OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:

Relationship between commercial crude inventories and oil prices

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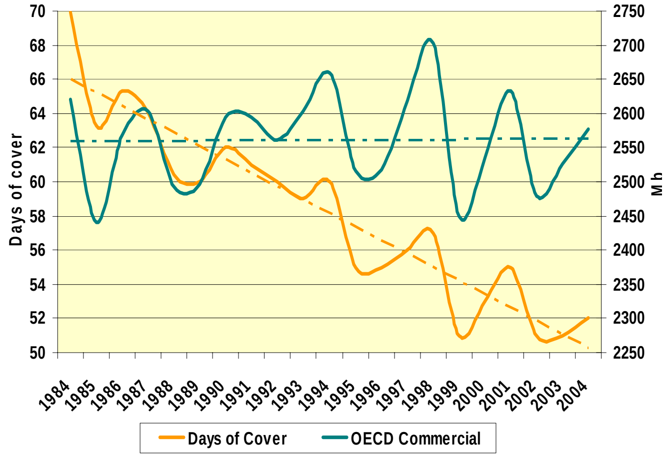
Oil Market Highlights

- For the first time since the summer of 2004, Japan and Europe appear to have begun to share in the growth of the world economy. The outlook for Japan is particularly encouraging as both domestic and corporate demand look to have made a good start to 2005. The indications for Europe are more modest but early data for Germany, at least, suggest that improving investment demand and consumer spending should produce meaningful GDP growth in the first quarter.
- Nevertheless the main growth engines of the world economy remain the USA and China. US consumer and investment spending continued to grow strongly in February and the first quarter may see growth of about 4%. Data for China confirms a slight slowdown in the growth rates for retail sales in January and February but industrial production growth accelerated, rising to 16.9% year-on-year.
- There are risks on the sustainability of world economic growth in 2005. Chinese authorities may take direct action to prevent overheating and the US economy may face rising inflation and higher interest rates. Oil prices rose further in March and the capacity of consumers and companies to absorb such increases is a further uncertainty. The US trade deficit in January widened to $58 bn and the dollar came under renewed pressure in March.
- Despite the reasonable start to 2005, growth forecasts for Japan and the Euro-zone have been reduced slightly to take account of uncertainties later in the year. GDP is expected to grow by 1.4% in Japan and the Euro-zone in 2005, down from the earlier forecast of 1.6% for both. The US growth forecast for 2005 is unchanged at 3.4%, while the 2005 growth rate forecast for China has been increased slightly to 8.2%. Reflecting these adjustments, the forecast growth rate for the world economy in 2005 has fallen by 0.1% to 4.1%.
- The OPEC Reference Basket averaged $41.68/b in February, an increase of $1.44 or 3.5% over the pervious month. For the first two weeks of the month, the Basket dropped to average $40.12/b in the second week, as US crude oil stocks saw builds and warmer weather was forecast for the Northern Hemisphere. However, a late cold snap in the north triggered a turnaround as the Basket experienced gains in the fourth week to average $43.95/b. In March, the Basket saw a hefty jump to average $46.59/b in the first week before continuing to rise further in the second to stand at a new record high of $50.78/b on 16 March.
- Icy weather on both sides of the Atlantic lifted physical and futures prices of middle distillate products and consolidated the new trend in crude prices triggered by the expectation of higher demand in 2005. Similarly, strong regional demand for light products and the expectation of a revival in Chinese buying to replenish product stocks have boosted product prices and refinery margins in Asia. Once the wave of freezing temperatures in the Northern Hemisphere comes to an end and given the comfortable level of US gasoline stocks in both absolute and relative terms, it is expected that refinery margins will lose their recent sharp gains and put some pressure on the crude market. However, due to tightening refinery capacity, sentiment in the product market could change rapidly in the event of a serious refinery outage.
- OPEC area spot chartering rose by 0.3 mb/d to 15.8 mb/d in February. The main driver behind this growth, in line with the increase in OPEC’s output, was Middle Eastern countries. Sailings from OPEC countries also increased by 0.3 mb/d to 24.6 mb/d. Crude oil freight rates in the VLCC sector surged sharply from the lows seen in January, especially on the Middle East/East route where they more than doubled, driven by the return of Chinese charterers following the end of the Lunar New Year celebration. Other sectors showed mixed patterns, especially the Aframax which was heavily affected in the Mediterranean region due to the upcoming seasonal refining maintenance. Product freight rates declined on all routes except in the Mediterranean region as a result of healthy activity sustained by the cold weather.
- With full preliminary data for 2004 available for the first time — although still subject to minor adjustments — total world oil demand growth for the year has been slightly revised upwards by 0.07 mb/d to 2.62 mb/d. This leaves estimated world oil demand for 2004 at 82.12 mb/d. Although economic growth has been revised slightly down to 4.1%, solid consumption in several OECD countries and China has led once again to upward adjustment in global oil demand growth. Total world oil demand growth for 2005 is now estimated at 1.86 mb/d which translates into y-o-y growth of 2.26 % resulting in average global demand of 83.98 mb/d for the current year.
- OPEC crude oil production in February, based on secondary sources, is estimated at 29.56 mb/d, an increase of 0.24 mb/d from the revised January figure. Non-OPEC oil supply for 2004 is estimated at 49.74 mb/d, which is 1.11 mb/d over the 48.63 mb/d estimated 2003 figure. Non-OPEC supply in 2005 is expected to reach 50.80 mb/d, an increase of 1.06 mb/d over the 2004 estimate. Net FSU exports for 2004 are estimated at 7.29 mb/d and are expected to rise to 7.82 mb/d in 2005.
- US commercial oil stocks showed a seasonal draw pattern decreasing by 6.7 mb or 0.24 mb/d to 951 mb during the period 28 January-25 February. Although the latest weekly data of March 11 indicates similar trend, it is still 40.2 mb above last year’s level. Oil stocks in Eur-16 (EU plus Norway) for crude oil and gasoline inventories registered builds while other main products experienced draws. Eur-16 oil stocks stood at 1,077.1 mb, a decline of 5.4 mb or 0.19 mb/d from the level observed a month ago. Total commercial oil stocks in Japan continued to see seasonal draws for the second consecutive month, losing 5.1 mb or 0.16 mb/d to stand at 184.8 mb.

Relationship between commercial crude inventories and oil prices

- The statistical relationship between OECD commercial crude oil inventories and oil prices — either in absolute terms or in days of forward cover — has been commonly used by the market to gauge the price of oil, particularly in the short term. This relationship is based on the assumption that at any given time the level of inventories and days of forward cover reflects the current supply/demand balance and therefore may be used to estimate oil prices based on fundamentals.
- **Graph 1** shows the trend of days of forward cover and commercial oil inventories in the OECD. Over the last two decades, the days of cover in the OECD has dropped from 70 in 1984 to around 51 in 2004, while the absolute level of commercial oil stocks remained relatively unchanged. For example, OECD demand has risen by around 570 mb during the last five years, at an average of 0.3 mb/d per annum, demonstrating that the underlying growth in oil demand in the OECD has clearly been the driving force behind the reduction in forward cover as the stock level trend remained relatively constant.

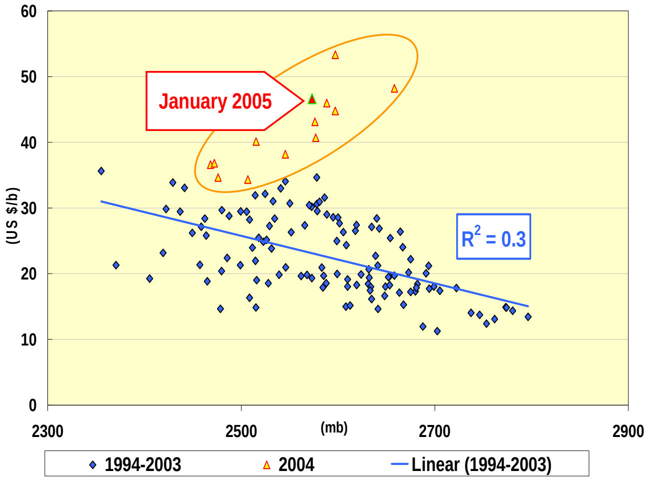
Graph 1: OECD commercial vs. days of forward cover



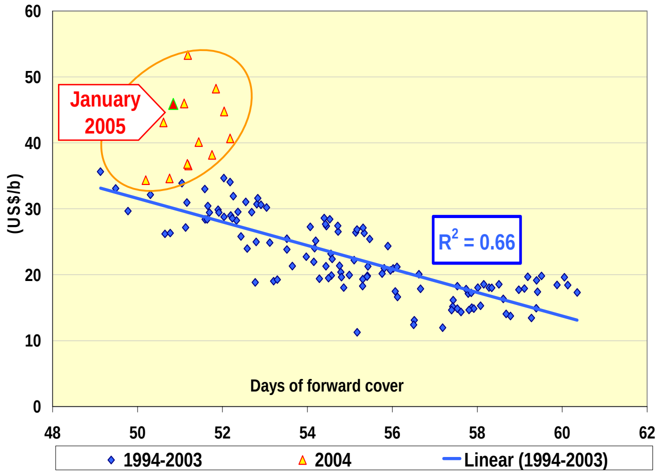
- The widespread adoption of "just-in-time" stock management by companies, combined with under-investment in downstream areas such as refineries, terminals and storage facilities, has led to a widening gap between the days of forward cover and absolute commercial stocks levels.
- A closer look at the historical relationship between the absolute levels of OECD commercial crude stocks and oil prices from 1993 to 2003 (***Graph 2***) shows a low correlation (R^2 = 0.3) with a large variance. With the inclusion of the demand element (***Graph 3***) to express stocks in days of forward cover, this relationship shows a stronger linear correlation (R^2 = 0.7) with a tighter dispersion around the linear trend. However, as the graphs indicate, since early 2004 the relationship between prices and stocks has broken down, both in absolute terms as well as in days of forward cover.

- Regarding the low correlation between commercial oil stock levels and prices, one explanation for this might be that the market has become less concerned about absolute stock levels as the refining industry has been able to cope even when oil inventories fell below historically low levels. For example, in early 2004 US commercial stocks were below the perceived minimum operational level and even approached 260 mb several times without causing any noticeable impact on the refinery system, reflecting a lean, more efficient performance. Over this period, oil prices remained broadly stable, only rising later in April 2004 on the strength of other factors.

Graph 2: OECD Commercial stocks vs. WTI prices



Graph 3: Days of forward cover vs. WTI prices



- Although the relationship between days of forward cover and oil prices shows a better correlation than absolute stock levels, its predictive power has recently diminished, signalling perhaps a shift or transition to a new regime which is yet to be ascertained. However, it is evident that if absolute, commercial oil inventories continue to remain flat amid steady demand growth, inventory cover will become an imperfect measure of the changing balance between supply/demand and stocks.
- Another, less-widely used method for assessing the current supply/demand balance in addition to the ones mentioned above is the days of cover for net oil imports. While this method has typically not been favoured in statistical analyses as a price indicator due to the fact that, outside the USA, imports data with higher frequency are only partially available, it is nonetheless a recognized indicator used by the industrialized countries to gauge supply availability. The most recent data indicate that the days of imports cover for IEA countries is in the higher range, at 114 days, or two days above this time last year.

- As can be seen, the lower level of forward demand cover in OECD commercial stocks is part of a fundamental trend, namely the development of just-in-time business structure. Focusing only on this measure excluding other factors related to fundamentals will continue to imply a market that is more tightly balanced, and could result in continuing high volatility. Other measures need to be considered when assessing fundamentals in the short term, especially during the periods of above-normal demand growth, such as capacity in the whole supply chain.
- Looking ahead, the current forecast indicates further strength in demand for the second half of 2005 coupled with an ongoing slow-down in non-OPEC supply growth. This would translate into a need for higher OPEC volumes to ensure comfortable stock levels, both in absolute terms and in days of cover, ahead of the high 4Q demand expected to approach 86 mb/d. OPEC, on its part, will continue to accelerate efforts to increase production to meet rising demand and maintaining adequate spare capacity as current market developments once again underline the importance of its role in stabilizing the market.
- The recent OPEC decision increased the agreed production ceiling to 27.5 mb/d, effective immediately, and further authorized its President after consultation with fellow Heads of Delegation, to announce an additional 500,000 b/d should oil prices remain at current levels or continue to further rise. This decision represents yet another clear signal of the Organization's commitment to ensuring that the global market is well supplied while helping to moderate prices to more reasonable levels. However, given the persistent shortage of appropriate refining capacity to meet the strong demand for light products with increasingly stringent quality specifications, downstream constraints are expected to continue to exert pressure both on product and on crude prices. Therefore, despite the magnitude of the uncertainties, the required medium-term investments should be carried out to address the industry-wide shrinkage in global spare capacity, particularly in the downstream sector.

135th Meeting of the OPEC Conference

Isfahan, Iran, 16 March 2005

The 135th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Isfahan, I.R. Iran, on 16 March 2005, under the Chairmanship of its President, HE Sheikh Ahmad Fahad Al-Ahmad Al-Sabah, Minister of Oil of the State of Kuwait and Head of its Delegation, and its Alternate President, HE Dr. Edmund Daukoru, Nigerian Presidential Adviser on Petroleum & Energy and Head of its Delegation.

The Conference welcomed the Minister of Petroleum of Angola, the Minister of Oil & Gas of the Sultanate of Oman, the Minister of Petroleum & Mineral Resources of the Syrian Arab Republic and high-level representatives from Egypt and Mexico, whose presence at the Meeting is seen as renewed confirmation of these countries' solidarity with the objective of the Organization to stabilize the oil market.

The Conference reviewed the Secretary General's report, the report of the Economic Commission Board, the report of the Ministerial Monitoring Sub-Committee (MMSC) - whose Members the Conference again thanked for their untiring efforts on OPEC's behalf - and various administrative matters.

Having reviewed the oil market situation and its immediate prospects, the Conference observed that, with the market having remained well supplied, OECD commercial oil stocks at the end of the fourth quarter 2004 were at comfortable levels, exceeding their five-year average level. Furthermore, the Conference noted that, although all indicators continue to show that the market is fundamentally well-supplied, world crude oil prices have resumed their increase. This is due to a number of factors, mainly the late cold winter spell in the Northern Hemisphere, the expectation of unabated strength in demand over the medium term, as well as price pressure and volatility coming from increased activity of non-commercials in the futures markets, such as hedge funds and, more recently, pension and index funds. The situation is being further exacerbated by the influence of geopolitical tensions and downstream bottlenecks.

The Conference noted, in particular and with concern, that the shortage of effective refining capacity, especially conversion capacity, is expected to persist, continuing to create dislocations between crude and products markets, as well as contributing to higher oil prices, and renewed its call on all parties, including non-OPEC producers and consumers, to undertake joint efforts to address the challenges facing the oil industry, including bottlenecks affecting the downstream oil industry, as well as called on consuming governments to align their environmental with their energy policies.

In view of the expectation of another year of strong global oil demand, coupled with constraints in the downstream sector and the overall expectation of a slow-down in the pace of non-OPEC supply growth, requiring an increase in OPEC production in the second half, in particular the fourth quarter 2005, and in order to satisfy this market demand, ensure comfortable levels of stocks in the second half, as well as halt and reverse the price escalation, the Conference decided to increase the production ceiling to 27.5 mb/d, effective immediately. The Conference further authorized its President, after consultations with fellow Heads of Delegation, to announce an additional 500,000 b/d increase in the ceiling, until its next Meeting, should oil prices remain at current levels or continue to further rise. In taking this decision, the Conference once again confirmed the Organization's commitment to maintaining stability and ensuring that global markets remain adequately supplied at all times. To that end, Member Countries have already accelerated existing capacity expansion plans and are making timely investments to expand capacity in the longer term. Moreover, this decision is a reaffirmation of OPEC's commitment to ensuring adequate supplies consistent with robust economic growth, in particular in the emerging economies of the developing world.

The Conference also agreed to continue to closely monitor market developments and to take appropriate and prompt action, as and when the need arises. With this in mind, the Conference decided to convene an Extraordinary Meeting at Headquarters, Vienna, on Tuesday, 7 June 2005.

The Conference approved the recommendation from the Board of Governors and the Economic Commission Board to change the composition of the OPEC Reference Basket of Crudes (ORB), to-date made up of seven crudes, to a composition of eleven crude streams representing the main export crudes of all Member Countries, weighted according to production and exports to the main markets. The Secretariat is to calculate the new proposed Basket on a trial, daily basis, in parallel with the current ORB, reporting back on the results to the next Meeting of the Conference, in light of which the Conference shall announce the effective date of implementation.

The Conference passed Resolutions that will be published on 17 April 2005, after ratification by Member Countries.

The Conference decided that its next Ordinary Meeting will be convened in Vienna, Austria, on 19 September 2005.

The Conference expressed its appreciation to HE Seyed Mohammad Khatami, President of the Islamic Republic of Iran, the Government and people of the Islamic Republic of Iran, as well as the authorities of the City of Isfahan for having hosted the Meeting and for the warm hospitality extended to the Conference and all Delegates. In addition, the Conference recorded its special thanks to HE Bijan Namdar Zangeneh, Minister of Petroleum of the I.R. Iran, and his Staff for the excellent arrangements for the Meeting.

