OPEC

Organization of the Petroleum Exporting Countries

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Monthly Oil Market Report

March 2002

OPEC Basket average price

US $ per barrel

Up 0.56 in February

February	**18.89**
January	18.33
Year-to-date	18.58

February OPEC production

million barrels per day, according to secondary sources

Algeria	0.78	Kuwait	1.83	Saudi Arabia	7.12
Indonesia	1.15	SP Libyan AJ	1.27	UAE	1.93
IR Iran	3.31	Nigeria	1.95	Venezuela	2.56
Iraq	2.45	Qatar	0.59		

Supply and demand

million barrels per day

2001	
World demand	75.9
Non-OPEC supply	49.8
Difference	**26.1**
2002	
World demand	76.2
Non-OPEC supply	50.9
Difference	**25.3**

Stocks

Slight draw in USA in February

World economy

World GDP growth estimate unchanged at 2.5% for 2002

Opening address to 119th OPEC Conference
(pp. i– ii)

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Data covers period up to end-February 2002
Issued 20 March 2002

Opening address

to the

119th Meeting of the OPEC Conference

by

His Excellency Dr Rilwanu Lukman*

Excellencies, ladies and gentlemen,

Welcome to the 119th Meeting of the OPEC Conference, which is held, once again, at our Secretariat in Vienna. On behalf of Your Excellencies, I should like to extend a special welcome to His Excellency Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, the Acting Minister of Oil for Kuwait, who is attending this Conference for the first time, as Head of his country's Delegation. We look forward to his involvement in our discussions at this and other OPEC Meetings. We should also like to express our thanks to his predecessor, His Excellency Dr Adel K. Al-Sabeeh, and to wish him every success in the future.

"A week is a long time in politics," a famous statesman once remarked. How appropriate such a statement would have been in today's international oil market! If this Meeting of the Conference had been held, let us say, three weeks ago, it would have had a very different complexion to it. At that time, as we were approaching the end of a generally mild Northern Hemisphere winter, there were widespread fears about the already weak oil price structure coming under further sustained pressure from the predicted traditional downturn in the second-quarter oil demand. Prices, after all, had already fallen by around US $6–7 per barrel since the tragic events of September 11.

But now, as we stand on the threshold of the second quarter, we find ourselves in a situation where there are grounds for cautious optimism, with regard to the market's near-term outlook. Prices have rallied over the past fortnight, with OPEC's Reference Basket of seven crudes pushing past the psychological $20/b mark on 28 February for the first time since the second week of October — that is a period of four and a half months. They have since gone on to penetrate the lower limit of OPEC's price band, of $22–28/b. Why has this happened?

The first reason is the high level of compliance by our Member Countries with the decision we reached at the end of last year, to reduce our output by an additional 1.5 million barrels a day, with effect from 1 January. Taken together with earlier OPEC agreements, this meant an overall reduction of 5 mb/d over the 11-month period beginning on 1 February 2001. The purpose of these measures was to prevent a damaging downward spiral in the oil price. Let us not forget, at this point, that OPEC has been prepared to act in both directions, in order to bring about a stable oil market, with fair and reasonable prices. In the year 2000, when there was excessive upward pressure on the price, OPEC increased output on four occasions, by a total of 3.7 mb/d, to bring prices down to reasonable levels, within our price band. Our actions were effective then, just as they have been effective now in the opposite situation.

The second reason for the brighter prospects for oil prices has been the support our actions have received from many leading non-OPEC oil producers. The agreement reached in Cairo in December, for an overall production/export cut of 462,500 b/d by non-OPEC producers, in support of OPEC's cumulative 5 mb/d output reduction, had an immediate effect on prices; it prevented further falls and provided a base from which prices could strengthen as the economic outlook improved. The average monthly price of OPEC's Basket rose from around $17.5/b in both November and December to $18.3/b in January and $18.9/b in February.

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

Even so, as is well known, seasonal factors lead to a drop in demand in the second quarter of every year. If the major producers do not maintain the present level of output, when stocks are still high and many smaller producers are increasing their activities, the market could again be flooded with crude and the impact on prices might, once more, be negative. This is why OPEC has been calling for non-OPEC producers to maintain their support until June. The recently expressed willingness of these producers to do this is already sending a favourable signal to the market. This has been greatly welcomed by our Organization. It is, indeed, with much pleasure that we greet distinguished officials from six non-OPEC oil-producing nations, who are here as observers. They come from Angola, Egypt, Mexico, Oman, Russia and Syria.

At the same time as this is happening, there are new, encouraging signs about the global economic recovery. There has, for some time, been a consensus among forecasters that the world economy will begin to recover in the second half of this year, increasing the call on oil and triggering a rebound in prices. But this may, in fact, be happening earlier than expected. Recent comments by the United States' Federal Reserve Chairman, Alan Greenspan, that a US economic recovery was "well under way", together with the release of encouraging employment figures, have generated a new optimism in the economic outlook that extends beyond the borders of the world's leading industrialised nation. However, it is early days yet; the messages about the global economic outlook are still, to some extent, ambiguous and should, therefore, be treated with caution.

Let me say at this point that OPEC is greatly concerned about current international tensions, particularly in the Middle East. We hope that there can be peaceful, timely resolutions of all the conflicts that are affecting the lives of vast numbers of people in this troubled period. Such conflicts threaten to destabilise the global economy just at the time when its general outlook is improving. They may also distort realities in the markets. In the specific context of the international oil market, therefore, let me make the following point quite clear — OPEC remains committed to steady, secure supplies of oil at all times, with prices that balance the interests of producers and consumers.

What prices are we talking about? Let us turn the clock back to January–August last year, when the average price of OPEC's Basket was almost \$25/b, which was right in the middle of our price band. Indeed, the monthly average price stayed within a narrow range of \$23.7/b and \$26.3/b throughout that eight-month period. In other words, we had prices which were both sustainable over a long period and acceptable to the market at large. And then came the shock of September 11, which had a highly disruptive impact throughout the global economy. Within a fortnight of that fateful day, the Basket had fallen by \$5/b; it then lost another \$2/b in the following weeks. A further spiralling downwards was only prevented by effective and timely OPEC action, supported by non-OPEC. Much of the economic effect of September 11 appears to have worked its way through the system; yet oil prices are still well below the levels that were maintained over the eight-month period prior to those tragic events in the USA. Therefore, there is every reason to believe that prices will continue to strengthen in the coming weeks and months, as they approach longer-term sustainable and widely acceptable levels.

All in all, therefore, as we begin today's Meeting of the Conference, we are cautiously optimistic about the near-term outlook for the international oil market. The very purpose of our gathering is to ensure that we gain a thorough insight into current developments. As usual, we are well-supported in our endeavours by the research carried out by the Secretariat since our last Conference. We must, therefore, ensure that we reach decisions which will enable the market to function in a healthy equilibrium in the coming months, balancing the requirements of producers and consumers in a fair and reasonable manner.

In this regard, we shall continue to count on the support and cooperation of our non-OPEC partners, since this is ultimately to the mutual benefit of all producers, without exception.

Thank you for your attention.

OIL MARKET HIGHLIGHTS

- In his opening address to the 119th Meeting of the OPEC Conference in Vienna on 15 March, Dr Rilwanu Lukman, the OPEC President, said there were grounds for cautious optimism, with regard to the international oil market's near-term outlook. This was due to prices recently rising well above the psychological US $20 per barrel mark, as a result of OPEC's and non-OPEC's production/export reductions and new, encouraging signs about global economic recovery. But continued support for OPEC's policies was required from non-OPEC producers during the critical second quarter of the year, when there was traditionally a downturn in oil demand. Dr Lukman was confident that prices would steadily strengthen and settle well within the range of OPEC's price band of $22–28/b.

- The world GDP growth estimate has remained unchanged from last month at 2.5% for 2002, reflecting the expectation of a moderate world economic recovery in the second half of the year. This is contingent upon a recovery in the United States of America, given the dependence of South-East Asia, as well as Europe and many developing countries, on the economic upturn in the USA.

- Prospects have brightened in the USA, and the industrial sector appears to be emerging from its 18-month contraction, while the rate of unemployment registered a surprise drop in February. However, more signs are needed to confirm that the recovery is really underway. Positive signals are also emerging in the euro-zone, indicating an end to the slowdown. But conditions have continued to deteriorate in Japan, where industrial production is still contracting and new orders registered a record fall in January.

- The monthly price of OPEC's Reference Basket rose for the second consecutive month in February, recovering from the slump that started in September last year. The Basket regained $0.56/b, or 3.1%, with respect to the previous month; however, on a year-on-year basis, it stood an amazing 25.7% lower. All seven crudes in the Reference Basket registered gains, with Isthmus leading the rises and Minas posting the smallest increase.

- Oil product markets in the Atlantic basin generally lagged behind crude price rises, but at a slower pace. Product prices in the Singapore market posted significant gains, attributed to the refinery outage in Kuwait, on top of tight regional supply. The refinery utilization rates in the USA and Eur-16 were below 90%, responding primarily to poor refiners' margins.

- OPEC crude oil production, based on secondary sources, declined further to 24.93 mb/d in February. The non-OPEC oil supply forecast for 2002 was revised up to 47.64 mb/d, which was 1.09 mb/d higher than the revised 2001 figure, estimated at 46.55 mb/d. The net FSU export forecast for 2002 was also revised up, to 5.06 mb/d.

- The non-OPEC rig count declined in February by 48 rigs, while OPEC's rig count increased by ten rigs. The major declines in non-OPEC were 22 rigs and 12 rigs in Western Europe and Latin America respectively.

- World oil demand growth was flat last year for the first time since 1984, due mainly to a significant contraction in the OECD region. The current forecast for world demand this year is put at 76.2 mb/d, indicating an annual increase of only 0.35 mb/d, which is expected to occur mainly in the second half of the year.

- In February, US commercial onland oil stocks declined by 15.9 mb to 1,001.4 mb, while the US Strategic Petroleum Reserve continued to increase, by 5.5 mb to 559.7 mb, under the new 'royalty-in kind' programme. Total stocks in Eur-16 rose by 9.47 mb to 1,066.9 mb, with almost equal contributions from crude and products.

HIGHLIGHTS OF THE WORLD ECONOMY

Economic growth rates 2002
%

World	G-7	USA	Japan	Euro-zone
2.5	0.9	1.3	–0.9	1.3

Industrialised countries

United States of America

Despite positive signs in industrial sector and fall in unemployment, more clues needed to confirm end of sustained recovery in US economy

Although improvements can be detected in the industrial sector and in the employment situation, one must wait for more solid clues to conclude that a sustained recovery is underway in the US economy. The unemployment rate fell to 5.5% in February from 5.6% in January. Non-farm payroll employment was up by 66,000 in February, following several months of large job losses. About 1.4 million jobs have been lost since March 2001. February's gains in several industries, however, can be attributed to special factors. Manufacturing employment continued to decline, although at a slower pace. The number of unemployed (7.9m) was essentially unchanged in February, following a decline in January. In February, the number of people working part-time, despite their preference for full-time work, increased by 255,000 to 4.2m. Following a decline of 924,000 in January, the civilian labour force increased by 821,000 in February, to 142.2m. All this data suggests that one should not be too optimistic about the prospects of unemployment easing. The closely watched University of Michigan consumer sentiment index rose to 95 in early March, compared with 90.7 in February. The current conditions index, which measures Americans' attitudes about their present financial situation, rose to 99.3 from 96.2 in February. The expectations index, measuring hopes for the coming year, rose to 92.3 from 87.2 in February. Industrial production climbed by 0.4% in February, after a revised 0.2% increase in January. Factories used 74.8% of their capacity in February, above January's level of 74.5%. The producer price index (PPI) — a measure of prices paid to factories, farmers and other producers — rose by 0.2%, after climbing by 0.1% in January. Excluding often-volatile food and energy prices, the "core" PPI was unchanged. This indicates there is no upward pressure on prices due to a pick-up in demand, and may give weight to the view that the pick-up in industrial production is generated by low inventories and the anticipation of the recovery, rather than its actual presence.

