OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:
World economic growth outlook

Helferstorferstrasse 17, A-1010 Vienna, Austria
Tel +43 1 21112 Fax +43 1 2164320 E-mail: prid@opec.org Web site: www.opec.org

Oil Market Highlights

- The **OPEC Reference Basket** increased further in March, averaging $122.97/b, for a gain of $5.49/b or 4.7% over the previous month. The Basket was supported by supply glitches in the North Sea and East Africa, improving economic data from the US and China, and persistent geopolitical factors which were further amplified by speculative activities. Signs of adequate supply, higher refined product prices in major consuming countries, and on-going economic concerns, particularly for the Euro-zone, did not affect increasing crude oil prices. However, the Basket has weakened recently to stand at $117.80/b on 11 April.
- **World economic growth** for 2012 has been revised down to 3.3% from 3.4%. US growth remains unchanged at 2.2% in 2012 amid a continuing improving trend. The forecast for Japan also remains at 1.8% with the recovery gaining traction. The Euro-zone's economic growth continues to decline and the forecast for 2012 now shows a contraction of 0.3%, down from minus 0.2% previously. Inflation in India remains a concern, which combined with an expected slowdown in output activity, has led to a downward revision to the 2012 forecast to now stand at 6.9%. China's expansion remains at a solid 8.2%. With continued concern in the Euro-zone and the softening in the emerging markets, the outlook for the global economy remains fragile.
- **World oil demand** growth in 2012 remains at 0.9 mb/d, as offsetting economic developments across the globe have left the forecast unchanged from the previous report. US oil demand remains a key uncertainty to the existing demand assessment. The upcoming driving season might be affected by high retail gasoline prices and the pace of the economic recovery. At the same time, increasing consumption in Japan could positively impact world oil demand growth.
- **Non-OPEC oil supply** is forecast to grow by 0.6 mb/d in 2012, an upward revision of 30 tb/d from the previous month. The adjustment was supported mainly by healthy output in the first few months of the year from North America, the FSU and China. Anticipated growth continues to be driven by the US, Brazil, Russia, China, and Colombia, partially offset by declines in Sudan, South Sudan, Syria, Norway, and the UK. OPEC natural gas liquids (NGLs) and non-conventional oils are forecast to increase by 0.4 mb/d in 2012 to average 5.7 mb/d. According to preliminary data from secondary sources, total OPEC production in March averaged 31.31 mb/d, an increase of 136 tb/d from the previous month.
- **Product market** sentiment showed a mixed performance in March. Despite lacklustre demand in the Atlantic Basin, gasoline continued to recover on the back of export opportunities amid a tightening market. Middle distillates remained weaker worldwide, following disappointing demand over the winter season. Despite the recovery at the top of the barrel, refinery margins fell worldwide driven by losses at the middle, as well as higher oil crude prices.
- **Tanker spot freight rates** increased in March on the back of improved tonnage demand. Spot freight rates for clean tankers were mixed in March, with healthy gains from the Americas and a decline on transatlantic routes. OPEC spot fixtures and sailings increased in March compared to the previous month to average 12.2 mb/d and 23.4 mb/d, respectively.
- **US commercial oil stocks** rose 14.3 mb to 1,073.8 mb in March. With this build, inventories were 30.8 mb higher than a year ago and the surplus with the five-year average widened to 47.0 mb. Crude stocks increased 17.5 mb, while products fell by 3.2 mb. The most recent monthly data in Japan shows that commercial oil stocks fell 10.1 mb in February to stand at 157.8 mb. Inventories were 3.1 mb below a year ago and the deficit with the historical average widened to 12.0 mb. The total stockdraw was divided between crude and products, which declined by 4.5 mb and 5.6 mb, respectively.
- **Demand for OPEC crude** in 2011 remained broadly unchanged from the previous assessment at 30.1 mb/d, indicating growth of 0.4 mb/d compared to 2010. For the current year, demand for OPEC crude is expected to average 30.0 mb/d in line with the previous report and about 0.1 mb/d below last year's level.

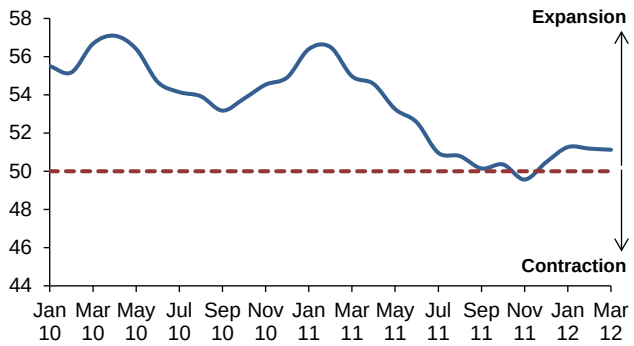
As of this MOMR, available OPEC crude oil production based on direct communication will be published as received from Member Countries.

World economic growth outlook

Towards the end of last year, many challenges to the global economy seemed to be impeding a sustained recovery and the potential for a severe slow-down, mainly in the developed economies, had increased significantly. The Euro-zone was facing serious doubts over its ability to solve the sovereign debt crisis, with mounting worries for Italy and Spain representing more than a quarter of the Euro-zone's GDP, adding to the on-going problems in Greece. Moreover, a deceleration in the emerging economies also threatened to derail the fragile global economic recovery.

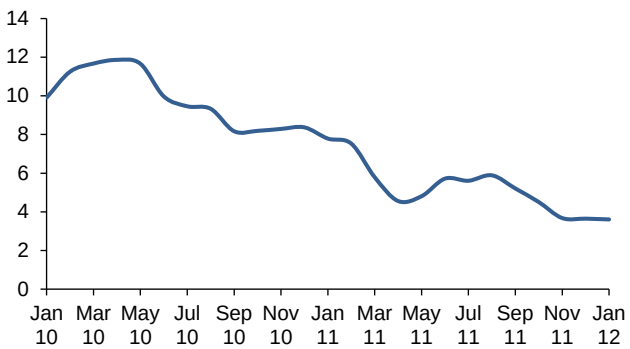
Since then, emergency facilities in the Euro-zone have been increased to €800bn and the European Central Bank has provided exceptional support of more than €1trn to the ailing banking industry via its Long Term Refinancing Operation programme. Despite these measures, the real economy of the Euro-zone has continued declining and slid into recession again. This, together with slowing emerging economies, has led to a downward revision in the forecast for world economic growth in 2012 from 3.6% at the end of last year to currently 3.3%, with the second half of the year expected to compensate for the weaker performance of the first half.

Graph 1: Global Manufacturing PMI



Source: JP Morgan and Markit in association with ISM and IFPSM.

Graph 2: Global industrial production, y-o-y %



Source: Haver Analytics.

More recently, some encouraging signs have pointed at a stabilisation of the slowdown in economic activity, as can be seen in the global purchase manager's index for manufacturing *(see **Graph 1**)*, as well as in the development of global industrial production *(see **Graph 2**)*, which has stabilised at around 4% for the third consecutive month in January. Moreover, the US is at present experiencing better-than-expected momentum and, along with the recovery in Japan and higher exports from Germany, this should provide some support for the global economic recovery. Another positive development is that the current momentum is being driven by a much healthier consumer-led expansion rather than the stimulus-induced growth seen over the past two years. Additionally, after a period of political unrest last year, the MENA region is expected to recover in 2012, which could further support global growth. Finally, if the situation were to worsen again, additional monetary and fiscal stimulus in the developing economies remains an option.

Still, many challenges remain. First, the Euro-zone remains fragile due to persistently high levels of unemployment – at a record level of 10.8% in February – and continued worries about sovereign debt levels. While the economic situation seems to be under control, new worries might emerge given the upcoming elections in France, Greece, and the referendum in Ireland on the fiscal union, all of which might have an influence on the future development of the Euro-zone economy. The US economy – while improving – is still faced with a relatively weak labour market. Japan has recorded improvements in domestic sales and exports, but it remains to be seen whether the economy is able to see a considerable rebound this year. Developing and emerging economies continue growing at a much higher rate – averaging 5.2% compared to 1.4% in the OECD economies – but the momentum is slowing, either deliberately, as in the case of China which is seeking to avoid overheating, or unintentionally, as in the case of India and Brazil.

Given the uncertainties surrounding the global economy, the forecast for world oil demand growth has been revised down from an initial 1.3 mb/d to currently stand at 0.9 mb/d. Coming amid higher OPEC production and rising non-OPEC supply, the slowing pace of oil demand growth provides further evidence that the oil market is well supplied. Given real market circumstances, it is clear that the existing high prices cannot be justified by the current market fundamentals. Instead, it is more the impact of geopolitical factors and a perceived shortage of oil – rather than evidence of any actual or impending shortfall – that is keeping prices high. These fears, amplified by speculative activity, remain a key driver pushing prices higher. In light of the challenges facing the world economy and efforts to keep the fragile recovery on track, producers and consumers share a clear interest in alleviating excessive oil price volatility and working together to enhance stability in the oil market.

Crude Oil Price Movements

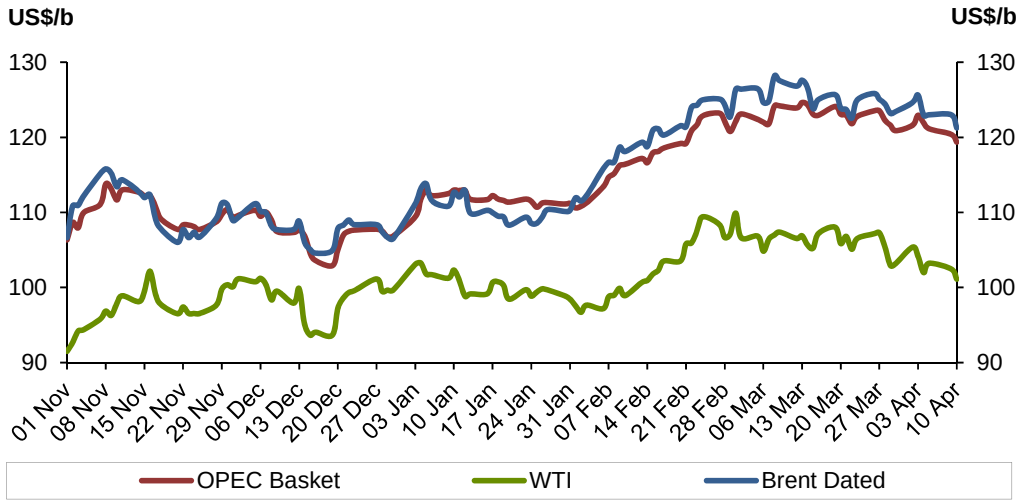
OPEC Reference Basket reached $122.97/b in March

OPEC Reference Basket

For the third consecutive month, the OPEC Reference Basket sustained its hefty month-on-month gain in March to settle at $122.97/b, the highest monthly average since the all-time high of July 2008. This amount was also above the key $120/b level that had not been seen since mid-2008. In addition to the lingering geopolitical risk premium, the increase was supported by supply glitches in Europe and East Africa. Upbeat economic data from the US and, to a lesser extent, China, together with speculative activity in crude oil futures markets, contributed notably to the rise in overall prices. Meanwhile, signs of adequate supply, higher refined product prices in major consuming countries, along with the readiness of Western governments to release strategic crude reserves and the slowing pace of global economic growth, particularly in the Euro-zone, did not affect increasing in crude oil prices.

The Basket rose a significant $5.49, or 4.7%, higher in March. Its 1Q12 average of $117.49/b was $16.22, or 16%, over the $101.27/b in the same period last year.

Graph 1.1: Crude oil price movement, 2011-2012



Apart from Venezuelan crude Merey, all Basket components rose more or less equally in March, by almost $5. The Atlantic Basin Brent-related grades — namely Girassol, Saharan Blend, Es Sider and Bonny Light — increased by 4.8% to $126.61/b. These grades were sustained by a strong Brent market due to outages of major North Sea fields during the month, coupled with continuing arbitrage opportunities for North Sea crudes to South Korea on the back of a free trade agreement that allows this Asian country to import European crude without paying the 3% crude tariff.

Middle Eastern crudes Murban, Arab Light and Qatar Marine moved up by $5.84, or almost 5%, to $123.95/b. Despite near-record production levels from Saudi Arabia, growing evidence of stock-builds, open arbitrage from Europe and relatively weak fuel oil cracking margins, these grades found support from rising demand for Mideast crudes, as major Japanese and Taiwanese refiners prepared to return from maintenance. New complex refining capacity in China and India also supported Middle East medium-sour crudes at the expense of sweeter grades.

Ecuador's Oriente gained $5.82, or 5.2%, over the month to average $118.26/b. The remaining Basket components, including Kuwait Export, Basrah Light and Iran Heavy, rose by $5.53, $5.75 and $5.85 respectively. Again this month, Merey showed the lowest increase, affected by modest improvements in some of its pricing formula elements, such as landlocked crudes West Texas Intermediate (WTI) and West Texas Sour (WTS). Merey averaged $112.07/b in March, an increase $2.81, or 2.6%, over the February figure, and continued to be the lowest Basket component.

In early April, however, the Basket began to edge lower to stand at $117.80/b on 11 April.

Table 1.1: OPEC Reference Basket and selected crudes, US$/b

	Feb 12	Mar 12	Change Mar/Feb	Year-to-date 2011	Year-to-date 2012
OPEC Reference Basket	**117.48**	**122.97**	**5.49**	**101.27**	**117.49**
Arab Light	118.01	123.43	5.42	102.00	118.17
Basrah Light	116.21	121.96	5.75	100.62	116.22
Bonny Light	122.36	127.98	5.62	107.17	121.25
Es Sider	120.26	126.03	5.77	104.98	119.30
Girassol	120.51	126.30	5.79	105.65	120.04
Iran Heavy	116.51	122.46	5.95	100.12	117.00
Kuwait Export	116.79	122.32	5.53	99.56	117.12
Marine	116.99	122.80	5.81	100.84	116.91
Merey	109.26	112.07	2.81	88.20	109.74
Murban	119.31	125.61	6.30	103.52	119.42
Oriente	112.44	118.26	5.82	93.74	111.71
Saharan Blend	120.36	126.13	5.77	106.48	119.41
Other Crudes					
Minas	126.31	133.85	7.54	106.82	126.97
Dubai	116.17	122.47	6.30	100.59	116.26
Isthmus	114.42	120.46	6.04	98.03	115.05
T.J. Light	112.36	118.41	6.05	95.96	113.02
Brent	119.56	125.33	5.77	105.23	118.60
West Texas Intermediate	102.35	106.31	3.96	94.31	103.04
Urals	118.50	122.41	3.91	102.48	117.02
Differentials					
WTI/Brent	-17.21	-19.02	-1.81	-10.92	-15.56
Brent/Dubai	3.39	2.86	-0.53	4.64	2.34

Note: Arab Light and other Saudi Arabian crudes as well as Basrah Light preliminarily based on American Crude Market (ACM) and subject to revision.

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

The oil futures market

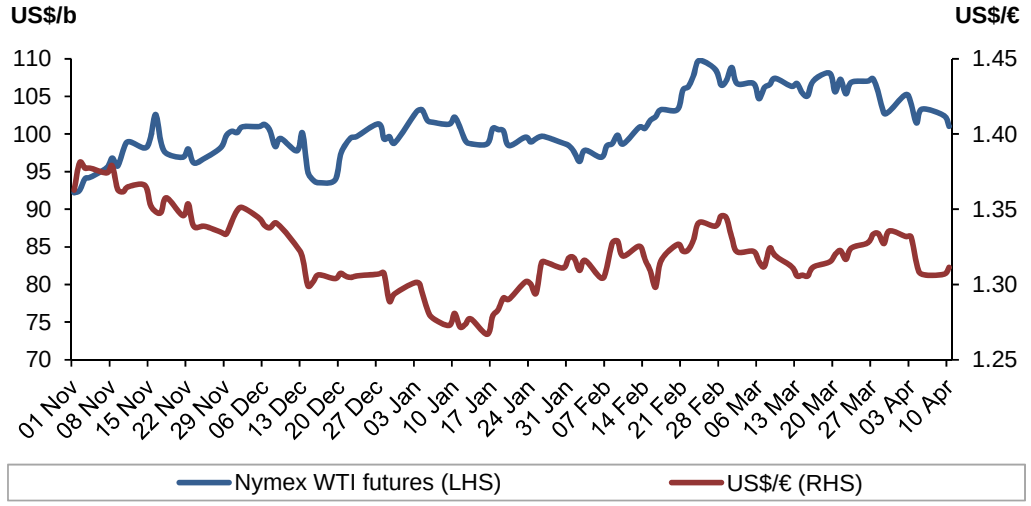
Crude futures increased significantly in March, with ICE Brent averaging $124.59 and Nymex WTI $106.21/b

In March, crude oil futures prices rose further, with Nymex WTI increasing for the sixth month in a row and ICE Brent for the third. A bullish geopolitical environment, optimistic economic data – particularly from the US – supply outages in the North Sea and speculative activity remained the key drivers of these inflated prices. Meanwhile, signs of adequate supply, higher refined product prices in major consuming countries, along with the readiness of Western governments to release strategic crude reserves and the slowing pace of global economic growth, particularly in the Euro-zone, did not affect increasing in crude oil prices.

Adding to last month's sharp gains, ICE Brent front-month prices increased by $5.53, or almost 4.6%, in March to settle at $124.59/b. This was the highest monthly settlement since the all-time record of $134.56/b in July 2008. Similarly, the WTI front-month rose by almost 4%, or $3.94, to average $106.21/b in March, which was the highest monthly average since the onset of the crisis in Libya in April 2011. Compared with the same period last year, ICE Brent was a hefty $12.86, or 12.20%, higher at $118.37/b, an all-time record for the first quarter of the year. The same was true for the WTI front-month, which gained $9.76 to average $101.40/b, contrasting with the $91.64/b of 1Q11.

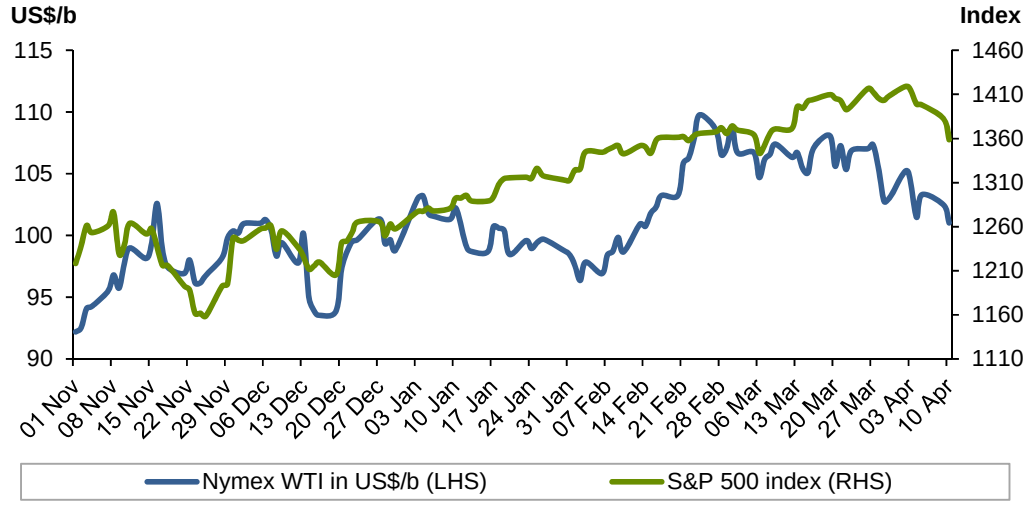
WTI front-month traded in a much narrower window of $5.31/b (range-bound) in March, compared with the $13.45/b range of the month before. This signified eased volatility and hence reduced speculative activity compared with the previous month, but prices remained at high levels. The trading range tightened by more than 60%. WTI front-month traded in the first decade of the month (i.e. the first ten days of the calendar month) at around the $106/b, and continued at this level during the subsequent decades until expiry. Similarly, ICE Brent trade was also range-bound, trading within a range of $4.24/b for the entire month.

Graph 1.2: Nymex WTI futures and US$ exchange rate, 2011-2012



Crude oil futures prices began to ease in April. On 11 April, Nymex WTI stood at $102.70/b and ICE Brent at $120.18/b.

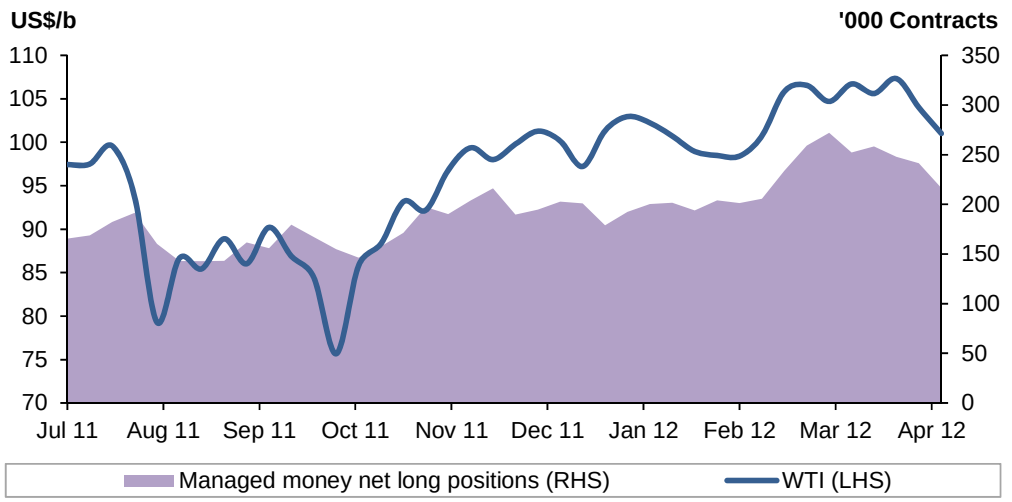
Graph 1.3: Nymex WTI futures vs. S&P 500 index, 2011-2012



Data from the US Commodity Futures Trading Commission (CFTC) showed that speculators increased their net long positions in US crude oil futures and options positions marginally in March. Hedge funds and other large investors increased their net long positions on the Nymex by a modest 7,256 contracts, indicating lower hedge fund and money manager activity in March amid mixed trading sentiment, but continued to hold record high positions. This represented an increase of only 3%, very low compared with the previous month's 21%, when hedge funds and money managers were very bullish on the contract. The net long positions averaged 249,955 lots in March, the highest level since April 2011. The data also showed that both new outright long and short positions increased; but the latter was half as much, suggesting overall mixed sentiment on the market's direction, but more backing for higher price movements. Outright longs were up by 13,710 contracts, while shorts rose by 6,453. US crude oil prices dropped from $108/b to $104/b in March, and then returned to $108/b, before ending the month at around $103/b. For ICE Brent crude oil futures, speculative activities broadly mirrored that of the US futures market.

The daily average traded volume for WTI Nymex front-month futures contracts decreased by a sharp 135,031 lots in March, erasing all the previous month's gains to average 601,901 contracts, equivalent to more than 600 mb/d. Open Interest increased to 1.5 million lots, on average. The volume also decreased for the ICE Brent front-month by 22,321 contracts to 550,956 lots, while open interest rose by over 4% to reach 1.1 million lots.

Graph 1.4: Nymex WTI price vs. speculative activity, 2011-2012

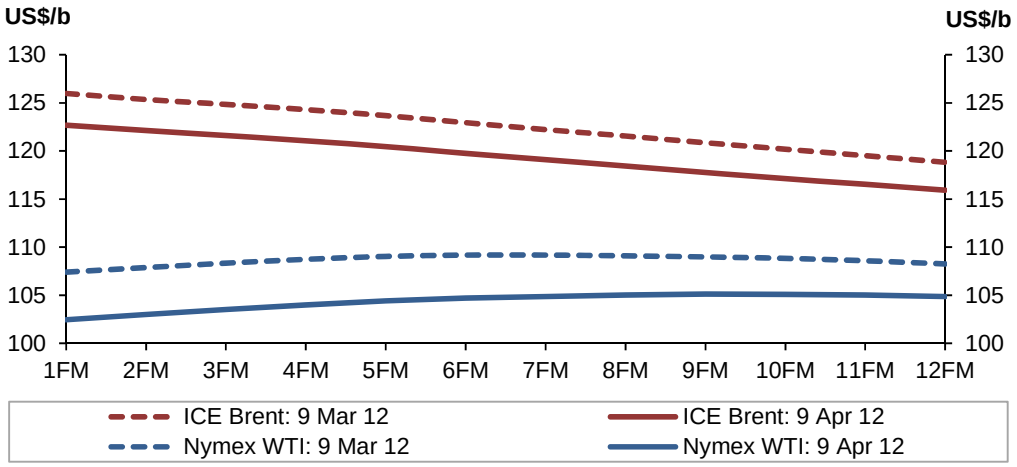


The futures market structure

Nymex widened its contango further while ICE Brent's steep backwardation was unchanged

Nymex WTI's market structure deepened its contango further in March, with the first-versus-second-month spread moving from minus 40¢/b in February to an average of minus 48¢/b, representing a change of 8¢. Increased output from the Bakken, as well as substantially higher volumes of Canadian crude flowing into the US, which caused massive stock-builds at the WTI delivery point in Cushing, continued to deepen WTI's market contango structure. Meanwhile, ICE Brent's steep backwardation remained unchanged, as North Sea outages and arbitrage to Asia continued to keep the front end of the forward curve higher. The largest outage is currently at the North Sea Elgin platform, which accounts for around 15% of Forties' production. On average, the spread between the second and the first month of the ICE Brent contract averaged around 70¢/b in March, unchanged from the previous month.

Graph 1.5: Nymex WTI and ICE Brent forward curve, 2012



FM = future month

The transatlantic (Brent versus WTI) spread widened sharply again in March amid growing pressure in the WTI market, as supply disruptions and geopolitical factors continued to support the Brent market. On average, the front-month ICE Brent/Nymex WTI spread stood at $18.38/b, which was $1.53 wider than in February.

Table 1.2: Nymex WTI and ICE Brent forward price, US$/b

Nymex WTI

	1st FM	2nd FM	3rd FM	6th FM	12th FM
09 Mar 12	107.40	107.87	108.33	109.17	108.25
09 Apr 12	102.46	102.98	103.52	104.69	104.85

ICE Brent

	1st FM	2nd FM	3rd FM	6th FM	12th FM
09 Mar 12	125.98	125.35	124.84	122.94	118.82
09 Apr 12	122.67	122.13	121.59	119.75	115.92

FM = future month.

The sweet/sour crude spread

Light-sweet/heavy-sour spreads were mixed globally in March

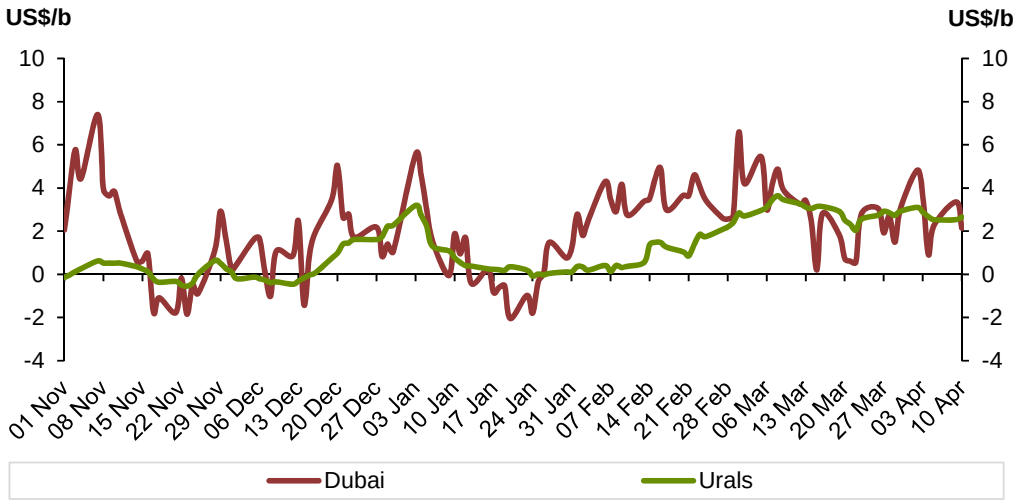
Light-sweet/heavy-sour spreads were mixed during March. The dated Bent/Urals and LLS/Mars spreads widened by almost $1.80/b in favour of the light-sweet crudes. Meanwhile, in Asia, the Dubai/Tapis spread widened by only 20¢, almost unchanged from the previous month.

The light-sweet/heavy-sour differentials in Asia – represented by the Dubai/Tapis spread – were $10-11/b wider in favour of Tapis earlier in the month in a stable gasoline market, supported by regional bullish supply fundamentals emanating from a heavy spring maintenance season. However, the spread narrowed sharply, in favour of Dubai, to $8-9/b from the middle of the month, on the back of weakening middle distillate and naphtha cracks. Higher inflows of West African crude also put pressure on light-sweet grades, while higher buying interests, despite heavy seasonal maintenance for incoming complex refining capacities, supported the heavy-sour crudes.

In Europe, Urals' crude differential to Dated Brent widened further in March to the highest level in ten months, to average around minus $2.90/b, compared with minus $1.05/b in the previous month. Urals came under pressure from low demand from European refiners amid higher outright prices, weak refining margins, weakening fuel oil cracks, seasonal maintenance and competitive Middle Eastern alternatives. Outages in some North Sea fields supported the widening of the spread, in favour of light-sweet crudes in Europe.

In the US, the Mars crude discount to LLS increased by around $1.80/b over the month to $6.10/b below LLS. Healthy gasoline cracks supported this widening, in favour of the light-sweet grade. Meanwhile, the spread came under pressure from increasing deliveries of Bakken and Eagle Ford shale crudes to the US Gulf Coast, as well as the higher availability of West African crudes due to the closure of Atlantic Basin refineries, particularly in the US East Coast. Higher inflows of Middle Eastern medium/heavy sour crudes also supported the widening of the spread.

Graph 1.6: Brent Dated vs. Sour grades (Urals and Dubai) spread, 2011-2012



Commodity Markets

Non-energy commodity prices rose by 0.6% in March, but base metals and a few agricultural commodity prices declined

Trends in selected commodity markets

In March, the World Bank's (WB's) **energy commodity price indices** rose by 3.7% month-on-month (m-o-m), supported by booming crude oil prices, while **non-energy prices** increased at a slower pace of 0.6% (versus 2.7% in February), with food prices being up by the same rate as in the previous month (2.9%). In contrast, base metal prices posted a drop for the first time this year, of 1.04%. Commodity prices continued to be supported by positive macroeconomic data and geopolitical tensions; but the slowing of the Chinese economy seemed to have affected the base metal complex, while some grain prices reported slower increases, due to higher-than-expected planted acres in the US.

Table 2.1: Commodity price data, 2012

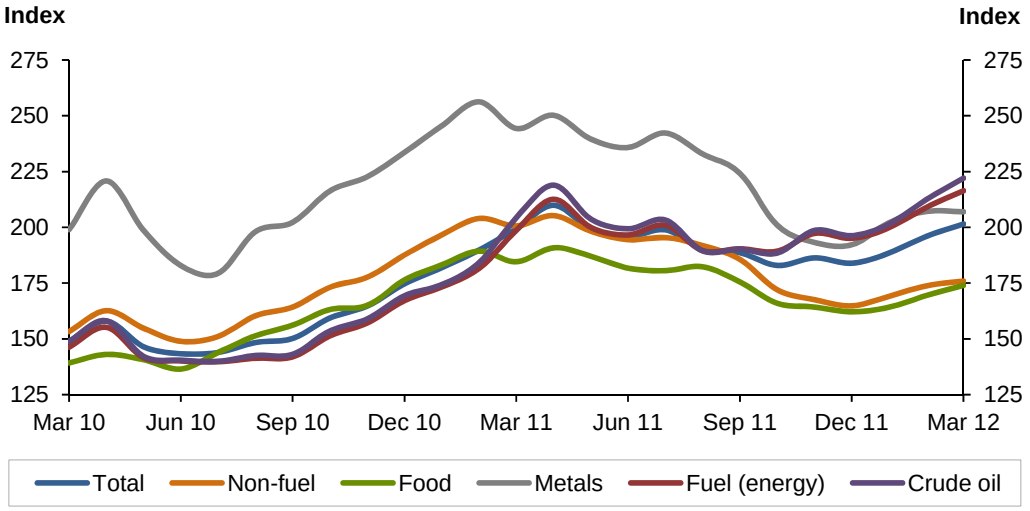
Commodity	Unit	*Monthly averages*			*% Change*		
		Jan 12	Feb 12	Mar 12	Jan/Dec	Feb/Jan	Mar/Feb
World Bank commodity price indices for low and middle income countries (2005 = 100)							
Energy		192.6	201.0	208.5	2.5	4.4	3.7
Coal, Australia	$/mt	115.9	115.2	105.1	5.7	-0.6	-8.7
Crude oil, average	$/bbl	107.1	112.7	117.8	2.7	5.2	4.5
Natural gas, US	$/mmbtu	2.7	2.5	2.2	-15.3	-6.0	-14.1
Non Energy		189.0	194.0	195.2	2.9	2.7	0.6
Agriculture		188.8	193.3	195.1	2.1	2.4	0.9
Food		197.6	203.4	209.4	2.2	3.0	2.9
Soybean meal	$/mt	367.0	387.0	420.0	7.3	5.4	8.5
Soybean oil	$/mt	1218.0	1255.0	1287.0	1.2	3.0	2.5
Soybeans	$/mt	498.0	512.0	543.0	5.1	2.8	6.1
Grains		223.9	226.7	229.7	1.0	1.3	1.3
Maize	$/mt	272.8	279.5	280.7	5.5	2.4	0.4
Sorghum	$/mt	265.7	269.2	274.0	3.6	1.3	1.8
Wheat, US, HRW	$/mt	274.9	277.8	283.9	2.2	1.0	2.2
Sugar World	¢/kg	51.9	53.2	53.1	2.3	2.4	-0.1
Base Metal		173.5	181.5	179.6	6.4	4.6	-1.0
Aluminum	$/mt	2144.2	2207.9	2184.2	6.0	3.0	-1.1
Copper	$/mt	8040.5	8441.5	8470.8	6.3	5.0	0.3
Iron ore, spot, cfr China	¢/dmtu	140.3	140.4	144.7	2.8	0.1	3.0
Lead	¢/kg	209.6	212.1	205.7	3.6	1.2	-3.0
Nickel	$/mt	19854.8	20393.7	18660.8	8.7	2.7	-8.5
Steel products index	2005=100	138.7	137.4	137.5	-2.1	-1.0	0.1
Tin	¢/kg	2143.9	2429.3	2298.5	10.7	13.3	-5.4
Zinc	¢/kg	198.2	205.8	203.6	4.0	3.8	-1.1
Precious Metals							
Gold	$/toz	1652.2	1742.1	1673.8	0.6	5.4	-3.9
Silver	¢/toz	3076.9	3416.6	3293.0	2.1	11.0	-3.6

Source: World Bank, Commodity price data.