Highlights of the World Economy

Economic growth rates 2004-2005

%

	World	G-7	USA	Japan	Euro-zone
2004	**5.0**	**3.3**	**4.4**	**2.6**	**1.9**
2005	**4.1**	**2.4**	**3.4**	**1.4**	**1.4**

Industrialised countries

United States of America

US economy boosted by strong consumer and corporate spending. Rising inflation remains a threat.

The strong start to 2005 was noticeable in all sectors of the US economy. **Final data for the fourth quarter of 2004 indicated that GDP growth reached 3.8% and this pace has probably continued into the first quarter of the New Year.** Despite the expiration of investment tax incentives, business investment remains strong supported by growing cash flows, easy financial conditions and improving confidence in the business outlook. Orders data for March was encouraging and companies have been able to raise prices. Capital goods manufacturers, such as electrical equipment, machinery, IT generally and semiconductors in particular reported increased orders. More surprisingly, consumer spending has been maintained – probably as a result of higher household wealth (particularly equity holdings and house ownership) and household borrowing – indeed the year-to-year increase in total household liabilities in January was 12%. Labour market conditions and real income trends are rather stable – nevertheless February retail sales showed substantial growth over year ago levels. **Total sales grew by nearly 8% over 2004 levels with most components of sales showing strong growth.** Thus far the better pricing environment for companies has not had much impact on consumer prices but the rise in unit costs throughout the economy will eventually affect real incomes. So far the increase in energy prices and mortgage rates has been smaller than in 2004 although the rise in oil prices in February and March is yet to take effect. The outlook for spending on interest rate sensitive items – such as autos and consumer durables generally - calls for slower growth this year although much depends on the extent of interest rate increases in the second half of 2005. Government spending continues to provide support for the economy as the 12 month total of the Federal Deficit has stabilized at just over $400billion in recent months. It had been expected that the deficit would narrow, considering the positive effect of strong economic growth on tax receipts. **The US trade deficit has not stabilized, however, and expanded to $58billion in January, up from $56billion in December.** Exports were stable but imports rose by 2% over December levels as a result of growing purchases of consumer goods and despite a fall in the price of imported oil in January. The dollar came under pressure as a result of these trade trends and speculation concerning the investment policies of overseas central banks. It appears that some central banks are considering increased diversification of new additions to reserves into non-dollar currencies but there has been no sign of significant sales of dollars or dollar denominated assets. In mid-March the yield on 10 year US Treasury bonds rose to above 4.5% which indicated some concern regarding rising inflation and related currency pressures. The policy outlook of the US Federal Reserve may see gradual change to reflect these concerns and it seems unlikely that the emphasis on "measured" tightening will be retained. As always, market participants will keep a close eye on the release of US inflation data over the coming weeks in order to assess the outcome of the next Federal Open Market Committee meeting on March 22. Today's prices of US financial assets are supported by the expectation of solid non-inflationary growth for the forseeeable future – any change in this perception may have a rather rapid and severe impact on US equity, bond and currency markets.

Japan

A good start to 2005, supported by strong consumer spending and exports.

Data for fourth quarter GDP growth showed a surprise revision to +0.5% at an annualized rate from the previous estimate of a decline. Thus quarter-on-quarter real growth achieved a positive reading for the first time since the first quarter. The source of the revision was a higher estimate for government consumption and net exports. **Overall the Japanese economy lost momentum in the second half of 2004 but recent evidence suggests a strong rebound in the first quarter of 2005.** Industrial production increased by 2.1% in January over December levels. Production of both IT and other digital-related goods suggest that the trough in the high-tech sector has ended and that industrial production will increase in the current quarter. Personal consumption also made a strong start to the first quarter, according to the main household surveys. **"All household" real consumer spending grew by 4.3% above December levels in January, rising slightly above the level of January 2004.** This data is consistent with continued improvement in the labour market as total hours worked and the number of employees in regular employment have been improving over the past three months. Retail sales in January increased by 2.2%, year-on-year following a New Year improvement in consumer sentiment. It is noteworthy that since 2004 consumers of working age have been increasingly prepared to spend following two years in which pensioners supported total consumption. Surveys of business confidence are also optimistic and these expectations are supported by improved profitability and balance sheet trends. Operating profits for non-financial corporations rose by 3.7% in the year to December 2004 and higher profitability, together with very low interest rates, has lowered the debt burden of large manufacturers despite higher capital spending. The profits of small firms increased substantially and this group of companies was sufficiently confident to boost spending on capital equipment and finance this investment with external borrowing. Machinery orders rose by 6% in the fourth quarter and another substantial increase is expected in this quarter. **Capital goods shipments showed strong growth in December and January which is a further positive indication for investment spending.** The signs of recovery from the corporate sector are linked to the New Year surge in exports. Export volumes stalled in the second half of 2004 but the continued strength in the US economy and a revival in demand for IT related products boosted month-on-month export growth to nearly 5% in January. **There are a number of risks to this outlook – mainly relating to the external environment.** Japan is always sensitive to the cycle of world trade and interest rate developments – particularly in the USA and China. Further gains in raw materials prices could restrict corporate profits and hold back capital spending. Recent data suggest that the rate of CPI decline was in the region of 0.1% in January after special factors are taken into account and it appears that consumer prices have finally begun to respond to the economic recovery and rising raw materials prices. **Monetary policy is likely to remain stable in 2005** – despite the rise in Japanese bond yields in March. It seems unlikely that the monetary policy of the Bank of Japan will be tightened until year-on-year changes in the core CPI turn positive over a number of months.

Euro-zone

New Year data shows recovery from second half weakness.

January was a good month for economic activity in the Euro-zone. France continued to expand following a good performance in 2004 and the German economy showed a sharp rebound from the depressed trend of the second half. Industrial production in January rose by 3.1% month-on-month which was a second consecutive monthly increase. Although the highest growth rates were recorded in the capital goods sector, consumer goods production increased by 3.3% month-on-month, taking the year-on-year growth rate to 2.6% — the highest growth rate since 2001. **German retail sales and manufacturing orders data also indicate some broad-based strength in the economy, particularly in the consumer goods sector.** In 2004 the main problem for the economy was weak domestic demand and the trend of recent orders data in both consumer and capital goods sectors is encouraging. Construction output should also contribute to growth in GDP in the first quarter. **For the Euro-zone as a whole GDP growth in the first quarter may reach an annual rate of 1.5-2.0%** although the trend of consumer spending will improve only slowly. Total retail sales in January did grow by 0.3% month-on-month in the Euro zone but this level was still 0.6% below the level of January 2004. European companies will continue to restructure their operations in response to the strong euro and competition from new EU members and this process will restrict job growth and wage increases. **Growth will depend rather on the extent to which companies spend their higher profits on capital goods — such investment is, in turn, linked to external demand which has been supportive thus far in 2005.** The outlook for inflation remains positive for the Euro zone and core inflation is now below 2% and may fall further to 1.5% during the year. Despite this background the chance of lower interest rates in Europe is small. The ECB is concerned that the increase in liquidity in the Euro zone will lead to higher inflation in the medium term and the Bank is ready rather to increase rates as soon as the economic recovery appears to be on a sustainable path.

Former Soviet Union

Non-oil economy under pressure as inflation and rouble rise.

The rate of growth of industrial production in Russia has been falling in recent months, mainly as a result of weakness in manufacturing. **Business sentiment was depressed in January**, the year-on-year growth in fixed investment spending fell to 7% in January and consumers have also retrenched — holding back retail sales growth to only 10%. **The growth of oil production in 2005 is expected to be much lower than in 2004 although high prices will compensate to some extent for this shortfall.** The Russian trade surplus dropped to \$8.6 bn in January which was in line with seasonal trends. The current account surplus for 2004 as a whole was \$58 bn and the increase in foreign exchange reserves was \$45 bn. Russian consumer price inflation for 2004 was significantly above the targets of the government and the central bank. Inflation continued to worsen in the New Year, taking the annual rate to nearly 13% in February. Core price inflation has been on a continuous upward trend since 2003 as a result of the large balance of payments inflows and little improvement seems likely in 2005. Certainly the 8.5% target rate will be breached. **The dilemma facing the Russian Central Bank illustrates the problems of monetary authorities which try to manage both the inflation rate and the exchange rate at the same time.** The only way to restrain the domestic money supply and Russian inflation would be to allow the rouble to appreciate but the Bank cannot let the currency appreciate by much more than 8% in real trade weighted terms since certain sectors of the Russian economy are already suffering from a lack of competitiveness. In March the rouble appreciated to reach a new high against the US dollar. **The longer term outlook for the economy depends on the use of oil revenues to finance structural reform.** According to the World Bank, likely reforms in 2005 include some improvements in administrative and customs measures but more significant changes in pensions provision and the health service may be delayed.

Eastern Europe

EU entry boosted exports and growth in 2004.

Although the overall growth rate for Poland in 2004 of 5.3% was satisfactory, **the economy clearly lost momentum towards the end of the year.** There was some acceleration in investment demand but consumer spending weakened in the final quarter. The Polish economy became increasingly dependent on external demand despite facing the headwind of a rising currency. Construction stabilized during the year but growth in industrial production slowed dramatically. To some extent the good progress of the first half of the year reflected EU accession and such high rates of growth could not be maintained. 2005 is likely to have a slow start, given the legacy from 2004, but further integration into the EU and the prospects of higher exports to Russia should keep the GDP growth rate clearly above 4%. The growth rate of the Czech Republic in 2004 was 4% - above expectations thanks to a good export performance. **The impact of EU entry was clearly visible as export growth accelerated from 10% year-on-year in the first quarter to around 24% in the remainder of the year.** Additional investments in the motor industry are likely to keep export growth at high levels in 2005. Domestic demand was weak with the moderation in wage growth and higher taxes driving consumption lower. As a result of the growth in exports and the depressed state of domestic demand, the Czech current account deficit shrank to €1.68billion in the fourth quarter – supporting the koruna. The strong currency performance and low inflation mean that lower interest rates are likely during the first half of the year. **Hungary also achieved 4% GDP growth in 2004 – the pattern was similar to that of the Czech Republic as strong export growth compensated for weak growth in domestic demand.** This adjustment in the Hungarian economy was required following the excessive growth in personal consumption in 2002-2003 which created a large current account deficit. Interest rates in Hungary are still above 8% but cuts are likely as the rate of inflation is falling. Lower interest rates may put pressure on the forint as the current account deficit remains high (at above 8% of GDP) and the budget deficit may easily overshoot the government's target. Sentiment for the currency is supported for the moment by the current global appetite for high yielding assets but in the longer term fiscal consolidation will be necessary.

OPEC Member Countries

Simultaneous increases in oil production and prices still the main driving force for GDP growth in OPEC Member Countries

The large simultaneous increases in oil production and prices in OPEC Member Countries were the main driving force behind real GDP growth in 2004, and this trend is expected to continue in 2005. This year's growth will also be supported by a full year of strong oil and gas exports. Additionally, solid rates of public consumption growth are expected as OPEC governments seek to ease unrest by creating public-sector jobs and boosting wages in that sector. Production and exports are likely to strengthen, prompting growth in overall exports of goods and services. This, together with strong increases in oil prices which will gear up fiscal revenues, should stimulate government spending and lending, which in turn, will support continued robust growth in private consumption. Gross fixed investment will benefit from the strong oil revenues. These gains will be offset to some degree by a further large expansion in imports. Investment growth will retain its upward trend, driven by the expansion of telecoms, power and water services as well as hydrocarbon development. These investments will require a huge level of imports. However, the real GDP growth rate in OPEC Member Countries on average is expected to remain robust at 7.3% this year compared to 7.01% in 2004 and 3.8% in 2003.

Developing Countries

While a soft landing remains elusive in Chinese and Brazil is growing rapidly, Africa achieved moderate growth rates despite the significant structural challenges facing the poorest countries in the Sub-Saharan region

2004 was an excellent year for Developing Countries in all the regions of the world as the rapid rise in world trade and increases in commodity prices boosted national incomes. **Developing countries as a whole grew by 5.9% in 2004, the highest growth rate since 1976.** The leading region was clearly Asia Pacific which grew by 6% in response to growing demand from North America and expanding domestic consumption. The growth rate of Latin America was only slightly lower as the major economies of Brazil and Argentina achieved very rapid growth. This region gained from the sharp rise in the price of metals in the year, the demand stimulus from North America and policy changes following the recession in 2000/2001. Africa also achieved an excellent growth rate of 5% as a result of continued progess towards economic reform in South Africa and the rapid increase in oil revenues which boosted the growth of Angola and many other African countries. The poorest countries of Africa continued to face long-term structural challenges as set out, for example, in the Millennium Declaration of the UN. Many of these countries gain little from trade but are faced with higher energy and import costs. Indeed, during such an upturn in the world economy, income disparities widen especially since the prices of many soft commodities actually fell during 2004. **The outlook for 2005 suggests no dramatic changes as the main economic forces of 2004 – notably strong growth in the USA and China – will continue for the forseeable future.** Growth rates are expected to be lower this year as the economic cycle decelerates and the slowdown will be most marked in Asia, a region highly sensitive to changes in the momentum of world trade. Later in 2005 the growth rates in the US economy are expected to slow as higher interest rates and energy prices moderate consumer spending and this change may reduce Asian exports. Early indications for 2005 do not indicate any such pause in growth. Indeed, the growth rate of the Chinese economy was very strong in January and February. Total industrial production rose by 17% y-o-y and the growth in fixed asset investment was even higher at 25%. There were signs that domestic demand may be beginning to stabilise as the growth rates of retail sales and imports were slightly lower in the New Year but it appears that attempts by the Chinese authorities to cool the economy have not succeeded thus far. **The result may be further administrative controls on investment spending and higher interest rates later in 2005.** The pressure on the authorities to permit great flexibility for the yuan may also increase during the year as capital inflows will be attracted by the combination of higher interest rates and the likelihood of currency gains. Such capital inflows would only increase liquidity and inflation risks.

Oil prices, the US dollar and inflation

New Year dollar strength faded in February.

The US dollar bounced in January as markets concentrated on growth and interest rate prospects rather than the growing American current account deficit and this upward move was maintained during the first half of February. The American economy continues to outperform the economies of Europe and Japan but some signs of recovery in these regions suggest that the performance gap may narrow later in the year. There was also speculation that Asian central banks may consider diversifying their flows of additional reserves into non-dollar currencies and the dollar weakened somewhat towards the end of the month. In February the average value of the US dollar fell by 0.5% against the British pound, but rose by 0.8% against the euro, and 1.1% against the Swiss franc. The dollar rose by 1.6% against the yen as previous speculation concerning revaluation of Asian currencies was unwound following the G7 meeting.

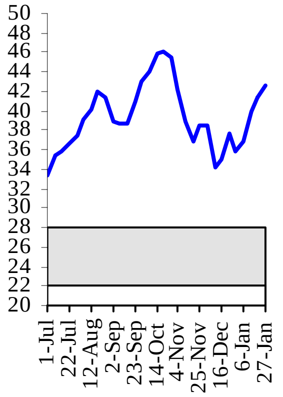
In February the OPEC Reference Basket rose to $41.68/b from $40.24/b in January. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose by 4% to $28.88/b from $27.76/b, as a small move in the dollar compounded the 3.6% increase in the Reference Basket price. The dollar rose by 0.6% as measured by the import-weighted modified Geneva I +US dollar basket*.

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

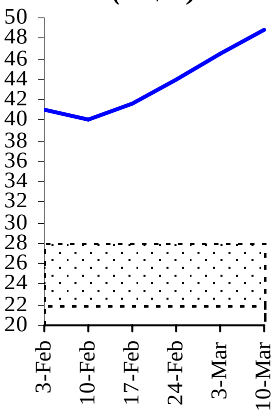
Crude Oil Price Movements

The OPEC Reference Basket topped January's nearly 13% surge by adding another 3.6% or $1.44 to average $41.68/b in February

Weekly average Basket price, 2004-2005



Feb 05-Mar 05 *(US$/b)*

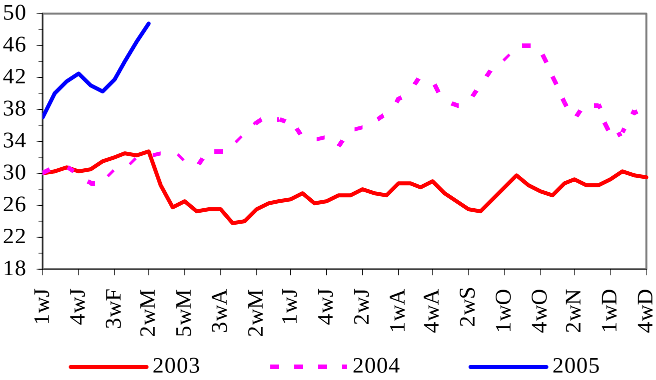


Note: Price band temporarily suspended as of 31 January 2005

OPEC Reference Basket

Graph 1

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



January ended on a bearish note with the decision of the OPEC Meeting of the Conference to keep output levels unchanged and following a three day losing streak which saw the OPEC Reference Basket shed $2.19/b. However, the Basket revived on the first day of February gaining 33¢ to reach $41.28/b on the view that OPEC might rein in production. Market bullishness was short-lived as minimal arbitrage kept ample supply in regional markets amid a drop in refinery interest due to seasonal turnarounds. US stock builds amid fading demand for winter fuels on the expectation of warmer weather helped the Basket average to close the first week at $40.96/b, down more than 4% for a loss of $1.73/b. **Bullishness revived in the second week on a 5% reduction in Oman exports to Asia, potentially increasing the price of OPEC crudes which use Oman as a benchmark.** However, demand dropped as Asia celebrated the Chinese Lunar New Year at a time when imports were lower y-o-y in January. Easing prices received further support from the expectation that OPEC would not reduce production any time soon. The Basket regained some losses as prices rebounded following **an IEA report that revealed a decline in OECD commercial crude stocks, revised up its 2005 global demand forecast and adjusted its 2005 non-OPEC crude supply estimate downward**. The Basket closed the second week at $40.12/b, down 84¢ for a drop of more than 1%. Concern over rising global demand and a predicted reduction in second-quarter OPEC output kept the market alert. Although weekly US crude oil stock data was even more bearish, **prices continued to rise on an announcement by the EIA that any output cut would deplete the US crude oil inventories**. The Basket closed the third week with an increase of $1.55 or nearly 4% at $41.67/b. The final week in February saw another build in the bullish sentiments. A return of the cold snap in the Northern and Western hemispheres sustained the bullish market sentiment. Rising demand for late winter fuels amid a weakening US dollar helped the Basket to surge a hefty $1.16/b or nearly 3% on 22 February. OPEC's reassurance of a well supplied market was offset by healthy European refining margins amid the ongoing tightness in light sweet crudes. Accordingly, the Basket's weekly average saw another healthy surge of $2.28/b or 5.5% to close at $43.95/b with the final day of the month closing at $46.26/b following a 1.7% surge for the day.

