OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

November 2009

Feature Article:
Challenging path for demand recovery

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Oil Market Highlights

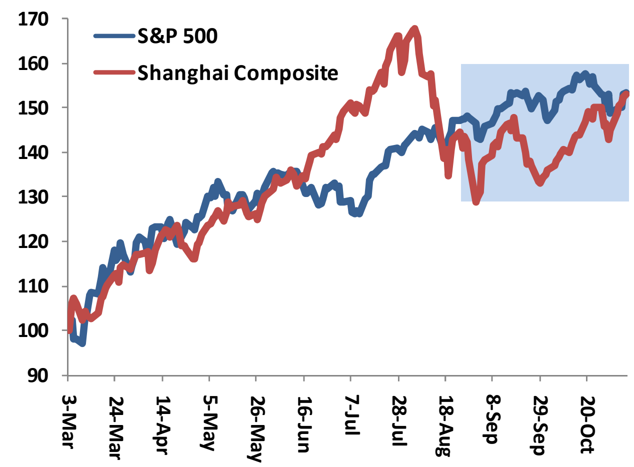
- The **OPEC Reference Basket** surged \$5.50/b or 8% in October to reach \$72.67/b. The bullish sentiment in the market was strengthened by upward adjustments to world oil demand following revision to GDP numbers by the IMF. US dollar depreciation and rising equity prices also contributed to the upward price trend along with counter-seasonal draws in US gasoline inventories. The Basket stood at \$76.50/b on 10 November. Recent market volatility suggests that crude prices are likely to remain in the high \$70s in the near future with price direction continuing to be impacted by economic data and US dollar fluctuations.
- The **world economy** continues its recovery and is now forecast to grow by 2.9% in 2010 after a contraction of 1.1% in 2009. Most of the growth is expected to come from the emerging Asian economies. China is forecast to grow by 8.0% and 8.5% in 2009 and 2010 respectively, unchanged from last month. Fuelled by the unprecedented fiscal and monetary stimulus, OECD output is expected to show positive growth in the 3Q09. Still, it remains to be seen when private consumption expenditures will pick up sufficiently as government support fades. All major OECD regions are projected to return to growth in 2010 with the US forecast to grow at 1.4%, the Euro-zone at 0.5% and Japan at 1.1%.
- Most of the signs are aiming toward higher **world oil demand** growth in 2010; however, downward risk factors highlight the need for caution. World oil demand is forecast to grow by 0.8 mb/d in 2010 following a 1.4 mb/d contraction in 2009, although the potential weak economic recovery may dampen potential demand growth in the coming year. US oil demand remains the major factor driving 2009 demand growth. Despite the improved performance in late summer, recent data indicates a contraction in demand in October.
- **Non-OPEC supply** is forecast to increase by 360 tb/d in 2010 to reach 51.2 mb/d. Brazil, Azerbaijan, Kazakhstan, Canada, and the US are seen to be the main contributors to next year's growth, while Mexico, UK, and Norway are foreseen to experience the largest declines. OPEC NGLs and non-conventional oils are projected to reach 5.3 mb/d in 2010, indicating a significant growth of 540 tb/d over the current year. In 2009, non-OPEC supply is estimated to increase by 410 tb/d, representing a minor upward revision from the previous assessment. In October, **OPEC crude production** averaged 28.99 mb/d, around 40 tb/d higher than the previous month.
- **Product market** sentiment improved slightly in October due to product stock draws in the US, increasing freight movements and relatively higher demand from industrial sectors. However, rising crude costs have overwhelmed positive developments in product prices and exerted pressure on refining margins, especially in the Atlantic Basin. While a cold winter may provide support for product markets and encourage refiners to increase runs in the coming months, excessive levels of distillate stocks could further constrain refinery operations, impacting crude stock movements.
- **OPEC spot fixtures** increased in September by 3% compared to the previous month. Sailings from OPEC were relatively steady. Freight rates in the crude oil tanker market increased by 11% in October with the VLCC sector increasing by 17% and Suezmax by 7%. Volumes of crude oil stored on tankers were steady at about 40 mb in October, but petroleum products stored on tankers increased by about 25 mb to 90 mb. Product spot freight rates gained an average of 2% with a much firmer East of Suez market.
- **US commercial oil stocks** dropped by 19.4 mb in October to stand at 1,089 mb, the largest draw since December 2007. Gasoline and distillate inventories accounted for almost half of the draw. Despite this draw, the overhang with the five-year average remains considerable at around 70 mb. Crude oil inventories dropped 1.7 mb, narrowing the overhang to 22 mb. Although distillates fell 4.3 mb, the overhang remains large. In September, Japan total commercial oil stocks moved against the seasonal trend, falling 11 mb with preliminary data indicating a further decline of 9 mb in October.
- **Demand for OPEC crude** in 2009 was revised up 70 tb/d to now stand at 28.7 mb/d, representing a decline of 2.3 mb/d from last year. In 2010, demand for OPEC crude is expected to average 28.5 mb/d, following an upward adjustment of 110 tb/d. This indicates a drop of 0.2 mb/d compared to the previous year.

Challenging path for demand recovery

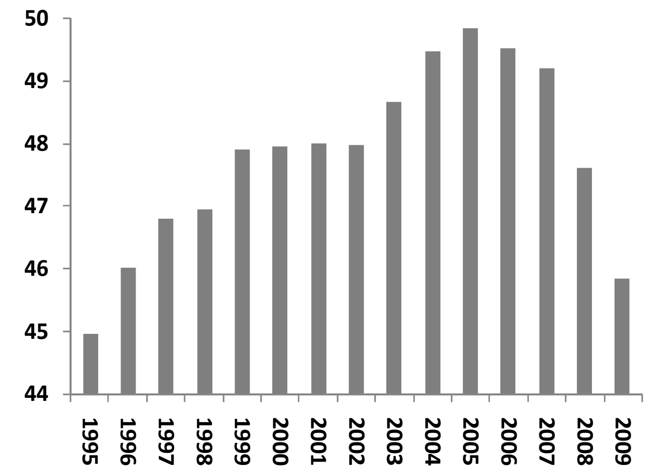
The global economic recovery appears to be under way as all OECD countries are coming out of recession while growth is accelerating in emerging markets, especially in Asia. As markets recover across the globe and optimism spreads, a wide range of views have formed about the strength and sustainability of the global recovery. Some policy makers and many economists remain decidedly cautious, emphasizing that the path back to normality may be long and thorny with possible permanent losses in GDP. Moreover, given the still fragile state of the global financial system, economic growth may remain subdued for some time to come.

In contrast, equity and commodity markets have rallied since March, supported by optimistic growth forecasts mainly from banks, as markets factor in strong economic growth ahead. Equities have staged a strong and rapid recovery. Although still below past peaks, there appears to be limited space in the near-term for a further rally (*see **Graph 1***). Indeed, a possible correction cannot be ruled out if the economic recovery takes longer to materialize.

Graph 1: Equity market rally since Mar. 2009 (Mar. 3=100)



Graph 2: Total OECD oil demand (mb/d)



As the global economy turns the corner, global oil demand is bottoming out and growth is set to resume. As the year has progressed, the decline in world oil demand has become smaller. Despite the overall gradual recovery, the demand picture remains mixed regionally. Non-OECD countries are estimated to have returned to positive growth as of 2Q09 with growth in China and India fuelled by government spending. On the other hand, OECD remains in negative territory this year with only North America forecast to return to positive growth in the 4Q09, while other regions continue to fall. No clear trend can be seen in the US as robust positive growth in September of around 1 mb/d was followed by a fall in oil demand of 0.8 mb/d in October. Importantly, distillates – a product strongly linked to economic growth – have declined the most.

A cautious view on economic growth in 2010 would imply a moderate recovery in oil demand. Our forecast for global GDP sees a growth of 2.9% in 2010 with oil demand increasing 0.8 mb/d. This is well below the pre-recession demand trend. Next year, all the demand growth is seen to come from non-OECD countries which are projected to grow by 0.9 mb/d, while OECD demand is seen contracting by 0.1 mb/d. It is important to note that the absolute level for OECD oil demand in 2010 is forecast to reach 45.7 mb/d implying a massive drop of 3.5 mb/d from the level witnessed in 2007 and a return to the levels last seen in 1996 (*see **Graph 2***).

Downside risks to the GDP growth forecast exist, especially crucial in the period extending from the current quarter to the second quarter of next year. Unemployment is still to peak in OECD countries, growth in consumer expenditures and private investment will remain modest and talk of exit strategies could trigger market reactions with implications on consumer and business sentiment, interest rates and ultimately on the pace of the economic recovery.

Moreover, even if the expected economic recovery materializes, it remains to be seen whether demand would be able to return to pre-crisis levels. Energy policies and behavioural changes are bound to have some impact on consumption and this will gradually feed into overall demand patterns, especially in key sectors such as transportation. However, it is still premature to assess the full effect of these changes.

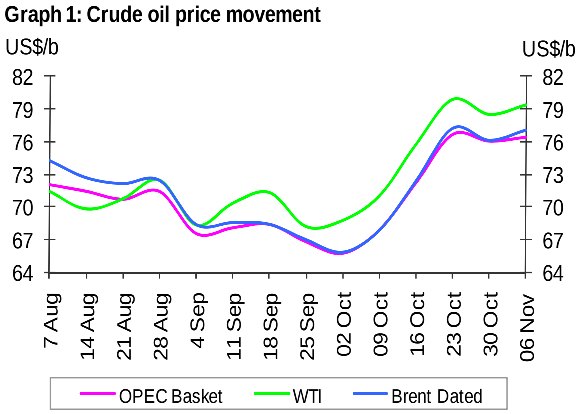
In the meantime, oil demand growth over the coming quarters is subject to ongoing risks to the economic outlook. This is particularly significant as we head towards the traditionally lower demand season in the second quarter of 2010. Lower-than-expected oil demand would add further pressure on weak fundamentals, given that the stock overhang is already high by historical standards.

Crude Oil Price Movements

Market sentiment improved in October, lifting crude prices across the board

OPEC Reference Basket

The bullish market sentiment has intensified following upward revision of the world economic outlook by the IMF and rising demand projection for 2010 by various institutions lifting petroleum complex prices across the globe. Depreciation of the US dollar against other currencies, particularly versus the euro, has also contributed to the positive price developments.



The **OPEC Reference Basket** price rose to $67.88/b in the week ended 9 October from $65.75/b in the week ended 2 October. Over the same period, **WTI** and **Dated Brent** crude prices also increased to $71.03/b and $67.79/b respectively from $68.79/b and $65.78/b *(see **Graph 1**)*. The Dubai crude price also continued the same trend and soared to $68.31/b from $66.09/b.

The positive momentum of the market continued in the following week due to equity gains and rising hope for an ongoing economic recovery as well as a continuation of US dollar weakness. Additionally, the rising business confidence in China in the third quarter from 110 in the second quarter has also lent some support to the market.

The weekly average price of the OPEC Reference Basket jumped by $4.33 and reached $72.21/b on 16 October from $67.88/b on the 12th of the same month. WTI and Brent crude prices also hiked to $75.75/b and $72.33/b respectively on 16 October from about $71.03/b and $67.79/b the previous week. Similarly, the Dubai crude price rose to $72.59/b from $68.31/b on 12 October.

The upward trend of prices has been reinforced amid an unseasonable gasoline stock draw, higher-than-expected bank earnings reports and increasing technical buying in the market.

These circumstances have led to a sharp upward movement of the weekly average price of the OPEC Reference Basket again to record $76.64/b on 23 October from $72.21/b on 16 October. WTI and Dated Brent crude prices also jumped to $79.87/b and $77.18/b respectively from $75.75/b and $72.33/b during the same period. The Dubai benchmark crude price rose to $76.87/b from $72.59/b on 16 October.

In the latter part of October, due to crude and gasoline stock builds in the US, the stronger US dollar and a relative easing in equities, the previous bullish sentiment of the market was undermined, exerting pressure on prices. But higher-than-expected US GDP growth in 3Q capped any sharp downward correction on market momentum and prices. In the last week of October, the OPEC Reference Basket price fell to $76.03/b from $76.64/b the previous week. The other benchmark crudes also slipped by around $1 during the same period.

Coming market direction will depend on developments regarding interest rates, real economic performance and growth indices as well as movements of financial market players on both equity and exchange-rate markets. Furthermore, a cold snap in the Western Hemisphere and improving distillate demand may also provide some support for crude prices.

In the spot market, US crude differentials for both light sweet and medium sour grades improved moderately compared to last month. This was attributed to fewer arbitrage cargoes from the other side of the Atlantic Basin. Light Louisiana Sweet crude differentials, which had fallen to below $1/b in September, rose by more than 40¢ to reach $1.20/b above WTI. Mars sour crude differentials, which were trading at minus $4/b versus WTI in September, also narrowed to $3.20/b in October.

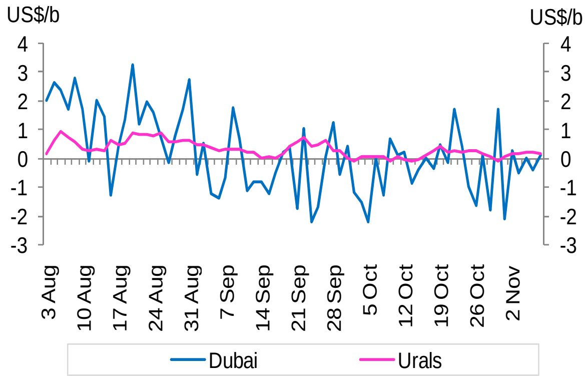
Furthermore, amid crude stock building in the US, the WTI spread versus Brent, which widened to over $4/b in late September, narrowed to about $2/b in October *(see **Graph 1**)*. These developments have limited arbitrage from Europe to the US.

Market sentiment for West African crude, especially from Nigeria, improved in October due to more buying interest from American refiners. Nigerian Benchmark crude Qua Iboe differentials against Dated BFOE soared from around $1.20/b in September to over $1.50/b in late October.

Middle East crude lost ground compared to September amid lower refining margins in Asia and less demand for sour spot cargoes. In line with these circumstances, Oman crude differentials against Dubai crude fell from a premium to a 20¢-discount in the latter part of October. Qatar Marine crude was also dealt at a 20¢-discount from a premium the previous month. The recent announcement by Saudi Arabia of official selling prices in December provided support for lighter grades, but heavier grades were under more pressure due to widening of the high sulfur fuel oil discount against crude oil.

The sour/sweet crude spread

Graph 2: Brent Dated vs. Sour grades (Urals and Dubai) spread



Due to refinery run cuts in Europe and continuing OPEC production adjustments, the light sweet crude spread against sour benchmark crude is still much lower than the typical level. Limited arbitrage opportunity to the US and Asia also exerted pressure on the Brent spread versus Urals and Dubai crude. Increasing Russian exports to Europe in October due to sharply lower domestic throughputs has relatively capped the narrowing level of the Urals crude spread versus Brent crude. This spread remained around 10¢ in October *(see **Graph 2**)*. Throughput growth after October and the launch of the ESPO pipeline could undermine Urals exports to Europe in the next months, but due to weakness of the fuel oil market it may not be sufficient to significantly provide support for the discounted level against Brent crude.

The Brent crude spread also widened in favour of Dubai crude. This is partly attributed to lower refinery utilization rates in Europe and is partly related to an improved performance of the fuel oil market in Asia. As **Graph 2** shows, Brent crude prices remained below Dubai crude prices most of the time in October and the spread versus Dubai crude sometimes widened to minus $2/b, whereas from a quality point of view, its value is more than Dubai crude. A persistent spread between a physical barrel of Dubai and Brent crude would encourage traders to export further western barrels to Asia.

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

	Sep 09	Oct 09	Change Oct/Sep	Year-to-Date 2008	Year-to-Date 2009
OPEC Reference Basket	**67.17**	**72.67**	**5.50**	**103.98**	**58.25**
Arab Light	67.64	73.36	5.72	104.76	58.57
Basrah Light	67.30	72.63	5.33	101.35	57.74
Bonny Light	68.74	74.41	5.67	110.27	60.54
Es Sider	67.44	72.71	5.27	106.30	58.66
Girassol	67.69	72.97	5.28	105.04	59.04
Iran Heavy	66.43	72.54	6.11	100.83	57.65
Kuwait Export	66.45	72.50	6.05	100.51	57.92
Marine	68.44	73.61	5.17	104.13	59.54
Merey	62.88	66.90	4.02	-	53.21
Murban	69.79	75.06	5.27	108.68	60.96
Oriente	63.67	68.57	4.90	95.05	53.11
Saharan Blend	67.84	73.36	5.52	108.70	59.61
Other Crudes					
Minas	70.25	76.43	6.18	110.42	61.97
Dubai	67.74	73.15	5.41	103.07	58.90
Isthmus	67.16	72.91	5.75	105.01	58.13
T.J. Light	66.22	71.74	5.52	101.89	56.97
Brent	67.39	72.76	5.37	107.03	58.93
W Texas Intermediate	69.34	75.73	6.39	109.62	59.04
Urals	67.09	72.67	5.58	104.15	58.45
Differentials					
WTI/Brent	1.95	2.97	1.02	2.59	0.11
Brent/Dubai	-0.35	-0.39	-0.04	3.95	0.03

Note: As per the request of Venezuela and as approved by the 111th ECB, the Venezuelan crude BCF-17 has been replaced by Merey as of 2009. ORB has been revised as of this date.

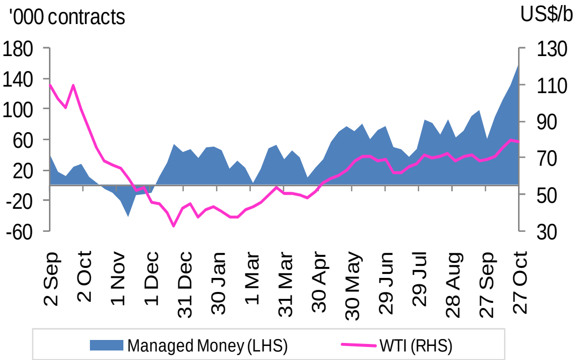
Source: Platt's, Direct Communication and Secretariat's assessments.

The oil futures market

Futures market sentiment strengthened in October

Growing optimism about economic recovery and future demand have combined with the depreciation of the US dollar, resulting in a sharp inflow of managed money to the oil market, lifting crude prices. Following these developments, net-long positions of managed money on Nymex surged to 88,715 contracts on 6 October from 60,002 contracts on 29 September *(see **Graph 3**)*.

Graph 3: Managed money net positions: Nymex WTI futures and options



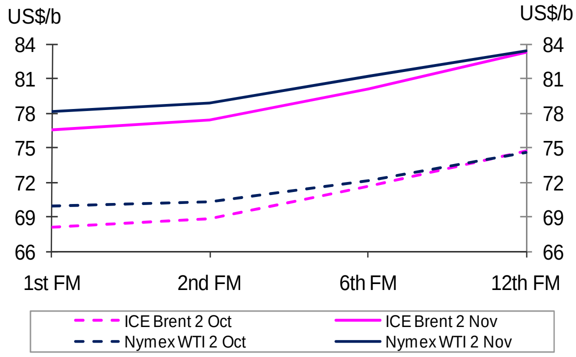
It is worth noting that the CFTC recently began producing a disaggregated report which replaces the old, discredited "commercial" and "non-commercial" categories with a new four-way classification: (a) producers, merchants, processors and users; (b) swap dealers, including index operators; (c) money managers, including trading advisers, pool operators and hedge funds; and (d) other reportable traders not included elsewhere. The most important changes are to remove swap dealers from the old commercial category, and break out managed funds of various types from old non-commercials. Among these items, the money manager positions appear to be a key category, as this movement has a higher statistical correlation with the oil price.

Money managers extended their long positions in the market in the following weeks due to an increase in corporate earnings and gasoline stock draws in the US. The net-long positions of these players rose by 68,000 to reach 157,563 contracts in the week ended

29 October from 88,715 early in the month.

Positive developments in the futures market have also affected both absolute price levels of WTI and Brent crude, as well as inter-month and inter-crude spreads on the forward market. The absolute price level of WTI for the first month on Nymex rose to **$78.13/b** on 2 November from **$69.95/b** on the same day in October. The inter-month spread between WTI first month versus WTI 12th month also widened to **$5.22/b** in early November from **$4.70/b** in early October *(see **Graph 4**).*

Graph 4: Nymex WTI and ICE Brent forward curve, 2009



FM = future month

The European futures market also followed the same trend and the absolute price level of Brent crude for the first month on ICE surged to **$76.55/b** on 2 November from **$68.07/b** on the same day in October. Due to increasing optimism about future demand, the inter-month spread between Brent first month versus the Brent 12th month also widened to **$6.68/b** in early November from about **$6.61/b** early last month. As **Graph 3** shows, the contango level, especially for Brent crude in nearby months, was wider over the last weeks and it may increase market players' incentive for further crude stock builds.

Looking ahead, the futures market momentum would depend on the real economic performance in the next months and policy makers' commitment with regard to the interest rate level which will affect both currencies and the oil market.

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

	1st FM	2nd FM	3rd FM	6th FM	12th FM
Nymex WTI					
2 Oct 2009	69.95	70.33	70.78	72.17	74.65
2 Nov 2009	78.13	78.82	79.51	81.17	83.35
ICE Brent					
2 Oct 2009	68.07	68.86	69.57	71.62	74.68
2 Nov 2009	76.55	77.36	78.12	80.14	83.23

FM = future month

Commodity Markets

Trends in selected commodity markets

A rebound in commodity prices was seen in October

The **IMF commodity price index** rose 5.6% m-o-m in October reversing the drop in the previous month driven by an increase of 8% and 1.7% in energy and non-energy commodity prices respectively. This came as a result of the inflow of some positive macroeconomic data, supply restrictions in the industrial metal complex and bullish news in some agricultural products, as well as China's better-than-expected industrial metal imports and the decline of the dollar against the euro.

The announcement of strong recovery in the Emerging Markets and better-than-expected GDP growth in the US led to optimism in the stock markets and an improvement in economic sentiment that led investor's interest in commodities to be reactivated in October. Nevertheless, it should be kept in mind that global demand for industrial metals remains weak with China continuing to be the key source of price support in these markets. The sustained recovery in industrial metal markets, natural gas and crude oil relies heavily on a real recovery in the OECD economies. In this sense, there are still doubts due to the heavily dependent nature of economic growth on public spending.

Table 3: Monthly changes in selected commodity prices, 2008-2009

	% Change			% Change
	Aug/July	Sep/Aug	Oct/Sep	Oct 09/Oct 08
Commodity	7.2	-3.4	5.6	-4.7
Non-Energy	4.3	-1.8	1.7	2.5
Energy	8.9	-4.3	8.0	-8.3
Crude Oil	10.8	-4.5	8.3	1.9
US Natural Gas	-7.4	-4.9	33.9	-40.6
Food	-1.3	-3.1	0.9	2.0
Corn	0.2	-0.9	11.1	-8.6
Wheat	-6.5	-9.2	4.1	-16.2
Soybean Oil	7.9	-7.4	6.4	-1.4
Soybeans	3.0	-13.9	-4.0	13.0
Sugar	0.8	-0.7	-2.6	-6.0
Industrial Metals	12.4	-1.8	2.6	5.2
Aluminium	15.1	-4.8	2.2	-11.6
Copper	17.9	0.3	1.8	28.8
Nickel	20.9	-10.2	6.2	52.2
Zinc	14.9	3.4	10.2	58.9
Gold*	1.6	5.0	5.1	na

na Not available
Sources: IMF; Estimations based on data provided by the IMF.
** World Bank Index*

An 8% rise in the IMF energy price index was reported in October

The **IMF energy price commodity index** (crude oil, natural gas and coal) jumped 8% m-o-m in October compared to negative growth the previous month. This was ascribed to 8% growth in **crude oil** and 33.9% in t **Henry Hub (HH) natural gas** in October.

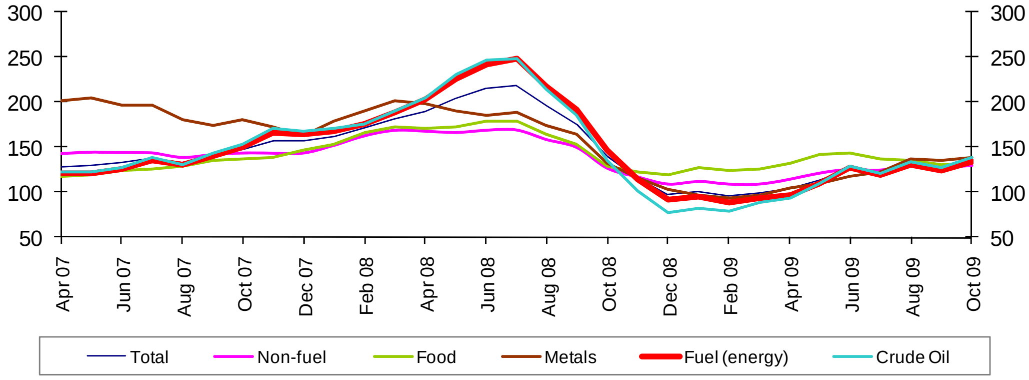
The strong growth in the HH gas price was due mainly to the strength in WTI due to the recovery in the US economy and the rally in equities. Notwithstanding, record inventories and still high unemployment in the US continued weighing on natural gas. According to an outlook published by the Natural Gas Supply Asociation (NGSA), Energy Ventures Analysis and ICF International, the most important factor affecting winter natural gas demand in the US this year will be more influenced by the timing of the economic recovery.

A recovery took place in the non-fuel commodity price index in October

Non-energy commodity prices went up 1.7% m-o-m in October based on a recovery in industrial metals and, to a lesser extent, in food.

The **industrial metal price index rose** 2.6% m-o-m in October, reversing the negative trend in September. The rebound across the metal complex was driven by concerns focused on slower Chinese imports of industrial metals in 2H09 due to the high growth in the first half. Total industrial metal inventories at the **London Metal Exchange** (LME) continued to increase in September. Despite the fact that prospects for the recovery in the US and the OECD economies have improved, strong negative factors remain such as increasing unemployment in the US in September. As far as industrial metals markets are concerned, the markets appear to have priced-in a recovery in developed economies whereas data for September was disappointing for both employment and investment.

Graph 5: Major commodity price indexes, 2007-2009



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	-	It is the simple average of three spot prices: Dated Brent, West Texas Intermediate and Dubai Fateh.

Aluminium prices grew 2.2% m-o-m in October despite a surplus, reflecting positive signs of economic recovery and a lack of immediate supply availability. Inventories at the LME declined by 0.35 million tonnes m-o-m in October to stand at 4,6 million tones, after having increased during the whole year. Likewise, falling global aluminium output y-o-y from January to August, together with still-high Chinese imports of scrap and unwrought aluminium also helped to support prices. Despite pessimism on China's metal imports in the 2H09, these were better than expected in September and also augmented production. Notwithstanding this encouraging news, the major obstacle to a recovery in the aluminium market is the still weak global demand outside China, which leaves the market heavily dependent on a definitive recovery of the OECD economies.

