OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

October 2003

Feature Article:
Driving factors in recent oil market dynamics

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Oil Market Highlights

- **World GDP is forecast to grow by 3.2% in 2003**, unchanged from last month's estimate. The forecast for the OECD also remains unchanged, taking into account a slight increase in the US forecast balanced by a reduction in Japan's. **The US outlook continues to benefit from very strong growth in consumer spending**, while the outlook for Japan has dimmed on concern that the pace of capital spending may ease and the higher yen undermine export growth. Estimates for Asia Pacific have been raised slightly as the outlook for most Asian economies continues to improve. Otherwise, the forecast for developing countries as a group is unchanged with GDP expected to grow by 3.5%. Estimates for EU members for 2003 have been reduced by 0.2% on average, while forecasts have been increased for the fast growing economies of former socialist countries such as Poland.

- North America and Europe are expected to achieve higher growth rates in 2004, but **Japan's performance may be restrained by continued low levels of domestic demand** The forecast for Europe in 2004 is unchanged despite the continuing poor performance of many of the region's economies. This reflects recent signs of stabilization and improving expectations, particularly in Germany. The growth rates of Asia Pacific, Latin America and Africa should benefit from higher OECD growth at 2.8%, while **the growth rate for World GDP is expected to rise to 4.0% in 2004.**

- Improved **economic growth** in 2004 will be most conspicuous **in economies with links to China and the United States**. North America and Latin America should see significant acceleration as momentum from the strong second half of 2003 boosts export activity. **The outlook for Europe in 2004 is dependent on domestic recovery** as high costs and an appreciating currency may restrict exports. Following the G7 announcement, Japan may also struggle to grow exports in 2004, although continued expansion in China and trade links to the US should support Asian growth. **Other Asia — which excludes Japan, China and Korea — should see a growth rate of 5.2%, easily the highest of all the global regions**.

- The five-month recovery, which began in April this year and took the price of the Reference Basket to $28.63/b in August, came to an abrupt halt in September as the Basket plunged $2.31/b or 8.07% to $26.32/b. On a weekly count, **the Basket went on a free fall during most of September**, pulling up only towards the end of the month. In the week ending 9 October, the Basket scored a solid rise of $1.41/b, **before soaring to $29.74/b on 16 October, well above the upper limit of the price band mechanism.**

- **Product prices in September were generally driven lower by considerable falls in crude prices**. The sharp seasonal decline in US gasoline demand further depressed regional prices, which, in turn, extended to other markets, while modest growth in distillate demand in all three markets cushioned the fall of the gasoil price. As result, refinery margins retreated in the USA and Europe yet still remained in positive territory. Nonetheless, with the start of the autumn maintenance season, refinery throughput decreased in the USA but increased in Europe and Japan on efforts to prepare distillate stockpiles for the impending winter season.

- **OPEC area spot fixtures showed a contra-seasonal decline of 2.37 mb/d to stand at 9.17 mb/d, a drop of 35% from the level observed a year ago**. Freight rates for crude oil cargoes reversed last month's downward trend, showing considerable increases, especially in the VLCC sector. The exception was 70,000-100,000 DWT and 40,000-70,000 DWT cargoes, which witnessed moderate losses on some routes. **Product freight rates showed mixed directions but were generally soft.** Medium-range tankers carrying 30 50,000 DWT along the Middle East/East route were the sole exception as rates rose a considerable 40 points to a monthly average of WS 210 due to relatively healthy activity.

- Except for some minor adjustments, **world oil demand estimates and forecasts for 2003 and 2004 remain much the same** as those presented in the previous *MOMR*. Both the demand volume and increment for 2003 have been adjusted upwards and now stand at 78.18 mb/d and 1.20 mb/d respectively. The world demand forecast for 2004 has been revised down slightly to 79.25 mb/d compared to a previous 79.33 mb/d.

- **OPEC crude oil production in September**, based on secondary sources, **is estimated at 27.11 mb/d**. Non-OPEC oil supply for 2003 is forecast at 48.74 mb/d, which is 0.93 mb/d more than the 47.81 mb/d estimated for 2004. **Non-OPEC supply in 2004 is expected to reach 49.97 mb/d, an increase of 1.24 mb/d over the 2003 forecast.** Net FSU exports for 2002 and 2003 are estimated at 5.56 mb/d and 6.32 mb/d respectively, and expected to rise to 6.85 mb/d in 2004.

- **US oil commercial stocks rose a considerable 32.0 mb to stand at 967.0 mb in September**, with crude oil and products contributing to the increase. **The most recent weekly data from 16 October confirms that crude oil stocks experienced a continued build and distillate inventories remain within the normal range.** Total oil stocks in the Eur-16 registered a contra-seasonal build of around 18 mb to 1,045.8 mb, mainly on a 13 mb decrease in crude oil stocks. Japan's commercial stocks continued their upward trend in August, increasing by 1.6 mb, while crude oil inventories registered a draw of 3.7 mb, which was still 8% above the year-ago level.

Data Summary October 2003

OPEC Basket average price

US$ per barrel

⬇ *down 2.31 in September*

September 2003	***26.32***
August 2003	*28.63*
Year-to-date	*27.84*

September OPEC production

in million barrels per day, according to secondary sources

Algeria	*1.18*	*Kuwait*	*2.11*	*Saudi Arabia*	*8.46*
Indonesia	*1.02*	*SP Libyan AJ*	*1.44*	*UAE*	*2.26*
IR Iran	*3.77*	*Nigeria*	*2.19*	*Venezuela*	*2.50*
Iraq	*1.44*	*Qatar*	*0.74*	***TOTAL***	***27.11***

Supply and demand

in million barrels per day

2003		**2004**	
World demand	*78.18*	*World demand*	*79.25*
Non-OPEC supply	*52.32*	*Non-OPEC supply*	*53.80*
Difference	***25.86***	***Difference***	***25.45***

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

Stocks

Commercial stocks display massive seasonal build of 32.0 mb in USA in September

World economy

World GDP growth unchanged for both 2003 and 2004

127th Meeting of the OPEC Conference
Vienna, Austria, 24 September 2003

The 127th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on 24 September 2003, under the Chairmanship of its President, HE Abdullah bin Hamad Al Attiyah, Second Deputy Prime Minister, Minister of Energy & Industry of Qatar and Head of its Delegation, and its Alternate President, HE Dr Purnomo Yusgiantoro, Minister of Energy & Mines of Indonesia and Head of its Delegation.

The Conference congratulated the President of the Conference on his recent appointment as his Country's Second Deputy Prime Minister, and welcomed the newly appointed Minister of Oil of the Republic of Iraq, HE Dr Ibrahim Bahr Alolom, as the Head of its Delegation, as well as the newly appointed Minister of Energy of the State of Kuwait, HE Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, as the Head of its Delegation.

After warmly welcoming the Minister of Petroleum & Mineral Resources of the Syrian Arab Republic and high-level representatives from Angola, Egypt, Mexico, the Sultanate of Oman, and the Russian Federation, the Conference again highlighted the importance of strengthening effective co-operation with all non-OPEC producing countries in the interests of achieving stability in the oil market and prices.

The Conference considered the Secretary General's report, the report of the Economic Commission Board, the report of the Ministerial Monitoring Sub-Committee (MMSC), chaired by HE Bijan Namdar Zangeneh, Minister of Petroleum of the Islamic Republic of Iran, and various administrative matters.

Having reviewed the current oil market, the Conference noted that, whilst the global economy appears to be improving, only normal, seasonal growth in demand is expected for the fourth quarter, and the market continues to be well-supplied. In view of the continued rise in non-OPEC supplies and the ongoing recovery in Iraqi production, stocks have been replenished and are rapidly reaching normal seasonal levels, with the supply/demand balance for the fourth quarter 2003 and first quarter 2004 indicating a contra-seasonal stock build-up. This could have a destabilizing effect on the market which requires a reduction of supplies from all producers to ensure stability.

The Conference noted its decisions in January and April 2003 to adjust the production ceiling prior to the supply disruption from Iraq. Noting, also, the gradual return of this Founding Member to the market, and in order to ensure balance to the market, the Conference decided to return to the ceiling of 24.5 mb/d and the agreed production levels, with effect from 1 November 2003. In this regard, all Member Countries reiterated their commitment to the agreed production levels and underlined the special importance of full compliance and strict discipline in implementing such agreements. Having taken this decision in recognition of the importance of maintaining oil market stability for the benefit of the world economy, as well as for consumers and producers, the Conference expressed its expectation that non-OPEC oil producers will take concrete measures to restrain their production increases, thereby actively sharing, with the Organization, the burden of maintaining price and market stability in 2004 and thereafter.

Moreover, taking into consideration the market outlook for 2004, with its concomitant uncertainties, the Conference further decided to convene an Extraordinary Meeting in Vienna on 4 December 2003, to review market developments and take whatever measures it deems appropriate at that time.

The Conference elected HE Dr Purnomo Yusgiantoro, Minister of Energy & Mines of Indonesia and Head of its Delegation, as President of the Conference, and HE Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, Minister of Energy of the State of Kuwait and Head of its Delegation, as Alternate President, for one year with effect from 1 January 2004.

The Conference appointed Mr Elie Habalian Dumat, Governor for Venezuela, as Chairman of the Board of Governors for the year 2004, and Mr Mohamed Meziane, Governor for Algeria, as Alternate Chairman for the same period, with effect from 1 January 2004.

The Conference decided that its next Ordinary Meeting will convene in Vienna, Austria, on 10 March 2004.

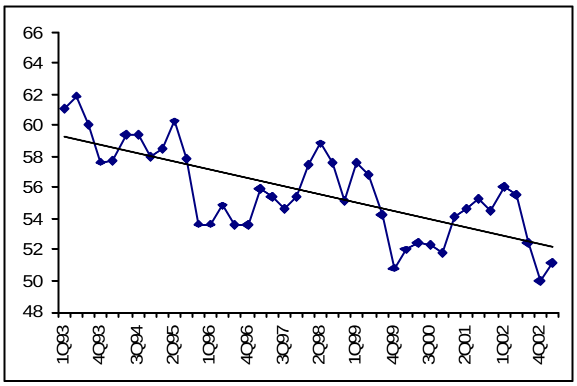
The Conference exp ressed its appreciation to the Government of the Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting.

The Conference passed Resolutions that will be published on 24 October 2003, after ratification by Member Countries.

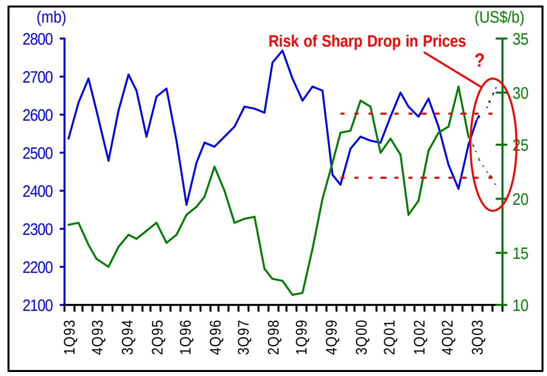
Driving Factors in Recent Oil Market Dynamics

- A key objective of OPEC is to stabilize the oil market by ensuring steady and reliable supplies to consumer nations at prices fair to all. Using a policy of proactive production management, OPEC has been able to meet the goal of keeping the market sufficiently supplied while at the same time maintaining prices within its preferred $22-28/b band. In the last twelve months, OPEC has increased production three times to cover supply shortfalls in Venezuela and Nigeria, as well as Iraq. More recently, the Organization has had to address the issue of rising oil supply outstripping demand in the fourth quarter 2003 and first quarter 2004, as Iraqi oil returns to the market amid continued supply growth from non-OPEC producers. As part of its ongoing efforts to maintain market balance, OPEC decided at its 127th OPEC Meeting last month to return to the previous ceiling of 24.5 mb/d, effective November 1.
- A number of observations can be made regarding the recent oil market dynamic. Following a rise in late August, the OPEC Reference Basket dropped sharply in the first three weeks of September, shedding $3.41 to stand around $25.14/b on 23 September. A drop in gasoline prices over this same period indicated that much of the late-August rise in crude value was products-driven. Given that distillate and gasoline inventories were building, this was a cause for concern, as product prices typically fall faster than the crude oil price. This in turn squeezes refinery margins, which leads to lower crude runs and ultimately a more accentuated drop in crude prices.

Graph 1: Days of forward consumption in OECD



Graph2: Quarterly ORB vs.OECD Commercial stocks (opening)



- The relation between crude prices and oil inventory levels has also been affecting the market dynamics. Graph 1 shows that OECD oil inventories have declined in terms of forward consumption from 60 days level in 1993 to around 50 days currently. This does not mean that the absolute level of commercial oil inventories has been dramatically reduced over this period. Instead, it points to a recently observed trend of refiners and oil companies operating with lower inventory levels in spite of rising demand. With the adoption of the "just-in-time" management approach to oil inventories, the perfect seasonal pattern observed before 1996 has disappeared, leaving the price of crude oil to correlate strongly with fluctuations in commercial stocks, as shown in graph 2.
- Moreover, a comparison of the quarterly crude oil price movement with OECD commercial stocks shows a strong inverse relationship, especially after 1996. For this reason, the outlook for the oil supply/demand balance may serve as a useful indicator to predict changes in inventories, which would in turn provide an indication of the direction of crude oil prices.
- At the time of the September OPEC Meeting, forecasts for the fourth quarter of 2003 indicated world oil demand would reach 79.6 mb/d. As non-OPEC supply* was expected at 53.1 mb/d, this would leave a difference of around 26.5 mb/d. Assuming a recovery in Iraqi production of 1.6 mb/d and OPEC-10 producing at its previous quota of 25.4 mb/d, the world oil supply and demand balance would then show a build of 0.6 mb/d. Given a normal seasonal stock withdraw of 0.8 mb/d, this was certain to lead to a strong stock build in OECD countries, which would have inflicted immense downward pressure on crude oil prices over the fourth quarter of 2003.

