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

March 2003

Next report to be issued on 17 April 2003

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OPEC Basket average price

US $ per barrel

Up 1.20 in February

February 2003	**31.54**
January 2003	30.34
Year-to-date	30.94

February OPEC production

million barrels per day, according to secondary sources

Algeria	1.07	Kuwait	2.05	Saudi Arabia	8.80
Indonesia	1.08	SP Libyan AJ	1.39	UAE	2.16
IR Iran	3.67	Nigeria	2.20	Venezuela	1.48
Iraq	2.48	Qatar	0.75		

Supply and demand

million barrels per day

2002	
World demand	76.58
Non-OPEC supply	51.62
Difference	**24.96**
2003	
World demand	77.43
Non-OPEC supply	52.77
Difference	**24.66**

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

Stocks

Considerable stock-draw in USA in February

World economy

World GDP growth unchanged at 3.2% for 2003

Inside

__Data covers period up to end-February 2003, unless otherwise stated__

Issued 19 March 2003

OIL MARKET HIGHLIGHTS

- World GDP growth is forecast at 3.2% in 2003, slightly lower than last month's estimate (-0.06%). A drop of around 0.2% in the OECD is mainly attributable to downward revisions in US growth by -0.3% to 2.4%, Japan by -0.1% to 0.4% and the EU by -0.1% to 1.6%. Euro-zone growth is now put at 1.4%. The estimate for Developing Countries was 0.1% lower, with 0.3% downward revisions for Africa and Latin America and a slight upward revision for Asia and Oceania. China and the FSU saw upward revisions of 0.3% and 0.2%, respectively.

- Recent data for the USA were largely bearish, as geopolitical tensions escalated. Consumer sentiment plunged to new nine-year lows in February, unemployment rose to 5.8% and retail sales fell a larger-than-expected 1.6%. Meanwhile, both the manufacturing and services sectors continued to expand, albeit at a slower rate, and low mortgage rates continued to support the housing sector and free up cash for consumption.

- In Japan, falling domestic and external demand are hampering economic growth prospects in the first half of 2003, but industrial production and machinery orders were surprisingly positive in January. In the euro-zone, the European Commission remains pessimistic about growth in the first half of 2003. Surprisingly, manufacturing registered a small rise in February but services contracted. The ECB resorted to a 25 basis point interest rate cut in an attempt to stimulate growth.

- The OPEC Reference Basket's average monthly price rose for the third consecutive month, gaining $1.20/b, or 3.93%, to average $31.45/b. In comparative terms, this is the highest February average since 1982 when OPEC started to keep records of the Basket price. On a y-o-y basis, the Basket surged by the astonishing figure of $12.65/b, which represents a gain of 67% from the depressed level of $18.89/b seen in February 2002. However, the Basket lost almost $5/b in recent days on the perception that a possible war in the Middle Eastern region will be brief, thus inducing huge fund sell-offs that will have the potential to turn the so-called "War/Political Premium" into a "Discount".

- Persistently colder weather in the US Northeast in February spurred healthy distillate and fuel oil demand, tempting refiners in the USA and Europe to boost distillate slates at the expense of gasoline. The resulting drop in gasoline production boosted the latter's price, on top of record distillate values. Significantly higher product prices outpaced rising crude costs, resulting in healthy refining margins which pushed European refinery throughput higher, while their US counterparts, who had failed to keep a similar pace, were hampered by heavy turnaround programmes.

- OPEC area spot-chartering continued to rise, improving a further 1.23 mb/d to a monthly average of 13.16 mb/d in February, assisted by an increase in OPEC's production level. Although spot freight rates for crude oil tankers displayed diverse trends in February, they registered solid gains for product tankers in most loading areas.

- The 2002 world oil demand estimate has been revised upwards, but only marginally, to 76.58 mb/d. However, due to colder-than-normal weather, expected continued fuel substitution in Japan and high natural gas prices which have led to a switch to oil, the 2003 world oil demand increment has been revised up by 0.28 mb/d to 77.43 mb/d.

- OPEC crude oil production, based on secondary sources, is estimated at 27.10 mb/d in February. Non-OPEC oil supply for 2002 is estimated at 47.98 mb/d, 1.50 mb/d higher than the estimated 2001 figure of 46.48 mb/d. 2003 non-OPEC supply is expected to reach 49.16 mb/d, an increase of 1.18 mb/d over the 2002 estimate. Net FSU exports for 2002 and 2003 were estimated at 5.50 mb/d and 6.18 mb/d, respectively.

- The non-OPEC rig count rose in February by 145 to 1,992 rigs, while OPEC's rig count remains unchanged at 209. The major contributor in non-OPEC was North America which increased by 127 rigs.

- US commercial on-land oil stocks continued to show a considerable seasonal draw of 23.6 mb to 895.0 mb during the period 31 January–28 February 2003, widening the y-o-y deficit to about 12%, compared to the 11% registered the previous month. Distillate stocks continued last month's downward trend on persistent strong demand, due to factors including the cold weather, especially in the US Northeast, and lower output as refiners started to produce more gasoline in preparation for the coming driving season. Commercial on-land oil stocks in the Eur-16 (EU plus Norway) reversed the downward trend of the last four months to show a slight build of 1.0 mb to 1,050.1 mb. Commercial on-land oil stocks in Japan remained mostly unchanged in January.

NO SIGNS OF INVENTORY BUILD-UPS

- A variety of factors are behind the 35% jump in crude oil prices over the last three months, which has left NYMEX front-month futures trading at $37/b. While political and fundamental considerations have played a role, the main driver continues to be geopolitical tensions.

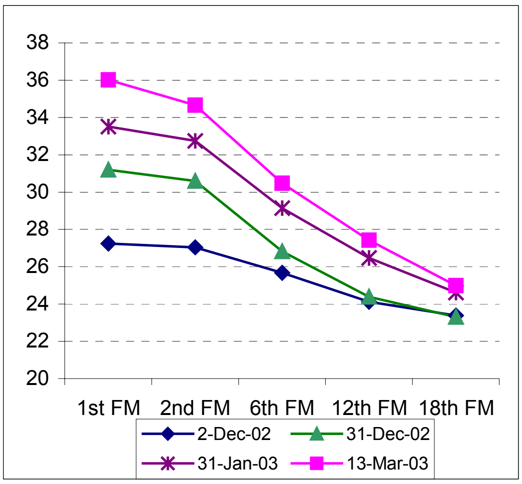
- As shown in Graph 1, the increase in backwardation has led to a noticeably steeper WTI NYMEX forward curve. In December 2002, the difference between the WTI NYMEX front-month price and that of the 18 month forward contract was around $3.8/b. This premium increased over time and, by the beginning of March, had grown to almost $11/b.

- At the start of December, the oil market was well supplied. According to secondary sources, OPEC-10 crude production was at 24.3 mb/d and US oil stocks at around 286 mb, or 16 mb higher than the minimum operational level. The premium at this time was mainly due to tensions in the Middle East. However, by the end of December, the WTI NYMEX premium had reached $6.8/b. This dramatic backwardation can be attributed to both continuing tensions in the Middle East and the Venezuelan oil workers' strike, which indeed had cut the country's production from almost 3 mb/d to an estimated 850 mb/d. This interruption in Venezuelan exports drove US crude oil stocks down to 275 mb in the week ending 3 January, which was 34 mb lower than the year before. The Venezuelan strike also reduced overall OPEC-10 production to 22.5 mb/d, which led the OPEC Conference to increase production by 1.5 mb/d beginning 1 February 2003. Despite these efforts, crude oil prices refused to decline as traders continued to use US crude oil inventories as their benchmark.

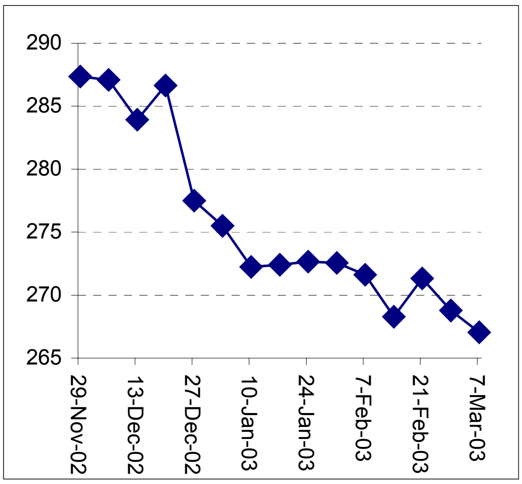
- At the end of January 2003, the premium had risen to a high of $7/b, while US crude oil stocks remained stubbornly at 273 mb, just above to the minimum operational level. This premium jumped to $11/b in the beginning of March, while US stocks fluctuated around the important 270 mb mark. This continuing trend indicates that the futures markets are likely to remain in backwardation for the time being, as the oil industry has managed to live with lower inventories and is not prepared to pay a premium to obtain immediate access to physical oil. This decision has been easier with the adoption of "just-in-time" inventory management.

- Moreover, the excessively high spot price level has also contributed to this trend. A colder-than-normal winter has led to strong demand for crude oil to make refined products, mostly heating oil. The spread between the front-month and the second-month over the past two months, caused by uncertainty over the duration of any conflict in the Middle East, has also produced additional upward pressure on crude oil prices. Given these market conditions, refiners who build inventories at current high prices face the risk of incurring huge losses if the market were to tumble in the next few months.

Graph 1: WTI NYMEX Forward Curve (US$/b)



Graph 2: US Commercial Crude Oil Stocks (mb)



Opening address

to the

124th Meeting of the OPEC Conference

by

HE Abdullah bin Hamad Al Attiyah•

Excellencies, ladies and gentlemen,

Welcome to the 124th Meeting of the OPEC Conference.

When we last met, at our Extraordinary Meeting here in Vienna two months ago, crude oil prices had risen above the upper limit of OPEC's price band of US $22–28 per barrel and were settling there. The reason for that was mainly tensions in the Middle East and Venezuela. The situation was out of line with market fundamentals. On the basis of regular patterns of supply and demand, the oil market was well-supplied with crude — something which remains true today.

However, in the light of the special market conditions, we decided in January to raise the OPEC-10 production ceiling by 1.5 million barrels a day, to 24.5 mb/d. The purpose of that was to ensure adequate supplies of crude to consumers in a balanced market.

Since then, the supply situation in Venezuela has eased a great deal, as that country's oil production continues to increase steadily — although it may still be some time before it returns to its former levels.

However, the situation remains tense, with regard to Iraq. Oil prices are now at higher levels than before our January Meeting.

The international political tensions have, without any doubt, reduced OPEC's influence on prices. Nevertheless, in broad economic terms, OPEC's influence remains important. In other words, while some of the key factors affecting oil prices at the present time are out of OPEC's control, we can still have an impact on the market.

This is what we have been actively seeking to do throughout this troubled period, by means of our production agreements. If we had not been doing this, then prices would be much higher than they are now.

At this point, let me remind you of OPEC's central message. OPEC is committed to ensuring order and stability in the international oil market at all times, with secure oil supplies at reasonable prices that balance the needs of producers and consumers. This has always been our guiding principle.

At this Meeting, we shall carefully review the current situation in the market, and then decide on what measures to adopt, in the interests of order and stability.

This will, however, be more complicated than usual, because the near-term outlook is dominated by political factors over which OPEC has no control. Therefore, we must do two things. We must reach a decision that takes account of the present volatile market and high prices. We must also consider plans to handle — quickly and effectively — any radical change in market conditions which may result from developments in the Middle East.

Collectively, our Member Countries still have some additional production capacity to meet possible shortfalls in world supplies; we can bring this on-stream in a short time. We are also able to act, with similar effect, should the market become over-supplied, particularly in the second quarter, when demand is traditionally low.

But OPEC should not be expected to act alone. To be truly effective, our market-stabilising measures must receive the full support and cooperation of other parties, including non-OPEC producers, the international oil companies and consumers. We all benefit from market stability. Therefore, we must all contribute towards market stability. It is with this in mind that we are pleased to welcome, as observers, representatives from five non-OPEC oil-exporting nations — Angola, Egypt, Mexico, Oman and the Russian Federation.

Excellencies, ladies and gentlemen,

Let me close by saying that OPEC is deeply concerned by the present rise in international tensions, with the constant threat of war and the terrible threat that this poses to innocent lives, as well as its damaging impact in many other areas, including the health of the global economy.

We look forward to the day when there is lasting peace and harmony in the world, so that the global community can concentrate on tackling the deep-rooted problems of mankind, such as famine, poverty and disease. These problems affect developing countries with particular severity. The extent of this was brought home to us at the World Summit on Sustainable Development last year, together with the need to create a cleaner, greener and safer world.

As an Organization, we are doing our best within the energy sector — and will continue to do our best — since this sector is so vital in meeting the challenges of economic growth and sustainable development.

Thank you.

•President of the Conference and Minister of Energy and Industry, Qatar

124th Meeting of the OPEC Conference

Vienna, Austria, 11 March 2003

The 124th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on 11 March 2003, under the Chairmanship of its President, HE Abdullah bin Hamad Al Attiyah, Minister of Energy & Industry of Qatar and Head of its Delegation.

The Conference welcomed the Minister of Petroleum of Angola, the Ambassador of Egypt to Austria representing the Minister of Petroleum of Egypt, the Under-Secretary of Hydrocarbons of Mexico, the Minister of Oil & Gas of the Sultanate of Oman, and the Deputy Minister of Energy of the Russian Federation, whose presence at the Meeting is seen as renewed confirmation of their solidarity with the objectives of the Organization to stabilize the oil market.

The Conference reviewed the Secretary General's report, the report of the Economic Commission Board, the report of the Ministerial Monitoring Sub-Committee (MMSC), and various administrative matters.

The Conference expressed its satisfaction at the rapid recovery of Venezuelan oil production and welcomed the restoration of normalcy to the oil industry of this important Founder Member.

Having reviewed the current market situation and its immediate prospects, the Conference noted that, whilst prices have been influenced by market fundamentals – such as the disruption of Venezuelan production in December 2002 and January 2003, the cold weather in the Northern Hemisphere and low OECD stock levels – the current high price levels above the OPEC price band are predominantly a reflection of uncertainties resulting from prevailing geopolitical tensions.

