OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

May 2006

Feature Article:

OPEC spare capacity and oil market developments

Obere Donaustrasse 93, A-1020 Vienna, Austria

Tel +43 1 21112   Fax +43 1 2164320   E-mail: prid@opec.org   Web site: www.opec.org

Oil Market Highlights

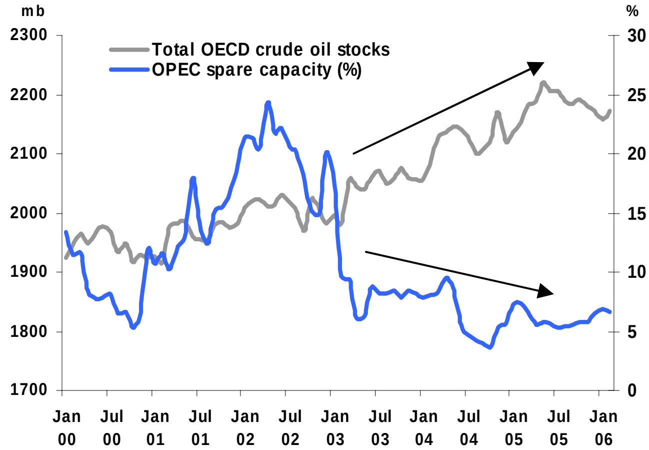
- The recent pattern of global growth rates was maintained in the first quarter of 2006 with a strong performance from both the USA and China. The US economy grew by 4.8% following hurricane-related weakness in the final quarter of last year. The Chinese economy showed little sign of deceleration as fast growing exports and investment pushed first quarter growth to 10.2%. Growth in the Euro-zone showed a considerable improvement at 2.4%, thanks to exports and increases in business spending. Some Asian economies have seen a slowdown in export demand and production activity in the electronics sector in the first quarter, but commodity producers in Africa and Latin America benefited from the remarkable rise in metal prices in this period. Thus far in 2006 copper prices have risen by over 80%.
- The US economy is expected to grow by 3.4% in 2006. The Euro-zone is experiencing a clear improvement in business sentiment and the growth forecast for 2006 has been increased to 1.9%. The 2006 forecast for Japan has also been revised up to 2.7% and the forecast for China has been raised to 9.3%. These upgrades are the main reason why the forecast of world GDP growth for 2006 has been raised to 4.7%.
- Developments in the OPEC Reference Basket continued to be dominated by geopolitical issues and developments in the US gasoline markets. The market remained concerned over a possible supply shortfall amid gasoline stock draws in the USA. The continued wide Brent/Dubai spread helped increase demand for Mideast crude. Improved refining margins and the end of seasonal turnarounds supported the market sentiment. However, the perception that demand growth might be weaker than anticipated and easing concern over US gasoline supplies towards the end of the month kept the market in check. In April, the OPEC Basket set a record monthly high of $64.44/b, representing a gain of $6.57 or 11.35% over the previous month. Over the first two weeks of May, the Basket briefly touched a new record high of $68.37/b before declining to $63.83/b on 16 May in response to weaker demand expectation amid a well supplied market.
- Heavy refinery maintenance schedules in the USA and Asia, along with continued gasoline stock-draws in the USA and fear of a supply shortage during the driving season, have supported the bullish product market sentiment across the world and lifted product prices and refinery margins in different markets in April. Physical and futures product markets lost part of their previous strength following the recent statement of the US President regarding the relaxation of gasoline specifications and the lifting of the ethanol import tariffs. Additionally, with the completion of spring refinery turnarounds in the USA, rising gasoline production across the globe may compound the recent downtrend in product prices causing refining margins to soften further. However, given tight spare refining capacity and rising demand over the driving season, any unplanned refinery outages could lend support to both product and crude prices.
- OPEC spot fixtures increased for the second consecutive month in April to average 13.5 mb/d, supported by the recovery in production and higher bookings. Both non-OPEC and OPEC spot fixtures showed the same growth of 0.5 mb/d. OPEC sailings recovered from the previous month by 0.3 mb/d to stand at 24.1 mb/d. Spot rates for shipping crude oil continued their downward trend, especially for the VLCC sector where they hit a 10-month low of WS60 due to plentiful supply and sluggish demand on the back of ongoing refining maintenance. Freight rates saw some improvement by the end of the month, but remained weak compared to 2005 levels. In contrast, product freight rates reversed the downward trend on most routes, particularly on the Singapore/Japan route where they enjoyed a growth of 60% between the fourth and first week. Despite the recovery, product freight rates remained lower than the previous year.
- World oil demand growth in 2006 is forecast at 1.4 mb/d or 1.7% to total 84.6 mb/d. This represents a marginal downward revision of 60,000 b/d to the growth forecast in the last *MOMR*, mainly attributed to the first quarter as complete data has now become available. High oil prices have contributed to a slowing of incremental demand mainly in the Developed Countries, especially for those countries where product subsidies have been reduced. On a regional basis, oil demand growth in North America is expected to ease by 0.2 mb/d. The major share of world oil demand growth is expected to come mainly from China, increasing by 0.5 mb/d. Middle East is also expected contribute 0.3 mb/d for the year as high oil prices continue to support economic growth in the region.
- Non-OPEC oil supply is expected to average 51.5 mb/d in 2006, representing an increase of 1.3 mb/d over last year, but a downward revision of 92,000 b/d versus the last assessment. The adjustment reflects actual data for several countries for first quarter, but primarily lower than expected production growth from Canada, Angola, and Sudan in the second half. The supply impact of known risks, such as post-hurricane recovery in the US Gulf of Mexico as well as potential delays of major projects in key countries such as the USA, Brazil and Sudan, are now fully reflected in this forecast. Non-OPEC growth is expected to accelerate rapidly from June onwards, consistent with previous estimates. OPEC crude oil production averaged 29.8 mb/d in April, according to secondary sources, representing an increase of 164,000 b/d from last month, mainly coming from Iraq.
- Preliminary data shows that OECD crude oil imports averaged 31.7 mb/d in April, an increase of 18,000 b/d over the previous month while product imports remained stable at 11 mb/d. US crude imports fell 140,000 b/d to 9.8 mb/d, while Japan’s imports edged up 35,000 b/d. Net crude oil imports for China continued to decline to hit 2.7 mb/d in March, around 100,000 b/d lower than the previous month, resulting from the 85,000 b/d growth in imports versus an 187,000 b/d increase in exports. However it shows 160,000 b/d higher than a year ago. India’s trade did not see any significant changes with crude imports at 2.2 mb/d and net product exports at 0.4 mb/d in March.

- US commercial oil stocks in April saw a slight decline of 0.8 mb to stand at 1,006.8 mb. The overall level remained around 2% and 6% above last year and the five-year average. Crude oil inventories increased by 3.6 mb/d, while total products continued to decline, falling 4.4 mb. Total commercial oil stocks in Eur-16 (EU-15 plus Norway) inched up by 3.6 mb to 1,146.2 mb in April as a result of a surplus in total products which rose by 5.8 mb, more than offsetting the small draw on crude oil stocks. This left total commercial inventories 3.5% above last year and around 9% over the five-year average. In Japan, total commercial oil stocks experienced a surge of 5.9 mb, which tripled the level seen in February and was entirely driven by a considerable 10.3 mb increase in crude oil stocks.
- Demand for OPEC crude in 2006 is expected to average 28.6 mb/d, representing an upward revision of 0.1 mb/d versus the previous month. On a quarterly basis, the first quarter stood at 29.7, while the new forecast expects demand for OPEC crude at 28.2 mb/d in the second quarter, 28.2 mb/d in the third and 28.4 mb/d in the fourth quarter. It is worth noting that OPEC produced at around 29.8 mb/d in April compared to total capacity of more than 32.5 mb/d.

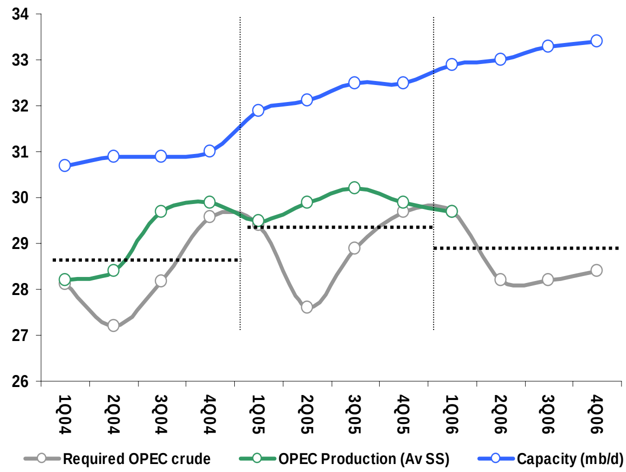
OPEC spare capacity and oil market developments

- The surge in global economic activity over the last few years has led to increased demand for all commodities. The rise in demand for commodities such as copper, iron, and aluminum has been met by rising supplies, and this has resulted in shrinking spare capacity, lower inventories, and ultimately in rising prices. Similarly, in the world oil markets, higher than expected oil demand growth, particularly in 2004 from the both OECD and Developing Countries called for a sharp increase in oil supply from OPEC as well as higher utilization of the global refining system, and this led to a reduction in spare capacity in both sectors of the industry. However, in contrast to the developments in other commodities, inventories of crude oil have risen to record levels but with only a limited impact on prices.
- One of the main reasons behind this rise in crude prices has been the tightness in the downstream sector. Global refinery utilization rates increased sharply in some regions from 80% in 2002 to 95% in 2005, whilst significant constraints developed in the ability of the system to absorb available incremental medium sour crude and other low-grade crude. OPEC estimates that during the 2002-05 period global refining distillation capacity remained broadly unchanged compared to a cumulative increase of more than 5 mb/d in global oil demand. In fact, some refineries were de-commissioned in Asia and North America, two of the regions that have seen the strongest demand growth, whilst few new grassroots projects were commissioned elsewhere.

Graph 1: OPEC spare capacity and OECD crude stocks



Graph 2: Required OPEC crude and OPEC production



- Looking at the upstream sector, recent events highlight that OPEC Members are the only producers that maintain upstream spare capacity. However, a production increase of 4 mb/d by OPEC since 2002 to meet the surge in demand, as well as unintended losses in some Members, caused upstream spare capacity to fall to historic lows. Spare capacity in OPEC-10 declined from around 5 mb/d at the end of 2002 to around 2 mb/d at the end 2005, whilst Iraq's total capacity fell from 2.8 mb/d in 2002 to 2 mb/d in 2005, due to challenges in restoring security. However, in contrast to conventional wisdom, OPEC-10 upstream capacity actually increased from around 28.2 mb/d to around 30.3 mb/d over the same period, despite project delays and growing tightness in the service sector. This increase in production capacity helped to maintain a supply cushion of around 1.5 mb/d to 2.5 mb/d, despite rising output, and was the result of planned projects as well as immediate responses to growing oil demand and prices.
- Despite this decline in upstream spare capacity, global oil demand has always been met. At the same time, the Strategic Petroleum Reserve (SPR) and commercial crude oil inventories have continued to increase, rising above the 5 year average as the market has remained well supplied due to OPEC efforts. Reported total crude oil inventories in the OECD have experienced a cumulative build of around 200 mb since the beginning of 2003 to the current comfortable level of 2,190 mb. Add to this increasing crude inventories in selected non-OECD countries — along with pipeline fill and floating oil storage — and the total number gets even bigger. **Graph 1** clearly shows that as excess production capacity has dwindled, crude oil stocks have risen considerably. With prices remaining high, this indicates that rising inventories have not exerted sufficient downward pressure on prices despite the improvement in spare capacity since 2004.
- In 2006, required OPEC crude is expected at around 28.5 mb/d, lower than the 28.8 mb/d seen in the previous year and the first decrease after three years of consecutive growth. At current production levels and with OPEC upstream capacity growing to around 33 mb/d by year-end, OPEC upstream spare capacity would average more than 3 mb/d (*see **Graph 2***). However, if OPEC were to produce at 30 mb/d — the highest level seen last year and in the last 25 years — this would still leave around 3 mb/d of spare capacity. At 10%, this should be sufficient as it is in line with the last 15-year average.
- Despite the numerous uncertainties in projecting the expected required OPEC crude, OPEC production at 30 mb/d will be more than sufficient to meet demand and further build inventories. Additionally, rising OPEC spare capacity should provide an adequate cushion to further ease market concerns. In light of this outlook, it is difficult to explain the current level of crude oil prices based on upstream fundamentals alone. Moreover, with over 100 projects in the execution or planning stage totaling over 11 mb/d of gross oil and other liquids by 2010, OPEC production policy has ensured that this trend of ample production and spare capacity is set to continue for many years to come.

Highlights of the World Economy

Economic growth rates 2005-2006, %	World	OECD	USA	Japan	Euro-zone
2005	4.7	2.8	3.5	2.7	1.4
2006	4.7	2.9	3.4	2.7	1.9

Industrialised countries

United States of America

First-quarter growth was 4.8%; higher inflation remains a concern

As expected, the US economy rebounded from the hurricane-affected final quarter of 2005 and recorded growth of 4.8% in the first quarter of this year. Nominal GDP surged by 8.2% as higher energy costs boosted the rate of increase of the GDP price index to 3.3%. There was no change in the driving forces of the US expansion. Real consumer spending jumped by 5.5% based on a strong performance in January and stability thereafter. Spending in February and March was held back by high gasoline prices and the outlook for the growth of consumer spending in the second quarter was rather subdued. Business expenditure also grew rapidly with expenditure on software and equipment rising by 16% in real terms in the first quarter. Early data for the second quarter indicate that GDP growth may settle back to around 3%. In April the increase in non-farm payrolls was only 138,000, well below market expectations of 200,000.

Looking beyond the rebound it is clear that solid growth in incomes from employment will be a pre-condition for sustained growth in consumer spending and GDP. In 2005 spending was supported by substantial cutbacks in savings and sharp increases in mortgage equity withdrawals as consumers took out additional loans to monetize some of the capital gain from rising house prices. These factors will not be as accommodating in 2006; in particular the rather steep rise in long term bond yields may have a sharp impact on the housing market. **In mid-May the yield on the US Treasury 10 year bond was 5.1% up ¾ % since the start of the year.** The burden of high energy costs will be another negative as US consumer energy expenditures will be about $550 billion in the second quarter **– up about 12% over 2005 levels**.

The 10 May decision of the Federal Open Market Committee to raise short-term interest rates to 5% was no surprise. The focus for the markets is rather whether this increase marks the last in the current cycle. **On balance further increases in rates seem likely since the inflation environment in the US has worsened in recent months.** Longer term inflation expectations have edged up to 2.7-3.0% and this trend might influence wage setting behaviour. Average hourly earnings in April rose by nearly 4% over 2005 levels whilst productivity gains are harder to achieve. The outcome may be an annual rise in unit labour costs of over 3% in 2006. Slack in product markets has fallen as industrial operating rates have risen to cope with strong demand. A further factor is the recent weakness in the dollar combined with rising energy and material costs. The statement following the May FOMC meeting noted that “some further policy firming may yet be needed to address inflation risks” but emphasized that any such action will be dependent on the flow of economic data. Most market participants expect the Federal Reserve to take no action on interest rates in June.

The US dollar has weakened by about 5% since mid-April as markets took on board the likely narrowing of interest differentials between the US and Europe. The optimistic tone of business survey reports in Europe together with persistent inflationary pressures are expected to lead to a further rise in Euro-zone interest rates in June. Higher interest rates together with hopes of a stronger recovery and talk of international portfolio diversification into the euro will probably support the single currency. The yen will also benefit from the good performance of the Japanese economy and the US dollar may be set for further weakness against freely floating currencies as the year proceeds. In contrast, export-dependent economies in Asia are likely to resist any trend to dollar depreciation which may delay the necessary adjustment in global financial imbalances. To some extent the strength of Asian demand growth and signs of recovery in Europe provide hope that this year will see genuine progress in the direction of adjustment but significant progress will be hard to achieve at current exchange rates. **The risk facing the world economy is that continued high US current account deficits may trigger an unexpected shift in portfolio preferences away from the dollar leading to disorderly moves in currencies, interest rates and financial markets.**

Japan

Growth slowed in first quarter but outlook for Japan remains encouraging

The Japanese economy ended 2005 on a very strong note but slowed in the first quarter of this year. The fourth quarter growth rate was over 5% but this momentum could not be sustained into the New Year. Although total retail sales grew by about 2% over fourth quarter levels, most of the higher expenditure in the first quarter was absorbed by higher fuel costs. **Apart from this category Japanese consumer spending is running at levels very similar to those of 2005.** Business sentiment is also stable according to the recent corporate survey conducted by the Cabinet Office. Companies expect GDP growth to average about 2% for the next three years and plan to increase employment and capital expenditure. This optimism reflects the gradual reduction in excess capacity and the improvements in corporate profitability since 2003. A notable finding of the survey is that companies were not yet concerned about the value of the yen. The average break-even yen-dollar rate was estimated at ¥104 which is about 6% above the current value of the currency. Prices expectations remain subdued. Companies do not expect to see any significant increase in prices over the next three years despite the better demand outlook.

Despite a slower start to the year it seems likely that Japanese economic activity will grow by at least 2.5% in 2006. Private consumption should be supported by solid gains in labour incomes and private investment has been boosted by higher spending on housing. Labour market reports for February showed further tightening and winter bonuses for 2005 were 1% above year-ago levels. Shipments of capital goods fell in January and February which indicates weakness in capital spending for the first quarter. Nevertheless business confidence remains generally high and the recovery in investment should not be affected by short term volatility. **The semi-annual economic report of the Bank of Japan confirmed that the economy is expected to grow by an above trend growth rate of over 2% for the next two years.** The Bank placed more emphasis on private consumption as the primary driver of the expansion since business investment may suffer from a cyclical downturn after such a sustained recovery.

The rate of core inflation in Japan is expected to be slightly positive in 2006. **Consumer prices in March rose by 0.3% and the Bank expects the core rate of inflation to rise to 1% during the course of this fiscal year.** The price outlook is uncertain as the economy approaches full utilization of capacity and expectations of higher inflation may affect wage increases. Domestic producer prices are rising, reflecting higher commodity prices but the stronger yen will help keep import costs under control. Deflation continues to affect some sectors – such as machinery and domestic services but the declines in prices are moderating as demand conditions continue to improve.

Monetary policy has entered a period of uncertainty. On March 9 the Bank of Japan announced the end of the policy of quantitative easing but confirmed that short-term interest rates would remain close to zero. Recent statements confirm that the Bank will respond to developments in economic activity and prices and in particular that “it is possible that the zero interest rate will remain for some time after excess liquidity has been absorbed”. Over the summer period the Bank will reduce the level of excess reserves and financial markets anticipate that short term interest rates may reach 0.25-0.5% by the end of this year. **Long term interest rates have begun to move up as markets anticipate a lasting economic recovery and positive inflation.** The yield on the benchmark 10 year bond rose to 2% in mid-May, the highest since August 2004.

Despite the revival of domestic demand the economy would suffer from any downward adjustment in the US or Chinese economies in 2006 and this remains a major risk factor for the Japanese economy. A further risk is a turnaround in the fortunes of the US dollar which rose by 15% against the yen in 2005. **In one month since mid-April the dollar has fallen to ¥110 from ¥119** and further weakness cannot be ruled out. Japan might also suffer from the appreciation of other Asian currencies which have thus far resisted any adjustment since the economy is an important supplier of capital goods to manufacturing businesses in developing Asia.

Euro-zone

Euro-zone GDP grew by 2.4% in the first quarter

Since the start of the year business and consumer surveys have provided consistent evidence of improving expectations in the euro-zone. The April indices from the Purchasing Managers’ Institute confirmed that the manufacturing sector is benefiting from better business conditions as the overall index rose to 56.7 from 56.1, the highest level since before the recession in 2001. The improvement was broadly based as new orders increased, the assessment of the current situation improved and manufacturers' employment plans increased. The performance of the countries in the zone varied as Italy reported a substantial gain with France slightly ahead. The German index was unchanged whilst Spain showed a slight decline. The report for the services sector of the Euro-zone indicated a stabilisation in business conditions. The overall index rose slightly from 58.2 to 58.3 and is consistent with further moderate growth in services – particular those services linked to the fortunes of the manufacturing sector.

The sharp acceleration in growth indicated by survey evidence has not yet been supported by a sustained turnaround in the underlying economic data although better first quarter GDP results suggest that an improvement is under way. In Germany the economy grew by 1.6% in the first quarter as a result of a steady improvement in domestic and foreign demand and the growth of the Euro-zone as a whole improved to 2.4%. The recovery of the Italian economy was particularly noteworthy as GDP rose by 2.4%. Consumer spending remains the weak spot in the European economy. In March, for example, euro-zone retail sales volumes fell by 0.8% month-on-month following a 0.1% contraction in February. On average, in the first quarter, retail sales hardly increased and in comparison with 2005 the sales gain was only 0.8%. In Germany retail sales (including car sales) fell by 3.2% below the level of February and during the first quarter sales fell by 1.2%. To some extent these poor results may be explained by the poor weather in this period and commentators expect a considerable improvement in the second quarter – not least due to spending related to the World Cup soccer tournament which begins in Germany on June 9. German industrial production declined by 2.4% in March. Manufacturing production corrected by 1.4% following three months of positive growth. The decline in manufacturing was driven by all components with production of capital goods falling by 2.5% and consumer goods by 1%. The performance of the French economy showed an improvement on the disappointing results of February. Industrial production in March rose by 1.6% resulting in a y-o-y gain for the first quarter of 0.4%.

