OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:

Market challenges to continue in second quarter

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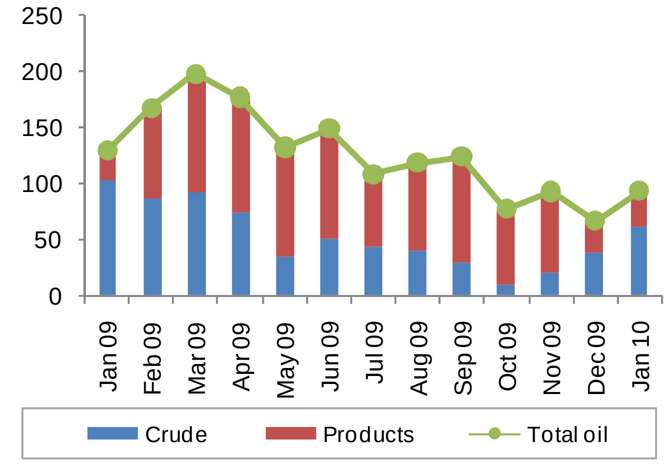
Oil Market Highlights

- The **OPEC Reference Basket** fell by $3.02/b or 4% to reach to $72.99/b in February. The decline was mainly attributed to growing concern about the economic recovery triggered by sovereign debt issues in the Euro-zone, particularly in Greece. However, market sentiment changed recently amid more positive economic data and rising equities, which provide support for crude prices as well. Following these developments, the OPEC Reference Basket rose to $77.86/b on 8 March before settling down to $77.38/b on 9 March.
- The forecast for the **world economy** remains unchanged at 3.4% growth for 2010 following a contraction of 0.9% in 2009. Minor revisions were carried out for some economies. In the OECD, the US has been revised down slightly to 2.4% and Japan adjusted higher to 1.3%. In the developing countries, China was revised up to 9.3%. The global economy continues to be mostly supported by the governmental-led stimulus. Concerns remain regarding the level of public debt in almost all OECD regions, record-high unemployment levels across the globe and the ability of China to avoid an overheating
- **World oil demand** is expected to grow by 0.9 mb/d in 2010, following a contraction of 1.4 mb/d in the previous year. This represents an upward revision of 0.1 mb/d from the previous assessment. Oil demand has been highly dependent upon the pace of the global economic recovery. OECD demand is still expected to remain at negative growth around 0.15 mb/d, while non-OECD demand is projected to grow by 1.0 mb/d, driven by China and the Middle East region.
- **Non-OPEC oil supply** is projected to increase by 0.4 mb/d in 2010, following growth of 0.6 mb/d in the previous year. The 2010 figure represents an upward adjustment of 0.1 mb/d from the previous assessment, mainly due to revisions to the estimations for processing gains as well as various historical data updates. OPEC NGLs and non-conventional oils are expected to average 4.9 mb/d in 2010, an increase of 0.5 mb/d over the previous year. In February, OPEC crude oil production rose by 192 tb/d to average 29.36 mb/d, according to secondary sources.
- Continuation of the cold weather along with refinery strike in France and lower crude prices provided support for **refining margins** in February. Seasonal refinery turnaround and continuation of discretionary run cuts have also contributed to positive developments in the product markets. With the approaching end of winter season and lack of robust demand for major products, product market sentiment is not expected to improve significantly in the near future. This situation may encourage refineries to continue their low run policy and exert pressure on crude market fundamentals.
- In February, the **tanker market** weakened, with spot freight rates decreasing on all routes. The decline was backed by various holidays, refinery maintenance and reduction of delays. OPEC fixtures decreased by 1.6 mb/d to average 11.1 mb/d, which correspond to almost two thirds of total export fixtures. OPEC sailing increased by 0.43 mb/d to 23.30 mb/d, according to preliminary estimates.
- **US commercial oil inventories** remained broadly unchanged in February. A build in crude was offset by the draw in products, leaving US commercial inventories at 73 mb above the seasonal norm. In January, commercial oil inventories in Japan rose by 2.7 mb, but remained 15 mb below the five-year average. Preliminary indications for February shows a draw divided between crude and products.
- The **demand for OPEC crude** in 2009 is estimated at 29.0 mb/d, around 0.2 mb/d higher than in the previous report. This still represents a decline of around 2.2 mb/d compared to the previous year. In 2010, the demand from OPEC crude is expected to average 28.9 mb/d, around 0.2 mb/d higher than in the previous assessment and a decline of 40,000 b/d from a year earlier.

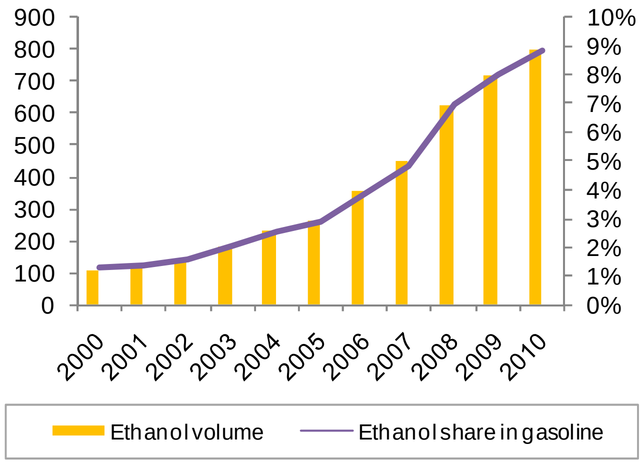
Market challenges to continue in second quarter

- Oil prices have continued to be influenced by financial market developments, especially equities and currency fluctuations, although the link with the US dollar has somewhat weakened recently due to internal euro-zone problems. At the same time, increased activity in the paper oil market has also supported crude oil prices with money managers expanding net long positions. This has taken place amid conflicting economic data, creating uncertainty in the market ahead of lower seasonal demand in the second quarter.
- Despite continued positive signals about the global economic recovery coming from the manufacturing and services sectors, there are some signs that the momentum is slowing in some OECD regions in the first and second quarter even as growth continues strongly in China and India. In the US, data was mixed. While services picked up in February, manufacturing growth moderated and housing sector problems resurfaced as indicated by the latest negative round of home sales. Despite some improvement, employment also remains at historically high levels.
- In the Euro-zone, the expansion had already slowed in the last quarter of 2009 with the region recording a meagre 0.1% quarter-on-quarter growth from 0.4% in the previous quarter. Germany, the largest economy, was flat, while countries in southern Europe contracted. Although the outlook for the current and the coming quarter may be slightly better than in 4Q09, the recent turbulence in financial markets related to Greece's fiscal problems has unsettled the euro and the fallout has impacted confidence and drawn attention to the divergence in growth potential and fiscal stance among the various countries in the Euro-zone. In Japan, while a recovery in exports has boosted industrial production, the pace of recovery is expected to slow in the first quarter and high government debt has initiated a debate on the need for increased taxes.

Graph 1: OECD commercial stocks: Deviation from 5 yrs average, mb



Graph 2: Ethanol share in the US gasoline pool, tb/d



- Amidst the uncertainty about the pace of the recovery, the oil market is heading towards the lower demand season. In the five years preceding the recession, the seasonal decline in oil consumption between the first to the second quarter typically averaged 1.8 mb/d. However, the current forecast suggests that, due to base effect, world oil demand is declining by only 0.8 mb to average 83.9 mb/d, about half of the average seasonal contraction. Since non-OPEC supply is expected over this period to decline by 0.2 mb/d — in line with the seasonal norm — demand for OPEC crude is expected at 27.8 mb/d, representing a lower-than-average decline of 0.8 mb/d.
- However, despite this relative improvement, the projected demand for OPEC crude is still much less than current OPEC production by around 1.5 mb/d. If only part of this surplus were translated into OECD commercial inventories, this would result in further stock build, adding to the already inflated levels of more than 90 mb above the five-year average. Indeed, OECD stocks have already showed a contra-seasonal build in January, driven by both crude and products (*see* ***Graph 1***).
- Moreover, product demand will not be supportive of the market as the winter season is coming to an end. Weather-driven demand for middle distillates has dissipated, and there is little sign of an improvement in the diesel market. Additionally, with the continued rise in US gasoline stocks and surging ethanol volumes in the gasoline pool as well as ample idle refinery capacity, any seasonal upward movement in the gasoline market is likely to be limited (*see* ***Graph 2***).
- Overall, the outlook for fundamentals reflects the traditional weakness of the current quarter. Even taking into account the uncertainty regarding demand for OPEC crude, current OPEC production is likely to exceed market needs. While, this, along with the steady rise in spare capacity in both the upstream and downstream, provides a further cushion for the projected increase in oil demand in the second half of the year; nevertheless, the present quarter calls for continued caution and close monitoring.

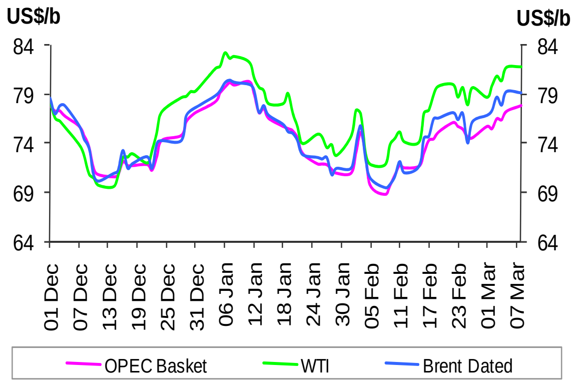
Crude Oil Price Movements

OPEC Reference Basket fell around $3 in February, offsetting the previous gain

OPEC Reference Basket

The OPEC Reference Basket declined in February, fluctuating in a narrower range between $69/b and $76/b, compared to $71/b to $80/b in the previous month. It is worth mentioning that the level of around $80/b reached in the second week of January was supported by colder weather in the Northern hemisphere and prices started to decline after the weather turned milder, with the Basket falling to $71/b at the end of January. The Basket continued its downward trend to a four-month low of less than $69/b in the first week on bearish market sentiment on the back of rising concerns about the global economic recovery, a plunge in equity markets, and a stronger dollar which hit a seven-month high against the euro following Greece's debt concerns. The Basket lost more than $3 on 5 February, when futures fell significantly on the back of sell-offs in the futures markets, marking the largest decline in a single day since mid-August 2009. The Basket recovered in the following days as equity markets improved, settling at around $75/b in late February. In monthly terms, the Reference Basket averaged $72.99/b, down $3.02 or 4% from the previous month, but $31.58/b or 76% higher than a year earlier.

Graph 1: Crude oil price movement



All the Basket components declined in February compared with January, particularly Middle Eastern and Latin American crudes. The Ecuadorian crude, Oriente, saw the largest loss of $3.56 or 4.9% followed by Basrah Light with 4.6% and Kuwait Export with 4.5%. Brent-related crudes also declined, but by a slower pace ranging from 2.9% to 3.7%. Middle Eastern crudes were under pressure after Saudi Arabia cut March OSPs to Asian buyers due to the existing ample supply within the region, particularly as Asian refiners increasingly accepted the new lower-priced Russian ESPO grade. Shipments of ESPO blend in February were scheduled to have reached about 7.6 mb. Saudi Arabia further reduced its OSP for its Arab Medium and Arab Heavy crudes to Asian buyers in early March, to their lowest levels since February 2009. Furthermore, the bearish sentiment for Middle East crude was attributed to the anticipation of lower demand because of seasonal refining maintenance and the drop in the fuel oil crack spread in the third week to the widest discount since early January. West African crudes also suffered from ample supply in the first half of February before they recovered on the back of improving refining margins and healthy demand from Chinese and Indian customers.

The OPEC Reference Basket hovered around $76/b in the first week of March, supported by bullish market sentiment due to positive macroeconomic data. It stood at $77.38/b on 9 March.

Table 1: OPEC Reference Basket and selected crudes, US$/b

	Jan 10	Feb 10	Change Feb/Jan	2009	2010
OPEC Reference Basket	**76.01**	**72.99**	**-3.02**	**41.48**	**74.50**
Arab Light	76.46	73.32	-3.14	41.05	74.89
Basrah Light	75.74	72.25	-3.49	39.56	74.00
Bonny Light	77.39	75.04	-2.35	45.26	76.21
Es Sider	76.14	73.59	-2.55	42.56	74.86
Girassol	76.78	73.95	-2.83	43.38	75.37
Iran Heavy	75.72	72.54	-3.18	39.92	74.13
Kuwait Export	75.69	72.27	-3.42	40.16	73.98
Marine	77.07	73.91	-3.16	44.19	75.49
Merey	71.27	68.47	-2.80	38.06	69.87
Murban	78.19	75.22	-2.97	45.51	76.70
Oriente	72.94	69.38	-3.56	35.47	71.16
Saharan Blend	76.79	74.54	-2.25	43.98	75.66
Other Crudes					
Minas	79.82	76.12	-3.70	45.01	77.97
Dubai	76.69	73.40	-3.29	43.52	75.05
Isthmus	76.10	74.06	-2.04	39.78	75.08
T.J. Light	74.66	72.87	-1.79	38.74	73.77
Brent	76.19	73.64	-2.55	43.34	74.91
W Texas Intermediate	78.30	76.34	-1.96	40.32	77.32
Urals	76.09	72.84	-3.25	42.71	74.46
Differentials					
WTI/Brent	2.11	2.70	0.59	-3.02	2.40
Brent/Dubai	-0.50	0.24	0.74	-0.18	-0.13

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

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

The oil futures market

Bullish sentiment pushed WTI to recover in the second half of February and first week of March

The futures market lost some ground in February but remained robust with the Nymex WTI front month trading from $71/b to $80/b. WTI came under pressure in the first week of the month after having lost more than $6 in 3 days to settle at $71.19/b. WTI lost $3.84 or 5% on 4 February, the largest single-day loss since the end of September 2009. This sharp decline which pushed WTI to a seven-week low was driven by a strong sell-off following a wave of bearish macro-economic sentiment, triggering concerns about economic recovery as data showed a higher-than-expected rise in US initial jobless claims. Growing worries about sovereign debt in the Euro-zone, particularly in Greece, lifted the dollar to a seven-month high against the euro. Equity markets also fell sharply. On 4 February, the March Nymex WTI contract jumped to an intraday high of $77.17 and fell the following day to a low of $69.50, representing a drop of almost 10% in less than 24 hours. Similarly, March ICE Brent decreased from $75.95/b to $67.87/b for a decline of more than 10% or $8.

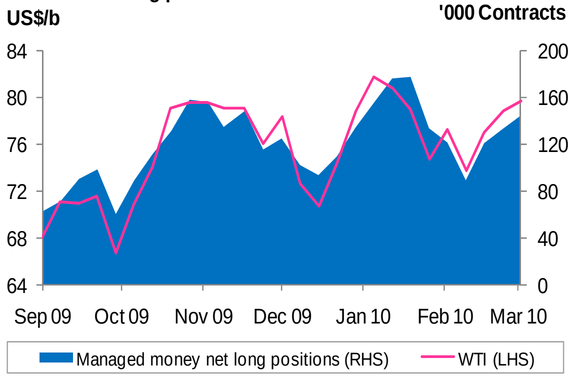
The Nymex WTI front-month started to recover in the second week and followed an upward trend to the end of the third week, supported by stronger demand for heating oil due to a major storm in the US, a stronger dollar, higher equities and revived geopolitical tension. Forecasts showing recovery in global oil demand in 2010 also supported the market. Between 8 February until 23 February, WTI rose on all but one trading session. The decline coincided with a surge of the US dollar to a nine-month high against the euro and signs of a tightening in Chinese tightening monetary policy. On 16 February, WTI surged by almost $2.9 or 4% as the euro rebounded against the dollar to post its biggest one-day gain since last July. This took place after Euro-zone finance ministers agreed to take coordinated action to help Greece overcome its sovereign date and budget deficit problems. On 22 February, WTI broke $80/b, the highest since 12 January 2010. The market weakened slightly in the last week of the month as US crude oil inventories rose more than expected and the US dollar strengthened.

In monthly terms, WTI averaged $76.45/b in February, representing a decline of $1.95 or 2.5% from the previous month. However, this represented a gain of $37.19 or nearly 95% over a year earlier.

This movement in the futures market continued to be influenced by investor activity, which can be seen in the daily volume for crude oil contracts traded on the Nymex. On 5 February, the total volume for Nymex oil futures hit a record 1,121,751 contracts amid long liquidations as the dollar rose sharply on growing concerns about economic recovery, resulting in a loss of 5% in the WTI front month. On the same day, almost 600,000 March crude oil futures contracts were traded on Nymex, equivalent to 600 mb or around 7 times daily global consumption. The front month ICE Brent in Europe also traded at a record volume of 290,000 contracts on the same day. Much of this traded volume is likely attributed to financial investors. The previous record for total volumes for Nymex oil futures was 1,092,509 from 6 June 2008, a month before WTI hit an all time high of $147/b.

The bearish sentiment in the market pushed the key speculator group of money managers to further cut net long positions on the Nymex crude oil futures market to 88,821 positions in the week through 9 February, a week when the WTI front-month lost $5.34 or 7% within just three trading days. Money managers reversed direction in the following weeks and hiked net long positions as market sentiment turned bullish, to hit 132,504 in the week through 23 February. Money managers extended net long positions further to 144,058 in the week through 2 March, alongside a rise in the WTI front month from $78.86/b to $79.68/b (***see Graph 2***).

Graph 2: Nymex WTI price vs. Managed money net long positions



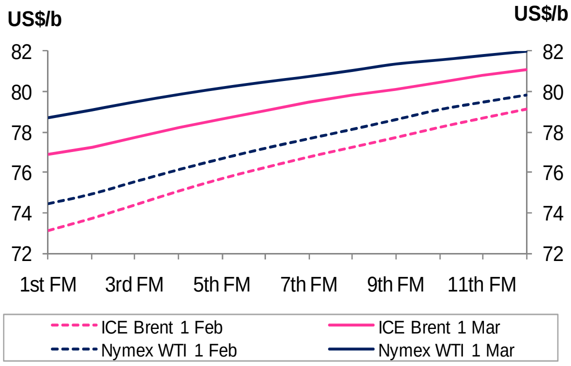
Open interest for Nymex WTI increased to 1,360,697 on 3 February, the highest since 1,376,799 on 17 June 2008, before falling to 1,284,924 at end of February.

Similarly, futures fell in Europe, moving between $69.6/b and $78.6/b in February. ICE Brent hit a 4-month low on 5 February on the back of strong sell-offs, driven by bearish sentiment in the market. ICE Brent recovered in the following weeks to move to $78.61/b on 22 February before losing $1 to settle at $77.59/b on 26 February, the last trading day of the month. This resulted in an average of $74.79/b, down $3.12 or 4% from the previous month. A year earlier, ICE Brent averaged just $43.87/b.

Since the decline in ICE Brent was much higher than in Nymex WTI, the spread between the WTI-Brent front-month contracts widened to $1.66/b from $1.39/b in January. The spread widened 60¢ on 5 February as Brent fell below $70/b and continued to increase in the following days to move above $2 in the second week. It was the first time when the WTI-Brent spread reached this level since mid-October. The increase in the WTI-Brent spread was attributed to the strength of WTI relative to Brent on the back of stronger demand and less pressure from stocks in Cushing, Oklahoma, which have been declining since the first week of January. It is worth recalling that the WTI-Brent differential averaged minus $4.6/b in February last year when WTI fell well below Brent due to high stock levels at Cushing, Oklahoma.

Both Nymex WTI and ICE Brent remained in contango but their respective curves narrowed further in February. The spread between the 3rd and the 1st month narrowed from $1.09/b in early February to 78¢ in early March, implying a decline of 28%. The spread between the 1st month and the 6th and 12th month dropped by 35% and 38%, respectively. This implies that the increase in the price of the first month between 1 February and 1 March was much higher than the increase of the forward months, implying that the market seems to be tighter for the moment. Similarly, the ICE Brent spread between the 3rd month and the 1st month narrowed to around 80¢/b for the same period and the spread between the 6th month and 12th month with the 1st month declined to around $2.20/b and $4.20/b, respectively. A narrow contango of these levels would remove the incentive for storage and according to some sources, floating storage has declined recently.

Graph 3: Nymex WTI and ICE Brent forward curve, 2010



FM = future month

Table 2: Nymex WTI and ICE Brent forward price, US$/b

	1st FM	2nd FM	3rd FM	6th FM	12th FM
Nymex WTI					
1 Feb 2010	74.43	74.91	75.52	77.17	79.79
1 Mar 2010	78.70	79.08	79.48	80.47	82.00
ICE Brent					
1 Feb 2010	73.11	73.71	74.38	76.23	79.11
1 Mar 2010	76.89	77.22	77.70	79.07	81.08

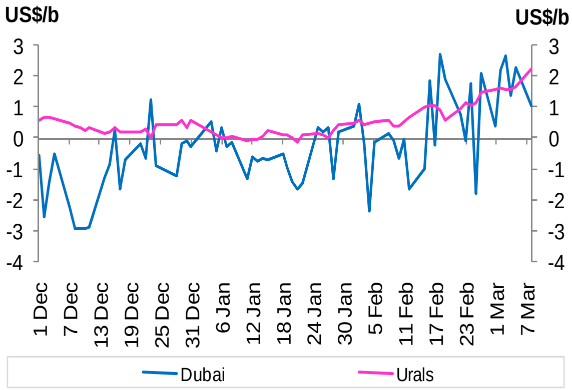
FM = future month

The sour/sweet crude spread

The Brent-Dubai spread recovered in February to stand at a monthly average of 24¢/b compared with minus 50¢/b in the previous month and minus $1.14/b in December. The spread even moved above $2.7/b in the third week of February before it narrowed slightly and increased again to stand at around $2.7/b on 3 March. The spread has been positive for most of the time since mid-February, indicating Brent-related crudes are costlier than Middle East grades. This market structure usually slows imports of western crudes to Asia. The recovery in the Brent-Dubai spread is attributed to a strong Brent and weak Dubai price, resulting from ample supply after some countries notified their Asian customers that they would supply crude at full contracted volumes for March while Asian-pacific refiners were expected to start refining maintenance. Middle East crudes were also pressured by limited demand from Asian refiners due to maintenance. Additionally, rising supplies of Russian medium sour ESPO blend put further pressure on Middle Eastern crudes and contributed to the weakness in Dubai.

The Brent-Urals spread widened to average 80¢ in February after Urals differentials for Northwest Europe and Mediterranean cargoes hit their lowest levels since May 2009. Limited demand from refiners due to seasonal maintenance has put a lot of pressure on the Russian crude. The spread has been above $1.50/b since late February and preliminary loading schedules show March Urals exports from the Baltic port of Primorsk at more than 1.4 mb/d, an increase of 0.2 mb/d over February.

Graph 4: Brent Dated vs. Sour grades (Urals and Dubai) spread



Commodity Markets

A decline in most commodity prices took place in February

Trends in selected commodity markets

Commodity price dropped 2.3% m-o-m in February m-o-m, according to the IMF, with most of the markets affected. Industrial metals together with grains and oil were the worst performers. All commodity prices exhibited great volatility through February with prices in most markets declining in the first half of February, but recovering somewhat in the second half.

Table 3: Monthly changes in selected commodity prices, 2009-2010

		% Change		% Change
	Dec/Nov	**Jan/Dec**	**Feb/Jan**	**Feb 10/Feb 09**
Commodity	-0.2	3.5	-2.3	44.4
Non-Fuel	3.3	2.2	-1.3	28.1
Energy	-2.2	4.3	-2.9	56.0
Crude Oil	-3.5	3.0	-3.0	79.1
US Natural Gas	45.4	8.9	-8.7	18.5
Food	1.7	1.0	-0.6	16.6
Corn	-4.1	-15.1	-3.4	-1.0
Wheat	-2.3	-11.2	-3.4	-13.5
Soybean Oil	1.5	-3.4	0.2	19.7
Soybeans	2.4	-5.7	-6.8	-5.4
Sugar	-2.5	-0.1	-3.4	8.4
Industrial Metals	5.3	3.1	-5.6	55.8
Aluminium	11.5	2.2	-7.9	53.5
Copper	4.4	5.6	-6.8	106.3
Nickel	1.2	7.5	3.6	83.1
Zinc	8.1	1.7	-10.6	93.1
Gold*	0.7	-1.5	-2.0	-

Sources: IMF; Estimations based on data provided by the IMF.
** World Bank index.*

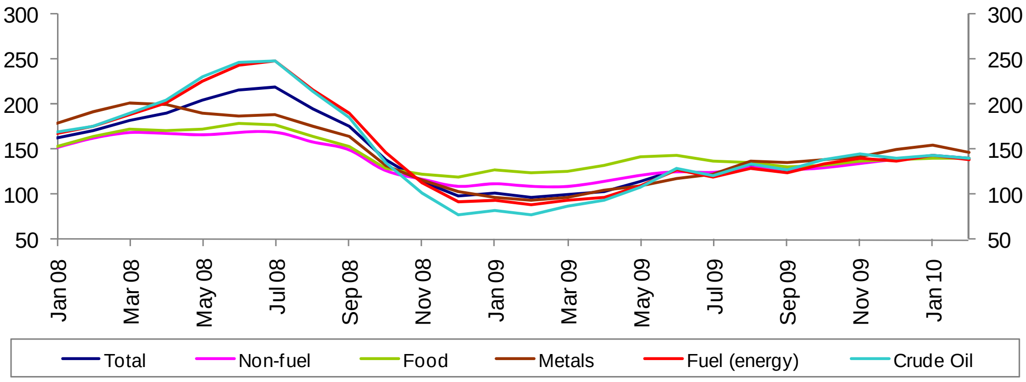
Commodity prices have been strongly influenced by an unfavorable stream of macroeconomic data. At the beginning of February, the Greek debt crisis exerted a strong negative impact on the markets, prior to the announcement by the European Community of the debt relief plan. Other blows on commodity markets were represented by poor (0%) GDP growth in Germany in 4Q09 and the still high 10% unemployment rate in Europe, the same as in the US. Furthermore, the news of a further monetary tightening in China also weighed on commodity prices. A positive sign came from the strong US GDP growth of 5.7% in 4Q09.

Energy prices fell 2.9% in February

The **IMF energy price commodity index** (crude oil, natural gas and coal) reported 2.9% m-o-m negative growth in February. Natural gas declined by 8.7% and crude oil by 2.9%.

The Henry Hub gas spot price plunged 8.9% m-o-m in February driven by the increasing rig count combined with stable production data which outpaced the bullish news coming from an improvement in economic conditions in the US and record inventory withdrawals.

Graph 5: Major commodity price indexes, 2008-2010



Commodity price index, 2005 = 100

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

The non-fuel commodity price index slipped 2.2% in February

The IMF non-fuel commodity price (food and beverages and industrial inputs) lost 1.3% in February m-o-m compared to 2.2% in January. Considerable price drops were seen in grains and oils which were partially counterbalanced by increases in other food items.

The weaker trend for industrial metal prices in January worsened further in February when the index plummeted 5.6% m-o-m — the strongest decline since February 2009. The same factors that weighed down on industrial metals markets in the previous months continued working in February, especially in the first half. Prices have been driven by macro uncertainties related to European sovereign debt and announcements by the US administration on banking sector regulation as well as monetary tightening in China. Furthermore, other negative factors combined such as weaker data imports from China for January, which, despite a competitive advantage for the LME price in some base metals, declined 21% m-o-m. Inventories at the LME continued inflating in February m-o-m. The only positive news for the industrial metal complex came from the announcement by the World Bureau of Metal Statistics (WBMS) at the end of February of a decline in the global surplus in yearly terms.

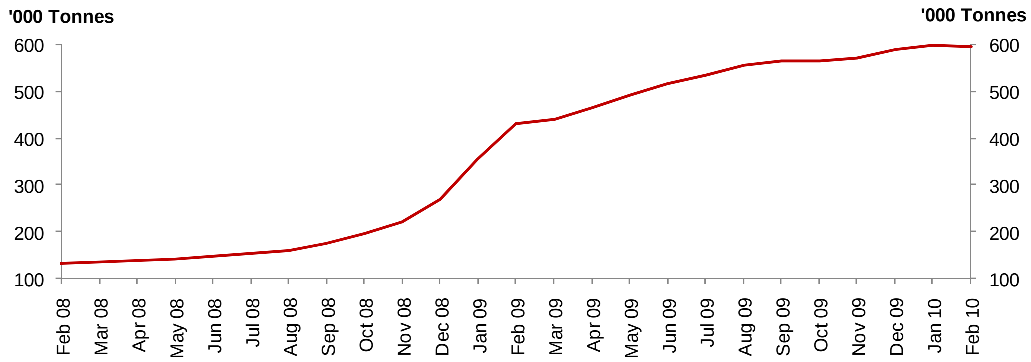
It seems that price trends for industrial metals will remain very volatile and driven by macro-trends and economic policy decisions.