In light of the supply/demand picture for the balance of the first quarter and the second quarter, the Conference decided to maintain, for the time being, the current OPEC production ceiling, as supplies are adequate to meet current market requirements, taking into consideration the restoration of Venezuelan production to normal levels and the traditionally lower seasonal demand in the second quarter.

In addition, noting the uncertainties stemming from increasing geopolitical tensions and while expressing its hope that peace and tranquility will prevail, the Conference reiterated OPEC's determination to ensure that the market remains stable and well supplied, the Organization having repeatedly demonstrated its ability and willingness to continue to satisfy oil market demands in a timely fashion.

In the future, OPEC will closely monitor market developments and will take appropriate and prompt action, as and when the need arises.

In view of the aforementioned uncertainties, the Conference repeated its standing call on other oil producers and exporters to continue to co-operate with OPEC to achieve oil market balance for the benefit of both producers and consumers.

The Conference passed Resolutions that will be published on 11 April 2003, after ratification by Member Countries.

The next Ordinary Meeting of the Conference will be convened in Vienna, Austria, on 24 September 2003.

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

HIGHLIGHTS OF THE WORLD ECONOMY

Economic growth rates 2003
%

World	G-7	USA	Japan	Euro-zone
3.2	1.7	2.4	0.4	1.4

Industrialised countries

United States of America

US consumer sentiment plunges to nine-year lows and retail sales fall a larger-than-expected 1.6% in February, indicating a slow start for the US economy in the first quarter of 2003

US economic growth in the fourth quarter of 2002 was revised up to an annual rate of 1.4%, twice the 0.7% advance estimate. This reflected the uneven nature of the recovery experienced last year, which saw growth as high as 5% in the first quarter of 2002. Data for the first two months of 2003 indicate a slow start for the US economy this year. Economic expansion is hampered by a combination of war jitters, bad weather, rising energy costs, falling consumer sentiment and a deceleration in the manufacturing sector. Consumer spending is increasingly being influenced by geopolitical concerns and weakening labour markets. The closely-watched Conference Board's index of consumer confidence plunged in February to 64 from a revised 78.8 in January, the lowest level in nine years. Consumer confidence has dropped by almost 33% between February 2002 and February 2003. This is a cause for concern, as a drop in consumer sentiment of over 30%, spread over the course of a year, has always preceded or accompanied recessions since the early 1970s. Retail sales fell a larger-than-expected 1.6% in February to $304 bn, after rising a revised 0.3% in January. Excluding autos and auto parts, sales fell 1.0%, the biggest decline since November 2001. In addition, the US economy lost 308,000 jobs in February, lifting the unemployment rate to 5.8% from 5.7% in January, and feeding speculation the Fed may cut rates in the near future. Although manufacturing activity in the United States expanded for the fourth straight month in February, the pace of activity slowed down. The Institute for Supply Management's index of manufacturing activity fell to 50.5 in February from 53.9 in January, barely above the 50 threshold separating expansion from contraction. Industrial production itself edged up by 0.1% following a revised 0.8% in January. Separately, high state budget deficits resulting from shortfalls in tax collection may exert a negative effect on GDP growth this year if they lead to a reduction in state and municipal spending. On the positive side, the services sector, which accounts for over 80% of total employment, continued to expand in February for the thirteenth month in a row. Moreover, despite the slower growth in workers' hourly earnings, after-tax incomes rose by 3% from year-ago levels due to tax relief, while record-low mortgage rates are still helping consumers to use home-equity loans to finance consumption.

Japan

Falling domestic and external demand weigh down on economic growth prospects in Japan in the first half of 2003, but industrial production and machinery orders positive

Prospects for economic growth in the first half of 2003 are hampered by weak household spending and reduced global demand, partly due to mounting geopolitical tensions. The index of leading economic indicators for January points to a contraction for the first time since October, suggesting that the economy may slide back into recession for the fourth time since 1990. The index fell to 44.4%, compared with a revised 66.7% in December. A reading below 50 signals a contraction six months ahead. The unemployment rate rose to match a record 5.5% in January, while overall household spending fell 1.5% from a year earlier. However, from December, spending rose a seasonally adjusted 2.8%, marking the first gain in four months. Moreover, the current account surplus narrowed in January as exports fell, putting more pressure on the government to support the economy. The surplus fell by a seasonally adjusted 3.9% to ¥995.6 billion (bn) ($8.5 bn). Exports fell by a seasonally adjusted 3.2% while imports dropped by 0.6%, less than the 3.8% drop in December. Separately, the Nikkei 225 index plunged to 20-year lows, which brought it below 8,000 points for the first time since 1983, threatening to erode the capital of banks and insurance companies and forcing the government to consider measures to avoid a financial collapse ahead of the end of the fiscal year on 31 March. The Central Bank may expand its plan to buy ¥2 trillion ($17 bn) of shares from banks to limit their investment losses, while the government may bring forward ¥81.7 trillion ($698 bn) of spending planned for next fiscal year to help reflating demand. On the positive side, industrial production in January rose by 1.5% from the previous month, and 6.8% from a year earlier, showing an increase for the first time in five months.

Growth in the Euro-zone may contract in the first quarter and barely grow in the second, according to the European Commission. However, manufacturing registered a surprise rise in February

Euro-zone

The European Commission remains pessimistic about growth prospects in the first half of 2003 in the euro region's $7 trillion economy, predicting a contraction in the first quarter and hardly any growth in the second. Rising unemployment, falling consumer sentiment, a stronger euro and the threat of war may hurt growth in coming months. Based on a perception of stagnating growth, the European Central Bank moved to lower its key benchmark rate by 25 basis points to 2.5%, as core inflation fell below 2% (1.9% in January). The euro-zone's services industry, the largest part of the region's economy, shrank in February for the first time in five months. An index based on a survey of 2,000 purchasing managers (PM) compiled for Reuters fell to 48.9, the lowest level in fifteen months, from 50 in January. However, all is not gloom: sales and business confidence reported gains in some countries (Germany, Belgium and Italy). Moreover, euro-zone manufacturing, which accounts for one-fifth of GDP, unexpectedly expanded in February, the first gain in five months, as the Reuters PM manufacturing index rose to 50.1, from 49.3 in January. The index was lifted partly by strongest growth in new orders for two years in Germany. However, the improvement may not be sustainable, since it is suspected that part of the growth in orders may have been driven by the desire to increase stocks, for fear that the war would disrupt supplies and raise prices. Meanwhile, German retail sales rose in January by 4.2%, for the first time in three months, and industrial production rebounded by 1.6%, while the merchandise trade surplus widened. However, the unemployment rate continued to climb, reaching a five-year high of 10.5% in February from 10.3% in January, as the number of unemployed climbed to 4.36 million. The Bundesbank has urged the government to speed up needed structural reforms in the taxation system and in labour laws, fearing long-lasting weakness in the German economy otherwise.

FSU 2002 and 2003 GDP growth estimates revised up

Former Soviet Union

The 2002 estimate and the 2003 forecast GDP growth rates for the FSU have both been revised up, to 4.6% and 4.4%, respectively. Both figures remain well above the world average. In Russia, the output of the five basic sectors increased by 5.8% year-on-year (y-o-y) and 0.4% month-on-month in January. Although the 2002 base was low, this is a good start for the year. Private consumption and investment were instrumental as retail sales rose 8.2% and investment grew 7.9% y-o-y. Our latest 2003 GDP growth forecast stands at 4.2%, driven mainly by robust growth in investment, which is forecast at around 8% by some analysts. The consumer price index rose on a y-o-y basis to 14.7% in February from 14.3% in January, due to persistent strong increases in the cost of consumer services. The monthly inflation rate was 1.6% in February, compared with a rise of 2.4% in January. Thanks to rising export earnings, due to higher oil exports at ever-increasing prices, Russia's gross foreign exchange reserves grew strongly during January and February. At the end of February, gross foreign exchange reserves reached $53.1 bn, up from $47.8 bn at the end of 2002. There has been a rise of nearly $5.3 bn in the last two months.

Hungarian GDP growth slows to 3.3% in 2002, while it is estimated that Polish economic growth will range between 2.5%-3.0% in 2003

Eastern Europe

According to preliminary figures reported by the central statistics office, full-year Hungarian real GDP growth slowed in 2002 (3.3% versus 3.8% in 2001). However, it accelerated to 3.7% in the fourth quarter, the fastest rate since the third quarter of 2001, driven by continued growth in consumption and the 5.5% rise in capital investments. Czech consumer prices increased 0.2% m-o-m in February, driven by rising prices for recreation, culture and transportation. Inflation fell 0.4% y-o-y, steady from January. The data were slightly above forecasts and inflation is seen picking up, due to a planned hike in natural gas prices and the potential for higher gasoline prices. Meanwhile, unemployment remained steady at a record high of 10.2% in February. Some analysts had expected the rate to show a slight decline to 10.1%, as the usual seasonal trend of rising joblessness during the winter months eased. Unemployment was concentrated in areas dependent on mining and heavy industry. The IMF's baseline forecast for Polish economic growth this year, in the 2.5-3.0% range, is below the level in the government's 2003 budget plan of 3.5%, which is seen by many analysts as too optimistic. The IMF estimates the government deficit will reach 6.9% of GDP in 2003, above the government's target of 6.4%. The public debt-to-GDP ratio is expected by the IMF to rise to 52%, from an estimated 49% of GDP at the end of 2002. The Central Bank is pushing for early adoption of the euro, perhaps as early as 2006, but that would depend on pushing forward fiscal and structural reforms, including rapid privatization that would allow Poland to meet the Maastricht criteria for euro-zone membership.

OPEC Member Countries

The financial outlook for OPEC Member Countries is stabilizing, except for Venezuela, due to the strike

While trading activity on the stock exchange remained extremely limited, the Algerian dinar held steady, and was trading in the AD79/$ range in mid-February. However, a moderate depreciation during this year is possible. International investor interest remains focused on the energy sector. The Indonesian rupiah gained modest ground at the end of January when it reach Rp 8,870/$. Inflation fell into single digits due to the intention of the government to reverse fuel price hikes. The overall situation in the Indonesian financial market continued to stabilize, although the market still remains close to the bottom. Currency stability was achieved in part by the apparent intervention of the Central Bank in the forex market. The Venezuelan currency began to dip as the nation-wide strike began on 2 December, when the bolivar was exposed to severe selling pressure and traded at around Bs1,900/$ late January. After the suspension of foreign exchange trading in January and the introduction of a fixed exchange rate for the bolivar of Bs1,1596/$ in early February, trading under the new rules is not anticipated to be resumed until the end of February. Due to the weak currency, inflation spiked 2.9% m-o-m in January, despite a severe economic contraction of 8.9% caused by the strike at PDVSA.

Developing countries

While Asia is stockpiling dollars to protect its exports, Brazil still needs a stronger performance and Sub-Saharan countries growth marginally revised down

In Asia, central banks across the region have been stockpiling dollars. For instance, China's central bank added $74 bn in foreign reserves to its coffers in 2002, the equivalent of nearly the entire US reserves. This boosts Chinese total reserves to $286 bn, second in the world after Japan. Other Asian countries added $153 bn to their foreign reserves last year, bringing the total to $927 bn, more than 50% of annual imports. However, faced with the slowdown in economic growth, Asian central banks have been intervening to prevent their currencies from appreciating in an effort to maintain the competitiveness of their exports. There is no change in the real GDP growth rates forecast for this year during the month, which remain at 7.2% for China, 3.8% for Asia Pacific and 4.5% for Asia Oceania, despite slow global economic growth and uncertainties in the Middle East. Sub-Saharan Africa in general is expected to grow by 3.3% this year, before accelerating to 3.7% in 2004, as world demand improves and commodity prices rise feed through into stronger domestic expenditure growth. Africa as a whole is forecast to expand by 3.4% this year. However, during this month the forecast has been revised down by 0.27% due to the slowdown in global import demand. Brazil still needs a much stronger performance in order to shrink its fiscal deficit and reduce the burden of its huge debt. Meanwhile, the new government wants to address the huge social and economic inequities. Brazil's real GDP growth is forecast for this year at 1.8%, relatively higher than the 1.5% in 2002. During the month, the forecast for this year has been revised down marginally by 0.1% due to uncertainties over the new government's direction.

Oil price, US dollar and inflation

Real oil prices rose a further 3.21% in February on the strength of a nominal oil price rise of almost 4%, dampened somewhat by the dollar's drop against the OPEC currency basket

In February, the US dollar fell against all currencies in the modified Geneva I + US $ basket* with the exception of the yen. The yen dropped 0.49% versus the dollar to ¥119.36/$ from ¥118.78/$ in January, while the euro appreciated by 1.43% against the dollar, averaging $1.0773, compared to $1.0621 in January.

As in recent months, the rising risk of military conflict in the Middle East was detrimental to the dollar, particularly versus the euro. With geopolitical tensions remaining at peak levels in the first week of February, the dollar fell below $1.09/€ on 5 February, marking a 46-month low against the euro, and recovered only slightly when the chance of unilateral action by the US and UK appeared to recede. The single currency moved within fairly a confined trading range of $1.07-1.08/€ for most of the month. Fundamentals generally played a secondary role. However, increasing signs that the US economy may be slowing down in the first quarter of 2003 and the sharp fall in consumer confidence added to the downward pressure on the dollar, while the negative data in euro-zone countries, in particular Germany, seemed to have little effect on the euro. On the other hand, the yen weakened in the first half of the month, falling to almost ¥121/$ by mid-February but recovered to ¥117/$ by the end of the month.

In February, the OPEC Reference Basket rose a further $1.20/b, or 3.96%, to $31.54/b from $30.34/b in January. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose 3.21% to $25.79/b from $24.99/b, as the fall in the dollar somewhat dampened the gains in nominal oil prices. The dollar dropped 0.67%, as measured by the import-weighted modified Geneva I + US dollar basket, while inflation was estimated to have eroded the value of the oil barrel by 0.05% in February.

