OPEC

Monthly Oil Market Report

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Feature article:

Potential for the world economy in 2015

Organization of the Petroleum Exporting Countries

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Oil market highlights

Crude Oil Price Movements

The OPEC Reference Basket rose in April to its highest value this year supported by various bullish factors. The Basket increased $4.84 to $57.30/b, although remained considerably lower y-o-y. ICE Brent contract rose $4.20 to $61.14/b and Nymex WTI jumped $6.77 to $54.63/b.

World Economy

World economic growth for 2015 has been revised down to 3.3% from 3.4% previously, in line with last year's growth. This is mainly due to the US, where growth has been revised to 2.6% from 2.9%, following sluggish growth in 1Q15. Euro-zone and Japan remain unchanged at 1.3% and 0.8%, respectively. In the emerging markets, China has been revised to 6.9% from 7.0% and Brazil to -0.4% from 0.2%. Russia and India remain unchanged at -3.2% and 7.5%, respectively.

World Oil Demand

World oil demand in 2015 is now projected to rise at a slightly higher 1.18 mb/d, compared to growth of 0.96 mb/d in the previous year. The slight upward revision to the 2015 growth figure mainly reflects expectations of uptick in oil requirements in the OECD America.

World Oil Supply

Non-OPEC oil supply growth in 2015 is expected to grow by 0.68 mb/d, compared to an increase of 2.17 mb/d in the previous year. OPEC NGLs are expected to grow by 0.19 mb/d in 2015, following growth of 0.18 mb/d last year. In April, OPEC crude oil production increased by a marginal 18 tb/d to average 30.84 mb/d, according to secondary sources.

Product Markets and Refining Operations

Product markets in the Atlantic Basin were mixed in April. Strong gasoline demand ahead of the US driving season lent support to crack spreads at the top of the barrel; however, middle distillates were pressured by higher refinery runs in the US Gulf Coast amid increasing inflows from Europe. In Asia, margins fell due to weakening market fundamentals across the barrel, as increasing supplies outweighed strong regional demand.

Tanker Market

Dirty vessel spot freight rates dropped m-o-m as a result of limited tonnage demand mainly in the Suezmax and Aframax markets, while VLCC rates rose 17% compared to the previous month. Both OPEC and global spot fixtures declined by 4.2% and 2.9%, respectively, on the back of lower fixtures for eastern and western destinations. In April, OPEC spot fixtures averaged 11.13 mb/d and OPEC sailings averaged 23.35 mb/d.

Stock Movements

OECD commercial oil stocks rose by 16.0 mb in March to stand at 2,745 mb. At this level, inventories were 98 mb higher than the five-year average. Crude saw a surplus of 99 mb, while product stocks remained almost in line with the five-year average. In terms of days of forward cover, OECD commercial stocks stood at 61.0 days, 2.8 days higher than the five-year average.

Balance of Supply and Demand

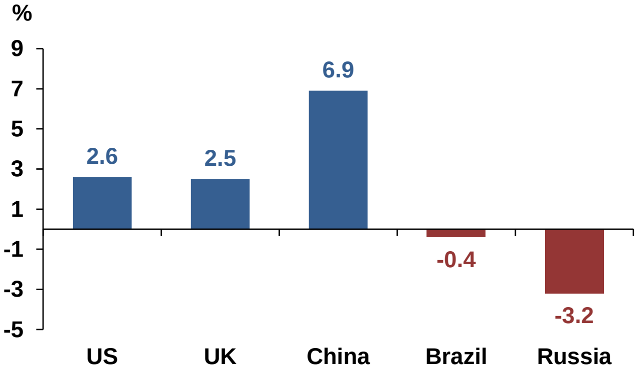
Demand for OPEC crude in 2015 is expected at 29.3 mb/d. This follows a slight upward adjustment from the previous month and represents a gain of 0.3 mb/d over the estimate for 2014 of 29.0 mb/d.

Potential for the world economy in 2015

Recent data from various economies has shown that 1Q15 did not turn out to be as promising as initially forecast. Some projections have been revised down, leading to adjustments to the short-term outlook for countries that had been expected to contribute to the improvement in overall global growth.

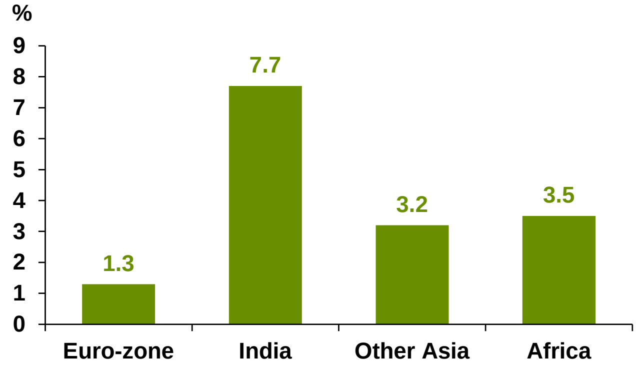
In the OECD countries, the US – as in the previous year – has seen unexpectedly lower growth in the first quarter, which is now seen growing by only 0.2% in the quarter. If the latest information regarding the increase in trade deficit – released after the 1Q15 GDP growth – is taken into consideration, growth in the first quarter is likely to be revised even lower. A closer look at the details shows that the key factors behind lower 1Q15 growth were cold weather, the West Coast port strike, and the strong appreciation of the US dollar. In addition, the decrease in investments also contributed to the lower GDP growth.

Graph 1: Countries that have recently seen downward revisions for economic growth in 2015



Source: OPEC Secretariat.

Graph 2: Countries that have recently seen upward revisions for economic growth in 2015



Source: OPEC Secretariat.

US GDP growth for 2015 is now forecast at 2.6% (***Graph 1***), having previously stood at 2.9%. Despite the falling unemployment rate, the labour market – in particular wages – has shown some weakness in the first quarter. Potentially slower-than-expected-growth in 2015 is likely to delay any interest rate hike by the US Federal Reserve, at least until the end of 3Q15. This could support the economy to partially compensate for some of the slow-down in first quarter. Moreover, some of the factors hindering growth in the first quarter could turn out to be short lived, leading to higher-than-expected growth for the rest of the year. Continued healthy middle distillate demand along with expectations of improving gasoline consumption in the run-up to the driving season should support economic growth and strengthen oil demand in coming months.

In the Emerging Markets, despite recent data, China is expected to manage its forecast GDP growth of around 7% for 2015 – with the Secretariat's figure currently at 6.9% – given recent monetary stimulus, such as the decrease in the required reserve ratio for banks, as well as interest rates. GDP for Brazil and Russia is forecast to contract by 0.4% and 3.2%, respectively, in 2015. Despite the recent currency appreciation in Brazil, the overall downward trend of the real, along with lack of investment and slowing household consumption, may further increase GDP contraction in 2H15. In Russia, despite the recent appreciation of the rouble, high inflation and on-going geo-political concerns may continue to weigh on economic growth.

At the same time, some countries in the Euro-zone, Africa, and Other Asia, as well as India ***(Graph 2)*** and even Japan later on in the year, have potential to further support economic growth in 2015. Despite the slow start in some countries, world economic growth could strengthen further as the year progresses, leading to an improvement in crude oil demand in 2015.

Crude Oil Price Movements

The OPEC Reference Basket (ORB) rebounded in April to its highest value this year, supported by various bullish factors throughout the month. The ORB increased $4.84 to $57.30/b month-on-month (m-o-m), remaining considerably lower than the previous year. Oil futures ended at a 2015 high, with ICE Brent above $60/b for the first time this year. The rise was driven partly by the belief that the supply glut may be easing, with higher demand projected ahead of the peak US driving season. The oil complex also rallied on higher product futures and geopolitical tensions. The ICE Brent contract was up $4.20 m-o-m to $61.14/b and the Nymex WTI contract jumped $6.77 to $54.63/b. Both contracts were down for the year. Speculative bets on higher oil prices rose in both futures markets. The transatlantic spread narrowed as growing US crude stockpiles eased and US demand picked up. The Brent-WTI spread narrowed to around $6.50/b.

OPEC Reference Basket

The ORB rebounded in April to its highest value this year, supported by various bullish factors throughout the month. Besides the rally in oil futures, physical demand for crude oil was healthy. Refiners' demand for crude came on the back of healthy refining margins, particularly in Asia and, to some extent, in Europe. This was shown in the steep easing of the contango in the Dubai and Brent markets. Refined product values have been supported by lower refinery production due to ongoing seasonal turnarounds. In the US, demand for crude picked up as refiners returned from maintenance. Inventory draws in refined product stocks also supported oil markets. The ORB's value was also boosted by upward adjustments to most Asian and European official selling prices (OSPs) as the contango market structure in these markets narrowed.

On a monthly basis, the OPEC Reference Basket kicked off the second quarter up $4.84 or 9.2% at $57.30/b, on average. Compared with a year ago, the ORB value is about 50% lower at $52.03/b from $104.63/b during the same time in 2014.

Graph 1.1: Crude oil price movement, 2014-2015

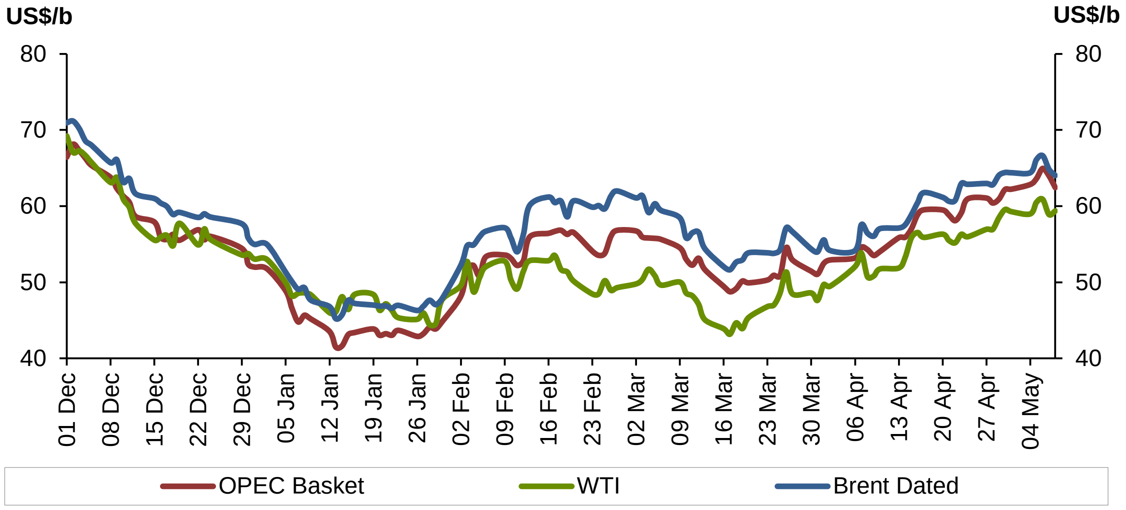


Table 1.1: OPEC Reference Basket and selected crudes, US$/b

	Mar 15	Apr 15	Change Apr/Mar	Year-to-date 2014	Year-to-date 2015
OPEC Reference Basket	**52.46**	**57.30**	**4.84**	**104.62**	**52.03**
Arab Light	52.20	57.73	5.53	105.42	52.03
Basrah Light	50.53	55.61	5.08	102.56	50.12
Bonny Light	56.75	60.65	3.90	110.17	56.07
Es Sider	54.78	58.40	3.62	107.71	54.17
Girassol	56.86	61.12	4.26	108.72	56.04
Iran Heavy	51.27	56.26	4.99	104.54	50.88
Kuwait Export	50.52	55.96	5.44	103.53	50.24
Marine	54.27	58.51	4.24	104.35	53.41
Merey	45.79	49.49	3.70	93.73	45.38
Murban	57.41	61.66	4.25	107.91	56.50
Oriente	45.79	52.73	6.94	95.10	46.93
Saharan Blend	56.93	59.75	2.82	109.37	55.68
Other Crudes					
Brent	55.93	59.50	3.57	108.08	55.33
Dubai	54.66	58.55	3.89	104.50	53.64
Isthmus	51.41	59.10	7.69	99.19	52.16
LLS	54.41	60.67	6.26	104.31	54.85
Mars	51.34	57.66	6.32	100.31	51.33
Minas	54.11	58.55	4.44	110.97	53.71
Urals	55.07	59.70	4.63	106.84	54.87
WTI	47.77	54.43	6.66	99.49	50.03
Differentials					
Brent/WTI	8.16	5.07	-3.09	8.60	5.30
Brent/LLS	1.52	-1.17	-2.69	3.77	0.48
Brent/Dubai	1.27	0.95	-0.32	3.59	1.69

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

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

All **ORB component values** improved in April along with global crude oil benchmarks. North Sea Dated Brent, Dubai and US light sweet marker WTI were up $3.57, $3.89 and $6.66, respectively, over the month. Positive adjustments to OSPs, offset on the back of shrinking contango, particularly in the Dubai market, have lifted the value of related components.

In Asia, April OSP offsets increased by around $1.35 on average. This is in line with the ease in Dubai’s contango, which went from $2.40/b to $1.60/b from January to February. Argus Sour Crude Index (ASCI)-related formulas were also adjusted up by about $1 as the US Gulf Coast (USGC) sour market improved.

On the other hand, Brent-related, particularly West African, crude price differentials to the benchmark were progressively under pressure over the month amid a glut of unsold cargoes that built up after a pullback in Asian demand. Asian buyers, such as India, opted for cheaper crudes, curbing demand for Nigerian oil at a time of relatively ample supply. North African crudes were also affected by weak naphtha performance.

Latin heavy sour components gained the most over the month, supported by a significant increase in USGC spot oil markets, particularly medium sour grades. This also supported US-destined components.

Brent-related Basket components Saharan Blend, Es Sider, Girassol and Bonny Light increased $3.65 or 6.50% to $59.95/b in April. Middle Eastern spot components and multi-destination grades improved $4.24 and $5.26, to $60.09/b and $56.39/b, respectively. Latin American ORB component Merey was up $3.69 or 8.1% while Oriente jumped $6.93 or 15.1%.

On 11 May, the OPEC Reference Basket stood at $62.03/b, $4.73 over the April average.

The oil futures market

Crude oil futures ICE Brent and Nymex WTI moved up in April to a 2015 high, with ICE Brent above $60/b for the first time this year. The rise was driven partly by the notion that the supply glut, that caused prices to fall by half since last summer, may be easing, with higher demand projected ahead of the peak US driving season. The oil complex also rallied on a slowdown in US refinery activity that boosted refined product futures, while ongoing geopolitical tensions pushed crude futures higher. Oil buyers also fuelled the rally with bets that US crude output will shrink further after two straight weeks of decline.

The weak dollar additionally supported oil and other dollar-denominated commodities. The euro improved slightly against the US dollar, while the European Central Bank (ECB) reported the first y-o-y increase in bank lending to the private sector in almost three years, which was then followed by a weaker-than-expected y-o-y US GDP growth figure for 1Q14 of just 0.2%. Oil futures were also bullish after US government data showed crude stocks falling in Cushing, Oklahoma, for the first time since early December. The rally has been tempered, however, by a stubborn global supply glut.

For the month, ICE Brent first-month futures settled up $4.20 or 7.4% at $61.14/b while Nymex WTI jumped $6.77/b or 14.2% to finish the month at an average of $54.63/b. Compared with 2014, Nymex WTI and Brent were lower by $49.59/b and $51.55/b at $49.93/b and $56.40/b, respectively.

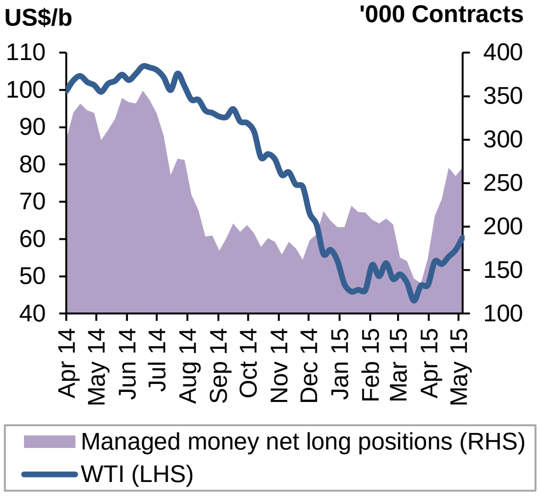
On 11 May, ICE Brent stood at $64.91/b and Nymex WTI at $59.25/b.

Hedge fund and other money managers raised their bets on rising Brent crude oil prices, which hit a new record in April. Speculators increased net long positions in ICE Brent futures and options by a hefty 57,958 contracts to 276,888 m-o-m, InterContinental Exchange (ICE) data showed, the highest level since records began in 2011. The percentage of long bets to short positions had reached levels, which in the past were followed by a drop in prices. The long-to-short ratio reached 6.4; such an extreme situation has only been seen three times since 2011. All three times brought a strong correction to the market.

Meanwhile, US Commodity Futures Trading Commission (CFTC) data showed another increase in speculation net length in WTI futures, with the outright level back again to that last seen at the end of July 2014. However, the main boost to net length did not come from fresh longs but from a closing of short positions. M-o-m, net length in WTI futures increased sharply by 94,764 contracts to 258,131 lots as a result of a reduction of 80,811 short positions and an increase of only 13,953 long positions.

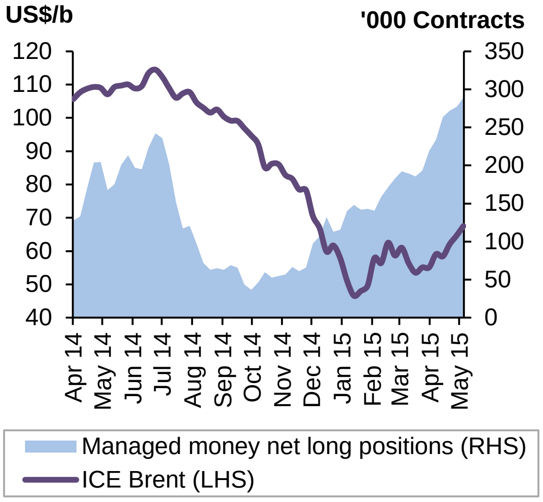
Moreover, total futures and options **open interest volume** in the two markets decreased 27,506 contracts to 5.27 million contracts.

Graph 1.2: Nymex WTI price vs. speculative activity, 2014-2015



Source: CFTC.

Graph 1.3: ICE Brent price vs. speculative activity, 2014-2015



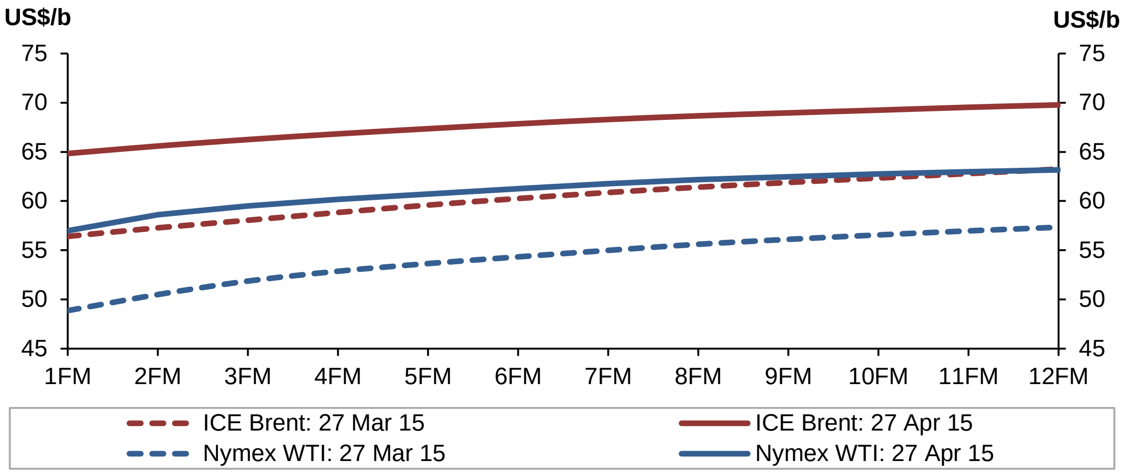
Source: IntercontinentalExchange, Inc.

The **daily average traded volume** during March for Nymex WTI contracts increased by 26,965 lots to average 839,885 contracts. ICE Brent daily traded volume fell sharply by 30,446 contracts to 690,687. The daily aggregate traded volume in both crude oil futures markets decreased by 3,480 contracts to around 1.53 million future contracts, equivalent to around 1.5 billion barrels per day. The total traded volume in Nymex WTI was down at 17.64 million contracts, and ICE Brent was also down at 14.50 million lots. Trading days in April were one day less than in March.

The futures market structure

The contango in the **ICE Brent market structure** widened slightly over the month amid slow demand and an oversupply of light, sweet grades in the Atlantic Basin. An overhang of Nigerian grades weighed on demand for competing sweet crude from the region. Moreover, North Sea crudes remained under pressure from the upcoming closure of the Forties very large crude carriers (VLCC) jetty at Hound Point, which will prevent any Forties from moving to the Asia Pacific region. A steady erosion in light distillate margins also undermined buying interest for sweet crudes. The ICE Brent first-month discount to the second month increased by 15¢ to 90¢/b.

Graph 1.4: Nymex WTI and ICE Brent forward curves, 2015



FM = future month.

In contrast, the **US Nymex WTI contango** narrowed slightly from $1.80 to $1.50/b as the pace of stockbuilds slowed, with the refining sector helping to clean up surplus crude. Meanwhile, an increase in gasoline demand in response to lower prices facilitated higher refinery output, dragging crude prices higher. Moreover, most US refineries returned from their turnarounds. Throughputs are at a three-month high of over 92% of capacity, increasing crude demand.

This also helped compress the **transatlantic spread** from $9/b in March to $6.50/b in April. US demand for gasoline and gasoline-rich crude ahead of the peak summer driving period has been buoyed by lower retail prices. Pump prices are $1/gal lower than a year ago. A foreseen sustained decline in US production also supported the narrowing Brent-WTI spread.

Table 1.2: Nymex WTI and ICE Brent forward curves, US$/b

	1st FM	2nd FM	3rd FM	6th FM	12th FM
Nymex WTI					
27 Mar 15	48.87	50.50	51.87	54.33	57.34
27 Apr 15	56.99	58.62	59.52	61.25	63.17
ICE Brent					
27 Mar 15	56.41	57.28	58.05	60.26	63.25
27 Apr 15	64.83	65.59	66.25	67.85	69.77

FM = future month.

The light sweet/medium sour crude spread

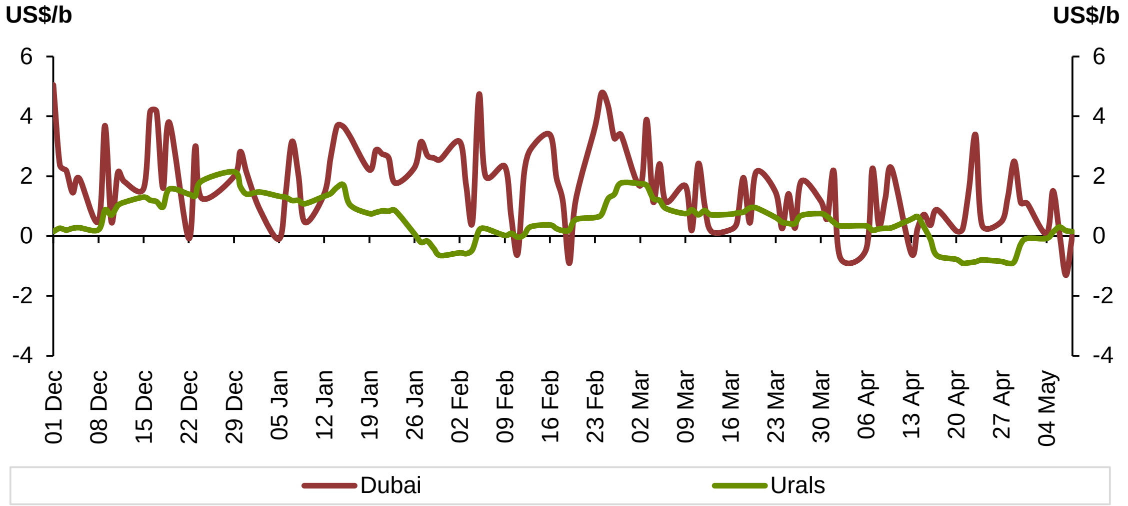
Sweet/sour differentials remained flat in US Gulf Cost (USGC), while narrowing sizably in Europe and slightly in Asia.

In **Asia**, the sweet/sour spread, represented by the Tapis/Dubai spread, narrowed again slightly over the month as heathy demand for Mideast Gulf crudes from Asian buyers continued. Lower exports and rising demand, as refiners get ready for their return from maintenance, have underpinned Dubai-related crudes. Moreover, aggressive buying from China along with tighter supply and strong refining margins supported Middle East grades this month. Quality issues with Asian-imported Mexican oil also increased demand for Middle East crude. Meanwhile, the Asia Pacific light sweet crude market was supported by firm demand from refiners returning from maintenance; however, arbitrage inflows helped balance tighter regional supply. The Asia Pacific crude market continues to be supported by still firm refining margins, although they started to dip late in the month. Tight supply due to maintenance at a Malaysian oil field was also supportive. Complex refining margins at the Singapore hub have averaged above $7/b. Over the month, Dubai crude’s discount to Tapis dropped 15¢ to $5.15/b.

In **Europe**, Urals medium sour crude was at a 85¢/b discount to light sweet Dated Brent, which flipped into a 20¢ premium in the Mediterranean (Med) in April on tight supply. Firm Mediterranean demand for bitumen-rich crudes also supported regional sour grades. On the other hand, plentiful supplies of West African crudes weighed on North Sea light sweet grades. The Atlantic Basin remained oversupplied with sweet crudes, despite strong gasoline margins. Limited arbitrage to Asia due to loading terminal maintenance also pressured the Brent market.

In the **USGC**, the Light Louisiana Sweet (LLS) premium over medium sour Mars was unchanged after the previous month's sharp drop from $4/b to $3/b. Most USGC crudes were supported by stronger global product markets, with regional refiners focusing on distillate production, as margins are at their strongest. Burgeoning demand for gasoline in the US resulted in sharp stockdraws, EIA data showed.

Graph 1.5: Brent Dated vs. Sour grades (Urals and Dubai) spread, 2014-2015



Commodity Markets

Commodity prices showed different trends in April, with the energy group supported by the increase in crude oil. In the non-energy group, agricultural prices retreated slightly due to decreasing food prices, while base metals recovered on average, thanks to increases in copper and aluminium. Precious metals recovered in the first half of the month on a decelerating US economy.

Trends in selected commodity markets

In April, the US dollar halted its appreciation - which had added weakness to commodity prices since August 2014. The slowdown of the US economy during the first quarter, fuelled expectations of delays in interest rate hikes by the US Federal Reserve, and provided support to precious metal prices. Meanwhile, economic activity has shown signs of recovery in the Euro-zone as reflected by strong composite PMI readings during the last three months. Metals were also supported by the announcement of stimulus measures in China. However, slower manufacturing expansion in the US, China and Japan served as a drag. The PMI for the US remained unchanged from March at 51.5. Meanwhile, manufacturing PMI in China, the largest metal consumer, declined to one-year lows at 48.9 from 49.6 in March. Japan's PMI slipped to 49.9, just below the no change-mark of 50.

Metal prices showed mixed trends during the month, with recoveries in copper and aluminium, after the People's Bank of China announced cuts to the Required Reserve Ratio, which could support lending to the manufacturing and property sectors. In addition, the trends were partly due to recovering energy prices which signalled potential increases in production costs. During the month, the National Statistics Bureau of China reported that the pace of declines in new home prices had moderated in March, with prices down in 50 of the country's 70 largest cities (versus 66 out of 70 the previous month). Meanwhile, iron ore declined sharply during the month. However, prices recovered some ground at the end of the month due to the announcement of stimulus measures in China, and after major Australian miner BHP Billiton signalled some deferrals to the medium-term expansion plan.

Agriculture prices decreased as food prices declined on reports of favourable weather conditions for crops in the US, while the US Department of Agriculture also reported planting ahead of market expectations for corn and spring wheat at the end of the month. Provided that weather conditions remain adequate for spring crops, prices could remain subdued, in view of large world stocks. Meanwhile, sugar prices stabilized after sharp falls the previous two months as the Brazilian currency recovered during the month.

Energy prices advanced due to recovering oil prices, as inventories in the US rose at a slower pace and production levels remained stable. Meanwhile, natural gas and coal declined across regions. Natural gas prices in the US have been pressured by additions to storage since the beginning of April. These have been 54% larger than the average of the previous five years, according to the US Energy Information Administration (EIA). Expectations for a cooler-than-average summer have also weighed on prices. In Europe, inventories were at 26.8% at the end of April, slightly above the previous month figures. Utilities are expected to take advantage lower prices in oil-indexed contracts. In the short-term, the impact of monetary stimulus measures in China could support the property and manufacturing markets, and therefore, metal prices. Continuing improvement in US employment figures, together with the evolution of economic activity in the Euro-zone, could also resume the path of appreciation of the US dollar, adding downward pressure to commodities.

Table 2.1: Commodity price data, 2015

Commodity	Unit	*Monthly averages*			*% Change*		
		Feb 15	Mar 15	Apr 15	Feb/Jan	Mar/Feb	Apr/Mar
World Bank commodity price indices (2010 = 100)							
Energy		70.4	68.3	72.5	11.7	-3.1	6.1
Coal, Australia	$/mt	61.4	60.1	57.8	-1.1	-2.1	-3.8
Crude oil, average	$/bbl	54.8	52.8	57.5	16.3	-3.6	8.9
Natural gas, US	$/mmbtu	2.8	2.8	2.6	-4.3	-1.7	-7.9
Non-energy		86.9	85.1	84.7	-1.6	-2.1	-0.5
Agriculture		93.3	91.1	90.4	-1.4	-2.4	-0.8
Food		96.6	93.9	93.1	-2.3	-2.7	-0.8
Soybean meal	$/mt	438.0	403.0	395.0	-3.1	-8.0	-2.0
Soybean oil	$/mt	773.0	748.0	747.0	-3.6	-3.2	-0.1
Soybeans	$/mt	407.0	403.0	395.0	-4.0	-1.0	-2.0
Grains		95.3	94.1	92.5	-1.5	-1.3	-1.7
Maize	$/mt	173.7	174.2	172.1	-0.6	0.3	-1.2
Wheat, US, HRW	$/mt	237.2	230.8	223.3	-4.6	-2.7	-3.2
Sugar, world	$/kg	0.3	0.3	0.3	-4.9	-9.8	-0.6
Base Metal		79.2	79.2	80.6	-1.2	0.0	1.7
Aluminum	$/mt	1,817.8	1,773.9	1,819.2	0.2	-2.4	2.6
Copper	$/mt	5,729.3	5,939.7	6,042.1	-1.7	3.7	1.7
Iron ore, cfr spot	$/dmtu	63.0	58.0	52.0	-7.4	-7.9	-10.3
Lead	$/mt	1,795.7	1,792.5	2,005.4	-2.6	-0.2	11.9
Nickel	$/mt	14,573.8	13,755.5	12,830.9	-1.9	-5.6	-6.7
Tin	$/mt	18,233.9	17,421.9	15,900.9	-6.3	-4.5	-8.7
Zinc	$/mt	2,097.8	2,028.7	2,212.7	-0.7	-3.3	9.1
Precious Metals							
Gold	$/toz	1,227.1	1,178.6	1,198.9	-1.9	-3.9	1.7
Silver	$/toz	16.8	16.2	16.3	-2.6	-3.3	0.6

Source: World Bank, Commodity price data.

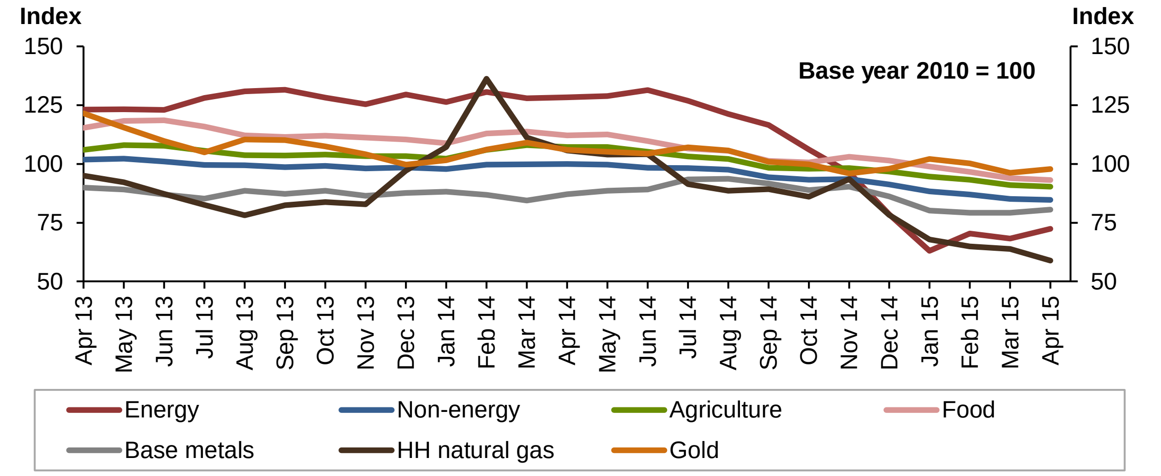
Average **energy prices** in April increased by 6.1% m-o-m due to an 8.9% increase in crude oil on moderating inventory build-ups. Natural gas prices declined in the US by 7.9% m-o-m, while average import prices in Europe declined by 10.3%.

Agricultural prices decreased due to a 0.8% drop in food and a 1.5% drop in raw materials, while the group of beverages (cocoa, coffee and tea) increased by 1.1%. Wheat, soybeans and corn, all declined by 3.2%, 2.0% and 1.2% m-o-m, respectively, after rains has helped maturing winter crops while improving the prospects for the spring planting season. Meanwhile, sugar prices decline slightly by 0.9% versus 9.8% the previous month in volatile trading as the Brazilian real strengthened.

Base metals increase by 1.7%, mainly due to increases in copper prices by 1.7% and aluminium 2.6% on market optimism about the impact of stimulus measures in China. Average iron ore prices declined sharply by 10.3% m-o-m on a continuing supply glut in the market.

In the group of **precious metals**, gold prices advanced by 1.7% m-o-m as medium- and long-term interest rates declined on a decelerating US economy. Silver prices also advanced by 0.6% m-o-m.

Graph 2.1: Major commodity price indices, 2013-2015

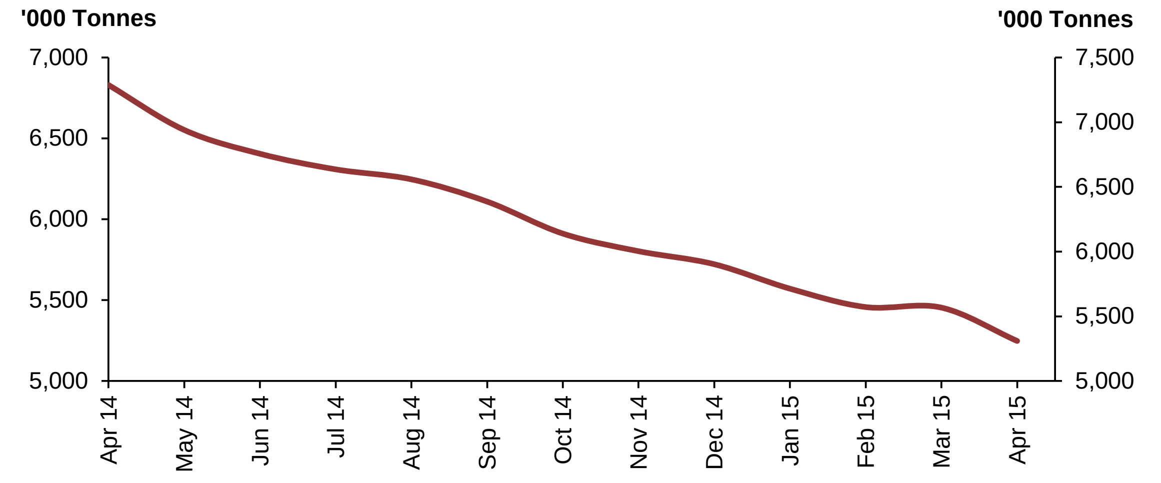


Source: World Bank, Commodity price data.

In April, the **Henry Hub natural gas** price declined after a considerably higher than five-year average storage build-up during the month. The average price decreased by 22¢ or 7.9% to \$2.58 per million British thermal units (mmbtu) after trading at an average of \$2.80/mmbtu the previous month.

The US EIA said utilities put 81 billion cubic feet (Bcf) of gas to storage during the week ending 24 April. This was below market expectations of an 86 Bcf increase. Total gas in storage stood at 1,710 Bcf, which was 76.5% higher than the previous year and 4.2% below the previous five-year average. One month ago it was 11.5% below that average. The EIA noted that temperatures were warmer than normal during the reported week.

Graph 2.2: Inventories at the LME

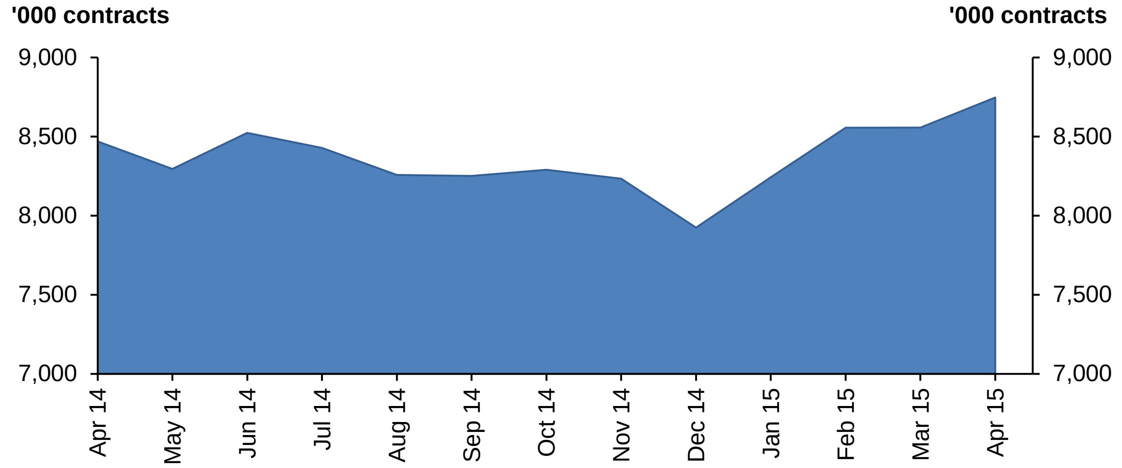


Sources: London Metal Exchange and Haver Analytics.

Investment flows into commodities

The **total open interest volume (OIV)** in selected US commodity markets increased by 2.2% to 8.9 million contracts in April, driven by rises in the OIV for crude oil, agriculture, livestock and natural gas. Meanwhile, the OIV declined for copper and precious metals.

Graph 2.3: Total open interest volume



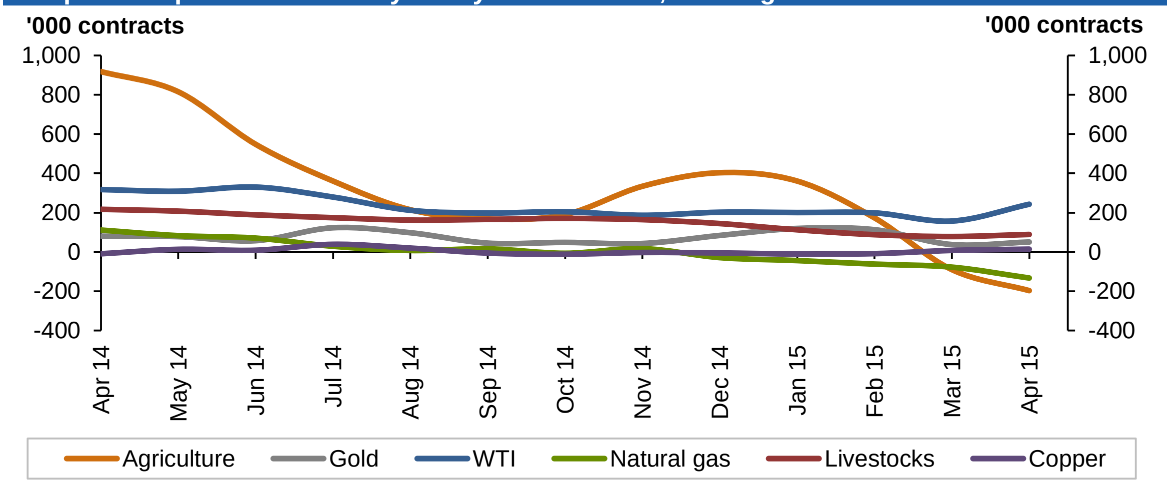
Source: US Commodity Futures Trading Commission.

