OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:
Economic downturn slowing but real recovery still to come

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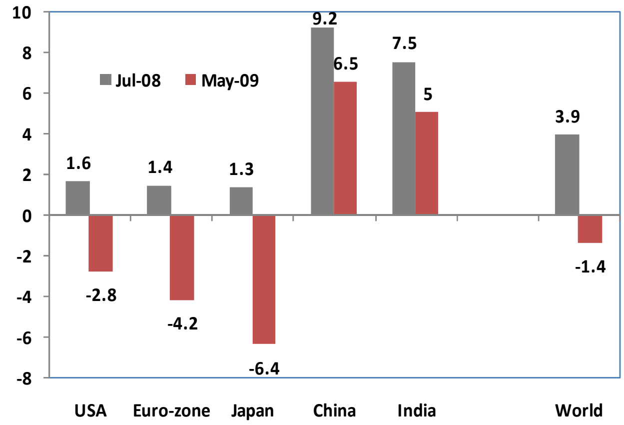
Oil Market Highlights

- The **OPEC Reference Basket** gained $4.42/b or 10% to average $50.20/b in April. Prices moved higher on improved sentiment over the economic recovery amid prosperous indicators. Equity market fluctuations and the weakening US dollar prompted an influx of investment into the energy futures. This improvement came despite the persistent deterioration in demand. The Basket continued to strengthen into May, reaching $56.76/b on 12 May.
- Growth for the **global economy** in 2009 has been revised down further by 0.6 percentage points to now show a decline of 1.4%. The Euro-zone slipped deeper into recession; as a result the forecast has been revised down by 1.2 pp for a decline of 4.2%. Despite some positive signs, the US is still expected to decline at a rate of 2.8%, down 0.2 pp from the previous forecast. Growth expectations for China and India remain unchanged at 6.5% and 5.0% respectively. In general, it remains to be seen whether the current positive momentum is sustainable and whether the measures taken by central banks and governments will be enough to support an economic recovery.
- **World oil demand** growth is estimated to have declined by 0.3 mb/d in 2008, broadly unchanged from the previous assessment. The forecast for world oil demand growth in 2009 has been revised down by 0.2 mb/d to now stand at 1.6 mb/d, due to the continued deterioration in the world economy. Global oil demand growth reached a record low at -2.4 mb/d in the first quarter. Around 95% of the total decline in oil demand is attributed to OECD while non-OECD growth has remained roughly flat.
- **Non-OPEC oil supply** is estimated to have declined by 0.2 mb/d in 2008, unchanged from the previous report. In 2009, non-OPEC supply is now expected to grow 0.2 mb/d, indicating a slight downward revision from the last report. The adjustment was due to announced projects delays, the release of actual production data and heavier-than-expected declines. In April, total **OPEC crude production** averaged 28.1 mb/d, an increase of 0.2 mb/d over the previous month.
- Gasoline stock draws in the US in the latter part of April and reduced output due to seasonal refinery turnarounds have provided support for sentiment in the **product markets** and refining margins in April. However, due to persisting slowing demand for middle distillates and few signs of higher gasoline demand, the recent positive developments in the product markets are likely to be short-lived and would therefore not be able to support crude prices over the coming months.
- **OPEC spot fixtures** in April rose by 2.4% compared to the previous month. Sailings from OPEC were marginally lower, but arrivals in the US gained 3%. In April, the tanker market witnessed the weakest month so far this year. The continued global economic crisis and OPEC production cuts were once again the dominant drivers behind the weakness in the tanker market. Despite increased storing at sea in April, dirty freight rates ended the month with a 28% decline compared to March. Clean spot freight rates declined by 24% over the same period with a much weaker market to the East of Suez.
- US commercial **oil stocks** surged 34 mb in April to stand at 1,087 mb, resulting in a huge overhang of 105 mb with the five-year average. Crude oil accounted for nearly 15 mb or 0.5 mb/d to the build and hit a new record of 375 mb, the highest since the mid-1990s. European (EU-15 plus Norway) total oil stocks fell 8.6 mb but were 30 mb above a year earlier. Japan’s commercial oil stocks followed their seasonal trend and dropped 5.3 mb in March but remained very comfortable at 177 mb.
- The **demand for OPEC crude** oil in 2008 is estimated to have averaged 31.0 mb/d, a decline of 0.4 mb/d from the previous year. In 2009, the demand for OPEC crude is expected to average 28.8 mb/d, a decline of 2.2 mb/d from a year earlier.

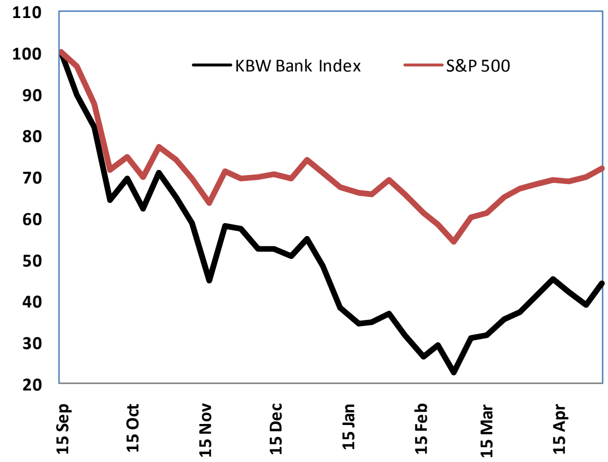
Economic downturn slowing but real recovery still to come

- The world economy has seen some positive developments recently with the rally in the stock markets, improved confidence and a more positive sentiment. However, volatility remains high and large uncertainties persist as the world economy struggles to emerge from recession. Moreover, given the depth and severity of the current downturn, the eventual recovery may be slower and weaker than the ones experienced in the past. Unemployment rates, in particular, may remain uncomfortably high and only gradually trend towards pre-recession levels.
- Indeed, the current global recession may go down in history as the deepest and most synchronized downturn the world has experienced in the past sixty years. Per capita GDP is set to fall 2.5% in 2009 compared to an average drop of 0.4% in three previous global recessions in 1975, 1982 and 1991, according to the IMF. By several other measures — the fall in capital flows, industrial production, oil consumption and international trade along with the rise in unemployment— the current downturn is seen to be worse than the previous three. In particular, global trade is forecast to fall by 11% compared to previous downturns where it merely stagnated.
- Projections for global GDP growth in 2009 continued to be revised down. World GDP is now expected to contract by -1.4% in 2009, down sharply from -0.8% last month and well below the initial forecast of 3.9% (see ***Graph 1***). OECD countries are seen to contract by 3.8%, while China and India will grow at a slower pace of 6.5% and 5% respectively. Risks continue to be skewed to the downside with fears that current policy measures may not be sufficient to reverse the downward momentum. Moreover, government efforts may be limited by budgetary constraints and dwindling public support.

Graph 1: Revisions in 2009 GDP growth forecast (%)



Graph 2: Recent recovery in US stock markets



- Analysts are closely looking for developments that could provide an indication of the timing and speed of an economic recovery. Stock market performance — generally seen as a leading indicator for the real economy — has witnessed some improvement (*see* ***Graph 2***). The S&P 500 rose 9% in April and 34% since the low seen on 9 March. This increase was mainly driven by improvements in the banking sector, and by better-than-expected 1Q09 corporate earning results as well as by a general perception that the global economy might bottom out somewhere in the second half of 2009. However, the recovery is still fragile and continued downward movement remains a possibility.
- Moreover, recent US economic indicators have shown some positive developments, with the purchasing managers' indices (PMIs), equity values, housing sector indicators and inventory/sales ratios improving. Consumer sentiment has recovered to levels last seen in October and despite a 6.1% decline in GDP in 1Q09, consumer spending actually rose 2.2% following a sharp contraction in 2H08. Despite a less promising picture in EU and Japan, Euro-zone business and consumer sentiment has also improved while industrial production rose in Japan which can be attributed to the inventory cycle. Within OECD countries, the US is likely to precede Japan and the Euro-zone in reaching a bottom.
- Developing Countries as a group continue to face serious problems in coping with the financial crisis that originated in the advanced economies. The crisis is affecting them mainly through trade — which is forecast to fall 6.5% in 2009 — and through sharply diminished private financial flows, as troubled banks in advanced economies reduce international lending. Despite these challenges, Emerging Markets are expected to lead the global recovery, powered by China.
- Despite some positive signs, the improvement in sentiment should be seen as more a reflection of relief that the measures taken so far have avoided the worst rather than a conviction that a return to strong growth is imminent. A real recovery in the world economy may take some time to achieve. Similarly, in the oil market, prices have remained above $50/b due more to market sentiment than fundamentals. Considerable risks remain as oil market fundamentals are far from balanced due to the persistent contraction in demand and growing supply overhang. Whether this sentiment will lead to a sustainable recovery, despite the prevailing weakness in market fundamentals, remains to be seen.

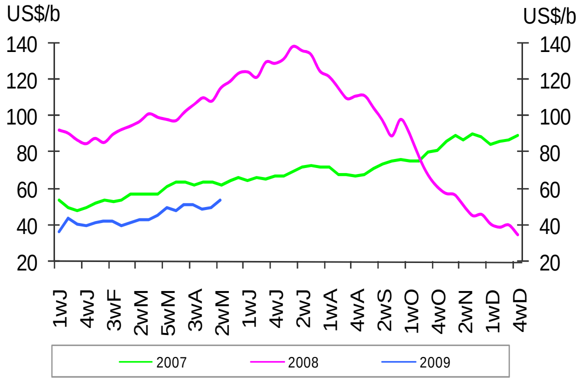
Crude Oil Price Movements

Equity and foreign exchange rate fluctuations dominated the market despite a continued deterioration in demand

OPEC Reference Basket

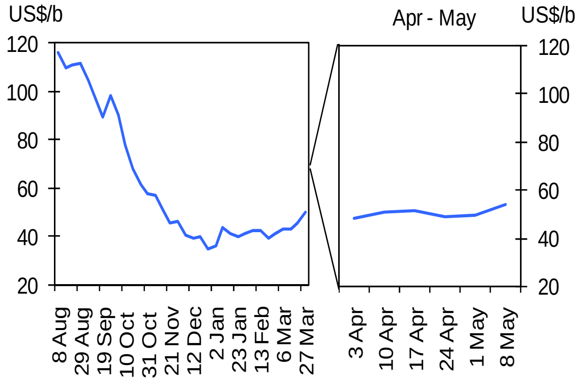
The market began the month on a weak note amid a tumble in the financial markets which inevitably fuelled recessionary fears of slower economic recovery. Although bearish petroleum data in the US signaled slower demand, the G-20 meeting restored confidence in the marketplace later in the week. Equity market and the US dollar exchange rate fluctuations weighed on market sentiments. The Basket averaged the **first week** down $1.84 or 3.7% to $48.55/b. The market sentiment firmed into the second week on the back of further OPEC supply adjustments which outweighed a plunge in Wall Street stocks and firmness of the US dollar. Demand for distillates amid lower refinery run rates also lent support to the petroleum market. The Basket averaged the **second week** nearly 6% or $2.79 higher at $51.34/b, after peaking to a level over $52/b , the first time since November.

Graph 1: OPEC Reference Basket - weekly spot crude



In the **third week**, a flux of weak economic indicators combined with continued bearish crude oil stocks in the US led to a revival of the downtrend movement. However, perception of economic data as an indicator for oil demand renewed hope for a recovery. The Basket averaged the week 9¢ or less than 0.2% higher to settle at $51.43/b. In the **fourth week**, uncertain bank conditions and poor economic indicators triggered a move by investors into safe-haven government bonds, which lifted the US dollar exchange rate and led to an outflow of funds from the energy market. The Basket averaged the week down by $2.40 or 4.7% to $49.03/b.

Graph 2: Weekly average Basket price, 2008-2009



In the **final week**, the market moved on speculation over the economy, while the fatal swine flu epidemic raised skepticism over traveling in general and tourism in particular, impacting transportation fuels. However, the rebound in the equity markets and US dollar weakness dominated market volatility. The Basket closed the week at $49.73/b.

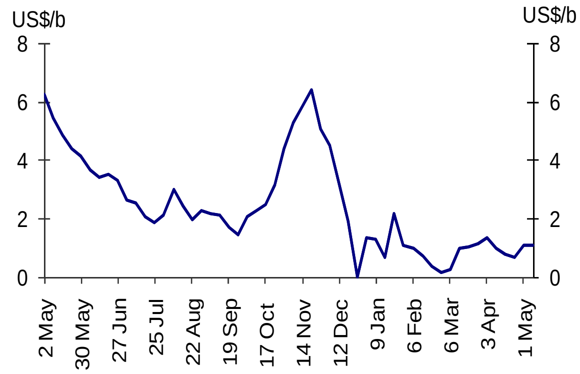
On a monthly basis, the market adopted hope over the economic recovery amid prosperous indicators. However, speculation over the direction limited gains in the petroleum market. Equity market fluctuations on Wall Street, while the US dollar weakened, inevitably prompted an influx of investment into the energy futures, dominating market sentiment in **April**. This improvement came despite the continued deterioration in oil demand. The Basket averaged the month $4.42 or almost 10% higher at $50.20/b, the highest since October. In the first decade of May, the Basket continued to rally to a six-month high of more than $56/b on hopes of an economic recovery, the weaker US dollar and a rebound on Wall Street lifted energy futures higher.

US market

Sweet/sour spread remained unchanged on the back of a wide transatlantic discount

The US domestic market emerged amid mixed sentiment, while the transatlantic spread flipped with Brent at a premium to WTI, the contango structure widened encouraging buying for storage as some refineries returned to operation. Thus, the WTI/WTS average spread widened by 20¢ to $1.33/b in the **first week**. Moreover, in the second week, more refineries returned from seasonal maintenance, while the transatlantic spread limited the flow of rival crude westward, supporting light crude differentials. The market was also inspired by the wide contango spread. The WTI/WTS spread was 36¢ narrower at 97¢/b in the **second week**.

Graph 3: WTI spread to WTS, 2008-2009



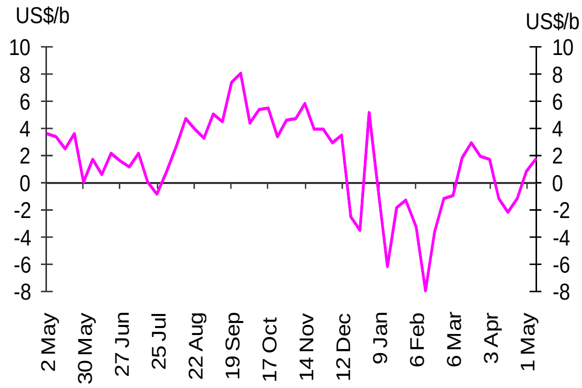
Market sentiment continued to firm for the light grade amid higher refinery run rates since January. Crude oil stock build at Cushing, Oklahoma, also pressured the sweet grade. In the **third week**, the WTI/WTS spread was 22¢ narrower at 75¢/b. In the **fourth week**, a further build of crude oil at Cushing, Oklahoma, continued to pressure the sweet grade. The WTI/WTS weekly average spread narrowed 65¢/b or 10¢. In the **final week**, the sentiment changed with the WTI/WTS spread widening by 41¢ to $1.06/b. The emergence of the swine flu outbreak signaled weaker demand amid fears of traveling. A flip in the transatlantic premium also pressured light grades. In **April**, WTI averaged $1.82 or 3.8% higher at $49.82/b, yet the WTI/WTS average spread remained unchanged at 91¢/b.

North Sea market

Fluctuation between refinery margins and regional supply pressured crude differentials

Improving refining margins on the back of middle distillates kept market sentiment firm. Perception over tight supply with optimism over the G-20 outcome flared the bulls. In the **first week**, the Brent discount to WTI narrowed by 22¢ to $1.73/b. Continued healthier refining margins while the May loading programme pointed to tight supply which balanced the weaker demand outlook, sustained the bullishness in the marketplace. Brent flipped into a premium to WTI to average the **second week** at $1.14/b. The market was quiet most of the third week amid Easter holidays across Europe; however, the wide contango spread continued to attract floating storage, while lower demand forecast by the IEA dimmed procurement across the Atlantic. Thus, the Brent/WTI spread almost doubled by $1 to $2.14/b in the **third week**.

Graph 4: WTI premium to Dated Brent, 2008-2009



In the **fourth week**, ample floating barrels eased differentials, while a regional major held plenty of supplies for end of April and early May. Hence, the clearing of prompt stems pressured the regional grade. The Brent premium to WTI eased in the fourth week by 93¢ to $1.21/b. In the **final week**, prompt stems were cleared at weaker levels as refining margins softened. However, maintenance work to be performed at the Buzzard oilfield in the third quarter 09 kept the regional market firm. Nonetheless, Brent flipped once again into a discount to WTI at 80¢/b, at large on the back of higher crude stocks at Cushing, Oklahoma. In April, Brent averaged $3.89 or 8.4% higher to $50.44/b, with the average spread over WTI at 62¢/b from a $1.45 discount in March.

Mediterranean market

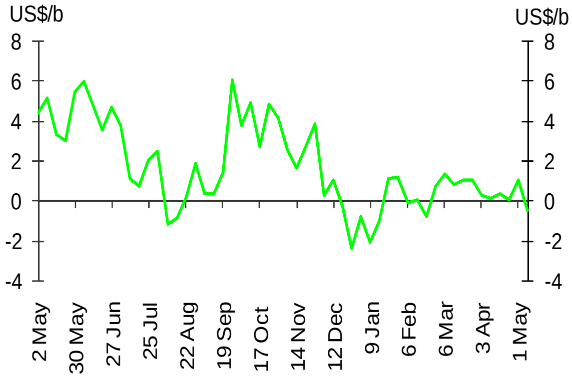
Ample supply amid weaker refining margins pressured regional grade differentials

The market in the Mediterranean emerged at a firmer note supported by improved refining margins and tight supply. The Brent/Urals average spread narrowed in the **first week** by 23¢ to 88¢/b. Nonetheless, the sentiment was short lived amid deteriorating margins while buying interest slowed. Although, a halt to pumping on Iraq's crude pipeline to Turkey prevented differentials from plunging further. The Brent premium to Urals widened by 47¢ to $1.35/b in the **second week**. Higher shipments from Azeri BTC in May pressured the regional market. Poor demand for naphtha and gasoline added to market bearishness. In the **third week**, the Urals discount to Brent was 10¢ wider at $1.45/b. In the **fourth week**, Urals crude differentials weakened in the Mediterranean after a preliminary schedule showed loadings in May via the Black Sea port of Novorossiisk would rise compared to April. Yet, firmer demand in northwest Europe on the perception of tighter supply supported the grade from a further decline. The Urals discount to Brent was 2¢ wider at $1.47/b. The return of some refineries from maintenance supported the Urals differentials in the **final week** with the average discount 4¢ firmer at $1.43/b. In **April**, Urals averaged $49.10 for a gain of $3.45 or 7.6%, yet the discount to Brent averaged 49¢ wider at $1.39/b.

Middle Eastern market

The narrowing Brent/Dubai spread attracted inflow of rival arbitrage crude

Graph 5: Dated Brent spread to Dubai, 2008-2009



The Middle East crude market emerged on a quiet note as traders awaited the issue of several OSPs and price differentials. However, sentiment for June heavy crudes fell, while demand from Japan was set to drop in the new fiscal year. The Brent/Dubai spread averaged the **first week** at 29¢ or 72¢/b narrower. Continued OPEC supply adjustment was outweighed by slowing refinery demand while arbitrage remained open for rival Russian Urals. The Brent/Dubai spread averaged 12¢/b in the **second week**, narrowing by 17¢. Mideast crude came under pressure in the **third week** with the Brent premium to Dubai 26¢ wider to average 38¢/b. However, tight regional condensate barrels lent support. In the **fourth week**, lower interest for Mideast crude while buyers sought more lucrative crude, pressured the price differentials, while an improved gasoil crack spread lent support to sour crude. Lower outright prices in the week lent support to market sentiment. The Brent/Dubai average spread was 33¢ narrower at 5¢/b. Lower allocation for June barrels, while the fuel oil crack spread improved, prevented prices from deteriorating further. The firming of regional Asian crude differentials while rival arbitrage barrels were inbound kept the pressure intact. The Brent/Dubai spread was $1.01 on average, widening by 96¢. In April Dubai averaged $4.51 or almost 10% higher at $50.10/b, while the discount to Brent narrowed by 62¢ to 34¢/b.

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

	Mar 09	Apr 09	Change Apr/Mar	Year-to-Date 2008	Year-to-Date 2009
OPEC Reference Basket	**45.78**	**50.20**	**4.42**	**95.78**	**44.79**
Arab Light	46.39	50.91	4.52	96.32	44.91
Basrah Light	44.94	51.18	6.24	93.59	43.87
Bonny Light	49.70	52.24	2.54	102.73	48.17
Es Sider	46.35	50.24	3.89	99.25	45.47
Girassol	46.98	49.72	2.74	97.38	45.91
Iran Heavy	44.52	50.10	5.58	93.43	43.67
Kuwait Export	44.91	50.16	5.25	92.54	43.91
Marine	46.58	50.82	4.24	95.11	46.47
Merey	39.59	43.73	4.14	0.00	39.88
Murban	47.75	52.33	4.58	99.47	47.80
Oriente	42.45	42.41	-0.04	87.22	39.03
Saharan Blend	48.40	51.69	3.29	101.87	47.06
Other Crudes					
Minas	49.06	54.11	5.05	101.11	48.35
Dubai	45.59	50.10	4.51	94.22	45.71
Isthmus	46.98	50.38	3.40	96.17	44.31
T.J. Light	45.52	49.32	3.80	93.37	43.16
Brent	46.55	50.44	3.89	99.85	45.95
W Texas Intermediate	48.00	49.82	1.82	101.54	44.71
Differentials					
WTI/Brent	1.45	-0.62	-2.07	1.69	-1.25
Brent/Dubai	0.96	0.34	-0.62	5.64	0.25

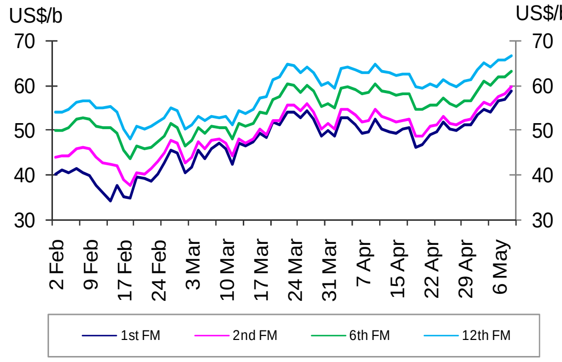
Note: As per the request of Venezuela and as approved by the 111th ECB, the Venezuelan crude BCF-17 has been replaced by Merey as of 2009. ORB has been revised as of this date.

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

The Oil Futures Market

Market volatility sustained on the back of fluctuation in the exchange rate and equities while fundamentals weighed on hopes for economic recovery

Graph 6: Nymex WTI futures prices, 2009



FM = future month

The market in April was mostly volatile amid weak fundamentals balanced by improved sentiment in the financial markets. In the **first weekly** period, the market firmed on the back of the G-20 meeting which lifted the equity market and signaled hope for prosperity. However, the sentiment was short lived amid strength in the US dollar exchange rate which dampened futures crude prices. The Nymex WTI front month averaged the week at $50.75/b, down by 76¢, after closing at $49.15 or 51¢/b lower. Non-commercial net long positions increased by 5,900 lots to 12,500 contracts amid an increase in longs while shorts fell. Open interest volume was 13,600 higher at 1,162,300 lots. With options included, open interest volume was 3,200 lower at 2,790,000 lots yet non-commercial net longs rose 3,100 to 91,100 contracts.

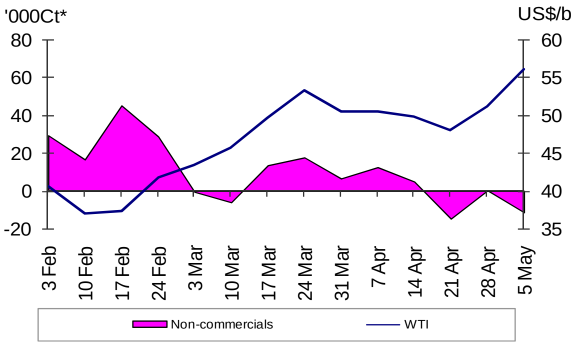
In the **second weekly** period, market sentiment was mixed. The CFTC reported that non-commercial net longs depleted by 7,500 to nearly 5,000 lots, amid liquidation of longs while short positions were rising. Nonetheless, open interest volume was 30,300 lots wider at 1,192,600 contracts. With options included, open interest volume was 11,500 contracts wider at 2.8 million lots with non-commercial net longs 1,300 lower at 89,800 contracts. Crude oil futures peaked in the week to over $52/b amid tight North Sea supply and revived hope for a turnaround in the economy. However, the weaker demand outlook by major research centers and a continued build in US crude oil stocks pushed the petroleum complex lower. Although closing the second weekly period 26¢/b higher at $49.41, the Nymex WTI front month average the week $50.27 or 48¢ lower.

In the **third weekly** period, market sentiment weakened further, bounded by a rise in crude oil stocks, the rebound of the US dollar exchange rate against major currencies and a fall in equity markets. Although some bullish fundamentals emerged, market direction deteriorated as Wall Street stocks weighed on the petroleum complex along with revived prospects of a gloomy economy. The Nymex WTI averaged the third weekly period down by $1.88 to $48.39/b, after closing down by $2.90 to $46.51/b. Non-commercial net positions flipped into net short dropping by 19,600 lots to 14,600 contracts. Open interest volume was 52,400 lots lower at 1,140,200 contracts. Including options, open interest volume dropped by a significant 117,000 to less than 2.7 million contracts. Non-commercial net long positions were off by 14,700 to 75,100 contracts.

In the **fourth weekly** period, the market gained some momentum with the CFTC revealing that non-commercial net positions reversed into net long adding 14,900 lots to a marginal 300 contracts net long. However, open interest volume was down by a marginal 900 lots to 1,139,300 contracts. With options included, open interest volume was down by a hefty 28,400 lots to 2,656,000 lots with non-commercial net positions up 1,700 lots to 76,900 lots. The Nymex WTI front month contract averaged $50.02/b for the weekly period, up $1.63 after closing $3.41 firmer at $49.92/b. The weaker US dollar and rebound in equity markets dominated bullish sentiment. However, the swine flu epidemic dampened the run-up in the market. In the final days of the month, the market rallied on a draw in gasoline inventories while the US dollar and Wall Street equity markets fluctuated.

On a monthly basis, market volatility was sustained in **April** as hope for a prosperous economy fluctuated with fundamentals with oil demand growth forecasts continuing to be revised sharply lower. The impact of non-fundamentals emerged amid fluctuations in the US dollar exchange rate followed by the outbreak of a fatal flu which triggered fears over travel and tourism globally. The G-20 sent hope for recovery while the equity market was seen to dominate the bullish sentiment. Nonetheless, the Nymex WTI front-month contract averaged down $2.37 or almost 5% to $45.69/b in **April**. The CFTC weekly average of non-commercial net long positions was at a marginal 800 lots after falling by 5,400 contracts, amid liquidation of the long positions at a faster rate than the shorts. This brings the average to 59,600 lots lower than last year. Open interest volume averaged 1,158,600 or almost 23,000 lots lower than in March and 229,000 contacts lower than last year. Including options, open interest volume was down 105,200 lots at less than 2.8 million contracts, to stand 172,500 lots below last year. Non-commercial positions averaged nearly 83,000 lots, a decline of 2,100 contracts from March and 43,300 lots lower than last year.

Graph 7: Non-commercial net long positions vs WTI, 2009



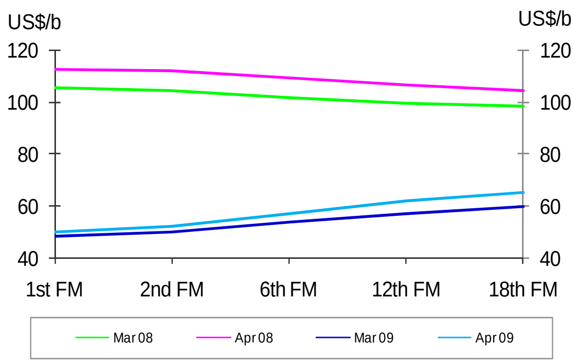
NC = Non-commercials: funds, investments and banks.
Ct = *Each contract is 1,000 barrels.

The Forward Structure

Continued low refinery run rates prompted steeper contango spread as crude oil stocks build

The forward structure furthered in contango with the 1st/2nd month spread averaging $2.49 or $1.05 wider in April, compared to 67¢ backwardation last year. The 1st/6th, 1st/12th and 1st/18th contango spread average was $7.51/b, $11.68/b and $14.70/b, representing an increase of $2.12/b, $2.62/b and $2.83/b respectively over the previous month compared to a backwardation of $3.21/b, $6.08/b and $8.02/b in the previous year. The widening of the spread in April was on the back of a rise in US crude oil stocks. Although refining runs averaged higher than the previous month by 134,000 b/d at 14.3 mb/d, this was nearly 260,000 b/d below last year and over 0.8 mb/d lower than the five-year average.