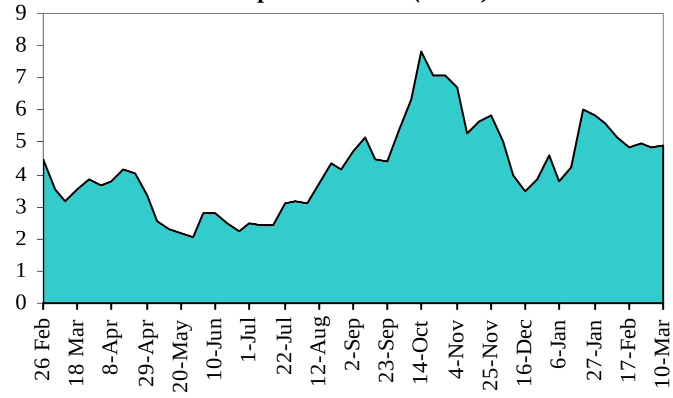
Building on a hefty monthly average rise of nearly 13% in January, the Basket closed February with another rally rising 3.6% or $1.44/b to settle at $41.68/b. **The rise was 10¢/b over the year-to-date average and more than $5.63/b above the 2004 average with a surge of 41% or $12.12/b y-o-y.** Most of February's rise took place in the second half of the month**.** The stride continued into March on persisting concerns over high global demand amid bottlenecks in the downstream. Accordingly, the Basket saw a hefty jump of nearly 3% on 3 March. This was followed by a cumulative rally of some 3.6% on 9 and 10 March to move into record territory, reaching a peak of $49.87/b, while the second week of March averaged $48.80/b.

Output disruptions in North America amid high freight rates supported the wide sweet/sour spread in February

US market

The market in the USA weakened in early February. This was due to the expectation of higher than normal Colombian avails in March amid crude stocks at comfortable levels and building gasoline inventories. However, the hefty draw on distillates including heating oil kept the sweet/sour differential wide, although a report that refineries were running plants at a higher rate narrowed differentials slightly. The weekly average spread for WTI/WTS was at $5.60/b, down from $5.83/b in the last week in January. **High freight rates enticed US refiners to buy domestic grades at a time of tight sour grade due to expected maintenance on Shell's**

Graph 2
WTI spread to WTS *(US$/b)*

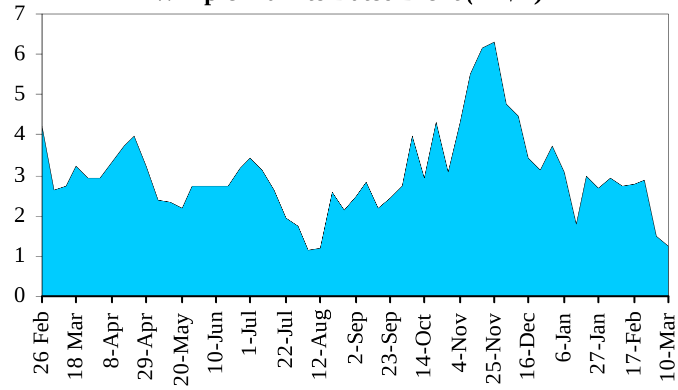


Mars platform which would shut in about 150,000 b/d of output. Further price support came from the lower Mideast allocation to global oil majors, which helped the weekly average for the sweet/sour WTI/WTS spread to narrow to $5.14/b in the second week amid continued healthy builds in gasoline stocks. Persistent high freight rates hindered rival grades from crossing the Atlantic adding a further bullish element. The weekly average sweet/sour spread narrowed to $4.86/b amid healthy builds in crude oil and gasoline stocks of 2.10 mb and 4.9 mb respectively for the week ended 11 February. Hence, crude oil and gasoline stock levels were 23 mb and 15 mb higher over same period last year at 296 mb and 222 mb. However, the **light/sweet strength was spurred by outages in Canadian oil sand production that reduced output by around 140,000 mb/d, forcing Midwest refiners to switch to West African grades**. Accordingly, the weekly average for the sweet/sour spread widened slightly to $4.94/b, before narrowing at month-end to $4.75/b on **continued disruption at ChevronTexaco's 42,000 b/d Petronius platform** in the Gulf of Mexico. The WTI contract closed the month at $51.71/b for a gain of $3.51 or 7.3% over January's close, while the monthly average rose 96¢ to $47.61/b. The WTS monthly average closed at $42.47/b with the sweet/sour spread 20¢ wider at $5.14/b. The wideness over January was due to the very narrow spread at the start of the year following the cold snap in the Northern hemisphere amid lower output from the North Sea, which boosted demand.

European market

Unsold prompt cargoes in the North Sea exerted pressure amid weakened refining margins and unworkable arbitrage economics in February

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



The European market started on a weak outlook in the absence of arbitrage opportunity across the Atlantic, while ample OPEC barrels further dampened the market. **The continued overhang of prompt North Sea cargoes amid decreasing refining margins especially for gasoline extended the downward movement into the second week for the light sweet grade**. However, prompt buying was spurred by an easing of freight rates across the Atlantic amid revived refining margins. Yet, the sentiment was balanced by the absence of many traders from the market during IP Week. Furthermore, **improved refinery margins later in the month amid scare cargo availability that triggered buying interest supported stronger differentials**. This sentiment was supported by the late winter in Western Europe. Dated Brent closed February at $49.91/b for a gain of $5.81 or 13% higher than the previous month, while the monthly average rose 86¢ to reach $44.87/b.

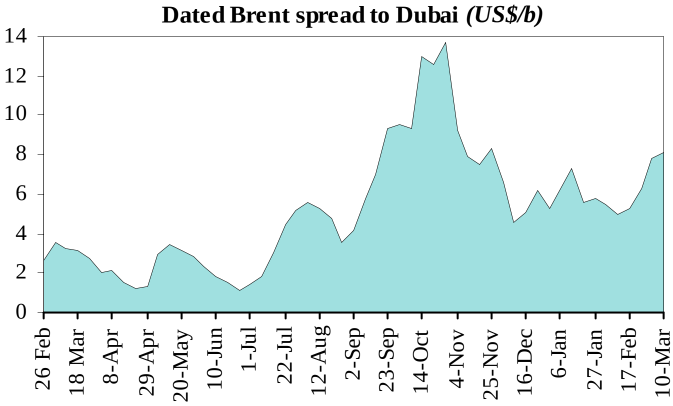
Sentiment was bullish in the Urals market, with prompt cargoes tight after programmes cleared for the first two decades of February and some interest in the north for arbitrage cargoes out of the region. Arbitrage opportunities for spot exports out of the region supported prices for Urals from Baltic ports other than Primorsk, which requires ice class vessels. **Improving margins had given some support to Urals in the Mediterranean in early February with Russian Urals priced at a weekly average of $4.57/b below Dated Brent.** However, buying interest slowed on poor refining margins as Urals traded weaker at $4.97/b to the benchmark Brent, with arbitrage opportunities putting a floor under the market. **Black Sea crude grades were under pressure in the second week as Transneft stopped pumping Urals to Novorossiysk due to extended closures amid bad weather and refiners looking for alternative cargoes**. The sentiment was further weakened in the third week as Iraq resumed its exports from the northern pipeline to Turkey. Thereby the weekly average Brent/Urals spread narrowed to $4.68/b. The prospect of lower Urals March barrels narrowed differentials amid strengthening refining margins in the final week of the month and Brent's weekly spread over Urals was set at $3.90/b amid a smaller-than-anticipated programme. Urals closed the month at $46.01/b, a 16% or $6.39/b rise over January's closing, while the monthly average rose 24¢ to $40.34/b.

Far East market

Oman and Abu Dhabi Murban crudes were stronger on closed arbitrage opportunities for rival grades in February

The Mideast sour market emerged on a weaker note as Oman's retroactive January OSP was set at a strong $39.26/b, a move pressured by the spot differentials for April-loading. **Oman was set at a $1.34/b premium to Dubai, a level not seen since March 2003 and a 26¢/b jump from the December premium**. April Oman was assessed at a 6¢/b discount to MOG. However, in the second week, **a 5% drop in Oman output to Asia jolted the market and Oman crude shifted into the positive territory** on offer at a 7¢/b premium, although the market was somewhat subdued by the Chinese Lunar New Year amid lower y-o-y imports. The grade firmed further in the third week inspired by the closure of arbitrage from Europe as the rising Brent/Dubai spread lifted sentiment and relieved the threat of competing sour barrels from Russia. April Oman was on offer at 12¢/b over the OSP. This momentum was boosted by an outage of 0.27 mb/d from Iran's Gachsaran oilfield. In the last decade, the Oman assessment rose to trade at a 20¢/b premium while Abu Dhabi kerosene rich crude was assessed at a 15¢/b premium and traded at 20¢/b over ADNOC's OSP. Emerged May Oman was discussed at a 3-6¢/b premium.

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



Asian market

Emerging demand from Japan's TEPCO and China for sweet grades supported healthy premiums in February

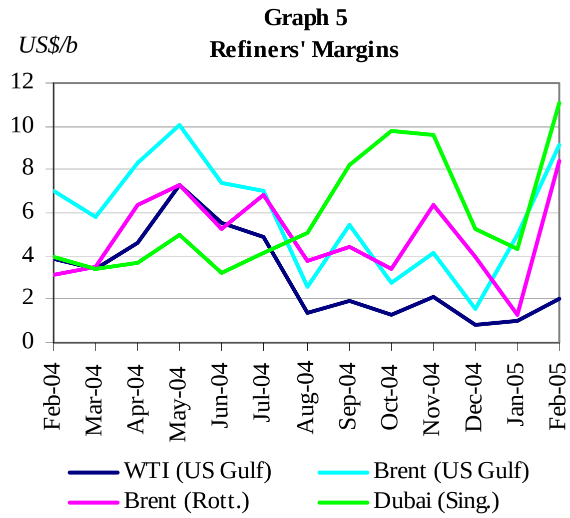
The Asian-Pacific market began the month on healthy activity with Malaysia's Petronas selling a March Tapis cargo at around $1.35-1.40/b while Bintulu saw a $1.20/b premium to Tapis APPI quote and Minas sold at a $1.30/b premium to the ICP. However, in the second week, the market faced a **big rise in the crude price adjustment factor "p" for February Tapis lifting** which was set at a 95¢/b premium versus a $1.40/b discount in January. Indonesian March Minas was still traded at a $1.35/b premium to ICP on potential **demand from Japan's TEPCO and healthy demand from China.** Furthermore, the impact of an outage of some 60,000 b/d of a regional sweet grade was balanced by the start-up of a new Australian field. Continued demand from China for light sweet grades pushed Malaysia in the last decade to sell March Tapis at $1.25/b and offer April Tapis at a higher premium of $1.55/b to the APPI quote. However, with sellers continuing to offer high prices, buyers adopted a "wait and see" approach at month's end.

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

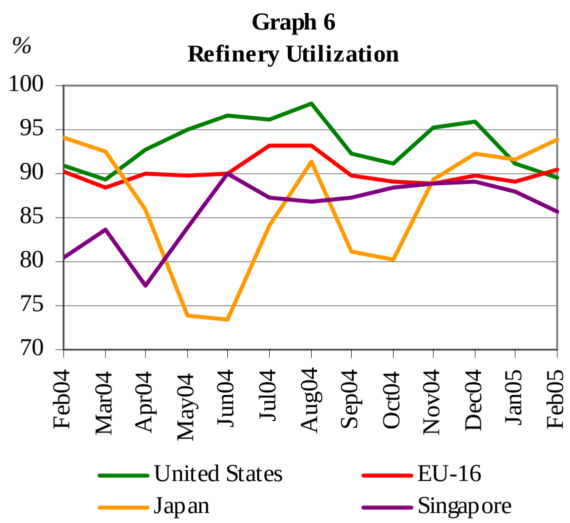
	Jan	**Feb**	*Year-to-date average* 2004	**2005**
Reference Basket	40.24	**41.68**	29.94	40.96
Arabian Light	38.26	**40.10**	29.50	39.18
Dubai	37.78	**39.35**	28.71	38.56
Bonny Light	44.01	**45.43**	30.70	44.72
Saharan Blend	44.39	**45.44**	30.93	44.92
Minas	42.55	**44.56**	29.82	43.56
Tia Juana Light	35.75	**36.77**	28.73	36.26
Isthmus	38.89	**40.08**	31.21	39.48
Other crudes				
Brent	44.01	**44.87**	30.99	44.44
WTI	46.64	**47.69**	34.48	47.16
Differentials				
WTI/Brent	2.63	**2.82**	3.49	2.72
Brent/Dubai	6.23	**5.52**	2.28	5.88

Product Markets and Refinery Operations

Icy weather on both sides of the Atlantic lifted physical and futures prices of middle distillate products and consolidated the new trend of crude prices which had been triggered by the expectation of higher demand in 2005. Similarly, strong regional demand for light products and the expectation of a revival in Chinese buying to replenish product stocks have boosted product prices and refinery margins in Asia.



In February, refining margins increased sharply across the board, particularly in Europe and Asia. **As Graph 5 shows, refining margins for WTI on the US Gulf Coast rose from $1.01/b in January to $2.02/b, while Brent prices in North-West Europe soared from $1.33/b in the previous month to $8.43/b. Margins for Dubai in the Singapore market also rose significantly by $4.35/b in January to $11.10/b in February.** Part of the high margins in Europe and Asia was attributed to the lower prices of benchmark crudes Brent and Dubai in February, where prices for both benchmark crudes decreased by 10% and 9% from the previous month. **Once the wave of freezing temperatures in the Northern Hemisphere comes to an end and given the comfortable level of US gasoline stocks in both absolute and relative terms, it is expected that refinery margins will lose the recent sharp gains and put some pressure on the crude market.** However, due to tightening refinery capacity, sentiment in the product market could change rapidly in the event of serious refinery outages.



Meanwhile, the refining utilization rate in the USA decreased from 91.2% in January to 89.5% in February because of the refinery maintenance schedule. In Europe and Japan, the refining utilization rate was hiked by 0.6% and 2.2% respectively, whereas in Singapore it declined by 1.6% in February compared to the previous month.

US market

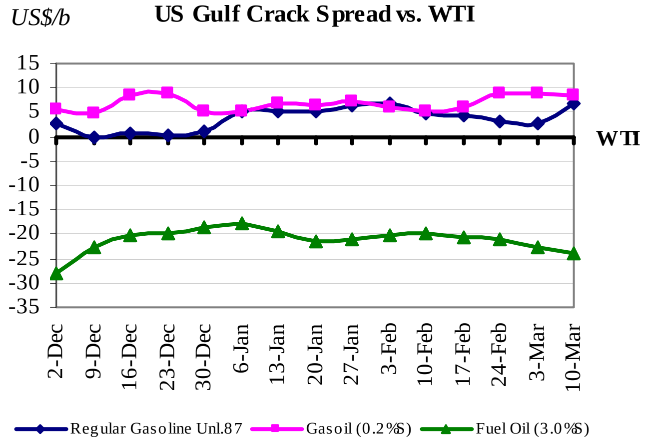
US product market strengthened on low heating oil stocks and a cold spell

In early February, market players shifted their attention to the gasoline market, but a late snowstorm in the US North-East changed market sentiment, allowing heating oil together with diesel and jet fuel to regain the driver's seat. As Graph 7 shows, the US gasoil crack spread versus benchmark crude oil WTI moved up from $5/b at the beginning of February to $10/b in the last few days of the month. Once the freezing weather disappears, it is expected that market focus will return to gasoline.