Total speculative net length positions in select commodities decreased by 36.7% m-o-m to 84,779 contracts in April due to increases in net short positions for agriculture and natural gas.

Agricultural OIV was up 2.8% m-o-m to 4,892,643 contracts in April. Meanwhile, money managers more than doubled their net short position to 196,792 lots on large global inventories a favourable weather for US crops.

Henry Hub's natural gas OIV increased by 3.9% m-o-m to 1,018,272 contracts in April. Money managers increased their net short positions by 71.7% to reach 132,361 lots on sustained inventory increases.

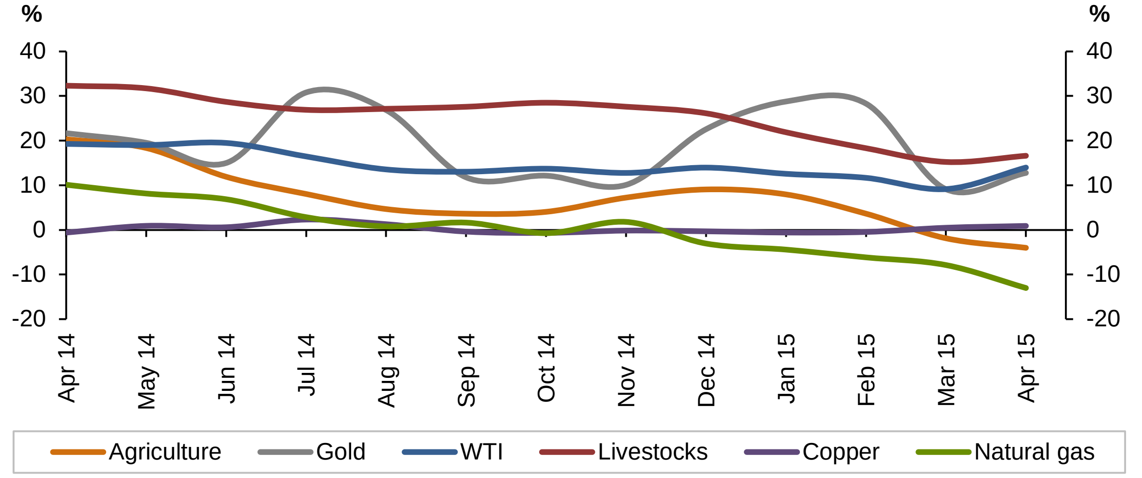
Graph 2.4: Speculative activity in key commodities, net length



Source: US Commodity Futures Trading Commission.

Copper OIV decreased by 2% m-o-m to 162,234 contracts in April. Money managers increased their net long position by 13.5% to 89,106 lots, as prices increased in response to stimulus measures in China.

Graph 2.5: Speculative activity in key commodities, as% of open interest



Source: US Commodity Futures Trading Commission.

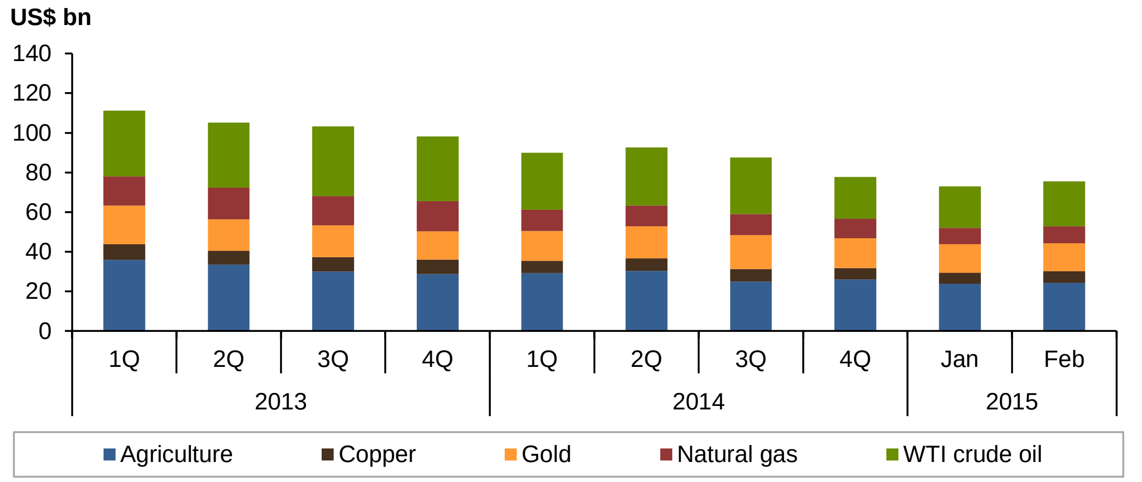
Gold OIV decreased by 4.2% m-o-m to 396,654 contracts in April. Money managers increased their net long positions by 34.7% to 50,608 lots due to potential delays of US interest rates hikes in view of the slowdown in US economic activity.

Table 2.2: CFTC data on non-commercial positions, '000 contracts

	Open interest		*Net length*			
	Mar 15	**Apr 15**	**Mar 15**	**% OIV**	**Apr 15**	**% OIV**
Crude oil	1,722	1,740	157	9	243	14
Natural gas	980	1,018	-77	-8	-133	-13
Agriculture	4,760	4,893	-90	-2	-197	-4
Precious metals	584	574	57	10	68	12
Copper	165	162	8	5	14	9
Livestock	516	537	78	15	89	17
Total	**8,727**	**8,924**	**134**	**2**	**85**	**1**

Source: US Commodity Futures Trading Commission.

Graph 2.6: Inflow of investment into commodities, 2013-2015



Source: US Commodity Futures Trading Commission.

World Economy

Recent weeks have confirmed a weakening in the global economy during the first quarter. US growth has been exceptionally weak in the first three months of the year, although it is expected that this has been due to temporary factors and that the economy will rebound in the remainder of the year. Japan's domestic demand has also faltered and while the Euro-zone continues to recover, it is still dealing with multiple issues – ranging from Greece, the fragilities in its banking system, low inflation to still high unemployment. Moreover, China also continues decelerating and Brazil and Russia are now both expected to decline this year. Within the bracket of major emerging economies, India is the only one that is posting higher growth in 2015. Consequently, the 2015 global GDP forecast has been revised down from 3.4% to 3.3%, while the 2014 growth estimate remains at 3.3%. The OECD economies have been revised down to 2.1% from 2.2%. Also, in emerging economies, 2015 growth forecasts have been revised down for China from 7% to 6.9% and for Brazil's from 0.2% to -0.4%. India's growth forecast remained at 7.5% and Russia's declining growth expectation is also unchanged at -3.2%. The central bank policies of the key economies will need close monitoring in the coming months as unexpected short-term changes in monetary policies may create unforeseen negative effects for global economic growth.

Table 3.1: Economic growth rate and revision, 2014-2015, %

	World	OECD	US	Japan	Euro-zone	China	India	Brazil	Russia
2014E*	**3.3**	**1.8**	**2.4**	**-0.1**	**0.9**	**7.4**	**7.2**	**0.2**	**0.6**
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015F*	**3.3**	**2.1**	**2.6**	**0.8**	**1.3**	**6.9**	**7.5**	**-0.4**	**-3.2**
Change from previous month	-0.1	-0.1	-0.3	0.0	0.0	-0.1	0.0	-0.6	0.0

** E = estimate and F = forecast.*

OECD

OECD Americas

US

After the deceleration of the US economy in the fourth quarter, the very weak **first quarter GDP** growth number have come as a surprise. It is expected that the economy will rebound in the remainder of the year with again above average growth in the second and the third quarter. The positive labour market and consumer indicators point at such a likelihood. It is important to highlight that private household consumption in the first quarter was relatively solid but that other factors seem to have negatively influenced the weakness in growth. The obvious reasons for the low GDP number were the cold weather, the West Coast port strike and the swift appreciation of the US dollar. Hence, the negative impact from exports and investments has been clear.

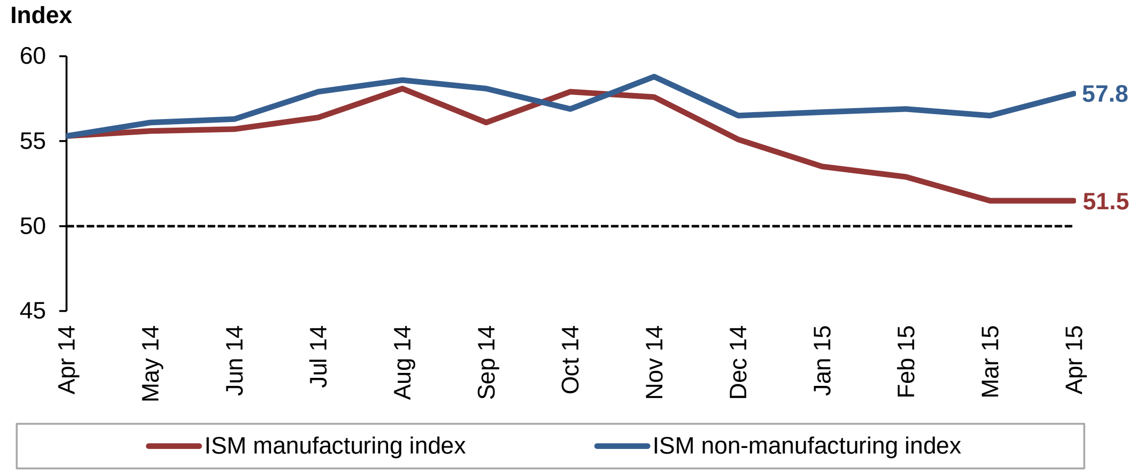
In terms of numbers, the GDP grew by a seasonally adjusted annualized rate (SAAR) of 0.2% q-o-q. Personal consumption expenditures rose at a relatively solid SAAR of 1.9% q-o-q. Fixed investments and exports, in particular, were driving down the GDP with declines of -2.0% and -7.2%, respectively. These two were the main factors to be considered. There are certainly transitional factors to these developments, but the next several months may provide some more clarity as to the magnitude to which they were responsible for the weak growth. In this regard, it is also important to highlight that the energy sector had some influential negative impact. Investments into mining, shafts and wells fell by 48.7%, an impressive decline after the past month's announcements of considerable capex reductions in the energy sector.

While **labour markets indicators** were mixed in the past months, there has been a general recovery. Probably also there have been negative factors from the past months which may have been only transitory. The unemployment rate fell to a new low of 5.4%, the lowest since mid-2008. Importantly, job additions in April recovered from a very weak level in March. Non-farm payrolls increased by 223,000, after an increase of only 85,000 in March, a number that was even significantly revised down from previously 126,000. Also in this area, the capex reductions in the energy sector have become obvious. Jobs in mining and logging fell by 48,000 since the beginning of the year. Positively, the share of long-term unemployed improved again to 29%, from 29.9% in March, the lowest level since June 2009.

The **housing market** continues recovering. Monthly average house prices rose more than 5% in the months from December to February. Prices increased again by 5.4% y-o-y in February, as reported by the Federal Housing Finance Agency. Positively, existing home sales have also continued improving, rising by 10.4% y-o-y in March, after 4.9% y-o-y in February and 3.2% y-o-y in January and 4.3% y-o-y in December.

In line with the latest dip in the economy, **consumer confidence** declined from very high levels in the past months. The conference board index stood at 95.2 in April, after 101.4 in March. As a sign of some stabilisation of the recent deceleration, the **purchasing manager's index** (PMI) for the manufacturing sector, as provided by the Institute of Supply Management (ISM), remained at 51.5 in April. Also, positively, the ISM for the services sector, which contributes more than 70% to the economy, rose to 57.8 in April, after already a high level of 56.5 in March. This marks the highest level this year.

Graph 3.1: Manufacturing and non-manufacturing ISM indices



Sources: Institute for Supply Management and Haver Analytics.

The **GDP growth forecast** for 2015 has been consequently revised down from 2.9% to 2.6%, given the weak first quarter number, which could even turn negative in the second estimate at the end of May, given the weak trading numbers. Hence, this forecast assumes that there will be an above 3% growth recovery in the second and the third quarter. The weakness of the first quarter is considered to be temporary. Therefore, this year's growth forecast is still higher than the final growth estimate of 2.4% in 2014, as provided by the Bureau of Economic Affairs (BEA). Uncertainties remain and the economic activity will need close monitoring, given the recent slow-down. Revisions to the even low first quarter output numbers might also force further downward revisions of this year's growth in the near future.

Canada

In **Canada**, the slowing US economy and the declining income from the energy sector have also been felt. After strong growth of industrial production in January at 3.7% y-o-y, the latest number for February was less buoyant at only 1.7% y-o-y. Given the challenges in the resource sector, mining, oil and gas extraction growth decelerated to 0.8% in February after 2.1% y-o-y in January and compared to an average increase of 6.0% in 2014. The PMI for manufacturing in January points at a slow-down and stands barely unchanged in April at 49. Given this latest weakness, the 2015 GDP growth forecast for Canada has been lowered to 2.1% from the previous 2.3%.

OECD Asia-Pacific

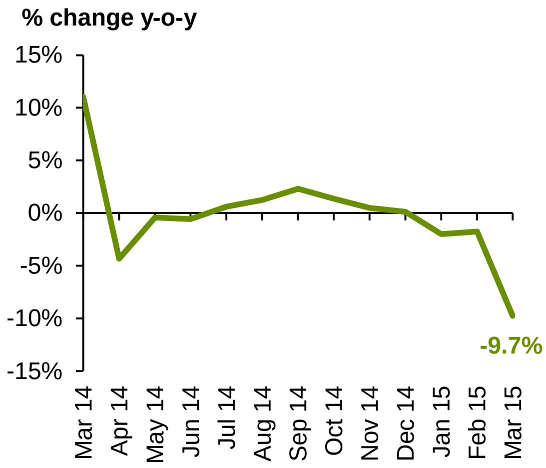
Japan

Japan is continuing to face a variety of challenges to lift its current slack in GDP growth, despite ongoing monetary stimulus, fiscal support and structural reforms. Exports continue to provide some support to the economy but domestic demand continues denting the recovery. After last year's sales tax increase, retail sales continued to be negatively impacted. Earnings were also not rising to the extent that inflation had increased. Now in April, inflation is forecast to stand at again around the 0% level and probably might also turn negative. This compares to a 2% inflation target that the government and the Bank of Japan (BoJ) is continuing to envisage. So it seems that it may still take a while before the economy is able to move back to higher growth levels. Importantly, China is also slowing down and given its weight as Japan's most important trading partner in Asia, this trend will continue to impact the economy. In addition to this, the likely temporary slow-down in the US and a still relatively weak situation in the Euro-zone – although recovering – might also have some effect on export levels.

Domestic economic improvements continue to be challenged as past April's sales tax increase has artificially pushed up total **inflation** to a level above 2%. In March, it rose to 2.4% from 2.2% in February. This was again well above earnings growth at the labour market, which again fell by 0.7% y-o-y in March after declining already in January and February by 1.2% y-o-y and 0.8% y-o-y respectively. Rising inflation has certainly depressed real income and should be considered an important factor that has so far dragged down any possible domestic improvements.

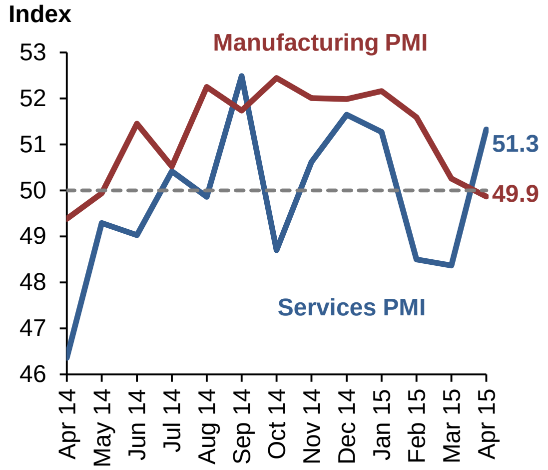
The current weakness in domestic demand led to a considerably decline in **retail sales**, which fell by 9.7% y-o-y in March, after declining by 1.8% y-o-y in February, and by 2% in January. Exports increased by 8.5% y-o-y in March, after a rise in February of 2.5% y-o-y. Industrial production remained sluggish on a yearly comparison. It fell by 2.9% y-o-y in March, the largest drop in nine consecutive months of yearly decline.

Graph 3.2: Japanese retail trade



Sources: Ministry of Economy, Trade and Industry and Haver Analytics.

Graph 3.3: Japanese PMI indices



Sources: Markit, Japan Materials Management Association and Haver Analytics.

The **PMI numbers**, as provided by Markit, show that the manufacturing PMI in April has fallen again to only 49.9, after 50.3 in March. Positively, the very important services sector index rose to 51.3 in April from a low 48.4 in March and 48.5 in February.

The 2015 **GDP growth forecast** remains unchanged at 0.8% as some of the current challenges have been accommodated already. This is significantly above last year's level of -0.1%, as reported by the government's statistical office. However, the near-term trend clearly will need close monitoring. The risk to the growth forecast remains slightly skewed to the downside.

South Korea

The **South Korean economy** continues to grow at a solid pace, but it seems that the weakness from the first months of the year has not been entirely overcome yet. But challenges from exports particularly remain. Industrial production grew by 1.1% in Mach after 2.3% y-o-y in February. This comes after a decline of 1.2% y-o-y on January. Importantly, export growth declined in April for the third consecutive month. Exports declined by 4.4% y-o-y in April, after they fell by 0.5% y-o-y in March and by 0.6% y-o-y in February. Unsurprisingly, the PMI numbers, as provided by Markit, show that the manufacturing PMI in April has fallen again to 48.8 from 49.2 in March. Consequently, the 2015 GDP growth forecast has been lowered to 3% from 3.4%. This compares to growth of 3.3% in 2014.

OECD Europe

Euro-zone

The recovery in the Euro-zone seems to continue and upcoming GDP growth data for the first quarter may confirm this. However, and despite this positive momentum, a variety of challenges remain. The situation in Greece is still uncertain and a default of the economy could have many unintended consequences. Moreover, the banking sector is still fragile, inflation remains low – and, on the contrary, could shoot up quickly, if the recovery continues and energy prices continue rising – and the labour market is not materially improving. All these issues, in combination with weakening growth in the US and in China, lead to the conclusion that the ongoing recovery will continue at only a moderate level, while many uncertainties about its dynamic remain.

Positively, Industrial production in the Euro-zone increased by 1.3% y-o-y in February after 0.2% y-o-y in January. The capacity utilisation rate increased to 81.2% now in the second quarter. Moreover, retail trade performed well, with yearly growth rates of 1.5% in March, after 2.6% and 2.8% in February and January, respectively. Also, the latest available consumer confidence indicator, as provided by the European Commission, points at a continued recovery in consumption. However, it also reflected a slight deceleration in April, when it retreated to -4.6 from -3.7 in March, which was the highest level since August 2007.

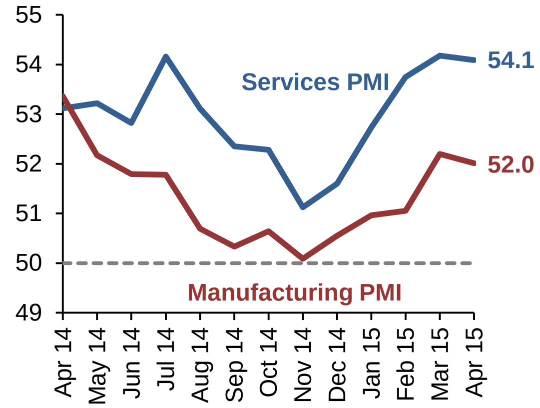
While the European Central Bank (**ECB)** has continued with its liquidity program, inflation has started to rise. This might not have been only due to the ECB monetary stimulus but has also been supported by the general recovery in the Euro-zone economy and also by again recovering oil prices. While the ECB has clearly stated that it will continue with its initially laid-out programme of purchasing private and public sector bonds at a monthly magnitude of 60 billion euros, inflation will provide a good guideline for the development of this program. However, it is clear that the ECB will not back off – unless it becomes obvious that inflation will again reach around 2% and that credit flows from the ECB to the economy via intermediaries continue to recover. **Inflation** stood at 0% y-o-y in April, which is the third consecutive month of improvements. Core inflation – excluding energy and food – remained at 0.6% y-o-y, at almost the same level over the last 6 months.

While the situation for the Euro-zone's banking sector remains challenging, some positive trends have become visible over the last months. **Credit lending** from financial intermediaries to the private sector has shown a positive trend since the end of 2013 and while the transmission channels still seem to be somewhat impaired, loan growth is now positive in March for the third consecutive month, growing by 0.8% y-o-y, after 0.5% y-o-y in February.

While some modest improvements have become apparent, the legacies of the global financial crisis are still present in the Euro-zone. The average general non-consolidated **government debt** in comparison to annualised seasonally adjusted GDP has been growing over the last years and stood at 91.9% in 4Q14, only slightly below the 2014 yearly average of 92.1%. The unemployment rate remains at a high level of 11.3%.

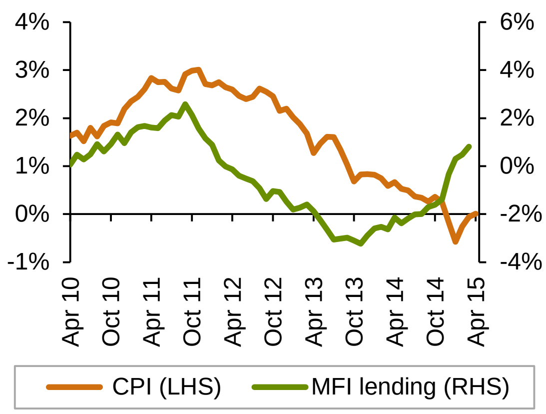
Some positive developments are also visible in the **PMI indicators**. The latest PMI for manufacturing, as provided by Markit, remained almost unchanged at 52.0 in April, compared to the March number of 52.2. Also, the PMI for the important services sector was only very slightly lower in April at 54.1, compared to 54.2 in March but still higher than the 53.8 in February.

Graph 3.4: Euro-zone PMI indices



Sources: Markit and Haver Analytics.

Graph 3.5: Euro-zone consumer price index and lending activity



Sources: Statistical Office of the European Communities, European Central Bank and Haver Analytics.

The recovery in the Euro-zone continues. The **GDP growth forecast** remained unchanged at 1.3% for 2015, coming from 0.9% in 2014. A variety of challenges remain. But if the trend continues, further upside might lead to positive growth revisions in the coming months. Here, the situation of Greece among others will provide a good guideline in the coming weeks of the potential depth of the recovery.

UK

Similar to the US and other important OECD economies, the **United Kingdom had a** relatively weak first quarter GDP growth number of only 0.3% q-o-q and an associated weakness in the economy has led to a downward revision of 2015 GDP growth from 2.6% to 2.5%. This softening momentum has also been confirmed in the latest PMI number for the manufacturing sector, which stood at 51.9 in April, compared to the 54 in March.

Emerging and Developing Economies

After posting a budget-deficit-to-GDP ratio of 2.2% in 2014, the government of **Brazil** is aiming for a primary surplus of 1.2% of GDP in 2015. It hopes to achieve this mostly by cutting spending and rolling back some tax breaks. The Ministry of Finance has also announced its aim to bring expenditures in nominal terms back down to the level of 2013. This means -13% y-o-y in 2015. The government is undertaking a re-engineering of the entire economy, moving from ‘demand-push’ policies more to supply-side policies. There is a common acceptance that there is a need to reverse the situation of high budget deficits and curb inflation in order to cushion the economy from any external shocks and spur a return of foreign investment. In the short-term, however, such policies will have a negative impact. Thus, the country’s GDP is forecast to contract 0.4% in 2015, compared to the 0.2% foreseen last month.

Given that the dynamics of **Russia**’s principal macroeconomic indicators show a considerable GDP contraction in 1Q15, the GDP growth forecast is unchanged this month at -3.2% for 2015. The appreciation of the ruble and a significant contraction in consumer demand during the February to April period of this year may both help ease inflationary pressures and lead to a stabilization of its rate of increase in the coming months.

Developments in **India**'s economy over the last few months have generally been favourable. It now seems growth is expected to accelerate during 2015. The annual inflation rate on the wholesale price measure was -2.1% in February, with core manufacturing prices up just 0.2%. CPI inflation also eased back to 5.2% in March from 5.4% in February. It is expected to remain below 6%, which is the RBI's inflation target for January 2016, throughout the rest of this year. One positive aspect of the Indian economy is related to an improvement in confidence. Despite the PMI recording softer rates, the Indian manufacturing sector held its ground in April, benefitting from ongoing improvements in operating conditions.

Chinese economic growth slowed to 7% in the first quarter, the slowest rate since early 2009. GDP data points to near-term downward pressure on growth, which likely is related to recent economic restructuring. The slowdown was most significant in the manufacturing and real estate sectors, which are expected to remain the principal drags on economic growth this year. On the other side, China's government tried to support the GDP growth rate through monetary easing and fiscal policy measures. The PMI remained below the neutral 50 value at 48.9 in April, down from 49.6 in March. This signalled deterioration in the health of the sector for the second consecutive month. China's manufacturing sector also had a weak start to 2Q, with total new business declining at the quickest rate in a year while production stagnated.

Table 3.2: Summary of macroeconomic performance of BRIC countries

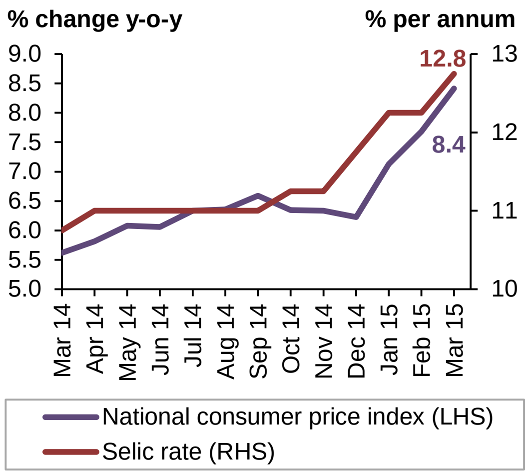
	GDP growth rate		Consumer price index, % change y-o-y		Current account balance, US$ bn		Government fiscal balance, % of GDP		Net public debt, % of GDP	
	2014E*	2015F*	2014	2015	2014	2015	2014	2015	2014	2015
Brazil	0.2	-0.4	6.3	8.1	-91.3	-80.9	-6.3	-6.3	58.9	64.6
Russia	0.6	-3.2	7.8	15.2	51.9	42.5	-0.5	-3.8	8.3	11.5
India	7.2	7.5	6.7	5.8	-27.4	-33.0	-4.1	-4.1	49.7	49.0
China	7.4	6.9	2.1	1.2	214.0	295.7	-1.8	-2.7	15.6	17.3

Sources: OPEC Secretariat, Consensus Economics, Economic Intelligence Unit, Financial Times and Oxford.
** E = estimate and F = forecast.*

Brazil

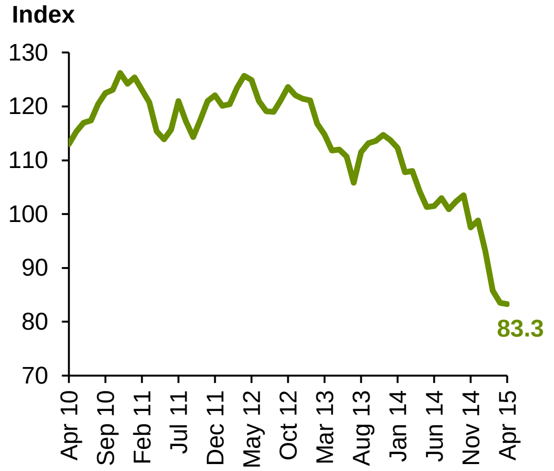
The Brazilian government seems to be heading to a period of sharp cuts in public spending this year. After posting a **budget-deficit**-to-GDP ratio of 2.2% in 2014, it is now aiming for a **primary surplus** of 1.2% of GDP in 2015 mostly by cutting spending and rolling back some tax breaks. The Ministry of Finance announced it is hoping to bring expenditures in nominal terms back to the level of 2013. This means -13% y-o-y in 2015.

Graph 3.6: Brazilian inflation vs. interest rate



Sources: Banco Central do Brasil, Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

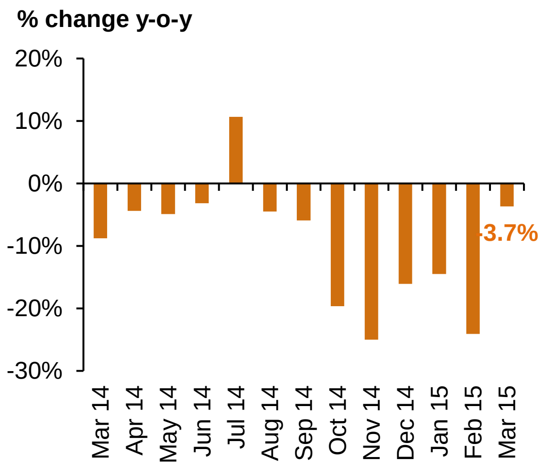
Graph 3.7: Brazilian consumer confidence index



Sources: Fundação Getúlio Vargas and Haver Analytics.

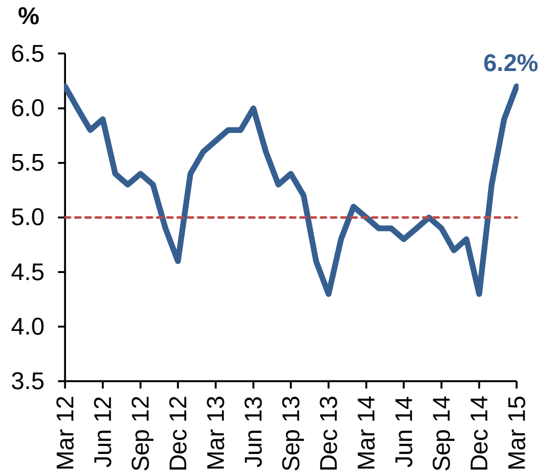
As the **real** depreciated 11.5% m-o-m in March, its fastest rate since September 2008, **inflation** increased 8.4% y-o-y in March from 7.7% a month earlier. This is the highest level since February 2004. The central bank raised its benchmark **interest rate** by 50 basis points (bp) to 12.75% in March, the highest since December 2008, aiming at limiting the rise in inflation. The rate was also raised in April to 13.25%. In April, the **consumer confidence index** continued registering record low readings for the fourth month in a row at 83.3. **Exports** from Brazil were 3.7% less y-o-y in March.

Graph 3.8: Brazilian merchandise exports



Source: Ministério do Desenvolvimento, Indústria e Comércio Exterior and Haver Analytics.

Graph 3.9: Brazilian unemployment rate



Sources: Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

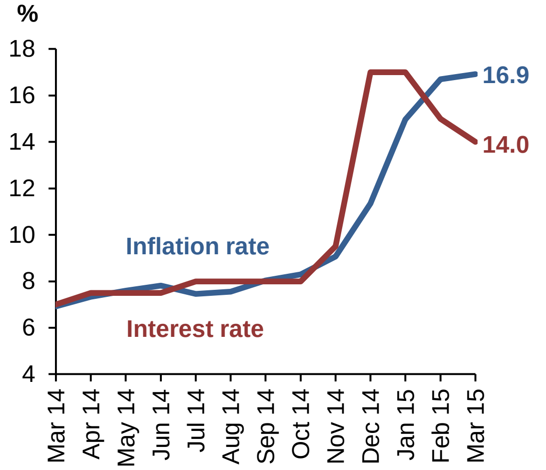
Amid rising interest rates and fiscal tightening, **the unemployment** rate in March climbed to 6.2%, its highest level in three years, following 5.9% in February. It is higher than the market estimate of 6.1%. Data from Brazil's National Statistics Agency showed that the economy lost nearly 65,000 jobs in January and February 2015, the highest since 2009.

The positive effects of economic policies implemented since 2003, which have succeeded in notably raising GDP per capita, lowering unemployment and lifting millions of people out of poverty, appear now to be diminishing. As the government considers the possibility of undertaking a re-engineering of the economy, moving away from 'demand-push' policies increasingly towards supply-side policies, there is a common understanding of the need to reverse the situation of high budget deficits and curb inflation in order to cushion the economy from any negative external impacts, which may include the normalization of US monetary policy, widely expected this year, and spur a return of foreign investment to the country. Foreign investment remains the key for improving infrastructure and enhancing efficiency. However, the policies needed to regain investors' confidence will have a negative impact in the short-term. Thus, GDP is forecast to contract 0.4% in 2015, compared to the 0.2% foreseen last month.

Russia

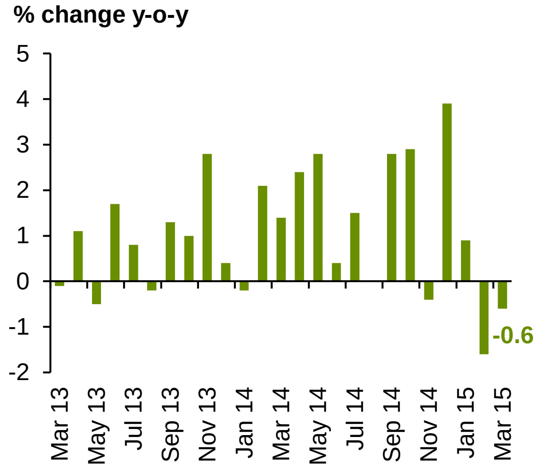
The **ruble** appreciated by 11.6% against the dollar in April, marking the second month of higher value following eight months of depreciation. As a result, the central bank cut its benchmark **interest rate** by a bigger-than-expected 150 bp to 12.5% in April. **Inflation** continued rising in March, increasing 16.9% y-o-y. Inflation has increased by more than 10% y-o-y every month since December 2014. However, according to the Bank of Russia's forecast, consumer price growth will slow down faster than expected. Annual inflation will fall to less than 8% for the April 2016 to April 2015 period.

Graph 3.10: Russian inflation vs. interest rates



Sources: Federal State Statistics Service, Central Bank of Russia and Haver Analytics.

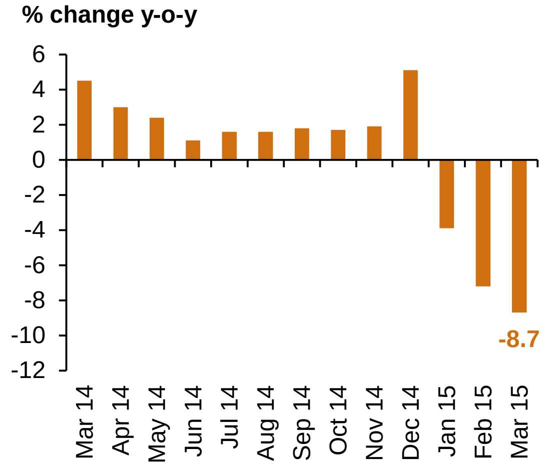
Graph 3.11: Russian industrial production



Sources: Federal State Statistics Service and Haver Analytics.

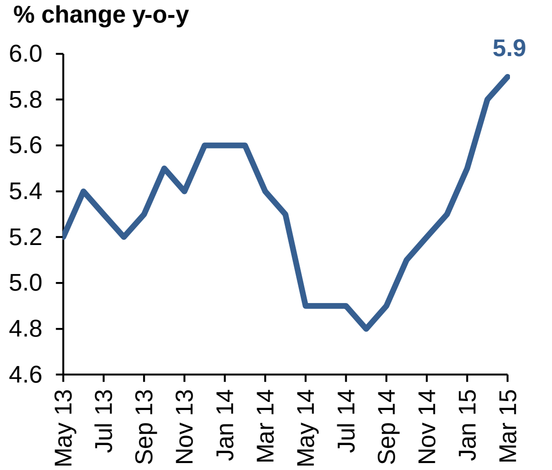
Industrial production shrank by 0.6% y-o-y in March, following a 1.6% y-o-y contraction in February. **Real disposable income** was 1.8% lower y-o-y in March, continuing a streak of declines since November 2014. For the third consecutive month, **retail sales** showed an increasing contraction, falling by 8.7% y-o-y in March, following 7.2% and 3.9% in January and February, respectively. Sales of food products declined 7.5% y-o-y in March, while non-food sales dropped 9.9%. A contraction in retail sales prior to 2014 was last reported in December 2009. The **unemployment rate** increased for the seventh consecutive month in March to 5.9%, the highest since January 2013.

Graph 3.12: Russian retail sales



Sources: Federal State Statistics Service and Haver Analytics.

Graph 3.13: Russian unemployment rate



Sources: Central Bank od the Russian Federation and Haver Analytics.

The appreciation of the ruble against the US dollar and a significant contraction in consumer demand in the February to April period could both help ease inflationary pressures and lead to a stabilization in the currency's rate of increase in the coming months. However, it is not expected that inflation will markedly ease before 2016. Given that the dynamics of the country's principal macroeconomic indicators show considerable GDP contraction in 1Q15, the GDP growth forecast is unchanged this month at -3.2% for 2015.

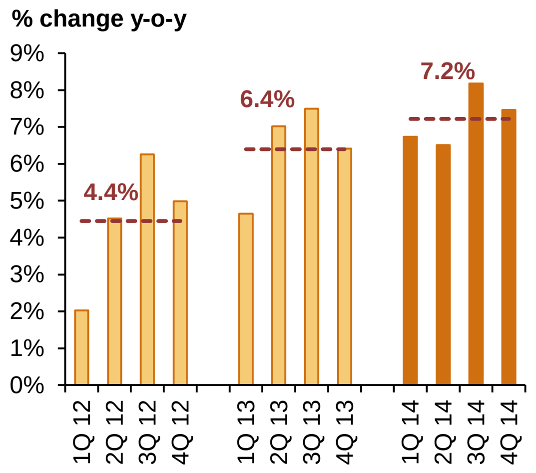
India

Developments in India's economy over the last few months have generally been favourable, and growth is expected to accelerate during 2015. Positive monthly indicators support high growth in India. Industrial production rising by 5% y-o-y in February and it increased for the fourth consecutive month. Expectations for a GDP growth rate of 7.5% in 2015 have been kept unchanged.

The annual inflation rate on the wholesale price measure was -2.1% in February, with core manufacturing prices up just 0.2%. CPI inflation also eased back to 5.2% in March from 5.4% in February and is expected to remain below 6%, which is the RBI's inflation target for January 2016 throughout this year. Lower inflation will improve consumers' purchasing power and encourage spending. It will also attract capital inflows by ensuring stable real returns on Indian assets, such as government and corporate bonds. The WPI has a much larger tradable component than the CPI and therefore has been much more responsive to the recent global commodity price plunge. March was no different, with mineral prices dropping another seasonally adjusted 2.9% m-o-m and non-food primary articles declining another seasonally adjusted 1.7%m-o-m, reflecting commodity price declines. However, more than just the first-round impact of lower commodity prices has driven WPI disinflation. Falling input costs, weak domestic demand and excess capacity in key manufacturing sectors have meant that core prices declined sequentially for the fourth consecutive month, falling a seasonally adjusted 0.3% m-o-m in March.

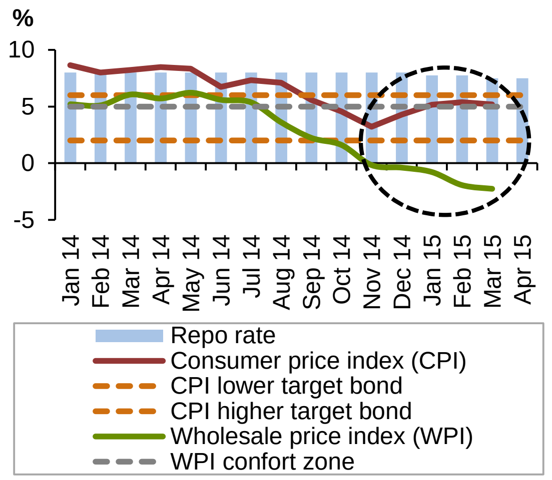
One of the positive aspects of the Indian economy is related to confidence improvement. In contrast to many other emerging markets, domestic and external sentiment towards India is very positive. This improvement was kick-started by the pro-business BJP winning a sweeping election mandate last May and has continued as a result of positive developments such as lower oil prices, monetary policy loosening and a number of reform initiatives. Obviously, taking account of these developments, the credit rating agency Moody's recently raised India's credit rating outlook from stable to positive. The general rise in confidence should feed through to higher consumer spending and investment. The RBI issued the central government's borrowing programme for the first half of the 2016 fiscal year in March 2015. The government is scheduled to borrow 60% of the total FY16 gross requirement (Rs 6 trillion) in the first half of FY16, in line with market expectations and similar to the borrowing in the first half of FY15.

Graph 3.14: Indian GDP growth, SAAR



Sources: National Informatics Centre (NIC) and Haver Analytics.