Graph 8: Nymex WTI forward curve



FM = future month

Commodity Markets

Trends in selected commodity markets

Commodity prices continued increasing in April

April saw another increase in the IMF commodity price index by 3.7% m-o-m compared to 2.2% in the previous month, but remained 45% lower than a year ago. The rise in commodity prices was driven by the non-energy group which went up sharply by 5%, up from -0.8% in our last release. By contrast, the energy complex showed a strong deceleration in the pace of growth in April. Commodity prices rose despite the complex global economic recession fostered by the favorable impact of better economic indicators for China and the accumulation of inventories as well as the existence of a positive investment sentiment. Additionally, the price gains in commodities for April took place regardless of the situation of the fundamentals as pointed out in previous reports. Most of the commodity markets continue facing massive surpluses with the lack of demand being the core factor obstructing a sustained recovery of the markets. Although some industrial metals such as copper saw a mild decline in LME inventories, a sustainable recovery will only be possible once the deep economic recession begins to recede and this does not seem to be the case with the OECD economies still facing severe problems.

Table 2: Monthly changes in selected commodity prices, 2008-2009

		% Change		% Change
	Feb/Jan	Mar/Feb	Apr/Mar	Apr 09/Apr 08
Commodity	-4.0	2.2	3.7	-45.3
Non-Energy	-2.4	-0.8	5.0	-30.8
Energy	-5.1	4.4	2.8	-52.3
Crude	-4.9	12.4	7.1	-53.9
US Natural Gas	-14.3	-11.8	-11.7	-65.7
Agriculture*	-0.8	-1.3	4.9	na
Food	-2.6	0.1	4.8	-23.8
Corn	-5.8	0.9	2.5	-31.6
Wheat	-6.1	2.8	1.1	-35.5
Soybean Oil	-7.0	-1.1	13.4	-39.1
Soybeans	-5.2	-1.7	10.8	-6.9
Industrial Metals	-3.0	2.8	8.4	-43.3
Aluminium	-5.8	0.0	7.0	-51.8
Copper	2.1	13.3	17.7	-49.1
Nickel	-10.0	-6.7	16.7	-60.6
Zinc	-7.0	9.4	13.5	-39.1
Lead	-2.5	-1.5	5.7	-50.8
Gold*	9.8	-2.0	-3.7	na

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

The energy index growth decelerated in April

The IMF energy commodity index (crude oil, natural gas and coal) grew at a slower pace in April m-o-m (2.8%) compared to 4.4% in March driven by a lower increase in **crude oil prices** (the average petroleum spot price) of 7.1% compared to 12.4% the previous month, while natural gas and coal prices kept declining.

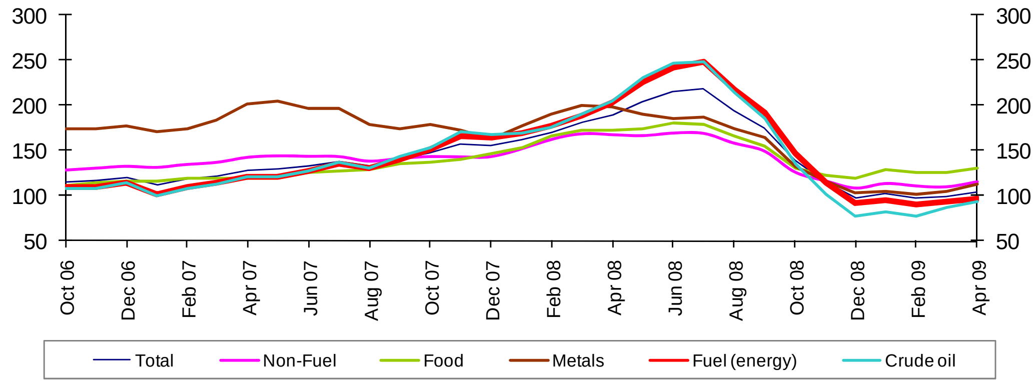
Henry Hub (HH) gas plunged again by around 12% in April, 66% lower than in the same period last year, essentially due to the lack of demand. Declining US industrial production and rising domestic supply, in particular shale gas and working gas in storage volumes have continued weighing on the natural gas market.

Non-energy commodities showed a strong recovery, increasing by 5% in April m-o-m on the back of considerable gains in industrial metal prices and, to a lesser extent, food prices.

The **industrial metal price index** surged 8% m-o-m in April with further price gains across the entire complex. These markets benefited from bullish investment sentiment and the temporal factors mentioned in our previous reports such as Chinese imports mainly due to

China's State Reserve Bureau (SRB) buying and a favorable LME-Shanghai arbitrage. Inventories at the LME remain in surplus with record-high stocks and weak global demand, which suggests that the increase in industrial metal prices is not sustainable. The premature increase in some metal prices also reflects their dramatic decline in the last months of 2008. The worsening of the situation in the Chinese steel market also suggests that the recovery in industrial metal prices will not last.

Graph 9: Major commodity price indexes, 2006-2009



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

All industrial metal prices reported gains in April de-coupled from fundamentals

Copper prices increased 17% m-o-m in April with the LT forward curve having changed into backwardation**.** As in the previous month the copper market found support on strong Chinese imports which increased 97% in 1Q09 compared to the same period last year mainly due to the restocking policy and to the favorable LME-Shanghai arbitrage. Greater imports led to a decline in stocks at the LME from 500,000 tonnes in March to 429,000 tonnes in April. Nevertheless, the US Commerce Department highlighted negative data for the copper market as a result of problems of the US automotive and construction sectors. Likewise, the International Copper Study Group suggest that there is a 112,000 tonnes surplus in the January-February period and estimates a 13% expansion of refined copper output in 2009, despite the recent production cut announcements. Copper prices are reflecting an artificial demand which is due to the restocking policy in China but not to a revival of the copper industry.

Aluminum prices jumped by 7% in April m-o-m compared to zero growth in the previous month mainly on output cuts and important Chinese demand due to the government restocking policy with imports of unwrought aluminum jumping by 100% in March m-o-m. On the other hand, global demand remains weak with ALCOA estimating a fall in aluminum sales to the automotive and construction industries of 18% and 10-15% y-o-y respectively in 2009. Aluminum demand also remains weak in South Korean and Japan. According to ALCOA, further cuts in aluminum capacity will be necessary to balance the market.

Lead prices climbed 5.7% in April m-o-m on Chinese imports which surged 39% m-o-m in March driven by tight domestic supply as a result of greater demand from the automotive industry in China and a favorable LME/Shanghai arbitrage. Regarding the global lead market, the International Zinc and Lead Study Group (IZLSG) highlighted the existence of a deficit in the lead market in February. Considering the adoption of a series of stimuli to the automotive industry in China, lead demand from this economy is expected to remain high in the near future.

Zinc prices went up 13.5% m-o-m in April as a result of a revival in the Chinese automotive industry. Zinc imports from China escalated by 57% in March m-o-m to meet auto sales, while the favorable LME/Shanghai arbitrage also contributed. In addition, greater zinc imports from China are due to a shortage of metals as several refiners shut down operations in the second half of 2008 following the drop in prices with 50% of Chinese zinc producers having shut down production by March, but are now beginning to return to full capacity.

As a result of higher imports and tight supply, zinc LME inventories declined again in April.

Nickel prices surged by nearly 17% m-o-m in April following a decline of 6.7% in March. Nickel prices increased until the third week of April but declined in the rest of the month. The national restocking policy in China led to a sharp surge in nickel prices causing lower LME inventories which declined by 2,000 tonnes to 105,000 tonnes in late April.

Nevertheless, nickel demand remains very weak out of China due to the sharp decline in stainless steel production in the previous months. CRU International estimates that a 24.4% drop in steel output took place in 1Q09 compared to the same time a year earlier, leaving global nickel use over January-February to plummet 27% y-o-y.

Concerning the supply side, it is estimated that 20% of nickel capacity has been cut due to weaker prices, although Chinese output remains 10% higher than the year-ago level.

The **World Bank's agricultural price index** rose by 44.9% m-o-m backed by a remarkable surge in soybean and soybean oil prices. The **World Bank food price index** went up 5.1% m-o-m in April.

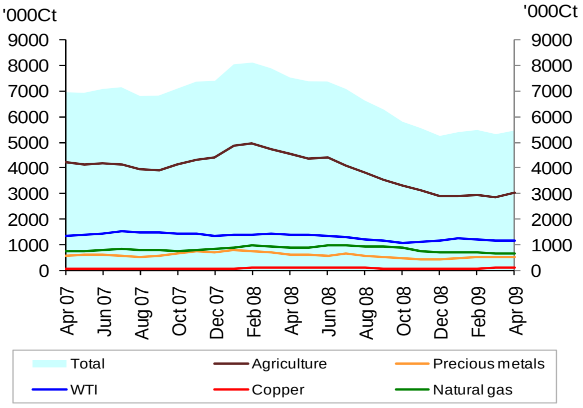
Gold prices declined 3.7% m-o-m in April following higher confidence in financial stabilization and economic growth.

Investment flow into commodities

Open interest volume in major US markets exhibited an important recovery in April

CFTC data for major commodity markets in the US highlighted a rise in the open interest volume (OIV) of 2.6% m-o-m to stand at 5,806,000 contracts in April, which compared favourably with a decline of 3% in the previous month. Investor sentiments were bullish due to some positive macroeconomic indicators despite the fact that the economic situation remains very complex. Agriculture and livestock experienced the major increase in the total number of contracts.

Graph 10: Total open interest volume



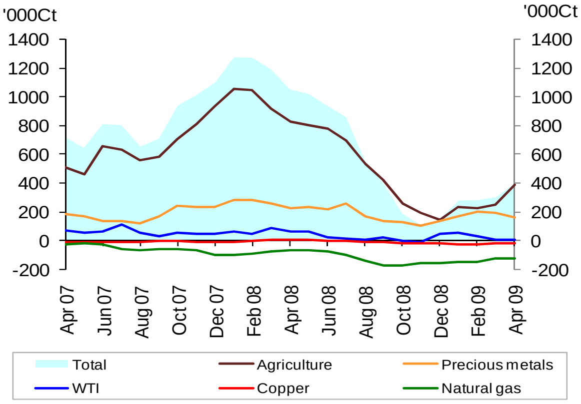
Source: CFTC

Table 3: CFTC positions, '000 contracts

	Net Positions		Long Positions		Short positions		Open Interest	
		Change		Change		Change		Change
	Apr 09	Apr /Mar	Apr 09	Apr /Mar	Apr 09	Apr /Mar	Apr 09	Apr /Mar
Crude Oil	1	-5	181	-16	180	-11	1,159	-23
Natural Gas	-127	-7	74	2	201	10	650	-4
Agriculture	384	136	744	93	360	-43	3,042	184
Corn	82	12	189	19	108	7	823	51
Soybean Oil	7	20	32	8	25	-13	208	1
Soybeans	82	60	112	44	31	-16	363	67
Sugar	133	-4	169	2	37	6	678	32
Precious Metals	160	-31	213	-19	54	12	481	-30
Copper	-18	2	19	5	37	4	105	14
Livestocks	-14	-3	77	-3	91	-1	370	8
Total	**384**	**92**	**1,308**	**62**	**923**	**-29**	**5,806**	**149**

Non-commercials in major US commodity markets in April reported a rise in longs (5%) and a decline in shorts (3%). Thus, the net non-commercials as a percentage of open interest volume slightly increased from 5% in March to 6.6% in April.

Graph 11: CFTC net length by commodity group

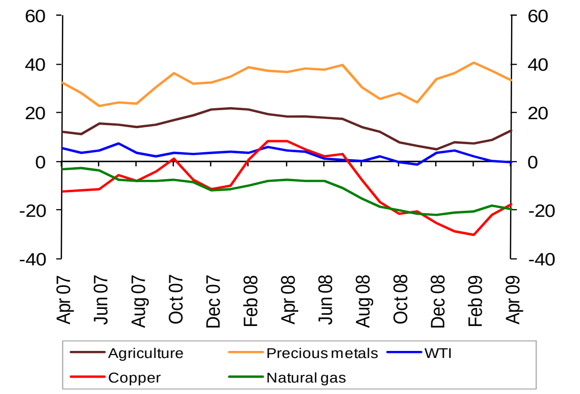


Source: CFTC

Agriculture OIV increased 6% in April to **3,042,00 contracts**, compared to a 4% decline in the previous month. A 14% gain in longs combined with an 11% drop in shorts resulted in an increase in the net length as a percentage of OIV from 9% in March to 13% in April. The attention of non-commercial financial buyers focused on soybeans with longs jumping by **64% m-o-m in April** and the net non-commercials as a percentage of open interest climbing from 7% to 22%. Non-commercial longs in soybean oil also increased by **32%** and shorts dropped **34%** with the net length as a percentage of OIV rising from -6% to 4%.

OIV for precious metals dropped 6% to stand at 481,000 contracts. A 28% increase in short non-commercial positions and an 8% drop in longs lead to a fall in the net length as a percentage of open interest volume to 33%, down from 37% in March (*see **Graphs 12** and **13***).

Graph 12: CFTC net length as % of open interest



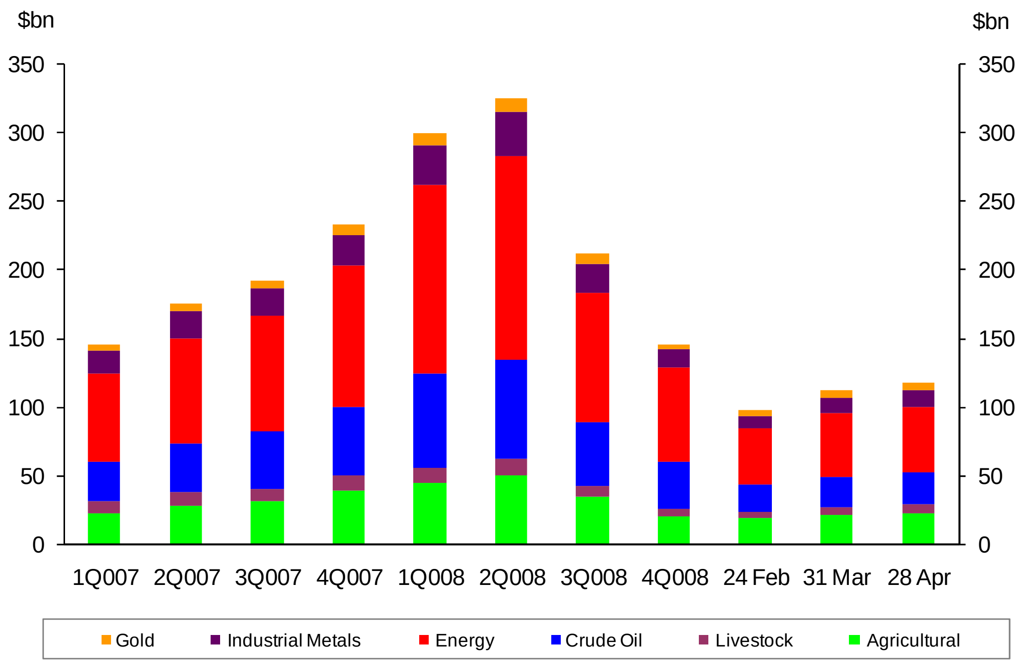
Source: CFTC

Nymex natural gas futures open interest volume reported a 1% drop to **650,000 contracts** – compared to -7% in March. Non-commercial short positions increased more than longs, so net length as a percentage of open interest increased slightly from -18% in March to -20% in April. The same factors as in the previous month, mainly a lack of demand, declining prices and milder temperatures over the coming months, continue to reinforce the bearish investment sentiment in the market.

Copper open interest volume accelerated in April by 16% compared to 5% in March, driven by higher prices. Non-commercial longs went up 44% in April since our last release while short positions climbed **11%**. Thus, net length as a percentage of open interest improved from -22% to -18%.

Dollar investment inflows into commodities are estimated to have increased at a significantly slower pace in April (5.8%) than in March 2009 (14%). All commodity groups more than halved the growth of dollar investment inflows in April, but in the case of gold, this plummeted by over 14% compared to 44% since our last report.

Graph 13: Investments in two principal commodity instruments (S&P GSCI and DJ-AIG)



The remarkable inflows into commodity-linked ETPs in Q1 09 slowed strongly in April especially in precious metals which saw an outflow of $500mn. Total inflows in April were only $1.1bn compared to $3bn in March and $8.8bn in February of the current year. Nevertheless, the level in April is still 200% higher than in April 2008.

Table 4a: US commodity exchanged traded products (ETP) - monthly flows

	Long ETP Flows			Short EFT Flows		
	Apr 09	Mar 09	Feb 09	Apr 09	Mar 09	Feb 09
Base	70	84	4	0	0	0
Precious	-583	3070	5,884	5	18	34
Agriculture	68	489	114	5	0	0
Energy	916	-1543	1,762	-16	76	-58
Broad-based	359	557	101	-8	0	9
Total	**830**	**2657**	**7,865**	**-14**	**94**	**-15**

Table 4b: European commodity exchanged traded products (ETP) - weekly flows, 2009

	Long ETP Flows			Short ETP Flows		
	29 Apr	25 Mar	25 Feb	29 Apr	25 Mar	25 Feb
Base	1.1	9.2	1.8	1.3	0.5	1.8
Precious	32.9	154.1	86.6	0.0	0.4	-0.7
Agriculture	20.1	7.8	24.0	0.3	1.8	-1.7
Energy	69.6	58.0	165.4	10.8	3.4	-0.2
Broad-based	0.9	0.0	-8.3	0.0	0.0	0.0
Total	**124.7**	**229.2**	**269.5**	**12.5**	**6.0**	**-0.8**

Source: Barclays.

Highlights of the World Economy

Economic growth rates 2008-2009, %	World	OECD	USA	Japan	Euro-zone	China	India
2008	3.1	0.9	1.1	-0.6	0.9	9.0	6.0
2009	-1.4	-3.8	-2.8	-6.4	-4.2	6.5	5.0

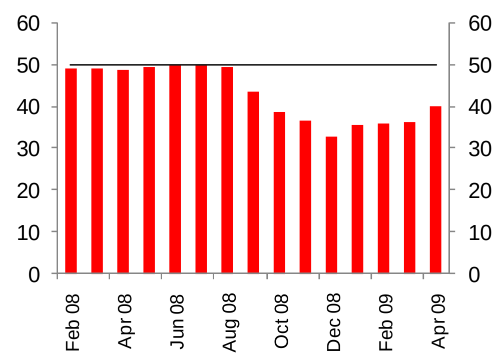
Industrialised countries

United States of America

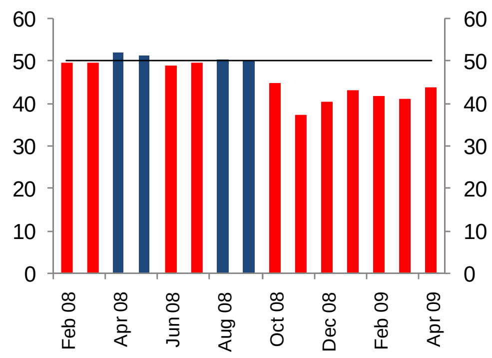
While the economic downturn in the US is slowing, the recovery is still yet to come

The economic downturn in the US is slowing, but the recovery is still not near. There was an improvement with regard to real economic growth and better sentiment measures could be observed, reflecting the expected development of the economy. Though the current improvement in the real economy is a positive signal, it still only reflects a slowdown in the rate of decline. With regard to the improved sentiment, the increases have been significant, but the levels from which the numbers improved were historically very low. The sentiment numbers had been hitting their almost lowest levels in the history of their records. ISM manufacturing improved from 36.3 to 40.1 in April, while ISM non-manufacturing improved from 40.8 to 43.7. However, the sentiment figures are still indicating an output decline, as a reading below 50 signals economic growth is still contracting.

Graph 14a: ISM Manufacturing Index



Graph 14b: ISM Non-Manufacturing Index



Source: Institute for Supply Management

The two major reasons for this slightly positive development have been, firstly, the general improvement in financials and the banking sector and, secondly, a potential bottoming out of US home sales. With regard to the banking sector, the KBW Banking Index, a stock market index comprising of the biggest US banks, has increased by 21% over the last four weeks and by 129% since hitting bottom on 6 March. In addition, the KBW Capital Markets Index has improved by 8% over the last four weeks and by 63% since hitting bottom on 9 March. The increase of those values reflects improved confidence in the financial sector. This can also be taken from the main risk measure in the inter-banking lending market, in which the OIS-Libor spread declined to its lowest level since the collapse of Lehman Brothers in September 2008. It was at 72 basis points and is now moving back towards its historical level of around 15-30 basis points, which would again signal a relatively normal financial market, while it remains to be seen whether the market will ever reach the previous levels again, at least in the foreseeable future. The narrowing of the OIS-Libor spread is certainly a reassuring sign that the risk levels within the banking sector are decreasing.

The root causes for this improved confidence are most probably due to better-than-expected first quarter corporate earnings in the financial sector and a relief that the release of the bank stress test of the US Treasury, the so-called Supervisory Capital Assessment Program (SCAP), did not impose any further drastic actions. With this test, the US Treasury made an in-depth analysis of the businesses and balance-sheets of 19 US banks, concluding that $75bn still have to be raised by those institutions to close a potential future funding gap. This outcome was taken as a relief and the market perceived the worst of the negative news-flow from the first quarter to be over, hoping negative surprises in the near future would be unlikely.

Despite those better-than-expected earnings in the banking sector, it remains to be seen whether these improvements in earnings are sustainable. Most of the earnings came from one-time actions like asset sales or accounting changes and/or potentially unsustainable trading income. Secondly, it has to be ensured that the need for new capital for the sector in general will not exceed the amount that is currently being considered appropriate. This has to be closely watched as well, as the accounting for asset-backed securities was recently changed in favour of US banks and there might be a danger that the values currently being reflected on the balance sheets might make further write-downs necessary. Thirdly it also remains to be seen whether the 19 banks of the SCAP are able to raise the amount of $75bn without any friction.

With regard to the US housing market, one can observe that some improvements — even from very low levels — are obvious. Pending sales of existing homes posted their first back-to-back gains in almost a year, rising by 3.2% m-o-m in March, after a 2% m-o-m gain in February, according to the National Association of Realtors. This corresponds to a slowing decline in the S&P Case-Shiller Home price index. The decline in home prices in 20 major US cities slowed in February for the first time since 2007, amplifying signals that the market may be stabilizing. While the S&P Case-Shiller index declined by 18.6% y-o-y, this compares to a record 19% y-o-y decline the month before. This gauge has fallen every month since January 2007. Government efforts to lower borrowing costs are starting to pay off as well, as the 30-year mortgage rates fell below 5% and reached an unprecedented low of 4.78% at the end of March.

The Consumer Price Index (CPI) declined 0.1% m-o-m and 0.4% y-o-y in March. The yearly decline of the headline CPI number is the first since 1955. The decline in prices was mainly due to energy and food prices. Energy prices fell by 3.0% and food prices declined by 0.1%. The yearly decline is somewhat exaggerated by the increase in the oil price in the second half, so a price comparison – until July – on a yearly basis might look relatively low. Core prices, which include energy and food, increased by 0.2% m-o-m mainly due to the fact that tobacco taxes increased by 11%, which is hardly convincing. Generally speaking, deflation is still around the corner — a threat the Fed is certainly watching out for.

The first reading of the annual growth rate for the first quarter shows a decline in GDP at a seasonally adjusted annual rate of 6.1% q-o-q, after a decline of already 6.3% in the last three months of 2008, according to the US Commerce Department. This marks the weakest six months since 1957. Despite the numbers showing that consumer spending increased at a seasonally adjusted rate of 2.2% q-o-q, they declined again in March. This is ending an unexpected strong quarter on a soft tone and is also signaling that an economic recovery can be expected to be only gradual. US consumer spending declined by 0.2% m-o-m in March.

Unemployment hit a new high of 8.9%, the highest rate since 1983, when the US was also facing severe economic conditions. According to a Bloomberg survey, unemployment is now expected to rise to 9.5% by year-end, particularly as the work-intensive automobile sector faces major challenges. Chrysler was pushed into bankruptcy and GM is working on a deadline expiring on 1 June to avoid bankruptcy.

Consequently, we have slightly revised down our GDP growth forecast for 2009 by 0.2 percentage points and expect the economy now to decline by 2.8%.

Japan

Japan has potentially bottomed out in the first half, but strong growth is not yet evident

Despite last month's very low reading of the Tankan Survey and the fact that Japan posted the first trade deficit in its fiscal year — ending in March — in 28 years, it seems that it could have bottomed out. But that is at very low levels and does not mean that a strong pick-up in growth is evident and can be expected to materialize soon. Industrial output rose for the first time in six months as inventory levels potentially hit bottom in March. The output rose by 1.6% in March from February, when it declined by 9.4%. That was mainly due to the 3.3% decline in inventories m-o-m and not due to the fact that demand picked up. Still the economy is at low levels after a drop in GDP at an annualized rate of 12.1% in 4Q08 and a potentially larger decline in 1Q09.

Having seen already low Consumer Price Index (CPI) numbers in the previous months, the CPI number for March turned negative for the first time in 18 months, fuelling fear of deflation as an additional challenge in the current crisis for Japan. The core CPI fell 0.1% y-o-y in March, the nationwide, broader-defined CPI fell even 0.3%. The deflation threat should be of particular interest. In case the Japanese consumer starts to factor-in deflation in consumption behaviour and producers alike, a downward spiral in wages and prices might be hard to break.

The Japanese government itself now factors in a CPI decline of 1.3% in its forecast for the fiscal year 2009/2010. The Bank of Japan is forecasting a decline of 1.5% for the same period. The central bank cut the key interest rate to 0.1% in December already, and has since bought corporate debt and expanded government bond purchases to channel funds to companies. It becomes therefore harder for the BOJ to push prices and increase inflation.

Unemployment rose to a four-year high of 4.8% in March. Wages, including overtime and bonuses, fell by 3.7% from a year earlier to a six year-low. Overtime payments slid by an unprecedented 20.8% y-o-y as manufacturers cut extra working hours by a record 49.5% y-o-y, the twelfth consecutive month of decline, according to the numbers of the Labor Ministry.

Retail sales numbers fell for a seventh month in March as households cut spending. Sales declined by 3.9% y-o-y, after a y-o-y decrease of 5.7% in February. Compared to the last month retail sales fell 1.1%, posting a negative number for the sixth consecutive month.

This economic situation is also mirrored on the company level. Toyota is expected to post the first loss in 60 years. Sharp and Mitsubishi Motors have said only costs cuts are needed to return to profitability in the current fiscal year.

The severe decline in exports has eased slightly in March. It plunged by 45.6% y-o-y, an improvement compared to the 49.4% y-o-y drop the previous month. Imports fell by 36.7% y-o-y resulting again in a trade surplus for March. Exports to the important US market fell by 51.4% y-o-y compared to a decline of 58% a month earlier. Shipments to Asia declined by 39.5% y-o-y compared to a decline of 46.3% in February. However, the decline in exports to the EU increased to a decline of 56.1% y-o-y, compared to 54.7% the previous month.

The Japanese Government is continuing to work on its plan to implement a new stimulus package of 15.4 trn Yen ($157 bn) to lift the economy out of recession, after the government has already implemented a range of stimulus measures totaling around 12 trn Yen or roughly 2% of GDP, the figure recommended by the International Monetary Fund to stimulate the economy, over the last months. Despite these huge stimulus packages and due to the current pressure that is weighing on the economy, the Japanese economy is still expected to decline by 6.4% in 2009, mainly due to an expected double-digit decline in the first quarter, which is foreseen to have the most severe negative impact on the yearly growth number.

Euro-zone

Euro-zone expected to be the last region to turn the corner

The Euro-zone's expected decline is increasing, despite there being some positive signs on the horizon. But it looks like as if the Euro-zone will be the last region to turn the corner, after the US and China, which are expected to recover first and other exporting nations such as Japan. Lagging indicators such as unemployment hit new lows at a level of 8.9% in March, the highest since July 2005. The numbers are most severe in Spain, where youth unemployment (under 25 years) is hitting a new high of 35.4%, which is even higher than the already alarmingly rate of 31.8% a month earlier. Saying that, youth unemployment in the whole Euro-zone is now reaching 18.1% and Spain now has an unemployment rate of 17.4%. Spanish industrial production shrank by 25% y-o-y.

Germany's jobless rate in March was at a relatively moderate 8.1%, despite already rising again by 0.2% to 8.3% in April. In line with this slowing decline were the numbers issued by the German engineering association, the VDMA, which reported a decline in machinery orders in Germany of 35% y-o-y in March. This compares to a decline of 49% y-o-y the previous month. Domestic demand in Germany in particular has been poor falling at a rate 41% y-o-y, while exports only declined by 32% y-o-y. German industrial orders then rose unexpectedly by 3.3% m-o-m in March, the first increase since August 2008, but still a decline of 26.7% compared to last year. However this is the first sign that that the ferocity of the country's recession might be easing. The same applies to the export numbers for March, which increased by 0.7% m-o-m, the first increase since September 2008, but a decline of 15.8% compared to last year.