Japan

Anti-deflation government package greeted with scepticism in Japan

The Japanese economy remains generally weak, as seen from the record fall in machine orders of 15.6% in January and the revised drop in industrial output of 1.5% from December, but some improvement has been detected in the employment situation and spending. The Japanese stock market fell to 18-year lows in early February, with the Nikkei-225 stock average index dipping below the critical 10,000 mark, considered as a level that could trigger a financial crisis. However, the stock market recovered later in the month, as the government imposed restrictions on the short-selling of assets and announced an anti-deflation package. The package envisages a speeding-up of the bad-loans clean-up, estimated conservatively by the government at 36.8 trillion yen, and includes measures to help small and medium-sized companies obtain unsecured loans. The Bank of Japan also committed itself to increase its purchases of Japanese government bonds to ¥ 1 tr (US$7.44 billion) a month, from ¥800 bn. The government admitted that it would take around two years to beat deflation, and the package was generally received with scepticism, since it did not include effective measures to address the bad-loans problem of the banking sector. In the meantime, the trade surplus, which had been shrinking in recent months, registered a surplus of ¥188.1 bn in January, as imports dropped by 9.4%, while exports fell by 1.8%, at a slower pace than the double-digit declines of the previous few months. The rate of unemployment registered a surprise drop in January to 5.3% from a revised 5.5% in December, mainly due to the government's annual recalculation of the rate of unemployment on a seasonally adjusted basis. Nevertheless, it is generally believed that the high unemployment trend remains unchanged. The nationwide core consumer price index fell by 0.8% and the total CPI fell by 1.4% in January from a year ago, further underscoring the deflationary trend. Spending by Japanese wage-earners rose by 0.2% in January in real terms from a year earlier, after a sharp drop of 4.4% in December. In nominal terms, however, spending fell by 1.5%.

Euro-zone

Outlook generally improving in Italy, France and Germany

Italy's GDP growth in the fourth quarter of 2001 was –0.2% [(0.9% year-on-year (y-o-y)], bringing the average GDP growth to 1.8% in 2001. For the first time since 1995, Italy outperformed the euro-zone, which registered growth of 1.5%. The observed boost in Italian consumer confidence, which has risen for five consecutive months, is also encouraging. This, together with increases in expected orders on consumption goods and relatively low interest rates, sets the stage for a recovery in private consumption in 2002. France's economy contracted last quarter by 0.6%. Two features are important for the outlook: French domestic final sales proved quite resilient, and both consumer and business capital spending contributed positively. However, weak exports, caused by falling external demand and huge inventories, detracted from growth. With corporate expectations recovering sharply, inventories will be rebuilt shortly and will add to growth in the near term. Exports, too, are likely to pick up towards the end of the first half of 2002, as the global backdrop improves. However, consumers seem less enthusiastic at present, with many possible explanations for this: a payback for robust growth last year; the nine-month uptrend in unemployment; the euro change-over and the confusion it caused; the recent spike in inflation; and, finally, the presidential election campaign, which may be distracting consumers away from the shops. The outlook for Germany remains heavily dependent on economic sentiment and tends to be viewed as having bottomed out, especially as business and consumer sentiment are showing signs of an upward trend, barring any crisis or international uncertainties.

Former Soviet Union

Russian economic growth makes slow start in early 2002

Russian economic expansion appears to be slowing down in early 2002. According to Economics Ministry figures, GDP grew at an annual rate of 3.3% in January, compared with 4.4% in December and 6.8% in January 2001. The budget for 2002 is based on a GDP growth rate expectation of 4%, but it is largely dependent on developments in the oil price. A $1 per barrel drop in the Urals oil price below $18.5/b is estimated to reduce GDP growth by 0.35% for the year. Industrial production, which had already started slowing down last year, continued its deceleration in January. Output expanded at a rate of 2.2% in January (y-o-y), compared with 7.8% in January 2001 and 4.9% for the whole of 2001. Preliminary estimates, however, point to some improvement in February, with growth estimated to have accelerated to 3% y-o-y. Within industry, however, fuel output expanded at 5.7%, compared with 6.1% for the whole year, with oil production in January estimated to have increased by 8.6% y-o-y to 30.5m tonnes (7.18 million barrels a day), including gas condensate. Separately, consumer price inflation rose sharply in January, by 3.1%, from a month ago, mainly due to strong increases in the prices of housing and communal services, as well as a seasonal rise in food prices. However, producer prices increased by only 0.3%, despite substantial rises in transport tariffs and in electricity and natural gas prices, as refined oil product prices declined by 5.2% (9.6% from January 2001). With continued strong gains in wages and incomes, consumer demand remained robust. Retail sales rose by 10.1% in January, y-o-y in real terms, following a rise of 8.7% in 2001. Russia's payments-based trade surplus reached $49.7 bn in 2001, which was 18.2% lower than $60.1 bn in 2000. Last year, exports fell by 2.4%, while imports rose by 19%. Preliminary data, released by the State Customs Committee on developments in energy exports, indicates that crude oil exports fell in 2001 by 3% in value to $22.9 bn, although the physical volume rose by 12%. Refined product exports dropped to $10.2 bn from $10.7 bn a year earlier, while exports of natural gas rose in nominal terms to $17.2 bn from $16.6 bn in 2000.

Eastern Europe

Strength of Czech krona is threatening to stifle growth in Czech Republic, while Hungary's growth still on course. Poland , however, continues to suffer from inflation and declining output

The strength of the Czech krona is currently threatening to stifle exports and slow economic growth. In combination with declining inflation, this has led the Czech National Bank (CNB) to reduce its key interest rate three times since November, from 5.25% to 4.25%. Given that the CNB still has some upward flexibility regarding its inflation target, it is fair to expect another 25 basis points rate cut before June. Hungary's economic outlook remains positive. Since March 2001, the Hungarian forint has appreciated by nearly 10% against the euro, while inflation has been on a downward path and now stands at 6.6%. Although much lower than eight months ago, when it started to decline from 10.8%, inflation is still about 4% above the European Union's (EU) levels, posing a risk to Hungarian export-competitiveness in the EU, Hungary's major export market. The strong forint and declining inflation have allowed the National Bank of Hungary to lower the two-week deposit rate by 50 basis points, from 9% to 8.5% on 19 February. This latest easing came on the back of six interest rate cuts in 2001 and two in 2002. In Poland, inflation and output continued their declining trend in January. The increase in CPI inflation slowed slightly to 3.5% y-o-y. At the same time, industrial production continued to fall. Its decrease (5% month-on-month, 1.4% y o-y) was less pronounced than expected.

Developing countries

Partial recovery in Asia and more positive signs in Latin America, while, in Africa, investment risk environment has generally improved

China's real annual GDP growth rate is expected to reach 7.0% this year, driven mainly by government-fixed investment and supported by large inflows of foreign direct investment. An acceleration in exports, expected for the second half of this year, will boost the revenue of the manufacturing sector and stimulate domestic demand. Although the economic picture looks brighter this year in Asia, not all countries in East Asia will revive before a full-fledged recovery in the USA takes place. Broadly, Asian economies that depend largely on IT exports, such as Singapore, Taiwan and Malaysia, are showing signs of a modest recovery, while other Asian countries, that rely on lower-tech output, continue to struggle. Other than Argentina, most Latin American economies appear to be on the verge of recovery in the second half of this year, because the region will benefit from lower financing costs, higher commodity prices and the expected recovery in the US economy. South Africa tops the list of high investment-risk countries, rating at 72% (slightly down from 74.8% in 2001), due to the harsh devaluation of the rand against the dollar last year; Uganda ranked second with 70%, while Tanzania's rating has improved to 60.3% from 52.7% a year ago, reflecting strong economic expansion, lower inflation and increasing foreign exchange reserves. In contrast, the ratings of both Zambia and Mozambique have slipped, while, for Zimbabwe, they declined dramatically from 41.2% in 2000 to just 25.4% in 2001.

OPEC Member Countries

Improvements in growth of non-oil sectors in some OPEC Member Countries

Fluctuations in oil production volumes and petroleum export values continue to dominate the economic growth of most OPEC Member Countries. Thus, the Islamic Republic of Iran's GDP growth is estimated to have slowed by 5.0% in 2001, from the 5.8% high in 2000, and is forecast to reach 4.0% in 2002. The growth outlook will be led by investment in the hydrocarbon sector. Saudi Arabia's nominal GDP growth increased by 2.9% in 2001 to $178 bn, and real GDP is estimated to have risen by 2.2%. Branches of the non-oil sector achieved relatively high rates of real growth. A real increase of 9.3% is estimated for the non-oil industrial sector, followed by 9% in transport and communications, 4.5% for electricity, gas and water, and 3.3% in the construction industry. In Indonesia, the dominance of basic consumer goods production and the lack of a large technology component in its export profile, increases the chances that external demand for exports will grow, albeit modestly, during the first quarter of this year. Weak investment demand has been offset by strong growth in private consumption, which accounts for 67% of GDP. Large public sector wage increases and strong demand for agricultural output boosted both urban and rural spending in Indonesia.

Oil price, US dollar and inflation

Dollar appreciation again enhances gains in nominal oil prices

The US dollar appreciated against all the currencies in the Geneva I + US dollar basket in February. The yen's slide slowed to 0.65%, to ¥133.52/$ from ¥132.66/$ in January, while the German mark (euro) fell by 1.51% to average DM2.248/$ from DM2.215/$ in January.

The yen remained range-bound versus the dollar and did not lose much further ground in February. Towards the end of the second week, the Japanese currency dropped a little, on signs that the government was not ready to use taxpayers' money to help banks in writing-off bad loans. Towards the end of the month, the yen dropped to ¥134.5/$ as the government's anti-deflation package failed to convince markets. Despite continuing vulnerability in stock markets, caused by further disclosures on accounting issues, a steady flow of positive economic data in the USA helped bolster the dollar. Fourth-quarter US GDP was revised up, and the manufacturing sector appeared to have ended its 18-month recession. The euro was weighed down by worries about German fiscal restraint, as the budget deficit approached the limit of 3% imposed by the Stability and Growth Pact, and on further signs of weakness in the euro-zone's largest economy.

For the second month in a row, the OPEC Reference Basket registered an increase, gaining $0.56/b, or 3.14%, in February and reaching $18.89/b, from $18.33/b in January. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose by 4.29% to reach $18.08/b, from $17.34/b, as the dollar's appreciation again enhanced the gains in the nominal oil price. The dollar rose by 1.03%, as measured by the import-weighted Geneva I + US dollar basket, while inflation was estimated at –0.19% in February.

* *The 'Geneva I + US dollar' basket includes eight leading European currencies, the Japanese yen and the US dollar, weighted according to the merchandise imports of OPEC MCs from the countries in the basket.*

CRUDE OIL PRICE MOVEMENTS

OPEC Reference Basket improved by $0.56/b to $18.89/b in February

The monthly price of OPEC's Reference Basket rose for the second consecutive month in February, recovering from the slump that had started in September last year and had brought down the average monthly Basket price by $6.80/b, or almost 28%, in just three months. The Basket regained $0.56/b, or 3.1%, with respect to the previous month; however, on a year-on-year basis, it stood an amazing 25.7% lower. Chronologically, the Basket started the month rising by a marginal $0.14/b, to average $18.44/b in the first week; it firmed even further during the second week, when it gained another $0.70/b to finish at $19.14/b. The Basket then suffered a setback, falling in the third week by $0.35/b; however, it recovered towards the month-end, when it gained $0.39/b to average $19.18/b. Looking at the seven crudes that compose the Reference Basket, we find that they all registered gains, with Isthmus and Tia Juana Light leading the rises with $1.32/b and $0.68/b; Bonny Light and Arabian Light followed, increasing by $0.65/b and $0.64/b, respectively. Dubai and the Brent-related crude, Saharan Blend, firmed by $0.48/b and $0.09/b during the month. Finally, Minas posted the smallest gain, rising by a marginal $0.03/b to average $18.91/b.