Graph 3.15: Indian inflation vs. repo rate



Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

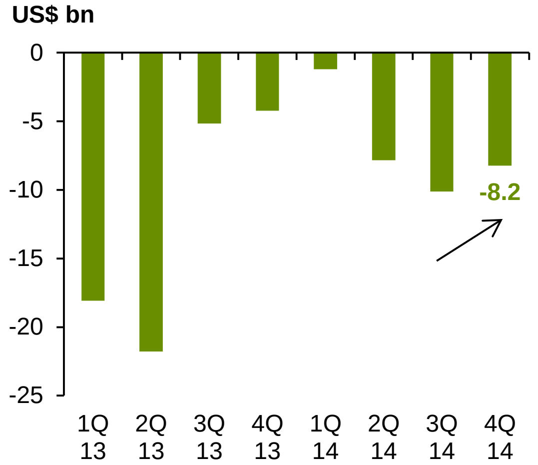
The central government budgeted its fiscal deficit to narrow from 4.05% of GDP in FY15 to 3.94% of GDP, roughly 0.1% of GDP in consolidation.

India's current account deficit narrowed to $8.2 billion (1.6% of GDP) in 4Q14 from $10.1 billion (2% of GDP) in 3Q. This decline mainly was due to a solid increase in the invisibles (service net exports, remittances, and investment income) balance although trade deficit widened but slightly.

Exports in India increased to $20.6 billion in March 2015 from $22 billion in February. Imports also increased to $35.2 billion in March 2015 from $30.4 billion in February. It seems part of the mentioned increase is related to gold imports, which rose to $4.9 billion in March 2015 from an average of $2.8 billion over the last 3 months.

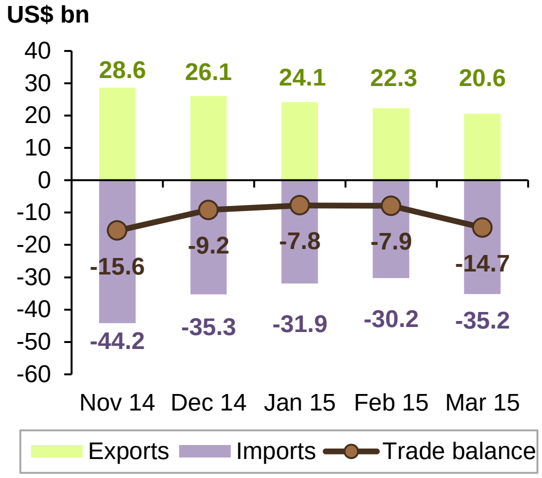
Balance of payments pressures remain a key risk for the rupee in the near term.

Graph 3.16: Indian current account balance



Sources: Reserve Bank of India and Haver Analytics.

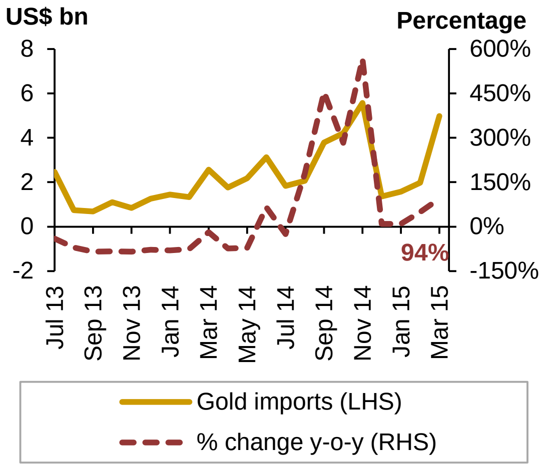
Graph 3.17: Indian net exports



Sources: Ministry of Commerce and Industry and Haver Analytics.

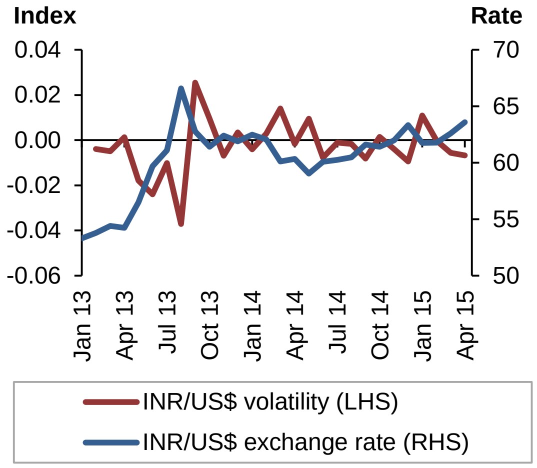
The RBI has warned that risks to Indian banks have increased in recent quarters. Public sector banks, which account for 70% of assets, are suffering the most, with stressed loans constituting 11.7% of their total loans. As a result, Moody's, the credit ratings agency, continues to hold a negative outlook on India's banking system.

Graph 3.18: Indian gold imports



Sources: Ministry of Commerce and Industry and Haver Analytics.

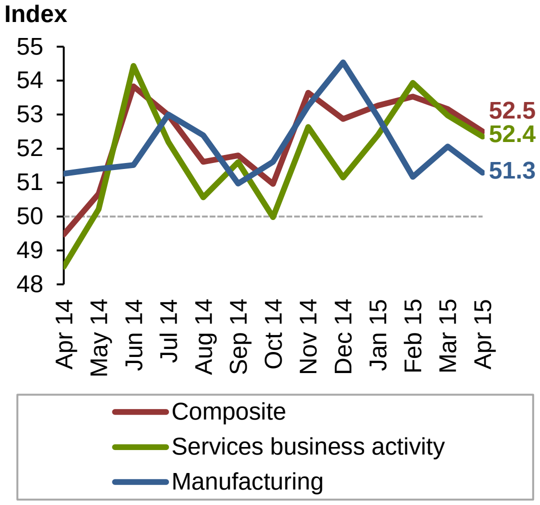
Graph 3.19: Indian rupee/US dollar exchange rate



Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

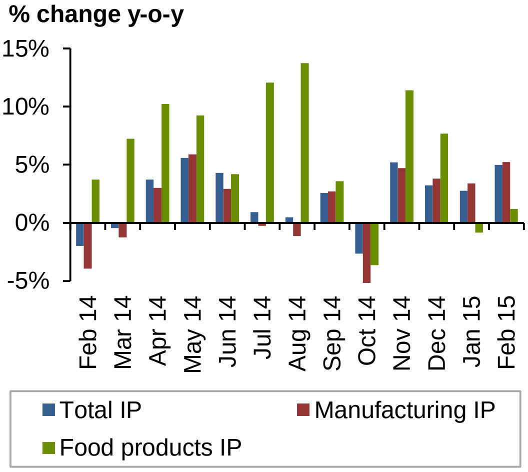
India's PMI decreased from 52.1 in March to 51.3 in April. The headline PMI pointed to a weaker improvement in operating conditions across the sector. Nonetheless, the headline index recorded above the crucial 50 threshold for the eighteenth successive month. Despite recording softer rates of expansion, the Indian manufacturing sector held its ground in April, benefitting from ongoing improvements in operating conditions. A highlight of the latest survey was the strong external market, with the rise in new export business remaining solid. However, growth is not yet seen as leading to meaningful job creation, as the index measuring employment has shown little change to staff numbers since the beginning of 2014. On the price front, tariffs fell for the first time since May 2013, as firms responded to weakness in cost inflation. However, despite the slower pace of expansion, the goods-producing sector is well on course to boost the economy in the next quarter.

Graph 3.20: Indian PMIs



Sources: HSBC, Markit and Haver Analytics.

Graph 3.21: Indian industrial production breakdown



Sources: Central Statistical Organisation of India and Haver Analytics.

China

Chinese economic growth slowed to 7% in the first quarter, the slowest rate since early 2009. The consumer slowdown remains less marked, with retail sales volumes more than 10% higher in 1Q and growth in the services sector continuing to outpace that of the overall economy (7.9%). It seems the largest drag on growth came from agriculture and industry, where contributions to real growth fell by 0.2 and 0.3 percentage points relative to the end of 2014. The primary source of the slowdown was weaker industrial sector output (over capacity), which slowed to 5.6% in March, a 13-year low. Unfortunately, the recent volatility in exports is also dragging down output at foreign industrial firms. Foreign manufacturers account for about half of total export receipts in China. The expectation for GDP growth in 2015 has been revised down to 6.9% from 7.0%.

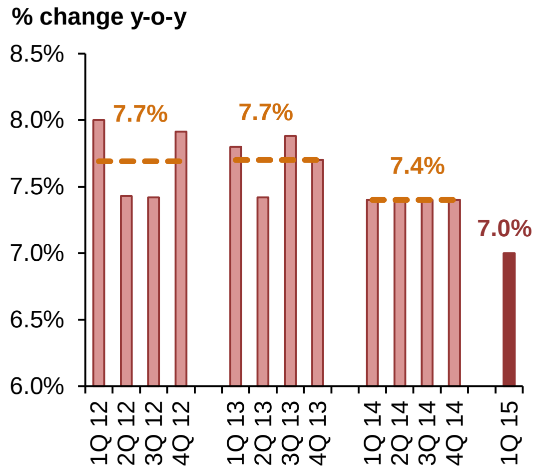
Generally, GDP data points to near-term downward pressure on growth, which likely is related to economic restructuring. The slowdown was most significant in the manufacturing and real estate sectors, which are expected to remain the major drag on economic growth this year. However, companies facing overcapacity problems in these sectors seem to be addressing them more seriously.

It seems the impact of policy adjustments, together with the growth pickup in advanced economies and the lagged impact of the global commodities stable low price, could support a pickup in China's growth momentum in 2Q and 3Q.

Over the whole year, **fiscal policy** will be biased towards tightening. Due to tightened rules on local government debt, China's State Council has agreed to a range of measures to support domestic consumption growth. A trial to reduce import tariffs will begin at the end of June 2016, domestic consumption taxes will be adjusted, duty-free stores will be re-opened at major ports, tax rebate processes for foreign tourists leaving China will be made more convenient, and campaigns to reduce counterfeiting and support competition will be launched to aid the development of domestic brand names.

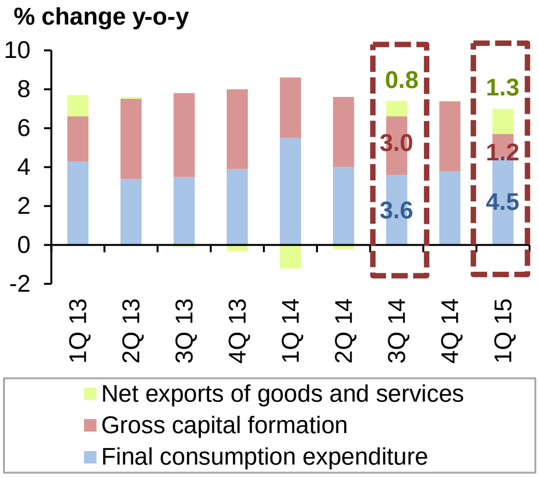
Monetary policy will tend to stay neutral, assessed on the basis of real interest rates and credit growth (more specifically, the gap between credit growth and nominal GDP growth). Hence, the ongoing policy easing will tend to be temporary and there may be policy payback (especially on the fiscal front) toward the end of the year 2015 that could weigh down growth momentum in 4Q. For instance, a required reserve ratio (RRR) adjustment is a balance sheet adjustment for the central bank and can be considered a quantitative easing (QE) instrument also according to China's Central Banking Law, the policy objective of the People's Bank of China (PBOC) is "to maintain stable currency value, so as to support economic growth" (Article 3). A second objective is to maintain financial stability. The PBOC uses a combination of interest rate policy and quantitative measures in its operations, including monetary instruments such as: reserve requirements, benchmark deposit and lending rates, re-discount to deposit-taking financial institutions, re-lending to commercial banks, open market operations and other monetary policy instruments approved by the State Council.

Graph 3.22: Chinese GDP growth rate



Source: China's National Bureau of Statistics and Haver Analytics.

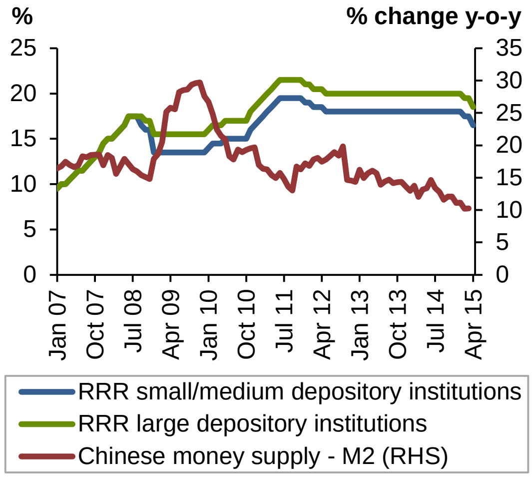
Graph 3.23: Chinese GDP breakdown



Sources: China National Bureau of Statistics and Haver Analytics.

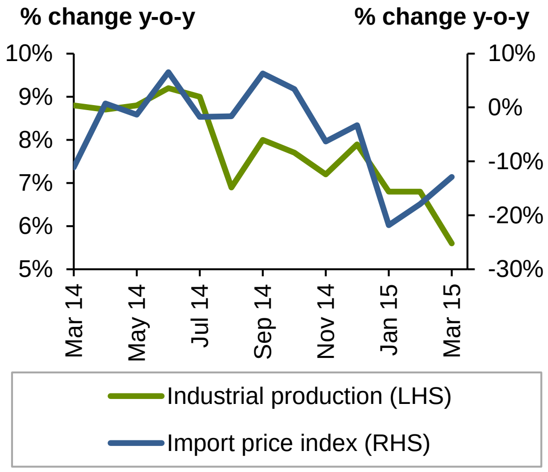
China's M2 money supply growth eased to 11.6% y-o-y in March from the faster-than-expected 12.5% growth in February. On the credit front, banks' new loan creation came in at a solid 1,180 billion yuan in March, while total social financing also rose 1,180 billion yuan in March. The growth rate of the stock of total social financing, which is a good measure of overall credit conditions, is estimated to have slowed to 12.9% in March after picking up modestly to a 13.9% pace in February.

Graph 3.24: Chinese reserve requirement ratio (RRR) vs. money supply



Sources: People's Bank of China and Haver Analytics.

Graph 3.25: Chinese industrial production vs. imports

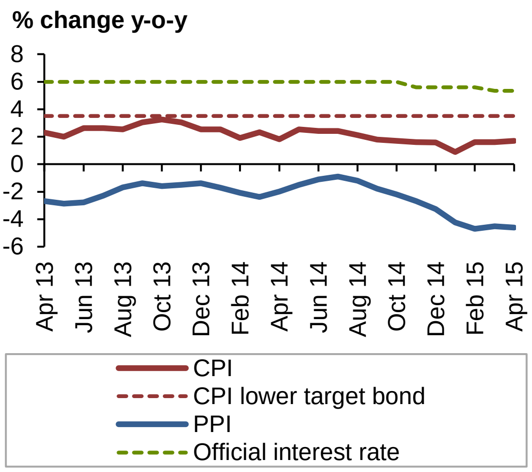


Sources: China National Bureau of Statistics and Haver Analytics.

The trade-weighted exchange rate has appreciated by 12% since June, while real market interest rates have stayed high because of very low inflation and heavy capital outflows. To counter these factors, the PBOC is expected to continue its general easing cycle. It is also expected to lower interest rates further and inject liquidity (by cutting banks' reserve requirements) as part of its ongoing efforts to ensure a controlled slowdown in the economy. Following the stronger-than-expected February trade report, China's March exports were much weaker than expected, falling 15% y-o-y, after a 48.3% y-o-y rise in February. By destination, China's March exports plunge was broadly based with exports to the US, the EU, and EM Asia down a seasonally adjusted 31.7% m-o-m, 29.8% and 30.3%, respectively.

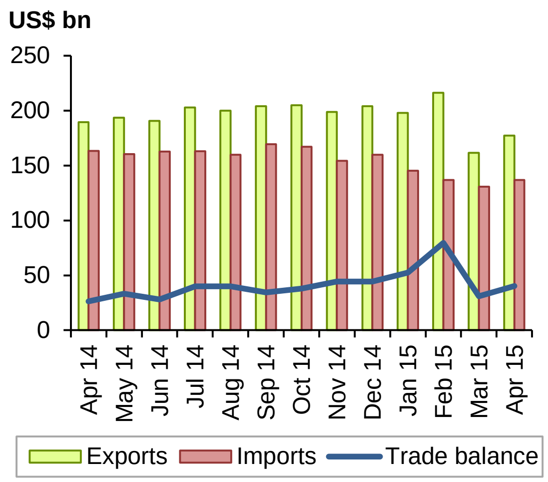
Domestic demand conditions likely will remain sluggish, overall, in the near term, but the impact of the government's recent policy supports are expected to gradually come through from 2Q onwards. The policy supports are expected to focus on the domestic economy. On the currency front, modest CNY weakening is expected. The year-end 2015 USD/CNY forecast remains at 6.4.

Graph 3.26: Chinese consumer price index (CPI) vs. producer price index (PPI)



Sources: China National Bureau of Statistics and Haver Analytics.

Graph 3.27: Chinese trade balance



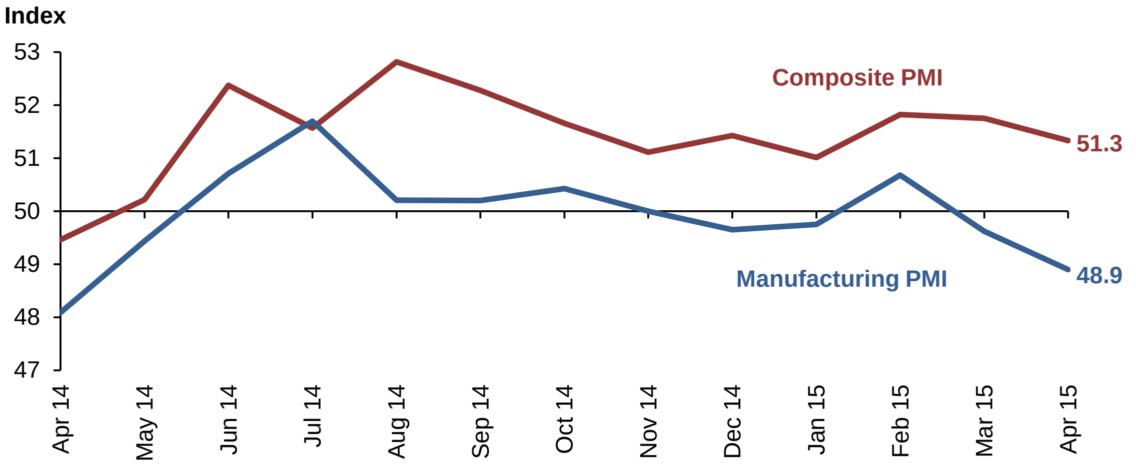
Sources: China Customs and Haver Analytics.

The authorities are gradually steering the economy towards one that depends less on investment and more on consumer spending. Strong real wage growth and high state spending are lifting the living standards of households, feeding through into reasonably robust spending. In 1Q real per capita disposable income rose 8.1% on the year.

Despite these drivers of growth, worries continue about the domestic risks in the economy. China's total debt ratio now exceeds 265%, non-performing loans are rising quickly and imbalances in the housing market continue to rise. With the monetary overhang resulting from the large-scale stimulus in 2009/2010 still likely to be substantial, the Chinese economy remains prone to asset price bubbles. The latest examples are the sudden surges in the Shanghai stock market, jumping nearly 60% in the final two months of 2014 and another 33% since early March. Further risks arise from the fragility of local governments' balance sheets, which rely on the sale of land-use rights. Given these distortions, the authorities will have to be very careful in steering the economy towards a more stable growth path.

Adjusted PMI a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy remained below the neutral 50 value at 48.9 in April, down from 49.6 in March. This signalled deterioration in the health of the sector for the second successive month. Moreover, the pace of deterioration was the strongest seen in a year. China's manufacturing sector had a weak start to 2Q, with total new business declining at the quickest rate in a year while production stagnated. Fewer new orders appeared to stem from weaker domestic demand, as new business from abroad showed tentative signs of improvement. Nonetheless, further job cuts and reduced purchasing activity suggest that the sector may struggle to expand in the near-term. Furthermore, the PMI data indicate that more stimulus measures may be required to ensure the economy doesn't slow from the 7% annual growth rate seen in 1Q.

Graph 3.28: Chinese PMIs



Sources: HSBC, Markit and Haver Analytics.

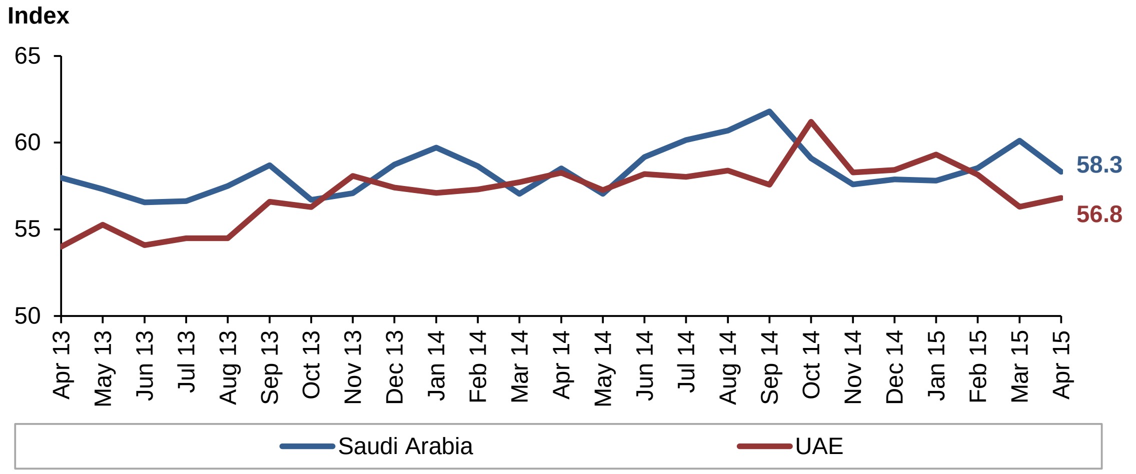
OPEC Member Countries

In **Saudi Arabia**, GDP growth increased to 3.6% y-o-y in 2014, from 2.4% in 2013. The manufacturing sector markedly improved, registering a growth of 7.9% y-o-y in 2014, up from 3.4% in the previous year. The manufacturing sector was primarily supported by petroleum refining which expanded 12.1% last year from 2013. Electricity, gas and water also increased notably from 2013's levels by 5.9%.

The economy of **IR Iran** notably improved in 2014 with GDP growth towards 3% y-o-y, following a contraction of 1.7% in 2013. Data from the central bank showed private final consumption was largely stable, while government final consumption expenditure reversed direction from contracting by 7.1% y-o-y in 2013 to an expansion of 4.1% in 2014. Gross fixed capital formation showed similar movement, increasing 10.8% y-o-y in 2014 which came after a decline of 13.9% in 2013.

The non-oil producing sector in the **United Arab Emirates** showed further robust improvements in business conditions in April. The HSBC UAE PMI rose last month to 56.8 from 56.3 in March. The survey showed marked growth of output, new business and new export orders.

Graph 3.29: Saudi Arabia and UAE PMIs



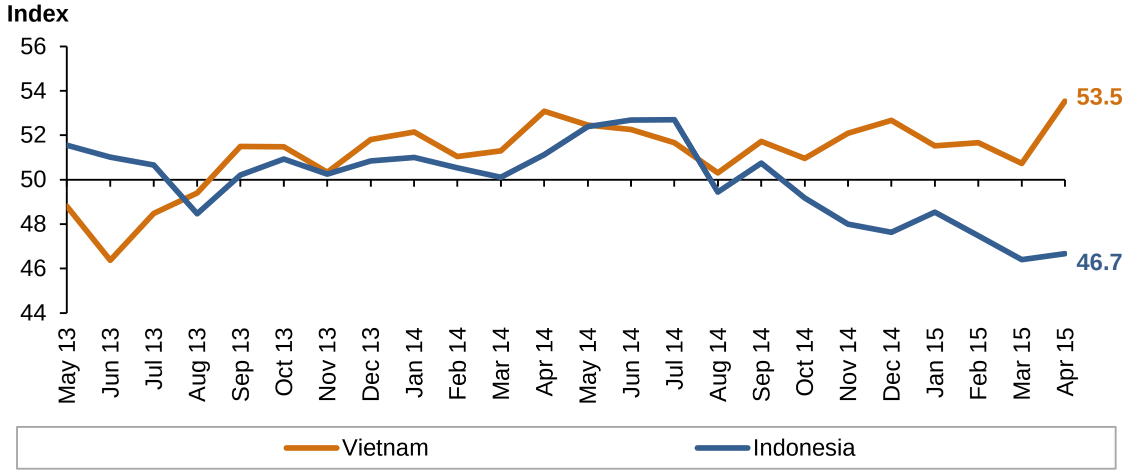
Sources: SAAB, HSBC, Markit and Haver Analytics.

Other Asia

The GDP of **Indonesia** grew by 4.7% y-o-y in the 1Q15, markedly down from a 5% expansion in the previous period. It is the slowest growth since the 3Q09. The increase in investment was unable to offset a further decline in exports and a slowdown in government consumption. The manufacturing sector sent signals of an extended downturn in April. The manufacturing PMI registered 46.7 in April from 46.4 in March, highlighting the current weakness in the manufacturing economy. Domestic and exports markets were sources of weakness. The survey showed a sharp reduction in new orders from abroad, while production contracted at second-quickest rate in series history.

On the contrary, the manufacturing PMI of **Vietnam** pointed to a solid improvement in business conditions in April, with the index increasing to 53.5, from 50.7 in March. The survey revealed a sharp growth in production, a record rise in new orders and a continued ease in input costs.

Graph 3.30: Vietnam and Indonesia manufacturing PMIs



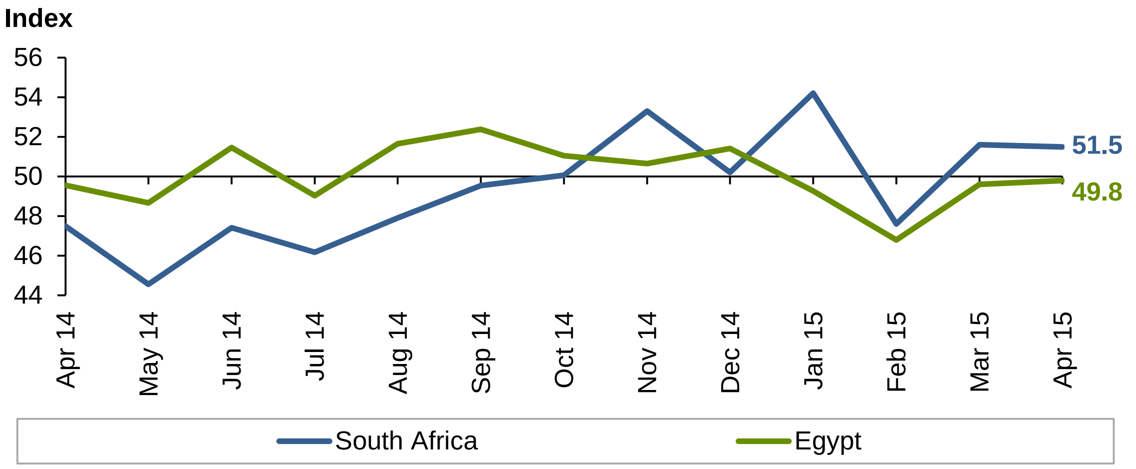
Sources: HSBC, Markit and Haver Analytics.

Africa

In **Egypt**, the central bank kept its benchmark interest rate unchanged in April at 8.75%. At the beginning of the year, the interest rate was lowered from 9.25% to 8.75%. Business conditions in the country's non-oil private sector slowed for the fourth month running in April, with the PMI in the contraction territory. The PMI posted 49.8 in April, marginally up from 49.6 a month earlier. The survey pointed to modest growth in output, new orders and new export work, while job creation falls for the fifth month in a row.

In **South Africa**, trade balance stood in the surplus of 483 million rand in March 2015, compared to a revised deficit of 8.7 billion rand in February. Exports increased 19.3% from the previous month. Sales of precious metals and stones and machinery and electronics led the rise, followed by base metals, vehicle and transport equipment and mineral products. South Africa's private sector economy grew for the second month running in April. The HSBC PMI posted 51.5 in April, from 51.6 in March. The survey pointed to increases in output and new orders but at a slower pace than the previous month. The rate of job creation recorded a six-month high.

Graph 3.31: Egypt and South Africa PMIs



Sources: Haver Analytics, HSBC, Investec, Markit and Reuters Telerate

Latin America

Inflation in **Argentina** posted 16.5% y-o-y in March, lower than February's 18% and marking the fourth consecutive fall in the national urban CPI. The significant decrease in imports, which fell 19% y-o-y in 2014, notably supported GDP growth in 2014. The economy grew nearly 0.5% over 2013.

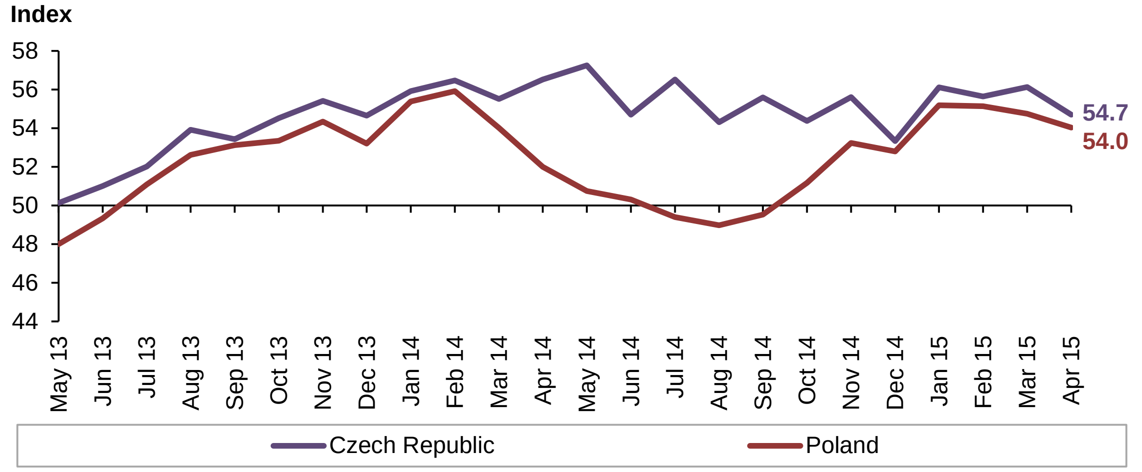
In **Chile**, the central bank left its monetary policy interest rate unchanged at 3% last month on improvements in international financial conditions over the previous month. The central bank cited in its decision that the unemployment rate dropped slightly but job creation was low. In addition, the headline inflation was lower than forecast, which was not the case for core inflation.

Transition region

In **Poland**, the unemployment rate was lower in March at 11.7%, from 12% in the previous month and 13.5% in March 2014. The country's manufacturing PMI fell for the third month in April. However, it is still points to robust overall growth. It is also the seventh month in a row that the index stands above the neutral line of 50 in April. The survey also showed a moderation in the rate of job creation.

Manufacturing business conditions in **Czech Republic** improved further in April with the manufacturing PMI registering 54.7 up from 56.1 in March, pointing to robust growth. It also showed an increase at weakest pace this year in output and new orders.

Graph 3.32: Czech Republic and Poland manufacturing PMIs



Sources: HSBC, Markit and Haver Analytics.

Oil prices, US dollar and inflation

The downward trend of the US dollar has stabilised to some extent in April, amid a slowdown in the US, pushing the Fed interest rate raising cycle backwards, and a better than expected momentum in the Euro-zone. On a monthly average in April, the US dollar gained slightly by 0.5% compared to the euro but declined by 0.7% compared to the yen, rose by 0.2% versus the pound sterling and declined by 1.9% compared to the Swiss franc. The Russian rouble halted its considerable decline already in March and, after a rise of 6.5% m-o-m in March, continued to recover by 11.6% m-o-m on average in April. Also, the Brazilian real recovered in April and appreciated by 3.1% m-o-m versus the US dollar, after a decline of 11.5% in March and a decline of 6.9% in February.

This trend on foreign exchange markets remains largely influenced by the monetary decisions of various central banks. But it has also been impacted by some real economic and political developments. With the quantitative easing measures by the ECB, a continued expansionary policy in Japan, the potential of monetary tightening in the US and monetary decisions targeting growth in major emerging economies, the volatility in currency markets should be expected to continue to some extent. This is even more likely as the latest softening in the US could delay the likely decision to lift US dollar interest rates, while a faster than expected recovering Euro-zone could force the ECB to reconsider its latest monetary decisions.

In nominal terms, the price of the **OPEC Reference Basket (ORB)** rose by a monthly average of $4.84/b, or 9.2%, from $52.46/b in March to $57.30/b in April. In real terms, after accounting for inflation and currency fluctuations, the ORB rose by 9.7%, or $3.51/b, to $39.76/b from $36.24/b (base June 2001=100). Over the same period, the US dollar remained almost stable, gaining only 0.2% against the import-weighted modified Geneva I + US dollar basket[*], while inflation declined by 0.3%.

[*] *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 growth for 2014 was left broadly unchanged from the previous month's report. Growth for the year stood at 0.96 mb/d and total oil consumption at 91.32 mb/d. In 2015, world oil demand is anticipated to grow slightly more than the previous month's projection, as a result of a positive revision to OECD Europe. World oil demand is now expected to grow by 1.18 mb/d to reach around 92.50 mb/d in 2015.

World oil demand in 2014 and 2015

Table 4.1: World oil demand in 2014, mb/d

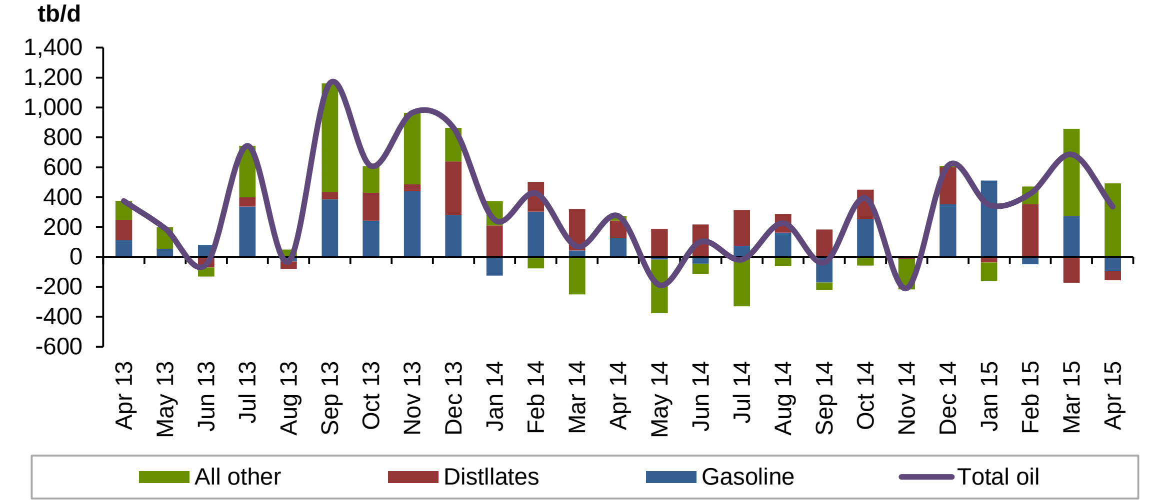
							Change 2014/13	
	2013	1Q14	2Q14	3Q14	4Q14	2014	Growth	%
Americas	24.09	23.87	23.76	24.38	24.68	24.17	0.08	0.35
of which US	*19.27*	*19.15*	*19.04*	*19.52*	*19.84*	*19.39*	*0.12*	*0.64*
Europe	13.69	13.00	13.59	13.89	13.55	13.51	-0.18	-1.31
Asia Pacific	8.32	8.85	7.66	7.70	8.35	8.14	-0.18	-2.16
Total OECD	**46.09**	**45.72**	**45.01**	**45.97**	**46.58**	**45.82**	**-0.27**	**-0.60**
Other Asia	11.10	11.12	11.41	11.38	11.34	11.31	0.21	1.92
of which India	*3.70*	*3.85*	*3.80*	*3.63*	*3.87*	*3.79*	*0.09*	*2.38*
Latin America	6.50	6.42	6.69	6.98	6.67	6.69	0.20	3.02
Middle East	7.81	8.07	7.93	8.39	7.85	8.06	0.25	3.18
Africa	3.67	3.79	3.79	3.69	3.85	3.78	0.11	3.06
Total DCs	**29.08**	**29.39**	**29.82**	**30.44**	**29.71**	**29.84**	**0.77**	**2.65**
FSU	4.49	4.39	4.24	4.63	4.91	4.54	0.05	1.13
Other Europe	0.64	0.64	0.60	0.64	0.73	0.65	0.02	2.44
China	10.07	10.08	10.56	10.31	10.90	10.46	0.40	3.94
Total "Other regions"	**15.20**	**15.11**	**15.39**	**15.58**	**16.53**	**15.66**	**0.46**	**3.05**
Total world	**90.37**	**90.23**	**90.22**	**91.99**	**92.82**	**91.32**	**0.96**	**1.06**
Previous estimate	90.33	90.20	90.17	91.96	92.78	91.28	0.95	1.05
Revision	0.03	0.03	0.05	0.03	0.04	0.04	0.01	0.01

Totals may not add up due to independent rounding.

OECD Americas

The most recent monthly US oil demand data for February indicates solid growth compared with the same month one year ago, at approximately 0.4 mb/d or 2.2%. Middle distillates, jet fuel and propane/propylene demand grew solidly by a remarkable 8.4%, 5.0% and 7.6%, respectively. These gains have been partly offset by lower demand for residual fuel oil and gasoline, the latter to a great extent, as a result of cold weather conditions during the month. The increase in jet fuel consumption was driven by a rise in air passenger travel, which gained more than 3% y-o-y, in spite of colder-than-predicted weather conditions, which caused flight cancellations, particularly on the East Coast. Strong US air travel data is likely being driven by the underlying health of private household consumption. Overall, oil demand developments in February are quite in line with economic developments in the country. Preliminary March and April data, which is based on weekly figures, shows a continuation of the currently upward trend, with transportation and industrial fuels accounting for the bulk of these increases. While 2015 demand remains strongly dependent on the development of the US economy, risks in oil demand continue to be skewed to the upside compared with the previous month's publication, with the lower price environment also playing a role. Some early trends to highlight include the dominance of sport utility vehicles (SUVs) and pickups in the latest new car sales in the country.

Graph 4.1: US oil consumption, y-o-y changes

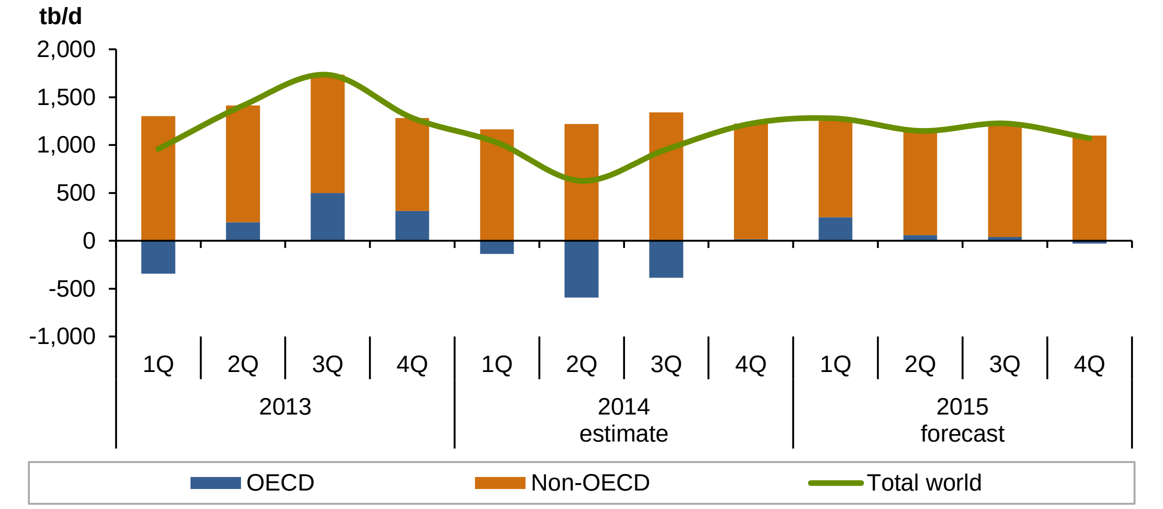


In **Mexico**, March was another disappointing month for oil demand, characterized by falling requirements in the majority of the main petroleum product categories. In particular, decreases in demand for residual fuel oil were substantial, while jet/kerosene requirements remained flat y-o-y. Gasoline demand grew, however, and partly offset the overall declines.

