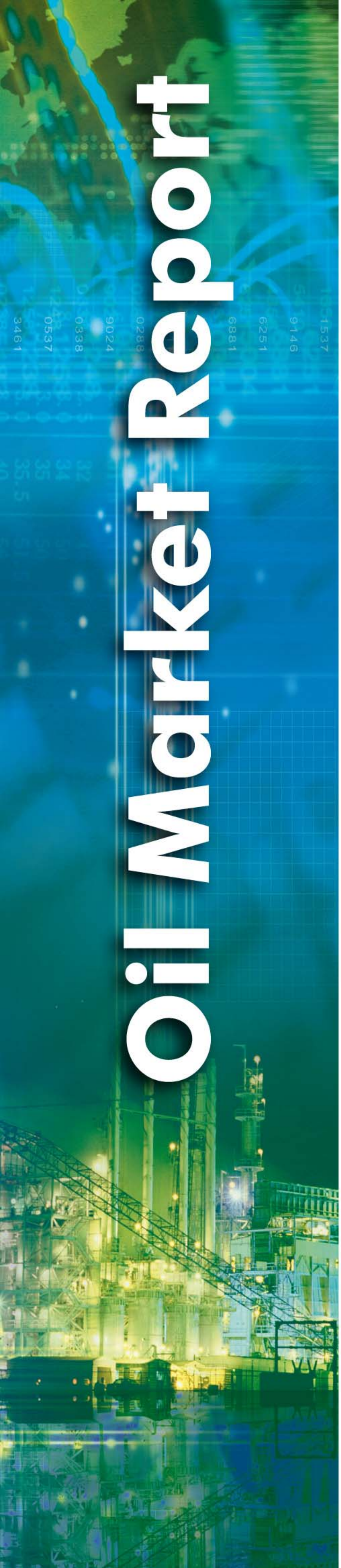

International Energy Agency

15 January 2010

HIGHLIGHTS

- **Crude oil prices surged to 15-month highs in early January** on very cold winter weather in much of the northern hemisphere and escalating geopolitical tensions in key oil producing countries. At their peak, prices had jumped by around $10-12/bbl from December lows. Prices have since eased, last trading in a $78-80/bbl range.

- **Global supply rose 270 kb/d in December to 86.2 mb/d**, on both higher OPEC and non-OPEC output. A reappraisal of Azerbaijan's crude production outlook leads to a -150 kb/d revision for 2010 non-OPEC supply, to 51.5 mb/d. Non-OPEC output this year will grow 0.2 mb/d from a modestly-revised 51.3 mb/d in 2009, driven by biofuels and rising crude supply in Brazil, the FSU, Australia, Colombia and India.

- **OPEC-12 crude output rose 75 kb/d to 29.1 mb/d in December**, resulting in effective spare capacity of 5.4 mb/d. OPEC ministers left output targets unchanged at their 22 December meeting, but called for better compliance. The 'call on OPEC crude and stock change' stands at 28.7 mb/d for 1Q10 and 29.1 mb/d for 2010. OPEC NGLs are forecast to increase sharply by 885 kb/d to 5.7 mb/d in 2010.

- **Forecast global oil demand remains virtually unchanged** at 84.9 mb/d in 2009 (-1.5% or -1.3 mb/d year-on-year) and 86.3 mb/d in 2010 (+1.7% or +1.4 mb/d versus the previous year). Growth is driven by non-OECD countries, most notably in Asia. Oil demand recovery in the OECD will likely remain sluggish, despite the recent cold weather.

- **OECD industry stocks rose 12.6 mb in November to 2 747 mb**, 2.0% above 2008's level. Yet preliminary data point to product draws, onshore and offshore, due to colder winter temperatures in December and early January. End-November days of forward demand cover fell to 59.1 days, 1.9 days higher than a year ago.

- **Global 1Q10 refinery crude throughput** is forecast at a slightly lower 72.7 mb/d, while global 4Q09 crude throughput is assessed at an unchanged 72.3 mb/d. With OECD stocks still high and global demand recovery as yet anaemic, the refining industry outlook for 1Q10 is not promising, suggesting further weakness in throughputs.

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