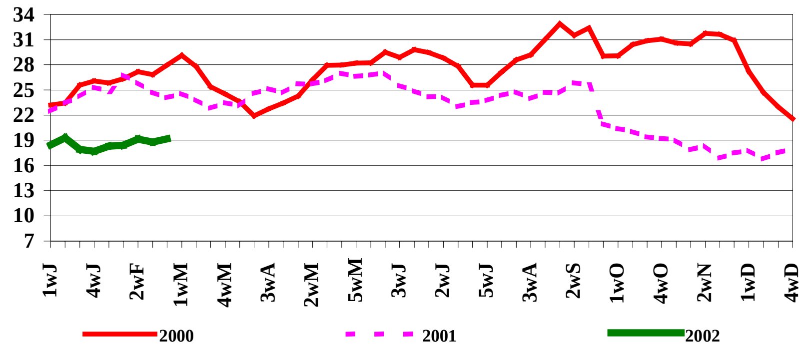
Crude oil prices started the month oscillating within a $1/b range and reacting to bearish as well as bullish news; however, they failed to move distinctly in either direction, as the immediate outlook remained obscure. On the positive side, prices firmed on news of a big explosion in an oil-collecting centre in Kuwait, with first reports citing a production loss of as much as 600,000 barrels per day, and bullish API stock data which showed better-than-expected figures. Later on, prices gave up some of the gains, after Kuwait announced that other facilities would compensate for any loss in production and that exports would not be affected at all. Topping the bearish news was a much larger crude oil inventory build-up reported by the US Department of Energy's Energy Information Administration, that triggered a sell-off in the futures markets later in the week. During the second week, crude oil prices firmed further, supported by news that a major oil company was awarded a buying tender by the US Administration to deliver 18.6 million barrels of crude oil to the US Strategic Petroleum Reserve (SPR). The announcement by the winning company, that it had potential demand for the entire March Brent programme, raised concern over a possible play in the physical Brent market. Meanwhile, rising tensions between the USA and Iraq overshadowed bearish weekly US inventory data and unleashed a wave of short-covering, as speculators rushed to close their big short positions.

Crude oil prices experienced several upturns and downturns during the third week, moving higher at the beginning of the week, then being pulled down and, finally, recovering; but the late rise was not sufficient to put prices in positive territory, with respect to the previous week. Weak short-term fundamentals constituted the main factor which put pressure on prices. Meanwhile, comments by the Russian Energy Minister, I. I. Yusufov, raised concern, as they were interpreted as loosening Russia's commitment to its pledged export cuts. A draw on US crude and product inventories lent support to prices later in the week. Towards the end of the month, prices strengthened, posting hefty gains amid better-than-expected product stock figures. Meanwhile, the ever-present tension between some Western nations and some Middle East major producers continued to raise concern in the market. During the week, markets were vigilant to the United Kingdom's strong stance towards Iraq. The situation of unease between white-collar oil workers and the Venezuelan Government over the appointment of a new Board of Directors of the national oil company, Petroleos de Venezuela, lent upside support to prices.

US and European markets

Supplies of sour crude grades dwindled in the US Gulf Coast as volumes of Iraqi crudes were sent east, where the retroactive price regime imposed by the United Nations is not in effect. Adding to the tightness in sour grades were the output cuts implemented by OPEC at the beginning of the year. All this resulted in a shrinking sweet crude premium over sour grades, encouraging refiners to switch to sweet grades. The prospect of a new trading play on dated Brent, after Shell announced that it had enough demand for the entire

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



March Brent programme, reduced the USA's interest in North Sea, as well as West African, grades priced against the benchmark. With unworkable refiners' margins in the US Gulf Coast, refinery capacity declined by more than 3% just in the last week of February and stood at 85.9%. Likewise, crude runs fell by more than 900,000 b/d on a year-on-year basis to 13.98 mb/d. The contraction in refiners' demand became evident, when an independent refiner tried to resell Iraqi Basrah Light and Kirkuk crudes in the second half of the month. At mid-month, trade in North Sea grades came to a standstill, as the market waited to see Shell's move on physical Brent. The overhang of other North Sea grades widened the premium to an artificially inflated dated Brent; nevertheless, high crude prices and weak product demand still squeezed refiners' margins in the area. Deteriorating refiners' margins in the Mediterranean limited demand for Russian crude.

Far Eastern markets

At the beginning of the month, the incoming arbitrage cargoes to the Asia-Pacific partially offset cuts in term contracts by major regional producers, bringing a bearish mood to Middle East Gulf grades. The approach of the heavy maintenance season, that coincided with the end-of-winter demand for distillate-rich grades by key refiners in North-East Asia, pushed light sour crudes into big discounts to their official selling price (OSP). Regional distillate-rich grades also weakened. Malaysia's light sweet Tapis softened, after the March buying programmes ended. The last March cargoes were traded at a single premium to the OSP, compared with the strong $0.20–0.30/b premium earlier in the month.

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

			Year-to-date average	
	Jan.02	**Feb.02**	2001	**2002**
Reference Basket	18.33	**18.89**	24.66	**18.58**
Arabian Light	18.83	**19.47**	23.43	19.11
Dubai	18.54	**19.02**	23.55	18.75
Bonny Light	19.65	**20.30**	26.30	19.94
Saharan Blend	19.64	**19.73**	26.84	19.68
Minas	18.88	**18.91**	24.74	18.89
Tia Juana Light	15.37	**16.05**	23.01	15.67
Isthmus	17.42	**18.74**	24.73	18.00
Other crudes				
Brent	19.48	**20.22**	26.36	19.81
WTI	19.71	**20.67**	29.45	20.13
Differentials				
WTI/Brent	0.23	0.45	3.09	0.32
Brent/Dubai	0.94	1.20	2.81	1.06

PRODUCT MARKETS AND REFINERY OPERATIONS

Product prices in the Atlantic basin markets in February displayed modest gains, light product value increases were largely led by crude price gains, and the prices of the heavy end of the barrel rose on tight supply. Product prices in Singapore enjoyed large rises on the Shuaiba refinery outage in Kuwait, on top of widespread regional refinery run cuts, causing tightened supply and inducing a recovery in refiners' margins; this was in contrast to their counterparts in the US Gulf and Rotterdam, thereby spurring on more discretionary cutting of refinery output in the former centre, due to poor economics.

US Gulf market

Gasoline price was almost unchanged, while gasoil and fuel oil rose moderately in US Gulf in February. Refiners' margins turned negative and hence utilization rate fell further to 88.2%

The average gasoline price for February was almost stable, compared with the January level, although US gasoline stocks had fallen by nearly 3 mb, indicating clearly that supply was lagging behind demand. The modest rise in demand did not spur any large rises in the gasoline price, due to two principal factors: the first was the surpassing of gasoline stock levels on a yearly basis by about 5%; and the second, most importantly, was the confidence of the market about US refinery capabilities to gear up their gasoline output if the margins were right, even with stricter summer gasoline specifications, given the two years of experience in producing this type of gasoline. The middle end of the barrel followed crude price gains, although increasing moderately. Therefore, gasoil rose by $0.33/b. This was despite warmer-than-usual weather and the shift of the market's focus to gasoline, spurring refiners to maximize gasoline production at the expense of other products that became less well-supplied. It also affected high-sulphur fuel oil (HSFO) output, squeezing the already tight market, as the start of two new cokers, with a total capacity of 1.8 mb/month, in recent months at Exxon's Baytown, Texas, and Marathon Garyville refineries, together with the export of several cargoes to the Far East, enhanced the fuel oil price by $0.45/b.

The margins of the marker crude, West Texas Intermediate (WTI), turned negative, as its strong price outstripped modest product price increases.

US refinery throughput continued to move down as a result of deteriorating margins, a factor which first emerged in the second quarter of 2001. It declined by a marginal 0.055 mb below its January runs to around 14.61 mb/d, equivalent to an 88.2% utilization rate, which was 2.4 percentage points lower than the previous year's figure.

Rotterdam market

Gasoline and gasoil prices increased in February in Rotterdam, largely on back of crude rises; tightening supply and exports to Far East supported fuel oil. Refiners' margins weakened further, although refinery utilization increased to almost 90%

Although product market fundamentals in Europe were weak in February, product prices posted gains, driven essentially by rising crude prices. The average gasoline price climbed by $0.07/b, despite sustained weak regional demand. Gasoil increased by $0.14/b, assisted in part by the tight Mediterranean market in the first half of the month, following a refinery outage in Southern France, although warmer weather across the continent depressed end-user demand. The HSFO price rose by $0.28/b, attributed partially to arbitrage trading to the Asian market, together with solid bunker demand.

Brent's refiners' margins worsened further, moving deeper into negative territory, resulting from the faster rise in crude prices than product prices.

Refinery throughput in Eur-16 (Europe + Norway) registered 12.27 mb/d, an increase of 0.29 mb above the January level. Furthermore, the equivalent utilization rate approached 90%, which was 1.5 percentage points higher than the preceding year's figure.

Gasoline price posted considerable gains in Singapore in February, while gasoil and fuel oil values also increased, causing recovery in refiners' margins

Singapore market

Product markets in Singapore, gasoline in particular, enjoyed significant strength during February, owing, to a large extent, to the outage of the 200,000 b/d Shuaiba refinery in Kuwait for almost two weeks, eliminating product exports to Singapore and thus causing rises in naphtha and gasoil prices. An increase in the naphtha value and robust demand from Indonesia and Vietnam, at a time of low exports from Chinese refineries, were the underlying factors behind gasoline soaring by $3.17/b. The distillate market, on the other hand, was better supplied; consequently, the effect of the outage of Kuwait's refinery was mitigated and gasoil gained $0.82/b. A combination of OPEC's continued output restraint, mostly comprising sour crudes, and persistently lower regional refinery throughput, resulted in a tightly supplied market that pushed up the HSFO price by $0.95/b.

The relative weakness of Dubai's price in Singapore, compared with other world marker crudes, coupled with the surge in the gasoline price, as well as modest increases in other product prices, were the main reasons for the recovery in refiners' margins from negative territory. Nonetheless, their values fluctuated around break-even point.

As usual in January, refinery throughput in Japan rose by almost 0.13 mb/d to an average of 4.35 mb/d in January. Hence, the equivalent utilization rate was also boosted to 91%, which was almost at parity with last year's level.

Table 2
Refined product prices
US $/b

		Dec.01	Jan.02	**Feb.02**	**Change Feb./Jan.**
US Gulf					
Regular gasoline	*(unleaded)*	21.35	22.63	**22.65**	+0.02
Gasoil	*(0.2%S)*	21.02	21.43	**21.76**	+0.33
Fuel oil	*(3.0%S)*	14.68	14.77	**15.22**	+0.45
Rotterdam					
Premium gasoline	*(unleaded)*	19.16	20.76 R	**20.83**	+0.07
Gasoil	*(0.2%S)*	21.35	21.67 R	**21.81**	+0.14
Fuel oil	*(3.5%S)*	14.95	15.25	**15.52**	+0.28
Singapore					
Premium gasoline	*(unleaded)*	22.61	20.95	**24.11**	+3.17
Gasoil	*(0.5%S)*	20.11	20.94	**21.76**	+0.82
Fuel oil	*(380 cst)*	16.44	16.19	**17.14**	+0.95

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Dec.01	Jan.02	**Feb.02**	Dec.01	Jan.02	**Feb.02**
USA	15.03	14.67	**14.61**	90.9	88.5	**88.2**
France	1.74	1.64	**1.60**	92.0	86.3	**84.5**
Germany	2.21	2.14 R	**2.18**	98.0	94.9 R	**96.4**
Italy	1.82	1.74	**1.87**	77.4	76.4	**82.2**
UK	1.67	1.62	**1.67**	94.4	91.1	**93.6**
Eur-16**	12.31 R	11.98 R	**12.27**	90.0 R	87.7 R	**89.9**
Japan	4.22	4.35	**n.a.**	85.1	91.0	**n.a.**

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

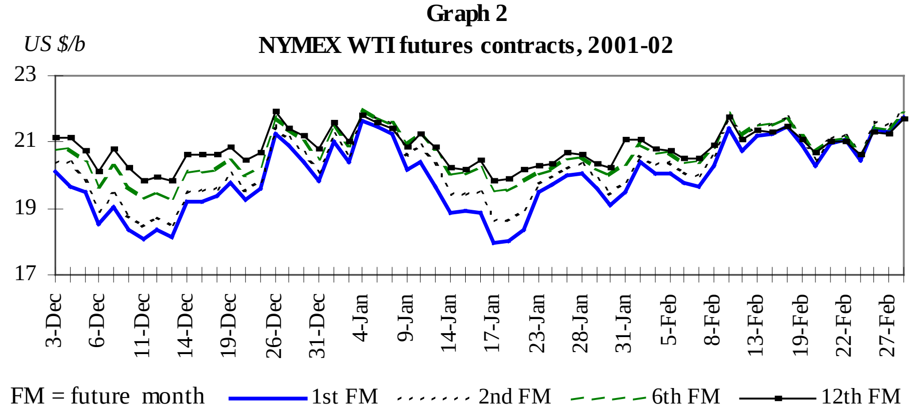
THE OIL FUTURES MARKET

Concern over possible US military action in Middle East was main reason for price rally in February

NYMEX WTI started February with a sharp rise of $0.9/b, on the back of improved US economic indicators and as technicals showed that the market was oversold. However, prices quickly went through a corrective mode later in the week, especially as the statistics released by the US Department of Energy were interpreted by the market as bearish. Weak product prices kept weighing on crude prices, but support came from the firmness of the back month.