The Ifo Index in Germany increased more than expected and despite the worst recession in Germany over the last 60 years, it improved to 83.7 from 82.1. The 83 level has not been seen since end of last year, but still remains a very low number. The European confidence figures have improved as well. The sentiment index issued by the European Commission improved to a level of 67.2 from 64.7 in March, the first rise in almost a year and the highest level since December 2008. Finally the Euro-Zone PMI also hinted at more positive developments going forward. The composite purchasing managers' index (PMI), covering services and manufacturing leapt from 38.3 in March to 40.5 in April — the biggest rise since the survey began in 1998 — pointing to the slowest rate of decline in output in six months. A figure below 50 indicates a fall in economic activity. Despite all these sentiment improvements, they stem from very low levels and are still pointing to a declining economy.

Consequently the ECB decreased its key interest rate from 1.25% to 1% and also announced that it is willing to buy back 60bn euros of high-quality bonds in a move to implement quantitative easing in the Euro-zone in the meeting on 7 May. The change of the Consumer Price Index is still at very low levels. It is being estimated at only 0.6% y-o-y in April, according to Eurostat and was unchanged from March. This is again much lower than the 2% target level and does put pressure on the ECB to take more monetary measures to combat recession, particularly as it still has ammunition left compared to its peers in the US, UK and Japan.

The bleak situation is also underscored by the fact that despite the low interest rates in the Euro-zone and other measures undertaken by the ECB to fight recession, lending in the Euro-zone declined for the second month in March. Loans to euro-companies and households fell by 0.2% in March from a 0.1% decline the previous month. These low lending levels combined with rising unemployment and cautious consumers increase the threat of deflation. Retail sales dropped in the Euro-zone by the largest amount on record in March. Revenues fell by 4.2% y-o-y or -0.6% m-o-m.

Based on the challenges the Euro-zone is currently facing, GDP growth forecast for 2009 has been revised down from a decline of 3% to now show a contraction of 4.2%.

Former Soviet Union

Russia's industrial production was down 14.3% in the first quarter of 2009

Indicators of economic activity in Russia for March 2008 continue to point to contracting activity. Industrial production was down 13.7% y-o-y in March and 14.3% in the first quarter of 2009. Figures on retail sales and investment activity reveal the impact of the crisis on Russian domestic demand. Real retail trade turnover in March was 4.0% lower than a year earlier, while expenditures on fixed capital investment fell 16.0% from March 2008. The first quarter has been a very difficult period for Russian manufacturers, as both domestic and export demand declined in response to fading business confidence and the extreme tightness of credit conditions. The latest survey of Russian manufacturing business conditions from VTB Capital signaled that the sector remained in a downturn in April, but that the rate of decline had slowed further. Though still well below 50.0, the headline seasonally-adjusted Russian Manufacturing Purchasing Managers' Index (PMI) rose for the fourth straight month to 43.4, its highest level in six months. Inflation rate fell more than expected in April as the stumbling economy slowed price growth and the effect of the rouble's devaluation waned. The State Statistics Service said in a statement that the rate dropped to 13.2% after rising in March to 14%. Consumer-price growth slowed to 0.7% in the month compared with 1.3% in March. In the year, the rate eased to 14.5% from 23% in April 2008. Ultimately, the retail market will hinge on Russia's economic performance. The Russian government has more than halved its full-year average oil price forecast, reducing it from $95/b to $41/b.

The most recent and devastating shock to the Russian economy came from a plunge in oil prices — the 'engine' of Russia's economic growth — resulting in decreased demand and stagnating investment. For the government to cope with the sharply reduced revenue, it will accept a budget deficit of $65.9 bn this year, instead of the previously expected $41.7bn surplus.

The State Statistics Committee of Ukraine announced that the consumer price index or CPI rose 15.6% y-o-y in April, slower than the 18.1% increase in the previous month. Sentiment towards the country received a huge boost on 17 April when the International Monetary Fund mission announced that it would almost certainly pay out the next $2.8 bn outstanding of the $16.4 bn agreement inked in November. Ukraine's export-dependent economy is heavily reliant on a global upturn. The key to a recovery will be a rise in global demand for commodities such as steel, which accounts for 40% of export revenues.

Developing Countries

The current deflation in China is seen as unsustainable

China’s main inflation measures remained in negative territory in April but it is expected that sustained deflation is fading as bank lending surges and other economic indicators start to show improvement. China’s economy is expected to accelerate in the second quarter after the first quarter’s 6.1% expansion, which marked the country’s lowest quarterly growth in GDP in nearly two decades, providing some upward pressure on prices. The central bank is predicted to maintain its loose monetary policy, until a recovery is more clearly under way, as it is still warning that the recovery is not yet firmly established. China’s central bank summoned major banks earlier to tell them to lend at a steadier, more rational pace after new loans surged by 4.58 trillion yuan ($671bn) in the first quarter. That was close to Beijing’s minimum goal of 5 trillion yuan for all of 2009. Severe weather conditions are expected to impact China's economy in the rest of 2009 and would put pressure on food prices in particular. A government report expects robust investment backed by stimulus spending will help China's economy to expand at a 7% annualized rate in the second quarter. A survey by the China Federation of Logistics and Purchasing showed China's official purchasing managers’ index, or PMI, for April rose more than one percentage point to 53.5, indicating a continuing expansion in manufacturing activity. It was the fifth month in a row to show improvement. Back in November, it had fallen to a record low of 38.8.

PMI in India is over 50 pointing to better conditions in the manufacturing sector

India joins China in being one of only two economies where manufacturing has weathered the long winter of decline and has started to expand. The ABN Amro India Manufacturing Purchasing Managers’ Index (PMI) stood at 53.3 in April, the first month of expansion since last October. The boost in the manufacturing index came from a surge in new orders. The April PMI gives a very clear indication that business conditions in the manufacturing sector have improved significantly after a period of sharp contraction and gradual stabilization. Industrial production fell 1.2% in February from a year earlier, but January's initially reported fall was revised to a rise of 0.4%. The domestic support for the industrial sector is also weak as funding for infrastructure projects has been limited. India's wholesale price index has defied general expectations and continues to rise. This most watched inflation rate has also accelerated through April, coming in at 0.7% for the week ended 25 April after hitting a low of 0.18% for the week ended 4 April. The authorities had expected the WPI to start falling as early as April on a y-o-y basis.

OPEC Member Countries

Qatar GDP estimated to rise to a record $102 bn in 2008

The UAE economy is expected to face a challenging period in 2009 because of the sharp fall in oil prices and output but it remains shielded by the country's massive overseas financial assets. High public expenditure, made possible by those assets, will ally with strong fundamentals and sound fiscal policies to minimize the impact of the crisis and reduced petrodollar income on the UAE's economy and speed up the recovery in 2010.

Recently released figures from the Qatar Central Bank indicate GDP grew at the fastest rate in 2008, rising to $102bn. The growth in the hydrocarbon sector outpaced other sectors in 2008, reversing a two-year trend of stronger non-hydrocarbon growth. The gas sector doubled in size in 2008, partly on higher energy prices, but also on the continued increase in output volumes. Industry estimates that Qatar increased gas production by 35-40% in 2008, as many large projects came online. Gas is estimated to have overtaken oil as the primary contributor to GDP with a share of 32%.

Oil prices, the US dollar and inflation

US dollar weakened in April

In April, the US dollar weakened against the major currencies, the euro, the UK sterling and the Swiss franc, while it appreciated against the yen. The US currency rose 1.2% versus the yen, but depreciated a slight 0.6% against the Swiss franc, 1.2% versus the euro and 3.5% vis-à-vis the pound sterling. Consequently the US dollar also fell against the modified Geneva I + US dollar basket by a small fraction of 0.8% in April. Against the euro, the dollar averaged $1.3188/€ compared to $1.3038/€ in March.

The pound climbed to a four-month high against the dollar. Better-than-expected data on the UK economy added to recent signs that the downturn in the UK could have bottomed out. It might also be a sign that the fall in the UK house prices might come to an end. The yen weakened further on increasing worries about the economic development in Japan, but it could be as well a sign that the risk appetite of Japanese investors for US dominated assets is coming back. The euro’s strength might still be due to the fact that the interest-rate level is still considerably higher in the Euro-zone than in the US and also that the ECB is still considering its quantitative easing programme to be relatively minor compared to the intentions of the US Federal Reserve.

In April, the OPEC Reference Basket improved by a further $4.42/b or 9.7% to $50.20/b from $45.78/b in February. In real terms (base June 2001=100), after accounting for inflation and currency fluctuations, the Basket price increased by about $2.84/b or 9.1% to $34.17/b from $31.33/b. The increase of the real price was therefore only 0.6% less compared to the nominal price. With almost no inflation in April at 0.2%, the difference was mainly due to the decline of the US dollar against the import-weighted modified Geneva I+US dollar basket by 0.8%.*

* *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

World oil demand to decline 0.3 mb/d in 2008

World oil demand in 2008

Despite the high oil prices last year, Developing Countries oil demand performed better than expected. Recent data revealed more oil consumption. DC oil demand growth in 2008 was revised up by 0.1 mb/d to average 25 mb/d.

Thus the world oil demand is forecast to show a decline of 0.3 mb/d in 2008, averaging 85.6 mb/d.

Table 5: World oil demand forecast for 2008, mb/d

							Change 2008/07	
	2007	1Q08	2Q08	3Q08	4Q08	2008	Volume	%
North America	25.53	24.84	24.53	23.73	24.06	24.28	-1.24	-4.87
Western Europe	15.30	15.20	14.89	15.40	15.30	15.20	-0.10	-0.64
OECD Pacific	8.35	8.87	7.82	7.50	7.93	8.02	-0.32	-3.85
Total OECD	**49.17**	**48.90**	**47.24**	**46.62**	**47.28**	**47.51**	**-1.66**	**-3.38**
Other Asia	9.13	9.31	9.48	9.12	9.22	9.28	0.15	1.63
Latin America	5.54	5.54	5.73	5.91	5.76	5.74	0.20	3.67
Middle East	6.46	6.74	6.84	7.06	6.83	6.87	0.41	6.31
Africa	3.04	3.20	3.11	3.09	3.21	3.15	0.12	3.83
Total DCs	**24.17**	**24.80**	**25.17**	**25.19**	**25.02**	**25.04**	**0.88**	**3.63**
FSU	4.04	4.12	3.74	4.22	4.38	4.12	0.07	1.82
Other Europe	0.93	1.03	0.96	0.92	0.91	0.96	0.03	2.74
China	7.59	7.97	8.17	8.10	7.65	7.97	0.39	5.09
Total "Other Regions"	**12.56**	**13.13**	**12.87**	**13.25**	**12.94**	**13.05**	**0.49**	**3.86**
Total world	**85.90**	**86.83**	**85.27**	**85.05**	**85.24**	**85.59**	**-0.30**	**-0.35**
Previous estimate	85.90	86.68	85.40	84.96	85.18	85.55	-0.35	-0.40
Revision	0.00	0.15	-0.13	0.09	0.06	0.04	0.04	0.05

Totals may not add due to independent rounding.

Table 6: First and second quarter world oil demand comparison for 2008, mb/d

			Change 2008/07				Change 2008/07	
	1Q07	1Q08	Volume	%	2Q07	2Q08	Volume	%
North America	25.68	24.84	-0.84	-3.27	25.40	24.53	-0.88	-3.45
Western Europe	15.19	15.20	0.01	0.07	14.93	14.89	-0.03	-0.21
OECD Pacific	8.92	8.87	-0.04	-0.49	7.87	7.82	-0.05	-0.66
Total OECD	**49.78**	**48.90**	**-0.87**	**-1.75**	**48.20**	**47.24**	**-0.96**	**-1.99**
Other Asia	8.97	9.31	0.34	3.78	9.26	9.48	0.22	2.35
Latin America	5.33	5.54	0.21	4.03	5.50	5.73	0.23	4.16
Middle East	6.42	6.74	0.32	5.06	6.43	6.84	0.42	6.50
Africa	3.06	3.20	0.14	4.48	3.00	3.11	0.12	3.95
Total DCs	**23.78**	**24.80**	**1.02**	**4.27**	**24.18**	**25.17**	**0.98**	**4.06**
FSU	4.05	4.12	0.07	1.84	3.59	3.74	0.15	4.25
Other Europe	1.01	1.03	0.03	2.53	0.92	0.96	0.04	4.47
China	7.48	7.97	0.50	6.63	7.77	8.17	0.40	5.14
Total "Other Regions"	12.53	13.13	**0.60**	**4.75**	12.27	12.87	**0.59**	**4.83**
Total world	**86.09**	**86.83**	**0.74**	**0.86**	**84.66**	**85.27**	**0.62**	**0.73**

Totals may not add due to independent rounding.

Table 7: Third and fourth quarter world oil demand comparison for 2008, mb/d

			Change 2008/07				Change 2008/07	
	3Q07	3Q08	Volume	%	4Q07	4Q08	Volume	%
North America	25.55	23.73	-1.82	-7.12	25.49	24.06	-1.43	-5.61
Western Europe	15.42	15.40	-0.02	-0.15	15.65	15.30	-0.35	-2.22
OECD Pacific	7.89	7.50	-0.39	-4.95	8.72	7.93	-0.79	-9.06
Total OECD	**48.85**	**46.62**	**-2.23**	**-4.57**	**49.85**	**47.28**	**-2.57**	**-5.15**
Other Asia	8.96	9.12	0.16	1.80	9.34	9.22	-0.12	-1.26
Latin America	5.68	5.91	0.24	4.20	5.63	5.76	0.13	2.33
Middle East	6.61	7.06	0.45	6.88	6.40	6.83	0.43	6.75
Africa	2.99	3.09	0.10	3.36	3.10	3.21	0.11	3.54
Total DCs	**24.23**	**25.19**	**0.95**	**3.94**	**24.46**	**25.02**	**0.56**	**2.27**
FSU	4.12	4.22	0.10	2.49	4.41	4.38	-0.03	-0.75
Other Europe	0.90	0.92	0.02	2.35	0.90	0.91	0.01	1.62
China	7.72	8.10	0.38	4.94	7.38	7.65	0.27	3.66
Total "Other Regions"	12.74	13.25	**0.51**	**3.97**	12.69	12.94	**0.25**	**1.98**
Total world	**85.83**	**85.05**	**-0.77**	**-0.90**	**87.01**	**85.24**	**-1.76**	**-2.02**

Totals may not add due to independent rounding.

World oil demand in 2009

World oil demand growth revised down by 0.2 mb/d to show a decline of 1.6 mb/d in 2009

Continuous downward revisions to world economy growth have been exhausting world oil demand. The new downward revision in world GDP implied a further downward revision in world oil demand growth of 0.2 mb/d in 2009, which is mostly related to the Americas. A slow recovery may kick in during the last quarter of the year. Of course, the recent swine flu pandemic is already affecting aviation fuel demand worldwide. Gasoline demand, on the other hand, is starting to pick up as a result of the summer driving season. Weak industrial production, high unemployment rates and a slowdown in travel are the main factors behind the collapse in oil demand.

Table 8: World oil demand forecast for 2009, mb/d

							Change 2009/08	
	2008	1Q09	2Q09	3Q09	4Q09	2009	Volume	%
North America	24.28	23.69	23.52	23.07	23.73	23.50	-0.78	-3.22
Western Europe	15.20	14.74	14.40	14.93	14.93	14.75	-0.45	-2.93
OECD Pacific	8.02	8.24	7.32	7.07	7.78	7.60	-0.42	-5.29
Total OECD	**47.51**	**46.68**	**45.23**	**45.07**	**46.44**	**45.85**	**-1.65**	**-3.48**
Other Asia	9.28	9.23	9.37	9.02	9.19	9.20	-0.08	-0.85
Latin America	5.74	5.53	5.71	5.91	5.78	5.73	0.00	-0.08
Middle East	6.87	6.93	7.03	7.27	7.02	7.06	0.19	2.81
Africa	3.15	3.24	3.14	3.11	3.23	3.18	0.03	0.87
Total DCs	**25.04**	**24.93**	**25.26**	**25.32**	**25.22**	**25.18**	**0.14**	**0.55**
FSU	4.12	4.07	3.70	4.19	4.35	4.08	-0.04	-0.92
Other Europe	0.96	1.01	0.94	0.90	0.89	0.93	-0.02	-2.37
China	7.97	7.78	8.17	8.18	7.79	7.98	0.01	0.09
Total "Other Regions"	**13.05**	**12.87**	**12.81**	**13.26**	**13.03**	**12.99**	**-0.05**	**-0.41**
Total world	**85.59**	**84.47**	**83.30**	**83.65**	**84.70**	**84.03**	**-1.57**	**-1.83**
Previous estimate	85.55	84.55	83.69	83.83	84.65	84.18	-1.37	-1.60
Revision	0.04	-0.09	-0.39	-0.18	0.04	-0.15	-0.19	-0.22

Totals may not add due to independent rounding.

World oil demand growth reached a record low at -2.4 mb/d in the first quarter y-o-y. Around 95% of the total decline is attributed to OECD. The drop in US oil demand is still draining total world oil consumption. Although some recent data implies that the US economic depression is bottoming out and decline in industrial production has reached the bottom, the country's April oil demand lost more than 1.5 mb/d y-o-y pushing total world oil demand growth to a record low of -2.7 mb/d y-o-y. The collapse in oil demand can be seen in low refinery utilization rates and high stock levels. Middle distillates storage is reaching maximum capacity in many parts of the world.

Table 9: 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	24.84	23.69	-1.14	-4.60	24.53	23.52	-1.01	-4.12
Western Europe	15.20	14.74	-0.46	-3.03	14.89	14.40	-0.49	-3.30
OECD Pacific	8.87	8.24	-0.63	-7.06	7.82	7.32	-0.51	-6.46
Total OECD	**48.90**	**46.68**	**-2.23**	**-4.56**	**47.24**	**45.23**	**-2.01**	**-4.25**
Other Asia	9.31	9.23	-0.09	-0.92	9.48	9.37	-0.11	-1.11
Latin America	5.54	5.53	-0.02	-0.31	5.73	5.71	-0.02	-0.37
Middle East	6.74	6.93	0.19	2.78	6.84	7.03	0.19	2.78
Africa	3.20	3.24	0.04	1.36	3.11	3.14	0.02	0.77
Total DCs	**24.80**	**24.93**	**0.13**	**0.51**	**25.17**	**25.26**	**0.09**	**0.35**
FSU	4.12	4.07	-0.05	-1.20	3.74	3.70	-0.04	-0.99
Other Europe	1.03	1.01	-0.02	-1.91	0.96	0.94	-0.02	-2.50
China	7.97	7.78	-0.19	-2.42	8.17	8.17	0.00	0.01
Total "Other Regions"	**13.13**	**12.87**	**-0.26**	**-2.00**	**12.87**	**12.81**	**-0.06**	**-0.47**
Total world	**86.83**	**84.47**	**-2.36**	**-2.72**	**85.27**	**83.30**	**-1.98**	**-2.32**

Totals may not add due to independent rounding.

As the OECD is expected to account for the entire decline in the world oil demand this year, non-OECD is expected to be roughly flat as the economic turmoil takes its toll on developing countries as well.

Due to not only the troubled world economy but also to the normal low seasonality cycle in the second quarter, world oil demand growth is expected to decline steeply reaching 2.0 mb/d y-o-y.

Table 10: 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	23.73	23.07	-0.66	-2.76	24.06	23.73	-0.33	-1.38
Western Europe	15.40	14.93	-0.47	-3.03	15.30	14.93	-0.37	-2.39
OECD Pacific	7.50	7.07	-0.43	-5.68	7.93	7.78	-0.14	-1.82
Total OECD	**46.62**	**45.07**	**-1.55**	**-3.32**	**47.28**	**46.44**	**-0.84**	**-1.78**
Other Asia	9.12	9.02	-0.10	-1.05	9.22	9.19	-0.03	-0.31
Latin America	5.91	5.91	0.00	0.00	5.76	5.78	0.02	0.35
Middle East	7.06	7.27	0.21	2.90	6.83	7.02	0.19	2.78
Africa	3.09	3.11	0.02	0.71	3.21	3.23	0.02	0.66
Total DCs	**25.19**	**25.32**	**0.13**	**0.52**	**25.02**	**25.22**	**0.20**	**0.81**
FSU	4.22	4.19	-0.04	-0.83	4.38	4.35	-0.03	-0.68
Other Europe	0.92	0.90	-0.03	-2.93	0.91	0.89	-0.02	-2.19
China	8.10	8.18	0.07	0.93	7.65	7.79	0.14	1.83
Total "Other Regions"	**13.25**	**13.26**	**0.01**	**0.10**	**12.94**	**13.03**	**0.09**	**0.70**
Total world	**85.05**	**83.65**	**-1.40**	**-1.65**	**85.24**	**84.70**	**-0.55**	**-0.64**

Totals may not add due to independent rounding.

Given the deep decline in US oil consumption, world oil demand is forecast to decline by 1.6 mb/d y-o-y to average 84.0 mb/d in 2009.

Alternative fuel:

Given the massive criticism of the current biofuel industry using food as a raw material, the industry is now working to achieve the same results using biomass instead. Should this goal be achieved then the negative impact on food prices will be reduced, however the negative impact on the environment will continue. In the US, a new carbon standard will place a big burden on the usage of ethanol and would to a certain degree switch the focus to other energy such as gas or electricity. The American biodiesel industry is facing a dim future due to not only the current financial crisis but also a policy shift in Europe. Europe's new import duty has worsened the situation, putting the industry at a very low utilization rate. This industry has been living on subsidies and, with the current economic downturn, its future does not appear to be bright.

A recent US biofuel study agrees with previous studies conducted by the UN which expose the real costs of biofuel. The study proved that the usage of biofuel has not only raised food prices within the US but has also caused climate change through massive deforestation.

OECD – North America

North America oil demand is forecast to decline by 0.8 mb/d in 2009

The US oil demand is still being impacted by the current economic crisis. April data indicated that the country's oil demand lost 1.6 mb/d y-o-y to average 18.6 mb/d. Most of this dramatic decline was as a result of low industrial demand for middle distillates. Given the gloomy picture for US oil demand, future consumption is expected to be worse than previously thought. Hence, US oil demand growth forecast is revised down by another 0.13 mb/d to show a total decline of 0.75 mb/d y-o-y.

The country's driving season is expected to boost gasoline demand, mainly in the third quarter. It is also assumed that the decline in industrial production has reached the bottom, indicating that future oil demand might not dip further.

First quarter US oil demand growth contracted at the same rate as last year, showing a decline of 1.0 mb/d y-o-y.

Canadian oil demand is in no better shape that the US. The first quarter oil demand dropped by 5.1% y-o-y averaging 1.67 mb/d. Similarly, Mexican oil consumption has been on the decline, averaging -3.4% y-o-y in the first quarter of 2009. Gasoline usage is still growing despite the economic slowdown. As Mexico took a hit from the swine flu pandemic, oil demand for the past few weeks showed a slight drop.

Table 11: Domestic sales of refined petroleum products in Mexico (tb/d)

	1Q 2009	1Q 2008	Change (tb/d)	Change (%)
LPG	297	308	-11	-3.6
Gasoline	778	774	4	0.5
Jet Fuel	62	74	-12	-16.6
Diesel Oil	349	360	-11	-3.1
Fuel Oil	190	223	-34	-15.2
Other Products	79	75	4	5.0
Total Products	**1,754**	**1,814**	**-61**	**-3.4**

Due to the disastrous economic effect, North America oil demand is forecast to decline by 0.8 mb/d y-o-y in 2009 to average 23.5 mb/d.

OECD - Europe

OECD Europe to decline by 0.45 mb/d in 2009

The European economy is plummeting worse than previously thought. The continent's low industrial production along with a reduction in traveling mileage has pushed oil demand deeper into the red. Led by Germany, oil demand in March lost more than 0.5 mb/d y-o-y.

European oil demand is not expected to perform better for the whole of 2009. Due to the current recession, the cut in both consumer and industrial spending has had a strong impact on oil demand. Apart from winter product demand, oil consumption in the Big Four has been in the negative since the beginning of the year. Italian oil demand dipped by 6.2% y-o-y in the first quarter reducing the country's total oil consumption by 0.1 mb/d. Gasoil experienced the largest decline reaching 21 tb/d y-o-y. The UK economic decline of -4% dragged the country's oil demand down by almost 10% in the first quarter. As in all of Europe, the UK products that declined the most are transport and industrial fuel; however the winter product consumption was not that strong. France and Germany, on the other hand, are different from the rest of Europe as far as oil demand is concerned. Winter petroleum products reacted to the colder-than-normal winter in the first quarter. To a certain degree it off-set the strong decline in other petroleum products consumption.

Considering the very dim picture of the European economy, the OECD Europe oil demand is forecast to decline by 0.45 mb/d y-o-y to average 14.8 mb/d in 2009.

OECD - Pacific

OECD Pacific oil demand forecast to decline by 0.4 mb/d in 2009

Strong energy demand forced power plants to increase their intake of fuel oil in April by around 2.5%; however, Japanese refiners are reducing their capacity as the demand for petroleum products has been on the decline for the past few years. Japan's economic turmoil is strongly affecting the country's oil demand. With an expected GDP of -6.4%, the country's oil demand is estimated to decline by around 5.5% in 2009 y-o-y. Japan's oil demand plunged by 11.3% y-o-y in the first quarter of this year. Of course, the declining industrial production which resulted from slowing exports, has pushed the naphtha demand to lose more than a fifth of its annual demand. Also, the partial restoration of a nuclear power plant reduced the country's usage of crude for direct burning by 64% in the first quarter y-o-y. Should the full restoration be delayed, then liquid fuel consumption is likely to be the main alternative. The favorable coal price encouraged power plants to cut down on either fuel oil or natural gas liquids rather than coal.

The situation in the second largest oil consuming OECD country in the Pacific is different from that of Japan. South Korea's oil demand is expected to be flat in the first quarter of this year as a result of sturdy growth in the oil demand in February. Although South Korea's GDP is expected to dip into the red by 4% this year, the country's oil demand is expected to go down by only 2.2% in 2009.

Taking into account the Pacific economic recession, the OECD Pacific oil demand is forecast to decline by only 0.4 mb/d in 2009, averaging 7.6 mb/d.

Table 12: Japanese domestic sales, tb/d

	Mar 09	Change from Mar 08	Change from Mar 08 (%)
Gasoline	993	92	10.2
Naphtha	675	-114	-14.4
Jet Fuel	84	-34	-29.2
Kerosene	523	68	15.0
Gas Oil	605	1	0.2
Other Products	692	-170	-19.7
Direct Use of Crude	64	-238	-78.9
Total	**3,635**	**-395**	**-9.8**

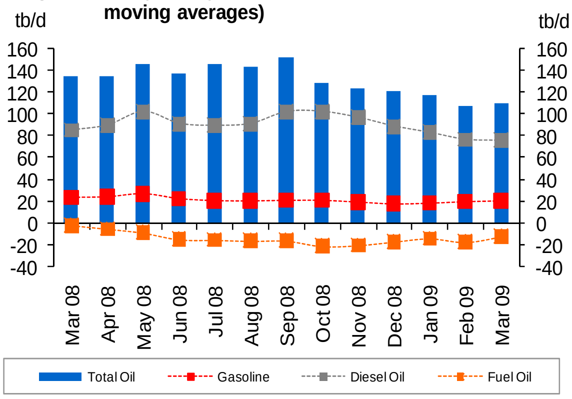
Source: Ministry of Economy and Trade in Japan (METI).

Demand in the Developing Countries to grow at 0.1 mb/d in 2009

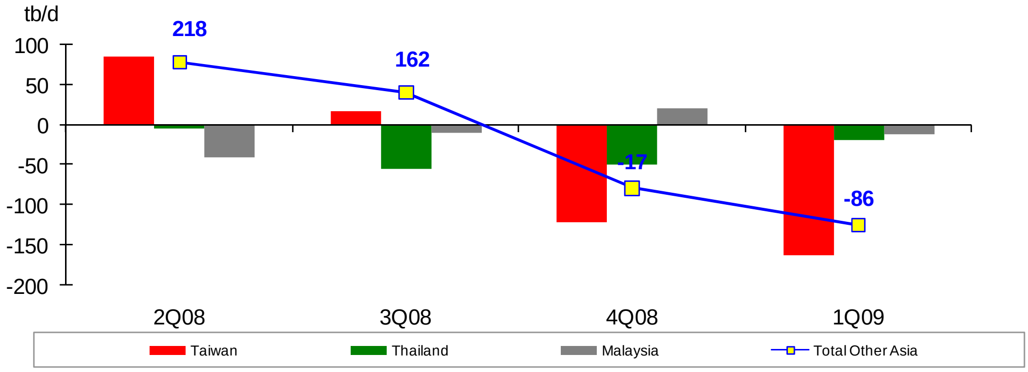
Developing Countries

The Other Asia region has been badly affected by the world economic downturn. Most of the countries in the region are experiencing a contraction in economic growth which is reflected in the region's oil demand. Other Asia oil demand is forecast to be in the negative for the whole year. However, according to recent data, the region's oil demand is not as bad as previously thought; hence, Other Asia oil demand was revised up by 0.07 mb/d for the first quarter y-o-y. Most of the better-than-expected oil demand came from India, where oil demand bounced back and recorded strong growth of 6.87% in March y-o-y. Diesel and gasoline demand grew the most adding 90 tb/d and 35 tb/d respectively. It was not only the transport sector that hiked diesel consumption, but also industrial and agricultural as well. Controlled Indian retail prices along with the availability of affordable new cars have maintained gasoline demand growth. Given the strong oil consumption in March, India's first quarter oil demand growth averaged 3.9% y-o-y. Should the economic turbulence stabilize, then Indian oil demand is forecast to grow moderately, reaching 90 tb/d or 3.2% in 2009. Other countries within the region are showing a contraction in oil demand. Thailand oil demand continued its decline reaching minus 9.6% in February. Low industrial fuel usage was the cause behind the sluggish oil demand. Other Asia oil demand is forecast to contract this year for the first time since 1974. This decline is estimated to reach 0.08 mb/d in 2009 to average 9.2 mb/d.