Aluminium sunk 7.9% m-o-m in February compared to 2.2% positive growth in January driven by unfavourable macroeconomic data and a 17% m-o-m fall in Chinese aluminium imports in January. Inventories at the LME kept inflating m-o-m in February. China became a net exporter of unwrought aluminium in December 2009. It is estimated by the WBMS that global demand for this metal declined 4% y-o-y during 2009. This negative news offset the release of estimates by the WBMS on a yearly 69% shrinkage in December 2009 of the global market surplus.

Copper prices fell by 6.8% m-o-m in February compared to 5.8% m-o-m growth in January. The major drop took place in early February when prices were pressured by negative macroeconomic data and lower imports from China, which went down 21% m-o-m in January. Some recovery in prices was seen at the end of February following the publication of the estimates by WBMS of the copper global surplus, which had narrowed 45% y-o-y. Inventories at the LME augmented in February m-o-m.

Gold prices continued the bearish trend initiated in January falling 2.0% m-o-m in February, on the same factors — the rise in US bond yields and the US real interest rate as well as a stronger US dollar and the lack of interest of investors.

Graph 6: Inventories at the LME

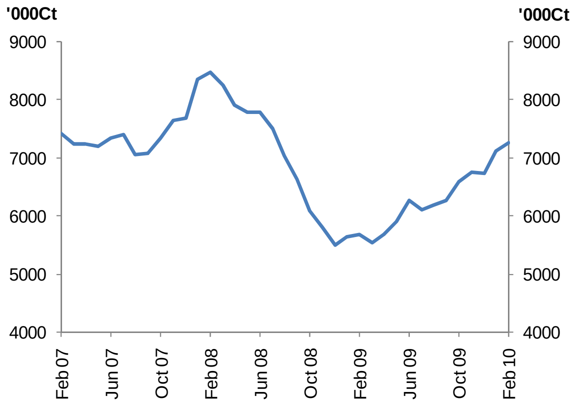


Investment flow into commodities

Open interest in major commodities grew by a lower 2.2%

The **open interest volume** (OIV) in major commodities (agriculture, copper, natural gas, WTI, livestock and precious metals) in the US totalled 7,267,624 contracts in February, growth of 2.2% from the previous month, which compared unfavourably with 5.4% positive growth m-o-m in January. The slower activity took place across the different markets.

Graph 7: Total open interest volume

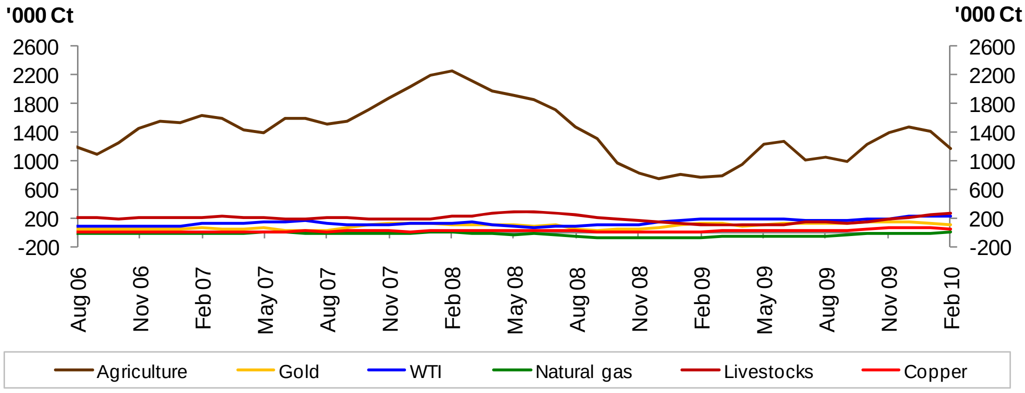


Source: CFTC

The disaggregated CFTC data indicates non-commercial net length plummeted 17.1% in February in a worsening of the negative trend reported the previous month. A 24.8% increase in shorts together with a 3.7% drop in longs resulted in the non-commercial net length as percentage of OIV falling to 29.6% in February, down from 37.4% in January.

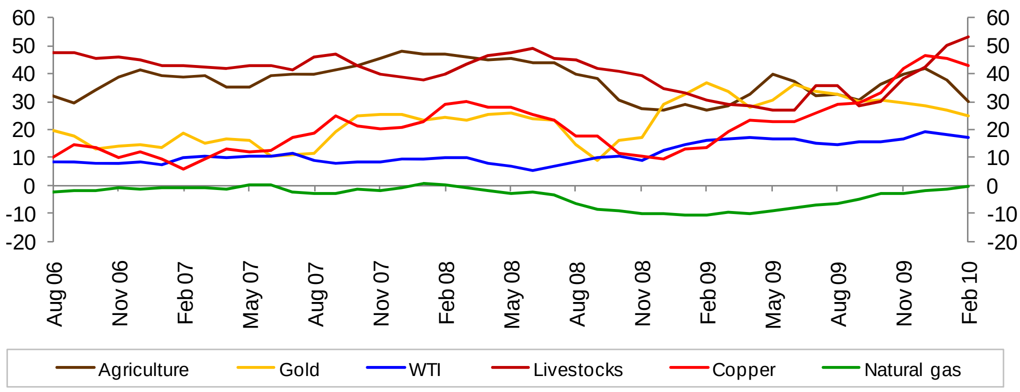
Massive selling in money-managed positions was reported by the CFTC in February. Net-length declined by a hefty 40.2% m-o-m in February compared to a drop of 5.5% m-o-m volume over January. All the sectors exhibited negative growth including gold, but agriculture and copper were the most affected. Crude oil declined 27.7%. US natural gas was less affected.

Graph 8: CFTC net length by commodity group



Source: CFTC

Graph 9: CFTC net length as % of open interest



Source: CFTC

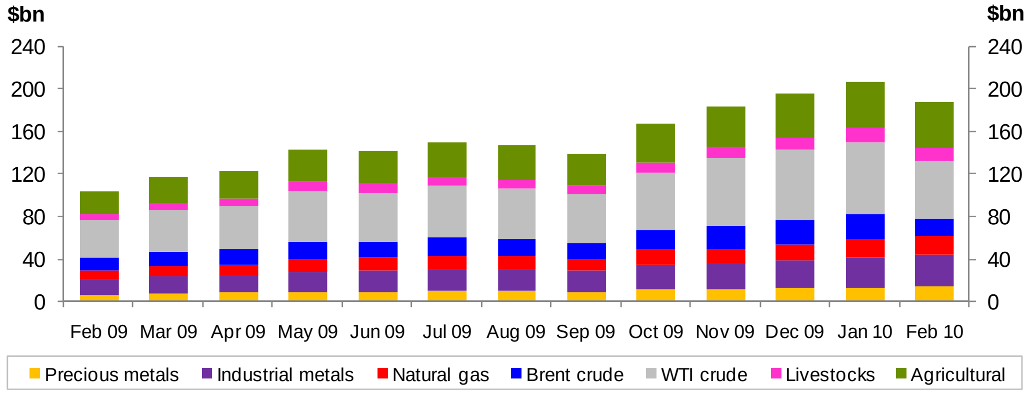
Table 4: CFTC data on non-commercial positions, '000 contracts

	Open interest	Net length: Swap positions		Net length: Money positions		Net length: Other positions		Net length: Non-commercials	
	Feb 10	**Feb**	**% OIV**	**Feb**	**% OIV**	**Feb**	**% OIV**	**Feb**	**% OIV**
Crude Oil	1313	153	12	116	9	-45	-3	224	17
Natural Gas	783	154	20	-109	-14	-49	-6	-4	0
Agriculture	3939	796	20	294	7	74	2	1,164	30
Precious Metals	590	-69	-12	177	30	45	8	153	26
Copper	127	39	31	15	12	0	0	55	43
Livestock	516	166	32	117	23	-10	-2	273	53
Total	**7,268**	**1,240**	**17**	**610**	**8**	**16**	**0**	**1,866**	**26**

	Open interest	Net length: Swap positions		Net length: Money positions		Net length: Other positions		Net length: Non-commercials	
	Jan 10	**Jan**	**% OIV**	**Jan**	**% OIV**	**Jan**	**% OIV**	**Jan**	**% OIV**
Crude Oil	1294	112	9	160	12	-41	-3	232	18
Natural Gas	759	153	20	-111	-15	-52	-7	-10	-1
Agriculture	3752	800	21	540	14	65	2	1,404	37
Precious Metals	644	-83	-13	218	34	46	7	181	28
Copper	148	44	29	25	17	-1	-1	68	46
Livestock	510	159	31	101	20	-6	-1	255	50
Total	**6,741**	**1,184**	**18**	**933**	**14**	**12**	**0**	**2,129**	**32**

Estimated monthly growth of the dollar inflow of investment into the two major commodity indices, slowed since November 2009. In January, the inflow increased by 6.0% compared to 6.6% in December 2009 but declined in February by 9.1% m-o-m (new 2010 weights). Leading the decline were Brent (-28.8%), WTI (-20%) and the industrial complex. Agriculture (0.3% Feb vs 8% in Jan) and even precious metals were affected (8% vs 10% Jan 2010)

Graph 10: Inflow of investment into commodities



Source: CFTC

Highlights of the World Economy

Economic growth rates 2009-2010,%	World	OECD	USA	Japan	Euro-zone	China	India
2009	-0.9	-3.4	-2.4	-5.0	-4.0	8.7	6.2
2010	3.4	1.7	2.4	1.3	0.6	9.3	7.0

Industrialised countries

USA

US GDP for the fourth quarter revised up to 5.9%, primarily supported by inventory replenishing with the US housing sector again showing signs of weakness

The release of mixed data for the economy of the US continues, still slightly geared to the positive side, but further signs of caution have emerge.

The GDP figure for 4Q09 gave a relatively strong hint that the stimulus in the US is having a positive effect. The initial numbers released at the beginning of the quarter were already at the upper level at 5.7% q-o-q seasonally adjusted annualized rate (saar). This solid number was later increased to 5.9% in the second reading. However, the details show a more mixed picture, especially in the revised figure. While the personal expenditures in the first reading have been at 2.0%, they are now revised down again to 1.7%, a relatively sharp decline from the 3Q, when they were up by 2.8%. Thus, the positive trend for consumption has declined. On the positive side it seems that households are spending and are willing to continue to do so.

This is of particular importance as government expenditures have declined by 1.2% in the 4Q, after having peaked in the 2Q at a level of 6.7% and still increasing by 2.6% in the 3Q. This is a lower government spending number than in the first reading, when it was at only minus 0.2%. In general, this could be a sign that the US economy is moving towards a healthier spending pattern, in which consumption could be the driving force of the economy and the role of the government is limited to keeping the economy afloat.

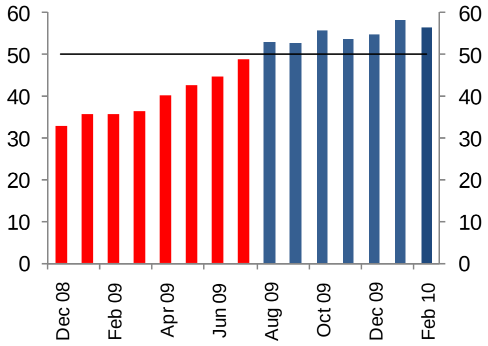
The numbers for household consumption and government spending have been revised down in the second reading, while the total number increased. This raises the question as to the source of the upward revision, which is inventories. Their contribution was revised up to 3.9% from 3.3% in the last reading, when it already was estimated to contribute 60% of GDP. This time it is even higher with a contribution of almost 70%. This can hardly continue and it will be important that private household consumption is again taking a more prominent role.

After only a minor increase in January at 0.8% m-o-m, the key support of the US economy – the housing market – showed a declining trend with pending home sales at a level of minus 7.6% m-o-m in February. Pending home sales are an important lead indicator as they track contract signings of houses not finally sold yet. Foreclosures add to these concerns as well. These rose 15% y-o-y in January and exceeded 300,000 for the eleventh consecutive month, according to RealtyTrac Inc. Existing home sales declined by 7.2% m-o-m in January after a record decline in December of 16.2% m-o-m. This is the worst two-month decline on record. At 5.05 million annualized units, turnover was well below the consensus expectation of 5.50 million units, back to a seven-month low.

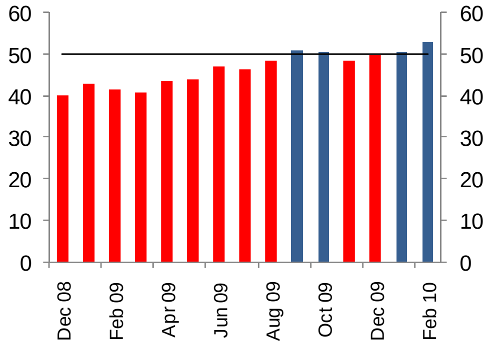
With an unemployment rate of 9.7%, consumption can hardly be expected to grow significantly. The conference board consumer confidence fell to a level of 46.8 in February, compared to 56.5 in January, the lowest level since more than half a year. Since July 2008, there have been 15 monthly declines in consumer credit, which is as many in the past 18 months as there have been in the prior 18 years, according to Gluskin, Sheff + Associates Inc. Bank credit, in general, is still in decline. Credit outstanding was down $33 billion (-0.5%) again, the seventh weekly contraction at the week ending 17 February. The cumulative decline has now come to an astounding $150 billion.

One of the brighter spots is that business sentiment in the services sector has improved — a sector that is responsible for more than 70% of US GDP. The Services-ISM now stands at 53.0 for February, after only 50.5 in January. On the other hand, ISM manufacturing is again in decline after having improved to 58.4 in January, which was the highest level since the recession has started two years ago, recording only 56.5 in February. As the manufacturing sector is usually leading, particularly in an economy moving out of a recession, this could mean that the services sector has reached a peak, at least in the short-term.

Graph 11a: ISM manufacturing index



Graph 11b: ISM non-manufacturing index



Source: Institute for Supply Management

As more warning signs emerge with regard to the depth and the sustainability of the current recovery, the 2010 forecast for GDP growth has therefore been lowered to 2.4% from 2.5%. The figure for 2009 remained at minus 2.4%.

Japan

Exports and government-led stimulus remain the major drivers behind the upswing

Japan has recently managed to put together some encouraging data. The high level of government spending continues to be the driving force behind the economy. Japan has implemented $1350 billion in support for the economy since the economic crisis started in September 2008. Despite the positive effects being felt so far, it is not clear whether this spending will have any lasting impact.

Machinery orders, a leading indicator for capital expenditures, came in at 20.1% m-o-m for December, which compares to a market expectation of 8.0%, which already would have been a high number. Total 4Q09 machinery orders have therefore risen by 0.5% as the December number outweighed the substantial declines that had been recorded in November and October, at minus 11.3% m-o-m and minus 4.5% m-o-m respectively. This quarterly increase is the first one in seven quarters. This positive development is fuelled by a surge in external demand along with recent improvements in exports. Foreign demand for machineries — also a leading indicator for exports — surged 297.4% y-o-y in January.

Industrial production grew 2.5% m-o-m in January, exceeding the consensus expectation of a 1.1% rise. The numbers, however, project a possible slowdown ahead. Firstly, the production forecast index for February, compiled by the Ministry of Economy, Trade and Industry (METI), predicts a decline of 0.8%, which would be the first such downturn since March 2009. Secondly, the inventory ratio climbed 1.0%, which would be the highest growth since a 5.5% increase in February 2009. Exports still supporting the industrial production indicate little chance of a double dip in production, but the buoyant rebound maintained since the global economic crisis might have reached an end.

Exports in January showed a positive trend, rising 40.9% y-o-y. Imports also increased 8.6% y-o-y. After seasonal adjustment, exports and imports were up 8.6% and 8.2% m-o-m, respectively. By region, the recovery of exports to Asia at 68.1% y-o-y stands out compared to the previous month, when they reached 31.1% y-o-y. Exports to China showed a particularly big surge at 79.9% y-o-y.

While machinery orders and industrial production have been widely supported by the strong export business of Japan, the domestic side of the economy remains weak. The household survey showed real consumption spending rose for the sixth consecutive month on a yearly basis, rebounding from the sharp decline in the previous year. However, core spending — which excludes highly volatile items such as housing or car-sales — slid for the second month at minus 1.9% m-o-m in January, indicating a weak start in the 1Q period. That comes after a drop of 0.2% m-o-m in December. This is indeed consistent with January's industrial production data which showed shipment of consumer goods declined by 1.4% from the fourth-quarter average.

The unemployment rate dropped to 4.9% in January from 5.2% in December and 5.3% in November, a significant decline back to the sub-5% level. The result was better than the market expectation of 5.1%. This lower unemployment in January resulted from a shift of the jobless and non-labour force to employment. The number of jobless and the non-labor force decreased by 160,000 and 480,000 people respectively, from December, while total employment increased 540,000, according to Citigroup.

On the other side, the nationwide CPI was down 1.3% y-o-y in January, the core CPI excluding fresh foods declined by 1.3% y-o-y as well, and the core of core CPI excluding energy and food products other than alcohol was down by 1.2% on a yearly basis in January. On a seasonally adjusted monthly basis, the overall and core figures fell 0.1% while the core of core dropped 0.2%. The results showed no significant change in the CPI downtrend. High-level government officials have continued to voice their concern regarding deflation in Japan. The Japanese Finance Minister said just recently that there is the need for further efforts to lead the Japanese economy out of deflation. The Bank of Japan (BoJ) Governor has rejected the idea of inflation targeting in responding to a proposal by the Finance Minister for a policy target of 1% y-o-y growth in the CPI. At the same time, fiscal consolidation needs even more serious attention, leaving less scope for fiscal actions.

While there have been some improvements in the economy, challenges remain. In light of this development, the forecast was raised to 1.3% in 2010 and to minus 5.0% for 2009.

Euro-zone

Euro-zone challenged by financial situation of weaker member countries and surprisingly muted data from Germany

The situation in the Euro-zone has not improved significantly in the recent weeks. While the Greek dilemma seems to have been resolved for the short-term, the long-term effect and its outcome is still unknown. For now, the issue seems to be contained after the EU has voiced its support for Greece and the government announced deep budgetary cuts. The current support of the EU for Greece comes with a demand for tough measures to improve its budgetary situation. Greece won a crucial vote of confidence from financial markets recently when investors widely supported a government bond issue on easing fears that the debt crisis could prevent Greece from raising money. In this recent bond-issue, Athens sold €5bn in 10-year bonds and managed to receive orders for three times that amount.

However, the interest rate the country has been forced to pay to attract this investor-demand is among the highest Greece has paid for a 10-year bond since it has joined the Euro-zone in 2001. The interest rate on the bond was 6.25%, about 2 percentage points more than Portugal – which is widely acknowledged as the next weakest Euro-zone country after Greece – and double the rate which Germany is currently paying for matching maturities. Greece now seems to also seek assistance from the IMF, while some of the Euro-zone member countries oppose such a step and would therefore like to bring forward the creation of a Euro-zone Monetary Fund (EMF).

Adding to the weakness of the Euro-zone have been recent lower-than-expected output numbers. The Euro-zone 4Q09 GDP was up only by 0.1% q-o-q seasonally adjusted (sa). This number was unexpectedly lower, while a low number was already indicated by recent industrial production and order numbers. Germany's GDP was recorded stagnating, but better than some have expected at declining levels. France was again leading the Euro-zone as the second-biggest economy with a growth rate of 0.6% q-o-q sa. Spain, Italy and Greece were all negative at minus 0.1% q-o-q, minus 0.2% q-o-q and minus 0.8% q-o-q, while Portugal also stagnated. The major reason why growth was flat compared to the previous quarter was that government spending declined at minus 0.1%, compared to 0.8% in the 3Q09 and 0.6% in 2Q09.

While Germany's recovery seems to have come to a halt, business confidence surveys have shown optimism continues to rise. The Bundesbank president just recently had warned that the severe winter weather could have hit growth at the start of this year, but indicated that the recovery is on track, which was also reflected by strong export numbers for December, which increased by 3.0% m-o-m, compared with 1.1% in November. This was the fourth consecutive rise. In contrast, a GDP level of 0% q-o-q indicates the very weak domestic demand picture and the high dependency of Germanys' growth on exports. At the same time, the fiscal problems of some southern Euro-zone countries have added to uncertainty about the outlook. The necessary and ambitious government programmes to reduce budget-deficits in Spain, Portugal and Greece are likely to dampen growth this year.

Unemployment seems to remain a big issue for the Euro-zone, holding back consumption and therefore, growth. The Euro-zone unemployment rate remained at 9.9%, slightly below the 10% threshold for the second consecutive month in January. Germany seems to be fighting unemployment relatively successfully by keeping the rate at 7.5% for the fourth consecutive month. Levels in Spain have come down by 0.1% for the second time to a level of 18.8%, after having peaked at 19.0% in September 2009. Concerns about youth unemployment has not abated. It was recorded at a level of 20.2% for the third consecutive month. Spain in this category was again hitting a new peak-level at 39.6%, 0.2% higher than the recent peak in November 2009 at 39.4%.

Correspondingly, retail sales in the Euro-zone were down by 0.3% m-o-m in January, after increasing by 0.5% in December. This pattern has further added to the volatility in retail sales which could have been observed over most of the recent months, indicating that there is still no clear trend and consumers seem to still lack the confidence to spend. Non-food products were hit hardest, declining by 0.6% m-o-m. The weak consumer market is being reflected further on in the Consumer Price Index (CPI) numbers for February, when inflation was recorded at 0.9% y-o-y, which is 0.1% lower than the corresponding January number at 1.0% y-o-y. On a monthly basis, inflation was already declining in January, when it was at minus 0.8% m-o-m.

Considering muted growth combined with declining price levels, any early exit from the current low interest rate regime of the European Central Bank (ECB) seems to be remote, despite efforts to press ahead with the dismantling of its emergency support for financial markets. The ECB president recently unveiled fresh steps to return the bank to its previous system for injecting liquidity into the financial system and restrict the occasions on which it meets, in full, banks' demands for funds. Furthermore, he said market conditions were returning "progressively to normal" and he voiced concern that delaying implementation of its "exit strategy" could distort investors' behaviour and sow the seeds of a future crisis. The ECB kept its key interest rate at its latest meeting at 1.0%.

Recent industrial order numbers were up 0.8% m-o-m in December, although this was lower than the strong November figure of 2.7% Additionally, order numbers in Germany declined by 1.8% m-o-m, while France's order numbers were up 17.1% m-o-m. This could be important as the industrial output numbers for December have been negative in France at a level of minus 0.1% m-o-m, lower than consensus expectations. Manufacturing production even declined by 0.6% m-o-m in France for December.

Given that the Euro-zone recovery is still relatively fragile, the GDP forecast for 2010 remained unchanged at 0.6%, while the 2009 number has been lowered to 4.0% from 3.9% previously.

Former Soviet Union

Inflation in Russia declines, paving the way for an interest rate cut

The Russian central bank will be able to cut interest rates after inflation in the country retreats to its lowest in more than ten years. CPI dropped to an annual 7.2% from 8% in January according to the Federal Service of State Statistics. It is estimated that rising unemployment is affecting consumer spending, while Russia's unemployment rate jumped to 9.2% in January. Domestic demand remains "unstable" and below pre-crisis levels even as the economy has recently posted improvements in industrial output and real disposable income. Russia technically emerged from the recession last year, posting two straight quarters of growth after its first economic downturn in a decade. Much of that recovery has been led by commodity exports boosted by higher oil prices, while the rest of the economy has faced tougher challenges.

The Ukraine statistical organisation announced that the country registered a very deep contraction in 2009, with GDP falling by 15% according to preliminary data. The decline was attributed partly to a 52% decline in gross fixed capital formation. However, output data now points to a fragile recovery, with industrial production rising month-on-month. Oil refining and food are leading the way, but recovery hopes for 2010 rest primarily with the large metallurgical sector.

Developing Countries

China engine of growth in Asia pulling others out of recession

Asian countries such as Thailand, Taiwan, Hong Kong and Malaysia published February official data showing a return to growth y-o-y for the last quarter of 2009. This seems a successful end to their efforts in fighting the damage caused by the global economic downturn. The strong performance of China in 2009 appears to have helped those countries to return to growth. While domestic demand in those countries is showing steady growth, the recovery still depends on the external sector. In the fourth quarter, Taiwan's exports soared by 20% y-o-y; Thailand's external sector contributed 7.1 percentage points to growth; and Malaysia's exports grew by 7.3%. It's no accident that all of these economies are closely linked to China, where stimulus efforts have been the greatest and domestic demand has held up most impressively. It is early to say that decoupling from the developed economies is happening in a two-track recovery where domestic consumption would compensate for the decline in exports. China still is the final assembly point of goods which then are destined for the US and EU.

China is tackling impact of stimulus growth

The Chinese government is shifting toward tackling challenges such as surging housing prices and potential bad debt after focusing last year on reviving the economy. GDP expanded 8.7% last year, helped by a credit boom and government investments. Credit in China rose in 2009 by 31% from the previous year which is equivalent to 33% of GDP. This is compared to an average growth rate of 16% since 2001. The Chinese government is widely expected to have the will and the resources to curb credit growth early and deal with bad loans. The government has to strike the correct policy balance. To support economic growth, the government is predicted to keep the credit-growth target for 2010 intact, while avoiding a further build-up of non-performing loans. The central bank has twice ordered banks to keep a bigger portion of deposits on reserve this year to curb loan growth, without changing the monetary policy stance. This managed inflation expectations and kept the overall level of prices stable. The National Development and Reform Commission is aiming to expand fixed-asset investment (FAI) this year by 20% while curbing excess and obsolete capacity in certain sectors, continuing Beijing's recent policy goals. The growth target would represent a marked slowdown from nationwide FAI growth of 30.1% last year, which was boosted by the government's stimulus program.

Agriculture sector dragged economy in India in Q4

India's economy slowed in the last quarter of 2009, with the growth rate reaching 6% y-o-y, compared with a rate of 7.9% in the third quarter. According to the Reserve Bank of India the slowdown is attributed to the agriculture and forestry sector as others such as manufacturing and large parts of the services sector have in fact expanded in 4Q compared with the previous quarter. On the expenditure side, investment remained the driving force; private consumption growth lost momentum, while government spending fell by 10.3%. Inflation in India (as measured by the wholesale price index) rose to a 15-month high of 8.6% y-o-y in January. Data for February showed that food prices continued to rise rapidly, placing further pressure on the headline rate.

OPEC Member Countries

Kuwait cut interest rate to stimulate growth

The Central Bank of Kuwait cut its benchmark interest rate by 50 basis points to 2.5% on February, in order to stimulate the non-oil economy. The bank said that inflationary pressures are in retreat while the currency remains at a competitive level. Kuwait's parliament approved a 30.8 billion dinar ($107 billion) four-year development plan that includes investment to increase oil and gas production and to build a railway network, cities and a port.

Libya will issue a budget for 2010 worth about 58 billion dinars (US$47 billion). Spending in the 2009 budget law was 44 billion dinars. Thus, the government plans to increase expenditure in 2010 by a robust 32%. The government is expected to continue to subsidize some consumer goods and spend on investment in infrastructure and public services.

Oil prices, the US dollar and inflation

The US dollar continued to strengthen against the major currencies in February with exception to the yen

The US dollar continued to strengthen in February against the euro, the pound sterling and the Swiss franc, and was only slightly weaker compared to the Japanese yen. The dollar increased by 3.9% against the euro, 3.4% versus the Swiss-franc and 3.1% compared to the pound sterling. Only the Japanese yen was higher in February compared to the US dollar, when it gained 0.9%. Against the euro, the dollar again reached its highest level at $1.3489/€ on 25 February and closed with a monthly average of $1.3719/€ compared to the January level of $1.4270/€.

The increase in the US dollar was supported by the weakness of the Euro-zone due to the debt-issues in Greece and the danger of a severe challenge to the currency union. The rise in the US dollar was continued on the other side by a surprisingly stronger reading of the US GDP 4Q numbers and a stagnating unemployment situation.