Copper prices increased 1.8% m-o-m in October, up from 0.3% in the previous month. Copper prices were encouraged by dollar weakness as well as some bullish macroeconomic and stock data. Supply concerns linked to labour strikes in Chile and Peru, amid technical problems in Australia, also contributed to sustained copper prices.
However, fundamentals for the copper market were weak with a bigger surplus of about 539,000 tonnes being expected in 2010 from a 2009-market surplus of 368,000 tonnes, according to the Copper Institute Group. Indeed, demand for copper continued to be supported by China, whose copper imports rebounded by 23% m-o-m in September breaking the pessimism about a likely slowdown in the 2H09. Nevertheless, there are mixed signals in the Chinese economy with copper output increasing, too. In addition, the global demand for the metal remains weak. Copper stocks at the LME kept piling up by 7.5% to 372,175 tonnes in October m-o-m.

Nickel prices increased 6.2% m-o-m in October supported by strong fundamentals and despite increasing stocks at the LME. According to the Nickel Study Group (NSG), the global nickel market reported the first deficit in August since February 2008, with a 5% increase m-o-m in demand amid a 1.2% m-o-m decline in supply. Demand continues to be driven by Chinese imports but some timid recovery in the OECD economies is apparently underway. Chinese imports of ore nickel more than doubled in September. Nevertheless, a 7.1% m-o-m decline in LME nickel inventories to 129,528 tonnes somewhat counterbalanced the recovery in the nickel market.

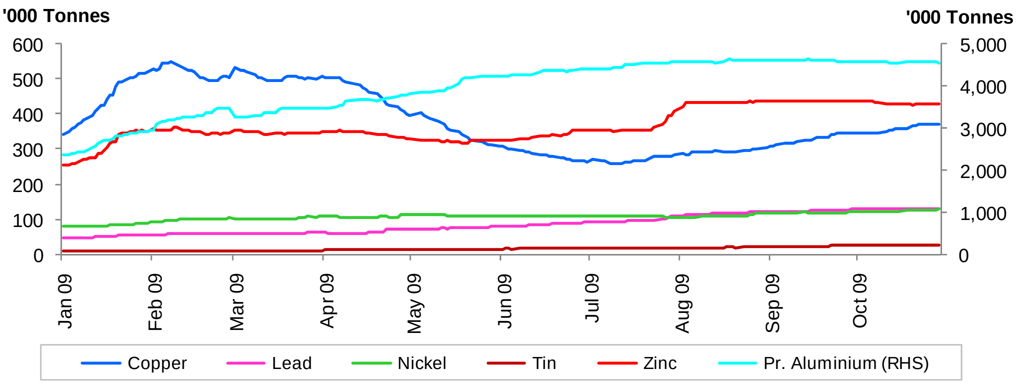
Zinc prices performed the best in October jumping by **10.2%** m-o-m. Metal prices escalated despite the wide surplus expected in the 2009 forecast by the International Lead and Zinc Study Group (ILZSG). Zinc market fundamentals have denoted some improvement which is mainly due to the expected 5% drop in refined zinc output from this year caused by several refinery closures in Europe, as well as production cuts in Russia, Brazil and the US. The world's second largest mine located in Australia experienced technical problems which resulted in the absence of shipments since 5 October. However, Chinese zinc output has increased.

Regarding demand, the picture still is not very encouraging. Global consumption is expected to fall 5% this year – only China and India may report gains by the end of the year. Zinc prices were also boosted in October by the decline of 2.9% m-o-m in stocks at the LME which now stand at 428,525 tonnes.

The IMF food price index rose 0.9% m-o-m in October after a 3.1% fall in September, as the grain markets, mainly wheat and corn, recovered some strength from planting delays due to weather conditions. Most of the markets benefited from these developments, however, a fall in the price of sugar, rice and soybean meal partially offset the price rebound in grains and oils.

Gold prices kept rising by 5% m-o-m in October – the same rate as in September – supported by the same factors: investment-led strength on a weak dollar and inflation concerns.

Graph 6: Inventories at the LME

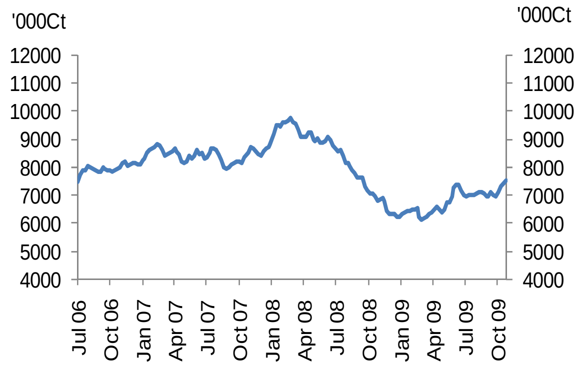


Investment flow into commodities

A further increase in open interest volume in major US commodity markets seen in October

The **open interest volume** (OIV) in commodities in the US continued increasing by 5.2% in October m-o-m to reach 6,750,000 contracts. The rise in OIV took place across all markets but was concentrated in precious metals and copper.

Graph 7: Total open interest volume



Source: CFTC

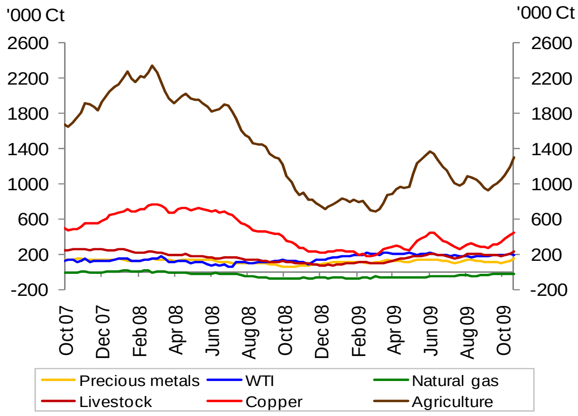
Table 4: CFTC data on non-commercial positions, '000 contracts

	Open interest	Swap positions Net length		Money positions Net length		Other positions Net length		Non-commercials Net length	
	Oct 09	Oct	% OIV	Oct	% OIV	Oct	% OIV	Oct	% OIV
Crude Oil	1,237	118	10	122	10	-46	14	194	16
Natural Gas	723	127	18	-109	-15	-40	13	-22	-3
Agriculture	3,414	724	21	480	14	19	5	1,223	36
Precious Metals	633	-97	-15	256	40	37	-1	197	31
Copper	128	42	32	4	3	-3	10	43	33
Livestock	450	144	32	11	3	-21	13	134	30
Total	**6,584**	**1,057**	**16**	**765**	**12**	**-54**	**8**	**1,768**	**27**

	Open interest	Swap positions Net length		Money positions Net length		Other positions Net length		Non-commercials Net length	
	Sep 09	Sep	% OIV	Sep	% OIV	Sep	% OIV	Sep	% OIV
Crude Oil	1,169	137	12	76	7	-34	13	179	15
Natural Gas	714	129	18	-119	-17	-45	15	-36	-5
Agriculture	3,264	657	20	289	9	35	4	982	30
Precious Metals	566	-90	-16	224	40	42	-3	176	31
Copper	117	38	33	0	0	-4	11	35	30
Livestock	430	140	33	-1	0	-17	12	122	28
Total	**6,260**	**1,011**	**16**	**469**	**7**	**-22**	**7**	**1,458**	**23**

According to the new disaggregated CFTC data, there was a burst of fund-buying in October . Non-commercial net length increased by 21.3%. A 7.5% rise in longs combined with a 4.5% decline in shorts led net length to stand at 26.8% of the OIV, up from 23.3% in September.

Graph 8: CFTC net length by commodity group

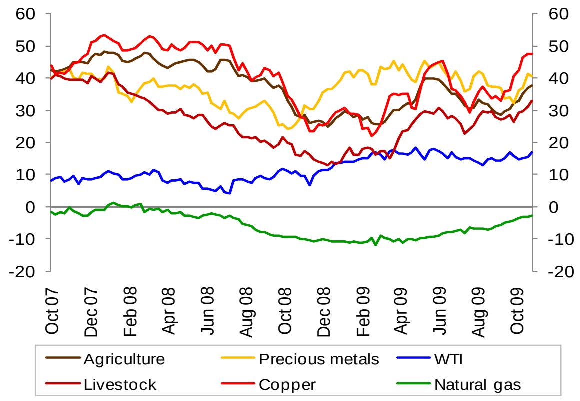


Source: CFTC

Agricultural OIV grew 4.6% in October to 3,413,516 contracts, with the soybean complex and corn reporting the major gains. For agriculture as a whole, non-commercial longs rose 9.1% in October m-o-m while shorts declined 11.3%. Thus, the net length as percentage of OIV went up to 36% in October from 30% last September. It must be noted that money positions rose by 58.6% m-o-m in October while swaps increased 10.1%. Except for wheat, all major agricultural markets witnessed a rebound in non-commercial investment.

Precious metals OIV increased 11.8% m-o-m to 632,942 contracts in October. A similar increase of around 11% was seen in non-commercial long and short positions leaving the net length as percentage of OIV to remain the same as in September at 31%. **Money funds net length increased** by 14.6% in October while swaps declined by around 7% m-o-m.

Graph 9: CFTC net length as % of open interest

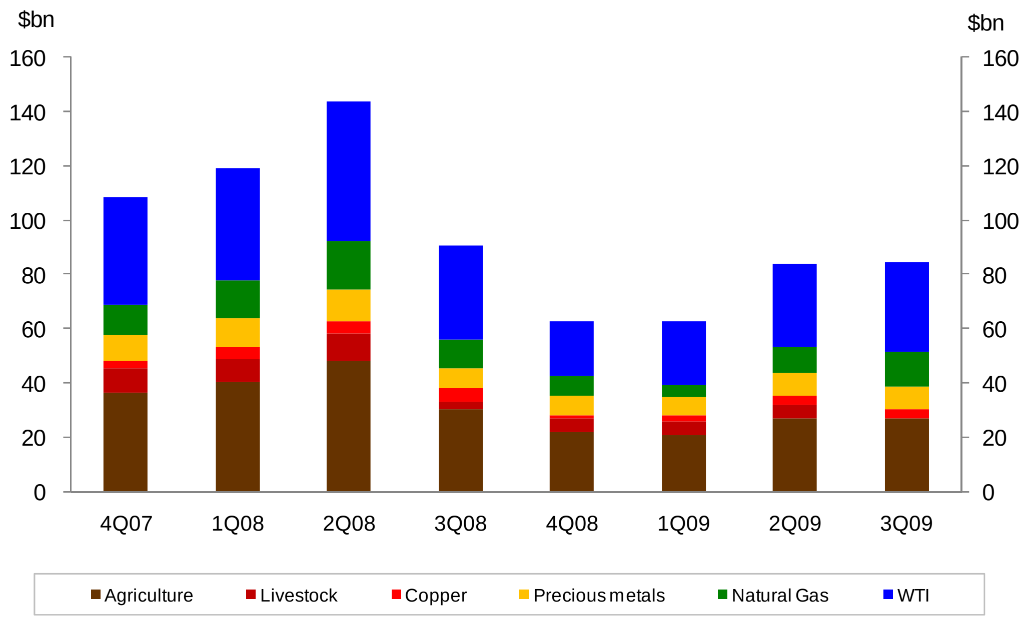


Source: CFTC

Nymex natural gas futures open interest volume **increased** 1.2% m-o-m to **722,597 contracts in October**, reversing the falling trend in the previous month. Non-commercial longs declined by 0,04% which combined with a 5% fall in shorts leaving the net length as percentage of OIV at -3% in October compared to -5% in the earlier month. Money funds net length improved in October relative to September.

Copper open interest volume slipped 9.1% m-o-m in October, compared to a decline in the previous month. Non-commercial longs rose 9.5% m-o-m while shorts increased 0.1% in October resulting in the net length as percentage of OIV at 33% up from 29.6% the previous month It must be noted that data on non-commercials, according to the new disaggregated CFTC data, increased considerably in the case of copper.

Graph 10: Inflow of investment into commodities



Source: CFTC

According to the recently published CFTC data on index investment, the total amount in commodity indices including index-linked ETPs reached $117 bn at the end of 2Q09 and $134.5 bn in 3Q09 (an increase of 15% q-o-q) compared to 35.5% in 2Q09. The major beneficiaries in 3Q09 were cotton, sugar, silver, coffee and natural gas. According to Barclays, the major deceleration was concentrated on commodity ETPs while the interest in commodity indices was still growing.

Highlights of the World Economy

Economic growth rates 2009-2010,%	World	OECD	USA	Japan	Euro-zone	China	India
2009	-1.1	-3.5	-2.5	-5.6	-4.0	8.0	5.6
2010	2.9	1.2	1.4	1.1	0.5	8.5	6.5

Industrialized countries

United States of America

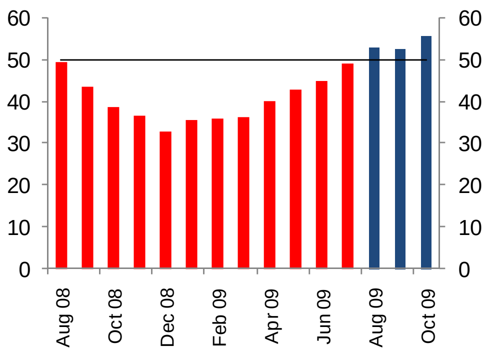
Improvement of the US economy reflected in recent 3Q GDP numbers, but likely inflated by one-off effects such as the "cash for clunkers" scheme

The general perception that the US economy continues improving has been backed by further evidence. The recent release of better-than-expected third quarter GDP numbers, as published by the Bureau of Economic Analysis (BEA), showed a 3.5% q-o-q seasonally adjusted annualized rate of return (saar). This number has been very well received by the market with the S&P 500 jumping 2.3% on the day of the release, only to see these gains evaporate a day later as the market realize that development in the third quarter were not as encouraging as this number implies.

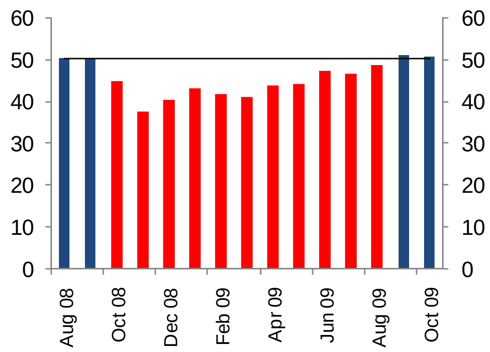
Although the top-line number signaled solid growth, most of this was sustained by governmental support, primarily the "cash for clunkers" programme and the incentives for first-time home buyers. The BEA pointed out that "cash for clunkers" added 1.7 percentage points to GDP and residential private investments added 0.5 percentage point. Considering that "cash for clunkers" already expired in August and that the incentives for first-time home buyers are expected to expire in November, these will not be able to provide sufficient support in the fourth quarter, especially as private consumption – despite the mentioned incentives – remains flat on a y-o-y basis. Government spending grew by 1.8% y-o-y in the third quarter.

More positively, both important ISM-indices are holding up above 50. The ISM manufacturing moved up to 55.7 in September from a level of 52.6 in the previous month. While manufacturing is very important for a substantial turnaround, its share in GDP is much lower than that of the services sector, which saw a decline in the ISM. The non-manufacturing ISM declined by 0.3 to 50.6 from 50.9 a month earlier and therefore is only slightly above the 50-threshold that marks an expanding sector.

Graph 11a: ISM Manufacturing Index



Graph 11b: ISM Non-Manufacturing Index



Source: Institute for Supply Management

Developments in the third quarter still highlight that growth in the US economy depends very much on government-led support. It will only become visible in the first half of 2010 whether this support has been successful in getting the economy back on its feet.

The unemployment rate already stands at more than 10%. While equity markets took comfort in the fact that employment was expanding in the area of temporary workers – a usual lead-indication for recovery – it remains to be seen whether this is really the case or whether we are in the midst of a change in the structure of employment markets toward one with higher levels of total unemployment and a bigger share of temp workers. According to the household survey issued by the Bureau of Labour Statics (BLS), the number of workers working on a temporary base for "economic reasons" jumped by a

15% annual rate in October.

This improvement in the temp section of employment combined with the weak employment market situation led capital markets to believe this indicated that the Federal Reserve Board (FED) will hold on to its 0% interest rate policy for even longer, adding support to the markets. But those hopes might be short-lived as the Fed should be aware of the danger that a continuation of a low-interest rate policy increases the likelihood of an asset bubble as money is cheap and real returns are easily achieved by zero percent interest rate funding. Furthermore, low interest rates are incentivizing the use of US dollars in carry trades, which again keeps the US dollar under pressure. This was obviously happening in recent weeks. Inflation – while not being an imminent danger – could be a concern moving on to 2010, which could also move interest rates higher, particularly at the long-end of the yield curve, where the influence of the Fed with its interest rate setting mechanism is smaller. This could become an issue for maintaining current levels of the capital markets, i.e. mainly for the main asset classes, primarily equities but also commodities.

While an interest rate increase should not be of concern to US corporations with plenty of cash reserves, it could be a challenge for the US banking system, which might not be able to re-finance itself at the current low rates. This will become even more evident when banking regulation and capital requirements are tightened and doing business will become more expensive by having to provide more underlying capital. This can be expected to happen by end 2010 to the beginning of 2011.

Equity markets in the US have moved up by almost 60% since their lows in March 2009, to lofty highs of price-earnings ratios that are now comparable to the ones that were achieved during the tech-bubble of 2000 and shortly afterwards. Those valuation levels pushed equity markets into a correction. This might happen again if hopes of a solid recovery are not fulfilled or an increase in interest rates takes cheap cash off the table. Combined with still high levels of unemployment, this could have significant implications on private consumption patterns in the US, which then should have an impact on a potential recovery of the US economy in 2010. While some politicians have begun to think about a second stimulus in the US that is being designed to cushion this transition period in the next year, it remains to be seen how this should be funded – much less whether it will be approved by Congress – and what the implications of higher debt levels would be. The US-administration is currently forecasting debt/GDP levels of around 70% for 2011, only taking into consideration the current stimulus. An even higher debt level should drive yields for US treasuries higher and possibly further weaken the US dollar.

Despite the current momentum of the US economy, the level of GDP forecast has not changed considerably. GDP is now expected to decline by 2.5% in 2009 and to grow by 1.4% in 2010. This compares with last month’s forecast for a decline of 2.7% in 2009 and an increase of 1.3% in 2010.

Japan

Japan continues the gradual recovery with exports improving but domestic demand remains muted

Although improving gradually in some areas, the Japanese economy still faces considerable challenges, mainly due to the continued muted domestic consumption and secondly due to still declining exports, which currently very much depend on developments in China.

Retail sales in September dropped by 1.4% y-o-y, according to the Trade Ministry, which was less than expected but still negative. This is the smallest drop over the last 10 months and is better than the consensus forecast of minus 1.6% y-o-y, according to a Bloomberg survey. However, the number may be inflated due to a five-day holiday in September, which added one extra non-working day compared to the same month last year. Retail sales were showing positive momentum, increasing 0.9% y-o-y for the third consecutive monthly increase.

Although still in decline on a y-o-y basis, exports are showing a gradual improvement, despite the rise of the yen. However, the yen’s strength could be expected to exert pressure on the cost side of companies, which in turn could have a negative effect on consumption, at least in the short term. Exports declined by 30.7% y-o-y in September, compared with a 36% y-o-y decline a month earlier, according to the Finance Ministry. Exports to China improved significantly and fell by 13.8% y-o-y, to half of the previous month. Shipments to Asia in general slid 22.2% y-o-y, compared to a 30.6% y-o-y decline a month earlier. Sales to the US dropped by 34.1% y-o-y, almost the same level as the previous month, while exports to Europe declined by 38.6% y-o-y.

The gradual improvement is filtering into the unemployment rate, which decreased for the second consecutive month from 5.5% in August to 5.3% in September. However, the positive development was supported by one-off effects with some 20,000 job-seekers leaving the employment force, primarily in the 20 year-old age group. Furthermore, employment subsidies which have been handed out to companies by the government helped to improve employment. Also, the continued restocking of inventories, which might come to an end soon if domestic consumption does not pick up substantially, has had some positive influence. The job-offers to seekers ratio – an important gauge for the health of the Japanese employment market – improved as well. This is the first time over the last two years that an improvement was recorded, while the ratio showed a slim increase from 0.42 in August to 0.43 in September.

In contrast, wages declined for the sixteenth consecutive month by 1.6% m-o-m, an improvement compared to the decline of 2.7% a month earlier. Wages can be expected to continue declining as winter bonuses are being reduced, which should have a negative impact on consumption levels. Winter bonuses are expected to decline by 13% to 15%, according to the Japanese Business Federation.

The Bank of Japan (BoJ) announced the extension of the programme to provide limitless lending to help corporate financing until the end of the fiscal year in March, but will phase out the emergency measure of buying commercial papers and corporate bonds by the end of the year. Therefore, both important liquidity enhancing measures are expiring soon. The bank, which forecasts deflation to continue until 2011, also left its benchmark interest rate at 0.1%, leading to bank lending contracting for the ninth month in a row in September to hit bottom at 1.6% y-o-y. That compares to plus 4.2% y-o-y in December 2009, in the period just after the crisis of the money markets.

According to the Bank's own analysis, the current growth potential for the economy has come down from 1.0% to 0.5%. Core consumer prices fell 2.6% y-o-y in September for the seventh consecutive month, but according to the judgment of the BoJ it is unlikely that the deflationary development would "induce downward pressure on economic activity." Furthermore, the BoJ said it will continue to support the weak environment and that it is ready to "maintain the extremely accommodative financial environment for some time." The bank seems relatively optimistic expecting 2.1% growth for the Japanese fiscal year of 2011. For the same period it is forecasting a declining Consumer Price Index (CPI) of 0.4%.

These persistently severe conditions were underpinned by the government's announcement to create 100,000 new jobs by March 2010. The new programme was not laid out in great detail, so these jobs are expected to be created in the public sector, more as an emergency measure than a well-thought through support for the economy. This increasingly raises concerns about the continuously rise in debt in Japan, where the debt/GDP ratio now stands at a record-high of around 200%.

Taking the challenges of the Japanese economy into consideration, whether current improvements are sustainable and whether the government stimulus leads to higher and healthier growth, the GDP growth forecast for 2010 was decreased by 0.2 percentage point to 1.1%, with 2009 still being expected to decline by 5.6%.

The Euro-zone is seeing a turnaround driven by government-led initiatives. At an unemployment rate of almost 10% it remains to be seen, if this recovery can be self-sustaining

Euro-zone

The Euro-zone has improved somewhat, after a sharp decline in the 1H09. Particularly Germany and France have started to improve, but it remains to be seen whether this development continues. Germany's factory orders improved unexpectedly by 2.7% m-o-m in September, although forecast to decline by 1.0% m-o-m on a seasonally adjusted base. In line with this development, industrial production improved by 2.7% m-o-m in September. For the quarter, industrial production in Germany has now grown by 3.5% q-o-q. This should bode well for the soon-to-be-released third quarter GDP numbers for the Eurozone, with German GDP expected to have grown in a range of 0.5% to 1.0% q-o-q after having already posted 0.3% growth for the second quarter, according to a recent Bloomberg survey. German exports in September were supportive, growing by 3.8% m-o-m, according to the German statistics office.

Despite France having so far weathered the storm of the economic crisis better than the rest of the Euro-zone, industrial data was not as supportive as in Germany, declining surprisingly by 1.5% m-o-m. The unexpected fall was much more than the consensus forecast for a 0.5% increase. However, the third quarter still looks very positive at a growth level of 2.9% q-o-q. French GDP is expected to grow by around 1.0%, backed by this recent data.

September retail sales were down in the Euro-zone by 0.7% m-o-m, after having declined by 0.1% the previous month, the biggest monthly drop since October 2008. This reflects the weak employment situation combined with the current deflationary trend and the concern of households still increasing saving rates. In particular food, drinks and tobacco fell by 0.9% while the non-food section declined by 0.6%. Corresponding with weak labour and economic data was the decline in Spain, where retail sales fell by 1.0% m-o-m. On a yearly comparison, retail sales fell by 3.6%, marking the sixteenth consecutive monthly loss, with more declines anticipated as most of the "cash for clunker" schemes in the Euro-zone have expired. Thus, exports, government spending and inventory replenishing will continue to be important drivers in the Euro-zone recovery.

The Euro-zone PMI numbers reflect re-emerging optimism in the Euro-zone, showing the largest gains since October 2007 and expanding for the third consecutive month to 53.0 from 51.1 in the previous month. Positive numbers were supported by the closely watched IFO-index in Germany, which grew from 91.3 to 91.6, the highest level since September 2008 but the smallest rise of this year.

While output in the third quarter managed to grow in the majority of the Euro-zone, the employment situation has not improved and a self-sustained recovery remains to be seen with this diversion between government-funded and inventory-replenishing-led output increases on the one side and deterioration in the labour markets on the other. Euro-zone unemployment went up to 9.7% from 9.6%. Germany again held up very well at 7.6% or flat for the third month in a row. France reached 10.0% and Spain again made a big jump from 18.8% to 19.3%. Youth unemployment was again worsening to reach a level of 20.1%, up 0.1% from August, with Spain posting the highest rate at 41.7%, almost double the 26.2% recorded in September 2008. This underpins the challenging environment of the Spanish economy. European Commission data on showed that the hours worked in the Euro-zone fell and that 20% of the Euro-zone employees are part-time workers.

The savings rate in the Euro-zone grew to a level of 16.5% in the second quarter, up from 16.0% in the first. This compares to a savings rate over the last decade that was mostly between 14% and 15%. This can be interpreted as a sign of increasing concern of Euro-zone households in the light of growing unemployment. Consequently, the ECB has left its key interest rate unchanged at 1.0%, but due to concerns for re-emerging inflation it has signaled a soft exit strategy from its extraordinary liquidity-enhancing measures.

Taking these improvements into consideration, the forecast for the Euro-zone improved by 0.1 percentage point in 2009 to minus 4.0% and from 0.0% to 0.5% in 2010.

Former Soviet Union

The Russian economy appears to have bottomed out with growth estimated for 2010

As expected, Russia staged a significant improvement in the second half of 2009, with economic growth reported up by 0.6% q-o-q in the third quarter. Preliminary data shows that GDP was 9.4% lower than a year earlier, which is an improvement on the 10.9% contraction posted in the second quarter. Russia's GDP has been growing m-o-m since June. In August, GDP grew 0.1% compared to the previous month and rose 0.5% in September, according to the Economic Development Ministry. Industrial production jumped by 5.1% m-o-m in September, offsetting the 3% contraction of a month earlier and taking the annual rate of decline down to 9.5% (a 10-month low). Output from the extractive industries fell by just 1%, the best performance since October 2008.

Although much of the government's stimulus will be withdrawn in 2010, the delayed impact of the 2009 stimulus package, along with more favourable external conditions and lower interest rates, will underpin the return to growth next year. Russia's economy, heavily dependent on exports of energy and raw materials, has been hit hard by the global financial crisis, especially by fluctuating oil prices and lower capital inflow. Inflation in Russia is unlikely to exceed 10% in 2009, which has allowed the country's top bank to cut refinancing rates several times since the start of the year. Russia's Central Bank cut its key lending rate by 0.5 percentage point to 9.5% per annum on 30 October following a slowdown in consumer price growth. The rate is the lowest since Russia started its transition to a market economy in the early 1990s. The previous rate of 10% per annum was set from 30 September 2009. The move is intended to bring down interest rates on loans granted to the real sector to help domestic business amid the ongoing economic crisis. The Bank of Russia has now cut the refinancing rate eight times since the start of the year, when it stood at 13%.