**including OPEC NGL and non-conventional oils*

- The situation could only have worsened in the first quarter of 2004. Projected world oil demand of 79.7 mb/d and a non-OPEC supply* average of 53.7 mb/d would have led to an expected difference of 26.0 mb/d. If Iraq produced around 2.0 mb/d and OPEC-10 remained at its previous ceiling of 25.4 mb/d, the market would have registered a contra-seasonal build of 1.4 mb/d, greatly exceeding the normal seasonal stock change draw of 1.1 mb/d. Such an excess of supply would certainly have had a destabilizing effect on crude oil prices, especially when combined with the downward pressure from dropping product prices mentioned earlier.
- Thus, OPEC's decision should be seen as a reasoned response to market fundamentals and as a proactive effort by the Organization to accommodate the return of Iraqi production. Just as earlier in the year, OPEC maintained balance in the global oil market by increasing production to cover the shortfall in Iraqi supplies, today the Organization is countering the risk of oversupply by returning to its earlier OPEC-10 production levels.
- The 127th OPEC Meeting demonstrates that OPEC decisions are not driven by the vicissitudes of the daily oil price. They are not, and should not be, a response to normal fluctuations within the price band or to temporary price spikes outside the band, such as the market is currently experiencing. In fact, weekly data on US stocks released on October 16 supports the observation that oil products have driven the recent spikes in the crude oil price, and that crude stocks are now above last year's level. Hence, OPEC decisions are, and will continue to be, the result of an objective and timely consideration of oil market fundamentals.

Highlights of the World Economy

Economic growth rates 2003

%

	World	G-7	USA	Japan	Euro-zone
2003	3.2	1.9	2.6	2.3	0.6
2004	4.0	2.7	3.9	1.2	1.9

Industrialised countries

United States of America

Long-awaited signs of recovery in the labour market may boost consumer and business confidence

The most important news concerning the US economy in September was the long overdue increase in employment led by an expansion in the service sector workforce. Non-farm employment increased by 57,000 in September, the first gain in eight months and a much stronger showing than expected. Moreover the August decline of 93,000 was revised to show a fall of 43,000. Private sector payrolls increased by 72,000 and, although manufacturing employment continued to fall, both the average workweek and overtime in the manufacturing sector rose. A further hopeful sign was the reduction in jobless claims in the first week of October, which were down 23,000 to the lowest level in eight months. Such data suggests that the employment market in the US may be beginning to improve. The release of the August trade data was also encouraging. The US trade deficit narrowed to $39.2 billion in August, compared to a $40 billion deficit in July. This improvement in US trade performance has led to increases in GDP growth estimates. For example, the US investment bank Goldman Sachs raised its forecasts to 6.5% and 4% for the third and fourth quarters respectively, both at an annual rate. There is no question that strong growth in personal consumption continues to be the driving force behind the US recovery. Major retail chains reported that September sales were above expectations and third quarter consumer spending may have risen at an annual rate of over 6% in real terms. While this rat e of growth cannot be maintained, the momentum of consumer spending will encourage producers to rebuild inventory and the improvement in new orders noted in the September ISM survey suggests that GDP growth will continue at a healthy pace until the end of the year. The prospects for extended growth into 2004 are good and have been improved by the decline in the US dollar. Following the Dubai G7 meeting, a more competitive currency will support the rebalancing of the US economy and should lead to a sustained reduction in the current account deficit, although this will be a slow process. US monetary policy is not likely to ease further unless the employment situation deteriorates and fiscal policy will provide gradually less stimulus to the economy over the course of 2004. Tax refunds will offer support for consumers in the early months of the year but fiscal tightening may follow to prevent the federal deficit rising beyond 5% of GDP.

Japan

Japan's index of leading economic indicators was at 55.6% in August, suggesting that the economy will extend its recovery

Japan's leading economic index, which measures job offers, consumer confidence and other indicators of future activity, was at 55.6% in August, suggesting that the world's second-largest economy will extend its recovery from recession. The Ministry of Finance has also upgraded its assessment for the economy noting an overall improvement in business sentiment and production. Commercial investment rose to 4.7% in the second quarter from 1.3% in the previous, while consumer spending, which makes up more than half of Japan's economy, rose 4.3% seasonally adjusted in August from the month before. Real GDP is expected to rise 2.3% in 2003. In a surprise move, the Bank of Japan (BoJ) eased its monetary policy and raised the ceiling on the balance of current accounts to ¥32,000bn from ¥30,000bn. The BoJ also extended the maturity of Japanese government securities that it repurchases to one year from the current six-month limit. The moves are designed for further support of the stock market, increase the amount of excess liquidity in the banking system and curb short-term interest rates. However, the August current account surplus shrank 0.9%, as the end of the SARS epidemic prompted many Japanese to resume overseas travel, widening the deficit in the service sector to ¥263bnn in August from ¥226.7bn in July. Japanese companies also unexpectedly ordered less machinery for the second month, which raised concern about the continuation of exiting economic growth. Furthermore, although deflationary pressure eased recently as result of inclement weather boosting fresh food prices, the downward pressure on prices will remain for the next few years. This reflects continued price-cutting by firms in order to maintain their market shares. The relative strength of the yen against the dollar will also contribute to deflation and it might hinder the Japanese export volume. The Japanese government has been trying to stem the yen's strength, but upward pressure on the yen has largely reflected the weakness of the US dollar on the back of the increasingly large US current-account deficit and policy pronouncements from the USA favouring a weak dollar. It is expected that the upward pressure on the yen will persist in the next couple of months. Considering these mixed signals the sustainability of Japanese economic growth should be viewed with some caution.

Euro- zone

Expectations data boost hopes of fourth quarter recovery. Much depends on the consumer

Economic data from the Euro-zone confirm a familiar pattern. Actual indications of production and employment remain disappointing although expectations are more optimistic and indicate a recovery in activity towards the end of the year. Data released from Germany, France, Spain and the Netherlands suggested that Euro-zone industrial output contracted by 0.7% in August with German industrial production dropping 2.5%. However, the data was distorted by holidays and the average of July-August production was 1% higher than the second quarter average. The German ZEW survey for October was encouraging and the index of business expectations remained above 60 suggesting that the German IFO business climate index for October may show an improvement. The Bank of France monthly business survey showed a rise in confidence to 100 in September, up from 92 in July. Business confidence in France has been lagging other Euro-zone members for months but the Bank of France now expects 0.4% GDP growth in the second half of 2003 despite a heat wave that severely impacted consumer spending. The Euro-zone Purchasing Managers' survey rose to the break-even level of 50 in September but the overall pattern suggests that Euro-zone manufacturing production still declined slightly in the third quarter in comparison with 2002 levels. The improvement in expectations may be related to increases in orders or signs of inventory adjustment. Car sales, which usually provide a good leading indicator of consumer confidence, rose in Europe in September. Consumer expenditures have been the main support of overall demand growth in Europe since mid-2002 and the outlook suggests that this will continue to be the case. Although job creation is currently depressed, wage growth is producing a rise in household income. Moreover spending has been rising faster than income as the European savings ratio has fallen slightly. The export, manufacturing and thus investment sectors may be held back by the strengthening of the euro while government spending, particularly in France, will be restrained by the Stability and Growth Pact.

Former Soviet Union

Real GDP growth in FSU Countries expected to be strong in 2003, with Russian growth exceeding 6%

Real GDP growth for most of the countries of this area will be strong in 2003, boosted by continued robust output in the industrial and construction sectors as well as the high oil price and external investments in the energy sector. However, Russia's GDP growth, which had accelerated to more than 7 per cent in the first half of this year, slowed relatively in August, as y-o-y growth in the five basic sectors decreased to 4.4%, versus 6.2% in July. This trimmed the growth rate to 6.6% by August 2003. The main reasons for the drop were slower industrial output growth and a poor harvest. Russian industrial output growth decelerated from 7.1% year-on-year (y-o-y) in July to 5.5% in August as a result of the slowdown of the domestic credit expansion and a decline in the foreign capital inflow in July and August. Furthermore, investment growth remained healthy in August, up 12.2%, but it is expected to slow in September-December on the back of the increase if the domestic interest rate and net capital outflow. Retail sales continued growing in August by 6.1% and household demand is expected to remain strong until the year-end. The balance of trade also remained strong over July-September. However, from the beginning of July-September, the international reserves had declined by $1.8bn to $62.2bn, as capital inflow decreased and outflows increased. Consumer price inflation is still high. Given the expected slower economic growth in the autumn and upcoming public sector wage increases, it seems that the annual inflation will remain at around 13%, against the government target of 10-12%. However, the high oil price and the successful start of 2003 will support the Russian economy to achieve a growth of more than 6% this year. Meanwhile, the oil price was projected US$20/b in Russia's federal budget for the next year.

Eastern Europe

New EU entrants face the challenge of cutting budget deficits with euro adoption still many years off

Fiscal policy continues to dominate the economic outlook of Hungary, Poland and the Czech Republic. Rising inflation and the widening current account deficit pose particular problems for Hungary and the 2004 budget proposals may not be sufficient. The target deficit amounts to 3.8% of GDP in 2004 but this implies a sharp reduction from this year's level of about 5%. The planned reduction depends mainly on lower government spending which may be difficult to achieve. The National Bank of Hungary is likely to wait until well into 2004 before taking any action on interest rates. The Bank would like to see the forint stabilize at around 250-255 to the euro before cutting rates from the current high levels of over 9%. The Polish economy continues to grow at a rapid rate, boosted by government spending and exports. Despite this good performance the fiscal stance is expansionary and the government risks exceeding the constitutional debt to GDP threshold by 60% unless spending plans are cut back. Such cuts appear unlikely in the current political climate and it is doubtful the Polish Monetary Policy Council will reduce interest rates this year despite the low rate of inflation. Early in October the Czech government secured passage of vital fiscal reform legislation in the Lower House. This success strengthened the koruna but a further test will be the 2004 budget. The cabinet proposal is for a deficit of 4.6% of GDP, which is lower than had been expected, but the government will face opposition from many political groups before these plans are approved.

OPEC Member Countries

Some OPEC Member Countries will privatize state-owned plants, while others have pledged to continue reforms

S.P Libyan AJ plans to privatise 360 state-owned companies worth billions of dollars, starting in 2004. The government is hoping foreign investors will bring good management, better performance and expanded export markets into the country's petrochemicals, steel, cement and agricultural sector. Libya's GDP growth is expected to edge up slightly from 2.8% this year to 2.9% in 2004. Nigeria also plans to privatise by the end of the first quarter of 2004 two Port Harcourt refineries with a combined capacity of 210,000 b/d. **Nigeria's GDP growth rate is anticipated at 3.2% for this year.** Algeria's Sonatrach is currently modernizing four refineries at a cost of $898 m, which will see the country's refineries producing at European specifications with lower sulphur content by 2005. **Algeria's GDP is expected to grow at 5.9% this year.** Indonesia is expected to receive its next approved loan disbursement of $400 m from the IMF during the first week of October. **Indonesia** will end its IMF loan programme this year, but has pledged to keep up its economic reform. **The country's GDP growth rate is expected at 3.7% by the end of the current year.**

Developing countries

While Asian consumption is booming and Latin America gradually recovering, Africa hopes for external help to enhance exports

Commercial ventures and booming consumption have increased Asia's spending power and moderated the region's traditionally high saving rates. Asian consumers are increasingly well-educated and enjoy a rising living standard as higher incomes are spend on homes, consumer durables, luxury goods and tourism—all trends that have transformed the spending patterns in Asia's hitherto export-led economies. Although exports and corporate investments still comprise 38% of GDP on average, still some Asian countries are openly encouraging consumer spending to foster domestic growth. A surge in investment, bank lending, construction and car manufacturing in China has some observers worried that the Chinese economy in danger of overheating, with growth accelerating to about 11% this year, well above the official target of 7-8%. The output in Latin America has generally suffered from weak demand in the major OECD countries, which affects export growth, as well as by the general risk-aversion mood on the part of investors, which impacts FDI inflows. **Regional output is forecast to pick up from 0.9% this year to 3.3% in 2004, encouraged by an improvement in Argentina this year and Brazil in the next.** Despite the breakdown of trade talks, the WTO Cancun meeting was considered by some as a victory for developing countries, as poor countries, particularly in African, finally stood up to the developed world. However, sub-Saharan Africa is still badly in needs of securing more markets in developed countries for its farm exports and for an agreement to reduce USA, EU and Japanese farm subsidies that undermine the global price of agricultural commodity exports.

Oil price, US dollar and inflation

The US dollar dropped against major currencies in September, and this has resulted in a further fall in the actual price of the OPEC Reference Basket

The US dollar slipped against other major currencies in the modified Geneva I+US$ basket* in September. On average, the euro was quoted at $1.1219, up by 0.74%, and the pound was traded at $1.6103, an increase from $1.5923 in the previous month. The dollar dropped to ¥115.10 and CHF1.379 in the same month from ¥118.82 and CHF1.383 in August respectively. The dollar came under pressure against the yen, as the US Treasury Chairman did not comment on Japan's policy of intervention in the foreign exchange markets during his visit to Tokyo earlier in the month, contrary to market's expectation. This was coupled with the reports showing that the BoJ had not intervened in the market in August as many had expected. The yen also benefited from the evidence that growth in Japan is gathering pace, and the US economic recovery boosted foreign interest in Japanese stocks.

The dollar also slipped versus the euro, after a weaker-than-expected US job report and psychologically weak assets market because of the second year anniversary of the tragic 11 September incident. This trend gained momentum on reports that IMF would issue a warning to Asian Central Banks, which had been accumulating dollar assets in recent months in an attempt to keep their currencies competitive. Furthermore, the dollar lost ground against the pound, after UK jobless claims fell in August to the lowest level since 1975. The unemployment rate held at 3.1%, the lowest in almost 28 years. This trend was accelerated with the suggestion by Bank of England's policy-makers that their next move might be to lift the benchmark interest rate. In late September, fluctuations in foreign exchange markets were driven by an agreement by the Group of Seven Finance Ministers calling for a more flexible exchange rate market. As was expected, this agreement reversed US dollar market sentiment against other major currencies, in particular the Japanese yen, which rose drastically versus the dollar in the same month.

The OPEC Reference Basket declined in September by $2.31/b or 8.05% to $26.32/b from $28.63/b in August. In real terms (base July 1990=100), after accounting for inflation and currency fluctuation, the Basket price decreased by 8.88 % to $20.74/b from $22.76/b, as the depreciation of the dollar and inflation further eroded the actual price. The dollar slid 0.86% as measured by the import- weighted modified Geneva I +US dollar basket*.

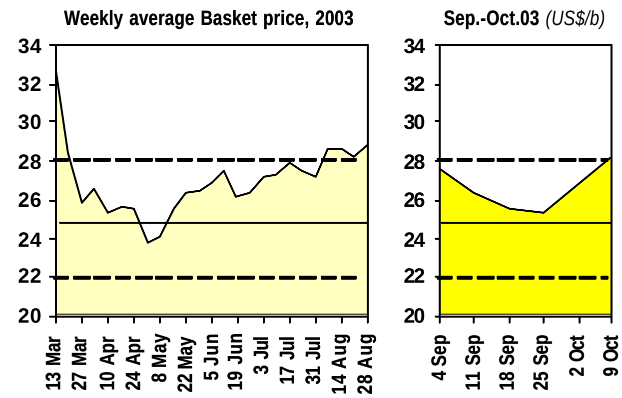
* *The 'modified Geneva I + US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

Crude Oil Price Movements

The Reference Basket decreased 8.07% or $2.31/b to average $26.32/b

The five-month recovery that started in April this year and took the price of the Reference Basket to $28.63/b in August came to an abrupt halt in September with the Basket plunging by $2.31/b or 8.07% to average $26.32/b. On a weekly count, the Basket went on a free fall during most of the month of September stopping the slide only towards the month's end.