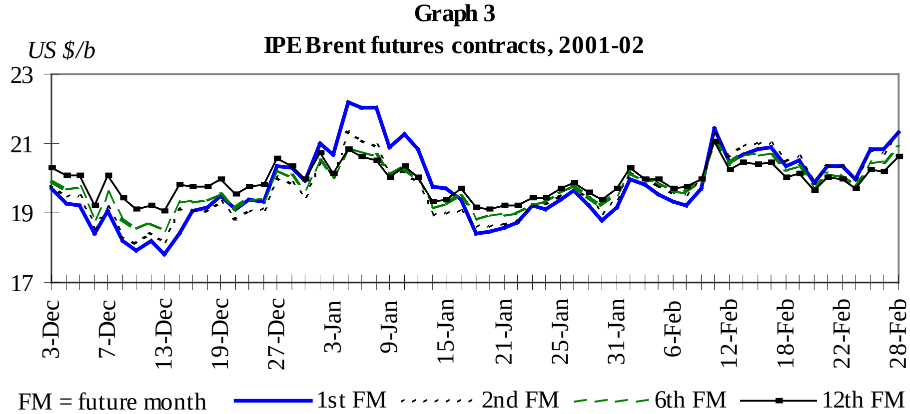
In the second week of February, sentiment overpowered fundamentals. Despite a sharp downward revision to 500,000 b/d for global demand growth in 2002 by the International Energy Agency and bearish US stock data, which showed a build of 4.7 mb in crude oil inventories, NYMEX WTI gained $1.6/b during the week. A diminishing gasoline supply surplus made the market more responsive to refinery disruptions, especially as the change from winter to summer specifications was approaching. Talk of a plan in the Brent market to ship this crude to the US Strategic Petroleum Reserve was another uptrend setter which initiated a technical rally, and funds started to move out of their short positions. Extra impetus came from concern over possible US military action against Iraq, at a time when non-commercials and speculators were still substantially short. Evidence of factoring-in the supply disruption was shown by a narrowing of the March/April spread.

Graph 2
NYMEX WTI futures contracts, 2001-02



The possibility of US military action continued to support prices in the third week, especially as funds fled from the market. Non-commercials also closed their short positions in product markets (unleaded gasoline and heating oil). Fundamentally, the crude oil market was overpriced, and the only dip in prices during the week was due to the collapse of the March/April spread.

Graph 3
IPE Brent futures contracts, 2001-02



There were upside and downside risk factors at the end of the month. On the downside, the risks related to economic prospects and OPEC's compliance were eliminated, while only that of Russia's production remained; on the upside, the number of short non-commercial positions was lowered, thereby eliminating any rally on their account. However, the risk of US military action gave prices momentum towards the end of the month. WTI finished February at $21.74/b.

THE TANKER MARKET

OPEC area spot-chartering rose by 1.33 mb/d in February

OPEC area spot-chartering increased by a marginal 1.33 mb/d to a monthly average of 11.52 mb/d in February. However, compared with the same period last year, the level of OPEC fixtures was 0.50 mb/d lower, due to production restraint. Meanwhile, non-OPEC spot-chartering surged by a remarkable 4.09 mb/d to 11.40 mb/d in February, almost matching the level of OPEC fixtures. Consequently, global spot fixtures moved 5.42 mb/d higher to 22.92 mb/d, which exceeded the corresponding month of 2001 by 1.58 mb/d. OPEC's share of global spot-chartering, therefore, plunged by 7.95 percentage points to only 50.27%, and this level was 6.08 percentage points below the previous year's. Most of the increment in OPEC chartering during February was attributed to a rise in spot fixtures from the Middle East on the westbound long-haul route of 0.17 mb/d to 1.44 mb/d; however, on the eastbound route, fixtures declined by 1.05 mb/d to 3.67 mb/d. Hence, the Middle East's eastbound share of OPEC's total fixtures worsened considerably, by 14.45 percentage points to 31.83%, while the westbound share improved slightly, by 0.07 percentage points to 12.54%; together, they accounted for 44.37% of total chartering in the OPEC area, which was 14.39 percentage points below the previous month's level. Preliminary estimates of sailings from the OPEC area decreased by 4.60 mb/d to a monthly average of 23.85 mb/d. Sailings from the Middle East also declined, by 1.96 mb/d to a monthly average of 16.54 mb/d, and that was about 70% of total OPEC sailings. Arrivals in the US Gulf Coast, East Coast and the Caribbean declined in February by 1.43 mb/d to a monthly average of 7.59 mb/d, while arrivals in North-West Europe and Euromed edged lower by 0.05 mb/d to 6.71 mb/d and 0.68 mb/d to 5.46 mb/d respectively. Estimated oil-at-sea on 24 February was 474 mb, which was 43 mb above the level observed at the end of last month.

VLCC freight rates softened in February

Although the VLCC market in the Middle East was active due to increased fixture volumes, especially in the third week of February, freight rates moved slowly in both directions, amid pessimistic sentiment about the future of the market, in the wake of OPEC's production restraint. Furthermore, the amount of tonnage available in the region for the next 30 days, which had increased noticeably, together with aggressive relets from South Korean and Japanese oil companies, prevented spot tanker-owners from raising rates too much. Thus, VLCC rates on the Middle East eastbound long-haul route moved just three points higher to a monthly average of WS51, while, on the westbound route, they softened by four points to WS39. The Suezmax market across the Atlantic was steady; however, active VLCC fixtures from West Africa and North-West Europe to US destinations, with the announcement by the USA that it would rebuild its Strategic Petroleum Reserve, put downward pressure on Suezmax freight rates. Hence, the monthly average freight rates for Suezmax tankers operating on the routes from West Africa and North-West Europe to the US Gulf and East Coasts softened by three points each, to WS63 and WS66 respectively. Aframax freight rates for tankers operating on short-haul routes displayed mixed trends in February. The monthly average rates along the Caribbean/US East Coast and Mediterranean/North-West Europe routes improved by 26 points to WS150 and six points to WS127 respectively, due to a surge in the volume of fixtures. However, freight rates fell by seven points to WS120 on the route across the Mediterranean, amid a sizable reduction in Iraqi oil exports from the Turkish port of Ceyhan. Freight rates for 70–100,000 dwt tankers, on the route from Indonesia to the US West Coast, declined by 11 points to WS103.

Clean tanker freight rates exhibited different trends in February

Clean tanker freight rates improved along the routes from the Middle East and Singapore to the Far East, rising by 19 points to WS173 and by four points to WS176 respectively, amid sustained product fixtures, as the Asian market started to pick up. On the route across the Mediterranean, rates increased by 14 points to WS166, while, on the route from the Mediterranean to North-West Europe, they softened by two points to WS168, due to an upturn in demand for shipments in the Mediterranean and less enquiries from Europe. However, product trade to US destinations slowed down, prompting rates to decrease by 20 points to WS162 on the Caribbean/US Gulf Coast route and by five points to WS168 on the route from North-West Europe to the US East Coast.

WORLD OIL DEMAND

World demand forecast for 2001 revised up slightly to 75.88 mb/d

Estimate for 2001

World

Significant modifications have been applied to the second- and fourth-quarter figures since the last *MOMR*, mainly due to adjustments to the most up-to-date data relating to all regions. An upward revision to the second-quarter estimates is due principally to adjustments to the projected demand in the FSU and China. Significant upward revisions to DC and OECD demand, partly offset by a significant downward revision to projected consumption in China, have contributed to an upward revision to the fourth-quarter data. Year-2001 consumption is, therefore, estimated to average 75.88 mb/d, nearly 0.08 mb/d higher than that of 2000. On a regional basis, demand is estimated to have decreased by 0.14 mb/d in the OECD. However, it is expected to have risen by 0.16 mb/d in "Other regions" (the former CPEs), due solely to increases in FSU consumption, and by 0.06 mb/d in the developing countries. Table 4 provides more details.

On a quarterly basis, compared with the year-earlier figure, world demand grew by 1.0%, or 0.724 mb/d, to average 76.63 mb/d in the first quarter. It is estimated to have grown by 0.9%, or 0.631 mb/d, to average 74.70 mb/d in the second quarter. The third and fourth quarters, however, are expected to have experienced negative growth. The reasons are decelerating economic growth in the third and fourth quarters and declining aviation fuel consumption in the fourth quarter. Third-quarter demand is now estimated at 75.67 mb/d, which is about 0.501 mb/d, or 0.7%, less than that of the third quarter of 2000. Likewise, fourth-quarter demand is estimated at 76.52 mb/d, nearly 0.529 mb/d, or 0.7%, less than that of the year before.

Table 4
World oil demand in 2001
mb/d

	2000	1Q01	2Q01	3Q01	4Q01	**2001**	Change 2001/00 Volume	%
North America	24.10	24.23	23.72	23.97	23.66	23.89	–0.21	*–0.9*
Western Europe	15.09	15.19	14.77	15.46	15.51	15.23	0.15	*1.0*
OECD Pacific	8.65	9.44	8.00	8.06	8.79	8.57	–0.08	*–0.9*
Total OECD	**47.84**	**48.86**	**46.49**	**47.49**	**47.96**	**47.69**	**–0.14**	***–0.3***
Other Asia	7.34	7.29	7.38	7.43	7.39	7.38	0.03	*0.5*
Latin America	4.71	4.57	4.67	4.64	4.58	4.61	–0.10	*–2.1*
Middle East	4.37	4.42	4.37	4.63	4.50	4.48	0.11	*2.5*
Africa	2.36	2.40	2.35	2.36	2.39	2.37	0.02	*0.7*
Total DCs	**18.78**	**18.68**	**18.76**	**19.06**	**18.86**	**18.84**	**0.06**	***0.3***
FSU	3.76	3.95	3.75	3.78	4.44	3.98	0.22	*5.7*
Other Europe	0.74	0.79	0.74	0.69	0.74	0.74	0.00	*–0.6*
China	4.68	4.35	4.96	4.65	4.52	4.62	–0.05	*–1.2*
Total "Other regions"	**9.18**	**9.10**	**9.45**	**9.11**	**9.70**	**9.34**	**0.16**	***1.7***
Total world	**75.80**	**76.63**	**74.70**	**75.67**	**76.52**	**75.88**	**0.08**	***0.1***
Previous estimate	75.79	76.60	74.57	75.66	76.42	75.81	0.02	*0.0*
Revision	0.01	0.03	0.13	0.01	0.10	0.07	0.06	*0.07*

Totals may not add, due to independent rounding.

OECD

Having grown by as little as 0.3% in 2000, OECD product deliveries posted a decline of 0.141 mb/d, or 0.29%, to average 47.69 mb/d in 2001. This drop is the sum of a 0.206 mb/d decline, a 0.146 mb/d rise and a 0.082 mb/d decline in North America, Western Europe and the OECD-Pacific respectively. The considerable declines in the third and, especially, the fourth quarters are behind the yearly drop in demand in the OECD. In addition to weakening GDP growth rate prospects in the OECD Pacific, the estimated lower aviation fuel consumption, especially in the USA, has been responsible for the overall lower demand in the region.

