OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

April 2004

Feature Article:

The US gasoline situation and crude oil prices

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Oil Market Highlights

- The US economy continues to grow at a very fast pace in 2004 as a result of a high rate of growth in consumer demand. First quarter growth may exceed 5%. Japan is benefiting from growth in investment spending and improvements in the health of the corporate sector. There has been no slackening in the pace of Chinese growth in the first months of 2004, despite some measures to tighten monetary policy. Real GDP rose by 9.7% above 2003 levels in the first quarter and value-added industrial output rose by more than 17%. Russia continues to benefit from the level of oil prices.

- US employment data for March provide hope that the economic recovery is spreading to the labour market. Further months of gains in employment would allow US consumption growth to maintain momentum when the tax stimulus becomes less significant in the second half of the year. There has been no improvement in the Treasury deficit, however, and the recent recovery of the US dollar means that the current account may be slow to correct. Inflation is rising in the US and interest rates may be increased in the autumn. A further risk to the outlook for the world economy is the very slow pace of recovery in the Euro-zone. Only France and Spain are showing signs of growth close to their economic potential.

- The 2004 forecast for the OECD region is unchanged and GDP is expected to grow by 3.2%. The forecasts for the USA and Japan have both been increased by 0.2%, whilst the forecast for the Euro-zone has been reduced by 0.1% to 1.8%. The forecasts for China and Russia have been increased to 8.5% and 6.5%, respectively. The forecasts for Africa, Latin America, Asia (excluding Japan) and developing countries as a whole show slightly higher growth. The world economy is forecast to grow by 4.5% in 2004, which is 0.1% higher than last month's figure.

- The OPEC Reference Basket surged in March, breaking through the $32/b level for the first time since October 1990. It gained close to 10% during the month to average $32.05/b. On a year-to-date basis, the Basket has already surpassed the $30.45/b of 2003, registering $30.75/b for 2004. In contrast to the plunge in crude oil prices during the second half of March 2003, following the start of the war in Iraq, March of this year has seen a surge in oil prices. In the week ending 1 April, however, the Basket fell by 3.9%, or $1.27/b, to $31.26/b, and in the week ending 8 April it declined further by about 1.5%, or 46¢, to $30.80/b. However, in recent days, heightened security concerns in the Middle East triggered another surge in the Basket price, which averaged just over $32.50/b for the last five days.

- Average petroleum product prices continued to show mixed trends in March. Gasoline prices enjoyed solid gains due to robust demand in the US and Asian markets, which also strongly attracted gasoline cargoes from Europe. Meanwhile, product supply was reduced, affected largely by extensive refinery maintenance in Europe and in the USA (where refiners had to meet stringent new transport fuel specifications), and refinery margins therefore remained healthy in all three markets.

- OPEC area spot chartering recouped last month's losses in March, rising by 2.88 mb/d to a monthly average of 16.39 mb/d, assisted by an increase in fixture volumes to westbound destinations. VLCC rates on the Middle East long-haul route moved down by 34 points to WS101, while on the westbound route, they softened by 9 points to WS95. Clean tanker freight rates exhibited divergent trends in March.

- A substantial upward revision in FSU apparent demand and a moderate rise in consumption data for the developing countries and the USA are the main reasons behind our raising the fourth quarter 2003 average by 0.60 mb/d to 80.35 mb/d. This, together with minor adjustments to the other quarterly data, has led to the 2003 average demand estimate being raised by 0.10 mb/d to 78.49 mb/d. Our 2004 demand growth forecast for China has again been raised to read 0.53 mb/d, similar to that in 2003. Higher consumption prospects in the OECD and developing countries have also contributed to the upward revision of 0.30 mb/d in 2004 world oil demand, which is now forecast at 80.05 mb/d.

- OPEC crude oil production in March, based on secondary sources, is estimated at 28.30 mb/d, 0.37 mb/d higher than the revised February figure. Non-OPEC oil supply for 2003 is estimated at 48.67 mb/d, which is 0.91 mb/d above the estimated 2002 figure of 47.76 mb/d. Non-OPEC supply in 2004 is expected to reach 50.07 mb/d, an increase of 1.40 mb/d over the 2003 estimate. Net FSU exports for 2002 and 2003 are estimated at 5.56 mb/d and 6.46 mb/d, respectively, and are expected to rise to 7.26 mb/d in 2004.

- In March 2003, US commercial oil stocks reversed the previous month's trend and rose by 14.3 mb, widening the year-on-year surplus to around 39 mb. Crude oil was the main contributor to this build. Total oil stocks in Europe fell by 6.1 mb, due to large draws on gasoline and middle distillate inventories, while crude oil stocks registered a massive build of about 12 mb. Total oil stocks are currently around 15 mb above last year's level. Japanese stocks declined by 9.6 mb at the end of February, with both crude and products contributing to the fall. Despite this draw, the year-on-year surplus remained at about 6 mb.

The US gasoline situation and crude oil prices

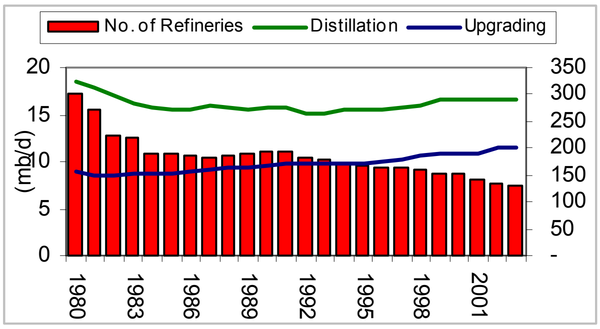
- At different times of the year, the world petroleum market is driven by various seasonal factors on top of typical supply and demand patterns. During winter in the Northern Hemisphere, the market's attention usually focuses on distillates such as heating oil to meet rising demand as the weather turns cold. When spring follows winter and temperatures rise, the focus usually shifts to the US gasoline market, in preparation for the summer driving season, which runs from late May to early September. Both prior to and during this period, concerns over gasoline can potentially influence the direction of the market.

- The US gasoline market contains the seeds of its own problems, with the main underlying one being the persistent lack of sufficient gasoline producing capacity, i.e., insufficient upgrading units in the domestic refining industry. This is the result of the decline in the number of US refineries in the last two decades. However, existing refineries have expanded, with particular emphasis on upgrading capacity, as shown in **Graph 1.** But, as always, there is a limit to refinery extensions. As a result, US refineries have not been able to produce sufficient gasoline to totally meet domestic needs.

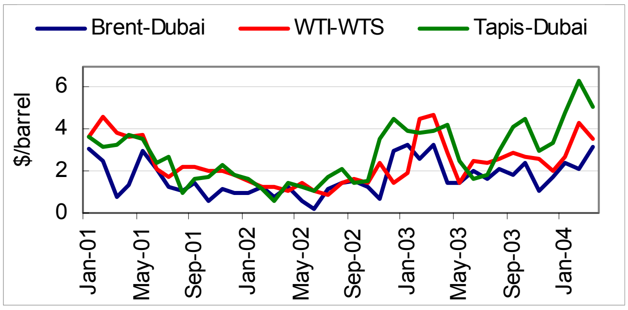
- A second cause of market concern is the patchwork of as many as 18 different kinds of gasoline specifications that exist throughout the USA. This greatly hinders market flexibility, as the lack of a uniform specification prevents gasoline from moving from one region to another. Furthermore, some US regional markets such as the West Coast and the Midwest generally function in isolation, which only increases the risk of shortfalls.

- The third and most recent factor is the introduction of stringent new specifications for reformulated gasoline (RFG) in key US markets. These new grades primarily mandate the lowering of sulphur content to 120 ppm, and the elimination of oxygenate and octane enhancer methyl tertiary butyl ether (MTBE). Moreover, the replacement of MTBE with biofuel ethanol in the RFG market has also led to a reduction in the entire US gasoline supply, as ethanol has to be blended with smaller quantities of gasoline to avoid a high level of volatile materials that breach the new restrictions, i.e., there is less ethanol-based gasoline compared to MTBE-based gasoline for the same barrel of processed crude.

Graph 1: No. of US refineries vs. crude distillation and upgrading capacity



Graph 2: Price differentials of key light and sour crude



- The new specifications have tended to increase refinery intakes for light sweet crude, which serves the refiners' two main interests of producing a high gasoline yield while maintaining mandated sulphur content. This in turn has strengthened the price of light sweet crudes compared to their sour counterparts, as illustrated in **Graph 2**, which stems from the US refinery economics favouring light sweet crude, coupled with insufficient desulphurization capacity to reduce the sulphur content of sour crude in some overseas refineries that export gasoline to US markets.

- Nonetheless, using the last year as a reference, US refinery throughput averaged 15.69 mb/d in the summer months, with maximum runs of 15.92 mb/d. Gasoline refinery output averaged 8.72 mb/d over the driving season months, with an average gasoline yield of 55.6%. Combining last year's average refinery runs and the strong recent average gasoline yield of around 57%, the US refineries should easily achieve 8.93 mb/d of gasoline output in the upcoming driving season. The recent surge in gasoline imports, averaging nearly 1 mb/d in March, which is expected to continue in the foreseeable future due to strong NYMEX gasoline futures, should fill the gap between supply and demand. Gasoline demand is projected to rise by 2.4% over summer 2002 levels to reach 9.44 mb/d. All in all, this should normally ease the supply restrictions and gasoline stocks should be adequate to meet the needs of the driving season.

- It is important to note that the record-high US gasoline refinery output during February and March was considerably assisted by strong US crude imports, which averaged nearly 9.6 mb/d in the first quarter of 2004, more than 11% above last year's average and 12% above the average of the previous five years. Thus, in the current market of ample crude oil availability, as evidenced by the reported continuing high OPEC crude oil production (28.3 mb/d in March 2004), US gasoline prices will continue to be strongly shaped by their own fundamentals, as well being influenced by other developments in the petroleum complex. Unplanned outages in the US logistics system and refining centres, or major disruptions in external gasoline supplies, could trigger price spikes that would in turn lead to frequently stronger crude oil prices, especially with the observed robust oil demand growth in China.

130th Meeting of the OPEC Conference
Vienna, Austria, 31 March 2004

The 130th Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Vienna, Austria, on 31 March 2004, under the Chairmanship of its President, HE Dr. Purnomo Yusgiantoro, Minister of Energy & Mineral Resources of Indonesia and Head of its Delegation.

The Conference welcomed the Minister of Petroleum of Angola, the Minister of Oil and Gas of the Sultanate of Oman, the Minister of Energy and Mining of Sudan, the Minister of Petroleum and Mineral Resources of the Syrian Arab Republic, the Deputy Minister of Industry and Energy of the Russian Federation, and the high-level representative from Mexico, whose presence at the Meeting is seen as renewed confirmation of these countries' solidarity with the objectives of the Organization to stabilize the oil market.

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

Having reviewed the oil market situation and its immediate prospects, the Conference noted that high oil price levels remain predominantly a consequence of long positions of market speculators in the futures markets coupled with a tightening in the US gasoline market in some regions, and exacerbated by uncertainties arising from prevailing geopolitical concerns rather than purely a reflection of supply/demand fundamentals.

With a view to enhancing oil market stability, the Conference urges all parties concerned to undertake joint efforts to address structural problems and bottlenecks affecting the downstream oil industry, which have been contributing to recent price movements.

Notwithstanding prevailing high prices, the Conference observed that the crude oil market remains more than well-supplied as the world moves into the traditionally lower seasonal demand period. It further observed that crude stocks have been building in the past two months and are projected to continue this trend in the second quarter 2004. Therefore, the Conference re-confirmed the new production ceiling of 23.5 mb/d, effective 1 April 2004, agreed upon at the 129th (Extraordinary) Meeting of the Conference held in February 2004 in Algiers, which will allow for accommodation of normal, seasonal stock build-up.

In reiterating this decision, the Conference reaffirmed the Organization's intention to keep the market well-supplied and prices stable within the agreed price band of US$22-US$28/bbl for the OPEC Reference Basket of crudes. The Conference also agreed to continue to closely monitor market developments and to take appropriate and prompt action, as and when the need arises. With this in mind, the Conference confirmed that its next (Extraordinary) Meeting would take place in Beirut, Lebanon, on 3 June 2004.

The Conference passed Resolutions that will be published on 1 May 2004, after ratification by Member Countries.

The Conference decided that its next Ordinary Meeting will be convened in Vienna, Austria, on 15 September 2004, immediately prior to the OPEC International Seminar "*Petroleum in an Interdependent World*" being held in Vienna on 16 and 17 September 2004.

The Conference expressed its appreciation to the Government of the Federal Republic of Austria and the authorities of the City of Vienna for their warm hospitality and the excellent arrangements made for the Meeting.

Highlights of the World Economy

Economic growth rates 2003-2004
%

	World	G-7	USA	Japan	Euro-zone
2003	**3.7**	**2.2**	**3.1**	**2.7**	**0.4**
2004	**4.5**	**3.2**	**4.4**	**2.8**	**1.8**

Industrialised countries

United States of America

March data showed that the labour market is improving but higher inflation may be a cause for concern. Consumer spending continues to drive the economy.

After many months of disappointing growth in employment, the payroll report for March indicated that the strong US economic recovery is, at last, having an impact on the labour market. Non-farm payrolls increased by 308,000 — about twice the expected increase — and yields on short-term US Treasury notes rose in response. The dollar was also firmer. Of course, the behaviour of such indicators is volatile and it is too soon to say that a lasting recovery in real employment incomes is under way. The US unemployment rate remains relatively high at 5.7%, the labour force participation rate is depressed at less than 66% in March and the trend of hourly earnings shows that employers generally have no difficulty in finding workers at wage rates which, in real terms, are barely higher than those of a year ago. It will require a number of months of improving data before this expansion is likely to lose its tag of the "jobless recovery", since there are other reasons to suggest that growth in the second half of 2004 will be significantly slower. First amongst these is the deteriorating trade performance. The US trade deficit has widened since November, the dollar has risen by about 2% in trade-weighted terms in February and March and the pace of consumer spending remains strong. March retail sales rose by 1.8% and the February increase was revised up to 1%. This pattern of stronger consumer spending pushed the February trade deficit to $42.1 billion — a $3.5 billion increase over the 2003 level. Moreover, there are signs that the momentum of investment spending and inventory building are both slowing. New orders for capital goods have been relatively weak thus far in 2004 and the ratio of inventories to sales may have passed its cyclical peak. On balance it seems clear that the expansion will continue to be strong for the first half of 2004 — indeed, some analysts have raised first quarter GDP growth forecasts to 6% at an annual rate — but it remains an unbalanced recovery, overwhelmingly dependent on very rapid growth in consumer and government spending. Considering both the trade deficit and the Treasury budget deficit for February (the Treasury deficit was $72.7 billion, $13.8 billion above the deficit for February 2003) it appears that no progress is being made in addressing the fundamental imbalances in the US economy. The consumer price data for March showed a 0.5% increase, up from a 0.3% increase in February. The core index, which excludes food and energy items, rose by 0.4%, its biggest increase since November 2001. Despite this data, US interest rates are not expected to rise until the autumn. The dollar is stable and although there are some signs that higher commodity prices are beginning to affect producer prices, the effect on overall inflation will be limited as long as unit labour costs are continuing to fall. The US Federal Reserve may need to see much more evidence of tighter employment conditions before raising interest rates, but the strong inflation and consumer spending data for March have increased the possibility of an increase in 2004.

