OPEC

Organization of the Petroleum Exporting Countries

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Monthly Oil Market Report

September 2002

Opening address to 121st OPEC Conference
(pp. i – ii)

Concluding statement of 121st OPEC Conference
(p. iii)

OPEC Basket average price

US $ per barrel

Up 0.86 in August

August	**25.99**
July	25.13
Year-to-date	23.03

August OPEC production

million barrels per day, according to secondary sources

Algeria	0.87	Kuwait	1.92	Saudi Arabia	7.59
Indonesia	1.13	SP Libyan AJ	1.34	UAE	1.99
IR Iran	3.42	Nigeria	1.97	Venezuela	2.76
Iraq	1.59	Qatar	0.65		

Supply and demand

million barrels per day

2002	
World demand	76.20
Non-OPEC supply	51.52
Difference	**24.68**
2003	
World demand	77.00
Non-OPEC supply	52.47
Difference	**24.53**

Stocks

Further unseasonable draw in USA in August

World economy

World GDP growth estimate unchanged at 2.8% for 2002

Inside

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

Issued 20 September 2002

Opening address

to the

121st Meeting of the OPEC Conference

by

His Excellency Dr Rilwanu Lukman*

Excellencies, ladies and gentlemen,

Welcome to Osaka, Japan, for the 121st Meeting of the OPEC Conference. This is the first time the OPEC Conference has met in Japan and has been able to enjoy the hospitality of our esteemed hosts. Let me, therefore, on behalf of Your Excellencies, thank the Government of Japan, Prefecture of Osaka and City of Osaka for their gracious consent to our request to hold this Meeting here, and for the warmth of the hospitality that has been provided.

I should like to welcome to this Meeting His Excellency Rafael Ramirez, who is attending the OPEC Conference for the first time as Head of his country's Delegation. As you know, he has replaced OPEC's new Secretary General, His Excellency Dr Alvaro Silva Calderón, as Venezuela's Minister of Energy and Mines. We wish both these distinguished gentlemen every success in their new posts.

We have been greatly saddened to learn of the passing away of a former Head of the Indonesian Delegation, His Excellency Ida Bagus Sudjana. He was Indonesia's Minister of Mines and Energy from 1993 to 1998, during which time he served two six-month terms as President of the OPEC Conference, in 1994–95 and 1997–98. We extend our deepest condolences to his family and friends.

We are holding this Meeting of the OPEC Conference in Osaka, so that it occurs in the run-up to the three-day Eighth International Energy Forum. We shall be actively involved in this meeting, when it gets underway in this fine city on Saturday. We attach a great deal of importance to producer-consumer dialogue, as epitomised by the International Energy Forum, which has gone from strength to strength, in terms of participation and commitment, since the inaugural meeting was held in Paris in 1991. This year's event is co-hosted by an OPEC Member Country, the United Arab Emirates, together with Italy, and promises to build on the progress made at the Seventh Forum in Riyadh two years ago.

Indeed, we are in the middle of a two-month period of landmark international meetings, whose purpose is to tackle pressing issues of momentous proportions affecting mankind, as we settle into the 21st century. The World Summit on Sustainable Development, which took place two-to-three weeks ago in Johannesburg, is still fresh in our minds. In putting sustainable development at the top of the international agenda, the summit enhanced global awareness of the chronic poverty and deprivation that exists in many developing countries today, and underlined the crucial need for energy security as these countries seek to overcome these fundamental problems. The related issue of corporate social responsibility in the oil industry at the dawn of the new century was debated at the 17th World Petroleum Congress, which was held at around the same time in Rio de Janeiro; OPEC's Member Countries were well represented in the accompanying exhibition. Interestingly, the 18th Congress will be the first to be held in the African continent, in Johannesburg in 2005. In one month's time, the spotlight shifts to New Delhi, which is hosting the Eighth Meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change. This will witness a further advancement of the process that began with the first "Earth Summit" in Rio de Janeiro ten years ago, and which established the concept of a cleaner, safer and more environmentally friendly world as one of the global priorities of the day.

* President of the Conference and Presidential Adviser on Petroleum and Energy, Nigeria

OPEC, for its part, welcomes any form of dialogue which addresses the crucial issues facing mankind today, in particular where it concerns energy security and the developing world. OPEC is committed to energy security. This is enshrined in the OPEC Statute, which dates from the 1960s. It refers explicitly to the "necessity of securing … an efficient, economic and regular supply of petroleum to consuming nations." Our commitment to easing the plight of poorer nations has been a prominent feature of both Summits of OPEC Heads of State and Government — in Algiers in 1975 and Caracas in the year 2000. Among our resolutions at the Caracas meeting was one "to emphasise that economic and social development and the eradication of poverty should be the overriding global priority." The meeting in Algiers led to the establishment of the OPEC Fund for International Development in 1976, which has since committed well over US $6 billion in assistance to other developing countries. On top of this, OPEC aid extends to other global institutions, as well as occurring at an individual Member Country level.

Viewed in this light, it becomes clear that energy security extends to the poorest communities across the globe, communities which have had to rely, for far too long, on traditional forms of energy, which may be dirty, polluting, inefficient and health-threatening. These communities have the same right as consumers in richer parts of the world to cleaner, more efficient forms of energy, which will support them on the path to sustainable development and help eradicate their chronic levels of poverty. We are, therefore, seeking to create a world where energy security rides hand-in-hand with the broad requirements for sustained economic growth, environmental harmony and social welfare.

We are playing our part to the full in ensuring order and stability — and hence security — in the international oil market. As a direct result of OPEC's actions, supported by some leading non-OPEC producers, there is now a high level of security in the oil market. It is, indeed, with much pleasure that we greet distinguished officials from three non-OPEC oil-producing nations, who are here as observers. They come from Mexico, Oman and Russia.

There has been a fair degree of price stability since our last Meeting, with the weekly average lying in the range of around US $25 per barrel and $27/b. This is well inside OPEC's price band of $22–28/b, reminding us once again of the realistic nature of this market-stabilising mechanism. It is, therefore, about time that people stopped scaremongering about crude oil prices going through the roof and settling there. We have made it clear repeatedly, through both our words and our actions, that we will not allow this to happen.

We cannot, of course, cover every contingency in the market. We are not miracle-workers! Shocks can occur at any time, as we all know; but many of these shocks are caused by factors which have nothing to do with upstream supply — such as accidents, unseasonal weather or downstream bottlenecks. Very often, aided by nervousness and speculation, they result in extreme price movements, which defy market fundamentals. However, these days, there is the capability of finding a timely solution to most crises. This is mainly due to the collective will of producers to ensure that effective remedial action is taken when the price structure comes under threat, and through use of the price-band mechanism.

At today's Meeting, we shall review the current state of the international oil market; this will be in the context both of its performance since our last Conference in Vienna in June and of the outlook over the next 6–12 months, particularly with the onset of the Northern Hemisphere winter. We shall assess, among other things, the prospects for the world economy, the strength of the dollar and the current state of international tensions. We shall then decide on whether there is a need to revise our production agreement.

Excellencies, ladies and gentlemen,

Since time is short, I shall conclude these opening remarks by saying that, while the near-term market outlook will obviously feature high on the agenda at this Meeting, we shall, at the same time, prepare ourselves to participate fully in the Eighth International Energy Forum, since we attach great importance to producer-consumer dialogue. Effective dialogue is essential, if we are to create a global energy industry that is fully compatible with sustainable development and the eradication of the poverty and starvation that has such a devastating effect on much of the world today.

Thank you for your attention.

121st Meeting of the OPEC Conference

Osaka, Japan

19 September 2002

The 121st Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Osaka, Japan, on 19 September 2002, under the Chairmanship of its President, HE Dr. Rilwanu Lukman, Nigerian Presidential Adviser on Petroleum & Energy and Head of its Delegation, and its Alternate President, HE Abdullah bin Hamad Al-Attiyah, Minister of Energy & Industry of Qatar and Head of its Delegation.

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 only very moderate global economic growth rates are expected before year-end, with only normal, seasonal growth in demand being expected for the fourth quarter. As such, in order to maintain stability in the market, the Conference decided that agreed production levels would be maintained, in which connection all Member Countries emphasized their commitment to discipline in implementing agreements and underlined the importance of full compliance.

Having warmly welcomed high-level representatives from 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 lasting stability in the oil market and prices.

The Conference reiterated that OPEC is committed to continuing to monitor the market and to taking any further measures, including the convening of Extraordinary Meetings, when deemed necessary, as has been done in the past, to maintain prices within the range of US$22-US$28/bbl.

With this in mind, the Conference agreed to meet again in Vienna, Austria, on 12 December 2002, in order to review the situation. The Conference also decided that its next Ordinary Meeting will convene in Vienna, Austria, on 11 March 2003.

The Conference elected HE Abdullah bin Hamad Al Attiyah, Minister of Energy & Industry of Qatar and Head of its Delegation, as President of the Conference, and HE Dr. Purnomo Yusgiantoro, Minister of Energy & Mines of Indonesia and Head of its Delegation, as Alternate President, for one year with effect from 1 January 2003.

The Conference appointed Mr. Saif Bin Ahmed Al-Ghafly, Governor for the United Arab Emirates, as Chairman of the Board of Governors for the year 2003, and Dr. Gloria Mirt Hernandez, Governor for Venezuela, as Alternate Chairman for the same period, with effect from 1 January 2003.

The Conference expressed its appreciation to the Government of Japan, Prefecture of Osaka and City of Osaka for their warm hospitality and the excellent arrangements made for the Meeting.

The Conference passed Resolutions that will be published on 19 October 2002, after ratification by Member Countries.

OIL MARKET HIGHLIGHTS

- World GDP is forecast to grow at 2.8% in 2002, the same as last month's figure. The estimate for the USA is also unchanged at 2.2%. A small downward revision was made for OECD Europe and a larger downward revision for OECD Pacific (for Japan), while an upward revision was made for China.

- Recent indicators for the USA were mixed. The rate of unemployment surprisingly fell in August and retail sales continued at a brisk pace, mainly fuelled by auto sales, induced by easy financing. On the other hand, industrial production fell unexpectedly in August. Most economists still agree that a double-dip recession in the USA is improbable, at least in the third quarter.

- In Japan, GDP in the first quarter was revised down sharply to 0% from 1.4%, while in the second quarter higher-than-expected growth of 0.6% was achieved, representing the first expansion in more than a year. However, both the Bank of Japan and the government feel the outlook remains clouded by slowing overseas growth and the global stock downturn. In the Euro-zone, prospects of an acceleration of growth in the second half of the year have worsened. Both the manufacturing and the services purchasing managers' index fell in August, implying widespread weakness. The harmonized index of consumer prices rose to 2.1%, above the European Central Bank's target of 2%, but interest rates were unchanged.

- During August, the price of the OPEC Reference Basket posted hefty gains, rising for the second month and reaching the highest level for the year. The Basket gained almost 3.5%, or \$0.86/b, to average \$25.99/b, standing within the upper range of the price-band mechanism. International crude markets began the month influenced by the marked volatility seen in equity markets and developments in the global political arena, leaving fundamentals secondary in importance.

- The price of gasoline exhibited different trends in August, as it moved higher in the Rotterdam market, while retreating in the US Gulf Coast and Singapore markets, reflecting regional fundamentals. On the other hand, distillate prices took the lead in the US and European markets, while the price of fuel oil firmed worldwide, due to tightened Asian supply. Refining margins decreased in all three markets and moved into negative territory, with the biggest loss occurring in the US Gulf Coast market, as the considerable rise in the WTI price outpaced the net product price gains, particularly gasoline.

- OPEC area spot-chartering retreated by 2.13 mb/d to a monthly average of 9.86 mb/d in August. Spot freight rates for VLCC cargoes from the Middle East on the eastbound and westbound routes dropped by 10 points to WS34 and by three points to WS33, respectively. The clean product tanker market displayed different trends in August.

- Although historical data and first-quarter 2002 consumption have been revised up, the overall 2002 and 2003 world oil demand forecasts remain basically unchanged at 76.20 mb/d and 77.01 mb/d, respectively.

- OPEC crude oil production, based on secondary sources, was estimated at 25.21 mb/d in August. Non-OPEC oil supply forecast for 2002 was revised up to 47.97 mb/d, 1.50 mb/d higher than the 2001 figure, which was estimated at 46.48 mb/d. Non-OPEC supply in 2003 is expected to reach a level of 48.89 mb/d, an increase of 0.92 mb/d over the 2002 forecast. Net FSU exports for 2002 and 2003 were estimated at 5.34 mb/d and 5.70 mb/d, respectively.

- The non-OPEC rig count in August declined by 22, while OPEC's rig count rose by four. The major contributor in non-OPEC was North America, which decreased by 23 (mainly Canada, which declined by 31 to 235 rigs, also in the USA, the rig count declined by three to 848 rigs).

- In the USA, commercial onland oil stocks showed a further unseasonable draw of 18.1 mb, at a rate of 0.65 mb/d, to stand at 1,007.2 mb at the end of August. Commercial onland oil stocks in the Eur-16 (EU plus Norway) saw a reversal from the previous month's direction, rising slightly by 1.6 mb, at a rate of 0.05 mb/d, to 1,066.3 mb. In July, commercial onland oil stocks lost most of the previous month's seasonal build, falling by 6.4 mb, at a rate of 0.21 mb/d, to 176.3 mb.