* *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

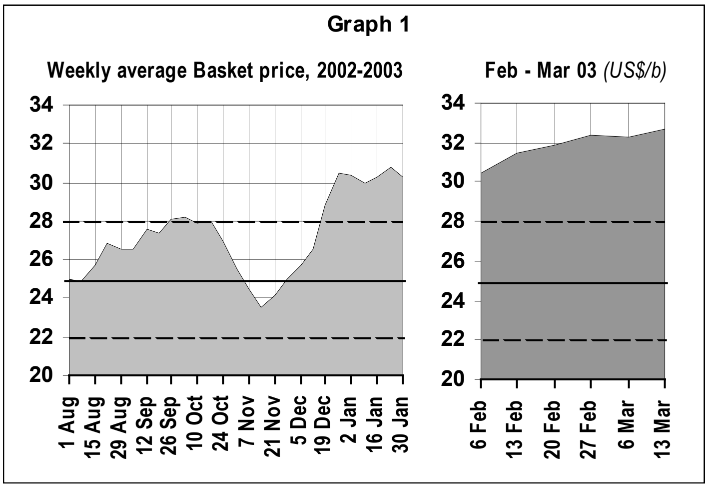
OPEC's Reference Basket surged by close to 4% to average $ 31.45 /b — a new February high

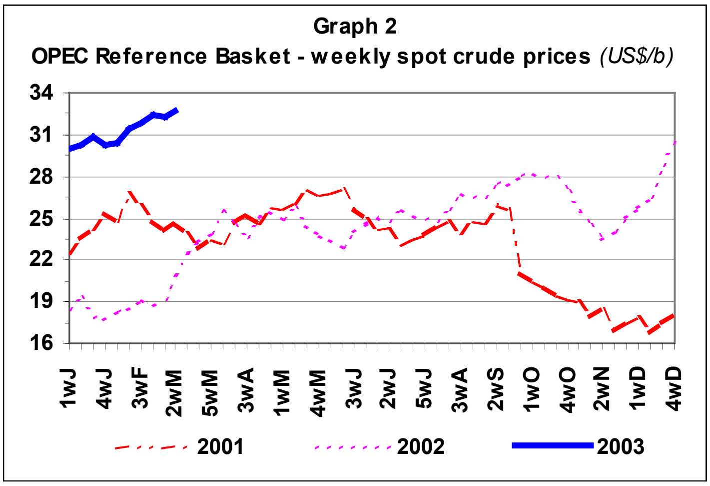
The OPEC's Reference Basket's average monthly price continued its rise for the third consecutive month, gaining $1.20/b, or 3.93%, to average $31.45/b. In comparative terms, this is the highest February average since 1982 when OPEC started to keep records of the Basket price. On a y-o-y basis, the Basket surged by the astonishing figure of $12.65/b which represents a gain of 67% from the depressed $18.89/b seen in February 2002.

Furthermore, when we compare the Basket with February 1999, when its average reached the single digit figure of $9.99/b, we can begin to form an idea about the magnitude of the February price level. To reach such a high level, the Basket had to undergo continuous rises, and this is exactly what happened in February. The Basket's weekly average price rose by $0.12/b during the first week to average $30.41/b, then it jumped by another $1.05/b in the second week and stood at $31.46/b. The rising trend extended to the third week, even though the pace slowed, and the rise was only $0.43/b, to average $31.89/b. As if there was no other way but up, the Basket broke through the $32/b mark during the last week of the month, adding another $0.53/b to close at $32.41/b. Of the seven crudes that make up the Basket, Arabian Light and Dubai led the gains, rising by $2.01/b and $1.92/b respectively. On the other hand, light sweet Indonesian Minas posted a fall of $0.43/b to average $31.89/b for the month.

Precariously low crude and product stocks in the USA, cold weather and the ever-present threat of a war in the Middle East pushed prices to new highs

Crude oil prices remained stubbornly high, underpinned by the precariously low crude and product stocks in the USA, persistently cold weather, combined with the ever-present yet familiar impending threat of a conflict in the Middle East. NYMEX WTI came just 1¢/b short of the $40/b mark on intraday trading on 27 February, as the supply chain became increasingly strained by the dangerously low stock levels. US inventories shrank to alarming levels during February, falling below what is considered the minimum operational industry level. According to the API's weekly report, crude oil stocks dropped to 268.3 mb in the second week of February. Shortages were more acute in the mid-continent, the delivery point for WTI, where stocks fell to record lows of just over 50 mb. On the product side, gasoline stocks remained at the lower end of the five-year average, while distillate inventories dropped below the 100 mb level according to the EIA figures. As apparent demand for distillate fuel soared as high as 4.5 mb/d during February, refiners moved forward to intensify their maintenance plans for February and March, resulting in a dramatic fall in stock levels. Forward consumption fell to around 22 days, while there was a more dramatic drop in high-sulphur





distillate stocks in the sensitive US North East, where the tight stock situation was aggravated by the continuing cold weather boosting already strong consumption. Another chapter in the several-month-old UN-Iraq crisis took place at the beginning of February, bringing additional uncertainty and thus more volatility to an already disturbed market. Diplomatic maneuvering in the UN, involving the USA and the UK on one hand, and the other permanent members of the Security Council with veto power — China, France and Russia —on the other, was at its peak in February, affecting the oil market accordingly.

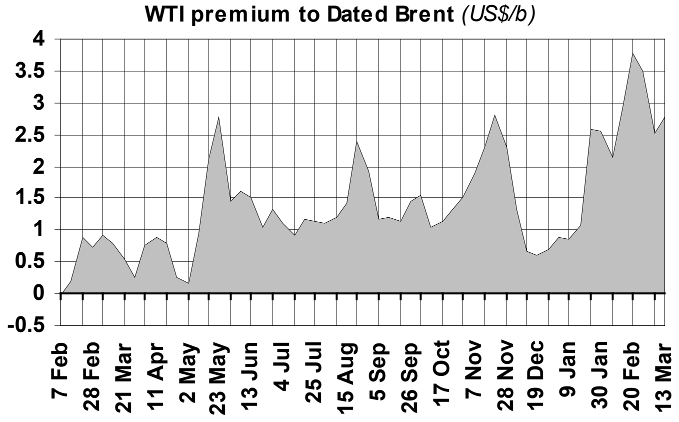
Low crude stocks, especially in the US mid-continent, where the WTI delivery point is located, boosted the benchmark to just below the $40/b level

US and European markets

A supply crunch in the USA, due to the disruption in Venezuelan exports, which were affected by the aftermath of the two-month-old oil workers' strike and mounting war fears, drove bench-mark WTI prompt prices to post-1990 highs. Tight supplies kept prompt prices well above futures prices, reflecting low inventory levels. The front-month spread to the 12th for-ward month, which had stood at around $6.5/b at the begin-ning of the month, widened considera-bly by the end of February to reach almost $10/b, evidencing the precarious situation in stocks as well as the uncertainty over the security of supply if hostilities start. US refiners were reluctant to acquire crude at or near market highs while worrying about falling margins. High prompt prices and the steep backwardation prevented refiners from replenishing inventories, causing stocks to sink below minimum operational levels. The high prompt prices and the steep backwardation are working as a kind of dam that prevents crude volumes from showing in the stock levels, thereby giving a misleading picture of low availability which, in turn, is the cause of the fall in crude oil inventories. The hefty WTI/Brent differential in the first half of the month, which stood at around $3/b, encouraged the westbound shipping of Brent-related West African crudes. Approximately 7 mb of gasoline-rich grades such as Bonny Light and Qua Iboe were loaded in the second week of the month. However, this situation changed towards the third week, as strong freight rates and steep forward discounts shut the arbitrage window, despite the $4/b WTI premium to Brent.

Graph 3

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



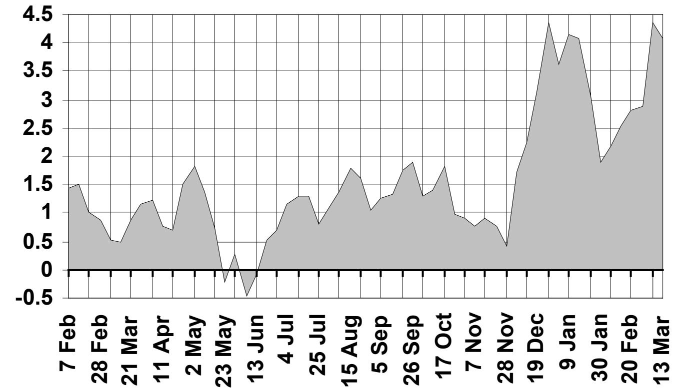
Ample term supplies from regional OPEC producers and confusion over the geopolitical situation kept spot trading quiet

Far East market

Increased volumes from some regional OPEC producers kept refiners out of the spot market for most of the month. Trading was slow to pick up as buyers had been notified by OPEC producers of full term contrac-tual volumes. Oman benefited from the fact that it was con-sidered a safe haven since it loads outside the perceived crisis region. Towards the end of the month, a few cargoes were moved to the area, despite the high Brent premium over the regional bench-mark Dubai which was under pressure from hefty supplies coming from the Middle East. At least 4.5 mb of West African crudes were sold during the last week of February as buyers were

Graph 4

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



encouraged by low shipping rates. Heavy sweet crude prices fell sharply at the beginning of the month as utility demand in Japan subsided; nevertheless, the situation reversed later on as renewed buying interest, particularly from Japan, and steady refining margins underpinned prices.

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

	Jan 03	Feb 03	Year-to-date average 2002	Year-to-date average 2003
Reference Basket	30.34	**31.54**	18.58	**30.94**
Arabian Light	29.10	**31.11**	19.11	30.10
Dubai	28.02	**29.94**	18.75	28.98
Bonny Light	30.78	**32.33**	19.94	31.55
Saharan Blend	31.29	**32.43**	19.68	31.86
Minas	32.32	**31.89**	18.89	32.10
Tia Juana Light	30.14	**31.21**	15.67	30.68
Isthmus	30.74	**31.90**	18.00	31.32
Other crudes				
Brent	31.31	**32.54**	19.81	31.93
WTI	33.08	**35.63**	20.13	34.36
Differentials				
WTI/Brent	1.77	3.09	0.32	2.43
Brent/Dubai	3.29	2.60	1.06	2.95

PRODUCT MARKETS AND REFINERY OPERATIONS

Persistently colder weather in the US Northeast in February spurred healthy distillate and fuel oil demand, tempting refiners in the USA and Europe to boost distillate slates at the expense of gasoline. This resulted in a drop in gasoline production, firming its price, on top of record distillate values. Significantly higher product prices outpaced rising crude costs, resulting in healthy refining margins which pushed European refinery throughput higher, while their US counterparts, who had failed to keep a similar pace, were hampered by heavy turnaround programmes.

US Gulf market

Robust heating oil demand pushed US gasoil prices to record levels in February, while gasoline firmed on lower

Average product prices for February in the US Gulf market showed differing trends compared with the previous month, amid an 8% increase in the monthly average of the marker crude, WTI. Nevertheless, an analysis of the US product market fundamentals showed a reduction of gasoline output as refiners favoured distillate production in response to the widening distillate crack. This overshadowed a drop in gasoline demand

supply. Despite a considerable increase in refining margins, the US refinery utilization rate dropped to 88%

of 2% below the preceding month and around 1% below the year-ago level. As result, the monthly average gasoline price increased 15%, assisted in part by the firm naphtha feedstock prices. Gasoil faired the best, reaching \$53.59/b on the last day of the month (the expiry of March delivery), its highest level since at least 1990. Furthermore, the average monthly gasoil price increased an enormous 20% in the US Gulf Coast and an even higher 25% in the world's largest single heating oil consuming region, the US Northeast, amid prevailing freezing weather. The continuing and relatively unusual premium of vacuum gasoil over finished distillate products was an additional factor supporting the gasoil price. The lower-than-normal temperatures spurred exceptionally strong oil demand, assisted by spiking natural gas prices, which enhanced fuel substitution in electrical utilities. According to the preliminary four-week moving average data released by the US Energy Information Administration (EIA), distillate delivery hovered at record highs of nearly 4.4 mb/d. Fuel oil demand, comprised mainly of the low sulphur grade, exceeded the levels of both the previous month and the year before by more than 25%, although it remained still below the February 2001 level. However, the average price of its sister bunker grade, high sulphur fuel oil (HSFO), fell 7% below last month's level, reflecting an improvement in market supply.

Average refining margins posted healthy profits in the US Gulf Coast in February, reflecting exceptional increases in gasoline and gasoil prices, which outpaced rising crude oil costs.

Despite significant refining gains, US refinery throughput continued to fall in February as result of heavy maintenance programmes. The decline was a modest 0.15 mb below the January level to average 14.66 mb/d, equal to a utilization rate of 88.2%, which was on a par with the previous year's level.

Rotterdam market

Gasoil led February product prices higher in Rotterdam, improving refining margins considerably and moving European utilization rate up to nearly 90%

Average February prices for the light and the middle ends of the barrel enjoyed solid gains in the Rotterdam market, as gasoline rose 11% and gasoil surged 17%, exceeding the 4% increase in their underlying counterpart crude, Brent. Nonetheless, HSFO was a poor cousin of the other products, remaining unchanged to marginally lower than last month's level. A number of fundamentals shaped the European product market. The lack of suitable clean vessels for shipping gasoline and heating oil across the Atlantic was a major factor. With most vessels committed to shipping heating oil (due to its higher crack spread against gasoline), freight costs skyrocketed, leaving transatlantic gasoline arbitrage lower than in the preceding month. Meanwhile, the persistently and unusually high premium of naphtha feedstock, implying a favourable market for petrochemical input at the expense of gasoline-producing unit intakes, forced European refiners to curtail gasoline output. Thus, gasoil values were also supported by inconsistent arrivals of Russian distillate cargoes due to the icy conditions in the Baltic Sea for most of the month, together with colder-than-normal weather across North-West Europe. These trends offset the absence of German demand, owing to sufficient tertiary stocks. Improved refinery distillation economics translated into high HSFO output, and this, coupled with the arrival of delayed fuel oil cargoes from Russia, resulted in a well-supplied market. Meanwhile, high freight costs hampered export movements, while a historically high NYMEX price for low sulphur fuel oil (LSFO) — recently touching \$50/b —encouraged LSFO transatlantic exports.

This combination of relatively strong distillate prices — Europe's main refined product — firm values for other light products, and weak Brent prices compared to other marker crudes produced strong refining margins.

