OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:

Oil prices and the world economy

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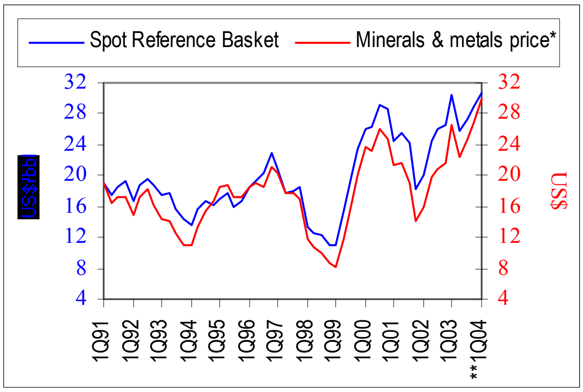
Oil Market Highlights

- The US recovery continues to broaden throughout the economy, producing sizeable gains in employment for the first time in this cycle. Indicators of consumer and business sentiment are uniformly optimistic with software and equipment spending growing particularly rapidly. Disinflation is no longer a risk in the USA. Indeed, the rise in the April core inflation rate to 1.8% year-on-year and the 2% rise in the core personal consumption deflator may trigger higher interest rates in June.
- First quarter Euro-zone data confirmed at last that a steady economic recovery is under way. Overall Euro-zone growth was 2.4% in the first quarter with France showing the best performance. The continued weakness of German consumption is the major threat to the sustainability of the European recovery. Japan continues to benefit from the strong growth of China. Economic growth for the first quarter was probably in the region of 4%, a reduction from the remarkable 6.4% achieved in the final quarter of 2003. Exports and business investment continue to lead the Japanese recovery.
- The 2004 forecast for the OECD region has been raised by 0.2% and GDP is expected to grow by 3.4%. The USA forecast has been increased by 0.25% to 4.7% while that of Japan is now 2.9%, a rise of 0.1%. The forecast for the Euro-zone is unchanged at 1.8%. The forecast for China has been increased to 8.8% and the forecast for Russia has been raised to 7%. The world economy as a whole is forecast to grow at 4.7% in 2004, an increase of 0.2% from last month.
- The \$32.35/b April's OPEC Reference Basket price is second only to the all-time high monthly average of \$34.32/b registered in October 1990. The constant strength of the Basket since the beginning of 2004, combined with the pronounced drop seen in March and April of last year, considerably widened the 2004 year's year-to-date average with respect to 2003. The Basket averaged \$31.13/b to 30 April of this year versus \$29.02/b during the same period in 2003. Early in May, following a surge in crude prices, the Basket added another 5% or \$1.66/b to average \$34.91/b in the week ended 6 May and rose by another \$1.25/b to \$36.16/b in the following week. As of 17 May, the Basket's daily average had risen to \$37.72/b, or about \$1.20 below the all-time high, driven primarily by geopolitics, security concerns, the gasoline situation in the USA, high demand for petroleum products and rampant speculation.
- Most average product prices enjoyed considerable gains in April, induced by prevailing robust product demand amid curtailed refinery supply, which was largely due to maintenance turnarounds. Consequently, refining economies improved significantly in all main global refining centres.
- In April, estimated OPEC area spot fixtures showed a decline of 3.05 mb/d to stand at 12.36 mb/d. OPEC spot chartering retreated mostly on a lack of activity due to the Easter holidays, slower seasonal demand and a slight fall in OPEC crude oil production that affected mainly Middle Eastern long haul spot fixtures, especially on the westbound route. VLCC freight rates for long-haul cargoes from the Middle East to the Far East and to the west continued their downward trend for the second consecutive month, declining by 10 points to WS91 and by 12 points to WS83 respectively. The product tanker market experienced a similar pattern to that of crude.
- The 2003 world oil demand estimate has been raised by 0.12 mb/d mostly due to relatively substantial upward revisions in the consumption data of Developing Countries and Other Europe complemented by a moderate rise in that of Western Europe. China is the top contributor to forecast 2004 oil demand growth and has continued to register ever faster incremental growth as more evidence on actual consumption becomes available. Out of the 0.24 mb/d rise in the forecast 2004 demand increment, which now stands at 1.80 mb/d, nearly 0.190 mb/d is attributable to China. Total 2004 world oil demand is now forecast at 80.40 mb/d, registering growth at a seven-year high of 2.29%.
- OPEC crude oil production in April, based on secondary sources, is estimated at 28.05 mb/d, 0.26 mb/d lower than the revised March figure. However, May nominations and tanker movements indicate much higher volumes, and OPEC Member Countries are considering further production increases as part of their commitment to respond to market realities. Non-OPEC oil supply for 2003 is estimated at 48.67 mb/d, which is 0.91 mb/d above the 47.76 mb/d estimated for 2002. Non-OPEC supply in 2004 is expected to reach 50.01 mb/d, an increase of 1.34 mb/d over the 2003 estimate. Net FSU exports are estimated at 5.56 mb/d for 2002 and 6.46 mb/d for 2003, rising to 7.36 mb/d in 2004.
- US commercial on-land stocks continued their upward trend for the second consecutive month increasing 14.20 mb at a rate of 0.5 mb/d to 927.1 mb. Both crude oil and products contributed to this build, rising 6.7 mb and 7.5 mb respectively. In Eur-16, at the end of April, total stocks fell 7.5 mb at a rate of 0.25 mb/d to 1,062.8 mb for the third successive month. Both crude and products contributed to the draw, decreasing 3.5 mb to 457.6 mb and 4.0 mb to 605.2 mb respectively. In Japan, commercial onland oil stocks continued their downward trend in March for the third consecutive month, decreasing 6.7 mb at a rate of 0.22 mb/d to 163.0 mb. Total major products were the main contributor to this draw, declining by 6.6 mb to 54.8 mb, while crude oil stocks remained almost unchanged at 108.2 mb.
- Although the total world stocks saw a slight increase in 1Q 2004, the balance indicates an increase of 1 mb, which leaves more than 800,000 b/d unaccounted for. This could be attributed to unreported stocks in developing countries and potential revisions in data. In light of current OPEC production, the revised world oil balance is still significantly above the normal seasonal stock-build, a view that is also shared by other established sources.

Oil prices and the world economy

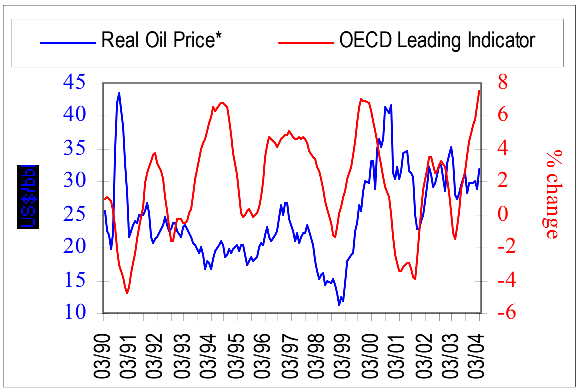
- The world economy is at, or near, a cyclical peak. In the second quarter of 2004 the rate of growth of world GDP will be about 5%. Such higher growth was not fully expected by forecasters. In particular, the rapid acceleration of developing countries – especially in Asia – was not anticipated and major investment banks have raised first quarter 2004 growth forecasts for Asia by as much as 2% between September 2003 and April 2004.
- In line with the robust recovery in GDP, estimates of oil demand have also been increased. In the past six months the average global oil demand growth for 2004 has been revised upwards by as much as 800,000 b/d, approaching 2 mb/d.
- The speed of the recovery has had a dramatic effect on non-food commodity prices as shown in Graph 1. The remarkable growth of the Chinese economy boosted metals prices in particular, which has pushed *The Economist* metals index up 43% over the past 12 months. A further influence on dollar-denominated prices has been the weakness of the US currency since February 2002. Oil prices have been additionally affected by geopolitical uncertainty and bottlenecks in product markets – particularly the US gasoline market. The 5% increase in the real price of oil from the average level of the second half of 2002 to April 2004 may be considered moderate in the light of the sharp upturn in the OECD economy shown in Graph 2.
- The macro-economic effects of higher oil prices are complex and depend on the oil intensity of each economy, the performance of currencies against the US dollar and the effect of the recycling of oil revenues from oil exporting countries. At the time of writing, when growth forecasts are being revised upwards daily, it seems unlikely that the current strong momentum of the world economy has been greatly restrained by such a limited increase in the real oil price.
- On the occasion of the publication of the latest IMF *World Economic Outlook*, a senior official commented that a significant factor explaining the higher oil prices has been higher demand and "to that extent the effect on growth is a little less of a concern". Considering supply issues he noted that OPEC has "been very supportive in the sense of increasing production when there have been shortfalls and has been willing to sustain production when there is a need".[1]

Graph 1: Oil Prices and Non-Food Commodity Prices



* *Indexed to Spot Reference Price in 1Q91*
** *Most recent data point available*

Graph 2: Real Oil Price and the World Economic Cycle



* *Indexed to March 2004*

- Studies of the impact of higher oil prices are usually based on a sustained increase over a number of years. The recent report of the IEA was based on an assumed nominal price of $35/b maintained through 2008. Throughout the period 2004-2008, such an increase would reduce the OECD growth rate by 0.3% annually.
- Such conclusions only apply if the world economy and the oil markets have undergone sufficient structural change to warrant such dramatic sustained price shifts. Recent data from Asia suggest that the growth process of this region has indeed undergone an acceleration – spurred, of course, mainly by China – but it is too soon to rewrite long-term global GDP and oil demand expectations. In so far as market realities have changed, OPEC has responded in 2004 and stands ready to make available any necessary supplies. OPEC Member Countries have the capability to increase capacity - both in the short term and over a longer time horizon as new investments come on stream.
- Looking forward, the economic recovery is clearly well established but the consensus expects a gradual deceleration in global economic growth towards the end of this year. The major risk factor is higher US interest rates and following the steady improvement in the US labour market, many commentators anticipate an increase in the Federal Funds rate in June.
- Further uncertainty surrounds China as the authorities have made it clear that they are unhappy about the pace of growth and inflationary dangers. Regulating the pace of such a large, fast-growing economy will not be straightforward and the adjustment to a more sustainable pace of growth will take time. Nevertheless, any eventual downturn in Chinese growth would have a sharp impact on Japan and the rest of Asia.
- Whenever the world economic cycle does begin to turn down, this factor will have a direct effect on the oil market, moreover price falls triggered by fundamentals may be amplified by the unwinding of long futures positions held by non-commercials.
- Aside from geopolitical uncertainties, the normal behaviour of the world economy and the oil market implies a move to equilibrium levels in the foreseeable future. The timing of turning points is always uncertain but whenever the world economy returns to sustainable rates of economic growth, oil prices should also adjust.

[1] Mr. Raghuram Rajan, Chief Economist, IMF at *World Economic Outlook* press conference, 21 April 2004.

Highlights of the World Economy

Economic growth rates 2003-2004
%

	World	G-7	USA	Japan	Euro-zone
2003	**3.8**	**2.2**	**3.1**	**2.7**	**0.5**
2004	**4.7**	**3.4**	**4.7**	**2.9**	**1.8**

Industrialised countries

United States of America

The US labour market is on the mend. Higher interest rates likely next month as inflation rises.

Although the first quarter GDP report for the USA indicated a slower than expected growth rate of 4.2%, most recent indicators suggest that the economic recovery is broadening. The first quarter shortfall was due mainly to government spending and inventory changes. Of greater significance was the employment report for April which showed a 288,000 increase in the non-farm payroll. Stronger employment growth should allow the momentum of consumer spending to be maintained in the second half of 2004 despite the fading effect of tax cuts and likely higher interest rates. The investment recovery continues strongly and forward–looking orders data show no sign of a slowdown in growth. The various surveys of business and consumer confidence remain uniformly optimistic and the April Institute of Supply Management index recorded the sixth consecutive month above the high level of 60. All of the 20 industries surveyed reported growth in April, supplier deliveries are at high levels and employment has increased. The University of Michigan index of consumer sentiment for April was revised up to 94, well above the long-run average of 88. The US economy will probably be able to maintain a 4-5% growth pace without the danger of sharply higher inflation but the "core" rate of inflation (which excludes food and energy) has begun to increase. The April core inflation rate rose to 1.8% (up from 1.1% in December) and unit labour costs probably rose at a similar rate in the first quarter. Bearing in mind that changes in monetary policy take time to affect the economy, a rise in US interest rates in June seems virtually assured since the Federal Reserve keeps a close eye on this inflation indicator and will also be guided by the improvement in the labour market. The strength of demand within the US economy is well illustrated by the continued weakness in trade accounts. In March, the US imports of goods rose by $6 billion over the February level of $112 billion, taking the goods and services deficit to $46 billion, which was $3billion above the deficit for March 2003. The improvement in growth prospects and the likelihood of higher interest rates in the summer have combined to boost the dollar over the past few weeks, despite the continuing weakness in overseas trade, although recent better growth data from the Euro-zone may limit the dollar's advance. Apparent risk factors for the US economy include the prospect of slower growth in China as the authorities act to prevent over-heating and fears that energy prices may remain at high levels, affecting consumer and business confidence. In so far as the Chinese economy does begin to slow towards the end of 2004, this factor – together with higher interest rates in the US – should temper the global demand for oil. Leaving aside the impact of geopolitical uncertainties on the oil market, higher commodity prices reflect cyclical conditions and a return to more sustainable rates of global growth should ease the pressure on these markets. Higher inflation is unlikely to derail the world economic recovery which now seems better established and set to continue for the foreseeable future.

Japan

The Japanese economy is expanding rapidly, and its export-led recovery is spreading to non-manufacturers and consumers

The Japanese economy is expanding rapidly and its export-led recovery is spreading to non-manufacturers and consumers. The Bank of Japan raised its evaluation of the world's second-biggest economy for the first time since December 2003. Similarly, **the International Monetary Fund has revised up its forecast for the Japanese economy and suggested that it will extend its recovery by expanding 3.4% this year and 1.9% in the next.** Corporate profits are continuing to increase and the improvement in business sentiment has also been spreading across the industries. Rising share prices have boosted consumer confidence and spending. Furthermore, gains in retail sales and household spending suggest that consumers may start to play a bigger role in reducing its dependence on exports. To the extent that improvements to the domestic economy have occurred, they are the result of substantial restructuring efforts seen over the past two years. Many companies have been slashing costs by closing down operations and streamlining operating procedures. **Meanwhile, Japan's jobless rate fell to a three-year low of 4.7% in March as an economic recovery prompts companies to hire more workers.** The economy added 190,000 jobs, seasonally adjusted, reducing the unemployment rate from 5% in February. While Japan's monthly industrial output data have been erratic since the beginning of the year, they still show a modest upward trend. Looking ahead, a monthly survey of manufacturers estimates a strong rebound in April and May, with production forecast to rise by 5.6% and 2.2% respectively on a seasonally adjusted basis. The industrial output in 2004 is expected to increase by 5.4%, led by the manufacturing sector as it continues to benefit from rapid Chinese growth and brisk sales of digital goods.

Euro-zone

Growth at last!

