OPEC

Organization of the Petroleum Exporting Countries

Monthly Oil Market Report

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Feature Article:

Market sentiment improves despite weak fundamentals

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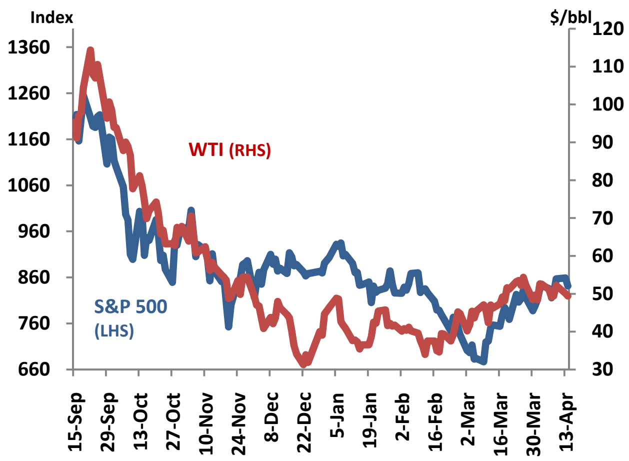
Oil Market Highlights

- The **OPEC Reference Basket** surged $4.37/b or 10.5% in March to average $45.78/b. The market was dominated by developments in equities and other economic indicators. Prices continued to strengthen in early April as economic sentiment showed some improvement following efforts by the G-20 to boost global growth. However, more recently, bearish reports showing a further slowdown in demand and higher stock levels have had a negative impact on prices. The Basket stood at $51.07/b on 14 April.
- Despite some positive signals in the US and new aid packages in Japan and Germany, the **world economy** continued to contract. As a result, the global economic growth forecast for 2009 has been reduced by a further 0.6 percentage points to stand at minus 0.8%. The downward revisions have been made to all world regions except China and India, but primarily in the major OECD economies. The OECD is now expected to decline by 3.1% in 2009, following a downward revision of 0.6 percentage points.
- **World oil demand** in 2008 was revised down slightly to show a decline of 0.3 mb/d, as the world economic crisis caused more damage to global oil demand in the fourth quarter of 2008 than previously expected. In 2009, world oil demand is forecast to fall for the second consecutive year, dropping 1.4 mb/d following a downward revision of 0.4 mb/d. The world economic recession continues to erode oil demand growth, particularly in the US, Japan and China. OECD oil demand is forecast to decline over the entire year while non-OECD is likely to see only minor growth of 0.13 mb/d. On a quarterly basis, China's apparent oil demand in the first quarter moved into the red for the first time since 2005.
- **Non-OPEC supply** in 2008 is now expected to have declined by 0.2 mb/d, following a slight revision from the last assessment. In 2009, non-OPEC supply is expected to increase by 0.3 mb/d, following a downward revision of 80 tb/d. The adjustment is primarily due to lower expectations for China, Mexico, Kazakhstan, Azerbaijan and Vietnam. In March, total **OPEC crude production** averaged 27.9 mb/d, a decrease of 145 tb/d from the previous month.
- Gasoline stock build in the US and a weakening distillate market have exerted pressure on **product market** sentiment, undermining refining economics in the US and Asia. Due to the continued slowdown in demand and comfortable product stocks as well as increasing spare refining capacity across the globe, the current bearish momentum of product markets is not expected to change in the coming driving season will not be enough to support for crude oil prices.
- OPEC spot fixtures declined by 16% in March compared to the previous month. Sailings from OPEC were also lower, but arrivals in the US rose 9%. The continued global economic crisis and greater OPEC compliance on production adjustments were, once again, the main drivers behind lower **freight rates** for the VLCC sector in the dirty tanker market in March.
- US **commercial oil stocks** witnessed a contra-seasonal build of 16 mb in March to stand at 1,054 mb, implying a huge overhang of 86 mb compared to the five-year-average. Crude oil stocks moved above 360 mb, the highest level since early 1993. Total oil stocks in the EU-15 plus Norway increased for the fourth time in a row to stand at a 22-month high of 1,144 mb in March. Japan's commercial oil stocks recovered sharply in February to stand at the upper end of the five-year range.
- The latest developments in the market balance suggest that **demand for OPEC crude** in 2008 is estimated to have averaged 30.8 mb/d, representing a decline of 0.3 mb/d from the previous year. In 2009, demand for OPEC crude is expected to average 28.7 mb/d, representing a drop of 2.1 mb/d from the previous year.

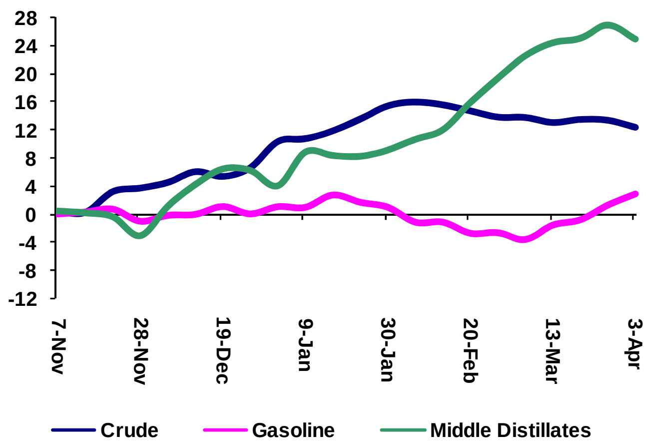
Market sentiment improves despite weak fundamentals

- While economic news remains bearish with labour markets in the US and elsewhere continuing to weaken, a few promising developments have begun to appear, which have recently helped to improve market sentiment. In the US, the housing sector showed signs of revival in February, amid falling mortgage rates. Goods production may be set to resume as some destocking has occurred. The manufacturing sector inched up for the third month while forward-looking orders have showed an increase. Incentives helped vehicle sales improve in the US and Europe. In China, the manufacturing sector picked up, raising expectations that the government's stimulus package may be successful in supporting higher growth in the second half of the year, even if exports remain weak.
- Moreover, the outcome of the G20 meeting in London was generally perceived to have a positive effect, despite the inability to elicit further fiscal commitments to fight the global recession. Commitments were made to raise trade finance, while the substantial increase in IMF resources should serve to support troubled emerging market economies, advancing ongoing efforts to stabilize the global financial system.
- These developments have had a positive impact on market sentiment, which has been reflected in the equity markets with the S&P 500 rising by more than 20% since early March. Over the same period, the earlier correlation between equity prices and oil prices appears to have returned (*see **Graph 1***). After leveling out at around $40/b over the first months of the year, the OPEC Reference Basket gradually moved above $50/b in April, in line with the improvement in equities.

Graph 1: WTI crude prices vs. equity market



Graph 2: US oil stocks, deviation from five-year average (%)



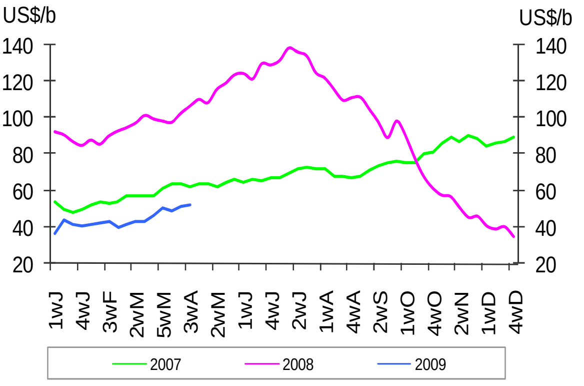
- Despite these positive signs, the overall picture remains bearish as the outlook for the OECD region as well as emerging economies in Latin America and the Asia Pacific continue to deteriorate. As a result, forecasts for world GDP by all leading institutions have been revised down further. Our forecast for 2009 now points to a 0.8% contraction in world GDP, representing a downward revision of 0.6 percentage points from the previous month.
- Oil market fundamentals have also continued to weaken. Oil demand growth for 2009 has been further revised down to show a decline of 1.4 mb/d, following a downward adjustment of around 0.4 mb/d from the previous assessment. These continuing revisions have been due to the fact that not only has OECD oil demand growth contracted, but also non-OECD consumption has experienced a significant slowdown. The financial and economic crisis has also affected supply. The forecast for non-OPEC supply growth has been revised down to 0.3 mb/d, with probable further downside risks due to project delays resulting from investment cuts. These cuts have also affected capacity expansions in the downstream.
- The persistent market imbalance is being reflected in higher stocks with crude oil and major product groups remaining well above their five-year average (*see **Graph 2***) because of the continued erosion in demand. In addition, lower demand projections have pushed days of forward cover in OECD to more than 60 days, over 7 days above a year ago and the highest level since September 1993. With the approach of the driving season, gasoline demand is expected to increase somewhat, but not enough to give to support crude prices. Moreover, as refiners are running at low utilization rates on both sides of the Atlantic, sufficient flexibility exists to accommodate any surge in gasoline demand.
- The OPEC decision at the March Meeting of the Conference reflects the Organization's deep concerns about the extent of the global economic crisis as well as its ongoing commitment to support oil market stability. In the coming months, the market is expected to remain under pressure from uncertainties in the economic outlook, demand deterioration and the substantial overhang in supply. Vigilant monitoring is essential to assess the likely developments in the second half of the year and the impact these will have on market stability, ahead of the planned Extraordinary Meeting on 28 May.

Crude Oil Price Movements

The OPEC supply adjustment and emerging stimulus packages kept the market steady

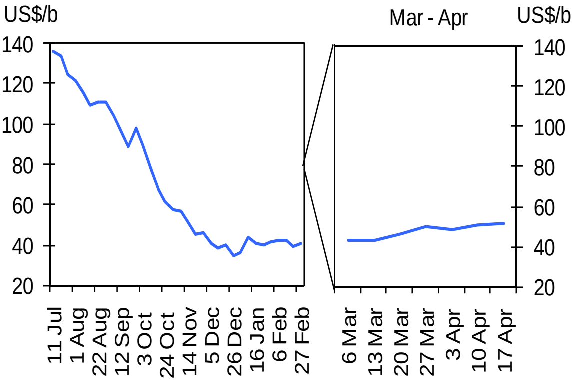
OPEC Reference Basket

Graph 1: OPEC Reference Basket - weekly spot crude



The petroleum market was mostly dominated by equity trends. Venezuela Merey crude replaced BCF-17 retroactively since January of this year which made the Basket slightly firmer by a few cents. Although in the **first week** a slew of news prompted Wall Street stocks to plunge, outages from West Africa and a pipeline leakage at the Russian Black Sea port of Novorossiysk supported the bullish momentum while mixed API weekly petroleum data supported prices to remain firm. A rise in implied gasoline demand also lent support to market strength. In the first week, the OPEC Reference Basket averaged $1.87 or 4.5% higher at $43/b. In the **second week**, geopolitics revived once again on the back of US-China maritime developments. While bearish US petroleum data along with steady OPEC supplies calmed market sentiment, healthy retail sales data in the US revived market sentiment once again. Thus, the Basket averaged the second week 26¢ or 0.6% firmer.

Graph 2: Weekly average Basket price, 2008-2009



The **third week** emerged on poor refining margins while OPEC supply remained steady keeping a cap on market sentiment. A further economic measure on US housing data was perceived to be diminishing recessionary fears. The weak dollar continued to lend support to price firmness as the US Federal Reserve expanded plans to buy assets, including long-dated treasury securities and government debt. Hence the market remained jittery as speculators appeared quick to jump on any bullish news. The Basket averaged the third week well over 6% or $2.65 higher at $45.91/b. Revived equity markets and the weaker US dollar exchange rate added to market bullishness as investors interpreted Wall Street news as a shift away from the economic downturn. Refinery outages also improved the margins on slower utilization rates while distillates remained in demand. Healthy crude oil stock builds in the US revived some of the bears. Yet, a rebound on Wall Street stocks prompted the inflow of new funds into the energy market. Thus, the ORB surged in the fourth week by almost 10% or $4.48 to close at $50.39/b, the highest weekly average since November. In the final days of the month, the Basket eased on the tumble in the financial market, which inevitably fueled recessionary fears of a slower economic recovery.

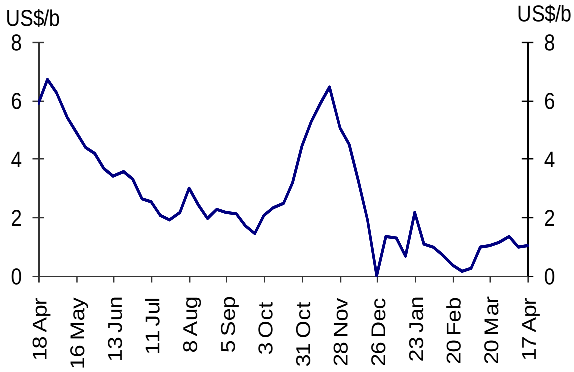
On a monthly basis, the OPEC Basket in March was dominated mostly by Wall Street equity trends and a flush of economic indicators which supported US dollar weakness. Maritime incidents flared geopolitics between the US and China inevitably adding jitteriness to the marketplace. On the fundamental side, while OPEC supply adjustment was filtering in, the decision to keep supply steady at the March meeting calmed market sentiment. The pipeline leakage from Russia and supply outages from West Africa flared fears over tighter supply as refinery margins improved. In March the Basket averaged $45.78, a gain of 10.5% or $4.37/b, the highest monthly average since November. Prices continued to strengthen in early April with economic sentiment showing some improvement as the G-20 were seen taking steps to support global growth, although bearish demand expectations have had an impact more recently. The Basket stood at $51.07/b on 14 April.

The draw on crude oil stocks at Cushing, Oklahoma supported sweet crude premiums in the US domestic market

US market

Light crude emerged in March on a firmer note with the wider contango spread attracting buying interest. However, the narrowing prompt WTI discount to Brent as stocks at Cushing, Oklahoma, depleted, attracted the flow of arbitrage barrels. The WTI/WTS **first weekly** average was 28/b compared to 15¢ the week before. In the **second week**, while the contango spread narrowed, the transatlantic spread flipped with the WTI premium to Brent attracting more North Sea related crude to flow westward. Further depleting of crude oil stocks at Cushing, Oklahoma, added to the strong momentum for sweet crude, strengthening the WTI premium to the Brent prompt month. The sweet/sour spread on the US domestic market fluctuated on the back of the transatlantic spread and the forward structure. The WTI/WTS spread averaged the second week at $1/b.

Graph 3: WTI spread to WTS, 2008-2009



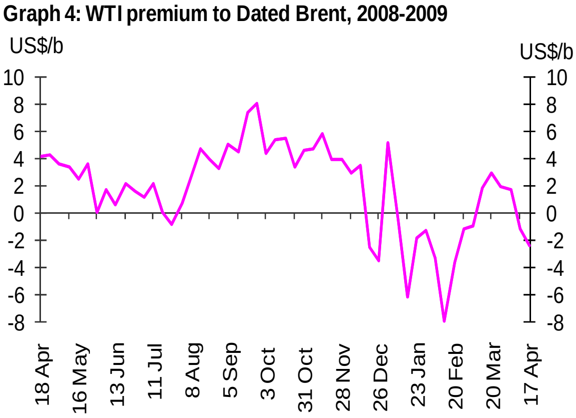
In the **third week**, light crude came under pressure on the US domestic market amid a widened WTI premium to Brent prompting potential transatlantic arbitrage barrels while refinery outages were foreseen to slow procurements. However, light cash crude strengthened on the US domestic market as futures time spreads narrowed while the transatlantic premium thinned, prompting covering of short positions as some refineries return from maintenance. The WTI/WTS spread was nearly unchanged with the weekly average at $1.01/b. In the **fourth week**, light cash crude firmed on the US domestic market, prompted by rosy financial signs dimming fears of recession. Prospects of a colder spring amid emerging seasonal fuel demand supported the light grade amid a narrowing transatlantic spread. However, rising crude oil stocks in the US while gasoline inventories depleted sent a mixed signal in the domestic market. The draw on crude oil stocks at Cushing, Oklahoma, widened the transatlantic spread prompting the flow of rival crude grades. The WTI/WTS spread peaked at a two-month high of $1.75/b. In March WTI averaged $8.92 or nearly 23% higher at $48/b, widening the premium to WTS by 36¢ to 91¢/b.

Ample prompt regional supply supported Brent to flip into a discount to WTI

North Sea market

The North Sea crude differential emerged in March on a firm note amid tight supply and outright falling prices. Brent continued to hold a premium to WTI at a narrower pace of an average 95¢/b in the **first week**. However, prompt March barrels pressured the regional market. Higher April loading programmes also added to the bearishness in the marketplace. Although, firming refinery margins kept differentials from deteriorating further. Brent flipped into a discount to WTI in the **second week** at $1.79/b, for the first time in two months. The drop in refining margins to negative territory weighed on outright prices amid ample supplies, prompting sellers to reduce offers to clear near-term stems. In the **third week**, the Brent discount to WTI widened to almost $3/b. Although prompt supply was abundant, recovery in refining margins lent support to the regional market. The rise in light-end products as seasonal fuel demand emerged while distillates remained in demand kept the regional grade differentials firm. The Brent discount to WTI was $1.03 narrower at $1.95/b. Brent averaged $46.55/b in March for a gain of $3.48 or 8%. However, it flipped into discount to WTI after an absence of two months to average $1.45 in March compared to a premium of almost $4/b the month before.

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



Weak refining margins amid restoring supply pressured the Urals differentials

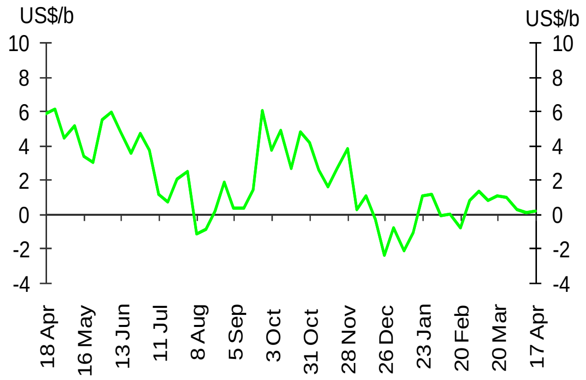
Mediterranean market

The market emerged in March on a weaker note amid an increase in March loadings from the port of Primorsk. However, Urals differentials firmed to a four-month high in the Mediterranean after a leak and fire on a pipeline which halted a fifth of Russian supplies. Yet, weak refining margins weighed on market sentiment. The Brent/Urals spread averaged 4¢ wider at 73¢/b in the **first week**. Poor margins continued to pressure the Urals market for the **second week** while supply from Russia's Black Sea resumed. In the second week, the Urals discount to Brent narrowed by 8¢ to 65¢/b. Nonetheless, in the **third week**, sentiment eased as OPEC kept supply policy unchanged which helped to calm the market. Continued bleak refinery margins pressured differentials while alternative grades became more lucrative. The Brent premium to Urals nearly doubled by 62¢ to $1.27/b in the third week. However, improved refinery margins lent support to grade differentials. The market firmed amid higher bids on slightly lower loading volume at Novorossiisk in April. The Urals discount to Brent averaged 16¢ narrower in the fourth week to $1.11/b. In March Urals averaged $3.33 or nearly 8% higher at $45.65/b. The Urals discount to Brent average the month 15¢ wider at 90¢/b.

Oman's Sohar experienced unplanned shut-downs, dampening Mideast grade differentials

Middle Eastern market

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



The market emerged the month on a quiet note amid emerging OSP and price differentials and new monthly allocations. OPEC supply adjustments lent support to the regional market in the east. However, perceived high OSPs were seen dampening demand amid slower refinery runs. The Brent/Dubai spread widened by 56¢ to $1.32/b in the **first week**. In the **second week**, the Middle East market firmed for heavy crude to the highest level since December 2003, boosted by OPEC adjustments and high crude price differentials. In the second week, the Dubai discount to Brent averaged 52¢ narrower at $80¢/b. In the **third week**, sentiment eased as OPEC kept supply policy unchanged in its March meeting while refining capacity increased. Re-offering of Oman crude prompted by weak refining margins pressured the regional grade. The flow of rival grades also added to the bearishness in the marketplace. The Brent/Dubai spread was 26¢ wider at $1.06/b. The market emerged the **fourth week** on a bearish note amid outright escalating prices while Oman's Sohar 116,000 b/d refinery was shut-down for unplanned maintenance, perceived as availing more barrels in the spot market. Nonetheless, the improved naphtha crack spread due to active replenishments of stocks in Taiwan and South Korea, and outflow of gasoil arbitrage barrels, supported the market. However, market sentiment was capped by bearish news emerging from Japan, ranging from the lowest crude imports in 20 years to large refinery cuts due to not only planned maintenance but also sluggish demand. The flow of arbitrage barrels added to market weakness. The Brent/Dubai spread was 5¢ narrower at $1.01/b. In March Dubai averaged $45.59/b representing an increase of $2.50 or 5.5%, but flipped to a discount to Brent at 96¢/b, compared to a previous 2¢/b premium.

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

			Change	Year-to-Date	
	Feb 09	Mar 09	Mar/Feb	2008	2009
OPEC Reference Basket	**41.41**	**45.78**	**4.37**	**92.50**	**42.98**
Arab Light	40.87	46.39	5.52	92.92	42.91
Basrah Light	39.66	44.94	5.28	90.21	41.44
Bonny Light	45.07	49.70	4.63	99.32	46.81
Es Sider	42.37	46.35	3.98	96.05	43.88
Girassol	43.33	46.98	3.65	93.89	44.64
Iran Heavy	39.91	44.52	4.61	90.35	41.53
Kuwait Export	40.34	44.91	4.57	89.50	41.82
Marine	43.74	46.58	2.84	91.90	45.02
Merey	38.76	39.59	0.83	-	38.59
Murban	44.71	47.75	3.04	95.99	46.29
Oriente	35.83	42.45	6.62	83.38	37.91
Saharan Blend	44.07	48.40	4.33	98.48	45.52
Other Crudes					
Minas	45.04	49.06	4.02	98.35	46.43
Dubai	43.09	45.59	2.50	91.01	44.24
Isthmus	39.39	46.98	7.59	92.53	42.29
T.J. Light	38.60	45.52	6.92	89.90	41.11
Brent	43.07	46.55	3.48	96.67	44.46
W Texas Intermediate	39.08	48.00	8.92	97.67	43.00
Differentials					
WTI/Brent	-3.99	1.45	5.44	1.00	-1.46
Brent/Dubai	-0.02	0.96	0.98	5.66	0.21

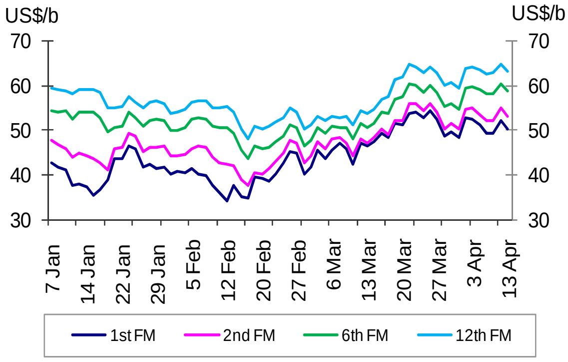
Note: As per the request of Venezuela and as approved by the 111th ECB, the Venezuelan crude BCF-17 has been replaced by Merey as of 2009. ORB has been revised as of this date.

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

The Oil Futures Market

US dollar fluctuations and Wall Street equity trends dominated the petroleum market

Graph 6: Nymex WTI futures prices, 2009



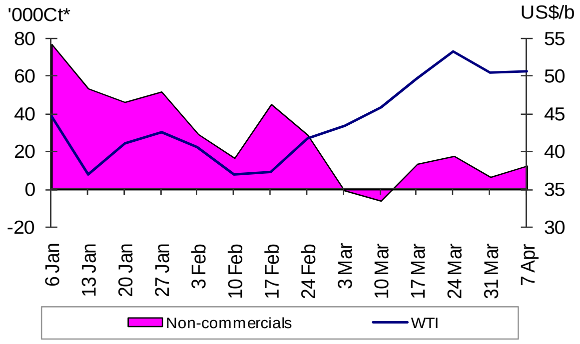
FM = future month

The petroleum market emerged the weekly period in volatile trade. Amid unexpected draws in gasoline inventories and lower-than-expected builds on crude oil stocks in the USA, the stimulus plan helped ease recessionary fears prompting a rebound in the equity markets. However, prospects of slow petroleum demand prevented prices from a further rally. The Nymex WTI front month contract closed the **first weekly** period up by $1.69 or over 4% to settle at $41.65 averaging the week at $42.86 for a gain of $4.57 or almost 12% despite plunging over 10% in the week. Nonetheless, the CFTC reported that non-commercial net positions flipped into net short dropping 29,300 lots to a minor 500 lots, amid liquidation of the longs while the short volumes inflated. Open interest volume was inflated by 12,500 lots to 1,191,700 lots. With options included, open interest volume was 58,200 lots higher at nearly 2.9 million lots. Yet net non-commercial longs depleted by 19,600 to 77,700 lots. In the **second week**, the CFTC reported an increase in non-commercial net positions by 5,500 lots to stand net short at 6,000 contracts as long positions fell at faster rate than shorts. Nonetheless, open interest volume was 18,500 lots wider at over 1.2 million lots. With options included, open interest was 16,300 lots higher at over 2.9 million lots. Net long positions depleted by 6,100 to 71,600 contracts. However, the Nymex WTI front month contract closed the period $4.06/b or nearly 10% firmer at $45.71/b to average the week at $45.46/b for a rise of $2.6/b or 6%. The market reacted to more bullish US petroleum data revealing crude stock draws while gasoline demand data indicated a revival of driving activity, supporting the bullish momentum. The weak US dollar exchange rate, further OPEC supply adjustments, and a pipeline leak in Russia furthered the upward trend with the market jumping almost 9% in one day. However, US dollar fluctuations and Wall Street equity trends capped the bullish sentiment.

In the **third weekly** period, concerns over the equity market prompted fears of a bleak economy denting petroleum demand growth and flaring the bearish sentiment. Yet, healthy US economic retail sales data, while the US dollar weakened, revived the bullish momentum, pushing crude futures 11% higher. Volatility continued between the exchange rate and equity markets. Nymex WTI closed the week $3.45 or 7.5% higher to settle at $49.16/b, averaging the week 96¢ firmer at $46.42/b. The CFTC revealed that non-commercial net positions flipped back into net long gaining 19,500 to 13,500 lots. In contrast, open interest volume depleted by 13,100 to less than 1.2 million contracts. With options included, open interest volume depleted by a hefty 113,400 lots to less than 2.8 million contracts, amid hefty liquidation of spreading, the lowest weekly level since 23 September.

In the **fourth weekly** period, the CFTC reported that non-commercial net long positions increased by 4,100 lots to 17,600 contracts as short positions fell at faster rate than the longs. Open interest volume deflated by 36,900 lots to 1,160,200 contracts, the lowest level since 23 December. With options included, open interest volume was 12,200 lots lower to remain below the level of 2.8 million contracts. Non-commercial net longs rose 10,300 to 100,000 lots, the highest level in six weeks. Market sentiment firmed in the fourth week amid a worker strike in France alerting fears over potential refined product supply shortfalls. A shipping report revealed OPEC exports hit a five-year low while the US Federal Reserve moved to inject $1 trillion into the recession-hit economy flaring the bullishness in the marketplace. Fluctuation of the US dollar exchange rate and Wall Street equity markets dominated market bullishness. The Nymex WTI front month contract peaked well over the $50 level for the first time since November, closing the period up $4.82 or nearly 10% to settle at $53.98 for an average of $51.72/b representing a rally of $5.3 or well over 11%. In the **final week**, the market eased on the back of rising US crude supply, the stronger US dollar, and while the equity markets lost momentum amid fund sell-offs for profit-taking. Nymex WTI closed the fifth week $4.32 or 8% lower, to settle at $49.66/b averaging $51.51 or 21¢ lower. The CFTC reported non-commercial net long positions fell by 11,100 lots to 6,500 contracts, amid depleting longs while short positions rose. Open interest volume was down by 11,500 lots to 1,147,700 contracts. In contrast, with options included, open interest volume was up 5,600 to 2,793,100 contracts. However, non-commercial net longs were 12,000 lots lower at 88,000 contracts.