As a result of healthy refining margins, refinery throughput in the Eur-16 moved to 12.34 mb/d in February, an increase of nearly 0.25 mb/d above the previous month's level. Moreover, the utilization rate reached almost 90%, the highest February level for the last two years.

Gasoline led product price rises in Singapore in February, pushing refining margins to record highs

Singapore market

For the second consecutive month, gasoline led the monthly product price rises in Singapore, increasing 17%, beating the 15% rise in gasoil prices and the moderate 9% gain in fuel oil. Rises in all product values outpaced the 7% increase in the price of the marker crude, Dubai. Asian product fundamentals were generally supported by widespread stockpiling amid concern over possible oil supply shortfalls from the Middle East. Gasoline received additional support from two driving forces: strong naphtha prices, due to healthy petrochemical demand, and the continuation of large transpacific arbitrage movements. Despite weak regional demand, the middle and heavy ends of the barrel were supported by lower spot availability. The main reasons for the strong gasoil price were widespread refinery maintenance in a number of Asian countries, the move by several large petrochemical complexes to use cheaper gasoil as a feedstock instead of highly-priced naphtha, the strength in jet fuel prices, and the diversion of Middle Eastern distillate cargoes to the more lucrative European market. Fuel oil fundamentals continue to point to tighter supply as very sharp freight rate costs put a damper on fuel oil shipments into the region.

Meanwhile, strong crack spreads for all products in the Singapore market pushed February refining margins to record highs.

Robust winter demand for kerosene and LSFO pushed refinery throughput in Japan up 0.12 mb/d to hit 4.64 mb/d in February. The February utilization rate of 97.3% is the highest value for the month since 1995.

Table 2
Refined product prices
US $/b

		Dec 02	Jan 03	**Feb 03**	**Change Feb/Jan**
US Gulf					
Regular gasoline	*(unleaded)*	33.00	37.08	**42.61**	+5.53
Gasoil	*(0.2% S)*	33.53	36.97	**44.38**	+7.41
Fuel oil	*(3.0% S)*	22.41	29.73	**27.76**	–1.97
Rotterdam					
Premium gasoline	*(unleaded)*	31.34	35.31	**39.15**	+3.84
Gasoil	*(0.2% S)*	32.63	35.22	**41.16**	+5.94
Fuel oil	*(3.5% S)*	19.99	25.97	**25.93**	–0.04
Singapore					
Premium gasoline	*(unleaded)*	30.25	34.34	**40.14**	+5.79
Gasoil	*(0.5% S)*	31.88	34.23	**39.35**	+5.12
Fuel oil	*(380 cst)*	24.24	26.97	**29.33**	+2.36

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Dec 02	Jan 03	**Feb 03**	Dec 02	Jan 03	**Feb 03**
USA	15.11	14.80	**14.66**	91.2	89.1	**88.2**
France	1.71	1.69	**1.73**	90.0	89.0	**91.1**
Germany	2.21	2.21	**2.24**	98.0	97.7	**98.9**
Italy	1.85 R	1.82 R	**1.82**	81.0 R	79.3 R	**79.3**
UK	1.63	1.55	**1.66**	91.1	86.9	**92.6**
Eur-16	12.13 R	12.01 R	**12.34**	88.8 R	88.1 R	**89.9**
Japan	4.54	4.52	**4.64**	94.9	94.8	**97.3**

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

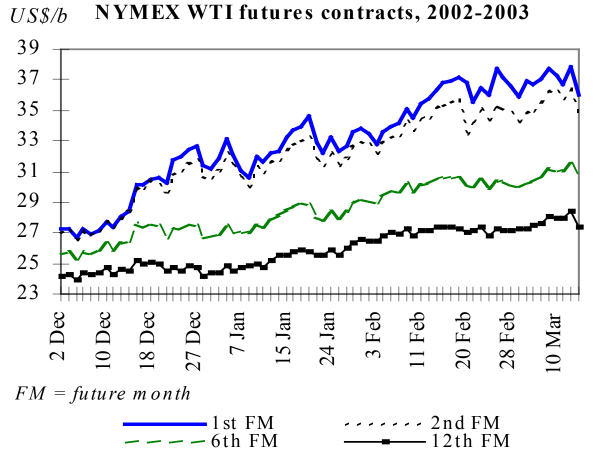
THE OIL FUTURES MARKET

Crude oil futures surged, while non-commercials firmed net shorts

The apparent correlation between the NYMEX first month price curve and the non-commercial net long/short positions did not materialize during February. Even though there is not a perfect correlation between these two parameters, there is hardly ever one in the real world; they tend to follow each other. However, in February, while net non-commercial short-positions developed throughout the month, WTI front-month prices continued to rise. The explanation for this might lie in the fact that the market is heavily influenced by speculative forces as a result of the imminent possibility of a military confrontation in the Middle East. A divergence of rising prices and at the same time an increase in non-commercial net-short positions (those held by speculators) was last seen in late 2000. The outcome was a significant price correction a few weeks later. According to the Commodity Futures Trading Commission's (CFTC) report for the week ending 4 February, non-commercials increased their longs by a hefty 15,452 contracts while at the same time augmenting their shorts by 13,353, resulting in a 4,153 net-long position which showed that even speculators were unsure about the market direction.

Graph 5

NYMEX WTI futures contracts, 2002-2003

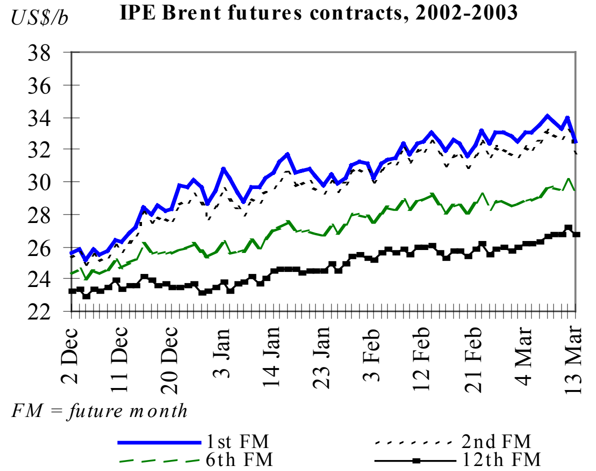


Sentiment turned bearish in the second week, with speculators increasing their short positions by 7,221 lots, while longs rose by only 535 contracts, resulting in a net-short position of 2,533. Speculators' expectations concerning a military attack on Iraq changed after the eagerly-awaited speech from the UN chief weapons inspector. As mentioned above, WTI prices gained ground and the front-month contract broke through the $35/b mark during the week.

Non-commercials' net-short positions (a belief that prices will fall in the future) continued to rise during the third week and stood at 7,816 lots, while WTI prices gained another $1.5/b. In this week open interest shot up to 662,058, very close to the all-time high reached in September 1999. WTI futures showed a heavy decline in non-commercial net-short positions from 7,816 to 2,297 contracts in the week of 25 February. This was a result of the increased threat of a war in the Middle East, combined with colder weather and falling crude as well as product stocks.

Graph 6

IPE Brent futures contracts, 2002-2003



Sentiments turned clearly bearish among non-commercials as they trimmed considerably their long positions while increasing shorts, resulting in a net-short position of 16,092 lots. This implies that big speculators were counting on a price correction, perhaps because actual price levels were abnormally inflated (WTI rose to $39.99/b in intraday trading on 27 February) and the possibility that the war might be delayed for a few weeks.

THE TANKER MARKET

OPEC area spot-chartering rose by a further 1.23 mb/d in February

OPEC area spot-chartering continued to rise, registering a further increase of 1.23 mb/d to an average of 13.16 mb/d in February, due to OPEC's decision to raise its crude oil production ceiling by 1.5 mb/d to 24.5 mb/d, effective 1 February 2003, in order to ensure adequate supply in the market. The current level of OPEC spot fixtures is 1.64 mb/d, or about 14%, higher than in the same period last year. Non-OPEC spot-chartering fell by 1.47 mb/d in February to an average of 8.77 mb/d, resulting in a 6.19% drop in market share, taking the total down to 40%. Consequently, global spot fixtures saw a modest fall of 0.24 mb/d to an average of 21.93 mb/d, a decline of 0.98 mb/d compared with the same month last year. The OPEC area's share of global spot-chartering rose by 6.19% to 60%, an improvement of 9.74% over the same period last year. Most of the increases in OPEC chartering for February were due to the rises in spot fixtures from the Middle East on the eastbound and westbound long-haul routes, which rose by 0.70 mb/d to 4.34 mb/d, and 0.38 mb/d to 2.76 mb/d respectively. As a result, the Middle East eastbound and westbound shares of total OPEC fixtures rose by 2.45% to 32.94% and 1.0% to 20.98%, respectively. Together, they accounted for 53.93% of total chartering in the OPEC area, which was 3.51% above the previous month's level. According to preliminary estimates, sailings from the OPEC area in February continued to rise, climbing by 0.57 mb/d to an average of 22.79 mb/d. Sailings from the Middle East rose by 1.24 mb/d to an average of 17.23 mb/d, or about 76% of total OPEC sailings. Preliminary estimates of long-haul arrivals in the Atlantic Basin showed varying trends in February, rising by 0.41 mb/d in the US and the Caribbean areas to an average of 9.64 mb/d, while arrivals in North-West Europe edged 0.10 mb/d higher to 6.50 mb/d. However, arrivals in Euromed fell by 0.88 mb/d to 3.74 mb/d and in Japan by 0.13 mb/d to 4.58 mb/d. The preliminary estimate of the volume of oil-at-sea at the end of January was 441 mb, up 11 mb over the level at the end of December.

Crude oil freight rates ended mixed in February

Spot freight rates for crude oil tankers were mixed in February, softening for larger tanker sizes on long-haul routes, but improving for smaller sizes on shorter routes. In the Middle East, the very large crude carrier (VLCC) market was highly volatile during the month, with freight rates moving in both directions, as bearish factors clashed with supportive elements. Consequently, monthly average freight rates for VLCC voyages on eastbound long-haul routes drifted down by 32 points from last month's peak to WS99, and on westbound routes by nine points to WS94. The main Suezmax market in West Africa remained steady, although freight rates to the US Gulf Coast softened by three points to an average of WS168. However, the current lack of VLCC availability in the Atlantic Basin is expected to prevent rates from dropping further and may even help them to bounce back next month. The renewed transatlantic arbitrage activity in the North Sea helped to boost Suezmax freight rates from the Rotterdam area to the US East Coast, which rose by 17 points to WS188. Aframax freight rates for tankers operating on short-haul routes remained strong, rallying further on the steady flow of enquiries and tighter prompt positions. In the Caribbean, freight rates to US destinations saw the highest increase, soaring by 172 points to WS304, due to the very tight market and the resumption of Venezuelan oil exports. Continued tonnage delays in Turkey's Bosporus Straits due to bad weather and tanker quality restrictions boosted Aframax freight rates in the Mediterranean. Spot rates for modern tonnage on the route across the Mediterranean gained 54 points to WS270 and surged by 91 points to WS294 for voyages to North-West Europe. Freight rates for 70–100,000 dwt tankers on the route from Indonesia to the US West Coast plunged by 20 points to WS149.

Clean tanker freight rates improved in February

The product tanker market saw a generally positive trend in February. The only exception was the long-haul route from the Middle East to the Far East, where monthly average freight rates edged 25 points lower to WS246, despite a reported increase in spot fixture volumes. In Asia, increased cargo availability in Singapore lent support to freight rates on the short-haul route to Japan, which rose by 14 points to WS285. However, low US product stocks generated more clean tanker demand from the Caribbean and the North Sea. Spot freight rates from the Caribbean to the US Gulf Coast increased by 25 points to WS255 and surged by 76 points to WS313 on the route from Rotterdam to the US East Coast, benefiting from open arbitrage cargo movements. In the Mediterranean, bad weather kept freight rates well supported, rising by 46 points to WS304 for voyages on the route across the Mediterranean and by 13 points to WS281 on the route to North-West Europe.

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

	Dec 02	Jan 02	Feb 03	Change Feb/Jan
Chartering				
All areas	19.09	22.17	**21.93**	–0.24
OPEC	10.61	11.93	**13.16**	+1.23
Middle East/east	4.18	3.64	**4.34**	+0.70
Middle East/west	1.38	2.38	**2.76**	+0.38
Sailings				
OPEC	20.44	22.22	**22.79**	+0.57
Middle East	15.25	15.99	**17.23**	+1.24
Arrivals				
US Gulf Coast, US East Coast, Caribbean	8.33	9.23	**9.64**	+0.41
North-West Europe	7.20	6.40	**6.50**	+0.10
Euromed	4.70	4.62	**3.74**	–0.88
Japan	4.68	4.71	**4.58**	–0.13

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

Table 5
Spot tanker freight rates
Worldscale

	Size 1,000 DWT	Dec 02	Jan 03	Feb 03	Change Feb/Jan
Crude					
Middle East/east	200–300	115	131	**99**	–32
Middle East/west	200–300	92	103	**94**	–9
West Africa/US Gulf	100–160	132	171	**168**	–3
North-West Europe/US East Coast	100–160	131	171	**188**	+17
Indonesia/US West Coast	70–100	165	169	**149**	–20
Caribbean/US East Coast	40–70	131	132	**304**	+172
Mediterranean/Mediterranean	40–70	181	216	**270**	+54
Mediterranean/North-West Europe	70–100	190	203	**294**	+91
Products					
Middle East/east	30–50	233	271	**246**	–25
Singapore/east	25–30	289	271	**285**	+14
Caribbean/US Gulf Coast	25–30	205	230	**255**	+25
North-West Europe/US East Coast	25–30	226	237	**313**	+76
Mediterranean/Mediterranean	25–30	258	258	**304**	+46
Mediterranean/North-West Europe	25–30	270	268	**281**	+13

Source: Gailbraith Tanker Market Report

WORLD OIL DEMAND

Slight upward revision in 2001 demand

Historical data

A marginal upward revision to the 2001 total world demand has resulted in an average of 76.37 mb/d versus the 76.35 mb/d reported in the last *MOMR*.