Japan

Japan's business sentiment improved across all sectors, and the Tankan index for both manufacturing and non-manufacturing sectors rose in March

Business sentiment improved across all sectors of Japanese industry, and the recovery of business confidence among large manufacturers is spreading to other sectors. **The quarterly Tankan index of confidence among large manufacturers rose to 12 in March from 7 in December, while confidence among large non-manufacturers rose to 5 from zero.** The Tankan also drew attention to the widening gap in sentiment between the large sectors and small and medium-sized enterprises. In addition, consumer spending is on the rise, helping to achieve a sustainable recovery from the third recession since 1991. Japanese retail sales grew for the second successive month in February, rising by 0.9% y-o-y, on the back of steady motor vehicle sales and a jump in food sales. **Growing domestic demand may cut manufacturers' reliance on overseas sales, which are threatened by the yen's advance against the dollar.** Sharp gains in the yen may even hurt business confidence, forcing the government to extend last fiscal year's record sales of 32.9 trillion yen, in order to protect the profits of exporters. Japanese industrial production fell 3.7% in February, the largest drop in three years, and the economy shed jobs as Sony and other manufacturers cut costs after the yen's gains eroded export earnings. However, the jobless rate remains unchanged at 5%.

Looking ahead, a monthly survey of manufacturers estimates a modest rebound in March and a strong pick-up in April. Industrial output in 2004 is expected to increase by 5.4%, following a gain of 3.3% in 2003. Japan's parliament has approved a budget totalling 82.1 trillion yen ($774 billion) for the fiscal year 2004. Total spending will rise 0.4% from a year earlier and new bond sales will expand 0.4% to 36.6 trillion yen. The government has pledged to curb public debt, which is projected to reach 144% of GDP by March 2005. Standard & Poor's has raised the outlook for Japan's local currency debt rating from negative to stable because of falling bad loans and improved prospects for growth.

Euro-zone

Much better global economic conditions have had little effect on Euro-zone performance

The monthly data for the largest European economies are consistent with a slow economic recovery, although the EU Commission business and consumer survey readings were unchanged in March, providing little evidence that economic conditions have yet improved. Consumer sentiment stagnated at February levels and industrial confidence was also unchanged. February industrial production and retail sales data for Germany suggest that first quarter GDP growth may reach 1.5% on an annual basis, with capital spending in the lead. The trade data for Germany have also been encouraging despite the strong euro, but the consumer sector continues to struggle. This may be related to the further increases in unemployment and there are no signs of any stabilisation in the German labour market. Italy also suffers from a very low level of consumer confidence but the pattern is different for France and Spain. Both these economies have seen better results for retail sales in early 2004 and are likely to grow by well above the Euro-zone average. French GDP is probably growing at a rate of over 2% at an annual rate, thanks mainly to growing consumption, both public and private. Spain is expected to record the highest rates of growth within the Euro-zone and has a similar pattern of growth to France and the UK — all three economies are highly dependent on consumption growth with investment spending and net trade showing hardly any improvement. Considering the Euro-zone as whole, it may be that its recovery is simply at an earlier stage than those of the US and the UK. Many of the underlying preconditions for expansion are in place and, if the existing momentum of investment spending and net trade can generate employment growth, consumer spending should accelerate and keep the economy moving in the second half of the year. Certainly the better performance of the US, Japanese and Asian economies should provide much higher external demand, at least for the first half of the year. The failure of better global economic conditions to stimulate the Euro-zone may persuade the ECB to lower interest rates, but no rate cut is likely until mid-year and then only if inflation remains under control.

Former Soviet Union

Growth targets for FSU nations for 2004 have been revised upwards and the Russian economy may achieve 7% growth

The official targets for growth in 2004 for most FSU countries have been revised upwards, mainly due to growing foreign investment, an improved foreign trade balance, stronger oil prices and higher household consumption, which was fuelled by the rapid annual growth **In Russia, growth in the basic sectors of the economy accelerated to 8.95% year-on-year in February, up from 7.6% in January and 8.5% in December 2003.** Most of the economic institutions are upgrading their forecasts for 2004 up to 7.0%. Economic growth was again driven by investment and modernization, mainly in the machinery sector, with output up 19.8% over February 2004. The share of the fuel sector in total investment increased to 20.5%, up from 19.7% a year earlier. Credits and loans are gradually playing a greater role in investment financing, and the development of the financial sector may encourage the investment diversification process. **In February, positive dynamics were also observed across different sectors of the Russian financial market**. The situation in the rouble-denominated government bond market demonstrated the optimistic mood of investors, against a background of the extremely high liquidity observed in the banking sector and the stabilization of the US dollar exchange rate. The stock market continued to grow, reaching another historical maximum of 656.97 points. **Retail sales figures were also impressive, up 10.8% year-on-year, indicating that household consumption is also on the rise**. The inflation rate was 1% m-o-m in February versus 1.65% in the same month of last year. Output of construction materials was also healthy, rising by 11.9 %.

Eastern Europe

The need to tighten fiscal policy is a common concern for the region.

The Polish Prime Minister has announced his resignation with effect from May 2. This political uncertainty may cause problems for the Polish economy since the government, under new leadership, will need to act quickly to implement the Hausner plan to reduce public spending. The Polish economy could certainly cope with less fiscal stimulus, as GDP growth continues to accelerate. The recovery is driven mainly by exports, as the Polish zloty is weak, but investment spending has not yet benefitted from improving business confidence. In recent weeks, growing overseas confidence in the Hungarian economy has been reflected in the strength of the forint — now trading below 250 to the euro. Better export performance and industrial activity, together with a more credible fiscal policy have boosted the currency, but further budget savings will be needed to meet the new deficit target of 4.6% of GDP. The main problem for Hungary remains the current account deficit — 8.9% of GDP in 2003. Since export growth will be held back by the weak performance of the Euro-zone economy, a sustained improvement will require a slower rate of growth of domestic demand. The Czech economy also faces a current account deficit but its major problem is the fiscal deficit. Although the Czech government lacks an overall majority in parliament, there has been some progress towards a tighter fiscal policy. The current account deficit remains under pressure and much will depend on a continued high level of FDI. Thus far in 2004, the balance of payments trends have been encouraging and the currency has been stable.

OPEC Member Countries

The economic outlook in OPEC Member Countries is generally positive

The economic outlook remains very positive in Qatar, due to the sustained expansion in industrial investment combined with the rise in average oil output. The nation's economic policy continues to centre on the development of its vast non-associated natural gas reserves and its plans to expand production of liquefied natural gas, condensates and petrochemicals. Fiscal policy will remain prudent, and the fiscal account will maintain a healthy surplus throughout this year. The industrialization programme will boost growth in the years to come, with the real GDP rate set to rise by 7% in 2004, while inflation will remain low. The current account surplus will fall sharply in 2004, although it will remain substantial at 12.7% of GDP. With the growth rate in the agricultural sector and in oil and gas production set to fall strongly in the second half of the year, Nigeria's real GDP growth rate will be slower, and this slow-down will be more pronounced in 2005, owing to government spending reductions. Although the headline growth rate will remain robust throughout this year, it is likely to be around 3.3%, which is below the government's targeted level of 4–5%, unless real progress is made in implementing economic reforms. Venezuela's economy is expected to witness a strong rebound this year, particularly in the first half, as the oil price forecast remains firm. Growth will be fuelled by fiscal spending and magnified by the low comparison base as regards oil production. Growth in the second half of 2004 will be weaker as the base for comparison will be higher and as fiscal expenditure decelerates by the end of the third quarter after the state governorship elections. The momentum going forward into 2005 will undoubtedly be reduced, due to the deceleration in the second half of the current year, when the government's ability to stimulate demand will be further curbed by the forecast decline in global oil prices. Private investment in the non-oil sector remains extremely weak, and therefore growth will likely be lopsided.

Developing Countries

Asia is performing strongly but also faces risks. Parts of Africa are becoming less industrialized, and Latin America is benefiting from China's strong performance.

The emerging Asian economies are expected to outperform other emerging economies, but also face several risks that could undermine this strong performance. Concerns are mounting about the rapid pace of massive investment and credit growth in China, and it seems likely that a bubble is building. This could have significant repercussions, not only for China itself, but for the whole region and the world, which has benefited from the recent strong demand in China, which is a key emerging market. Moreover, many countries with floating exchange rates are intervening to depress the value of their currencies, which may be beneficial in the short term, but is unlikely to be sustainable in the long term. Another risk factor is related to physical security, which is deteriorating across much of the region, damaging foreign investment in a number of countries. Furthermore, most countries in the region will hold elections within the next 18 months, in the run-up to which governments may adopt more populist policies and slow down business-friendly reforms. In Sub-Saharan Africa, the share of manufacturing value-added (MVA) in GDP has fallen over the past two decades. Thus, South, East and West Africa have all become less industrialized, although the share of MVA in GDP can provide no more than a rough guide to a country's industrial performance. For instance, where other sectors such as energy are expanding rapidly, it is only to be expected that manufacturing's share in output should decline. This explains the sector's shrinkage in Angola, Algeria, Equatorial Guinea, Gabon and Sudan. However, this is obviously not the only factor at work, and the region's overall underperformance is clear. There is active demand for Latin American commodities, resulting from the Chinese economy's spectacular growth in 2003, and this is forecast to remain positive in the years to come, which is being factored into corporate investment strategies across various other industries in the region as well. Brazil's economic performance is expected to improve this year. The government will restrict public spending growth to meet fiscal targets in 2004, but further cuts in interest rates and the return of confidence will stimulate a gradual recovery of private consumption and investment. Together with continued modest export growth, these changes will allow the country's GDP growth to climb to 3.4% this year, compared to the marginally negative growth rate of –0.2% registered in 2003.

Oil prices, the US dollar and inflation

The US dollar rose against other major currencies in March and the real OPEC Reference Basket price has improved

The US dollar gained against other major currencies in March, rising 4.87% versus the euro, 8.29% against the British pound, 0.85% versus the Japanese yen and 3.47% against the Swiss franc. **The euro's upward trend was reversed amid signs that economic recovery in the Euro-zone may be faltering**. Manufacturing activity in the twelve Euro-zone nations failed to accelerate in March, with both new orders and employment indicators weaker than in the previous month, reviving fears that an ECB rate reduction or a shift toward an easing of policy could be on the cards. Speculation about a possible rate cut by the ECB was heightened after its President said that he "remains vigilant over the region's growth prospects" and the Belgian Central Bank governor also said that the ECB still has room for manoeuvre. Similarly, the US dollar gained sharply against the Japanese yen early in March, after aggressive intervention by the Bank of Japan (BoJ) in the currency market. However, when the government later released a report showing that consumer spending had risen for the second consecutive month, lifting the Nikkei to a 22-month high, the dollar lost a major portion of its earlier gains versus the yen. The negative sentiment driving the dollar's fall against the yen was fuelled by a report in *The Times* of London that the BoJ was withdrawing from intervention in the currency market, although this report was dismissed by the Ministry of Finance. **The yen also advanced against the euro amid reduced capital flows into Europe and the improving outlook for the Japanese economy**. Capital flows into the euro-zone recorded a 26 billion euro deficit in January, from December's 28.1 billion euro surplus.

In March, the OPEC Reference Basket soared by $2.49, or 7.77%, to $32.05/b from $29.56/b the previous month. In real terms (base July 1990=100), after accounting for inflation and currency fluctuations, the Basket price improved by 9.65% to $23.52/b from $21.25/b, as the gains of the dollar against other rival currencies further improved the actual price. The dollar rose 2.04% as measured by the import-weighted modified Geneva I + US dollar basket*.

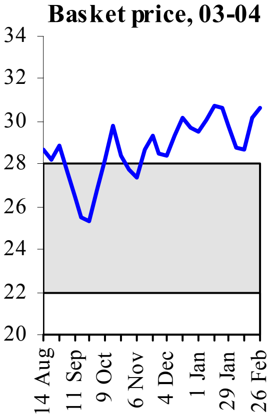
** The 'modified Geneva I + US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

Crude Oil Price Movements

The OPEC Reference Basket rose by $2.49/b in March to average $32.05/b

The OPEC Reference Basket surged in March, breaking through the $32/b level for the first time since October 1990. It gained close to 10% during the month to average $32.05/b. On a year-to-date basis, the Basket has already surpassed the $30.45/b of 2003, registering $30.75/b for 2004. In contrast to the plunge in crude oil prices during the second half of March 2003 following the start of the war in Iraq, March of this year has seen a surge in oil prices.

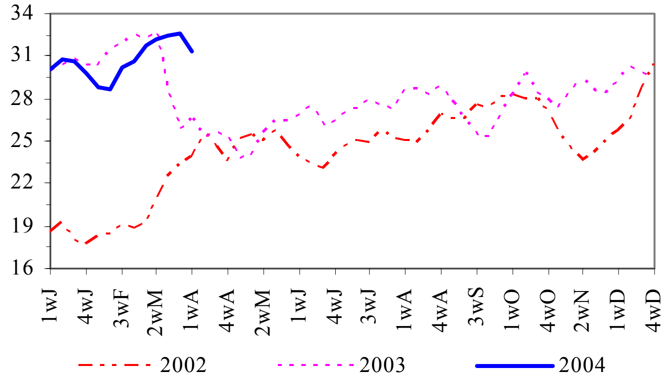
Weekly average Basket price, 03-04



On a weekly basis, the Basket started the month with a solid gain of more than 4%, or $1.19/b, followed by another 1.2% gain in the second week to average $32.17/b. It made further gains in the second half of the month, although the pace of the rise was slower. In the third week, the Basket surged by 1%, or 31¢/b, to $32.48/b, and then added another 0.2%, or 5¢/b, to reach $32.53/b in the week ending 25 March. In the week ending 1 April, however, it fell by 3.9%, or $1.27/b, to $31.26/b, and in the week ending 8 April it declined further by about 1.5%, or 46¢, to $30.80/b.

Graph 1

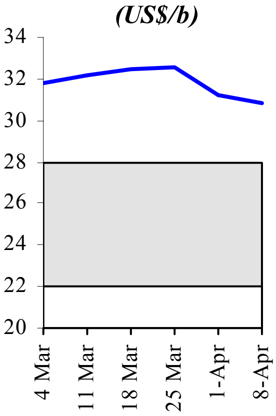
OPEC Reference Basket - weekly spot crude prices *(US$/b)*



A tight gasoline market and perceived low crude stocks drove the market upward

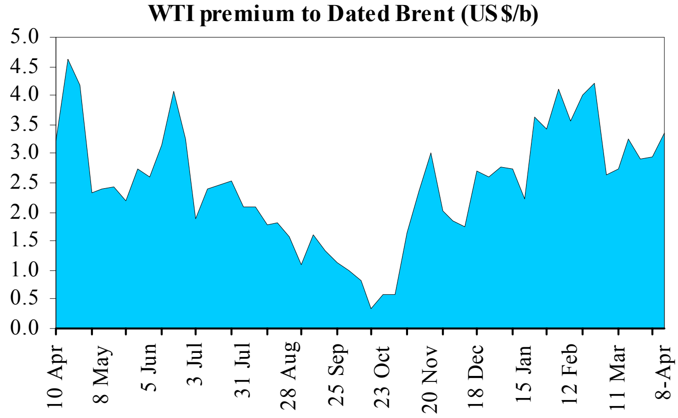
In a bullish market, gasoline is definitely in the driver's seat with strong world oil demand and economic growth next to it in the passenger seat. Gasoline — especially the US gasoline market — remains the centre of gravity for the entire petroleum market these days. **At a first glance, total US commercial gasoline stocks seem to be at a comfortable level of 200.1 mb at the end of March, according to the DoE figures** (unchanged from last year and only 2% below the five-year average). However, a closer look reveals that **reformulated gasoline (RFG) stocks are 20% down versus the previous year and 31% below the last five-year average**. Making matters worse are the more stringent specifications and the ban on MTBE in New York and Connecticut, together with increasing competition from Asia and the lack of adequate spare downstream capacity. The next-mini crisis could be just around the corner when summer-grade RFG with a lower Reid vapour pressure specification will have to be manufactured using ethanol in two areas which constitute 60% of the total 1 mb/d US East Coast consumption.