HIGHLIGHTS OF THE WORLD ECONOMY

Economic growth rates 2002
%

World	G-7	USA	Japan	Euro-zone
2.8	1.4	2.2	-0.8	1.1

Industrialised countries

United States of America

Surprise drop in industrial output in August adds to the uncertainty surrounding US economic prospects for the rest of the year

Growth prospects for the rest of the year are uncertain, but the probability of a double-dip recession, at least as far as the third quarter is concerned, remain small, given the continued strength of consumer demand in July and August and the recent rise in inventories. However, the resilience in retail sales and the housing sector contrast with a sudden drop in industrial activity in August. In the meantime, stock markets in August recouped part of the epic losses incurred in the previous two months, although no sustainable upward trend could establish itself. Industrial output fell unexpectedly in August by 0.3%, following an upwardly revised 0.4% growth in July, with manufacturing production dropping by 0.1%. The August fall was the first since December last year when the recession appeared to be ending. It remains to be seen whether this foreshadows a protracted slowdown, or is just a one-off occurrence. Much of the decline is due to a 1.4% drop in the production of motor vehicles and spare parts, after a gain of 3.9% in both June and July. Moreover, the exceptionally cool weather seen in August led to a drop in electricity demand. However, a surge in production in high-technology industries, especially semi-conductors, was observed. Meanwhile, the rate of unemployment fell surprisingly to a five-month low of 5.7% in August, from 5.9% in July. The economy created 39,000 new jobs following an upwardly revised figure of 67,000 in July, but both were still below the estimated 100,000–200,000 new jobs needed each month to sustain declines in the unemployment rate. While the government sector added jobs, manufacturing continued to shed positions at the accelerated rate of 68,000. Meanwhile, retail sales rose by 0.8% in August, following a l.1% increase in July. Stripped from auto sales, retail sales grew by only 0.4% in August and 0.2% in July, raising fears that, once the zero-interest financing incentives for auto sales were removed, consumer spending would slow. The growth in retail sales was also fuelled by the continued wave of refinancing activity in the housing sector as mortgage rates fell to new record lows of less than 6% by the end of August. By some estimates, this refinancing activity may add around US$60–75 bn to household spending this year. In the meantime, the current account deficit rose to a record US$130 bn in the second quarter, or about 4.7% of GDP, focusing attention once more on the potential detrimental effects on the US currency.

Japan

Japanese GDP in the second quarter rises by 0.6% after a revised zero growth in the first three months. The recovery remains fragile. However, the recovery remains and is dependent on external demand

Based on a new methodology for calculating GDP, which gives more weight to supply-side factors, GDP in the first quarter was revised down sharply to 0% from 1.4%, while in the second quarter higher-than-expected growth of 0.6% was achieved, representing the first expansion in more than a year. Both the Bank of Japan and the government in their latest monthly assessment see a recovery, but the outlook remains clouded by slowing overseas growth and the global stock downturn. The government expects zero GDP growth in the fiscal year ending 31 March, 2003. Industrial production growth was revised up to 0.1% in July, from an initial estimate of a 0.4% decline. Factory use rose by 0.4%, not only due to a production increase, but also to a closure of plants as manufacturers moved factories abroad, mainly to China, where labour costs were one-twentieth of those in Japan. Such shifts contributed to a 3.3% fall in production capacity in July from a year earlier, extending a 3 1/2-year decline. The unemployment rate was unchanged at 5.4% in July from the previous two months, signalling its rebounding trend from the 5.2% level seen in March and April. The number of jobless rose for the 16th straight month, climbing by 220,000 to 3.52 mn. Weak labour market conditions are expected to continue weighing on consumer spending, which makes up some 55% of GDP. However, spending by Japanese wage earners rose by 1.3% in July in real terms from a year earlier and by 0.5% in nominal terms, indicating consumer spending might be in the process of bottoming out. The propensity for wage earners to consume rose to 76.9% in July from 73.7% in June on a seasonally adjusted nominal basis. At the same time, disposable income fell by 4.5% in real terms and by 5.3% in nominal terms from year-earlier levels. However, data on retail sales show an opposite trend. Japanese retail sales fell by 5.3% in July from a year earlier for a 16th straight decline.

EU growth falters on increasing signs of weakness in both the manufacturing and services sectors

Euro-zone

Based on recent weak economic data, the recovery in the euro-zone may not accelerate in the third and fourth quarters of this year, as previously expected. The euro-zone grew at a rate of 0.4% in the first quarter and 0.3% in the second. In the third quarter, growth is expected to be at the lower end of the range of 0.3%–0.6% forecast by the European Commission. The euro-zone's manufacturing sector expanded for the fifth month in succession in August, but at a slower pace, which emphasized the fragility of the single currency area's economic recovery. According to a Reuters/NTC Research survey, the purchasing managers' index for manufacturing in August fell to 50.8 from 51.6 in July (a level above 50 signals an expansion). Moreover, the services sector, which accounts for 60% of GDP, barely grew in August. The purchasing managers' index for the services sector fell to 50.8 from 52.3 in July. Both business and consumer confidence remains low, largely due to lower share prices and general uncertainty about the global economic recovery. The Dow Jones Stoxx 50 Index has shed about a third of its value this year. Despite a rise in euro-zone inflation to a four-month high of 2.1% in August, from 1.9% in July, the European Central Bank left interest rates unchanged. In both France and Germany, industrial production fell by 1% in July. The surprising drop in France points to the increasing likelihood that the country's above average 2% GDP growth in the first half of the year risks declining toward the euro-zone average of closer to 1% in the second half. The August Ifo Business Survey in Germany, which dropped to 88.8 from 89.9 in July, highlighted the pessimism that exists in the German manufacturing sector. Damage costs from flooding in Germany are estimated at EUR15–20 bn, but the government still plans not to exceed the 3% budget deficit imposed by the EU's Stability and Growth pact, preferring to postpone planned tax reforms. Meanwhile, the unemployment rate in Germany rose to four-year highs in August, while in France it reached 22-month highs.

Russian GDP growth accelerated in the second quarter to 4.1%. Oil exports were up 15% in first seven months of 2002

Former Soviet Union

In Russia, the federal budget surplus for the first eight months of 2002 reached $3.9 bn and revenues were $44 bn. Federal surpluses may well exceed 1% of GDP this year and should, at any rate, be higher than the 0.7% of GDP anticipated by the government. Total oil exports were up 15% year-on-year to 3.64 mb/d in the first seven months of 2002. Crude oil export duties were recently raised to $26.2/ton ($3.57/bbl), effective 1 October. The consumer price index (CPI) decelerated and was up by only 0.1% month-on-month in August. A seasonal decline in food prices was offset by 2.5% growth in service prices. The CPI rose by 9.9% in the year to August, while prices of services grew by 25.6% in the same period. Taking into account the expected seasonal acceleration of inflation in the fourth quarter, some analysts forecast CPI growth for 2002 at approximately 15%, well above the Russian Central Bank's target of 12.14%. GDP grew by 4.1% in the second quarter of 2002 y-o-y, while growth in the first three months of 2002 was only 3.7%. Output in the five basic sectors (industry, construction, agriculture, transportation, and retail sales) increased by 6.4% y-o-y in July 2002. In January-July 2002, output in the five basic sectors was up 4.1% y-o-y. While real disposable income grew by 10% y-o-y in July 2002, retail sales in July and in the first seven months of 2002 were up by 10.2% and 8.7% y-o-y, respectively. According to the latest data, investments in the second quarter of 2002 grew by 3.4% y-o-y. The growth rate in the first half of 2002 was 2.5% y-o-y. A 3.3% rise in investment in July and a 2.6% growth during the first seven months of the current year, contributed to the acceleration in industrial growth. Industrial output expanded by 7.4% in July (up from 4.4% in June) and by 3.9% in July (up from 3.2% in the first half of 2002) y-o-y. The balance of trade remained strong in the second quarter of 2002 and the monthly trade surplus stayed at around $3.7 bn.

Activity picks up in Hungary and Poland, while floods cause damage to the Czech economy

Eastern Europe

Preliminary data on GDP from the Central Statistical Office showed that Hungarian economic activity picked up in the second quarter. After decelerating since spring 2000, real GDP growth accelerated from 2.9% y-o-y in the first quarter to 3.1% in the second quarter of 2002. Furthermore, early indicators of activity in the third quarter started on a relatively strong note, with seasonally adjusted industrial output registering a gain of 0.7% m-o-m in July, leaving its level up by an annualised 7.6% over the second quarter average. However, given the recent softness in the EU's activity and confidence indicator, the continuity of Hungary's industrial recovery during the third quarter remains uncertain, particularly in the light of the easing of export demands. Consumer price inflation fell to 4.6% in July and remained flat in August, leaving the over-year-ago rate slightly higher. In Poland, although industrial output and exports recovered strongly in July, leading business confidence indicators and external demand were still declining, suggesting that recovery might be short-lived. Meanwhile, the Monetary Policy Council cut its interest rate in August to stimulate the economy. The Czech economy was affected by serious flooding in mid-August. Total flood damage was estimated at around 80–100 bn Czech korunas. The impact of the flood may lead to lower estimates for GDP growth this year than the 3% previously expected.

OPEC Member Countries

Rescheduling debts, reshaping financial sectors and renewing privatization programmes are main concerns in some OPEC Member Countries

Algeria's privatisation programme has made slow progress in the last year, despite new legislation and a renewed commitment to sell some 100 state-owned companies before the end of 2002. In Indonesia, private consumption remained a key driver of overall growth, although the pace of the expansion slowed from the level of 2001. Exports and imports moved back to positive quarter-on-quarter growth, after a weak performance in the second half of 2001. Private consumption rose by a modest 1.3%, but picked up from a contraction of 3.1% in the first quarter of the year. To gain the status of universal banks, Venezuelan commercial banks bought out smaller investment banks and savings and loan institutions, as part of their consolidation and merging policy, initiated in 2001 and extended into the first quarter of this year. At the end of May, all in all there were 64 financial institutions operating in Venezuela, down from 77 a year earlier. Of these, only eight state-owned financial institutions remained. Because of its struggle to pay loan interest, the Nigerian government tried to reschedule payments due to commercial creditors in the next few months. Meanwhile, Nigeria appealed to the international community to give it more help in debt relief. The country denied it had suspended all repayments of its $28.3 bn foreign debt.

Developing countries

Asians optimistic, South American economies suffer and African economies register marginal expansion

Consumers across most of Asia, especially Thailand and China, are upbeat about their economic prospects in the next five months, according to findings of the biannual consumer confidence survey, conducted this summer. The Asian monetary environment is much easier than in earlier months, allowing central banks to keep interest rates low. Furthermore, the easy availability of consumer financing has established large growth in real estate and car markets in some Asian countries. China became the fastest growing PR market in the world. PR revenues worldwide fell by 3% last year, but they increased by 33% in China to $242 mn, which makes China the second-largest market in Asia, after Japan. While Argentina is suffering from a lack of finance and intermediate input supply constraints that have limited the ability of the trade sector to fully exploit the sharp Peso devaluation, the situation in Brazil has been eased by the IMF's $30 bn package, of which $6 bn is available this year. Sub-Saharan Africa is expected to expand by 3.2% this year, just marginally higher than last year, as the renewed slowdown in OECD growth cut demand for African exports and brought about delays in commodity price recovery. Economic growth is expected to accelerate to 4.3% in 2003, as both world demand and commodity prices improve.

Oil price, US dollar and inflation

Real oil price rise by 4.3% in August, as small dollar appreciation, as well as deflation, amplify the 3.4% gain in the nominal oil price

The US dollar staged a small comeback in August, rising against all the currencies in the modified Geneva I + US $ basket*. The yen depreciated by 0.80% to ¥119.00 from ¥118.06/$ in July, while the euro fell by 1.47% against the dollar, averaging $0.9777/€, compared with $0.9921/€ in July.

The dollar made a partial recovery in August, moving in tandem with the zigzag course of US equities. In the first week of August, it rose on mounting expectations of a Fed interest rate cut, climbing to six-week highs of $0.9687 on 8 August versus the euro, and to ¥121.05 against the yen one day later. When the expected easing did not materialise, the dollar fell in the second week of August on the back of declining US equities and a negative reading of the Philadelphia Federal Reserve index of manufacturing activity for July. In the third week of August, the dollar shrugged off negative news of a drop in the leading economic indicators, but was pressured by increased attention on the widening US current account deficit in the second quarter. On the other hand, the euro received little support from mostly negative economic news in the euro-zone. In particular, it was affected by weak German data on employment, manufacturing orders and business sentiment and, later in the month, by the perception that the economic impact of Germany's flood-related losses would be large, at a time when German growth was lagging and the country was already having problems to stay within the budgetary limits imposed by the Stability and Growth Pact. The yen, on the other hand, rose towards the end of the month to ¥118/$, despite some verbal intervention and a warning by credit-rating agency Standard & Poor's of a possible downgrading of Japan's sovereign debt.