The latest February data for **Canada** showed overall declines in oil demand, particularly for residual fuel and LPG. Moreover, diesel was the only product category with increasing y-o-y demand. Projections for Canadian oil demand in 2015 remain unchanged from those reported one month ago.

In 2014, **OECD Americas' oil demand** grew by 0.08 mb/d compared with 2013. For 2015, OECD Americas oil demand is projected to grow once more by 0.22 mb/d compared with 2014.

Graph 4.2: Quarterly world oil demand growth



OECD Europe

The upward movement of European oil demand during the second half of 2014 has continued and been enhanced during the first three months of 2015. The main reasons behind these positive developments are the improving economy in large parts of the continent, colder weather during the first quarter of 2015 and an extremely low baseline for the last three years.

March **Big 4 total oil demand** data indicated a strong increase of around 0.18 mb/d y-o-y. Gains in LPG and gasoil have largely dominated the overall oil increase, while gasoline and fuel oil remained flat y-o-y, compared with the same period one year ago. Furthermore, declines in oil demand for most countries with debt issues seemed to have stabilized and started to turn positive. Factors which could possibly further enhance European oil demand in the short term include improving industrial production and an auto market which is turning positive from a very long negative history, showing gains in March of around 9% y-o-y; these gains have been continuous on a monthly basis since August 2013. Moreover, the low baseline also implies more weight towards the upside. Downside risks continue ranging from unsolved debt issues in some countries in the region to still high unemployment. Additional caps include the fact that European oil demand is strongly taxed, especially in the transportation sector, in combination with a strongly rising number of vehicles that are alternatively fueled. General expectations for the region's oil demand during 2015 have improved since the previous month's projections and are largely connected to economic developments.

Table 4.2: Europe Big 4* oil demand, tb/d

	Mar 15	Mar 14	Change from Mar 14	Change from Mar 14, %
LPG	415	381	35	9.2
Gasoline	1,047	1,048	-1	-0.1
Jet/Kerosene	714	707	7	0.9
Gas/Diesel oil	3,289	3,192	97	3.1
Fuel oil	256	260	-4	-1.4
Other products	1,023	976	46	4.7
Total	**6,745**	**6,564**	**181**	**2.8**

** Germany, France, Italy and the UK.*

In 2014, **European oil demand** shrank by 0.18 mb/d, while oil demand in 2015 is projected to again decrease, but to a lesser extent, by 0.01 mb/d.

OECD Asia Pacific

March **Japanese** oil demand decreased substantially by 6.7% y-o-y, with falling requirements in all main product categories, with the only exceptions being naphtha and jet fuel. Crude and fuel oil requirements for electricity generation continued to fall as a result of continuing substitution with natural gas and coal. Declining March oil demand is very much in line with the overall oil demand picture during 1Q15 and developments in the country's economy. Outlook risks for 2015 are skewed to the downside as a result of less optimistic economic forecasts and the likelihood some of the country's nuclear plants will be re-joining operations in the second half of 2015.

Table 4.3: Japanese domestic sales, tb/d

	Mar 15	Change from Mar 14	Change from Mar 14, %
LPG	509	-45	-8.2
Gasoline	901	-98	-9.8
Naphtha	810	89	12.4
Jet fuel	108	4	4.1
Kerosene	367	-76	-17.2
Gasoil	588	-53	-8.2
Fuel oil	602	-92	-13.2
Other products	77	-3	-4.2
Direct crude burning	179	-22	-11.1
Total	**4,142**	**-296**	**-6.7**

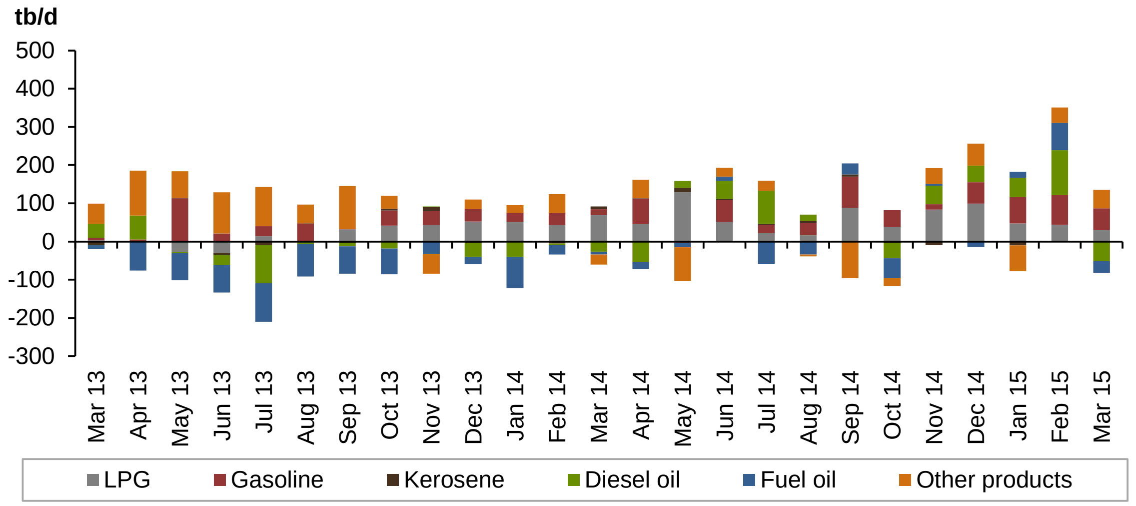
In **South Korea**, February 2015 oil demand came up bullish. Flourishing petrochemical activities, which called for increasing LPG and naphtha requirements, have been accompanied by strong demand for petroleum products in the transportation sector, notably diesel, jet fuel and gasoline. Risk for South Korea's 2015 oil demand outlook is skewed to the upside compared with the previous month's projections, while the economic developments will need close monitor.

OECD Asia Pacific's 2014 oil consumption shrank by 0.18 mb/d. The downward trend will continue in 2015, but to a lesser degree, by 0.13 mb/d.

Other Asia

India's oil consumption continued to show good momentum in 1Q15, with March data illustrating positive growth. The magnitude of oil demand growth, however, eased from the robust levels seen in the first two months of 2015. Oil demand in March rose by around 53 tb/d, or more than 1% y-o-y, with higher-than-average growth levels in January and February of around 0.2 mb/d; total consumption reached more than 3.97 mb/d in March. There was strength in demand across the product pool, with LPG and gasoline dominating, as seen in previous months.

Graph 4.3: Changes in Indian oil demand, y-o-y



LPG was supported by a pick up in residential usage as logistical constraints eased, increasing the number of subsidized cylinders. However, growth moderated over the previous months, as the baseline started to negatively impact growth levels. LPG rose by 30 tb/d, or just below 5% y-o-y. Additionally, gasoline increased by 54 tb/d, or slightly more than 13% y-o-y, encouraged by lower retail prices as well as the continuation of healthy sales of two-wheelers which consume gasoline as fuel. According to the Society of Indian Automobile Manufacturers (SIAM), passenger car sales grew by more than 2.5% to reach 1.8 million units in March, from 1.7 million units in the same month of the previous year. However, motorcycle sales dipped by around 55% to reach 8.6 million units against 9.1 million units one year earlier. Moreover, for the full fiscal year total two-wheeler sales grew by more than 8%, reaching more than 16 million units from around 15 million units in 2013–2014.

Diesel oil, on the other hand, declined for the first time since October 2014. The product fell by 50 tb/d or more than 3% y-o-y as increased diesel oil to support infrastructure projects was offset by a drop in agricultural activities as a result of reduced rainfall.

Fuel oil demand dipped in March, recording the first monthly decline in 2015. This contraction is a result of less-than-anticipated consumption in the power sector. The product declined by around 31 tb/d or more than 11% y-o-y.

Table 4.4: Indian oil demand by main products, tb/d

	Mar 15	Mar 14	Change	Change, %
LPG	630	600	30	4.9
Gasoline	495	438	57	13.1
Kerosene	278	279	-1	-0.4
Diesel oil	1,426	1,477	-50	-3.4
Fuel oil	242	273	-31	-11.2
Other products	893	845	48	5.7
Total oil demand	**3,965**	**3,912**	**53**	**1.4**

In **Indonesia**, the latest available February data for oil demand highlighted an overall increase of around 47 tb/d, or slightly above 3% y-o-y. Demand growth was led by jet/kerosene, LPG and diesel oil, hinting at positive consumption momentum as a result of lower oil prices. This is illustrated by the performance of transportation fuels, which improved over the month, including that of gasoline, up by around 3% y-o-y to reach total consumption of 0.53 mb/d.

In line with the previous month's expectations, going forward, risks for oil demand in Other Asia for 2015 remain positive as a result of economic improvement in the region's biggest oil consumer, India, and the steady general economic performance of some countries in the region.

Other Asia's oil demand increased by 0.21 mb/d in 2014. However, for 2015 oil demand is anticipated to increase by 0.26 mb/d.

Latin America

In **Brazil**, oil demand grew during March, rising by almost 5% compared with the same period in 2014 The increase in oil demand growth was led by ethanol demand, which rose by around 0.1 mb/d or 51% y-o-y. Demand was stimulated by cheaper ethanol prices compared with gasoline, as well as the mandatory blend of ethanol in gasoline increasing to around 27% in March. Diesel demand growth also increased by around 40 tb/d or 4% y-o-y. This increase is a result of the end of a truckers' strike, which slowed consumption of diesel during February and improved consumption in all parts of the country. On the other hand, gasoline demand growth eased in March, falling by around 31 tb/d or -4.3% y-o-y. This could be the result of an increase in excise taxes, which took effect in February. Fuel oil demand decreased marginally by around 5 tb/d or 5% y-o-y as a result of improvements in hydro-power generation.

Table 4.5: Brazilian inland deliveries, tb/d

	Mar 15	Mar 14	Change	Change, %
LPG	228	218	10	4.6
Gasoline	691	723	-31	-4.3
Jet/Kerosene	127	124	3	2.1
Diesel	1,017	977	40	4.1
Fuel oil	97	101	-5	-4.6
Alcohol	294	195	99	50.9
Total	**2,454**	**2,338**	**116**	**4.9**

In February, oil consumption in **Argentina** reversed January's negative trend, showing positive growth figures. Oil demand increased by around 9 tb/d or more than 1% y-o-y. All products were either flat or increasing, with the exception of LPG. Total oil demand in the country reached 0.68 mb/d compared with 0.63 mb/d in February.

Going forward, the risk for 2015 oil demand growth in Latin America is hinting to the downside, mainly because of expectations of a slowdown in Brazil's economy. On the other hand, lower oil prices should add to positive growth, in addition to unexpected weather conditions supporting oil demand

Latin American oil demand grew by 0.20 mb/d in 2014. For 2015, oil demand growth is forecast to rise by 0.17 mb/d from 2014 levels.

Table 4.6: World oil demand in 2015, mb/d

							Change 2015/14	
	2014	1Q15	2Q15	3Q15	4Q15	2015	Growth	%
Americas	24.17	24.12	23.94	24.61	24.88	24.39	0.22	0.91
of which US	*19.39*	*19.39*	*19.18*	*19.70*	*20.02*	*19.57*	*0.19*	*0.96*
Europe	13.51	13.10	13.55	13.83	13.50	13.50	-0.01	-0.10
Asia Pacific	8.14	8.75	7.58	7.57	8.17	8.01	-0.13	-1.57
Total OECD	**45.82**	**45.97**	**45.07**	**46.01**	**46.55**	**45.90**	**0.08**	**0.17**
Other Asia	11.31	11.37	11.67	11.65	11.58	11.57	0.26	2.27
of which India	*3.79*	*4.00*	*3.91*	*3.76*	*3.99*	*3.91*	*0.13*	*3.37*
Latin America	6.69	6.56	6.87	7.16	6.86	6.86	0.17	2.54
Middle East	8.06	8.24	8.14	8.65	8.08	8.28	0.22	2.76
Africa	3.78	3.88	3.88	3.79	3.94	3.87	0.09	2.45
Total DCs	**29.84**	**30.06**	**30.56**	**31.25**	**30.46**	**30.59**	**0.74**	**2.48**
FSU	4.54	4.42	4.26	4.67	4.95	4.58	0.04	0.77
Other Europe	0.65	0.65	0.61	0.65	0.74	0.67	0.01	1.84
China	10.46	10.41	10.87	10.63	11.19	10.78	0.31	2.99
Total "Other regions"	**15.66**	**15.48**	**15.74**	**15.95**	**16.88**	**16.02**	**0.36**	**2.30**
Total world	**91.32**	**91.51**	**91.37**	**93.21**	**93.89**	**92.50**	**1.18**	**1.29**
Previous estimate	91.28	91.41	91.33	93.19	93.86	92.45	1.17	1.28
Revision	0.04	0.10	0.04	0.02	0.03	0.05	0.01	0.01

Totals may not add up due to independent rounding.

Middle East

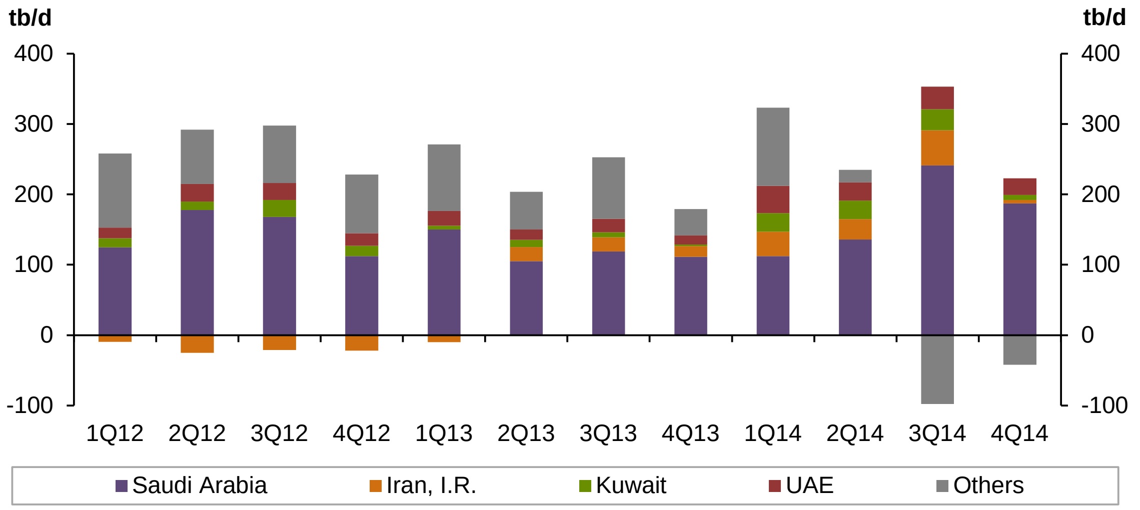
In **Saudi Arabia**, severe sandstorms in major cities persisted over March, leading to a slight decline in oil products for the first time since October 2013. All transportation fuels were down as a result of less vehicle movement on the road. Diesel oil declined by around 13% y-o-y, gasoline by around 6% y-o-y and jet fuel/kerosene by around 1% y-o-y. On the other hand, fuel oil use was largely positive, increasing by more than 0.1 mb/d or close to 50%, mainly as a result of additional requirements for power generation fuels in the country's new refineries. Total product consumption was pegged at 2.03 mb/d during the month of March compared with 2.04 mb/d in March 2014.

In **Iraq**, the picture remained as it has been over the last months, with oil demand declining by around 0.1 mb/d in March, marking the tenth consecutive decline in oil requirements. This translates into a decrease of around 17% y-o-y. All products were declining with the exception of fuel oil and "other products", which increased by 9% y-o-y. LPG, gasoline, jet/kerosene and diesel oil have all declined in various magnitudes. The largest decline was in diesel consumption, which decreased by close to 41% y-o-y, while gasoline shrank by more than 21% y-o-y.

As in the previous month, 2015 oil demand growth in the Middle East was adjusted lower due to the persistence of lower-than-anticipated demand growth from countries with geopolitical concerns.

For 2014, **Middle East oil demand** increased by 0.25 mb/d, while oil demand in 2015 is projected to increase by 0.22 mb/d.

Graph 4.4: Oil demand growth in the Middle East, y-o-y

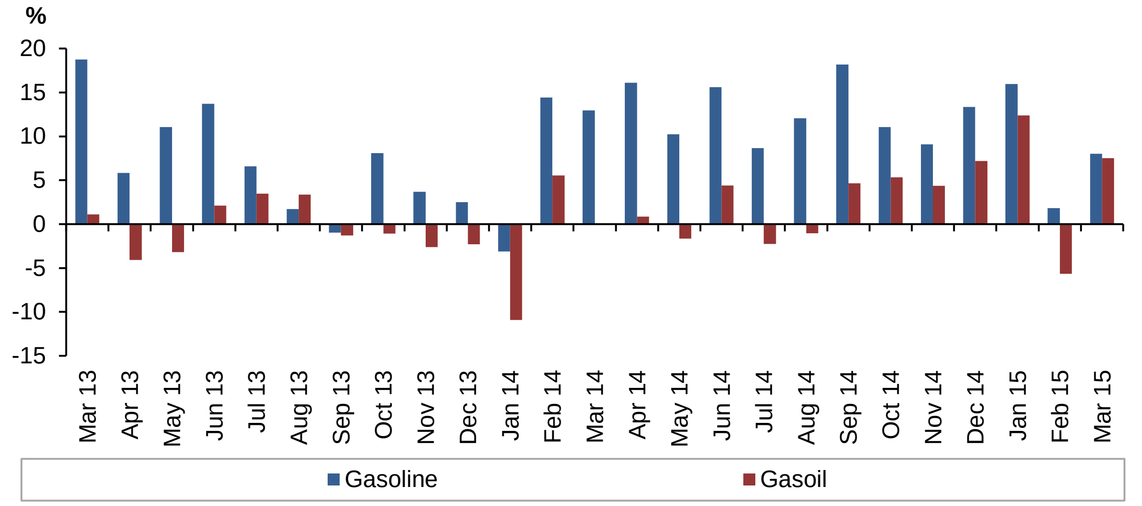


China

Preliminary data showed steady growth in oil consumption of around 0.5 mb/d in March compared with the same quarter one year earlier, despite the easing pace of the economy overall. The bulk of this growth came from expanding transportation and petrochemical sectors, which affected fuel consumption.

Jet fuel demand surged during the month, rising by around 0.12 mb/d, more than 24% y-o-y. This significant rise is mainly a result of greater air travel during the Lunar New Year holidays. According to the Civil Aviation Administration of China, airliners operated around 360,000 flights during Lunar New Year festivals, representing a more than 9% increase compared with the holiday season one year ago.

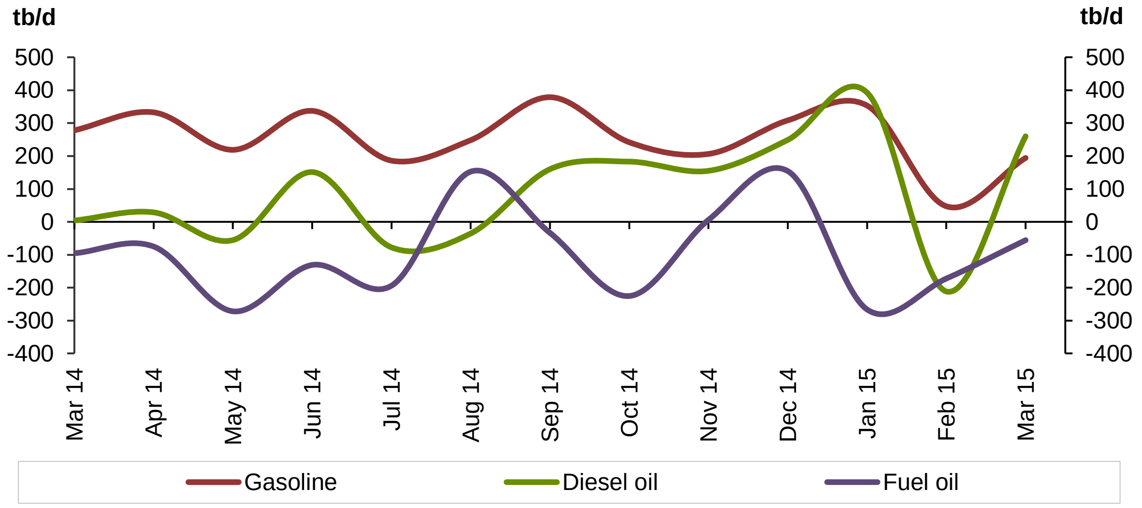
Graph 4.5: Chinese gasoil and gasoline demand growth, y-o-y



Gasoline also increased, with growth rising by more than 0.19 mb/d compared with the same period in 2014. This was consistent with sales of passenger cars in March, which enjoyed year-on-year growth of 9%, indicating healthy demand, according to the China Association of Automobile Manufacturers. For the first three months of 2015, sales of passenger cars reached 5.3 million units, 9% higher than the previous year. SUV purchases continued to enjoy high-speed growth; sales were up by nearly 50% compared with the previous year. MPVs also enjoyed positive growth, with an increase of 19%.

In the petrochemicals sector, where LPG – specifically propane – is widely used, consumption rose by around 12% in March compared with the same month in 2014, implying healthy demand. On the other hand, the slowing economy kept consumption of diesel rather flat. Consumption of fuel oil was again dropping, as initial data seem to suggest a decrease in growth of around 35 tb/d y-o-y. Slower industrial activity seemed to be the largest contributor to this slow down.

Graph 4.6: Changes in demand of main Chinese oil products, y-o-y



Going forward, the consumption outlook in China for the remainder of 2015 is expected to be balanced. Downside risks are linked to slower economic activity as well as a speed up in policies encouraging a reduction in transportation fuels. On the other hand, expansion in the petrochemical sector – especially in propane-dehydration (PDH) plants and the refinery sector – provide an upside potential for Chinese oil demand growth.

For 2014, **the country's oil demand** grew by 0.40 mb/d, while oil demand in 2015 is projected to increase by 0.31 mb/d.

World Oil Supply

Non-OPEC oil supply is estimated to have averaged 56.48 mb/d in 2014, an increase of 2.17 mb/d y-o-y, broadly unchanged from the previous *Monthly Oil Market Report (MOMR)*. However, absolute supply was down slightly over the previous month, driven by a downward revision of 69 tb/d in 4Q14 output from the US, partially offset by Canadian output.

Non-OPEC oil supply in 2015 is projected to grow by 0.68 mb/d, mostly in 1H15, unchanged in growth, but revised down by 10 tb/d from the previous assessment to average 57.16 mb/d.

Based on the EIA's weekly report, US crude oil output began decreasing from the end of the third week of March following a decline of 784 oil rigs starting on 10 October 2014. This represented a loss of around 49% from a peak amount of 1,609 rigs seen in October and indicates a time lag of 23 weeks since then.

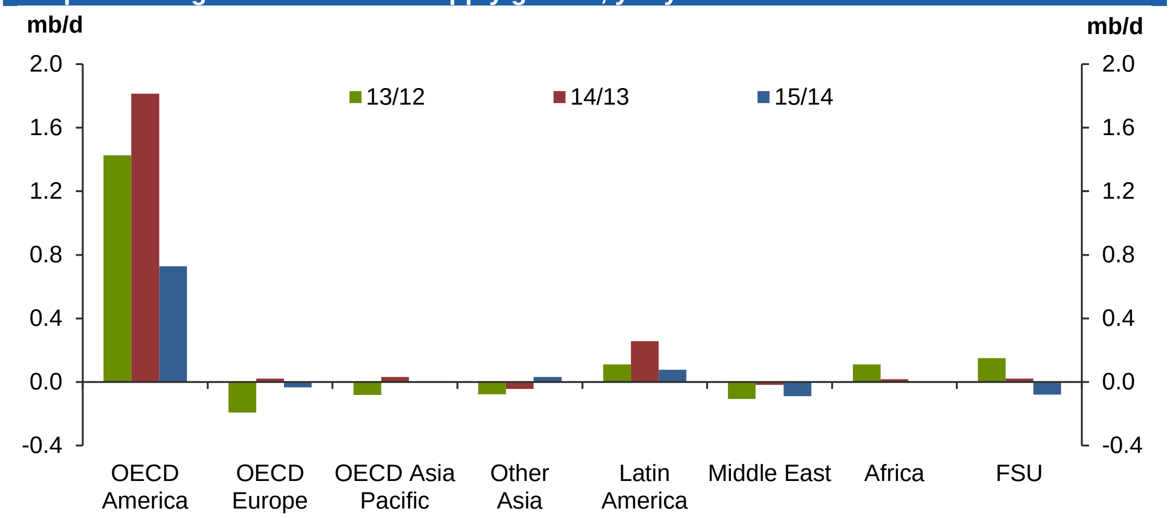
OPEC NGL production is forecast to grow by 0.19 mb/d to average 6.02 mb/d in 2015, following growth of 0.18 mb/d in 2014. In April, OPEC production increased by 18 tb/d to average 30.84 mb/d, according to secondary sources. As a result, preliminary data indicates that the global oil supply decreased by 390 tb/d in April to average 94.1 mb/d.

Estimate for 2014

Non-OPEC supply

Non-OPEC oil supply is estimated to have averaged 56.48 mb/d in 2014, an increase of 2.17 mb/d over 2013, unchanged from the previous *MOMR*. Non-OPEC supply encountered downward revisions in 4Q14 of 30 tb/d. Updated production data for 4Q was the main reason behind the downward revision in the US of 69 tb/d, while Canadian 4Q output was revised up by 43 tb/d.

Graph 5.1: Regional non-OPEC supply growth, y-o-y



Non-OPEC supply in **2014** saw its highest annual growth of 1.81 mb/d in OECD Americas, while Latin America also had robust growth of 0.26 mb/d. Growth was also seen in OECD Europe, OECD Asia-Pacific, Africa, FSU and China. In 2014, a decline in annual production was seen only in Other Asia and the Middle East.

On a quarterly basis, non-OPEC supply in 2014 is estimated to average 55.77 mb/d, 56.07 mb/d, 56.36 mb/d and 57.71 mb/d, respectively.

According to preliminary and estimated data, total non-OPEC supply in 4Q14 saw a downward revision in the month to average 57.71 mb/d, though this represents an increase of 2.32 mb/d over the same period one year earlier. During 2H14, non-OPEC supply increased by 2.2 mb/d compared with the same period of the previous year.

Table 5.1: Non-OPEC oil supply in 2014, mb/d

	2013	1Q14	2Q14	3Q14	4Q14	2014	*Change* 14/13
Americas	18.17	19.22	19.86	20.16	20.70	19.99	1.81
of which US	*11.24*	*11.99*	*12.82*	*13.14*	*13.49*	*12.86*	*1.63*
Europe	3.59	3.76	3.52	3.41	3.74	3.61	0.02
Asia Pacific	0.48	0.50	0.51	0.53	0.50	0.51	0.03
Total OECD	**22.24**	**23.48**	**23.90**	**24.10**	**24.93**	**24.11**	**1.87**
Other Asia	3.60	3.56	3.55	3.48	3.64	3.56	-0.04
Latin America	4.79	4.88	4.94	5.11	5.24	5.04	0.26
Middle East	1.36	1.34	1.34	1.36	1.33	1.34	-0.02
Africa	2.40	2.44	2.41	2.40	2.41	2.42	0.02
Total DCs	**12.15**	**12.23**	**12.24**	**12.35**	**12.63**	**12.36**	**0.21**
FSU	13.41	13.48	13.36	13.39	13.48	13.43	0.02
of which Russia	*10.51*	*10.59*	*10.55*	*10.52*	*10.65*	*10.58*	*0.07*
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	4.25	4.27	4.28	4.21	4.36	4.28	0.03
Total "Other regions"	**17.79**	**17.90**	**17.78**	**17.74**	**17.99**	**17.85**	**0.06**
Total Non-OPEC production	**52.18**	**53.60**	**53.91**	**54.19**	**55.55**	**54.32**	**2.14**
Processing gains	2.13	2.16	2.16	2.16	2.16	2.16	0.03
Total non-OPEC supply	**54.31**	**55.77**	**56.07**	**56.36**	**57.71**	**56.48**	**2.17**
Previous estimate	54.32	55.76	56.07	56.36	57.74	56.49	2.17
Revision	-0.01	0.00	0.00	-0.01	-0.03	-0.01	0.00

OECD

Total OECD oil supply in 2014 is estimated to grow by 1.87 mb/d to average 24.11 mb/d, unchanged from the previous *MOMR*. Output in 4Q14 reached 24.93 mb/d, an increase of 1.96 mb/d compared with the same quarter in 2013. Y-o-y growth in OECD in 2014 came from all regions, but 4Q numbers were due to a downward revision in OECD Americas, which was revised down by 30 tb/d to 24.93 mb/d compared with the previous *MOMR*.

On a quarterly basis, total OECD supply is estimated to average 23.48 mb/d, 23.90 mb/d, 24.10 mb/d and 24.93 mb/d, respectively.

OECD Americas

OECD Americas' oil supply is estimated to average 19.99 mb/d, showing growth of 1.81 mb/d compared with a year ago, representing a downward revision of 10 tb/d from the last monthly report. US and Canadian supply both grew in 2014, while that of Mexico declined.

On a quarterly basis, OECD America's oil supply in 2014 is estimated to average 19.22 mb/d, 19.86 mb/d, 20.16 mb/d and 20.70 mb/d, respectively.

US

US total oil supply grew by 1.63 mb/d to average 12.86 mb/d in 2014, representing a downward revision of 10 tb/d from the previous monthly report. US liquids production was registered at 13.71 mb/d in December, the highest liquids monthly output in 2014, as well as the highest by quarter at 13.49 mb/d in 4Q14. Crude output rose to its highest level in December at 9.228 mb/d. The average output of North Dakota and the Gulf of Mexico reached their highest level in December at 1.227 mb/d and 1.437 mb/d, respectively.

On a quarterly basis, US oil supply in 2014 stood at 11.99 mb/d, 12.82 mb/d, 13.14 mb/d and 13.49 mb/d, respectively.

Canada and Mexico

Oil supply in **Canada** registered growth of 0.28 mb/d in 2014 to average 4.31 mb/d, revised up by 10 tb/d over the previous month. Canadian oil output was revised up by 43 tb/d to average 4.47 mb/d in 4Q14. Heavy Western Canadian Select, among the world's lowest priced crudes, fell below $40/b last December for the first time in five years.

On a quarterly basis, Canada's supply in 2014 was estimated to average 4.35 mb/d, 4.19 mb/d, 4.24 mb/d and 4.47 mb/d, respectively.

Mexico's oil supply reached an average of 2.80 mb/d in 2014, showing a decline of 90 tb/d, unchanged from the previous month's estimation. In 2013, Mexico produced 2.52 mb/d of crude oil, consisting of 1.37 mb/d of heavy crude, 0.85 mb/d of light crude and 0.31 mb/d of super light crude. A total of 2.89 mb/d was produced, including 0.36 mb/d of NGLs in 2013. Oil declines were led by heavy crude production, which was lower by 0.13 mb/d compared with a year earlier, as production from the Cantarell field dropped y-o-y. On the other hand, light oil output also started decreasing in 4Q14 due to declines at mature fields such as Ligero Marino, where it dropped by 0.11 mb/d.

On a quarterly basis, Mexico's supply averaged 2.87 mb/d, 2.85 mb/d, 2.77 mb/d and 2.73 mb/d, respectively.

OECD Europe

Total **OECD Europe oil supply,** which declined by 0.19 mb/d to average 3.59 mb/d in 2013, decreased by only 20 tb/d from a year ago to average 3.61 mb/d in 2014, unchanged from the previous *MOMR*. OECD Europe is estimated to see quarterly supply of 3.76 mb/d, 3.52 mb/d, 3.41 mb/d and 3.74 mb/d, respectively.

Norway's oil supply increased by 0.06 mb/d from a year ago to average 1.89 mb/d in 2014, unchanged from the previous *MOMR.* On a quarterly basis, Norway's production is seen to average 1.96 mb/d, 1.79 mb/d, 1.86 mb/d and 1.97 mb/d, respectively.

The **UK's** oil supply registered an average of 0.86 mb/d, representing a decline of 10 tb/d in 2014, y-o-y, unchanged from the previous *MOMR*. On a quarterly basis, UK's oil output in 2014 is estimated to average 0.97 mb/d, 0.90 mb/d, 0.71 mb/d and 0.88 mb/d, respectively.

OECD Asia Pacific

OECD Asia Pacific's oil supply is expected to increase by 30 tb/d in 2014 to average 0.51 mb/d, unchanged from the previous month. Australia's oil supply is likely to increase by 30 tb/d in 2014, while New Zealand's production is forecast to show an increase by less than 10 tb/d from a year earlier.

On a quarterly basis, total OECD Asia-Pacific oil supply is expected to average 0.50 mb/d, 0.51 mb/d, 0.53 mb/d and 0.50 mb/d, respectively.

Developing countries

Total **developing countries' (DCs')** oil output reached 12.36 mb/d in 2014, indicating an increase of 0.21 mb/d, unchanged from the previous *MOMR*. On a quarterly basis, total oil supply in DCs is estimated to average 12.23 mb/d, 12.24 mb/d, 12.35 mb/d and 12.63 mb/d, respectively.

Other Asia

Other Asia's oil production is estimated to have decreased by 40 tb/d in 2014 to average 3.56 mb/d, unchanged from the previous *MOMR*. On a quarterly basis, Other Asia's supply in 2014 is forecast to average 3.56 mb/d, 3.55 mb/d, 3.48 mb/d and 3.64 mb/d, respectively, for the year.

India's oil supply is estimated to be stagnant in 2014 with an average of 0.87 mb/d, unchanged from the previous month. **Thailand's** production is also expected to be flat at 0.39 mb/d in 2014, unchanged from the previous *MOMR*. **Indonesia's** oil production is expected to decrease by 40 tb/d in 2014 to average 0.91 mb/d, flat from the previous *MOMR*. **Malaysia's** supply is projected to experience an increase in 2014 of 30 tb/d to average 0.69 mb/d, unchanged from the previous *MOMR*. Oil production in **Vietnam** declined by 20 tb/d to average 0.36 mb/d in 2014, unchanged from the previous *MOMR*. Finally, **Brunei's** oil supply is estimated to decline by 10 tb/d to average 0.13 mb/d in 2014.

Latin America

Latin America's oil supply is estimated to grow by 0.26 mb/d to average 5.04 mb/d in 2014, unchanged from the last *MOMR*. Latin America was the second-highest driver of growth in 2014 among all the non-OPEC regions. Brazil was the main contributor to this growth in 2014, while oil production in Colombia declined by 20 tb/d to average 1.01 mb/d. Oil output in Argentina was more or less stable at 0.69 mb/d.

On a quarterly basis, Latin America's supply in 2014 is expected to stand at 4.88 mb/d, 4.94 mb/d, 5.11 mb/d and 5.24 mb/d, respectively.

Brazil's supply is estimated to average 2.90 mb/d in 2014, indicating an increase of 0.26 mb/d over the previous year, unchanged from the previous *MOMR*. Oil output was exclusively from Petrobras's fields in Brazil. Petrobras made a series of massive oil discoveries in the Campos and Santos basins under a thick layer of salt. The first find, now known as the Lula field, was the largest oil discovery in the Western hemisphere since Mexico's Cantarell field in 1976. While the sub-salt region is expensive and technologically complicated to develop, the high productivity and value of the light oil produced by the fields makes the region attractive. Petrobras already produces more than 0.7 mb/d from the fields, with some wells producing at flow rates above 30 tb/d.

On a quarterly basis, Brazil's supply in 2014 is estimated to stand at 2.72 mb/d, 2.83 mb/d, 2.97 mb/d and 3.08 mb/d, respectively.

Middle East

Middle East oil supply is estimated to decrease by 0.02 mb/d in 2014 from the previous year to average 1.34 mb/d, unchanged from the previous *MOMR*.

Oman, non-OPEC's biggest producer in the region, is estimated to continue its production at a level of 0.94 mb/d in 2014, the same level as in 2013. **Syria's** output is estimated to drop by 30 tb/d in 2014 to average 30 tb/d. This downward movement is due to the country's current political situation, which is associated with a high level of risk. **Yemen's** oil production registered at 0.14 mb/d in 2014, unchanged from a year earlier. Oil production in **Bahrain** is expected to increase in 2014 by 10 tb/d to average 0.23 mb/d, representing an upward revision of 10 tb/d.

The Middle East supply forecast is associated with a very high level of risk, mainly due to political factors, which could dramatically change the outlook in either direction. On a quarterly basis, Middle East supply in 2014 is seen to average 1.34 mb/d, 1.34 mb/d, 1.36 mb/d and 1.33 mb/d, respectively.

Africa

Africa's oil supply is projected to average 2.42 mb/d in 2014, an increase of 20 tb/d from the previous year, unchanged from the previous *MOMR*. Oil production growth from mainly shut-in wells in Sudan was the main driver for growth in Africa. The Republic of Sudan as well as South Sudan added a total of 50 tb/d to their production to average 0.29 mb/d in 2014. Oil output in other African countries was either stagnant or declining, except Equatorial Guinea, which showed minor growth of 10 tb/d.

On a quarterly basis, Africa's oil supply in 2014 stand at average 2.44 mb/d, 2.41 mb/d, 2.40 mb/d and 2.41 mb/d, respectively.

FSU, other regions

Total FSU oil supply is estimated to increase by 20 tb/d in 2014 to average 13.43 mb/d, unchanged from the previous month. Oil production rose in Russia while Kazakhstan, Azerbaijan and FSU others encountered declines in 2014.

On a quarterly basis, total supply from the FSU in 2014 is seen to average 13.48 mb/d, 13.36 mb/d, 13.39 mb/d and 13.48 mb/d, respectively.

Russia

Despite financial sanctions and the impact of the falling global oil price, **Russia**'s oil supply indicated a record high of 10.58 mb/d in 2014, registering annual growth of

70 tb/d. In 2014, output from new fields was struggling to compensate for declining production at mature fields, particularly in the Western Siberian region. Keeping oil output high has been a priority for the government, although Russian companies have been faced with international oil company cooperations stopped by the international sanctions.

On a quarterly basis, Russia's 2014 supply is estimated to average 10.59 mb/d, 10.55 mb/d, 10.52 mb/d and 10.65, mb/d, respectively.

Caspian

Kazakhstan's oil supply decreased by 20 tb/d over the previous year to average 1.62 mb/d in 2014, unchanged from the previous *MOMR*. On a quarterly basis in 2014, output will average 1.65 mb/d, 1.57 mb/d, 1.61 mb/d and 1.66 mb/d, respectively.

Azerbaijan's oil supply registered an average of 0.85 mb/d, indicating a decline of 30 tb/d in 2014, unchanged from the previous *MOMR*. On a quarterly basis, Azerbaijan's oil output is estimated to average 0.85 mb/d, 0.87 mb/d, 0.86 mb/d and 0.79 mb/d, respectively.

Oil supply in **FSU others**, mainly in Turkmenistan, is expected to be unchanged from last year at 0.39 mb/d.

Other Europe's oil supply is estimated to remain flat from 2012 to average 0.14 mb/d and continue at this level in 2014.

China

China's supply is estimated to grow by 30 tb/d over the previous year to average 4.28 mb/d in 2014, unchanged from the previous month. On a quarterly basis, China's supply in 2014 is seen to average 4.27 mb/d, 4.28 mb/d, 4.21 mb/d and 4.36 mb/d, respectively.

Forecast for 2015

Non-OPEC supply

Non-OPEC oil supply is forecast to grow by 0.68 mb/d in 2015 to average 57.16 mb/d, unchanged in growth, but indicating a downward revision of 10 tb/d from the previous *MOMR*. There was a downward revision in US oil supply by 56 tb/d in 1Q15 while Canadian oil output was revised up by 53 tb/d in same quarter. Non-OPEC supply growth in 2015 is expected to experience increases in 1Q and 4Q, while supply growth in 2Q and 3Q is forecast to decline, although quarterly supply growth in 2015 is expected to decline in all quarters on a y-o-y basis. The main factors for the lower growth prediction in 2015 are low oil price expectations, the declining number of active rigs in North America, the decrease in drilling permits in the US and the reduction in the 2015 spending plans of international oil companies.