Estimates for 2002

World demand for 2002 revised up slightly to 76.58 mb/d

World

Minor adjustments in opposite directions to the quarterly averages almost offset each other, so the average 2002 world oil demand has crept up marginally and it stands at 76.58 mb/d versus the 76.57 mb/d reported in the last *MOMR*. The 2002 world demand increment is now estimated at 0.21 mb/d, or 0.28%, marginally lower than the 0.22 mb/d, or 0.29%, presented in the last *MOMR*. This is also due to the upward 0.02 mb/d revision in the average 2001 figure. Quarterly and regional details are given in Table 6.

On a regional basis, demand is projected to fall by 0.14 mb/d in the OECD, following a less significant decline of 0.07 mb/d in 2001. On the other hand, the former CPEs' consumption is estimated to have grown significantly by 0.26 mb/d, or 2.79%, much higher than the 0.15 mb/d growth in 2001. In developing countries, following a significant 0.29 mb/d growth in 2001, a moderate rise in consumption of only 0.09 mb/d, or 0.45%, is estimated in 2002.

Compared with the corresponding 2001 quarterly figures, world demand fell by 0.49%, or 0.38 mb/d, to average 76.79 mb/d in the first quarter. Second quarter consumption is estimated to have dropped further by 0.51%, or 0.38 mb/d, to 74.85 mb/d. However, demand is estimated to have accelerated significantly during the third and fourth quarters. The estimated growth rates are 0.43 mb/d, or 0.57%, and 1.15 mb/d, or 1.50%, respectively. Detailed quarterly comparisons for all quarters are presented in Tables 7 and 8.

Table 6
World oil demand in 2002
mb/d

							Change 2002/01	
	2001	1Q02	2Q02	3Q02	4Q02	**2002**	Volume	%
North America	23.85	23.70	23.81	24.11	24.13	23.94	0.085	0.36
Western Europe	15.27	15.17	14.64	15.19	15.29	15.07	–0.20	–1.30
OECD Pacific	8.55	9.08	7.66	8.05	9.32	8.53	–0.02	–0.26
Total OECD	**47.68**	**47.95**	**46.11**	**47.36**	**48.74**	**47.54**	**–0.14**	**–0.29**
Other Asia	7.33	7.42	7.44	7.37	7.57	7.45	0.12	1.68
Latin America	4.75	4.60	4.67	4.68	4.60	4.64	–0.12	–2.49
Middle East	4.83	4.80	4.87	5.01	4.85	4.88	0.05	1.01
Africa	2.44	2.49	2.45	2.46	2.49	2.47	0.03	1.40
Total DCs	**19.35**	**19.31**	**19.42**	**19.51**	**19.52**	**19.44**	**0.09**	**0.45**
FSU	3.93	3.92	3.49	3.65	4.27	3.83	–0.10	–2.60
Other Europe	0.72	0.77	0.73	0.73	0.73	0.74	0.02	3.12
China	4.69	4.74	5.10	5.27	4.99	5.03	0.34	7.25
Total "other regions"	**9.34**	**9.43**	**9.32**	**9.65**	**9.99**	**9.60**	**0.26**	**2.79**
Total world	**76.37**	**76.69**	**74.85**	**76.52**	**78.25**	**76.58**	**0.21**	**0.28**
Previous estimate	76.35	76.71	74.71	76.40	78.44	76.57	0.22	0.29
Revision	0.02	–0.01	0.14	0.11	–0.19	+0.01	–0.01	–0.01

Totals may not add due to independent rounding.

OECD
Actual data indicate that the OECD registered a substantial 0.86 mb/d decline in first quarter consumption, making it the sole contributor to the fall in world consumption. The 0.25 mb/d and 0.30 mb/d rises in demand for the Developing Countries and former CPEs partly offset the decline in the OECD. Within the OECD, the highest fall of 3.56% was experienced by the OECD Pacific, followed by 1.99% in North America and a minor 0.30% in Western Europe.

Data on actual consumption in the second quarter also point to a drop of 0.34 mb/d, or 0.73%, in OECD consumption, due to a steep decline in OECD Pacific demand of 0.31 mb/d, combined with a moderate 0.14 mb/d drop in Western Europe’s consumption, which was partly offset by slight rise of 0.11 mb/d in North American demand.

The latest available data on actual third quarter consumption point to a slackening of the downward trend seen in the first and second quarters. Total OECD consumption is estimated to have dropped marginally by 0.12 mb/d or 0.25%. Within the OECD, the 0.18 mb/d rise in North American consumption and the 0.01 mb/d rise in OECD Pacific consumption are estimated to have been more than offset by the 0.31 mb/d decline in Western Europe’s demand.

Actual data on OECD fourth quarter consumption indicate that growth picked up in North America by a robust 0.52 mb/d, or 2.20%, and by 0.54 mb/d, or 6.10%, in the OECD Pacific. On the other hand, demand continued to be weaker in Western Europe by 0.30 mb/d, or 1.90%.

On a product basis, residual fuel oil continued to register the steepest falls during 2002, both by volume (0.39 mb/d) and percentage (12.18%), mostly due to the shift to natural gas consumption in North America. The weakness in aviation fuel consumption also continued, but the rate moderated to –2.50% from the January–November average of –3.68%, compared with the similar period in 2001, as subdued air travel persisted everywhere. The leading volume gainers were gasoline and LPG consumption, with rises of 0.20 mb/d, or 1.34%, and 0.10 mb/d, or 2.19%, respectively, mostly due to substantial consumption growth of 2.67% and 4.64%, respectively, in North America.

DCs
Oil demand for developing countries is estimated to have grown marginally by 0.09 mb/d, or 0.45%, to 19.44 mb/d. The demand performance in Latin America continued to be significantly weaker — declining by 0.12 mb/d, or 2.49% — than the previous year due to persistent economic and financial problems. Other Asia is estimated to have registered the highest volume and percentage growth of 0.12 mb/d, or 1.68%, followed by the Middle East and Africa with 0.05 mb/d and 0.03 mb/d, respectively.

Other regions
Apparent demand in the “other regions” group of countries is estimated to have grown significantly by 0.26 mb/d, or 2.79%, which was almost entirely due to the apparent consumption growth in China. In the FSU, consumption in all four quarters is estimated to have dropped, resulting in an average yearly decline of 0.10 mb/d, or 2.60%. In contrast, Chinese demand is anticipated to have undergone healthy growth in every quarter of 2002, giving an average annual growth rate of 0.34 mb/d, or 7.25%. This remarkable estimated growth rate is more than one and a half times the estimated average rise in world demand.

Table 7
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	24.19	23.70	–0.48	–1.99	23.70	23.81	0.11	0.46
Western Europe	15.21	15.17	–0.05	–0.30	14.78	14.64	–0.14	–0.92
OECD Pacific	9.42	9.08	–0.33	–3.56	7.98	7.66	–0.31	–3.91
Total OECD	**48.82**	**47.95**	**–0.86**	**–1.77**	**46.45**	**46.11**	**–0.34**	**–0.73**
Other Asia	7.31	7.42	0.11	1.57	7.31	7.44	0.12	1.70
Latin America	4.67	4.60	–0.07	–1.41	4.80	4.67	–0.13	–2.81
Middle East	4.68	4.80	0.128	2.52	4.75	4.87	0.12	2.52
Africa	2.47	2.49	0.02	0.82	2.43	2.45	0.02	0.95
Total DCs	**19.13**	**19.31**	**0.19**	**0.98**	**19.29**	**19.42**	**0.13**	**0.69**
FSU	3.95	3.92	–0.03	–0.80	3.75	3.49	–0.26	–6.96
Other Europe	0.76	0.77	0.01	0.79	0.72	0.73	0.01	1.11
China	4.41	4.74	0.33	7.37	5.02	5.10	0.08	1.59
Total "other regions"	**9.13**	**9.43**	**0.30**	**3.28**	**9.50**	**9.32**	**-0.17**	**–1.83**
Total world	**77.07**	**76.69**	**–0.38**	**–0.49**	**75.23**	**74.85**	**–0.38**	**–0.51**

Totals may not add due to independent rounding.

Table 8
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	23.93	24.11	0.18	0.76	23.61	24.13	0.52	2.20
Western Europe	15.50	15.19	–0.31	–2.01	15.58	15.29	–0.30	–1.90
OECD Pacific	8.04	8.05	0.01	0.14	8.79	9.32	0.54	6.10
Total OECD	**47.48**	**47.36**	**–0.12**	**–0.25**	**47.98**	**48.74**	**0.76**	**1.58**
	0.00							
Other Asia	7.29	7.37	0.08	1.10	7.40	7.57	0.17	2.33
Latin America	4.81	4.68	–0.13	–2.73	4.74	4.60	–0.14	–2.95
Middle East	4.99	5.01	0.01	0.29	4.91	4.85	–0.05	–1.12
Africa	2.41	2.46	0.05	2.09	2.45	2.49	0.04	1.72
Total DCs	**19.49**	**19.51**	**0.01**	**0.07**	**19.50**	**19.52**	**0.02**	**0.10**
FSU	3.72	3.65	–0.07	–1.87	4.31	4.27	–0.05	–1.08
Other Europe	0.67	0.73	0.06	9.46	0.72	0.73	0.01	1.67
China	4.72	5.27	0.54	11.49	4.58	4.99	0.41	8.91
Total "other regions"	**9.11**	**9.65**	**0.54**	**5.89**	**9.62**	**9.99**	**0.37**	**3.89**
Total world	**76.08**	**76.52**	**0.43**	**0.57**	**77.09**	**78.25**	**1.15**	**1.50**

Totals may not add due to independent rounding.

Forecast for 2003

World demand for 2003 adjusted upward by 0.29 mb/d to 77.43 mb/d

The world demand forecast for the year 2003 has been adjusted upwards by 0.29 mb/d to 77.43 mb/d, versus 77.14 mb/d reported in the previous *MOMR*. The increment has also been revised up by a similar amount to 0.85 mb/d, equivalent to 1.11%, from the previous 0.57 mb/d (equivalent to 0.74%) due to several factors: the colder-than-normal winter in some areas of the northern hemisphere has resulted in higher-than-average heating oil consumption; high natural gas prices in the USA have led to a switch to oil products; nuclear reactor maintenance in Japan has caused a rise in oil consumption; and finally the evaluation of the latest information on developing countries' oil demand prospects has brought about an upward revision. Regional and quarterly breakdowns of the demand forecast are given in Table 9.

All of the three major groups of countries are forecast to register healthy demand growth. The OECD is forecast to rank first in demand volume growth with 0.46 mb/d, or 0.96%. At 0.22 mb/d, or 2.28%, the rise in former CPEs' demand is expected to be the second highest in volume but first in percentage terms. Developing countries are forecast to follow with a 0.17 mb/d, or 0.88%, demand increase.

Table 9
World oil demand forecast for 2003
mb/d

							Change 2003/02	
	2002	1Q03	2Q03	3Q03	4Q03	**2003**	Volume	%
North America	23.94	24.08	23.94	24.26	24.33	24.15	0.21	0.90
Western Europe	15.07	15.29	14.73	15.19	15.52	15.18	0.11	0.73
OECD Pacific	8.53	9.34	7.82	8.08	9.40	8.66	0.13	1.53
Total OECD	**47.54**	**48.71**	**46.49**	**47.54**	**49.25**	**48.00**	**0.46**	**0.96**
Other Asia	7.45	7.54	7.58	7.45	7.62	7.55	0.10	1.31
Latin America	4.64	4.61	4.65	4.73	4.69	4.67	0.03	0.74
Middle East	4.88	4.84	4.99	5.01	4.84	4.91	0.02	0.49
Africa	2.47	2.49	2.49	2.47	2.50	2.49	0.02	0.64
Total DCs	**19.44**	**19.48**	**19.71**	**19.66**	**19.65**	**19.61**	**0.17**	**0.88**
FSU	3.83	3.96	3.70	3.66	4.17	3.87	0.04	1.03
Other Europe	0.74	0.81	0.71	0.79	0.76	0.77	0.03	4.19
China	5.03	4.85	5.20	5.47	5.17	5.17	0.15	2.96
Total "other regions"	**9.60**	**9.62**	**9.62**	**9.92**	**10.09**	**9.82**	**0.22**	**2.28**
Total world	**76.58**	**77.81**	**75.81**	**77.12**	**79.00**	**77.43**	**0.85**	**1.11**
Previous estimate	76.57	77.59	75.57	76.45	78.93	77.14	0.57	0.74
Revision	+0.01	0.22	0.24	0.67	0.07	0.29	0.28	0.36

Totals may not add due to independent rounding.

All of the four quarters are all forecast to experience gains over consumption levels for the corresponding periods in 2002. The first and the second quarters are expected to register the highest growth, by 1.12 mb/d, and 0.96 mb/d, respectively. Progress is seen moderating further in the third quarter, when a 0.61 mb/d rise is forecast. The fourth quarter is expected to be marked by the return of a higher growth rate of 0.76 mb/d. Further details are shown in Tables 10 and 11.

Table 10
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	23.70	24.08	0.38	1.59	23.81	23.94	0.13	0.56
Western Europe	15.17	15.29	0.12	0.78	14.64	14.73	0.09	0.61
OECD Pacific	9.08	9.34	0.26	2.88	7.66	7.82	0.15	2.00
Total OECD	**47.95**	**48.71**	**0.76**	**1.58**	**46.11**	**46.49**	**0.38**	**0.82**
Other Asia	7.42	7.54	0.12	1.57	7.44	7.58	0.14	1.89
Latin America	4.60	4.61	0.01	0.17	4.67	4.65	–0.01	–0.31
Middle East	4.80	4.84	0.04	0.73	4.87	4.99	0.12	2.44
Africa	2.49	2.49	0.01	0.30	2.45	2.49	0.04	1.62
Total DCs	**19.31**	**19.48**	**0.17**	**0.86**	**19.42**	**19.71**	**0.28**	**1.46**
FSU	3.92	3.96	0.04	1.12	3.49	3.70	0.21	6.12
Other Europe	0.77	0.81	0.04	5.58	0.73	0.71	–0.01	–2.00
China	4.74	4.85	0.11	2.35	5.10	5.20	0.10	1.98
Total "other regions"	**9.43**	**9.62**	**0.20**	**2.10**	**9.32**	**9.62**	**0.30**	**3.22**
Total world	**76.69**	**77.81**	**1.12**	**1.46**	**74.85**	**75.81**	**0.96**	**1.28**

Totals may not add due to independent rounding.

