

12 April 2005

HIGHLIGHTS

- NYMEX light crude hit a new record high of \$58.28 in early April, led higher by US gasoline and natural gas prices, strong Asian demand and pre-emptive stock building. Subsequently, rising US crude and natural gas stocks helped trigger a \$5 correction. Forward price structures implied a tighter Asian crude market than that in the Atlantic Basin.
- Cold weather from mid-February lifted year-on-year OECD demand by 1.28 mb/d in February 2005, partly offset by lower FSU apparent demand. Chinese demand growth slowed to 5.4% in the first two months of 2005, well below the 20.8% growth seen a year ago. World 2005 demand is revised slightly downwards by 50 kb/d.
- March world oil supply rose by 365 kb/d to 84.2 mb/d, from a lower February base. Non-OPEC oil output rose by 60 kb/d to 50.4 mb/d. Non-OPEC plus OPEC other liquids growth remains at 1.4 mb/d for 2005. Early-year disruptions affecting OECD output now skew non-OPEC growth into the second half of the year.
- Increases from Saudi Arabia and the UAE contributed to a 290 kb/d increase in March OPEC output to 29.1 mb/d. Iraqi supply was flat at 1.8 mb/d, leaving OPEC-10 crude up 275 kb/d to 27.3 mb/d. The call on OPEC crude and stock change averages 28.5 mb/d in 2005, rising to 29.3 mb/d in Q4 versus expected OPEC capacity of 32 mb/d.
- OECD industry oil stocks fell 39 mb in February, from a 37 mb upwardly revised January base. Stocks closed 96 mb above a year ago. Distillate draws, driven by heating and transport demand, were more modest than in the past two years. Days of forward demand cover rose in February to 52 days from 51 days in January.

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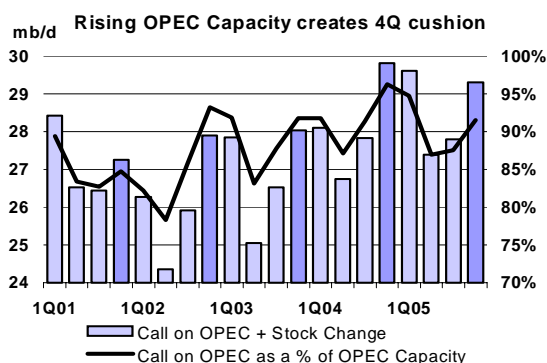
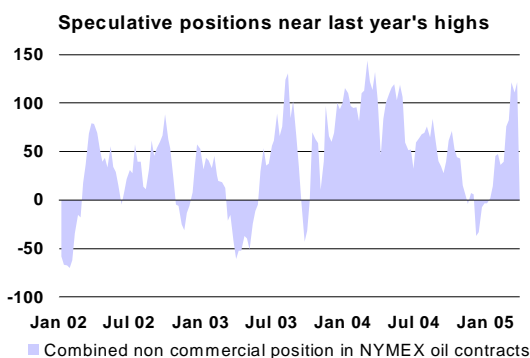
CONCERNED BUT NOT ALARMED

Cold weather, strong global growth and resultant tighter distillate stocks have driven crude oil prices to record nominal highs. But with spring on the way, the former factor is dissipating. At the same time, fears of a surge in second quarter Chinese demand are receding, OPEC is raising production and oil stocks are at a higher base than previously reported. There seems less reason for concern.

From the demand side, it would appear that the risks are, for the first time in two years, edging towards the downside. Interest rates are moving in an upward path in strong growth countries (particularly the US), acting along with high oil prices as an economic drag. There are increasing reports of moderating Chinese growth and the highest Chinese diesel exports for 14 months are expected to be confirmed for March and April. This Report has long argued that a repetition of the extraordinary year-on-year growth rates seen in China in the first half of 2004 is unlikely; a view supported by early anecdotal evidence.

A spring spike in US gasoline prices has become so commonplace that traders regard it as a seasonal inevitability. Outages at refineries supplying the US coupled with annual refinery maintenance, have heightened awareness of seasonal supply risks, despite high domestic stocks. In a repeat of last year, there are also concerns about low finished gasoline stocks, but when combined with blendstocks, US supplies look healthy. Similarly in Europe, high levels of gasoline in independent storage are comforting, if somewhat bloated by winter specification material.

OPEC-10 are now expanding output in response to higher prices. As in 2004, this raises questions about spare capacity, but installed capacity is moving higher in 2005 along with substantial growth in NGL, condensate and syncrude. We still have geopolitical issues in the Middle East, Nigeria and Venezuela and these are unlikely to go away in a hurry. Non-OPEC capacity is also growing by 900 kb/d, despite recent reductions in growth for the North Sea and Russia.



Speculators have also bolstered up their participation in the buy-side of the market. Combined net non-commercial long positions on NYMEX crude, gasoline and heating oil have reached the highest level for a year. Hedge funds tend to trade commodities on the basis of broad macroeconomic trends. As such, strong Q4 2004 US GDP and other economic indicators have prompted a return by funds to the oil market. However, with non-commercial positions near historical highs, it would appear there is a greater chance that they will reduce their positions than add substantially to them.

Combined OPEC and non-OPEC capacities are expected to grow by a yearly average of 1.75 mb/d through to 2010, only slightly higher than that implied by a return to the historic long-term demand trend of 1.7% growth (1.5 mb/d per annum). But this does not allow for the volatility in demand growth that is always seen. Spare capacity should recover, but at a slow pace, so in the meantime, there is the need to hold higher stock levels to accommodate fluctuations in demand.

Perhaps some of the upside risks have been overstated, but it is also dangerous to ignore price signals. High prices might represent the sum of all fears, but the expanding contangos in conjunction with a sharp rise in long-term prices are also sending a strong signal that a higher level of inventories and upstream and downstream capacity are needed to meet the challenges caused by the demand shock of 2004.

Limited upstream and downstream spare capacity are price props that will take time to dislodge, and in the meantime a higher stock cushion is needed to cope with normal fluctuations. Yes, supply shocks can cause severe price spikes in capacity constrained commodities, but oil is unique - there are emergency reserves that can be brought into play should a significant supply disruption arise.

DEMAND

Summary

- The **2005 demand forecast** is revised slightly downwards by 50 kb/d, which with a 10 kb/d downward revision to 2004 implies a 40 kb/d decrease in global demand growth to 1.77 mb/d (2.1%). Most of the adjustment is attributed to a substantial increase in February FSU crude exports, which reduced FSU apparent demand.

Global Oil Demand from 2003 to 2005

	Demand (mb/d)	Annual Change*		Changes from last month's Report (mb/d)
		(%)	(mb/d)	
1Q03	80.3	3.2	2.5	-
2Q03	77.3	1.4	1.1	-
3Q03	79.3	2.2	1.7	-
4Q03	82.1	2.5	2.0	-
1Q04	82.5	2.6	2.1	-
2Q04	81.1	5.0	3.8	-
3Q04	81.9	3.2	2.6	-
4Q04	84.5	2.9	2.4	-
1Q05	84.6	2.6	2.1	-0.1
2Q05	82.7	2.0	1.6	-0.1
3Q05	83.7	2.2	1.8	-
4Q05	86.1	1.9	1.6	-
2003	79.8	2.4	1.8	-
2004	82.5	3.4	2.7	-
2005	84.3	2.1	1.8	-0.1

* year-on-year change

- Preliminary data suggest that **OECD demand** grew by 1.28 mb/d (2.5%) in February 2005 versus February 2004. Demand was boosted by relatively cold temperatures in most of the OECD in the second half of February which extended into the first half of March. First quarter OECD demand is revised upwards by 90 kb/d.

Estimated Annual World Oil Demand Growth 2000-2005

(million barrels per day)

	00-99	01-00	02-01	03-02	04-03	05-04
North America	0.26	-0.06	0.10	0.47	0.61	0.36
Latin America	0.00	0.00	-0.04	-0.10	0.17	0.12
FSU	0.08	0.00	-0.20	0.12	0.13	0.05
Europe	-0.12	0.21	0.00	0.20	0.24	0.11
OECD Pacific	-0.04	-0.07	-0.04	0.14	-0.15	0.00
China	0.26	0.12	0.30	0.55	0.86	0.50
Other Asia	0.09	0.18	0.27	0.22	0.47	0.24
Subtotal, Asia	0.31	0.23	0.53	0.91	1.18	0.75
Middle East	0.12	0.17	0.17	0.20	0.32	0.29
Africa	0.00	0.13	0.08	0.04	0.07	0.09
World	0.66	0.67	0.63	1.84	2.72	1.77

- Chinese** apparent demand grew by a preliminary 340 kb/d (5.4%), on average in January-February 2005—far below the 1.09 mb/d (20.8%) growth seen in the same period in 2004. Demand was expected to slow in February due to the mid-month Lunar New Year holiday but reports indicate that while March crude imports did rebound after dropping in January and February, March oil product demand did not rebound as strongly as some market observers had expected. Although caution is in order, it appears that a repeat of last year's 860 kb/d (15.6%) growth is increasingly unlikely. This Report maintains its 500 kb/d (7.9%) growth projection.

Global Oil Demand by Region

(million barrels per day)

	Demand		Annual Change		Annual Change (%)		
	2004	2003	2004	2005	2003	2004	2005
North America	25.19	0.47	0.61	0.36	2.0	2.5	1.4
Europe	16.44	0.20	0.24	0.11	1.2	1.5	0.7
OECD Pacific	8.63	0.14	-0.15	0.00	1.6	-1.7	0.0
China	6.38	0.55	0.86	0.50	11.0	15.6	7.9
Other Asia	8.57	0.22	0.47	0.24	2.8	5.7	2.8
Subtotal Asia	23.57	0.91	1.18	0.75	4.2	5.3	3.2
FSU	3.71	0.12	0.13	0.05	3.5	3.7	1.4
Middle East	5.88	0.20	0.32	0.29	3.7	5.7	4.9
Africa	2.81	0.04	0.07	0.09	1.7	2.4	3.3
Latin America	4.90	-0.10	0.17	0.12	-2.0	3.7	2.4
World	82.50	1.84	2.72	1.77	2.4	3.4	2.1

- As anticipated, many developing countries in **Asia**, such as China, Indonesia, Malaysia, Thailand and Vietnam, have recently moved to raise government controlled prices. The increase in domestic prices should serve to dampen demand growth. Government efforts to insulate consumers from high international prices have proven unsustainable as the cost of subsidies has soared.

OECD*Overview of Early Indications of Current Demand*

Viewing the OECD countries as a whole, preliminary data suggest that demand grew by 1.28 mb/d (2.5%) in February 2005 versus February 2004. Aggregate growth for those countries submitting preliminary inland delivery data also came to 2.5%.

Preliminary Inland Deliveries – February 2005¹

	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other ²		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
United States ³	8.89	2.4	1.67	1.7	2.78	1.0	1.53	-4.5	0.92	2.9	5.02	3.9	20.74	1.7
Canada	0.71	4.9	0.10	-8.9	0.46	8.0	0.14	-7.2	0.13	18.6	0.27	1.5	1.82	4.1
Mexico	0.65	8.1	0.06	10.5	0.31	8.9	0.00	na	0.31	-10.3	0.41	-0.2	1.74	2.6
Japan	1.04	5.1	1.08	14.3	0.68	4.2	0.65	4.2	0.52	-6.1	1.80	0.9	5.77	4.0
Korea	0.16	17.5	0.07	42.3	0.35	-2.8	0.21	9.3	0.35	2.7	1.10	1.4	2.24	3.6
France	0.24	-4.2	0.13	4.3	0.63	4.9	0.51	14.1	0.08	18.7	0.50	8.8	2.09	7.2
Germany	0.54	-4.9	0.14	0.4	0.54	0.7	0.64	0.9	0.12	1.5	0.51	8.3	2.49	0.9
Italy	0.30	-5.6	0.07	-1.1	0.50	4.2	0.14	10.3	0.21	-2.9	0.45	5.4	1.67	1.9
Total	12.52	2.5	3.34	5.9	6.24	2.6	3.82	1.1	2.63	-0.2	10.06	3.4	38.55	2.5

Sources: US EIA, Statistics Canada, Mexico PEMEX, Japan METI, Korea KNOC, France CPDP, Germany MWV, Italy Ministry of Industry

Percentage change is calculated versus the previous year.

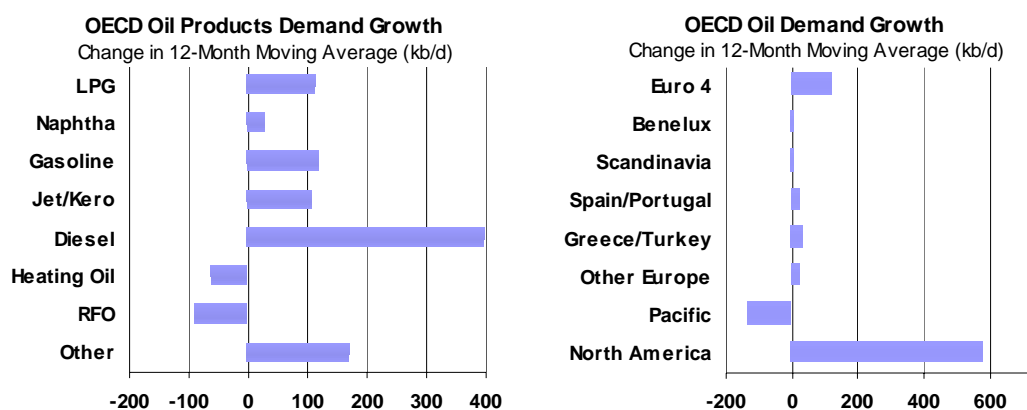
¹ excludes refinery fuel and bunkers (except US)

² includes direct use of crude oil

³ fifty states only. Diesel's share of total distillate is estimated.

The first half of February was relatively mild in **North America**, but this was balanced by temperatures that were much colder than normal in key consuming areas in the second half of the month, including the US Northeast. For the month as a whole, deliveries of heating oil were down by an estimated 4.5% in February. Cold temperatures carried over into March, when temperatures were far below normal, contributing to an approximate 270-300 kb/d weather-related increase in US oil demand versus March 2004. Overall, early indications are that US demand grew by over 2.5% in March buoyed by continued gains in transport fuel demand.

In the OECD **Pacific** February temperatures were below normal in Japan and Korea. When viewed in comparison to an abnormally mild February 2004, the impact on oil product demand was particularly pronounced. Kerosene demand grew by some 15.7% on average and heating oil demand was up by approximately 5.4%. Oil consumption in Japan's main electric utilities was higher than planned as nuclear power capacity utilisation remained below anticipated levels.



The weather was also very cold in **Western Europe** in the second half of February and the first half of March, which contributed to a large increase in heating oil deliveries in France and Italy in February. This was balanced by relatively slow growth in German deliveries, but there are indications that German heating oil demand may be revised upwards. Preliminary indications are that weather-related demand was likely only slightly higher in Europe for March 2005 versus March 2004 because the second half of the month was very warm. European diesel demand posted relatively strong growth in February and gasoline demand maintained its pattern of prolonged decline as the trend toward dieselisation in Europe continues.

Moving Annual Average Change in Oil Demand* – February 2005

	LPG	Naphtha	Gasoline	Jet/ Kerosene	Diesel	Other Gasoil	RFO	Other	Total	kb/d
United States**	2.8%	12.7%	1.2%	2.6%	6.6%	-5.8%	4.3%	2.6%	2.3%	466
Canada	4.7%	15.0%	2.1%	6.8%	-0.3%	6.3%	5.0%	7.2%	4.6%	100
Mexico	0.8%	-42.7%	6.1%	7.9%	3.5%	3.5%	-3.3%	-0.8%	1.3%	26
Japan	-3.8%	1.0%	2.0%	-0.3%	1.3%	-3.2%	-9.5%	-2.1%	-1.4%	-79
Korea	-0.3%	3.9%	-1.7%	-5.8%	0.8%	-2.9%	-1.7%	-13.2%	0.3%	7
France	-0.3%	-16.3%	-5.1%	4.1%	3.1%	1.8%	4.4%	1.6%	-0.5%	-11
Germany	1.7%	5.0%	-3.5%	2.1%	2.2%	-7.3%	0.2%	17.5%	-0.3%	-7
Italy	2.6%	21.0%	-3.8%	2.7%	2.0%	20.1%	-9.4%	4.0%	1.0%	19
Total	1.5%	3.0%	1.0%	1.7%	4.2%	-2.2%	-2.4%	2.7%	1.4%	522
kb/d	60	80	128	52	245	-71	-75	102	522	

* defined as the percentage change between the demand average for the 12 months up to January and that of the same period a year earlier

** 50 states only

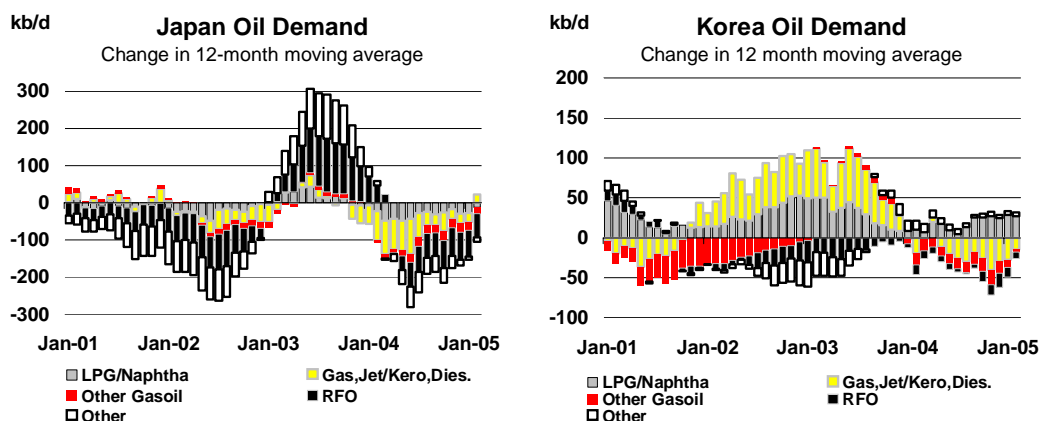
Pacific

After declining by 70 kb/d (-1.2%) in January, preliminary indications are that Japanese demand increased by 250 kb/d (4.0%) in February, largely due to relatively cold weather. Kerosene/jet fuel demand rose by some 160 kb/d. March 2005 was also comparatively cold, especially in the first half of the month, and total oil product demand is projected to grow by 70 kb/d (1.1%). It should be emphasised that these weather-related demand increases are transitory and not indicative of a long-term trend. Overall, Japan's demand is projected to contract by 50 kb/d (-0.9%) in 2005.

Japan's direct crude burning and demand for fuel oil is well below the levels witnessed during the height of the nuclear power problems experienced in the summer of 2003. However, consumption of oil in power remains above planned levels as nuclear power capacity utilisation has been below expectations (approximately 65% in February). Coupled with low temperatures which increased power demand, Japan's largest utility, Tokyo Electric Power Co. (TEPCO), had to dip into oil inventories in February and March. As a consequence, TEPCO is said to have purchased about 100 kb/d of low sulphur fuel oil and heavy sweet crude (which is used for direct burning) for April, roughly double its earlier purchase plan.

Currently, 10 of TEPCO's 17 nuclear power plants are on-line. Kansai Electric Power Co. (KEPCO) has 9 out of 11 of its plants on-line, with Mihama No. 3 still experiencing an unplanned shutdown.

Among the other Japanese utilities, Tohoku Electric's No. 1 nuclear power generator at its Onagawa plant is undergoing an unplanned shutdown.

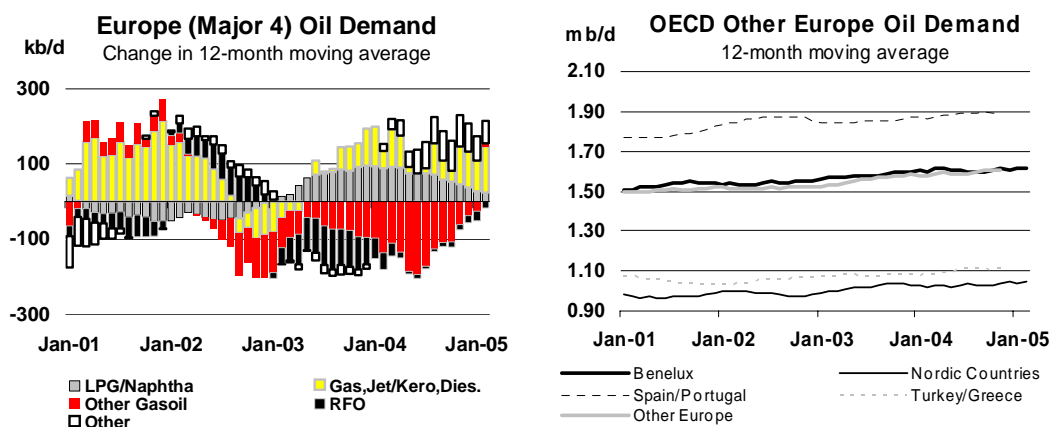


Korean oil product demand increased by some 65 kb/d (2.9%) in February, led by large gains in gasoline and kerosene/jet fuel. It has been reported that the Lunar New Year holiday helped limit the February growth in power demand to only 1.5%, the lowest monthly increase in over a year as industrial sector demand (which consumes about half of total power generation) fell with factory closures. This may have helped limit the growth in demand for fuel oil to only 2.8% in spite of relatively cold temperatures.

Moves toward the deregulation of the power sector have made it increasingly difficult to predict fuel use in power generation in Korea. Five separate generating companies (Gencos) remain under the umbrella of the Korea Electric Power Company, but they individually choose the cheapest fuels available within the context of technical limitations. This can contribute to wider swings in the demand for fuel oil than had typically been seen under tighter central coordination.

Europe

Extraordinarily cold weather in the second half of February and the first half of March drove European consumption higher for a number of weeks before temperatures rebounded to well above normal in the second half of March. On the whole, February demand is estimated to have risen by approximately 600 kb/d versus last year, which was already largely factored into last month's Report. Of this total, heating oil demand is projected to have risen by approximately 330 kb/d. March demand is projected to have grown by 120 kb/d.