Table 5.2: Non-OPEC oil supply in 2015, mb/d

	2014	1Q15	2Q15	3Q15	4Q15	2015	Change 15/14
Americas	19.99	20.68	20.67	20.70	20.81	20.72	0.73
of which US	*12.86*	*13.56*	*13.60*	*13.56*	*13.54*	*13.56*	*0.70*
Europe	3.61	3.68	3.54	3.43	3.65	3.57	-0.03
Asia Pacific	0.51	0.48	0.53	0.53	0.51	0.51	0.00
Total OECD	**24.11**	**24.84**	**24.73**	**24.67**	**24.98**	**24.80**	**0.70**
Other Asia	3.56	3.64	3.61	3.58	3.53	3.59	0.03
Latin America	5.04	5.27	5.12	5.10	4.99	5.12	0.08
Middle East	1.34	1.32	1.25	1.23	1.22	1.25	-0.09
Africa	2.42	2.45	2.43	2.41	2.38	2.42	0.00
Total DCs	**12.36**	**12.68**	**12.42**	**12.31**	**12.12**	**12.38**	**0.02**
FSU	13.43	13.58	13.36	13.25	13.21	13.35	-0.08
of which Russia	*10.58*	*10.69*	*10.56*	*10.49*	*10.44*	*10.54*	*-0.03*
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	4.28	4.34	4.30	4.28	4.34	4.32	0.03
Total "Other regions"	**17.85**	**18.06**	**17.80**	**17.67**	**17.69**	**17.80**	**-0.05**
Total Non-OPEC production	**54.32**	**55.58**	**54.95**	**54.65**	**54.80**	**54.99**	**0.67**
Processing gains	2.16	2.17	2.17	2.17	2.17	2.17	0.01
Total non-OPEC supply	**56.48**	**57.75**	**57.13**	**56.82**	**56.97**	**57.16**	**0.68**
Previous estimate	56.49	57.77	57.13	56.82	56.97	57.17	0.68
Revision	-0.01	-0.02	0.00	0.00	0.00	-0.01	0.00

Recent developments in the upstream, as well as renewed oil price volatility, have made forecasting non-OPEC supply more challenging. This has added to the uncertainties affecting the market amid expected moderate global economic growth in the current year. Non-OPEC upstream spending reduced from $750 bn in 2014 to $550 bn in 2016. Spending drops in 2015 are largely driven by reduced US shale drilling, while 2016 drops are expected to be mostly from mature offshore and deepwater greenfield activities, oil sands and other activities across non-OPEC countries. Growth in shale/tight liquids production is currently expected to have peaked in 2014 and will gradually decline thereafter. Actually, the US onshore production from unconventional sources is currently expected to flatten out around mid-year and decline through year-end, while US offshore production is expected to grow due to project start-ups.

Another indication of uncertainty in the production growth outlook in non-OPEC oil producers in the coming months will be the number of active rigs around the world, particularly in those regions in which the oil production break-even point is much higher than the current oil prices from unconventional sources or deep offshore and North Sea. According to the latest report from Baker Hughes, total non-OPEC drilling rig count plunged 1,341 units – almost entirely land-based oil rigs – from the end of 3Q14 to end of April 2015, to settle at 1,717 units. The average US rig count for April was 976, down 133 from March and down 928 from end of 3Q14.

OECD

Total OECD oil supply in 2015 is expected to grow by 0.7 mb/d to average 24.80 mb/d, revised down by 20 tb/d from the last *MOMR*. Output in 1Q was revised down by 43 tb/d to average 24.84 mb/d, with an increase of 1.36 mb/d compared with the same quarter in 2014 but lower by a preliminary 90 tb/d q-o-q. The y-o-y growth in OECD in 2015 is expected to come from OECD America by 0.73 mb/d, while OECD

Europe is forecast to decline by 30 tb/d and OECD Asia-Pacific remains unchanged over last year.

On a quarterly basis, total OECD supply is estimated to average 24.84 mb/d, 24.73 mb/d, 24.67 mb/d and 24.98 mb/d, respectively.

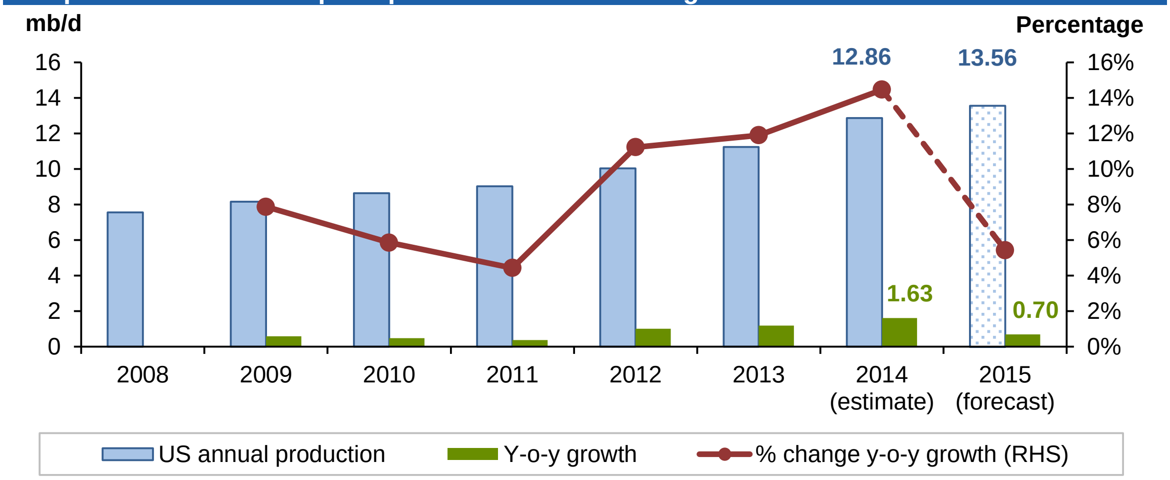
OECD Americas

OECD Americas' oil supply is estimated to average 20.72 mb/d, showing growth of 0.73 mb/d y-o-y, unchanged from the last monthly report. Supply from the US and Canada are both expected to grow in 2015, while that of Mexico will decline. On a quarterly basis, OECD America's oil supply in 2015 is expected to average 20.68 mb/d, 20.67 mb/d, 20.70 mb/d and 20.81 mb/d, respectively.

US

US total oil supply is anticipated to grow by 0.70 mb/d to average 13.56 mb/d in 2015, representing a downward revision of 40 tb/d from the last monthly report. Nevertheless, US actual liquids production was registered at 13.55 mb/d in February, supported by output of NGLs, higher by 0.12 mb/d over January. Total y-o-y growth remained elevated, at 1.60 mb/d, but eased once more relative to December's peak growth of 1.86 mb/d. Crude output rose by 24 tb/d to a high of 9.238 mb/d in February. It is expected, based on weekly reports, that US supply would be even higher in March, as crude oil peaked in the third week of March at 9.422 mb/d. Therefore, the preliminary oil output of 13.56 mb/d in 1Q15 indicates growth of 70 tb/d over 4Q14.

Graph 5.2: US annual liquids production and annual growth



Source: OPEC Secretariat.

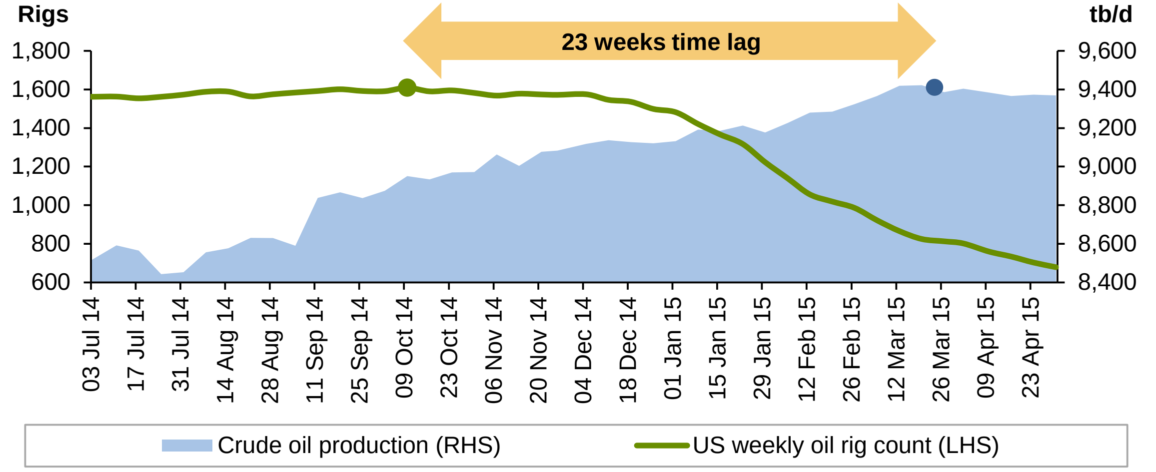
By the end of 2014, US tight oil supply (crude oil, condensate and NGLs produced from unconventional sources such as tight and shale formations) had reached 6.3 mb/d, representing a share of around 11% of non-OPEC supply, compared with only 1.7% in 2009. Of total growth of 1.63 mb/d in US oil output, 1.5 mb/d came from tight oil. In February, the average output of North Dakota dropped to 1.18 mb/d compared to a month earlier, and production from the Gulf of Mexico and Alaska also declined to 1.46 mb/d and 0.49 mb/d, respectively. Meanwhile, total oil production in Texas increased by more than 50 tb/d to average 3.46 mb/d in the same period.

US Gulf of Mexico volumes are likely to have been supported by ramp-ups from Tubular Bells and Jack/St Malo which both started up in 4Q14, in addition to the delayed Lucius project, which achieved first oil in January. At the same time, maintenance work at Enchilada and Auger platforms from late February through to early April would have tempered overall growth. May also sees heavy maintenance work, with nearly 0.3 mb/d of producing capacity offline, partially offsetting the start-up of 0.1 mb/d Delta House FPSO in early April. The long-term nature of deepwater projects means they are less affected by fluctuating oil markets, although higher upfront costs will weigh on future project development. Through 2015 and 2016, thirteen fields are expected to start up in the US Gulf of Mexico. Half of these will be developed using a 'sub-sea tie-back' approach, which can reduce costs and start-up times in fields with reserves too small to justify the Capex needed to fully develop an offshore field.

Texas, which includes the Eagle Ford and Permian basins, has been the source of much of the production growth in onshore oil. Across 2014, Eagle Ford oil production, including condensates, averaged 1.59 mb/d, with y-o-y growth at 0.47 mb/d. Production in February remained robust at 1.98 mb/d, rising y-o-y by 0.62 mb/d. The largest operator in the Eagle Ford, EOG Resources, has cut its Capex for 2015 by 40% and reduced y-o-y production growth forecasts to flat from 31% growth in 2014, stating it sees no reason to grow output in today's oil price environment. By end-2015, EOG will have around 285 wells waiting on completion, and will then be able to ramp up production rapidly, if prices have risen sufficiently.

US oil drilling rigs peaked at 1,609 on 10 October 2014 and have been declining ever since. The average US rig count for April was 976, down 134 from March and 859 from April 2014. The number of active drilling rigs in the US – which includes oil, gas and miscellaneous – declined by 1,025, or 53%, to 905 rigs, while US oil rigs alone declined by 930, or 58%, to 679 oil rigs and rigs engaged in horizontal drilling fell 654 rigs, or 48%, at the end of third week of March 2015, when the US crude oil production began to decline. This indicates a time lag of 23 weeks between the drop in rig activity and the decline in crude oil output. Moreover, US rig count is still declining, showing a drop by 164 rigs from 20 March to the end of April. Raymond James & Associates Inc. (RJA), meanwhile, maintains that the count's downward momentum is nearing its end.

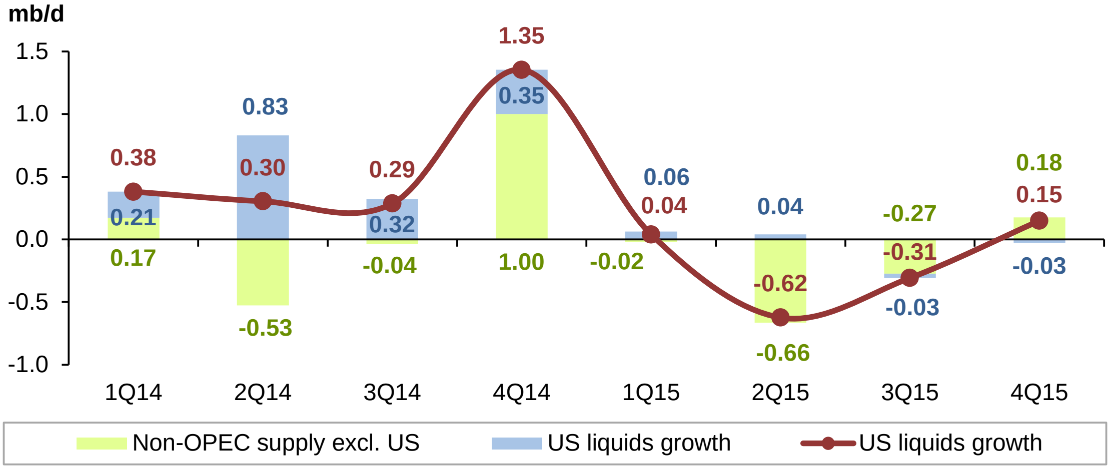
Graph 5.3: US oil rig count vs. crude oil production, based on weekly data



Sources: Baker Hughes and US Energy nformation Administration.

According to an RJA daily energy update in the last week of April, weekly permit activity, a leading indicator of rig count activity, ramped up last week following a new low in the four-week average (in April) since the peak. The 964 permits issued in last week of April brought the most recent four-week average to 918, a new high since the bottom during the first week of March. The RJA report concluded that this seemed to indicate that a possible bottom in the rig count may not be too far off.

Graph 5.4: US liquids vs. non-OPEC supply, q-o-q growth



Source: OPEC Secretariat.

On a quarterly basis, US oil supply in 2015 is expected at 13.56 mb/d, 13.60 mb/d, 13.56 mb/d and 13.54 mb/d, respectively.

Canada and Mexico

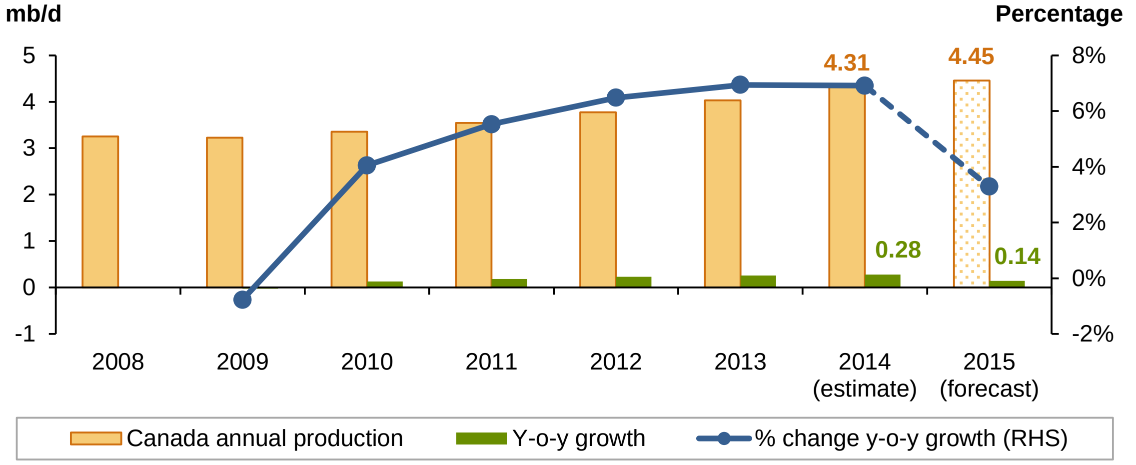
Oil supply in **Canada** is expected to grow by 0.14 mb/d to average 4.45 mb/d y-o-y, revised up by 30 tb/d over the previous month. Canadian oil output was revised up by 53 tb/d to average 4.45 mb/d in 1Q15, lower by 20 tb/d q-o-q but higher by 0.1 mb/d y-o-y. Preliminary estimates place February Canadian output higher y-o-y by 70 tb/d to average 4.41 mb/d. Canadian output in January was also higher y-o-y by 0.25 mb/d at 4.56 mb/d. Six projects out of eight are expected to start up in 2015 in Canada. These are:

1. Surmont phase 2 with a total capacity of 40 tb/d
2. Terre de Grace phase 2 with a total capacity of 40 tb/d
3. Cold Lake phase 14-16 (Ex-Nabiye) with a total capacity of 40 tb/d
4. Kearl Lake phase 2 with a total capacity of 110 tb/d
5. Brich Mountain phase 2 with a total capacity of 30 tb/d
6. MacKay River phase 1 with a total capacity of 35 tb/d

Two projects of Foster Creek phase 1G with a total capacity of 40 tb/d and Black Gold have both been postponed until 2016.

Nevertheless, liquids production based on secondary sources' information is expected to be lower q-o-q through 2Q15 as oil sands producers carry out planned maintenance. Shell is currently conducting maintenance at its 0.25 mb/d Scotford upgrader, a plant-wide turnaround that the company conducts every five years. Canadian Oil Sands' 0.1 mb/d Syncrude Coker will go offline for work for 40 to 50 days during the quarter, while Suncor plans five weeks of maintenance on its U1 upgrader, curtailing 40 tb/d of output, and a two-week turnaround on its U2 upgrader, which is expected to reduce output by 30 tb/d.

Graph 5.5: Canada's annual liquids production and annual growth



Source: OPEC Secretariat.

The start-up of Enbridge's Edmonton to Hardisty pipeline this month should help differentials further. But the pipeline may operate at reduced rates for now given already high levels of apportionment on Mainline. Enbridge's Line 9 reversal, expected online by the end of 2Q15, has also given a bid to domestic crude, with Syncrude reaching a $4/b premium to WTI recently. The pipe reversal will also back out some imports from eastern Canada.

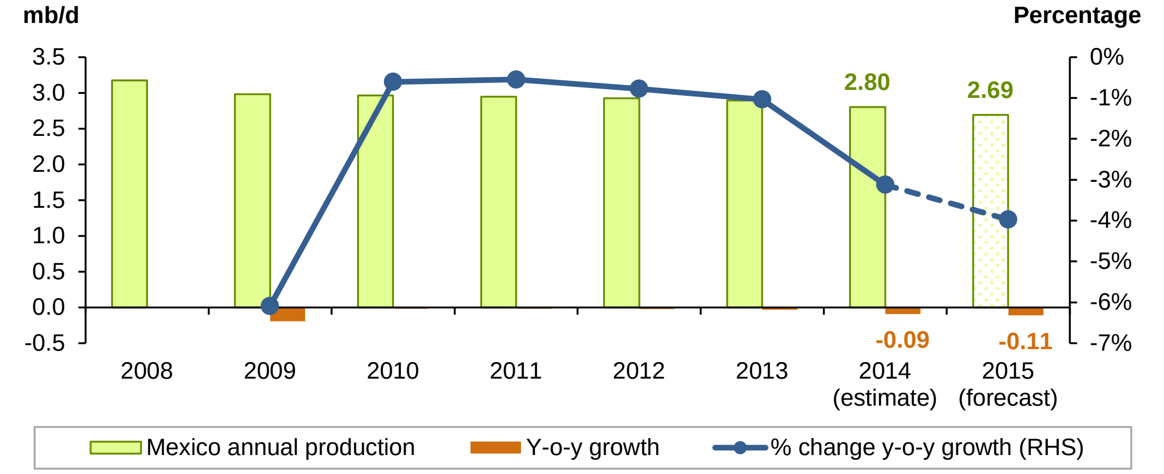
Canada's overall rig count at the end of last week of April fell by 84 units to 79, down more than 50% y-o-y. Oil rigs declined by 50 to 17 units, down 75% y-o-y. The share of oil rigs declined 41% in the last week of April 2014 compared to 12% in April 2015.

On a quarterly basis, Canada's supply in 2015 is expected to average 4.45 mb/d, 4.38 mb/d, 4.42 mb/d and 4.56 mb/d, respectively.

Mexican liquids production in 2015 is expected to have a heavy decline by 0.11 mb/d to average 2.69 mb/d. The liquids output in March 2015 increased by a minor 10 tb/d m-o-m to 2.70 mb/d, although it fell by 0.16 mb/d y-o-y, as offsetting natural declines remained challenging. Crude output fell to 2.32 mb/d in March, though y-o-y declines eased to 0.15 mb/d. Declines at the Cantarell field rose to over 0.1 mb/d, partly offset by stable output at the 0.86 mb/d KMZ and 0.25 mb/d Chuc fields. However, preliminary data for April show a sharp fall in crude output to below 2.20 mb/d, after the Abkatun Permanente platform fire. This cut output from the Abkatun-Pol-Chuc complex, where output fell by 73 tb/d m-o-m to 0.18 mb/d, and from Ixtal-Manik, where output fell 24 tb/d m-o-m to 34 tb/d, as oil had to be diverted to the Abkatun D platform.

On a quarterly basis, Mexico's supply is seen to average 2.67 mb/d, 2.69 mb/d, 2.71 mb/d and 2.70 mb/d, respectively.

Graph 5.6: Mexico's annual liquids production and annual growth



Source: OPEC Secretariat.

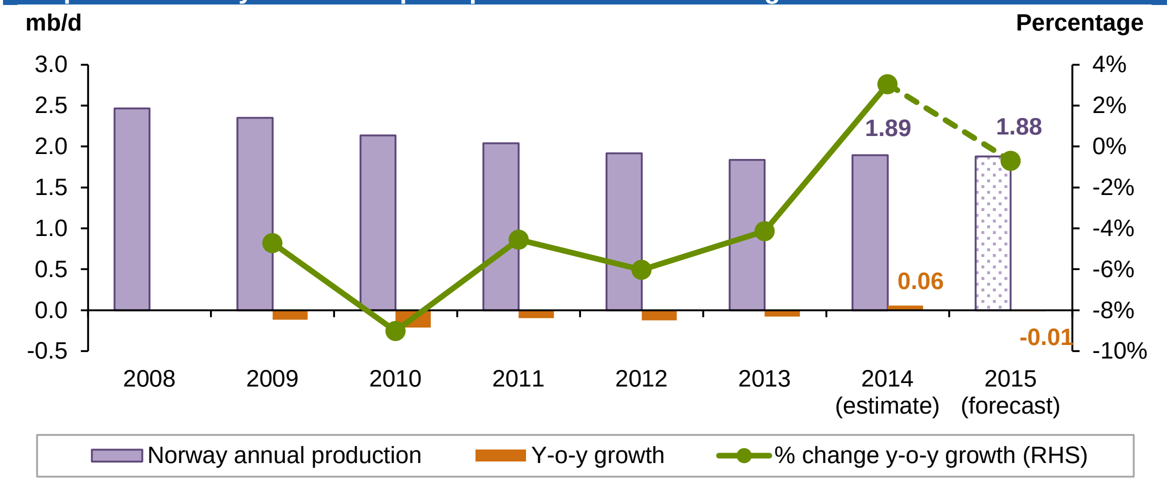
OECD Europe

Total **OECD Europe oil supply,** which grew by 20 tb/d to average 3.61 mb/d in 2014, is expected to decline by 30 tb/d from the previous year to average 3.57 mb/d in 2015, revised down by 10 tb/d from the previous *MOMR*.

OECD Europe is estimated to see quarterly supply of 3.68 mb/d, 3.54 mb/d, 3.43 mb/d and 3.65 mb/d, respectively.

Norway's oil supply is expected to decline by 10 tb/d from the previous year to average 1.88 mb/d in 2015, unchanged from the previous *MOMR.* Preliminary production in March 2015 indicates an average of about 1.94 mb/d of oil, NGL and condensate, higher by 3 tb/d over February 2015.

Graph 5.7: Norway's annual liquids production and annual growth



Source: OPEC Secretariat.

The liquids breakdown in March is: 1.52 mb/d of oil, which is 0.5% below the oil production in March of last year; 0.37 mb/d of NGL; and 0.04 mb/d of condensate. Oil output declined in Alvheim, Draugen, Grane and Gullfaks Sør fields in March due to various technical problems. Oil production in Gudrun field came back on stream on 24 March after having been shut down since 18 February due to a gas leak. Moreover, production from the Knarr field, one of the planned projects for 2015 despite all concerns about the new investment in current condition, started in March.

Previously, the Norwegian Petroleum Directorate (NPD) announced the official opening of the Statoil-operated Valemon field on a shelf in the North Sea. The Valemon gas and condensate field is located west of the Kvitebjørn field at a water depth of 135 meters. Valemon came onstream in January of this year with three producing wells. A total of ten production wells are planned. The field is produced with pressure relief. The reserves are estimated at about 192 million barrels of oil equivalents.

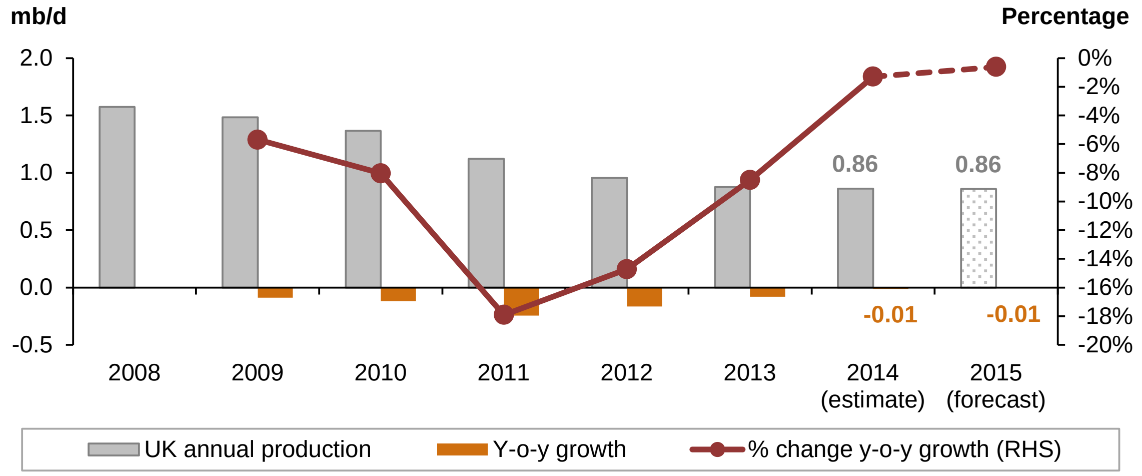
On a quarterly basis, Norway's production is seen to average 1.93 mb/d, 1.85 mb/d, 1.80 mb/d and 1.94 mb/d, respectively.

UK's oil supply is predicted to decline by 10 tb/d to an average of 0.86 mb/d in 2014 y-o-y, unchanged from the previous *MOMR*. UK liquids production in March 2015 increased by 20 tb/d m-o-m, but stayed lower y-o-y by 0.10 mb/d at 0.89 mb/d.

The revision in March supply was due to Buzzard field output returning after the occurrence of technical problems in February, as well as other smaller fields returning from maintenance in the second half of March, such as the 20 tb/d Huntington field. The 40 tb/d Forties Echo Platform returned at the end of March, having been shut after a collision. Overall, stable production in March helped raise April loadings to 0.42 mb/d, higher y-o-y by 80 tb/d. Looking ahead, the maintenance season kicks in early, with Buzzard field offline for one to two weeks around mid-June. The Sullom Voe terminal is also expected to go into maintenance during the second half of June. This will shut the connected Brent pipeline system, restricting output from the connected fields, including the 5 tb/d Alwyn field.

On a quarterly basis, UK oil output in 2015 is estimated to average 0.91 mb/d, 0.83 mb/d, 0.80 mb/d and 0.89 mb/d, respectively.

Graph 5.8: UK annual liquids production and annual growth



Source: OPEC Secretariat.

OECD Asia Pacific

OECD Asia Pacific's oil supply is expected to be stagnant in 2015 to average 0.51 mb/d, unchanged from the previous month. Australia's oil supply is likely to be steady at 0.43 mb/d in current year, while New Zealand's production is forecast to show an increase by less than 10 tb/d to average 0.09 mb/d from a year earlier.

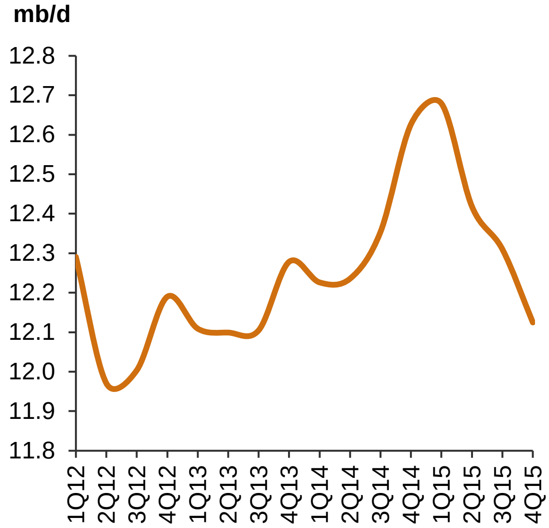
On a quarterly basis, total OECD Asia Pacific oil supply is expected to average 0.48 mb/d, 0.53 mb/d, 0.53 mb/d and 0.51 mb/d, respectively.

Developing countries

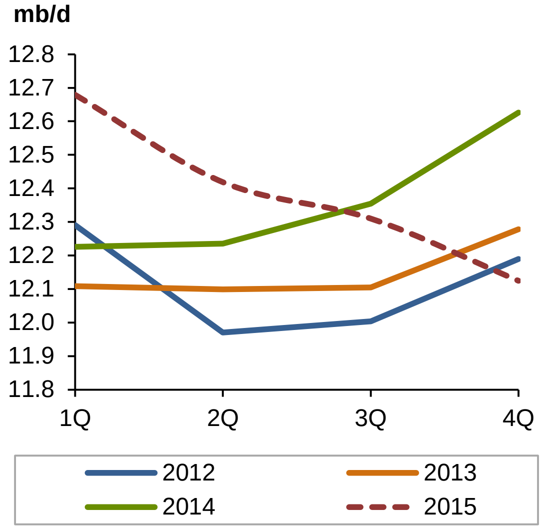
Total oil output from **developing countries (DCs)** will reach an average of 12.38 mb/d in 2015, indicating an increase of only 0.02 mb/d compared to 0.21 mb/d in 2014, unchanged from the last *MOMR*.

On a quarterly basis, total oil supply in DCs is estimated to average 12.68 mb/d, 12.42 mb/d, 12.31 mb/d and 12.12 mb/d, respectively.

Graph 5.9: Developing Countries' quarterly production



Graph 5.10: Developing Countries' quarterly production, annual comparison



Other Asia

Other Asia's oil production is predicted to increase by 30 tb/d in 2015 to average 3.59 mb/d, unchanged from the previous *MOMR*. It is expected that oil output in Malaysia and Other Asia will grow by 40 tb/d and 30 tb/d, respectively, while oil production in India and Indonesia will decrease by 10 tb/d and 20 tb/d. Meanwhile, oil supply from other countries in this region would be steady. The annual oil supply forecast this month remains unchanged from the previous month's report to average 012 mb/d, 0.86 mb/d, 0.88 mb/d, 0.73 mb/d, 0.39 mb/d, 0.36 mb/d and 0.25 mb/d in Brunei, India, Indonesia, Malaysia, Thailand, Vietnam and Asia others, respectively.

On a quarterly basis, Other Asia's supply in 2015 is forecast to average 3.64 mb/d, 3.61 mb/d, 3.58 mb/d and 3.53 mb/d, respectively.

Latin America

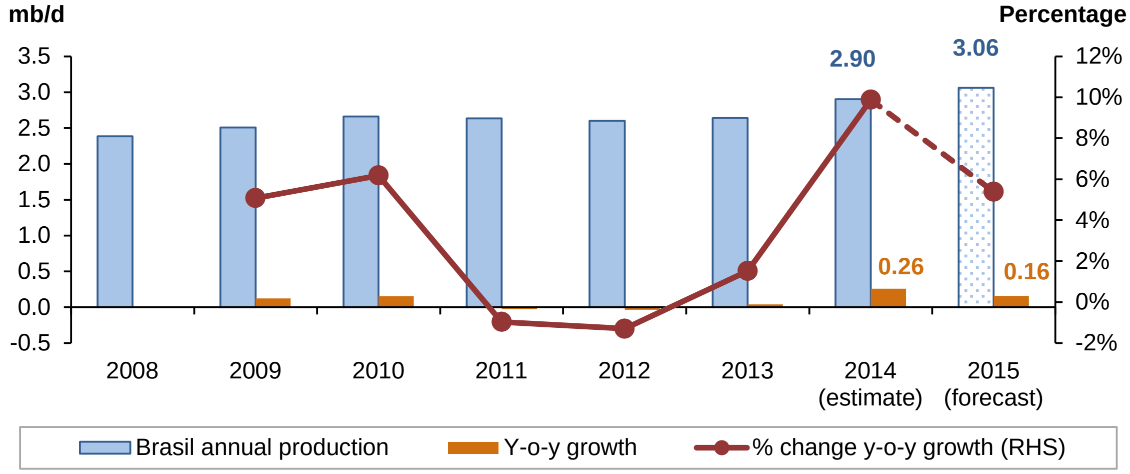
Latin America's oil supply is estimated to grow by 0.08 mb/d to average 5.12 mb/d in 2015, unchanged from the last *MOMR*. Latin America was the second-highest driver of growth in 2014 among all the non-OPEC regions. Brazil is the main driver to this growth in 2015, while oil production in Colombia is expected to decline by 50 tb/d to average 0.96 mb/d. Similarly oil output is forecasted to decrease in Argentina, Trinidad & Tobago and Latin America others, each by 10 tb/d in 2015.

On a quarterly basis, Latin America's supply in 2015 is expected to stand at 5.27 mb/d, 5.12 mb/d, 5.10 mb/d and 4.99 mb/d, respectively.

Brazil's liquids supply is expected to average 3.06 mb/d in 2015, predicting an increase of 0.16 mb/d over the previous year, unchanged from the previous *MOMR*. Oil output comes exclusively from Petrobras's fields in Brazil. Brazilian liquids supply in 2015 registered m-o-m declines for the third consecutive month in March, down by 40 tb/d to 3.06 mb/d. Crude oil output declined by 14 tb/d in March to average 2.51 mb/d due to the maintenance continued on the P-58 platform. This has reduced output by 80 tb/d from the connected fields to around 0.25 mb/d since it went offline in January. The start-up of platform P-61 in the Papa-Terra field (Campos basin) was also seen in March. The platform will operate with the existing P-63 platform, and increase the joint processing capacity to 0.14 mb/d. With only the FPSO Itaguai expected to start up in 4Q15, and risks of further delays to upstream projects due to Petrobras's corruption scandal, Brazilian oil output growth is expected to slow to 0.16 mb/d this year.

On a quarterly basis, Brazil's supply in 2015 is estimated to stand at 3.10 mb/d, 3.03 mb/d, 3.07 mb/d and 3.03 mb/d, respectively.

Graph 5.11: Brazil's annual liquids production and annual growth



Source: OPEC Secretariat.

Argentina's liquids supply is expected to average 0.67 mb/d in 2015, suggesting a decrease of 10 tb/d over the previous year, unchanged from the previous *MOMR*.

Middle East

Middle East oil supply is estimated to decrease by 0.09 mb/d in 2015 from the previous year to average 1.25 mb/d, unchanged from the previous *MOMR*. There is no expectation for growth or decline in oil supply in Bahrain, Oman and Syria, while it is predicted that oil output in Yemen will register a heavy decline by 90 tb/d due to geo-political concerns, to average 50 tb/d in 2015. Moreover, the Middle East supply forecast is associated with a very high level of risk, mainly due to political factors, which could dramatically change the outlook in either direction.

On a quarterly basis, Middle East supply in 2015 is seen to average 1.32 mb/d, 1.25 mb/d, 1.23 mb/d and 1.22 mb/d, respectively.

Africa

Africa's oil supply is projected to average 2.42 mb/d in 2015, unchanged from the previous year, revised up by 10 tb/d from the previous *MOMR*. This revision is due to higher-than-expected oil production from Sudan in 1Q15. The Republic of Sudan as well as South Sudan have together added 50 tb/d to their production to average 0.29 mb/d in 2014. This is expected to remain stagnant in 2015. Oil output in other African countries was either unchanged or declined, except in Equatorial Guinea and Congo, with minor growth of 10 tb/d.

On a quarterly basis, Africa's oil supply in 2015 will stand at an average of 2.45 mb/d, 2.43 mb/d, 2.41 mb/d and 2.38 mb/d, respectively.

FSU, other regions

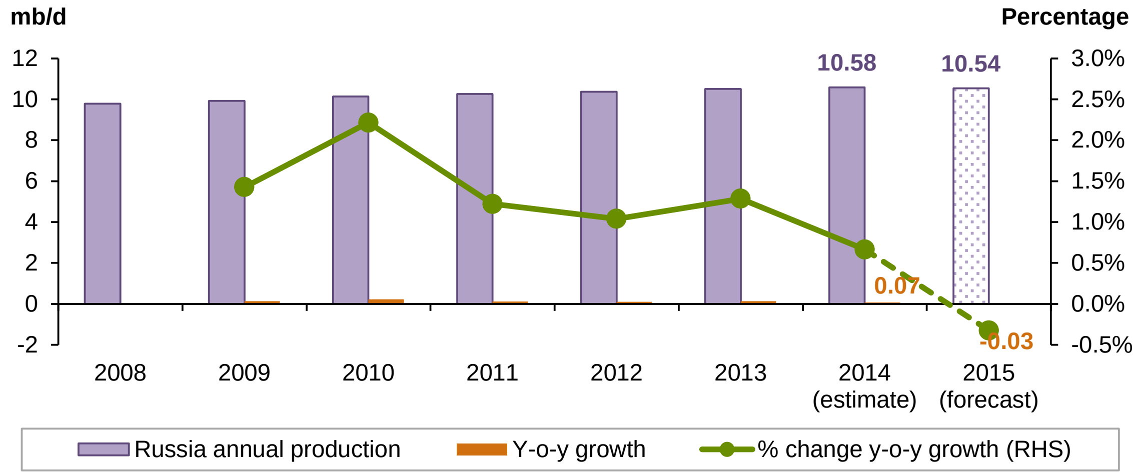
Total FSU oil supply is expected to decline by 80 tb/d in 2015 to average 13.35 mb/d, revised up by 20 tb/d from the previous month. Oil production in Russia, Kazakhstan, Azerbaijan and FSU Others are expected to decrease in 2015.

On a quarterly basis, total supply from FSU in 2015 is seen to average 13.58 mb/d, 13.36 mb/d, 13.25 mb/d and 13.21 mb/d, respectively.

Russia

Russian oil supply is expected to decrease by 30 tb/d to average 10.54 mb/d in 2015, unchanged from the previous *MOMR*.

Graph 5.12: Russia's annual liquids production and annual growth

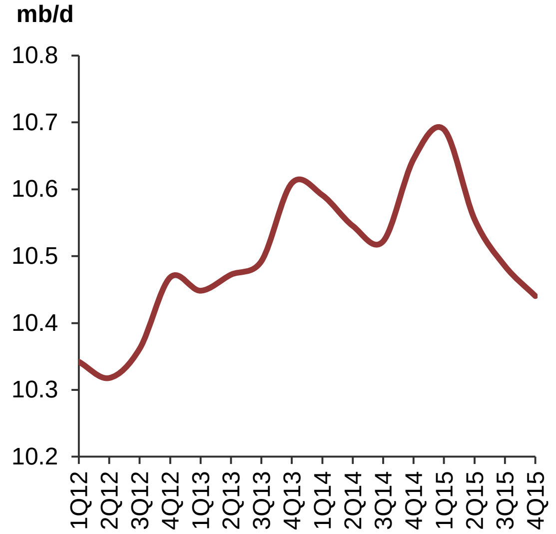


Source: OPEC Secretariat.

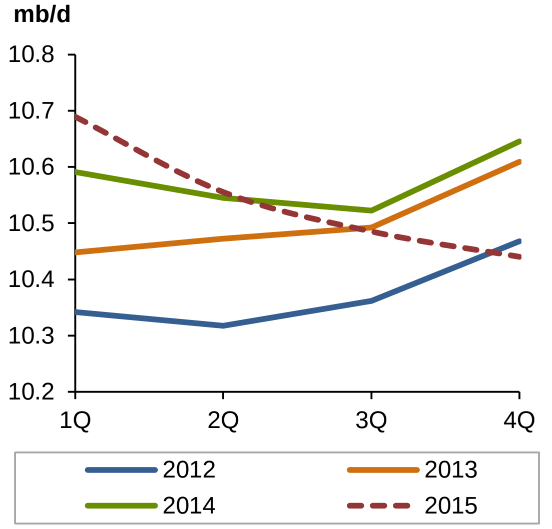
Oil output was unchanged in April at 10.69 mb/d, following the support of Gazprom Neft's Arctic Prirazlomnoye and the onshore Novy Port fields. Indeed, Gazprom and Gazprom Neft are the main contributors to the year-to-date 0.12 mb/d y-o-y output increase, with rising condensate volumes offsetting declines in Rosneft and Lukoil's crude output. Thus, Russian output is not forecast to decline more than 30 tb/d y-o-y in 2015.

On a quarterly basis, Russia's 2015 supply is expected to average 10.69 mb/d, 10.56 mb/d, 10.49 mb/d and 10.44, mb/d, respectively.