Table 11
Third- and fourth-quarter world oil demand comparison for 2003
mb/d

	3Q02	3Q03	Change 2003/02 Volume	%	4Q02	4Q03	Change 2003/02 Volume	%
North America	24.11	24.26	0.15	0.64	24.13	24.33	0.20	0.82
Western Europe	15.19	15.19	0.00	0.00	15.29	15.52	0.23	1.54
OECD Pacific	8.05	8.08	0.03	0.37	9.32	9.40	0.08	0.86
Total OECD	**47.36**	**47.54**	**0.18**	**0.39**	**48.74**	**49.25**	**0.51**	**1.05**
Other Asia	7.37	7.45	0.08	1.09	7.57	7.62	0.05	0.72
Latin America	4.68	4.73	0.05	1.16	4.60	4.69	0.09	1.93
Middle East	5.01	5.01	0.01	0.13	4.85	4.84	–0.01	–0.24
Africa	2.46	2.47	0.01	0.38	2.49	2.50	0.01	0.27
Total DCs	**19.51**	**19.66**	**0.15**	**0.77**	**19.52**	**19.65**	**0.14**	**0.71**
FSU	3.65	3.66	0.00	0.07	4.27	4.17	–0.10	–2.36
Other Europe	0.73	0.79	0.07	9.04	0.73	0.76	0.03	4.02
China	5.27	5.47	0.21	3.90	4.99	5.17	0.18	3.53
Total "other regions"	**9.65**	**9.92**	**0.27**	**2.84**	**9.99**	**10.09**	**0.11**	**1.05**
Total world	**76.52**	**77.12**	**0.61**	**0.80**	**78.25**	**79.00**	**0.76**	**0.97**

Totals may not add due to independent rounding

WORLD OIL SUPPLY

Non-OPEC

Forecast for 2002

2002 non-OPEC supply figure revised up to 47.98 mb/d, estimated to increase by 1.50 mb/d

The 2002 non-OPEC supply figure has been revised up by 0.02 mb/d to 47.98 mb/d. The fourth quarter was revised up significantly by 0.07 mb/d to 48.54 mb/d, while minor upward revisions have been made to the other quarters by 0.01 mb/d to 47.69 mb/d, 0.02 mb/d to 48.05 mb/d, and 0.01 mb/d to 47.62 mb/d, respectively, compared with the last *MOMR's* figures. The yearly average increase is estimated at 1.50 mb/d, compared with the 2001 figure.

Table 12
Non-OPEC oil supply in 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01
North America	14.36	14.62	14.65	14.43	14.63	14.58	0.23
Western Europe	6.70	6.73	6.76	6.26	6.84	6.65	–0.05
OECD Pacific	0.77	0.76	0.77	0.79	0.72	0.76	–0.01
Total OECD	**21.82**	**22.11**	**22.17**	**21.48**	**22.19**	**21.99**	**0.17**
Other Asia	2.28	2.36	2.36	2.37	2.40	2.37	0.09
Latin America	3.75	3.93	3.94	3.91	3.81	3.90	0.14
Middle East	2.13	2.09	2.06	2.02	2.03	2.05	–-0.08
Africa	2.80	3.04	3.08	3.03	3.04	3.04	0.24
Total DCs	**10.97**	**11.42**	**11.44**	**11.32**	**11.27**	**11.36**	**0.39**
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	0.00
China	3.30	3.35	3.39	3.43	3.40	3.39	0.10
Total "Other regions"	**12.00**	**12.45**	**12.72**	**13.10**	**13.32**	**12.90**	**0.90**
Total non-OPEC production	**44.79**	**45.97**	**46.33**	**45.90**	**46.78**	**46.25**	**1.46**
Processing gains	1.69	1.72	1.72	1.72	1.76	1.73	0.04
Total non-OPEC supply	**46.48**	**47.69**	**48.05**	**47.62**	**48.54**	**47.98**	**1.50**
Previous estimate	46.48	47.68	48.03	47.61	48.47	47.95	1.48
Revision	**0.00**	**0.01**	**0.02**	**0.01**	**0.07**	**0.03**	**0.02**

Totals may not add due to independent rounding.

2003 non-OPEC supply seen at 49.16 mb/d, 1.18 mb/d above 2002

Expectations for 2003

Non-OPEC supply in 2003 is expected to rise by 1.18 mb/d, with the expected contributors to the rise being the FSU and North America. The 2003 quarterly distribution is estimated at 49.11 mb/d, 49.19 mb/d, 48.87 mb/d and 49.46 mb/d, respectively, resulting in a yearly average of around 49.16 mb/d.

Table 13
Non-OPEC oil supply in 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
North America	14.58	14.88	14.86	14.64	14.80	14.79	0.21
Western Europe	6.65	6.89	6.81	6.49	6.86	6.76	0.11
OECD Pacific	0.76	0.74	0.75	0.77	0.71	0.74	–0.01
Total OECD	**21.99**	**22.51**	**22.42**	**21.91**	**22.36**	**22.30**	**0.31**
Other Asia	2.37	2.42	2.43	2.43	2.46	2.43	0.06
Latin America	3.90	3.94	3.94	3.92	3.82	3.90	0.01
Middle East	2.05	2.02	1.99	1.96	1.97	1.99	–0.06
Africa	3.04	3.08	3.12	3.08	3.08	3.09	0.05
Total DCs	**11.36**	**11.46**	**11.49**	**11.38**	**11.33**	**11.41**	**0.05**
FSU	9.33	9.80	9.90	10.16	10.34	10.05	0.72
Other Europe	0.18	0.17	0.17	0.17	0.17	0.17	0.00
China	3.39	3.36	3.41	3.45	3.41	3.41	0.02
Total "Other regions"	**12.90**	**13.34**	**13.48**	**13.78**	**13.92**	**13.63**	**0.73**
Total non-OPEC production	**46.25**	**47.31**	**47.39**	**47.07**	**47.61**	**47.34**	**1.09**
Processing gains	1.73	1.81	1.81	1.81	1.85	1.82	0.09
Total non-OPEC supply	**47.98**	**49.11**	**49.19**	**48.87**	**49.46**	**49.16**	**1.18**
Previous estimate	47.95	48.56	48.92	48.51	49.40	48.85	0.90
Revision	**0.03**	**0.55**	**0.27**	**0.36**	**0.06**	**0.31**	**0.28**

Totals may not add, due to independent rounding.

2003 net FSU oil exports expected at 6.18 mb/d, 2002 estimated at 5.50 mb/d.

The FSU net oil export forecast for 2003 witnessed a significant 0.29 mb/d upward revision to 6.18 mb/d, while the 2002 figure has also been revised up by 0.02 mb/d to 5.50 mb/d. Figures for 1999–2001 remain unchanged, compared with the last *MOMR*.

Table 14
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)	5.00	5.66	5.84	5.48	**5.50**
2003 (forecast)	5.84	6.19	6.50	6.17	**6.18**

OPEC natural gas liquids

2003 OPEC NGL expected at 3.61 mb/d

OPEC NGL data for the years 1999–2001 remain unchanged at 3.16 mb/d, 3.34 mb/d and 3.58 mb/d, respectively, compared with the last *MOMR's* figures, while the 2002 figure has been revised up by 0.01 mb/d to 3.64 mb/d, and the 2003 expected figure was revised down by 0.05 mb/d to 3.61 mb/d. Revisions were made to the 2002 figure due to disruptions which occurred in the fourth quarter in some Member Countries.

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**	3.64	3.64	3.67	3.61	**3.64**	0.06	**3.61**	–0.03

Available secondary sources put OPEC's February production at 27.10 mb/d

OPEC crude oil production

Available secondary sources indicate that, in February, OPEC output was 27.10 mb/d, which was 1.51 mb/d higher than the revised January figure of 25.59 mb/d. Table 15 shows OPEC production, as reported by selected secondary sources.

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

	2001	3Q02	4Q02	2002*	Jan 03*	**Feb 03***	Feb 03-Jan 03
Algeria	820	880	952	864	1,027	**1,067**	40
Indonesia	1,214	1,114	1,102	1,120	1,084	**1,078**	–6
IR Iran	3,665	3,434	3,535	3,420	3,633	**3,673**	39
Iraq	2,381	1,742	2,394	2,006	2,492	**2,481**	–11
Kuwait	2,025	1,907	1,924	1,887	1,993	**2,045**	53
SP Libyan AJ	1,361	1,326	1,349	1,314	1,375	**1,387**	12
Nigeria	2,097	1,957	2,010	1,965	2,139	**2,199**	61
Qatar	683	654	704	648	718	**747**	28
Saudi Arabia	7,939	7,612	7,903	7,537	8,431	**8,793**	362
UAE	2,163	1,994	2,021	1,988	2,108	**2,159**	51
Venezuela	2,862	2,848	2,231	2,591	594	**1,475**	881
Total OPEC	**27,211**	**25,468**	**26,123**	**25,340**	**25,594**	**27,103**	**1,509**

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

RIG COUNT

Non-OPEC rig count up 145 in February

Non-OPEC

The rig activity of non-OPEC was higher in February. North America saw an increase of 130 rigs, compared with the January figure, with Canada's rig count rising 76 rigs to 554. The USA also witnessed an increase of 53 rigs to 907, while Mexico's rig activity declined 2 rigs to 82. Western Europe's rig activity was almost unchanged at 78.

Table 16
Non-OPEC rig count in 2002-2003

	2001	**2002**	**Change 02/01**	**Jan 03**	**Feb 03**	**Change Feb/Jan**
North America	1,552	1,162	–390	1,416	**1,543**	127
Western Europe	95	85	–10	79	**78**	–1
OECD Pacific	20	17	–3	17	**21**	4
OECD	**1,667**	**1,264**	**–403**	**1,512**	**1,642**	**130**
Other Asia	95	111	16	116	**118**	2
Latin America	141	106	–35	110	**112**	2
Middle East	50	62	12	67	**72**	5
Africa	36	43	7	40	**46**	6
DCs	**321**	**322**	**1**	**333**	**348**	**15**
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	**3**	**2**	**–1**	**2**	**2**	**0**
Total non-OPEC	**1,991**	**1,588**	**–403**	**1,847**	**1,992**	**145**

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

OPEC rig count flat for the month

OPEC
The OPEC rig count was unchanged at 209 in February, compared with January. Venezuela restored some rig activity, adding 4 rigs for a total of 21.

Table 17
OPEC rig count

	2001	2002	Change 02/01	Jan 03	Feb 03	Change Feb/Jan
Algeria	20	20	0	22	**22**	0
Indonesia	41	46	6	51	**50**	–1
IR Iran	30	34	4	35	**36**	1
Iraq	n.a.	n.a.	n.a.	n.a.	**n.a.**	n.a.
Kuwait	9	6	–3	7	**4**	–3
SP Libyan AJ	5	10	5	9	**9**	0
Nigeria	12	12	0	12	**11**	–1
Qatar	9	13	4	8	**8**	0
Saudi Arabia	30	32	2	33	**32**	–1
UAE	15	16	0	15	**16**	1
Venezuela	67	42	–25	17	**21**	4
Total OPEC	**238**	**231**	**–7**	**209**	**209**	**0**

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

STOCK MOVEMENTS

Further considerable draw of 0.84 mb/d in USA in February

USA
US commercial on-land oil stocks continued to show a considerable seasonal draw of 23.6 mb (at a rate of 0.84 mb/d) to 895.0 mb during the period 31 January–28 February 2003. This widened the y-o-y deficit to about 12% from the 11% registered the previous month. Distillate stocks continued last month's downward trend, falling by 15.6 mb to 96.5 mb on persistent strong demand, due to factors including the cold weather, especially in the US Northeast, and lower output as refiners started to produce more gasoline in preparation for the coming driving season. The y-o-y distillate deficit expanded to about 26% from the 19% reported last month. "Other oil" and gasoline stocks contributed to this draw, falling by 6.4 mb to 165.0 mb, and by 3.5 mb to 206.1 mb, respectively. Improved demand was the main reason behind the draw on gasoline stocks. On the crude oil side, stocks fell slightly by 0.7 mb to 273.6 mb when the resumption of the flow of Venezuelan barrels reduced the magnitude of the draw resulting from higher refinery runs in order to meet strong US domestic demand. This lifted refining margins due to strong product prices. The y-o-y crude oil deficit continued to widen, standing at about 16% from the 14% observed last month.

During the week ending 7 March 2003, total oil stocks in the USA showed a further draw of 10.2 mb to 884.8 mb compared with the previous week, expanding the y-o-y deficit to about 13%. Gasoline and crude oil stocks were the main contributors to this draw, declining by 4.1 mb to 202.0 mb, and by 3.8 mb to 269.8 mb, respectively. Healthy gasoline demand and increasing refinery runs, together with lower crude oil imports, were the main reasons behind these draws. However, distillate stocks behaved contrary to the general downward trend, rising by 1.8 mb to 98.3 mb. This build in distillates was attributable to higher imports, especially from Europe, and to the resumption of Venezuelan exports.

During the same period, the Strategic Petroleum Reserve (SPR) remained unchanged at the previous month's level of 599.2 mb. The rescheduling of deliveries to the SPR due to the recent very low level of US commercial on-land oil stocks enabled US companies to use what were supposed to be royalty barrels for their operational purposes.