The Ukraine expects the International Monetary Fund (IMF) to release a $3.4 billion payment under the agency’s $16.4-billion lending programme to the country. The Ukraine is relying on the IMF loan programme to stay afloat after the credit crisis undermined demand for its raw materials, including steel exports. The country has received $10.6 billion in loans to date. The Ukrainian State Statistics Committee announced last month that the consumer price index in the Ukraine rose 0.8% m-o-m in September and 9.1% year-to-date. Annual inflation decelerated from 15.3% in August to 15.0% in September. The only significant contribution to this slowdown came from low utility price increases, as the government has not raised gas prices for the population. For the rest of the year, no significant changes in CPI are expected, with annual inflation no higher than its current level of 15%.

Developing Countries

China’s economy grew 8.9% in 3Q09; deflation is expected to have bottomed-out raising concerns of inflation

China’s economy grew 8.9% in the third quarter compared to a year earlier as massive government spending continued to lead the nation out of the global economic crisis. The figure, announced last month by the National Statistical Bureau, keeps the nation on pace to meet the government's annual target of 8% growth in GDP. China has seen modest improvements in exports and retail sales, but investment continues to constitute the overwhelming bulk of the country's growth with about 88% of GDP growth in the first half tied to investment spending.

Chinese manufacturing data for October showed the nation’s recovery strengthening and export orders climbing, giving policy makers more room to delay stimulus measures in coming months. Beijing has used a $585-billion stimulus plan and $1.27 trillion in bank lending this year to drive the nation's recovery. China may tighten monetary policy from the second quarter of next year because of stronger growth and rising consumer prices. A recently published report predicted that China's October CPI would decline by 0.7% y-o-y. Due to falling prices of agricultural products, the CPI decline rate would not see a significant contraction in October, although tail-raising factors would drive up CPI by 0.3%, said the report. The report predicted that CPI may start to grow in November, due to seasonal changes in food prices, narrowing the decline rate of non-food prices and weakening the negative impact of the tail-raising factors. This has lowered the estimation of China's CPI in 2009 to negative 0.8% as consumer prices were rising more slowly than expected.

Recovery in India together with a bad monsoon might raise inflationary pressure

India's economic recovery seems to have begun earlier than anticipated, and the robust revival of domestic activity has spurred inflationary pressures. Adding to price concerns, seasonal monsoon rains for 2009 stood 23% below the long-run average, marking India's worst drought since 1972. More than the drought's impact on agricultural output and consumer demand, concerns have centered around price pressures. The leading infrastructure index in India rose 4.0% y-o-y in September 2009, compared with a 3.9% rise a year earlier, and maintained steady growth from recent months. Infrastructure investment currently comprises only 5% of GDP with the government seeking to increase infrastructure investment to 9% of GDP by 2014. In the government's budget of 2009 the focus was directly put on growth by increased public expenditure to compensate for declining exports. This expansionary budget emphasized spending on infrastructure, rural issues, and housing, to create a positive impetus to GDP growth in fiscal 2010 (April 2010 – March 2011), when investment is expected to rebound sharply. Fiscal stimulus measures implemented in recent months have also helped revive the core sector amid the global recession.

RBI signaled an end to the eased monetary policy employed after the financial crisis

According to the Department of Statistics in India, consumer price index (CPI) inflation stood at 11.6% y-o-y in September 2009, compared with 11.7% the previous month, and remained elevated, reflecting continued high prices for agricultural goods. This has increased concerns surrounding the impact of the 2009 drought on food prices which has led to a rise in the overall price indices. As a result, the Reserve Bank of India (RBI) in its latest quarterly policy review stood short on policy rates but ordered banks to buy more government bonds, signaling that the easy monetary stance is coming to an end. The RBI has warned that the poor monsoon was more likely to drive CPI inflation sharply upward rather than curtail GDP growth, with limited impact on agricultural growth and rural spending. The RBI did begin to reverse special liquidity support measures it had instituted in late 2008 during the global financial crisis thereby tightened policy in the October meeting. The RBI is expected to start raising policy rates in 2010, probably by January, as concerns about liquidity and inflation dominate other factors.

OPEC Member Countries

Inflation in Libya fell due to drop in housing costs

According to recent data published by Libya's central bank (LCB), deflationary pressures surfaced in the country during September. Indeed, the CPI fell 0.6% y-o-y in September, after posting a 0.9% y-o-y increase the previous month. On a monthly basis, the index rose 0.1% m-o-m in both August and September. The monthly increase in September can be traced to rises in the costs of food and beverages, clothes and footwear, as well as education and culture. Meanwhile, the cost of housing fell 0.4% m-o-m in September, while the cost of transport, personal services, furniture, and healthcare remained unchanged.

Also, according to LCB, the budget surplus rose 27.3% in 2008. Government revenues rose 36.3% in 2008, reflecting a large jump in oil revenues. In addition, non-oil revenues grew 76.1%, despite lower custom duties. Meanwhile government spending surged in 2008, owing in part to a larger expenditure on development projects.

In its monthly statistical bulletin, the Saudi Arabian Monetary Agency (SAMA) reported that money supply growth edged higher in annual terms in September. SAMA has instituted strong reflationary measures to combat the global financial crisis, and with money supply beginning to edge higher, liquidity conditions are stabilising. Inflation has seen a bounce over the last couple months as well due to the turnaround in commodity prices, but price growth is expected to remain subdued in the near term as the economy slowly recovers from the crisis.

Oil prices, the US dollar and inflation

The US dollar continues to decline against most of the major currencies, mainly due the US dollar carry trade

The US dollar continued to decline against major currencies. For the fifth month in a row, the dollar closed above $1.40/€ in September, declining further by 1.8% to stand at $1.4815/€, compared to $1.4560/€ a month earlier. The dollar fell against the yen by 1.3% and by 1.8% against the Swiss franc, managing a gain of 1.0% in October only against the pound sterling. This recent rise comes after a sharp decline against the pound between April and June, when the US-dollar lost almost 15% over those three months.

The continuing weakening of the US dollar seems to be supported by use of the US dollar for carry-trade, i.e. borrowing at very low interest rates in US dollars and investing into higher yielding assets, particularly in the emerging markets. The statement recently made by the FED that there is no intention to raise rates in the near future supports this trade and, therefore, the weakening of the US-dollar. Furthermore, concerns that foreign lenders might switch to alternative foreign exchange reserves due to the continued weakening of the US financial situation are weighing on the dollar.

In October, the OPEC Reference Basket increased by $5.50/b or 8.2% to $72.67/b from $67.17/b in August. In real terms (base June 2001=100), after accounting for inflation and currency fluctuations, the Basket price rose by $3.01/b or 7.2% to $45.03/b from $42.02/b. The dollar declined by 0.9%, as measured against the import-weighted modified Geneva I+US dollar basket, while inflation remained almost flat with a rise of 0.1%*

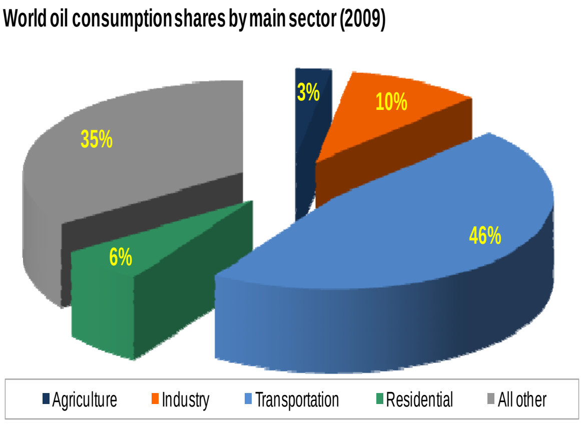
* *The 'modified Geneva I+US$ basket' includes the euro, the Japanese yen, the US dollar, the pound sterling and the Swiss franc, weighted according to the merchandise imports of OPEC Member Countries from the countries in the basket.*

World Oil Demand

Forecast for world oil demand growth in 2009 unchanged, showing a contraction of 1.4 mb/d

World oil demand in 2009

The US oil demand remains the major factor in this year's world oil demand growth. Despite the improved performance in late summer, recent data points to a contraction in demand in October. Growth in new vehicle sales can be seen in some of OECD countries as a result of various stimulus plans which have increased transport fuel consumption. However, a drop in industrial fuel usage is keeping total oil demand unchanged. While non-OECD demand has shown a steady performance in September, the decline in OECD consumption is offsetting this increase.



Although certain signs are indicating stronger oil demand, weak consumption in the US along with a declining dollar is likely to suppress positive performance in oil demand in the fourth quarter. Hence, world oil demand is forecast to show a decline of 1.4 mb/d in 2009 to average 84.3 mb/d, unchanged from last month.

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

	2008	1Q09	2Q09	3Q09	4Q09	2009	Change 2009/08 Volume	%
North America	24.18	23.52	22.89	23.33	23.99	23.43	-0.74	-3.08
Western Europe	15.35	14.92	14.22	14.82	15.05	14.75	-0.59	-3.87
OECD Pacific	8.07	8.14	7.30	7.33	7.83	7.65	-0.42	-5.18
Total OECD	**47.59**	**46.58**	**44.41**	**45.48**	**46.87**	**45.84**	**-1.76**	**-3.69**
Other Asia	9.36	9.41	9.73	9.35	9.41	9.48	0.11	1.20
Latin America	5.80	5.61	5.82	6.01	5.85	5.82	0.02	0.36
Middle East	6.89	6.96	7.07	7.30	7.06	7.10	0.20	2.92
Africa	3.18	3.26	3.23	3.16	3.25	3.22	0.04	1.27
Total DCs	**25.25**	**25.24**	**25.85**	**25.82**	**25.57**	**25.62**	**0.38**	**1.49**
FSU	4.11	3.82	3.70	4.14	4.18	3.96	-0.15	-3.54
Other Europe	0.79	0.77	0.73	0.77	0.76	0.76	-0.03	-4.18
China	7.97	7.61	8.38	8.48	8.08	8.14	0.17	2.09
Total "Other Regions"	**12.87**	**12.20**	**12.82**	**13.38**	**13.02**	**12.86**	**-0.01**	**-0.09**
Total world	**85.71**	**84.02**	**83.08**	**84.67**	**85.46**	**84.31**	**-1.39**	**-1.63**
Previous estimate	85.65	83.91	83.16	84.51	85.36	84.24	-1.41	-1.65
Revision	0.06	0.11	-0.07	0.17	0.10	0.08	0.02	0.02

Totals may not add due to independent rounding.

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	22.89	-1.53	-6.26
Western Europe	15.34	14.92	-0.42	-2.73	15.07	14.22	-0.85	-5.64
OECD Pacific	8.91	8.14	-0.77	-8.60	7.86	7.30	-0.56	-7.16
Total OECD	**49.02**	**46.58**	**-2.44**	**-4.97**	**47.35**	**44.41**	**-2.94**	**-6.21**
Other Asia	9.49	9.41	-0.08	-0.85	9.55	9.73	0.18	1.87
Latin America	5.60	5.61	0.01	0.12	5.84	5.82	-0.02	-0.34
Middle East	6.77	6.96	0.19	2.84	6.87	7.07	0.20	2.96
Africa	3.22	3.26	0.04	1.10	3.18	3.23	0.04	1.36
Total DCs	**25.08**	**25.24**	**0.15**	**0.61**	**25.45**	**25.85**	**0.41**	**1.59**
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	**87.08**	**84.02**	**-3.06**	**-3.51**	**85.51**	**83.08**	**-2.43**	**-2.84**

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	23.60	23.33	-0.27	-1.17	23.93	23.99	0.06	0.25
Western Europe	15.55	14.82	-0.72	-4.66	15.44	15.05	-0.39	-2.49
OECD Pacific	7.54	7.33	-0.21	-2.73	7.97	7.83	-0.14	-1.81
Total OECD	**46.68**	**45.48**	**-1.20**	**-2.58**	**47.34**	**46.87**	**-0.47**	**-0.99**
Other Asia	9.18	9.35	0.17	1.90	9.23	9.41	0.18	1.90
Latin America	5.97	6.01	0.04	0.75	5.80	5.85	0.05	0.86
Middle East	7.09	7.30	0.21	2.96	6.86	7.06	0.20	2.92
Africa	3.11	3.16	0.04	1.35	3.21	3.25	0.04	1.28
Total DCs	**25.35**	**25.82**	**0.47**	**1.86**	**25.11**	**25.57**	**0.47**	**1.86**
FSU	4.22	4.14	-0.09	-2.01	4.24	4.18	-0.06	-1.41
Other Europe	0.79	0.77	-0.03	-3.40	0.78	0.76	-0.02	-2.56
China	8.10	8.48	0.37	4.59	7.65	8.08	0.43	5.62
Total "Other Regions"	**13.12**	**13.38**	**0.26**	**1.98**	**12.67**	**13.02**	**0.35**	**2.76**
Total world	**85.15**	**84.67**	**-0.47**	**-0.56**	**85.12**	**85.46**	**0.35**	**0.41**

Totals may not add due to independent rounding.

Alternative fuel

The UK is embarking on four new scenarios to reduce emissions and increase dependency on biofuels. If adopted, these long term scenarios would not only increase UK energy consumers' bill by as much as 25% but also boost food prices. The high expenditures are attributable to subsidize investments which cost tax payers €100 billion.

OECD – North America

North America to decline by 0.7 mb/d in 2009

Along with the economic slowdown, higher gasoline prices have had a minor effect on US consumption, putting October demand at a negative 4.4% y-o-y. Gasoline usage, which has been growing rapidly since June to reach as high as 6.7% in September, flattened out in October. The same slowing trend applies to all products, especially industrial ones. The economic slowdown has badly eroded US oil demand for both this year and the last. It is expected that total US oil consumption will end the year with a massive decline totaling 0.65 mb/d. Canada and Mexico are in the same situation with consumption in both countries forecast to be in the red this year. However, Mexican oil demand stopped its five-month long decline and managed to inch up a little in September. Supported by strong growth of 70% in fuel oil, the country's total oil demand grew by 3.8% y-o-y in September. As expected, all other products were in the red, accumulating a total loss of 43 mb/d, leaving total average demand at 1.8 mb/d. However, the sudden growth in Mexican oil consumption was not expected. Mexican oil demand lost 87 tb/d or 4.7% in the first three quarters of the year. It is forecast that the country's oil demand will decline by 5 tb/d this year.

Should the weather be normal, North America's fourth quarter oil demand is forecast to not only halt the decline but also show a slight gain.

North America oil demand growth is forecast to decline by 0.7 mb/d y-o-y in 2009 to average 23.4 mb/d.

Changes in US gasoline and distillate consumption, y-o-y

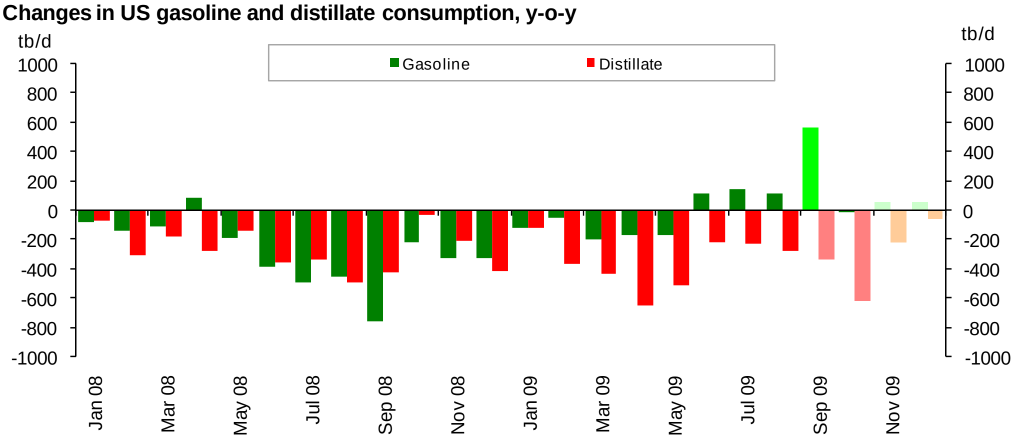


Table 8: Europe Big 4* oil demand, tb/d

	Jan-Aug 09	Jan-Aug 08	Change (tb/d)	Change (%)
LPG	429	444	-15	-3.4
Gasoline	1,317	1,345	-29	-2.1
Jet/Kerosene	759	791	-32	-4.1
Gas/Diesel Oil	3,204	3,215	-11	-0.3
Fuel Oil	553	569	-16	-2.8
Other Products	2,427	2,478	-52	-2.1
Total	**7,372**	**7,624**	**-252**	**-3.3**

**) Germany, France, Italy and the UK*
Source: JODI

OECD – Europe

OECD Europe oil demand revised down by another 50 tb/d to show a total decline of 0.6 mb/d in 2009

Despite the new car sales increase in Europe as a result of various stimulus plans, the continent's oil demand is on the decline. The European Big Four (Germany, France, Italy and the UK) have caused the majority of the decline in Europe's oil consumption. Oil demand of the Big Four plunged by 8.7% or 0.65 mb/d in August y-o-y averaging 6.84 mb/d. In the first three quarters, the Big Four oil demand lost 3.3% of its annual consumption, the same percentage as in North America. Despite the turbulence in Germany's oil demand in the first three quarters of this year, the country's oil demand is expected to be almost flat for the same period. France, the second largest oil consuming country in Europe, follows the same trend as Germany. France's August oil demand declined by 7% as a result of very low usage of industrial fuel. It is forecast that oil demand in France will decline by 65 tb/d this year. Italy, which suffers the worst economic crisis among the Big Four, has a GDP of minus 5%. The country's oil demand is expected to decline the most reaching a minus of 0.1 mb/d this year. New auto sales (especially SUV), have declined strongly in Spain pushing the country's transport fuel to the negative. Spain's August gasoline demand declined by 4.5% and the jet fuel plunged by a strong 12% in the same month y-o-y.

The economic crisis in the EU is worse than expected. With an estimated negative GDP of 3.9%, the EU oil demand is estimated to decline by the same percentage.

Given this dim picture of the European economy, OECD Europe oil demand growth was revised down by another 50 tb/d to show a total decline of 0.6 mb/d y-o-y in 2009.

OECD - Pacific

OECD Pacific oil demand forecast to fall by 0.4 mb/d in 2009 on declining Japanese demand

As a result of the continuous decline in oil demand, Japan's September oil imports showed a double digit decline, reaching minus 18% y-o-y. The country's oil consumption declined by 0.28 mb/d in September following minor growth in August. Japan's monthly oil demand has seen a massive decline which bottomed out last February at minus 1.2 mb/d.

Japanese's oil demand has been on the decline for the past few years. In addition to the current economic crisis which has negatively affected oil demand, other factors play a major role in the country's energy usage such as efficiency programmes, a movement to smaller vehicles and an aging population. Japan's oil demand for this year is forecast to decline by 9% y-o-y, following a 5% decline in 2008.

Contrary to Japan, South Korea has been showing increased oil demand since last June and this trend has been sufficient to offset the decline seen in the first half of the year. South Korea's oil demand is expected to grow by 35 tb/d this year.

As a result of a 9% decline in Japan's oil demand, the OECD Pacific oil demand is forecast to decline by 0.4 mb/d in 2009 to average 7.6 mb/d.

Table 9: South Korean oil demand, tb/d

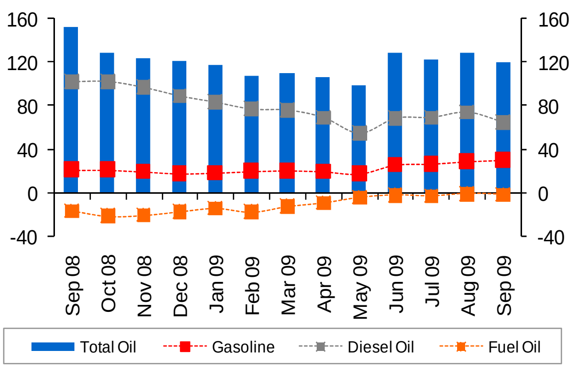
	Jan-Aug 09	Jan-Aug 08	Change (tb/d)	Change (%)
Gasoline	178	168	10	6.2
Jet/Kero	114	125	-11	-9.0
Diesel	355	360	-5	-1.3
Fuel Oil	193	189	4	2.0
Other Products	1,489	1,432	58	4.0
Total	**2,137**	**2,085**	**52**	**2.5**

Developing Countries

DC oil demand growth is forecast at 0.4 mb/d in 2009

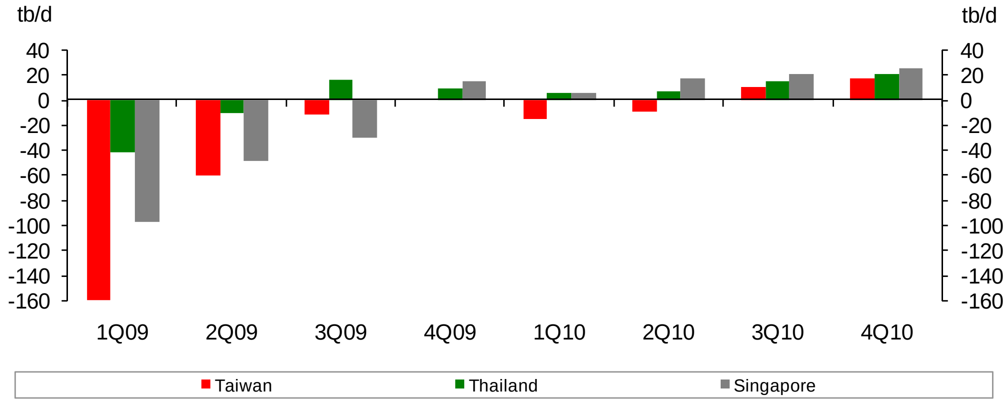
Indian oil demand grew by 3.9% y-o-y in September, half of what was seen in the previous month. Contrary to the OECD, Indian oil demand is in line with the country's GDP. Several factors are pumping up the country's oil usage this year. Strong new car registration is one factor, another are low petroleum product prices which have hiked transport and agricultural fuel usage. The Indian economy has been slightly affected by the current financial crisis. Healthy GDP growth of 5.6% has helped oil demand to grow by 5%. As a result of strong transport fuel demand, gasoline and diesel consumption increased, adding an average 40 tb/d to each in September.

Graph 13: Yearly changes in Indian oil demand (12 month moving averages)

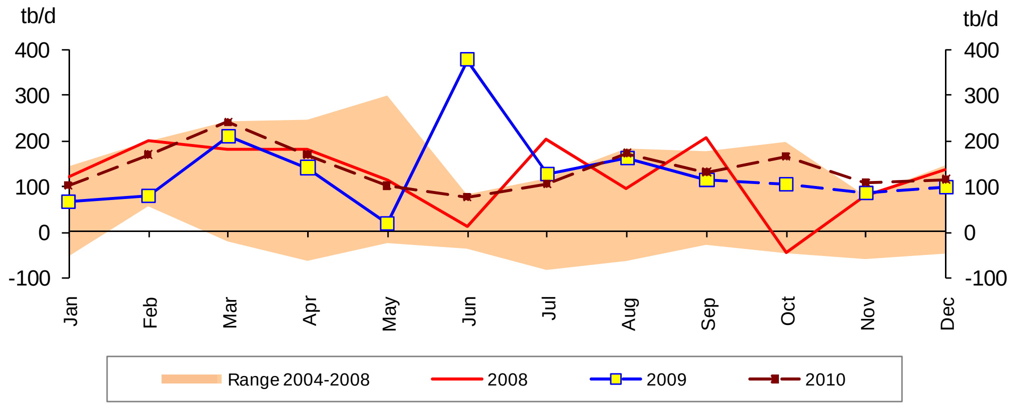


Indian oil demand is forecast to grow by 140 tb/d to average 3.0 mb/d in 2009.

Graph 14: Oil consumption in selected Asian countries, y-o-y growth



Graph 15: Changes in Indian oil demand, y-o-y



Taiwan's oil demand is flattening out following a steep decline in the first seven months of the year. August oil demand managed to show minor growth for the first time this year, reaching 0.4% y-o-y in August. Although the turnaround in the country's oil usage is not expected to level out the current accumulated decline, it will reduce it by a third. Taiwan's oil demand is forecast to decline by 57 tb/d in 2009. Similarly, Singapore's oil demand is expected to be flat in the fourth quarter but with a decline of 55 tb/d for the entire year.

Given better-than-expected Asian oil consumption, Other Asia oil demand was revised up slightly to average 9.5 mb/d in 2009, indicating growth of 0.11 mb/d.

Table 10: Taiwan oil demand, tb/d

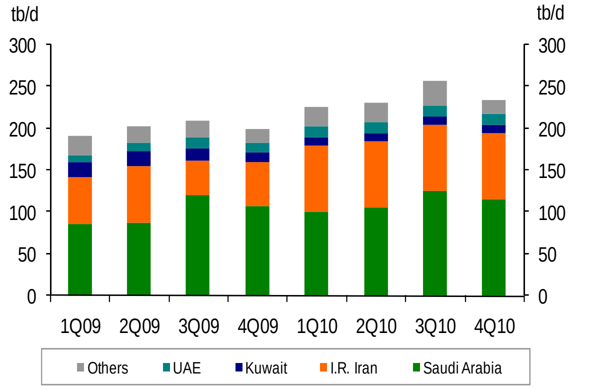
	Aug 09	Aug 08	Change from Aug 08	Change from Aug 08 (%)
LPG	73	43	30	40.6
Gasoline	157	156	2	1.0
Jet/Kerosene	44	46	-2	-5.1
Gas/Diesel Oil	95	98	-4	-3.8
Fuel Oil	147	173	-26	-18.0
Other Products	451	446	5	1.1
Total	**966**	**962**	**4**	**0.4**

Source: JODI

Middle East demand estimated to grow by 3% or 0.2 mb/d in 2009

The slight slowdown in Iran's oil demand in the third and fourth quarters was offset by stronger oil demand in Saudi Arabia, keeping total Middle East oil demand intact. Saudi oil demand, the largest in the region, is estimated to grow by 0.1 mb/d in the fourth quarter. Middle East oil demand is estimated to grow by 3% or 0.2 mb/d y-o-y in 2009, which is almost half of what was seen in the previous year.

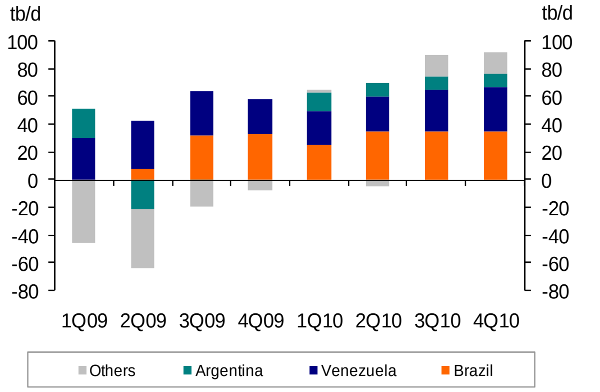
Graph 16: Yearly oil demand growth in the Middle East



Given strong Asian oil demand, oil demand growth in the Developing Countries is forecast at 0.4 mb/d y-o-y in 2009 to average 25.6 mb/d.

Despite the 4% decline in the Brazilian economy, the country's oil demand is forecast to grow slightly in 2009. Due to a strong 22% growth in alcohol energy usage, Brazil oil demand grew by 0.7% in September. Brazilian oil usage averaged 1.8 mb/d in the first three quarters of this year.