The total OECD oil requirement in the fourth quarter of 2001 demonstrated a significant 0.684 mb/d, or 1.41%, decline, compared with the same period in 2000. This was the net result of drops of 0.776 mb/d, or 3.18%, in North America and 0.020 mb/d, or 0.23%, in the OECD Pacific, which were partly offset by a rise of 0.112 mb/d, or 0.73%, in OECD Europe.

DCs

Oil demand in developing countries is now expected to experience a minor rise of 0.060 mb/d, or 0.32%, to average 18.84 mb/d for the year. The estimated growth rate in consumption has been revised up slightly for the Asian group of countries from the previous 0.25% to 0.46%. The fundamental factor behind the lack of growth in demand is that Asian regional GDP is projected to grow at a lower-than-anticipated rate. These economies are highly export-dependent and are extremely reliant upon the health of their trading partners. The demand growth rates for Middle East and Africa have also been revised up. However, the demand growth rate for Latin America has been revised down.

Other regions

Apparent demand in the "Other regions" is projected to grow by 0.157 mb/d, or 1.71%, to average 9.34 mb/d for 2001; this is lower than the previous projection of 9.43 mb/d. Revisions to trade and production data for the first quarter show that apparent FSU demand grew by 7.01%, or 0.259 mb/d, compared with the year-earlier figure. The latest assessments indicate that there has been growth of 2.92%, or 0.107 mb/d, in the second quarter. Estimates also indicate a significant rise of 7.11%, or 0.251 mb/d, in apparent consumption in the third quarter, followed by another considerable increase of 5.86%, or 0.246 mb/d, in the fourth. During the first and second quarters, net exports were 0.335 mb/d, or 8.45%, and 0.581 mb/d, or 14.08%, higher than in the corresponding quarters of 2000. The third and fourth quarters could have registered substantial gains, 0.364 mb/d, or 8.15%, and 0.329 mb/d, or 8.21%, respectively. The overall yearly average rise in FSU net oil exports in 2001 would, therefore, be a substantial 0.403 mb/d, equivalent to 9.72%. Favourable oil prices and the need for more revenue, in order to service international loans, seem to be the motives behind consistently rising exports. Indigenous production and trade data for the first three months of the year show a considerable drop in Chinese apparent consumption. According to the latest figures, apparent demand declined by 0.355 mb/d, or 7.53%, during the first quarter. Even though the decline seems huge, one should not forget that this comparison is made with the first quarter of 2000, when demand surged by record levels. Second-quarter apparent demand, however, demonstrated a significant rise of 0.594 mb/d, or 13.59%. This was in line with the considerable recovery in total imports, which registered an impressive 44.46% rise in the second quarter. Third-quarter consumption registered a 0.243 mb/d, or 4.96%, decline, followed by a similar decline of 0.211 mb/d, or 4.45%, in the fourth quarter.

Forecast for 2002

World demand forecast for 2002 revised up slightly to 76.23 mb/d

Although all quarterly averages have been adjusted, the average 2002 world demand forecast has undergone little change, and is now 76.23 mb/d, compared with the previous forecast of 76.16 mb/d. The average yearly increment has remained basically the same and now stands at 0.346 mb/d, or 0.46%, compared with the 0.347 mb/d, equivalent to 0.46%, mentioned in the previous *MOMR*.

Reflecting the divergent views on world economic growth and the timing of the recovery, the demand figure for 2002 may differ from the base case presented here.

The estimated growth level for 2002 is significantly higher than for 2001. However, this assessment is subject to further adjustment, as more information becomes available on major factors, such as the economic growth outlook, the trend in air travel and aviation fuel consumption, and prices. On a regional basis, the highest average yearly volume growth is forecast at 0.171 mb/d, or 0.91%, for the developing countries, followed by 0.122 mb/d, or 1.30%, for "Other regions" and 0.053 mb/d, or 0.11%, for the OECD. Details of regional and quarterly breakdowns of demand forecast are given in Table 5.

Table 5
World oil demand forecast for 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 2002/01 Volume	Change 2002/01 %
North America	23.89	24.05	23.91	23.99	23.94	23.97	0.08	*0.3*
Western Europe	15.23	15.18	14.59	15.30	15.71	15.20	–0.04	*–0.2*
OECD Pacific	8.57	9.45	7.89	7.98	9.01	8.58	0.01	*0.1*
Total OECD	**47.69**	**48.68**	**46.39**	**47.27**	**48.66**	**47.75**	**0.05**	***0.1***
Other Asia	7.38	7.39	7.41	7.41	7.57	7.45	0.07	*1.0*
Latin America	4.61	4.53	4.68	4.65	4.60	4.61	0.00	*0.0*
Middle East	4.48	4.49	4.46	4.73	4.60	4.57	0.09	*2.1*
Africa	2.37	2.41	2.35	2.37	2.40	2.38	0.01	*0.4*
Total DCs	**18.84**	**18.82**	**18.89**	**19.17**	**19.17**	**19.01**	**0.17**	***0.9***
FSU	3.98	3.86	3.71	4.15	4.42	4.04	0.06	*1.5*
Other Europe	0.74	0.82	0.78	0.69	0.74	0.75	0.01	*1.9*
China	4.62	4.53	5.02	4.61	4.52	4.67	0.05	*1.1*
Total "Other regions"	**9.34**	**9.21**	**9.51**	**9.45**	**9.68**	**9.46**	**0.12**	***1.3***
Total world	**75.88**	**76.71**	**74.79**	**75.88**	**77.51**	**76.23**	**0.35**	***0.5***
Previous estimate	75.81	76.68	74.67	75.88	77.41	76.16	0.35	*0.5*
Revision	0.07	0.03	0.13	0.01	0.10	0.07	0.00	*0.0*

Totals may not add, due to independent rounding

Comparisons between the first- and second-quarter figures for 2001 and 2002 are presented in Table 6. The figures indicate that there will be a mild gradual recovery in the first and, then, the second quarter. The recovery is expected to continue at an increasing pace in the third and fourth quarters, when world demand is forecast to rise by 0.216 mb/d, or 0.29%, and 0.991 mb/d, or 1.29%, respectively. Details have been presented in Table 7.

Table 6
First- and second-quarter world oil demand comparison for 2002
mb/d

	1Q01	1Q02	Change 2002/01 Volume	Change 2002/01 %	2Q01	2Q02	Change 2002/01 Volume	Change 2002/01 %
North America	24.23	24.05	–0.18	*–0.74*	23.72	23.91	0.19	0.81
Western Europe	15.19	15.18	–0.01	*–0.04*	14.77	14.59	–0.18	–1.23
OECD Pacific	9.44	9.45	0.01	*0.09*	8.00	7.89	–0.11	–1.34
Total OECD	**48.86**	**48.68**	**–0.18**	***–0.36***	**46.49**	**46.39**	**–0.10**	**–0.21**
Other Asia	7.29	7.39	0.10	*1.32*	7.38	7.41	0.03	0.35
Latin America	4.57	4.53	–0.04	*–0.94*	4.67	4.68	0.01	0.19
Middle East	4.42	4.49	0.08	*1.72*	4.37	4.46	0.10	2.20
Africa	2.40	2.41	0.01	*0.36*	2.35	2.35	0.00	–0.04
Total DCs	**18.68**	**18.82**	**0.14**	***0.74***	**18.76**	**18.89**	**0.13**	**0.69**
FSU	3.95	3.86	–0.09	*–2.23*	3.75	3.71	–0.04	–1.09
Other Europe	0.79	0.82	0.03	*3.17*	0.74	0.78	0.04	5.61
China	4.35	4.53	0.18	*4.11*	4.96	5.02	0.06	1.17
Total "Other regions"	**9.10**	**9.21**	**0.12**	***1.28***	**9.45**	**9.51**	**0.06**	**0.62**
Total world	**76.63**	**76.71**	**0.08**	***0.10***	**74.70**	**74.79**	**0.09**	**0.12**

Totals may not add, due to independent rounding.

Table 7
Third- and fourth-quarter world oil demand comparison for 2002

	3Q01	3Q02	Change 2001/00 Volume	%	4Q01	4Q02	Change 2002/01 Volume	%
North America	23.97	23.99	0.03	*0.12*	23.66	23.94	0.28	*1.18*
Western Europe	15.46	15.30	–0.17	*–1.09*	15.51	15.71	0.20	*1.32*
OECD Pacific	8.06	7.98	–0.08	*–0.99*	8.79	9.01	0.22	*2.48*
Total OECD	**47.49**	**47.27**	**–0.22**	***–0.46***	**47.96**	**48.66**	**0.70**	***1.46***
Other Asia	7.43	7.41	–0.02	*–0.30*	7.39	7.57	0.18	*2.44*
Latin America	4.64	4.65	0.01	*0.22*	4.58	4.60	0.02	*0.52*
Middle East	4.63	4.73	0.10	*2.15*	4.50	4.60	0.10	*2.13*
Africa	2.36	2.37	0.01	*0.60*	2.39	2.40	0.01	*0.50*
Total DCs	**19.06**	**19.17**	**0.10**	***0.53***	**18.86**	**19.17**	**0.31**	***1.66***
FSU	3.78	4.15	0.37	*9.83*	4.44	4.42	–0.02	*–0.34*
Other Europe	0.69	0.69	–0.01	*–0.82*	0.74	0.74	0.00	*–0.61*
China	4.65	4.61	–0.03	*–0.65*	4.52	4.52	0.00	*–0.07*
Total "Other regions"	**9.11**	**9.45**	**0.34**	***3.68***	**9.70**	**9.68**	**–0.02**	***–0.24***
Total world	**75.67**	**75.88**	**0.22**	***0.29***	**76.52**	**77.51**	**0.99**	***1.29***

Totals may not add, due to independent rounding.

WORLD OIL SUPPLY

Non-OPEC

2001 non-OPEC supply figure revised up to 46.55 mb/d

Figures for 2001

The 2001 non-OPEC supply figure has been revised up by 0.02 mb/d to 46.55 mb/d, compared with the last *MOMR*. The quarterly distribution figure for the first quarter remains unchanged at 46.23 mb/d, while the other three quarters have been revised up by 0.06 mb/d to 46.03 mb/d, down by 0.02 mb/d to 46.62 mb/d and up by 0.03 mb/d to 47.30 mb/d respectively. The yearly average increase is estimated at 0.77 mb/d, compared with the 2000 figure.

Table 8
Non-OPEC oil supply in 2001
mb/d

	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00
North America	14.29	14.21	14.28	14.47	14.62	14.40	0.11
Western Europe	6.74	6.77	6.54	6.59	6.90	6.70	–0.04
OECD Pacific	0.83	0.80	0.76	0.77	0.75	0.77	–0.06
Total OECD	**21.86**	**21.79**	**21.58**	**21.83**	**22.28**	**21.87**	**0.01**
Other Asia	2.23	2.27	2.20	2.28	2.31	2.26	0.03
Latin America	3.74	3.77	3.65	3.82	3.78	3.75	0.01
Middle East	2.14	2.16	2.18	2.14	2.12	2.15	0.01
Africa	2.85	2.82	2.78	2.79	2.87	2.82	–0.03
Total DCs	**10.96**	**11.02**	**10.82**	**11.02**	**11.07**	**10.98**	**0.03**
FSU	7.91	8.25	8.46	8.61	8.77	8.53	0.62
Other Europe	0.18	0.18	0.18	0.18	0.18	0.18	0.00
China	3.23	3.29	3.31	3.28	3.31	3.30	0.07
Total "Other regions"	**11.32**	**11.73**	**11.95**	**12.07**	**12.26**	**12.00**	**0.69**
Total non-OPEC production	**44.13**	**44.54**	**44.34**	**44.93**	**45.61**	**44.86**	**0.73**
Processing gains	1.65	1.69	1.69	1.69	1.69	1.69	0.04
Total non-OPEC supply	**45.78**	**46.23**	**46.03**	**46.62**	**47.30**	**46.55**	**0.77**
Previous estimate	45.78	46.22	45.97	46.64	47.27	46.53	0.75
Revision	**0.00**	**0.00**	**0.06**	**–0.02**	**0.03**	**0.02**	**0.02**

Totals may not add, due to independent rounding.