Graph 5.13: Russia's quarterly production



Graph 5.14: Russia's quarterly production, annual comparison



Caspian

Kazakhstan's oil supply is expected to decrease by 10 tb/d over the previous year to average 1.61 mb/d in 2015, unchanged from the previous *MOMR*. Kazakhstan's oil production declined m-o-m by 10 tb/d in March at 1.67 mb/d but was slightly higher y-o-y. Five out of Kazakhstan's top 10 fields have declined in 1Q15.

On a quarterly basis in 2015, output will average 1.66 mb/d, 1.60 mb/d, 1.59 mb/d and 1.61 mb/d, respectively.

Azerbaijan's oil supply is anticipated to average 0.82 mb/d indicating a decline of 30 tb/d in 2015, unchanged from the previous *MOMR*. March output was broadly flat m-o-m at 0.85 mb/d, unchanged y-o-y.

On a quarterly basis, Azerbaijan's oil output is estimated to average 0.85 mb/d, 0.87 mb/d, 0.86 and 0.79 mb/d, respectively.

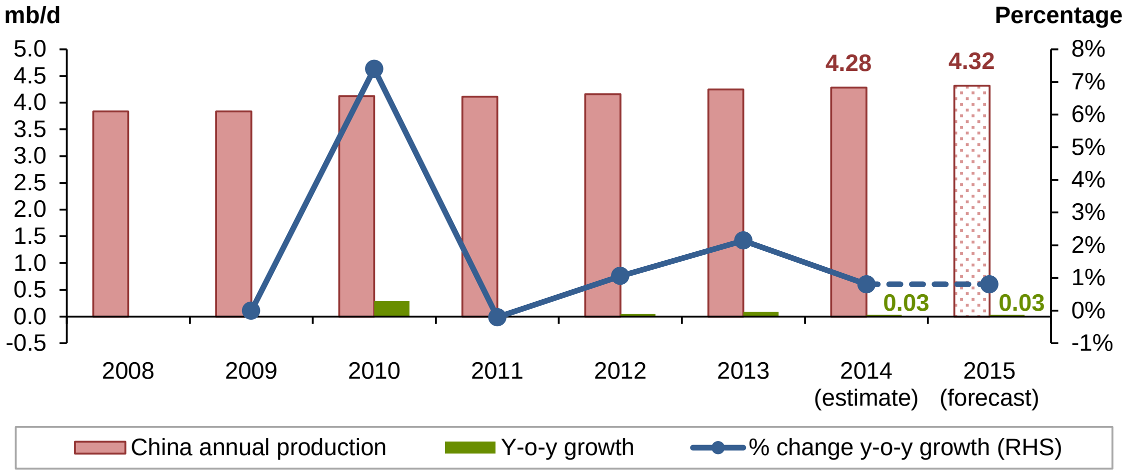
Oil supply in **FSU others**, mainly in Turkmenistan, is forecast to decline by 10 tb/d from the previous year to average 0.38 mb/d.

Other Europe's oil supply is estimated to remain flat from 2012 to average 0.14 mb/d and continue at this level in 2015.

China

China's supply is expected to grow by 30 tb/d over the previous year to average 4.32 mb/d in 2015, unchanged from the previous month. Oil output is expected to average 4.35 mb/d in March, higher by 36 tb/d m-o-m and by 0.1 mb/d y-o-y. Across 1Q15, output averaged 4.34 mb/d, higher by 70 tb/d y-o-y. Nevertheless, recently, the former director of the National Energy Administration claimed Chinese output would fall by 14% y-o-y to 3.8 mb/d in 2015 from 4.3 mb/d in 2014, as oil prices are far below the cost of production in the country. PetroChina has reduced 2015 Capex by 10%, whereas their price assumptions for Brent are that it will average $75/b in 2015. The company has already announced a 10% output cut at Daqing, China's largest oil field.

Graph 5.15: China's annual liquids production and annual growth



Source: OPEC Secretariat.

Meanwhile, Sinopec is set to reduce its 2015 Capex by 12.1% following an 8.3% y-o-y reduction in 2014, and within that, there will be an increasing focus on gas with a target output increase of 24%. The Fuling field is the key focus for the company. Overall, Sinopec reduced its oil production target because the company believes natural gas will be the biggest contributor to profitability going forward. China National Offshore Oil Company (CNOOC) will reduce Capex by 26-35%, although it sees output rising by 10-15% due to seven new fields coming online. This follows 13 new starts in 2014, which are mostly ahead of schedule and below budget.

On a quarterly basis, China's supply in 2015 is forecasted to average 4.34 mb/d, 4.30 mb/d, 4.28 mb/d and 4.34 mb/d, respectively.

OPEC NGLs and non-conventional oils

OPEC NGLs and non-conventional liquids (GTLs) were estimated to average 5.83 mb/d in 2014, representing growth of 0.18 mb/d over the previous year. In 2015, OPEC NGLs and GTLs are projected to average 6.02 mb/d, an increase of 0.19 mb/d over the previous year. There are no changes in the 2014 estimation and 2015 predictions for OPEC NGLs and GTLs production compared with the last *MOMR*.

Table 5.3: OPEC NGLs + non-conventional oils, 2012-2015

			Change						*Change*		*Change*
	2012	**2013**	13/12	1Q14	2Q14	3Q14	4Q14	**2014**	14/13	**2015**	15/14
Total OPEC	**5.57**	**5.65**	0.08	5.75	5.87	5.84	5.86	**5.83**	0.18	**6.02**	0.19

OPEC crude oil production

According to secondary sources, total OPEC crude oil production averaged 30.84 mb/d in April, an increase of 18 tb/d over the previous month. Crude oil output increased mostly from Iraq and Iran while production showed the largest drop in Angola. According to secondary sources, OPEC crude oil production, not including Iraq, stood at 27.17 mb/d in April, down by 29 tb/d over the previous month.

Table 5.4: OPEC crude oil production based on *secondary sources*, tb/d

	2013	2014	3Q14	4Q14	1Q15	Feb 15	Mar 15	Apr 15	Apr/Mar
Algeria	1,159	1,151	1,167	1,152	1,112	1,110	1,109	1,099	*-9.7*
Angola	1,738	1,660	1,705	1,688	1,750	1,745	1,727	1,612	*-114.3*
Ecuador	516	542	543	546	555	551	556	558	*2.0*
Iran, I.R.	2,673	2,766	2,759	2,763	2,779	2,783	2,779	2,824	*45.2*
Iraq	3,037	3,265	3,153	3,424	3,447	3,306	3,625	3,671	*46.7*
Kuwait	2,822	2,774	2,794	2,719	2,748	2,756	2,756	2,759	*3.3*
Libya	928	473	614	679	382	308	482	468	*-13.6*
Nigeria	1,912	1,911	1,949	1,904	1,902	1,890	1,867	1,886	*19.5*
Qatar	732	716	724	682	678	675	684	678	*-5.6*
Saudi Arabia	9,586	9,683	9,747	9,608	9,796	9,663	10,069	10,095	*26.7*
UAE	2,741	2,761	2,791	2,757	2,814	2,818	2,803	2,826	*22.2*
Venezuela	2,389	2,373	2,369	2,364	2,367	2,367	2,370	2,365	*-4.4*
Total OPEC	**30,231**	**30,075**	**30,316**	**30,286**	**30,331**	**29,973**	**30,825**	**30,843**	***18.0***
OPEC excl. Iraq	**27,194**	**26,809**	**27,162**	**26,862**	**26,884**	**26,667**	**27,201**	**27,172**	***-28.7***

Totals may not add up due to independent rounding.

Table 5.5: OPEC crude oil production based on *direct communication*, tb/d

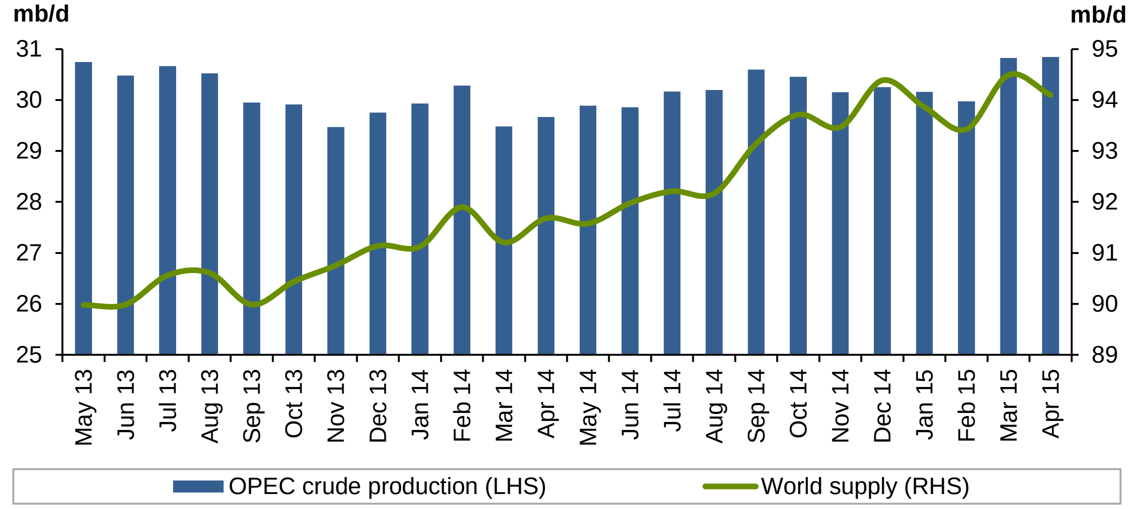
	2013	2014	3Q14	4Q14	1Q15	Feb 15	Mar 15	Apr 15	Apr/Mar
Algeria	1,203	1,193	1,196	1,179	1,141	1,131	1,125	1,120	*-5.0*
Angola	1,701	1,654	1,723	1,727	1,766	1,790	1,748	1,760	*12.0*
Ecuador	526	557	557	560	550	533	553	548	*-4.8*
Iran, I.R.	3,576	3,117	3,003	3,005	3,017	3,010	3,020	3,110	*90.0*
Iraq	2,980	3,110	3,077	3,141	3,064	2,783	3,339	3,176	*-163.0*
Kuwait	2,922	2,867	2,876	2,807	2,850	2,850	2,850	2,860	*10.0*
Libya	993	480	571	735	411	341	525	..	*..*
Nigeria	1,754	1,807	1,724	1,816	1,762	1,802	1,691	1,770	*78.7*
Qatar	724	709	720	682	687	676	708	635	*-73.3*
Saudi Arabia	9,637	9,713	9,769	9,644	9,878	9,636	10,294	10,308	*13.7*
UAE	2,797	2,794	2,881	2,790	2,948	2,980	2,907	2,931	*23.5*
Venezuela	2,786	2,683	2,668	2,701	2,722	2,735	2,727	2,717	*-9.7*
Total OPEC	**31,599**	**30,682**	**30,765**	**30,786**	**30,793**	**30,266**	**31,487**	**..**	**..**
OPEC excl. Iraq	**28,619**	**27,572**	**27,687**	**27,646**	**27,729**	**27,483**	**28,148**	**..**	**..**

Totals may not add up due to independent rounding.
.. Not available.

World oil supply

Preliminary data indicates that global oil supply decreased by 0.39 mb/d to average 94.10 mb/d in April 2015 compared with the previous month. The decline of non-OPEC supply in April decreased global oil output, which was partially offset by an increase in OPEC production. The share of OPEC crude oil in total global production increased slightly to 32.8% in April compared with the previous month at 32.6%. Estimates are based on preliminary data for non-OPEC supply as well as OPEC NGLs and GTLs from direct communications, while estimates for OPEC crude production come from secondary sources.

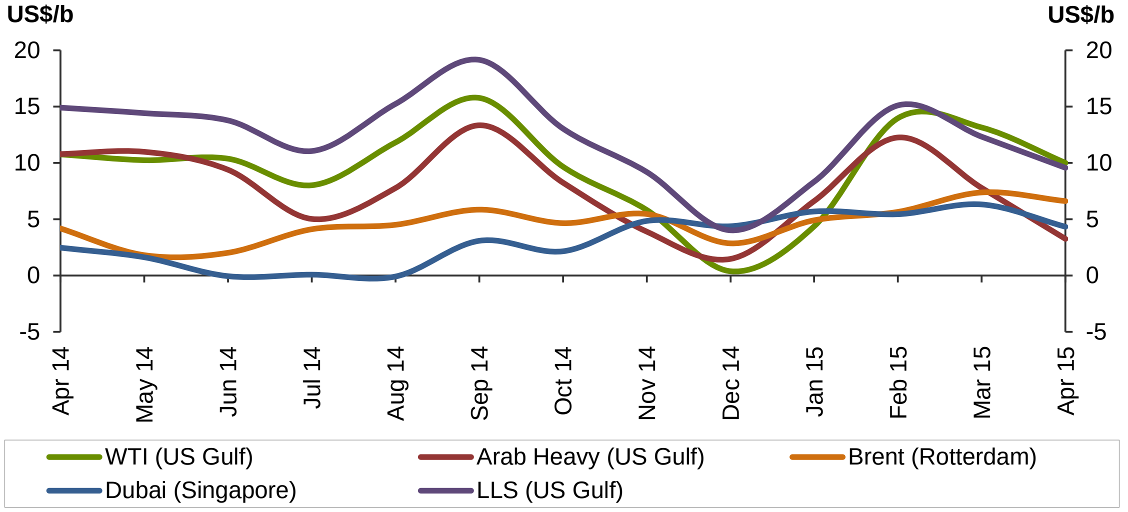
Graph 5.16: OPEC and world oil supply



Product Markets and Refinery Operations

Product markets in the Atlantic Basin exhibited a mixed performance during April. Strong gasoline demand ahead of the US driving season lent support to the crack spreads on the top of the barrel. However, this was outweighed by middle distillates, which were pressured by the supply side due to higher refinery runs on the US Gulf Coast (USGC) amid increasing inflows from Europe, resulting in a drop in refinery margins in the region. Meanwhile, Asian margins fell due to weakening market fundamentals across the barrel, as increasing supplies outweighed strong regional demand.

Graph 6.1: Refinery margins, 2014-2015



US product markets continued receiving support from stronger domestic gasoline demand ahead of the driving season, which allowed gasoline crack spreads to continue on their rising trend. However, the gain in gasoline crack spreads was unable to offset the weakening seen in the middle of the barrel, with gasoil cracks falling under the pressure exerted by the supply side and causing refinery margins to fall. The refinery margin for WTI crude on the USGC showed a loss of more than $3 to average around $10/b in April. Meanwhile, the margin for Light Louisiana Sweet (LLS) crude on the USGC averaged $9.5/b in April, exhibiting a loss of more than $2.

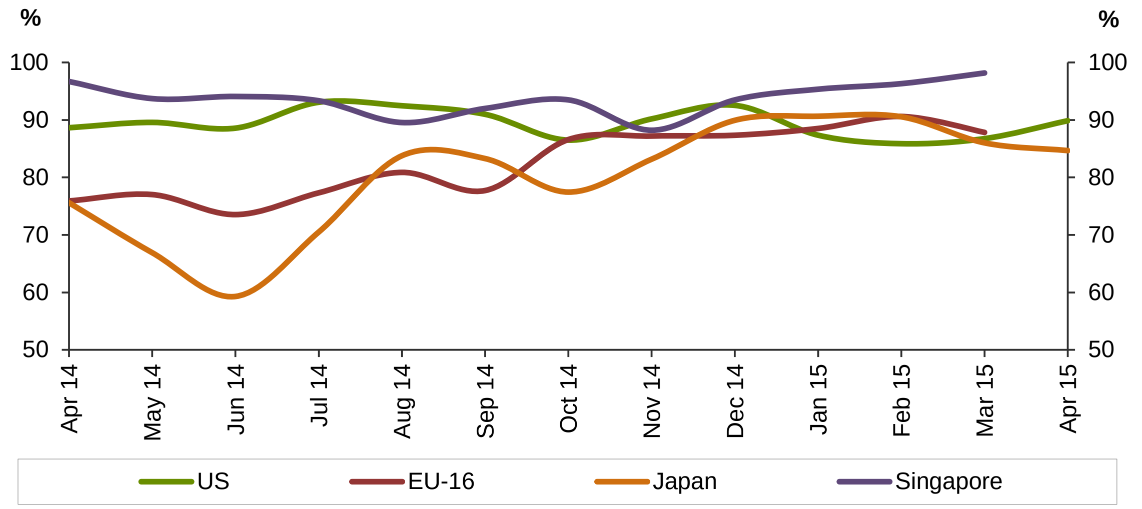
European refining margins weakened slightly in April due to supply-side pressure on the middle distillate market stemming from higher inflows to the region, thus causing margins to fall despite the positive performance seen at the top of the barrel. The refinery margin for Brent crude in Northwest Europe lost around 80¢ to average $6.6/b in April.

Asian refining margins weakened in April due to increasing inflows within the region fuelling bearish sentiment in the market, thus outweighing the strong regional gasoline and middle distillate demand in several Asian countries and causing refinery margins to fall. Refinery margins in Singapore lost around $2 versus the previous month to average around $4.3/b in April.

Refinery operations

Refinery utilization rates in the **US** continued on the rise during April with several refineries coming back online as the heavy maintenance season approached the end. US refinery utilization averaged around 90% in April, more than 3 percentage points (pp) higher than a month earlier. The higher refinery runs led to a continued increase in middle distillate inventories, exerting some pressure on the margins.

Graph 6.2: Refinery utilization rates, 2014-2015



European refinery runs averaged above 88% of refining capacity in March, corresponding to a throughput of 10.3 mb/d, almost 300 tb/d lower than the previous month, due to heavy maintenance in the region, mainly in Germany and the Netherlands. However, the runs remained about 700 tb/d over the same month a year ago as European refineries have been increasing throughput in the last months because of export opportunities and healthy margins. Nevertheless, margins fell slightly in Europe during the last weeks.

Asian refinery levels have continued to rise in the face of increasing demand in the region with Chinese refineries averaging around 10.5 mb/d in March, the highest level seen in the last months. Refinery runs in Singapore for March averaged around 98%, increasing almost 2 pp over the previous month, while Japanese throughputs averaged above 85% of capacity in April.

US market

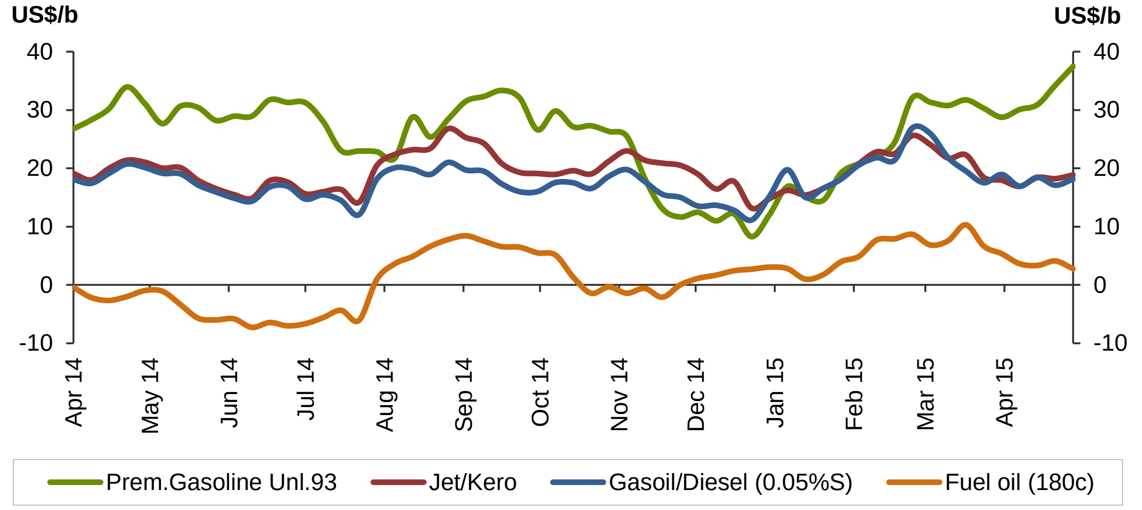
US **gasoline** demand stood at around 8.9 mb/d in April, about 70 tb/d lower than the previous month and 100 tb/d lower than the same month a year earlier.

The gasoline crack continued exhibiting a strong upward trend in April on the back of strong domestic demand ahead of the driving season amid healthy exports to Latin America.

Despite the increases seen in the refinery runs, US gasoline inventories fell as some operational issues impacted FCC units on the US West Coast (USWC), thus lending additional support to the gasoline market.

The gasoline crack spread gained around $2 to average $33/b in April.

Graph 6.3: US Gulf crack spread vs. WTI, 2014-2015



Middle distillate demand stood at around 3.9 mb/d in April, around 40 tb/d higher than the previous month and 60 tb/d lower than the same month a year earlier.

The middle distillate market continued weakening under pressure coming from the supply side with higher outputs and increasing inventories.

Another bearish factor was lacklustre demand from the agricultural sector and the decline in heating oil consumption following the end of the winter season, thus encouraging refineries to switch yields towards diesel production instead of heating oil.

The USGC gasoil crack loss almost $3 versus the previous month to average around $18/b in April. Further losses were avoided by increasing exports to Europe and Latin America.

At the **bottom of the barrel**, the fuel oil crack weakened due to pressure from the supply side with higher inflows to the region from Europe, Russia and Brazil looking for a home in the re-started secondary units coming online after the heavy maintenance season in the USGC.

The fuel oil crack in the USGC suffered a sharp loss of more than $4 in April.

European market

Product markets in Europe continued to be supported by positive performances on the top of the barrel with stronger gasoline export opportunities to the Americas, however this was outweighed by the weakening seen in the middle distillate market, which caused a slight drop in refinery margins in Europe.

The **gasoline** market continued strengthening in Europe on the back of increasing export opportunities, mainly to the US, where healthy demand continues to draw volumes, with US gasoline imports peaking above 700 tb/d in the last weeks.

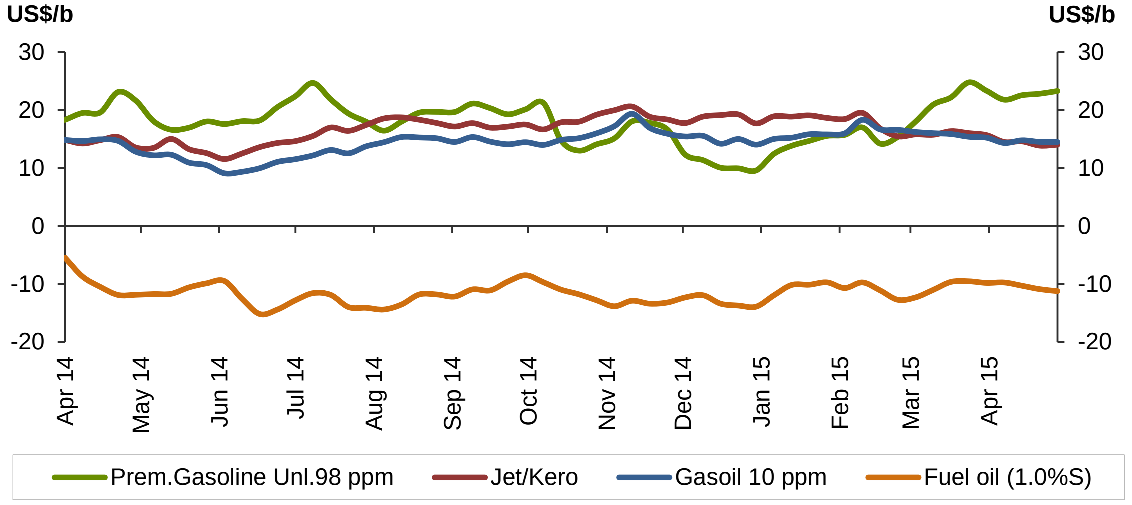
On the other hand, the supply side also lent some support as gasoline output was reduced by falling European refinery runs during the last month due to the maintenance season impacts on the region.

The gasoline crack spread against Brent gained more than $1 to average $23/b in April. The uptick was somehow limited by the reduction in export opportunities to the Middle East due to higher availability competing in the region.

The light distillate naphtha crack reversed its upward trend, losing $1/b, due to reduced demand, as a drop in LPG prices encouraged feedstock replacement in both Europe and Asia, thus reducing naphtha demand in the petrochemical sector.

Additionally, heavy cracker maintenance fuelled bearish sentiment in the market.

Graph 6.4: Rotterdam crack spreads vs. Brent, 2014-2015



Middle distillate cracks continued weakening in Europe despite some signs of demand recovery and expectations of support from the transportation sector with increases seen in new passenger car registrations in several countries such as Spain, France, Germany and Italy.

The gasoil crack spread continued losing ground due to pressure coming from the supply side with increasing inflows of ULSD from Russia and the US. There are expectations that US exports will continue to rise with refineries ending their spring maintenance while Russian volumes could trend lower over the coming months due to lower refinery runs.

The gasoil crack spread against Brent crude at Rotterdam lost $1 versus the previous month to average around $15/b in April.

At the **bottom of the barrel**, fuel oil cracks continued to recover on the back of a tightening market due to a reduction in fuel oil production amid the startup of refinery secondary units in several countries in the region, causing inventories to fall 20% in the ARA hub.

In addition, expectations of higher exports to Asia have also supported the market.
The Northwest European fuel oil crack gained 30¢ versus the previous month's level to average around minus $10.3/b in April.

Asian market

The Asian market weakened during April as strong regional gasoline and middle distillate demand was outweighed by bearish supply-side factors amid increasing inflows to the region.

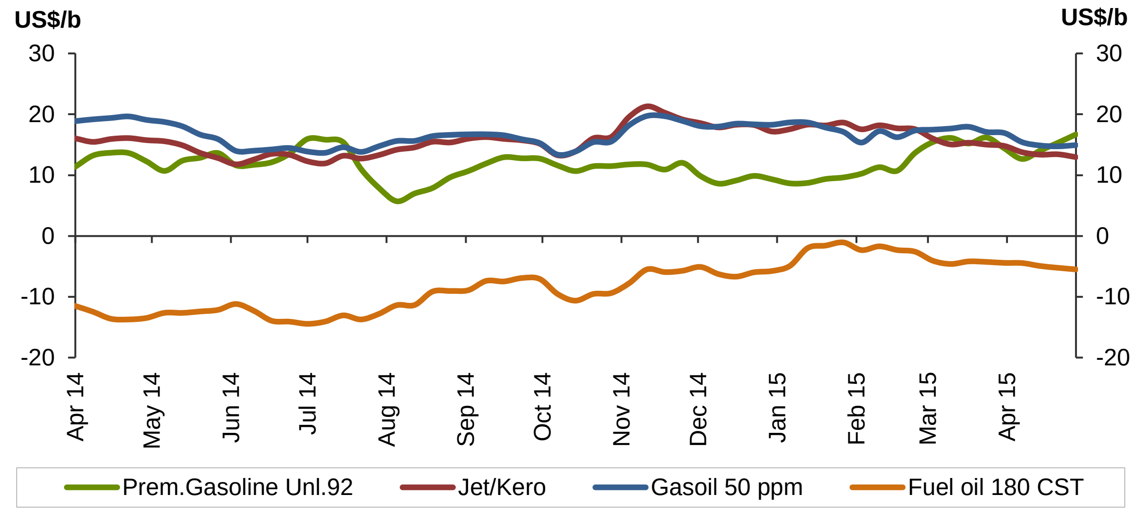
The Singapore **gasoline** crack reversed its upward trend during April due to bearish supply-side factors outweighing support from the demand side, with increasing supplies in the region, including growing volumes from Japan, combining with production increases in the country and decreased domestic demand.

On the other hand, the rebounding US gasoline production has cut the arbitrage seen from Asia to the USWC, which was supporting the Asian market during the previous months.

The gasoline crack spread against Dubai crude in Singapore lost more than $1 versus the previous month to average $15/b in April.

The Singapore naphtha crack reversed the upward trend seen in previous months due to weakening fundamentals as buying interest from the petrochemical sector is expected to drop with heavy maintenance in naphtha crackers across the region, while the supply side exerted pressure with Western inflows on the rise.

Graph 6.5: Singapore crack spread vs. Dubai, 2014-2015



For the **middle of the barrel**, gasoil cracks partially lost the recovery seen last month due to pressure coming from the supply side.

Demand for middle distillates continued showing impressive gains in Northeast Asia, however, increasing inflows to the region, mainly from the Middle East with the new UAE refinery, have been exerting pressure on the market. Another bearish factor has been the growing US exports into Europe, which has been impacting the Asian barrels' outlet.

The gasoil crack spread in Singapore against Dubai lost more than $2 versus the previous month's level to average around $15/b in April.

The **fuel oil** market continued weakening during April due to pressure coming from the supply side with higher arbitrage volumes heading to the Asia Pacific region amid weaker bunker demand in Singapore.

The fuel oil crack spread in Singapore against Dubai averaged around minus $4.9/b in April, a slight decline of 60¢ versus the previous month. Losses were capped by strong demand in India for power generation.

Table 6.1: Refined product prices, US$/b

		Feb 15	Mar 15	Apr 15	Change Apr/Mar
US Gulf (Cargoes FOB):					
Naphtha*		66.26	65.39	66.71	1.32
Premium gasoline	*(unleaded 93)*	75.57	78.43	87.23	8.80
Regular gasoline	*(unleaded 87)*	68.17	71.10	78.37	7.27
Jet/Kerosene		73.67	69.14	72.34	3.20
Gasoil	*(0.2% S)*	73.46	68.80	72.09	3.29
Fuel oil	*(1.0% S)*	53.73	51.57	53.77	2.20
Fuel oil	*(3.0% S)*	48.71	45.86	48.55	2.69
Rotterdam (Barges FoB):					
Naphtha		55.35	55.65	57.96	2.31
Premium gasoline	*(unleaded 98)*	73.71	77.62	82.31	4.69
Jet/Kerosene		75.70	71.93	73.97	2.04
Gasoil/Diesel	*(10 ppm)*	75.02	71.77	74.21	2.44
Fuel oil	*(1.0% S)*	47.05	45.35	49.20	3.85
Fuel oil	*(3.5% S)*	47.79	46.07	49.64	3.57
Mediterranean (Cargoes FOB):					
Naphtha		52.53	52.55	54.42	1.87
Premium gasoline**		68.31	73.37	78.27	4.90
Jet/Kerosene		73.37	68.63	70.60	1.97
Gasoil/Diesel**		76.34	73.42	75.84	2.42
Fuel oil	*(1.0% S)*	49.07	47.87	51.02	3.15
Fuel oil	*(3.5% S)*	46.78	46.03	49.58	3.55
Singapore (Cargoes FOB):					
Naphtha		57.39	57.38	59.56	2.18
Premium gasoline	*(unleaded 95)*	70.46	73.84	75.55	1.71
Regular gasoline	*(unleaded 92)*	67.06	70.34	73.07	2.73
Jet/Kerosene		73.25	70.01	72.08	2.07
Gasoil/Diesel	*(50 ppm)*	72.08	72.20	73.72	1.52
Fuel oil	*(180 cst 2.0% S)*	54.93	51.54	54.82	3.28
Fuel oil	*(380 cst 3.5% S)*	52.24	49.42	52.45	3.03

** Barges.*
*** Cost, insurance and freight (CIF).*
Sources: Platts and Argus Media.

Table 6.2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				Refinery utilization, %			
	Feb 15	Mar 15	Apr 15	Change Apr/Mar	Feb 15	Mar 15	Apr 15	Change Apr/Mar
US	15.34	15.50	16.06	0.56	85.87	86.75	89.87	3.12
France	1.24	1.27	-	-	82.07	84.33	-	-
Germany	1.96	1.84	-	-	87.00	81.74	-	-
Italy	1.37	1.35	-	-	66.91	66.18	-	-
UK	1.08	1.11	-	-	82.07	83.97	-	-
Euro-16	10.61	10.28	-	-	90.61	87.83	-	-
Japan	3.57	3.40	3.34	-0.05	90.55	86.01	84.67	-1.34

Sources: OPEC statistics, Argus, Euroilstock inventory report, IEA, EIA/DoE, METI and PAJ.

Tanker Market

Crude oil tanker market sentiment weakened in April as average spot freight rates dropped on most reported routes. On average, dirty tanker freight rates were down 8% from the month before. Despite a stronger market seen in the VLCC sector, average dirty spot freight rates declined, influenced by the declines in Suezmax and Aframax freight rates. VLCC spot freight rates showed improvements, rising by around 17% on all reported routes, as a result of an active market and strong tonnage demand. Suezmax and Aframax both closed the month down by 15% and 12%, respectively, as demand for both classes remained weak amid a persisting tonnage oversupply.

Spot fixtures

Following the drop seen last month, OPEC spot fixtures dropped in April by 4.2%. The decline came mainly on the back of lower fixtures registered for both eastbound and westbound destinations, while global fixtures declined by 2.9% from a month earlier. Compared with a year ago, OPEC and spot global fixtures were down by 11.2% and 9.6%, respectively.

Table 7.1: Tanker chartering, sailings and arrivals, mb/d

	Feb 15	Mar 15	Apr 15	*Change* Apr 15/Mar 15
Spot Chartering				
All areas	18.08	16.85	16.36	-0.48
OPEC	13.04	11.62	11.13	-0.49
Middle East/East	6.60	5.44	5.07	-0.37
Middle East/West	2.75	2.63	2.44	-0.19
Outside Middle East	3.69	3.56	3.62	0.06
Sailings				
OPEC	24.49	23.63	23.35	-0.29
Middle East	18.11	17.30	17.00	-0.30
Arrivals				
North America	10.14	9.84	9.91	0.07
Europe	12.50	12.57	12.18	-0.39
Far East	8.50	8.73	8.38	-0.35
West Asia	4.66	4.60	4.76	0.17

Sources: Oil Movements and Lloyd's Marine Intelligence Unit.

Sailings and arrivals

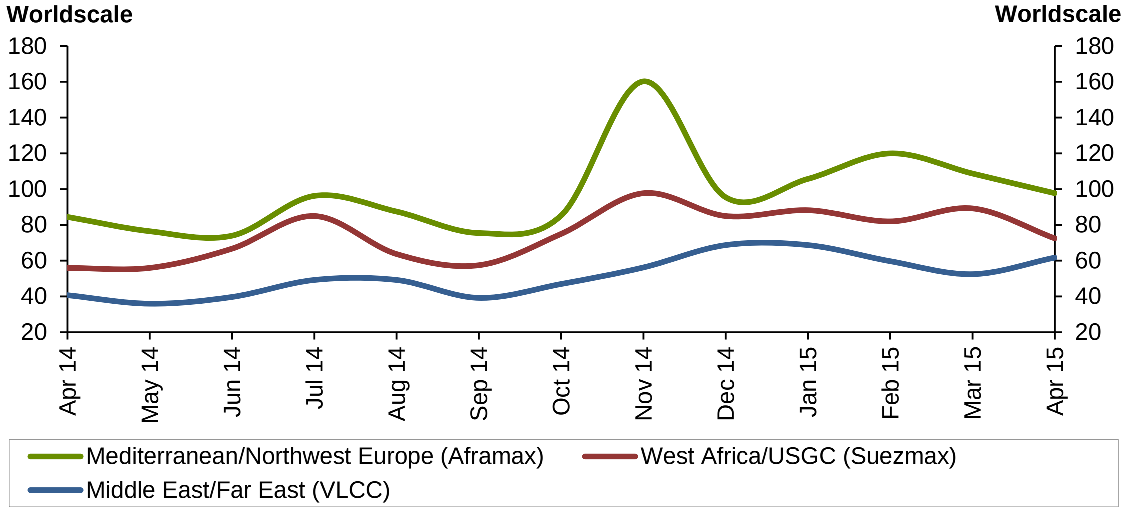
OPEC sailings were also lower in May, dropping from the previous month and a year earlier by 1.2% and 2.2%, respectively. According to preliminary data, arrivals into North America and West Asia increased by 0.7% and 3.6%, respectively, from the month before, while arrivals into the Far East and Europe declined by 0.5% and 3.1% from the previous month’s arrivals.

Spot freight rates

VLCC

Contrary to the other vessels in the dirty segment, **VLCC** freight rates increased in April from the previous month, rising by 17%. The increase, which came as an average of gains achieved by VLCC trading on all reported routes, came mainly on the back of higher activity seen following the Easter holidays, coupled with a tighter tonnage list. The higher freight rates in the Middle East drove the increase in tonnage for West Africa loadings mainly to eastern destinations as the West African market mirrored the Middle East tonnage market. On a monthly comparison, spot freight rates for VLCCs operating from the Middle East-to-East increased by 18% to average WS62 points, while those from the Middle East-to-West ended the month up by 17% to average WS34 points. Similarly, the monthly average freight rates for VLCCs operating on the West Africa-to-East route increased by 17% in April to average WS60 points. Despite being volatile during the month, West African tonnage demand remained generally strong. VLCC ship owners showed great resistance to lower freight rates in a trial to maintain their gains from dropping as the tight availability situation eased. On an annual basis, freight rates for tankers operating on the Middle East-to-East and West Africa-to-East routes increased by 52% and 43%, respectively, from the same month last year.

Graph 7.1: Monthly averages of crude oil spot freight rates



Suezmax

In contrast, **Suezmax** freight rates encountered losses from the month before. Insufficient market activity during the holidays leading to increased availability, supported the rate drops encountered during the month. In April, spot freight rates for Suezmax trading from West Africa-to-USGC dropped by 19% over the previous month to average WS73 points. Spot freight rates for vessels operating on the Northwest Europe-to-USGC route dropped by 10% to average WS64 points. Although Suezmax monthly average spot freight rates dropped m-o-m, Suezmax freight rates did experience occasional gains due to higher activity on the West Africa-to-West route and premiums paid for prompt loadings in the North Sea. Despite the monthly drop, spot freight rates for both routes remained higher than the same month a year ago.

Table 7.2: Spot tanker crude freight rates, Worldscale

	Size				Change
	1,000 DWT	Feb 15	Mar 15	Apr 15	Apr 15/Mar 15
Crude					
Middle East/East	230-280	60	53	62	9
Middle East/West	270-285	36	29	34	5
West Africa/East	260	58	52	60	9
West Africa/US Gulf Coast	130-135	82	89	73	-17
Northwest Europe/US Gulf Coast	130-135	70	70	64	-7
Indonesia/East	80-85	105	104	99	-5
Caribbean/US East Coast	80-85	165	171	140	-31
Mediterranean/Mediterranean	80-85	128	116	105	-11
Mediterranean/Northwest Europe	80-85	120	109	98	-11

Sources: Galbraith's tanker market report and Platts.

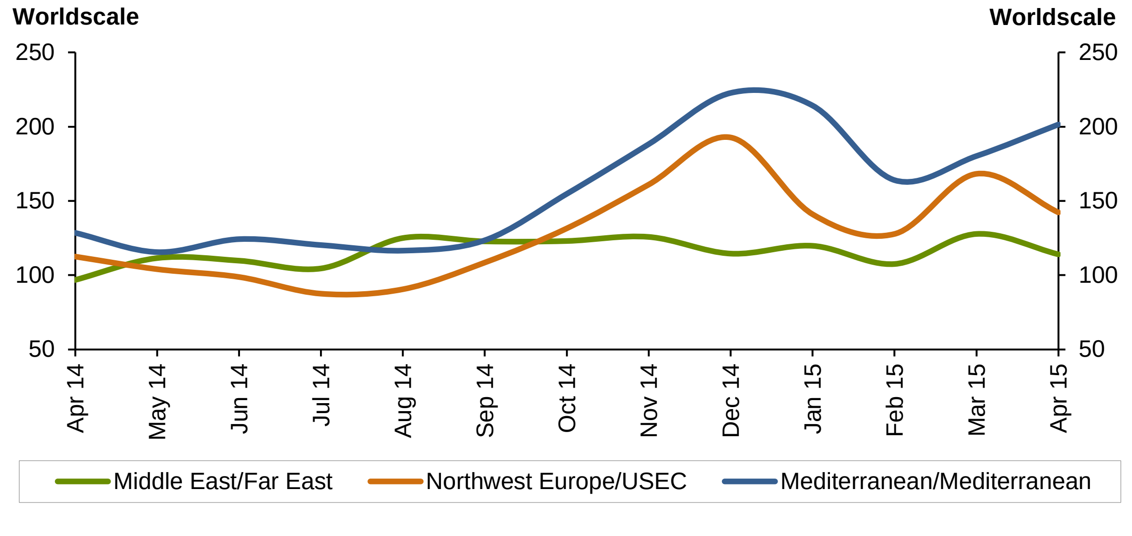
Aframax

In the **Aframax** sector, spot freight rates dropped on all reported routes with no exceptions. Although the Aframax market experienced high freight rates at the beginning of April, as a result of a pre-holiday rush, freight rates declined afterwards, mainly in the North Sea and the Baltics. The Aframax market in Northwest Europe was firm earlier in the month before rates dropped as a result of an increasing tonnage build, which effected freight rates on several routes in April. Aframax spot freight rates were under the influence of the limited cargoes on the market, while tonnage supply remained mostly abundant. Consequentially, Aframax Caribbean-to-USEC spot freight rates dropped by 18% from the previous month to average WS140 points, while freight rates for vessels operating on the Mediterranean-to-Mediterranean and Mediterranean-to-Northwest Europe routes experienced lesser declines as they dropped by 10% each to average WS105 and WS98 points, respectively. The rate on the Indonesia-to-East route experienced the lowest decline amid other reported routes in April as it fell by 5% to average WS99 points.