Graph 17: Yearly oil demand growth in Latin America



Argentina's oil demand contracted in September, following positive growth in August. Reduced industrial manufacturing activities caused oil demand to plunge by 3.5%. Argentina's consumption will improve slightly, evening out the decline seen early in the year.

Table 11: Brazilian inland deliveries, mb/d

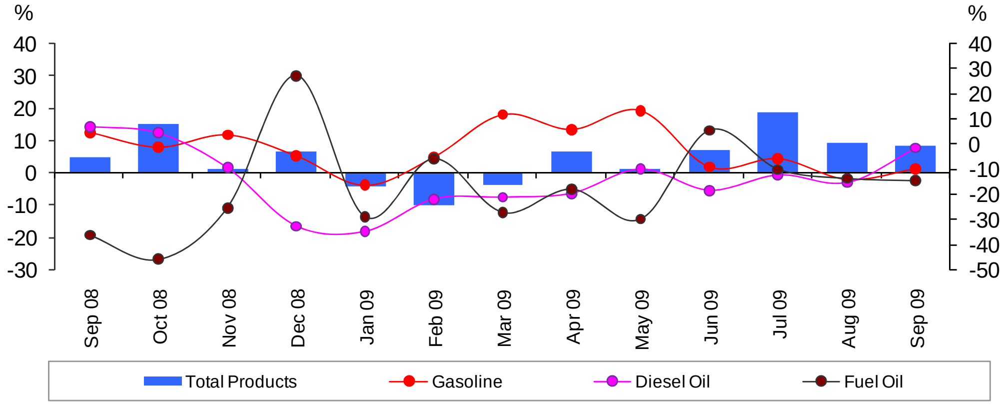
	Sep 09	Sep 08	Change (mb/d)	Change (%)
LPG	211	217	-6	-2.9
Gasoline	427	445	-18	-4.1
Jet/Kerosene	93	86	7	7.9
Diesel	798	822	-25	-3.0
Fuel Oil	91	88	3	3.7
Alcohol	296	243	53	21.8
Total	**1915**	**1901**	**14**	**0.7**

Other regions

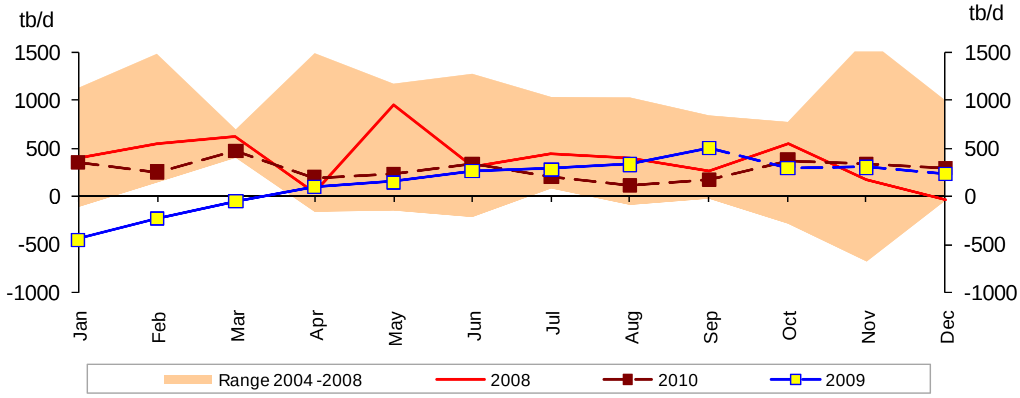
China revised up by 50 tb/d for total growth of 0.17 mb/d in 2009

Chinese apparent oil demand for September is exceeding all expectation. Although the country's September apparent oil demand grew dramatically, the growth related to actual consumption is estimated at 0.5 mb/d y-o-y. The rest is used to fill the country's strategic storage. Due to better-than-expected economic activities, China's oil demand was revised up by 50 tb/d to show total growth of 0.17 mb/d in 2009. China's economic stimulus plans have pushed the country's oil demand up in the second half of the year. The flood of spending has also supported a double digit increase in new car registrations.

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



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



Other Europe expected to decline by 4.2% in 2009

Other Europe oil demand has been on the decline for the whole year, as expected. The region's decline in energy consumption bottomed out in the first half; however it is expected to cut this decline by half later in the year. Bulgaria – one of the largest consuming countries in Other Europe – saw its oil demand dip by 44% in August, with most of the loss in transport fuel. Other Europe oil demand is expected to decline by 4.2% or 30 tb/d, to average 0.76 mb/d in 2009.

World oil demand in 2010

World oil demand growth forecast at 0.75 mb/d in 2010

World oil demand in 2010 is forecast to grow at 0.75 mb/d to average 85.1 mb/d. Although most of signs are pointing toward higher oil demand, the downward risk factors are weighing on the forecast. The low base in world oil demand in 2009 is suggesting a stronger increase in oil demand growth for 2010. However, a potentially weak economic recovery along with higher oil prices are the two main factors that may dampen world oil demand in the coming year. Should prices increase and be sustained above the current level, oil demand growth will be pushed down by more than 1% in the OECD countries. Given current oil prices, recent improvement in the GDP forecasts for both OECD and Developing Countries could push oil demand growth 0.5 mb/d higher next year.

Although Japan's oil consumption is expected to cut its losses in half next year as a result of growth in transport fuel, the country's industrial fuel usage is likely to continue the downward trend. Should oil prices maintain current levels, Japanese transport fuel next year is expected to show unusual growth of 2% in 2010.

Table 12: World oil demand forecast for 2010, mb/d

	2009	1Q10	2Q10	3Q10	4Q10	2010	Change 2010/09 Volume	%
North America	23.43	23.67	23.09	23.61	24.29	23.67	0.23	0.99
Western Europe	14.75	14.64	14.04	14.66	14.93	14.57	-0.19	-1.25
OECD Pacific	7.65	7.94	7.10	7.16	7.71	7.48	-0.17	-2.26
Total OECD	**45.84**	**46.24**	**44.23**	**45.42**	**46.94**	**45.71**	**-0.13**	**-0.27**
Other Asia	9.48	9.58	9.89	9.54	9.60	9.65	0.17	1.85
Latin America	5.82	5.67	5.89	6.10	5.95	5.90	0.08	1.34
Middle East	7.10	7.18	7.30	7.55	7.29	7.33	0.24	3.34
Africa	3.22	3.31	3.29	3.22	3.30	3.28	0.05	1.67
Total DCs	**25.62**	**25.74**	**26.37**	**26.41**	**26.13**	**26.16**	**0.54**	**2.12**
FSU	3.96	3.85	3.72	4.17	4.22	3.99	0.03	0.77
Other Europe	0.76	0.75	0.73	0.77	0.78	0.76	0.00	0.02
China	8.14	7.93	8.66	8.78	8.39	8.44	0.30	3.73
Total "Other Regions"	**12.86**	**12.54**	**13.11**	**13.72**	**13.39**	**13.19**	**0.33**	**2.60**
Total world	**84.31**	**84.52**	**83.71**	**85.55**	**86.46**	**85.07**	**0.75**	**0.89**
Previous estimate	84.24	84.36	83.69	85.36	86.29	84.93	0.70	0.83
Revision	0.08	0.16	0.01	0.19	0.17	0.13	0.06	0.07

Totals may not add due to independent rounding.

Table 13: 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	23.67	0.15	0.62	22.89	23.09	0.20	0.87
Western Europe	14.92	14.64	-0.28	-1.88	14.22	14.04	-0.18	-1.29
OECD Pacific	8.14	7.94	-0.21	-2.53	7.30	7.10	-0.20	-2.70
Total OECD	**46.58**	**46.24**	**-0.34**	**-0.73**	**44.41**	**44.23**	**-0.18**	**-0.41**
Other Asia	9.41	9.58	0.16	1.73	9.73	9.89	0.16	1.66
Latin America	5.61	5.67	0.07	1.16	5.82	5.89	0.07	1.12
Middle East	6.96	7.18	0.23	3.24	7.07	7.30	0.23	3.26
Africa	3.26	3.31	0.05	1.50	3.23	3.29	0.06	1.83
Total DCs	**25.24**	**25.74**	**0.50**	**1.99**	**25.85**	**26.37**	**0.52**	**2.00**
FSU	3.82	3.85	0.03	0.89	3.70	3.72	0.02	0.51
Other Europe	0.77	0.75	-0.02	-2.59	0.73	0.73	-0.01	-0.68
China	7.61	7.93	0.33	4.27	8.38	8.66	0.27	3.25
Total "Other Regions"	**12.20**	**12.54**	**0.34**	**2.78**	**12.82**	**13.11**	**0.29**	**2.23**
Total world	**84.02**	**84.52**	**0.50**	**0.60**	**83.08**	**83.71**	**0.62**	**0.75**

Totals may not add due to independent rounding.

Table 14: Third and fourth quarter world oil demand comparison for 2010, mb/d

			Change 2010/09				Change 2010/09	
	3Q09	3Q10	Volume	%	4Q09	4Q10	Volume	%
North America	23.33	23.61	0.28	1.20	23.99	24.29	0.30	1.25
Western Europe	14.82	14.66	-0.16	-1.07	15.05	14.93	-0.12	-0.80
OECD Pacific	7.33	7.16	-0.17	-2.37	7.83	7.71	-0.11	-1.46
Total OECD	**45.48**	**45.42**	**-0.05**	**-0.12**	**46.87**	**46.94**	**0.07**	**0.14**
Other Asia	9.35	9.54	0.19	1.99	9.41	9.60	0.19	2.00
Latin America	6.01	6.10	0.09	1.50	5.85	5.95	0.09	1.57
Middle East	7.30	7.55	0.26	3.53	7.06	7.29	0.23	3.32
Africa	3.16	3.22	0.06	1.93	3.25	3.30	0.05	1.41
Total DCs	**25.82**	**26.41**	**0.59**	**2.30**	**25.57**	**26.13**	**0.56**	**2.19**
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	8.48	8.78	0.31	3.60	8.08	8.39	0.31	3.87
Total "Other Regions"	**13.38**	**13.72**	**0.34**	**2.55**	**13.02**	**13.39**	**0.37**	**2.85**
Total world	**84.67**	**85.55**	**0.88**	**1.04**	**85.46**	**86.46**	**1.00**	**1.17**

Totals may not add due to independent rounding.

World Oil Supply

Non-OPEC supply to average 50.86 mb/d in 2009, representing growth of 0.41 mb/d

Non-OPEC

Forecast for 2009

Non-OPEC supply in 2009 is expected to grow by 0.41 mb/d over the previous year to average 50.86 mb/d, unchanged from the previous month. Although the growth and average remain the same, various minor upward and downward revisions were introduced to supply estimates of individual countries. Although there were more positive revisions than negative ones, the negative adjustments represented greater volume. Hence, the overall outlook for non-OPEC supply remains flat. Many of the revisions came to reflect updates to actual production figures in the second and third quarters, which were on the negative side. However, fourth quarter revisions were positive to better accommodate the return from maintenance in many producing areas, as well as to adjust for various production improvements reflected in the healthy level of supply shown in preliminary October data. On a quarterly basis, non-OPEC supply in 2009 stands at 50.95 mb/d, 50.54 mb/d, 50.75 mb/d and 51.21 mb/d respectively.

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

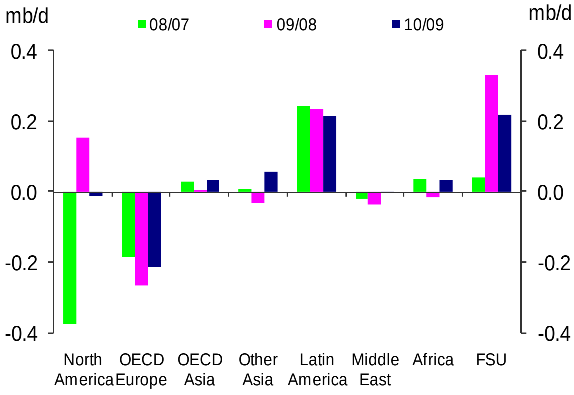


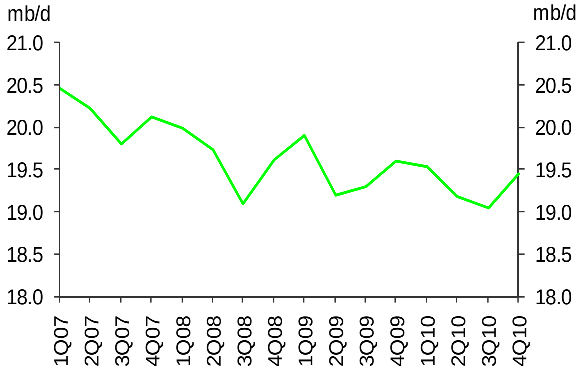
Table 15: Non-OPEC oil supply in 2009, mb/d

	2008	1Q09	2Q09	3Q09	4Q09	2009	Change 09/08
North America	13.92	14.16	13.88	14.10	14.18	14.08	0.15
Western Europe	5.05	5.11	4.70	4.54	4.78	4.78	-0.27
OECD Pacific	0.63	0.64	0.61	0.65	0.63	0.63	0.00
Total OECD	**19.60**	**19.91**	**19.19**	**19.29**	**19.59**	**19.49**	**-0.11**
Other Asia	3.75	3.71	3.70	3.70	3.75	3.71	-0.03
Latin America	4.20	4.41	4.44	4.43	4.46	4.43	0.24
Middle East	1.65	1.63	1.62	1.60	1.62	1.62	-0.04
Africa	2.74	2.73	2.73	2.74	2.71	2.73	-0.02
Total DCs	**12.34**	**12.48**	**12.48**	**12.47**	**12.54**	**12.49**	**0.15**
FSU	12.56	12.63	12.90	12.98	13.07	12.90	0.33
Other Europe	0.15	0.14	0.13	0.14	0.13	0.14	-0.01
China	3.85	3.80	3.86	3.89	3.90	3.86	0.02
Total "Other regions"	**16.56**	**16.58**	**16.89**	**17.01**	**17.10**	**16.90**	**0.34**
Total Non-OPEC production	**48.50**	**48.96**	**48.56**	**48.77**	**49.22**	**48.88**	**0.38**
Processing gains	1.95	1.98	1.98	1.98	1.98	1.98	0.03
Total Non-OPEC supply	**50.45**	**50.95**	**50.54**	**50.75**	**51.21**	**50.86**	**0.41**
Previous estimate	50.45	50.95	50.57	50.83	51.09	50.86	0.41
Revision	0.00	0.00	-0.02	-0.07	0.11	0.00	0.00

OECD

Total oil supply from OECD is forecast to decline by 0.11 mb/d over 2008 to average 19.49 mb/d in 2009, representing a minor upward revision of 6 tb/d from last month. Second and third quarter supply estimates encountered downward revisions while the fourth quarter forecast experienced an upward adjustment. North America oil supply forecast was revised slightly down while Western Europe and OECD Pacific forecasts were revised up with the latter slightly outweighing the downward revision. OECD North America oil supply forecast experienced a minor downward revision of 7 tb/d compared to last month. The revisions came mainly to adjust for actual production data. North American oil supply is now expected to increase by 0.15 mb/d over the previous year to average 14.08 mb/d in 2009. On a quarterly basis, OECD supply stands at 19.91 mb/d, 19.19 mb/d, 19.29 mb/d and 19.59 mb/d respectively.

Graph 21: OECD's quarterly production



USA

Highest growth among non-OPEC countries in 2009 seen in the US at 0.45 mb/d

The **US** is anticipated to add 0.45 mb/d of oil to non-OPEC supply in 2009, where production is projected to average 7.95 mb/d. The forecast supply growth is the highest among all non-OPEC countries and indicates a minor annual upward revision of 11 tb/d, from the previous month. The healthy level of production witnessed in the past months as well as the rapid ramping up of various Gulf of Mexico fields all support the strong growth expectations. Updated production data required the upward revision in the third quarter while expectation of continuing strong levels of supply as well as the return from maintenance in Alaska slightly pushed up the fourth quarter estimate. Additionally, the startup of the Daniel Boone field as well as the rare export of US ethanol to Brazil, where tight supply is encountered on the back of a poor sugar cane harvest this year further supported the increase. Additionally, the new development of the Shenzi field in the Gulf of Mexico, which is producing more than its designed capacity of 100 tb/d as more oil has been discovered, further supports the durability of healthy production levels. Preliminary data for October shows US total supply standing at 8.12 mb/d, which is slightly higher than in the previous month.

Canada and Mexico

Canadian supply forecast to decline by 9 tb/d in 2009

Canadian oil supply is foreseen to average 3.17 mb/d in 2009, a decline of 9 tb/d over 2008 and a downward revision of 28 tb/d from the previous month. The second, third and fourth quarter supply estimates experienced downward revisions partially on the back of adjustments to actual production. Additionally, the recent setbacks encountered at the Fort McMurry projects further pressured the fourth quarter forecast. However, expectations of more supply in the fourth quarter remains as the streams are coming back to full production at the Eastern Canada offshore operations after the sharp maintenance reduction in the third quarter.

Mexico oil supply to average 2.96 mb/d in 2009

Mexico oil production is expected to drop by 0.21 mb/d over the previous year to average 2.96 mb/d in 2009, indicating a minor upward revision of 9 tb/d on the annual level compared to the previous month. The minor increase from a month earlier was introduced to adjust for actual production data, where in September, Mexico supply exceeded the previous month. Additionally, the minor adjustment was carried over to the fourth quarter which further enhanced the upward revision.

Western Europe

OECD Western Europe oil supply is projected to decline by 0.27 mb/d over a year ago to average 4.78 mb/d in 2009, representing a minor upward revision of 8 tb/d from last month. Adjustment to actual production figures in the third quarter negatively affected the forecast while the positive adjustment to the fourth quarter outweighed the downward effect. OECD Western Europe supply is expected to show quarterly figures of 5.11 mb/d, 4.70 mb/d, 4.54 mb/d and 4.78 mb/d respectively.

Norway seen averaging 2.35 mb/d in 2009

Oil production from **Norway** is forecast to decline by 0.11 mb/d over the previous year to average 2.39 mb/d in 2009, indicating a minor downward revision of 7 tb/d from a month earlier. The revision was introduced to the third quarter supply to adjust for actual production figures which were affected by the outage at the Statfjord system as well as maintenance on the Vigdis, Snorre, and Snohvit fields. The additional volumes from the startup of the Volund field supported production with reports showing the field output at 25 tb/d. Additionally, a shift in the maintenance schedule further affected actual supply figures. The fourth quarter supply forecast remained flat from the previous month and is expected to show an increase now that the maintenance season is ending.

UK to decline by 8 tb/d in 2009

UK oil supply is foreseen to average 1.49 mb/d in 2009, representing a decline of 8 tb/d over a year earlier, and representing an upward revision of 9 tb/d from last month. The third quarter supply experienced a downward revision to adjust to actual production data. Various maintenance operations affected the total supply figure in the third quarter. However, fourth quarter supply encountered an upward revision to accommodate the strong return from maintenance, such as with the Buzzard project. Despite the shutdown of the Schiehallion field, due to a tanker accident, fourth quarter supply is expected to show growth over the third quarter.

Other Western Europe supply is estimated to decline by 6 tb/d in 2009 to average 0.67 mb/d, representing an upward revision of around 7 tb/d from the previous month to adjust for actual production data.

Asia Pacific

OECD Asia Pacific region oil production is forecast to remain flat over a year earlier and to average 0.63 mb/d in 2009, indicating a minor upward revision of 5 tb/d from last month. On a quarterly basis, total oil supply is estimated to average 0.64 mb/d, 0.61 mb/d, 0.65 mb/d and 0.63 mb/d respectively.

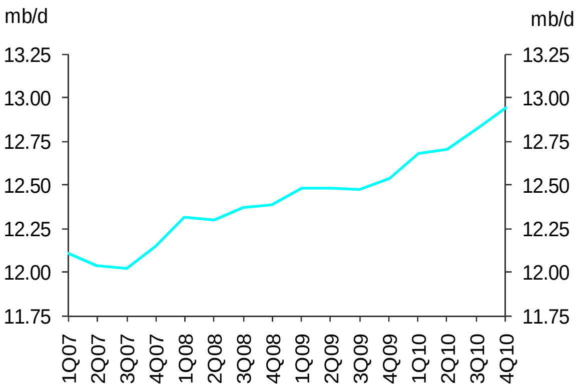
Australia estimated to average 0.54 mb/d in 2009

Oil supply from **Australia** is estimated to increase by 1 tb/d over the previous year to average 0.54 mb/d in 2009, representing a minor upward revision of 5 tb/d from a month earlier. The minor revision was introduced to adjust for actual production data in the third quarter which was partially carried over to the fourth quarter.

Developing Countries

Oil supply from **Developing Countries (DCs)** is expected to grow by 0.15 mb/d over a year earlier to average 12.49 mb/d in 2009, representing a downward revision of 13 tb/d from last month. The forecast growth is expected to only come from Latin America, while supply from Other Asia, the Middle East and Africa is foreseen to decline in 2009. On a quarterly basis, total oil supply in DCs is seen averaging 12.48 mb/d, 12.48 mb/d, 12.47 mb/d and 12.54 mb/d respectively.

Graph 22: Developing Countries' quarterly production



Development delays on the Cepu field affecting Indonesia supply

Oil supply from **Other Asia** is seen to decline by 3 tb/d over the previous year to average 3.71 mb/d in 2009, representing a downward revision of 18 tb/d compared to a month earlier. The downward revisions mainly affected the supply estimate of the second and third quarters to adjust for actual production data. Supply forecasts for Brunei, Indonesia, Malaysia, and Vietnam experienced minor downward revisions. Indonesian oil supply is seen to decline by around 2 tb/d in 2009. The slow development of the Cepu project, which was expected to reach 20 tb/d by the 3Q09, has required the minor downward revisions. Additionally, reports of Vietnam Su Tu Vang production being much lower than at the beginning of the year further supported the downward revision. On the other hand, development of the Malaysia Sk-305 field is coming closer as the field is set to startup shortly. On a quarterly basis, Other Asia supply is expected to average 3.71 mb/d, 3.70 mb/d, 3.70 mb/d and 3.75 mb/d respectively.

Colombia oil supply to grow by 7 tb/d in 2009

Latin America group oil supply is seen to increase by 0.24 mb/d over the previous year to average 4.43 mb/d in 2009, relatively unchanged from a month earlier. Despite no change from the previous month, there were minor upward and downward revisions among the countries. The supply forecasts of Argentina and Trinidad and Tobago encountered minor downward revisions to adjust for actual production data in the second and third quarters, while Brazil and Colombia supply forecast experienced upward revisions to adjust for production figures in the third quarter. Brazil oil supply is expected to continue to show a healthy level of growth in the fourth quarter compared to the third, supported by various project developments. Additionally, oil production is seen further advancing in 2009. On a quarterly basis, Latin American supply stands at 4.41 mb/d, 4.44 mb/d, 4.43 mb/d and 4.46 mb/d respectively.

Enhanced oil recovery projects supporting Oman supply growth in 2009

Oil production from the **Middle East** is expected to drop by 4 tb/d over a year ago to average 1.62 mb/d in 2009, relatively flat from the previous month. Oman oil supply forecast experienced an upward revision to adjust for actual production data in the second and third quarter as enhanced oil recovery projects are supporting production levels. Syria oil supply experienced a minor downward revision compared to last month. On a quarterly basis, Mideast supply is expected to average 1.63 mb/d, 1.62 mb/d, 1.60 mb/d and 1.62 mb/d respectively.

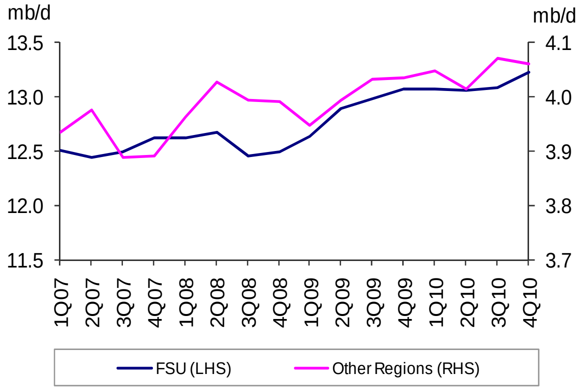
Africa oil supply is forecast to average 2.73 mb/d in 2009, a minor decline of 2 tb/d over a year ago and relatively unchanged from the previous month. Oil production from Congo and Gabon are expected to grow in 2009 while supply from Chad and Equatorial Guinea is estimated to decline. The quarterly distribution average now stands at 2.73 mb/d, 2.73 mb/d, 2.74 mb/d and 2.71 mb/d respectively.

FSU, Other Regions

FSU supply forecast revised up slightly on actual production data

FSU oil production is forecast to grow by 0.33 mb/d over the previous year to average 12.90 mb/d in 2009, indicating a minor upward revision of 8 tb/d from last month. The minor upward revision came on the back of adjustments to actual production data in the third quarter which was partially carried over to the fourth quarter. All major producing countries in the region are now forecast to show supply growth exceeding 100 tb/d each. On a quarterly basis, total oil supply in the FSU is expected to average 12.63 mb/d, 12.90 mb/d, 12.98 mb/d and 13.07 mb/d, respectively.

Graph 23: FSU and other region's quarterly production



China oil supply is expected to grow by a minor 2 tb/d in 2009 to average 3.86 mb/d and **Other Europe** supply is seen to decline slightly by 1 tb/d to average 0.14 mb/d in 2009.

Russia

Russia expected to grow by 0.11 mb/d in 2009 to average 9.89 mb/d

Russian oil production is projected to grow by 0.11 mb/d over a year earlier to average 9.89 mb/d in 2009, indicating a minor upward revision of 8 tb/d from last month. The healthy production level in the third quarter – which represented record-high production levels for each month – required an upward revision which was partially carried over to the fourth quarter. While Russia supply forecast encountered many downward revisions as the year progressed, the improvement of the tax system as well as higher oil prices both allowed Russia to reverse the declining trend experienced in the early part of the year. The healthy ramp-up of new fields that came onstream recently, such as the Vankor project, as well as the alteration introduced to the taxation system provided the necessary support to arrest the short-lived decline trend in supply. On a quarterly basis, Russian oil supply is estimated to average 9.78 mb/d, 9.88 mb/d, 9.97 mb/d and 9.95 mb/d respectively. Preliminary figures indicate that Russia oil production stood at 10.07 mb/d in October, higher than in the previous month.

Caspian

Oil production from Kazakhstan is anticipated to average 1.53 mb/d in 2009, indicating growth of 0.12 mb/d over a year earlier and an upward revision of 15 tb/d compared to the previous month. The upward revision was introduced to the third quarter to adjust for actual production data that was slightly higher than expected. The healthy level of production from the Tengiz field supported the upward revision. Kazakh supply is expected to increase in the fourth quarter on the back of some fields returning from maintenance.

Azeri supply to grow by 0.12 mb/d in 2009, the highest in the FSU

Azerbaijan oil production is estimated to increase by 0.12 mb/d over the previous year to average 1.03 mb/d in 2009, representing a downward revision of 14 tb/d from a month earlier. Adjustments to actual production data necessitated the adjustment. Fourth quarter supply is expected to improve as the ramp-up of the ACG field continues to support production. The quarterly breakdown now stands at 0.94 mb/d, 1.08 mb/d, 1.02 mb/d and 1.07 mb/d respectively.