Mar - Apr 04
(US$/b)



Graph 2

WTI premium to Dated Brent (US $/b)



Crude oil prices drew strength from the tight gasoline market, a more optimistic demand scenario and sound economic growth

Surging oil demand in China and other Asian countries has prompted revisions in world oil demand growth estimates. The latest estimates for 2004 see demand rising by approximately 1.6 mb/d to 80.1 mb/d, in line with the world economic growth forecast of 4.4%, supported by strong momentum in US economic growth and the surprising performance of the Japanese economy. Meanwhile, OPEC, seeking to stabilize the market, has maintained production at above 28 mb/d during the first three months of 2004. At its Meeting on 31 March, the Organization endorsed the full implementation of the February agreement in Algiers in the light of the build-up in crude oil inventories and the seasonal second-quarter demand drop.

US and European markets

Strong demand for light sweet grades widened the WTI/Brent spread to over $4/b, increasing the flow of Atlantic basin crudes into the US East and Gulf Coasts. West African crudes benefited the most from the US appetite for the few remaining cargoes available for April delivery. According to the DoE, crude imports stood at 9.5 mb/d in mid-month, rising to more than 10 mb/d by the week ending 26 March. Crude oil inventories saw a strong recovery, climbing up from the 270 mb considered by the National Petroleum Council (NPC) to be the minimum operational level. According to the DoE's weekly statistics at the end of the month, US commercial crude oil stocks stood at 294.3 mb, which was 5% higher than last year but 5% below the five-year average. In Europe, refinery runs in mid-month were lifted by around 5% from 90% in order to ramp up gasoline production to supply the thirsty US market which, in turn, made the North Sea grade premium to dated Brent surge to recent highs. The light sour Russian Urals discount to dated BFO (Brent, Forcados and Oseberg) narrowed from around $2-3/b in February to just $1/b on lower than expected availability and strong refining margins for high sulphur grades.

Crude oil stocks recovered, approaching the 300 mb level on the back of strong sustained imports

Far East market

Early in March, strong demand for distillates and fuel oil supported prices and increased competition for products as well as crudes in the thirsty US market. Refinery maintenance, together with healthy Chinese demand, provided firm support for the Asia-Pacific product market, limiting the normal supply of Asia-Pacific gasoline to the US West Coast. Arbitrage for West African crudes to the east remained workable in the first half of March, helped by falling freight rates. Regional light sweet crudes for April delivery faced some resistance on the part of buyers. However, heavier sweet grades were easily allocated on voracious Chinese demand. Late in the month, trading for light sweet grades for May delivery was bullish amid firm regional demand for gasoline. The flow of West African crudes in May is not yet clear, as US competition for gasoline-rich grades has made the grades more expensive. **The widening of the BFO-Dubai spread and high freight rates might translate into lower West African supplies moving to the region in May.**

Transatlantic arbitrage faded towards the second half of March as the BFO-Dubai spread widened and freight became more expensive

Graph 3

Dated Brent premium to Dubai (US$/b)

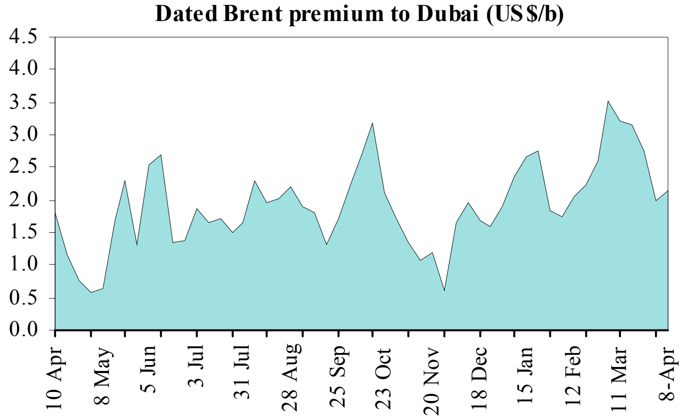


Table 1

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

US $/b

			Year-to-date average	
	Feb 04	**Mar 04**	2003	**2004**
Reference Basket	29.56	**32.05**	30.55	**30.75**
Arabian Light	29.18	**31.62**	29.73	30.32
Dubai	28.49	**30.77**	28.57	29.50
Bonny Light	30.47	**33.34**	31.31	31.71
Saharan Blend	30.57	**33.46**	31.64	31.90
Minas	29.38	**32.21**	31.63	30.74
Tia Juana Light	28.17	**29.88**	30.13	29.17
Isthmus	30.64	**33.08**	30.86	31.93
Other crudes				
Brent	30.65	**33.70**	31.61	32.03
WTI	34.62	**36.59**	34.20	35.29
Differentials				
WTI/Brent	3.97	**2.89**	2.59	3.26
Brent/Dubai	2.16	**2.93**	3.04	2.53

Product Markets and Refinery Operations

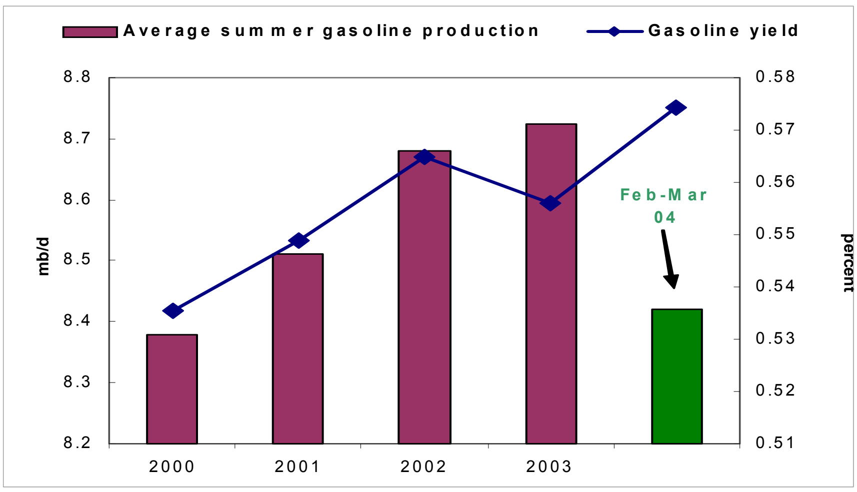
Average petroleum product prices continued to show mixed trends in March. Gasoline prices enjoyed solid gains due to robust gasoline demand in the US and Asian markets, which also strongly attracted gasoline cargoes from Europe. Meanwhile, product supply was reduced, affected largely by extensive refinery maintenance in Europe and in the USA (where refiners had to meet stringent new transport fuel specifications), and refinery margins therefore remained healthy in all three markets.

Gasoline demand surged, while both distillate and fuel oil consumption fell in the USA in March. Refining margins slipped but remained strong in the US Gulf centre. The US refinery utilization rate was close to 90%

US Gulf market

Average price rises in the US Gulf market for both gasoline and high sulphur fuel oil (HSFO) largely corresponded to a 6% increase in the WTI price in March, while the rise in the gasoil price was restricted to 2% above last month's level. Nonetheless, the Energy Information Administration's four-week average, representing the bulk of US refinery and product activity in March, revealed the following factors: gasoline demand rose for the second consecutive month, registering an average of 8.89 mb/d, which was 1.2% above the previous month's level and nearly 3% above last year's level. Accordingly, as supply usually follows demand, gasoline refinery output edged slightly higher month-on-month by 0.6% to 8.4 mb/d, which was almost 5.5% above the year-ago level. This was a clear indication of refiners' continuous efforts to maximize gasoline yields, which reached an unprecedented average level of 57.4% for February and March. In addition, average gasoline imports exceeded last year's strong level, reaching nearly 1 mb/d, prompted by record-high NYMEX gasoline futures. The combination of the strong pace of US economic growth and warmer-than-average March temperatures led to a very favourable driving situation that partly explains the robust growth in gasoline demand, despite the prevailing rise in retail gasoline prices. The early onset of warmer weather, on the other hand, depressed US distillate and and fuel oil demand below both last month's and the preceding year's levels. Moreover, the adverse effect of very low US distillate stocks during the first quarter and considerable periods of the second quarter of last year will not be felt this year, as the current US distillate inventories remain at a typical seasonal level. Hence, US refineries should be able to focus on gasoline production. **Graph 4** highlights two main points: firstly, the ability of US refiners to boost gasoline output to meet the largest portion of domestic demand in previous years and secondly, that this boost in US gasoline output occurred despite the average gasoline yield falling by almost 1% in last year's summer months (May to August) compared to summer 2002 (as US refiners had the twin tasks of producing gasoline for the driving season and building very low distillate stocks to be consumed in the fourth quarter of last year). This implies great flexibility in the system, which can be utilized for higher US gasoline production this year, thus allowing rapid gasoline stock building in April and throughout May.

Graph 4: Average US gasoline production during May-August 2000-2003 and February-March 2004 versus its yield



Average WTI refining margins in the US Gulf market slid in March but nevertheless remained healthy and averaged nearly $3.50/b, with the strong gasoline price being the main contributor to sustainable solid refinery economics.

Average US refinery throughput fell by 260,000 b/d to hover around 14.93 mb/d in March, reflecting a combination of seasonal turnarounds and several refinery glitches. Thus, the equivalent refinery utilization rate of 89.4% was 1.7% below the level a year ago.

Rotterdam market

Product price rises were led by distillate, which lent further support to refining margins in Rotterdam. Extensive refinery maintenance cut the refinery utilization rate in the Eur-16 to 85.3%.

Average product price gains were registered on either side of the rise in the price of their marker crude, Brent, which rose by nearly 10% in March. The average gasoil price outperformed its marker crude counterpart, rising by 11%, although average prices for gasoline and HSFO registered lower increases of 8% and 6%, respectively. However, an analysis of the European product market sheds light on the following fundamentals: firstly, despite the tighter European light product market, owing in part to extensive refinery maintenance, the prevailing rise in NYMEX gasoline futures continued to attract gasoline cargoes from North-West European and Mediterranean markets. Secondly, heavy European refinery maintenance sharply reduced the output of the main refined product, distillate. At the same time, regional demand for diesel, particularly from France and Spain in the first half of the month, coupled with robust heating oil demand as colder-than-normal temperatures dominated most of Europe during March, tightening distillate supply. However, a string of refinery restarts in the last few days of March eased the constraints on distillate supply. Thirdly, higher refinery straight run fuel oil intakes, due to the very large price differentials of light products to fuel oil, together with modest shipping of fuel oil to US and Asian markets at a time of lower refinery output, supported fuel oil fundamentals in the European market.

The strong gross product worth (GPW), led by the exceptional gasoil strength, offset the relative strength of the Brent price. Average refining margins in March advanced further into positive territory to register $3.50/b.

Average refinery throughput in the Eur-16 countries plunged by more than 500,000 b/d to register 11.77 mb/d in March, implying extensive regional refinery maintenance, which usually extends into April. The corresponding refinery utilization rate dropped to 85.3%, which was 3.6% lower than the preceding year's level.

Singapore market

Gasoline was the star of the month in March in Singapore's product markets. Refining margins remained healthy.

Average product prices in March exhibited divergent trends in Singapore. Gasoline recouped last month's losses to soar by 11%, thereby outpacing the 8% rise in the marker crude, Dubai. However, gasoil and fuel oil prices registered moderate falls of 1% each. Nevertheless, the Asian product markets were shaped by a number of developments. The first of these was sustained high gasoline demand in China, thus reducing gasoline exports, which are expected to fall further in the coming months, as refiners concentrate their efforts on producing higher yields of gasoil for agricultural purposes. Furthermore, rising Japanese demand and strong US gasoline prices also contributed to the robustness in the gasoline markets. Moreover, healthy margins for gasoline and ethylene lent considerable support to their feedstock, naphtha. The second factor shaping the Asian product market was the continuous builds in distillate and fuel oil inventories in Singapore, implying in part lower demand for heating oil as the winter season comes to an end. However, the prospects of higher Chinese demand for both products in the second quarter prevented a large fall in their prices in March. Thirdly, the start of seasonal Asian refinery maintenance during the second quarter could result in a reduction in regional product output.

Despite modest falls, Dubai's average refining margin in Singapore hovered at $3.41/b in March. The prevailing healthy refinery economics were largely attributable to the strong gasoline price and, to a lesser extent, its counterpart naphtha.

In Japan, refinery throughput stood at 4.35 mb/d in March, a 77,000 b/d decline below last month's level. Furthermore, there was a decrease of nearly 3% in the refinery utilization rate of 92.4%, compared to the previous year's level.

Table 2
Refined product prices
US$/b

		Jan 04	Feb 04	**Mar 04**	**Change Mar/Feb**
US Gulf					
Regular gasoline	*(unleaded)*	41.57	43.37	**46.03**	+2.66
Gasoil	*(0.2% S)*	39.84	36.88	**37.51**	+0.63
Fuel oil	*(3.0% S)*	22.64	22.08	**23.38**	+1.30
Rotterdam					
Premium gasoline	*(unleaded)*	37.33	38.56	**41.68**	+3.12
Gasoil	*(0.2% S)*	36.58	34.16	**37.77**	+3.61
Fuel oil	*(3.5% S)*	20.75	20.32	**21.49**	+1.17
Singapore					
Premium gasoline	*(unleaded)*	44.25	39.87	**44.10**	+4.23
Gasoil	*(0.5% S)*	41.42	38.81	**38.42**	-0.39
Fuel oil	*(380 cst)*	24.98	24.90	**24.57**	-0.33

Table 3
Refinery operations in selected OECD countries

	Refinery throughput *mb/d*			**Refinery utilization*** *%*		
	Jan 04	Feb 04	**Mar 04**	Jan 04	Feb 04	**Mar 04**
USA	15.21	15.19	**14.93**	91.1	91.0	**89.4**
France	1.80 R	1.84	**1.69**	92.0 R	94.2	**86.9**
Germany	2.28 R	2.24	**2.02**	99.7 R	97.8	**88.4**
Italy	1.81 R	1.84	**1.79**	78.1 R	79.4	**77.4**
UK	1.62 R	1.61 R	**1.61**	89.3 R	88.6 R	**88.8**
Eur-16	12.51 R	12.31 R	**11.77**	90.6 R	89.2 R	**85.3**
Japan	4.32	4.42 R	**4.35**	91.9 R	94.1 R	**92.4**

* *Refinery capacities used are in barrels per calendar day*
R *Revised since last issue*
Sources: *OPEC Statistics, Argus, Euroilstock Inventory Report/IEA*

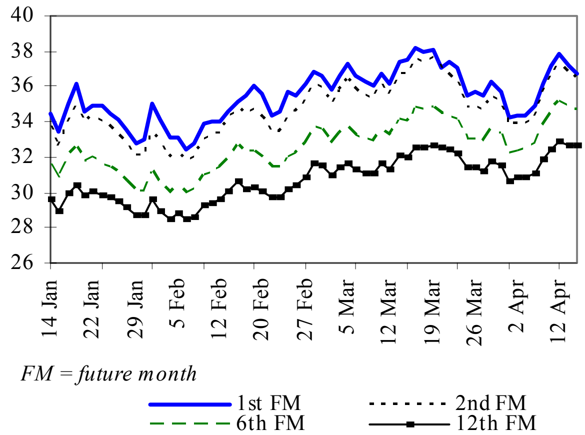
The Oil Futures Market

Record high net-long, long and open interest positions threaten to unleash a pronounced price correction. However, fundamentals for the remainder of the year seem firm.

