OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:

Global economic uncertainties and the oil market

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Oil Market Highlights

- The main growth engines of the world economy remain the USA and China. Improved US trade results for March indicate that the first quarter GDP growth estimate may be increased to about 3.5% and the strong growth of retail sales in April indicates a solid start to the second quarter. First quarter data for China confirms that GDP growth continued at 9.5%, showing no deceleration from 2004.
- First quarter data from the Euro-zone was better than expected as GDP grew by 2%. Germany was the leading economy thanks to strong growth in exports. The outlook for the second quarter is less encouraging, especially for manufacturing sectors. The region remains dependent on export demand and consumer confidence remains depressed by high levels of unemployment. The outlook for Japan is mixed. Higher levels of real income should boost consumer spending in the first quarter but the performance of exports has been poor.
- The US growth forecast for 2005 is unchanged at 3.4% and the Japanese forecast is also unchanged at 1.4%. The forecast for the Euro-zone has been reduced to 1.1% from 1.3%. The 2005 growth rate forecast for China has been increased to 8.6%. The forecast growth rate for the world economy in 2005 is unchanged at 4.1%.
- The OPEC Reference Basket in April saw the lowest rise in four months on a gain of 56¢ or 1% from the previous month to close at $49.63/b. The Basket recorded the highest weekly average in the first week of the month at $52.07/b partly in reaction to an investment bank report on the possibility of oil prices doubling, as well as concern over downstream capacity constraints ahead of the US summer driving season. However, the rest of the month saw a general downward trend on the back of ample OPEC supplies and a continued build in US crude oil inventories, with the weekly average dipping as low as $48.00/b in the third week. This trend continued in May, with the daily Basket price moving firmly towards $45/b to stand at $45.47/b on 16 May.
- Refinery outages in the Atlantic Basin and robust demand in Asia strengthened sentiment in the product markets in April, and refinery margins surged across the globe. However, more recently, a combination of high US gasoline stocks, the resumption of normal operations by US refiners after spring maintenance and lower product demand from South-East Asian countries reversed market momentum and eased product prices. The switch in US refinery operations to gasoline-producing mode should further build gasoline inventories for the driving season, which could additionally moderate prices for clean products. Still, a sharp price slide seems unlikely given limited spare refining capacity and possible refinery outages.
- Despite sustained high production, OPEC spot chartering rose only slightly in April by 0.1 mb/d to 14.2 mb/d due to lower seasonal demand in the main consuming countries. Sailings from the OPEC area fell by 0.8 mb/d to 22.7 mb/d, with the Middle East contributing 0.5 mb/d. Crude oil freight rates declined along all routes, losing between 11% and 26%, on ample availability due to the recent expansion in tanker fleets. Asian refinery maintenance exerted further downward pressure on freight rates. Product freight rates also declined, but less than for crude, slipping between 3% and 11%.
- World oil demand growth for 2005 was revised down by 0.08 mb/d from the previous month to stand at 1.82 mb/d or 2.2%, lower than the 2.60 mb/d or 3.3% experienced in 2004, for a total average of 83.9 mb/d. This downward revision is mainly attributed to lower than anticipated consumption in the first quarter. The downward revision in European demand as well as that for China surpassed the upward revision in Other Asia and FSU, leading to a cumulative decline of 0.26 mb/d.
- Non-OPEC supply is now expected to average 50.6 mb/d in 2005, which represents an increase of 0.8 mb/d from the previous year, as supply growth has been revised down by 0.19 mb/d from the previous month’s estimate. The forecast for Russian and Mexican output growth has been lowered on the basis of actual data for the first quarter, which was less than expected. More importantly the outlook for both countries has been revised down for the remainder of the year. The outlook for other non-OPEC countries, particularly Angola, Azerbaijan, Brazil and Sudan, continues to be strong and remains unchanged from last month’s assessment. According to secondary sources, total OPEC crude production averaged 29.95 mb/d in April, an increase of 274,000 b/d from the previous month, with a moderate increase in Iraqi production.
- At the end of the first quarter of 2005, OECD commercial oil stocks stood at 2,587 mb, an increase of 22 mb over the previous quarter and 119 mb higher than the same period last year. Preliminary data from the USA confirms this trend, as US commercial oil stocks observed a significant build of 16.3 mb or 0.58 mb/d to stand at 972.2 mb in the period 1-29 April. Total oil stocks in Eur-16 (EU plus Norway) experienced a moderate draw in April, falling by 8.1 mb or 0.27 mb/d to stand at 1,099.9 mb.
- The supply/demand balance for 2005 shows that world oil demand is now expected to average 83.9 mb/d, whilst non-OPEC supply (including OPEC NGLs and non-conventional oils) is expected to average 54.8 mb/d. This results in an average difference (a-b) of 29.2 mb/d for OPEC production, versus the previous expectation of 29.1 mb/d in last month’s report. The new balance is primarily the result of a downward revision of 0.1 mb/d to world oil demand, coupled with a downward revision to non-OPEC supply of 0.19 mb/d.

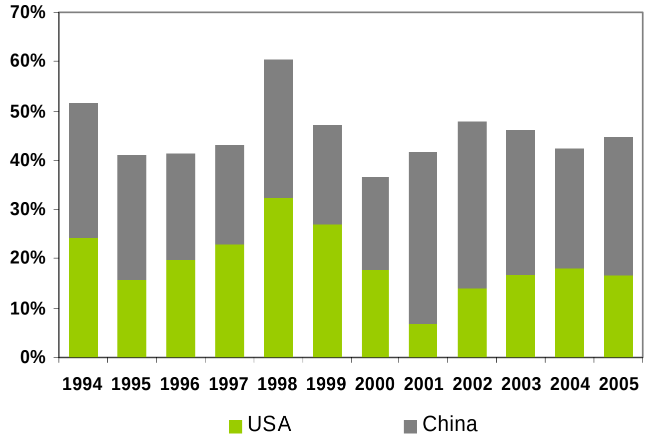
Global economic uncertainties and the oil market

- The world economy in 2004 saw a very sharp rise in the demand for oil, particularly from the USA and China. This increase in crude consumption pushed prices to high levels but the underlying momentum of economic growth was largely unaffected as accommodative monetary policies and reductions in the tax burden allowed consumers and businesses to absorb the additional costs. The world economy also benefited from increasing globalization as imports from developing countries kept OECD inflation at low levels whilst the higher levels of activity provided increased employment and investment opportunities in poorer countries.

- In 2005 the world economy is expected to grow by 4.1%; down from the robust 5.1% achieved last year. The forecast remains above long term averages but uncertainties have increased. Global financial imbalances are a cause for concern, inflation pressures are building as capacity is absorbed and the recovery has yet to generate much strength in domestic economic activity beyond the USA and China. The latest IMF forecast of world GDP growth in 2005 stands higher at 4.3%, but the assessment in the *World Economic Outlook* concurs that the balance of risks to the short term outlook is tilted to the downside. Growth continues to be driven mainly by the United States and China. As shown in **Graph 1**, these two economies have accounted for nearly half the increment in world GDP in PPP terms in the past ten years with China generally contributing the greater share.

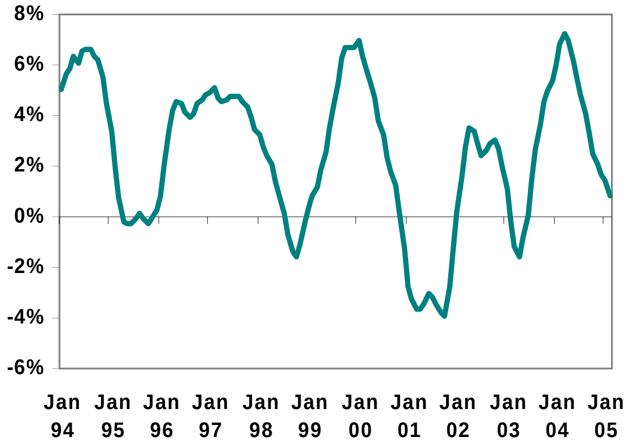
- Although the growth of the US economy should remain solid at 3.4% for 2005, the weakness in the first quarter points to some important risk factors. Uncertain business confidence and falling durables orders may anticipate an adjustment in domestic spending whilst depressed demand in the Euro-zone could hold back US exports. The improvement in the labour market in April may foreshadow higher inflation later this year as rising labour costs and the falling trend in productivity may squeeze company profits. The prospect of higher inflation might accelerate the process of normalizing American interest rates and highly-indebted consumers would need to reduce spending on domestic goods and imports. The performance of China was very strong in the first quarter, but the economy is highly dependent on exports and export-related investment. Investment in export companies might dip, were the Chinese currency to be revalued, and fixed investment accounted for fully 51% of Chinese GDP in 2004. On balance China is expected to achieve growth of 8.6% in 2005; this moderation in growth should help the economy avoid the risk of overheating.

Graph 1: US and Chinese shares of increment in World GDP growth



*in terms of purchasing power parity with 2005 forecast

Graph 2: OECD leading indicator, 12-month rate of change



- It should be noted that a slowdown in growth at this stage is not unusual. As **Graph 2** shows, the composite leading indicator has predicted a deceleration in line with normal cyclical experience. The difference in 2005 is that the accommodative financial conditions since 2003 have heightened the risks. In the search for better returns, hedge funds and pension funds have moved into growth sensitive assets, such as commodities, in some cases accumulating leveraged positions on the basis of low interest rates. If interest rates rise, any instability of asset prices in rather illiquid markets might depress consumer confidence and inhibit business investment. It appears that policy adjustments are unlikely to ease the transition to lower growth. Inflation is rising in the USA and market participants do not anticipate lower interest rates in the foreseeable future. Indeed the European Central Bank has not ruled out higher interest rates despite the poor growth performance of the Euro-zone.

- One factor which may help maintain economic momentum is the moderation of oil prices towards levels more in line with fundamentals. Slower demand growth of the United States or China coupled with the large increases in OPEC output since mid-2004 and the substantial efforts by Member Countries to increase production capacity should remove a large part of the speculative premium in the oil price. Analysis of the role of non-commercial traders in the oil market suggests that their activity is significantly and positively related to price volatility in the short term. The prospect of a more stable market should reduce their participation, easing pressure on oil prices.

- Moreover, the current and announced capacity expansion by OPEC Member Countries should go a long way to removing the persistent fear in the market of a potential shortfall in crude supplies, which has been an important driver of recent oil price volatility. Given the supply/demand forecast in the fourth quarter, required crude from OPEC is projected at 30.5 mb/d despite downside uncertainties. This requirement can be readily accommodated as OPEC is already producing above 30 mb/d. In addition, spare capacity is expected to be around 10% by the end of the year, providing an adequate cushion to meet any unexpected disruption in supply. The lifting of this “fear factor” should further ease the market, bringing prices closer to the levels justified by fundamentals and supportive of healthy economic growth. Indeed, this can already be seen in the market, with the Basket price in recent days moving firmly into the $45/b range.

Highlights of the World Economy

Economic growth rates 2004-2005
%

	World	G-7	USA	Japan	Euro-zone
2004	**5.1**	**3.3**	**4.4**	**2.6**	**1.9**
2005	**4.1**	**2.3**	**3.4**	**1.4**	**1.1**

Industrialised countries

United States of America

Better trade figures boost growth expectations for the first quarter

A surprising improvement in US trade data for March indicates that the rate of growth of the economy was about 3.5% in the first quarter – rather better than the first official estimate of 3.1%. This data may have been affected by the timing of the Chinese Lunar New Year which reduced imports from China in March. Total imports fell sharply by 2.5% whilst exports rose by 1.5% as a result of strong services and aircraft sales. The fall in imports was particularly remarkable since imports of petroleum products increased by $700 million. At first glance this data shows a step towards the rebalancing of the US economy, including an improvement in the trade balance and a slower growth in consumption. The growth in non-farm payrolls in April was also better than expected – growing by 274,000 – and analysts may now revise expectations of a 'soft patch' in the performance of the US economy in the first half of the year. Nevertheless it is too soon to conclude that a period of strong growth lies ahead. Higher energy prices will continue to affect consumers, business spending has paused following the surge in capital expenditure last year and exports will not always have the support of a high level of aircraft sales which were exceptionally strong in March. **The pattern for the remainder of 2005 will be set by the behaviour of consumer spending as determined by the gains in income and the extent to which these are eroded by higher inflation and interest rates.** The April labour market data was certainly encouraging and the combination of increased employment and a longer workweek should boost total labour hours worked in the second quarter. On the other hand, the rise in hourly compensation and the slower growth of productivity in the first quarter indicates that core inflation may continue to rise in the second half of the year. Unlike in 2004, today's higher operating rates and narrowing margins of spare capacity mean that companies in a strong market position find it easier to pass energy and other cost increases to final consumers. These companies will maintain their margins but the higher rate of inflation will eventually weaken consumer demand. **Nevertheless, retail sales rose by 1.4% in April which suggests that consumers remain in good spirits despite higher energy costs. Excluding motor vehicle and gasoline sales, the monthly rate of increase was 1%, higher than expected.** The recent improvement in growth expectations eases the dilemma of the US Federal Reserve. It now seems clearer that the pace of interest rate adjustment will not change and that a further 0.25% increase may be expected in June – taking the Federal Funds rate to 3.25%. Short term interest rates may rise to over 4% by the end of this year as the authorities push real interest rates back towards a "neutral" level of about 2%. Long term bond yields may also trend higher towards the end of this year. Growing capital expenditure will increase the funding needs of business while the flow of capital from emerging markets has probably passed its peak. Higher interest rates and bond yields will play a part in raising the very low savings rate of the US economy and improving the trade balance – certainly that part of consumers' expenditure related to the housing market should moderate as higher mortgage rates limit refinancing possibilities.

Japan

Positive growth expected in first quarter following a period of stagnation

Following three quarters of moderately negative or very low growth, Japanese real GDP is expected to have grown by at least 1.5% in the first quarter of 2005. Retail sales and services sector data suggests that personal consumption benefited from the improvement in employment and wages and substantial growth of at least 2-3% annualized is likely. Prospects for investment are less optimistic but business investment probably grew by at least 1%. Construction investment in particular is expected to have shown a good improvement although public investment spending in the first quarter probably continued to decline. The performance of Japanese exports has been surprisingly poor since the middle of 2004 but stabilisation is expected this year. In the second half of 2004 it appears that inventory adjustments in the high-tech sector had a rather severe impact on Japan – moreover exports to China were also weak. Exports of industrial machinery started to fall after the summer and exports of basic materials reached a peak towards the end of the year. This second factor may continue to be a drag on Japanese exports but there are signs that exports of electronic goods have improved. Japanese exports may have fallen slightly in the first quarter but net trade should have had little overall impact on the GDP outcome since imports were also expected to fall, continuing the end-2004 trend. **Looking forward, it is not likely that growth can continue at a 2%+ pace for the remainder of 2005 – much will depend on domestic demand since export growth may remain subdued.** The consumer price index continues to fall, thanks to reductions in consumer goods prices and public utility charges. Overall the impact of special factors pushing down prices may fade during the year and improvements in employment and incomes may allow companies to pass higher costs onto final goods prices. The Bank of Japan now anticipates that the consumer price index will begin to rise only during 2006 which represents a less optimistic outlook on the timing of reflation. A recovery in the business sector depends on the prospects for higher inflation and an increased appetite for financial leverage. Profits growth is currently under pressure as a result of lower selling prices (particularly in the high-tech sector) and the rise in material costs and labour costs. **Overall business investment plans remain solid, despite the worsening profitability trend, but it appears that the Japanese economy will depend mainly on the growth of private consumption to keep growth on track in 2005.** Further risks relate to the outlook for exports. Japan is always sensitive to the cycle of world trade and interest rate developments – particularly capital goods demand in the USA and China. First quarter data for China suggests no slowdown in investment activity but it seems unlikely that the current very high ratio of investment to GDP can be maintained. Export growth may be volatile and the main long term factor for recovery is the needed improvement in domestic demand which should underpin the gradual recovery of actual output in relation to capacity. **The absorption of excess capacity through internal recovery will be the main driver of improved business confidence, investment and employment –** although progress may well be uneven after six years of deflation.

