OPEC

Organization of the Petroleum Exporting Countries

Obere Donaustrasse 93, A-1020 Vienna, Austria
Tel +43 1 21112 Fax +43 1 216 4320 Telex 134474
E-mail prid@opec.org

Monthly Oil Market Report

June 2002

OPEC Basket average price

US $ per barrel

Down 0.12 in May

May	**24.76**
April	24.88
Year-to-date	21.87

May OPEC production

million barrels per day, according to secondary sources

Algeria	0.83	Kuwait	1.88	Saudi Arabia	7.40
Indonesia	1.13	SP Libyan AJ	1.31	UAE	1.95
IR Iran	3.35	Nigeria	1.92	Venezuela	2.67
Iraq	1.72	Qatar	0.64		

Supply and demand

million barrels per day

2001	
World demand	75.94
Non-OPEC supply*	49.92
Difference	**26.02**
2002	
World demand	76.33
Non-OPEC supply*	51.21
Difference	**25.12**

**Includes OPEC NGLs*

Stocks

Further moderate seasonal build in USA in May

World economy

World GDP growth estimate revised up to 2.9% for 2002

Inside

Data covers period up to end-May 2002, unless otherwise stated

Issued 19 June 2002

OIL MARKET HIGHLIGHTS

- The world GDP growth estimate for 2002 has been raised to 2.9% from 2.8% last month, reflecting, like last month, some upward revisions for OECD North America and OECD Pacific (especially Japan), as well as further improvements in the outlook for Asia Pacific (Taiwan, Malaysia), while Latin American prospects have worsened again (especially Argentina, Chile and Venezuela).

- The pace of economic expansion in the US economy appears to be slowing down in the second quarter, from the very fast growth registered in the first quarter. Retail sales posted a surprising 0.9% drop in May and this was coupled with a drop in consumer confidence, raising the spectre that consumers, the mainstay of the recovery so far, faced with mounting debt, falling stocks and increased political uncertainty, may begin to pull back.

- In Japan, first-quarter GDP, as expected, was highly positive (1.4% quarterly growth, or 5.7% annualized, similar to US growth in the first quarter). The expansion was driven by rebounding exports and unexpectedly solid consumer spending, but companies continue to slash capital spending and growth is vulnerable to a possible slowdown in the global recovery.

- In the euro-zone, GDP grew by a meagre 0.2% in the first quarter, but is forecast to improve in the second quarter. Consumer and business sentiment remains high, but, in Germany, the largest country in the region, private consumption is depressed and unemployment has continued to rise.

- The monthly price of OPEC's Reference Basket finally retreated during May, after registering a sustained rise since the beginning of the year. The loss was very moderate, not even reaching one per cent, with respect to the April monthly average. The Basket made several turns during May, starting with a fall of $0.82/b to average $24.96/b, but then recovered by $0.77/b during the second week to average $25.73/b. It then suffered a considerable setback during the third week, shedding $1.18/b, or almost 5%, to average $24.55/b. During the fourth week, it continued to lose value; however, the speed of the fall slowed, with the Basket declining by $0.75/b to finish at $23.80/b.

- The downward price trend continued well into June, when the Basket fell to $23.36/b during the first week and declined further to $22.83/b in the second.

- OPEC area spot-chartering rose by 2.66 mb/d to a monthly average of 13.24 mb/d in May. VLCC freight rates improved considerably, while Suezmax rates declined. Aframax tankers in the Mediterranean enjoyed a steady and active market. Clean tanker freight rates gained on most main routes.

- Although the US driving season started in May, a combination of abundant supply and slow demand caused falling gasoline prices, both domestically and in the rest of the world's markets. As a result, refining margins in the US Gulf lost their edge and turned negative, similar to other centres, thus paving the way for probable discretionary US refinery run cuts.

- Actual consumption estimates now point to less-than-expected first-quarter 2002 demand of 76.15 mb/d. However, more substantial growth of 1.23 mb/d is forecast for fourth-quarter demand, leading to an anticipated average 77.78 mb/d.

- OPEC crude oil production, based on secondary sources, rose to 24.80 mb/d in May. The non-OPEC oil supply forecast for 2002 remained almost unchanged at 47.82 mb/d, 1.28 mb/d higher than the revised 2001 figure, which was estimated at 46.54 mb/d. The net FSU export forecast for 2002 was revised up to 5.29 mb/d.

- The non-OPEC rig count rose in May by 58 rigs. OPEC's rig count increased by two rigs. The major contributor in non-OPEC was North America, which rose by 69 rigs (mainly the USA, which increased by 76 to 826, while, in Canada, the rig count declined by seven to 114).

- In May, commercial onland oil stocks in the USA displayed a further moderate seasonal build, increasing by 18.1 mb, or a rate of 0.65 mb/d, to stand at 1,024.8 mb. Eur-16's oil stocks remained almost unchanged, decreasing by a marginal 0.2 mb to 1,076.2 mb.

HIGHLIGHTS OF THE WORLD ECONOMY

Economic growth rates 2002
%

World	G-7	USA	Japan	Euro-zone
2.9	**1.6**	**2.3**	**–0.1**	**1.4**

Industrialised countries

United States of America

Recent US economic indicators paint a mixed picture in May; sharp drop in retail sales and consumer confidence contrast with continued expansion in industrial sector

The sharp and unexpected drop of 0.9% in May retail sales, coupled with a marked fall in the closely watched University of Michigan consumer sentiment index in June, has suddenly reversed an otherwise upbeat picture of the economy in May, raising the spectre that consumers, faced with mounting debt, falling stocks and increased political uncertainty, have begun to pull back. The Federal Reserve Board’s “Beige book", a report based on anecdotal evidence, noted that the US economy exhibited modest but uneven growth, with some major sectors showing signs of improvement, while others softened or remained weak. However, the Michigan consumer sentiment index is based on a small sample and is subject to dramatic revision. The drop in retail sales (nominal terms) was attributed in part to cold weather, falling gasoline prices and a decline in car sales, and comes after a very strong 1.2% rise in April sales. General Motors reported a 12% decline in sales from a year earlier, and Ford, the No. 2 automaker, a drop of 11.5%. However, Toyota USA had a 1.4% increase and Daimler Chrysler, the No. 3 automaker, a 4% increase, although the rise was driven by promotions. On the other hand, industrial production continued to expand, for the fifth straight month, albeit at a moderate pace of 0.2% in May from a revised 0.3% in April, with capacity utilization rising to 75.5% from a revised 75.4% in April, indicating much idle capacity in the industrial sector. Meanwhile, business inventories fell 0.2% to $1.11 trillion in April, after dropping by a revised 0.4% in March. Sales rose 1.8%, the biggest gain since October. After several months of inventory reduction, the ratio of inventories to sales fell to 1.35, the lowest ratio on record, indicating expected increases in production, once demand picks up. Unemployment fell to 5.8% from the 7½-year high of 6.0% in April; but a separate Labour Department survey of businesses showed that payrolls grew by a lower-than-expected 41,000 last month, after rising by just 6,000 in April.

Japan

Strong growth in first-quarter GDP confirms Japan’s emergence from recession, but prospects for rest of year still uncertain

Japan emerged from recession in the first quarter of 2002, but the country remains critically dependent on foreign demand to fuel its manufacturing-led upturn. GDP achieved real growth of 1.4% from the previous quarter (an annual rate of 5.7%), the fastest growth in two years, driven by rebounding exports and unexpectedly solid consumer spending. Moreover, the current upturn is widely expected to be tepid, with government forecasting GDP to be flat this fiscal year. Exports jumped 6.4% from the previous quarter, and net exports of goods and services contributed 0.7 points to growth. Given the importance of exports, Japan has intervened repeatedly since 22 May to weaken the yen. Defying expectations, consumers spent 1.6% more in January–March than in the previous three months, following a 1.9% increase in the previous quarter. However, consumption figures may have been overstated. Nevertheless, the upward trend continued in April, when overall household spending rose 1.9% in real terms from a year earlier and 2.0% from March. The rise is partly attributed to unseasonably warm weather. On the other hand, capital spending sank 3.2%, as companies, suffering from a sharp fall in profits last year and excess capacity, cut investment. The GDP deflator, a measure of inflationary pressure, fell 0.9% from a year earlier, the 16th straight quarterly decline. Domestic wholesale prices also dropped, by 1.2%, in May from a year earlier, the 20th straight decline. On the positive side, core machinery orders, a leading indicator of private capital spending, rose 8.4% on the month in April. Firm overseas demand, particularly for semiconductor-making equipment, helped boost overall orders. But the government forecasts core orders will fall 0.3% on the quarter in the three months to June. Industrial production gained for a fourth month in five in April, as manufacturers sought to meet overseas demand. Lending by Japanese banks fell for the 53rd straight month in May, declining 4.7% on the year, as companies avoided new borrowing and focused on reducing debt. Broad money supply growth also slowed, to 3.5% year-on-year in May from 3.6% in April, highlighting the weak state of the economy.

Euro-zone

Moderate first-quarter recovery in euro-zone, with expectations that expansion will gather steam in second quarter

Most indicators in the euro-zone point to a moderate recovery, albeit one vulnerable to a slowdown in the global expansion. Business and consumer sentiment are on the rise, but the picture is mixed, with France exhibiting encouraging growth in both consumer spending and industrial output, but Germany lagging behind. The recent appreciation of the euro, although helping to stem inflation, may endanger the export-led recovery. The European Commission once again trimmed GDP growth expectations in the euro-zone for the second quarter, to 0.3%–0.6% from 0.4%–0.7%, after meagre 0.2% growth in the first quarter (0.2% in Germany and Italy, and 0.4% in France). The export-led growth reflected the global economic recovery, the USA is being the destination for about a fifth of Europe's exports, while domestic demand remained weak, in line with a rise in inflation and worsening labour markets. In May, inflation fell in Germany, France and Italy, easing pressure on the European Central Bank (ECB) to raise rates. Nevertheless the ECB appears to have informally adopted a tightening bias, although the euro-zone's harmonized index of consumer prices in May fell to 2% from the 2.4% in April, after missing the upper bound of the 0–2% target range for 23 months. Consumer confidence rose to nine-month highs in May, while industrial production continued its upward trend, as shown by the Reuters Purchasing Managers' Index for the euro-zone, which climbed to 51.5 in May from 50.7 in April. German manufacturing orders in April grew 2.3%, for the first time this year. Business sentiment improved in Italy, France and Germany, where the Ifo Business confidence index climbed to 91.5 in May from 90.5 in April. While, in France, consumer spending gained for a third month in a row, German retail sales fell by 2.4% in April. Moreover, a seasonally adjusted increase of 60,000 in the number of unemployed in Germany drove the adjusted rate of unemployment to 9.7%, after stagnating at 9.6% for the previous four months.

Former Soviet Union

First planned post-Soviet budget surplus this year expected to materialize this year in Russia; oil production and exports continue to rise

In Russia, the index of output of basic goods and services was up 4.6% in April and 3.7% for the first four months of the year, compared with 5.7% growth for 2001 as a whole. The export performance improved in March, down only 4.2% year-on-year (y-o-y) compared with declines of 18.8% and 16.7% in January and February, respectively. For the first quarter, exports were down 13.3%, while imports surged 10.2% for the quarter, driving the merchandise trade surplus down. The Russian Central Bank expects only a small increase in gold and foreign currency reserves from the current record high of $40 billion by the end of 2002. The CB is keen to avoid a repetition of the first half of 2001, when rising oil export revenue drove reserves too high and led to a rouble appreciation, coupled with a decline in the rate of industrial production throughout the year. Foreign direct investment was only $830 million in the first quarter of 2002, almost 14% less than in the first quarter of 2001. However, portfolio investment increased substantially, leading to a rise in total foreign investment of almost 40% y-o-y to $3.8 bn in the first quarter of 2002. Russia is enjoying its first post-Soviet national budget surplus this year. Russia has enjoyed steady growth in recent years, but many analysts warn that the country's economy is too dependent on exports of oil and natural gas. According to some estimates, currently every US $1 per barrel in excess of $18.50/b would add around 0.35% to GDP growth and bring in some $1.4 bn in additional export revenue. Preliminary figures indicate that Russian oil exports via Transneft pipelines rose 4.6% month-on-month (m-o-m) in May to 2.69 mb/d. Actual total exports, including oil exported through other routes, would be much higher. Russian oil production during January–May was up 8.7% y-o-y to 7.26 mb/d.