Little has changed from our analysis of last month, except perhaps the fact that **commercial crude oil stocks in the USA have made a strong recovery in the last few weeks from a worrying 270 mb (the minimum operational level) to almost 295 mb, according to the figures released by the DoE** on 26 March. The gasoline market is playing a more prominent role in supporting the market's bullish mode. To the list of bullish factors, one may add the recent upward revisions that see stronger world oil demand growth this year, more solid global economic growth underpinned by the strength in the US and Japanese economies, and OPEC's decision to implement the February agreement in Algiers on production levels. On the one hand, US crude oil stocks have risen rapidly from this year's low of 264.6 mb to near the 300 mb level, which could make speculators switch from bullish to bearish mode. On the other hand, despite the more optimistic demand growth projections, it should not be forgotten that spring has arrived and with it the real prospects of a significant drop in oil demand — estimated by the Secretariat at around 2.4 mb/d this year.

Graph 5

NYMEX WTI futures contracts, 2004



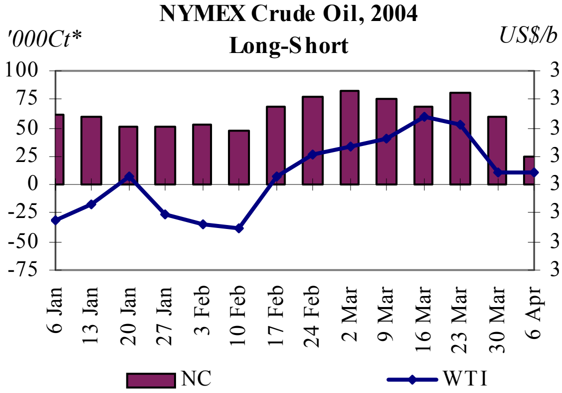
FM = future month

Meanwhile non-commercials (speculators) have not changed their tactics at all since they started to amass a large amount of long positions in WTI futures in September last year. As mentioned in the March issue of the *MOMR*, a similar situation, although on a smaller scale, was seen twice during 2003: the first time in March and later following the end of the US driving season. On these two occasions, crude oil prices suffered corrections of $9/b and $5/b respectively, in a matter of a few weeks. It is therefore quite feasible that a correction might be a stone's throw away, especially considering that this time net-long, long and open interest positions have been at or come close to record highs. **The recent bearish reaction to OPEC's confirmation that it will cut production to 23.5 mb/d as of 1 April, as market-makers react to rising crude and gasoline commercial stocks in the USA, could be a warning sign of what is to come.** In any case, such a price correction will be capped by the solid fundamentals expected for the remainder of the year once the tricky US gasoline situation is over.

Graph 6

Futures Commitment of Traders Report: NYMEX Crude Oil, 2004

Long-Short



NC = Non-commercials: funds, investments and banks.

Ct = *Each contract is 1,000 barrels.

The Tanker Market

OPEC area spot fixtures reversed last month's downward trend, increasing 2.88 mb/d

OPEC area spot chartering recouped the previous month's losses in March, rising by 2.88 mb/d to a monthly average of 16.39 mb/d, assisted by an increase in fixtures to westbound destinations. This gain in OPEC spot chartering was justified by the increase in OPEC production, as reported by secondary sources. Compared with the same period last year, the current level of OPEC fixtures showed a healthy surplus of 3.35 mb/d, due to the interruption of Iraqi exports in March last year. Middle Eastern eastbound and westbound long-haul spot fixtures increased by 0.13 mb/d to 5.71 mb/d, and by 1.25 mb/d to 3.37 mb/d, respectively. Compared with last year, eastbound and westbound long-haul spot fixtures were up by 0.95 mb/d and 1.16 mb/d, respectively. Together, these routes accounted for about 55.4% of total OPEC chartering in the OPEC area, or 1.6 % less than last month, but 4.1% above a year ago. Non-OPEC spot chartering also registered an increase of 0.44 mb/d, or 5.0%, which was 0.53 mb/d, or 6.1%, above last year's figure. Despite this increase, non-OPEC's share fell to 36%, or about 3% below last month's level. Hence, **global spot fixtures climbed by 3.32 mb/d to 25.65 mb/d, which was up by more or less the same amount when compared to the same period a year earlier.** March's estimated sailings from the OPEC area shed the previous month's gains, dropping 2.59 mb/d to 25.18 mb/d. Middle Eastern OPEC sailings ignored the general OPEC downward trend, increasing by 0.95 mb/d to 17.29 mb/d. This figure represents 68.7% of total OPEC sailings, up 9.8% over a month ago. Preliminary estimates show that long-haul arrivals in the Atlantic basin maintained last month's upward trend, rising 0.12 mb/d to 11.21 mb/d in the USA and the Caribbean, and 0.28 mb/d to 7.5 mb/d in North-West Europe. In contrast, Euromed arrivals fell slightly by 0.08 mb/d to 4.24 mb/d, while Japan also contributed to last month's decline, with fixtures falling by 0.39 mb/d to 4.21 mb/d.

VLCC freight rates decreased despite improved spot-chartering

With the exception of Aframax trading on the Mediterranean to North-West Europe route, crude freight rates were depressed by pessimistic sentiment about the future of the market, in the wake of OPEC's announced production cuts. Despite strong oil demand, crude tanker spot freight rates generally declined in February-March, due to seasonal factors such as refinery maintenance. **Thus, VLCC rates on the Middle East long-haul route fell by 34 points to WS101, while on the westbound route, they softened by 9 points to WS95.** The lack of activity in the Suezmax market across the Atlantic was quite noticeable. Thus, the monthly average freight rates for Suezmax tankers operating on the route from West Africa to the US Gulf Coast fell by 10 points to WS157, while the route from North-West Europe to US Gulf Coast experienced a big drop as freight rates plummeted by 42 points to WS156. The Aframax freight rates for tankers operating on the short-haul routes weakened in March, except for the Mediterranean to North-West Europe route, where the rates improved by 39 points to WS201, due to a surge in the volume of fixtures in the Baltic market. However, on the route across the Mediterranean, freight rates continued to decline for the second consecutive month, falling by 44 points to WS231 amid ample tonnage availability. The monthly average freight rates along the Caribbean/US East Coast route witnessed the biggest drop of all crude tanker types, plummeting by 48 points to WS 231, as activity was fairly thin in the last week of the month. Freight rates for 70,000–100,000 dwt tankers on the route from Indonesia to the US West Coast showed a loss of 23 points to WS184.

Clean tanker freight rates exhibited divergent trends in March

Clean product tankers showed a generally softer trend except for voyages to the Far East. Freight rates on the Middle East/Far East route improved by 6 points to WS261, helped by a surge in fixtures, especially in the first two weeks of the month, while on the Singapore/Far East route, they rose by a significant 11 points to WS305. However on the route across the Mediterranean and North-West Europe, freight rates weakened by 23 points to WS315 and by 12 points to WS358, respectively. Similarly, freight rates from North-West Europe and the Caribbean to US destinations declined by five points to WS340 and by 41 points to WS342, respectively.

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

	Jan 04	Feb 04	Mar 04	Change Mar/Feb
Chartering				
All areas	24.87	22.33	25.65	3.32
OPEC	16.12	13.51	16.39	2.88
Middle East/east	5.90	5.58	5.71	0.13
Middle East/west	2.98	2.12	3.37	1.25
Sailings				
OPEC	22.50	27.77	25.18	–2.59
Middle East	16.74	16.35	17.29	0.95
Arrivals				
US Gulf Coast, US East Coast, Caribbean	8.44	11.09	11.21	0.12
North West Europe	7.09	7.23	7.51	0.28
Euromed	3.51	4.33	4.24	–0.08
Japan	4.23	4.61	4.21	–0.39

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

Table 5
Spot tanker freight rates
Worldscale

	Size *1,000 DWT*	Jan 04	Feb 04	Mar 04	Change Mar/Feb
Crude					
Middle East/east	200–300	130	135	101	–34
Middle East/west	200–300	128	104	95	–9
West Africa/US Gulf	100–160	264	167	157	–10
North-West Europe/US East Coast	100–160	259	198	156	–42
Indonesia/US West Coast	70–100	183	207	184	–23
Caribbean/US East Coast	40–70	328	279	231	–48
Mediterranean/Mediterranean	40–70	372	275	231	–44
Mediterranean/North-West Europe	70–100	272	162	201	39
Products					
Middle East/east	30–50	207	255	261	6
Singapore/east	25–30	217	294	305	11
Caribbean/US Gulf Coast	25–30	333	383	342	–41
North-West Europe/US East Coast	25–30	297	318	340	–5
Mediterranean/Mediterranean	25–30	327	338	315	–23
Mediterranean/North-West Europe	25–30	360	370	358	–12

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

World Oil Demand

World demand for 2003 revised up by 0.19 mb/d to 78.49 mb/d, 1.48 mb/d higher than in 2002

Estimates for 2003

World

Compared with the 78.30 mb/d given in the last *MOMR*, the average 2003 demand estimate has been revised up by 0.19 mb/d to 78.49 mb/d, due to upward revisions in the actual historical consumption data of 0.04 mb/d in the first and second quarters, 0.07 mb/d in the third quarter and 0.60 mb/d in the fourth quarter. As was pointed out in the previous *MOMR*, **the bulk of the upward revision is due to an adjustment in apparent demand in the FSU,** reversing the previous downward revision. We expect the final consumption data to change only moderately, as further evidence on the actual demand becomes available. Slightly higher-than-expected consumption in North America and Western Europe has also resulted in a minor upward revision to the OECD demand figure. As a result, **the yearly increment, i.e., the difference between the 2002 and the 2003 averages, has likewise been adjusted upwards by 0.18 mb/d to 1.48 mb/d,** as there has been a marginal 0.01 mb/d upward adjustment to the average 2002 consumption. Quarterly and regional details are given in Table 6.

On a regional basis, 2003 demand is estimated to have risen by 0.73 mb/d, or 1.52%, in the OECD, following a minor fall of 0.07 mb/d in 2002. The estimated 0.20 mb/d, or 0.99%, rise in developing countries' consumption in 2003 is nearly half the world growth rate, and almost the same as the 0.18 mb/d growth seen in 2002. **Apparent demand in the Other Regions, which comprise FSU, China and Former Eastern Europe, is estimated to have grown considerably by 0.56 mb/d, or 5.82%, more than two-and-a-half times the volume and growth rates of 0.21 mb/d and 2.21% in 2002.**

Table 6
World oil demand in 2003
mb/d

							Change 2003/02	
	2002	1Q03	2Q03	3Q03	4Q03	**2003**	Volume	%
North America	24.16	24.56	24.16	24.89	24.92	24.64	0.47	1.96
Western Europe	15.11	15.19	14.98	15.26	15.49	15.23	0.12	0.82
OECD Pacific	8.50	9.61	8.04	7.88	8.99	8.63	0.13	1.53
Total OECD	**47.76**	**49.36**	**47.18**	**48.03**	**49.40**	**48.49**	**0.73**	**1.52**
Other Asia	7.47	7.54	7.54	7.62	8.01	7.68	0.21	2.77
Latin America	4.75	4.48	4.62	4.71	4.74	4.64	–0.11	–2.30
Middle East	4.94	4.94	4.80	5.22	5.06	5.01	0.06	1.26
Africa	2.53	2.55	2.55	2.56	2.60	2.56	0.04	1.39
Total DCs	**19.69**	**19.52**	**19.51**	**20.10**	**20.41**	**19.89**	**0.20**	**0.99**
FSU	3.78	4.02	3.35	3.68	4.16	3.80	0.02	0.62
Other Europe	0.73	0.74	0.74	0.70	0.77	0.74	0.00	0.49
China	5.03	5.41	5.46	5.76	5.61	5.56	0.53	10.50
Total "Other Regions"	**9.55**	**10.17**	**9.55**	**10.14**	**10.55**	**10.10**	**0.56**	**5.82**
Total world	**77.01**	**79.05**	**76.25**	**78.28**	**80.35**	**78.49**	**1.48**	**1.92**
Previous estimate	77.00	79.01	76.20	78.21	79.76	78.30	1.29	1.68
Revision	0.01	0.04	0.04	0.07	0.60	0.19	0.18	0.24

Compared with the exceptionally weak first quarter of 2002, **world demand is estimated to have grown significantly by 2.92%, or 2.24 mb/d, to average 79.05 mb/d in the first quarter of 2003**. This is the net effect of the much colder-than-normal weather in most parts of the northern hemisphere, fuel substitution in Japan as a result of nuclear power reactor maintenance, stockpiling in anticipation of the war in Iraq, and record high natural gas prices in the USA. Second quarter 2003 consumption is estimated to have risen by 1.33%, or 1.00 mb/d, compared to the exceptionally weak second quarter of 2002, thanks to robust economic growth in China and the continuation of fuel substitution in Japan. Third-quarter consumption is assumed to have grown by 1.16 mb/d, or 1.50%. The fourth-quarter increment is estimated at 1.54 mb/d, or 1.95%, representing the second-largest quarterly rise in 2003. Detailed comparisons for all quarters are given in Tables 7 and 8.

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

			Change 2003/02				Change 2003/02	
	1Q02	1Q03	Volume	%	2Q02	2Q03	Volume	%
North America	23.93	24.56	0.63	2.64	24.02	24.16	0.14	0.57
Western Europe	15.16	15.19	0.03	0.20	14.64	14.98	0.34	2.31
OECD Pacific	9.06	9.61	0.55	6.04	7.64	8.04	0.41	5.33
Total OECD	**48.15**	**49.36**	**1.21**	**2.51**	**46.30**	**47.18**	**0.88**	**1.90**
Other Asia	7.29	7.54	0.25	3.49	7.50	7.54	0.05	0.62
Latin America	4.70	4.48	–0.22	–4.66	4.78	4.62	–0.17	–3.50
Middle East	4.83	4.94	0.11	2.30	4.91	4.80	–0.12	–2.35
Africa	2.55	2.55	0.00	–0.08	2.51	2.55	0.04	1.68
Total DCs	**19.38**	**19.52**	**0.14**	**0.74**	**19.70**	**19.51**	**-0.19**	**-0.99**
FSU	3.77	4.02	0.25	6.54	3.39	3.35	–0.04	–1.05
Other Europe	0.77	0.74	–0.03	–3.82	0.73	0.74	0.01	1.10
China	4.74	5.41	0.67	14.23	5.12	5.46	0.34	6.65
Total "Other Regions"	**9.28**	**10.17**	**0.89**	**9.60**	**9.24**	**9.55**	**0.31**	**3.39**
Total world	**76.80**	**79.05**	**2.24**	**2.92**	**75.25**	**76.25**	**1.00**	**1.33**

Totals may not add due to independent rounding.