Euro-zone

Second quarter may show further weakness after first quarter bounce

First quarter GDP data for the Euro-zone showed an expected recovery from the weak trend of 2004. **GDP grew by 2% annualized, slightly better than the expected growth rate of 1.6%.** Unfortunately it seems unlikely that this improvement can be maintained through the year. Early evidence for the second quarter suggests a further deceleration of GDP growth to around 1% as survey data for April has indicated weakness in consumer and business confidence. Activity in the Euro-zone manufacturing sector appears to have hit a weak spot as the manufacturing purchasing manager index fell 1.2 points in April following a 1.7 fall in March. **Growth of the German economy in the first quarter was much better than expected. The economy grew by 4% on an annualised basis and this was the strongest increase since the first quarter of 2001.** The economic upturn was based entirely on net exports. The only sector of domestic demand to show any improvement was gross fixed investment. The improvement in Germany stands out in the region as the other major economies showed little progress. Industrial production in France fell by 0.5% in March and manufacturing production fell by 0.9% following a 1.2% fall in February. GDP growth in the first quarter was probably no more than 1.5% although the retail sector and services provided some support. **Italy remains extremely weak and GDP fell by 2% annualised in the first quarter following a 1.6% decline in the last quarter of 2004.** The industrial sector entered a decline phase in early 2001 and has never recovered as Italian companies have continued to lose market share. The higher euro and tough global competition in low and medium-tech production has had a severe effect. Italy has relatively little exposure to high growth sectors such as information technology, consumer electronics and pharmaceuticals. The services sector has also underperformed but there are signs that structural reforms to improve competition may enhance efficiency. **Overall the improvement in the performance of the export–led German economy is welcome but a sustained recovery in the Euro-zone region requires gains in consumer confidence linked to better prospects for the labour market.** The May meeting of the ECB confirmed that the Bank expects Euro-zone activity to improve although President Trichet did not comment on the timing of any recovery. Mr Trichet confirmed that the ECB is not preparing for a rate cut and stressed the mandate of the Bank to deliver price stability.

Former Soviet Union

No signs of growth in oil production

Russian oil production has followed a negative trend since October 2004 and there are few signs of an improvement in the near term. This weakness has spread to the whole economy and indicators in March point to a poor first quarter. **According to official estimates, GDP increased by only 4.9% in the first quarter which would constitute the slowest pace of expansion since 2002. Industrial output grew by only 3.9% in comparison to 2004 with production of the light industrial sector suffering the most – largely as a result of import**

competition. Growth has been lagging in the natural resource sector with output up by only 2.5%. Exports and household consumption continued to grow but import growth has accelerated. Of particular concern is the downward trend of investment growth which has halved from the 13% growth rates achieved in 2004. Foreign investors are troubled by the change in the investment climate in Russia together with related privatization and taxation issues. Inflation is a growing problem as prices rose by 13.7% in April, the highest rate since 2003. Despite the reduction in oil production the high level of oil prices in 2005 has pushed oil-related financial flows to new high levels. Exports of fuels and metals increased in value by 40% in US dollar terms in January and February and these two industries accounted for 79% of total exports. The trade surplus hit a new record of $8.9 billion in February. The real effective exchange rate of the rouble continues to climb – rising by over 5% in the first quarter. 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 adjust and it now appears that the Central Bank is prepared to allow a greater measure of appreciation. The Bank has plans to raise the proportion of the euro in the currency basket to 30% but the freedom of the Bank is limited by the need to protect domestic industry.

Eastern Europe

Growth is slowing but should remain well above that of the Euro-zone

The very high rates of growth achieved by the Polish economy in the first quarter of 2004 have distorted the results of this year to some extent. Although industrial production declined in March in comparision to 2004, the level of activity remains satisfactory and net exports continue to grow. An acceleration of growth during the remainder of 2005 may be held back by weakness in private consumption and investment. Export growth has been limited by the depressed state of the Euro-zone and net exports may make only a small contribution to GDP. **Overall GDP growth in 2005 is likely to be slightly below 4% unless private investment stages a recovery later in the year.** The Czech economy also saw lower growth in the first quarter of the year as a result of lower domestic demand. Net exports made a positive contribution. The cut in interest rates to 1.75% may encourage consumer spending which has been very volatile in 2005 so far. **For the year as a whole, growth of at least 3.6% should be within reach.** The pattern of industrial output in Hungary is similar. Industrial output rose by only 1% in February – mainly as a result of the high level of the forint. Domestic and external demand is weakening and exports have stagnated – following very rapid export growth in 2004. Private consumption will be held back by the rise in unemployment which has reached the highest level in over five years although investment may benefit from the continued fall in Hungarian interest rates which are now 7.5% – well below end-2003 levels of 12.5%. **On balance the weakness in exports and private consumption may predominate and GDP growth is unlikely to be much more than 3% this year.**

OPEC Member Countries

Trends in the economic policies of some OPEC Member Countries

In April, Venezuelan authorities added interest-rate controls to the list of state controls, with similar regulations said to be in the pipeline. The government has announced that it will require foreign investors in the oil industry to sign new contracts to comply with recent legislation requiring majority participation by Venezuelan companies in all energy projects. Price controls have helped suppress inflation. Venezuela’s GDP growth rate is forecast at 5.6% this year compared with 17.0% in 2004. In Iran, the Maijlis halted the programme of economic liberalization pursued over the past eight years by the reformist government of Mr. Khatami. Recently the Majlis also rejected key liberalizing articles under the 2005-2009 five-year plan passed by the outgoing reformist parliament. Concern about two higher profile foreign projects — one to establish a mobile-phone network and the other to manage a new airport — caused the Maijlis to pass legislation giving it a veto over foreign investment in general. Both initiatives now seem likely to be abandoned. Parliament has proven fiscally expansive, freezing prices in Iran’s highly costly subsidy programme, raising spending in some areas, and even pressing for the lowering of profit rates of returns. Iran’s economy is forecast to expand in the current year by 6.7%, slightly higher than the 6.6% of last year.

China saw an upward revision in economic growth, Brazil suppressed inflation and a shift in the economic structure of Sub-Saharan Africa improved

Developing Countries

By the end of April, the forecast Chinese GDP growth rate for the current year has risen to 8.6%, representing an increase of 0.4%, in the light of the strong industrial production data for the first quarter of 2005 and the surge in real estate investment. Thus, many observers expect China's output to be firmly higher than earlier forecast but it might slow slightly to 8.2% in 2006. In India, the economy grew by 6.2% y-o-y, which is the slowest pace in six quarters, as the agricultural sector contracted due to a poor monsoon. But manufacturing output expanded at a record pace of 10.5% y-o-y contributing 1.7 percentage points to the 6.2% y-o-y expansion. The main driver of the expansions, however, were trade and tourism which contributed 2.6 percentage points while financing, insurance, real estate and business services added 1 percentage point to the headline GDP growth. Obviously, the deceleration in headline GDP growth conceals the fact that the non-agricultural economy is enjoying a cyclical upturn. Above-trend growth in manufacturing and services should ensure that growth will average 6.8% in 2004/05 rising to 7.1% in 2005/06. The main risks to this forecast are a failing monsoon, a further spike in oil prices and an unexpected sharp economic downturn in the USA and Europe. The Central Bank of Brazil has maintained a tight monetary policy to supress inflationary pressure for the last eight months. Foreign Direct Investment (FDI) and exports have so far remained strong. But the combination of higher interest rates and solid foreign-exchange inflows has reduced the dollar's value against the real to its lowest level in three years. As a result, long-term investors, notably exporters, worry that the coming economic deceleration from the 5.2% GDP growth of 2004 to 3.5% for 2005 may be too precipitous. Sub-Saharan Africa's real GDP growth is forecast to average 4.7% this year and 4.5% in 2006 against an average of only 3-4% during 2000-2003. One of the significant developments in terms of the economic structure in Sub-Saharan Africa recently has been the rise in importance of the Angolan economy. This is partly attributable to the end of the civil war in the country, but is mainly due to rapid growth in oil production. Angola is now set to account for 6.5% of Sub-Saharan African GDP by 2006. The developments of Angola and South Africa have had an increasingly important impact on the outlook for the Southern African Development Community (SADC) as well.

Oil prices, the US dollar and inflation

Dollar firmer in April

The dollar was generally stronger in April, reflecting continued economic strength relative to Europe and Japan. The dollar continued to rise against the yen and saw gains against European currencies, following slight weakness in March. In April the average value of the US dollar rose by 2.6% against the yen, 2.3% against the Swiss franc and 2.1% against the euro. The dollar rose by only 1.2% against the British pound.

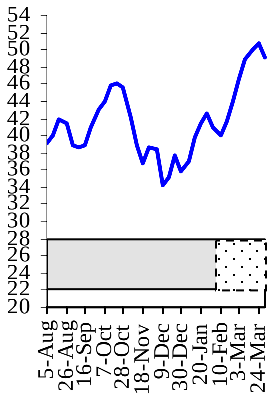
In April the OPEC Reference Basket rose to $49.63/b from $49.07/b in March. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price rose by 2.7% to $34.82/b from $33.91/b, as the stronger dollar augmented the 1.1% increase in the Reference Basket price. The dollar rose by 1.5% 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.*

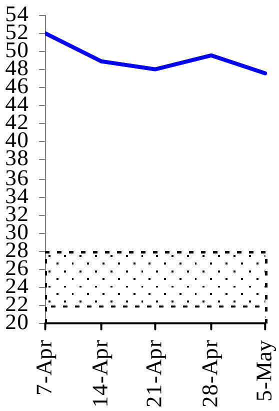
Crude Oil Price Movements

Concern over tight downstream capacity put a floor on crude prices while ample OPEC supplies provided the ceiling, as the OPEC Basket rose 1% in April to average $49.63/b.

Weekly average Basket price, 2004-2005



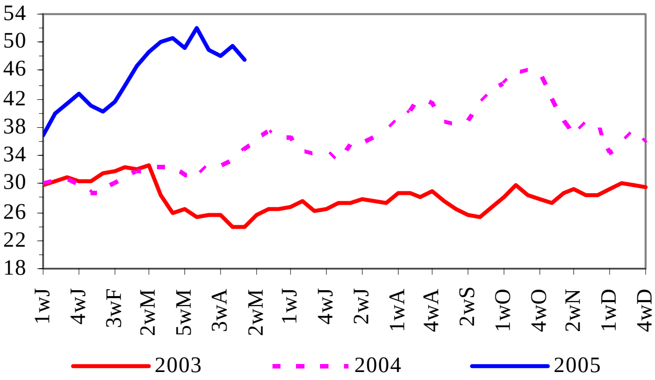
Apr 05-May 05
(US$/b)



Note: Price band temporarily suspended as of 31 January 2005

OPEC Reference Basket

Graph 1
OPEC Reference Basket - weekly spot crude prices *(US$/b)*



The OPEC Reference Basket saw a strong start in April following a speculative investment bank report forecasting the possibility that oil prices might double amid fear of tightness in summer fuels. Although the sustained closure of outbound arbitrage barrels continued to pressure regional markets, healthy refining margins and perception of surging demand supported prices. **The Basket rallied in the first week in April by nearly 6% for a rise of almost $3 to close at the highest weekly average on record at $52.07/b.** However, the rise was short-lived and the market turned bearish. The lack of arbitrage opportunities continued to pressure regional markets at a time when US crude oil inventories continued to build to comfortable levels on high OPEC production. Moreover, **a downward revision by the IEA of its world demand forecast kept bearishness intact sending oil futures downward**, while the flow of western crude eastward kept the Asian market bearish. Hence, the Basket plunged 6% or $3.21 in the second week to close at $48.86/b.

The third weekly period in the month saw mixed movement. It began with a strengthening of the US dollar, which inspired fund sell-offs in the futures market. This helped crude oil prices to ease while OPEC supplies continued to rise. Hence, the Basket slipped to $46.52/b, the lowest level since 1 March. However, **new developments in the Yukos saga tipped fears of a possible supply shortfall amid a series of refinery setbacks in the USA in the run up to the US driving season, which helped to strengthen market bullishness.** This was enhanced by the surprise draw on US crude oil stocks for the first time in 10 weeks. Accordingly, the Basket jumped over 5% or $2.50/b in the last two days of the third weekly period; however, the weekly average closed down 1.8% at $48/b. The final week of the month was marked by concern over bottlenecks in downstream capacity amid continued refinery outages in the USA. The Basket rallied above the $50/b level for the first time in two weeks, surging nearly 3%. However, prices reversed the previous four-day rise, sustaining the downward streak. **Plentiful OPEC supplies amid the closure of the arbitrage opportunities pressured regional markets and sustained bearishness in the marketplace.** Yet, in the final week, the Basket saw a hefty rise of well over 3% or $1.60 to close at $49.60/b. On the final day of the month, the Basket eased further on weak economic data in the USA amid an amply supplied market. The Basket closed at $47.90, down $2.3 or 4.6% on the month.

In April, the Basket saw mixed movement. Perception of **tightness in the downstream capacity** and the release of a speculative investment bank report claiming that the market had entered a “super-spike” period that could boost prices to $105/b pushed up oil prices to a record weekly high early in the month. However, prices tipped downward later in the month on **rising OPEC output and persistent crude stock-builds in the USA**, although continued concern over refinery outages in the USA kept prices in check. As a result of these movements, the monthly average closed over 1% higher at $49.63/b, marking a slowdown from the rates seen in the last four months.

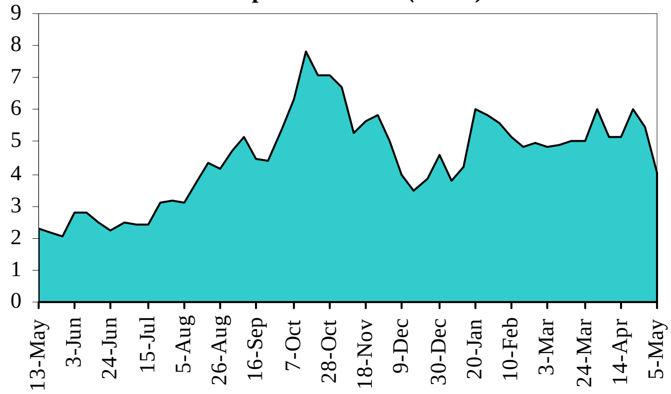
The calm sentiment continued into May as strong exports from OPEC Members and rising USA crude oil inventories at the highest level in nearly six years suggested that the downward movement could remain. These trends helped ease the Basket’s weekly average to $47.55/b, although concern over summer fuels kept some tension in the market.