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



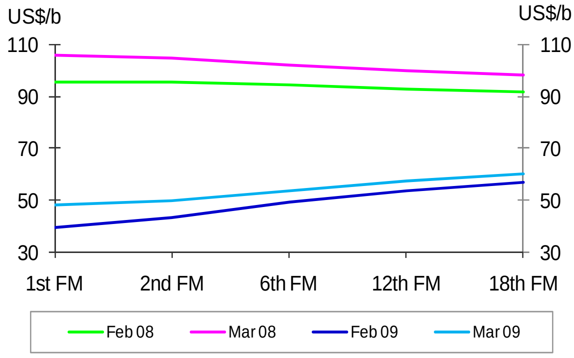
NC = Non-commercials: funds, investments and banks.
Ct = *Each contract is 1,000 barrels.

On monthly basis, the petroleum market saw a slight upward trend in **March** dominated by the fluctuation of Wall Street equity markets and the US dollar exchange rate. While crude oil stocks revealed bearishness at a healthy level, the overall performance of the equity markets and economy suggest a slow recovery. The weaker US dollar inspired the return of funds into energy futures. In March the Nymex WTI front month contract averaged $8.80 or well over 22% higher at $48.06/b. The contracts peaked at almost $54 in the final week of the month to close at $49.66/b, for a gain of almost $5 or 11%. Non-commercial net positions weekly average fell 23,700 to 6,200 lots, to stand at 82,000 lots below the same period last year and 39,000 less in the first quarter y-o-y. Open interest volume averaged 43,700 below the previous month to 1,181,600 lots and 244,700 contracts less than a year earlier and down by 187,800 lots in the first quarter y-o-y. With options included, open interest volume was down 106,300 lots to average 2,838,100 lots, and down by 6,800 lots on the year, yet 226,600 lots higher in the first quarter y-o-y. It is worth noting that the non-commercial net long positions were 29,600 lots lower than in the previous month, 55,400 lots lower than a year earlier and 22,500 lots down in the first quarter y-o-y.

The Forward Structure

A drop in crude stocks at Cushing, Oklahoma, supported narrowing of the contango spread

Graph 8: Nymex WTI forward curve



FM = future month

The contango on the forward structure eased in March with the 1st/2nd month average spread down by $2.44 to $1.44/b from the previous month. The farther-out month premium narrowed by $4.47/b, $5.14/b, and $5.42/b to $5.39/b, $9.05/b and $11.87/b respectively. This compares to 94¢, $3.73, $5.88, and $7.22 of average backwardation spread in March last year. Weekly US crude oil stocks averaged in March up by over 355 mb or 4.3 mb higher than a month earlier and 41.6 higher than last year to stand at 37 mb over the five-year average. Adding to the narrowing of the contango spread were lower crude stocks at Cushing, Oklahoma.

Commodity Markets

A revival in commodity prices was seen in March

Trends in selected commodity markets

The IMF commodity price index went up by 2.2% m-o-m in March but was 45% lower than a year ago. Despite the deep global economic recession and further financial deterioration, commodity prices experienced some recovery in March prompted mainly by a surge in energy prices and to a lesser extent in industrial metals and food. Most of the commodity markets, notably industrial metals and natural gas, remain in massive surplus with weakening demand as the crucial factor hindering sustainable recovery in the markets. Demand for some industrial metals has been supported mainly by Chinese buying but there are concerns on the possible outcome when the Chinese inventory policy is over because it is well-known from past episodes that a strong recovery in industrial metal prices will not be feasible until a recovery is seen in industrial production. It is worth noting that in 2001 global industrial production growth was negative and industrial metal prices began to recover before industrial production reached the bottom which resulted in only mild gains in industrial metal prices for 6 months when industrial production remained negative year-on-year. It seems that at present industrial metal price conditions may be similar to those in 2001. Indeed, there are factors which point to the fragility of the recovery in industrial metal markets such as a decline in the Baltic Dry Freight Index, a drop in Chinese domestic steel prices and the continued growth in inventories of some industrial metals.

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

	% Change			% Change
	Jan/Dec	Feb/Jan	Mar/Feb	Mar 09/Mar 08
Commodity	3.9	-4.0	2.2	-44.8
Non-Energy	4.4	-2.4	-0.8	-34.5
Energy	4.0	-5.1	4.4	-50.2
Crude	5.7	-4.9	12.4	-53.9
US Natural Gas	-10.3	-14.3	-11.8	-57.9
Agriculture*	8.1	-0.8	-1.3	na
Food	6.9	-2.4	0.1	-27.7
Corn	9.5	-5.8	0.9	-29.6
Wheat	8.7	-6.1	9.4	-47.5
Soybean Oil	10.8	-7.0	-1.1	-47.5
Soybeans	15.6	-5.2	-1.7	-32.7
Industrial Metals	1.0	-3.0	2.8	-48.2
Aluminium	-5.6	-5.8	0.0	-55.6
Copper	5.0	2.1	13.3	-55.3
Nickel	17.4	-10.0	-6.7	-68.8
Zinc	8.1	-7.0	2.8	-51.3
Lead	18.3	-4.0	13.4	-58.6
Gold*	5.2	9.8	-2.0	na
Fertilizers*	-3.0	-9.6	-2.1	na

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

The energy index recovered in March, supported by crude oil gains

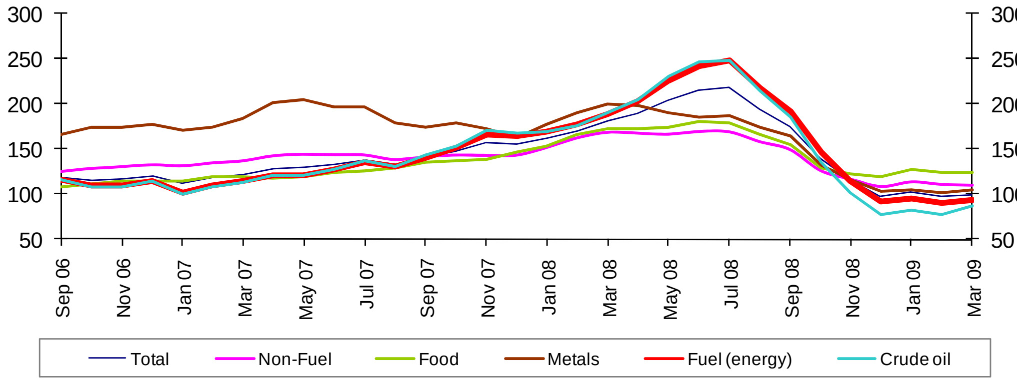
The IMF energy commodity index (crude oil, natural gas and coal) gained 4.4% m-o-m in March based entirely on **crude oil prices** (the average petroleum spot price) which surged 12.4%, while natural gas and coal prices plunged.

Henry Hub (HH) gas has continued declining 11.8% in March. The commodity has been plummeting by more than 10% on monthly basis since the beginning of this year to stand at an average of US$4.54/MMBtu, 57.9% lower than the same period last year on the back of a bearish supply outlook and poor global macroeconomic perspectives. The same factors referred to in our previous report continued exerting downward pressure on the HH gas market, namely, declining US industrial production and rising domestic supply, in particular shale gas and working gas in storage volumes.

Non-energy commodities decreased slightly by 0.8% in March m-o-m owing to losses across the spectrum. However, the pace of decline was lower than the previous month on continuing recovery in industrial metals.

The **industrial metal price index** moved up by around 3% m-o-m in March as a result of the significant price gains in copper, lead and zinc. These markets were enhanced by some temporal factors such as consumer restocking, higher Chinese imports mainly due to China's State Reserve Bureau (SRB) buying, fund short-covering and a favorable LME-Shanghai arbitrage. Nevertheless, most of these markets remain in surplus with record-high inventories 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 is not sustainable.

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.

Some industrial metal prices posted gains in March but demand remains anemic

Copper prices increased 13.3% m-o-m in March**.** On the demand side, copper prices were sustained by strong imports from China which increased 99% y-o-y in February on restocking by producers and SRB. Higher imports were also encouraged by favorable London Metal Exchange (LME)/Shanghai arbitrage. Likewise, stocks at the LME declined by over 30,000 tonnes from the previous months. On the supply side, the International Copper Study Group estimates a 13% expansion of refined copper output in 2009 despite the recent production cut announcements.

Lead prices climbed 12.6% in March m-o-m entirely on a record surge in Chinese imports of 308% in last February m-o-m and 100% on a yearly basis driven by a favorable LME/Shanghai arbitrage. Nevertheless, since this astonishing rise in Chinese demand follows a move to replenish stocks rather than a surge in real consumption, the revival in lead prices may be short-lived. Indeed, lead demand outside China remains weak and the temporal stop of activities in some battery manufacturers due to anemic demand from the automotive industry was reported. Lead LME inventories stabilized in March.

Zinc prices also rose 9.4% m-o-m in March. As in the previous month, zinc prices found support in China's restocking policy and favorable LME/Shanghai arbitrage. Nevertheless, global demand is still weak.

On the supply side, the production response to low prices led to market tightness, and further output cuts were announced. In addition, Chinese refined production of this metal declined 10% y-o-y in January and February 2009 due to shortage of domestic concentrate.

As a result of higher imports and tight supply, zinc LME inventories recorded a slight decline in March.

Aluminum prices showed a modest gain of 0.4% in March m-o-m on supply factors. Global output of the metal decreased 10% y-o-y in February which was mainly due to a 13% drop y-o-y in the Chinese output. Further output cuts have been announced by European and US producers. On the demand side, the situation remains bearish with the hefty fall in car sales in US last February – the two main US automakers reported a fall in sales of 51%. Likewise, in other markets the aluminum demand is also weak with South Korean aluminum imports having halved in the first two months of the year. Similarly, the Japan Aluminum Association estimates a drop of 11% in metal shipments for the year starting April 2009 which represents a bearish outlook for the rest of the year.

Low demand translated into another rise in LME inventories of 7% to 3,471,000 tonnes in March from the previous month.

Nickel prices continued falling 6.7% in March m-o-m as a result of continuing depressed stainless steel demand and record-high LME inventories. Chinese finished nickel imports during January-February were 21% lower than in the same period last year. Recent estimates from CRU indicate that a considerable decline in demand for stainless steel was on track to fall by 20% y-o-y in China and as much as 54% y-o-y in the US, dragging down demand for refined nickel.

Drastic efforts to adjust supply by producers have not been enough to offset collapsing prices. LME inventories continued to amount to record levels in March, increasing by 100% y-o-y to 108,000 tonnes in March. According to the Nickel Study Group, the surplus in the refined market reached 15.7kt in last January.

The **World Bank's agricultural price index** dropped further in March by 1.3% m-o-m on continuing weak global demand. The **World Bank food price index** declined at a slower pace of 0.6% m-o-m in March as corn and wheat saw some price gains since the previous months.

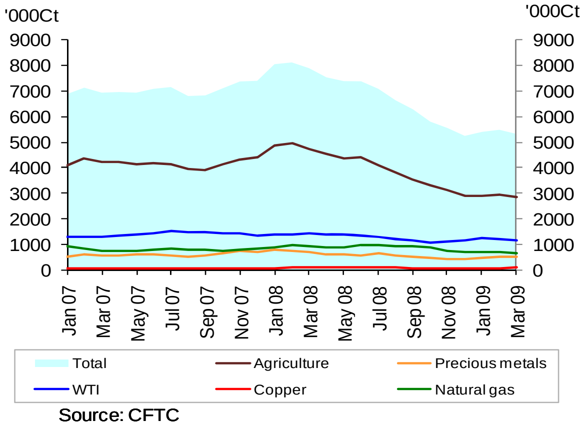
Gold prices declined **2%** m-o-m in March. This was associated with a drop in investor demand for gold during the first weeks of March in response to the impact of reported returns to profitability released in recent months by Citibank and other financial institutions reducing concerns over financial stability. In the last week of March, increased risk appetite owing to unexpected optimistic macroeconomic data weighed on gold prices. Weak industrial demand also added to the drop in the gold price. Nevertheless, gold is still the major beneficiary of global inflows into exchange-traded products (ETPs) and the outlook for this market remains positive considering the expected weakening of the US dollar over the euro on a 12-month basis; the probability that after a slow recovery crude oil prices will show a more important increase in 2009 and the forecast inflation by the end of the year.

Investment flow into commodities

Open interest continued to fall in March

CFTC data for major commodity markets in the US indicates that following slower growth in February, open interest volume (OIV) reported a decline of 3% m-o-m to stand at **5,636,000** contracts in March. The major losers were US natural gas and agricultural products as well as crude oil. Copper's OIV increased the most in March (3%) following by precious metals (2.3%) and livestock (1.8%).

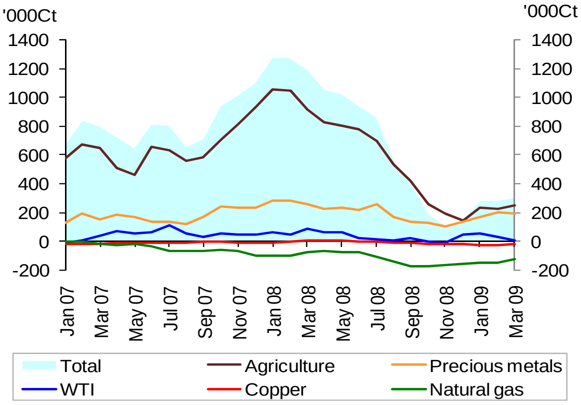
Graph 10: Total open interest volume



Source: CFTC

Table 3: CFTC positions, '000 contracts	Net Positions		Long Positions		Short positions		Open Interest	
	Mar 09	Change Mar/Feb	Mar 09	Change Mar/Feb	Mar 09	Change Mar/Feb	Mar 09	Change Mar/Feb
Crude Oil	6	-24	200	-38	194	-14	1,190	-35
Natural Gas	-119	25	72	1	191	-24	662	-43
Agriculture	227	6	639	-5	412	-11	2,822	-119
Corn	62	51	167	11	105	-40	762	-40
Soybean Oil	-15	-15	24	-4	39	11	207	-4
Soybeans	17	-15	65	-3	48	12	291	-26
Sugar	135	-5	165	-12	30	-6	635	-22
Precious Metals	190	-12	232	-13	42	-1	511	11
Copper	-20	6	13	5	33	-1	89	3
Livestocks	-8	-7	82	-6	90	1	362	6
Total	**276**	**-6**	**1,238**	**-56**	**962**	**-51**	**5,636**	**-178**

Graph 11: CFTC net length by commodity group

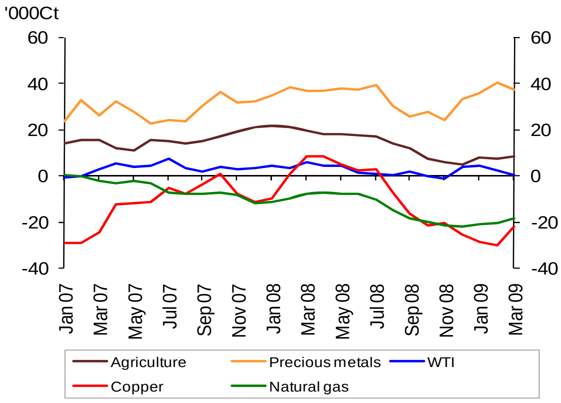


Source: CFTC

Non-commercials on major US commodity markets in March showed a drop in longs (4.4%), but a stronger decline in shorts (11.2%) leaving the net non-commercials as a percentage of open interest volume at 5% in March, the same as in the previous month.

Agriculture posted a 4% fall in open interest in March, declining by 119,000 to 2,822,000 contracts from the previous month. The milder drop in longs (5,000 contracts) than in shorts (11,000 contracts) resulted in a 1% gain in non-commercial net length as a percentage of OIV from 7% to 8% in March compared to a month earlier. Among the agricultural group, corn captured the attention of financial buyers with longs in corn futures climbing 6.7% in March and shorts declining 28%. Consequently, net non-commercials as a percentage of open interest surged from 1% to 8%. Wheat also saw a new strength in long non-commercials which combined with reduction in shorts resulted in the net non-commercials having risen as a percentage of open interest.

Graph 12: CFTC net length as % of open interest



Source: CFTC

OIV for precious metals continued increasing, but at a considerably slower pace of 2.3% compared to 8.6% in February and 13% in March. The OIV in precious metals stood at 511,000 contracts. A 5.4% drop in longs and 1% in shorts caused a decline of 12,000 contracts in net length and a drop in the net long positions as a percentage of open interest volume from 40% in February to 37% in March (*see* ***Graphs 12*** *and* ***13***).

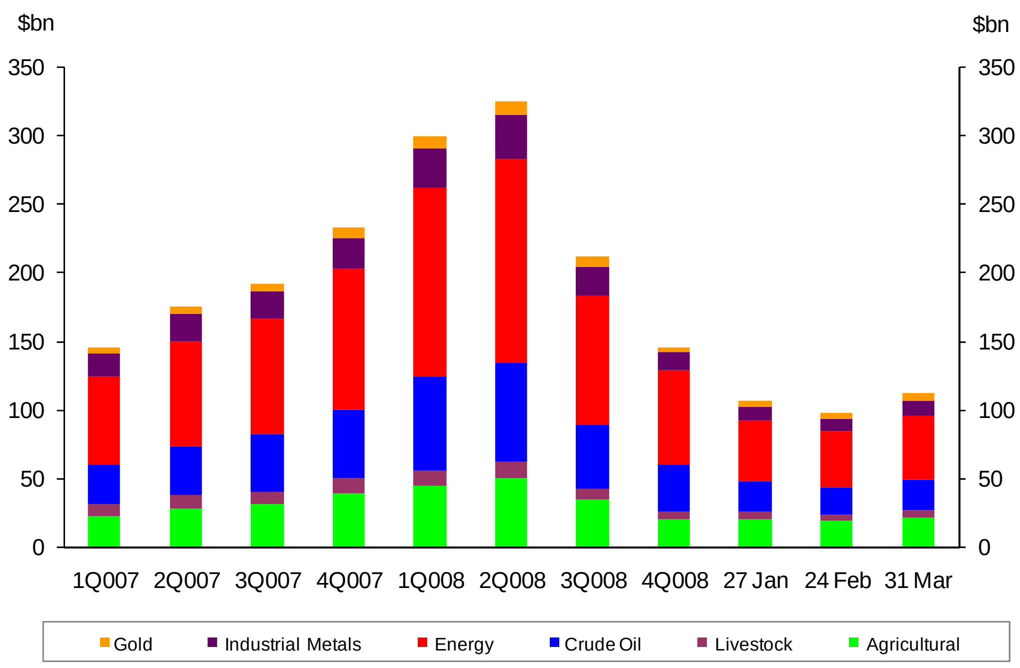
Nymex natural gas futures open interest volume fell 6.2% to 662,000 contracts in March. Non-commercial short positions declined 11% while longs rose 1%, resulting in net length as a percentage of open interest being -18% in March compared to -20% in February. The gloomy economic outlook and declining prices in the face of excess supply capacity and milder temperatures over the coming months continue to reinforce the bearish investment sentiment in the market.

Copper open interest climbed 3.3% in March m-o-m compared to an around 6% rise in OIV for February due to an improvement in prices. However, non-commercial longs recorded a huge 64.2%

increase in March compared to the previous month, with short positions dropping 2% to 33,000 contracts. Thus, net length as a percentage of open interest improved from -30% to -22% .

Dollar investment inflows into commodities are estimated to have increased by around 14% on 31 March 2009 for the first time in the year. All commodity groups posted an upward trend but gold seems to have been the most favoured by index traders, increasing by more than 44% since our last report.

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



The inflows into commodity-linked ETPs in the US markets increased in February m-o-m with precious metals being the favourite of investors. Despite poor returns, energy still catches strong investor interest indicating that current oil prices are perceived as an attractive buy for many investors. Inflows into European commodity-linked ETPs in March indicate a much milder decline than a month earlier (see ***Table 4***). The analysis in terms of assets under management (AUM) indicates that commodity ETPs became the most important investment in commodities for 1Q09 with AUM estimated at $65bn compared to $63bn in product commodity indices.

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

	Long ETP Flows			Short EFT Flows		
	Feb 09	Jan 09	Dec 08	Feb 09	Jan 09	Dec 08
Base	4	22	-2	0	0	0
Precious	5,884	2,121	723	34	8	10
Agriculture	114	150	-62	0	0	0
Energy	1,762	2,051	2491,0	-58	20	-68
Broad-based	101	-142	195	9	-15	0
Total	**7,865**	**4,202**	**3,345**	**-15**	**13**	**-58**

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

	Long ETP Flows			Short ETP Flows		
	25 Mar	25 Feb	28 Jan	25 Mar	25 Feb	28 Jan
Base	9.2	1.8	-0.2	0.5	1.8	0.1
Precious	154.1	86.6	382.5	0.4	-0.7	1.5
Agriculture	7.8	24.0	57.4	1.8	-1.7	1.0
Energy	58.0	165.4	164.1	3.4	-0.2	-0.3
Broad-based	0.0	-8.3	0.3	0.0	0.0	-0.1
Total	**229.2**	**269.5**	**604.2**	**6.0**	**-0.8**	**0.3**

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**	**0.8**	**9.0**	**6.0**
2009	**-0.8**	**-3.1**	**-2.6**	**-6.1**	**-3.0**	**6.5**	**5.0**

Industrialised countries

United States of America

Despite some positive signals from the consumer and the housing sector, the US is still in a deep recession

The United States are still in the midst of the worst recessions in decades. The new administration's aid-package which is targeting the real economy should counteract this fact through massive government spending and tax cuts. While tax-cuts are being implemented by April 2009, the spending will not show any impact soon. The banking sector was supported very much by new details that were issued by the US Treasury regarding its banking aid package — mainly its Term Asset Lending Facility (TALF) plan — and secondly by an unexpected new accounting rule that is abandoning mark-to-market accounting for toxic assets while giving the banks the flexibility to account their asset backed securities on their own and in line certainly with their auditors and therefore taking away a lot of pressure for the need to recapitalising the balance sheets of the banking sector.

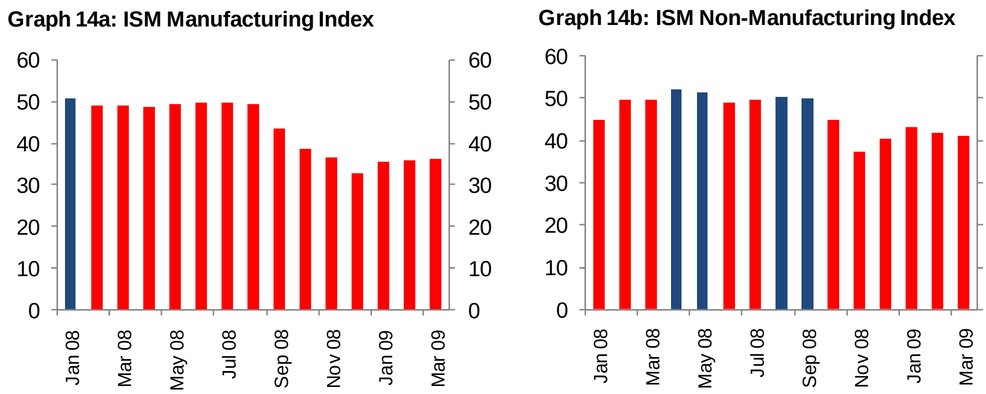
Besides this governmental support, there were further early signs of a slight improvement in the US economy. Firstly and foremost the housing sector is showing some positive signs. Mortgage applications in the US rose to the highest level in three months as borrowing costs were nearing record lows, which boosted home sales and refinancing. The Mortgage Bankers Association's index of applications to purchase a home or refinance a loan increased 4.7% to 1,250.6 in the week ended April 3, a fifth straight gain, from 1.194.4 for the prior week. The group's refinancing gauge rose 3.2% and its purchase measure jumped 11%. Existing home sales were at a level of 4.72 mn in February compared to 4.49 mn in January and were higher than expectations. The same applies for new home sales, which were at a level of 337,000 compared to 322,000 in January. This figure was revised up from the initial reading of 309,000. Housing starts were better-than-expected at 583,000 in February compared to 477,000 in January. Although rising unemployment is negative for home sales that is always true during downturns. Other factors — most notably lower interest rates — typically have led to a rebound in home sales before the unemployment rate peaks. Arithmetically, a pickup in sales requires only a small increase in the share of households to respond to improving affordability. Despite this long awaited first sign of hope in the sector which has been the root cause for the current crisis, the house prices were still under pressure. The S&P/Case/Shiller composite 20-home price index fell 19.0% y-o-y in January, more than expected. The index fell 2.2% m-o-m (on a seasonally adjusted basis), a more rapid rate of decline than the -2.1% reported for December. (Before seasonal adjustment, it fell 2.8% m-o-m after a 2.6% decline). In line with the slightly improved data on the housing sector is the development in construction spending, which declined by only 0.9% in February, much less than expected and less than the January figure of -3.5%.

Beside the more positive housing data, the numbers on consumer confidence and consumer spending were showing some improvement as well. Consumption improving at a time when the output is falling implies an improvement in inventory levels. Consumer spending was up 1.6% in February on an annualised base. While job losses remain at historically high levels, the improvement in consumption likely reflects a number of factors, including a boost to spending power from a 5.8% cost of living adjustment for social security recipients (based on the rise in the CPI through 3Q08) and strong growth in tax refunds. The spending data may also have reflected the challenge of seasonal adjustment after the end of the holiday shopping season. However, consumer confidence also has shown signs of at least stabilizing. Historically, consumer spending tends to lead employment out of recessions, i.e. a pickup in consumption typically precedes an end to the downturn in payrolls. The index of consumer confidence as measured by the Conference Board, increased to 26 in March from a record low of 25.3 set in February.

However, there are contradictory signs as well. Consumer credit declined by a more than expected $7.5 bn in February after rising $8.1 bn in January, a figure that was just recently revised up significantly from $1.8 bn. The more recent retail sales figure for March was much lower than expected. It declined by 1.1% m-o-m compared to the Bloomberg consensus estimates of 0.3% m-o-m growth and after a fall of 0.1% in February already. Overall retail sales on a y-o-y basis in March were down 9.4%, compared to a drop of 7.9% in February. Lower consumer spending heading into the second quarter could mean the recession is likely to persist. The Federal Reserve Chairman believes that there are signs that the sharp decline in the US economy is slowing but is still cautious on the potential growth scenario.

The unemployment rate — while being a lagging indicator — hit new record high of 8.5% in January and this rise may have been a major reason for the low retail sales numbers. At this March-level, the unemployment rate is already up 4.1 percentage points from the low of 4.4% in early 2007, more than the 2.8% average increase in recessions since 1950. The rise matches the largest cyclical rise during that period — a 4.1 percentage point increase in the early 1970s. Although the conditions on the employment market are worsening, average hourly earnings increased by 0.2% m-o-m, remaining at the same level as in the previous two months. Payrolls fell again by 663,000 in March. This is worse than in February when 651,000 jobs were being shed, but better than the high January figures, which were at a level of 741,000.

The ISM indices were not improving significantly. The ISM manufacturing index has risen for three months in a row, to a level of 36.3 from 35.8, but still remains below the 50 level and therefore still signalling contraction. The ISM non-manufacturing index was down from 41.6 in February to 40.8 in March.