The **Henry Hub (HH) natural gas price** plunged 14% m-o-m in March, a ninth consecutive monthly drop due to weak fundamentals. High stock levels and especially the large growth in US shale gas production in recent years are the reason behind the fall in HH natural gas prices. The market has been oversupplied for a long time and mild weather also added to depress gas prices in March.

The **agricultural** price index posted slower growth in March. Prices increased by 0.9% m-o-m, compared with 2.4% in February. Grain prices felt the pressure of bearish news, which revealed higher-than-expected levels of crops for this spring, especially corn. The Prospective Plantings report indicated the intention of US farmers to plant a record annual number of acres of corn and wheat, while the acreage for soybeans would be reduced. Nevertheless, the quarterly stocks report showed lower-than-expected US stocks of corn, wheat and soybeans, as of 1 March. Thus, corn prices seemed to be moving according to two forces: the expectations of a large 2012–13 US corn crop, due to high acreage; and low levels of US inventories, as old crop supplies remain tight. As in the previous month, soybean prices performed better, since data was bullish for the complex. US export demand was higher, as a result of lower South American production, and Chinese imports were expected to increase. Therefore, with US acreage down year-on-year (y-o-y), US balances will tighten further.

Graph 2.1: Major commodity price indexes, 2010-2012



Commodity price index, 2005 = 100

Total:	*Includes both fuel and non-fuel.*
Non-fuel:	*Includes food and beverages and industrial inputs.*
Food:	*Includes cereal, vegetable oils, meat, seafood, sugar, bananas and oranges.*
Metals:	*Includes copper, aluminum, iron ore, tin, nickel, zinc, lead and uranium.*
Fuel (energy):	*Includes crude oil (petroleum), natural gas and coal.*
Crude oil:	*Is the simple average of three spot prices: Dated Brent, West Texas Intermediate and Dubai Fateh.*

Source: IMF

The World Bank's **base metal** price index declined by 1% m-o-m, compared with 4.6% growth in February. Contrary to the trend in February, the price-drop was across the complex, with copper being the least affected. The performance of base metal prices as a whole was following two opposite demand signals in the short term: on the one hand, an improvement in the global economy; and, on the other hand, softness in Chinese buying. This contrasted with the buoyant demand from the US. As a whole, inventories on the London Metal Exchange (LME) declined by 0.2% m-o-m to 6,707,178 tonnes, although the trend was diverse across the complex. Concerning imports, trade data from China in February showed increases for all base metals, except nickel. According to major observers, demand for metal and copper, in particular, on the spot market remained weak in March, with some rebound only expected in the second quarter. Overall, positioning in the base metals has been very light, with the market lacking conviction and uncertainties growing. However, major observers point to the fact that, assuming that the global growth recovery continues and, most crucially, that signs of improving demand appear in China, this could encourage a return of a risk appetite to establish long positions, particularly in the case of markets such as copper which are forecast to be in deficit.

Copper prices reported slower growth of 0.3% m-o-m, compared with 5% in the previous month, mainly on softer Chinese buying. The trade data indicated a combination of strength in import levels, set against soft physical market conditions. Net refined import levels rose by 12% m-o-m (and 170% y-o-y) to 375 kilo tonnes (kt) in February, the third-highest level ever. A firm rebound was also seen in scrap import levels. It is estimated that, taken in line with the build in the Shanghai Futures Exchange's (SHFE's) stocks over the period (84 kt) and the National Bureau of Statistics of China (NBS) refined production data, which indicated an output rise of 10% y-o-y to 437 kt. The basic implied apparent consumption for the month was 728 kt, which represented an increment of 47% y-o-y.

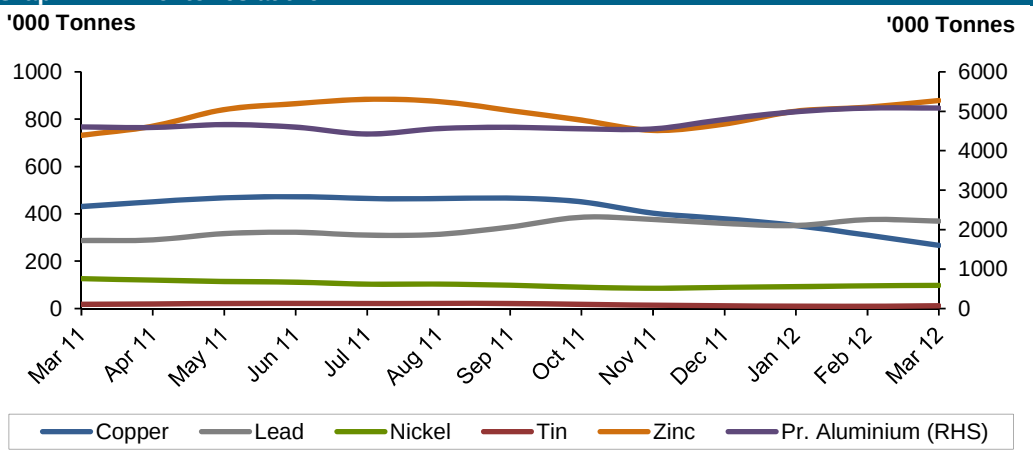
Aluminium prices decreased by 1.1% m-o-m in March, after a 3% rise in February. Despite the fact that Chinese imports for February increased by 57.5%, inventories at the SHFE remained high. The Chinese aluminium data for February revealed that, although there was oversupply, there were signs that the market was preparing for a pickup in demand. Nevertheless, the outlook for the aluminium markets seems to be encouraging, due to the slower pace inventory-build in the SHFE and at the LME. In the latter, aluminium stocks increased by 0.03% m-o-m in March, compared with a 1.8%

gain in February.

Nickel prices rose by 8.5% m-o-m in March, compared with 2.7% in the previous month, mainly on rising stocks and ongoing ramp-ups of new projects that are expected to keep the market in surplus in the medium term. Chinese imports of the metal declined further in March. Refined nickel net imports plummeted by 71% in February, following the downward trend of the previous month. A combination of falling net refined nickel imports (31% y-o-y), the lowest level since May 2010, and a surge in refined exports, the highest since May last year, reflected the over-supply in the Chinese refined market, which was related to stock-builds in 2H11. This was reflected in the deterioration in Chinese nickel prices versus the LME, from December onwards.

Gold prices posted a loss of 4%, compared with a 5.4% gain in February, due to weaker investment demand and lower physical demand from China and India. In addition, the stream of positive macroeconomic data, especially the recovery in the US economy also contributed to the fall in gold prices.

Graph 2.2: Inventories at the LME



Source: LME

Investment flows into commodities

A cautious mood among investors characterised commodity markets in March

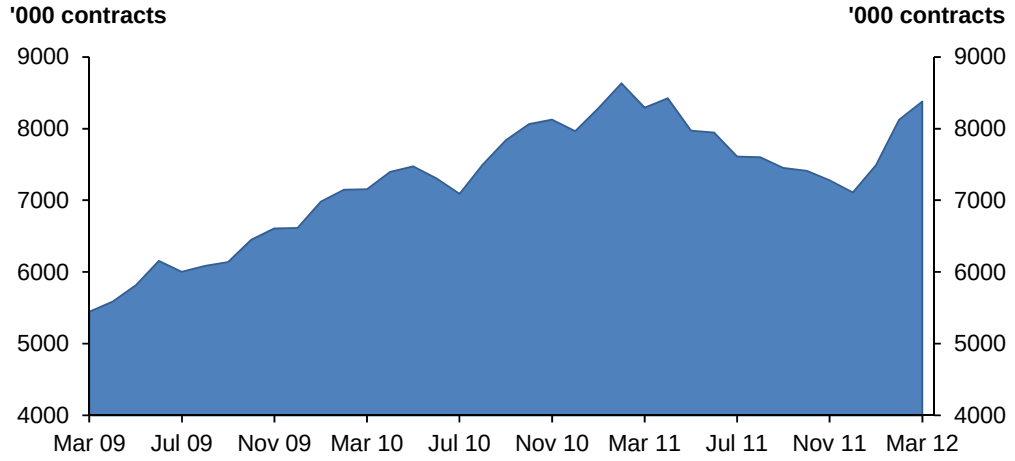
Investment in commodities still rose in March, but at a slower pace, due to some mixed macroeconomic signals, especially slower growth in China and the pending problems in the Euro-zone, and despite the recovery in the US economy and some encouraging signals from Europe. It seems that the easing of investor interest in commodities in March was also related to some evidence about a softening of metal demand from China.

Total open interest volume (OIV) in major commodity markets in the US went up by only 3% m-o-m to 8,378,057 contracts in March, compared with an 8% rise in the previous month.

Total net length speculative positions rose more slowly, by 17.4% m-o-m, to 960,156 contracts in March, compared with 47% the previous month, and this was driven by weaker growth in long positions (7.6% versus 15.8%) and a drop (1.9%) in shorts.

Agriculture was the major beneficiary of the modest increase in tactical investment in March.

Graph 2.3: Total open interest volume

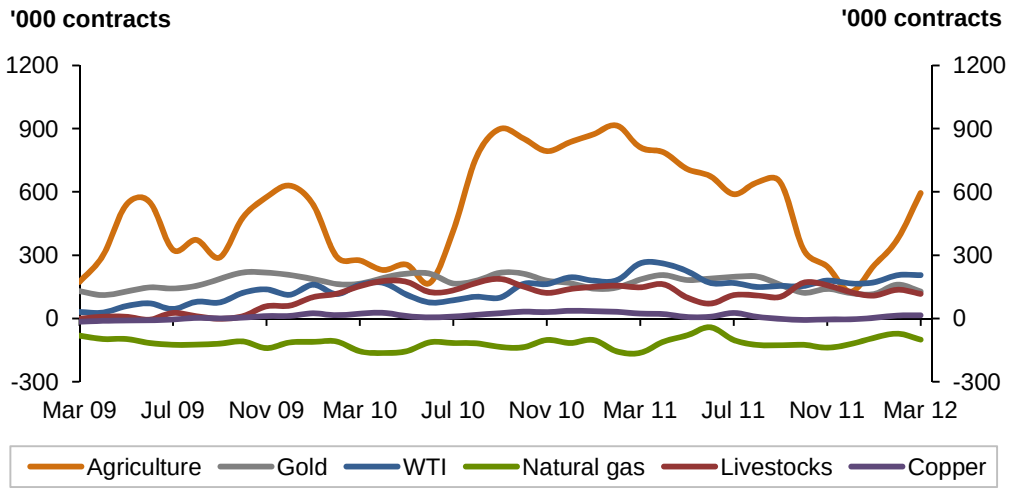


Source: CFTC

Agricultural OIV rose by a further 6% m-o-m to 1,571,085 contracts in March, as against 7.9% a month earlier. Money managers' net long positions in agricultural markets posted a 59% gain to 594,855 contracts, compared with 49% the previous month, on a 19% rise in longs and a further 15% drop in shorts.

HH natural gas OIV fell heavily by 1% m-o-m to 1,229,610 contracts in March, after rising by 11% in February. Tactical net length positions also dropped steeply, by 39.7%, compared with a 21.8% gain a month earlier.

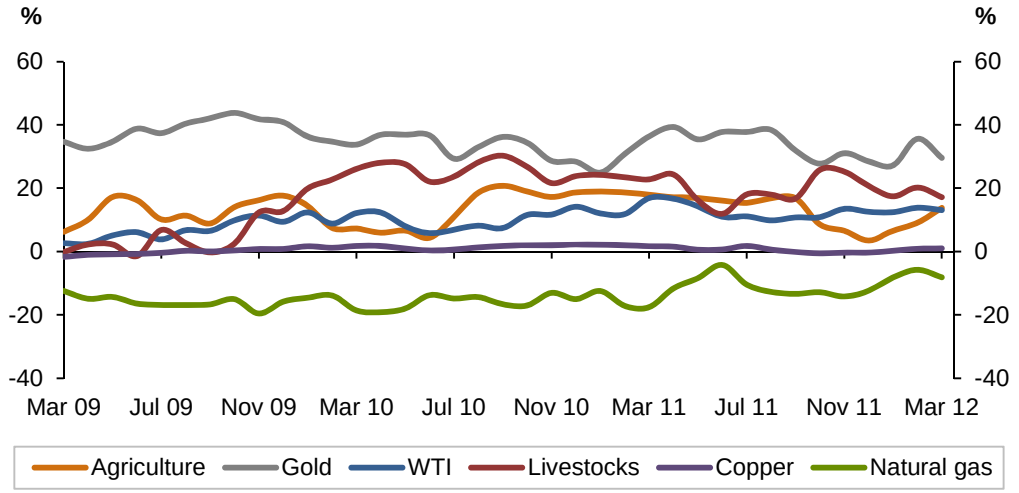
Graph 2.4: Speculative activity in key commodities, net length



Source: CFTC

Copper OIV declined by 4.7% m-o-m to 152,535 contracts in March, after gaining 18.6% the previous month. Net money manager positions increased by 6.8% to 14,918 contracts, after a massive 357.6% rise in February, which had followed a strong decline in January this year.

Graph 2.5: Speculative activity in key commodities as % of open interest



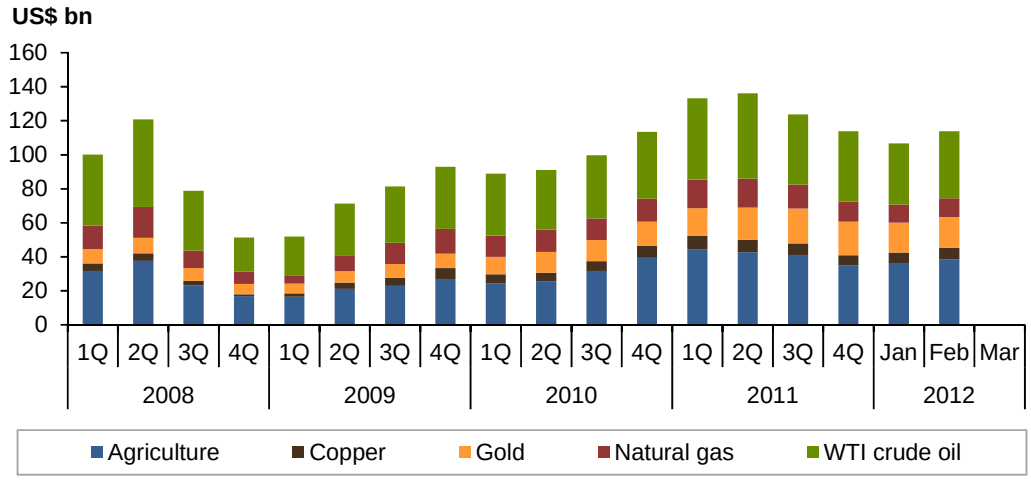
Source: CFTC

Gold OIV also reversed the positive trend in February (6% m-o-m), declining by 3.8% to 433,478 contracts in March. A similar trend was seen in strategic investments in gold, which posted a 20% decline to 128,160 contracts, following a 39% rise the previous month. Speculative shorts' growth rose by 8.6%, while longs reported significantly lower growth of 7.9% in March, compared with around 33% in February.

Table 2.2: CFTC data on non-commercial positions, '000 contracts

	Open interest		*Net length*			
	Feb 12	Mar 12	Feb 12	% OIV	Mar 12	% OIV
Crude Oil	1483	1571	205	14	206	13
Natural Gas	1244	1230	-72	-6	-100	-8
Agriculture	4113	4311	374	9	595	14
Precious Metals	560	544	186	33	147	27
Copper	160	153	14	9	15	10
Livestock	674	680	136	20	117	17
Total	**8,234**	**8,489**	**843**	**10**	**979**	**12**

Graph 2.6: Inflow of investment into commodities, 2008 to date



Source: CFTC

World Economy

Table 3.1: Economic growth rates 2011-2012,%

	World	OECD	US	Japan	Euro-zone	China	India
2011	3.6	1.7	1.7	-0.7	1.4	9.2	7.0
2012	3.3	1.4	2.2	1.8	-0.3	8.2	6.9

Industrialised countries

US

The US economy shows some robustness when compared to other OECD economies, with 4Q11 growth of 3.0%. Output related indicators improved with factory orders increasing 1.3% and industrial production expanding 4.4% in February

The third release of the 4Q11 GDP has confirmed 3.0% quarterly and annualized growth, the highest level of quarterly growth of the previous six quarters. Private inventories were the main driver for this number and contributed 1.9 percentage points to the 3.0%. This support from stock-building therefore needs either consumption to continue its expansion or export growth to accelerate again. With regard to private household spending, consumer sentiment has remained at higher levels than in the previous year, amid some improvements in the labour market. This, therefore, points at a continuation of private consumption growth. The consumer confidence index of the Conference Board has been recorded at 70.2 in March, only slightly lower than the February level of 71.6, which was the highest in 12 months. The other consumer sentiment index of importance, the index of the University of Michigan, confirmed this development with an index of 74.3, only slightly lower than the February level of 75.3, which was also the highest level within the past year.

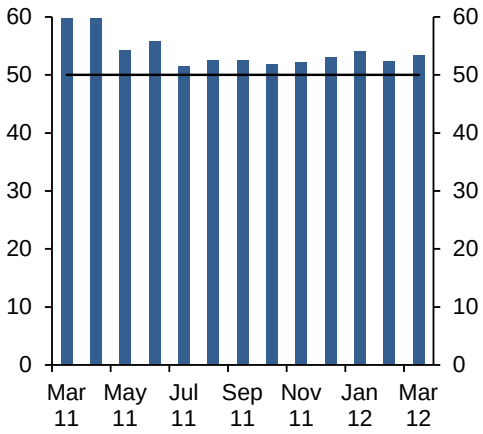
The labour market continued some improvements that could have supported this development. The unemployment rate declined slightly in March again to 8.2%, the seventh consecutive month of improvement, but it should be noted that on the negative side, the participation rate has again come down to 73.3%, the lowest level in more than 50 years. Long-term-unemployment has also not improved significantly, standing at 42.5% in March, only marginally lower than February's 42.6%. Non-farm payrolls have increased by 120,000 in March, which is still below the 12-month average to February of 190,000. While it is an improvement, it remains to be seen how long it will take for the labour market to again reach healthier levels.

The still relatively weak labour market performance is a major factor that the Federal Reserve Board (FED) has also highlighted in its recent comments. While the FED seems to be refraining from further quantitative easing measures, or other extraordinary monetary supply mechanisms, it is closely monitoring the slowly recovering economy. In a recent comment made by the FED chairman, he pointed out that while the labour market had shown signs of improvement, the recovery remains slow and needs careful attention. At the same time, the FED has not given any indication of further monetary supply measures anytime soon, but is has highlighted several times that labour market developments remain a core-focus in its considerations of further monetary decisions. However, the current inflationary trend is holding back further supply measures, although they could again be an option when commodity prices begin to ease. Inflation has moderated over the past months but remains at high levels. After it peaked at 3.9% in September 2011, it has fallen consecutively to reach 2.9% in February, the same level as in January, which shows a stabilizing trend. The chairman also pointed at the still unsatisfactory high number of citizens that have been unemployed for more than 6 months and has highlighted this issue as one of the FED's major concerns since these labour market participants are losing skills, which may mean the productivity of the economy might suffer in the future.

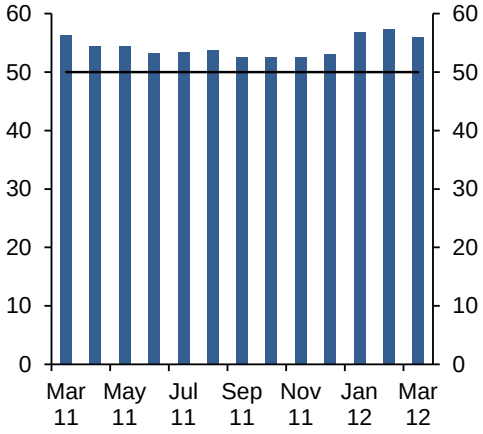
The housing sector remains mostly unchanged and shows no sign of a significant improvement. Pending home sales have declined by 0.5% m-o-m in February, after a rise of 1.9% in January, and the house price index of the Federal Housing Finance Agency (FHFA) has remained flat in January, after a rise of 0.7% in December. Existing homes sales in February remained more or less at their January level, with 4.59 million home sales, compared to 4.63 million in the previous month.

Output-related indicators improved with factory orders having shown a monthly increase of 1.3% in February, after a decline of 1.0% in January, and industrial production expanded by 4.4% m-o-m in February. The ISM number for the manufacturing sector was slightly higher at 53.4 in March, after 52.4 in February. The ISM for the services sector declined slightly but was still holding at a high level of 56.0 in March, after 57.3 in February.

Graph 3.1: ISM manufacturing index



Graph 3.2: ISM non-manufacturing index



Source: Institute for Supply Management.

The US economy shows some robustness, particularly when compared to other OECD economies as can be seen in the strong annualized growth number in the 4Q11 of 3.0%. Nevertheless, the US economy is expected not to be able to continue this momentum in 2012, given the weak labour market situation and the high public debt levels. The economy is expected to expand by 2.2% this year, but in case the labour market continues its improvements, it could see an even higher growth level.

Japan

4Q GDP revisions reflect impact of Japan's triple disaster, causing 2011 GDP decline of 0.7% compared to earlier assumptions of -0.9%. February exports fell -2.7%, lowest decline since September 2011

The data coming from the Japanese economy points at an improvement. External demand has improved on a monthly base — while it is still negative on a yearly comparison — and domestic demand has seen an uptick as well. Much of the positive expectations for this year depend on the effectiveness of the latest fiscal stimulus of ¥12.1 trn that has been enacted at the end of last year and growth will depend to a large extent on its success. So far, improvements in the global economy over the past several months have supported the recovery and exports, in particular, have improved — and, via second-round effects, have had a positive effect on domestic demand. It remains to be seen what decisions will be made regarding the country's nuclear energy strategy, as continued energy imports to compensate the nuclear power short-fall have already had a significant impact on Japan's trade balance and the effects could be prolonged.

The latest 4Q GDP revisions have shown that while the impact of the triple disaster have been severe, it has been less than previously announced, causing a GDP decline of 0.7% in 2011, compared to an earlier assumption of -0.9%. The quarterly pattern, on the other hand, became even more pronounced and volatile, highlighting the economy's fragile situation. Growth in the 3Q11 rose by 7.1%, after two consecutive negative quarters of -6.9% and -1.2%. However, only in the 4Q11 was growth recorded at negative levels again, standing at -0.7%. The latest lead indicators point at somewhat better performance in the 1H12. Machinery orders — excluding volatile orders — rose by 4.8% m-o-m in February, after a rise of already 3.4% m-o-m in January. This is a yearly increase of 9.0%, but including volatile items, it represents a decline of 12.0% y-o-y, so the message remains mixed.

Exports were again declining in February at -2.7%, which is a continuation of a positive trend and comes after a decline of 9.3% in January. Indeed, it is the lowest decline on a yearly base since September 2011. The trade deficit was also lower than in previous months at ¥313 bn, compared to trade deficits of ¥500 bn or more in the

past three months. The weakening of the yen, which started in February, has certainly been helpful for exports, falling from around ¥77/$ to almost ¥84/$ in March, before settling again at the ¥81/$ level at the beginning of April.

The domestic side of the economy has also continued improving. Retail trade numbers have risen by 3.5% y-o-y in February, after an increase of 1.8% y-o-y in January. This February level was the highest expansion since August 2010. It was supported by strong motor vehicle sales of 21.4% y-o-y. Car registrations, supported by tax incentives and stimulus measures, in March were growing at a stunning 74% y-o-y, after a rise of already 23.8% in February.

Industrial production is still showing a mixed trend with a decline of 3.9% y-o-y in February, after -1.0% y-o-y in January, while the leading Purchasing Managers Index (PMI) indicates an expansion of the sector with the PMI for manufacturing standing at 51.1 in March, after 50.5 in February, according to Markit. More important — at least when it comes to GDP contribution — is the services sector PMI increased to 53.7 from 51.2 in February, with both moving up the composite PMI to 53.2, a significant rise from its February level of 51.2.

So, taking the most recent developments together, it should be concluded that while the results still seem mixed, highlighting the fragile state of the economy, and with some areas still in decline on a yearly comparison — particularly exports and industrial activity — there are signs of improvements, particularly in the lead indicators, which are supported by improving exports and better domestic demand. This leads to a currently unchanged forecast of 1.8% GDP growth for 2012. Further signs of improvements will be needed for any further upward revision.

Euro-zone

Worries about Euro-zone sovereign debt crisis re-emerged as yields for Spain and Italy have risen again. Industrial production declined 1.3% in January and unemployment rate hit 10.8% in February

Since the beginning of the year the confidence into the Euro-zone has increased, yields for ailing Euro-zone countries have fallen to more sustainable levels in the first three months and the Euro has moved back again to trade comfortably above the $1.30/€ level. Major support came from the European Central Bank (ECB), which injected more than €1 trn in two rounds of extraordinary money supply via its three-year long-term refinancing operation (LTRO). It provided the first amount under this at the end of last year and the second just at the end of February. This helped to support the balance sheets of banks by making available cheap money but also incentivized banks to buy sovereign debt bonds and thereby bring down their yields. Although this money was supplied and was able to calm markets, worries re-emerged and yields have risen again, particularly in Spain and Italy. Spanish 10-year yields are back at almost 6% and Italy's risk-premium is now only a fraction lower, putting the Euro-zone sovereign debt crisis prominently back on the top of the agenda. While Italy was bound to pay more than 7% at the end of the year and while yields — although still at high levels — are considerably lower at below 6%, Spain is now almost back to where it stood at the end of the year. This comes despite the Euro-zone economies agreeing to an increase of the provision of their emergency facilities to around €800 bn, a significant step towards the G20's request to shore up its own firewall before the International Monetary Fund (IMF) will be approached for additional support. Furthermore, private holders of Greek debt have agreed to accept the offer made by the government. All this has not kept investors from asking for a higher risk-premium and, on the contrary, the German Bund yields have reached a new low of 1.63% in the secondary market.

This development highlights two important aspects: first, that the division between the core Euro-zone economies and the peripherals is increasing and, second, that as long as the sovereign debt issues are not solved, worries will always re-emerge and real economic growth will be suppressed until this has all been sorted out. The high debt service in many economies in combination with soft tax revenues, record-levels of unemployment and muted domestic consumption are holding back any expansion. The most recent data from the real economy supports this. Austerity measures in most of the peripherals are causing a significant decline. It will therefore be very important to see how the upcoming political events will further shape the handling of the current challenges. First, there will most probably be elections in Greece soon and, after this

event, it will be seen how the structure of the recently agreed bail-out package will continue. It cannot be ruled out that there will probably be some changes demanded by a newly elected government, but this remains to be seen. Moreover, there are presidential elections in France in April and May as well, which will probably bring some changes to the political landscape of the Euro-zone. Furthermore, Ireland has announced that it will hold a referendum on the fiscal union of the European Union (EU) that had been agreed on in December.

In the meantime, indicators remain in the negative zone. Industrial production was in decline at 1.3% y-o-y in January for the second consecutive month. Even more worrying are manufacturing orders, which have plunged by 4.3% y-o-y in January, after a decline of 0.1% in December and -2.3% in November, marking the third consecutive month and indicating a slow-down in manufacturing. While Germany has performed much better compared to its Euro-zone companions, the order index has also come down by more than 6% y-o-y for both December and January, which is not a positive indicator.

This negative development, with some slight improvements, is also reflected in the PMI numbers provided by Markit. The manufacturing PMI stood at 47.7 in March, again considerably lower than the 49.0 from February, while the services sector PMI, with its much higher weight in the economy, was recorded again at 49.2, which is below the growth indicating level of 50 but higher than the February number of 48.9. Moreover, the labour market is feeling the consequences of the economy's weakness not performing well, with an unemployment rate hitting new highs of 10.8% in February. Youth unemployment stood at 21.6%, the highest level on record, with Spain ranking the highest again at 50.5%. Consequently, retail trade in the Euro-zone has been negative for all months since May 2011 with -1.7% y-o-y in February.

The evidence is relatively strong that the weakening of the Euro-zone will continue in the coming months. Taking this into consideration, the forecast for 2012 GDP growth was revised down to -0.3% from -0.2% in the previous month.

Emerging markets

The outlook for the global economy improves although concerns over Euro-zone and oil price remain

The outlook for the global economy is improving, although we expect lower world GDP growth this year of 3.3% compared to last year's 3.6%. The US economy has looked more resilient in recent months, and with solid job gains and consumer credit expanding exceptionally strongly, its indicators are consistent with trend-like growth. A global high-tech rebound is likely to help lift growth rates of Japan and Emerging Asia (JP Morgan, 6 April 2012) and with peripheral economies in the EU experiencing deflation, the ECB can opt for a more aggressive monetary policy. Indeed the ECB injected more than half a trillion euros into regional banks in late February as part of its second LTRO. This brings the total amount of such loans to more than €1 trn, following an injection of a similar amount in December. China's economy has continued to slow, with its foreign trade balance in deficit for the first two months of the year (EIU, April 2012). It is expected, however, that the slowdown will be managed successfully and that China's economy may grow by around 8% this year, even though official GDP growth for the medium-term is set to be 7.5%. In his "State of the People's Republic" address to China's legislature on 5 March, Premier Wen Jiabao set the annual growth target for 2012 at 7.5% — the first time the official benchmark has been set below the 8% level long viewed as the minimum needed to create enough jobs and ensure social stability. In its current five-year plan, the government has set the annual growth rate at 7%.

In Eastern Europe's economies, spill-over from the Euro-zone crisis has blunted growth prospects. The sovereign debt crisis in the Euro-zone, the Eastern Europe's key export market, has reduced growth prospects and raised doubts about the medium-term outlook. A recession in the Euro-zone in 2012 could act as a sharp brake on economic activity in Eastern Europe, due to weaker trade, investment and financing through banking channels. Domestic demand generally remains weak in Eastern Europe, given high unemployment, excess capacity in some cases and the inability of governments to provide fiscal stimulus. External bank loans and foreign direct investment, both of which helped to drive growth in the pre-crisis years, are

likely to be constrained in 2012 (EIU, April 2012). If the credit squeeze becomes more severe, this would raise the spectre of another recession in Eastern Europe as several countries in the region, including Hungary, Slovenia and Croatia, are already believed to be on the brink of a recession. However, the brightening prospects of the global economy and the accommodative liquidity policy of the ECB, as sentiment towards the euro improves, and the resilience of the German economy are all expected to contribute to the recovery of economic activities in Eastern Europe.

The outlook for Asian countries in 2012 is mixed

In **Asia** two different trends of economic growth can be detected: While export-driven economies such as Singapore, Hong Kong, Malaysia, Taiwan and, to a lesser extent, Sri Lanka have slowed in recent months, mainly due to sluggish demand in the West (particularly the EU), countries with strong domestic demand — including China, India, South Korea, Indonesia and the Philippines — might be able to cushion their economic growth from the negative impact of external factors by proper increases in domestic absorption. Although recent data suggest recovery in industrial production of export-oriented emerging Asia, Chinese economic growth will be important as Asia's largest economy, which is expected to act as the region's engine of economic growth, slows down. In Thailand and Australia, which were both affected by flooding in 2011, output is seen as returning to normal levels. Pakistan also falls into this category, as its economy will be buoyed this year by a recovery following the flooding that affected the country in 2010 and 2011 (EIU, April 2012).

Latin American growth is expected to slow down in 2012 before accelerating in 2013 driven by domestic demand and EU recovery

Following a strong rebound in 2010, growth in the **Latin American** region slowed to 4% in 2011. We forecast a further slowdown to 3.4% in 2012, amid an outright contraction in the Euro-zone and below-par growth in the US. Growth is expected to accelerate in 2013 due to continuing sound macroeconomic policies, resilient domestic demand and a recovery of economic activity in the OECD area. It is worth noting that economic growth in South American countries depends also on China's demand. On the other hand, historically low OECD interest rates, coupled with an improving investor perception of the region's potential, will continue to benefit the larger economies and those that are well-integrated into the global financial markets. The episode of exchange rate volatility which hit Latin American emerging markets (EMs) in September 2011 highlighted the vulnerability of the region to shifts in market sentiment, given their large external financing requirements and the volatility of global portfolio flows (EIU, April 2012). In addition to the risks arising from an uncertain global economic outlook, Latin American policymakers will have to strike a balance between supporting domestic demand while keeping inflation under control amid price pressures stemming from high food and oil prices. The appreciation of currencies due to capital inflows will reduce the manufacturing competitiveness while in countries such as Brazil, which is set to become a large oil producer and exporter, the problem of "Dutch disease" will represent a challenge.

The region's external balance sheet is stronger than it used to be. External debt is lower relative to GDP, and exports and foreign exchange reserves are at record levels. Even so, growth in import bills, fuelled by domestic demand and by strong local currencies, will exceed export revenue growth, with resulting large current-account deficits in the region — even for commodities exporters. This situation is particularly problematic for Argentina, where current-account surpluses have been a pillar of stability in the last decade, given the government's limited access to international capital markets, use of foreign reserves to repay its external debts and vulnerability to capital flight.

Steady oil prices will support regional growth prospects in MENA

Economic growth slowed in the **Middle East and North Africa** (MENA) region in 2011 as a result of political upheaval and civil unrest. The countries most affected by unrest — namely Tunisia, Egypt, Syria, Yemen and Libya — saw their economies slow sharply or contract. Assuming no further serious outbreaks of political upheaval outside of Syria, a recovery will gather pace in 2012, supported by still-high global oil prices. However, weaker EU demand will constrain North Africa's exports and lead to lower workers' remittances from Europe and tourist inflows. Growth prospects in Egypt will also be hampered by domestic political instability. Offsetting this, regional growth in 2012 will be supported by massive infrastructure and industrial development in Saudi Arabia, expansionary fiscal policy across the Gulf Co-operation Council (GCC) states and a bounce-back in Libyan growth (EIU, April 2012).

Despite the overall weakness in the global economy, fundamentals have been improving in many EMs in recent weeks. Nevertheless, policy mixes adopted in EMs to support economic growth differ significantly according to their economic circumstances. While in many Central and Eastern European EMs tight monetary policy is still on the agenda to curb elevated inflation, in Asian and Latin American EMs a more accommodative monetary policy is being adopted based on concerns over sluggish economic growth. According to JP Morgan (6 April 2012), inflation in Latin America has been moving lower, allowing policymakers to turn to economic growth policies. The Central Bank of Brazil is expected to cut 75 basis points (bp) from its policy interest rate in its meeting on 18 April. This will come as reinforcement for Brazil's fiscal stimulus announced this week. A series of initiatives totalling 1.5% of GDP are envisaged to shield domestic industries from external competition. India's central bank, the Reserve Bank of India (RBI) is also expected to cut its policy rate by 25 bp at its next meeting of policy review on 17 April. India's rupee is expected to remain under pressure due to current account and government deficits. Meanwhile, China's National Bureau data indicates a strong improvement in March manufacturing PMI (*see **Graph 3.3***). This looks surprising as the latest HSBC China manufacturing PMI published on 1 April indicated a sharp decline in the country's manufacturing output in March 2012. In Russia, investment demand remained firm in February while consumption growth looked to be losing momentum. The labour market is also tight given an unemployment rate at 5.9% and real wage growth of 13.3%, both on an annual basis JP Morgan, 30 March 2012).