The gasoline market was muted in February, with demand almost flat compared to the same period last year. But recently gasoline prices have surged sharply following reports of unplanned refinery maintenance at the US Gulf Coast. Despite comfortable gasoline stock levels in the USA, the fear of refinery problems could dominate the market and lift gasoline prices during the driving season

Graph 7

US Gulf Crack Spread vs. WTI



Additionally, cold weather and high natural gas prices supported demand and prices for both low- and high-sulphur fuel oil. Still, healthy stocks in New York and the Caribbean could put further pressure on the US fuel oil spread later on.

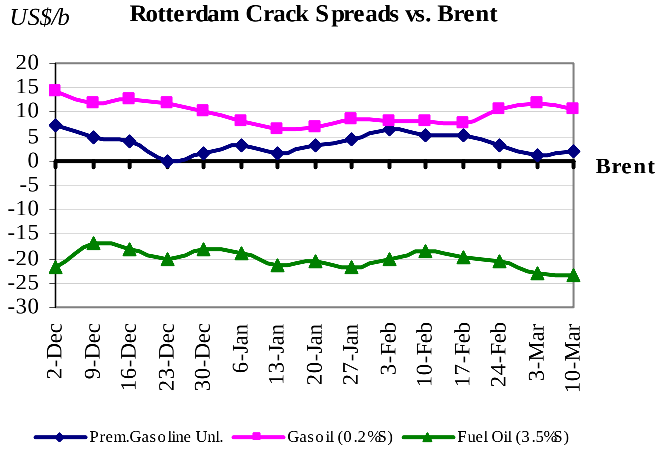
European market

European refinery margins rebounded sharply in February

At the beginning of the month, mild weather fuelled the bearish sentiment of the European market before a return of freezing weather shifted market momentum significantly, drastically boosting middle distillate prices. **In North-West Europe, the gasoil crack spread reached about $13/b, while in the Mediterranean area diesel prices surged as refinery turnarounds left the region short of local production.**

Graph 8

Rotterdam Crack Spreads vs. Brent



Despite the good performance of the middle of the barrel, the higher cut of the crude did not perform well in February. As Graph 8 shows, the gasoline crack spread for Brent crude in Rotterdam recently fell from about $5/b at the beginning of February to around $1/b. However, due to healthy demand in major emerging regions and increasing exports to the US market with the switch to the driving season, it is expected that the gasoline crack will revive in the near future.

The European market for fuel oil was relatively strong in February, as exports to Asia-Pacific and the USA as well as reduced supplies from Russia helped to raise fuel oil prices. Refinery maintenance in the Americas also boosted demand for both high- and low-sulphur fuel oil from Europe, while cold weather in Europe hiked low-sulphur fuel oil prices in the region

Asian market

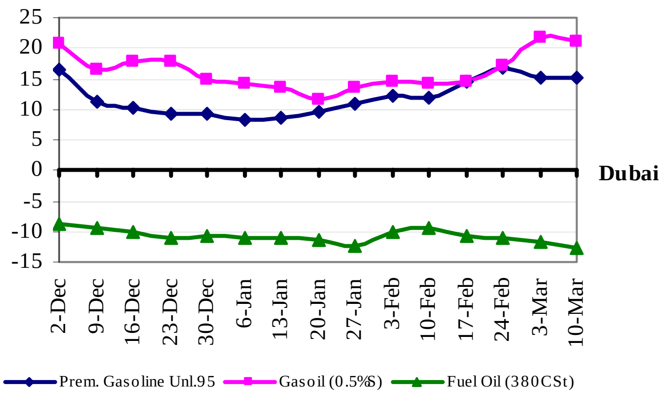
In February, the Asian product market extended the rising trend which had begun at the start of this year

During February, premium product prices rose by 11% on average over the previous month sharply outpacing their corresponding benchmark crude oil Dubai.

Demand for gasoline in the Middle East, India and South-East Asia was healthy, which, coupled with tight original supplies resulting from refinery maintenance in South Korea and Australia and the unplanned outage of the Formosa petrochemical FCC unit in Taiwan, lent support to gasoline prices. . Indonesia has kept its gasoline imports at close to 4.5 mb per month over the last few months. Due to the maintenance schedule at China's Maoming and Fujian refineries for March, gasoline prices are expected to remain strong next month. February, due to technical problems at an oil and gas field in UAE, which cut naphtha exports to Asia by 50,000 tonnes. However, due to ample supplies from India and sluggish demand, the naphtha market is fundamentally bearish.

Similarly, middle distillate prices climbed significantly, with the sentiment boosted by continued signs of strong Indian demand. India bought 390,000 tonnes of low-sulphur gasoil for March. Also growing demand from China and Hong Kong for the farming and fishing industries, as well as higher imports from Indonesia due to the maintenance of several refineries, hiked middle distillate prices to a record high. The gasoil crack spread in Asia recently soared to over $20/b.

Graph 9
Singapore Crack Spreads vs. Dubai



The market for fuel oil was mixed. While a combination of strong Japanese utility demand and tight supply of low-sulphur waxy residue from Indonesia lifted low-sulphur fuel oil prices, low demand from China and ample arbitrage cargoes put pressure on high-sulphur fuel oil prices. The discounted value of high-sulphur fuel oil against Dubai crude oil again reversed to $12/b after easing at the beginning of the month.

Table 2
Refined product prices
US$/b

		Dec	Jan 05	Feb 05	Change Feb/Jan
US Gulf (Cargoes):					
Naphtha		42.74	50.86	48.69	-2.17
Premium gasoline	*(unleaded 93)*	44.25	53.58	53.02	-0.56
Regular gasoline	*(unleaded 87)*	43.86	52.58	52.11	-0.47
Jet/Kerosene		51.52	56.12	56.20	0.08
Gasoil	*(0.2% S)*	50.04	53.34	54.67	1.33
Fuel oil	*(1.0% S)*	28.49	31.33	31.26	-0.07
Fuel oil	*(3.0% S)*	22.32	26.79	27.24	0.45
Rotterdam (Barges FoB):					
Naphtha		50.20	51.32	54.49	3.17
Premium gasoline	*(unleaded 95)*	42.54	47.84	49.96	2.12
Regular gasoline	*(unleaded)*	42.42	47.72	49.69	1.97
Jet/Kerosene		54.05	55.05	58.05	3.00
Gasoil	*(0.2% S)*	51.26	51.92	54.31	2.39
Fuel oil	*(1.0% S)*	24.96	26.68	27.78	1.10
Fuel oil	*(3.5% S)*	20.93	23.54	25.48	1.94
Mediterranean (Cargoes):					
Naphtha		39.98	41.69	44.26	2.57
Premium unleaded	*(0.15g/l)*	39.88	45.80	48.33	2.53
Premium gasoline	*(unleaded 95)*	39.72	45.72	48.28	2.56
Jet/Kerosene		50.77	52.75	55.65	2.90
Gasoil	*(0.5% S)*	50.75	51.04	53.64	2.60
Fuel oil	*(1.0% S)*	25.65	28.69	29.59	0.90
Fuel oil	*(3.5% S)*	18.62	21.80	24.79	2.99
Singapore (Cargoes):					
Naphtha		42.79	41.34	44.61	3.27
Premium gasoline	*(unleaded 95)*	44.81	47.57	54.27	6.70
Regular gasoline	*(unleaded 92)*	44.24	46.87	53.70	6.83
Jet/Kerosene		50.07	51.10	54.54	3.44
Gasoil	*(0.5% S)*	51.33	51.26	55.74	4.48
Fuel oil	*(180 cst 2.0% S)*	26.93	28.08	30.35	2.27
Fuel oil	*(380 cst 3.5% S)*	24.00	26.61	29.28	2.67

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				Refinery utilization *%*			
	Dec 04	**Jan 05**	**Feb 05**	**Feb/Jan**	**Dec 04**	**Jan 05**	**Feb 05**	**Feb/Jan**
USA	16.03	15.30	15.01	-0.29	96.0	91.2	89.5	-1.7
France	1.55	1.74	1.70	-0.05	79.6	89.3	86.9	-2.5
Germany	2.28	2.31 R	2.32	0.01	99.8	99.3 R	99.9	0.5
Italy	1.86	1.79	1.90	0.11	80.4	77.1	82.0	4.9
UK	1.70	1.67	1.73	0.06	93.3	91.6	95.0	3.4
Eur-16	12.40	12.36 R	12.57	0.20	89.8 R	89.1 R	90.5	1.5
Japan	4.34	4.31	4.41	0.10	92.4	91.6	93.8	2.2

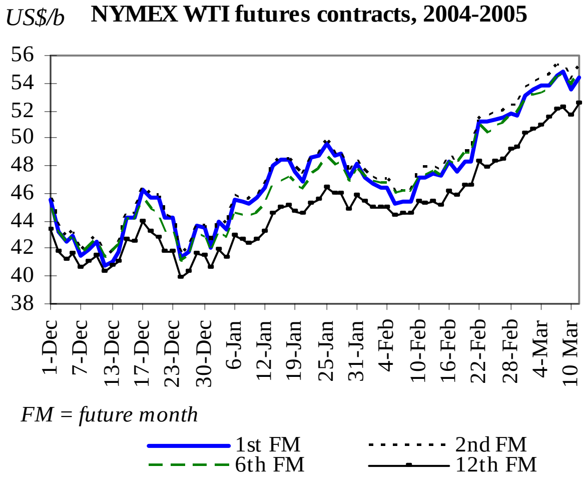
R *Revised since last issue.*
Source *OPEC statistics; Argus; Euroilstock Inventory Report/IEA*

The Oil Futures Market

A late winter in the US north-east, a bullish IEA report and EIA concern over US crude stocks boosted long positions in the futures market in February

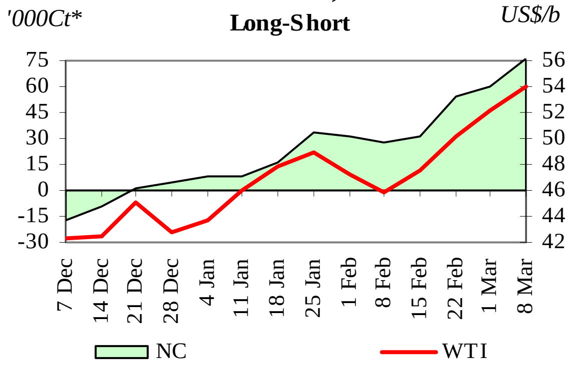
The crude oil futures market in New York opened weaker in February following the **OPEC Conference on 30 January which kept the output levels unchanged.** The expectation that the US weekly petroleum report would show crude builds also trimmed the market. The weekly CFTC traders' commitment data for the week ending 1 February revealed that the non-commercials increased positions with the shorts rising at a faster rate than the longs. This caused net longs to shrink by nearly 3,000 to 31,000 contracts as the Nymex WTI dropped 2.2%. Open interest remained high, rising a healthy 20,000 contracts to 734,000. Although the crude oil inventories edged lower than anticipated, the healthy build in gasoline stocks pushed the market downward amid the forecast for warmer weather. The Nymex WTI front-month slipped nearly $3 or 6% to settle the week at $45.28/b. The hefty plunge in heating oil futures in the second week spurred by forecasts of above normal temperature in the US north-east, along with lower Chinese demand, caused the Nymex WTI front-month to shed a further 2.6% on Monday 7 February. The weekly CFTC data for the week ending 8 February revealed that non-commercial speculators reduced net longs by another 3,300 to 27,500 lots with the open interest down by about the same level; yet the Nymex WTI March contract edged up 12¢ late in the day on short-covering. However, the bearishness was short-lived, as the sentiment switched later in the second week on bullish weekly US crude oil stocks amid an **IEA report calling for higher world demand and lower non-OPEC supply**. The Nymex WTI March front-month contract surged 3.6% on Thursday 10 February and closed the week 68¢ higher at $47.16/b.

Graph 10
NYMEX WTI futures contracts, 2004-2005



By the close of the third week, WTI The bulls revived further in the third week on the prospect of a possible OPEC output cut as the Northern hemisphere winter drew to a close while the market digested the IEA's bullish outlook for 2005. The CFTC data revealed that non-commercial fund speculators reversed movement to increase net long positions for WTI crude oil futures for the first time in two weeks. Net longs stood at nearly 32,000 lots while open interest peaked at 740,000 lots. These bullish developments came despite a healthy build in the US crude oil and gasoline stocks to levels well above the same period last year. This sentiment was further supported by E**IA concern that lower OPEC crude output could reduce the y-o-y domestic inventory surplus**. The Nymex WTI March contract surged 2.3% on Wednesday 16 February. However, the perception that OPEC was leaning towards a reduction helped to cool the market and WTI dropped by 1.6% the next day to close Friday at $48.35/b, which was still an increase of 2.5% for the week. Moreover, spurred by a rush of speculators, crude oil leaped above the $50/b level in New York to its highest point in almost four months on Tuesday 22 February. The Nymex WTI March contract expired $2.80 or almost 6% higher to settle at $51.15/b, a level last seen on 29 October when the prompt month closed at $51.76/b. Tuesday's price rally was the highest one-day rally since 15 December.

Graph 11
Futures Commitment of Traders Report:
NYMEX Crude Oil, 2004-2005
Long-Short



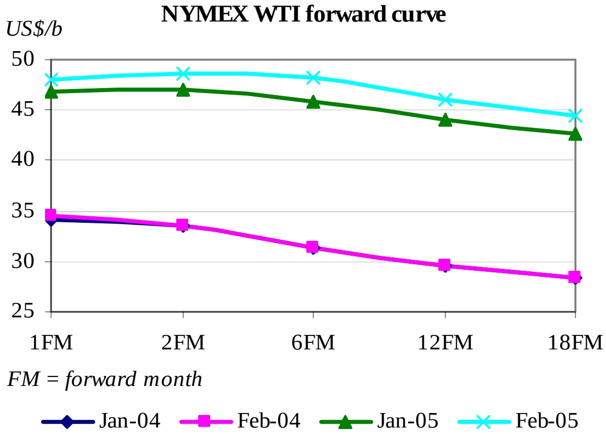
NC = Non-commercials: funds, investments and banks.
Ct = *Each contract is 1,000 barrels.

Projections for colder weather and stronger oil demand amid a weaker dollar spurred fund buying, while increased activity following the market's long weekend only added to an expected spike from Tuesday's expiration of the March futures contract. **The CFTC report showed that non-commercial fund speculators increased long positions by almost six-times the previous rate, boosting net longs to 54,000 contracts with open interest reaching another peak of 760,000 lots.** The bullishness continued for the remainder of the month and Nymex WTI closed February at $51.75/b for a net increase of $3.55 or 7.4% over closing January. The monthly average stood at $48.05/b, an increase of 2.6% or $1.20 over the previous month. The February weekly average for open interest was at 741,000 lots, an increase of 86,000 contracts over the same period last year.

The contango remained wide but narrowed late in the month amid rising prices

The Nymex forward curve remained in contango in February and widened further over the previous month. **The 1st/2nd month average spread was at 53¢/b** while the 1st/6th month spread stood at a slight -10¢/b compared to January when it was at -20¢/b and +94¢/b respectively. The contango narrowed from -70¢/b earlier in the month to around -40¢/b with the 1st/6th month spread falling into a slight backwardation. While the contango narrowed later in the month on rising demand for prompt cargoes amid high outright prices, **US crude oil stocks were building to reach almost 300 mb in the last week of February for a surplus of 24 mb over the same period in 2004** with gasoline stocks also remaining at a comfortable level of 225 mb or 21 mb over the same period a year ago.

Graph 12
NYMEX WTI forward curve



The Tanker Market

OPEC spot fixtures increased by 0.3 mb/d in February, in line with the growth in OPEC output

OPEC area spot fixtures saw a modest increase of 0.3 mb/d to stand at an average of 15.8 mb/d in February, but remained 2.3 mb/d over the same month last year. The slight rise in OPEC spot fixtures corresponds to the growth in OPEC production in February. Despite this increase, OPEC's share of global spot chartering declined by roughly 2 percentage points to 62% remaining higher than last year's figure of 60%. **The growth in OPEC spot fixtures was attributed to Middle Eastern countries, which increased fixtures by 0.33 mb/d** and consequently pushed their share in OPEC total fixtures to 55.3% against 54% in January 2005. Non-OPEC spot fixtures grew by 0.85 mb/d, which corresponds to half the growth displayed in the previous month, and averaged almost 9.7 mb/d. Compared to the February 2004 figure, non-OPEC spot fixtures increased by 0.9 mb/d, but their share in global spot fixtures slipped nearly 2 percentage points to 38%. Global spot chartering increased by 1.15 mb/d to stand at 25.5 mb/d, which was 3.2 mb/d or 14% higher than last year's figure. According to preliminary estimates, **sailings from the OPEC area rose by 0.32 mb/d to 24.6 mb/d**. However, Middle Eastern sailings, which represented 72% of total OPEC sailings, increased by 0.37 mb/d or 2% to settle at 17.67 mb/d. P**reliminary estimates also show that all the regions experienced a decline in arrivals, except the USA and Caribbean** which increased by more than 1 mb/d or 10%, confirming the rise in US crude oil stocks. Arrivals in North-West Europe and Japan declined by around 0.2 mb/d each to stand at 7.5 mb/d and 4.26 mb/d respectively, but remained almost stable in the Euro-Med region at 4.23 mb/d.