In February, the OPEC Reference Basket fell by $3.6/b or 4.7% to $72.46/b from $76.01/b in December. In real terms (base June 2001=100), after accounting for inflation and currency fluctuations, the Basket price fell by $1.3/b or 2.7% to $46.71/b from $48.01/b. The dollar rose by 2.0%, as measured against the import-weighted modified Geneva I+US dollar basket, while inflation remained flat.*

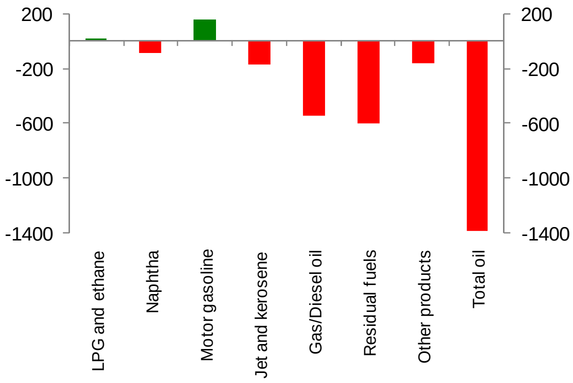
* *The 'modified Geneva I+US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

World Oil Demand

As a result of a massive decline of 1.9 mb/d in the OECD, total world oil demand fell by 1.4 mb/d to average 84.4 mb/b in 2009

World oil demand in 2009

World oil consumption by products, 2009



The year 2009 marked the worst year in the industry in oil demand since the oil crisis in the 1980's. Oil consumption has been severely hit across all regions, especially OECD and has affected all product categories. The only product showing a y-o-y increase during 2009 was gasoline with all of the growth taking place in the non-OECD, specifically in China. Furthermore, LPG consumption was also slightly positive compared to 2008, due to demand from Other Asia. The bulk of the decrease during 2009 occurred in industrial fuel and jet/kerosene. These two products account for 75% of the total decrease in world oil demand this year. Led by North America and Europe, all OECD regions recorded reductions in industrial fuel. Within non-OECD, industrial fuel has been mostly affected in FSU and non-OECD Europe.

Table 5: World oil demand forecast for 2009, mb/d

	2008	1Q09	2Q09	3Q09	4Q09	2009	Change 2009/08 Volume	%
North America	24.17	23.52	22.91	23.25	23.44	23.28	-0.89	-3.69
Western Europe	15.33	14.91	14.23	14.62	14.84	14.65	-0.68	-4.44
OECD Pacific	8.07	8.14	7.30	7.27	8.01	7.68	-0.39	-4.79
Total OECD	**47.57**	**46.57**	**44.44**	**45.14**	**46.29**	**45.61**	**-1.96**	**-4.12**
Other Asia	9.41	9.45	9.77	9.59	9.73	9.64	0.23	2.41
Latin America	5.81	5.61	5.82	6.02	5.98	5.86	0.05	0.90
Middle East	6.90	6.96	7.08	7.31	7.03	7.09	0.20	2.85
Africa	3.18	3.26	3.23	3.16	3.27	3.23	0.05	1.42
Total DCs	**25.30**	**25.28**	**25.90**	**26.08**	**26.01**	**25.82**	**0.52**	**2.06**
FSU	4.11	3.82	3.70	4.14	4.18	3.96	-0.14	-3.52
Other Europe	0.79	0.77	0.73	0.77	0.76	0.76	-0.03	-4.08
China	7.97	7.61	8.38	8.56	8.27	8.21	0.23	2.94
Total "Other Regions"	**12.87**	**12.20**	**12.82**	**13.46**	**13.21**	**12.93**	**0.06**	**0.45**
Total world	**85.74**	**84.05**	**83.16**	**84.68**	**85.51**	**84.36**	**-1.38**	**-1.61**
Previous estimate	85.70	84.00	83.11	84.64	85.48	84.32	-1.39	-1.62
Revision	0.03	0.05	0.05	0.03	0.03	0.04	0.01	0.01

Totals may not add due to independent rounding.

Various stimulus plans across the globe managed to increase energy demand in the fourth quarter of 2009. China, the Middle East and India consumed more oil, leading to total growth of 0.6 mb/d in 2009.

As a result of a massive decline of 1.9 mb/d in the OECD, total world oil demand declined by 1.4 mb/d to average 84.4 mb/d in 2009.

Table 6: First and second quarter world oil demand comparison for 2009, mb/d

			Change 2009/08				Change 2009/08	
	1Q08	1Q09	Volume	%	2Q08	2Q09	Volume	%
North America	24.77	23.52	-1.25	-5.05	24.42	22.91	-1.51	-6.18
Western Europe	15.29	14.91	-0.38	-2.48	15.07	14.23	-0.84	-5.57
OECD Pacific	8.91	8.14	-0.77	-8.60	7.86	7.30	-0.56	-7.16
Total OECD	**48.96**	**46.57**	**-2.40**	**-4.89**	**47.35**	**44.44**	**-2.91**	**-6.15**
Other Asia	9.52	9.45	-0.07	-0.72	9.58	9.77	0.20	2.06
Latin America	5.60	5.61	0.00	0.07	5.84	5.82	-0.02	-0.38
Middle East	6.77	6.96	0.19	2.87	6.87	7.08	0.21	2.99
Africa	3.22	3.26	0.04	1.13	3.19	3.23	0.04	1.39
Total DCs	**25.12**	**25.28**	**0.17**	**0.66**	**25.48**	**25.90**	**0.43**	**1.67**
FSU	4.17	3.82	-0.35	-8.49	3.79	3.70	-0.09	-2.27
Other Europe	0.83	0.77	-0.06	-6.98	0.76	0.73	-0.03	-3.68
China	7.97	7.61	-0.37	-4.58	8.17	8.38	0.22	2.67
Total "Other Regions"	**12.98**	**12.20**	**-0.78**	**-5.99**	**12.72**	**12.82**	**0.10**	**0.82**
Total world	**87.06**	**84.05**	**-3.01**	**-3.46**	**85.55**	**83.16**	**-2.38**	**-2.78**

Totals may not add due to independent rounding.

Table 7: Third and fourth quarter world oil demand comparison for 2009, mb/d

			Change 2009/08				Change 2009/08	
	3Q08	3Q09	Volume	%	4Q08	4Q09	Volume	%
North America	23.57	23.25	-0.33	-1.39	23.93	23.44	-0.49	-2.05
Western Europe	15.53	14.62	-0.90	-5.82	15.44	14.84	-0.60	-3.85
OECD Pacific	7.54	7.27	-0.26	-3.50	7.97	8.01	0.04	0.45
Total OECD	**46.63**	**45.14**	**-1.50**	**-3.21**	**47.34**	**46.29**	**-1.05**	**-2.22**
Other Asia	9.29	9.59	0.30	3.19	9.26	9.73	0.48	5.13
Latin America	5.97	6.02	0.05	0.84	5.81	5.98	0.18	3.03
Middle East	7.09	7.31	0.22	3.07	6.86	7.03	0.17	2.48
Africa	3.12	3.16	0.05	1.46	3.21	3.27	0.05	1.68
Total DCs	**25.47**	**26.08**	**0.61**	**2.39**	**25.13**	**26.01**	**0.87**	**3.48**
FSU	4.22	4.14	-0.08	-1.94	4.24	4.18	-0.06	-1.41
Other Europe	0.79	0.77	-0.02	-3.00	0.78	0.76	-0.02	-2.56
China	8.10	8.56	0.45	5.58	7.65	8.27	0.62	8.11
Total "Other Regions"	**13.12**	**13.46**	**0.35**	**2.64**	**12.67**	**13.21**	**0.54**	**4.26**
Total world	**85.22**	**84.68**	**-0.54**	**-0.63**	**85.15**	**85.51**	**0.37**	**0.43**

Totals may not add due to independent rounding.

World oil demand in 2010

Given the sluggish economic recovery, world oil demand growth is forecast at 0.9 mb/d or 1.1%

World oil demand has been highly dependent upon the world economy, supported by government-led stimulus plans. These stimulus plans have already done a great job of jump-starting many sectors of the economy, including energy. However, questions remain as to how long governments will be able to afford supporting their economies. Should this support diminish, then world oil demand would of course be impacted. US oil demand will play a major role in total world oil demand growth this year. Should the US economy have the strength to pull up from the recession early in the year, then the country's oil demand would show some growth. However, should the stimulus plans fade prior to a complete economic recovery, then the country's energy demand could be negatively affected by slow industrial production and high unemployment. Should the latter happen, then this might slightly affect oil demand in other regions as well, shaving the world oil demand in total.

In non-OECD regions, the picture is somewhat better than previously thought. Hence, there is now a slight upward revision to the oil demand growth of Other Asia, Latin America, and China totaling 70 tb/d.

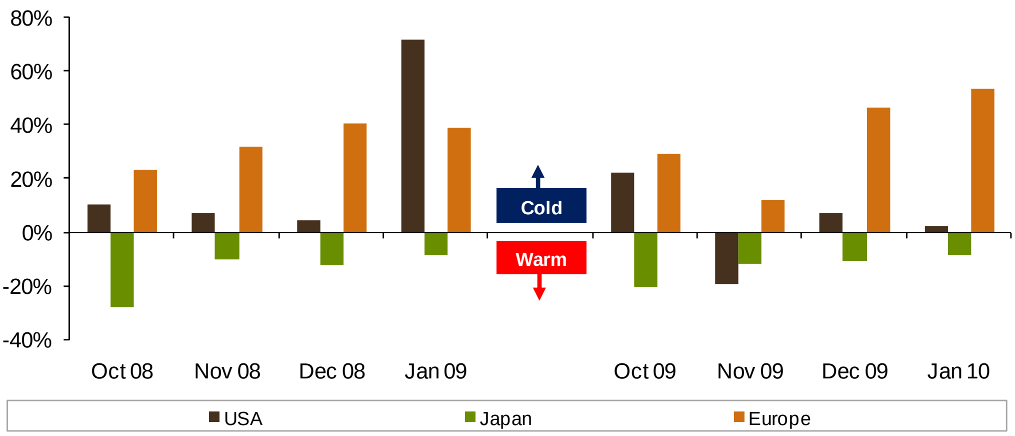
Given slow global economic recovery, world oil demand growth is forecast at 0.9 mb/d or 1.1% to average 85.2 mb/d.

North American oil demand expected to grow slightly by 0.2 mb/d y-o-y to average at 23.5 mb/d

OECD - North America

Weak US demand for oil dominated the first two months of 2010, as indicated by official weekly data. In both months of 2010, transport and distillate fuels continued showing declines, while cold weather in February caused increases in the consumption of fuel and heating oil. In January the consumption of gasoline and distillate fuel declined by 47 tb/d and 370 tb/d respectively, while kerosene consumption remained flat and propane/propylene increased by 13.6%. The latter was a consequence of increased petrochemical activity. In total, January oil demand in the US closed again with a contraction 374 tb/d. Cold weather in February and the low base in 2009 brought about a y-o-y increase in the US oil consumption of 608 tb/d, the first (substantial) increase since September 2009. Transport, and essentially industrial fuel, remained low, while heating fuel showed some increase. In 2009, US oil demand declined the most in the world contracting by 0.8 mb/d. Most of this decline came as a result of low consumption of industrial and transport fuels.

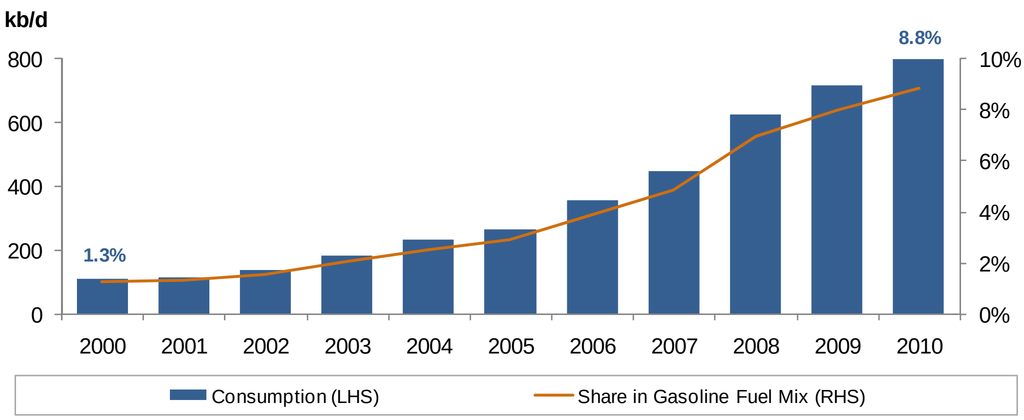
Graph 12: Heating degree days, % of normal



Despite expectations for a continuing positive momentum, Mexican oil demand during January recorded the first y-o-y decline in the last four months of 3.7%. All product categories have been negatively affected with the most severe being transportation and industrial fuels. Nevertheless, LPG grew by 5.5%. As in the US, Mexican oil consumption has been affected by the world economic recession, resulting in decline of 55 tb/d in 2009. As the Mexican industry is highly dependent upon the US market, expectations for a recovery in oil consumption during the first half of the year seem to be rather optimistic.

North American oil demand is expected to grow slightly by 0.2 mb/d y-o-y to average at 23.5 mb/d, with most increases taking place during the second half of 2010.

Graph 12a: US fuel ethanol

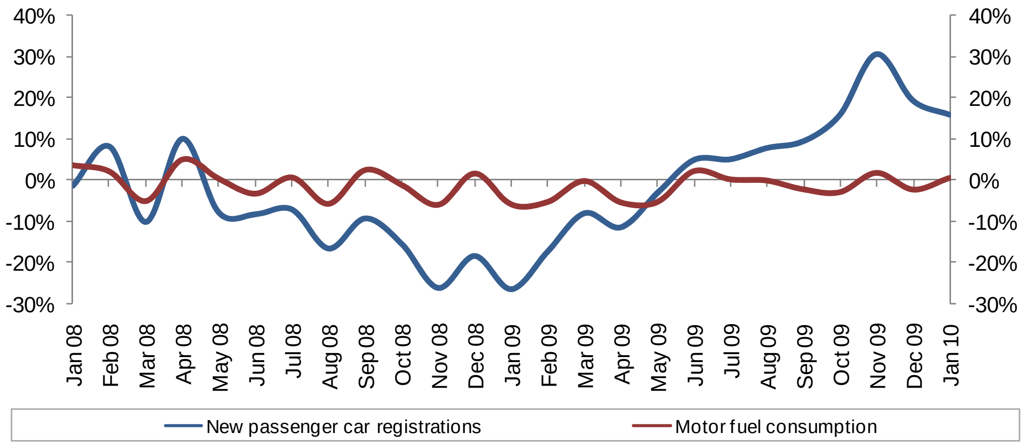


OECD - Europe

OECD Europe oil demand forecast to decline by 0.2 mb/d in 2010 to average at 14.7 mb/d

European oil consumption continued its strong contraction during January, despite numerous government stimulus plans in the Big Four economies. German oil consumption decreased strongly in January by 0.2 mb/d y-o-y with transportation and industrial fuel being the most affected. Similarly, French and Italian oil consumption contracted during the same month by 390 tb/d and 128 tb/d respectively. In Germany, transport and industrial fuel showed the largest decreases even though this took place prior to the expiration of most government financial incentives. In the UK, the picture is no different from the rest of the Big Four. Cold weather during February slightly lifted oil consumption in the region; however, the general picture remains gloomy as a result of the challenging economic situation on the continent. All recovery expectations are forecast to take place during the second half of the year; however, the total oil demand for the entire year is expected to show a decline.

Graph 13: European new passenger car registrations & motor fuel consumption, y-o-y % changes



OECD Europe's 2009 third and fourth quarter oil demand decline was stronger than expected. The decline continued at least through January 2010 with the development of the economy to remain the most challenging factor behind oil demand growth during the year. OECD Europe oil demand is forecast to decline by 0.2 mb/d in 2010 to average 14.7 mb/d, following a decline of 0.7 mb/d in 2009.

Table 8: Italian oil consumption, tb/d

	Jan 10	Jan 09	Change to Jan 09	Change to Jan 09 (%)
LPG	128	136	-9	-6.3
Gasoline	197	217	-21	-9.5
Jet fuel	68	67	1	1.7
Diesel oil	527	567	-40	-7.1
Fuel oil	246	321	-76	-23.6
Other products	169	152	16	10.7
Total oil	**1,333**	**1,461**	**-128**	**-8.8**

OECD - Pacific

OECD Pacific oil demand forecast to decline by 0.1 mb/d, averaging 7.6 mb/d

Petrochemical naphtha sales during January lifted Japanese demand to almost flat y-o-y. However all other product categories registered contractions, the largest observed in kerosene and crude direct use, as a result of the country's fuel substitution plans. Oil consumption in Japan has been constantly decreasing during the last 14 years as a result of increasing efficiencies, government policies and a declining population. For 2010, Japanese oil consumption is expected to decline by 4% y-o-y.

Latest January South Korean oil demand data showed less-than-expected growth for that month by only 65 tb/d. This, however, did not stop the country's oil imports from falling sharply by more than 19% as a response to weak demand. Decreasing transportation fuel was more than offset by growing industrial fuel. Cold weather during the first quarter 2010 may further increase oil consumption by approximately 0.1 mb/d. In general, South Korea has been showing strong signs of economic recovery since the third quarter of 2009. Hence, South Korean oil demand is forecast to grow slightly by 20 tb/d during 2010.

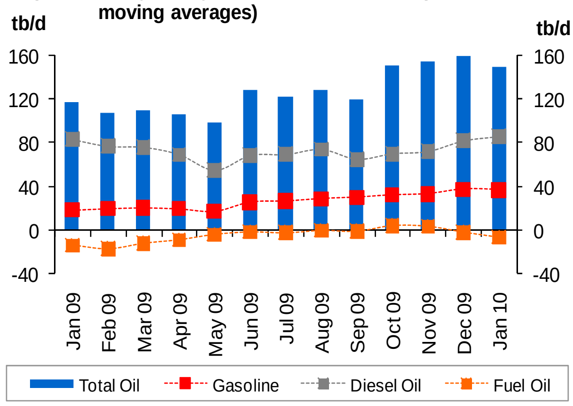
Due to enhanced economic activities in South Korea and colder weather during the first quarter, OECD Pacific oil demand growth for 2010 was revised up slightly by 20 tb/d. OECD Pacific oil demand is forecast to decline by 0.1 mb/d in 2010 to average 7.6 mb/d.

Developing Countries

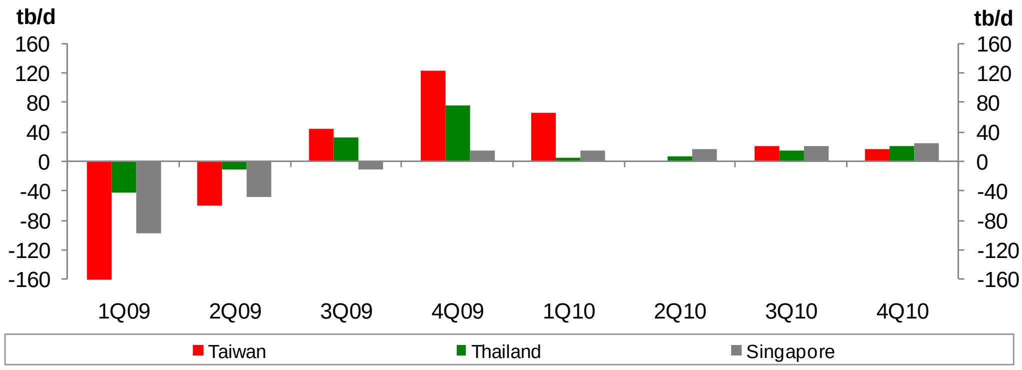
Developing Countries' oil demand growth is forecast at 0.6 mb/d in 2010, averaging 26.4 mb/d

India's economy kept its roaring performance during 2009 despite the setback in most of the world, reaching 6.2% growth. In addition, controlled retail petroleum product prices caused oil demand to grow. Nevertheless, some tax adjustments along with fuel switching among power plants left January oil demand showing a contraction. Fuel oil plunged, reducing the country's fuel oil consumption by 50 tb/d in January y-o-y. Furthermore, a rainy climate reduced road construction work and agricultural use of irrigation and farming fuel. Transport fuel growth declined sharply as well. January gasoline and diesel growth were shaved by half compared to December. This unexpected decline in India's oil demand will be offset by growth in the upcoming months. India's economy, along with several incentive plans and controlled prices, is expected to increase the country's oil demand for the year by 4.5% y-o-y.

Graph 14: Yearly changes in Indian oil demand (12 month moving averages)

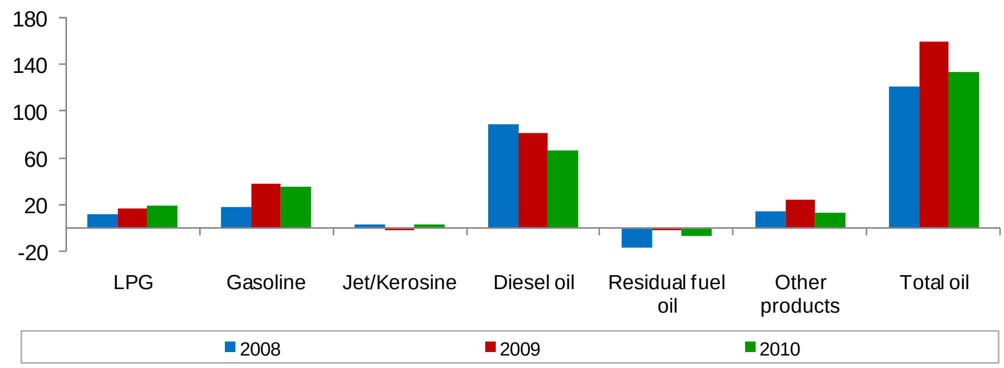


Graph 15: Oil consumption in selected Asian countries, y-o-y growth



The rest of Other Asia was no different from India with respect to oil usage. Economic growth in several countries is expected to hike the region's oil demand this year. Taiwan and Singapore oil demand is expected to grow by more than 2% each.

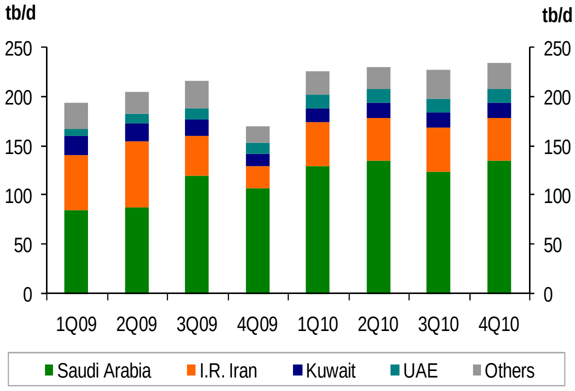
Graph 15a: Indian oil demand by products, y-o-y growth, kb/d



Other Asia oil demand for the total year grew by 0.2 mb/d, averaging 9.8 mb/d

Given the fact that Other Asia's thirst for energy is more than expected, its forecast oil demand growth was revised up by 15 tb/d in 2010. This put Other Asia oil demand for the total year at growth of 0.2 mb/d averaging 9.8 mb/d.

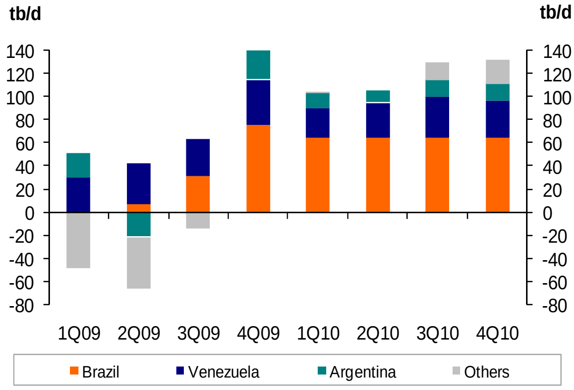
Graph 16: Yearly oil demand growth in the Middle East



Latin America oil demand growth forecast for 2010 revised up 40 tb/d to indicate growth of 0.1 mb/d

As in Other Asia, Latin America's enhanced economic recovery is leading to higher oil demand this year. Brazilian oil demand inched up by 4.8% last January adding another 80 tb/d to total oil consumption this year. Most of the growth was in the transport sector where gasoline and diesel consumption grew by 20% and 6% y-o-y.

Graph 17: Yearly oil demand growth in Latin America



As a result of stronger energy demand in the region, Latin America oil demand growth forecast was revised up 40 tb/d in 2010 to indicate growth of 0.1 mb/d y-o-y in 2010.

Table 9: Inland oil deliveries in Argentina, kb/d

	Jan 10	Jan 09	Difference	%
LPG	30	24	6	0.2
Gasoline	155	145	9	0.1
Gas/Diesel oil	246	246	0	0.0
Jet/Kerosene	36	34	1	0.0
Fuel oil	19	23	-4	-0.2
Other products	72	83	-12	-0.2
Total	**557**	**557**	**1**	**0.0**

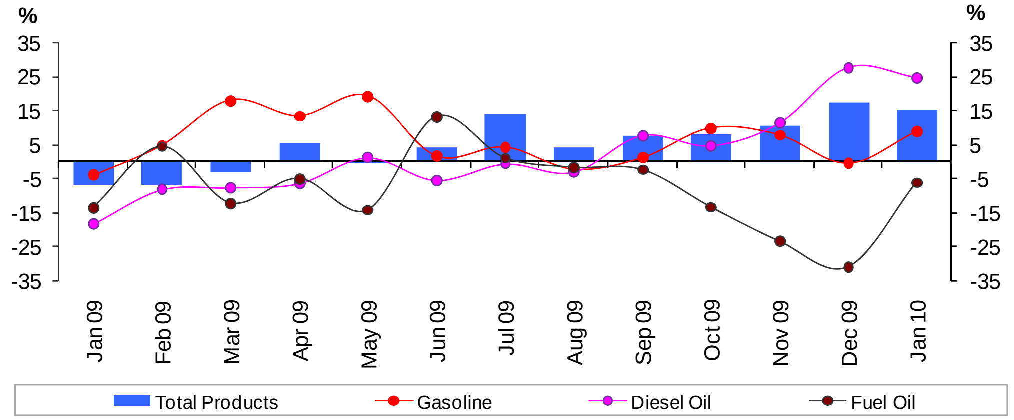
Source: Secretaría de Energía, República Argentina

As a consequence of the strong Asian and Latin American oil demand, Developing Countries' oil demand growth is forecast at 0.6 mb/d y-o-y in 2010, averaging 26.4 mb/d, an increase of 0.05 mb/d from last MOMR.

Other regions

China's oil demand is expected to react to the government stimulus plans which are aimed at achieving positive refinery margins. Despite the pre-set goal to reduce the country's energy usage by 20%, which started in 2006 and ends in 2010, China's oil demand has experienced strong growth since then. China's apparent oil demand this year is expected to inch up by 4.7% y-o-y exceeding last year's growth by 160 tb/d. China's plans to continue the development of rural areas will call for more oil demand this year as well. As a result, China's refinery throughput increased in January by 29% leading to strong growth in the country's oil imports. The country imported 3.9 mb/d in January which is an extra 0.72 mb/d compared to the same month last year.

Graph 18: Changes in Chinese main oil products apparent consumption, y-o-y



January oil demand grew substantially to a 7.6%-high, adding another 578 tb/d to China's oil demand. It is not only the transport sector that contributes to this growth but also the petrochemical and the agricultural sectors as well. There are risks which might negatively affect the country's total oil demand growth forecast; however, chances are limited given the 9.3% GDP growth estimate for this year. The government is keen to protect the economic growth this year and it possesses the mechanism to do so.

The FSU region is expected to come out from last year's negative oil demand in early 2010. The region's oil demand growth is forecast to be slightly positive at 33 tb/d for the year 2010.