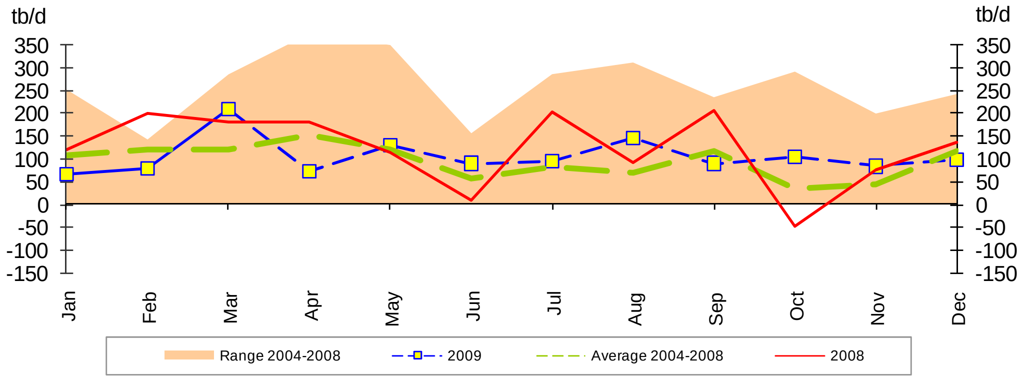
Graph 15: Yearly changes in Indian oil demand 12 month moving averages)

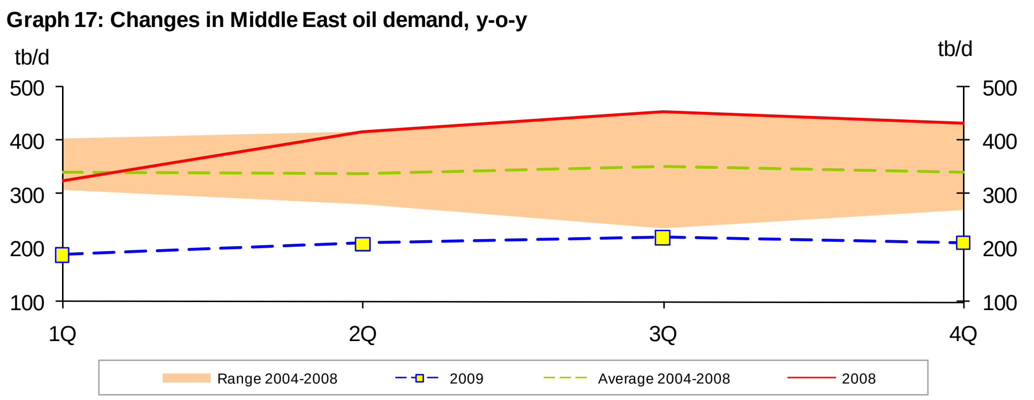


Oil consumption in certain Asian countries, y-o-y growth



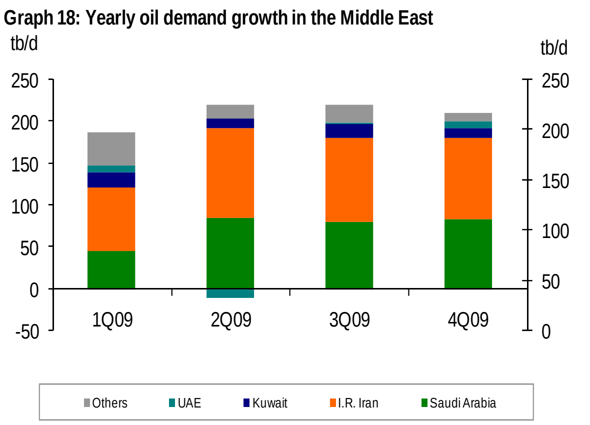
Graph 16: Changes in Indian oil demand, y-o-y





Middle East oil demand growth is forecast at 0.2 mb/d in 2009

The Middle East 2009 GDP is estimated to decline by 80% from last year and so far has not affected the region's oil demand at the same rate. The only major oil demand growth worldwide is attributed to the Middle East. The region's oil demand is estimated to grow by 2.8% in 2009 versus 5.9% last year. Energy intensive long term projects are the main driver behind this strong oil demand. Middle East oil demand growth is forecast at 0.2 mb/d y-o-y averaging 7.1 mb/d in 2009.



Oil demand in Latin America is forecast to be flat this year. Brazilian oil demand which was once the catalyst for the region's oil demand growth is contracting at a fast pace. Brazil's February inland petroleum product deliveries slid by 5.8% y-o-y to average 1.6 mb/d. The world economic crisis has not only shifted Brazilian GDP to minus 1.3% but has also swung the country's oil demand from growth of 5% in 2008 to flat in 2009. The only expected oil demand growth in Latin America should come from Venezuela this year. Hence, Latin American oil demand is estimated to be flat this year averaging 5.7 mb/d.

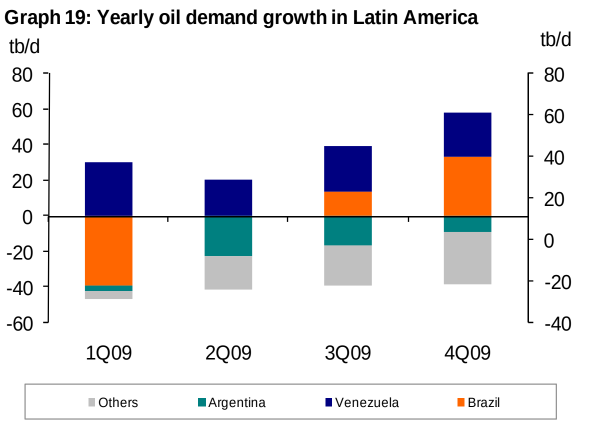


Table 13: Brazilian inland deliveries, mb/d

	Feb 09	Feb 08	Change (mb/d)	Change (%)
LPG	196	202	-6	-3.0
Gasoline	393	419	-26	-6.3
Jet/Kerosene	90	91	-1	-0.9
Diesel	641	738	-97	-13.2
Fuel Oil	81	91	-10	-10.9
Alcohol	243	204	39	18.9
Total	**1644**	**1746**	**-102**	**-5.8**

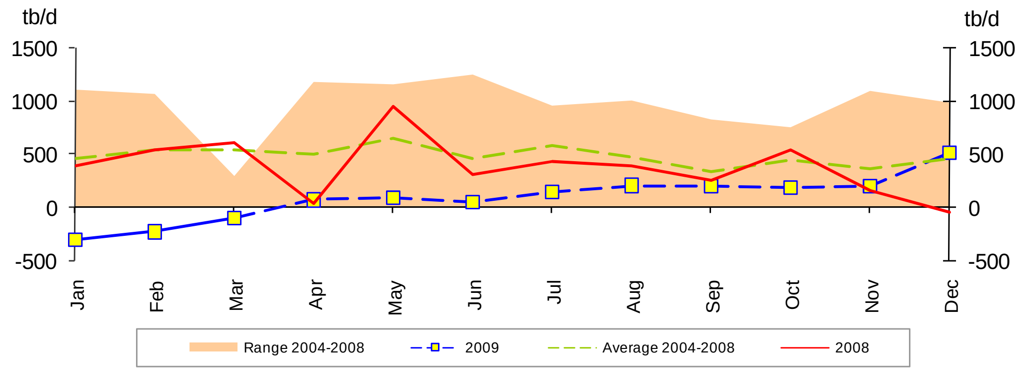
China's oil demand growth revised down to show only minor y-o-y growth in 2009

Other regions

As a result of the governmental economic stimulus package, Chinese auto sales jumped 10% in March y-o-y. Since the government introduced the package, car sales have been growing steadily. This move will to a certain degree reverse the fall in gasoline demand growth. The country's GDP was around 6% in the first quarter which is the lowest since the start of the economic boom in China. This resulted from the world economic crisis which sharply reduced China's exports and accounted for a little less than a half of the country's GDP.

Another factor that will to a certain degree have an impact on China's oil demand is the new retail price mechanism that was adopted early this year. This allows frequent price changes as long as the oil price will not exceed $100/b. A recent price increase was recorded in March which raised gasoline and diesel by an average of 4%. This would slightly affect demand in the short term; however, new car registration growth would offset any negative impact on demand.

Graph 20: Changes in Chinese apparent oil demand, y-o-y



Due to a contraction in the first two months of the year, China's oil demand for the first quarter dipped into the red for the first time since the last quarter of 2005. Despite this negative change, China's gasoline consumption showed moderate growth in the first quarter y-o-y; however, diesel slid into the negative as a result of slowing economic activities. Dropping power demand not only caused coal usage to slow, but also pushed fuel oil consumption to dip sharply. Oil imports showed a strong drop, reaching double digits in March. China's oil demand typically goes through cycles and the high demand pattern would start in the second quarter and normally peak in the third quarter. The country will consume more power in the summer as temperatures peak across the country. Furthermore, the agricultural season starts in late spring and accounts for increased diesel use during its peak. Despite slowing economic activities within China, the country's energy efficiency target of 5% was not met in the first quarter; however, it is still better than in the same period last year. China's energy consumption per GDP unit fell by 2.9% in the first quarter y-o-y.

Affected by the poor performance of the first quarter, China's oil demand growth was revised down further to show a minor growth in 2009.

World Oil Supply

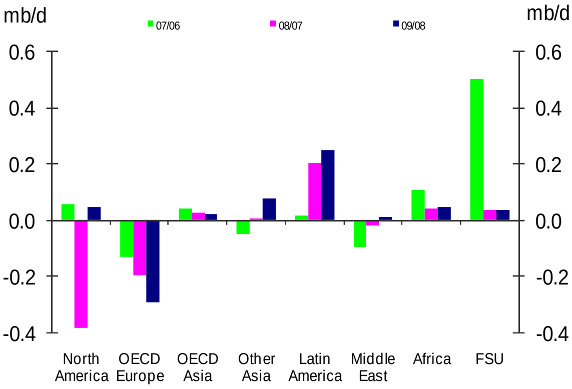
Non-OPEC supply declined by 0.19 mb/d in 2008

Non-OPEC

Estimate for 2008

Non-OPEC supply is estimated to have averaged 50.32 mb/d in 2008, a decrease of 0.19 mb/d over the previous year and broadly unchanged from last month's assessment. There were minor upward and downward revisions that collectively offset each other. While the bulk of the revisions took place in the fourth quarter of 2008, minor revisions were carried out to the remaining three quarters. Upward revisions to Australia and the Middle East oil supply were offset by downward revisions in Canada and other FSU regions. On a quarterly basis, non-OPEC supply in 2008 stands at 50.73 mb/d, 50.55 mb/d, 49.72 mb/d and 50.27 mb/d, respectively.

Graph 21: Regional Non-OPEC supply growth, y-o-y



Revisions to the 2008 estimate

Most of this month's revisions to non-OPEC supply were in the fourth quarter following the receipt of actual production data. There were insignificant revisions in the first, second, and third quarters of 2008 which had a minor effect on the quarterly figures.

Table 14: Non-OPEC oil supply in 2008, mb/d

	2007	1Q08	2Q08	3Q08	4Q08	2008	Change 08/07
North America	14.30	14.22	14.05	13.63	13.80	13.92	-0.38
Western Europe	5.23	5.20	5.04	4.82	5.11	5.04	-0.19
OECD Pacific	0.60	0.58	0.63	0.64	0.67	0.63	0.03
Total OECD	**20.14**	**20.01**	**19.72**	**19.09**	**19.58**	**19.60**	**-0.54**
Other Asia	3.74	3.80	3.71	3.73	3.75	3.75	0.01
Latin America	3.88	4.00	4.06	4.12	4.15	4.08	0.20
Middle East	1.67	1.65	1.66	1.66	1.64	1.65	-0.02
Africa	2.71	2.75	2.75	2.74	2.75	2.75	0.04
Total DCs	**12.00**	**12.20**	**12.19**	**12.25**	**12.29**	**12.24**	**0.23**
FSU	12.52	12.62	12.67	12.45	12.48	12.56	0.04
Other Europe	0.15	0.13	0.13	0.13	0.12	0.13	-0.02
China	3.77	3.82	3.88	3.85	3.85	3.85	0.08
Total "Other regions"	**16.44**	**16.57**	**16.68**	**16.43**	**16.46**	**16.53**	**0.10**
Total Non-OPEC production	**48.58**	**48.78**	**48.60**	**47.77**	**48.32**	**48.37**	**-0.21**
Processing gains	1.92	1.95	1.95	1.95	1.95	1.95	0.03
Total Non-OPEC supply	**50.50**	**50.73**	**50.55**	**49.72**	**50.27**	**50.32**	**-0.19**
Previous estimate	50.50	50.73	50.54	49.71	50.30	50.32	-0.18
Revision	0.00	0.01	0.00	0.01	-0.03	0.00	0.00

In the fourth quarter of 2008, Canada supply was revised down by 34 tb/d due to adjustments to updated actual figures. Similarly, Azerbaijan supply in the fourth quarter was revised down by 6 tb/d to adjust for actual figures, while Australian supply was revised up on new data, both in the third and fourth quarters by 9 tb/d and 8 tb/d, respectively.

Non-OPEC supply forecast to grow by 0.22 mb/d in 2009

Forecast for 2009

Non-OPEC supply is expected to average 50.54 mb/d in 2009, an increase of 0.22 mb/d from the current 2008 estimate and a downward revision of around 70 tb/d from the previous month's assessment. On a quarterly basis, non-OPEC supply is forecast to stand at 50.71 mb/d, 50.42 mb/d, 50.29 mb/d and 50.74 mb/d respectively.

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

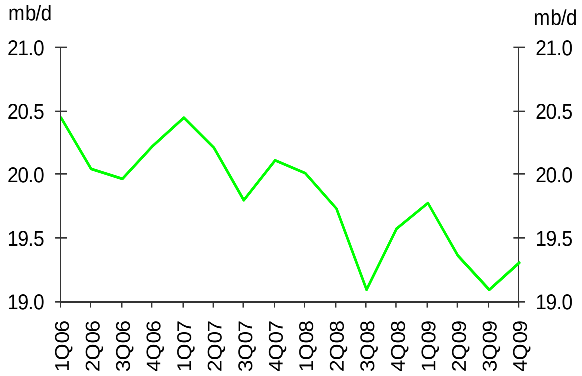
	2008	1Q09	2Q09	3Q09	4Q09	2009	Change 09/08
North America	13.92	14.10	13.91	13.89	13.98	13.97	0.05
Western Europe	5.04	5.01	4.79	4.52	4.69	4.75	-0.29
OECD Pacific	0.63	0.67	0.66	0.67	0.63	0.66	0.02
Total OECD	**19.60**	**19.78**	**19.36**	**19.09**	**19.30**	**19.38**	**-0.22**
Other Asia	3.75	3.73	3.76	3.89	3.92	3.83	0.08
Latin America	4.08	4.32	4.26	4.37	4.38	4.33	0.25
Middle East	1.65	1.64	1.68	1.68	1.68	1.67	0.01
Africa	2.75	2.77	2.77	2.81	2.84	2.80	0.05
Total DCs	**12.24**	**12.45**	**12.47**	**12.75**	**12.82**	**12.62**	**0.39**
FSU	12.56	12.57	12.68	12.47	12.66	12.59	0.04
Other Europe	0.13	0.12	0.12	0.12	0.12	0.12	0.00
China	3.85	3.80	3.80	3.87	3.85	3.83	-0.02
Total "Other regions"	**16.53**	**16.49**	**16.61**	**16.47**	**16.63**	**16.55**	**0.02**
Total Non-OPEC production	**48.37**	**48.72**	**48.44**	**48.30**	**48.75**	**48.55**	**0.19**
Processing gains	1.95	1.98	1.98	1.98	1.98	1.98	0.03
Total Non-OPEC supply	**50.32**	**50.71**	**50.42**	**50.29**	**50.74**	**50.54**	**0.22**
Previous estimate	50.32	50.76	50.49	50.36	50.82	50.61	0.29
Revision	0.00	-0.05	-0.07	-0.07	-0.09	-0.07	-0.07

OECD supply projected to decline by 220 tb/d

OECD

Total OECD countries oil supply is forecast to decline by around 220 tb/d in 2009 from the current 2008 estimate to average 19.38 mb/d. This represents a downward revision of around 89 tb/d from last month's assessment. The downward revisions were spread across all quarters of 2009, with the third and fourth quarters having slightly larger revisions than the first and second quarters. The downward revisions were necessary due to announced projects delays as well as adjustments to some actual production data in addition to heavier production declines. Despite the downward revisions in total OECD countries, the supply forecast has encountered upward revisions within some countries since last month's assessment. North America experienced a downward revision of 24 tb/d for total 2009 supply to stand at 13.97 mb/d, an increase of 50 tb/d over the current 2008 estimate. The downward revision came despite an upward revision to the US supply forecast, as the downward revisions to Canada and Mexico supply outstripped the changes to the USA supply forecast. The Western Europe supply forecast encountered a downward revision of 26 tb/d since last month's update to stand at an average of 4.75 mb/d, a decline of 290 tb/d. OECD Pacific experienced the largest downward revision among not only OECD regions, but also globally. Compared to last month's estimates, OECD Pacific oil supply indicates a downward revision of 38 tb/d, which currently stands at an annual average of 0.66 mb/d, indicating minor growth of 20 tb/d in 2009 from the previous year. The ongoing developments in Australia have resulted in the downward revisions to OECD Pacific.

Graph 22: OECD's quarterly production



USA

US supply is expected to increase by 0.24 mb/d in 2009

Oil supply from the **US** is expected to average 7.74 mb/d in 2009, representing an increase of 240 tb/d over the previous year and indicating an upward revision of 30 tb/d from last month. The first quarter forecast encountered a downward revision after incorporating actual production data. The other quarters experienced upward revisions in excess of 40 tb/d to cover for adjustments to various startup and ramp-up schedules. The Tahiti field came onstream in the first week in May, earlier than previously expected. The field is expected to ramp-up to peak production of 135 tb/d rapidly as it has been reported that all planned wells have been completed. Additionally, both the Dorado and King South projects started up in the Gulf of Mexico. The Thunder Horse and Shenzi developments have ramped up at a fast pace. Also, some of the idle ethanol capacity is reportedly coming back onstream. In contrast, Alaskan production is expected to drop in June due to field maintenance. On a quarterly basis, US oil supply is estimated at 7.77 mb/d, 7.73 mb/d, 7.69 mb/d, and 7.77 mb/d respectively. According to preliminary data, US oil supply is estimated to have averaged 7.75 mb/d in April.

Canada and Mexico

Canada supply to increase 40 tb/d in 2009

Canada oil supply is anticipated to increase by around 40 tb/d over the previous year to average 3.29 mb/d in 2009. The current supply figure for Canada represents a downward revision of 18 tb/d from the previous month. The downward revision was introduced to the first quarter due to new data. Third and fourth quarter supply also experienced downward revisions on the back of a slump in drilling activities which were reported to be lower by around 41% in the first quarter of 2009 compared to the same quarter of 2008. On a quarterly basis, Canada’s production is forecast to average 3.29 mb/d, 3.24 mb/d, 3.27 mb/d and 3.37 mb/d, respectively. As per the preliminary data, Canadian oil supply is estimated to have averaged 3.19 mb/d in April.

Mexico supply estimated to drop 230 tb/d in 2009

Oil supply from **Mexico** is projected to decline by around 230 tb/d over the previous year to average 2.94 mb/d in 2009. Compared to the previous month’s assessment, current Mexican oil supply forecast displays a downward revision of 36 tb/d. The revisions were adopted to adjust for actual production figures and introduced to the second, third, and fourth quarters to account for a heavier-than-expected production decline. It is believed that production from the Ku-Maloob-Zapp (KMZ) field has reached its peak, with average monthly production exceeding the 800 tb/d mark in both February and March of this year. The Cantarell field production is coming second to KMZ and is expected to continue with the hefty decline. On a quarterly basis, Mexico’s oil supply is foreseen to average 3.04 mb/d, 2.94 mb/d, 2.93mb/d, and 2.84 mb/d, respectively.

Western Europe

Western Europe supply to decrease by 290 tb/d in 2009

OECD Western Europe oil supply is expected to average 4.75 mb/d in 2009, representing a decline of 290 tb/d over the previous year. The current forecast for OECD Western Europe oil supply indicates a downward revision of 26 tb/d from last month. The UK and other Western Europe supply experienced downward revisions which outweighed upward adjustments to Norway and Denmark. Globally, OECD Western Europe remains the region with the biggest decline in 2009. On a quarterly basis, OECD Western Europe supply in 2009 is seen at 5.01 mb/d, 4.79 mb/d, 4.52 mb/d, and 4.69 mb/d, respectively.

Norway’s supply is expected to decline by 0.10 mb/d in 2009

Oil supply from **Norway** is estimated to decrease by around 100 tb/d from the previous year to average 2.36 mb/d in 2009, indicating an upward revision of 20 tb/d from the previous month’s level. The upward revision was introduced due to adjustments to actual production data received recently. The new data shows improved performance of some fields such as the Alvheim. On a quarterly basis, Norway supply is expected to average 2.51 mb/d, 2.36 mb/d, 2.20 mb/d and 2.36 mb/d, respectively. Preliminary data indicates that Norway’s production stood at 2.50 mb/d in March, lower by around 70 tb/d, from the February level.

The **UK** oil supply is forecast to average 1.44 mb/d in 2009, a decline of around 140 tb/d over the 2008 figure and representing a downward revision of 11 tb/d from the previous month’s level. The downward revision came on the back of an announced shutdown of the Buzzard field in the third quarter for maintenance, which is expected to last for four weeks. Also, adjustments to actual production data in the first quarter affected the annual supply forecast. The downward revision came despite the startup of the West Don field. On a quarterly basis, UK oil supply stands at 1.54 mb/d, 1.46 mb/d, 1.38 mb/d and 1.37 mb/d, respectively.

Oil production forecasts from **Denmark** were revised up by around 5 tb/d in 2009 due to adjustments to actual production data in the first quarter. **Other Europe** oil supply projections for 2009 were revised down by 41 tb/d due to the availability of actual data and low bio-diesel production. Despite lower feedstock prices, bio-diesel producers find it difficult to produce at current oil price levels.

Asia Pacific

OECD Pacific supply to increase by only 20 tb/d in 2009

Oil supply from **OECD Asia Pacific** is expected to increase by 20 tb/d over the previous year to average 0.66 mb/d in 2009, representing a downward revision of around 38 tb/d from the previous month. The revision was introduced to the Australia supply forecast, while New Zealand oil production estimates remained relatively unchanged from the previous month. On a quarterly basis, OECD Pacific oil supply is foreseen to average 0.67 mb/d, 0.66 mb/d, 0.67 mb/d and 0.63 mb/d respectively.

Australian supply growth to be lower due to two fire incidents

Australian oil supply is projected to grow by a minor 10 tb/d over the previous year to average 0.54 mb/d in 2009, indicating a downward revision of 40 tb/d from the previous month. The fire at the Vincent oil field in April, which halted production at the over 35 tb/d field, contributed to the downward revision. Preliminary analysis suggests that the field might resume production by the end of June 2009. Additionally, the fire at a Singapore shipyard that damaged the FPSO intended for the Van Gogh field has pushed back the startup date for the field which further deepened the downward revision in addition to news that the Mutineer-Exeter field will be shut-in for up to two months for repairs in the second quarter. On quarterly basis, Australian supply is seen to average 0.58 mb/d, 0.54 mb/d, 0.56 mb/d, and 0.51 mb/d respectively.

Developing Countries

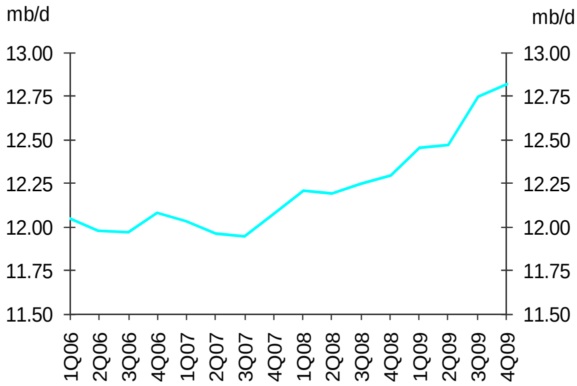
DC supply to increase by 0.39 mb/d in 2009

Oil supply from **Developing Countries (DCs)** is anticipated to increase by 0.39 mb/d over the previous year to average 12.62 mb/d in 2009, representing a minor downward revision of 11 tb/d since last month. Other Asia oil supply is projected to average 3.83 mb/d in 2009, a growth of around 80 tb/d over the previous year. Latin American oil supply is estimated to increase by 0.25 mb/d to average 4.33 mb/d in 2009, still accounting for the highest growth among non-OPEC regions. Middle East oil supply is estimated to remain relatively flat in 2009, with a minor increase of 10 tb/d over 2008 to average 1.67 mb/d. Oil production from the African region is foreseen to increase by 50 tb/d to average 2.80 mb/d in 2009. On a quarterly basis, DC's total oil supply is projected to stand at 12.45 mb/d, 12.47 mb/d, 12.75 mb/d and 12.82 mb/d respectively.

Other Asia supply to increase by 80 tb/d

Other Asia's oil supply is projected to increase by around 80 tb/d over 2008 to average 3.83 mb/d in 2009, representing a downward revision of 7 tb/d from the previous month's evaluation. The downward revisions were performed to the Malaysia and Vietnam oil supply forecast, while supply estimates for India and Indonesia experienced upward revisions, yet not enough to offset the downward revisions. Malaysia oil supply forecast encountered a downward revision of around 8 tb/d, on the back of adjustments to preliminary actual data. The revision came despite the startup of the Northern fields. For Vietnam, preliminary actual data required the downward revision to the oil supply forecast by 14 tb/d. Vietnam oil supply is now expected to average 0.34 mb/d in 2009, an increase of 20 tb/d over the previous year. India oil supply forecast was revised slightly up by 7 tb/d, since last month's update to reflect adjustment to preliminary data. Indonesia oil supply was revised up by 13 tb/d, on the back of the startup of the Ujung Pangkah field. On a quarterly basis, Other Asia supply is foreseen to stand at 3.73 mb/d, 3.76 mb/d, 3.89 mb/d and 3.92 mb/d, respectively.

Graph 23: Developing Countries' quarterly production



Giant Tupi field test started in Brazil

Latin American oil supply is estimated to increase by around 0.25 mb/d to average 4.33 mb/d in 2009, indicating an upward revision of around 30 tb/d from last month's estimate. Brazil is expected to increase production by around 0.19 mb/d, the second largest growth estimate among non-OPEC countries, to average 2.47 mb/d in 2009. Latin America supply forecast indicates an upward revision of 17 tb/d from last month. The upward revision came mainly on adjustments to actual production data and the startup of test production from the giant Tupi oil field. Supply forecast for Argentina has also undergone an upward revision of around 13 tb/d to reflect the updated preliminary production data. On a quarterly basis, Latin America supply stands at 4.32 mb/d, 4.26 mb/d, 4.37 mb/d and 4.38 mb/d respectively.

Oil supply from the **Middle East** is projected to experience minor growth of 10 tb/d from the previous year to average 1.67 mb/d in 2009, indicating an upward revision of 13 tb/d from last month. The upward revisions were made to the Oman oil supply estimate on the back of updated production data and the expected startup of the EOR project at Marmul oil field in June. Oman oil supply is anticipated to increase by 40 tb/d over the previous year to average 0.78 mb/d in 2009. On a quarterly basis, Middle East supply stands at 1.64 mb/d, 1.68 mb/d, 1.68 mb/d and 1.68 mb/d respectively.

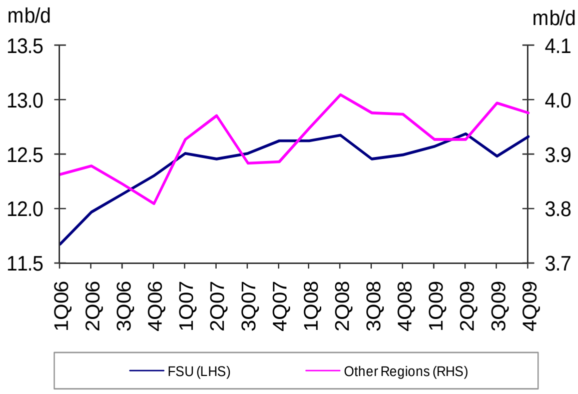
Oil supply from **Africa** is expected to increase by 50 tb/d to average 2.80 mb/d in 2009, indicating a downward revision of 11 tb/d from the previous month. The lower figure was due to preliminary Gabon oil supply data. On a quarterly basis, Africa supply stands at 2.77 mb/d, 2.77 mb/d, 2.81 mb/d and 2.84 mb/d, respectively.