As expected, euro interest rates were not changed at the May meeting of the ECB. The press conference signaled an increase at the June meeting and stressed the need to maintain "strong vigilance" concerning inflation risks. In addition to higher energy prices, the Bank cited stronger economic growth and faster credit growth as reasons for concern. Most commentators expect the euro re-financing rate to rise to 2.75% in June. **Interest rates are certain to rise further in Europe but the pace of increase should be steady. The peak for short-term interest rates may be 3.5-3.7% which should be reached within the next twelve months.**

The outlook for the Euro-zone in 2006 remains dependent on the domestic sector. Exporters will be held back by the rise in the euro (which has risen by over 5% against the dollar since mid-April) and an expected deceleration in world trade in the second half of the year. Euro-zone GDP began 2006 at a depressed level, following the poor performance of the fourth quarter. **Unless the survey results translate into higher domestic spending in the remainder of the year, it seems unlikely that GDP growth in the Euro-zone will be above 2% this year.**

Former Soviet Union

Inflation the main problem facing the Russian economy

Bad weather continued to depress economic activity in Russia in February but normal conditions in March allowed activity to recover and industrial production grew by 4.1% producing a first quarter growth rate of 3%. Construction output responded dramatically to the return of normal weather and output increased by 11% **but growth in the output of the extractive sector remained subdued, rising by only 1.3% in the first quarter**. After the sharp rise in inflation in February consumer prices rose by a similar 10.6% in March. In the first three months of the year prices increased by nearly 5% — well over half the increase targeted for 2006 as a whole. The regular World Bank review of the Russian economy observed that monetary expansion was responsible for the recent surge in inflation and noted that the policy of price controls was not an appropriate or effective way to stabilize consumer prices. **The ability of the Central Bank to control inflation is limited by an inadequate market for domestic debt which places most of the policy burden on fiscal measures.** The rapid rise in nominal incomes continued to support consumption growth and imports. Nominal salaries rose by 22% y-o-y in January and February and retail sales rose by nearly 11% in the same period. Despite the strong growth in spending and imports the Russian foreign trade surplus continued to grow. In January and February the surplus exceed $24 billion thanks to high prices for energy and other commodities. The growth in oil revenues boosted the Stabilization Fund which ended March at 1.68 billion roubles, up 35% from end-2005 levels.

Eastern Europe

Recovery in Europe aids Eastern Europe's exporters

The Polish economy performed better than expected in early months of 2006 and the rate of GDP growth was probably close to 5%. Export demand has been healthy despite the strong zloty and corporate sentiment is close to all-time highs. Domestic demand is also showing signs of improvement. Fixed investment rose sharply in the final quarter of 2005 and further progress is expected in the first half of this year. Retail sales in February rose by over 10% over the levels of 2005, supported by a gradually improving labour market. Unemployment remains high but those in employment should benefit from growth in real wages of at least 4% in 2006. **In 2006 the Hungarian economy is expected to lag behind Poland, mainly as a result of weakening domestic expenditure.** The rise in global interest rates is putting pressure on Hungary which has wide budget and current account deficits. The main problem facing the government is the very high budget deficit which reached 6.1% of GDP in 2005. The outlook for 2006 is for little improvement as planned tax cuts and increased spending may keep the deficit over 6% of GDP. As a result of this fiscal weakness the ratings agency Moody's decided to downgrade Hungary's long term foreign currency rating from "stable" to "negative". **The performance of the Czech economy continues to impress. Industrial production rose by 14% in the first two months of 2006** – the fastest growing sector continues to be the motor industry which expanded production to 31% above 2005 levels in February. The rate of inflation fell to 1.9% in 2005 but has risen to 2.9% in the first quarter of this year as a result of higher energy and utility prices. No change in Czech interest rates was expected until later in the year. The Czech trade balance continues to improve and the public finance deficit was lower than expected at only 2.6% of GDP in 2005. The planned deficit for 2006 is also 2.6% of projected GDP – well below the Maastricht limit for accession to the Euro-zone.

Developing Countries

The strength of the Chinese economy continues to exceed expectations

The People's Bank of China increased its one-year lending rate by 27 points to 5.85% from 5.58% in April. The bank left one-year deposit rates unchanged at 2.25% to spur consumer spending. This decision indicates that the Chinese central bank was avoiding the policy of currency appreciation as a way of cooling the economy. China's official growth forecast for this year is 8%, according to a commerce ministry report published last October. However, the strength of the Chinese economy continued to exceed expectations. Preliminary indicators point to an expansion of 9.5% in 2006, ahead of target, signalling that the government should do more to cool the investment boom. Fixed-asset investment in urban areas surged almost 30% in the first quarter of this year, and money supply growth has beaten the central bank's 16% target for 10 months. Policy-makers in Beijing will have a difficult time managing the significant increase in money supply created by the rising trade surplus and continued capital inflows.

India expected to grow steadily this year; high oil price could pose a downside risk

India's economic progress is unlikely to slow this fiscal year despite forecasts of below normal monsoon rains, with most analysts agreeing that the economy would post growth of 7%. A poor monsoon no longer dents GDP growth to the extent it once did as India is now powered more by the service and manufacturing sectors. A rise of fuel prices after the election in May might pose greater threat to the Indian economy than weather conditions. Higher prices could prompt the Indian Central Bank (RBI) to raise interest rates in order to prevent a possible inflationary pressure from happening.

Inflation in sub-Saharan Africa expected to be stable in 2006

Sub-Saharan Africa is in a state of record economic growth "thanks in part to prudent policies," according to the latest data released by the International Monetary Found (IMF) in its World Economic Outlook. Last year's strong growth should be repeated this year, according to the forecast. High oil prices, however, have resulted in higher growth rates for oil producing nations and a somewhat lower growth for oil importing nations. The IMF report attributed the projected maintenance of relatively strong growth despite higher oil import prices to the pursuit of prudent macroeconomic policies in many countries and to strong global demand growth. Inflation in sub-Saharan Africa registered 10.7% in 2005, in part because of higher oil prices, and is expected to be largely stable at 11% in 2006. Population growth, delayed reforms, fiscal deficit and poverty are still the major challenges which should be addressed by African governments and the international community.

OPEC Member Countries

Non-oil sector led economic growth in Libya in 2005 for the first time since sanctions were lifted

Since the lifting of international sanctions in 2003-04, Libya has experienced strong economic growth, mostly driven by high oil prices and investments in that sector. In 2005, however, economic reforms and trade liberalisation have finally lifted Libya's under-developed non-oil sector to become the motor of economic growth, according to an IMF report last April on Libya's economic situation. While the non-oil sector had only grown by 2.2% in 2003, it almost caught up with the oil sector in 2004, increasing by 4.1%. The 2004 growth in the non-oil sector, however, was mainly attributed to the implementation of a number of public projects. With an estimated total real GDP growth of 3.5% in 2005, the non-oil sector had contributed to most of the growth. The non-oil economy generated a growth rate of 4.6% while activity in the oil sector grew only 1.5%, "due to output capacity constraints". The main sectors that registered strong growth include trade, hotels, transportation, construction and services growing by almost 5%. Gains in agriculture had remained modest at 2.5%, but the manufacturing sector registered its first positive growth in five years, rising by 1.8%.

Reforms are needed in Kuwait to maintain positive economic performance

An IMF report published in April said Kuwait's macroeconomic performance has been strong in recent years, with real growth in gross domestic product (GDP) averaging 7.5% in 2004-05. Inflation remained low, the current account and fiscal surpluses increased sharply and the stock market index has soared in recent years. The continuing upward trend in stock prices posed some risk to the otherwise favourable outlook for the financial sector, and the IMF urged Kuwait to quickly pass a capital market authority law to strengthen scrutiny of the exchange. Kuwait's cabinet approved a plan to create a watchdog body for the exchange, which would be the Arab world's second largest.

New GCC currency was approved

The issuance of a single currency by 2010 for the Gulf Cooperation Council (GCC) was approved by financial officials of member states. The next four years will, of course, provide many challenges to attain this goal. The agreement on a single monetary unit to replace national currencies in the six GCC States means shifting those countries' inter-relations from the phase of a customs union into the phase of a common market.

Oil prices, the US dollar and inflation

Dollar began to weaken from mid-April

The US dollar began to weaken slightly from the middle of the month but the movements were modest. Although markets recognize that the interest rate advantage of the US dollar will erode during this year, the healthy state of the US economy continued to attract dollar buyers. In April the dollar fell by 1.7% against the euro, 0.8% against the British pound and 1.2% against the Swiss franc. The dollar rose by 0.4% versus the yen.

In April the OPEC Reference Basket rose to $64.44/b from $57.87/b in March. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose by 10.25% to $46.04/b from $41.75/b. The dollar fell by 0.9% as measured by the import-weighted modified Geneva I +US dollar basket*.

* *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.*

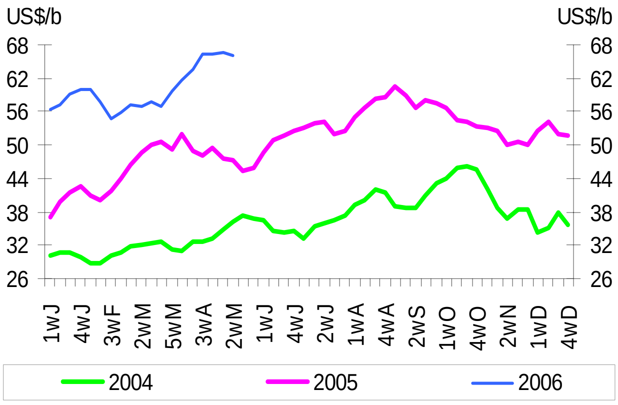
Crude Oil Price Movements

Rising geopolitical tensions kept jitteriness alive, sending the petroleum price to a new record-high

OPEC Reference Basket

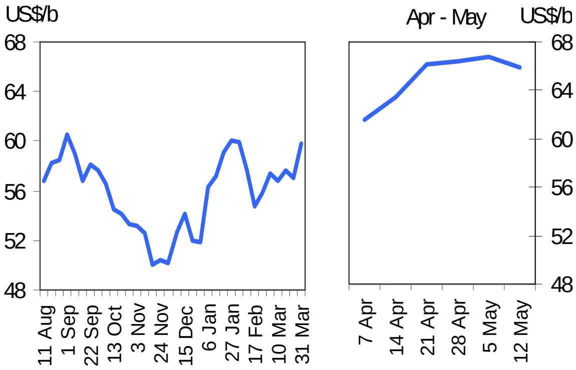
The OPEC Reference Basket continued to be dominated by geopolitical issues from the Mideast to West Africa. Concern over a possible supply shortfall maintained jitteriness in the marketplace amid depleted gasoline stocks in the USA. In the first week of April, the Basket surged $1.8 or 3% to settle at $61.57/b. The rally continued in the second week of the month on tight supply of light sweet grades and gasoline, as the closure of arbitrage barrels exerted upward pressure on regional markets. The Basket soared another $1.9 or 3% in the second week to settle at a new high of $63.47/b. In the third week, the continued wide Brent/Dubai spread helped demand for Mideast crude at a time of rising tensions. The Basket averaged $66.20/b for the week, representing a hefty gain of $2.73 or more than 4%.

Graph 1: OPEC Reference Basket - weekly spot crude



In the final week of the month, profit-taking in the futures market pushed prices lower, while healthy Chinese demand kept the market in balance. Accordingly, the Basket surged to $67.37/b. Improved refining margins amid emerging refinery demand with the end of seasonal turnarounds supported market sentiment, although the perception that demand growth might be softer than anticipated kept market in check. The Basket closed the fourth week a marginal 14¢ higher to average $66.34/b.

Graph 2: Weekly average Basket price, 2005-2006



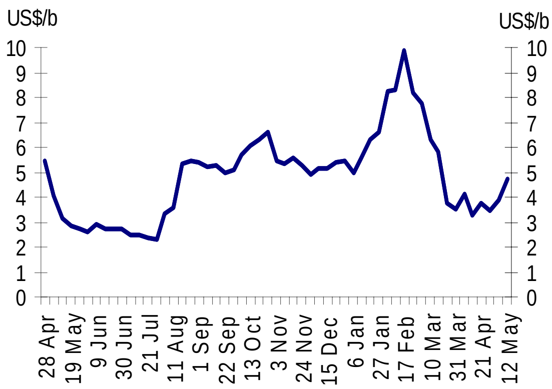
The April monthly average set a new record-high of $64.44/b, representing a gain of $6.57 or 11.35%. Escalating tensions in the geopolitical arena maintained the upward movement. The Basket saw a record-high of $68.37/b on 2 May but eased later in the second week to average $66.35/b.

Concern over gasoline supplies this summer kept the sweet/sour spread narrower, while WTI fell to a discount to Brent limiting arbitrage barrels

US market

The US market emerged on a stronger note as the turnaround season came to a close for some refineries. Concern over sweet crude supply from West Africa pressured the sweet/sour spread to widen early in April. The WTI/WTS spread averaged $4.11/b in the first week of the month as WTI's weekly average registered $66.74/b. In the second week, strong refining margins amid demand to produce gasoline triggered support for light grades. The WTI/WTS spread narrowed to $3.40/b despite a rise in WTI to $68.62/b. Moreover, the deepened contango also enhanced the buying spree for stockpiling. Nevertheless, prolonged Nigerian supply disruptions attracted more interest for the sweet grade amid closed transatlantic arbitrage. Stringent gasoline specifications also contributed to the widening of the sweet/sour

Graph 3: WTI spread to WTS



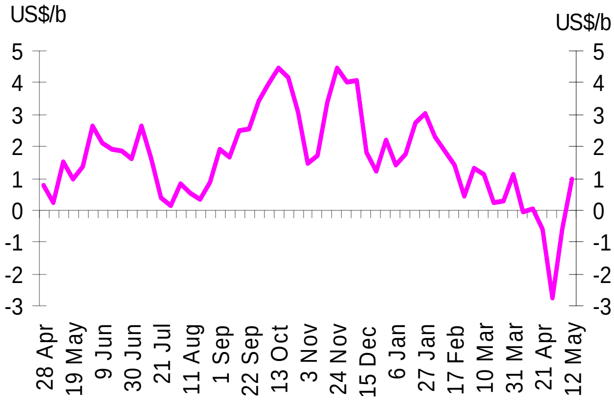
spread. In the third week, the average WTI/WTS spread edged higher to $3.68/b, while the price of WTI rose to $71.28/b after reaching a peak of $73.67/b on revived tensions in the geopolitical arena. In the final week, concern over summer gasoline supply moved to driver's seat, although a decision by the US president to ease EPA standards while halting supplies to the SPR kept the market in balance. This was furthered by weakening Chinese demand offsetting Mideast tensions. WTI slipped lower to $70.47/b for the week, with the spread over WTS narrowing marginally to $3.57/b. April's WTI average rose $6.51/b or over 10% to settle at $69.17/b. The WTI/WTS spread narrowed to average $3.69/b compared to $5.01/b the month before. Moreover, WTI's premium to Brent flipped to a discount for the first time with the month averaging at a discount of 86¢/b.

European market

Tight Brent supply for May loading firmed Brent differentials amid emerging demand from refineries

The North Sea crude began the month on a lower note amid clearing remaining April cargoes while the market shifted to May loading programmes. In the first week of the month, the average for Dated Brent was up $2.56 or 4% to $66.80/b, surpassing WTI by a marginal 6¢/b. In the second week, the market was firmer amid tighter May loading programmes and rising refinery demand. Nevertheless, high water levels disrupting the shipping traffic at the Rhine kept sentiment calm. In the second week, Brent's average was firmer at $68.53/b. In the third week, a continued strong buying spree by refiners seeking to produce gasoline ahead of the peak summer demand amid tight Brent supply in May maintained strong Brent differentials. The market was also supported by Nigeria's prolonged supply disruption, with Brent's weekly average up $3.40 or 5% at $71.93/b. The stride persisted on continued refinery demand. Hence, differentials firmed in the last week with Brent's average closing at $73.23/b or nearly 2% higher after peaking at a record of $74.12/b. Dated Brent's monthly average was up a hefty $8.08 or 13% to $70.03/b.

Graph 4: WTI premium to Dated Brent



Mediterranean Market

Weak refining margins amid narrowed opportunity for transatlantic movement pressured the Mediterranean market

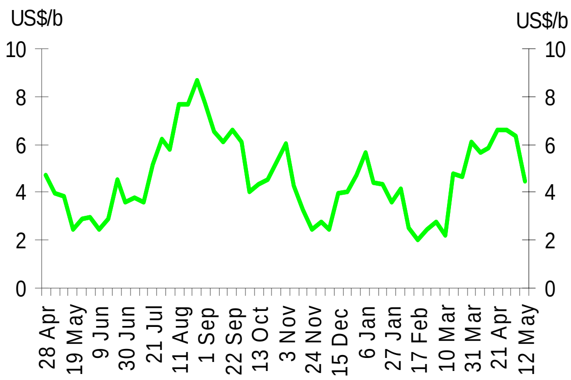
The Mediterranean market for sour grades came under pressure amid further discount offers from the Mideast. Nevertheless, Urals discount to Brent was slightly firmer with its average in the first week of the month 48¢ narrower at $4.49/b to stand at $62.31/b. In the second week, the perception that arbitrage opportunity across the Atlantic was opening kept market sentiment positive. However, seasonal refinery maintenance, lingering cargoes, and the recent Brent premium to WTI provided some downward pressure. In the second week, Urals average was $4.63/b below Brent, at $63.90/b. The pressure continued in the third week as refiners turned to light sweet crude to boost gasoline production amid weakening margins for the sour grade. Hence, Urals discount to Brent bottomed to an eight-month low, averaging $5.41/b in the third week.

Far East market

The continued widened Brent/Dubai spread supported Mideast crudes, despite the re-offering of June cargoes from a Chinese major

The month began strong for Mideast crudes amid lower retroactive March OSP which closed the arbitrage for western barrels moving eastward, yet the sentiment was offset by the ongoing refinery maintenance in Asia. June Oman was bid/offered at 2¢-8¢/b to MOG while Murban cleared at parity to a small premium. The prospect that June barrels will arrive just in time for refineries returning from turnaround supported market sentiment amid a wide Brent/Dubai EFS. However, in the second week, China's re-selling of Oman barrels weakened sentiment, although emerging demand supported Mideast crudes to sustain strength. June Oman was trading at a 3-8¢/b

Graph 5: Dated Brent spread to Dubai



premium to MOG while Abu Dhabi Murban traded at a 20¢/b premium to ADNOC's OSP. With China continuing to offer Oman crude, emerging demand from South Korea and Thailand kept balance in the marketplace in the third week. Moreover, China's re-offering of Urals continued to depress the market. June Oman traded at a 1¢/b premium to MOG while Murban traded at a lower premium than the 20¢/b achieved earlier in the month.

Asian market

The return of some refineries from maintenance amid tight supply of regional sweet grades kept differentials strong

The Asia/Pacific market continued to focus on light sweet grades amid tight supply. Nevertheless, Asia's buying of West African crude continued to balance the market. In the second week, support for light sweet crude eased as Australian supply disruptions receded after a tropical cyclone. The decision by Malaysia's Petronas to have field maintenance in May had some effect on sentiment, with Labuan last seen traded at a $1/b premium to Tapis APPI, similar to the level fetched by April-loading. Sentiment was mixed, as Australia's new "Enfield" crude was expected to come onto the market in May with a capacity of 100,000 b/d of heavy sweet grade and western arbitrage opportunities were closing. Market sentiment strengthened in the third week, with traders looking for distillate-rich regional crudes to supplement shortfalls from West Africa and continental Europe amid an outage of a refinery fire at Japan's COSMO. In the last week, emerging demand in the East geared up on the return of some refineries from maintenance amid a surge in utility demand ahead of the summer in North-East Asia. Malaysia's Petronas was offering Labuan crude at a premium of around $1.40 to Tapis APPI, some 40¢ higher than the last deal for May.

Table 1: OPEC Reference Basket and selected crudes, US$/b

			Change	Year-to-date average	
	Mar 06	Apr 06	Apr/Mar	2005	2006
OPEC Reference Basket	**57.87**	**64.44**	6.57	**45.38**	**59.23**
Arab Light[1]	57.54	63.85	6.31	43.67	58.97
Basrah Light	54.01	61.18	7.17	42.85	55.64
BCF-17	49.52	56.01	6.49	na	49.72
Bonny Light[1]	63.80	71.80	8.00	49.19	65.29
Es Sider	60.22	67.03	6.81	46.00	61.91
Iran Heavy	56.56	63.09	6.53	42.40	57.92
Kuwait Export	55.80	62.20	6.40	43.42	57.26
Marine	59.39	65.62	6.23	43.52	60.85
Minas[1]	62.30	69.17	6.87	49.63	63.91
Murban	62.33	68.46	6.13	47.14	63.70
Saharan Blend[1]	62.98	70.21	7.23	48.83	64.57
Other Crudes					
Dubai[1]	57.82	64.14	6.33	42.68	59.40
Isthmus[1]	56.85	64.51	7.66	43.65	56.24
T.J. Light[1]	52.27	58.74	6.47	40.04	52.34
Brent	62.08	70.35	8.27	48.59	63.74
W Texas Intermediate	62.82	69.46	6.64	50.60	64.67
Differentials					
WTI/Brent	0.74	-0.88	-1.63	2.01	0.93
Brent/Dubai	4.26	6.20	1.94	5.91	4.34

Note: As of the 3W of June 2005, the price is calculated according the current Basket methodology that came into effect on June 16, 2005. BCF-17 data available only as of March 1, 2005.