2002 non-OPEC supply forecast revised up by 0.18 mb/d to 47.64 mb/d

Expectations for 2002

Our 2002 non-OPEC supply forecast has been revised up since the last *MOMR*, by 0.18 mb/d to 47.64 mb/d. This is an increase of 1.09 mb/d, compared with the estimated 2001 figure. The 2002 quarterly distribution is estimated at 47.61 mb/d, 47.17 mb/d, 47.61 mb/d and 48.18 mb/d respectively.

Table 9
Non-OPEC oil supply in 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01
North America	14.40	14.79	14.60	14.63	14.63	14.66	0.26
Western Europe	6.70	6.71	6.48	6.53	6.84	6.64	–0.06
OECD Pacific	0.77	0.77	0.73	0.74	0.73	0.74	–0.03
Total OECD	**21.87**	**22.27**	**21.81**	**21.90**	**22.20**	**22.04**	**0.17**
Other Asia	2.26	2.32	2.25	2.33	2.36	2.31	0.05
Latin America	3.75	3.87	3.75	3.92	3.89	3.86	0.11
Middle East	2.15	2.13	2.15	2.11	2.09	2.12	–0.03
Africa	2.82	2.97	2.93	2.93	3.02	2.97	0.15
Total DCs	**10.98**	**11.29**	**11.08**	**11.30**	**11.36**	**11.26**	**0.27**
FSU	8.53	8.81	9.03	9.19	9.37	9.10	0.58
Other Europe	0.18	0.17	0.17	0.17	0.17	0.17	–0.01
China	3.30	3.34	3.36	3.33	3.36	3.35	0.05
Total "Other regions"	**12.00**	**12.32**	**12.56**	**12.69**	**12.90**	**12.62**	**0.62**
Total non-OPEC production	**44.86**	**45.89**	**45.45**	**45.89**	**46.46**	**45.92**	**1.06**
Processing gains	1.69	1.72	1.72	1.72	1.72	1.72	0.03
Total non-OPEC supply	**46.55**	**47.61**	**47.17**	**47.61**	**48.18**	**47.64**	**1.09**
Previous estimate	46.53	47.14	46.90	47.58	48.23	47.47	0.94
Revision	**0.02**	**0.47**	**0.26**	**0.03**	**–0.05**	**0.18**	**0.15**

Totals may not add, due to independent rounding.

FSU net oil export figure revised down for 2001 and up for 2002

The FSU's net oil export estimate for 2001 has been revised down by 0.02 mb/d to 4.55 mb/d, compared with the last *MOMR*. Our forecast for 2002 has been revised up by 0.02 mb/d to 5.06 mb/d.

Table 10
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	Year
1998	2.77	3.02	3.18	3.20	**3.04**
1999	3.12	3.62	3.52	3.49	**3.44**
2000	3.97	4.13	4.47	4.01	**4.14**
2001 (estimate)	4.30	4.71	4.83	4.34	**4.55**
2002 (forecast)	4.95	5.32	5.04	4.94	**5.06**

OPEC natural gas liquids

No revisions to OPEC NGL data

The OPEC NGL figures for 1998–2002 remain unchanged from the last *MOMR*, at 3.01 mb/d, 3.07 mb/d, 3.23 mb/d, 3.24 mb/d and 3.26 mb/d respectively.

OPEC NGL production — 1998–2002
mb/d

1998	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	2002	Change 02/01
3.01	**3.07**	**3.23**	3.24	3.24	3.24	3.24	**3.24**	0.02	**3.26**	0.02

OPEC crude oil production

Available secondary sources put OPEC's February production at 24.93 mb/d

Available secondary sources indicate that, in February, OPEC output was 24.93 mb/d, which was 0.06 mb/d lower than the revised January level of 24.99 mb/d. Table 11 shows OPEC production, as reported by selected secondary sources.

Table 11
OPEC crude oil production, based on secondary sources
1,000 b/d

	2000	3Q01	4Q01	2001	Jan.02*	**Feb.02***	Feb.–Jan.
Algeria	808	831	810	820	785	**775**	–10
Indonesia	1,278	1,209	1,175	1,214	1,142	**1,145**	3
IR Iran	3,671	3,706	3,481	3,665	3,353	**3,314**	–39
Iraq	2,552	2,487	2,559	2,383	2,255	**2,447**	192
Kuwait	2,101	2,012	1,949	2,032	1,859	**1,828**	–31
SP Libyan AJ	1,405	1,366	1,308	1,361	1,262	**1,268**	6
Nigeria	2,031	2,087	2,113	2,097	1,987	**1,947**	–40
Qatar	698	691	634	683	598	**589**	–10
Saudi Arabia	8,248	7,914	7,546	7,920	7,228	**7,121**	–107
UAE	2,251	2,122	2,034	2,163	1,944	**1,934**	–10
Venezuela	2,897	2,801	2,703	2,831	2,577	**2,559**	–18
Total OPEC	**27,940**	**27,227**	**26,311**	**27,169**	**24,990**	**24,926**	**–65**

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

RIG COUNT

Non-OPEC

Non-OPEC down by 48 rigs in February

Rig activity slowed in February. Western Europe and Latin America were the most affected regions, witnessing drops of 22 and 12 rigs respectively, compared with January's figures.

Table 12
Non-OPEC rig count

	2000	**2001**	**2001–00**	**Jan.02**	**Feb.02**	**Feb.–Jan.**
North America	1,305	1,552	247	1,332	**1,323**	–9
Western Europe	125	95	–30	104	**82**	–22
OECD Pacific	17	20	3	19	**17**	–2
OECD	1,447	1,667	220	1,455	**1,422**	–33
Other Asia	83	95	12	101	**98**	–3
Latin America	120	141	20	118	**106**	–12
Middle East	45	50	5	57	**55**	–2
Africa	34	36	2	38	**40**	2
DCs	282	321	40	314	**299**	–15
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**	**1,771**	**1,723**	**–48**

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

OPEC's rig count higher in February

OPEC

OPEC's rig count increased by ten to 246 in February, compared with January's figure.

Table 13
OPEC rig count

	2000	2001	2001–00	Jan.02	Feb.02	Feb.–Jan.
Algeria	15	20	5	17	**19**	2
Indonesia	32	41	9	47	**50**	3
IR Iran	27	30	3	34	**34**	0
Iraq	0	0	0	n.a.	**n.a.**	0
Kuwait	12	9	–3	4	**5**	1
SP Libyan AJ	7	5	–2	10	**10**	0
Nigeria	8	12	4	9	**11**	2
Qatar	6	9	3	14	**15**	1
Saudi Arabia	25	30	5	31	**31**	0
UAE	13	15	3	17	**17**	0
Venezuela	63	67	5	53	**54**	1
Total OPEC	**206**	**238**	**32**	**236**	**246**	**10**

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

STOCK MOVEMENTS

Slight stock-draw of 0.57 mb/d in USA in February

USA

US commercial onland oil stocks lost the previous month's build, when they declined by 15.9 mb, or a rate of 0.57 mb/d, to 1,001.4 mb during 1 February – 1 March. Relatively healthy demand, especially for gasoline, which improved by 9%, compared with last month, and decreasing distillate output, which declined by 0.11 mb/d, pushed distillates and gasoline down by 3.7 mb to 212.7 mb and by 6.5 mb to 130.8 mb respectively. Also, fuel oil showed a slight decrease of 2.8 mb to 37.8 mb, while jet kerosene stabilized at 40.5 mb. Crude oil rose by 1.2 mb to 320.5 mb, due to lower refinery runs and poor refiners' margins. The overall level was 72.3 mb higher than last year's figure.

Table 14
US onland commercial petroleum stocks*
mb

	29 Jun.01	28 Dec.01	1 Feb.02	**1 Mar.02**	**Change Feb./Jan.**	1 Mar. 01
Crude oil (excl. SPR)	310.7	309.9	319.3	**320.5**	**1.2**	280.4
Gasoline	221.6	207.9	216.4	212.7	–3.7	205.8
Distillate fuel	112.8	137.6	137.3	130.8	–6.5	117.2
Residual fuel oil	42.5	40.9	40.6	37.8	–2.8	38.4
Jet fuel	43.0	40.7	40.5	40.5	0.0	42.4
Unfinished oils	90.4	90.6	92.0	90.1	–1.9	97.0
Other oils	191.4	181.5	171.2	168.9	–2.3	147.9
Total	1,012.4	1,009.2	1,017.3	**1,001.4**	**–15.9**	929.1
SPR	543.3	549.0	554.2	559.7	5.5	541.7

* *At end of month, unless otherwise stated.* *Source: US/DOE-EIA.*

During the same period, the US Strategic Petroleum Reserve (SPR) increased further by 5.5 mb to 559.7 mb, on the new "royalty-in-kind" programme.

Increasing crude imports and weak gasoline, as well as distillate demand, led to further unseasonable stock-build of 0.34 mb/d in Eur-16 in February

Western Europe

Commercial onland oil stocks in Eur-16 continued to display an unseasonable build in February, when they rose by a further 9.5 mb, or a rate of 0.34 mb/d, to stand at 1,066.6 mb. Crude oil and total major products contributed to this rise nearly equally, climbing by 4.9 mb to 432.7 mb and by 4.6 mb to 633.9 mb respectively. High imports, mainly from West African, Iraqi and Russian grades, were behind the build in crude oil stocks. The downturn in transatlantic North Sea exports also contributed to this increase. Most of the growth in total major products occurred with gasoline and distillates, which rose by 3.0 mb to 159.0 mb and by 3.5 mb to 337.6 mb respectively. Weak demand at the same time, with an increase of 0.30 mb/d in refinery throughput, encouraged stock-building in Europe. Total oil stocks were 9.5 mb higher than the year-earlier level.

Table 15
Western Europe commercial oil stocks*
mb

	Sep.01	Dec.01	Jan.02	**Feb.02**	**Change Feb./Jan.**	Feb.01
Crude oil	436.61	435.96	427.85	**432.74**	**4.89**	415.74
Mogas	144.63	151.81	155.98	158.95	2.97	154.56
Naphtha	25.96	26.40	25.08	24.20	–0.88	23.02
Middle distillates	323.40	331.20	334.05	337.58	3.53	337.55
Fuel oils	120.97	119.08	114.21	113.17	–1.04	126.23
Total products	614.96	628.49	629.32	**633.90**	**4.58**	641.36
Overall total	1,051.57	1,064.45	1,057.17	**1,066.64**	**9.47**	1,057.10

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

Considerable stock-draw of 0.37 mb/d in Japan in January, especially on crude oil

Japan

In January, commercial onland oil stocks witnessed a further draw of 11.4 mb, or a rate of 0.37 mb/d, to 170.6 mb. Lower crude oil imports from the Middle East, on account of OPEC's production cuts, as well as increasing refinery throughput ahead of the seasonal shut-downs in the second quarter, pushed crude oil down by a considerable 13.1 mb to 100.3 mb. However, a marginal increase of 1.6 mb to 70.2 mb in total product inventories, mainly in gasoline, which rose by 1.8 mb to 14.1 mb, reduced the overall draw. Total oil stocks were 5.9 mb, or about 3%, lower than the year before.

Table 16
Japan's commercial oil stocks*
mb

	Jun.01	Sep.01	Dec.01	**Jan.02**	**Change Jan./Dec.**	Jan.01
Crude oil	127.3	118.0	113.4	**100.3**	**–13.1**	105.2
Gasoline	14.3	13.8	12.3	14.1	1.8	14.6
Middle distillates	33.6	45.7	37.8	37.2	–0.6	36.8
Residual fuel oil	19.8	19.9	18.5	19.0	0.5	20.0
Total products	67.7	79.5	68.6	**70.2**	**1.6**	*71.3*
Overall total **	195.1	197.5	182.0	**170.6**	**–11.4**	176.5

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

BALANCE OF SUPPLY AND DEMAND

2001 supply/demand difference estimated at 26.1 mb/d

Both world oil demand and non-OPEC oil supply have been revised up by less than 0.1 mb/d and are estimated at 75.9 mb/d and 49.8 mb/d respectively. These revisions have resulted in a yearly average difference of 26.1 mb/d, up by less than 0.1 mb/d, compared with the last *MOMR*, with quarterly distributions of 27.2 mb/d, 25.4 mb/d, 25.8 mb/d and 26.0 mb/d respectively. The quarterly balances have been revised down by less than 0.1 mb/d to 0.9 mb/d, 1.7 mb/d, 1.4 mb/d and 0.3 mb/d, respectively. The 2001 annual average balance is estimated at 1.1 mb/d. The 2000 balance has been revised down by less than 0.1 mb/d to 1.1 mb/d, compared with last month's *MOMR*.