Table 18
US onland commercial petroleum stocks*
mb

	3 Jan 03	31 Jan 03	28 Feb 03	Change Feb/Jan	28 Feb 02	7 Mar 03**
Crude oil (excl. SPR)	278.7	274.3	**273.6**	**–0.7**	326.6	269.8
Gasoline	209.8	209.6	206.1	–3.5	218.3	202.0
Distillate fuel	129.7	112.1	96.5	–15.6	130.3	98.3
Residual fuel oil	30.7	31.1	31.4	0.3	39.2	31.2
Jet fuel	40.6	40.9	39.4	–1.5	40.9	39.0
Unfinished oils	76.3	79.2	83.1	3.9	90.4	84.1
Other oils	187.1	171.4	165.0	–6.4	171.6	160.5
Total	953.0	918.6	**895.0**	**–23.6**	1,017.1	**884.8**
SPR	599.1	599.2	599.2	0.0	559.8	599.2

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

Eur-16 oil stocks reversed downward trend, climbing marginally by 0.03 mb/d in February

Western Europe

Commercial on-land oil stocks in the Eur-16 (EU plus Norway) reversed the downward trend of the last four months to show a slight build of 1.0 mb (a rate of 0.03 mb/d) to 1,050.1 mb in February. This minor increase was mainly due to the build of 3.5 mb to 146.5 mb in gasoline stocks, and, to a lesser extent, to fuel oils, which rose by 1.6 mb to 112.7 mb. The build in gasoline stocks was due to lower volumes bound for the US market because of high transportation costs and a shortage of vessels. The increase in fuel oil stocks was attributed to more Russian barrels which filled European tanks after last month's interruption because of bad weather at Baltic terminals. Despite the build in gasoline, the y-o-y deficit stayed at about 9%, while the y-o-y fuel oil surplus remained at about 3%. Crude oil and distillate stocks counterbalanced this build. Crude oil stocks declined by 1.7 mb to 434.7 mb on higher refinery runs due to very strong refining margins, coupled with lesser imported volumes (especially from the Middle East) as the bulk of Middle Eastern barrels were bound for the Caribbean and the US Gulf Coast rather than Europe. Distillates fell by 2.5 mb to 334.1 mb due to lower Russian cargoes, which headed to the US market where prices were much more attractive than in Europe. These draws on crude oil and distillates widened the y-o-y deficit to about 5% and 3%, respectively. The overall marginal build reduced the y-o-y deficit to about 4% from last month's figure of 5%.

Table 19
Western Europe's oil stocks*
mb

	Dec 02	Jan 03	Feb 03	Change Feb/Jan	Feb 02
Crude oil	440.2	436.4	**434.7**	**–1.7**	455.3
Mogas	134.6	143.1	146.5	3.5	160.6
Naphtha	21.1	22.0	22.0	0.0	22.9
Middle distillates	336.0	336.6	334.1	–2.5	343.4
Fuel oils	112.0	111.1	112.7	1.6	109.8
Total products	603.7	612.8	**615.4**	**2.6**	636.6
Overall total	1,043.9	1,049.1	**1,050.1**	**1.0**	1,091.9

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

Oil stocks remained nearly unchanged in Japan in January 2003

Japan

Commercial on-land oil stocks in Japan remained mostly unchanged in January. Despite the lack of movement, the y-o-y deficit narrowed to about 3% from the 9% observed the previous month. Most of the components moved within a narrow band in both directions, with the marginal builds in gasoline and residual fuel oils being capped by draws on distillate and crude oil stocks. Strong demand for heating oil continued to push distillate stocks down, especially when combined with lower exports from the Middle East, where increasing domestic consumption restricted the usual flow of middle distillates to Asia. Fewer Middle Eastern barrels also contributed to the slight draw on crude oil stocks. Among the major product stocks, the distillate level was well below last year's figure, while crude oil stocks enjoyed a surplus of about 2%.

Table 20
Japan's commercial oil stocks*
mb

	Nov 02	Dec 02	Jan 03	Change Jan/Dec	Jan 02
Crude oil	99.1	102.9	**102.6**	**–0.3**	100.3
Gasoline	12.9	12.3	13.3	1.0	14.1
Middle distillates	37.5	32.7	31.3	–1.4	37.2
Residual fuel oil	17.5	17.7	18.4	0.7	19.0
Total products	67.8	62.7	**63.0**	**0.3**	70.2
Overall total**	167.0	165.7	**165.6**	**–0.1**	170.6

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

BALANCE OF SUPPLY AND DEMAND

2002 supply/demand difference revised down to 24.96 mb/d

The summarized supply/demand balance table for 2002 shows an upward revision of 0.01 mb/d to the estimated world oil demand to 76.58 mb/d. Total non-OPEC supply was revised up by 0.04 mb/d to 51.62 mb/d, resulting in an estimated annual difference of around 24.96 mb/d, down by 0.02 mb/d compared with the last *MOMR*'*s* figure, with a quarterly distribution of 25.36 mb/d, 23.16 mb/d, 25.22 mb/d and 26.09 mb/d, respectively. The balance for the first quarter was revised up by 0.01 mb/d to -0.22 mb/d, while downward revisions have been made to the second and third quarters, of 0.12 mb/d to 1.45 mb/d and of 0.07 mb/d to 0.25 mb/d, respectively, while the fourth quarter balance has been revised up significantly by 0.29 mb/d to 0.04 mb/d. The average 2002 yearly balance is estimated at 0.38 mb/d, up by 0.02 mb/d compared with last *MOMR's* figure.

Table 21
Summarized supply/demand balance for 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002
(a) World oil demand	76.37	76.69	74.85	76.52	78.25	76.58
(b) Non-OPEC supply(1)	50.06	51.33	51.69	51.29	52.16	51.62
Difference (a – b)	**26.30**	**25.36**	**23.16**	**25.22**	**26.09**	**24.96**
OPEC crude oil production(2)	27.21	25.14	24.61	25.47	26.12	25.34
Balance	**0.91**	**–0.22**	**1.45**	**0.25**	**0.04**	**0.38**

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

2003 supply/demand difference expected at 24.65 mb/d

The summarized supply/demand balance table for 2003 shows an upward revision to the world oil demand forecast of 0.29 mb/d to 77.43 mb/d and for the total non-OPEC supply of 0.26 mb/d to 52.77 mb/d, resulting in an expected difference of around 24.65 mb/d, with a quarterly distribution of 25.27 mb/d, 23.10 mb/d, 24.50 mb/d and 25.79 mb/d, respectively.

Table 22
Summarized supply/demand balance for 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	2003
(a) World oil demand	76.58	77.81	75.81	77.12	79.00	77.43
(b) Non-OPEC supply(1)	51.62	52.54	52.72	52.62	53.21	52.77
Difference (a – b)	**24.96**	**25.27**	**23.10**	**24.50**	**25.79**	**24.65**
OPEC crude oil production(2)	25.34					
Balance	**0.38**					

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

Table 23
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	47.7	47.7	48.0	46.1	47.4	48.7	47.5	48.7	46.5	47.5	49.3	48.0
North America	23.8	24.0	23.9	23.7	23.8	24.1	24.1	23.9	24.1	23.9	24.3	24.3	24.2
Western Europe	15.2	15.1	15.3	15.2	14.6	15.2	15.3	15.1	15.3	14.7	15.2	15.5	15.2
Pacific	8.7	8.6	8.6	9.1	7.7	8.1	9.3	8.5	9.3	7.8	8.1	9.4	8.7
DCs	18.7	19.0	19.4	19.3	19.4	19.5	19.5	19.4	19.5	19.7	19.7	19.7	19.6
FSU	4.0	3.8	3.9	3.9	3.5	3.7	4.3	3.8	4.0	3.7	3.7	4.2	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	4.8	5.2	5.5	5.2	5.2
(a) Total world demand	75.4	76.0	76.4	76.7	74.9	76.5	78.2	76.6	77.8	75.8	77.1	79.0	77.4
Non-OPEC supply													
OECD	21.3	21.8	21.8	22.1	22.2	21.5	22.2	22.0	22.5	22.4	21.9	22.4	22.3
North America	14.1	14.2	14.4	14.6	14.7	14.4	14.6	14.6	14.9	14.9	14.6	14.8	14.8
Western Europe	6.6	6.7	6.7	6.7	6.8	6.3	6.8	6.6	6.9	6.8	6.5	6.9	6.8
Pacific	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.8	0.8	0.7	0.7
DCs	10.8	11.0	11.0	11.4	11.4	11.3	11.3	11.4	11.5	11.5	11.4	11.3	11.4
FSU	7.5	7.9	8.5	8.9	9.2	9.5	9.7	9.3	9.8	9.9	10.2	10.3	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	3.4	3.4	3.4
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	44.6	45.7	46.5	47.7	48.1	47.6	48.5	48.0	49.1	49.2	48.9	49.5	49.2
OPEC NGLs + non-conventionals	3.2	3.3	3.6	3.6	3.6	3.7	3.6	3.6	3.4	3.5	3.7	3.7	3.6
(b) Total non-OPEC supply and OPEC NGLs	47.7	49.1	50.1	51.3	51.7	51.3	52.2	51.6	52.5	52.7	52.6	53.2	52.8
OPEC crude oil production (secondary sources)	26.5	27.9	27.2	25.1	24.6	25.5	26.1	25.3					
Total supply	74.2	77.0	77.3	76.5	76.3	76.8	78.3	77.0					
Balance (stock change and miscellaneous)	-1.1	1.1	0.9	-0.2	1.5	0.2	0.0	0.4					
Closing stock level (outside FCPEs) mb													
OECD onland commercial	2446	2530	2622	2599	2644	2565	2484	2484					
OECD SPR	1228	1210	1222	1237	1247	1250	1273	1273					
OECD total	3674	3740	3844	3837	3891	3815	3757	3757					
Other onland	983	1000	1028	1026	1041	1020	1005	1005					
Oil-on-water	808	876	829	808	817	819	833	833					
Total stock	5465	5617	5701	5670	5748	5654	5594	5594					
Days of forward consumption in OECD													
Commercial onland stocks	51	53	55	56	56	53	51	52					
SPR	26	25	26	27	26	26	26	27					
Total	77	78	81	83	82	78	77	78					
Memo items													
FSU net exports	3.4	4.1	4.6	5.0	5.7	5.8	5.5	5.5	5.8	6.2	6.5	6.2	6.2
(a) - (b)	27.7	26.9	26.3	25.4	23.2	25.2	26.1	25.0	25.3	23.1	24.5	25.8	24.7

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

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

	1999	2000	2001	1Q02	2Q02	3Q02	4Q02	2002	1Q03	2Q03	3Q03	4Q03	2003
World demand													
OECD	-	-	-	-	-	-	-0.1	-	0.1	-	0.3	-	0.1
North America	-	-	-	-	-	-	-	-	0.1	-0.1	0.2	-0.1	-
Western Europe	-	-	-	-	-	-	-0.1	-	-	-	0.1	0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	0.1	0.1	-0.1	-	0.2	0.3	0.3	0.1	0.2
FSU	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1	-0.1
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	0.1	-	-	-	0.1	0.2	0.1
(a) Total world demand	-	-	-	-	0.1	0.1	-0.2	-	0.2	0.2	0.7	0.1	0.3
Non-OPEC supply													
OECD	-	-	-	-	-	-	0.1	-	0.2	0.1	0.2	0.1	0.1
North America	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Western Europe	-	-	-	-	-	-	0.1	-	0.1	-	0.2	0.1	0.1
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1
FSU	-	-	-	-	-	-	-	-	0.4	0.3	0.2	0.1	0.2
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Total non-OPEC supply	-	-	-	-	-	-	0.1	-	0.6	0.3	0.4	0.1	0.3
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-0.2	-0.1	0.1	0.1	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-	0.1	-	0.3	0.1	0.4	0.2	0.3
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-					
Total supply	-	-	-	-	-	-	0.1	-					
Balance (stock change and miscellaneous)	-	-	-	-	-0.1	-0.1	0.3	-					
Closing stock level (outside FCPEs) *mb*													
OECD onland commercial	-	-	-	-	-	-7.0	-31.2	-					
OECD SPR	-	-	-	-	-	-	6.0	-					
OECD total	-	-	-	-	-	-7.2	-25.2	-					
Other onland	-	-	-	-	-	-1.9	-6.7	-					
Oil on water	-	-	-	-	-	-3.2	-	-					
Total stock	-	-	-	-	-	-12.4	-	-					
Days of forward consumption in OECD													
Commercial onland stocks	-	-	-	-	-	-	-1.9	-					
SPR	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-					
Memo items													
FSU net exports	-	-	-	-	-	-	0.1	-	0.5	0.3	0.2	0.2	0.3
(a) - (b)	-	-	-	-	0.1	0.1	-0.3	-	-0.1	0.1	0.2	-0.1	-

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

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

	1997	1998	1999	2000	2001	2002	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02
Closing stock level *mb*														
OECD onland commercial	2,615	2,697	2,446	2,530	2,622	2,484	2,525	2,597	2,661	2,622	2,599	2,644	2,565	2,484
North America	1,211	1,283	1,127	1,146	1,263	1,183	1,159	1,231	1,269	1,263	1,235	1,257	1,216	1,183
Western Europe	912	962	881	930	915	891	918	909	918	915	929	940	914	891
OECD Pacific	492	453	437	454	444	410	447	457	473	444	435	447	435	410
OECD SPR	1,207	1,249	1,228	1,210	1,222	1,273	1,210	1,207	1,205	1,222	1,237	1,247	1,250	1,273
North America	563	571	567	543	552	601	544	545	547	552	563	578	589	601
Western Europe	329	362	346	354	353	354	351	347	345	353	353	348	344	354
OECD Pacific	315	315	315	313	316	318	314	314	313	316	321	321	317	318
OECD total	**3,822**	**3,946**	**3,674**	**3,740**	**3,844**	**3,757**	**3,734**	**3,804**	**3,866**	**3,844**	**3,837**	**3,891**	**3,815**	**3,757**
Other onland	1,022	1,055	983	1,000	1,028	1,005	999	1,017	1,034	1,028	1,026	1,041	1,020	1,005
Oil-on-water	812	859	808	876	829	833	899	823	860	829	808	817	819	833
Total stock	**5,656**	**5,860**	**5,465**	**5,617**	**5,701**	**5,594**	**5,632**	**5,644**	**5,759**	**5,701**	**5,670**	**5,748**	**5,654**	**5,594**
Days of forward consumption in OECD														
OECD onland commercial	56	57	51	53	55	52	54	55	55	55	56	56	53	51
North America	52	54	47	48	53	49	49	51	54	53	52	52	50	49
Western Europe	60	63	58	61	61	59	62	59	59	60	63	62	60	58
OECD Pacific	58	52	51	53	52	47	56	57	54	49	57	55	47	44
OECD SPR	26	26	26	25	26	27	26	25	25	25	27	26	26	26
North America	24	24	24	23	23	25	23	23	23	23	24	24	24	25
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	23	23
OECD Pacific	37	36	37	37	37	37	39	39	36	35	42	40	34	34
OECD total	**82**	**83**	**77**	**78**	**81**	**78**	**80**	**80**	**81**	**80**	**83**	**82**	**78**	**77**
Days of global forward consumption	**87**	**88**	**82**	**84**	**85**	**83**	**86**	**84**	**85**	**85**	**87**	**86**	**83**	**82**