US market

Prices pushed lower on weaker economic data, easing demand growth and rising US crude oil stocks

The US cash crude oil market eased earlier in the month on swelling crude oil supplies, while a widening of the sweet-sour spread supported stronger refining margins. The bullish sentiment strengthened on concern over gasoline supplies ahead of seasonal demand, as arbitrage flows of rival West African crude remained blocked by a non-existent WTI/Brent front month spread. The sustained contango of the forward structure encouraged refiners to store crude oil. Hence, the WTI/WTS spread narrowed by 88¢ for the first week of the month to $5.17/b. The WTI weekly average rose $1.70 or over 3% to close at $56.05/b, a record high level. Nevertheless, **a downward revision to the IEA's global demand forecast amid a strengthening US dollar drew speculative interest out of the futures market to exert further pressure on buying interest as refiners adopted the "wait-and-see" approach hoping for prices to slump even further**. The WTI second weekly average narrowed a hefty $4 or over 7% to close at $52.06/b, the lowest in the previous six weeks. In the third week, a series of refinery glitches boosted concern over summer fuels, putting gasoline in the driving seat and expanding the sweet/sour differential at a time when the transatlantic arbitrage opportunity remained closed. Although the weekly average closed 45¢ lower at $51.59/b, the WTI/WTS spread widened 81¢ to $5.99/b. Nevertheless, **the spot May contract that expired 25 April slipped $3/b on comments that Saudi Arabia could quickly tap spare capacity and news of rising OPEC supply**. Although the EIA weekly petroleum data revealed that crude oil stock-builds were larger than anticipated, the continued outage of an ExxonMobil pipeline that takes crude to Louisiana refineries from offshore supported bullishness in the marketplace. However, **the new month emerged on less encouraging economic growth at a time of comfortable petroleum stocks levels in a well-supplied market**. WTI closed the final week with an average of $52.69/b for a gain over $1 or 2% with the WTI/WTS spread narrowing by 53¢ to $5.46/b. The April monthly average closed 99¢ or nearly 2% lower than in March, at $53.09/b.

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

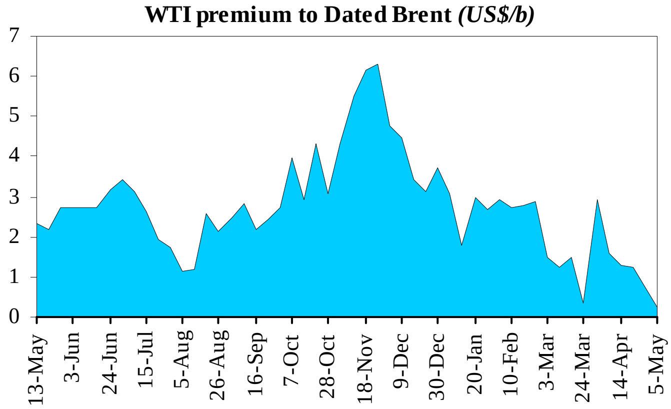


European market

Demand for light sweet grade in Asia helped Brent prices to remain firm amid healthy refining margins

The European market began the month on improving refining margins with firmed price differentials to the benchmark. Although the arbitrage was closed for transatlantic barrels, Chinese demand for light sweet Western crudes amid tight supplies helped Brent prices to sustain strength. However, the price of Dated Brent, which rose to a record high average of $54.47/b in the first week, kept some third decade April cargoes unsold pressuring the North Sea crude. Hence, the second week saw a drop in prices as well as in differentials that was weighed down by the abundant cargoes of sweet grades. Brent dropped almost $4/b or nearly 7%, to close the weekly period at $50.76/b. As the market moved into May trading, the overhanging April cargoes further pressured price differentials in the North Sea into the third week as the outright price dipped below the $50/b level. Moreover, potential buyers waited on the sideline, relying on stockpile builds during a sustained contango as price differentials continued to slide. Dated Brent's monthly average closed 78¢ or 1.5% lower than the March average to settle at $51.87/b.

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

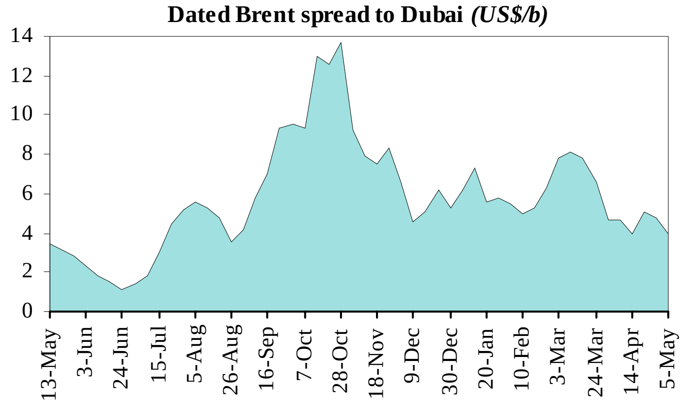


In the Mediterranean, Urals started on a bearish note on ample prompt supplies, including Iraqi crude from Sidi Kerir. Limited spare storage and demand-sapping refinery maintenance strengthened bearishness in the Mediterranean. However, strong refining margins kept a floor under the market. Moreover, unattractive Mideast prices also helped the sentiment for Urals into the second week on the clearing of the April programme amid arbitrage exports. Nevertheless, high outright prices prevailed amid narrowing differentials and squeezing refinery margins in the third week, thereby limiting the buying interest, which prompted buyers to look for sweet grades while awaiting the new May programmes. The May programmes showed higher volumes than in April, pressuring the price differentials in the north as well as in the south following a bout of offers. Nevertheless, outbound arbitrage barrels prompted by the return of some refineries from turnaround amid healthy refining margins helped Urals monthly average to edge down 7¢ to $47.89/b, causing the spread with Brent to narrow 71¢ to $3.98/b.

Far East market

Ample OPEC supplies exerted pressure on Mideast crude to trade at lower differentials, while China continued to procure West African sweet crudes

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



The Mideast crudes started the month on higher retroactive OSPs for March loadings. Hence, talks began on the low side, especially for June Oman crude, which fetched a 10¢/b premium to MOG in the first week. Closed arbitrage for rival western barrels heading eastward and Asia's appetite for crude oil pushed the Mideast grade to be assessed at a firmer level with the perception of lower Abu Dhabi output. Nevertheless, **this sentiment was short-lived as high outright prices inspired Chinese procurement of West African crudes** at a time when hope was growing that Russian Urals could find its way to Asia while some North African crude was steaming eastward. June Oman flipped to sell at a 5¢/b discount, with Abu Dhabi Murban assessed at an 80-90¢/b premium to ADNOC's OSP. The **bearishness deepened on ample OPEC supplies** that pressured market sentiment, causing Oman June-loading barrels to trade at the steepest discount in eight months of 18¢/b to MOG. Nevertheless, as the arbitrage became uneconomical for Russia's Urals heading to Asia, June Oman saw some strength traded at a lower discount of 15¢/b. June Murban was also under pressure, trading at a premium of less than 40¢/b to the OSP. The Mideast crude weakened due to the amply supplied regional market at a time when Taiwan's CPC did not purchase Mideast crude in its latest buy-tender.

Asian market

The flow of West African crude eastward was balanced by utilities buying regional crude

The Asian-Pacific regional crude market saw **healthy demand for Indonesia's grades with Japan snapping them up for direct burning at thermal power plants.** Minas was assessed at a $1.80/b premium to the ICP. However, high outright prices encouraged Asian refiners to use the more lucrative East African grade Sudanese Nile Blend. Malaysia sold a May Kidurong cargo at a premium of 70¢/b to Tapis APPI, which was 35¢ lower than the deal done in the third decade of March. Nevertheless, **although Japan's TEPCO demand was declining, that of other utilities was seen remaining steady.** This helped May Minas to trade at a stronger premium of $2.30/b. Later in the month, the focus was on Taiwan's CPC buy-tender that left the regional market amply supplied after it secured an allotment of West African crude.

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

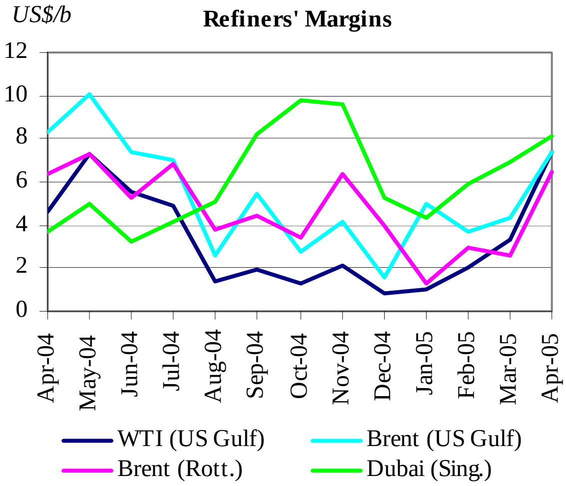
	Mar	**Apr**	*Year-to-date average* 2004	**2005**
Reference Basket	49.07	**49.63**	31.13	45.38
Arabian Light	46.85	**48.68**	30.82	43.67
Dubai	45.60	**47.24**	30.01	42.68
Bonny Light	53.15	**53.18**	32.19	49.19
Saharan Blend	52.59	**51.98**	32.33	48.83
Minas	54.30	**55.96**	31.08	49.63
Tia Juana Light	43.50	**43.27**	29.34	40.04
Isthmus	47.52	**47.13**	32.12	43.65
Other crudes				
Brent	52.60	**51.87**	32.31	48.59
WTI	54.09	**53.09**	35.65	50.60
Differentials				
WTI/Brent	1.49	**1.22**	3.34	2.01
Brent/Dubai	7.00	**4.63**	2.30	5.91

Product Markets and Refinery Operations

Refinery margins rose across the globe in April

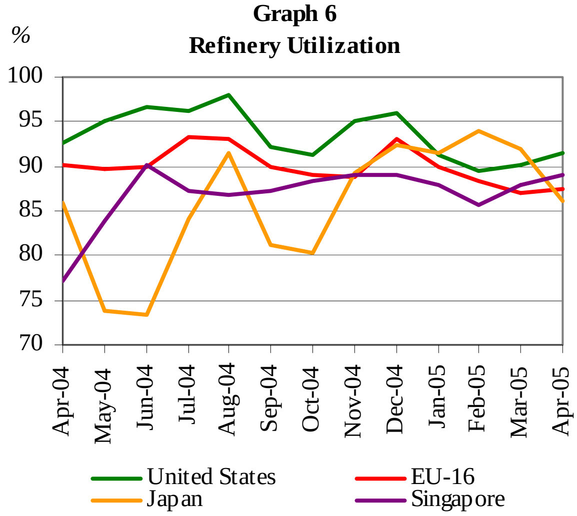
Refinery outages in the Atlantic Basin and robust demand in Asia have strengthened sentiment in the product markets in April, and refinery margins surged across the globe. More recently, a combination of high US gasoline stocks, resumption of normal operations by US refiners after spring maintenance and lower product demand from South-East Asian countries have changed market momentum and put pressure on product prices. **With the switch in US refinery operations to a gasoline-producing mode and the need to build gasoline stocks, clean product and possibly crude oil prices may face further pressure, but the heavy maintenance schedule in Europe during May could remove this risk.** Additionally, due to limited spare refining capacity and possible refinery outages, the risk of a sharp price slide seems unlikely.

Graph 5
Refiners' Margins



In April, refinery margins for WTI at the US Gulf Coast increased by $4.11/b compared to the previous month. At the same time, refinery margins for Brent in Rotterdam and Dubai in Singapore surged by $3.93/b and $1.15/b respectively compared to March. As mentioned earlier, refinery margins have shrunk with the recent change in momentum, but remained healthy.

Graph 6
Refinery Utilization



Refinery utilization rate in Japan dropped by nearly 6% in April

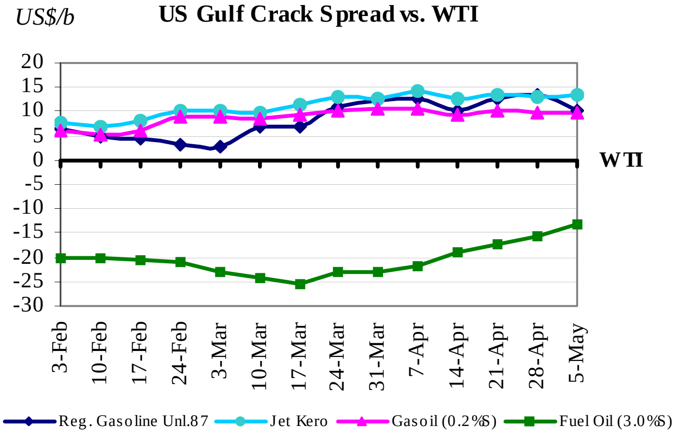
In April, the refinery utilization rate in the USA increased by 1.3% to 91.5% from the previous month. In Japan, it dropped by nearly 6% to 86.1% in the same period, while in Europe and Singapore it rose by 0.5% and 1.1% respectively.

Gasoline stock-builds over the last weeks have softened US product market sentiment

US market

A chain of refinery problems, together with high refinery maintenance schedules and high demand from the agricultural sector in the US Midwest in April, lifted product prices and improved the crack spreads of different products, including high-sulphur fuel oil, against the benchmark WTI crude. As Graph 7 shows, the crack spread of fuel oil recently increased from minus $23/b to minus $14/b.

Graph 7
US Gulf Crack Spread vs. WTI



Upon the completion of most US refinery maintenance and the slower pace of gasoline demand growth over the last four weeks as well as gasoline imports exceeding 1 mb/d in April, the US physical and futures product markets have lost their earlier strength, and prices of clean products slipped further compared to the other components of the barrel. According to EIA figures, on 4 May gasoline demand over the four weeks to 4 May was almost flat compared to the same period of last year.

In the US market, demand for the middle of the barrel, particularly for jet/kerosene and diesel, remained strong, extending its previous upward trend in April. Based on EIA figures, over the last four weeks, on average, middle distillate demand displayed a surge of almost 7% compared to the same period last year. However, with the expected fall in US Midwest farm demand, diesel consumption and prices may decline slightly.

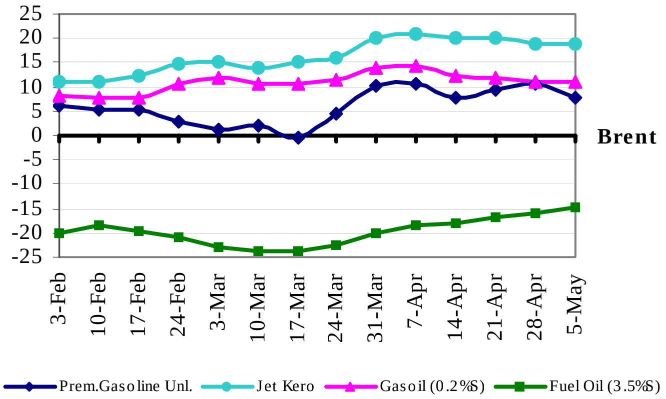
With respect to fuel oil, lower exports from Venezuela coupled with a decrease in output along the US Gulf Coast lifted high-sulphur fuel oil prices. With the resumption of more refinery operations after maintenance and due to increasing production, the fuel oil crack spread is expected to fall again versus WTI.

Gasoline exports to the USA and regional demand for the middle of the barrel bolstered the European product market in April

European market

Surging Nymex gasoline prices in April have produced support for the clean products in Europe, particularly for gasoline, and lifted its crack spread against Brent to more than $10/b in the same month from almost zero in the middle of March 2005. **The recent bearish developments in the US product market have also dampened the European clean product market and, as a result of the unfavourable arbitrage opportunity to the USA, the price of European gasoline has fallen.** This situation has affected the naphtha market further, partly by diverting Middle Eastern cargoes to Europe. European naphtha prices have fallen by over $100/t since early April.