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

			Change 2003/02				Change 2003/02	
	3Q02	3Q03	Volume	%	4Q02	4Q03	Volume	%
North America	24.34	24.89	0.55	2.26	24.35	24.92	0.57	2.35
Western Europe	15.19	15.26	0.07	0.43	15.36	15.49	0.13	0.86
OECD Pacific	8.03	7.88	–0.15	–1.87	9.26	8.99	–0.27	–2.95
Total OECD	**47.56**	**48.03**	**0.47**	**0.98**	**48.97**	**49.40**	**0.43**	**0.88**
	0.00							
Other Asia	7.47	7.62	0.15	1.98	7.64	8.01	0.37	4.89
Latin America	4.81	4.71	–0.10	–2.11	4.69	4.74	0.05	1.03
Middle East	5.10	5.22	0.12	2.28	4.93	5.06	0.12	2.50
Africa	2.50	2.56	0.06	2.42	2.56	2.60	0.04	1.53
Total DCs	**19.88**	**20.10**	**0.22**	**1.12**	**19.83**	**20.41**	**0.58**	**2.95**
FSU	3.67	3.68	0.01	0.18	4.28	4.16	–0.12	–2.81
Other Europe	0.73	0.70	–0.03	–3.78	0.74	0.77	0.04	4.82
China	5.27	5.76	0.49	9.36	5.00	5.61	0.61	12.16
Total "Other Regions"	**9.67**	**10.14**	**0.47**	**4.88**	**10.02**	**10.55**	**0.52**	**5.22**
Total world	**77.12**	**78.28**	**1.16**	**1.50**	**78.82**	**80.35**	**1.54**	**1.95**

Totals may not add due to independent rounding.

OECD

OECD consumption, estimated at 48.49 mb/d, constituted 62% of total world demand in 2003, as indicated in the previous *MOMR*. Of the forecast 1.48 mb/d world oil consumption increment in 2003, about 0.73 mb/d, or nearly 49%, is expected to be accounted for by the OECD. Within the group, North America has the largest share of forecast demand growth with 0.47 mb/d, close to 65% of the group demand increment. OECD Pacific ranks second with 0.13 mb/d, equivalent to 18%, and Western Europe is third with 0.12 mb/d, nearly 17%.

The comparison of actual 2003 and 2002 consumption data suggests that OECD oil requirements were 0.73 mb/d higher for last year, compared to 2002. During 2003, the product which registered the highest volume and percentage gains was gasoil/diesel with a 0.33 mb/d, or 2.76%, rise in consumption, due to fuel switching in the USA and across Europe. The product registering the second-highest volume and percentage gains was naphtha, which experienced growth of 0.08 mb/d, or 2.68%, thanks to healthy margins in the petrochemical sector. Direct use also saw exceptionally high growth of 42.73%, due to the nuclear reactor maintenance in Japan. The only product whose consumption lost ground was LPG, which fell by 0.03 mb/d, or 0.63%. The loss was mostly due to sustained high prices, which led to a decline in consumption in the USA.

DCs

In developing countries, oil demand is estimated to have grown by 0.20 mb/d, or 0.99%, to 19.89 mb/d. Consumption in Latin America is estimated to have contracted by 0.11 mb/d, or 2.30%, to average 4.64 mb/d. The fall is similar to what happened in 2002, when demand weakened by 0.12 mb/d, indicating the continuation of persistent economic and financial problems. Other Asia is estimated to have registered the highest volume and percentage growth at 0.21 mb/d, or 2.77%, followed, in volume growth, by the Middle East and Africa with 0.06 mb/d, or 1.26%, and 0.04 mb/d, or 1.39%, respectively.

Other Regions

Although the apparent demand in the Other Regions in 2003 is now forecast at 10.10 mb/d, nearly 0.08 mb/d higher than the level given in the last *MOMR*, its share of the world oil consumption remains unchanged at 13%. **China's consumption growth estimate remains unchanged at 0.53 mb/d, or 10.50%, equivalent to 36% of the total world demand increment, and more than double the country's consumption growth in 2002.** Within the group, the apparent 5.56 mb/d demand in China is estimated to have registered not only the highest volume and percentage growth, but also the only demand growth within the group. The FSU, with an average 3.80 mb/d, is estimated to have experienced a negligible demand rise of 0.02 mb/d, or 0.62%. Apparent demand in Other Europe is estimated to have remained unchanged.

Forecast for 2004

World demand for 2004 revised up by 0.30 mb/d to 80.05 mb/d, an increase of 1.57 mb/d from 2003

Based on higher prospects for economic growth and the continued strength in Chinese demand, our 2004 average world oil demand forecast has been revised up by 0.30 mb/d to 80.05 mb/d; compared with the 79.75 mb/d given in the last *MOMR*. **This figure indicates substantial growth of 2%, representing a four-year high and comparable only to the 2.2% growth in 1999**. The anticipated oil demand increment in 2004, however, has been raised by just 0.11 mb/d to 1.57 mb/d, in order to reflect the simultaneous upward revision in the average 2003 oil demand estimate. All of the quarterly averages have been revised up, partly reflecting the upward revisions in their corresponding 2003 quarterly averages. The fourth-quarter forecast has been significantly raised by 0.71 mb/d, mostly to reflect the 0.60 mb/d upward revision in the corresponding period of 2003, and also to account for higher consumption prospects in China. Regional and quarterly details are presented in Table 9.

On a regional basis, oil demand is forecast to register solid growth in all of the three major groups of countries. Demand in the OECD is now expected to see the lowest growth rate of 0.81%, or 0.39 mb/d, due to lower consumption prospects in the OECD Pacific. **Demand growth in the Other Regions is forecast to rank first with growth of 0.68 mb/d, or 6.71%, equivalent to 43% of the total world demand increment.** The second highest volume and percentage growth of 0.50 mb/d, or 2.49%, is accounted for by the developing countries, whose share of world demand growth also ranks second at 32%.

Every single quarter of 2004 is forecast to experience oil demand growth. The first quarter is expected to account for the lowest growth rate of 1.24 mb/d, or 1.57%. The second and the third quarters are forecast to enjoy much higher rises of 1.67 mb/d and 1.61 mb/d, respectively. **The highest growth of 1.73 mb/d, or 2.15%, is expected in the fourth quarter.** Tables 10 and 11 show details of quarterly comparisons.

Table 9
World oil demand forecast for 2004
mb/d

	2003	1Q04	2Q04	3Q04	4Q04	2004	Change 2004/03 Volume	Change 2004/03 %
North America	24.64	24.78	24.43	25.23	25.38	24.96	0.32	1.30
Western Europe	15.23	15.24	15.09	15.37	15.63	15.34	0.11	0.69
OECD Pacific	8.63	9.58	8.04	7.87	8.88	8.59	–0.03	–0.39
Total OECD	**48.49**	**49.60**	**47.56**	**48.47**	**49.89**	**48.88**	**0.39**	**0.81**
Other Asia	7.68	7.71	7.83	7.87	8.27	7.92	0.24	3.15
Latin America	4.64	4.58	4.71	4.81	4.83	4.73	0.09	2.03
Middle East	5.01	5.02	4.91	5.32	5.17	5.11	0.10	2.03
Africa	2.56	2.62	2.63	2.59	2.66	2.62	0.06	2.28
Total DCs	**19.89**	**19.92**	**20.08**	**20.59**	**20.94**	**20.39**	**0.50**	**2.49**
FSU	3.80	4.07	3.50	3.83	4.32	3.93	0.12	3.28
Other Europe	0.74	0.76	0.79	0.71	0.78	0.76	0.02	2.74
China	5.56	5.93	5.99	6.29	6.16	6.09	0.53	9.58
Total "Other Regions"	**10.10**	**10.76**	**10.28**	**10.83**	**11.26**	**10.78**	**0.68**	**6.71**
Total world	**78.49**	**80.29**	**77.92**	**79.89**	**82.08**	**80.05**	**1.57**	**2.00**
Previous estimate	78.30	80.14	77.76	79.71	81.37	79.75	1.45	1.86
Revision	0.19	0.16	0.16	0.18	0.71	0.30	0.11	0.14

Totals may not add due to independent rounding.

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

	1Q03	1Q04	Change 2004/03 Volume	Change 2004/03 %	2Q03	2Q04	Change 2004/03 Volume	Change 2004/03 %
North America	24.56	24.78	0.21	0.87	24.16	24.43	0.27	1.11
Western Europe	15.19	15.24	0.05	0.36	14.98	15.09	0.11	0.75
OECD Pacific	9.61	9.58	–0.02	–0.24	8.04	8.04	0.00	–0.02
Total OECD	**49.36**	**49.60**	**0.25**	**0.50**	**47.18**	**47.56**	**0.38**	**0.80**
Other Asia	7.54	7.71	0.16	2.17	7.54	7.83	0.29	3.79
Latin America	4.48	4.58	0.10	2.17	4.62	4.71	0.09	1.96
Middle East	4.94	5.02	0.08	1.56	4.80	4.91	0.11	2.33
Africa	2.55	2.62	0.07	2.59	2.55	2.63	0.08	3.21
Total DCs	**19.52**	**19.92**	**0.40**	**2.07**	**19.51**	**20.08**	**0.57**	**2.92**
FSU	4.02	4.07	0.05	1.29	3.35	3.50	0.14	4.29
Other Europe	0.74	0.76	0.02	2.55	0.74	0.79	0.05	6.88
China	5.41	5.93	0.52	9.67	5.46	5.99	0.53	9.73
Total "Other Regions"	**10.17**	**10.76**	**0.59**	**5.84**	**9.55**	**10.28**	**0.73**	**7.60**
Total world	**79.05**	**80.29**	**1.24**	**1.57**	**76.25**	**77.92**	**1.67**	**2.20**

Totals may not add due to independent rounding.

Table 11
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	24.89	25.23	0.34	1.36	24.92	25.38	0.46	1.84
Western Europe	15.26	15.37	0.11	0.75	15.49	15.63	0.14	0.89
OECD Pacific	7.88	7.87	–0.01	–0.08	8.99	8.88	–0.10	–1.14
Total OECD	**48.03**	**48.47**	**0.45**	**0.93**	**49.40**	**49.89**	**0.50**	**1.00**
Other Asia	7.62	7.87	0.26	3.40	8.01	8.27	0.26	3.22
Latin America	4.71	4.81	0.10	2.07	4.74	4.83	0.09	1.93
Middle East	5.22	5.32	0.10	1.88	5.06	5.17	0.12	2.34
Africa	2.56	2.59	0.03	1.17	2.60	2.66	0.06	2.15
Total DCs	**20.10**	**20.59**	**0.48**	**2.41**	**20.41**	**20.94**	**0.52**	**2.57**
FSU	3.68	3.83	0.15	4.00	4.16	4.32	0.16	3.73
Other Europe	0.70	0.71	0.01	0.72	0.77	0.78	0.01	0.88
China	5.76	6.29	0.53	9.17	5.61	6.16	0.55	9.76
Total "Other Regions"	**10.14**	**10.83**	**0.68**	**6.71**	**10.55**	**11.26**	**0.71**	**6.73**
Total world	**78.28**	**79.89**	**1.61**	**2.06**	**80.35**	**82.08**	**1.73**	**2.15**

Totals may not add due to independent rounding.

World Oil Supply

Non-OPEC supply for 2003 was revised up to 48.67 mb/d in March, an increase of 0.91 mb/d over 2002

Non-OPEC

Estimate for 2003

The 2003 non-OPEC supply figure was revised up to 48.67 mb/d. **Minor downward revisions were made to the quarterly distribution for Azerbaijan, which were totally offset by minor upward revisions made to Malaysia and Angola, resulting in an upward revision to the annual average of total non-OPEC supply by 0.01 mb/d.** The quarterly distribution now stands at 48.64 mb/d, 47.92 mb/d, 48.59 mb/d and 49.52 mb/d, respectively. The yearly average increase stands at 0.91 mb/d, compared with the 2002 figure.

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

	2002	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02
North America	14.48	14.70	14.41	14.70	14.79	14.65	0.17
Western Europe	6.65	6.78	6.23	6.09	6.48	6.39	–0.26
OECD Pacific	0.76	0.67	0.65	0.68	0.58	0.64	–0.11
Total OECD	**21.89**	**22.15**	**21.29**	**21.47**	**21.85**	**21.69**	**–0.20**
Other Asia	2.27	2.37	2.36	2.38	2.44	2.39	0.12
Latin America	3.87	3.90	3.82	3.96	3.96	3.91	0.04
Middle East	2.06	2.04	2.00	1.97	1.98	2.00	–0.07
Africa	3.03	2.91	2.96	3.07	3.24	3.05	0.02
Total DCs	**11.23**	**11.22**	**11.15**	**11.38**	**11.62**	**11.34**	**0.11**
FSU	9.34	9.89	10.10	10.40	10.66	10.27	0.92
Other Europe	0.18	0.17	0.18	0.17	0.17	0.17	0.00
China	3.39	3.40	3.44	3.38	3.40	3.41	0.01
Total "Other regions"	**12.91**	**13.46**	**13.72**	**13.95**	**14.24**	**13.85**	**0.93**
Total non-OPEC production	**46.03**	**46.83**	**46.15**	**46.80**	**47.70**	**46.88**	**0.85**
Processing gains	1.73	1.81	1.77	1.79	1.82	1.80	0.06
Total non-OPEC supply	**47.76**	**48.64**	**47.92**	**48.59**	**49.52**	**48.67**	**0.91**
Previous estimate	47.76	48.62	47.90	48.61	49.52	48.66	0.90
Revision	**0.00**	**0.02**	**0.02**	**–0.02**	**0.01**	**0.01**	**0.01**

Totals may not add due to independent rounding.

Forecast for 2004

The non-OPEC supply forecast for 2004 was revised up to 50.07 mb/d, an increase of 1.40 mb/d over 2003

Non-OPEC supply for 2004 is forecast to rise by 1.40 mb/d. **Russia is expected to be the main contributor with around 0.81 mb/d, followed by Chad with 0.16 mb/d, Ecuador with 0.13 mb/d, Angola with 0.12 mb/d, Kazakhstan with 0.10 mb/d, and Malaysia with 0.06 mb/d. This increase is partially offset by declines expected in the USA and the UK of 0.19 mb/d and 0.25 mb/d respectively.** The quarterly distribution now stands at 49.98 mb/d, 49.27 mb/d, 50.09 mb/d and 51.10 mb/d, respectively. The yearly average is forecast at 50.07 mb/d.

