shows sporadic improvement and consumer spending remains firm, these optimistic signs have yet to be confirmed by consistent progress in production or employment reports. Expectations for rapid acceleration are widespread as US taxpayers will begin to feel the benefit of recent tax cuts in their net incomes for July. Financial markets have anticipated faster growth as 10 year Treasury Bond yields jumped by 22 basis points in June, the S&P 500 equity index rose 2% in the same period, and the dollar strengthened 3% versus the euro. Consumers may also have anticipated higher incomes as June retail sales rose 0.5% over May levels at an annualised rate. This increase came despite the deterioration in consumer sentiment recorded by the University of Michigan index for June, which fell to 89.7, from 92.1 in May. On a year-on-year (y-o-y) basis retail sales were up 4.2% in June. The Institute for Supply Management index for manufacturing was disappointing, however, showing little improvement on May levels, although the ISM new orders and non-manufacturing indices were more encouraging. Industrial production in June rose 0.1% and it is significant that production of consumer goods rose 0.4%, although still 0.8% below June 2002 levels. The labour market continued to be weak as non-farm payrolls fell by 30,000 in June and the unemployment rate rose to 6.4%. May durables goods orders were also disappointing, falling 0.3%, and non-defense capital goods orders fell 0.5% after a 2.6% drop in April. The trade deficit widened to $41.8 billion in May from $41.6 billion in April, which indicates that US GDP may have grown 1.5% in the second quarter, in line with the revised 1.4% first quarter rate. Inflation remained under control as the core producer price index fell 0.1% in June taking the y-o-y rate down to –0.3%. Consumer prices, excluding food and energy, were unchanged in June and the y-o-y rate fell slightly to 1.5%. Although it is hard to find much concrete evidence of a rebound, the US economy has received the stimulus of 550 bp of interest rate cuts since 2000 and successive fiscal packages which have taken the federal budget deficit to 2.6% of GDP in the first quarter of 2003, from a surplus of 2.3% in the same period of 2000. Predicting the timing of the turning point is difficult but it would be surprising if the US economy does not respond soon to this significant easing in both monetary and fiscal policy.

Japan

Japanese economic indicators mixed, as business sentiment improved sharply and consumer spending still low

Japanese economic indicators which have been reported over the last few weeks were mixed. Consumer spending which account for 55 percent of the economy fell 2.2% in May from April (seasonally adjusted), while stock has been rallying, industrial production rose 2.5%, current account surplus widened a greater than expected to a record in May, (1.56 trillion yen from 1.21 trillion in April), as exports rose 4.2% and Japanese shunned overseas travel to avoid exposure to SARS epidemic. Furthermore, the Bank of Japan quarterly “Tankan” survey is indicating that the business sentiment rose sharply to –5 from –10. This figure is suggesting that the corporate sentiment is improving and the risk of the economy deteriorating further is becoming smaller. Large manufacturers also forecasted the current profit to rise 11.6 percent in this fiscal year (from April 2003 till 31 March 2004), and they planned to rise spending by 11.5%% for the first time in three years. Given the economy’s high dependence on external growth, many economists cautioned that rises in capital spending may be tempered by uncertainties over the outlook for overseas economies and slack demand at home. Meanwhile, the Bank of Japan with its continued intervention in the currency and equity markets is trying to keep competitiveness of the Japanese commodities. BOJ pledged to keep short-term interest rate close to zero, and eased further monetary policy by buying government bond. The Central Bank holds about 14 per cent of government bond and has boosted its monthly bond purchases four times since March 2001 to 1.2 trillion yen to pump money into the economy. In spite of these encouraging developments, still there are uncertainties about economic recovery in second quarter, because of negative effect of SARS, cut shipment to the rest of Asia which buys two-fifth of Japan exports, and less consumer spending.

Euro-zone

European GDP may have declined slightly in the second quarter. An improvement in the remainder of 2003 will depend on consumer spending

The performance of the Euro-zone economy in May was extremely poor with significant drops in industrial production in Germany, Italy and France. The data suggest that GDP in the Euro-zone may have contracted slightly during the second quarter. German industrial production fell 0.7% in May following a drop of 1.2% in April. The contraction was widespread, affecting both construction and manufacturing output. French industrial production fell 1.4% in May, partially as a result of transport strikes that month. Nevertheless the decline was broad based and brought down the level of industrial production to 1.5% below that of May 2002. The Italian numbers were equally poor, as industrial production fell 1.6% and manufacturing output was down 1.7%. Inflation remains under control in the Euro-zone and there is little reason to fear deflation. German inflation in June rose to 1% y-o-y, while inflation in France reached 2% on the same basis. Such data is consistent with the Eurostat flash estimate of 2% for Euro-zone inflation in June. Business and consumer confidence remains subdued. The manufacturing confidence index for June increased slightly from –13 to –12 but still points to weak growth. The outlook is better in the service sector, although the index of activity is still well below the levels of early 2002. Consumer confidence in June increased to –19 from –20 in May, reversing the decline of the previous month. One bright spot was the 3-point increase in households' spending plans, which may reflect the growing real incomes of those in employment. For the EU as a whole, car sales increased by 2.9% y-o-y in June, which indicates some improvement in consumer confidence. The prospects for higher growth rates in the Euro-zone for the remainder of 2003 hinge mainly on the consumer, as the strong euro may continue to weigh on the manufacturing sector until significant expansion elsewhere in the world boosts European export growth.

Former Soviet Union

Russian GDP rose about 7.0% in first half of 2003, bringing the annual output growth forecast up to 5.5%

Russian economy consolidated its rising trend for May 2003, as GDP growth for the first half of 2003 approached 7.0%, compared with 4.3% for the year 2002. This led Russian officials to revise their forecast for the annual GDP growth rate up to 5.5%, from the 4.6% projected in March. This strong growth was driven by the increase in the physical volume of commodity exports, particularly oil and gas, as well as rising domestic capital spending and continued household demand. Economic indicators suggest this trend will continue into the months ahead. The Purchasing Managers' Index for manufacturing and non-manufacturing rose to 54.1 and 60 respectively in June, up from 53.8 and 59.9 in May. Retail sales were also higher in the first five months, supported by disposable income, which soared 9.6% y-o-y. During the same period, cold weather stunted growth in the agricultural sector, up a mere 0.5%. As noted, the energy industry has been the main driver of the accelerating Russian economy. Output of crude oil and condensate was 11.8% higher y-o-y in May, while production ran at a rate of 8.27 mb/d. Moreover, Russia's balance of payments figure recorded an encouraging $21.3 bn surplus for the first half of the year, according to estimates by the central bank, up $6.7 billion over the first half of 2002. Gross official foreign exchange reserves, which include monetary gold, slipped to $64.4 bn, from a peak of $64.9 bn for the previous month. In spite of the good performance of the Russian economy, inflation remains high, as consumer prices rose 0.8% in June. This brought y-o-y inflation up to 14.0% from 13.6% in May, well over the government's 10-12% target set for year-end 2003.

Eastern Europe

Growth momentum is maintained in the region, while the Hungarian forint remains under pressure.

The volume of Hungarian retail sales grew 10% y-o-y in April maintaining the growth rate of the first quarter. The y-o-y growth rate of industrial production was around 4.7% for the first five months of 2003. The main problems facing the country are the fiscal and current account deficits. This year the fiscal deficit may grow to 6% of GDP, while the balance of payments deficit for the first four months of 2003 widened to €1.4 bn following the €0.8 bn recorded in 2002. On June 19 the National Bank of Hungary decided to raise interest rates to 9.5% in order to keep the euro-forint rate above 260. The Polish economy seems to be on track to achieve a growth rate of close to 3% in 2003. Domestic demand is well supported by expanding business investment and trade accounts have benefited from a 25% y-o-y increase in exports (in US$) for the first four months of the year. The medium term fiscal position is worrisome, however, especially the trend in government spending, and in 2004 the budget deficit may expand to PLN55 bn. For this reason Standard & Poors downgraded the outlook for Poland's debt to 'negative'. Czech industrial production grew 5.2% y-o-y in May. This growth rate was in line with the first four months of the year and was supported by improved trade performance. Inflation remained practically zero on an annual basis and the koruna was generally stable, despite the uncertainty in Hungary. On June 23 the Czech government approved plans for medium-term fiscal reform, which foresee a reduction in the budget deficit to 4% of GDP by 2006.

OPEC Member Countries

Foreign trade in some OPEC MCs has risen relatively higher in first half of 2003

Export earnings in most OPEC Member Countries are expected to accelerate in 2003, as foreign trade has been active for the first half of the year on increases in oil and gas production and relatively high prices. Algeria, for example, is expected to see its export earnings increase to $21.3 bn this year, before contracting in 2004 to $21.1 bn, as oil prices slump and output remains flat. While import spending for the year, driven by construction activity and government consumption, has climbed to $12.5 bn from $10.3 bn in 2002, and is expected to increase further to $13 bn in 2004, which will lead to surpluses of $8.8 bn and $8.1 bn respectively. Indonesia's export of machinery and electrical goods was particularly strong in the first half of the year, but export growth is expected to falter during the remainder of 2003, owing to weak global economic conditions and increasingly tough regional competition. However, rising prices for the country's main agricultural commodities and relatively high international oil prices will help to offset lower volumes. In IR Iran, non-oil export revenues are expected to increase, import-related service spending will also rise, and foreign firm profit repatriation will pick up as the projects come on-stream. Saudi Arabia's export earnings are expected to rise to $72.7 bn in 2003, largely owing to a significant rise in oil output and relatively strong prices. Imports are projected to increase 2.5% to $29 bn over the same period as domestic demand is likely to show only modest growth.

Developing countries

Latin America faces lingering economic difficulties, Africa to see brighter days, and Asia overcomes SARS

Latin America in general and Brazil in particular still face economic difficulties, such as an erosion in real income, high credits, soaring interest rates and sluggish demand in important export markets. Thus, real GDP growth for Brazil is expected to be 1.7% for this year and only 1.2% for Latin America as a whole. Africa is expected to expand by 3% this year a host of new developments. These include increasing OECD demand for African exports, the settlement of some regional conflicts, a rise in tourism and the end to the drought in some countries along the Horn of Africa, as well as the resumption of once-frozen foreign aid and an increase in new donor inflows. The ASEAN member countries seem to have succeeded in their fight against SARS. This should help rebuild regional confidence, minimize the social impact of the epidemic, and in due course re-stimulate economic growth, bringing about the sustained and rapid development of their overall economies.

Oil price, US dollar and inflation

US dollar fell against the euro and the pound and has led to partial growth of the Reference Basket's nominal growth in June

In June, the US dollar fell against the euro and the pound, but rose versus the Japanese yen and the Swiss franc in the modified Geneva I+US$ Basket*. On average the euro was quoted at $1.1662, up 0.82% from $1.1567 in May, while the pound was exchanged at $1.6610, up from $1.6233. In the same month, the dollar climbed to ¥118.26 from ¥117.32 and to CHF1.320 from CHF1.310 in May.

Earlier in the month, the dollar recouped versus the euro, following comments by G-8 leaders concerning currencies, especially remarks by the US president, who said the market's devaluation of the dollar was contrary to official policy. However, the dollar lost ground again as market sentiment changed following Federal Reserve Board Chairman Alan Greenspan's comments on the exceptionally weak labour market and growing risk of deflation. In the second week, after the Bank of England left the benchmark interest rate on hold, the dollar lost on average 1.49% against the pound, 0.06% versus the euro, and 0.49% against the Japanese yen, although gained 0.17% on the Swiss franc. The dollar's downward trend dissipated with the release of encouraging data on the US economy, as traders scaled down expectations of an aggressive FED cut. However, the dollar's weakness against the pound continued, supported by the higher interest rate in the UK, which attracted investors seeking higher yields. Later in the month, the dollar rose against the euro, the Swiss franc and the Japanese yen. This was attributed to a sharp decline in Japan's government bond market and a remark by the Swiss National Bank chairman, who said his country's Central Bank would intervene if the currency spiked any higher.

In the same month, the OPEC Reference Basket rose $1.14 or 4.45% to $26.74/b from $25.60/b in May. In real terms (base July 1990=100) after accounting for inflation and currency fluctuation, the Basket price surged 3.61% to $20.5/b from $19.85, as the weaker dollar partially eroded the nominal price gain. The dollar lost 0.55% as measured by the import-weighted modified Geneva I+US dollar basket*, while the inflation also diminished the value of the oil barrel.