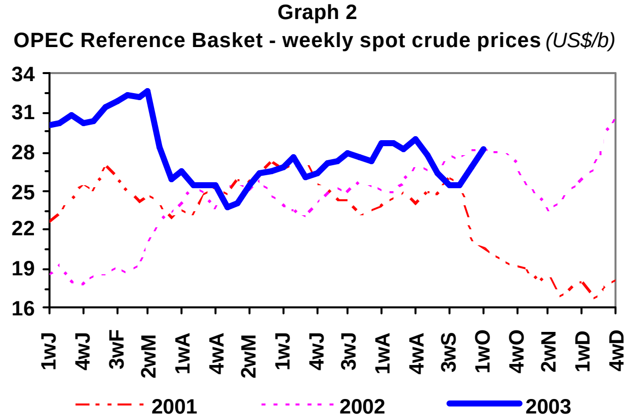
Graph 1



During the first and second week of the month, the Basket lost 4.4% and 4.3%, averaging $27.61/b and $26.42/b respectively. The speed of the fall decelerated at mid-month with the Basket losing 3.6% in the third week and only 0.5% in the week ending 25 September. By then, the Basket had accumulated losses of more than 12%, amounting to $3.5/b in less than four weeks. This sharp decline was followed by an equally speedy recovery with the Basket gaining $1.45/b or 57% to average $ 26.78/b late in September. **Another solid $1.41/b rise followed in the week ending 9 October and the Basket by far surpassed the upper limit of the price band mechanism on 10 October when it approached the $30/b mark.**

Crude prices retreated heavily following sharp losses in the gasoline market but OPEC's decision to curb output to 24.5 mb/d brought renewed support

Graph 2



Record futures gasoline prices late in August melted down with the end of the Labor Day weekend and with it the support that crude had drawn from strong and speculative gasoline prices. US gasoline quickly lost an astonishing 15¢/g or some $6/b, and sweet crude at the Nymex started the first day of trading in September with a loss of more than $2/b. The move was sparked by a change in speculators' perception of gasoline market fundamentals that triggered a sell-off of long positions. Brent, which usually closely follows developments across the Atlantic, lost about $2/b to close at $27.52/b on 2 September. At mid-month, crude prices remained steady with the market becoming increasingly concerned over the level of heating oil stocks in the USA and the EU going into the Northern Hemisphere winter season. Despite being stuck below the level of the past two years, distillate stocks in the USA have undergone a rapid recovery from the 96 mb seen in April to 126.5 mb at the end of September. Heating oil inventories in the north-east region of the USA might prove a more critical issue with the approach of the heating oil season, but even high-sulphur distillate stocks such as these have been recovering in the past few months. Whether heating oil stocks are sufficient to meet the hike in consumption during the coming months would largely depend on the severity and duration of the winter. In spite of efforts to ratchet up refinery runs to accumulate sufficient heating oil, refiners had to struggle to meet the competing demand of late summer gasoline consumption. Prices deteriorated further on high US crude imports, which exceed the 10 mb/d figure in September, and signals from OPEC that the September Ministerial Meeting would leave output targets unchanged. **But the markets and**

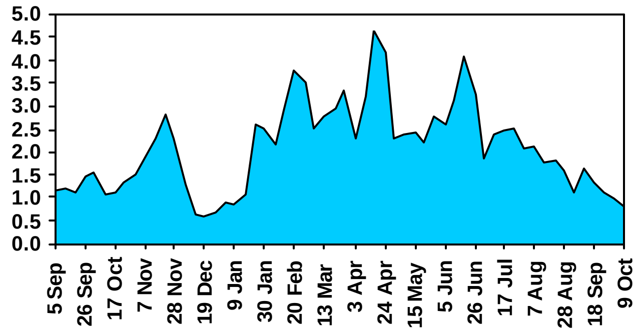
speculators were caught by OPEC's surprising and yet well thought out decision (*see feature article*) to curb the Organization's combined output to 24.5 mb/d, effective 1 November. A close review of the oil market fundamentals appears to indicate that only a normal seasonal growth in demand is expected for the remainder of the year while the market remains well supplied. The continued rise in non-OPEC supply combined with rapid recovery in Iraq's production implies a contra-seasonal stock-build in the fourth quarter of 2003 and the first quarter of 2004, which, in turn, would lead to a rapid destabilization of the market. Crude prices reacted accordingly, with the major benchmarks gaining more than $1/b following the announcement and more than 15% in the subsequent two weeks.

US and European markets

Refinery turnaround and weakening margins dented demand for crude in the USA and Europe but the announcement of an OPEC output cut sparked a strong recovery

Crude oil stocks in the USA recovered slowly in September following the sharp fall earlier in the month. By the beginning of October, US crude inventories finished above 290 mb for the first time in 11 months. The recovery in inventories came on the back of rising imports, which according to the API reached 11.52 mb/d at mid-month, and falling crude oil runs. Deteriorating refining margins as a consequence of the sharp fall in gasoline prices early in the month, combined with the autumn refinery maintenance in the US Gulf Coast, reduced refiners' interest in hiking runs during the first half of the month. Demand in Europe softened too as buyers held back in anticipation of weakening refining margins. Earlier in September, the absence of transatlantic arbitrage to the USA, weak regional demand and cheap competing sour crudes (Basrah Light and Urals) affected demand for North Sea grades. By the third week of the month, sour crudes came under increasing pressure by the rising supply of heavy sour crude deliveries from Ecuador and the heavy refinery turnaround. North Sea grades were hurt by the closed transatlantic arbitrage and increasing freight rates. Oil market gained momentum from strong Asia-Pacific demand, the narrowing of the Brent–Forcados–Oseberg (BFO)/Dubai spread and OPEC's decision to implement a production curve at its 24 September Meeting. About 1.5 mb/d of October West African crude was sold to Asia-Pacific, diverting pressure the from North Sea grades. Sour grades drew support from the OPEC decision as the cut in supplies will be almost entirely on heavier sour grades. Asia-Pacific thirst for Atlantic basin supplies, including North Sea crude, ahead of the winter season, made European refiners speed up their buying programmes.

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

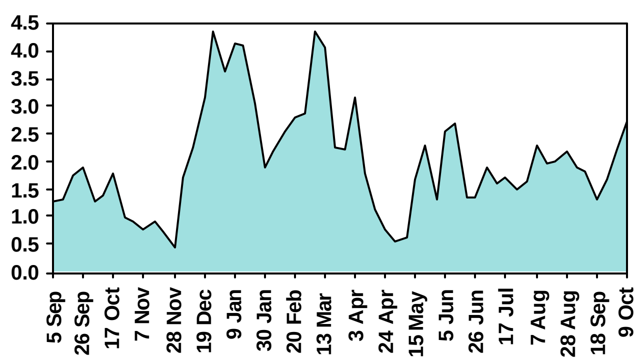


Far East market

Healthy demand ahead of the winter season increased demand for distillate rich crudes

The strong pre-winter demand for distillate-rich crudes in Asia Pacific, combined with the narrowing of the BFO-Dubai spread, resulted in an armada of cargoes of mainly West African crude moving east, leaving the US East and Gulf market short of sweet crudes. West African sales of October cargoes to Asia Pacific were estimated to double the level seen in summer reaching around 1.2 mb/d. Sentiment for light sweet crudes remained bullish in the second part of the month, with the start of

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



preliminary discussions for November loadings. Regional light distillate-rich crudes such as Tapis were supported by healthy regional buying interest with the approach of the peak winter season. Regional demand was so great that the November spot market for lighter grades was almost cleared by the third week of this month. Heavier grades like Oman, however, were not sought with the same interest. The arrival of a large number of West African cargoes scheduled by October should put a cap to a further rise in local crude prices.

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

	Aug 03	**Sept 03**	Year-to-date average 2002	**2003**
Reference Basket	28.63	**26.32**	23.48	**27.84**
Arabian Light	28.36	**26.41**	23.74	27.34
Dubai	27.66	**25.52**	23.31	26.45
Bonny Light	29.79	**27.47**	24.38	28.55
Saharan Blend	29.59	**27.29**	24.05	28.45
Minas	28.38	**26.74**	23.90	29.12
Tia Juana Light	27.52	**24.64**	21.64	26.96
Isthmus	29.08	**26.18**	23.31	28.05
Other crudes				
Brent	29.78	**27.32**	24.31	28.59
WTI	31.60	**28.55**	25.29	31.03
Differentials				
WTI/Brent	1.82	**1.23**	0.98	2.44
Brent/Dubai	2.12	**1.80**	1.00	2.14

Product Markets and Refinery Operations

Product prices were generally driven lower by considerable falls in crude prices during most of September. The sharp seasonal decline in US gasoline demand further depressed regional prices, which in turn affected other markets, while modest growth in distillate demand in all the three markets cushioned the fall of the gasoil price. As result, refinery margins retreated in the USA and Europe, yet still remaining in positive territory. Nonetheless, with the start of the autumn maintenance season, refinery throughput dropped in the USA, but increased in Europe and Japan on efforts to prepare distillate stockpiling for the impending winter season.

US Gulf market

Gasoline led product price declines in September in the US Gulf market. Refining margins slid but held firm, while the US refinery utilization level was above 94%

After two consecutive months of gains, average monthly spot product prices experienced significant losses in September. Receding demand for gasoline and fuel oil exacerbated the effect of the almost 11% plunge in their underlying marker crude, WTI. As result, the average spot gasoline price plummeted 18%, followed by a considerable decline of 14% in high sulphur fuel oil (HSFO). During the same period, elevated distillate demand mitigated the fall of the average gasoil price to 10%. Nonetheless, the Energy Information Agency's four-week moving average, which represents most US September refinery and product activities, shows that US gasoline demand decreased a considerable 0.5 mb/d to stand near 8.93 mb/d, largely reflecting the end of the driving season. Yet, **gasoline demand surpassed the strong level of the preceding year for the third consecutive month, registering more than 2% above the September 2002 figure**. Distillate demand enjoyed a modest rise of 40,000 b/d or 1% above the preceding month's level to reach 3.7 mb/d, driven essentially by agricultural harvest demand for diesel. However, the increase in distillate demand was more than offset by rising supply, which originated from two sources. The first was US distillate refinery output which saw a moderate rise, reaching 3.7 mb/d, as refiners started to enhance distillate yield in tandem with the typical pre-winter seasonal mode. The second source was strong distillate imports of 360,000 b/d, a rise of 17% on the previous month's volume. These mostly originated from North-West Europe, which was amply supplied as the Rhine river's low water level subdued inland barge movements. As a result of ample supplies**, US distillate inventories at the end of September surpassed last year's level for the first time this year**. However, heating oil stocks in the heavily populated North-East region ***showed*** a y-o-y deficit of 4mb or 10% at the end of the first decade of October. Fuel oil demand experienced a sharp fall of 0.3 mb/d, influenced by the low natural gas price amid continuous storage injection coupled with the mild weather.

After yearly peaks in the preceding month, refining margins for WTI declined, although the average stayed close to $1.50/b in the US Gulf in September. This downward trend in refinery economics was the result of the gasoline price falls which were steeper than their crude counterparts.

The onset of autumn maintenance led to a 0.21 mb/d decrease in the US refinery throughput, which averaged 15.69 mb/d in September. The corresponding utilization rate was 94.4%, which was 1.5% higher than in the previous year.

Rotterdam market

Products prices fell in Rotterdam in September, weakening refining margins, but the refinery utilization rate in the Eur-16 countries rose above 87%

Average spot product prices dropped sharply in Rotterdam in September. The average gasoline price fell the fastest at 11%, while the decline in the HSFO counterpart was roughly equal to the 9% decrease of its marker crude, Brent, however mitigating the fall of gasoil to 8% for the same period. Nevertheless, an overview of European product fundamentals reveals that the gasoline market remained in balance, as the 134 mb stock level at the end of the month was almost equal to that of the previous month's level, despite weaker activity in transatlantic arbitrages. Regarding other products, the fall in exports of distillates and fuel oil from Russia led to a less amply supplied market for these products in Europe. In addition, intensive distillate shipping to the US and Asian markets helped to reduce the regional supply glut, caused by the extremely low water levels on the Rhine river, which hampered barge trading in August and September. However, following the recent rainy weather, navigation along the Rhine has improved which should allow the relatively low end-user stocks in Germany to be replenished during October. Continuous HSFO shipping to the Asian market helped absorb the surplus quantity of European fuel oil.

Brent's refining margins retreated modestly to average barely above the breakeven point in Rotterdam in September, as the price of distillates — Europe's main refined product — was the least affected by the sizeable fall in crude prices.

Induced by less product supply, average refinery throughput in the Eur-16 countries rose by nearly 0.1 mb/d to 11.97 mb/d, indicating a 87.2% utilization rate, which was 1.4% higher than a year ago.

Gasoil and fuel oil prices fell in September but not as much as their marker crude Dubai, which pushed refinery margins higher

Singapore market

Average spot product prices fell across the barrel in Singapore in September, led by a significant decline of 11% in the average gasoline price. Despite limited losses of 3% and 4% respectively, average gasoil and fuel oil spot prices outpaced an 8% plunge in their marker crude, Dubai, for the same period. Nevertheless, the gasoline market in Singapore was better supplied than in the previous two months on the back of two driving forces, rising exports from India and fading Indonesian demand as the country covered its requirements from Singapore's Petroleum Corporation via crude processing deals. In addition, Middle Eastern demand fell from its recent high in the summer. These factors outstripped lower gasoline exports from China and Taiwan. The distillate market remained strong for the second consecutive month, underpinned by the less amply supplied market facing robust regional demand. Renewed buying from China assisted the HSFO market in Singapore.

Dubai's refining margins in Singapore continued their rally to register $1.75/b in September, reflecting a decline in crude prices that was steeper than the modest fall in prices of Asia's main products, compared to the modest price falls of Asia's main refined products**,** fuel oil and gasoil.

Refinery throughput in Japan rose 0.21 mb/d to 4.09 mb/d in September. The equivalent utilization rate was almost 86%, representing a rise of nearly 3% above the preceding year's level on continuing strength of low sulphur fuel oil demand from electrical utilities brought on by ongoing outages of several nuclear power generation plants.