Table 3.2: Summary of macroeconomic performance of the BRIC countries

	GDP growth rate		Consumer price index, % change y-o-y		Current account balance, US$ bn		Government fiscal balance, % of GDP	
	2011	2012	2011	2012	2011	2012	2011	2012
Brazil	2.9	3.0	6.5	5.4	-54.4	-64.3	3.1 *	2.2 *
China	9.2	8.2	5.4	3.3	305.0	209.4	-1.1	-1.8
India	7.0	6.9	8.4	7.0	-58.9	-62.0	-5.9	-5.7
Russia	4.2	3.7	7.1	5.9	88.6	73.1	0.8	-0.9

Source: Data Services Department, OPEC Secretariat for GDP growth rates; Concensus Forecast, March 2012, for prices and current accounts; Economic Intelligence Unit, March and April 2012, for government fiscal balance.

Figures for India are from the fiscal year 2011-2012 and 2012-2013.

** Brazil's fiscal balance figures are public sector primary balance.*

Brazil

A broad-based fiscal stimulus package and further monetary easing expected to revitalize Brazil's economy

The government of Brazil announced a broad-based fiscal stimulus package in early April comprising some 30 initiatives. The package includes tax exemptions, policies to protect manufacturing from external competition and tightening trade regulations. This fiscal package appears to be more substantial than expected earlier this year and is expected to amount to 1.5% of GDP or R$60 bn ($ 37.3). Despite the size of the fiscal stimulus, it is difficult in this stage to estimate its impact on Brazil's economic growth, which has been declining since 4Q11. Expansion of government spending by as much as 1.5% will make it difficult to achieve the primary surplus target of 3% of GDP without an extraordinary increase in public sector revenues. On the other hand, a large expansion of fiscal spending will exacerbate keeping interest rates low for a long period. This would make predictions of the effect of Brazil's policy mix on the economy even more complicated as it is reported that the Central Bank of Brazil (BCB) is preparing to cut its policy rate as much as 75 bp at its meeting on 18 April (JP Morgan, 6 April 2012).

This gives a strong signal that the easing cycle of monetary policy that began in August 2011 might still go further. Monetary easing is only beginning to have an impact on demand and recent data indicates an early stage of recovery in GDP growth. Brazil's recovery is reflected in trends in industrial output and retail sales. There is a risk, however, that the BCB's domestic and external assumptions overestimate the deflation process in Brazil and, consequently, may be forced to raise

rates sooner or by a greater degree than expected to curb inflation. Otherwise, it will risk losing confidence in its determination to achieve the core inflation target of 4.5%. According to the BCB, inflation expectations are running at 5.3% in 2012.

The government has raised R$24 bn ($14 bn) through the sale of licenses to operate three of Brazil's busiest airports in an auction that was aimed at accelerating investments ahead of the 2014 World Cup and the 2016 Olympics. Investments in Brazil's aging airports has struggled to keep pace with the growth in air travel that has doubled in the past decade as household incomes have increased significantly (EIU Country Report, March 2012). Capital goods have had a strong performance in 2011 with a 3.3% increase over 2010. Retail sales are also expected to continue to rise as minimum wages are raised by as much as 14% as of January.

In January, the trade balance was negative (minus $1.3 bn) due to growing imports, which imply a recovery in domestic demand. The capital market, however, developed on a more positive note assisted by the global economic recovery. Petrobras, the state-owned oil company, sold $7 bn in bonds on international markets. This has been Brazil's largest corporate debt offering ever.

China

China's economy is slowing despite an increase in March manufacturing PMI, implying deceleration of growth is under control

In February the government published a circular on reform of the household registration (hukou) system. The document suggested that population movement to large cities will still be controlled but that migrants will now find it easier to register in smaller cities. In medium-sized cities, they will be able to register for a residence permit after working for three years and paying social security insurance for one year (EIU Country Report, April 2012).

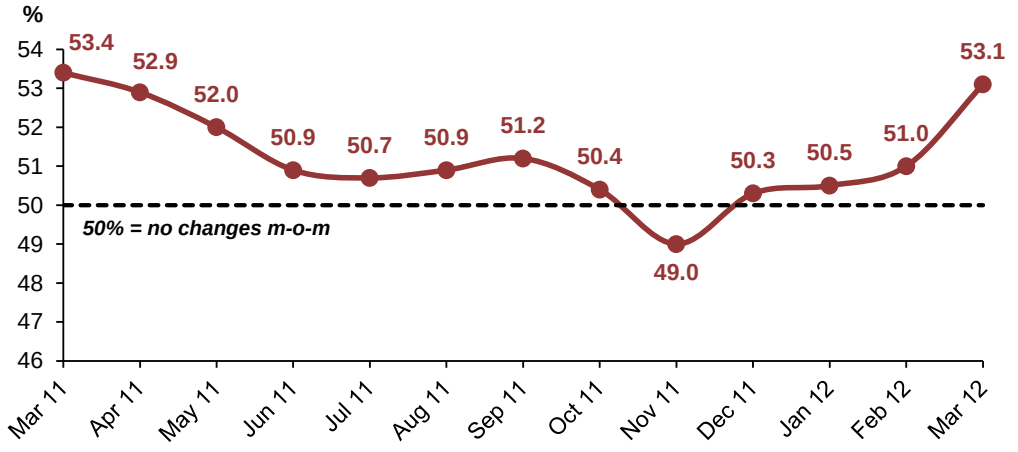
China's premier, Wen Jiabao, outlined the government's principal economic goals in 2012 at the National Party Congress (NPC) in March. These include real GDP growth of 7.5%, eventually moving closer to 7% annual GDP growth in accordance with the 12th five-year plan. Also, the official inflation target would average around 4% this year. The CPI in February was 3.2% on annual basis, down from 4.5% in January. The total volume of imports and exports is projected to rise by around 10%, while the broad money supply (M2) will increase by 14%. This is lower than 2011 money supply projections of 16%, suggesting a continuation of the government's tight monetary policy. Government expenditures on education, social security and health increased in 2011 by 27.8%, 22.6% and 33.1%, respectively. Defence spending was up by 11.4% although it is believed that this substantially underestimates expenditures in areas such as arms procurement.

Following subsiding inflationary pressures, which are believed to have peaked late last summer, the government has been easing its monetary policy mainly by reducing its bank reserve requirement ratio and leaving the policy interest rate unchanged. The ratio was lowered to 20.5% for large banks in November 2011. The Central Bank also set the loan-to-deposit ratios for two of China's largest banks — the Industrial and Commercial Bank of China and the China Construction Bank — at 63% and 70%, respectively, a slight increase compared to 2011 ratios. Two important reports submitted to the NPC in March called for additional economic reforms. The first report, jointly prepared by the People's Bank of China (PBC) and the World Bank, called for reforms in farmers' land rights and labour mobility, as well as the privatization of state-owned enterprises. The second report, prepared by the head of PBC's Survey and Statistics Department, called for a gradual opening up of China's capital market over the next 10 years.

Recent data continue to suggest that the Chinese economy is slowing. Industrial value-added output was up by 11.4% on an annual basis in February, the lowest rate in two years. Electricity generation also increased by a modest y-o-y growth of 7.1% in the first two months of 2012. Cement production and car retailing have both performed poorly, and rising inventories of copper and air-conditioners, together with a trade deficit in February, all paint a gloomy picture of the Chinese economy in 2012. However, the government's stance at the NPC did not imply particular concern over the recent downturn, suggesting that it remained under control. In addition, surveys of

business confidence suggest a brighter picture. The official PMI stood at 51 in February. For March, according to China's National Bureau of Statistics, this index improved significantly to 53.1 as shown in ***Table 3.3*** and ***Graph 3.3*** below.

Graph 3.3: China manufacturing purchasing managers' index (PMI)



Source: Department of Service Statistics of NBS, China Federation of Logistics and Purchases (CFLP).

Table 3.3: China's manufacturing PMI (seasonally adjusted), %

	March 2012	February 2012
Purchasing managers' index (PMI)	**53.1**	**51.0**
Production index	55.2	53.8
New orders index	55.1	51.0
Main raw materials inventory index	49.5	48.8
Employed person index	51.0	49.5
Supplier delivery time index	48.9	50.3

Source: China's National Bureau of Stattistics.

India

An interest rate cut is expected in April by the RBI as core inflation appears to be moderating

The new all-India CPI inflation measure surged to 8.8% in February from 7.7% in January, suggesting that retail price pressures firmed that month (JP Morgan, 30 March 2012). However, core inflation has been falling to around 6%. With the reduction of budget deficits targeted by the RBI is likely to cut rates by 25 bp at the April review of policy, provided that core inflation continues to moderate in March.

Considering India's slowing economic expansion, runaway public spending and a rising subsidy bill, the country's finance minister was expected to announce some hard decisions in his budget speech for fiscal year 2012-2013 on 16 March. However, at the event, the budget did not indicate any significant policy changes or radical solutions; instead, some tax increases were introduced. Since the government's assumed oil price did not come true, and given substantial fuel subsidies, the government's deficit increased to 5.9% of GDP from 4.6%.

GDP data for October-December 2011 released by the Indian government at end of February 2012 showed that economic growth had slowed to 6.1% on an annual basis compared to 6.9% during the previous quarter. Growth in three broad sectors remained strong: electricity, gas and water supply (up by 9%); trade, hotels, transport and communications (9.2%); and financing, insurance, real estate and business services (9%). However, mining and quarrying declined by 3.1% and manufacturing grew only by 0.4%.

Russia

Growing demand for investment and strong increase in real wages are major factors driving Russian economic growth

The Russian economy was affected by a strong growth in investment demand and a tight labour market in February. Demand for investment grew by 15.1% while unemployment remained flat at 5.9%, slightly below the neutral rate estimated (6-6.5%) by JP Morgan. At the same time, consumer demand growth has been losing its momentum. The surprise decline of -1.2% in retail sales in January was not fully covered by a gain of 0.9% in February. Industrial production in February rose by 6.5% on an annual basis compared to 3.4% in January. In January, the economy slowed according to Economy Ministry estimates. On an annual basis, the Russian economy was 3.9% larger than the same month a year earlier and below the 2011 average of 4.3% growth.

Industrial output growth recovered in January after a weak December, with production rising by 1% m-o-m. Manufacturing output increased by 1.3% m-o-m and 4.8% y-o-y. The latest industrial survey suggests steady albeit modest industrial output growth. Nearly 80% of manufacturing companies in the survey reported that they expected to increase their output over the next three months. The federal budget deficit amounted to $8.3 bn in the January-February period, equal to about 3% of estimated GDP. A cash-flow deficit in the early months of the year is a rare phenomenon because of the seasonal nature of expenditures, which normally only pick up during the second half of the year (EIU Country Report, March 2012).

OPEC Member Countries

Public spending and steady oil prices will boost growth in Saudi Arabia

Saudi Arabia's GDP expanded 6.6% in the 4Q11 from a year earlier on additional government spending and higher oil prices. The government sector grew by 3.6% and the private sector by 9.9%, the Central Department of Statistics and Information in Riyadh said on its website. The oil industry has expanded by 6.1%.

According to a recent report by Standard Chartered, Saudi Arabia entered 2012 with positive fundamentals supporting growth due to high oil prices, together with substantial government spending and ample banking-sector liquidity. The report expects that public expenditure on non-oil infrastructure projects is likely to be 7% higher than last year. The oil sector is likely to be slightly higher than in 2011, with most of the growth coming from the non-oil economy. The 2012 budget allocates $45 billion to the education sector, including 742 new schools and 40 new colleges. Health care is allocated $23.1 billion and includes 17 new hospitals, in addition to the 130 under construction, it stated. Infrastructure spending includes $9.4 billion for transport, and projects include the expansion of a number of the country's airports and the construction of close to 4,000 km of roads.

Inflation might reach 2% in UAE in 2012

The UAE economy is moving in the right direction and Dubai looks confident that it can repay about $10 billion in debt due this year. Inflation in the UAE fell by 0.44% in February, compared to January this year, while increasing by 0.56% on a y-o-y basis, mainly because of food inflation, according to the data from the National Bureau of Statistics. Inflation in the country is expected to remain under 2% in 2012, according to the Ministry of Economy, On the other hand, independent analysts predict the inflation rate might be 2.4% while it was 1.6% last year.

Oil prices, US dollar and inflation

The US dollar was almost flat against the euro, the pound sterling and the Swiss franc in March; compared to the yen, it gained 5.2%. In nominal terms, the OPEC Reference Basket gained $5.49/b (4.7%) from $117.48/b in

The US-dollar was almost flat against the euro, the pound sterling and the Swiss franc in March, while compared to the yen it gained considerably after the Bank of Japan (BoJ) had begun in February to decisively manage its exchange rate again. Compared to the yen, the US dollar managed a gain of 5.2%. This comes again after it had risen already by 1.8% in February. Against the euro, it gained 0.2%; compared to the Swiss franc, it rose by 0.1%; it lost 0.1% against the pound sterling. With regard to the euro, the US dollar stood at $1.320/€ in February, compared to a January rate of $1.3221/€. Versus the yen, it averaged a rate of ¥82.435/$ compared to a February level of ¥78.392/$.

Since the beginning of the year, the euro had managed to regain momentum; however, it started to weaken again at the beginning of April, amid re-emerging worries about the financial health of Spain and Italy. In contrast to this, the US

February to $122.97/b in March

economy is performing better than expected and it seems that currently the pressure for the euro to decline is increasing. Compared to the Japanese yen, developments in the US dollar have been more dramatic, since for the second time in many months, it managed a considerable gain — of more than 7% — against a weakening yen since its lows in January, pushing the exchange rate again considerably above the ¥80/$ level.

In nominal terms, the OPEC Reference Basket price gained $5.49/b, or 4.7%, from $117.48/b in February to $122.97/b in March. In real terms, after accounting for inflation and currency fluctuations, the Basket price rose by 5.2%, or $3.74/b, to $75.97/b from $72.23/b (base June 2001=100). Over the same period, the US dollar rose by 0.6% against the import-weighted modified Geneva I + US dollar basket, while inflation increased by 0.1%.*

* *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*.

World Oil Demand

World oil demand growth forecast at 0.9 mb/d in 2012

World oil demand

Various economic developments worldwide are almost offsetting each other, leaving the total oil consumption picture nearly unchanged from last month. Indicators are pointing towards a stabilizing world economy, although concerns remain for the Euro-zone. Hence, the world oil demand forecast is unchanged from the last estimate, with growth for 2012 put at 0.9 mb/d y-o-y, to average 88.6 mb/d.

Graph 4.1: Estimated y-o-y growth in 2012 world oil demand, by product

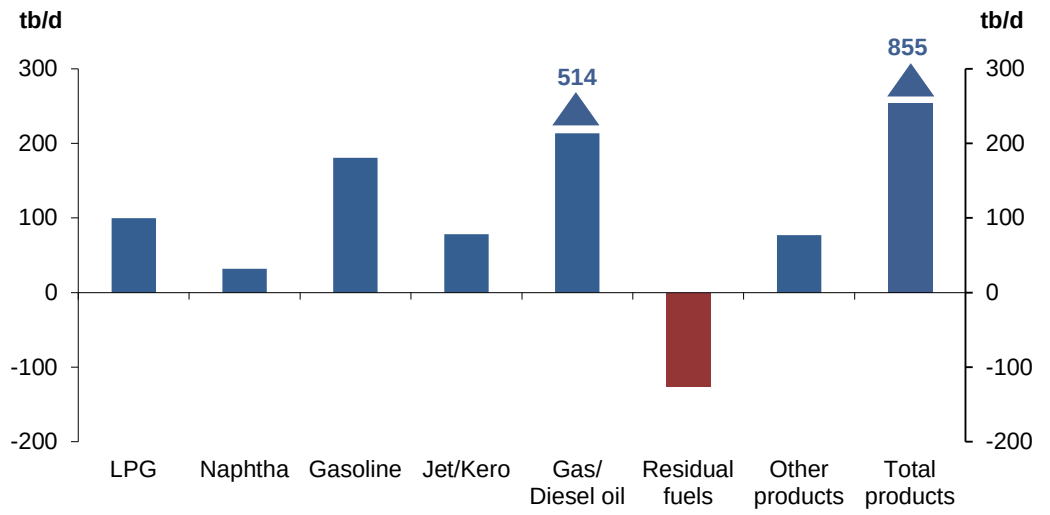


Table 4.1: World oil demand estimate for 2011, mb/d

	2010	1Q11	2Q11	3Q11	4Q11	2011	Change 2011/10 Growth	%
North America	23.77	23.81	23.35	23.61	23.43	23.55	-0.21	-0.90
Western Europe	14.58	14.20	14.12	14.78	14.30	14.35	-0.23	-1.60
OECD Pacific	7.82	8.35	7.12	7.73	8.35	7.89	0.07	0.90
Total OECD	**46.17**	**46.35**	**44.59**	**46.12**	**46.09**	**45.79**	**-0.38**	**-0.82**
Other Asia	10.18	10.33	10.52	10.37	10.64	10.47	0.28	2.78
Latin America	6.18	6.16	6.34	6.51	6.42	6.36	0.18	2.96
Middle East	7.28	7.32	7.38	7.71	7.41	7.46	0.18	2.45
Africa	3.36	3.42	3.39	3.25	3.42	3.37	0.01	0.40
Total DCs	**27.00**	**27.24**	**27.63**	**27.84**	**27.91**	**27.65**	**0.66**	**2.44**
FSU	4.14	4.13	3.97	4.39	4.45	4.24	0.09	2.24
Other Europe	0.69	0.69	0.65	0.69	0.76	0.69	0.00	0.29
China	8.95	9.13	9.54	9.37	9.60	9.41	0.46	5.13
Total "Other regions"	**13.79**	**13.95**	**14.15**	**14.44**	**14.81**	**14.34**	**0.55**	**4.02**
Total world	**86.95**	**87.54**	**86.36**	**88.40**	**88.80**	**87.78**	**0.83**	**0.96**
Previous estimate	86.95	87.52	86.35	88.40	88.80	87.77	0.83	0.95
Revision	0.00	0.02	0.01	0.00	0.00	0.01	0.01	0.01

Totals may not add up due to independent rounding.

There was low demand in some regions, especially in North America; however, this was offset by an increase in demand in other regions, such as OECD Pacific, China and India. Other regions, such as the Middle East and Latin America, continue to perform as expected in 2012.

Table 4.2: First and second quarter world oil demand comparison for 2011, mb/d

	1Q10	1Q11	Change 2011/10 Volume	Change 2011/10 %	2Q10	2Q11	Change 2011/10 Volume	Change 2011/10 %
North America	23.41	23.81	0.40	1.71	23.69	23.35	-0.34	-1.43
Western Europe	14.32	14.20	-0.12	-0.84	14.26	14.12	-0.13	-0.95
OECD Pacific	8.23	8.35	0.12	1.46	7.35	7.12	-0.23	-3.14
Total OECD	**45.95**	**46.35**	**0.40**	**0.87**	**45.29**	**44.59**	**-0.70**	**-1.56**
Other Asia	10.11	10.33	0.23	2.26	10.23	10.52	0.29	2.81
Latin America	5.94	6.16	0.22	3.78	6.15	6.34	0.19	3.04
Middle East	7.18	7.32	0.14	2.00	7.17	7.38	0.21	2.89
Africa	3.38	3.42	0.04	1.10	3.37	3.39	0.01	0.44
Total DCs	**26.61**	**27.24**	**0.63**	**2.38**	**26.93**	**27.63**	**0.70**	**2.59**
FSU	4.02	4.13	0.11	2.67	3.86	3.97	0.11	2.72
Other Europe	0.69	0.69	0.00	0.46	0.64	0.65	0.00	0.76
China	8.37	9.13	0.76	9.06	9.09	9.54	0.44	4.87
Total "Other regions"	**13.08**	**13.95**	**0.87**	**6.65**	**13.60**	**14.15**	**0.55**	**4.06**
Total world	**85.64**	**87.54**	**1.90**	**2.22**	**85.82**	**86.36**	**0.54**	**0.63**

Totals may not add up due to independent rounding.

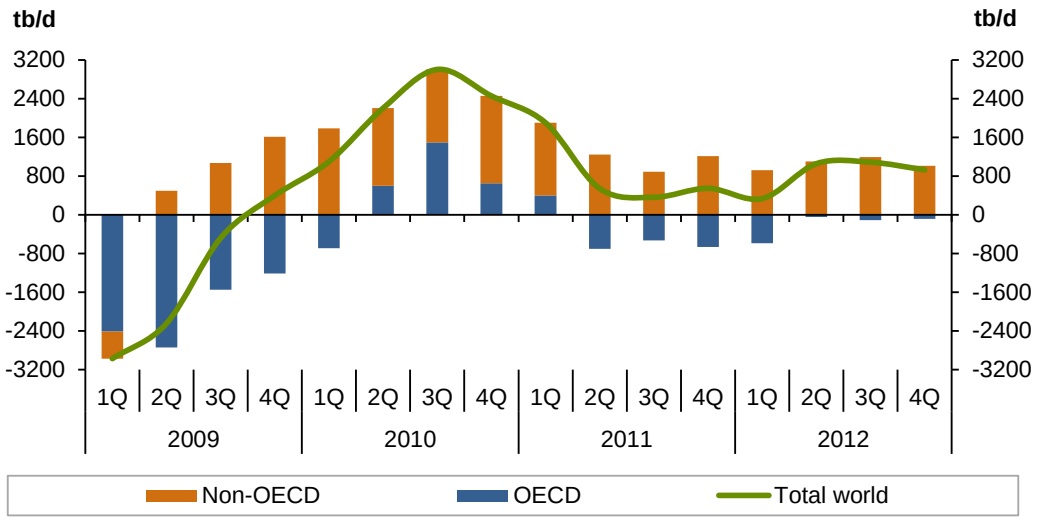
Table 4.3: Third and fourth quarter world oil demand comparison for 2011, mb/d

	3Q10	3Q11	Change 2011/10 Volume	Change 2011/10 %	4Q10	4Q11	Change 2011/10 Volume	Change 2011/10 %
North America	24.10	23.61	-0.49	-2.02	23.85	23.43	-0.42	-1.76
Western Europe	14.93	14.78	-0.15	-0.99	14.83	14.30	-0.53	-3.56
OECD Pacific	7.63	7.73	0.11	1.40	8.07	8.35	0.28	3.50
Total OECD	**46.65**	**46.12**	**-0.53**	**-1.13**	**46.75**	**46.09**	**-0.67**	**-1.42**
Other Asia	10.10	10.37	0.27	2.69	10.30	10.64	0.34	3.34
Latin America	6.34	6.51	0.17	2.65	6.27	6.42	0.15	2.42
Middle East	7.50	7.71	0.21	2.85	7.26	7.41	0.15	2.06
Africa	3.24	3.25	0.01	0.24	3.43	3.42	0.00	-0.15
Total DCs	**27.18**	**27.84**	**0.66**	**2.43**	**27.27**	**27.91**	**0.64**	**2.35**
FSU	4.30	4.39	0.09	1.98	4.38	4.45	0.07	1.70
Other Europe	0.68	0.69	0.00	0.57	0.76	0.76	0.00	-0.53
China	9.23	9.37	0.14	1.52	9.10	9.60	0.50	5.53
Total "Other regions"	**14.21**	**14.44**	**0.23**	**1.61**	**14.24**	**14.81**	**0.57**	**4.03**
Total world	**88.04**	**88.40**	**0.36**	**0.41**	**88.26**	**88.80**	**0.55**	**0.62**

Totals may not add up due to independent rounding.

The risk still exists, especially with the recent volatility in oil prices, that US oil demand has placed huge uncertainty on the existing demand assessment. The upcoming driving season might be affected by retail gasoline prices and economic development; hence, the country's oil demand would show a further decline.

Graph 4.2: Quarterly world oil demand growth



North American oil demand to contract by 0.1 mb/d in 2012

OECD — North America

US economic activity is still pushing oil demand growth into the negative. Most of the decline is related not only to the transport sector, but also to industry.

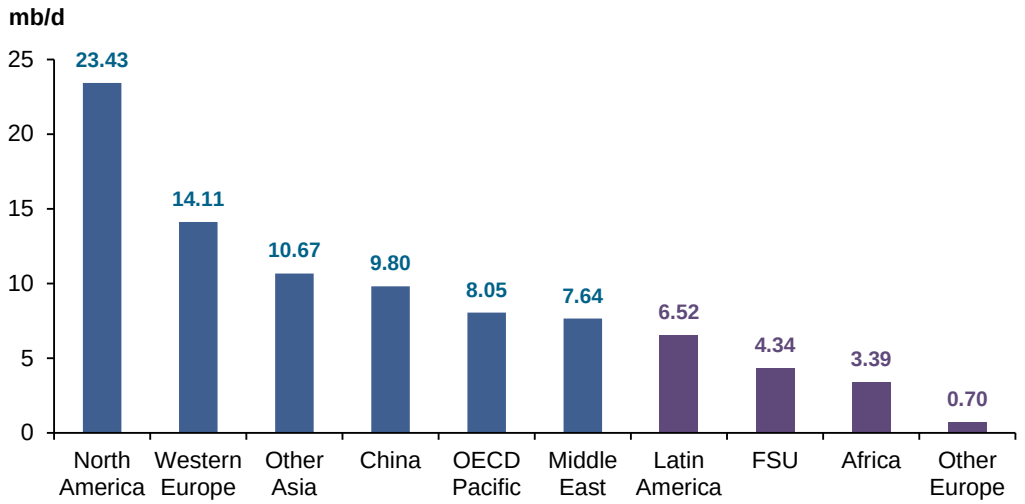
The latest monthly US oil consumption data for January shows a 4.3% y-o-y contraction, the second-highest (after December 2011) observed since July 2009. The usage of some industrial and transportation fuels, especially distillates and gasoline, accounted for the bulk of this contraction. The first quarter was generally quite disappointing for consumption, showing contractions in all product categories, especially motor gasoline, distillates and residual fuel oil. The main factors influencing consumption were ongoing economic concerns, relatively high fuel prices and a warmer-than-usual winter. In weekly terms, preliminary data for February and March indicates similar contractions in consumption, with March demand plunging by more than 1 mb/d. The outlook for consumption in 2012 remains rather pessimistic, and will depend on the development of the economy and the price levels of transportation fuel. US oil consumption is a factor that imposes a major risk to the total world oil demand forecast this year.

The latest available data for January indicates that Canadian oil demand remained flat, compared with last year. The positive contribution to oil consumption from transportation fuels was offset by a decline in industrial fuel usage, especially naphtha.

The latest reported February Mexican oil consumption shows a slight decrease of around 0.7%, compared with the same month last year. Increases in the transportation product categories did not offset the huge decrease in residual fuel oil demand, as a result of fuel-switching to natural gas.

For the whole of 2012, North American oil demand is forecast to contract by 0.1 mb/d y-o-y to average 23.4 mb/d.

Graph 4.3: World oil demand by regions for 2012



US auto sales continued to accelerate sharply in March, despite high fuel prices, and this served as an indicator of an improving overall economic outlook. The month's auto sales rose by approximately 13% from a year earlier. Higher demand for cars, as a result of an improving economy, unusually warm weather and the replacement of ageing vehicles, were the main reasons behind this large growth. The current high fuel prices have been supporting accelerated demand for smaller cars, as consumers turn towards more fuel-efficient vehicles.

The latest available Canadian data shows vehicle sales in that country grew at a high rate of 11.2% in February y-o-y. This marked the fifth consecutive monthly growth. The reason for this growth was an increasing number of consumers replacing their vehicles with revamped or fuel-efficient cars and trucks.

According to the Mexican Automobile Industry Association, that country's auto production, sales and exports grew by a strong 24.9%, 11.5% and 24.9% respectively y-o-y in February. Exports to Brazil more than doubled in the first two months of 2012 y-o-y, while the gains reflected the robust state of the Mexican auto industry.

Table 4.4: World oil demand forecast for 2012, mb/d

							Change 2012/11	
	2011	1Q12	2Q12	3Q12	4Q12	2012	Growth	%
North America	23.55	23.18	23.33	23.70	23.51	23.43	-0.12	-0.51
Western Europe	14.35	13.93	13.90	14.50	14.09	14.11	-0.24	-1.70
OECD Pacific	7.89	8.66	7.32	7.81	8.40	8.05	0.16	2.04
Total OECD	**45.79**	**45.76**	**44.54**	**46.01**	**46.00**	**45.58**	**-0.20**	**-0.45**
Other Asia	10.47	10.55	10.71	10.59	10.84	10.67	0.20	1.94
Latin America	6.36	6.31	6.50	6.68	6.59	6.52	0.17	2.60
Middle East	7.46	7.48	7.54	7.92	7.59	7.64	0.18	2.35
Africa	3.37	3.42	3.41	3.28	3.44	3.39	0.02	0.52
Total DCs	**27.65**	**27.76**	**28.16**	**28.47**	**28.45**	**28.22**	**0.56**	**2.03**
FSU	4.24	4.23	4.08	4.50	4.54	4.34	0.10	2.42
Other Europe	0.69	0.69	0.65	0.69	0.76	0.70	0.00	0.66
China	9.41	9.43	9.98	9.81	9.98	9.80	0.39	4.15
Total "Other regions"	**14.34**	**14.35**	**14.71**	**15.00**	**15.28**	**14.84**	**0.50**	**3.47**
Total world	**87.78**	**87.88**	**87.42**	**89.49**	**89.74**	**88.64**	**0.86**	**0.97**
Previous estimate	87.77	87.84	87.41	89.50	89.74	88.63	0.86	0.98
Revision	0.01	0.03	0.01	-0.01	0.00	0.01	0.00	0.00

Totals may not add up due to independent rounding.

OECD — Europe

OECD Europe oil demand to decline by 0.24 mb/d in 2012

The Euro-zone debt crisis has been suppressing the region's energy consumption. Following a massive 1.6% decline in European oil use last year, it is forecast that the trend will continue throughout this year. Nevertheless, the short- and medium-term development of European oil consumption will be determined mostly by the continuing debt problems of several European economies. Recent available data indicates that consumption contracted again in February, for the sixth month in a row. This was a consequence of the weak economy in the region. February consumption in Germany, France, Italy and the United Kingdom fell, as a result of decreasing demand for industrial fuels, due to weak industrial activity, and shrinking transportation fuel demand. Another reason was the relatively high retail petroleum product prices, which were exacerbated by high taxation. European 'Big Four' oil demand decreased by 0.26 mb/d in February, compared with the same month last year. The Big Four's oil consumption of industrial and transportation fuels accounted for the bulk of these decreases.

OECD Europe's oil demand is forecast to decline by 0.24 mb/d in 2012, to average 14.1 mb/d.

Table 4.5: Europe Big 4* oil demand, mb/d

	Feb 12	Feb 11	Change from Feb 11	Change from Feb 11 %
LPG	481	496	-16	-3.2
Gasoline	1,108	1,191	-83	-7.0
Jet/Kerosene	723	726	-3	-0.4
Gas/Diesel oil	3,271	3,396	-125	-3.7
Fuel oil	402	440	-38	-8.7
Other products	1,163	1,155	8	0.7
Total	**7,148**	**7,404**	**-256**	**-3.5**

** Germany, France, Italy and the UK.*

According to the latest figures from the European Automobile Manufacturer's Association, European new passenger car registrations decreased in February for the fifth consecutive month, by 9.7% y-o-y — marking the biggest fall for more than a year. During the first two months of 2012, sales were down by 8.3%, compared with last year. All major markets decreased. France and Italy recorded double-digit downturns of 20.2% and 18.9% respectively, while Spain and the UK fell by a relatively mild 2.1% and 2.5%. The German market remained stable, with no change.

This year, the European auto market will almost certainly be dominated by economic concerns and austerity measures in several countries influencing future trends for smaller, more fuel-efficient cars. Expectations for 2012 show a decreasing market, as much as 6% y-o-y, depending on the magnitude of the sovereign debt crisis in the region.

Table 4.6: First and second quarter world oil demand comparison for 2012, mb/d

			Change 2012/11				Change 2012/11	
	1Q11	1Q12	Volume	%	2Q11	2Q12	Volume	%
North America	23.81	23.18	-0.63	-2.64	23.35	23.33	-0.03	-0.11
Western Europe	14.20	13.93	-0.27	-1.91	14.12	13.90	-0.22	-1.56
OECD Pacific	8.35	8.66	0.31	3.73	7.12	7.32	0.20	2.86
Total OECD	**46.35**	**45.76**	**-0.59**	**-1.27**	**44.59**	**44.54**	**-0.04**	**-0.10**
Other Asia	10.33	10.55	0.21	2.04	10.52	10.71	0.19	1.80
Latin America	6.16	6.31	0.15	2.50	6.34	6.50	0.17	2.63
Middle East	7.32	7.48	0.15	2.11	7.38	7.54	0.16	2.21
Africa	3.42	3.42	0.00	0.11	3.39	3.41	0.02	0.60
Total DCs	**27.24**	**27.76**	**0.52**	**1.92**	**27.63**	**28.16**	**0.54**	**1.95**
FSU	4.13	4.23	0.10	2.43	3.97	4.08	0.11	2.81
Other Europe	0.69	0.69	0.00	-0.19	0.65	0.65	0.01	0.78
China	9.13	9.43	0.30	3.31	9.54	9.98	0.45	4.67
Total "Other regions"	**13.95**	**14.35**	**0.40**	**2.88**	**14.15**	**14.71**	**0.56**	**3.97**
Total world	**87.54**	**87.88**	**0.34**	**0.38**	**86.36**	**87.42**	**1.06**	**1.22**

Totals may not add up due to independent rounding.