While cold weather touched the entire region, its impact was particularly pronounced in Mediterranean Europe. In Spain electricity demand was up by just under 10.0% in the first three weeks of March and power generation capacity has been stretched as hydroelectricity supplies are down versus last year. As a consequence, additional fuel oil was used in power generation during the cold snap. Similarly, although substitution of natural gas for fuel oil in power generation continues in

Italy, fuel oil demand was down by only some 1.0% in February. This was a respite from the 12.4% decline seen in January. Reports also indicate that very cold temperatures contributed to some cutoffs of interruptible natural gas supplies (some large gas consumers voluntarily sign contracts that allow their gas supplies to be cut at times of high demand in return for a lower unit price), which in turn led to increased fuel oil consumption in Italy.

Note that pump prices have risen sharply in much of Europe in recent weeks with higher crude prices and a weakening Euro. Although the impact of crude oil price increases on European demand has been limited in the past in part due to high taxes and a strong Euro, higher pump prices could begin to have some impact. Meanwhile, the well-established trend towards dieselisation continues unabated. Gasoline demand is projected to fall by 80 kb/d in the first quarter of 2005 and diesel demand is expected to increase by 90 kb/d over the same period.

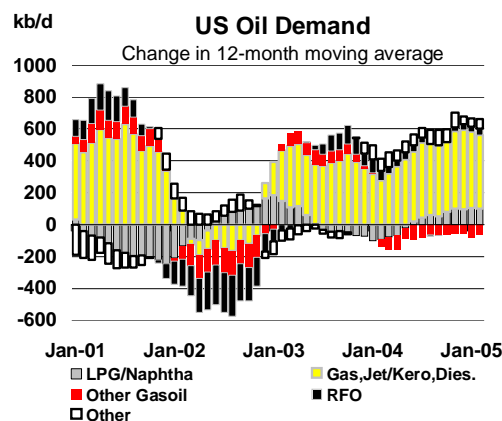
On the whole, a relatively stagnant economic outlook and the continued substitution of natural gas for oil in many areas leaves little room for a substantial upswing in European consumption over the remainder of the year. OECD Europe demand is projected to grow by 90 kb/d (0.6%) in 2005.

North America

Preliminary indications show that North American demand grew by some 340 kb/d, or 1.3% (US 242 kb/d, Canada 42 kb/d and Mexico 52 kb/d) in February, 130 kb/d less than anticipated for the region in last month's Report. Early US data indicates that demand for transport fuels posted solid gains in March despite high prices as the US economy continues to move forward. Notably, demand for jet fuel was up by over 10.0% and gasoline demand grew by just under 2.0%. Demand for residual fuel oil also remained strong due to cold weather and high gas prices.

US retail prices for gasoline continue to set new records, with the national average climbing to US\$2.22/gallon in recent surveys, although the inflation-adjusted price is still below the \$3.08/gallon seen in March 1981. Gasoline consumption continues to grow, but higher prices could have a larger impact during the summer months when there is more discretionary driving. There are indications that fuel costs are affecting consumers' automobile purchasing decisions. Sales data for January-February 2005 shows a decline in sales of the larger, less fuel efficient SUVs and movement toward smaller SUVs and crossover vehicles. The market share of medium and large SUVs peaked at 14% in 2002 and is projected to fall to about 11% this year. This will have minimal influence on gasoline consumption in the near term because it has only a marginal impact on the composition of the total vehicle fleet. However, it is illustrative of the potential long-term trend towards conservation that could take place with sustained high gasoline prices.

Overall, North American demand is expected to grow by 360 kb/d (1.4%) in 2005. US gasoline demand is projected to grow by 160 kb/d (1.7%) and residual fuel oil demand is expected to continue to grow by 30 kb/d (3.7%) with sustained high natural gas prices.



Non-OECD

China

Caution is in order, but as anticipated, there are indications that Chinese demand growth is slowing and last year's 860 kb/d (15.6%) growth is unlikely to be repeated. January apparent demand (defined as the sum of domestic refinery output and net product imports with adjustments for direct crude burning, smuggling and unreported refinery output), grew by 5.4% and preliminary estimates for February based on data from the National Bureau of Statistics indicate that apparent demand grew by approximately 5.4% as well. Demand growth was expected to slow somewhat in February due to the mid-month Lunar New Year holiday and reports indicate that March apparent demand has not rebounded as strongly as some market observers had anticipated. In fact, Unipecc, which is the trading arm of Sinopec, has increased diesel exports. Overall, these developments are in-line with expectations and thus projected demand growth remains unchanged at a still robust 500 kb/d (7.9%).

China Crude & Product Trade

(thousand barrels per day)

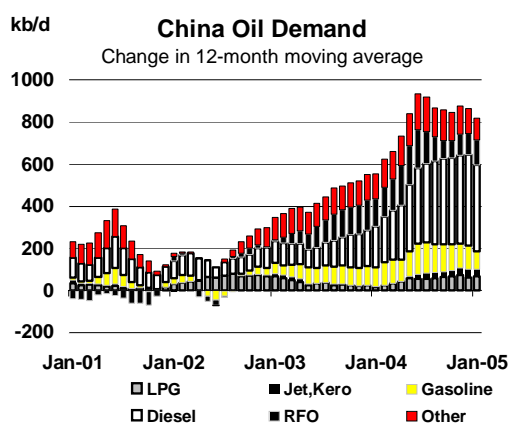
	2003	2004	1Q04	2Q04	3Q04	4Q04	Dec 04	Jan 05	Feb 05	Latest month vs. Jan 05 Feb 04	
Net Imports/(Exports) of:											
Crude Oil	1664	2346	2290	2371	2232	2491	2665	1722	2691	969	144
Products & Feedstocks	442	661	600	849	545	653	546	623	577	-46	-39
Gasoil/Diesel	-28	43	22	50	21	79	118	8	1	-7	-22
Gasoline	-175	-125	-95	-141	-146	-117	-136	-128	-112	17	27
Heavy Fuel Oil	407	506	448	653	412	515	466	567	431	-137	-78
LPG	202	201	172	227	222	184	148	187	236	49	42
Naphtha	-22	-33	-21	-11	-48	-51	-60	-49	-26	24	9
Jet & Kerosene	1	16	21	15	19	8	-1	15	5	-10	-7
Other	58	52	54	56	64	34	12	24	41	17	-10
Total	2106	3008	2890	3220	2777	3144	3211	2345	3268	923	105

Sources: China Oil, Gas and Petrochemicals plus IEA estimates

Although the signs of a slowdown are evident, several factors suggest that it is too early to draw definitive conclusions about China. First, Chinese demand grew by an astonishingly high 16.1% in January 2004 and 25.8% in February 2004. Given such a high baseline, it is not surprising that 2005 growth is more subdued. Second, while crude imports were down slightly in the first quarter of 2005 overall, there are preliminary reports that March crude imports were up by some 23% versus last year. Finally, there are signs that China's rapid economic growth may be continuing unabated: fixed-asset investment was reported to be up by 24.5% in the first two months of the year. This trend appears to be counter-intuitive with lower oil demand growth. It remains to be seen whether the drop-off in oil demand growth is a sign of somewhat slower economic growth, or if this apparent inconsistency can be maintained.

Among the key factors that will influence future demand growth is the central government's pricing policy. On 23 March the National Development and Reform Commission raised the retail price of gasoline by 7%. This follows an 12% increase in the price of jet fuel earlier in March. These are the first official price increases since August 2004 but they remain far below the increase in product prices in Singapore, Rotterdam and New York which official prices are supposed to follow (see text box below—Developing Asia Adjusts to the Reality of High Oil Prices). Moreover, prices for diesel (a large portion of Chinese demand) remain unchanged and are out of alignment with the international market. Recent anecdotal evidence indicates that gasoline consumption has been affected by the price increase, as Petrochina maintains that gasoline sales have been curbed for this reason. Jet fuel demand may be supported in the near term in the face of higher prices as domestic airlines maintain that they cannot raise ticket prices or add fuel surcharges due to fierce competition—and thus passenger volumes and the number of flights should not be affected.

It should be noted that the government's pricing policies are creating market distortions that make the demand picture more opaque. The policies themselves can lead to large swings in oil product demand/supply with changes in government policy and/or international prices. For example, as policies depress retail prices, margins on gasoil are so low, or even negative, that some independent retailers may be reluctant to sell gasoil—which can artificially depress "demand." At the same time, many of the independent teapot refineries that have a high yield of gasoil may be inclined to reduce runs of crude or straight-run fuel oil in the face of relatively low gasoil prices. Reports indicate that the independent refiners clustered in Shandong province are operating at a high capacity utilisation because they are relatively sophisticated and can produce a fairly high yield of high-priced gasoline which supports overall margins. In contrast, the small, less-sophisticated, refiners around Guangdong may be inclined to utilise less capacity and reduce production.



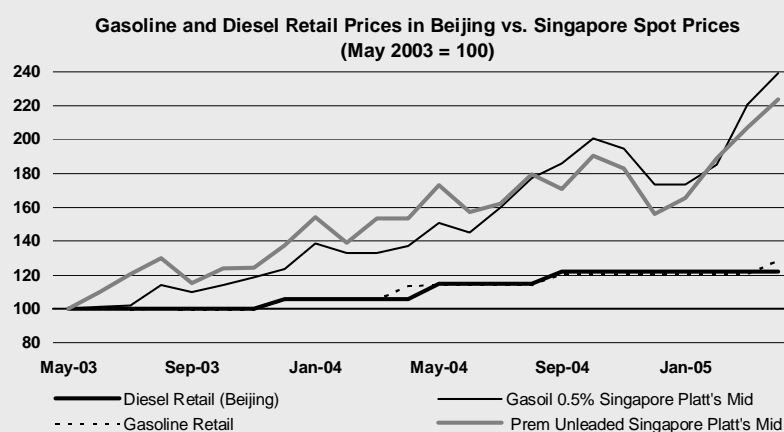
China Demand Forecast Summary

	Demand (kb/d)			Annual Change (kb/d)		Annual Change (%)	
	2003	2004	2005	2004	2005	2004	2005
LPG & Ethane	539	599	631	60	31	11.1	5.2
Naphtha	621	681	762	60	81	9.6	12.0
Motor Gasoline	963	1074	1151	111	77	11.5	7.1
Jet & Kerosene	190	231	252	41	21	21.4	9.0
Gas/Diesel Oil	1720	2152	2347	432	195	25.1	9.1
Residual Fuel Oil	810	911	972	101	61	12.5	6.7
Other Products	673	730	769	57	38	8.5	5.3
kb/d	5517	6379	6884	863	504	15.6	7.9

The power sector faces similar pricing problems in that increases in fuel costs are not passed on to power consumers. As a result, fuel oil prices have been well above the break-even point for oil-fired power plants. This is a particular problem in Guangdong, which faces some of the worst power shortages and is heavily dependent on fuel oil for power generation. In the past, some power generators have reduced production in the face of power shortages rather than incur large losses (which may be only partially recouped through government subsidies). There are plans in place to institute a new pricing system that links fuel costs with power prices, but at this point it appears there is not a solid timetable for implementing the new rules.

Developing Asia Adjusts to the Reality of High Oil Prices

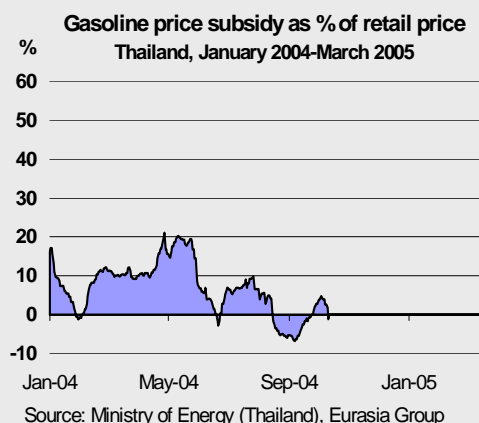
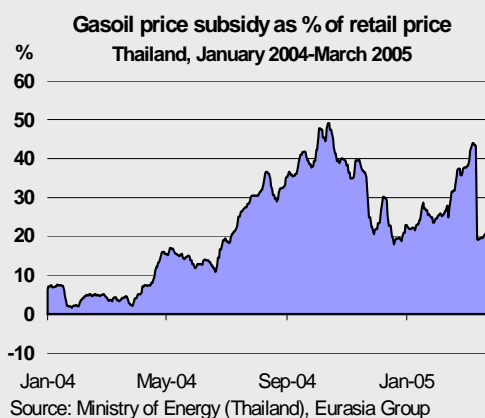
In 2004 developing countries in Asia were the engine of global demand growth, accounting for approximately 1.33 mb/d, or 49%, of global growth. Developing Asia's rapidly expanding economies were the key force driving its robust demand growth. A contributing factor was that many of the governments in the region acted to suppress market related increases in retail petroleum product prices through government pricing mandates or subsidies, thereby encouraging demand growth in the face of increasing international prices. The cost of these policies has been staggering—Indonesia spent US\$7 billion on product subsidies in 2004; Malaysia's outlays reached approximately US\$ 1.6 billion in 2004; and Thailand spent almost US\$2 billion since January 2004. Other countries, such as China, maintained official retail prices that have not increased with international prices (see figure), thereby shifting the burden of international price increases onto the petroleum sector (which is dominated by national oil companies).



In the end, government efforts to insulate consumers from oil price increases have proven unsustainable. Artificially low retail prices encouraged demand growth which in turn contributed to the rise in international prices—and both developments led to the need for larger government outlays. The price subsidies also contributed to increasing problems with fuel adulteration, smuggling, and other market distortions. The Malaysian government estimates the costs associated with fuel smuggling at some US\$55-65 million in 2004. This is due to diesel deliveries into neighbouring Thailand, where it retails for roughly double Malaysia's subsidized price, making smuggling lucrative.

Developing Asia Adjusts to the Reality of High Oil Prices (continued)

Governments across the region have begun to acknowledge the reality of high international oil prices and moved to adjust domestic prices so they are more in line with market conditions. For example, in early March Indonesia raised product prices by roughly 30% which sparked protests. In the past the government has backed down from such measures and lowered prices but this time it appears compelled to stand firm. Among others, following the elimination of gasoline price subsidies in October 2004, Thailand recently raised diesel prices by 20% (see figures). Vietnam also raised gasoline prices by some 7% and diesel prices by 13% in late March. In addition, Malaysia has moved to raise diesel prices by approximately 6% as the first step in scaling back subsidies. As discussed in the China section of this Report, China increased the price of gasoline (7%) and jet fuel (12%), but has left diesel prices unchanged since August 2004.



How will these changes impact Asian demand growth? In view of Thailand's experience, this is likely to produce a depressing effect. Thailand eliminated gasoline subsidies in October 2004 and demand growth contracted by approximately 6.7% in the fourth quarter of 2004 after expanding by some 4.5% in the first half of 2004 versus the previous year.

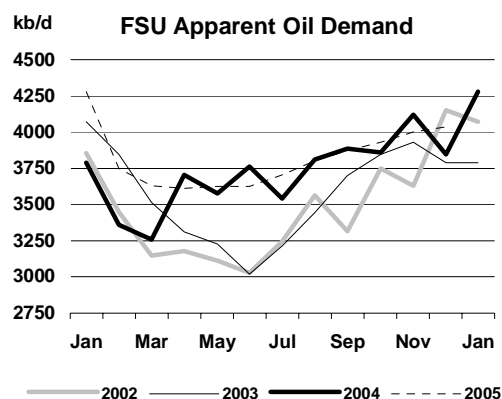
It should be noted that this Report had factored in a possible petroleum product price increase in Asia (see December 2004 discussion) and thus our demand forecast remains largely unchanged as a result of these developments. Demand growth in the developing countries in Asia is projected to slow to a still robust 750 kb/d in 2005.

FSU

FSU apparent demand (defined as the difference between crude production and net exports of crude and products) is projected to grow by 50 kb/d (1.4%) in 2005 as the impact of relatively strong economic growth is balanced by continued interfuel substitution and efficiency gains. The 70 kb/d reduction versus last month's Report may be attributed largely to a substantial recovery in preliminary February exports after a sizable drop-off in January.

Forecasting monthly FSU apparent demand is problematic because monthly exports are prone to high peaks and low nadirs underpinned by supply logistics such as shipping delays, maintenance, etc. As a consequence, demand trends are best viewed in a longer-term context.

Although refinery output is not explicitly counted in estimates of FSU apparent demand, reports suggest the Russian refiners may have increased their refinery throughput by some 350 kb/d. Cold weather contributed to increased domestic consumption of gasoil and fuel oil in February and March, but product exports could rise in the future if these runs are sustained as expected.



Other Non-OECD

Indian demand growth slowed to an estimated 30 kb/d (1.3%) in February, a sharp drop-off from the 100 kb/d growth seen in January. Naphtha demand continues to fall as lower-price natural gas is being used as a substitute petrochemical feedstock. This contributed to a surge in February exports of naphtha, which were almost four times higher than last year.

In addition, there have been discussions about further retail price hikes in response to the rising international petroleum market. The impact could be compounded if discussions of the inclusion of a new road tax in retail prices bear fruit. Both factors would tend to suppress demand growth despite projections of over 6% economic growth this year. In 2005 oil product demand is projected to grow by 70 kb/d (2.8%).

India Crude & Product Trade

(thousand barrels per day)

	2003	2004	1Q04	2Q04	3Q04	4Q04	Nov 04	Dec 04	Jan 05 ¹	Latest month vs. Dec 04 Jan 04	
Net Imports/(Exports) of:											
Crude Oil	1863	1945	1938	2090	2013	1742	1671	1649	2048	399	75
(by Public Oil Cos)	1243	1158	1105	1312	1214	1000	888	903	1149	245	-69
Products & Feedstocks	-152	-176	-132	-173	-178	-222	-316	-160	-135	25	-156
Gasoil/Diesel	-119	-139	-137	-135	-122	-162	-183	-149	-134	15	-72
Gasoline	-72	-75	-77	-67	-75	-80	-81	-75	-71	4	-17
Heavy Fuel Oil	5	-6	-12	13	-5	-20	-55	2	-3	-5	-29
LPG	55	86	90	39	86	128	137	128	109	-19	20
Naphtha	-1	-7	19	10	-29	-25	-42	-22	-23	-1	-66
Jet & Kerosene	-22	-47	-29	-44	-43	-74	-102	-58	-30	28	5
Other	1	12	14	12	9	12	9	13	17	4	3
Total	1712	1769	1807	1917	1834	1520	1355	1489	1913	424	-81

¹ Preliminary

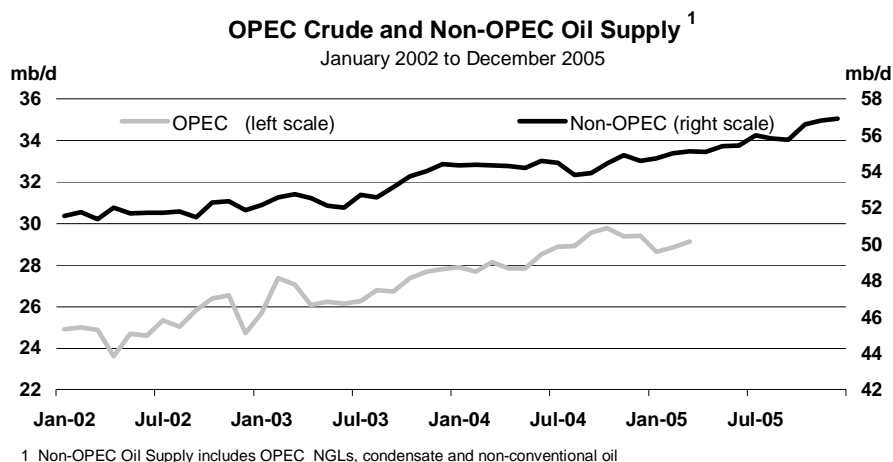
Sources: Indian Ministry of Commerce, Indian Port Authorities and IEA estimates

Preliminary data indicate that Brazilian demand was unexpectedly weak in January, declining by 40 kb/d (-2.2%). A noteworthy development is that sales of ethanol powered and flex-fuel vehicles, which run on gasoline, ethanol, or a mixture of both, jumped by 87% (65,000 units) in January-February 2005. This represented 32% of new car sales in Brazil in the first two months of the year, and the share is projected to continue to increase as ethanol sells locally for about 30% less than gasoline. Ethanol is included in this Report's supply/demand balance but there is evidence that ethanol use may be underreported for tax reasons. On the whole, Latin American demand growth has been revised marginally downwards (10 kb/d).

SUPPLY

Summary

- **World oil supply** in March increased by 365 kb/d from a downward-adjusted February total, and averaged 84.2 mb/d. OPEC crude supply was up by 290 kb/d last month and averaged 29.1 mb/d. Non-OPEC oil production rose by 60 kb/d to 50.4 mb/d. A yearly comparison shows OPEC crude supply 1.0 mb/d higher than in March 2004, non-OPEC output running 355 kb/d higher and OPEC other liquids production up by 415 kb/d.
- **Non-OPEC supply** adjustments leave 2004 data largely unchanged but see 2005 production revised down by 30 kb/d. Downward adjustments for OECD producing countries account for the bulk of the 2005 revision. However, the pattern of revisions shifts over the course of the year. Fourth quarter 2004 non-OPEC supply is adjusted down by 55 kb/d with the first two quarters of 2005 revised down by 155 kb/d and 70 kb/d respectively. Delays and unscheduled outages affecting the US Gulf, Canada, Norway and Brazil underpin weaker early-year performance. Thereafter, a sharp rebound in non-OPEC supply is expected for the second half of 2005, with 4Q output revised up by 130 kb/d, mainly from North America, China and Latin America. Non-OPEC supply is now seen rising by 900 kb/d in 2005 to 51.0 mb/d after an increase of 1.0 mb/d in 2004.
- **OPEC crude supply** gained 290 kb/d in March to average 29.1 mb/d. This came primarily on the back of increases from Saudi Arabia and the UAE. February supply from Iran and Iraq was revised down by a combined 165 kb/d as consolidated export data came in lower than expected. March saw Iraqi production largely unchanged at 1.8 mb/d as exports levelled off at 1.38 mb/d. The northern export pipeline via Turkey remained out of action throughout March and into early April. OPEC spare capacity is estimated at 2.1 mb/d based on March output, but is less than 1.5 mb/d on an effective basis if Iraq, Venezuela, Nigeria and Indonesia are excluded.
- **OPEC-10 supply** (excluding Iraq) increased by 275 kb/d in March to 27.3 mb/d. Early indications ahead of the 16 March OPEC Ministerial meeting in Isfahan suggested no likely change in target production. However, a last minute Saudi-sponsored proposal to boost output quotas by 500 kb/d to 27.5 mb/d was in the event agreed. Furthermore, with sustained marker crude prices close to \$55/bbl at the time of writing, a further quota rise to 28.0 mb/d effective from May is being discussed.
- **The 'call on OPEC crude and stock change'** is expected to average 28.5 mb/d in 2005 compared to 28.1 mb/d in 2004 and 26.9 mb/d in 2003. This is unchanged from last month, although the fourth quarter call has been shaved down by 100 kb/d to 29.3 mb/d in light of higher non-OPEC supply projections for later in the year. This compares to expected OPEC installed capacity in late 2005 of some 32 mb/d.