China

Oil supply from **China** is seen to increase by 2 tb/d over a year ago to average 3.86 mb/d in 2009, unchanged from the previous month. There were two minor revisions to the forecast for China oil supply in the third and fourth quarters. The third quarter experienced minor downward revisions to adjust for actual production data, while fourth quarter supply encountered a minor upward revision to accommodate the startup of the Luda oil field in the Bohai Bay area in early November. Quarterly figures are seen to average 3.80 mb/d, 3.86 mb/d, 3.89 mb/d and 3.90 mb/d respectively.

Non-OPEC supply to average 51.23 mb/d in 2010, representing growth of 0.36 mb/d

Forecast for 2010

Non-OPEC supply is forecast to grow by 0.36 mb/d in 2010 to average 51.23 mb/d, indicating a minor upward revision of 17 tb/d from the previous month. This slight revision came from a balance of various minor upward and downward revisions for individual country forecasts. Some of the revisions were carried over from updates in 2009 and others adjustments to 2010 expectations. On a quarterly basis, non-OPEC supply is expected to average 51.32 mb/d, 50.94 mb/d, 51.00 mb/d and 51.64 respectively.

Table 16: Non-OPEC oil supply in 2010, mb/d

	2009	1Q10	2Q10	3Q10	4Q10	2010	Change 10/09
North America	14.08	14.16	13.97	13.95	14.17	14.06	-0.01
Western Europe	4.78	4.74	4.58	4.39	4.56	4.57	-0.21
OECD Pacific	0.63	0.63	0.64	0.70	0.71	0.67	0.03
Total OECD	**19.49**	**19.54**	**19.18**	**19.04**	**19.44**	**19.30**	**-0.19**
Other Asia	3.71	3.77	3.79	3.76	3.77	3.77	0.06
Latin America	4.43	4.54	4.56	4.69	4.79	4.64	0.21
Middle East	1.62	1.63	1.62	1.61	1.60	1.61	-0.01
Africa	2.73	2.74	2.74	2.76	2.79	2.76	0.03
Total DCs	**12.49**	**12.68**	**12.70**	**12.82**	**12.94**	**12.78**	**0.29**
FSU	12.90	13.08	13.06	13.09	13.22	13.11	0.22
Other Europe	0.14	0.13	0.13	0.13	0.13	0.13	0.00
China	3.86	3.91	3.88	3.94	3.93	3.92	0.05
Total "Other regions"	**16.90**	**17.12**	**17.08**	**17.16**	**17.28**	**17.16**	**0.26**
Total Non-OPEC production	**48.88**	**49.33**	**48.96**	**49.02**	**49.66**	**49.24**	**0.36**
Processing gains	1.98	1.98	1.98	1.98	1.98	1.98	0.00
Total Non-OPEC supply	**50.86**	**51.32**	**50.94**	**51.00**	**51.64**	**51.23**	**0.36**
Previous estimate	50.86	51.30	50.93	50.99	51.61	51.21	0.35
Revision	0.00	0.01	0.01	0.01	0.03	0.02	0.01

Revisions to the 2010 forecast

Australia's Montara project startup remains within 2010

The forecast for US oil supply was revised up in 2010 by around 30 tb/d, which was partially carried over from the 2009 update as well as in order to account for the introduced mandate for blending biofuels in heating oil. The new mandate is seen to add to the factors that will encourage biofuel producers to increase supply in 2010. The Australian supply projection for 2010 experienced an upward revision of 10 tb/d as the startup of the Montara project remains on the horizon for 2010 after leakage and fire problems were resolved. Vietnam oil supply forecast was revised down by 22 tb/d as the decline in Su Tu Vang oil field production is influencing total supply expectation in 2010. Colombia supply was revised up by 23 tb/d in 2010 as the healthy ramp-up of projects is expected to continue in 2010. Oman oil supply forecast in 2010 was revised up slightly to cover the improved expectation for the enhanced oil recovery projects affecting total supply. Brazil remains the country with the highest expected growth in 2010. Russia supply is projected to remain relatively flat yet with a very high associated level of uncertainty.

OPEC natural gas liquids and non-conventional oils

OPEC NGLs and non-conventional oils are expected to average 4.78 mb/d in 2009, representing growth of 0.46 mb/d over the previous year. In 2010, OPEC NGLs are forecast to average 5.33 mb/d, an increase of 0.55 mb/d over the current year.

Table 17: 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	**4.03**	**4.32**	0.29	4.59	4.64	4.88	5.02	**4.78**	0.46	**5.33**	0.55

OPEC crude production averaged 28.99 mb/d, an increase of 40 tb/d over the previous month

OPEC crude oil production

OPEC crude oil production averaged 28.99 mb/d in October, according to available secondary sources, an increase of around 40 tb/d over the previous month. Minor increases came from Kuwait, Nigeria, and Angola, while minor decreases experienced in Venezuela and Iraq. OPEC crude production, not including Iraq, stood at 26.52 mb/d in October, an increase of 50 tb/d over the previous month.

Table 18: OPEC crude oil production based on *secondary sources*, 1,000 b/d

	2008	4Q08	1Q09	2Q09	3Q09	Aug 09	Sep 09	Oct 09	Oct/Sep
Algeria	1,382	1,354	1,266	1,266	1,274	1,275	1,276	1,281	*4.9*
Angola	1,871	1,870	1,700	1,743	1,828	1,808	1,866	1,879	*13.4*
Ecuador	503	501	482	479	473	470	475	478	*3.2*
Iran, I.R.	3,892	3,831	3,692	3,730	3,754	3,761	3,743	3,743	*0.0*
Iraq	2,341	2,336	2,325	2,406	2,507	2,521	2,480	2,470	*-10.1*
Kuwait	2,554	2,500	2,276	2,247	2,251	2,251	2,260	2,275	*14.5*
Libya, S.P.A.J.	1,718	1,697	1,577	1,554	1,557	1,559	1,559	1,560	*1.2*
Nigeria	1,947	1,931	1,818	1,748	1,740	1,706	1,842	1,856	*13.6*
Qatar	840	810	762	769	780	782	784	790	*6.2*
Saudi Arabia	9,113	8,760	7,964	8,009	8,118	8,140	8,088	8,092	*4.5*
UAE	2,557	2,431	2,268	2,244	2,253	2,250	2,259	2,258	*-1.2*
Venezuela	2,487	2,432	2,329	2,300	2,325	2,347	2,322	2,311	*-10.8*
Total OPEC	**31,206**	**30,454**	**28,459**	**28,494**	**28,860**	**28,870**	**28,954**	**28,993**	***39.4***
OPEC excl. Iraq	**28,865**	**28,118**	**26,134**	**26,088**	**26,353**	**26,349**	**26,474**	**26,523**	***49.5***

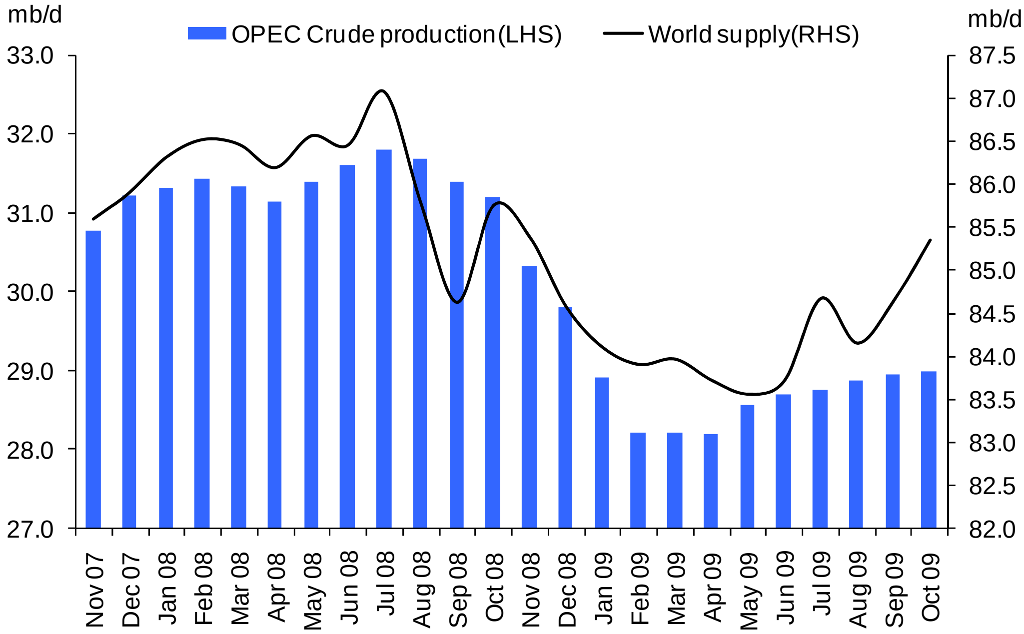
Totals may not add due to independent rounding.

Global supply estimated at 85.35 mb/d in October

World Oil Supply

Preliminary figures indicate that global oil supply increased 0.70 mb/d to average 85.35 mb/d in October. Non-OPEC supply experienced growth of 0.66 mb/d while OPEC crude production also moved slightly higher. The share of OPEC crude oil in global production decreased slightly in October to 34.0%. 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

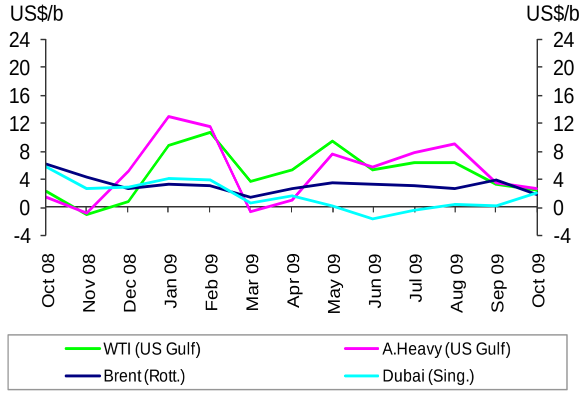


Product Markets and Refinery Operations

Refining margins lost ground further in the Atlantic Basin in October

Product market sentiment improved slightly in October due to product stock draws in the US, increasing freight movements and relative higher demand from industrial sectors. However, increasing crude costs have overwhelmed positive developments on product prices and exerted pressure on refining margins, especially in the Atlantic Basin. Although a cold winter may provide support for product markets and encourage refiners to increase runs in the next months, excessive distillate stock levels may affect refinery operations and crude stock movements in the future. The persistent bearish sentiment in the distillates market may also have an adverse effect on crude fundamentals.

Graph 25: Refining margins



As **Graph 25** shows, refining margins for WTI crude on the US Gulf Coast dropped by 84¢ to $2.28/b in October from $3.12/b a month earlier. This was mainly attributed to the high cost of throughputs. European refinery performance was also worse than last month. Refining margins for Brent crude in Rotterdam slid by $2.04 to $1.88/b in October from $3.92/b the previous month.

Dubai crude oil margins in Singapore improved by $1.93 to reach $1.98/b from as low as 5¢/b in September. This was partly attributed to higher demand from industrial sectors, despite improving refining margins in Asia in October, these are still unhealthy and may not be enough justification for further refinery runs and project expansion in the region.

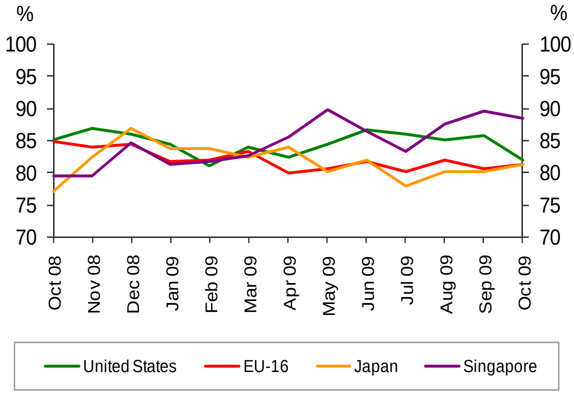
Looking ahead, the recent positive developments in product demand in tandem with growing optimism about the world economic recovery may, combined with higher seasonal demand for distillates, provide support for the market. But, as mentioned earlier, an overhang in distillate barrels, both on-shore and off-shore, along with idle refining capacity are still major constraint factors for a sharp improvement in product markets and refinery operations.

Refinery operations

Refiners are still maintaining very cautious throughput levels

Refinery throughputs usually increase in the second half of October in order to meet higher demand for the winter season. However, distillate stock builds in the last months at primary, secondary and tertiary storage depots across the board have changed the typical seasonal pattern of refinery operations and encouraged refiners to trim their operation levels as much as economically feasible. As mentioned, the recent positive developments in the product markets and impending winter season may encourage refiners to increase their throughputs in the coming months, but due to ample distillate stocks, it is not expected that they will follow the typical pattern.

Graph 26: Refinery utilization rates



As Graph 26 shows, refinery utilization rates in the US slipped 3.8% compared to

last month to reach 81.9% in October from 85.9% a month earlier. In Europe. refinery utilization rates are estimated to have improved very marginally by 0.6% to reach 81.2% from 80.6% the previous month. In Asia, refinery throughputs in China are still high, but remained subdued in other countries. Refinery utilization rates in Japan increased to 81.3% in October from around 80% the previous month.

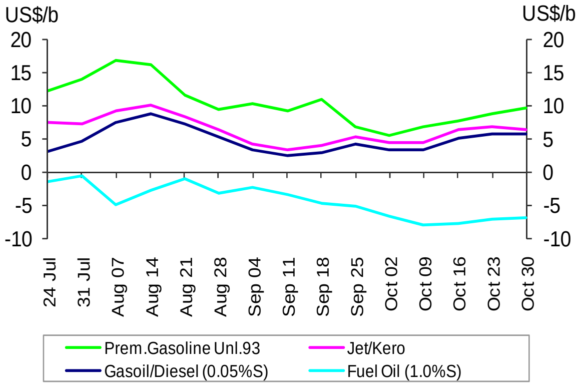
Looking ahead, with the arrival of the winter season and almost completion of autumn maintenance schedules, refinery operation levels are expected to increase in the coming months, but, as stated above, amid ample stocks of middle distillates, refinery utilization rates will most likely not increase sharply over the next months.

US market

Product stock draws have provided support for the US market

Unseasonable gasoline stock draws have provided support for US product markets and encouraged American refiners to switch their operations mode in favour of gasoline output. This has also tempted traders to fix arbitrage cargos from Europe. This positive development has lifted gasoline prices both in the futures and physical market. As Graph 26 shows, the gasoline crack spread on the US Gulf Coast rose to nearly $10/b in late October from around $5/b earlier the same month. However, due to adjustments in refinery operations in favour of gasoline and higher imports, US gasoline market sentiment eased in recent weeks.

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



The middle distillates market in the US has also improved slightly due to cold weather and improving demand. The harvest season in the Midwest has also contributed to positive movement in the US distillates market. Following these developments, the gasoil crack spread on the US Gulf Coast soared to above $5.60/b in October from around $3/b in September *(see **Graph 27**)*. However, amid ample distillate stocks both on-shore and off-shore and increasing gasoil exports from Russia to the US, the persisting bearish sentiment in the distillates market is not expected to change significantly in the near future. The persistent high level of distillate stocks in the US may possibly have a negative impact on refinery runs and crude fundamentals in the future.

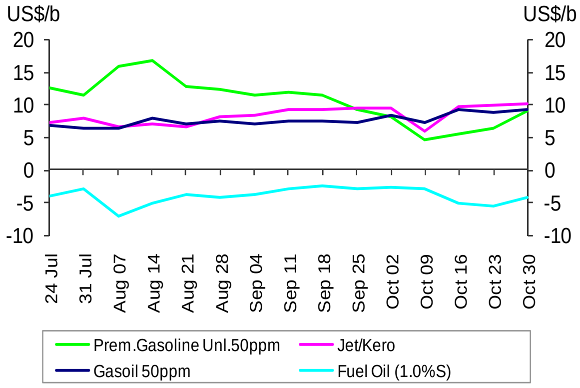
The US fuel oil market has not been very lucrative and extended the downward trend due to fewer arbitrage opportunities to Asia-Pacific and lower regional demand. The low sulfur fuel oil crack spread against WTI crude on the US Gulf Coast plunged to minus $7.70/b in October from about minus $4/b in September *(see **Graph 26**)*. Due to ample stocks of natural gas and its competitive price versus fuel oil as well as lack of arbitrage opportunities to Asia, US fuel oil market fundamentals are not expected to improve in the near future.

European light distillate market has benefited from the gasoline stock draws in the US

European market

Gasoline stock draws in the US and slowing refinery operations in Europe have reinforced market sentiment for light distillates and the gasoline swap market flipped into backwardation. Export opportunities to the US have also led to gasoline stock draws in Rotterdam and lifted the gasoline crack spread. The gasoline spread against Brent crude oil at Rotterdam surged to $9/b in the latter part of October from about $5/b early in the same month *(see Graph 28)*. Despite recent bullish developments, the gasoline market is not expected to grow further next month, as seasonal supporting factors have disappeared and operational flexibility may encourage refiners to increase gasoline output which would undermine gasoline market sentiment in the near future.

Graph 28: Rotterdam crack spreads vs. Brent, 2009



The naphtha market in Europe remained strong amid higher demand for gasoline and rising demand from the petrochemical sector. Arbitrage opportunities to Asia could lend further support to the European naphtha market in the future.

Fewer arbitrage cargoes from Asia and the continuation of cautious operations approaches by European refiners extended some support to the European distillates market, and the distillates crack spread was established at around $9/b in October *(see **Graph 28**)*. Upon the completion of autumn maintenance schedules and considering the bulk of distillate stocks even at tertiary storage as well as potential exports from Russia and Asia, European distillate prices are not expected to improve significantly in the coming months.

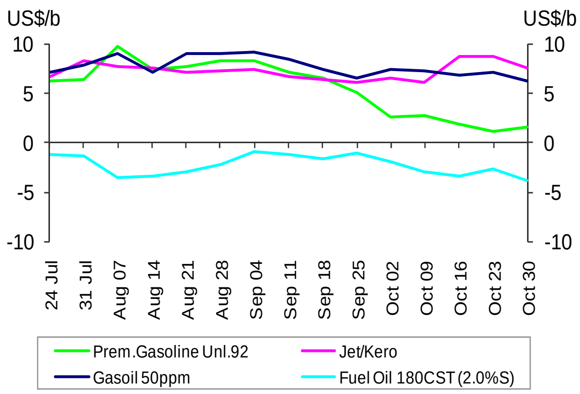
The European fuel oil market lost part of its previous strength due to higher exports from Russia, lower regional demand and increasing stock levels in Rotterdam. Both low and high sulfur spreads versus crude oil widened compared to the previous month. As **Graph 28** indicates, the low sulfur fuel oil crack spread versus Brent crude oil rose to around minus $5/b from minus $2.5/b a month earlier. Export opportunities to the US and Asia have recently provided support for the European fuel oil market, but due to increasing regional supply, the current situation of the European fuel oil market is not expected to improve in the near future.

Asian naphtha market gained ground in October

Asian market

The economic recovery, along with less competition of LPG as a replacement for naphtha at petrochemical units, has provided support for naphtha market and prices. Following these developments, naphtha cracks improved significantly compared to the previous month and the market shape flipped from contango into backwardation. Extra demand from China contributed to the positive developments on the naphtha market.

Graph 29: Singapore crack spreads vs. Dubai, 2009



Gasoline stock draws in the US have rendered some support to the Asian gasoline market in October, but due to increasing exports from China and India as well as sluggish regional demand, the momentum remained weak. The gasoline crack spread against Dubai crude oil in Singapore plunged to about $2/b in October from about $5/b in September *(see **Graph 29**).*

Lower refinery runs, improving economic recovery and potential export opportunities to the west slightly lifted distillate prices and cracks in early October. However, this situation changed later on, as persistent distillate stocks discouraged traders to lift more cargoes and to export to the west. The gasoil crack spread versus Dubai crude remained around $7/b in September *(see **Graph 29**).* Furthermore, in spite of rising air travel in Asia, this could not provide sufficient support for the jet fuel market as sellers are still struggling with high stocks.

With regard to fuel oil, Asian market sentiment fell compared to previous months due to more export cargoes from the Middle East, less demand from China and increasing arbitrage flows from the west. The market shape for fuel oil in Asia flipped into contango from backwardation and its crack spread versus Dubai crude widened to nearly minus $4/b in October. Continuation of fuel inflow from across the world will further boost fuel oil stock levels in Singapore and may widen the discount versus crude in the next month.

Table 19: Refined product prices, US$/b

		Aug-09	Sep-09	Oct-09	Change Oct/Sep
US Gulf (Cargoes):					
Naphtha		75.27	65.84	75.66	9.82
Premium gasoline	*(unleaded 93)*	84.27	74.56	83.89	9.32
Regular gasoline	*(unleaded 87)*	81.79	69.94	79.77	9.83
Jet/Kerosene		79.40	70.30	81.92	11.62
Gasoil	*(0.05% S)*	78.09	69.27	80.81	11.54
Fuel oil	*(1.0% S)*	68.06	62.03	68.58	6.55
Fuel oil	*(3.0% S)*	66.21	61.18	67.08	5.91
Rotterdam (Barges FoB):					
Naphtha		67.48	65.82	69.17	3.35
Premium gasoline	*(unleaded 10 ppm)*	83.11	78.34	79.33	0.98
Premium gasoline	*(unleaded 95)*	76.93	72.52	73.43	0.91
Jet/Kerosene		76.08	76.57	82.53	5.97
Gasoil/Diesel	*(10 ppm)*	76.18	74.77	81.60	6.83
Fuel oil	*(1.0% S)*	64.55	64.52	68.35	3.83
Fuel oil	*(3.5% S)*	63.06	62.96	66.93	3.97
Mediterranean (Cargoes):					
Naphtha		66.02	64.30	67.10	2.80
Premium gasoline	*(50 ppm)*	58.40	58.20	62.14	3.94
Jet/Kerosene		75.02	75.38	81.30	5.93
Gasoil/Diesel	*(50 ppm)*	75.30	75.03	79.30	4.27
Fuel oil	*(1.0% S)*	64.80	64.92	68.18	3.26
Fuel oil	*(3.5% S)*	63.68	63.10	67.11	4.01
Singapore (Cargoes):					
Naphtha		67.02	63.76	69.20	5.44
Premium gasoline	*(unleaded 95)*	78.22	72.20	77.71	5.51
Regular gasoline	*(unleaded 92)*	76.31	70.48	76.05	5.57
Jet/Kerosene		74.93	71.19	80.07	8.88
Gasoil/Diesel	*(50 ppm)*	76.51	72.35	81.95	9.60
Fuel oil	*(180 cst 2.0% S)*	64.98	63.34	68.85	5.51
Fuel oil	*(380 cst 3.5% S)*	64.79	63.29	68.86	5.57

Table 20: Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				Refinery utilization *%*			
	Aug 09	Sep 09	Oct 09	Oct/Sep	Aug 09	Sep 09	Oct 09	Oct/Sep
USA	14.58	14.82	14.24	-0.57	85.1	85.7	81.9	-3.9
France	1.55	1.54	1.51	-0.03	81.7	80.1	80.9	0.8
Germany	2.06	2.02	2.01	-0.01	85.3	84.2	84.8	0.6
Italy	1.73	1.70	1.69	-0.01	76.5	75.1	75.8	0.7
UK	1.39	1.41	1.40	-0.01	75.8	76.0	75.9	-0.1
Euro16	10.88	10.75	10.72	-0.03	81.8	80.6	81.2	0.6
Japan	3.63	3.31	3.03	-0.28	80.2	80.0	81.3	1.3

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

The Tanker Market

OPEC spot fixtures increased in October by 3% with OPEC and Middle East sailings relatively steady

OPEC spot fixtures increased in October by 3% to average 11.8 mb/d, up from 11.46 mb/d in September, according to preliminary data. The increase is attributed to higher fixtures from the Middle East which increased by 0.72 mb/d to average 5.28 mb/d, while fixtures from outside the Middle East declined by 0.38 mb/d or 6% compared to the previous month. On a y-o-y basis, OPEC spot fixtures in October were 2% lower compared to a year earlier. Global spot fixtures in October were steady compared to a month earlier and a year ago, averaging 18.94 mb/d.

Sailings from OPEC were relatively steady in October at 22.65 mb/d, compared to 22.41 mb/d the previous month, but 8% lower than a year earlier. Middle East sailings were 16.48 mb/d compared to 16.25 mb/d the previous month and 7% lower than a year earlier. Crude oil arrivals in North America in October were 8.55 mb/d compared to 8.57 mb/d in the previous month. Crude oil arrivals in Europe and the Far East averaged 12.39 mb/d and 8.04 mb/d, representing an increase of 3% for Europe but steady for the Far East, both compared to the previous month.

Table 21: Tanker chartering, sailings and arrivals, mb/d

	Aug 09	Sep 09	Oct 09	Change Oct/Sep
Spot Chartering				
All Areas	17.09	18.81	18.94	0.13
OPEC	10.82	11.46	11.80	0.34
Middle East/ east	4.87	4.71	5.19	0.48
Middle East/ west	1.11	0.66	0.90	0.24
Outside Midlle East	4.84	6.09	5.71	-0.38
Sailings				
OPEC	22.59	22.41	22.65	0.24
Middle East	16.43	16.25	16.48	0.23
Arrivals				
Noth America	8.85	8.57	8.55	-0.02
Europe	12.29	11.98	12.39	0.41
Far East	8.15	8.05	8.04	-0.01
West Asia	4.78	4.74	4.74	0.00

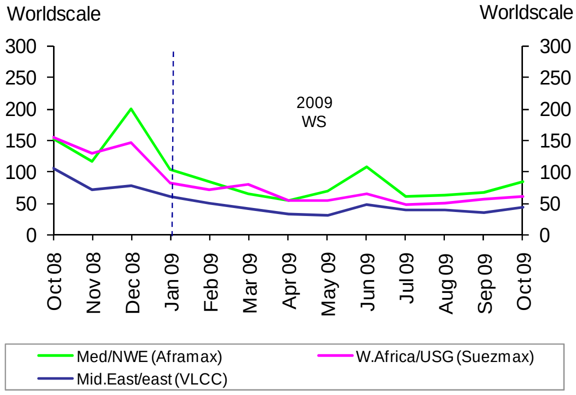
Source: “Oil Movements” and Lloyd's Marine Intelligence Unit.

On both the crude and product segments, the tanker market was in better shape in October compared to the previous month after being almost steady for two months in a row. Nevertheless, the market is still highly influenced by lower volumes of traded crudes and products as a result of weak oil demand as well as rapidly growing tanker fleets which together have kept freight rates at much lower levels compared to a year earlier. In September, clean tanker market performance was much better to the East of Suez compared to the West of Suez; however, the Singapore to East route provided the most support in October. The VLCC sector gained 17% on average in October compared to a month earlier. This was mainly supported by China’s growing crude imports for most of this year, although this was not a sufficiently strong force in itself to compensate for much lower imports by OECD countries. On the other hand, Suezmax freight rates were 7% higher in October, while Aframax freight rates strengthened due to good levels of activities in the Mediterranean market.