Table 4.7: Third and fourth quarter world oil demand comparison for 2012, mb/d

			Change 2012/11				Change 2012/11	
	3Q11	3Q12	Volume	%	4Q11	4Q12	Volume	%
North America	23.61	23.70	0.08	0.35	23.43	23.51	0.08	0.34
Western Europe	14.78	14.50	-0.27	-1.85	14.30	14.09	-0.21	-1.48
OECD Pacific	7.73	7.81	0.08	1.06	8.35	8.40	0.05	0.60
Total OECD	**46.12**	**46.01**	**-0.11**	**-0.24**	**46.09**	**46.00**	**-0.08**	**-0.18**
Other Asia	10.37	10.59	0.22	2.15	10.64	10.84	0.19	1.79
Latin America	6.51	6.68	0.18	2.72	6.42	6.59	0.16	2.53
Middle East	7.71	7.92	0.21	2.70	7.41	7.59	0.18	2.37
Africa	3.25	3.28	0.03	0.85	3.42	3.44	0.02	0.54
Total DCs	**27.84**	**28.47**	**0.64**	**2.28**	**27.91**	**28.45**	**0.55**	**1.96**
FSU	4.39	4.50	0.11	2.58	4.45	4.54	0.08	1.91
Other Europe	0.69	0.69	0.01	1.15	0.76	0.76	0.01	0.88
China	9.37	9.81	0.44	4.70	9.60	9.98	0.37	3.87
Total "Other regions"	**14.44**	**15.00**	**0.56**	**3.88**	**14.81**	**15.28**	**0.46**	**3.13**
Total world	**88.40**	**89.49**	**1.09**	**1.23**	**88.80**	**89.74**	**0.93**	**1.05**

Totals may not add up due to independent rounding.

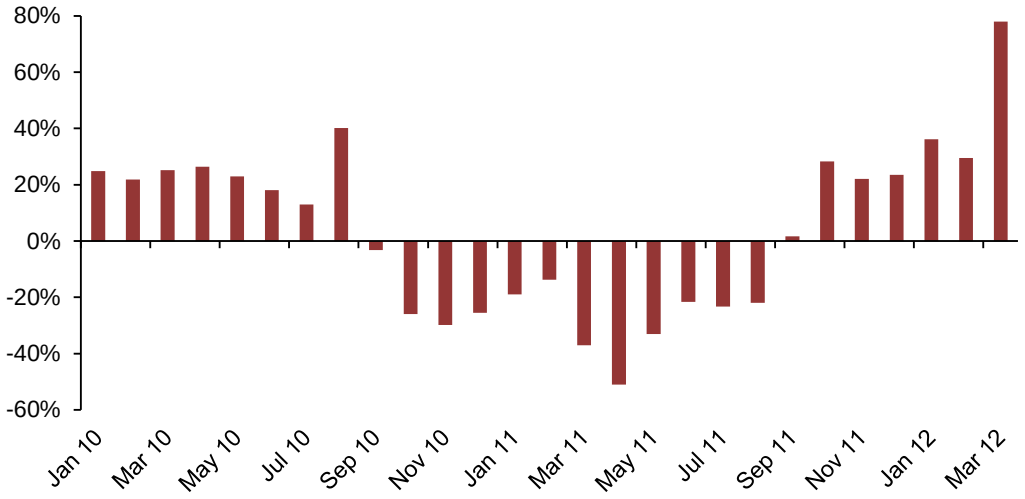
OECD Pacific oil demand to grow 0.16 mb/d in 2012

Last year's Japanese earthquake disaster has caused the country's oil demand to increase this year. Not only have the rebuilding efforts been supporting higher oil consumption, but the shutdown of nuclear plants has also required the use of oil in several power plants. The latest February monthly data is dominated by huge increases in crude direct use and residual fuel oil, as a result of the shutdown of almost all the Japanese nuclear plants (51 out of 52). In addition, stricter stress-tests, as one of several conditions for their restarting, and the use of direct crude and residual fuel burning for electricity production are expected to increase further throughout the year. Power plants are using crude — although only those crudes with a low sulphur content — fuel oil and liquefied natural gas (LNG) for electricity power-generation. Moreover, driven by increases in mileage and the number of vehicles, as a result of government incentives, transportation fuel consumption increased as well. Finally, kerosene and jet fuel consumption rose also for the first time in the last 12 months.

In South Korea, the use of oil in January decreased by 0.9% y-o-y; strong declines in residual fuel oil, jet fuel and gasoline were partly offset by increasing naphtha, liquefied petroleum gas (LPG) and gasoline requirements. The decline in oil use was attributed mostly to economic activity.

OECD Pacific oil consumption grew by 0.1 mb/d during 2011. Demand is expected to rise again in 2012, by 0.16 mb/d, while the bulk of the increase will result from direct crude/fuel oil burning for electricity-generation and substitution for nuclear plants in Japan. Driven by strong tax incentives and subsidies, Japanese auto sales continued to rise strongly in March, by a remarkable 78%. This trend has been seen for the past five months. Japanese auto demand is expected to rise sharply this year, partly due to higher sales in tsunami-hit areas, where thousands of cars were destroyed, and as a result of generous government efforts to stimulate demand. The incentives especially favour energy-efficient and high-tech vehicles. South Korean domestic car sales fell by 9.8% y-o-y, as a result of lower industrial demand. Nevertheless, the country's auto exports rose by a strong 17% during February

Graph 4.4: Japanese new passenger car registrations, y-o-y % changes

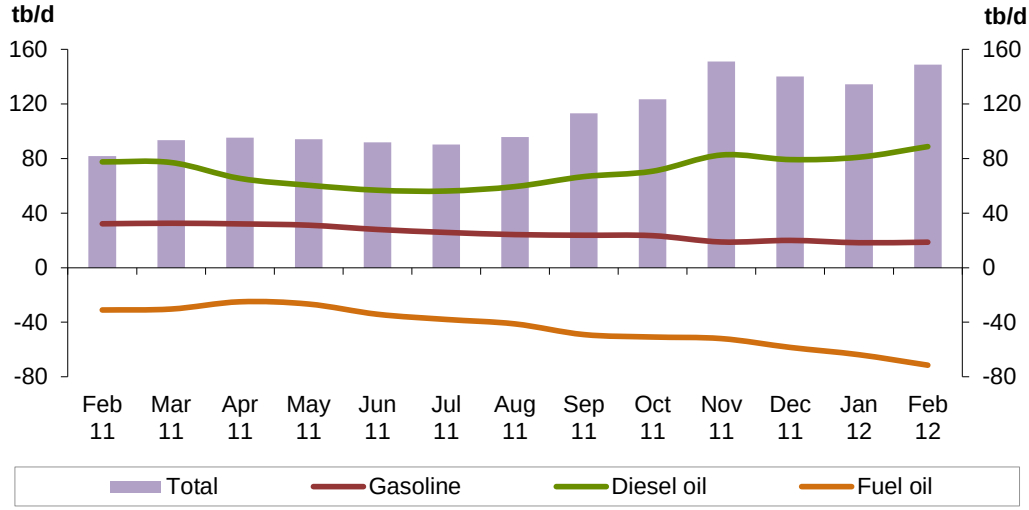


Developing countries

Developing countries' oil demand growth forecast at 0.6 mb/d in 2012

Indian oil demand growth for February hit a strong 7.4% y-o-y. This was the largest rate of growth since November. Diesel oil demand grew the most, adding another 0.17 mb/d to the total diesel consumption pool. Diesel is the most consumed petroleum product in India, with consumption estimated at 1.6 mb/d. It is consumed not only by the industrial and transportation sectors, but also by the agricultural sector. Diesel usage accounts for 42% of total oil demand in India. Gasoline is also an important product consumed in India, totaling 0.38 mb/d. Naphtha demand grew robustly in February, resulting from increasing operations in the petrochemical industry.

Graph 4.5: Yearly changes in Indian oil demand, 12 month moving averages



India's oil demand to grow by 0.12 mb/d

Since mid-2010, India has deregulated retail prices for some petroleum products; however, companies cannot increase retail prices without government permission. Recently, the government has been hesitant to allow oil companies to pass on the hike in international oil prices to end-users. This move has been objected to by oil companies and is, to a certain degree, affecting oil demand positively.

For 2012, India's oil demand is expected to grow by 0.12 mb/d.

According to the Society of Indian Automobile Manufacturers, domestic passenger car sales increased by 13.1% in February y-o-y. This was the fourth consecutive month of growth and the highest rate for ten months. Discounts, lower interest rates, increased customer liquidity and generally improved sentiment were some of the factors behind these strong increases, which occurred despite high fuel prices.

Table 4.8: Consumption of petroleum products in Indonesia, tb/d

	Jan 12	Jan 11	Change	Change, %
LPG	160	143	17	11.5
Gasoline	466	422	44	10.3
Jet/Kerosene	87	93	-6	-6.0
Gas/Diesel Oil	454	460	-6	-1.4
Fuel Oil	48	51	-4	-7.0
Other Products	23	26	-3	-13.0
Total	**1,237**	**1,196**	**41**	**3.4**

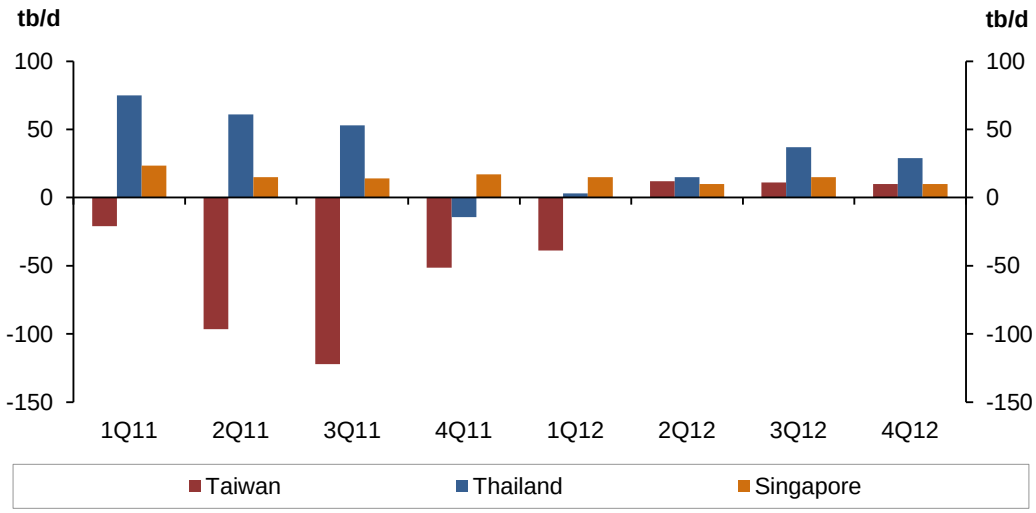
Source: JODI.

Given the healthy economic outlook in most of the Other Asia region, oil demand growth estimated at 0.2 mb/d in 2012

Indonesia is the second-largest oil-consumer in 'Other Asia' after India and its consumption is growing. The country's January oil demand grew by 3.4% y-o-y, averaging 1.2 mb/d. Diesel consumption was the largest contributor, averaging 0.45 mb/d in January. As for the year, Indonesian oil demand is forecast to inch up by 1.6% y-o-y.

Given the healthy economies in most of Other Asia, this region's oil demand growth is estimated at 0.2 mb/d y-o-y.

Graph 4.6: Oil consumption in selected Asian countries, y-o-y growth

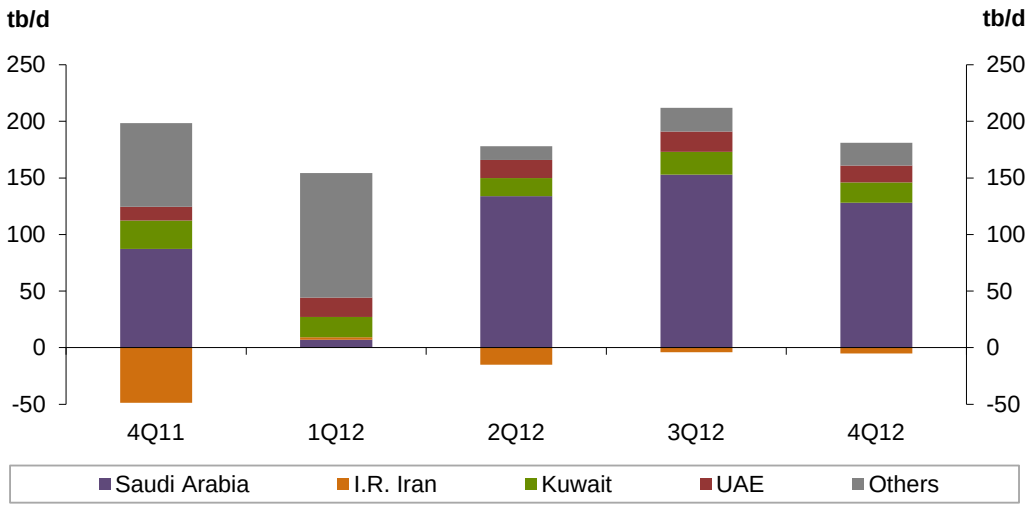


Middle East oil demand to grow by 2.4% in 2012

Winter-time is low season for electricity demand in Saudi Arabia; hence, oil demand was down dramatically. Both fuel and crude oil consumption by power plants declined by 170 thousand barrels a day (tb/d) in February y-o-y. This decreased total oil-usage by 5.8% in the same month. Iran, the second-largest oil-consuming country in the Middle East after Saudi Arabia, maintained the same level of oil consumption in February. Following many months of decline, gasoline demand grew strongly in February, adding another 0.07 mb/d to total oil demand. Iranian oil demand averaged 1.5 mb/d during that month.

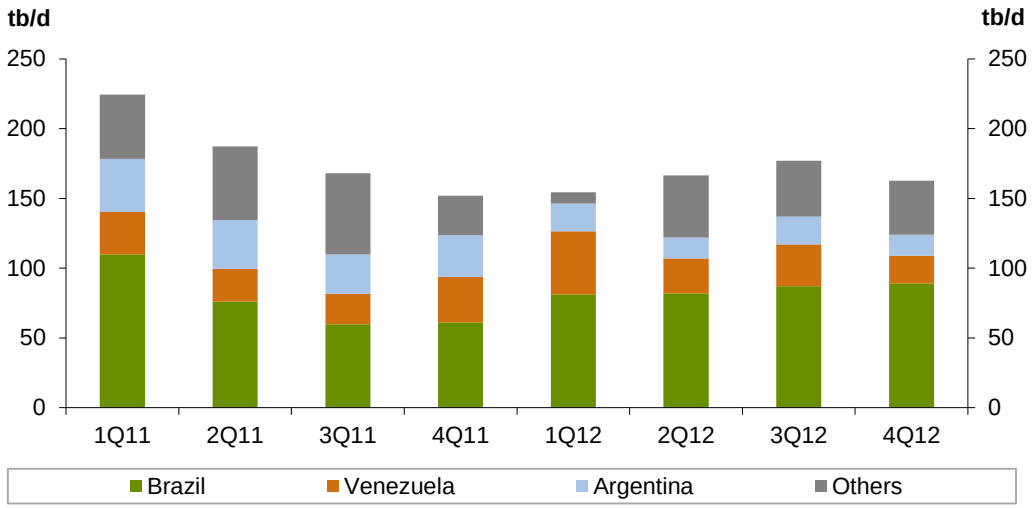
Middle East oil demand is forecast to grow by 2.4%, averaging 7.6 mb/d in 2012.

Graph 4.7: Yearly oil demand growth in the Middle East



Strong gasoline consumption hiked Brazilian oil demand by 6% in January y-o-y. Gasoline demand grew by 23%, adding another 116 tb/d to the country's total oil demand pool. This increase in the country's oil demand came about despite the massive slide in petroleum alcohol usage for fuel.

Graph 4.8: Yearly oil demand growth in the Latin America



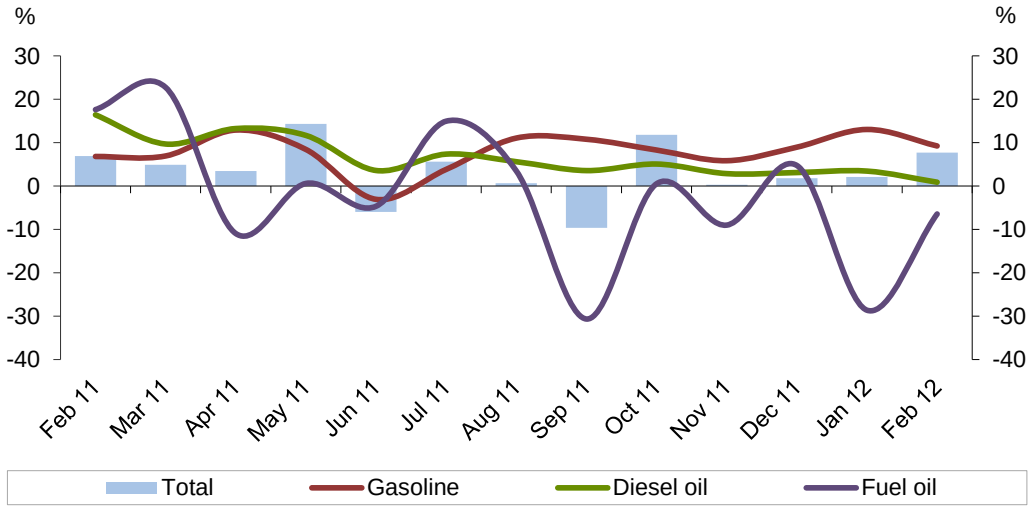
Developing countries' oil demand growth is forecast at 0.6 mb/d y-o-y to average 28.2 mb/d in 2012.

Other regions

China's oil demand to grow by 0.4 mb/d or 4.2%

China has been floating domestic oil product prices to some degree, using a certain formula, and this mechanism has exposed end-users to international oil prices. However, this does not apply to all products and the government tends to delay increases to avoid high inflation. China has been importing a significant amount of oil in the past two months. This has mostly ended up in storage. The country's monthly oil imports rose by 18.6% in February y-o-y. In February alone, China stored 0.8 mb/d of crude and products. This stockpiling has been seen since November. On average, China stored 0.56 mb/d, or 68 mb, of oil over the past four months. Almost 57% of the stored oil is diesel. Based on our methodology, stored oil is not counted as part of the country's consumption. Hence, China's oil demand growth for February is forecast at 0.67 mb/d y-o-y, averaging 9.7 mb/d.

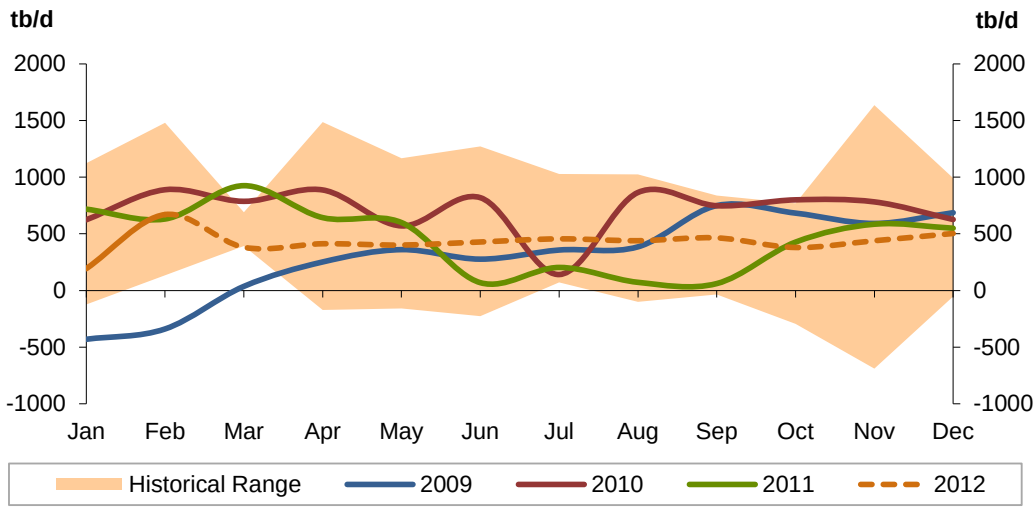
Graph 4.9: Changes in Chinese main oil products apparent consumption, y-o-y



The country's oil demand for the year is forecast to grow by 0.4 mb/d, or 4.2%. This trend is similar to what has been seen over the past few years.

Data from the China Association of Automobile Manufacturers shows that the country's automobile sales rebounded by a strong 26.5% in February, following a huge decline in January, which has been affected by the week-long Lunar New Year holiday. In the first two months of 2012, Chinese auto sales fell by 4.4% as a result of not only the holiday, but also the slowing economy, increasing fuel prices and government moves towards curbing GDP growth.

Graph 4.10: Changes in Chinese apparent oil demand, y-o-y



World Oil Supply

Non-OPEC

Estimate for 2011

Non-OPEC supply grew by 90 tb/d in 2011

Non-OPEC oil supply is estimated to have averaged 52.39 mb/d in 2011, an increase of 90 tb/d over the previous year. This constitutes an overall upward revision from the previous *Monthly Oil Market Report (MOMR)* of 50 tb/d and mostly concerns revisions to 2H11 supply estimates. It is supported mainly by North and Latin America, while all the other regions' supply either remained steady or declined. North America's supply experienced the largest growth among all the non-OPEC regions, of 0.52 mb/d, and this was followed by Latin America with an increase of 80 tb/d over the previous year. FSU oil supply experienced minor growth of 30 tb/d. The biggest decline came from OECD Western Europe, with a drop of 330 tb/d, or 8%. OECD Pacific supply had the second-largest drop, followed by the Middle East and Other Asia, while Africa's supply remained steady. On a quarterly basis, non-OPEC supply in 2011 is estimated at 52.72 mb/d, 52.00 mb/d, 52.12 mb/d and 52.73 mb/d respectively.

Graph 5.1: Regional non-OPEC supply growth, y-o-y

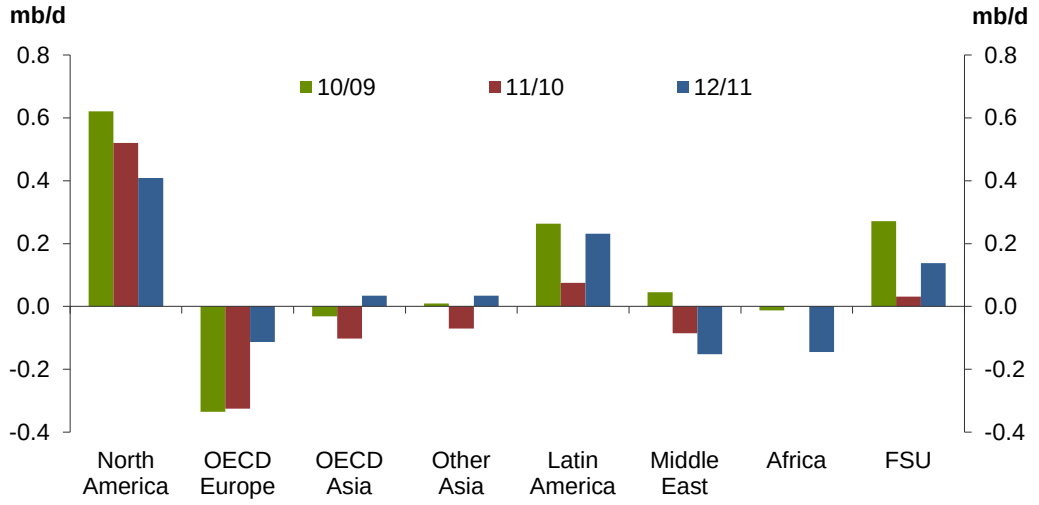


Table 5.1: Non-OPEC oil supply in 2011, mb/d

	2010	1Q11	2Q11	3Q11	4Q11	2011	Change 11/10
North America	14.99	15.29	15.20	15.53	16.01	15.51	0.52
Western Europe	4.39	4.31	4.06	3.85	4.06	4.07	-0.33
OECD Pacific	0.60	0.49	0.49	0.50	0.53	0.50	-0.10
Total OECD	**19.99**	**20.09**	**19.75**	**19.88**	**20.61**	**20.08**	**0.09**
Other Asia	3.70	3.70	3.56	3.61	3.64	3.63	-0.07
Latin America	4.67	4.70	4.68	4.73	4.86	4.74	0.08
Middle East	1.78	1.81	1.69	1.72	1.56	1.69	-0.09
Africa	2.59	2.61	2.60	2.60	2.54	2.59	0.00
Total DCs	**12.73**	**12.82**	**12.53**	**12.67**	**12.59**	**12.65**	**-0.08**
FSU	13.22	13.32	13.25	13.23	13.23	13.26	0.03
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	4.12	4.22	4.19	4.08	4.04	4.13	0.01
Total "Other regions"	**17.48**	**17.68**	**17.58**	**17.44**	**17.40**	**17.53**	**0.04**
Total Non-OPEC production	**50.20**	**50.59**	**49.87**	**49.99**	**50.60**	**50.26**	**0.06**
Processing gains	2.10	2.13	2.13	2.13	2.13	2.13	0.03
Total Non-OPEC supply	**52.30**	**52.72**	**52.00**	**52.12**	**52.73**	**52.39**	**0.09**
Previous estimate	52.30	52.70	51.96	52.07	52.61	52.34	0.03
Revision	0.00	0.02	0.04	0.05	0.11	0.05	0.05

Revisions to the 2011 estimate

There have been a few revisions to non-OPEC oil supply estimates for 2011, mostly upward compared with the previous month, with the majority affecting the second half of the year. Supply estimates for the US, Indonesia, Bahrain and Yemen were revised up. The revisions were introduced to adjust for updated production data. US oil supply in the fourth quarter of the year was revised up by 60 tb/d from the previous *MOMR*, resulting in the highest quarterly production level in a decade. Across the year, this averaged 9.02 mb/d, an increase of 380 tb/d over the previous year, and it constituted the highest growth among all the non-OPEC countries. Indonesia's supply estimate for 2011 was also revised up, by 20 tb/d, from the previous month and was spread across all quarters, to reflect updated production data. Similarly, updated data for Bahrain's and Yemen's production necessitated adjustments. Brazil's supply remained steady, compared with the previous *MOMR*, with a decline of 30 tb/d in 2011; this decline came after several years of growth, due to limited conventional oil growth and a decline in biofuels production.

Forecast for 2012

Non-OPEC supply Is forecast to average 52.97 mb/d in 2012, slightly higher than the previous MOMR

Non-OPEC supply is expected to increase by 0.58 mb/d to average 52.97 mb/d in 2012, representing an upward revision of 30 tb/d from the previous *MOMR*. However, the forecast growth experienced a downward revision of 30 tb/d from last month, as the historical upward revision to the 2011 supply estimate influenced the growth in 2012. In absolute terms, total non-OPEC oil supply is expected to be higher than in the previous assessment. Compared with the previous month, the undertaken upward revisions had an impact in the first, third and fourth quarters of 2012, while the second-quarter supply outlook encountered a downward revision. The first-quarter projection experienced the largest upward revision, driven mainly by adjustments to actual production data, as well as changes to some countries' supply profiles. The OECD supply forecast had the highest upward revision, while Developing Countries experienced the largest downward adjustment from the previous MOMR. On a regional basis, North America's supply is expected to witness the highest growth among all the non-OPEC regions in 2012, followed by Latin America and the FSU, while Middle East supply is expected to experience the largest decline, followed by Africa and OECD Europe. On a quarterly basis, non-OPEC supply is expected to average 52.81 mb/d, 52.68 mb/d, 52.97 mb/d and 53.43 respectively.

Table 5.2: Non-OPEC oil supply in 2012, mb/d

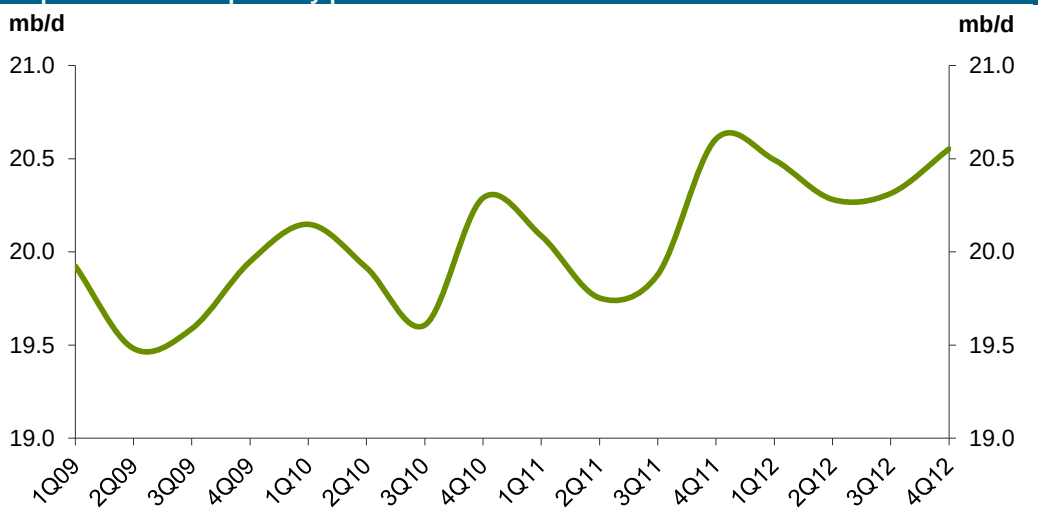
	2011	1Q12	2Q12	3Q12	4Q12	2012	Change 12/11
North America	15.51	15.88	15.83	15.93	16.03	15.92	0.41
Western Europe	4.07	4.10	3.90	3.83	3.99	3.95	-0.11
OECD Pacific	0.50	0.51	0.56	0.55	0.52	0.54	0.03
Total OECD	**20.08**	**20.49**	**20.28**	**20.31**	**20.55**	**20.41**	**0.33**
Other Asia	3.63	3.63	3.66	3.67	3.69	3.66	0.03
Latin America	4.74	4.91	4.96	5.00	5.03	4.98	0.23
Middle East	1.69	1.50	1.54	1.56	1.56	1.54	-0.15
Africa	2.59	2.39	2.41	2.49	2.49	2.44	-0.15
Total DCs	**12.65**	**12.43**	**12.56**	**12.72**	**12.77**	**12.62**	**-0.03**
FSU	13.26	13.40	13.33	13.38	13.46	13.39	0.14
Other Europe	0.14	0.14	0.14	0.15	0.15	0.14	0.01
China	4.13	4.16	4.17	4.22	4.30	4.22	0.08
Total "Other regions"	**17.53**	**17.70**	**17.65**	**17.75**	**17.91**	**17.75**	**0.23**
Total Non-OPEC production	**50.26**	**50.62**	**50.49**	**50.78**	**51.24**	**50.78**	**0.52**
Processing gains	2.13	2.19	2.19	2.19	2.19	2.19	0.06
Total Non-OPEC supply	**52.39**	**52.81**	**52.68**	**52.97**	**53.43**	**52.97**	**0.58**
Previous estimate	52.34	52.74	52.71	52.96	53.37	52.95	0.61
Revision	0.05	0.07	-0.03	0.01	0.06	0.03	-0.03

OECD

OECD supply to grow by 0.33 mb/d in 2012, the highest in more than a decade

Total OECD oil supply is forecast to grow by 0.33 mb/d and average 20.41 mb/d in 2012, indicating an upward revision of 70 tb/d from the previous *MOMR*. The expected increase in OECD supply is the highest in more than a decade and is more than 300 tb/d above the average growth of the past five years. The anticipated strong output increase from North America lies behind this, supported by projected growth in the US and Canada. Additionally, minor growth is expected from the OECD Pacific, which is seen to support OECD output in 2012. On the other side of the Atlantic, the OECD Europe forecast experienced a minor downward revision from the previous *MOMR*. The upward revisions to individual countries' supply profiles more than offset the downward revisions. All quarters in 2012 experienced an upward revision from the previous *MOMR*, with the first-quarter forecast seeing the highest change, followed by the fourth quarter. On a quarterly basis, OECD oil supply is seen to average 20.49 mb/d, 20.28 mb/d, 20.31 mb/d and 20.55 mb/d respectively. According to preliminary data, total OECD oil production averaged 20.50 mb/d in January and February, an increase of 0.45 mb/d from the same period a year ago.

Graph 5.2: OECD's quarterly production



North America

North America's oil supply is projected to increase by 0.41 mb/d and average 15.92 mb/d in 2012, indicating an upward revision of 100 tb/d from the previous *MOMR*. The forecast supply growth for the US and Canada is seen to more than offset the reduced decline of Mexico and drive the healthy supply increase for the region. On a quarterly basis, the region's oil supply in 2012 is expected to stand at 15.88 mb/d, 15.83 mb/d, 15.93 mb/d, and 16.03 mb/d respectively.

US

Caesar/Tonga project started up

US oil supply is seen to increase by 290 tb/d to average 9.31 mb/d in 2012, indicating an upward revision of 50 tb/d from the previous *MOMR*. The upward revision has affected all quarters, with the first quarter experiencing the highest revision. Updated production data for the fourth quarter of 2011, which displayed healthy production levels, and preliminary production data for the early part of the year required the upward revision in the first quarter, where output turned out to be higher than anticipated. Furthermore, reports suggested that the active US oil and gas rigs increased by more than 15% in February, compared with the previous year, which partly supported the undertaken revision. Moreover, the improved speed of permit approvals and issuing have added to the positive indicator for the US output projection in 2012. On a quarterly basis, US oil supply is expected to average 9.28 mb/d 9.26 mb/d, 9.30 mb/d and 9.38 mb/d respectively.

The start-up of the Caesar/Tonga oil project, which is expected to reach around 40 tb/d by year-end, supported the upward revision to the US oil supply forecast in 2012. Moreover, the strong NGL supply experienced in the fourth quarter of 2011 supported the perception of healthy output in 2012 and encouraged the upward revision.

Additionally, reports suggested that oil and gas permits would reach a 27-year high in Texas in 2012, driven by the shale development which is seen to positively influence the total US oil outlook. However, the risk to the forecast remains high on weather-related issues during the hurricane season, in addition to other factors. Furthermore, midstream issues could cause difficulties for the increase in oil supply from shale development, which is seen as the main driving source of US growth in 2012. According to preliminary data, US oil supply is estimated to have averaged 9.28 mb/d in the first quarter of 2012, an increase of 0.52 mb/d from the same quarter a year ago.

Canada and Mexico

Horizon restarted after a shutdown of more than a month

Canada's oil production is expected to increase by 160 tb/d and average 3.71 mb/d in 2012, representing an upward revision of 30 tb/d from the previous *MOMR*. This upward revision partly reflects healthy production levels during the early parts of 2012. The restart of the Horizon project in mid-March, following an unplanned outage of more than a month, supported the upward revision. Moreover, an active producer at the Canadian Bakken formation announced a strong capital expenditure increase in 2012, which is expected to support production. Additionally, new data suggested that output at the Long Lake project has reached improved levels, which supported the adjustment. The upward revision came about despite the unplanned maintenance of one of the Fort McMurray upgraders, where the operator reported that maintenance would not affect the annual output level. On a quarterly basis, Canada's oil supply is expected to average 3.67 mb/d, 3.68 mb/d, 3.73 mb/d and 3.77 mb/d respectively. According to preliminary data, output averaged 3.71 mb/d during January and February 2012, which is 150 tb/d higher than the same period a year earlier.