The release of first quarter GDP data provided the first concrete evidence of economic recovery in Europe. In this period, Euro-zone GDP grew by 2.4% annualised in comparison to the final quarter of 2003 and by 1.3% in comparison to the same period of 2003. The growth rate for the fourth quarter of 2003 was revised up from 1.2% annualised to 1.6%. The gains were widely distributed between the Euro-zone countries with France in the lead, achieving a 3.2% annualised growth rate in the first quarter. Nevertheless, even previous laggards such as Italy which recorded a 1.6% growth rate, showed improvement following a disappointing fourth quarter. These growth rates exceeded market expectations. The good performance in France was probably the result of strong growth in personal consumption while German growth (of 1.6% annualised) benefited from export strength. The Italian result was particularly surprising and was probably due to expanding demand for services since industrial production in Italy remains depressed. The gains in consumer sentiment in Europe remain patchy and sustained growth in the region still needs to see a change in Germany. German growth remains concentrated in export-related, manufacturing sectors and is having little impact on overall employment levels, especially in the service sector. Unless consumption improves there is a risk that capital investment will also fail to recover. Economic policy in Europe has little scope to boost growth since the number of countries with deficits of at least 3% of GDP is expected to double to 6 this year. Opinion is divided concerning the chances of lower interest rates. Until the release of first quarter GDP data it seemed possible that the ECB would lower rates in the summer. Taking into account the ever stronger pace of the world economy, an ECB rate cut is now a remote possibility. Indeed, the message of the May ECB bulletin was that there is a growing risk to price stability as higher commodity prices feed through into producer costs. Overall, the European economy has begun to grow at trend rates of about 2%. Maintaining even this moderate pace will require a marked improvement in consumer confidence in order to justify higher capital investment and thus support a sustained increase in employment levels.

Former Soviet Union

Russian economy slowed in March, but rose to 7.9% in the first quarter of 2004

The FSU's economic performance over the past few years has largely been the result of the booming hydrocarbon sector, higher oil prices and relatively stable domestic demand. **In Russia, private consumption fell in 1999, but recovered rapidly and has seen an annual growth rate in excess of 7% since 2000, while the fastest growth of 9.5% was recorded in 2001.** However, as a proportion of GDP, private consumption is still quite low in Russia, at just over 50%, especially as many emerging market and transition economies boast a higher figure. Meanwhile, the basic sectors of the economy (used as proxy for GDP growth) slowed down to 7.2% y-o-y in March, from 8.9% in February. **During the first quarter of 2004, growth reached 7.9%, up from 6.7% in the year-earlier period.** By sectors, construction continued to accelerate at a 14.2% pace in March and 13.8% in the first quarter. Growth in transport slowed to 6.9% for the month, but still reached a relatively high 7.7% rate in the quarter. Retail trade expanded strongly in March, by 10.8% y-o-y, and by 10.3% in the first quarter, spurring investment. Annual agricultural output shrank by 1.5% for the month and by 1.4% in the first quarter. **The real income growth edged up to 11.6% y-o-y in March, after slowing sharply in February to 10.3% from 21.1% in the month before**, resulting in a 13.9% gain in the first quarter of this year. Nominal wage growth accelerated to 30.4% as the nominal wage reached 6,571 roubles, whereas real wage growth soared by 18.3% for the month, bringing the first quarter rise to 15.8%. Rapid growth continued to contribute to a lower unemployment rate, which as measured by the International Labour Office, dropped to 7.9% in March, from 8.1% in February.

Eastern Europe

Political uncertainties cast shadow over strong Polish growth performance.

Following the accession of the ten new members of the EU on 1 May, attention has turned to the economic and political problems of Poland, by far the largest new member in the Union. Political uncertainty is likely to dominate the outlook for the remainder of 2004, with long-term interest rates rising sharply and the zloty continuing to weaken against the euro. As the process to nominate a new Prime Minister could stretch into June, the fate of the previous government's spending plans hangs in the balance. Despite these problems, the underlying performance of the Polish economy continues to improve. GDP probably rose by close to 6% in the first quarter and growth of about 5% seems likely for 2004 as a whole. Better growth should lead to lower unemployment and higher fiscal revenues while the first batch of EU transfers should reach Polish farmers this winter. By the spring of 2005, the budgetary situation may have improved, setting the stage for new elections and a more stable political outlook. In comparison, the growth outlook for Hungary is modest. Although export growth will be a mere 5-6%, authorities face the need to reduce the large current account deficit. Personal consumption will thus be weak and overall GDP growth will be about 3% in 2004. Hungary has ambitious plans to enter EMU in 2008/9 but urgent changes in fiscal policy will be required to make this a possibility. The Czech Republic is also targeting EMU entry before the end of this decade and faces similar fiscal issues. Export growth is particularly vital to the Czech economy and much depends on whether the fledgling EU recovery gathers speed.

OPEC Member Countries

Various factors such as gas expansion, election-related spending and fiscal spending supported GDP growth in OPEC Member Countries

Positive real GDP growth in Algeria will continue this year, bolstered by gas expansion either when the InSalah development comes on stream or by the coming-on-line of the Americas gas project, which will produce around 9 bcm/y of gas and some 60,000 b/d of liquids. The GDP growth rate is expected at 6.4% in 2004 compared to 7.2% the year before. Indonesia's real GDP growth is expected to rise to 4.9% this year compared to 4.1% in 2003, boosted by election-related spending that will support consumption, increased exports to China and the OECD, and some recovery in tourism. Venezuela is expected to see a firm rebound, particularly in the first half of the current year, fuelled by fiscal spending and magnified by an extremely low base of comparison in oil production. There will probably be a deceleration in the second half of 2004 as the fiscal expenditures are reined in towards the end of the third quarter after the state governor elections, and as the base of comparison becomes more challenging. This deceleration will diminish going into 2005. The GDP growth rate is anticipated at 7.1% for this year, following the unprecedented collapse during 2002-2003.

Developing Countries

FDI is expected to find potential targets in Africa, Latin America is recovering gradually, and Asia's banking sector returns to health

In Africa, international FDI is expected to take off during 2004-05, after three years of declines, as the next 18 months bring an expected improvement in the overall investment environment, according to a survey by UNCTAD and the Corporate Location Magazine. Respondents believe that South Africa, Angola and Tanzania are the most attractive regional destinations, while the most attractive business areas are considered to be food and beverages, non-metallic products, textiles and leather, power stations, and banking and insurance. The most favourite option for businesses seeking overseas expansion in Africa are mergers/acquisitions and greenfield investments. On the other hand, corporate functions are likely to be relocated into the region, including production facilities, distribution/sales, logistics/support operations and regional headquarters. Output in the Latin American region is recovering gradually, assisted by improvements in Brazil and Mexico. GDP in the region will expand by 4.4% this year against 1.7% in 2003. Argentina's economy is expected to grow by an annual average of 4.0% commencing this year and on into the next 3 years, which will translate into a moderate improvement in living standards following the collapse seen in recent years. In Brazil, the government will continue to restrict public spending growth to meet the year's financial targets, but further cuts in interest rates and a return of confidence should stimulate a gradual recovery of private consumption and investment. Brazil's GDP is anticipated to grow by 3.5% in 2004. South-East Asia's banking sector will return to health as lending is growing again, profits are back, and capital is more than adequate. However, banks matter much less to the region's economies than they did in the early 1990s. China's economy had grown by a surprisingly strong 9.9% y-o-y in the last quarter of 2003. This, combined with an unprecedented upward revision in third-quarter growth data, resulted in an annual growth rate of 9.1% for 2003, the highest since 1998.

The US dollar advanced against other major currencies in April, with the exception of the Japanese yen, further improving the OPEC Reference Basket in real terms

Oil prices, the US dollar and inflation

The US dollar advanced against other major currencies in April, with the exception of the Japanese yen. On average, the US currency rose 2.18% versus the euro, 2.17% against the British pound and 2.63% against the Swiss franc, but lost 1.99% versus the Japanese yen. **Encouraging data about the US economy shifted the dollar's market sentiment and it surged to a four-month high against the euro,** after a government report showed that the economy added 308,000 jobs in March, almost three times more than market expectations. This trend was accelerated when the institute for supply management reported that its services industry index rose to 65.8 from 60.8 in February and the commerce department said that sales at US retailers surged in March. These positive developments prompted traders to move the dollar up against other currencies, in particular versus the euro, as the market continues to anticipate a rise in the US interest rate. This expectation also received a boost from the release of stronger-than-forecast consumer price inflation data in the USA, which helped to remove any fears that disinflation may still poses a risk. **However, the yen strengthened against the dollar and euro after Moody's investors' services raised its rating on Japan's foreign-currency denominated debt to the company's highest ranking**. The upgrade came less than a week after the Bank of Japan reported that business confidence was at a seven-year high. A lot of money has been flowing into Japan, which should continue well into 2004. Furthermore, the sluggish growth in Europe has spurred speculation that the ECB will cut its benchmark interest rate, making euro assets less attractive.

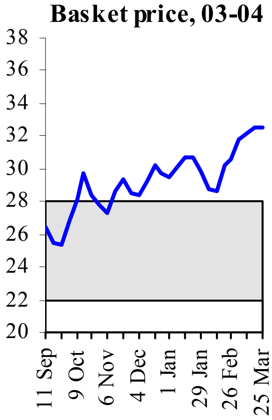
In the same month, the OPEC Reference Basket soared by $0.30 or 0.93% to $32.35/b from $32.05/b in March. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price improved by 1.94% to $23.84/b from $23.38/b, as dollar gains against other rival currencies improved the actual price further. The dollar rose 1.16% as measured by the import- weighted modified Geneva I +US dollar basket*.

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

Crude Oil Price Movement

The OPEC Reference Basket rose $0.30/b in April to average $32.35/b

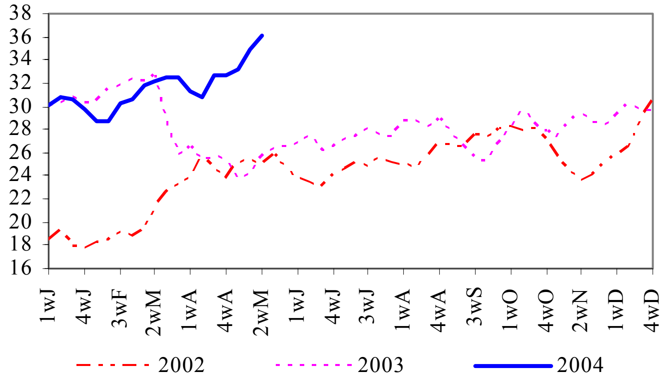
Weekly average Basket price, 03-04



At $32.35/b, April's OPEC Reference Basket price is second only to the all-time high monthly average of $34.32/b registered in October 1990. The constant strength of the Basket seen since the beginning of 2004, combined with the pronounced drop in March and April of last year, has considerably widened the year-to-date average for this year over 2003.

Graph 1

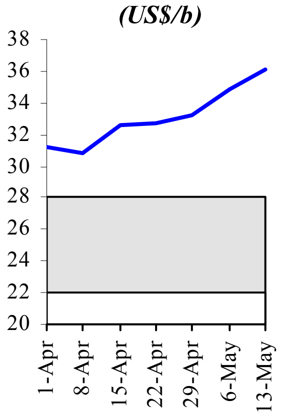
OPEC Reference Basket - weekly spot crude prices *(US$/b)*



According to the latest information, the Basket averaged $31.13/b for the year up to 30 April versus $29.02/b during the same period in 2003. Early in April, the Basket retreated losing almost 4% in the first week of the month followed by another 1.3% in the second when the Baskets' average stood at $30.84/b. The Basket underwent a sharp and sustained recovery in the second half of the month adding almost 6% or $1.8/b in the week of 15 April. By the end of the month the weekly average had already surpassed the $33/b mark to reach $33.25/b a level not seen since late 1990. **Early in May, following the surge in crude prices, the Basket added another 5% or $1.66/b to average $34.91/b in the week ending 6 May and rose another $1.25/b to $36.16/b the following week. As of 17 May, the Basket's daily average rose to $37.72/b, or roughly $1.20 below the all-time high.**

Apr - May 04

(US$/b)

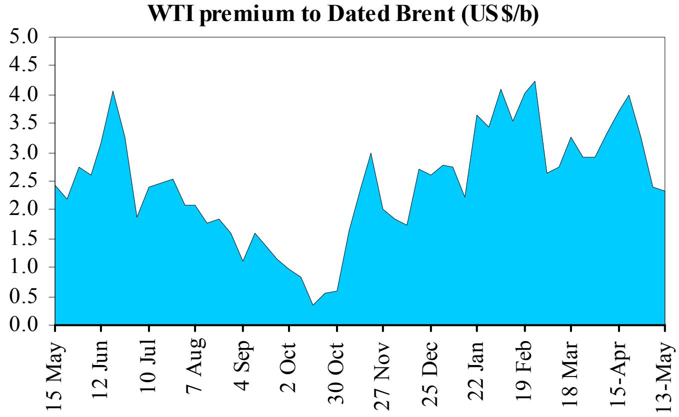


Geopolitics, security concerns, gasoline, high demand for petroleum products and rampant speculation have driven crude and product prices to record highs in April

As the saying goes "everything that could go wrong did!" — or maybe not yet? There is a long list of factors which have combined to take crude and product prices at or close to an all time high. **Gasoline and in particular the gasoline situation in the USA is likely the main driver behind soaring crude prices.** A quick glance at total US gasoline stocks does not reveal the severity of the situation.

Graph 2

WTI premium to Dated Brent (US$/b)



After all, US total commercial stocks of 204 mb at the end of April were only 2% lower than last year and the 5-year average. However, a closer look reveals that RFG (reformulated gasoline) stocks of 25.2 mb at the end of April were 32% below last year and a frightening 41% lower than the previous 5-year average, according to EIA figures. Meanwhile, implied demand at a time when the full strength of consumption has not yet materialized is still running 4% to 5% above the last 5-year average. But there is still more. MTBE (methyl tertiary butane ether) has been banned for the production of RFG in three states (California, New York and Connecticut) since January of this year, it is only now that refiners are struggling to produce summer grade RFG with lower RVP (Reid vapour pressure). The new specifications which mandate the use of ethanol for RBOB (reformulated gasoline blendstock for oxygenated blending) have limited the sources for US gasoline imports to those refiners that have undertaken the heavy investment necessary to meet the new requirements. Combined, this is a volatile cocktail for a country where gasoline demand has risen by 680,000 b/d in the last 6 years while domestic production has increased by only 300,000 b/d. And it is not just the US scrambling for gasoline to keep up with booming demand. China's gasoline exports are drying up fast due to rampant domestic demand, leaving the region struggling for substitute barrels. **Geopolitical concerns with regard to the continued social and political unrest in producing nations — both inside and outside the Middle East region, which accounts for at least 40% of the global physical oil trade — has had a strong effect on oil markets.** The recent phenomenon of attacks on the oil infrastructure of major oil producing nations deserves careful attention. **Robust economic growth, especially in China and the USA, and possibly some other hidden factors of which we are not yet aware, have led to a hefty revision in oil demand growth estimates for the present year.** In simple terms, growth that was thought to be in the order of 1 mb/d late last year and in the early part of this year has all of the sudden doubled to 2 mb/d. All of these factors had led profit hungry speculators to place exuberant bets on higher oil and product prices (long positions) magnifying with their action the already inflated crude oil prices. **OPEC has responded to the price's upward spiral by maintaining a high level of production of more than 28 mb/d during the first quarter of 2004 which exceeds by as much as 2.5 mb/d the amount of oil the Organization has pledged to supply the market. These efforts have ensured that the market has an abundant supply of crude.** Proof of this can be seen in the commercial crude oil stocks in the USA, which have risen by 30 million barrels since January of this year. Moreover, additional crude has been diverted into the US Strategic Petroleum Reserve, which has risen by 60 million barrels since the beginning of last year.