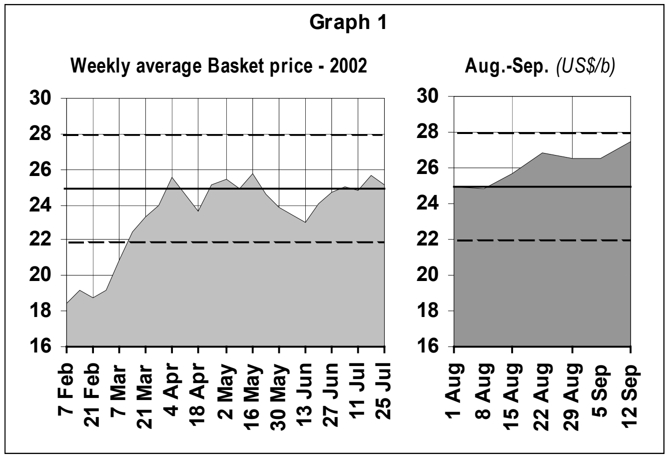
In August, the OPEC Reference Basket rose by $0.85/b, or 3.39%, to $25.99/b from $25.13/b in July. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose by 4.26% to $22.56/b, from $21.63/b, as the dollar appreciation and deflation augmented the gains in the nominal price. The dollar rose by 0.44%, as measured by the import-weighted modified Geneva I + US dollar basket, while the inflation index was estimated to have fallen by 0.40% in August.

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

Crude oil price movements

The OPEC Reference Basket underwent a solid recovery in August and stood within the upper band of the price-band mechanism for the second month

During August, the price of the OPEC Reference Basket posted hefty gains, rising for the second month and reaching the highest level for the year. The Basket gained almost 3.5%, or $0.86/b, to average $25.99/b, standing within the upper range of the price-band mechanism. This was the second-highest August average for the Basket since 1990, trailing only the $28.30/b reached in August 2000. Despite the strong recovery in August, the year-to-date average of $23.03/b was far below that of 2001, when the Basket's yearly cumulative average stood at $24.75/b.

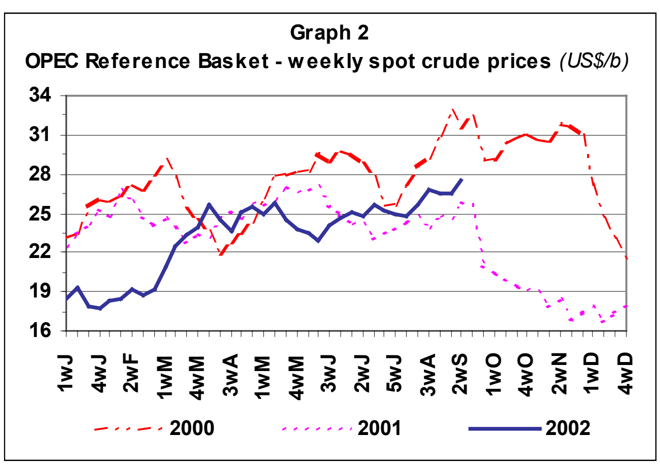


On a weekly basis, the Basket started the month with a minor decline, losing $0.13/b to average $24.83/b. It then underwent a dramatic recovery, gaining 3.5 % and 4.4 % during the second and third weeks of August, respectively. The Basket reached its highest weekly level for the year during the third week of August, averaging $26.84/b. It then changed direction and retreated during the last week of the month, falling by 1% to average $26.58/b. Naturally, all the crudes that make up the Basket improved, with Venezuela's light-sour Tia Juana Light leading the gains, while Arabian Light registered the most modest rise (see Table 1).

Geo-political factors led the way in crude markets, with fundamentals put to rest for the time being

International crude markets started the month influenced by the marked volatility seen in equity markets and developments in the global political arena, leaving fundamentals secondary in importance. Crude prices oscillated in response to developments on the issue of arms inspections in Iraq. Prices moved lower after Iraq's Minister of Foreign Affairs extended an invitation to the UN for technical discussions in Baghdad. However, skepticism over the offer by the US Administration raised concern. Adding to the bearish mood was the news that OPEC Member Algeria had officially requested a higher level of production. Formerly, Nigeria's cabinet had instructed the government to lobby for a larger production allocation. Meanwhile, the plunge in equity markets brought back worries over the fate of the US economic recovery and the implications on the demand for oil. Markets dipped further on remarks made by the US President that he would be patient and negotiate before taking a final decision on Iraq. The statement sparked a wave of selling that shed almost $1/b off the front-month West Texas Intermediate (WTI) contract.

Markets underwent a recovery in the second week of August, underpinned by the tougher stance by the USA on the Iraqi issue, combined with a massive draw on crude oil inventories, as reported by the American Petroleum Institute (API) and later confirmed by the US Department of Energy's Energy Information Admini-



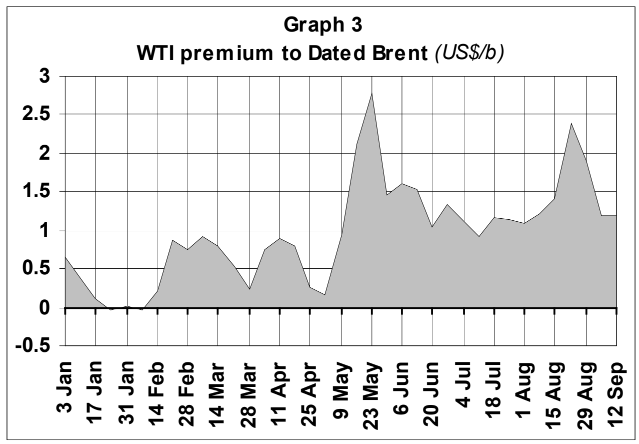
stration (EIA). Uncertainty about OPEC's next move with regard to its production policy at its September Ministerial Meeting to be held in Osaka, Japan, together with the other factors, sparked a rally that lifted the West Texas Intermediate (WTI) front-month contract to a three-month high on 15 September.

In the second half of the month, crude oil markets were, for the most part, driven by geo-political factors, rather than fundamentals. This could explain how markets completely disregarded bearish inventory figures released by the API and the EIA. It also explained the high "war premium" built into crude prices that took NYMEX futures to an 18-month high late in the third week of the month. Markets remained concerned over the risk of supply disruptions in the Middle East and OPEC's vigilance ahead of the September Meeting in Osaka, when the Organization would review its output policy. Until these issues were dealt with, they would continue to distort oil markets.

US and European markets

Sour crudes were under pressure in the US Gulf by ample supply of Venezuelan and Iraqi grades. Refining margins were weakened by strong crude prices while product prices lagged behind

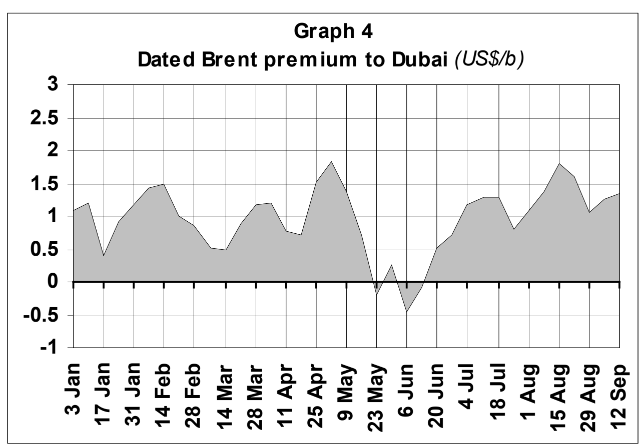
Sour grades in the US Gulf Coast market weakened in the light of the higher volume of cargoes, especially from Venezuela (Mesa), as well as the ample availability of Iraqi Basrah Light being offered. However, the issue of a sur-charge kept buyers away from the grade. Crude oil imports rose con-siderably, accord-ing to API figures, reaching a record yearly high of 9.72 mb/d in the first week of August. The seasonal rise in refinery runs worked its way through crude stocks and, as a result, on the days of forward consumption. The WTI premium to dated Brent widened in the first part of August, but retreated below one dollar per barrel for the last week of the month. Product prices lagged behind the strong crude prices and refiners, who were squeezed by narrow refining margins, were considering cutting runs. Utilization rates, as well as crude runs, fell in mid-month, showing only slight improvements towards the last week of August. Maintenance in the North Sea has tightened supplies and high crude prices made complex refining margins barely workable. With the US gasoline high demand season coming to an end, European refiners cannot rely on this outlet which accounted for a large share of their profits during the summer season.



Far East market

The inflow of West African crude put pressure on Middle East crude oil prices

Physical Brent's premium to Dubai narrowed to around one dollar per barrel, keeping the arbitrage for West African grades to the Asia-Pacific region workable. This resulted in an estimate of some eight million barrels of West African crudes shipped to the east. The inflow of crudes to the region meant lower demand for Middle East grades, which exerted pressure on regional benchmark crude prices. Oman offers for September cargoes slid to as low as a $0.20/b discount to the



OSP (Official Selling Price). Light sour grades also came under pressure on the back of comfortable Japanese and South Korean kerosene stocks. The widening of the spread between dated Brent and Dubai reversed the trend, making Asia Pacific buying of West African grades unlikely.

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

			Year-to-date average	
	Jul.02	**Aug.02**	2001	**2002**
Reference Basket	**25.13**	**25.99**	**24.75**	**23.03**
Arabian Light	25.13	**25.63**	24.46	23.36
Dubai	24.66	**25.22**	24.27	22.92
Bonny Light	25.93	**26.94**	26.18	23.92
Saharan Blend	25.79	**26.87**	26.47	23.57
Minas	25.27	**25.92**	26.12	23.48
Tia Juana Light	23.97	**25.14**	21.90	21.11
Isthmus	25.18	**26.18**	23.81	22.86
Other crudes				
Brent	25.79	**26.68**	26.18	23.86
WTI	26.87	**28.41**	27.99	24.81
Differentials				
WTI/Brent	1.08	1.73	1.81	0.95
Brent/Dubai	1.13	1.46	1.91	0.94

PRODUCT MARKETS AND REFINERY OPERATIONS

The price of gasoline exhibited different trends in August, as it moved higher in the Rotterdam market, while retreating in the US Gulf Coast and Singapore markets, reflecting regional fundamentals. On the other hand, distillate prices took the lead in the US and European markets, while the price of fuel oil firmed worldwide, due to tightened Asian supply. Refining margins decreased in all three markets and moved into negative territory, with the biggest loss occurring in the US Gulf Coast market, as the considerable rise in the WTI price outpaced the net product price gains, particularly gasoline.

US Gulf market

Gasoil, fuel oil prices improved in August, while gasoline prices declined, driving refining margins lower

US gasoline demand remained robust in August, compared with the previous month, as it enjoyed a rise of more than 4%, on a yearly basis, according to the EIA's four-week moving average. However, the gasoline price did not spike accordingly. There were three main driving forces. Firstly, there was a strong sustainable imports flow, and secondly, the US driving season will draw to a close at the end of this month, with the upcoming introduction of more relaxed winter grade specifications, boosting refinery gasoline output. Thirdly, the market's focus has switched from gasoline to distillates. As a result, the gasoline price lost \$0.16/b in the country's main producing area, the US Gulf Coast. In contrast, the gasoil price increased by \$1.09/b, bolstered by inventory draws of 2.6 mb, owing to rising demand, which stemmed largely from strong demand in the Mid-continent for stockpiling amid looming refinery turnaround. High-sulphur fuel oil (HSFO) in the US market continued to benefit from the firm low-sulphur fuel oil price, which was induced by renewed utility demand, coupled with increased refinery interest in alternative feedstocks, instead of the expensive crude oil, in addition to the rise of arbitrage opportunities to the Far East market. Hence, the fuel oil price moved higher by \$0.91/b.

Refining margins in the US Gulf reversed the trend seen in the previous two months, moving from positive to negative territory. This was influenced by the decline in the price of gasoline and the surge in the WTI price.

US refinery throughput declined by 70,000 b/d to 15.67 mb/d in August. As a result of declined refining margins, the equivalent utilization rate edged lower by 0.4 percentage points to 94.6%. However, compared with the level observed in the corresponding month of 2001, the current utilization rate was 0.6 percentage points higher.

Rotterdam market

Product prices moved higher, but refining margins remained negative

Product prices improved further in August, supported by steady buying interest and relatively tight supply, together with a surge in the Brent price. The slowdown in shipments, due to the transatlantic arbitrage window, exerted downward pressure on the gasoline price. However, demand from England and France, on top of purchases by Saudi Arabia in the wake of the outage of the Yanbu refinery, helped push the gasoline price higher by \$0.37/b. The gasoil price surged by \$1.14/b, due to fewer arrivals of Russian cargoes, the turnaround of two giant refineries in France that spurred heavy buying by a major, and the bullish US distillate market. The fuel oil price rose by \$0.65/b on continued exports to the tight Far East market and solid bunker demand. Furthermore, the market was concerned about the increase in Russian tariffs on fuel oil exports in mid-September, which would tighten the fuel oil market in Europe in the foreseeable future.

Refining margins in Europe remained in negative territory in August. However, they would likely find support if the strong gasoil price persisted.

Refinery throughput in the Eur-16 (Europe + Norway) countries fell heavily — by 190,000 b/d to 11.55 mb/d in August. The corresponding refinery utilization rate of 84.6% was 5.3% lower than last year's level.