Eastern Europe

Slower economic activity in Hungary and Poland, while Czech growth more favourable

Hungary's GDP growth in the first quarter of 2002 was officially estimated at 2.9%, down from 3.3% in the fourth quarter of 2001. However, most economic indicators exhibited signs of improvement, as manufacturing output, export sales, construction activity and aggregate demand started to pick up in recent months. Meanwhile, the National Bank of Hungary raised interest rates in May by 50 basis points to curb inflation, which grew at 6.1% y-o-y in April, compared with 5.9% in March. In Poland, the central statistical office has revised down the GDP figures for 2001 by 0.1% to 1.0%. In April, consumer prices moved down by 0.3% m-o-m, while y-o-y inflation was 3.0%, a historic low. With consumer price inflation closer to the level of the euro-zone, the monetary policy council lowered the interest rate by 50 bps to stimulate growth. In the Czech Republic, consumer prices dropped by 0.7% m-o-m in May, which resulted in a decline in the yearly consumer price index to 2.5%, the lowest level since December 1999. In April, the trade balance continued to improve. Due to the strong Czech crown, imports continued to fall, by 1.6% y-o-y, while exports grew by a surprisingly strong 8% y-o-y. In April, all economic sectors showed growth, with the construction output expanding by 5.2%.

OPEC Member Countries

Mounting inflationary pressure in some OPEC MC economies this year

The recent trend of falling inflation rates among OPEC Member Countries (MCs) is expected to reverse this year, partly as a result of domestic inflationary pressures, which appear to be mounting; but the greatest inflationary pressures will be external, coming from the expected increase in prices of imported non-oil commodities. Normally, the annual average rate of inflation among MCs varies according to both domestic and external factors. For instance, in Saudi Arabia, Kuwait and Algeria, the 2002 inflation rates are expected to be 1%, 3.3% and 4%, respectively. Based on the expectation of an 11% rise in the prices of imported non-oil commodities next year, these rates are predicted to edge up to 1.5%, 3.5% and 4.8%, respectively. In some other MCs, such as Indonesia, Nigeria and the Islamic Republic of Iran, inflation rates are expected to reach 13%, 16.9% and 17% respectively. However, it is assumed that these rates will ease in 2003 to 13.5%, 1.4% and 14% respectively, in response to different domestic measures and financial reforms. I.R. Iran is anticipated to pursue the reunification of the exchange rates, that were set to raise the local currency cost of a range of goods currently imported at the overvalued fixed official rates. Moreover, import restrictions are to be eased.

Developing countries

Asian recovery gains ground, while Argentina continues to stumble; failed harvest in parts of Southern Africa due to drought

The recovery of Asian economies is gaining ground and should accelerate in the near future, on the back of rising demand from the USA, in particular, and developed countries, in general. Since US imports increased by 9.7%, after contracting during the last five quarters, exports from Malaysia, the Philippines and Hong Kong y-o-y rose in the first quarter of this year. As a result, the overall economic outlook for emerging Asia is now much brighter. Asia-Pacific is anticipated to grow by 3.4%, while the entire Asia Oceania will grow by 4.2% in the current year. During the first quarter, China's public capital expenditure expanded by 25% y-o-y. Gross fixed domestic investment will be enhanced by foreign direct investment, which surged by almost 30% y-o-y in the first quarter and is forecast to total $50 bn in 2002 as a whole, and rise to $55 bn in 2003. GDP growth is expected to reach 7%. Due to the worsening credit crunch, the collapse of the payments system and the sharp erosion in real incomes by inflation and devaluation, as well as continuing uncertainty, Argentina's recession will deepen in 2002 to –12.2% from –4.5 % last year. Brazil is expected to grow at 2.1% this year, assuming sustainable recovery in the USA, and that Brazil remains relatively unaffected by Argentina's financial crisis. In most of Southern Africa. Subsistence farmers are suffering because of the late rain this year and many crop failures.

Oil price, US dollar and inflation

Real prices fall by over 3%, as dollar weakness compounds small loss in nominal oil prices

The US dollar fell against all the currencies in the modified Geneva I + US $ basket* in May. The yen rose by 3.51% to ¥126.54 from ¥131.14/$ in April, while the euro appreciated by 3.56% to average $0.9170 from $0.8853.

Mounting negative market sentiment versus the dollar meant that the dollar was adversely affected by bearish economic news (rising unemployment in April, a drop in the ISM index for non-manufacturing and later a drop in the Conference Board's leading economic indicator), but did not benefit for any length of time from the positive news (a large leap in retail sales and stronger stock markets mid-month). The yen rose from about Y128/$ in the first week of May to around Y124.4/$ by the end of the month, helped by the Japanese government's perception that the country was slowly coming out of recession. This was reinforced by a surprisingly strong rise in Japanese industrial production (+0.8%) in April. Higher-than-expected inflation figures in the euro-zone of 2.4% in April, as well as weak German industrial production and a strike by Germany's IG Metall union, weighed down the euro in the first part of the month. Subsequently, it rose steadily from a level of $0.903 mid-month, touching 16-month intra-day highs and rising to $0.9387 by the end of the month, supported by improved prospects in Germany (the Ifo business climate index for May showed expectations were improving) and increasing capital inflows into the euro-zone.

In April, the OPEC Reference Basket fell marginally by $0.12/b, or 0.5%, to $24.76/b from $24.88/b, in April. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price fell by 3.29% to $22.72/b from $23.50/b, as the dollar depreciation, for the third month in a row, aggravated the loss in the nominal oil price. The dollar fell by 2.55%, as measured by the import-weighted modified Geneva I + US dollar basket, while inflation was estimated at 0.27% in May.

* *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

OPEC Reference Basket declined by $0.12/b to $24.76/b in May

The monthly price of OPEC's Reference Basket finally retreated during May, after registering a sustained rise since the beginning of the year. The loss was very moderate, not even reaching one per cent, with respect to the April monthly average. On a year-on-date basis, the Basket price stood at $24.76/b in May, far below the $26.25/b of May 2001 and the $26.94/b of May 2000. The year-to-date average reveals a huge drop, when compared with the previous year. According to the latest available data at the time of publishing this report, the year-to-date average for the present year stood at $2.93/b, or 12 per cent, below that of 2001. The considerable decline in the value of the Basket, combined with a lower output level, has resulted in a substantial loss of revenue for OPEC Member Countries. The Basket made several turns during May, starting with a fall of $0.82/b to average $24.96/b, but then recovered by $0.77/b during the second week to average $25.73/b. The Basket then suffered a considerable setback during the third week, shedding $1.18/b, or almost 5%, to average $24.55/b. During the fourth week, it continued to lose value; however, the speed of the fall slowed, with the Basket declining by $0.75/b to finish at $23.80/b. Disaggregating the Basket into its seven components, we find a mixed picture, with three crudes ending in positive territory, while the remaining four finished down (see Table 1).

Crude price volatility dictated by developments in Middle East crisis; physical Brent market under speculative pressure from heavy buying by European major

Crude oil prices started the month on a weaker note, reacting to the unfolding of the complicated political equation in the Middle East. Early in the month, tensions in the Middle East eased and, at the same time, Iraq announced that it would resume its crude shipments as of 8 May, putting an end to the one-month self-imposed export halt. These developments took a good deal of the speculation already discounted by the markets — the so-called "war-premium" — out of crude prices. The downward adjustment was capped by bullish stock figures in the USA, where crude oil stocks declined considerably and distillates also ended lower. Across the Atlantic, dated Brent prices firmed, as the combined demand of a European major and a trader snapped 16 cargoes from the May programme. The artificially high Brent prices put pressure on North Sea refining margins, enforcing run cuts and making other North Sea grades find alternative outlets.

During the second week, price direction was dictated by market concern over the escalation of the Middle East crisis, falling crude oil stocks in the US mid-continent and a surge in demand for WTI at the delivery point in Cushing, Oklahoma. There were worries that the benchmark price was being artificially inflated by aggressive buying on the part of a European major, that resulted in an increase of around $1/b in the futures market, with first-month WTI reaching $29/b for the first time since September last year. As could be expected, prices corrected themselves sharply towards the end of the week on profit-taking, shedding around 30 per cent of the previous five days' gains. The price rise undermined already weak refining margins in the USA, as well as in Europe, with a subsequent reduction in refinery runs.

Weak gasoline consumption and rising inventories, ahead of peak demand season in USA, brought entire price complex down, dragging crude oil prices along with it

The second half of the month saw crude prices dive; nonetheless, the speed of the fall decelerated toward the month-end. Several factors combined to push prices down. On the one hand was weakness in gasoline prices, that sank on an unexpected stock rise reported by both the American Petroleum Institute and the US Energy Information Administration, which triggered a fall in the entire complex and dragged down crude prices. Lower gasoline demand, which had been anticipated to rise during the Memorial Day weekend, and news that Russia would increase oil production in the third quarter of the year by 15% with respect to the level of the second quarter, enhanced the price weakness. Dated Brent prices also underwent a steep correction, after a European major's buying spree for May cargoes came to an end. The fall in the benchmark crude price and firmer product prices improved refining margins in Europe, inducing some buying by several companies. The fall in dated Brent narrowed considerably the Brent/Dubai spread towards the end of the month, prompting a flow of Brent-linked crudes eastward.

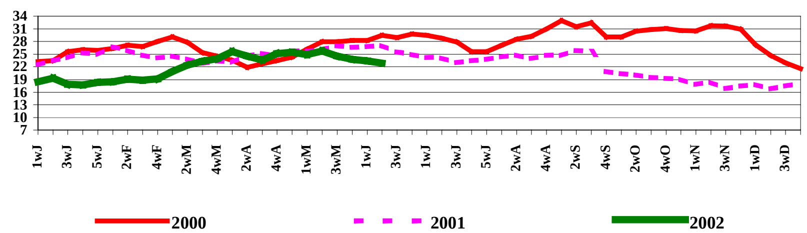
The Basket continued to slide during the first week of June, losing $0.44/b, or 2%, with respect to the previous week. The price weakness could be attributed to a combination of several factors: an announcement by Russia that it would abandon its agreement with OPEC on export restraint beyond June and evidence that output had begun to increase; a surprising hefty rise in US crude stocks; and reports that OPEC production had increased in May, setting OPEC-10 combined production above the 21.7 mb/d agreed output level. The Basket fell by another 2.2% in the oil second week of June, bringing its average to $22.83/b, a level not seen since mid-March.

US and European markets

Heavy (speculative) buying inflated Atlantic Basin benchmark prices in May

Atlantic Basin benchmark crudes prices started the month on a weak note, as the Middle East situation appeared to ease. The trend was reversed mid-month, with the front-month WTI futures contract gaining more than $1/b. The rise was, in part, due to heavy WTI buying by a European major at the mid-continent, where supplies were tight and delivery took place. The benchmark rise eroded refining margins, inducing some refiners to reduce runs further. US refinery capacity utilization fell from 93.2% during the first week, according to the API, to 92.5% in the second and just 91.4% in the third. Likewise, refining margins in Europe were undermined by the strength of Brent prices, underpinned by a buying spree for May physical Brent by a major; this major accumulated around 16 cargoes to fill up four VLCCs, with the crude expected to be delivered to the US Strategic Petroleum Reserve. Later in the month, dated Brent prices plummeted, recovering only slightly, as the major's buying spree came to an end.