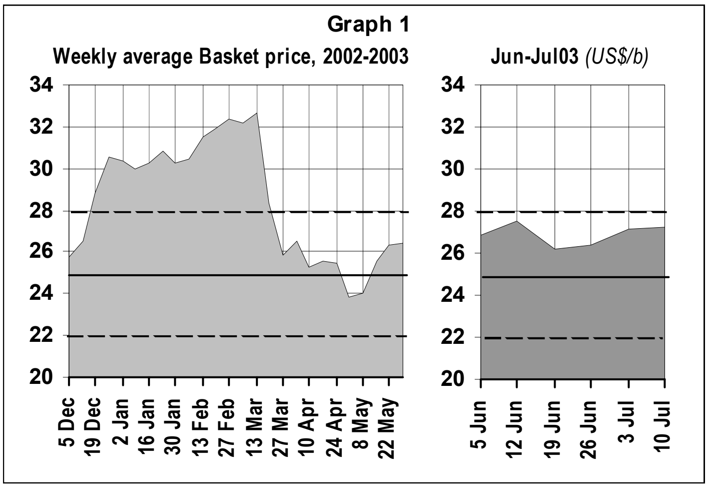
* *The 'modified Geneva I + US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

CRUDE OIL PRICE MOVEMENTS

The OPEC Reference Basket surged $1.14/b in June to average $26.74/b

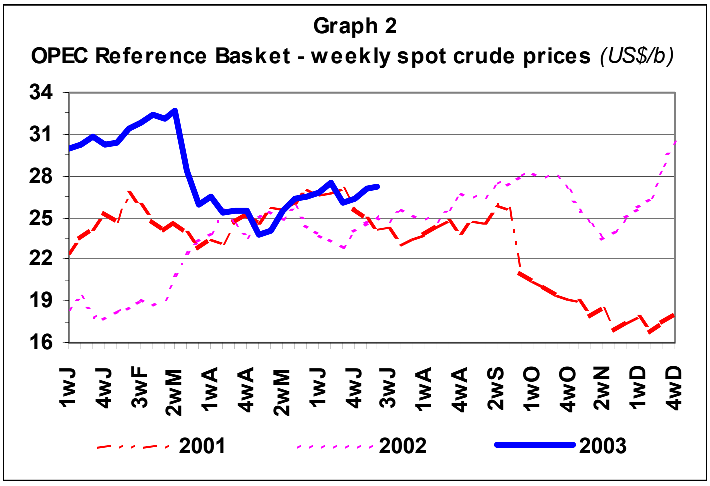
The OPEC Reference Basket made hefty gains in June, surging $1.14/b or 4.5% to average $26.74/b, which extended May's recovery from April's $25.34/b, the lowest level of the year. June's rise maintained the Basket's year-to-date average above the upper limit of the price-band mechanism, which stood at $28.11/b at the end of June, or 27 % higher when compared to the first half of 2002. Gross revenues of OPEC Member Countries have risen by around 36% in the first five months of the year compared to the same period in 2002, which translates into an increase of approximately $30 bn.

Crude markets supported by low US stocks but sluggish gasoline demand and perception of weak global economic growth dampened sentiment



The Basket started the month with a 1.44%, or 38¢/b rise, before advancing further by another 2.5% or 67¢/b during the second week. The Basket then made a sudden U-turn losing 5% of its value in a single week. In the final week of June the Basket returned to recovery mode albeit at a slower pace, rising by just over one percentage point or 27¢/b to $26.42/b. This recovery extended into the first two weeks of July when the Basket rose 72¢/b to $27.14/b, followed by a gain of 16¢/b in the second week of June, which put the weekly level at less than $1/b below the upper limit of the price band. All Basket components, with the exception of Indonesia's Minas, posted gains. Algeria's light-sweet Saharan Blend led the gains, followed closely by Mexico's Isthmus and Nigeria's light-sweet Bonny Light. Tia Juana Light, Arabian Light and Dubai posted the smallest recoveries, albeit gaining more than $1/b each.

Atlantic-basin benchmark crudes started to build momentum early in June with the front-month NYMEX sweet crude contract breaking well above the $30/b mark, while London's IPE Brent contract came a few cents per barrel short of the $28/b level. Crude prices drew strength from the fall in US crude inventories, which declined 3 mb to 285.6 mb in the week ending 6 June, despite industry efforts to rebuild after the loss earlier in the year of supplies from Venezuela, Nigeria and Iraq. Crude oil imports surged to 10.5 mb/d in the last week of May, but a 15.87 mb/d rise in crude runs early in June prevented the replenishment of inventories. Crude oil prices continued to rise ahead of OPEC's 125th (Extraordinary) Meeting of the Conference in Doha, Qatar, on 11 June. WTI futures prices surged to $32.36/b on 11 June, reaching an intra-day high of $32.50/b with a volume of 224,500 contracts traded. As OPEC's decision to keep output levels unchanged was largely anticipated, markets focused mostly on Iraq and US stock levels. Crude oil markets came under pressure during the third week of June, dragged down by sluggish



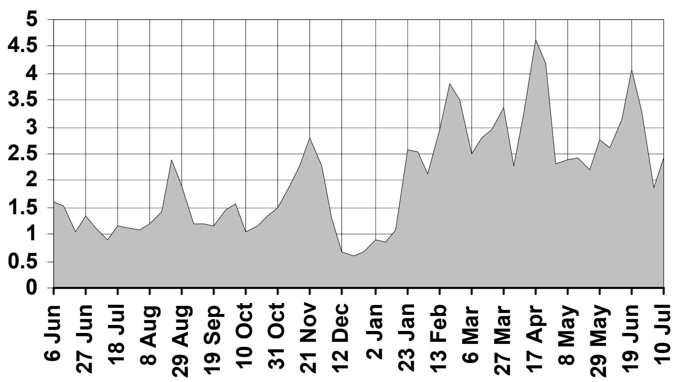
gasoline demand, rising US crude oil stocks and the perception of a faltering global economic growth. US gasoline demand, typically the engine of the market during the driving season, has yet to materialize at expected levels in the current year, with apparent gasoline demand running some 5% below 2002 levels. Meanwhile, according to the API's National Petroleum Report for the week ending 13 June, crude oil stocks showed a build of 4 mb to reach 289.60 mb, still 34.54 mb lower on the y-o-y basis. Crude oil prices remained persistently firm late in the month, in spite of soft market fundamentals. Demand for crude and products was subdued in the Asia-Pacific region where cuts in refinery runs due to maintenance have compounded the effects of the economic slow-down. The increment in Japanese oil consumption for direct burning to compensate for the closure of several nuclear reactors is returning to its normal levels with the restart of a second reactor and plans to re-open two more in July. Meanwhile, US gasoline consumption remained weak in the middle of the driving season, while the government reported an unexpected and sizable build in natural gas inventories. Iraq continued to pose the biggest challenge to the oil market, as developments seem not to be progressing as expected. Production has been considerably below early assessments, with May, June and July seeing only 0.36 mb/d, 0.48 mb/d and 0.80 mb/d respectively, while exports amounted to 0.32 mb/d in June and 0.26 mb/d in July, the former representing pre-war inventories.

US and European markets

Strong crude oil prices in the US market attracted a flotilla of West African and Russian cargoes in the first half of the month

Early in June falling US oil stocks pushed WTI prices above the $32/b level, causing the spread over North Sea Brent and Brent, Forcados and Oseberg (BFO) to widen and prompting the eastbound shipping of West African, Urals and North Sea cargoes. End-users took around 12 mb of Nigerian gasoline-rich Bonny Light and Quo Iboe, which pushed premiums to more than 60¢/b over dated BFO. On the sour side, an armada of medium-sour Russian Urals cargoes landed on US shores amid the lack of Iraqi and Venezuelan volumes that prompted the narrowing of the sweet-sour differential. Later in the month the demand for sour crudes dissipated due to languishing refinery margins, less competitive shipping economies and refinery glitches at several US Gulf Coast plants. In Europe, North Sea grades, as mentioned earlier, were supported by the open arbitrage to the US, field problems and field maintenance scheduled for July. During the second half of the month, recovering refining margins revived regional demand.

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

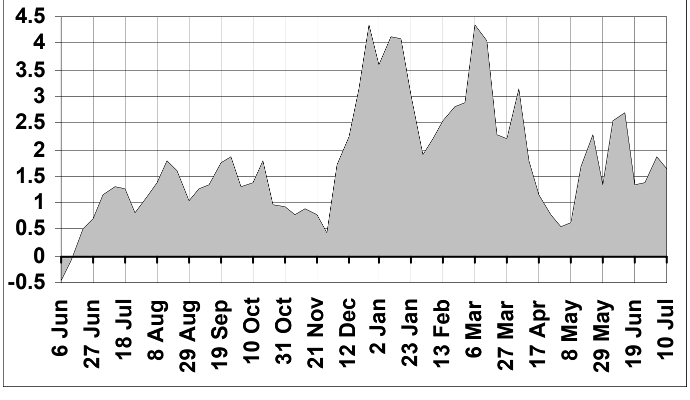


Far East market

Asian markets under pressure by weak fundamentals

Almost everything that could dampen demand for crude oil and bring out the bearish sentiment in the Asia-Pacific market was present during June. Slow economic growth and weak demand for lighter gasoline-rich crudes during the Asia Pacific driving season eroded demand.

Graph 4
Dated Brent premium to Dubai *(US$/b)*



Japanese thirst for direct burning crude, which reached 180,000 b/d a month earlier, started to fall as nuclear plants came into operation with another plant scheduled to restart in the coming months. End users were sidelined, and unworkable refining margins prompted run cuts and refinery shut downs for maintenance purposes. Regional benchmark crudes were offered at deep discounts to their official selling prices. Murban, which traded at ADNOC minus 20¢/b at mid-month, was valued at ADNOC minus 27¢/b later in June; while Oman sold for MOG minus 15¢/b at the beginning of the fourth week in June versus a 20-25¢/b discount at the end of that week.

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

			Year-to-date average	
	May 03	**June 03**	2002	**2003**
Reference Basket	25.60	**26.74**	22.17	**28.11**
Arabian Light	24.92	**26.15**	22.66	27.38
Dubai	24.31	**25.46**	22.23	26.39
Bonny Light	25.78	**27.46**	23.07	28.60
Saharan Blend	25.24	**27.20**	22.64	28.61
Minas	28.76	**27.19**	22.76	30.07
Tia Juana Light	24.56	**26.23**	19.94	27.38
Isthmus	25.61	**27.48**	21.90	28.31
Other crudes				
Brent	25.79	**27.44**	23.05	28.70
WTI	28.23	**30.71**	23.86	31.52
Differentials				
WTI/Brent	2.44	3.27	0.81	2.82
Brent/Dubai	1.48	1.98	0.82	2.31

PRODUCT MARKETS AND REFINERY OPERATIONS

Product price rises tracked continuous crude price gains in June, although at different paces as regional fundamentals were also at work. Refinery throughput remained almost unchanged in all three centres, despite differing economic performance.

Product prices rose at a lower pace in the US Gulf compared to their underlying crude, WTI, in June. Refining margins were mixed, depending on crude type. The US refinery utilization rate approached 96%

US Gulf market

Although average product prices in the US Gulf market enjoyed significant rises in June, they were overwhelmed by an almost 9% surge in their marker crude, WTI. Average values of both gasoline and gasoil rebounded 5%, whereas high-sulphur fuel oil (HSFO) was pushed up 6%. Nevertheless, the Energy Information Agency's four-week moving average, which represents the bulk of US refinery and product activities for June, showed that US refinery throughput compared to the previous month remained almost unchanged to slightly lower, with demand for its main product gasoline almost flat throughout the two-month period. Despite the prevailing drop in retail prices, gasoline demand was weak compared to the corresponding period last year, largely due to the poor state of the economy, stormy weather in the northeast region and a prolonged school year in many US districts. Meanwhile, gasoline imports averaged 0.9 mb for the month, with the first reformulated gasoline shipment loading from Venezuela after a more than six months delay in exports. The US distillate prices moved up with two driving forces working in tandem: Firstly, the need to replenish the country's low distillate inventories, induced by the prevailing situation of a contango in the market; and, secondly, increased demand for distillate products such as low-sulphur gasoil and vacuum gasoil for use as a cheap alternative to very costly crude oil for refinery feedstock to enhance gasoline output. Consequently, distillate demand rose 1% over the previous month and 2% over the preceding year. Firm natural gas prices continued to support low-sulphur fuel oil (LSFO) as a favourable utility fuel. Supply of its sister product HSFO tightened, as Latin American fuel oil cargoes were diverted to the lucrative Asian markets from their original US destinations at the time of solid bunker demand. These factors led fuel oil demand to surge by 44% m-o-m and 53% y-o-y.

The exceptional strength of WTI's average price in June eclipsed product value increases, resulting in negative refining profit margins in June. Nonetheless, Brent, which is also processed in the US Gulf Coast, edged up close to $1.50/b, reflecting both its lower average monthly rise and falling freight rates.

The US refinery throughput crept marginally lower in June to 15.93 mb/d. This was below the previous month's record high level, but 1% higher than the preceding year. The utilization rate rose to almost 96%, .