Gasoline price declined slightly, while distillate and fuel oil prices continued to enjoy positive trends

Singapore market

The previous month's trend of product price movements in Singapore continued to prevail in August, where gasoil and fuel oil prices gained, while the price of gasoline eased. Lower gasoline demand from the main regional buyers, Indonesia and Vietnam, pushed the gasoline price down. However, the outage of a 25,000 b/d gasoline producing unit at IR Iran's 460,000 b/d Abadan refinery prompted the country to buy heavily to cover lost production, which mitigated the gasoline price decline, as it moved slightly lower by $0.02/b. The distillate market was in ample supply, mainly from Indian refineries, but nevertheless, the gasoil price rose by $0.60/b, boosted by the strengthened jet fuel oil price, pre-winter stockpiling, and the large flow of exports to Europe and Latin America. The fuel oil price surged by $1.22/b on continuously tight supply facing sustained demand, especially from China.

Refining margins in Singapore went further into negative territory in August, as the rise in Dubai's price outpaced the net increase in product prices.

Dwindling refinery throughput in Japan, seen over the past few months, and linked mainly to slack domestic demand, rose significantly in July, by 0.70 mb/d to 3.90 mb/d, apparently driven by pre-winter stockpiling of middle distillate products. In turn, the Japanese refinery utilization rate rose remarkably by 14.6 percentage points to 81.4 %, which was 2.1 percentage points above the corresponding 2001 level.

Table 2
Refined product prices
US $/b

		Jun.02	Jul.02	**Aug.02**	**Change Aug./Jul.**
US Gulf					
Regular gasoline	*(unleaded)*	31.20	31.93	31.77	–0.16
Gasoil	*(0.2%S)*	26.26	27.68	28.77	+1.09
Fuel oil	*(3.0%S)*	21.38	21.87	22.78	+0.91
Rotterdam					
Premium gasoline	*(unleaded)*	29.02	30.77	31.14	+0.37
Gasoil	*(0.2%S)*	25.97	27.80	28.95	+1.14
Fuel oil	*(3.5%S)*	19.94	21.02	21.68	+0.65
Singapore					
Premium gasoline	*(unleaded)*	28.54	28.19	28.17	-0.02
Gasoil	*(0.5%S)*	27.82	28.19	28.79	+0.60
Fuel oil	*(380 cst)*	21.99	22.88	24.10	+1.22

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Jun.02	Jul.02	**Aug.02**	Jun.02	Jul.02	**Aug..02**
USA	15.68	15.75	**15.67**	94.7	95.1	**94.6**
France	1.66R	1.70R	**1.65**	87.3	89.4	**86.9**
Germany	2.08	2.18R	**2.16**	92.1	96.4R	**95.4**
Italy	1.78R	1.81	**1.74**	77.8	79.4	**76.4**
UK	1.53	1.55	**1.53**	85.9	87.1	**85.8**
Eur-16**	11.66R	11.74R	**11.55**	85.4R	86.0R	**84.6**
Japan	3.20	3.90	**n.a.**	66.8	81.4	**n.a.**

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

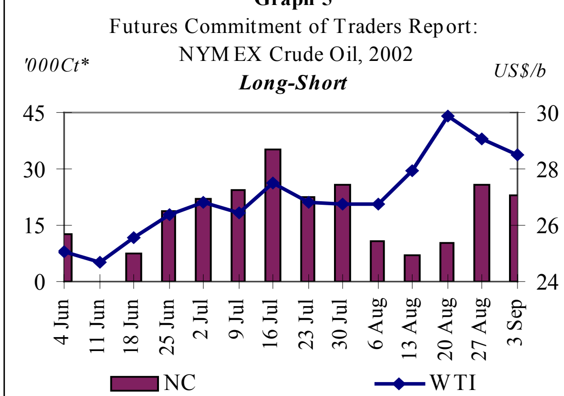
THE OIL FUTURES MARKET

Psychology of a possible war and fund buying overcame all bearish market indicators

NYMEX WTI futures went through a roller-coaster period in August. At first, they moved down to $26.25/b, then spiked to above $30/b in the third week of the month. The price then steadied at $29/b by the month's end. This volatility was a feature of the front-month contract, rather than the whole forward price structure. The front-month spread (September/October) expanded from $0.45/b at the beginning of August to reach its highest value of $1.34/b on 20 August, causing September WTI to spike at $30.11/b. However, as October WTI became the leading month, the front-month spread (October/November) started moving down, from $0.74/b to $0.23/b. The reason for the weakness was the anticipated wave of refinery maintenance, which would cut into crude oil demand.

In the early part of the month, the WTI price was responding to US market indicators. Gasoline was well supplied with summer grade, while the driving season was reaching its end. The heating oil market was weak as demand was 2.2% lower than last year, while distillate stocks were 11% higher. Natural gas prices were at a low of $2.5 MMbtu. On top of all that, macroeconomic data for the USA gave bearish indications. The pressure put on prices by the above factors was augmented by funds leaving the oil market to turn to the more volatile stock market in the USA, and also the tone of the speech of the US Vice President regarding Iraq, which was interpreted as indecisive.

Graph 5

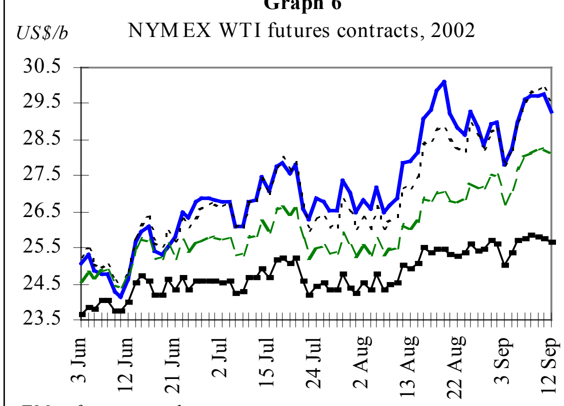


NC = Non-commercials: funds, investments and banks.
Ct = * Each contract is 1,000 barrels.

An 11% cut in the US Valero's refinery runs, due to weak refining margins, and a 50,000 b/d downward revision of the International Energy Administration's demand growth estimates for 2002, added to the bearish factors.

On 12 August, the market received an unknown boost and a rally started with a $1.0/b rise. This was extended, due to fund buying, and was helped by a huge and unexplainable draw of 9.5 mb on US crude oil stocks. Both the API and the DOE could not explain the reason for the draw, as US imports were rising, while refinery runs were flat. Confusion caused illiquidity in the market, and prices spiked ahead of the expiration of the September contract.

Graph 6



FM = future month

As October started as the front-month, the market realised that the fundamentals could not support the $30/b mark, and the market started drifting. However, prices were underpinned by the US Vice President's strong tone on Iraq, raising concerns about a war, at a time when US crude oil stocks were hovering around the psychological level of 300 mb. WTI ended August at $28.98/b.

THE TANKER MARKET

OPEC area spot-chartering declined by 2.13 mb/d in August

OPEC area spot-chartering gave up all of the previous month's gains as it retreated by 2.13 mb/d to a monthly average of 9.86 mb/d in August. The volume of fixtures plunged significantly in the first two weeks to an average of about 8 mb/d. It recovered by 3 mb/d in the third week and then declined steadily. Compared with August 2001, the current level of OPEC fixtures remains at a deficit of 0.15 mb/d, or about 2% lower. In contrast, non-OPEC spot-chartering moved down by 0.97 mb/d to a monthly average of 9.98 mb/d, boosting its market share to 50.32% and exceeding the level of OPEC fixtures by a monthly average of 0.12 mb/d. Global spot fixtures, therefore, plunged by 3.10 mb/d to a monthly average of 19.84 mb/d, but remained in surplus at 2.86 mb/d, compared with the same period last year. The OPEC area's share of global spot-chartering worsened by a significant 2.59 percentage points to 49.68%. This level was 9.27 percentage points below the previous year's share. Most of the reduction in OPEC chartering during August was attributed to a decline in spot fixtures from the Middle East on the westbound long-haul route, as they moved down by 0.58 mb/d to 0.81 mb/d. On the eastbound route, fixtures softened by 0.36 mb/d to 3.98 mb/d. Consequently, OPEC's Middle East westbound share of total fixtures declined significantly by 3.42 percentage points to 8.21%, while the share of eastbound chartering improved by 4.15 percentage points to 40.33%. Together, they accounted for 48.54% of total chartering in the OPEC area, which was 0.73 percentage points above the previous month's level. According to preliminary estimates, sailings from the OPEC area continued to improve, rising by 0.28 mb/d, to a monthly average of 21.98 mb/d. Sailings from the Middle East also edged higher, by 0.28 mb/d, to a monthly average of 14.75 mb/d, about 67% of total OPEC sailings. Additionally, preliminary estimates of arrivals at the US Gulf Coast, the US East Coast and the Caribbean continued the previous month's trend, declining further by 0.20 mb/d to a monthly average of 7.17 mb/d. Arrivals in North-West Europe and Euromed worsened by 0.79 mb/d to 5.00 mb/d and by 0.30 mb/d to 4.85 mb/d, respectively. Estimated oil-at-sea on 31 August was 451 mb, which was 21 mb above the level observed at the end of the previous month.

VLCC freight rates retreated in August

The VLCC market in the Middle East, in reversing the previous month's trend, weakened due to the significant reduction in OPEC fixtures, which caused tonnage to build up during the month. This weighed heavily on VLCC freight rates, as they drifted down again towards the bottom range. The rate differential between the longer and the shorter voyages narrowed to only one Worldscale point, as tanker owners, in a weaker market, were willing to make more discounts on short trips than on the longer ones to minimize their losses. Therefore, the monthly average spot freight rates for VLCC cargoes from the Middle East on the shorter eastbound route dropped by 10 points to WS34, while for the longer trips on the westbound route, they declined by three points to WS33. The Suezmax market on the routes across the Atlantic remained stagnant on reduced liftings and more competition from VLCCs as the Middle East market worsened. Thus, the monthly average freight rates for Suezmax voyages from West Africa and from North-West Europe to the US Gulf Coast and the US East Coast declined by two points to WS68 and by one point to WS69, respectively. Freight rates for crude oil tankers trading on short-haul routes retreated in August amid fewer enquiries. In the Caribbean, freight rates for crude cargoes to US destinations declined by four points to WS123. Meanwhile, on the routes across the Mediterranean and to North-West Europe, freight rates continued to slide on lower activity, declining by 11 points each to WS123 and WS87, respectively. Freight rates for 70–100,00 dwt tankers on the route from Indonesia to the US West Coast improved by six points to WS97.

Clean tanker freight rates ended mixed in August

The clean product tanker market displayed different trends in August. The Large-Range (LR1) clean tonnage in the Middle East market remained in demand for Far East cargoes, and therefore freight rates continued to climb, gaining anther nine points to stand at a monthly average of WS182. Additionally, medium-range tankers in the Singapore market remained active with more fixture volumes, and freight rates to Far East destinations surged by 23 points to WS214. On the bearish side, monthly average freight rates for gasoline cargoes from the Rotterdam area to the US East Coast plummeted by 20 points to WS160. Freight rates in the Caribbean retreated by 12 points to WS162 for voyages to the US Gulf Coast on excess supply market. In the Mediterranean, the product tanker market weakened further and freight rates extended last month's losses, decreasing by four points to WS1160 on the route across the Mediterranean, and by 25 points to WS172 on the route from the Mediterranean to North-West Europe.

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

	Jun.02	Jul.02	**Aug.02**	**Change Aug./Jul.**
Chartering				
All areas	20.24	22.94	**19.84**	–3.10
OPEC	10.12	11.99	**9.86**	–2.13
eastbound	3.05	4.34	**3.98**	–0.36
westbound	1.08	1.39	**0.81**	–0.58
Sailings				
OPEC	20.65	21.70	**21.98**	+0.28
Middle East	13.63	14.47	**14.75**	+0.28
Arrivals				
US Gulf Coast, US East Coast, Caribbean	8.54	7.37	**7.17**	–0.20
North-West Europe	6.47	5.79	**5.00**	–0.79
Euromed	5.08	5.15	**4.85**	–0.30

Source: Oil Movements

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Jun.02	Jul.02	**Aug.02**	**Change Aug./Jul.**
Crude					
Middle East/east	200–300	34	44	**34**	–10
Middle East/west	200–300	37	36	**33**	–3
West Africa/US Gulf	100–160	77	70[R]	**68**	–2
North-West Europe/US East Coast	100–160	74	70	**69**	–1
Indonesia/US West Coast	70–100	89	91	**97**	+6
Caribbean/US East Coast	40–70	113	127	**123**	–4
Mediterranean/Mediterranean	40–70	152	134	**123**	–11
Mediterranean/North-West Europe	70–100	108	98	**87**	–11
Product					
Middle East/east	30–50	163	173	**182**	+9
Singapore/east	25–30	193	191	**214**	+23
Caribbean/US Gulf Coast	25–30	184	174	**162**	–12
North-West Europe/US East Coast	25–30	178	180	**160**	–20
Mediterranean/Mediterranean	25–30	173	164	**160**	–4
Mediterranean/North-West Europe	25–30	205	197	**172**	–25

WORLD OIL DEMAND

World oil demand for 2001 revised up slightly by 0.02 mb/d to 76.02 mb/d

Historical data

Due to adjustments in historical data, average world oil demand for the year 2001 has been revised up slightly, by 0.02 mb/d to 76.02 mb/d, compared with 76.00 mb/d in the previous *MOMR*. According to the latest available figures, world oil consumption during 2001 grew by 0.17 mb/d, or 0.22%. Specifically, for 2001, the latest available data shows that demand in the FSU grew by 0.17 mb/d, or 4.53%. While developing countries also experienced moderate demand growth of 0.09 mb/d, or 0.49%, the OECD witnessed a slight decline of 0.07 mb/d, or 0.16%. On a quarterly basis, 2001 world demand enjoyed healthy growth of 0.88 mb/d, or 1.16%, and 0.77 mb/d, or 1.04%, in the first and second quarters, respectively. The third and fourth quarters, however, experienced significant declines of 0.33 mb/d, or 0.43%, and 0.62 mb/d, or 0.80%, respectively, due to the worldwide economic slowdown, the effects of which were accelerated by the tragic events of 11 September. The resulting quarterly averages were 76.79 mb/d, 74.88 mb/d, 75.67 mb/d and 76.76 mb/d, respectively.