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



Far Eastern markets

Heavy low-sulphur grades strengthened on rising fuel oil prices, while sweet crudes weakened, due to softer naphtha prices, in Far East in May

Sentiment for heavy low-sulphur crudes was firm, on the back of the strength in demand for fuel oil and the absence of Iraq's Kirkuk; however, the narrowing of the Brent/Dubai differential encouraged the flow of West African grades to the region. But light sweet grades weakened, in line with softer naphtha prices. Sentiment for sweet crudes dampened in the second part of the month, on dwindling demand by regional key buyers. Indonesia's spot purchase of only 600,000 barrels of sweet crude for July delivery was significantly less than the 5.1 mb purchased in June, due to the turnaround of its two major refineries. Sentiment for the medium-sour benchmark crude Oman firmed, on expectations of stronger demand, especially by China. Spot-buying by other end-users was expected to materialize, as refinery turnaround programmes neared completion.

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

			Year-to-date average	
	Apr.02	**May02**	2001	**2002**
Reference Basket	**24.88**	**24.76**	24.80	**21.87**
Arabian Light	24.98	**25.33**	24.17	22.34
Dubai	24.54	**24.77**	24.08	21.93
Bonny Light	25.79	**25.10**	26.29	22.90
Saharan Blend	25.34	**24.77**	26.63	22.47
Minas	25.78	**25.66**	26.22	22.42
Tia Juana Light	23.01	**22.87**	22.20	19.46
Isthmus	24.72	**24.80**	23.98	21.59
Other crudes				
Brent	25.75	**25.31**	26.28	22.87
WTI	26.32	**27.13**	28.48	23.58
Differentials				
WTI/Brent	0.57	1.82	2.20	0.71
Brent/Dubai	1.21	0.54	2.20	0.94

PRODUCT MARKETS AND REFINERY OPERATIONS

Although the US driving season started in May, a combination of abundant supply and slow demand caused falling gasoline prices, both domestically and in the rest of the world's markets. As a result, refining margins in the US Gulf lost their edge and turned negative, similar to other centres, thus paving the way for probable discretionary US refinery run cuts.

US Gulf market

Gasoline price plummeted, gasoil lost marginally and fuel oil was unchanged in US Gulf in May; refining margins plunged into negative territory and refinery utilization rate climbed to nearly 93%

Product prices followed divergent trends in May. Unlike other products, gasoline defied the exceptional strength of WTI's price and declined by a sharp $1.64/b, under pressure from abundant supply. This was linked to healthy pre-summer refinery production, with a couple of refineries fully back on-stream, including the 167,000 b/d Citgo refinery at Lemont in the isolated mid-continent region after a prolonged shut-down. The other element, which contributed to ample supply, was the prevailing steady import flow. Both segments of supply surged to meet the anticipated rising demand which is usually witnessed during the driving season, with its official start being the long weekend of Memorial Day at the end of May. This expected demand, however, failed to materialize during May, when it displayed an even slightly lower level of 0.23% than in the previous month, according to preliminary moving weekly data from the US Department of Energy. This, coupled with a sustainable, comfortable level of gasoline stocks, put pressure on the price and caused poor refining margins, which in turn, are expected to spur another wave of discretionary refinery run cuts in June — the Valero Company, for instance, announced that it would reduce refinery runs of its 1.5 mb/d crude capacity by 23%, slashing gasoline production by 125,000 b/d. A continued fall in distillate demand led to a slight drop in the gasoil price of $0.11/b, with further losses being capped by the rising marker crude price — which also supported the high sulphur fuel oil (HSFO) price, amid a balanced-to-fairly-tightly-supplied market, as a healthy refinery intake for cheaper alternative feedstock, instead of crude oil, helped absorb available supply.

After a short period of good earnings between March and early April, refining margins extended their losses in May that had begun in the second half of the preceding month. The twin woes of a tumbling gasoline price and a considerable increase in WTI's price constituted the main reasons for refinery profits falling below break-even point.

US refinery throughput crept 0.08 mb/d higher to 15.39 mb/d in May. The corresponding refinery utilization rate was close to 93%, which was 2.9 percentage points below the previous year's level and was the lowest level witnessed in US refinery runs for seven years, for that period of the year.

Rotterdam market

European gasoline price declined in tandem with falling US gasoline price, while heavy end of barrel enjoyed another gain, in Rotterdam in May; refining margins remained negative, and refinery utilization rate was almost steady at 83.8%

In Rotterdam, gasoline and gasoil markets continued to suffer from the prevailing weak European demand, while the fuel oil price surged, largely on persistently tight supply, healthy bunker and refinery intake demand and the continued heavy export programme to the Asian market in May. Gasoline was affected, to a large extent, by the slow-down in transatlantic exports early in the month and the firm closure of the arbitrage window as the month progressed, in tandem with the weak US gasoline market. At the same time, the number of unplanned key refinery outages, including BP's 400,000 b/d Nerefco refinery and Shell's 375,000 b/d Pernis refinery, on top of the planned maintenance of the UK's 205,000 b/d Grangemonth refinery, resulted in tightened regional gasoline supply, and thus prevented the sharp fall in the gasoline price, which was limited to only $0.78/b. Gasoil was marginally up from the previous month's level. HSFO was exceptionally strong, rising by $1.03/b, reflecting a number of supporting factors; one was tight supply, linked to less availability of heavy sour crude, in the wake of OPEC's restrained production and prevailing refinery run-cuts. Another factor was robust bunker demand in North-West Europe and the Mediterranean.

A slight increase in the price of gasoil, Europe's main refined product, combined with the relative weakness of the Brent price, failed to move Brent's profit margins into positive territory, although it continued to recover for the second consecutive month.

Compared with last month's level, refinery throughput in the Eur-16 countries remained almost steady at 11.45 mb/d. The equivalent utilization rate was 83.8%, which was 3.6 percentage points lower than the year-earlier level.

Singapore market

Fuel oil price reached 18-month high in Singapore in May; refining margins fluctuated around break-even point

In Singapore, except for gasoline, product markets were generally shaped by tight supply, particularly of fuel oil and, to a lesser extent, distillates. This reflected continued lower Asian refinery output, due to discretionary run cuts in response to poor margins. The average gasoline price ended $0.38/b lower, undermined by sagging regional demand, together with the fading US West Coast market, which dissipated hope for shipping cargoes there. After its considerable gain last month, backed by the resurgence of regional demand, gasoil rose by only $0.21/b, amid tight supply, but increasing arrivals of cargoes from the Middle East capped upward pressure on the gasoil price. HSFO surged further, by $1.24/b, to reach an 18-month high, on persistently tight supply facing steadily growing demand from China.

Refining margins fluctuated around break-even point throughout May, but ended in negative territory on a monthly basis.

After its peak in February, refinery throughput in Japan declined by 0.29 mb/d and a further 0.22 mb/d in March and April respectively, amid slack product demand, with the latter month marking the start of seasonal refinery maintenance.

Table 2
Refined product prices
US $/b

		Mar.02	Apr.02	**May02**	**Change May/Apr.**
US Gulf					
Regular gasoline	*(unleaded)*	29.99	33.01R	**31.37**	–1.64
Gasoil	*(0.2%S)*	25.65	27.16R	**27.05**	–0.11
Fuel oil	*(3.0%S)*	18.99	21.93R	**21.94**	+0.01
Rotterdam					
Premium gasoline	*(unleaded)*	25.74	30.14R	**29.36**	–0.78
Gasoil	*(0.2%S)*	25.30	26.53R	**26.56**	+0.03
Fuel oil	*(3.5%S)*	17.92R	20.01R	**21.04**	+1.03
Singapore					
Premium gasoline	*(unleaded)*	27.88	30.11R	**29.73**	–0.38
Gasoil	*(0.5%S)*	24.83	27.62R	**27.83**	+0.21
Fuel oil	*(380 cst)*	19.41R	21.75R	**22.99**	+1.24

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Mar.02	Apr.02	**May02**	Mar.02	Apr.02	**May02**
USA	14.34	15.31	**15.39**	86.6	92.4	**92.9**
France	1.48R	1.53	**16.48**	78.2R	80.8	**86.9**
Germany	2.25R	2.14R	**2.07**	99.6R	94.8R	**91.7**
Italy	1.52R	1.68R	**1.60**	66.6R	73.6R	**70.1**
UK	1.66R	1.56R	**1.52**	92.9R	87.3R	**85.1**
Eur-16**	11.60R	11.45R	**11.45**	85.0R	83.9R	**83.8**
Japan	4.13	3.91	**n.a.**	86.3	81.6	**n.a.**

n.a. Not available. R Revised since last issue
** Refinery capacities used are in barrels per calendar day.*
*** Fifteen European Union members plus Norway.*
Sources: OPEC Statistics, Argus, Euroilstock Inventory Report/IEA.

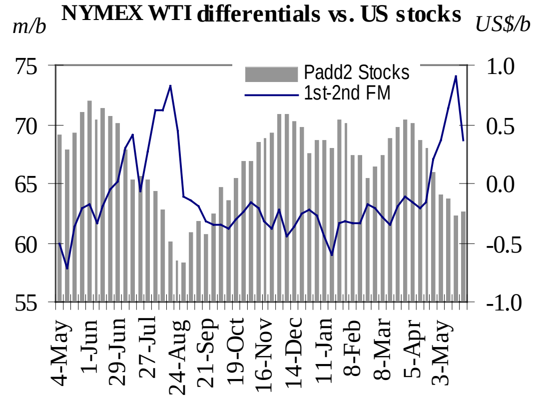
THE OIL FUTURES MARKET

US oil stocks were main factor affecting movements of Nymex WTI during May

As the month commenced, a high level of crude imports, of 10 mb/d, into the USA caused a build of 7.6 mb in crude oil stocks, thereby exerting pressure on prices. This pressure increased, as reports of a rise in Russian oil production surfaced and as the ease of tensions in the Middle East was combined with Iraq's announcement of a full return to the market.

However, the trend changed into a fully fledged rally, that started in the second week. This began with the June/July spread showing a noticeable increase, in reaction to dwindling crude stocks in the mid-continent (the delivery point of the Nymex WTI contract). Stocks reached a low of 64 mb in PADD 2, after national US crude oil inventories showed a decline of 4.6 mb. The price of the front-month (WTI-quoted prices) kept moving in tandem with the June/July spread, rising with the widening of the spread. The reflected tightness in supplies caused prices to move still higher, as oil companies were willing to pay more for nearby shipments, in order to satisfy strong refining runs. Funds and locals decided to ride the wave and push upwards, despite bearish comments from the International Energy Agency's monthly report, which stated that stocks were comfortable and demand weak, resulting in the steepest quarterly drop in OECD consumption in 12 years. WTI reached its peak of $29.36/b in mid-month, a level not seen since September, as the market noted that stocks in the mid-continent had lost 7.5 mb in the past month.

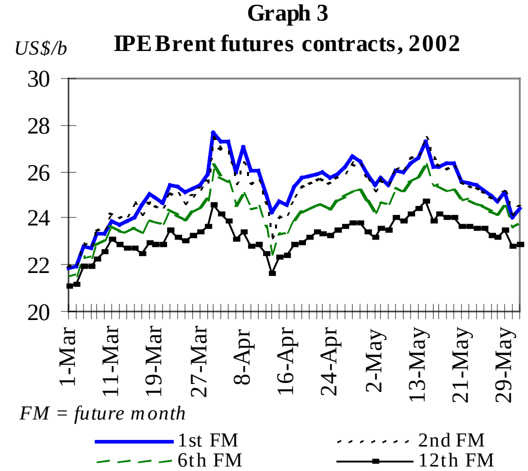
Graph 2
NYMEX WTI differentials vs. US stocks



The rally lost steam, when sources pointed out that the deep back-wardation had been caused by BP. Prices moved $1.21/b lower in one day, especially as product stocks showed comfortable levels and demand remained underwhelming. The June/July spread was very volatile ($0.75–1.03/b), amid liquid trading, causing outright prices to move with it. Ironically, although Russia announced that it would abandon its export curbs, which caused prices to dip, dip-buying quickly restored prices. Backwardation widened further to $1.13/b, pulling the WTI front-month up with it, since there was tightness in the contract ahead of its expiry, and also due to bullish technical indicators. In the last day of its trading, the June contract lost $1/b, on concern that Venezuela might increase production by 150,000 b/d to alleviate cash problems.