US and European markets

Sweet West African crudes moved to the US Gulf Coast on the back of a wide transatlantic arbitrage; nonetheless, buying interest was subdued

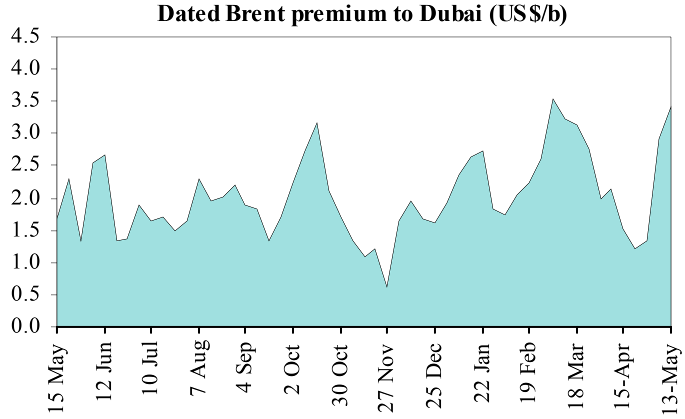
Sweet West African grades like Nigerian Bonny Light moved across the Atlantic as the WTI/BFO (West Texas Intermediate/Brent, Forcados and Oseberg) spread remained attractive. Eastern and Middle Eastern refiners showed muted interest, playing a "wait and see game" with the expectations that premiums would fall. Late in April, May sweet crude cargoes came under pressure as supplies piled up in the US Gulf Coast and the June lifting programme was issued. **Despite the general belief that the US market, especially in the East and Gulf Coast, is short of light sweet, high-gasoline yield crudes, May Nigerian sellers had to reduce premiums in order to attract the attention of US refiners.** Problems with production facilities in Alaska combined with healthy demand underpinned sour crude imports into the US West Coast where prices remained supported in contrast to the weaker levels in the US Gulf Coast. Buoyant US gasoline demand kept the US gasoline premium to BFO at around $14/b prompting NW European refiners to step up buying of gasoline-rich North Sea grades such as Forties. Demand for other grades such as Oseberg rose as refiners completed their turnarounds after a period of heavy maintenance and strong refining margins. Russian Urals, which was under pressure during most of April due to abundant supplies from the Baltic Sea port of Primorsk, rebounded in late April/early May. Disruptions of the flows of Kirkuk to Ceyhan and a reduced May Urals loading programme helped boost Urals and other sour grade prices.

Far East market

Despite firm Chinese demand, only around 1.1 mb/d of West African crudes moved to the region partly due to the stock-builds in the previous month

Graph 3

Dated Brent premium to Dubai (US$/b)



In the first half of April, the BFO premium to the Asia Pacific sour benchmark Dubai narrowed to less than $1.50/b due, on the one hand, to healthy demand in the region and, on the other hand, to the fall in Oseberg, the price of which has been undermined by its blending with Grane, making it the cheapest of the three North Sea grades that make up the benchmark. Nonetheless, demand for West African crude to sail eastwards stood at around 1.1 mb/d, far less than the 1.4 to 1.5 mb/d of previous months. Rampant demand for West African crude over the last month has left Chinese refiners with plenty of crude in storage and given the fact that refineries are running at almost full capacity, new demand is likely to concentrate on products, especially jet fuel and diesel. Heavy sweet grades came under pressure with the restart of several nuclear reactors in Japan which has undermined the need for direct-burning grades such as Indonesia's Minas. Pressure on sour Middle East crudes mounted late in the month as demand gravitated towards sweet crudes and initial signs indicate that important Middle Eastern producers will ramp up output in May.

Table 1

Monthly average spot quotations for OPEC's Reference Basket and selected crudes

US $/b

			Year-to-date average	
	Mar 04	**Apr 04**	2003	**2004**
Reference Basket	32.05	**32.35**	29.02	**31.13**
Arabian Light	31.62	**32.48**	28.25	30.82
Dubai	30.77	**31.69**	27.10	30.01
Bonny Light	33.34	**33.74**	29.53	32.19
Saharan Blend	33.46	**33.71**	29.74	32.33
Minas	32.21	**32.19**	31.05	31.08
Tia Juana Light	29.88	**29.88**	28.32	29.34
Isthmus	33.08	**32.76**	29.14	32.12
Other crudes				
Brent	33.70	**33.23**	29.69	32.31
WTI	36.59	**36.80**	32.49	35.65
Differentials				
WTI/Brent	2.89	**3.57**	2.80	3.34
Brent/Dubai	2.93	**1.54**	2.59	2.30

Product Markets and Refinery Operations

Most average product prices enjoyed considerable gains in April, induced by prevailing robust product demand amid curtailed refinery supply, which was largely due to maintenance turnarounds. Consequently, refining economies improved significantly in all main global refining centres.

US Gulf market

Significant increase in demand across the barrel supported US refinery product prices, which led to another rise in refining margins in the US Gulf Coast in April. The US refinery utilization rate was close to 93%.

Average spot prices for the opposite ends of the barrel — gasoline and HSFO (high sulphur fuel oil) — shared the lead when both product prices surged by 6% in the US Gulf Coast in April. The corresponding gasoil price increase was limited to 1%, which was roughly equal to the rise of the marker crude, WTI, over last month's value. Nevertheless, the Energy Information Agency's preliminary four-week average, representing major US refinery and product activity in April, shed light on some important developments. The US gasoline retail price continued to rally, reaching the vicinity of $1.80/gal at the end of April as gasoline demand remained robust, registering 9.12 mb/d, an increase of nearly 3% over the previous month and almost 7% above last year's level. Meanwhile, amid a historical high gasoline yield of around 56%, US refiners boosted gasoline output to average nearly 8.70 mb/d. However, gasoline imports slid to 0.88 mb/d, affected by fewer gasoline shipments from European refineries. At the same time, distillate demand surged 3% above last month's and the previous year's levels to 3.95 mb//b, prompted in part by strong agricultural demand. Residual fuel oil also followed suit, increasing by 2% and 18% compared to the previous month and a year ago to stand at 0.83 mb/d, prompted by increased processing of fuel oil into gasoline, coupled with higher fuel oil burning in utilities amid strong natural gas prices.

A prevailing robust pace in product prices overwhelmed a modest increase in WTI, resulting in strong refinery economics, with WTI's average refinery margin exceeding $4.50/b.

A spate of refinery restarts following the end of maintenance programmes pushed up the US refinery throughput by more than 0.5 mb/d to 15.48 mb/d in April. The corresponding utilization rate of 92.7% was almost 1% lower than in the same month last year, reflecting in part lingering turnarounds for several refineries due to the upgrading of the refinery equipment to meet the stringent new transport fuel specifications.

Rotterdam market

Product price gains shrugged off a drop in the Brent crude price in Rotterdam in April. Consequently, refinery margins doubled to nearly $6.50/b, while the refinery utilization rate in Eur-16 registered 93.5%.

Average product prices rose further in April in Rotterdam, despite a 1.4% fall in the marker crude, Brent. Gasoline faired the best, soaring 9%, followed by a 6% rise in the gasoil price and a 3% increase in HSFO's average value compared to the level of the preceding month. However, European products were mainly shaped by the following developments. Firstly, there was slower activity in arbitrage gasoline trading to the USA than in the previous month, reflecting the decline in finished gasoline exports to the US East Coast, as some European refineries were not able to meet the stringent US summer grade specifications as of 1 May. Yet, they did boost the shipments of blending material for reformulated gasoline, which is crucially required in New York and Connecticut. Furthermore, there was intensive gasoline shipping to Nigeria and the Middle Eastern countries at a time when several key European refineries were still under turnaround maintenance. Distillate demand, on the other hand, was sluggish, coinciding with the end of the cold season, while jet fuel demand increased in line with robust air travel. Meanwhile, improving refinery economics for alternative fuel oil as well as the continued movement of fuel oil cargoes to Asia were the main reasons behind strong fuel oil fundamentals.

The exceptionally weak Brent coupled with high product prices lent considerable support to Brent's refining margins, which reached almost $6.50/b in April, the highest value for at least the previous four years.

Prompted by sky-rocketing refining margins, refinery throughput rose by nearly 0.41 mb/d to stand on average at 12.25 mb/d in April. The equivalent utilization rate was 93.5%.

Gasoil prices led the rise in the product complex in Singapore in April. Refinery margins gained further, owing largely to strong distillate (gasoil and jet fuel) fundamentals.

Singapore market

Average spot product prices ranged from stable to soaring compared to the preceding month's levels, amid a 3% rise in the marker crude Dubai in Singapore in April. The gasoil price skyrocketed by 11%, pushing spot values well above their counterparts in the remaining major world product markets to register $42.82/b. HSFO's incremental monthly price followed with 4%, while gasoline was almost unchanged compared to the previous month's level. Nonetheless, an overall analysis sheds light on the important factors shaping Asian product markets. Firstly, a spate of refinery turnarounds in the region led to a generally tight Asian product market. Secondly, the prevailing strength in the US gasoline market lent considerable support to Asian grades that could be used as blending material in the US gasoline pool. Thirdly, despite the end of the winter season, and hence waning demand for heating oil, both distillate products (i.e., gasoil and jet fuel) saw robust Chinese demand due to agricultural seasonal requirements and strong air travel. By contrast, Asian fuel oil fundamentals pointed to plentiful supply that stemmed from two underlying reasons: the continuous decline in Japanese demand due to the gradual restart of nuclear reactors, with 12 out of 17 nuclear power generators back on stream, and the influx of foreign fuel oil cargoes which made up for supply losses due to extensive Asian refinery maintenance.

Dubai's average refining margins advanced further in the positive territory to register close to $3.70/b, reflecting strong prices for gasoil, jet fuel and fuel oil, outpacing the moderate increase in the marker crude price.

In Japan, the start of seasonal maintenance led to a decline in the refinery utilization rate of 0.39 mb/d to 3.96 mb/d in April. Therefore, the refinery utilization rate fell to 83.7%, which was 4% lower than in the corresponding period a year ago.

Table 2
Refined product prices
US$/b

		Feb. 04	Mar 04	Apr 04	Change Apr/Mar
US Gulf					
Regular gasoline	*(unleaded)*	43.37	46.03	**48.57**	+2.54
Gasoil	*(0.2% S)*	36.88	37.51	**37.76**	+0.25
Fuel oil	*(3.0% S)*	22.08	23.38	**24.78**	+1.40
Rotterdam					
Premium gasoline	*(unleaded)*	38.56	41.68	**45.48**	+3.90
Gasoil	*(0.2% S)*	34.16	37.77	**38.74**	+0.97
Fuel oil	*(3.5% S)*	20.32	21.49	**22.77**	+1.28
Singapore					
Premium gasoline	*(unleaded)*	39.87	44.10	**44.09**	–0.01
Gasoil	*(0.5% S)*	38.81	38.42	**42.82**	+4.40
Fuel oil	*(380 cst)*	24.90	24.57	**25.54**	+0.97

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			Refinery utilization* %		
	Feb 04	Mar 04	Apr 04	Feb 04	Mar 04	Apr 04
USA	15.19	14.93	**15.48**	91.0	89.4	**92.7**
France	1.84	1.70R	**1.77**	94.2	86.9	**89.3**
Germany	2.24	2.03R	**2.13**	97.8	88.4	**90.0**
Italy	1.84	1.79	**1.84**	79.4	77.4	**80.1**
UK	1.61	1.61	**1.66**	88.6R	88.8	**88.3**
Eur-16	12.28R	11.84R	**12.25**	89.2R	90.4R	**93.5**
Japan	4.42R	4.35R	**3.96**	94.1	92.5R	**83.7**

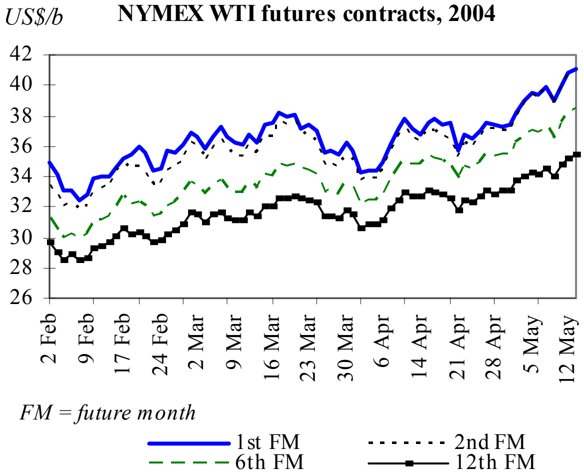
* *In barrels per calendar day*
R *Revised since last issue*
Sources: OPEC Statistics, Argus, Euroilstock Inventory Report/IEA

The Oil Futures Market

Although speculators have continued to build long positions, the latest Commodity Futures Trading Commission's Commitment of Traders' report indicates that the proportion of those who believe that a price correction will occur is close to 40%

Despite OPEC's announcement on 31 March to re-confirm its new production ceiling of 23.5 mb/d effective 1 April, non-commercials (or speculators) seem to have focused their attention on other bearish factors as they heavily disposed of their long positions while at the same time increasing their shorts, resulting in a dramatic drop in net-longs.

Graph 4
NYMEX WTI futures contracts, 2004

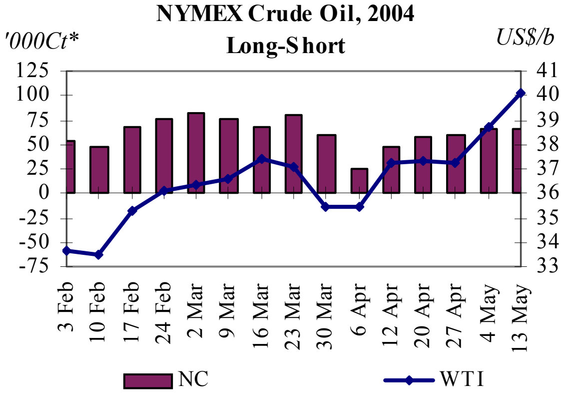


FM = future month

According to the CFTC Commitment of Traders report for the week ending 6 April, speculators decrease their long holdings by 28,522 lots while at the same time adding 6,684 lots on the short side. This resulted in the net-long positions declining 35,206 lots to 24,242 contracts at a time when the weekly average price of WTI fell by around $1.50/b to $35.50/b. Following this week-long slide in net-longs, non-commercials roared back into the market, increasing their longs to late March levels but kept their short positions almost unchanged, thus resulting in a considerable rise in net-long positions.

The Commitment of Traders report for the week ending 13 April showed non-commercials long positions rose by 23,972 contracts while shorts edged up by 488 resulting in an increase of 23,484 lots for a net-long position of 47,726 lots.