Table 26
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	8.17	8.24	7.99	8.07	8.12	0.06	8.18	8.25	8.00	8.08	8.13	0.01
Canada	2.60	2.69	2.74	0.05	2.84	2.84	2.86	2.96	2.87	0.14	2.96	2.90	2.93	2.98	2.94	0.07
Mexico	3.35	3.45	3.57	0.11	3.61	3.57	3.58	3.60	3.59	0.03	3.74	3.71	3.72	3.74	3.73	0.13
North America	**14.05**	**14.25**	**14.36**	**0.11**	**14.62**	**14.65**	**14.43**	**14.63**	**14.58**	**0.23**	**14.88**	**14.86**	**14.64**	**14.80**	**14.79**	**0.21**
Norway	3.06	3.32	3.42	0.09	3.32	3.38	3.22	3.44	3.34	-0.08	3.45	3.40	3.42	3.42	3.42	0.08
UK	2.84	2.64	2.53	-0.11	2.60	2.56	2.28	2.59	2.51	-0.03	2.63	2.58	2.30	2.61	2.53	0.02
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	0.43	0.45	0.43	0.45	0.44	0.01
Western Europe	**6.63**	**6.74**	**6.70**	**-0.04**	**6.73**	**6.76**	**6.26**	**6.84**	**6.65**	**-0.05**	**6.89**	**6.81**	**6.49**	**6.86**	**6.76**	**0.11**
Australia	0.59	0.77	0.71	-0.06	0.71	0.71	0.73	0.67	0.70	0.00	0.69	0.69	0.71	0.65	0.68	-0.02
Other Pacific	0.07	0.06	0.06	0.00	0.05	0.06	0.05	0.05	0.05	-0.01	0.05	0.07	0.06	0.06	0.06	0.01
OECD Pacific	**0.66**	**0.83**	**0.77**	**-0.07**	**0.76**	**0.77**	**0.79**	**0.72**	**0.76**	**-0.01**	**0.74**	**0.75**	**0.77**	**0.71**	**0.74**	**-0.01**
Total OECD*	**21.34**	**21.82**	**21.82**	**0.00**	**22.11**	**22.17**	**21.48**	**22.19**	**21.99**	**0.17**	**22.51**	**22.42**	**21.91**	**22.36**	**22.30**	**0.31**
Brunei	0.18	0.19	0.20	0.00	0.21	0.20	0.20	0.20	0.20	0.01	0.20	0.19	0.19	0.19	0.19	-0.01
India	0.75	0.74	0.73	-0.01	0.74	0.74	0.75	0.75	0.75	0.01	0.76	0.76	0.76	0.77	0.76	0.01
Malaysia	0.70	0.68	0.69	0.00	0.73	0.75	0.75	0.75	0.75	0.06	0.77	0.79	0.79	0.78	0.78	0.03
Papua New Guinea	0.09	0.07	0.06	-0.01	0.05	0.05	0.05	0.05	0.05	-0.01	0.05	0.05	0.05	0.05	0.05	0.00
Vietnam	0.26	0.31	0.35	0.04	0.34	0.33	0.32	0.35	0.34	-0.01	0.34	0.33	0.32	0.35	0.34	0.00
Asia others	0.20	0.24	0.26	0.02	0.28	0.29	0.29	0.30	0.29	0.03	0.31	0.31	0.32	0.33	0.32	0.03
Other Asia	**2.18**	**2.23**	**2.28**	**0.05**	**2.36**	**2.36**	**2.37**	**2.40**	**2.37**	**0.09**	**2.42**	**2.43**	**2.43**	**2.46**	**2.43**	**0.06**
Argentina	0.84	0.79	0.80	0.01	0.80	0.80	0.79	0.78	0.79	-0.01	0.80	0.80	0.79	0.78	0.79	0.00
Brazil	1.36	1.49	1.57	0.08	1.75	1.80	1.77	1.68	1.75	0.18	1.75	1.80	1.77	1.68	1.75	0.00
Colombia	0.82	0.70	0.61	-0.08	0.61	0.59	0.57	0.57	0.59	-0.03	0.59	0.56	0.55	0.55	0.56	-0.02
Ecuador	0.38	0.40	0.41	0.01	0.40	0.39	0.41	0.40	0.40	-0.01	0.41	0.41	0.42	0.41	0.41	0.01
Peru	0.11	0.10	0.10	-0.01	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	0.14	0.14	0.13	-0.01	0.14	0.14	0.15	0.15	0.15	0.01	0.16	0.16	0.17	0.17	0.16	0.02
L. America others	0.11	0.12	0.13	0.01	0.13	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**	**3.93**	**3.94**	**3.91**	**3.81**	**3.90**	**0.14**	**3.94**	**3.94**	**3.92**	**3.82**	**3.90**	**0.01**
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	-0.05	0.88	0.86	0.82	0.83	0.85	-0.05
Syria	0.55	0.54	0.53	-0.01	0.51	0.50	0.50	0.50	0.50	-0.03	0.49	0.49	0.49	0.48	0.49	-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**	**2.09**	**2.06**	**2.02**	**2.03**	**2.05**	**-0.08**	**2.02**	**1.99**	**1.96**	**1.97**	**1.99**	**-0.06**
Angola	0.76	0.75	0.74	-0.01	0.92	0.92	0.90	0.90	0.91	0.17	0.91	0.91	0.89	0.89	0.90	-0.01
Cameroon	0.10	0.10	0.08	-0.02	0.08	0.08	0.07	0.07	0.07	-0.01	0.08	0.08	0.07	0.07	0.07	0.00
Congo	0.27	0.27	0.27	0.00	0.27	0.26	0.25	0.25	0.26	-0.01	0.25	0.25	0.24	0.23	0.24	-0.01
Egypt	0.83	0.80	0.76	-0.04	0.75	0.76	0.74	0.75	0.75	-0.01	0.76	0.77	0.76	0.77	0.77	0.01
Gabon	0.36	0.34	0.31	-0.03	0.31	0.31	0.30	0.30	0.30	-0.01	0.31	0.31	0.30	0.30	0.30	0.00
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	0.58	0.56	0.10	0.57	0.62	0.63	0.64	0.62	0.06
Africa	**2.78**	**2.85**	**2.80**	**-0.05**	**3.04**	**3.08**	**3.03**	**3.04**	**3.04**	**0.24**	**3.08**	**3.12**	**3.08**	**3.08**	**3.09**	**0.05**
Total DCs	**10.78**	**10.95**	**10.97**	**0.01**	**11.42**	**11.44**	**11.32**	**11.27**	**11.36**	**0.39**	**11.46**	**11.49**	**11.38**	**11.33**	**11.41**	**0.05**
FSU	**7.47**	**7.91**	**8.53**	**0.62**	**8.92**	**9.15**	**9.50**	**9.75**	**9.33**	**0.81**	**9.80**	**9.90**	**10.16**	**10.34**	**10.05**	**0.72**
Other Europe	**0.18**	**0.18**	**0.18**	**0.00**	**0.18**	**0.18**	**0.17**	**0.17**	**0.18**	**0.00**	**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**	**3.36**	**3.41**	**3.45**	**3.41**	**3.41**	**0.02**
Non-OPEC production	**42.98**	**44.09**	**44.79**	**0.70**	**45.97**	**46.33**	**45.90**	**46.78**	**46.25**	**1.46**	**47.31**	**47.39**	**47.07**	**47.61**	**47.34**	**1.09**
Processing gains	1.58	1.65	1.69	0.04	1.72	1.72	1.72	1.76	1.73	0.04	1.81	1.81	1.81	1.85	1.82	0.09
Non-OPEC supply	**44.56**	**45.74**	**46.48**	**0.74**	**47.69**	**48.05**	**47.62**	**48.54**	**47.98**	**1.50**	**49.11**	**49.19**	**48.87**	**49.46**	**49.16**	**1.18**
OPEC NGLs + non-conventionals	**3.16**	**3.34**	**3.58**	**0.24**	**3.64**	**3.64**	**3.67**	**3.61**	**3.64**	**0.06**	**3.42**	**3.53**	**3.75**	**3.75**	**3.61**	**-0.03**

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

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

Table 27
Non-OPEC Rig Count

	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Jan03	Feb03	Change Feb03 - Jan03
USA	608	916	1141	1239	1231	1004	1156	240	818	806	853	847	831	854	907	53
Canada	246	344	515	252	320	278	342	-2	383	147	250	283	266	478	554	76
Mexico	43	44	50	48	56	62	54	10	63	61	62	76	65	84	82	-2
North America	**897**	**1305**	**1706**	**1539**	**1607**	**1344**	**1552**	**247**	**1264**	**1014**	**1165**	**1206**	**1162**	**1416**	**1543**	**127**
Norway	17	22	24	22	22	22	23	1	20	20	17	19	19	20	19	-1
UK	18	18	18	25	28	26	24	6	28	30	24	23	26	21	18	-3
Denmark	2	3	4	5	4	5	4	1	5	4	3	5	4	2	4	2
Other Western Europe	77	82	43	44	42	47	44	-38	39	38	33	34	36	36	37	1
Western Europe	**114**	**125**	**89**	**95**	**96**	**100**	**95**	**-30**	**92**	**91**	**76**	**81**	85	79	78	-1
Australia	10	10	11	11	10	10	10	0	9	9	9	9	9	9	11	2
Other Pacific	6	7	10	9	8	10	9	2	8	7	7	10	8	8	10	2
OECD Pacific	**16**	**17**	**20**	**20**	**18**	**20**	**20**	**3**	17	16	16	19	17	17	21	4
Total OECD*	**1027**	**1447**	**1815**	**1655**	**1721**	**1464**	**1667**	**220**	**1373**	**1121**	**1257**	**1306**	**1264**	**1512**	**1642**	**130**
Brunei	3	2	3	3	2	2	3	1	2	3	3	3	3	3	3	0
India	46	49	51	48	50	50	50	1	52	54	55	57	55	59	59	0
Malaysia	6	7	10	11	13	12	11	4	12	13	15	14	14	13	13	0
Papua New Guinea	1	0	0	1	2	1	1	1	1	1	1	1	1	1	2	1
Vietnam	9	8	9	8	8	8	8	0	8	8	9	10	9	9	9	0
Asia others	16	16	22	23	24	18	22	5	26	29	33	32	30	31	32	1
Other Asia	**81**	**83**	**96**	**95**	**98**	**90**	**95**	**12**	**100**	**109**	**116**	**117**	**111**	**116**	**118**	**2**
Argentina	35	57	69	74	77	64	71	14	49	45	49	54	49	56	58	2
Brazil	19	23	28	30	29	26	28	5	27	27	27	26	27	27	27	0
Colombia	12	14	15	16	14	16	15	1	13	13	10	9	11	9	10	1
Ecuador	3	7	9	10	10	11	10	3	10	9	8	8	9	9	9	0
Peru	2	4	4	4	3	3	4	0	2	2	2	1	2	1	3	2
Trinidad & Tobago	3	4	6	5	4	5	5	1	5	4	4	4	4	4	3	-1
L. America others	13	12	9	8	6	6	7	-4	4	4	4	5	5	4	2	-2
Latin America	**86**	**120**	**141**	**147**	**144**	**130**	**141**	**20**	**110**	**103**	**104**	**107**	**106**	**110**	**112**	**2**
Bahrain			0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	19	24	24	24	25	26	25	1	27	29	30	32	29	32	33	1
Syria	13	14	19	19	20	19	19	5	20	21	23	24	22	22	24	2
Yemen	4	6	6	6	5	6	6	0	8	9	9	11	9	10	12	2
Middle East	**36**	**45**	**49**	**49**	**49**	**51**	**50**	**5**	**57**	**60**	**64**	**69**	**62**	**67**	**72**	**5**
Angola	5	6	6	5	4	6	5	0	5	6	6	5	5	2	1	-1
Cameroon			0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	3	3	1	2	1	1	1	-1	1	1	1	1	1	1	0	-1
Egypt	17	18	21	22	22	23	22	4	22	23	22	23	23	25	27	2
Gabon	2	2	2	4	1	1	2	0	1	2	2	2	2	2	3	1
South Africa	1	1	2	1	0	1	1	0	1	1	1	0	1	0	0	0
Africa other	4	5	4	5	5	3	4	0	11	12	12	12	12	10	15	5
Africa	**30**	**34**	**36**	**40**	**34**	**35**	**36**	**2**	**41**	**45**	**44**	**43**	**43**	**40**	**46**	**6**
Total DCs	**232**	**282**	**322**	**330**	**325**	**307**	**321**	**40**	**307**	**317**	**328**	**336**	**322**	**333**	**348**	**15**
FSU																
Other Europe	4	3	**3**	**3**	**3**	**4**	**3**	**0**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	0
China																
Non-OPEC Rig count	**1,263**	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**260**	**1,682**	**1,440**	**1,587**	**1,644**	**1,588**	**1,847**	**1,992**	**145**

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

Main contributors to

MONTHLY OIL MARKET REPORT

WORLD ECONOMY	Mr. M. Behzad e-mail: mbehzad@opec.org
	Ms. C. Clemenz e-mail: cclemenz@opec.org
CRUDE OIL PRICES	Mr. O. Salas e-mail: osalas@opec.org
	Mr. F. Al Nassar e-mail: fal-nassar@opec.org
PRODUCTS AND REFINERY OPERATIONS	Mr. H. Eldarsi e-mail: heldarsi@opec.org
THE TANKER MARKET	Dr. M. Al-Osaimy e-mail: mosaimy@opec.org
WORLD OIL DEMAND	Dr. M.R. Jazayeri e-mail: sjazayeri@opec.org
WORLD OIL SUPPLY	Mr. Z. Mohammad e-mail: zmohammad@opec.org
STOCK MOVEMENTS	Mr. J. Bahelil e-mail: jbahelil@opec.org
COORDINATORS	Mr. J. Yarjani Head, Petroleum Market Analysis Dept. e-mail: jyarjani@opec.org
	Dr. A. Yahyai e-mail: ayahyai@opec.org

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