All world oil supply figures for March discussed in this Report are IEA estimates. Estimates for OPEC countries, Alaska and Russia are supported by preliminary March crude supply data.

Note: Random events present downside risk to the non-OPEC production forecast contained in this Report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply downturn in North America. These aside, no contingency allowance for random events is subtracted from the supply forecast. While upside variations can occur, experience in recent years indicates that the random events listed above may cause supply losses of between 300 kb/d and 400 kb/d for non-OPEC supply each year.

OPEC

OPEC producers are assessed to have added just under 300 kb/d to supply in March, with production averaging 29.1 mb/d (net of Venezuelan syncrude output). OPEC-10, excluding Iraq contributed 27.3 mb/d, with Iraqi output nudging higher to 1.81 mb/d. Saudi Arabia is thought to have increased supply by 150 kb/d to 9.35 mb/d and the UAE by 100 kb/d to 2.42 mb/d. Iranian supply rose by 40 kb/d to 3.9 mb/d and more modest increases of 10-15 kb/d each were seen from Nigeria, Indonesia, Algeria and Iraq. Much of the rise in supply occurred in the second half of March, after the Organisation's 16 March decision to boost target production levels by 0.5 mb/d in a bid to ease rising crude prices. This is borne out by data on spot tanker liftings which rose after a mid-month dip and overall OPEC tanker liftings are reported to be rising further in April.

OPEC Crude Production

(million barrels per day)

	16 Mar 2005 Target	Mar 2005 Production	Sustainable Production Capacity ¹	Spare Capacity vs. Mar 2005 Production	Production vs. Target
Algeria	0.88	1.35	1.35	0.00	0.47
Indonesia	1.43	0.95	1.00	0.05	-0.48
Iran	4.04	3.90	4.00	0.10	-0.14
Kuwait ²	2.21	2.40	2.50	0.10	0.19
Libya	1.47	1.62	1.65	0.03	0.15
Nigeria	2.27	2.40	2.45	0.05	0.14
Qatar	0.71	0.78	0.80	0.02	0.07
Saudi Arabia ^{2,3}	8.94	9.35	10.0-10.5	0.65-1.15	0.41
UAE	2.40	2.42	2.55	0.13	0.02
Venezuela ⁴	3.17	2.16	2.20	0.04	-1.01
Subtotal	27.50	27.33	28.50-29.00	1.17-1.67	-0.17
Iraq		1.81	2.50	0.69	
Total		29.14	31.00-31.50	1.86-2.36	
				<i>(excluding Iraq, Nigeria, Venezuela, Indonesia)</i>	<i>1.03-1.53)</i>

1. Capacity levels can be reached within 30 days and sustained for 90 days

2. Includes half of Neutral-Zone Production

3. Saudi Arabian capacity shown as a range since a delay may be incurred before higher level can be achieved

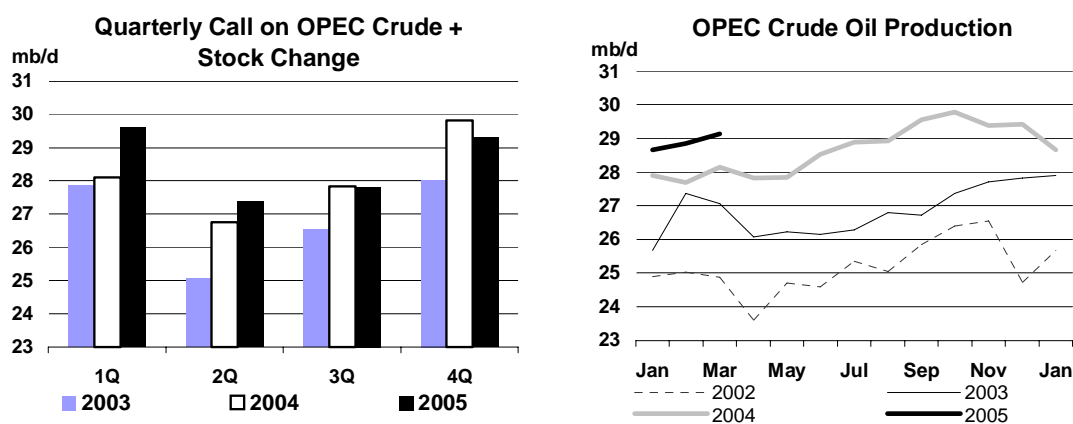
4. Excludes upgraded Orinoco extra-heavy oil which averaged 588 kb/d in March

The perils of attempting to predict OPEC decisions ahead of ministerial meetings were amply demonstrated in March. A widely-held belief that the existing production ceiling of 27.0 mb/d would be rolled over in Iran on 16 March proved wide of the mark. A proposal from Saudi Arabia for the ceiling to be raised to 27.5 mb/d carried the day, despite reports of opposition from Algeria, Libya, Venezuela and Iran. OPEC's President was also authorised to consult member governments on a further 500 kb/d increase to 28.0 mb/d if oil prices remain at or above prevailing levels. The meeting also agreed to the principle of amending the OPEC reference basket to a (likely heavier) weighted average of eleven of the main export grades from a current seven. Prices will be monitored in parallel with the existing basket and a final decision is expected at the 15 June extraordinary meeting in Vienna.

The OPEC communiqué released at the conclusion of the Isfahan meeting signalled recognition that marker crude prices of around \$55/bbl could indeed have an adverse impact on economic growth, in contrast to earlier statements from a number of OPEC sources playing down the economic impact of high prices. It also signalled a break with recent policy of rigid, market micro-management by

loosening the focus on the seasonal demand dip in the spring, looking further ahead to the rising demand period in the second half of the year, and acknowledging the importance of ensuring comfortable stocks for later in 2005. With prices in early April still stubbornly close to the \$55/bbl level, discussions on a further 500 kb/d increase in target production were reportedly underway. After an estimated 700 kb/d global stock draw in the first quarter and still-healthy demand growth, forward inventory cover remains a concern and OPEC moves to boost supply can be seen in this context.

Recent market comments suggest that the relevance of production targets, as distinct from actual output, is questionable, bearing in mind the disparity between individual output and quota levels. Certainly, the long standing mismatch between certain countries' 'allowable' production and their physical capability remains. Venezuelan conventional crude output, plus that of Indonesia and Iran stands a combined 1.65 mb/d below collective quota. Meanwhile Algeria, Saudi Arabia, Kuwait and others fill the gap. Within OPEC, rumblings of discontent about prevailing quota levels persist but are unlikely to be formally addressed anytime soon. More important perhaps than quota is a comparison of actual production and likely sustainable capacity. In some quarters a degree of market concern is emerging that there will be insufficient OPEC capacity late in 2005 to meet the expected seasonal rise in demand. The validity of these concerns depends on the level attained by overall demand growth in 2005. However, this Report now sees a call on OPEC crude and stock change for the fourth quarter of 29.3 mb/d. This compares to possible end-of-year OPEC capacity of some 32 mb/d, suggesting a still-tight market, but no cause for undue concern.



Mixed indications emerged concerning supply from **Saudi Arabia** in March. Term export volumes for March and April, announced early in the preceding months, were indicative of generally flat supplies compared to February levels. Widely reported spot tanker chartering for March and April (which normally signals incremental volumes destined for US destinations) showed a drop compared to February. Notwithstanding, growing Saudi expressions of concern that prices might be approaching economically damaging levels, and the Kingdom's role in pushing through the Isfahan accord, both point towards higher supply. The Saudis announced soon after Isfahan that production was rising in March to 9.5 mb/d, and there were clear indications from tanker tracking sources that Saudi supply indeed rose after mid-month. This Report assesses supply to have risen by 150 kb/d to average 9.35 mb/d for March as a whole, albeit supply likely approaching 9.5 mb/d at the end of the month.

The Kingdom appears to be taking seriously widespread concerns over the paucity of spare capacity, although the next in a series of capacity expansion projects, at the Haradh field, is not due onstream until 2006. Nonetheless, March saw further reports of increased drilling activity within the Kingdom, a factor which may help to moderate prevailing field decline rates. The mismatch in crude quality on the supply and demand sides is also coming into focus, with reports of a planned 400 kb/d refinery for the Red Sea port of Yanbu. Configured to run primarily on heavier/sourer Saudi grades, the refinery would reportedly target clean products markets in the US, Europe and Asia.

Output from the **UAE** is assessed up by 100 kb/d to average 2.4 mb/d for March. This results from the resumption of near-capacity volumes from the Murban field, after February maintenance work had depressed output there. However, the rise could be short-lived as Abu Dhabi has cut term export volumes for May loading for Murban, Lower Zakum and Umm Shaif crude. Maintenance is again expected to cut into production in both May and June. Capacity at Murban is scheduled to rise by 200 kb/d to 1.4 mb/d by the end of 2005.

Iranian supply is estimated up by 40 kb/d in March to 3.9 mb/d. February supply was revised down by 115 kb/d to 3.86 mb/d as consolidated export data came in lower than expected. Inauguration of expanded output facilities at the Soroush and Nowruz heavy oilfields, repeatedly delayed over the course of 2004, now appears to have been deferred again to summer 2005 due to equipment problems. There have been reports that these and other imminent capacity 'expansion' projects may in fact only offset mature field decline, holding Iranian capacity close to 4.0 mb/d for the time being. However, the Oil Minister in early March announced the discovery of the 5-6 billion bbl onshore Ramin field, which on development is thought capable of adding some 90 kb/d of crude capacity.

Net production from **Iraq** (excluding field re-injection and deliveries into storage) is estimated at 1.81 mb/d in March, a 15 kb/d rise from downward-revised February levels. March supply comprised 1.38 mb/d of exports and 435 kb/d of local use (including 70 kb/d in direct burn for power generation). Refinery operations remained disrupted in March, with crude lines feeding the Daura refinery again subjected to sabotage. However, improved power supply and indications of higher diesel availability suggest a modest increase in total crude runs from depressed January and February levels.

Southern exports from Basrah and Khor al-Amaya in February were revised down to 1.36 mb/d as late-February volumes now appear to have been lower than previously thought. Pumping problems affecting Khor al-Amaya, plus weather delays and brief industrial action affecting Basrah, kept exports at identical levels for March. Higher exports of 1.5-1.7 mb/d were however seen in the second week of March and again at the end of the month. Continuing repair work on the northern export pipeline to Turkey was again hampered by sabotage attacks in late March. Aside from a brief resumption in February, the line has been idle since December and shipments are seen unlikely to resume before mid-April. Given constraints on refinery operations and export pipeline availability, production from Iraq seems stalled at levels at or below 2.0 mb/d for now. This compares to the authorities' current target production level of 2.5 mb/d and plans announced by the US Army Corps of Engineers in March to raise output to 3.0 mb/d within an unspecified period.

Nigerian supply for March remained largely unchanged at 2.4 mb/d, as early-month indications of a sharp rise in exports proved over-optimistic. Output remains hampered currently by ethnic unrest and for the future, potentially, by threatened industrial action and a tightening of operating terms affecting foreign operators (see text box, below). At the time of writing, a three-day strike by oil workers due to start on 11 April looks to have been averted. The strike was seen as a possible prelude to more protracted industrial action over redundancies facing state NNPC and the related issue of foreign company and contractor involvement in the oil sector. However, repeated strike action in recent years has had minimal impact on crude production and exports, in contrast to the outages deriving from ethnic unrest. On a more positive note, March saw the start-up of production at the offshore Okwori field, scheduled to build up to 25 kb/d capacity by the end of the year.

Not Only Prices, But Also Regulatory Regime, Shape Upstream Investment

The Oil Market Report dated 18 January highlighted the apparent lag between rising crude prices and increased investment by international upstream operators. Corporate issues including conservative budgeting/planning price assumptions, competition for capital and a trend towards long lead time mega-projects help explain this lag. But the actions of producer-country governments also play a role. A review of host country terms governing access to reserves, and the upstream regulatory and fiscal framework, show a far from uniform picture. It appears, at least in the short term, that high prices on their own may be insufficient to guarantee increased international company E&P spending. Rather, they may reinforce 'go-it-alone' attitudes from government, with higher tax revenues masking the long-term impact of lower exploration investment and declining reserve replacement levels.

In **Russia**, production growth, drilling and upstream investment have slowed sharply in light of the Yukos affair. Investors complain that the current tax regime gives 90% of incremental revenues to the state when prices are above \$25/bbl. A new draft subsoil law has received cabinet approval and could come into effect from January 2006. It requires direct licence negotiations with the government under civil law rather than administrative edict. This is viewed broadly favourably in the investment community. Further positive measures include an easing of the procedure for licence transfer and the automatic granting of subsequent development rights to explorers. Recent comments also suggest that Production Sharing Agreements (PSAs), hitherto out of favour with the authorities, could again be offered for offshore developments. Viewed less favourably by international operators is a clause mandating a minimum 51% Russian ownership level for companies developing 'strategic' oilfields.

Not Only Prices, But Also Regulatory Regime, Shape Upstream Investment (continued)

Mexico's constitution forbids foreign ownership of oil and gas resources although extra investment is widely believed necessary to open up ultra-deepwater resources in the Gulf of Mexico and to slow shallow water and onshore decline. Recent developments have not been promising. An already limited private sector role afforded by multiple service contracts in the gas sector is now being investigated by the country's Audit Office, after claims it is non-constitutional. State operator Pemex must currently return 60% of annual revenue to the government, limiting its investment options. Calls for reform are growing, but changes in the regime may be delayed until after a presidential election in 2006. Elsewhere in Latin America, early April saw **Ecuador's** Congress reject a bill to open up the oil, electricity and pension sectors to private investment. In contrast, 2004 saw an 82% rise in oil sector foreign investment in **Colombia**. This follows the allocation to separate agencies of the industry regulation, license allocation and mandatory field participation roles, all formerly exercised by state company Ecopetrol. Independent operators can now hold stakes of up to 100% in concessions.

Venezuela requires state PDVSA to take a majority stake in all upstream crude projects. Government control of PDVSA has been extended, with the recent appointment of the Minister of Energy as PDVSA President. Late in 2004, the four existing Orinoco upgrader projects became subject to a unilateral hike in royalty rate from the prevailing 1% (originally scheduled to be effective until late decade) to almost 17%. Retroactive changes to the fiscal regime for existing projects normally deter investment, but for now plans by Total and ChevronTexaco to expand Orinoco output are proceeding.

In contrast **Indonesia** is considering allowing foreign operators higher stakes and granting increased investment credits in the face of sharply declining production. Prior to these moves, corruption and a lack of transparency in Indonesian bidding rounds were deterring major operators from participating. Territorial disputes have placed key prospective areas off limits, and concerns remain over security in certain areas. Further encouragement to foreign operators came in a new draft **Algerian** hydrocarbon law which was passed by parliament in late March. It separates state-company Sonatrach's erstwhile dual roles of regulator and operator. Sonatrach will still take a 20-30% stake in discoveries but this is a substantial reduction from the earlier mandated 51%. The law will also remove Sonatrach's monopoly on pipeline and downstream investment.

Libya awarded its first exploration permits since the ending of US sanctions in January. Bids under the fourth exploration and production sharing framework (EPSA-4) were evaluated on the basis of the minimum production share foreign operators were willing to accept. Tied bids were settled with a signing-on bonus. Company shares averaged less than 20% compared to 35% in previous Libyan licensing rounds. The government has delayed the next round while it examines possible clauses mandating the employment of Libyan nationals and linking upstream and downstream investment. **Nigeria** too is considering making upstream participation contingent on producers refining a growing portion of their equity crude within Nigeria. Foreign producers have protested about proposals to raise corporate income tax on new and existing deepwater oil fields from 50% to 85%.

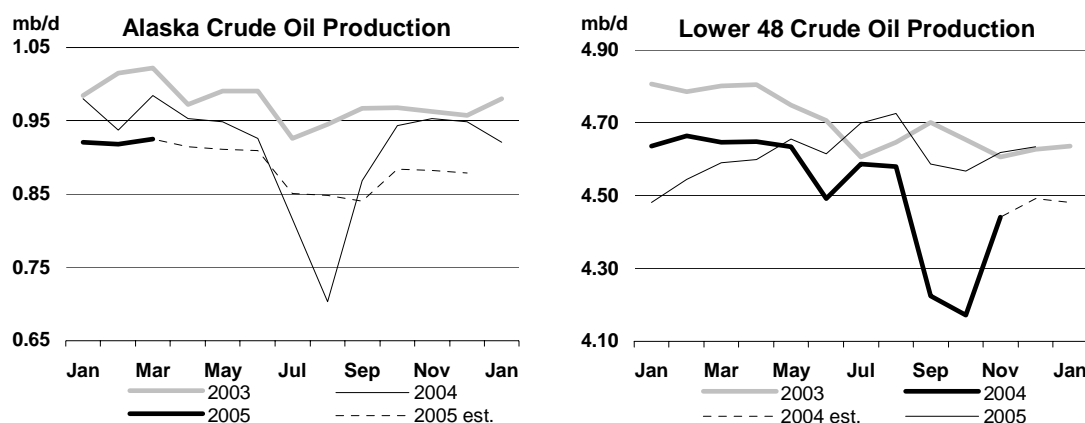
Elsewhere amongst OPEC producers, high prices deriving from an acknowledged lack of spare capacity have done little to slacken the state's grip on upstream ownership and operations. Progress towards **Kuwaiti** parliamentary approval for foreign company involvement in northern oilfields via service contracts remains slow. The service contract model is also employed by **Iran** with its so-called buyback deals. However, these are seen by international companies as providing much less financial incentive for new field development than alternative models such as joint ventures and production sharing agreements. Iran was forced in March to turn to a local firm to develop the Bangestan oilfield after attempts to lure European firms under buyback terms failed. Meanwhile, foreign access to crude reserves remains firmly off the agenda in **Saudi Arabia**.

OECD

North America

US – March Alaska actual, others estimated: US crude production rose above 5.5 mb/d in March for the first time since May 2004. Earlier, steady monthly recovery since the hurricane-induced low of last September had stalled slightly in January, with dips in Alaskan, California and Texas

production. However, aggregate production data for February and March suggest renewed recovery amounting to 100 kb/d combined, with February also seeing a 70 kb/d NGL increase. Notably, **Gulf of Mexico (GOM)** production recovered further in March. ChevronTexaco resumed production from the Petronius facilities in mid-March, aiming to regain 42 kb/d production by the end of the month. Also, Shell announced in early March that it was delaying maintenance at the Mars field earlier scheduled for March and that work on the Auger platform was deferred until the summer. GOM production for March is revised up by 50 kb/d compared to last month's Report, but 100 kb/d of output is assumed to remain shut-in until mid-year in the aftermath of Hurricane Ivan. Despite apparently better than expected March performance, GOM output is revised down by 25 kb/d for 2005, on indications of lower than anticipated output from the Magnolia and Habanero fields.



Alaskan crude production remained close to 920 kb/d in March. A review of field performance at the Northstar complex, and more optimistic State Treasury projections for Alaskan output for 2005, result in a 15 kb/d upgrading compared to our Alaskan forecast from last month. However, the outlook remains conservative, at 890 kb/d for 2005, a 25 kb/d decline from 2004 production levels. The Alaskan Treasury Department forecasts production in 2005 rather higher at 920 kb/d, a marked improvement in performance following the 60 kb/d production decline seen in 2004. March saw mixed news for Alaskan producers regarding the longer term. The Alaska Governor in January announced higher production taxes affecting the Prudhoe Bay field. This led BP to announce in March that the development of western satellites to the field was being deferred as a result of the higher tax regime. The US Senate approved oil and gas exploration in the Arctic National Wildlife Refuge (ANWR) during March. Attempts to open ANWR have been ongoing for 20 years, with the area thought to have the potential to produce up to 1.0 mb/d.