Table 2
Refined product prices
US $/b

		Jul 03	Aug 03	**Sept 03**	**Change Sept/Aug**
US Gulf					
Regular gasoline	*(unleaded)*	37.36	41.48	**34.16**	–7.32
Gasoil	*(0.2% S)*	32.22	33.57	**30.16**	–3.41
Fuel oil	*(3.0% S)*	25.64	25.95	**22.42**	–3.53
Rotterdam					
Premium gasoline	*(unleaded)*	35.36	38.04	**33.70**	–4.34
Gasoil	*(0.2% S)*	31.08	32.47	**29.84**	–2.63
Fuel oil	*(3.5% S)*	24.15	23.72	**21.64**	–2.08
Singapore					
Premium gasoline	*(unleaded)*	34.59	37.30	**33.11**	–4.19
Gasoil	*(0.5% S)*	29.57	33.27	**32.42**	–0.85
Fuel oil	*(380 cst)*	26.18	24.92	**23.80**	–1.12

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Jul 03	Aug 03	**Sept 03**	Jul 03	Aug 03	**Sept 03**
USA	15.86	15.90	**15.69**	95.4	95.7	**94.4**
France	1.46 R	1.44	**1.48**	76.7 R	75.4	**78.0**
Germany	1.92	2.21	**2.27**	84.6	97.7	**100.3**
Italy	1.86 R	1.84	**1.82**	80.8 R	79.8	**79.3**
UK	1.51	1.53	**1.64**	84.3	85.6	**91.9**
Eur-16	11.74 R	11.87	**11.97**	85.5 R	86.5	**87.2**
Japan	3.96 R	3.88	**4.09**	83.2 R	81.4	**85.9**

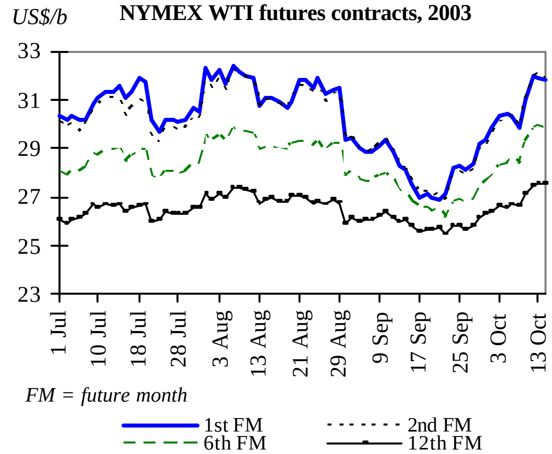
* *Refinery capacities used are in barrels per calendar day.*
R *Revised since last issue*
Sources: OPEC Statistics, Argus, Euroilstock Inventory Report/IEA.

The Oil Futures Market

Funds bearish sentiment came to a halt following OPEC's decision to curb output, but the rally that followed might have been overdone

The month began with a substantial drop in WTI futures induced by a massive sell-off in gasoline futures at the end of the Labor Day holiday weekend. WTI prices at the NYMEX (front-month contract) went from above $31/b to below $30/b on 2 September, in part reflecting the large fall in non-commercial long positions. Speculators cut back their long positions by about 20% to stand at 17.490 lots, while net shorts rose 4,250 lots. The move signaled a change in funds sentiment, at once more cautious and pessimistic.

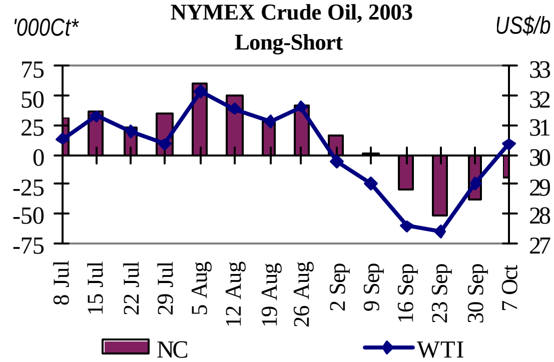
Graph 5
NYMEX WTI futures contracts, 2003



The following week non-commercials continued to dispose of large numbers of their long positions. According to the Commodity Futures Trading Commission's (CFTC) Commitment of Traders Report for the week of 9 September, the cut-back was of such a magnitude that it left speculators in an almost flat position. Net longs were just 869 lots, a sharp contrast with the figure of 132,000 lots in early August. Record US crude imports, bearish stock figures and the absence of any bullish news sparked another wave in non-commercials long positions.

The CFTC report for 16 September showed that speculators shed long positions by 23,332 lots while at the same time increasing their shorts by 7,724 lots with net shorts standing at about 30,000 lots – a clear signal of market speculators' more pessimistic view. On the day before the OPEC Meeting, the CFTC report showed that funds continued to dispose of their longs while at the same time increasing their shorts, signaling an assumption that futures prices will fall. OPEC's decision to cut output levels, however, took speculators by surprise and they quickly moved to square their books. For the first time in the last five weeks, non-commercials increased their long holdings by around 10,000 lots. Meantime, the NYMEX front-month sweet crude contract went from $27/b to just a few cents below the $29/b level.

Graph 6
Futures Commitment of Traders Report: NYMEX Crude Oil, 2003
Long-Short



NC = Non-commercials: funds, investments and banks.
Ct = * Each contract is 1,000 barrels.

The following week witnessed a surge in crude oil prices with WTI futures surpassing the $32/b mark. **The latest price hike was driven by heating oil, expectations of an economic recovery in the USA, and the possibility of a long and cold winter**. Nonetheless, the latest price rally appears to have been excessive and a correction of a few dollars-per-barrel might be expected. Moreover, speculations of a long and harsh winter are only speculations and previously depressed US crude, distillates and heating oil stocks appear to be recovering in earnest.

The Tanker Market

OPEC area spot-fixtures showed a contra-seasonal decline of 2.37 mb/d in September

For the second consecutive month, OPEC area spot fixtures showed a contra-seasonal decline of 2.37 mb/d to stand at 9.17 mb/d, or about 35% less than the level observed a year ago, despite persistently higher OPEC oil production due mainly to the continued rise of Iraqi production. This decline did not affect OPEC area's share of global spot-chartering, which remained close to the previous month's level of 61% and 5% higher than that registered a year ago. Middle East eastbound long haul fixtures continued to be the major contributor to the fall in OPEC area spot-chartering, declining by 1.11 mb/d to 2.93 mb/d or about 47% of the total OPEC drop, an increase of about 7% above last month's figure. Heightened activity on the Middle East westbound long-haul route diminished this decrease, showing a rise of 0.42 mb/d to 1.97 mb/d. Together they accounted for 53% of total chartering in the OPEC area. Compared with September 2002, the Middle East and westbound routes were down 1.99 mb/d and 0.12 mb/d respectively. **Non-OPEC spot fixtures also showed a decrease of 1.34 mb/d to 5.94 mb/d, keeping their share of total global spot-chartering at the previous month's level of 39%**. Both declines in OPEC and non-OPEC spot fixtures represented a fall of 3.71 mb/d to 15.11 mb/d in global spot-chartering during September. This level was 9.98 mb/d or about 40% lower than that registered in September 2002. According to preliminary estimates, sailings from the OPEC area declined a slight 0.24 mb/d to 24.91 mb/d, while sailings from the Middle East displayed an increase of 0.72 mb/d to a monthly average of 17.10 mb/d, which was about 69% of total OPEC sailings. Arrivals in the US Gulf, East and Caribbean rose further by 0.72 mb/d to 12.14 mb/d. Arrivals in the NW Europe and Euro-Med followed the same upward trend, also edging up 0.43 mb/d and 0.44 mb/d to reach 7.41 mb/d and 4.67 mb/d respectively. Arrivals in Japan continued to slide, declining by 0.14 mb/d to 3.56 mb/d.

VLCC freight rates experienced exceptional volatility

Freight rates for crude oil cargoes reversed last month's downward trend, showing considerable increases, especially in the VLCC sector. The exception was 70,000–100,000 DWT and 40,000–70,000 DWT cargoes which witnessed moderate losses on some routes. VLCC freight rates experienced very high volatility, moving up sharply at the beginning of the month on the back of tight tonnage supply. As the month moved on rates fell from a high of WS145 on the Middle East eastbound long-haul route to just about WS 100. On average, rates doubled in September, increasing 56 points to WS 106 on the eastbound long-haul route. On the Middle East westbound long-haul route, VLCC freight rates showed lesser volatility, briefly peaking at WS 90 before finishing the month below the WS 80s. On average, VLCC rates rose 38 points to stand at WS 84. A similar pattern dominated the Suezmax sector where freight rates on the West Africa/US Gulf route reached a high of WS 115 at the beginning of the month before moving down to WS100 at the month's end to average WS100, an increase of 17 points compared with the month before. Suezmax freight rates for cargoes from NW Europe to the US East Coast and to the US Gulf showed a higher increase on average, rising by 26 points to WS 110. Aframax freight rates displayed mixed trends, showing an improvement of 16 points to WS 150 along the Caribbean/US East Coast route and an increase of 12 points to WS 98 on the Mediterranean/NW Europe route. As mentioned earlier, two freight rates did not participate in the general downturn. These were cargoes of 70,000–100,000 DWT along the Indonesia/US West Coast route, which fell by 12 points to a monthly average of WS 116, and within the Mediterranean basin, which saw an average decline of just 9 points to WS 137.

Product freight rates were mixed in September

Product freight rates showed mixed directions but were generally soft except for medium-range tankers carrying 30,000–50,000 DWT along the Middle East/East route, which rose a considerable 40 points to a monthly average of WS 210 due to relatively healthy activity. Rates on the Caribbean/US Gulf route also did not follow the general downtrend, edging up 27 points to WS 258 on increasing exports of products to the US market. Lack of sufficient trade along the Singapore/East route pushed rates down by 10 points to a monthly average of WS 249, while in the European market, all routes experienced losses due to weak demand. Consequently, rates fell along the NW Europe/US East and Gulf Coast as well as within the Mediterranean basin and from there to NW Europe routes, dropping 9, 21 and 28 points respectively for a monthly average of WS 220, WS 192 and WS 220.

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

	Jul 03	Aug 03	**Sept 03**	**Change Sept/Aug**
Chartering				
All areas	24.60	18.82	**15.11**	–3.71
OPEC	14.74	11.54	**9.17**	–2.37
Middle East/east	5.28	4.04	**2.93**	–1.11
Middle East/west	2.16	1.55	**1.97**	0.42
Sailings				
OPEC	21.37	25.15	**24.91**	–0.24
Middle East	15.38	16.38	**17.10**	0.72
Arrivals				
US Gulf Coast, US East Coast, Caribbean	10.20	11.43	**12.14**	0.72
North-West Europe	7.03	6.99	**7.41**	0.43
Euromed	4.22	4.23	**4.67**	0.44
Japan	4.07	3.70	**3.56**	–0.14

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

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Jul 03	Aug 03	**Sept 03**	**Change Sept/Aug**
Crude					
Middle East/east	200–300	52	50	106	56
Middle East/west	200–300	48	46	84	38
West Africa/US Gulf	100–160	81	83r	100	17
North-West Europe/US East Coast	100–160	86	84	110	26
Indonesia/US West Coast	70–100	124	128	116	–12
Caribbean/US East Coast	40–70	137	134	150	16
Mediterranean/Mediterranean	40–70	140	146	137	–9
Mediterranean/North-West Europe	70–100	138	86	98	12
Products					
Middle East/east	30–50	213	250	210	–40
Singapore/east	25–30	279	259	249	–10
Caribbean/US Gulf Coast	25–30	209	231	258	27
North-West Europe/US East Coast	25–30	186	229	220	–9
Mediterranean/Mediterranean	25–30	210	213	192	–21
Mediterranean/North-West Europe	25–30	236	248	220	–28

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

World Oil Demand

World demand for 2003 revised up a marginal 0.01 mb/d to 78.18 mb/d

Estimates for 2003

World

Except for some minor adjustments, our estimates for the current year remain basically the same as those presented in the last MOMR. **The average 2003 world consumption forecast has been revised up marginally by 0.01 mb/d and now stands at 78.18 mb/d. The yearly increment**, i.e. the difference between the 2002 and 2003 averages, **has likewise been adjusted slightly upwards by 0.01 mb/d to read 1.20 mb/d**, implying that the year 2002 average remains unchanged. Quarterly and regional details are given in Table 7.

On a regional basis, the 2003 demand is forecast to rise by 0.71 mb/d or 1.49% in the OECD following a minor fall at 0.07 mb/d in 2002. Only a moderate 0.08 mb/d or 0.41% rise in consumption is forecast in developing countries for 2003, following a much higher 0.18 mb/d growth in 2002. Apparent demand in the former CPEs is forecast to grow considerably by 0.41 mb/d or 4.25%, nearly double in volume compared with the 0.21 mb/d or 2.21% growth in 2002.

Table 6
World oil demand in 2003
mb/d

							Change 2003/02	
	2002	1Q03	2Q03	3Q03	4Q03	**2003**	Volume	%
North America	24.16	24.57	24.12	24.54	24.59	24.46	0.30	1.23
Western Europe	15.07	15.19	14.99	15.23	15.43	15.21	0.14	0.94
OECD Pacific	8.50	9.61	8.04	8.13	9.31	8.77	0.27	3.21
Total OECD	**47.73**	**49.37**	**47.15**	**47.90**	**49.33**	**48.44**	**0.71**	**1.49**
Other Asia	7.47	7.54	7.58	7.56	7.73	7.60	0.13	1.68
Latin America	4.75	4.54	4.68	4.79	4.67	4.67	–0.08	–1.67
Middle East	4.95	4.88	4.77	5.16	5.02	4.96	0.01	0.25
Africa	2.54	2.55	2.56	2.54	2.59	2.56	0.02	0.86
Total DCs	**19.71**	**19.51**	**19.60**	**20.05**	**20.00**	**19.79**	**0.08**	**0.41**
FSU	3.77	4.01	3.35	3.75	4.39	3.87	0.11	2.79
Other Europe	0.74	0.77	0.73	0.79	0.76	0.77	0.02	3.21
China	5.03	5.41	5.46	5.32	5.05	5.31	0.28	5.50
Total "Other Regions"	**9.54**	**10.20**	**9.54**	**9.86**	**10.20**	**9.95**	**0.41**	**4.25**
Total world	**76.98**	**79.07**	**76.29**	**77.81**	**79.54**	**78.18**	**1.20**	**1.56**
Previous estimate	76.98	79.07	76.20	77.83	79.58	78.17	1.19	1.54
Revision	0.00	0.01	0.09	–0.02	–0.05	0.01	0.01	0.01

Totals may not add due to independent rounding.