As of January 2006, monthly and year-to-date average based on daily quotations.

1 Previous Basket Components: Arab Light, Bonny Light, Dubai, Isthmus, Minas, Saharan Blend and T.J. Light.

na not available.

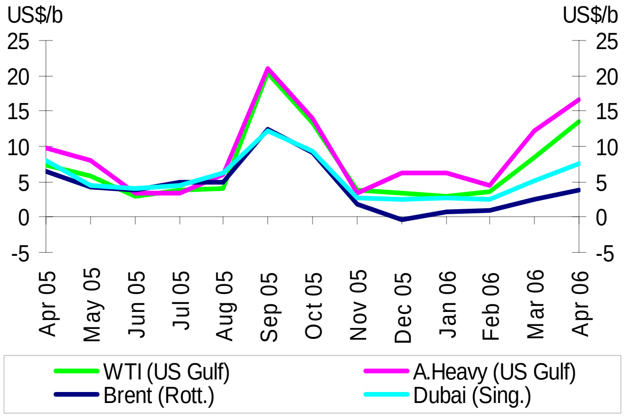
Source: Platt's, Direct Communication and Secretariat's assessments.

Product Markets and Refinery Operations

Refinery margins were further boosted in April 2006

Heavy refinery maintenance schedules in the USA and Asia, along with continued gasoline stock-draws in the USA and fear of a supply shortage during the driving season, have supported bullish product market sentiment across the world and lifted product prices and refinery margins in the main markets.

Graph 6: Refiners' margins



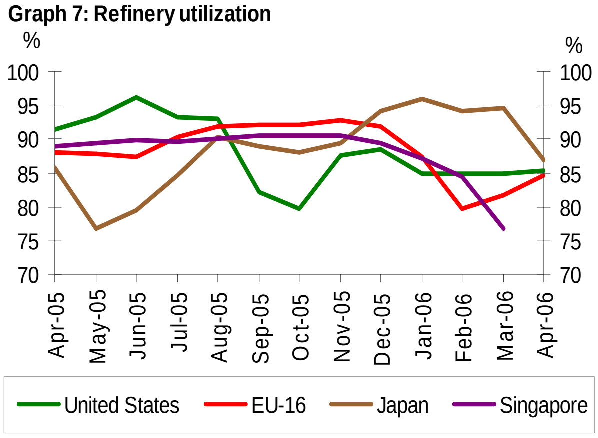
As Graph 6 shows, refinery margins for WTI in the US Gulf Coast extended the upward movement and soared by 58% in April to record $13.54/b from $8.54/b in March. European refineries have also achieved a good performance in the same month, and margins for Brent rose to $3.27/b from $2.52/b in the previous month. Asian product prices outpaced their corresponding Dubai cost in April, and after a few months, refiners are once again experiencing very good margins. According to persisting data, margins surged by 48% and reached $7.57/b from $5.12/b in March.

Following the recent call by the US President to relax gasoline specifications and lift the ethanol import tariff, physical and futures product markets lost part of their previous strength. Additionally, upon completion of spring refinery turnaround schedules in the USA, the rising gasoline production in refineries across the world may compound the recent downtrend in product prices causing refining margins to soften further. However, due to tightness in spare refining capacity and rising demand during the driving season, any unplanned refinery outages could lend support to crude and product prices.

Refinery utilization rates are still low in the USA

All refineries which had been suffering from the effects of last year's hurricanes are expected to be at full utilization by end-May. The other refineries also continue their usual maintenance schedule, which resulted in a low utilization rate in April. As **Graph 7** shows, the utilization rate rose a marginal 0.4% to 85.3% from 84.9% in March. **In Europe, high margins encouraged refiners to run higher throughputs, and their utilization rate rose about 3% compared to the previous month and reached 84.5%. But in Japan and Other Asia, refinery throughput declined due to the usual maintenance schedule in April (*see Graph 7*).**

Graph 7: Refinery utilization



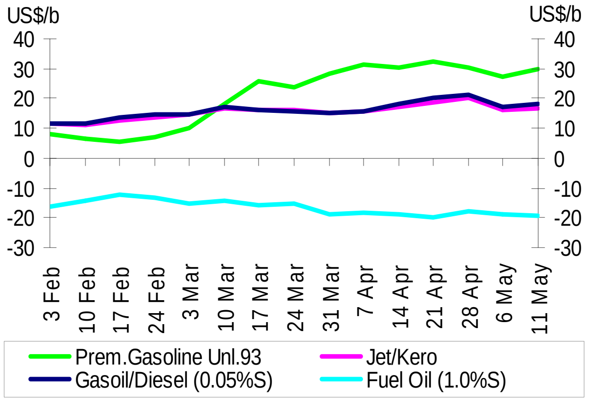
US market

Gasoline led the product market in April

Continued gasoline stock-draws, along with the fear of a supply shortage during the driving season due to the phasing-out of MTBE from the gasoline pool, set the pace for the US product market last month and the average gasoline crack spread against WTI rose to $31.25/b from $21.18/b in March (*see **Graph 8***). The gasoline stock-draw was mainly attributed to low production because of the heavy refinery maintenance schedule rather than rising demand. Indeed, according to EIA data published on 28 April, gasoline demand compared to last year has not rebounded, even demand during the last four weeks on average shows a 20,000 b/d decline compared to the same period last year.

With the return of some refineries from maintenance schedule and increasing gasoline production, the bullish stock movement has reversed and affected gasoline prices negatively. As Graph 8 indicates, the gasoline crack spread fell more than $3/b in the first week of May compared to the last week of April. This bearish development in the gasoline market was consolidated by the statement of the US President announcing the lifting of the ethanol import tariff and the relaxation of gasoline specifications.

Graph 8: US Gulf crack spread vs. WTI



Apart from gasoline, the middle distillate market, particularly for diesel, was also strong as refiners kept units down for upgrading ahead of this summer's switch to ultra-low sulphur diesel, and demand by the agricultural sector remains high. This situation has lifted the gasoil crack spread against WTI over the last month. The recent bearish movement in the gasoline market has also affected the distillate market. Consequently, its crack spread plummeted to about $17.30/b from more than $21.40/b in the last week of April.

With regard to fuel oil, due to the mild spring weather in major consuming areas, demand for low-sulphur grades remains slow, and its discount against WTI dropped to minus $20.07/b in the latter part of April, but strong bunker activity continued to support the high-sulphur fuel oil (HSFO) market.

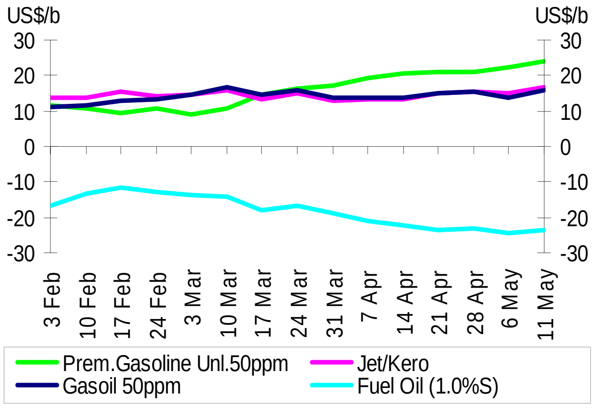
European market

Transatlantic arbitrage opportunities have lent further support to the European product market

Unplanned refinery outages, coupled with higher demand from the USA, Middle East and West Africa, boosted the gasoline markets in North-West Europe and the Mediterranean. As Graph 9 shows, the crack spread of gasoline against Brent jumped to $22.38/b in early May from $16.94/b in late March. The recent bearish development in the US gasoline market somehow affected the European market adversely, but due to higher demand from the Middle East and West Africa, the gasoline market sentiment in Europe looks relatively strong. The Nigerian government plans to import abound 70 cargoes of gasoline in the second quarter, up from its usual quarterly tender volumes of 30-35 cargoes.

European middle distillate cargo prices, especially for jet/kerosene, surged in April. Demand for jet/kerosene increased as well, while supply from the Middle East tightened due to further exports to Asia. Fear of a crunch in jet fuel supplies to North-West Europe has pushed up spot prices relative to the forward market. The same situation is persisting for diesel as tightening supplies both in North-West Europe and the Mediterranean pushed prices higher. According to **Graph 9**, the crack spread of jet/kerosene in Rotterdam versus the corresponding benchmark crude oil Brent increased to $15.53/b in late April from $13.03/b in March.

Graph 9: Rotterdam crack spreads vs. Brent



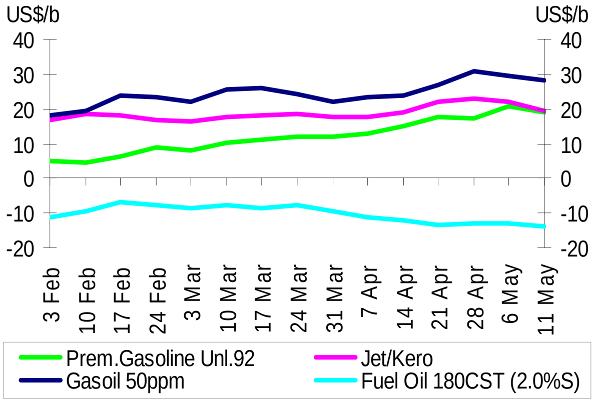
Despite the bullish momentum for light products, the European market for low-sulphur fuel oil (LSFO) looks very bearish due to lack of regional demand and arbitrage outlets for excess barrels. These circumstances resulted in extreme discounts of LSFO against Brent, which fell to minus $24.23/b recently from minus $19/b in late March. Given the arbitrage opportunity for exports to Asia, the HSFO market sentiment has so far been relatively strong, but higher exports from the Baltic area may exert pressure on HSFO prices in the near future.

With the exception of naphtha, the light product market in Asia performed very well in April

Asian market

Lower Chinese exports and unplanned refinery outages in Japan have further underpinned gasoline prices, and its crack spread again the Dubai benchmark crude oil jumped to $20.85/b recently from $12.07/b in late March. Looking ahead, the heavy maintenance schedule in Japan and arbitrage opportunities for exports to the US West Coast would keep the gasoline market lucrative in the second quarter.

Graph 10: Singapore crack spreads vs. Dubai



Similarly, the jet/kerosene market has benefited from favourable economic arbitrage opportunities to the USA and higher Chinese demand in April. The jet/kerosene spread versus Dubai surged by more than $5/b to reach $22.85/b from $17.57/b in the previous month. Other types of distillate products have also performed very well, and the low-sulphur gasoil crack spread jumped over $8/b and recorded $30.61/b in the same month **(*see* *Graph 10*).** The bullish sentiment for distillates may remain strong over the next months due to the good economic performance and higher demand from the agricultural sector.

As far as the fuel oil price is concerned, the performance of the Asian market was relatively disappointing and the huge inflow of HSFO from the west and sluggish regional demand further exacerbated the discount level of this product versus Dubai crude. In April about 3 million tonnes arbitrage fuel oil were exported to Asia.

Table 2: Refined product prices, US$/b

		Feb 06	Mar 06	Apr 06	Change Apr/Mar
US Gulf (Cargoes):					
Naphtha		61.88	72.76	81.21	8.45
Premium gasoline	*(unleaded 93)*	67.98	86.24	100.57	14.33
Regular gasoline	*(unleaded 87)*	64.89	77.58	93.27	15.69
Jet/Kerosene		74.02	78.91	87.43	8.52
Gasoil	*(0.05% S)*	74.54	78.94	88.46	9.52
Fuel oil	*(1.0% S)*	47.67	46.77	50.87	4.10
Fuel oil	*(3.0% S)*	46.67	46.69	50.74	4.05
Rotterdam (Barges FoB):					
Naphtha		68.79	69.12	77.49	8.37
Premium gasoline	*(unleaded 50 ppm)*	70.12	76.53	90.97	14.44
Premium gasoline	*(unleaded 95)*	62.65	68.23	81.15	12.92
Jet/Kerosene		74.31	76.52	84.70	8.18
Gasoil/Diesel	*(50 ppm)*	72.76	77.42	84.69	7.27
Fuel oil	*(1.0% S)*	47.04	45.37	47.77	2.40
Fuel oil	*(3.5% S)*	44.03	44.02	47.67	3.65
Mediterranean (Cargoes):					
Naphtha		56.42	57.70	64.78	7.08
Premium gasoline	*(50 ppm)*	68.48	77.70	90.10	12.40
Jet/Kerosene		73.49	75.71	83.31	7.60
Gasoil/Diesel	*(50 ppm)*	74.41	77.59	84.93	7.34
Fuel oil	*(1.0% S)*	51.10	47.73	47.66	-0.07
Fuel oil	*(3.5% S)*	42.56	43.29	46.28	2.99
Singapore (Cargoes):					
Naphtha		56.65	59.82	64.45	4.63
Premium gasoline	*(unleaded 95)*	65.02	69.64	81.13	11.49
Regular gasoline	*(unleaded 92)*	64.20	69.05	80.15	11.10
Jet/Kerosene		74.96	75.66	84.77	9.11
Gasoil/Diesel	*(50 ppm)*	79.36	82.11	90.68	8.57
Fuel oil	*(180 cst 2.0% S)*	49.18	49.43	51.81	2.38
Fuel oil	*(380 cst 3.5% S)*	47.95	48.89	51.32	2.43

Table 3: Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				Refinery utilization *%*			
	Feb 06	Mar 06	Apr 06	Apr/Mar	Feb 06	Mar 06	Apr 06	Apr/Mar
USA	14.53	14.53	14.60	0.07	84.9	84.9	85.3	0.40
France	1.44 R	1.54	1.47	-0.07	72.5 R	77.9	74.4	-3.50
Germany	2.11 R	2.04	2.24	0.20	86.7 R	83.9	92.2	8.30
Italy	1.78 R	1.81 R	1.87	0.06	76.4 R	78.0 R	80.6	2.60
UK	1.36	1.32 R	1.41	0.09	72.6 R	70.3 R	75.2	4.90
Eur-16	11.27 R	11.54 R	11.71	0.17	79.8 R	81.7 R	84.5	2.80
Japan	4.40	4.42	4.06	-0.36	94.1	94.5	86.9	-7.60

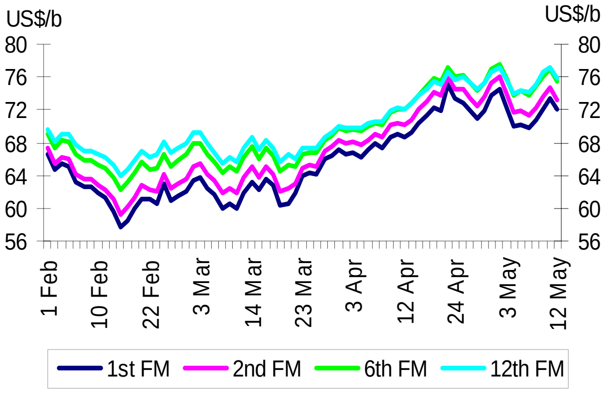
R *Revised since last issue.*
Sources: *OPEC statistics; Argus; Euroilstock Inventory Report; IEA.*

The Oil Futures Market

Ongoing geopolitical tensions sent prices to record-highs amid persistent concerns over gasoline supplies

Crude oil futures saw a bullish note at the start of the month as the beginning of the new quarter aspired fund buying. Fears of a possible supply shortfall due to ongoing tensions in the geopolitical arena remained. Concern over US gasoline stocks, which had fallen some 14 mb by the first week of April, sent jitteriness in the marketplace.

Graph 11: Nymex WTI futures prices, 2006

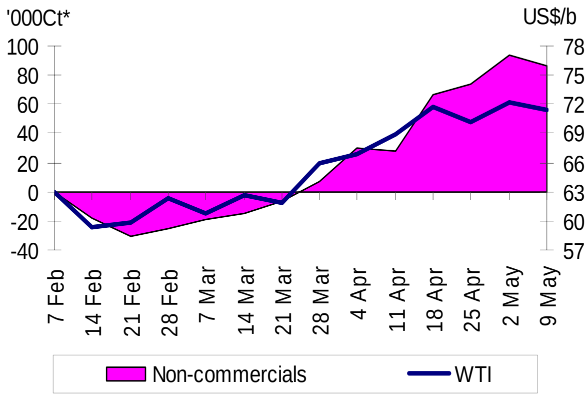


FM = future month

The Nymex WTI front-month contract averaged $66.64/b in the first weekly period representing a gain of $2.61 or 4%. According to the CFTC report for that period, open interest increased by 32,000 lots to 968,000 contracts, with non-commercials rising some 14,400 lots while short positions declined by some 8,400 to bring net long positions to their highest level since August last year. The stride continued in the second week on concern over gasoline supply amid revived tensions in the Mideast and Nigeria. Over the second weekly period, WTI averaged $68.02/b for a jump of 2% or $1.38/b. The CFTC reported that open interest rose nearly 20,000 lots in the second weekly period to close at 988,000 contracts. However, net non-commercials fell a marginal 1,800 lots to remain at 28,200 longs.

Escalating geopolitical tensions continued in the third weekly period, pushing prices to new highs. Nymex WTI front-month averaged $69.92/b after peaking to $71.35/b on concern over a dispute between the east and the west. The CFTC reported that net long positions inflated to the highest level in a year on a gain of 38,500 to 66,700 lots with open interest peaking at just over 1 million.

Graph 12: Non-commercial net long positions vs WTI, 2006

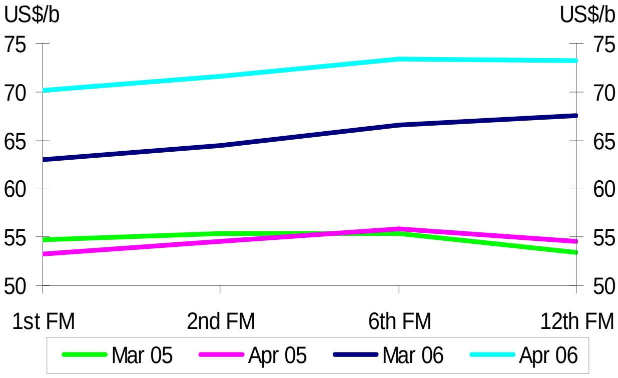


In the final weekly period, the emergence of the new prompt-month amid rising tensions in the Mideast and West Africa sent Nymex WTI prices to peak at a new record-high. In the last weekly period WTI averaged $73.10/b after breaking above $75/b. The CFTC reported that open interest closed some 15,000 lots higher at 1,017,000 lots. Net longs widened by a healthy 7,200 to 74,000 lots. The stride continued in the final days of the monthly period, but at a slower pace amid funds sell-offs for profit-taking. With prices drifting away from record peaks to around the $70/b level, the monthly average for the WTI prompt month was $70.16/b or over 11%, representing a surge of $7.19/b.

The contango narrowed in the forward months on lower gasoline stocks

The forward structure remained nearly unchanged for the nearer month while shedding the contango for later months. The 1st/2nd month average spread was 4¢ narrower at $1.49/b, while the 1st/6th, 12th and 18th where narrower by $3.14, $3.12/b and $2.41/b for a drop of 51¢, $1.52 and $2.25 respectively. Crude oil stocks in the USA averaged 345.7 mb in April representing a 12-year high, rising 6.3 mb from the previous month and nearly 23 mb over same period last year.

Graph 13: Nymex WTI forward curve



FM = future month

The Tanker Market

OPEC spot fixtures increased 0.5 mb/d in April, supported by recovery in production and refiner bookings

OPEC spot fixtures continued to increase for the second consecutive month to reach around 13.5 mb/d in April, 0.5 mb/d or 4% higher than the previous month. The increase in fixtures is attributed to the recovery in OPEC production, supported by Iraq's output increase and higher refiner bookings, which indicate the beginning of the summer peak demand, especially for long-haul westbound sailings. Nevertheless, OPEC spot fixtures showed a 0.5 mb/d y-o-y decline. Despite the 0.5 mb/d increase in April, OPEC's share in total spot fixtures remained unchanged at 63%. Compared to a year earlier, OPEC's share gained 2 percentage points. In contrast to the previous month, Middle East eastbound fixtures — including OPEC and non-OPEC — declined 0.5 mb/d to average 5.1 mb/d whereas westbound fixtures surged by 0.5 mb/d or almost 1/3 to 2.2 mb/d. While Middle East/westbound fixtures were similar to the previous month's level, the eastbound ones were 0.4 mb/d lower, reflecting the slowdown in Asian bookings. Following the same trend, non-OPEC spot fixtures increased 0.5 mb/d to reach 8.1 mb/d, the highest level since November 2005, but were 0.8 mb/d lower compared to a year earlier. As a result, total OPEC and non-OPEC spot fixtures stood at 21.5 mb/d, an increase of 1.1 mb/d over the previous month but 1.3 mb/d lower than the corresponding month of 2005.