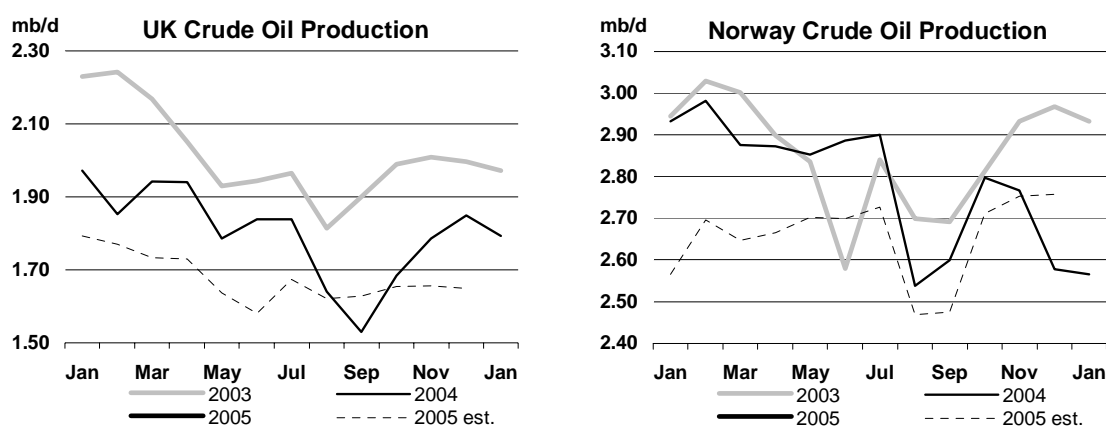
Canada – January actual: Canadian oil production continues to be hampered by unscheduled outages affecting offshore Newfoundland and the Albertan synthetic crude projects. Total production fell by 15 kb/d in January, with further declines of 80 kb/d and 130 kb/d estimated for February and March respectively. Production of 2.8 mb/d last month compares to 3.1 mb/d as recently as November. The latest reported disruptions affected Shell's Scotford upgrader, where valve failure cut March syncrude output by 25%. Meanwhile, Petro-Canada announced that output from the Terra Nova field was cut progressively to 100 kb/d and then 50 kb/d from normal 130-150 kb/d levels due to gas compressor repairs. With further maintenance at Terra Nova scheduled for August and September, this Report has lowered expected Terra Nova 2005 output to 115 kb/d from last month's forecast of 150 kb/d. Total Canadian output in 2005 is now seen falling 45 kb/d to 3.04 mb/d.

More positively, early April saw the announcement that stakeholders in the long-idled Hebron and Ben Nevis fields offshore Newfoundland will recommence evaluation of the fields. Complex geology and unfavourable economics stalled progress in developing the estimated 570 mb of heavy oil in February 2002. Reactivation follows moves by both the Nova Scotia and Newfoundland provincial governments to streamline regulatory procedures and to cut delays in approving offshore projects.

North Sea

UK – January actual: Forecast UK oil production for 2005 is largely unchanged in aggregate at 1.92 mb/d, a decline of 135 kb/d compared to 2004. However, lower production from the Brent, Forties and west of Shetlands production systems is now expected after having incorporated UK government field-by-field production data for November and December. West of Shetland supply is

revised down despite a now-faster build up in supply from the recently started Clair field. These downward revisions are countered by higher expectations for the Ninian, Flotta and offshore loaded production systems. In the context of the latter, a water-injection project at the Pierce field in late 2004 appears to have boosted supply, with a resultant upgrade to expected 2005 output.



Norway – January actual, February provisional: Production data through February and loading schedules for March and April have resulted in a 30 kb/d reduction in 2005 Norwegian production. Downward adjustments are concentrated in first quarter 2005 (60 kb/d) but a 20 kb/d revision is also carried through the remainder of the year. Slower than expected activation of the Oseberg South J extension, and apparent under-performance from the Fram and Snorre fields, account for the bulk of the adjustment. In contrast the Vigdis, Norne and Draugen fields exceeded expectation in January, although a further unscheduled outage lasting some 10 days affected Draugen in March. Total Norwegian production is now expected to average 3.13 mb/d in 2005, a drop of some 60 kb/d and continuing a trend evident in the three previous years.

Former Soviet Union (FSU)

Russia – February final, March provisional: A four month slide in Russian production came to an end in February, with output up by 65 kb/d versus January to average 9.36 mb/d. Provisional data for March suggests a further modest increase to 9.38 mb/d. On a rolling average basis, year-on-year growth has now slipped below 5% per annum. This Report incorporates a forecast showing Russian output at around 9.6 mb/d in 2005, a rise of 355 kb/d or 3.9% compared to 2004. This is slightly lower than recent projections from government sources. The Economic Development and Trade Minister in late March suggested production growth of 5.7% for 2005, slowing towards 5.1% in 2007. Meanwhile the Federal Energy Agency foresees 5% growth in 2005. However, the latter forecast may be called into question following the release of the Energy Ministry's target for the second quarter. The latter sees 2Q output at or below 9.5 mb/d, implying that an acceleration in growth to 9.9-10.0 mb/d would be required in the second half of the year for the full year target to be met.

FSU Net Exports of Crude & Petroleum Products

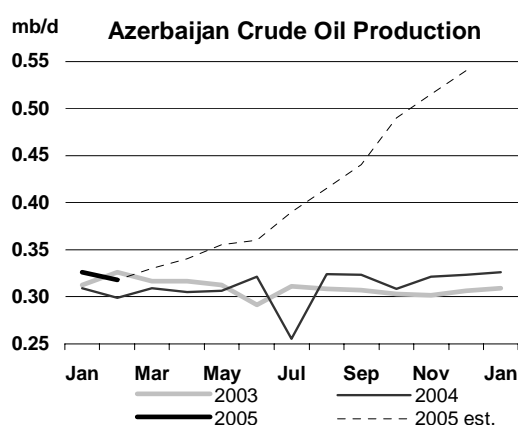
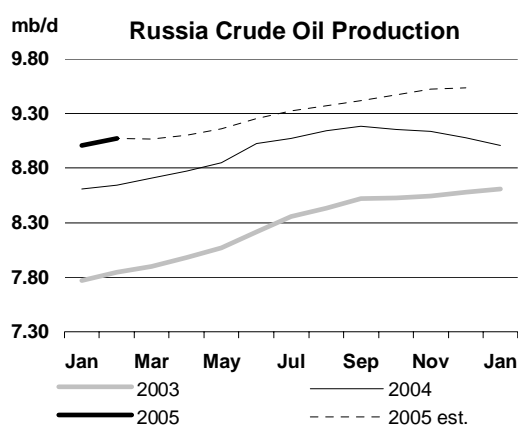
(million barrels per day)

	2003	2004	1Q04	2Q04	3Q04	4Q04	Revised			Latest month vs.	
							Dec 04	Jan 04	Feb 05	Jan 04	Feb 04
Black Sea Exports	2.80	2.84	2.81	2.75	2.87	2.91	3.07	2.57	2.83	0.26	-0.04
Baltic/Arctic Exports	2.41	3.05	3.00	3.11	3.11	2.98	3.00	2.98	3.49	0.51	0.50
Total Seaborne	5.21	5.89	5.80	5.87	5.98	5.90	6.07	5.55	6.32	0.77	0.46
Druzhba Pipeline	1.06	1.07	1.08	1.04	1.08	1.09	1.09	1.06	1.13	0.08	0.01
Other Routes	0.48	0.52	0.47	0.53	0.55	0.54	0.42	0.56	0.72	0.16	0.26
Total Exports	6.75	7.48	7.36	7.43	7.62	7.52	7.58	7.17	8.17	1.01	0.72
Imports	0.02	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.00	0.00
Total Net Exports	6.73	7.47	7.35	7.42	7.61	7.51	7.57	7.16	8.16	1.00	0.72
Crude	4.70	5.21	5.08	5.18	5.26	5.31	5.22	4.96	5.58	0.62	0.41
<i>of which: Russian Crude</i>	<i>3.48</i>	<i>3.74</i>	<i>3.61</i>	<i>3.82</i>	<i>3.71</i>	<i>3.83</i>	<i>3.74</i>	<i>3.74</i>	<i>4.10</i>	<i>0.36</i>	<i>0.38</i>
Products	2.05	2.28	2.28	2.25	2.36	2.21	2.36	2.21	2.59	0.39	0.31

Sources: Petro-Logistics, IEA estimates

Some of the oil industry's concerns about the regulatory environment may have been quelled with the release of the draft subsoil law (see above). However, great uncertainty about the investment environment remains and there have to date been few signs of a renewed surge in upstream activity. Ominously, Yukos output continues to decline, suggesting further downside for production through 2005, although there may be upside potential from a number of other producers to counteract this.

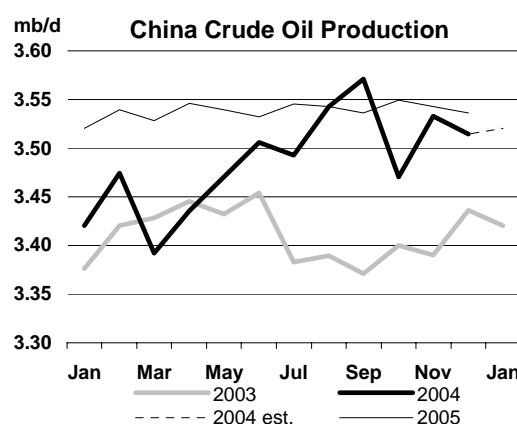
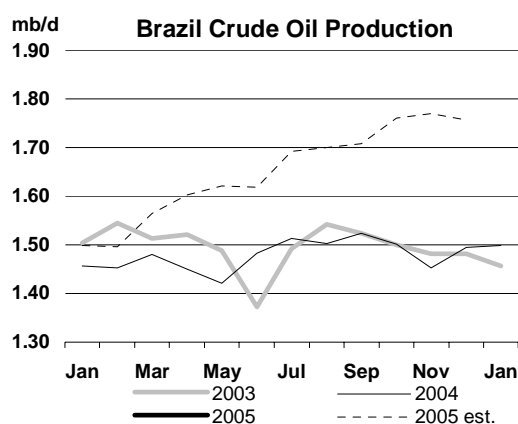
After January's pronounced drop in total FSU exports, driven by reduced Black Sea liftings, a sharp rebound both here and from Baltic ports occurred in February. February exports were around 1.0 mb/d up from January, to 8.16 mb/d and over 700 kb/d higher than in February 2004. Provisional indications for March suggest that exports may have dipped marginally below 8.0 mb/d but remain at exceptionally high levels. Seaborne Russian crude export schedules for April show a further rise, despite a sharp hike in export duties effective 1 April. Increased volumes are expected from the Baltic ports of Primorsk and Butinge as winter conditions ease. Meanwhile, Ukrainian authorities are reportedly concerned over the under-utilisation by Russian producers of the reversed Odessa-Brody pipeline. Less than 100 kb/d of Russian crude is reported to be moving to the Black Sea and Ukraine may seek to reinstate flows northbound towards central Europe if it can line up sufficient volumes of Caspian crude supply for the 240 kb/d pipeline.



Azerbaijan – February final: Despite February production of 15 kb/d below expectation, output from Azerbaijan will grow substantially in 2005. Production should average 410 kb/d, an increase of 95 kb/d from 2004 as supplies from the Azeri field build up. Production from the central Azeri field started in mid-February. Initially, crude will move via the Baku-Novorossiysk pipeline or alternative routes. From mid-year, crude from the Azeri-Chirag-Guneshli fields will enter the new BTC pipeline (Baku to Ceyhan via Tbilisi). First liftings of Azeri Light crude from Ceyhan may not occur until fourth quarter 2005 however. BP and fellow joint venture partners in BTC have suggested a quality bank system for the 1.0 mb/d pipeline. Producers using the line will either pay for, or be compensated for, changes in the quality of their crude incurred during shipment. This would open the way for BTC to also ship rising volumes of heavy Kazakh crude.

Other Non-OPEC

Brazil – January actual: Brazilian crude production for 2005 is revised down by 15 kb/d, and is now seen averaging 1.65 mb/d compared to 1.48 mb/d in 2004. This results from the deferral of the start-up of the Albacore Leste field into the third quarter from an earlier expectation of February start-up. However, the field is now seen attaining around 100 kb/d by the end of the year compared to much more conservative expectations in last month's Report. Fourth quarter Brazilian supply is therefore forecast some 35 kb/d higher than was the case last month. Together, the Albacore Leste, Barracuda and Caratinga projects in the deepwater Campos Basin will build to production in excess of 400 kb/d during 2005. Upstream spending by state Petrobras this year is expected to increase by 15% from 2004 levels, with a further six major offshore development projects due onstream in 2006 which will add significantly to Brazilian total production.



China – December actual: Field-by-field data for November/December and provisional aggregate data covering January/February point to something of a downturn in the sharply rising production trend seen in the first nine months of 2004. Nonetheless, new offshore production and increased expectations for the western onshore region should see continued supply growth in 2005. Output should rise by 55 kb/d to 3.54 mb/d, after an increase of 75 kb/d in 2004. As in the case of Brazil (above) downward revisions to first half 2005 output are countered by higher expectations now for the second half of the year.

Despite this, domestic supply growth lags way behind Chinese oil demand growth (which has averaged 450 kb/d each year since 2000). The government is trying to entice western firms into the country's offshore to accelerate domestic production growth. However in recognition of its likely growing import dependence, Chinese state companies are also buying up increasing acreage in overseas upstream properties and are targeting 1.4 mb/d of foreign production by 2020. CNPC has been most active in this regard, and now holds stakes in 12 overseas countries, most recently examining upstream openings in Russia and Venezuela.

Revisions to Non-OPEC Oil Supply

(million barrels per day)

	Last Month's OMR			This Month's OMR			This Month vs. Last Month		
	2004	2005	05 vs. 04	2004	2005	05 vs. 04	2004	2005	05 vs. 04
North America	14.59	14.67	0.08	14.58	14.65	0.07	0.00	-0.02	-0.02
Europe	6.09	5.94	-0.16	6.09	5.91	-0.19	0.00	-0.03	-0.03
Pacific	0.57	0.56	-0.01	0.57	0.57	0.00	0.00	0.01	0.01
Total OECD	21.25	21.17	-0.08	21.25	21.13	-0.12	0.00	-0.04	-0.04
Former USSR	11.18	11.73	0.54	11.18	11.72	0.54	0.00	-0.01	-0.01
Europe	0.17	0.16	-0.01	0.17	0.16	-0.01	0.00	0.00	0.00
China	3.49	3.54	0.04	3.48	3.54	0.05	-0.01	0.00	0.01
Other Asia	2.75	2.70	-0.05	2.75	2.72	-0.04	0.00	0.01	0.01
Latin America	4.07	4.30	0.23	4.08	4.30	0.23	0.01	0.00	0.00
Middle East	1.88	1.78	-0.09	1.88	1.78	-0.09	0.00	0.00	0.00
Africa	3.43	3.75	0.31	3.43	3.75	0.31	0.00	0.00	0.00
Total Non-OECD	26.98	27.96	0.98	26.98	27.97	0.99	0.00	0.01	0.01
Processing Gains	1.83	1.86	0.03	1.83	1.86	0.03	0.00	0.00	0.00
Total Non-OPEC	50.06	50.99	0.92	50.06	50.96	0.90	-0.01	-0.03	-0.02

OMR = Oil Market Report

Revisions to other non-OPEC estimates: **Australian** production is revised up by 15 kb/d for 2005 amidst signs of higher than expected first quarter supply. January production from the Carnarvon and Bonaparte Basins in particular came in higher than anticipated. Production from the Mutineer-Exeter fields began in March and will build to 85 kb/d later in 2005. Output for **Malaysia** is revised up by 10 kb/d with increased contributions now expected in 2005 from new fields including Irong Barat C and South Angsi. Production from **Guatemala** has been revised up by 5-10 kb/d for 2003-2005 and is now seen averaging 24 kb/d in 2005.

OECD STOCKS

Summary

- **OECD total industry oil stocks** fell 39 mb in February to an estimated 2571 mb, 96 mb above year-ago levels. The decline took place from a 37 mb upward revised January level and was motivated by a seasonal draw in distillates fuels. However, the distillate decline, driven by heating and transport demand, was more modest than in the past two years. Though distillates fell, a higher January baseline combined with February builds in gasoline offsetting draws in ‘other products’, allowed days of forward demand cover to rise to 52 days from 51 days in January.

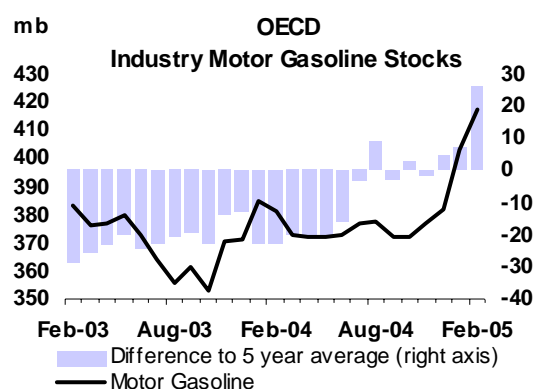
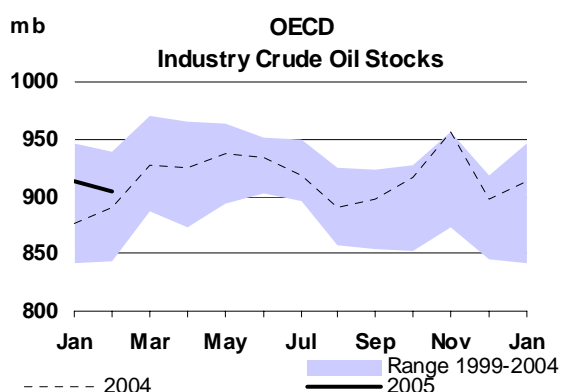
Preliminary Industry Stock Change in February 2005 and Fourth Quarter 2004

(million barrels per day)

	February (preliminary)				Fourth Quarter 2004			
	North America	Europe	Pacific	Total	North America	Europe	Pacific	Total
Crude Oil	0.21	-0.15	-0.36	-0.30	0.07	-0.09	0.03	0.01
Gasoline	0.31	0.16	0.03	0.50	0.07	0.04	0.00	0.11
Distillates	-0.33	-0.28	-0.30	-0.91	0.07	-0.11	0.00	-0.04
Residual Fuel Oil	-0.04	-0.06	0.01	-0.10	0.11	-0.04	0.01	0.08
Other Products	-0.34	0.00	-0.21	-0.55	-0.23	0.02	0.00	-0.21
Total Products	-0.40	-0.17	-0.48	-1.04	0.02	-0.10	0.02	-0.06
Other Oils ¹	0.07	-0.03	-0.08	-0.04	-0.14	0.01	-0.04	-0.16
Total Oil	-0.12	-0.35	-0.92	-1.39	-0.04	-0.18	0.01	-0.21

¹ Other oils includes NGLs, feedstocks and other hydrocarbons

- **OECD industry crude stocks** fell 8 mb in February on draws in Europe and the Pacific but closed in the middle of their five-year range. The US saw crude inventories rise in February and again in March to reach 317 mb. This trend for most of the period was supported by relatively high imports against year-ago levels while refinery demand for crude was down due to scheduled maintenance. Crude stocks at Cushing, the delivery point for NYMEX’s light-sweet crude futures contract, reached new highs at the end of March. This kept prompt futures prices at a discount to forward months and weakened WTI relative to domestic light-sweet crudes as well as Brent.
- **OECD industry distillate stocks** fell 25 mb February with declines seen across all OECD regions. Colder than normal temperatures increased heating demand, prompting stock draws in gasoil in the Atlantic Basin and kerosene in the Pacific. Gasoil in independent storage in the ARA area fell to seasonal levels in March. Baltic supplies into the region were lower while barge deliveries to traditional markets and cargo shipments to the Mediterranean rose.
- **OECD industry gasoline stocks** rose 14 mb in February, building from an upward revised January base in the Atlantic Basin. Steep contango in paper markets encouraged movement of gasoline into storage. A build in the US followed higher imports and relatively stable output through February. US stocks fell back in March with the turnover of winter specification material, lower refinery output and weaker imports. Gasoline in independent ARA storage closed March at seasonal highs despite export flows to West Africa and the Middle East.



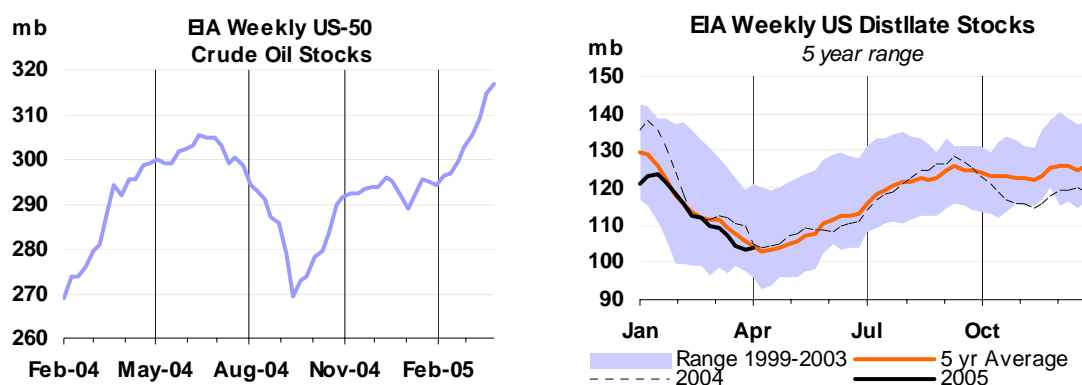
OECD Industry Stock Changes in February 2005

OECD

Industry oil stocks in the OECD declined 1.39 mb/d in February or 39 mb, mainly on product draws. The fall stemmed from a 910 kb/d seasonal decline in distillate inventories as heating demand rose on colder than normal temperatures across the Northern Hemisphere. 'Other products' along with crude oil stocks accounted for the remainder of the decline. However, the February draw took place from a near 37 mb upward revised January level, leaving total oil stocks at end-month at 96 mb above a year ago and about 91 mb above their five-year average. Though crude stocks drew in February, they were marginally higher on a year-to-date basis, leaving near-term supplies about mid-range and supporting discounts in prompt month prices on Brent and WTI paper markets. In products, OECD gains since January in gasoline came to 600 kb/d while the seasonal decline in distillates was running at 250 kb/d, a modest rate when compared to the five-year average draw in the first quarter of 650 kb/d. Days of forward demand cover by oil stocks rose to 52 days in February from 51 days in January.

OECD North America

The US drove crude inventory builds in February. The increase came with reduced refinery activity due to scheduled maintenance and relatively high imports. This trend continued in March with imports holding above year-ago levels while refinery utilisation rates averaged around 90%. US crude stocks opened April at 317 mb or 23 mb above last year with gains recorded in the main refining centres of the Gulf Coast and Mid-continent. Alongside weaker refiner demand, stocks in the Mid-continent were lifted by pipeline delivered crude from Canada. Stocks in Cushing, where the NYMEX WTI futures contract is delivered, reached their highest recorded level, opening April at 21 mb. This kept WTI futures in a contango structure through the first three traded months. The availability of light-sweet crude in the US saw a weakening of WTI relative to Brent and comparable domestic grades.