Graph 5
Futures Commitment of Traders Report: NYMEX Crude Oil, 2004
Long-Short



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

For the week of 20 April, the report showed that speculators continued to build long positions with shorts easing slightly, resulting in a net-long position increase of 9,465 lots to 57,191. Meanwhile, WTI prices moved to the $37-38/b range. Open interest, which had been at a record high the previous week, declined by 28,725 lots to 679,696 due in part to the expiration of the May WTI futures contract.

Interestingly enough, the report for the week ending 27 April showed that by the end of April speculators' short positions had reached their highest level of a year at 88,708 lots, with a ratio of 1.67 longs to 1 short. **Maybe the rationale at play is that, while non-commercials are net-long as a group, an increasing number expects a price correction down the road, especially given current high price levels. The majority, however, seems to be determined to maintain prices at record levels and beyond on nervousness over surging world oil demand, difficulties in the US gasoline market and other less clear reasons.**

The Tanker Market

OPEC area spot chartering declined by 3.05 mb/d to 12.36 mb/d in April

In April, the estimated OPEC area spot fixtures showed a decline of 3.05 mb/d to stand at 12.36 mb/d. The loss was higher than last month's increase, which was revised to only 1.89 mb/d from the figure reported in the previous MOMR. OPEC spot chartering retreated mostly on lack of activity due to the Easter holidays, slower seasonal demand as well as a slight fall in OPEC crude oil production that affected mainly Middle Eastern long-haul spot fixtures, especially on the westbound route. Fixtures were 0.13 mb/d higher compared with the year-ago level. OPEC's share of global spot fixtures decreased by 3% compared with last month to about 60%, but rose 3% above the level of April 2003. Middle Eastern eastbound and westbound long-haul fixtures decreased by 0.58 mb/d to 4.85 mb/d and by 0.96 mb/d to 2.24 mb/d respectively. These figures were 0.33 mb/d and 1.14 mb/d higher than those registered in the same period last year. Together these routes accounted for about 57% of total OPEC spot fixtures, up only 1% over March, while they were 11% above last year's level. **Non-OPEC spot fixtures also showed a low seasonal level, declining by 0.69 mb/d to 8.13 mb/d, which was 1.02 mb/d below last year's figure**. However, non-OPEC's share of global spot fixtures rose by about 3% to around 40%. Consequently, **global spot-chartering declined by 3.74 mb/d to 20.48 mb/d, which was 0.90 mb/d below the level observed a year earlier.** Estimated sailings from the OPEC area during April moved down by 1.50 mb/d to 23.37 mb/d. Nearly the entire fall occurred on Middle Eastern sailings which dropped by 1.49 mb/d to 15.58 mb/d, pushing the share of OPEC area's sailings down to about 67% from last month's 69%. Preliminary estimates of long-haul arrivals in the US Gulf Cost, the US East Coast and the Caribbean continued to rise, increasing by 0.36 mb/d to 11.11 mb/d in April. Other major consuming areas showed differing trends, dropping by 0.56 mb/d to 6.79 mb/d in NW Europe and by 0.14 mb/d to 4.37 mb/d in Euro-med. Arrivals in Japan witnessed the largest, retreating by 0.71 mb/d to 3.45 mb/d during April.

Freight rates softened on lack of activity in April

The combination of low spot fixtures on a lack of activity, relatively slow seasonal demand and a slight drop in oil supply, especially from Middle Eastern producers, resulted in soft freight rates on all main routes. **On average, VLCC freight rates for long-haul cargoes from the Middle East to the Far East and to the west continued their downward trend for the second consecutive month, declining by 10 points to WS91 and by 12 points to WS83 respectively**. The absence of activity, especially at the beginning of the month when the Easter holidays kept charterers away from the market, pushed rates down as unfixed carriers forced owners to seek business for low rates. Improving trade at the close of the month cancelled out part of the month's early losses. Suezmax freight rates on the West Africa/US Gulf Coast route showed even larger declines than those seen in the VLCC sector, dipping by 34 points to WS123 on slower demand especially from Asian buyers. From NW Europe to the US Gulf and East Coast, Suezmax freight rates followed the same downward trend but losses were not as high as on the West Africa route, decreasing only by 13 points to WS143. The sector that lost the most during April was Aframax, especially within the Mediterranean and from there to NW Europe where rates fell considerably by 41 points to WS190 and by 75 points to WS126 respectively. Freight rates on both routes fluctuated dramatically at the end of the month from just above WS100 to WS200 on increasing activity. In the Caribbean, Aframax freight rates dipped to their lowest level this year, sinking to below WS120 before a recovery late in the month managed to bring the monthly average to WS154, or 77 points below a month ago level. Similarly, freight rates on the Indonesia/US West Coast route fell by 39 points to a monthly average of WS145, on thin trade.

Product freight rates were hurt by a very slow start during April

The product tanker market experienced almost the same pattern as the crude tanker market where sluggish activity at the beginning of the month pushed rates down significantly, especially on the Middle East to the Far East route for medium-range tankers where rates sank by 98 points to a monthly average of WS274. Also within the Mediterranean and from there to NW Europe, rates plunged to lows of WS222 from WS315 and WS275 from WS358 respectively. In the Caribbean the losses were also high, pulling rates down by 77 points to a monthly average of WS265. On the Singapore/east route, high activity ahead of the Golden Week holiday in Asia helped pick up freight rates, restoring part of the month's early losses, to finish with a monthly average of WS274, or 31 points below the level at the end of March. Relatively healthy trade due to strong demand from the USA helped freight rates on the NW Europe/US East and Gulf Coast routes to hover around last month's figures, declining slightly by 5 points to WS225.

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

	Feb 04	Mar 04	Apr 04	Change Apr/Mar
Chartering				
All areas	22.33	24.22	20.48	–3.74
OPEC	13.51	15.40	12.36	–3.05
Middle East/east	5.58	5.43	4.85	–0.58
Middle East/west	2.12	3.20	2.24	–0.96
Sailings				
OPEC				
Middle East	23.49	24.87	23.37	–1.50
Arrivals	16.35	17.07	15.58	–1.49
US Gulf Coast, US East Coast, Caribbean				
North West Europe				
Euromed				
Japan	9.09	10.76	11.11	0.36

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

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Feb 04	Mar 04	Apr 04	Change Apr/Mar
Crude					
Middle East/east	200–300	135	101	91	–10
Middle East/west	200–300	104	95	83	–12
West Africa/US Gulf	100–160	167	157	123	–34
North-West Europe/US East Coast	100–160	198	156	143	–13
Indonesia/US West Coast	70–100	207	184	145	–39
Caribbean/US East Coast	40–70	279	231	154	–77
Mediterranean/Mediterranean	40–70	275	231	190	–41
Mediterranean/North-West Europe	70–100	162	201	126	–75
Products					
Middle East/east	30–50	255	261	163	–98
Singapore/east	25–30	294	305	274	–31
Caribbean/US Gulf Coast	25–30	383	342	265	–77
North-West Europe/US East Coast	25–30	345*R*	340	225	–5
Mediterranean/Mediterranean	25–30	338	315	222	–93
Mediterranean/North-West Europe	25–30	370	358	275	–83

R = Revised
Source: Galbraith's Tanker Market Report as well as other relevant industry publications.

World Oil Demand

World demand for 2003 revised up by 0.12 mb/d to 78.60 mb/d, 1.59 mb/d higher than in 2002

Estimates for 2003

World

Compared with the 78.49 mb/d presented in the last *MOMR*, the average world oil demand estimate for 2003 has been revised up by 0.12 mb/d to 78.60 mb/d due to upward revisions in actual historical consumption data by 0.02 mb/d for the first quarter estimate, 0.08 mb/d for the second, 0.14 mb/d for the third and 0.21 mb/d for the fourth. The bulk of this upward revision originated in Developing Countries where actual consumption data was 0.08 mb/d higher than in the previous estimate. The oil consumption estimate saw a substantial upward revision of 0.03 mb/d in Other Europe but only a marginal increase in Western Europe. As a result, the yearly increment, i.e. the difference between the 2002 and the 2003 averages, has likewise been adjusted upwards by 0.11 mb/d to reach 1.59 mb/d. Quarterly and regional details are given in Table 6.

On a regional basis, demand in 2003 is estimated to have risen by 0.74 mb/d or 1.56% in the OECD following a minor drop of 0.07 mb/d in 2002. The estimated rise in Developing Country consumption of 0.27 mb/d or 1.35% is well above the 0.21 mb/d or 1.1% growth in 2002. **Apparent demand in Other Regions, which comprise FSU, China and Former Eastern Europe, is estimated to have grown considerably by 0.58 mb/d or 6.06%, more than two-and-a- half times the 2002 volume and growth rate of 0.21 mb/d and 2.21%.**

Table 6
World oil demand in 2003
mb/d

							Change 2003/02	
	2002	1Q03	2Q03	3Q03	4Q03	**2003**	Volume	%
North America	24.16	24.56	24.16	24.89	24.93	24.64	0.48	2.00
Western Europe	15.11	15.19	14.98	15.26	15.52	15.24	0.13	0.87
OECD Pacific	8.50	9.61	8.04	7.88	8.99	8.63	0.13	1.53
Total OECD	**47.76**	**49.36**	**47.18**	**48.03**	**49.44**	**48.50**	**0.74**	**1.56**
Other Asia	7.49	7.56	7.56	7.68	8.05	7.71	0.22	3.00
Latin America	4.74	4.45	4.63	4.75	4.76	4.65	–0.09	–1.97
Middle East	4.94	4.95	4.85	5.25	5.12	5.04	0.10	2.03
Africa	2.53	2.55	2.54	2.55	2.62	2.56	0.04	1.39
Total DCs	**19.70**	**19.51**	**19.58**	**20.23**	**20.55**	**19.97**	**0.27**	**1.35**
FSU	3.78	4.02	3.35	3.68	4.16	3.80	0.02	0.62
Other Europe	0.73	0.77	0.75	0.72	0.80	0.76	0.03	3.65
China	5.03	5.41	5.46	5.76	5.61	5.56	0.53	10.50
Total "Other Regions"	**9.55**	**10.20**	**9.57**	**10.16**	**10.58**	**10.13**	**0.58**	**6.06**
Total world	**77.01**	**79.07**	**76.33**	**78.42**	**80.57**	**78.60**	**1.59**	**2.06**
Previous estimate	77.01	79.05	76.25	78.28	80.35	78.49	1.48	1.92
Revision	0.00	0.02	0.08	0.14	0.21	0.12	0.11	0.15

Compared with the exceptionally weak first quarter of 2002, world demand is estimated to have grown significantly by 2.86% or 2.20 mb/d to average 79.07 mb/d in the first quarter of 2003. This is the net effect of the much colder than normal weather in most parts of the northern hemisphere, fuel substitution in Japan as a result of nuclear reactor outages, stockpiling ahead of the anticipated Iraq war, and record high natural gas prices in the USA. Second quarter 2003 consumption is estimated to have risen by 1.51% or 1.13 mb/d compared to the exceptionally weak second quarter of 2002 thanks to robust economic growth in China and due to the continuation of fuel substitution in Japan. Third quarter consumption is assumed to have grown slightly more at 1.29 mb/d or 1.67%, while the fourth quarter increment is estimated at 1.74 mb/d or 2.21%., Detailed quarterly comparisons for all quarters are presented in Tables 7 and 8.

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

			Change 2003/02				Change 2003/02	
	1Q02	1Q03	Volume	%	2Q02	2Q03	Volume	%
North America	23.95	24.56	0.62	2.59	24.02	24.16	0.13	0.56
Western Europe	15.21	15.19	–0.02	–0.12	14.69	14.98	0.30	2.02
OECD Pacific	9.06	9.61	0.55	6.04	7.64	8.04	0.41	5.33
Total OECD	**48.21**	**49.36**	**1.15**	**2.38**	**46.35**	**47.18**	**0.84**	**1.81**
Other Asia	7.30	7.56	0.25	3.49	7.51	7.56	0.05	0.67
Latin America	4.70	4.45	–0.24	–5.20	4.77	4.63	–0.14	–2.97
Middle East	4.86	4.95	0.09	1.86	4.82	4.85	0.03	0.66
Africa	2.55	2.55	0.00	0.13	2.51	2.54	0.03	1.14
Total DCs	**19.41**	**19.51**	**0.10**	**0.53**	**19.61**	**19.58**	**–0.03**	**–0.16**
FSU	3.77	4.02	0.25	6.54	3.39	3.35	–0.04	–1.05
Other Europe	0.74	0.77	0.03	3.99	0.73	0.75	0.02	3.06
China	4.74	5.41	0.67	14.23	5.12	5.46	0.34	6.65
Total "Other Regions"	**9.25**	**10.20**	**0.95**	**10.27**	**9.24**	**9.57**	**0.33**	**3.54**
Total world	**76.87**	**79.07**	**2.20**	**2.86**	**75.20**	**76.33**	**1.13**	**1.51**

Totals may not add due to independent rounding.

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

			Change 2003/02				Change 2003/02	
	3Q02	3Q03	Volume	%	4Q02	4Q03	Volume	%
North America	24.31	24.89	0.58	2.40	24.34	24.93	0.59	2.44
Western Europe	15.20	15.26	0.06	0.37	15.33	15.52	0.19	1.23
OECD Pacific	8.03	7.88	–0.15	–1.87	9.26	8.99	–0.27	–2.95
Total OECD	**47.54**	**48.03**	**0.49**	**1.03**	**48.93**	**49.44**	**0.51**	**1.04**
	0.00							
Other Asia	7.48	7.68	0.21	2.76	7.66	8.05	0.39	5.05
Latin America	4.81	4.75	–0.07	–1.39	4.69	4.76	0.08	1.61
Middle East	5.13	5.25	0.12	2.32	4.96	5.12	0.16	3.21
Africa	2.50	2.55	0.05	1.99	2.56	2.62	0.06	2.28
Total DCs	**19.92**	**20.23**	**0.31**	**1.55**	**19.87**	**20.55**	**0.68**	**3.42**
FSU	3.67	3.68	0.01	0.18	4.28	4.16	–0.12	–2.81
Other Europe	0.73	0.72	–0.01	–1.31	0.74	0.80	0.07	8.84
China	5.27	5.76	0.49	9.36	5.00	5.61	0.61	12.16
Total "Other Regions"	**9.67**	**10.16**	**0.49**	**5.07**	**10.02**	**10.58**	**0.55**	**5.52**
Total world	**77.13**	**78.42**	**1.29**	**1.67**	**78.82**	**80.57**	**1.74**	**2.21**

Totals may not add due to independent rounding.

OECD

Estimated OECD consumption at 48.50 mb/d constitutes 62% of the total world demand in 2003, as indicated in the previous *MOMR*. Out of a forecast 1.59 mb/d world oil consumption increment in 2003, about 0.74 mb/d or nearly 47% is expected to initiate in the OECD. Within the group, **North America ranks first in forecast demand growth with 0.48 mb/d, or close to 65% of the OECD demand increment.** OECD Pacific and Western Europe are tied for second, as each is expected to see 0.13 mb/d, equivalent to slightly less than 18%.