Clean spot freight rates

In the **clean tanker** sector, spot freight rates were mixed as they increased on most reported routes with some exceptions. Contrary to the previous month, the clean tanker market was quiet for tankers of all sizes during April as mainly eastbound fixtures showed lower freight rates than last month.

Graph 7.2: Monthly average of clean spot freight rates



In **East of Suez**, low naphtha tonnage demand negatively affected freight rates for tankers operating on the Middle East-to- East route, which declined by 11% to average WS114 points. At the same time, increasing vessel supply, mainly in the long-range (LR) classes, was also a driver of the decline in freight rates, while rates for the Singapore-to-East route increased by 4% in April, compared to the previous month.

In the **West of Suez**, the clean tanker market got busy following the holidays, and rates mainly increased in the Mediterranean and Black Sea, supported also by port delays. Therefore, freight rates seen on the Mediterranean-to-Mediterranean and Mediterranean-to-Northwest Europe routes increased by 12% and 11% to average WS202 points and WS212 points, respectively. While LR1 freight rates were influenced by limited gasoline tonnage demand, freight rates for tankers trading on the Northwest Europe-to-USEC route dropped by 16% to average WS142 points.

Table 7.3: Spot tanker product freight rates, Worldscale

	Size *1,000 DWT*	**Feb 15**	**Mar 15**	**Apr 15**	***Change*** **Apr 15/Mar 15**
Products					
Middle East/East	30-35	108	128	114	-14
Singapore/East	30-35	116	135	140	5
Northwest Europe/US East Coast	33-37	128	168	142	-26
Mediterranean/Mediterranean	30-35	164	180	202	21
Mediterranean/Northwest Europe	30-35	174	190	212	21

Sources: Galbraith's tanker market report and Platts.

Oil Trade

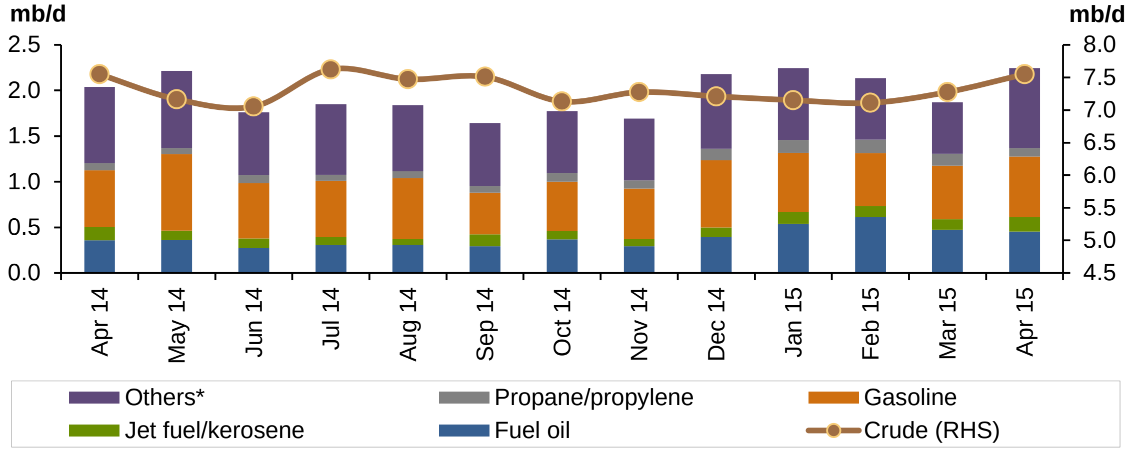
Preliminary data in the US for April showed that crude oil imports increased by 274 tb/d over the previous month to average 7.6 mb/d, while remaining stable compared to a year ago. US monthly product imports rose by 372 tb/d m-o-m, and were up 206 tb/d y-o-y. Japan's crude oil imports increased by 32 tb/d or 1% from the previous month to average 3.7 mb/d in March. In a y-o-y comparison, crude imports showed a drop of 142 tb/d from the previous year. Japan's product imports dropped slightly in May by 4 tb/d to average 631 tb/d, down by 2% from one year ago. China's crude imports dropped by 350 tb/d or 5% in March to average 6.3 mb/d from the previous month, however, they were higher from one year earlier by 862 tb/d. India's crude oil imports increased in March by 497 tb/d or 15% m-o-m and rose 402 tb/d or 12% y-o-y to average 3.9 mb/d, following a drop seen in the previous month. India's product imports averaged 560 tb/d in March, up by 51 tb/d m-o-m and a rise of 197 tb/d y-o-y.

US

In April, preliminary data shows that **US crude oil imports** increased to average 7.6 mb/d, up by 274 tb/d from the previous month and stable from a year earlier. On a year-to-date basis, US crude imports in April were 128 tb/d lower.

US monthly **product imports** were also higher from one month ago by 372 tb/d, while in an annual comparison they went up by 206 tb/d or 29%. In April, US **product exports** were 162 tb/d lower than seen a month earlier to average 3.7 mb/d. In an annual comparison, product exports were lower than a year before by a slight 11 tb/d. As a result, **US total net imports rose in May by 807 tb/d or 17% to average 5.6 mb/d**, close to the same level as a year before.

Graph 8.1: US imports of crude and petroleum products



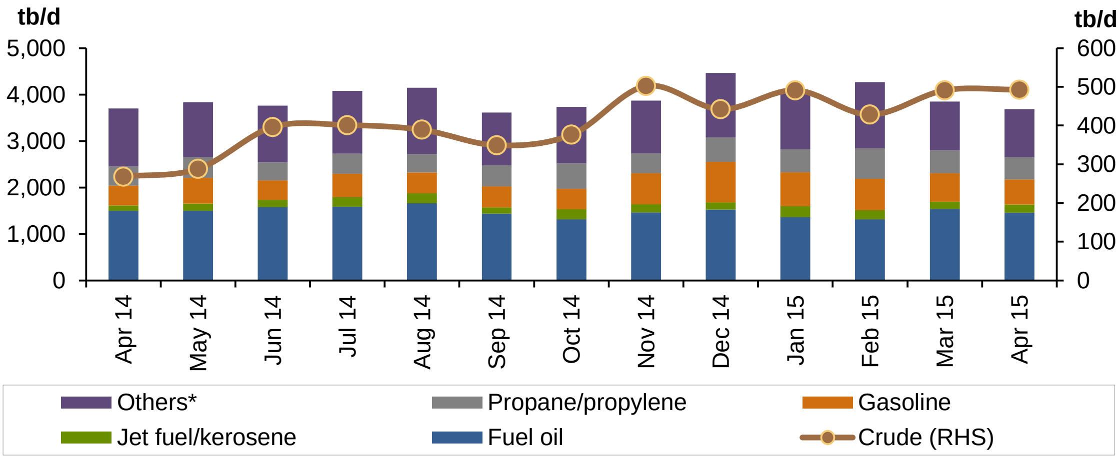
**Others: Contains natural gas liquids, liquefied refinery gases (LRG's), other liquids and all finished petroleum products except gasoline, jet fuel/kerosene, fuel oil and propane/propylene.*

In February, the first- and second **top suppliers** to the US maintained the same order as seen the previous month, with Canada remaining the premier crude supplier, accounting for 45% of total crude imports. Numbers remained stable with the previous month, averaging 3.2 mb/d. Saudi Arabia came in as second-largest supplier to the US in February, with crude exports up from the previous month by 123 tb/d. Venezuela came in as third-top supplier, accounting for 10% of total US crude imports, up by 121 tb/d or 20% over the previous month.

Total **crude imports from OPEC Member Countries** were higher in February from the previous month by 202 tb/d or 9%, accounting for 35% of total US crude imports. US product imports from OPEC Member Countries were also up, by 56 tb/d or 26% from the previous month and by 45 tb/d or 20% from the previous year. Canada and Russia maintained their positions as first- and second-biggest product suppliers to the US, accounting for 34% and 13%, respectively. Both countries had a drop in the US in February, by 35 tb/d and 91 tb/d, respectively. Canadian product exports to the US averaged 730 tb/d, while imports from Russia averaged 275 tb/d. Algeria came in as third-biggest supplier to the US, holding a share of 5%, up by 30 tb/d from the previous month.

Looking into **importing regions**, the largest volumes to the US were sourced from North America, with an average of 3.2 mb/d. This was followed by Latin America, which averaged 2.14 mb/d in February. The Middle East came in as third-biggest importer with an average of 1.4 mb/d, while imports from Africa, Asia and former Soviet Union (FSU) all increased from one month earlier, averaging 270 tb/d, 42 tb/d and 25 tb/d, respectively, in February.

Graph 8.2: US 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.*

Looking into **imports by PADD**: Most crude imports to PADD 1 on the East Coast came from North America, followed by the Middle East, to average 255 tb/d and 91 tb/d, respectively. Crude imports from the Middle East increased over the previous month, when no imports were registered from the region, while imports from North America were down by 100 tb/d from a month before. Imports to PADD 2 were also mostly sourced from North America, at 2 mb/d, up by 114 tb/d from January. PADD 3 continued to source its largest imports from Latin America, though they were down in February by 59 tb/d to average 1.8 mb/d, while imports from the Middle East were higher by 17 tb/d from the previous month to average 853 tb/d. PADD 4 only imported from North America, with an average of 307 tb/d in February, up by 28 tb/d from a month before. Imports to PADD 5 on the West Coast came primarily from the Middle East, averaging 418 tb/d in February, followed by Latin America and North America.

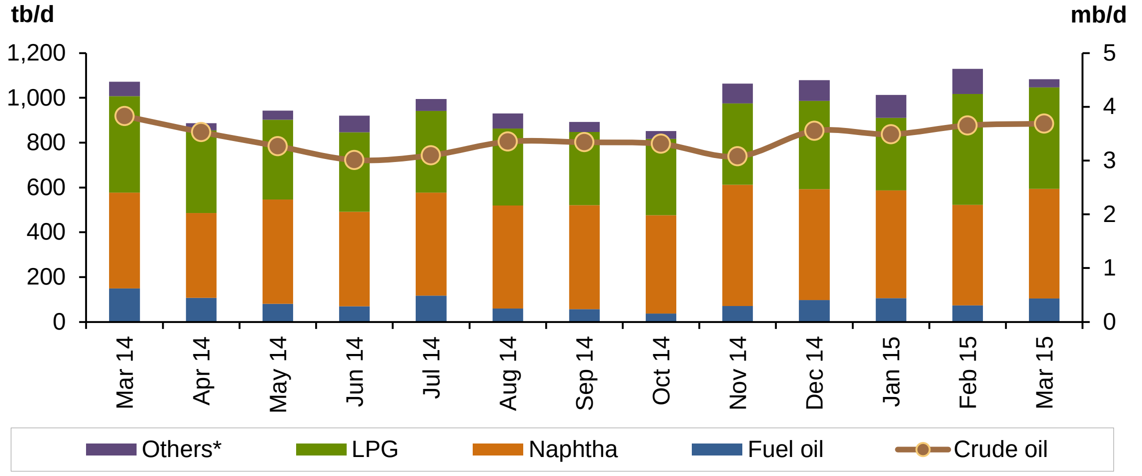
Table 8.1: US crude and product net imports, tb/d

	Feb 15	Mar 15	Apr 15	*Change* Apr 15/Mar 15
Crude oil	6,681	6,783	7,056	273
Total products	-2,137	-1,978	-1,443	535
Total crude and products	**4,544**	**4,805**	**5,613**	**807**

Japan

Japan's crude oil imports increased in March as they had the previous month, rising by 32 tb/d or 1% to average 3.7 mb/d. In a y-o-y comparison, crude imports showed a drop from the previous year by 142 tb/d or 4%. At the same time, Japan's refinery throughput and utilization were down from the month before. Saudi Arabia came in as the **biggest crude supplier** to Japan, as in the previous month, holding a share of 38% of total crude exports, up by 183 tb/d from one month before. UAE came as second-largest supplier with a share of 25% of total crude exports, increasing its volumes from a month before by 76 tb/d. Qatar was third-largest supplier in May with a share of 7%. Volumes imported from Qatar were lower than the previous month by 50 tb/d.

Graph 8.3: Japan's imports of crude and petroleum products

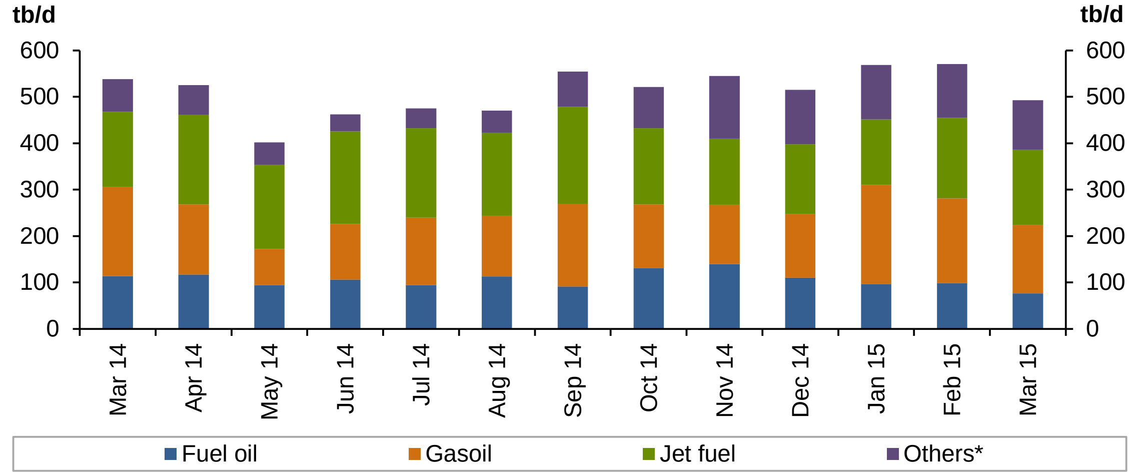


Others: Contains gasoline, jet fuel, kerosene, gasoil, asphalt and paraffin wax.

Japan's product imports slightly dropped in May by 4 tb/d to average 631 tb/d, down by 2% from the previous year.

Japanese exports for May saw a drop of 78 tb/d to average 493 tb/d, the lowest level since August 2014. Annually, this shows a drop of 45 tb/d or 8%.

Graph 8.4: Japan's exports of petroleum products



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

Accordingly, **Japanese net imports increased in May by 105 tb/d to average 3.8 mb/d**, the highest level since March 2014, reflecting a monthly gain of 3% and an annual drop of 3%.

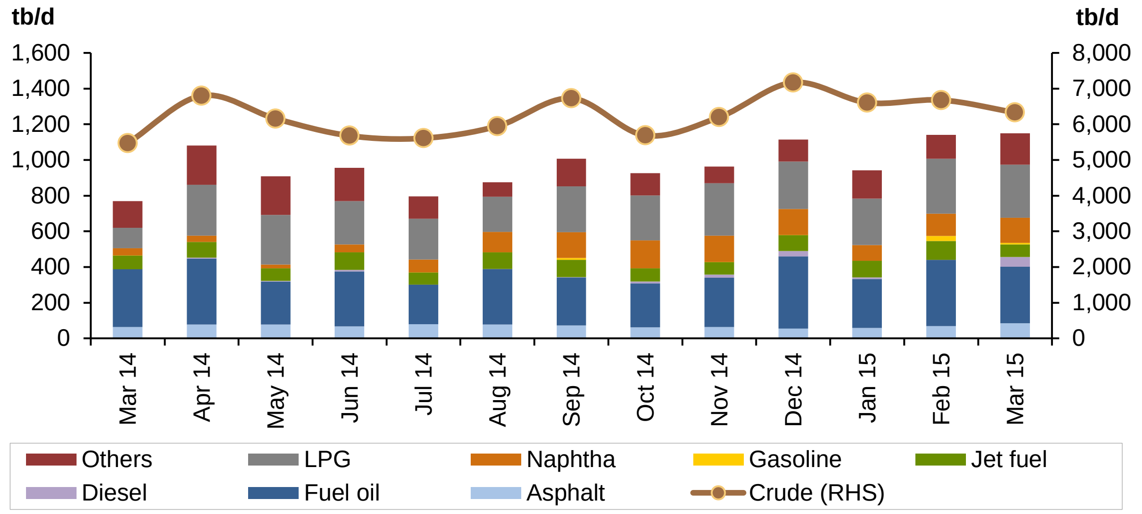
Table 8.2: Japan's crude and product net imports, tb/d

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15
Crude oil	3,489	3,654	3,686	32
Total products	120	64	138	73
Total crude and products	**3,609**	**3,719**	**3,824**	**105**

China

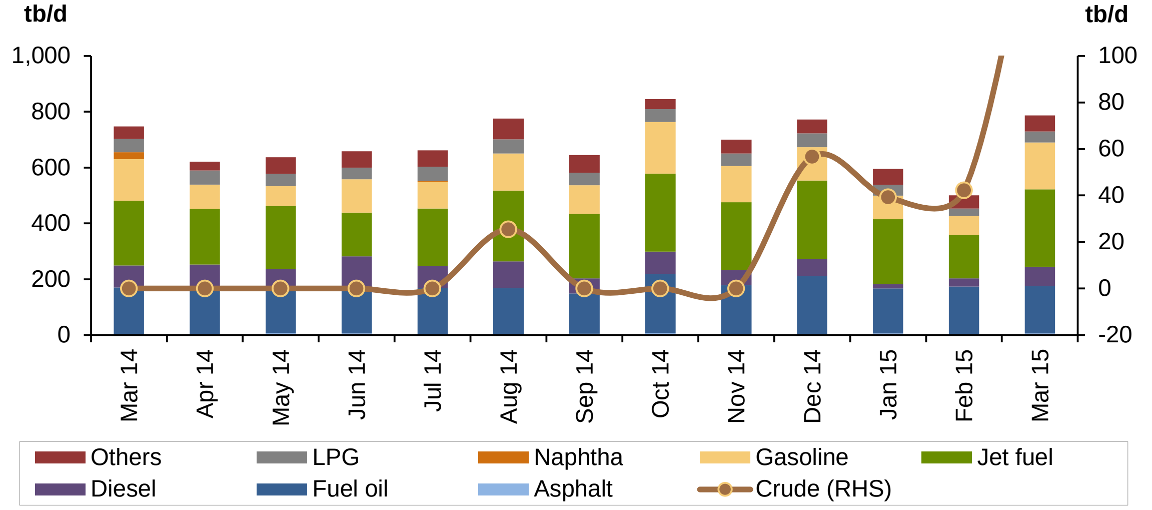
China's crude imports dropped in March to average 6.3 mb/d, down by 350 tb/d or 5% from the previous month. However, they are higher than a year ago by 862 tb/d. On a year-to-date basis, the figures reflect an increase of 492 tb/d or 8%. Saudi Arabia, Angola and Russia were the **top suppliers** in March, accounting for 15%, 13% and 11%, respectively. Crude imports from Saudi Arabia and Russia were lower from the month before, while imports from Angola increased from the previous month by 12 tb/d or 2%. Imports from Angola and Russia increased by 65 tb/d and 70 tb/d, respectively. Iraq was in fourth place, though its exports to China were down from the previous month by 214 tb/d or 6%.

Graph 8.5: China's imports of crude and petroleum products



China exported 786 tb/d of products in March, up by 57% from the previous month. Moreover, crude oil exports reached their highest level at 176 tb/d, up by 134 tb/d m-o-m and 176 tb/d y-o-y, as no crude exports were registered the same month one year earlier.

Graph 8.6: China's exports of crude and petroleum products



As a result, **China's net oil imports dropped by 760 tb/d from the previous month** and by 1 mb/d from one year earlier.

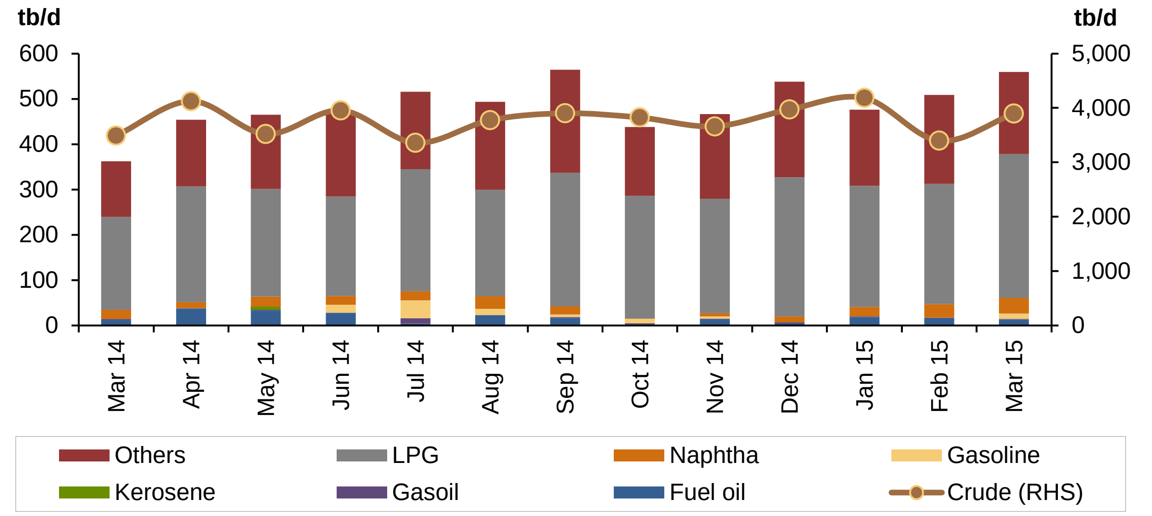
Table 8.3: China's crude and product net imports, tb/d

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15
Crude oil	6,568	6,638	6,154	-484
Total products	347	640	363	-276
Total crude and products	**6,914**	**7,278**	**6,517**	**-760**

India

India's crude oil imports increased in March both on a monthly and an annual basis, following a drop encountered the previous month. M-o-m the gain is equal to 497 tb/d or 15%. Similarly, in a y-o-y comparison imports increased by 402 tb/d or 12% to average 3.9 mb/d.

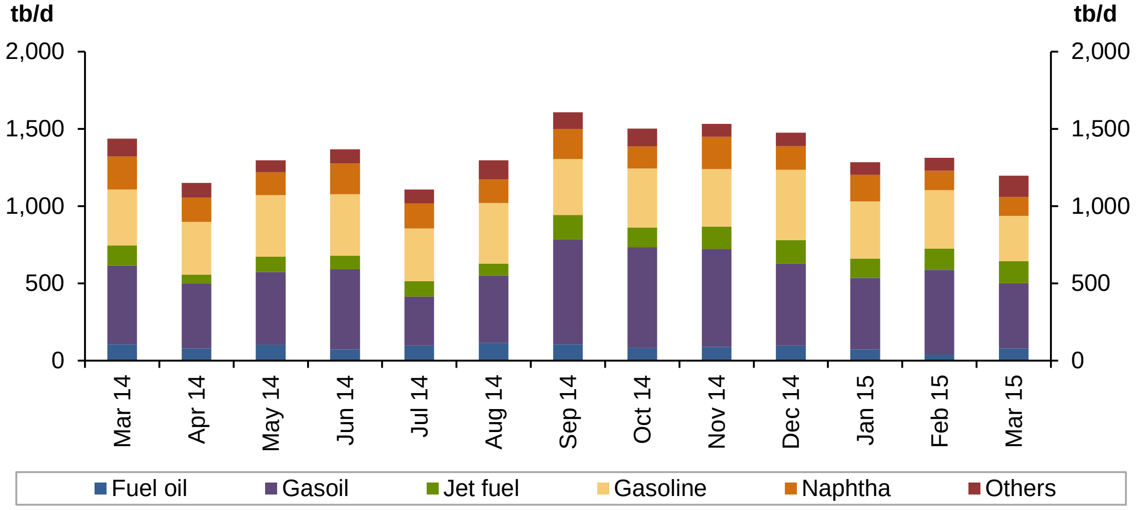
Graph 8.7: India's imports of crude and petroleum products



India's product imports also increased in both comparisons in March, by 51 tb/d and 197 tb/d to average 560 tb/d, the highest level seen since September 2014. The monthly gain in product imports came as a result of higher imported volumes of naphtha and LPG, while at the same time diesel and gasoline consumption were up from a year before.

Meanwhile, **India's product exports** for March showed a drop from the previous month of 114 tb/d or 9% and by 238 tb/d or 17% from one year ago to their lowest level since July 2014. Monthly increases in product exports came as both diesel and petrol exports dropped by 23% each from the previous month.

Graph 8.8: India's exports of petroleum products



Thus, **Indian net trade imports increased by 662 tb/d or 26% m-o-m** and by 838 tb/d or 35% from the previous year to average 3.3 mb/d.

Table 8.4: India's crude and product net imports, tb/d

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15
Crude oil	4,183	3,397	3,894	497
Total products	-809	-803	-638	165
Total crude and products	**3,374**	**2,594**	**3,255**	**662**

Note: India data table does not include information for crude import and product export by Reliance Industries.

FSU

Total crude oil exports from the former Soviet Union (FSU) increased in March by 88 tb/d or 2% to average 4.2 mb/d. Crude exports through the Russian pipeline increased as well, by 31 tb/d or 0.5% to average 6.7 mb/d.

Total shipments from the Black Sea rose by 9 tb/d or 1% to average 692 tb/d. This drop came as the result of a slight increase in exports through Novorossiysk port. Total Baltic Sea exports dropped by 15 tb/d in March, as shipments from Primorsk port terminal declined, though the drop was offset by increased exports from Ust Luga port terminal where they were up by 15 tb/d from the previous month. Total shipments over the Druzhba pipeline rose by 90 tb/d to average 1,140 tb/d, while shipments through Kozmino increased by 13 tb/d or 3% to average 624 tb/d.

Exports through the Lukoil system went up slightly by 4 tb/d and 6 tb/d from the previous month in the Barents and Baltic Seas, respectively.
Other routes showed a drop in March from one month before, with the exception of the Mediterranean Sea. Russian far east total exports were down by 12 tb/d or 4% from the previous month, as exports from De Kastri port terminal declined by 23 tb/d to average 207 tb/d.

On the other hand, **FSU total product exports** increased by 96 tb/d or 3% from the previous month to average 3.7 mb/d. This gain in product exports came as a result of a decline seen in gasoline, jet and fuel oil.

Table 8.5: Recent FSU exports of crude and petroleum products by source, tb/d

		2013	4Q 14	1Q 15	Feb 15	Mar 15
Transneft system						
Europe	**Black Sea total**	**739**	**503**	**702**	**683**	**692**
	Novorossiysk port terminal - total	739	503	702	683	692
	of which: Russian oil	535	358	505	459	500
	Others	204	145	198	224	193
	Baltic Sea total	**1,546**	**1,180**	**1,444**	**1,424**	**1,410**
	Primorsk port terminal - total	1,083	730	879	854	824
	of which: Russian oil	1,007	730	879	854	824
	Others	76	0	0	0	0
	Ust-Luga port terminal - total	463	450	564	570	585
	of which: Russian oil	342	277	356	389	352
	Others	121	173	208	181	234
	Druzhba pipeline total	**1,032**	**988**	**1,071**	**1,050**	**1,140**
	of which: Russian oil	1,000	956	1,039	1,017	1,107
	Others	32	32	32	32	32
Asia	**Pacific ocean total**	**434**	**517**	**605**	**611**	**624**
	Kozmino port terminal - total	434	517	605	611	624
	China (via ESPO Pipeline) total	**321**	**325**	**309**	**312**	**303**
	China Amur	321	325	309	312	303
Total Russian crude exports		**4,071**	**3,513**	**4,131**	**4,080**	**4,169**
Lukoil system		**2013**	**4Q 14**	**1Q 15**	**Feb 15**	**Mar 15**
Europe and North America	**Barents Sea Total**	**111**	**125**	**134**	**131**	**135**
	Varandey offshore platform	111	125	134	131	135
Europe	**Baltic Sea Total**	**19**	**13**	**18**	**17**	**23**
	Kalinigrad port terminal	19	13	18	17	23
Other routes		**2013**	**4Q 14**	**1Q 15**	**Feb 15**	**Mar 15**
Asia	**Russian Far East total**	**259**	**294**	**309**	**330**	**319**
	Aniva bay port terminal	114	107	109	101	112
	De Kastri port terminal	145	186	200	229	207
	Central Asia total	**239**	**209**	**252**	**269**	**243**
	Kenkiyak-Alashankou	239	209	252	269	243
Europe	**Baltic sea total**	**853**	**1,001**	**1,118**	**1,170**	**1,143**
	Novorossiysk port terminal (CPC)	704	889	986	1,058	996
	Supsa port terminal	76	99	91	90	81
	Batumi port terminal	53	14	41	22	66
	Kulevi port terminal	20	0	0	0	0
	Mediterranean sea total	**641**	**549**	**638**	**593**	**605**
	BTC	641	549	638	593	605
Russian rail		**2013**	**4Q 14**	**1Q 15**	**Feb 15**	**Mar 15**
	Russian rail	**198**	**12**	**18**	**28**	**13**
	of which: Russian oil	9	*7*	*8*	*9*	*8*
	Others	189	5	9	19	5
Total FSU crude exports		**6,392**	**5,716**	**6,618**	**6,619**	**6,650**
Products		**2013**	**4Q 14**	**1Q 15**	**Feb 15**	**Mar 15**
	Gasoline	122	103	162	138	174
	Naphtha	390	477	567	586	541
	Jet	11	1	28	19	58
	Gasoil	857	884	1,229	1,205	1,222
	Fuel oil	1,415	1,452	1,507	1,423	1,488
	VGO	263	265	231	247	231
Total FSU product exports		**3,058**	**3,181**	**3,724**	**3,618**	**3,714**
Total FSU oil exports		**9,450**	**8,897**	**10,342**	**10,237**	**10,364**

Sources: Argus Nefte Transport and Argus Global Markets.

Stock Movements

OECD commercial oil stocks rose by 16.0 mb in March to stand at 2,745 mb, more than 161 mb higher than the same time a year ago and 98 mb above the five-year average. Crude indicated a surplus of around 99 mb, while product stocks were in line with the five-year average. In terms of days of forward cover, OECD commercial stocks stood at 61 days, some 2.8 days higher than the latest five-year average. Preliminary data for April shows that total commercial oil stocks rose further by 44.7 mb to stand at 1,250.1 mb. With this build, they were 167 mb higher than the latest five-year average. Within the components, commercial crude and products saw builds of 15.6 mb and 29.1 mb, respectively. The latest information for China showed total commercial oil inventories rose by 7.9 mb in March to stand at 410.9 mb, about 7.0 mb above the same time a year ago. Within the components, commercial crude stocks fell by 5.6 mb, while product inventories rose by 13.5 mb.

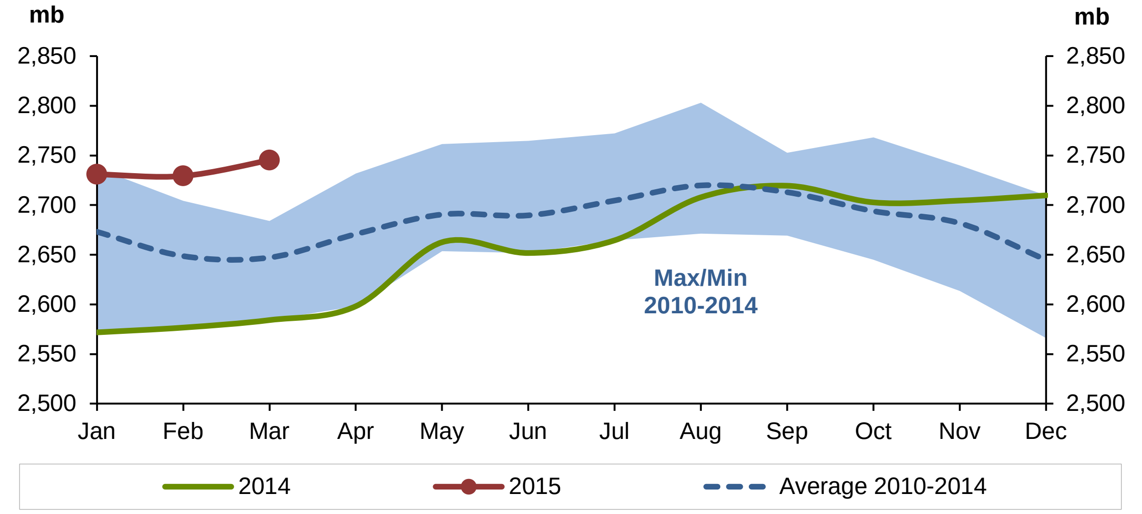
OECD

The latest information for March shows that **total OECD commercial oil stocks** rose by 16.0 mb to stand at 2,745 mb, the highest level since October 2010. At this level, inventories were 161.2 mb higher than the same time a year ago and around 98.1 mb above the latest five-year average. Within the components, commercial crude rose by 22.7 mb, while product stocks were down by 6.7 mb.

OECD **commercial crude** continued its upward trend for the fourth consecutive month to end March at 1,382 mb, which is 86.7 mb above the same time one year earlier and 98.9 mb higher than the latest five-year average. Builds were again most evident in the US, reflecting a continued increase in US domestic production along with higher crude imports. The ongoing contango structure also helped crude to increase further.

In contrast, OECD **product inventories** fell by 6.7 mb in March, which was less than the sharp decline seen in February. At 1,366 mb, product inventories stood at 74.4 mb higher than a year ago at the same time, while they remained in line with the seasonal norm.

Graph 9.1: OECD's commercial oil stocks



In terms of **days of forward cover**, OECD commercial stocks rose by 0.2 days in March from the previous month to stand at 61.0 days, which was 3.5 days above last year at the same period and 2.8 days higher than the latest five-year average. Within the regions, OECD Americas' days of forward cover was 6.5 days higher than the historical average at 66.4 days in March, while OECD Asia Pacific stood at 2.0 days below the seasonal average to finish the month at 49.0 days. At the same time, OECD Europe indicated a slight deficit of 0.4 days, averaging 66.4 days in February.

In **OECD Americas**, **commercial stocks** rose by 18.5 mb to stand at 1,477 mb in March, a surplus of 156 mb above the seasonal norm and around 166 mb above the same time one year ago. Within the components, crude stocks rose by 23.4 mb, while product inventories abated this build, declining by 6.7 mb.

At the end of March, **commercial crude oil stocks** in OECD Americas rose, ending the month at 793 mb, which is 130 mb above the latest five-year average and 120 mb higher than the same time one year ago. Ongoing increases in US domestic production along with the WTI contango structure have pushed crude oil inventories to another all-time record high. Higher crude oil imports, reaching 7.3 mb/d in March, also contributed to the build. However, an increase in crude oil refinery input limited further builds in US commercial crude oil stocks.

In contrast, **product stocks** in **OECD Americas** fell in March to stand at 684 mb. Despite this stock draw, they indicated a surplus of 46.0 mb above the same time one year ago and 25.3 mb over the seasonal norm. The fall in product stocks came mainly from the improvement in US demand.

OECD Europe's commercial stocks fell by 3.3 mb in March to stand at 898 mb, which is 23.4 mb higher than the same time a year ago and 35.7 mb below the latest five-year average. Product stocks went up by 1.1 mb, while commercial crude inventories saw a stock draw of 4.4 mb.

OECD Europe's **commercial crude stocks** fell in March to stand at 374 mb, which is 10.4 mb below the same period a year earlier and 14.7 mb less than the latest five-year average. The fall in crude oil stocks was mainly driven by reduced crude exports to the region, as lower crude refinery runs limited further drops in crude oil inventories.

In contrast, OECD Europe's **commercial product stocks** rose by 1.1 mb in March to stand at 524 mb, which is 33.9 mb higher than a year ago at the same time, yet 21.1 mb below the seasonal norm.

OECD Asia Pacific commercial oil stocks rose slightly, by 0.8 mb, in March to end the month at 371 mb, which is 28.4 mb less than a year ago and 21.8 mb below the five-year average. Within the components, crude rose by 3.7 mb, while product inventories fell by 2.9 mb. Crude inventories ended March at 216 mb and stood at 22.9 mb below a year ago and 16.8 mb under the seasonal norm.

OECD Asia Pacific's total product inventories ended March at 155 mb, indicating a deficit of 5.5 mb below a year ago and 5.0 mb under the seasonal norm.

Table 9.1: OECD's commercial stocks, mb

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15	Mar 14
Crude oil	1,325	1,360	1,382	22.7	1,296
Products	1,406	1,370	1,363	-6.7	1,289
Total	**2,731**	**2,729**	**2,745**	**16.0**	**2,584**
Days of forward cover	**59.9**	**60.8**	**61.0**	**0.2**	**57.4**

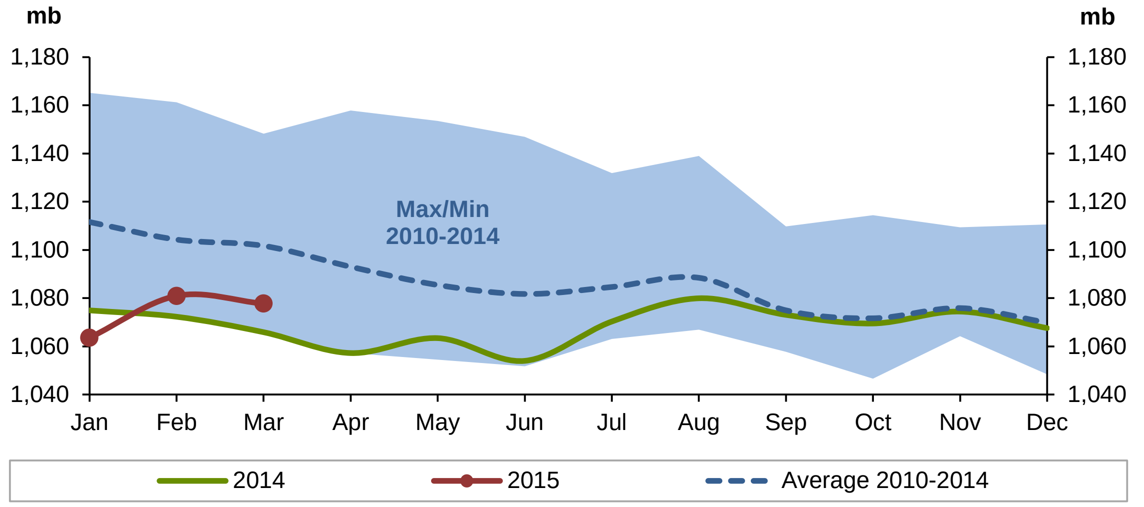
EU plus Norway

Preliminary data for March shows that total European stocks fell by 3.2 mb, reversing the strong build of 17.4 mb in February to end the month at 1,077.7 mb, which is 11.8 mb or 1.1% above the same time a year ago, yet 24.0 mb or 2.2% below the latest five-year average. Crude stocks fell by 4.4 mb, while product inventories rose by 1.1 mb.

European crude inventories fell in March, reversing the build of the previous month, to stand at 470.1 mb, which is 2.7 mb or 0.6% below the same period one year ago, yet 4.7 mb or 1.0% above the seasonal norm. The fall in crude oil stocks was driven by lower crude supply due to some disruptions in exports. Lower crude refinery runs limited further drops in crude oil inventories.

In contrast, **European product stocks** rose by 1.1 mb in March for the third consecutive month to stand at 607.7 mb, which is 14.5 mb or 2.4% above a year earlier at the same time, yet 28.7 mb or 4.5% below the seasonal norm. Within products, the picture was mixed, with naphtha and residual fuel stocks going up, while distillates and gasoline remained unchanged.

Graph 9.2: EU-15 plus Norway's total oil stocks



Distillate stocks stood at 339.0 mb, indicating a surplus of 7.2 mb or 1.9% above last year at the same time and 0.5 mb or 0.1% higher than the latest five-year average. Strong demand, mainly for heating oil in Germany, was offset by lower distillate output.

Gasoline stocks also remained unchanged in March, ending the month at 116.3 mb, which is a surplus of 2.4 mb or 2.1% over a year earlier and 1.4 mb or 1.2% above the seasonal norm. Gasoline production fell by around 160,000 b/d in March, offsetting the increase in demand, leaving gasoline stocks unchanged in March.

Residual fuel oil stocks rose by 0.3 mb in March, reversing the stock draw of the previous month. At 72.9 mb, residual fuel oil stocks were 3.9 mb or 5.6% above the same time a year ago and 19.3 mb or 20.9% less than the seasonal average.