Preliminary data shows that OPEC sailings improved by 0.3 mb/d in April to hit 24.1 mb/d, reflecting the recovery in spot fixtures from the previous month. However, Middle East sailings declined further to hit 17.3 mb/d, a drop of 0.5 mb/d from the previous month and 0.4 mb/d below last year's level. Refining maintenance reduced arrivals in the main importing regions, especially in North-West Europe and Japan, where they moved down by 10% and 16% respectively to average 7.8 mb/d and 4.2 mb/d. Compared to a year earlier, arrivals at North-West Europe declined 0.1 mb/d while arrivals in Japan grew 0.2 mb/d. Similarly, arrivals at the US Gulf/East Coasts and the Caribbean fell 0.5 mb/d to 11.7 mb/d and arrivals at the Euro Mediterranean Basin dropped 0.2 mb/d to 4.2 mb/d, the lowest level since June 2005.

Table 4: Tanker chartering, sailings and arrivals, mb/d

	Feb 06	Mar 06	Apr 06	Change Apr/Mar
Spot Chartering				
All areas	19.28	20.46	21.53	1.06
OPEC	12.72	12.97	13.48	0.52
Middle East/east	5.39	5.57	5.10	-0.47
Middle East/west	1.84	1.66	2.19	0.52
Sailings				
OPEC	25.76	23.83	24.08	0.25
Middle East	18.80	17.86	17.34	-0.52
Arrivals				
US Gulf Coast, US East Coast, Caribbean	9.19	12.25	11.72	-0.53
North West Europe	7.59	8.63	7.76	-0.86
Euromed	4.97	4.45	4.23	-0.22
Japan	4.59	4.95	4.15	-0.80

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

Spot freight rates continued the downward trend, especially for VLCCs

The tanker market slowed down further with spot freight rates for shipping crude oil continuing to fall to reach extremely low levels in April, except for Aframax tankers trading between the Mediterranean and North-West Europe. The decline was more pronounced in the VLCC long-haul sector as a result of plentiful supply. Additionally, Easter holidays and the Golden Week in China and Japan reduced demand placing further downward pressure on the tanker market. Plentiful supply was derived from significant growth in tanker capacity and better weather conditions which reduced delay times for tankers and therefore increased tonnage availability. Large ongoing refinery maintenance in the Northern Hemisphere and Asia continued to reduce rates for VLCCs trading on the Middle East/east- and west-bound long-haul routes, which lost 20-25% to hover around WS60, their lowest levels since June 2005. This was despite some improvement by the end of the month due to the brisk activity from charterers which resulted in a drop in the 30-day availability of tankers in Middle East from 87 tankers in the middle of the month to 68 tankers. It is worth mentioning that rates on the Middle East/eastbound long-haul route fell for the fifth consecutive month. The tightness in tanker supply was not limited to

VLCCs but affected other sectors as well. However, the market for Suezmax tankers also dropped with rates hitting eight-month lows. Tankers trading between West Africa and the US Gulf Coast saw rates decline 14 points or 11% to average WS118 while rates for the transatlantic route fell 9 points or 7%, supported by limited arbitrage opportunities. However, freight rates in the Aframax sector showed different patterns with rates of tankers trading in the Caribbean declining for the sixth consecutive month to hit an 18-month low of WS129, a decline of 94 points from the previous month, while those on the Mediterranean/North-West Europe route rebounded by 22 points to average WS160. Finally, freight rates on the Indonesia/US West Coast route remained almost stable at WS129 while across the Mediterranean Basin rates fell 7 points to stand at WS148.

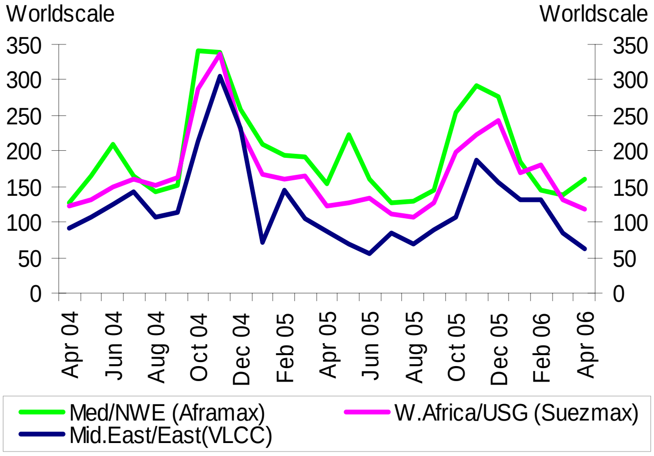
Table 5: Spot tanker freight rates, Worldscale

	Size *1,000 DWT*	Feb 06	Mar 06	Apr 06	Change Apr/Mar
Crude					
Middle East/east	230-280	131	84	63	-21
Middle East/west	270-285	103	74	59	-15
West Africa/US Gulf Coast	130-135	181	132	118	-14
NW Europe/USEC - USGC	130-135	180	121	112	-9
Indonesia/US West Coast	80-85	170	130	129	-1
Caribbean/US East Coast	50-55	235	223	129	-94
Mediterranean/Mediterranean	80-85	154	155	148	-7
Mediterranean/North-West Europe	80-85	146	138	160	22
Products					
Middle East/east	30-35	207	217	222	5
Singapore/east	30-35	352	198	225	27
Caribbean/US Gulf Coast	38-40	327	233	209	-24
NW Europe/USEC - USGC	33-37	297	263	271	8
Mediterranean/Mediterranean	30-35	300	211	232	21
Mediterranean/North-West Europe	30-35	312	210	210	0

Source: Galbraith's Tanker Market Report and others.

Freight rates for products firmed on most routes, but declined in the Caribbean

Graph 14: Monthly averages of crude oil spot freight rates



Unlike the crude oil tanker market, the product tanker market enjoyed some improvement on all routes except for the Mediterranean/North-West Europe route where rates stagnated at WS210 and the Caribbean, where rates continued the downward trend to hit WS209 or 24 points lower than the previous month. Spot rates for 30,000-35,000 dwt tankers and moving on the Middle East/east route increased 5 points to stand at a monthly average of WS222, while rates for tankers trading between Singapore and Japan gained 27 points or 14% to average WS225. Similarly to crude oil freight rates, product rates surged sharply during the fourth week of April, especially for tankers trading in the East where rates increased by more than 60% compared to the first week of the month, spurred by huge demand from Japan after two plants caught fire and refineries were shut for maintenance. The trans-Atlantic rates for 33,000-37,000 dwt tankers reversed the downward trend displayed since the beginning of the year and increased 8 points to averaged WS271, helped by arbitrage opportunities which led to tightness in tanker availability. This tightness translated also into market strength across the Mediterranean where rates jumped by 21 points or 10% to settle at a monthly average of WS232. However, despite the recovery in the market, spot freight rates for products remained lower on all routes compared to the previous year.

World Oil Demand

World oil demand in 2005 revised up 0.1 mb/d to average 83.2 mb/d, while growth remained at 1.0 mb/d

Estimate for 2005

Global oil demand in 2005 is estimated to have grown by 1 mb/d or 1.2%, no major change from last month's assessment. However, looking at the absolute historical data for world oil consumption, there is an upward revision of 0.1 mb/d from last month's estimate. The Middle East was revised up by 70,000b/d. Both Latin America and Africa were revised up by 20,000 b/d each.

Oil demand growth in 2005 remained unchanged from the previous *MOMR*. On a regional basis, Developing Countries account for 75% of oil demand growth, while OECD with 0.2 mb/d made up less than one-sixth of total global oil demand. On the other hand, China's apparent demand appears to have risen by a disappointing 0.2% in sharp contrast to a GDP growth rate of nearly 10%.

Table 6: World oil demand forecast for 2005, mb/d

							Change 2005/04	
	2004	1Q05	2Q05	3Q05	4Q05	2005	Volume	%
North America	25.33	25.53	25.30	25.47	25.40	25.42	0.09	0.35
Western Europe	15.62	15.56	15.31	15.71	15.73	15.58	-0.04	-0.28
OECD Pacific	8.53	9.49	8.10	8.12	8.83	8.63	0.10	1.20
Total OECD	**49.48**	**50.58**	**48.71**	**49.30**	**49.96**	**49.63**	**0.15**	**0.30**
Other Asia	8.41	8.64	8.78	8.44	8.60	8.61	0.20	2.39
Latin America	4.91	4.86	5.04	5.15	5.10	5.04	0.13	2.56
Middle East	5.51	5.66	5.76	6.01	5.85	5.82	0.31	5.59
Africa	2.74	2.79	2.84	2.81	2.90	2.84	0.10	3.67
Total DCs	**21.57**	**21.96**	**22.41**	**22.40**	**22.45**	**22.31**	**0.74**	**3.41**
FSU	3.83	3.90	3.74	3.82	3.97	3.86	0.03	0.66
Other Europe	0.86	0.93	0.88	0.87	0.86	0.88	0.03	3.46
China	6.52	6.51	6.58	6.43	6.64	6.54	0.02	0.33
Total "Other Regions"	**11.21**	**11.35**	**11.19**	**11.12**	**11.47**	**11.28**	**0.08**	**0.68**
Total world	**82.26**	**83.89**	**82.31**	**82.82**	**83.88**	**83.22**	**0.96**	**1.17**
Previous estimate	82.14	83.76	82.18	82.67	83.82	83.11	0.96	1.17
Revision	0.12	0.13	0.14	0.14	0.06	0.12	0.00	-0.01

Totals may not add due to independent rounding.

Table 7: First and second quarter world oil demand comparison for 2005, mb/d

			Change 2005/04				Change 2005/04	
	1Q04	1Q05	Volume	%	2Q04	2Q05	Volume	%
North America	25.23	25.53	0.31	1.21	25.03	25.30	0.27	1.09
Western Europe	15.66	15.56	-0.10	-0.66	15.20	15.31	0.11	0.70
OECD Pacific	9.28	9.49	0.20	2.19	7.90	8.10	0.20	2.51
Total OECD	**50.17**	**50.58**	**0.41**	**0.81**	**48.13**	**48.71**	**0.58**	**1.20**
Other Asia	8.25	8.64	0.39	4.71	8.47	8.78	0.30	3.59
Latin America	4.73	4.86	0.14	2.94	4.91	5.04	0.12	2.47
Middle East	5.38	5.66	0.28	5.27	5.47	5.76	0.28	5.20
Africa	2.70	2.79	0.09	3.17	2.72	2.84	0.12	4.42
Total DCs	**21.06**	**21.96**	**0.90**	**4.26**	**21.58**	**22.41**	**0.83**	**3.85**
FSU	3.61	3.90	0.29	8.06	3.75	3.74	-0.01	-0.28
Other Europe	0.91	0.93	0.03	3.14	0.86	0.88	0.02	2.58
China	6.23	6.51	0.28	4.57	6.77	6.58	-0.19	-2.79
Total "Other Regions"	**10.75**	**11.35**	**0.60**	**5.63**	**11.37**	**11.19**	**-0.18**	**-1.56**
Total world	**81.98**	**83.89**	**1.91**	**2.33**	**81.08**	**82.31**	**1.23**	**1.52**

Totals may not add due to independent rounding.

Table 8: Third and fourth quarter world oil demand comparison for 2005, mb/d

			Change 2005/04				Change 2005/04	
	3Q04	3Q05	Volume	%	4Q04	4Q05	Volume	%
North America	25.41	25.47	0.06	0.23	25.67	25.40	-0.28	-1.08
Western Europe	15.60	15.71	0.11	0.72	16.02	15.73	-0.29	-1.80
OECD Pacific	8.16	8.12	-0.04	-0.54	8.77	8.83	0.06	0.64
Total OECD	**49.17**	**49.30**	**0.13**	**0.26**	**50.46**	**49.96**	**-0.51**	**-1.01**
Other Asia	8.30	8.44	0.14	1.72	8.63	8.60	-0.03	-0.32
Latin America	5.03	5.15	0.11	2.24	4.97	5.10	0.13	2.62
Middle East	5.66	6.01	0.35	6.23	5.54	5.85	0.31	5.60
Africa	2.72	2.81	0.09	3.21	2.79	2.90	0.11	3.89
Total DCs	**21.71**	**22.40**	**0.70**	**3.20**	**21.93**	**22.45**	**0.52**	**2.38**
FSU	3.90	3.82	-0.08	-2.10	4.07	3.97	-0.09	-2.29
Other Europe	0.82	0.87	0.06	6.74	0.84	0.86	0.01	1.50
China	6.36	6.43	0.07	1.02	6.71	6.64	-0.07	-1.05
Total "Other Regions"	**11.08**	**11.12**	**0.04**	**0.35**	**11.62**	**11.47**	**-0.15**	**-1.30**
Total world	**81.96**	**82.82**	**0.86**	**1.05**	**84.02**	**83.88**	**-0.14**	**-0.16**

Totals may not add due to independent rounding.

World oil demand in 2006

World oil demand growth in 2006 is forecast at 1.4 mb/d, following a slight downward revision to average 84.6 mb/d

World oil demand growth in 2006 is forecast at 1.4 mb/d or 1.7% to average 84.6 mb/d, somewhat lower with respect to the estimate in the last *MOMR*. These revisions are mainly attributed to the first quarter of the current year as the data becomes available. There are minor downward revisions to global oil demand totaling nearly 0.06 mb/d. More than half of the total OECD oil demand in 2006 will be in the USA. However, US oil demand lost momentum in the first quarter due to warmer weather and high gasoline prices. But US oil demand is expected to stop its decline and show a positive increase which will last until the end of the year. Although the US GDP is growing at 3.4%, the price elasticity is getting stronger, resulting in a reduction of gasoline demand. Due to these factors, together with the warmer than normal weather so far this year, oil demand is expected to slow down in North America. Growth in 2006 is estimated at 0.2 mb/d or 0.6% to average 25.6 mb/d. Although the economic indicators showed strong economies and the weather was colder in the first quarter in OECD Europe and Japan, oil demand figures were disappointing which can partly be attributed to the high oil prices. While second-quarter oil demand is normally weak, y-o-y world oil demand in April was lower than expected. Using the US demand as an indication, world oil demand is expected to lose momentum in the first half of this year. The largest share of the increase in world oil demand growth will come mainly from the developing world, mostly due to the strong economic growth. However, the high oil prices and the removal of the fuel subsidies are expected to negatively impact oil demand, especially in South-East Asia.

Estimate for first quarter 2006

First quarter demand estimated at 84.61 mb/d

North America, OECD Pacific, China, Middle East and the FSU were the main contributors to the first-quarter demand revision. US oil demand has been on the decline for several months. North American y-o-y oil demand in the first quarter was down by 0.4 mb/d or 1.5% Warmer weather and high prices were seen to be the main reasons behind the fall.

OECD

OECD's oil demand fell by more than 0.6%

Western Europe's y-o-y oil demand rose 0.2 mb/d, mainly because of the cold weather and the sudden shortage of natural gas in the first quarter. The increase of new sales of diesel engine vehicles in the EU-15 has further boosted diesel demand in the region. Due to existing high energy taxes in Europe, the recent increase in world oil prices had a minimal effect on gasoline and diesel demand. In total, however, OECD's oil demand declined by more than 0.6% in the first quarter of 2006. Japan's colder weather increased demand for fuel oil in the first quarter of 2006 by 20%, while higher LNG prices motivated power plants to shift to liquid products. Japan's y-o-y oil imports were up by almost 9% last month. In South Korea, demand for heating oil softened due to the warm weather. Based on the latest data, half the country's oil demand is consumed by the industrial sector, and its March y-o-y oil demand slid down by almost 5%. In total, oil demand in the OECD Pacific declined by 138,000 b/d in the first quarter of 2006.

Demand in Middle East up by 0.3 mb/d y-o-y in first quarter of 2006, with the trend expected to continue until the end of the current year

Developing Countries

Due to the high economic growth in the OPEC countries, oil demand has shown strong growth in the first quarter of the current year. Middle East y-o-y demand in the first quarter was up by 0.3 mb/d and this trend is expected to strengthen until the end of 2006. Indian oil demand started the year with a contraction dating back to September 2005 before bouncing back in February and March to end the first quarter with a y-o-y rise of 32,000 b/d or 1.2%. Preliminary data shows moderately stable oil demand growth which is expected to last throughput 2006. With regard to Other Asia, the high oil prices along with the reduction of fuel subsidies resulted in an increase in domestic fuel prices causing oil demand to soften further. Other Asia’s y-o-y first quarter oil demand grew by 81,000 b/d.

China’s first-quarter apparent demand higher than expected; growth revised up by 90,000 b/d

Other Regions

Unexpectedly, the FSU's high growth in exports to take advantage of the high oil prices resulted in lower demand, causing the y-o-y first quarter demand to decline by 131,000 b/d. Although FSU production grew in the first quarter by 0.4 mb/d, the growth was at a slower rate than the export growth rate. China’s first-quarter apparent demand was higher than expected resulting in a 90,000 b/d upward revision. In y-o-y terms, demand was up by 500,000 b/d. Oil imports during January and March were higher than the same time last year. March y-o-y demand rose 6%, the second strongest rise in the past five months. This growth was supported by the strong demand in the transportation sector. This sector, along with the temperature and the seasonal agricultural demand for diesel, will be the main factors behind the second-quarter oil demand in China.

Table 9: World oil demand forecast for 2006, mb/d

							Change 2006/05	
	2005	**1Q06**	**2Q06**	**3Q06**	**4Q06**	**2006**	**Volume**	**%**
North America	25.42	25.15	25.50	25.81	25.87	25.58	0.16	0.63
Western Europe	15.58	15.80	15.33	15.76	15.80	15.67	0.09	0.60
OECD Pacific	8.63	9.35	8.18	8.16	9.07	8.69	0.05	0.64
Total OECD	**49.63**	**50.29**	**49.00**	**49.73**	**50.74**	**49.94**	**0.31**	**0.62**
Other Asia	8.61	8.73	8.83	8.62	8.88	8.76	0.15	1.73
Latin America	5.04	5.00	5.16	5.25	5.18	5.15	0.11	2.16
Middle East	5.82	5.97	6.03	6.26	6.10	6.09	0.27	4.65
Africa	2.84	2.86	2.91	2.88	2.95	2.90	0.07	2.39
Total DCs	**22.31**	**22.56**	**22.93**	**23.00**	**23.12**	**22.90**	**0.60**	**2.68**
FSU	3.86	3.77	3.68	3.86	4.09	3.85	-0.01	-0.14
Other Europe	0.88	0.97	0.95	0.87	0.87	0.91	0.03	3.28
China	6.54	7.01	7.00	6.86	7.08	6.99	0.45	6.84
Total "Other Regions"	**11.28**	**11.76**	**11.63**	**11.59**	**12.03**	**11.75**	**0.47**	**4.18**
Total world	**83.22**	**84.61**	**83.55**	**84.32**	**85.90**	**84.60**	**1.38**	**1.65**
Previous estimate	83.11	84.92	83.31	84.07	85.82	84.53	1.43	1.72
Revision	0.12	-0.31	0.24	0.25	0.08	0.06	-0.05	-0.07

Totals may not add due to independent rounding.

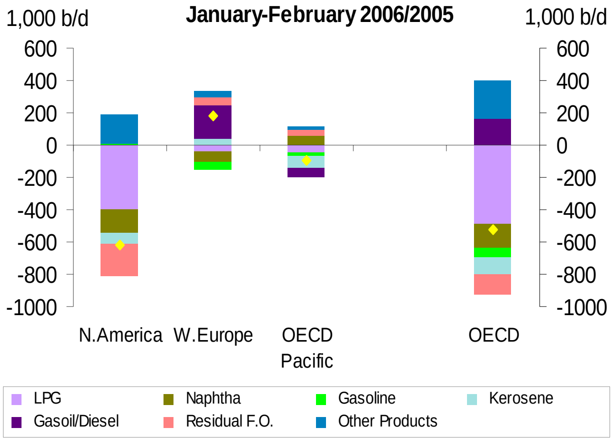
Forecast for 2006 demand

OECD

OECD oil demand growth for 2006 revised down by 80,000 b/d to average 0.3 mb/d, leading to total oil consumption of 49.9 mb/d

With the exception of Western Europe, oil demand for the OECD countries is slowing. North America's oil demand is expected to grow but not at the rate expected early in the year. Due to the increased US demand for gasoline and jet fuel, North America's oil demand is expected to grow by less than 1% in 2006 over the previous year. In total, OECD oil demand growth for 2006 was revised down by 80,000 b/d to average 0.3 mb/d, resulting in total oil consumption of 49.9 mb/d. New trends in the USA to reduce energy consumption could result in further lower oil demand for the rest of the year. Such trends include the anti-SUV movement, attempts by airlines to utilize more fuel-efficient airplanes, and efforts in the power sector to consume more natural gas. Based on these factors, North America's oil demand growth was revised down by 60,000 b/d. The waiving of certain petroleum product specification restrictions aims at easing the hiking of gasoline prices may increase gasoline imports and indirectly increase summer gasoline demand. According to the EIA's weekly data, oil imports in April were 4% below the previous year and the y-o-y April distillate demand was down by 3%. US oil demand is expected to grow in the second quarter by more than 190,000 b/d over the same time in 2005. This modest growth is estimated to continue for the rest of the year. In Mexico, due to both the strong growth in the economy and fuel subsidies, the strong gasoline demand seen in the first quarter is expected to continue for the year. This growth is expected to lead to a rise in Mexico's gasoline imports this year. In another part of the world, the new diesel engine vehicle movement in the EU-15 is expected to continue and this will help diesel demand to grow steadily by 2.1% until the end of the year. This movement is negatively affecting gasoline consumption, which is expected to grow by around half a per cent. Japan is planning to reduce its oil consumption via switching to nuclear-operated power plants. However, this move could provoke some domestic anti-nuclear movements. Japan's new movement towards smaller cars has a negative impact on product demand.