Mexico's supply to decline by 40 tb/d in 2012

Oil supply from **Mexico** is expected to average 2.90 mb/d in 2012, indicating a decline of 40 tb/d from the previous year and representing an upward revision of 20 tb/d from last month. The upward revision was introduced partly to adjust for updated production data during the first quarter, which was stronger than anticipated. The upward revision was carried over to the rest of the quarters, as the national operator expected Mexico's supply to increase in 2012. Additionally, the operator expected production to increase at the Cantarell field in 2012, after eight years of decline, by enhanced production methods, as well as gas-injection. According to preliminary data, Cantarell's oil supply increased in February from January, when output was at its lowest level for more than ten years. On a quarterly basis, Mexican oil supply is expected to average 2.93 mb/d, 2.89 mb/d, 2.90 mb/d and 2.89 mb/d respectively.

Western Europe

OECD Western Europe's oil production is projected to decline by 110 tb/d in 2012 from last year to average 3.95 mb/d, indicating a downward revision of 30 tb/d over the previous *MOMR*. The bulk of the downward revision came from updated production data in the early part of 2012 that was partially carried over throughout the year, in addition to changes to individual countries' supply profiles. The anticipated decline is lower than in the previous year, as maintenance and unplanned outages are expected to be less in 2012. Oil output from the region's main producers is expected to decline in 2012. On a quarterly basis, OECD Western Europe's supply is seen to stand at 4.10 mb/d, 3.90 mb/d, 3.83 mb/d and 3.99 mb/d respectively.

Gaupe and Marulk started up

Norway's oil supply is predicted to decrease by 60 tb/d and average 1.97 mb/d in 2012, indicating an upward revision of 10 tb/d from the previous *MOMR*. This revision was experienced in the first and fourth quarters of 2012. The first-quarter's revision came about on the back of updated production data that was slightly higher than expected. The start-up of the Gaupe and Marulk condensate fields supported the upward revision. The adjustment happened despite the short shutdown of Statfjord C on the back of a toxic gas leak. The North Sea April loading programme indicated higher output from the Norwegian fields. Despite the upward revision, Norway's oil supply forecast remains associated with high risk, mainly on technical and decline rate issues. On a quarterly basis, it is expected to average 2.07 mb/d, 1.93 mb/d, 1.90 mb/d and 1.99 mb/d respectively. According to preliminary data, it averaged 2.09 mb/d in January and February, a drop of around 90 tb/d from the same period of 2011.

Elgin and Valhal shutdowns

The UK's oil output is forecast to average 1.07 mb/d in 2012, a decline of 50 tb/d from the previous year and a downward revision of 30 tb/d from the previous month. This

required downward revision to UK supply forecast

revision has affected all quarters, with a stronger effect on the first-half estimate. Updated production data for the early part of the year indicated lower output than expected. Furthermore, the shutdown of the Elgin field, due to a gas leak, strongly influenced the revision, as did the shutdown of the Valhal project. According to April's loading programme, three-to-four cargos were either cancelled or delayed, due to field shutdowns. On the other hand, the UK Government is working on creating a better fiscal system for operating companies to improve oil extraction. The country's oil supply forecast is subject to further revision in the coming months, since reports suggested a prolonged shutdown of the Elgin field. On a quarterly basis, it is seen to stand at 1.13 mb/d, 1.06 mb/d, 1.01 mb/d and 1.09 mb/d respectively. And, according to preliminary data, it averaged 1.11 mb/d during January and February, indicating a decline of 190 tb/d from the same period of 2011.

Denmark's oil supply is estimated to average 0.21 mb/d in 2012, down 20 tb/d from the previous year and unchanged from the last *MOMR*. The steady state came about despite a downward revision in the first-quarter supply estimate on the back of updated production data. The first-quarter adjustment, compared with the previous *MOMR*, did not affect the annual figure.

OECD Pacific

OECD Pacific's oil production is projected to average 0.54 mb/d in 2012, an increase of 30 tb/d over the previous year and steady from the previous evaluation. Despite the unchanged level of supply, the OECD oil supply outlook experienced a downward revision during the first quarter that did not affect the annual figure. On a quarterly basis, its supply is expected to average 0.51 mb/d, 0.56 mb/d, 0.55 mb/d and 0.52 mb/d respectively.

Cyclone Lua shuts down many fields

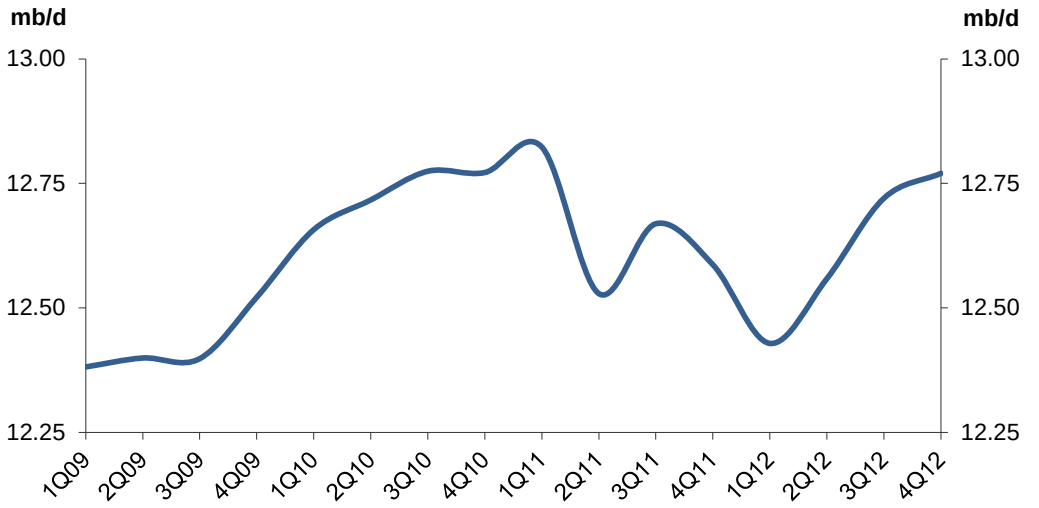
Australian oil output is seen to rise by 30 tb/d to average 0.45 mb/d in 2012, unchanged from the previous *MOMR*. There was a minor downward revision to the first-quarter forecast that did not affect the annual level. This revision was introduced because of the lost output from the precautionary shutdown of the North Western fields, as tropical Cyclone Lua passed. Fields such as Enfield, Vincent, Cossack, Hermes, Wanaea, Lambent and others were shut down briefly. On a quarterly basis, Australian supply is seen to average 0.43 mb/d, 0.46 mb/d, 0.46 mb/d and 0.43 mb/d respectively.

Developing Countries

DC supply almost steady in 2012, to average 12.62 mb/d

Total Developing Countries' (DCs') oil production is expected to remain almost steady in 2012, with a minor decline of 30 tb/d from the previous year, to average 12.62 mb/d, indicating a downward revision of 110 tb/d from the previous *MOMR*. This revision came about from the oil supply forecasts for Latin America, Middle East and Africa, while Other Asia's supply projection remained steady. Latin America remains the region that is expected to experience significant growth in 2012 among all the DC regions, while the outlook for the others is to either decline or remain steady. The downward revision affected all quarters and came mostly from Africa. It was introduced to adjust for preliminary production data, as well as changes to various countries' supply elements and some political developments. On a quarterly basis, the DCs' total oil supply is expected to stand at 12.43 mb/d, 12.56 mb/d, 12.72 mb/d and 12.77 mb/d respectively. According to preliminary data, it declined by 400 tb/d on average for January and February, compared with the same period a year earlier, mainly due to political factors.

Graph 5.3: Developing Countries' quarterly production



India increased output tax by 80%

Other Asia's oil production is expected to remain almost steady in 2012, compared with last year, with a minor increase of 30 tb/d, and unchanged from the previous *MOMR*. There were minor upward and downward revisions that affected the first-quarter estimate, but which mostly offset one another. Vietnam's oil production is expected to increase by 40 tb/d in 2012, to average 0.39 mb/d. The improvement in the Te Giac Trang field's output supported the expected supply increase. Reports suggested that output there rose to 40 tb/d by the first quarter, and it is expected to reach the peak of 55 tb/d during the third quarter. India's oil supply is forecast to average 0.90 mb/d in 2012, a minor increase of 20 tb/d over the previous year. The Mangala field's oil development is expected to support growth; however, the recent government move to increase taxation on output by 80% could hinder progress with the supply increase. The restart of the Galoc field in the Philippines, after the planned shutdown for refurbishment of the floating, production, storage and offload vessel (FPSO), is seen to support supply. On a quarterly basis, Other Asia's supply is seen to stand at 3.63 mb/d, 3.66 mb/d, 3.67 mb/d and 3.69 mb/d respectively.

Malaysia's oil supply is forecast to decline by 10 tb/d in 2012, to average 0.63 mb/d. This decline is expected to be slower than in the previous year, since output is expected to improve from certain fields. The increase in production from the Tapis and Kikeh fields is predicted to support Malaysia's oil supply during the year. Indonesia's oil production is anticipated to drop by 30 tb/d and average 0.99 mb/d in 2012. Continuing local protests at the Cepu project area is seen as hindering the development of the field. According to preliminary data, Indonesia's oil supply declined by 30 tb/d on average during January and February, compared with the same period last year. On a quarterly basis, its supply is forecast to average 0.99 mb/d in all quarters.

Colombian supply forecast revised down on continued pipeline attacks

Latin America's oil output is projected to increase by 0.23 mb/d to average 4.98 mb/d in 2012, indicating a downward revision of 20 tb/d from last month. Argentina's production is seen to remain steady in 2012 and average 0.72 mb/d, a minor drop of 10 tb/d from last year. According to preliminary data, its supply declined by 20 tb/d, compared with the previous *MOMR*. The downward revision came about in the first quarter, on the back of updated production data for the early part of the year, where output was lower than expected. This revision was partly carried over to the rest of the year. The repeated pipeline attacks affected output during the first quarter, with February production below that of January. The Cano Limon-Covenas pipeline has been attacked almost 15 times between the beginning of this year and mid-March. On the other hand, the national hydrocarbon agency announced that Colombia's oil supply will reach the 1.0 mb/d mark by May. On a quarterly basis, Latin American supply is expected to average 4.91 mb/d, 4.96 mb/d, 5.00 mb/d and 5.03 mb/d respectively.

Brazil's Frade field shutdown in March

Brazil's oil supply is expected to increase by 0.17 mb/d to average 2.80 mb/d in 2012, indicating a minor upward revision of less than 10 tb/d from the previous *MOMR*. The upward revision affected the first quarter on updated production data. During the first two months, the country's oil supply increased by 200 tb/d from the same period last year. Newly discovered seep at the Frade field pushed the operator to request a temporary shutdown of the field. Accordingly, it was shut in March, bringing output down by around 60 tb/d. It is not clear when the field will restart production. The Albacora field in Campos basin suffered from a fire and a spill of drilling fluid, which was controlled immediately. The start-up of testing at Cernambi FPSO Cidade de Sao Vicente helped to slightly offset the drop from Frade. Brazil's largest oil-producer announced a reduction of capital expenditure for 2012, which could have a negative impact on output. However, other national operators announced forecasts of healthy production growth in 2012, which offset some of the negative developments. On a quarterly basis, Brazil's supply is seen to stand at 2.79 mb/d, 2.78 mb/d, 2.81 mb/d and 2.83 mb/d respectively.

Another pipeline attack brings Yemen supply forecast down

The **Middle East's** oil production is expected to decline by 0.15 mb/d, to average 1.54 mb/d in 2012, indicating a downward revision of 20 tb/d from the previous month. This adjustment came from the situation in Yemen, while other producers' supply forecasts remained steady. Bahrain's oil supply is expected to average 0.22 mb/d in 2012, steady from the previous year. Updated historical data for 2011 indicated an output increase from a Bahraini field which affected the 1Q12 estimate. Oman's production is expected to average 0.93 mb/d in 2012, an increase of 40 tb/d over last year. Omani officials announced that output would grow in April, mainly on an expected addition from Harweel's enhanced oil recovery (EOR). Syria's production is expected to average 0.22 mb/d in 2012, a drop of 0.15 mb/d from the previous *MOMR*, and this is driven by the ongoing political turmoil. Yemen's oil supply outlook for 2012 has been revised down by 20 tb/d from the previous *MOMR*. This is partly due to an adjustment to updated production data in the early part of the year. Attacks on a pipeline in Shabwa in early April supported the downward revision. On a quarterly basis, Middle East supply is expected to average 1.50 mb/d, 1.54 mb/d, 1.56 mb/d, and 1.56 mb/d respectively.

Sudan and South Sudan's supply outlook revised down further

Africa's oil supply is projected to decline by 0.15 mb/d, to average 2.44 mb/d in 2012, indicating a downward revision of 60 tb/d from the previous *MOMR*. Downward revisions were introduced for Congo's, Sudan and South Sudan's as well as Other Africa's supply forecasts, while the production outlook for Equatorial Guinea was revised up. The downward revisions for Congo and Other Africa were made to adjust for updated production data in the first quarter that was partly carried over to the rest of the year. Sudan and South Sudan's oil supply is expected to decline by 0.17 mb/d and average 0.26 mb/d in 2012, representing a downward revision of 50 tb/d from the previous *MOMR*. A downward revision was seen in all quarters, with the first quarter experiencing a smaller revision than the others. Intense fighting across the border partly drove the downward revision. Yet Sudanese officials maintained that the Heglig field and oil infrastructure were not affected. Sudan announced a plan to increase production by 80 tb/d by the end of the year. A South Sudan top negotiator announced that the country hoped to resolve the row over oil and other issues within a month or two. However, a Sudanese negotiator provided a bleak outlook for the dispute to be resolved in near future. The Tsimiroro project in Madagascar is expected to start up by the end of 2012. On a quarterly basis, Africa supply is expected to average 2.39 mb/d, 2.41 mb/d, 2.49 mb/d and 2.49 mb/d respectively.

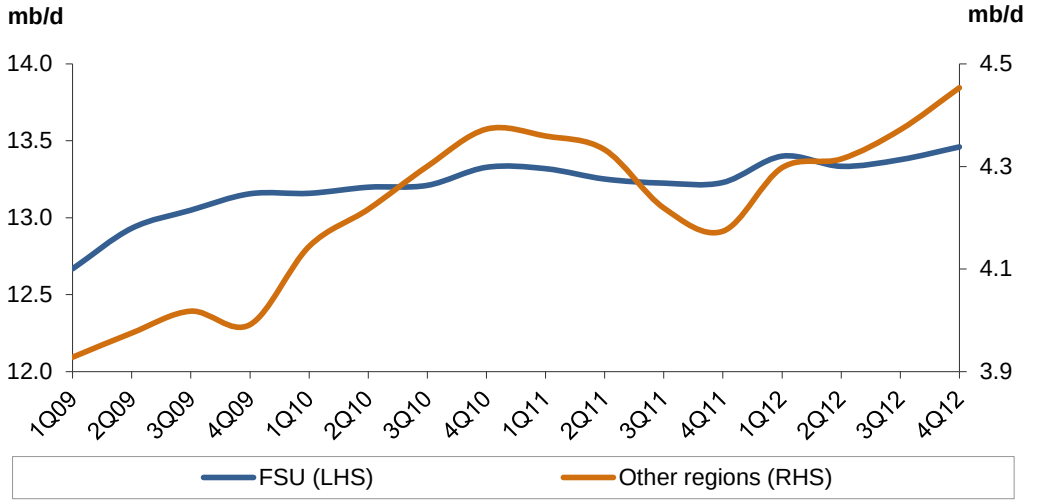
FSU, Other Regions

FSU supply to grow by 140 tb/d in 2012 to average13.39 mb/d

Total FSU oil supply is expected to increase by 140 tb/d to average 13.39 mb/d in 2012, indicating an upward revision of 20 tb/d from last month. The minor upward revision came from Russia's and Other FSU's oil supply forecasts. Updated production data during the first quarter was the main driver of this month's revisions. The risk and uncertainty of the forecast remain high for the FSU's forecast. The expected increase in FSU supply remains close to the five-year growth average of 0.24 mb/d. All major FSU producers are expected to experience supply growth in 2012 or remain steady, with no decline forecast for any producer. On a quarterly basis, total supply in the FSU is expected to stand at 13.40 mb/d, 13.33 mb/d, 13.38 mb/d and 13.46 mb/d respectively.

'Other Europe' output is seen to increase by 10 tb/d and average 0.14 mb/d in 2012, steady from the previous *MOMR*. China's oil supply is projected to grow by 80 tb/d to average 4.22 mb/d in 2012.

Graph 5.4: FSU and other region's quarterly production



Russia

Russian production reached new high in March

Russia's oil supply is forecast to increase by 90 tb/d, to average 10.35 mb/d in 2012, indicating a minor upward revision of 10 tb/ from the previous report. This revision was to adjust for updated production data in the first quarter and was partly carried over to the rest of the year. Supply reached a record-high in March, as did production in the first quarter. Despite the upward revision, the operator of the Prirazlom field hinted at a possible start-up delay in the second half of the year, due to taxation issues. The Vankor oil field produced 335 tb/d until March, which was 20% higher than in the same period a year earlier, and this supported the upward revision. The risk to the Russia's supply forecast remains high on technical, political and natural decline factors. A big portion of its supply comes from the West Siberian brown field, where new technologies are needed to mitigate the natural decline. The current high price level is supporting companies' efforts to apply new techniques. On a quarterly basis, Russian supply is seen to avera ge 10.35 mb/d, 10.33 mb/d, 10.35 mb/d and 10.37 mb/d respectively. Preliminary data indicates that its production stood at 10.36 mb/d, up 10 tb/d from last month.

Caspian

Tengiz field output to decline on maintenance in second quarter

Kazakhstan's oil output is expected to increase by 30 tb/d to average 1.63 mb/d in 2012, unchanged from the previous *MOMR*. However, upward and downward revisions offset one another. Its production is expected to decline in the second quarter from the first, with maintenance in the Tengiz field. According to preliminary data, its supply declined by 30 tb/d on average during January and February, compared with the same period last year. On a quarterly basis, this is expected to average 1.63 mb/d, 1.61 mb/d, 1.62 mb/d, and 1.65 mb/d respectively.

Azerbaijan's supply to average 0.97 mb/d in 2012

Azerbaijan's oil supply is projected to remain steady and increase by 10 tb/d to average 0.97 mb/d in 2012, unchanged from the previous report. The operator and partners of the Azeri–Chirag–Guneshli (ACG) field slashed the outlook for field production to below 1.0 mb/d. This was curtailed in the fourth quarter due to maintenance. The country's export programme indicated a healthy increase, as production returned to normal levels at the ACG. On a quarterly basis, Azerbaijan's supply is seen to average 0.97 mb/d, 0.95 mb/d, 0.96 mb/d, and 0.98 mb/d respectively. According to preliminary data, its average production declined by 40 tb/d in January and February from the same period last year.

China's production increased in February

China

China's oil production is seen to increase by 80 tb/d, to average 4.22 mb/d in 2012, indicating an upward revision of 50 tb/d from the previous month. Improved production figures from the first two months required the upward revision, which was partly carried over to the rest of the year. In February, production averaged 4.18 mb/d, slightly higher than in the previous month, supported by output from the Changqing and offshore fields. Additionally, an expected increase in the Panyu field's output supported the upward revision. Reports suggested that the Peng Lai field's output has restarted and that it is slowly returning to production, and that this has reached 50 tb/d.

OPEC natural gas liquids and non-conventional oils

OPEC NGLs and non-conventional oils are estimated to have averaged 5.29 mb/d in 2011, representing growth of 0.39 mb/d over the previous year. In 2012, OPEC NGLs are forecast to increase by a further 0.36 mb/d to average 5.65 mb/d.

Table 5.3: OPEC NGLs + non-conventional oils, 2008-2011

	2009	2010	Change 10/09	1Q11	2Q11	3Q11	4Q11	2011	Change 11/10	2012	Change 12/11
Total OPEC	**4.35**	**4.90**	0.55	5.12	5.26	5.37	5.42	**5.29**	0.39	**5.65**	0.36

OPEC crude oil production averaged 31.31 mb/d in March

OPEC crude oil production

Total OPEC crude oil production averaged 31.31 mb/d in March, according to secondary sources, an increase of 136 tb/d from last month. The crude oil output increased from Iraq, Libya, Nigeria, and Saudi Arabia, while crude production from Angola and Iran decline in March from the previous month.

Table 5.4: OPEC crude oil production based on *secondary sources*, tb/d

	2010	2011	3Q11	4Q11	1Q12	Jan 12	Feb 12	Mar 12	*Mar/Feb*
Algeria	1,258	1,256	1,258	1,252	1,239	1,241	1,239	1,238	*-1.3*
Angola	1,783	1,663	1,675	1,763	1,752	1,739	1,809	1,711	*-98.3*
Ecuador	475	490	486	494	492	493	493	489	*-4.2*
Iran, I.R.	3,706	3,621	3,607	3,563	3,407	3,456	3,419	3,348	*-71.2*
Iraq	2,401	2,667	2,682	2,669	2,702	2,670	2,653	2,778	*124.6*
Kuwait	2,297	2,532	2,592	2,673	2,697	2,709	2,681	2,698	*17.7*
Libya	1,559	462	47	562	1,222	1,036	1,260	1,372	*112.0*
Nigeria	2,061	2,110	2,183	2,026	2,068	2,052	2,063	2,089	*26.6*
Qatar	801	808	808	810	808	810	809	805	*-3.8*
Saudi Arabia	8,271	9,271	9,629	9,653	9,782	9,703	9,810	9,834	*23.8*
UAE	2,304	2,517	2,551	2,557	2,566	2,568	2,560	2,571	*11.3*
Venezuela	2,338	2,380	2,391	2,371	2,378	2,378	2,379	2,378	*-1.0*
Total OPEC	**29,254**	**29,776**	**29,909**	**30,393**	**31,113**	**30,855**	**31,176**	**31,312**	***136.1***
OPEC excl. Iraq	**26,854**	**27,109**	**27,227**	**27,724**	**28,412**	**28,185**	**28,523**	**28,534**	***11.6***

Totals may not add up due to independent rounding.

Table 5.5: OPEC crude oil production based on *direct communication*, tb/d

	2010	2011	3Q11	4Q11	1Q12	Jan 12	Feb 12	Mar 12	*Mar/Feb*
Algeria	1,184	1,173	1,164	1,180	..	1,225	1,207	..	..
Angola	1,691	1,618	1,646	1,685	1,734	1,727	1,721	1,754	*33.0*
Ecuador	475	500	494	503	..	504	503	..	..
Iran, I.R.	3,544	3,576	3,574	3,609	3,742	3,720	3,752	3,755	*3.0*
Iraq	2,358	2,653	2,684	2,638	2,628	2,647	2,541	2,691	*150.0*
Kuwait	2,312	2,660	2,755	2,909	2,995	2,942	3,014	3,031	*17.4*
Libya	1,487	462	75	697	1,296	1,120	1,368	1,403	*34.6*
Nigeria	1,968	1,896	1,889	1,836	1,911	1,822	2,003	1,913	*-90.8*
Qatar	733	734	731	733	745	742	750	743	*-6.9*
Saudi Arabia	8,166	9,311	9,601	9,736	9,883	9,871	9,854	9,923	*69.5*
UAE	2,324	2,565	2,573	2,549	2,602	2,520	2,608	2,679	*71.1*
Venezuela	2,779	2,795	2,775	2,809	2,794	2,773	2,785	2,824	*38.6*
Total OPEC	**29,020**	**29,942**	**29,961**	**30,883**	**..**	**31,612**	**32,107**	**..**	**..**
OPEC excl. Iraq	**26,662**	**27,290**	**27,277**	**28,245**	**..**	**28,965**	**29,566**	**..**	**..**

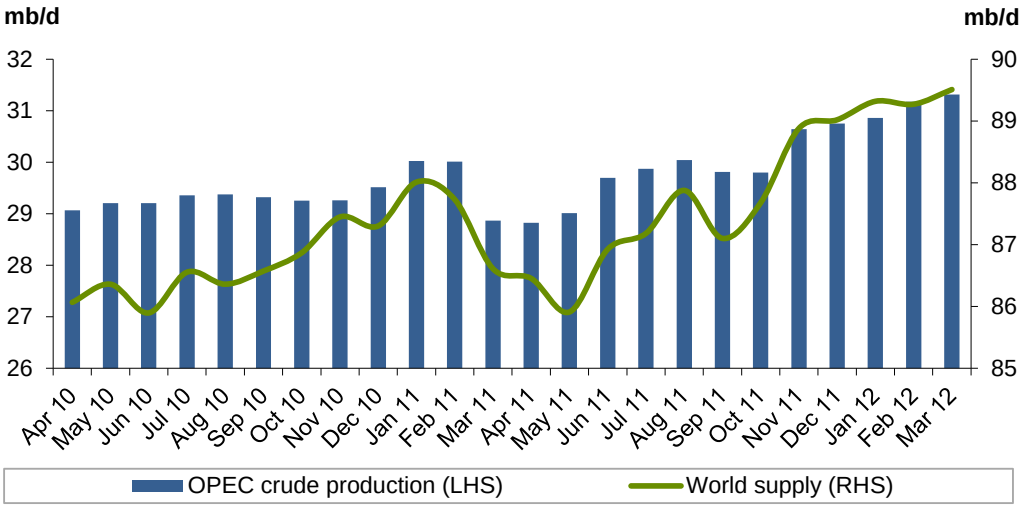
Totals may not add up due to independent rounding.
.. Not available

Global oil supply fell 0.29 mb/d in March

World Oil Supply

Preliminary figures indicate that global oil supply increased 0.24 mb/d in March to average 89.51 mb/d. Non-OPEC supply experienced an increase of 0.10 mb/d in March compared to the previous month. The share of OPEC crude oil production encountered a minor increase to 35% in March. The estimate is based on preliminary data for non-OPEC supply, estimates for OPEC NGLs and OPEC crude production based on secondary sources.

Graph 5.5: OPEC and world oil supply



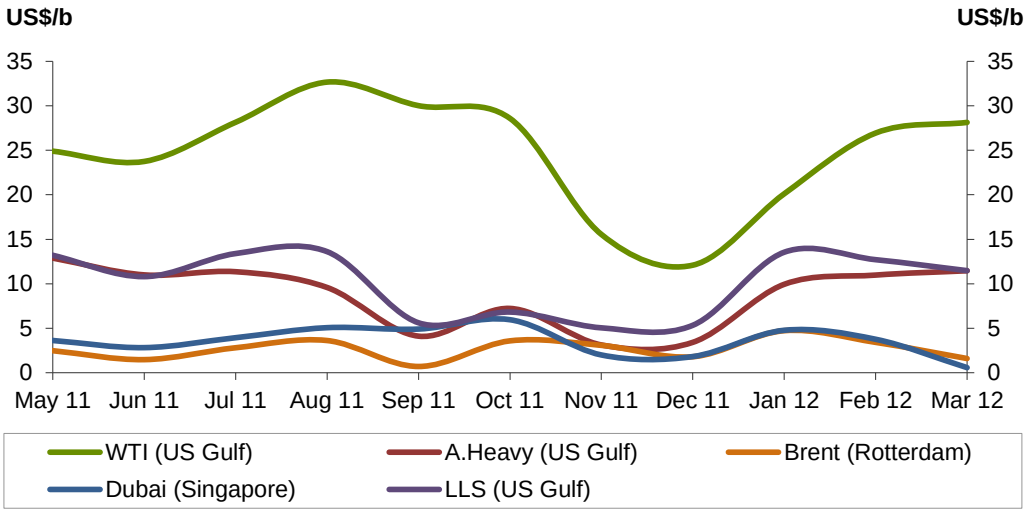
Product Markets and Refinery Operations

Bearish middle distillate market pushed down refinery margins worldwide

Product market sentiment showed a mixed performance in March, with gasoline continuing to recover despite lacklustre demand in the Atlantic Basin, on the back of export opportunities in a tight market. Meanwhile, middle distillates remained weaker worldwide, following disappointing demand during the winter season.

However, the continued recovery at the top of the barrel was outweighed by losses in the middle of the barrel and the increase in crude prices, causing refinery margins to fall across the globe.

Graph 6.1: Refining margins, 2011-2012



The margin for WTI crude on the US Gulf Coast exhibited a slight increase of $1 to stand at around $28/b in March, on the back of the positive development seen at the top of the barrel, with the gasoline crack climbing by almost $4/b.

Despite the deterioration in domestic demand, the US market continued to be supported by export opportunities to Latin America. However, the increase in margins was boosted by the WTI crude spot price being comparatively weaker than the prices of other regional grades.

The refinery margins for Light Louisiana Sweet (LLS) crude on the US Gulf Coast dropped by $1.2/b to around $11.5/b. This slight fall was representative of the refinery margin performance worldwide in March.

At the top of the barrel, the gasoline crack maintained the upward trend in Europe in March, with support from healthy arbitrage export opportunities, causing Amsterdam-Rotterdam-Antwerp (ARA) gasoline stocks to fall. Another supportive factor was that the market was tightening ahead of the shift from winter- to summer-grade gasoline.

Nevertheless, this gain at the top of the barrel was outweighed by the weakening product cracks, particularly for the middle of the barrel, which was caused by the disappointing demand for middle distillates during the warmer winter and the rise in crude prices. This cause refining margins in the region to continue to drop.

European refining margins posted a loss of $1.8/b over the previous month to stand at around $1.6/b.

Asian cracking margins tumbled over the month, as a strong rise in the Dubai crude spot price put pressure on product cracks across the barrel, with the worst development at the bottom, as weak regional demand amid higher arbitrage volumes flowing in from the West over the past two months kept regional supplies ample, further dampening fuel oil market sentiment.

On the distillate side, the Asian market remained balanced in a tighter environment, due to the heavy maintenance there at a time of stable regional demand. However, distillate cracks loss ground because of the expensive crude in the region, which, along with the loss in fuel oil cracks, made Singapore's refinery margins fall sharply, by more than $3.00 to 60¢/b, the lowest level in two years.

Refinery operations

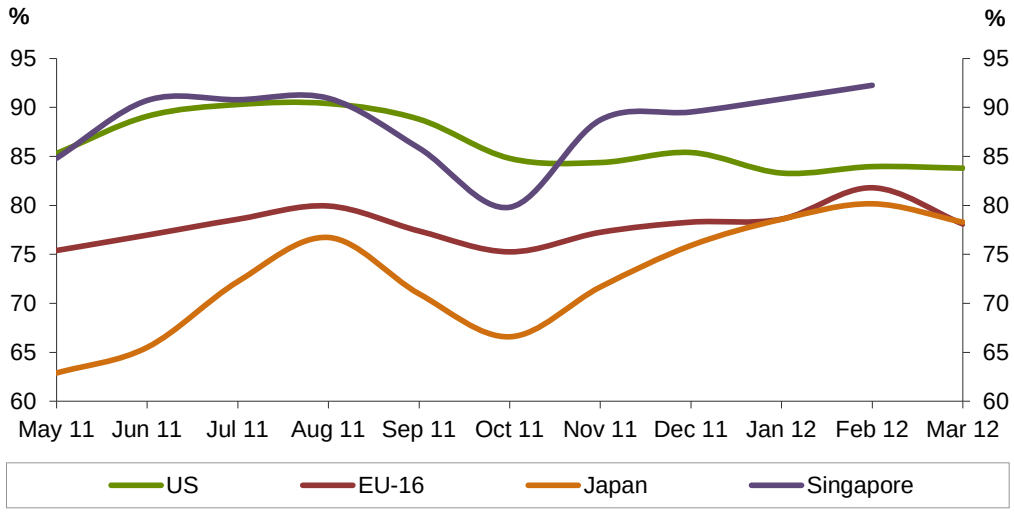
Moderate refinery runs ahead of the driving season

Despite lower domestic demand, the continued support provided by export opportunities, along with the relatively cheaper WTI crude prices, encouraged US refiners to keep run-levels high.

US refinery runs averaged 83.8% of capacity in March, just 0.2% lower than in the previous month, despite the shutdown of some refineries in the region.

Even with high refinery runs at a time of weaker domestic demand, distillate inventories continued falling during this period, as the poor middle distillate market made refineries shift their focus to gasoline ahead of the driving season.

Graph 6.2: Refinery utilization rates, 2011-2012



European refiners continued to operate at moderate throughputs in response to deteriorating margins, some maintenance or closures and more expensive crudes. Refinery runs dropped almost 4% to stand at 78%, with margins continuing to fall since January, despite the temporary tight situation in the market after the closure of several refineries in the region, since the continued increases in crude prices did not allow margins to recover. This bearish situation in the refinery business could encourage a reduction of runs during this maintenance season.

As demand growth slowed in the region, amid higher inflows from the West, Asian refineries reduced runs from the high levels seen in the previous months, falling from above 90% to around 87%, with heavy maintenance in mainly Korea and China.

Japanese throughput remained at around 78% of capacity in March.

US market

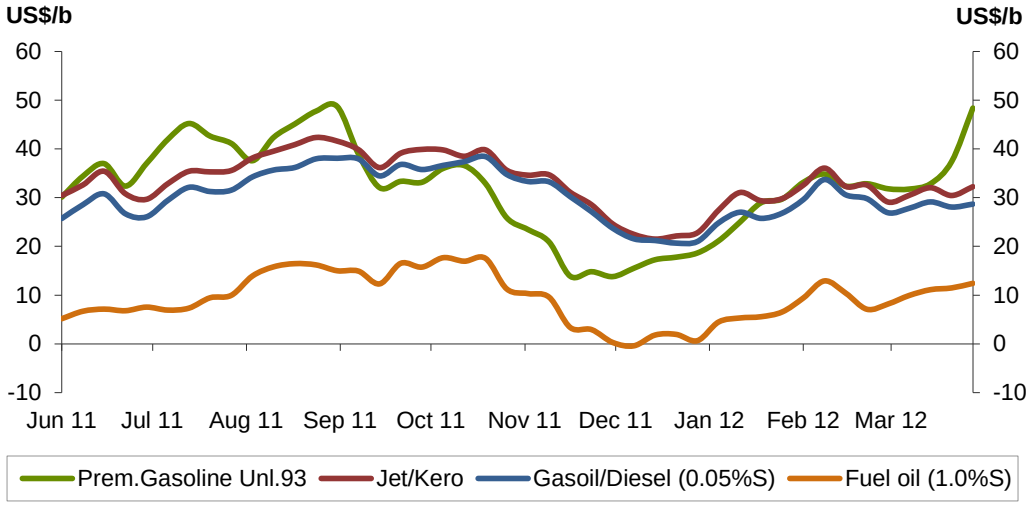
US refineries shifted focus to gasoline ahead of driving season

US gasoline demand continued to be on the low side, but recovered by around 280 tb/d from the previous month to stand at 8.6 mb/d in March. However, this still represented a decline of 178 tb/d from the same month a year earlier.