FSU, Other Regions

FSU supply to average 12.59 mb/d in 2009

FSU oil supply is seen to grow by around 40 tb/d over the previous year to average 12.59 mb/d in 2009, relatively unchanged from the previous month's assessment. Despite output remaining steady, the supply forecast for Russia, Kazakhstan, and Azerbaijan experienced different revisions that offset one another. The risk associated with the FSU supply forecast in 2009 remains due to various economical, financial and technical issues. On a quarterly basis, total oil supply in the FSU is estimated to stand at 12.57 mb/d, 12.68 mb/d, 12.47 mb/d and 12.66 mb/d respectively. Oil supply from **China** is foreseen to drop by around 20 tb/d from the previous year to average 3.83 mb/d in 2009. Other Europe is expected to remain unchanged at 0.12 mb/d.

Graph 24: FSU and other region's quarterly production



Russia

Russian supply expected to average 9.69 mb/d in 2009

Russian oil supply is projected to decline by 0.10 mb/d to average 9.69 mb/d in 2009, indicating an upward revision of 26 tb/d from last month. The upward revision was introduced to adjust for actual preliminary data which indicates healthier-than-expected production. Additionally, a scheduled increase in export volumes in the coming months further supported the upward revision. Moreover, the rouble's devaluation and lower costs, eased the anticipated impact of capex cuts on oil production. However, the risk of the forecast remains high given current oil prices and the economic situation. On a quarterly basis, Russian oil supply is seen to average 9.77 mb/d, 9.71 mb/d, 9.65 mb/d and 9.62 mb/d respectively. April preliminary data suggests that Russia production stood at 9.85 mb/d.

Caspian

Kazakhstan supply to grow by 70 tb/d

Oil production from **Kazakhstan** is estimated to average 1.49 mb/d in 2009, an increase of 70 tb/d over the previous year and flat from last month's level. However, Kazakhstan supply forecast experienced quarterly upward and downward revisions that offset each other. On a quarterly basis, Kazakhstan supply is expected to stand at 1.48 mb/d, 1.51 mb/d, 1.39 mb/d and 1.57 mb/d respectively.

Azerbaijan supply to average 0.96 mb/d

Oil supply from **Azerbaijan** is foreseen to increase by 50 tb/d over the previous year to average 0.96 mb/d in 2009, representing a downward revision of 19 tb/d from last month's assessment. The downward revision came due to adjustments to preliminary production data. The export programme for BTC blend is expected to hit the highest level in 2009, indicating growing Azeri crude oil production. On a quarterly basis, Azerbaijan oil supply is estimated to average 0.88 mb/d, 0.99 mb/d, 0.96 mb/d and 1.00 mb/d respectively.

Other Europe oil production remained relatively steady from the previous month with the supply forecast for 2009 remaining unchanged from the 2008 level at 0.12 mb/d.

China

China supply to drop by 20 tb/d

China oil supply is anticipated to average 3.83 mb/d in 2009, a decline of around 20 tb/d over the previous year, indicating a downward revision of around 7 tb/d from the previous month's level. The downward revisions were introduced mainly in the first quarter to adjust for recently received actual production data. On a quarterly basis, China's oil supply is seen to average 3.80 mb/d, 3.80 mb/d, 3.87 mb/d and 3.85 mb/d respectively.

OPEC natural gas liquids and non-conventional oils

OPEC NGLs and non-conventional oils are estimated to have averaged 4.31 mb/d in 2008, a growth of around 0.28 mb/d over the previous year, indicating a downward revision of 0.11 mb/d from last month. In 2009, OPEC NGLs and non-conventional oils are projected to increase by 0.37 mb/d from the current 2008 estimate to average 4.68 mb/d.

Table 16: OPEC NGLs + non-conventional oils, 2006-2009

	2006	2007	Change 07/06	1Q08	2Q08	3Q08	4Q08	2008	Change 08/07	2009	Change 09/08
Total OPEC	**3.89**	**4.03**	0.14	4.22	4.33	4.35	4.35	**4.31**	0.28	**4.68**	0.37

OPEC crude oil production

OPEC crude production increased 221 tb/d in April

OPEC total crude oil production in April averaged 28.1 mb/d based on secondary sources, representing an increase of 221 tb/d from the previous month. OPEC production excluding Iraq stood at 25.8 mb/d, up 224 tb/d from the previous month. This is the first increase since July 2008.

Table 17: OPEC crude oil production based on secondary sources, 1,000 b/d

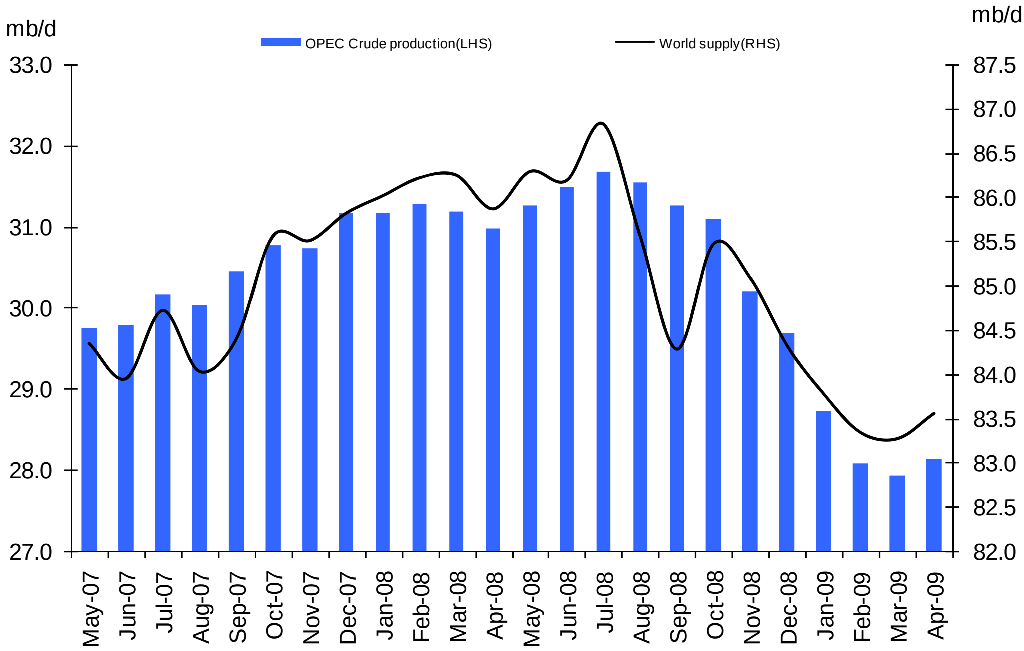
	2007	2008	3Q08	4Q08	1Q09	Feb 09	Mar09	Apr 09	*Apr/Mar*
Algeria	1,360	1,390	1,401	1,362	1,268	1,261	1,256	1,279	*23.4*
Angola	1,660	1,871	1,845	1,870	1,703	1,646	1,669	1,715	*45.8*
Ecuador	507	503	503	501	472	480	448	451	*3.1*
Iran, I.R.	3,855	3,892	3,917	3,831	3,684	3,680	3,660	3,750	*90.0*
Iraq	2,089	2,338	2,329	2,336	2,328	2,312	2,337	2,333	*-3.3*
Kuwait	2,464	2,554	2,600	2,500	2,276	2,263	2,230	2,254	*24.3*
Libya, S.P.A.J.	1,710	1,715	1,683	1,697	1,576	1,559	1,546	1,559	*12.9*
Nigeria	2,125	1,947	1,955	1,931	1,817	1,795	1,763	1,725	*-37.7*
Qatar	807	840	859	810	762	768	754	775	*20.8*
Saudi Arabia	8,654	9,113	9,460	8,760	7,941	7,915	7,893	7,913	*20.5*
UAE	2,504	2,557	2,603	2,431	2,268	2,263	2,246	2,240	*-5.8*
Venezuela	2,392	2,346	2,339	2,299	2,150	2,129	2,123	2,150	*27.0*
Total OPEC	**30,126**	**31,066**	**31,495**	**30,328**	**28,244**	**28,070**	**27,924**	**28,145**	***221.0***
OPEC excl. Iraq	**28,037**	**28,728**	**29,166**	**27,993**	**25,916**	**25,759**	**25,587**	**25,812**	***224.3***

Totals may not add due to independent rounding.

World Oil Supply

Preliminary figures indicate that global oil supply increased 286 tb/d in April to average 83.55 mb/d compared to the previous month. This has resulted from the increase of 65 tb/d in non-OPEC supply as well as 221 tb/d in OPEC production. The share of OPEC crude oil in global production was slightly higher at 33.7% in April. The estimate is based on preliminary data from non-OPEC supply, estimates for OPEC NGLs and OPEC production are derived from secondary sources.

Graph 25: OPEC and World oil supply

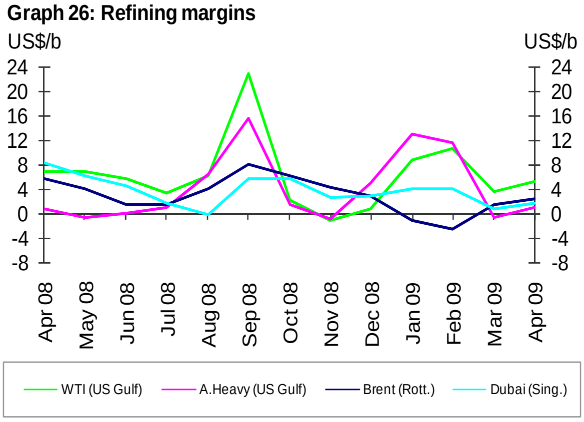


Product Markets and Refinery Operations

Product market sentiment improved slightly in April, but was not strong enough to lead the market

Gasoline stock draws in the US in the latter part of April and reduced product outputs due to seasonal refinery turnaround have provided support for product market sentiment and refining margins in April. However, due to persisting slowing demand for middle distillates and little signs of a boost in gasoline demand, it is not expected that the recent positive developments in the product markets will remain over the coming months to provide enough support for crude prices.

Graph 26: Refining margins



Additionally, the bulk of middle distillate stocks both on- and off-shore may create operational restrictions for refiners to increase throughputs significantly during this year's driving season. A higher output would lead to further deterioration in the middle distillates market and could also undermine current refining margins. Similarly, the recent uplift in crude prices may also have a negative impact on refining margins and encourage refiners to unseasonably trim throughputs over the coming months.

In the US, lower product imports and reduced domestic outputs lifted both physical and futures product prices, boosting refining margins. As **Graph 26** shows, refining margins for WTI crude on the US Gulf Coast rose to $5.25/b in April from $3.58/b in March. In Europe, the market followed a similar pattern and refining margins for Brent crude oil in Rotterdam increased to $2.53/b in April from $1.53/b in March.

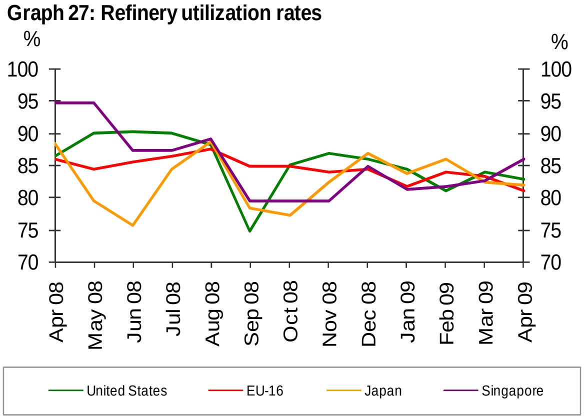
In Asia, seasonal refinery turnaround has started with less regional supplies along with limited arbitrage cargoes especially for fuel oil providing support for refining margins. Refining margins for Dubai crude oil in Singapore soared by nearly $1/b to $1.60/b in April from $0.61/b last month.

Refinery operations

Refiners in April extended low utilization rates

Refinery utilization rates across the globe usually reach an annual low in April, the peak of the maintenance season. This year refinery throughputs slowed further due to discretionary cuts by refiners combined with seasonal refinery maintenance.

Graph 27: Refinery utilization rates



As Graph 27 indicates, refinery utilization rates in the US fell by 1.2% compare to previous month to stand at 82.7% from 83.9% in March. In Europe, refinery utilization rates are estimated to slide by 2.4% to reach 80.9% from 83.3% in the previous month. In Asia, refinery throughputs followed a similar trend as seasonal maintenance kicked off in early April. Refinery utilization rates in Japan fell by 0.4% to 81.9% from 82.3% in March.

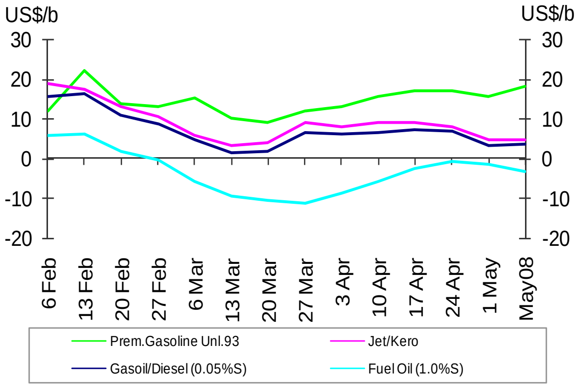
Looking ahead, with the approach of the driving season and completion of the maintenance schedule, particularly in the Atlantic Basin, refinery utilization rates are expected to increase in the coming months. However, due to the ongoing economic crisis and its adverse impact on product demand, refiners are not expected to raise operation levels significantly in the next months.

Gasoline stock draws in the latter part of April lifted product market sentiment in the US

US market

A combination of lower imports and reduced regional supplies resulting from slowing regional refinery runs has led to gasoline stock draws and provided support for the gasoline market. However, the recent bullish developments in the gasoline market may not be sustainable as demand for gasoline has not yet shown a substantial increase.

Graph 28: US Gulf crack spread vs. WTI, 2009



Following these developments, the gasoline crack spread on the US Gulf Coast against WTI crude jumped to over $17/b from $12/b in late March. With the approaching driving season, market players may switch their attention to gasoline stock developments. However, due to ample idle refinery capacity and comfortable stocks, the gasoline market is not expected to drive the market over the next months.

Middle distillate market sentiment in the US has been undermined by excess inventories and slowing demand, resulting from the current economic crisis. In line with these developments, the gasoil crack spread in the US Gulf Coast fell to $3.55/b recently from over $6/b in early April. Low margins of the middle-of-the-barrel components may also encourage refiners to switch their operation mode in favor of gasoline. Additionally, ample middle distillate inventories could also force refiners to take on a smart operation policy limiting their utilization rates rather than follow the typical seasonal trend.

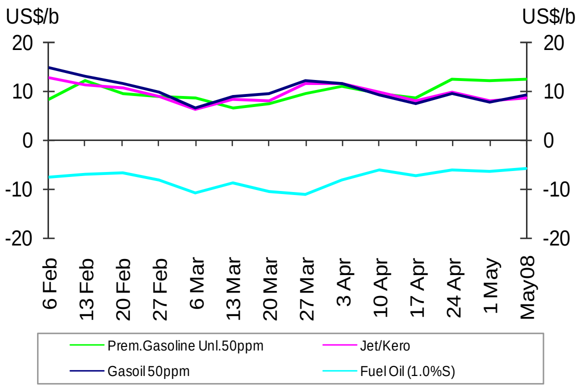
In contrast, fuel oil market performance in the US remained strong in April, as demand outpaced average domestic production and the fuel oil crack spread against WTI crude narrowed to -$2/b recently from about -$10/b in early April. The current situation of the fuel oil market may change in the next months as refiners return from maintenance and increase their outputs.

High inventory of middle distillates in Europe has undermined middle-of-the-barrel components across the globe

European market

Middle distillate products which were one of the factors driving the market last year, have lost ground significantly in recent months, as demand from both transportation and industrial sectors has contracted. Additionally, arbitrage barrels from the US and Asia have contributed to current ample supply and high inventories in Europe. According to different sources, an estimated 25 mb of gasoil and jet fuel is being held in floating storage in Europe. Following these developments, the gasoil crack spread versus Brent crude oil plummeted to $8/b in early May from about $12/b in early April (*see **Graph 29***). Due to continued economic weakness and its negative impact on the middle-of-the-barrel complex, the current situation of the European distillates market is not expected to improve in the near future.

Graph 29: Rotterdam crack spreads vs. Brent, 2009



The outbreak of the swine flu in Mexico has impacted motor oil demand across the Atlantic Basin, exerting pressure on European gasoline markets in early April. This situation changed later due to gasoline stock draws in the US in the latter part of April. Similarly, export opportunities to West Africa and the Middle East have lent support to the European gasoline market. The current situation in the European gasoline market may change in the next months as refiners return from maintenance and increase output.

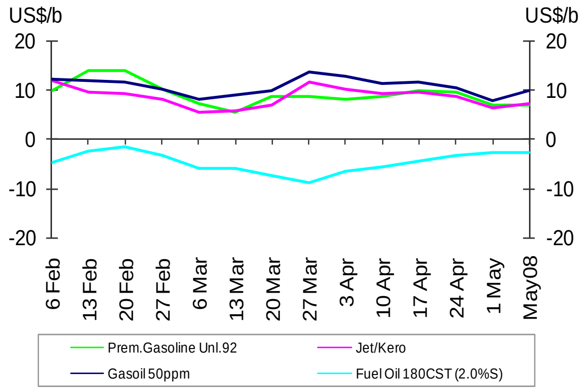
European fuel oil prices continued to strengthen along with crude oil in April. Export opportunities to Asia and limited supplies from Russia have also provided support for the European fuel oil market. As **Graph 29** shows the crack spread of low sulfur fuel oil versus Brent crude oil narrowed to -$6/b early May from -$11/b in the latter part of March. The European fuel oil market situation could lose its sentiment next month on limited regional demand and potential excess supplies as refiners increase their throughputs ahead of the driving season.

Asian market

Ample supply of naphtha deteriorated the crack spread in April

Sluggish demand from the petrochemical sector along with record European arbitrage flows and increased spot availabilities from the Middle East have dampened the Asian naphtha market and exerted downward pressure on prices and spread. The outlook for the petrochemical sector is not very promising as export-oriented capacity is coming onstream in the Middle East.

Graph 30: Singapore crack spreads vs. Dubai, 2009



However, a spate of refinery turnarounds in Asia has tightened gasoline and fuel oil supplies and lifted prices. The gasoline crack spread against Dubai crude oil in the Singapore market remained steady at around $7/b in April (*see **Graph 30***). However, with the increase in refinery capacity in China, India and Vietnam and limited outlets for export barrels, the Asian gasoline market is expected to lose ground in the future.

The middle distillates market remained lackluster amid lower regional demand, especially from Indonesia. Indonesia was seen importing 2.4 mb for May and June, compared with last year's monthly average imports of 5-6 mb. Considering the bearish prospect for Asian economic growth, the Asian middle distillates market momentum may ease further in the future and weigh down the gasoil crack spread versus Dubai crude. Apart from gasoil, the jet fuel oil market also had a hard landing due to the ongoing economic slowdown and its negative impact on air travel. The risk of an outbreak of swine flu could further undermine the Asian jet/fuel oil market which is suffering from ample supply.

With regard to fuel oil, Asian market sentiment has improved due to fewer supplies from the West and Middle East as well as regional refineries due to the maintenance schedule. Increasing demand from China for straight run fuel has also supported the fuel oil market. Following these developments, the fuel oil market flipped into backwardation narrowing the crack spread significantly. The high sulfur fuel oil crack spread versus Dubai crude reached -$2.70/b in late April from -$5.60/b the previous month. The Asian fuel oil market is expected to remain relatively strong in the coming months.

Table 18: Refined product prices, US$/b

		Feb 09	Mar 09	Apr 09	Change Apr/Mar
US Gulf (Cargoes):					
Naphtha		45.49	51.79	52.45	0.66
Premium gasoline	*(unleaded 93)*	53.66	59.71	65.66	5.94
Regular gasoline	*(unleaded 87)*	48.58	55.15	58.75	3.60
Jet/Kerosene		50.73	53.66	57.62	3.96
Gasoil	*(0.05% S)*	49.18	51.79	55.97	4.18
Fuel oil	*(1.0% S)*	40.26	38.74	46.41	7.67
Fuel oil	*(3.0% S)*	38.60	37.61	42.86	5.25
Rotterdam (Barges FoB):					
Naphtha		43.75	43.82	44.61	0.79
Premium gasoline	*(unleaded 10 ppm)*	52.70	54.68	58.56	3.88
Premium gasoline	*(unleaded 95)*	49.97	51.85	54.21	2.36
Jet/Kerosene		53.89	55.33	57.38	2.05
Gasoil/Diesel	*(10 ppm)*	55.32	55.90	56.88	0.97
Fuel oil	*(1.0% S)*	35.81	36.43	41.71	5.29
Fuel oil	*(3.5% S)*	36.50	37.29	40.33	3.05
Mediterranean (Cargoes):					
Naphtha		41.92	42.05	43.40	1.34
Premium gasoline	*(50 ppm)*	51.12	51.28	53.78	2.50
Jet/Kerosene		52.97	53.64	55.88	2.24
Gasoil/Diesel	*(50 ppm)*	75.61	76.56	75.88	-0.68
Fuel oil	*(1.0% S)*	38.25	39.37	42.31	2.94
Fuel oil	*(3.5% S)*	35.42	36.74	40.52	3.78
Singapore (Cargoes):					
Naphtha		46.84	46.53	49.35	2.82
Premium gasoline	*(unleaded 95)*	57.97	54.20	60.46	6.27
Regular gasoline	*(unleaded 92)*	55.42	53.14	58.27	5.13
Jet/Kerosene		52.85	53.34	59.10	5.76
Gasoil/Diesel	*(50 ppm)*	54.59	56.20	61.14	4.94
Fuel oil	*(180 cst 2.0% S)*	40.66	38.70	45.66	6.96
Fuel oil	*(380 cst 3.5% S)*	39.76	38.05	44.90	6.85

Table 19: Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				Refinery utilization *%*			
	Feb 09	Mar 09	Apr 09	Apr/Mar	Feb 09	Mar 09	Apr 09	Apr/Mar
USA	14.14	14.64	18.28	3.64	81.0	83.9	82.7	-1.2
France	1.65	1.62 R	1.93	0.31	83.0 R	81.7 R	78.0	-3.7
Germany	2.06	2.09	2.93	0.84	85.0	86.6	88.0	1.4
Italy	1.81	1.73 R	1.96	0.23	77.3	78.4	75.8	-2.6
UK	1.52	1.52	1.93	0.41	81.7	81.7	82.1	0.4
Euro16	11.78	11.71 R	11.78	0.07	83.8	83.3	80.9	-2.4
Japan	4.23 R	3.83 R	4.18	0.36	91.0 R	82.3 R	81.9	-0.4

R *Revised since last issue.*

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

The Tanker Market

OPEC spot fixtures increased marginally in April compared to the previous month

According to preliminary data, OPEC spot fixtures increased marginally in April compared to their lowest rate since July 2003 in the previous month. OPEC spot fixtures in April averaged 10.83 mb/d, indicating a 0.26 mb/d or 2.4% increase compared to March. The increase is attributed to higher fixtures from outside the Middle East which increased by 0.37 mb/d or 7.8% compared to the previous month. From the Middle East, spot fixtures towards East declined by 7%, while those towards West increased by 20.8%. The Middle East/East spot fixtures ended the month at 4.4 mb/d, down from 4.73 mb/d in March, while the Middle East/West route ended the month at 1.28 mb/d, up from 1.06 mb/d. OPEC spot fixtures in April indicated a decline of 23% compared to April 2008. In contrast, global spot fixtures dropped in April by 3.2% compared to the previous month to stand at 16.89 mb/d and were about 19% lower compared to April 2008.

OPEC sailings were also marginally lower, but arrivals to the US increased in line with higher US crude imports

Sailings from OPEC were 2% lower in April, at 18.37 mb/d, down from 18.68 mb/d in the previous month, and were also 22% lower than at April 2008. Middle East sailings in April were at 13.39 mb/d, less than 1% lower than at the previous month and 22% lower than at a year earlier. Crude oil arrivals in the USA increased by 3% in April compared to the previous month. Crude oil trade figures indicated that US crude oil imports were 4% higher in April compared to the previous month, in line with higher crude arrivals to this country. Crude oil arrivals to Japan were lower in April, while arrivals to Europe were higher, both compared to the previous month.

Table 20: Tanker chartering, sailings and arrivals, mb/d

	Feb 09	Mar 09	Apr 09	Change Apr/Mar
Spot Chartering				
All Areas	19.12	17.45	16.89	-0.56
OPEC	12.51	10.57	10.83	0.26
Middle East/ East	5.63	4.73	4.40	-0.33
Middle East/ West	1.23	1.06	1.28	0.22
Outside Midlle East	5.65	4.77	5.14	0.37
Sailings				
OPEC	19.06	18.68	18.37	-0.31
Middle East	13.73	13.45	13.39	-0.06
Arrivals				
US Gulf Coast, US East Coast and Caribbean	7.83	8.53	8.78	0.25
North-West Europe	7.34	7.35	7.25	-0.10
Euromed	4.32	4.78	5.97	1.19
Japan	4.25	4.12	3.56	-0.56

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

Dirty tanker spot freight rates were at their lowest levels thus far in 2009 declining by an average of 28%

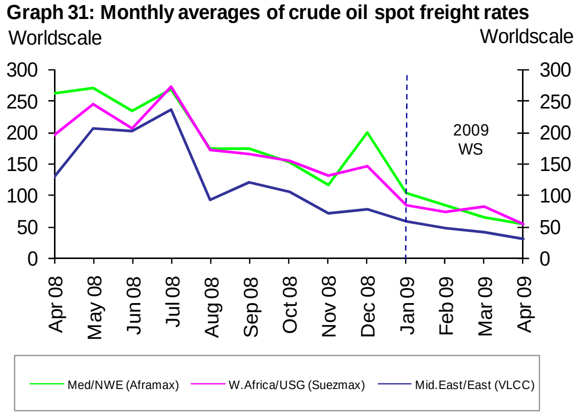
In April, the tanker market witnessed the weakest month thus far in 2009. The continued global economic crisis and OPEC production adjustments were, once again, the dominant drivers behind the weakness of the market. Seasonally, as we approach the driving season, the tanker market firms in April, but this year no sign of any seasonal effect has emerged. High tonnage availability on many key routes, especially those heading from the Middle East, continued to pressure the market and the continued storing of crude at sea did not stimulate dirty freight rates enough, though it is fair to say that it prevented them from incurring deeper declines. In April, storing at sea continued the momentum it gained towards the end of March supported in part by low freight rates. Estimates put the number of VLCCs tied up in storage operations in April at about 50 vessels, representing about 10% of the global VLCC fleet, located mainly in the US Gulf and North West Europe. A very weak Suezmax market during the first two weeks of April in both West Africa and North West Europe resulted in freight rates for this vessel size witnessing the sharpest decline in the month compared to other sizes. Aframax freight rates were very much influenced by the almost 50% decline in the Caribbean to US route.

Taking the top three vessel categories into consideration, average spot freight rates for crude oil tankers were 28% lower in April compared to the previous month, but were 64% lower compared to the same month a year earlier, taking into consideration the changes in world scale

(WS) flat rates as of January 2009. The VLCC sector, which was the weakest sector in March, declined further by over 20% in April. Last month's high activity in the Suezmax sector subsided in April and this sector ended the month with a 27% decline compared to March. Aframax freight rates were 27% lower in April, severely influenced by the very weak Caribbean market, while other routes were generally weaker, but to a less extent.

On average, VLCC spot freight rates were 23% lower in April compared to the previous month, yet 65% lower compared to April 2008. The fact that about 90 VLCCs were still tied up in storage operations in April did not offset the effect of high VLCC tonnage availability in the market, mostly influenced by OPEC's decision to adjust production by more than 4.0 mb/d from September levels, as well as maintenance in Asia and new vessels entering the market. It was reported that about 80 VLCCs lifted crude oil from the Middle East in April compared to a monthly average of 104 VLCCs in 2008. Spot freight rates for VLCCs trading on the long haul route from the Middle East to East, which declined by 15% in March compared to February, declined by another 25% in April compared to March. Freight rates on this route declined as far as WS25 during the third week of the month before rebounding during the last week, ending the month at an average of WS30. Middle East to West spot freight rates closed the month at a drop of 32% compared to the previous month, ending at an average of WS22 down from an average of WS33 in March. On the other hand, VLCC spot freight rates for voyages from West Africa to East were fluctuating between WS33 to WS38 throughout the month, ending at an average of WS36, about 15% lower compared to the previous month.