When the front-month changed to July, the backwardation disappeared and was replaced by a contango, under the influence of weak product fundamentals. Gasoline and distillate stocks were both up on last year's levels, by 12.4 mb and 21.8 mb respectively. Faced with this outlook, funds started liquidating their long positions. July WTI kept moving lower for the rest of the month, on bearish supply/demand prospects. Russia's plan to boost exports by 15% in the third quarter, the likelihood of Norway raising output and the uncertainty regarding increasing Iraqi exports were set against lower demand figures for this time of the year in the USA and confirmed by a build in gasoline stocks. As May ended, Nymex WTI was $24.67/b, about $2/b lower than at the beginning of the month.

Graph 3
IPE Brent futures contracts, 2002



THE TANKER MARKET

OPEC area spot-chartering rose by 2.66 mb/d in May

OPEC area spot-chartering regained the previous month's losses in May, rising by 2.66 mb/d to a monthly average of 13.24 mb/d, owing mainly to the return of Iraq's crude oil to the market, although the current level of OPEC's fixtures remained at a deficit of 0.71 mb/d, compared with the corresponding period last year. Meanwhile, non-OPEC spot-chartering declined by a further 0.48 mb/d to a monthly average of 10.23 mb/d, reducing its market share to 43.60%. Therefore, global spot fixtures improved by 2.18 mb/d to 23.47 mb/d and remained at a surplus of 0.58 mb/d, compared with the same month in 2001. The OPEC area's share of global spot-chartering increased remarkably, by 6.71 percentage points to 56.40%, although this level was 4.53 percentage points below the previous year's level. Spot fixtures from the Middle East on the eastbound and westbound long-haul routes edged higher, by 0.76 mb/d to 4.74 mb/d and by 1.18 mb/d to 2.37 mb/d respectively. Consequently, OPEC's Middle East westbound share of total fixtures improved considerably, by 6.67 percentage points to 17.93%, while the share of eastbound chartering worsened by 1.86 percentage points to 35.79%; together, they accounted for 53.73% of total chartering in the OPEC area, which was 4.81 percentage points above the previous month's level. According to preliminary estimates, sailings from the OPEC area declined by 8.28 mb/d to a monthly average of 20.49 mb/d. Sailings from the Middle East also declined, by 5.65 mb/d to a monthly average of 13.45 mb/d, and remained at about 66% of total OPEC sailings. However, according to preliminary estimates, arrivals in the US Gulf Coast, the East Coast and the Caribbean continued to increase, rising by 0.86 mb/d to a monthly average of 9.28 mb/d. Similarly, arrivals in North-West Europe and Euromed increased by 0.10 mb/d to 6.32 mb/d and by 0.39 mb/d to 5.47 mb/d respectively. The estimated oil-at-sea on 20 May was 462 mb, which was 43 mb above the level observed at the end of last month.

VLCC freight rates improved considerably in May

The VLCC market in the Middle East improved remarkably during May, amid sustained fixtures and tighter modern tonnage resulting from the steady scrapping of old tonnage. The market was also supported by the resumption of Iraq's crude oil exports, after a month of suspension, out of the Mina Al-Bakr port in the Middle East and from the Ceyhan port in the Mediterranean. However, the squeeze was related more to tight supply than a surge in demand. VLCC freight rates, therefore, rose steadily during the month, averaging monthly increments of 23 points to WS53 on the Middle East eastbound route and 16 points to WS45 westbound. Meanwhile, on the routes across the Atlantic, despite a significant reduction of the VLCC competition in the region, the Suezmax market slowed down, due to fewer enquiries. The monthly average freight rates for Suezmax cargoes from West Africa and North-West Europe to US destinations declined by six points to WS66 and by five points to WS67 respectively. Further upward progress was made by Aframax tankers trading along the short-haul routes, as they enjoyed a steady and active market, with new enquiries coming into the market. Hence, freight rates on the route across the Mediterranean rose by nine points to WS156, while, from the Mediterranean to North-West Europe, they improved by a further six points to WS146. Rates also rose on the route from the Caribbean to the US Gulf Coast, edging three points higher to WS157. Freight rates for 70–100,000 dwt tankers on the route from Indonesia to the US West Coast started to recover, increasing by nine points to WS91.

Clean tanker freight rates boosted on most main routes in May

Steady activity for larger clean product tankers of 30–50,000 dwt in the Middle East kept the market firm and assisted freight rates along the Middle East Far East route, as they gained four point to register WS154. However, along the short-haul route from Singapore to Japan, rates declined by five points to WS164, under pressure from excess regional tanker supply. Meanwhile, freight rates for smaller clean tankers heading to the USA moved in the opposite direction; they improved by eight points to WS200 along the Caribbean/US Gulf Coast route, while they were depressed by eight points to WS199 on the route from North-West Europe to the US East Coast, undermined by weakened arbitrage opportunities. In the Mediterranean, the clean tanker market continued to enjoy the biggest freight rate improvements, as rates surged by 32 points to WS212 on the route across the Mediterranean and rose by a further 18 points to WS222 on the route from the Mediterranean to North-West Europe, on higher fixtures in both regions.

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

	Mar.02	Apr.02	**May02**	**Change May/Apr.**
Chartering				
All areas	24.33	21.29	**23.47**	+2.18
OPEC	13.07	10.58	**13.24**	+2.66
eastbound	4.17	3.98	**4.74**	+0.76
westbound	2.59	1.19	**2.37**	+1.18
Sailings				
OPEC	22.29	28.77	**20.49**	–8.28
Middle East	16.04	19.10	**13.45**	–5.65
Arrivals				
US Gulf Coast, US East Coast, Caribbean	6.87	8.42	**9.28**	+0.86
North-West Europe	6.15	6.22	**6.32**	+0.10
Euromed	4.79	5.08	**5.47**	+0.39

Source: Oil Movements.

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Mar.02	Apr.02	**May02**	**Change May/Apr.**
Crude					
Middle East/east	200–300	35	30	**53**	+23
Middle East/west	200–300	33	29	**45**	+16
West Africa/US Gulf	100–160	68	72	**66**	–6
North-West Europe/US East Coast	100–160	73	72	**67**	–5
Indonesia/US West Coast	70–100	90	82	**91**	+9
Caribbean/US East Coast	40–70	126	154	**157**	+3
Mediterranean/Mediterranean	40–70	121	147	**156**	+9
Mediterranean/North-West Europe	40–70	94	140	**146**	+6
Product					
Middle East/east	30–50	176	150	**154**	+4
Singapore/east	25–30	196	169	**164**	–5
Caribbean/US Gulf Coast	25–30	149	192	**200**	+8
North-West Europe/US East Coast	25–30	164	207	**199**	–8
Mediterranean/Mediterranean	25–30	158	180	**212**	+32
Mediterranean/North-West Europe	25–30	154	204	**222**	+18

WORLD OIL DEMAND

Estimate for 2001

World

World demand forecast for 2001 revised up to 75.94 mb/d

Minor upward revisions have been applied to all quarterly estimates. Year-2001 consumption is now estimated to average 75.94 mb/d, marginally higher than the 75.85 mb/d reported in the previous *MOMR* and incorporating a rise of as little as 0.122 mb/d, compared with that of 2000. On a regional basis, demand is estimated to have decreased by 0.115 mb/d in the OECD. However, the developing countries and former CPEs ("other regions") have experienced increases in consumption of 0.066 mb/d and 0.171 mb/d respectively. Table 6 provides more details.

On a quarterly basis, compared with the year-earlier figure, world first-quarter demand grew by 1.03%, or 0.783 mb/d, to average 76.69 mb/d. Second-quarter demand also rose, by 0.99%, or 0.735 mb/d, to average 74.79 mb/d. Due to recession, economic slowdown and significant drops in aviation fuel consumption in several countries, however, the third and fourth quarters witnessed substantial declines. Third-quarter 2001 demand is now estimated at 75.72 mb/d, about 0.456 mb/d, or 0.60%, less than that of the third quarter of 2000. Likewise, fourth-quarter demand is estimated at 76.55 mb/d, nearly 0.553 mb/d, or 0.72%, less than that of 2000.

Table 6
World oil demand in 2001
mb/d

							Change 2001/00	
	2000	1Q01	2Q01	3Q01	4Q01	2001	Volume	%
North America	24.10	24.24	23.76	23.96	23.68	23.91	–0.19	–0.78
Western Europe	15.09	15.20	14.78	15.50	15.51	15.25	0.16	1.03
OECD Pacific	8.65	9.44	8.00	8.06	8.79	8.57	–0.08	–0.95
Total OECD	**47.84**	**48.88**	**46.53**	**47.51**	**47.99**	**47.73**	**–0.12**	**–0.24**
Other Asia	7.34	7.28	7.37	7.43	7.48	7.39	0.05	0.66
Latin America	4.72	4.58	4.67	4.66	4.54	4.61	–0.11	–2.31
Middle East	4.37	4.42	4.37	4.63	4.50	4.48	0.11	2.53
Africa	2.36	2.40	2.35	2.36	2.39	2.37	0.02	0.67
Total DCs	**18.79**	**18.68**	**18.75**	**19.08**	**18.90**	**18.86**	**0.07**	**0.35**
FSU	3.76	3.95	3.75	3.72	4.31	3.93	0.17	4.53
Other Europe	0.74	0.77	0.73	0.68	0.73	0.73	–0.02	–2.37
China	4.68	4.41	5.02	4.72	4.61	4.69	0.02	0.39
Total "other regions"	**9.18**	**9.14**	**9.50**	**9.12**	**9.66**	**9.36**	**0.17**	**1.86**
Total world	**75.82**	**76.69**	**74.79**	**75.72**	**76.55**	**75.94**	**0.12**	**0.16**
Previous estimate	75.82	76.64	74.73	75.65	76.40	75.85	0.04	0.05
Revision	0.00	0.06	0.06	0.07	0.15	0.08	0.09	0.11

Totals may not add, due to independent rounding.

OECD

OECD product deliveries posted a decline of 0.115 mb/d, or 0.24%, to average 47.73 mb/d in 2001, in contrast to a 0.3% rise in the year 2000. This overall drop was the result of a 0.189 mb/d decline, 0.155 mb/d rise and a 0.082 mb/d decline in North America, Western Europe and OECD Pacific respectively. The considerable declines in the third and, especially, the fourth quarters surpassed the substantial rise in the first quarter and were responsible for the drop in average 2001 demand in the OECD. In addition to the economic slowdown in the OECD Pacific, reduced aviation fuel consumption, especially in the USA, contributed to the overall lower demand in the region.

DCs

Developing countries' demand experienced a minor rise of 0.066 mb/d, or 0.35%, to average 18.86 mb/d for the year. Of the four regions within the group, only Latin American demand demonstrated a significant decline, of 0.109 mb/d, or 2.31%. This was totally offset by a similar rise in Middle East consumption. Minor increases in consumption in Asia and Africa, therefore, contributed to the overall demand rise in the group.