US gasoline demand was 2% below the year-ago level; however, despite a deterioration in domestic demand and above-average inventories, the gasoline crack spread continued to rise, on the back of stronger export opportunities to Latin America — mainly to Brazil, Ecuador, Mexico and Venezuela — in a tightening market.

The gasoline crack averaged $36.5/b in March, up by almost $4 over the previous month.

Graph 6.3: US Gulf crack spreads vs. WTI, 2011-2012



The bullish sentiment was fuelled by the loss of refining capacity in Europe and the US, generating a feeling of a tight gasoline market. This was boosted by additional supply concerns, such as falling gasoline stocks in Europe and the US, as well as some cracker unit outages and the seasonal switch in quality grade specifications ahead of the start of the driving season.

Middle distillate demand remained around 3.6 mb/d in March, unchanged from the previous month and marking a sharp decline of 430 tb/d from the same month last year.

Middle distillate demand fell 10% below year-ago levels, as heating oil demand remained below the seasonal norm during the winter, due to warmer-than-average temperatures. Diesel demand stayed weak, with the US Energy Information Administration's (EIA's) data showing a sharp decline in recent months and with high prices affecting end-users, who were switching to more efficient transportation systems, like the railway.

Weak demand was exerting pressure on the cracks. However, this was partly upset by the strong import requirements from South America and arbitrage opportunities to Europe, along with the shift in refineries to maximize gasoline output, instead of gasoil, and this caused inventories to continue falling and capped the losses in the margins.

The gasoil crack on the US Gulf Coast showed a loss of $2, to average $28/b in March.

Fuel oil cracks rose over the month and found support from arbitrage opportunities to send volumes to Asia and Latin America (Argentina and Peru), as well as from domestic demand for bunker fuel blending.

The fuel oil crack rose by $1 in March to average $10.4/b.

Lack of demand kept middle distillate cracks in free fall in Europe

European market

Product market sentiment showed a mixed performance, with middle distillates continuing bearish in Europe, following disappointing demand in the winter season, while gasoline continued to recover on the back of export opportunities in a tighter market.

The European gasoline market again showed an impressive performance over the month, on the back of stronger demand from South America, the Middle East and Africa and the relatively tight supplies in the region, ahead of the specification change from winter- to summer-grade gasoline at the beginning of April.

Another supporting factor was the expectation of increasing export opportunities to South America (this was mainly from increasing requirements from Brazil, due to a slow recovery in the ethanol market and insufficient refining capacity in the country, where

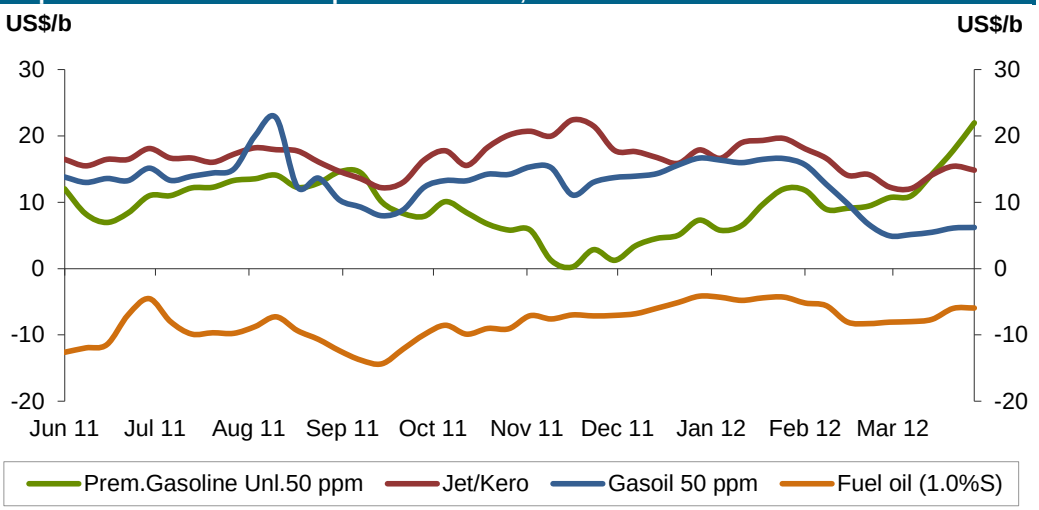
the ethanol shortage last year caused some 'flex-fuel' car-drivers to switch from biofuel to gasoline), as well as the prospect of higher US demand ahead of the driving season.

The gasoline crack spread against Brent crude increased by almost $5, despite the continually rising crude prices in March.

The naphtha market was unable to maintain the recovery seen last month, as the falling prices of the competitive petrochemical feedstock, propane, limited naphtha demand and exerted pressure on the cracks in both markets in Europe.

On the other hand, market sentiment failed to receive support from gasoline blending, despite a wider reforming margin and the buying interest from Brazil.

Graph 6.4: Rotterdam crack spreads vs. Brent, 2011-2012



Bearish factors in the European gasoil market kept the crack spread falling to levels not seen for years, and the impact was boosted by the increases in the Brent price.

The environment of a tight market, generated by the closures of some European refineries in recent months, was outweighed by disappointing heating oil demand caused by the warmer temperatures. The ultra-light sulfur diesel (ULSD) margins fell to its lowest level since the middle of last year and interest in gasoil buying in Northwest Europe remains muted, despite the approaching agricultural season, causing ARA's gasoil stocks to rise to higher levels.

Gasoil cracks were also negatively affected, as ample supplies weighed on market sentiment, due to the open arbitrage window from the US to Europe and rising Russian product exports. The gasoil crack spread against Brent crude at Rotterdam showed a sharp drop of $5, to stand at around $6/b.

At the bottom of the barrel, fuel oil could not recover the ground lost the month before, due to limited regional demand and unviable export opportunities to the East.

The Singapore fuel oil market remained weak, with the high product availability in the region preventing arbitrage flows from Europe. In addition, volumes from the Baltic Sea continued to move into Europe, despite ongoing refinery maintenance in Russia.

The Northwest European fuel oil crack spread against Brent showed a slight drop of 20¢ this month, to stand at minus $7.1/b.

Asian market

Higher crude prices affected product margins in Asia

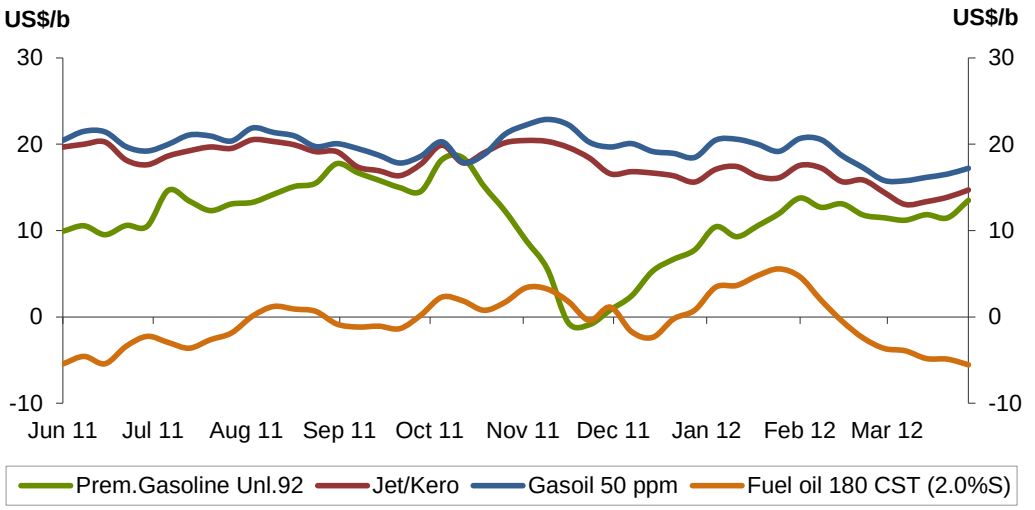
Asian cracking margins fell during March, as product cracks weakened across the barrel, with light distillates exhibiting a weak balance, while the bottom of the barrel continued losing ground due to the over-supply in the region. High crude prices also played a role.

Despite the continued rise in crude prices, the gasoline crack partly maintained the

recovery seen last month, on the back of strong regional demand in a tight market, due to the heavy maintenance in the region — mainly in Northeast Asia and with fewer inflows from the Middle East. However, the supply side saw some pressure from plentiful exports from India, which offset the support coming from stronger demand from Sri Lanka, Pakistan and Vietnam.

Naphtha cracks weakened as rising supplies — mainly from India — put pressure on cracks. This pressure was boosted by more arbitrage arrivals from the US and higher inflows from Europe, while the demand side remained lacklustre, due to some Asian cracker maintenance during this period.

Graph 6.5: Singapore crack spreads vs. Dubai, 2011-2012



The gasoline crack spread against Dubai crude in Singapore capped the loss at 60¢, to average around $11.9/b during March.

The middle distillate market remained quite well balanced, as refinery maintenance in Northeast Asia and the Middle East continued to keep gasoil supplies relatively tight — although this was counteracted by the culmination of Indian maintenance and the expectation of extensive capacity additions in the region.

Regional demand remained healthy, especially from Sri Lanka, Vietnam, Indonesia and the Philippines. However, the arbitrage opportunities to ship ULSD to Europe weakened, exerting pressure on the market, and the gasoil crack spread in Singapore against Dubai decreased by $2.3 to average around $16/b in March. This fall was attributed partly to the higher crude prices.

Singapore's fuel oil crack continued its downward trend, as sentiment soared, due to pressure from the supply side, on the back of heavy Western inflows and higher exports from the Middle East.

Marine fuel demand also failed to offer support, with Singapore bunker fuel sales falling to a two-year low, amid higher stocks. Demand from China for straight-run fuel oil also turned weaker.

The fuel oil crack spread in Singapore against Dubai fell by $4.5, to an average of around minus $4.6/b in March.

Table 6.1: Refinery operations in selected OECD countries

	Refinery throughput, mb/d			Refinery utilization, %		
	Feb12	Mar12	Mar/Feb	Feb12	Mar12	Mar/Feb
US	14.64	14.52	-0.12	83.96	83.80	-0.16
France	1.13	1.18	0.04	65.92	68.48	2.56
Germany	1.86	1.72	-0.14	77.07	71.12	-5.96
Italy	1.51	1.44	-0.07	64.61	61.44	-3.17
UK	1.45	1.39	-0.06	81.88	78.60	-3.28
Euro-16	10.72	10.24	-0.48	81.80	78.10	-3.70
Japan	3.79	3.70	-0.09	80.16	78.29	-1.88

Sources: OPEC statistics; Argus; Euroilstock Inventory Report; IEA; EIA/DoE; METI; PAJ

Table 6.2: Refined product prices, US$/b

		Jan 12	Feb 12	Mar 12	Change Mar/Feb
US Gulf (Cargoes):					
Naphtha		115.69	123.01	127.14	4.13
Premium gasoline	*(unleaded 93)*	127.28	135.20	143.49	8.29
Regular gasoline	*(unleaded 87)*	117.31	127.35	136.16	8.81
Jet/Kerosene		130.01	135.17	137.40	2.23
Gasoil	*(0.05% S)*	126.72	132.79	134.60	1.81
Fuel oil	*(1.0% S)*	106.01	112.11	117.43	5.32
Fuel oil	*(3.0% S)*	102.88	109.07	111.62	2.55
Rotterdam (Barges FoB):					
Naphtha		105.18	113.65	118.32	4.67
Premium gasoline	*(unleaded 10 ppm)*	119.56	129.29	141.01	11.72
Premium gasoline	*(unleaded 95)*	117.05	126.58	138.05	11.47
Jet/Kerosene		129.31	134.66	139.12	4.46
Gasoil/Diesel	*(10 ppm)*	136.45	142.59	148.01	5.42
Fuel oil	*(1.0% S)*	106.12	112.44	118.27	5.83
Fuel oil	*(3.5% S)*	105.87	109.08	111.72	2.64
Mediterranean					
Naphtha		102.08	111.13	115.82	4.69
Premium gasoline	*(50 ppm)*	119.74	128.88	140.57	11.68
Jet/Kerosene		123.26	129.30	133.59	4.28
Gasoil/Diesel	*(50 ppm)*	114.33	120.31	124.88	4.57
Fuel oil	*(1.0% S)*	107.13	113.94	119.09	5.15
Fuel oil	*(3.5% S)*	102.77	107.60	110.63	3.03
Singapore (Cargoes):					
Naphtha		104.82	114.29	119.33	5.04
Premium gasoline	*(unleaded 95)*	123.99	130.70	136.64	5.94
Regular gasoline	*(unleaded 92)*	120.69	128.63	134.48	5.85
Jet/Kerosene		126.70	132.46	136.18	3.72
Gasoil/Diesel	*(50 ppm)*	130.08	134.85	138.80	3.95
Fuel oil	*(180 cst 2.0% S)*	114.36	115.93	117.85	1.92
Fuel oil	*(380 cst 3.5% S)*	110.79	112.87	114.99	2.12

Tanker Market

Global and OPEC spot fixtures increased in March

According to preliminary data, OPEC spot fixtures increased by 1.87 mb/d in March over the previous month to average 12.21 mb/d. This increase was driven mainly by eastbound fixtures, supported by higher requirements from China, Japan, India and South Korea. Compared with the same month last year, these fixtures dropped by 8% in March. OPEC sailings, as per preliminary data, remained relatively steady in March from a month ago, with a minor increase of 40 tb/d to average 23.36 mb/d. Compared with the same month a year ago, they remained flat in March. Arrivals in Europe and the Far East increased by 30 tb/d each in March from the previous month, to average 12.07 mb/d and 8.38 mb/d respectively, while arrivals in the US and West Asia declined by 120 tb/d and 170 tb/d in the same period, to average 8.45 mb/d and 4.60 mb/d. Arrivals in all reported regions were down in March from the same month of 2011.

Table 7.1: Tanker chartering, sailings and arrivals, mb/d

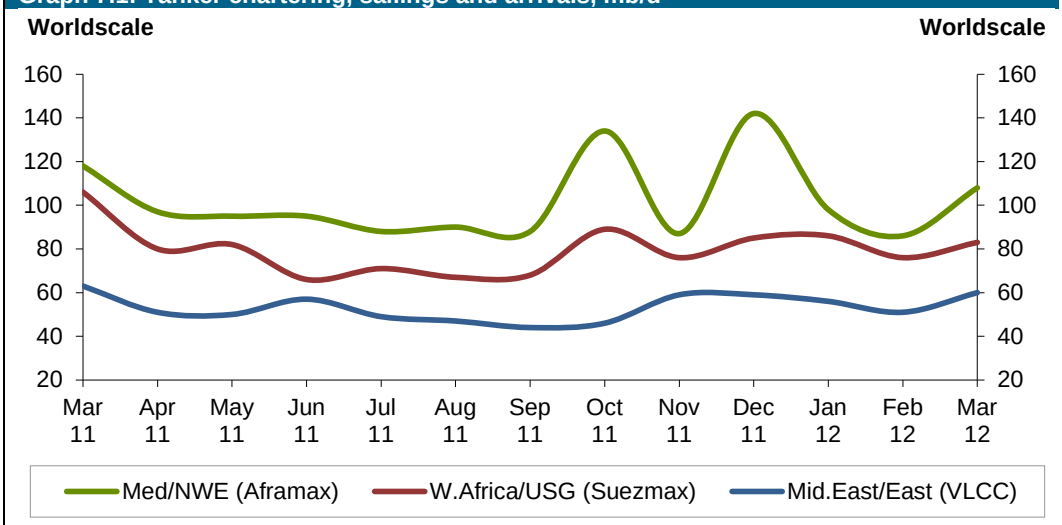
	Jan 12	Feb 12	Mar 12	*Change* Mar/Feb
Spot Chartering				
All areas	19.03	17.22	21.17	3.95
OPEC	10.95	10.34	12.21	1.87
Middle East/East	5.67	4.90	7.15	2.25
Middle East/West	1.35	1.99	1.43	-0.56
Outside Middle East	3.94	3.45	3.63	0.18
Sailings				
OPEC	23.26	23.32	23.36	0.04
Middle East	12.85	12.71	12.57	-0.14
Arrivals				
North America	8.65	8.57	8.45	-0.12
Europe	12.00	11.78	12.07	0.29
Far East	8.62	8.09	8.38	0.29
West Asia	4.41	4.77	4.60	-0.17

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

VLCC spot freight rates posted the highest gains

Spot freight rates for crude oil tankers increased in March across most reported routes. Average spot freight rates for **VLCC**s experienced the strongest gain, of 14%, in March, compared with the month before, to close at WS53 points. The average rates for Suezmax and Aframax gained 4% and 6% respectively in March over the previous month to close at WS76 and WS104 points. Healthy tonnage requirements from China, Japan, India and South Korea were partly behind the increase in crude spot freight rates in March.

Graph 7.1: Tanker chartering, sailings and arrivals, mb/d



The healthy gains in VLCC activity spilled over to other sectors and routes in March and supported average dirty spot freight rates on Suezmax and Aframax. Furthermore, changes in transatlantic trade dynamics, as well as perceived improvements in Mediterranean and Black sea liftings, supported the average spot freight rate gains on both Suezmax and Aframax.

Clean spot freight rates for developments were mixed in March, compared with the previous month, with most West-of-Suez rates closing down, while East-of-Suez rates remained almost flat.

VLCC spot freight rates for tankers operating on the Middle East-to-East route posted the high growth of 18% in March, compared with the previous month, to settle at WS60 points. Strong tonnage demand from China and other Asian importers supported these gains. Rates on the Middle East-to-Western destinations gained 9% in March from the previous month to settle at WS38 points. Improved tonnage demand from the US supported rates during the month. Rates for tankers operating from West Africa to Eastern ports increased by 13% in March from the previous month to settle at WS61 points, supported by the spillover effect from the Middle East's spot freight rates, as well as healthy tonnage demand from Asian importers. Compared with a year earlier, VLCC spot freight rates encountered declines in March on all reported routes.

Despite a minor monthly increase in the average **Suezmax** spot freight rate of 4% in March, spot freight rates for Suezmax operating on the North West Europe-to-the US route edged down by 1.4%, as a result of lower transatlantic trade due to increased US domestic production and a decline in North Sea crude oil output. The rates for tankers operating from West Africa to the US showed healthy gains of 12% in March over the previous month, supported by the effects of the VLCC rates and increased tonnage demand from Latin America to the East.

Aframax average spot freight rates increased by 6% in March from the previous month, supported by improved tonnage demand from the Black Sea and North Africa. Accordingly, intra-Mediterranean and Mediterranean-to-North West Europe Aframax spot freight rates closed up 26% and 26% respectively in March, compared with the month before. On the other hand, rates between the Caribbean and the US East Coast dropped by 15% in March, on the back of increased tonnage availability, as weather conditions in the Gulf Coast area improved. East of Suez, Aframax rates on the Indonesia-to-East route dropped by 1% in March from the month before, on the back of lower tonnage demand from Indonesian, as many refiners prepared for maintenance. On an annual basis, the reported Aframax spot freight rate displayed an average decline of 14% in March.

Table 7.2: Spot tanker crude freight rates, Worldscale

	Size *1,000 DWT*	Jan 12	Feb 12	Mar 12	Change Mar/Feb
Crude					
Middle East/East	230-280	56	51	60	9
Middle East/West	270-285	37	35	38	3
West Africa/East	260	59	54	61	7
West Africa/US Gulf Coast	130-135	86	76	83	7
NW Europe/USEC-USGC	130-135	73	69	68	-1
Indonesia/US West Coast	80-85	91	92	91	-1
Caribbean/US East Coast	80-85	116	129	109	-20
Mediterranean/Mediterranean	80-85	96	84	106	22
Mediterranean/North-West Europe	80-85	98	86	108	22

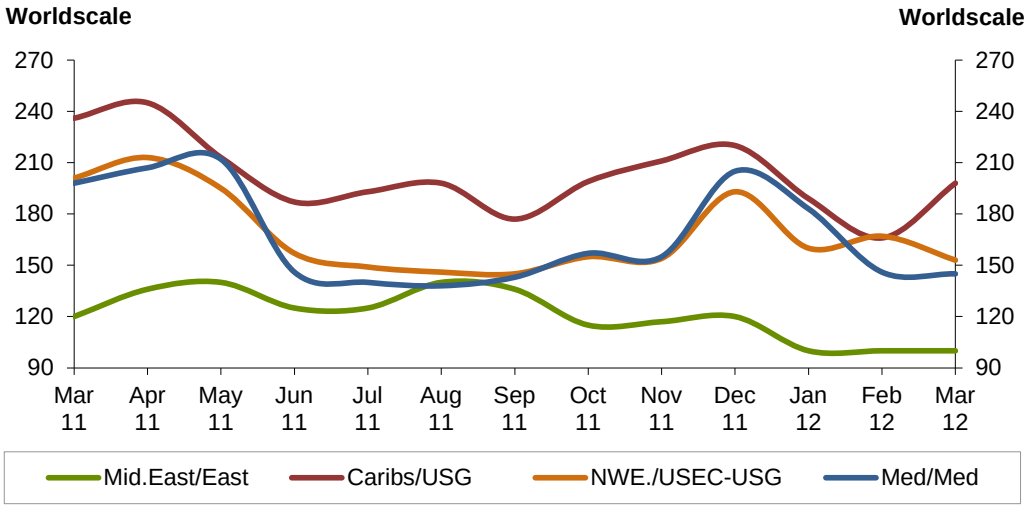
Source: Galbraith's Tanker Market Report and Platt's

Clean rates remained steady in March on anticipated lower refinery runs

Clean tanker market sentiment remained relatively steady in March, with only two reported increases in clean spot freight rates. On average, rates increased by 1% East of Suez and 3% West of Suez.

East of Suez, rates on selected routes from the Middle East to the East and Singapore to the East remained flat at WS100 points and WS120 points respectively in March. Balanced tonnage positions and steady naphtha trade were partly behind this steady state. Compared with a year earlier, rates from the Middle East to the East declined by 17% in March.

Graph 7.2: Monthly averages of clean spot freight rates



West of Suez, clean spot freight rates for units operating on the Caribbean-to-the-US route experienced the largest rate increase in March, 20% over the previous month, to settle at WS198 points. Improved product trade supported these rates, among other factors. Rates on other reported routes West of Suez declined in March. NW Europe-to-the US, intra-Mediterranean and Mediterranean-to-North West Europe rates fell by 8%, 1% and 1% respectively to settle at WS153, WS145 and WS155 in March, compared with the previous month. Tonnage availability and closed arbitrage partly contributed to the rate declines in March.

Table 7.3: Spot tanker product freight rates, Worldscale

	Size *1,000 DWT*	Jan 12	Feb 12	Mar 12	Change Mar/Feb
Products					
Middle East/East	30-35	100	100	100	0
Singapore/East	30-35	121	118	121	3
Caribbean/US Gulf Coast	38-40	189	166	198	32
NW Europe/USEC-USGC	33-37	160	167	153	-14
Mediterranean/Mediterranean	30-35	183	146	145	-1
Mediterranean/North-West Europe	30-35	191	156	155	-1

Source: Galbraith's Tanker Market Report and Platt's

Oil Trade

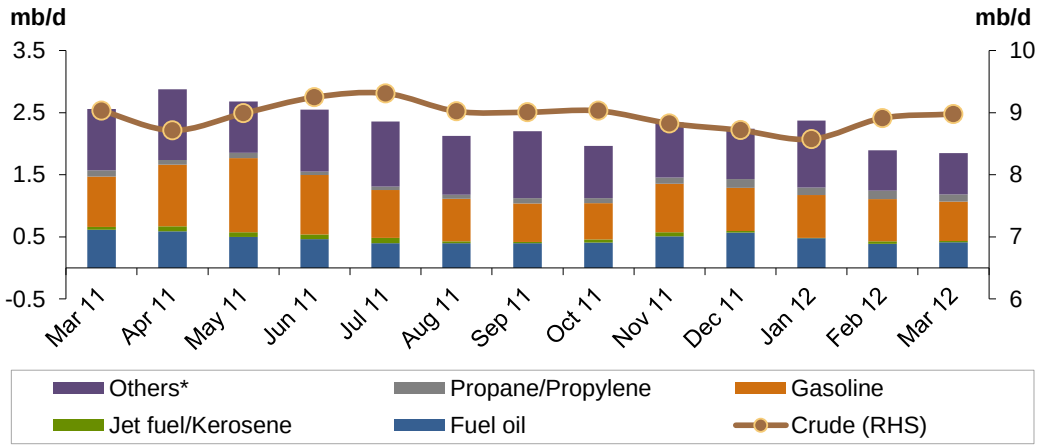
US crude oil imports rose in March by a slight 65 tb/d to 8.98 mb/d

US

Preliminary data indicates that US crude oil imports rose m-o-m by a slight 65 tb/d, or 0.7%, in March to average around 8.98 mb/d. Imports on a y-o-y basis were 56 tb/d, or 0.6%, lower than the previous year, when they stood at 9.03 mb/d.

Product imports decreased for the second consecutive month, to arrive at 1.85 mb/d. This was 46 tb/d, or 2%, below the month before. Y-o-y, the drop was around 712 tb/d, or 27.8%.

Graph 8.1: US imports of crude and petroleum products

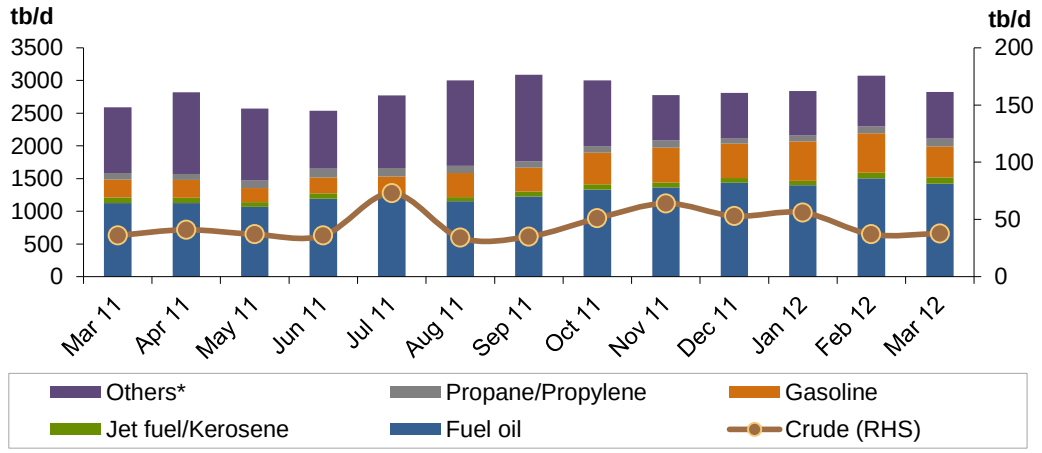


**Others: Contains natural gas liquids, liquefied refinery gases (LRG's), other liquids and all finished petroleum products except gasoline, jet fuel/kerosene, fuel oil and propane/propylene.*

Product exports decreased in March by 254 tb/d, or 8.3%, to 2.82 mb/d m-o-m and by 200 tb/d, or 7.6%, y-o-y.

As a result, **US net oil imports increased in March to 7.96 mb/d**, up 273 tb/d, or 3.6%, m-o-m. However, they remained almost 10.9% below the level of a year ago.

Graph 8.2: US exports of crude and petroleum products



**Others: Contains natural gas liquids, liquefied refinery gases (LRG's), other liquids and all finished petroleum products except gasoline, jet fuel/kerosene, fuel oil and propane/propylene.*

The US imported around 3.86 mb/d of crude oil from OPEC Member Countries in January, representing a 45% share of total oil imports to that country, a slight increase of 43 tb/d, or 1%, from the previous month. Canada remained the main supplier, with 2.46 mb/d or 28.7%, followed by Saudi Arabia with 1.42 mb/d or 16.6%, Mexico with 0.99 mb/d or 11.6%, Venezuela with around 0.7 mb/d or 8%, and Nigeria with 0.5 mb/d or 5%.

On the product side, US imports from OPEC Member Countries increased by 76 tb/d, or 28%, to an average of around 345 tb/d in January, and this gave OPEC a 14.6% share of that country's product imports. Canada and Russia remained the main suppliers, accounting for 549 tb/d, or 23%, and 445 tb/d, or 19%, respectively, followed by Algeria with 156 tb/d or 6.6%, the UK with 151 tb/d or 6.4%, and Mexico with 119 tb/d or 5%.

Table 8.1: US crude and product net imports, tb/d

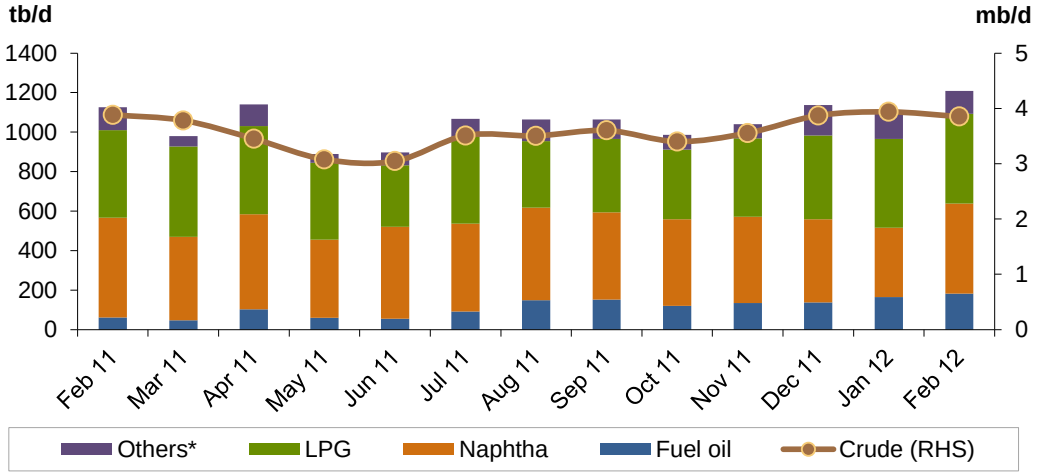
	Jan 12	Feb 12	Mar 12	*Change* Mar/Feb
Crude oil	8,516	8,875	8,939	65
Total products	-412	-1,183	-975	209
Total crude and products	**8,104**	**7,691**	**7,964**	**273**

Japan

Japan's crude oil imports decreased in February to 3.85 mb/d

Japan's crude oil imports decreased in February, after a period of steady increases starting in October 2011. They were 85 tb/d, or 2.2%, down from January's level to 3.85 mb/d. Y-o-y, this represented a increase of 2.7%.

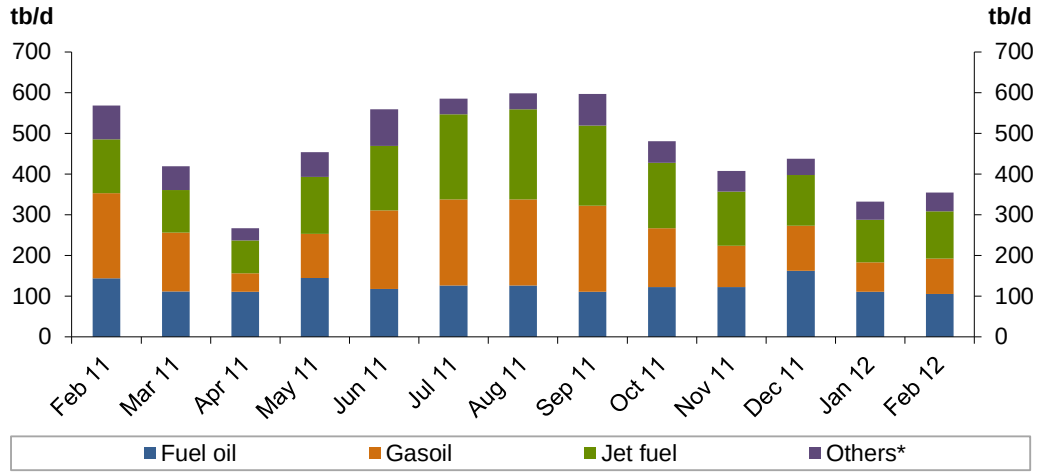
Graph 8.3: Japan's imports of crude and petroleum products



**Others: Contains gasoline, jet fuel, kerosene, gasoil, asphalt and paraffin wax.*

Product imports, including LPG, rose to 1.2 mb/d, which represented an increase of 10%, or 111 tb/d, m-o-m and of 84 tb/d, or 7.4%, y-o-y.

Graph 8.4: Japan's exports of petroleum products



**Others: Contains LPG, gasoline, naphtha, kerosene, lubricating oil, asphalt and paraffin wax.*

Product exports, including LPG, increased in February by 22 tb/d, or 6.7%, to average 0.35 mb/d. Y-o-y, this meant a decrease of 214 tb/d, or 38%.

As a result, **Japan's net oil imports increased in January to 4.7 mb/d**, up by 4 tb/d, or 0.1%, from the month before. On a y-o-y basis, there was a rise of 267 tb/d, or 6.0%. The increase can be attributed mainly to the positive net trade in products, which was up 88 tb/d, or 11.5%, m-o-m.

Table 8.2: Japan's crude and product net imports, tb/d

	Dec 11	Jan 12	Feb 12	*Change* Feb/Jan
Crude oil	3,872	3,937	3,853	-85
Total products	700	767	855	88
Total crude and products	**4,571**	**4,704**	**4,708**	**4**

China

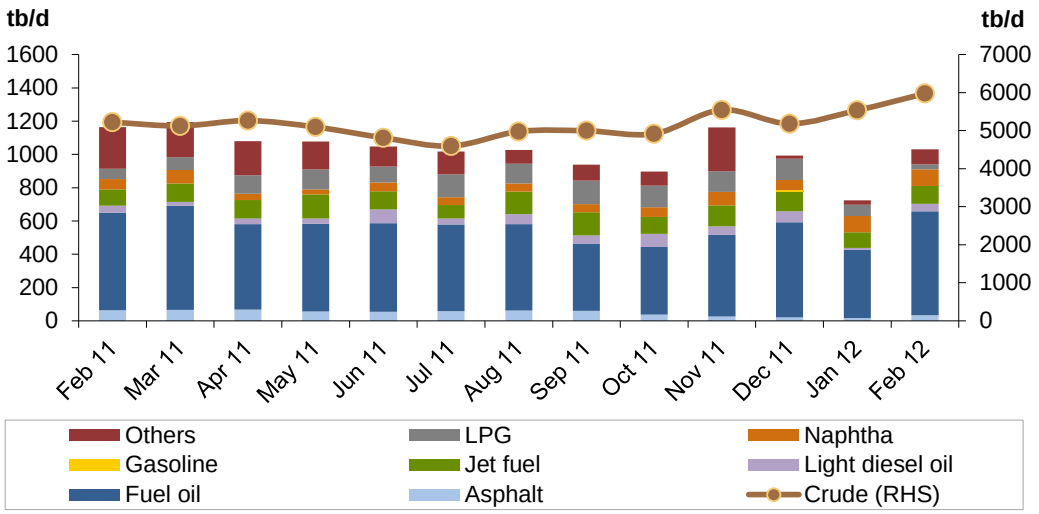
China's crude oil imports rose in February to 5.98 mb/d

China's crude oil imports rose by 441 tb/d, or 8%, m-o-m in February to 5.98 mb/d. This was driven by a pickup in demand for commercial inventories and government reserves, offsetting the negative impact of refinery maintenance.