Graph 31: Monthly averages of crude oil spot freight rates



Suezmax spot freight rates for voyages to the US from West Africa and North West Europe (NWE) declined in April by an average of 32% compared to the previous month, yet were 62% lower compared to March 2008, taking into consideration the changes in WS flat rates as of January 2009. Lower Bonny Light exports in April as a result of a fire on the Trans-Niger Pipeline had pushed freight rates on the West Africa to US route to as low as WS47 during the second week of the month. Rates started to firm during the second half of the month, ending at a monthly average of WS54, 33% lower compared to March. The decline was at about 30% for the NWE to US route which ended the month at an average of WS52.

Table 21: Spot tanker crude freight rates, Worldscale

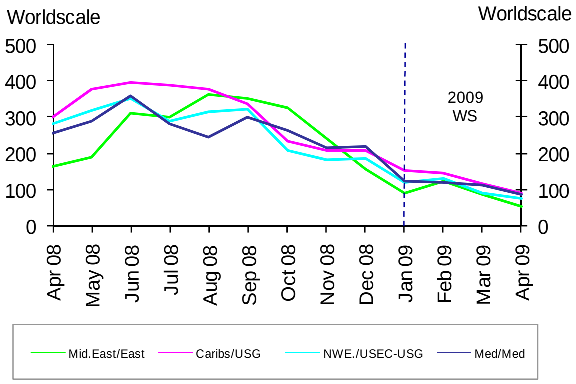
	Size *1,000 DWT*	Feb 09	Mar 09	Apr 09	Change Apr/Mar
Crude					
Middle East/east	230-280	47	40	30	-10
Middle East/west	270-285	39	33	22	-10
West Africa/east	260	46	42	36	-6
West Africa/US Gulf Coast	130-135	72	80	54	-27
NW Europe/USEC - USGC	130-135	65	75	52	-22
Indonesia/US West Coast	80-85	72	67	59	-8
Caribbean/US East Coast	50-55	77	119	62	-57
Mediterranean/Mediterranean	80-85	88	71	62	-9
Mediterranean/North-West Europe	80-85	83	64	53	-11

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

Average Aframax spot freight rates for the four reported routes declined in April by 27% compared to the previous month, but were 66% lower compared to a year earlier. Freight rates on the Caribbean Aframax route to the US East Coast indicated the sharpest decline of 48% compared to March backed by high tonnage availability in the market throughout the month.

Rates on this route started the month at about WS100 going down to the WS50s through most of the month and ended at a monthly average of WS62. Freight rates on other Aframax routes were generally weaker in April. Despite some support to freight rates in the Mediterranean market as a result of higher May loadings of Azari Light from Ceyhan in Turkey, freight rates in the Mediterranean ended the month at a 13% drop in the cross-Mediterranean route and 18% in the Mediterranean to NWE route, both compared to the previous month. To the East of Suez, freight rates on the Indonesia to East Aframax route were 12% lower in April compared to March, mainly due to modest activity and plenty availability of tonnage.

Graph 32: Monthly averages of clean spot freight rates



Similarly, the clean tanker market in April was the weakest thus far in 2009. On average, freight rates on both East and West of Suez dropped by 24% compared to the previous month and were 56% lower compared to April 2008. Reports indicate that storing at sea has extended in April to include petroleum products and that some 30 mb of products were stored on product vessels. Given the size of clean vessels, this volume corresponds to more than 100 tankers tied up in storage operation in April. However, this did not seem to have stimulated clean freight rates enough to go into positive territory, but it could partially explain the reasons behind the East of Suez market being relatively weaker than West of Suez as most of these storages were taking place there. The Middle East to East route, where freight rates declined by 30% in March compared to February, declined further in April by 37% compared to March. This was the weakest route in April compared to all other clean routes. The declining trend was gradual and continuous throughout the first three weeks of the month and rebounded towards the end of the month. Freight rates on the Singapore to East route also dropped by 27% compared to the previous month. As a result, average East of Suez clean spot freight rates were 32% lower in April compared to the previous month and also lower by 53% compared to April 2008.

On average, West of Suez clean freight rates were 21% lower in April compared to the previous month and 58% lower compared to April 2008, taking into consideration the changes in WS flat rates as of January 2009. Trans-Atlantic gasoline movements from NWE were relatively higher, especially during the second half of April compared to a month earlier and freight rates ended the month at a drop of 17%, the largest drop among all West of Suez clean routes. In the Mediterranean, the bearish sentiment of the market continued in April and rates were more than 20% lower compared to the previous month for both the Med/Med and Med/NWE routes. Clean spot freight rates for the Caribbean to US route dropped by 21% in April compared to the previous month, but rates here rebounded strongly during the last week of the month, ending at WS118 from WS90 a week earlier.

Table 22: Spot tanker product freight rates, Worldscale

	Size 1,000 DWT	Feb 09	Mar 09	Apr 09	Change Apr/Mar
Products					
Middle East/east	30-35	124	87	54	-32
Singapore/east	30-35	104	88	64	-23
Caribbean/US Gulf Coast	38-40	148	117	92	-25
NW Europe/USEC - USGC	33-37	130	92	76	-16
Mediterranean/Mediterranean	30-35	120	114	88	-27
Mediterranean/North-West Europe	30-35	130	124	98	-27

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

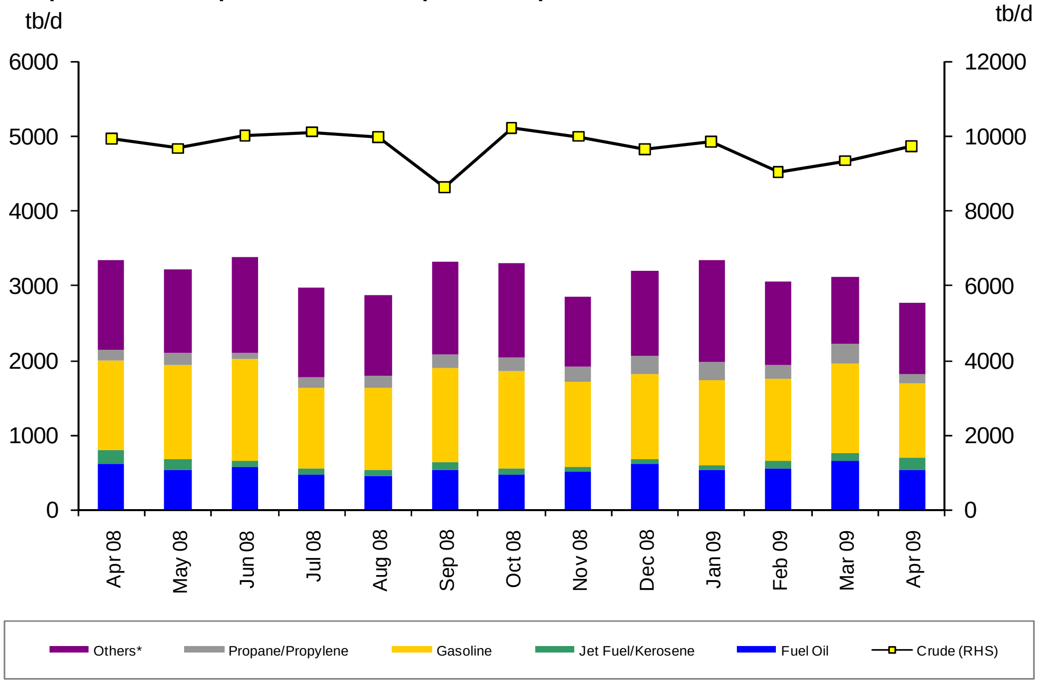
Oil Trade

US net oil imports declined in April by 0.8% backed by 0.48 mb/d of lower net product imports

USA

According to official data, US crude oil imports increased in April for the second month in a row to average 9.72 mb/d, about 4% or 390,000 b/d higher compared to the previous month, but were 2% lower than in the same month the previous year. April's crude imports brings the US average for the first four months of 2009 to about 9.49 mb/d, 3%, or 300,000 b/d lower compared to the same period in 2008.

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

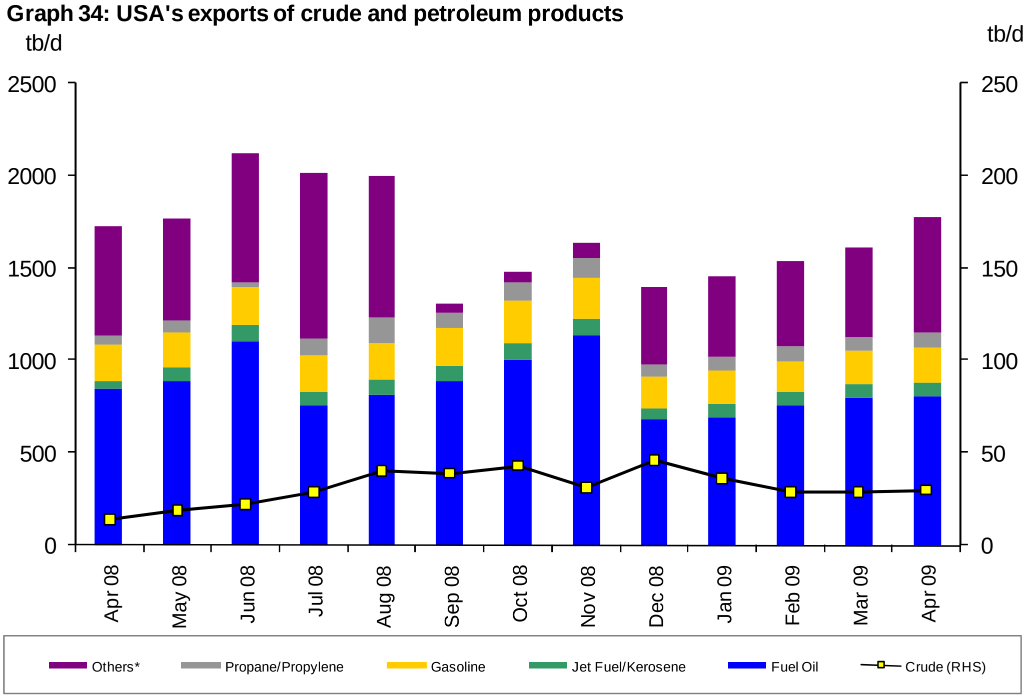


*Others: Contains Natural Gas Liquids, Liquefied Refinery Gases (LRG's), Other Liquids and all Finished Petroleum Products except Gasoline, Jet Fuel/Kerosene, Fuel Oil and Propane/Propylene.

In contrast, US product imports declined in April by 12%, or 366,000 b/d compared to the previous month to average 2.76 mb/d, about 17% lower than at the same month last year. Finished motor gasoline imports declined in April by 79,000 b/d, or 30% compared to the previous month to reach 219,000 b/d. April's finished motor gasoline imports were lower by 43% compared to April 2008, and average imports during the first four months of 2009 were 34% lower compared to the same period in 2008. Distillate fuel oil imports declined in April by 103,000 b/d, or 40% compared to the previous month to average 156,000 b/d. This level of imports indicates a 39% decline compared to the same month last year, but average distillate fuel oil imports during the first four months of 2009 were 5% higher compared to the same period in 2008. Residual fuel oil imports increased in April by 36,000 b/d, or 10% compared to the previous month, reaching about 397,000 b/d, 11% higher than in April 2008, and average imports during the first four months of 2009 were 3% higher than at the same period last year. Jet fuel imports in April averaged 88,000 b/d, down from 94,000 b/d in the previous month and 51% lower compared to April 2008.

On the export side, US product exports increased in April by 112,000 b/d, or 7% compared to the previous month to average 1.78 mb/d. This represents an increase of 37,000 b/d or about 2% compared to their levels a year earlier. US product exports during the first four months of 2009 averaged 1.62 mb/d, 10% lower compared to the same period in 2008.

Graph 34: 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.

As a result, US net oil imports declined in April by 0.8% compared to the previous month to reach about 10.67 mb/d. The 85,000 b/d decline in net oil imports in April came as a result of a 393,000 b/d increase in net crude oil imports and a 478,000 b/d decline in net product imports compared to the previous month. April's net oil imports were 7% lower compared to a year earlier and average net oil imports during the first four months of 2009 were 2% lower compared to the same period last year.

Table 23: USA crude and product net imports/(exports), tb/d

	Feb 09	Mar 09	Apr 09	Change Apr/Mar
Crude oil	8,994	9,297	9,690	393
Total products	1,498	1,457	979	-478
Total crude and products	**10,492**	**10,754**	**10,669**	**-85**

Canada was the top crude oil supplier to the US in February 2009 with a share of 20.3%, down from 20.7% the previous month, followed by Mexico with 12.9%, down from 13.8% a month earlier. Saudi Arabia and Venezuela came next with 11.7% and 10.2% respectively. Altogether, OPEC Member Countries supplied 47.6% of total US crude oil imports in February, down from 53.3% the previous month.

For product imports, once again Canada was the top product supplier to the US in February with a share of 20.2%, up from 18% in the previous month. Russia was next with a share of 11.4%, up from 10.8% in the previous month, followed by the Virgin Islands and Algeria with 11.2% and 7.7% respectively. For OPEC Member Countries, in addition to Algeria, Venezuela supplied 6% of total US oil product imports in February, up from 5.5% the previous month, followed by Nigeria with 1.7%. Altogether OPEC Member Countries supplied 15.8% of US product imports in February, down from 19.8% the previous month.

For US product exports, Mexico was the top importer in February with a share of 13.8%, down from 15% the previous month. Canada was next with 11.2%, up from 10.1%, and the Netherlands with 9.6%. Altogether, OPEC Member Countries imported 3% of total US product exports in February, down from 3.4% in the previous month; Ecuador imported 1.5% and Venezuela 1.3%.

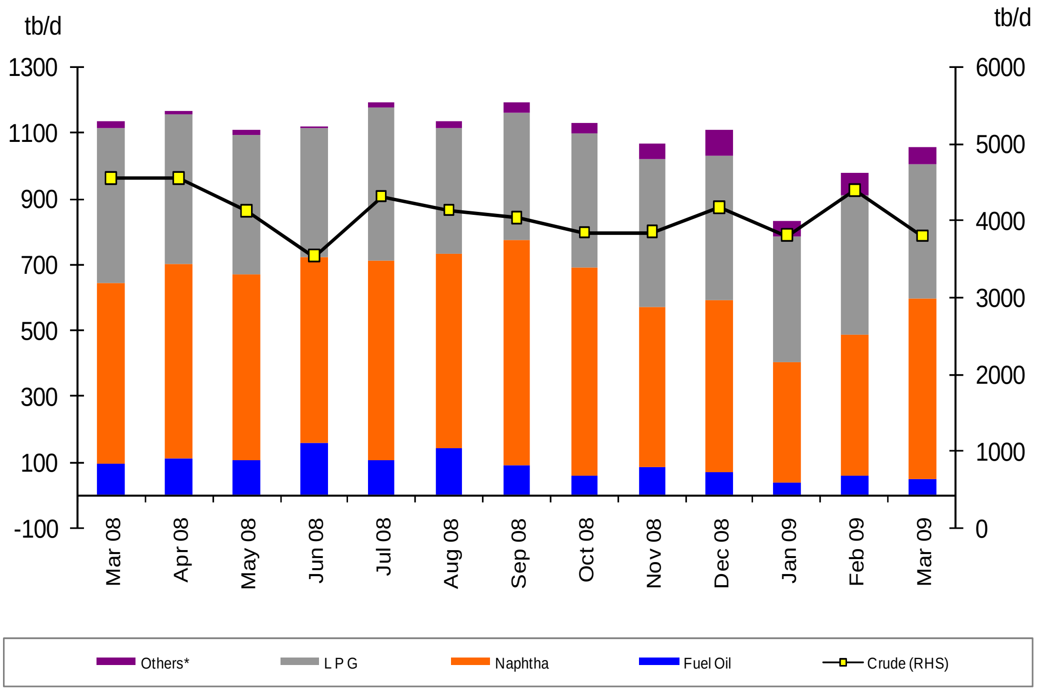
Japan's net oil imports declined in March by 12%, backed by 0.6 mb/d fall in crude oil imports

Japan

According to Japanese published data, Japan's crude oil imports averaged 3.79 mb/d in March, about 600,000 b/d, or 13.7% lower compared to the previous month, and 16.7%, lower compared to March 2008. Domestic oil product sales declined in March for the tenth month in a row by 4.2% compared to a year earlier, averaging about 3.57 mb/d, the lowest since March 1987 as a result of a deep economic recession, ageing population and a growing shift towards cleaner energy. March crude oil imports brings Japan's average for the first quarter of 2009 to about 3.98 mb/d, 12.5%, or 566,000 b/d lower compared to the country's imports during the same period in 2008.

Japan's product imports increased in March by 70,000b/d, or 7.1% compared to the previous month, to average about 1.05 mb/d, displaying an annual decline of 6.6% compared to the same month a year earlier. Japan mainly imports three products, naphtha, LPG and fuel oil which accounted for about 95% of its total monthly product imports in March. Average naphtha imports in March were about 555,000 b/d, 29%, or 124,000b b/d higher than the previous month and almost steady compared to a year earlier. Despite this monthly increase, average naphtha imports for the first quarter of 2009 were 22% lower compared to the same period in 2008. LPG imports in March averaged 408,000 b/d, indicating about 4.5%, or 19,000 b/d decline compared to the previous month and a 13% decline compared to March 2008. Average LPG imports for the first quarter of 2009 were 16% lower compared to the same period the previous year. Fuel oil imports in March were at 44,000 b/d, down from 57,000 b/d in the previous month and from 92,000 b/d in March 2008. Average fuel oil imports for the first quarter of 2009 were 54% lower compared to the same period in 2008. Japan also imported about 28,000 b/d of gasoline in March compared to 19,000 b/d in February. Naphtha imports counted for 52% of Japan's total product imports in March, LPG for 39% and fuel oil about 4%. Japan's average product imports in the first quarter of 2009 averaged 0.95 mb/d, indicating a decline of 218,000 b/d or 19% compared to the average imports during the period in 2008.

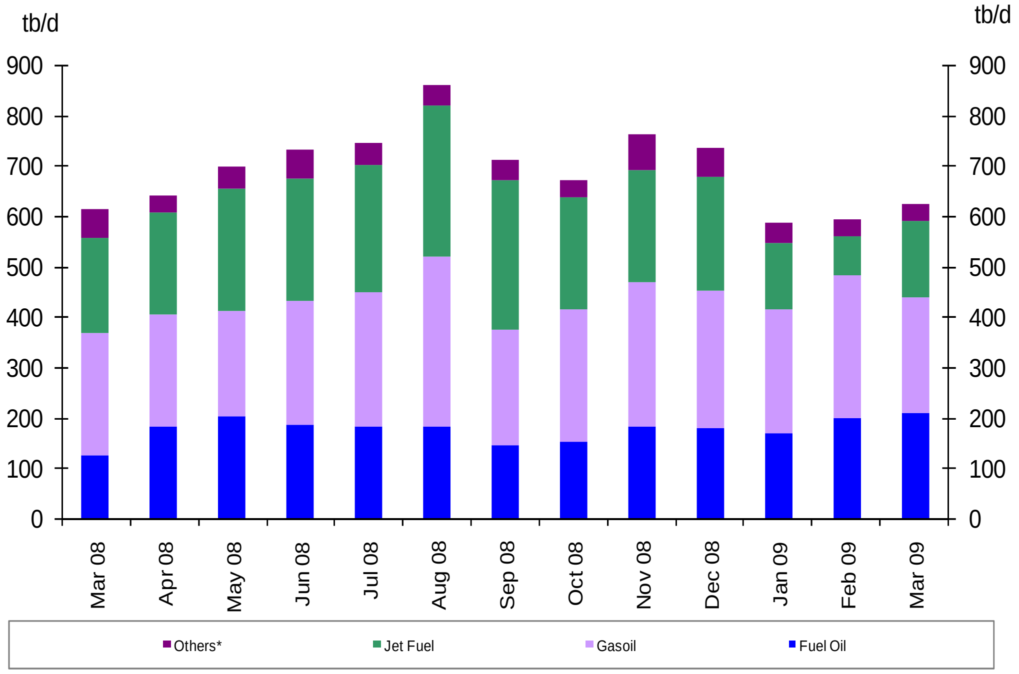
Graph 35: Japan's imports of crude and petroleum products



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

Japan's product exports in March were 33,000 b/d, or 5.6% higher than the previous month and almost steady compared to March 2008, to average about 621,000 b/d. Gasoil, fuel oil and jet fuel are Japan's main product exports, which together counted for about 95% of the country's total product exports in March. Gasoil exports in March were about 231,000 b/d, down by 18%, or 62,000 b/d compared to the previous month, and by 5% compared to March 2008. Average gasoil exports during the first quarter of 2009 were about 252,000 b/d, 22% higher than in the first quarter of 2008. Jet fuel exports averaged about 150,000 b/d in March, almost double compared to the previous month, yet 20% lower than a year earlier. During the first quarter of 2009, Japan exported an average of 120,000 b/d of jet fuel compared to 178,000 b/d during the same quarter in 2008. Fuel oil exports in March were about 209,000 b/d, 5% higher compared to the previous month, but 67% higher than in March 2008. Japan exported an average of 193,000 b/d of fuel oil during the first quarter of 2009 compared to 158,000 b/d during the same period last year. Gasoil exports counted for 37% of Japan's total product exports in March, fuel oil for 34% and jet fuel 24%. Japan exported lower quantities of gasoline, lubricating oil, asphalt and LPG in March, totaling 31,000 b/d. Japan's average product exports during the first quarter of 2009 were at 0.6 mb/d, steady compared to the same period in 2008.

Graph 36: Japan's exports of petroleum products



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

As a result, Japan's net oil imports in March were about 4.2 mb/d, indicating a decline of 564,000 b/d or 12% compared to the previous month and 17% lower compared to a year earlier. Net crude imports were lower by 600,000 b/d and net product imports were higher by 37,000 b/d. Japan's net oil imports during the first quarter of 2009 were at 4.3 mb/d, 15% lower compared to the average during the same period in 2008.

Table 24: Japan's crude and product net imports/(exports), tb/d

	Jan 09	Feb 09	Mar 09	Change Mar/Feb
Crude oil	3,796	4,392	3,792	-601
Total products	243	395	432	37
Total crude and products	**4,040**	**4,787**	**4,224**	**-564**

Saudi Arabia was Japan's top crude oil supplier in March, supplying 32.3% of Japan's oil imports for the month, up from 28.7% the previous month. The UAE share was 20.2%, down from 20.9% the previous month. Iran supplied 12.5%, down from 13.2% a month earlier, while Qatar's share was 12.4%, up from 10.2% the previous month. OPEC Member Countries supplied 88.3% of Japan's crude oil imports in March, up from 87% the previous month. Top non-OPEC crude oil suppliers in March include Russia with 5.2% and Oman with 1.6%.

On the product side, preliminary data indicates that Saudi Arabia was also Japan's top supplier in March with 14.8%, followed by the UAE with 13.6% and Qatar with 11.7%. Altogether, OPEC Member Countries supplied 46.9% of Japan's product imports in March, down from 48% the previous month. Top non-OPEC product suppliers in March include the US with 12.7%, followed by South Korea with 12.5% and Australia with 4.3%.

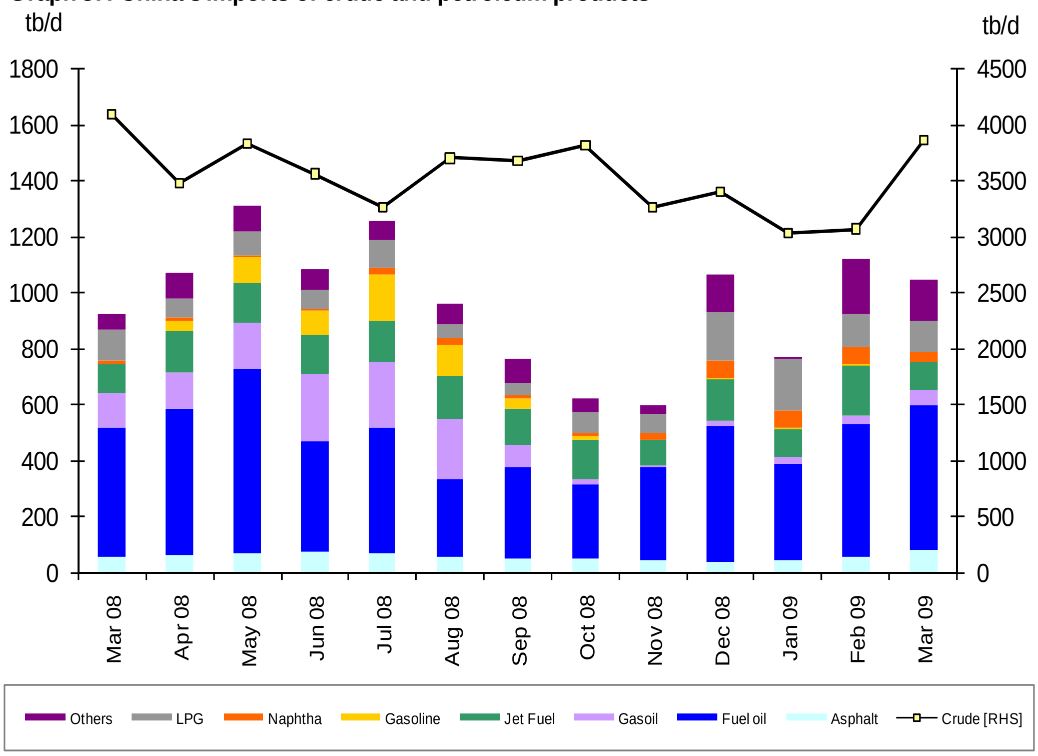
China's net oil imports increased sharply supported by a 26% increase in crude oil imports

China

According to Chinese official data, China's crude oil imports increased sharply in March to reach 3.86 mb/d, about 26% or 794,000 b/d higher than in the previous month, yet were 6% lower compared to the same month a year earlier. China's March crude oil imports were the highest since April 2008. Average crude oil imports for the first quarter of 2009 were at 3.33 mb/d, indicating about 0.38 mb/d or 10% decline compared to the same period last year.

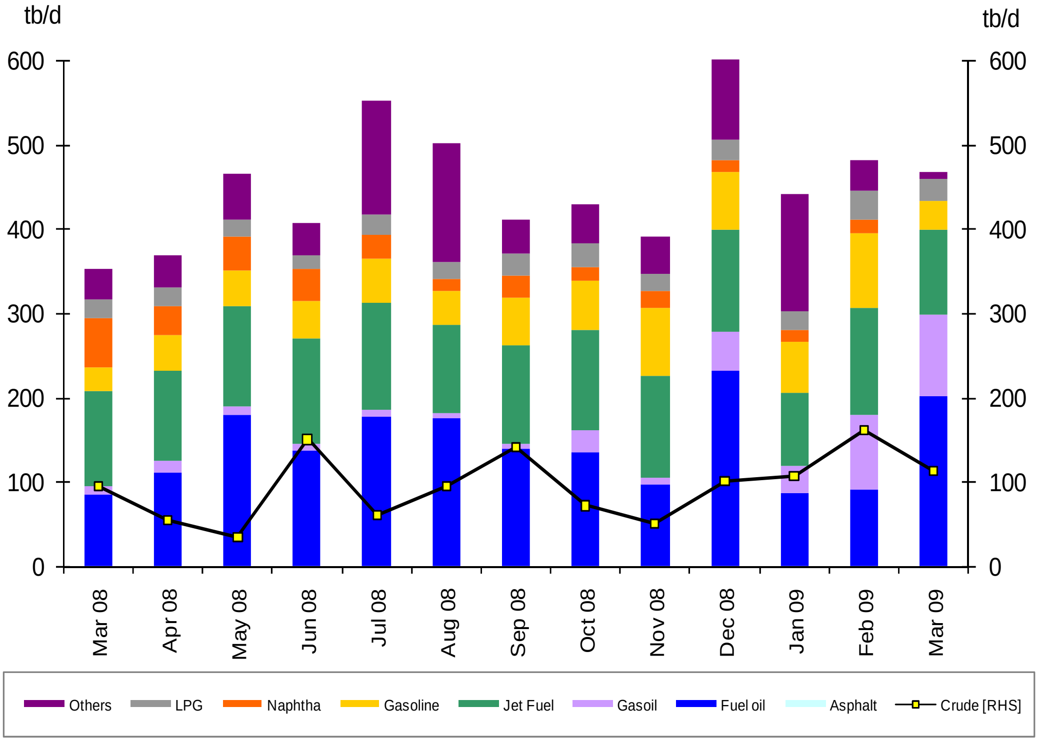
China's product imports dropped in March to average 1.04 mb/d, indicating a decline of about 76,000 b/d, or 7% compared to the previous month and of 13% compared to a year earlier. Jet fuel imports in March were about 112,000 b/d, down from 185,000 b/d the previous month. South Korea supplied 55% of China's jet fuel imports in March, Taiwan supplied 27% and Japan 9%. Naphtha imports in March were about 43,000 b/d, down from 59,000 b/d in the previous month. South Korea supplied 63% of China's naphtha imports in February, followed by Singapore with 21%. Gasoil imports in March averaged 62,000 b/d, up from 32,000 b/d in the previous month with South Korea supplying 35% and Taiwan 33%.