The comparison of actual 2003 and 2002 consumption data suggests that last year's leading volume and percentage gainer product was gasoil/diesel with a 0.33 mb/d or 2.82% rise in consumption, due to fuel switching in the USA and across Europe. The second volume and percentage gainer product was naphtha which experienced 0.08 mb/d or 2.68% growth thanks to healthy margins in the petrochemical sector. **Direct use also underwent exceptionally high growth at 42.87% due to nuclear reactor maintenance in Japan. The only product whose consumption lost ground at 0.03 mb/d or 0.52% was LPG mostly due to sustained high prices which led to a decline in US demand.**

DCs

In Developing Countries, oil demand is estimated to have grown by 0.27 mb/d or 1.35% to 19.97 mb/d. Latin American consumption is estimated to have contracted by 0.09 mb/d or 1.97% to average 4.65 mb/d, similar to the year 2002 when the demand weakened by 0.12 mb/d indicating the continuation of persistent economic and financial problems. Other Asia is estimated to have registered the highest volume and percentage growth at 0.22 mb/d or 3.00%, followed by the Middle East and Africa with 0.10 mb/d or 2.03% and 0.04 mb/d or 1.39% respectively.

Other Regions

Although apparent demand in the Other Regions in 2003 is now estimated at 10.13 mb/d, nearly –0.03 mb/d higher than in the last *MOMR*, their share of world oil consumption remains unchanged at 13%. China's demand growth estimate remains the same at 0.53 mb/d or 10.50%, equivalent to 33% of the total world demand increment, and more than double the country's consumption growth in 2002. Within the group, **China is estimated to have registered the highest volume and percentage growth at 5.5 mb/d**. The FSU, with an average of 03.8 mb/d, is estimated to have experienced a negligible demand rise of 0.02 mb/d or 0.62%. Apparent demand in Other Europe is estimated to have grown a relatively substantial 0.03 mb/d or 3.65%.

Forecast for 2004

World demand for 2004 revised up by 0.35 mb/d to 80.40 mb/d, an increase of 1.80 mb/d from 2003

Based on higher prospects for economic growth and continued strength in China's demand as well as those of the OECD and Developing Countries, **the average world oil demand forecast for 2004 has been revised up by 0.35 mb/d to 80.40 mb/d** compared with the 80.05 mb/d presented in the last *MOMR*, indicating substantial 2.29% growth, which represents the highest rate since the 3.12% rise seen in 1997. However, anticipated oil demand growth in 2004 has only been raised by 0.24 mb/d to 1.80 mb/d to reflect the simultaneous upward revision in the average 2003 oil demand estimate. **All of the quarterly and regional averages have been revised up, reflecting in part upward revisions in their corresponding 2003 averages.**

On a regional basis, oil demand is forecast to register solid growth in all three major country groups. Demand in the OECD is now expected to grow at the lowest rate of 0.89% or 0.43 mb/d, due to lower consumption prospects in the OECD Pacific. Demand growth in the former CPEs is forecast to rank first with 0.78 mb/d or 7.73% growth, equivalent to 43% of the total world demand increment. The second highest volume and percentage growth of 0.59 mb/d or 2.95% is attributed to the Developing Countries, which also rank second in world demand growth at 33%.

Every single quarter of 2004 is forecast to share the growth in oil demand. The first quarter is expected to account for the lowest growth rate at 1.60 mb/d or 2.03%. The second and the third quarters are forecast to enjoy much higher rises at 1.97 mb/d and 1.76 mb/d respectively, while **the fourth quarter is expected to see the highest growth of 1.88 mb/d or 2.33%.**

OECD

The forecast OECD consumption for 2004 of 48.93 mb/d constitutes 61% of total world demand. Out of the forecast 1.80 mb/d world oil consumption increment in 2004, about 0.43 mb/d or nearly 24% is expected to initiate in the OECD, substantially less than proportional to its weight in total world consumption. Within the group, **North America ranks first in forecast demand growth with 0.39 mb/d, close to 91% of the group's demand increment.** Western Europe ranks second with 0.15 mb/d, while OECD Pacific is expected to register a fall of 0.11 mb/d or 1.24% in oil demand.

The comparison of actual January-February 2004 consumption to that in the corresponding first two months in 2003 suggests that during this period OECD consumption contracted by 0.11 mb/d or 0.21%. The leading volume and percentage product decliner was residual fuel oil with a 0.30 mb/d or 8.87% drop in consumption. The largest portion of this drop is attributable to the return of most of Japan's nuclear power generators on stream. The second volume and percentage product decliner was gasoil/diesel which experienced a drop of 0.28 mb/d or 2.09%. **Direct use also underwent an exceptionally deep decline at 44.05%, a reverse of the exceptional gain**

seen in the previous year due to nuclear reactor maintenance in Japan. The product which gained considerable ground with some 0.27 mb/d or 1.91% increase in demand was gasoline due mostly to robust transport-induced demand in North America. Tables 10 and 11 show detailed quarterly comparisons.

DCs
In Developing Countries, oil demand is forecast to grow at 0.59 mb/d or 2.95% to 20.56 mb/d, more than twice that of 2003. Consumption in Latin America is forecast to rise by 0.11 mb/d or 2.43% to average 4.76 mb/d, reversing the downward trend of the previous years. Other Asia is forecast to register the highest volume and percentage growth at 0.26 mb/d or 3.38%, followed by the Middle East at 0.11 mb/d or 3.05% and Africa with 0.06 mb/d or 2.43%.

Other regions
Apparent demand in the Other Regions in 2004 is now forecast at 10.91 mb/d, an increase from the last *MOMR* of nearly 0.13 mb/d. Their share of the world oil consumption has also risen to 14% from the previously forecast of 13%. **The demand increment for Other Regions is now estimated at 0.78 mb/d or 43% of world demand growth, of which 0.72 mb/d is attributable to China. The consumption growth forecast in China has been substantially raised by 0.19 mb/d to a remarkable 0.72 mb/d or 13.01%, equivalent to 40% world demand growth, which is even higher than the significant rise of 10.50% estimated for 2003.** The FSU, with a 3.82 mb/d consumption average, is forecast to register a negligible demand rise of 0.02 mb/d or 0.54%. Apparent demand in the Other Europe is expected to grow a relatively substantial 0.04 mb/d or 5.04%.

Table 9
World oil demand forecast for 2004
mb/d

							Change 2004/03	
	2003	**1Q04**	**2Q04**	**3Q04**	**4Q04**	**2004**	Volume	%
North America	24.64	24.95	24.46	25.27	25.43	25.03	0.39	1.58
Western Europe	15.24	15.41	15.10	15.37	15.66	15.39	0.15	0.97
OECD Pacific	8.63	9.38	7.95	7.88	8.89	8.52	–0.11	–1.24
Total OECD	**48.50**	**49.74**	**47.50**	**48.51**	**49.97**	**48.93**	**0.43**	**0.89**
Other Asia	7.71	7.84	7.87	7.91	8.27	7.97	0.26	3.38
Latin America	4.65	4.57	4.74	4.86	4.87	4.76	0.11	2.43
Middle East	5.04	5.13	5.06	5.35	5.24	5.20	0.15	3.05
Africa	2.56	2.62	2.62	2.58	2.68	2.63	0.06	2.43
Total DCs	**19.97**	**20.16**	**20.29**	**20.71**	**21.07**	**20.56**	**0.59**	**2.95**
FSU	3.80	3.45	3.56	3.89	4.39	3.82	0.02	0.54
Other Europe	0.76	0.87	0.80	0.73	0.81	0.80	0.04	5.04
China	5.56	6.46	6.14	6.34	6.21	6.29	0.72	13.01
Total "Other Regions"	**10.13**	**10.77**	**10.51**	**10.96**	**11.40**	**10.91**	**0.78**	**7.73**
Total world	**78.60**	**80.67**	**78.30**	**80.18**	**82.44**	**80.40**	**1.80**	**2.29**
Previous estimate	78.49	80.29	77.92	79.89	82.08	80.05	1.57	2.00
Revision	0.12	0.38	0.38	0.29	0.36	0.35	0.24	0.30

Totals may not add due to independent rounding.

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

			Change 2004/03				Change 2004/03	
	1Q03	1Q04	Volume	%	2Q03	2Q04	Volume	%
North America	24.56	24.95	0.39	1.57	24.16	24.46	0.30	1.26
Western Europe	15.19	15.41	0.22	1.47	14.98	15.10	0.11	0.76
OECD Pacific	9.61	9.38	–0.23	–2.37	8.04	7.95	–0.10	–1.23
Total OECD	**49.36**	**49.74**	**0.38**	**0.77**	**47.18**	**47.50**	**0.32**	**0.67**
Other Asia	7.56	7.84	0.28	3.75	7.56	7.87	0.31	4.04
Latin America	4.45	4.57	0.12	2.61	4.63	4.74	0.11	2.36
Middle East	4.95	5.13	0.18	3.63	4.85	5.06	0.21	4.42
Africa	2.55	2.62	0.07	2.74	2.54	2.62	0.09	3.39
Total DCs	**19.51**	**20.16**	**0.65**	**3.33**	**19.58**	**20.29**	**0.72**	**3.65**
FSU	4.02	3.45	–0.57	–14.26	3.35	3.56	0.21	6.25
Other Europe	0.77	0.87	0.10	12.81	0.75	0.80	0.05	6.48
China	5.41	6.46	1.05	19.35	5.46	6.14	0.68	12.46
Total "Other Regions"	**10.20**	**10.77**	**0.57**	**5.61**	**9.57**	**10.51**	**0.94**	**9.81**
Total world	**79.07**	**80.67**	**1.60**	**2.03**	**76.33**	**78.30**	**1.97**	**2.58**

Totals may not add due to independent rounding.

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

			Change 2004/03				Change 2004/03	
	3Q03	3Q04	Volume	%	4Q03	4Q04	Volume	%
North America	24.89	25.27	0.37	1.50	24.93	25.43	0.50	1.99
Western Europe	15.26	15.37	0.11	0.75	15.52	15.66	0.14	0.90
OECD Pacific	7.88	7.88	0.00	–0.04	8.99	8.89	–0.10	–1.10
Total OECD	**48.03**	**48.51**	**0.49**	**1.01**	**49.44**	**49.97**	**0.54**	**1.08**
Other Asia	7.68	7.91	0.23	2.97	8.05	8.27	0.23	2.83
Latin America	4.75	4.86	0.12	2.45	4.76	4.87	0.11	2.32
Middle East	5.25	5.35	0.10	1.91	5.12	5.24	0.12	2.37
Africa	2.55	2.58	0.03	1.33	2.62	2.68	0.06	2.29
Total DCs	**20.23**	**20.71**	**0.48**	**2.37**	**20.55**	**21.07**	**0.52**	**2.53**
FSU	3.68	3.89	0.21	5.80	4.16	4.39	0.22	5.32
Other Europe	0.72	0.73	0.00	0.43	0.80	0.81	0.00	0.60
China	5.76	6.34	0.58	10.03	5.61	6.21	0.60	10.64
Total "Other Regions"	**10.16**	**10.96**	**0.79**	**7.81**	**10.58**	**11.40**	**0.82**	**7.78**
Total world	**78.42**	**80.18**	**1.76**	**2.24**	**80.57**	**82.44**	**1.88**	**2.33**

Totals may not add due to independent rounding.

World Oil Supply

Non–OPEC supply for 2003 unchanged at 48.67 mb/d in April, an increase of 0.91 mb/d over the figure for 2002

Non–OPEC

Estimate for 2003

The 2003 non–OPEC supply figure was unchanged at 48.67 mb/d. The quarterly distribution stands at 48.64 mb/d, 47.92 mb/d, 48.59 mb/d and 49.52 mb/d respectively. The yearly average increase stands at 0.91 mb/d, compared with the 2002 figure.

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

	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
North America	14.48	14.70	14.41	14.70	14.79	14.65	0.17
Western Europe	6.65	6.78	6.23	6.09	6.48	6.39	–0.26
OECD Pacific	0.76	0.67	0.65	0.68	0.58	0.64	–0.11
Total OECD	**21.89**	**22.15**	**21.29**	**21.47**	**21.85**	**21.69**	**–0.20**
Other Asia	2.27	2.37	2.36	2.38	2.44	2.39	0.12
Latin America	3.87	3.90	3.82	3.96	3.96	3.91	0.04
Middle East	2.06	2.04	2.00	1.97	1.98	2.00	–0.07
Africa	3.03	2.91	2.96	3.07	3.24	3.05	0.02
Total DCs	**11.23**	**11.22**	**11.15**	**11.38**	**11.62**	**11.34**	**0.11**
FSU	9.34	9.89	10.10	10.40	10.66	10.27	0.92
Other Europe	0.18	0.17	0.18	0.17	0.17	0.17	0.00
China	3.39	3.40	3.44	3.38	3.40	3.41	0.01
Total "Other regions"	**12.91**	**13.46**	**13.72**	**13.95**	**14.24**	**13.85**	**0.93**
Total non–OPEC production	**46.03**	**46.83**	**46.15**	**46.80**	**47.70**	**46.88**	**0.84**
Processing gains	1.73	1.81	1.77	1.79	1.82	1.80	0.06
Total non–OPEC supply	**47.76**	**48.64**	**47.92**	**48.59**	**49.52**	**48.67**	**0.91**
Previous estimate	47.76	48.64	47.92	48.59	49.52	48.67	0.91
Revision	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

Totals may not add due to independent rounding.

Non–OPEC supply forecast for 2004 revised down to 50.01 mb/d, an increase of 1.34 mb/d above 2003

Forecast for 2004

Non–OPEC supply for 2004 is forecast to rise 1.34 mb/d. **Russia is expected to be the main contributor with around 0.81 mb/d, followed by Canada with 0.20 mb/d, Chad with 0.15 mb/d, Ecuador with 0.13 mb/d, Angola with 0.11 mb/d and Kazakhstan with 0.10 mb/d, while Malaysia is expected to contribute 0.05 mb/d. This increase is partially offset by declines expected in the USA and UK of 0.18 mb/d and 0.24 mb/d respectively.** The quarterly distribution now stands at 49.76 mb/d, 49.22 mb/d, 50.02 mb/d and 51.04 mb/d. The yearly average is forecast at 50.01 mb/d.

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

	2003	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03
North America	14.65	14.76	14.59	14.79	14.88	14.76	0.11
Western Europe	6.39	6.48	6.09	5.84	6.21	6.15	–0.24
OECD Pacific	0.64	0.58	0.57	0.58	0.50	0.56	–0.09
Total OECD	**21.69**	**21.82**	**21.25**	**21.21**	**21.59**	**21.47**	**–0.22**
Other Asia	2.39	2.51	2.46	2.53	2.59	2.52	0.13
Latin America	3.91	3.91	3.83	3.98	4.02	3.93	0.02
Middle East	2.00	1.95	1.93	1.92	1.91	1.93	–0.07
Africa	3.05	3.30	3.35	3.59	3.79	3.51	0.46
Total DCs	**11.34**	**11.66**	**11.56**	**12.01**	**12.30**	**11.89**	**0.54**
FSU	10.27	10.79	10.95	11.36	11.65	11.19	0.92
Other Europe	0.17	0.17	0.17	0.17	0.17	0.17	0.00
China	3.41	3.46	3.48	3.44	3.46	3.46	0.05
Total "Other regions"	**13.85**	**14.42**	**14.60**	**14.97**	**15.28**	**14.82**	**0.97**
Total non–OPEC production	**46.88**	**47.91**	**47.40**	**48.18**	**49.17**	**48.17**	**1.29**
Processing gains	1.80	1.85	1.81	1.83	1.87	1.84	0.05
Total non–OPEC supply	**48.67**	**49.76**	**49.22**	**50.02**	**51.04**	**50.01**	**1.34**
Previous estimate	48.67	49.83	49.27	50.09	51.10	50.07	1.40
Revision	**0.00**	**–0.08**	**–0.05**	**–0.07**	**–0.06**	**–0.06**	**–0.06**

Totals may not add due to independent rounding.