In product stocks, distillate inventories saw US heating oil stocks falling in February and March on colder than normal temperatures. Declines in diesel were less pronounced in comparison for both months, drawing from an upward revised January base. Combined diesel and heating oil stocks in the US closed March at a seasonal low point but within their five-year average position, this, despite weaker heating oil imports and strong distillate demand growth. Distillate production was robust, encouraged by higher or equivalent futures crack spreads to gasoline from February to March. This led refinery yields to be skewed further away from gasoline than usually observed in a period of deeper maintenance in upgrading units. US gasoline stocks rose rapidly in February and fell back in March (see below).

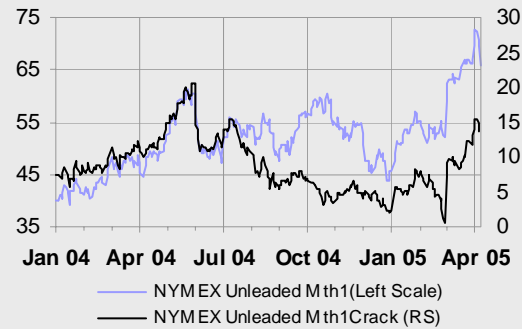
OECD Europe

With the exception of France and Italy, industry crude stocks fell across Europe ahead of planned March maintenance, declining 4 mb to 322 mb, and ending at 2004 levels. In March, weaker crude runs on refinery maintenance, coupled with limited extra-regional outlets for crude, should favour a rebound in inventories. North Sea availability was high and options for transatlantic delivery were more limited due to a narrowing of the WTI-Brent spread. Physical availability pushed dated Brent prices below those for forward delivery in mid-February and European refiners actively bid related grades into early March. At the time of writing, the forward cash Brent market was in contango from May to July, favouring stock builds through the second quarter. In products, distillate stocks fell by 8 mb in February with increased gasoil demand due to colder temperatures. This trend was likely continued in March, aided by reduced diesel and jet fuel supplies. Gasoline stocks rose 5 mb in February on stable output and weak demand. Product storage several months forward was supported by a contango in swap prices for gasoline. While gasoline prices in Northwest Europe rose, the narrowing premium from February to mid-March against naphtha (or the reforming margin) indicated that gasoline remained relatively well supplied.

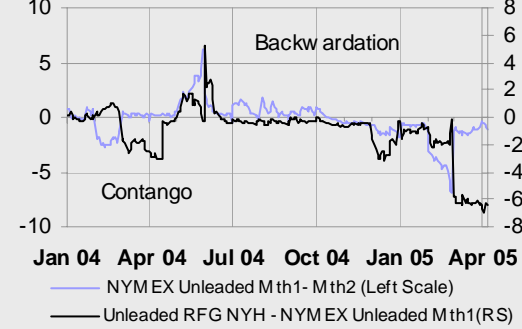
US Motor Gasoline Stocks - Tight or Comfortable?

NYMEX gasoline futures prices reached record levels in April, pushing higher from first quarter levels that had already been on par with prices seen during the peak summer demand period in 2004. The premium of gasoline over crude futures, or the crack spread, widened as a result. Only part of the gains were accounted for by the switchover from winter to harder-to-produce summer specification gasoline. This evolution was driven by strong demand, concerns over future supply availability and refinery capacity constraints. The net-long non-commercial position on gasoline futures also rose in unison, reaching record levels by end March. Expectations appear to converge on a tight market ahead, but some indicators may suggest otherwise.

\$/bbl NYMEX Unleaded Gasoline Futures



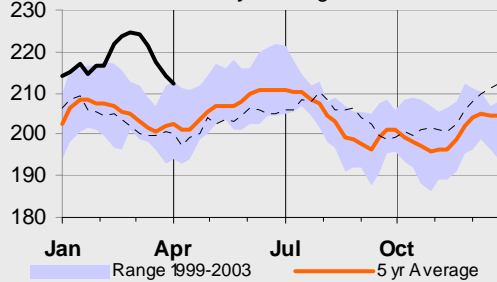
\$/bbl Cash and Futures Gasoline Spreads



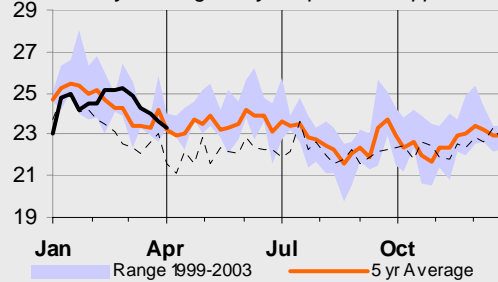
Recently, prices started to show some bearish signs, suggesting perhaps a more sanguine view. Physical gasoline prices in New York Harbour have moved into steep discounts against front month futures while the futures crack spread eased back in early April to levels seen at the end of March. The typical contango that develops in February ahead of the summer driving season has been steeper than a year ago, providing a strong financial incentive to move product into storage. As such, stocks by end-February had built rapidly during a period of refinery turnarounds, peaking at 224 mb, or 22 mb above year-ago levels. Although gasoline stocks dropped precipitously during March, their opening position in April remains high on a seasonal basis.

While rapid, the decline in stocks itself is not atypical and must be viewed in context. In addition to demand growth, it reflects a turnover to summer product, lower imports and reduced output due to low crude runs and cracker maintenance. The draw was compounded by strong distillate economics, with futures crack spreads for heating oil higher than gasoline in February while being comparable in March. In response, refiners lowered gasoline yields to 55% by end-March (against 58.5% in 2004). Gasoline supplies going forward will depend on how quickly refiners exit turnarounds. Compared to a year ago when they were preparing for sulphur and other specification changes, maintenance has been less intensive. Opening stock levels in April were 212 mb, or 12 mb above last year. Although summer demand growth is expected to exceed 2%, looking ahead, current stocks on a days supply basis are within their five-year range. Brimming independent storage tanks in Northwest Europe also suggest that Europe's swing supplies for US summer demand will be ample. Crude runs have started to rise and upgrading unit maintenance is ending while a large blending components cushion is available in the run-up to higher throughputs. It would be premature to write off the gasoline season, but as output rises and yields are maximized, supplies will be building from a higher base.

mb Weekly US Gasoline Stocks
5 year range

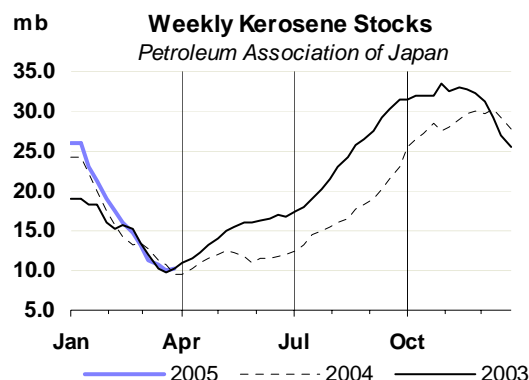


days Weekly US Motor Gasoline Stocks
5 year range- days of product supplied



OECD Pacific

Crude stocks declined in the Pacific region by 10 mb on high refinery runs. Stocks fell by 3 mb in Korea and 7 mb in Japan. The decline in Japan is based on onshore stocks and does not account for crude oil volumes held in tankers at ports. These, once included in the January figures, revised Japanese crude stocks upwards by 10 mb. While tanker volumes are expected to remain stable to weaker in February, March is likely to see an uptick in these figures with the end of the fiscal year in Japan. If validated, the preliminary 3 mb increase implied by weekly data in March is likely to prove much higher.



Pacific distillate stocks followed seasonal trends, declining on demand for kerosene as well as gasoil. Colder temperatures extended through March, bringing inventories of heating fuels to seasonal lows. Refinery output in these products also declined ahead of weaker demand in the second quarter and scheduled maintenance, with runs falling in Korea ahead of those in Japan.

OECD Inventory Position at End-February and Revisions to Preliminary Data

Revisions to preliminary January stock data raised inventories by 37 mb. Most of the revision was centred on products (26 mb) and regionally located in Europe. Revisions in European gasoline and distillate stocks brought recent trends in industry stocks in the region closer to those observed in independent storage in the ARA area. North American gasoline inventories were revised upwards both in Canada and the US. Crude oil stocks were revised upwards mainly in Japan and Italy.

Revisions Versus 11 March 2005 Oil Market Report

	(million barrels)							
	North America		Europe		Pacific		OECD	
	Dec 04	Jan 05	Dec 04	Jan 05	Dec 04	Jan 05	Dec 04	Jan 05
Crude Oil	0.8	-2.8	4.1	9.2	0.0	8.5	4.9	15.0
Gasoline	-1.4	2.8	0.3	6.5	0.0	0.5	-1.1	9.8
Distillates	-3.0	-0.3	-1.3	9.0	0.0	0.4	-4.3	9.1
Residual Fuel Oil	-0.5	-0.3	0.0	-2.3	0.0	0.4	-0.5	-2.1
Other Products	-2.9	9.9	-0.8	-1.6	0.0	1.3	-3.7	9.5
Total Products	-7.8	12.1	-1.8	11.5	0.0	2.7	-9.6	26.3
Other Oils ¹	0.0	-4.7	-2.3	-0.1	0.0	0.3	-2.3	-4.5
Total Oil	-7.0	4.6	0.0	20.6	0.0	11.5	-7.0	36.8

¹ other oils includes NGLs, feedstocks and other hydrocarbons

With OECD stocks declining from a higher January baseline, inventories closed February at 2571 mb, nearly 96 mb higher than a year-ago. An increasing surplus in Atlantic Basin product stocks helped to nudge days of forward demand cover by OECD oil stocks to 52 days from 51 days in January. Cover in February in North America came to 48 days, 60 days in Europe and 48 days in the Pacific.

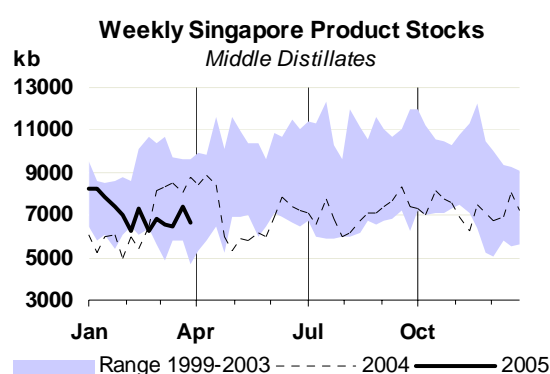
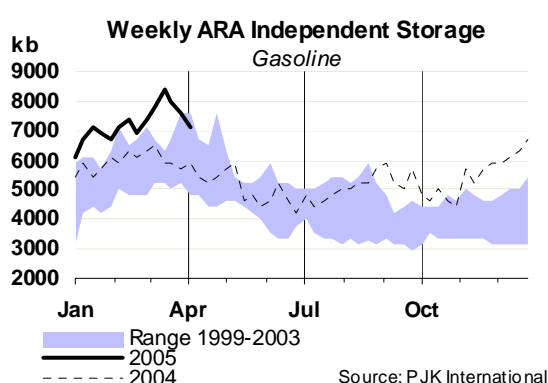
Year-on-Year Industry Stock Comparisons for February 2005

	(million barrels)				(Days of Forward Demand)				
	North America	Europe	Pacific	Total	North America	Europe	Pacific	Total	
Crude Oil	26.1	0.1	-13.2	13.0	Total Oil	2.5	0.9	-1.7	1.2
Total Products	51.0	26.9	2.1	80.0	<i>Versus 2003</i>	3.6	2.9	0.9	2.9
Other Oils ¹	6.5	-3.0	-1.0	2.6	<i>Versus 2002</i>	-3.9	-4.6	-3.1	-4.0
Total Oil	83.6	24.0	-12.0	95.6	Total Products	1.6	1.3	0.1	1.3
<i>Versus 2003</i>	139.7	75.5	1.8	217.0	<i>Versus 2003</i>	2.1	2.1	0.8	1.9
<i>Versus 2002</i>	-29.2	-20.8	-10.7	-60.7	<i>Versus 2002</i>	-1.9	-2.1	-2.2	-2.0

¹ other oils includes NGLs, feedstocks and other hydrocarbons

Recent Developments in ARA Independent Storage

Product stocks in independent storage were generally down in March. Gasoil inventories declined with rising inland barge deliveries as cold temperatures lifted heating demand. Declines were observed in fuel oil and gasoline stocks, mainly export-driven, though domestic utility and bunker demand also contributed in the case of fuel oil to a draw in stocks. Gasoil deliveries into traditional markets like France and Germany rose as colder temperatures and relatively low end-user inventories prompted increased demand. Gasoil cargoes were also delivered into Spain. Combined with falling Baltic supplies, this outweighed arrivals of material arbitrated from the US Gulf Coast. Fuel oil stocks fell with a resumption of VLCC shipments to Asia. Demand for ARA gasoil from the Mediterranean also rose as regional turnarounds limited distillate supplies. Deliveries of low sulphur fuel oil were also made to the US on higher utility demand. Regionally, cargo demand was seen mainly from Spain, Portugal and Italy. Gasoline stocks rose above seasonal levels in February on weak demand and limited spot arbitrage opportunities to the US. Gasoline was placed into storage on the basis of a steep contango in gasoline swap prices in Northwest Europe. Some of the surplus came out in March as shipments to the US and Nigeria resumed. Gasoline was also delivered to Iran, which was sourcing product from alternative suppliers due to lower export availabilities from India.



Recent Developments in Singapore Stocks

Total product inventories in Singapore surveyed by *International Enterprise* were down in March, driven by draws in light product stocks. Fuel oil and middle distillate inventories held broadly level but at respectively the top and bottom of their 5-year range. Fuel oil inventories in Singapore did not appear to correspond to rising prices, particularly for 380 cst quality material. Despite lower arrivals of arbitrated western fuel oil over the month, a mismatch between quality of product demanded and availability in tanks likely accounted for the small fluctuations in storage levels. Opening April fuel oil stocks were down, supporting steeper backwardation in Singapore paper prices. Distillate stocks remained low and gasoil and jet fuel premiums to benchmark Dubai widened on thin regional supplies and strong demand. Korea's exports were lower and supplies from the Middle East, notably of jet fuel, were diverted to Europe. Demand was supported by Indian and Indonesian interest. Singapore gasoil prices in the near months were balanced at the time of writing, likely reflecting higher Chinese diesel exports for April. In light products, regional gasoline strength appeared to support a lower inventory position rather than naphtha. Demand for naphtha weakened ahead of scheduled turnarounds at petrochemical facilities in Japan and Taiwan. Naphtha supplies were ample on rising offers from India where substitution to natural gas as a petrochemical feedstock has increased.

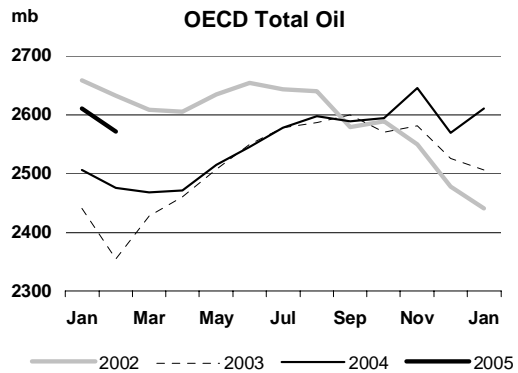
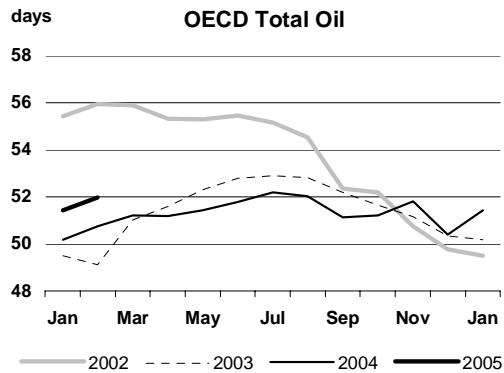
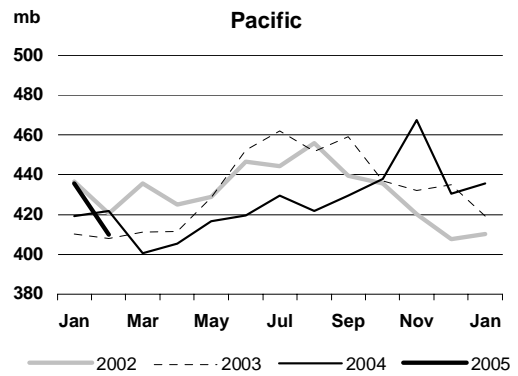
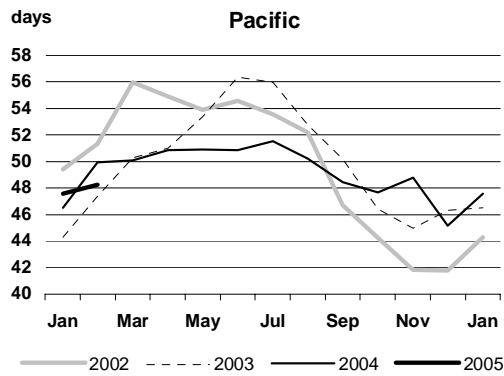
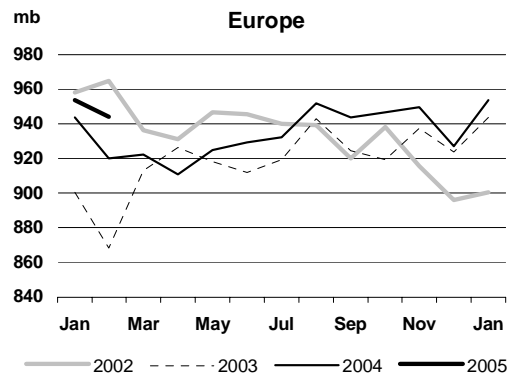
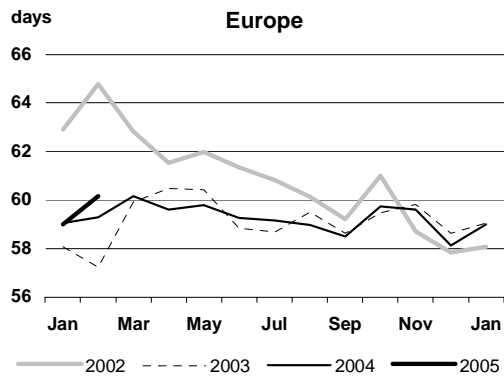
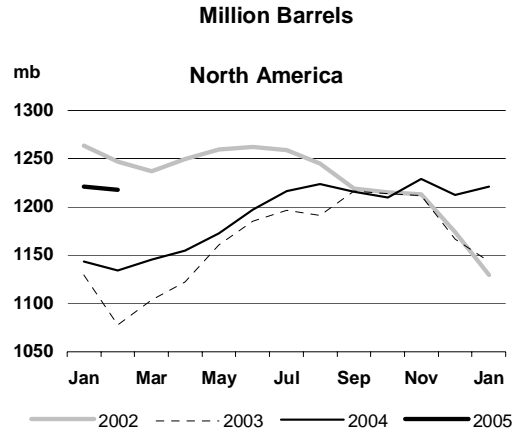
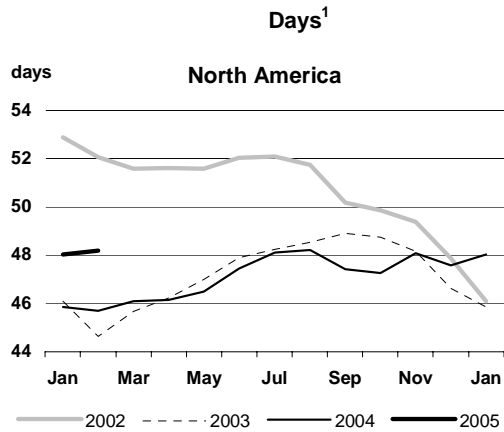
Singapore Crude & Product Trade

(thousand barrels per day)

Net Imports/(Exports) of:	2003	2004	1Q04	2Q04	3Q04	4Q04	Dec 04	Jan 05	Feb 05	Latest month vs.	
										Jan 05	Feb 04
Crude Oil	755	815	777	696	727	1059	736	1496	869	-627	151
Products & Feedstocks	-96	-136	-64	-150	-118	-211	-309	-73	-294	-221	-182
Gasoil/Diesel	-170	-182	-133	-206	-181	-206	-256	-170	-177	-7	-49
Gasoline	-83	-96	-88	-119	-79	-98	-62	-40	-99	-59	-24
Heavy Fuel Oil	320	276	304	289	238	272	247	276	237	-39	-16
LPG	-22	-22	-24	-21	-20	-24	-24	-22	-22	1	4
Naphtha	13	31	38	24	42	21	4	32	12	-20	-22
Jet & Kerosene	-99	-86	-99	-50	-92	-102	-127	-93	-162	-69	-55
Other	-55	-57	-62	-67	-26	-74	-92	-55	-83	-28	-20
Total	659	679	713	546	609	848	427	1423	575	-848	-31

Source: International Enterprise, IEA estimates

Regional OECD End-of-Month Industry Stocks (in days of forward demand and millions barrels of total oil)

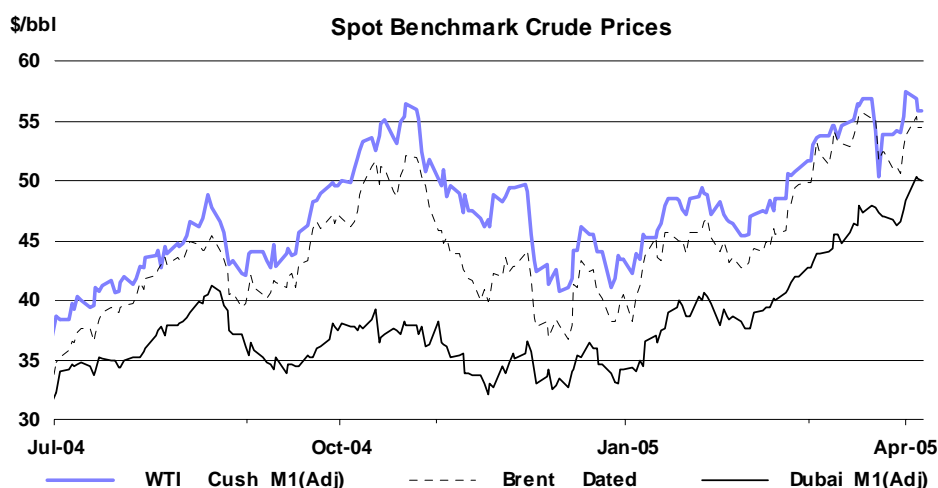


1. Days of forward demand are based on average demand over the next three months.

PRICES AND REFINERY ACTIVITY

Summary

- **NYMEX light crude** hit a new record intra-day peak of \$58.28 in early April, dragged higher by a surge in US gasoline and natural gas prices, strong Asian demand and pre-emptive stock building. The differing trend of forward crude prices highlighted a regional imbalance, with Brent and WTI in contango and Dubai, Oman and Tapis in backwardation. However, the weight of further US stock builds and an unexpected rise in US natural gas stocks helped trigger a \$5 correction.
- **Non-commercials** moved back to the buy-side of NYMEX petroleum futures, with combined crude, gasoline and heating oil net longs reaching a record 137,694 lots. Concern over tight supplies in the second half of the year and expectations of a *near-traditional* spring price spike in gasoline have contributed to the shift in speculative sentiment.
- **NYMEX gasoline futures** reached the record level of 174.91 cents/gallon in early April following a series of sharp stock draws in March and disruptions to key refineries supplying the domestic market. The tragic explosion at BP's Texas City refinery, which supplies up to 3% of the country's gasoline supplies, was initially feared to have caused extensive damage. But the damage was limited to an isomerisation unit, affecting high-octane gasoline rather than total gasoline output. The week-long shutdown of Venezuela's Amuay refinery added further support to prices.
- **VLCC crude freight rates** remained volatile throughout March, but averaged slightly lower than February levels. The closing of North Sea and West African arbitrages to the US together with European refinery maintenance were the key factors behind the move lower. However good demand and higher OPEC output tempered losses for Asian-bound VLCC freight rates.
- **Atlantic Basin refinery margins** moved higher in March pushed up by the strength of fuel oil in Europe and higher gasoline prices on the US Gulf Coast. Fuel oil prices rose nearly 30% in Europe, making marginal hydroskimming capacity more attractive as refiners move into seasonal maintenance.
- **OECD February refinery throughput rose by 340 kb/d** from January levels and by 810 kb/d over a year earlier to 39.92 mb/d. January crude runs were however revised down by 237 kb/d from the last report. US refinery runs remained constrained by maintenance, although this is expected to ease in April. European refineries moved into seasonal maintenance in March, but improved margins could see the offsetting use of underutilised capacity.