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



China's fuel oil imports declined sharply in March to average 533,000 b/d, about 23,000 b/d, or 4% lower than at the previous month. Venezuela supplied 21% of China's fuel imports in this month, followed by Singapore with 17% and Japan with 12%. Imports of LPG averaged 122,000 b/d in March, up from 118,000 b/d in the previous month. Iran supplied 30% of China's LPG imports in March, followed by the UAE with 28% and Saudi Arabia with 12%. Altogether, China imported an average of 0.97 mb/d of products in the first quarter of 2009, indicating an annual growth of 9% over the same period last year. In March, fuel oil imports accounted for 51% of China's total product imports, LPG 12%, jet fuel 11%, gas oil 6% and naphtha 4%.

Graph 38: China's exports of crude and petroleum products



On the export side, China's crude oil exports in March were at 112,000 b/d compared to 160,000 b/d the previous month. About 28% of China's crude oil exports in March were destined for South Korea, 16% for the US and 13% each forAustralia and Japan. For the first quarter of 2009, China exported an average of 125,000 b/d of crude oil compared to 47,000 b/d during the same quarter a year earlier. On the other hand, China's product exports in March were about 0.47 mb/d, 3% lower compared to the previous month, but 33% higher than in March 2008. Increases in fuel oil and gasoil exports were more than offset by decreases in exports of other products. Average product exports for the first quarter of 2009 were about 0.46 mb/d, indicating an increase of 28% compared to the same period last year.

Fuel oil exports in March stood at 151,000 b/d, about 72% higher than the previous month. Panama imported about 41% of China's fuel oil exports in March, followed by Hong Kong with 21% and South Korea with 9%. Exports of jet fuel in March were 109,000 b/d, down from 124,000 b/d the previous month. Hong Kong imported 64% of China's jet fuel exports in March, followed by South Korea with 10%. Gasoline exports were 37,000 b/d in March, down from 89,000 b/d the previous month. This makes China a net exporter of gasoline of about 32,000 b/d in March. Indonesia imported 46% of China's gasoline exports in March and Singapore 35%. There were no naphtha exports in March, down from 17,000 b/d the previous month. Gasoil exports in March were 107,000 b/d, up from 88,000 b/d a month earlier. Vietnam imported 50% and Singapore 33%. China exported 30,000 b/d of LPG in March, down from 34,000 b/d the previous month. Hong Kong imported 40% of China's LPG exports in March and Vietnam 33%. Fuel oil exports accounted for 32% of China's total product exports in March, gasoil and jet fuel accounted for about 23% each, gasoline for 8% and LPG 7%.

With net crude oil imports of 3.75 mb/d and net product imports of 0.57 mb/d, China's net oil imports in March were 4.33 mb/d, indicating a sharp increase of 22%, or 780,000 b/d over the previous month, and a decline of 5% compared to the same month a year earlier. Average net crude oil imports for the first quarter of 2009 were at 3.71 mb/d, 11% or 477,000 b/d lower than over the same period last year.

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

	Jan 09	Feb 09	Mar 09	Change Mar/Feb
Crude oil	2,926	2,909	3,752	843
Total products	328	637	574	-63
Total crude and products	**3,254**	**3,546**	**4,326**	**780**

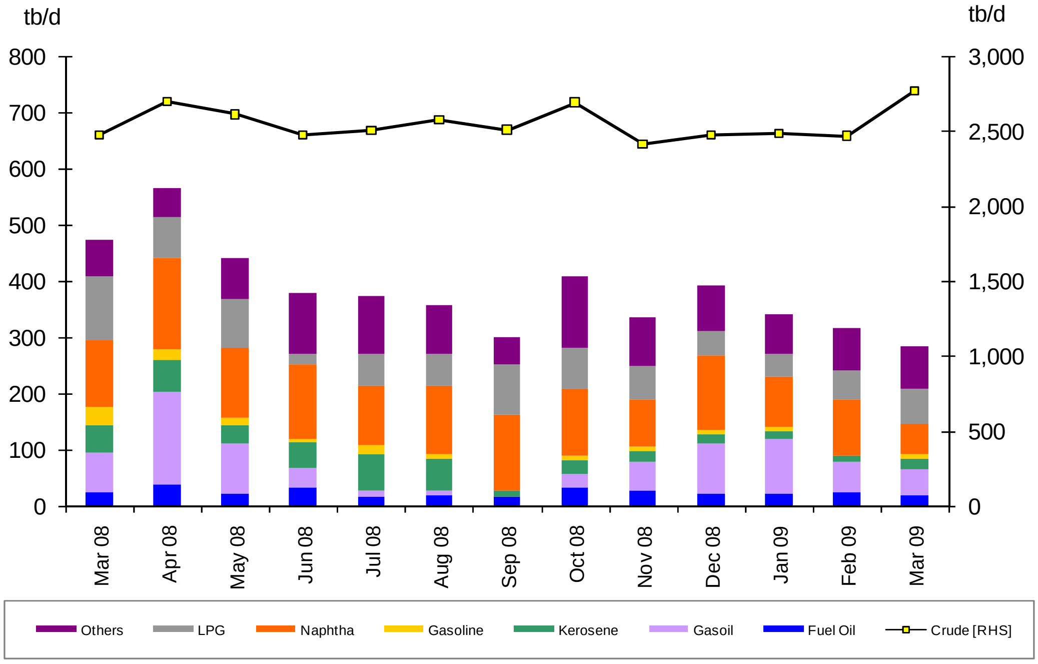
Once again, Saudi Arabia was China's top crude oil supplier in March with a share of 15.2%, substantially down from 27.2% the previous month. Angola was next with 14.1%, up from 10.8% a month earlier. Iran's share of China's total crude oil imports in March was 11.8%, down from 16.3% the previous month. Altogether, OPEC Member Countries supplied 55.7% of China's crude oil imports in March, down from 66.2% a month earlier. Top non-OPEC crude oil suppliers in March include Russia with 8.3%, Oman with 7.8% and Sudan with 6.3%.

India

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

According to preliminary data, India's crude oil imports increased in March by 295,000 b/d or 12% compared to the previous month, to average about 2.76 mb/d. March's crude imports were about 288,000 b/d higher compared to March 2008. India's crude oil imports during the first quarter of 2009 averaged 2.57 mb/d, indicating an about 93,000 b/d, or 3.7% increase compared to the same period in 2008.

Graph 39: India's imports of crude and petroleum products



India's product imports declined in March by 33,000 b/d or 10% compared to the previous month to average about 0.28 mb/d, a substantial 40% lower compared to March 2008. Higher imports of LPG and kerosene were more than offset by declines in imports of gasoil, naphtha and fuel oil. Gasoil imports in March averaged about 46,000 b/d compared to 53,000 b/d a month earlier and 70,000 b/d in March 2008. Gasoline imports were at 7,000 b/d in March compared to no imports in February and 33,000 b/d in the same month a year ago. LPG imports in March averaged about 63,000 b/d compared to about 51,000 b/d in the previous month and 113,000 b/d in March 2008. India imported an average of 55,000 b/d of naphtha in March, down from 101,000 b/d a month earlier and from 118,000 b/d in March 2008. Fuel oil imports in March averaged 19,000 b/d compared to 24,000 b/d in the previous month and 27,000 b/d in the same month a year ago. Kerosene imports were about 19,000 b/d compared to 11,000 b/d in the previous month. For the first quarter of 2009, India imported an average of 0.31 mb/d of products, indicating about 178,000 b/d, or 36% decline compared to the same period in 2008.

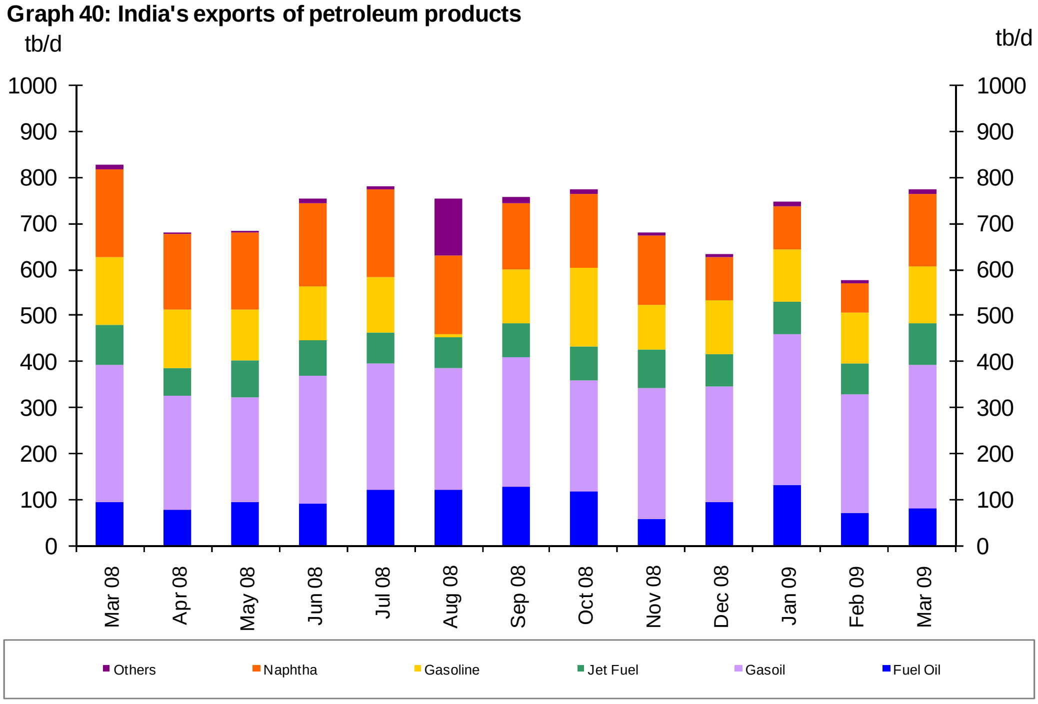
Table 26: India's crude and product net imports/(exports), tb/d

	Jan 09	Feb 09	Mar 09	Change Feb/Jan
Crude oil	2,480	2,469	2,764	295
Total products	-405	-260	-487	-228
Total crude and products	**2,075**	**2,209**	**2,277**	**68**

On the export side, India's total product exports of 771,000 b/d in March were 195,000 b/d or 34% higher compared to the previous month, but 7% lower compared to a year earlier. Exports of all major products were higher in March without exception. Fuel oil exports in March averaged 82,000 b/d, up from 72,000 b/d the previous month. Jet fuel exports were at 89,000 b/d in March, up from 68,000 b/d a month earlier. Gasoil exports in March averaged 320,000 b/d, 25% higher than the previous month and 7% higher than a year earlier. Gasoline exports increased in March to average about 123,000 b/d, from 109,000 b/d the month before, but down from 147,000 b/d in March 2008. Naphtha exports were at 158,000 b/d in March, compared to 66,000 b/d the previous month and 189,000 b/d a year earlier. For the first quarter of 2009, India exported an average of 0.7 mb/d of products, down by 120,000 b/d, or 15% compared to the same period in 2008.

As a result, India's net oil imports in March averaged 2.28 mb/d, displaying an increase of 3% or 68,000 b/d compared to the previous month, and 7% compared to March 2008. The increase in net oil imports is attributed to higher net crude oil imports and lower net product imports. India's net oil imports for the first quarter of 2009 averaged about 2.19 mb/d, about 35,000 b/d, or 2% higher than for the same period in 2008.

Graph 40: India's exports of petroleum products



FSU

FSU crude oil exports declined by 1.8% on lower Russian exports through the Black Sea

According to preliminary data, FSU crude oil exports declined in March by 124,000 b/d, or 1.8% compared to the previous month to average 6.6 mb/d. Russian pipeline crude exports dropped by 99,000 b/d or 2.5% compared to a month earlier. The drop is mainly attributed to the 118,000 b/d lower exports through the Black Sea, against an increase of 54,000 b/d of exports through the Baltic Sea and a decline of exports through Druzhba by 35,000 b/d. Russian crude oil exports by rail increased by 4%, or 23,000 b/d in March compared to a month ago to average about 602,000 b/d. Kazak rail crude exports to China and CPC pipeline exports were almost steady in March compared to the previous month, averaging about 17,000 b/d and 763,000 b/d respectively. Caspian crude oil exports averaged 300,000 b/d in March, indicating an increase of 36,000 b/d compared to a month earlier.

FSU oil product exports declined in March by 254,000 b/d, or 8.6% compared to the previous month to average 2.7 mb/d. Gasoil exports were at 0.91 mb/d, about 200,000 b/d lower compared to a month earlier, but fuel oil exports increased by 100,000 b/d, to average 1.02 mb/d. Exports of other products averaged 0.78 mb/d indicating a decline of 154,000 b/d.

In total, FSU crude oil and product exports averaged 9.3 mb/d in March, indicating a drop of 3.9%, or about 378,000 b/d compared to the month before. March's total exports were 147,000 b/d, or 1.6% higher than a year earlier.

On the other hand, FSU crude oil and product exports during the first quarter of 2009 averaged 9.42 mb/d, indicating a quarter-to-quarter increase of 886,000 b/d compared to the fourth quarter of 2008. During this period, FSU crude oil exports increased by an average of 565,000 b/d, while product exports increased by an average of 321,000 b/d. On a year-to-year basis, FSU total crude and product exports were about 510,000 b/d higher during the first quarter of 2009 compared to the same period in 2008. During this period, crude exports increased by 535,000 b/d, while product exports dropped by 60,000 b/d.

Table 27: Recent FSU exports of crude and products by source, kb/d

	2007	2008	3Q08	4Q08	1Q09	Feb 09	Mar 09*
Crude							
Russian pipeline							
Black Sea	1,361	1,249	1,226	1,199	1,262	1,305	1,187
Baltic	1,631	1,559	1,539	1,490	1,518	1,536	1,590
Druzhba	1,122	1,098	1,034	1,089	1,139	1,130	1,095
Total**	**4,114**	**3,906**	**3,817**	**3,779**	**3,918**	**3,995**	**3,896**
Other routes							
Russian rail	292	283	260	234	303	300	323
Russian - Far East	269	220	214	252	277	279	279
Kazak rail	17	17	17	17	18	19	17
CPC pipeline	692	675	632	732	757	753	763
Caspian	**245**	**184**	**148**	**210**	**277**	**264**	**300**
of which							
Supsa (AIOC) - Georgia	0	13	0	45	99	113	96
Batumi - Georgia	138	101	81	99	95	62	120
Total***	**2,234**	**2,183**	**2,052**	**2,219**	**2,645**	**2,727**	**2,702**
Total crude exports	**6,348**	**6,089**	**5,869**	**5,998**	**6,563**	**6,722**	**6,598**
Products							
All routes							
Fuel oil	1,052	1,069	1,232	1,041	964	918	1,017
Gasoil	777	810	757	849	1,039	1,105	906
Others	592	660	671	646	854	929	775
Total	**2,421**	**2,539**	**2,661**	**2,536**	**2,857**	**2,952**	**2,698**
Total oil exports	**8,783**	**8,628**	**8,530**	**8,534**	**9,420**	**9,674**	**9,296**

Source: Nefte Transport, Global Markets, Argus Fundamentals, Argus FSU, OPEC.
* *Preliminary.*
** *Total incl. exports of minor volumes to China.*
*** *Total incl. BTC, Atasu-Alashankou and tanker shipments from Kaliningrad to Ventspils.*

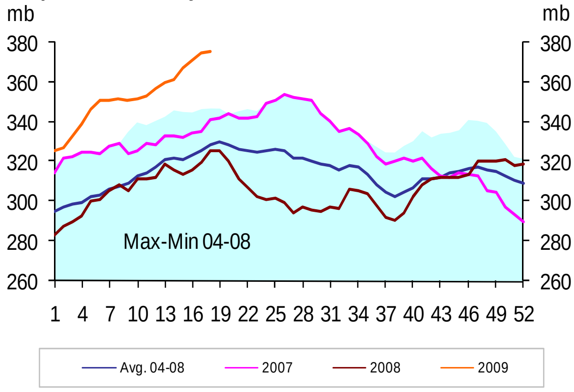
Stock Movements

US commercial oil stocks rose 34 mb to reach an overhang of more than 100 mb with crude oil inventories at their highest level since the mid-1990s

USA

US commercial oil inventories surged almost 34 mb in April, the biggest increase for this month since 2005. With this huge build, total US commercial oil stocks moved above 1,087 mb for the first time since September 2006. At this level, US oil inventories show a huge overhang with the five-year average of 105 mb. The weakness in demand remains the main reason behind the very high level of inventories. Products were the main contributors to the increase with 57%.

Graph 41: US weekly commercial crude oil inventories

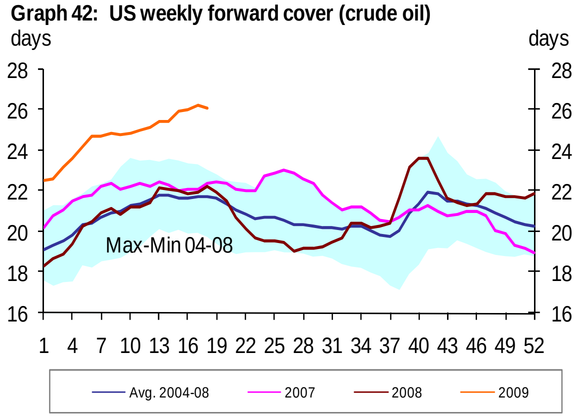


Crude oil inventories added a further 14.7 mb or 0.5 mb/d, the ninth build in a row to reach a new record of 375.3 mb. This increase widened the overhang to almost 46 mb. However, the build in crude oil stocks was driven by a jump in crude oil imports and not by a decline in demand as refinery throughputs increased.

Product inventories rose 19.2 mb offsetting the drop of the previous month to stand around 712 mb. The build in product inventories took place despite a decline in imports to reflect the sluggish demand, particularly for middle distillates. However, the components of product inventories followed different patterns. Gasoline stocks dropped 4.2 mb to 212.6 mb but remained within the upper end of the five-year range while distillate stocks gained 4.7 mb to stand at 146 mb, well above 110 mb, which corresponds to the previous five-year average. Again the huge overhang in distillate stocks is attributed to weak demand for both diesel and heating oil. Jet fuel oil stocks gained a further 1.5 mb to stand at nearly 41 mb while residual fuel oil inventories remained almost unchanged at 36 mb.

The US is sitting on a huge level of stocks considering lower domestic demand. Crude oil stocks rose to more than 26 days of forward demand cover compared to an average of around 22 days in the previous five years. Gasoline stocks are one day better than the five-year average while distillate stocks show a surplus of 14 days over the seasonal average after having reached 41.5 days of forward cover at the end of April.

Graph 42: US weekly forward cover (crude oil)



However, so far US commercial oil inventories have increased by 54 mb during the first four months of 2009 compared to a decline of 5 mb for the same period in 2008 and a decline of 27 mb in 2007.

Not only are commercial oil stocks increasing but also the Strategic Petroleum Reserve (SPR). Taking advantage of current prices, the US Department of Energy added a further 6.3 mb to SPR in April to hit a new record of 718.7 mb by the end of the month. This corresponds to almost 99% of total SPR capacity, which should be reached as planned by the end of the year. It is worth mentioning that almost 17 mb of crude oil stocks were delivered to SPR since the beginning of the year compared to just 1 mb in the same period a year ago.

Table 28: US onland commercial petroleum stocks, mb

	Feb 09	Mar 09	Apr 09	Change Apr 09 /Mar 09	Apr 08	01 May 09 *
Crude oil	354.9	360.6	375.3	14.7	318.8	375.3
Gasoline	215.6	216.8	212.6	-4.2	210.0	212.4
Distillate fuel	146.1	141.8	146.5	4.7	106.1	146.5
Residual fuel oil	39.2	36.0	35.9	-0.1	39.6	35.9
Jet fuel	42.8	39.2	40.7	1.5	39.1	40.7
Total	**1,064.9**	**1,053.5**	**1,087.4**	**33.9**	**963.7**	**1,087.3**
SPR	705.5	712.4	718.7	6.3	701.5	718.7

**/ Latest available data at time of report's release.*

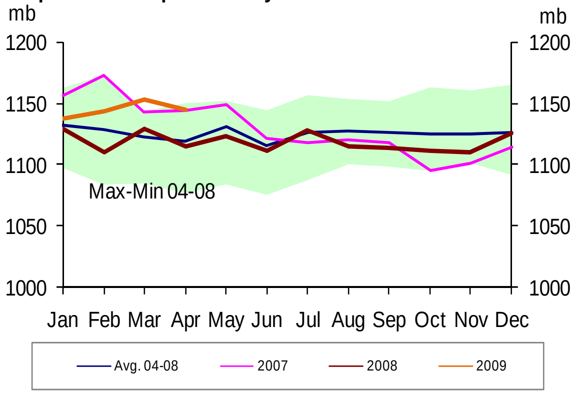
Source: US Department of Energy's Energy Information Administration.

Western Europe

EU oil stocks dropped for the first time since last October but remained 26 mb above the seasonal average

Europe (EU-15 plus Norway) reversed the upward trend observed since last December to drop 8.6 mb from the high level reached in March and stand at 1,145 mb in April. Despite this draw, stocks remained very high compared to demand due to the 44 mb build which took place between December and March. At this level, inventories in the region are 26 mb above the previous five-year average and 30 mb higher than a year-ago. European stocks added 19 mb since the beginning of the year while in the previous year they remained almost stable over the same period, reflecting the persistent imbalance between supply and demand.

Graph 43: EU-15 plus Norway's commercial oil stocks



Crude oil inventories dropped 4.1 mb to stand at 487 mb, offsetting the build of the previous month. The draw resulted from a combination of improvement in refinery runs and higher exports. Following this draw, the overhang with the five-year average narrowed to just 5 mb.

On the products side, lower production from refineries and higher exports left product inventories dropping for the first time since last October. Gasoline inventories fell 2.3 mb to 122 mb whereas middle-distillate inventories remained almost unchanged at nearly 392 mb, a record high for April. Distillate stocks are very high with an overhang of 28 mb or 8% due to very weak demand this year, which resulted in a contra-seasonal build of stocks in winter. Residual fuel oil stocks dropped 1.8 mb on the back of lower exports from Russia to stand at around 116 mb. Additionally, more shipments to the US contributed to the draw in stocks. In contrast, weak demand added to a further increase of 0.4 mb in naphtha inventories which remained around 29 mb.

Table 29: Western Europe's oil stocks, mb

	Feb 09	Mar 09	Apr 09	Change Apr 09/Mar 09	Apr 08
Crude oil	485.6	491.1	487.1	-4.1	480.0
Mogas	124.8	123.9	121.6	-2.3	135.9
Naphtha	27.3	28.2	28.6	0.4	29.5
Middle distillates	387.5	392.3	391.5	-0.8	348.5
Fuel oils	118.0	117.5	115.7	-1.8	121.1
Total products	657.6	661.9	657.4	-4.5	634.9
Total	**1,143.2**	**1,153.1**	**1,144.5**	**-8.6**	**1,114.9**

Source: Argus, Euroilstock.

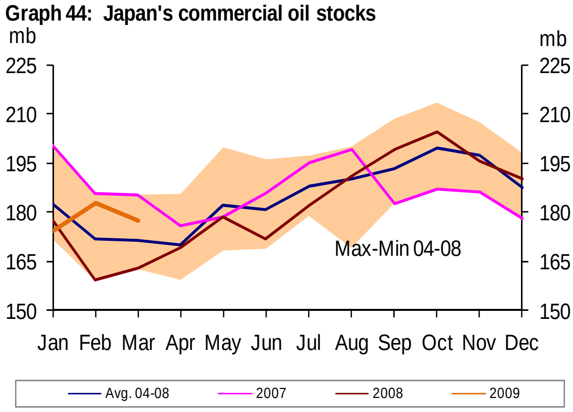
Japan

Commercial oil stocks in Japan fell 5 mb but remained above the seasonal average

Japan's total commercial oil stocks followed the seasonal trend, dropping 5.3 mb in March to stand at 177.4 mb. Despite the draw, inventories remained very comfortable above the level of a year earlier and the previous five-year average.

The drop was attributed essentially to crude oil which, due to lower imports, fell 3.8 mb to offset the build in February. Nevertheless, at 103 mb, Japanese crude oil inventories were within the range of the previous five years.

Graph 44: Japan's commercial oil stocks



Following the same trend but at a lower level, product inventories fell 1.4 mb to 74.1 mb but remained comfortably at the upper end of the five-year range. The decline in product stocks was not attributed to strong demand, but to lower production from refineries. However, gasoline inventories continued to increase, adding 1.2 mb to reach 15.5 mb, the highest since March 2008. Gasoline stocks rose alongside a decrease in demand and were driven by healthy imports. In contrast, distillate stocks dropped 3.2 mb to 28.4 mb but remained comfortably above the previous year and the five-year average. Following a mixed pattern, residual fuel oil stocks dropped 1.9 mb to 16.5 mb whereas naphtha stocks rose 2.6 mb to 13.8 mb, up 2.4 mb from a year ago.

Preliminary data shows that Japanese commercial oil stocks continued the downward trend in April falling around 3 mb in the first three weeks of the month. The decline was shared between crude oil and products.

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

	Jan 09	Feb 09	Mar 09	Change Mar 09/Feb 09	Mar 08
Crude oil	102.7	107.1	103.2	-3.8	90.1
Gasoline	12.7	14.3	15.5	1.2	15.9
Naphtha	10.8	11.2	13.8	2.6	11.3
Middle distillates	30.9	31.7	28.4	-3.2	27.4
Residual fuel oil	17.4	18.4	16.5	-1.9	18.1
Total products	71.8	75.6	74.1	-1.4	72.6
Total**	**174.5**	**182.6**	**177.4**	**-5.3**	**162.7**

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

Balance of Supply and Demand

Demand for OPEC crude in 2008 to decline by 0.4 mb/d

Estimate for 2008

The demand for OPEC crude for 2008 has been revised up following a downward revision to non-OPEC supply, especially in OPEC NGLs, while world oil demand remained unchanged. Required OPEC crude is now estimated at 31.0 mb/d, a decline of 0.4 mb/d from the previous year, reflecting an upward revision of about 0.1 mb/d from last month's assessment. On a quarterly basis, the demand for OPEC crude stood at 31.9 mb/d, 30.4 mb/d, 31.0 mb/d and 30.6 mb/d respectively.

Table 31: Summarized supply/demand balance for 2008, mb/d

	2007	1Q08	2Q08	3Q08	4Q08	2008
(a) World Oil Demand	**85.90**	**86.83**	**85.27**	**85.05**	**85.24**	**85.59**
Non-OPEC Supply	50.50	50.73	50.55	49.72	50.27	50.32
OPEC NGLs and non-conventionals	4.03	4.22	4.33	4.35	4.35	4.31
(b) Total Supply excluding OPEC Crude	**54.53**	**54.95**	**54.88**	**54.07**	**54.63**	**54.63**
Difference (a-b)	**31.36**	**31.88**	**30.40**	**30.99**	**30.62**	**30.97**
OPEC crude oil production	30.13	31.21	31.24	31.49	30.33	31.07
Balance	-1.24	-0.67	0.84	0.51	-0.29	0.10

Totals may not add due to independent rounding.

Demand for OPEC crude to drop sharply by 2.2 mb/d in 2009

Forecast for 2009

Downward revisions in non-OPEC supply and OPEC NGLs slightly offset the downward revision in world oil demand, resulting in a minor change in demand for OPEC crude for 2009. Required OPEC crude is currently projected at 28.8 mb/d, a substantial decline of 2.2 mb/d from last year. On a quarterly basis, the demand for OPEC crude is projected at 29.2 mb/d, 28.3 mb/d, 28.6 mb/d and 29.1 mb/d respectively. The demand for OPEC crude in the first quarter is estimated to have experienced a strong decline of around 2.6 mb/d compared to the same period last year, while this decline is expected to narrow in the fourth quarter indicating a drop of 1.5 mb/d for the year.

Table 32: Summarized supply/demand balance for 2009, mb/d

	2008	1Q09	2Q09	3Q09	4Q09	2009
(a) World Oil Demand	**85.59**	**84.47**	**83.30**	**83.65**	**84.70**	**84.03**
Non-OPEC Supply	50.32	50.71	50.42	50.29	50.74	50.54
OPEC NGLs and non-conventionals	4.31	4.52	4.60	4.73	4.87	4.68
(b) Total Supply excluding OPEC Crude	**54.63**	**55.23**	**55.02**	**55.02**	**55.61**	**55.22**
Difference (a-b)	**30.97**	**29.24**	**28.27**	**28.63**	**29.09**	**28.81**
OPEC crude oil production	31.07	28.24				
Balance	0.10	-1.00				

Totals may not add due to independent rounding.