Graph 19: Changes in Chinese apparent oil demand, y-o-y

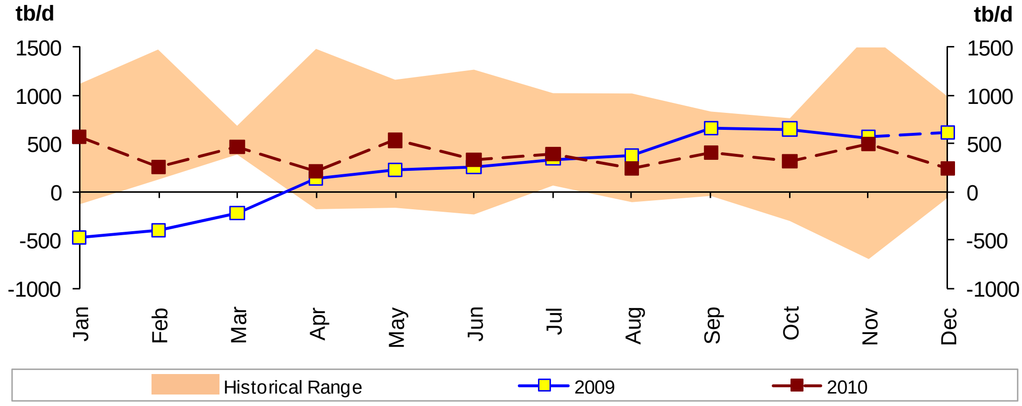


Table 10: World oil demand forecast for 2010, mb/d

	2009	1Q10	2Q10	3Q10	4Q10	2010	Change 2010/09 Volume	%
North America	23.28	23.60	23.11	23.52	23.74	23.49	0.21	0.92
Western Europe	14.65	14.48	14.01	14.46	14.72	14.42	-0.23	-1.58
OECD Pacific	7.68	8.08	7.15	7.10	7.89	7.55	-0.13	-1.65
Total OECD	**45.61**	**46.15**	**44.27**	**45.08**	**46.36**	**45.46**	**-0.15**	**-0.32**
Other Asia	9.64	9.67	9.94	9.81	9.95	9.84	0.20	2.12
Latin America	5.86	5.71	5.93	6.15	6.11	5.98	0.12	2.02
Middle East	7.09	7.19	7.31	7.53	7.26	7.32	0.23	3.23
Africa	3.23	3.31	3.29	3.22	3.31	3.28	0.05	1.67
Total DCs	**25.82**	**25.88**	**26.46**	**26.71**	**26.64**	**26.43**	**0.61**	**2.35**
FSU	3.96	3.85	3.73	4.17	4.22	4.00	0.03	0.83
Other Europe	0.76	0.75	0.73	0.77	0.78	0.76	0.00	0.02
China	8.21	8.08	8.72	8.94	8.64	8.60	0.39	4.76
Total "Other Regions"	**12.93**	**12.69**	**13.18**	**13.89**	**13.64**	**13.35**	**0.42**	**3.28**
Total world	**84.36**	**84.72**	**83.90**	**85.67**	**86.64**	**85.24**	**0.88**	**1.05**
Previous estimate	84.32	84.64	83.75	85.57	86.51	85.12	0.81	0.96
Revision	0.04	0.08	0.15	0.10	0.13	0.12	0.08	0.09

Totals may not add due to independent rounding.

Table 11: First and second quarter world oil demand comparison for 2010, mb/d

	1Q09	1Q10	Change 2010/09 Volume	%	2Q09	2Q10	Change 2010/09 Volume	%
North America	23.52	23.60	0.08	0.32	22.91	23.11	0.20	0.87
Western Europe	14.91	14.48	-0.43	-2.88	14.23	14.01	-0.22	-1.57
OECD Pacific	8.14	8.08	-0.07	-0.81	7.30	7.15	-0.15	-2.07
Total OECD	**46.57**	**46.15**	**-0.42**	**-0.90**	**44.44**	**44.27**	**-0.17**	**-0.39**
Other Asia	9.45	9.67	0.22	2.35	9.77	9.94	0.16	1.66
Latin America	5.61	5.71	0.11	1.87	5.82	5.93	0.11	1.80
Middle East	6.96	7.19	0.23	3.24	7.08	7.31	0.23	3.26
Africa	3.26	3.31	0.05	1.50	3.23	3.29	0.06	1.83
Total DCs	**25.28**	**25.88**	**0.60**	**2.38**	**25.90**	**26.46**	**0.56**	**2.15**
FSU	3.82	3.85	0.03	0.89	3.70	3.73	0.03	0.78
Other Europe	0.77	0.75	-0.02	-2.59	0.73	0.73	-0.01	-0.68
China	7.61	8.08	0.48	6.24	8.38	8.72	0.33	3.97
Total "Other Regions"	**12.20**	**12.69**	**0.49**	**4.01**	**12.82**	**13.18**	**0.36**	**2.78**
Total world	**84.05**	**84.72**	**0.67**	**0.80**	**83.16**	**83.90**	**0.74**	**0.89**

Totals may not add due to independent rounding.

Table 12: Third and fourth quarter world oil demand comparison for 2010, mb/d

	3Q09	3Q10	Change 2010/09 Volume	%	4Q09	4Q10	Change 2010/09 Volume	%
North America	23.25	23.52	0.27	1.17	23.44	23.74	0.30	1.28
Western Europe	14.62	14.46	-0.16	-1.09	14.84	14.72	-0.12	-0.81
OECD Pacific	7.27	7.10	-0.17	-2.39	8.01	7.89	-0.11	-1.43
Total OECD	**45.14**	**45.08**	**-0.06**	**-0.13**	**46.29**	**46.36**	**0.07**	**0.14**
Other Asia	9.59	9.81	0.22	2.25	9.73	9.95	0.22	2.24
Latin America	6.02	6.15	0.13	2.16	5.98	6.11	0.13	2.21
Middle East	7.31	7.53	0.23	3.11	7.03	7.26	0.23	3.33
Africa	3.16	3.22	0.06	1.93	3.27	3.31	0.05	1.41
Total DCs	**26.08**	**26.71**	**0.63**	**2.43**	**26.01**	**26.64**	**0.63**	**2.42**
FSU	4.14	4.17	0.03	0.75	4.18	4.22	0.04	0.91
Other Europe	0.77	0.77	0.01	0.65	0.76	0.78	0.02	2.62
China	8.56	8.94	0.39	4.50	8.27	8.64	0.37	4.51
Total "Other Regions"	**13.46**	**13.89**	**0.42**	**3.13**	**13.21**	**13.64**	**0.43**	**3.26**
Total world	**84.68**	**85.67**	**1.00**	**1.18**	**85.51**	**86.64**	**1.13**	**1.32**

Totals may not add due to independent rounding.

World Oil Supply

Non-OPEC supply growth stood at 0.61 mb/d in 2009

Non-OPEC

Estimate for 2009

Non-OPEC supply is estimated to have averaged 51.02 mb/d in 2009, representing growth of 0.61 mb/d over the previous year. This month's estimate indicates a minor upward revision of 70 tb/d over the previous month. The revisions were introduced only to the fourth quarter with a total of 23 tb/d. Updated actual production data for some countries required the revisions as did various historical revisions dating back to 2007. Additionally, the estimation of processing gains was updated, resulting in an upward revision of 30 tb/d for 2009. On a quarterly basis, non-OPEC supply is estimated at 50.98 mb/d, 50.68 mb/d, 50.90 mb/d and 51.49 mb/d respectively.

Graph 20: Regional Non-OPEC supply growth, y-o-y

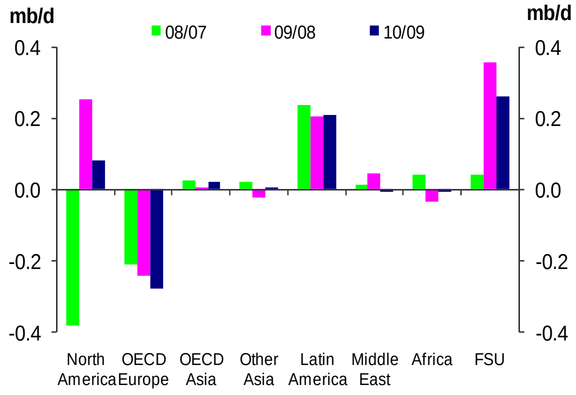


Table 13: Non-OPEC oil supply in 2009, mb/d

	2008	1Q09	2Q09	3Q09	4Q09	2009	Change 09/08
North America	13.92	14.19	14.01	14.19	14.31	14.17	0.25
Western Europe	4.97	5.06	4.66	4.45	4.73	4.72	-0.24
OECD Pacific	0.63	0.64	0.61	0.65	0.64	0.64	0.01
Total OECD	**19.52**	**19.89**	**19.28**	**19.30**	**19.67**	**19.53**	**0.02**
Other Asia	3.73	3.71	3.69	3.70	3.76	3.71	-0.02
Latin America	4.20	4.36	4.38	4.39	4.50	4.41	0.21
Middle East	1.68	1.70	1.72	1.75	1.74	1.73	0.05
Africa	2.75	2.73	2.73	2.72	2.67	2.71	-0.03
Total DCs	**12.36**	**12.50**	**12.51**	**12.56**	**12.67**	**12.56**	**0.20**
FSU	12.56	12.64	12.90	13.00	13.13	12.92	0.36
Other Europe	0.15	0.14	0.13	0.14	0.14	0.14	-0.01
China	3.84	3.80	3.85	3.88	3.87	3.85	0.01
Total "Other regions"	**16.55**	**16.58**	**16.88**	**17.03**	**17.14**	**16.91**	**0.36**
Total Non-OPEC production	**48.43**	**48.97**	**48.67**	**48.89**	**49.47**	**49.00**	**0.58**
Processing gains	1.98	2.01	2.01	2.01	2.01	2.01	0.03
Total Non-OPEC supply	**50.41**	**50.98**	**50.68**	**50.90**	**51.49**	**51.02**	**0.61**
Previous estimate	50.36	50.92	50.61	50.81	51.44	50.95	0.58
Revision	0.04	0.06	0.07	0.09	0.05	0.07	0.03

Revisions to the 2009 estimate

With the exception of historical revisions, all adjustments were concentrated in the fourth quarter. Supply estimates for the US, UK, Denmark, Australia, Thailand, and Azerbaijan experienced revisions in the fourth quarter, with some of the adjustments being minor, thus not affecting the annual figures. US oil supply was revised up by 7 tb/d on an annual basis, mainly to reflect updated production figures that indicate improved NGL output. The Azerbaijan oil production estimate was revised down by 8 tb/d on updated production data that indicated the effect of the recent maintenance on supply. Historically, supply data for both Syria and Yemen were updated and carried over to 2009 and 2010. Syria oil supply in 2009 experienced an upward revision of 40 tb/d and Yemen encountered an upward revision of 5 tb/d. Additionally, the data for refinery processing gains was updated and the estimation was revised up historically as well as for 2009 and 2010. Accordingly, refinery processing gains in 2009 are estimated at 2.01 mb/d, an increase from 2008 and an upward revision of 30 tb/d.

Non-OPEC supply forecast to grow by 0.41 mb/d, averaging 51.43 mb/d in 2010

Forecast for 2010

Non-OPEC supply in 2010 is expected to increase by 0.41 mb/d over the previous year to average 51.43 mb/d, representing an upward revision of 0.15 mb/d from the previous month. Total non-OPEC supply growth remained relatively steady compared to a month earlier, while the historical revisions as well as the estimated processing gains were responsible for the upward change. Despite the steady state of non-OPEC total supply, there were various revisions that took place, although these cancel out one another. On a quarterly basis, non-OPEC supply is expected to average 51.47 mb/d, 51.29 mb/d, 51.21 mb/d and 51.74 respectively.

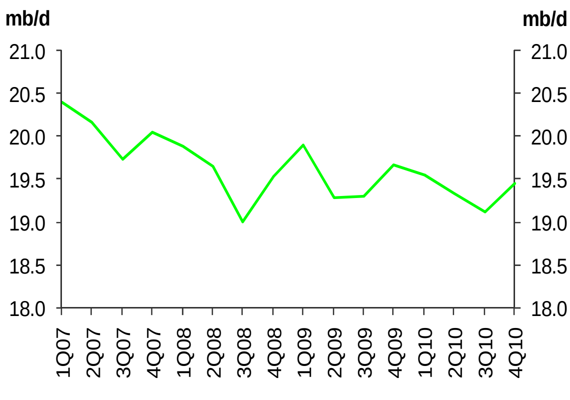
Table 14: Non-OPEC oil supply in 2010, mb/d

	2009	1Q10	2Q10	3Q10	4Q10	2010	Change 10/09
North America	14.17	14.27	14.27	14.18	14.31	14.26	0.08
Western Europe	4.72	4.63	4.43	4.28	4.46	4.45	-0.28
OECD Pacific	0.64	0.64	0.64	0.67	0.68	0.66	0.02
Total OECD	**19.53**	**19.55**	**19.34**	**19.13**	**19.45**	**19.36**	**-0.17**
Other Asia	3.71	3.74	3.72	3.72	3.71	3.72	0.01
Latin America	4.41	4.51	4.56	4.64	4.75	4.61	0.21
Middle East	1.73	1.73	1.73	1.72	1.71	1.72	0.00
Africa	2.71	2.69	2.69	2.72	2.72	2.71	-0.01
Total DCs	**12.56**	**12.66**	**12.71**	**12.80**	**12.88**	**12.76**	**0.20**
FSU	12.92	13.15	13.16	13.14	13.27	13.18	0.26
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	3.85	3.88	3.86	3.92	3.91	3.89	0.04
Total "Other regions"	**16.91**	**17.17**	**17.16**	**17.19**	**17.32**	**17.21**	**0.30**
Total Non-OPEC production	**49.00**	**49.38**	**49.20**	**49.12**	**49.65**	**49.34**	**0.33**
Processing gains	2.01	2.09	2.09	2.09	2.09	2.09	0.08
Total Non-OPEC supply	**51.02**	**51.47**	**51.29**	**51.21**	**51.74**	**51.43**	**0.41**
Previous estimate	50.95	51.39	51.14	51.03	51.55	51.28	0.33
Revision	0.07	0.07	0.15	0.18	0.19	0.15	0.08

OECD

OECD supply to decline by 0.17 mb/d in 2010

Graph 21: OECD's quarterly production



Total OECD countries' oil supply is forecast to decline by 0.17 mb/d in 2010 to average 19.36 mb/d, representing a minor upward revision of 10 tb/d from last month. The minor upward revision was a result of changes to the supply forecast of the US, Canada, Mexico, Norway, UK, and Denmark due to different factors in addition to adjustment to actual production data for the early part of 2010. The US, Mexico, and UK supply forecasts were revised higher and the upward revisions were more than enough to offset the downward revision to other OECD countries. Western Europe experienced an upward revision compared to the previous month, while North America remained relatively unchanged. North America and Pacific OECD are still expected to display a supply increase in 2010 mainly from the US, Canada, Australia and New Zealand, while Mexico supply is expected to decline. The degree of risk and uncertainty remains due to weather conditions as well as the progress of the decline rate, among other factors. On a quarterly basis, OECD oil supply is expected to average 19.55 mb/d, 19.34 mb/d, 19.13 mb/d and 19.45 mb/d respectively, which indicates a downward revision of 30 tb/d in the first quarter and upward revisions of 30 tb/d in the second, third, and fourth quarters.

North America

North America oil supply is projected to increase by 80 tb/d over 2009 to average 14.26 mb/d in 2010, relatively unchanged from last month. Oil production forecasts for the US and Mexico were revised up slightly, while Canada supply forecast was revised down. On a quarterly basis, North America oil supply in 2010 expected to stand at 14.27 mb/d, 14.27 mb/d, 14.18 mb/d, and 14.31 mb/d respectively.

US

US supply to average 8.21 mb/d in 2010, up by 0.15 mb/d

US oil supply is foreseen to increase by 0.15 mb/d over the previous year to average 8.21 mb/d in 2010, indicating an upward revision of 20 tb/d from last month. The revisions were applied to all quarters to reflect recent actual production data as well as project startup and ramp-up updates. A handful of projects are anticipated to startup and ramp-up in 2010, in addition to the biofuel volume. The Cascade and Chinook developments are reported to be on track for first oil in mid 2010, with the first FPSO in the area of 80 tb/d capacity that is anticipated to be fully utilized within two to three years. However, the risk of the US supply forecast remains high due to the weather conditions during the hurricane season as well as the developments of the biofuel supply. The biodiesel forecast is surrounded by various uncertainties owning to current developments of the $1/gal tax credit as well as the supply outlets. On a quarterly basis, US oil supply is estimated at 8.22 mb/d 8.19 mb/d, 8.18 mb/d, and 8.25 mb/d respectively. According to preliminary data, US oil supply is estimated to have averaged 8.17 mb/d in January and February, which is lower than the average of the fourth quarter.

Canada and Mexico

McMurry fire reducing Canada growth forecast in 2010

Oil supply from **Canada** is anticipated to average 3.20 mb/d in 2010, growth of 60 tb/d from the 2009 estimate, representing a downward revision of 40 tb/d from the previous month. The first quarter encountered the heaviest downward revision, while other quarters went through minor downward revisions. The downward revision came on the back of the fire at Suncor Fort McMurry oil sand facilities in February, with expected production at 0.22 mb/d in both February and March of the 0.35 mb/d facilities. Repairs and return to normal production levels are expected to be in April. Additionally, Syncrude brought forward maintenance on its 0.38 mb/d upgrading unit by two months, bringing down the production to around 0.23 mb/d in January. Moreover, the slow ramp-up of oil sand projects is further influencing the forecast of 2010. On a quarterly basis, Canada's production is foreseen to average 3.13 mb/d, 3.22 mb/d, 3.18 mb/d and 3.27 mb/d respectively.

Mexico's decline rate seen to decelerate in 2010

Mexican oil supply is foreseen to average 2.85 mb/d in 2010, a decline of 0.13 mb/d from a year earlier and an upward revision of 20 tb/d from the previous month. The upward revision came on the back of healthier-than-expected January production that indicated a minor increase compared to December 2009. January y-o-y supply decline indicated the slowest pace since the end of 2007, supported by the strong production of the Ku-Maloob-Zapp (KMZ) field and the seemingly stabilizing production from Cantarell. The production figures prodded a prediction of deceleration of the downward spiral of supply in Mexico with average production in January standing at 3.00 mb/d. On a quarterly basis, Mexico's oil supply is seen to average 2.92 mb/d, 2.86 mb/d, 2.82mb/d, and 2.79 mb/d, respectively.

Western Europe

Oil supply from **OECD Western Europe** is forecast to decline by 0.28 mb/d in 2010 over the previous year to average 4.45 mb/d, indicating an upward revision of 20 tb/d from the previous month. Norway and Denmark encountered annual downward revisions, while the UK supply forecast experienced an upward revision. OECD Western Europe remains the region with the biggest decline among non-OPEC regions in 2010. On a quarterly basis, OECD Western Europe supply in 2010 is anticipated to stand at 4.63 mb/d, 4.43 mb/d, 4.28 mb/d, and 4.46 mb/d respectively. Preliminary January estimates suggest a production level of 4.73 mb/d, in line with the fourth quarter.

Norway supply to drop 0.13 mb/d

Norway's oil supply is projected to average 2.21 mb/d in 2010, a drop of around 0.13 mb/d from a year earlier and a downward revision of 10 tb/d from the previous month. The downward revision came across all the quarters of 2010 on the back of a shutdown of some facilities due to cold weather conditions such as the Draugen field. Additionally, technical problems let to the shutdown of the Vale projects as well as Volund facilities. Norway crude oil production remained below the 2 mb/d mark in January with preliminary data suggesting total supply at 2.34 mb/d, which is lower than the fourth quarter level. On a quarterly basis, Norway's supply is expected to average 2.31 mb/d, 2.20 mb/d, 2.10 mb/d and 2.25 mb/d, respectively.

Schiehallion restart supported the UK supply forecast

Oil production from the **UK** is anticipated to decrease by 0.10 tb/d over a year earlier to average 1.38 mb/d in 2010, indicating an upward revision of 40 tb/d from last month. Preliminary production data supported the upward revision as well as the startup of the Ensus biofuels plant and the restart of the Schiehallion field, which was shutdown in October 2009. The reduced output of the Buzzard field for a short period due to technical problems and then the return to normal production levels was considered. On a quarterly basis, UK oil supply stands at 1.46 mb/d, 1.38 mb/d, 1.33 mb/d and 1.37 mb/d respectively.

Denmark's oil supply was revised down by 10 tb/d across all quarters in 2010 due to a revision carried out to the base forecast for 2009 as well as other factors. The restart of the Siri project didn't partially offset the downward revision. Oil supply from Denmark is estimated to average 0.23 mb/d in 2010, a drop of around 30 tb/d from the previous year.

Asia Pacific

OECD Asia Pacific oil supply is forecast to average 0.66 mb/d in 2010, an increase of 20 tb/d over the previous year, relatively flat from the previous month. On a quarterly basis, OECD Pacific oil supply is anticipated to average 0.62 mb/d, 0.62 mb/d, 0.62 mb/d and 0.61 mb/d respectively.

Australia Pyrenees is commissioning for a startup in 1H10

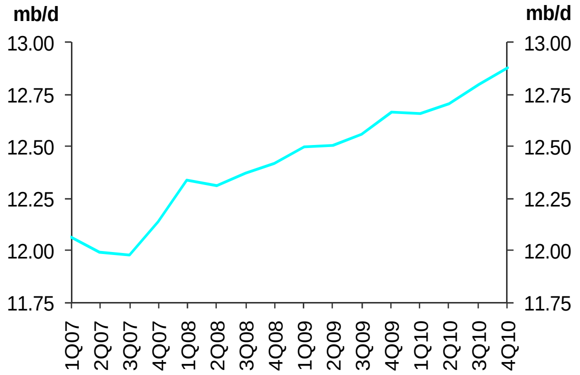
Australia's oil supply is foreseen to grow by a minor 0.01 mb/d over a year earlier to average 0.55 mb/d in 2010, unchanged from the previous month. The Van Gogh project started up production and is expected to ramp-up in 2010, with an expected capacity of 60 tb/d. Additionally, the Pyrenees projects is being commissioned to startup in the first half of 2010 and ramp-up to capacity of 90 tb/d in the coming period. On a quarterly basis, Australian supply is expected to average 0.53 mb/d, 0.53 mb/d, 0.56 mb/d, and 0.57 mb/d respectively.

Developing Countries

DCs supply to increase by 0.20 mb/d in 2010

Developing Countries (DCs) supply is expected to average 12.76 mb/d in 2010, an increase of 0.02 mb/d over the previous year, representing an upward revision of 60 tb/d from a month earlier. The revision affected the total volume in 2010, while the growth encountered a minor upward revision of 10 tb/d, due to the introduced historical revisions. Latin America remained the region with the highest annual growth among DC regions of 0.21 mb/d despite a minor downward revision of 10 tb/d over the previous month. Supply from Other Asia is estimated to grow by 10 tb/d over the previous year to average 3.72 mb/d in 2010. Supply from the Middle East is foreseen to average 1.72 mb/d in 2010, flat from a year-ago level, yet indicating an upward revision of 50 tb/d since last month due mainly to the historical changes. Oil production from the Africa region is anticipated to decrease by 10 tb/d over a year earlier to average 2.71 mb/d in 2010, unchanged from the previous month. On a quarterly basis, DC's total oil supply is projected to stand at 12.66 mb/d, 12.71 mb/d, 12.80 mb/d and 12.88 mb/d respectively.

Graph 22: Developing Countries' quarterly production



Other Asia supply to average 3.72 mb/d in 2010

Oil supply from **Other Asia** is anticipated to average 3.72 mb/d in 2010, a minor increase of 10 tb/d over the previous year, flat from a month earlier. Despite the steady state, minor revisions were carried out but these were offsetting. Thailand oil supply is estimated to remain flat in 2010, compared to the previous year, and average 0.37 mb/d. The Bua Ban oil field platform was installed in February, commissioned, and first oil is expected soon. The small field along with Songkhla are seen to offset the anticipated decline from mature areas. Indonesia oil supply is expected to average 1.02 mb/d in 2010 similar to 2009, yet the implementation of the amended environmental law is casting some worries regarding the materialization of the forecast. Vietnam oil supply is projected to decline by 0.03 mb/d in 2010 to average 0.34 mb/d. The Nam Rong Doi Moi field, with a capacity of 20 tb/d, started up and was seen to offset some of the anticipated decline. Malaysia oil production is expected to decline by 30 tb/d in 2010 on mature area production. The B-17 gas field on the borders with Thailand started up and is expected to produce some condensate volume. On a quarterly basis, Other Asia supply is foreseen to stand at 3.74 mb/d, 3.72 mb/d, 3.72 mb/d and 3.71 mb/d respectively.

Brazil and Colombia supply growth in 2010 stands at 0.27 mb/d

Oil Supply from **Latin America** is projected to average 4.61 mb/d in 2010, an increase of 0.21 mb/d from a year earlier, indicating a minor downward revision of around 10 tb/d from last month. Brazil’s oil supply experienced a downward revision of less than 10 tb/d mainly on an adjustment to actual production data for January, which came in lower than the previous month due to maintenance at different projects. Additionally, the lowering of the blending mandate for ethanol by the government is pointing toward lower biofuel production. Currently, Brazil’s supply is foreseen to increase by 0.19 mb/d from the previous year, the highest expected growth among all non-OPEC countries, to average 2.70 mb/d in 2010. Colombia oil supply is expected to increase by 80 tb/d from the previous year to average 0.76 mb/d in 2010. The Colombian state owned oil company announced a capex increase of 11% in 2010 compared to the previous year, which supports the anticipated growth. On a quarterly basis, Latin American supply stands at 4.51 mb/d, 4.56 mb/d, 4.64 mb/d and 4.75 mb/d respectively.

Oman is expected to show the only growth in the Middle East in 2010

Middle East oil supply is foreseen to remain flat from a year earlier to average 1.72 mb/d in 2010, indicating an upward revision of 0.05 mb/d from last month. The upward revisions were made to Syrian and Yemen supply forecasts, on the back of historical adjustment to production data. Despite the upward revision, the predicted annual growth remain remains relatively steady, with Syria and Yemen expected to decline and Oman supply forecast to increase. Omani oil supply is expected to increase by 40 tb/d over the previous year to average 0.85 mb/d in 2010, supported by the Mukhaizna, Marmul, and Harweel EOR developments. On a quarterly basis, Middle East supply stands at 1.73 mb/d, 1.73 mb/d, 1.72 mb/d, and 1.71 mb/d respectively.

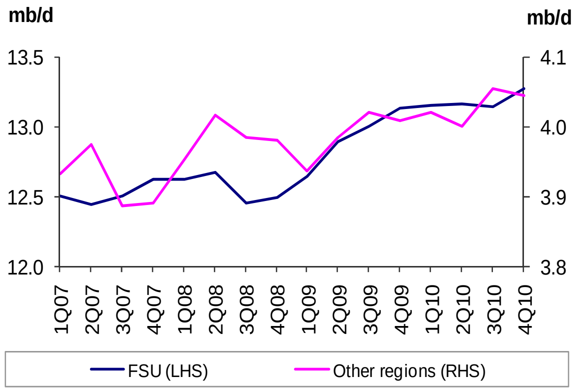
Africa oil supply is forecast to decrease by 10 tb/d from the previous year to average 2.71 mb/d in 2010, indicating an upward revision of 10 tb/d from the previous month. The revision was introduced to Egypt supply on the back of updates on the North Shadwan fields as well as other developments which are expected to add to the supply. On a quarterly basis, Africa supply stands at 2.69 mb/d, 2.69 mb/d, 2.72 mb/d and 2.72 mb/d respectively.

FSU, Other Regions

FSU supply growth In 2010 revised down slightly to 0.26 mb/d

FSU oil supply is anticipated to grow by 0.26 mb/d over the previous year to average 13.18 mb/d in 2010, indicating a downward revision of 20 tb/d from the previous month. The minor downward revision came mainly from Kazakhstan and Azerbaijan while Russia oil supply experienced a minor upward revision. The FSU supply forecast in 2010 is supported by the expected growth in Russia, Azerbaijan, and Kazakhstan, with a certain degree of uncertainty associated with the projection. On a quarterly basis, total oil supply in the FSU is estimated to stand at 13.15 mb/d, 13.16 mb/d, 13.14 mb/d, and 13.27 mb/d respectively. Other Europe is expected to remain unchanged compared to the previous year at 0.14 mb/d. China's oil supply is foreseen to increase by 40 tb/d to average 3.89 mb/d in 2010.