Other regions

In the former CPEs, minor changes in consumption in opposite directions in China and "other Europe" offset each other. However, an exceptionally high rise of 0.171 mb/d, or 4.53%, in the FSU's apparent demand contributed solely to the significant regional demand growth of 1.86% in 2001. In the FSU, all four quarters saw healthy growth. First-quarter demand grew by 7.01%, or 0.259 mb/d, compared with the year-earlier figure. There was a rise of 2.92%, or 0.107 mb/d, in the second quarter. Estimates also indicate a significant increase of 5.60%, or 0.197 mb/d, in apparent consumption in the third quarter, coupled with another considerable rise of 2.86%, or 0.120 mb/d, in the fourth quarter. It is important to note that oil production grew steadily at a much higher rate, 0.620 mb/d compared with 0.171 mb/d, throughout 2001. As a result, net exports in 2001 spiked at 0.449 mb/d, or 10.84%. According to the latest assessments, a substantial rise in second-quarter Chinese apparent consumption was mostly offset by declines in all other quarters, resulting in a mere 0.018 mb/d, or 0.39%, rise in the annual average.

Forecast for 2002

World demand forecast for 2002 revised up to 76.34 mb/d

All four quarterly averages have been adjusted since the last *MOMR*, with the first-quarter figure undergoing a minor downward revision and that of the fourth quarter being revised up significantly; this has resulted in the average 2002 world demand forecast at 76.34 mb/d, compared with the previous figure of 76.24 mb/d. The average yearly increment has also been revised up slightly and now stands at 0.401 mb/d, or 0.53%, compared with the 0.390 mb/d, equivalent to 0.51%, mentioned in the previous *MOMR*.

All three regions are expected to register demand growth in 2002. That of the OECD — 0.095 mb/d, or 0.20% — would be the smallest, in both volume and percentage. Demand in the developing countries is forecast to rise by the highest volume, 0.182 mb/d, or 0.96%. The former CPEs are expected to experience the highest percentage growth, 1.33%, equivalent to 0.125 mb/d. Details of the regional and quarterly breakdowns are given in Table 7.

Comparisons between the first- and second-quarter figures of 2001 and 2002 are presented in Table 8. The figures indicate that there has been a 0.546 mb/d drop in the first quarter. Based on preliminary estimates of actual first-quarter consumption, the OECD was solely responsible, with a substantial 0.963 mb/d decline, partly offset by rises of 0.100 mb/d and 0.317 mb/d for the developing countries and former CPEs. However, a mild recovery of 0.171 mb/d is expected in the second quarter. Growth is forecast to continue at a much higher and increasing pace in the third and fourth quarters, when world demand is forecast to rise by 0.725 mb/d, or 0.96%, and 1.232 mb/d, or 1.61%, respectively. Details have been presented in Table 9.

Table 7
World oil demand forecast for 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 2002/01 Volume	Change 2002/01 %
North America	23.91	23.62	24.08	24.38	24.09	24.04	0.13	0.55
Western Europe	15.25	15.19	14.60	15.33	15.72	15.21	–0.04	–0.23
OECD Pacific	8.57	9.11	7.92	8.21	9.04	8.57	–0.00	–0.02
Total OECD	**47.73**	**47.92**	**46.59**	**47.92**	**48.84**	**47.82**	**0.10**	**0.20**
Other Asia	7.39	7.37	7.43	7.45	7.69	7.49	0.10	1.29
Latin America	4.61	4.51	4.69	4.68	4.57	4.61	0.00	0.00
Middle East	4.48	4.49	4.45	4.72	4.58	4.56	0.08	1.78
Africa	2.37	2.41	2.34	2.37	2.40	2.38	0.01	0.29
Total DCs	**18.86**	**18.78**	**18.91**	**19.21**	**19.24**	**19.04**	**0.18**	**0.96**
FSU	3.93	3.90	3.64	3.82	4.23	3.90	–0.04	–0.89
Other Europe	0.73	0.78	0.73	0.69	0.75	0.74	0.01	1.24
China	4.69	4.77	5.09	4.80	4.72	4.84	0.15	3.21
Total "other regions"	**9.36**	**9.45**	**9.46**	**9.31**	**9.69**	**9.48**	**0.13**	**1.33**
Total world	**75.94**	**76.15**	**74.96**	**76.44**	**77.78**	**76.34**	**0.40**	**0.53**
Previous estimate	75.85	76.21	74.89	76.40	77.46	76.24	**0.39**	**0.51**
Revision	0.08	–0.06	0.07	0.04	0.32	0.10	0.01	0.01

Totals may not add, due to independent rounding.

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

	1Q01	1Q02	Change 2002/01 Volume	Change 2002/01 %	2Q01	2Q02	Change 2002/01 Volume	Change 2002/01 %
North America	24.24	23.62	–0.63	–2.58	23.76	24.08	0.31	1.32
Western Europe	15.20	15.19	–0.01	–0.05	14.78	14.60	–0.18	–1.21
OECD Pacific	9.44	9.11	–0.33	–3.50	8.00	7.92	–0.08	–0.99
Total OECD	**48.88**	**47.92**	**–0.96**	**–1.97**	**46.53**	**46.59**	**0.06**	**0.12**
Other Asia	7.28	7.37	0.08	1.12	7.37	7.43	0.06	0.87
Latin America	4.58	4.51	–0.07	–1.52	4.67	4.69	0.02	0.37
Middle East	4.42	4.49	0.08	1.75	4.37	4.45	0.08	1.82
Africa	2.40	2.41	0.01	0.44	2.35	2.34	0.00	–0.16
Total DCs	**18.68**	**18.78**	**0.10**	**0.54**	**18.75**	**18.91**	**0.16**	**0.84**
FSU	3.95	3.90	–0.05	–1.26	3.75	3.64	–0.11	–2.88
Other Europe	0.77	0.78	0.01	0.78	0.73	0.73	0.00	0.00
China	4.41	4.77	0.36	8.17	5.02	5.09	0.07	1.30
Total "other regions"	**9.14**	**9.45**	**0.32**	**3.47**	**9.50**	**9.46**	**–0.04**	**–0.45**
Total world	**76.69**	**76.15**	**–0.55**	**–0.71**	**74.79**	**74.96**	**0.17**	**0.23**

Totals may not add, due to independent rounding.

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

	3Q01	3Q02	Change 2001/00 Volume	Change 2001/00 %	4Q01	4Q02	Change 2002/01 Volume	Change 2002/01 %
North America	23.96	24.38	0.42	1.76	23.68	24.09	0.40	1.70
Western Europe	15.50	15.33	–0.17	–1.07	15.51	15.72	0.21	1.34
OECD Pacific	8.06	8.21	0.15	1.85	8.79	9.04	0.25	2.80
Total OECD	**47.51**	**47.92**	**0.40**	**0.85**	**47.99**	**48.84**	**0.86**	**1.79**
Other Asia	7.43	7.45	0.02	0.21	7.48	7.69	0.22	2.92
Latin America	4.66	4.68	0.02	0.41	4.54	4.57	0.03	0.72
Middle East	4.63	4.72	0.08	1.79	4.50	4.58	0.08	1.77
Africa	2.36	2.37	0.01	0.47	2.39	2.40	0.01	0.38
Total DCs	**19.08**	**19.21**	**0.13**	**0.68**	**18.90**	**19.24**	**0.34**	**1.80**
FSU	3.72	3.82	0.10	2.69	4.31	4.23	–0.08	–1.91
Other Europe	0.68	0.69	0.01	2.22	0.73	0.75	0.02	2.05
China	4.72	4.80	0.08	1.62	4.61	4.72	0.10	2.25
Total "other regions"	**9.12**	**9.31**	**0.19**	**2.10**	**9.66**	**9.69**	**0.04**	**0.37**
Total world	**75.72**	**76.44**	**0.73**	**0.96**	**76.55**	**77.78**	**1.23**	**1.61**

Totals may not add, due to independent rounding.

WORLD OIL SUPPLY

Non-OPEC

2001 non-OPEC supply figure revised up to 46.54 mb/d, increasing by 0.80 mb/d from 2000

Figures for 2001

The 2001 non-OPEC supply figure has been revised up by 0.04 mb/d to 46.54 mb/d, and the quarterly distribution figures by 0.02 mb/d to 46.20 mb/d, by 0.04 mb/d to 46.00 mb/d, by 0.02 mb/d to 46.58 mb/d and by 0.08 mb/d to 47.39 mb/d respectively, compared with the last *MOMR's* figures. The yearly average increase is estimated at 0.80 mb/d, compared with the upward revised 2000 figure.

Table 10
Non-OPEC oil supply in 2001
mb/d

	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00
North America	14.25	14.21	14.28	14.47	14.63	14.40	0.15
Western Europe	6.74	6.77	6.53	6.59	6.94	6.71	–0.03
OECD Pacific	0.83	0.80	0.76	0.77	0.74	0.77	–0.07
Total OECD	**21.82**	**21.79**	**21.58**	**21.83**	**22.31**	**21.88**	**0.06**
Other Asia	2.23	2.27	2.20	2.29	2.34	2.28	0.05
Latin America	3.74	3.77	3.65	3.82	3.79	3.76	0.01
Middle East	2.13	2.14	2.16	2.12	2.10	2.13	0.00
Africa	2.85	2.81	2.77	2.76	2.87	2.80	–0.05
Total DCs	**10.95**	**10.99**	**10.79**	**10.99**	**11.09**	**10.96**	**0.01**
FSU	7.91	8.25	8.46	8.61	8.78	8.53	0.62
Other Europe	0.18	0.18	0.18	0.18	0.18	0.18	0.00
China	3.23	3.29	3.31	3.28	3.33	3.31	0.08
Total "Other regions"	**11.32**	**11.73**	**11.95**	**12.07**	**12.29**	**12.01**	**0.69**
Total non-OPEC production	**44.09**	**44.51**	**44.31**	**44.89**	**45.70**	**44.85**	**0.76**
Processing gains	1.65	1.69	1.69	1.69	1.69	1.69	0.04
Total non-OPEC supply	**45.74**	**46.20**	**46.00**	**46.58**	**47.39**	**46.54**	**0.80**
Previous estimate	45.73	46.17	45.96	46.56	47.32	46.51	0.77
Revision	**0.01**	**0.02**	**0.04**	**0.02**	**0.08**	**0.04**	**0.03**

Totals may not add, due to independent rounding.

2002 non-OPEC supply forecast revised down by 0.01 mb/d to 47.82 mb/d, with an expected rise of 1.28 mb/d from 2001

Expectations for 2002

Our 2002 non-OPEC supply forecast has been revised down by around 0.01 mb/d since the last *MOMR*; it now shows an increase of around 1.28 mb/d, compared with the estimated figure for 2001. The 2002 quarterly distribution is estimated at 47.65 mb/d, 47.64 mb/d, 47.65 mb/d and 48.35 mb/d respectively, resulting in a yearly average of around 47.82 mb/d.

Table 11
Non-OPEC oil supply in 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01
North America	14.40	14.62	14.48	14.45	14.47	14.51	0.11
Western Europe	6.71	6.67	6.73	6.49	6.84	6.68	–0.03
OECD Pacific	0.77	0.76	0.73	0.72	0.70	0.73	–0.04
Total OECD	**21.88**	**22.05**	**21.94**	**21.67**	**22.01**	**21.92**	**0.04**
Other Asia	2.28	2.36	2.35	2.39	2.43	2.38	0.10
Latin America	3.76	3.92	3.90	3.97	3.95	3.94	0.18
Middle East	2.13	2.09	2.08	2.07	2.05	2.07	–0.06
Africa	2.80	3.02	3.03	2.96	3.09	3.03	0.22
Total DCs	**10.96**	**11.39**	**11.36**	**11.39**	**11.53**	**11.42**	**0.45**
FSU	8.53	8.90	9.08	9.29	9.47	9.19	0.66
Other Europe	0.18	0.18	0.18	0.18	0.17	0.18	0.00
China	3.31	3.41	3.36	3.40	3.45	3.41	0.10
Total "Other regions"	**12.01**	**12.49**	**12.62**	**12.87**	**13.10**	**12.77**	**0.76**
Total non-OPEC production	**44.85**	**45.93**	**45.92**	**45.93**	**46.63**	**46.10**	**1.25**
Processing gains	1.69	1.72	1.72	1.72	1.72	1.72	0.03
Total non-OPEC supply	**46.54**	**47.65**	**47.64**	**47.65**	**48.35**	**47.82**	**1.28**
Previous estimate	46.51	47.78	47.32	47.77	48.45	47.83	1.33
Revision	**0.04**	**–0.13**	**0.32**	**–0.12**	**–0.10**	**–0.01**	**–0.04**

Totals may not add, due to independent rounding.