Naphtha stocks rose by 0.9 mb in March to stand at 25.5 mb, indicating a surplus of 1.1 mb or 4.3% above the same month last year, but they remained 11.3 mb or 30.8% lower than the latest five-year average.

Table 9.2: EU-15 plus Norway's total oil stocks, mb

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15	Mar 14
Crude oil	**463.7**	**474.4**	**470.1**	**-4.4**	**472.8**
Gasoline	110.8	116.3	116.3	0.0	113.9
Naphtha	25.1	24.6	25.5	0.9	24.5
Middle distillates	390.4	393.0	393.0	0.0	385.8
Fuel oils	73.6	72.6	72.9	0.3	69.0
Total products	599.9	606.5	607.7	1.1	593.1
Total	**1,063.6**	**1,081.0**	**1,077.7**	**-3.2**	**1,065.9**

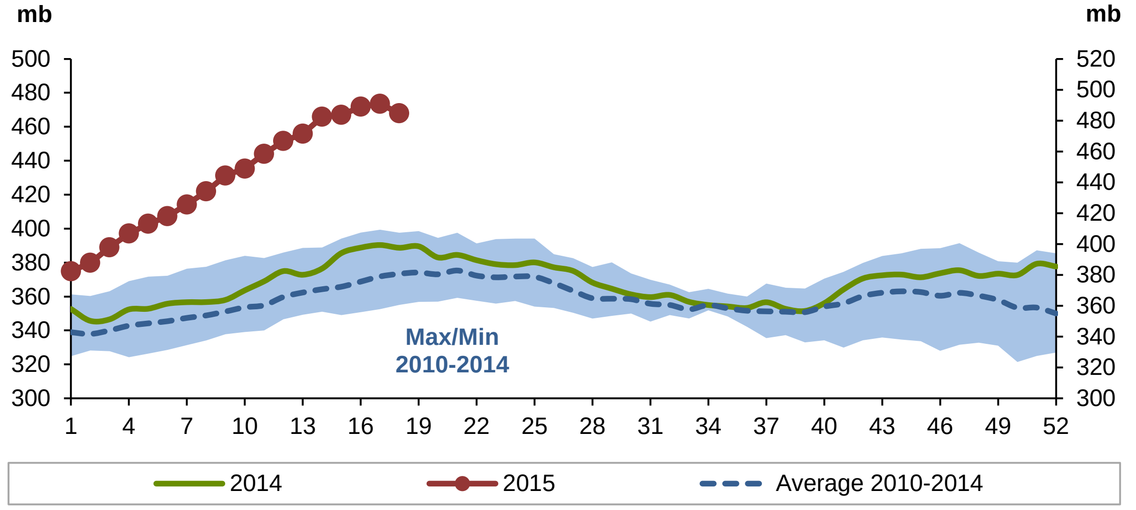
Sources: Argus and Euroilstock.

US

Preliminary data for April shows that **total commercial oil stocks** rose for the sixth consecutive month, increasing by 44.7 mb, to stand at 1,250.1 mb. With this build, they were 163.2 mb or 15% above the same period a year ago and 167.2 mb or 15.4% higher than the latest five-year average. Within the components, commercial crude and products saw builds of 15.6 mb and 29.1 mb, respectively.

US commercial crude stocks have risen sharply since October 2014, accumulating around 126 mb to stand at 487.0 mb at the end of April and finishing the month at 93.9 mb or 23.9% above the same time last year and 106.5 mb or 28.0% above the latest five-year average. The increase in US domestic production, along with the WTI contango structure, pushed crude oil inventories higher. However, the last week of April saw a stock draw of 3.9 mb for the first time since the first week of January. This fall was mainly driven by a large weekly drop in crude imports, which declined by 0.9 mb/d week-on-week to average 6.5 mb/d. A higher increase in crude oil refinery input also contributed to this build. Indeed, refinery runs rose by 0.25 mb/d to average 16.3 mb/d, the highest rate of the year. Refineries were running at around 90.0% of operable capacity in April, 1.7 pp higher than the previous month and 2.8% above last year at the same time. Crude at Cushing, Oklahoma, saw a slight build of 1.7 mb in April versus March to end the month at 61.7 mb, with the last week of April showing a marginal stock draw of 12 tb. While the latest draw in US crude commercial stocks was seen as a positive sign for crude oil prices, the overhang remains very high, calling into question the recent WTI price performance.

Graph 9.3: US weekly commercial crude oil stocks

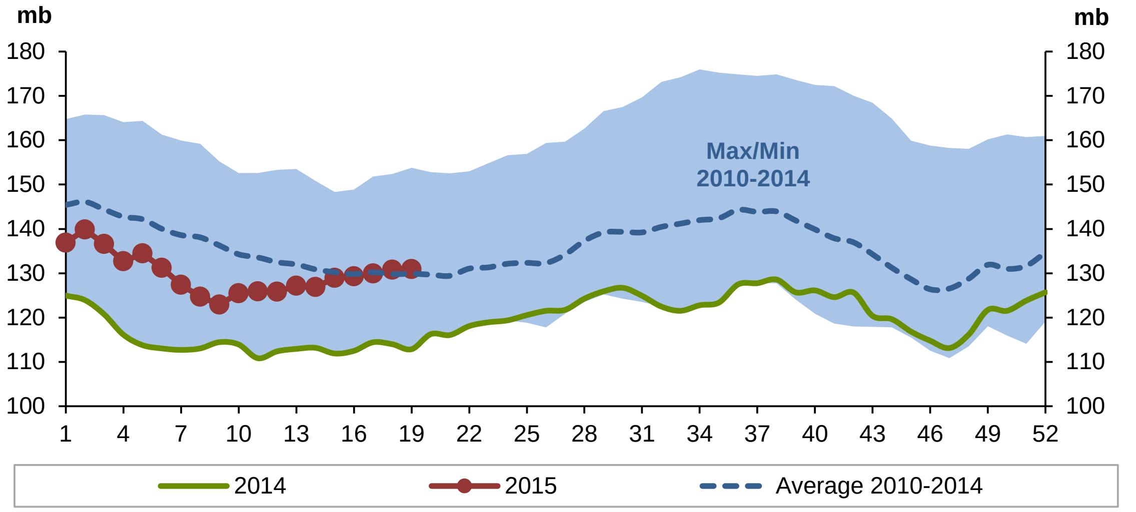


Total product stocks rose by 29.1 mb in April to end the month at 763.1 mb, which is around 69.3 mb or 10.0% above the level seen at the same time a year ago and a surplus of 60.7 mb or 8.6% above the seasonal norm. With the exception of gasoline, all other products saw builds.

Gasoline stocks fell by 1.3 mb in April, ending the month at 227.9 mb, which is 11.9 mb or 5.5% higher than the same period a year ago and 13.5 mb or 6.3% above the latest five-year average. The drop came mainly from stronger apparent demand, which averaged more than 9.0 mb/d in April. Higher refinery output limited further drops in gasoline inventories.

In contrast, **distillate stocks** rose by 3.6 mb in April, ending the month at 130.8 mb, which is a surplus of 13.9 mb or 11.9% above the same period a year ago and 1.2 mb or 0.9% over the five-year average. The build in middle distillate stocks reflected higher output.

Graph 9.4: US weekly distillate stocks



Jet fuel stocks fell slightly, by 0.2 mb, ending the month of April at 36.5 mb, which is 1.9 mb or 5.0% lower than the same month a year ago and 4.0 mb or 10% below the latest five-year average.

Residual fuel oil stocks rose slightly, by 0.1 mb, in April to end the month at 38.8 mb, which is 2.6 mb or 7.2% higher than last year at the same time, and they were in line with the seasonal norm.

Table 9.3: US onland commercial petroleum stocks, mb

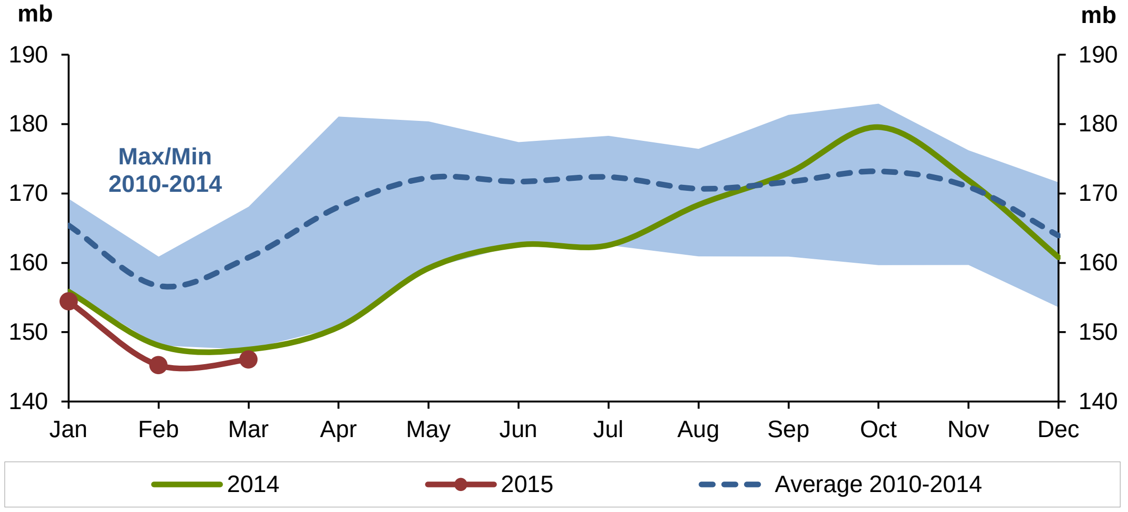
	Feb 15	Mar 15	Apr 15	*Change* Apr 15/Mar 15	Apr 15
Crude oil	448.0	471.4	487.0	15.6	393.2
Gasoline	240.7	229.1	227.9	-1.3	215.9
Distillate fuel	123.1	127.2	130.8	3.6	116.8
Residual fuel oil	36.7	38.7	38.8	0.1	36.2
Jet fuel	38.6	36.7	36.5	-0.2	38.4
Total	**1,186.9**	**1,205.4**	**1,250.1**	**44.7**	**1,086.9**
SPR	691.0	691.0	690.9	0.0	693.3

Source: US Energy Information Administration.

Japan

In Japan, total **commercial oil stocks** rose slightly, by 0.8 mb, in March, reversing the stock draw of the last three months to stand at 146.1 mb, which is 1.4 mb or 1.0% lower than a year ago and 14.7 mb or 9.2% below the five-year average. Within the components, crude rose by 3.7 mb, while product stocks fell by 2.9 mb.

Graph 9.5: Japan's commercial oil stocks



Japanese commercial **crude oil stocks** rose in March, reversing the declines of the last four consecutive months, to stand at 88.1 mb, which is 2.1 mb or 2.3% below a year ago at the same time and 8.3 mb or 8.6% under the seasonal norm. The stock build in crude oil was driven by lower refinery throughputs, which fell by around 212,000 b/d or 5.9% to average 3.4 mb/d in March. A slight increase in crude imports also contributed to the build in crude oil inventories. Indeed, crude oil imports rose by 32,000 b/d or 0.9% to average 3.7 mb/d. Direct crude burning in power plants rose by 9.2% in March, averaging 176.1 tb/d, but showed a decline of 6.9% over the same period a year ago.

Japan's **total product inventories** fell by 2.9 mb in March to stand at 58.0 mb. Despite this fall, product stocks were 0.6 mb or 1.1% above the same time a year ago, yet showed a deficit of 6.4 mb or 9.2% below the five-year average. The drop was driven mainly by lower refinery output, which declined by nearly 358,000 b/d or 10.1% to average 3.2 mb/d. However, the drop of almost 450,000 b/d in product sales limited further builds in product stocks. At 3.4 mb/d, Japan's oil product sales in March hit a 45-year low for the month, due partly to firm demand a year ago when oil demand rose just before the hike in the consumption tax, which took effect from April of last year. All products experienced stock draws.

Gasoline stocks fell by 0.4 mb in March to stand at 10.8 mb, indicating a deficit of 1.0 mb or 8.2% below the same time a year ago and 2.4 mb or 18% below the five-year average. This stock draw was driven by lower gasoline output, which declined by around 20,000 b/d, averaging 0.94 mb/d. Lower gasoline imports and higher exports also contributed to the stock draw.

Distillate stocks fell by 1.9 mb in March to stand at 23.6 mb, which is 2.4 mb or 11.4% above the same period a year ago, yet 1.6 mb or 6.3% lower than the seasonal average. Within distillate components, kerosene fell by 21.4%, while gasoil and jet fuel stocks rose by 3.3% and 0.2%, respectively. The drop in kerosene stocks was driven by lower output and less imports, while the drop in domestic sales limited further declines in kerosene stocks. In contrast, the builds in gasoil and jet fuel oil were driven by higher output as they increased by 7.1% and 21.8%, respectively.

Total residual **fuel oil stocks** fell by 0.4 mb in March to stand at 13.2 mb, which is 1.5 mb or 10.5% below a year ago and 2.4 mb or 15.6% lower than the latest five-year average. Within fuel oil components, fuel oil A rose by 0.4% on lower domestic sales, while fuel oil B.C fell by 4.5%, driven by lower output.

Naphtha stocks fell by 0.2 mb to finish the month of March at 10.5 mb, indicating a surplus of 0.7 mb or 7.6% above a year ago at the same time, yet remained unchanged from the latest five-year average. The stock draw came from lower naphtha output, which declined by 7.4%.

Table 9.4: Japan's commercial oil stocks*, mb

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15	Mar 14
Crude oil	**86.9**	**84.4**	**88.1**	**3.7**	**90.2**
Gasoline	11.0	11.2	10.8	-0.4	11.7
Naphtha	12.1	10.6	10.5	-0.2	9.7
Middle distillates	29.8	25.5	23.6	-1.9	21.2
Residual fuel oil	14.6	13.5	13.2	-0.4	14.7
Total products	**67.5**	**60.8**	**58.0**	**-2.9**	**57.3**
Total**	**154.4**	**145.2**	**146.1**	**0.8**	**147.5**

* *At end of month.*
** *Includes crude oil and main products only.*
Source: Ministry of Economy, Trade and Industry, Japan.

China

The latest information for China showed total commercial oil inventories rose by 7.9 mb in March to stand at 410.9 mb, which is around 7.0 mb above the previous year at the same time. Within the components, commercial crude stocks fell by 5.6 mb, while product inventories rose 13.5 mb. At 249.9 mb, commercial crude stocks represented a surplus of around 9.1 mb compared with the same period one year earlier. The fall in commercial crude stocks came mainly from the drop in crude oil imports, which declined by around 350,000 b/d to an average 6.3 mb/d. The increase of 5.5% in crude throughput also contributed to the decline. However, the increase of 2.1% in crude oil production limited further drops in Chinese crude oil commercial stocks.

In contrast, total **product stocks** in China rose by 13.5 mb to end March at 161.0 mb, which is 2.5 mb below a year ago at the same time. All products went up. Gasoline rose by 5.2 mb, ending March at 52.3 mb driven by a decline in gasoline demand. Diesel also saw a build of 7.6 mb to end the month of March at 93.6 mb. Higher diesel output was behind this build. Kerosene rose slightly, by 0.7 mb, to stand at 15.2 mb.

Table 9.5: China's commercial oil stocks, mb

	Jan 15	Feb 15	Mar 15	*Change* Mar 15/Feb 15	Mar 14
Crude oil	**260.7**	**255.5**	**249.9**	**-5.6**	**240.8**
Gasoline	56.2	47.1	52.3	5.2	60.6
Diesel	67.5	86.0	93.6	7.6	86.9
Jet kerosene	13.3	14.4	15.2	0.7	16.0
Total products	**137.0**	**147.5**	**161.0**	**13.5**	**163.5**
Total	**397.7**	**403.0**	**410.9**	**7.9**	**404.2**

Source: OPEC Secretariat analysis.

Singapore and Amsterdam-Rotterdam-Antwerp (ARA)

At the end of March, **product stocks in Singapore** fell by 4.1 mb, reversing the builds of the last two months, to stand at 43.7 mb, which is a surplus of 1.5 mb or 3.4% over the same period of the previous year. Within products, middle distillates and fuel oil went down, while light distillates remained unchanged.

Middle distillate stocks went down by 2.0 mb, ending March at 10.5 mb, which is a surplus of 0.3 mb or 3.1% above last year at the same time. Residual fuel oil stocks fell by 2.1 mb in March, ending the month at 19.8 mb, which is 1.0 mb or 3.4% less than the same time last year. Improvement in marine bunker demand in the region contributed to the stock draw in fuel oil stocks. Light distillate stocks remained unchanged in March, finishing the month at 13.4 mb, which is 2.2 mb or 19.4% above the same time a year ago.

Product stocks in Amsterdam-Rotterdam-Antwerp (ARA) rose by 2.0 in March, reversing the stock draw of last month. At 42.8 mb, product stocks in ARA were 12.9 mb or 43.0% higher than the same time last year. Within products, the picture was mixed, with gasoline, naphtha and fuel oil increasing, while gasoil and jet oil witnessed stock draws.

Gasoline stocks went up by 1.1 mb in March to stand at 8.6 mb, which is 0.6 mb or 6.3% below the same period last year. Residual fuel oil stocks rose by 2.0 mb, ending March at 6.3 mb, which is 2.3 mb or nearly 50% higher than last year at the same time. The builds in gasoline and residual fuel oil could be attributed to lower exports. In contrast, gasoil and jet fuel stocks fell by 1.4 mb and 0.4 mb, ending the month of March at 21.6 mb and 3.8 mb, respectively. Both products remained higher versus the same period last year.

Balance of Supply and Demand

Demand for OPEC crude in 2014 remained unchanged from the previous report to stand at 29.0 mb/d, 1.4 mb/d lower than the 2013 level. The demand for OPEC crude in 2015 was also revised slightly up to average 29.3 mb/d, 0.3 mb/d higher than the previous year.

Estimate for 2014

The 2014 demand for OPEC crude remained unchanged from the previous report to stand at 29.0 mb/d, representing a decrease of around 1.4 mb/d from the 2013 level. The third and the fourth quarters were revised up by 0.1 mb, while the first two quarters remained unchanged. The first and the second quarters are estimated to show a decline of 1.0 mb/d and 2.0 mb/d, respectively, versus the same period one year ago. The third and the fourth quarters showed a decline of 1.2 mb/d and 1.3 mb/d, respectively.

Table 10.1: Summarized supply/demand balance for 2014, mb/d

	2013	1Q14	2Q14	3Q14	4Q14	2014
(a) World oil demand	**90.37**	**90.23**	**90.22**	**91.99**	**92.82**	**91.32**
Non-OPEC supply	54.31	55.77	56.07	56.36	57.71	56.48
OPEC NGLs and non-conventionals	5.65	5.75	5.87	5.84	5.86	5.83
(b) Total supply excluding OPEC crude	**59.96**	**61.52**	**61.95**	**62.19**	**63.58**	**62.31**
Difference (a-b)	**30.41**	**28.71**	**28.28**	**29.79**	**29.24**	**29.01**
OPEC crude oil production	30.23	29.88	29.81	30.32	30.29	30.07
Balance	-0.17	1.17	1.53	0.52	1.04	1.06

Totals may not add up due to independent rounding.

Forecast for 2015

Demand in 2015 for OPEC crude was revised up slightly by 60 tb/d from the previous month, driven mainly by a slight rise in world oil demand as non-OPEC supply remained almost unchanged. The first quarter was revised up by 0.1 mb/d, while the following quarters remained unchanged. Demand for OPEC crude is projected to be at 29.3 mb/d, representing an increase of 0.3 mb/d from the estimated 2014 level. The first quarter is expected to decline by 0.8 mb/d when compared with the same period one year earlier, while the third and the fourth quarters are projected to increase by 0.5 mb/d and 1.5 mb/d, respectively. The second quarter is expected to remain at the same level as in 2014.

Table 10.2: Summarized supply/demand balance for 2015, mb/d

	2014	1Q15	2Q15	3Q15	4Q15	2015
(a) World oil demand	**91.32**	**91.51**	**91.37**	**93.21**	**93.89**	**92.50**
Non-OPEC supply	56.48	57.75	57.13	56.82	56.97	57.16
OPEC NGLs and non-conventionals	5.83	5.86	5.95	6.08	6.18	6.02
(b) Total supply excluding OPEC crude	**62.31**	**63.61**	**63.08**	**62.90**	**63.15**	**63.18**
Difference (a-b)	**29.01**	**27.89**	**28.30**	**30.32**	**30.74**	**29.32**
OPEC crude oil production	30.07	30.33				
Balance	1.06	2.44				

Totals may not add up due to independent rounding.

Graph 10.1: Balance of supply and demand

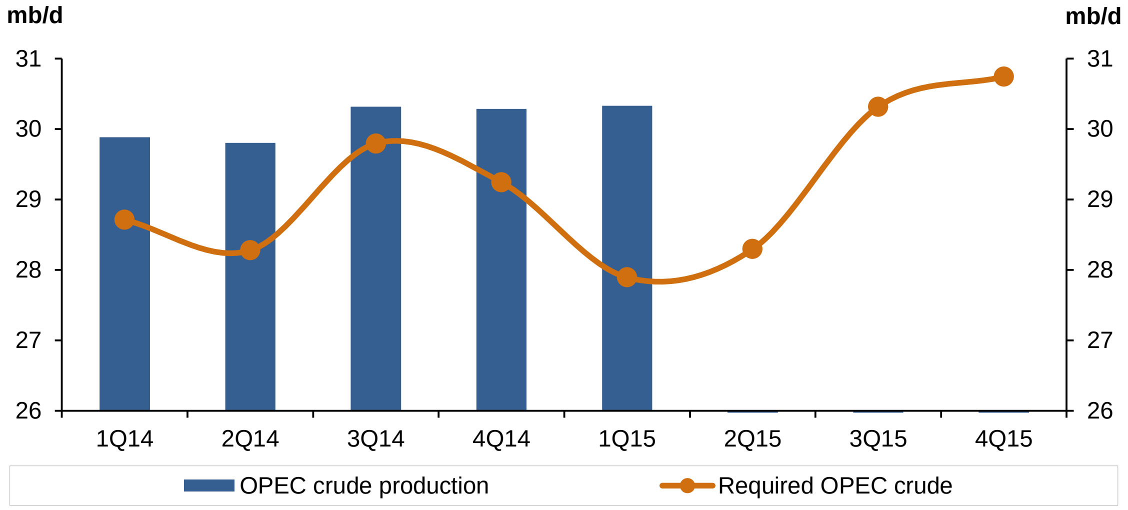


Table 10.3: World oil demand and supply balance, mb/d

	2011	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
World demand													
OECD	46.4	45.9	46.1	45.7	45.0	46.0	46.6	45.8	46.0	45.1	46.0	46.5	45.9
Americas	24.0	23.6	24.1	23.9	23.8	24.4	24.7	24.2	24.1	23.9	24.6	24.9	24.4
Europe	14.3	13.8	13.7	13.0	13.6	13.9	13.6	13.5	13.1	13.5	13.8	13.5	13.5
Asia Pacific	8.2	8.5	8.3	8.9	7.7	7.7	8.4	8.1	8.7	7.6	7.6	8.2	8.0
DCs	27.4	28.3	29.1	29.4	29.8	30.4	29.7	29.8	30.1	30.6	31.3	30.5	30.6
FSU	4.3	4.4	4.5	4.4	4.2	4.6	4.9	4.5	4.4	4.3	4.7	5.0	4.6
Other Europe	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.7
China	9.4	9.7	10.1	10.1	10.6	10.3	10.9	10.5	10.4	10.9	10.6	11.2	10.8
(a) Total world demand	**88.2**	**89.0**	**90.4**	**90.2**	**90.2**	**92.0**	**92.8**	**91.3**	**91.5**	**91.4**	**93.2**	**93.9**	**92.5**
Non-OPEC supply													
OECD	20.2	21.1	22.2	23.5	23.9	24.1	24.9	24.1	24.8	24.7	24.7	25.0	24.8
Americas	15.5	16.7	18.2	19.2	19.9	20.2	20.7	20.0	20.7	20.7	20.7	20.8	20.7
Europe	4.1	3.8	3.6	3.8	3.5	3.4	3.7	3.6	3.7	3.5	3.4	3.7	3.6
Asia Pacific	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
DCs	12.6	12.1	12.1	12.2	12.2	12.4	12.6	12.4	12.7	12.4	12.3	12.1	12.4
FSU	13.2	13.3	13.4	13.5	13.4	13.4	13.5	13.4	13.6	13.4	13.2	13.2	13.3
Other Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.2	4.2	4.3	4.3	4.2	4.4	4.3	4.3	4.3	4.3	4.3	4.3
Processing gains	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Total non-OPEC supply	52.4	52.9	54.3	55.8	56.1	56.4	57.7	56.5	57.8	57.1	56.8	57.0	57.2
OPEC NGLs + non-conventional oils	5.4	5.6	5.6	5.8	5.9	5.8	5.9	5.8	5.9	5.9	6.1	6.2	6.0
(b) Total non-OPEC supply and OPEC NGLs	**57.8**	**58.5**	**60.0**	**61.5**	**61.9**	**62.2**	**63.6**	**62.3**	**63.6**	**63.1**	**62.9**	**63.1**	**63.2**
OPEC crude oil production (secondary sources)	29.8	31.2	30.2	29.9	29.8	30.3	30.3	30.1	30.3				
Total supply	87.6	89.6	90.2	91.4	91.8	92.5	93.9	92.4	93.9				
Balance (stock change and miscellaneous)	-0.6	0.6	-0.2	1.2	1.5	0.5	1.0	1.1	2.4				
OECD closing stock levels (mb)													
Commercial	2,605	2,665	2,566	2,584	2,652	2,720	2,710	2,710	2,745				
SPR	1,536	1,547	1,585	1,586	1,582	1,580	1,582	1,582	1,579				
Total	4,142	4,212	4,151	4,171	4,233	4,299	4,292	4,292	4,325				
Oil-on-water	825	879	909	954	914	952	924	924	864				
Days of forward consumption in OECD													
Commercial onland stocks	57	58	56	57	58	58	59	59	61				
SPR	33	34	35	35	34	34	35	34	35				
Total	90	91	91	93	92	92	94	94	96				
Memo items													
FSU net exports	8.9	8.8	8.9	9.1	9.1	8.8	8.6	8.9	9.2	9.1	8.6	8.3	8.8
(a) - (b)	**30.4**	**30.6**	**30.4**	**28.7**	**28.3**	**29.8**	**29.2**	**29.0**	**27.9**	**28.3**	**30.3**	**30.7**	**29.3**

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

Table 10.4: World oil demand/supply balance: changes from last month's table* , mb/d

	2011	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
World demand													
OECD	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	0.1	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	0.1	-	-	-	-	-	-	-	0.1	-	-	-	-
World demand growth	-	-0.1	-	-	-	-	-	-	0.1	-	-	-	-
Non-OPEC supply													
OECD	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC supply growth	-	-	-	-	-	-	-	-	-	-	-	-	-
OPEC NGLs + non-conventionals	-	-	-	-	0.1	-	-0.1	-	-	-	-	-	-
(b) Total non-OPEC supply and OPEC NGLs	-	-	-	-	0.1	-	-0.1	-	-	-	-	-	-
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-				
Total supply	-	-	-	-	0.1	-	-0.1	-	-				
Balance (stock change and miscellaneous)	-0.1	-	-	-	-	-0.1	-0.1	-	-0.1				
OECD closing stock levels (mb)													
Commercial	-	1	-	-	-	-	-	-	-				
SPR	-	-	1	1	-	1	1	1	-				
Total	-	1	-	1	1	1	-	-	-				
Oil-on-water	-	-	-	-	-	-	-	-	-				
Days of forward consumption in OECD													
Commercial onland stocks	-	-	-	-	-	-	-	-	-				
SPR	-	-	-	-	-	-	-	-	-				
Total	-	-	-	-	-	-	-	-	-				
Memo items													
FSU net exports	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) - (b)	0.1	-	-	-	-	0.1	0.1	-	0.1	-	-	-	0.1

* *This compares Table 10.3 in this issue of the MOMR with Table 10.3 in the April 2015 issue.*
This table shows only where changes have occurred.

Table 10.5: OECD oil stocks and oil on water at the end of period

		2011	2012	2013	2014	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Closing stock levels, mb													
OECD onland commercial		**2,605**	**2,665**	**2,566**	**2,710**	**2,660**	**2,695**	**2,566**	**2,584**	**2,652**	**2,720**	**2,710**	**2,745**
	Americas	1,308	1,365	1,316	1,443	1,378	1,404	1,316	1,311	1,382	1,411	1,443	1,477
	Europe	905	903	869	878	873	879	869	874	878	887	878	898
	Asia Pacific	392	396	381	389	409	412	381	399	393	422	389	371
OECD SPR		**1,536**	**1,547**	**1,585**	**1,582**	**1,578**	**1,583**	**1,585**	**1,586**	**1,582**	**1,580**	**1,582**	**1,579**
	Americas	697	696	697	692	697	697	697	697	692	692	692	692
	Europe	426	436	471	473	471	472	471	471	471	471	473	471
	Asia Pacific	414	415	417	417	409	413	417	418	419	417	417	417
OECD total		**4,142**	**4,212**	**4,151**	**4,292**	**4,238**	**4,278**	**4,151**	**4,171**	**4,233**	**4,299**	**4,292**	**4,325**
Oil-on-water		**825**	**879**	**909**	**924**	**871**	**932**	**909**	**954**	**914**	**952**	**924**	**864**
Days of forward consumption in OECD													
OECD onland commercial		**57**	**58**	**57**	**58**	**57**	**58**	**56**	**57**	**58**	**58**	**59**	**61**
	Americas	53	55	55	57	57	58	55	55	57	57	60	62
	Europe	68	67	66	66	62	65	67	64	63	65	68	66
	Asia Pacific	47	48	46	48	51	48	43	52	51	51	44	49
OECD SPR		**33**	**34**	**33**	**34**	**34**	**34**	**35**	**35**	**34**	**34**	**34**	**35**
	Americas	30	30	30	29	29	29	29	29	28	28	29	29
	Europe	29	30	31	32	34	35	36	35	34	35	36	35
	Asia Pacific	50	50	48	50	51	48	47	55	54	50	48	55
OECD total		**90**	**91**	**90**	**91**	**91**	**92**	**91**	**93**	**92**	**92**	**94**	**96**

Table 10.6: Non-OPEC supply and OPEC natural gas liquids, mb/d

	2011	2012	2013	3Q14	4Q14	2014	Change 14/13	1Q15	2Q15	3Q15	4Q15	2015	Change 15/14
US	9.0	10.0	11.2	13.1	13.5	12.9	1.6	13.6	13.6	13.6	13.5	13.6	0.7
Canada	3.5	3.8	4.0	4.2	4.5	4.3	0.3	4.5	4.4	4.4	4.6	4.5	0.1
Mexico	2.9	2.9	2.9	2.8	2.7	2.8	-0.1	2.7	2.7	2.7	2.7	2.7	-0.1
OECD Americas*	**15.5**	**16.7**	**18.2**	**20.2**	**20.7**	**20.0**	**1.8**	**20.7**	**20.7**	**20.7**	**20.8**	**20.7**	**0.7**
Norway	2.0	1.9	1.8	1.9	2.0	1.9	0.1	1.9	1.9	1.8	1.9	1.9	0.0
UK	1.1	1.0	0.9	0.7	0.9	0.9	0.0	0.9	0.8	0.8	0.9	0.9	0.0
Denmark	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Other OECD Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
OECD Europe	**4.1**	**3.8**	**3.6**	**3.4**	**3.7**	**3.6**	**0.0**	**3.7**	**3.5**	**3.4**	**3.7**	**3.6**	**0.0**
Australia	0.5	0.5	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Other Asia Pacific	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OECD Asia Pacific	**0.6**	**0.6**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**	**0.5**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**
Total OECD	**20.2**	**21.1**	**22.2**	**24.1**	**24.9**	**24.1**	**1.9**	**24.8**	**24.7**	**24.7**	**25.0**	**24.8**	**0.7**
Brunei	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
India	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.8	0.9	0.0
Indonesia	1.0	1.0	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.0
Malaysia	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.8	0.7	0.7	0.7	0.7	0.0
Thailand	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Vietnam	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.3	0.4	0.0
Asia others	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.3	0.3	0.2	0.0
Other Asia	**3.7**	**3.7**	**3.6**	**3.5**	**3.6**	**3.6**	**0.0**	**3.6**	**3.6**	**3.6**	**3.5**	**3.6**	**0.0**
Argentina	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Brazil	2.6	2.6	2.6	3.0	3.1	2.9	0.3	3.1	3.0	3.1	3.0	3.1	0.2
Colombia	0.9	1.0	1.0	1.0	1.0	1.0	0.0	1.0	1.0	0.9	0.9	1.0	-0.1
Trinidad & Tobago	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
L. America others	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Latin America	**4.7**	**4.7**	**4.8**	**5.1**	**5.2**	**5.0**	**0.3**	**5.3**	**5.1**	**5.1**	**5.0**	**5.1**	**0.1**
Bahrain	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Oman	0.9	0.9	0.9	1.0	0.9	0.9	0.0	1.0	0.9	0.9	0.9	0.9	0.0
Syria	0.4	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yemen	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.1	-0.1
Middle East	**1.7**	**1.5**	**1.4**	**1.4**	**1.3**	**1.3**	**0.0**	**1.3**	**1.3**	**1.2**	**1.2**	**1.3**	**-0.1**
Chad	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Congo	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Egypt	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Equatorial Guinea	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Gabon	0.3	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
South Africa	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.0
Sudans	0.4	0.1	0.2	0.3	0.3	0.3	0.1	0.3	0.3	0.3	0.3	0.3	0.0
Africa other	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Africa	**2.6**	**2.3**	**2.4**	**2.4**	**2.4**	**2.4**	**0.0**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**0.0**
Total DCs	**12.6**	**12.1**	**12.1**	**12.4**	**12.6**	**12.4**	**0.2**	**12.7**	**12.4**	**12.3**	**12.1**	**12.4**	**0.0**
FSU	**13.2**	**13.3**	**13.4**	**13.4**	**13.5**	**13.4**	**0.0**	**13.6**	**13.4**	**13.2**	**13.2**	**13.3**	**-0.1**
Russia	10.3	10.4	10.5	10.5	10.6	10.6	0.1	10.7	10.6	10.5	10.4	10.5	0.0
Kazakhstan	1.6	1.6	1.6	1.6	1.7	1.6	0.0	1.7	1.6	1.6	1.6	1.6	0.0
Azerbaijan	1.0	0.9	0.9	0.9	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
FSU others	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Other Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
China	4.1	4.2	4.2	4.2	4.4	4.3	0.0	4.3	4.3	4.3	4.3	4.3	0.0
Non-OPEC production	**50.3**	**50.8**	**52.2**	**54.2**	**55.5**	**54.3**	**2.1**	**55.6**	**55.0**	**54.6**	**54.8**	**55.0**	**0.7**
Processing gains	2.1	2.1	2.1	2.2	2.2	2.2	0.0	2.2	2.2	2.2	2.2	2.2	0.0
Non-OPEC supply	**52.4**	**52.9**	**54.3**	**56.4**	**57.7**	**56.5**	**2.2**	**57.8**	**57.1**	**56.8**	**57.0**	**57.2**	**0.7**
OPEC NGL	5.2	5.4	5.4	5.6	5.6	5.6	0.2	5.6	5.7	5.8	5.9	5.8	0.2
OPEC non-conventional	0.1	0.2	0.2	0.2	0.3	0.3	0.0	0.2	0.2	0.3	0.3	0.3	0.0
OPEC (NGL+NCF)	**5.4**	**5.6**	**5.6**	**5.8**	**5.9**	**5.8**	**0.2**	**5.9**	**5.9**	**6.1**	**6.2**	**6.0**	**0.2**
Non-OPEC & OPEC (NGL+NCF)	**57.8**	**58.5**	**60.0**	**62.2**	**63.6**	**62.3**	**2.4**	**63.6**	**63.1**	**62.9**	**63.1**	**63.2**	**0.9**

** Chile has been included in OECD Americas.*

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

Table 10.7: World Rig Count

	2011	2012	2013	2014	*Change* 14/13	2Q14	3Q14	4Q14	1Q15	Mar 15	Apr 15	*Change* Apr/Mar
US	1,881	1,919	1,761	1,862	101	1,852	1,904	1,912	1,380	1,109	976	-133
Canada	423	366	354	380	26	202	385	406	309	195	90	-105
Mexico	94	106	106	86	-20	87	85	78	67	68	67	-1
Americas	2,398	2,391	2,221	2,327	106	2,140	2,374	2,396	1,755	1,372	1,133	-239
Norway	17	17	20	17	-3	18	15	16	17	18	18	0
UK	16	18	17	16	-1	17	15	17	18	20	15	-5
Europe	118	119	135	145	10	146	148	148	132	135	119	-16
Asia Pacific	17	24	27	26	-1	27	25	25	21	22	20	-2
Total OECD	2,532	2,534	2,383	2,499	116	2,314	2,547	2,569	1,908	1,529	1,272	-257
Other Asia	239	217	219	228	9	221	231	229	214	211	208	-3
Latin America	195	180	166	172	6	176	174	174	161	162	146	-16
Middle East	104	110	76	82	6	85	82	79	77	71	74	3
Africa	2	7	16	28	12	30	24	29	22	18	17	-1
Total DCs	540	513	477	510	33	512	511	511	473	462	445	-17
Non-OPEC rig count	**3,072**	**3,047**	**2,860**	**3,008**	**149**	**2,826**	**3,058**	**3,080**	**2,382**	**1,991**	**1,717**	**-274**
Algeria	31	36	47	48	1	46	48	48	52	54	56	2
Angola	10	9	11	15	4	16	14	14	15	15	15	0
Ecuador	12	20	26	24	-2	25	26	21	17	17	15	-2
Iran**	54	54	54	54	0	54	54	54	54	54	54	0
Iraq**	36	58	83	79	-4	93	75	59	57	54	53	-1
Kuwait**	57	57	58	64	6	60	68	69	77	79	76	-3
Libya**	8	12	15	10	-4	10	8	8	6	6	4	-2
Nigeria	36	36	37	34	-3	31	32	36	35	32	28	-4
Qatar	8	8	9	10	2	11	11	10	9	8	12	4
Saudi Arabia	100	112	114	134	20	132	137	143	154	156	157	1
UAE	21	24	28	34	6	33	37	38	38	38	38	0
Venezuela	122	117	121	116	-5	114	122	106	108	104	97	-7
OPEC rig count	**494**	**542**	**602**	**622**	**20**	**624**	**631**	**605**	**621**	**617**	**605**	**-12**
Worldwide rig count*	**3,566**	**3,589**	**3,462**	**3,631**	**169**	**3,450**	**3,689**	**3,685**	**3,002**	**2,608**	**2,322**	**-286**
of which:												
Oil	2,257	2,654	2,611	2,795	184	2,687	2,851	2,820	2,214	1,904	1,699	-205
Gas	1,262	886	746	743	-3	671	744	776	690	613	525	-88
Others	49	52	109	95	-14	95	96	91	100	92	98	6

Note: *Totals may not add up due to independent rounding.*
na: *Not available.*
Sources: *Baker Hughes Incorporated & Secretariat's estimates.*

* *Excludes China and FSU.*
** *Estimated figure when Baker Hughes Incorporated did not reported the data.*

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Disclaimer

OPEC Basket average price *US$/b*

up 4.84 in April	April 2015	57.30
	March 2015	52.46
	Year-to-date	**52.03**

April OPEC crude production *mb/d, according to secondary sources*

up 0.02 in April	April 2015	30.84
	March 2015	30.83

Economic growth rate *per cent*

	World	OECD	US	Japan	Euro-zone	China	India
2014	3.3	1.8	2.4	–0.1	0.9	7.4	7.2
2015	3.3	2.1	2.6	0.8	1.3	6.9	7.5

Supply and demand *mb/d*

2014		**14/13**	**2015**		**15/14**
World demand	91.3	1.0	World demand	92.5	1.2
Non-OPEC supply	56.5	2.2	Non-OPEC supply	57.2	0.7
OPEC NGLs	5.8	0.2	OPEC NGLs	6.0	0.2
Difference	**29.0**	**–1.4**	**Difference**	**29.3**	**0.3**

OECD commercial stocks *mb*

	Jan 15	Feb 15	Mar 15	Mar 15/Feb 15	Mar 14
Crude oil	1,325	1,360	1,382	22.7	1,296
Products	1,406	1,370	1,363	–6.7	1,289
Total	**2,731**	**2,729**	**2,745**	**16.0**	**2,584**
Days of forward cover	59.9	60.8	61.0	0.2	57.4

Next report to be issued on 10 June 2015.