World demand is estimated to have grown a significant 2.96%, or 2.28 mb/d, to average 79.07 mb/d in the first quarter 2003 compared with the exceptionally weak first quarter 2002, due to much colder than normal weather in most parts of the northern hemisphere, fuel substitution in Japan as a result of nuclear power reactors maintenance, stockpiling ahead of the anticipated Iraq war, and the record high natural gas prices in the USA. Second quarter 2003 consumption is estimated to have risen 1.42% or 1.07 mb/d compared to the exceptionally weak second quarter 2002 on the robust economic growth in China and the continuation of fuel substitution in Japan. The third and fourth quarters are expected to undergo more moderate growth at 0.71 mb/d or 0.92% and 0.75 mb/d or 0.96% respectively. Detailed quarterly comparisons for all quarters are presented in Tables 8 and 9.

Table 7
First and second quarter world oil demand comparison for 2003
mb/d

	1Q02	1Q03	Change 2003/02 Volume	Change 2003/02 %	2Q02	2Q03	Change 2003/02 Volume	Change 2003/02 %
North America	23.93	24.57	0.64	2.68	24.02	24.12	0.10	0.43
Western Europe	15.14	15.19	0.05	0.34	14.62	14.99	0.37	2.50
OECD Pacific	9.06	9.61	0.55	6.04	7.64	8.04	0.41	5.33
Total OECD	**48.13**	**49.37**	**1.24**	**2.58**	**46.28**	**47.15**	**0.88**	**1.89**
Other Asia	7.29	7.54	0.25	3.40	7.50	7.58	0.08	1.06
Latin America	4.70	4.54	–0.17	–3.52	4.78	4.68	–0.10	–2.06
Middle East	4.83	4.88	0.05	1.01	4.91	4.77	–0.14	–2.89
Africa	2.56	2.55	0.00	–0.13	2.50	2.56	0.06	2.43
Total DCs	**19.38**	**19.51**	**0.13**	**0.66**	**19.70**	**19.60**	**–0.10**	**–0.51**
FSU	3.78	4.01	0.23	6.20	3.39	3.35	–0.05	–1.45
Other Europe	0.77	0.77	0.00	0.09	0.73	0.73	0.00	0.60
China	4.74	5.41	0.67	14.23	5.12	5.46	0.34	6.65
Total "Other Regions'	**9.29**	**10.20**	**0.91**	**9.79**	**9.24**	**9.54**	**0.30**	**3.20**
Total world	**76.80**	**79.07**	**2.28**	**2.96**	**75.22**	**76.29**	**1.07**	**1.42**

Totals may not add due to independent rounding.

Table 8
Third and fourth quarter world oil demand comparison for 2003
mb/d

	3Q02	3Q03	Change 2003/02 Volume	Change 2003/02 %	4Q02	4Q03	Change 2003/02 Volume	Change 2003/02 %
North America	24.34	24.54	0.20	0.83	24.35	24.59	0.25	1.01
Western Europe	15.17	15.23	0.06	0.38	15.34	15.43	0.09	0.60
OECD Pacific	8.03	8.13	0.10	1.22	9.26	9.31	0.05	0.52
Total OECD	**47.55**	**47.90**	**0.36**	**0.75**	**48.95**	**49.33**	**0.39**	**0.79**
Other Asia	7.47	7.56	0.09	1.22	7.64	7.73	0.09	1.13
Latin America	4.81	4.79	–0.03	–0.57	4.69	4.67	–0.03	–0.61
Middle East	5.10	5.16	0.06	1.17	4.93	5.02	0.08	1.68
Africa	2.52	2.54	0.02	0.61	2.58	2.59	0.01	0.55
Total DCs	**19.91**	**20.05**	**0.14**	**0.70**	**19.84**	**20.00**	**0.15**	**0.78**
FSU	3.65	3.75	0.10	2.83	4.25	4.39	0.13	3.14
Other Europe	0.73	0.79	0.06	8.61	0.74	0.76	0.03	3.60
China	5.27	5.32	0.05	0.95	5.00	5.05	0.05	1.02
Total "Other Regions"	**9.64**	**9.86**	**0.22**	**2.24**	**9.99**	**10.20**	**0.21**	**2.12**
Total world	**77.10**	**77.81**	**0.71**	**0.92**	**78.78**	**79.54**	**0.75**	**0.96**

Totals may not add due to independent rounding.

OECD

As in the previous MOMR, OECD consumption is forecast at 48.44 mb/d, constituting 62% of total world demand in 2003. Out of the forecast 1.20 mb/d world oil consumption increment for 2003, about 0.71 mb/d or nearly 59% is expected to initiate in the OECD. Within the group, North America ranks first in forecast demand growth with 0.30 mb/d, close to 42% of the group demand increment. OECD Pacific ranks second with 0.27 mb/d, equivalent to 38% and Western Europe ranks third with 0.14 mb/d, nearly 20%.

Actual consumption data suggests that OECD January to July oil requirements were higher by 0.88 mb/d compared to the corresponding 2002 period. As in the last MOMR, the leading volume gainer for the period reported was gasoil/diesel with a 0.52 mb/d or 4.47% rise in consumption due to fuel switching in the USA and Europe. The leading percentage gainer was residual fuel oil whose consumption rose by 10.03% or 0.29 mb/d mostly on colder than normal weather, nuclear reactor maintenance in Japan, and the high natural gas prices in the USA.

DCs

The estimates for developing countries remain similar to what was presented in the last *MOMR*. Oil demand is forecast to grow at 0.08 mb/d or 0.41% to 19.79 mb/d. The consumption in Latin America is expected to contract by 0.08 mb/d or 1.67% to average 4.67 mb/d, indicating a relative improvement over the last year when the demand weakened by 0.12 mb/d due to persistent economic and financial problems. Other Asia is forecast to register the highest volume and percentage growth at 0.13 mb/d or 1.68%, followed by Africa at 0.02 mb/d or 0.86%. Demand growth in the Middle East is expected to be negligible at one quarter of one per cent.

Other regions

The 2003 estimates remain very close to those presented in the last MOMR. Apparent demand in the former CPEs for 2003 is forecast at 13% of the total world consumption, equivalent to 9.95 mb/d. Demand growth is forecast to reach close to 34% of the total world demand increment, to 0.41 mb/d or 4.25%, slightly less than double that of 2002. Within the group, **China's 5.31 mb/d demand is forecast to register the highest volume and percentage growth at 0.28 mb/d or 5.50%, accounting for 23% of the total world increment.** The FSU, with an average of 3.87 mb/d, is expected to see the second highest demand rise at 0.11 mb/d or 2.79%, while apparent demand in the Other Europe is expected to enjoy a 3.21% growth rate equivalent to 0.02 mb/d.

Forecast for 2004

World demand for 2004 forecast at 79.25 mb/d, a rise of 1.16 mb over 2003

Based on the latest revisions, average **world oil demand in 2004 is forecast at 79.25 mb/d, incorporating a rise of 1.08 mb/d or 1.38% over the 2003 consumption. The volume has been lowered by 0.08 mb/d since the last *MOMR*, while the increment has undergone a 0.09 mb/d downward revision**.

All of the three major groups of countries are forecast to register positive growth in 2004. The OECD is forecast to rank first with a growth of 0.43 mb/d, equivalent to 40% of the total world demand increment. Developing Countries come in second with an expected growth of 0.39 mb/d or 36% of the world demand rise. The former CPEs are forecast to rank third, with a substantial 0.26 mb/d rise in oil consumption.

Compared with the corresponding quarter in the year 2003, every single 2004 quarter is forecast to register growth in consumption. The first quarter is expected to account for the lowest growth rate at 0.59 mb/d or 0.75%. The second and the third quarters are forecast to enjoy much higher rises at 1.00 mb/d and 1.30 mb/d respectively. The highest growth is expected in the fourth quarter at 1.40 mb/d or 1.76%.

Table 9
World oil demand forecast for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**	**Change 2004/03** Volume	%
North America	24.46	24.71	24.30	24.87	25.01	24.72	0.27	1.09
Western Europe	15.21	15.24	15.08	15.36	15.58	15.32	0.10	0.69
OECD Pacific	8.77	9.64	8.10	8.19	9.37	8.82	0.06	0.63
Total OECD	**48.44**	**49.60**	**47.48**	**48.42**	**49.96**	**48.86**	**0.43**	**0.88**
Other Asia	7.60	7.64	7.78	7.79	7.94	7.79	0.19	2.48
Latin America	4.67	4.59	4.72	4.85	4.72	4.72	0.05	1.09
Middle East	4.96	4.94	4.86	5.26	5.13	5.05	0.09	1.80
Africa	2.56	2.62	2.63	2.57	2.65	2.62	0.06	2.31
Total DCs	**19.79**	**19.79**	**19.99**	**20.48**	**20.43**	**20.18**	**0.39**	**1.96**
FSU	3.87	4.02	3.43	3.87	4.51	3.96	0.08	2.16
Other Europe	0.77	0.80	0.78	0.81	0.78	0.79	0.03	3.54
China	5.31	5.47	5.61	5.52	5.25	5.46	0.15	2.87
Total "Other Regions"	**9.95**	**10.28**	**9.82**	**10.20**	**10.54**	**10.21**	**0.26**	**2.64**
Total world	**78.18**	**79.67**	**77.29**	**79.11**	**80.93**	**79.25**	**1.08**	**1.38**
Previous estimate	78.17	79.69	77.34	79.17	81.11	79.33	1.16	1.49
Revision	0.01	–0.03	–0.05	–0.06	–0.18	–0.08	–0.09	–0.11

Totals may not add due to independent rounding.

Table 10
First and second quarter world oil demand comparison for 2004
mb/d

			Change 2004/03				Change 2004/03	
	1Q03	**1Q04**	Volume	%	**2Q03**	**2Q04**	Volume	%
North America	24.57	24.71	0.14	0.57	24.12	24.30	0.17	0.72
Western Europe	15.19	15.24	0.05	0.33	14.99	15.08	0.10	0.64
OECD Pacific	9.61	9.64	0.04	0.39	8.04	8.10	0.05	0.65
Total OECD	**49.37**	**49.60**	**0.23**	**0.46**	**47.15**	**47.48**	**0.32**	**0.68**
Other Asia	7.54	7.64	0.10	1.36	7.58	7.78	0.20	2.64
Latin America	4.54	4.59	0.05	1.11	4.68	4.72	0.04	0.86
Middle East	4.88	4.94	0.06	1.22	4.77	4.86	0.08	1.76
Africa	2.55	2.62	0.07	2.55	2.56	2.63	0.07	2.92
Total DCs	**19.51**	**19.79**	**0.28**	**1.42**	**19.60**	**19.99**	**0.40**	**2.03**
FSU	4.01	4.02	0.01	0.18	3.35	3.43	0.08	2.50
Other Europe	0.77	0.80	0.03	3.37	0.73	0.78	0.05	7.09
China	5.41	5.47	0.05	1.00	5.46	5.61	0.15	2.68
Total "Other Regions"	**10.20**	**10.28**	**0.09**	**0.85**	**9.54**	**9.82**	**0.28**	**2.96**
Total world	**79.07**	**79.67**	**0.59**	**0.75**	**76.29**	**77.29**	**1.00**	**1.31**

Totals may not add due to independent rounding.

Table 11
Third and fourth quarter world oil demand comparison for 2004
mb/d

			Change 2004/03				Change 2004/03	
	3Q03	**3Q04**	Volume	%	**4Q03**	**4Q04**	Volume	%
North America	24.54	24.87	0.32	1.32	24.59	25.01	0.42	1.70
Western Europe	15.23	15.36	0.13	0.85	15.43	15.58	0.14	0.93
OECD Pacific	8.13	8.19	0.07	0.82	9.31	9.37	0.06	0.69
Total OECD	**47.90**	**48.42**	**0.52**	**1.09**	**49.33**	**49.96**	**0.63**	**1.27**
Other Asia	7.56	7.79	0.24	3.12	7.73	7.94	0.21	2.76
Latin America	4.79	4.85	0.06	1.31	4.67	4.72	0.05	1.08
Middle East	5.16	5.26	0.10	1.95	5.02	5.13	0.11	2.22
Africa	2.54	2.57	0.04	1.42	2.59	2.65	0.06	2.35
Total DCs	**20.05**	**20.48**	**0.44**	**2.17**	**20.00**	**20.43**	**0.44**	**2.18**
FSU	3.75	3.87	0.12	3.30	4.39	4.51	0.12	2.70
Other Europe	0.79	0.81	0.01	1.86	0.76	0.78	0.02	2.06
China	5.32	5.52	0.20	3.84	5.05	5.25	0.20	4.00
Total "Other Regions"	**9.86**	**10.20**	**0.34**	**3.48**	**10.20**	**10.54**	**0.34**	**3.30**
Total world	**77.81**	**79.11**	**1.30**	**1.67**	**79.54**	**80.93**	**1.40**	**1.76**

Totals may not add due to independent rounding.

World Oil Supply

Non-OPEC supply for 2003 revised up to 48.74 mb/d, an increase of 0.93 mb/d over 2002 figure

Non-OPEC

Forecast for 2003

The non-OPEC supply figure for 2003 was revised upward to 48.74 mb/d, **an 0.08 mb/d upward revision to the second-quarter supply, mainly in Canada,** as well as minor downward revisions in the first and the fourth quarters. The quarterly distribution now stands at 48.63 mb/d, 48.03 mb/d, 48.96 mb/d and 49.32 mb/d respectively. The yearly average increase stands at 0.93 mb/d, compared with the 2002 figure. **The decrease noticed in North America was due to lower NGL production in the USA in the third quarter. Western Europe also witnessed a slower production recovery after maintenance, especially in Norway.** These declines were offset by Africa's improved performance of Africa, especially in Chad.