Graph 23: FSU and other region's quarterly production



Russia

Russia supply expected to grow by 70 tb/d in 2010

Russian oil supply is forecast to increase by 70 tb/d over the previous year to average 9.99 mb/d in 2010, indicating an upward revision of 20 tb/d from last month. The upward revision was mainly to the first quarter due to actual production figures in the first two months of the year coming in slightly above expectation and this carried over to the rest of the quarters. The uncertainty of Russia supply forecast remains high as various reports suggested a possibility of changes to the export duties and tax regulations. Therefore, careful monitoring of the developments of Russian supply is crucial and it is expected that the forecast will experience various revisions in the near future. On a quarterly basis, Russian oil supply is anticipated to average 10.06 mb/d, 10.02 mb/d, 9.97 mb/d and 9.93 mb/d respectively. February preliminary data suggests that Russia's production stood at 10.09 mb/d, higher than the previous month.

Caspian

Kazakhstan supply to increase 70 tb/d

Kazakh oil production is projected to average 1.60 mb/d in 2010, an increase of 70 tb/d over a year earlier, representing a downward revision of 30 tb/d from last month. The downward revision was introduced across the quarters to reflect the update to actual production figures as well as to project schedules. Kazakhstan produced 1.56 mb/d in January 2010, according to preliminary data, down by 50 tb/d over the previous month. On a quarterly basis, Kazakhstan supply is expected to stand at 1.60 mb/d, 1.60 mb/d, 1.57 mb/d, and 1.65 mb/d respectively.

Azerbaijan growth remains at 0.10 mb/d

Azeri oil supply is seen to average 1.12 mb/d in 2010, an increase of 0.10 mb/d over the previous year, representing a minor downward revision of less than 10 tb/d from last month. The downward revision came on the back of adjustment to recently updated production data that was partially carried over to the first and second quarters. On a quarterly basis, Azerbaijan oil supply is estimated to average 1.04 mb/d, 1.08 mb/d, 1.13 mb/d, and 1.21 mb/d respectively.

China

China to see growth of 40 tb/d

China's oil supply is forecast to increase by 40 tb/d over the previous year to average 3.89 mb/d in 2010, indicating a downward revision of around 10 tb/d from the previous month. The downward revision was introduced on the back of reports of production shutdown at the Bohai Bay in early part of the year due to severe weather conditions. On a quarterly basis, China's oil supply is anticipated to average 3.88 mb/d, 3.86 mb/d, 3.92 mb/d, and 3.91 mb/d respectively.

OPEC natural gas liquids and non-conventional oils

OPEC NGLs and non-conventional oils are estimated to have averaged 4.36 mb/d in 2009, representing growth of around 0.22 mb/d over the previous year. In 2010, OPEC NGLs and nonconventional oils are foreseen to increase by 0.51 mb/d over the previous year to average 4.87 mb/d.

Table 15: OPEC NGLs + non-conventional oils, 2007-2010

	2007	2008	Change 08/07	1Q09	2Q09	3Q09	4Q09	2009	Change 09/08	2010	Change 10/09
Total OPEC	**3.95**	**4.14**	0.20	4.17	4.31	4.48	4.47	**4.36**	0.22	**4.87**	0.51

OPEC crude oil production

OPEC crude output increased 192 tb/d in February

OPEC total crude oil production averaged 29.36 mb/d in February, according to secondary sources, an increase of 192 tb/d from the previous month. Production from Iraq, Angola, and Venezuela indicated the highest increase in February, while production from Nigeria experienced the biggest decline. OPEC crude production, not including Iraq, stood at 26.81 mb/d, an increase of 113 tb/d over the previous month.

Table 16: OPEC crude oil production based on *secondary sources*, 1,000 b/d

	2008	2009	2Q09	3Q09	4Q09	Dec 09	Jan 10	Feb 10	*Feb/Jan*
Algeria	1,381	1,272	1,266	1,277	1,274	1,273	1,271	1,280	*9.2*
Angola	1,871	1,786	1,743	1,828	1,872	1,853	1,889	1,946	*57.7*
Ecuador	503	476	479	472	473	473	472	475	*2.7*
Iran, I.R.	3,892	3,726	3,730	3,749	3,733	3,747	3,733	3,728	*-5.0*
Iraq	2,341	2,425	2,406	2,507	2,459	2,489	2,467	2,545	*78.7*
Kuwait	2,554	2,263	2,247	2,254	2,275	2,280	2,288	2,300	*12.5*
Libya, S.P.A.J.	1,718	1,557	1,554	1,557	1,542	1,535	1,538	1,560	*22.5*
Nigeria	1,947	1,812	1,748	1,739	1,944	2,008	1,991	1,959	*-32.2*
Qatar	840	776	769	780	792	798	807	815	*8.3*
Saudi Arabia	9,113	8,055	8,009	8,123	8,122	8,111	8,141	8,117	*-24.2*
UAE	2,557	2,256	2,244	2,253	2,258	2,270	2,277	2,285	*8.3*
Venezuela	2,487	2,311	2,300	2,323	2,290	2,259	2,292	2,346	*53.5*
Total OPEC	**31,205**	**28,715**	**28,495**	**28,862**	**29,033**	**29,096**	**29,164**	**29,356**	***192.0***
OPEC excl. Iraq	**28,864**	**26,290**	**26,088**	**26,355**	**26,574**	**26,607**	**26,697**	**26,811**	***113.3***

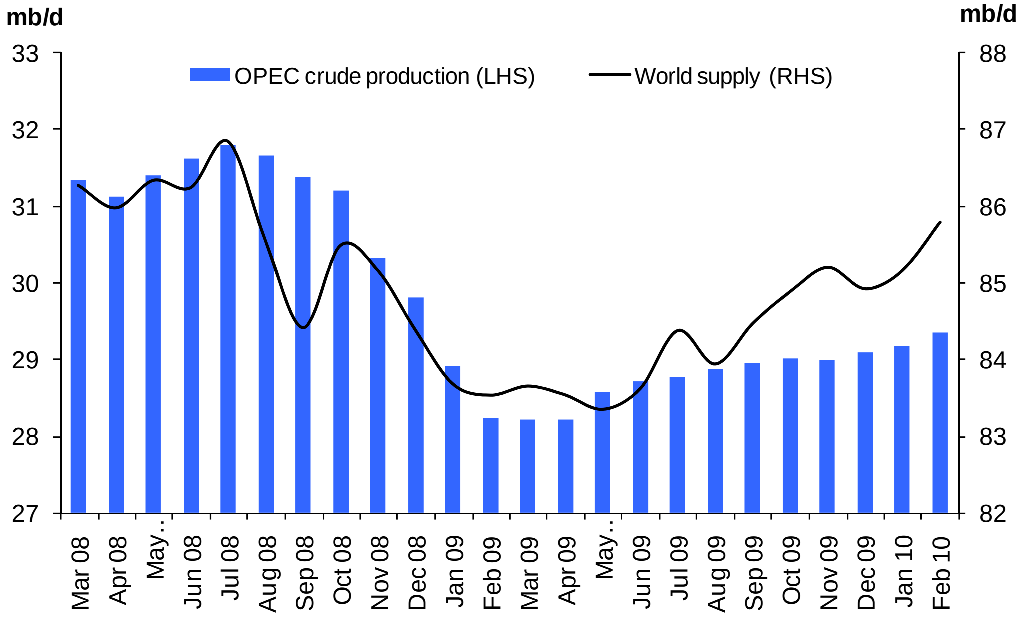
Totals may not add due to independent rounding.

World Oil Supply

Global supply increased by 0.63 mb/d in February

Preliminary figures indicate that world oil supply increased by 0.63 mb/d in February over the previous month to average 85.79 mb/d. Non-OPEC supply experienced an increase of 0.44 mb/d and OPEC crude also moved higher. OPEC crude oil share in global production remained steady at 34% in February. The estimate is based on preliminary data for non-OPEC supply, estimates for OPEC NGLs and OPEC crude production from secondary sources.

Graph 24: OPEC and World oil supply

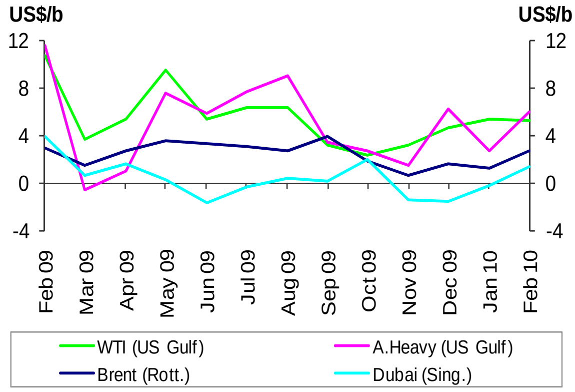


Product Markets and Refinery Operations

Refining margins improved in Europe and Asia in February.

Continuation of cold weather along with refinery strikes in France and lower crude prices provided support for refining margins in February. Seasonal refinery turnaround and continuation of discretionary run cuts have also contributed to positive developments in the product markets. With the approaching end of winter and lack of robust demand for major products, product market sentiment is not expected to gain significantly in the near future. This situation may encourage refineries to continue their policy of low refinery runs, exerting pressure on crude market fundamentals.

Graph 25: Refining margins



As **Graph 25** shows, European refining industry performance improved in February compared with the previous month amid increasing export opportunities to the US, West Africa and fewer regional supplies due to maintenance and strikes in France. Refining margins for Brent crude oil in Rotterdam soared by $1.58/b to $2.75/b in February from $1.17/b in January. In the US, higher prices of WTI crude overwhelmed product prices, and refining margins slightly narrowed compared to last month. Refining margins for WTI crude oil at the US Gulf Coast fell by 12¢ to stand at $5.18/b in February from $5.30/b the previous month.

In Asia, refining margins were back in positive territory for the first time since October 2009 amid higher regional demand and export opportunities to other markets; however, these are not strong enough yet. Refining margins for Dubai crude oil in Singapore soared by $1.59/b to $1.35/b in February from minus 24¢/b in the previous month.

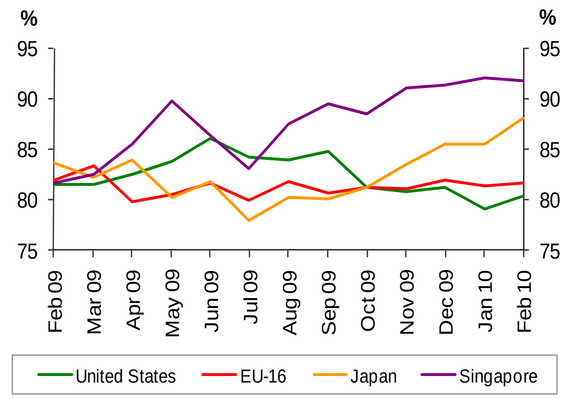
Looking ahead, given the approaching end of winter, slow recovery of demand for light products, comfortable gasoline stocks in the US and idle refining capacity, product market sentiment is not expected to strengthen in the coming months to provide sufficient support for crude prices.

Refinery operations

Refinery utilization rates improved slightly in February

Refiners in the US and Europe are continuing their cautious operations approach and continuation of cold weather in the Atlantic Basin has so far failed to encourage any change in their current conservative operations policy. The extensive strikes in France's refining industry also could not tempt other refiners in the Atlantic Basin to boost operations amid the huge volume of product stocks both on- and off-shore. As a result, refinery throughputs in major consumer areas increased only slightly in February.

Graph 26: Refinery utilization rates, 2009-2010



As Graph 26 indicates, refinery utilization rate in the US rose by 1.4% and reached 80.5% in February from 79.1% the month before, whereas typically it should be close to 90%. Refinery maintenance and strikes in France have also affected European refinery utilization rates, which rose marginally by 0.2 points to 81.6% in February from 81.4% in the previous month.

In Asia, while Chinese refiners were6 running at their maximum capacity, Japanese refiners also increased their throughputs following product stock draws in the last months. Refinery utilization rates in Japan surged by 2.6% in February and recorded 88.1% from 85.5% in January.

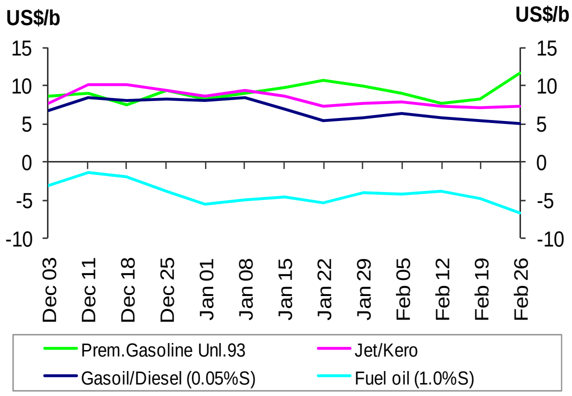
By the end of winter and the continuation of the spring turnaround, especially in the Atlantic Basin, refinery utilization rates are expected to remain low in the next month.

US market

Gasoline stock builds undermined bullish sentiment in the US market

A combination of higher imports and higher production outpaced slow seasonal demand and led to a higher stock build for gasoline. According to the EIA, the US gasoline demand based on the four-week average was 2% lower on the week ended 26 February from the same period a year earlier. As **Graph 25** shows, the gasoline crack spread on the US Gulf Coast dropped from around $10/b in the last week of January to $7.60/b in the middle of February, and then improved later on due to refinery strikes in France and the increasing risk of closing transatlantic arbitrage windows. Following these developments, money manager net long positions on the Nymex gasoline market surged to 61,800 lots on 23 February from 45,000 lots the previous week. With the end of Total's refinery strikes and persisting sluggish demand for gasoline, traders again liquidated their positions on the futures market and money manager's positions on Nymex again declined to 58,500 lots early March. However by the start of the spring driving season, the gasoline market is expected to enter a strengthening trend.

Graph 27: US Gulf crack spread vs. WTI, 2009-2010



The continuation of the cold weather along with lower refinery runs has helped the previous imbalances of the US middle distillate market to ease, but the overhang remains amid less demand from the industrial sector for diesel. According to the EIA, the US distillate demand based on the four-week average to 26 February is still 7% less than a year earlier.

Given such circumstances, the gasoil crack spread on the US Gulf Coast against WTI crude oil remained around $5/b in February. On the futures market, there was also volatility arising from market players' perception on future demand. In the third week of February, money managers increased their net long positions on the Nymex heating oil market surging from 3,560 lots in the week ended by 16 February to over 18,000 contracts in the week ended 23 February. With the approaching end of winter, speculators liquidated their net long positions, which fell to 7,600 lots early March.

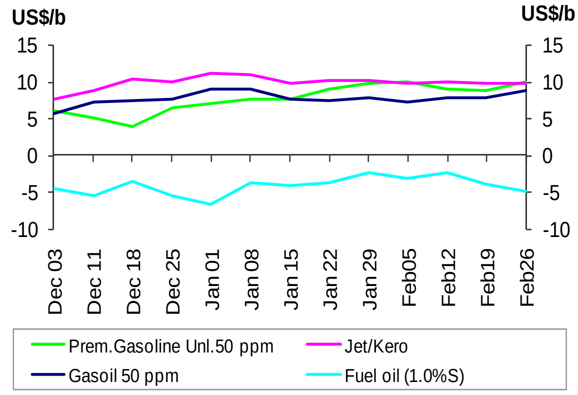
Low sulfur fuel oil markets were subdued due to a lack of robust demand from utility plants. The crack spread against WTI crude at the US Gulf Coast widened from about minus $4/b late January to around minus $6.70/b in the last week of February *(see* **Graph 27***).* The high sulfur fuel oil market was also weak amid less regional demand and lack of export opportunities to Asia Pacific. With increasing fuel oil stocks in the last two weeks and fading weather-related demand, the persisting discount of the low sulfur fuel oil market in the US is expected to widen further in the next months.

European light product market sentiment gained in February

European market

The European product market was largely affected by Total's refinery strike in February. The European gasoline market has also benefited from arbitrage opportunities to US, West Africa and Middle East. Regional refinery maintenance also contributed to positive development in the European gasoline market. The gasoline spread against Brent crude oil at Rotterdam remained around $10/b in the last week of February *(see Graph 28).* The persisting bullish sentiment of the European gasoline market may remain in the next months upon the start of spring driving season.

Graph 28: Rotterdam crack spreads vs. Brent, 2009-2010



The European naphtha market looks firm amid increasing demand from the regional petrochemical sector which has offset the impact of poor arbitrage economics to Asia-Pacific.

The middle distillate market was also supported by strikes at Total's refinery in France. A combination of limited spot arbitrage imports with less regional supplies resulting from a seasonal refinery turnaround has also narrowed the ICE gas oil contango level and encouraged traders to reduce off-shore distillate stocks which still stood around 70 mb. The gasoil crack spread against Brent crude at Rotterdam rose by $1/b and reached $8.75/b in the last week of February *(see **Graph 28**).* Since demand for diesel is mild, yet, it appears that by the end of the persisting cold weather, distillate market sentiment will ease in the future.

European fuel oil market performance was relatively weak over the last weeks. Increasing supplies from Russia and sluggish regional demand have also contributed to fuel oil stock-building in Rotterdam and exerted pressure on fuel oil differentials on the spot market. As **Graph 28** indicates, the low sulfur fuel oil crack spread against Brent crude oil widened to around minus $5/b in the last week of February from about minus $2.43/b in same period of the previous month.

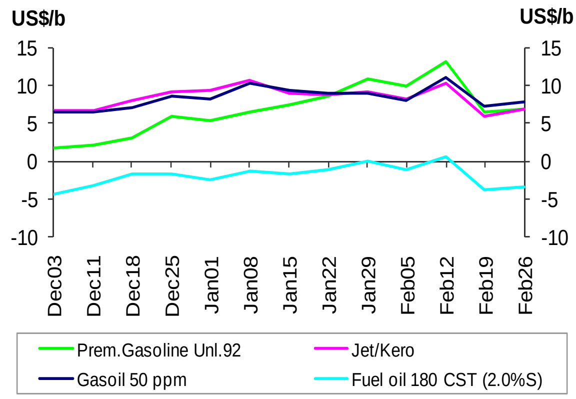
Looking ahead, the European fuel oil market may lose further ground upon the arrival of warmer weather and increasing supplies from Russia.

Asian naphtha market gained ground in the latter part of February

Asian market

Asian naphtha market sentiment was relatively lacklustre in the first two weeks in February due to slowing regional demand resulting from upcoming petrochemical unit maintenance. However, its earlier weakness was offset by strikes in Total's refineries in France and fewer arbitrage cargoes from Europe. The Asian naphtha market is still in backwardation and with increasing refinery maintenance schedules in the second quarter and less regional supplies, it appears that the Asian naphtha market will remain strong in the next months.

Graph 29: Singapore crack spreads vs. Dubai, 2009-2010



The gasoline market was also supported by the continuation of higher imports from Indonesia, increasing imports by Saudi Arabia because of maintenance at the Yanbu refinery and export opportunities to Chile after the earthquake. Demand from Indonesia would remain around 6 mb in the 2Q10 which will off-set the bearish impacts of Chinese gasoline exports. The gasoline crack spread against Dubai crude oil in Singapore stayed around $7/b in the latter part of February ***(see Graph 29).***

The Asian gasoil market was supported by refinery maintenance, short-term tightness in Indonesia resulting from unplanned refinery outages and strikes in France. Indonesia bought over 4 mb gasoil in February, whereas typically they import around 3.5 mb. The continued purchase of low sulfur diesel by India prior to launching the Euro-4 fuel specification in 13 major cities and export opportunities to Chile following the earthquake have contributed to positive developments in Asian distillates market. The gasoil crack in Singapore market versus Dubai crude remained at around $8/b late February *(see **Graph 29**)*. Due to increasing demand from the agriculture sector, the Asian distillates market is not expected to lose its current sentiment in the next month.

The fuel oil market lost ground in February due to stock-building in Singapore, decreasing regional demand during the long lunar New Year holiday and huge arbitrage flows from the West. Following these developments, the Asian fuel oil market flipped from backwardation to contango after several months. High sulfur fuel oil, which was trading at almost parity level to Dubai crude oil in the latter part of January, fell to minus $3.50/b in the last week of February.

Looking ahead, the scheduled arrival cargoes from outside the region may exert further pressure on the Asian fuel oil market in the next month.

Table 17: Refined product prices, US$/b

		Dec 09	Jan 10	Feb 10	Change Feb/Jan
US Gulf (Cargoes):					
Naphtha		79.06	78.97	80.91	1.93
Premium gasoline	*(unleaded 93)*	82.52	83.63	85.43	1.80
Regular gasoline	*(unleaded 87)*	79.93	80.88	83.00	2.11
Jet/Kerosene		83.60	82.27	83.71	1.44
Gasoil	*(0.05% S)*	82.07	80.81	81.94	1.13
Fuel oil	*(1.0% S)*	71.27	69.90	71.42	1.53
Fuel oil	*(3.0% S)*	69.07	67.93	69.77	1.84
Rotterdam (Barges FoB):					
Naphtha		71.93	79.05	75.07	-3.98
Premium gasoline	*(unleaded 10 ppm)*	76.06	84.65	83.11	-1.54
Premium gasoline	*(unleaded 95)*	70.41	78.36	76.94	-1.42
Jet/Kerosene		79.76	86.46	83.38	-3.08
Gasoil/Diesel	*(10 ppm)*	77.91	84.11	81.53	-2.58
Fuel oil	*(1.0% S)*	65.88	72.55	69.94	-2.61
Fuel oil	*(3.5% S)*	65.26	71.29	69.00	-2.29
Mediterranean (Cargoes):					
Naphtha		69.71	76.50	72.28	-4.22
Premium gasoline	*(50 ppm)*	61.85	67.07	64.72	-2.35
Jet/Kerosene		78.51	84.15	81.53	-2.61
Gasoil/Diesel	*(50 ppm)*	77.15	83.66	80.74	-2.93
Fuel oil	*(1.0% S)*	66.74	72.10	69.58	-2.52
Fuel oil	*(3.5% S)*	65.10	70.82	67.38	-3.43
Singapore (Cargoes):					
Naphtha		78.28	80.66	75.54	-5.12
Premium gasoline	*(unleaded 95)*	81.85	88.01	86.25	-1.76
Regular gasoline	*(unleaded 92)*	78.95	84.87	83.24	-1.63
Jet/Kerosene		83.24	85.87	82.12	-3.75
Gasoil/Diesel	*(50 ppm)*	82.69	85.89	83.20	-2.68
Fuel oil	*(180 cst 2.0% S)*	72.79	75.55	71.88	-3.67
Fuel oil	*(380 cst 3.5% S)*	72.65	75.11	71.09	-4.02

Table 18: Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				Refinery utilization *%*			
	Dec 09	**Jan 10**	**Feb 10**	**Feb/Jan**	**Dec 09**	**Jan 10**	**Feb 10**	**Feb/Jan**
USA	14.20	13.74	13.89	0.14	80.3	79.1	80.5	1.3
France	1.52	1.51	1.48	-0.03	81.8	81.7	81.5	-0.2
Germany	1.88	1.84	1.87	0.03	85.2	84.9	85.0	0.2
Italy	1.65	1.61	1.63	0.02	76.9	76.7	76.8	0.1
UK	1.46	1.45	1.34	-0.11	77.6	76.9	76.7	-0.2
Euro16	10.76	10.78	10.81	0.03	81.9	81.4	81.6	0.3
Japan	3.87	3.87	4.10	0.23	85.4	85.5	88.1	2.6

Sources: OPEC statistics; Argus; Euroilstock Inventory Report; IEA.

The Tanker Market

Global and OPEC spot fixtures declined in February

Global spot fixtures decreased by 4% in February from the previous month. The decline in global activity was due to various holidays. The decrease in OPEC spot fixtures by 13% supported the decline in global fixtures. Compared to the same period last year, both global and OPEC fixtures indicated a decrease of 5% and 11% respectively.

Middle East to East fixtures – including OPEC and non-OPEC – indicated a decrease of 18% in February from the previous month, while fixtures to the West displayed a decrease of 23% in the same period. Preliminary data shows that February OPEC sailings were up by 2% from the previous month. However, on an annual basis, OPEC sailings in February represented just a small increase of 1%.

Estimated data indicates that arrivals in major regions across the globe were mixed in February from the previous month, with arrivals in North America displaying a small gain of 1%. Europe arrivals remained flat compared to the previous month, while arrivals in Asia exhibited a decline of 4% backed by lower activities related to the Chinese New Year.

Table 19: Tanker chartering, sailings and arrivals, mb/d

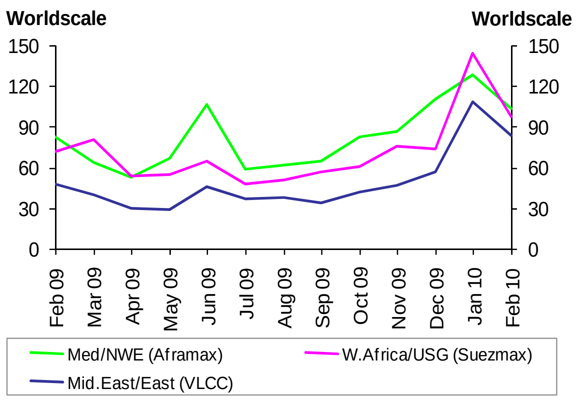
	Dec 09	Jan 10	Feb 10	Change Feb/Jan
Spot Chartering				
All areas	18.55	18.83	18.15	-0.68
OPEC	11.50	12.70	11.10	-1.60
Middle East/East	4.73	5.66	4.62	-1.04
Middle East/West	1.30	1.74	1.33	-0.41
Outside Middle East	5.47	5.30	5.15	-0.15
Sailings				
OPEC	22.96	22.87	23.30	0.43
Middle East	16.88	16.87	17.37	0.50
Arrivals				
North America	8.38	8.42	8.52	0.10
Europe	12.36	12.37	12.36	-0.01
Far East	8.18	8.15	8.23	0.08
West Asia	4.79	4.80	4.59	-0.21

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

Crude oil spot freight rates declined by 25% in February

In February, the spot tanker market declined compared to the previous month. The decline took place on all reported routes. The dirty Suezmax sector lost the most ground in February, while the clean to West segment lost the least, in terms of spot freight rates.

Graph 30: Monthly averages of crude oil spot freight rates



The Chinese New Year holidays, refinery maintenance and the decline of crude oil and petroleum products in floating storage, were some of the factors that negatively affected freight rates. Additionally, the shortening of delays on the Turkish Straits further increased availability and reduced freight rates.

The VLCC sector declined by 23% in February from the previous month for all reported routes. VLCC spot freight rates on all reported routes have been declining since the third week of January as many charters covered their positions prior to the Chinese New Year holidays. However, the last week in February showed an increase of spot freight in VLCC segment as charters rushed to the market to cover March positions.

In the East of Suez, VLCC spot freight rates on the long-haul Middle East to East route declined by 23% in February from the previous month. The decline came on the back of slow activity related to the Chinese holidays as well as the effect of the EPSO pipeline activity on tonnage availability. Additionally, the preparation for the upcoming maintenance season negatively influenced tonnage demand, hence VLCC spot freight rates declined. On an annual basis, VLCC spot freight rates on the Middle East to East route experienced an increase of 77%.

VLCC spot freight rates on the long-haul Middle East to West route saw a decline of 16% in February from the previous month. High stock levels, the drop in crude oil in floating storage as well as the upcoming maintenance season, all exerted pressure on spot freight rates. However, compared to the same period last year, VLCC spot freight rates on the Middle East to West route exhibited an increase of 46%.

VLCC spot freight rates from West Africa to the East were also influenced by lower activities in China related to holidays as well as IP Week in London. VLCC spot freight rates from West Africa to East followed a similar trend of others VLCC routes. Spot freight rates from West Africa to East declined by 27% in February compared to previous month.

Table 20: Spot tanker crude freight rates, Worldscale

	Size *1,000 DWT*	Dec 09	Jan 10	Feb 10	Change Feb/Jan
Crude					
Middle East/East	230-280	57	108	83	-25
Middle East/West	270-285	38	68	57	-11
West Africa/East	260	62	109	80	-29
West Africa/US Gulf Coast	130-135	74	144	97	-47
NW Europe/USEC-USGC	130-135	68	134	91	-43
Indonesia/US West Coast	80-85	99	139	113	-26
Caribbean/US East Coast	80-85	105	177	144	-33
Mediterranean/Mediterranean	80-85	113	123	95	-28
Mediterranean/North-West Europe	80-85	110	128	103	-25

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

The Suezmax exhibits the same trend as in the VLCC sector. On average, Suezmax spot freight rates declined by 32% in February from the previous month on the two reported routes.