Crude Oil Prices

Spot Crude Prices and Differentials

Benchmark crude oil prices, WTI Cushing, Dated Brent, Urals and Dubai continued to reach record highs in early April, driven higher by strong demand from Asia, stock building ahead of peak summer/winter demand, and high US gasoline and natural gas prices. Cold weather dragged OECD Pacific crude stocks to the lower end of their range at the end of February and March, increasing Asian refinery demand at the same time as Atlantic Basin refiners were either in or preparing for maintenance. This divergence in demand trends supported an unusual contango market for Atlantic Basin crudes, but backwardation in crudes destined for Asia.

Spot Crude Oil Prices and Differentials*

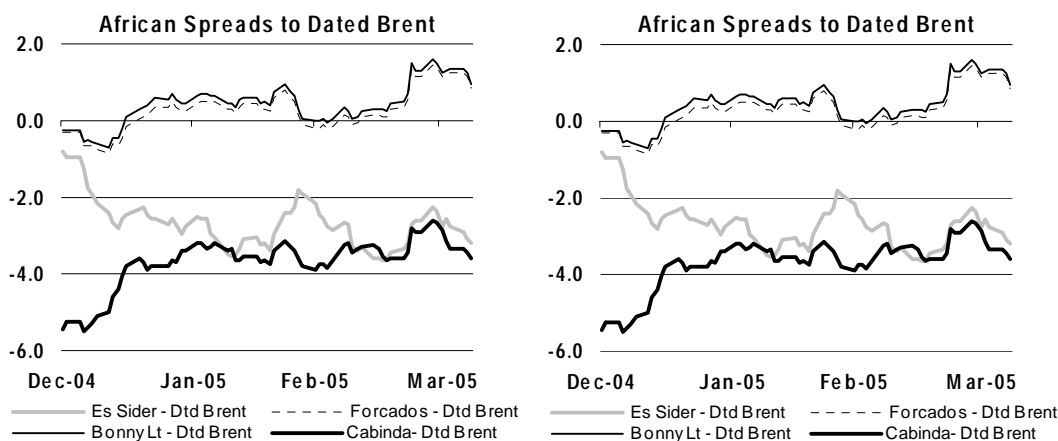
(monthly and weekly averages, \$/bbl)

	Jan 05	Feb 05	Mar 05	Mar-Feb		Week Commencing:				
				Change	%	07 Mar	14 Mar	21 Mar	28 Mar	04 Apr
Crudes										
Brent Dated	44.23	45.37	52.91	7.53	16.6	52.99	54.52	53.65	51.90	54.80
WTI Cushing 1 month (adjusted)	46.83	47.94	54.33	6.39	13.3	54.22	55.96	53.78	54.98	56.21
Urals (Mediterranean)	40.22	40.93	48.14	7.20	17.6	48.34	49.08	48.71	47.46	50.04
Dubai 1 month (adjusted)	37.92	39.87	45.84	5.97	15.0	44.83	46.72	47.50	47.07	50.13
Tapis	46.35	50.17	57.07	6.90	13.7	56.75	58.09	57.70	57.21	60.77
Differential to Dated Brent										
WTI Cushing 1 month (adjusted)	2.60	2.57	1.43	-1.14		1.23	1.43	0.13	3.09	1.40
Urals (Mediterranean)	-4.01	-4.44	-4.77	-0.33		-4.65	-5.44	-4.94	-4.44	-4.77
Dubai	-6.31	-5.51	-7.06	-1.56		-8.16	-7.81	-6.16	-4.82	-4.67
Tapis	2.12	4.80	4.17	-0.63		3.76	3.57	4.05	5.31	5.97
Prompt Month Differential										
Brent 1mth-2mth (adjusted)	-0.01	-0.08	-0.23	-0.15		-0.15	-0.58	-0.62	-0.46	-0.46
WTI Cushing 1mth-2mth (adjusted)	-0.19	-0.53	-0.85	-1.05		-0.57	-1.78	-0.86	-1.06	-1.06

* Weekly data for Brent and WTI 1st month and 2nd month are unadjusted

Building US crude stocks and preparations for European refinery maintenance have put pressure on nearby Brent, widening the contango structure. The US crude build also put pressure on the spread between WTI and dated Brent, closing the theoretical window for the movement of Brent-related crudes to the US at the end of February. However lower freight rates reopened the arbitrage window at the end of March, which coupled with strong Brent refining margins on the US Gulf Coast, added to the attractiveness of moving North Sea crudes eastbound.

WTI futures saw the near month contango spread as far forward as September as stocks built in the US. Anecdotal reports suggested significant inflows of Canadian crude into PADD 2, the key WTI pricing region. US import flows continued at 10.2 mb/d in March, 330kb/d higher than a year ago, but the temporary closure of the North Sea and West African arbitrages in early to mid-March appears to have constrained early-April imports. The trading window however appears to have reopened in time for further shipments to arrive before the end of April maintenance.



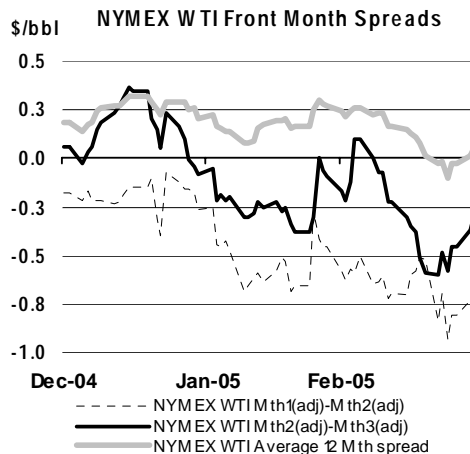
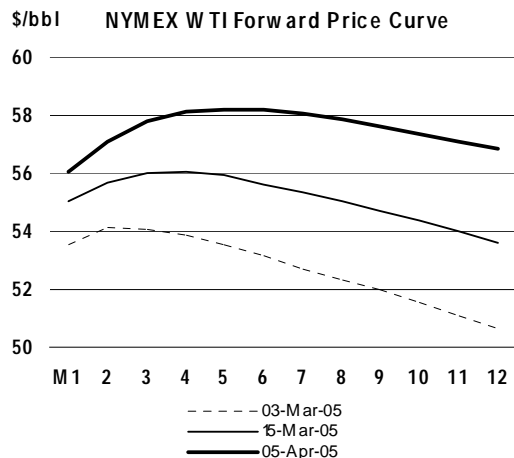
West African crude sales to Asia are reported to have risen from around 1.1 mb/d in March to 1.27 mb/d in April, however we note that shipping data suggests that these volumes can be somewhat understated, and strong flows of West African crude to Asia are often a major driving force behind high prices. West Africa is one of the few oil producing centres where spot crudes move to the three key demand centres, the US, Europe and Asia. The extent of Asian demand is further highlighted by the wide premium of Bonny Light and Forcados to dated Brent (although this is to a certain extent exaggerated by the Brent contango).

Asian demand strength has been exhibited in other pricing relationships. Regional crudes such as Tapis, Minas and Cinta have all moved to strong premiums to dated Brent, while Middle East benchmarks Dubai and Oman (together with forward Tapis) have moved into backwardation. The Dubai backwardation and the dated Brent contango has led to a narrowing of the Brent-Dubai spread. Comparing dated Brent against front month Dubai, leaves the light/sweet-heavy/sour spread at a narrower \$5/bbl, but looking further forward, the spread has widened to over \$7/bbl. Aside from strong regional demand, maintenance at Abu Dhabi's crude fields at the end of May has led cuts in May crude allocations to Asian buyers by 5% with possible further cuts in June. This has increased the value of nearby cargoes, thereby enhancing spot premia.

The Asian tightness is supported by fundamentals. End-February OECD Pacific crude stocks moved towards the lower end of their five-year range, while preliminary data showed Japanese stocks remained marginally higher in March. Strong regional product demand has also been reported and refiners are keen to build stocks ahead of the soon-to-start maintenance season, helping to draw crude East. There has also been a pick-up in buying of direct-burn crude by Japanese utilities to replace stocks depleted by cold weather in February and March.

Crude Futures

NYMEX light crude and IPE Brent both extended their nearby contango further forward in March as refinery maintenance led to a build up in regional crude stocks. At the time of writing, the contango has moved out to September for NYMEX light crude and to August for IPE Brent. This is a demand-led shift, highlighted by the move of Asian crudes into backwardation.



The price difference between IPE Brent and NYMEX light crude futures is another symptom of increasing US crude stocks, falling below \$1 for the first time since the middle of 2002. Although the weakness is predominantly at the front end, the forward spread curve has also dropped. But this situation does not appear to be sustainable further forward. The US will need to import larger amounts of crude once refiners crank up throughput to meet peak driving season demand, so the current spreads either imply a draw in US stocks (which would tighten the market), very low freight rates or a steep drop in demand. While these conditions are theoretically feasible, none seem likely. More likely this is a temporary pricing miss-match caused by the evolving structure of the forward spreads and refinery maintenance.

The spread picture is further complicated by the backwardations in Asian and Middle Eastern crudes. The steepest backwardations are seen in Benchmark Dubai and Oman crude, which could be related to pending field maintenance rather than pure demand strength. But the backwardation in Tapis clearly indicates there is a strong demand-led pull on nearby crude prices. The co-existence of Asian

crude backwardations and contangos in the Atlantic Basin is indicative of market forces trying to reallocate resources where they are most needed. It tells us there is a regional supply imbalance, but unfortunately gives no indication of its relative magnitude.

Back to the Future

While a crude price above \$55 and a contango structure may have appeared a paradox a year ago, the current limited spare production capacity, lag between investment and output and the subsequent need to hold stocks makes such a structure seem more logical. This is not simply a case of building crude or product stocks during "off season" demand, but also looking to have sufficient reserves to meet periods of above trend annual demand growth.

The recent extension of the contango in NYMEX and IPE crude futures through to September and August respectively can be explained by basic futures theory. While a backwardation (or spot premium to forward contracts) can theoretically be limitless, a contango structure is restrained by the arbitragable limits of finance, storage and insurance costs (these add up to the costs required to carry stocks forward). Therefore if pressure is placed on the spot market by higher stocks, prices can only decline by extending the contango further forward or by a fall in long-term futures prices.

Widening contangos are often associated with price weakness – as stocks build, buyers are in a position to be choosy about the price and timing of any crude purchases. In essence, they hold the buying power. But for prices to stay high, holders of crude stocks must be reluctant to sell or use them, which would appear (until recently at least) to be the current situation. This is understandable given that the contango market structure partly helps to finance holding costs - but not entirely. An element of the high prices must therefore reflect expectations of stronger demand later in the year and a pre-emptive desire to build/hold stocks.

Although stocks are a potential source of future supply for the market, while they are being tucked away they are effectively a source of demand. Stock movements are typically seen at cycle peaks - rising when prices are cheap and the market is well supplied and falling when supplies are tight and prices high. However the recent build of stocks into price strength suggests that refiners and traders are taking precautions against expectations of higher demand later in the year. Another way of looking at this is that they are effectively bringing forward peak summer and winter demand at the same time.

Current high prices are not just the sum of current supply and demand, but are also a reflection of expectations of future needs. When we reach that future, there should, under current demand projections, be additional supplies from stocks available.

Delivered Crude Prices in January

Delivered crude prices in IEA countries in January rose by an average of \$1.77/bbl to \$39.11/bbl. As usual the move tracked shifts in spot crude prices. Pacific and North American prices were slower to react to January's sharp price increase in benchmark crudes, gaining by 12 cents/bbl to \$39.14 and \$1.36/bbl to \$37.49 respectively. European prices however jumped by \$3.09 to \$40.64/bbl - a likely reflection of the shorter shipping times to the region. However, it should also be noted that there appeared to be a lightening of the barrel in import streams, which would have added to costs.

Product Prices

Spot Product Prices

Prices of light transportation fuels in the main pricing centres continued to outperform benchmark crudes throughout March, with differentials rising particularly sharply in North West Europe and the Mediterranean towards the end of the month. Refinery glitches for US suppliers added volatility to the gasoline market, while European refiners are looking to build stock cover ahead of seasonal maintenance. Fuel oil prices also outperformed in Europe in particular.

Spot Product Prices

(monthly and weekly averages, \$/bbl)

	Jan	Feb	Mar	Mar-Feb		Week Commencing:					Jan	Feb	Mar		
				Change	%	07 Mar	14 Mar	21 Mar	28 Mar	04 Apr					
Rotterdam, Barges FOB													Differential to Brent		
Premium Unleaded (Cargo)	48.70	50.86	57.03	6.17	12.1	55.53	55.01	60.41	63.79	66.95	4.47	5.49	4.13		
Regular Unleaded	47.94	49.92	56.19	6.27	12.6	54.90	54.17	59.49	62.88	65.94	3.71	4.54	3.28		
Naphtha	43.18	45.85	52.45	6.60	14.4	51.82	53.78	53.64	53.30	56.43	-1.05	0.48	-0.46		
Jet/Kerosene	55.20	58.21	68.99	10.79	18.5	67.33	69.66	70.40	72.93	75.90	10.97	12.83	16.09		
Gasoil	52.75	55.17	65.62	10.46	19.0	64.46	66.30	66.43	67.33	70.36	8.52	9.79	12.72		
Fuel Oil 1.0%S	27.74	28.88	35.41	6.53	22.6	35.55	35.64	37.21	36.79	38.68	-16.49	-16.49	-17.49		
Fuel Oil 3.5%	24.55	26.56	31.38	4.81	18.1	30.59	31.96	32.82	33.10	37.35	-19.68	-18.81	-21.53		
Mediterranean – Basis Italy, Cargoes FOB													Differential to Urals		
Prem Unleaded (50ppm)*	47.50	50.11	56.16	6.06	12.1	54.60	55.22	58.79	62.96	65.43	7.28	9.18	8.03		
Prem Unleaded (150 ppm)	46.54	49.15	55.21	6.06	12.3	53.64	54.26	57.83	62.00	65.32	6.32	8.22	7.07		
Naphtha	41.41	43.96	50.99	7.03	16.0	50.25	52.34	52.27	52.07	55.21	1.19	3.02	2.85		
Jet/Kerosene	53.03	55.95	67.01	11.06	19.8	65.43	67.96	68.54	70.72	74.21	12.81	15.01	18.87		
Gasoil	51.84	54.48	64.65	10.17	18.7	63.84	65.17	65.08	66.19	69.08	11.62	13.55	16.52		
Fuel Oil 1.0%S	29.83	30.77	36.72	5.95	19.3	36.30	37.07	38.51	38.36	41.43	-10.39	-10.16	-11.42		
Fuel Oil 3.5%S	22.73	25.85	30.31	4.46	17.3	29.33	30.43	32.24	32.40	36.52	-17.49	-15.09	-17.83		
NY Harbour, Barges													Differential to WTI		
Super Unleaded	54.34	54.84	67.33	12.49	22.8	63.56	68.71	72.18	74.11	75.93	7.52	6.90	13.00		
Regular Unleaded *	51.87	51.53	60.49	8.95	17.4	59.67	60.91	62.63	63.21	65.29	5.05	3.59	6.16		
Jet/Kerosene	58.97	57.85	66.73	8.88	15.4	65.26	68.03	68.18	69.56	71.20	12.14	9.91	12.40		
No.2 Heating Oil	55.34	56.39	65.39	8.99	15.9	64.47	66.46	65.31	67.85	68.79	8.51	8.45	11.05		
Fuel Oil 1.0%S (Cargo)	29.86	30.94	35.57	4.64	15.0	34.28	36.55	37.38	37.05	39.67	-16.97	-17.00	-18.76		
Fuel Oil 3.0%S (Cargo)	26.65	28.30	31.51	3.22	11.4	30.53	31.83	33.00	33.08	34.04	-20.18	-19.64	-22.82		
Singapore, Cargoes													Differential to Dubai		
Premium Unleaded 95	47.57	54.27	59.47	5.20	9.6	60.12	59.16	60.42	60.17	64.77	9.65	14.40	13.63		
Naphtha	41.34	44.61	50.74	6.13	13.7	50.31	51.80	52.12	50.85	53.84	3.42	4.74	4.90		
Jet/Kerosene	51.10	54.54	66.33	11.79	21.6	64.27	67.39	68.79	69.26	75.38	13.18	14.67	20.49		
Gasoil	49.23	52.53	62.58	10.04	19.1	61.08	63.69	64.23	64.28	68.31	11.31	12.66	16.74		
LSWR (0.3%S)	31.94	34.72	41.34	6.62	19.1	40.39	42.29	42.86	42.39	45.45	-5.98	-5.15	-4.50		
HSFO (3.5%S 180cst)	28.88	31.16	34.79	3.63	11.7	33.38	35.33	36.72	36.05	38.90	-9.04	-8.71	-11.05		
HSFO 4%S	27.89	30.70	35.23	4.54	14.8	33.79	35.89	37.34	36.64	39.27	-10.03	-9.17	-10.61		

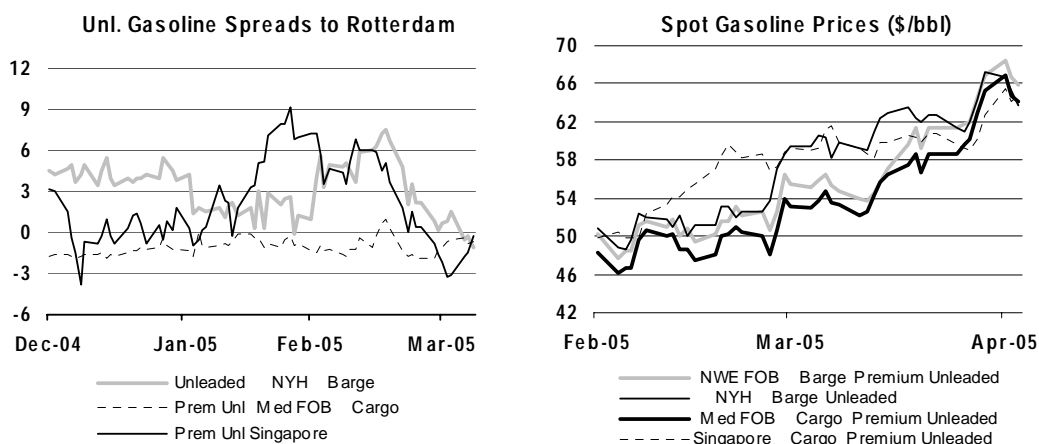
* From January 2005 Premium Unleaded 50 ppm

Early March was colder-than-normal in much of Europe, helping to sustain the strength of gasoil cracks early in the month. However, this gave way to a dramatic turnaround in the weather, with central European temperatures topping 20°C in mid-month. Heating oil demand died down quickly, but strong agricultural diesel demand and domestic use kept distillate differentials relatively strong. Strong diesel demand also encouraged jet/kerosene blending with gasoil, bolstering jet/kerosene prices in both Northwest Europe and the Mediterranean. The strength of jet/kerosene also attracted swing supplies from the Middle East Gulf into the region.

Gasoline prices surged in early April as the switch to summer specification fuels, high US prices and refinery maintenance tightened the market. Naphtha prices were dragged higher by gasoline, but underperformed the transportation fuel as petrochemical feedstock demand was tempered by more attractive LPG prices. Low sulphur fuel oil differentials to dated Brent were relatively flat during the month, but there was good demand for high sulphur material for bunkers and for arbitrage to the US. This led to a near 30% rise between the end of February and early April, pushing high sulphur fuel oil to record levels.