Net FSU oil export forecast at 7.36 mb/d for 2004, estimated at 6.46 mb/d for 2003

The FSU's net oil export for 2004 is expected at 7.36 mb/d. The figures for 2000–2003 remain almost unchanged from the last *MOMR*.

Table 14
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	Year
2000	3.97	4.13	4.47	4.01	**4.14**
2001	4.30	4.71	4.89	4.47	**4.59**
2002	5.14	5.76	5.85	5.49	**5.56**
2003 (estimate)	5.87	6.75	6.72	6.50	**6.46**
2004 (forecast)	7.35	7.38	7.46	7.26	**7.36**

OPEC NGL for 2004 forecast at 3.84 mb/d, an increase of 0.18 mb/d over 2003

OPEC natural gas liquids and non–conventional oils

OPEC NGL+NCO figure for 2004 is forecast at 3.84 mb/d, an increase of 0.18 mb/d over the 2003 upwardly revised figure. Figures for 2000–2002 remain unchanged at 3.34 mb/d, 3.58 mb/d and 3.62 mb/d respectively, compared with those in the last *MOMR*. Upward revisions to 2003 and 2004 figures were made according to new NGL data received from some Member Countries.

OPEC NGL production — 2000–2004
mb/d

2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	2004	Change 04/03
3.34	**3.58**	**3.62**	3.52	3.66	3.72	3.72	**3.66**	0.04	**3.84**	0.18

Available secondary sources put OPEC's April production at 28.05 mb/d

OPEC crude oil production

Available secondary sources indicate that OPEC output for **April was 28.05 mb/d, 0.26 mb/d below the revised March figure.** Table 15 shows OPEC production as reported by selected secondary sources.

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

	2002	4Q03	2003	Mar 04*	1Q04	**Apr 04***	Change Apr/Mar
Algeria	864	1,178	1,134	1,173	1,170	**1,184**	11
Indonesia	1,120	1,000	1,027	976	981	**978**	2
IR Iran	3,416	3,856	3,757	3,905	3,889	**3,862**	–43
Iraq	2,000	1,845	1,320	2,358	2,110	**2,374**	16
Kuwait	1,885	2,201	2,173	2,242	2,236	**2,228**	–14
SP Libyan AJ	1,314	1,446	1,422	1,468	1,463	**1,470**	2
Nigeria	1,969	2,272	2,131	2,361	2,343	**2,356**	–5
Qatar	648	751	746	758	758	**761**	3
Saudi Arabia	7,535	8,413	8,709	8,328	8,420	**8,238**	–90
UAE	1,988	2,212	2,243	2,237	2,252	**2,094**	–143
Venezuela	2,586	2,543	2,290	2,507	2,517	**2,505**	–3
Total OPEC	**25,323**	**27,718**	**26,951**	**28,314**	**28,141**	**28,050**	**–264**

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

Rig Count

Non–OPEC rig count down by 264 in April

Non–OPEC

Rig activity declined sharply in April. North America lost 289 rigs, compared with the March figure. The US and Mexico's rig activities increased by 15 rigs to 1,151 and 5 to 112 rigs respectively, while Canada's rig activity declined sharply by 309 rigs to 153. Western Europe remained unchanged at 74. Other Asia moved up by 8 rigs to 128, while Latin America rose by 6 rigs to 124, mainly on increases from Argentina. The Middle East and Africa also witnessed rises of 4 and 3 rigs to 69 and 50 respectively.

Table 16
Non–OPEC rig count in 2002–2004

	2002	2003	Change 03/02	Mar 04	Apr 04	Change Apr/Mar
North America	1,162	1496	333	1,05	1,16	–289
Western Europe	85	78	–7	74	74	0
OECD Pacific	17	18	1	17	21	4
OECD	**1,264**	**1,92**	**328**	**1,96**	**1,11**	**–285**
Other Asia	111	117	7	120	128	8
Latin America	106	116	10	118	124	6
Middle East	62	70	7	65	69	4
Africa	43	48	5	47	50	3
DCs	**322**	**350**	**28**	**350**	**371**	**21**
FSU	na	na	na	na	na	na
Other Europe	2	2	0	2	2	0
China	na	na	na	na	na	na
Other regions	na	na	na	na	na	na
Total non–OPEC	**1,588**	**1,944**	**356**	**2,148**	**1,884**	**–264**

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

OPEC rig count up by 1 in April

OPEC

OPEC's rig count was 235 in April, an increase of 1 rig from the March figure, as rises in Algeria, Indonesia, Iran and Libya compensated for a drop in Venezuela.

Table 17
OPEC rig count

	2002	2003	Change 03/02	Mar 04	Apr 04	Change Apr / Mar
Algeria	20	20	0	16	19	3
Indonesia	46	45	–1	44	46	2
IR Iran	34	35	1	39	41	2
Iraq	na	na	na	na	na	—
Kuwait	6	5	–1	10	8	–2
SP Libyan AJ	10	10	0	9	10	1
Nigeria	12	10	–2	7	7	0
Qatar	13	8	–5	9	8	–1
Saudi Arabia	32	32	0	31	31	0
UAE	16	16	0	17	17	0
Venezuela	42	37	–6	53	49	–4
Total OPEC	**231**	**217**	**–14**	**235**	**236**	**1**

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

Stock Movements

Further build of 0.5 mb/d in US commercial stocks at the end of April

USA

US commercial on-land stocks continued their upward trend for the second consecutive month rising 14.20 mb or 0.5 mb/d to 927.1 mb. Both crude oil and products contributed to this increase rising 6.7 mb and 7.5 mb respectively, leaving the year-on-year surplus at around 22 mb or 2.4%. Standing at 299 mb, US crude oil commercial stocks registered a build of almost 30 mb from the beginning of this year and are 12 mb above the same time last year. This rise came as crude oil imports averaged 9.8 mb/d over the last four weeks, despite crude levels remaining relatively unchanged in the last week of the month as refinery runs surged 1.7% to 93%, equivalent to crude oil inputs of 15.2 mb/d. This figure shows a clear trend of refineries returning from maintenance. On the product side, gasoline stocks saw a build of 3.9 mb to 204 mb, almost all of which occurred in the last week of the month, as demand dropped 0.33 mb/d to 8.93 mb/d and crude runs rose 0.33 mb/d to 15.5 mb/d. Average April gasoline demand was 9.12 mb/d or 6.7% higher than last year, while gasoline imports registered a decline of about 17% over last year to stand at 0.88 mb/d. This build in gasoline stocks narrowed the year-on-year deficit to 3% and the average of the last five years to 4%. While this level is not too worrying considering increased refinery activity and the use of just-in-time deliveries, the trend in reformulated gasoline (RFG) stocks remains a concern. At the end of April, RFG stocks were 32% below last year's level or 17.3% less than the five-year average. With higher demand and lower imports, building RFG stocks will be difficult, especially just two weeks ahead of Memorial Day which marks the start of the US driving season. This could likely result in an upward pressure on prices. Distillate stocks reversed the trend observed at the end of March, increasing slightly by 2 mb to 107.2 mb, about 10% above last year's level at the same time. This build came mainly due to higher output which surpassed the increase in demand. During April, distillate demand registered a rise of 2.6% above last month's level to stand at 3.95 mb/d due to increased trucking and agricultural diesel demand. Jet fuel stocks remained unchanged at 35.6 mb, the same level observed at this time a year ago. Residual fuel oil stocks showed a draw of 2.3 mb to 35.3 mb on the back of high demand and low imports, but remained at a comfortable level of 12.8% above the same time last year.

The SPR continued to move upward, increasing by 5.5 mb to 657.6 mb and widening the year-on-year surplus to almost 60 mb.

During the week ending 5 May, US commercial oil stocks built 3.7 mb to total 930.2 mb lifting the y-o-y surplus to around 29 mb or 3.2%. Commercial crude oil stocks continued their build reaching almost 300 mb, a level generally seen as comfortable. This build came on the back of imports, which increased by 0.14 mb/d to 9.9 mb, but despite the strong gain in refinery input, which stood at 16.6 mb/d corresponding to a utilization rate of 96%. Gasoline stocks fell by 1.5 mb to 202.5 mb and are now 3% below last year's level at the same time. This draw came despite high runs and increased imports, which rose 50% to 0.92 mb/d, but could be due to strong gasoline demand, which rose 0.45 mb/d to 9.4 mb/d. With the rate of increase in demand, refineries need to run much higher. However, in the past five years the record utilization rate was the 97.6% reached in the week ending 1 June 2001, which means that refiners could still raise their utilization rate by another 2%. Any additional stocks will have to come from imports, but the transatlantic arbitrage is not favourable as European data showed a draw on gasoline. Distillate stocks saw a minor build of 0.3 mb to 107.2 mb, leaving the y-o-y surplus at 8.7%, at the same time as distillate demand made a surprisingly strong showing with a y-o-y increase of 0.28 mb/d to 3.94 mb/d.

During the week ending 5 May, the SPR increased by 1.4 mb to reach a new record-high of 659 mb, widening the y-o-y surplus to almost 60 mb.

Table 18
US onland commercial petroleum stocks
mb

	27 Feb 04	2 Apr 04	30 Apr 04	Apr/Mar	2 May 03	7 May 04**
Crude oil (excl. SPR)	275.8	292.2	298.9	6.70	287.2	300.0
Gasoline	202.0	200.1	204.0	3.90	207.8	202.5
Distillate fuel	111.3	105.2	107.2	2.00	97.3	107.5
Residual fuel oil	38.5	37.6	35.3	–2.30	31.3	36.7
Jet fuel	37.0	35.1	35.6	0.50	35.8	36.0
Unfinished oils	88.9	93.5	89.8	–3.70	88.0	91.4
Other oils	145.1	149.3	156.3	7.00	157.8	156.1
Total	**898.6**	**912.9**	**927.1**	**14.20**	**905.2**	**930.2**
SPR	646.6	652.1	657.6	5.50	599.6	659.0

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

Western Europe

EU-16 oil stocks declined by an additional 0.25 mb/d in April.

At the end of April, total stocks fell in Eur-16 by 7.5 mb at a rate of 0.25 mb/d to 1,062.8 mb for the third successive month, narrowing the y-o-y surplus to 5.1 mb or 0.4%. Both crude and products contributed to this draw, decreasing by 3.5 mb to 457.6 mb and by 4.0 mb to 605.2 mb respectively. The slight draw in crude oil stocks came as the return to refinery activity commenced in April but will continue fully during next month. Refinery crude runs registered an increase of around 0.4 mb/d to 12.25 mb/d, a return to the rate observed in February as record gasoline crack-spreads provided a strong incentive for refineries to push throughput. At this level, crude oil stocks remained close to the level registered a year ago and near the top of the normal seasonal range. Gasoline stocks also fell for the third month and are now 6% behind last year's level at the same time. Growing demand from the USA and Asia supported substantial export flows from Europe. Distillate stocks reversed the trend observed in the last two months, increasing by 3.5 mb to 330 mb putting the y-o-y supply at 6 mb or 1.8%. In contrast to the shortage in gasoline stocks, distillate inventory picture appears to support stable prices as the winter demand season is over. Fuel oil inventory stocks registered a draw of 1.6 mb to 115.2 mb, despite weaker demand for high sulphur fuel oil, as an open arbitrage to Asia-Pacific encouraged European cargoes to move more to the eastern market. Fuel oil inventories are now 2.1 mb or 1.8% down from the year-ago level.

Table 19
Western Europe's oil stocks*
mb

				Change	
	Feb 04	Mar 04	Apr 04	Apr /Mar	Apr 03
Crude oil	454.7	461.1	457.6	–3.5	460.3
Mogas	147.9	145.4	139.8	–5.5	138.5
Naphtha	24.6	24.6	24.2	–0.4	22.7
Middle distillates	336.6	326.5	330.0	3.5	324.0
Fuel oils	113.6	112.7	111.2	–1.6	113.2
Total products	622.6	609.2	605.2	–4.0	598.4
Overall total	**1,077.3**	**1,070.3**	**1,062.8**	**–7.5**	**1,058.7**

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

Japan's commercial oil stocks registered a draw of 0.22 mb/d in March

Japan

At the end of March, commercial onland oil stocks continued their downward trend for the third consecutive month, decreasing by 6.7 mb or at a rate of 0.22 mb/d to 163.0 mb. This draw narrowed the y-o-y deficit to 2.3 mb or 1.5 %. Total major products were the main contributor to this draw, declining by 6.6 mb to 54.8 mb, while crude oil stocks remained almost unchanged at 108.2 mb. At this level, crude oil stocks are about 3% ahead of last year and are at a healthy level in the middle of the normal range. The bulk of the 5.6% increase in crude oil imports was immediately put to use by refiners as crude runs rose at a similar rate. However, crude imports are still 4.8% lower than last year's level at the same period when Japanese crude oil imports jumped as a precautionary measure ahead of the war in Iraq. Middle distillates led the draw on products, decreasing by 4.7 mb to 23.1 mb, leaving them 1% behind year-ago levels. Kerosene inventories registered a heavy loss mainly due to restrained supply as heating oil demand was lower than in the previous month. Fuel oil stocks also moved down 1.3 mb to 18.2 mb, mainly on decreased production, despite the surge in imports in both components of fuel oil (fuel oil A and fuel oil B.C). The demand for fuel oil has declined significantly as more nuclear reactors have been brought back on line, with 12 of TEPCO's 17 nuclear units having resumed operation. Overall, product inventories are 1.4% or 0.8 mb less than last year's level and at the bottom of the last 5-year average.

Table 20
Japan's commercial oil stocks*
mb

	Jan 04	Feb 04	Mar 04	Change Mar 04/Feb 04	Mar 03
Crude oil	111.1	108.3	108.2	–0.1	105.1
Gasoline	13.7	14.1	13.5	–0.6	13.6
Middle distillates	33.7	27.8	23.1	–4.7	23.3
Residual fuel oil	20.7	19.5	18.2	–1.3	18.6
Total; products	68.2	61.4	54.8	–6.6	55.6
Overall total**	**179.3**	**169.7**	**163.0**	**–6.7**	**160.6**

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

Balance of Supply and Demand

2003 supply/demand difference revised up to 26.27 mb/d

The summarized supply/demand balance table for 2003 shows a minor upward revision to total non–OPEC supply of 0.08 mb/d to 52.33 mb/d while world oil demand rose 0.12 mb/d to 78.60 mb/d, resulting in an estimated annual difference of around 26.27 mb/d. The quarterly distribution stands at 26.92 mb/d, 24.75 mb/d, 26.11 mb/d and 27.32 mb/d respectively. The quarterly balance figures stands at –0.14 mb/d, 1.71 mb/d, 0.73 mb/d and 0.40 mb/d respectively. The annual average balance stands at 0.68 mb/d.