Graph 15: OECD - Growth of total requirements by component



Developing Countries

Middle East expected to contribute around 20% to 2006 world oil demand growth

At 43%, Developing Countries in 2006 are expected to contribute the lion's share to world oil demand growth. The Middle East alone is expected to contribute around 20%. The Middle East's oil demand growth was revised up by 0.05 mb/d stand at 0.27 mb/d for the year. Unlike last year, oil demand in India is expected to grow at a modest rate in the first half of 2006. Although the government has reduced the tax on new cars and improved the power supply sector, massive subsidies on electricity to farmers will curb the use of oil. Furthermore, the railway in India, which makes up one third of the country's transportation, provides a major alternative to diesel-consuming trucking for industrial and farming transportation.

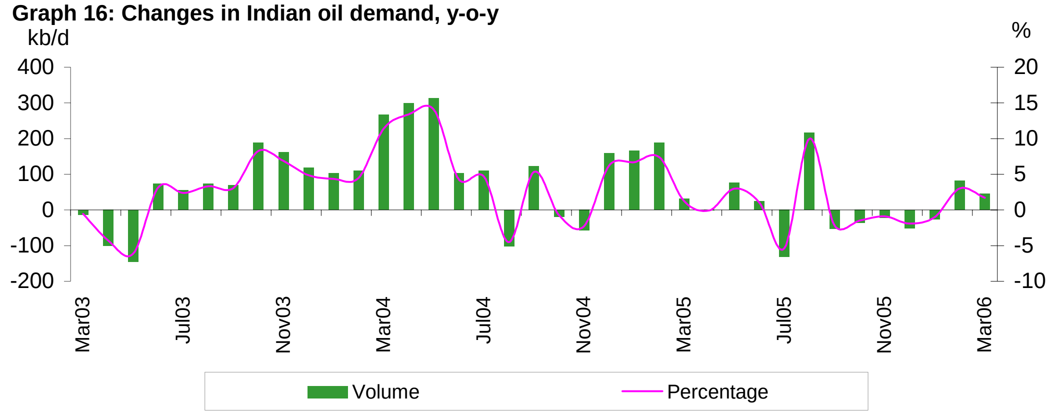
Other Regions

Chinese oil demand expected to increase by 0.5 mb/d in 2006

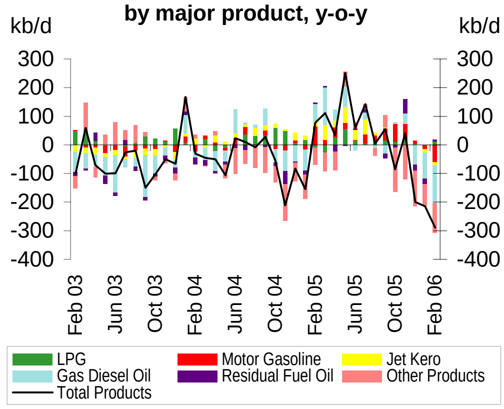
China itself is adding another 32% to the world oil demand. Chinese oil demand is expected to increase by 0.5 mb/d in 2006. Due to increased economic activities in China, apparent oil demand showed a strong jump in the first quarter. As a result, China's oil demand growth was revised up by 0.05 mb/d for the year. China's new strategy to reduce energy demand is challenged by finding means to achieve the target. All Chinese economic indicators are higher in comparison to last year. Based on the normal energy elasticity factor, oil demand in China should rise further; however, other factors, especially the high oil prices, and newly imposed taxes are slowing oil demand. Furthermore, the recent increase in the interest rate and the newly proposed retail price hike for gasoil and gasoline could negatively affect future oil demand. There is a belief that the summer temperature and the hydropower reservoirs could be important driving factors for oil demand in China, at least for the short term.

Cooler summer weather will reduce the power generation demand for fuel during the peak summer season. Despite the proposed increases in gasoline and domestic diesel prices, new car sales are expected to rise sharply. This is due to the reduction on tariffs, which may lead to an increase in gasoline demand in 2006. Additionally, China is planning to partially fill its newly built SPRs which is likely to impact future Chinese oil demand growth.

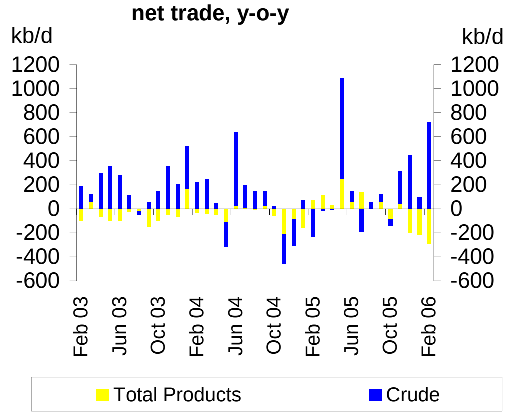
Graph 16: Changes in Indian oil demand, y-o-y



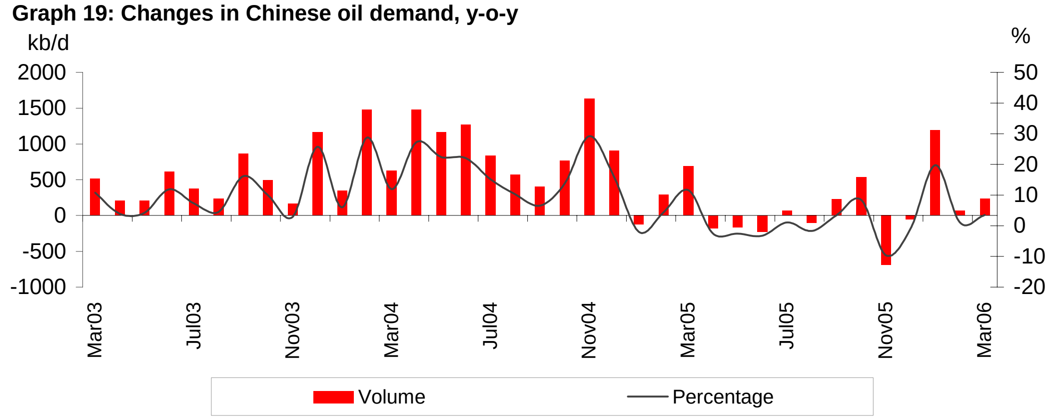
Graph 17: Changes in Indian oil net imports by major product, y-o-y



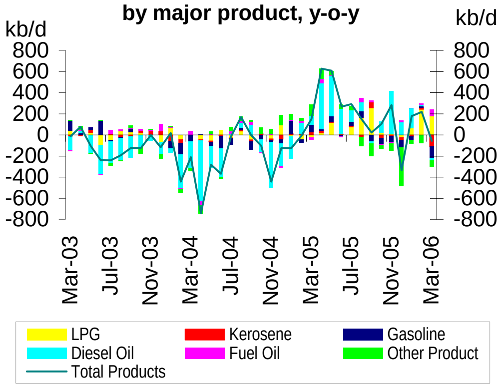
Graph 18: Changes in Indian oil and product net trade, y-o-y



Graph 19: Changes in Chinese oil demand, y-o-y



Graph 20: Changes in Chinese oil net imports by major product, y-o-y



Graph 21: Changes in Chinese oil and product net trade, y-o-y

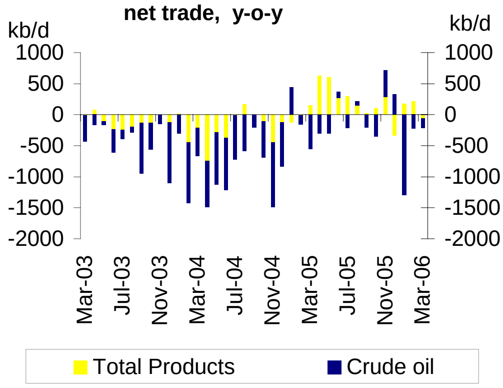


Table 10: First and second quarter world oil demand comparison for 2006, mb/d

			Change 2006/05				Change 2006/05	
	1Q05	1Q06	Volume	%	2Q05	2Q06	Volume	%
North America	25.53	25.15	-0.38	-1.50	25.30	25.50	0.20	0.78
Western Europe	15.56	15.80	0.24	1.52	15.31	15.33	0.02	0.13
OECD Pacific	9.49	9.35	-0.14	-1.45	8.10	8.18	0.08	0.95
Total OECD	**50.58**	**50.29**	**-0.29**	**-0.56**	**48.71**	**49.00**	**0.29**	**0.60**
Other Asia	8.64	8.73	0.08	0.94	8.78	8.83	0.05	0.60
Latin America	4.86	5.00	0.14	2.81	5.04	5.16	0.12	2.43
Middle East	5.66	5.97	0.31	5.46	5.76	6.03	0.27	4.67
Africa	2.79	2.86	0.08	2.77	2.84	2.91	0.07	2.44
Total DCs	**21.96**	**22.56**	**0.60**	**2.75**	**22.41**	**22.93**	**0.51**	**2.29**
FSU	3.90	3.77	-0.13	-3.36	3.74	3.68	-0.05	-1.42
Other Europe	0.93	0.97	0.04	3.96	0.88	0.95	0.07	7.82
China	6.51	7.01	0.50	7.67	6.58	7.00	0.42	6.37
Total "Other Regions"	**11.35**	**11.76**	**0.41**	**3.57**	**11.19**	**11.63**	**0.43**	**3.88**
Total world	**83.89**	**84.61**	**0.72**	**0.86**	**82.31**	**83.55**	**1.24**	**1.51**

Totals may not add due to independent rounding.

Table 11: Third and fourth quarter world oil demand comparison for 2006, mb/d

			Change 2006/05				Change 2006/05	
	3Q05	3Q06	Volume	%	4Q05	4Q06	Volume	%
North America	25.47	25.81	0.34	1.35	25.40	25.87	0.47	1.87
Western Europe	15.71	15.76	0.04	0.29	15.73	15.80	0.07	0.47
OECD Pacific	8.12	8.16	0.04	0.51	8.83	9.07	0.24	2.67
Total OECD	**49.30**	**49.73**	**0.43**	**0.87**	**49.96**	**50.74**	**0.78**	**1.57**
Other Asia	8.44	8.62	0.18	2.12	8.60	8.88	0.28	3.28
Latin America	5.15	5.25	0.10	1.94	5.10	5.18	0.08	1.52
Middle East	6.01	6.26	0.25	4.10	5.85	6.10	0.26	4.43
Africa	2.81	2.88	0.07	2.62	2.90	2.95	0.05	1.77
Total DCs	**22.40**	**23.00**	**0.60**	**2.67**	**22.45**	**23.12**	**0.67**	**2.98**
FSU	3.82	3.86	0.04	1.16	3.97	4.09	0.12	2.90
Other Europe	0.87	0.87	0.00	-0.09	0.86	0.87	0.01	1.40
China	6.43	6.86	0.44	6.77	6.64	7.08	0.44	6.59
Total "Other Regions"	**11.12**	**11.59**	**0.48**	**4.31**	**11.47**	**12.03**	**0.56**	**4.92**
Total world	**82.82**	**84.32**	**1.51**	**1.82**	**83.88**	**85.90**	**2.02**	**2.41**

Totals may not add due to independent rounding.

World Oil Supply

The estimate for non-OPEC supply growth in 2005 remains broadly unchanged at 0.2 mb/d

Non-OPEC

Estimate for 2005

The estimate for 2005 remains unchanged. Non-OPEC supply averaged 50.1 mb/d, representing an increase of 0.2 mb/d over 2004. On a quarterly basis, the average was 50.4 mb/d, 50.6 mb/d, 49.7 mb/d, and 50 mb/d, respectively. The estimate is based on actual data for most of the countries.

Table 12: Non-OPEC oil supply in 2005, mb/d

	2004	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04
North America	14.56	14.40	14.57	13.74	13.54	14.06	-0.50
Western Europe	6.15	6.01	5.73	5.49	5.57	5.70	-0.45
OECD Pacific	0.57	0.54	0.62	0.59	0.56	0.58	0.00
Total OECD	**21.28**	**20.95**	**20.92**	**19.82**	**19.68**	**20.34**	**-0.94**
Other Asia	2.61	2.71	2.70	2.66	2.69	2.69	0.08
Latin America	4.07	4.18	4.38	4.34	4.35	4.31	0.24
Middle East	1.91	1.86	1.85	1.84	1.82	1.84	-0.07
Africa	3.42	3.60	3.65	3.78	3.94	3.74	0.32
Total DCs	**12.01**	**12.36**	**12.57**	**12.61**	**12.79**	**12.58**	**0.58**
FSU	11.15	11.39	11.47	11.62	11.86	11.59	0.43
Other Europe	0.16	0.16	0.16	0.16	0.16	0.16	0.00
China	3.49	3.63	3.61	3.64	3.59	3.62	0.13
Total "Other regions"	**14.79**	**15.18**	**15.24**	**15.42**	**15.61**	**15.36**	**0.57**
Total Non-OPEC production	**48.08**	**48.48**	**48.73**	**47.84**	**48.07**	**48.28**	**0.20**
Processing gains	1.83	1.88	1.85	1.84	1.88	1.86	0.03
Total Non-OPEC supply	**49.91**	**50.36**	**50.58**	**49.68**	**49.95**	**50.14**	**0.24**
Previous estimate	49.91	50.36	50.58	49.69	49.94	50.14	0.23
Revision	**0.00**	**0.00**	**0.00**	**-0.01**	**0.01**	**0.00**	**0.00**

Forecast for 2006

Non-OPEC supply to grow 1.3 mb/d in 2006

In 2006, non-OPEC oil supply is expected to average 51.5 mb/d, representing an increase of 1.3 mb/d over 2005, but a downward revision of 92,000 b/d versus the last assessment. The adjustment reflects actual data for several countries for 1Q06, as well as lower than expected production growth from Canada, Angola, and Sudan. The negative adjustments have been partly offset by slight upward revisions in other countries, particularly the UK. On a quarterly basis, non-OPEC supply is expected to average 50.6 mb/d, 50.9 mb/d, 51.5 mb/d, and 52.9 mb/d in the first, second, third and fourth quarters, representing a downward revision of 95,000 b/d, 143,000 b/d and 19,000 b/d in the first, second and third quarter, and an upward revision of 15,000 b/d in the fourth quarter. The supply impact of known risks, such as US Gulf of Mexico (GoM) post Katrina/Rita recovery as well as potential delays in major projects in key countries such as the USA, Brazil and Sudan, are now fully reflected in this forecast. Non-OPEC growth is expected to accelerate rapidly from June onwards, consistent with all the previous estimates made.

Preliminary data for March 2006 puts total non-OPEC supply at 50.7 mb/d, or 300,000 b/d higher than in February (50.4 mb/d), and by a similar amount versus March last year. Temporary losses improved slightly on a global basis, compared to January-February. The US Lower 48 is the main region where production losses now exceed those from all other regions combined. US GoM losses are probably now closer to 300,000 b/d, whilst in onshore Louisiana there are still some 80,000 b/d shut down. Looking at April, non-OPEC production will be impacted primarily by heavy maintenance in Norway, mechanical problems in Australia, and maintenance of some fields in Africa. However, growth elsewhere is expected to offset these loses.

Table 13: Non-OPEC oil supply in 2006, mb/d							
	2005	1Q06	2Q06	3Q06	4Q06	2006	Change 06/05
North America	14.06	14.17	14.33	14.38	14.85	14.43	0.37
Western Europe	5.70	5.60	5.43	5.19	5.54	5.44	-0.26
OECD Pacific	0.58	0.48	0.52	0.65	0.66	0.58	0.00
Total OECD	**20.34**	**20.25**	**20.28**	**20.23**	**21.04**	**20.45**	**0.12**
Other Asia	2.69	2.70	2.71	2.78	2.77	2.74	0.06
Latin America	4.31	4.36	4.50	4.62	4.65	4.53	0.22
Middle East	1.84	1.79	1.80	1.79	1.79	1.79	-0.05
Africa	3.74	3.96	3.87	4.22	4.63	4.17	0.43
Total DCs	**12.58**	**12.82**	**12.88**	**13.42**	**13.84**	**13.24**	**0.66**
FSU	11.59	11.75	11.99	12.14	12.23	12.03	0.44
Other Europe	0.16	0.16	0.17	0.17	0.17	0.17	0.01
China	3.62	3.68	3.66	3.69	3.67	3.67	0.06
Total "Other regions"	**15.36**	**15.59**	**15.81**	**15.99**	**16.06**	**15.87**	**0.50**
Total Non-OPEC production	**48.28**	**48.66**	**48.97**	**49.64**	**50.94**	**49.56**	**1.28**
Processing gains	1.86	1.92	1.91	1.91	1.95	1.92	0.06
Total Non-OPEC supply	**50.14**	**50.58**	**50.88**	**51.54**	**52.89**	**51.48**	**1.34**
Previous estimate	50.14	50.67	51.02	51.56	52.88	51.54	1.40
Revision	**0.00**	**-0.10**	**-0.14**	**-0.02**	**0.02**	**-0.06**	**-0.06**

OECD

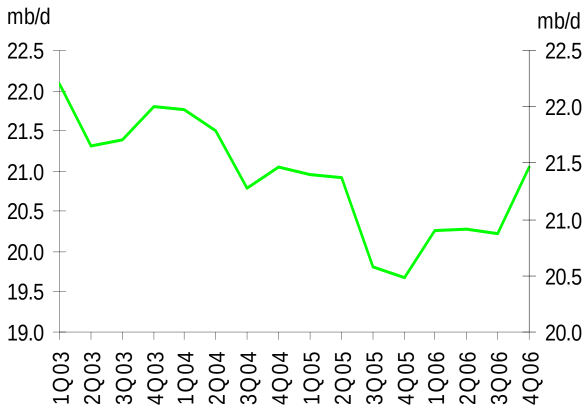
OECD oil supply is expected to average 20.5 mb/d, representing an increase of 120,000 b/d versus the previous year and unchanged from last month's report. The outlook for the USA and Canada has been revised slightly down, whilst that of the UK and Denmark has been revised up marginally.

USA

US oil supply is expected to average 7.4 mb/d in 2006, an increase of 120,000 b/d versus 2005, slightly lower versus the previous assessment. On a quarterly basis, US oil supply is expected to average 7.2 mb/d, 7.4 mb/d, 7.4 mb/d, and 7.7 mb/d in the first, second, third, and fourth quarters, respectively. The first and third quarter have been revised slightly up, whilst the second and fourth quarters have been revised marginally down.

US oil supply at 7.4 mb/d in April; most US GoM recovery expected by 3Q06

Graph 22: OECD's quarterly production



Data for the first quarter indicates that total US production performed slightly better than expectations, driven by better performance in the onshore lower 48. US production averaged 7.17 mb/d in January, 7.19 mb/d in February, and 7.21 mb/d in March for an average of 7.19 mb/d in 1Q06. Preliminary April and May data also puts US supply above 7.4 mb/d, in line with our forecast for 2Q06. The forecast has been adjusted to reflect the start-up ahead of schedule of the Mars platform (140,000 b/d) as indicated by the operator, and of other fields such as Red Hawk and Matterhorn, both of which are expected soon. However, despite these positives, the 2Q06 forecast has been revised marginally down as the absolute level was considered too high. Looking ahead, the Thunder Horse field is expect ed to start in 3Q06, Atlantis by end 4Q06, and most of the Katrina/Rita hurricane related losses to be reduced by end 3Q06, except permanent losses as indicated in the last *MOMR*. It should be noted that the contribution of the Atlantis field is now estimated to be minimal in 2006.

Mexico and Canada

Mexican oil supply is expected to average 3.8 mb/d in 2006, broadly flat from last year and unchanged from last month. The last data available indicates that total oil supply averaged 3.79 mb/d in March, up from 3.76 mb/d in February, in line with expectations. Mexican exports were relatively high in the first quarter, reaching 2 mb/d, versus a normal level of around 1.8 mb/d.