Source: Institute for Supply Management

The 2008 fourth quarter GDP figure was revised down slightly to a decline of 6.3% y-o-y from 6.2% y-o-y according to the US Bureau of Economic Analysis. So despite the first positive signs of the economy and the hope that we might have seen the worst already, the currently still weak trend of the first half and the prospect of still a slow recovery in the second half and in 2010 has resulted in a further downward revision to our GDP estimate for 2009 from a negative growth of 2.3% to a decline of 2.6%.

Japan

Japan's economy deteriorating at the fastest pace in 50 years; exports down 49% in February

The Bank of Japan's quarterly Tankan survey hit another record low in January. The level is even lower than in the 1973-74 period when the Tankan was established. It declined by 34 points to minus 54. But there are signs in the survey that this could be close to bottoming out. Inventory levels are falling and manufacturers might start to lift production again.

The Japanese government is considering a new stimulus package, after having already launched two stimulus packages over the recent months. The former two packages have so far not managed to lift the economy back to growth levels. The money that was committed so far was at 12.000bn Yen ($119bn). With this new package in place Japan would easily exceed the 2% of GDP stimulus level, that was proposed by the IMF on a global base as the third package alone is being planned in the size of 15.400bn Yen ($154bn) or 3% of GDP. This third package now is targeting specific public spending areas and should be implemented very soon, according to the prime minister. The government is also aiming to channel some of the 1,433 trn yen household financial assets, which is more than 2 times the value of GDP towards consumption. This new stimulus package comes at a time when unemployment in Japan went up to a level of 4.4%, a three year high, and the numbers of newly created jobs was recorded at a six year low in February. The OECD was recently warning that the unemployment rate could go up to 5.5% in Japan. It as well warned that deflation might become a topic again in Japan.

Japan managed a positive trade balance for the first time in five months in February, but only due to the fact that it recorded low import numbers fuelled by weak domestic demand. Exports again fell at a new record rate of 49.4% y-o-y in February. Imports fell 43% y-o-y from 31.9% in January, also representing a y-o-y drop. The fall in exports was again widely spread among all major trading partners. Exports to the US and the EU declined respectively 58.4% after -52.9% y-o-y in January and -54.7% y-o-y after -47.4% y-o-y, the largest negative y-o-y change. Exports to Asia plunged at -46.3% y-o-y after -46.7% y-o-y. As for those to China, they continued to decline sharply at -39.7% y-o-y after a -45.2% y-o-y drop in January. As in the recent months it is still again the car industry that is leading the way down. Automobile exports to both the US and the EU were down 23.6% y-o-y and 12.5% y-o-y, respectively.

Domestic demand in Japan is also at low levels and not able to compensate the declining export figures. Domestic demand fell 3.5% again in February on a y-o-y base, which marks a 12- month low. The consumer price index (CPI) is also at very low levels and the danger of deflation is looming again. CPI was now flat in February in y-o-y terms, but might slide into negative territory again since not only energy and food prices came down, but also the 7-year-low retail sales in Japan could force the retailers to offer further discounts. Retail sales were down by 5.8% y-o-y in February after a decline of 2.4% in January. This is a consecutive decline of 6 months and the largest drop in February since 2002. The continuation of this weakening trend is also supported by the unemployment numbers. The number of new job offers plunged to the largest y-o-y decline since June 1975 at -30.4%. The weak labour numbers were also sidelined by declining real disposable income of 3.1% y-o-y.. Real household expenditures (excluding auto related expenses, which are volatile) weakened further by 5.7% y-o-y after 4.7% y-o-y decline in January.

Consequently, the Bank of Japan is continuing to pursue its zero interest rate policy and left its key interest rate unchanged at a level of 0.1% at its latest meeting, beginning of April. In its official statement for its decision, the Bank of Japan added the assumption that it is expecting the pace of the broad decline in the Japanese economy to moderate due to the declining inventory levels. It as well added that for the time being, the major driver for a continuation of the decline in the Japanese economy is primarily the fall in domestic private demand and therefore not so much due to the massive decline in exports any more.

Due to this negative trend in the Japanese economy we have taken down our growth estimates for 2009 from a decline of 5.6% to a decline of 6.1% in 2009.

Euro-zone

The Euro-zone is still suffering from declining exports and rising unemployment

In the Euro-zone the recession seems to deepen as manufacturing orders are weakening again. Manufacturing orders fell 34.1% compared to January 2008. This was the biggest drop since Eurostat started to record the data in 1996. The decline on a m-o-m basis was -3.4%.

This sluggish growth trend was supported by other data. Retail sales in the Euro-zone were down by 0.6% in February compared to January when retail sales only grew by 0.1%. They were down 3.7% on a y-o-y comparison. That means that over the course of the last 6 months the best month that was recorded was September 2008 at a retail growth rate of 0.2% m-o-m only. The countries that were mostly affected by this trend were Spain at a growth rate of -0.8% m-o-m and Portugal that posted even -1.5% m-o-m. On a workday adjusted basis the level is even worse at a February growth of -4.0% m-o-m, which is the worst level in the course of the last 6 months. On this base Spain was even posting a decline of 9%, the second worst record in the Euro-zone after Slovakia at -10.1% m-o-m.

Unemployment was hitting a new high as well and went up to 8.5% in February compared to 8.3% in January. Again here Spain had the highest level of unemployment at a rate of 15.5%. Alarmingly the youth unemployment rate was at a level of 17.3% in the Euro-zone, i.e. nearly a fifth of the youth in the Euro-zone was without a job in February. In February 2008 this level was at 14.5%. Again Spain was hitting the highest level as well in this category, where nearly a third of the employees below the age of 25 were without a job at a rate of 31.8%.

The ECB has lowered its key interest rate consequently from 1.5% to 1.25%. It was expected that the ECB would lower its key interest rate by 50 bp to at level of 1%. This level, as it seems now, might be reached at the next meeting of the ECB council in May. The pressure to lower the rate further is evident as 4Q GDP in the Euro-zone was declining by 1.6% from the previous three months according to the European Unions Statistic's office, revising an already low figure of 1.5% from early March. This is the steepest decline in the Euro-zone since 13 years. Household spending fell at 0.3% in the same period, while investments fell by 4%. The weak GDP data is particularly due to the decline in global trading with exports falling by 6.7% q-o-q, while imports declined by 4.7%.

The ability to lower the rates further was supported by a low inflation level, mainly due to the decline in energy prices in the Euro-zone. The Eurostat estimated consumer price inflation rate for March at only 0.6%. That is even lower than the 1.2% inflation that was recorded in February. It is therefore at a much lower level than the 2% inflation that the ECB is seeing as its comfort level.

The Euro-zone is also witnessing a steep falls in house prices that could exacerbate the region's already deep recession, even if the declines are receiving less attention than those in the US or UK markets, according to a new indicator compiled by the Financial Times. House prices in the Euro-zone in the final three months of 2008 were 4.8% lower y-o-y, this newly published Euro-zone house price index shows.

A glimmer of hope was a better than expected PMI. The Euro-zone purchasing managers' indices, which offer a guide to future activity trends, rose unexpectedly in March, suggesting the headlong plunge in recent months could be coming to an end. However, the indices still pointed to private-sector activity contracting for the 10th consecutive month and indicated that the Euro-zone's economic performance in the first quarter of this year was the weakest since the survey began in 1998. The composite Euro-zone index, covering manufacturing and services, rose from the record low of 36.2 in February to 37.6 in March. A figure below 50 is consistent with a contraction in activity. The biggest increase was in the service index, which rose from 39.2 to 40.1. The manufacturing purchasing managers' index rose more modestly, from 33.5 to 34.0.

Industrial production in the 16-country region fell by 3.5% in January compared with the previous month and was 17.3% lower than a year before, according to Eurostat, the European Union's statistical office. Germany continues to fare worst among the Euro-zone's biggest economies, reflecting its heavy reliance on exports. German industrial production fell by 7.5% in January alone m-o-m. In contrast, Spain reported a fall of just 0.5% in January, perhaps indicating some stabilisation. But Spanish industrial production was still more than 20% lower than in January 2008. The contraction in French industrial production, which fell 3.1% on the month and 14.6% y-o-y, was less sharp, but still amounted to a significant blow to the Euro-zone's second largest economy.

The underlying growth-trend of the Euro-zone is still negative. Therefore we have lowered our GDP 2009 growth forecast from -2.4% to -3.0%.

Former Soviet Union

Russia's economy contracted 7% in the first quarter of 2009

Russia's economy contracted 7% in the first quarter of 2009 according to the Ministry of Economic Development and Trade. This is compared to 8.5% growth in the same period in 2008. As oil prices and the rouble have stabilized over the past month the Russian government is predicting that the economy will return to growth in the second half of this year. The annual rate of consumer price inflation in Russia rose to a five-month high of 14% in March, although month-on-month inflation slowed to 1.3% from 1.7% in February. Inflation in Russia was spurred at the start of the year by the weakening rouble which pushed up import prices. The Russian Central Bank (RCB) has succeeded for the present in stabilising the foreign exchange market for the rouble. According to the RCB, net private capital outflows amounted to US$4.5 bn in February, compared with a US$29 bn outflow in January. The share of the foreign-exchange deposits in total deposits has stabilised, following previously rapid growth, suggesting a reduced expectation of devaluation. Surveys of business confidence in Russia show that the mood among Russia's businesses is now slowly improving. The World Bank estimates that the Ukrainian economy will shrink by 9% this year, twice as much as previously estimated, as a result of global outlook worsening and the government delayed steps to address the crisis. Inflation in Ukraine will probably climb to 16.4% in 2009, compared with an earlier estimate for 13.6%.

The consumer price index fell 1.6% from a year earlier in February

Developing Countries

China Construction Bank (CCB) report estimates that the Chinese economy has hit the bottom in the first quarter of 2009. The CCB report says China's gross domestic product rose by 6.5% year on year during the first quarter, and it estimates the GDP growth for the whole year to reach 7.5%. The report also says growing deflationary pressure means there is more room for the central bank to make further interest rate cuts. However, it seems too soon to point to an economic recovery which would achieve the government target of 8% growth in 2009, particularly in the absence of a rebound in demand from the G3 economies (US, EU and Japan) which absorb most of Chinese exports. The People's Bank of China has further room to cut interest rates if it needs to, which is one reason why China should not be too worried about deflation. The consumer price index (CPI) fell 1.6% from a year earlier in February, the first negative reading since late 2002. The central bank cut interest rates five times in the latter part of 2008 to counter the impact of the global financial crisis, but it has yet to do so this year. Industrial production growth is expected to stay at a low pace as exports and property slump in the short term according to a research report released by the State Information Centre. Overcapacity in certain industries resulted in increased inventory and reduced output, which forced many enterprises to cut or even stop production, according to the report. China's exports are likely to shrink in 2009 due to the effects of the global crisis, but the economy as a whole will probably pick up in the second half of the year, the World Bank said in a recent report. According to some official estimates China's economy would grow 6% this year without government help but the 4 trillion yuan ($586 bn) stimulus plan and other measures will boost growth to over 8%. The official Purchasing Managers' Index, or PMI, for China's manufacturing sector rose to 52.4 in March, up from 49 in February, the China Federation of Logistics and Purchasing said. A reading above 50 means the manufacturing sector is expanding, while a reading below 50 indicates an overall decline. It was the first time the official PMI had moved into positive territory since it hit 51.2 in September. It sank to a record low of 38.8 in November.

Current account and budget deficits might negatively affect India's economy

Shortage of finance resources to fund investment and consumption will continue to negatively affect India's growth. Moreover, the deficit in the country's budget and external balances is putting it in a relatively weak position to withstand either a further deterioration in global economic prospects or another round of financial distress. Capital outflows, weakening industrial activity, a persistent current-account deficit, a widening fiscal deficit and a further loosening of monetary policy will all continue to put downward pressure on the rupee. On the positive side, the economic recession in many parts of the world and the falling of commodity prices are leading to a sharp ease of imported inflationary pressure to the Indian economy, and this is likely to persist for the next 6-12 months.

Libya realizes $44 bn surplus in the 2008 current account

OPEC Member Countries

Saudi Arabia has embarked on a massive economic recovery program worth $400 billion, which could be considered as one of the largest in G-20 countries. A recent survey showed that the Kingdom, despite slower growth forecast, is expected to weather the financial storm without taking a huge battering. This is due to the country's strong economic fundamentals, huge reserves accumulated during the past few years, prudent use of these reserves and limited exposure of its banks to the real estate market and to US subprime collateralized debt obligations. The survey shows that business expansion plans will continue to lead investment outlays, with trade, hotels, transport and communications sectors remaining most bullish. The Central Bank of Libya (CBL) announced that Libya's non-oil economy is likely to grow by between 6% and 8% annually in coming years, with little effect from the world economic crisis. Also the CBL said that the country has realized $44 bn surplus in the current account in 2008.

The US dollar appreciated against the Yen and the pound sterling, but fell against the Euro and the Swiss franc

Oil prices, the US dollar and inflation

In March, the dollar appreciated against the yen and the pound sterling, but fell against the euro and the Swiss franc. The US currency rose 5.8% versus the yen and 1.5% vis-à-vis the pound sterling, it fell 2.0% against the euro and 0.9% versus the Swiss franc. Against the modified Geneva I + US dollar basket, the dollar was almost flat last month compared to a rise of 2.0% in February. Against the euro, the dollar averaged $1.3038/€ compared to $1.2784/€ in February.

The yen weakened on increasing worries about the economic developments in Japan. The euro's strength was a push-back after already low levels last month and after the US Federal Reserve Board announced that it is willing to support the cash supply through quantitative easing and is therefore increasing the supply of US-dollars. The Swiss franc was basically flat after it declined briefly last month when the Swiss National Bank announced that it will use quantitative easing to weaken the currency as it considered the appreciation of the Swiss franc as exaggerated.

In March, the OPEC Reference Basket improved by $4.37/b or 10.6% to $45.78/b from $41.41/b in February. In real terms (base June 2001=100), after accounting for inflation and currency fluctuations, the Basket price increased by about $3.21/b or 11.3% to $31.72/b from $28.51/b. The real price rose slightly more than the nominal price. With the US dollar against the import-weighted modified Geneva I+US dollar basket remaining almost flat, real prices were supported by the decline in inflation by 0.6%.*

* *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 in 2008 revised down slightly for a decline of 0.3 mb/d

World oil demand in 2008

The world economic crisis caused more damage to global oil demand in the fourth quarter last year than previously expected. The OECD Pacific and Other Asia oil demand was revised down a further 100 tb/d each in the last quarter of 2008. World oil demand is now forecast to decline by 1.8 mb/d in the fourth quarter y-o-y. Thus, world oil demand in 2009 was revised down by a minor 60 tb/d to show a decline of 0.3 mb/d y-o-y to average 85.6 mb/d. Despite high oil prices in early 2008, the yearly oil demand decline in 2008 was considerably less than the decline forecast for 2009.

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	9.08	9.14	9.25	0.12	1.28
Latin America	5.51	5.54	5.74	5.88	5.77	5.73	0.22	4.04
Middle East	6.50	6.75	6.81	7.05	6.84	6.86	0.37	5.65
Africa	3.09	3.20	3.12	3.09	3.21	3.15	0.07	2.13
Total DCs	**24.23**	**24.80**	**25.15**	**25.10**	**24.95**	**25.00**	**0.77**	**3.19**
FSU	3.98	3.97	3.89	4.22	4.38	4.12	0.13	3.36
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"	**12.50**	**12.98**	**13.02**	**13.25**	**12.94**	**13.05**	**0.55**	**4.36**
Total world	**85.90**	**86.68**	**85.40**	**84.96**	**85.18**	**85.55**	**-0.35**	**-0.40**
Previous estimate	85.90	86.68	85.40	84.96	85.46	85.62	-0.28	-0.32
Revision	0.00	0.01	0.00	0.00	-0.28	-0.07	-0.07	-0.08

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	5.30	5.54	0.24	4.46	5.48	5.74	0.26	4.81
Middle East	6.47	6.75	0.28	4.35	6.45	6.81	0.36	5.54
Africa	3.11	3.20	0.09	2.79	3.05	3.12	0.07	2.23
Total DCs	**23.86**	**24.80**	**0.94**	**3.96**	**24.24**	**25.15**	**0.91**	**3.74**
FSU	3.87	3.97	0.10	2.70	3.71	3.89	0.18	4.92
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"	12.35	12.98	**0.63**	**5.06**	12.39	13.02	**0.62**	**5.03**
Total world	**85.99**	**86.68**	**0.70**	**0.81**	**84.83**	**85.40**	**0.57**	**0.67**

Totals may not add due to independent rounding.

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

	3Q07	3Q08	Change 2008/07 Volume	Change 2008/07 %	4Q07	4Q08	Change 2008/07 Volume	Change 2008/07 %
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	9.08	0.12	1.32	9.34	9.14	-0.20	-2.14
Latin America	5.65	5.88	0.23	4.11	5.61	5.77	0.16	2.84
Middle East	6.62	7.05	0.43	6.50	6.45	6.84	0.40	6.15
Africa	3.04	3.09	0.05	1.65	3.15	3.21	0.06	1.88
Total DCs	**24.27**	**25.10**	**0.83**	**3.42**	**24.54**	**24.95**	**0.42**	**1.69**
FSU	4.00	4.22	0.22	5.56	4.35	4.38	0.03	0.61
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"	12.62	13.25	**0.63**	**4.95**	12.63	12.94	**0.31**	**2.46**
Total world	**85.74**	**84.96**	**-0.78**	**-0.91**	**87.02**	**85.18**	**-1.84**	**-2.12**

Totals may not add due to independent rounding.

World oil demand in 2009

World oil demand in 2009 forecast to fall 1.4 mb/d following a downward revision of 0.4 mb/d

World oil demand is already out of its high demand seasonality achieving nothing but devastating contraction. Oil demand is suffering more and more from the world economic recession. Recent data regarding the world economy indicates a delay in the recovery until 2010, leading to another downward revision in world oil demand of 0.4 mb/d. The worst hit was the OECD (North America and the Pacific) and China. Unlike last year, non-OECD oil demand growth has lost 90% of its strength this year. Asia’s oil demand has been forcefully hammered by the world recession leading to an extra loss of 0.13 mb/d; hence, the 2009 world oil demand change is forecast at a minus 1.4 mb/d y-o-y to average 84.2 mb/d.

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

	2008	1Q09	2Q09	3Q09	4Q09	2009	Change 2009/08 Volume	Change 2009/08 %
North America	24.28	23.95	23.70	23.27	23.73	23.66	-0.62	-2.57
Western Europe	15.20	14.72	14.40	14.93	14.93	14.75	-0.45	-2.96
OECD Pacific	8.02	8.22	7.32	7.07	7.78	7.59	-0.43	-5.36
Total OECD	**47.51**	**46.89**	**45.41**	**45.27**	**46.44**	**46.00**	**-1.50**	**-3.17**
Other Asia	9.25	9.16	9.37	8.98	9.11	9.15	-0.10	-1.04
Latin America	5.73	5.58	5.76	5.90	5.79	5.76	0.02	0.43
Middle East	6.86	6.94	7.02	7.27	7.05	7.07	0.21	3.01
Africa	3.15	3.23	3.13	3.11	3.23	3.17	0.02	0.60
Total DCs	**25.00**	**24.90**	**25.28**	**25.26**	**25.17**	**25.15**	**0.15**	**0.62**
FSU	4.12	3.92	3.85	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	7.83	8.21	8.22	7.79	8.01	0.04	0.48
Total "Other Regions"	**13.05**	**12.76**	**13.00**	**13.30**	**13.03**	**13.02**	**-0.02**	**-0.17**
Total world	**85.55**	**84.55**	**83.69**	**83.83**	**84.65**	**84.18**	**-1.37**	**-1.60**
Previous estimate	85.62	85.15	83.84	84.25	85.20	84.61	-1.01	-1.18
Revision	-0.07	-0.59	-0.16	-0.42	-0.55	-0.43	-0.36	-0.42

Totals may not add due to independent rounding.

On a quarterly basis, China’s apparent oil demand in the first quarter dipped in the red for the first time since the last quarter of 2005. Slowing demand forced refiners to cut their input, leading to even lower refinery utilization. Already in some parts of the world, refiners are either scrapping or mothballing some refining capacity. The new US administration has unveiled its energy plan with more alternative fuel incentives. Of course this effort was initiated by the previous government. Alternative fuels, especially biofuel, are receiving a high amount of subsidies putting a burden on the government’s budget.

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	23.95	-0.89	-3.57	24.53	23.70	-0.83	-3.38
Western Europe	15.20	14.72	-0.48	-3.16	14.89	14.40	-0.49	-3.30
OECD Pacific	8.87	8.22	-0.65	-7.34	7.82	7.32	-0.51	-6.46
Total OECD	**48.90**	**46.89**	**-2.02**	**-4.13**	**47.24**	**45.41**	**-1.83**	**-3.87**
Other Asia	9.31	9.16	-0.15	-1.66	9.48	9.37	-0.11	-1.11
Latin America	5.54	5.58	0.04	0.77	5.74	5.76	0.02	0.30
Middle East	6.75	6.94	0.19	2.77	6.81	7.02	0.21	3.08
Africa	3.20	3.23	0.03	0.88	3.12	3.13	0.01	0.32
Total DCs	**24.80**	**24.90**	**0.10**	**0.41**	**25.15**	**25.28**	**0.13**	**0.52**
FSU	3.97	3.92	-0.05	-1.24	3.89	3.85	-0.04	-0.95
Other Europe	1.03	1.01	-0.02	-1.91	0.96	0.94	-0.02	-2.50
China	7.97	7.83	-0.15	-1.83	8.17	8.21	0.04	0.49
Total "Other Regions"	**12.98**	**12.76**	**-0.22**	**-1.66**	**13.02**	**13.00**	**-0.02**	**-0.16**
Total world	**86.68**	**84.55**	**-2.13**	**-2.46**	**85.40**	**83.69**	**-1.71**	**-2.01**

Totals may not add due to independent rounding.

Declining world-wide oil usage is anticipated to bottom out in the first quarter this year reaching -2.1 mb/d and bounce up to a minus -0.5 mb/d in the fourth quarter 2009. OECD oil demand will be in the negative for the entire year; however the non-OECD will show minor growth of only 0.13 mb/d in 2009.

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	23.27	-0.46	-1.92	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**	**45.27**	**-1.35**	**-2.89**	**47.28**	**46.44**	**-0.84**	**-1.78**
Other Asia	9.08	8.98	-0.10	-1.06	9.14	9.11	-0.03	-0.32
Latin America	5.88	5.90	0.02	0.34	5.77	5.79	0.02	0.35
Middle East	7.05	7.27	0.22	3.12	6.84	7.05	0.21	3.07
Africa	3.09	3.11	0.02	0.55	3.21	3.23	0.02	0.65
Total DCs	**25.10**	**25.26**	**0.16**	**0.64**	**24.95**	**25.17**	**0.22**	**0.89**
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	8.22	0.12	1.42	7.65	7.79	0.14	1.83
Total "Other Regions"	**13.25**	**13.30**	**0.05**	**0.40**	**12.94**	**13.03**	**0.09**	**0.70**
Total world	**84.96**	**83.83**	**-1.14**	**-1.34**	**85.18**	**84.65**	**-0.53**	**-0.62**

Totals may not add due to independent rounding.

Alternative fuel:

The heavily-subsidized biofuel industry has been hit badly by the financial crisis. The biofuel industry cannot survive independently without governmental support, not even last year when the oil prices were high. Nowadays with low oil prices, the industry needs even more subsidies to survive. Biofuel has been criticized not only because of the financial burden it places on governments but also because of the harm that is does to the environment. The latest news indicated that some biofuel producers are not only closing some plants but also filing for bankruptcy. Some experts are estimating that low demand is putting around 20% of the production capacity idle.

OECD – North America

North America forecast to decline by 0.6 mb/d in 2009

Further downward revision in US GDP has led to another downward revision of 70 tb/d to the oil demand forecast for 2009.

Low gasoline prices within the US have been pushing demand higher ahead of the summer driving season. However, due to the strong gasoline production cutback by refiners, the gasoline price might creep up a little, which in turn will cause demand to slow somewhat in the short term. Another factor that will dent gasoline consumption this year is the mandated addition of ethanol to gasoline. The US government demanded an ethanol injection of around 10% to the gasoline pool. Despite environmentalists' objections, this mandate will be achieved via heavy governmental subsidies as has been the case for the past few years.

Table 11a: Canadian sales of refined petroleum products, tb/d

	Feb 09	Feb 08	Change from Feb 08	Change from Feb 08 (%)
Motor Gasoline	700	701	-2	-0.2
Aviation Fuels	125	131	-6	-4.5
Diesel Fuel Oil	461	496	-34	-6.9
Residual Fuel Oil	200	216	-16	-7.4
Other Products	188	249	-61	-24.5
Total Products	**1674**	**1792**	**-119**	**-6.6**

Table 11b: Canadian sales of refined petroleum products, tb/d

	Jan-Feb 2009	Jan-Feb 2008	Change (tb/d)	Change (%)
Motor Gasoline	694	695	-1	-0.2
Aviation Fuels	114	121	-6	-5.3
Diesel Fuel Oil	455	481	-26	-5.4
Residual Fuel Oil	218	215	3	1.3
Other Products	201	259	-58	-22.4
Total Products	**1683**	**1772**	**-89**	**-5.0**

US oil demand experienced a deep contraction last year; it is expected to maintain the same trend but on a lesser scale. Gasoline, the main product in the US market, is expected to show a better performance this year versus last year. Last year's gasoline demand declined by 3.5% y-o-y; however according to the latest US data, gasoline consumption is moving out of the red to show growth of 0.07% in the first 3 months of the year. The recent downward revisions to US GDP have resulted in a further downward revision to the country's oil demand of 60 tb/d y-o-y in 2009. The US economic recession has affected Canada on a large scale. Slowing Canadian industrial production is submerging the country's oil demand into the red. Canadian first quarter oil demand is forecast to decline by 0.1 mb/d y-o-y.

Hence, North American oil demand is forecast to decline by 0.6 mb/d y-o-y in 2009 to average 23.7 mb/d.

OECD - Europe

OECD Europe oil demand to decline by 0.45 mb/d in 2009

European economies are in no better shape than the US and the economic collapse has pushed the region's oil demand to contract by 0.45 mb/d, almost five times worse than last year.

It is anticipated that the negative effect of the high unemployment rate on oil demand is not as bad as in the US. In Europe people utilize public transportation; therefore more people being out of work will have only a moderate effect on transportation fuel. However, what will really affect transport fuel demand is the slowdown in transport-intensive economic activities, which will curb gasoline and diesel usage to show a further decline, exceeding 6% in the first quarter of 2009.

The weather this winter pushed heating oil demand up to more than off-set the eroding demand in other products in Germany and France. Germany's oil demand in February showed a growth of 125 tb/d y-o-y, boosted by heating oil adding 0.19 mb/d to the country's total oil demand. Furthermore, the Russian gas halt during the winter forced some power plants within the region to switch to liquid. In Germany alone, fuel oil demand grew by 10 tb/d in February y-o-y. The same story applied to France where the winter effect led to an increase of 50 tb/d y-o-y in February oil demand. Heating and residual oil grew by 15% and 49% causing French oil demand to average 1.85 mb/d in February. In the southern part of the continent, winter did not affect oil demand as much as in the north. Italian oil demand dipped by 4.8% in February, losing 82 tb/d y-o-y.