Table 17
Summarized supply/demand balance for 2001
mb/d

	2000	1Q01	2Q01	3Q01	4Q01	**2001**
(a) World oil demand	75.8	76.6	74.7	75.7	76.5	75.9
(b) Non-OPEC supply(1)	49.0	49.5	49.3	49.9	50.5	49.8
Difference (a – b)	**26.8**	**27.2**	**25.4**	**25.8**	**26.0**	**26.1**
OPEC crude oil production(2)	27.9	28.1	27.1	27.2	26.3	27.2
Balance	**1.1**	**0.9**	**1.7**	**1.4**	**0.3**	**1.1**

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

2002 supply/demand difference revised down to 25.3 mb/d

The summarized supply/demand balance table for 2002 shows an upward revision to world oil demand of less than 0.1 mb/d to 76.2 mb/d, while total non-OPEC supply has been revised up by less than 0.2 mb/d to 50.9 mb/d, resulting in an expected annual difference of around 25.3 mb/d, down by more than 0.1 mb/d, compared with the last *MOMR*. The quarterly distribution is 25.8 mb/d, 24.4 mb/d, 25.0 mb/d and 26.1 mb/d respectively.

Table 18
Summarized supply/demand balance for 2002
mb/d

	2001	1Q02	2Q02	3Q02	4Q02	**2002**
(a) World oil demand	75.9	76.7	74.8	75.9	77.5	76.2
(b) Non-OPEC supply(1)	49.8	50.9	50.4	50.9	51.4	50.9
Difference (a – b)	**26.1**	**25.8**	**24.4**	**25.0**	**26.1**	**25.3**
OPEC crude oil production(2)	27.2					
Balance	**1.1**					

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

Table 19
World oil demand/supply balance
mb/d

	1998	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	1Q02	2Q02	3Q02	4Q02	2002
World demand													
OECD	46.8	47.7	47.8	48.9	46.5	47.5	48.0	47.7	48.7	46.4	47.3	48.7	47.7
North America	23.1	23.8	24.1	24.2	23.7	24.0	23.7	23.9	24.1	23.9	24.0	23.9	24.0
Western Europe	15.3	15.2	15.1	15.2	14.8	15.5	15.5	15.2	15.2	14.6	15.3	15.7	15.2
Pacific	8.4	8.7	8.7	9.4	8.0	8.1	8.8	8.6	9.4	7.9	8.0	9.0	8.6
DCs	18.2	18.6	18.8	18.7	18.8	19.1	18.9	18.8	18.8	18.9	19.2	19.2	19.0
FSU	4.3	4.0	3.8	4.0	3.8	3.8	4.4	4.0	3.9	3.7	4.1	4.4	4.0
Other Europe	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.8
China	3.8	4.2	4.7	4.4	5.0	4.6	4.5	4.6	4.5	5.0	4.6	4.5	4.7
(a) Total world demand	73.8	75.2	75.8	76.6	74.7	75.7	76.5	75.9	76.7	74.8	75.9	77.5	76.2
Non-OPEC supply													
OECD	21.8	21.3	21.9	21.8	21.6	21.8	22.3	21.9	22.3	21.8	21.9	22.2	22.0
North America	14.5	14.1	14.3	14.2	14.3	14.5	14.6	14.4	14.8	14.6	14.6	14.6	14.7
Western Europe	6.6	6.6	6.7	6.8	6.5	6.6	6.9	6.7	6.7	6.5	6.5	6.8	6.6
Pacific	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7
DCs	10.5	10.8	11.0	11.0	10.8	11.0	11.1	11.0	11.3	11.1	11.3	11.4	11.3
FSU	7.3	7.5	7.9	8.3	8.5	8.6	8.8	8.5	8.8	9.0	9.2	9.4	9.1
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.3	3.4	3.3
Processing gains	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total non-OPEC supply	44.5	44.6	45.8	46.2	46.0	46.6	47.3	46.5	47.6	47.2	47.6	48.2	47.6
OPEC NGLs	3.0	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3
(b) Total non-OPEC supply and OPEC NGLs	47.5	47.6	49.0	49.5	49.3	49.9	50.5	49.8	50.9	50.4	50.9	51.4	50.9
OPEC crude oil production (secondary sources)	27.8	26.5	27.9	28.1	27.1	27.2	26.3	27.2					
Total supply	75.2	74.1	76.9	77.5	76.4	77.1	76.9	77.0					
Balance (stock change and miscellaneous)	1.5	-1.1	1.1	0.9	1.7	1.4	0.3	1.1					
Closing stock level (outside FCPEs) mb													
OECD onland commercial	2698	2446	2527	2521	2596	2655	2617						
OECD SPR	1249	1228	1210	1210	1207	1206	1222						
OECD total	3947	3675	3737	3731	3803	3860	3840						
Other onland	1056	983	999	998	1017	1032	1027						
Oil-on-water	859	808	876	913	833	867	852.6						
Total stock	5861	5466	5612	5642	5654	5759	5719.1						
Days of forward consumption in OECD													
Commercial onland stocks	57	51	53	54	55	55	54						
SPR	26	26	25	26	25	25	25						
Total	83	77	78	80	80	80	79						
Memo items													
FSU net exports	3.0	3.4	4.1	4.3	4.7	4.8	4.3	4.5	4.9	5.3	5.0	4.9	5.1
(a) - (b)	26.3	27.6	26.8	27.2	25.4	25.8	26.0	26.1	25.8	24.4	25.0	26.1	25.3

Note: Totals may not add up due to independent rounding.
n.a. Not available

Table 20
World oil demand/supply balance: changes from last month's table †

mb/d

	1998	**1999**	**2000**	1Q01	2Q01	3Q01	4Q01	**2001**	1Q02	2Q02	3Q02	4Q02	**2002**
World demand													
OECD	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
North America	-	-	-	-	-	-	-0.3	-0.1	-	-	-	-0.3	-0.1
Western Europe	-	-	-	-	-	-	0.4	0.1	-	-	-	0.4	0.1
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	0.4	0.1	-	-	-	0.4	0.1
FSU	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	0.1	-	-0.5	-0.1	-	0.1	-	-0.5	-0.1
(a) Total world demand	-	-	-	-	0.1	-	0.1	0.1	-	0.1	-	0.1	0.1
Non-OPEC supply													
OECD	-	-	-	-	-	-	-	-	0.4	0.1	-	-0.2	-
North America	-	-	-	-	-	-	-0.1	-	0.4	0.2	-	-0.2	0.1
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	0.1	-	-	-	-	0.1	0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	0.1	-	-	-	-	0.1	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	0.1	-	-	-	0.5	0.3	-	-	0.2
OPEC NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	0.1	-	-	-	0.5	0.3	-	-	0.2
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-					
Total supply	-	-	-	-	0.1	-	-	-					
Balance (stock change and miscellaneous)	-	-	-	-	-0.1	-	-0.1	-					
Closing stock level (outside FCPEs) *mb*													
OECD onland commercial	-	-	-	-2	1	5	-3						
OECD SPR	-	-	-	-	-	-	2						
OECD total	-	-	-	-2	1	5	-1						
Other onland	-	-	-	-1	-	1	-						
Oil on water	-	-	-	-	-	4	-						
Total stock	-	-	-	-3	1	11	-						
Days of forward consumption in OECD													
Commercial onland stocks	-	-	-	-	-	-	-						
SPR	-	-	-	-	-	-	-						
Total	-	-	-	-	-	-	-						
Memo items													
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	-	-	0.1	-	0.1	-	-0.4	-0.1	-	0.2	-0.1

† *This compares Table 19 in this issue of the MOMR with Table 20 in the February 2002 issue.*
This table shows only where changes have occurred.

Table 21
World oil stocks (excluding former CPEs) at end of period

	1996	1997	1998	1999	2000	1Q00	2Q00	3Q00	4Q00	1Q01	2Q01	3Q01	4Q01
Closing stock level *mb*													
OECD onland commercial	2,515	2,616	2,698	2,446	2,527	2,415	2,507	2,541	2,527	2,521	2,596	2,655	2,617
North America	1,138	1,211	1,283	1,127	1,145	1,108	1,165	1,180	1,145	1,155	1,228	1,261	1,262
Western Europe	899	912	962	881	927	898	898	909	927	919	911	920	911
OECD Pacific	477	493	454	438	454	409	445	452	454	447	457	473	444
OECD SPR	1,199	1,207	1,249	1,228	1,210	1,234	1,232	1,237	1,210	1,210	1,207	1,206	1,222
North America	566	563	571	567	543	569	569	572	543	544	545	547	552
Western Europe	330	329	362	346	354	349	349	353	354	351	348	346	354
OECD Pacific	303	315	315	315	313	315	315	312	313	314	314	313	316
OECD total	**3,714**	**3,823**	**3,947**	**3,675**	**3,737**	**3,649**	**3,740**	**3,777**	**3,737**	**3,731**	**3,803**	**3,860**	**3,840**
Other onland	993	1,022	1,056	983	999	976	1,000	1,010	999	998	1,017	1,032	1,027
Oil-on-water	798	812	859	808	876	839	865	849	876	913	833	867	853
Total stock	**5,505**	**5,658**	**5,861**	**5,466**	**5,612**	**5,464**	**5,605**	**5,636**	**5,612**	**5,642**	**5,654**	**5,759**	**5,719**
Days of forward consumption in OECD													
OECD onland commercial	54	56	57	51	53	52	52	52	52	54	55	55	54
North America	50	52	54	47	48	46	48	48	47	49	51	53	52
Western Europe	60	60	63	58	61	61	59	59	61	62	59	59	60
OECD Pacific	53	59	52	51	53	51	53	51	48	56	57	54	47
OECD SPR	26	26	26	26	25	27	26	25	25	26	25	25	25
North America	25	24	24	24	23	24	23	23	22	23	23	23	23
Western Europe	22	22	24	23	23	24	23	23	23	24	22	22	23
OECD Pacific	34	37	36	36	37	39	38	35	33	39	39	36	33
OECD total	**80**	**82**	**83**	**77**	**78**	**78**	**78**	**78**	**76**	**80**	**80**	**80**	**79**
Days of global forward consumption	**85**	**87**	**88**	**82**	**84**	**84**	**84**	**84**	**83**	**86**	**85**	**86**	**86**