VLCC freight rates recovered while other sectors showed mixed patterns

Crude oil spot freight rates in the VLCC sector recovered significantly from low January levels while showing mixed patterns in the other sectors. **The VLCC sector picked up sharply, especially on the Middle East/Eastbound long-haul route, where freight rates more than doubled**, gaining 74 points in February to stand at a monthly average of WS145. The main reason behind the sudden surge in the freight rates on this route was increasing activity from China, especially approaching the end of the Chinese Lunar New Year celebrations. Compared to the same month last year, freight rates were 10 points higher on average. Freight rates on the Middle East/Westbound long-haul route experienced a similar trend although with a lower gain increasing by almost 75% or 51 points to reach an average of WS121, higher than the February 2004 average of WS104. In addition to the healthy activity, OPEC's decision of 30 January to keep current oil output unchanged helped to boost freight rates. In the Suezmax sector, freight rates for shipping crude oil from North-West Europe to the US East and Gulf Coasts showed a slight increase of 12 points or 8% to settle at a monthly average of WS160. However, freight rates on the West Africa/US Gulf Coast route lost 7 points to stand at WS167 compared to January's revised average of WS167. This decline was attributed to a slowdown in US demand for light sweet crudes from Nigeria and the North Sea due to an already sufficient supply of sweet crude in the US Gulf Coast**. In the Aframax sector, apart from the Indonesia/US East Coast route, which displayed a modest recovery, freight rates continued to fall,** especially on the Caribbean/US East Coast route, as a result of a slowdown in activity and a build up in tonnage availability. Freight rates in the Mediterranean and from there to North-West Europe declined by 31 points and 14 points respectively to stand at monthly averages of WS228 and WS195 due to less activity ahead of the refinery maintenance season. An easing of congestion in the Turkish Straits put further downward pressure on freight rates in the region. The Caribbean/US East Coast route experienced a huge decline of 138 points or 40%, but remained healthy for a monthly average of WS215. In the Aframax sector, only the Indonesia/US West Coast route saw any increase displaying a modest recovery of 9 points or 6% to stand at an average of WS168. **Compared to the same month last year, freight rates declined on all routes, except in the VLCC sector and on the Mediterranean/NW Europe route in the Aframax sector.**

Product freight rates declined on all routes, except in the Mediterranean region

In the product tanker market, all routes saw declines from the previous month on decreased declined activity except in the Mediterranean region and from there to North-West Europe. Freight rates for cargoes heading eastward from the Middle East and Singapore lost 67 points and 34 points respectively to settle at monthly averages of WS292 and WS325. Despite these losses, freight rates on both routes remained higher than in the same month last year. The drops displayed by these routes were due to weak activity in combination with huge tonnage availability. To some extent, the declines can be assumed as a correction from the extremely high levels of the previous months. Similarly, freight rates on the Caribbean/US Gulf Coast and NW Europe/US East and Gulf Coasts routes fell by 76 points and 54 points respectively to stand at WS257 and WS291. However, freight rates in the Mediterranean and from there to North-West Europe showed a slight increase ranging from 5 to 12 points to average WS309 and WS295 respectively. This increase was the result of sustained activity in the region due to high demand for middle distillates on account of the cold weather and the need to secure purchases ahead of seasonal refinery maintenance.

Table 4
Spot tanker chartering sailings and arrivals
mb/d

	Dec 04	Jan 05	Feb 05	Change Feb/Jan
Chartering				
All areas	20.96	24.35	25.50	1.15
OPEC	13.89	15.53	15.83	0.30
Middle East/east	4.48	6.27	6.50	0.23
Middle East/west	1.60	2.15	2.25	0.10
Sailings				
OPEC	25.02	24.30	24.62	0.32
Middle East	17.95	17.30	17.67	0.37
Arrivals				
US Gulf Coast, US East Coast, Caribbean	9.08	10.82	11.89	1.07
North West Europe	6.87	7.72	7.49	–0.23
Euromed	4.09	4.31	4.23	–0.08
Japan	4.11	4.47	4.26	–0.21

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

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Dec 04	Jan 05	Feb 05	Change Feb/Jan
Crude					
Middle East/east	200–300	232	71	145	74
Middle East/west	200–300	147	70	121	51
West Africa/US Gulf	100–160	229	167	160	–7
North-West Europe/US East Coast	100–160	280	155	167	12
Indonesia/US West Coast	70–100	333	159	168	9
Caribbean/US East Coast	40–70	397	353	215	–138
Mediterranean/Mediterranean	40–70	298	259	228	–31
Mediterranean/North-West Europe	70–100	258	209	195	–14
Products					
Middle East/east	30–50	355	359	292	–67
Singapore/east	25–30	342	359	325	–34
Caribbean/US Gulf Coast	25–30	357	333	257	–76
North-West Europe/US East Coast	25–30	355	345	291	–54
Mediterranean/Mediterranean	25–30	464	297	309	12
Mediterranean/North-West Europe	25–30	350	290	295	5

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

World Oil Demand

World oil demand growth for 2004 is estimated at 2.62 mb/d. Average demand now stands at 82.12 mb/d.

Forecast for 2004

World

With full preliminary data for 2004 available for the first time — although still subject to minor adjustments — total world oil demand growth for the year was revised slightly upwards by 0.07 mb/d to 2.62 mb/d from the previous estimate of 2.55 mb/d. Thus, the level of world oil demand now stands at 82.12 mb/d. The higher level for total world oil demand for 2004 is the result of an upward revision to the data for the second half of the year, especially in the fourth quarter, although first- and second-quarter figures also saw minor upward adjustments. With data now available for the entire year, world oil demand rose by 1.63 mb/d, slightly higher than the 2% in the first quarter, followed by an astonishing increase of almost 3.77 mb/d or nearly 5% in the second quarter and another solid 2.47 mb/d or 3.12% growth in the third. As noted in the previous *MOMR*, the exceptionally high growth seen in the second quarter was the result of the impressive rise in Chinese apparent demand which grew by close to 24.5 mb/d for a y-o-y volumetric gain of 1.3 mb/d. In addition to impressive demand growth in China in the second quarter, data from Developing Countries corroborates previous figures which put total DC demand growth at more than 1.4 mb/d in the same period, which translates into a 7% y-o-y rise. The strength in consumption in North America and even the FSU also contributed to the strong growth in the second quarter. The rate of growth in Chinese demand, which showed signs of slower growth in the third quarter, down 10.5% y-o-y from the 23.9% observed in the second, gained momentum in November and December as trade data pointed to record-high crude oil imports. Production and trade statistics indicated that apparent demand in China surged in the last three months of 2004, rising by 1.13 mb/d or nearly 20% y-o-y. North America’s and Western Europe’s consumption of petroleum products rose by 0.76 mb/d and 0.39 mb/d, respectively, while in the Developing Countries group consumption — led by Other Asia and the Middle East — grew by 0.60 mb/d in the last quarter of 2004. All things considered, world oil demand appears to have grown strongly during the last months of 2004 with preliminary estimates now showing a 2.6 mb/d or 3.2% rise to a record-high level of 84 mb/d.

Table 6
World oil demand forecast for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	2004	Change 2004/03 Volume	%
North America	24.58	25.03	24.85	25.23	25.62	25.19	0.61	2.47
Western Europe	15.50	15.77	15.35	15.70	16.16	15.75	0.24	1.57
OECD Pacific	8.78	9.38	8.00	8.25	8.87	8.62	–0.16	–1.78
Total OECD	**48.86**	**50.18**	**48.20**	**49.18**	**50.66**	**49.55**	**0.69**	**1.42**
Other Asia	8.05	8.27	8.53	8.28	8.72	8.45	0.40	5.02
Latin America	4.73	4.67	4.91	5.01	4.96	4.89	0.15	3.27
Middle East	5.07	5.23	5.28	5.44	5.29	5.31	0.24	4.76
Africa	2.62	2.63	2.67	2.65	2.74	2.67	0.06	2.13
Total DCs	**20.47**	**20.81**	**21.40**	**21.38**	**21.71**	**21.33**	**0.86**	**4.18**
FSU	3.78	3.61	3.78	3.98	4.07	3.86	0.09	2.27
Other Europe	0.83	0.91	0.86	0.82	0.84	0.86	0.03	3.09
China	5.56	6.23	6.77	6.37	6.71	6.52	0.96	17.21
Total "Other Regions"	**10.17**	**10.75**	**11.40**	**11.16**	**11.62**	**11.24**	**1.07**	**10.51**
Total world	**79.50**	**81.73**	**80.99**	**81.73**	**83.99**	**82.12**	**2.62**	**3.29**
Previous estimate	79.49	81.72	80.97	81.66	83.81	82.05	2.55	3.21
Revision	0.00	0.02	0.02	0.07	0.18	0.07	0.07	0.08

Totals may not add due to independent rounding.

Table 7
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	24.52	25.03	0.50	2.06	24.15	24.85	0.70	2.89
Western Europe	15.50	15.77	0.28	1.78	15.24	15.35	0.11	0.72
OECD Pacific	9.76	9.38	–0.38	–3.85	8.19	8.00	–0.20	–2.40
Total OECD	**49.78**	**50.18**	**0.40**	**0.81**	**47.59**	**48.20**	**0.61**	**1.28**
Other Asia	7.87	8.27	0.41	5.16	7.79	8.53	0.74	9.52
Latin America	4.53	4.67	0.14	3.07	4.72	4.91	0.19	4.04
Middle East	4.99	5.23	0.24	4.75	4.88	5.28	0.41	8.31
Africa	2.62	2.63	0.01	0.55	2.60	2.67	0.07	2.61
Total DCs	**20.01**	**20.81**	**0.80**	**3.98**	**19.99**	**21.40**	**1.41**	**7.03**
FSU	4.02	3.61	–0.41	–10.09	3.35	3.78	0.43	12.68
Other Europe	0.89	0.91	0.02	2.32	0.83	0.86	0.03	3.10
China	5.41	6.23	0.82	15.11	5.46	6.77	1.31	23.89
Total "Other Regions"	**10.31**	**10.75**	**0.43**	**4.20**	**9.65**	**11.40**	**1.76**	**18.20**
Total world	**80.10**	**81.73**	**1.63**	**2.04**	**77.22**	**80.99**	**3.77**	**4.88**

Totals may not add due to independent rounding.

Table 8
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	24.76	25.23	0.47	1.91	24.87	25.62	0.76	3.04
Western Europe	15.50	15.70	0.20	1.26	15.77	16.16	0.39	2.48
OECD Pacific	8.03	8.25	0.22	2.79	9.15	8.87	–0.28	–3.07
Total OECD	**48.29**	**49.18**	**0.89**	**1.85**	**49.79**	**50.66**	**0.87**	**1.74**
Other Asia	8.07	8.28	0.21	2.64	8.46	8.72	0.26	3.07
Latin America	4.83	5.01	0.18	3.70	4.85	4.96	0.11	2.29
Middle East	5.26	5.44	0.17	3.28	5.14	5.29	0.15	2.94
Africa	2.59	2.65	0.06	2.50	2.66	2.74	0.08	2.83
Total DCs	**20.75**	**21.38**	**0.63**	**3.03**	**21.11**	**21.71**	**0.60**	**2.83**
FSU	3.68	3.98	0.30	8.18	4.05	4.07	0.01	0.35
Other Europe	0.77	0.82	0.04	5.61	0.83	0.84	0.01	1.54
China	5.76	6.37	0.60	10.50	5.61	6.71	1.10	19.65
Total "Other Regions"	**10.21**	**11.16**	**0.95**	**9.29**	**10.49**	**11.62**	**1.13**	**10.76**
Total world	**79.26**	**81.73**	**2.47**	**3.12**	**81.39**	**83.99**	**2.59**	**3.19**

Totals may not add due to independent rounding.

OECD

The OECD countries, which account for roughly three fifths of total world oil demand, contributed slightly more than one-quarter of expected demand growth in 2004. **Total OECD demand is now estimated to have reached 49.55 mb/d for a y-o-y rise of 0.69 mb/d or 1.42%.** The lion's share of growth originated in the North American region with the USA accounting for four fifths of the estimated 0.61 mb/d increase. With indications of stronger than usual demand in Western Europe during the last couple of months, y-o-y demand growth is expected at around 0.24 mb/d or 1.57%, which represents a six-year record-high. OECD Pacific consumption is projected to contract by 0.16 mb/d or 1.78%, in sharp contrast to the 1.7% rise in 2003 but in line with the declining trend in consumption seen in the last six years. The split of total OECD oil requirements by products for the period January-December 2004 shows that inland deliveries of gasoil/diesel, LPG, and gasoline grew by 0.26 mb/d, 0.13 mb/d and 0.12 mb/d respectively, compared to the same period last year. In contrast, residual fuel oil requirements declined by 5.3% or 0.16 mb/d during the 12-month period. Fuel oil consumption ended slightly higher in North America but shrank in the rest of the OECD. The decline was more severe in the OECD Pacific countries where demand fell by more than 12% or 0.11 mb/d during the year following the sustained recovery in Japanese nuclear power generation combined with unseasonably mild fourth-quarter temperatures in Northeast Asia. Residual fuel oil and gasoline demand also registered declines in Western Europe due to the ongoing substitution of fuel oil by LPG and to the dieselization of Europe's transport fleet. On the other hand, diesel/gasoil demand in Western Europe posted a 2.07% rise which translates into a volumetric gain of 0.12 mb/d.

Developing Countries

Preliminary data, which is subject to greater revisions due to its considerably longer time-lag, on Developing Countries for 2004 indicates that oil demand rose by a hefty 0.86 mb/d or 4.18% to average 21.33 mb/d. The growth in oil demand in DCs accounted for one-third of total world's demand growth during last year. Almost 50% of the growth originated in Other Asia with a y-o-y rise of 0.4 mb/d or 5%, followed by a solid 4.76% increase in the Middle East region. On a quarterly basis oil consumption rose by 0.80 mb/d or near 4% in the first quarter of last year followed by a hefty 1.4 mb/d or 7% increase during the second quarter surpassing the growth of China. Growth rates moderated during the second half of 2004 with a third-quarter y-o-y gain of 3% and another 2.8% for the last quarter.

Other Regions

As complete preliminary production and trade data for the year becomes available, it seems that more than two-fifths of total world oil demand growth in 2004 formed in the Other Regions group with almost 90% of that originating in China. Oil demand in this group grew by more than 1 mb/d, which translates into a y-o-y growth of 10.5%. China's astonishing growth rates of 16% and 24% seen in the first and second quarters of last year slowed down to 10.5% in the third quarter but preliminary production and trade statistics point to a considerable rebound of nearly 20% in Chinese apparent consumption during the last three months of 2004. The increase in Chinese domestic consumption was met by a surge in oil and product imports which rose to 40%, 63%, 19% and 45% in the four quarters of 2004. Preliminary trade figures indicate that net crude and product trade rose by an astonishing 54% y-o-y which translates into a 1.15 mb/d increase. In the FSU, production and trade statistics show that apparent demand dropped in the first quarter by more than 10% y-o-y but recovered by almost 13% in the second quarter followed by another rise of 8% during the third quarter. Apparent demand showed no growth in the last quarter and stood slightly higher than 4 mb/d. The sharp rise in FSU production has been met by an equal rise in net oil exports resulting in marginal estimated growth in apparent demand of 0.09 mb/d for the whole of 2004. Oil demand in other Eastern European countries shows a y-o-y rise of 0.03 mb/d or 3.1% to 0.86 mb/d.

Forecast for 2005

World oil demand in 2005 is forecast to average 83.98 mb/d, with growth of 1.86 mb/d or 2.2%

Since we first presented our forecast for 2005, the expected growth in world oil demand has undergone several revisions. While the first revision was on the downside, since November of last year there have been several upward revisions which have taken the growth in demand to nearly 2 mb/d. Following another revision in total world economic activity — now estimated at 4.15% on a PPP basis — and signs of solid consumption in several OECD economies and China, our global demand growth figure has once again been adjusted upwards. Total world oil demand growth is estimated at 1.86 mb/d which translates into a y-o-y growth of 2.26% resulting in average global demand of 83.98 mb/d for the present year. Preliminary figures for March indicate that so far this year gasoline consumption in the USA has remained robust even when compared to the same period last year when gasoline consumption was significantly high. Distillate consumption also remains strong with the latest data released by the DoE showing a surprising 16% y-o-y rise in the first week of March. According to the latest figures, demand for all major product categories in Mexico and Canada during January remained healthy. In contrast, **the "Big Four" economies in Europe, which account for approximately 50% of total Western European demand, showed signs of weakening in product deliveries during January. Gasoline and fuel oil deliveries showed significant declines when compared to the same period last year. The ongoing substitution of fuel oil by gas for power generation, especially in countries like Italy, and the continued dieselization of the European transportation fleet are among the reasons for this ongoing trend.** China, the wild card when it comes to assessing this year's demand, showed indications of a deceleration in the level of imports during January. Nonetheless, the decline does not suggest that China's demand would diminish but rather that it is probably the result of record-high crude imports during the last two months of 2004 and the slow-down in trade activity ahead of the Chinese Lunar New Year holidays. As a matter of fact, Chinese refineries continue to be running flat out, with indications of noticeable inventory draws. Thus, crude imports are very likely to resume at a strong pace in February and March. Any forecast of Chinese demand for the present year will be significantly influenced by the assumptions used to estimate the consumption pattern of diesel. After all, almost 60% of total demand growth in China last year was attributed to the rise in diesel demand. It is doubtful that the shortage in electricity generation that triggered the surge in diesel consumption last year will see a substantial relief during 2005. In January of this year, the power grids ordered blackouts for 21 Chinese provinces as a result of surging demand for electricity. According to the Chinese government, power shortages will remain at above 20 million kilowatts in summer. This means that diesel-fired generators will be needed to meet electricity needs which in turn will translate into high consumption and imports of the fuel. Therefore, we have substantially revised up our estimated rate of Chinese demand growth for 2005. Chinese apparent demand for the present year is now estimated to rise by 0.61 mb/d or 9.4% to 7.1 mb/d.