Dirty tanker spot freight rates gained 11% on average in October supported by a firmer VLCC sector

The number of VLCCs engaged in crude oil storage operations was almost unchanged in October, in line with the almost unchanged contango structure in crude oil futures in that month. Estimates put the volume of crude oil stored on VLCCs by the end of the month at about 40 mb. This volume takes about 20 VLCCs out of the market, but reports also indicated that there were another 10 VLCCs tied up in petroleum product storage operations, which implies that by the end of October about 6% of the global VLCC fleet was out of the market, lending some support to freight rates for this segment of tankers. About 50% of the stored crudes afloat were on the US Gulf Coast and most of the remainder was located in Europe. On the other hand, middle distillates stored on tankers continued to increase in October reaching about 90 mb compared to some 65 mb at the end of the previous month, reflecting higher incentives to stock up ahead of seasonally strong demand for distillates during winter. The bulk of the increase in products afloat in October was recorded in the Asia-Pacific market. By the end of October, about 60% of middle distillates were stored on tankers in Northwest Europe (NWE) and the Mediterranean regions and about 30% were stored in Asia-Pacific.

Graph 30: Monthly averages of crude oil spot freight rates



Taking the top three vessel sizes into consideration, average spot freight rates for crude oil tankers was 11% higher in October compared to the previous month. However, rates were 42% lower compared to the same month a year ago, taking into consideration the changes in WS flat rates as of January 2009. On average, the VLCC segment gained another 5 WS points in October, the Suezmax segment gained 4 points and the Aframax gained 8 points, all from September rates.

After a slow start due to the long Golden Week holidays in China, the VLCC market tightened throughout the second half of October with the return of the Chinese to the market. Average VLCC freight rates increased in October by 17% compared to the previous month, but remained 43% lower y-o-y. VLCC freight rates on the Middle East to East route were as high as WS47 by the end of the month, the highest weekly average since mid-July this year, ending October at a monthly average of WS42 compared to WS34 the previous month. In westbound directions, freight rates on the VLCC market gained 12% in October. Weak refinery margins in the US and resulting lower volumes of crude oil imports continued to exert pressure on freight rates in this segment of the market. Freight rates on this route started the month at WS28 and remained below this rate for the entire first half of the month before rebounding to WS32 during the third week, ending the month with an average of WS27, compared to an average of WS26 in the previous month.

On the other hand, VLCC freight rates in West Africa followed a similar trend in October compared to that in the Middle East. Freight rates for the West Africa to East route started the month at WS43, climbing to WS49 by the end of the third week and to WS54 by the end of the month for an average of WS47, indicating a monthly gain of 15% compared to September.

The Suezmax tanker segment gained 7% in October compared to September. Freight rates for both routes to the US from West Africa and Northwest Europe lost some points during the first half of the month but this was offset by the gains made in the second half. From West Africa, freight rates had a slow first week of the month, dipping to WS54 from WS64. This was followed by continuous gains for the remainder of the month on tighter tonnage availability as the strong Middle East market attracted some vessels and a few prompt cargoes were offered to the market. Freight rates on this route ended the month at a monthly average of WS61, compared to WS57 in the previous month. On the Northwest Europe to US Suezmax route, freight rates also gained 4 WS points or 7% in October compared to a month earlier as a result of good performance during the last week of the month. Average Suezmax freight rates in October were 43% lower compared to the same month last year.

The Aframax market was very volatile in October with freight rates moving in different directions on main markets. To the East of Suez, Aframax freight gained a monthly margin of 2% in October compared to the previous month, while in the Caribbean market, Aframax freight rates dropped by a margin of 1% as activities remained slow due to weakening US imports. However, market performance was stronger in the Mediterranean. Freight rates on the cross-Mediterranean route ended the month achieving a 20% gain compared to the previous month, reaching as high as WS90 by the middle of the month, the highest rate during the second half of this year thus far. Freight rates for the Mediterranean to Northwest Europe route followed the same trend, gaining 26% compared to the previous month.

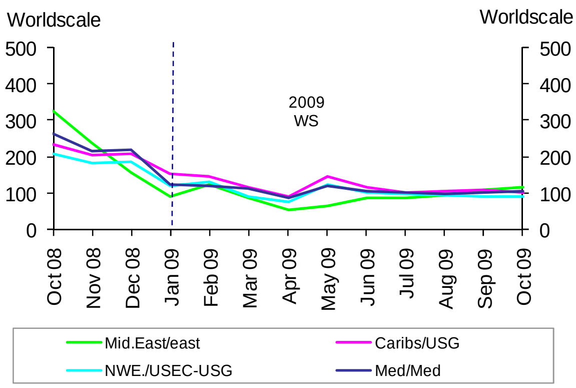
Table 22: Spot tanker crude freight rates, Worldscale

	Size *1,000 DWT*	Aug 09	Sep 09	Oct 09	Change Oct/Sep
Crude					
Middle East/east	230-280	38	34	42	8
Middle East/west	270-285	27	26	29	3
West Africa/east	260	44	41	47	6
West Africa/US Gulf Coast	130-135	51	57	61	4
NW Europe/USEC - USGC	130-135	47	57	61	4
Indonesia/US West Coast	80-85	62	63	64	1
Caribbean/US East Coast	80-85	67	71	70	-1
Mediterranean/Mediterranean	80-85	67	70	84	14
Mediterranean/North-West Europe	80-85	62	65	82	17

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

Clean tanker spot freight rates increased in October by an average of 2% with a better performance to the East of Suez

Graph 31: Monthly averages of clean spot freight rates



Freight rates in the clean tanker market also gained 2% on average in October compared to the previous month. This was the third month in a row that clean spot freight rates indicated a month-on-month gain. Similar to the crude tanker market, most of the support came from the much firmer East of Suez market and to a lesser extent from the Mediterranean market. Clean spot freight rates on the Middle East to East route increased by 5% in October backed by the continued healthy demand for light petroleum products, especially naphtha in the Far East and the expansion in volumes of petroleum products stored offshore which is taking more clean tankers out of the market. The same factors were supporting freight rates on the Singapore to East route which gained 8% compared to September. As a result, clean spot freight rates to the East of Suez were 6% higher in October compared to the previous month but were 55% lower compared to the same month last year.

To the West of Suez, the market was generally steady in October compared to a month earlier with gains achieved in the Mediterranean being offset by losses in the trans-Atlantic and the Caribbean clean routes. Lower demand for gasoline in the US together with high European distillate stocks depressed freight rates on the trans-Atlantic and Caribbean routes to the US which ended the month with declines of 2% and 5% respectively. Clean freight rates increased in the Mediterranean market by 4% for both the cross-Mediterranean and Northwest Europe routes. On average, clean spot freight rates to the West of Suez were steady in October and the market for both sides of the canal gained 2% compared to a month ago.

Table 23: Spot tanker product freight rates, Worldscale

	Size *1,000 DWT*	Aug 09	Sep 09	Oct 09	Change Oct/Sep
Products					
Middle East/east	30-35	95	111	116	5
Singapore/east	30-35	81	91	98	7
Caribbean/US Gulf Coast	38-40	108	111	105	-6
NW Europe/USEC - USGC	33-37	95	92	90	-2
Mediterranean/Mediterranean	30-35	99	101	105	4
Mediterranean/North-West Europe	30-35	109	111	115	4

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

Oil Trade

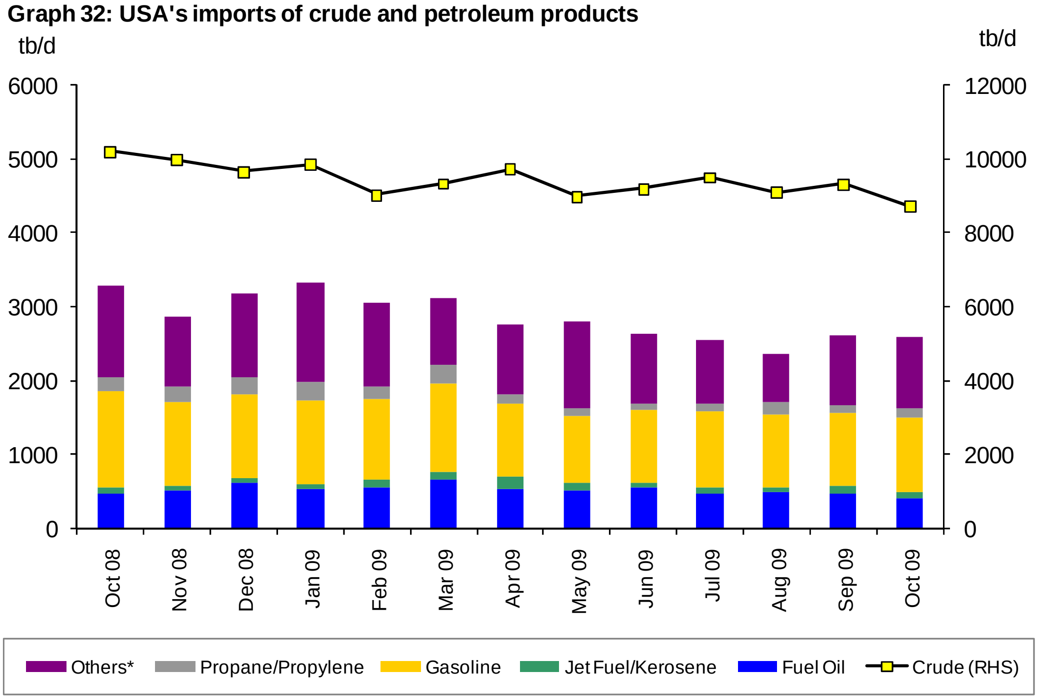
US net oil imports declined 0.6 mb/d in October backed by lower crude imports

USA

According to preliminary data, US crude oil imports declined in October to average 8.71 mb/d, about 7% or 600,000 b/d lower compared to the previous month and about 15% or 1.5 mb/d lower compared to the same month a year ago. With October crude imports, US average imports for the first ten months of 2009 amount to about 9.27 mb/d, 5%, or 0.52 mb/d lower compared to the same period a year earlier.

Similarly, US product imports declined in October by 1%, or 24,000 b/d compared to the previous month to average 2.59 mb/d, about 21% or 0.7 mb/d lower than in the same month last year. Finished motor gasoline imports were 191,000 b/d, about 20,000 b/d higher compared to a month earlier and 37% lower compared to October 2008. Average gasoline imports during the first ten months of 2009 were 0.25 mb/d, 30% lower compared to the same period a year earlier. Distillate fuel oil imports in October were 179,000 b/d, steady compared to both the previous month and a year earlier. Average distillate fuel oil imports during the first ten months of 2009 were 39,000 b/d or 19% higher compared to the same period the previous year. Residual fuel oil imports in October were 314,000 b/d compared to 303,000 b/d the previous month and to 293,000 b/d in the same month a year ago and average residual fuel oil imports during the first ten months of 2009 were steady at 355,000 b/d, compared to the same period last year. Jet fuel imports in October averaged 90,000 b/d, down from 104,000 b/d the previous month.

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

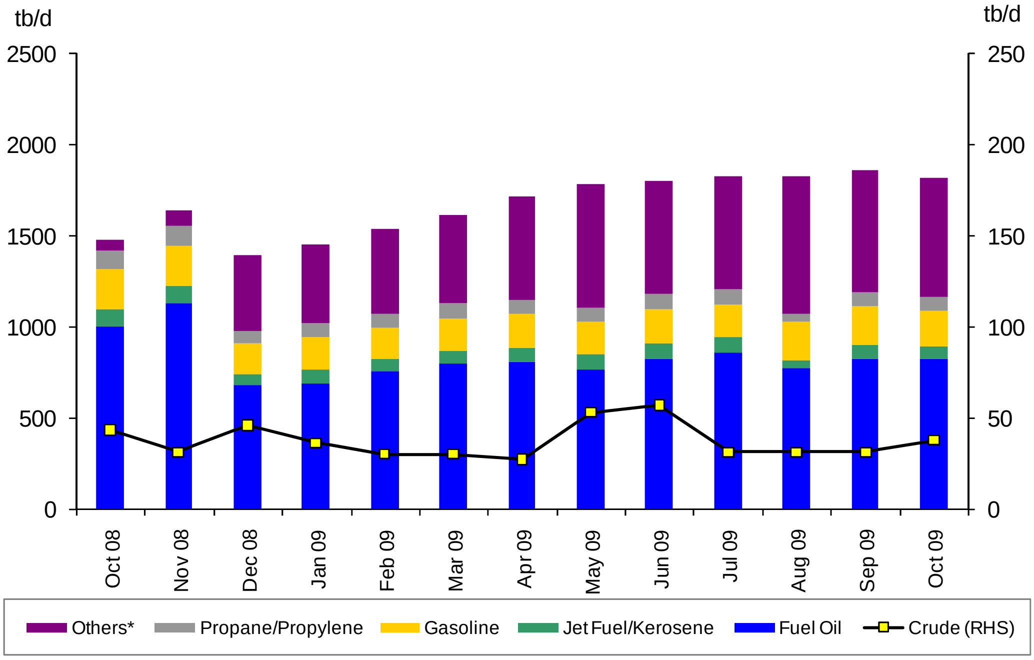


*Others: Contains Natural Gas Liquids, Liquefied Refinery Gases (LRG's), Other Liquids and all Finished Petroleum Products except Gasoline, Jet Fuel/Kerosene, Fuel Oil and Propane/Propylene.

On the export side, US product exports were 2% lower in October compared to the previous month, averaging 1.86 mb/d. Y-o-y, this volume of product exports is about 24%, or 356,000 b/d higher compared to a year earlier. US product exports during the first ten months of 2009 averaged 1.76 mb/d, 2% or 37,000 b/d lower compared to the same period a year ago.

As a result, US net oil imports in October were 6%, or about 600,000 b/d lower compared to the previous month to average 9.41 mb/d. This was the result of lower net crude oil imports while net product imports were steady, both compared to the previous month. October's net oil imports were 21% lower compared to a year earlier and average net oil imports during the first ten months of 2009 were 10.26 mb/d, 8% lower compared to the same period last year.

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.

Canada was the top crude oil supplier to the US in August 2009 supplying about 2.01 mb/d, down from 2.11 mb/d the previous month. Mexico was next, supplying about 1.06 mb/d, up from about 0.99 mb/d a month ago. Venezuela and Nigeria came next with 1.01 mb/d and 0.88 mb/d respectively. Crude oil exports of Saudi Arabia to the US dropped from 1.14 mb/d in July to 0.75 mb/d in August. Altogether, OPEC Member Countries supplied about 4.27 mb/d, or 48.1% of total US crude oil imports in August, steady compared to the previous month but about 1.56 mb/d or 27% lower compared to the same month a year ago. OPEC exports to the US declined from an average of 5.59 mb/d during the first eight months of 2008 to about 4.43 mb/d during the same period in 2009. For product imports, once again Canada was the top product supplier to the US in August, supplying about 0.52 mb/d, compared to 0.53 mb/d the previous month. Russia was next, supplying 0.28 mb/d, down from 0.37 mb/d a month earlier, followed by the Virgin Islands with 0.22 mb/d, down from 0.27 mb/d in July.

For OPEC Member Countries, Algeria supplied the US with 0.15 mb/d of products in August followed by Venezuela with 0.06 mb/d. Altogether OPEC Member Countries supplied about 297,000 b/d or 13% of total US product imports in August, down from 345,000 b/d in the previous month. For US product exports, Mexico was the top importer in August, importing about 0.31 mb/d out of total US product exports. Canada was next, importing about 0.21 mb/d followed by Netherlands with 0.19 mb/d. Altogether, OPEC Member Countries imported an average of 139,000 b/d of US products in August compared to 128,000 b/d in the previous month.

Table 24: USA crude and product net imports/(exports), tb/d

	Aug 09	Sep 09	Oct 09	Change Oct/Sep
Crude oil	9,064	9,285	8,677	-608
Total products	502	725	734	9
Total crude and products	**9,566**	**10,010**	**9,411**	**-599**

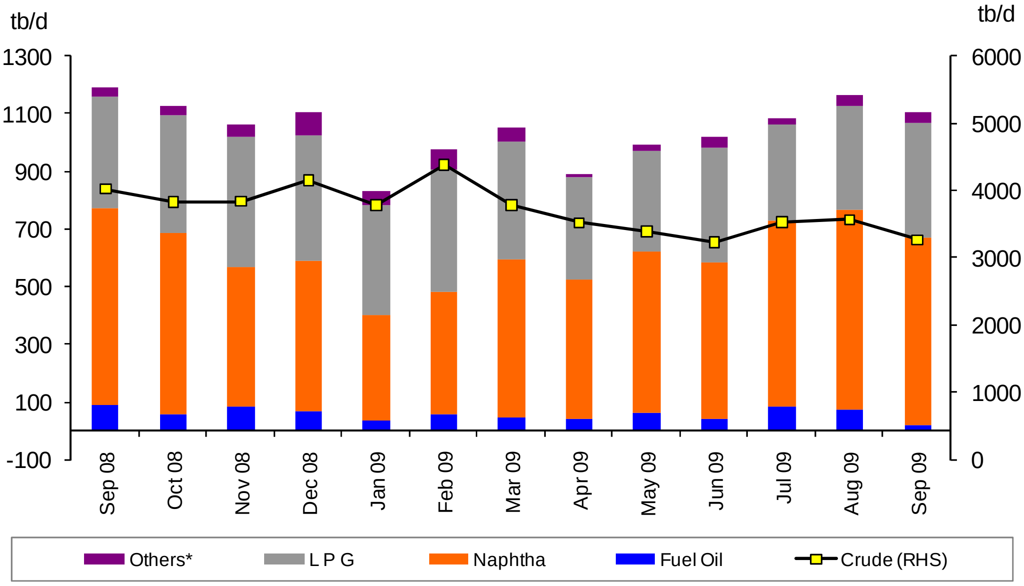
Japan's net crude oil imports were 10% lower in September due to declines in crude and product imports

Japan

According to Japanese official data, Japan's crude oil imports declined by about 8% or 299,000 b/d in September to average 3.28 mb/d and by 19% compared to the same month a year earlier, marking twelve months in a row that Japan's crude oil imports indicate a decline on a y-o-y basis. At the same time, Japan's average crude oil imports for the first three quarters of 2009 were about 3.61 mb/d, 15%, or 648,000 b/d lower compared to the country's crude oil imports during the same period a year ago.

Similarly, Japan's product imports declined in September by 61,000 b/d, or 8% compared to the previous month, to average about 1.11 mb/d, displaying an annual decline of 16% compared to the same month a year ago. Japan mainly imports three products, naphtha, LPG and fuel oil which accounted for about 97% of total monthly product imports in September. Naphtha imports were 648,000 b/d, down by 7% or 50,000 b/d from the previous month and by 6% from a year earlier. Average naphtha imports for the first three quarters of 2009 were 8% lower compared to the same period a year ago. LPG imports in September averaged 399,000 b/d, indicating an increase of 11% compared to the previous month and 3% compared to a year earlier. Average LPG imports for the first three quarters of 2009 were 0.38 mb/d, about 59,000 b/d or 14% lower compared to the same period a year earlier. Fuel oil imports declined in September to only 21,000 b/d compared to 70,000 b/d in the previous month and 88,000 b/d in September 2008. Average fuel oil imports for the first three quarters of 2009 were 51,000 b/d, less than half the imports during the same period a year ago. Japan also imported about 25,000 b/d of gasoline in September compared to 35,000 b/d in August. Average gasoline imports for the first three quarters of 2009 were 21,000 b/d compared to 10,000 b/d during the same period in 2009. Naphtha imports counted for 59% of Japan's total product imports in September, LPG for 36% and gasoline and fuel oil for about 2% each. Japan's average product imports in the first three quarters of 2009 averaged 1.01 mb/d, indicating a decline of 143,000 b/d or 12% compared to average product imports during the same period a year ago.

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



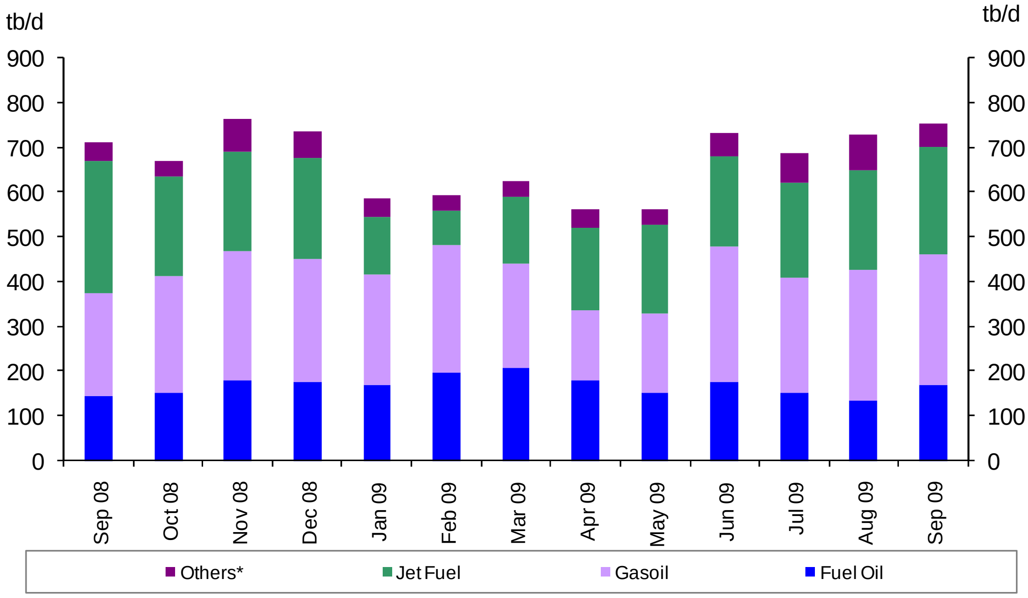
*Others: Contains Gasoline, Jet Fuel, Kerosene, Gasoil, Asphalt and Paraffin Wax.

On the export side, Japan's product exports in September were 4%, or 27,000 b/d higher compared to the previous month and 6% higher compared to the same month a year earlier, averaging 755,000 b/d. Gasoil, fuel oil and jet fuel are Japan's main product exports, which together accounted for about 93% of total product exports in September. Gasoil exports were about 294,000 b/d, compared to 291,000 b/d the previous month and 229,000 b/d the same month a year earlier. Average gasoil exports during the first nine months of 2009 were 248,000 b/d compared to 237,000 b/d during the same period a year ago. Jet fuel exports averaged about 238,000 b/d in September compared to 225,000 b/d the previous month and to 294,000 b/d a year earlier. During the first three quarters of 2009, Japan exported an average of 181,000 b/d of jet fuel compared to

231,000 b/d during the same period a year ago. Fuel oil exports in September were 169,000 b/d compared to 135,000 b/d the previous month and to 146,000 b/d a year earlier. Japan exported an average of 171,000 b/d of fuel oil during the first nine months of 2009, steady compared to the same period last year. Gasoil exports counted for 39% of Japan's total product exports in September, jet fuel for 32% and fuel oil 22%. Japan exported lower quantities of kerosene, gasoline, lubricating oil, asphalt and LPG in September, totaling 54,000 b/d. Japan's average product exports during the first three quarters of 2009 were 0.65 mb/d, 6% lower compared to the same period a year earlier.

As a result, Japan's net oil imports in September were about 3.62 mb/d, indicating declines of 387,000 b/d or 10% compared to the previous month and 20% compared to a year earlier. Net crude imports were lower by 299,000 b/d and net product imports were lower by 88,000 b/d. Japan's net oil imports during the first three quarters of 2009 were 3.98 mb/d, 16% or 751,000 b/d lower compared to the same period a year ago.

Graph 35: Japan's exports of petroleum products



*Others: Contains LPG, Gasoline, Naphtha, Kerosene, Lubricating Oil, Asphalt and Paraffin Wax.

Saudi Arabia was Japan's top crude oil supplier in September, supplying about 0.98 mb/d or 30% of Japan's total crude oil imports in the month, down from 0.99 mb/d the previous month. The UAE supplied 0.72 mb/d in September, down from 0.77 mb/d a month earlier. Qatar supplied 0.35 mb/d compared to 0.45 mb/d the previous month. Altogether, OPEC Member Countries supplied 2.79 mb/d or 85.1% of Japan's crude oil imports in September, down from 3.08 mb/d the previous month. Top non-OPEC crude oil suppliers in September include Oman with 0.17 mb/d, up from 0.12 mb/d the previous month and Russia with 0.11 mb/d, down from 0.17 mb/d a month ago. On the products side, with the exclusion of LPG imports, preliminary data indicates that the UAE was Japan's top supplier in September with 131,000 b/d, up from 89,000 b/d the previous month followed by Saudi Arabia with 78,000 b/d, down from 149,000 b/d a month earlier. Altogether, OPEC Member Countries supplied about 0.36 mb/d or 51% of Japan's product imports in September, down from 0.42 mb/d in the previous month. Top non-OPEC product suppliers in September include the US with about 75,000 b/d followed by South Korea with 51,000 b/d and Indonesia with 40,000 b/d.

Table 25: Japan's crude and product net imports/(exports), tb/d

	Jul 09	Aug 09	Sep 09	Change Sep/Aug
Crude oil	3,531	3,575	3,276	-299
Total products	400	438	350	-88
Total crude and products	**3,931**	**4,013**	**3,625**	**-387**

China's net oil imports were steady in September compared to August, but 14% higher than a year earlier

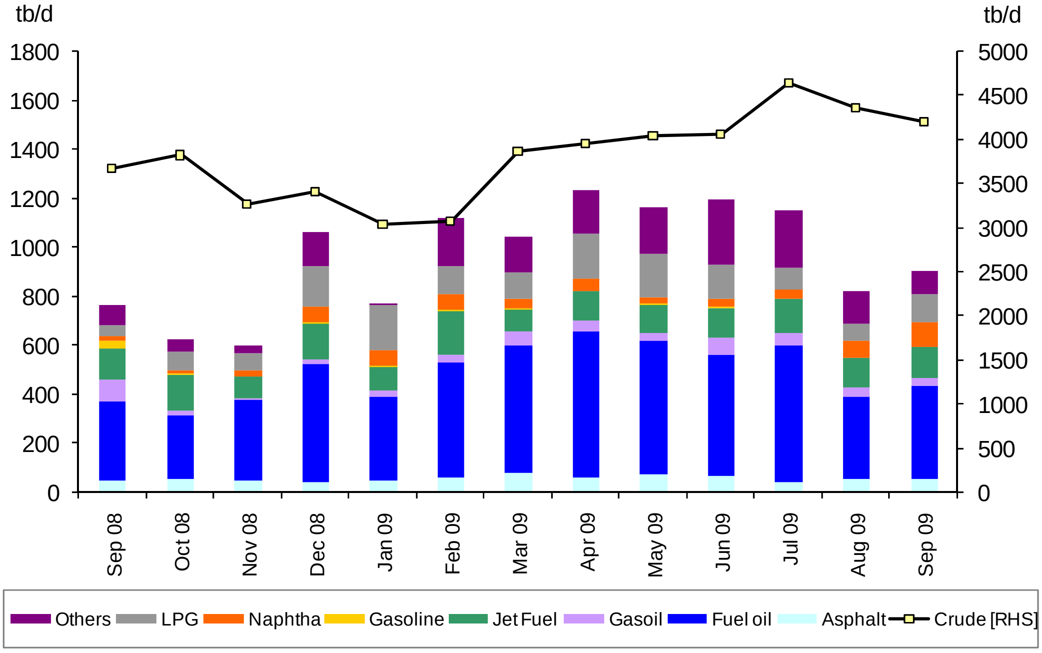
China

According to Chinese official data, China's crude oil imports declined in September for the second month in a row to average 4.2 mb/d, about 163,000 b/d or 4% lower compared to the previous month, yet indicating a 15% or 0.53 mb/d increase compared to the same month last year. China's crude oil imports for the first three quarters of 2009 averaged 3.92 mb/d, about 300,000 b/d or 8% higher compared to the same period last year.