US Gasoline prices surged on the news of the explosion at BP's Texas City refinery, in the latter half of March, but swiftly dipped when it became clear that the disruption would be isolated to an octane enhancing unit, rather than refinery-wide. However, given the size of the refinery, the loss of the isomerisation unit resulted in a widening of the spread of high octane to regular gasoline and a rise in blendstocks. Further concerns were generated by falling US gasoline stocks, emphasis on diesel

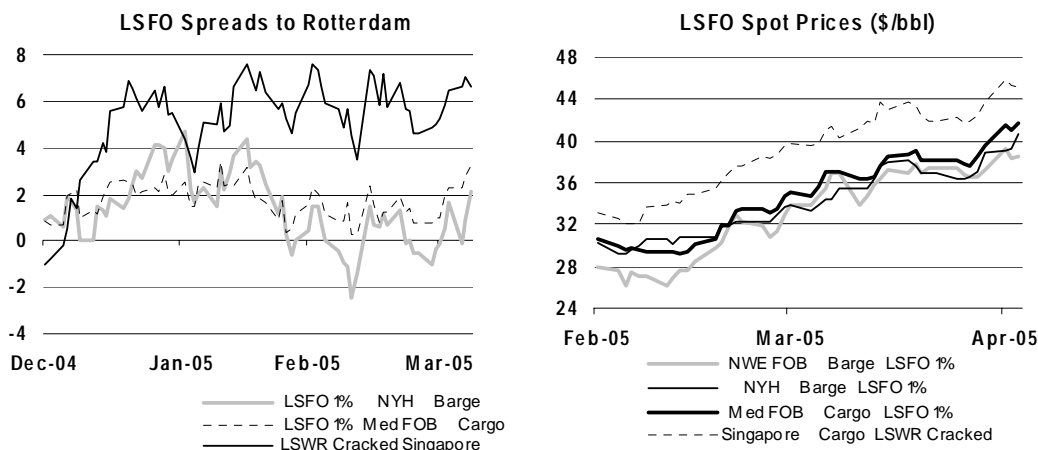
yields and further refinery issues including an outage at Venezuela's Amuay refinery. Arguably, given the extent of the spike in NYMEX gasoline futures at the end of March and the importance of the US market, this was probably the single most important influence on the latest rise in crude prices.

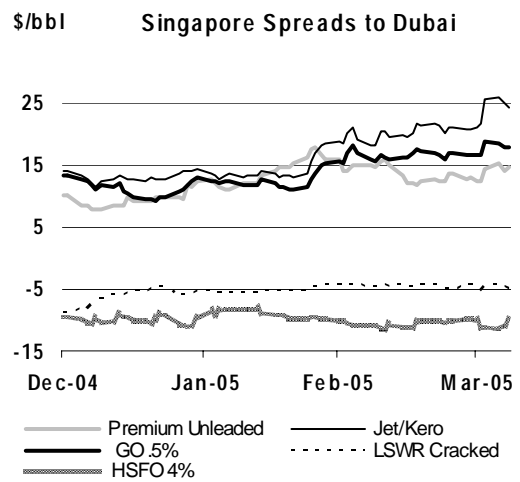
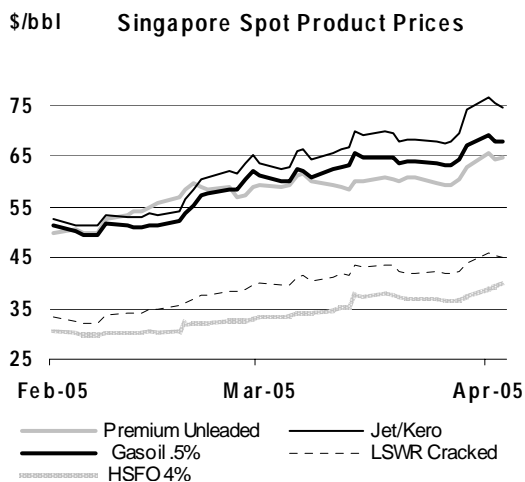
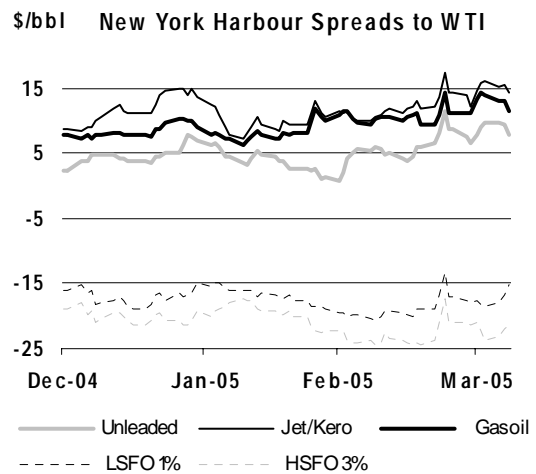
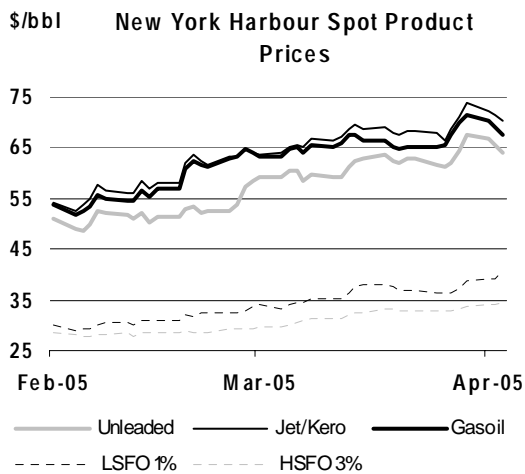
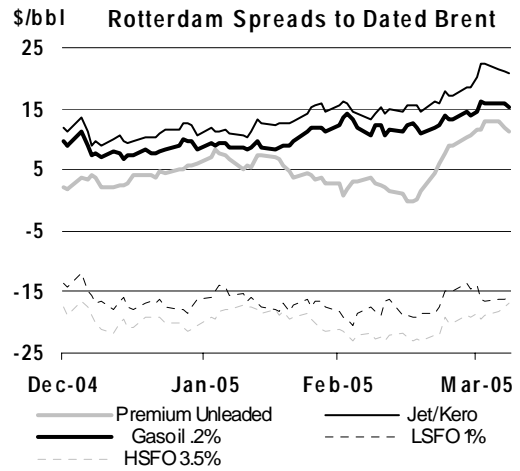
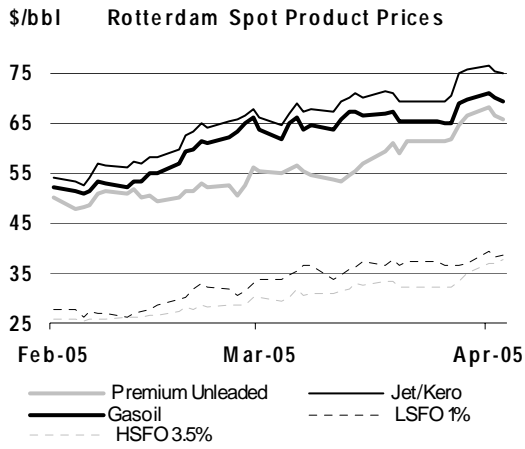


Rising natural gas prices have proved a major support to the US distillate market, with continued stock draws in March leading to the highest prices since the late November 2004 spike. Diesel demand for transportation remains strong and April marks the start of the planting season in the Midwest. The strength of the West Coast diesel and jet markets are contributing to strength on the eastern seaboard and the Gulf Coast, particularly in jet, and here, in line with Europe, jet is being used for blending in the distillate pool to make diesel.

Asian distillate markets have been tightened by the cold weather in the first quarter, with kerosene stocks drawn sharply down in Japan in particular. One tempering factor has been the resumption of gasoil exports from China in March and April. Anecdotal evidence suggests that this is largely due to unattractive local pricing for refiners, but similarly it is fair to say that the state refiners are likely to ensure that domestic supplies have been met before shipping. But Chinese exports have been offset by good demand from Vietnam and Indonesia, and there has also been the purchase of low sulphur diesel from India to meet domestic requirements. Reports say that the tight low sulphur market and the fact that several domestic refiners need more time to gear up refineries to meet new fuel specifications have prompted the Indian government to postpone their implementation in certain regions.

Gasoline in Asia has been more balanced, with differentials to Tapis barely moving over the course of March. A surprise reduction in Indonesian import demand was countered by strong second quarter demand from Vietnam. Chinese demand appears to have been dampened by higher retail prices. The government raised retail gasoline prices by 7% at the end of March, the first price rise since August 2004. China has also upped its gasoline exports, believed to be shipping around 500,000 tonnes in March, rising to a planned 560,000 tonnes in April. The March export estimates were around a third higher than initial expectations. These exports were above the 450,000 tonnes shipped in March and April last year.

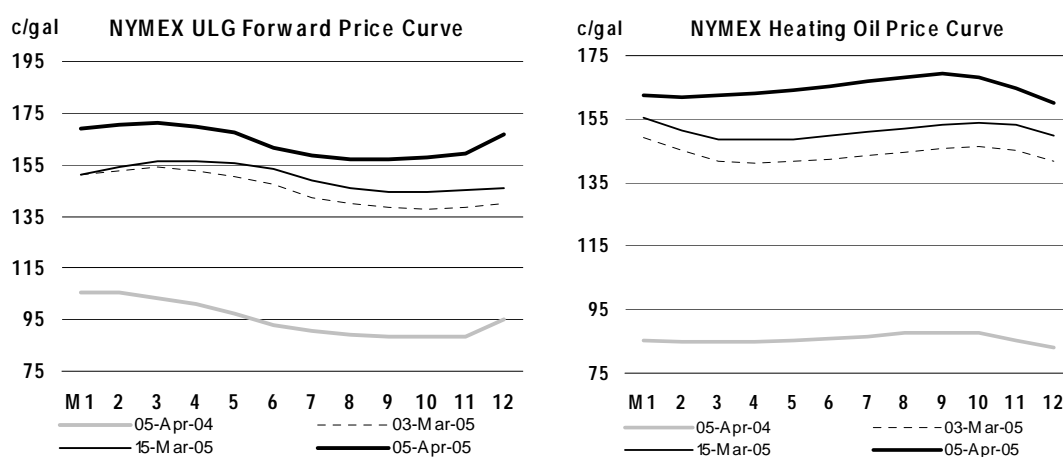




Demand for low sulphur waxy residue from Japan is expected to be much higher than normal, with utilities stocking up following a much colder than normal start to March. Korean utilities are also leaning towards burning more fuel oil than was previously the case under the old centralised buying regime.

Product Futures

Lower US stocks and several refinery problems resulted in a slight tightening of front month NYMEX gasoline spreads, but overall, the contango remains in place encouraging stockbuilding into the summer months. Gasoline stocks are 11 million barrels higher than at this stage last year and this as much as the need to continue to build stocks, is reflected in the higher level of summer prices. The contango in NYMEX gasoline contrasts with a backwardation through to the end of the year at this stage in 2004. However, this might not last for long. The fall in US gasoline stocks since mid-February has been much steeper than normal, dragging stocks back to the upper-end of their normal range. Maintenance is expected to continue to a degree until the end of April, although to a lesser extent in upgrading units. Further, the recent surge in refinery margins will encourage the maximisation of throughput where possible, offsetting some maintenance declines.



IPE gasoil and NYMEX heating oil have now moved into a contango structure for the next six and ten months respectively. OECD middle distillate stocks at the end of February were well within their five-year range, despite cold weather, helping to push the IPE contract into a relatively modest contango. However, considering the strong diesel demand in Europe in the summer months, higher forward prices may also be a reflection of the potential for further tightening in the months ahead.

End-User Product Prices in March

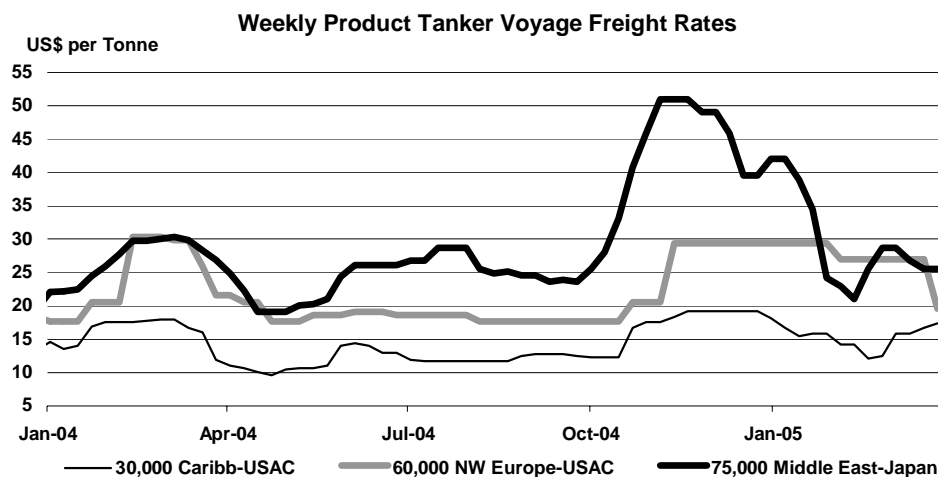
Petroleum product prices rose in all regions and for all products (bar diesel in Japan) in March, reflecting trends in wholesale markets. Ex-tax price movements were broadly in line for diesel and gasoline, with the late March fall in the Euro not fully reflected in European price movements. The colder weather conditions in the European market also accounted for sharper increases in heating oil prices compared with those in North America. Heating oil prices in March were roughly a third higher in Europe than those seen a year ago and nearly 50% higher on an ex-tax dollar denominated basis.

Freight

Dirty freight rates remained volatile in March, but average prices ended broadly weaker from February levels. VLCC rates from the Middle East to the US Gulf Coast and Asia saw a relatively shallow decline, but steeper losses were seen into the Mediterranean from the Black Sea and Middle East.

The closing of the North Sea and West African arbitrages in early/mid-March to the US were one of the primary driving forces behind lower rates. These can in turn be attributed to regional refinery maintenance and the build up of crude stocks in both regions. Asian demand for crude, particularly West African, remained firm, preventing a further slide in rates. Rising OPEC production was also supportive.

Little immediate tightening is seen as a result of the implementation of the International Maritime Organisation rules banning the use of “unprotected” single-hulled tankers. Single hulled tankers more than 23 years old were banned from 5 April, while younger tankers only have to be phased out by the end of this year. Much of the scrapping of older vessels was completed last year and those remaining are expected to be scrapped smoothly throughout this year. Single hulled vessels with double sides or double bottoms are still allowed to be used.



The single hull ban is expected to be widely implemented, and concerns that China might continue to use cheaper single-hulled vessels were scotched by a strong statement the Communications Ministry on the day the regulation came into force.

Clean freight rates for products moved higher in early March, reflecting a continuation of cold weather demand for distillates. However rates stabilised by mid-month and declined in early April in many routes as temperatures in Europe and Asia warmed reducing the need for strong distillate movement. The start of refinery maintenance in Europe further reduced the propensity for transatlantic shipments.

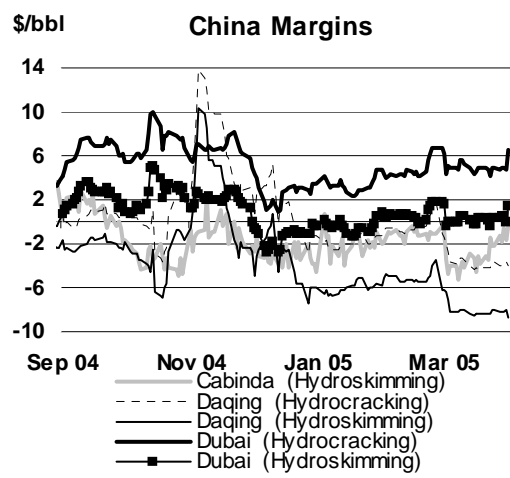
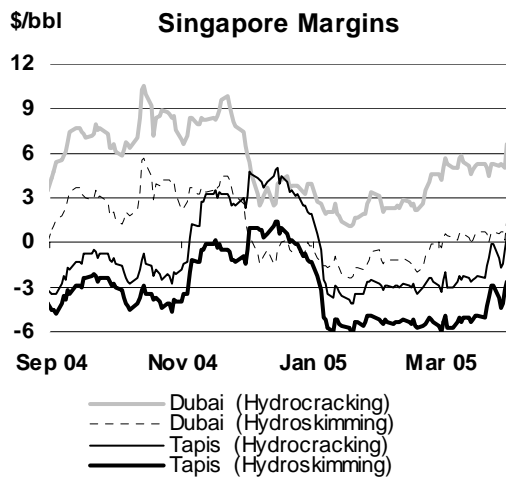
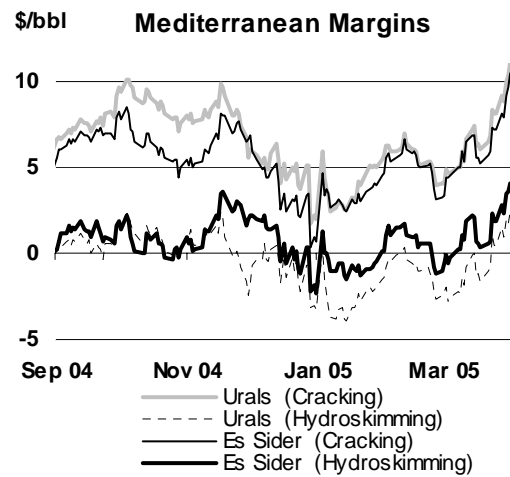
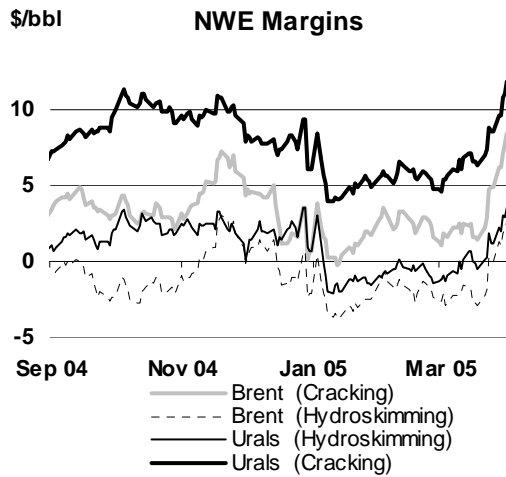
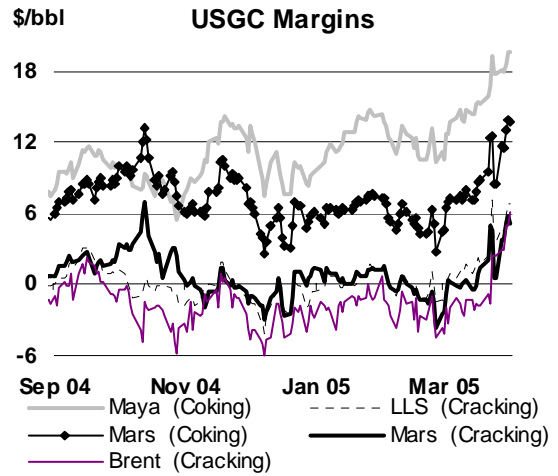
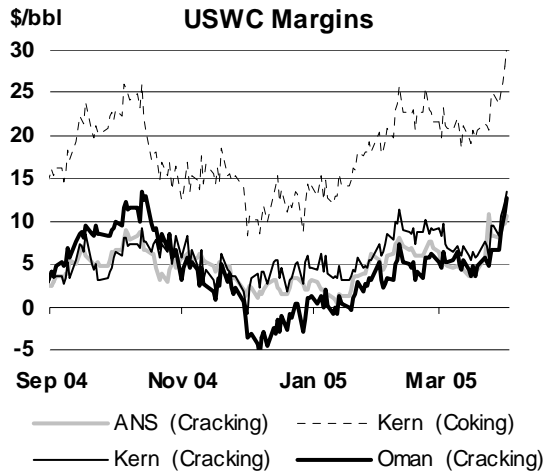
Refining Margins

Refining margins in Europe and the US moved higher in March, but gains were muted in the Far East. March margins started relatively subdued and below the February average, but rose strongly by early April as product prices surged.

The contango in Brent crude contributed to a sharp rise in returns for both cracking and hydroskimming in early April, but it was the rise in gasoline and fuel oil which created the biggest impact towards the end of the month. On a percentage change basis, regular and premium gasoline and high sulphur fuel oil rose by over 28% from end-February to early April, compared with a rise of just over 9% for Brent and Urals crude. Higher fuel oil prices have the biggest impact on hydroskimming margins and as a result Brent margins for this refinery configuration turned positive (on a full cost basis) in early April for the first time in three months. Similar moves were seen in Urals margins in both Northwest Europe and the Mediterranean.

US Gulf Coast cracking margins reversed from their early-year torpor, with Brent margins turning sharply positive at the end of March. In contrast to the fuel oil-led gains in Europe, it was the rise in gasoline prices that had the biggest impact. Super unleaded prices were over 22% higher in March than the February average, but early April super unleaded prices were nearly 35% higher. While some of this gain reflected the switch to summer specification material, falling stocks and refinery outages were largely responsible for a tightening of the gasoline market.

But if the gain in Brent was significant, it was the surge in coking returns on both the Gulf Coast and the US West Coast that really caught the eye. By early April, Maya coking margins in the Gulf Coast were nearly \$20/bbl and over \$30 for Kern coking in the West Coast.