Net FSU oil export 2002 forecast revised up to 5.29 mb/d

The FSU's net oil export estimates for 2000 and 2001 remain unchanged at 4.14 mb/d and 4.59 mb/d respectively, compared with the last *MOMR*. The forecast for 2002 has been revised up by 0.09 mb/d to 5.29 mb/d.

Table 12
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	Year
1998	2.77	3.02	3.18	3.20	**3.04**
1999	3.12	3.62	3.52	3.49	**3.44**
2000	3.97	4.13	4.47	4.01	**4.14**
2001 (estimate)	4.30	4.71	4.89	4.47	**4.59**
2002 (forecast)	5.00	5.44	5.47	5.24	**5.29**

OPEC natural gas liquids

2001 and 2002 OPEC NGL data revised up

The OPEC NGL figures for 1998–2000 remain unchanged at 3.01 mb/d, 3.07 mb/d and 3.23 mb/d respectively, compared with the last *MOMR's* figures. However, the 2001 figure has been revised up by 0.13 mb/d to 3.37 mb/d, according to recent data received from some Member Countries. The forecast for 2002 has also been revised up by the same amount, to 3.39 mb/d.

OPEC NGL production — 1998–2002
mb/d

1998	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	2002	Change 02/01
3.01	**3.07**	**3.23**	3.37	3.37	3.37	3.37	**3.37**	0.14	**3.39**	0.02

OPEC crude oil production

Available secondary sources put OPEC's May production at 24.80 mb/d

Available secondary sources indicate that, in May, OPEC output was 24.80 mb/d, which was 0.75 mb/d higher than the revised April level of 24.05 mb/d. Table 13 shows OPEC production, as reported by selected secondary sources.

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

	2000	4Q01	2001	1Q02	Apr02*	**May02***	May02- Apr 02
Algeria	808	810	820	794	802	**829**	28
Indonesia	1,278	1,175	1,214	1,138	1,151	**1,130**	–21
IR Iran	3,671	3,481	3,665	3,352	3,359	**3,353**	–6
Iraq	2,552	2,556	2,383	2,386	1,193	**1,718**	525
Kuwait	2,101	1,949	2,032	1,848	1,862	**1,878**	16
SP Libyan AJ	1,405	1,308	1,361	1,274	1,296	**1,310**	14
Nigeria	2,031	2,113	2,097	1,963	1,951	**1,917**	–34
Qatar	698	634	683	605	619	**638**	19
Saudi Arabia	8,273	7,571	7,946	7,230	7,378	**7,398**	20
UAE	2,251	2,034	2,163	1,967	1,972	**1,954**	–17
Venezuela	2,897	2,703	2,831	2,564	2,466	**2,670**	205
Total OPEC	**27,965**	**26,334**	**27,194**	**25,122**	**24,048**	**24,796**	**748**

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

RIG COUNT

Non-OPEC

Non-OPEC rig count up by 58 in May

May witnessed an increase in rig activity. In North America, the major contributor, the number of rigs rose by 69, compared with the April figure. In the USA, the rig count increased by 76 to reach 826, compared with 750 in April. Meanwhile, Canada witnessed another drop, of seven rigs to 114, compared with 121 last month.

Table 14
Non-OPEC rig count in 2001

	2000	2001	Change 02/01	Apr.02	May 02	May–Apr.
North America	1,305	1,552	247	929	**998**	69
Western Europe	125	95	–30	98	**91**	–7
OECD Pacific	17	20	3	15	**17**	2
OECD	1,447	1,667	220	1,042	**1,106**	64
Other Asia	83	95	12	106	**107**	1
Latin America	120	141	20	102	**100**	–2
Middle East	45	50	5	59	**60**	1
Africa	34	36	2	48	**42**	–6
DCs	282	321	40	315	**309**	–6
FSU	n.a.	n.a.	n.a.	n.a.	**n.a.**	n.a.
Other Europe	3	3	0	2	**2**	0
China	n.a.	n.a.	n.a.	n.a.	**n.a.**	n.a.
Other regions	n.a.	n.a.	n.a.	n.a.	**n.a.**	n.a.
Total non-OPEC	**1,732**	**1,991**	**260**	**1,359**	**1,417**	**58**

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

OPEC rig count up by two in May

OPEC

OPEC's rig count increased by two to 231 in May, compared with the April figure. No major changes occurred in OPEC's rig activity, compared with last month's figures.

Table 15
OPEC rig count

	2000	2001	Change 02/01	Apr.02	May02	May–Apr.
Algeria	15	20	5	20	**20**	0
Indonesia	32	41	9	49	**48**	–1
IR Iran	27	30	3	32	**33**	1
Iraq	0	0	0	n.a.	**n.a.**	n.a.
Kuwait	12	9	–3	5	**5**	0
SP Libyan AJ	7	5	–2	10	**9**	–1
Nigeria	8	12	4	10	**11**	1
Qatar	6	9	3	15	**15**	0
Saudi Arabia	25	30	5	32	**33**	1
UAE	13	15	3	16	**15**	–1
Venezuela	63	67	5	40	**42**	2
Total OPEC	**206**	**238**	**32**	**229**	**231**	**2**

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

STOCK MOVEMENTS

Further moderate seasonal stock-build of 0.65 mb/d in USA in May

USA

US commercial onland oil stocks displayed a further moderate seasonal build in May, increasing by 18.1 mb, or a rate of 0.65 mb/d, to 1,024.8 mb. Most of the build occurred with "other oils", which rose by 8.1 mb to 190.1 mb, followed by distillates, which increased by 6.0 mb to 127.5 mb, or about 20 mb above the year-ago level. Lower demand, together with higher output, continued to drive distillates further up. Crude oil also contributed to this build, rising by 4.9 mb to 324.9 mb, due mainly to cut-backs in refinery runs, because of poor profit margins. Additional marginal builds came from gasoline and jet kerosene, which moved up by 1.8 mb to 215.9 mb and by 0.70 mb to 41.0 mb respectively. Stagnant demand and a relative increase in imports, particularly gasoline, were behind this build. The exception was fuel oil, which declined marginally, by 0.3 mb to 35.0 mb, on the back of higher demand, as arbitrage opportunities to the Far East market emerged, combined with relatively tight supply. Total oil stocks were about 2% higher than the year-earlier level.

During the first week, which ended on 7 June, oil stocks in the USA continued to show a further rise, mainly due to a persistent build in distillates, on slower demand, and the low natural gas price, which encouraged industrial consumers to switch away from diesel fuel.

Table 16
US onland commercial petroleum stocks*
mb

	29 Mar.02	3 May 02	31 May 02	Change May/Apr.	31 May 01	7 June 02**
Crude oil (excl. SPR)	325.1	320.0	**324.9**	**4.9**	325.6	**323.5**
Gasoline	211.5	214.1	215.9	1.8	211.9	214.4
Distillate fuel	119.7	121.5	127.5	6.0	107.4	129.2
Residual fuel oil	34.6	35.3	35.0	–0.3	42.3	35.2
Jet fuel	41.0	40.3	41.0	0.7	42.2	40.7
Unfinished oils	93.6	93.5	90.4	–3.1	96.5	90.9
Other oils	171.1	182.0	190.1	8.1	182.3	192.7
Total	996.6	1,006.7	**1,024.8**	**18.1**	1,008.2	**1,026.6**
SPR	560.9	566.8	570.7	3.9	543.2	571.9

* *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.

The "royalty-in-kind" programme remained the main factor behind the continued increase in the US Strategic Petroleum Reserve (SPR), which rose by a further 3.9 mb to 570.7 mb at the end of May.

EU-16's oil stocks remained almost unchanged in May

Western Europe

Commercial onland oil stocks in Eur-16 remained almost unchanged during May. They moved down by a marginal 0.2 mb, or a rate of 0.01 mb/d, to stand at 1,076.2 mb. A draw of 6.2 mb to 437.5 mb on crude oil, due to increasing exports to the US market, was mostly balanced by a build of 6.0 mb to 638.7 mb in total major products, where middle distillates led the build, rising by 4.8 mb to 345.8 mb, on the back of higher Russian gasoil exports. Gasoline rose by 2.1 mb to 157.2 mb, due to weaker demand and despite lower refinery runs. Fuel oil moved up slightly, by 1.3 mb to 112.5 mb, on flows of Russian cargoes. Naphtha, however, behaved in a contrasting way to the other major products, decreasing by 2.2 mb to 23.3 mb. Total oil stocks were 13.9 mb, or about 1%, higher than the year-ago level.

Table 17
Western Europe commercial oil stocks*
mb

	Dec.01	Mar.02	Apr.02	**May.02**	**Change May/Apr.**	May 01
Crude oil	436.0	440.9	443.7	**437.5**	**–6.2**	439.6
Mogas	151.8	156.5	155.0	157.2	2.1	143.7
Naphtha	26.4	24.2	25.5	23.3	–2.2	24.6
Middle distillates	331.2	340.9	341.0	345.8	4.8	329.1
Fuel oils	119.1	111.7	111.2	112.5	1.3	125.2
Total products	628.5	633.3	632.7	**638.7**	**6.0**	622.7
Overall total	**1,064.5**	**1,074.2**	**1,076.4**	**1,076.2**	**–0.2**	**1,062.3**

** At end of month, and region consists of Eur-16. Source: Argus Euroilstock.*

Oil stocks in Japan nearly unchanged in April

Japan

In April, commercial onland oil stocks stayed nearly at the previous month's level, showing a minor rise of 0.1 mb to 171.0 mb. Crude oil declined marginally, by 0.6 mb to 106.2 mb, due to a slight increase in refinery runs, because of the improved margins. Gasoline also displayed a marginal draw, of 0.5 mb to 15.3 mb, due to relatively healthy demand, combined with reduced output. Residual fuel rose by 1.3 mb to 20.0 mb, keeping total oil stocks almost unchanged, compared with the previous month. Year-to-year figures worsened by another 1%, to stay 9% below last year's figure.

Table 18
Japan's commercial oil stocks*
mb

	Sep.01	Dec.01	Mar.02	**Apr.02**	**Change Apr./Mar.**	Apr.01
Crude oil	118.0	113.4	106.8	**106.2**	**–0.6**	118.5
Gasoline	13.8	12.3	15.8	15.3	–0.5	15.1
Middle distillates	45.7	37.8	29.5	29.6	0.1	34.0
Residual fuel oil	19.9	18.5	18.7	20.0	1.3	21.1
Total products	79.5	68.6	64.0	**64.9**	**0.9**	70.2
Overall total **	197.5	182.0	170.9	**171.0**	**0.1**	188.7

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

BALANCE OF SUPPLY AND DEMAND

2001 supply/demand difference estimated at 26.02 mb/d

Both world oil demand and non-OPEC oil supply have been revised up, by 0.08 mb/d to 75.94 mb/d and by 0.17 mb/d to 49.92 mb/d respectively, compared with the last *MOMR's* figures. The yearly average difference now stands at 26.02 mb/d, with quarterly distributions of 27.13 mb/d, 25.42 mb/d, 25.77 mb/d and 25.79 mb/d respectively. The quarterly distribution for the balance has been revised up by 0.09 mb/d to 0.97 mb/d, by 0.10 mb/d to 1.69, by 0.08 mb/d to 1.48 mb/d and by 0.05 mb/d to 0.55 mb/d respectively, leaving an annual average balance estimated at 1.17 mb/d, which is 0.08 mb/d higher than last month. The 2000 balance remains unchanged at 1.11 mb/d. Note that the non-OPEC supply figure for 2001 includes the 0.13 mb/d upward revision to OPEC NGLs, which was mentioned on page 15 of this issue of the *MOMR*.