Both gasoline and gasoil prices rose in Rotterdam in June, supported by regional fundamentals, while arbitrage trade bolstered HSFO. Refining margins recovered, and refinery utilization rate in Eur-16 stayed flat at 86%

Rotterdam market

Average product price rises were led by a 6% increase in the European marker crude, Brent, in June. Average gasoline and gasoil prices regained last month's losses and moved higher by 3% and 5% respectively. The HSFO counterpart strengthened a further 6% over the same period. Gasoline and gasoil prices were largely determined by German activity, as refinery turnarounds there triggered heavy gasoline purchases, which outstripped ebbing transatlantic arbitrages. European distillate markets were further supported by robust purchases of heating oil by German end users looking to replenish their stocks, along with several delays in the arrival of Russian distillate cargoes. HSFO continued to be in tight supply as available spot materials were delivered to VLCCs heading for the Asian markets, and whatever was left behind was utilized as feedstock refinery intakes.

Brent's refining margins were nudged slightly into positive territory in June, induced by healthy product buying.

The refinery throughput in the Eur-16 increased slightly to 11.80 mb/d in June. The refinery utilization rate stuck close to 86%, indicating a 1% drop from the previous year.

Both light and heavy ends of the barrel outperformed their marker crude, Dubai, in Singapore in June, which improved refining margins

Singapore market

In Singapore, average June prices for the opposite ends of the barrel, gasoline and HSFO, surged by 10% and 6% respectively, thereby outperforming a 5% rise in their underlying crude, Dubai. The price increase of the counterpart gasoil, however, was limited to a meagre 1% during the same month. Gasoline experienced the greatest gains on a number of supporting factors. Firstly, a fresh tender from Indonesia's Pertamina to double its previous month's purchase to 0.6 mb; secondly, demand was strong from Middle East countries, particularly Saudi Arabia and Oman; and thirdly, transpacific arbitrages to the USA saw modest activity. The Asian distillate market continued to be amply supplied, facing persistent lacklustre regional demand. Firm crude prices, sporadic HSFO buying from China, and regional refinery maintenance tightened fuel oil supply and constituted the main reasons for a further surge in Asian fuel oil prices.

The refining margins for Dubai rose moderately in Singapore in June, as a further surge in gasoline and HSFO prices outpaced the marginal increase in distillate prices and the modest rise in crude costs.

In Japan, June refinery throughput dipped slightly to a still impressive 3.81 mb/d. This left the equivalent utilization rate at almost 80%, or 13% above the corresponding period last year, due mainly to higher fuel oil demand for power generation as many of Japan's nuclear reactors remained shut.

Table 2
Refined product prices
US $/b

		Apr 03	May 03	**Jun 03**	**Change Jun/May/**
US Gulf					
Regular gasoline	*(unleaded)*	34.24	33.20	**34.96**	+1.76
Gasoil	*(0.2% S)*	30.47	29.65	**31.07**	+1.42
Fuel oil	*(3.0% S)*	19.59	21.16	**22.35**	+1.19
Rotterdam					
Premium gasoline	*(unleaded)*	34.38	32.06	**33.15**	+1.09
Gasoil	*(0.2% S)*	29.59	29.00	**30.57**	+1.57
Fuel oil	*(3.5% S)*	18.61	20.29	**21.57**	+1.28
Singapore					
Premium gasoline	*(unleaded)*	28.74	28.73	**31.59**	+2.86
Gasoil	*(0.5% S)*	30.03	29.12	**29.33**	+0.21
Fuel oil	*(380 cst)*	23.12	23.15	**24.51**	+1.36

Table 3
Refinery operations in selected OECD countries

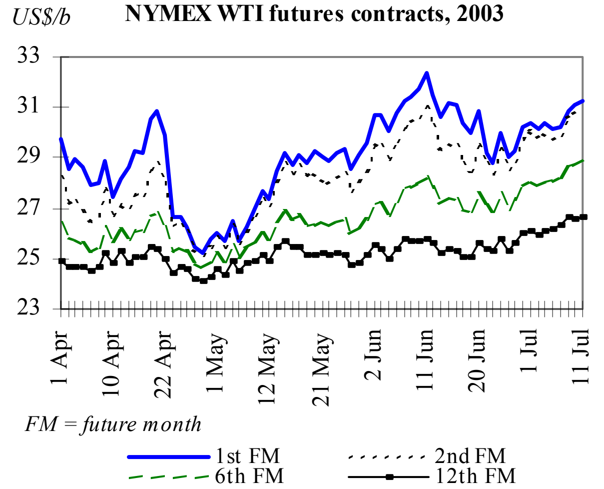
	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Apr 03	May 03	**Jun 03**	**Apr 03**	May 03	**Jun 03**
USA	15.59	15.96	**15.93**	**93.8**	96.0	**95.8**
France	1.51	1.61	**1.69**	**79.3**	84.7	**88.8**
Germany	2.24	2.10R	**2.11**	**98.8**	92.5R	**92.8**
Italy	1.76R	1.74R	**1.70**	**76.7R**	75.8R	**74.0**
UK	1.61	1.59	**1.51**	**89.8**	88.9	**84.4**
Eur-16	12.07R	11.74R	**11.80**	**87.9R**	85.5R	**85.9**
Japan	4.22	3.85R	**3.81**	**88.6**	80.8R	**79.8**

* *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

Speculators finally turned bullish in June

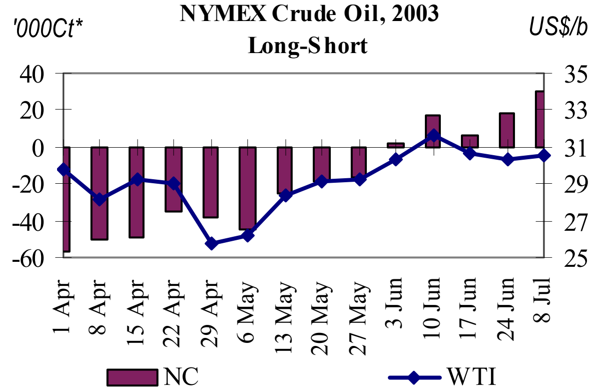
Graph 5
NYMEX WTI futures contracts, 2003



Non-commercials (speculators) turned bullish for the first time in more than four months at the beginning of June on expectations that OPEC's 125th (Extraordinary) Meeting of the Conference on 11 June in Doha, Qatar, would not bring about any changes to the Organization's actual production policy. The Commodity Futures Trading Commission's *Commitments of Traders* report for the week ending 3 June showed a significant 19,632 increase in the number of longs, which implies the assumption that prices will rise in the future, while shorts rose by only 1,233 to bring the long-short balance to 2,056 net long contracts. Open interest in WTI futures increased that week by 37,805 to 492,015 contracts. Meanwhile, the WTI front-month futures contract broke through the $30/b mark to close at $30.67/b on 3 June.

The bullish mode continued in the following week with speculators adding another 18,708 lots to the number of longs, while those with a pessimistic view of the market added only 3,838 short contracts. Thus, net-longs rose by 14,865 lots to 16,921 in the week of 10 June. Non-commercials' huge build of long WTI positions pulled up the contract prices with the front-month contract rising above $32/b. The fall in US crude inventories combined with OPEC's unchanged output policy at the 11 June Doha Meeting provided more ammunition to the bulls.

Graph 6
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.

Non-commercials slashed long positions by almost 7,000 contracts in the week of 17 June bringing down the largest speculative net long position since December of 2002. Funds took profit following the previous rally with disregard to preliminary data showing increasing OPEC–10 compliance with the 24 April agreement.

Net-long positions shot up in the following week, this time as a result of heavy short covering, in which futures are used to offset a short position. Non-commercials liquidated 15,006 short contracts while longs also fell by 3,123 lots bringing the net long position to 17,960. Speculators looking at the market outlook might have concluded that, with the high-demand season approaching (third and fourth quarters) and the uncomfortable crude, gasoline and distillate stock levels in the USA, it was too risky to hold on to their shorts.

Non-commercials became increasingly more bullish in July with net-long positions rising to 27,283 contracts in the week of 1 July and continuing on to 30,475 in the week of 8 July.

THE TANKER MARKET

OPEC area spot-fixtures fell 3.50 mb/d to 10.67 mb/d in June

OPEC area spot-fixtures lost the previous month's gain, falling 3.50 mb/d to 10.67 mb/d, a level not seen since December 2002 when OPEC spot chartering plunged to 10.61 mb/d. Most of the decline happened on the Middle East eastbound long-haul route, where spot fixtures fell 1.21 mb/d to 4.10 mb/d on the back of weak demand, exacerbated by high crude prices, which forced traders, who loathe accumulating expensive barrels, to wait for the market to drop with the resumption of Iraqi exports. However, as Iraqi exports are expected to take longer than originally thought to reach pre-war levels, the market does not foresee any big change in spot fixtures in July, especially if crude oil prices remain at the current high levels. OPEC's share of global chartering decreased considerably by 10.62% to 48.79%. Non-OPEC spot fixtures rose 1.52 mb/d to stand at 11.20 mb/d, which represents 51.21% of global chartering, an increase of from the previous month. The massive fall in OPEC spot chartering resulted in a significant decline of global spot chartering, which fell by 1.97 mb/d to 21.87 mb/d, still 1.63 mb/d higher than a year ago level. As noted, the fall in eastbound long-haul spot fixtures was the main reason behind this decrease, while the minor 0.04 mb/d to 1.69 mb/d increase of spot fixtures on the Middle East westbound long-route failed to provide much of a counter-weight. Compared with last year's figures, eastbound long-haul fixtures were up 1.05 mb/d, while westbound long-haul spot chartering increased 0.61 mb/d. The rise on both routes resulted in an increase of 0.95% to 38.42% in the eastbound share of total OPEC fixtures, while the westbound share rose much higher by 4.20% to 15.84%. Together both routes accounted for 54.26% of total OPEC spot-fixtures, which stood at 5.15% above the month-ago level. Estimated sailings from the OPEC area in June decreased 1.50 mb/d to 24.69 mb/d, with nearly half of this decline taking place on the Middle East eastbound long-haul route, which fell 0.69 mb/d to 17.96 mb/d. The share of Middle Eastern sailings in the OPEC area showed a slight increase of 1.08 mb/d to 72.74 mb/d. Long-haul arrivals in the US Gulf Coast, the US East Coast, and the Caribbean were estimated to grow by 1.53 mb/d to 11.83 mb/d. North-West Europe and Japan also showed some increases, with the former moving up a slight 0.21 mb/d to 7.10 mb/d and the latter rising a more substantial 0.60 mb/d to 4.07 mb/d.

VLCC freight rates showed mixed trends despite the generally weak tanker market

The month of June began with a huge number of accumulated available tankers which combined with slower July chartering at the beginning of the month to keep freight rates for crude vessels near the previous month's level. This was especially true for VLCCs which lost just one point to register WS 60 on the westbound long-haul route, while on the eastbound long-haul route rates moved only one point up to stand at WS 75. Increased activity in the second half of the month helped maintain the monthly average once traders started to book July cargoes and even to some extent August barrels. The rise of seven points to a monthly average of WS 131 in Suezmax tankers on the route from West Africa to the US Gulf Coast reflected strong activity during the first half of June, where rates reached highs of WS 150s. The second half of the month, however, was dominated by thin trading, which brought down rates to below WS 80s, the lowest level seen this year. Suezmax freight rates on the NW Europe/US Gulf route decreased by 13 points to a monthly average of WS 123 on weak demand. Aframax freight rates from Indonesia to the US West Coast also headed downward, losing 14 points to WS 130 on the back of slackening business. Within the Mediterranean, rates also followed the general downward trend, dropping 26 points to a monthly average of WS 191, mostly on quiet trade early in the month while rates took a steady trend between WS 180 to WS 190 once the month drew to a close. The picture was different for cargoes from the Mediterranean to the NW Europe where Aframax freight rates gained on average 24 points to stand at WS193 on steady activity. From the Caribbean to the US Gulf Coast, Aframax freight rates managed to pick up 33 points to stand at a monthly average of WS 202 , due to gains earlier in the month before dropping into the WS 100s at the end of the month, the lowest level seen this year.

Product freight rates continued downward on lack of sufficient trade

Product freight rates did not show any signs of improvement during June. Instead, they continued downward at a more accelerated speed than expected, especially from the Middle East and within the Mediterranean where rates registered very big losses due to the lack of sufficient trade. Rates fell 65 points to a monthly average of WS 189 on the Middle East/east route, and by 78 points to WS 195 within the Mediterranean basin. Other routes showed less than half the above losses as some areas enjoyed a little activity, especially in the second half of June. The least losses were seen in the Caribbean, where rates from there to the US Gulf

Coast fell 27 points to WS 193, while from Singapore to the East they moved down 25 points to WS 246. From NW Europe to the US East Coast and to the US Gulf Coast, rates sank 41 points to WS 189. Rates for 25-30,000 DWT tankers on the Mediterranean/NW Europe route moved down 37 points to a monthly average of WS 207.