Table 6
World oil demand in 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	**2002**	Change 2002/01 Volume	%
North America	23.85	23.70	23.78	24.15	24.01	23.91	0.06	0.24
Western Europe	15.26	15.17	14.70	15.32	15.76	15.24	–0.02	–0.16
OECD Pacific	8.55	9.08	7.66	8.02	8.86	8.41	–0.15	–1.71
Total OECD	**47.67**	**47.95**	**46.15**	**47.49**	**48.64**	**47.56**	**–0.11**	**–0.24**
Other Asia	7.37	7.38	7.40	7.30	7.79	7.47	0.10	1.38
Latin America	4.64	4.50	4.60	4.71	4.60	4.60	–0.03	–0.74
Middle East	4.54	4.64	4.45	4.74	4.60	4.61	0.07	1.44
Africa	2.47	2.52	2.49	2.43	2.50	2.49	0.02	0.62
Total DCs	**19.02**	**19.04**	**18.94**	**19.18**	**19.49**	**19.16**	**0.15**	**0.78**
FSU	3.93	3.92	3.57	3.84	4.25	3.89	–0.04	–1.03
Other Europe	0.72	0.77	0.73	0.68	0.73	0.73	0.01	1.25
China	4.69	4.74	5.10	4.85	4.74	4.86	0.17	3.68
Total "other regions"	**9.34**	**9.43**	**9.40**	**9.37**	**9.72**	**9.48**	**0.14**	**1.51**
Total world	**76.02**	**76.42**	**74.49**	**76.04**	**77.84**	**76.20**	**0.18**	**0.23**
Previous estimate	76.00	76.29	74.50	76.03	77.81	76.16	0.16	0.21
Revision	0.02	0.12	–0.01	0.01	0.03	0.04	0.01	0.02

Totals may not add, due to independent rounding.

World oil demand estimate for 2002 revised up by 0.18 mb/d to 76.20 mb/d

Projections for 2002

World

For the present year, the projection for world oil demand has been revised up slightly, mainly due to an upward revision to actual first-quarter consumption figures. Global demand is now estimated to rise by 0.18 mb/d, or 0.23%, to average 76.20 mb/d, compared with a 0.16 mb/d, or 0.21% increment, and an average 76.16 mb/d presented in the last *MOM*R. Quarterly and regional details are given in Table 6.

On a regional basis, demand is projected to decrease by 0.11 mb/d in the OECD, following a less significant decline of 0.07 mb/d in 2001. But it is expected to rise by 0.15 mb/d in developing countries, following lower growth of 0.09 mb/d in 2001. The former CPEs are expected to witness consumption growth of 0.14 mb/d, similar to the 0.15 mb/d seen in 2001.

On a quarterly basis, world demand declined by 0.48%, or 0.37 mb/d, to average 76.42 mb/d in January–March, compared with the year-earlier figure. Second-quarter consumption is estimated to have dropped by 0.52%, or 0.39 mb/d, to 74.49 mb/d. For the rest of the year, demand is projected to rise at a significantly faster pace during the third and fourth quarters. The anticipated growth rates are 0.37 mb/d, or 0.49%, and 1.08 mb/d, or 1.40%, respectively. Detailed quarterly comparisons for all quarters are presented in Tables 7 and 8.

OECD

Based on estimates of actual first-quarter consumption, the OECD was solely responsible for the fall in world consumption, with a substantial 0.87 mb/d decline. This was partly offset by 0.20 mb/d and 0.30 mb/d rises in demand from developing countries and the former CPEs. Within the OECD, the highest drop — of 3.56% — was experienced by the OECD Pacific, followed by 2.02% in North America and 0.30% in Western Europe.

Data on actual consumption in the second quarter also points to a drop of 0.30 mb/d, or 0.64%, in OECD consumption, due to a steep decline in OECD Pacific demand of 0.31 mb/d, combined with a moderate 0.07 mb/d drop in Western Europe's consumption, partly offset by a slight rise of 0.09 mb/d in North American demand.

Actual data on OECD consumption during the first half of 2002 indicates a 0.63 mb/d, or 1.32%, decline, compared with the corresponding period in 2001. All three regions within the OECD shared the decline, with the OECD Pacific leading the way with a significant fall of 0.32 mb/d, or 3.72%. North America and Western Europe followed with 0.24 mb/d, or 0.99%, and 0.07 mb/d, or 0.44%, respectively. Except for gasoline, all petroleum products, and even those used by refiners, witnessed consumption declines in the OECD Pacific.

Concerning products, the first half of 2002 continued to see significantly weaker (–8.29%) aviation fuel consumption, compared with the same period last year, as reduced air travel persisted. Residual fuel oil consumption was also lower at 12.27%, mostly due to the shift back to natural gas consumption, as the price of the latter moderated. LPG and gasoline consumption, however, enjoyed encouraging growth, mostly due to substantial rises in consumption in North America of 8.19% and 2.91%, respectively, helped by relatively low natural gas prices and higher automobile sales.

DCs

Oil demand in developing countries is expected to grow by 0.15 mb/d, or 0.78%, to 19.16 mb/d. The demand outlook in Latin America continues to be weaker than in the previous year, due to persistent economic and financial problems. Other Asia is anticipated to enjoy the highest volume growth of 0.10 mb/d, followed by the Middle East and Africa with 0.07 mb/d and 0.02 mb/d, respectively.

Other regions

Apparent demand in the other regions is expected to rise by 0.14 mb/d, slightly higher than the 0.12 mb/d reported in the previous *MOMR*. This is due to a better outlook for demand in China. In the FSU, except for the second quarter, when demand is forecast to grow by 0.12 mb/d, demand in the other three quarters is anticipated to decline in comparison with consumption in the corresponding quarters of 2001. The overall yearly average is expected to drop by 0.04 mb/d, or 1.03%. In contrast, Chinese demand is anticipated to undergo healthy growth in every quarter of the current year, leading to average annual growth of 0.17 mb/d, or 3.68%.

Table 7
First- and second-quarter world oil demand comparison for 2002
mb/d

			Change 2002/01				Change 2002/01	
	1Q01	1Q02	Volume	%	2Q01	2Q02	Volume	%
North America	24.19	23.70	–0.49	–2.02	23.70	23.78	0.09	0.36
Western Europe	15.21	15.17	–0.04	–0.30	14.78	14.70	–0.07	–0.49
OECD Pacific	9.42	9.08	–0.33	–3.56	7.98	7.66	–0.31	–3.91
Total OECD	**48.82**	**47.95**	**–0.87**	**–1.78**	**46.45**	**46.15**	**–0.30**	**–0.64**
Other Asia	7.30	7.38	0.08	1.12	7.34	7.40	0.06	0.87
Latin America	4.58	4.50	–0.08	–1.76	4.70	4.60	–0.10	–2.21
Middle East	4.47	4.64	0.18	3.94	4.43	4.45	0.02	0.45
Africa	2.50	2.52	0.02	0.87	2.47	2.49	0.02	0.90
Total DCs	**18.84**	**19.04**	**0.20**	**1.06**	**18.94**	**18.94**	**0.00**	**0.01**
FSU	3.95	3.92	–0.03	–0.80	3.75	3.57	–0.18	–4.88
Other Europe	0.76	0.77	0.01	0.79	0.72	0.73	0.01	1.11
China	4.41	4.74	0.33	7.37	5.02	5.10	0.08	1.59
Total "other regions"	**9.13**	**9.43**	**0.30**	**3.28**	**9.50**	**9.40**	**–0.10**	**–1.01**
Total world	**76.79**	**76.42**	**–0.37**	**–0.48**	**74.88**	**74.49**	**–0.39**	**–0.52**

Totals may not add, due to independent rounding.

Table 8
Third- and fourth-quarter world oil demand comparison for 2002
mb/d

			Change 2002/01				Change 2002/01	
	3Q01	3Q02	Volume	%	4Q01	4Q02	Volume	%
North America	23.93	24.15	0.22	0.91	23.61	24.01	0.40	1.69
Western Europe	15.50	15.32	–0.18	–1.13	15.56	15.76	0.20	1.27
OECD Pacific	8.04	8.02	–0.02	–0.26	8.79	8.86	0.08	0.88
Total OECD	**47.47**	**47.49**	**0.02**	**0.05**	**47.96**	**48.64**	**0.67**	**1.40**
	0.00							
Other Asia	7.27	7.30	0.03	0.41	7.56	7.79	0.23	3.07
Latin America	4.69	4.71	0.02	0.34	4.57	4.60	0.03	0.65
Middle East	4.70	4.74	0.04	0.75	4.57	4.60	0.03	0.69
Africa	2.42	2.43	0.01	0.42	2.49	2.50	0.01	0.32
Total DCs	**19.09**	**19.18**	**0.09**	**0.47**	**19.19**	**19.49**	**0.30**	**1.57**
FSU	3.72	3.84	0.12	3.14	4.31	4.25	–0.07	–1.52
Other Europe	0.67	0.68	0.01	1.64	0.72	0.73	0.01	1.52
China	4.72	4.85	0.13	2.76	4.58	4.74	0.16	3.43
Total "other regions"	**9.11**	**9.37**	**0.26**	**2.83**	**9.62**	**9.72**	**0.10**	**1.07**
Total world	**75.67**	**76.04**	**0.37**	**0.49**	**76.76**	**77.84**	**1.08**	**1.40**

Totals may not add, due to independent rounding.

Forecast for 2003

World oil demand for 2003 projected at 77.01 mb/d, a 0.80 mb/d increase from 2002

Our demand forecast for the year 2003 has been slightly adjusted upwards to 77.01 mb/d, compared with 76.95 mb/d in the previous *MOMR*. The increment is virtually unchanged at 0.80 mb/d, equivalent to a rise of 1.06%. Further adjustments are expected as more information becomes available on major factors such as the outlook for economic growth, prices and weather patterns. Regional and quarterly breakdowns of demand forecasts are given in Table 9.

All three major consuming groups are forecast to experience stronger demand. The OECD's growth in volume is expected to be the highest at 0.30 mb/d. The remaining 0.50 mb/d, out of 0.80 mb/d world growth, is to be shared equally by developing countries and the former CPEs.

All four quarters are forecast to register gains in consumption, in comparison with the corresponding periods in 2002. The first quarter is set to see the largest rise with a remarkable growth of 1.13 mb/d. The fourth quarter is to follow with a significant 1.05 mb/d increase. Second- and third-quarter demand are expected to see growth of 0.58 mb/d and 0.46 mb/d, respectively.

Table 9
World oil demand forecast for 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 2003/02 Volume	%
North America	23.91	23.96	23.82	24.18	24.35	24.08	0.17	0.71
Western Europe	15.24	15.32	14.74	15.28	15.86	15.30	0.06	0.40
OECD Pacific	8.41	9.20	7.60	8.01	9.10	8.48	0.07	0.85
Total OECD	**47.56**	**48.47**	**46.17**	**47.48**	**49.31**	**47.86**	**0.30**	**0.64**
Other Asia	7.47	7.54	7.52	7.40	7.88	7.59	0.12	1.57
Latin America	4.60	4.48	4.56	4.73	4.67	4.61	0.01	0.19
Middle East	4.61	4.76	4.57	4.81	4.66	4.70	0.09	1.99
Africa	2.49	2.56	2.53	2.46	2.53	2.52	0.03	1.29
Total DCs	**19.16**	**19.34**	**19.18**	**19.40**	**19.74**	**19.41**	**0.25**	**1.31**
FSU	3.89	4.03	3.76	3.89	4.19	3.97	0.07	1.85
Other Europe	0.73	0.76	0.73	0.70	0.75	0.74	0.01	1.36
China	4.86	4.94	5.23	5.03	4.91	5.03	0.17	3.51
Total "other regions"	**9.48**	**9.73**	**9.72**	**9.63**	**9.85**	**9.73**	**0.25**	**2.66**
Total world	**76.20**	**77.54**	**75.07**	**76.50**	**78.90**	**77.01**	**0.80**	**1.06**
Previous estimate	76.16	77.41	75.07	76.48	78.85	76.95	0.79	1.04
Revision	0.04	0.13	0.00	0.02	0.05	0.05	0.01	0.02

Totals may not add, due to independent rounding.

WORLD OIL SUPPLY

Non-OPEC

Forecast for 2002

2002 non-OPEC supply figure revised up to 47.97 mb/d, expected to increase by 1.50 mb/d

The 2002 non-OPEC supply figure has been revised up by 0.09 mb/d to 47.97 mb/d. The second and the third quarters were revised up considerably, by 0.10 mb/d to 47.95 mb/d and by 0.28 mb/d to 47.92 mb/d, respectively, while the first and fourth quarters have each been revised down by 0.01 mb/d to 47.64 mb/d and 48.36 mb/d, respectively, compared with the last *MOMR* figures. The yearly average increase is estimated at 1.50 mb/d, compared with the 2001 figure.