Table 19
Summarized supply/demand balance for 2001
mb/d

	2000	1Q01	2Q01	3Q01	4Q01	**2001**
(a) World oil demand	75.82	76.69	74.79	75.72	76.55	75.94
(b) Non-OPEC supply(1)	48.97	49.57	49.37	49.95	50.76	49.92
Difference (a – b)	**26.85**	**27.13**	**25.42**	**25.77**	**25.79**	**26.02**
OPEC crude oil production(2)	27.97	28.10	27.11	27.25	26.33	27.19
Balance	**1.11**	**0.97**	**1.69**	**1.48**	**0.55**	**1.17**

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

2002 supply/demand difference revised down to 25.12 mb/d

The summarized supply/demand balance table for 2002 shows an upward revision to the world oil demand forecast of 0.10 mb/d to 76.34 mb/d. Also, total non-OPEC supply has been revised up by 0.12 mb/d to 51.21 mb/d, resulting in an expected annual difference of around 25.12 mb/d, down by 0.03 mb/d, compared with the last *MOMR's* figure, with a quarterly distribution of 25.11 mb/d, 23.93 mb/d, 25.41 mb/d and 26.04 mb/d respectively. The balance estimated for the first quarter has been revised up by 0.08 mb/d to 0.01 mb/d. As with table 19 above, note that the non-OPEC supply figure for 2002 also includes a 0.13 mb/d upward revision to OPEC NGLs.

Table 20
Summarized supply/demand balance for 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	**2002**
(a) World oil demand	75.94	76.15	74.96	76.44	77.78	76.34
(b) Non-OPEC supply(1)	49.92	51.04	51.03	51.04	51.74	51.21
Difference (a – b)	**26.02**	**25.11**	**23.93**	**25.41**	**26.04**	**25.12**
OPEC crude oil production(2)	27.19	25.12				
Balance	**1.17**	**0.01**				

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

Table 21
World oil demand/supply balance
mb/d

	1998	**1999**	**2000**	1Q01	2Q01	3Q01	4Q01	**2001**	1Q02	2Q02	3Q02	4Q02	**2002**
World demand													
OECD	46.8	47.7	47.8	48.9	46.5	47.5	48.0	47.7	47.9	46.6	47.9	48.8	47.8
North America	23.1	23.8	24.1	24.2	23.8	24.0	23.7	23.9	23.6	24.1	24.4	24.1	24.0
Western Europe	15.3	15.2	15.1	15.2	14.8	15.5	15.5	15.2	15.2	14.6	15.3	15.7	15.2
Pacific	8.4	8.7	8.7	9.4	8.0	8.1	8.8	8.6	9.1	7.9	8.2	9.0	8.6
DCs	18.2	18.6	18.8	18.7	18.8	19.1	18.9	18.9	18.8	18.9	19.2	19.2	19.0
FSU	4.3	4.0	3.8	4.0	3.8	3.7	4.3	3.9	3.9	3.6	3.8	4.2	3.9
Other Europe	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7
China	3.8	4.2	4.7	4.4	5.0	4.7	4.6	4.7	4.8	5.1	4.8	4.7	4.8
(a) Total world demand	73.8	75.2	75.8	76.7	74.8	75.7	76.5	75.9	76.1	75.0	76.4	77.8	76.3
Non-OPEC supply													
OECD	21.8	21.3	21.8	21.8	21.6	21.8	22.3	21.9	22.1	21.9	21.7	22.0	21.9
North America	14.5	14.1	14.2	14.2	14.3	14.5	14.6	14.4	14.6	14.5	14.5	14.5	14.5
Western Europe	6.6	6.6	6.7	6.8	6.5	6.6	6.9	6.7	6.7	6.7	6.5	6.8	6.7
Pacific	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.7	0.7	0.7	0.7
DCs	10.5	10.8	11.0	11.0	10.8	11.0	11.1	11.0	11.4	11.4	11.4	11.5	11.4
FSU	7.3	7.5	7.9	8.3	8.5	8.6	8.8	8.5	8.9	9.1	9.3	9.5	9.2
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	3.2	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.4	3.5	3.4
Processing gains	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total non-OPEC supply	44.5	44.6	45.7	46.2	46.0	46.6	47.4	46.5	47.7	47.6	47.6	48.4	47.8
OPEC NGLs	3.0	3.1	3.2	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
(b) Total non-OPEC supply and OPEC NGLs	47.5	47.6	49.0	49.6	49.4	49.9	50.8	49.9	51.0	51.0	51.0	51.7	51.2
OPEC crude oil production (secondary sources)	27.8	26.5	28.0	28.1	27.1	27.3	26.3	27.2	25.1				
Total supply	75.3	74.2	76.9	77.7	76.5	77.2	77.1	77.1	76.2				
Balance (stock change and miscellaneous)	1.5	-1.1	1.1	1.0	1.7	1.5	0.5	1.2	0.0				
Closing stock level (outside FCPEs) mb													
OECD onland commercial	2698	2446	2529	2522	2595	2660	2628	2628	2600				
OECD SPR	1249	1228	1210	1210	1207	1205	1222	1222	1237				
OECD total	3947	3674	3740	3732	3802	3865	3850	3850	3838				
Other onland	1056	983	1000	998	1017	1034	1030	1030	1026				
Oil-on-water	859	808	876	913	833	868	844	844	837				
Total stock	5861	5465	5616	5643	5652	5767	5723	5723	5701				
Days of forward consumption in OECD													
Commercial onland stocks	57	51	53	54	55	55	55	55	56				
SPR	26	26	25	26	25	25	25	26	27				
Total	83	77	78	80	80	81	80	81	82				
Memo items													
FSU net exports	3.0	3.4	4.1	4.3	4.7	4.9	4.5	4.6	5.0	5.4	5.5	5.2	5.3
(a) - (b)	26.3	27.6	26.8	27.1	25.4	25.8	25.8	26.0	25.1	23.9	25.4	26.0	25.1

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

Table 22
World oil demand/supply balance: changes from last month's table †
mb/d

	1998	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	1Q02	2Q02	3Q02	4Q02	2002
World demand													
OECD	-	-	-	-	-	-	-	-	-0.3	0.1	0.1	0.1	-
North America	-	-	-	-	-	-	-	-	-0.2	0.1	0.1	0.1	-
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
DCs	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
FSU	-	-	-	-	-	-	-	-	-	-0.1	-0.3	-0.1	-0.1
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.2
(a) Total world demand	-	-	-	0.1	0.1	0.1	0.1	0.1	-0.1	0.1	-	0.3	0.1
Non-OPEC supply													
OECD	-	-	-	-	-	-	-	-	-0.1	0.2	-0.1	-0.1	-
North America	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-
Western Europe	-	-	-	-	-	-	-	-	-0.1	0.2	-0.1	-0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	0.2	-	-	0.1
FSU	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	0.1	-	-0.1	0.3	-0.1	-0.1	-
OPEC NGLs	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	0.1	0.2	0.1	0.2	0.2	-	0.4	-	-	0.1
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	0.1	0.2	0.1	0.2	0.2	-				
Balance (stock change and miscellaneous)	-	-	-	0.1	0.1	0.1	-	0.1	0.1				
Closing stock level (outside FCPEs) *mb*													
OECD onland commercial	-	-	-	-	-	-	-2	-2	-13				
OECD SPR	-	-	-	-	-	-	-	-	2				
OECD total	-	-	-	-	-	-	-2	-2	-11				
Other onland	-	-	-	-	-	-	-1	-1	-3				
Oil on water	-	-	-	-	-	-	-	1	-				
Total stock	-	-	-	-	-	-	-	-2	-				
Days of forward consumption in OECD													
Commercial onland stocks	-	-	-	-	-	-	-	-	-				
SPR	-	-	-	-	-	-	-	-	-				
Total	-	-	-	-	-	-	-	-	-				
Memo items													
FSU net exports	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1
(a) - (b)	-	-	-	-0.1	-0.1	-0.1	-	-0.1	-0.1	-0.4	-	0.3	-

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

Table 23
World oil stocks (excluding former CPEs) at end of period

	1998	1999	2000	2001	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01	1Q02
Closing stock level *mb*													
OECD onland commercial	2,698	2,446	2,529	2,628	2,419	2,510	2,542	2,529	2,522	2,595	2,660	2,628	2,600
North America	1,283	1,127	1,145	1,270	1,108	1,165	1,180	1,145	1,159	1,230	1,269	1,270	1,246
Western Europe	962	881	930	915	902	900	910	930	917	907	918	915	918
OECD Pacific	454	437	454	443	409	445	452	454	447	457	473	443	436
OECD SPR	1,249	1,228	1,210	1,222	1,234	1,232	1,237	1,210	1,210	1,207	1,205	1,222	1,237
North America	571	567	543	552	569	569	572	543	544	545	547	552	563
Western Europe	362	346	354	353	349	349	353	354	351	347	345	353	353
OECD Pacific	315	315	313	316	315	315	312	313	314	314	313	316	321
OECD total	**3,947**	**3,674**	**3,740**	**3,850**	**3,653**	**3,742**	**3,778**	**3,740**	**3,732**	**3,802**	**3,865**	**3,850**	**3,838**
Other onland	1,056	983	1,000	1,030	977	1,001	1,010	1,000	998	1,017	1,034	1,030	1,026
Oil-on-water	859	808	876	844	840	865	849	876	913	833	868	844	837
Total stock	**5,861**	**5,465**	**5,616**	**5,723**	**5,470**	**5,608**	**5,637**	**5,616**	**5,643**	**5,652**	**5,767**	**5,723**	**5,701**
Days of forward consumption in OECD													
OECD onland commercial	57	51	53	55	52	52	52	52	54	55	55	55	56
North America	54	47	48	53	46	48	48	47	49	51	54	54	52
Western Europe	63	58	61	60	62	59	59	61	62	59	59	60	63
OECD Pacific	52	51	53	52	51	53	51	48	56	57	54	49	55
OECD SPR	26	26	25	26	27	26	25	25	26	25	25	25	27
North America	24	24	23	23	24	23	23	22	23	23	23	23	23
Western Europe	24	23	23	23	24	23	23	23	24	22	22	23	24
OECD Pacific	36	36	37	37	39	38	35	33	39	39	36	35	41
OECD total	**83**	**77**	**78**	**81**	**78**	**78**	**78**	**77**	**80**	**80**	**81**	**80**	**82**
Days of global forward consumption	**88**	**82**	**84**	**86**	**84**	**84**	**84**	**83**	**86**	**85**	**86**	**86**	**87**