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

	2003	1Q04	2Q04	3Q04	4Q04	**2004**	**Change 04/03**
North America	14.65	14.78	14.50	14.80	14.89	14.74	0.10
Western Europe	6.39	6.52	6.00	5.87	6.25	6.16	–0.24
OECD Pacific	0.64	0.60	0.58	0.61	0.52	0.58	–0.07
Total OECD	**21.69**	**21.90**	**21.07**	**21.28**	**21.66**	**21.48**	**–0.21**
Other Asia	2.39	2.49	2.48	2.50	2.57	2.51	0.12
Latin America	3.91	3.95	3.86	4.02	4.07	3.98	0.07
Middle East	2.00	1.95	1.93	1.92	1.91	1.93	–0.07
Africa	3.05	3.30	3.43	3.59	3.78	3.53	0.48
Total DCs	**11.34**	**11.69**	**11.71**	**12.03**	**12.32**	**11.94**	**0.60**
FSU	10.27	10.77	11.01	11.33	11.62	11.18	0.92
Other Europe	0.17	0.17	0.17	0.17	0.17	0.17	0.00
China	3.41	3.46	3.50	3.44	3.46	3.47	0.06
Total "Other regions"	**13.85**	**14.40**	**14.68**	**14.94**	**15.25**	**14.82**	**0.97**
Total non-OPEC production	**46.88**	**47.98**	**47.46**	**48.25**	**49.24**	**48.24**	**1.36**
Processing gains	1.80	1.85	1.81	1.83	1.87	1.84	0.04
Total non–OPEC supply	**48.67**	**49.83**	**49.27**	**50.09**	**51.10**	**50.07**	**1.40**
Previous estimate	48.66	49.83	49.22	50.02	50.99	50.01	1.35
Revision	**0.01**	**0.01**	**0.05**	**0.07**	**0.12**	**0.06**	**0.05**

Totals may not add due to independent rounding.

Net FSU oil exports are forecast at 7.26 mb/d for 2004, and estimated at 6.46 mb/d for 2003

The FSU's net oil export figure for 2004 is expected at 7.26 mb/d. The 2003 figure has been revised down by 0.09 mb/d to 6.46 mb/d, while the figures for 2000-2002 remain almost unchanged from the last *MOMR*.

Table 14
FSU net oil exports
mb/d

	1Q	2Q	3Q	4Q	**Year**
2000	3.97	4.13	4.47	4.01	**4.14**
2001	4.30	4.71	4.89	4.47	**4.59**
2002	5.14	5.76	5.85	5.49	**5.56**
2003 (estimate)	5.87	6.75	6.72	6.50	**6.46**
2004 (forecast)	6.70	7.51	7.51	7.30	**7.26**

OPEC natural gas liquids and non-conventional oils

OPEC NGL for 2004 is forecast at 3.80 mb/d, an increase of 0.22 mb/d over 2003

The OPEC NGL + NCO figure for 2004 is forecast at 3.80 mb/d, an increase of 0.22 mb/d over the 2003 level. Figures for 2000–2003 remain unchanged at 3.34 mb/d, 3.58 mb/d, 3.62 mb/d and 3.58 mb/d, respectively, compared with the figures in the last *MOMR*.

OPEC NGL production — 2000–2004
mb/d

2000	**2001**	**2002**	1Q03	2Q03	3Q03	4Q03	**2003**	**Change 03/02**	**2004**	**Change 04/03**
3.34	**3.58**	**3.62**	3.44	3.59	3.64	3.64	**3.58**	–0.04	**3.80**	0.22

Available secondary sources put OPEC's March production at 28.30 mb/d

OPEC crude oil production

Available secondary sources indicate that OPEC output for **March was 28.30 mb/d, 0.37 mb/d above the revised February figure, the main contributor to which was Iraq. OPEC production for the first quarter of 2004 averaged 28.13 mb/d.** Table 15 shows OPEC production as reported by selected secondary sources.

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

	2002	4Q03	2003	Feb 04*	**Mar 04***	**1Q04**	Mar/Feb
Algeria	864	1,178	1,134	1,167	1,183	1,173	15
Indonesia	1,120	1,000	1,027	984	975	981	–9
IR Iran	3,416	3,856	3,757	3,867	3,888	3,883	21
Iraq	2,000	1,845	1,315	1,911	2,356	2,109	445
Kuwait	1,885	2,201	2,173	2,235	2,230	2,235	–5
SP Libyan AJ	1,314	1,446	1,422	1,466	1,470	1,464	4
Nigeria	1,969	2,272	2,131	2,328	2,358	2,339	30
Qatar	648	751	746	756	755	756	–1
Saudi Arabia	7,535	8,413	8,709	8,443	8,318	8,414	–125
UAE	1,988	2,212	2,243	2,253	2,233	2,247	–21
Venezuela	2,586	2,548	2,290	2,522	2,537	2,529	15
Total OPEC	**25,323**	**27,723**	**26,946**	**27,931**	**28,301**	**28,132**	**370**

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

Rig Count

Non-OPEC rig count down by 85 in March

Non-OPEC

Rig activity declined in March. North America lost 87 rigs compared with the February figure. Rig activity in the USA and Mexico increased by 17 rigs to 1,136 and by 2 to 107 rigs respectively, while Canada's rig activity fell by 106 to 462 rigs. Western Europe's rig activity increased by 6 rigs to 74, mainly in Norway (up 2 rigs to 21) and the UK (up 3 rigs to 16). Other Asia (especially Malaysia, which added 3 rigs to 15) rose by 4 rigs to 120. Latin America rose by 6 rigs to 118, mainly in Argentina, while the Middle East and Africa witnessed declines of 5 rigs each to 65 and 47, respectively.

Table 16
Non-OPEC rig count in 2002–2004

	2002	2003	Change 03/02	Jan 04	Feb 04	Change Feb/Jan
North America	1,162	1,496	333	1,792	1,705	–87
Western Europe	85	78	–7	68	74	6
OECD Pacific	17	18	1	21	17	–4
OECD	**1,264**	**1,592**	**328**	**1,881**	**1,796**	**–85**
Other Asia	111	117	7	116	120	4
Latin America	106	116	10	112	118	6
Middle East	62	70	7	70	65	–5
Africa	43	48	5	52	47	–5
DCs	**322**	**350**	**28**	**350**	**350**	**0**
FSU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Europe	2	2	0	2	2	0
China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other regions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total non-OPEC	**1,588**	**1,944**	**356**	**2,233**	**2,148**	**–85**

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

OPEC rig count up by 5 in March

OPEC

OPEC's rig count was 235 in March, an increase of 5 rigs when compared with the February figure. Kuwait was the major contributor to the rise, adding 6 rigs to bring the total to 10 from the previous month's 4.

Table 17
OPEC rig count

	2002	2003	Change 03/02	Feb 04	Mar 04	Change Mar/Feb
Algeria	20	20	0	17	16	–1
Indonesia	46	45	–1	45	44	–1
IR Iran	34	35	1	37	39	2
Iraq	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kuwait	6	5	–1	4	10	6
SP Libyan AJ	10	10	0	10	9	–1
Nigeria	12	10	–2	7	7	0
Qatar	13	8	–5	8	9	1
Saudi Arabia	32	32	0	33	31	–2
UAE	16	16	0	17	17	0
Venezuela	42	37	–6	52	53	1
Total OPEC	**231**	**217**	**–14**	**230**	**235**	**5**

Totals may not add due to independent rounding.
n.a. not available

Stock Movements

There was a significant build of 0.45 mb/d in US commercial stocks, mainly due to the large increase in crude oil stocks

USA

US commercial on-land oil stocks reversed the previous month's trend, increasing by a massive 14.3 mb to 912.9 mb (a rate of 0.45 mb/d) during the period 27 February–2 April. This large build widened the year-on-year surplus to 4.4%, or 38.8 mb. Crude oil stocks rebounded, regaining most of the previous month's draw, **shooting up by 16.4 mb to 292.2 mb**. However, they fell 2.2 mb in the week ending 2 April, compared to previous week, ending five straight weeks of builds. From their levels a year ago, crude oil stocks are up 11.4 mb, or 4.1%. The rise in crude oil inventories is largely due to high crude oil imports, which increased by 0.38 mb/d to an average 9.85 mb/d, almost 0.8 mb/d above their level at the same time last year. Crude oil imports surpassed the 10 mb/d mark during the weeks ending 19 and 26 March, mainly due to strong exports from Saudi Arabia. Crude oil refining inputs averaged 14.6 mb/d, about 0.07 mb/d down from the previous month, corresponding to utilization a rate of 88.5 %, or 0.5% below last month. On the product side, gasoline stocks registered a draw of 1.9 mb to 200.1 mb, but the week ending 26 March saw a healthy rise in gasoline stocks after 6 weeks of draw-downs. This rise was fully in line with seasonal pattern, and came as a relief to US consumers, who are feeling the pinch due to high retail prices. Against expectations, however, the week ending 2 April saw a fall on the back of strong demand, which rose by almost half a million b/d to 9.2 mb/d versus the previous week, despite a huge rise in gasoline imports to 1.2 mb/d, the second-highest weekly average ever. As concerns mounted over the upcoming summer diving season and with gasoline stocks at parity with a year ago, the market grew increasingly restless over the US government's consideration of a temporary lifting of the new specifications, which could help refiners to produce more gasoline to meet high demand and help to ease recent record high gasoline prices. Distillate stocks, including heating and diesel fuel oil, registered a draw of 6.1 mb to 105.2 mb. The bulk of this draw, of 4.5 mb, occurred during the week ending 2 April, the largest drop since 1983. This strong draw came as refiners were switching from distillate to gasoline to cope with demand over the summer. The strong demand also contributed to the draw in distillate stocks. Heating oil demand was up due to persistently cold weather in the US north-east, a key consuming region, while diesel fuel oil demand was robust as farmers prepared for the planting season. Despite this draw, distillate inventories remained around 6.8% or 6.7 mb above last year at the same time.

During the same period, the Strategic Petroleum Reserve (SPR) continued its build, increasing by 5.5 mb to reach a new record of 652.1 mb, which was around 8.8%, or 52.8 mb, higher than its level at the same time last year.

During the week ending 9 April, total commercial stocks in the USA showed a moderate decline of 2.2 mb to 910.7 mb, narrowing the year-on-year surplus to about 31 mb, or 3.6%. Crude oil stocks continued their upward trend, increasing by 3.2 mb to average 295.4 mb. At this level, crude oil inventories are currently 12.3 mb, or 4.3%, above last year at the same time. This build came as refinery activity was down, with crude oil refinery throughput falling 0.28 mb/d to 14.6 mb/d. This corresponds to a utilization rate of 87.7%, down 2.2% from the previous week's rate. Crude oil imports fell 0.30 mb/d to nearly 9.5 mb/d. Gasoline stocks registered a build of 1.0 mb to 201.1 mb, lifting them by just 0.8 mb, or 0.4% less than their level of a year ago. Distillate fuel inventories fell by 2.0 mb to 103.2mb, with almost all the decrease occurring in high-sulphur distillate fuel (heating oil). Despite this draw, distillate stocks are still 5.1 mb, or 5.2%, above last year at the same time. Jet fuel and residual fuel also fell by 0.4 mb to 34.7 mb, and by 1.1 mb to 36.5 mb, respectively.

The SPR continued its upward trend, increasing by 0.9 mb to 653.0 mb, around 54 mb above its level at the same time last year.

Table 18
US onland commercial petroleum stocks
mb

	30 Jan 04	27 Feb 04	2 Apr 04	Mar/Feb	2 Apr 03	9 Apr 04**
Crude oil (excl. SPR)	271.6	275.8	292.2	16.40	280.8	295.4
Gasoline	205.6	202.0	200.1	–1.90	200.2	201.1
Distillate fuel	124.2	111.3	105.2	–6.10	98.5	103.2
Residual fuel oil	37.1	38.5	37.6	–0.90	32.2	36.5
Jet fuel	39.2	37.0	35.1	–1.90	36.7	34.7
Unfinished oils	82.0	88.9	93.5	4.60	84.6	89.9
Other oils	152.9	145.1	149.3	4.20	141.1	122.3
Total	**912.5**	**898.6**	**912.9**	**14.30**	**874.1**	**910.7**
SPR	641.1	646.6	652.1	5.50	599.3	653.0

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

Western Europe

EU-16 oil stocks dropped by a further 0.2 mb/d in March

Total oil stocks in the EU-16 (EU plus Norway) continued the downward trend experienced last month, decreasing by 6.1 mb to 1,068.9 mb (a rate of 0.2 mb/d), due to large draws in gasoline and middle distillate. In contrast, crude oil stocks saw a build for the second consecutive month. The draw in total oil stocks narrowed the year-on-year surplus from the level of 44.0 mb reported last month to about 14.8 mb in March. Crude oil stocks rose sharply by 11.8 mb to 4587 mb, their highest level since June 1999 and are now around 4.5 mb above last year's level. This increase came on the back of lower refinery runs as the spring maintenance season began. Extensive turnarounds could continue through April and then end in May. European crude runs fell by 0.54 mb/d to average 11.77 mb/d. On the product side, gasoline inventories registered a drop of 5.5 mb to 145.0 mb, reversing the build that occurred in January. Gasoline stocks ended the month just 1.3 mb above a year ago at the same time. The high level of seasonal maintenance, as well as higher prices in the US market, attracted more European gasoline cargoes. Distillate stocks fell considerably for the second consecutive month, decreasing by 11.4 mb to 327.6 mb. This draw left the year-on-year surplus at just 8 mb, compared to the 23 mb reported the previous month. The high level of turnarounds, combined with robust heating oil demand, was behind this draw. Fuel oil stocks also continued the downward trend observed last month, declining by about 1 mb to 114.1 mb, but remained at their highest end-March level since 2001. Fuel oil inventories are now 2.15 mb above last year at the same time.

Table 19
Western Europe's oil stocks*
mb

	Jan 04	Feb 04	Mar 04	Change Mar 04/Feb 04	Mar 03
Crude oil	436.6	446.9	458.7	11.8	456.6
Mogas	150.2	150.5	145.0	–5.5	143.7
Naphtha	26.4	25.5	25.5	0.0	24.4
Middle distillates	350.7	339.0	327.6	–11.4	319.4
Fuel oils	117.0	113.0	112.1	–1.0	109.9
Total products	644.3	628.1	610.2	–17.9	597.5
Overall total	**1,080.9**	**1,075.0**	**1,068.9**	**–6.1**	**1,054.1**

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

Japan saw a stock draw of 0.33 mb/d at the end of February

Japan

Commercial on-land oil stocks in Japan experienced a draw for the second consecutive month in February, declining 9.6 mb (a rate of 0.33 mb/d) to 169.7 mb. Despite this draw, the year-on-year surplus remained at a comfortable level of 5.7 mb, or 3.4%. The bulk of the draw in total oil stocks came from middle distillate, which declined by 5.9 mb to 27.8 mb, followed by crude oil stocks and residual fuel oil, which decreased by 2.8 mb to 108.3 mb, and by 1.2 mb to 19.5 mb, respectively. Gasoline stocks registered a slight build of 0.4 mb to 14.1 mb. The draw which occurred in crude oil inventories was due to the fall in crude oil imports of 7.7% from a year earlier, down for the fifth straight month, but remaining 2.9% above a year ago. Crude oil throughput registered a decline of 1.3% when compared to the same month of the previous year and 4.2% from a month earlier, as warmer weather softened heating fuel demand. All the components of middle distillate showed a decrease, but remained at a healthy year-on-year surplus of 4.7%. Kerosene, which is the main component in middle distillate, stood at 13.5% higher than at the same time a year ago. Sales of A-grade fuel oil, which is used as heating oil in Japan, fell by 3.4%, boosting stocks by 9.2% above last year’s level at the same time. Sales of other fuel oils, mainly C-grade fuel oil, which is used for thermal power plants, fell by 15.6% compared to a year earlier, due to the decline in power demand, leaving their month-end inventories up by 5% versus last year at the same time. Gasoline stocks showed a slight increase, mainly due to the decline in domestic sales combined with higher imports.