Graph 8
Rotterdam Crack Spreads vs. Brent



The performance of the middle of the barrel, especially the achievement of jet/kerosene, was very impressive as Graph 8 shows, and its crack spread against the corresponding Brent benchmark crude oil exceeded $20/b in April. A seasonal drop in heating oil demand in North-

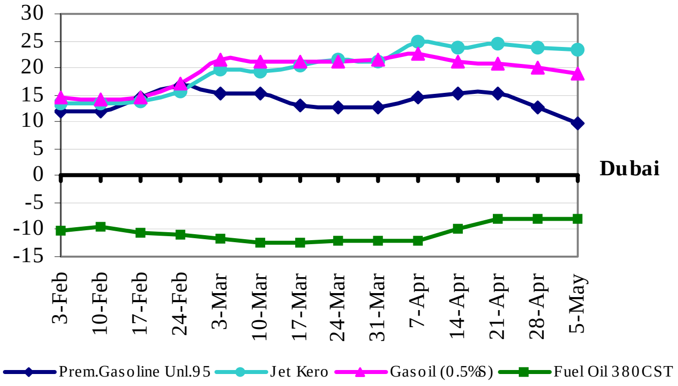
West Europe may put some pressure on the demand for the middle of the barrel products, but heavy refinery maintenance in May will provide support for the middle and the top of the barrel. Apart from clean and middle distillate products, the market for fuel oil was also strong in April compared to March. However, it could lose ground again if there is an increase in Russian supply.

Asian market

The Asian product market remained strong in April, but lower gasoline demand from Indonesia reduced its crack spread over Dubai crude

Robust demand from Indonesia and Vietnam has kept the gasoline market in Asia strong over the last months. Slowing imports from Indonesia and higher exports from Taiwan and China have switched sentiment in the light distillate market recently. As Graph 9 displays, the Singapore gasoline market crack spread versus Dubai has dropped by more than $5/b since the middle of April.

Graph 9
Singapore Crack Spreads vs. Dubai



The situation for naphtha was more bearish, as heavy maintenance of petrochemical plants exacerbated pressures on a market already oversupplied by Indian products. The Asian market for middle distillates remained strong, particularly for jet/kerosene, due to high demand by India. However, its price fell recently due to heavy sell-offs in the swap market. The jet/kerosene crack spread against Dubai crude stood at around $24/b in April.

The market for gasoil has been somewhat under pressure because of Chinese exports and lower imports by Indonesia. Due to lower prices in the domestic market, Chinese refiners Chinaoil and Sinopec began exporting gasoil since the beginning of this year. However, rising domestic prices could bring an end to Chinese gasoil exports.

The fuel oil market in Asia remained tight, supporting high-sulphur fuel oil prices over the last two months. However, arbitrage cargoes and the resumption of normal operations by regional refiners following maintenance could erode some of the strength in high-sulphur fuel oil.

Table 2
Refined product prices
US$/b

		Feb 05	Mar 05	**Apr 05**	**Change Apr/Mar**
US Gulf (Cargoes):					
Naphtha		48.69	59.70	61.54	1.84
Premium gasoline	*(unleaded 93)*	53.02	64.61	69.83	5.22
Regular gasoline	*(unleaded 87)*	52.11	62.64	65.03	2.39
Jet/Kerosene		56.20	65.78	66.24	0.46
Gasoil	*(0.2% S)*	54.67	63.81	62.90	–0.91
Fuel oil	*(1.0% S)*	31.26	34.72	39.65	4.93
Fuel oil	*(3.0% S)*	27.24	30.59	34.74	4.15
Rotterdam (Barges FoB):					
Naphtha		54.49	62.33	61.62	–0.71
Premium gasoline	*(unleaded 95)*	49.96	56.03	61.36	5.33
Regular gasoline	*(unleaded)*	49.69	55.94	61.29	5.35
Jet/Kerosene		58.05	68.81	71.67	2.86
Gasoil	*(0.2% S)*	54.31	64.60	64.17	–0.43
Fuel oil	*(1.0% S)*	27.78	34.06	35.59	1.53
Fuel oil	*(3.5% S)*	25.48	30.09	34.53	4.44
Mediterranean (Cargoes):					
Naphtha		44.26	51.34	51.05	–0.29
Premium unleaded	*(0.15g/l)*	48.33	54.20	na	na
Premium gasoline	*(unleaded 95)*	48.28	54.23	59.51	5.28
Jet/Kerosene		55.65	66.66	69.93	3.27
Gasoil	*(0.5% S)*	53.64	63.65	62.62	–1.03
Fuel oil	*(1.0% S)*	29.59	35.31	38.31	3.00
Fuel oil	*(3.5% S)*	24.79	29.07	33.67	4.60
Singapore (Cargoes):					
Naphtha		44.61	50.74	49.85	–0.89
Premium gasoline	*(unleaded 95)*	54.27	59.47	61.51	2.04
Regular gasoline	*(unleaded 92)*	53.70	58.72	60.25	1.53
Jet/Kerosene		54.54	66.33	71.40	5.07
Gasoil	*(0.5% S)*	55.74	67.24	68.29	1.05
Fuel oil	*(180 cst 2.0% S)*	30.35	34.13	38.30	4.17
Fuel oil	*(380 cst 3.5% S)*	29.28	33.61	37.75	4.14

na not available

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				**Refinery utilization** *%*			
	Feb 05	**Mar 05**	**Apr 05**	**Apr/Mar**	**Feb 05**	**Mar 05**	**Apr 05**	**Apr/Mar**
USA	15.01	15.14	15.35	0.2	89.5	90.2	91.5	1.3
France	1.72 R	1.70	1.58	–0.1	88.2 R	86.9	81.1	–5.8
Germany	2.33 R	2.28 R	2.17	–0.1	100.2 R	98.3 R	93.2	–5.1
Italy	1.74 R	1.81	1.90	0.1	74.9 R	78.1	81.8	3.7
UK	1.60 R	1.53 R	1.68	0.1	87.6 R	83.9 R	92.0	8.1
Eur-16	12.25 R	12.08 R	12.15	0.1	88.3 R	87.0 R	87.5	0.5
Japan	4.42	4.33 R	4.05	–0.3	94.0	92.0 R	86.1	–5.9

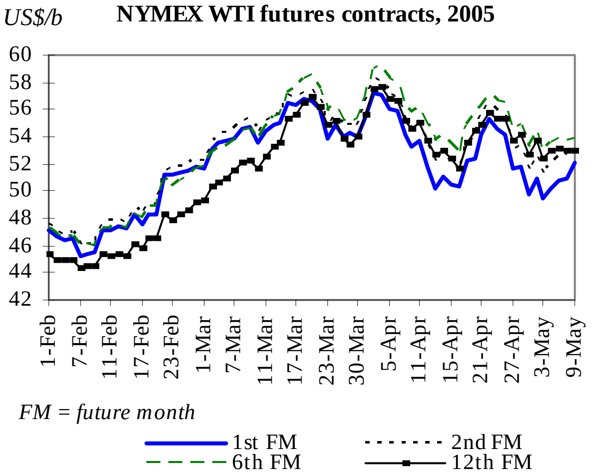
R *Revised since last issue.*
Sources *OPEC statistics; Argus; Euroilstock Inventory Report/IEA.*

The Oil Futures Market

Nymex WTI front month peaked to all time high of $57/b with net non-commercial long positions and open interest at all time highs

The Nymex crude futures contract started April on a bullish note, although bearishness dominated most of the month. The WTI prompt month contract surged over 6% in two days after an investment bank report suggested that the oil market had entered a new "super-spike" period which could see crude prices reaching as high as $105/b. The CFTC weekly data for 5 April revealed that non-commercials increased long positions to some 174,000 contracts, the highest level since last May, while reducing short positions to 84,000. Hence, **net long positions widened by a hefty 15,000 lots to 89,000 with open interest peaking at an all time high of 860,000 contracts. The front-month contract peaked at over $57/b,** the highest recorded level ever. Nonetheless, OPEC's resumption of consultations on boosting supplies amid crude oil stock builds for the eight consecutive weeks as well as a cut in the official EU growth forecast drew money out of the energy market on fund sell-offs for profit-taking. The front month contract started to retreat towards the $50/b level inspired by the strengthening US dollar. The CFTC report for the week ending 12 April revealed non-commercials hade reduced long positions by a hefty 19,000 contracts while increasing shorts by 10,000 contracts, leaving net long positions down 29,000 lots at 60,000.

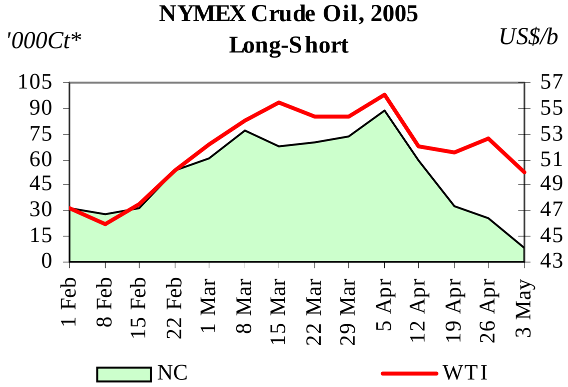
Graph 10
NYMEX WTI futures contracts, 2005



The bearishness continued to sustain strength on the release of a bearish IEA report with a downwardly revised demand forecast amid steady OPEC output with crude oil stocks in the US remaining above two-year highs. Accordingly, the Nymex front month contract hovered around the $50/b level into the third week. However, bulls revived on a spate of refinery troubles in the USA, which ignited supply worries ahead of the driving season. Nymex WTI rallied ahead of the prompt month expiry that surged nearly 4% on 19 April with the new front month emerging in a contango structure hovering around the $55/b level. Nonetheless, non-commercials reduced their long positions by another hefty 29,000 lots with a moderate reduction of shorts as well. Net longs fell to their lowest level in nine weeks to 33,000 lots.

In the final week in April, the downward movement in WTI, which was sustained on the meeting between Saudi Arabia's Crown Prince and the US President to discuss possible ways to bring down high oil prices, helped to defuse market pressure. This was **coupled with comments from Saudi Arabia that it could quickly tap spare capacity and news of rising OPEC supply.** Nymex WTI slipped over 3% in the final week on another hefty crude oil stock-build in the USA, followed by another $2/b slash in the last day of the month on less encouraging economic growth. Accordingly, the front month slipped below $50/b for the first time since 18 February. Hence, the CFTC report for the last week of the month revealed non-commercials continued to reduce long exposure and increased shorts. The net long positions were down by some 7,000 lots to 32,000, the lowest since 18 January,

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



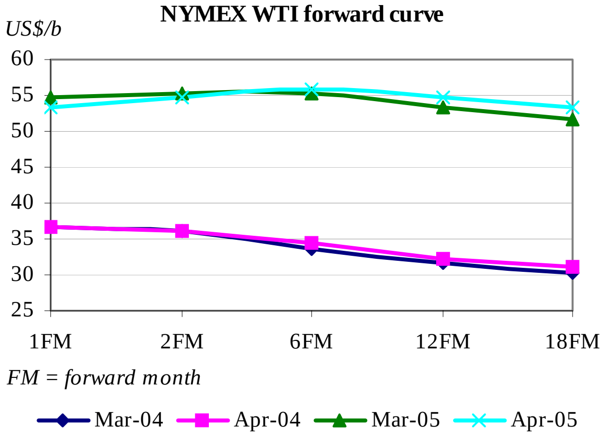
NC = Non-commercials: funds, investments and banks.
Ct = *Each contract is 1,000 barrels.

and open interest was at 810,000 lots the lowest since 1 March, while the monthly average for open interest stood at some 146,000 contracts over the same period last year. **The general perception appears to be that crude prices are trending downward due to an amply supplied market. Tightness in the downstream capacity might still keep prices in check, although divergence with the main petroleum products is on the horizon.**

The contango continued into its sixth consecutive month, widened on sustained crude oil stockpiles in the USA and deepened further into the eighteenth month

The futures contract forward curve sustained the contango structure for the sixth consecutive month. **The contango extended even further into the eighteenth month when compared to the front end of the curve**. The 1st/2nd month average spread was 70¢ wider at minus $1.38/b with the 1st/6th month spread expanding a further $1.85 to reach $2.55/b. The contango moved into the later months with the 1st/12th month at minus $1.38 versus +$1.19 in March and the 1st/18th month spread at minus 17¢ versus $2.82/b in March. **Persistent healthy US crude inventories reached 327 mb in the last week of April, an increase of 28 mb over same period last year to mark a six-year high**.

Graph 12
NYMEX WTI forward curve



The Tanker Market

OPEC spot fixtures increased a slight 0.1 mb/d in April

OPEC spot fixtures increased by only 0.1 mb/d in April to reach 14.2 mb/d, despite a rise of 0.28 mb/d in OPEC production, **but remained 2.4 mb/d above the same period last year**. With this minor increase, OPEC's share of total spot chartering fell to 61% against 67% in the previous month, the lowest level in a year. The major contributor to the growth in OPEC spot fixtures was the Middle East, which saw an increase in share from 53% in March to 56% in April. Middle East/West long-haul fixtures increased by 0.5 mb/d to 2.26 mb/d, while Middle East/East long-haul fixtures remained almost unchanged at 5.65 mb/d. The zero growth in fixtures to the East was due to the fact that **charterers refrained from fixing more vessels from the Middle East ahead of refinery maintenance and sought light sweet crude out of the Middle East.** In contrast to OPEC, non-OPEC spot fixtures soared by 1.86 mb/d or 26% to 8.9 mb/d, which corresponded to the highest growth since January 2004. Consequently, global spot chartering increased by almost 2 mb/d or 9% to average 23.1 mb/d. Compared to the same month last year, global spot chartering was up by nearly 3.5 mb/d. Preliminary estimates showed that sailings from the OPEC area fell by 0.8 mb/d to stand at an average of around 22.7 mb/d, with Middle Eastern countries, which represented 72% of OPEC's sailing, contributing almost 0.5 mb/d to the decline. **Preliminary data shows that arrivals in the USA and the Caribbean increased by 0.4 mb/d to reach a record high of over 11 mb/d, confirming the surge in US stocks**. However, arrivals in North-West Europe and Japan declined by around 0.5 mb/d each to register 7.4 mb/d and 3.9 mb/d respectively, while arrivals in the Euromed region remained unchanged at 4 mb/d.

Freight rates declined in all sectors in April due to ample tonnage

Crude oil spot freight rates declined sharply in April due to plentiful tonnage availability, essentially the result of lower seasonal demand for crude oil and the expansion in the fleet capacity since the beginning of the year of 5-7 million dwt, according to secondary sources. Freight rates usually reach their lowest level of the year in April due to the lower seasonal demand. Freight rates for the VLCC sector continued to drop for the second consecutive month with Middle East/eastbound long-haul rates falling 17 points or 16% to average WS88 due to refining maintenance in Asia, while the Middle East/westbound long-haul rates declined by 13 points or 14% to settle at a monthly average of WS79 as a result of refining maintenance in the Atlantic Basin. In addition to lower demand, the growing need for North and West African light sweet crude exerted downward pressure on freight rates for vessels moving from the Middle East. Freight rates in the Suezmax sector dropped significantly — by 26% — to stand at an average of WS123, the lowest level in one year for vessels moving from West Africa to the US Gulf Coast, while reaching WS128 on the NW Europe/US East and Gulf Coasts, the lowest level in eighteen months. The declines on these two routes of 43 points and 31 points, respectively, compared to the previous month were due to lower activity since stocks in the USA were at their highest level since July 1999. Similarly, freight rates in the Aframax sector fell on all routes, especially on those to the USA. Freight rates on the Indonesia/US West Coast route declined by 53 points to an average of WS186 after a long period of high levels. At the same time freight rates on the Caribbean/US East Coast route moved down by 60 points to stand at an average of WS198, due to ample tonnage in the USA as mentioned previously. Similarly, freight rates in the Mediterranean and from there to NW Europe continued to decline for the fifth consecutive month to settle at WS197 and WS153 respectively as a result of lack of activity from charterers due to refining maintenance, which is seen to be heavier than expected in Europe. Except for the Aframax sector, freight rates for the other sectors were lower than last year.