Table 22
Non-OPEC supply and OPEC natural gas liquids
mb/d

	1998	1999	2000	1Q01	2Q01	3Q01	4Q01	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01
USA	8.39	8.11	8.11	7.87	8.10	8.17	8.24	8.09	-0.02	8.21	8.20	8.09	8.01	8.13	0.03
Canada	2.61	2.60	2.72	2.78	2.68	2.68	2.81	2.74	0.02	2.88	2.78	2.77	2.91	2.83	0.09
Mexico	3.51	3.35	3.45	3.56	3.50	3.63	3.57	3.57	0.11	3.70	3.63	3.77	3.71	3.70	0.14
North America	**14.51**	**14.05**	**14.29**	**14.21**	**14.28**	**14.47**	**14.62**	**14.40**	**0.11**	**14.79**	**14.60**	**14.63**	**14.63**	**14.66**	**0.26**
Norway	3.08	3.06	3.32	3.47	3.35	3.39	3.50	3.43	0.11	3.33	3.21	3.25	3.36	3.29	-0.14
UK	2.77	2.84	2.64	2.53	2.48	2.48	2.63	2.53	-0.11	2.60	2.55	2.56	2.71	2.61	0.08
Denmark	0.24	0.30	0.36	0.37	0.31	0.33	0.38	0.35	-0.02	0.38	0.32	0.35	0.40	0.36	0.02
Other Western Europe	0.48	0.43	0.41	0.40	0.40	0.39	0.39	0.39	-0.02	0.39	0.39	0.38	0.37	0.38	-0.01
Western Europe	**6.56**	**6.63**	**6.74**	**6.77**	**6.54**	**6.59**	**6.90**	**6.70**	**-0.04**	**6.71**	**6.48**	**6.53**	**6.84**	**6.64**	**-0.06**
Australia	0.61	0.59	0.77	0.74	0.70	0.71	0.70	0.71	-0.06	0.72	0.68	0.69	0.68	0.69	-0.02
Other Pacific	0.08	0.07	0.06	0.06	0.06	0.06	0.05	0.06	0.00	0.05	0.05	0.05	0.04	0.05	-0.01
OECD Pacific	**0.69**	**0.66**	**0.83**	**0.80**	**0.76**	**0.77**	**0.75**	**0.77**	**-0.06**	**0.77**	**0.73**	**0.74**	**0.73**	**0.74**	**-0.03**
Total OECD*	**21.75**	**21.34**	**21.86**	**21.79**	**21.58**	**21.83**	**22.28**	**21.87**	**0.01**	**22.27**	**21.81**	**21.90**	**22.20**	**22.04**	**0.17**
Brunei	0.16	0.18	0.19	0.20	0.18	0.19	0.21	0.19	0.00	0.21	0.19	0.21	0.22	0.21	0.01
India	0.75	0.75	0.74	0.74	0.71	0.73	0.75	0.73	-0.01	0.74	0.71	0.73	0.75	0.73	0.00
Malaysia	0.72	0.70	0.68	0.68	0.67	0.70	0.69	0.68	0.00	0.70	0.69	0.72	0.71	0.71	0.02
Papua New Guinea	0.08	0.09	0.07	0.06	0.06	0.05	0.05	0.06	-0.01	0.05	0.05	0.05	0.05	0.05	-0.01
Vietnam	0.23	0.26	0.31	0.35	0.34	0.36	0.36	0.35	0.04	0.35	0.35	0.37	0.37	0.36	0.01
Asia others	0.20	0.20	0.24	0.24	0.25	0.25	0.25	0.25	0.01	0.25	0.26	0.26	0.26	0.26	0.01
Other Asia	**2.14**	**2.18**	**2.23**	**2.27**	**2.20**	**2.28**	**2.31**	**2.26**	**0.03**	**2.32**	**2.25**	**2.33**	**2.36**	**2.31**	**0.05**
Argentina	0.88	0.84	0.79	0.80	0.80	0.80	0.80	0.80	0.00	0.79	0.80	0.80	0.80	0.80	0.00
Brazil	1.23	1.36	1.49	1.57	1.50	1.59	1.61	1.57	0.07	1.70	1.63	1.73	1.75	1.70	0.13
Colombia	0.75	0.82	0.70	0.64	0.57	0.65	0.59	0.61	-0.08	0.61	0.55	0.63	0.57	0.59	-0.02
Ecuador	0.38	0.38	0.40	0.42	0.42	0.40	0.41	0.41	0.02	0.41	0.41	0.40	0.40	0.40	-0.01
Peru	0.12	0.11	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.10	0.10	0.09	0.09	0.09	-0.01
Trinidad & Tobago	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.13	-0.01	0.13	0.14	0.14	0.14	0.14	0.01
L. America others	0.11	0.11	0.12	0.13	0.13	0.13	0.13	0.13	0.01	0.13	0.13	0.14	0.14	0.14	0.01
Latin America	**3.62**	**3.76**	**3.74**	**3.77**	**3.65**	**3.82**	**3.78**	**3.75**	**0.01**	**3.87**	**3.75**	**3.92**	**3.89**	**3.86**	**0.11**
Bahrain	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.90	0.91	0.95	0.96	0.99	0.96	0.96	0.97	0.01	0.96	0.98	0.96	0.95	0.96	-0.01
Syria	0.56	0.55	0.54	0.54	0.53	0.52	0.52	0.53	-0.01	0.51	0.50	0.49	0.49	0.50	-0.03
Yemen	0.39	0.42	0.45	0.47	0.47	0.47	0.46	0.47	0.01	0.48	0.48	0.48	0.47	0.47	0.01
Middle East	**2.05**	**2.06**	**2.14**	**2.16**	**2.18**	**2.14**	**2.12**	**2.15**	**0.01**	**2.13**	**2.15**	**2.11**	**2.09**	**2.12**	**-0.03**
Angola	0.73	0.76	0.74	0.72	0.69	0.69	0.74	0.71	-0.04	0.85	0.82	0.81	0.87	0.84	0.13
Cameroon	0.10	0.10	0.10	0.08	0.08	0.08	0.08	0.08	-0.02	0.08	0.08	0.08	0.08	0.08	0.00
Congo	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.00	0.27	0.27	0.27	0.27	0.27	0.00
Egypt	0.86	0.83	0.80	0.78	0.74	0.75	0.76	0.76	-0.04	0.75	0.72	0.72	0.74	0.73	-0.03
Gabon	0.38	0.36	0.34	0.31	0.31	0.31	0.31	0.31	-0.03	0.31	0.31	0.31	0.32	0.31	0.00
South Africa	0.16	0.17	0.19	0.20	0.19	0.19	0.18	0.19	0.00	0.19	0.18	0.18	0.17	0.18	-0.01
Africa other	0.22	0.28	0.41	0.48	0.51	0.51	0.53	0.50	0.09	0.53	0.56	0.56	0.58	0.56	0.05
Africa	**2.72**	**2.78**	**2.85**	**2.82**	**2.78**	**2.79**	**2.87**	**2.82**	**-0.03**	**2.97**	**2.93**	**2.93**	**3.02**	**2.97**	**0.15**
Total DCs	**10.54**	**10.78**	**10.96**	**11.02**	**10.82**	**11.02**	**11.07**	**10.98**	**0.03**	**11.29**	**11.08**	**11.30**	**11.36**	**11.26**	**0.27**
FSU	**7.29**	**7.47**	**7.91**	**8.25**	**8.46**	**8.61**	**8.77**	**8.53**	**0.62**	**8.81**	**9.03**	**9.19**	**9.37**	**9.10**	**0.58**
Other Europe	**0.19**	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**	**0.18**	**0.00**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**-0.01**
China	**3.15**	**3.21**	**3.23**	**3.29**	**3.31**	**3.28**	**3.31**	**3.30**	**0.07**	**3.34**	**3.36**	**3.33**	**3.36**	**3.35**	**0.05**
Non-OPEC production	**42.93**	**42.99**	**44.13**	**44.54**	**44.34**	**44.93**	**45.61**	**44.86**	**0.73**	**45.89**	**45.45**	**45.89**	**46.46**	**45.92**	**1.06**
Processing gains	1.55	1.58	1.65	1.69	1.69	1.69	1.69	1.69	0.04	1.72	1.72	1.72	1.72	1.72	0.03
Non-OPEC supply	**44.48**	**44.56**	**45.78**	**46.23**	**46.03**	**46.62**	**47.30**	**46.55**	**0.77**	**47.61**	**47.17**	**47.61**	**48.18**	**47.64**	**1.09**
OPEC NGLs	**3.01**	**3.07**	**3.23**	**3.24**	**3.24**	**3.24**	**3.24**	**3.24**	**0.02**	**3.26**	**3.26**	**3.26**	**3.26**	**3.26**	**0.02**

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

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

Table 23
Non-OPEC Rig Count
mb/d

	1998	1999	2,000	1Q01	2Q01	3Q01	4Q01	2,001	Change 01/00	Dec01	Jan02	Feb02	Change Feb/Jan
USA	829	608	916	1,141	1,239	1,231	1,004	1,156	240	901	867	825	-42
Canada	260	246	344	515	252	320	278	342	-2	267	405	433	28
Mexico	55	43	44	50	48	56	62	54	10	63	60	65	5
North America	**1,144**	**897**	**1,305**	**1,706**	**1,539**	**1,607**	**1,344**	**1,552**	**247**	**1,231**	**1,332**	**1,323**	**-9**
Norway	17	17	22	24	22	22	22	23	1	24	23	16	-7
UK	28	18	18	18	25	28	26	24	6	22	35	23	-12
Denmark	3	2	3	4	5	4	5	4	1	6	7	4	-3
Other Western Europe	93	77	82	43	44	42	47	44	-38	9	39	39	0
Western Europe	**141**	**114**	**125**	**89**	**95**	**96**	**100**	**95**	**-30**	**61**	**104**	**82**	**-22**
Australia	15	10	10	11	11	10	10	10	0	10	9	9	0
Other Pacific	6	6	7	10	9	8	10	9	2	12	10	8	-2
OECD Pacific	**21**	**16**	**17**	**20**	**20**	**18**	**20**	**20**	**3**	**22**	**19**	**17**	**-2**
Total OECD*	**1,306**	**1,027**	**1,447**	**1,815**	**1,655**	**1,721**	**1,464**	**1,667**	**220**	**1,314**	**1,455**	**1,422**	**-33**
Brunei	2	3	2	3	3	2	2	3	1	2	2	2	0
India	52	46	49	51	48	50	50	50	1	50	51	51	0
Malaysia	8	6	7	10	11	13	12	11	4	11	14	10	-4
Papua New Guinea	2	1	0	0	1	2	1	1	1	1	1	1	0
Vietnam	7	9	8	9	8	8	8	8	0	7	7	8	1
Asia others	20	16	16	22	23	24	18	22	5	20	26	26	0
Other Asia	**91**	**81**	**83**	**96**	**95**	**98**	**90**	**95**	**12**	**91**	**101**	**98**	**-3**
Argentina	44	35	57	69	74	77	64	71	14	62	55	47	-8
Brazil	20	19	23	28	30	29	26	28	5	27	27	27	0
Colombia	12	12	14	15	16	14	16	15	1	16	13	12	-1
Ecuador	5	3	7	9	10	10	11	10	3	12	12	9	-3
Peru	5	2	4	4	4	3	3	4	0	3	1	2	1
Trinidad & Tobago	6	3	4	6	5	4	5	5	1	5	5	3	-2
L. America others	13	13	12	9	8	6	6	7	-4	10	5	6	1
Latin America	**106**	**86**	**120**	**141**	**147**	**144**	**130**	**141**	**20**	**135**	**118**	**106**	**-12**
Bahrain				0	0	0	0	0	0				0
Oman	24	19	24	24	24	25	26	25	1	27	26	27	1
Syria	14	13	14	19	19	20	19	19	5	19	20	21	1
Yemen	4	4	6	6	6	5	6	6	0	7	7	6	-1
Middle East	**42**	**36**	**45**	**49**	**49**	**49**	**51**	**50**	**5**	**57**	**57**	**55**	**-2**
Angola	6	5	6	6	5	4	6	5	0	4	4	4	0
Cameroon				0	0	0	0	0					0
Congo	6	3	3	1	2	1	1	1	-1	1	1	1	0
Egypt	22	17	18	21	22	22	23	22	4	24	24	20	-4
Gabon	6	2	2	2	4	1	1	2	0	1	1	1	0
South Africa	1	1	1	2	1	0	1	1	0	1	1	1	0
Africa other	8	4	5	4	5	5	3	4	0	5	7	13	6
Africa	**48**	**30**	**34**	**36**	**40**	**34**	**35**	**36**	**2**	**36**	**38**	**40**	**2**
Total DCs	**287**	**232**	**282**	**322**	**330**	**325**	**307**	**321**	**40**	**319**	**314**	**299**	**-15**
FSU													
Other Europe	**5**	**4**	**3**	**3**	**3**	**3**	**4**	**3**	**0**	**0**	**2**	**2**	**0**
China													
Non-OPEC Rig count	**1,597**	**1,263**	**1,732**	**2,140**	**1,988**	**2,049**	**1,774**	**1,991**	**260**	**1,633**	**1,771**	**1,723**	**-48**

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