The EU finalized its agreement on increasing renewables in the short- to mid-term. It is aiming to increase its use of renewables by 20% within the next decade. The agreement kept the old mandate of 5% ethanol blend until 2013 which will then increase to 10% by the end of the next decade.

Given the continued downward revision to European economic activities, 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

Many factors such as growing population, slowing economy, usage of alternative fuels, and moving to smaller cars will be pushing Japan's oil demand downward for the next few years. Japan's economy depends mostly on exports and its export rate plunged by half in February. Like last year, Japan's oil demand this year is expected to decline by 6% or 0.3mb/d. Products affected most are industrial products and gasoline. Gasoline consumption is expected to continue its downward trend and slide by around 3% this year. Japan domestic sales plunged by 12% y-o-y in February representing a loss of 0.5 mb/d y-o-y. While gasoline showed unexpectedly flat demand, naphtha sunk by almost 25%. Even though Japanese oil demand lost 12% in the first two months, it is expected that better economic activities in the second half of the year will cut the loss in half.

In total, the OECD Pacific region oil demand has been on the decline since 2005 and this trend is expected to continue through 2009. First quarter oil demand is forecast to be the worst in the year, declining by 0.7 mb/d y-o-y. It is anticipated that the decline will bottom out in the first quarter and shrink to only 0.14 mb/d as a result of better economic performance in the last quarter of the year.

The winter season was uneventful, with South Korea's oil demand showing a decline of 60 tb/d in January y-o-y resulting from slowing economic activities. Diesel and jet/kerosene dipped the most, losing 56 and 40 tb/d y-o-y.

Given the economic recession in the region, OECD Pacific oil demand is forecast to decline by 0.4 mb/d y-o-y in 2009 to average 7.6 mb/d.

Table 12: Japanese domestic sales, tb/d

	Feb 09	Change from Feb 08	Change from Feb 08 (%)
Gasoline	1,037	8	0.8
Naphtha	748	-243	-24.5
Jet Fuel	118	23	24.7
Kerosene	783	12	1.6
Gas Oil	584	-11	-1.8
Other Products	442	-167	-27.4
Direct Use of Crude	118	-147	-55.4
Total	**3,831**	**-523**	**-12.0**

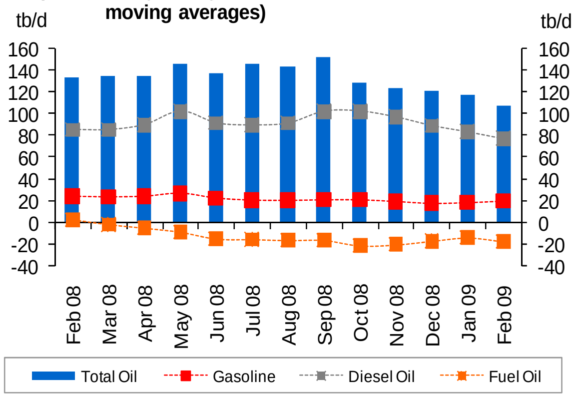
Source: Ministry of Economy and Trade in Japan (METI).

Demand in the Developing Countries forecast at 0.2 mb/d

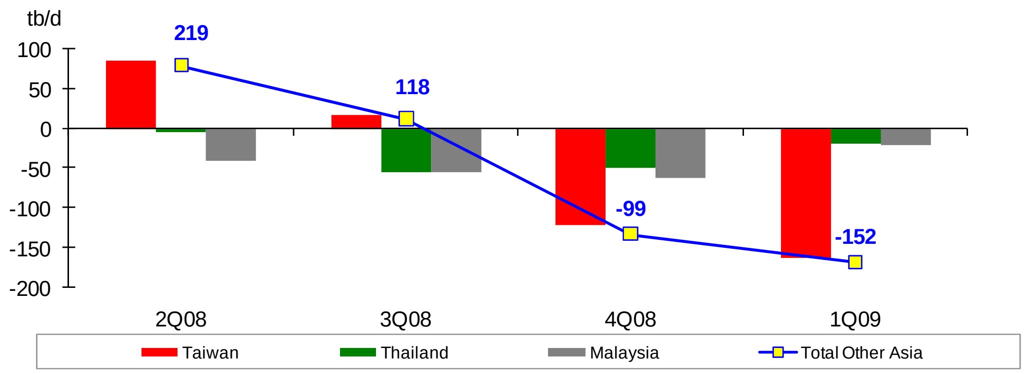
Developing Countries

The slowing Indian economy is dragging oil demand down along with it. Asia is getting infected by the world economic crisis with India at the forefront. Other Asia oil demand is forecast to be in the red this year for the first time since 1974. This decline is not attributable to India but mainly to Taiwan and Singapore. Both countries' oil demands are expected to decline by 130 tb/d and 20 tb/d y-o-y respectively. Taiwan's oil demand was affected not only by the current economic crisis but also by the new railway inaugurated late last year which cut down on auto commuting. Although power plant usage rose in March, Pakistan's first quarter oil demand plunged by 2%. As in the rest of Asia, Pakistan oil demand is suffering from the economic crisis.

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

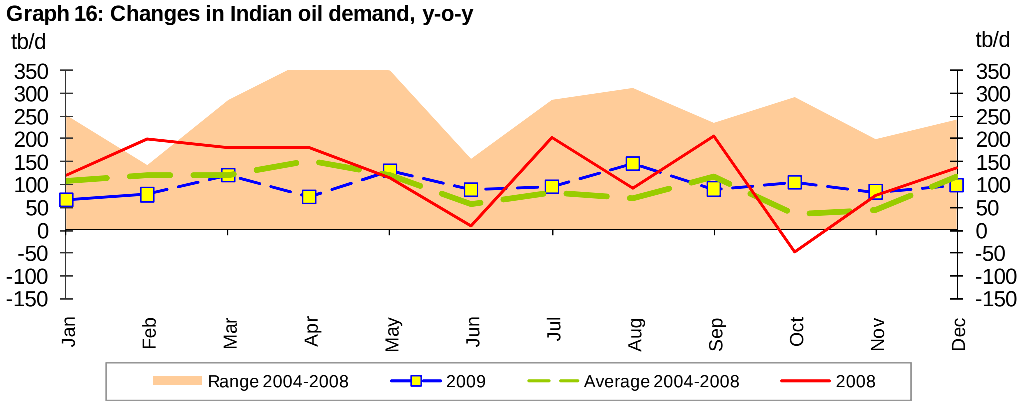


Oil consumption in certain Asian countries, y-o-y growth



Indian oil demand grew by 2.5% y-o-y in February. Gasoline consumption has not shown any weak signs so far this year. The country's gasoline demand has been supported by growing new car registration, which reached 15% in February. Although the initial forecast for India oil demand of 3.5% was moderate, the risk is toward the low side. If the country's exports show a further decline, then the oil demand growth might dip below 80 tb/d in 2009.

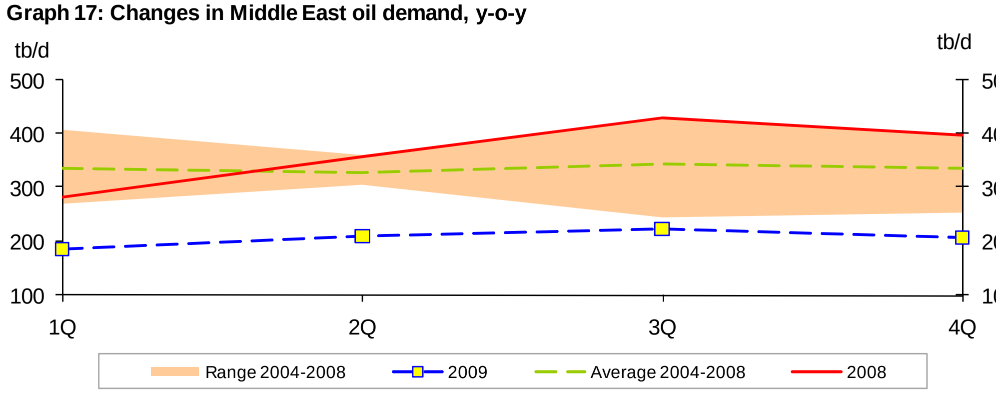
Graph 16: Changes in Indian oil demand, y-o-y



Middle East forecast to grow by 0.2 mb/d

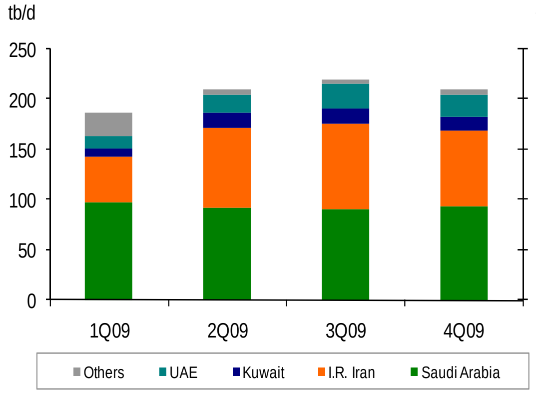
The Middle East oil demand is supported by energy intensive projects across the region. The majority of the world oil demand growth this year will be attributed to the Middle East alone accounting for 72%. An increase in retail prices along with slowing economic activities have already affected oil demand in some countries. Despite the expected slowdown in the region's oil demand, it is projected that the Middle East oil demand will show the strongest growth in the world. Given the sluggish GDP this year, the region's oil demand growth is expected to decline by half in 2009. Middle East oil demand growth is forecast at 0.2 mb/d y-o-y averaging 7.1 mb/d in 2009.

Graph 17: Changes in Middle East oil demand, y-o-y



Latin America is not immune from the troubled world economic crisis. The region's oil consumption will be quite weak; however it is not anticipated to be in the negative. The growth will be attributed only to Brazil and Venezuela. Argentina, the third largest oil consuming country within Latin America, will consume less oil this year by around 15 tb/d y-o-y.

Graph 18: Yearly oil demand growth in the Middle East



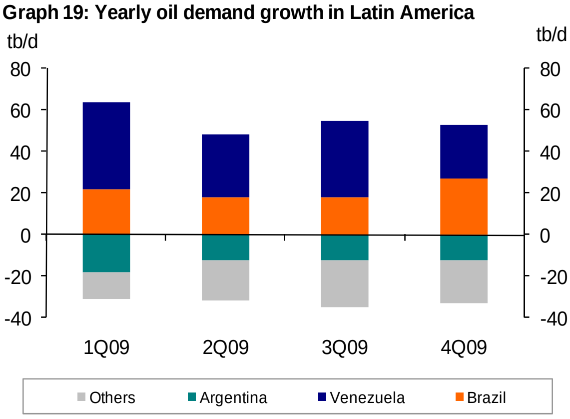
Brazil, the biggest country in the region as far as oil demand is concerned, will consume around 37 tb/d more oil than last year. This expected growth is only one third of what was seen last year.

After having been frozen for more than thirteen years, Venezuela is considering a moderate increase in some of its petroleum product prices. Gasoline is highly subsidized in some Latin American countries. This is not only putting a heavy burden on governmental budgets but is also increasing non-efficient consumption. Should the price change be applied, then oil demand will be affected in the short term.

Latin America total oil demand is expected to achieve a minor growth of only 25 tb/d y-o-y in 2009 to average 5.8 mb/d.

Given the current dim outlook of the world economy, the Developing Countries' oil demand growth is forecast at 0.2 mb/d y-o-y in 2009, down from 0.8 mb/d in 2008

Graph 19: Yearly oil demand growth in Latin America



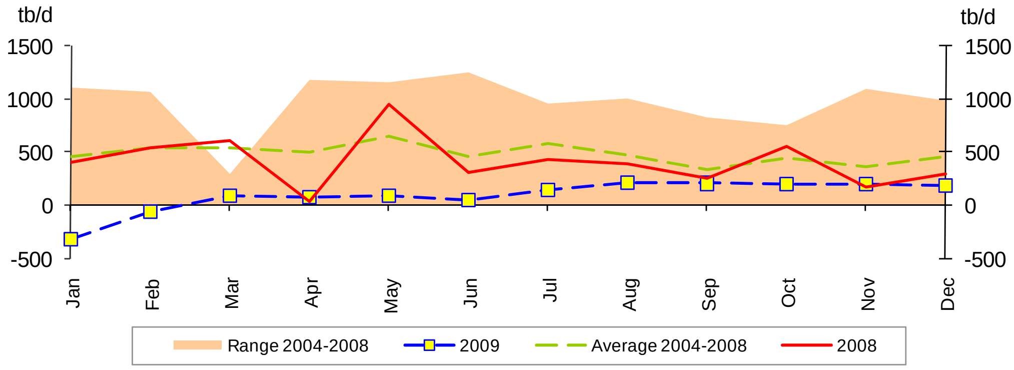
Other regions

China's oil demand growth forecast at 40 tb/d

As the world economy went into recession, China's exports fell on a large scale pushing the country's oil demand into the negative in the first quarter of this year. It is the first time that Chinese oil demand has turned negative since the last quarter of 2005. The country has already unveiled its stimulus plan to jump start the economy; however, the negative effect will be there for the whole year to a certain degree. Transport fuel along with agricultural fuel will maintain the country's annual oil consumption growth which is forecast at 1.1% y-o-y. The stimulus plan should help to maintain single-digit growth in new car registration. China's February oil demand dropped by more than 0.5 mb/d leading to a decline of 0.1 mb/d in the first quarter of 2009. Industrial fuel was the main cause for the decline in oil demand in February and it is anticipated to be so for the whole year. Of course the country's holiday in January worsened the situation in the first quarter. China marginally increased retail prices of transport fuel in March and this will have a slightly negative effect on both future gasoline and diesel consumption.

Given the country's stimulus plan which will encourage new investments, China's oil demand growth is forecast at 40 tb/d y-o-y to average 8 mb/d.

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



World Oil Supply

Non-OPEC

Forecast for 2008

Non-OPEC supply fell 180 tb/d in 2008

Non-OPEC supply is estimated to average 50.32 mb/d in 2008, following a minor downward revision of 20 tb/d from the last assessment. This corresponds to negative growth of 0.18 mb/d over the 2007 figure. The revisions occurred in the fourth quarter, representing a downward revision of 77,000 b/d mainly in the US, while the first quarter saw a slight upward revision of 17 tb/d. On a quarterly basis, non-OPEC supply in 2008 now stands at 50.73 mb/d, 50.54 mb/d, 49.71 mb/d and 50.30 mb/d respectively.

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

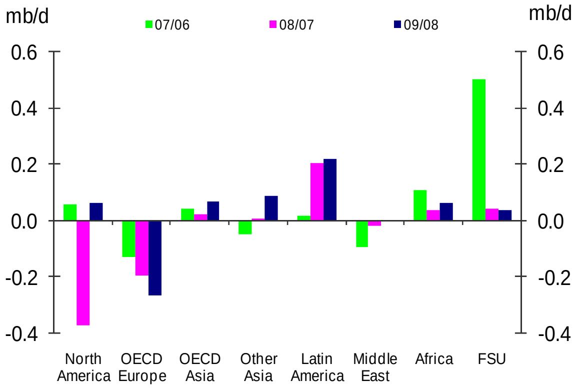


Table 13: Non-OPEC oil supply in 2008, mb/d

	2007	1Q08	2Q08	3Q08	4Q08	2008	Change 08/07
North America	14.30	14.22	14.05	13.63	13.83	13.93	-0.37
Western Europe	5.23	5.21	5.04	4.82	5.10	5.04	-0.19
OECD Pacific	0.60	0.58	0.63	0.63	0.66	0.63	0.02
Total OECD	**20.14**	**20.01**	**19.73**	**19.08**	**19.59**	**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	1.65	1.65	-0.02
Africa	2.71	2.75	2.76	2.74	2.75	2.75	0.04
Total DCs	**12.00**	**12.20**	**12.19**	**12.25**	**12.29**	**12.23**	**0.23**
FSU	12.52	12.62	12.67	12.46	12.49	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**	**16.47**	**16.54**	**0.10**
Total Non-OPEC production	**48.58**	**48.78**	**48.59**	**47.76**	**48.35**	**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**	**50.54**	**49.71**	**50.30**	**50.32**	**-0.18**
Previous estimate	50.50	50.71	50.54	49.71	50.38	50.33	-0.17
Revision	0.00	0.02	0.01	0.00	-0.08	-0.01	-0.01

Note: Indonesia has been included in historical Non-OPEC supply for comparison purposes.

Forecast for 2009

Non-OPEC supply growth in 2009 revised down to 0.29 mb/d

Non-OPEC supply is expected to average 50.61 mb/d, representing an increase of 0.29 mb/d over the previous year and a downward revision of around 80 tb/d from the last Monthly Oil Market Report with each quarter showing a downward revision. On a quarterly basis, non-OPEC supply is forecast to stand at 50.76 mb/d, 50.49 mb/d, 50.36 mb/d and 50.82 mb/d respectively.

Table 14: Non-OPEC oil supply in 2009, mb/d

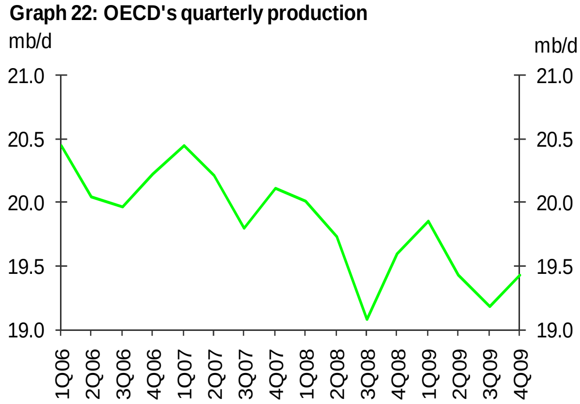
	2008	1Q09	2Q09	3Q09	4Q09	2009	Change 09/08
North America	13.93	14.14	13.90	13.92	14.02	14.00	0.06
Western Europe	5.04	5.04	4.82	4.55	4.72	4.78	-0.26
OECD Pacific	0.63	0.67	0.71	0.72	0.68	0.70	0.07
Total OECD	**19.60**	**19.85**	**19.42**	**19.18**	**19.42**	**19.47**	**-0.13**
Other Asia	3.75	3.75	3.79	3.88	3.91	3.83	0.09
Latin America	4.08	4.29	4.23	4.34	4.35	4.30	0.22
Middle East	1.65	1.63	1.66	1.66	1.66	1.65	0.00
Africa	2.75	2.77	2.79	2.82	2.85	2.81	0.06
Total DCs	**12.23**	**12.44**	**12.47**	**12.71**	**12.77**	**12.60**	**0.36**
FSU	12.56	12.56	12.67	12.48	12.67	12.60	0.03
Other Europe	0.13	0.12	0.12	0.12	0.12	0.12	0.00
China	3.85	3.80	3.82	3.88	3.85	3.84	-0.01
Total "Other regions"	**16.54**	**16.49**	**16.61**	**16.48**	**16.65**	**16.56**	**0.02**
Total Non-OPEC production	**48.37**	**48.77**	**48.51**	**48.37**	**48.84**	**48.62**	**0.25**
Processing gains	1.95	1.98	1.98	1.98	1.98	1.98	0.03
Total Non-OPEC supply	**50.32**	**50.76**	**50.49**	**50.36**	**50.82**	**50.61**	**0.29**
Previous estimate	50.33	50.78	50.58	50.48	50.97	50.70	0.37
Revision	-0.01	-0.02	-0.09	-0.12	-0.15	-0.09	-0.08

OECD

OECD supply to decline by 130 tb/d in 2009

Total OECD oil supply is projected to fall 130 tb/d in 2009 to average 19.47 mb/d, unchanged from the last assessment. The upward revision in Western Europe was offset by the downward revision in North America, while OECD Pacific supply remained unchanged compared to the previous MOMR assessment. On a quarterly basis, the first quarter experienced an upward revision of 226 tb/d, while the second quarter remained almost unchanged. The third and fourth quarters were revised down by 90 tb/d and 120 tb/d respectively. The upward revision in the first quarter 2009 was due to the adjustment made to actual data for January and February as well as to the estimation for March. On a quarterly basis, OECD oil supply is expected to average 19.85 mb/d, 19.42 mb/d, 19.18 mb/d and 19.42 mb/d respectively. Preliminary data for March put total OECD output at around 19.88 b/d, about 40 tb/d below the revised February figure.

Graph 22: OECD's quarterly production



USA

US supply expected to increase by 210 tb/d

The US oil supply is projected to increase by 210 tb/d over the previous year to average 7.71 mb/d in 2009, unchanged from last month's assessment. The upward revision in the first quarter 2009 was offset by the downward revision in the third and fourth quarters. US oil production is expected to grow after a decade of decline; this reflects higher output from the US Gulf as well as anticipation of new fields in the deepwater Gulf of Mexico such as BHP's Shenzi fields, along with full ramp-up of BP's Thunder Horse field. US March supply saw an increase of 70 tb/d over February data to stand at 7.86 mb/d. On a quarterly basis, US oil supply is estimated at 7.78 mb/d, 7.69 mb/d, 7.65 mb/d and 7.72 mb/d respectively.

Canada and Mexico

Oil supply from **Canada** is projected to average 3.31 mb/d in 2009, representing growth of 50 tb/d from the 2008 estimate and a downward revision of 20 tb/d from the last report. This downward revision came as a result of delays of crude and bitumen production at Syncrude.

Canada has provided the bulk of the increase in North American supply over the past few years, mainly from oil sand projects. However, the forecast for this year is assessed with a high degree of uncertainties due to the global financial crisis and its impact on operator's activities. Canadian oil supply is estimated to average 3.32 mb/d in March, around 20 tb/d lower than the February level. On a quarterly basis Canada's oil supply is foreseen to average 3.33 mb/d, 3.24 mb/d, 3.29 mb/d and 3.39 mb/d respectively.

Mexican oil supply is expected to decline by 0.2 mb/d to average 2.98 mb/d, following a downward revision of 16 tb/d. March production in Mexico continued the downward trend, decreasing 10 tb/d from February, while the first quarter 2009 saw a decline of 60 tb/d from the fourth quarter 2008. The latest information for February indicates that Cantarell produced 745 tb/d, while the Ku-Maloob Zapp field produced 794 tb/d, continuing an upward trend. On a quarterly basis, Mexican oil supply is forecast to average 3.04 mb/d, 2.97 mb/d, 2.98 mb/d and 2.91 mb/d.

Western Europe

Western Europe to decline by 260 tb/d

Oil supply from **OECD Western Europe** is forecast to decline by 260 tb/d in 2009 from the previous year to average 4.78 mb/d, indicating an upward revision of 25 tb/d over the previous month's estimate. The bulk of the upward revision occurred in the first quarter 2009 as the forecast was assessed lower than the actual data. Norway and UK saw an upward revision of 58 tb/d and 86 tb/d respectively. Preliminary data for March suggests a production level of 4.99 mb/d, around 100 tb/d lower than the February estimate. On a quarterly basis, OECD Western Europe supply in 2009 is anticipated to stand at 5.04 mb/d, 4.82 mb/d, 4.55 mb/d and 4.72 mb/d respectively.

Norway's oil supply is projected to average 2.34 mb/d, a decline of around 120 tb/d and a slight upward revision of 14 tb/d from the previous month's estimate. The upward revision came mainly in the first quarter of 2009 on the back of the adjustment to actual data for January and February and the estimate for March. Preliminary data for March indicates that supply in Norway stood at 2.45 mb/d, representing a decline of 50 tb/d from the previous month. On a quarterly basis, Norway's supply is expected to average 2.47 mb/d, 2.34 mb/d, 2.19 mb/d and 2.35 mb/d respectively.

Oil production from the **UK** is anticipated to decrease by 130 tb/d over a year earlier to average 1.45 mb/d, an upward revision of 21 tb/d as a result of the upward revision of 86 tb/d in the first quarter 2009, while the other following quarters remained unchanged. March UK supply indicates a decrease of 40 t/d over February's level to average at 1.56 mb/d. On a quarterly basis, UK oil supply is forecast at 1.58 mb/d, 1.46 mb/d, 1.38 mb/d and 1.37 mb/d respectively.

Asia Pacific

OECD Pacific supply expected to fall 70 tb/d

OECD Asia Pacific oil supply is forecast to average 0.70 mb/d in 2009, an increase of 70 tb/d over the previous year and a slight downward revision from the previous assessment. The bulk of the revision occurred in the first quarter of 2009. Australia saw an upward revision of 30 tb/d, while New Zealand experienced a downward revision of 24 tb/d. On a quarterly basis, OECD Asia Pacific supply is anticipated to average 0.67 mb/d, 0.71 mb/d, 0.72 mb/d and 0.68 mb/d respectively.

Australia's oil supply is forecast to grow by 60 tb/d over the previous year to average 0.58 mb/d in 2009, following a minor upward revision of 7 tb/d from the previous month. A revision of 30 tb/d was made to first quarter supply as the actual data was higher than the previous assessment. Preliminary data for March saw an increase of 20 tb/d in Australian oil supply to average 0.6 mb/d. On a quarterly basis, Australian supply is expected to average 0.59 mb/d, 0.59 mb/d, 0.60 mb/d and 0.56 mb/d respectively.

Developing Countries

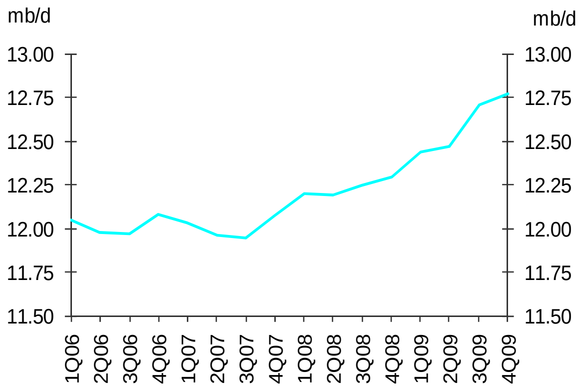
DC supply to increase 360 tb/d

Developing Countries (DCs) are estimated to grow 0.36 mb/d over the previous year to average 12.60 mb/d, indicating a downward revision of around 25 tb/d. Among the developing country regions, Other Asia displayed the highest revision of 31 tb/d. Latin America saw an upward revision of 23 tb/d to increase by 0.22 mb/d for an average of 4.3 mb/d. Middle East and Africa saw minor revisions, indicating flat growth and an increase of 60 tb/d over the previous year. On a quarterly basis, DCs total oil supply is expected to stand at 12.44 mb/d, 12.47 mb/d, 12.71 mb/d and 12.77 mb/d respectively.

Other Asia to increase 90 tb/d

Oil supply from **Other Asia** is expected to increase by 90 tb/d in 2009 over the previous year to reach 3.83 mb/d, a downward revision of 31 tb/d from last month's assessment. India's oil supply was revised down by 11 tb/d with the bulk of the downward revision occurring in the first quarter 2009 as unplanned outage of MA-1 in March lowered the estimate for the first quarter of 2009. MA-1 output should ramp-up quickly due to the increased number of producing wells. Vietnam will remain the country with higher production in this region, increasing by 40 tb/d to average 0.35 mb/d supported by projected ramp-ups such as the Su Tu Vang development. Oil supply from Malaysia is expected to grow by 10 tb/d to reach 0.78 mb/d on the start-up of PM3 CAA northern field. Thailand oil supply is estimated to grow by 20 tb/d above the expectation driven by Songkhla field coming onstream. On a quarterly basis, Other Asia is estimated to average 3.75 mb/d, 3.79 mb/d, 3.88 mb/d and 3.91 mb/d respectively.