Product freight rates declined along all routes in April as a result of lower trade

As for crude oil, product freight rates moved down along all routes, reversing the gain of the previous month. The decline ranged from 8 to 35 points on average due to lack of activity resulting from a slowdown in trade. Furthermore, holidays, mainly in Asia, put downward pressure on freight rates. Tankers carrying 30,000-50,000 dwt along the Middle East/East route lost 23 points to stand at an average of WS280. With 27 points, the Singapore/East route dropped by almost the same magnitude to stand at an average of WS320. The Caribbean/US Gulf Coast route showed a slight decline of 8 points or 3% to average WS294. The NW Europe/US East and Gulf Coasts route lost 19 points to stand at an average of WS310. Freight rates within the Mediterranean region and from there to North-West Europe declined by 35 points and 11 points to average WS278 and WS324 respectively. Despite these declines, freight rates remained higher than last year's figures along all routes.

Table 4
Tanker chartering, sailings and arrivals
mb/d

	Feb 05	Mar 05	Apr 05	Change Apr/Mar
Spot Chartering				
All areas	25.50	21.18	23.15	1.97
OPEC	15.83	14.12	14.23	0.11
Middle East/east	6.50	5.73	5.65	–0.08
Middle East/west	2.25	1.77	2.26	0.49
Sailings				
OPEC	24.62	23.52	22.69	–0.83
Middle East	17.67	16.88	16.40	–0.48
Arrivals				
US Gulf Coast, US East Coast, Caribbean	10.59	10.62	11.02	0.40
North West Europe	7.77	7.86	7.40	–0.45
Euromed	4.56	4.00	4.04	0.04
Japan	4.30	4.39	3.88	–0.51

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

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Feb 05	Mar 05	Apr 05	Change Apr/Mar
Crude					
Middle East/east	200–300	145	105	88	–17
Middle East/west	200–300	121	92	79	–13
West Africa/US Gulf Coast	100–160	160	166	123	–43
NW Europe/USEC - USGC	100–160	167	159	128	–31
Indonesia/US West Coast	70–100	168	239	186	–53
Caribbean/US East Coast	40–70	215	258	198	–60
Mediterranean/Mediterranean	40–70	228	221	197	–24
Mediterranean/North-West Europe	70–100	195	191	153	–38
Products					
Middle East/east	30–50	292	303	280	–23
Singapore/east	25–30	325	347	320	–27
Caribbean/US Gulf Coast	25–30	257	302	294	–8
NW Europe/USEC - USGC	25–30	291	329	310	–19
Mediterranean/Mediterranean	25–30	309	313	278	–35
Mediterranean/North-West Europe	25–30	295	335	324	–11

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

World Oil Demand

World oil demand growth for 2004 was revised slightly down to 2.60 mb/d. The yearly average now stands at 82.12 mb/d.

Forecast for 2004

World

Compared with the last *MOMR*, the world oil demand estimate for 2004 has been revised down a marginal 0.01 mb/d to average 83.12 mb/d. OECD and non-OECD countries saw adjustments in different directions. Both North America and OECD Europe were revised up by 0.01 mb/d, while Developing Countries and "Other Regions" saw downward revisions of 0.02 mb/d and 0.01 mb/d respectively. Within the Developing Countries, the "Other Asia" region was revised down by 0.06 mb/d, which offset a 0.04 mb/d increase in the Middle East region.

Table 6
World oil demand forecast for 2004
mb/d

							Change 2004/03	
	2003	1Q04	2Q04	3Q04	4Q04	2004	Volume	%
North America	24.58	25.05	24.85	25.23	25.65	25.20	0.62	2.51
Western Europe	15.50	15.77	15.33	15.68	16.17	15.74	0.23	1.51
OECD Pacific	8.77	9.38	8.00	8.25	8.87	8.62	–0.15	–1.71
Total OECD	**48.86**	**50.20**	**48.18**	**49.17**	**50.69**	**49.56**	**0.70**	**1.44**
Other Asia	8.05	8.21	8.45	8.25	8.65	8.39	0.34	4.28
Latin America	4.73	4.67	4.91	5.01	4.97	4.89	0.16	3.31
Middle East	5.10	5.29	5.37	5.52	5.35	5.38	0.29	5.60
Africa	2.62	2.64	2.67	2.65	2.74	2.67	0.06	2.18
Total DCs	**20.50**	**20.81**	**21.41**	**21.44**	**21.71**	**21.34**	**0.84**	**4.12**
FSU	3.78	3.61	3.76	3.94	4.07	3.85	0.07	1.83
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**	**11.38**	**11.12**	**11.62**	**11.22**	**1.05**	**10.35**
Total world	**79.52**	**81.76**	**80.97**	**81.72**	**84.02**	**82.12**	**2.60**	**3.27**
Previous estimate	79.52	81.75	81.00	81.75	84.00	82.13	2.61	3.28
Revision	0.00	0.00	–0.02	–0.03	0.02	–0.01	–0.01	–0.01

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	25.05	0.53	2.15	24.15	24.85	0.70	2.89
Western Europe	15.50	15.77	0.27	1.75	15.24	15.33	0.09	0.59
OECD Pacific	9.75	9.38	–0.37	–3.79	8.18	8.00	–0.18	–2.17
Total OECD	**49.77**	**50.20**	**0.43**	**0.86**	**47.57**	**48.18**	**0.61**	**1.28**
Other Asia	7.87	8.21	0.35	4.42	7.79	8.45	0.66	8.49
Latin America	4.53	4.67	0.14	3.05	4.72	4.91	0.19	4.08
Middle East	5.02	5.29	0.27	5.31	4.91	5.37	0.47	9.57
Africa	2.62	2.64	0.02	0.58	2.60	2.67	0.07	2.71
Total DCs	**20.04**	**20.81**	**0.77**	**3.83**	**20.02**	**21.41**	**1.39**	**6.96**
FSU	4.02	3.61	–0.41	–10.09	3.35	3.76	0.40	12.02
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**	**11.38**	**1.73**	**17.98**
Total world	**80.13**	**81.76**	**1.63**	**2.03**	**77.24**	**80.97**	**3.74**	**4.84**

Totals may not add due to independent rounding.

Table 8
Third and fourth quarter world oil demand comparison for 2004
mb/d

	3Q03	3Q04	Change 2004/03 Volume	Change 2004/03 %	4Q03	4Q04	Change 2004/03 Volume	Change 2004/03 %
North America	24.76	25.23	0.47	1.91	24.87	25.65	0.77	3.11
Western Europe	15.50	15.68	0.18	1.14	15.77	16.17	0.40	2.54
OECD Pacific	8.03	8.25	0.23	2.82	9.15	8.87	–0.28	–3.10
Total OECD	**48.29**	**49.17**	**0.88**	**1.81**	**49.80**	**50.69**	**0.89**	**1.79**
Other Asia	8.07	8.25	0.18	2.25	8.46	8.65	0.19	2.24
Latin America	4.83	5.01	0.18	3.70	4.85	4.97	0.12	2.42
Middle East	5.29	5.52	0.22	4.23	5.17	5.35	0.18	3.55
Africa	2.59	2.65	0.07	2.54	2.66	2.74	0.08	2.86
Total DCs	**20.79**	**21.44**	**0.65**	**3.13**	**21.14**	**21.71**	**0.57**	**2.68**
FSU	3.68	3.94	0.26	7.05	4.05	4.07	0.01	0.31
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**	**11.12**	**0.91**	**8.88**	**10.49**	**11.62**	**1.13**	**10.75**
Total world	**79.29**	**81.72**	**2.43**	**3.07**	**81.43**	**84.02**	**2.58**	**3.17**

Totals may not add due to independent rounding.

Forecast for 2005

World oil demand in 2005 forecast to average 83.94 mb/d, with growth of 1.82 mb/d or 2.2%

Based on lower-than-anticipated consumption in the first quarter, world oil demand growth was revised down by 0.08 mb/d to 1.82 mb/d or 2.2 % from last month's forecast to average 83.94 mb/d. The first-quarter downward revisions in European demand and China surpassed the upward revision in Other Asia and FSU, leading to a cumulative downward change of 0.26 mb/d.

OECD

Total OECD demand has been revised down by 0.12 mb/d from the forecast in the last *MOMR* and is expected to see 0.25 mb/d or 0.5% growth to average 49.8 mb/d. With detailed data for January and February and preliminary data for March, OECD consumption is now estimated to grow by 0.53 mb/d or 1.1%. Western Europe's demand was revised down as new data indicated a contraction of 0.12 mb/d or 0.8% despite the late winter. Germany alone experienced a decrease of 6% in the first quarter partly reflecting the impact of high prices on demand. The main fall was in the light heating oil sector, when demand decreased by almost 11% compared with the corresponding period of 2004. Diesel also fell by 5% on lower sales due to the fact that the first quarter of this year has two fewer working days than the same period in 2004. The slow-down in product demand in OECD Europe was in line with the lower GDP growth which occurred in those countries. In contrast, preliminary data for the first three months of 2005 for the OECD Pacific region suggests an upward revision in oil demand to now stand at 0.21 mb/d or 2.2%. Much of this increase came from cold temperatures that contrasted with the mild weather last year. Demand for kerosene/jet fuel which is used as heating oil in this region grew by 4.5% during the first quarter compared with the same period last year. In Japan crude oil imports increased by 2.7% in March from February, while oil product imports saw strong growth of 6.7% from the same month last year due to the strength in demand. Furthermore, nuclear power production remains depressed as only 10 of TEPCO's 17 nuclear plants are on line. This boosted oil demand for thermal power by 10% in March versus the same period a year ago. South Korea, the world's fourth biggest oil importer, also saw a rise of 4.5% in the first quarter as industrial production experienced a healthy increase. The monthly figures for March showed more impressive growth as crude imports rose about 30% y-o-y, implying demand growth of 8%. It should be noted that the strong import figure was also due in part to low volumes seen a year ago. Still, this year is not yet over and the question is whether South Korean demand can keep up at such a high pace. This will depend on how the consumption of transportation fuels develops if the government implements a new regime which would increase diesel prices. Recently, the government announced that it plans to raise the domestic transportation tax on diesel by more than 14% in July as part of the effort to reduce air pollution. Preliminary indication for the first quarter of 2005 puts North American oil demand growth at 0.44 mb/d or 1.8% as cold temperature hit the US North-East in mid February which lasted during March. The below-normal temperatures boosted demand despite high oil prices. Total US demand grew by 1.1% during the first three month of this year, lower than the 1.7% experienced in the same period last year. US gasoline demand growth has been 1.1%, which is far below the growth of 3.1% experienced in the first quarter of 2004. These numbers are significant when linked to weaker US economic growth during the first quarter of this year. The slow-down in gasoline demand was also observed in preliminary April data increasing by only 0.9% compared to the 2.9% observed in the same month last year. On the whole, North American oil demand is projected to increase 0.34 mb/d or 1.3% to average 25.5 mb/d, far from the 0.62 mb/d or 2.5% experienced a year ago.

Developing Countries

Oil demand in Developing countries is forecast to grow by 0.89 mb/d or 4.2% to total 22.2 mb/d. Compared to the last *MOMR*, oil demand has been revised up 0.06 mb/d, mainly from Other Asia as early indications for the first quarter show higher than anticipated growth. This is also in line with healthy economic expansion of 5.5% in the region. Within this group and based on preliminary data, India’s consumption registered an increase of 5% in the first quarter of 2005; however, this growth is still below that experienced in first quarter of 2004. The reduction in oil demand in India came from improvement in road conditions and the increase of electricity in railways as well as the increase in gasoline prices. The switch to gas should also cut oil consumption, mainly in the power and industry sector. For the first two months of this year, Thailand saw a strong increase of 6.6% in oil demand compared to the same period last year. The increase was mainly in the transportation sector as diesel consumption jumped by almost 11%, while gasoline demand climbed about 4%. Early indication for Indonesia’s demand also showed a growth of 5.5%. Consumption in Latin America is forecast to rise 0.13 mb/d or 2.6% to average 5.0 mb/d, slightly down from last month’s report due to a downward revision in GDP growth as well as lower first-quarter actual data in Brazil. The expectation of high GDP growth in the Middle East of 7.5%, driven by high oil prices, was behind the strong forecast of growth in oil demand of 0.29 mb/d or 5.4% to a total of 5.7 mb/d. Healthy demand growth of 7.2% and 6.4% in the first quarter of this year based on actual data from Iran and Saudi Arabia confirms the observation above.

Other Regions

Apparent demand in the Other Regions group is now forecast at 11.9 mb/d, an increase of 0.68 mb/d or 6.1% over last year. Demand growth was revised down marginally as the upward revision in the FSU offset the downward one for China. Preliminary data for March for China combined with more detailed information for January and February indicated that first-quarter apparent demand only increased by 4.4% compared to a 15.1% gain in the first quarter of 2004. After a sharp reduction in the first two months, Chinese crude oil imports rebounded in March. The slowdown in apparent demand growth in the first quarter reflects the sharp reduction in crude oil stocks following high imports at the end of last year, combined partially with higher product exports as companies preferred to export products rather than sell them at lower domestic prices. Also, China car sales were down 7.7% in the first quarter from a year ago as the government tightened credit policies and pushed companies to reduce spending. Demand for fuel oil in power generation also declined due to the shift in electricity pricing to a cost-plus basis which was made to address negative margins that power producers have been experiencing because of soaring cost of fuel oil. China will also be using less fuel oil to produce electricity as new coal-driven power generation capacity comes on stream. The 7% increase in the price of gasoline announced in March as well as the recent rise of 4% in gasoil prices may also slow demand growth this year. Hence, China’s apparent demand is projected to increase by 0.54 mb/d or 8.3% to average 7.1 mb/d, below the astonishing growth of 17.2% which was seen in 2004 and 0.06 mb/d below the previous March estimate. Much of the uncertainty on the demand growth in China will depend on how the government deals with the new pricing system, but the demand outlook for this year is expected to remain lower than the peak seen in 2004. In the FSU, the data on trade statistics and production for the first three months of this year indicates that apparent demand rose 0.25 mb/d or 7.0% more than expected in the last *MOMR*, reflecting lower exports mainly in March. For the whole year, FSU demand is projected to increase by 0.14 mb/d or 3.6% to average almost 4.0 mb/d.