Table 24
Non-OPEC supply and OPEC natural gas liquids
mb/d

	1998	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01
USA	8.39	8.11	8.11	7.87	8.10	8.17	8.25	8.10	-0.01	8.17	8.15	8.06	7.98	8.09	-0.01
Canada	2.61	2.60	2.69	2.78	2.68	2.67	2.81	2.74	0.05	2.84	2.72	2.73	2.87	2.79	0.05
Mexico	3.51	3.35	3.45	3.56	3.50	3.63	3.57	3.57	0.11	3.61	3.61	3.67	3.61	3.62	0.06
North America	**14.51**	**14.05**	**14.25**	**14.21**	**14.28**	**14.47**	**14.63**	**14.40**	**0.15**	**14.62**	**14.48**	**14.45**	**14.47**	**14.51**	**0.11**
Norway	3.08	3.06	3.32	3.47	3.35	3.39	3.50	3.43	0.11	3.31	3.39	3.23	3.33	3.31	-0.12
UK	2.77	2.84	2.64	2.53	2.48	2.48	2.65	2.53	-0.10	2.56	2.54	2.51	2.68	2.57	0.04
Denmark	0.24	0.30	0.36	0.37	0.31	0.33	0.38	0.35	-0.02	0.38	0.39	0.35	0.40	0.38	0.03
Other Western Europe	0.48	0.43	0.41	0.40	0.40	0.39	0.41	0.40	-0.01	0.42	0.42	0.40	0.42	0.41	0.02
Western Europe	**6.56**	**6.63**	**6.74**	**6.77**	**6.53**	**6.59**	**6.94**	**6.71**	**-0.03**	**6.67**	**6.73**	**6.49**	**6.84**	**6.68**	**-0.03**
Australia	0.61	0.59	0.77	0.74	0.70	0.71	0.68	0.71	-0.06	0.71	0.69	0.68	0.66	0.68	-0.02
Other Pacific	0.08	0.07	0.06	0.06	0.06	0.06	0.05	0.06	0.00	0.05	0.05	0.05	0.04	0.04	-0.01
OECD Pacific	**0.69**	**0.66**	**0.83**	**0.80**	**0.76**	**0.77**	**0.74**	**0.77**	**-0.07**	**0.76**	**0.73**	**0.72**	**0.70**	**0.73**	**-0.04**
Total OECD*	**21.75**	**21.34**	**21.82**	**21.79**	**21.58**	**21.83**	**22.31**	**21.88**	**0.06**	**22.05**	**21.94**	**21.67**	**22.01**	**21.92**	**0.04**
Brunei	0.16	0.18	0.19	0.20	0.18	0.19	0.21	0.20	0.00	0.21	0.21	0.21	0.22	0.21	0.02
India	0.75	0.75	0.74	0.74	0.71	0.73	0.75	0.73	-0.01	0.74	0.73	0.73	0.75	0.74	0.01
Malaysia	0.72	0.70	0.68	0.68	0.67	0.70	0.70	0.69	0.00	0.73	0.73	0.75	0.75	0.74	0.05
Papua New Guinea	0.08	0.09	0.07	0.06	0.06	0.05	0.05	0.06	-0.01	0.05	0.05	0.04	0.05	0.05	-0.01
Vietnam	0.23	0.26	0.31	0.35	0.34	0.36	0.36	0.35	0.04	0.35	0.35	0.37	0.37	0.36	0.01
Asia others	0.20	0.20	0.24	0.24	0.25	0.26	0.27	0.26	0.02	0.27	0.27	0.29	0.30	0.28	0.03
Other Asia	**2.14**	**2.18**	**2.23**	**2.27**	**2.20**	**2.29**	**2.34**	**2.28**	**0.05**	**2.36**	**2.35**	**2.39**	**2.43**	**2.38**	**0.10**
Argentina	0.88	0.84	0.79	0.80	0.80	0.80	0.80	0.80	0.01	0.80	0.79	0.81	0.81	0.80	0.00
Brazil	1.23	1.36	1.49	1.57	1.50	1.59	1.62	1.57	0.08	1.75	1.77	1.78	1.80	1.77	0.20
Colombia	0.75	0.82	0.70	0.64	0.57	0.65	0.59	0.61	-0.08	0.61	0.58	0.63	0.57	0.60	-0.01
Ecuador	0.38	0.38	0.40	0.42	0.42	0.40	0.40	0.41	0.01	0.40	0.39	0.38	0.38	0.39	-0.02
Peru	0.12	0.11	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.10	0.10	0.10	0.10	0.10	0.00
Trinidad & Tobago	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.13	-0.01	0.14	0.14	0.15	0.15	0.14	0.01
L. America others	0.11	0.11	0.12	0.13	0.13	0.13	0.13	0.13	0.01	0.13	0.13	0.13	0.13	0.13	0.00
Latin America	**3.62**	**3.76**	**3.74**	**3.77**	**3.65**	**3.82**	**3.79**	**3.76**	**0.01**	**3.92**	**3.90**	**3.97**	**3.95**	**3.94**	**0.18**
Bahrain	0.20	0.19	0.19	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	0.90	0.91	0.95	0.95	0.97	0.94	0.94	0.95	0.00	0.94	0.93	0.93	0.92	0.93	-0.02
Syria	0.56	0.55	0.54	0.54	0.53	0.52	0.52	0.53	-0.01	0.51	0.51	0.50	0.49	0.50	-0.03
Yemen	0.39	0.42	0.45	0.47	0.47	0.47	0.46	0.47	0.01	0.45	0.45	0.45	0.44	0.45	-0.02
Middle East	**2.05**	**2.06**	**2.13**	**2.14**	**2.16**	**2.12**	**2.10**	**2.13**	**0.00**	**2.09**	**2.08**	**2.07**	**2.05**	**2.07**	**-0.06**
Angola	0.73	0.76	0.75	0.74	0.73	0.71	0.79	0.74	-0.01	0.90	0.92	0.86	0.96	0.91	0.17
Cameroon	0.10	0.10	0.10	0.08	0.08	0.08	0.08	0.08	-0.02	0.08	0.08	0.08	0.08	0.08	0.00
Congo	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.00	0.27	0.26	0.27	0.27	0.26	0.00
Egypt	0.86	0.83	0.80	0.78	0.74	0.75	0.76	0.76	-0.04	0.75	0.75	0.72	0.74	0.74	-0.02
Gabon	0.38	0.36	0.34	0.31	0.31	0.31	0.31	0.31	-0.03	0.31	0.31	0.31	0.31	0.31	0.00
South Africa	0.16	0.17	0.19	0.20	0.19	0.19	0.18	0.19	0.00	0.19	0.19	0.18	0.18	0.19	0.00
Africa other	0.22	0.28	0.41	0.44	0.46	0.46	0.48	0.46	0.05	0.52	0.53	0.54	0.56	0.54	0.08
Africa	**2.72**	**2.78**	**2.85**	**2.81**	**2.77**	**2.76**	**2.87**	**2.80**	**-0.05**	**3.02**	**3.03**	**2.96**	**3.09**	**3.03**	**0.22**
Total DCs	**10.54**	**10.78**	**10.95**	**10.99**	**10.79**	**10.99**	**11.09**	**10.96**	**0.01**	**11.39**	**11.36**	**11.39**	**11.53**	**11.42**	**0.45**
FSU	**7.29**	**7.47**	**7.91**	**8.25**	**8.46**	**8.61**	**8.78**	**8.53**	**0.62**	**8.90**	**9.08**	**9.29**	**9.47**	**9.19**	**0.66**
Other Europe	**0.19**	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**	**0.00**	**0.18**	**0.18**	**0.18**	**0.17**	**0.18**	**0.00**
China	**3.15**	**3.21**	**3.23**	**3.29**	**3.31**	**3.28**	**3.33**	**3.31**	**0.08**	**3.41**	**3.36**	**3.40**	**3.45**	**3.41**	**0.10**
Non-OPEC production	**42.93**	**42.99**	**44.09**	**44.51**	**44.31**	**44.89**	**45.70**	**44.85**	**0.76**	**45.93**	**45.92**	**45.93**	**46.63**	**46.10**	**1.25**
Processing gains	1.55	1.58	1.65	1.69	1.69	1.69	1.69	1.69	0.04	1.72	1.72	1.72	1.72	1.72	0.03
Non-OPEC supply	**44.48**	**44.56**	**45.74**	**46.20**	**46.00**	**46.58**	**47.39**	**46.54**	**0.80**	**47.65**	**47.64**	**47.65**	**48.35**	**47.82**	**1.28**
OPEC NGLs	**3.01**	**3.07**	**3.23**	**3.37**	**3.37**	**3.37**	**3.37**	**3.37**	**0.14**	**3.39**	**3.39**	**3.39**	**3.39**	**3.39**	**0.02**

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

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

Table 25
Non-OPEC Rig Count

	1998	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	1Q02	Apr02	May02	Change May-Apr
USA	829	608	916	1,141	1,239	1,231	1,004	1,156	240	818	750	826	76
Canada	260	246	344	515	252	320	278	342	-2	383	121	114	-7
Mexico	55	43	44	50	48	56	62	54	10	63	58	58	0
North America	**1,144**	**897**	**1,305**	**1,706**	**1,539**	**1,607**	**1,344**	**1,552**	**247**	**1,264**	**929**	**998**	**69**
Norway	17	17	22	24	22	22	22	23	1	20	21	21	0
UK	28	18	18	18	25	28	26	24	6	28	33	28	-5
Denmark	3	2	3	4	5	4	5	4	1	5	5	4	-1
Other Western Europe	93	77	82	43	44	42	47	44	-38	39	39	38	-1
Western Europe	**141**	**114**	**125**	**89**	**95**	**96**	**100**	**95**	**-30**	**92**	**98**	**91**	**-7**
Australia	15	10	10	11	11	10	10	10	0	9	10	9	-1
Other Pacific	6	6	7	10	9	8	10	9	2	8	5	8	3
OECD Pacific	**21**	**16**	**17**	**20**	**20**	**18**	**20**	**20**	**3**	**17**	**15**	**17**	**2**
Total OECD*	**1,306**	**1,027**	**1,447**	**1,815**	**1,655**	**1,721**	**1,464**	**1,667**	**220**	**1,373**	**1,042**	**1,106**	**64**
Brunei	2	3	2	3	3	2	2	3	1	2	3	3	0
India	52	46	49	51	48	50	50	50	1	52	53	54	1
Malaysia	8	6	7	10	11	13	12	11	4	12	13	12	-1
Papua New Guinea	2	1	0	0	1	2	1	1	1	1	1	1	0
Vietnam	7	9	8	9	8	8	8	8	0	8	8	8	0
Asia others	20	16	16	22	23	24	18	22	5	26	28	29	1
Other Asia	**91**	**81**	**83**	**96**	**95**	**98**	**90**	**95**	**12**	**100**	**106**	**107**	**1**
Argentina	44	35	57	69	74	77	64	71	14	49	44	45	1
Brazil	20	19	23	28	30	29	26	28	5	27	27	26	-1
Colombia	12	12	14	15	16	14	16	15	1	13	12	12	0
Ecuador	5	3	7	9	10	10	11	10	3	10	10	9	-1
Peru	5	2	4	4	4	3	3	4	0	2	1	1	0
Trinidad & Tobago	6	3	4	6	5	4	5	5	1	5	4	4	0
L. America others	13	13	12	9	8	6	6	7	-4	4	4	3	-1
Latin America	**106**	**86**	**120**	**141**	**147**	**144**	**130**	**141**	**20**	**110**	**102**	**100**	**-2**
Bahrain				0	0	0	0	0	0	0	0		0
Oman	24	19	24	24	24	25	26	25	1	27	29	29	0
Syria	14	13	14	19	19	20	19	19	5	20	20	21	1
Yemen	4	4	6	6	6	5	6	6	0	8	9	8	-1
Middle East	**42**	**36**	**45**	**49**	**49**	**49**	**51**	**50**	**5**	**57**	**59**	**60**	**1**
Angola	6	5	6	6	5	4	6	5	0	5	5	6	1
Cameroon				0	0	0	0	0	0	0			0
Congo	6	3	3	1	2	1	1	1	-1	1	1	1	0
Egypt	22	17	18	21	22	22	23	22	4	22	23	22	-1
Gabon	6	2	2	2	4	1	1	2	0	1	2	2	0
South Africa	1	1	1	2	1	0	1	1	0	1	1	1	0
Africa other	8	4	5	4	5	5	3	4	0	11	16	10	-6
Africa	**48**	**30**	**34**	**36**	**40**	**34**	**35**	**36**	**2**	**41**	**48**	**42**	**-6**
Total DCs	**287**	**232**	**282**	**322**	**330**	**325**	**307**	**321**	**40**	**307**	**315**	**309**	**-6**
FSU													
Other Europe	**5**	**4**	**3**	**3**	**3**	**3**	**4**	**3**	**0**	**2**	**2**	**2**	**0**
China													
Non-OPEC Rig count	**1,597**	**1,263**	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**260**	**1,682**	**1,359**	**1,417**	**58**

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