Graph 23: Developing Countries' quarterly production



Brazil to add 180 tb/d in 2009

Oil supply from **Latin America** is expected to grow by 0.22 mb/d to average 4.30 mb/d, representing an upward revision of 23 tb/d. The bulk of the change came from Brazil, which remains on top of the countries adding supply growth in 2009. In fact, Brazil oil supply is projected to increase by 0.18 mb/d to average 2.46 mb/d. This growth is supported by the start-up of Petrobras' Jabuti field in the deepwater Campos Basin. However, it is not yet clear what effect a five-day union workers strike has had on production, but based on Petrobras, the strike has had a minor impact on March production. Preliminary data for March indicates flat growth in Latin America compared with February's figure reaching 4.29 mb/d. Latin America's supply stands at 4.29 mb/d, 4.23 mb/d, 4.34 mb/d and 4.35 m/d respectively.

Middle East oil supply is expected to remain flat in 2009, averaging 1.65 mb/d, a minor change from the previous assessment. Oman oil supply is expected to increase by 20 tb/d followed by Syria which is forecast to increase by 70 tb/d. In contrast, Yemen is expected to decline by 30 tb/d. On a quarterly basis, Middle East supply stands at 1.63 mb/d in the first quarter and at 1.66 mb/d in all other quarters.

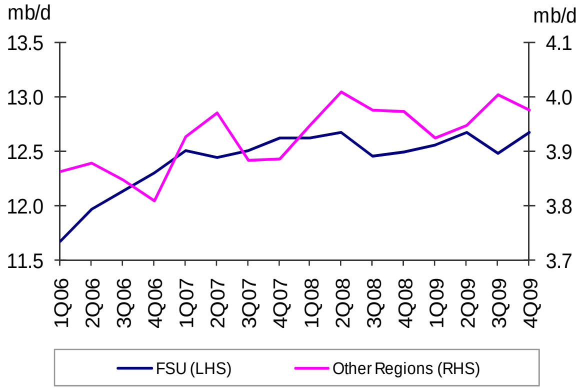
Oil supply in **Africa** is now estimated to average 2.81 mb/d, an increase of 60 tb/d over the previous year. Congo oil supply is expected to rise by 40 tb/d supported by the development of two small fields, the Murphy-led project as well as Eni's Awa Palouko field. On a quarterly basis, Africa oil supply stands at 2.77 mb/d, 2.79 mb/d, 2.82 mb/d and 2.85 mb/d respectively.

FSU, Other Regions

FSU supply to increase by 30 tb/d

FSU oil supply is projected to increase by around 30 tb/d over the previous year to average 12.60 mb/d in 2009, representing a downward revision of 25 tb/d from the previous report. This forecast continues to be associated with a high degree of uncertainty as the global economic crisis forces companies to cut investment. On a quarterly basis, total oil supply in the FSU is projected to stand at 12.56 mb/d, 12.67 mb/d, 12.48 mb/d and 12.67 mb/d respectively. Based on actual data for January and February, and preliminary figures for March, the first quarter 2009 saw a downward revision of 45 tb/d mainly coming from Azerbaijan and Kazakhstan, while in contrast Russia saw an upward revision of 81 tb/d. Other Europe is estimated to remain unchanged at 0.12 mb/d. China's oil supply is foreseen to decrease by 10 tb/d to average 3.84 mb/d.

Graph 24: FSU and other region's quarterly production



Russia

Russia output projected to decline by 120 tb/d

Russian oil supply is expected to average 9.66 mb/d, a drop of 120 tb/d from the 2008 level and relatively unchanged from last month's assessment. However, the first quarter 2009 saw an upward revision of 81 tb/d as actual data was higher than the previous forecast assessment. In fact, Russia's crude oil production in March rose for the first time in months. It was supported by more adjustments of taxes that have made exports more profitable as well as the continued decline of the ruble versus the dollar. This boost in production is largely due to the sharp rise in output from Gazprom-led Sakhlin-2 development on Russia's Pacific shelf, combined with higher production from Lukoil's South Khylchuyu development. Despite this rise in March, the outlook for Russia's production through the remainder of 2009 calls for a downward trend as the global economic crisis forces companies to reduce their spending at the current price environment. On a quarterly basis, Russia's oil supply is estimated to average 9.77 mb/d, 9.67 mb/d, 9.61 mb/d and 9.58 mb/d respectively.

Caspian

Kazakh oil supply in 2009 is expected to increase by 80 tb/d over the 2008 level to average 1.49 mb/d, indicating a downward revision of 8 tb/d from last month's assessment. The downward revision occurred in the first quarter 2009 reflecting the adjustment in February's figure due to the brief shutdown of the CPC pipeline causing a shut-in at the Tengiz field. Preliminary data for March indicates a decline of 60 tb/d to average 1.44 mb/d. On a quarterly basis, Kazakh supply stands at 1.47 mb/d, 1.52 mb/d, 1.40 mb/d and 1.58 mb/d respectively.

Oil supply from **Azerbaijan** is anticipated to average 0.98 mb/d, an increase of 70 tb/d over the previous year representing a downward revision of 16 tb/d from the previous report. The first quarter saw a downward revision of 67 tb/d as actual data was lower than the previous forecast. The increase in Azeri oil supply came from the continuing ramp-up of BP's Azeri-China development. This complex in the Caspian Sea has been plagued with gas leak problems since September, which have still not been fully resolved. It seems that a complete recovery is taking longer than expected. On a quarterly basis, Azerbaijan oil supply is expected to average 0.88 mb/d, 1.00 mb/d, 0.99 mb/d and 1.04 mb/d respectively.

China

China to see slightly negative growth

Oil supply from **China** in 2009 is projected to display a negative growth of 10 tb/d averaging 3.84 mb/d. This represents a downward revision of 42 tb/d over the previous assessment. As actual data becomes available, the first quarter 2009 saw a significant revision of 96 tb/d to average 3.80 mb/d, representing negative growth of 50 tb/d. March oil production lost 20 tb/d in line with the announcement by PetroChina and Sinopec to cut crude output. These two companies announced the reduction of their upstream capacity for this year.

OPEC natural gas liquids and non-conventional oils

OPEC NGLs to increase by 0.41 mb/d

OPEC NGLs and non-conventional oils are estimated to have averaged 4.42 mb/d in 2008, a growth of around 0.4 mb/d over the previous year. In 2009, OPEC NGLs and non-conventional oils are expected to increase by 0.41 mb/d to stand at 4.83 mb/d.

Table 15: OPEC NGLs + non-conventional oils, 2006-2009

			Change						Change		Change
	2006	**2007**	07/06	1Q08	2Q08	3Q08	4Q08	**2008**	08/07	**2009**	09/08
Total OPEC	**3.89**	**4.03**	0.14	4.26	4.42	4.46	4.56	**4.42**	0.39	**4.83**	0.41

OPEC crude oil production

OPEC crude output dropped 145 tb/d in March

OPEC total crude oil production averaged 27.90 mb/d in March, according to secondary sources, a decline of 145 tb/d from the previous month. All Member Countries saw a decline in crude oil production with the exception of Angola and Iraq. Total OPEC crude oil production for the first quarter 2009 now stands at 28.22 mb/d. OPEC, not including Iraq's production, stood at 25.57 mb/d, down 170 tb/d from the February level.

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

	2007	**2008**	**3Q08**	**4Q08**	**1Q09**	**Jan 09**	**Feb09**	**Mar 09**	***Mar/Feb***
Algeria	1,360	1,390	1,401	1,362	1,279	1,297	1,273	1,268	*-5.3*
Angola	1,660	1,871	1,845	1,870	1,691	1,778	1,637	1,653	*15.3*
Ecuador	507	503	503	501	472	489	478	448	*-30.2*
Iran, I.R.	3,855	3,887	3,917	3,815	3,677	3,695	3,672	3,663	*-8.7*
Iraq	2,089	2,338	2,329	2,336	2,328	2,333	2,312	2,337	*24.8*
Kuwait	2,464	2,554	2,600	2,500	2,270	2,332	2,263	2,213	*-50.0*
Libya, S.P.A.J.	1,710	1,715	1,683	1,697	1,570	1,612	1,551	1,546	*-5.0*
Nigeria	2,125	1,947	1,955	1,931	1,820	1,891	1,795	1,772	*-23.5*
Qatar	807	840	859	810	760	762	761	758	*-2.5*
Saudi Arabia	8,654	9,113	9,460	8,760	7,941	8,012	7,915	7,894	*-20.8*
UAE	2,504	2,557	2,603	2,431	2,262	2,294	2,263	2,229	*-34.2*
Venezuela	2,392	2,346	2,339	2,299	2,150	2,196	2,129	2,123	*-5.5*
Total OPEC	**30,126**	**31,062**	**31,495**	**30,312**	**28,220**	**28,690**	**28,049**	**27,904**	***-145.5***
OPEC excl. Iraq	**28,037**	**28,724**	**29,166**	**27,976**	**25,892**	**26,357**	**25,737**	**25,567**	***-170.3***

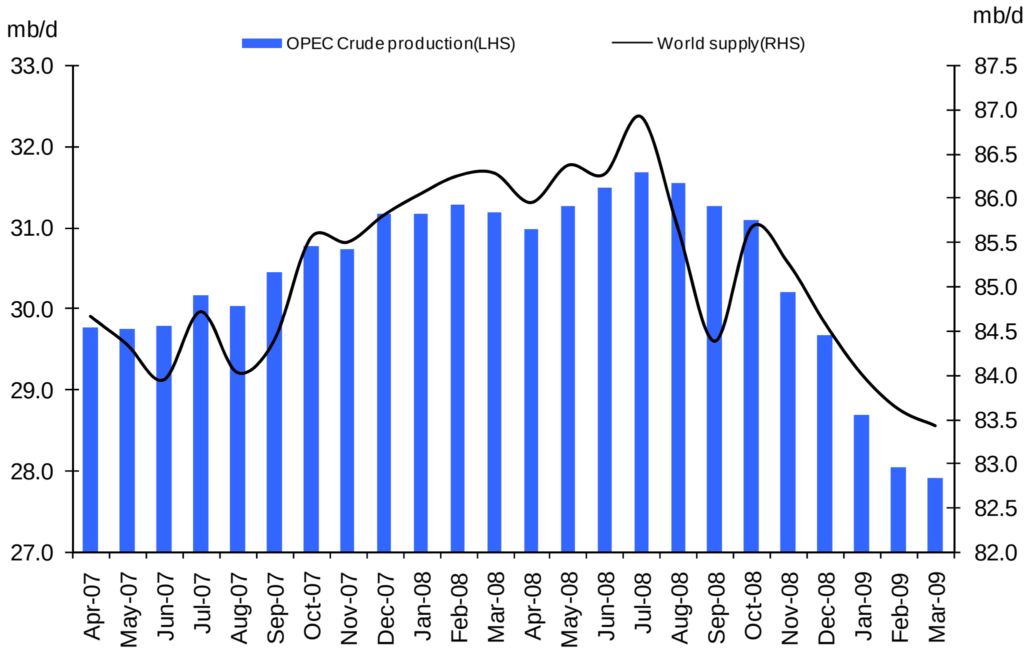
Totals may not add due to independent rounding.

World Oil Supply

Global oil supply fell 0.19 mb/d in March

Preliminary figures indicate that global oil supply fell 0.19 mb/d in March to average 83.39 mb/d. Non-OPEC supply experienced a slight decline of 0.04 mb/d, while total OPEC supply dropped by 0.17 mb/d. The share of OPEC crude oil production saw a minor decline to stand at 33.4% in March from 33.6% in the previous month. The estimate is based on preliminary data for non-OPEC supply, estimates for OPEC NGLs and OPEC crude production are based on secondary sources.

Graph 25: OPEC and World oil supply

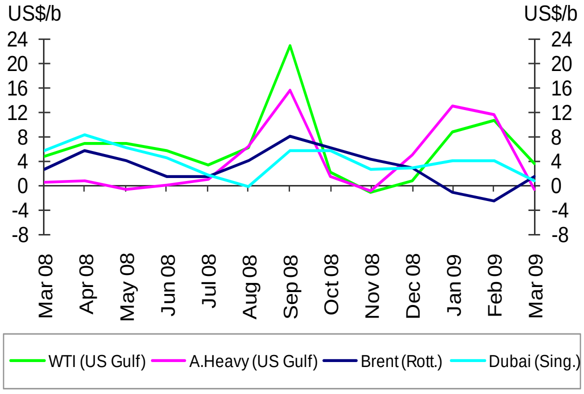


Product Markets and Refinery Operations

Product market sentiment deteriorated further in the latter part of March

Gasoline stock build in the US and the weakening of the distillates market have exerted pressured on product market sentiment and undermined refining economics in the US and Asia. Due to continued slow demand resulting from the ongoing economic crisis and comfortable products stocks as well as increasing spare refining capacity across the globe, a recovery from the current bearish momentum in the products market is not expected in the coming driving season.

Graph 26: Refining margins



Furthermore, surging crude cost resulting from speculative activities and returning commodity investment funds into the market may lead to lower refining margins in the coming months. Such circumstances would encourage refiners to cut runs and put more pressure on crude fundamentals in the future.

Although boosted in February by gasoline stock draws and refinery glitches, US refining margins significantly lost ground in March. As **Graph 26** shows, refining margins for WTI crude in the US Gulf plummeted to $3.58/b in March from $10.64/b in February. In Europe, the market situation was slightly different as export opportunities to the US and Asia lifted light and heavy product prices. In line with these developments, refining margins for Brent crude oil in Rotterdam rose to $1.53/b in March from minus $2.48/b in the previous month.

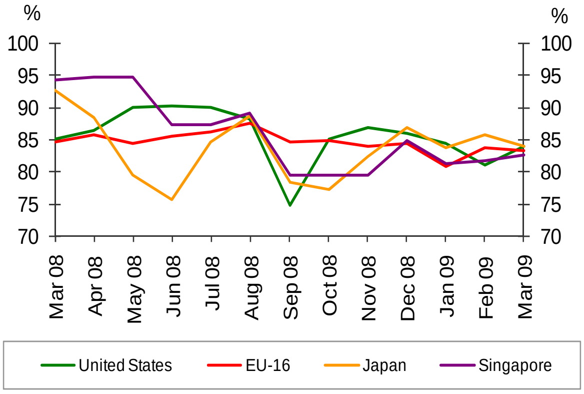
In Asia, limited export opportunities for middle distillates along with relatively poor performances of fuel oil and gasoline markets negatively affected refining margins. Refining margins for Dubai crude oil in Singapore dropped by $2.3/b to $0.61/b in March from $3.91/b in February. Starting maintenance schedule may lend support to margins in Asia over the next months, but it is not expected to last long.

Refinery operations

Seasonal maintenance schedules have compounded persistently low refinery utilization rates in March

Refinery maintenance usually takes place in spring or autumn, prior to the driving and heating seasons. In the Atlantic Basin, major refinery turnarounds typically carry on in spring before the beginning of the driving season. Due to slowing refining margins in the latter part of 2008, refinery maintenance started earlier than usual this year.

Graph 27: Refinery utilization rates



As Graph 27 shows, the refinery utilization rate in the US is still below the typical seasonal level, but rose by 2.9% compared to the previous month to reach 83.9%. In Europe, refinery utilization rates declined marginally by 0.5% in March to reach 83.3%. In Asia, refinery throughputs also followed suit, decreasing from the previous month. Refinery utilization rates in Japan slid by 1.8% to 83.8%.

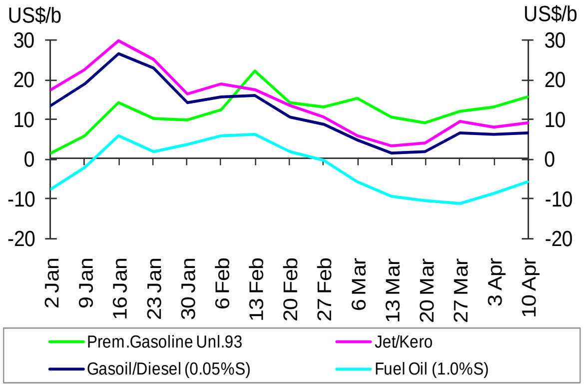
Looking ahead, due to the continuation of spring maintenance, refinery utilization rates are not expected to increase significantly next month. Additionally, the continued decline in petroleum product demand may force refiners to keep operations at lower-than-typical levels even after the completion of maintenance.

Gasoline stock builds muted product market sentiment in the US

US market

The switch in refinery mode to gasoline output, increased gasoline imports and relatively sluggish demand led to a build in gasoline stocks, capping the earlier bullish momentum of the gasoline market.

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



Following these developments, the gasoline crack spread in the US Gulf against WTI crude narrowed to $12/b in late March from nearly $15/b earlier in the same month. However, it is worth noting that, despite bearish developments in product market fundamentals, the gasoline futures market has improved recently, as the return of commodity investment funds to crude and gasoline markets lifted the gasoline spread in early April (*see **Graph 28***). Upon completion of present refinery maintenance and an increase in product output, gasoline market sentiment is expected to ease further.

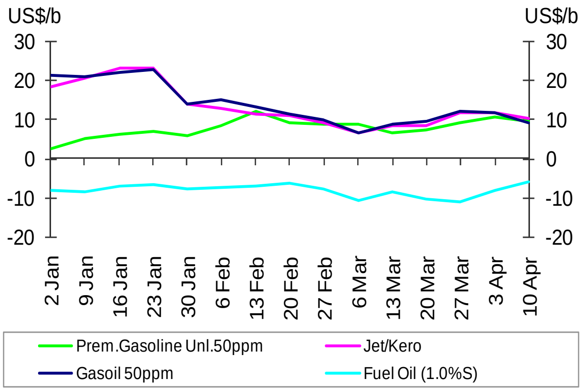
Ample inventories dampened the middle distillate market in the US, but export opportunities to Europe and South America amid seasonal demand from the agriculture sector have trimmed the downward trend of the distillates spread. Due to the continuation of the ongoing economic crisis and its adverse effects on middle distillate demand, the current bearish sentiment of middle distillates is not expected to change significantly in the near future.

The US fuel oil market performed better and remained strong in March, as demand outpaced average domestic production and encouraged traders to import more fuel oil from Europe. The current situation of the fuel oil market may change in the next months as refiners return from maintenance and increase outputs. As a result, the persisting discounted spread of low sulfur fuel oil against WTI crude may widen further in the coming months.

European market

Limited supplies from regional refineries amid increasing seasonal maintenance, temporary strikes in France and the narrowing arbitrage window to Asia have stemmed the downward trend of the European middle distillates market. Following these movements, the gasoil crack spread versus Brent crude oil recovered from $6/b in early March to about $13/b in early April (*see **Graph 29***). Diesel supplies on the Mediterranean market have remained tighter than in the rest of Europe. The present circumstances of the European distillates market may ease over the next months as refiners returned from maintenance.

Graph 29: Rotterdam crack spreads vs. Brent, 2009



The gasoline market in Europe benefited from low regional inventories, export opportunities to the US and Middle East as well as positive developments in the US futures market. The current situation of the European gasoline market is expected to change unfavourably over the coming months as refiners return from maintenance and transatlantic arbitrage opportunities are limited. The gasoline crack spread against Brent crude remained around $8/b in March.

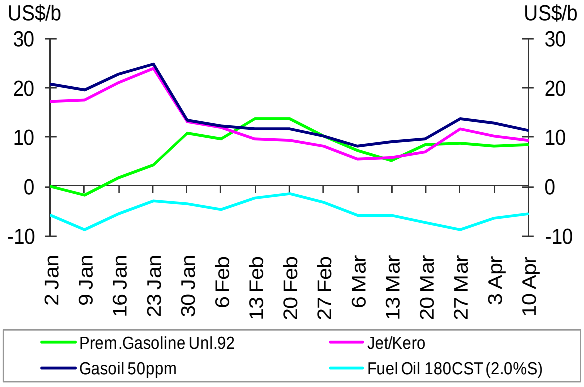
European fuel oil prices continued to strengthen along with crude oil in March, but fewer export opportunities to Asia and low regional inland demand has exerted downward pressure on the fuel oil crack spread. A low sulfur fuel oil crack spread to Brent crude in Rotterdam widened to minus $11/b in March from around minus $7/b in the previous month (*see **Graph 29***). The European fuel oil market situation has improved lately due to limited Russian exports and increasing shipments to the US, thus clearing prompt regional supplies.

Asian market

Refining economics have been squeezed in Asia

Despite the bullish developments for naphtha, the Asian gasoline market lost ground due to lower demand from Indonesia and Vietnam. These circumstances forced regional refiners to cut throughputs earlier than usual. The gasoline crack spread against Dubai crude oil in Singapore plummeted to around $7/b in March from above $11/b in February (*see Graph 30*). The naphtha market sentiment also eased slightly in the latter part of March amid the arrival of huge arbitrage cargoes from Europe. However, the Asian naphtha market is expected to remain relatively strong in the short-term, as petrochemical units emerge from maintenance and boost cracking operating rates.

Graph 30: Singapore crack spreads vs. Dubai, 2009



The middle distillate crack spread in Asia has not improved significantly compared to previous months due to less arbitrage opportunity to Europe and lower demand by Indonesia. The recent rally in the distillate crack spread is likely to be temporary, as the region's balance does not look tight amid persisting slowing economic activity. Considering the bearish prospect for Asian economic growth, middle distillate market momentum may ease further in the near future and weigh down the gasoil crack spread versus Dubai crude. Apart from gasoil, jet fuel oil prices also came under pressure from ample supply and weak regional demand.

With regard to fuel oil, the Asian market demand remained muted due to a slump in regional trade and manufacturing activity. Demand for utility and power generation continues to fall. However, the prospect of tighter supplies from the Middle East and South Korea as well as fewer arbitrage barrels landing in Asia, is keeping the fuel oil market relatively well-supported. The high sulfur fuel oil crack spread versus Dubai crude narrowed again to minus $5.50/b in early April. In the second quarter, the Asian fuel oil market is expected to be supported by reduced regional supplies due to annual refinery maintenance.

Table 17: Refined product prices, US$/b

		Jan 09	Feb 09	Mar 09	Change Mar/Feb
US Gulf (Cargoes):					
Naphtha		45.51	45.49	51.79	6.30
Premium gasoline	*(unleaded 93)*	53.20	53.66	59.71	6.06
Regular gasoline	*(unleaded 87)*	49.11	48.58	55.15	6.57
Jet/Kerosene		62.07	50.73	53.66	2.93
Gasoil	*(0.05% S)*	59.56	49.18	51.79	2.61
Fuel oil	*(1.0% S)*	45.29	40.26	38.74	-1.52
Fuel oil	*(3.0% S)*	38.68	38.60	37.61	-0.99
Rotterdam (Barges FoB):					
Naphtha		38.71	43.75	43.82	0.07
Premium gasoline	*(unleaded 10 ppm)*	48.82	52.70	54.68	1.98
Premium gasoline	*(unleaded 95)*	46.29	49.97	51.85	1.88
Jet/Kerosene		60.99	53.89	55.33	1.43
Gasoil/Diesel	*(10 ppm)*	66.57	55.32	55.90	0.59
Fuel oil	*(1.0% S)*	36.27	35.81	36.43	0.62
Fuel oil	*(3.5% S)*	34.98	36.50	37.29	0.79
Mediterranean (Cargoes):					
Naphtha		36.64	41.92	42.05	0.13
Premium gasoline	*(50 ppm)*	50.34	51.12	51.28	0.16
Jet/Kerosene		59.94	52.97	53.64	0.66
Gasoil/Diesel	*(50 ppm)*	74.68	75.61	76.56	0.95
Fuel oil	*(1.0% S)*	38.63	38.25	39.37	1.12
Fuel oil	*(3.5% S)*	34.63	35.42	36.74	1.32
Singapore (Cargoes):					
Naphtha		42.58	46.84	46.53	-0.31
Premium gasoline	*(unleaded 95)*	52.23	57.97	54.20	-3.77
Regular gasoline	*(unleaded 92)*	48.97	55.42	53.14	-2.28
Jet/Kerosene		60.15	52.85	53.34	0.49
Gasoil/Diesel	*(50 ppm)*	61.26	54.59	56.20	1.61
Fuel oil	*(180 cst 2.0% S)*	40.74	40.66	38.70	-1.96
Fuel oil	*(380 cst 3.5% S)*	39.08	39.76	38.05	-1.71

Table 18: Refinery operations in selected OECD countries

	Refinery throughput *mb/d*				Refinery utilization *%*			
	Jan 09	Feb 09	Mar 09	Mar/Feb	Jan 09	Feb 09	Mar 09	Mar/Feb
USA	14.72	14.14 R	14.64	0.50	84.4	81.0	83.9	2.9
France	1.41	1.65	1.57	-0.08	71.1	81.0	79.1	-1.9
Germany	2.06	2.06	2.09	0.04	85.2	85.0	86.6	1.6
Italy	1.67	1.81	1.83	0.03	71.5	77.3	78.4	1.1
UK	1.51	1.52	1.52	0.00	81.1	81.7	81.7	0.0
Euro16	11.37	11.78	12.63	0.85	80.8	83.8	83.3	-0.5
Japan	3.89	4.08	3.50	-0.58	83.6	85.6	83.8	-1.8

R *Revised since last issue.*

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

The Tanker Market

Global and OPEC spot fixtures declined in March

According to preliminary data, OPEC spot fixtures declined sharply by 16% in March, compared to the previous month, to reach 10.57 mb/d, the lowest rate since July 2003. From the Middle East, spot fixtures towards East declined by the same percentage, while those towards West declined by 14%. The Middle East/East spot fixtures ended the month at 4.73 mb/d, down from 5.63 mb/d in February, while the Middle East/West route ended the month at 1.06 mb/d, down from 1.23 mb/d. OPEC spot fixtures in March indicated a decline of 18% compared to the same month last year. Similarly, global spot fixtures dropped in March by 9% compared to the previous month to stand at 17.45 mb/d and were about 8% lower compared to the same month last year.

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

Sailings from OPEC were 2% lower in March, at 18.68 mb/d, down from 19.06 mb/d in the previous month, and also 21% lower than a year ago. Middle East sailings in March were at 13.45 mb/d, about 2% lower than the previous month and 23% lower than a year earlier. Crude oil arrivals in the US increased by 9% in March compared to the previous month. Crude oil trade figures indicated that US crude oil imports were 3.4% higher in March compared to the previous month, in line with higher crude arrivals to the country. Crude oil arrivals to North-West Europe were steady, while arrivals to Japan were 3% lower, both compared to the previous month.

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

	Jan 09	Feb 09	Mar 09	Change Mar/Feb
Spot Chartering				
All Areas	18.78	19.12	17.45	-1.68
OPEC	12.51	12.51	10.57	-1.94
Middle East/ East	5.54	5.63	4.73	-0.90
Middle East/ West	1.12	1.23	1.06	-0.17
Outside Midlle East	5.85	5.65	4.77	-0.87
Sailings				
OPEC	20.90	19.86	19.06	-0.80
Middle East	15.05	14.30	13.73	-0.57
Arrivals				
US Gulf Coast, US East Coast and Caribbean	8.16	7.83	8.53	0.69
North-West Europe	7.33	7.34	7.35	0.01
Euromed	4.04	4.32	4.78	0.46
Japan	3.98	4.25	4.12	-0.13

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

Dirty tanker spot freight rates were almost steady in March with declines in VLCC's rates being offset by higher Suezmax rates

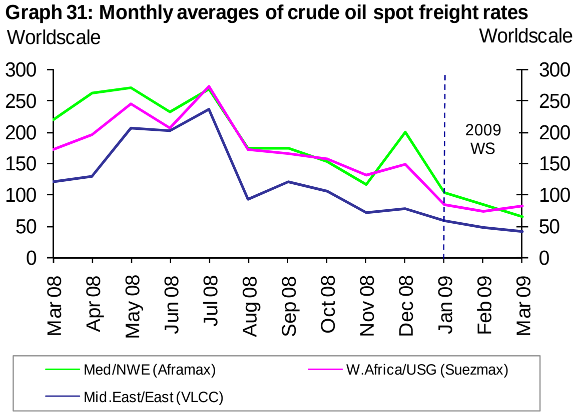
The continued global economic crisis and greater OPEC compliance with production adjustments were, once again, the main drivers behind developments in the global tanker market in March. High tonnage availability on many key routes, especially those heading from the Middle East, continued to pressure the market. Reports indicated that storing crude at sea continued to play a role in preventing dirty freight rates from incurring deeper declines in March. Despite a loss of momentum during the first half of March due to the flatter forward market contango resulting in floating storage volumes falling to about 40 mb to 45 mb from the peak of 80 mb earlier in the year, storing at sea gained momentum again towards the end of the month supported by another round of steeper contango and relatively low freight rates. A very active Suezmax market during the first decade of March in both West Africa and North-West Europe eased gradually towards the end of the month backed by lower loading schedules for Russian crude through the Black Sea, which declined by a massive 116,000 b/d compared to the previous month and news of a 160,000 b/d decline on April exports of BTC blend from Ceyhan in Turkey compared to March. The bullish aspects of bad weather in the region and the halt in Russian crude exports through the Black Sea after an accident on the major pipeline to Novorossiysk were of a temporary nature.