From West Africa to the US, spot freight rates declined by 33% backed by high stocks in the US, a decline of crude oil in floating storage and spill-over from the VLCC sector. However, y-o-y spot freight rates from West Africa to US Gulf exhibited an increase of 35%.

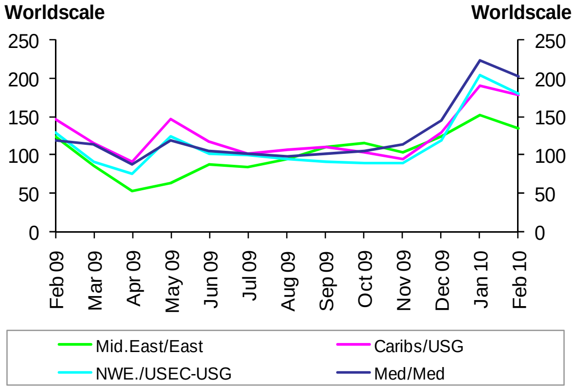
On the route from North-West Europe to the US, Suezmax spot freight rates indicated a decline of 32% in February from the previous month. High stock levels in the US as well as the maintenance season were among the factors behind the decline. Additionally, weak Black Sea and Mediterranean activities halted any rise in the Suezmax spot freight rates from North-West Europe as Turkish Strait delays decreased by three days prompting tonnage availability. On an annual basis, Suezmax spot freight rates from North West Europe to US Gulf experienced a 42% increase in February.

The Aframax sector came under pressure in February. Average spot freight rates declined by 20%. Spot freight rates from the Caribbean to the US decreased by 19% in February from a month earlier. The holiday period in Latin America as well as high inventories in the US and discharges of oil from floating storage were the main factors limiting activities in that route. For the reported East of Suez route, Aframax spot freight rates dropped 19% in February on the back of market developments related to China New Year and maintenance period. Spot freight rate from Mediterranean to Mediterranean and from Mediterranean to North West Europe declined by 23% and 20% respectively on the back of shortened delays at the Turkish Straits, tonnage availability and the decrease of crude oil in floating storage.

Clean spot freight rates on selected routes decreased by 10% in February

The clean tanker market came under pressure in February from the previous month on all reported routes. On average, clean tanker spot freight rates declined by 10% in February from a month earlier. Limited activities were the main factor contributing to the decrease due to refinery maintenance as well as various participants remaining away from the market due to various holidays.

Graph 31: Monthly averages of clean spot freight rates



East of Suez clean spot freight rates declined by 12% on average in February from the previous month. The preparation for the coming maintenance season reduced activity. Tonnage availability also supported the decrease in spot freight rates in the East. However, on an annual basis, East of Suez clean spot freight rates indicated an increase of 15% in February.

Table 21: Spot tanker product freight rates, Worldscale

	Size *1,000 DWT*	Dec 09	Jan 10	Feb 10	Change Feb/Jan
Products					
Middle East/East	30-35	124	152	135	-17
Singapore/East	30-35	133	147	128	-19
Caribbean/US Gulf Coast	38-40	130	191	178	-13
NW Europe/USEC-USGC	33-37	119	205	181	-24
Mediterranean/Mediterranean	30-35	146	224	203	-21
Mediterranean/North-West Europe	30-35	156	234	213	-21

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

Clean spot freight rates declined by 9% on average in the West of Suez in February from the previous month. Spot freight rates for voyages from the Caribbean to the US saw a decline of 7% compared to previous month as refinery maintenance started in the Caribbean. Trans-Atlantic spot freight rates declined by 12% in February compared to the previous month backed by closing arbitrage and discharge of petroleum products from floating storage. Mediterranean to Mediterranean and Mediterranean to Northwest Europe spot freight rates declined in February, mainly due to the reduction of Turkish Straits delays and the drop of petroleum products in floating storage.

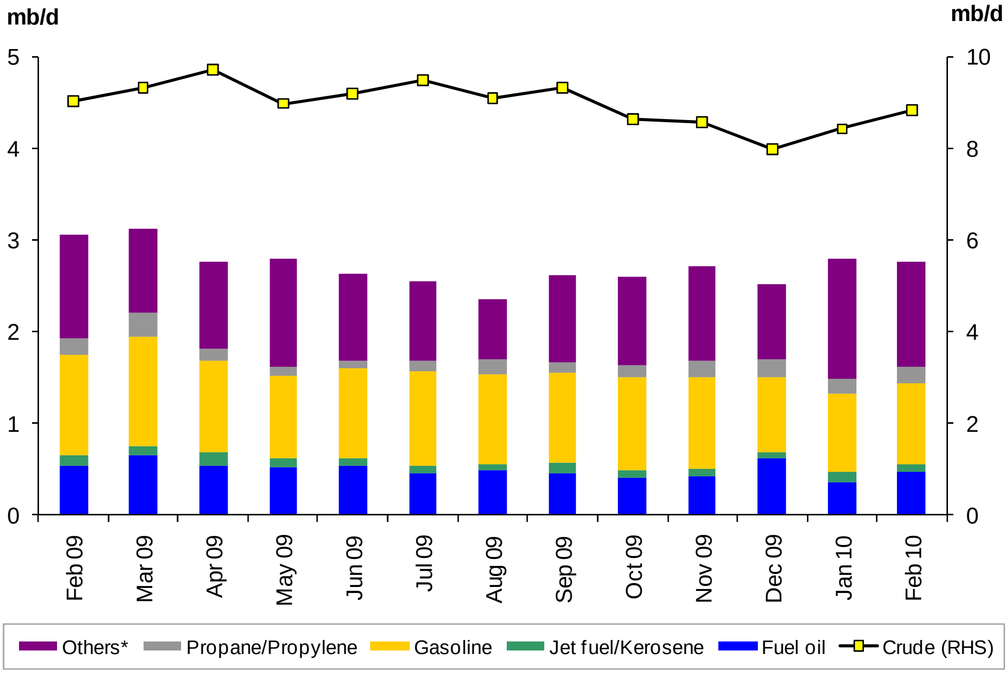
Oil Trade

US net oil imports increased by 0.9 mb/d in January on higher imports and lower exports

USA

US crude oil imports averaged 8.84 mb/d in February, 0.41 mb/d higher than in the previous month. On a y-o-y basis, February data showed a decline of 4% or 0.37 mb/d compared to the same month a year ago. For the last 2 months, US crude oil imports showed a constant rising trend after the sharp decline in December. US product imports declined slightly in February by 1.2% or 34,000 b/d compared to the previous month to average 2.76 mb/d, and showed a decline of 8% or 0.23 mb/d from the same month a year ago. Finished motor gasoline imports stood at 217,000 b/d compared to 214,000 b/d in January and were 20.6% higher compared to the same month last year. Distillate imports in February were 441,000 b/d compared to 476,000 b/d in the previous month and 327,000 b/d a year earlier.

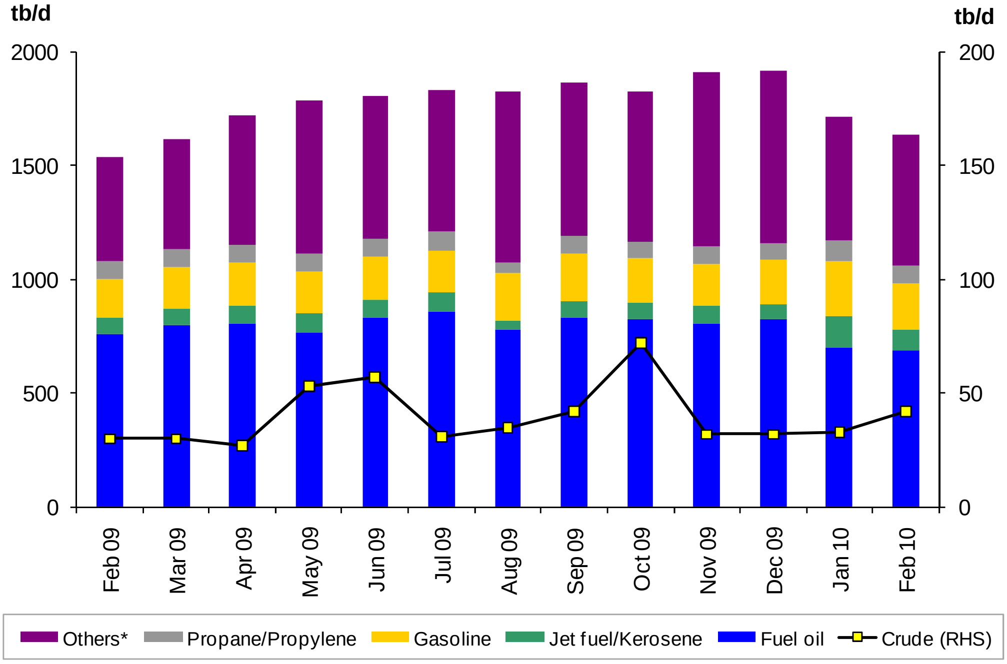
Graph 32: USA's imports of crude and petroleum products



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

On the export side, US products exports fell in February compared to the previous month, averaging 1.67 mb/d. On a y-o-y basis, product exports were 8% or 149,000 b/d lower. As a result, US net oil imports in February were 4.7% or about 0.46 mb/d higher compared to the previous month to average 9.89 mb/d. This was the result of an increase of 0.46 mb/d in net crude oil imports and of 40 tb/d in net product imports, both compared to the previous month. February net oil imports were 4.4% lower than a year earlier, representing a decline of 0.45 mb/d from a year ago.

Graph 33: USA's exports of crude and petroleum products



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

According to the latest data available, Canada was the top crude oil supplier to the US in November, supplying about 2.05 mb/d, up from 1.98 mb/d in the previous month. Mexico was next, supplying 1.06 mb/d, up from about 0.95 mb/d in the previous month. Nigeria and Saudi Arabia came next with 1.02 mb/d and 0.89 mb/d respectively. OPEC Member Countries supplied 3.85 mb/d or 47.3% of total US crude oil imports in November, down from 4.23 mb/d the previous month and from 5.10 mb/d in the same month a year earlier. For product imports, Canada was again the top product supplier to the US in November, supplying about 0.60 mb/d, compared to 0.54 mb/d in the previous month, followed by the Virgin Islands with 0.29 mb/d, up from 0.21 mb/d compared to last month. Russia was next with 0.22 mb/d, down from 0.26 mb/d a month earlier, followed by Algeria with 0.21 mb/d, up from 0.18 mb/d. Venezuela supplied the US with 70 tb/d of products in November followed by Libya with 20 tb/d. Altogether, OPEC Member Countries supplied about 336,000 b/d or 14.3% of total US product imports in November, down from 357,000 b/d in the previous month. For US product exports, Mexico was the top importer in November, importing 0.41 mb/d. Canada was next with 0.17 mb/d followed by Brazil with 0.10 mb/d. Altogether, OPEC Member Countries imported an average of 130,000 b/d of US products in November compared to 124,000 b/d the previous month.

Table 22: USA crude and product net imports, tb/d

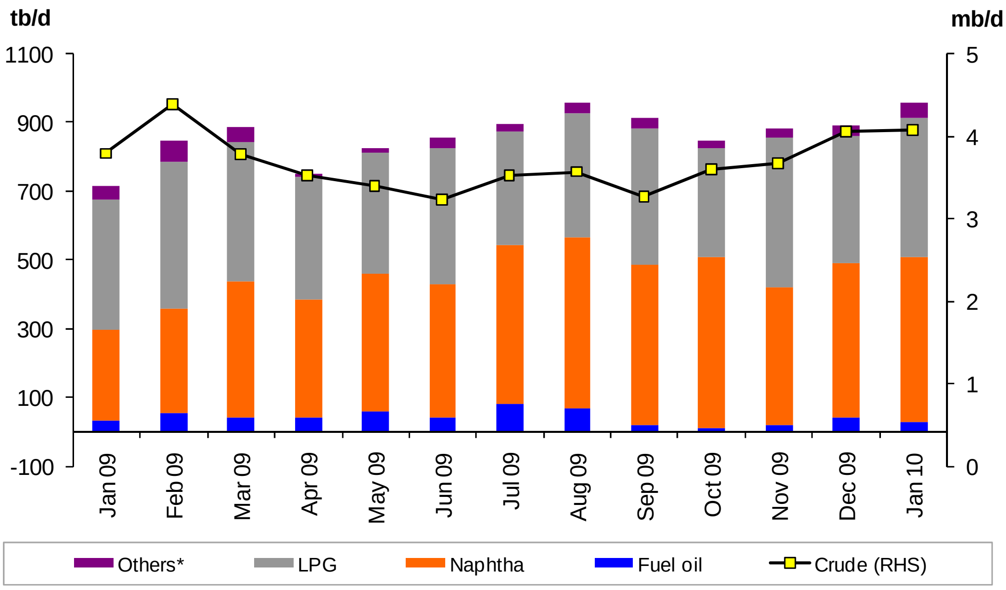
	Dec 09	Jan 10	Feb 10	Change Feb/Jan
Crude oil	8,068	8,399	8,805	406
Total products	357	1,044	1,083	40
Total crude and products	**8,425**	**9,443**	**9,889**	**446**

Japanese net oil imports increased in January to 4.6 mb/d

Japan

According to the latest official data, Japan's crude oil imports increased by 1% or 28,000 b/d in January to 4.08 mb/d. This was 8% or 288,000 b/d higher than the same month a year ago.

Graph 34: Japan's imports of crude and petroleum products

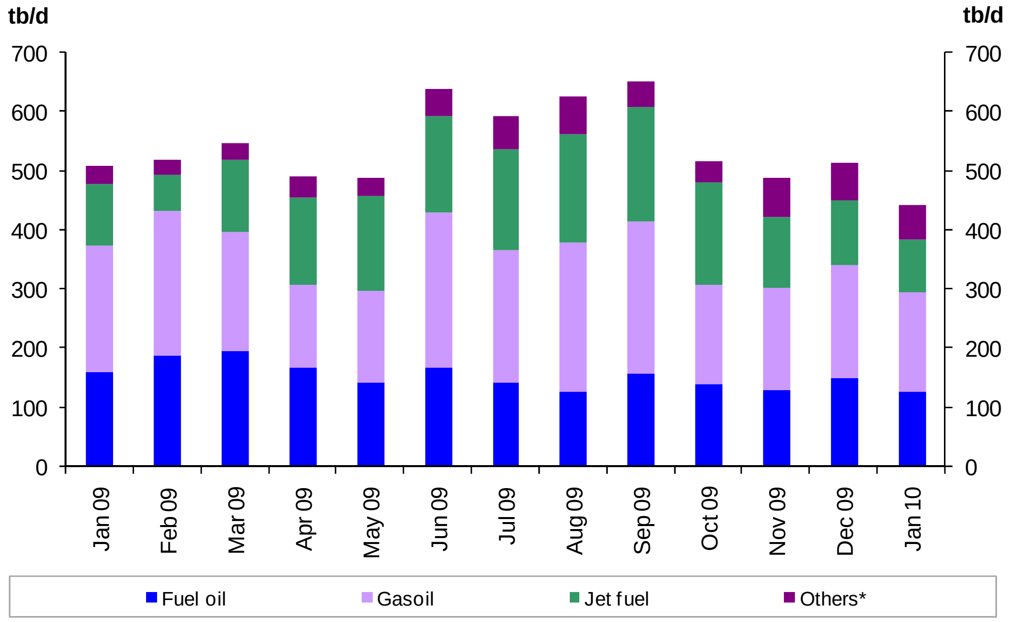


**Others: Contains gasoline, jet fuel, kerosene, gasoil, asphalt and paraffin wax.*

Japan's product imports continued to increase in January to reach 0.96 mb/d and showed annual growth of 34% compared to a year ago. Japan mainly imports naphtha and LPG, which have increased in January by 30,400 b/d or 6.7% and 32,700 b/d or 8.8% respectively. Naphtha and LPG imports accounted for 50.1% and 42% of the country's total monthly product imports in January. Fuel oil imports in January averaged 28,000 b/d compared to 41,000 b/d in the previous month and 32,000 b/d a year ago.

On the export side, Japan's product exports averaged 445,000 b/d in January, down by 13.6% or 70,000 b/d from the previous month and 13% lower than the same month a year ago. In January gasoil, fuel oil and jet fuel, the country's main product exports, accounted for about 86% of total product exports. Gasoil exports represented 37% of Japan's total product exports in January, jet fuel 20% and fuel oil 29%.

Graph 35: Japan's exports of petroleum products



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

Japan's net oil imports in January were at 4.60 mb/d, indicating an increase of 166,000 b/d or 3.7% compared to the previous month and an increase of 600,000 b/d or around 15% compared to a year earlier. The increase in total oil imports and lower total oil exports supported the increase in net oil imports which were up by 137,000 b/d or 36% in January compared to a month earlier.

Table 23: Japan's crude and product net imports, tb/d

	Nov 09	Dec 09	Jan 10	Change Jan/Dec
Crude oil	3,673	4,056	4,084	28
Total products	394	379	517	137
Total crude and products	**4,068**	**4,435**	**4,600**	**166**

Saudi Arabia was Japan's top crude oil supplier in January with 1.21 mb/d or 29.5% of Japan's total crude oil imports. The UAE was next, supplying 0.77 mb/d or 18.9%. Qatar supplied 0.5 mb/d or 12.2%, followed by Iran with 0.41 mb/d or 10.1%. OPEC Member Countries supplied 3.42 mb/d or 83.8% of Japan's crude oil imports in January, down from 87% in the previous month. Top non-OPEC crude oil suppliers in January include Oman with 0.24 mb/d, up from 0.17 mb/d a month earlier, and Russia with 0.15 mb/d, down from 0.16 mb/d in the previous month.

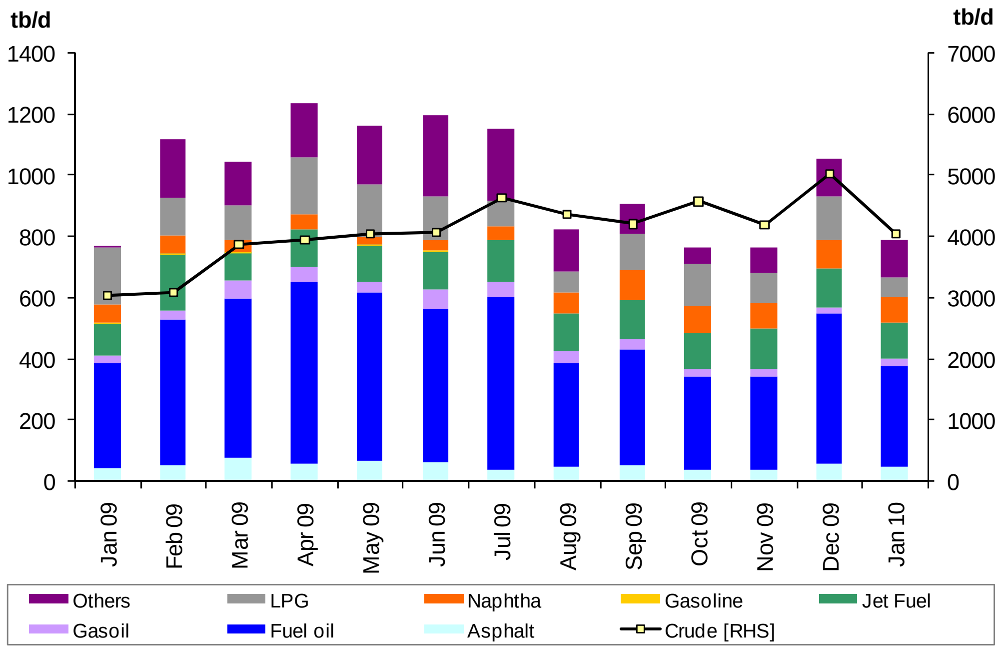
On the product-side, with the exclusion of LPG imports, preliminary data indicates that Saudi Arabia was Japan's top supplier in January with 171,000 b/d, down from 210,000 b/d in the previous month. The UAE followed with 111,000 b/d, down from 137,000 b/d the previous month. OPEC Member Countries supplied 0.39 mb/d or 72% of Japan's product imports in January. Top non-OPEC product suppliers in January include Russia, with 26,000 b/d, followed by Oman with 21,000 b/d and Indonesia with 12,000 b/d.

China

China's net oil imports declined in January

According to Chinese official data, China's crude oil imports have declined in January 2010 to 4.04 mb/d, which represents a decline compared to the record high import of last month of 20%, but still 33% higher than crude oil imports last year, which were 3.03 mb/d. Imports of oil products stood at 0.79 mb/d, 25% lower than the month before and 6% lower than the previous year. Diesel imports remained on the top of the product imports list in January with an average of 320 tb/d, indicating a decline of 85 tb/d or 20% compared to the previous month. Jet fuel followed with 119 tb/d in January, lower by 7 tb/d from the previous month. The increase in import tax for some products supported the decline in product imports.

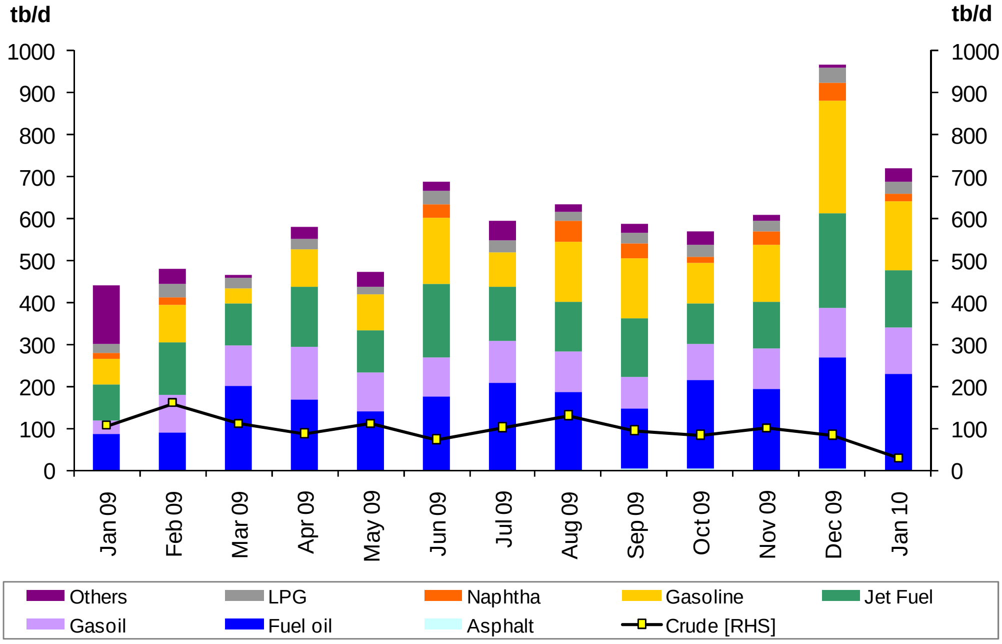
Graph 36: China's imports of crude and petroleum products



China total product exports averaged 721 tb/d in January, a decline of 250 tb/d or 25% compared to the previous month. Exports of gasoline on average stood at 165.000 b/d, compared to 269.000 b/d the previous month. Average exports of diesel slightly declined to 112.000 b/d for January compared to 269.000 b/d the month before.

As a result, China net oil imports averaged 4.08 mb/d in January, a decline of 944 tb/d or 19 % compared to the previous month. The decline in both crude oil and product imports was behind the drop in January, as exports declined.

Graph 37: China's exports of crude and petroleum products



Angola was China's top crude oil supplier in January, supplying about 0.8 mb/d or 20% of China's total crude imports. Angola's crude exports to China declined from the month before which stood at 0.95 mb/d, but increased in January from 0.52 mb/d last year. Saudi Arabia supplied 0.69 mb/d, down from 1.2 mb/d in December, which represents a share of 17%. Iran supplied 0.26 mb/d, down from 0.35 mb/d a month earlier, which represents a 6.3% share. Altogether, OPEC Member Countries supplied China with about 2.47 mb/d or 61% of its crude oil imports in January, down from 3.31 mb/d the previous month. Top non-OPEC crude oil suppliers in January include Russia with 0.30 mb/d, Sudan with 0.27 mb/d and Oman with 0.16 mb/d.

Table 24: China's crude and product net imports, tb/d

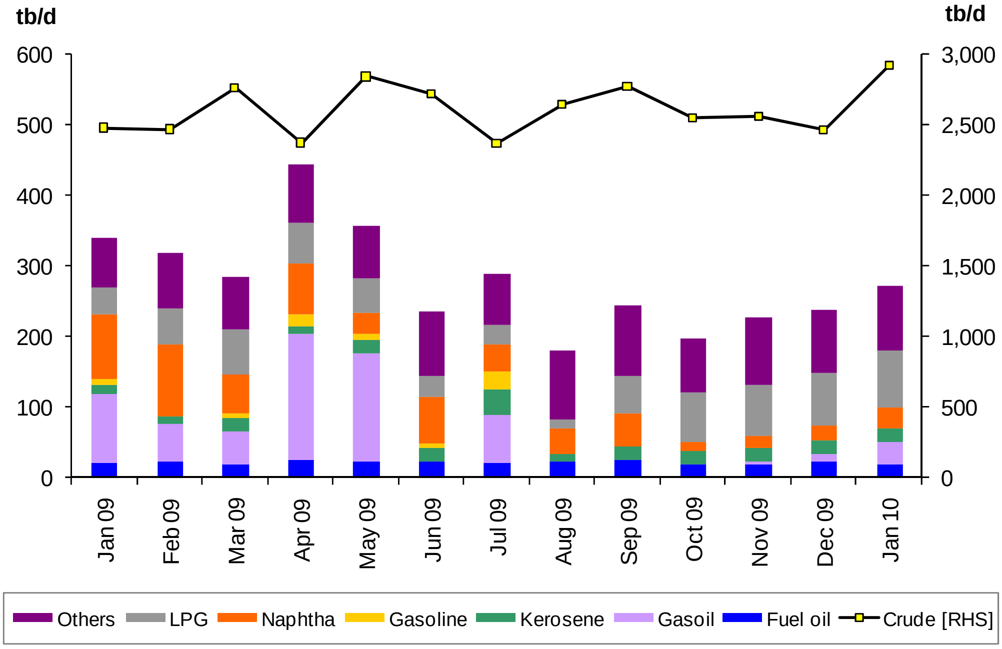
	Nov 09	Dec 09	Jan 10	Change Jan/Dec
Crude oil	4,081	4,943	4,015	-928
Total products	154	85	69	-16
Total crude and products	**4,235**	**5,028**	**4,084**	**-944**

India's net oil imports increased in January as crude and product imports rose sharply and exports continued to decline

India

According to preliminary data, India's crude oil imports rose sharply in January, compared to the previous three months, to average 2.92 mb/d. January's crude imports were also 440 tb/d higher compared to the same month a year ago, which represent an increase of 18%. India's crude oil imports during the 4Q09 averaged 2.53 mb/d, almost unchanged y-o-y.

Graph 38: India's imports of crude and petroleum products



India's product imports increased in January for the fourth consecutive month by 34,000 b/d or 14% compared to the previous month to average 0.27 mb/d, yet were 20% lower compared to the same month a year ago. For the sixth month-in-a-row, there were no gasoline imports in January. After picking up in November, gasoil imports rose further in January to 31.3 tb/d compared to 9.62 tb/d in December 2009. LPG imports continue to increase in January as well, averaging 82,000 b/d compared to 75,000 b/d in the previous month and 60,000 b/d a year earlier. The higher import figure was due to an increase in gasoil, LPG and naphtha imports which revived in the fourth quarter after a period of low product import levels due to sluggish global market conditions.