Table 9
World oil demand forecast for 2005
mb/d

							Change 2005/04	
	2004	1Q05	2Q05	3Q05	4Q05	2005	Volume	%
North America	25.20	25.5	25.08	25.53	26.02	25.53	0.34	1.33
Western Europe	15.74	15.6	15.30	15.69	16.07	15.68	–0.06	–0.37
OECD Pacific	8.62	9.6	7.91	8.14	8.73	8.59	–0.03	–0.37
Total OECD	**49.56**	**50.7**	**48.29**	**49.36**	**50.83**	**49.80**	**0.25**	**0.49**
Other Asia	8.39	8.63	8.90	8.58	9.03	8.78	0.39	4.66
Latin America	4.89	4.80	5.05	5.14	5.09	5.02	0.13	2.61
Middle East	5.38	5.58	5.65	5.83	5.64	5.67	0.29	5.36
Africa	2.67	2.74	2.75	2.71	2.82	2.76	0.08	3.05
Total DCs	**21.34**	**21.75**	**22.35**	**22.26**	**22.57**	**22.23**	**0.89**	**4.17**
FSU	3.85	3.86	3.88	4.04	4.15	3.98	0.14	3.63
Other Europe	0.86	0.93	0.80	0.83	0.87	0.86	0.00	0.36
China	6.52	6.50	7.38	7.00	7.34	7.06	0.54	8.26
Total "Other Regions"	**11.22**	**11.30**	**12.06**	**11.87**	**12.36**	**11.90**	**0.68**	**6.07**
Total world	**82.12**	**83.78**	**82.70**	**83.49**	**85.77**	**83.94**	**1.82**	**2.21**
Previous estimate	82.13	84.03	82.67	83.55	85.83	84.02	1.89	2.31
Revision	–0.01	–0.26	0.03	–0.06	–0.06	–0.09	–0.08	–0.10

Totals may not add due to independent rounding.

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

			Change 2005/04				Change 2005/04	
	1Q04	1Q05	Volume	%	2Q04	2Q05	Volume	%
North America	25.05	25.49	0.44	1.76	24.85	25.08	0.23	0.91
Western Europe	15.77	15.65	–0.12	–0.77	15.33	15.30	–0.03	–0.17
OECD Pacific	9.38	9.60	0.21	2.27	8.00	7.91	–0.09	–1.12
Total OECD	**50.20**	**50.73**	**0.53**	**1.06**	**48.18**	**48.29**	**0.11**	**0.23**
Other Asia	8.21	8.63	0.42	5.06	8.45	8.90	0.45	5.30
Latin America	4.67	4.80	0.13	2.75	4.91	5.05	0.13	2.75
Middle East	5.29	5.58	0.29	5.41	5.37	5.65	0.27	5.05
Africa	2.64	2.74	0.11	4.08	2.67	2.75	0.08	2.91
Total DCs	**20.81**	**21.75**	**0.94**	**4.51**	**21.41**	**22.35**	**0.93**	**4.35**
FSU	3.61	3.86	0.25	6.96	3.76	3.88	0.12	3.32
Other Europe	0.91	0.93	0.02	2.70	0.86	0.80	–0.05	–6.33
China	6.23	6.50	0.27	4.38	6.77	7.38	0.61	9.02
Total "Other Regions"	**10.75**	**11.30**	**0.55**	**5.11**	**11.38**	**12.06**	**0.68**	**5.98**
Total world	**81.76**	**83.78**	**2.02**	**2.47**	**80.97**	**82.70**	**1.72**	**2.13**

Totals may not add due to independent rounding.

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

			Change 2005/04				Change 2005/04	
	3Q04	3Q05	Volume	%	4Q04	4Q05	Volume	%
North America	25.23	25.53	0.30	1.18	25.65	26.02	0.38	1.47
Western Europe	15.68	15.69	0.01	0.05	16.17	16.07	–0.10	–0.60
OECD Pacific	8.25	8.14	–0.11	–1.32	8.87	8.73	–0.14	–1.54
Total OECD	**49.17**	**49.36**	**0.20**	**0.40**	**50.69**	**50.83**	**0.14**	**0.29**
Other Asia	8.25	8.58	0.32	3.93	8.65	9.03	0.38	4.36
Latin America	5.01	5.14	0.13	2.51	4.97	5.09	0.12	2.45
Middle East	5.52	5.83	0.31	5.69	5.35	5.64	0.28	5.28
Africa	2.65	2.71	0.06	2.28	2.74	2.82	0.08	2.97
Total DCs	**21.44**	**22.26**	**0.82**	**3.85**	**21.71**	**22.57**	**0.86**	**3.97**
FSU	3.94	4.04	0.10	2.47	4.07	4.15	0.09	2.14
Other Europe	0.82	0.83	0.02	1.98	0.84	0.87	0.03	3.03
China	6.37	7.00	0.64	10.00	6.71	7.34	0.63	9.38
Total "Other Regions"	**11.12**	**11.87**	**0.75**	**6.74**	**11.62**	**12.36**	**0.74**	**6.38**
Total world	**81.72**	**83.49**	**1.77**	**2.17**	**84.02**	**85.77**	**1.75**	**2.08**

Totals may not add due to independent rounding.

World Oil Supply

Non-OPEC

Estimate for 2004

Non-OPEC supply in 2004 increased 1.1 mb/d over 2003

The estimate for the total non-OPEC supply in 2004 remains broadly unchanged. Some minor revisions for the fourth quarter of 2004 have been included in Colombia, Peru, and UK, but with immaterial consequences to the full year average published in last month's *MOMR*.

In 2004, non-OPEC supply averaged 49.7 mb/d for the year, an increase of 1.1 mb/d from 2003, or 2.2% y-o-y. The quarterly distribution was 49.6 mb/d, 49.7 mb/d, 49.5 mb/d, and 50 mb/d, respectively.

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	5.75	6.08	6.13	–0.26
OECD Pacific	0.65	0.59	0.57	0.59	0.54	0.57	–0.08
Total OECD	**21.64**	**21.79**	**21.55**	**20.72**	**21.02**	**21.27**	**–0.38**
Other Asia	2.36	2.49	2.51	2.61	2.70	2.58	0.22
Latin America	3.94	3.93	3.96	4.01	4.01	3.98	0.04
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	**11.35**	**11.66**	**11.73**	**11.98**	**12.12**	**11.87**	**0.53**
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**	**47.96**	**47.72**	**48.24**	**47.94**	**1.10**
Processing gains	1.80	1.85	1.81	1.81	1.85	1.83	0.03
Total non-OPEC supply	**48.63**	**49.67**	**49.77**	**49.53**	**50.09**	**49.77**	**1.14**
Previous estimate	48.63	49.67	49.76	49.51	50.00	49.74	1.11
Revision	**0.00**	**0.00**	**0.01**	**0.02**	**0.09**	**0.03**	**0.03**

Totals may not add due to independent rounding.

Forecast for 2005

Non-OPEC supply expected to average 50.57 mb/d in 2005, which represents a downward revision of 0.19 mb/d from last month's report

Non-OPEC supply is expected to average 50.57 mb/d, which represents an increase of 0.8 mb/d from 2004. However, non-OPEC supply growth has been revised down by 0.19 mb/d versus the estimate published in the April report. On a quarterly basis, non-OPEC supply is expected to average 50.35 mb/d, 50.61 mb/d, 50.35 mb/d and 50.97 mb/d, respectively.

Russian and Mexican production growth have been revised down on the basis of actual data for the first quarter, which came in lower than expected. More importantly the outlook for both countries has been revised down for the remainder of the year. Minor adjustments in Norway, Argentina and Brazil have also been incorporated to reflect actual data. However, the outlook for other non-OPEC countries, particularly Angola, Azerbaijan, Brazil and Sudan, continues to be strong and remains unchanged from last month's assessment.

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

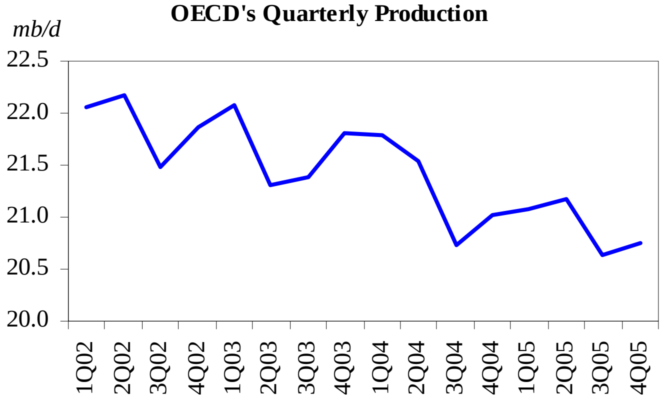
	2004	1Q05	2Q05	3Q05	4Q05	2005	Change 05/04
North America	14.57	14.53	14.55	14.39	14.27	14.43	–0.13
Western Europe	6.13	5.99	6.08	5.68	5.98	5.93	–0.20
OECD Pacific	0.57	0.55	0.54	0.55	0.51	0.54	–0.03
Total OECD	**21.27**	**21.07**	**21.17**	**20.63**	**20.76**	**20.90**	**–0.37**
Other Asia	2.58	2.71	2.71	2.73	2.77	2.73	0.15
Latin America	3.98	4.10	4.17	4.18	4.26	4.18	0.20
Middle East	1.89	1.82	1.79	1.77	1.74	1.78	–0.11
Africa	3.43	3.63	3.68	3.76	3.94	3.75	0.32
Total DCs	**11.87**	**12.25**	**12.35**	**12.44**	**12.71**	**12.44**	**0.56**
FSU	11.15	11.40	11.51	11.69	11.88	11.62	0.47
Other Europe	0.16	0.16	0.16	0.16	0.16	0.16	0.00
China	3.49	3.60	3.60	3.60	3.60	3.60	0.11
Total "Other regions"	**14.79**	**15.15**	**15.26**	**15.44**	**15.63**	**15.37**	**0.58**
Total non-OPEC production	**47.94**	**48.47**	**48.77**	**48.51**	**49.09**	**48.71**	**0.78**
Processing gains	1.83	1.88	1.84	1.84	1.88	1.86	0.03
Total non-OPEC supply	**49.77**	**50.35**	**50.61**	**50.35**	**50.97**	**50.57**	**0.80**
Previous estimate	49.74	50.45	50.79	50.53	51.15	50.73	0.99
Revision	**0.03**	**–0.10**	**–0.18**	**–0.18**	**–0.18**	**–0.16**	**–0.19**

Totals may not add due to independent rounding

OECD

Mexican oil production now expected to decline versus last year compared to the previous expectation of a slight increase

Graph 13
OECD's Quarterly Production



The outlook for the OECD has been revised down by 90,000 b/d from last month's report. Oil production is estimated to average 14.43 mb/d in 2005, which represents a decline of 0.13 mb/d from 2004. In North America, oil production is still expected to fall in the USA and Canada but the outlook for both countries remains unchanged from last month's report. Production shut-downs in the US Gulf of Mexico continue to impact oil production there. In addition, new works on offshore facilities have been recently announced by some operators, the impact of which is expected to reduce Gulf of Mexico production in the second half of the year despite the expected reversal of production that resulted from Gulf of Mexico field shut-downs. In Canada, oil production is expected to decline by 20,000 b/d due to the reported accident at Suncor oil sands plant facility earlier this year.

Oil production in Mexico is now expected to decline 80,000 b/d in 2005, a reversal of previous expectations calling for a slight increase. Actual first-quarter crude and NGL production came in 90,000 b/d below expectations. In addition, it has been reported that the Cantarell field, which produces approximately 2 mb/d of crude, could be declining from 2005 instead of the original plan of 2006, at around 90,000 b/d per year. Whilst no formal announcements have been made in this regard by Pemex, Mexico's production data from December 2004 to March 2005 indicates that production has been trending down. Furthermore, there are no new projects that could materially offset Cantarell's decline until the second half of 2006 when further platforms are expected to start at the Ku-Maloop-Zaap project; therefore we have taken a conservative view ahead of what is likely to be a disappointing year for Mexican oil production.

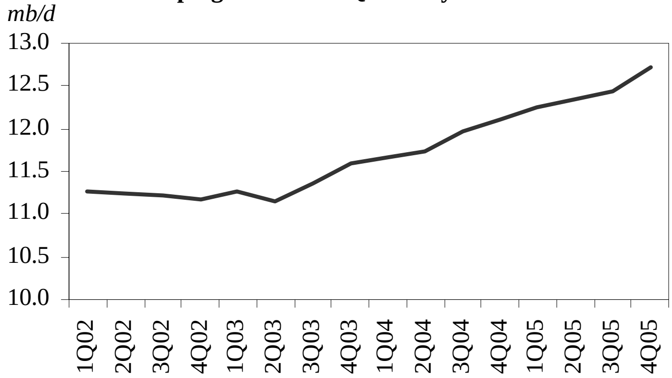
In Western Europe, oil production is expected to decline in most countries except in Denmark where production is likely to increase slightly. In OECD Pacific, oil production is expected to decline in Australia – although by half the level seen in 2004 - and to remain broadly flat in other countries. For both regions, the outlook remains unchanged from last month.

Developing Countries

The outlook for Developing Countries remains broadly unchanged

The outlook for Developing Countries (DCs) remains broadly unchanged. Oil production is estimated to average 12.44 mb/d in 2005, which represents an increase of 0.56 mb/d from 2004. Major production increases are expected in Angola, Brazil, and Sudan of approximately 220,000 b/d, 175,000 b/d and 75,000 b/d, respectively. In contrast, the countries that will see some noticeable production declines (>20,000 b/d) include Oman, Colombia, Syria, Egypt, Yemen, and Argentina. However, the most recent assessment for Argentina and Colombia indicates that production is running slightly below current expectations.

Graph 14
Developing Countries' Quarterly Production

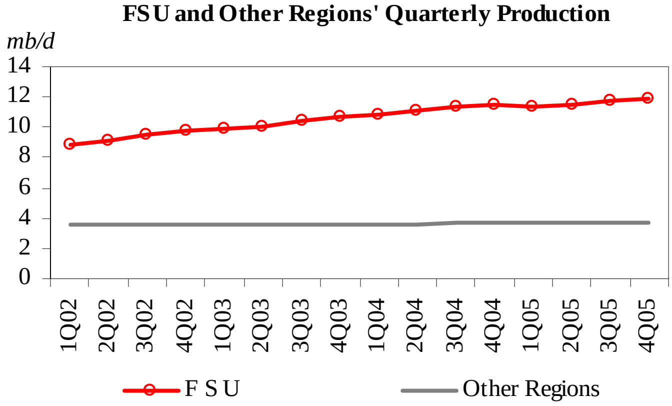


Other Regions

The outlook for Russian oil production growth has been revised down

The outlook for Other Regions has been revised down by 80,000 b/d. Oil production is estimated to average 15.38 mb/d in 2005, which represents an increase of 0.5 mb/d from 2004. The only material revision took place in Russia. Actual data for the first quarter indicates that Russian production came in 10,000 b/d below expectations and for the month of April, preliminary data indicates that oil production declined by 25,000 b/d relative to March, which is also well below forecasts for the second quarter of 2005. There are growing concerns that full year production growth in 2005 may not meet current expectations due to ongoing issues in Yuko's remaining assets, failure to deliver part of the growth plans by major Russian oil producers, and the potential impact of higher export taxes — $18.58/b, effective 1 June— on production in the later part of the second quarter of 2005. With seven consecutive months of data showing worse-than-expected production performance and in the absence of any major projects in the near term, we have revised down our second quarter of 2005 forecast, but kept the quarter-on-quarter growth forecast intact for the third and fourth quarters, which results in a full year average downward revision of 80,000 b/d. Russian production growth in 2005 is now expected to average 270, 000 b/d versus 360,000 b/d in our previous assessment. The current consensus is in the range of 250,000-350,000 b/d, but there are further risks ahead.

Graph 15
FSU and Other Regions' Quarterly Production



The outlook for other countries in this category remains unchanged. We would highlight that oil production is expected to increase in Azerbaijan, China and Kazakhstan, and that most of the expected growth has already been delivered in the first quarter of 2005. However, in Azerbaijan, oil production is expected to increase significantly in the third and fourth quarters when Phase I of the ACG project reaches full capacity.