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

	Apr 03	May 03	**Jun 03**	**Change Jun/May**
Chartering				
All areas	21.38	23.85	**21.87**	–1.97
OPEC	12.23	14.17	**10.67**	–3.50
Middle East/east	4.52	5.31	**4.10**	–1.21
Middle East/west	1.10	1.65	**1.69**	0.04
Sailings				
OPEC	18.58	26.19	**24.69**	–1.50
Middle East	15.12	18.65	**17.96**	–0.69
Arrivals				
US Gulf Coast, US East Coast, Caribbean	7.83	10.29	**11.83**	1.53
North-West Europe	6.08	6.98	**7.10**	0.12
Euromed	3.90	4.64	**4.43**	–0.21
Japan	3.99	3.47	**4.07**	0.60

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

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Apr 03	May 03	**Jun 03**	**Change Jun/May**
Crude					
Middle East/east	200–300	93	74	**75**	1
Middle East/west	200–300	81	61	**60**	–1
West Africa/US Gulf	100–160	110	124	**131**	7
North-West Europe/US East Coast	100–160	115	136	**123**	–13
Indonesia/US West Coast	70–100	186	144	**130**	–14
Caribbean/US East Coast	40–70	215	169	**202**	33
Mediterranean/Mediterranean	40–70	220	217	**191**	–26
Mediterranean/North-West Europe	70–100	128	169	**193**	24
Products					
Middle East/east	30–50	285	254	**189**	–65
Singapore/east	25–30	334	271	**246**	–25
Caribbean/US Gulf Coast	25–30	325	220	**193**	–27
North-West Europe/US East Coast	25–30	305	230	**189**	–41
Mediterranean/Mediterranean	25–30	306	273	**195**	–78
Mediterranean/North-West Europe	25–30	325	244	**207**	–37

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

WORLD OIL DEMAND

Revisions to 2001 and 2002 historical consumption data

Historical data are usually revised in July. Table 6 presents the details of the revisions made to the average 2001 and 2002 figures. Out of the 0.17 mb/d upward revision to the 2001 average, the bulk, 0.12 mb/d, is related to the OECD, while developing countries account for only 0.05 mb/d. For 2002, again OECD gets the lion's share, 0.16 mb/d out of the total 0.23 mb/d, while developing countries and former CPEs account for 0.05 mb/d and 0.02 mb/d respectively.

Table 6
Revisions in historical demand estimates in July compared to June 2003 *MOMR*
mb/d

	2001		2002	
	Volume	%	Volume	%
North America	0.15	0.62	0.20	0.83
Western Europe	–0.02	–0.10	–0.02	–0.16
OECD Pacific	–0.02	–0.19	–0.02	–0.23
Total OECD	**0.12**	**0.24**	**0.16**	**0.33**
Other Asia	0.00	0.03	–0.01	–0.09
Latin America	0.06	1.24	0.07	1.45
Middle East	–0.02	–0.51	–0.03	–0.57
Africa	0.02	0.72	0.02	0.72
Total DCs	**0.05**	**0.28**	**0.05**	**0.26**
FSU	0.00	0.00	0.02	0.52
Other Europe	0.00	0.00	0.00	0.00
China	0.00	0.00	0.00	0.00
Total "Other Regions"	**0.00**	**0.00**	**0.02**	**0.21**
Total world	**0.17**	**0.22**	**0.23**	**0.30**

Totals may not add due to independent rounding.

Estimates for 2002

World

World demand for 2002 revised up by 0.23 mb/d to 76.78 mb/d

A considerable 0.23 mb/d upward revision to the historical data has led to an average 2002 world consumption of 76.78 mb/d, compared to the 76.56 mb/d reported in the last *MOMR*. Therefore, the world demand increment, i.e. the difference between the 2001 and the 2002 averages, has undergone little change from the previous 0.19 mb/d to the current 0.24 mb/d because of the simultaneous upward revision to the 2001 average. Quarterly and regional details are given in Table 7.

On a regional basis, following a minor rise at 0.01 mb/d in 2001, demand is estimated to have decreased 0.06 mb/d in the OECD. In contrast, consumption in former CPEs is estimated to have grown a considerable 0.21 mb/d, or 2.21% higher than the 0.15 mb/d growth seen in 2001. In developing countries, only a moderate 0.10 mb/d or 0.50% rise in consumption is estimated in 2002, following a significant 0.28 mb/d growth in 2001.

On a quarterly basis, compared with the corresponding 2001 figures, world demand declined by 0.62 mb/d or 0.81% to average 76.64 mb/d in the first quarter, mostly due to milder than normal weather. Second quarter consumption also deteriorated, but less severely, falling 0.40 mb/d or 0.53% to 75.05 mb/d, mostly due to lacklustre economic performance. However, demand rose at a significantly accelerated pace during the third and fourth quarters compared with the exceptionally weak 2001 consumption, partly due to the tragic September 11 events. The estimated growth rates are 0.64 mb/d or 0.84% and 1.33 mb/d or 1.72% respectively. Detailed quarterly comparisons for all quarters are presented in Tables 8 and 9.

Table 7
World oil demand in 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 2002/01 Volume	%
North America	24.00	23.93	24.04	24.34	24.35	24.17	0.17	0.69
Western Europe	15.26	15.14	14.62	15.17	15.34	15.07	–0.19	–1.22
OECD Pacific	8.54	9.06	7.64	8.03	9.27	8.50	–0.04	–0.45
Total OECD	**47.79**	**48.13**	**46.30**	**47.54**	**48.96**	**47.73**	**–0.06**	**–0.12**
Other Asia	7.33	7.30	7.42	7.47	7.58	7.44	0.11	1.53
Latin America	4.81	4.70	4.76	4.75	4.63	4.71	–0.10	–2.09
Middle East	4.81	4.71	4.85	5.04	4.83	4.86	0.05	1.06
Africa	2.46	2.51	2.47	2.46	2.52	2.49	0.03	1.38
Total DCs	**19.41**	**19.22**	**19.51**	**19.71**	**19.57**	**19.50**	**0.10**	**0.50**
FSU	3.93	3.78	3.39	3.65	4.25	3.77	–0.17	–4.21
Other Europe	0.72	0.77	0.73	0.73	0.74	0.74	0.02	3.42
China	4.69	4.74	5.12	5.27	5.00	5.03	0.35	7.40
Total "Other Regions"	**9.34**	**9.29**	**9.24**	**9.64**	**9.99**	**9.54**	**0.21**	**2.21**
Total world	**76.54**	**76.64**	**75.05**	**76.90**	**78.52**	**76.78**	**0.24**	**0.32**
Previous estimate	76.37	76.60	74.74	76.53	78.33	76.56	0.19	0.24
Revision	0.17	0.04	0.30	0.37	0.19	0.23	0.06	0.07

Totals may not add due to independent rounding.

OECD

Actual data indicates that OECD registered a substantial 0.80 mb/d or 1.63% decline in first quarter consumption, making it the single contributor to the fall in world consumption. Within OECD, the highest drop rate of 3.58% was experienced by OECD Pacific, followed by 1.65% in North America and a minor 0.38% in Western Europe.

Second quarter data also points to a drop of 0.28 mb/d or 0.59% in OECD consumption due to a steep decline in OECD Pacific demand of 0.33 mb/d combined with a moderate 0.14 mb/d drop in that of Western Europe, which was partly offset by a 0.19 mb/d rise in North America.

By registering a marginal 0.05 mb/d or 0.09% drop, third quarter consumption nearly stopped the downward trend seen in the first and second quarters. Within the OECD, the 0.27 mb/d rise in North America's consumption was more than offset by the 0.32 mb/d decline in Western Europe's demand.

Actual data on the OECD fourth quarter consumption indicates an impressive gain of 0.86 mb/d or 1.79%. This was the net result of a pick up in demand in North America, which rose a robust 0.59 mb/d or 2.45%, and in the OECD Pacific, which increased by 0.50 mb/d or 5.70%, although partly offset by the weaker consumption in Western Europe, which fell 0.23 mb/d or 1.46%.

As noted in the previous *MOMR*, on a product basis, during the year 2002, residual fuel oil continued to score the leading volume (0.36 mb/d) and percentage (11.24%) decliner, mostly due to the shift to natural gas consumption in North America. The weakness in aviation fuel consumption also continued with an average 2.5% decline compared with that in 2001, as subdued air travel persisted globally. The leading volume gainers were gasoline and LPG consumption, with rises of 0.21 mb/d or 1.46% and 0.12 mb/d or 2.46% respectively, due mostly to a substantial growth in consumption in North America of 2.72% and 4.75% respectively.

DCs
In developing countries, oil demand grew marginally by 0.10 mb/d or 0.50% to 19.50 mb/d. Consumption in Latin America continued to be significantly weaker — declining by 0.10 mb/d or 2.09% — due to the persistent economic and financial problems. Other Asia registered the highest volume and percentage growth of 0.11 mb/d or 1.53%, followed by the Middle East and Africa with 0.05 mb/d and 0.03 mb/d respectively.

Other regions
In total, the former CPEs registered a healthy 0.21 mb/d or 2.21% growth in apparent demand. Within the group, FSU experienced a considerable decline in consumption of 0.17 mb/d or 4.21%. China, on the other hand, experienced the highest consumption growth rate in the world at a significant 0.35 mb/d or 7.40%. This remarkable estimated growth rate surpasses the estimated average rise in world demand by 0.11 mb/d. Apparent demand in Other Europe also underwent a minor 0.02 mb/d volume rise, representing a relatively high 3.42% growth rate.

Table 8
First and second quarter world oil demand comparison for 2002
mb/d

			Change 2002/01				Change 2002/01	
	1Q01	1Q02	Volume	%	2Q01	2Q02	Volume	%
North America	24.33	23.93	–0.40	–1.65	23.85	24.04	0.19	0.81
Western Europe	15.20	15.14	–0.06	–0.38	14.76	14.62	–0.14	–0.94
OECD Pacific	9.40	9.06	–0.34	–3.58	7.97	7.64	–0.33	–4.17
Total OECD	**48.93**	**48.13**	**–0.80**	**–1.63**	**46.57**	**46.30**	**–0.28**	**–0.59**
Other Asia	7.35	7.30	–0.05	–0.65	7.34	7.42	0.08	1.13
Latin America	4.72	4.70	–0.03	–0.55	4.87	4.76	–0.11	–2.18
Middle East	4.65	4.71	0.07	1.44	4.72	4.85	0.13	2.80
Africa	2.49	2.51	0.02	0.82	2.45	2.47	0.02	0.87
Total DCs	**19.21**	**19.22**	**0.01**	**0.07**	**19.38**	**19.51**	**0.13**	**0.67**
FSU	3.95	3.78	–0.17	–4.32	3.75	3.39	–0.36	–9.51
Other Europe	0.76	0.77	0.01	0.79	0.72	0.73	0.01	1.20
China	4.41	4.74	0.33	7.37	5.02	5.12	0.10	1.95
Total "Other Regions"	**9.13**	**9.29**	**0.16**	**1.76**	**9.50**	**9.24**	**–0.25**	**–2.64**
Total world	**77.26**	**76.64**	**–0.62**	**–0.81**	**75.44**	**75.05**	**–0.40**	**–0.53**

Totals may not add due to independent rounding.

Table 9
Third and fourth quarter world oil demand comparison for 2002
mb/d

			Change 2002/01				Change 2002/01	
	3Q01	3Q02	Volume	%	4Q01	4Q02	Volume	%
North America	24.08	24.34	0.27	1.11	23.76	24.35	0.59	2.47
Western Europe	15.49	15.17	–0.32	–2.04	15.57	15.34	–0.23	–1.46
OECD Pacific	8.03	8.03	0.00	0.05	8.77	9.27	0.50	5.70
Total OECD	**47.59**	**47.54**	**–0.05**	**-0.09**	**48.10**	**48.96**	**0.86**	**1.79**
	0.00							
Other Asia	7.28	7.47	0.18	2.53	7.36	7.58	0.23	3.07
Latin America	4.86	4.75	–0.11	–2.33	4.79	4.63	–0.15	–3.22
Middle East	5.00	5.04	0.03	0.65	4.86	4.83	–0.03	–0.55
Africa	2.41	2.46	0.05	2.13	2.48	2.52	0.04	1.71
Total DCs	**19.55**	**19.71**	**0.15**	**0.79**	**19.48**	**19.57**	**0.09**	**0.45**
FSU	3.72	3.65	–0.08	–2.11	4.31	4.25	–0.06	–1.35
Other Europe	0.67	0.73	0.07	9.86	0.72	0.74	0.02	2.39
China	4.72	5.27	0.54	11.49	4.58	5.00	0.42	9.14
Total "Other Regions"	**9.11**	**9.64**	**0.53**	**5.82**	**9.62**	**9.99**	**0.38**	**3.93**
Total world	**76.26**	**76.90**	**0.64**	**0.84**	**77.20**	**78.52**	**1.33**	**1.72**

Totals may not add due to independent rounding.