Table 9
World oil demand forecast for 2005
mb/d

	2004	1Q05	2Q05	3Q05	4Q05	2005	Change 2005/04 Volume	%
North America	25.19	25.38	25.14	25.54	26.01	25.52	0.33	1.32
Western Europe	15.75	15.90	15.41	15.77	16.23	15.83	0.08	0.51
OECD Pacific	8.62	9.29	7.91	8.19	8.78	8.54	–0.08	–0.93
Total OECD	**49.55**	**50.57**	**48.46**	**49.50**	**51.02**	**49.89**	**0.33**	**0.67**
Other Asia	8.45	8.52	8.79	8.51	8.96	8.69	0.24	2.85
Latin America	4.89	4.81	5.07	5.16	5.10	5.03	0.14	2.96
Middle East	5.31	5.70	5.62	5.78	5.60	5.67	0.36	6.85
Africa	2.67	2.75	2.74	2.67	2.78	2.73	0.06	2.25
Total DCs	**21.33**	**21.77**	**22.22**	**22.11**	**22.43**	**22.14**	**0.81**	**3.79**
FSU	3.86	3.88	3.83	4.04	4.11	3.97	0.10	2.71
Other Europe	0.86	0.93	0.80	0.83	0.87	0.86	0.00	0.26
China	6.52	6.90	7.35	6.93	7.33	7.13	0.61	9.35
Total "Other Regions"	**11.24**	**11.71**	**11.99**	**11.80**	**12.32**	**11.95**	0.72	**6.37**
Total world	**82.12**	**84.05**	**82.66**	**83.41**	**85.77**	**83.98**	**1.86**	**2.26**
Previous estimate	82.05	83.90	82.62	83.11	85.47	83.78	1.73	2.11
Revision	0.07	0.14	0.04	0.30	0.30	0.20	0.13	0.15

Totals may not add due to independent rounding.

Table 10
First and second quarter world oil demand comparison for 2005
mb/d

	1Q04	1Q05	Change 2005/04 Volume	Change 2005/04 %	2Q04	2Q05	Change 2005/04 Volume	Change 2005/04 %
North America	25.03	25.38	0.35	1.39	24.85	25.14	0.29	1.18
Western Europe	15.77	15.90	0.13	0.81	15.35	15.41	0.06	0.38
OECD Pacific	9.38	9.29	–0.09	–0.92	8.00	7.91	–0.09	–1.12
Total OECD	**50.18**	**50.57**	**0.39**	**0.78**	**48.20**	**48.46**	**0.26**	**0.54**
Other Asia	8.27	8.52	0.24	2.94	8.53	8.79	0.25	2.97
Latin America	4.67	4.81	0.14	3.03	4.91	5.07	0.15	3.13
Middle East	5.23	5.70	0.47	8.95	5.28	5.62	0.34	6.41
Africa	2.63	2.75	0.11	4.26	2.67	2.74	0.07	2.78
Total DCs	**20.81**	**21.77**	**0.97**	**4.64**	**21.40**	**22.22**	**0.82**	**3.83**
FSU	3.61	3.88	0.27	7.43	3.78	3.83	0.05	1.39
Other Europe	0.91	0.93	0.02	2.36	0.86	0.80	–0.05	–6.33
China	6.23	6.90	0.67	10.74	6.77	7.35	0.59	8.65
Total "Other Regions"	**10.75**	**11.71**	**0.96**	**8.92**	**11.40**	**11.99**	**0.58**	**5.12**
Total world	**81.73**	**84.05**	**2.31**	**2.83**	**80.99**	**82.66**	**1.66**	**2.05**

Totals may not add due to independent rounding.

Table 11
Third and fourth quarter world oil demand comparison for 2005
mb/d

	3Q04	3Q05	Change 2005/04 Volume	Change 2005/04 %	4Q04	4Q05	Change 2005/04 Volume	Change 2005/04 %
North America	25.23	25.54	0.31	1.21	25.62	26.01	0.39	1.50
Western Europe	15.70	15.77	0.07	0.46	16.16	16.23	0.07	0.41
OECD Pacific	8.25	8.19	–0.06	–0.72	8.87	8.78	–0.09	–0.97
Total OECD	**49.18**	**49.50**	**0.32**	**0.65**	**50.66**	**51.02**	**0.37**	**0.72**
Other Asia	8.28	8.51	0.23	2.77	8.72	8.96	0.24	2.72
Latin America	5.01	5.16	0.14	2.89	4.96	5.10	0.14	2.83
Middle East	5.44	5.78	0.34	6.27	5.29	5.60	0.31	5.85
Africa	2.65	2.67	0.02	0.64	2.74	2.78	0.04	1.39
Total DCs	**21.38**	**22.11**	**0.73**	**3.42**	**21.71**	**22.43**	**0.72**	**3.34**
FSU	3.98	4.04	0.06	1.39	4.07	4.11	0.04	1.10
Other Europe	0.82	0.83	0.02	1.97	0.84	0.87	0.03	3.02
China	6.37	6.93	0.56	8.81	6.71	7.33	0.62	9.29
Total "Other Regions"	**11.16**	**11.80**	**0.63**	**5.66**	**11.62**	**12.32**	**0.69**	**5.97**
Total world	**81.73**	**83.41**	**1.68**	**2.06**	**83.99**	**85.77**	**1.78**	**2.12**

Totals may not add due to independent rounding.

World Oil Supply

Non-OPEC supply for 2004 revised down to 49.74 mb/d, an increase of 1.11 mb/d over the 2003 figure

Non-OPEC

Estimate for 2004

Non-OPEC supply for 2004 is estimated at 49.74 mb/d, with a quarterly distribution of 49.67 mb/d, 49.76 mb/d, 49.51 mb/d and 50.00 mb/d respectively. The yearly average increase now stands 1.11 mb/d above the revised 2003 figure.

Table 12
Non-OPEC oil supply in 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**	**Change 04/03**
North America	14.60	14.79	14.69	14.38	14.41	14.57	–0.03
Western Europe	6.39	6.42	6.29	5.74	6.03	6.12	–0.27
OECD Pacific	0.65	0.59	0.57	0.59	0.53	0.57	–0.08
Total OECD	**21.64**	**21.79**	**21.55**	**20.72**	**20.97**	**21.26**	**–0.39**
Other Asia	2.36	2.49	2.51	2.61	2.70	2.58	0.22
Latin America	3.94	3.93	3.95	4.00	3.97	3.96	0.02
Middle East	2.00	1.94	1.89	1.87	1.84	1.89	–0.11
Africa	3.05	3.30	3.36	3.48	3.57	3.43	0.38
Total DCs	**11.34**	**11.66**	**11.72**	**11.96**	**12.08**	**11.86**	**0.51**
FSU	10.27	10.78	11.06	11.32	11.44	11.15	0.89
Other Europe	0.17	0.16	0.16	0.16	0.15	0.16	–0.01
China	3.41	3.43	3.47	3.54	3.51	3.49	0.08
Total "Other regions"	**13.84**	**14.37**	**14.69**	**15.02**	**15.10**	**14.79**	**0.95**
Total non-OPEC production	**46.83**	**47.82**	**47.95**	**47.70**	**48.15**	**47.91**	**1.08**
Processing gains	1.80	1.85	1.81	1.81	1.85	1.83	0.03
Total non-OPEC supply	**48.63**	**49.67**	**49.76**	**49.51**	**50.00**	**49.74**	**1.11**
Previous estimate	48.60	49.64	49.73	49.49	50.10	49.74	1.14
Revision	**0.03**	**0.04**	**0.03**	**0.02**	**–0.10**	**0.00**	**–0.03**

Totals may not add due to independent rounding.

Non-OPEC supply for 2005 forecast at 50.80 mb/d, an increase of 1.06 mb/d over 2004

Forecast for 2005

Non-OPEC supply for 2005 is forecast to increase 1.06 mb/d. However, **North America may witness a decline of 0.08 mb/d mainly from USA due to continued delays in the return of hurricane-damaged production and Canada because of ongoing technical problems in synthetic crude plants. Both OECD Pacific and Western Europe are expected to see a decline of 0.16 mb/d with the UK and Norway forecast to dip 0.09 mb/d and 0.05 mb/d respectively. Total OECD supply is expected to decline a significant 0.24 mb/d to 21.02 mb/d. Total Developing Country supply is forecast to rise by 0.51 mb/d. The main contributors to this increase are Angola, Sudan and Chad would see increases of 0.20 mb/d, 0.04 mb/d and 0.04 mb/d respectively; Other Asia with a 0.21 mb/d increase mainly from East Timor and Malaysia; and Latin America with Brazil adding 0.10 mb/d. Despite a decline in growth, FSU is expected to continue to be the major contributor to the rise in non-OPEC output, mainly from the 0.43 mb/d increase in Russian output, while Kazakhstan is expected to add 0.15 mb/d and Azerbaijan 0.03 mb/d. Meanwhile, Chinese output is likely to rise 0.12 mb/d over the 2004 figure to reach 3.61 mb/d.** Quarterly figures are redistributed at 50.50 mb/d, 50.75 mb/d, 50.68 mb/d and 51.26 mb/d respectively. The yearly average is forecast at 50.80 mb/d.

Table 13
Non-OPEC oil supply in 2005
mb/d

	2004	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04
North America	14.57	14.71	14.61	14.31	14.33	14.49	–0.08
Western Europe	6.12	6.07	6.14	5.75	6.04	6.00	–0.12
OECD Pacific	0.57	0.55	0.53	0.55	0.50	0.53	–0.04
Total OECD	**21.26**	**21.33**	**21.28**	**20.60**	**20.87**	**21.02**	**–0.24**
Other Asia	2.58	2.67	2.70	2.82	2.93	2.78	0.21
Latin America	3.96	4.09	4.10	4.15	4.13	4.12	0.15
Middle East	1.89	1.82	1.80	1.79	1.77	1.80	–0.09
Africa	3.43	3.62	3.59	3.69	3.80	3.68	0.24
Total DCs	**11.86**	**12.19**	**12.20**	**12.45**	**12.63**	**12.37**	**0.51**
FSU	11.15	11.39	11.69	11.96	12.09	11.78	0.63
Other Europe	0.16	0.16	0.16	0.16	0.16	0.16	0.00
China	3.49	3.55	3.59	3.66	3.63	3.61	0.12
Total "Other regions"	**14.79**	**15.09**	**15.44**	**15.78**	**15.88**	**15.55**	**0.75**
Total non-OPEC production	**47.91**	**48.62**	**48.91**	**48.84**	**49.38**	**48.94**	**1.03**
Processing gains	1.83	1.88	1.84	1.84	1.88	1.86	0.03
Total non-OPEC supply	**49.74**	**50.50**	**50.75**	**50.68**	**51.26**	**50.80**	**1.06**
Previous estimate	49.74	50.72	50.78	50.56	51.22	50.82	1.08
Revision	**0.00**	**–0.23**	**–0.03**	**0.12**	**0.04**	**–0.02**	**–0.02**

Totals may not add due to independent rounding

Net FSU oil export for 2005 forecast at 7.82 mb/d, an increase of 0.53 mb/d over 2004

FSU net oil export for 2005 is expected at 7.82 mb/d, an increase of 0.53 mb/d over the 2004 figure of 7.29 mb/d.

Table 14
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	Year
2001	4.30	4.71	4.89	4.47	**4.60**
2002	5.14	5.84	5.85	5.49	**5.58**
2003	5.87	6.75	6.72	6.61	**6.49**
2004 (estimate)	7.17	7.28	7.34	7.37	**7.29**
2005 (forecast)	7.51	7.85	7.93	7.98	**7.82**

OPEC NGL for 2005 forecast at 4.19 mb/d, 0.24 mb/d above 2004

OPEC natural gas liquids and non-conventional oils

The 2005 forecast for OPEC NGLs + non-conventional oils has been revised upward to 4.19 mb/d, an increase of 0.24 mb/d over the 2004 figure. Figures for 2001–2003 remain unchanged at 3.58 mb/d, 3.62 mb/d and 3.71 mb/d respectively, compared with the figures in the previous *MOMR*.

OPEC NGL production — 2001-2005
mb/d

2001	**2002**	**2003**	1Q04	2Q04	3Q04	4Q04	**2004**	**Change 04/03**	**2005**	**Change 05/04**
3.58	**3.62**	**3.71**	3.88	3.89	3.97	4.04	**3.95**	0.24	**4.19**	0.24

Available secondary sources put February OPEC production at 29.56 mb/d

OPEC crude oil production

Available secondary sources indicate that **OPEC output for February was 29.56 mb/d, an increase of 0.29 mb/d over the revised January 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

	2003	3Q04*	4Q04*	**2004**	Jan 05	**Feb 05**	Feb/Jan
Algeria	1,134	1,257	1,289	**1,229**	1,298	**1,315**	17
Indonesia	1,027	963	960	**969**	957	**953**	-4
IR Iran	3,757	3,940	3,947	**3,920**	3,913	**3,911**	-2
Iraq	1,322	1,992	1,960	**2,015**	1,813	**1,865**	52
Kuwait	2,172	2,395	2,436	**2,341**	2,413	**2,451**	38
SP Libyan AJ	1,422	1,577	1,608	**1,537**	1,608	**1,615**	7
Nigeria	2,131	2,379	2,339	**2,350**	2,291	**2,329**	38
Qatar	743	796	798	**781**	782	**795**	14
Saudi Arabia	8,709	9,406	9,450	**8,982**	9,110	**9,218**	108
UAE	2,243	2,457	2,486	**2,360**	2,390	**2,387**	-3
Venezuela	2,305	2,596	2,615	**2,580**	2,694	**2,722**	28
Total OPEC	**26,965**	**29,756**	**29,888**	**29,063**	**29,270**	**29,562**	**292**

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

Rig Count

Non-OPEC rig count up 70 in February

Non-OPEC

Non-OPEC rig activity was higher in February compared with the January figure. North America gained 73 rigs, mainly in Canada and USA, while Western Europe was down by 3 rigs to total 49. Rig activity in Developing Countries was down by 2 rigs to 392, mainly in the Middle East.

Table 16
Non-OPEC rig count in 2003–2004

	2003	2004	Change 04/03	Jan 05	Feb 05	Change Jan/Dec
North America	1,496	1,669	173	1,915	1,988	73
Western Europe	78	65	–13	52	49	–3
OECD Pacific	18	22	4	22	24	2
OECD	**1,592**	**1,755**	**163**	**1,989**	**2,061**	**72**
Other Asia	117	126	9	134	135	1
Latin America	116	126	10	130	134	4
Middle East	70	70	0	72	65	–7
Africa	48	54	6	58	58	0
DCs	**350**	**376**	**26**	**394**	**392**	**–2**
FSU	na	na	na	na	na	na
Other Europe	2	2	0	3	3	0
China	na	na	na	na	na	na
Other regions	na	na	na	na	na	na
Total non-OPEC	**1,944**	**2,132**	**188**	**2,386**	**2,456**	**70**

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

OPEC added 9 rigs in February

OPEC

OPEC's rig count was 274 in February, a gain of 9 rigs compared with the January figure. The rise in activity was mainly contributed by Indonesia.

Table 17
OPEC rig count

	2003	2004	Change 04/03	Jan 05	Feb 05	Change Feb/Jan
Algeria	20	19	–1	19	20	1
Indonesia	45	49	4	51	58	7
IR Iran	35	41	6	41	43	2
Iraq	na	na	na	na	na	na
Kuwait	5	10	5	11	12	1
SP Libyan AJ	10	10	0	10	10	0
Nigeria	10	8	–2	9	9	0
Qatar	8	9	1	10	9	–1
Saudi Arabia	32	32	0	32	33	1
UAE	16	16	0	15	16	1
Venezuela	37	55	18	67	64	–3
Total OPEC	**218**	**249**	31	**265**	**274**	**9**

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

Stock Movements

US commercial oil stocks experienced a further seasonal draw, falling 0.24 mb/d in February

USA

Following the typical seasonal draw pattern in winter, US commercial oil stocks showed a further decline for the third consecutive month, decreasing by 6.7 mb or 0.24 mb/d to 951.0 mb during the period 28 January-25 February. Despite this draw, crude oil and main product inventories experienced a net build of 1.7 mb as crude and gasoline stocks rose significantly while distillates saw considerable declines.