Table 12
Non-OPEC oil supply in 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
North America	14.51	14.74	14.55	14.78	14.69	14.69	0.18
Western Europe	6.63	6.75	6.21	6.29	6.55	6.45	–0.19
OECD Pacific	0.76	0.67	0.65	0.73	0.73	0.69	–0.06
Total OECD	**21.90**	**22.17**	**21.41**	**21.80**	**21.97**	**21.83**	**–0.07**
Other Asia	2.27	2.34	2.34	2.36	2.36	2.35	0.08
Latin America	3.89	3.85	3.79	3.86	3.89	3.85	–0.04
Middle East	2.08	2.05	2.01	2.02	2.00	2.02	–0.06
Africa	3.03	2.96	3.01	3.16	3.32	3.12	0.09
Total DCs	**11.27**	**11.21**	**11.15**	**11.40**	**11.58**	**11.34**	**0.06**
FSU	9.33	9.88	10.09	10.41	10.39	10.19	0.86
Other Europe	0.18	0.17	0.17	0.17	0.17	0.17	0.00
China	3.39	3.40	3.44	3.39	3.39	3.41	0.01
Total "Other regions"	**12.90**	**13.46**	**13.70**	**13.97**	**13.95**	**13.77**	**0.87**
Total non-OPEC production	**46.08**	**46.83**	**46.26**	**47.17**	**47.50**	**46.94**	**0.87**
Processing gains	1.73	1.81	1.77	1.79	1.82	1.79	0.06
Total non-OPEC supply	**47.81**	**48.63**	**48.03**	**48.96**	**49.32**	**48.74**	**0.93**
Previous estimate	47.81	48.64	47.95	48.96	49.34	48.72	0.91
Revision	**0.00**	**–0.01**	**0.08**	**0.00**	**–0.02**	**0.01**	**0.02**

Totals may not add due to independent rounding.

Note

Starting with this report, changes have been made regarding the merger of some countries in which the production declined to less than 100 kb/d while other countries were broken out as their production increased to more than 100 kb/d (see Table 26);

These countries are as follows:
1-Papua New Guinea: merged into Other Asia,
2-Peru: merged into Other Latin America,
3-Cameroon: merged into Other Africa,
4-Chad, Equatorial Guinea and Sudan were split from Africa Other,
5-FSU was split into Russia, Kazakhstan, Azerbaijan and Other FSU.

Non-OPEC supply for 2004 expected at 49.97 mb/d, a rise of 1.24 mb/d above 2003 figure

Expectations for 2004

Our 2004 non-OPEC supply is expected to rise by 1.24 mb/d. **The major contributors to the expected rise are FSU, Africa, North America and Latin America.** The quarterly distribution now stands at 49.89 mb/d, 49.33 mb /d 50.22 mb/d and 50.46 mb/d respectively. The yearly average is forecast at 49.97 mb/d. Significant revisions were made to the second and the fourth quarters. These were upward by 0.16 mb/d and downward 0.16 mb/d respectively on new data.

Table 13
Non-OPEC oil supply in 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03
North America	14.69	14.86	14.67	14.90	14.82	14.81	0.12
Western Europe	6.45	6.80	6.26	6.34	6.60	6.50	0.05
OECD Pacific	0.69	0.66	0.64	0.72	0.72	0.68	–0.01
Total OECD	**21.83**	**22.33**	**21.57**	**21.96**	**22.13**	**21.99**	**0.16**
Other Asia	2.35	2.38	2.38	2.40	2.39	2.39	0.04
Latin America	3.85	3.97	3.91	3.98	4.02	3.97	0.12
Middle East	2.02	2.01	2.00	2.00	2.00	2.00	–0.02
Africa	3.12	3.37	3.42	3.51	3.53	3.46	0.34
Total DCs	**11.34**	**11.72**	**11.70**	**11.88**	**11.94**	**11.81**	**0.48**
FSU	10.19	10.48	10.69	11.03	11.01	10.80	0.61
Other Europe	0.17	0.17	0.17	0.17	0.17	0.17	0.00
China	3.41	3.38	3.42	3.37	3.37	3.39	–0.02
Total "Other regions"	**13.77**	**14.03**	**14.29**	**14.57**	**14.56**	**14.36**	**0.59**
Total non-OPEC production	**46.94**	**48.07**	**47.56**	**48.42**	**48.63**	**48.17**	**1.23**
Processing gains	1.79	1.82	1.77	1.80	1.83	1.80	0.01
Total non-OPEC supply	**48.74**	**49.89**	**49.33**	**50.22**	**50.46**	**49.97**	**1.24**
Previous estimate	48.72	49.85	49.17	50.23	50.62	49.97	1.25
Revision	**0.01**	**0.03**	**0.16**	**–0.02**	**–0.16**	**0.00**	**–0.01**

Totals may not add due to independent rounding.

2004 net FSU oil exports expected at 6.85 mb/d, 2003 forecast at 6.32 mb/d

The FSU net oil exports for 2004 are expected at 6.85 mb/d. The 2003 figure has also been revised up to 6.32 mb/d. Figures for 2000-2002 remain unchanged compared with the last *MOMR.*

Table 14
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	Year
2000	3.97	4.13	4.47	4.01	**4.14**
2001	4.30	4.71	4.89	4.47	**4.59**
2002(estimate)	5.14	5.76	5.85	5.49	**5.56**
2003 (estimate)	5.87	6.74	6.66	6.00	**6.32**
2004 (forecast)	6.45	7.26	7.16	6.51	**6.85**

OPEC natural gas liquids+non-conventional oils

OPEC NGL+NCO for 2004 expected at 3.83 mb/d

OPEC NGL data figure for 2004 is expected to be at 3.83 mb/d, an increase of 0.25 mb/d compared with 2003 downwardly revised figure of 3.58 mb/d. The 2002 figure has also been revised downward to 3.62 mb/d on recent data released from some Member Countries. Figures for 2000 and 2001 remain unchanged at 3.34 mb/d and 3.58 mb/d, respectively, compared with the last *MOMR's* figures. Please refer to Table 26 for more details.

OPEC NGL+NCO production — 2000–2004
mb/d

2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	2004	Change 04/03
3.34	**3.58**	**3.62**	3.44	3.59	3.64	3.64	**3.58**	-0.04	**3.83**	0.25

Available secondary sources put OPEC's September production at 27.11 mb/d

OPEC crude oil production

Available secondary sources indicate that **OPEC output for September was 27.11 mb/d, or 0.28 mb/d higher than the revised August figure of 26.83 mb/d.** Table 15 shows OPEC production as reported by selected secondary sources.

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

	2001	2002	2Q03	Aug 03*	**Sept 03***	3Q03*	Sept 03-Aug 03
Algeria	820	864	1,127	1,156	**1,184**	1,164	28
Indonesia	1,214	1,120	1,026	1,017	**1,015**	1,016	-2
IR Iran	3,672	3,428	3,716	3,762	**3,773**	3,768	11
Iraq	2,383	2,006	291	1,060	**1,435**	1,041	375
Kuwait	2,021	1,885	2,250	2,114	**2,112**	2,116	–2
SP Libyan AJ	1,361	1,314	1,423	1,425	**1,441**	1,427	16
Nigeria	2,098	1,969	1,985	2,165	**2,186**	2,168	21
Qatar	683	648	750	741	**741**	738	0
Saudi Arabia	7,939	7,535	9,022	8,567	**8,467**	8,535	–100
UAE	2,163	1,988	2,294	2,295	**2,255**	2,272	–40
Venezuela	2,862	2,586	2,578	2,528	**2,500**	2,529	–27
Total OPEC	**27,217**	**25,341**	**26,462**	**26,829**	**27,109**	**26,775**	**280**

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

Rig Count

Non-OPEC loses 26 rigs in September

Non-OPEC

Rig activity declined in September. North America saw a loss of 45 rigs, compared with the August figure. **Mexico's rig activity rose by another 7 to 103 rigs while Canada shed 56 rigs to 348.** Western Europe's rig activity declined by 1 rig to 82. In Australia rig activity was up by 1 rig to 12. Total DC's increased by 19 rigs to 361, mainly from Africa and Latin America.

Table 16
Non-OPEC rig count in 2002-2003

	2001	**2002**	**Change 02/01**	**Aug.03**	**Sept.03**	**Change Sept/Aug**
North America	1,552	1,162	–390	1590	1544	-46
Western Europe	95	85	–10	83	82	–1
OECD Pacific	20	17	–3	18	20	2
OECD	**1,667**	**1,264**	**–403**	**1691**	**1646**	**–45**
Other Asia	95	111	16	119	123	4
Latin America	141	106	–35	110	115	5
Middle East	50	62	12	72	75	3
Africa	36	43	7	41	48	7
DCs	**321**	**322**	**1**	**342**	**361**	**19**
FSU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Europe	3	2	–1	2	2	0
China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other regions	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Total non-OPEC	**1,991**	**1,588**	**–403**	**2,035**	**2,009**	**–26**

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

OPEC rig count down 14 for the month

OPEC

OPEC's rig count in September stood at 211, downs 14 rigs compared with the August figure. Algeria, Nigeria and Venezuela lost 3 rigs each to stand at 18, 8 and 41 respectively. Indonesia also dropped 4 rigs to 41, compared with last month's figures.

Table 17
OPEC rig count

	2001	2002	Change 02/01	Aug.03	Sept.03	Change Sept/Aug
Algeria	20	20	0	21	18	–3
Indonesia	41	46	6	45	41	–4
IR Iran	30	34	4	33	33	0
Iraq	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kuwait	9	6	-3	6	5	–1
SP Libyan AJ	5	10	5	10	10	0
Nigeria	12	12	0	11	8	–3
Qatar	9	13	4	8	6	–2
Saudi Arabia	30	32	2	31	32	1
UAE	15	16	0	16	17	1
Venezuela	67	42	–25	44	41	–3
Total OPEC	**238**	**231**	**–7**	**225**	**211**	**–14**

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

Stock Movements

Considerable stock build of around 1 mb/d in USA at the end of September

USA

US commercial onland oil stocks displayed a massive seasonal build of 32.0 mb or about 1 mb/d to 967.0 mb during the period 29 August-3 October. Both crude oil and products contributed to the build which narrowed the y-o-y deficit to 20 mbor 2%. Crude oil stocks rose 5.8 mb to 286.2 mb and are now 5.2% above last year's level at this time. The bulk of this increase came only in the week ending 3 October, as refinery runs declined 0.22 mb/d to 15.39 mb/d. Crude oil refinery inputs have decreased by almost 0.8 mb/d over the last three weeks, signaling the start of seasonal maintenance in refineries. Crude oil imports averaged nearly 10.1 mb/d, an increase of 50 tb/d from the end of August, but 1.3 mb/d more than the figure registered last year at the same time. On the product side, gasoline moved up gradually over the last four weeks by 6.1 mb to 198.0 mb, mainly due to the seasonal decline in demand following the end of the driving season. Despite the build, the y-o-y gasoline shortage is still around 3.7%. Distillate fuel stocks continued their seasonal build ahead of the upcoming winter, increasing by 6.8 mb to 131.5 mb at a comfortable level of 4% compared to the same time a year ago. Both distillate fuel components — low sulphur distillate (diesel) and higher sulphur distillate fuel (heating oil) — registered a build of 1.0 mb and 5.8 mb respectively. This rise was supported by an increase in imports, mainly from Russia, combined with the high product yield for distillates. Residual fuel and jet kerosene stocks also showed a build of 1.7 mb to 32.4 mb and 2.2 mb to 40.4 mb, respectively, on the back on decreasing demand.

During the same period, the Strategic Petroleum Reserve (SPR) continued to receive more volumes under the US Administration's policy of filling it to its capacity of 700 mb. Therefore, it rose by 6.8 mb to 623.8, widening the y-o-y surplus to 36.4 mb.

During the week ending 10 October, total commercial oil stocks showed a marginal draw to average 966.1 mb compared to the previous week, still 2% less than the level registered a year ago. Crude oil stocks rose 3.8 mb to 290.0 mb, their highest weekly level since 1 November 2002. Crude stocks are now at a comfortable level of 4.8% above last year. Strong crude oil imports from Iraq and Venezuela were behind this build. On the product side, both gasoline and distillate fuel stocks fell. Gasoline inventories fell by 3.4 mb to 194.6 mb and are more than 4% less than last year's figure on the back of low refinery runs as refineries are still undergoing seasonal maintenance, which typically takes place between the peak gasoline demand and the start of the heating season in October. Distillate stocks decreased by 1.7 mb, mostly in diesel fuel, as implied demand moved above 4 mb/d for the first time in six months. At 129.8 mb, distillate inventories are 3.6% higher than last year at this time.

In the week ending 10 October, SPR continued its upward trend, rising by 1.9 mb to reach a new record of 625.7 mb

Table 18
US onland commercial petroleum stocks*
mb

	1 Aug 03	29 Aug 03	**3 Oct. 03**	**Change Sept/Aug**	10 Mar 02	10 Oct 03**
Crude oil (excl. SPR)	280.2	280.4	**286.2**	**5.80**	272.0	290.0
Gasoline	201.8	191.9	198.0	6.10	205.7	194.6
Distillate fuel	119.1	124.7	131.5	6.80	126.5	129.8
Residual fuel oil	33.7	30.7	32.4	1.70	33.0	33.1
Jet fuel	38.3	38.2	40.4	2.20	40.6	40.3
Unfinished oils	85.8	85.2	82.5	–2.70	85.3	82.6
Other oils	177.9	183.9	196.1	12.20	223.5	195.6
Total	936.7	935.0	**967.0**	**32.00**	986.6	966.1
SPR	612.4	617.0	623.8	6.80	587.4	625.7

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

Western Europe

Massive contra-seasonal draw of 0.6 mb/d in Eur-16 in September

At the end of September, total oil stocks in the Eur-16 (EU plus Norway) saw a reversal in the direction of the trend from the previous month, declining by 17.9 mb or 0.58 mb/d to 1,045.8 mb, which was around 13 mb or 1.2% less than last year's figure this time. This considerable draw left total inventories at their lowest level since February 2003. Most of this draw occurred with crude oil stocks, which fell by 12.9 mb to 440.8 mb, as the flow of European crude was redirected to the higher-priced US market where prices were more attractive than in Europe. Despite this draw, the y-o-y surplus is still at 0.7%. Middle distillate stocks fell by 1.7 mb to 339.5 mb on the back of healthy demand and lower Russian cargos. Also the Rhine water level fell sharply in August and September continuing to restrain inland gasoil shipments. With this draw on distillate stocks, the deficit widened to 4% ahead of the peak winter demand for heating oil. Gasoline stocks stood at 134.6 mb, nearly unchanged from the previous month, about 1% less than the level registered a year ago. Fuel oil stocks displayed a decrease of 2.4 mb to 107.2 mb, reaching their lowest level since January 2002. This draw was mainly due to the fall in imports from Russia as a result of high demand in Asia-Pacific.