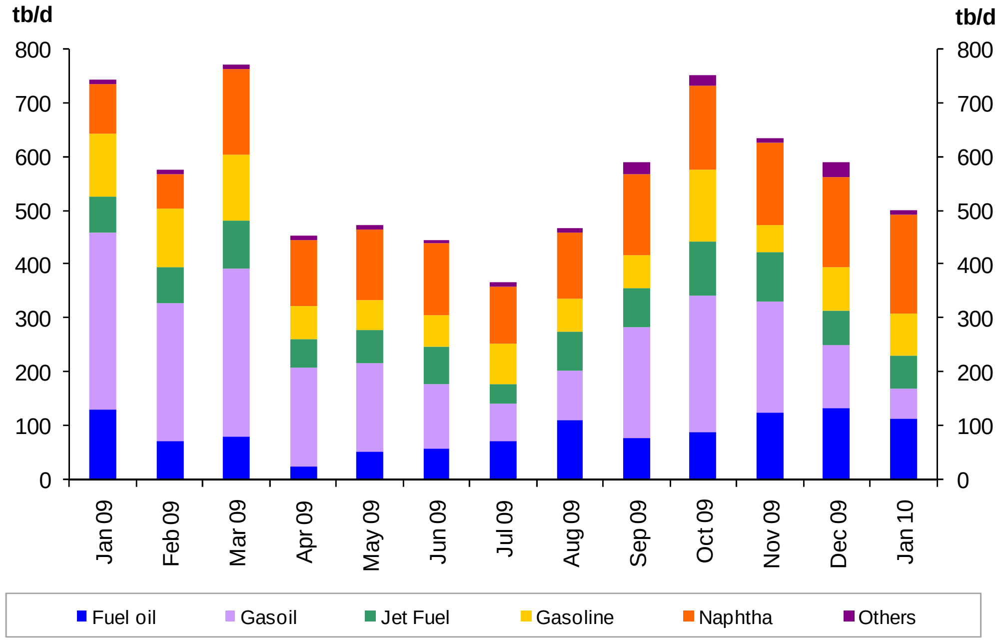
Table 25: India's crude and product net imports, tb/d

	Nov 09	Dec 09	Jan 10	Change Jan/Dec
Crude oil	2,561	2,466	2,920	454
Total products	-408	-354	-229	125
Total crude and products	**2,152**	**2,112**	**2,691**	**578**

On the export side, India's total product exports of 501,000 b/d in January were 91,000 b/d or 15% lower compared to the previous month and 32.7% lower compared to a year earlier. Despite the increase in naphtha exports, which averaged around 186,000 b/d in January, gasoil exports in January averaged 58,000 b/d, down from 118,000 b/d in the previous month and from 327,000 b/d a year earlier.

As a result, India's net crude oil imports in January averaged 2.92 mb/d, indicating an increase of 18% or 454 tb/d compared to the previous month and an 18% increase compared to a year ago. Net product imports rose 125,000 b/d on increased imports and reduced exports. India's net oil imports for the year averaged 2.70 mb/d, an increase of 27% or 615,000 b/d over a year ago.

Graph 39: India's exports of petroleum products



FSU

FSU oil exports fell in January

FSU crude exports in January to non-CIS destinations fell by 2.7% on the month to 6.66 mb/d after a drop in BTC Blend shipments along the Baku-Tbilisi-Ceyhan (BTC) pipeline. However, the full-scale launch of ESPO Blend exports from the Pacific port of Kozmino partly offset reductions elsewhere. Exports through the BTC line fell by around 195,000 b/d following a 20-hour shutdown at the Azeri-Light-producing Azeri-Chirag-Guneshli (ACG) block, in Azerbaijan's sector of the Caspian Sea. Additionally, Chevron-led Tengizchevroil (TCO) halted shipments of Tengiz along the route after failing to reach a deal with the operator of BTC. TCO is also absent from the February and March BTC Blend loading programmes. The firm is instead diverting 40,000-50,000 b/d — which it has exported along the line for more than a year — to the Black Sea ports of Batumi, Feodosiya and Odessa.

Russian crude exports through the Transneft system in January were little changed on the month. A drop in Baltic and Black Sea loadings was offset by the start of ESPO Blend exports and increased Druzhba shipments. ESPO Blend exports ran at over 200,000 b/d in January. Rail exports fell on the month as TCO reduced exports from Odessa, and Rosneft cut supplies to Arkhangelsk. Overall January crude exports from the FSU were up by more than 220,000 b/d from the same month last year, reflecting the launch of Kozmino exports. Baltic exports were up on the year as maintenance to the Baltic Pipeline System (BPS) in mid-January last year restricted loadings. Exports to China from Kazakhstan rose by almost 20%, following the completion of Kazakhstan's 210,000 b/d Kenkiyak-Kumkol pipeline in July last year. This feeds into the existing Atasu-Alashankou pipeline, providing a direct link between oil fields in western Kazakhstan and China.

Seaborne exports of Russian crude are scheduled at 2.63 mb/d in February, up by 1.9% on the month. Loadings of ESPO Blend are scheduled at 262,500 b/d, an increase of 26,000 b/d on January's programme. But Urals shipments to Europe are expected to decline, something that oil companies are attributing to a drop in production caused by this winter's exceptionally low temperatures. Exports through the Baltic port of Primorsk are expected to fall by 200,000 b/d to 1.25mn b/d, as a result of maintenance that was carried out in February on the pipeline leading to the port.

FSU product exports were little changed on the month in January. Fuel oil exports dropped sharply, although they were well above January 2009. In the Baltic, there were significant reductions in exports through Tallinn and St Petersburg, and shipments through Murmansk plunged to very low levels. The reduction in Baltic shipments was partly due to extremely cold weather, which slowed tanker loadings, leading to congestion in terminals. Exports of gasoil rose slightly, with the most noticeable increase at the Black Sea port of Novorossiysk. In the Baltic, shipments through Ventspils and Primorsk were higher. Despite the m-o-m increase, exports were well below January last year. Gasoline exports were up on the month, mainly on increased shipments from ports in the Baltic states, particularly Riga. Naphtha shipments fell on the month as a result of a drop in exports through the Black Sea ports of Tuapse and Batumi.

Table 26: Recent FSU exports of crude and products by source, kb/d

	2008	2009	2Q09	3Q09	4Q09	Dec 09	Jan 10*
Crude							
Russian pipeline							
Black Sea	1,248	1,201	1,170	1,120	1,152	1,204	1,027
Baltic	1,559	1,577	1,591	1,567	1,613	1,639	1,549
Druzhba	1,077	1,112	1,065	1,110	1,130	1,117	1,175
Total**	**3,905**	**3,922**	**3,876**	**3,816**	**3,904**	**3,984**	**3,961**
Other routes							
Russian rail	283	280	278	291	284	260	223
Russian-Far East	220	283	264	279	305	338	309
Kazak rail	17	18	17	17	17	17	17
Vadandey	20	155	155	148	148	152	152
Ventspils	n.a.	n.a.	13	13	5	0	0
CPC	675	736	729	737	741	751	788
BTC	648	805	794	870	874	882	688
Atasu-Alashankou	121	157	166	185	178	161	192
Caspian	185	281	275	297	303	301	305
Total crude exports***	**6,089**	**6,653**	**6,568**	**6,654**	**6,752**	**6,846**	**6,658**
Products							
Gasoline	210	229	216	181	147	186	260
Naphtha	217	273	273	270	261	277	276
Jet	37	52	61	47	41	44	28
Gasoil	810	949	946	960	896	922	960
Fuel oil	1,069	1,114	1,193	1,200	1,135	1,236	1,072
VGO	196	233	243	225	228	242	265
Total	**2,539**	**2,850**	**2,933**	**2,883**	**2,708**	**2,907**	**2,861**
Total oil exports	**8,628**	**9,503**	**9,500**	**9,537**	**9,460**	**9,753**	**9,519**

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

* *Preliminary.*

** *Total incl. exports of minor volumes to China and Pacific.*

*** *Total crude exports incl. minor volumes of Kaliningrad.*

Because of rounding, some totals may not agree exactly with the sum of their component parts.

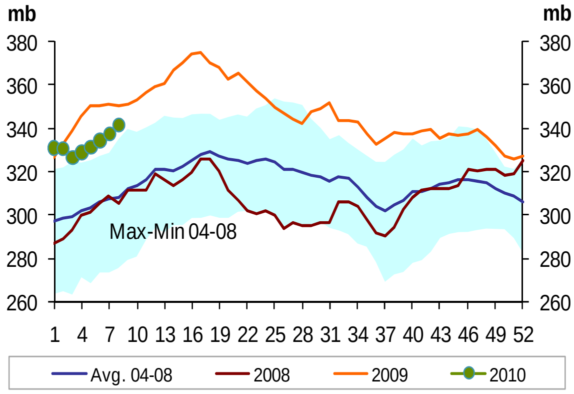
Stock Movements

US crude oil stocks rose to their highest levels since July 2009, remaining well above the seasonal norm

USA

US commercial inventories at the end of February fell slightly by 0.3 mb to 1046.6 mb. This slight drop was much less that the seasonal decline of around 11 mb. Crude and products moved in different directions as crude stocks built by 11.6 mb while total product stocks fell by almost the same amount. At the end of February, US commercial oil inventories stood at comfortable levels of 73 mb or 7.5% higher than the surplus observed in January. However, they remained around 35 mb below the same period last year.

Graph 40: US weekly commercial crude oil inventories



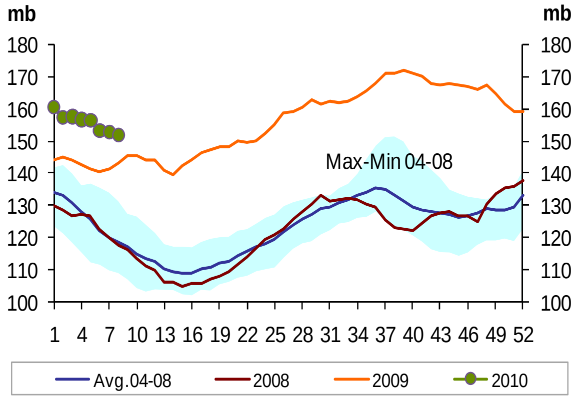
Over the last two months, US crude commercial stocks built at a relatively high rate, with around 5 mb in January followed by around 11.6 mb in February. Driving this development was the continued increase in crude imports, which reached 8.8 mb/d in February or close to 400 tb/d more than the January level. However, crude oil imports still remained below the same period last year. It is worth noting that US crude oil imports reached 9.2 mb/d in the week ending 26 February, more than 1.2 mb/d above the average last year. If the trend continues, this will contribute to a further build in crude oil inventories in the coming months.

Crude runs rose in February by 170 tb/d to 13.9 mb/d which corresponds to a refinery utilisation rate of just over 80%. During the week ending 26 February, refinery utilization increased 0.7 percentage points to almost 81.9%, a high unseen since the start of October. However, this upward move is likely to be reversed with the approaching end of winter and upcoming seasonal maintenance.

At 341.6 mb, US crude commercial inventories in February stood at around 32 mb or 10.3% above the five-year average, but remained 24 mb below the highest level experienced in February last year.

In contrast to the build in crude oil, US total product inventories declined 11.9 mb. At the end of February, US product inventories stood at 705 mb, around 41 mb or 6.2% above the seasonal norm, but still below a year earlier by 11 mb. Within products the picture was mixed. US gasoline continued the upward trend increasing by 3.8 mb for the fourth consecutive month, putting them at about 11 mb above the seasonal average and also 15 mb above a year earlier at the same period. The continued build in US gasoline stocks can be attributed to lower demand, which remained almost flat at 8.8 mb/d over the previous year. However, data for the week ending 26 February indicates weekly gasoline demand was down to 8.88 mb/d from 9.01 mb/d the week before, representing a decline of 2%. If gasoline demand doesn't pick up in the coming months, it is hard to see a reversal of the build trend in gasoline inventories. Distillate stocks, which include heating oil and diesel, dropped for the third consecutive month by 4.6 mb to 151.8 mb, but remained at a very comfortable level of

Graph 41: US weekly distillate stocks



30.5 mb above the last five-year average and 8.2 mb above a year earlier at the same time. This drop can be attributed mainly to the heating oil component as colder weather increased demand. However, total distillate demand in February remained weak, averaging 3.7 mb/d, around 200 tb/d below the same period in 2009, which was considered a very low base year for diesel demand, reflecting the weak economy.

Residual fuel oil and jet fuel oil stocks both increased by 0.4 mb to 40.0 mb and to 43.3 mb respectively, reflecting the decline in demand. Both products remained at a healthy level above the seasonal average and higher than a year earlier in the same period.

Table 27: US onland commercial petroleum stocks, mb

	Dec 09	Jan 10	Feb 10	Change Feb 10/Jan 10	Feb 09
Crude oil	325.1	330.0	341.6	11.6	354.9
Gasoline	222.7	228.1	231.9	3.8	215.6
Distillate fuel	164.7	156.4	151.8	-4.6	146.1
Residual fuel oil	37.8	39.6	40.0	0.4	39.2
Jet fuel	43.4	42.9	43.3	0.4	42.8
Total	**1,049.5**	**1,046.9**	**1,046.6**	**-0.3**	**1,064.9**
SPR	726.6	726.6	726.6	0.0	705.5

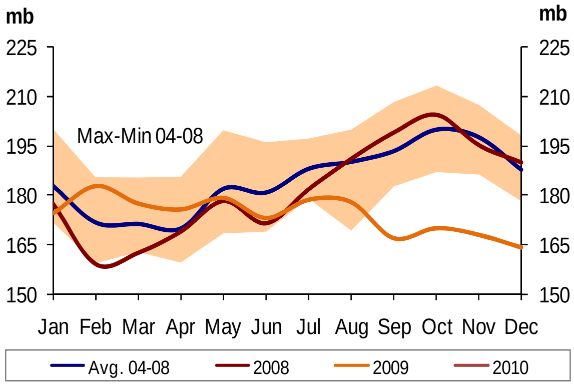
Source: US Department of Energy's Energy Information Administration.

Japan

Japan's commercial oil stocks saw a build in January, but preliminary data for February shows a drop

In January, commercial oil inventories reversed the downward trend observed during the last two months and increased by 2.5 mb to 166.8 mb. Despite this build, Japanese oil inventories remained at 7.6 mb or 4.4% below last year, but narrowed the deficit with the five-year average to 16 mb or 7.7% from 25 mb in December. The build in January came mainly from crude which increased 2.1 mb, while total products saw a slight build of 0.5 mb.

Graph 42: Japan's commercial oil stocks



With 94.6 mb, crude stocks stood at the highest level since September, adding almost 9 mb during the course of the last four months. This build came as crude imports increased by 0.7% to average 4.1 mb/d in January. Crude imports were also 7.6% higher from the same period last year. However, this build came despite the increase in crude throughput by 1.8% to almost 4.0 mb/d, which corresponds to a refinery utilization rate of 81.3%, 1.5 % above the December rate. With the January build, the deficit with the seasonal norm narrowed to 11.4 mb or 11% compared to 14.5 mb or 15.7% a month earlier. Additionally, the gap to the previous year has also diminished to now stand at 8.1 mb or 8% compared with 15%.

Table 28: Japan's commercial oil stocks*, mb

	Nov 09	Dec 09	Jan 10	Change Jan 10/Dec 09	Jan 09
Crude oil	89.7	92.5	94.6	2.1	102.7
Gasoline	13.7	12.1	14.3	2.2	12.7
Naphtha	9.9	10.1	9.4	-0.7	10.8
Middle distillates	38.1	33.2	32.3	-1.0	30.9
Residual fuel oil	16.6	16.3	16.2	0.0	17.4
Total products	78.3	71.7	72.2	0.5	71.8
Total**	**168.0**	**164.2**	**166.8**	**2.5**	**174.5**

* *At end of month.*

** *Includes crude oil and main products only.*

Source: METI, Japan.

Total products in January reversed the sharp drop in December and rose by 0.5 mb to 72.2 mb. This build could be attributed to the decline in Japanese refined products sales which dropped 3.7% to average 3.7 mb/d. An increase of 6.4% in total product imports has also contributed to this build. It is worth noting that Japanese domestic product consumption inched up 0.3% in January over the same period last year, rising for the first time in three months. Oil demand has been falling for several years in Japan as manufacturers move operations abroad and the drop has continued even as the country's economy picked up in the latter half of 2009. This picture will not encourage refiners to build more inventories in the coming months and to return to the levels of 90-100 mb reached at the end of 2006 and beginning of 2007. Total product inventories ended January at 4.4 mb or 5.8 % below the last five-year average, narrowing the deficit of 11% incurred in the previous month. Total product stocks remained slightly above the level of the same period a year earlier. Within products, the picture was mixed: Gasoline stocks saw a significant build of 2.2 mb to 14.3 mb as gasoline sales – which make up over one fifth of total fuel use in Japan – fell 3.5% in January due to cold weather as snow limited driving. A drop of 3.9% in gasoline output has also contributed to the build in gasoline stocks, which remained in line with the seasonal average.

In contrast to the build in gasoline, middle distillate stocks declined 1.0 mb to 32.3 mb, driven by the drop of 10.8% in kerosene inventories as well as a fall of 3.6% in jet fuel, while gasoil, the third component of middle distillates rose 8%, limiting the whole draw. The drop in kerosene stocks could be mainly attributed to the increase in exports as kerosene sales fell 7.9% on the back of Japanese consumers switching to electric heaters rather than kerosene for heating. Jet fuel stocks went down as domestic sales increased by 12.1%, while the build in gasoil inventories came on the back of lower domestic sales by 13%. In January, total middle distillates stood at 4.3% above a year ago over the same period, but still around 12% below the five-year average. Naphtha inventories declined 0.7 mb to 9.4 mb as demand jumped almost 10% due to robust petrochemical demand from China. With this draw, naphtha stocks remained 12% below a year earlier. Fuel oil stocks remained unchanged in January at 16.2 mb. However, within this product, stocks of fuel oil category A went up by 3.2% driven by a 3.3% increase in output; while fuel oil B.C stocks fell by 2.1%, as domestic sale rose 5.6%. Total fuel oil stocks remained at 6.4% below a year ago and 16.3% lower than the seasonal norm.

Preliminary indications based on weekly data published by the Petroleum Association of Japan (PAJ) shows that at the end of February, Japan's commercial oil inventories dropped by more than 10 mb to stand at 156 mb, which is around 26 mb below last year at the same time. This draw is split between crude and products declining by 7.3 mb and 3.5 mb respectively. At 87.3 mb, Japan commercial crude stocks fell for a sixth consecutive week to hit a four-month low and remained well below the seasonal norm. This draw could be attributed to refiners trying to minimize inventories before the fiscal year ended on March 31. Total products fell 3.5 mb to 68.7 mb, remaining around 7 mb below the year-ago level. All products saw a drop with the exception of fuel oil stocks which rose 1.3 mb driven by the decline in sales, mainly for the C-fuel oil product. Distillate stocks fell 3.5 mb to 28.8 mb driven by the drop in kerosene stocks on the back of lower production, partly due to the extended shut down of Idemitsu Kosan's catalytic cracking unit. Gasoline inventories also fell, but only slightly to 14.1 mb as sales rose by nearly 2%.

Singapore and Amsterdam-Rotterdam-Antwerp (ARA)

Singapore product stocks fell slightly in January, but preliminary data for February indicates a build

At the end of January, Singapore product stocks dropped slightly by 0.1 mb to 44.93 mb, but remained 5.8 mb above the same period a year ago. Within products, the picture was mixed with light and middle distillates declining by 1.2 mb and 0.3 mb respectively, while fuel oil saw an increase of 1.4 mb. At 10.0 mb, light distillates reached a seven-month low on strong regional imports. In fact, India and Indonesian gasoline demand remained higher amid shrinking supply caused by refinery maintenance and outages. However, despite this draw, light distillate stocks remained around 1.0 mb above a year ago. Middle distillates fell slightly to 14.6 mb, but remained around 2 mb above a year earlier. Strong demand from Indonesia has helped to reverse the stock builds seen over for the last four months. Fuel oil stocks reversed the drop experience last month, rising to 20.4 mb supported by higher supply, mainly from the Middle East. Fuel oil inventories ended January at 2.9 mb above last year in the same period. Looking ahead, Singapore product stocks could stay high on expectation of increasing inflows from the West in coming months. Additionally, the current spare capacity of around 37% indicates that the market in Singapore could still absorb more supply.

Preliminary data for the week ending 25 February puts total product stocks in Singapore at 46.8 mb, 3.5 mb higher than a week earlier and around 1.9 mb above January. The weekly build was driven by an increase of 2.3 mb in middle distillate stocks and by a 1.3 mb build in fuel oil stocks, while light distillate stocks indicated a slight draw of 0.2 mb. At 22.9 mb, fuel oil inventories reached the highest level since 16 December supported by higher imports from the West. Middle distillate stocks jumped to 14.4 mb from a week earlier driven by lower demand, especially from India which moved to cleaner diesel. Light distillates declined slightly to 9.5 mb on the back of higher demand, mainly from India.

ARA product stocks dropped in January and data for February indicates a further draw

Product stocks in ARA in January fell by 2.1 mb to 40.0 mb reversing the build of more than 4.0 mb incurred in December. Product inventories remained at 4.4 mb above a year earlier in the same period. With the exception of gasoline which shows a build, all other products indicate a draw. Gasoil stocks totaled 19.5 mb, a decline of 0.7 mb, but remained 2.8 mb higher than a year earlier. The fall could be attributed to higher exports to Europe, which outpaced inflows into tanks from Russia and also from floating storage. Fuel oil stocks fell 1.1 mb to 5.1 mb, slightly above a year ago, while jet fuel oil stocks fell 0.4 mb to 6.5 mb in line with last year driven by higher outflows to regional markets. Gasoline inventories rose 0.6 mb to 8.5 mb, around 0.8 mb above a year earlier. This build was mainly driven by the rise in imports.

Preliminary data for the week ending 25 February indicates a drop of 2.2 mb in ARA product stocks over the previous week and 4.2 mb compared to January. At 35.9 mb, product stocks remained at almost the same level as a year ago. With the exception of fuel oil which rose slightly by 0.3 mb, all other product stocks declined on the back of higher exports and increased regional demand following a week-long strike at Total"s refineries in France.

Balance of Supply and Demand

Required OPEC crude for 2009 estimated at 29.0 mb/d, down 2.2 mb/d from the previous year

Estimate for 2009

Demand for OPEC crude has been revised up by around 0.2 mb/d to currently stand at 29.0 mb/d, reflecting the upward revision in global demand as well as the downward revision in OPEC NGLs as recent data from Member Countries has become available.

The upward revision impacted all the quarters. However, demand for OPEC crude still shows a considerable decline of 2.2 mb/d from the previous year. The first half experienced negative growth of around 3.0 mb/d compared to the same period last year. The decline is seen narrowing in the second half to show a loss of only 1.0 mb/d in the fourth quarter.

Table 29: Summarized supply/demand balance for 2009, mb/d

	2008	1Q09	2Q09	3Q09	4Q09	2009
(a) World oil demand	**85.74**	**84.05**	**83.16**	**84.68**	**85.51**	**84.36**
Non-OPEC supply	50.41	50.98	50.68	50.90	51.49	51.02
OPEC NGLs and non-conventionals	4.14	4.17	4.31	4.48	4.47	4.36
(b) Total supply excluding OPEC crude	**54.55**	**55.15**	**54.99**	**55.38**	**55.96**	**55.37**
Difference (a-b)	**31.19**	**28.90**	**28.17**	**29.29**	**29.55**	**28.98**
OPEC crude oil production	31.20	28.46	28.49	28.86	29.03	28.71
Balance	0.02	-0.43	0.32	-0.43	-0.53	-0.27

Totals may not add due to independent rounding.

Demand for OPEC crude in 2010 forecast at 28.9 mb/d, representing a slight decline from the previous year

Forecast for 2010

Demand for OPEC crude in 2010 is projected to average 28.9 mb/d, about 0.2 mb/d higher than the previous month, reflecting adjustments made to the base year of world oil demand and non-OPEC supply as well as to OPEC NGLs. On a quarterly basis, all quarters saw almost the same upward revisions.

Required OPEC crude is forecast to fall slightly by 40,000 b/d, following two consecutive annual declines. The first half of the year is still showing a drop of 0.2 mb/d, while the second half is estimated to see positive growth of around 0.2 mb/d, indicating a slow-but-steady recovery.

Table 30: Summarized supply/demand balance for 2010, mb/d

	2009	1Q10	2Q10	3Q10	4Q10	2010
(a) World oil demand	**84.36**	**84.72**	**83.90**	**85.67**	**86.64**	**85.24**
Non-OPEC supply	51.02	51.47	51.29	51.21	51.74	51.43
OPEC NGLs and non-conventionals	4.36	4.60	4.78	4.93	5.17	4.87
(b) Total supply excluding OPEC crude	**55.37**	**56.07**	**56.08**	**56.14**	**56.90**	**56.30**
Difference (a-b)	**28.98**	**28.65**	**27.83**	**29.53**	**29.73**	**28.94**

Totals may not add due to independent rounding.