With regard to the top three vessel categories, average spot freight rates for crude oil tankers were almost steady in March compared to the previous month, but were 44% lower compared to a year earlier, taking into consideration the changes in flat rates as of January 2009. The VLCC sector was the weakest sector in March. It was the sector that suffered most due to OPEC cuts and lower imports from the East, especially from Japan. However, declines in freight rates in this sector were almost offset by an active Suezmax market to the West of Suez, especially during the first decade of the month which resulted in average Suezmax freight rates increasing on average by 14% on a month-to-month basis, compared to the previous month.

Aframax freight rates were generally steady in March compared to the previous month, but that was mainly due to the surge in freight rates for the Caribbean to the US route, while other routes were generally weaker. Overall, average dirty freight rates were steady, increasing by about 1% in March compared to the previous month.

On average, the VLCC spot freight rates were 13% lower in March compared to the previous month, yet 51% lower compared to a year earlier. The fact that some VLCCs were still tied up in storage operations did not offset the effect of lower crude oil lifting that was hit to a large extent by OPEC's decision to cut production by more than 4.0 mb/d from September levels and lower crude imports by Asia as a result of the current economic crisis as well as refinery maintenance. It was reported that about 80 VLCCs were fixed out of the Middle East compared to around 100 in February. Spot freight rates for VLCCs trading on the long-haul route from the Middle East to East, which declined by 19% in February compared to the previous month, declined a further 15% in March compared to the previous month. The decline in freight rates on this route was taking place gradually throughout, but was less steep towards the end of the month, ending at about WS27 with an average of WS40 for the entire month. Middle East to West spot freight rates closed the month at a close drop of 16% in March compared to the previous month. Throughout the month, freight rates on this route were dropping, but were steeper during the second half of the month compared to the first half, ending at an average of WS33 compared to an average of WS39 a month earlier. On the other hand, VLCC spot freight rates for voyages from West Africa to East were within the range between WS48 to WS38 throughout the month, ending at an average of WS42, about 8% 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) increased in March by an average of 14% compared to the previous month, yet were 35% lower compared to March 2008. A combination of bad weather in the region and tight tonnage availability took freight rates on both routes to levels not seen for several months. Rates started to ease during the second half of the month on bearish developments, especially those related to lower volumes of Russian exports through the Black Sea in March and lower-than-expected export programmes of BTC blend from the Turkish port of Ceyhan in April. Weak VLCC freight rates in the Middle East contributed towards the bearish sentiment of this market in the second half of the month with some ballasting from the Middle East to West Africa taking place motivated by the relatively stronger market.

Freight rates for Suezmax West of Suez were fluctuating similarly throughout the month. From West Africa to the US Gulf, spot freight rates ended the month at an average of WS80 implying an increase of about 12% compared to the previous month. The increase was about 16% for the NWE to US route which ended the month at an average of WS75.

Average Aframax spot freight rates for the four reported routes were steady in March compared to the previous month, but 48% lower compared to a year earlier. Freight rates on the Caribbean Aframax route to the US East Coast indicated a sharp increase of 54% compared to a month earlier, taking advantage of bad weather conditions which affected tonnage availability throughout the month. Rates on this route surged from about WS70 by the end of February to WS133 in mid-March before easing slightly towards the end of the month to about WS125 with a monthly average of WS119. Freight rates on other Aframax routes were generally weaker in March, especially in the Mediterranean market at which there was 19% decline in the cross-Mediterranean route and 22% decline 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

6% lower in March compared to February mainly due to modest activity and plenty availability of tonnage.

Table 20: Spot tanker crude freight rates, Worldscale

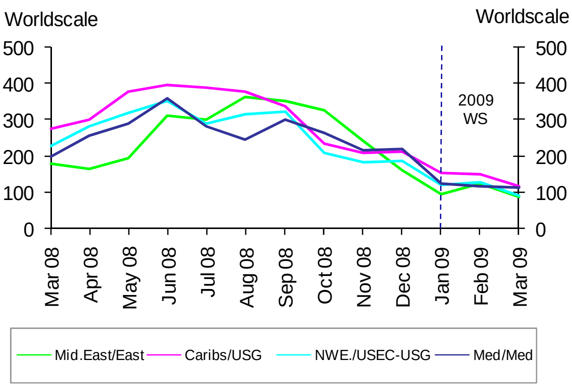
	Size 1,000 DWT	Jan 09	Feb 09	Mar 09	Change Mar/Feb
Crude					
Middle East/east	230-280	58	47	40	-7
Middle East/west	270-285	41	39	33	-6
West Africa/east	260	57	46	42	-4
West Africa/US Gulf Coast	130-135	83	72	80	9
NW Europe/USEC - USGC	130-135	77	65	75	10
Indonesia/US West Coast	80-85	83	72	67	-5
Caribbean/US East Coast	50-55	110	77	119	42
Mediterranean/Mediterranean	80-85	106	88	71	-16
Mediterranean/North-West Europe	80-85	102	83	64	-19

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

Clean tanker spot freight rates declined by 18% in March with a weaker East of Suez market

In contrast to the previous month, the clean tanker market freight rates indicated an average drop of 18% in March compared to the previous month for all six East and West of Suez reported routes. The market was weaker on both sides of Suez, but relatively weaker to the East compared to the West. The Middle East to East route, where freight rates surged by 34% in February compared to the previous month, declined by 30% in March compared to a month ago. The declining trend was gradual and continuous throughout the month amid a quiet market and general lack of arbitrage windows. Almost the same reasons were behind the weakness in freight rates for the Singapore to East route, which dropped by 15% during the month. As a result, average East of Suez clean spot freight rates were 23% lower in March compared to the previous month and were also lower by 33% compared to March 2008.

Graph 32: Monthly averages of clean spot freight rates



On average, West of Suez clean freight rates for the four reported routes in this market were 15% lower in March compared to the previous month and 32% lower compared to the same month a year ago. Contrary to the previous month, trans-Atlantic gasoline movements from NWE were much lower and freight rates ended the month dropping by 29% compared to February, the highest drop among all West of Suez clean routes. Rates on this route also witnessed the sharpest decline during the second half of the month compared to all clean routes, dipping to around WS70 by the end of the month from WS110 in mid-March. In the Mediterranean, clean freight rates were relatively firm during the first week and then retreated gradually throughout the remainder of the month for both the Med/Med and Med/NWE routes. Both Mediterranean routes declined by 4% each compared to the previous month, ending at an average of WS114 for the cross-Med route and WS124 for Med/NWE route. Clean spot freight rates for the Caribbean to US route dropped by 21% in March compared to the previous month amid a generally quiet market.

Table 21: Spot tanker product freight rates, Worldscale

	Size 1,000 DWT	Jan 09	Feb 09	Mar 09	Change Mar/Feb
Products					
Middle East/east	30-35	93	124	87	-37
Singapore/east	30-35	109	104	88	-16
Caribbean/US Gulf Coast	38-40	154	148	117	-31
NW Europe/USEC - USGC	33-37	122	130	92	-38
Mediterranean/Mediterranean	30-35	126	120	114	-5
Mediterranean/North-West Europe	30-35	136	130	124	-5

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

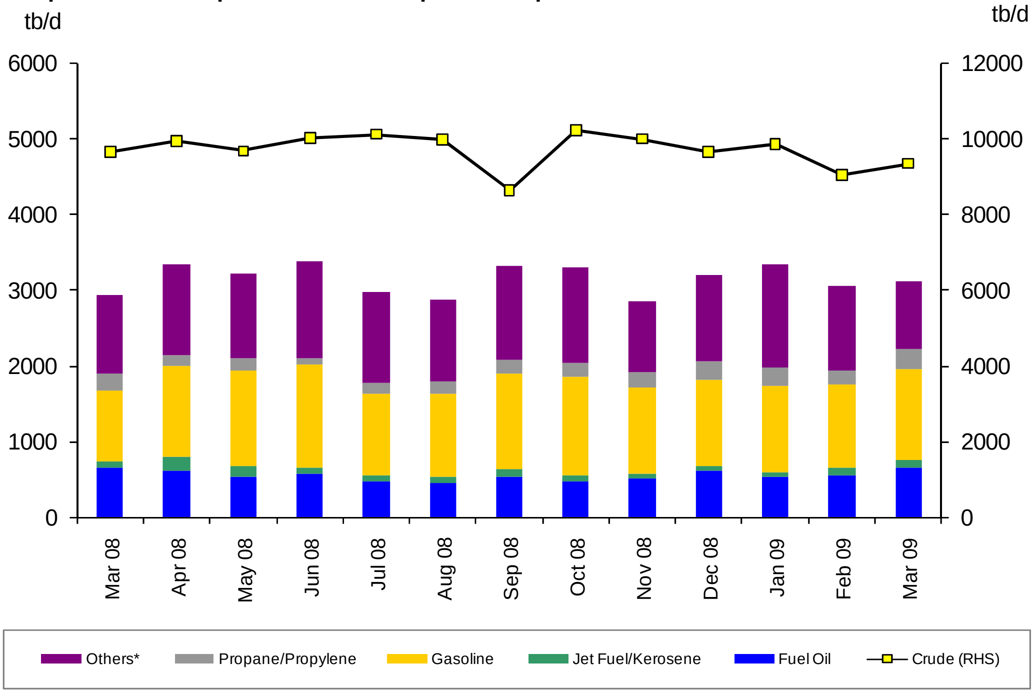
Oil Trade

US net oil imports increased by 2.8% backed by 0.3 mb/d higher crude product imports

USA

According to official data, US crude oil imports increased in March to average 9.33 mb/d, about 3.4% or 303,000 b/d higher compared to the previous month, but 3% lower than a year ago. With March crude imports, US average imports stand at about 9.41 mb/d for the first quarter of 2009, about 3.4%, or 336,000 b/d lower compared to the same period a year earlier.

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

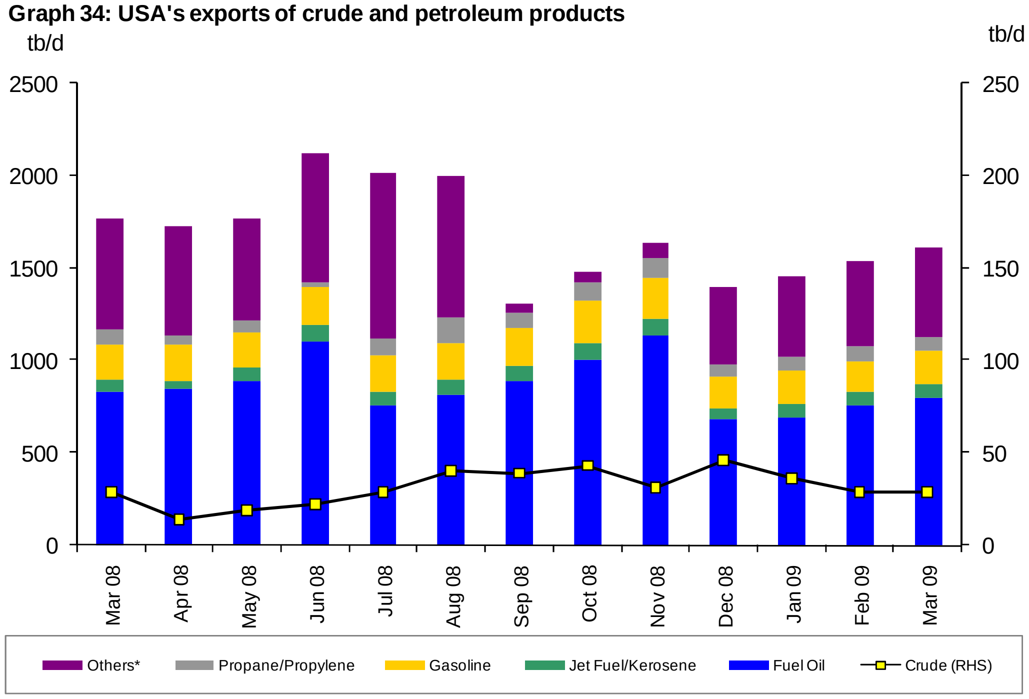


*Others: Contains Natural Gas Liquids, Liquefied Refinery Gases (LRG's), Other Liquids and all Finished Petroleum Products except Gasoline, Jet Fuel/Kerosene, Fuel Oil and Propane/Propylene.

Similarly, US product imports increased in March by 2.2%, or 68,000 b/d compared to the previous month to average 3.12 mb/d, about 6.5% higher than in the same month last year. Finished motor gasoline imports increased in March by 118,000 b/d, or 66% compared to the previous month to reach 298,000 b/d. Finished motor gasoline imports were lower by 20% compared to March 2008, and average imports during the first quarter of 2009 were 37% lower compared to the same period the previous year. Distillate fuel oil imports declined in March by 52,000 b/d, or 17% compared to the previous month to average 259,000 b/d. This level of imports indicates a 7% increase compared to the same month last year, and average distillate fuel oil imports during the first quarter of 2009 were 17% higher compared to the first quarter 2008. Residual fuel oil imports declined in March by 59,000 b/d, or 14% compared to the previous month, reaching about 361,000 b/d, 10% lower than in March 2008, but average imports during the first quarter of 2009 were 5% higher than in the same period last year. Jet fuel imports in March averaged 94,000 b/d, up from 59,000 b/d the previous month and were almost steady compared to the same month a year earlier.

On the export side, US product exports increased in March by 79,000 b/d, or 5% compared to the previous month to average 1.64 mb/d. This represents a decline of 158,000 b/d or about 9% compared to the year-ago level. US product exports during the first quarter of 2009 averaged 1.56 mb/d, 14% lower compared to the same period the previous year.

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 increased in March by 2.8% compared to the previous month to reach about 10.78 mb/d. The 292,000 b/d increase in net oil imports in March came as a result of a 303,000 b/d increase in net crude oil imports and a 11,000 b/d decline in net product imports compared to the previous month. Net oil imports in March were almost steady compared to a year earlier as were average net oil imports during the first quarter of 2009 compared to the same period last year.

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

	Jan 09	Feb 09	Mar 09	Change Mar/Feb
Crude oil	9,816	8,994	9,297	303
Total products	1,851	1,498	1,487	-11
Total crude and products	**11,667**	**10,492**	**10,784**	**292**

Canada was the top crude oil supplier to the US in January 2009 with a share of 19.8%, down from 21.6% the previous month, followed by Saudi Arabia with 13.6%, down from 14.8% the previous month. Mexico and Venezuela came next with 13.2% and 11.9% respectively. Altogether, OPEC Member Countries supplied 51% of total US crude oil imports in January, down from 54.1% the previous month. For product imports, once again Canada was the top product supplier to the US in January with a share of 17.1%, up from 16.2% the previous month. Virgin Islands was next with a share of 10.5%, up from 8.3% a month earlier, followed by Algeria with 10.3%, up from 7.1% the previous month. For OPEC Member Countries, in addition to Algeria, Venezuela supplied 5.2% of total US oil product imports in January, up from 3.8% the previous month, followed by Saudi Arabia with 0.7%. Altogether OPEC Member Countries supplied 18.8% of US product imports in January, up from 16.6% a month earlier. For US product exports, Mexico was the top importer in January with a share of 15%, down from 17% the previous month. Netherlands was next with 10.7%, down from 16.1%, and Canada with 10.1%. Altogether, OPEC Member Countries imported 3.4% of total US product exports in January, down from 3.8% in the previous month. Ecuador imported 2.3% and Venezuela 0.8%.

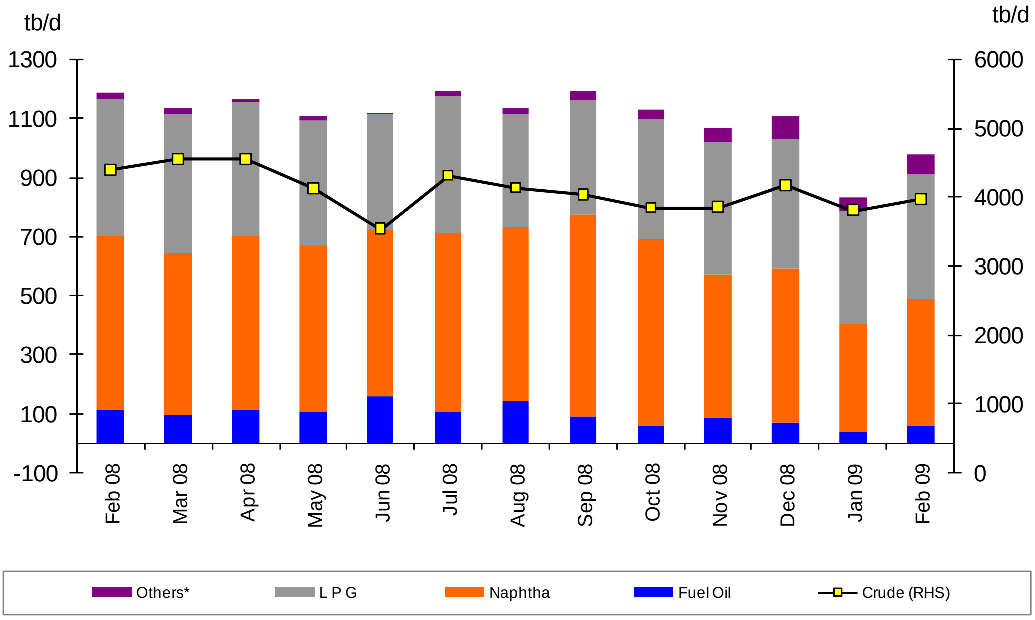
Japan's net oil imports increased in February by 310,000 b/d backed by higher crude and product imports and steady product exports

Japan

According to Japanese published data, Japan's crude oil imports averaged about 4.0 mb/d in February, about 170,000 b/d, or 4.5% higher compared to the previous month, but 9.5%, lower compared to the same month a year earlier. This y-o-y drop comes in line with the falling rates of domestic oil product sales in the country which declined for the ninth month in a row by 20% compared to the previous year, hitting a 39-year low for the month, as a result of the deep economic recession, ageing population and a growing shift towards cleaner energy. February crude oil imports were about 213,000 b/d, or 5% lower than the country's average crude oil imports of 4.18 mb/d in 2008.

Similarly, Japan's product imports increased in February by 145,000b/d, or 17.5% compared to the previous month, to average about 0.97 mb/d, displaying an annual decline of the same percentage compared to February 2008. Japan mainly imports three products, naphtha, LPG and fuel oil which accounted for about 94% of its total monthly product imports in February. Average LPG imports in February were about 427,000 b/d, 46,000 b/d or 12% higher than in the previous month, but about 9% lower than a year earlier. Naphtha imports averaged 426,000 b/d in February, indicating an about 16% increase over the previous month, yet were 28% lower compared to a year earlier. Fuel oil imports in February were at 57,000 b/d, up by 66% from the previous month, but down by 48% compared to February 2008. Japan also imported about 37,000 b/d of kerosene in February compared to 26,000 b/d in January. LPG and naphtha imports each amounted to 44% of Japan's total products imports in February and fuel oil for about 6%. Japan's product imports in February were 15% lower than the average imports in 2008.

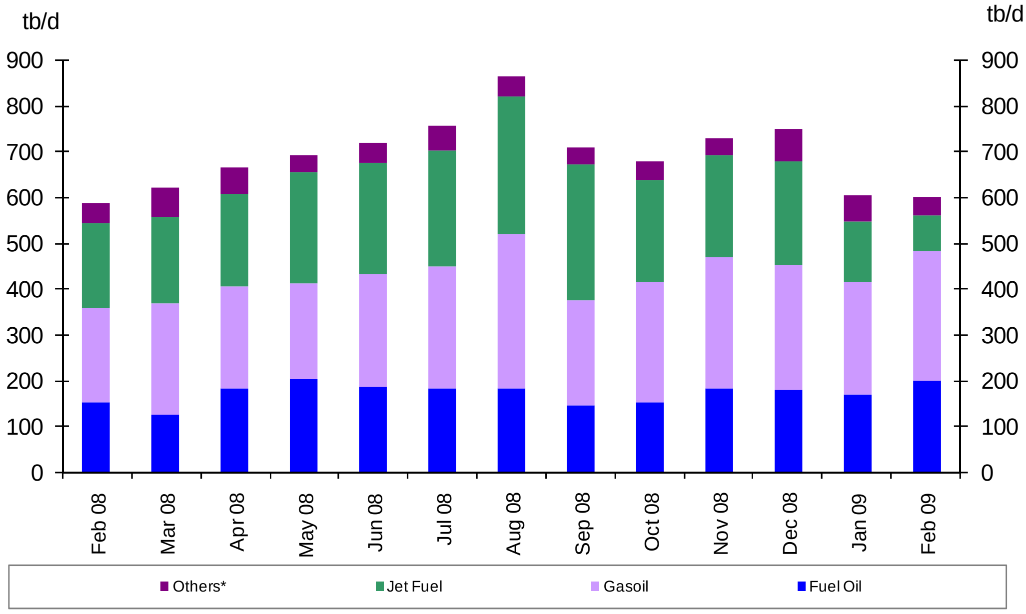
Graph 35: Japan's imports of crude and petroleum products



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

Japan's product exports in February were almost steady compared to the previous month, but 2.2% lower compared to a year ago, to average about 591,000 b/d. Gasoil, jet fuel and fuel oil are Japan's main product exports which together amounted to about 94% of the country's total product exports in February. Gasoil exports in February were about 283,000 b/d, up by 15%, or 37,000 b/d compared to the previous month, and by 36% compared to a year ago. Jet fuel exports were at a record-low in February, averaging about 76,000 b/d, a substantial 41%, or 53,000 b/d lower compared to the previous month, and 59% lower than at a year earlier. Fuel oil exports in February were about 199,000 b/d, 18%, or 30,000 b/d higher compared to the previous month, and 32% higher than in the same month of the previous year. Gasoil exports amounted to 48% of Japan's total product exports in February, fuel oil 33% and jet fuel 13%. Japan exported lower quantities of gasoline, naphtha, lubricating oil, asphalt and LPG in February, totaling 34,000 b/d. February's product exports were 15% lower than average product exports a year earlier.

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 February were about 4.35 mb/d, indicating an increase of 310,000 b/d or 8% compared to the previous month, yet 12% lower compared to a year earlier. Net crude imports were higher by 171,000 b/d and net product imports were higher by 138,000 b/d. Despite this month-on-month increase, Japan's net oil imports in February were 6% lower compared to average net oil imports in 2008.

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

	Dec 08	Jan 09	Feb 09	Change Feb/Jan
Crude oil	4,166	3,796	3,967	171
Total products	374	243	382	138
Total crude and products	**4,540**	**4,040**	**4,349**	**310**

Saudi Arabia was Japan's top crude oil supplier in February, supplying 28.7% of Japan's total crude oil imports in the month, down from 29.9% the previous month. The UAE share was 20.9%, steady compared to the previous month. Iran supplied 13.2%, down from 13.5% a month earlier, while Qatar's share was 10.2%, down from 10.6% in the previous month. OPEC Member Countries supplied 37% of Japan's crude oil imports in February, up from 86.4% a month ago. Top non-OPEC crude oil suppliers in February include Russia with 3.0% and Oman with 2.1%. On the product side, preliminary data indicate that Saudi Arabia was also Japan's top supplier in February with 13%, followed by the UAE with 12.1% and Kuwait with 11.2%. Altogether, OPEC Member Countries supplied 48% of Japan's product imports in February, up from 47.3% the previous month. Top non-OPEC product suppliers in February include the US with 10.6%, followed by South Korea with 9.6% and Indonesia with 6.4%.

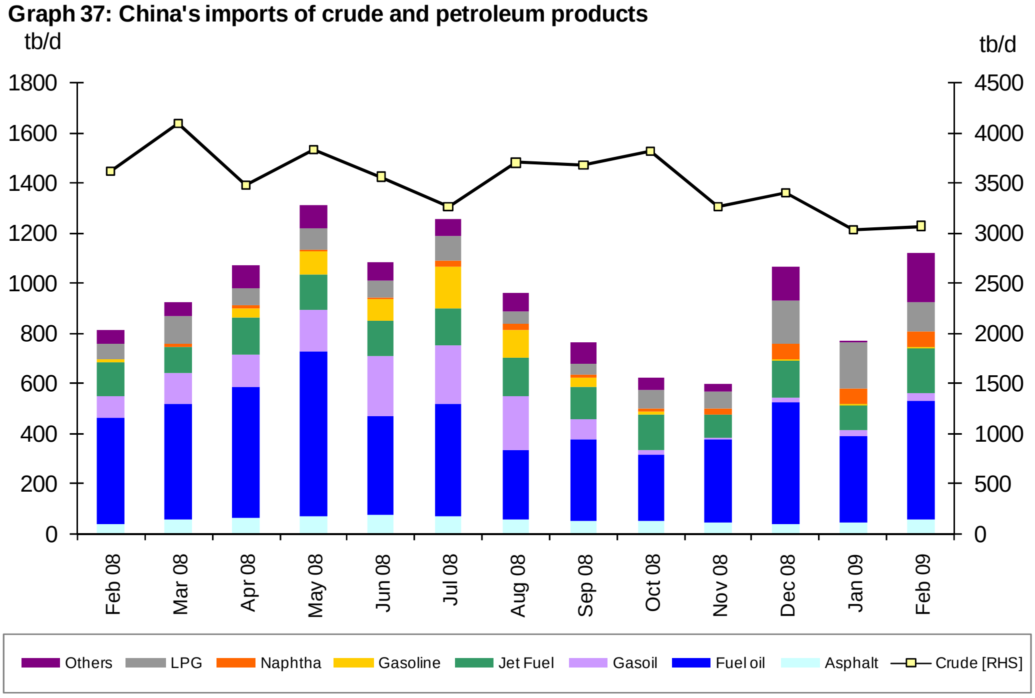
China's net oil imports increased by 9% in February supported by a sharp increase in product imports

China

According to Chinese official data, China's crude oil imports increased in February to reach 3.07 mb/d, about 1% or 38,000 b/d higher than the previous month, but 15% lower compared to February 2008. Average crude oil imports for the first two months of 2009 were 3.05 mb/d, indicating an about 0.4 mb/d or 11.7% decline compared to the same period last year. On the other hand, China's crude oil production in February was 9.7% higher compared to the previous month, averaging about 4.1 mb/d. China's February crude oil production was about 1.0 mb/d higher than the country's crude oil imports in the same month, which is a record high for several years.