In contrast, China's product imports increased in September by 10%, or 82,000 b/d compared to the previous month to average 0.90 mb/d, 19% higher than the same month a year ago. Jet fuel imports in September were about 125,000 b/d, steady compared to the previous month. South Korea supplied about 62,000 b/d of China's jet fuel imports in this month and Japan supplied about 42,000 b/d. China imported about 127,000 b/d of jet fuel during the first three quarters of 2009, 9% less compared to the same period last year. Naphtha imports in September were about 99,000 b/d, up from 69,000 b/d the previous month, with South Korea supplying about 40% of this volume. China's imports of naphtha during the first three quarters of 2009 averaged about 50,000 b/d compared to about 12,000 b/d during the same period last year. Gasoil imports in September averaged 30,000 b/d, down from 43,000 b/d the previous month. Gasoil imports during the first eight months of 2009 averaged about 43,000 b/d, 74% lower compared to the same period last year which witnessed a surge in gasoil imports in preparation for the Olympics.

China's fuel oil imports in September averaged 346,000 b/d, compared to 352,000 b/d the previous month. Venezuela supplied about 78,000 b/d of China's fuel oil imports in September, followed by South Korea with 60,000 b/d and Japan with 51,000 b/d. Average imports of fuel oil during the first three quarters of 2009 were 475,000 b/d, 17% higher compared to the same period last year. Imports of LPG in September averaged 110,000 b/d, up from 69,000 b/d the previous month. Iran supplied about 37,000 b/d of LPG to China in September, Saudi Arabia supplied 24,000 b/d and Australia 23,000 b/d. For the first three quarters of 2009, Chinese LPG imports averaged about 133,000 b/d, 76% higher than during the same period last year. There were no gasoline imports in September. Altogether, China imported an average of 1.04 mb/d of products in the first three quarters of 2009 compared to 1.01 mb/d during the same period last year. In September, fuel oil imports accounted for 38% of China's total product imports, jet fuel for 14%, LPG 12%, naphtha 11%, and gasoil 3%.

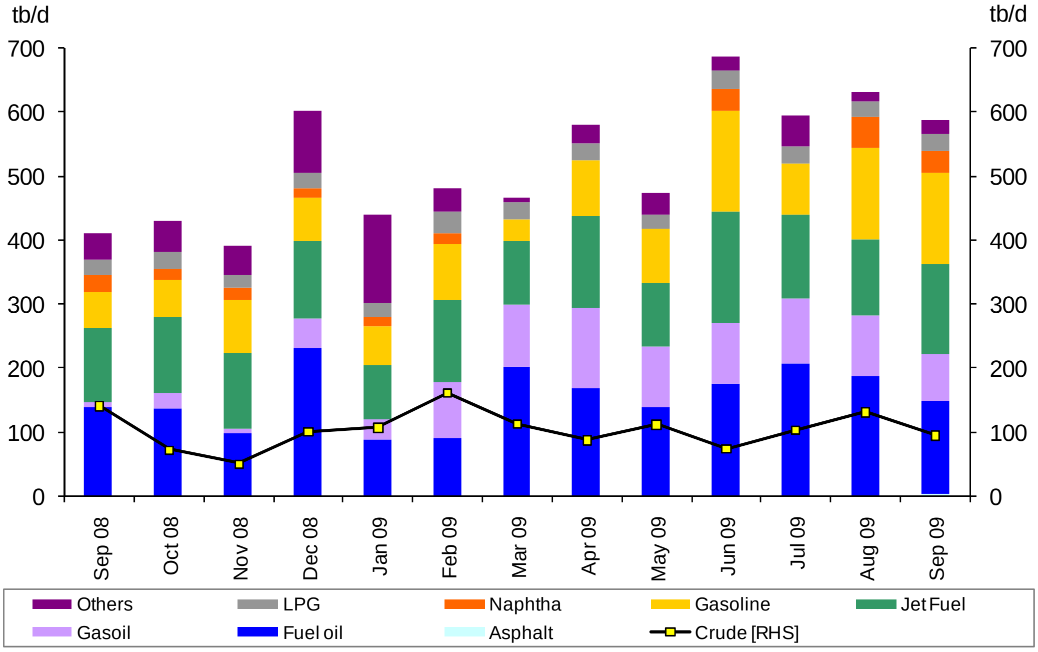
Graph 36: China's imports of crude and petroleum products



On the export side, China's crude oil exports in September were 95,000 b/d compared to 131,000 b/d the previous month. Japan imported about 29,000 b/d of Chinese crude in September, Australia about 27,000 b/d and South Korea about 22,000 b/d. For the first three quarters of 2009, China exported an average of 110,000 b/d of crude oil compared to 62,000 b/d during the same period a year ago. On the other hand, China's product exports in September were about 0.59 mb/d, 7% lower compared to the previous month, but 43% higher compared to September 2008. Average product exports for the first three quarters of 2009 were about 0.55 mb/d, indicating an increase of 37% or 149,000 b/d compared to the same period last year.

Fuel oil exports in September were 133,000 b/d compared to 178,000 b/d the previous month. Fuel oil exports during the first three quarters of 2009 averaged 142,000 b/d, 10% higher compared to the same period a year ago. Exports of jet fuel in September were 134,000 b/d, up from 117,000 b/d the previous month. Hong Kong imported about 62,000 b/d of this volume and Singapore about 22,000 b/d. Jet fuel exports during the three quarters of 2009 averaged 126,000 b/d, 9% higher compared to the same period a year earlier. Gasoline exports were at 139,000 b/d in September compared to 143,000 b/d in the previous month. Singapore and Indonesia imported about 67,000 b/d each of gasoline from China in September. China's gasoline exports during the first three quarters of 2009 averaged 99,000 b/d compared to 41,000 b/d during the same period in 2008. Naphtha exports in August averaged 33,000 b/d compared to 49,000 b/d in August. Japan imported 25,000 b/d and South Korea 8,000 b/d. During the first three quarters of this year, naphtha exports averaged 16,000 b/d compared to 42,000 b/d during the same period a year ago. Gasoil exports in September were at 71,000 b/d compared to 95,000 b/d the previous month. Main importers of China's gasoil exports in September were Vietnam with 34,000 b/d and Singapore with 24,000 b/. China exported an average of 90,000 b/d of gasoil during the first three quarters of 2009 compared to only 8,000 b/d during the same period a year earlier. China exported about 25,000 b/d of LPG in September, steady compared to the previous month. Gasoline exports accounted for 24% of China's total product exports in September, fuel oil and jet fuel 23% each, gasoil 12%, naphtha 6% and LPG 4%.

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



With net crude oil imports of 4.11 mb/d and net product imports of 0.32 mb/d, China's net oil imports in September were at 4.43 mb/d, steady compared to the previous month and 14% higher compared to the same month a year earlier. Average net oil imports for the first three quarters of 2009 were at 4.31 mb/d, 3% or 143,000 b/d higher than during the same period last year.

Saudi Arabia was China's top crude oil supplier in September, supplying about 0.9 mb/d or 18% of China's total crude imports, up from 0.58 mb/d in August. Iran supplied 0.32 mb/d, down from 0.46 mb/d, the previous month. Altogether, OPEC Member Countries supplied China with about 2.76 mb/d or 58% of its crude oil imports in September, down from 2.82 mb/d the previous month. Top non-OPEC crude oil suppliers in September include Russia with 0.37 mb/d, Sudan with 0.2 mb/d and Brazil with 0.16 mb/d.

Table 26: China's crude and product net imports/(exports), tb/d

	Jul 09	Aug 09	Sep 09	Change Sep/Aug
Crude oil	4,539	4,235	4,108	-127
Total products	554	189	316	128
Total crude and products	**5,093**	**4,424**	**4,425**	**1**

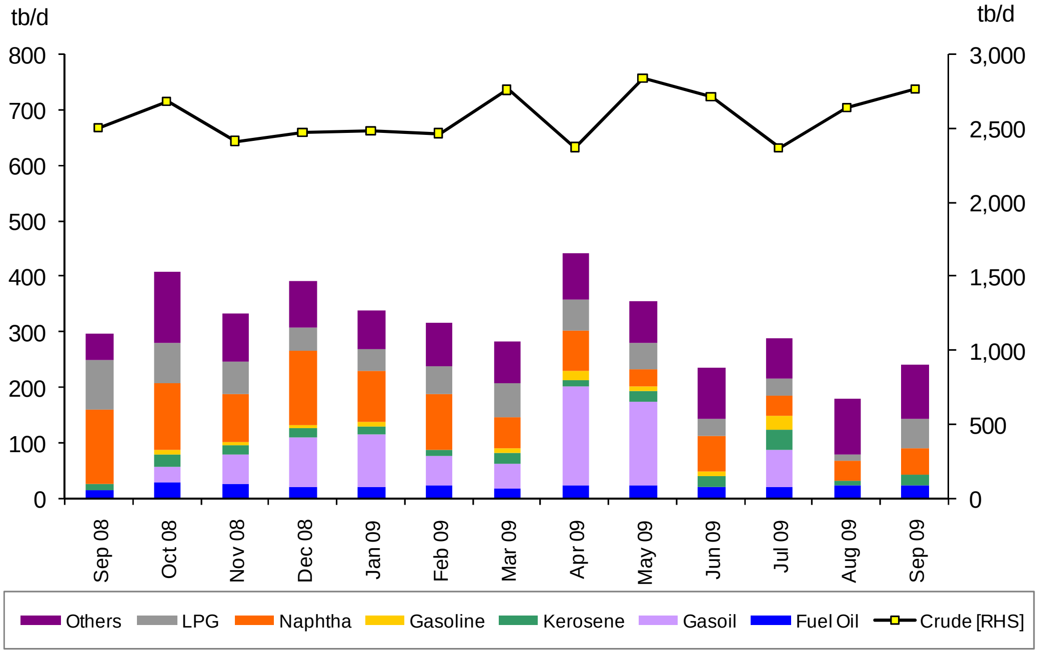
India

India's net oil imports increased by 3% in September backed by higher crude oil and product imports

According to preliminary data, India's crude oil imports increased for the second month in a row in September by about 130,000 b/d or 5% compared to the previous month, to average 2.77 mb/d. September crude imports were 260,000 b/d higher compared to the same month a year ago. India's crude oil imports during the first nine months of 2009 averaged 2.6 mb/d, only 1% higher than in the same period a year earlier.

Similarly, India's product imports increased in September by 63,000 b/d or 7% compared to the previous month to average about 0.24 mb/d, about 19% lower compared to the petroleum products imports a year earlier. For the second month in a row there were no gasoil and gasoline imports in September. LPG imports in September averaged about 52,000 b/d, compared to 12,000 b/d the previous month and 89,000 b/d a year ago. India imported an average of 47,000 b/d of naphtha in September, up from about 36,000 b/d the previous month but down from 146,000 b/d in September 2008. Fuel oil imports averaged 25,000 b/d, steady compared to the previous month, but up from 22,000 b/d a year earlier. Kerosene imports were about 20,000 b/d compared to 10,000 b/d the previous month and 102,000 b/d in the same month a year ago. For the first nine months of 2009, India imported an average of 0.3 mb/d of products compared to 0.43 mb/d during the same period a year earlier, indicating a 31% y-o-y decline.

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



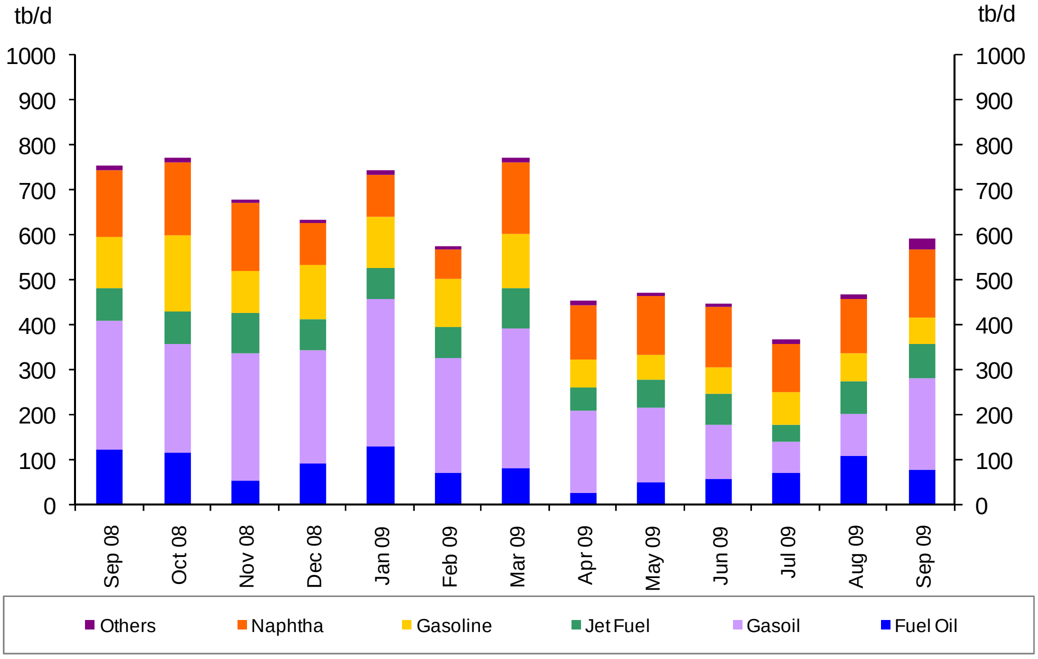
On the export side, India's total product exports of 591,000 b/d in September were 122,000 b/d or 26% higher compared to the previous month and 22% lower compared to a year earlier. Fuel oil exports in September averaged 78,000 b/d, down from 111,000 b/d the previous month and from 125,000 b/d a year earlier. Jet fuel exports were at 74,000 b/d, steady compared to the previous month and a year earlier. Gasoil exports in September surged to 206,000 b/d from 91,000 b/d the previous month, yet 28% lower than a year earlier. Gasoline exports averaged 59,000 b/d, steady compared to the previous month, but down from 119,000 b/d in September 2008. Naphtha exports were at 151,000 b/d in September compared to 124,000 b/d the previous month and to 195,000 b/d a year earlier. For the first nine months of 2009, India exported an average of 0.55 mb/d of products, down by 215,000 b/d, or 28% compared to average product exports of 0.76 mb/d during the same period a year ago.

Table 27: India's crude and product net imports/(exports), tb/d

	Jul 09	Aug 09	Sep 09	Change Sep/Aug
Crude oil	2,369	2,641	2,771	130
Total products	-80	-289	-348	-59
Total crude and products	**2,289**	**2,352**	**2,423**	**71**

As a result, India's net oil imports in September averaged 2.42 mb/d, displaying increases of 3% or 71,000 b/d compared to the previous month and 18% compared to the same month last year. Net crude oil imports rose 130,000 b/d, while net product imports fell 59,000 b/d. India's net oil imports for the first nine months of 2009 averaged about 2.36 mb/d, a gain of about 5% over the same period last year.

Graph 39: India's exports of petroleum products



FSU

FSU crude oil exports were 3% higher in September with Russian exports averaging 3.9 mb/d. Product exports were 2% higher.

According to preliminary data, FSU crude oil exports rebounded in September, increasing by 178,000 b/d or 3% compared to the previous month to average 6.69 mb/d. The increase is attributed to higher exports by other FSU countries, while Russian crude exports were almost steady compared to the previous month. BTC pipeline exports dropped by 17,000 b/d in September and CPC pipeline exports increased by 28,000 b/d to stand at 0.79 mb/d and 0.74 mb/d respectively, while Caspian exports declined by 26,000 b/d to average 0.25 mb/d.

Russian crude oil exports in September averaged 3.9 mb/d indicating increases of 29,000 b/d compared to the previous month and 64,000 b/d compared to the same month last year. Russian pipeline crude oil exports increased in September by 113,000 b/d compared to August and by 125,000 b/d compared to September last year to average 3.45 mb/d. Russian Far East crude oil exports increased in September by 62,000 b/d compared to the previous month to average 312,000 b/d. Exports through the Black Sea averaged 1.16 mb/d in September, just 1% higher than in the previous month, but were 10% lower than in the same month last year. Exports through the Baltic Sea fell in September by 56,000 b/d compared to the month before to average 1.55 mb/d, while exports through Druzhba were at 1.12 mb/d compared to 1.06 mb/d the month before.

During the first three quarters of 2009, FSU crude oil exports averaged 6.69 mb/d, about 178,000 b/d or 3% higher compared to the same period last year. Caspian exports increased by 97,000 b/d, CPC exports by 79,000 b/d and BTC exports by 103,000 b/d. During the same period, Russian crude oil exports averaged 3.98 mb/d, steady with the previous month but 1% higher from the same period last year.

On the petroleum products side, FSU product exports increased in September by 59,000 b/d to average 2.84 mb/d compared to 2.78 mb/d in August. Declines in gasoline exports were more than offset by increases in fuel oil and VGO exports. FSU gasoline exports averaged 143,000 b/d in September compared to 232,000 b/d in the previous month. Fuel oil exports averaged 1.23 mb/d compared to 1.15 mb/d in August and gasoil exports averaged 0.91 mb/d compared to 0.92 in August. FSU product exports declined by 63,000 b/d or 2% during the first three quarters of 2009 compared to the same period last year, to average 2.95 mb/d.

In total, FSU crude oil and product exports averaged 9.53 mb/d in September, about 237,000 b/d higher compared to the previous month. September's FSU total exports were 1.23 mb/d or 15% higher than at a year earlier. For the first three quarters of 2009, total FSU crude and product exports averaged 9.56 mb/d, indicating an increase of 446,000 b/d or 5% over the same period last year.

Table 28: Recent FSU exports of crude and products by source, kb/d

	2007	2008	1Q09	2Q09	3Q09	Aug 09	Sep 09*
Crude							
Russian pipeline							
Black Sea	1,361	1,249	1,262	1,170	1,140	1,151	1,163
Baltic	1,631	1,559	1,518	1,591	1,555	1,609	1,553
Druzhba	1,122	1,098	1,139	1,065	1,081	1,062	1,124
Total**	**4,114**	**3,906**	**3,918**	**3,876**	**3,831**	**3,872**	**3,901**
Other routes							
Russian rail	292	283	303	278	275	226	297
Russian - Far East	269	220	277	264	277	250	321
Kazak rail	17	17	18	17	17	17	18
Vadandey	n.a.	n.a.	149	155	165	169	175
Ventspils	n.a.	n.a.	13	13	22	16	26
CPC	692	675	757	729	729	710	738
BTC	617	637	734	794	822	806	789
Atasu-Alashankou	n.a.	n.a.	116	166	173	170	164
Caspian	245	184	277	275	272	278	252
Total crude exports	**6,348**	**6,089**	**6,563**	**6,568**	**6,587**	**6,514**	**6,692**
Products							
Gasoline	n.a.	n.a.	284	216	193	232	143
Naphtha	n.a.	n.a.	338	273	251	235	237
Jet	n.a.	n.a.	54	61	58	48	47
Gasoil	777	810	1,039	946	959	921	906
Fuel oil	1,052	1,069	964	1,193	1,221	1,146	1,228
VGO	n.a.	n.a.	258	243	238	198	279
Total	**2,421**	**2,539**	**2,857**	**2,998**	**2,919**	**2,781**	**2,840**
Total oil exports	**8,769**	**8,628**	**9,420**	**9,566**	**9,569**	**9,485**	**9,532**

Source: Nefte Transport, Global Markets, Argus Fundamentals, Argus FSU, OPEC.
* *Preliminary.*
** *Total incl. exports of minor volumes to China.*
na Not available.

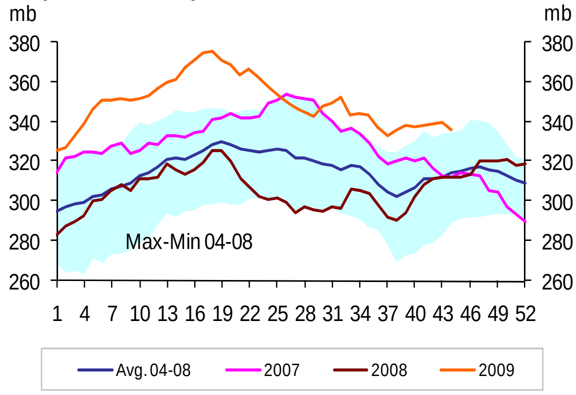
Stock Movements

US commercial oil stocks fell more than 19 mb but remained 70 mb above the five-year average while distillates fell for the first time in six months

USA

US commercial oil inventories fell 19.4 mb in October to stand at 1,089 mb on 30 October, the largest draw since December 2007. Gasoline and distillates accounted for more than 10 mb of the draw. The decline was also considerable compared to the seasonal change as inventories usually remain stable at this period of time. As a result, the overhang with the five-year average dropped below 70 mb, down from 114 mb in March.

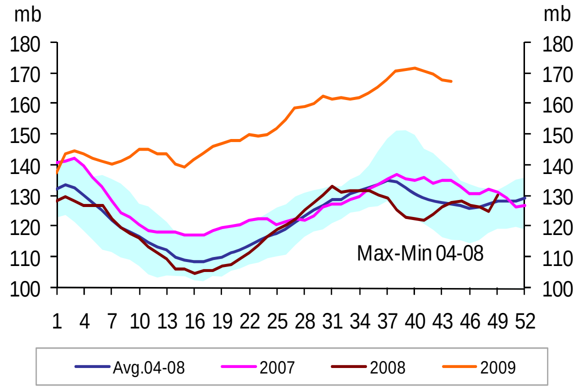
Graph 40: US weekly commercial crude oil inventories



Crude oil inventories moved against the seasonal trend, falling 1.7 mb to stand slightly below 336 mb. With the exception of September where they rose 0.4 mb, crude oil stocks have been declining since May. Crude stocks lost more than 34 mb over the previous six months of this year compared to an increase of 32 mb in the same period last year. Consequently, the overhang narrowed to 22 mb, the lowest so far this year and less than half the level of January 2009, which remains the highest for the first ten months of this year. Again, the fall in US crude oil stocks was due to lower imports.

On the other hand, declining imports and lower production from refineries let product inventories fall 17.7 mb with the main components – distillates and gasoline – accounting for almost 60%. Gasoline stocks lost more than 6 mb, offsetting the build in the previous month, but remained very comfortable for this period of time at slightly above 208 mb. Distillate inventories reversed their six-month upward trend and fell 4.3 mb. However, at more than 167 mb, distillate levels remain enormous with a very comfortable overhang of 40 mb or 30% above the five-year average and last year's level. Similarly, weak demand let jet fuel oil inventories continue to hover well above the upper end of the five-year range implying an overhang of 20%, despite a draw of 0.6 mb. Residual fuel oil stocks remained unchanged at 35.1 mb but stayed below the five year average.

Graph 41: US Weekly Distillate Stocks



All the main components of US commercial oil stocks were very healthy considering the weak demand. At the end of the month, crude oil stocks represented almost 24 days of forward cover compared to a seasonal average of 21 days. Gasoline stocks corresponded to 23.1 days against 21.7 days while distillates represented 47 days against 30 days.

Strategic Petroleum Reserve (SPR) remained unchanged at 725.1 mb for the second consecutive month, an all-time high and very close to the total capacity of 727 mb.

Table 29: US onland commercial petroleum stocks, mb

	Aug 09	Sep 09	Oct 09	Change Oct 09 /Sep 09	Oct 08	30 Oct 09 *
Crude oil	337.2	337.6	335.9	-1.7	312.6	335.9
Gasoline	206.1	214.4	208.3	-6.1	195.0	208.3
Distillate fuel	165.0	171.7	167.4	-4.3	127.6	167.4
Residual fuel oil	33.1	35.1	35.1	0.0	39.4	35.1
Jet fuel	44.9	45.8	45.2	-0.6	38.4	45.2
Total	**1,104.2**	**1,108.6**	**1,089.2**	**-19.4**	**1,009.2**	**1,089.2**
SPR	724.1	725.1	725.1	0.0	701.8	725.1

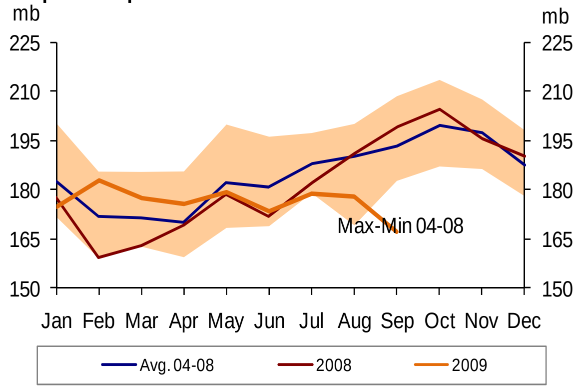
**/ Latest available data at time of report's release.*
Source: US Department of Energy's Energy Information Administration.

Japan

Japan's commercial oil stocks in September dropped to the lowest level since March 2008

Commercial oil stocks in Japan moved against the seasonal trend in September for the second consecutive month, falling by 11 mb. This represents the largest decline so far this year after a 16 mb drop in January. Following this considerable draw, commercial oil inventories moved below the lower end of the five-year range for the first time this year to stand under 167 mb in September, resulting in a deficit of 27 mb or 14% with the five-year average. The draw is attributed to crude oil while products continued the upward trend.

Graph 42: Japan's commercial oil stocks



Crude oil inventories declined 12.3 mb in September – the biggest draw in two years – to move below a very low level of less than 86 mb. With this level, crude oil stocks widened the deficit with the five-year average to 22 mb or 21%. This draw was due to low imports as demand from refineries remained weak.

In contrast, product inventories continued their upward trend to increase for the third consecutive month in row. Although the build was a modest 1.2 mb, product stocks remained comfortably in line with the seasonal average. Both gasoline and distillate inventories increased. Gasoline stocks gained 1.1 mb for the first build in six months to stand comfortably at 13.6 mb. Similarly, distillate stocks added a further 0.7 mb to end the month at a yearly high of 38.6 mb but remained 5 mb below the five-year average. However, even though they are below seasonal levels, distillate stocks remained comfortable taking into consideration sluggish domestic demand. Residual fuel oil stocks rose 0.7 mb to 17.7 mb while naphtha stocks dropped 1.3 mb, offsetting the build of the previous month, to stand at 11 mb. The draw in naphtha's stocks resulted from a combination of a drop in imports and production and an increase in sales.

Preliminary data shows that Japan's commercial oil inventories fell a further 9 mb in October with crude oil accounting for half of this decline.

Table 30: Japan's commercial oil stocks*, mb

	Jul 09	Aug 09	Sep 09	Change Sep 09/Aug 09	Sep 08
Crude oil	104.4	98.2	85.9	-12.3	107.4
Gasoline	13.1	12.5	13.6	1.1	12.9
Naphtha	11.0	12.3	11.0	-1.3	13.8
Middle distillates	34.6	37.8	38.6	0.7	44.3
Residual fuel oil	15.6	17.0	17.7	0.7	20.6
Total products	74.2	79.7	80.9	1.2	91.6
Total**	**178.5**	**177.8**	**166.8**	**-11.1**	**199.0**

* *At end of month.*

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

Source: METI, Japan.