World demand for 2003 revised up by 0.34 mb/d to 77.79 mb/d

Projections for 2003

World

The world demand forecast for 2003 has been revised up 0.34 mb/d to average 77.79 mb/d compared with the 77.45 mb/d reported in the previous *MOMR*. This is due to substantial upward revisions in the 2001 and 2002 historical data, as well as revisions of 0.18 mb/d and 0.25 mb/d in the first quarter apparent consumption for FSU and China respectively. The increment has also been revised up 0.12 mb/d to 1.01 mb/d or 1.32% from the previous 0.89 mb/d or 1.17%. The quarterly averages also reflect the effects of the above-mentioned revisions. Regional and quarterly breakdowns of demand forecast are given in Table 10.

Table 10
World oil demand forecast for 2003
mb/d

							Change 2003/02	
	2002	1Q03	2Q03	3Q03	4Q03	**2003**	Volume	%
North America	24.17	24.56	24.13	24.46	24.51	24.41	0.25	1.02
Western Europe	15.07	15.18	14.69	15.15	15.55	15.15	0.08	0.50
OECD Pacific	8.50	9.60	7.77	8.04	9.33	8.68	0.18	2.17
Total OECD	**47.73**	**49.34**	**46.59**	**47.65**	**49.39**	**48.24**	**0.51**	**1.06**
Other Asia	7.44	7.53	7.48	7.51	7.62	7.54	0.09	1.25
Latin America	4.71	4.56	4.80	4.76	4.64	4.69	–0.02	–0.40
Middle East	4.86	4.80	4.89	5.07	4.86	4.91	0.05	0.98
Africa	2.49	2.50	2.48	2.47	2.52	2.49	0.00	0.12
Total DCs	**19.50**	**19.39**	**19.65**	**19.81**	**19.66**	**19.63**	**0.12**	**0.64**
FSU	3.77	4.01	3.51	3.67	4.31	3.88	0.11	2.81
Other Europe	0.74	0.77	0.70	0.79	0.76	0.75	0.01	1.67
China	5.03	5.45	5.10	5.46	5.17	5.29	0.26	5.19
Total "Other Regions"	**9.54**	**10.24**	**9.31**	**9.92**	**10.23**	**9.92**	**0.38**	**3.98**
Total world	**76.78**	**78.97**	**75.55**	**77.37**	**79.27**	**77.79**	**1.01**	**1.32**
Previous estimate	76.56	78.57	75.21	76.97	79.04	77.45	0.89	1.17
Revision	0.23	0.40	0.34	0.40	0.23	0.34	0.12	0.15

Totals may not add due to independent rounding.

World oil demand is forecast to register positive growth in all the three major groups of countries. OECD is forecast to rank first in demand volume growth with an increase of 0.51 mb/d or 1.06%. At 0.38 mb/d or 3.98%, the rise in demand in former CPEs is expected to be the second highest in volume, but the first in percentage. Developing countries are forecast to follow with a 0.12 mb/d or 0.64% increase in demand.

Consumption is forecast to grow in every single quarter of 2003 compared with the corresponding quarter in the year 2002. The first and the fourth quarters are expected to experience the highest growth of 2.33 mb/d and 0.75 mb/d respectively. The considerably high consumption growth rate in the first quarter 2003 can be explained as follows: The first quarter 2002 registered exceptionally weak consumption, while first quarter 2003 consumption was forced up by much colder than normal weather in many regions and the increased Japanese demand brought about by reactors maintenance. These pressures were exacerbated by the expected war in Iraq, which is said to have led to exceptionally high oil imports by China, while the growth in FSU production is reported to have surpassed that of exports by nearly 0.23 mb/d, causing a significant rise in apparent consumption. The second quarter, which was somewhat affected by the SARS epidemics, is expected to experience a 0.51 mb/d rise in consumption, while the third quarter is forecast to register a slightly lower growth of 0.48 mb/d. Further details are shown in Tables 11 and 12.

OECD

The latest available data indicate that OECD inland oil consumption during January-April 2003 grew by 1.05 mb/d or 2.20% versus consumption in the corresponding 2002 period. This was partly due to the colder than normal weather in most regions of the OECD, the spiking natural gas prices in the USA and nuclear reactor maintenance in Japan. The leading volume gainer was gasoil/diesel which registered a 0.59 mb/d or 4.94% rise. The leading percentage and the second volume gainer was residual fuel oil, which registered a 7.40% or 0.23 mb/d growth. Most of the other major products, such as LPG, naphtha and kerosene, also experienced healthy gains.

Table 11
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	2.61	24.04	24.13	0.09	0.39
Western Europe	15.14	15.18	0.04	0.29	14.62	14.69	0.07	0.46
OECD Pacific	9.06	9.60	0.54	6.01	7.64	7.77	0.13	1.74
Total OECD	**48.13**	**49.34**	**1.21**	**2.52**	**46.30**	**46.59**	**0.30**	**0.64**
Other Asia	7.30	7.53	0.23	3.20	7.42	7.48	0.06	0.76
Latin America	4.70	4.56	–0.14	–2.98	4.76	4.80	0.04	0.80
Middle East	4.71	4.80	0.09	1.85	4.85	4.89	0.04	0.88
Africa	2.51	2.50	–0.01	–0.40	2.47	2.48	0.01	0.37
Total DCs	**19.22**	**19.39**	**0.17**	**0.89**	**19.51**	**19.65**	**0.15**	**0.75**
FSU	3.78	4.01	0.23	6.20	3.39	3.51	0.11	3.33
Other Europe	0.77	0.77	0.00	0.09	0.73	0.70	–0.03	–3.48
China	4.74	5.45	0.71	15.08	5.12	5.10	–0.02	–0.42
Total "Other Regions"	**9.29**	**10.24**	**0.95**	**10.22**	**9.24**	**9.31**	**0.07**	**0.71**
Total world	**76.64**	**78.97**	**2.33**	**3.04**	**75.05**	**75.55**	**0.51**	**0.68**

Totals may not add due to independent rounding.

Table 12
Third and fourth quarter world oil demand comparison for 2003
mb/d

			Change 2003/02				Change 2003/02	
	3Q02	3Q03	Volume	%	4Q02	4Q03	Volume	%
North America	24.34	24.46	0.11	0.47	24.35	24.51	0.16	0.65
Western Europe	15.17	15.15	–0.02	–0.15	15.34	15.55	0.21	1.39
OECD Pacific	8.03	8.04	0.01	0.12	9.27	9.33	0.06	0.64
Total OECD	**47.54**	**47.65**	**0.10**	**0.21**	**48.96**	**49.39**	**0.43**	**0.88**
Other Asia	7.47	7.51	0.04	0.60	7.58	7.62	0.04	0.53
Latin America	4.75	4.76	0.01	0.28	4.63	4.64	0.01	0.24
Middle East	5.04	5.07	0.03	0.65	4.83	4.86	0.03	0.59
Africa	2.46	2.47	0.01	0.27	2.52	2.52	0.01	0.22
Total DCs	**19.71**	**19.81**	**0.10**	**0.50**	**19.57**	**19.66**	**0.09**	**0.43**
FSU	3.65	3.67	0.03	0.77	4.25	4.31	0.05	1.20
Other Europe	0.73	0.79	0.06	7.53	0.74	0.76	0.02	2.53
China	5.27	5.46	0.19	3.68	5.00	5.17	0.16	3.29
Total "Other Regions"	**9.64**	**9.92**	**0.28**	**2.87**	**9.99**	**10.23**	**0.23**	**2.35**
Total world	**76.90**	**77.37**	**0.48**	**0.62**	**78.52**	**79.27**	**0.75**	**0.96**

Totals may not add due to independent rounding.

WORLD OIL SUPPLY

Non-OPEC supply for 2002 revised down to 47.80 mb/d, an increase of 1.39 mb/d over 2001 figure

Estimate for 2002

The 2002 non-OPEC supply figure was revised down to 47.80 mb/d, mainly due to a significant downward revision of 0.24 mb/d made to fourth quarter supply in the USA. The quarterly distribution now stands at 47.55 mb/d, 47.93 mb/d, 47.55 mb/d and 48.14 mb/d respectively. The yearly average increase stands at 1.39 mb/d compared with the downward revised 2001 figure.

Table 13
Non-OPEC oil supply in 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	**2002**	**Change 02/01**
North America	14.36	14.56	14.66	14.44	14.36	14.50	0.15
Western Europe	6.70	6.72	6.75	6.26	6.80	6.63	-0.06
OECD Pacific	0.77	0.76	0.77	0.79	0.72	0.76	-0.01
Total OECD	**21.82**	**22.04**	**22.18**	**21.49**	**21.88**	**21.90**	**0.07**
Other Asia	2.20	2.30	2.21	2.27	2.30	2.27	0.07
Latin America	3.75	3.91	3.93	3.90	3.81	3.89	0.14
Middle East	2.13	2.11	2.09	2.05	2.09	2.08	-0.05
Africa	2.80	3.04	3.08	3.02	2.98	3.03	0.23
Total DCs	**10.89**	**11.35**	**11.31**	**11.24**	**11.18**	**11.27**	**0.38**
FSU	8.53	8.92	9.15	9.50	9.75	9.33	0.81
Other Europe	0.18	0.18	0.18	0.17	0.17	0.18	-0.01
China	3.30	3.35	3.39	3.43	3.40	3.39	0.10
Total "Other regions"	**12.01**	**12.45**	**12.72**	**13.10**	**13.32**	**12.90**	**0.89**
Total non-OPEC production	**44.71**	**45.83**	**46.21**	**45.83**	**46.38**	**46.07**	**1.35**
Processing gains	1.69	1.72	1.72	1.72	1.76	1.73	0.04
Total non-OPEC supply	**46.40**	**47.55**	**47.93**	**47.55**	**48.14**	**47.80**	**1.39**
Previous estimate	46.45	47.67	48.05	47.60	48.42	47.94	1.49
Revision	**–0.05**	**–0.11**	**–0.11**	**–0.05**	**–0.28**	**–0.14**	**–0.09**

Totals may not add due to independent rounding.

Non-OPEC supply forecast for 2003 at 48.75 mb/d, or 0.96 mb/d over 2002 figure

Forecast for 2003

Non-OPEC supply for 2003 is forecast to rise 0. 96 mb/d. The major contributors to this rise are FSU and North America. The second quarter shows a significant 0.37 mb/d downward revision, mainly due to maintenance in Norway and the UK, contributing a loss of 0.13 mb/d and 0.20 mb/d respectively. The other three quarters were also revised down 0.15 mb/d to 48.72 mb/d, 0.10 mb/d to 48.83 mb/d, and 0.10 mb/d to 49.13 mb/d respectively. Consequently, the 2003 figure witnessed a downward revision of 0.18 mb/d to 48.75 mb/d compared with the last *MOMR*, which still resulted in a yearly average increase of 0.96 mb/d over the downwardly revised 2002 figure.

Table 14
Non-OPEC oil supply in 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	**2003**	**Change 03/02**
North America	14.50	14.74	14.66	14.66	14.55	14.65	0.15
Western Europe	6.63	6.75	6.34	6.58	6.74	6.60	–0.03
OECD Pacific	0.76	0.68	0.65	0.67	0.65	0.66	–0.09
Total OECD	**21.90**	**22.17**	**21.65**	**21.91**	**21.94**	**21.92**	**0.02**
Other Asia	2.27	2.34	2.34	2.34	2.35	2.34	0.07
Latin America	3.89	3.89	3.84	3.89	3.85	3.87	–0.02
Middle East	2.08	2.05	2.03	2.02	2.05	2.03	–0.05
Africa	3.03	2.96	3.04	3.04	3.04	3.02	–0.01
Total DCs	**11.27**	**11.24**	**11.25**	**11.28**	**11.30**	**11.27**	**0.00**
FSU	9.33	9.88	10.05	10.20	10.39	10.13	0.80
Other Europe	0.18	0.17	0.17	0.17	0.17	0.17	0.00
China	3.39	3.44	3.43	3.47	3.48	3.46	0.06
Total "Other regions"	**12.90**	**13.50**	**13.65**	**13.84**	**14.04**	**13.76**	**0.86**
Total non-OPEC production	**46.07**	**46.91**	**46.55**	**47.03**	**47.28**	**46.95**	**0.88**
Processing gains	1.73	1.81	1.77	1.81	1.85	1.81	0.08
Total non-OPEC supply	**47.80**	**48.72**	**48.32**	**48.83**	**49.13**	**48.75**	**0.96**
Previous estimate	47.94	48.87	48.69	48.94	49.23	48.93	1.00
Revision	**–0.14**	**–0.15**	**–0.37**	**–0.10**	**–0.10**	**–0.18**	**–0.04**

Totals may not add due to independent rounding.

Net FSU oil export forecast at 6.26 mb/d for 2003 while 2002 estimated at 5.56 mb/d

The FSU's net oil export forecast for 2003 was revised down to 6.26 mb/d, similarly to the 2002 figure which now stands at 5.56 mb/d. Figures for 1999-2001 remain unchanged compared with the last *MOMR*.