Y-o-y, China's crude oil imports of last year stood at 5.22 mb/d a 14.4% increase or 753 tb/d.

Product imports increased by 306 tb/d m-o-m in February. However, y-o-y, there was a decrease of 134 tb/d, or 11.5%.

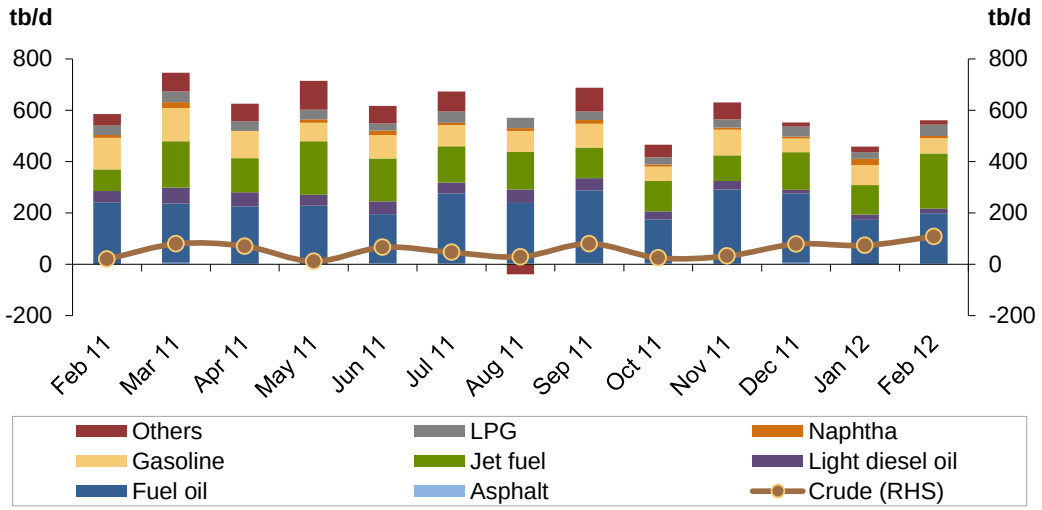
Graph 8.5: China's imports of crude and petroleum products



China's crude oil exports decreased by around 35 tb/d, or 47.1%, in February m-o-m to the current level of 108 tb/d. But, y-o-y, there was an increase of around 88 tb/d.

Oil product exports increased by around 103 tb/d, or 22.6%, m-o-m in February. However, y-o-y, they decreased by 24 tb/d, or 4.1%.

Graph 8.6: China's exports of crude and products



As a result, **China's total net oil imports increased in February by 609 tb/d,** or 10.6%, m-o-m to stand at 6.34 mb/d. This rise can be attributed mainly to crude oil net imports, which increased by 406 tb/d to 5.87 mb/d.

The top five suppliers to the Chinese market were ranked as: Saudi Arabia, with 1.30 mb/d (23%); Angola, 0.73 mb/d (13%); Russia, 0.57 mb/d (10%); Iran, 0.44 mb/d (8%); and Oman, 0.32 mb/d (6%).

Table 8.3: China's crude and product net imports, tb/d

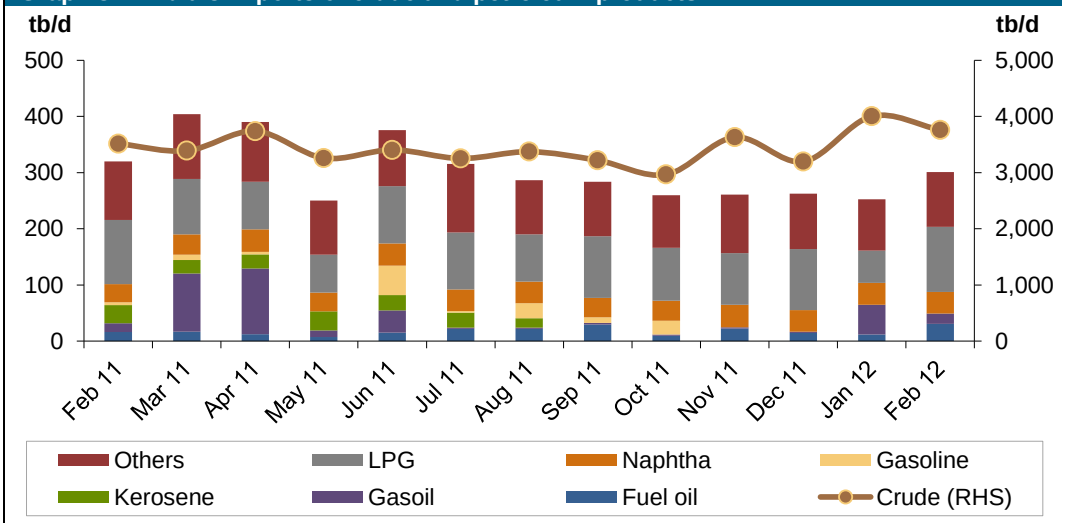
	Dec 11	Jan 12	Feb 12	*Change Feb/Jan*
Crude oil	5,104	5,461	5,867	406
Total products	440	267	469	203
Total crude and products	**5,544**	**5,727**	**6,336**	**609**

India

India's net crude oil imports declined by 242 tb/d in February

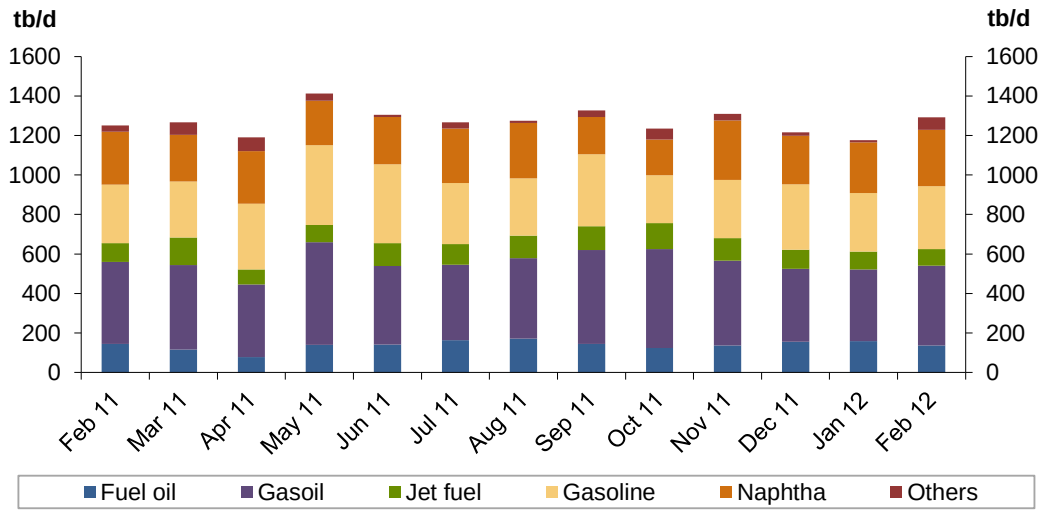
India's net crude oil imports declined by 242 tb/d, or 6.1%, m-o-m in February to stand at 3.76 mb/d. Y-o-y, they dropped by 243 tb/d from 3.52 mb/d.

Graph 8.7: India's imports of crude and petroleum products



Product imports in February increased by 48 tb/d, or 19%, over January to average 301 tb/d. Increases in LPG and fuel oil imports were the main contributors. However, India's product imports remained at 250 tb/d, the lowest level since May 2011. Y-o-y, they dropped by 7.8%.

Graph 8.8: India's exports of petroleum products



On the export side, products rose by 115 tb/d, or 9.8%, in February m-o-m, to stand at 1.29 mb/d. This was driven by exports of naphtha, gasoline and diesel, with 29.7 tb/d or 11.6%, 20.5 tb/d or 6.9%, and 40.5 tb/d or 11.1% respectively. On a y-o-y basis, they increased 3.3% or 40.9 tb/d in February.

As a result, **India's net oil imports decreased by 309 tb/d,** or 10%, to average 2.77 mb/d. But, y-o-y, there was an increase of 7.1%, or 183 tb/d.

Table 8.4: India's crude and product net imports, tb/d

	Dec 11	Jan 12	Feb 12	*Change* Feb/Jan
Crude oil	3,194	4,001	3,759	-242
Total products	-954	-924	-991	-67
Total crude and products	**2,241**	**3,077**	**2,767**	**-309**

India data table does not include information for crude import and product export by Reliance Industries

FSU

FSU crude exports increased slightly to 6.44 mb/d in February, despite the slowdown in Baltic crude shipments. Products fell by 8.0% to 2.6 mb/d, due to a sharp drop in fuel oil exports

The level of overall crude exports was little changed in February at 6.44 mb/d, compared with 6.41 mb/d the month before. The increased supply was provided by Azeri crude passing through the Baku-Tbilisi-Ceyhan (BTC) pipeline and a rise in rail deliveries of Kazakh crude to Ukrainian ports that offset a reduction in supplies from the far east of Russia.

BTC blend exports from the Turkish port of Ceyhan rose by 8% to 745 tb/d, due to increased production in Azerbaijan after the completion of field maintenance at the end of 2011.

Kazakh crude transit shipments through Russia by rail rose by more than 20% in February, to just over 166 tb/d, (as a result of the increased deliveries of Tengiz crude to the Ukrainian port of Feodosiya by the Tengizchevroil TCO consortium). TCO cut shipments to Odessa after bad weather disrupted loadings at the port.

Along the Transneft pipeline system, overall crude exports from Russia were steady at 4.21 mb/d, despite some changes in flows. Black Sea exports rose by 9.1% to 933 tb/d, compared with the month before. Baltic exports dropped by a sharp 7.9% to 1.38 mb/d, due to maintenance on the pipeline system, and led to Urals flows to Primorsk. But this was offset by rising exports through Novorossisk and the Druzhba pipeline, which increased by a modest 1.6% to 1.25 mb/d.

The FSU's total product exports fell by 227 tb/d, or 8%, in February to 2.60 mb/d m-o-m, due to bad weather which disrupted port-loadings, especially in the Black Sea. The Sheskharis terminal at Novorossiysk was closed on 7–10 February and again on 15–20 February, because of strong winds and iced-up berths. Furthermore, exports were curtailed by exceptionally cold weather in the FSU countries in early February, boosting domestic demand.

Baltic product exports were also delayed, with storage tanks at many terminals filling up early in February, after ice in the region, which delayed tanker arrivals, and due to cold weather, which created difficulty in handling fuel oil. Also, the wave of booking fuel oil shipments from European and Baltic ports to the Asia-Pacific a month earlier, which had been driven by a tight Singapore market, dried up exports in February. The oversupply that followed contributed further to the cutbacks in exports, as the demand for cargoes to move outside Europe disappeared. In response, these port difficulties caused Russian plants to maximize domestic sales of fuel oil.

Russian exports are expected to fall in March, as several refineries undergo maintenance, and domestic motor fuel demand is projected to rise. Due to low Ukrainian gasoil demand, a subsidiary of state-controlled Naftogaz started 76-octane gasoline exports from the Shebelinsky gas-processing plant through the Latvian port of Riga, which was the first time that Shebelinsky had exported gasoline during the winter.

Table 8.5: Recent FSU exports of crude and products by sources, tb/d

	2010	2011	2Q11	3Q11	4Q11	Jan 12	Feb 12*
Crude							
Russian pipeline							
Black Sea	994	935	886	951	930	855	933
Baltic	1,564	1,461	1,534	1,342	1,526	1,499	1,381
Druzhba	1,126	1,170	1,118	1,178	1,241	1,233	1,253
Kozmino	309	306	315	319	295	308	329
Total	**4,005**	**4,178**	**4,157**	**4,087**	**4,310**	**4,205**	**4,205**
Other routes							
Russian rail	330	173	145	137	213	146	176
Russian-Far East	276	279	286	260	272	273	266
Kazakh rail	123	157	128	126	198	137	166
Vadandey	152	82	92	67	81	51	36
Kaliningrad	24	23	21	22	26	23	25
CPC	743	679	671	668	640	652	617
BTC	775	695	761	691	643	689	745
Kenkiyak-Alashankou	204	222	239	240	180	191	191
Caspian	239	170	175	123	146	183	178
Total crude exports	**6,750**	**6,500**	**6,546**	**6,295**	**6,511**	**6,413**	**6,440**
Products							
Gasoline	141	149	220	101	124	177	167
Naphtha	253	243	302	246	204	269	296
Jet	18	10	17	16	2	1	1
Gasoil	809	716	793	711	688	826	817
Fuel oil	1,129	1,201	1,448	1,330	1,239	1,374	1,143
VGO	228	198	294	189	168	181	179
Total	**2,578**	**2,518**	**3,074**	**2,594**	**2,426**	**2,829**	**2,602**
Total oil exports	**9,328**	**9,018**	**9,621**	**8,889**	**8,937**	**9,242**	**9,042**

** Preliminary*
Totals may not add due to independent rounding

Source: Nefte Transport, Global Markets, Argus Fundamentals, Argus FSU and OPEC

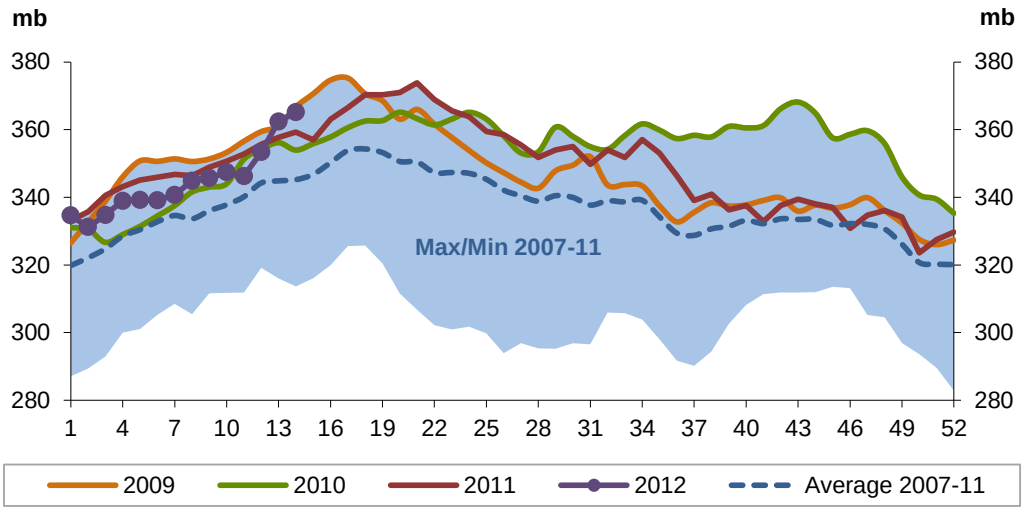
Stock Movements

US commercial oil stocks rose 14.3 mb in March, leaving them well above the historical average

US

US commercial oil stocks reversed the fall of the previous month and increased by 14.3 mb to end March at 1,073.8 mb. With this build, they stood at 30.8 mb, or 3.0%, above the year-ago level; meanwhile, the surplus with the five-year average widened to 47.0 mb, from 37.0 mb a month earlier. The build was attributed to crude, which increased by 17.5 mb, while products fell by 3.2 mb.

Graph 9.1: US weekly commercial crude oil inventories

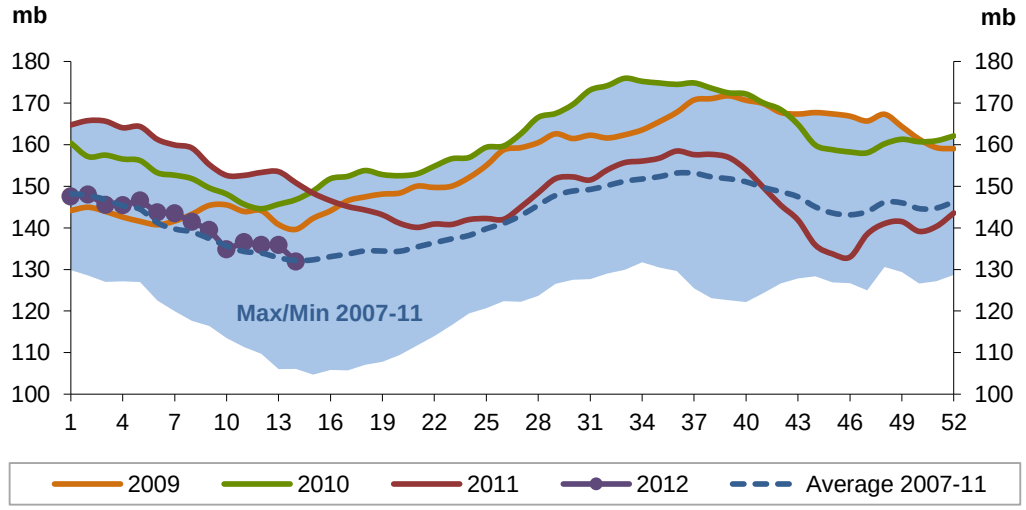


US commercial crude stocks continued their upward trend of the last three months and increased by a considerable 17.5 mb in March, accumulating a build of more than 31.0 mb in the first quarter of this year. At 362.4 mb, they stood at their highest level since May 2011 and widened the surplus with the five-year average to 16.3 mb, from 11.3 mb a month earlier. However, despite this build, they remained in line with the same period last year. The build came mainly from higher crude oil imports, which reached nearly 9.0 mb/d, almost 100,000 b/d more than in the previous year over the same period. The fall in crude oil refinery input in March from the previous month also contributed to the build. Indeed, US crude runs declined by 200,000 b/d to average 14.5 mb/d, which was about 200,000 b/d less than the same time a year ago.

In March, US refineries operated at 83.8%, which was 0.4 percentage points (pp) lower than in the previous month and 0.2 pp less than in the same month last year. It should be noted that, during the last two weeks of March, crude oil stocks added 16 mb, the biggest two-week build since 1998. This increase benefited from the large jump in crude imports, which reached 9.8 mb/d during the last week of the month. The jump in US domestic production, which exceeded 6 mb/d, the highest level in 13 years, also contributed to the huge stock-build. Adding to the bearish crude sentiment, Cushing inventories rose in March by more than 4.0 mb to reach 40.3 mb, the highest level since May 2011.

Looking forward, crude oil stocks in the US are likely to continue their upward trend, as several refiners are scheduled to enter a period of maintenance in the upcoming weak demand season, along with expected continued higher imports.

Graph 9.2: US weekly distillate stocks



In contrast with the continued build in US crude oil inventories**, product stocks** maintained the decline of the previous month and dropped by 3.2 mb in March, to end the month at 711.4 mb. Despite this drop, they showed a surplus of 31.0 mb, or 4.6%, over the same time last year, and were 31.7 mb, or 4.7%, higher than the five-year average.

Within products, the picture was mixed. Distillates, gasoline and jet fuel stocks saw a fall, while residual fuel oil and other unfinished products experienced builds in March. The bulk of the drop was in gasoline stocks, which fell by 8.0 mb for the second consecutive month, ending at 221.9 mb. At this level, gasoline stocks remained 7.0 mb, or 3.3%, below the same period in the previous year and indicated a surplus with the seasonal norm at 6.0 mb, or 2.8%. The stock-draw in gasoline came from higher demand averaging 8.6 mb/d, which was 280,000 b/d more than a month ago, but much lower than during the same period last year, when demand was nearly 8.9 mb/d. Stronger imports and rising output abated the fall in gasoline stocks. Gasoline production averaged 8.8 mb/d in March and preliminary data for imports indicated a rise to just under 900,000 b/d.

Distillate stocks also saw a fall, of 5.6 mb, to end March at 135.9 mb. However, despite this drop, distillates remained at 2.4 mb, or 1.8%, above the seasonal norm, but 12.6 mb, or 8.5%, below the same period of the previous year. The fall in distillate stocks came on the back of relatively higher demand, averaging 3.6 mb/d. Distillate exports also remained stronger, at around 1.0 mb/d and leading to more stock-draws, while higher output — rising to about 4.3 mb/d — moderated some of the distillate stock-draw.

Jet fuel oil stocks fell 2.3 mb, reversing the build of the last two months, to end March at 40.2 mb, which was almost in line with the same month a year before and 0.6 mb, or 1.4%, below the last five-year average. In contrast, residual fuel oil stocks rose by 1.4 mb for the second consecutive month to stand at 35.5 mb, showing a deficit of 1.6% and 3.6% with a year ago and the seasonal norm respectively.

Table 9.1: US onland commercial petroleum stocks, mb

	Jan 12	Feb 12	Mar 12	Change Mar 12/Feb 12	Mar 11
Crude oil	340.0	344.9	362.4	17.5	362.6
Gasoline	235.2	229.9	221.9	-8.0	214.9
Distillate fuel	148.8	141.4	135.9	-5.6	148.5
Residual fuel oil	33.9	34.1	35.5	1.4	37.1
Jet fuel	42.1	42.5	40.2	-2.3	40.0
Total	**1075.2**	**1059.5**	**1073.8**	**14.4**	**1043.0**
SPR	696.0	696.0	696.0	0.0	726.5

** Latest available data at time of report's release*
Source: US Department of Energy's Energy Information Administration

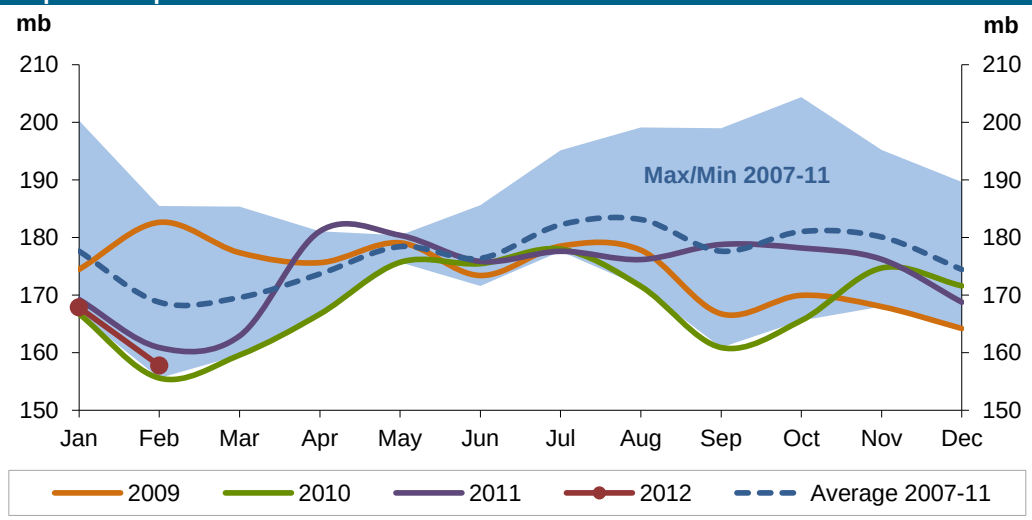
Japan

Japan's commercial oil stocks in February continued to fall, declining by 10.1 mb

In February, **commercial oil stocks** in Japan fell considerably for the fifth consecutive month, by 10.1 mb, to stand at 157.8 mb. With this draw, they were 3.1 mb, or 1.9%, below the same period a year ago, while the deficit with the five-year average widened to 12.0 mb, or 7.1%. The total stock-draw was divided between crude and products, which declined by 4.5 mb and 5.6 mb respectively.

Japanese **commercial crude oil stocks** declined for the fourth consecutive month to end February at 92.3 mb, the lowest level in one year. However, despite the draw, they were slightly above the same period a year ago, although remaining 5.0 mb below the seasonal norm. The drop in crude oil inventories came mainly from lower imports, which declined by around 90,000 b/d, or 2.2%, from the previous month, averaging 3.85 mb/d. However, this level was still 2.7% higher than that of the same period the year before. This build came despite lower crude throughput, which decreased by about 60,000 tb/d, or 1.3%, to average 3.66 mb/d. This level corresponds to a refinery utilization rate of 81.1%, which was 14 pp lower than in the previous month and 8.1 pp down from the same period the year before. After a temporary decline in direct crude burning in January, this rose in February by almost 70,000 b/d, or 22.5%, to stand at about 363,000 b/d. This was more than three times the level seen over the same period a year ago. So far, this level is expected to remain, as new government safety standards have prevented any restart of nuclear reactors, which have been shut for regular maintenance since March last year.

Graph 9.3: Japan's commercial oil stocks



Japan's total product inventories reversed the slight build of last month and declined by 5.6 mb to end February at 65.5 mb. Thus, the surplus of the previous month, compared with the same period a year earlier, switched to a deficit of 3.5 mb, or 5.0%, while the deficit with the latest five-year average widened to 9.7%, from 7.6% a month earlier. The stock-draw for total products in February came on the back of stronger product sales, which increased by about 322,000 b/d, or 8.6%, from a month ago to average 4.1 mb/d, and represented the third straight month of year-on-year gains of 7.3%. This increase was driven by the rise in fuel oil products used for electricity utilities to compensate for the loss of nuclear power. Additionally, colder-than-normal weather in February encouraged more use of fuel oil by utilities, as well as kerosene sales.

Within products, and with the exception of naphtha, all products saw a drop, with the bulk coming from distillates. Indeed, distillate stocks went down by 5.2 mb for the third consecutive month and ended February at 26.1 mb, the lowest level since April 2010. At this level, they were 1.7 mb, or 6.2%, below the same time last year and 4.3 mb, or 14.0%, less than the seasonal norm. Regarding the components of distillates, all products dropped, with the bulk of the draw coming from kerosene declining by 12.7%, followed by jet fuel and gasoil, which decreased by 2.4% and 1.9% respectively. Higher kerosene demand, on the back of colder weather, was behind the drop in kerosene stocks, while lower production, combined with higher exports, led to the fall in jet fuel oil stocks. Lower output, as well as higher demand, contributed to the fall in gasoil stocks. Gasoline stocks fell 0.9 mb, reversing the build of last month and ending February at 12.9 mb. With this draw, they showed a deficit of 1.3 mb, or 9.3%, over the same period the year before, and were 1.3 mb, or 8.9%, lower than the five-year average. The drop in gasoline stocks in February came mainly from lower gasoline production and a substantial fall in gasoline imports, as domestic sales remained almost unchanged in February.

Residual fuel oil fell by 0.4 mb to finish the month at 15.9 mb. At this level, they were 1.5 mb, or 10.1%, above the same period a year ago. However, they remained 1.1 mb, or 6.6%, below the five-year average. Regarding the components of fuel oil, fuel oil A and fuel oil B.C stocks saw drops of 7.9% and 0.5% respectively. The fall in fuel oil A could be attributed to higher domestic sales, increasing by 9.1%. Lower imports also contributed to the drop in fuel oil A stocks. The rise of 5.0% in domestic sales was the main reason behind the drop in fuel oil B.C stocks, as the increase in imports moderated some stock-draws in fuel oil B.C inventories. Naphtha is the only product which experienced an increase in February, and it ended the month at 10.6 mb. This meant that it was 1.9 mb, or 14.8%, lower than the same period a year ago and 3.3% below the seasonal average. Higher imports were the main driver behind the build in naphtha stocks in February.

Table 9.2: Japan's commercial oil stocks*, mb

	Dec 11	Jan 12	Feb 12	Change Feb 12/Jan 12	Feb 11
Crude oil	98.0	96.8	92.3	-4.5	92.0
Gasoline	11.6	13.8	12.9	-0.9	14.3
Naphtha	10.8	9.7	10.6	0.9	12.5
Middle distillates	32.9	31.3	26.1	-5.2	27.8
Residual fuel oil	15.5	16.3	15.9	-0.4	14.4
Total products	70.8	71.1	65.5	-5.6	68.9
Total**	**168.8**	**167.9**	**157.8**	**-10.1**	**160.9**

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

Singapore and Amsterdam-Rotterdam-Antwerp (ARA)

In February, Singapore rose further by 6.0 mb for the second consecutive month

At the end of February, **product stocks in Singapore** continued their upward trend for the second consecutive month, increasing by 6.0 mb to reach 44.6 mb, the highest level since June 2011. With this build, they switched last month's deficit over the previous year to a surplus of 1.4 mb, or 3.3%.

All products saw a build, with the bulk coming from fuel oil, which rose by 2.4 mb; this was followed by middle and light distillates increasing by 2.1 mb and 1.6 mb respectively. Fuel oil stocks extended gains for the second consecutive month, accumulating more than a 6 mb build and reaching 21.8 mb, the highest level for nearly ten months. At this level, they were 2.8 mb, or 14.6%, higher than the same period a year ago. High Western exports — about five million tonnes — were the key drivers behind this high inventory build. Additionally, high fuel oil prices — which undermined bunker demand — also contributed to the build in fuel oil stocks. However, Japanese demand for power-generation should offset some of this weakness.

Middle distillate stocks also rose, to end February at 11.1 mb, the highest level since September 2011. Despite this build, middle distillate stocks remained at 3.2 mb, or 22.0%, below the same period a year ago. The build in middle distillates came on the back of weaker demand, which has been dampened by a high diesel premium. Middle distillate inventories are expected to build further, driven by a shut arbitrage window as Europe's cold winter comes to an end. Light distillates rose to end February at 11.7 mb, leaving them at 1.9 mb, or 18.8%, above the same period a year ago. Higher gasoline exports from India were behind the build in gasoline stocks. However, due to maintenance in some Asian refineries, stocks are likely to fall in the coming month.

Product stocks in ARA fell 1.2 b in February, reversing the sharp build of the previous month

Product stocks in ARA reversed the sharp build of the previous month and fell by 1.2 mb, to end February at 35.1 mb. With this draw, they widened the deficit with the same period a year ago to 4.4%, from 5.7% a month earlier.

Within products, the picture was mixed; naphtha and jet oil saw stock-builds, while gasoline, gasoil and fuel oil experienced draws. The bulk of the draw came from gasoline, which declined by 1.8 mb to end of February at 5.2 mb — this level was 2.2 mb, or almost 30%, lower than the same period a year ago. Higher exports to China and the US were behind this draw. The closures of US refineries in the major East Coast market have tightened supply, requiring more gasoline imports. Gasoil stocks inched slightly lower, ending the month at 18.8 mb. At this level, they were 0.8 mb, or 4%, below the same period last year. Gasoline stocks are expected to see a build in the coming months, since the changing price structure of the futures market from backwardation to contango could lend some support to building gasoline stocks. Additionally, weaker demand in the region could also help inventories build further.

Fuel oil stocks went down in February by 0.5 mb, reversing the build of the last month. At 4.6 mb, they were 1.3 mb, or 37%, above the same period last year. It should be noted that the bulk of the draw occurred in the first two weeks of February, while the last two weeks experienced an increase driven by softening demand in the European region. In fact, the end of a cold snap, that provided some support to fuel oil use for power-generation, has contributed to the build in fuel oil in the second half of the month. Naphtha and jet fuel stocks rose by 0.5 mb and 0.6 mb to end February at 1.0 mb and 5.5 mb respectively. At these levels, naphtha stood at more than double compared to the previous year at the same period, while jet fuel inventories showed a deficit of 4.4%.

Balance of Supply and Demand

Required OPEC crude for 2011 estimated at 30.1 mb/d, an increase of 0.4 mb/d

Estimate for 2011

The demand estimate for OPEC crude for 2011 remains almost unchanged from the previous assessment, as both non-OPEC supply and demand saw minor upward adjustments. At 30.1 mb/d, demand for OPEC crude was 0.4 mb/d above the 2010 level.

The first and second quarters of 2011 saw growth of 0.9 mb/d and 0.2 mb/d respectively, while the third quarter remained unchanged. The fourth quarter saw an increase of 0.3 mb/d over the same period in the previous year.

Table 10.1: Summarized supply/demand balance for 2011, mb/d

	2010	1Q11	2Q11	3Q11	4Q11	2011
(a) World oil demand	**86.95**	**87.54**	**86.36**	**88.40**	**88.80**	**87.78**
Non-OPEC supply	52.30	52.72	52.00	52.12	52.73	52.39
OPEC NGLs and non-conventionals	4.90	5.12	5.26	5.37	5.42	5.29
(b) Total supply excluding OPEC crude	**57.21**	**57.84**	**57.25**	**57.49**	**58.14**	**57.68**
Difference (a-b)	**29.74**	**29.71**	**29.11**	**30.91**	**30.66**	**30.10**
OPEC crude oil production	29.25	29.62	29.18	29.91	30.39	29.78
Balance	-0.49	-0.09	0.07	-1.00	-0.27	-0.33

Totals may not add up due to independent rounding

Demand for OPEC crude in 2012 forecast at 30.0 mb/d, around 0.1 mb/d below last year

Forecast for 2012

The demand for OPEC crude for 2012 is projected to average 30.0 mb/d, unchanged from the last report, as both world oil demand and non-OPEC supply saw only minor adjustments.

Within the quarters, only the fourth quarter experienced a downward revision of around 0.1 mb/d, while the others remained at the same level as in the previous report. Compared with the same time last year, the first, third and fourth quarters are projected to see negative growth of 0.1 mb/d, while the second quarter is expected to remain unchanged.