Stagnant refinery throughput which decreased from 15.37 mb/d to 15.21 mb/d over the period due to lower refinery runs which dropped by 2.29% to 89.33%, as well as higher imports, which rose by 0.18 mb/d to 10.07 mb/d, pushed crude oil stocks up by 4.1 mb to 299.4 mb. Although remaining at the previous month's level of 9%, the y-o-y surplus rose from 3% to 5% over the five-year average. In terms of days of forward cover, crude oil stocks at the end of February stood at 19.6 days of forward consumption, or 0.4 days higher than last month's figure.

Gasoline imports, which rose by 0.20 mb/d to 0.98 mb/d, along with a slight rise in production further accelerated gasoline stock-builds by a significant 8.2 mb to 224.5 mb. This level is equivalent to 25.3 days of forward cover or 0.7 days above last month's level. The y-o-y excess widened by about 6% to stand at 11.1% while compared with the five-year average it extended to 9% from last month's 4%.

Despite a slow-down of 0.37 mb/d to 4.16 mb/d in implied demand for distillates, stocks continued to decline, falling a massive 8.6 mb to 110.0 mb. Two main reasons could be cited for such a big draw. The first is a decline in distillate imports which decreased by 0.08 mb/d to 0.28 mb/d, while the second is lower production which fell by 0.13 mb/d to 3.73 mb/d on the back of seasonal shut-downs. Despite the draw on distillates, the y-o-y deficit narrowed by 3% to stand at 1% while compared with the five-year average there remained a shortage of 2%. Days of forward consumption dropped from 27.6 days to 25.9 days. More than half of the draw on distillates resulted from heating oil stocks which fell by 4.61 mb to 40.22 mb on higher demand due to persistent cold weather in the US North-East.

The Strategic Petroleum Reserve (SPR) continued to fill towards its maximum capacity of 700 mb, gaining a further 2.9 mb to stand at 681.5 mb during the period 28 January-25 February 2005.

US commercial oil stocks in the week ending 11 March 2005 showed a draw of 5.1 mb to 947.5 mb with most of the draw coming from gasoline and distillate stocks which decreased by 2.9 mb and 1.9 mb respectively, while crude inventories witnessed a build of 2.6 mb, an increase of 24.1 above last year's level and more than 14 mb above the five-year average.

Table 18
US onland commercial petroleum stocks*
mb

	31 Dec 04	28 Jan 05	25 Feb 05	Change Feb/Jan	25 Feb 04	11 Mar 05**
Crude oil (excl. SPR)	291.8	295.3	**299.4**	4.1	275.7	305.2
Gasoline	214.3	216.3	224.5	8.2	203.9	221.4
Distillate fuel	121.1	118.6	110.0	–8.6	113.2	107.3
Residual fuel oil	40.7	40.1	38.2	–1.9	39.3	38.0
Jet fuel	41.4	43.1	43.0	–0.1	37.0	39.4
Total	**965.8**	**957.7**	**951.0**	**–6.7**	**901.7**	**947.5**
SPR	674.0	678.6	681.5	2.9	645.9	683.7

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

Eur-16 oil stocks fell seasonally by 0.19 mb/d in February

Western Europe

Oil stocks in Eur-16 (EU plus Norway) followed the same pattern as US oil stocks with crude oil and gasoline registering builds while other main products experienced draws. But stock-builds of crude oil and gasoline in the Eur-16 were much lower than those seen in the USA. At the end of February, Eur-16 oil stocks stood at 1,077.1 mb, a drop of 5.4 mb or 0.19 mb/d from the level observed a month ago.

Lower exports to the US market due to refinery maintenances forced most North Sea cargoes to be absorbed by European refineries, lifting crude oil stocks a marginal 0.2 mb to 455.3 mb. Despite this slight build, last month's y-o-y surplus switched to a deficit of 6 mb or 1%. The build of 4.9 mb to 141.0 mb in gasoline stocks was due to weak demand as well as dwindling exports to the US market because of narrowed arbitrage as freight rates remained very high. This build helped to narrow the y-o-y gap, putting it at about 6% or 4% lower than last month's deficit. Despite increasing distillate output and exports from Russia, distillate inventories fell a considerable 7.8 mb to 346.2 mb on the back of healthy demand due to cold weather. This stock-draw did not affect the y-o-y surplus which improved further by 2% to stand at about 3% at the end of February 2005.

Table 19
Western Europe's oil stocks*
mb

	Dec 04	Jan 05	Feb 05	Change Feb/Jan	Feb 04
Crude oil	457.1	455.1	**455.3**	0.2	461.1
Mogas	132.6	136.2	141.0	4.9	149.3
Naphtha	24.6	25.5	24.6	–0.9	23.8
Middle distillates	348.4	354.0	346.2	–7.8	336.6
Fuel oils	111.2	111.7	110.0	–1.8	113.6
Total products	616.8	627.4	621.8	–5.6	623.3
Overall total	**1,073.8**	**1,082.5**	**1,077.1**	**–5.4**	**1,084.4**

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

Japan

Japanese oil stocks continued seasonal declines in January

Total commercial oil stocks in Japan continued to see seasonal draws for the second consecutive month, losing 5.1 mb or 0.16 mb/d to stand at 184.8 mb. Despite this stock-draw, the y-o-y deficit narrowed by 1% to 3%. Stock-draws on middle distillates especially jet kerosene continued to be the largest contributor to this fall, followed by crude oil stocks, while other main product inventories either witnessed a build (gasoline) or a very small draw (fuel oil).

After a massive drawdown in December on the back of higher refinery runs due to improved implied demand, crude oil stocks continued to deplete although preliminary refinery operation data for January showed that refinery throughput declined slightly from 4.34 mb/d in December 2004 to 4.31 mb/d in January 2005. The only explanation could be that the draw happened due to lower crude oil imports. Hence, crude oil stocks stood at 116.2 mb or 1.3 mb lower than in the previous month. The y-o-y shortage narrowed despite this drop, improving by 3% to stand at about 5%.

Middle distillate stocks showed a further draw due mainly to a considerable fall of 5.6 mb to 34.4 mb in jet kerosene inventories on the back of cold weather and heavy snowfall in many parts of Japan, especially the northern areas. Jet kerosene was estimated to have dropped by 4 mb, while another fall occurred on gasoil and naphtha. A y-o-y comparison shows that last month's slight deficit turned into a surplus of about 2% despite the ongoing stock-draw. Weak implied demand helped gasoline stocks to build by 1.9 mb to stand at 14.8 mb which was 8% higher than the year-ago level.

Table 20
Japan's commercial oil stocks*
mb

	Nov 04	Dec 04	Jan 05	Change Jan/Dec	Jan 04
Crude oil	126.7	117.5	**116.2**	–1.3	111.1
Gasoline	14.1	12.9	14.8	1.9	13.7
Middle distillates	44.9	40.0	34.4	–5.6	33.7
Residual fuel oil	19.9	19.5	19.4	–0.1	20.7
Total products	78.9	72.4	68.6	–3.8	68.2
Overall total**	**205.6**	**189.9**	**184.8**	**–5.1**	**179.3**

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

Balance of Supply and Demand

2004 supply/demand difference revised up to 28.43 mb/d

The summarized supply/demand balance table for 2004 shows an upward revision to world oil demand by 0.07 mb/d to 82.12 mb/d, resulting in an estimated annual difference of around 28.43 mb/d. The quarterly distribution stands at 28.18 mb/d, 27.34 mb/d, 28.24 mb/d and 29.95 mb/d respectively. The balance quarterly distribution stands at 0.01 mb/d, 1.06 mb/d, 1.51 mb/d and –0.06 mb/d respectively, while the annual average balance is estimated at 0.63 mb/d.

Table 21
Summarized supply/demand balance for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	**2004**
(a) World oil demand	79.50	81.73	80.99	81.73	83.99	82.12
(b) Non-OPEC supply(1)	52.34	53.55	53.66	53.49	54.04	53.68
Difference (a – b)	**27.16**	**28.18**	**27.34**	**28.24**	**29.95**	**28.43**
OPEC crude oil production(2)	26.97	28.19	28.40	29.76	29.89	29.06
Balance	**–0.20**	**0.01**	**1.06**	**1.51**	**–0.06**	**0.63**

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

2005 supply/demand difference expected at 28.99 mb/d, an increase of 0.56 mb/d over 2004

The summarized supply/demand balance table for 2005 shows world oil demand expected at 83.98 mb/d and total non-OPEC supply expected at 54.99 mb/d. This results in an annual difference of around 28.99 mb/d, some 0.56 mb/d over the estimated 2004 level, with a quarterly distribution of 29.44 mb/d, 27.74 mb/d, 28.52 mb/d and 30.26 mb/d respectively.

Table 22
Summarized supply/demand balance for 2005
mb/d

	2004	1Q05	2Q05	3Q05	4Q05	**2005**
(a) World oil demand	82.12	84.05	82.66	83.41	85.77	83.98
(b) Non-OPEC supply(1)	53.68	54.61	54.92	54.89	55.52	54.99
Difference (a – b)	**28.43**	**29.44**	**27.74**	**28.52**	**30.26**	**28.99**
OPEC crude oil production(2)	29.06					
Balance	**0.63**					

(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

	2000	2001	2002	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
World demand														
OECD	48.0	48.0	48.1	48.9	50.2	48.2	49.2	50.7	49.6	50.6	48.5	49.5	51.0	49.9
North America	24.1	24.0	24.1	24.6	25.0	24.9	25.2	25.6	25.2	25.4	25.1	25.5	26.0	25.5
Western Europe	15.2	15.3	15.3	15.5	15.8	15.3	15.7	16.2	15.7	15.9	15.4	15.8	16.2	15.8
Pacific	8.7	8.7	8.6	8.8	9.4	8.0	8.3	8.9	8.6	9.3	7.9	8.2	8.8	8.5
DCs	19.3	19.7	20.2	20.5	20.8	21.4	21.4	21.7	21.3	21.8	22.2	22.1	22.4	22.1
FSU	3.8	3.9	3.7	3.8	3.6	3.8	4.0	4.1	3.9	3.9	3.8	4.0	4.1	4.0
Other Europe	0.8	0.8	0.8	0.8	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.8	0.9	0.9
China	4.7	4.7	5.0	5.6	6.2	6.8	6.4	6.7	6.5	6.9	7.4	6.9	7.3	7.1
(a) Total world demand	76.5	77.1	77.8	79.5	81.7	81.0	81.7	84.0	82.1	84.0	82.7	83.4	85.8	84.0
Non-OPEC supply														
OECD	21.9	21.8	21.9	21.6	21.8	21.5	20.7	21.0	21.3	21.3	21.3	20.6	20.9	21.0
North America	14.2	14.3	14.5	14.6	14.8	14.7	14.4	14.4	14.6	14.7	14.6	14.3	14.3	14.5
Western Europe	6.8	6.7	6.6	6.4	6.4	6.3	5.7	6.0	6.1	6.1	6.1	5.7	6.0	6.0
Pacific	0.8	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5
DCs	10.9	10.9	11.2	11.3	11.7	11.7	12.0	12.1	11.9	12.2	12.2	12.5	12.6	12.4
FSU	7.9	8.5	9.3	10.3	10.8	11.1	11.3	11.4	11.2	11.4	11.7	12.0	12.1	11.8
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.3	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.6	3.6	3.7	3.6	3.6
Processing gains	1.7	1.7	1.7	1.8	1.9	1.8	1.8	1.9	1.8	1.9	1.8	1.8	1.9	1.9
Total non-OPEC supply	45.7	46.4	47.7	48.6	49.7	49.8	49.5	50.0	49.7	50.5	50.8	50.7	51.3	50.8
OPEC NGLs + non-conventional oils	3.3	3.6	3.6	3.7	3.9	3.9	4.0	4.0	3.9	4.1	4.2	4.2	4.3	4.2
(b) Total non-OPEC supply and OPEC NGLs	49.0	50.0	51.4	52.3	53.6	53.7	53.5	54.0	53.7	54.6	54.9	54.9	55.5	55.0
OPEC crude oil production (secondary sources)	28.0	27.2	25.4	27.0	28.2	28.4	29.8	29.9	29.1					
Total supply	77.0	77.2	76.7	79.3	81.7	82.1	83.2	83.9	82.7					
Balance (stock change and miscellaneous)	0.6	0.0	-1.1	-0.2	0.0	1.1	1.5	-0.1	0.6					
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	2534	2632	2480	2525	2468	2546	2588	2576	2576					
OECD SPR	1270	1285	1345	1407	1421	1426	1432	1443	1443					
OECD total	3804	3918	3825	3932	3889	3972	4020	4019	4019					
Oil-on-water	877	830	814	885	909	898	894	934	934					
Days of forward consumption in OECD														
Commercial onland stocks	53	55	51	51	51	52	51	51	52					
SPR	26	27	28	28	29	29	28	29	29					
Total	79	82	78	79	81	81	79	79	81					
Memo items														
FSU net exports	4.1	4.6	5.6	6.5	7.2	7.3	7.3	7.4	7.3	7.5	7.9	7.9	8.0	7.8
(a) - (b)	27.4	27.2	26.5	27.2	28.2	27.3	28.2	30.0	28.4	29.4	27.7	28.5	30.3	29.0

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

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

	2000	2001	2002	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
World demand														
OECD	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1	0.1	0.1
North America	-	-	-	-	-	-	-	-	-	0.2	-	0.2	-	0.1
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
DCs	-	-	-	-	-	-	-	0.1	-	-0.1	-0.1	-	0.1	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.2	0.1
(a) Total world demand	-	-	-	-	-	-	0.1	0.2	0.1	0.1	-	0.3	0.3	0.2
Non-OPEC supply														
OECD	-	-	-	-	-	-	-	-0.1	-	-0.5	-0.3	-0.2	-0.3	-0.3
North America	-	-	-	-	-	-	-	-	-	-0.2	-0.2	-0.2	-0.3	-0.3
Western Europe	-	-	-	-	-	-	-	-	-	-0.2	-	0.1	0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
FSU	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-0.1	-	-0.2	-	0.1	-	-
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-	-	-0.1	-	-0.3	-	0.2	0.2	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-					
Total supply	-	-	-	-	-	-	-	-0.1	-					
Balance (stock change and miscellaneous)	-	-	-	-	-	-	-	-0.3	-0.1					
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	-	-	-	-	-	-	-6	-1	-1					
OECD SPR	-	-	-	-	-	-	-	5	5					
OECD total	-	-	-	-	-	-	-6	5	5					
Oil on water	-	-	-1	-	-	-	-	23	23					
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-					
Memo items														
FSU net exports	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
(a) - (b)	-	-	-	-	-	-	-	0.3	0.1	0.4	-	0.1	0.1	0.2

† *This compares Table 23 in this issue of the MOMR with Table 23 in the February 2005 issue.*
This table shows only where changes have occurred.

Table 25
OECD oil stocks and oil on water at the end of period

	1997	1998	1999	2000	2001	2002	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	4Q04
Closing stock level *mb*																						
OECD onland commercial	2,619	2,702	2,449	2,534	2,632	2,480	2,529	2,602	2,664	2,632	2,609	2,654	2,579	2,480	2,429	2,550	2,600	2,525	2,468	2,546	2,588	2,576
North America	1,211	1,283	1,127	1,146	1,262	1,174	1,159	1,231	1,269	1,262	1,237	1,262	1,219	1,174	1,103	1,186	1,216	1,166	1,145	1,197	1,216	1,219
Western Europe	916	967	885	934	927	896	923	914	922	927	936	945	920	896	913	912	925	924	922	929	943	927
OECD Pacific	492	453	437	454	443	410	447	457	473	443	435	447	440	410	413	453	460	435	401	419	430	430
OECD SPR	1,255	1,304	1,286	1,270	1,285	1,345	1,271	1,269	1,266	1,285	1,304	1,316	1,321	1,345	1,359	1,362	1,380	1,407	1,421	1,426	1,432	1,443
North America	563	571	567	543	552	601	544	545	547	552	563	578	589	601	601	611	626	640	654	664	672	678
Western Europe	330	364	348	357	353	354	353	349	344	353	354	349	346	354	365	359	361	371	369	364	364	370
OECD Pacific	362	369	370	370	380	389	374	374	375	380	386	388	386	389	393	393	393	396	398	398	396	396
OECD total	3,874	4,006	3,735	3,804	3,918	3,825	3,800	3,870	3,930	3,918	3,912	3,969	3,899	3,825	3,788	3,912	3,980	3,932	3,889	3,972	4,020	4,019
Oil-on-water	812	859	808	877	830	814	903	828	870	830	796	804	801	814	860	887	869	885	909	898	894	934
Days of forward consumption in OECD																						
OECD onland commercial	56	56	51	53	55	51	54	54	55	54	56	55	52	50	51	53	52	50	51	52	51	51
North America	52	54	47	48	52	48	49	51	53	53	52	52	50	48	46	48	49	47	46	47	47	48
Western Europe	60	63	58	61	61	58	62	59	59	60	63	61	59	58	60	59	59	59	60	59	58	58
OECD Pacific	58	52	50	52	51	47	55	56	53	48	56	55	47	42	50	56	50	46	50	51	48	46
OECD SPR	27	27	27	26	27	28	27	27	26	27	28	27	27	27	29	28	28	28	29	29	28	29
North America	24	24	24	23	23	24	23	23	23	23	24	24	24	25	25	25	25	26	26	26	26	27
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	22	23	24	23	23	24	24	23	23	23
OECD Pacific	43	42	42	43	44	44	46	46	42	41	50	47	41	40	48	49	43	42	50	48	45	43
OECD total	83	84	78	79	82	78	81	81	81	81	84	83	79	77	80	81	80	78	81	81	79	79