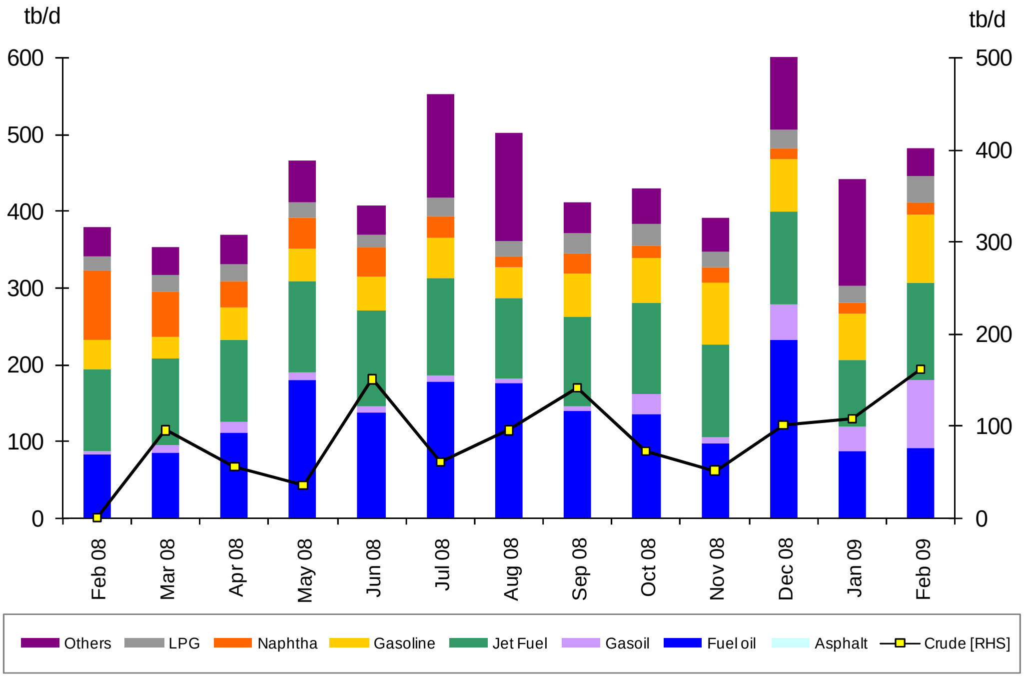
China's product imports increased sharply in February to average 1.1 mb/d, indicating an increase of about 0.35 mb/d, or 46% compared to the previous month and 38% compared to a year earlier. Jet fuel imports in March reached about 185,000 b/d, up from 104,000 b/d the previous month. South Korea supplied more than 50% of China's jet fuel imports in February, Taiwan 18% and Japan 14%. Naphtha imports in February were about 59,000 b/d, steady compared to the previous month. Saudi Arabia supplied 41% of China's naphtha imports in February, followed by the UAE with 27%. Gasoil imports in February averaged 32,000 b/d, mainly from South Korea and Russia.

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



China's fuel oil imports increased sharply in February, averaging about 556,000 b/d, about 215,000 b/d, or 63% higher than the previous month. Singapore supplied 24% of china's fuel imports in February, followed by Russia with 11% and Malaysia with 10%. Imports of LPG averaged 118,000 b/d in February, down from 187,000 b/d in the previous month. Iran supplied 38% of China's LPG imports in February, followed by the UAE with 25% and Qatar with 15%. Altogether, China imported an average of 0.93 mb/d of products in the first two months of 2009, indicating annual growth of 7% over the same period last year. In February, fuel oil imports accounted for 50% of China's total product imports, up from 44% in January, jet fuel for 17%, LPG 11%, naphtha 5% and gasoil 3%.

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



On the export side, China's crude oil exports in February were at 160,000 b/d, the highest rate since January 2008, indicating an increase of 51%, or 54,000 b/d compared to the previous month. About 50% of China's crude oil exports in February were destined for Singapore, 19% for South Korea and 16% for Japan. China's product exports in February were at about 0.48 mb/d, 9% higher compared to the previous month and 27% higher than the same month of the previous year. Exports of all major products were higher in February compared to a month earlier. Average product exports for the first two months of 2009 were about 0.46 mb/d, indicating an increase of 26% over the same period last year.

Fuel oil exports in February were at 88,000 b/d, about 6% higher than the previous month. Panama imported about 31% of China's fuel oil exports in February, followed by Hong Kong with 15% and Liberia with 10%. Exports of jet fuel in February were at 124,000 b/d, up from 84,000 b/d the previous month. Hong Kong imported 59% of China's jet fuel exports in February, followed by the US with 9%. Gasoline exports were at 57,000 b/d in February, up from 60,000 b/d in the previous month. This makes China a net gasoline exporter of about 87,000 b/d in February. Singapore imported 61% of China's gasoline exports in February and Indonesia 34%. China's naphtha exports in February were about 17,000 b/d, up from 14,000 b/d the previous month. Gasoil exports in February were at 88,000 b/d, a sharp increase from 32,000 b/d the previous month. Vietnam, Singapore and Hong Kong were China's main gasoil importers in February. China exported 34,000 b/d of LPG in February, up from 22,000 b/d the previous month. Vietnam and Hong Kong were China's main importers of LPG in February. Jet fuel exports accounted for 26% of China's total products in February, gasoline, fuel oil and gasoil amounted to about 18% each, LPG 7% and naphtha 3%.

With net crude oil imports of 2.91 mb/d and net product imports of 0.64 mb/d, China's net oil imports in February were at 3.55 mb/d, indicating an increase of 9%, or 293,000 b/d over the previous month, and a decline of 12% compared to a year earlier.

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

	Dec 08	Jan 09	Feb 09	Change Feb/Jan
Crude oil	3,349	2,926	2,909	-16
Total products	517	328	637	309
Total crude and products	**3,866**	**3,254**	**3,546**	**293**

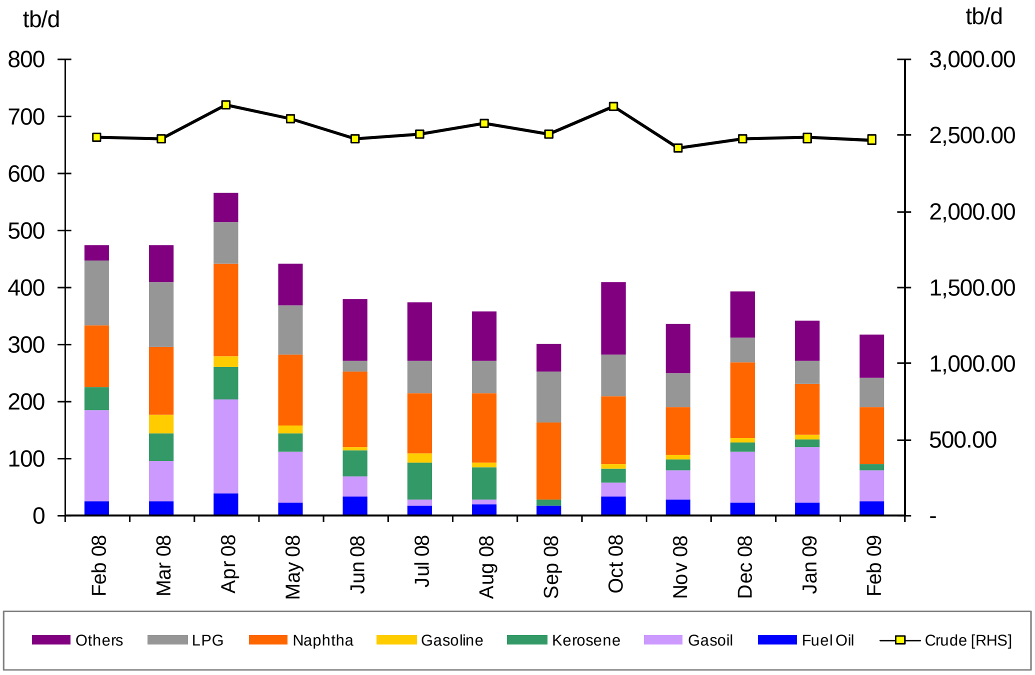
Once again, Saudi Arabia was China's top crude oil supplier in February with a share of 27.2%, up from 24.5% the previous month. Iran was next with 16.3%, slightly down from 16.5% a month earlier. Angola's share of China's total crude oil imports in February was 10.8%, substantially down from 17.1% the previous month. Altogether, OPEC Member Countries supplied 66.2% of China's crude oil imports in February, down from 66.6% the previous month. Top non-OPEC crude oil suppliers in February include Russia with 8.8%, Oman with 7.2% and Sudan with 6.1%.

India

India's net oil imports increased in February by 6% backed by lower product exports

According to preliminary data, India's crude oil imports were steady in February compared to the previous month, averaging about 2.47 mb/d. February's crude imports were about 138,000 b/d, or 5.3% lower compared to the same month a year earlier and about 100,000 b/d lower compared to India's average imports in 2008.

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



India's product imports declined in February by 7% compared to the previous month to average about 0.32 mb/d, a substantial 45% lower compared to the same month a year ago. Higher imports of naphtha, LPG and fuel oil were more than offset by declines in imports of gasoil, gasoline and kerosene. Gasoil imports in February averaged about 53,000 b/d compared to 96,000 b/d the previous month. There were no gasoline imports in February compared to only 7,000 b/d the previous month. LPG imports in February averaged about 51,000 b/d compared to about 38,000 b/d a month earlier. India imported an average of 101,000 b/d of naphtha in February compared to 91,000 b/d in the previous month, indicating an increase of 11%. Fuel oil imports in February averaged 24,000 b/d compared to 22,000 b/d a month earlier and kerosene imports were about 11,000 b/d compared to 14,000 b/d in the previous month. February's product imports were about 102,000 b/d, or 24% lower compared to India's average product imports in 2008.

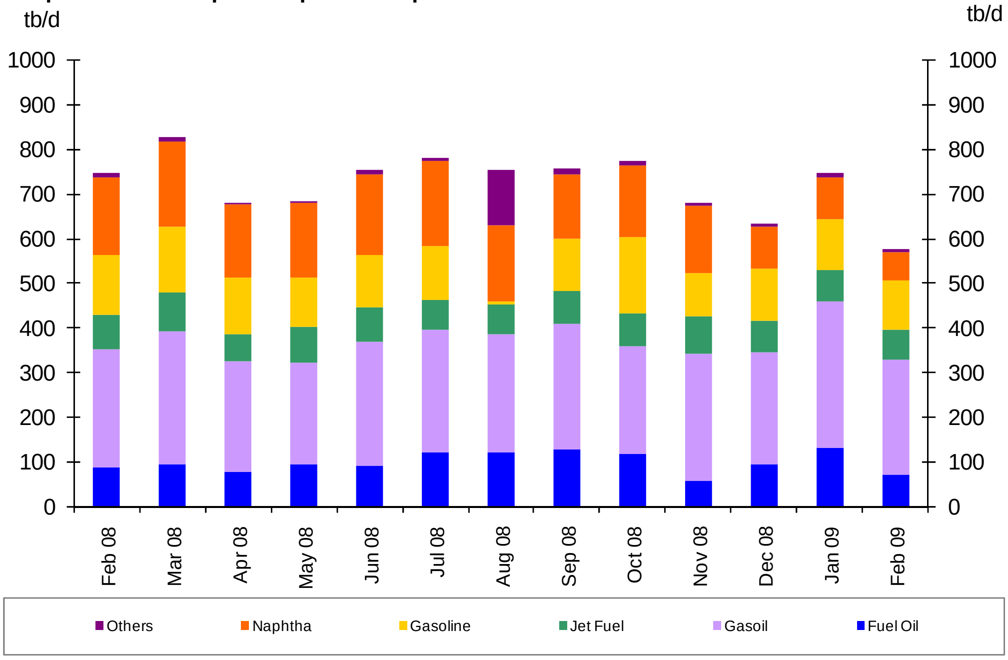
Table 25: India's crude and product net imports/(exports), tb/d

	Dec 08	Jan 09	Feb 09	Change Feb/Jan
Crude oil	2,473	2,480	2,469	-12
Total products	-242	-405	-260	145
Total crude and products	**2,232**	**2,075**	**2,209**	**134**

On the export side, India's total product exports of 577,000 b/d in February were 168,000 b/c 23% lower compared to the previous month, and 27% lower compared to a year earlier. Exports all major products were lower in February without exception. Fuel oil exports in Febru averaged 72,000 b/d, down from 132,000 b/d the previous month. Jet fuel exports were 68,000 b/d in February, steady compared to the previous month. Gasoil exports in Febru averaged 253,000 b/d, 22% lower than a month earlier. Gasoline exports declined in February average about 109,000 b/d, from 115,000 b/d in the previous month. Naphtha exports were 66,000 b/d in February, compared to 93,000 b/d a month ago. February's product exports w 169,000 b/d, or 23% lower compared to India's average product exports in 2008.

As a result, India's net oil imports in February averaged 2.21 mb/d, displaying an increase of or 134,000 b/d compared to the previous month, but were 8% lower compared to a year earl The increase in net oil imports is attributed to higher net product imports and steady net cr imports. February's net oil imports were almost steady compared to the country's average net imports in 2008.

Graph 40: India's exports of petroleum products



FSU crude oil exports increased in February by 4% backed by higher Russian exports while product exports were almost steady

FSU

According to preliminary data, FSU crude oil exports in February increased by 268,000 b/d, or 4% compared to the previous month to average 6.72 mb/d. Russian pipeline crude exports increased by 54,000 b/d or 1% compared to the previous month. The increase is mainly attributed to the 107,000 b/d higher exports through the Baltic against steady exports through the Black sea and a decline of exports through Druzhba by 61,000 b/d. Russian crude oil exports by rail increased by 3%, or 18,000 b/d in February compared to the previous month to average about 579,000 b/d. Kazak rail crude exports to China and CPC pipeline exports were steady at 19,000 b/d and 753,000 b/d respectively in February compared to a month earlier. Caspian crude oil exports averaged 264,000 b/d in February, slightly lower compared to the previous month.

FSU oil product exports increased in February by 23,000 b/d, or less than 1% compared to the previous month to average 2.95 mb/d. Gasoil exports were at 1.11 mb/d, steady compared to a month earlier, while fuel oil exports dropped by 35,000 b/d, or 4% to average 0.92 mb/d. Exports of other products averaged 0.93 mb/d indicating an increase of 64,000 b/d.

In total, FSU crude oil and product exports averaged 9.67 mb/d in February, indicating a growth of 3%, or about 291,000 b/d compared to the previous month. February's total exports were 931,000 b/d, or 11% higher than at a year earlier.

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

	2007	2008	2Q08	3Q08	4Q08	Jan 09	Feb 09*
Crude							
Russian pipeline							
Black Sea	1,361	1,249	1,345	1,226	1,199	1,297	1,305
Baltic	1,631	1,559	1,678	1,539	1,490	1,429	1,536
Druzhba	1,122	1,098	1,053	1,034	1,089	1,191	1,130
Total**	**4,114**	**3,906**	**4,076**	**3,817**	**3,779**	**3,941**	**3,995**
Other routes							
Russian rail	292	283	342	260	234	287	300
Russian - Far East	269	220	204	214	252	274	279
Kazak rail	17	17	18	17	17	17	19
CPC pipeline	692	675	709	632	732	754	753
Caspian	**245**	**184**	**196**	**148**	**210**	**267**	**264**
of which							
Supsa (AIOC) - Georgia	0	13	0	0	45	90	113
Batumi - Georgia	138	101	121	81	99	99	62
Total***	**2,234**	**2,183**	**2,348**	**2,052**	**2,219**	**2,513**	**2,727**
Total crude exports	**6,348**	**6,089**	**6,425**	**5,869**	**5,998**	**6,454**	**6,722**
Products							
All routes							
Fuel oil	1,052	1,069	1,131	1,232	1,041	953	918
Gasoil	777	810	787	757	849	1,111	1,105
Others	592	660	694	671	646	865	929
Total	**2,421**	**2,539**	**2,612**	**2,661**	**2,536**	**2,929**	**2,952**
Total oil exports	**8,783**	**8,628**	**9,037**	**8,530**	**8,534**	**9,383**	**9,674**

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.*

OECD Oil Trade during 4Q 2008 and 2008

According to the latest published data, OECD crude oil imports during the fourth quarter of 2008 averaged 29.87 mb/d, indicating an increase of 0.23 mb/d or 0.8% compared to the previous quarter and a drop of 0.55 mb/d or 1.8% compared to the fourth quarter 2007. The increase in OECD crude oil imports in the 4Q 2008 is attributed mainly to higher imports from within the OECD. OECD countries imported on average 6.74 mb/d of crude oil from within the OECD area in the 4Q, indicating an increase of 0.55 mb/d or 8.8% compared to the previous quarter. Crude oil imports from outside the OECD area were at 23.13 mb/d in 4Q08, indicating a drop of 1.4% or 0.32 mb/d compared to the previous quarter.

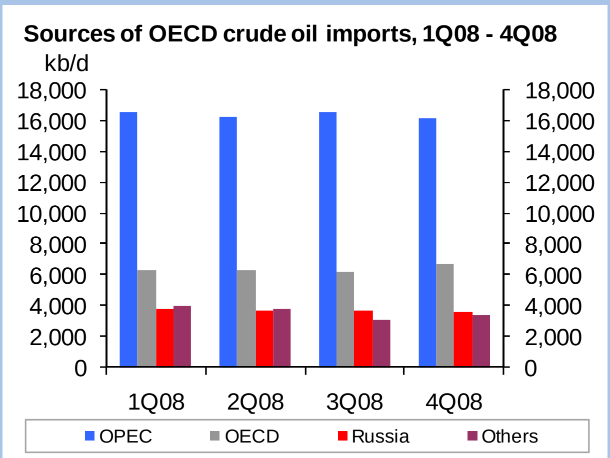
Similarly, OECD product imports in 4Q08 rose by 0.27 mb/d or 2.6% compared to the previous quarter to average 10.76 mb/d. Imports were also 1.2% higher than the same quarter a year earlier.

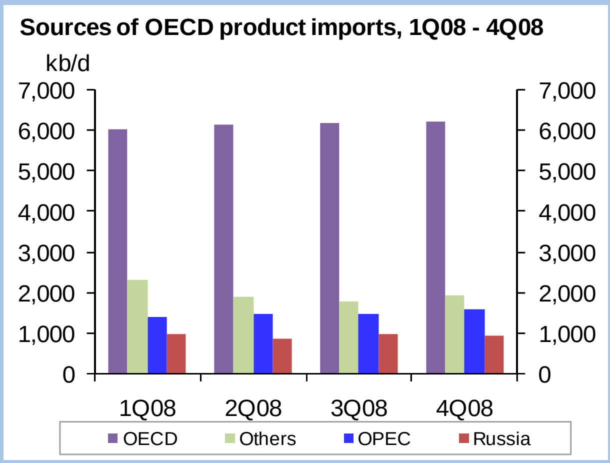
About 58.1% of OECD product imports in 4Q08 were supplied from within the OECD area, and 41.9% from outside. The 0.27 mb/d increase in OECD product imports in 4Q08 was the result of rises of 0.12 mb/d in imports from within the OECD and 0.15 mb/d from outside the OECD, both compared to the previous quarter.

On the export side, OECD crude oil exports averaged 6.37 mb/d in 4Q08, indicating a substantial increase of 15.2% or 0.84 mb/d compared to the previous quarter, yet were 1.9% or 0.12 mb/d lower compared to the same quarter in 2007.

OECD product exports in the 4Q08 were at about 9.56 mb/d, some 0.39 mb/d or 3.9% lower than at the previous quarter. On a y-o-y basis, the 4Q08 product exports were about 5.7%, or 0.52 mb/d higher than in the same quarter of 2007. The decline in OECD product exports in the 4Q compared to the previous quarter is attributed to the sharp decline in exports to outside the OECD area by 0.6 mb/d or 18.2, %while product exports to within the OECD area increased by 0.21 mb/d or 3.1%, both compared to the previous quarter. On the other hand, the 0.52 mb/d increase in OECD product exports during the 4Q08 compared to the 4Q07 is attributed mainly to the increased exports to within the OECD area, while exports to outside were almost steady.

Accordingly, OECD net oil imports in the 4Q08 averaged 24.7 mb/d, steady compared to the previous quarter, but were 0.81 mb/d, or 3.2% lower compared to the same quarter in 2007. This volume of net oil imports is the result of 23.49 mb/d of net crude oil imports and 1.21 mb/d of net product imports. Net crude oil imports from outside the OECD area were at 22.79 mb/d in the 4Q08, down by 0.4 mb/d or 1.7% compared to the previous quarter, while net crude oil imports from within the OECD area were at 0.71 mb/d, down by 0.2 mb/d or 22% compared to the previous quarter. Net product imports from outside the OECD area were at 1.84 mb/d in the 4Q08, indicating a sharp increase of 0.74 mb/d or 68% compared to the previous quarter, while net product imports from within the OECD area were at minus 0.63 mb/d. In another wards, the OECD was a net product exporter of 0.63 mb/d during this period.





Saudi Arabia was the top OECD crude oil supplier in the 4Q08 with a share of 14.5%, down from14.8% in the previous quarter, followed by Russia with 12.2%, down from 12.6% in the previous quarter. Canada supplied 7% and Norway 6.6%. Altogether, OPEC Member Countries supplied 53.8% of total OECD crude oil imports in the 4Q08, down from 55.3% in the previous quarter. At the same time, OPEC Member Countries supplied an average of 15.94 mb/d of crude oil to OECD countries in the 4Q08, representing 69% of total OECD imports from outside OECD. For products, OPEC Member Countries' share of total OECD product imports in 4Q08 was14.9%, down from 15.3%

in the previous quarter. Saudi Arabia supplied 3.2%, Algeria 2.5%, Kuwait 2.2% and UAE 2.1%. OECD's top non-OPEC product supplier in 4Q08 was the USA with 9.5%, followed by the Netherlands with 9.4% and Russia with 9.3%.

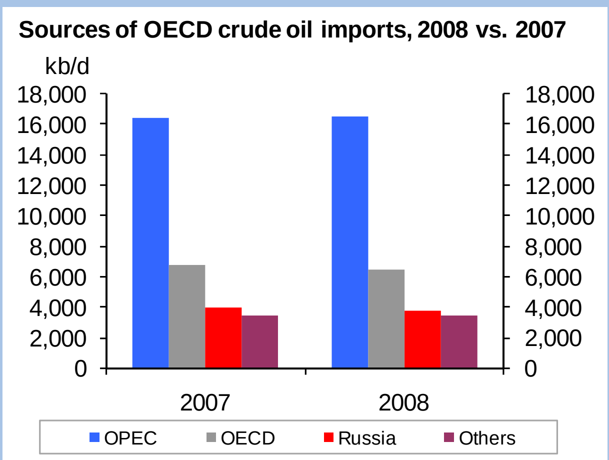
For the year 2008 as a whole, OECD crude oil imports averaged 30.18 mb/d, indicating a decline of 0.37 mb/d or 1.2% compared to 2007. The decline in OECD's crude oil imports in 2008 is attributed mainly to lower imports from within the OECD area. OECD countries imported on average 6.47 mb/d of crude oil from within the OECD area in 2008, indicating an increase of o.32 mb/d or 4.8% compared to the previous year. Crude oil imports from outside the OECD area were at 23.71 mb/d in 2008, almost steady compared to the previous year.

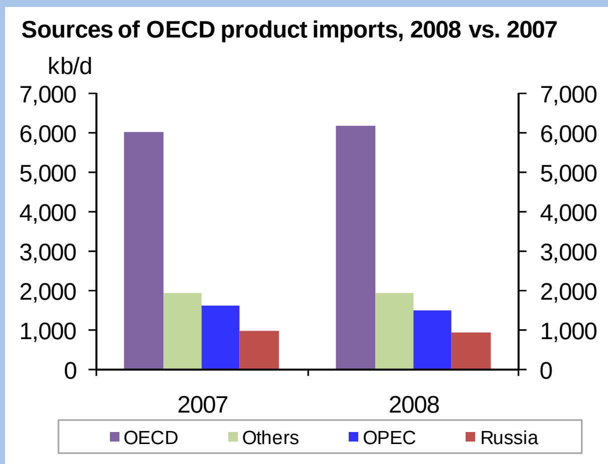
OECD product imports in 2008 were steady compared to the previous year to average 10.65 mb/d. About 58.1% of OECD product imports in 2008 were supplied from within the OECD area, and 41.9% from outside. A steady OECD product imports in 2008 was the result of a rise of 0.21 mb/d in imports from within the OECD area and a drop of 0.19 mb/d from outside, both compared to the previous year.

On the export side, OECD crude oil exports averaged 6.11 mb/d in 2008, indicating a decline of 9.6% or 0.65 mb/d compared to 2007.

OECD product exports in 2008 were at about 9.73 mb/d, some 0.65 mb/d or 7.2% higher than at the previous year. The 0.65 mb/d increase in OECD product exports in 2008 compared to the previous year comes as a result of 0.35 mb/d increase in exports to outside the OECD area, and 0.3 mb/d increase in exports headed towards within.

Accordingly, OECD net oil imports in 2008 averaged 25.0 mb/d, indicating a decline of 0.36 mb/d, or 1.4% compared to 2007. This volume of net oil imports is the result of 24.1 mb/d of net crude oil imports and 0.9 mb/d of net product imports. Net crude oil imports from outside the OECD area were at 23.37 mb/d in 2008, steady compared to the previous year, while net crude oil imports from within the OECD area were at 0.7 mb/d, up by 0.25 mb/d or 55% compared to the previous year. Net product imports from outside the OECD area were at 1.4 mb/d in 2008, indicating a sharp decline of 0.54 mb/d or 28% compared to 2007, while net product imports from within the OECD area were at minus 0.47 mb/d, in another wards, the OECD area was a net product exporter of 0.47 mb/d during this period.





Saudi Arabia was the top OECD crude oil supplier in 2008 with a share of 14.4%, up from13.9% in 2007, followed by Russia with 12.4%, down from 13.1% in 2007. Canada supplied 6.6% and Norway 6%. Altogether, OPEC Member Countries supplied54% of total OECD crude oil imports in 2008, up from 52.9% in the previous year. At the same time, OPEC Member Countries supplied an average of 16.28 mb/d of crude oil to OECD countries in 2008, representing 69% of total OECD imports from outside OECD. For products, OPEC Member Countries' share of total OECD product imports in 2008 was 14.5%, down from 15.6% in 2007. Saudi Arabia supplied 3.1%, Algeria 2.6%, UAE 2% and Kuwait 2%. OECD's top non-OPEC product supplier in 2008 was the Netherlands with 9.9%, followed by the USA with 9.2% and Russia with 9.1%.

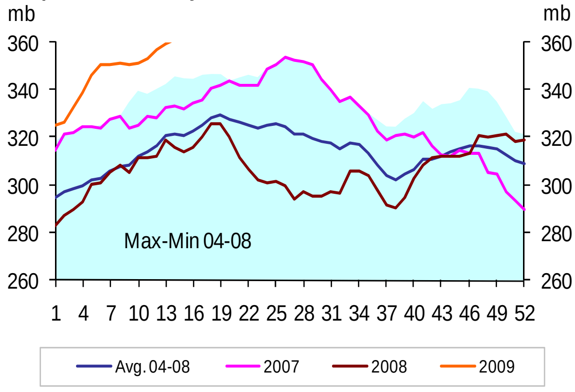
Stock Movements

US commercial oil stocks moved against the seasonal trend in March to stand at 1,054 mb, resulting in a huge overhang of 86 mb with crude oil accounting for 46%

USA

Lower demand again pushed US commercial oil stocks to a new record of around 1,054 mb. This came as a result of a massive contra-seasonal build of 16 mb. US commercial oil stocks are now at 86 mb above the previous five-year average. This huge overhang is shared to some extent by crude oil and products.