Table 10.2: Summarized supply/demand balance for 2012, mb/d

	2011	1Q12	2Q12	3Q12	4Q12	2012
(a) World oil demand	**87.78**	**87.88**	**87.42**	**89.49**	**89.74**	**88.64**
Non-OPEC supply	52.39	52.81	52.68	52.97	53.43	52.97
OPEC NGLs and non-conventionals	5.29	5.50	5.61	5.71	5.79	5.65
(b) Total supply excluding OPEC crude	**57.68**	**58.31**	**58.29**	**58.68**	**59.21**	**58.62**
Difference (a-b)	**30.10**	**29.57**	**29.13**	**30.81**	**30.52**	**30.01**
OPEC crude oil production	29.78	31.11				
Balance	-0.33	1.54				

Totals may not add up due to independent rounding

Graph 10.1: Balance of supply and demand

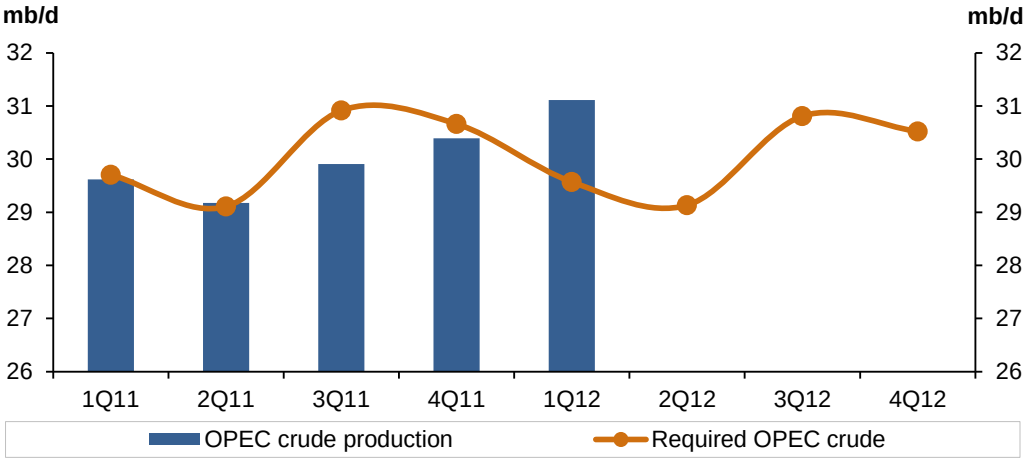


Table 10.3: World oil demand/supply balance, mb/d

	2006	2007	2008	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012
World demand															
OECD	49.5	49.3	47.6	45.6	46.2	46.4	44.6	46.1	46.1	45.8	45.8	44.5	46.0	46.0	45.6
North America	25.4	25.5	24.2	23.3	23.8	23.8	23.4	23.6	23.4	23.6	23.2	23.3	23.7	23.5	23.4
Western Europe	15.7	15.5	15.4	14.7	14.6	14.2	14.1	14.8	14.3	14.3	13.9	13.9	14.5	14.1	14.1
Pacific	8.5	8.4	8.0	7.7	7.8	8.3	7.1	7.7	8.4	7.9	8.7	7.3	7.8	8.4	8.0
DCs	23.6	24.8	25.6	26.2	27.0	27.2	27.6	27.8	27.9	27.7	27.8	28.2	28.5	28.5	28.2
FSU	4.0	4.0	4.1	4.0	4.1	4.1	4.0	4.4	4.5	4.2	4.2	4.1	4.5	4.5	4.3
Other Europe	0.9	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7
China	7.2	7.6	8.0	8.3	9.0	9.1	9.5	9.4	9.6	9.4	9.4	10.0	9.8	10.0	9.8
(a) Total world demand	85.2	86.5	86.1	84.7	86.9	87.5	86.4	88.4	88.8	87.8	87.9	87.4	89.5	89.7	88.6
Non-OPEC supply															
OECD	20.1	20.0	19.5	19.7	20.0	20.1	19.8	19.9	20.6	20.1	20.5	20.3	20.3	20.6	20.4
North America	14.2	14.3	13.9	14.4	15.0	15.3	15.2	15.5	16.0	15.5	15.9	15.8	15.9	16.0	15.9
Western Europe	5.3	5.2	4.9	4.7	4.4	4.3	4.1	3.8	4.1	4.1	4.1	3.9	3.8	4.0	4.0
Pacific	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.5	0.5
DCs	11.9	11.9	12.2	12.4	12.7	12.8	12.5	12.7	12.6	12.7	12.4	12.6	12.7	12.8	12.6
FSU	12.0	12.5	12.6	13.0	13.2	13.3	13.3	13.2	13.2	13.3	13.4	13.3	13.4	13.5	13.4
Other Europe	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.7	3.8	3.8	3.8	4.1	4.2	4.2	4.1	4.0	4.1	4.2	4.2	4.2	4.3	4.2
Processing gains	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Total non-OPEC supply	49.9	50.4	50.3	51.1	52.3	52.7	52.0	52.1	52.7	52.4	52.8	52.7	53.0	53.4	53.0
OPEC NGLs + non-conventional oils	3.9	3.9	4.1	4.3	4.9	5.1	5.3	5.4	5.4	5.3	5.5	5.6	5.7	5.8	5.7
(b) Total non-OPEC supply and OPEC NGLs	53.8	54.4	54.4	55.4	57.2	57.8	57.3	57.5	58.1	57.7	58.3	58.3	58.7	59.2	58.6
OPEC crude oil production (secondary sources)	30.6	30.2	31.3	28.8	29.2	29.6	29.2	29.9	30.4	29.8	31.1				
Total supply	84.4	84.6	85.7	84.2	86.5	87.4	86.4	87.4	88.5	87.5	89.4				
Balance (stock change and miscellaneous)	-0.9	-2.0	-0.4	-0.5	-0.5	-0.1	0.1	-1.0	-0.3	-0.3	1.5				
OECD closing stock levels (mb)															
Commercial	2655	2554	2679	2641	2670	2631	2676	2665	2601	2601					
SPR	1499	1524	1527	1564	1561	1558	1561	1526	1532	1532					
Total	4154	4079	4206	4205	4230	4188	4237	4190	4133	4133					
Oil-on-water	919	948	969	919	871	891	853	835	807	807					
Days of forward consumption in OECD															
Commercial onland stocks	54	54	59	57	58	59	58	58	57	57					
SPR	30	32	33	34	34	35	34	33	33	33					
Total	84	86	92	91	92	94	92	91	90	90					
Memo items															
FSU net exports	8.1	8.5	8.5	9.0	9.1	9.2	9.3	8.8	8.8	9.0	9.2	9.3	8.9	8.9	9.1
(a) - (b)	31.4	32.2	31.6	29.3	29.7	29.7	29.1	30.9	30.7	30.1	29.6	29.1	30.8	30.5	30.0

Note: Totals may not add up due to independent rounding

Table 10.4: World oil demand/supply balance: changes from last month's table* , mb/d

	2006	2007	2008	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012
World demand															
OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
North America	-	-	-	-	-	-	-	-	-	-	-0.2	-0.1	-	-	-0.1
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	0.1
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
World demand growth	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-OPEC supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OECD	-	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1	0.1	0.1
North America	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1	0.1	0.1
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	0.1	-
Total non-OPEC supply growth	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***0.11***	**-**	**-**	***-0.06***	**-**	***-0.06***	**-**
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	0.1	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	-	-	-	-	0.1	0.1	-	-				
Balance (stock change and miscellaneous)	-	-	-	-	-	-	-	-	0.1	-	-				
OECD closing stock levels (*mb*)															
Commercial	-	-	-	-	-	-	-	-	-10	-10					
SPR	-	-	-	-	-	-	-	-	1	1					
Total	-	-	-	-	-	-	-	-	-9	-9					
Oil-on-water	-	-	-	-	-	-	-	-	-	-					
Days of forward consumption in OECD	-	-	-	-	-	-	-	-	-	-					
Commercial onland stocks	-	-	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-	-					
Memo items															
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1	-

** This compares Table 10.3 in this issue of the MOMR with Table 10.3 in the March 2012 issue*
This table shows only where changes have occurred

Table 10.5: OECD oil stocks and oil on water at the end of period

	2006	2007	2008	2009	2010	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Closing stock levels *mb*																									
OECD onland commercial	2,655	2,554	2,679	2,641	2,670	2,582	2,643	2,629	2,554	2,553	2,584	2,641	2,679	2,731	2,745	2,763	2,641	2,675	2,757	2,747	2,670	2,631	2,676	2,665	2,601
North America	1,264	1,211	1,282	1,286	1,331	1,219	1,275	1,267	1,211	1,197	1,221	1,259	1,282	1,332	1,367	1,373	1,286	1,314	1,370	1,398	1,330	1,295	1,339	1,342	1,310
Western Europe	963	937	991	972	949	944	940	929	937	961	954	952	991	991	976	971	972	975	982	947	949	954	932	911	901
OECD Pacific	429	407	407	383	390	420	428	432	407	394	409	431	407	408	401	419	383	386	405	402	391	382	405	411	390
OECD SPR	1,499	1,524	1,527	1,564	1,561	1,507	1,506	1,520	1,524	1,529	1,526	1,522	1,527	1,547	1,561	1,564	1,564	1,567	1,562	1,549	1,561	1,558	1,561	1,526	1,532
North America	691	699	704	729	729	691	692	695	699	702	708	704	704	715	726	727	729	729	729	728	729	727	727	696	697
Western Europe	412	421	416	426	423	415	413	423	421	423	414	414	416	424	427	429	426	429	422	419	423	420	423	420	422
OECD Pacific	396	404	406	409	410	401	401	403	404	404	404	403	406	408	408	408	409	409	411	402	410	411	411	409	414
OECD total	**4,154**	**4,079**	**4,206**	**4,205**	**4,230**	**4,089**	**4,149**	**4,149**	**4,079**	**4,082**	**4,110**	**4,164**	**4,206**	**4,278**	**4,306**	**4,327**	**4,205**	**4,241**	**4,319**	**4,296**	**4,231**	**4,188**	**4,237**	**4,190**	**4,133**
Oil-on-water	919	948	969	919	871	916	891	917	948	935	925	885	969	899	899	869	919	919	897	926	871	891	853	835	807
Days of forward consumption in OECD																									
OECD onland commercial	54	54	59	57	58	53	54	53	52	54	55	56	57	61	61	60	57	59	59	59	58	59	58	58	57
North America	50	50	55	54	57	48	50	50	49	49	52	53	55	58	59	58	55	55	57	59	56	55	57	57	57
Western Europe	62	61	68	67	66	62	60	59	61	63	61	62	66	69	67	67	68	68	66	64	67	68	63	64	65
OECD Pacific	51	51	53	49	50	53	54	49	46	50	54	54	50	56	55	52	47	53	53	50	47	54	52	49	45
OECD SPR	30	32	33	34	34	31	31	30	31	32	33	32	33	35	35	34	34	35	33	33	34	35	34	33	33
North America	27	29	30	31	31	27	27	27	28	29	30	29	30	31	31	31	31	31	30	31	31	31	31	30	30
Western Europe	27	27	28	29	29	27	26	27	27	28	27	27	28	29	29	30	30	30	28	28	30	30	29	29	30
OECD Pacific	47	50	53	52	52	51	51	46	45	51	54	51	50	56	56	51	50	56	54	50	49	58	53	49	48
OECD total	**84**	**86**	**92**	**91**	**92**	**84**	**85**	**83**	**83**	**86**	**88**	**88**	**90**	**96**	**95**	**94**	**92**	**94**	**93**	**92**	**91**	**94**	**92**	**91**	**90**

n.a. not available

Table 10.6: Non-OPEC supply and OPEC natural gas liquids, mb/d

	2006	2007	2008	2009	Change 09/08	1Q10	2Q10	3Q10	4Q10	2010	Change 10/09	1Q11	2Q11	3Q11	4Q11	2011	Change 11/10	1Q12	2Q12	3Q12	4Q12	2012	Change 12/11
US	7.36	7.47	7.50	8.14	0.64	8.55	8.52	8.63	8.84	8.64	0.49	8.76	8.94	9.00	9.37	9.02	0.38	9.28	9.26	9.30	9.38	9.31	0.29
Canada	3.20	3.31	3.27	3.25	-0.02	3.28	3.37	3.38	3.54	3.39	0.15	3.55	3.30	3.61	3.72	3.55	0.15	3.67	3.68	3.73	3.77	3.71	0.16
Mexico	3.69	3.49	3.17	2.98	-0.19	2.99	2.97	2.95	2.93	2.96	-0.02	2.97	2.96	2.92	2.93	2.94	-0.02	2.93	2.89	2.90	2.89	2.90	-0.04
North America	**14.24**	**14.26**	**13.94**	**14.37**	**0.43**	**14.82**	**14.86**	**14.96**	**15.31**	**14.99**	**0.62**	**15.29**	**15.20**	**15.53**	**16.01**	**15.51**	**0.52**	**15.88**	**15.83**	**15.93**	**16.03**	**15.92**	**0.41**
Norway	2.78	2.55	2.47	2.36	-0.11	2.32	2.12	1.93	2.17	2.14	-0.22	2.14	1.98	1.99	2.05	2.04	-0.10	2.07	1.93	1.90	1.99	1.97	-0.06
UK	1.71	1.69	1.57	1.48	-0.10	1.52	1.40	1.20	1.35	1.37	-0.11	1.27	1.17	0.93	1.12	1.12	-0.24	1.13	1.06	1.01	1.09	1.07	-0.05
Denmark	0.34	0.31	0.28	0.26	-0.02	0.25	0.25	0.23	0.26	0.25	-0.02	0.23	0.25	0.23	0.21	0.23	-0.02	0.21	0.22	0.22	0.21	0.21	-0.02
Other Western Europe	0.51	0.62	0.62	0.63	0.01	0.63	0.65	0.66	0.64	0.64	0.01	0.67	0.66	0.70	0.68	0.68	0.03	0.68	0.70	0.70	0.70	0.70	0.02
Western Europe	**5.34**	**5.17**	**4.94**	**4.73**	**-0.21**	**4.72**	**4.42**	**4.03**	**4.42**	**4.39**	**-0.33**	**4.31**	**4.06**	**3.85**	**4.06**	**4.07**	**-0.33**	**4.10**	**3.90**	**3.83**	**3.99**	**3.95**	**-0.11**
Australia	0.51	0.53	0.53	0.54	0.01	0.51	0.53	0.52	0.46	0.51	-0.03	0.40	0.41	0.41	0.44	0.41	-0.09	0.43	0.46	0.46	0.43	0.45	0.03
Other Pacific	0.05	0.08	0.10	0.10	0.00	0.10	0.10	0.10	0.09	0.10	0.00	0.09	0.09	0.09	0.09	0.09	-0.01	0.09	0.09	0.09	0.09	0.09	0.00
OECD Pacific	**0.56**	**0.60**	**0.63**	**0.64**	**0.01**	**0.61**	**0.63**	**0.62**	**0.55**	**0.60**	**-0.03**	**0.49**	**0.49**	**0.50**	**0.53**	**0.50**	**-0.10**	**0.51**	**0.56**	**0.55**	**0.52**	**0.54**	**0.03**
Total OECD	**20.14**	**20.03**	**19.51**	**19.73**	**0.23**	**20.15**	**19.91**	**19.61**	**20.29**	**19.99**	**0.25**	**20.09**	**19.75**	**19.88**	**20.61**	**20.08**	**0.09**	**20.49**	**20.28**	**20.31**	**20.55**	**20.41**	**0.33**
Brunei	0.22	0.19	0.17	0.16	-0.01	0.17	0.15	0.17	0.17	0.17	0.00	0.17	0.16	0.17	0.17	0.17	0.00	0.18	0.18	0.18	0.18	0.18	0.01
India	0.78	0.80	0.80	0.78	-0.02	0.82	0.83	0.88	0.90	0.86	0.08	0.90	0.89	0.88	0.87	0.89	0.03	0.88	0.91	0.91	0.92	0.90	0.02
Indonesia	1.07	1.02	1.05	1.03	-0.02	1.05	1.06	1.04	1.02	1.04	0.02	1.02	1.02	1.03	1.01	1.02	-0.02	0.99	0.99	0.99	0.99	0.99	-0.03
Malaysia	0.76	0.76	0.76	0.73	-0.03	0.72	0.70	0.68	0.69	0.70	-0.03	0.68	0.60	0.63	0.65	0.64	-0.06	0.65	0.63	0.62	0.61	0.63	-0.01
Thailand	0.32	0.33	0.36	0.37	0.01	0.34	0.35	0.36	0.33	0.35	-0.02	0.34	0.33	0.33	0.33	0.34	-0.01	0.34	0.32	0.33	0.33	0.33	-0.01
Vietnam	0.37	0.35	0.33	0.37	0.04	0.35	0.35	0.36	0.37	0.35	-0.02	0.34	0.33	0.34	0.38	0.35	-0.01	0.37	0.38	0.39	0.40	0.39	0.04
Asia others	0.26	0.26	0.26	0.25	-0.01	0.22	0.24	0.24	0.23	0.23	-0.02	0.23	0.23	0.23	0.23	0.23	0.00	0.22	0.25	0.26	0.26	0.25	0.02
Other Asia	**3.78**	**3.70**	**3.73**	**3.69**	**-0.04**	**3.68**	**3.68**	**3.72**	**3.72**	**3.70**	**0.01**	**3.70**	**3.56**	**3.61**	**3.64**	**3.63**	**-0.07**	**3.63**	**3.66**	**3.67**	**3.69**	**3.66**	**0.03**
Argentina	0.77	0.77	0.78	0.76	-0.02	0.76	0.76	0.76	0.71	0.75	-0.01	0.76	0.68	0.74	0.75	0.73	-0.02	0.73	0.72	0.72	0.71	0.72	-0.01
Brazil	2.11	2.22	2.38	2.51	0.12	2.61	2.67	2.66	2.70	2.66	0.16	2.61	2.62	2.61	2.70	2.63	-0.03	2.79	2.78	2.81	2.83	2.80	0.17
Colombia	0.54	0.54	0.60	0.68	0.09	0.77	0.79	0.80	0.83	0.80	0.12	0.88	0.94	0.94	0.96	0.93	0.13	0.95	1.00	1.02	1.03	1.00	0.07
Trinidad & Tobago	0.18	0.16	0.16	0.15	0.00	0.15	0.15	0.15	0.13	0.15	-0.01	0.14	0.14	0.14	0.13	0.14	-0.01	0.13	0.14	0.14	0.14	0.14	0.00
L. America others	0.26	0.28	0.28	0.30	0.02	0.31	0.31	0.32	0.32	0.32	0.01	0.31	0.31	0.31	0.31	0.31	-0.01	0.31	0.31	0.31	0.31	0.31	0.00
Latin America	**3.87**	**3.97**	**4.20**	**4.40**	**0.20**	**4.61**	**4.69**	**4.68**	**4.70**	**4.67**	**0.26**	**4.70**	**4.68**	**4.73**	**4.86**	**4.74**	**0.08**	**4.91**	**4.96**	**5.00**	**5.03**	**4.98**	**0.23**
Bahrain	0.21	0.21	0.21	0.21	0.00	0.21	0.20	0.20	0.21	0.20	0.00	0.21	0.21	0.21	0.22	0.21	0.01	0.22	0.21	0.22	0.22	0.22	0.00
Oman	0.75	0.71	0.76	0.81	0.06	0.86	0.86	0.87	0.88	0.86	0.05	0.89	0.87	0.89	0.89	0.89	0.02	0.91	0.93	0.93	0.94	0.93	0.04
Syria	0.44	0.42	0.41	0.41	0.00	0.42	0.43	0.42	0.42	0.42	0.01	0.42	0.42	0.37	0.26	0.37	-0.05	0.23	0.22	0.22	0.21	0.22	-0.15
Yemen	0.37	0.33	0.30	0.30	0.00	0.30	0.29	0.29	0.28	0.29	-0.01	0.29	0.19	0.24	0.18	0.23	-0.06	0.15	0.18	0.19	0.19	0.18	-0.05
Middle East	**1.76**	**1.66**	**1.68**	**1.73**	**0.05**	**1.78**	**1.77**	**1.78**	**1.78**	**1.78**	**0.05**	**1.81**	**1.69**	**1.72**	**1.56**	**1.69**	**-0.09**	**1.50**	**1.54**	**1.56**	**1.56**	**1.54**	**-0.15**
Chad	0.15	0.15	0.15	0.14	-0.01	0.15	0.15	0.15	0.15	0.15	0.01	0.14	0.14	0.14	0.14	0.14	0.00	0.14	0.13	0.13	0.13	0.13	-0.01
Congo	0.25	0.24	0.26	0.27	0.02	0.30	0.30	0.29	0.29	0.30	0.02	0.29	0.29	0.30	0.30	0.29	0.00	0.30	0.31	0.30	0.30	0.30	0.01
Egypt	0.66	0.66	0.69	0.69	0.00	0.69	0.71	0.72	0.71	0.71	0.01	0.71	0.71	0.71	0.71	0.71	0.00	0.71	0.70	0.70	0.69	0.70	-0.01
Equatorial Guinea	0.37	0.37	0.38	0.36	-0.02	0.33	0.33	0.32	0.31	0.32	-0.03	0.31	0.31	0.30	0.30	0.30	-0.02	0.32	0.32	0.33	0.34	0.33	0.02
Gabon	0.25	0.25	0.24	0.24	0.00	0.25	0.23	0.25	0.25	0.25	0.01	0.26	0.24	0.24	0.25	0.25	0.00	0.25	0.25	0.25	0.24	0.25	0.00
South Africa	0.19	0.18	0.18	0.17	-0.01	0.18	0.18	0.18	0.18	0.18	0.01	0.18	0.18	0.18	0.18	0.18	0.00	0.18	0.17	0.17	0.17	0.17	-0.01
Sudan and South Sudan	0.36	0.48	0.46	0.48	0.02	0.46	0.46	0.47	0.47	0.46	-0.01	0.46	0.45	0.43	0.38	0.43	-0.03	0.20	0.23	0.30	0.29	0.26	-0.17
Africa other	0.29	0.28	0.27	0.25	-0.01	0.24	0.23	0.23	0.22	0.23	-0.02	0.27	0.29	0.30	0.29	0.29	0.06	0.29	0.29	0.31	0.32	0.31	0.02
Africa	**2.51**	**2.60**	**2.62**	**2.60**	**-0.02**	**2.59**	**2.57**	**2.60**	**2.58**	**2.59**	**-0.01**	**2.61**	**2.60**	**2.60**	**2.54**	**2.59**	**0.00**	**2.39**	**2.41**	**2.49**	**2.49**	**2.44**	**-0.15**
Total DCs	**11.92**	**11.94**	**12.23**	**12.43**	**0.20**	**12.66**	**12.72**	**12.77**	**12.77**	**12.73**	**0.31**	**12.82**	**12.53**	**12.67**	**12.59**	**12.65**	**-0.08**	**12.43**	**12.56**	**12.72**	**12.77**	**12.62**	**-0.03**
FSU	**12.03**	**12.54**	**12.60**	**12.95**	**0.35**	**13.16**	**13.20**	**13.21**	**13.33**	**13.22**	**0.27**	**13.32**	**13.25**	**13.23**	**13.23**	**13.26**	**0.03**	**13.40**	**13.33**	**13.38**	**13.46**	**13.39**	**0.14**
Russia	9.65	9.87	9.78	9.92	0.14	10.09	10.12	10.13	10.22	10.14	0.22	10.21	10.23	10.28	10.34	10.27	0.12	10.35	10.33	10.35	10.37	10.35	0.09
Kazakhstan	1.30	1.35	1.41	1.54	0.12	1.60	1.56	1.57	1.65	1.60	0.06	1.66	1.60	1.54	1.61	1.60	0.01	1.63	1.61	1.62	1.65	1.63	0.03
Azerbaijan	0.65	0.87	0.94	1.06	0.12	1.05	1.10	1.10	1.03	1.07	0.01	1.02	0.99	0.96	0.84	0.95	-0.11	0.97	0.95	0.96	0.98	0.97	0.01
FSU others	0.43	0.45	0.46	0.44	-0.02	0.42	0.42	0.41	0.42	0.42	-0.02	0.43	0.43	0.44	0.44	0.43	0.02	0.45	0.45	0.45	0.45	0.45	0.01
Other Europe	0.15	0.15	0.15	0.14	-0.01	0.14	0.14	0.14	0.14	0.14	0.00	0.14	0.14	0.14	0.14	0.14	0.00	0.14	0.14	0.15	0.15	0.14	0.01
China	3.69	3.77	3.84	3.84	0.00	4.01	4.08	4.16	4.24	4.12	0.28	4.22	4.19	4.08	4.04	4.13	0.01	4.16	4.17	4.22	4.30	4.22	0.08
Non-OPEC production	**47.94**	**48.43**	**48.32**	**49.09**	**0.77**	**50.11**	**50.05**	**49.89**	**50.76**	**50.20**	**1.11**	**50.59**	**49.87**	**49.99**	**50.60**	**50.26**	**0.06**	**50.62**	**50.49**	**50.78**	**51.24**	**50.78**	**0.52**
Processing gains	1.96	1.99	1.97	2.00	0.03	2.10	2.10	2.10	2.10	2.10	0.10	2.13	2.13	2.13	2.13	2.13	0.03	2.19	2.19	2.19	2.19	2.19	0.06
Non-OPEC supply	**49.90**	**50.42**	**50.29**	**51.09**	**0.80**	**52.21**	**52.15**	**51.99**	**52.86**	**52.30**	**1.21**	**52.72**	**52.00**	**52.12**	**52.73**	**52.39**	**0.09**	**52.81**	**52.68**	**52.97**	**53.43**	**52.97**	**0.58**
OPEC NGL	3.76	3.86	4.04	4.24	0.21	4.55	4.70	5.04	4.89	4.79	0.55	4.99	5.10	5.19	5.24	5.13	0.34	5.28	5.36	5.41	5.44	5.38	0.25
OPEC Non-conventional	0.14	0.08	0.11	0.11	0.00	0.11	0.11	0.11	0.11	0.11	0.00	0.13	0.16	0.18	0.18	0.16	0.05	0.21	0.24	0.29	0.34	0.27	0.11
OPEC (NGL+NCF)	**3.89**	**3.95**	**4.14**	**4.35**	**0.21**	**4.66**	**4.81**	**5.15**	**5.00**	**4.90**	**0.55**	**5.12**	**5.26**	**5.37**	**5.42**	**5.29**	**0.39**	**5.50**	**5.61**	**5.71**	**5.79**	**5.65**	**0.36**
Non-OPEC & OPEC (NGL+NCF)	**53.79**	**54.36**	**54.43**	**55.44**	**1.01**	**56.86**	**56.95**	**57.14**	**57.86**	**57.21**	**1.77**	**57.84**	**57.25**	**57.49**	**58.14**	**57.68**	**0.47**	**58.31**	**58.29**	**58.68**	**59.21**	**58.62**	**0.94**

Note: Totals may not add up due to independent rounding

Table 10.7: World Rig Count

	2007	Change 07/06	1Q08	2Q08	3Q08	4Q08	2008	Change 08/07	1Q09	2Q09	3Q09	4Q09	2009	Change 09/08	1Q10	2Q10	3Q10	4Q10	2010	Change 10/09	1Q11	2Q11	3Q11	4Q11	Feb	Mar	Mar/Feb
US	1,767	119	1,770	1,864	1,978	1,898	1,877	111	1,326	936	956	1,108	1,081	-796	1345	1508	1622	1687	1541	459	1717	1829	1945	2031	1990	1978	-12
Canada	344	-126	507	169	432	408	379	35	328	91	177	277	218	-161	470	166	364	389	347	129	587	188	443	474	729	492	152
Mexico	92	9	96	106	103	106	103	11	128	128	135	123	128	26	118	106	84	80	97	-31	83	87	103	104	97	99	-2
North America	2,202	2	2,373	2,139	2,513	2,411	2,359	157	1,782	1,154	1,267	1,508	1,428	-931	1933	1780	2070	2156	1985	557	2386	2104	2492	2609	2816	2569	137
Norway	18	1	17	21	21	21	20	2	25	18	18	20	20	0	21	18	13	20	18	-2	21	17	16	16	20	17	6
UK	26	-1	19	21	24	24	22	-4	22	19	16	15	18	-4	15	20	21	21	19	1	18	17	15	15	15	14	2
Western Europe	78	0	91	97	101	103	98	20	90	82	76	85	83	-15	87	96	92	100	94	11	118	112	123	119	120	109	12
OECD Pacific	29	2	32	39	39	34	36	7	27	25	26	23	25	-11	22	18	23	22	21	-4	17	17	17	18	20	20	3
Total OECD	2,352	4	2,532	2,317	2,698	2,593	2,535	183	1,945	1,299	1,368	1,616	1,557	-978	2042	1893	2185	2278	2100	543	2521	2232	2632	2745	2956	2698	152
Other Asia	212	10	213	220	218	212	216	4	212	212	213	233	217	1	235	249	253	255	248	31	257	234	232	233	233	224	-4
Latin America	175	27	187	184	195	197	191	16	164	147	149	169	157	-34	183	203	220	213	205	48	191	192	196	201	198	192	14
Middle East	149	18	158	165	175	171	167	18	162	151	139	147	150	-18	152	150	163	159	156	6	101	107	102	107	116	119	3
Africa	14	4	10	13	14	11	12	-2	8	11	9	12	10	-2	20	19	19	18	19	9	1	2	0	5	2	4	-2
Total DCs	551	58	569	583	602	591	586	36	546	520	510	561	534	-52	589	621	655	645	628	93	549	535	530	546	549	539	11
Non-OPEC rig count	2,903	62	3,101	2,900	3,300	3,183	3,121	219	2,491	1,819	1,878	2,177	2,091	-1,030	2632	2514	2840	2924	2727	636	3070	2768	3161	3291	3505	3237	163
																											0
Algeria	27	2	26	27	24	26	26	-1	24	30	27	27	27	1	23	28	24	24	25	-2	29	33	30	33	32	32	4
Angola	4	1	5	6	5	5	5	1	5	3	3	4	4	-1	10	8	9	9	9	5	11	11	11	8	10	12	2
Ecuador	11	-1	7	9	12	13	10	-1	10	10	10	10	10	0	11	11	11	11	11	1	11	11	11	15	16	17	-2
Iran**	50	6	50	50	50	51	50	0	51	52	52	52	52	2	52	52	52	52	52	0	54	54	54	54	54	54	0
Iraq**	0	0	29	29	29	29	29	29	36	36	36	36	36	7	36	36	36	36	36	0	36	36	36	36	36	36	0
Kuwait**	12	-1	12	11	12	12	12	0	12	11	14	13	13	0	19	18	21	23	20	8	56	56	57	60	57	54	-1
Libya**	13	3	14	15	15	15	15	2	15	13	14	15	14	-1	17	17	14	15	16	1	10	3	8	9	12	12	0
Nigeria	8	-1	9	8	6	6	7	-1	7	6	6	7	6	-1	11	13	18	17	15	8	35	35	36	36	37	36	-1
Qatar	13	2	11	12	11	11	11	-1	9	9	9	9	9	-2	8	8	9	9	9	0	10	8	7	7	8	7	0
Saudi Arabia	77	11	78	77	76	76	77	0	72	67	67	66	68	-9	68	67	67	65	67	-1	98	98	98	105	105	106	-3
UAE	15	-2	12	12	13	12	12	-2	13	12	13	12	12	0	13	13	13	13	13	1	17	21	24	22	22	23	1
Venezuela	76	-5	82	81	77	81	80	4	69	64	54	54	60	-20	66	64	70	80	70	10	125	125	125	113	128	130	9
OPEC rig count	305	16	336	337	330	336	335	29	322	314	302	305	311	-24	334	335	344	355	342	31	493	490	495	498	517	519	9
																											0
Worldwide rig count*	3,208	78	3,438	3,237	3,630	3,519	3,456	248	2,813	2,133	2,180	2,483	2,402	-1,054	2965	2849	3184	3278	3069	667	3563	3258	3656	3789	4022	3756	172
of which:																											0
Oil	1,242	119	1,408	1,351	1479	1490	1,432	190	1283	1069	1182	1,356	1,222	-210	1590	1534	1783	1896	1701	479	2197	2023	2354	2453	2844	2674	234
Gas	1,903	-44	1,969	1,814	2070	1948	1,950	47	1450	993	965	1,092	1,125	-825	1333	1276	1356	1337	1325	200	1319	1187	1257	1286	1131	1024	-62
Others	20	4	26	32	36	37	33	12	35	35	34	37	35	3	43	40	42	46	43	8	48	49	47	52	50	61	0

Note: Totals may not add up due to independent rounding
na: Not available

** Excludes China and FSU*
*** Estimated figure when Baker Hughes Incorporated did not reported the data*

Source: Baker Hughes Incorporated & Secretariat's estimates

Contributors to the *OPEC Monthly Oil Market Report*

Editor-in-Chief
Hasan M. Qabazard, Director, Research Division
email: hqabazard@opec.org

Editor
Hojatollah Ghanimi Fard, Head, Petroleum Studies Department
email: h.ghanimifard@opec.org

Analysts

Crude Oil Price Movements	Eissa Alzerma email: ealzerma@opec.org
Commodity Markets	Odalis López-Gonzalez email:olopez@opec.org
World Economy	Mehdi Asali email: masali@opec.org Mohammed El-Shahati email:melshahati@opec.org Joerg Spitzy email: jspitzy@opec.org
World Oil Demand	Esam Al-Khalifa email: ekhalifa@opec.org
World Oil Supply *and* Tanker Market	Haidar Khadadeh email: hkhadadeh@opec.org
Product Markets and Refinery Operations	Elio Rodriguez email: erodriguez@opec.org
Oil Trade	Mohammed El-Shahati email: melshahati@opec.org
Stock Movements	Aziz Yahyai email: ayahyai@opec.org
Technical and editorial team	Aziz Yahyai email: ayahyai@opec.org Douglas Linton email: dlinton@opec.org

Data services
Fuad Al-Zayer, Head Data Services Department (fzayer@opec.org)
Puguh Irawan (pirawan@opec.org), Ramadan Janan (rjanan@opec.org)
Pantelis Christodoulides (World Oil Demand, Stock Movements), Hannes Windholz (Oil Trade, Product & Refinery), Mouhamad Moudassir (Tanker Market), Klaus Stoeger (World Oil Supply), Harvir Kalirai (Economics), Sheela Kriz (Crude Oil Prices)

Production, design and circulation
Viveca Hameder, Hataichanok Leimlehner, Evelyn Oduro-Kwateng, Andrea Birnbach

Data Summary

April 2012

OPEC Basket average price

US$ per barrel

up $5.49 in March

March 2012	***122.97***
February 2012	*117.48*
Year-to-date	*117.49*

March OPEC crude production

in million barrels per day, according to secondary sources

up 0.14 in March

March 2012	***31.31***
February 2012	*31.18*

World economy

Global growth expectations for 2012 have been revised down to 3.3% from 3.4%. OECD growth for 2012 has been lowered to 1.4% from 1.5%, due to a revision in Euro-zone, which is now expected to contract by 0.3% compared to minus 0.2% previously. Growth expectations for China are unchanged at 8.2%, while India's forecast was lowered to 6.9% from 7.1%.

Supply and demand

in million barrels per day

2011		*10/11*
World demand	*87.8*	***0.8***
Non-OPEC supply	*52.4*	***0.1***
OPEC NGLs	*5.3*	***0.4***
Difference	***30.1***	***0.4***

2012		*11/12*
World demand	*88.6*	***0.9***
Non-OPEC supply	*53.0*	***0.6***
OPEC NGLs	*5.7*	***0.4***
Difference	***30.0***	***–0.1***

Totals may not add due to independent rounding

Stocks

US commercial oil stocks rose 14.3 mb in March. With this build, inventories were 30.8 mb higher than a year ago and 47.0 mb above the five-year average. Crude stocks increased 17.5 mb, while products fell by 3.2 mb. The most recent monthly data in Japan shows that commercial oil stocks fell 10.1 mb in February. Inventories were 3.1 mb below a year ago and 12.0 mb less than the historical average. The total stockdraw was divided between crude and products.

Issued 12 April 2012
Next report to be issued on 10 May 2012

Data covered up to the end of March 2012 unless otherwise stated.