Graph 45: Balance of supply and demand

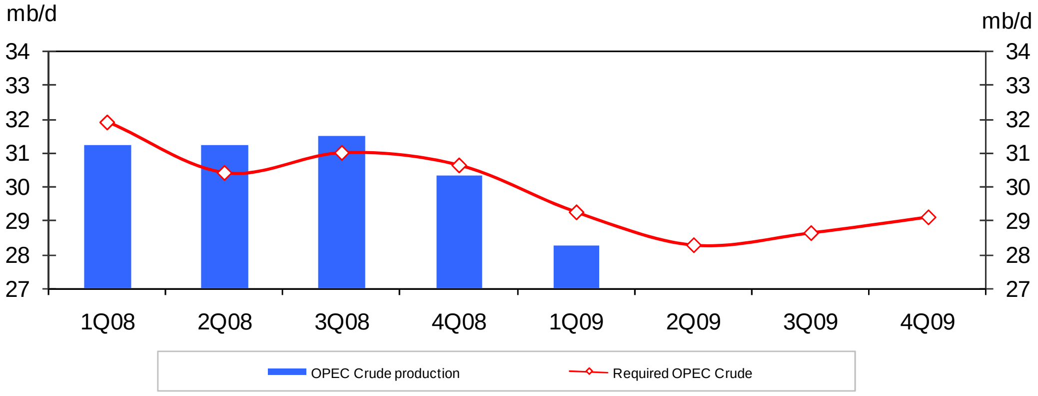


Table 33: World oil demand/supply balance, mb/d

	2004	2005	2006	2007	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09	4Q09	2009
World demand														
OECD	49.4	49.8	49.6	49.2	48.9	47.2	46.6	47.3	47.5	46.7	45.2	45.1	46.4	45.9
North America	25.4	25.6	25.4	25.5	24.8	24.5	23.7	24.1	24.3	23.7	23.5	23.1	23.7	23.5
Western Europe	15.5	15.7	15.7	15.3	15.2	14.9	15.4	15.3	15.2	14.7	14.4	14.9	14.9	14.8
Pacific	8.5	8.6	8.5	8.3	8.9	7.8	7.5	7.9	8.0	8.2	7.3	7.1	7.8	7.6
DCs	21.8	22.6	23.3	24.2	24.8	25.2	25.2	25.0	25.0	24.9	25.3	25.3	25.2	25.2
FSU	3.8	3.9	4.0	4.0	4.1	3.7	4.2	4.4	4.1	4.1	3.7	4.2	4.4	4.1
Other Europe	0.9	0.9	0.9	0.9	1.0	1.0	0.9	0.9	1.0	1.0	0.9	0.9	0.9	0.9
China	6.5	6.7	7.2	7.6	8.0	8.2	8.1	7.7	8.0	7.8	8.2	8.2	7.8	8.0
(a) Total world demand	82.5	83.9	84.9	85.9	86.8	85.3	85.1	85.2	85.6	84.5	83.3	83.6	84.7	84.0
Non-OPEC supply														
OECD	21.3	20.5	20.2	20.1	20.0	19.7	19.1	19.6	19.6	19.8	19.4	19.1	19.3	19.4
North America	14.6	14.1	14.2	14.3	14.2	14.1	13.6	13.8	13.9	14.1	13.9	13.9	14.0	14.0
Western Europe	6.2	5.7	5.4	5.2	5.2	5.0	4.8	5.1	5.0	5.0	4.8	4.5	4.7	4.8
Pacific	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.6	0.7
DCs	11.6	11.9	12.0	12.0	12.2	12.2	12.2	12.3	12.2	12.5	12.5	12.7	12.8	12.6
FSU	11.1	11.5	12.0	12.5	12.6	12.7	12.5	12.5	12.6	12.6	12.7	12.5	12.7	12.6
Other Europe	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	3.9	3.9	3.8	3.8	3.8	3.8	3.9	3.9	3.8
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
Total non-OPEC supply	49.6	49.6	50.0	50.5	50.7	50.5	49.7	50.3	50.3	50.7	50.4	50.3	50.7	50.5
OPEC NGLs + non-conventional oils	3.7	3.9	3.9	4.0	4.2	4.3	4.4	4.4	4.3	4.5	4.6	4.7	4.9	4.7
(b) Total non-OPEC supply and OPEC NGLs	53.3	53.5	53.9	54.5	55.0	54.9	54.1	54.6	54.6	55.2	55.0	55.0	55.6	55.2
OPEC crude oil production (secondary sources)	29.6	30.7	30.5	30.1	31.2	31.2	31.5	30.3	31.1	28.2				
Total supply	82.9	84.2	84.4	84.7	86.2	86.1	85.6	85.0	85.7	83.5				
Balance (stock change and miscellaneous)	0.4	0.3	-0.5	-1.2	-0.7	0.8	0.5	-0.3	0.1	-1.0				
OECD closing stock levels (*mb*)														
Commercial	2538	2585	2666	2567	2567	2573	2603	2657	2704					
SPR	1450	1487	1499	1524	1524	1527	1529	1522	1526					
Total	3988	4072	4165	4091	4091	4099	4132	4178	4230					
Oil-on-water	905	958	916	942	942	929	929	898	928					
Days of forward consumption in OECD														
Commercial onland stocks	51	52	54	54	54	55	55	57	59					
SPR	29	30	30	32	32	33	32	33	33					
Total	80	82	85	86	87	88	87	90	92					
Memo items														
FSU net exports	7.3	7.7	8.0	8.5	8.5	8.9	8.2	8.1	8.4	8.5	9.0	8.3	8.3	8.5
(a) - (b)	29.2	30.4	31.0	31.4	31.9	30.4	31.0	30.6	31.0	29.2	28.3	28.6	29.1	28.8

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	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09	4Q09	2009
World demand														
OECD	-	-	-	-	-	-	-	-	-	-0.2	-0.2	-0.2	-	-0.1
North America	-	-	-	-	-	-	-	-	-	-0.3	-0.2	-0.2	-	-0.2
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-0.1	-0.1	-	-	0.1	0.1	-	-	-	0.1	-	-
FSU	-	-	0.1	0.1	0.2	-0.2	-	-	-	0.2	-0.2	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	-	-	-	-	0.1	-0.1	0.1	0.1	-	-0.1	-0.4	-0.2	-	-0.2
World demand growth	*-*	*0.01*	*-0.01*	*-*	*0.04*	*0.05*	*-*	*0.08*	*0.04*	*-0.23*	*-0.26*	*-0.27*	*-0.02*	*-0.20*
Non-OPEC supply														
OECD	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1
Total non-OPEC supply growth	*-*	*-*	*-*	*-*	*0.01*	*-*	*0.01*	*-0.03*	*-*	*-0.06*	*-0.07*	*-0.07*	*-0.06*	*-0.07*
OPEC NGLs + non-conventionals	-	-	-	-	-	-0.1	-0.1	-0.2	-0.1	-0.2	-0.1	-0.2	-0.1	-0.1
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-0.1	-0.1	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	-	-	-0.1	-0.1	-0.2	-0.1	-0.2				
Balance (stock change and miscellaneous)	-	-	-	-	-0.2	-	-0.2	-0.3	-0.2	-0.1				
OECD closing stock levels (*mb*)														
Commercial	-	-	-	-	-	-	-	-	47					
SPR	-	-	-	-	-	-	-	-	4					
Total	-	-	-	-	-	-	-	-	51					
Oil-on-water	-	-	-	-	-	-	-	-	-					
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-	-	-	1.2					
SPR	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	1.4					
Memo items														
FSU net exports	-	-	-0.1	-0.1	-0.1	0.1	-	-	-	-0.1	0.2	-	-	-
(a) - (b)	-	-	-	-	0.2	-	0.2	0.3	0.2	0.1	-0.2	-	0.3	-

† This compares Table 33 in this issue of the MOMR with Table 32 in the April 2009 issue.
This table shows only where changes have occurred.

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

	2004	2005	2006	2007	2008	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Closing stock levels *mb*																					
OECD onland commercial	2,538	2,585	2,666	2,567	2,704	2,533	2,612	2,627	2,585	2,585	2,648	2,760	2,666	2,597	2,656	2,649	2,567	2,573	2,603	2,657	2,704
North America	1,193	1,257	1,277	1,230	1,306	1,201	1,275	1,254	1,257	1,240	1,277	1,351	1,277	1,238	1,294	1,285	1,230	1,215	1,240	1,279	1,306
Western Europe	915	934	962	931	991	942	915	942	934	937	935	948	962	941	936	932	931	964	955	948	991
OECD Pacific	430	394	428	406	406	389	422	432	394	408	436	461	428	419	427	431	406	393	408	430	406
OECD SPR	1,450	1,487	1,499	1,524	1,526	1,462	1,494	1,494	1,487	1,487	1,493	1,495	1,499	1,507	1,506	1,520	1,524	1,527	1,529	1,522	1,526
North America	678	687	691	699	704	690	698	696	687	688	690	690	691	691	692	695	699	702	708	704	704
Western Europe	377	407	412	421	416	376	401	405	407	407	411	412	412	415	413	423	421	421	417	414	416
OECD Pacific	396	393	396	404	406	396	395	393	393	392	393	393	396	401	401	403	404	404	404	403	406
OECD total	3,988	4,072	4,165	4,091	4,230	3,995	4,106	4,121	4,072	4,072	4,141	4,255	4,165	4,104	4,163	4,169	4,091	4,099	4,132	4,178	4,230
Oil-on-water	905	958	916	942	928	934	931	926	958	962	971	972	916	914	905	923	942	929	929	898	928
Days of forward consumption in OECD																					
OECD onland commercial	51	52	54	54	59	52	53	52	51	53	54	55	54	54	54	53	52	54	56	56	58
North America	47	49	50	51	56	47	50	49	50	49	50	53	50	49	51	50	50	50	52	53	55
Western Europe	58	60	63	61	67	61	58	60	58	61	60	60	63	63	61	60	61	65	62	62	67
OECD Pacific	50	46	51	51	53	48	52	49	42	52	55	52	48	53	54	49	46	50	54	54	49
OECD SPR	29	30	30	32	33	30	30	30	29	31	30	30	30	31	31	30	31	32	33	32	33
North America	27	27	27	29	30	27	27	27	27	27	27	27	27	27	27	27	28	29	30	29	30
Western Europe	24	26	27	28	28	25	26	26	25	27	26	26	27	28	27	27	28	28	27	27	28
OECD Pacific	46	46	47	50	53	49	49	45	42	50	49	45	44	51	51	46	46	52	54	51	49
OECD total	80	82	85	86	92	82	83	82	80	84	84	85	84	85	85	84	84	87	89	88	91

Table 36: Non-OPEC supply and OPEC natural gas liquids, mb/d

	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	4Q09	2009	Change 09/08
USA	7.65	7.34	7.36	0.02	7.46	7.58	7.41	7.54	7.50	0.14	7.64	7.75	7.20	7.42	7.50	0.00	7.77	7.73	7.69	7.77	7.74	0.24
Canada	3.07	3.03	3.20	0.17	3.34	3.24	3.36	3.34	3.32	0.12	3.30	3.12	3.30	3.28	3.25	-0.07	3.29	3.24	3.27	3.37	3.29	0.04
Mexico	3.83	3.77	3.69	-0.08	3.58	3.59	3.45	3.33	3.49	-0.21	3.29	3.18	3.13	3.09	3.17	-0.31	3.04	2.94	2.93	2.84	2.94	-0.23
North America	14.56	14.14	14.24	0.11	14.38	14.41	14.22	14.20	14.30	0.06	14.22	14.05	13.63	13.80	13.92	-0.38	14.10	13.91	13.89	13.98	13.97	0.05
Norway	3.19	2.97	2.78	-0.19	2.72	2.46	2.48	2.57	2.56	-0.22	2.51	2.39	2.38	2.54	2.45	-0.10	2.51	2.36	2.20	2.36	2.36	-0.10
UK	2.10	1.89	1.71	-0.18	1.79	1.75	1.49	1.72	1.69	-0.02	1.69	1.64	1.41	1.55	1.57	-0.12	1.54	1.46	1.38	1.37	1.44	-0.14
Denmark	0.39	0.38	0.34	-0.04	0.31	0.31	0.30	0.31	0.31	-0.04	0.28	0.28	0.27	0.28	0.28	-0.02	0.29	0.27	0.23	0.25	0.26	-0.02
Other Western Europe	0.50	0.51	0.54	0.03	0.68	0.69	0.69	0.69	0.68	0.15	0.72	0.73	0.75	0.73	0.73	0.05	0.67	0.71	0.71	0.71	0.70	-0.03
Western Europe	6.18	5.74	5.37	-0.37	5.50	5.20	4.95	5.29	5.23	-0.13	5.20	5.04	4.82	5.11	5.04	-0.19	5.01	4.79	4.52	4.69	4.75	-0.29
Australia	0.52	0.53	0.51	-0.02	0.51	0.54	0.54	0.51	0.53	0.02	0.47	0.53	0.55	0.58	0.53	0.01	0.58	0.54	0.56	0.51	0.54	0.01
Other Pacific	0.05	0.05	0.05	0.00	0.06	0.06	0.09	0.11	0.08	0.03	0.11	0.10	0.10	0.09	0.10	0.02	0.09	0.12	0.12	0.12	0.11	0.01
OECD Pacific	0.57	0.58	0.56	-0.02	0.57	0.61	0.63	0.61	0.60	0.04	0.58	0.63	0.64	0.67	0.63	0.03	0.67	0.66	0.67	0.63	0.66	0.02
Total OECD	21.31	20.45	20.17	-0.28	20.45	20.22	19.79	20.11	20.14	-0.03	20.01	19.72	19.09	19.58	19.60	-0.54	19.78	19.36	19.09	19.30	19.38	-0.22
Brunei	0.21	0.21	0.22	0.01	0.20	0.18	0.19	0.19	0.19	-0.03	0.19	0.16	0.17	0.18	0.17	-0.02	0.18	0.18	0.18	0.18	0.18	0.00
India	0.79	0.76	0.79	0.03	0.82	0.81	0.81	0.82	0.82	0.02	0.83	0.81	0.82	0.83	0.82	0.01	0.79	0.80	0.85	0.87	0.83	0.01
Indonesia	1.15	1.12	1.07	-0.05	1.03	1.02	1.01	1.03	1.02	-0.04	1.05	1.04	1.04	1.03	1.04	0.02	1.02	1.05	1.09	1.09	1.06	0.02
Malaysia	0.79	0.77	0.76	-0.01	0.75	0.75	0.76	0.80	0.76	0.01	0.78	0.76	0.78	0.75	0.77	0.00	0.76	0.76	0.78	0.78	0.77	0.00
Thailand	0.25	0.30	0.32	0.02	0.33	0.34	0.34	0.34	0.34	0.02	0.34	0.35	0.36	0.36	0.35	0.02	0.37	0.36	0.36	0.36	0.36	0.01
Vietnam	0.42	0.39	0.37	-0.02	0.36	0.35	0.34	0.35	0.35	-0.02	0.34	0.31	0.29	0.31	0.31	-0.03	0.33	0.33	0.34	0.35	0.34	0.02
Asia others	0.18	0.26	0.26	0.01	0.27	0.27	0.27	0.26	0.27	0.00	0.28	0.28	0.28	0.29	0.28	0.01	0.28	0.29	0.29	0.29	0.29	0.01
Other Asia	3.81	3.80	3.79	-0.01	3.76	3.70	3.72	3.79	3.74	-0.05	3.80	3.71	3.73	3.75	3.75	0.01	3.73	3.76	3.89	3.92	3.83	0.08
Argentina	0.80	0.78	0.77	0.00	0.77	0.77	0.76	0.75	0.76	-0.01	0.77	0.77	0.76	0.75	0.76	0.00	0.78	0.76	0.75	0.74	0.75	-0.01
Brazil	1.80	1.98	2.11	0.12	2.15	2.15	2.16	2.14	2.15	0.04	2.23	2.28	2.31	2.29	2.28	0.13	2.43	2.40	2.52	2.53	2.47	0.19
Colombia	0.54	0.53	0.54	0.01	0.53	0.53	0.54	0.55	0.54	0.00	0.57	0.59	0.61	0.63	0.60	0.06	0.64	0.65	0.66	0.66	0.65	0.05
Trinidad & Tobago	0.16	0.18	0.18	0.00	0.16	0.16	0.16	0.15	0.16	-0.02	0.16	0.15	0.16	0.16	0.16	0.00	0.16	0.17	0.17	0.17	0.16	0.01
L. America others	0.26	0.30	0.26	-0.03	0.26	0.27	0.27	0.28	0.27	0.00	0.27	0.28	0.28	0.31	0.29	0.02	0.32	0.29	0.29	0.29	0.30	0.01
Latin America	3.55	3.77	3.86	0.09	3.88	3.88	3.88	3.88	3.88	0.02	4.00	4.06	4.12	4.15	4.08	0.20	4.32	4.26	4.37	4.38	4.33	0.25
Bahrain	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	-0.03	0.73	0.72	0.71	0.70	0.71	-0.03	0.72	0.74	0.76	0.75	0.74	0.03	0.76	0.78	0.79	0.79	0.78	0.04
Syria	0.49	0.45	0.44	-0.02	0.42	0.42	0.42	0.42	0.42	-0.02	0.41	0.41	0.40	0.39	0.40	-0.02	0.39	0.41	0.41	0.41	0.40	0.00
Yemen	0.41	0.41	0.37	-0.03	0.35	0.34	0.33	0.33	0.34	-0.04	0.31	0.31	0.30	0.29	0.30	-0.03	0.29	0.28	0.27	0.27	0.28	-0.03
Middle East	1.90	1.85	1.76	-0.09	1.69	1.69	1.66	1.65	1.67	-0.09	1.65	1.66	1.66	1.64	1.65	-0.02	1.64	1.68	1.68	1.68	1.67	0.01
Chad	0.16	0.18	0.16	-0.02	0.16	0.15	0.15	0.15	0.15	-0.01	0.15	0.15	0.15	0.15	0.15	0.00	0.15	0.14	0.14	0.13	0.14	-0.01
Congo	0.24	0.24	0.25	0.01	0.25	0.23	0.24	0.25	0.24	0.00	0.26	0.26	0.26	0.27	0.26	0.02	0.27	0.29	0.30	0.35	0.30	0.04
Egypt	0.71	0.70	0.67	-0.02	0.67	0.67	0.67	0.67	0.67	0.00	0.68	0.68	0.69	0.70	0.69	0.02	0.70	0.70	0.70	0.68	0.69	0.01
Equatorial Guinea	0.30	0.36	0.37	0.01	0.36	0.37	0.37	0.37	0.37	0.00	0.38	0.38	0.38	0.38	0.38	0.01	0.38	0.37	0.37	0.36	0.37	-0.01
Gabon	0.25	0.25	0.25	0.00	0.25	0.25	0.25	0.25	0.25	0.00	0.24	0.24	0.24	0.25	0.24	-0.01	0.26	0.24	0.25	0.25	0.25	0.01
South Africa	0.19	0.19	0.19	0.00	0.18	0.18	0.18	0.18	0.18	-0.01	0.17	0.17	0.17	0.17	0.17	-0.01	0.17	0.16	0.16	0.16	0.16	-0.01
Sudan	0.30	0.34	0.40	0.06	0.50	0.50	0.48	0.51	0.50	0.10	0.50	0.49	0.47	0.45	0.48	-0.02	0.47	0.47	0.49	0.50	0.48	0.00
Africa other	0.21	0.25	0.32	0.07	0.34	0.34	0.34	0.37	0.35	0.03	0.38	0.38	0.38	0.38	0.38	0.03	0.38	0.41	0.41	0.41	0.40	0.03
Africa	2.36	2.52	2.60	0.09	2.71	2.69	2.68	2.75	2.71	0.11	2.75	2.75	2.74	2.75	2.75	0.04	2.77	2.77	2.81	2.84	2.80	0.05
Total DCs	11.63	11.93	12.02	0.09	12.03	11.96	11.94	12.07	12.00	-0.02	12.20	12.19	12.25	12.29	12.24	0.23	12.45	12.47	12.75	12.82	12.62	0.39
FSU	11.14	11.55	12.02	0.47	12.51	12.45	12.50	12.62	12.52	0.50	12.62	12.67	12.45	12.48	12.56	0.04	12.57	12.68	12.47	12.66	12.59	0.04
Russia	9.19	9.44	9.65	0.21	9.87	9.83	9.89	9.87	9.87	0.22	9.78	9.74	9.81	9.80	9.78	-0.08	9.77	9.71	9.65	9.62	9.69	-0.10
Kazakhstan	1.18	1.23	1.30	0.07	1.35	1.34	1.35	1.36	1.35	0.05	1.42	1.44	1.33	1.47	1.41	0.06	1.48	1.51	1.39	1.57	1.49	0.07
Azerbaijan	0.31	0.44	0.65	0.21	0.85	0.86	0.81	0.92	0.86	0.21	0.96	1.03	0.85	0.78	0.91	0.04	0.88	0.99	0.96	1.00	0.96	0.05
FSU others	0.47	0.44	0.42	-0.02	0.44	0.42	0.45	0.46	0.44	0.02	0.46	0.46	0.46	0.44	0.46	0.01	0.43	0.47	0.47	0.47	0.46	0.01
Other Europe	0.17	0.16	0.15	-0.01	0.15	0.15	0.15	0.14	0.15	-0.01	0.13	0.13	0.13	0.12	0.13	-0.02	0.12	0.12	0.12	0.12	0.12	0.00
China	3.50	3.64	3.69	0.06	3.78	3.82	3.73	3.75	3.77	0.07	3.82	3.88	3.85	3.85	3.85	0.08	3.80	3.80	3.87	3.85	3.83	-0.02
Non-OPEC production	47.75	47.73	48.06	0.32	48.92	48.60	48.12	48.69	48.58	0.52	48.78	48.60	47.77	48.32	48.37	-0.21	48.72	48.44	48.30	48.75	48.55	0.19
Processing gains	1.83	1.86	1.90	0.04	1.92	1.92	1.92	1.93	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
Non-OPEC supply	49.58	49.59	49.96	0.36	50.84	50.52	50.04	50.62	50.50	0.54	50.73	50.55	49.72	50.27	50.32	-0.19	50.71	50.42	50.29	50.74	50.54	0.22
OPEC NGL	3.54	3.74	3.76	0.02	3.77	3.95	4.04	4.03	3.95	0.19	4.11	4.23	4.25	4.25	4.21	0.26	4.42	4.50	4.63	4.76	4.58	0.37
OPEC Non-conventional	0.17	0.16	0.14	-0.02	0.08	0.08	0.08	0.09	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
OPEC (NGL+NCF)	3.71	3.89	3.89	0.00	3.85	4.03	4.13	4.12	4.03	0.14	4.22	4.33	4.35	4.35	4.31	0.28	4.52	4.60	4.73	4.87	4.68	0.37
Non-OPEC & OPEC (NGL+NCF)	53.29	53.49	53.85	0.37	54.69	54.55	54.17	54.74	54.53	0.68	54.95	54.88	54.07	54.63	54.63	0.10	55.23	55.02	55.02	55.61	55.22	0.59

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

Table 37: World Rig Count

	2004	2005	Change 05/04	1Q 06	2Q 06	3Q 06	4Q 06	2006	Change 06/05	1Q 07	2Q 07	3Q 07	4Q 07	2007	Change 07/06	1Q 08	2Q 08	3Q 08	4Q 08	2008	Change 08/07	Feb 09	Mar 09	1Q 08	Apr 09	Change Apr/Mar
USA	1,190	1,378	188	1,519	1,632	1,719	1,719	1,648	270	1,733	1,757	1,788	1,790	1,767	119	1,770	1,864	1,978	1,898	1,878	111	1,320	1,105	1,326	995	-110
Canada	369	490	121	665	282	494	440	470	-20	532	139	348	356	344	-126	507	169	432	408	379	35	413	196	329	75	-121
Mexico	110	107	-3	85	85	77	84	83	-24	90	88	96	93	92	9	96	106	103	106	103	11	132	126	128	127	1
North America	1,669	1,975	306	2,269	1,999	2,290	2,243	2,200	225	2,355	1,984	2,232	2,240	2,203	3	2,373	2,139	2,512	2,411	2,359	156	1,865	1,427	1,782	1,197	-230
Norway	17	17	0	19	20	16	9	16	-1	16	19	18	17	18	2	17	21	21	21	20	2	25	24	25	22	-2
UK	16	21	5	29	27	26	15	24	3	25	29	27	22	26	2	19	21	24	24	22	-4	20	22	22	19	-3
Western Europe	65	65	0	77	78	73	65	73	8	72	78	76	73	75	2	71	78	83	83	79	4	85	85	85	4	-81
OECD Pacific	22	25	3	25	28	25	28	27	2	24	30	32	30	29	2	32	39	39	34	36	7	29	29	29	32	3
Total OECD	1,755	2,065	310	2,371	2,105	2,389	2,336	2,300	235	2,450	2,091	2,340	2,342	2,306	6	2,476	2,256	2,634	2,529	2,474	168	2,089	1,652	1,970	1,417	-235
Other Asia	178	201	23	198	196	206	201	201	0	209	216	214	207	217	16	214	225	218	216	152	64	211	214	208	207	-7
Latin America	116	129	13	137	151	153	153	149	20	183	178	173	181	178	29	181	181	181	197	192	14	162	158	164	152	-6
Middle East	70	72	2	72	79	82	85	80	8	82	85	87	86	85	5	89	91	93	90	91	6	86	85	86	85	0
Africa	51	54	3	59	62	68	77	67	13	75	80	88	88	83	16	84	90	97	94	91	8	88	86	88	86	0
Total DCs	415	456	41	466	488	509	507	493	37	510	510	509	515	511	18	512	520	540	532	526	15	547	543	527	530	-13
Non-OPEC Rig Count	2,120	2,465	345	2,794	2,549	2,850	2,806	2,751	286	2,950	2,593	2,842	2,850	2,808	57	3,006	2,795	3,192	3,081	3,019	211	2,654	2,213	2,515	1,965	-248
Algeria	19	21	2	21	21	28	27	24	3	25	26	28	28	27	3	26	27	24	26	26	-1	23	25	24	32	7
Angola	3	3	0	4	4	4	4	4	1	5	4	3	5	4	0	5	6	5	5	5	1	5	5	5	2	-3
Ecuador	10	12	2	12	11	11	12	11	-1	12	10	11	10	11	0	7	9	12	13	10	-1	10	11	10	10	-1
Iran	41	40	-1	40	45	47	45	44	4	51	51	51	50	50	6	50	50	50	51	50	0	51	52	51	52	0
Iraq	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Kuwait	10	12	11	12	13	14	15	14	15	14	13	13	11	12	13	12	11	12	12	12	0	10	13	12	11	-2
Libya	10	9	-1	9	9	10	12	10	1	13	12	14	14	13	3	14	15	15	15	15	2	16	14	15	11	-3
Nigeria	8	9	1	10	9	10	10	10	1	8	7	8	10	8	-2	9	8	6	6	7	-1	7	8	7	6	-2
Qatar	9	12	3	13	10	11	9	11	-1	11	12	13	14	13	2	11	12	11	11	11	-2	9	9	9	8	-1
Saudi Arabia	32	36	4	54	60	70	76	65	29	76	76	78	77	77	12	78	77	76	76	77	0	72	69	72	67	-2
UAE	16	16	0	17	16	16	16	16	0	14	15	15	14	14	-2	12	12	13	12	12	-2	11	13	13	12	-1
Venezuela	55	67	12	78	83	85	77	81	14	76	80	77	71	76	-5	82	81	77	81	80	4	69	63	69	65	2
OPEC Rig Count	213	237	24	270	281	306	303	290	53	305	306	311	304	305	15	306	308	301	308	305	0	283	282	286	276	-6
Worldwid Rig Count*	2,333	2,702	369	3,064	2,830	3,156	3,109	3,041	339	3,255	2,899	3,153	3,154	3,113	72	3,312	3,103	3,493	3,389	3,324	211	2,937	2,495	2,801	2,241	-254
of which:																										
Oil	877	959	82	1,069	1,060	1,169	1,156	1,114	155	1,266	1,155	1,257	1,288	1,239	125	1,374	1,320	1,443	1,436	1,393	154	1,273	1,071	1,206	968	-103
Gas	1,436	1,722	280	1,981	1,757	1,969	1,932	1,911	197	1,969	1,725	1,876	1,842	1,853	-67	1,904	1,752	2,014	1,916	1,896	35	1,633	1,401	1,567	1,252	-149
Others	20	22	2	14	13	18	21	16	-6	20	19	20	24	21	5	34	31	36	37	35	14	31	23	28	21	-2

**/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 May 2009

OPEC Basket average price

US$ per barrel

⬆ *up 4.42 in April*	***April 2009***	***50.20***
	March 2009	*45.78*
	Year-to-date	*44.79*

April OPEC production

in million barrels per day, according to secondary sources

⬆ *up 0.22 in April*	***April 2009***	***28.14***
	March 2009	*27.92*

World economy

Global economic growth has been revised down further to now show a contraction of 1.4%. The major revisions were made in the Euro-zone, which is now expected to contract by 4.2%.

Supply and demand

in million barrels per day

2008		***2009***	
World demand	*85.6*	*World demand*	*84.0*
Non-OPEC supply	*54.6*	*Non-OPEC supply*	*55.2*
Difference	***31.0***	***Difference***	***28.8***

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

Stocks

Driven by a substantial build of 34 mb in the US, preliminary data indicates OECD commercial oil inventories remain very high, corresponding to around 61 days of forward cover in April.

Issued 13 May 2009.
Next report to be issued on 12 June 2009.

Data cover period up to the end of April 2009 unless otherwise stated.