Table 15
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	**Year**
1999	3.12	3.62	3.52	3.49	**3.44**
2000	3.97	4.13	4.47	4.01	**4.14**
2001	4.30	4.71	4.89	4.47	**4.59**
2002 (estimate)	5.14	5.76	5.85	5.49	**5.56**
2003 (forecast)	5.87	6.54	6.53	6.08	**6.26**

OPEC natural gas liquids

OPEC NGL forecast for 2003 at 3.71 mb/d

OPEC NGL data remain unchanged at 3.16 mb/d, 3.34 mb/d, 3.58 mb/d, 3.72 mb/d and 3.71 mb/d respectively, compared with last *MOMR's* figures.

OPEC NGL production — 1998–2003
mb/d

1999	**2000**	**2001**	1Q02	2Q02	3Q02	4Q02	**2002**	**Change 02/01**	**2003**	**Change 03/02**
3.16	**3.34**	**3.58**	3.72	3.72	3.75	3.69	**3.72**	0.14	**3.71**	–-0.02

Available secondary sources put OPEC's June production at 26.13 mb/d

OPEC crude oil production

Available secondary sources indicate that OPEC output for June was 26.13 mb/d, or 0.58 mb/d lower than the revised May figure of 26.72 mb/d. Table 16 shows OPEC production as reported by selected secondary sources.

Table 16
OPEC crude oil production, based on secondary sources
1,000 b/d

	2001	2002	1Q03	May 03*	**Jun 03***	2Q03	Jun 03–May 03
Algeria	820	864	1,069	1,128	**1,144**	1,130	17
Indonesia	1,214	1,120	1,072	1,024	**1,016**	1,025	–8
IR Iran	3,665	3,428	3,701	3,685	**3,688**	3,693	3
Iraq	2,381	2,006	2,106	288	**485**	297	197
Kuwait	2,021	1,885	2,108	2,287	**2,124**	2,253	–163
SP Libyan AJ	1,361	1,314	1,394	1,423	**1,425**	1,425	2
Nigeria	2,097	1,969	2,081	2,033	**2,111**	1,984	78
Qatar	683	648	743	758	**737**	751	–21
Saudi Arabia	7,939	7,535	8,874	9,151	**8,562**	9,028	–589
UAE	2,163	1,988	2,203	2,315	**2,245**	2,294	–70
Venezuela	2,862	2,586	1,449	2,624	**2,596**	2,583	–28
Total OPEC	**27,207**	**25,342**	**26,800**	**26,717**	**26,133**	**26,462**	**–584**

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

RIG COUNT

Non-OPEC rig count up 204 in June

Non-OPEC

Non-OPEC rig activity rose in June. North America saw a significant rise of 194 rigs, compared with May. In Canada, the rig count rose 158 to 308 rigs. The USA witnessed an increase of 32 rigs to 1,067, while Mexico added 4 to reach 87 rigs. Western Europe's rig activity increased by 5 rigs to 81, mainly from Norway and Other Western Europe, with a partial offset from the UK. Australia gained 2 rigs to arrive at 10.

Table 17
Non-OPEC rig count in 2002-2003

	2001	**2002**	**Change 02/01**	**May 03**	**Jun 03**	**Change Jun/May**
North America	1,552	1,162	–390	1,268	1,462	194
Western Europe	95	85	–10	76	81	5
OECD Pacific	20	17	–3	15	18	3
OECD	**1,667**	**1,264**	**–403**	**1,359**	**1,561**	**202**
Other Asia	95	111	16	115	111	–4
Latin America	141	106	–35	121	123	2
Middle East	50	62	12	67	71	4
Africa	36	43	7	49	49	0
DCs	**321**	**322**	**1**	**352**	**354**	**2**
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.**	**2**	**2**	**0**
Total non-OPEC	**1,991**	**1,588**	**–403**	**1,713**	**1,917**	**204**

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

OPEC drops one rig in June

OPEC

OPEC's rig count stood at 214 in June, one rig lower than in May. Nigeria added 2 rigs to 10, after having lost three rigs to 43 in the previous month.

Table 18
OPEC rig count

	2001	2002	Change 02/01	May 03	Jun 03	Change Jun/May
Algeria	20	20	0	21	22	1
Indonesia	41	46	6	46	43	–3
IR Iran	30	34	4	36	36	0
Iraq	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kuwait	9	6	–3	5	4	–1
SP Libyan AJ	5	10	5	9	10	1
Nigeria	12	12	0	8	10	2
Qatar	9	13	4	7	7	0
Saudi Arabia	30	32	2	34	33	–1
UAE	15	16	0	15	14	–1
Venezuela	67	42	–25	34	35	1
Total OPEC	**238**	**231**	**–7**	**215**	**214**	**–1**

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

STOCK MOVEMENTS

Marginal 2.9 mb build in USA in June

USA

US commercial onland oil stocks continued to increase, adding 2.9 mb to reach 924.6 mb at a rate of 0.1 mb/d during the period 30 May–27 June 2003. Despite this build, the y-o-y deficit remained around 11%. Crude oil stocks registered a strong decrease of 6.9 mb to average 282.1 mb, widening the y-o-y deficit to 11.5%. This was mainly due to the heavy fall in crude oil imports, which dropped from over 210 mb/d to 9.7 mb/d in the four-week period ending 27 June 2003. Crude oil runs experienced a slight decline of 0.1 mb/d to 15.7 mb/d. On the product side, gasoline stocks fell 2.3 mb to 205.5 mb, mainly on a decline in imports coupled with low outputs. This draw left the y-o-y deficit at around 5.4%. Residual fuel oil and jet fuel stocks also decreased by 2.6 mb to 34.3 mb and 1.3 mb to 39.2 mb respectively, while distillate fuel inventories moved up a substantial 5.2 mb to 109.7 mb on a strong increase in imports for the second consecutive month. Despite this increase, distillate stocks remained roughly 17% below last year's level.

The SPR continued to grow, increasing 4.8 mb to 607.3 mb during the same period.

In the week ending 4 July, US commercial stocks rose 0.9 mb to 925.5 mb, or about 10% below last year's level, while commercial crude oil stocks grew a meagre 0.1 mb to 282.7 mb. This moderate build in crude oil stocks was due to a 0.13 mb/d increase in crude oil imports to average 9.6 mb/d, offsetting the slight 0.05 mb/d increase in crude oil input to 15.6 mb/d. Crude oil inventories were still about 11.0% lower compared to the same time last year. Gasoline stocks rose a slight 0.5 mb to 205.5 mb but remained 4.3% below the year-ago figure. Even with the considerable increase in demand, the rise in gasoline stocks was due mainly to growing gasoline imports. Distillate inventories dropped 0.5 mb to 109.2 mb, as the decline in diesel fuel more than compensated for a small increase in heating oil. This draw occurred contrary to the typical seasonal build of 0.3 mb during this time of year. The y-o-y deficit remained stronger at about 17%. The SPR continued to move upward, rising 1.4 mb to 608.7 mb

Table 19
US onland commercial petroleum stocks*
mb

	2 May 03	30 May 03	27 Jun 03	Change Jun/May	27 Jun 02	4 July 03**
Crude oil (excl. SPR)	287.2	289.0	**282.1**	**–6.90**	318.8	282.2
Gasoline	207.8	207.3	205.0	–2.30	216.8	205.5
Distillate fuel	97.3	104.5	109.7	5.20	132.3	109.2
Residual fuel oil	31.3	36.9	34.3	–2.60	32.9	39.2
Jet fuel	35.8	40.4	39.1	–1.30	39.3	34.7
Unfinished oils	88.0	84.3	88.6	4.30	88.3	87.0
Other oils	157.8	159.4	165.8	6.40	211.3	167.7
Total	905.2	921.7	**924.6**	**2.90**	1,039.7	**925.5**
SPR	599.6	602.5	607.3	4.80	575.8	608.7

* *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

Massive 22 mb draw reversed seasonal trend in Eur-16 in June

Total oil stocks reversed the upward trend observed over the last four months and fell 22.0 mb to 1,047.23 mb at a rate of 0.73 mb/d to reach their lowest level since February 2003, widening the y-o-y deficit to about 2.9%. Crude oil and product stocks contributed to this draw, declining 7.2 mb to 444.2 mb and 14.8 mb to 603.0 mb respectively. The draw on crude oil stocks came as refinery crude runs rose 0.05 mb/d to 11.8 mb/d and exports to the US market increased. This draw left the level of crude oil stocks at 0.7% below last year's figure. Gasoline stocks also registered a draw of 7.0 mb to 136.8 mb, due to increasing exports to the US market and healthy demand, which left the inventories 5.6% below last year's figure. Middle distillates also fell, down 5.8 mb to 329.0 mb, after an increase in heating oil consumption mainly in Germany as well as some delays in loading to Russian cargoes. This contra-seasonal draw put the y-o-y deficit at 7.2%. Fuel oil stocks were the only product that experienced a marginal draw of 0.7 mb to 113.1 mb and remained 9.0% above last year's figure. This build in fuel oil inventories came on the back of increasing cargoes from Russia, undercut by demand for power generation due to high temperatures and low hydroelectric supply.

Table 20
Western Europe's oil stocks*
mb

	Apr 03	May 03	Jun 03	Change Jun/May	Jun 02
Crude oil	452.7	451.4	**444.2**	**–7.2**	447.6
Mogas	146.5	143.8	136.8	–7.0	144.8
Naphtha	25.52	25.5	24.2	–1.3	23.6
Middle distillates	329.6	334.7	329.0	–5.8	354.5
Fuel oils	114.1	113.8	113.1	–0.7	107.7
Total products	615.8	617.8	**603.0**	**–14.8**	630.7
Overall total	1,068.4	1,069.2	**1,047.2**	**–22.0**	**1,078.3**

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

Japan

Seasonal 6.3 mb build in Japan in May

At the end of May, commercial oil stocks continued their seasonal build for the second consecutive month, rising 6.3 mb to 177.9 mb at a rate of 0.20 mb/d. Total major product inventories were mainly responsible for this build, increasing 6.0 mb to 69.5 mb, while crude oil registered a marginal build of 0.3 mb to 108.4 mb, widening the y-o-y surplus to 2.7%. The build in crude oil stocks came despite low imports, which were 7% below last month's figure. This decline in crude oil imports offset the decrease in refinery runs due to the maintenance season, which brought the utilization rate to about 79.8%. Crude oil inventories ended the month 3.0% higher than a year ago. On the product side, middle distillate stocks led the build, increasing 5.1 mb to 33.2 mb, 3.8% higher than the same period last year. This build was mainly due to an increase in gasoil imports, as well as a decline in kerosene consumption. Gasoline stocks showed a marginal draw of 0.3 mb to 14.3 mb, which left the y-o-y deficit at 8.4%. Residual fuel stocks experienced a moderate build of 1.1 mb to 22.0 mb, but stood at a comfortably high level of 7.9% compared to this time last year.

Table 21
Japan's commercial oil stocks*
mb

	Mar 03	Apr 03	**May 03**	**Change May/Apr**	May 02
Crude oil	105.1	108.1	**108.4**	**0.3**	105.2
Gasoline	13.6	14.5	14.3	–0.3	15.6
Middle distillates	23.3	28.0	33.2	5.1	32.0
Residual fuel oil	18.6	20.9	22.0	1.1	20.4
Total products	55.6	63.5	69.5	6.0	67.9
Overall total**	160.6	171.6	**177.9**	**6.3**	173.2

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

BALANCE OF SUPPLY AND DEMAND

2002 supply/demand difference revised up to 25.26 mb/d

The summarized supply/demand balance table for 2002 shows a downward revision to the total non-OPEC supply of 0.14 mb/d to 51.52 mb/d and an upward revision to the world oil demand of 0.23 mb/d to 76.78 mb/d. This resulted in an estimated annual difference of around 25.26 mb/d, up 0.37 mb/d from the last *MOMR* figure, with a quarterly distribution of 25.37 mb/d, 23.39 mb/d, 25.60 mb/d and 26.69 mb/d respectively. The quarterly balance was revised down significantly by 0.16 mb/d, 0.42 mb/d, 0.41 mb/d and 0.47 mb/d to –0.22 mb/d, 1.20 mb/d, –0.13 mb/d and –0.53 mb/d respectively. The average 2002 yearly balance is estimated at 0.08 mb/d, down 0.36 mb/d compared with the last *MOMR* figure.