Canadian oil supply is expected to average 3.3 mb/d in 2006, representing an increase of 250,000 b/d versus 2005, and a downward revision of 34,000 b/d. Last month the forecast was revised up based on near-term production trends and higher expectations in general from conventional production, but a recent announcement made by the operator of the Terra Nova field, indicating that the field's production will be much lower than previously anticipated through 3Q06, has led to a downward revision in the country's outlook. Canadian oil supply averaged 3.17 mb/d in March and 3.18 mb/d in February. In March, the outlook for Terra Nova was revised to reflect the expectations at that time, but it now appears that additional unforeseen mechanical issues have emerged. Terra Nova produces around 125,000 b/d of oil, but it is now expected that it will produce 20,000 b/d until the end of 3Q06, much lower than the previous estimate of around 80,000 b/d.

Western Europe

Total oil supply in Western Europe is expected to average 5.4 mb/d in 2006, a drop of 260,000 b/d versus 2005, or slightly better versus last month. UK losses are now expected to be slightly lower on the back of the strong performance seen in 1Q06.

The outlook for Norway remains unchanged. Norwegian oil supply is expected to average around 2.8 mb/d in 2006, a drop of 110,000 b/d versus last year. March data indicates that oil supply averaged 2.90 mb/d compared to 2.93 mb/d in February. The months of April and May are expected to see heavy maintenance, around 300,000 b/d and 100,000 b/d, respectively.

Drop in UK oil supply slowing down

UK oil supply is now expected to average 1.8 mb/d, which represents a drop of 130,000 b/d versus 2005 but an improvement of 26,000 b/d versus last month. On a quarterly basis, total oil supply is expected to average 1.8 mb/d, 1.7 mb/d, 1.6 mb/d, 1.8 mb/d in the first, second, third and fourth quarters, representing upward revisions of 38,000 b/d, 32,000 b/d, and 32,000 b/d in the first, third and fourth quarter, respectively. 1Q06 preliminary field data indicates that production has been running ahead of expectations in some systems, whilst new small tie backs are making a much better contribution. March data also indicates that oil supply averaged 1.81 mb/d compared to 1.82 mb/d in February. Light maintenance is expected during April and May.

Elsewhere in Europe, Danish oil supply is expected to average 370,000 b/d, a drop of 10,000 b/d versus last year. The estimate for the second quarter and onwards has been revised up by around 13,000 b/d, based on lower than anticipated maintenance. March data indicates that oil supply averaged 0.4 mb/d, unchanged from the previous month.

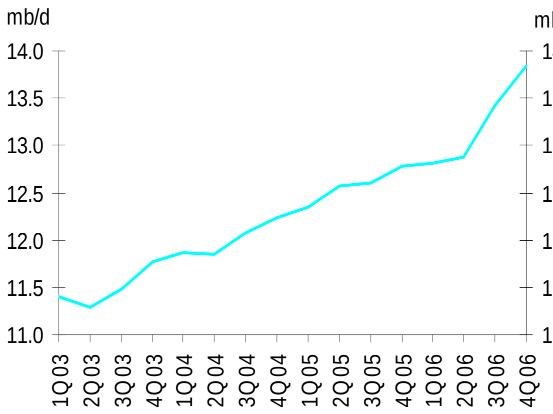
Asia Pacific

Oil supply in the Asia Pacific region is expected to average 580,000 b/d in 2006, unchanged from last month. First-quarter oil production came under pressure due to intense cyclone activity, but also due to mechanical problems in some fields in Australia. Australian oil supply is expected to average 510,000 b/d in 2006, representing a drop of 10,000 b/d versus 2005, broadly unchanged versus last month. On a quarterly basis, Australian oil supply is expected to average 0.43 mb/d, 0.47 mb/d, 0.58 mb/d, and 0.58 mb/d, in the first, second, third and fourth quarters, respectively. The latest data available indicates that March production averaged 0.44 mb/d, slight down from February.

Developing Countries

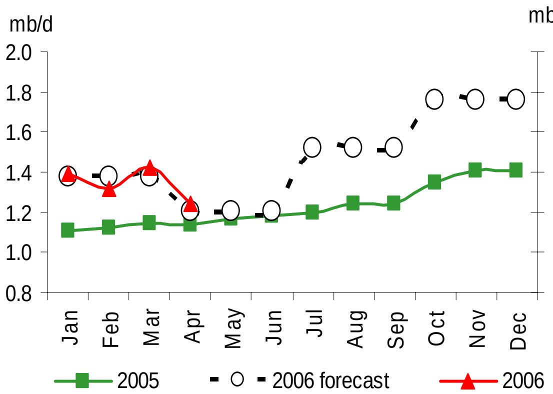
Oil supply in the Developing Countries (DCs) is expected to average 13.3 mb/d, an increase of 0.7 mb/d over 2005, but 100,000 b/d lower versus last month's report.

Graph 23: Developing Countries' quarterly production



Angolan oil supply is expected to average 1.5 mb/d, representing an increase of 240,000 b/d versus 2005, but a downward revision of 31,000 b/d versus last month. The outlook has been revised down for the second consecutive month, based on recent production data, the impact of maintenance, and near term expectations. As indicated in last *MOMR*, 2Q06 will be dominated by the shutdown of Girassol field (250,000 b/d) for maintenance and technical upgrades – something that was first disclosed in early April. However, monthly data for the first four months also indicates slightly lower production than previously anticipated, which has resulted in a downward revision to the overall forecast. After a weaker than expected 1Q06, overall production should edge upwards in 3Q06 and 4Q06 primarily due to the effect of the unwinding of Girassol, as well as the start-up of the giant Dalia field (240,000 b/d in 4Q06) which is expected to start in late September. On a quarterly basis, total oil supply is expected to average 1.4 mb/d, 1.2 mb/d, 1.5 mb/d, 1.8 mb/d in the first, second, third and fourth quarters, respectively.

Graph 24: Angolan oil production



Full start-up of Blocks 3 and 7 in Sudan delayed due to unforeseen circumstances; country outlook has been revised down significantly

The outlook for Sudan has been revised down significantly. Total oil production is expected to average 0.4 mb/d, reaching a maximum of 0.5 mb/d in the 4Q06, which represents an average increase of 80,000 b/d versus 2005 and a downward revision of 78,000 b/d from last month. The revision has been made on the back of preliminary information, which indicates that unforeseen technical issues requiring improvements in the now completed pipeline infrastructure are likely to delay the ramp up of the large project operated by Petrodar in Blocks 3 and 7 for several months, perhaps until end 3Q06. The revision follows an early warning (see March *MOMR*). The fields in Blocks 3 and 7 (Melut Basin) are connected with a 1400 km pipeline to Port Sudan in the Read Sea coast. Around 90 wells are expected to produce 200,000 b/d of 28-30° API low sulphur crude. However, the crude is quite waxy and this presents some challenges in the transport over long distances. The entire infrastructure is complete and the project has been commissioned as confirmed by official announcements, but some logistical issues still need to be resolved. On a quarterly basis, total oil supply is expected to average 0.35 mb/d, 0.37 mb/d, 0.4 mb/d, 0.5 mb/d in the first, second, third and fourth quarters, respectively.

Start-up of big projects in Brazil

On the positive side, the outlook for Argentina, Brazil and Vietnam has been revised marginally up. The outlook for Argentina has been adjusted on higher baseline production. Total oil supply is expected to average 0.7 mb/d this year, or 9,000 b/d higher than previously thought. Brazil's outlook has been adjusted to reflect the earlier start up of the P50 (180,000 b/d) and Golfinho (100,000 b/d) fields. Total oil supply is expected to average 2.2 mb/d, or 6,000 b/d higher versus the last assessment. The two largest projects are now onstream and ramp up will take place well into 3Q06; the smaller Jubarte and Piranema fields are expected to start in 4Q06 and 3Q06, respectively. March oil production is estimated at 2 mb/d. Elsewhere, Vietnam's oil production is now likely to average 390,000 b/d, marginally up versus the last assessment. A revision in the maintenance schedule has led to a marginal revision in the outlook.

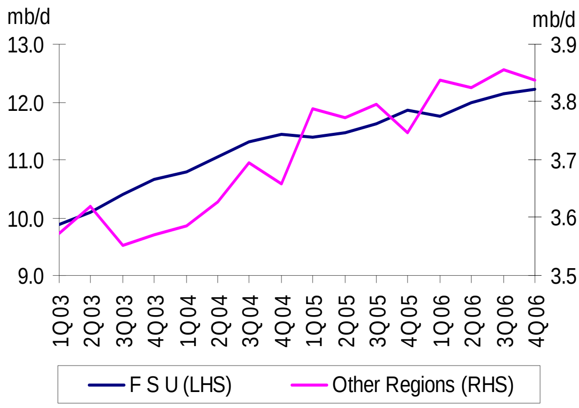
FSU, Other Regions

FSU oil supply is expected to average 12 mb/d, an increase of 0.4 mb/d versus 2005, broadly unchanged from last month. The forecast for Other Regions (China and Other Europe) also remains unchanged with total oil supply expected at 3.8 mb/d in 2005 representing an increase of 70,000 b/d from 2005.

Russia

The outlook for Russia remains broadly unchanged. Oil supply is expected to average 9.6 mb/d in 2006, an increase of 190,000 b/d versus 2005, or 11,000 b/d higher than last month. On a quarterly basis, Russian oil production is expected to average 9.5 mb/d, 9.6 mb/d, 9.7 mb/d, and 9.7 mb/d, respectively. Oil production data shows an increase in March (9.55 mb/d) and April (9.6 mb/d) from the lows seen in January (9.4 mb/d); however, from there onwards, total production is likely to show a slow seasonal recovery and increase until winter. Crude export duties continue to rise. As of 1 April, crude export duties increased to \$25.5/b a level that will be maintained for two months until 1 June, at which time export duties could rise further given the recent increase in crude prices and the lag in estimating export duties.

Graph 25: FSU and other region's quarterly production



According to preliminary official estimates, the level of crude production in Russia eligible for tax breaks is 600,000 b/d, rising to over 1 mb/d by the end of the decade

A bill that introduces changes in the Russian Mineral Extraction Tax (MET) for oil producers starting January 2007 has finally been approved. The bill gives significant tax cuts for depleted fields (80% or more reserve depletion), and up to 15-year tax holidays for new oil and gas developments in East Siberia. Some 620,000 b/d of mature crude production in Russia could be eligible for tax breaks, rising to over 1 mb/d by the end of the decade, according to preliminary official estimates. The news is positive for all Russian producers and may have a dual effect – reduce current yearly decline of around 150,000-200,000 b/d and provide a boost to long-term investments in East Siberia, where infrastructure is almost none existent. An additional amendment to the bill is being considered that would give tax holidays for fields located in the more developed regions of Timan-Pechora and offshore shelf.

Caspian, China

The outlook for Azeri oil production remains unchanged. Oil production is expected to average 0.64 mb/d in 2006, an increase of 200,000 b/d versus 2005. Azeri oil production continues to perform strongly — March production was 0.6 mb/d. However, it should continue to edge higher in the second half of 2006 when the BTC pipeline begins pumping fully. Kazak oil production is expected to average 1.3 mb/d in 2006, an increase of 50,000 b/d over last year, or 14,000 b/d higher from last month's assessment. In the last *MOMR*, it was indicated that there were positive signs to suggest that Kazak oil production may now be on a recovery path. Recent data seems to confirm this expectation as March data showed another significant improvement month-on-month; March output averaged 1.27 mb/d, up from 1.2 mb/d in February and 1.18 mb/d in January.

The estimate for China remains unchanged. Total oil supply is expected to average 3.7 mb/d, representing an increase of 60,000 b/d over last year. March data shows production of 3.7 mb/d, up from February's 3.66 mb/d. A new tax was recently introduced for upstream producers. Oil companies will have to pay a special tax (based on a sliding formula) when prices are above \$40/b. The lowest tax bracket is 20% (prices at \$40-45/b) and the highest is 40% (prices above \$60/b). There is now doubt that such a tax would affect some production and marginal development plans, but at this stage is impossible to know. Combined average production and development costs are less than \$20/b in China, and are lower in the offshore, so there is still plenty of room for producers to make a good profit with the new tax.

OPEC natural gas liquids and non-conventional oils

The estimate for 2005 remains broadly unchanged at 4.2 mb/d, representing an increase of 170,000 b/d versus 2004. A downward revision of 23,000 b/d has been implemented in OPEC's NGL estimate. The outlook for 2006 puts total OPEC NGLs and non-conventional oils at 4.5 mb/d, representing an increase of 320,000 b/d over the previous year.

Table 14: OPEC NGL + non-conventional oils - 2002-2006

2002	2003	2004	Change 04/03	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04	2006	Change 06/05
3.60	**3.71**	**4.02**	**0.31**	4.11	4.15	4.21	4.26	**4.18**	0.17	**4.50**	0.32

OPEC crude oil production

OPEC crude output averaged 29.8 mb/d in April

Total crude oil production averaged 29.8 mb/d in April, representing an increase of 164,000 b/d from last month, according to secondary sources. Iraq's oil production was 1.9 mb/d. In Nigeria, just over 0.5 mb/d of production remains affected.

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

	2004	2005	2Q05	3Q05	4Q05	Feb 06	Mar 06	Apr 06	*Apr/ Mar*
Algeria	1,228	1,349	1,344	1,366	1,374	1,374	1,378	1,377	*-0.5*
Indonesia	968	942	945	937	935	923	920	919	*-1.3*
IR Iran	3,920	3,924	3,946	3,937	3,911	3,860	3,863	3,822	*-41.3*
Iraq	2,015	1,830	1,841	1,968	1,675	1,808	1,806	1,956	*150.9*
Kuwait	2,344	2,504	2,505	2,524	2,548	2,531	2,526	2,523	*-3.3*
SP Libyan AJ	1,537	1,642	1,634	1,654	1,665	1,682	1,685	1,688	*3.0*
Nigeria	2,352	2,413	2,423	2,423	2,470	2,299	2,089	2,171	*81.6*
Qatar	777	795	794	796	806	810	817	817	*0.3*
Saudi Arabia	8,982	9,404	9,456	9,498	9,439	9,411	9,426	9,413	*-13.3*
UAE	2,360	2,447	2,398	2,478	2,518	2,542	2,553	2,519	*-33.5*
Venezuela	2,582	2,636	2,640	2,618	2,592	2,598	2,572	2,594	*21.6*
OPEC-10	**27,049**	**28,056**	**28,084**	**28,232**	**28,258**	**28,029**	**27,828**	**27,841**	***13.2***
Total OPEC	**29,064**	**29,886**	**29,925**	**30,199**	**29,933**	**29,837**	**29,634**	**29,798**	***164.1***

Totals may not add due to independent rounding.

FSU net oil exports (crude and products)

In 2005, FSU net oil exports averaged 7.7 mb/d, or 0.4 mb/d higher than the previous year. The forecast for 2006 shows FSU net oil exports averaging 8.2 mb/d, which represents an increase of 0.4 mb/d over 2005. The growth estimate represents a positive revision of around 0.1 mb/d, and comes on the back of lower demand expectations. March crude exports were strong at 5.6 mb/d, driven by an increase in exports from the Baltic region and Mediterranean port of Batumi in Georgia. Rail exports continued to perform poorly.

Table 16: FSU estimated net oil exports (historical and forecast), mb/d

	1Q	2Q	3Q	4Q	Year	Growth (y-o-y)
2002	5.14	5.84	5.85	5.49	**5.58**	**0.99**
2003	5.87	6.75	6.72	6.61	**6.49**	**0.91**
2004	7.17	7.30	7.38	7.37	**7.31**	**0.82**
2005	**7.49**	**7.73**	**7.81**	**7.89**	**7.73**	**0.42**
2006 (forecast)	**7.98**	**8.30**	**8.27**	**8.14**	**8.17**	**0.45**

Recent exports of crude and products by source, mb/d

	2004	2005	3Q05	4Q05	1Q06	Feb 06	Mar 06
Crude							
Russian pipeline							
Black Sea	1,283	1,335	1,335	1,284	1,326	1,376	1,349
Baltic	1,396	1,462	1,456	1,486	1,470	1,491	1,529
Druzhba	1,256	1,315	1,320	1,397	1,365	1,411	1,361
Total	**3,935**	**4,112**	**4,111**	**4,167**	**4,161**	**4,278**	**4,239**
Other routes							
Russian rail	706	416	333	268	310	308	290
Russian - Far East	32	65	103	71	29	21	45
Kazak rail	24	17	13	19	46	45	49
CPC pipeline	490	648	629	669	595	593	597
Caspian	252	295	305	363	353	382	360
of which							
Supsa (AIOC) - Georgia	130	137	140	143	137	155	121
Batumi - Georgia	99	140	147	203	198	207	221
Total	**1,504**	**1,441**	**1,382**	**1,390**	**1,334**	**1,349**	**1,341**
Total crude exports	**5,439**	**5,553**	**5,493**	**5,557**	**5,495**	**5,627**	**5,580**
Products							
All routes							
Fuel oil	753	836	913	931	896	773	961
Gasoil	702	759	762	765	893	924	822
Others	413	575	638	633	693	770	613
Total	**1,868**	**2,170**	**2,312**	**2,330**	**2,483**	**2,467**	**2,396**
Total oil exports	**7,307**	**7,723**	**7,805**	**7,887**	**7,978**	**8,094**	**7,976**

Source: Nefte Transport, Global Markets, Argust Fundamentals, Argus FSU, OPEC.

Rig Count

Non-OPEC rig count stood at 2,438 rigs in April

Non-OPEC

Non-OPEC rig count stood at 2,438 rigs in April, which represents a decrease of 353 rigs compared to the previous month. Of the total, 288 rigs were operating offshore and 2,150 onshore. In terms of oil and gas split, 768 rigs were drilling for oil, while the remainder were drilling for gas. Regionally, North America lost 376 rigs (mainly Canada gas rigs), Western Europe gained 1 rig, while the Middle East, Africa, Latin America and other Asia gained 22 rigs.

Table 17: Non-OPEC rig count in 2004-2005

	2004	2005	05/04	Mar 06	Apr 06	Change Apr/Mar
North America	1,669	1,975	306	2,256	1,880	-376
Western Europe	65	65	0	75	76	1
OECD Pacific	22	25	3	27	27	0
OECD	**1,755**	**2,065**	**310**	**2,358**	**1,983**	**-375**
Other Asia	126	142	16	152	150	-2
Latin America	126	141	15	140	160	20
Middle East	70	72	2	73	80	7
Africa	54	58	4	66	63	-3
DCs	**376**	**412**	**36**	**431**	**453**	**22**
FSU	na	na	na	na	na	na
Other Europe	2	3	1	2	2	0
China	na	na	na	na	na	na
Other regions	na	na	na	na	na	na
Total non-OPEC	**2,132**	**2,479**	**347**	**2,791**	**2,438**	**-353**

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

OPEC rig count stood at 311 rigs in April

OPEC

OPEC rig count stood at 311 rigs in April, representing a decrease of 6 rigs over the previous month. Gains took place in Algeria (2) and Venezuela (1). Of the total, 68 rigs were operating offshore and 243 onshore. In terms of oil and gas split, there were 248 oil rigs operating and the remainder were for gas.

Table 18: OPEC rig count in 2004-2005

	2004	2005	05/04	Mar-06	Apr-06	Change Apr/Mar
Algeria	19	21	2	22	24	2
Indonesia	49	54	5	52	45	-7
IR Iran	41	40	-1	42	41	-1
Iraq	na	na	na	na	na	na
Kuwait	10	12	2	13	13	0
SP Libyan AJ	10	9	-1	9	9	0
Nigeria	8	9	1	11	8	-3
Qatar	9	12	3	11	10	-1
Saudi Arabia	32	36	4	60	60	0
UAE	16	16	0	16	16	0
Venezuela	55	67	12	81	82	1
Total OPEC	**249**	**276**	**27**	**317**	**311**	**-6**

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

Oil Trade

OECD's total net oil imports in April increased 17,000 b/d to 27.4 mb/d, a 0.68 mb/d y-o-y growth

OECD

Preliminary data shows that OECD crude oil imports increased a mere 18,000 b/d to reach 31.7 mb/d in April while product imports remained unchanged at 11 mb/d. With exports of both crude and products remaining almost stable at 7.2 mb/d and 8.0 mb/d respectively, OECD total net oil imports increased 17,000 b/d to stand at 27.4 mb/d.

Compared to a year earlier, OECD crude oil imports were 67,000 b/d higher while exports fell 660,000 b/d, resulting in a growth in net crude oil imports of 727,000 b/d. On the product side, net imports showed a drop of 50,000 b/d resulting from an increase of 350,000 b/d in imports and an increase of 400,000 b/d in exports.

In terms of sources of imports, no change was noticed, with Saudi Arabia remaining the top crude oil supplier with 15.8% followed by FSU with 15.3% and Norway with 8% and Mexico with 7%. For products, the Netherlands, FSU and Venezuela remained the main suppliers with shares of nearly 5% each.