Graph 41: US weekly commercial crude oil inventories



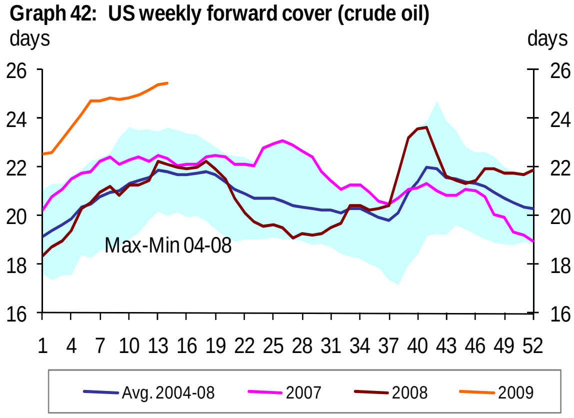
However, crude oil stocks rose almost 10 mb in March to move above 360 mb, the highest level since early 1993 and continue to hover beyond the upper limit of the five-year range since the beginning of this year to keep the overhang with the seasonal average at 40 mb or 12%. The build in crude oil inventories was attributed to imports which rose by more than 0.3 mb/d while refinery runs inched up slightly.

Following the same trend, product stocks gained 6.3 mb to approach 693 mb. Gasoline stocks increased 1.3 mb to offset the draw of the previous month and stand within the upper end of the five-year range, at 216.8 mb. However, due to sluggish demand, gasoline stocks witnessed an upward trend since October 2008. They dropped only in February on the back of higher demand before they increased again as the recovery in demand turned out to be unsustainable. Contrary to gasoline, distillate stocks fell 2.1 mb in March but remained excessive, well above seasonal levels. At around 142 mb, distillate stocks are now 30 mb or 27% above the five-year average, reflecting the weakness in demand. Similarly, both jet fuel oil and residual fuel oil inventories dropped 2.5 mb and 1.1 mb but remained comfortable at 39.2 mb and 36 mb respectively.

On the other hand, supported by the US Department of Energy's decision to fill Strategic Petroleum Reserve (SPR) to capacity taking advantage of current prices, SPR continued the upward trend adding 7.3 mb or 0.24 mb/d in March to reach a new all-time high of 712.4 mb, which corresponds to 98% of the total capacity of 727 mb. The filling of SPR accelerated in recent weeks, increasing by a massive 0.27 mb/d on average in the week-ending 3 March.

It is worth mentioning that US commercial oil stocks increased by more than 20 mb or 0.23 mb/d in the first quarter 2009, compared to a draw of 16 mb observed a year earlier and a seasonal draw of 1.3 mb during the previous five years (2004-2008). The seasonal build of 2009 was driven by crude oil, which added 36.4 mb or 0.4 mb/d and a draw of 16.2 mb in products. This mixed pattern confirms the weakness in crude oil demand by refineries and lower production of products resulting from low refinery runs. However, if we also include SPR, US oil stocks would have increased by almost 0.50 mb/d during the first quarter compared to a draw of 0.14 mb in the corresponding period of the previous year.

Graph 42: US weekly forward cover (crude oil)



The most recent data shows that US commercial oil stocks continued the upward trend in early April to move above 1,054 mb in the week ending 3 April following a build of 2.9 mb, the sixth in a row attributed essentially to crude oil which added a further 1.65 mb to hit a new record of 361.1 mb. On the product side the picture was mixed with gasoline stocks losing 3.4 mb while the rest of the components increased further with gasoline adding 0.6 mb.

However, despite the drop, distillate stocks remained very comfortable at 30% higher than the previous five-year average. Due to weak demand, stocks in the US are huge in terms of demand cover. Commercial crude oil stocks correspond to 25.4 days compared to a seasonal average of 21 days while distillate stocks show an overhang of more than 10 days (36.6 days against 25.9 days) with both heating oil and gasoil stocks above the seasonal average. Gasoline stocks also remained above the seasonal average with an overhang of 1.5 days.

Table 27: US onland commercial petroleum stocks, mb

	Jan 09	Feb 09	Mar 09	Change Mar 09 /Feb 09	Mar 08	03 Apr 09 *
Crude oil	352.9	350.8	360.6	9.8	313.1	361.1
Gasoline	220.2	215.5	216.8	1.3	221.2	217.4
Distillate fuel	143.4	143.9	141.8	-2.1	107.2	140.8
Residual fuel oil	35.4	37.1	36.0	-1.1	39.4	36.2
Jet fuel	40.5	41.7	39.2	-2.5	38.4	39.1
Total	**1,058.6**	**1,037.4**	**1,053.5**	**16.1**	**952.7**	**1,054.4**
SPR	703.8	705.1	712.4	7.3	700.4	712.9

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

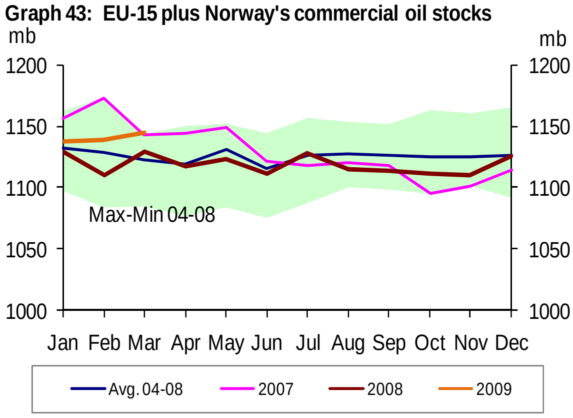
Source: US Department of Energy's Energy Information Administration.

Western Europe

EU-15 plus Norway total oil inventories witnessed a contra-seasonal build in the first quarter of 2009 to stand at 22 mb above the five-year average in March

As in the US, sluggish demand left total oil stocks in EU-15 plus Norway to increase further hitting a 22-month high in March. Inventories rose 5.7 mb, the fourth build in a row, to stand at 1,144 mb. However, the contra-seasonal build observed during the first quarter of this year widened the overhang with the five-year average from just 5 mb in January to 22 mb in March. The build in March was also shared between crude oil and products.

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



Driven by a combination of lower refinery runs and strong imports from the FSU, crude oil inventories added 3.0 mb to offset the drop of the previous month and stand at a high level of nearly 487 mb. Additionally, limited transatlantic crude shipments contributed to the healthy situation of crude oil stocks by keeping crude within the region. For instance, there was no lifting at Sullom Voe to North Amercia in March compared to 22,000 b/d in February.

Table 28: Western Europe's oil stocks, mb

	Jan 09	Feb 09	Mar 09	Change Mar 09/Feb 09	Mar 08
Crude oil	486.4	483.8	486.8	3.0	478.7
Mogas	126.4	127.8	127.3	-0.4	139.3
Naphtha	28.2	27.3	29.0	1.8	27.3
Middle distillates	379.4	384.2	384.6	0.5	364.4
Fuel oils	116.6	115.8	116.7	1.0	119.1
Total products	650.6	655.0	657.7	2.8	650.2
Total	**1,137.0**	**1,138.7**	**1,144.5**	**5.7**	**1,132.4**

Source: Argus, Euroilstock.

Product inventories rose 2.8 mb, the fifth build in a row, to stand at around 658 mb, implying a overhang of 18 mb with the five-year average while in January they displayed a deficit of 14 mb Due to weaker production from refineries, gasoline stocks inched down a marginal 0.4 mb and remained below the lower end of the five-year range, at 127.3 mb. In contrast and despite lowe production from refineries, distillate stocks increased for the fifth consecutive month to stand a 384.6 mb, up 0.5 mb over the previous month. The build was driven essentially by strong import from the US and Russia. At this level, the highest since May 2007, distillate stocks were 24 mb o 7% above the five-year average.

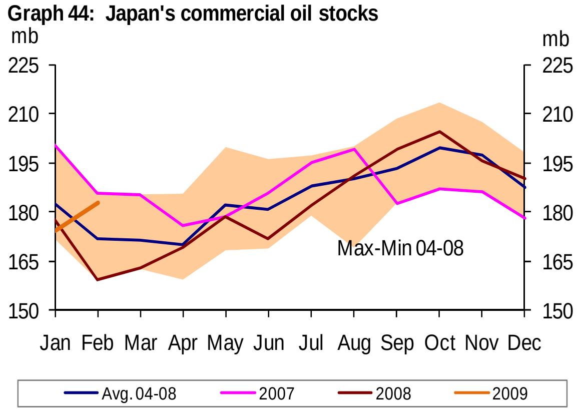
Similarly, weaker demand also let residual fuel oil and naphtha stocks increase 1.0 mb and 1.8 ml to stand at 116.7 mb and 29 mb respectively.

Japan

Sluggish demand pushed Japan's commercial oil stocks to 183 mb in February, an increase of 15% over a year earlier

Japan's total commercial oil inventories recovered sharply in February to stand at the upper end of the five-year range. The build of 8.2 mb, the highest since last August, pushed stocks to nearly 183 mb, 6 % above the previous five-year average and 15% higher than a year ago.

Graph 44: Japan's commercial oil stocks



The huge decline in demand, reflected in a drop in refinery runs and product sales, was the main driver behind this build. Both crude oil and product stocks increased.

Low seasonal refinery runs left crude oil stocks increasing 4.4 mb to move above 107 mb, which corresponds to 5 mb above the previou five-year average while in January they displayed a deficit of 3.5 mb over the five-year average. I addition, a 5% growth in imports also contributed to the build in crude oil stocks.

However, despite lower production from refineries due to low runs, products stocks added 3.8 ml to stand at 76 mb. The build in product stocks came again as a result of an estimated sharp declin of 20% in domestic sales of products from a year earlier. Within products, gasoline gained further 1.6 mb to stand at the previous five-year average of 14.3 mb. Distillate stocks reversed th downward trend displayed over the previous three months and rose 0.7 mb to 31.7 mb, a leve higher than a year ago and the five-year average. Following the same trend, residual fuel oil an naphtha stocks gained 1.1 mb and 0.4 mb to stand at comfortable levels of 18.4 mb and 11.2 ml respectively.

Preliminary data show that Japanese commercial oil stocks dropped around 5 mb in March wit crude oil accounting for more than 60% of the draw. Nevertheless, despite this draw, stock remained very comfortable due to sluggish demand.

Table 29: Japan's commercial oil stocks*, mb

	Dec 08	Jan 09	Feb 09	Change Feb 09/Jan 09	Feb 08
Crude oil	108.7	102.7	107.1	4.4	91.6
Gasoline	12.3	12.7	14.3	1.6	13.6
Naphtha	13.4	10.8	11.2	0.4	10.4
Middle distillates	36.3	30.9	31.7	0.7	27.2
Residual fuel oil	19.3	17.4	18.4	1.1	16.4
Total products	81.3	71.8	75.6	3.8	67.6
Total**	**190.0**	**174.5**	**182.6**	**8.2**	**159.2**

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

Balance of Supply and Demand

Demand for OPEC crude is estimated to decline by 0.3 mb/d in 2008

Estimate for 2008

Demand for OPEC crude is estimated to average 30.8 mb/d, indicating a decline of 0.3 mb/d, following a slight downward revision from last month. On a quarterly basis, demand for OPEC crude is estimated at 31.7 mb/d, 30.4 mb/d, 30.8 mb/d and 30.3 mb/d respectively.

Table 30: Summarized supply/demand balance for 2008, mb/d

	2007	1Q08	2Q08	3Q08	4Q08	2008
(a) World Oil Demand	**85.90**	**86.68**	**85.40**	**84.96**	**85.18**	**85.55**
Non-OPEC Supply	50.50	50.73	50.54	49.71	50.30	50.32
OPEC NGLs and non-conventionals	4.03	4.26	4.42	4.46	4.56	4.42
(b) Total Supply excluding OPEC Crude	**54.53**	**54.99**	**54.96**	**54.17**	**54.86**	**54.74**
Difference (a-b)	**31.36**	**31.70**	**30.44**	**30.79**	**30.32**	**30.81**
OPEC crude oil production	30.13	31.21	31.24	31.49	30.31	31.06
Balance	-1.24	-0.49	0.80	0.70	0.00	0.25

Totals may not add due to independent rounding.

Demand for OPEC crude expected at 28.7 mb/d in 2009, representing a strong decline of 2.1 mb/d

Forecast for 2009

The supply/demand balance for 2009 has again been revised down to reflect lower demand and lower supply expectations. The demand for OPEC crude is expected to average 28.7 mb/d, following a downward revision of 0.3 mb/d from last month's assessment. This represents a substantial decline of 2.1 mb/d over the previous year. The quarterly distribution shows that demand for OPEC crude is now expected to be 29.1 mb/d, 28.5 mb/d, 28.6 mb/d, and 28.8 mb/d respectively.

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

	2008	1Q09	2Q09	3Q09	4Q09	2009
(a) World Oil Demand	**85.55**	**84.55**	**83.69**	**83.83**	**84.65**	**84.18**
Non-OPEC Supply	50.32	50.76	50.49	50.36	50.82	50.61
OPEC NGLs and non-conventionals	4.42	4.71	4.74	4.90	4.99	4.83
(b) Total Supply excluding OPEC Crude	**54.74**	**55.46**	**55.23**	**55.25**	**55.81**	**55.44**
Difference (a-b)	**30.81**	**29.09**	**28.46**	**28.58**	**28.84**	**28.74**
OPEC crude oil production	31.06	28.22				
Balance	0.25	-0.87				

Totals may not add due to independent rounding.

Graph 45: Balance of supply and demand

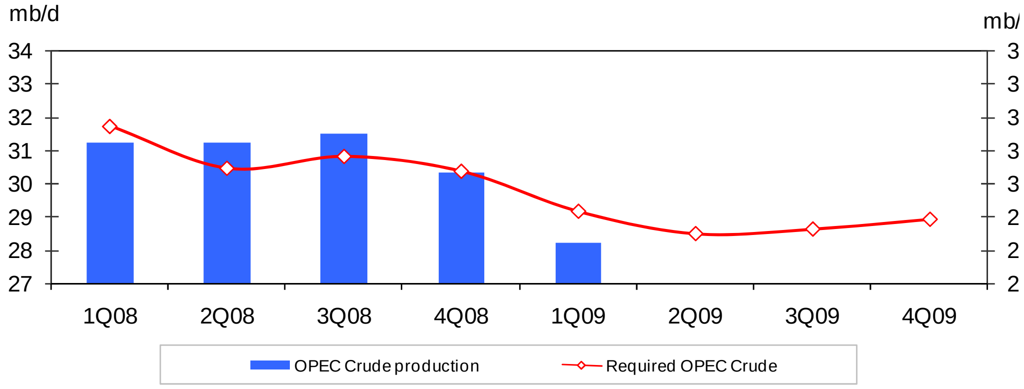


Table 32: World oil demand/supply balance, mb/d

	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	46.9	45.4	45.3	46.4	46.0
North America	25.4	25.6	25.4	25.5	24.8	24.5	23.7	24.1	24.3	23.9	23.7	23.3	23.7	23.7
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	14.7
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	25.1	25.1	25.0	25.0	24.9	25.3	25.3	25.2	25.2
FSU	3.8	3.9	3.9	4.0	4.0	3.9	4.2	4.4	4.1	3.9	3.9	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	86.7	85.4	85.0	85.2	85.6	84.6	83.7	83.8	84.7	84.2
Non-OPEC supply														
OECD	21.3	20.5	20.2	20.1	20.0	19.7	19.1	19.6	19.6	19.9	19.4	19.2	19.4	19.5
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	0.7	0.7
DCs	11.6	11.9	12.0	12.0	12.2	12.2	12.2	12.3	12.2	12.4	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	3.8	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	50.8	50.5	50.4	50.8	50.6
OPEC NGLs + non-conventional oils	3.7	3.9	3.9	4.0	4.3	4.4	4.5	4.6	4.4	4.7	4.7	4.9	5.0	4.8
(b) Total non-OPEC supply and OPEC NGLs	53.3	53.5	53.9	54.5	55.0	55.0	54.2	54.9	54.7	55.5	55.2	55.3	55.8	55.4
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	86.2	85.7	85.2	85.8	83.7				
Balance (stock change and miscellaneous)	0.4	0.3	-0.5	-1.2	-0.5	0.8	0.7	0.0	0.3	-0.9				
OECD closing stock levels (*mb*)														
Commercial	2538	2585	2666	2567	2567	2573	2603	2657	2657					
SPR	1450	1487	1499	1524	1524	1527	1529	1522	1522					
Total	3988	4072	4165	4091	4091	4099	4132	4178	4178					
Oil-on-water	905	958	916	942	942	929	929	898	898					
Days of forward consumption in OECD														
Commercial onland stocks	51	52	54	54	54	55	55	57	58					
SPR	29	30	30	32	32	33	32	32	33					
Total	80	82	85	86	87	88	87	89	91					
Memo items														
FSU net exports	7.3	7.7	8.1	8.5	8.6	8.8	8.2	8.1	8.4	8.6	8.8	8.3	8.3	8.5
(a) - (b)	29.2	30.4	31.0	31.4	31.7	30.4	30.8	30.3	30.8	29.1	28.5	28.6	28.8	28.7

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

Table 33: 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	-	-0.3	-0.1	-0.2	-0.4	-0.2
North America	-	-	-	-	-	-	-	-0.1	-	-0.2	-	-0.1	-0.1	-0.1
Western Europe	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-
Pacific	-	-	-	-	-	-	-	-0.1	-	-0.2	-0.1	-0.1	-0.1	-0.1
DCs	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-0.1
(a) Total world demand	-	-	-	-	-	-	-	-0.3	-0.1	-0.6	-0.2	-0.4	-0.5	-0.4
World demand growth	-	-	-	*0.01*	-	-	-	*-0.27*	*-0.07*	*-0.60*	*-0.16*	*-0.42*	*-0.27*	*-0.36*
Non-OPEC supply														
OECD	-	-	-	-	-	-	-	-0.1	-	0.2	-	-0.1	-0.1	-
North America	-	-	-	-	-	-	-	-	-	0.1	-	-0.1	-0.1	-
Western Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-0.1	-	-	-0.1	-0.1	-0.1	-0.1
Total non-OPEC supply growth	-	-	-	-	*0.02*	*0.01*	-	*-0.08*	*-0.01*	*-0.04*	*-0.09*	*-0.12*	*-0.07*	*-0.08*
OPEC NGLs + non-conventionals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	-	-	-	-0.1	-	-	-0.1	-0.1	-0.1	-0.1
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	-	-	-	-	-0.1	-	-				
Balance (stock change and miscellaneous)	-	-	-	-	-	-	-	0.2	-	-				
OECD closing stock levels (*mb*)														
Commercial	-	-	-	-1	-5	-31	-54	-16	-16					
SPR	-	-	-	-	-3	-2	7	-3	-3					
Total	-	-	-	-1	-8	-32	-47	-18	-18					
Oil-on-water	-	-	-	-1	13	-	30	-	-					
Days of forward consumption in OECD														
Commercial onland stocks	-	-	-	-	-	-0.7	-0.9	-	-					
SPR	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-0.7	-0.6	-	-					
Memo items														
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	-	-	-	-	-	-	-	-0.2	-	-0.6	-0.1	-0.3	-0.4	-0.3

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

Table 34: 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	55	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	54	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	29
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	54	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	90

Table 35: 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	7.78	7.69	7.65	7.72	7.71	0.21
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	3.32	3.26	-0.06	3.33	3.24	3.29	3.39	3.31	0.05
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	2.97	2.98	2.91	2.98	-0.20
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	13.83	13.93	-0.37	14.14	13.90	13.92	14.02	14.00	0.06
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	2.47	2.34	2.19	2.35	2.34	-0.12
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	1.58	1.46	1.38	1.37	1.45	-0.13
Denmark	0.39	0.38	0.34	-0.04	0.31	0.31	0.30	0.31	0.31	-0.04	0.29	0.29	0.27	0.28	0.28	-0.02	0.27	0.27	0.23	0.25	0.26	-0.03
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	0.71	0.75	0.75	0.75	0.74	0.01
Western Europe	6.18	5.74	5.37	-0.37	5.50	5.20	4.95	5.29	5.23	-0.13	5.21	5.04	4.82	5.10	5.04	-0.19	5.04	4.82	4.55	4.72	4.78	-0.26
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	0.54	0.57	0.53	0.00	0.59	0.59	0.60	0.56	0.58	0.06
Other Pacific	0.05	0.05	0.05	0.00	0.06	0.06	0.09	0.11	0.08	0.03	0.11	0.11	0.10	0.09	0.10	0.02	0.08	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	0.63	0.66	0.63	0.02	0.67	0.71	0.72	0.68	0.70	0.07
Total OECD	21.31	20.45	20.17	-0.28	20.45	20.22	19.79	20.11	20.14	-0.03	20.01	19.73	19.08	19.59	19.60	-0.54	19.85	19.42	19.18	19.42	19.47	-0.13
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	0.17	0.18	0.18	0.18	0.17	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	0.83	0.86	0.82	0.00
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	1.04	1.07	1.07	1.05	0.01
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	0.01	0.76	0.77	0.79	0.79	0.78	0.01
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	0.39	0.36	0.36	0.36	0.37	0.02
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	-0.04	0.33	0.35	0.36	0.36	0.35	0.04
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	0.28	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	3.75	3.79	3.88	3.91	3.83	0.09
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	0.75	0.74	0.73	0.72	0.74	-0.03
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	2.42	2.39	2.50	2.51	2.46	0.18
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	0.63	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	0.29	0.32	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	4.29	4.23	4.34	4.35	4.30	0.22
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	0.75	0.76	0.77	0.78	0.77	0.02
Syria	0.49	0.45	0.44	-0.02	0.42	0.42	0.42	0.42	0.42	-0.02	0.41	0.40	0.40	0.39	0.40	-0.02	0.39	0.41	0.41	0.41	0.40	0.01
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	0.30	0.31	-0.03	0.28	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	1.65	1.65	-0.02	1.63	1.66	1.66	1.66	1.65	0.00
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	0.26	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	0.25	0.25	0.24	-0.01	0.26	0.27	0.27	0.27	0.27	0.02
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	0.40	0.41	0.40	0.40	0.02
Africa	2.36	2.52	2.60	0.09	2.71	2.69	2.68	2.75	2.71	0.11	2.75	2.76	2.74	2.75	2.75	0.04	2.77	2.79	2.82	2.85	2.81	0.06
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	12.23	0.23	12.44	12.47	12.71	12.77	12.60	0.36
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	12.46	12.49	12.56	0.04	12.56	12.67	12.48	12.67	12.60	0.03
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	9.67	9.61	9.58	9.66	-0.12
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	1.47	1.52	1.40	1.58	1.49	0.08
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	1.00	0.99	1.04	0.98	0.07
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	0.45	0.46	0.01	0.44	0.47	0.47	0.47	0.47	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	3.82	3.88	3.85	3.84	-0.01
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	48.59	47.76	48.35	48.37	-0.21	48.77	48.51	48.37	48.84	48.62	0.25
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	50.54	49.71	50.30	50.32	-0.18	50.76	50.49	50.36	50.82	50.61	0.29
OPEC NGL	3.54	3.74	3.76	0.02	3.77	3.95	4.04	4.03	3.95	0.19	4.15	4.31	4.36	4.45	4.32	0.37	4.60	4.63	4.79	4.89	4.73	0.41
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	4.26	4.42	4.46	4.56	4.42	0.39	4.71	4.74	4.90	4.99	4.83	0.41
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	54.99	54.96	54.17	54.86	54.74	0.21	55.46	55.23	55.25	55.81	55.44	0.69

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

Table 36: 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	Jan 09	Feb 09	Mar 09	Change Mar/Feb
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	1,553	1,320	1,105	-215
Canada	369	490	121	665	282	494	440	470	-20	532	139	348	356	344	-126	507	169	432	408	379	35	377	413	196	-217
Mexico	110	107	-3	85	85	77	84	83	-24	90	88	96	93	92	9	96	106	103	106	103	11	125	132	126	-6
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	2,055	1,865	1,427	-438
Norway	17	17	0	19	20	16	9	16	-1	16	19	18	17	18	2	17	21	21	21	20	2	25	25	24	-1
UK	16	21	5	29	27	26	15	24	3	25	29	27	22	26	2	19	21	24	24	22	-4	23	20	22	2
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	0
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	0
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	2,168	2,089	1,652	-437
Other Asia	178	201	23	198	196	206	201	201	0	209	216	214	207	217	16	214	225	218	216	152	64	198	211	214	3
Latin America	116	129	13	137	151	153	153	149	20	183	178	173	181	178	29	181	181	181	197	192	14	171	162	158	-4
Middle East	70	72	2	72	79	82	85	80	8	82	85	87	86	85	5	89	91	93	90	91	6	86	86	85	-1
Africa	51	54	3	59	62	68	77	67	13	75	80	88	88	83	16	84	90	97	94	91	8	90	88	86	-2
Total DCs	415	456	41	466	488	509	507	493	37	510	510	509	515	511	18	512	520	540	532	526	15	492	547	543	-4
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	2,678	2,654	2,213	-441
Algeria	19	21	2	21	21	28	27	24	3	25	26	28	28	27	3	26	27	24	26	26	-1	24	23	25	2
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	0
Ecuador	10	12	2	12	11	11	12	11	-1	12	10	11	10	11	0	7	9	12	13	10	-1	10	10	11	1
Iran	41	40	-1	40	45	47	45	44	4	51	51	51	50	50	6	50	50	50	51	50	0	51	51	52	1
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
Kuwait	10	12	11	12	13	14	15	14	15	14	13	13	11	12	13	12	11	12	12	12	0	12	10	13	3
Libya	10	9	-1	9	9	10	12	10	1	13	12	14	14	13	3	14	15	15	15	15	2	16	16	14	-2
Nigeria	8	9	1	10	9	10	10	10	1	8	7	8	10	8	-2	9	8	6	6	7	-1	5	7	8	1
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	0
Saudi Arabia	32	36	4	54	60	70	76	65	29	76	76	78	77	77	12	78	77	76	76	77	0	74	72	69	-3
UAE	16	16	0	17	16	16	16	16	0	14	15	15	14	14	-2	12	12	13	12	12	-2	14	11	13	2
Venezuela	55	67	12	78	83	85	77	81	14	76	80	77	71	76	-5	82	81	77	81	80	4	74	69	63	-6
OPEC Rig Count	213	237	24	270	281	306	303	290	53	305	306	311	304	305	15	306	308	301	308	305	0	294	283	282	-1
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	2,972	2,937	2,495	-442
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	1436	1393	154	1273	1273	1071	-202
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	1916	1896	35	1668	1633	1401	-232
Others	20	22	2	14	13	18	21	16	-6	20	19	20	24	21	5	34	31	36	37	35	14	31	31	23	-8

**/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 April 2009

OPEC Basket average price

US$ per barrel

↑ up 4.37 in March	**March 2009**	**45.78**
	February 2009	41.41
	Year-to-date	42.98

March OPEC production

in million barrels per day, according to secondary sources

↓ down 0.15 in March	**March 2009**	**27.90**
	February 2009	28.05

World economy

Global economic growth has been revised down by 0.6% to show a contraction of 0.8%.

Supply and demand

in million barrels per day

2008		**2009**	
World demand	85.6	World demand	84.2
Non-OPEC supply	54.7	Non-OPEC supply	55.4
Difference	**30.8**	**Difference**	**28.7**

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

Stocks

OECD commercial oil stocks rose to 2,735 mb in January to stand 136 mb above the five-year average. Preliminary data shows above average seasonal growth in February and March, resulting in forward cover increasing to more than 60 days.

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