Net FSU oil export for 2005 forecast at 7.63 mb/d, an increase of 0.34 mb/d over 2004

FSU net oil export

FSU net oil export for 2005 is expected to average 7.63 mb/d, an increase of 340,000 b/d over the previous year. The average net export volume has been revised down by 80,000 b/d from last month's report. Exports from Azerbaijan are expected to increase significantly, particularly in the second half of the year, underpinned by volume growth in Phase I of the ACG project.

Table 14
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	Year
2001	4.30	4.71	4.89	4.47	**4.59**
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	7.30	7.38	7.37	**7.31**
2005 (forecast)	7.53	7.63	7.65	7.72	**7.63**

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 remains unchanged at 4.19 mb/d, representing an increase of 0.24 mb/d over 2004. The quarterly distribution is projected at 4.11 mb/d, 4.17 mb/d, 4.21 mb/d and 4.26 mb/d, respectively.

OPEC NGL + non-conventional oils — 2001-2005
mb/d

2001	**2002**	**2003**	1Q04	2Q04	3Q04	4Q04	**2004**	**Change 04/03**	**2005**	**Change 05/04**
3.6	**3.6**	**3.7**	3.9	3.9	4.0	4.0	**3.9**	0.2	**4.2**	0.2

April output rose 276,000 b/d versus March

OPEC crude oil production

Total OPEC crude production averaged 29.95 mb/d in April, according to secondary sources, which represents an increase of 276,000 b/d from March. Production increased primarily in Kuwait, Nigeria, and Saudi Arabia and declined slightly in Indonesia, and Venezuela. Iraqi oil production averaged 1.87 mb/d, or 26,000 b/d more than last month.

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

	2003	2004	4Q04	1Q05	Jan 05	Feb 05	Mar 05	Apr 5	*Apr/Mar*
Algeria	1,134	1,229	1,289	1,315	1,305	1,314	1,327	1,332	*5*
Indonesia	1,027	969	961	948	955	945	945	943	*–3*
IR Iran	3,757	3,920	3,947	3,903	3,921	3,911	3,877	3,890	*13*
Iraq	1,322	2,015	1,960	1,835	1,813	1,846	1,846	1,872	*26*
Kuwait	2,172	2,344	2,448	2,438	2,406	2,443	2,468	2,527	*60*
SP Libyan AJ	1,422	1,537	1,608	1,612	1,608	1,613	1,616	1,624	*8*
Nigeria	2,131	2,351	2,344	2,326	2,291	2,324	2,363	2,401	*39*
Qatar	743	781	798	789	781	793	794	796	*2*
Saudi Arabia	8,709	8,982	9,450	9,217	9,143	9,191	9,313	9,470	*157*
UAE	2,243	2,360	2,486	2,395	2,388	2,363	2,430	2,445	*15*
Venezuela	2,305	2,580	2,615	2,699	2,698	2,700	2,699	2,653	*–46*
OPEC-10	**25,644**	**27,052**	**27,947**	**27,643**	**27,496**	**27,596**	**27,832**	**28,081**	***250***
Total OPEC	**26,965**	**29,068**	**29,907**	**29,477**	**29,309**	**29,442**	**29,677**	**29,953**	***276***

Totals may not add due to independent rounding.

Rig Count

Non OPEC rig count reached historic highs in the first quarter of 2005

Non-OPEC

In April, total non-OPEC rig count stood at 2,243 with oil rigs totaling approximately 841 and gas rigs at 1,376. Total non-OPEC rig count dropped 382 in April compared to the previous month. North America lost 380 rigs due to losses in Canada. Western Europe lost 5 rigs over the previous month, whilst the OECD Pacific lost just 1 rig. The Middle East, Africa, Latin America and rest of Asia gained a net total of 13 rigs. In 2005, non-OPEC rig activity is expected to remain strong.

Table 16
Non-OPEC rig count in 2002–2004

	2003	2004	Change 04/03	Mar 05	Apr 05	Change Apr/Mar
North America	1,496	1,669	173	2,137	1,757	–380
Western Europe	78	65	–13	66	61	–5
OECD Pacific	18	22	4	25	24	–1
OECD	**1,592**	**1,755**	**163**	**2,228**	**1,842**	**–386**
Other Asia	117	126	9	131	136	5
Latin America	116	126	10	135	137	2
Middle East	70	70	0	69	70	1
Africa	48	54	6	59	56	–3
DCs	**350**	**376**	**26**	**394**	**399**	**5**
FSU	na	na	na	na	na	na
Other Europe	2	2	na	3	2	–1
China	na	na	na	na	na	na
Other regions	na	na	na	na	na	na
Total non-OPEC	**1,944**	**2,132**	**188**	**2,625**	**2,243**	**–382**

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

OPEC rig count increased in April

OPEC

OPEC's rig count was 281 in April, which represents an increase of 7 rigs from March. Increases took place in Algeria (3), Qatar (1), UAE (1) and Venezuela (5). Iran and Nigeria lost 2 and 1 rigs, respectively.

Table 17
OPEC rig count

	2003	2004	Change 04/03	Mar 05	Apr 05	Change Apr/Mar
Algeria	20	19	–1	20	23	3
Indonesia	45	49	4	51	51	0
IR Iran	35	41	6	43	41	–2
Iraq	na	na	na	na	na	na
Kuwait	5	10	5	14	14	0
SP Libyan AJ	10	10	0	9	9	0
Nigeria	10	8	–2	10	9	–1
Qatar	8	9	1	11	12	1
Saudi Arabia	32	32	0	34	34	0
UAE	16	16	0	16	17	1
Venezuela	37	55	18	66	71	5
Total OPEC	**218**	**249**	**31**	**274**	**281**	**7**

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

Stock Movements

US commercial oil stocks observed significant seasonal build of 0.58 mb/d in April

USA

US commercial oil stocks observed a significant build of 16.3 mb or 0.58 mb/d to stand at 972.2 mb in the period 1-29 April 2005. Crude oil and all other products, except distillates and fuel oil, contributed to this build, particularly crude which accounted for about two thirds of this rise.

Increasing crude oil imports, which rose from 9.89 mb/d to 10.26 mb/d over the period, as well as lower refinery runs, which fell by 1.99% to 91.72% due to refineries outages, helped crude oil stocks to add 9.9 mb or 0.35 mb/d over the period to stand at 327.04 mb, a level not seen since July 1999. This level widened both the y-o-y and the five-year average surplus by 1% to 9% and 7% respectively. Days of forward cover also increased from 20.9 days to 21.5 over the period.

Gasoline inventories followed the same pattern but at a slower pace, building up by 1.2 mb or 0.04 mb/d to stand at 213.5 mb on the back of higher gasoline imports and refinery throughput, which showed an increase of 0.15 mb/d to 1.05 mb/d and 0.13 mb/d to 8.75 mb/d respectively. Relatively weak implied demand of gasoline, which declined by 9.10 mb/d to 9.02 mb/d, also contributed to this stock-build. Despite this rise in gasoline stocks, the y-o-y surplus narrowed to 4.7% or 1.4% lower than the previous period, while the five-year average shrank by 1% to 4%. In terms of days of forward consumption, gasoline inventories remained unchanged at 23.3 days at the end of this period.

Distillate stocks followed a different trend, declining by 1.8 mb or 0.06 mb/d to 102.3 mb, mainly due to slightly improved implied demand which observed a minor increase to stand at 4.24 mb/d. Lower production added to the draw as distillate output fell by 0.10 mb/d to 4.03 mb/d. Distillate imports remained stable at 0.29 mb/d, minimizing the draw on inventories. Such a moderate stock-draw failed to dent the y-o-y deficit which widened considerably by 3% to 4% while the five-year average shortage was extended by 1% to 2%. Days of forward cover improved slightly from 24.1 days to 24.3 over the period.

The Strategic Petroleum Reserve (SPR) added 3.7 mb to stand at 691.2 mb. The SPR is now about four months away from reaching its full capacity of 700 mb with the rate of crude oil flow estimated to be less than 0.10 mb/d following the return at the end of April of the 5.4 mb crude loan given last year to some US Gulf Coast refineries due to Hurricane Ivan.

US commercial oil stocks in the week ending 6 May witnessed a further build of 6.92 mb to stand at 979.12 mb. Crude oil and gasoline inventories continued to contribute to this build as the first added 2.67 mb to 329.70 mb and the second moved up by 0.19 mb to 213.69 mb. Distillate inventories changed direction, increasing 1.70 mb to 103.98 mb as implied demand started to ease with the end of winter, declining by 0.33 mb/d compared with the last week of April.

Table 18
US onland commercial petroleum stocks*
mb

	25 Feb 05	1 Apr 05	29 Apr 05	Change Apr/Mar	29 Apr 04	6 May 05**
Crude oil (excl. SPR)	299.4	317.1	**327.0**	9.9	298.7	329.7
Gasoline	224.5	212.3	213.5	1.2	202.2	213.7
Distillate fuel	110.0	104.1	102.3	–1.8	101.6	104.0
Residual fuel oil	38.2	39.2	37.2	–2.0	35.8	37.5
Jet fuel	43.0	38.8	40.3	1.5	35.1	39.9
Total	**951.0**	**955.9**	**972.2**	**16.3**	**915.9**	**979.1**
SPR	681.5	687.5	691.2	3.7	657.8	692.0

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

Western Europe

Eur-16 oil stocks witnessed a moderate draw of 0.27 mb/d in April

Total oil stocks in Eur-16 (EU plus Norway) experienced a moderate draw in April, falling by 8.1 mb or 0.27 mb/d to stand at 1,099.9 mb. This level was 22.6 mb or 2% higher than that registered a year ago. The draw was split almost equally between crude oil and product inventories with the latter showing a mixed trend although draws on middle distillate and gasoline were bigger than the builds in fuel oil and naphtha stocks.

Higher refinery runs, which were at 12.15 mb/d or 0.07 mb/d above the previous month's level, forced refineries to draw down stocks especially those which returned from maintenance shut-downs. This draw could also be attributed to the fact that transatlantic arbitrage was closed as the WTI price was below that of Brent which encouraged traders to redirect North Sea cargoes to the Asian market to meet strong demand, especially for light and sweet grades. This led to a draw of 3.3 mb or 0.11 mb/d on crude oil stocks to stand at 470.6 mb.

Middle distillate inventories gave up the previous month's build on the back of strong diesel demand and lower imports from Russia. Middle distillate stocks stood at 347.6 mb which represented a decline of 6.0 mb or about 2% from the downwardly revised March figure. Despite this significant drop, inventories remained well above last year's level by 15.6 mb or about 5%.

The draw on gasoline stocks of 2.6 mb or 0.09 mb/d to 144.2 mb was not due to healthy demand or slower production, but rather to strong exports mainly to the US market where high gasoline prices due to robust US demand encouraged European producers to send as much as possible to increase profitability. The y-o-y surplus stood at 8.1 mb or 6% which was quite a comfortable level not only to meet domestic demand but also to satisfy other markets such as the USA.

Table 19
Western Europe's oil stocks*
mb

	Feb 05	Mar 05	Apr 05	Change Apr/Mar	Apr 04
Crude oil	465.2	473.9	**470.6**	–3.3	474.0
Mogas	142.9	146.7	144.2	–2.6	136.1
Naphtha	24.6	27.7	28.2	0.4	24.9
Middle distillates	347.3	353.6	347.6	–6.0	332.0
Fuel oils	110.3	106.1	109.3	3.3	110.3
Total products	625.2	634.1	629.3	–4.9	603.3
Overall total	**1,090.3**	**1,108.1**	**1,099.9**	**–8.1**	**1,077.3**

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

Japan

Oil stocks in Japan experienced a draw of 0.15 mb/d in March

Total commercial oil inventories in Japan experienced a further draw for the fourth consecutive month, falling by 4.8 mb or 0.15 mb/d to stand at 165.5 mb in March. This level of total oil stocks has not been seen since August last year. All main product inventories contributed to this draw especially middle distillates, while a moderate build in crude oil stocks diminished the fall.

The stock-build in crude oil inventories came on the back of a massive drop in refinery utilization which fell by 10.7% to 83.3% in March due to refinery shut-downs for maintenance. Crude oil stocks rose by 3.5 mb or 0.11 mb/d to 112.8 mb. Compared with last year, the surplus rose from less than 1% to 4%.

Middle distillate inventories accounted for two thirds of the total draw on refined product stocks, falling by 5.5 mb or 0.17 mb/d to 21.7 mb which was slightly above the mandatory minimum level. A period of lingering cold weather, particularly in the second half of March, stimulated heating fuel consumption coupled with lower output as some refineries were in their scheduled maintenance. The y-o-y deficit widened from 2.5% to 6% to stand at 1.4 mb.

Lower refinery runs also affected gasoline stocks as production was lower, while implied demand continued to improve. Gasoline inventories moved down by 1.7 mb or 0.05 mb/d to stand at 13.9 mb. The y-o-y surplus narrowed to only 0.40 mb or about 3%.

Table 20
Japan's commercial oil stocks*
mb

	Jan 05	Feb 05	Mar 05	Change Mar/Feb	Mar 04
Crude oil	116.2	109.3	**112.8**	3.5	108.2
Gasoline	14.8	15.6	13.9	–1.7	13.5
Middle distillates	34.4	27.1	21.7	–5.4	23.1
Residual fuel oil	19.4	18.3	17.1	–1.2	18.2
Total products	68.6	61.0	52.7	–8.3	54.8
Overall total**	**184.8**	**170.3**	**165.5**	**–4.8**	**163.0**

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

Balance of Supply and Demand

2004 supply/demand difference remains nearly unchanged

The summarized supply/demand balance for 2004 remains broadly unchanged from last month. World oil demand averaged 82.1 mb/d, whilst non-OPEC supply + OPEC NGLs and non-conventional oils averaged 53.7 mb/d. This resulted in an average annual difference of 28.4 mb/d for 2004, versus 27.2 mb/d in 2003.

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

	2003	1Q04	2Q04	3Q04	4Q04	**2004**
(a) World oil demand	79.52	81.76	80.97	81.72	84.02	82.12
(b) Non-OPEC supply(1)	52.34	53.55	53.67	53.51	54.13	53.71
Difference (a – b)	27.19	28.20	27.31	28.21	29.89	28.41
OPEC crude oil production(2)	26.97	28.19	28.40	29.76	29.91	29.07
Balance	–0.22	–0.01	1.09	1.54	0.02	0.66

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

The supply/demand balance indicates that current OPEC crude production is approximately 2 mb/d above required production in the second quarter of 2005 and 1 mb/d above the required production in the third quarter

The supply/demand balance for 2005 shows that world oil demand is now expected to average 83.9 mb/d, whilst non-OPEC supply (including OPEC NGLs + non-conventional oils) are expected to average 54.8 mb/d. This results in an average difference (a-b) of 29.2 mb/d for OPEC production, versus the previous expectation of 29.1 mb/d in the April report. The new balance is primarily the result of a downward revision of 0.1 mb/d to world oil demand and a downward revision to non-OPEC supply of 0.19 mb/d.

The quarterly distribution is expected to be 29.3 mb/d in the first quarter of 2005, 27.9 mb/d in the second, 28.9 mb/d in the third and 30.5 mb/d in the fourth. Based on the latest OPEC production data, OPEC is producing approximately 2 mb/d above required production levels for 2Q, and 1 mb/d above the requirement for 3Q. We therefore expect inventories to continue to build in both periods.

Based on the quarterly supply/demand balance for 2005, the resulting required OPEC crude production levels and the projected production capacity, spare capacity is estimate to average around 9% in 2005. In the fourth quarter, OPEC's spare capacity is expected to be around 10%.