Table 20
Japan’s commercial oil stocks*
mb

	Dec 03	Jan 04	Feb 04	Change Feb 04/Jan 04	Feb 03
Crude oil	108.4	111.1	108.3	–2.8	105.4
Gasoline	12.5	13.7	14.1	0.4	13.8
Middle distillates	40.6	33.7	27.8	–5.9	26.6
Residual fuel oil	21.2	20.7	19.5	–1.2	18.3
Total products	74.3	68.2	61.4	–6.8	58.6
Overall total**	**182.6**	**179.3**	**169.7**	**–9.6**	**164.1**

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

Balance of Supply and Demand

2003 supply/demand difference revised up to 26.23 mb/d in March

The summarized supply/demand balance table for 2003 shows a minor upward revision to total non-OPEC supply of 0.01 mb/d to 52.25 mb/d, and to world oil demand of 0.19 mb/d to 78.49 mb/d, resulting in an estimated annual difference of around 26.23 mb/d. This represents a significant increase of 0.18 mb/d from the last *MOMR* figure, with a quarterly distribution of 26.97 mb/d, 24.74 mb/d, 26.04 mb/d and 27.19 mb/d, respectively. Accordingly, downward revisions were made to first three quarters of the quarterly balance of 0.02 mb/d, 0.03 mb/d and 0.08 mb/d, respectively, while the fourth quarter was revised up significantly by 0.60 mb/d. The quarterly balance figures now stand at –0.22 mb/d, 1.72 mb/d, 0.80 mb/d and 0.54 mb/d, respectively. The annual average balance stands at 0.71 mb/d.

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

	2002	1Q03	2Q03	3Q03	4Q03	2003
(a) World oil demand	77.01	79.05	76.25	78.28	80.35	78.49
(b) Non-OPEC supply(1)	51.38	52.08	51.51	52.24	53.17	52.25
Difference (a – b)	**25.63**	**26.97**	**24.74**	**26.04**	**27.19**	**26.23**
OPEC crude oil production(2)	25.32	26.75	26.46	26.84	27.72	26.95
Balance	**–0.31**	**–0.22**	**1.72**	**0.80**	**0.54**	**0.71**

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

2004 supply/demand difference is now put at 26.17 mb/d

The summarized supply/demand balance table for 2004 shows that world oil demand is expected at 80.05 mb/d, while total non-OPEC supply is put at 53.88 mb/d. This has resulted in a difference of around 26.17 mb/d, with a quarterly distribution of 26.75 mb/d, 24.86 mb/d, 25.96 mb/d and 27.12 mb/d, respectively. **The balance for the first quarter of 2004, which is introduced for the first time, stands at 1.38 mb/d.**

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

	2003	1Q04	2Q04	3Q04	4Q04	2004
(a) World oil demand	78.49	80.29	77.92	79.89	82.08	80.05
(b) Non-OPEC supply(1)	52.25	53.54	53.06	53.93	54.97	53.88
Difference (a – b)	**26.23**	**26.75**	**24.86**	**25.96**	**27.12**	**26.17**
OPEC crude oil production(2)	26.95	28.13				
Balance	**0.71**	**1.38**				

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

Table 23
World oil demand/supply balance
mb/d

	1999	**2000**	**2001**	**2002**	1Q03	2Q03	3Q03	4Q03	**2003**	1Q04	2Q04	3Q04	4Q04	**2004**
World demand														
OECD	47.7	47.8	47.8	47.8	49.4	47.2	48.0	49.4	48.5	49.6	47.6	48.5	49.9	48.9
North America	23.8	24.1	24.0	24.2	24.6	24.2	24.9	24.9	24.6	24.8	24.4	25.2	25.4	25.0
Western Europe	15.2	15.1	15.3	15.1	15.2	15.0	15.3	15.5	15.2	15.2	15.1	15.4	15.6	15.3
Pacific	8.7	8.6	8.5	8.5	9.6	8.0	7.9	9.0	8.6	9.6	8.0	7.9	8.9	8.6
DCs	18.9	19.2	19.5	19.7	19.5	19.5	20.1	20.4	19.9	19.9	20.1	20.6	20.9	20.4
FSU	4.0	3.8	3.9	3.8	4.0	3.4	3.7	4.2	3.8	4.1	3.5	3.8	4.3	3.9
Other Europe	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.7	0.8	0.8
China	4.2	4.7	4.7	5.0	5.4	5.5	5.8	5.6	5.6	5.9	6.0	6.3	6.2	6.1
(a) Total world demand	75.5	76.2	76.6	77.0	79.0	76.2	78.3	80.4	78.5	80.3	77.9	79.9	82.1	80.1
Non-OPEC supply														
OECD	21.3	21.9	21.8	21.9	22.1	21.3	21.5	21.8	21.7	21.9	21.1	21.3	21.7	21.5
North America	14.0	14.2	14.3	14.5	14.7	14.4	14.7	14.8	14.6	14.8	14.5	14.8	14.9	14.7
Western Europe	6.6	6.8	6.7	6.7	6.8	6.2	6.1	6.5	6.4	6.5	6.0	5.9	6.2	6.2
Pacific	0.7	0.8	0.8	0.8	0.7	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.6
DCs	10.7	10.7	10.9	11.2	11.2	11.1	11.4	11.6	11.3	11.7	11.7	12.0	12.3	11.9
FSU	7.5	7.9	8.5	9.3	9.9	10.1	10.4	10.7	10.3	10.8	11.0	11.3	11.6	11.2
Other Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.4	3.5	3.5
Processing gains	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.9	1.8
Total non-OPEC supply	44.5	45.6	46.4	47.8	48.6	47.9	48.6	49.5	48.7	49.8	49.3	50.1	51.1	50.1
OPEC NGLs + non-conventional oils	3.2	3.3	3.6	3.6	3.4	3.6	3.6	3.6	3.6	3.7	3.8	3.8	3.9	3.8
(b) Total non-OPEC supply and OPEC NGLs	47.7	48.9	50.0	51.4	52.1	51.5	52.2	53.2	52.3	53.5	53.1	53.9	55.0	53.9
OPEC crude oil production (secondary sources)	26.5	28.0	27.2	25.3	26.8	26.5	26.8	27.7	26.9	28.1				
Total supply	74.2	76.9	77.2	76.7	78.8	78.0	79.1	80.9	79.2	81.7				
Balance (stock change and miscellaneous)	-1.4	0.7	0.5	-0.3	-0.2	1.7	0.8	0.5	0.7	1.4				
Closing stock level (outside FCPEs) *mb*														
OECD onland commercial	2446	2530	2622	2465	2408	2526	2569	2515						
OECD SPR	1284	1268	1284	1343	1357	1361	1379	1405						
OECD total	3730	3798	3906	3808	3765	3887	3948	3921						
Other onland	997	1016	1045	1018	1007	1039	1056	1049						
Oil-on-water	808	876	831	816	857	886	874	900						
Total stock	5535	5690	5781	5642	5629	5812	5878	5869						
Days of forward consumption in OECD														
Commercial onland stocks	51	53	55	51	51	53	52	51						
SPR	27	27	27	28	29	28	28	28						
Total	78	79	82	79	80	81	80	79						
Memo items														
FSU net exports	3.4	4.1	4.6	5.6	5.9	6.7	6.7	6.5	6.5	6.7	7.5	7.5	7.3	7.3
(a) - (b)	27.9	27.3	26.7	25.6	27.0	24.7	26.0	27.2	26.2	26.8	24.9	26.0	27.1	26.2

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

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

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

This table shows only where changes have occurred.

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

	1997	1998	1999	2000	2001	2002	1Q01	2Q01	3Q01	4Q01	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03	4Q03
Closing stock level mb																		
OECD onland commercial	2,615	2,698	2,446	2,530	2,622	2,465	2,524	2,597	2,660	2,622	2,598	2,648	2,567	2,465	2,408	2,526	2,569	2,515
North America	1,211	1,283	1,127	1,146	1,263	1,172	1,159	1,231	1,269	1,263	1,235	1,262	1,216	1,172	1,098	1,179	1,201	1,161
Western Europe	912	963	881	930	916	882	918	909	918	916	927	940	911	882	896	895	908	919
OECD Pacific	492	453	437	454	443	410	447	457	473	443	435	447	440	410	413	453	460	435
OECD SPR	1,254	1,302	1,284	1,268	1,284	1,343	1,270	1,268	1,265	1,284	1,302	1,314	1,319	1,343	1,357	1,361	1,379	1,405
North America	563	571	567	543	552	601	544	545	547	552	563	578	589	601	601	611	626	640
Western Europe	329	362	346	354	352	353	352	348	343	352	352	348	345	353	363	358	360	369
OECD Pacific	362	369	370	370	380	389	374	374	375	380	386	388	386	389	393	393	393	396
OECD total	**3,869**	**4,000**	**3,730**	**3,798**	**3,906**	**3,808**	**3,794**	**3,864**	**3,925**	**3,906**	**3,900**	**3,962**	**3,886**	**3,808**	**3,765**	**3,887**	**3,948**	**3,921**
Other onland	1,035	1,070	997	1,016	1,045	1,018	1,015	1,033	1,050	1,045	1,043	1,060	1,039	1,018	1,007	1,039	1,056	1,049
Oil-on-water	812	859	808	876	831	816	903	829	870	831	797	807	804	816	857	886	874	900
Total stock	**5,715**	**5,929**	**5,535**	**5,690**	**5,781**	**5,642**	**5,712**	**5,727**	**5,845**	**5,781**	**5,740**	**5,828**	**5,730**	**5,642**	**5,629**	**5,812**	**5,878**	**5,869**
Days of forward consumption in OECD																		
OECD onland commercial	56	57	51	53	55	51	54	55	55	54	56	56	52	50	51	53	52	51
North America	52	54	47	48	52	48	49	51	53	53	51	52	50	48	45	47	48	47
Western Europe	60	63	58	61	61	58	62	59	59	60	63	62	59	58	60	59	59	60
OECD Pacific	58	52	51	53	52	48	56	57	54	49	57	56	47	43	51	57	51	45
OECD SPR	27	27	27	27	27	28	27	27	26	27	28	28	27	27	29	28	28	28
North America	24	24	24	23	23	24	23	23	23	23	23	24	24	24	25	25	25	26
Western Europe	21	24	23	23	23	23	24	22	22	23	24	23	22	23	24	23	23	24
OECD Pacific	43	42	43	43	45	45	47	47	43	42	51	48	42	41	49	50	44	41
OECD total	**83**	**84**	**78**	**79**	**82**	**79**	**81**	**81**	**82**	**81**	**84**	**83**	**79**	**77**	**80**	**81**	**80**	**79**
Days of global forward consumption	**88**	**89**	**83**	**85**	**86**	**83**	**86**	**85**	**86**	**86**	**87**	**86**	**83**	**82**	**84**	**85**	**84**	**84**