Balance of Supply and Demand

Required OPEC crude for 2009 estimated at 28.7 mb/d, down 2.3 mb/d from 2008

Estimate for 2009

Demand for OPEC crude has been revised up by around 70,000 b/d to currently stand at 28.7 mb/d, reflecting mainly the upward revision in global demand as non-OPEC supply remained almost unchanged. However, this still represents a considerable decline of 2.3 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, while the decline is seen narrowing in the second half to show a loss of only 1.1 mb/d in the fourth quarter

Table 31: Summarized supply/demand balance for 2009, mb/d

	2008	1Q09	2Q09	3Q09	4Q09	2009
(a) World Oil Demand	**85.71**	**84.02**	**83.08**	**84.67**	**85.46**	**84.31**
Non-OPEC Supply	50.45	50.95	50.54	50.75	51.21	50.86
OPEC NGLs and non-conventionals	4.32	4.59	4.64	4.88	5.02	4.78
(b) Total Supply excluding OPEC Crude	**54.77**	**55.54**	**55.18**	**55.63**	**56.22**	**55.65**
Difference (a-b)	**30.93**	**28.48**	**27.90**	**29.04**	**29.24**	**28.67**
OPEC crude oil production	31.21	28.46	28.49	28.86		
Balance	0.27	-0.02	0.59	-0.18		

Totals may not add due to independent rounding.

Demand for OPEC crude in 2010 forecast at 28.5 mb/d, a decline of 0.2 mb/d from 2009

Forecast for 2010

Demand for OPEC crude in 2010 is projected to average 28.5 mb/d, representing an upward revision of around 110,000 b/d from the previous assessment as world oil demand was revised up and non-OPEC supply remained unchanged. Required OPEC crude is forecast to decline by 0.2 mb/d following two consecutives annual declines. The first half of the year is still showing a drop of 0.4 mb/d, while the second half is estimated to see positive growth of around 0.1 mb/d, indicating a sign of recovery.

Table 32: Summarized supply/demand balance for 2010, mb/d

	2009	1Q10	2Q10	3Q10	4Q10	2010
(a) World Oil Demand	**84.31**	**84.52**	**83.71**	**85.55**	**86.46**	**85.07**
Non-OPEC Supply	50.86	51.32	50.94	51.00	51.64	51.23
OPEC NGLs and non-conventionals	4.78	5.10	5.27	5.40	5.55	5.33
(b) Total Supply excluding OPEC Crude	**55.65**	**56.42**	**56.21**	**56.40**	**57.19**	**56.56**
Difference (a-b)	**28.67**	**28.10**	**27.50**	**29.15**	**29.27**	**28.51**

Totals may not add due to independent rounding.

Graph 43: Balance of supply and demand

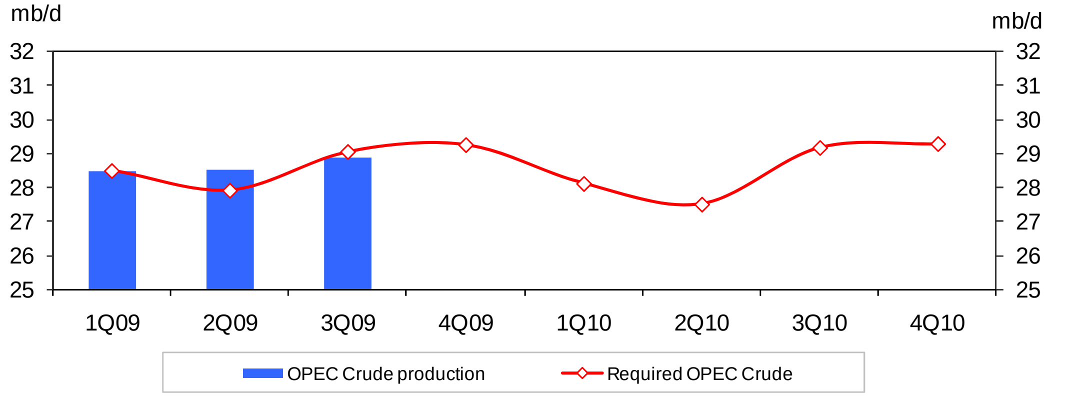


Table 33: World oil demand/supply balance, mb/d

	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	45.5	46.9	45.8	46.2	44.2	45.4	46.9	45.7
North America	25.4	25.6	25.4	25.5	24.2	23.5	22.9	23.3	24.0	23.4	23.7	23.1	23.6	24.3	23.7
Western Europe	15.5	15.7	15.7	15.3	15.3	14.9	14.2	14.8	15.1	14.8	14.6	14.0	14.7	14.9	14.6
Pacific	8.5	8.6	8.5	8.4	8.1	8.1	7.3	7.3	7.8	7.6	7.9	7.1	7.2	7.7	7.5
DCs	21.8	22.6	23.3	24.3	25.2	25.2	25.9	25.8	25.6	25.6	25.7	26.4	26.4	26.1	26.2
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	8.5	8.1	8.1	7.9	8.7	8.8	8.4	8.4
(a) Total world demand	82.5	83.9	84.9	86.0	85.7	84.0	83.1	84.7	85.5	84.3	84.5	83.7	85.6	86.5	85.1
Non-OPEC supply															
OECD	21.3	20.5	20.2	20.1	19.6	19.9	19.2	19.3	19.6	19.5	19.5	19.2	19.0	19.4	19.3
North America	14.6	14.1	14.2	14.3	13.9	14.2	13.9	14.1	14.2	14.1	14.2	14.0	14.0	14.2	14.1
Western Europe	6.2	5.7	5.4	5.2	5.0	5.1	4.7	4.5	4.8	4.8	4.7	4.6	4.4	4.6	4.6
Pacific	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
DCs	11.6	11.9	12.0	12.1	12.3	12.5	12.5	12.5	12.5	12.5	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	13.1	13.1	13.2	13.1
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	3.9	3.9	3.9	3.9	3.9	3.9
Processing gains	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total non-OPEC supply	49.6	49.6	50.0	50.6	50.4	50.9	50.5	50.8	51.2	50.9	51.3	50.9	51.0	51.6	51.2
OPEC NGLs + non-conventional oils	3.7	3.9	3.9	4.0	4.3	4.6	4.6	4.9	5.0	4.8	5.1	5.3	5.4	5.5	5.3
(b) Total non-OPEC supply and OPEC NGLs	53.3	53.5	53.9	54.6	54.8	55.5	55.2	55.6	56.2	55.6	56.4	56.2	56.4	57.2	56.6
OPEC crude oil production (secondary sources)	29.6	30.7	30.5	30.2	31.2	28.5	28.5	28.9							
Total supply	82.9	84.2	84.4	84.8	86.0	84.0	83.7	84.5							
Balance (stock change and miscellaneous)	0.3	0.3	-0.6	-1.2	0.3	0.0	0.6	-0.2							
OECD closing stock levels (*mb*)															
Commercial	2538	2585	2667	2567	2702	2747	2760	2738							
SPR	1450	1487	1499	1524	1527	1547	1561	1562							
Total	3988	4072	4166	4091	4229	4294	4321	4300							
Oil-on-water	905	954	919	951	965	900	902	850							
Days of forward consumption in OECD															
Commercial onland stocks	51	52	54	54	59	62	61	58							
SPR	29	30	30	32	33	35	34	33							
Total	80	82	85	86	92	97	95	92							
Memo items															
FSU net exports	7.3	7.7	8.0	8.5	8.5	8.8	9.2	8.8	8.9	8.9	9.2	9.3	8.9	9.0	9.1
(a) - (b)	29.2	30.4	31.1	31.4	30.9	28.5	27.9	29.0	29.2	28.7	28.1	27.5	29.2	29.3	28.5

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

Table 34: 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	-	-	-	-	-	-	-0.2	-	-	-	-	-0.1	-	-	-
North America	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	0.1	0.1	0.1	-	0.1	0.2	0.1	0.1	0.1	0.1
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
(a) Total world demand	-	-	-	-	0.1	0.1	-0.1	0.2	0.1	0.1	0.2	-	0.2	0.2	0.1
World demand growth	*-*	*-*	*-*	*-*	*0.06*	*-0.02*	*-0.16*	*0.04*	*0.08*	*0.02*	*0.05*	*0.08*	*0.03*	*0.07*	*0.06*
Non-OPEC supply															
OECD	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-0.1	0.1	-	-	-	-	-	-
Total non-OPEC supply growth	*-*	*-*	*-*	*-*	*-*	*0.02*	*-0.04*	*-0.05*	*0.15*	*-*	*0.01*	*0.03*	*0.09*	*-0.09*	*0.01*
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-	-	-0.1	0.1	-	-	-	-	-	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-							
Total supply	-	-	-	-	-	-	-	-							
Balance (stock change and miscellaneous)	-	-	-	-	-0.1	-0.1	0.1	-0.2							
OECD closing stock levels (*mb*)															
Commercial	-	-	1	-	-	-	-	-							
SPR	-	-	-	-	-	-	-	-							
Total	-	-	1	-	-	-	-	-							
Oil-on-water	-	-5	3	3	-	-	-	-							
Days of forward consumption in OECD															
Commercial onland stocks	-	-	-	-	-	-	-	-							
SPR	-	-	-	-	-	-	-	-							
Total	-	-	-	-	-	-	-	-							
Memo items															
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	-	-	0.1	0.1	-	0.2	-	0.1	0.1	-	0.2	0.1	0.1

† This compares Table 33 in this issue of the MOMR with Table 33 in the October 2009 issue.
This table shows only where changes have occurred.

Table 35: OECD oil stocks and oil on water at the end of period

	2001	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
Closing stock levels *mb*																											
OECD onland commercial	2,630	2,473	2,511	2,538	2,585	2,667	2,567	2,702	2,533	2,612	2,627	2,585	2,585	2,648	2,760	2,667	2,598	2,658	2,650	2,567	2,573	2,607	2,660	2,702	2,747	2,760	2,738
North America	1,262	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	1,278	1,301	1,348	1,382	1,370
Western Europe	925	890	915	915	934	962	931	994	942	915	942	934	937	935	948	962	941	936	932	931	962	958	951	994	991	976	968
OECD Pacific	443	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	400
OECD SPR	1,288	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	1,562
North America	552	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
Western Europe	356	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	426
OECD Pacific	380	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
OECD total	3,918	3,820	3,921	3,988	4,072	4,166	4,091	4,229	3,995	4,106	4,121	4,072	4,072	4,141	4,255	4,166	4,105	4,164	4,170	4,091	4,102	4,133	4,183	4,229	4,294	4,321	4,300
Oil-on-water	830	815	882	905	954	919	951	965	931	932	925	954	962	975	974	919	918	895	920	951	934	918	886	965	900	902	850
Days of forward consumption in OECD																											
OECD onland commercial	55	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	58
North America	52	48	46	47	50	50	51	56	47	50	49	50	49	50	53	50	49	51	51	50	50	53	53	55	59	59	57
Western Europe	60	58	59	58	60	63	61	67	61	58	60	58	61	60	60	63	63	60	59	61	64	62	62	67	70	66	64
OECD Pacific	52	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	51
OECD SPR	27	28	29	29	30	30	32	33	30	30	30	29	31	30	30	30	31	31	30	31	32	33	32	33	35	34	33
North America	23	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	30
Western Europe	23	23	24	24	26	27	27	28	25	26	26	25	27	26	26	27	28	27	27	27	28	27	27	28	30	29	28
OECD Pacific	45	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	52
OECD total	82	79	79	80	82	85	86	92	82	83	82	80	84	84	85	84	85	85	84	83	87	89	88	91	97	95	92

Table 36: 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	7.81	7.94	8.03	8.02	7.95	0.45	8.06	7.98	7.95	8.09	8.02	0.07
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	2.96	3.13	3.27	3.17	-0.09	3.25	3.20	3.21	3.27	3.23	0.07
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	2.89	2.96	-0.21	2.85	2.79	2.80	2.81	2.81	-0.15
North America	14.56	14.14	14.24	14.30	0.06	14.22	14.05	13.63	13.80	13.92	-0.38	14.16	13.88	14.10	14.18	14.08	0.15	14.16	13.97	13.95	14.17	14.06	-0.01
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	2.39	2.35	-0.11	2.33	2.23	2.13	2.27	2.24	-0.11
UK	2.10	1.89	1.71	1.69	-0.02	1.66	1.65	1.41	1.58	1.57	-0.11	1.63	1.56	1.33	1.44	1.49	-0.08	1.45	1.40	1.32	1.35	1.38	-0.11
Denmark	0.39	0.38	0.34	0.31	-0.04	0.29	0.29	0.27	0.28	0.28	-0.02	0.28	0.27	0.26	0.27	0.27	-0.01	0.27	0.26	0.25	0.25	0.26	-0.01
Other Western Europe	0.50	0.51	0.54	0.68	0.15	0.72	0.73	0.75	0.74	0.74	0.05	0.68	0.67	0.67	0.68	0.67	-0.06	0.69	0.69	0.69	0.69	0.69	0.02
Western Europe	6.18	5.74	5.37	5.23	-0.13	5.18	5.05	4.82	5.15	5.05	-0.19	5.11	4.70	4.54	4.78	4.78	-0.27	4.74	4.58	4.39	4.56	4.57	-0.21
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	0.56	0.54	0.54	0.01	0.52	0.52	0.58	0.59	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	0.09	0.10	0.09	-0.01	0.12	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	0.63	0.63	0.00	0.63	0.64	0.70	0.71	0.67	0.03
Total OECD	21.31	20.45	20.17	20.14	-0.03	19.98	19.74	19.09	19.61	19.60	-0.54	19.91	19.19	19.29	19.59	19.49	-0.11	19.54	19.18	19.04	19.44	19.30	-0.19
Brunei	0.21	0.21	0.22	0.19	-0.03	0.19	0.16	0.17	0.18	0.17	-0.02	0.17	0.15	0.16	0.16	0.16	-0.01	0.15	0.15	0.15	0.15	0.15	-0.01
India	0.79	0.76	0.79	0.82	0.02	0.83	0.81	0.82	0.84	0.82	0.01	0.80	0.80	0.80	0.84	0.81	-0.01	0.85	0.87	0.86	0.87	0.86	0.05
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	1.02	1.02	-0.02	1.02	1.03	1.03	1.03	1.03	0.01
Malaysia	0.79	0.77	0.76	0.76	0.01	0.78	0.76	0.78	0.75	0.77	0.01	0.75	0.73	0.74	0.74	0.74	-0.03	0.75	0.73	0.72	0.70	0.72	-0.02
Thailand	0.25	0.30	0.32	0.34	0.02	0.34	0.35	0.36	0.36	0.35	0.02	0.36	0.37	0.37	0.37	0.37	0.01	0.37	0.37	0.37	0.37	0.37	0.00
Vietnam	0.42	0.39	0.37	0.35	-0.02	0.34	0.31	0.29	0.31	0.31	-0.04	0.32	0.34	0.35	0.34	0.34	0.02	0.34	0.35	0.35	0.35	0.35	0.01
Asia others	0.18	0.26	0.26	0.27	0.00	0.28	0.28	0.28	0.28	0.28	0.01	0.28	0.28	0.27	0.29	0.28	0.00	0.29	0.29	0.29	0.30	0.29	0.01
Other Asia	3.81	3.80	3.79	3.74	-0.05	3.80	3.71	3.73	3.75	3.75	0.01	3.71	3.70	3.70	3.75	3.71	-0.03	3.77	3.79	3.76	3.77	3.77	0.06
Argentina	0.80	0.78	0.77	0.76	-0.01	0.77	0.77	0.76	0.75	0.76	0.00	0.76	0.76	0.72	0.71	0.74	-0.03	0.72	0.71	0.70	0.69	0.70	-0.03
Brazil	1.80	1.98	2.11	2.22	0.12	2.34	2.39	2.43	2.41	2.39	0.17	2.52	2.55	2.56	2.60	2.56	0.17	2.67	2.67	2.78	2.86	2.74	0.18
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	0.67	0.68	0.66	0.07	0.70	0.73	0.76	0.79	0.74	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	0.16	0.16	0.00	0.16	0.16	0.16	0.16	0.16	0.00
L. America others	0.26	0.30	0.26	0.27	0.00	0.27	0.28	0.29	0.32	0.29	0.02	0.32	0.31	0.32	0.31	0.32	0.03	0.30	0.30	0.30	0.30	0.30	-0.02
Latin America	3.55	3.77	3.86	3.95	0.09	4.11	4.18	4.24	4.26	4.20	0.24	4.41	4.44	4.43	4.46	4.43	0.24	4.54	4.56	4.69	4.79	4.64	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	-0.03	0.72	0.74	0.76	0.75	0.74	0.03	0.76	0.77	0.76	0.78	0.77	0.03	0.79	0.80	0.80	0.80	0.80	0.03
Syria	0.49	0.45	0.44	0.42	-0.02	0.41	0.40	0.40	0.39	0.40	-0.02	0.38	0.37	0.36	0.37	0.37	-0.03	0.37	0.36	0.36	0.35	0.36	-0.01
Yemen	0.41	0.41	0.37	0.34	-0.04	0.31	0.31	0.30	0.30	0.31	-0.03	0.28	0.27	0.27	0.26	0.27	-0.03	0.26	0.25	0.25	0.24	0.25	-0.02
Middle East	1.90	1.85	1.76	1.67	-0.09	1.65	1.66	1.66	1.64	1.65	-0.02	1.63	1.62	1.60	1.62	1.62	-0.04	1.63	1.62	1.61	1.60	1.61	-0.01
Chad	0.16	0.18	0.16	0.15	-0.01	0.15	0.15	0.15	0.15	0.15	0.00	0.14	0.14	0.14	0.13	0.13	-0.02	0.12	0.12	0.12	0.12	0.12	-0.01
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	0.30	0.28	0.02	0.31	0.32	0.31	0.30	0.31	0.03
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	0.67	0.68	0.00	0.68	0.67	0.66	0.65	0.67	-0.02
Equatorial Guinea	0.30	0.36	0.37	0.37	0.00	0.38	0.38	0.38	0.38	0.38	0.01	0.38	0.36	0.35	0.35	0.36	-0.02	0.36	0.35	0.35	0.34	0.35	-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	0.25	0.26	0.02	0.25	0.25	0.26	0.25	0.25	-0.01
South Africa	0.19	0.19	0.19	0.18	-0.01	0.17	0.17	0.17	0.17	0.17	-0.01	0.17	0.17	0.17	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	0.49	0.49	0.48	0.00	0.48	0.49	0.49	0.50	0.49	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	0.37	0.36	0.37	-0.01	0.39	0.39	0.43	0.47	0.42	0.05
Africa	2.36	2.52	2.60	2.71	0.11	2.75	2.76	2.74	2.73	2.74	0.04	2.73	2.73	2.74	2.71	2.73	-0.02	2.74	2.74	2.76	2.79	2.76	0.03
Total DCs	11.63	11.93	12.02	12.08	0.06	12.31	12.30	12.37	12.39	12.34	0.26	12.48	12.48	12.47	12.54	12.49	0.15	12.68	12.70	12.82	12.94	12.78	0.29
FSU	11.14	11.55	12.02	12.52	0.50	12.62	12.67	12.46	12.49	12.56	0.04	12.63	12.90	12.98	13.07	12.90	0.33	13.08	13.06	13.09	13.22	13.11	0.22
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	9.95	9.89	0.11	9.92	9.86	9.87	9.85	9.88	-0.02
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	1.59	1.53	0.12	1.60	1.61	1.57	1.66	1.61	0.08
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	1.02	1.07	1.03	0.12	1.09	1.13	1.17	1.23	1.16	0.13
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	0.46	0.44	-0.02	0.46	0.46	0.47	0.48	0.47	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	0.13	0.14	-0.01	0.13	0.13	0.13	0.13	0.13	0.00
China	3.50	3.64	3.69	3.77	0.07	3.82	3.88	3.85	3.85	3.85	0.08	3.80	3.86	3.89	3.90	3.86	0.02	3.91	3.88	3.94	3.93	3.92	0.05
Non-OPEC production	47.75	47.73	48.06	48.66	0.61	48.88	48.74	47.91	48.48	48.50	-0.16	48.96	48.56	48.77	49.22	48.88	0.38	49.33	48.96	49.02	49.66	49.24	0.36
Processing gains	1.83	1.86	1.90	1.92	0.02	1.95	1.95	1.95	1.95	1.95	0.03	1.98	1.98	1.98	1.98	1.98	0.03	1.98	1.98	1.98	1.98	1.98	0.00
Non-OPEC supply	49.58	49.59	49.96	50.58	0.63	50.83	50.69	49.86	50.43	50.45	-0.13	50.95	50.54	50.75	51.21	50.86	0.41	51.32	50.94	51.00	51.64	51.23	0.36
OPEC NGL	3.54	3.74	3.76	3.95	0.19	4.13	4.23	4.26	4.25	4.22	0.27	4.49	4.53	4.77	4.91	4.68	0.46	5.00	5.16	5.29	5.42	5.22	0.54
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	0.13	0.11	0.01
OPEC (NGL+NCF)	3.71	3.89	3.89	4.03	0.14	4.24	4.34	4.36	4.36	4.32	0.29	4.59	4.64	4.88	5.02	4.78	0.46	5.10	5.27	5.40	5.55	5.33	0.55
Non-OPEC & OPEC (NGL+NCF)	53.29	53.49	53.85	54.62	0.77	55.07	55.02	54.22	54.78	54.77	0.15	55.538562	55.18	55.63	56.22	55.65	0.87	56.42	56.21	56.40	57.19	56.56	0.91

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

Table 37: World Rig Count

	2004	2005	2006	Change 06/05	1Q07	2Q07	3Q07	4Q07	2007	Change 07/06"	1Q08	2Q08	3Q08	4Q08	2008	Change 08/07"	1Q09	2Q09	3Q09	Sep 09	Oct09	Oct/Sep
USA	1,190	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	1,009	1,044	35
Canada	369	458	470	12	532	139	348	356	344	-126	507	169	432	408	379	35	328	91	177	208	242	34
Mexico	110	107	83	-24	90	88	96	93	92	9	96	106	103	106	103	11	128	128	135	130	120	-10
North America	1,668	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	1,347	1,406	59
Norway	17	17	17	0	16	19	18	17	18	1	17	21	21	21	20	2	25	18	18	22	17	-5
UK	16	21	27	5	25	29	27	22	26	-1	19	21	24	24	22	-4	22	19	16	19	16	-3
Western Europe	70	70	77	7	75	80	79	77	78	0	91	97	101	103	98	20	90	82	76	83	84	1
OECD Pacific	18	21	25	4	23	27	30	28	27	2	30	33	36	32	33	6	25	20	21	17	20	3
Total OECD	1,788	2,075	2,346	271	2,493	2,138	2,385	2,383	2,350	4	2,530	2,312	2,694	2,590	2,532	182	1,943	1,294	1,363	1,447	1,510	63
Other Asia	184	209	209	0	211	221	220	225	219	10	225	236	234	225	230	11	224	225	223	234	232	-2
Latin America	116	129	149	19	175	177	171	179	175	27	187	184	195	197	191	16	164	147	149	159	166	7
Middle East	123	131	132	1	144	146	154	154	149	18	158	165	175	171	167	18	162	151	139	143	143	0
Africa	8	8	10	2	16	12	14	14	14	4	10	13	14	11	12	-2	8	11	9	8	9	1
Total DCs	432	477	500	23	545	557	558	572	558	58	580	599	618	603	600	42	558	533	520	544	550	6
Non-OPEC Rig Count	2,220	2,552	2,845	294	3,039	2,695	2,943	2,955	2,908	62	3,111	2,911	3,313	3,194	3,132	224	2,501	1,827	1,883	1,991	2,060	69
Algeria	19	21	24	4	25	26	28	28	27	2	26	27	24	26	26	-1	24	30	27	25	27	2
Angola	3	3	4	1	5	4	3	5	4	1	5	6	5	5	5	1	5	3	3	4	4	0
Ecuador	10	12	11	0	12	10	11	10	11	-1	7	9	12	13	10	-1	10	10	10	10	10	0
Iran	41	40	44	4	51	51	51	50	50	6	50	50	50	51	50	0	51	52	52	52	52	0
Iraq	0	0	0	0	0	0	0	0	0	0	29	29	29	29	29	29	29	29	29	29	29	0
Kuwait	10	12	14	1	14	13	13	11	12	-1	12	11	12	12	12	0	12	11	14	16	8	-8
Libya	10	9	10	1	13	12	14	14	13	3	14	15	15	15	15	2	15	13	14	14	14	0
Nigeria	8	9	10	1	8	7	8	10	8	-1	9	8	6	6	7	-1	7	6	6	6	6	0
Qatar	9	12	11	-1	11	12	13	14	13	2	11	12	11	11	11	-1	9	9	9	8	9	1
Saudi Arabia	32	37	65	28	76	76	78	77	77	11	78	77	76	76	77	0	72	67	67	65	66	1
UAE	16	16	16	0	14	15	15	14	15	-2	12	12	13	12	12	-2	13	12	13	13	12	-1
Venezuela	55	68	81	13	76	80	77	71	76	-5	82	81	77	81	80	4	69	64	54	56	57	1
OPEC Rig Count	212	238	290	51	303	305	311	302	305	16	336	337	330	336	335	29	315	307	295	298	294	-4
Worldwide Rig Count*	2,431	2,790	3,135	345	3,342	3,000	3,254	3,256	3,213	78	3,447	3,248	3,643	3,530	3,467	253	2,816	2,134	2,178	2,289	2,354	65
of which:																						
Oil	886	980	1,124	144	1,264	1,167	1,254	1,285	1,242	119	1,408	1,351	1,479	1490	1432	190	1276	1062	1175	1263	1,275	12
Gas	1,488	1,746	1,947	201	2,013	1,764	1,931	1,904	1,903	-44	1,969	1,814	2,070	1948	1950	47	1450	993	965	991	1,040	49
Others	20	21	17	-4	20	17	20	25	20	4	26	32	36	37	33	12	35	35	34	30	35	5

*/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 November 2009

OPEC Basket average price

US$ per barrel

↑ *up $5.50 in October*	***October 2009***	***72.67***
	September 2009	*67.17*
	Year-to-date	*58.25*

October OPEC production

in million barrels per day, according to secondary sources

↑ *up 0.04 in October*	***October 2009***	***28.99***
	September 2009	*28.93*

World economy

Global economic growth for 2010 has been revised up by 0.2% to now stand at 2.9%, while the forecast for 2009 has improved slightly from minus 1.2% to minus 1.1%. The revisions were due to upward adjustments to the OECD, which was revised up by 0.2% for 2010 and 0.1% for 2009. China and India remained unchanged.

Supply and demand

in million barrels per day

2009		***2010***	
World demand	*84.3*	*World demand*	*85.1*
Non-OPEC supply	*55.6*	*Non-OPEC supply*	*56.6*
Difference	***28.7***	***Difference***	***28.5***

Non-OPEC supply includes OPEC NGLs and non-conventional oils.
Totals may not add due to independent rounding.

Stocks

US commercial oil stocks dropped 19 mb in October, but remained 70 mb above the five-year average. Products accounted for 90% of the draw.

Issued 11 November 2009.
Next report to be issued on 15 December 2009.

Data covers period up to the end of October 2009 unless otherwise stated.