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

	2004	1Q05	2Q05	3Q05	4Q05	**2005**
(a) World oil demand	82.12	83.78	82.70	83.49	85.77	83.94
(b) Non-OPEC supply(1)	53.71	54.46	54.78	54.56	55.23	54.76
Difference (a – b)	28.41	29.32	27.92	28.93	30.53	29.18
OPEC crude oil production(2)	29.07	29.48				
Balance	0.66	0.16				

(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	50.7	48.3	49.4	50.8	49.8
North America	24.1	24.0	24.1	24.6	25.0	24.9	25.2	25.6	25.2	25.5	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	15.6	15.3	15.7	16.1	15.7
Pacific	8.7	8.7	8.6	8.8	9.4	8.0	8.3	8.9	8.6	9.6	7.9	8.1	8.7	8.6
DCs	19.3	19.7	20.2	20.5	20.8	21.4	21.4	21.7	21.3	21.7	22.3	22.3	22.6	22.2
FSU	3.8	3.9	3.7	3.8	3.6	3.8	3.9	4.1	3.8	3.9	3.9	4.0	4.2	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	6.5	7.4	7.0	7.3	7.1
(a) Total world demand	76.5	77.2	77.9	79.5	81.8	81.0	81.7	84.0	82.1	83.8	82.7	83.5	85.8	83.9
Non-OPEC supply														
OECD	21.9	21.8	21.9	21.6	21.8	21.5	20.7	21.0	21.3	21.1	21.2	20.6	20.8	20.9
North America	14.2	14.3	14.5	14.6	14.8	14.7	14.4	14.4	14.6	14.5	14.6	14.4	14.3	14.4
Western Europe	6.8	6.7	6.6	6.4	6.4	6.3	5.7	6.1	6.1	6.0	6.1	5.7	6.0	5.9
Pacific	0.8	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.6	0.6	0.5	0.6	0.5	0.5
DCs	10.9	10.9	11.2	11.3	11.7	11.7	12.0	12.1	11.9	12.3	12.3	12.4	12.7	12.4
FSU	7.9	8.5	9.3	10.3	10.8	11.1	11.3	11.4	11.2	11.4	11.5	11.7	11.9	11.6
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	3.6	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	50.1	49.8	50.3	50.6	50.4	51.0	50.6
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	54.1	53.7	54.5	54.8	54.6	55.2	54.8
OPEC crude oil production (secondary sources)	28.0	27.2	25.4	27.0	28.2	28.4	29.8	29.9	29.1	29.5				
Total supply	77.0	77.2	76.7	79.3	81.7	82.1	83.3	84.0	82.8	83.9				
Balance (stock change and miscellaneous)	0.6	0.0	-1.1	-0.2	0.0	1.1	1.5	0.0	0.7	0.2				
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	2534	2632	2478	2525	2468	2546	2589	2565	2565	2587				
OECD SPR	1270	1285	1345	1407	1421	1426	1432	1444	1444	1455				
OECD total	3804	3918	3822	3932	3889	3972	4021	4009	4009	4042				
Oil-on-water	877	830	814	885	909	898	894	910	910	n.a.				
Days of forward consumption in OECD														
Commercial onland stocks	53	55	51	51	51	52	51	51	52	54				
SPR	26	27	28	28	29	29	28	28	29	30				
Total	79	82	78	79	81	81	79	79	80	84				
Memo items														
FSU net exports	4.1	4.6	5.6	6.5	7.2	7.3	7.4	7.4	7.3	7.5	7.6	7.7	7.7	7.6
(a) - (b)	27.4	27.2	26.5	27.2	28.2	27.3	28.2	29.9	28.4	29.3	27.9	28.9	30.5	29.2

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

† *This compares Table 23 in this issue of the MOMR with Table 23 in the April 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	1Q05
Closing stock level *mb*																							
OECD onland commercial	2,619	2,702	2,449	2,534	2,632	2,478	2,529	2,602	2,664	2,632	2,609	2,654	2,579	2,478	2,427	2,550	2,600	2,525	2,468	2,546	2,589	2,565	2,587
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	1,167	1,145	1,197	1,216	1,209	1,233
Western Europe	916	967	885	934	927	896	923	914	922	927	936	945	920	896	913	912	925	924	922	929	944	926	959
OECD Pacific	492	453	437	454	443	408	447	457	473	443	435	447	440	408	411	452	459	435	400	420	430	430	394
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	1,444	1,455
North America	563	571	567	543	552	601	544	545	547	552	563	578	589	601	601	611	626	640	654	664	672	678	690
Western Europe	330	364	348	357	353	354	353	349	344	353	354	349	346	354	365	359	361	371	369	363	364	371	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	396
OECD total	3,874	4,006	3,735	3,804	3,918	3,822	3,800	3,870	3,930	3,918	3,912	3,969	3,899	3,822	3,786	3,912	3,980	3,932	3,889	3,972	4,021	4,009	4,042
Oil-on-water	812	859	808	877	830	814	903	828	870	830	796	804	801	814	860	887	869	885	909	898	894	910	n.a.
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	50	53
North America	52	54	47	48	52	48	49	51	53	53	52	52	50	48	46	48	49	47	46	47	47	47	49
Western Europe	60	63	58	61	61	58	62	59	59	60	63	61	59	58	60	59	59	59	60	59	59	58	62
OECD Pacific	58	52	50	52	51	46	55	56	53	48	56	55	47	42	50	56	50	46	50	51	48	45	50
OECD SPR	27	27	27	26	27	28	27	27	26	27	28	27	27	27	29	28	28	28	29	29	28	28	30
North America	24	24	24	23	23	24	23	23	23	23	24	24	24	25	25	25	25	26	26	26	26	27	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	24
OECD Pacific	43	42	42	43	44	44	46	46	42	41	50	47	41	40	48	49	43	42	50	48	45	42	50
OECD total	83	84	78	79	82	78	81	81	81	81	84	83	79	77	80	81	80	78	81	81	79	79	84

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	7.71	7.70	7.60	7.50	7.63	-0.04
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	3.06	3.04	3.04	3.05	3.05	-0.02
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	3.75	3.81	3.75	3.72	3.76	-0.08
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	14.53	14.55	14.39	14.27	14.43	-0.13
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	3.08	3.17	3.01	3.17	3.11	-0.08
UK	2.69	2.54	2.52	-0.01	2.33	-0.20	2.21	2.16	1.92	2.06	2.09	-0.24	2.04	2.01	1.81	1.92	1.94	-0.14
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	5.75	6.08	6.13	-0.26	5.99	6.08	5.68	5.98	5.93	-0.20
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	0.45	0.48	-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	0.54	0.57	-0.08	0.55	0.54	0.55	0.51	0.54	-0.03
Total OECD	21.87	21.81	21.89	0.09	21.64	-0.25	21.79	21.55	20.72	21.02	21.27	-0.38	21.07	21.17	20.63	20.76	20.90	-0.37
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	0.79	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	0.86	0.86	0.87	0.86	0.05
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	0.38	0.39	0.40	0.40	0.39	0.00
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	0.47	0.47	0.48	0.47	0.09
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	2.71	2.71	2.73	2.77	2.73	0.15
Argentina	0.80	0.82	0.79	-0.03	0.78	-0.01	0.73	0.74	0.74	0.73	0.73	-0.04	0.72	0.72	0.71	0.71	0.71	-0.02
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	1.87	1.95	1.98	2.05	1.96	0.16
Colombia	0.70	0.62	0.59	-0.03	0.55	-0.03	0.53	0.54	0.53	0.52	0.53	-0.02	0.51	0.50	0.49	0.48	0.50	-0.04
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	0.53	0.53	0.53	0.53	0.01
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	0.22	0.22	0.23	0.22	0.06
L. America others	0.22	0.23	0.22	-0.01	0.22	0.00	0.22	0.22	0.23	0.25	0.23	0.01	0.25	0.25	0.25	0.26	0.25	0.02
Latin America	3.71	3.74	3.87	0.13	3.94	0.08	3.93	3.96	4.01	4.01	3.98	0.04	4.10	4.17	4.18	4.26	4.18	0.20
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	0.72	0.71	0.70	0.72	-0.05
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	0.46	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	1.79	1.77	1.74	1.78	-0.11
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	1.16	1.22	1.34	1.21	0.22
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	0.23	0.23	0.23	0.23	0.23	-0.01
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	0.67	0.67	0.68	-0.03
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	0.35	0.35	0.35	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	0.35	0.37	0.44	0.37	0.07
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	0.22	0.24	0.26	0.27	0.25	0.04
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	3.63	3.68	3.76	3.94	3.75	0.32
Total DCs	10.86	10.87	11.22	0.35	11.35	0.12	11.66	11.73	11.98	12.12	11.87	0.53	12.25	12.35	12.44	12.71	12.44	0.56
FSU	7.91	8.53	9.32	0.79	10.27	0.94	10.78	11.06	11.32	11.44	11.15	0.89	11.40	11.51	11.69	11.88	11.62	0.47
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	9.32	9.36	9.52	9.66	9.46	0.27
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	1.28	1.29	1.29	1.28	0.10
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	0.36	0.40	0.44	0.39	0.08
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	3.60	3.60	3.60	3.60	3.60	0.11
Non-OPEC production	44.05	44.68	46.01	1.32	46.83	0.83	47.82	47.96	47.72	48.24	47.94	1.10	48.47	48.77	48.51	49.09	48.71	0.78
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	1.36	48.63	0.89	49.67	49.77	49.53	50.09	49.77	1.14	50.35	50.61	50.35	50.97	50.57	0.80
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	53.67	53.51	54.13	53.71	1.38	54.46	54.78	54.56	55.23	54.76	1.05

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	Mar05	1Q05	Apr05	Change Apr05- Mar05
USA	916	1156	831	-325	901	1028	1088	1109	1032	201	1,119	1164	1229	1249	1190	158	1306	1279	1297	-9
Canada	344	342	266	-76	494	203	383	408	372	106	528	202	326	420	369	-3	718	620	348	-370
Mexico	44	54	65	11	82	84	96	107	92	27	107	113	111	108	110	18	113	114	112	-1
North America	1305	1552	1162	-390	1476	1315	1567	1624	1496	334	1,754	1479	1665	1777	1669	173	2137	2013	1757	-380
Norway	22	23	19	-4	18	19	20	18	19	0	19	18	14	16	17	-2	18	15	17	-1
UK	18	24	26	2	19	21	22	16	20	-6	15	19	14	15	16	-4	23	16	20	-3
Denmark	3	4	4	0	3	5	3	4	4	0	4	4	3	4	4	0	2	2	2	0
Other Western Europe	82	44	36	-8	36	34	38	37	36	0	31	30	27	27	29	-7	23	23	22	-1
Western Europe	125	95	85	-10	77	78	83	75	78	-7	69	70	57	62	65	-13	66	56	61	-5
Australia	10	10	9	-1	10	10	11	13	11	2	12	13	18	14	14	3	18	17	15	-3
Other Pacific	7	9	8	-1	8	7	8	6	7	-1	7	8	9	6	8	1	7	7	9	2
OECD Pacific	17	20	17	-3	18	17	18	19	18	1	19	22	26	20	22	4	25	24	24	-1
Total OECD	1447	1667	1264	-403	1571	1411	1669	1719	1592	328	1,842	1570	1749	1859	1755	163	2228	2093	1842	-386
Brunei	2	3	3	0	3	4	4	2	3	0	2	3	3	2	3	0	0	1	2	2
India	49	50	55	5	59	60	61	62	60	5	64	68	71	76	70	10	74	76	74	0
Malaysia	7	11	14	3	14	13	16	15	14	0	15	15	13	13	14	0	13	12	13	0
Papua New Guinea	0	1	1	0	1	2	2	1	2	1	3	2	0	1	2	0	1	1	2	1
Vietnam	8	8	9	1	9	9	10	8	9	0	8	9	8	7	8	-1	9	8	10	1
Asia others	16	22	30	8	31	28	26	30	29	-1	27	31	31	31	30	1	34	35	35	1
Other Asia	83	95	111	16	117	115	119	118	117	6	119	128	127	130	126	9	131	133	136	5
Argentina	57	71	49	-22	59	66	59	57	60	11	64	73	73	74	71	11	75	74	75	0
Brazil	23	28	27	-1	27	27	27	25	26	-1	24	26	26	26	26	0	26	26	27	1
Colombia	14	15	11	-4	10	9	11	12	11	0	8	9	9	11	9	-2	12	13	12	0
Ecuador	7	10	9	-1	9	11	8	8	9	0	7	9	12	12	10	1	12	10	12	0
Peru	4	4	2	-2	2	2	3	3	3	1	2	2	3	3	2	-1	4	3	4	0
Trinidad & Tobago	4	5	4	-1	3	3	3	3	3	-1	3	4	4	4	4	1	3	3	3	0
L. America others	12	7	5	-2	3	4	4	5	4	-1	6	6	3	4	5	1	3	3	4	1
Latin America	120	141	106	-35	113	121	114	114	116	10	114	127	129	134	126	10	135	133	137	2
Bahrain	0	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	35	34	36	1
Syria	14	19	22	3	23	23	26	23	24	2	24	24	23	23	24	0	21	21	20	-1
Yemen	6	6	9	3	11	10	9	7	9	0	7	8	9	11	9	0	10	10	10	0
Middle East	45	50	62	12	70	68	72	68	70	8	69	68	69	73	70	0	69	69	70	1
Angola	6	5	5	0	3	4	3	6	4	-1	4	3	3	3	3	-1	3	3	2	-1
Cameroon	0	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	1	3	2	1
Egypt	18	22	23	1	26	26	27	26	26	3	27	28	29	28	28	2	29	28	28	-1
Gabon	2	2	2	0	3	4	1	3	3	1	2	2	2	2	2	-1	2	2	2	0
South Africa	1	1	1	0	0	1	0	1	0	-1	0	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	24	23	22	-2
Africa	34	36	43	7	45	50	44	51	48	5	48	53	56	57	54	6	59	58	56	-3
Total DCs	282	322	322	0	346	354	350	350	350	28	350	376	381	394	376	26	394	393	399	5
FSU																				
Other Europe	3	3	2	-1	2	2	2	2	2	0	2	2	2	2	2	0	3	3	2	-1
China																				
Non-OPEC Rig count	1732	1992	1588	-404	1919	1767	2021	2071	1944	356	2,194	1949	2132	2255	2132	188	2625	2489	2243	-382

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

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Data is provided by Data Services Department.

Data Summary May 2005

OPEC Basket average price

US$ per barrel

⬆ *up 0.56 in April*

April 2005	***49.63***
March 2005	*49.07*
Year-to-date	*45.38*

April OPEC production

in million barrels per day, according to secondary sources

Algeria	*1.33*	*Kuwait*	*2.53*	*Saudi Arabia*	*9.47*
Indonesia	*0.94*	*SP Libyan AJ*	*1.62*	*UAE*	*2.45*
IR Iran	*3.89*	*Nigeria*	*2.40*	*Venezuela*	*2.65*
Iraq	*1.87*	*Qatar*	*0.80*	***TOTAL***	***29.95***

Supply and demand

in million barrels per day

2004		**2005**	
World demand	*82.12*	*World demand*	*83.94*
Non-OPEC supply	*53.71*	*Non-OPEC supply*	*54.76*
Difference	***28.41***	***Difference***	***29.18***

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

Stocks

US commercial oil stocks displayed a significant seasonal build of 16.3 mb in April

World economy

World GDP growth revised up to 5.1% for 2004 but remains unchanged at 4.1% for 2005

Issued 17 May 2005 *Data covers period up to end of April 2005 unless otherwise stated*

Next report to be issued on 16 June 2005