Graph 43: Balance of supply and demand

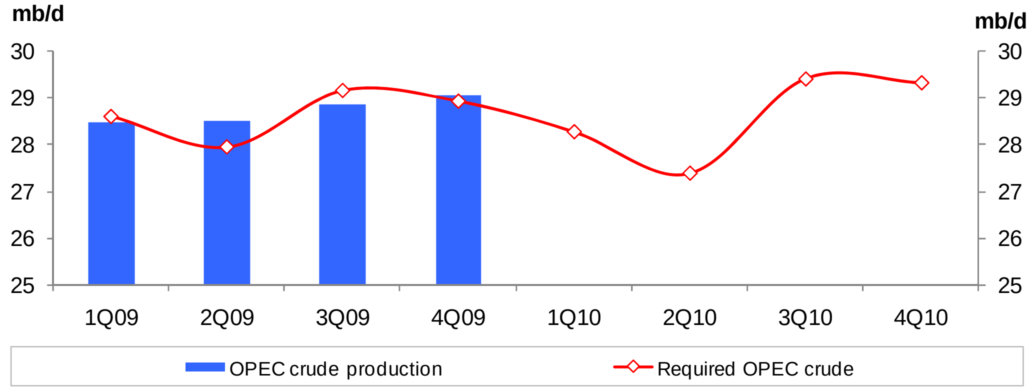


Table 31: World oil demand/supply balance, mb/d

	2004	2005	2006	2007	2008	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
World demand															
OECD	49.5	49.8	49.5	49.2	47.6	46.6	44.4	45.1	46.3	45.6	46.1	44.3	45.1	46.4	45.5
North America	25.4	25.6	25.4	25.5	24.2	23.5	22.9	23.2	23.4	23.3	23.6	23.1	23.5	23.7	23.5
Western Europe	15.5	15.7	15.7	15.3	15.3	14.9	14.2	14.6	14.8	14.6	14.5	14.0	14.5	14.7	14.4
Pacific	8.5	8.6	8.5	8.4	8.1	8.1	7.3	7.3	8.0	7.7	8.1	7.1	7.1	7.9	7.6
DCs	21.9	22.7	23.4	24.4	25.3	25.3	25.9	26.1	26.0	25.8	25.9	26.5	26.7	26.6	26.4
FSU	3.8	3.9	4.0	4.0	4.1	3.8	3.7	4.1	4.2	4.0	3.9	3.7	4.2	4.2	4.0
Other Europe	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8
China	6.5	6.7	7.2	7.6	8.0	7.6	8.4	8.6	8.3	8.2	8.1	8.7	8.9	8.6	8.6
(a) Total world demand	82.6	84.0	85.0	86.0	85.7	84.0	83.2	84.7	85.5	84.4	84.7	83.9	85.7	86.6	85.2
Non-OPEC supply															
OECD	21.3	20.4	20.1	20.1	19.5	19.9	19.3	19.3	19.7	19.5	19.5	19.3	19.1	19.4	19.4
North America	14.6	14.1	14.2	14.3	13.9	14.2	14.0	14.2	14.3	14.2	14.3	14.3	14.2	14.3	14.3
Western Europe	6.2	5.7	5.3	5.2	5.0	5.1	4.7	4.5	4.7	4.7	4.6	4.4	4.3	4.5	4.4
Pacific	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.7
DCs	11.6	11.9	12.0	12.0	12.4	12.5	12.5	12.6	12.7	12.6	12.7	12.7	12.8	12.9	12.8
FSU	11.1	11.5	12.0	12.5	12.6	12.6	12.9	13.0	13.1	12.9	13.1	13.2	13.1	13.3	13.2
Other Europe	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.5	3.6	3.7	3.8	3.8	3.8	3.9	3.9	3.9	3.8	3.9	3.9	3.9	3.9	3.9
Processing gains	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1
Total non-OPEC supply	49.6	49.6	50.0	50.5	50.4	51.0	50.7	50.9	51.5	51.0	51.5	51.3	51.2	51.7	51.4
OPEC NGLs + non-conventional oils	3.7	3.9	3.9	3.9	4.1	4.2	4.3	4.5	4.5	4.4	4.6	4.8	4.9	5.2	4.9
(b) Total non-OPEC supply and OPEC NGLs	53.3	53.5	53.9	54.5	54.5	55.2	55.0	55.4	56.0	55.4	56.1	56.1	56.1	56.9	56.3
OPEC crude oil production (secondary sources)	29.6	30.7	30.5	30.2	31.2	28.5	28.5	28.9	29.0	28.7					
Total supply	82.9	84.2	84.4	84.7	85.8	83.6	83.5	84.2	85.0	84.1					
Balance (stock change and miscellaneous)	0.3	0.2	-0.6	-1.4	0.0	-0.4	0.3	-0.4	-0.5	-0.3					
OECD closing stock levels (mb)															
Commercial	2511	2538	2585	2667	2566	2747	2762	2778	2678	2678					
SPR	1411	1450	1487	1499	1524	1547	1561	1564	1564	1564					
Total	3921	3988	4072	4166	4090	4294	4323	4342	4242	4242					
Oil-on-water	882	905	954	919	951	901	902	871	912	912					
Days of forward consumption in OECD															
Commercial onland stocks	50	51	53	56	56	62	61	60	59	59					
SPR	28	29	30	32	33	35	35	34	34	34					
Total	79	81	83	88	90	97	96	94	93	93					
Memo items															
FSU net exports	7.3	7.7	8.0	8.5	8.5	8.8	9.2	8.9	8.9	9.0	9.3	9.4	9.0	9.1	9.2
(a) - (b)	29.3	30.5	31.1	31.5	31.2	28.9	28.2	29.3	29.6	29.0	28.7	27.8	29.5	29.7	28.9

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

Table 32: World oil demand/supply balance: changes from last month's table † , mb/d

	2004	2005	2006	2007	2008	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
World demand															
OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
DCs	0.1	0.1	0.1	0.1	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	0.1	0.1	0.1	0.1	-	-	-	-	-	-	0.1	0.2	0.1	0.1	0.1
World demand growth	*0.06*	*-*	*-*	*-*	*-0.03*	*0.01*	*0.02*	*-*	*-*	*0.01*	*0.04*	*0.10*	*0.07*	*0.10*	*0.08*
Non-OPEC supply															
OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	0.1	0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	0.1	0.1	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Total non-OPEC supply	-	-	0.1	0.1	-	0.1	0.1	0.1	-	0.1	0.1	0.2	0.2	0.2	0.1
Total non-OPEC supply growth	*0.03*	*0.05*	*0.01*	*-*	*-0.02*	*0.02*	*0.03*	*0.05*	*0.01*	*0.03*	*0.01*	*0.08*	*0.09*	*0.14*	*0.08*
OPEC NGLs + non-conventionals	-	-	-	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
(b) Total non-OPEC supply and OPEC NGLs	-	-	0.1	-	-0.1	-0.1	-0.2	-0.1	-0.2	-0.2	-0.2	-0.1	-	-	-0.1
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-					
Total supply	-	-	0.1	-	-0.1	-0.1	-0.2	-0.1	-	-					
Balance (stock change and miscellaneous)	-	-	-	-0.1	-0.2	-0.2	-0.2	-0.2	-	-					
OECD closing stock levels (*mb*)															
Commercial	-	-	-	-	-	-	1	-3	-	-					
SPR	-	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	1	-3	-	-					
Oil-on-water	-	-	-	-	-	-	-	-	-	-					
Days of forward consumption in OECD							-	-	-	-					
Commercial onland stocks	-	-	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-	-					
Memo items															
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	0.1	-	-	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

† This compares Table 31 in this issue of the MOMR with Table 32 in the February 2010 issue.

This table shows only where changes have occurred.

Table 33: OECD oil stocks and oil on water at the end of period

	2002	2003	2004	2005	2006	2007	2008	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Closing stock levels *mb*																											
OECD onland commercial	2,473	2,511	2,538	2,585	2,667	2,566	2,701	2,533	2,612	2,627	2,585	2,585	2,648	2,760	2,667	2,598	2,658	2,650	2,566	2,572	2,605	2,662	2,701	2,747	2,760	2,781	2,678
North America	1,175	1,161	1,193	1,257	1,277	1,229	1,301	1,201	1,275	1,254	1,257	1,240	1,277	1,351	1,277	1,238	1,294	1,285	1,229	1,216	1,239	1,282	1,301	1,348	1,383	1,390	1,315
Western Europe	890	915	915	934	962	930	992	942	915	942	934	937	935	948	962	941	936	932	930	961	957	949	992	992	976	972	972
OECD Pacific	408	435	430	394	429	407	407	389	422	432	394	408	436	461	429	420	428	432	407	394	409	431	407	408	401	419	390
OECD SPR	1,347	1,411	1,450	1,487	1,499	1,524	1,527	1,462	1,494	1,494	1,487	1,487	1,493	1,495	1,499	1,507	1,506	1,520	1,524	1,529	1,526	1,522	1,527	1,547	1,561	1,564	1,564
North America	601	640	678	687	691	699	704	690	698	696	687	688	690	690	691	691	692	695	699	702	708	704	704	715	726	727	729
Western Europe	357	374	377	407	412	421	416	376	401	405	407	407	411	412	412	415	413	423	421	423	414	414	416	424	427	429	426
OECD Pacific	389	396	396	393	396	404	406	396	395	393	393	392	393	393	396	401	401	403	404	404	404	403	406	408	408	408	409
OECD total	**3,820**	**3,921**	**3,988**	**4,072**	**4,166**	**4,090**	**4,227**	**3,995**	**4,106**	**4,121**	**4,072**	**4,072**	**4,141**	**4,255**	**4,166**	**4,106**	**4,164**	**4,170**	**4,090**	**4,101**	**4,131**	**4,184**	**4,227**	**4,294**	**4,321**	**4,345**	**4,242**
Oil-on-water	815	882	905	954	919	951	967	931	932	925	954	962	975	974	919	919	895	920	951	935	919	886	967	901	902	871	912
Days of forward consumption in OECD																											
OECD onland commercial	51	51	51	52	54	54	59	52	53	52	51	54	54	55	54	54	54	53	52	54	56	56	58	62	61	60	59
North America	48	46	47	50	50	51	56	47	50	49	50	49	50	53	50	49	51	51	50	50	53	54	55	59	59	59	57
Western Europe	58	59	58	60	63	61	68	61	58	60	58	61	60	60	63	63	61	59	61	64	62	61	67	70	67	65	66
OECD Pacific	47	51	50	47	51	50	53	48	52	49	43	52	55	53	48	53	54	49	46	50	54	54	50	56	55	52	51
OECD SPR	28	29	29	30	30	32	33	30	30	30	29	31	30	30	30	31	31	30	31	32	33	32	33	35	35	34	34
North America	24	25	26	27	27	29	30	27	27	27	27	27	27	27	27	27	27	27	28	29	30	29	30	31	31	31	31
Western Europe	23	24	24	26	27	27	28	25	26	26	25	27	26	26	27	28	27	27	28	28	27	27	28	30	29	29	29
OECD Pacific	45	46	46	46	47	50	53	49	49	45	42	50	50	45	44	51	51	46	45	51	54	51	50	56	56	51	53
OECD total	**79**	**79**	**80**	**82**	**85**	**86**	**93**	**82**	**83**	**82**	**80**	**84**	**84**	**85**	**84**	**85**	**85**	**84**	**84**	**87**	**89**	**88**	**91**	**97**	**96**	**94**	**93**

Table 34: Non-OPEC supply and OPEC natural gas liquids, mb/d

	2004	2005	2006	2007	Change 07/06	1Q08	2Q08	3Q08	4Q08	2008	Change 08/07	1Q09	2Q09	3Q09	4Q09	2009	Change 09/08	1Q10	2Q10	3Q10	4Q10	2010	Change 10/09
USA	7.65	7.34	7.36	7.50	0.14	7.64	7.75	7.20	7.42	7.50	0.00	7.85	7.97	8.13	8.29	8.06	0.56	8.22	8.19	8.18	8.25	8.21	0.15
Canada	3.07	3.03	3.20	3.32	0.12	3.30	3.12	3.30	3.28	3.25	-0.07	3.30	3.07	3.12	3.05	3.13	-0.12	3.13	3.22	3.18	3.27	3.20	0.06
Mexico	3.83	3.77	3.69	3.49	-0.21	3.29	3.18	3.13	3.09	3.17	-0.31	3.04	2.97	2.94	2.96	2.98	-0.19	2.92	2.86	2.82	2.79	2.85	-0.13
North America	14.56	14.14	14.24	14.30	0.06	14.22	14.05	13.63	13.80	13.92	-0.38	14.19	14.01	14.19	14.31	14.17	0.25	14.27	14.27	14.18	14.31	14.26	0.08
Norway	3.19	2.97	2.78	2.56	-0.22	2.51	2.39	2.38	2.54	2.45	-0.10	2.52	2.20	2.28	2.38	2.34	-0.11	2.31	2.20	2.10	2.25	2.21	-0.13
UK	2.10	1.89	1.71	1.69	-0.02	1.66	1.65	1.42	1.58	1.58	-0.11	1.63	1.56	1.27	1.49	1.49	-0.09	1.46	1.38	1.33	1.37	1.38	-0.10
Denmark	0.39	0.38	0.34	0.31	-0.04	0.28	0.28	0.27	0.28	0.28	-0.03	0.28	0.27	0.27	0.24	0.26	-0.02	0.24	0.24	0.23	0.23	0.23	-0.03
Other Western Europe	0.48	0.49	0.51	0.62	0.11	0.63	0.65	0.67	0.66	0.65	0.03	0.63	0.63	0.64	0.63	0.63	-0.02	0.62	0.62	0.62	0.61	0.62	-0.02
Western Europe	6.16	5.72	5.34	5.17	-0.17	5.08	4.97	4.74	5.07	4.97	-0.21	5.06	4.66	4.45	4.73	4.72	-0.24	4.63	4.43	4.28	4.46	4.45	-0.28
Australia	0.52	0.53	0.51	0.53	0.02	0.47	0.53	0.55	0.58	0.53	0.01	0.55	0.52	0.55	0.54	0.54	0.01	0.53	0.53	0.56	0.57	0.55	0.01
Other Pacific	0.05	0.05	0.05	0.08	0.03	0.11	0.11	0.10	0.09	0.10	0.02	0.09	0.09	0.10	0.10	0.10	0.00	0.11	0.11	0.11	0.11	0.11	0.02
OECD Pacific	0.57	0.58	0.56	0.60	0.04	0.58	0.63	0.64	0.67	0.63	0.03	0.64	0.61	0.65	0.64	0.64	0.01	0.64	0.64	0.67	0.68	0.66	0.02
Total OECD	21.29	20.44	20.15	20.08	-0.07	19.89	19.66	19.01	19.53	19.52	-0.56	19.89	19.28	19.30	19.67	19.53	0.02	19.55	19.34	19.13	19.45	19.36	-0.17
Brunei	0.21	0.21	0.22	0.19	-0.03	0.19	0.16	0.17	0.18	0.17	-0.01	0.17	0.15	0.16	0.18	0.17	0.00	0.17	0.17	0.17	0.17	0.17	0.00
India	0.79	0.76	0.78	0.80	0.02	0.80	0.79	0.79	0.81	0.80	0.00	0.78	0.78	0.79	0.81	0.79	-0.01	0.82	0.82	0.85	0.88	0.84	0.06
Indonesia	1.15	1.12	1.07	1.02	-0.04	1.05	1.04	1.04	1.03	1.04	0.02	1.02	1.02	1.02	1.03	1.02	-0.02	1.02	1.03	1.02	1.01	1.02	0.00
Malaysia	0.79	0.77	0.76	0.76	0.00	0.77	0.75	0.77	0.74	0.76	0.00	0.74	0.73	0.73	0.71	0.73	-0.03	0.72	0.70	0.69	0.67	0.69	-0.03
Thailand	0.25	0.29	0.32	0.33	0.02	0.34	0.36	0.36	0.36	0.36	0.03	0.37	0.37	0.36	0.36	0.37	0.01	0.36	0.37	0.37	0.37	0.37	0.00
Vietnam	0.42	0.39	0.37	0.35	-0.02	0.36	0.33	0.31	0.34	0.33	-0.01	0.35	0.37	0.37	0.41	0.38	0.04	0.38	0.35	0.33	0.31	0.34	-0.03
Asia others	0.18	0.26	0.26	0.27	0.00	0.27	0.27	0.27	0.28	0.27	0.01	0.27	0.27	0.27	0.27	0.27	0.00	0.28	0.28	0.29	0.29	0.28	0.01
Other Asia	3.81	3.79	3.78	3.71	-0.06	3.79	3.70	3.71	3.74	3.73	0.02	3.71	3.69	3.70	3.76	3.71	-0.02	3.74	3.72	3.72	3.71	3.72	0.01
Argentina	0.80	0.78	0.77	0.77	0.00	0.79	0.79	0.78	0.77	0.78	0.01	0.78	0.77	0.73	0.76	0.76	-0.02	0.74	0.73	0.72	0.71	0.73	-0.03
Brazil	1.80	1.98	2.11	2.22	0.12	2.33	2.38	2.42	2.40	2.38	0.16	2.47	2.49	2.51	2.55	2.50	0.12	2.59	2.64	2.72	2.83	2.70	0.19
Colombia	0.54	0.53	0.54	0.54	0.00	0.57	0.59	0.61	0.62	0.60	0.06	0.65	0.66	0.68	0.73	0.68	0.08	0.74	0.76	0.77	0.78	0.76	0.08
Trinidad & Tobago	0.16	0.18	0.18	0.16	-0.02	0.16	0.15	0.16	0.16	0.16	0.00	0.16	0.16	0.15	0.15	0.15	0.00	0.14	0.14	0.14	0.14	0.14	-0.01
L. America others	0.26	0.30	0.26	0.27	0.00	0.27	0.27	0.28	0.31	0.28	0.01	0.31	0.30	0.31	0.31	0.31	0.03	0.29	0.29	0.29	0.29	0.29	-0.02
Latin America	3.55	3.77	3.87	3.96	0.10	4.12	4.18	4.24	4.26	4.20	0.24	4.36	4.38	4.39	4.50	4.41	0.21	4.51	4.56	4.64	4.75	4.61	0.21
Bahrain	0.21	0.21	0.21	0.21	0.00	0.21	0.21	0.21	0.21	0.21	0.00	0.21	0.21	0.21	0.21	0.21	0.00	0.21	0.21	0.21	0.21	0.21	0.00
Oman	0.79	0.78	0.75	0.71	-0.04	0.74	0.74	0.76	0.78	0.76	0.05	0.78	0.79	0.83	0.83	0.81	0.05	0.84	0.85	0.85	0.85	0.85	0.04
Syria	0.49	0.45	0.44	0.42	-0.02	0.41	0.41	0.41	0.41	0.41	0.00	0.41	0.41	0.41	0.41	0.41	0.00	0.41	0.39	0.39	0.38	0.39	-0.02
Yemen	0.41	0.41	0.37	0.33	-0.04	0.32	0.31	0.30	0.29	0.30	-0.03	0.30	0.30	0.30	0.29	0.30	-0.01	0.27	0.28	0.27	0.27	0.27	-0.03
Middle East	1.90	1.85	1.76	1.66	-0.10	1.68	1.67	1.68	1.68	1.68	0.02	1.70	1.72	1.75	1.74	1.73	0.05	1.73	1.73	1.72	1.71	1.72	0.00
Chad	0.16	0.18	0.15	0.15	0.00	0.15	0.15	0.15	0.15	0.15	0.00	0.14	0.14	0.14	0.14	0.14	-0.01	0.13	0.12	0.11	0.10	0.11	-0.02
Congo	0.24	0.24	0.25	0.24	0.00	0.26	0.26	0.26	0.26	0.26	0.02	0.26	0.27	0.27	0.27	0.27	0.01	0.28	0.29	0.29	0.29	0.28	0.02
Egypt	0.71	0.70	0.67	0.67	0.00	0.68	0.68	0.69	0.70	0.69	0.02	0.70	0.69	0.68	0.66	0.68	-0.01	0.68	0.68	0.69	0.69	0.68	0.00
Equatorial Guinea	0.30	0.36	0.37	0.37	0.00	0.38	0.38	0.38	0.38	0.38	0.01	0.37	0.36	0.35	0.34	0.36	-0.02	0.35	0.35	0.34	0.34	0.34	-0.01
Gabon	0.25	0.25	0.25	0.25	0.00	0.24	0.24	0.25	0.25	0.24	-0.01	0.26	0.26	0.27	0.27	0.26	0.02	0.27	0.27	0.28	0.27	0.27	0.01
South Africa	0.19	0.19	0.19	0.18	-0.01	0.18	0.18	0.18	0.18	0.18	0.00	0.18	0.18	0.18	0.16	0.17	0.00	0.15	0.15	0.15	0.15	0.15	-0.02
Sudan	0.30	0.34	0.40	0.50	0.10	0.50	0.49	0.47	0.44	0.48	-0.02	0.46	0.48	0.47	0.47	0.47	-0.01	0.47	0.48	0.48	0.47	0.48	0.01
Africa other	0.21	0.25	0.32	0.35	0.03	0.38	0.38	0.38	0.38	0.38	0.03	0.38	0.37	0.36	0.35	0.36	-0.01	0.36	0.36	0.38	0.41	0.38	0.01
Africa	2.36	2.52	2.59	2.70	0.11	2.75	2.76	2.74	2.73	2.75	0.04	2.73	2.73	2.72	2.67	2.71	-0.03	2.69	2.69	2.72	2.72	2.71	-0.01
Total DCs	11.63	11.93	12.00	12.04	0.04	12.34	12.31	12.38	12.42	12.36	0.32	12.50	12.51	12.56	12.67	12.56	0.20	12.66	12.71	12.80	12.88	12.76	0.20
FSU	11.14	11.55	12.02	12.52	0.50	12.62	12.67	12.46	12.49	12.56	0.04	12.64	12.90	13.00	13.13	12.92	0.36	13.15	13.16	13.14	13.27	13.18	0.26
Russia	9.19	9.44	9.65	9.87	0.22	9.78	9.74	9.81	9.80	9.78	-0.08	9.78	9.88	9.97	10.07	9.92	0.14	10.06	10.02	9.97	9.93	9.99	0.07
Kazakhstan	1.18	1.23	1.30	1.35	0.05	1.42	1.44	1.33	1.47	1.41	0.06	1.48	1.51	1.55	1.61	1.54	0.12	1.60	1.60	1.57	1.65	1.60	0.07
Azerbaijan	0.31	0.44	0.65	0.86	0.21	0.96	1.03	0.85	0.78	0.91	0.04	0.94	1.08	1.05	1.01	1.02	0.11	1.04	1.08	1.13	1.21	1.12	0.10
FSU others	0.47	0.44	0.42	0.44	0.02	0.46	0.46	0.46	0.45	0.46	0.02	0.44	0.44	0.44	0.43	0.44	-0.02	0.45	0.45	0.47	0.48	0.46	0.03
Other Europe	0.17	0.16	0.15	0.15	0.00	0.15	0.15	0.14	0.14	0.15	-0.01	0.14	0.13	0.14	0.14	0.14	-0.01	0.14	0.14	0.14	0.14	0.14	0.00
China	3.50	3.64	3.69	3.77	0.07	3.81	3.87	3.84	3.84	3.84	0.07	3.80	3.85	3.88	3.87	3.85	0.01	3.88	3.86	3.92	3.91	3.89	0.04
Non-OPEC production	47.74	47.71	48.02	48.56	0.54	48.80	48.66	47.83	48.42	48.43	-0.14	48.97	48.67	48.89	49.47	49.00	0.58	49.38	49.20	49.12	49.65	49.34	0.33
Processing gains	1.83	1.91	1.96	1.99	0.03	1.98	1.98	1.98	1.98	1.98	-0.01	2.01	2.01	2.01	2.01	2.01	0.03	2.09	2.09	2.09	2.09	2.09	0.08
Non-OPEC supply	49.56	49.62	49.98	50.55	0.57	50.78	50.64	49.81	50.40	50.41	-0.14	50.98	50.68	50.90	51.49	51.02	0.61	51.47	51.29	51.21	51.74	51.43	0.41
OPEC NGL	3.54	3.74	3.76	3.86	0.11	3.97	4.05	4.07	4.04	4.04	0.18	4.06	4.20	4.38	4.36	4.25	0.22	4.49	4.68	4.82	5.06	4.77	0.51
OPEC Non-conventional	0.17	0.16	0.14	0.08	-0.05	0.11	0.11	0.11	0.11	0.11	0.02	0.11	0.11	0.11	0.11	0.11	0.00	0.11	0.11	0.11	0.11	0.11	0.00
OPEC (NGL+NCF)	3.71	3.89	3.89	3.95	0.05	4.08	4.16	4.18	4.15	4.14	0.20	4.17	4.31	4.48	4.47	4.36	0.22	4.60	4.78	4.93	5.17	4.87	0.51
Non-OPEC & OPEC (NGL+NCF)	53.27	53.51	53.87	54.49	0.62	54.86	54.80	53.99	54.55	54.55	0.05	55.15	54.99	55.38	55.96	55.37	0.83	56.07	56.08	56.14	56.90	56.30	0.92

Notes: Totals may not add up due to independent rounding. Indonesia has been included in Non-OPEC supply for comparison purpose.

Table 35: World Rig Count

				Change						Change						Change								
	2005	2006	06/05	1Q07	2Q07	3Q07	4Q07	2007	07/06	1Q08	2Q08	3Q08	4Q08	2008	08/07	1Q09	2Q09	3Q09	4Q09	2009	09/08	Jan10	Feb10	Feb/Jan
USA	1,381	1,647	267	1,733	1,756	1,788	1,790	1,767	119	1,770	1,864	1,978	1,898	1,877	111	1,326	936	956	1,108	1,081	-796	1,267	1,350	83
Canada	458	470	12	532	139	348	356	344	-126	507	169	432	408	379	35	328	91	177	277	218	-161	459	564	105
Mexico	107	83	-24	90	88	96	93	92	9	96	106	103	106	103	11	128	128	135	123	128	26	125	120	-5
North America	1,945	2,200	255	2,355	1,983	2,231	2,240	2,202	2	2,373	2,139	2,513	2,411	2,359	157	1,782	1,154	1,267	1,508	1,428	-931	1,851	2,034	183
Norway	17	17	0	16	19	18	17	18	1	17	21	21	21	20	2	25	18	18	20	20	0	20	19	-1
UK	21	27	5	25	29	27	22	26	-1	19	21	24	24	22	-4	22	19	16	15	18	-4	15	15	0
Western Europe	70	77	7	75	80	79	77	78	0	91	97	101	103	98	20	90	82	76	85	83	-15	84	83	-1
OECD Pacific	25	26	2	24	30	32	30	29	2	32	39	39	34	36	7	27	25	26	23	25	-11	26	22	-4
Total OECD	2,078	2,347	269	2,494	2,141	2,387	2,385	2,352	4	2,532	2,317	2,698	2,593	2,535	183	1,945	1,299	1,368	1,616	1,557	-978	1,961	2,139	178
Other Asia	200	202	2	206	213	212	216	212	10	213	220	218	212	216	4	212	212	213	233	217	1	227	237	10
Latin America	129	149	19	175	177	171	179	175	27	187	184	195	197	191	16	164	147	149	169	157	-34	174	183	9
Middle East	131	132	1	144	146	154	154	149	18	158	165	175	171	167	18	162	151	139	147	150	-18	151	153	2
Africa	8	10	2	16	12	14	14	14	4	10	13	14	11	12	-2	8	11	9	12	10	-2	22	19	-3
Total DCs	468	493	25	540	549	550	563	551	58	569	583	602	591	586	36	546	520	510	561	534	-52	574	592	18
Non-OPEC Rig Count	2,546	2,840	294	3,035	2,690	2,937	2,948	2,903	62	3,101	2,900	3,300	3,183	3,121	219	2,491	1,819	1,878	2,177	2,091	-1,030	2,535	2,731	196
Algeria	21	24	4	25	26	28	28	27	2	26	27	24	26	26	-1	24	30	27	27	27	1	18	22	4
Angola	3	4	1	5	4	3	5	4	1	5	6	5	5	5	1	5	3	3	4	4	-1	11	11	0
Ecuador	12	11	0	12	10	11	10	11	-1	7	9	12	13	10	-1	10	10	10	10	10	0	10	11	1
Iran	40	44	4	51	51	51	50	50	6	50	50	50	51	50	0	51	52	52	52	52	2	52	52	0
Iraq	0	0	0	0	0	0	0	0	0	29	29	29	29	29	29	29	29	29	29	29	0	29	29	0
Kuwait	12	14	1	14	13	13	11	12	-1	12	11	12	12	12	0	12	11	14	13	13	0	21	16	-5
Libya	9	10	1	13	12	14	14	13	3	14	15	15	15	15	2	15	13	14	15	14	-1	16	20	4
Nigeria	9	10	1	8	7	8	10	8	-1	9	8	6	6	7	-1	7	6	6	7	6	-1	9	12	3
Qatar	12	11	-1	11	12	13	14	13	2	11	12	11	11	11	-1	9	9	9	9	9	-2	8	9	1
Saudi Arabia	37	65	28	76	76	78	77	77	11	78	77	76	76	77	0	72	67	67	66	68	-9	68	67	-1
UAE	16	16	0	14	15	15	14	15	-2	12	12	13	12	12	-2	13	12	13	12	12	0	12	13	1
Venezuela	68	81	13	76	80	77	71	76	-5	82	81	77	81	80	4	69	64	54	54	60	-20	65	68	3
OPEC Rig Count	238	290	51	303	305	311	302	305	16	336	337	330	336	335	29	315	307	295	298	304	-31	319	330	11
Worldwide Rig Count*	2,785	3,130	345	3,338	2,995	3,249	3,250	3,208	78	3,438	3,237	3,630	3,519	3,456	248	2,806	2,126	2,173	2,476	2,395	-1,061	2,854	3,061	207
of which:																	0	0	0	0	0	0	0	0
Oil	980	1,124	144	1,264	1,167	1,254	1,285	1,242	119	1,408	1,351	1,479	1,490	1432	190	1,276	1062	1175	1349	1215	-217	1,540	1,638	98
Gas	1,746	1,947	201	2,013	1,764	1,931	1,904	1,903	-44	1,969	1,814	2,070	1,948	1950	47	1,450	993	965	1092	1125	-825	1,272	1,381	109
Others	21	17	-4	20	17	20	25	20	4	26	32	36	37	33	12	35	35	34	37	35	3	41	44	3

**/Excludes China and FSU.*

na - Not available.

Source: Baker Hughes International & Secretariat's Estimates.

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

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Data Summary March 2010

OPEC Basket average price

US$ per barrel

⬇ *down $3.02 in February*	***February 2010***	***72.99***
	January 2010	*76.01*
	Year-to-date	*74.50*

February OPEC production

in million barrels per day, according to secondary sources

⬆ *up 0.19 in February*	***February 2010***	***29.36***
	January 2010	*29.16*

World economy

The forecast for world economic growth remains unchanged at 3.4% for 2010 following a contraction of 0.9% in 2009. The forecasts for the US was revised down slightly to 2.4%, while China and Japan were adjusted higher to 9.3% and 1.3%.

Supply and demand

in million barrels per day

2009		***2010***	
World demand	*84.4*	*World demand*	*85.2*
Non-OPEC supply	*51.0*	*Non-OPEC supply*	*51.4*
OPEC NGLs	*4.4*	*OPEC NGLs*	*4.9*
Difference	***29.0***	***Difference***	***28.9***

Totals may not add due to independent rounding.

Stocks

US commercial oil inventories remained broadly unchanged in February. A build in crude was offset by a draw in products leaving US commercial inventories at 73 mb above the seasonal norm. In Japan, commercial oil inventories rose by 2.7 mb in January, but remained 15 mb below the five year average. Preliminary indications for February show a draw divided between crude and products.

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Data covers period up to the end of February 2010 unless otherwise stated.