Table 10
Non-OPEC oil supply in 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01
North America	14.36	14.61	14.64	14.56	14.46	14.57	0.21
Western Europe	6.70	6.73	6.76	6.57	6.94	6.75	0.05
OECD Pacific	0.77	0.76	0.75	0.75	0.70	0.74	–0.03
Total OECD	**21.82**	**22.10**	**22.15**	**21.88**	**22.11**	**22.06**	**0.24**
Other Asia	2.28	2.35	2.36	2.36	2.43	2.38	0.10
Latin America	3.75	3.92	3.93	3.93	3.95	3.93	0.18
Middle East	2.13	2.09	2.05	2.07	2.05	2.06	-0.07
Africa	2.80	3.02	3.04	3.03	3.09	3.04	0.24
Total DCs	**10.96**	**11.38**	**11.37**	**11.39**	**11.51**	**11.41**	**0.45**
FSU	8.53	8.92	9.15	9.36	9.49	9.23	0.71
Other Europe	0.18	0.18	0.18	0.18	0.17	0.18	0.00
China	3.30	3.35	3.37	3.40	3.36	3.37	0.07
Total "Other regions"	**12.00**	**12.45**	**12.71**	**12.94**	**13.02**	**12.78**	**0.78**
Total non-OPEC production	**44.79**	**45.92**	**46.23**	**46.20**	**46.64**	**46.25**	**1.47**
Processing gains	1.69	1.72	1.72	1.72	1.72	1.72	0.03
Total non-OPEC supply	**46.48**	**47.64**	**47.95**	**47.92**	**48.36**	**47.97**	**1.50**
Previous estimate	46.48	47.65	47.85	47.65	48.37	47.88	1.40
Revision	**0.00**	**–0.01**	**0.10**	**0.28**	**–0.01**	**0.09**	**0.09**

Totals may not add, due to independent rounding.

2003 non-OPEC supply expected to be 48.89 mb/d, 0.92 mb/d above 2002

Expectations for 2003

Non-OPEC supply in 2003 is expected to rise by another 0.92 mb/d. The expected major contributors to the rise are North America and the FSU. The forecast 2003 quarterly distribution is estimated at 48.55 mb/d, 48.87 mb/d, 48.84 mb/d and 49.30 mb/d, respectively, resulting in a yearly average of around 48.89 mb/d.

Table 11
Non-OPEC oil supply in 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	**2003**	**Change 03/02**
North America	14.57	14.86	14.89	14.81	14.71	14.82	0.25
Western Europe	6.75	6.77	6.80	6.61	6.99	6.79	0.04
OECD Pacific	0.74	0.76	0.75	0.75	0.70	0.74	0.00
Total OECD	**22.06**	**22.39**	**22.44**	**22.16**	**22.40**	**22.35**	**0.29**
Other Asia	2.38	2.38	2.39	2.39	2.46	2.41	0.03
Latin America	3.93	4.00	4.01	4.01	4.03	4.01	0.08
Middle East	2.06	2.09	2.05	2.07	2.05	2.06	0.00
Africa	3.04	3.07	3.10	3.09	3.15	3.10	0.06
Total DCs	**11.41**	**11.54**	**11.54**	**11.56**	**11.69**	**11.58**	**0.17**
FSU	9.23	9.34	9.58	9.80	9.93	9.66	0.43
Other Europe	0.18	0.18	0.18	0.18	0.17	0.18	0.00
China	3.37	3.35	3.37	3.40	3.36	3.37	0.00
Total "Other regions"	**12.78**	**12.86**	**13.13**	**13.37**	**13.46**	**13.21**	**0.43**
Total non-OPEC production	**46.25**	**46.80**	**47.12**	**47.09**	**47.55**	**47.14**	**0.89**
Processing gains	1.72	1.75	1.75	1.75	1.75	1.75	0.03
Total non-OPEC supply	**47.97**	**48.55**	**48.87**	**48.84**	**49.30**	**48.89**	**0.92**
Previous estimate	47.88	48.55	48.77	48.57	49.31	48.80	0.92
Revision	**0.09**	**–0.01**	**0.10**	**0.28**	**–0.01**	**0.09**	**0.00**

Totals may not add, due to independent rounding.

2003 net FSU oil exports expected at 5.70 mb/d, 2002 forecast revised up to 5.34 mb/d

The FSU's net oil export estimates for 2000 and 2001 were unchanged at 4.14 mb/d and 4.59 mb/d, respectively, compared with the last *MOMR*. Minor upward revisions have been made to the 2002 and 2003 forecasts, which are now estimated at 5.34 mb/d and 5.70 mb/d.

Table 12
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	**Year**
1999	3.12	3.62	3.52	3.49	**3.44**
2000	3.97	4.13	4.47	4.01	**4.14**
2001	4.30	4.71	4.89	4.47	**4.59**
2002 (forecast)	5.00	5.59	5.52	5.24	**5.34**
2003 (forecast)	5.31	5.82	5.90	5.75	**5.70**

OPEC natural gas liquids

2003 OPEC NGL expected at 3.58 mb/d

OPEC NGL figures for the years 1999–2002 have been revised down to 3.16 mb/d, 3.34 mb/d, 3.49 mb/d and 3.55 mb/d, respectively, compared with the last *MOMR* figures. Also, the expected figure for 2003 has been revised down to 3.58 mb/d. All revisions made were due to the introduction of recent NGL data released by some Member Countries.

OPEC NGL production — 1998–2002
mb/d

1999	**2000**	**2001**	1Q02	2Q02	3Q02	4Q02	**2002**	**Change 02/01**	**2003**	**Change 03/02**
3.16	**3.34**	**3.49**	3.55	3.55	3.55	3.55	**3.55**	0.05	**3.58**	0.03

Available secondary sources put OPEC's August production at 25.21 mb/d

OPEC crude oil production

Available secondary sources indicate that, in August, OPEC output was 25.21 mb/d, which was almost the same level as July's 25.22 mb/d. Table 13 shows OPEC's production, as reported by selected secondary sources.

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

	2000	2001	1Q02	2Q02*	Jul.02*	Aug.02*	Aug.-Jul.
Algeria	808	820	792	829	851	**868**	16
Indonesia	1,278	1,214	1,138	1,128	1,119	**1,128**	9
IR Iran	3,671	3,665	3,349	3,362	3,433	**3,423**	–10
Iraq	2,552	2,383	2,386	1,511	1,771	**1,588**	–183
Kuwait	2,100	2,030	1,850	1,878	1,904	**1,915**	11
SP Libyan AJ	1,405	1,361	1,274	1,309	1,328	**1,336**	9
Nigeria	2,031	2,097	1,963	1,932	1,938	**1,967**	29
Qatar	698	683	603	632	638	**649**	11
Saudi Arabia	8,272	7,944	7,241	7,388	7,541	**7,585**	44
UAE	2,251	2,163	1,967	1,972	1,983	**1,989**	6
Venezuela	2,897	2,831	2,556	2,630	2,715	**2,760**	45
Total OPEC	**27,963**	**27,192**	**25,120**	**24,572**	**25,220**	**25,206**	**–13**

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

RIG COUNT

Non-OPEC rig count down by 22 in August

Non-OPEC

Rig activity in non-OPEC countries declined by 22 in August from 1,591 rigs in July. North America, the major contributor, declined by 24 rigs, compared with July figures. In Canada, the rig count decreased by 31 to reach 235 rigs, compared with 266 in July. Also, the USA witnessed a decline of 3 to 848 rigs, compared with 851 the previous month, while Mexico's rig activity increased by 10 rigs. Western Europe's activity remained almost unchanged at 76 rigs.

Table 14
Non-OPEC rig count in 2002

	2000	2001	Change 02/01	Jul.02	Aug.02	Change Aug.-Jul.
North America	1,305	1,552	247	1,172	**1,148**	–24
Western Europe	125	95	–30	75	**76**	1
OECD Pacific	17	20	3	17	**17**	0
OECD	1,447	1,667	220	1264	**1,241**	–23
Other Asia	83	95	12	117	**116**	–1
Latin America	120	141	20	103	**103**	0
Middle East	45	50	5	64	**63**	–1
Africa	34	36	2	41	**44**	3
DCs	282	321	40	325	**326**	1
FSU	n.a.	n.a.	n.a.	n.a.	**n.a.**	n.a
Other Europe	3	3	0	2	**2**	0
China	n.a.	n.a.	n.a.	n.a.	**n.a.**	n.a.
Other regions	n.a.	n.a.	n.a.	n.a.	**n.a.**	n.a.
Total non-OPEC	**1,732**	**1,991**	**260**	**1,591**	**1,569**	**–22**

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

OPEC

OPEC rig count up by 4 in August

OPEC's rig count was up by 4 to 225 rigs, compared with the July figure. Most of the change was attributed to Indonesia, where the rig count increased by 3 to 44, compared with the previous month's figures.

Table 15
OPEC rig count

	2000	2001	Change 02/01	Jul.02	Aug.02	Change Aug.-Jul.
Algeria	15	20	5	18	18	0
Indonesia	32	41	9	41	44	3
IR Iran	27	30	3	33	34	1
Iraq	0	0	0	n.a.	n.a.	n.a.
Kuwait	12	9	–3	6	7	1
SP Libyan AJ	7	5	–2	9	10	1
Nigeria	8	12	4	13	13	0
Qatar	6	9	3	12	12	0
Saudi Arabia	25	30	5	32	33	1
UAE	13	15	3	16	16	0
Venezuela	63	67	5	41	38	-3
Total OPEC	**206**	**238**	**32**	**221**	**225**	**4**

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

STOCK MOVEMENTS

USA

Further unseasonable draw of 0.65 mb/d in USA in August

US commercial onland oil stocks showed a further unseasonable draw of 18.1 mb, at a rate of 0.65 mb/d, to stand at 1,007.2 mb during the period 2 – 30 August. All stocks registered draws, except "Other oils", which rose by 6.6 mb to 218.1 mb. Crude oil stocks led the drawdown, decreasing by 8.7 mb to 298.5 mb. Higher refinery runs and a slight decline in crude oil imports were behind the draw. Another reason for the decline could be that stocks partly went into the Strategic Petroleum Reserve (SPR), as the US Administration is keen to increase its SPR to the full capacity of 700 mb. During the same period, the SPR rose by 2.4 mb to 580.9 mb. Gasoline and distillate stocks added to the draw, falling by 7.2 mb to 205.3 mb, and by 5.5 mb to 129.6 mb, respectively. The draw on gasoline stocks occurred on the back of the anticipated high demand at the end of the summer driving season, coupled with lower gasoline output, as well as declining imports. Improved demand and lower distillate imports were behind the draw on distillate stocks. Fuel oil and jet kerosene stocks also contributed to the situation, with declines of 1.4 mb to 32.1 mb, and of 0.3 mb to 38.9 mb, respectively, on healthy demand. Total oil stocks remained 1.4 mb higher than the level registered a year ago.

During the week ending 6 September, total oil stocks regained part of the previous week's loss, increasing by 2.8 mb to 1,010.0 mb. Most of the build occurred in distillate inventories, which rose by 4.0 mb to 133.60 mb. High distillate imports, together with weak apparent demand, contributed to the build. Other major product inventories also showed marginal rises to add to the build. The draw of 5.3 mb to 293.2 mb on crude oil stocks diminished this rise.

Table 16
US onland commercial petroleum stocks*
mb

	28 Jun.02	2 Aug.02	30 Aug.02	Change Aug./Jul.	30 Aug.01	6-Sep-02**
Crude oil (excl. SPR)	321.2	307.2	**298.5**	**-8.7**	308.3	**293.2**
Gasoline	216.4	212.5	205.3	–7.2	194.4	205.6
Distillate fuel	128.3	135.1	129.6	–5.5	122.2	133.6
Residual fuel oil	34.6	33.5	32.1	–1.4	35.3	33.2
Jet fuel	40.3	39.2	38.9	–.3	41.7	40.0
Unfinished oils	89.9	86.3	84.7	–1.6	90.6	85.6
Other oils	200.7	211.5	218.1	6.6	213.4	218.9
Total	1,031.4	1,025.3	**1,007.2**	**–18.1**	1,005.8	**1,010.0**
SPR	575.4	578.5	580.9	2.4	543.7	582.3

* *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

Slight seasonal build of 0.05 mb/d in Eur-16 in August

Commercial onland oil stocks in the Eur-16 (EU plus Norway) saw a reversal from the previous month's direction, rising slightly by 1.6 mb, at a rate of 0.05 mb/d, to 1,066.3 mb. Poor heating oil demand, due to high consumer stocks, was behind the build of 4.6 mb to 349.7 mb in distillate stocks, while lower exports from Russia and the Caspian, together with the continuing flow of North Sea grades to the US market, pushed crude oil stocks in the Eur-16 down slightly, by 1.3 mb to 441.3 mb. Gasoline stocks also declined — by 2.6 mb to 140.8 mb, on the back of lower output, coupled with continued gasoline movements across the Atlantic. Total oil stocks were 11.2 mb above the year-ago level.