Table 19: OECD Crude and Product Net Imports/(Exports), tb/d

	Feb 06	Mar 06	Apr 06	Change Apr/Mar
Crude oil	24,347	24,468	24,484	16
Total products	2,848	2,947	2,948	1
Total crude and products	27,195	27,415	27,432	17

US total net oil imports dropped 140,000 b/d to 11.8 mb/d, a decline of 0.12 mb/d from last year

USA

In April, US crude oil imports fell 139,000 b/d to average around 9.8 mb/d, which corresponds to 470,000 b/d or a 4.6% y-o-y decline. This significant decrease was due to ongoing heavy maintenance, closed arbitrage and comfortable stock levels. Product trade was flat with imports showing a marginal increase of 28,000 b/d to average 1.0 mb/d and exports losing almost the same amount to stand at 2.0 mb/d. As a result, US total net crude and product imports stood at nearly 11.8 mb/d, a drop of 120,000 b/d from last year. It is worth noting that total US net oil imports remained below 12 mb/d.

The share of crude oil imports from Mexico increased from 16% in March to 18% in April, while Canada's share remained stable at around 17%. Saudi Arabia's share moved up from 13.4% to 14.4%. Compared to a year earlier, the shares of Canada, Mexico and Nigeria have increased by 2 percentage points each while Saudi Arabia's share remained stable.

For products, Canada and the Virgin Islands continued to be the main US suppliers with 16% and 10%, respectively.

Table 20: USA Crude and Product Net Imports/(Exports), tb/d

	Feb 06	Mar 06	Apr 06	Change Apr/Mar
Crude oil	9,864	9,873	9,732	-141
Total products	2,668	2,056	2,058	1
Total crude and products	12,532	11,929	11,789	-140

Japan's crude oil import growth was offset by a decline in product imports

Japan

Japan's crude oil imports continued to increase for the third consecutive month to average 4.3 b/d in April, 35,000 b/d higher than the previous month. However, compared to a year earlier, crude oil imports showed a significant growth of 490,000 b/d or 13%.

Product imports remained nearly stable at 0.9 mb/d but contrary to crude oil, they displayed a drop of 120,000b /d or 11% compared to April 2005. Product exports edged up by 36,000 b/d to 0.35 mb/d, a tripling of the year earlier level of 80,000 b/d. Consequently, Japan's total crude oil and product net imports remained unchanged from the previous month at 4.9 mb/d, but were 125, 000 b/d higher than a year earlier.

Saudi Arabia continued to be the main supplier of Japan's crude oil with 29% ahead of UAE with 25% and Iran with 12%. On the product side, UAE and Saudi Arabia remained the major suppliers accounting for a total share of 25%, almost unchanged from April 2005.

Table 21: Japan's Crude and Product Net Imports/(Exports), tb/d

	Feb 06	Mar 06	Apr 06	Change Apr/Mar
Crude oil	4,185	4,216	4,250	35
Total products	630	652	619	-33
Total crude and products	4,815	4,867	4,870	2

China

China imported 85,000 b/d more crude oil in March, but exports increased 187,000 b/d

China's crude oil imports increased 85,000 b/d in March to 3.0 mb/d while product imports continued January's downward trend to average 0.7 mb/d, a drop of 43,000 b/d from the previous month. At 3.0 mb/d China's crude oil imports showed a y-o-y growth of 300,000 b /d or 11% In contrast, product imports were 160,000 b/d or 20% lower than a year earlier.

On the export side, crude oil jumped 187,000 b/d or 153% to average 310,000 b/d, the highest level so far this year, while product exports fell 84,000 b/d or 24% to 265,000 b/d.

As a result, oil trade led to a decline of around 102,000 b/d in net crude oil imports and a growth of 41,000 b/d in net product imports to average 2.7 mb/d and 0.4 mb/d respectively. Nevertheless, compared to a year earlier, crude oil imports showed an increase of 160,000 b/d, and product imports were 60,000 b/d higher.

Angola and Saudi Arabia continued to be the main suppliers of China's crude oil imports with 20% and 19% respectively, followed by Iran and Russia with 11% each.

Table 22: China's Crude and Product Net Imports/(Exports), tb/d

	Jan 06	Feb 06	Mar 06	Change Mar/Feb
Crude oil	3,021	2,799	2,697	-102
Total products	517	397	438	41
Total crude and products	3,538	3,196	3,135	-61

India

India's oil imports remained stable

India's imports remained flat for the third consecutive month with crude oil standing at 2.2 b/d and products at 0.2 mb/d, while exports of products increased by 19,000 b/d or 3.7% to average 0.5 mb/d in March Consequently, crude oil net imports stood at 2.2 mb/d and product net exports at 0.4 mb/d. Compared to a year earlier, crude oil net imports were 210,000 b/d higher, while net product exports were 290,000 b/d lower.

Table 23: India's Crude and Product Net Imports/(Exports), tb/d

	Jan 06	Feb 06	Mar 06	Change Mar/Feb
Crude oil	2,237	2,240	2,245	5
Total products	-365	-331	-349	-18
Total crude and products	1,872	1,909	1,896	-13

Stock Movements

US commercial oil stocks declined a slight 0.8 mb in April

USA

A look at total US commercial oil stocks saw a slight decline in April of 0.8 mb to stand at 1,006.8 mb. The overall level remained around 2% and 6% above last year's level and the five-year surplus. The slowdown in stock draws came from a recovery in the stock-build of all products except for gasoline and despite the fact that the crude oil stock surplus diminished.

Crude oil stocks recorded a more moderate build of 3.6 mb in April from the previous month, rising to a very comfortable level of 346.8 mb. This represents healthy cushions of 5% and 12% against the year-ago level and the five-year average. The forward cover remained almost the same at 23.2 days or 8% above the one year earlier level and 3 days higher than the five-year average. This build occurred despite a cut in imports which fell by 87,000 b/d from March to stand at 9.76 mb/d, and an increase in refinery runs over the previous month, which rose 340,000 b/d.

Table 24: US onland commercial petroleum stocks*, mb

	Feb 06	Mar 06	Apr 06	Change Apr 06/Mar 06	Apr 05	5 May 06**
Crude oil	333.2	343.2	346.8	3.6	330.6	347.0
Gasoline	224.1	211.9	199.3	-12.6	214.8	205.1
Distillate fuel	132.2	121.0	114.6	-6.4	104.5	114.7
Residual fuel oil	41.7	39.7	40.4	0.7	36.8	40.4
Jet fuel	43.3	41.8	41.3	-0.5	38.2	41.3
Total	**1024.1**	**1007.6**	**1006.8**	**-0.8**	**992.3**	**1009.9**
SPR	684.7	686.3	687.8	1.5	691.9	688.1

* *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.

On the product side, gasoline stocks fell 12.6 mb to reach 199.3 mb in April from the previous month, which left the days of forward cover at 22.2 in the last week of April or 1.1 days lower than in the last week of March. As noted in previous reports, the fear of shortages of gasoline in the USA has been persisting as gasoline inventories deteriorated last month, experiencing a 5.4 mb drop in the first two weeks of April, but a trend reversal has occurred in the second two weeks of the month and at present gasoline inventories are only 1% below the five-year average. This unexpected development seems to be linked to the gradual end of the refinery maintenance season in the USA with production recovering to match the five-year average during the last week of April. This view may find support in the increased yields. Although declining a marginal 8,050 b/d from last month, gasoline imports were still more than 50% higher than last year and the five-year average. The mild deterioration in imports is associated with the halting of imports of reformulated gasoline as import blending components were up 156,000 b/d against the four-week average. As noted in the previous *MOMR*, the outcome will depend on the forecast demand, the availability of imports and the response of refiners to possibly higher margins. Currently, there are signs of recovery in refinery runs, and imports exceed the seasonal pattern. Nevertheless, there are signs of tightness in the European gasoline market and on the demand side data shows some stagnation during the second week of April although a rebound occurred during the two last weeks. According to the EIA there was a stagnation in demand during April and data on demand growth was revised down within two months to only 80,000 b/d. However, this may be due to the delay of purchasing by retailers hoping for prices to fall. Developments on the demand side, together with the switch to summer fuel grades and the MTBE phase-out, seem to be the two main factors to be considered in any forecast of the gasoline market in the USA. Another point to be considered is the difficulty in analysing data due to the lack of comparability of imports and production figures with previous periods following the phase-out of MTBE to ethanol. Concerning middle distillates the situation looks relatively comfortable as the deficit of 6.4 mb meant a decline of 6% compared to the previous month to stand at 114.6 mb or 10% and 7% higher than the year-ago level and the five-year average.

Western Europe

Commercial oil stocks in Europe rose 3.6 mb on increasing product inventories

Contrary to the trend in March, total commercial oil stocks in Eur-16 (EU-15 plus Norway) went up by 3.6 mb to 1,146.2 mb in April as a result of a surplus in total products which inched up by 5.8 mb or 0.2 mb/d to 634.3 mb and more than offset the small draw on crude oil stocks. This left total commercial inventories 3.5% above the year-ago level and around 9% against the five-year average.

Reversing the trend during last month, crude oil inventories experienced a mild drop of 1.3 mb or 40,000 mb/d to stand at 486.0 mb due to an increase in refinery runs which jumped by 400,000 b/d from March. However, crude inventories still look comfortable at 2.5% and 6.1% higher than a year ago and the five-year-average which is due to rising imports from North Africa and the Caspian and lower arbitrage opportunities between BFO and WTI which pushed down export to the USA. It is worth noting that April’s throughputs are still at their lowest level since 2002.

As in March, the source of concern in April remained the gasoline market, whose stocks fell by 3.1 mb from March to stand at 141.0 mb. Despite a slight improvement in the deficit from last month, stocks were 3.6% lower than last year and still below the five-year average. Booming domestic demand — especially in Germany, France and Austria — together with a remaining tight US market, opened the arbitrage window. There is still some concern about Europe’s feasibility to continue providing gasoline to the USA in the driving season and the problems which arose due to the gasoline specification changes in the USA. On the middle distillate side, the improvement in the weather conditions prompted a slump in heating oil demand turning last month’s deficit of 7.5 mb into a surplus of 3.8 mb to stand at 381.8 mb, which is still 14% higher than the 5-year average and 7% over last year. Residual fuel oil rose as export opportunities to Asia-Pacific declined following a huge increase last month. Likewise, the slump in local utility demand led to a weak demand for low-sulphur fuel oil.

Table 25: Western Europe's oil stocks*, mb

	Feb 06	Mar 06	Apr 06	Change Apr 06/Mar 06	Apr 05
Crude oil	481.4	487.3	486.0	-1.3	474.0
Mogas	150.3	144.2	141.0	-3.1	146.3
Naphtha	27.3	26.8	26.0	-0.9	23.6
Middle distillates	386.2	377.9	381.8	3.8	357.2
Fuel oils	108.8	106.4	111.5	5.1	106.0
Total products	645.2	628.5	634.3	5.8	633.2
Overall total	**1,153.9**	**1,142.6**	**1,146.2**	**3.6**	**1,107.2**

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

Japan

Commercial oil stocks in Japan continued the upward trend rising 6 mb in March

In line with the previous month, commercial oil stocks in Japan rose 5.9 mb or 0.2 mb/d to reach 168.5 mb, which was three-times higher than last February and 1.8% above last year and only 0.3% below the five-year average. The build in commercial stocks was entirely driven by a considerable rise in crude oil as total product stocks scaled down to 59.7 mb.

Commercial crude oil stocks rose by 10.3 mb to stand at 108.9 mb. The y-o-y and five-year average continued their downward trend falling by 3.5% and 1.3% respectively. This took place despite a slight increase in the refinery utilization rate. Product stocks experienced a decrease of 4.3 mb or 144,800 b/d compared to last month to stand at 59.7 mb, which was still 13.2% higher than a year ago. The spring refinery maintenance season, together with a 16% decline of in product imports and a mild increase in domestic demand, seemed to account for this stock-draw. The draw on Japanese middle distillate stocks stemmed mainly from kerosene inventories, together with a downward trend in gasoil, fuel oil A and BC, lubricating oil and other inventories which outpaced the recovery in jet fuel. Compared to last month the surplus in kerosene turned into a deficit of 23.8%, which was in line with seasonal trends, as there is a shift towards the production of jet fuel amid sluggish demand. While the production of kerosene dropped by 22%, that of jet fuel grew by 72% from the previous month, and imports of kerosene went down by 81% relative to February. Gasoline inventories exhibited a mild recovery growing by 4.4% compared to last month with the surplus being at 0.6 mb to stand at 14.4 mb which provided a 3.5% cushion against the year-ago level. Japanese refiners boosted imports of reformulates and ultra-low sulphur gasoline which grew by 482% on a monthly basis in preparation for heavy refinery maintenance. This more than overcame the 16% growth in domestic demand. The fall in Atlantic Basin east-west price differentials caused by high stocks and refinery maintenance in Asia led to an eastward flow of gasoline from the Middle East and West Africa eastwards.

Table 26: Japan's commercial oil stocks*, mb

	Jan 06	Feb 06	Mar 06	Change Mar 06/Feb 06	Mar 05
Crude oil	95.1	98.6	108.9	10.3	112.8
Gasoline	13.7	13.7	14.4	0.6	13.9
Middle distillates	33.1	31.6	27.8	-3.8	21.7
Residual fuel oil	18.7	18.7	17.6	-1.1	17.1
Total products	65.5	64.0	59.7	-4.3	52.7
Overall total**	**160.6**	**162.6**	**168.5**	**5.9**	**165.5**

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

Balance of Supply and Demand

The estimate for demand for OPEC crude in 2005 revised up to 28.9 mb/d

Estimate for 2005

The estimated demand for OPEC crude in 2005 (a-b) has been revised up to 28.9 m/d, representing an increase of 0.7 mb/d from last year and a revision of 0.1 mb/d. In the same year, OPEC crude production averaged 29.9 mb/d, which contributed to the build in OECD inventories.

Table 27: Summarized supply/demand balance for 2005, mb/d

	2004	1Q05	2Q05	3Q05	4Q05	2005
(a) World Oil Demand	82.26	83.89	82.31	82.82	83.88	83.22
(b) Non-OPEC Supply	53.92	54.47	54.74	53.89	54.21	54.33
Difference (a-b)	28.34	29.42	27.58	28.93	29.67	28.90
OPEC crude oil production	29.06	29.48	29.93	30.20	29.93	29.89
Balance	0.73	0.06	2.35	1.27	0.27	0.99

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

Demand forecast for OPEC crude in 2006 has been revised up by 0.1 mb/d to 28.6 mb/d

Forecast for 2006

In 2006, the demand for OPEC crude is expected to average 28.6 mb/d, representing an upward revision of 0.1 mb/d versus last month. On a quarterly basis, the first quarter stood at 29.7 mb/d, while the new forecast shows that demand for OPEC crude is expected at 28.2 mb/d in the second, 28.2 mb/d in the third and 28.4 mb/d in the fourth quarters. Despite the upward revisions, it is worth noting that current production is around 29.8 mb/d, and total capacity is above 32.5 mb/d.

Table 28: Summarized supply/demand balance for 2006, mb/d

	2005	1Q06	2Q06	3Q06	4Q06	2006
(a) World Oil Demand	83.22	84.61	83.55	84.32	85.90	84.60
(b) Non-OPEC Supply	54.33	54.93	55.32	56.09	57.54	55.98
Difference (a-b)	28.90	29.68	28.23	28.24	28.35	28.62
OPEC crude oil production	29.89	29.65				
Balance	0.99	-0.03				

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

Graph 26: Balance of supply and demand

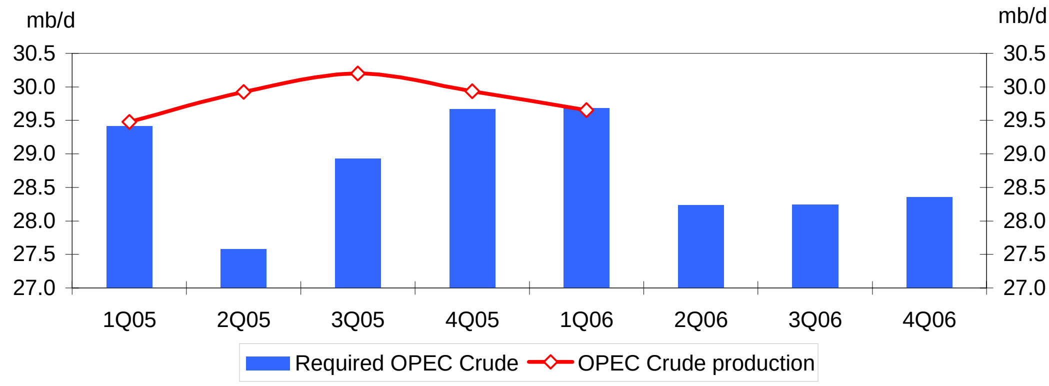


Table 29: World oil demand/supply balance, mb/d

	2001	2002	2003	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
World demand														
OECD	48.0	48.0	48.6	49.5	50.6	48.7	49.3	50.0	49.6	50.3	49.0	49.7	50.7	49.9
North America	24.0	24.1	24.5	25.3	25.5	25.3	25.5	25.4	25.4	25.1	25.5	25.8	25.9	25.6
Western Europe	15.3	15.3	15.4	15.6	15.6	15.3	15.7	15.7	15.6	15.8	15.3	15.8	15.8	15.7
Pacific	8.6	8.6	8.7	8.5	9.5	8.1	8.1	8.8	8.6	9.3	8.2	8.2	9.1	8.7
DCs	19.8	20.3	20.5	21.6	22.0	22.4	22.4	22.5	22.3	22.6	22.9	23.0	23.1	22.9
FSU	3.9	3.7	3.8	3.8	3.9	3.7	3.8	4.0	3.9	3.8	3.7	3.9	4.1	3.9
Other Europe	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.9	0.9	0.9
China	4.7	5.0	5.6	6.5	6.5	6.6	6.4	6.6	6.5	7.0	7.0	6.9	7.1	7.0
(a) Total world demand	77.2	77.8	79.3	82.3	83.9	82.3	82.8	83.9	83.2	84.6	83.6	84.3	85.9	84.6
Non-OPEC supply														
OECD	21.8	21.9	21.6	21.3	20.9	20.9	19.8	19.7	20.3	20.3	20.3	20.2	21.0	20.5
North America	14.3	14.5	14.6	14.6	14.4	14.6	13.7	13.5	14.1	14.2	14.3	14.4	14.8	14.4
Western Europe	6.7	6.6	6.4	6.1	6.0	5.7	5.5	5.6	5.7	5.6	5.4	5.2	5.5	5.4
Pacific	0.8	0.8	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.7	0.7	0.6
DCs	11.0	11.4	11.5	12.0	12.4	12.6	12.6	12.8	12.6	12.8	12.9	13.4	13.8	13.2
FSU	8.5	9.3	10.3	11.2	11.4	11.5	11.6	11.9	11.6	11.8	12.0	12.1	12.2	12.0
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.3	3.4	3.4	3.5	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7
Processing gains	1.7	1.7	1.8	1.8	1.9	1.9	1.8	1.9	1.9	1.9	1.9	1.9	2.0	1.9
Total non-OPEC supply	46.5	47.9	48.8	49.9	50.4	50.6	49.7	50.0	50.1	50.6	50.9	51.5	52.9	51.5
OPEC NGLs + non-conventional oils	3.6	3.6	3.7	4.0	4.1	4.2	4.2	4.3	4.2	4.4	4.4	4.5	4.7	4.5
(b) Total non-OPEC supply and OPEC NGLs	50.1	51.5	52.5	53.9	54.5	54.7	53.9	54.2	54.3	54.9	55.3	56.1	57.5	56.0
OPEC crude oil production (secondary sources)	27.2	25.4	27.0	29.1	29.5	29.9	30.2	29.9	29.9	29.7				
Total supply	77.3	76.9	79.5	83.0	83.9	84.7	84.1	84.1	84.2	84.6				
Balance (stock change and miscellaneous)	0.1	-0.9	0.1	0.7	0.1	2.3	1.3	0.3	1.0	0.0				
OECD closing stock levels (*mb*)														
Commercial	2630	2476	2517	2550	2546	2625	2646	2593	2593	2620				
SPR	1288	1347	1411	1450	1462	1494	1494	1487	1487	1487				
Total	3918	3823	3928	4000	4008	4119	4140	4080	4080	4106				
Oil-on-water	830	816	883	906	927	929	925	959	959	na				
Days of forward consumption in OECD														
Commercial onland stocks	55	51	51	51	52	53	53	52	52	53				
SPR	27	28	29	29	30	30	30	30	30	30				
Total	82	79	79	81	82	84	83	81	82	84				
Memo items														
FSU net exports	4.6	5.6	6.5	7.3	7.5	7.7	7.8	7.9	7.7	8.0	8.3	8.3	8.1	8.2
(a) - (b)	27.1	26.3	26.9	28.3	29.4	27.6	28.9	29.7	28.9	29.7	28.2	28.2	28.4	28.6

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

na Not available.