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

	1999	2000	2001	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	1Q04	2Q04	3Q04	4Q04	2004	Change 04/03
USA	8.11	8.11	8.05	8.04	-0.01	8.07	7.81	7.80	7.83	7.88	-0.17	7.87	7.61	7.61	7.64	7.68	-0.19
Canada	2.59	2.68	2.73	2.84	0.12	2.88	2.85	3.06	3.11	2.98	0.13	3.09	3.06	3.28	3.34	3.19	0.22
Mexico	3.35	3.45	3.57	3.59	0.03	3.75	3.75	3.84	3.85	3.80	0.20	3.82	3.82	3.91	3.92	3.87	0.07
North America	**14.04**	**14.25**	**14.34**	**14.48**	**0.13**	**14.70**	**14.41**	**14.70**	**14.79**	**14.65**	**0.17**	**14.78**	**14.50**	**14.80**	**14.89**	**14.74**	**0.10**
Norway	3.06	3.32	3.42	3.33	-0.09	3.40	3.16	3.12	3.37	3.26	-0.07	3.39	3.16	3.12	3.36	3.26	0.00
UK	2.84	2.69	2.54	2.52	-0.01	2.56	2.28	2.18	2.29	2.32	-0.20	2.28	2.03	1.94	2.04	2.07	-0.25
Denmark	0.30	0.36	0.35	0.37	0.02	0.38	0.36	0.36	0.37	0.37	0.00	0.38	0.35	0.35	0.37	0.36	-0.01
Other Western Europe	0.43	0.41	0.40	0.43	0.03	0.44	0.43	0.44	0.45	0.44	0.01	0.47	0.46	0.47	0.48	0.47	0.03
Western Europe	**6.63**	**6.79**	**6.70**	**6.65**	**-0.05**	**6.78**	**6.23**	**6.09**	**6.48**	**6.39**	**-0.26**	**6.52**	**6.00**	**5.87**	**6.25**	**6.16**	**-0.24**
Australia	0.59	0.77	0.71	0.70	0.00	0.62	0.60	0.63	0.54	0.60	-0.10	0.56	0.54	0.57	0.49	0.54	-0.06
Other Pacific	0.07	0.06	0.06	0.05	-0.01	0.05	0.05	0.05	0.04	0.05	-0.01	0.04	0.04	0.04	0.03	0.04	-0.01
OECD Pacific	**0.66**	**0.83**	**0.77**	**0.76**	**-0.01**	**0.67**	**0.65**	**0.68**	**0.58**	**0.64**	**-0.11**	**0.60**	**0.58**	**0.61**	**0.52**	**0.58**	**-0.07**
Total OECD	**21.33**	**21.87**	**21.81**	**21.89**	**0.08**	**22.15**	**21.29**	**21.47**	**21.85**	**21.69**	**-0.20**	**21.90**	**21.07**	**21.28**	**21.66**	**21.48**	**-0.21**
Brunei	0.18	0.19	0.20	0.20	0.01	0.20	0.21	0.21	0.22	0.21	0.01	0.22	0.23	0.23	0.23	0.23	0.01
India	0.75	0.74	0.73	0.75	0.01	0.75	0.72	0.76	0.80	0.76	0.01	0.79	0.77	0.81	0.84	0.80	0.05
Malaysia	0.70	0.69	0.68	0.71	0.03	0.74	0.78	0.78	0.79	0.77	0.06	0.80	0.83	0.84	0.85	0.83	0.06
Vietnam	0.26	0.31	0.34	0.34	0.00	0.36	0.36	0.33	0.34	0.35	0.00	0.38	0.37	0.35	0.36	0.36	0.02
Asia others	0.24	0.25	0.25	0.26	0.01	0.31	0.29	0.29	0.29	0.30	0.03	0.30	0.28	0.28	0.28	0.29	-0.01
Other Asia	**2.13**	**2.18**	**2.20**	**2.27**	**0.07**	**2.37**	**2.36**	**2.38**	**2.44**	**2.39**	**0.12**	**2.49**	**2.48**	**2.50**	**2.57**	**2.51**	**0.12**
Argentina	0.84	0.80	0.82	0.80	-0.02	0.78	0.79	0.79	0.77	0.78	-0.01	0.75	0.75	0.75	0.75	0.75	-0.03
Brazil	1.35	1.35	1.56	1.72	0.16	1.79	1.74	1.80	1.76	1.77	0.05	1.75	1.69	1.75	1.72	1.73	-0.04
Colombia	0.82	0.70	0.61	0.58	-0.03	0.56	0.55	0.55	0.54	0.55	-0.03	0.56	0.55	0.55	0.54	0.55	0.00
Ecuador	0.38	0.40	0.41	0.40	-0.01	0.39	0.37	0.43	0.50	0.42	0.02	0.51	0.48	0.57	0.65	0.55	0.13
Trinidad & Tobago	0.14	0.14	0.13	0.15	0.02	0.15	0.16	0.17	0.17	0.16	0.01	0.17	0.18	0.19	0.19	0.18	0.02
L. America others	0.22	0.22	0.23	0.22	-0.01	0.22	0.22	0.22	0.22	0.22	0.00	0.22	0.22	0.22	0.22	0.22	0.00
Latin America	**3.76**	**3.61**	**3.76**	**3.87**	**0.12**	**3.90**	**3.82**	**3.96**	**3.96**	**3.91**	**0.04**	**3.95**	**3.86**	**4.02**	**4.07**	**3.98**	**0.07**
Bahrain	0.19	0.19	0.19	0.19	0.00	0.19	0.19	0.19	0.19	0.19	-0.01	0.19	0.19	0.19	0.19	0.19	0.00
Oman	0.91	0.95	0.95	0.90	-0.05	0.85	0.83	0.81	0.83	0.83	-0.07	0.81	0.81	0.81	0.81	0.81	-0.02
Syria	0.55	0.52	0.52	0.51	-0.01	0.55	0.54	0.53	0.53	0.54	0.03	0.52	0.51	0.50	0.50	0.51	-0.03
Yemen	0.42	0.45	0.47	0.46	-0.01	0.46	0.45	0.44	0.44	0.44	-0.02	0.43	0.42	0.42	0.41	0.42	-0.02
Middle East	**2.06**	**2.12**	**2.12**	**2.06**	**-0.06**	**2.04**	**2.00**	**1.97**	**1.98**	**2.00**	**-0.07**	**1.95**	**1.93**	**1.92**	**1.91**	**1.93**	**-0.07**
Angola	0.76	0.75	0.74	0.89	0.15	0.83	0.88	0.88	0.91	0.87	-0.02	0.95	1.00	0.99	1.03	0.99	0.12
Chad	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.06	0.02	0.02	0.10	0.19	0.23	0.23	0.19	0.16
Congo	0.27	0.27	0.27	0.25	-0.01	0.24	0.24	0.24	0.24	0.24	-0.01	0.24	0.24	0.24	0.24	0.24	0.00
Egypt	0.83	0.80	0.76	0.75	-0.01	0.76	0.76	0.74	0.74	0.75	0.00	0.73	0.72	0.71	0.71	0.72	-0.03
Equatorial Guinea	0.09	0.11	0.14	0.20	0.06	0.20	0.19	0.25	0.32	0.24	0.04	0.32	0.31	0.40	0.52	0.39	0.15
Gabon	0.36	0.34	0.31	0.30	-0.01	0.25	0.25	0.25	0.25	0.25	-0.05	0.25	0.25	0.25	0.25	0.25	0.00
South Africa	0.17	0.18	0.18	0.19	0.01	0.19	0.19	0.20	0.23	0.20	0.01	0.23	0.23	0.24	0.28	0.25	0.04
Sudan	0.06	0.18	0.21	0.24	0.03	0.25	0.25	0.28	0.28	0.27	0.03	0.29	0.29	0.32	0.32	0.30	0.04
Africa other	0.23	0.22	0.20	0.20	0.00	0.19	0.20	0.20	0.20	0.20	0.00	0.19	0.20	0.21	0.20	0.20	0.01
Africa	**2.78**	**2.84**	**2.80**	**3.03**	**0.23**	**2.91**	**2.96**	**3.07**	**3.24**	**3.05**	**0.02**	**3.30**	**3.43**	**3.59**	**3.78**	**3.53**	**0.48**
Total DCs	**10.72**	**10.75**	**10.88**	**11.23**	**0.35**	**11.22**	**11.15**	**11.38**	**11.62**	**11.34**	**0.11**	**11.69**	**11.71**	**12.03**	**12.32**	**11.94**	**0.60**
FSU	**7.47**	**7.91**	**8.53**	**9.34**	**0.82**	**9.89**	**10.10**	**10.40**	**10.66**	**10.27**	**0.92**	**10.77**	**11.01**	**11.33**	**11.62**	**11.18**	**0.92**
Russia	6.14	6.49	6.99	7.64	0.65	8.10	8.31	8.65	8.78	8.46	0.82	8.88	9.10	9.48	9.63	9.27	0.81
Kazakhstan	0.61	0.71	0.79	0.94	0.15	1.01	1.02	0.99	1.09	1.03	0.09	1.11	1.12	1.09	1.20	1.13	0.10
Azerbaijan	0.28	0.27	0.30	0.32	0.02	0.32	0.31	0.31	0.30	0.31	-0.01	0.31	0.30	0.30	0.29	0.30	-0.01
FSU Others	0.44	0.44	0.44	0.45	0.01	0.46	0.47	0.45	0.48	0.47	0.02	0.48	0.49	0.47	0.50	0.48	0.02
Other Europe	**0.18**	**0.18**	**0.18**	**0.18**	**-0.01**	**0.17**	**0.18**	**0.17**	**0.17**	**0.17**	**0.00**	**0.17**	**0.17**	**0.17**	**0.17**	**0.17**	**0.00**
China	**3.21**	**3.23**	**3.30**	**3.39**	**0.10**	**3.40**	**3.44**	**3.38**	**3.40**	**3.41**	**0.01**	**3.46**	**3.50**	**3.44**	**3.46**	**3.47**	**0.06**
Non-OPEC production	**42.92**	**43.93**	**44.69**	**46.03**	**1.34**	**46.83**	**46.15**	**46.80**	**47.70**	**46.88**	**0.85**	**47.98**	**47.46**	**48.25**	**49.24**	**48.24**	**1.36**
Processing gains	1.58	1.65	1.69	1.73	0.04	1.81	1.77	1.79	1.82	1.80	0.06	1.85	1.81	1.83	1.87	1.84	0.04
Non-OPEC supply	**44.49**	**45.58**	**46.38**	**47.76**	**1.38**	**48.64**	**47.92**	**48.59**	**49.52**	**48.67**	**0.91**	**49.83**	**49.27**	**50.09**	**51.10**	**50.07**	**1.40**
OPEC NGL	3.02	3.18	3.40	3.42	0.01	3.34	3.44	3.49	3.49	3.44	0.03	3.50	3.54	3.59	3.62	3.56	0.12
Non-conventional oils	0.15	0.17	0.18	0.20	0.02	0.10	0.15	0.15	0.15	0.14	-0.06	0.21	0.25	0.25	0.25	0.24	0.10
OPEC NGLs + non-conventional oils	**3.16**	**3.34**	**3.58**	**3.62**	**0.03**	**3.44**	**3.59**	**3.64**	**3.64**	**3.58**	**-0.04**	**3.71**	**3.79**	**3.84**	**3.87**	**3.80**	**0.22**
Total Non-OPEC and OPEC NGLs	**47.66**	**48.92**	**49.97**	**51.38**	**1.41**	**52.08**	**51.51**	**52.24**	**53.17**	**52.25**	**0.87**	**53.54**	**53.06**	**53.93**	**54.97**	**53.88**	**1.63**

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

Table 27
Non-OPEC Rig Count

	2000	2001	Change 01/00	1Q02	2Q02	3Q02	4Q02	2002	Change 02/01	1Q03	2Q03	3Q03	4Q03	2003	Change 03/02	Feb04	Mar04	1Q04	Change Mar04 - Feb04
USA	916	1,156	240	818	806	853	847	831	-325	901	1,028	1,088	1,109	1,032	200	1,119	1,136	1,119	17
Canada	344	342	-2	383	147	250	283	266	-76	494	203	383	408	372	106	568	462	528	-106
Mexico	44	54	10	63	61	62	76	65	11	82	84	96	107	92	27	105	107	107	2
North America	**1,305**	**1,552**	**247**	**1,264**	**1,014**	**1,165**	**1,206**	**1,162**	**-390**	**1,476**	**1,315**	**1,567**	**1,624**	**1,496**	**333**	**1,792**	**1,705**	**1,754**	**-87**
Norway	22	23	1	20	20	17	19	19	-4	18	19	20	18	19	0	19	21	19	2
UK	18	24	6	28	30	24	23	26	2	19	21	22	16	20	-7	13	16	15	3
Denmark	3	4	1	5	4	3	5	4	0	3	5	3	4	4	-1	5	5	4	0
Other Western Europe	82	44	-38	39	38	33	34	36	-8	36	34	38	37	36	0	31	32	31	1
Western Europe	**125**	**95**	**-30**	**92**	**91**	**76**	**81**	**85**	**-10**	**77**	**78**	**83**	**75**	**78**	**-7**	**68**	**74**	**69**	**6**
Australia	10	10	0	9	9	9	9	9	-2	10	10	11	13	11	2	13	9	12	-4
Other Pacific	7	9	2	8	7	7	10	8	-1	8	7	8	6	7	-1	8	8	7	0
OECD Pacific	**17**	**20**	**3**	**17**	**16**	**16**	**19**	**17**	**-3**	**18**	**17**	**18**	**19**	**18**	**1**	**21**	**17**	**19**	**-4**
Total OECD*	**1,447**	**1,667**	**220**	**1,373**	**1,121**	**1,257**	**1,306**	**1,264**	**-403**	**1,571**	**1,411**	**1,669**	**1,719**	**1,592**	**328**	**1,881**	**1,796**	**1,842**	**-85**
Brunei	2	3	1	2	3	3	3	3	0	3	4	4	2	3	0	2	2	2	0
India	49	50	1	52	54	55	57	55	5	59	60	61	62	60	6	65	66	64	1
Malaysia	7	11	4	12	13	15	14	14	2	14	13	16	15	14	1	12	15	15	3
Papua New Guinea	0	1	1	1	1	1	1	1	0	1	2	2	1	2	1	3	3	3	0
Vietnam	8	8	0	8	8	9	10	9	0	9	9	10	8	9	0	8	8	8	0
Asia others	16	22	5	26	29	33	32	30	8	31	28	26	30	29	-1	26	26	27	0
Other Asia	**83**	**95**	**12**	**100**	**109**	**116**	**117**	**111**	**16**	**117**	**115**	**119**	**118**	**117**	**7**	**116**	**120**	**119**	**4**
Argentina	57	71	14	49	45	49	54	49	-22	59	66	59	57	60	11	63	66	64	3
Brazil	23	28	5	27	27	27	26	27	-2	27	27	27	25	26	0	25	25	24	0
Colombia	14	15	1	13	13	10	9	11	-4	10	9	11	12	11	-1	8	8	8	0
Ecuador	7	10	3	10	9	8	8	9	-1	9	11	8	8	9	0	7	8	7	1
Peru	4	4	0	2	2	2	1	2	-2	2	2	3	3	3	1	1	2	2	1
Trinidad & Tobago	4	5	1	5	4	4	4	4	-1	3	3	3	3	3	-1	2	3	3	1
L. America others	12	7	-4	4	4	4	5	5	-3	3	4	4	5	4	-1	6	6	6	0
Latin America	**120**	**141**	**20**	**110**	**103**	**104**	**107**	**106**	**-35**	**113**	**121**	**114**	**114**	**116**	**10**	**112**	**118**	**114**	**6**
Bahrain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oman	24	25	1	27	29	30	32	29	5	33	34	36	36	35	5	37	35	36	-2
Syria	14	19	5	20	21	23	24	22	3	23	23	26	23	24	2	25	22	24	-3
Yemen	6	6	0	8	9	9	11	9	3	11	10	9	7	9	0	7	7	7	0
Middle East	**45**	**50**	**5**	**57**	**60**	**64**	**69**	**62**	**12**	**70**	**68**	**72**	**68**	**70**	**7**	**70**	**65**	**69**	**-5**
Angola	6	5	0	5	6	6	5	5	0	3	4	3	6	4	-1	4	3	4	-1
Cameroon		0	0	0	0	0	0	0	0	0	0	0	0	0	0			0	0
Congo	3	1	-1	1	1	1	1	1	0	0	1	1	2	1	0	2	1	2	-1
Egypt	18	22	4	22	23	22	23	23	1	26	26	27	26	26	4	28	26	27	-2
Gabon	2	2	0	1	2	2	2	2	0	3	4	1	3	3	1	2	1	2	-1
South Africa	1	1	0	1	1	1	0	1	0	0	1	0	1	0	0	0	0	0	0
Africa other	5	4	0	11	12	12	12	12	7	12	14	12	14	13	2	16	16	15	0
Africa	**34**	**36**	**2**	**41**	**45**	**44**	**43**	**43**	**7**	**45**	**50**	**44**	**51**	**48**	**5**	**52**	**47**	**48**	**-5**
Total DCs	**282**	**321**	**40**	**307**	**317**	**328**	**336**	**322**	**1**	**346**	**354**	**350**	**350**	**350**	**28**	**350**	**350**	**350**	**0**
FSU																			
Other Europe	**3**	**3**	**0**	**2**	**2**	**2**	**2**	**2**	**-1**	**2**	**2**	**2**	**2**	**2**	**0**	**2**	**2**	**2**	**0**
China																			
Non-OPEC Rig count	**1,732**	**1,991**	**260**	**1,682**	**1,440**	**1,587**	**1,644**	**1,588**	**-403**	**1,919**	**1,767**	**2,021**	**2,071**	**1,944**	**356**	**2,233**	**2,148**	**2,194**	**-85**

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

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Data Summary April 2004

OPEC Basket average price

US$ per barrel

↑ *up 2.49 in March*

March 2004	***32.05***
February 2004	*29.56*
Year-to-date	*30.75*

March OPEC production

in million barrels per day, according to secondary sources

Algeria	*1.18*	*Kuwait*	*2.23*	*Saudi Arabia*	*8.32*
Indonesia	*0.97*	*SP Libyan AJ*	*1.47*	*UAE*	*2.23*
IR Iran	*3.89*	*Nigeria*	*2.36*	*Venezuela*	*2.54*
Iraq	*2.36*	*Qatar*	*0.75*	***TOTAL***	***28.30***

Supply and demand

in million barrels per day

2003		**2004**	
World demand	*78.48*	*World demand*	*80.05*
Non-OPEC supply	*52.25*	*Non-OPEC supply*	*53.88*
Difference	***26.23***	***Difference***	***26.17***

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

Stocks

Commercial oil stocks registered a significant build of 0.45 mb in USA in March

World economy

World GDP growth is unchanged at 3.7% for 2003 and revised up to 4.5% for 2004

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Data covers period up to end of March 2004 unless otherwise stated