Table 22
Summarized supply/demand balance for 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	**2002**
(a) World oil demand	76.54	76.64	75.05	76.90	78.52	76.78
(b) Non-OPEC supply(1)	49.99	51.27	51.65	51.30	51.84	51.52
Difference (a – b)	**26.55**	**25.37**	**23.39**	**25.60**	**26.69**	**25.26**
OPEC crude oil production(2)	27.21	25.15	24.59	25.47	26.15	25.34
Balance	**0.66**	**–0.22**	**1.20**	**–0.13**	**–0.53**	**0.08**

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

2003 supply/demand difference estimated at 25.34 mb/d

The summarized supply/demand balance table for 2003 shows an upward revision to the world oil demand forecast of 0.34 mb/d to 77.79 mb/d and a downward revision to the total non-OPEC supply of 0.18 mb/d to 52.46 mb/d. This resulted in an expected difference of around 25.34 mb/d, with a quarterly distribution of 26.75 mb/d, 23.58 mb/d, 24.71 mb/d and 26.32 mb/d respectively. The first quarter balance has been revised down significantly by 0.55 mb/d to 0.05 mb/d, while the second quarter balance, introduced for the first time, has been estimated at 2.88 mb/d.

Table 23
Summarized supply/demand balance for 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	**2003**
(a) World oil demand	76.78	78.97	75.55	77.37	79.27	77.79
(b) Non-OPEC supply(1)	51.52	52.23	51.97	52.66	52.96	52.46
Difference (a – b)	**25.26**	**26.75**	**23.58**	**24.71**	**26.32**	**25.34**
OPEC crude oil production(2)	25.34	26.80	26.46			
Balance	**0.08**	**0.05**	**2.88**			

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

Table 24
World oil demand/supply balance
mb/d

	1999	**2000**	**2001**	1Q02	2Q02	3Q02	4Q02	**2002**	1Q03	2Q03	3Q03	4Q03	**2003**
World demand													
OECD	47.7	47.8	47.8	48.1	46.3	47.5	49.0	47.7	49.3	46.6	47.6	49.4	48.2
North America	23.8	24.1	24.0	23.9	24.0	24.3	24.3	24.2	24.6	24.1	24.5	24.5	24.4
Western Europe	15.2	15.1	15.3	15.1	14.6	15.2	15.3	15.1	15.2	14.7	15.1	15.6	15.1
Pacific	8.7	8.6	8.5	9.1	7.6	8.0	9.3	8.5	9.6	7.8	8.0	9.3	8.7
DCs	18.7	19.1	19.4	19.2	19.5	19.7	19.6	19.5	19.4	19.7	19.8	19.7	19.6
FSU	4.0	3.8	3.9	3.8	3.4	3.6	4.3	3.8	4.0	3.5	3.7	4.3	3.9
Other Europe	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.8
China	4.2	4.7	4.7	4.7	5.1	5.3	5.0	5.0	5.5	5.1	5.5	5.2	5.3
(a) Total world demand	75.4	76.1	76.5	76.6	75.0	76.9	78.5	76.8	79.0	75.6	77.4	79.3	77.8
Non-OPEC supply													
OECD	21.3	21.8	21.8	22.0	22.2	21.5	21.9	21.9	22.2	21.7	21.9	21.9	21.9
North America	14.1	14.2	14.4	14.6	14.7	14.4	14.4	14.5	14.7	14.7	14.7	14.6	14.7
Western Europe	6.6	6.7	6.7	6.7	6.8	6.3	6.8	6.6	6.7	6.3	6.6	6.7	6.6
Pacific	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.6	0.7
DCs	10.7	10.9	10.9	11.3	11.3	11.2	11.2	11.3	11.2	11.2	11.3	11.3	11.3
FSU	7.5	7.9	8.5	8.9	9.2	9.5	9.7	9.3	9.9	10.0	10.2	10.4	10.1
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	3.2	3.2	3.3	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5
Processing gains	1.6	1.7	1.7	1.7	1.7	1.7	1.8	1.7	1.8	1.8	1.8	1.8	1.8
Total non-OPEC supply	44.5	45.7	46.4	47.6	47.9	47.5	48.1	47.8	48.7	48.3	48.8	49.1	48.8
OPEC NGLs + non-conventionals	3.2	3.3	3.6	3.7	3.7	3.8	3.7	3.7	3.5	3.7	3.8	3.8	3.7
(b) Total non-OPEC supply and OPEC NGLs	47.7	49.0	50.0	51.3	51.7	51.3	51.8	51.5	52.2	52.0	52.7	53.0	52.5
OPEC crude oil production (secondary sources)	26.5	28.0	27.2	25.1	24.6	25.5	26.2	25.3	26.8	26.5			
Total supply	74.2	77.0	77.2	76.4	76.2	76.8	78.0	76.9	79.0	78.4			
Balance (stock change and miscellaneous)	-1.2	0.9	0.7	-0.2	1.2	-0.1	-0.5	0.1	0.1	2.9			
Closing stock level (outside FCPEs) *mb*													
OECD onland commercial	2446	2530	2622	2598	2644	2568	2466	2466	2409				
OECD SPR	1228	1210	1222	1237	1247	1250	1271	1271	1284				
OECD total	3674	3740	3843	3835	3891	3818	3738	3738	3693				
Other onland	983	1000	1028	1026	1041	1021	1000	1000	988				
Oil-on-water	808	876	829	808	818	819	828	828	869				
Total stock	5465	5617	5701	5669	5750	5659	5565	5565	5550				
Days of forward consumption in OECD													
Commercial onland stocks	51	53	55	56	56	52	50	51	52				
SPR	26	25	26	27	26	26	26	26	28				
Total	77	78	81	83	82	78	76	77	79				
Memo items													
FSU net exports	3.4	4.1	4.6	5.1	5.8	5.9	5.5	5.6	5.9	6.5	6.5	6.1	6.3
(a) - (b)	27.7	27.1	26.5	25.4	23.4	25.6	26.7	25.3	26.7	23.6	24.7	26.3	25.3

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

Table 25

World oil demand/supply balance: changes from last month's table †

mb/d

	1999	**2000**	**2001**	1Q02	2Q02	3Q02	4Q02	**2002**	1Q03	2Q03	3Q03	4Q03	**2003**
World demand													
OECD	-	-	0.1	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.2	0.1	0.1
North America	-	-	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	0.1	-	-0.1	0.1	0.2	0.1	-	-0.1	0.1	0.2	0.1	0.1
FSU	-	-	-	-	0.1	-	-	-	0.2	0.1	-	-	0.1
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	0.2	-	-	-	0.1
(a) Total world demand	-	0.1	0.2	-	0.3	0.4	0.2	0.2	0.4	0.3	0.4	0.2	0.3
Non-OPEC supply													
OECD	-	-	-	-0.1	-	-	-0.2	-0.1	-0.1	-0.4	-	-0.2	-0.2
North America	-	-	-	-0.1	-	-	-0.2	-0.1	-	-	-	-0.1	-
Western Europe	-	-	-	-	-	-	-	-	-	-0.3	-	-	-0.1
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-0.1	-	-	-0.1	-0.1	-	0.1	0.1	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-0.1	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-0.1	-0.1	-	-0.3	-0.1	-0.1	-0.4	-0.1	-0.1	-0.2
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-0.1	-0.1	-	-0.3	-0.1	-0.1	-0.4	-0.1	-0.1	-0.2
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-			
Total supply	-	-	-	-0.1	-0.1	-	-0.3	-0.1	-0.2	-			
Balance (stock change and miscellaneous)	-0.1	-0.1	-0.2	-0.2	-0.4	-0.4	-0.5	-0.4	-0.5	-			
Closing stock level (outside FCPEs) *mb*													
OECD onland commercial	-	-	-	-	1.5	-	-2.2	-2.2	-7.8	-			
OECD SPR	-	-	-	-	-	-	-	-	-	-			
OECD total	-	-	-	-	1.5	-	-2.2	-2.2	-7.8	-			
Other onland	-	-	-	-	-	-	-0.6	-0.6	-2.1	-			
Oil on water	-	-	-	-	-	-	-	-	8.3	-			
Total stock	-	-	-	-	1.9	-	-2.4	-2.4	-1.6	-			
Days of forward consumption in OECD													
Commercial onland stocks	-	-	-	-	-	-	-	-	-	-			
SPR	-	-	-	-	-	-	-	-	-	-			
Total	-	-	-	-	-	-	-	-	-	-			
Memo items													
FSU net exports	-	-	-	-	-0.1	-	-	-	-0.2	-0.1	-0.1	-	-0.1
(a) - (b)	0.1	0.1	0.2	0.2	0.4	0.4	0.5	0.4	0.5	0.7	0.5	0.3	0.5

† *This compares Table 24 in this issue of the MOMR with Table 23 in the June 2003 issue.*
This table shows only where changes have occurred.

Table 26
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
Closing stock level *mb*															
OECD onland commercial	2,615	2,697	2,446	2,530	2,622	2,466	2,525	2,597	2,660	2,622	2,598	2,644	2,568	2,466	2,409
North America	1,211	1,283	1,127	1,146	1,263	1,172	1,159	1,231	1,269	1,263	1,235	1,259	1,216	1,172	1,098
Western Europe	912	962	881	930	915	884	918	909	918	915	927	939	911	884	901
OECD Pacific	492	453	437	454	444	410	447	457	473	444	436	447	441	410	411
OECD SPR	1,207	1,249	1,228	1,210	1,222	1,271	1,210	1,207	1,205	1,222	1,237	1,247	1,250	1,271	1,284
North America	563	571	567	543	552	601	544	545	547	552	563	578	589	601	601
Western Europe	329	362	346	354	353	352	351	347	345	353	353	348	344	352	362
OECD Pacific	315	315	315	313	316	318	314	314	313	316	321	321	317	318	321
OECD total	**3,822**	**3,946**	**3,674**	**3,740**	**3,843**	**3,738**	**3,734**	**3,804**	**3,865**	**3,843**	**3,835**	**3,891**	**3,818**	**3,738**	**3,693**
Other onland	1,022	1,055	983	1,000	1,028	1,000	999	1,017	1,034	1,028	1,026	1,041	1,021	1,000	988
Oil-on-water	812	859	808	876	829	828	899	823	860	829	808	818	819	828	869
Total stock	**5,656**	**5,860**	**5,465**	**5,617**	**5,701**	**5,565**	**5,632**	**5,643**	**5,759**	**5,701**	**5,669**	**5,750**	**5,659**	**5,565**	**5,550**
Days of forward consumption in OECD															
OECD onland commercial	56	57	51	53	55	51	54	55	55	54	56	56	52	50	52
North America	52	54	47	48	52	48	49	51	53	53	51	52	50	48	45
Western Europe	60	63	58	61	61	58	62	59	59	60	63	62	59	58	61
OECD Pacific	58	52	51	53	52	47	56	57	54	49	57	56	48	43	53
OECD SPR	26	26	26	25	26	26	26	25	25	25	27	26	26	26	28
North America	24	24	24	23	23	25	23	23	23	23	23	24	24	24	25
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	22	23	25
OECD Pacific	37	36	37	37	37	37	39	39	36	35	42	40	34	33	41
OECD total	**82**	**83**	**77**	**78**	**81**	**77**	**80**	**80**	**80**	**80**	**83**	**82**	**78**	**76**	**79**
Days of global forward consumption	**87**	**88**	**82**	**84**	**85**	**82**	**85**	**84**	**85**	**85**	**86**	**85**	**83**	**81**	**84**