Table 19
Western Europe's oil stocks*
mb

	Jul 03	Aug 03	Sept 03	**Change** Sept/Aug	Sept 02
Crude oil	451.1	453.7	**440.8**	**–12.9**	437.6
Mogas	135.9	134.1	134.6	0.5	135.9
Naphtha	23.8	25.1	23.8	–1.3	21.0
Middle distillates	335.5	341.3	339.5	–1.7	354.5
Fuel oils	108.6	109.6	107.2	–2.4	110.0
Total products	603.8	610.0	**605.0**	**–4.9**	621.5
Overall total	1,054.92	1,063.7	**1,045.8**	**–17.9**	**1,059.0**

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

Japan

Marginal build of 0.1 mb/d in Japan at the end of August

Commercial onland oil stocks continued their upward trend at the end of August, increasing by 1.6 mb at a rate of 0.05 mb/d to 201.4 mb. This build put the y-o-y surplus at a comfortable level of 15.3 mb or 8.2%. Total major products were the main contributor to this build, rising 5.4 mb to 79.1 mb, while crude oil stocks provided a cap dropping 3.7 mb to 122.3 mb. Middle distillate led the increase rising 6.6 mb to 43.9 mb. The bulk of this build came from kerosene on the back of high output combined with low domestic sales. Middle distillate inventories stood at 8.7% above last year's level at the same time, in preparation of the upcoming winter season. Gasoline and residual fuel oil stocks registered a minor draw reaching 13.9 mb and 21.3 mb respectively. The draw of 3.7 mb on crude oil stocks came as a result of reduced imports; however, the y-o-y surplus remained strong at 7.7%
.

Table 20
Japan's commercial oil stocks*
mb

	Jun 03	Jul 03	Aug 03	Change Aug/Jul	Aug 02
Crude oil	127.4	126.0	**122.3**	**–3.7**	113.5
Gasoline	13.9	14.5	13.9	–0.6	12.4
Middle distillates	33.2	37.3	43.9	6.6	40.4
Residual fuel oil	21.7	21.9	21.3	–0.6	19.7
Total products	68.8	73.8	79.1	5.4	72.5
Overall total**	**196.2**	**199.8**	**201.4**	1.6	**186.1**

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

Balance of Supply and Demand

2003 supply/demand difference revised up to 25.86 mb/d

The summarized supply/demand balance table for 2003 shows revisions to the total non-OPEC supply, which was down by 0.12 mb/d to 52.32 mb/d, and to the world oil demand, which rose by 0.01 mb/d to 78.18 mb/d. This resulted in an estimated annual difference of around 25.86 mb/d, an increase of 0.13 mb/d compared with the last *MOMR* figure, with a quarterly distribution of 27.00 mb/d, 24.67 mb/d, 25.21 mb/d and 26.57 mb/d respectively. The balance for the first and the second quarters has been revised down by 0.15 mb/d to –0.20 mb/d and by 0.16 mb/d to 1.79 mb/d respectively, while **the balance for the third quarter has been introduced for the first time at 1.57 mb/d.**

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

	2002	1Q03	2Q03	3Q03	4Q03	**2003**
(a) World oil demand	76.98	79.07	76.29	77.81	79.54	78.18
(b) Non-OPEC supply (1)	51.42	52.07	51.62	52.60	52.96	52.32
Difference (a – b)	**25.56**	**27.00**	**24.67**	**25.21**	**26.57**	**25.86**
OPEC crude oil production(2)	25.34	26.80	26.46	26.77		
Balance	**–0.21**	**–0.20**	**1.79**	**1.57**		

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

2004 supply/demand difference expected to be at 25.45 mb/d

The summarized supply/demand balance table for 2004 shows world oil demand expected to be at 79.25 mb/d and the total non-OPEC supply expected to be at 53.80 mb/d, resulting in an expected difference of around 25.45 mb/d, with a quarterly distribution of 26.15 mb/d, 24.10 mb/d, 24.98 mb/d and 26.56 mb/d respectively.

Table 23
Summarized supply/demand balance for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**
(a) World oil demand	78.18	79.67	77.29	79.11	80.93	79.25
(b) Non-OPEC supply (1)	52.32	53.51	53.19	54.13	54.37	53.80
Difference (a – b)	**25.86**	**26.15**	**24.10**	**24.98**	**26.56**	**25.45**

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

Table 23
World oil demand/supply balance

mb/d

	1999	2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004
World demand														
OECD	47.7	47.8	47.8	47.7	49.4	47.2	47.9	49.3	48.4	49.6	47.5	48.4	50.0	48.9
North America	23.8	24.1	24.0	24.2	24.6	24.1	24.5	24.6	24.5	24.7	24.3	24.9	25.0	24.7
Western Europe	15.2	15.1	15.3	15.1	15.2	15.0	15.2	15.4	15.2	15.2	15.1	15.4	15.6	15.3
Pacific	8.7	8.6	8.5	8.5	9.6	8.0	8.1	9.3	8.8	9.6	8.1	8.2	9.4	8.8
DCs	18.9	19.2	19.5	19.7	19.5	19.6	20.0	20.0	19.8	19.8	20.0	20.5	20.4	20.2
FSU	4.0	3.8	3.9	3.8	4.0	3.3	3.7	4.4	3.9	4.0	3.4	3.9	4.5	4.0
Other Europe	0.8	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
China	4.2	4.7	4.7	5.0	5.4	5.5	5.3	5.1	5.3	5.5	5.6	5.5	5.3	5.5
(a) Total world demand	75.5	76.2	76.7	77.0	79.1	76.3	77.8	79.5	78.2	79.7	77.3	79.1	80.9	79.3
Non-OPEC supply														
OECD	21.3	21.8	21.8	21.9	22.2	21.4	21.8	22.0	21.8	22.3	21.6	22.0	22.1	22.0
North America	14.1	14.2	14.4	14.5	14.7	14.5	14.8	14.7	14.7	14.9	14.7	14.9	14.8	14.8
Western Europe	6.6	6.7	6.7	6.6	6.7	6.2	6.3	6.5	6.4	6.8	6.3	6.3	6.6	6.5
Pacific	0.7	0.8	0.8	0.8	0.7	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7
DCs	10.7	10.9	10.9	11.3	11.2	11.2	11.4	11.6	11.3	11.7	11.7	11.9	11.9	11.8
FSU	7.5	7.9	8.5	9.3	9.9	10.1	10.4	10.4	10.2	10.5	10.7	11.0	11.0	10.8
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	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Processing gains	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Total non-OPEC supply	44.5	45.7	46.4	47.8	48.6	48.0	49.0	49.3	48.7	49.9	49.3	50.2	50.5	50.0
OPEC NGLs + non-conventional oils	3.2	3.3	3.6	3.6	3.4	3.6	3.6	3.6	3.6	3.6	3.9	3.9	3.9	3.8
(b) Total non-OPEC supply and OPEC NGLs	47.7	49.1	50.0	51.4	52.1	51.6	52.6	53.0	52.3	53.5	53.2	54.1	54.4	53.8
OPEC crude oil production (secondary sources)	26.5	28.0	27.2	25.3	26.8	26.5	26.8							
Total supply	74.2	77.0	77.2	76.8	78.9	78.1	79.4							
Balance (stock change and miscellaneous)	-1.3	0.8	0.6	-0.2	-0.2	1.8	1.6							
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	2446	2530	2621	2467	2408	2524								
OECD SPR	1284	1268	1283	1343	1357	1361								
OECD total	3730	3798	3904	3810	3765	3884								
Other onland	997	1016	1044	1019	1007	1039								
Oil-on-water	808	876	831	811	856	876								
Total stock	5535	5690	5779	5640	5628	5799								
Days of forward consumption in OECD														
Commercial onland stocks	51	53	55	51	51	53								
SPR	27	27	27	28	29	28								
Total	78	79	82	79	80	81								
Memo items														
FSU net exports	3.4	4.1	4.6	5.6	5.9	6.7	6.7	6.0	6.3	6.5	7.3	7.2	6.5	6.8
(a) - (b)	27.8	27.2	26.7	25.6	27.0	24.7	25.2	26.6	25.9	26.2	24.1	25.0	26.6	25.4

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

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

	1999	2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004
World demand														
OECD	-	-	-	-	-	0.1	-	-0.1	-	-	0.1	-	-0.1	-
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Western Europe	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-0.1	-0.1	-	-	-	-0.1	-0.1	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	-	-	-	-	-	0.1	-	-	-	-	-	-0.1	-0.2	-0.1
Non-OPEC supply														
OECD	-	-	-	-	-	0.1	-0.1	-0.2	-	-	0.1	-0.1	-0.2	-0.1
North America	-	-	-	-	-	0.1	-0.1	-0.2	-	-	0.1	-0.1	-0.2	-0.1
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	0.1	-	-	-	-	0.2	-	-0.2	-
OPEC NGLs + non-conventionals	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.2
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-0.1	-0.1	-	-0.1	-0.2	-0.1	-0.2	-	-0.2	-0.3	-0.2
OPEC crude oil production (secondary sources)	-	-	-	-	-	-								
Total supply	-	-	-	-0.1	-0.1	-0.1								
Balance (stock change and miscellaneous)	-	-	-	-0.1	-0.2	-0.2								
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	-	-	-	-	-	3.8								
OECD SPR	-	-	-	-	-	-								
OECD total	-	-	-	-	-	3.8								
Other onland	-	-	-	-	-	1.0								
Oil on water	-	-	-	-	-	-6.0								
Total stock	-	-	-	-	-	-1.2								
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-								
SPR	-	-	-	-	-	-								
Total	-	-	-	-	-	-								
Memo items														
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	-	0.1	0.2	0.1	0.1	0.1	0.1	0.1	-0.1	0.1	0.1	0.1

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

Table 25

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

	1997	1998	1999	2000	2001	2002	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03
Closing stock level *mb*																
OECD onland commercial	2,615	2,698	2,446	2,530	2,621	2,467	2,525	2,597	2,661	2,621	2,598	2,648	2,567	2,467	2,408	2,524
North America	1,211	1,283	1,127	1,146	1,263	1,172	1,159	1,231	1,269	1,263	1,235	1,262	1,216	1,172	1,096	1,178
Western Europe	912	963	881	930	915	885	918	909	918	915	927	939	912	885	899	893
OECD Pacific	492	453	437	454	443	410	447	457	473	443	435	447	440	410	413	453
OECD SPR	1,254	1,302	1,284	1,268	1,283	1,343	1,269	1,267	1,267	1,283	1,303	1,314	1,319	1,343	1,357	1,361
North America	563	571	567	543	550	601	544	545	547	550	563	578	589	601	601	611
Western Europe	329	362	346	354	353	352	351	347	345	353	353	348	344	352	363	358
OECD Pacific	362	369	370	370	380	389	374	374	375	380	386	388	386	389	393	393
OECD total	**3,869**	**4,000**	**3,730**	**3,798**	**3,904**	**3,810**	**3,794**	**3,864**	**3,928**	**3,904**	**3,901**	**3,962**	**3,886**	**3,810**	**3,765**	**3,884**
Other onland	1,035	1,070	997	1,016	1,044	1,019	1,015	1,033	1,050	1,044	1,043	1,060	1,039	1,019	1007	1039
Oil-on-water	812	859	808	876	831	811	903	829	870	831	791	800	802	811	856	876
Total stock	**5,715**	**5,929**	**5,535**	**5,690**	**5,779**	**5,640**	**5,712**	**5,726**	**5,848**	**5,779**	**5,735**	**5,822**	**5,727**	**5,640**	**5,628**	**5,799**
Days of forward consumption in OECD																
OECD onland commercial	56	57	51	53	55	51	54	55	55	54	56	56	52	50	51	53
North America	52	54	47	48	52	48	49	51	53	53	51	52	50	48	45	48
Western Europe	60	63	58	61	61	58	62	59	59	60	63	62	59	58	60	59
OECD Pacific	58	52	51	53	52	47	56	57	54	49	57	56	47	43	51	56
OECD SPR	27	27	27	27	27	28	27	27	26	27	28	28	27	27	29	28
North America	24	24	24	23	23	25	23	23	23	23	23	24	24	24	25	25
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	22	23	24	23
OECD Pacific	43	42	43	43	45	44	47	47	43	42	51	48	42	41	49	48
OECD total	**83**	**84**	**78**	**79**	**82**	**79**	**81**	**81**	**82**	**81**	**84**	**83**	**79**	**77**	**80**	**81**
Days of global forward consumption	**88**	**89**	**83**	**85**	**86**	**83**	**86**	**85**	**86**	**86**	**87**	**86**	**83**	**82**	**84**	**85**