Table 21
Summarized supply/demand balance for 2003
mb/d

	2002	1Q03	2Q03	3Q03	4Q03	**2003**
(a) World oil demand	77.01	79.07	76.33	78.42	80.57	78.60
(b) Non–OPEC supply(1)	51.38	52.15	51.58	52.32	53.25	52.33
Difference (a – b)	**25.63**	**26.92**	**24.75**	**26.11**	**27.32**	**26.27**
OPEC crude oil production(2)	25.32	26.78	26.46	26.84	27.72	26.95
Balance	**–0.31**	**–0.14**	**1.71**	**0.73**	**0.40**	**0.68**

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

2004 supply/demand difference expected at 26.55 mb/d

The summarized supply/demand balance table for 2004 shows world oil demand expected at 80.40 mb/d and total non–OPEC supply expected at 53.85 mb/d. This has resulted in a difference of around 26.55 mb/d, with a quarterly distribution of 27.13 mb/d, 25.22 mb/d, 26.32 mb/d and 27.54 mb/d respectively. **The first quarter 2004 balance has been revised downward by 0.37 mb/d to stand at 1.01 mb/d.**

Table 22
Summarized supply/demand balance for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**
(a) World oil demand	78.60	80.67	78.30	80.18	82.44	80.40
(b) Non–OPEC supply(1)	52.33	53.54	53.09	53.86	54.90	53.85
Difference (a – b)	**26.27**	**27.13**	**25.22**	**26.32**	**27.54**	**26.55**
OPEC crude oil production(2)	26.95	28.14				
Balance	**0.68**	**1.01**				

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

Table 23
World oil demand/supply balance
mb/d

	1999	2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004
World demand														
OECD	47.7	47.8	47.8	47.8	49.4	47.2	48.0	49.4	48.5	49.7	47.5	48.5	50.0	48.9
North America	23.8	24.1	24.0	24.2	24.6	24.2	24.9	24.9	24.6	24.9	24.5	25.3	25.4	25.0
Western Europe	15.2	15.1	15.3	15.1	15.2	15.0	15.3	15.5	15.2	15.4	15.1	15.4	15.7	15.4
Pacific	8.7	8.6	8.5	8.5	9.6	8.0	7.9	9.0	8.6	9.4	7.9	7.9	8.9	8.5
DCs	18.9	19.2	19.5	19.7	19.5	19.6	20.2	20.6	20.0	20.2	20.3	20.7	21.1	20.6
FSU	4.0	3.8	3.9	3.8	4.0	3.4	3.7	4.2	3.8	3.4	3.6	3.9	4.4	3.8
Other Europe	0.8	0.7	0.7	0.7	0.8	0.8	0.7	0.8	0.8	0.9	0.8	0.7	0.8	0.8
China	4.2	4.7	4.7	5.0	5.4	5.5	5.8	5.6	5.6	6.5	6.1	6.3	6.2	6.3
(a) Total world demand	75.5	76.2	76.7	77.0	79.1	76.3	78.4	80.6	78.6	80.7	78.3	80.2	82.4	80.4
Non-OPEC supply														
OECD	21.4	21.9	21.8	21.9	22.1	21.3	21.5	21.8	21.7	21.8	21.2	21.2	21.6	21.5
North America	14.0	14.2	14.3	14.5	14.7	14.4	14.7	14.8	14.6	14.8	14.6	14.8	14.9	14.8
Western Europe	6.7	6.8	6.7	6.7	6.8	6.2	6.1	6.5	6.4	6.5	6.1	5.8	6.2	6.2
Pacific	0.7	0.8	0.8	0.8	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.6
DCs	10.7	10.7	10.9	11.2	11.2	11.1	11.4	11.6	11.3	11.7	11.6	12.0	12.3	11.9
FSU	7.5	7.9	8.5	9.3	9.9	10.1	10.4	10.7	10.3	10.8	10.9	11.4	11.6	11.2
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.4	3.5	3.5
Processing gains	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.9	1.8
Total non-OPEC supply	44.6	45.6	46.4	47.8	48.6	47.9	48.6	49.5	48.7	49.8	49.2	50.0	51.0	50.0
OPEC NGLs + non-conventional oils	3.2	3.3	3.6	3.6	3.5	3.7	3.7	3.7	3.7	3.8	3.9	3.8	3.9	3.8
(b) Total non-OPEC supply and OPEC NGLs	47.7	48.9	50.0	51.4	52.2	51.6	52.3	53.2	52.3	53.5	53.1	53.9	54.9	53.8
OPEC crude oil production (secondary sources)	26.5	28.0	27.2	25.3	26.8	26.5	26.8	27.7	27.0	28.1				
Total supply	74.2	76.9	77.2	76.7	78.9	78.0	79.2	81.0	79.3	81.7				
Balance (stock change and miscellaneous)	-1.3	0.7	0.5	-0.3	-0.1	1.7	0.7	0.4	0.7	1.0				
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	2445	2530	2621	2466	2408	2526	2573	2500	2500	2474				
OECD SPR	1285	1269	1284	1343	1357	1361	1379	1406	1406	1417				
OECD total	3729	3799	3905	3809	3765	3887	3952	3906	3906	3891				
Other onland	997	1016	1044	1019	1007	1039	1057	1044	1044	1041				
Oil-on-water	808	876	831	816	857	886	874	885	885	920 e)				
Total stock	5535	5691	5780	5644	5629	5812	5883	5835	5835	5852				
Days of forward consumption in OECD														
Commercial onland stocks	51	53	55	51	51	53	52	50	50	52				
SPR	27	27	27	28	29	28	28	28	28	30				
Total	78	79	82	79	80	81	80	79	79	82				
Memo items														
FSU net exports	3.4	4.1	4.6	5.6	5.9	6.7	6.7	6.5	6.5	7.3	7.4	7.5	7.3	7.4
(a) - (b)	27.8	27.3	26.7	25.6	26.9	24.7	26.1	27.3	26.3	27.1	25.2	26.3	27.5	26.6

Note: Totals may not add up due to independent rounding.
e) = Estimated.

Table 24

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

mb/d

	1999	2000	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004
World demand														
OECD	-	-	-	-	-	-	-	-	-	0.1	-0.1	-	0.1	-
North America	-	-	-	-	-	-	-	-	-	0.2	-	-	-	0.1
Western Europe	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-0.2	-0.1	-	-	-0.1
DCs	-	-	-	-	-	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2
FSU	-	-	-	-	-	-	-	-	-	-0.6	0.1	0.1	0.1	-0.1
Other Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
China	-	-	-	-	-	-	-	-	-	0.5	0.1	-	-	0.2
(a) Total world demand	-	-	-	-	-	0.1	0.1	0.2	0.1	0.4	0.4	0.3	0.4	0.4
Non-OPEC supply														
OECD	0.1	-	-	-	-	-	-	-	-	-0.1	0.2	-0.1	-0.1	-
North America	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Western Europe	0.1	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-0.2	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	0.1	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1
OPEC NGLs + non-conventionals	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	0.1	-	-	-	0.1	0.1	0.1	0.1	0.1	-	-	-0.1	-0.1	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-				
Total supply	0.1	-	-	-	0.1	0.1	0.1	0.1	0.1	-				
Balance (stock change and miscellaneous)	0.1	-	-	-	0.1	-	-0.1	-0.1	-	-0.4				
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	-0.8	-	-1.0	1.2	-	-	3.4	-15.4	-	-				
OECD SPR	0.7	1.0	-	-	-	-	-	-	-	-				
OECD total	-	0.8	-1.0	1.2	-	-	3.4	-15.1	-	-				
Other onland	-	-	-	-	-	-	0.9	-4.0	-	-				
Oil on water	-	-	-	0.8	-	-	-	-14.9	-	-				
Total stock	-	1.0	-1.2	2.3	-	-	4.3	-34.0	-	-				
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-	-	-	-	-				
SPR	-	-	-	-	-	-	-	-	-	-				
Total	-	-	-	-	-	-	-	-	-	-				
Memo items														
FSU net exports	-	-	-	-	-	-	-	-	-	0.6	-0.1	-	-	0.1
(a) - (b)	-0.1	-	-	-	-	-	0.1	0.1	-	0.4	0.4	0.4	0.4	0.4

† *This compares Table 23 in this issue of the MOMR with Table 23 in the April 2004 issue.*

This table shows only where changes have occurred.

Table 25
World oil stocks (excluding former CPEs) at end of period

	1997	1998	1999	2000	2001	2002	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03	1Q04
Closing stock level *mb*																			
OECD onland commercial	2,615	2,698	2,445	2,530	2,621	2,466	2,524	2,597	2,660	2,621	2,597	2,644	2,567	2,466	2,408	2,526	2,573	2,500	2,474
North America	1,211	1,283	1,127	1,146	1,262	1,172	1,159	1,231	1,269	1,262	1,237	1,262	1,219	1,172	1,098	1,179	1,202	1,151	1,150
Western Europe	912	963	881	930	916	883	918	909	918	916	924	935	909	883	896	895	911	914	918
OECD Pacific	492	453	437	454	443	410	447	457	473	443	435	447	440	410	413	453	460	435	407
OECD SPR	1,254	1,302	1,285	1,269	1,284	1,343	1,270	1,268	1,265	1,284	1,302	1,314	1,319	1,343	1,357	1,361	1,379	1,406	1,417
North America	563	571	567	543	552	601	544	545	547	552	563	578	589	601	601	611	626	640	654
Western Europe	329	362	347	355	352	353	352	348	343	352	352	348	345	353	363	358	360	369	367
OECD Pacific	362	369	370	370	380	389	374	374	375	380	386	388	386	389	393	393	393	396	396
OECD total	**3,869**	**4,000**	**3,729**	**3,799**	**3,905**	**3,809**	**3,794**	**3,864**	**3,925**	**3,905**	**3,899**	**3,958**	**3,887**	**3,809**	**3,765**	**3,887**	**3,952**	**3,906**	**3,891**
Other onland	1,035	1,070	997	1,016	1,044	1,019	1,015	1,033	1,050	1,044	1,043	1,059	1,039	1,019	1,007	1,039	1,057	1,044	1,041
Oil-on-water	812	859	808	876	831	816	903	829	870	831	798	807	804	816	857	886	874	885	920 e)
Total stock	**5,715**	**5,929**	**5,535**	**5,691**	**5,780**	**5,644**	**5,712**	**5,727**	**5,845**	**5,780**	**5,739**	**5,823**	**5,730**	**5,644**	**5,629**	**5,812**	**5,883**	**5,835**	**5,852**
Days of forward consumption in OECD																			
OECD onland commercial	56	57	51	53	55	51	54	55	55	54	56	56	52	50	51	53	52	50	52
North America	52	54	47	48	52	48	49	51	53	53	51	52	50	48	45	47	48	46	47
Western Europe	60	63	58	61	61	58	62	59	59	60	63	62	59	58	60	59	59	59	61
OECD Pacific	58	52	51	53	52	48	56	57	54	49	57	56	47	43	51	57	51	46	51
OECD SPR	27	27	27	27	27	28	27	27	26	27	28	28	27	27	29	28	28	28	30
North America	24	24	24	23	23	24	23	23	23	23	23	24	24	24	25	25	25	26	27
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	22	23	24	23	23	24	24
OECD Pacific	43	42	43	43	45	45	47	47	43	42	51	48	42	41	49	50	44	42	50
OECD total	**83**	**84**	**78**	**79**	**82**	**79**	**81**	**81**	**82**	**81**	**84**	**83**	**79**	**77**	**80**	**81**	**80**	**79**	**82**
Days of global forward consumption	**88**	**89**	**83**	**85**	**86**	**82**	**86**	**85**	**86**	**85**	**87**	**86**	**83**	**82**	**84**	**85**	**84**	**83**	**86**

e = Estimated.