Table 17
Western Europe commercial oil stocks*
mb

	Mar.02	Jun.02	Jul.02	Aug.02	Change Aug./Jul.	Aug.01
Crude oil	440.9	444.1	442.6	**441.3**	**–1.3**	433.6
Mogas	156.5	145.3	143.3	140.8	–2.6	137.7
Naphtha	24.2	24.6	23.8	24.6	0.9	27.5
Middle distillates	340.9	345.4	345.0	349.7	4.6	336.2
Fuel oils	111.7	109.5	110.0	109.9	-0.1	120.0
Total products	633.3	624.8	622.1	625.0	**2.9**	621.5
Overall total	1,074.2	1,069.0	1,064.7	**1,066.3**	**1.6**	**1,055.1**

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

Japan

Moderate unseasonable draw of 0.21 mb/d in Japan in July

In July, commercial onland oil stocks lost most of the previous month's seasonal build, falling by 6.4 mb, at a rate of 0.21 mb/d, to 176.3 mb. Most of the draw came from crude oil stocks, which declined by 9.2 mb to 109.2 mb, due to fewer arrivals, as well as increased refinery runs. The rise of 4.5 mb to 34.7 mb in middle distillates capped this build. Other major product stocks showed marginal draws. Gasoline and residual fuel oil inventories declined by 1.0 mb to 13.0 mb, and by 0.9 mb to 19.2 mb, respectively. The overall stock-draw narrowed the year-on-year deficit to 7.7 mb, or about 4%.

Table 18
Japan's commercial oil stocks*
mb

	Dec.01	Mar.02	Jun.02	**Jul.02**	**Change Jul/Jun.**	Jul.01
Crude oil	113.4	106.8	118.3	**109.2**	**–9.1**	116.3
Gasoline	12.3	15.8	14.2	13.2	–1.0	13.3
Middle distillates	37.8	29.5	30.2	34.7	4.5	36.5
Residual fuel oil	18.5	18.7	20.1	19.2	–0.9	17.9
Total products	68.6	64.0	64.4	67.1	**2.7**	67.7
Overall total **	182.0	170.9	182.7	**176.3**	**–6.4**	**184.0**

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

BALANCE OF SUPPLY AND DEMAND

2002 supply/demand difference revised down to 24.68 mb/d

The summarized supply/demand balance table for 2002 shows upward revisions in the world oil demand forecast of 0.04 mb/d to 76.20 mb/d and in total non-OPEC supply of 0.06 mb/d to 51.52 mb/d, resulting in an expected annual difference of around 24.68 mb/d, down by 0.02 mb/d, compared with the last *MOMR* figures. The quarterly distribution is 25.23 mb/d, 22.99 mb/d, 24.57 mb/d and 25.92 mb/d, respectively. The balance for the first quarter has been revised down by 0.16 mb/d to –0.11 mb/d, while the balance for the second quarter has been revised up by 0.08 mb/d to 1.58 mb/d. The 2001 balance is now estimated at 1.14 mb/d, down by 0.06 mb/d.

Table 19
Summarized supply/demand balance for 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	**2002**
(a) World oil demand	76.02	76.42	74.49	76.04	77.84	76.20
(b) Non-OPEC supply(1)	49.97	51.19	51.50	51.47	51.92	51.52
Difference (a – b)	**26.06**	**25.23**	**22.99**	**24.57**	**25.92**	**24.68**
OPEC crude oil production(2)	27.19	25.12	24.57			
Balance	**1.14**	**–0.11**	**1.58**			

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

2003 supply/demand difference expected at 24.53 mb/d

The summarized supply/demand balance table for 2003 shows upward revisions in the world oil demand forecast of 0.04 mb/d to 77.01 mb/d and in total non-OPEC supply of 0.06 mb/d to 52.47 mb/d, resulting in an expected difference of around 24.53 mb/d. The quarterly distribution is 25.42 mb/d, 22.63 mb/d, 24.08 mb/d and 26.01 mb/d, respectively.

Table 20
Summarized supply/demand balance for 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	**2003**
(a) World oil demand	76.20	77.54	75.07	76.50	78.90	77.01
(b) Non-OPEC supply(1)	51.52	52.12	52.44	52.43	52.88	52.47
Difference (a – b)	**24.68**	**25.42**	**22.63**	**24.08**	**26.01**	**24.53**

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

Table 21
World oil demand/supply balance
mb/d

	1999	**2000**	**2001**	1Q02	2Q02	3Q02	4Q02	2002	**1Q03**	**2Q03**	**3Q03**	**4Q03**	**2003**
World demand													
OECD	47.7	47.7	47.7	47.9	46.1	47.5	48.6	47.6	48.5	46.2	47.5	49.3	47.9
North America	23.8	24.0	23.9	23.7	23.8	24.1	24.0	23.9	24.0	23.8	24.2	24.4	24.1
Western Europe	15.2	15.1	15.3	15.2	14.7	15.3	15.8	15.2	15.3	14.7	15.3	15.9	15.3
Pacific	8.7	8.6	8.6	9.1	7.7	8.0	8.9	8.4	9.2	7.6	8.0	9.1	8.5
DCs	18.6	18.9	19.0	19.0	18.9	19.2	19.5	19.2	19.3	19.2	19.4	19.7	19.4
FSU	4.0	3.8	3.9	3.9	3.6	3.8	4.2	3.9	4.0	3.8	3.9	4.2	4.0
Other Europe	0.8	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.8	0.7
China	4.2	4.7	4.7	4.7	5.1	4.9	4.7	4.9	4.9	5.2	5.0	4.9	5.0
(a) Total world demand	75.3	75.9	76.0	76.4	74.5	76.0	77.8	76.2	77.5	75.1	76.5	78.9	77.0
Non-OPEC supply													
OECD	21.3	21.8	21.8	22.1	22.2	21.9	22.1	22.1	22.4	22.4	22.2	22.4	22.3
North America	14.1	14.2	14.4	14.6	14.6	14.6	14.5	14.6	14.9	14.9	14.8	14.7	14.8
Western Europe	6.6	6.7	6.7	6.7	6.8	6.6	6.9	6.8	6.8	6.8	6.6	7.0	6.8
Pacific	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.7
DCs	10.8	11.0	11.0	11.4	11.4	11.4	11.5	11.4	11.5	11.5	11.6	11.7	11.6
FSU	7.5	7.9	8.5	8.9	9.2	9.4	9.5	9.2	9.3	9.6	9.8	9.9	9.7
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.3	3.3	3.4	3.4	3.4	3.4	3.3	3.4	3.4	3.4	3.4
Processing gains	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8
Total non-OPEC supply	44.6	45.7	46.5	47.6	48.0	47.9	48.4	48.0	48.5	48.9	48.8	49.3	48.9
OPEC NGLs + non-conventionals	3.2	3.3	3.5	3.5	3.5	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.6
(b) Total non-OPEC supply and OPEC NGLs	47.7	49.1	50.0	51.2	51.5	51.5	51.9	51.5	52.1	52.4	52.4	52.9	52.5
OPEC crude oil production (secondary sources)	26.5	28.0	27.2	25.1	24.6								
Total supply	74.2	77.0	77.2	76.3	76.1								
Balance (stock change and miscellaneous)	-1.0	1.2	1.1	-0.1	1.6								
Closing stock level (outside FCPEs) mb													
OECD onland commercial	2446	2530	2623	2598	2638								
OECD SPR	1228	1210	1222	1237	1247								
OECD total	3674	3740	3845	3836	3885								
Other onland	983	1000	1028	1026	1039								
Oil-on-water	808	876	842	835	836								
Total stock	5465	5617	5715	5696	5760								
Days of forward consumption in OECD													
Commercial onland stocks	51	53	55.2	56.3	55.5								
SPR	26	25	25.7	26.8	26.3								
Total	77	78	80.8	83.1	81.8								
Memo items													
FSU net exports	3.4	4.1	4.6	5.0	5.6	5.5	5.2	5.3	5.3	5.8	5.9	5.7	5.7
(a) - (b)	27.6	26.8	26.1	25.2	23.0	24.6	25.9	24.7	25.4	22.6	24.1	26.0	24.5

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

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

mb/d

	1999	2000	2001	1Q02	2Q02	3Q02	4Q02	2002	1Q03	2Q03	3Q03	4Q03	2003
World demand													
OECD	-	-	-	0.1	0.2	-	-	-	-	0.2	-0.1	-0.1	-
North America	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-
Western Europe	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-
Pacific	-	-	-	-	-	-0.1	-0.1	-	-	-	-0.1	-0.1	-
DCs	-	-	-	0.1	-0.1	-	-	-	0.1	-0.1	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	0.1	0.1	-	-	-	0.1	0.1	-
(a) Total world demand	-	-	-	0.1	-	-	-	-	0.1	-	-	-	-
Non-OPEC supply													
OECD	-	-	-	-	0.1	0.2	-	-	-	0.1	0.2	-	-
North America	-	-	-	-	-	0.1	-	-	-	-	0.1	-	-
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	0.1	-	-	-	-	0.1	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	0.1	0.3	-	0.1	-	0.1	0.3	-	0.1
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	0.1	0.2	-	0.1	-	0.1	0.2	-	0.1
OPEC crude oil production (secondary sources)	-	-	-	-	-								
Total supply	-	-	-	-	0.1								
Balance (stock change and miscellaneous)	-	-	-0.1	-0.2	0.1								
Closing stock level (outside FCPEs) *mb*													
OECD onland commercial	-	-	-	-1	-4								
OECD SPR	-	-	-	-	-1								
OECD total	-	-	-	-1	-6								
Other onland	-	-	-	-	-2								
Oil on water	-	-	-	-3	-								
Total stock	-	-	-	-5	-								
Days of forward consumption in OECD													
Commercial onland stocks	-	-	-	-	-								
SPR	-	-	-	-	-								
Total	-	-	-	-	-								
Memo items													
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	0.1	0.2	-0.1	-0.2	0.1	-	0.2	-0.1	-0.2	0.1	-

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

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

	1996	1997	1998	1999	2000	2001	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02
Closing stock level *mb*																
OECD onland commercial	2,514	2,615	2,697	2,446	2,530	2,623	2,419	2,510	2,542	2,530	2,525	2,597	2,661	2,623	2,598	2,638
North America	1,138	1,211	1,283	1,127	1,146	1,263	1,108	1,165	1,180	1,146	1,159	1,231	1,269	1,263	1,234	1,257
Western Europe	899	912	962	881	930	916	902	900	910	930	918	909	919	916	929	934
OECD Pacific	476	492	453	437	454	444	409	445	452	454	447	457	473	444	435	447
OECD SPR	1,199	1,207	1,249	1,228	1,210	1,222	1,234	1,232	1,237	1,210	1,210	1,207	1,205	1,222	1,237	1,247
North America	566	563	571	567	543	552	569	569	572	543	544	545	547	552	563	578
Western Europe	330	329	362	346	354	353	349	349	353	354	351	347	345	353	353	348
OECD Pacific	303	315	315	315	313	316	315	315	312	313	314	314	313	316	321	321
OECD total	**3,713**	**3,822**	**3,946**	**3,674**	**3,740**	**3,845**	**3,653**	**3,742**	**3,778**	**3,740**	**3,734**	**3,804**	**3,866**	**3,845**	**3,836**	**3,885**
Other onland	993	1,022	1,055	983	1,000	1,028	977	1,001	1,010	1,000	999	1,017	1,034	1,028	1,026	1,039
Oil-on-water	798	812	859	808	876	842	840	866	849	876	913	835	874	842	835	836
Total stock	**5,503**	**5,656**	**5,860**	**5,465**	**5,617**	**5,715**	**5,470**	**5,609**	**5,638**	**5,617**	**5,647**	**5,656**	**5,774**	**5,715**	**5,696**	**5,760**
Days of forward consumption in OECD																
OECD onland commercial	54	56	57	51	53	55	52	52	52	52	54	55	55	55	56	56
North America	50	52	54	47	48	53	47	48	48	47	49	51	54	53	52	52
Western Europe	60	60	63	58	61	60	62	59	59	61	62	59	59	60	63	61
OECD Pacific	53	58	52	51	53	53	51	53	51	48	56	57	54	49	57	56
OECD SPR	26	26	26	26	25	26	27	26	25	25	26	25	25	25	27	26
North America	25	24	24	24	23	23	24	23	23	22	23	23	23	23	24	24
Western Europe	22	21	24	23	23	23	24	23	23	23	24	22	22	23	24	23
OECD Pacific	34	37	36	37	37	38	39	38	36	33	39	39	36	35	42	40
OECD total	**80**	**82**	**83**	**77**	**78**	**81**	**79**	**78**	**78**	**77**	**80**	**80**	**81**	**80**	**83**	**82**
Days of global forward consumption	**85**	**87**	**88**	**82**	**84**	**86**	**84**	**84**	**83**	**83**	**86**	**85**	**86**	**85**	**88**	**86**