Table 26

Non-OPEC supply and OPEC natural gas liquids

mb/d

	1999	2000	2001	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03
USA	8.11	8.11	8.05	8.04	-0.01	8.07	7.81	7.80	7.83	7.88	-0.17	8.12	7.86	7.85	7.88	7.93	0.05
Canada	2.60	2.69	2.74	2.88	0.14	2.92	2.99	3.13	3.06	3.03	0.15	3.00	3.07	3.22	3.14	3.11	0.08
Mexico	3.35	3.45	3.57	3.59	0.03	3.75	3.75	3.85	3.80	3.79	0.19	3.74	3.74	3.84	3.79	3.78	-0.01
North America	**14.05**	**14.25**	**14.36**	**14.51**	**0.15**	**14.74**	**14.55**	**14.78**	**14.69**	**14.69**	**0.18**	**14.86**	**14.67**	**14.90**	**14.82**	**14.81**	**0.12**
Norway	3.06	3.32	3.42	3.33	-0.09	3.40	3.16	3.19	3.29	3.26	-0.07	3.43	3.19	3.22	3.32	3.29	0.03
UK	2.84	2.64	2.53	2.51	-0.03	2.53	2.25	2.33	2.44	2.39	-0.12	2.51	2.23	2.31	2.42	2.37	-0.02
Denmark	0.30	0.36	0.35	0.37	0.02	0.38	0.36	0.34	0.37	0.37	0.00	0.40	0.38	0.36	0.40	0.39	0.02
Other Western Europe	0.43	0.41	0.40	0.43	0.03	0.44	0.44	0.43	0.44	0.44	0.01	0.46	0.46	0.45	0.46	0.46	0.02
Western Europe	**6.63**	**6.74**	**6.70**	**6.63**	**-0.06**	**6.75**	**6.21**	**6.29**	**6.55**	**6.45**	**-0.19**	**6.80**	**6.26**	**6.34**	**6.60**	**6.50**	**0.05**
Australia	0.59	0.77	0.71	0.70	0.00	0.62	0.60	0.68	0.67	0.64	-0.06	0.61	0.59	0.67	0.66	0.63	-0.01
Other Pacific	0.07	0.06	0.06	0.05	-0.01	0.05	0.05	0.05	0.05	0.05	0.00	0.05	0.05	0.05	0.05	0.05	0.00
OECD Pacific	**0.66**	**0.83**	**0.77**	**0.76**	**-0.01**	**0.67**	**0.65**	**0.73**	**0.73**	**0.69**	**-0.06**	**0.66**	**0.64**	**0.72**	**0.72**	**0.68**	**-0.01**
Total OECD*	**21.34**	**21.82**	**21.82**	**21.90**	**0.08**	**22.17**	**21.41**	**21.80**	**21.97**	**21.83**	**-0.07**	**22.33**	**21.57**	**21.96**	**22.13**	**21.99**	**0.16**
Brunei	0.18	0.19	0.20	0.20	0.01	0.20	0.21	0.21	0.21	0.21	0.01	0.20	0.21	0.21	0.21	0.21	0.00
India	0.75	0.74	0.73	0.75	0.01	0.75	0.72	0.75	0.75	0.74	0.00	0.75	0.72	0.75	0.75	0.74	0.00
Malaysia	0.72	0.70	0.68	0.72	0.03	0.75	0.77	0.78	0.77	0.77	0.05	0.77	0.79	0.80	0.78	0.79	0.02
Vietnam	0.26	0.31	0.34	0.34	0.00	0.36	0.36	0.35	0.37	0.36	0.02	0.36	0.36	0.35	0.37	0.36	0.00
Asia others	0.24	0.25	0.25	0.26	0.01	0.27	0.27	0.27	0.25	0.27	0.01	0.29	0.29	0.29	0.27	0.29	0.02
Other Asia	**2.15**	**2.19**	**2.20**	**2.27**	**0.06**	**2.34**	**2.34**	**2.36**	**2.36**	**2.35**	**0.08**	**2.38**	**2.38**	**2.40**	**2.39**	**2.39**	**0.04**
Argentina	0.84	0.80	0.82	0.80	-0.02	0.78	0.78	0.78	0.78	0.78	-0.01	0.78	0.78	0.78	0.78	0.78	0.00
Brazil	1.36	1.49	1.57	1.75	0.18	1.76	1.72	1.76	1.74	1.74	0.00	1.76	1.72	1.76	1.74	1.74	0.00
Colombia	0.82	0.70	0.61	0.58	-0.03	0.55	0.55	0.56	0.56	0.56	-0.03	0.63	0.62	0.64	0.64	0.64	0.08
Ecuador	0.38	0.40	0.41	0.40	-0.01	0.40	0.36	0.37	0.41	0.38	-0.02	0.39	0.35	0.36	0.40	0.37	-0.01
Trinidad & Tobago	0.14	0.14	0.13	0.15	0.02	0.15	0.17	0.17	0.18	0.17	0.01	0.19	0.21	0.21	0.23	0.21	0.04
L. America others	0.22	0.22	0.23	0.21	-0.02	0.22	0.22	0.21	0.21	0.22	0.00	0.23	0.23	0.22	0.22	0.23	0.01
Latin America	**3.76**	**3.75**	**3.77**	**3.89**	**0.12**	**3.85**	**3.79**	**3.86**	**3.89**	**3.85**	**-0.04**	**3.97**	**3.91**	**3.98**	**4.02**	**3.97**	**0.12**
Bahrain	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	-0.01	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.91	0.95	0.95	0.90	-0.04	0.85	0.82	0.83	0.81	0.83	-0.08	0.83	0.83	0.83	0.83	0.83	0.00
Syria	0.55	0.54	0.53	0.54	0.01	0.56	0.55	0.54	0.54	0.55	0.01	0.56	0.55	0.54	0.54	0.55	0.00
Yemen	0.42	0.45	0.47	0.45	-0.01	0.46	0.46	0.46	0.47	0.46	0.01	0.44	0.44	0.44	0.45	0.44	-0.02
Middle East	**2.06**	**2.13**	**2.13**	**2.08**	**-0.05**	**2.05**	**2.01**	**2.02**	**2.00**	**2.02**	**-0.06**	**2.01**	**2.00**	**2.00**	**2.00**	**2.00**	**-0.02**
Angola	0.76	0.75	0.74	0.89	0.15	0.83	0.89	0.93	0.91	0.89	0.00	0.93	0.99	1.03	1.02	0.99	0.10
Chad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.22	0.08	0.08	0.22	0.22	0.23	0.23	0.23	0.15
Congo	0.27	0.27	0.27	0.26	-0.01	0.24	0.24	0.24	0.24	0.24	-0.02	0.24	0.24	0.24	0.24	0.24	0.00
Equatorial Guinea	0.09	0.11	0.14	0.20	0.06	0.20	0.19	0.20	0.24	0.21	0.01	0.25	0.24	0.25	0.30	0.26	0.05
Egypt	0.83	0.80	0.76	0.75	-0.01	0.76	0.76	0.75	0.75	0.75	0.00	0.76	0.76	0.75	0.75	0.75	0.00
Gabon	0.36	0.34	0.31	0.30	-0.01	0.29	0.29	0.29	0.28	0.28	-0.02	0.29	0.29	0.29	0.28	0.28	0.00
South Africa	0.17	0.19	0.19	0.19	0.00	0.19	0.19	0.20	0.20	0.20	0.01	0.21	0.21	0.22	0.22	0.22	0.02
Sudan	0.06	0.18	0.21	0.24	0.03	0.25	0.25	0.28	0.28	0.27	0.03	0.27	0.27	0.30	0.31	0.29	0.02
Africa other	0.23	0.22	0.20	0.20	0.00	0.20	0.20	0.20	0.19	0.20	0.00	0.20	0.20	0.20	0.19	0.20	0.00
Africa	**2.78**	**2.85**	**2.80**	**3.03**	**0.23**	**2.96**	**3.01**	**3.16**	**3.32**	**3.12**	**0.09**	**3.37**	**3.42**	**3.51**	**3.53**	**3.46**	**0.34**
Total DCs	**10.74**	**10.92**	**10.91**	**11.27**	**0.36**	**11.21**	**11.15**	**11.40**	**11.58**	**11.34**	**0.06**	**11.72**	**11.70**	**11.88**	**11.94**	**11.81**	**0.48**
FSU	**7.47**	**7.91**	**8.53**	**9.33**	**0.81**	**9.88**	**10.09**	**10.41**	**10.39**	**10.19**	**0.86**	**10.48**	**10.69**	**11.03**	**11.01**	**10.80**	**0.61**
Russia	6.14	6.49	6.99	7.63	0.64	8.10	8.31	8.63	8.62	8.42	0.79	8.59	8.81	9.16	9.15	8.93	0.51
Kazakhstan	0.61	0.71	0.79	0.94	0.15	1.01	1.02	0.99	1.00	1.00	0.06	1.11	1.12	1.09	1.10	1.10	0.10
Azerbaijan	0.28	0.27	0.30	0.32	0.02	0.32	0.31	0.32	0.34	0.32	0.00	0.32	0.31	0.32	0.34	0.32	0.00
FSU Others	0.44	0.44	0.44	0.45	0.01	0.45	0.46	0.46	0.43	0.45	0.00	0.45	0.46	0.46	0.43	0.45	0.00
Other Europe	**0.18**	**0.18**	**0.18**	**0.18**	**-0.01**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**
China	**3.21**	**3.23**	**3.30**	**3.39**	**0.10**	**3.40**	**3.44**	**3.39**	**3.39**	**3.41**	**0.01**	**3.38**	**3.42**	**3.37**	**3.37**	**3.39**	**-0.02**
Non-OPEC production	**42.95**	**44.06**	**44.74**	**46.08**	**1.34**	**46.83**	**46.26**	**47.17**	**47.50**	**46.94**	**0.87**	**48.07**	**47.56**	**48.42**	**48.63**	**48.17**	**1.23**
Processing gains	1.58	1.65	1.69	1.73	0.04	1.81	1.77	1.79	1.82	1.79	0.06	1.82	1.77	1.80	1.83	1.80	0.01
Non-OPEC supply	**44.53**	**45.71**	**46.43**	**47.81**	**1.38**	**48.63**	**48.03**	**48.96**	**49.32**	**48.74**	**0.93**	**49.89**	**49.33**	**50.22**	**50.46**	**49.97**	**1.24**
OPEC NGL	3.02	3.18	3.40	3.42	0.01	3.34	3.43	3.49	3.49	3.44	0.03	3.34	3.43	3.49	3.49	3.44	0.00
Non-conventional oils	0.15	0.17	0.18	0.20	0.02	0.10	0.15	0.15	0.15	0.14	-0.06	0.29	0.42	0.42	0.42	0.39	0.25
OPEC NGLs + non-conventional oils	**3.16**	**3.34**	**3.58**	**3.62**	**0.03**	**3.44**	**3.59**	**3.64**	**3.64**	**3.58**	**-0.04**	**3.62**	**3.86**	**3.92**	**3.92**	**3.83**	**0.25**
Total Non-OPEC and OPEC NGLs	**47.69**	**49.05**	**50.01**	**51.42**	**1.41**	**52.07**	**51.62**	**52.60**	**52.96**	**52.32**	**0.89**	**53.51**	**53.19**	**54.13**	**54.37**	**53.80**	**1.49**

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

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

Table 27
Non-OPEC Rig Count

	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	2Q03	Aug03	Sep03	3Q03	Change Sep03- Aug03
USA	916	1,141	1,239	1,231	1,004	1,156	240	818	806	853	847	831	-325	901	1,028	1,090	1,093	1,088	3
Canada	344	515	252	320	278	342	-2	383	147	250	283	266	-76	494	203	404	348	383	-56
Mexico	44	50	48	56	62	54	10	63	61	62	76	65	11	82	84	96	103	96	7
North America	**1,305**	**1,706**	**1,539**	**1,607**	**1,344**	**1,552**	**247**	**1,264**	**1,014**	**1,165**	**1,206**	**1,162**	**-390**	**1,476**	**1,315**	**1,590**	**1,544**	**1,567**	**-46**
Norway	22	24	22	22	22	23	1	20	20	17	19	19	-4	18	19	21	18	20	-3
UK	18	18	25	28	26	24	6	28	30	24	23	26	2	19	21	22	21	22	-1
Denmark	3	4	5	4	5	4	1	5	4	3	5	4	0	3	5	2	3	3	1
Other Western Europe	82	43	44	42	47	44	-38	39	38	33	34	36	-8	36	34	38	40	38	2
Western Europe	**125**	**89**	**95**	**96**	**100**	**95**	**-30**	**92**	**91**	**76**	**81**	**85**	**-10**	**77**	**78**	**83**	**82**	**83**	**-1**
Australia	10	11	11	10	10	10	0	9	9	9	9	9	-2	10	10	11	12	11	1
Other Pacific	7	10	9	8	10	9	2	8	7	7	10	8	-1	8	7	7	8	8	1
OECD Pacific	**17**	**20**	**20**	**18**	**20**	**20**	**3**	**17**	**16**	**16**	**19**	**17**	**-3**	**18**	**17**	**18**	**20**	**18**	**2**
Total OECD*	**1,447**	**1,815**	**1,655**	**1,721**	**1,464**	**1,667**	**220**	**1,373**	**1,121**	**1,257**	**1,306**	**1,264**	**-403**	**1,571**	**1,411**	**1,691**	**1,646**	**1,669**	**-45**
Brunei	2	3	3	2	2	3	1	2	3	3	3	3	0	3	4	4	3	4	-1
India	49	51	48	50	50	50	1	52	54	55	57	55	5	59	60	61	61	61	0
Malaysia	7	10	11	13	12	11	4	12	13	15	14	14	2	14	13	15	17	16	2
Papua New Guinea	0	0	1	2	1	1	1	1	1	1	1	1	0	1	2	2	3	2	1
Vietnam	8	9	8	8	8	8	0	8	8	9	10	9	0	9	9	9	10	10	1
Asia others	16	22	23	24	18	22	5	26	29	33	32	30	8	31	28	28	29	26	1
Other Asia	**83**	**96**	**95**	**98**	**90**	**95**	**12**	**100**	**109**	**116**	**117**	**111**	**16**	**117**	**115**	**119**	**123**	**119**	**4**
Argentina	57	69	74	77	64	71	14	49	45	49	54	49	-22	59	66	57	59	59	2
Brazil	23	28	30	29	26	28	5	27	27	27	26	27	-2	27	27	26	27	27	1
Colombia	14	15	16	14	16	15	1	13	13	10	9	11	-4	10	9	10	13	11	3
Ecuador	7	9	10	10	11	10	3	10	9	8	8	9	-1	9	11	8	8	8	0
Peru	4	4	4	3	3	4	0	2	2	2	1	2	-2	2	2	2	3	3	1
Trinidad & Tobago	4	6	5	4	5	5	1	5	4	4	4	4	-1	3	3	3	2	3	-1
L. America others	12	9	8	6	6	7	-4	4	4	4	5	5	-3	3	4	4	3	4	-1
Latin America	**120**	**141**	**147**	**144**	**130**	**141**	**20**	**110**	**103**	**104**	**107**	**106**	**-35**	**113**	**121**	**110**	**115**	**114**	**5**
Bahrain		0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0
Oman	24	24	24	25	26	25	1	27	29	30	32	29	5	33	34	38	38	36	0
Syria	14	19	19	20	19	19	5	20	21	23	24	22	3	23	23	25	25	26	0
Yemen	6	6	6	5	6	6	0	8	9	9	11	9	3	11	10	8	10	9	2
Middle East	**45**	**49**	**49**	**49**	**51**	**50**	**5**	**57**	**60**	**64**	**69**	**62**	**12**	**70**	**68**	**72**	**75**	**72**	**3**
Angola	6	6	5	4	6	5	0	5	6	6	5	5	0	3	4	3	4	3	1
Cameroon		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	3	1	2	1	1	1	-1	1	1	1	1	1	0	0	1	1	1	1	0
Egypt	18	21	22	22	23	22	4	22	23	22	23	23	1	26	26	25	28	27	3
Gabon	2	2	4	1	1	2	0	1	2	2	2	2	0	3	4	1	2	1	1
South Africa	1	2	1	0	1	1	0	1	1	1	0	1	0	0	1	0	0	0	0
Africa other	5	4	5	5	3	4	0	11	12	12	12	12	7	12	14	11	13	12	2
Africa	**34**	**36**	**40**	**34**	**35**	**36**	**2**	**41**	**45**	**44**	**43**	**43**	**7**	**45**	**50**	**41**	**48**	**44**	**7**
Total DCs	**282**	**322**	**330**	**325**	**307**	**321**	**40**	**307**	**317**	**328**	**336**	**322**	**1**	**346**	**354**	**342**	**361**	**350**	**19**
FSU																			
Other Europe	**3**	**3**	**3**	**3**	**4**	**3**	**0**	**2**	**2**	**2**	**2**	**2**	**-1**	**2**	**2**	**2**	**2**	**2**	**0**
China																			
Non-OPEC Rig count	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**260**	**1,682**	**1,440**	**1,587**	**1,644**	**1,588**	**-403**	**1,919**	**1,767**	**2,035**	**2,009**	**2,021**	**-26**

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

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