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

	2000	2001	2002	Change 02/01	2003	Change 03/02	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04
USA	8.11	8.05	8.04	-0.01	7.82	-0.22	7.85	7.73	7.52	7.57	7.67	-0.16	7.80	7.68	7.47	7.52	7.62	-0.05
Canada	2.68	2.73	2.84	0.12	2.98	0.14	3.11	3.07	3.04	3.04	3.07	0.09	3.07	3.03	3.00	3.00	3.03	-0.04
Mexico	3.45	3.57	3.59	0.03	3.80	0.20	3.83	3.89	3.83	3.79	3.83	0.04	3.84	3.90	3.84	3.80	3.84	0.01
North America	14.25	14.34	14.48	0.13	14.60	0.12	14.79	14.69	14.38	14.41	14.57	-0.03	14.71	14.61	14.31	14.33	14.49	-0.08
Norway	3.32	3.42	3.33	-0.09	3.26	-0.07	3.36	3.26	2.98	3.16	3.19	-0.07	3.14	3.19	3.03	3.20	3.14	-0.05
UK	2.69	2.54	2.52	-0.01	2.33	-0.20	2.21	2.16	1.91	2.02	2.07	-0.25	2.07	2.05	1.84	1.96	1.98	-0.09
Denmark	0.36	0.35	0.37	0.02	0.37	0.00	0.37	0.40	0.39	0.40	0.39	0.02	0.40	0.44	0.42	0.44	0.43	0.04
Other Western Europe	0.40	0.38	0.42	0.04	0.43	0.01	0.48	0.47	0.46	0.46	0.47	0.03	0.46	0.45	0.45	0.44	0.45	-0.02
Western Europe	6.77	6.68	6.65	-0.04	6.39	-0.25	6.42	6.29	5.74	6.03	6.12	-0.27	6.07	6.14	5.75	6.04	6.00	-0.12
Australia	0.77	0.71	0.70	0.00	0.60	-0.10	0.54	0.52	0.54	0.48	0.52	-0.08	0.49	0.48	0.49	0.44	0.47	-0.04
Other Pacific	0.07	0.07	0.06	-0.01	0.06	-0.01	0.05	0.05	0.05	0.06	0.05	0.00	0.06	0.05	0.06	0.06	0.06	0.01
OECD Pacific	0.85	0.78	0.77	-0.01	0.65	-0.11	0.59	0.57	0.59	0.53	0.57	-0.08	0.55	0.53	0.55	0.50	0.53	-0.04
Total OECD	21.87	21.81	21.89	0.09	21.64	-0.25	21.79	21.55	20.72	20.97	21.26	-0.39	21.33	21.28	20.60	20.87	21.02	-0.24
Brunei	0.19	0.20	0.20	0.01	0.21	0.00	0.21	0.20	0.21	0.21	0.21	0.00	0.21	0.20	0.21	0.21	0.21	0.00
India	0.74	0.73	0.75	0.01	0.74	0.00	0.78	0.78	0.78	0.80	0.78	0.04	0.80	0.80	0.79	0.81	0.80	0.02
Malaysia	0.69	0.68	0.71	0.03	0.75	0.04	0.79	0.78	0.84	0.86	0.82	0.07	0.86	0.85	0.92	0.94	0.89	0.08
Vietnam	0.31	0.34	0.34	0.00	0.35	0.01	0.39	0.40	0.40	0.39	0.40	0.04	0.34	0.35	0.35	0.34	0.35	-0.05
Asia others	0.25	0.25	0.26	0.01	0.30	0.04	0.32	0.35	0.39	0.44	0.37	0.07	0.46	0.50	0.55	0.63	0.54	0.16
Other Asia	2.18	2.20	2.27	0.07	2.36	0.09	2.49	2.51	2.61	2.70	2.58	0.22	2.67	2.70	2.82	2.93	2.78	0.21
Argentina	0.80	0.82	0.79	-0.03	0.78	-0.01	0.73	0.73	0.73	0.73	0.73	-0.05	0.72	0.72	0.72	0.72	0.72	-0.01
Brazil	1.45	1.53	1.72	0.19	1.80	0.09	1.78	1.77	1.83	1.81	1.80	0.00	1.88	1.87	1.93	1.91	1.90	0.10
Colombia	0.70	0.61	0.58	-0.03	0.55	-0.03	0.53	0.54	0.53	0.50	0.52	-0.03	0.50	0.51	0.50	0.47	0.50	-0.03
Ecuador	0.40	0.41	0.40	-0.01	0.43	0.03	0.51	0.53	0.53	0.54	0.53	0.10	0.54	0.56	0.57	0.57	0.56	0.03
Trinidad & Tobago	0.14	0.13	0.15	0.02	0.16	0.01	0.16	0.16	0.15	0.16	0.16	-0.01	0.21	0.20	0.20	0.21	0.20	0.05
L. America others	0.22	0.23	0.22	-0.01	0.22	0.00	0.22	0.22	0.22	0.23	0.22	0.00	0.23	0.23	0.23	0.24	0.23	0.01
Latin America	3.71	3.73	3.86	0.13	3.94	0.08	3.93	3.95	4.00	3.97	3.96	0.02	4.09	4.10	4.15	4.13	4.12	0.15
Bahrain	0.19	0.19	0.19	0.00	0.20	0.00	0.20	0.20	0.20	0.20	0.20	0.00	0.20	0.20	0.20	0.20	0.20	0.00
Oman	0.96	0.96	0.90	-0.06	0.82	-0.08	0.79	0.77	0.76	0.75	0.76	-0.06	0.73	0.73	0.73	0.73	0.73	-0.03
Syria	0.52	0.52	0.51	-0.01	0.54	0.03	0.52	0.51	0.50	0.49	0.51	-0.03	0.49	0.48	0.47	0.47	0.48	-0.03
Yemen	0.45	0.47	0.46	-0.01	0.44	-0.02	0.43	0.42	0.42	0.40	0.42	-0.03	0.40	0.39	0.39	0.37	0.39	-0.03
Middle East	2.12	2.14	2.06	-0.07	2.00	-0.06	1.94	1.89	1.87	1.84	1.89	-0.11	1.82	1.80	1.79	1.77	1.80	-0.09
Angola	0.75	0.74	0.89	0.15	0.87	-0.02	0.93	0.92	0.99	1.10	0.99	0.11	1.13	1.11	1.19	1.33	1.19	0.20
Chad	0.00	0.00	0.00	0.00	0.02	0.02	0.10	0.18	0.23	0.23	0.18	0.16	0.23	0.23	0.23	0.23	0.23	0.04
Congo	0.27	0.27	0.25	-0.01	0.24	-0.01	0.24	0.24	0.24	0.24	0.24	0.00	0.24	0.24	0.24	0.23	0.23	0.00
Egypt	0.80	0.76	0.75	-0.01	0.75	0.00	0.73	0.71	0.71	0.70	0.71	-0.04	0.70	0.68	0.68	0.67	0.69	-0.02
Equatorial Guinea	0.11	0.14	0.20	0.06	0.24	0.04	0.34	0.34	0.34	0.35	0.34	0.10	0.35	0.35	0.36	0.36	0.36	0.01
Gabon	0.34	0.31	0.30	-0.01	0.25	-0.05	0.25	0.25	0.24	0.23	0.24	-0.01	0.24	0.24	0.23	0.22	0.23	-0.01
South Africa	0.18	0.18	0.19	0.01	0.20	0.01	0.23	0.23	0.23	0.21	0.22	0.02	0.21	0.21	0.20	0.19	0.20	-0.02
Sudan	0.18	0.21	0.24	0.03	0.27	0.03	0.29	0.30	0.31	0.31	0.30	0.04	0.32	0.33	0.35	0.35	0.34	0.04
Africa other	0.22	0.20	0.20	0.00	0.20	0.00	0.20	0.20	0.21	0.21	0.21	0.01	0.21	0.21	0.22	0.22	0.22	0.01
Africa	2.84	2.80	3.03	0.23	3.05	0.02	3.30	3.36	3.48	3.57	3.43	0.38	3.62	3.59	3.69	3.80	3.68	0.24
Total DCs	10.86	10.86	11.22	0.36	11.34	0.12	11.66	11.72	11.96	12.08	11.86	0.51	12.19	12.20	12.45	12.63	12.37	0.51
FSU	7.91	8.53	9.33	0.79	10.27	0.94	10.78	11.06	11.32	11.44	11.15	0.89	11.39	11.69	11.96	12.09	11.78	0.63
Russia	6.49	6.99	7.62	0.63	8.46	0.84	8.89	9.12	9.37	9.38	9.19	0.73	9.31	9.54	9.80	9.82	9.62	0.43
Kazakhstan	0.71	0.80	0.94	0.15	1.03	0.09	1.12	1.15	1.19	1.26	1.18	0.15	1.26	1.29	1.34	1.42	1.33	0.15
Azerbaijan	0.27	0.30	0.31	0.01	0.31	0.00	0.31	0.31	0.30	0.32	0.31	0.00	0.34	0.34	0.33	0.36	0.34	0.03
FSU Others	0.44	0.45	0.45	0.00	0.47	0.02	0.47	0.49	0.47	0.47	0.47	0.01	0.48	0.51	0.49	0.49	0.49	0.02
Other Europe	0.18	0.18	0.18	0.00	0.17	0.00	0.16	0.16	0.16	0.15	0.16	-0.01	0.16	0.16	0.16	0.16	0.16	0.00
China	3.23	3.30	3.39	0.10	3.41	0.01	3.43	3.47	3.54	3.51	3.49	0.08	3.55	3.59	3.66	3.63	3.61	0.12
Non-OPEC production	44.05	44.68	46.01	1.33	46.83	0.82	47.82	47.95	47.70	48.15	47.91	1.08	48.62	48.91	48.84	49.38	48.94	1.03
Processing gains	1.65	1.69	1.73	0.04	1.80	0.06	1.85	1.81	1.81	1.85	1.83	0.03	1.88	1.84	1.84	1.88	1.86	0.03
Non-OPEC supply	45.70	46.37	47.74	1.37	48.63	0.89	49.67	49.76	49.51	50.00	49.74	1.11	50.50	50.75	50.68	51.26	50.80	1.06
OPEC NGL	3.18	3.40	3.42	0.01	3.57	0.16	3.65	3.66	3.71	3.78	3.70	0.13	3.85	3.91	3.95	4.00	3.93	0.23
Non-conventional oils	0.17	0.18	0.20	0.02	0.14	-0.06	0.23	0.23	0.26	0.26	0.25	0.11	0.26	0.26	0.26	0.26	0.26	0.01
OPEC NGLs + non-conventional oils	3.34	3.58	3.62	0.03	3.71	0.09	3.88	3.89	3.97	4.04	3.95	0.24	4.11	4.17	4.21	4.26	4.19	0.24
Total Non-OPEC and OPEC NGLs	49.04	49.96	51.36	1.40	52.34	0.98	53.55	53.66	53.49	54.04	53.68	1.35	54.61	54.92	54.89	55.52	54.99	1.30

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

Table 27
Non-OPEC Rig Count

	2000	2001	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03	Jan05	Feb05	Change Feb05-Jan05
USA	916	1,156	831	-325	901	1,028	1,088	1,109	1,032	201	1,119	1,164	1,229	1,249	1,190	158	1,255	1,276	21
Canada	344	342	266	-76	494	203	383	408	372	106	528	202	326	420	369	-3	550	593	43
Mexico	44	54	65	11	82	84	96	107	92	27	107	113	111	108	110	18	110	119	9
North America	1,305	1,552	1,162	-390	1,476	1,315	1,567	1,624	1,496	334	1,754	1,479	1,665	1,777	1,669	173	1,915	1,988	73
Norway	22	23	19	-4	18	19	20	18	19	0	19	18	14	16	17	-2	15	12	-3
UK	18	24	26	2	19	21	22	16	20	-6	15	19	14	15	16	-4	10	14	4
Denmark	3	4	4	0	3	5	3	4	4	0	4	4	3	4	4	0	4	0	-4
Other Western Europe	82	44	36	-8	36	34	38	37	36	0	31	30	27	27	29	-7	23	23	0
Western Europe	125	95	85	-10	77	78	83	75	78	-7	69	70	57	62	65	-13	52	49	-3
Australia	10	10	9	-1	10	10	11	13	11	2	12	13	18	14	14	3	16	16	0
Other Pacific	7	9	8	-1	8	7	8	6	7	-1	7	8	9	6	8	1	6	8	2
OECD Pacific	17	20	17	-3	18	17	18	19	18	1	19	22	26	20	22	4	22	24	2
Total OECD*	1,447	1,667	1,264	-403	1,571	1,411	1,669	1,719	1,592	328	1,842	1,570	1,749	1,859	1,755	163	1,989	2,061	72
Brunei	2	3	3	0	3	4	4	2	3	0	2	3	3	2	3	0	1	2	1
India	49	50	55	5	59	60	61	62	60	5	64	68	71	76	70	10	78	75	-3
Malaysia	7	11	14	3	14	13	16	15	14	0	15	15	13	13	14	0	9	13	4
Papua New Guinea	0	1	1	0	1	2	2	1	2	1	3	2	0	1	2	0	2	1	-1
Vietnam	8	8	9	1	9	9	10	8	9	0	8	9	8	7	8	-1	7	9	2
Asia others	16	22	30	8	31	28	26	30	29	-1	27	31	31	31	30	1	37	35	-2
Other Asia	83	95	111	16	117	115	119	118	117	6	119	128	127	130	126	9	134	135	1
Argentina	57	71	49	-22	59	66	59	57	60	11	64	73	73	74	71	11	74	74	0
Brazil	23	28	27	-1	27	27	27	25	26	-1	24	26	26	26	26	0	26	26	0
Colombia	14	15	11	-4	10	9	11	12	11	0	8	9	9	11	9	-2	14	13	-1
Ecuador	7	10	9	-1	9	11	8	8	9	0	7	9	12	12	10	1	9	10	1
Peru	4	4	2	-2	2	2	3	3	3	1	2	2	3	3	2	-1	2	4	2
Trinidad & Tobago	4	5	4	-1	3	3	3	3	3	-1	3	4	4	4	4	1	2	3	1
L. America others	12	7	5	-2	3	4	4	5	4	-1	6	6	3	4	5	1	3	4	1
Latin America	120	141	106	-35	113	121	114	114	116	10	114	127	129	134	126	10	130	134	4
Bahrain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	24	25	29	4	33	34	36	36	35	6	36	35	34	36	35	0	34	32	-2
Syria	14	19	22	3	23	23	26	23	24	2	24	24	23	23	24	0	21	22	1
Yemen	6	6	9	3	11	10	9	7	9	0	7	8	9	11	9	0	12	8	-4
Middle East	45	50	62	12	70	68	72	68	70	8	69	68	69	73	70	0	72	65	-7
Angola	6	5	5	0	3	4	3	6	4	-1	4	3	3	3	3	-1	3	4	1
Cameroon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Congo	3	1	1	0	0	1	1	2	1	0	2	2	3	2	2	1	3	4	1
Egypt	18	22	23	1	26	26	27	26	26	3	27	28	29	28	28	2	28	26	-2
Gabon	2	2	2	0	3	4	1	3	3	1	2	2	2	2	2	-1	2	2	0
South Africa	1	1	1	0	0	1	0	1	0	-1	0	0	0	0	0	0	0	0	0
Africa other	5	4	12	8	12	14	12	14	13	1	15	18	20	22	19	6	22	22	0
Africa	34	36	43	7	45	50	44	51	48	5	48	53	56	57	54	6	58	58	0
Total DCs	282	322	322	0	346	354	350	350	350	28	350	376	381	394	376	26	394	392	-2
FSU	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Europe	3	3	2	-1	2	2	2	2	2	0	2	2	2	2	2	0	3	3	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	1,588	-404	1,919	1,767	2,021	2,071	1,944	356	2,194	1,949	2,132	2,255	2,132	188	2,386	2,456	70

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

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Data is provided by Data Services Department.

Data Summary — March 2005

OPEC Basket average price
US$ per barrel

↑ *up 1.44 in February*

February 2005	**41.68**
January 2005	40.24
Year-to-date	40.96

February OPEC production
in million barrels per day, according to secondary sources

Algeria	1.31	Kuwait	2.45	Saudi Arabia	9.22
Indonesia	0.95	SP Libyan AJ	1.62	UAE	2.39
IR Iran	3.91	Nigeria	2.33	Venezuela	2.72
Iraq	1.87	Qatar	0.79	**TOTAL**	**29.56**

Supply and demand
in million barrels per day

2004		**2005**	
World demand	82.12	World demand	83.98
Non-OPEC supply	53.69	Non-OPEC supply	54.99
Difference	**28.43**	**Difference**	**28.99**

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

Stocks

US commercial oil stocks displayed a further seasonal draw of 6.7 mb in February

World economy

World GDP growth was unchanged at 5.0% for 2004 and revised down to 4.1% for 2005

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Data covers period up to end of February 2005 unless otherwise stated
Next report to be issued on 15 April 2005