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

	1999	2000	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
USA	8.11	8.11	8.05	-0.06	8.17	8.24	8.11	7.97	8.12	0.07	8.22	8.29	8.16	8.02	8.17	0.05
Canada	2.60	2.69	2.74	0.05	2.84	2.83	2.80	2.88	2.83	0.10	2.94	2.93	2.90	2.98	2.93	0.10
Mexico	3.35	3.45	3.57	0.11	3.61	3.57	3.65	3.61	3.61	0.05	3.71	3.67	3.75	3.71	3.71	0.10
North America	**14.05**	**14.25**	**14.36**	**0.11**	**14.61**	**14.64**	**14.56**	**14.46**	**14.57**	**0.21**	**14.86**	**14.89**	**14.81**	**14.71**	**14.82**	**0.25**
Norway	3.06	3.32	3.42	0.09	3.32	3.38	3.29	3.39	3.34	-0.07	3.34	3.40	3.31	3.41	3.36	0.02
UK	2.84	2.64	2.53	-0.11	2.60	2.56	2.47	2.73	2.59	0.06	2.62	2.58	2.49	2.75	2.61	0.02
Denmark	0.30	0.36	0.35	-0.02	0.38	0.37	0.36	0.40	0.38	0.03	0.38	0.37	0.36	0.40	0.38	0.00
Other Western Europe	0.43	0.41	0.40	-0.01	0.42	0.45	0.45	0.43	0.44	0.04	0.42	0.45	0.45	0.43	0.44	0.00
Western Europe	**6.63**	**6.74**	**6.70**	**-0.04**	**6.73**	**6.76**	**6.57**	**6.94**	**6.75**	**0.05**	**6.77**	**6.80**	**6.61**	**6.99**	**6.79**	**0.04**
Australia	0.59	0.77	0.71	-0.06	0.71	0.69	0.70	0.65	0.69	-0.02	0.71	0.69	0.70	0.65	0.69	0.00
Other Pacific	0.07	0.06	0.06	0.00	0.05	0.06	0.05	0.04	0.05	-0.01	0.05	0.06	0.05	0.04	0.05	0.00
OECD Pacific	**0.66**	**0.83**	**0.77**	**-0.07**	**0.76**	**0.75**	**0.75**	**0.70**	**0.74**	**-0.03**	**0.76**	**0.75**	**0.75**	**0.70**	**0.74**	**0.00**
Total OECD*	**21.34**	**21.82**	**21.82**	**0.00**	**22.10**	**22.15**	**21.88**	**22.11**	**22.06**	**0.24**	**22.39**	**22.44**	**22.16**	**22.40**	**22.35**	**0.29**
Brunei	0.18	0.19	0.20	0.00	0.21	0.20	0.20	0.22	0.21	0.01	0.21	0.20	0.20	0.22	0.21	0.00
India	0.75	0.74	0.73	-0.01	0.74	0.74	0.74	0.75	0.75	0.01	0.76	0.76	0.76	0.77	0.77	0.02
Malaysia	0.70	0.68	0.69	0.00	0.73	0.75	0.75	0.75	0.75	0.06	0.73	0.75	0.75	0.75	0.75	0.00
Papua New Guinea	0.09	0.07	0.06	-0.01	0.05	0.05	0.04	0.05	0.05	-0.01	0.06	0.06	0.05	0.06	0.06	0.01
Vietnam	0.26	0.31	0.35	0.04	0.34	0.33	0.33	0.36	0.34	-0.01	0.34	0.33	0.33	0.36	0.34	0.00
Asia others	0.20	0.24	0.26	0.02	0.27	0.28	0.29	0.30	0.29	0.03	0.27	0.28	0.29	0.30	0.29	0.00
Other Asia	**2.18**	**2.23**	**2.28**	**0.05**	**2.35**	**2.36**	**2.36**	**2.43**	**2.38**	**0.10**	**2.38**	**2.39**	**2.39**	**2.46**	**2.41**	**0.03**
Argentina	0.84	0.79	0.80	0.01	0.80	0.79	0.79	0.80	0.80	0.00	0.80	0.79	0.79	0.80	0.80	0.00
Brazil	1.36	1.49	1.57	0.08	1.75	1.80	1.81	1.81	1.79	0.22	1.80	1.85	1.86	1.86	1.84	0.05
Colombia	0.82	0.70	0.61	-0.08	0.61	0.59	0.57	0.57	0.58	-0.03	0.61	0.59	0.57	0.57	0.58	0.00
Ecuador	0.38	0.40	0.41	0.01	0.40	0.39	0.38	0.38	0.39	-0.02	0.41	0.40	0.39	0.39	0.40	0.01
Peru	0.11	0.10	0.10	-0.01	0.10	0.10	0.10	0.10	0.10	0.00	0.11	0.11	0.11	0.11	0.11	0.01
Trinidad & Tobago	0.14	0.14	0.13	-0.01	0.14	0.14	0.15	0.15	0.14	0.01	0.15	0.15	0.16	0.17	0.15	0.01
L. America others	0.11	0.12	0.13	0.01	0.13	0.12	0.13	0.13	0.13	0.00	0.13	0.12	0.13	0.13	0.13	0.00
Latin America	**3.76**	**3.74**	**3.75**	**0.01**	**3.92**	**3.93**	**3.93**	**3.95**	**3.93**	**0.18**	**4.00**	**4.01**	**4.01**	**4.03**	**4.01**	**0.08**
Bahrain	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.91	0.95	0.95	0.00	0.94	0.91	0.93	0.92	0.93	-0.02	0.94	0.91	0.93	0.92	0.93	0.00
Syria	0.55	0.54	0.53	-0.01	0.51	0.50	0.49	0.49	0.50	-0.03	0.51	0.50	0.49	0.49	0.50	0.00
Yemen	0.42	0.45	0.47	0.01	0.45	0.45	0.45	0.44	0.45	-0.02	0.45	0.45	0.45	0.44	0.45	0.00
Middle East	**2.06**	**2.13**	**2.13**	**0.00**	**2.09**	**2.05**	**2.07**	**2.05**	**2.06**	**-0.07**	**2.09**	**2.05**	**2.07**	**2.05**	**2.06**	**0.00**
Angola	0.76	0.75	0.74	-0.01	0.90	0.90	0.89	0.95	0.91	0.17	0.91	0.91	0.90	0.96	0.92	0.01
Cameroon	0.10	0.10	0.08	-0.02	0.08	0.08	0.08	0.08	0.08	0.00	0.09	0.09	0.09	0.09	0.09	0.01
Congo	0.27	0.27	0.27	0.00	0.27	0.26	0.27	0.27	0.26	0.00	0.27	0.26	0.27	0.27	0.26	0.00
Egypt	0.83	0.80	0.76	-0.04	0.75	0.76	0.76	0.74	0.75	-0.01	0.75	0.76	0.76	0.74	0.75	0.00
Gabon	0.36	0.34	0.31	-0.03	0.31	0.31	0.31	0.31	0.31	0.00	0.32	0.32	0.32	0.32	0.32	0.01
South Africa	0.17	0.19	0.19	0.00	0.19	0.19	0.18	0.18	0.19	0.00	0.19	0.19	0.18	0.18	0.19	0.00
Africa other	0.28	0.41	0.46	0.05	0.52	0.54	0.54	0.56	0.54	0.08	0.55	0.57	0.57	0.60	0.57	0.03
Africa	**2.78**	**2.85**	**2.80**	**-0.05**	**3.02**	**3.04**	**3.03**	**3.09**	**3.04**	**0.24**	**3.07**	**3.10**	**3.09**	**3.15**	**3.10**	**0.06**
Total DCs	**10.78**	**10.95**	**10.96**	**0.01**	**11.38**	**11.37**	**11.39**	**11.51**	**11.41**	**0.45**	**11.54**	**11.54**	**11.56**	**11.69**	**11.58**	**0.17**
FSU	**7.47**	**7.91**	**8.53**	**0.62**	**8.92**	**9.15**	**9.36**	**9.49**	**9.23**	**0.71**	**9.34**	**9.58**	**9.80**	**9.93**	**9.66**	**0.43**
Other Europe	**0.18**	**0.18**	**0.18**	**0.00**	**0.18**	**0.18**	**0.18**	**0.17**	**0.18**	**0.00**	**0.18**	**0.18**	**0.18**	**0.17**	**0.18**	**0.00**
China	**3.21**	**3.23**	**3.30**	**0.07**	**3.35**	**3.37**	**3.40**	**3.36**	**3.37**	**0.07**	**3.35**	**3.37**	**3.40**	**3.36**	**3.37**	**0.00**
Non-OPEC production	**42.99**	**44.09**	**44.79**	**0.69**	**45.92**	**46.23**	**46.20**	**46.64**	**46.25**	**1.47**	**46.80**	**47.12**	**47.09**	**47.55**	**47.14**	**0.89**
Processing gains	1.58	1.65	1.69	0.04	1.72	1.72	1.72	1.72	1.72	0.03	1.75	1.75	1.75	1.75	1.75	0.03
Non-OPEC supply	**44.56**	**45.74**	**46.48**	**0.73**	**47.64**	**47.95**	**47.92**	**48.36**	**47.97**	**1.50**	**48.55**	**48.87**	**48.84**	**49.30**	**48.89**	**0.92**
OPEC NGLs + non-conventionals	**3.16**	**3.34**	**3.49**	**0.15**	**3.55**	**3.55**	**3.55**	**3.56**	**3.55**	**0.05**	**3.57**	**3.57**	**3.58**	**3.59**	**3.58**	**0.03**

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

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

Table 25
Non-OPEC Rig Count

	1999	**2000**	1Q01	2Q01	3Q01	4Q01	**2001**	**Change 01/00**	1Q02	2Q02	Jul02	Aug02	**Change Aug-Jul**
USA	608	916	1,141	1,239	1,231	1,004	1,156	240	818	806	851	848	-3
Canada	246	344	515	252	320	278	342	-2	383	147	266	235	-31
Mexico	43	44	50	48	56	62	54	10	63	61	55	65	10
North America	**897**	**1,305**	**1,706**	**1,539**	**1,607**	**1,344**	**1,552**	**247**	**1,264**	**1,014**	**1,172**	**1,148**	**-24**
Norway	17	22	24	22	22	22	23	1	20	20	14	17	3
UK	18	18	18	25	28	26	24	6	28	30	22	24	2
Denmark	2	3	4	5	4	5	4	1	5	4	3	2	-1
Other Western Europe	77	82	43	44	42	47	44	-38	39	38	36	33	-3
Western Europe	**114**	**125**	**89**	**95**	**96**	**100**	**95**	**-30**	**92**	**91**	**75**	**76**	**1**
Australia	10	10	11	11	10	10	10	0	9	9	9	9	0
Other Pacific	6	7	10	9	8	10	9	2	8	7	8	8	0
OECD Pacific	**16**	**17**	**20**	**20**	**18**	**20**	**20**	**3**	**17**	**16**	**17**	**17**	**0**
Total OECD*	**1,027**	**1,447**	**1,815**	**1,655**	**1,721**	**1,464**	**1,667**	**220**	**1,373**	**1,121**	**1,264**	**1,241**	**-23**
Brunei	3	2	3	3	2	2	3	1	2	3	3	3	0
India	46	49	51	48	50	50	50	1	52	54	56	56	0
Malaysia	6	7	10	11	13	12	11	4	12	13	14	14	0
Papua New Guinea	1	0	0	1	2	1	1	1	1	1	2	0	-2
Vietnam	9	8	9	8	8	8	8	0	8	8	8	9	1
Asia others	16	16	22	23	24	18	22	5	26	29	34	34	0
Other Asia	**81**	**83**	**96**	**95**	**98**	**90**	**95**	**12**	**100**	**109**	**117**	**116**	**-1**
Argentina	35	57	69	74	77	64	71	14	49	45	47	48	1
Brazil	19	23	28	30	29	26	28	5	27	27	27	27	0
Colombia	12	14	15	16	14	16	15	1	13	13	10	10	0
Ecuador	3	7	9	10	10	11	10	3	10	9	9	8	-1
Peru	2	4	4	4	3	3	4	0	2	2	2	2	0
Trinidad & Tobago	3	4	6	5	4	5	5	1	5	4	4	3	-1
L. America others	13	12	9	8	6	6	7	-4	4	4	4	5	1
Latin America	**86**	**120**	**141**	**147**	**144**	**130**	**141**	**20**	**110**	**103**	**103**	**103**	**0**
Bahrain			0	0	0	0	0	0	0	0	0		0
Oman	19	24	24	24	25	26	25	1	27	29	30	30	0
Syria	13	14	19	19	20	19	19	5	20	21	23	23	0
Yemen	4	6	6	6	5	6	6	0	8	9	9	9	0
Middle East	**36**	**45**	**49**	**49**	**49**	**51**	**50**	**5**	**57**	**60**	**64**	**63**	**-1**
Angola	5	6	6	5	4	6	5	0	5	6	6	6	0
Cameroon			0	0	0	0	0	0	0	0	0		0
Congo	3	3	1	2	1	1	1	-1	1	1	1	1	0
Egypt	17	18	21	22	22	23	22	4	22	23	23	22	-1
Gabon	2	2	2	4	1	1	2	0	1	2	2	2	0
South Africa	1	1	2	1	0	1	1	0	1	1	0	1	1
Africa other	4	5	4	5	5	3	4	0	11	12	9	12	3
Africa	**30**	**34**	**36**	**40**	**34**	**35**	**36**	**2**	**41**	**45**	**41**	**44**	**3**
Total DCs	**232**	**282**	**322**	**330**	**325**	**307**	**321**	**40**	**307**	**317**	**325**	**326**	**1**
FSU													
Other Europe	**4**	**3**	**3**	**3**	**3**	**4**	**3**	**0**	**2**	**2**	**2**	**2**	**0**
China													
Non-OPEC Rig count	**1,263**	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**260**	**1,682**	**1,440**	**1,591**	**1,569**	**-22**

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

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