Table 26
Non-OPEC supply and OPEC natural gas liquids
mb/d

	1999	2000	2001	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03
USA	8.11	8.11	8.05	8.04	-0.01	8.07	7.81	7.80	7.83	7.88	-0.17	7.85	7.75	7.59	7.61	7.70	-0.18
Canada	2.59	2.68	2.73	2.84	0.12	2.88	2.85	3.06	3.11	2.98	0.13	3.09	3.00	3.28	3.34	3.18	0.20
Mexico	3.35	3.45	3.57	3.59	0.03	3.75	3.75	3.84	3.85	3.80	0.20	3.83	3.84	3.92	3.93	3.88	0.08
North America	**14.04**	**14.25**	**14.34**	**14.48**	**0.13**	**14.70**	**14.41**	**14.70**	**14.79**	**14.65**	**0.17**	**14.76**	**14.59**	**14.79**	**14.88**	**14.76**	**0.11**
Norway	3.06	3.32	3.42	3.33	-0.09	3.40	3.16	3.12	3.37	3.26	-0.07	3.36	3.16	3.08	3.33	3.23	-0.03
UK	2.92	2.69	2.54	2.52	-0.01	2.56	2.28	2.18	2.29	2.32	-0.20	2.28	2.10	1.94	2.04	2.09	-0.24
Denmark	0.30	0.36	0.35	0.37	0.02	0.38	0.36	0.36	0.37	0.37	0.00	0.38	0.36	0.35	0.37	0.36	-0.01
Other Western Europe	0.43	0.41	0.40	0.43	0.03	0.44	0.43	0.44	0.45	0.44	0.01	0.47	0.47	0.47	0.48	0.47	0.03
Western Europe	**6.71**	**6.79**	**6.70**	**6.65**	**-0.05**	**6.78**	**6.23**	**6.09**	**6.48**	**6.39**	**-0.26**	**6.48**	**6.09**	**5.84**	**6.21**	**6.15**	**-0.24**
Australia	0.59	0.77	0.71	0.70	0.00	0.62	0.60	0.63	0.54	0.60	-0.10	0.53	0.53	0.54	0.46	0.52	-0.08
Other Pacific	0.07	0.06	0.06	0.05	-0.01	0.05	0.05	0.05	0.04	0.05	-0.01	0.04	0.04	0.04	0.03	0.04	-0.01
OECD Pacific	**0.66**	**0.83**	**0.77**	**0.76**	**-0.01**	**0.67**	**0.65**	**0.68**	**0.58**	**0.64**	**-0.11**	**0.58**	**0.57**	**0.58**	**0.50**	**0.56**	**-0.09**
Total OECD	**21.41**	**21.87**	**21.81**	**21.89**	**0.08**	**22.15**	**21.29**	**21.47**	**21.85**	**21.69**	**-0.20**	**21.82**	**21.25**	**21.21**	**21.59**	**21.47**	**-0.22**
Brunei	0.18	0.19	0.20	0.20	0.01	0.20	0.21	0.21	0.22	0.21	0.01	0.22	0.22	0.23	0.23	0.22	0.01
India	0.75	0.74	0.73	0.75	0.01	0.75	0.72	0.76	0.80	0.76	0.01	0.80	0.78	0.82	0.86	0.82	0.06
Malaysia	0.70	0.69	0.68	0.71	0.03	0.74	0.78	0.78	0.79	0.77	0.06	0.81	0.81	0.85	0.86	0.83	0.05
Vietnam	0.26	0.31	0.34	0.34	0.00	0.36	0.36	0.33	0.34	0.35	0.00	0.38	0.37	0.35	0.36	0.36	0.02
Asia others	0.24	0.25	0.25	0.26	0.01	0.31	0.29	0.29	0.29	0.30	0.03	0.30	0.28	0.28	0.28	0.29	-0.01
Other Asia	**2.13**	**2.18**	**2.20**	**2.27**	**0.07**	**2.37**	**2.36**	**2.38**	**2.44**	**2.39**	**0.12**	**2.51**	**2.46**	**2.53**	**2.59**	**2.52**	**0.13**
Argentina	0.84	0.80	0.82	0.80	-0.02	0.78	0.79	0.79	0.77	0.78	-0.01	0.74	0.74	0.74	0.74	0.74	-0.04
Brazil	1.35	1.35	1.56	1.72	0.16	1.79	1.74	1.80	1.76	1.77	0.05	1.74	1.70	1.75	1.72	1.73	-0.05
Colombia	0.82	0.70	0.61	0.58	-0.03	0.56	0.55	0.55	0.54	0.55	-0.03	0.52	0.52	0.51	0.50	0.51	-0.04
Ecuador	0.38	0.40	0.41	0.40	-0.01	0.39	0.37	0.43	0.50	0.42	0.02	0.51	0.48	0.57	0.65	0.55	0.13
Trinidad & Tobago	0.14	0.14	0.13	0.15	0.02	0.15	0.16	0.17	0.17	0.16	0.01	0.17	0.17	0.19	0.19	0.18	0.02
L. America others	0.22	0.22	0.23	0.22	-0.01	0.22	0.22	0.22	0.22	0.22	0.00	0.22	0.22	0.22	0.22	0.22	0.00
Latin America	**3.76**	**3.61**	**3.76**	**3.87**	**0.12**	**3.90**	**3.82**	**3.96**	**3.96**	**3.91**	**0.04**	**3.91**	**3.83**	**3.98**	**4.02**	**3.93**	**0.02**
Bahrain	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	-0.01	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.91	0.95	0.95	0.90	-0.05	0.85	0.83	0.81	0.83	0.83	-0.07	0.81	0.80	0.81	0.81	0.81	-0.02
Syria	0.55	0.52	0.52	0.51	-0.01	0.55	0.54	0.53	0.53	0.54	0.03	0.52	0.51	0.50	0.50	0.51	-0.03
Yemen	0.42	0.45	0.47	0.46	-0.01	0.46	0.45	0.44	0.44	0.44	-0.02	0.43	0.43	0.42	0.41	0.42	-0.02
Middle East	**2.06**	**2.12**	**2.12**	**2.06**	**-0.06**	**2.04**	**2.00**	**1.97**	**1.98**	**2.00**	**-0.07**	**1.95**	**1.93**	**1.92**	**1.91**	**1.93**	**-0.07**
Angola	0.76	0.75	0.74	0.89	0.15	0.83	0.88	0.88	0.91	0.87	-0.02	0.95	0.96	1.00	1.04	0.98	0.11
Chad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.06	0.02	0.02	0.10	0.15	0.23	0.23	0.18	0.15
Congo	0.27	0.27	0.27	0.25	-0.01	0.24	0.24	0.24	0.24	0.24	-0.01	0.24	0.24	0.24	0.24	0.24	0.00
Egypt	0.83	0.80	0.76	0.75	-0.01	0.76	0.76	0.74	0.74	0.75	0.00	0.73	0.72	0.71	0.71	0.71	-0.04
Equatorial Guinea	0.09	0.11	0.14	0.20	0.06	0.20	0.19	0.25	0.32	0.24	0.04	0.32	0.31	0.40	0.52	0.39	0.15
Gabon	0.36	0.34	0.31	0.30	-0.01	0.25	0.25	0.25	0.25	0.25	-0.05	0.25	0.25	0.25	0.25	0.25	0.00
South Africa	0.17	0.18	0.18	0.19	0.01	0.19	0.19	0.20	0.23	0.20	0.01	0.23	0.23	0.24	0.28	0.25	0.04
Sudan	0.06	0.18	0.21	0.24	0.03	0.25	0.25	0.28	0.28	0.27	0.03	0.29	0.30	0.32	0.32	0.31	0.04
Africa other	0.23	0.22	0.20	0.20	0.00	0.19	0.20	0.20	0.20	0.20	0.00	0.19	0.19	0.21	0.20	0.20	0.00
Africa	**2.78**	**2.84**	**2.80**	**3.03**	**0.23**	**2.91**	**2.96**	**3.07**	**3.24**	**3.05**	**0.02**	**3.30**	**3.35**	**3.59**	**3.79**	**3.51**	**0.46**
Total DCs	**10.72**	**10.75**	**10.88**	**11.23**	**0.35**	**11.22**	**11.15**	**11.38**	**11.62**	**11.34**	**0.11**	**11.66**	**11.56**	**12.01**	**12.30**	**11.88**	**0.54**
FSU	**7.47**	**7.91**	**8.53**	**9.34**	**0.82**	**9.89**	**10.10**	**10.40**	**10.66**	**10.27**	**0.92**	**10.79**	**10.95**	**11.36**	**11.65**	**11.19**	**0.92**
Russia	6.14	6.49	6.99	7.64	0.65	8.10	8.31	8.65	8.78	8.46	0.82	8.89	9.05	9.50	9.65	9.27	0.81
Kazakhstan	0.61	0.71	0.79	0.94	0.15	1.01	1.02	0.99	1.09	1.03	0.09	1.12	1.12	1.09	1.21	1.13	0.10
Azerbaijan	0.28	0.27	0.30	0.32	0.02	0.32	0.31	0.31	0.30	0.31	-0.01	0.31	0.30	0.30	0.29	0.30	-0.01
FSU Others	0.44	0.44	0.44	0.45	0.01	0.46	0.47	0.45	0.48	0.47	0.02	0.48	0.48	0.47	0.50	0.48	0.02
Other Europe	**0.18**	**0.18**	**0.18**	**0.18**	**-0.01**	**0.17**	**0.18**	**0.17**	**0.17**	**0.17**	**0.00**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**
China	**3.21**	**3.23**	**3.30**	**3.39**	**0.10**	**3.40**	**3.44**	**3.38**	**3.40**	**3.41**	**0.01**	**3.46**	**3.48**	**3.44**	**3.46**	**3.46**	**0.05**
Non-OPEC production	**43.00**	**43.93**	**44.69**	**46.03**	**1.34**	**46.83**	**46.15**	**46.80**	**47.70**	**46.88**	**0.84**	**47.90**	**47.40**	**48.18**	**49.17**	**48.17**	**1.29**
Processing gains	1.58	1.65	1.69	1.73	0.04	1.81	1.77	1.79	1.82	1.80	0.06	1.85	1.81	1.83	1.87	1.84	0.05
Non-OPEC supply	**44.57**	**45.58**	**46.38**	**47.76**	**1.38**	**48.64**	**47.92**	**48.59**	**49.52**	**48.67**	**0.91**	**49.75**	**49.22**	**50.02**	**51.04**	**50.01**	**1.34**
OPEC NGL	3.02	3.18	3.40	3.42	0.01	3.42	3.51	3.57	3.57	3.52	0.10	3.58	3.62	3.59	3.62	3.60	0.08
Non-conventional oils	0.15	0.17	0.18	0.20	0.02	0.10	0.15	0.15	0.15	0.14	-0.06	0.21	0.25	0.25	0.25	0.24	0.10
OPEC NGLs + non-conventional oils	**3.16**	**3.34**	**3.58**	**3.62**	**0.03**	**3.52**	**3.66**	**3.72**	**3.72**	**3.66**	**0.04**	**3.79**	**3.87**	**3.84**	**3.87**	**3.84**	**0.18**
Total Non-OPEC and OPEC NGLs	**47.74**	**48.92**	**49.97**	**51.38**	**1.41**	**52.15**	**51.58**	**52.32**	**53.25**	**52.33**	**0.95**	**53.54**	**53.09**	**53.86**	**54.90**	**53.85**	**1.52**

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

Table 27
Non-OPEC Rig Count

	2000	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	Mar04	1Q04	Apr04	Change Apr04 - Mar04
USA	916	1,156	240	818	806	853	847	831	-325	901	1,028	1,088	1,109	1,032	201	1,136	1,119	1,151	15
Canada	344	342	-2	383	147	250	283	266	-76	494	203	383	408	372	106	462	528	153	-309
Mexico	44	54	10	63	61	62	76	65	11	82	84	96	107	92	27	107	107	112	5
North America	**1,305**	**1,552**	**247**	**1,264**	**1,014**	**1,165**	**1,206**	**1,162**	**-390**	**1,476**	**1,315**	**1,567**	**1,624**	**1,496**	**334**	**1,705**	**1,754**	**1,416**	**-289**
Norway	22	23	1	20	20	17	19	19	-4	18	19	20	18	19	0	21	19	20	-1
UK	18	24	6	28	30	24	23	26	2	19	21	22	16	20	-6	16	15	20	4
Denmark	3	4	1	5	4	3	5	4	0	3	5	3	4	4	0	5	4	4	-1
Other Western Europe	82	44	-38	39	38	33	34	36	-8	36	34	38	37	36	0	32	31	30	-2
Western Europe	**125**	**95**	**-30**	**92**	**91**	**76**	**81**	**85**	**-10**	**77**	**78**	**83**	**75**	**78**	**-7**	**74**	**69**	**74**	**0**
Australia	10	10	0	9	9	9	9	9	-1	10	10	11	13	11	2	9	12	12	3
Other Pacific	7	9	2	8	7	7	10	8	-1	8	7	8	6	7	-1	8	7	9	1
OECD Pacific	**17**	**20**	**3**	**17**	**16**	**16**	**19**	**17**	**-3**	**18**	**17**	**18**	**19**	**18**	**1**	**17**	**19**	**21**	**4**
Total OECD*	**1,447**	**1,667**	**220**	**1,373**	**1,121**	**1,257**	**1,306**	**1,264**	**-403**	**1,571**	**1,411**	**1,669**	**1,719**	**1,592**	**328**	**1,796**	**1,842**	**1,511**	**-285**
Brunei	2	3	1	2	3	3	3	3	0	3	4	4	2	3	0	2	2	3	1
India	49	50	1	52	54	55	57	55	5	59	60	61	62	60	5	66	64	66	0
Malaysia	7	11	4	12	13	15	14	14	3	14	13	16	15	14	0	15	15	16	1
Papua New Guinea	0	1	1	1	1	1	1	1	0	1	2	2	1	2	1	3	3	3	0
Vietnam	8	8	0	8	8	9	10	9	1	9	9	10	8	9	0	8	8	10	2
Asia others	16	22	6	26	29	33	32	30	8	31	28	26	30	29	-1	26	27	30	4
Other Asia	**83**	**95**	**12**	**100**	**109**	**116**	**117**	**111**	**16**	**117**	**115**	**119**	**118**	**117**	**6**	**120**	**119**	**128**	**8**
Argentina	57	71	14	49	45	49	54	49	-22	59	66	59	57	60	11	66	64	70	4
Brazil	23	28	5	27	27	27	26	27	-1	27	27	27	25	26	-1	25	24	25	0
Colombia	14	15	1	13	13	10	9	11	-4	10	9	11	12	11	0	8	8	9	1
Ecuador	7	10	3	10	9	8	8	9	-1	9	11	8	8	9	0	8	7	8	0
Peru	4	4	0	2	2	2	1	2	-2	2	2	3	3	3	1	2	2	2	0
Trinidad & Tobago	4	5	1	5	4	4	4	4	-1	3	3	3	3	3	-1	3	3	4	1
L. America others	12	7	-5	4	4	4	5	5	-2	3	4	4	5	4	-1	6	6	6	0
Latin America	**120**	**141**	**21**	**110**	**103**	**104**	**107**	**106**	**-35**	**113**	**121**	**114**	**114**	**116**	**10**	**118**	**114**	**124**	**6**
Bahrain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	24	25	1	27	29	30	32	29	4	33	34	36	36	35	6	35	36	36	1
Syria	14	19	5	20	21	23	24	22	3	23	23	26	23	24	2	22	24	24	2
Yemen	6	6	0	8	9	9	11	9	3	11	10	9	7	9	0	7	7	8	1
Middle East	**45**	**50**	**5**	**57**	**60**	**64**	**69**	**62**	**12**	**70**	**68**	**72**	**68**	**70**	**8**	**65**	**69**	**69**	**4**
Angola	6	5	-1	5	6	6	5	5	0	3	4	3	6	4	-1	3	4	3	0
Cameroon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	3	1	-2	1	1	1	1	1	0	0	1	1	2	1	0	1	2	1	0
Egypt	18	22	4	22	23	22	23	23	1	26	26	27	26	26	3	26	27	28	2
Gabon	2	2	0	1	2	2	2	2	0	3	4	1	3	3	1	1	2	3	2
South Africa	1	1	0	1	1	1	0	1	0	0	1	0	1	0	-1	0	0	0	0
Africa other	5	4	-1	11	12	12	12	12	8	12	14	12	14	13	1	16	15	15	-1
Africa	**34**	**36**	**2**	**41**	**45**	**44**	**43**	**43**	**7**	**45**	**50**	**44**	**51**	**48**	**5**	**47**	**48**	**50**	**3**
Total DCs	**282**	**322**	**40**	**307**	**317**	**328**	**336**	**322**	**0**	**346**	**354**	**350**	**350**	**350**	**28**	**350**	**350**	**371**	**21**
FSU	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other Europe	**3**	**3**	**0**	**2**	**2**	**2**	**2**	**2**	**-1**	**2**	**2**	**2**	**2**	**2**	**0**	**2**	**2**	**2**	**0**
China	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-OPEC Rig count	**1,732**	**1,992**	**260**	**1,682**	**1,440**	**1,587**	**1,644**	**1,588**	**-404**	**1,919**	**1,767**	**2,021**	**2,071**	**1,944**	**356**	**2,148**	**2,194**	**1,884**	**-264**

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

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Data is provided by Data Services Department.
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Data Summary May 2004

OPEC Basket average price

US$ per barrel

⬆ *up 0.30 in April*

April 2004	***32.35***
March 2004	*32.05*
Year-to-date	*31.13*

April OPEC production

in million barrels per day, according to secondary sources

Algeria	*1.18*	*Kuwait*	*2.23*	*Saudi Arabia*	*8.24*
Indonesia	*0.98*	*SP Libyan AJ*	*1.47*	*UAE*	*2.09*
IR Iran	*3.86*	*Nigeria*	*2.36*	*Venezuela*	*2.51*
Iraq	*2.37*	*Qatar*	*0.76*	***TOTAL***	***28.05***

Supply and demand

in million barrels per day

2003		**2004**	
World demand	*78.60*	*World demand*	*80.40*
Non-OPEC supply	*52.33*	*Non-OPEC supply*	*53.85*
Difference	***26.27***	***Difference***	***26.55***

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

Stocks

Commercial oil stocks registered a further build of 0.5 mb/d in USA in April

World economy

World GDP growth is revised up to 3.8% for 2003 and up to 4.7% for 2004

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Data covers period up to end of April 2004 unless otherwise stated
Next report to be issued on 17 June 2004