Table 27
Non-OPEC supply and OPEC natural gas liquids

mb/d

	1999	2000	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
USA	8.11	8.11	8.05	-0.06	8.11	8.25	7.99	7.83	8.04	-0.01	8.07	8.00	7.99	7.88	7.99	-0.06
Canada	2.60	2.69	2.74	0.05	2.84	2.84	2.86	2.93	2.87	0.13	2.93	2.93	2.93	2.92	2.93	0.06
Mexico	3.35	3.45	3.57	0.11	3.61	3.57	3.58	3.60	3.59	0.03	3.75	3.73	3.74	3.75	3.74	0.15
North America	**14.05**	**14.25**	**14.36**	**0.11**	**14.56**	**14.66**	**14.44**	**14.36**	**14.50**	**0.15**	**14.74**	**14.66**	**14.66**	**14.55**	**14.65**	**0.15**
Norway	3.06	3.32	3.42	0.09	3.32	3.38	3.22	3.39	3.33	-0.09	3.40	3.18	3.38	3.38	3.34	0.01
UK	2.84	2.64	2.53	-0.11	2.60	2.56	2.28	2.59	2.51	-0.03	2.54	2.32	2.42	2.54	2.45	-0.05
Denmark	0.30	0.36	0.35	-0.02	0.38	0.37	0.34	0.38	0.37	0.02	0.38	0.37	0.34	0.38	0.37	0.00
Other Western Europe	0.43	0.41	0.40	-0.01	0.42	0.44	0.42	0.43	0.43	0.03	0.44	0.46	0.44	0.45	0.45	0.02
Western Europe	**6.63**	**6.74**	**6.70**	**-0.04**	**6.72**	**6.75**	**6.26**	**6.80**	**6.63**	**-0.06**	**6.75**	**6.34**	**6.58**	**6.74**	**6.60**	**-0.03**
Australia	0.59	0.77	0.71	-0.06	0.71	0.71	0.73	0.67	0.70	0.00	0.63	0.61	0.61	0.59	0.61	-0.09
Other Pacific	0.07	0.06	0.06	0.00	0.05	0.06	0.06	0.05	0.05	-0.01	0.05	0.05	0.06	0.05	0.05	0.00
OECD Pacific	**0.66**	**0.83**	**0.77**	**-0.07**	**0.76**	**0.77**	**0.79**	**0.72**	**0.76**	**-0.01**	**0.68**	**0.65**	**0.67**	**0.65**	**0.66**	**-0.09**
Total OECD*	**21.34**	**21.82**	**21.82**	**0.00**	**22.04**	**22.18**	**21.49**	**21.88**	**21.90**	**0.07**	**22.17**	**21.65**	**21.91**	**21.94**	**21.92**	**0.02**
Brunei	0.18	0.19	0.20	0.00	0.21	0.19	0.20	0.21	0.20	0.01	0.20	0.21	0.21	0.21	0.21	0.01
India	0.75	0.74	0.73	-0.01	0.74	0.74	0.75	0.75	0.75	0.01	0.75	0.72	0.73	0.74	0.73	-0.01
Malaysia	0.72	0.70	0.68	-0.02	0.72	0.68	0.72	0.73	0.72	0.03	0.75	0.77	0.77	0.77	0.76	0.05
Papua New Guinea	0.09	0.07	0.06	-0.01	0.06	0.05	0.04	0.05	0.05	-0.01	0.05	0.05	0.05	0.05	0.05	0.00
Vietnam	0.26	0.31	0.34	0.04	0.34	0.34	0.33	0.36	0.34	0.00	0.36	0.36	0.36	0.37	0.36	0.02
Asia others	0.15	0.18	0.19	0.01	0.22	0.21	0.22	0.21	0.21	0.02	0.22	0.23	0.22	0.21	0.22	0.01
Other Asia	**2.15**	**2.19**	**2.20**	**0.02**	**2.30**	**2.21**	**2.27**	**2.30**	**2.27**	**0.07**	**2.34**	**2.34**	**2.34**	**2.35**	**2.34**	**0.07**
Argentina	0.84	0.79	0.80	0.01	0.80	0.80	0.79	0.78	0.79	-0.01	0.79	0.78	0.78	0.77	0.78	-0.01
Brazil	1.36	1.49	1.57	0.08	1.75	1.79	1.77	1.68	1.75	0.18	1.76	1.77	1.77	1.73	1.76	0.01
Colombia	0.82	0.70	0.61	-0.08	0.61	0.59	0.57	0.57	0.59	-0.03	0.57	0.55	0.55	0.54	0.55	-0.04
Ecuador	0.38	0.40	0.41	0.01	0.40	0.40	0.41	0.39	0.40	-0.01	0.40	0.34	0.38	0.39	0.38	-0.02
Peru	0.11	0.10	0.10	0.00	0.07	0.10	0.10	0.10	0.09	-0.01	0.09	0.09	0.11	0.11	0.10	0.01
Trinidad & Tobago	0.14	0.14	0.13	-0.01	0.14	0.14	0.15	0.16	0.15	0.02	0.17	0.18	0.19	0.19	0.18	0.04
L. America others	0.11	0.12	0.13	0.01	0.12	0.12	0.12	0.12	0.12	-0.01	0.12	0.12	0.12	0.12	0.12	0.00
Latin America	**3.76**	**3.74**	**3.75**	**0.01**	**3.91**	**3.93**	**3.90**	**3.81**	**3.89**	**0.14**	**3.89**	**3.84**	**3.89**	**3.85**	**3.87**	**-0.02**
Bahrain	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.91	0.95	0.95	0.00	0.94	0.92	0.87	0.89	0.90	-0.04	0.85	0.84	0.82	0.84	0.84	-0.07
Syria	0.55	0.54	0.53	-0.01	0.53	0.53	0.54	0.55	0.54	0.01	0.55	0.54	0.55	0.56	0.55	0.01
Yemen	0.42	0.45	0.47	0.01	0.45	0.45	0.45	0.46	0.45	-0.01	0.46	0.46	0.46	0.46	0.46	0.01
Middle East	**2.06**	**2.13**	**2.13**	**0.00**	**2.11**	**2.09**	**2.05**	**2.09**	**2.08**	**-0.05**	**2.05**	**2.03**	**2.02**	**2.05**	**2.03**	**-0.05**
Angola	0.76	0.75	0.74	-0.01	0.92	0.92	0.89	0.84	0.89	0.15	0.83	0.91	0.87	0.85	0.87	-0.03
Cameroon	0.10	0.10	0.08	-0.02	0.08	0.08	0.07	0.07	0.07	-0.01	0.07	0.07	0.07	0.07	0.07	-0.01
Congo	0.27	0.27	0.27	0.00	0.27	0.26	0.25	0.25	0.26	-0.01	0.24	0.24	0.24	0.23	0.24	-0.02
Egypt	0.83	0.80	0.76	-0.04	0.75	0.76	0.74	0.75	0.75	-0.01	0.76	0.76	0.75	0.76	0.76	0.01
Gabon	0.36	0.34	0.31	-0.03	0.31	0.31	0.30	0.30	0.30	-0.01	0.29	0.29	0.29	0.29	0.29	-0.02
South Africa	0.17	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00
Africa other	0.28	0.41	0.46	0.05	0.52	0.56	0.57	0.59	0.56	0.10	0.58	0.58	0.63	0.65	0.61	0.05
Africa	**2.78**	**2.85**	**2.80**	**-0.05**	**3.04**	**3.08**	**3.02**	**2.98**	**3.03**	**0.23**	**2.96**	**3.04**	**3.04**	**3.04**	**3.02**	**-0.01**
Total DCs	**10.74**	**10.91**	**10.89**	**-0.02**	**11.35**	**11.31**	**11.24**	**11.18**	**11.27**	**0.38**	**11.24**	**11.25**	**11.28**	**11.30**	**11.27**	**0.00**
FSU	**7.47**	**7.91**	**8.53**	**0.62**	**8.92**	**9.15**	**9.50**	**9.75**	**9.33**	**0.81**	**9.88**	**10.05**	**10.20**	**10.39**	**10.13**	**0.80**
Other Europe	**0.18**	**0.18**	**0.18**	**0.00**	**0.18**	**0.18**	**0.17**	**0.17**	**0.18**	**-0.01**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**
China	**3.21**	**3.23**	**3.30**	**0.07**	**3.35**	**3.39**	**3.43**	**3.40**	**3.39**	**0.10**	**3.44**	**3.43**	**3.47**	**3.48**	**3.46**	**0.06**
Non-OPEC production	**42.95**	**44.05**	**44.71**	**0.66**	**45.83**	**46.21**	**45.83**	**46.38**	**46.07**	**1.35**	**46.91**	**46.55**	**47.03**	**47.28**	**46.95**	**0.88**
Processing gains	1.58	1.65	1.69	0.04	1.72	1.72	1.72	1.76	1.73	0.04	1.81	1.77	1.81	1.85	1.81	0.08
Non-OPEC supply	**44.53**	**45.70**	**46.40**	**0.70**	**47.55**	**47.93**	**47.55**	**48.14**	**47.80**	**1.39**	**48.72**	**48.32**	**48.83**	**49.13**	**48.75**	**0.96**
OPEC NGLs + non-conventionals	**3.16**	**3.34**	**3.58**	**0.24**	**3.72**	**3.72**	**3.75**	**3.69**	**3.72**	**0.14**	**3.51**	**3.65**	**3.83**	**3.83**	**3.71**	**-0.02**

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

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

Table 28
Non-OPEC Rig Count

	2000	1Q01	2Q01	3Q01	4Q01	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	May03	Jun03	2Q03	Change Jun03- May03
USA	916	1141	1239	1231	1004	1156	818	806	853	847	831	-325	901	1035	1067	1,028	32
Canada	344	515	252	320	278	342	383	147	250	283	266	-76	494	150	308	203	158
Mexico	44	50	48	56	62	54	63	61	62	76	65	11	82	83	87	84	4
North America	**1305**	**1706**	**1539**	**1607**	**1344**	**1552**	**1264**	**1014**	**1165**	**1206**	**1162**	**-390**	**1476**	**1268**	**1462**	**1,315**	**194**
Norway	22	24	22	22	22	23	20	20	17	19	19	-4	18	16	20	19	4
UK	18	18	25	28	26	24	28	30	24	23	26	2	19	24	20	21	-4
Denmark	3	4	5	4	5	4	5	4	3	5	4	0	3	5	5	5	0
Other Western Europe	82	43	44	42	47	44	39	38	33	34	36	-8	36	31	36	34	5
Western Europe	**125**	**89**	**95**	**96**	**100**	**95**	**92**	**91**	**76**	**81**	**85**	**-10**	**77**	**76**	**81**	**78**	**5**
Australia	10	11	11	10	10	10	9	9	9	9	9	-2	10	8	10	10	2
Other Pacific	7	10	9	8	10	9	8	7	7	10	8	-1	8	7	8	7	1
OECD Pacific	**17**	**20**	**20**	**18**	**20**	**20**	**17**	**16**	**16**	**19**	**17**	**-3**	**18**	**15**	**18**	**17**	**3**
Total OECD*	**1447**	**1815**	**1655**	**1721**	**1464**	**1667**	**1373**	**1121**	**1257**	**1306**	**1264**	**-403**	**1571**	**1359**	**1561**	**1,411**	**202**
Brunei	2	3	3	2	2	3	2	3	3	3	3	0	3	4	4	4	0
India	49	51	48	50	50	50	52	54	55	57	55	5	59	60	59	60	-1
Malaysia	7	10	11	13	12	11	12	13	15	14	14	2	14	13	11	13	-2
Papua New Guinea	0	0	1	2	1	1	1	1	1	1	1	0	1	1	2	2	1
Vietnam	8	9	8	8	8	8	8	8	9	10	9	0	9	9	8	9	-1
Asia others	16	22	23	24	18	22	26	29	33	32	30	8	31	28	27	28	-1
Other Asia	**83**	**96**	**95**	**98**	**90**	**95**	**100**	**109**	**116**	**117**	**111**	**16**	**117**	**115**	**111**	**115**	**-4**
Argentina	57	69	74	77	64	71	49	45	49	54	49	-22	59	66	67	66	1
Brazil	23	28	30	29	26	28	27	27	27	26	27	-2	27	27	27	27	0
Colombia	14	15	16	14	16	15	13	13	10	9	11	-4	10	8	9	9	1
Ecuador	7	9	10	10	11	10	10	9	8	8	9	-1	9	12	11	11	-1
Peru	4	4	4	3	3	4	2	2	2	1	2	-2	2	2	2	2	0
Trinidad & Tobago	4	6	5	4	5	5	5	4	4	4	4	-1	3	3	3	3	0
L. America others	12	9	8	6	6	7	4	4	4	5	5	-3	3	3	4	4	1
Latin America	**120**	**141**	**147**	**144**	**130**	**141**	**110**	**103**	**104**	**107**	**106**	**-35**	**113**	**121**	**123**	**121**	**2**
Bahrain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	24	24	24	25	26	25	27	29	30	32	29	5	33	34	33	34	-1
Syria	14	19	19	20	19	19	20	21	23	24	22	3	23	22	27	23	5
Yemen	6	6	6	5	6	6	8	9	9	11	9	3	11	10	9	10	-1
Middle East	**45**	**49**	**49**	**49**	**51**	**50**	**57**	**60**	**64**	**69**	**62**	**12**	**70**	**67**	**71**	**68**	**4**
Angola	6	6	5	4	6	5	5	6	6	5	5	0	3	4	4	4	0
Cameroon		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	0	0	1	1	1	0
Egypt	18	21	22	22	23	22	22	23	22	23	23	1	26	25	25	26	0
Gabon	2	2	4	1	1	2	1	2	2	2	2	0	3	4	3	4	-1
South Africa	1	2	1	0	1	1	1	1	1	0	1	0	0	1	1	1	0
Africa other	5	4	5	5	3	4	11	12	12	12	12	7	12	14	15	14	1
Africa	**34**	**36**	**40**	**34**	**35**	**36**	**41**	**45**	**44**	**43**	**43**	**7**	**45**	**49**	**49**	**50**	**0**
Total DCs	**282**	**322**	**330**	**325**	**307**	**321**	**307**	**317**	**328**	**336**	**322**	**1**	**346**	**352**	**354**	**354**	**2**
FSU												0					
Other Europe	**3**	**3**	**3**	**3**	**4**	**3**	**2**	**2**	**2**	**2**	**2**	**-1**	**2**	**2**	**2**	**2**	**0**
China												0					
Non-OPEC Rig count	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**1,682**	**1,440**	**1,587**	**1,644**	**1,588**	**-403**	**1,919**	**1,713**	**1,917**	**1,767**	**204**

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

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MONTHLY OIL MARKET REPORT

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