Table 30: World oil demand/supply balance: changes from last month's table † , mb/d

	2001	2002	2003	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
World demand														
OECD	-	-	-	-	-	-	-	-	-	-0.4	-	-	-	-0.1
North America	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-0.1
Western Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-0.2	-	-	0.1	-
DCs	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	-	0.2
FSU	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-0.1
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
(a) Total world demand	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-0.3	0.2	0.2	0.1	0.1
Non-OPEC supply														
OECD	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
North America	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-0.1	-0.2	-0.1	-	-0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-0.1
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-0.1
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	-	-	-	-	-	-	-0.1				
Balance (stock change and miscellaneous)	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1	0.2				
OECD closing stock levels (*mb*)														
Commercial	-	-	-	-	-	-	-	-	-	-				
SPR	-	-	-	-	-	-	-	-	-	-				
Total	-	-	-	-	-	-	-	-	-	-				
Oil-on-water	-	-	-	-3	-	-	-	-	-	-				
Days of forward consumption in OECD										-				
Commercial onland stocks	-	-	-	-	-	-	-	-	-	-				
SPR	-	-	-	-	-	-	-	-	-	-				
Total	-	-	-	-	-	-	-	0.6	-	-				
Memo items														
FSU net exports	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	0.1
(a) - (b)	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	-0.2	0.4	0.3	0.1	0.1

† *This compares Table 29 in this issue of the MOMR with Table 29 in the April 2006 issue.*

This table shows only where changes have occurred.

Table 31: OECD oil stocks and oil on water at the end of period

	2001	2002	2003	2004	2005	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06
Closing stock levels *mb*														
OECD onland commercial	2,630	2,476	2,517	2,550	2,593	2,465	2,545	2,581	2,550	2,546	2,625	2,646	2,593	2,620
North America	1,262	1,174	1,161	1,193	1256	1,145	1,193	1,206	1,193	1,200	1,275	1,257	1,256	1,262
Western Europe	925	895	922	927	943	919	933	945	927	957	928	957	943	955
OECD Pacific	443	408	435	430	394	400	420	430	430	389	422	432	394	403
OECD SPR	1,288	1,347	1,411	1,450	1,487	1,423	1,429	1,435	1,450	1,462	1,494	1,494	1,487	1,487
North America	552	601	640	678	687	654	664	672	678	690	698	696	687	688
Western Europe	356	357	374	377	407	371	366	367	377	377	401	405	407	406
OECD Pacific	380	389	396	396	393	398	398	396	396	396	395	393	393	392
OECD total	3,918	3,823	3,928	4,000	4,080	3,888	3,974	4,016	4,000	4,008	4,119	4,140	4,080	4,106
Oil-on-water	830	816	883	906	959	906	892	894	906	927	929	925	959	na
Days of forward consumption in OECD														
OECD onland commercial	55	51	51	51	52	51	52	51	50	52	53	53	52	53
North America	52	48	46	47	49	46	47	47	47	47	50	50	50	49
Western Europe	61	58	59	60	60	60	60	59	60	63	59	61	60	62
OECD Pacific	52	47	51	50	45	51	51	49	45	48	52	49	42	49
OECD SPR	27	28	29	29	30	30	29	28	29	30	30	30	30	30
North America	23	25	25	27	27	26	26	26	27	27	27	27	27	27
Western Europe	23	23	24	24	26	24	23	23	24	25	26	26	26	27
OECD Pacific	44	45	46	46	45	50	49	45	42	49	49	45	42	48
OECD total	82	79	79	81	82	81	81	80	79	82	84	83	81	84

na Not available.

Table 32: Non-OPEC supply and OPEC natural gas liquids, mb/d

	2001	2002	2003	2004	Change 04/03	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04	1Q06	2Q06	3Q06	4Q06	2006	Change 06/05
USA	8.05	8.04	7.82	7.65	-0.17	7.71	7.74	7.02	6.64	7.27	-0.38	7.19	7.35	7.44	7.60	7.40	0.12
Canada	2.73	2.84	2.98	3.07	0.09	2.94	2.95	3.00	3.17	3.02	-0.05	3.19	3.19	3.24	3.44	3.27	0.25
Mexico	3.57	3.59	3.80	3.83	0.04	3.75	3.88	3.71	3.73	3.77	-0.07	3.79	3.79	3.71	3.80	3.77	0.00
North America	14.34	14.48	14.60	14.56	-0.04	14.40	14.57	13.74	13.54	14.06	-0.50	14.17	14.33	14.38	14.85	14.43	0.37
Norway	3.42	3.33	3.26	3.19	-0.07	3.08	2.94	2.93	2.92	2.97	-0.22	2.93	2.87	2.77	2.86	2.86	-0.11
UK	2.54	2.52	2.33	2.09	-0.23	2.05	1.95	1.71	1.83	1.88	-0.21	1.85	1.73	1.60	1.83	1.75	-0.13
Denmark	0.35	0.37	0.37	0.39	0.02	0.39	0.38	0.37	0.36	0.38	-0.01	0.36	0.38	0.36	0.37	0.37	-0.01
Other Western Europe	0.38	0.42	0.43	0.47	0.04	0.48	0.46	0.47	0.46	0.47	0.00	0.47	0.45	0.46	0.48	0.46	0.00
Western Europe	6.68	6.65	6.39	6.15	-0.25	6.01	5.73	5.49	5.57	5.70	-0.45	5.60	5.43	5.19	5.54	5.44	-0.26
Australia	0.71	0.70	0.60	0.52	-0.08	0.48	0.57	0.54	0.51	0.53	0.01	0.43	0.47	0.58	0.58	0.51	-0.01
Other Pacific	0.07	0.06	0.06	0.05	0.00	0.05	0.05	0.05	0.05	0.05	0.00	0.05	0.05	0.07	0.07	0.06	0.01
OECD Pacific	0.78	0.77	0.65	0.57	-0.08	0.54	0.62	0.59	0.56	0.58	0.00	0.48	0.52	0.65	0.66	0.58	0.00
Total OECD	21.81	21.89	21.65	21.28	-0.37	20.95	20.92	19.82	19.68	20.34	-0.94	20.25	20.28	20.23	21.04	20.45	0.12
Brunei	0.20	0.20	0.21	0.21	0.00	0.21	0.21	0.21	0.21	0.21	0.00	0.22	0.22	0.22	0.22	0.22	0.01
India	0.73	0.78	0.79	0.80	0.01	0.80	0.80	0.73	0.75	0.77	-0.03	0.79	0.80	0.83	0.83	0.81	0.04
Malaysia	0.68	0.71	0.75	0.83	0.08	0.86	0.84	0.86	0.85	0.85	0.02	0.83	0.84	0.85	0.84	0.84	-0.01
Vietnam	0.34	0.34	0.35	0.40	0.04	0.38	0.38	0.37	0.40	0.38	-0.02	0.38	0.36	0.40	0.40	0.39	0.00
Asia others	0.31	0.31	0.30	0.37	0.07	0.46	0.47	0.48	0.48	0.48	0.10	0.48	0.49	0.49	0.49	0.49	0.01
Other Asia	2.26	2.35	2.40	2.61	0.21	2.71	2.70	2.66	2.69	2.69	0.08	2.70	2.71	2.78	2.77	2.74	0.06
Argentina	0.86	0.84	0.84	0.79	-0.05	0.77	0.77	0.75	0.73	0.75	-0.03	0.74	0.73	0.72	0.72	0.73	-0.03
Brazil	1.53	1.72	1.80	1.79	-0.01	1.85	2.03	2.02	2.03	1.98	0.19	2.05	2.16	2.31	2.35	2.22	0.23
Colombia	0.61	0.58	0.55	0.53	-0.01	0.52	0.53	0.53	0.53	0.53	0.00	0.53	0.53	0.53	0.53	0.53	0.00
Ecuador	0.41	0.40	0.43	0.53	0.10	0.55	0.54	0.53	0.55	0.54	0.01	0.53	0.54	0.53	0.53	0.53	-0.01
Trinidad & Tobago	0.13	0.15	0.16	0.16	-0.01	0.20	0.21	0.22	0.22	0.21	0.05	0.22	0.24	0.24	0.24	0.23	0.02
L. America others	0.24	0.25	0.26	0.27	0.01	0.29	0.30	0.29	0.29	0.29	0.02	0.29	0.30	0.29	0.29	0.29	0.00
Latin America	3.78	3.95	4.04	4.07	0.03	4.18	4.38	4.34	4.35	4.31	0.24	4.36	4.50	4.62	4.65	4.53	0.22
Bahrain	0.19	0.20	0.20	0.20	0.00	0.20	0.20	0.20	0.20	0.20	0.00	0.20	0.20	0.20	0.20	0.20	0.00
Oman	0.96	0.90	0.82	0.79	-0.03	0.77	0.78	0.78	0.76	0.77	-0.02	0.74	0.75	0.75	0.75	0.75	-0.02
Syria	0.54	0.55	0.53	0.50	-0.03	0.49	0.48	0.46	0.45	0.47	-0.03	0.44	0.44	0.43	0.43	0.43	-0.04
Yemen	0.47	0.46	0.44	0.42	-0.03	0.40	0.40	0.40	0.41	0.40	-0.02	0.41	0.41	0.41	0.41	0.41	0.01
Middle East	2.15	2.10	2.00	1.91	-0.09	1.86	1.85	1.84	1.82	1.84	-0.07	1.79	1.80	1.79	1.79	1.79	-0.05
Angola	0.74	0.89	0.87	0.99	0.11	1.13	1.17	1.23	1.39	1.23	0.24	1.38	1.21	1.52	1.76	1.47	0.24
Chad	0.00	0.00	0.02	0.16	0.13	0.18	0.18	0.18	0.18	0.18	0.02	0.18	0.18	0.18	0.18	0.18	0.00
Congo	0.27	0.25	0.24	0.24	0.00	0.24	0.24	0.24	0.24	0.24	0.00	0.25	0.25	0.25	0.25	0.25	0.01
Egypt	0.76	0.75	0.75	0.71	-0.04	0.70	0.69	0.69	0.70	0.70	-0.01	0.69	0.68	0.67	0.71	0.68	-0.01
Equatorial Guinea	0.14	0.20	0.24	0.34	0.10	0.35	0.36	0.36	0.36	0.36	0.02	0.36	0.35	0.35	0.35	0.36	0.00
Gabon	0.30	0.29	0.25	0.25	0.00	0.25	0.25	0.26	0.25	0.25	0.00	0.25	0.26	0.26	0.27	0.26	0.01
South Africa	0.18	0.19	0.20	0.22	0.02	0.21	0.20	0.20	0.20	0.20	-0.02	0.20	0.20	0.20	0.20	0.20	0.00
Sudan	0.21	0.24	0.27	0.30	0.04	0.31	0.33	0.36	0.35	0.34	0.04	0.35	0.37	0.41	0.52	0.41	0.08
Africa other	0.20	0.20	0.20	0.21	0.01	0.23	0.22	0.25	0.27	0.24	0.04	0.31	0.37	0.37	0.39	0.36	0.12
Africa	2.79	3.01	3.05	3.42	0.37	3.60	3.65	3.78	3.94	3.74	0.32	3.96	3.87	4.22	4.63	4.17	0.43
Total DCs	10.98	11.41	11.49	12.01	0.52	12.36	12.57	12.61	12.79	12.58	0.58	12.82	12.88	13.42	13.84	13.24	0.66
FSU	8.53	9.32	10.27	11.15	0.89	11.39	11.47	11.62	11.86	11.59	0.43	11.75	11.99	12.14	12.23	12.03	0.44
Russia	6.99	7.62	8.46	9.19	0.73	9.30	9.34	9.50	9.60	9.44	0.25	9.48	9.61	9.70	9.73	9.63	0.19
Kazakhstan	0.80	0.94	1.03	1.18	0.15	1.26	1.22	1.17	1.27	1.23	0.05	1.22	1.28	1.30	1.32	1.28	0.05
Azerbaijan	0.30	0.31	0.31	0.31	0.00	0.35	0.42	0.47	0.53	0.44	0.13	0.58	0.62	0.66	0.70	0.64	0.20
FSU others	0.45	0.45	0.47	0.47	0.01	0.47	0.48	0.49	0.46	0.48	0.00	0.47	0.47	0.47	0.47	0.47	0.00
Other Europe	0.18	0.18	0.17	0.16	-0.01	0.16	0.16	0.16	0.16	0.16	0.00	0.16	0.17	0.17	0.17	0.17	0.01
China	3.30	3.39	3.41	3.49	0.08	3.63	3.61	3.64	3.59	3.62	0.13	3.68	3.66	3.69	3.67	3.67	0.06
Non-OPEC production	44.80	46.20	46.98	48.08	1.10	48.48	48.73	47.84	48.07	48.28	0.20	48.66	48.97	49.64	50.94	49.56	1.28
Processing gains	1.69	1.73	1.80	1.83	0.03	1.88	1.85	1.84	1.88	1.86	0.03	1.92	1.91	1.91	1.95	1.92	0.06
Non-OPEC supply	46.49	47.93	48.77	49.91	1.13	50.36	50.58	49.68	49.95	50.14	0.24	50.58	50.88	51.54	52.89	51.48	1.34
OPEC NGL	3.40	3.42	3.57	3.85	0.28	3.94	3.98	4.04	4.09	4.01	0.17	4.20	4.30	4.39	4.47	4.34	0.33
OPEC Non-conventional	0.18	0.18	0.14	0.17	0.03	0.17	0.17	0.17	0.17	0.17	0.00	0.15	0.14	0.15	0.18	0.16	-0.01
OPEC (NGL+NCF)	3.58	3.60	3.71	4.02	0.31	4.11	4.15	4.21	4.26	4.18	0.17	4.35	4.44	4.54	4.65	4.50	0.32
Non-OPEC & OPEC (NGL+NCF)	50.07	51.53	52.48	53.92	1.44	54.47	54.74	53.89	54.21	54.33	0.40	54.93	55.32	56.09	57.54	55.98	1.65

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

Table 33: Non-OPEC Rig Count

	2001	2002	2003	Change 03/02	1Q 04	2Q 04	3Q 04	4Q 04	2004	Change 04/03	1Q 05	2Q 05	3Q 05	4Q 05	2005	Change 05/04	Mar 06	1Q 06	Apr 06	Change Apr 06 - Mar 06
USA	1,156	831	1,032	201	1,119	1,164	1,229	1,249	1,190	158	1,279	1,336	1,419	1,478	1,378	188	1,551	1,519	1,597	46
Canada	342	266	372	106	528	202	326	420	369	-3	620	241	527	572	490	121	620	665	198	-422
Mexico	54	65	92	27	107	113	111	108	110	18	114	116	104	93	107	-3	85	85	85	0
North America	1,552	1,162	1,496	334	1,754	1,479	1,665	1,777	1,669	173	2,013	1,693	2,050	2,143	1,975	306	2,256	2,269	1,880	-376
Norway	23	19	19	0	19	18	14	16	17	-2	15	18	19	17	17	0	18	19	21	3
UK	24	26	20	-6	15	19	14	15	16	-4	16	22	23	24	21	5	30	29	25	-5
Denmark	4	4	4	0	4	4	3	4	4	0	2	3	2	2	2	-2	4	3	4	0
Other Western Europe	44	36	36	0	31	30	27	27	29	-7	23	24	25	24	24	-5	23	26	26	3
Western Europe	95	85	78	-7	69	70	57	62	65	-13	56	67	68	68	65	0	75	77	76	1
Australia	10	9	11	2	12	13	18	14	14	3	17	15	17	15	16	2	19	16	19	0
Other Pacific	9	8	7	-1	7	8	9	6	8	1	7	10	10	9	9	1	8	9	8	0
OECD Pacific	20	17	18	1	19	22	26	20	22	4	24	25	27	24	25	3	27	25	27	0
Total OECD	1,667	1,264	1,592	328	1,842	1,570	1,749	1,859	1,755	163	2,093	1,785	2,146	2,234	2,065	310	2,358	2,371	1,983	-375
Brunei	3	3	3	0	2	3	3	2	3	0	1	2	3	2	2	-1	2	3	4	2
India	50	55	60	5	64	68	71	76	70	10	76	76	81	84	79	9	83	82	79	-4
Malaysia	11	14	14	0	15	15	13	13	14	0	12	14	14	13	13	-1	15	15	15	0
Papua New Guinea	1	1	2	1	3	2	0	1	2	0	1	2	2	2	2	0	3	3	3	0
Vietnam	8	9	9	0	8	9	8	7	8	-1	8	10	10	10	9	1	9	10	8	-1
Asia others	22	30	29	-1	27	31	31	31	30	1	35	36	36	37	36	6	40	40	41	1
Other Asia	95	111	117	6	119	128	127	130	126	9	133	140	146	148	142	16	152	153	150	-2
Argentina	71	49	60	11	64	73	73	74	71	11	74	76	78	79	77	6	69	75	79	10
Brazil	28	27	26	-1	24	26	26	26	26	0	26	27	28	27	27	1	27	31	32	5
Colombia	15	11	11	0	8	9	9	11	9	-2	13	12	16	19	15	6	21	20	24	3
Ecuador	10	9	9	0	7	9	12	12	10	1	10	12	11	13	12	2	12	12	12	0
Peru	4	2	3	1	2	2	3	3	2	-1	3	4	3	3	4	2	4	3	4	0
Trinidad & Tobago	5	4	3	-1	3	4	4	4	4	1	3	2	2	4	3	-1	3	3	4	1
L. America others	7	5	4	-1	6	6	3	4	5	1	3	4	3	5	4	-1	4	5	5	1
Latin America	141	106	116	10	114	127	129	134	126	10	133	138	141	151	141	15	140	149	160	20
Bahrain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	25	29	35	6	36	35	34	36	35	0	34	35	34	35	34	-1	36	34	38	2
Syria	19	22	24	2	24	24	23	23	24	0	21	20	22	23	22	-2	22	22	22	0
Yemen	6	9	9	0	7	8	9	11	9	0	10	11	13	14	12	3	12	13	17	5
Middle East	50	62	70	8	69	68	69	73	70	0	69	71	73	75	72	2	73	72	80	7
Angola	5	5	4	-1	4	3	3	3	3	-1	3	3	3	2	3	0	4	4	5	1
Cameroon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	1	1	1	0	2	2	3	2	2	1	3	2	2	2	2	0	3	1	3	0
Egypt	22	23	26	3	27	28	29	28	28	2	28	30	28	30	29	1	33	32	31	-2
Gabon	2	2	3	1	2	2	2	2	2	-1	2	3	2	2	2	0	2	2	2	0
South Africa	1	1	0	-1	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0
Africa other	4	12	13	1	15	18	20	22	19	6	23	21	19	23	21	2	23	23	21	-2
Africa	36	43	48	5	48	53	56	57	54	6	58	58	54	60	58	4	66	62	63	-3
Total DCs	322	322	350	28	350	376	381	394	376	26	393	407	414	433	412	36	431	436	453	22
FSU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Europe	3	2	2	0	2	2	2	2	2	0	3	2	3	2	3	1	2	2	2	0
China	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-OPEC Rig count	1,992	1,588	1,944	356	2,194	1,949	2,132	2,255	2,132	188	2,489	2,194	2,562	2,670	2,479	347	2,791	2,809	2,438	-353

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

Main Contributors to Monthly Oil Market Report

WORLD ECONOMY	Dr. M. El-Shahati e-mail: MElShahati@opec.org: Mr. G. Skipper e-mail: gskipper@opec.org
CRUDE OIL PRICES	Mr. F. Al-Nassar e-mail: fal-nassar@opec.org
PRODUCTS AND REFINERY OPERATIONS	Mr. S. Keramati e-mail: skeramati@opec.org
THE TANKER MARKET OIL TRADE	Mr. B. Aklil e-mail: baklil@opec.org
WORLD OIL DEMAND	Mr. E.S. Al-Khalifa e-mail: ekhalifa@opec.org
WORLD OIL SUPPLY	Mr. I. Sandrea e-mail: isandrea@opec.org
STOCK MOVEMENTS	Dr. O. López-Gonzalez e-mail: olopez@opec.org
COORDINATORS	Mr. M. Alipour-Jeddi Head, Petroleum Market Analysis Dept. e-mail: majeddi@opec.org Dr. A. Yahyai e-mail: ayahyai@opec.org Mr. D. Linton e-mail : dlinton@opec.org

Data is provided by Data Services Department.

Data Summary May 2006

OPEC Basket average price

US$ per barrel

⬆ *up 6.57 in April*

April 2006	***64.44***
March 2006	*57.87*
Year-to-date	*59.23*

April OPEC production

in million barrels per day, according to secondary sources

Algeria	*1.38*	*Kuwait*	*2.52*	*Saudi Arabia*	*9.41*
Indonesia	*0.92*	*SP Libyan AJ*	*1.69*	*UAE*	*2.52*
IR Iran	*3.82*	*Nigeria*	*2.17*	*Venezuela*	*2.59*
Iraq	*1.96*	*Qatar*	*0.82*	***TOTAL***	***29.80***

Supply and demand

in million barrels per day

2005		***2006***	
World demand	*83.2*	*World demand*	*84.6*
Non-OPEC supply	*54.3*	*Non-OPEC supply*	*56.0*
Difference	***28.9***	***Difference***	***28.6***

Non-OPEC supply includes OPEC NGLs and non-conventional oils
Totals may not add due to independent rounding.

Stocks

US commercial oil stocks saw a slight draw of 0.8 mb in April.

World economy

World GDP growth unchanged at 4.7% for 2005 and revised up to 4.7% for 2006.

Issued 17 May 2006
Next report to be issued on 19 June 2006

Data covers period up to end of April 2006 unless otherwise stated