Key Refining Margins in Major Refining Centres

(\$/bbl)

	Monthly Average			Change		Week Ending:			
	Jan 05	Feb 05	Mar 05	Mar 05-Feb 05	04 Mar	11 Mar	18 Mar	25 Mar	01 Apr
NW Europe									
Brent (Cracking)	1.21	2.55	3.17	0.62	1.57	2.52	1.48	4.80	8.40
Brent (Hydroskimming)	-2.68	-1.73	-1.32	0.41	-2.80	-1.60	-2.91	-0.02	2.54
Mediterranean									
Urals (Cracking)	3.88	5.59	6.75	1.16	4.63	6.62	5.96	8.11	11.08
Urals (Hydroskimming)	-2.60	-0.89	-0.70	0.19	-2.55	-0.78	-1.58	0.45	2.37
US Gulf Coast									
Brent (Cracking)	-1.42	-2.38	-0.34	2.04	-2.00	-1.21	-1.74	2.39	6.23
LLS (Cracking)	0.54	-0.19	2.50	2.69	0.91	1.74	1.81	3.61	6.84
Maya (Coking)	12.79	11.96	15.57	3.61	13.80	14.78	15.32	17.75	19.71
US West Coast									
ANS (Cracking)	2.79	6.43	6.14	-0.29	4.85	4.23	4.36	8.34	10.57
Oman (Cracking)	1.33	4.62	5.91	1.29	5.38	5.55	4.76	6.75	12.78
Kern (Coking)	15.58	22.03	21.93	-0.10	21.02	21.11	20.68	24.91	30.55
Singapore									
Tapis (Hydroskimming)	-5.14	-5.36	-4.70	0.66	-5.79	-5.09	-4.87	-2.90	-2.69
Dubai (Hydrocracking)	2.10	2.89	5.15	2.25	5.30	5.48	5.27	5.30	6.67
Tapis (Hydrocracking)	-2.90	-2.92	-1.97	0.94	-3.02	-2.26	-2.21	-0.08	0.28
China*									
Cabinda (Hydroskimming)	-1.99	-1.10	-3.03	-1.92	-3.94	-4.16	-3.88	-2.21	-0.39
Daqing (Hydrocracking)	-1.84	-0.36	-3.66	-3.29	-3.67	-3.41	-4.20	-3.61	-4.07

For the purposes of this Report, refining margins are calculated for various complexity configurations, each optimised for processing the specific crude in a specific refining centre on a 'full cost' basis. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crudes for pricing purposes.

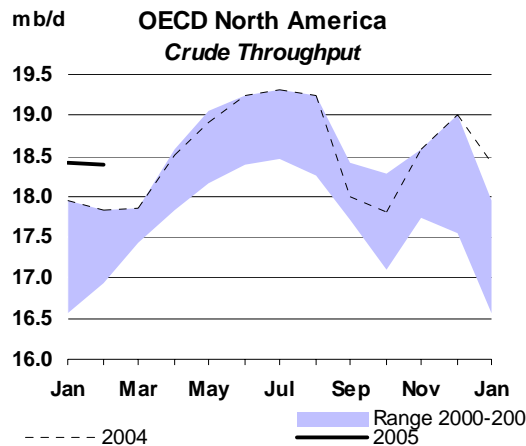
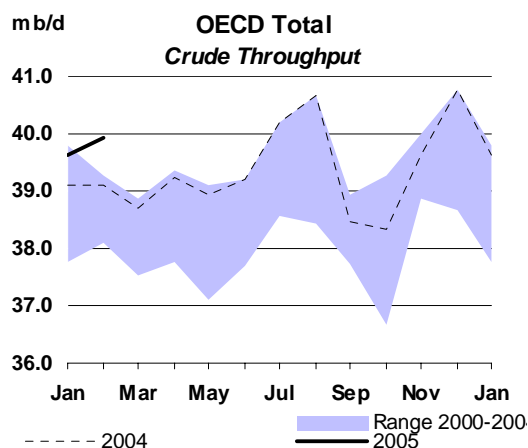
* The China refinery margin calculation represents a model based on spot product import/export parity, and does not reflect internal pricing regulations. A full list of refining margins and gross product worth can be found in table 15 on www.oilmarketreport.org.

Sources: IEA, Purvin & Gertz Inc.

Asian margins saw less significant gains. Dubai hydrocracking margins in Singapore and China remained attractive, and hydroskimming margins for this crude also turned positive in March. However, the strength of regional sweets and a disappointing performance in gasoline more than offset the sharp gains in middle distillate prices.

Refinery Throughput

OECD refinery throughput rose by 340 kb/d in February from a month earlier and by 810kb/d over a year earlier to 39.92 mb/d. The gains came off a lower base as January crude runs were revised down by 237 kb/d. Half of the revisions came from a downward revision to Japanese data, reflecting local refinery problems, while the US, UK and Turkey were revised lower, accounting for the bulk of the remaining changes.



Refinery Crude Throughput and Utilisation in OECD Countries

	million barrels per day						Change from Feb 04		Utilisation rate ²	
	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	mb/d	%	Feb 05	Feb 04
OECD North America										
US ³	14.98	14.95	15.67	15.75	15.20	15.03	0.32	2.2	89.0	87.8
Canada	1.80	1.75	1.75	1.97	1.93	2.10	0.28	15.2	104.0	91.6
Mexico	1.23	1.11	1.16	1.29	1.28	1.27	-0.03	-2.5	75.6	72.0
Total	18.01	17.81	18.58	19.01	18.41	18.40	0.57	3.2	89.4	87.3
OECD Europe										
France	1.77	1.76	1.71	1.84	1.81	1.72	-0.14	-7.3	88.4	95.3
Germany	2.29	2.40	2.24	2.33	2.36	2.32	0.03	1.1	94.6	93.6
Italy	1.93	1.81	1.74	1.96	1.83	1.87	-0.01	-0.6	80.4	81.2
Netherlands	0.93	0.81	0.93	1.06	1.08	1.07	-0.08	-7.4	86.9	94.2
Spain	1.17	1.12	1.22	1.28	1.17	1.19	0.11	9.8	93.8	85.5
UK	1.66	1.75	1.76	1.77	1.65	1.61	-0.04	-2.4	88.1	90.6
Other OECD Europe	4.04	4.03	4.07	4.00	3.89	4.13	0.24	6.2	88.9	83.2
Total	13.79	13.69	13.68	14.24	13.80	13.91	0.10	0.7	88.6	87.9
OECD Pacific										
Japan	3.73	3.72	4.16	4.25	4.20	4.46	0.07	1.5	94.8	93.5
Korea	2.20	2.35	2.46	2.48	2.44	2.43	0.06	2.4	94.2	93.2
Other OECD Pacific	0.74	0.75	0.75	0.78	0.75	0.72	0.02	2.6	83.9	81.7
Total	6.68	6.82	7.38	7.51	7.40	7.61	0.14	1.9	93.5	92.1
OECD Total	38.48	38.32	39.63	40.76	39.62	39.92	0.81	2.1	89.9	88.4

¹ Estimate

² Based on crude throughput and current operable refining capacity

³ US50

Refinery throughput in OECD Europe rose by just under 100 kb/d to 13.9 mb/d in February as refining margins improved. Some maintenance was seen in Italy, UK, Germany and the south of France during the month, but amounted to less than 175 kb/d in total. Maintenance is expected to have risen to around 420 kb/d in March, and will peak around 100 kb/d above that level in April before tailing off to around 250 kb/d in May and June. This implies that product tightness, in particular for distillates, should ease towards the end of April.

US refinery throughput remains constrained by seasonal maintenance, with crude runs dropping 170 kb/d to just over 15 mb/d in February. Preliminary data shows this rising to 15.2 mb/d in March, but maintenance turnaround reports suggest that a similar level of throughput should be maintained in April. This contrasts with latest capacity figures of 16.93 mb/d, and shows the degree to which throughput (and consequently crude oil demand) will rise in the summer months when utilisation rates of over 95% are commonplace. However, more upgrading capacity is expected to come on line in April, which should increase gasoline yields as the month progresses.

OECD Pacific throughput rose slightly from a downwardly adjusted base February as refiners responded to cold weather demand. Refinery maintenance got off to an early start in Japan in March, with a partial shutdown of Japan's Chiba refinery. However, this is expected to rise sharply (and peak) in May at around 730 kb/d, and dip slightly in June before tailing off sharply. Overall Asian refinery maintenance (including non-OECD countries) is expected to be just slightly higher in the April to July period than last year, but the concentration of work is heavily biased to May and June in 2005.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
OECD DEMAND																	
North America	24.0	24.1	24.5	24.2	24.8	24.9	24.6	25.0	24.9	25.2	25.6	25.2	25.5	25.2	25.6	25.9	25.6
Europe	15.3	15.3	15.5	15.2	15.5	15.8	15.5	15.8	15.3	15.7	16.1	15.7	15.9	15.4	15.8	16.1	15.8
Pacific	8.7	8.6	9.8	8.2	8.0	9.2	8.8	9.4	8.0	8.3	8.9	8.6	9.5	7.9	8.1	9.0	8.6
Total OECD	48.0	48.1	49.8	47.6	48.3	49.8	48.9	50.2	48.2	49.2	50.6	49.5	51.0	48.6	49.5	50.9	50.0
NON-OECD DEMAND																	
FSU	3.7	3.5	3.8	3.2	3.4	3.9	3.6	3.5	3.7	3.7	3.9	3.7	3.6	3.6	3.8	4.0	3.8
Europe	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7
China	4.7	5.0	5.2	5.2	5.8	5.9	5.5	6.2	6.5	6.2	6.5	6.4	6.7	7.0	6.9	7.0	6.9
Other Asia	7.6	7.9	8.0	7.9	8.0	8.5	8.1	8.5	8.6	8.4	8.8	8.6	8.7	8.8	8.6	9.1	8.8
Latin America	4.9	4.8	4.5	4.7	4.8	4.9	4.7	4.7	4.9	5.0	5.0	4.9	4.8	5.0	5.1	5.1	5.0
Middle East	5.2	5.4	5.5	5.3	5.7	5.7	5.6	5.8	5.8	6.0	5.9	5.9	6.1	6.1	6.3	6.2	6.2
Africa	2.6	2.7	2.8	2.8	2.7	2.8	2.7	2.8	2.8	2.7	2.9	2.8	2.9	2.9	2.8	2.9	2.9
Total Non-OECD	29.3	29.9	30.6	29.7	31.1	32.3	30.9	32.3	32.9	32.7	33.8	33.0	33.6	34.1	34.2	35.2	34.3
Total Demand¹	77.3	77.9	80.3	77.3	79.3	82.1	79.8	82.5	81.1	81.9	84.5	82.5	84.6	82.7	83.7	86.1	84.3
OECD SUPPLY																	
North America	14.4	14.5	14.6	14.4	14.6	14.7	14.6	14.8	14.7	14.4	14.4	14.6	14.5	14.6	14.7	14.9	14.7
Europe	6.7	6.6	6.7	6.2	6.0	6.4	6.3	6.4	6.2	5.7	6.0	6.1	6.0	5.9	5.8	6.0	5.9
Pacific	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Total OECD	21.8	21.9	22.1	21.3	21.3	21.8	21.6	21.8	21.5	20.7	21.0	21.2	21.0	21.1	21.1	21.4	21.1
NON-OECD SUPPLY																	
FSU	8.6	9.4	9.9	10.1	10.5	10.7	10.3	10.8	11.1	11.4	11.4	11.2	11.4	11.6	11.8	12.1	11.7
Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Other Asia	2.4	2.5	2.6	2.6	2.6	2.7	2.6	2.7	2.7	2.7	2.8	2.8	2.7	2.7	2.7	2.7	2.7
Latin America	3.8	3.9	4.0	3.9	4.1	4.1	4.0	4.0	4.1	4.1	4.1	4.1	4.2	4.3	4.4	4.4	4.3
Middle East	2.1	2.1	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.8	1.9	1.8	1.8	1.8	1.8	1.8
Africa	2.8	3.0	2.9	3.0	3.1	3.3	3.1	3.3	3.4	3.5	3.6	3.4	3.6	3.7	3.8	3.9	3.7
Total Non-OECD	23.2	24.5	25.1	25.3	25.7	26.3	25.6	26.4	26.8	27.3	27.4	27.0	27.4	27.7	28.1	28.6	28.0
Processing Gains ²	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.9	1.8	1.9	1.9	1.8	1.9	1.9
Total Non-OPEC	46.8	48.1	49.0	48.3	48.8	49.9	49.0	50.1	50.1	49.8	50.3	50.1	50.3	50.6	51.0	51.9	51.0
OPEC																	
Crude ³	27.0	25.1	26.7	26.1	26.6	27.6	26.8	27.9	28.1	29.1	29.5	28.7	28.9				
NGLs	3.4	3.7	3.5	3.9	4.0	4.1	3.9	4.3	4.3	4.3	4.4	4.3	4.7	4.7	4.8	4.9	4.8
Total OPEC	30.4	28.8	30.2	30.0	30.6	31.8	30.7	32.2	32.3	33.4	33.9	33.0	33.6				
Total Supply⁴	77.2	76.9	79.2	78.4	79.4	81.7	79.7	82.3	82.4	83.2	84.2	83.0	83.8				
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.3	-0.4	-0.6	1.3	0.5	-0.8	0.1	-0.6	0.9	0.5	-0.2	0.1					
Government	0.0	0.2	0.2	0.0	0.2	0.3	0.2	0.1	0.1	0.1	0.1	0.1					
Total	0.3	-0.3	-0.5	1.4	0.7	-0.5	0.3	-0.5	0.9	0.5	-0.1	0.2					
Floating Storage/Oil in Transit	-0.1	0.0	0.3	0.1	0.0	0.3	0.2	-0.2	-0.1	0.2	0.1	0.0					
Miscellaneous to balance ⁵	-0.4	-0.7	-1.0	-0.4	-0.7	-0.2	-0.6	0.5	0.5	0.6	-0.3	0.3					
Total Stock Ch. & Misc	-0.1	-1.0	-1.2	1.1	0.1	-0.4	-0.1	-0.2	1.3	1.3	-0.3	0.5	-0.7				
Memo items:																	
Call on OPEC crude + Stock ch. ⁶	27.2	26.1	27.9	25.1	26.5	28.0	26.9	28.1	26.8	27.8	29.8	28.1	29.6	27.4	27.8	29.3	28.5
Total Demand ex. FSU	73.6	74.5	76.5	74.1	75.9	78.3	76.2	79.0	77.4	78.2	80.5	78.8	81.0	79.1	79.9	82.1	80.5
Total demand exc. FSU (% ch) ⁷	0.9	1.1	2.9	1.4	2.2	2.7	2.3	3.2	4.5	3.0	2.9	3.4	2.5	2.1	2.2	1.9	2.2

¹ Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply

² Net volumetric gains and losses in the refining process (excludes net gain/loss in former USSR, China and non-OECD Europe) and marine transportation losses

³ Upgraded Venezuelan Orinoco extra-heavy production is classified as non-conventional crude.

⁴ Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply

⁵ Includes changes in non-reported stocks in OECD and non-OECD areas

⁶ Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs

⁷ Year on year % growth in global oil demand excluding FSU

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1
(million barrels per day)

	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
OECD DEMAND																	
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-0.1
Total Demand	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-0.1
OECD SUPPLY																	
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	0.1	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.2	-0.1	-	0.1	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Supply	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous to balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Stock Ch. & Misc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1
Total Demand ex. FSU	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2
Summary of Global Oil Demand

	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
Demand (mb/d)																
North America	24.11	24.52	24.15	24.76	24.87	24.58	25.03	24.85	25.23	25.64	25.19	25.47	25.20	25.65	25.88	25.55
Europe	15.32	15.50	15.24	15.50	15.77	15.50	15.76	15.33	15.68	16.13	15.72	15.95	15.44	15.77	16.08	15.81
Pacific	8.63	9.75	8.17	8.03	9.16	8.77	9.38	8.00	8.25	8.87	8.63	9.53	7.95	8.09	8.96	8.63
Total OECD	48.06	49.77	47.57	48.29	49.80	48.85	50.17	48.18	49.17	50.63	49.54	50.96	48.59	49.51	50.93	49.99
FSU	3.45	3.81	3.19	3.45	3.85	3.57	3.47	3.68	3.74	3.94	3.71	3.63	3.61	3.79	4.00	3.76
Europe	0.69	0.76	0.70	0.65	0.71	0.70	0.77	0.71	0.67	0.73	0.72	0.79	0.73	0.69	0.75	0.74
China	4.97	5.23	5.20	5.75	5.87	5.52	6.24	6.49	6.25	6.55	6.38	6.65	6.97	6.88	7.03	6.88
Other Asia	7.88	7.98	7.87	8.04	8.53	8.10	8.50	8.56	8.37	8.84	8.57	8.74	8.80	8.61	9.10	8.81
Latin America	4.82	4.50	4.67	4.84	4.88	4.72	4.69	4.89	5.00	5.00	4.90	4.80	5.02	5.12	5.11	5.01
Middle East	5.36	5.54	5.32	5.68	5.69	5.56	5.81	5.78	5.98	5.95	5.88	6.10	6.07	6.27	6.23	6.17
Africa	2.70	2.77	2.76	2.66	2.78	2.74	2.81	2.84	2.73	2.86	2.81	2.91	2.94	2.82	2.94	2.90
Total Non-OECD	29.87	30.57	29.72	31.06	32.32	30.92	32.29	32.94	32.74	33.85	32.96	33.62	34.13	34.17	35.17	34.28
World	77.93	80.35	77.28	79.35	82.11	79.78	82.46	81.12	81.91	84.48	82.50	84.58	82.71	83.68	86.09	84.27
of which:																
US	19.76	20.02	19.65	20.21	20.25	20.03	20.36	20.25	20.58	20.87	20.52	20.67	20.57	20.92	21.05	20.81
Euro4	8.34	8.33	8.27	8.32	8.42	8.33	8.51	8.23	8.45	8.60	8.45	8.49	8.28	8.45	8.47	8.42
Japan	5.46	6.37	5.17	5.04	5.76	5.58	6.06	4.95	5.20	5.53	5.44	6.13	4.87	5.01	5.53	5.38
Korea	2.15	2.38	2.00	1.95	2.34	2.17	2.29	2.01	1.99	2.27	2.14	2.34	2.02	1.99	2.33	2.17
Mexico	1.94	1.98	2.03	2.02	2.03	2.02	2.02	2.02	2.02	2.07	2.04	2.09	2.03	2.06	2.08	2.06
Canada	2.08	2.17	2.16	2.20	2.25	2.19	2.27	2.25	2.30	2.34	2.29	2.35	2.27	2.33	2.38	2.33
Brazil	2.12	1.96	2.01	2.10	2.12	2.05	2.06	2.12	2.21	2.18	2.14	2.09	2.16	2.24	2.22	2.18
India	2.32	2.38	2.30	2.26	2.45	2.35	2.57	2.51	2.33	2.48	2.47	2.61	2.57	2.40	2.57	2.54
Annual Change (% per annum)																
North America	0.4	2.6	0.7	2.1	2.4	2.0	2.0	2.9	1.9	3.1	2.5	1.8	1.4	1.7	0.9	1.4
Europe	-0.1	0.6	2.2	0.6	1.5	1.2	1.7	0.6	1.2	2.3	1.4	1.2	0.8	0.6	-0.3	0.6
Pacific	-0.4	6.3	5.1	-1.9	-2.7	1.6	-3.8	-2.2	2.8	-3.1	-1.7	1.6	-0.6	-2.0	1.0	0.0
Total OECD	0.1	2.7	1.9	0.9	1.1	1.7	0.8	1.3	1.8	1.7	1.4	1.6	0.9	0.7	0.6	0.9
FSU	-5.5	9.3	2.6	2.2	0.2	3.5	-8.9	15.4	8.6	2.1	3.7	4.5	-1.9	1.3	1.8	1.4
Europe	1.4	1.8	1.6	1.6	1.7	1.7	1.8	1.9	2.4	2.8	2.2	2.5	2.6	2.9	3.1	2.8
China	6.3	12.2	3.3	16.0	12.5	11.0	19.3	24.6	8.6	11.5	15.6	6.7	7.4	10.1	7.5	7.9
Other Asia	3.5	3.0	-0.5	2.9	5.7	2.8	6.6	8.9	4.2	3.6	5.7	2.8	2.7	2.8	2.9	2.8
Latin America	-0.9	-4.5	-3.2	-1.2	0.6	-2.0	4.4	4.6	3.5	2.4	3.7	2.3	2.6	2.3	2.2	2.4
Middle East	3.3	4.4	1.6	4.1	4.7	3.7	4.9	8.5	5.2	4.5	5.7	4.9	5.1	4.9	4.9	4.9
Africa	2.9	2.1	1.6	0.9	2.0	1.7	1.4	2.7	2.8	2.6	2.4	3.7	3.6	3.1	2.8	3.3
Total Non-OECD	2.0	4.2	0.7	4.4	4.8	3.5	5.6	10.9	5.4	4.7	6.6	4.1	3.6	4.4	3.9	4.0
World	0.8	3.2	1.4	2.2	2.5	2.4	2.6	5.0	3.2	2.9	3.4	2.6	2.0	2.2	1.9	2.1
Annual Change (mb/d)																
North America	0.10	0.63	0.18	0.50	0.58	0.47	0.50	0.70	0.47	0.77	0.61	0.45	0.35	0.42	0.24	0.36
Europe	-0.01	0.09	0.33	0.09	0.23	0.19	0.26	0.09	0.18	0.35	0.22	0.19	0.12	0.09	-0.04	0.09
Pacific	-0.04	0.58	0.40	-0.15	-0.25	0.14	-0.37	-0.18	0.23	-0.29	-0.15	0.15	-0.05	-0.17	0.09	0.00
Total OECD	0.05	1.29	0.91	0.44	0.56	0.80	0.39	0.61	0.88	0.84	0.68	0.79	0.41	0.34	0.29	0.46
FSU	-0.20	0.33	0.08	0.07	0.01	0.12	-0.34	0.49	0.30	0.08	0.13	0.15	-0.07	0.05	0.07	0.05
Europe	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
China	0.30	0.57	0.17	0.79	0.65	0.55	1.01	1.28	0.50	0.67	0.86	0.42	0.48	0.63	0.49	0.50
Other Asia	0.27	0.23	-0.04	0.23	0.46	0.22	0.53	0.70	0.33	0.31	0.47	0.24	0.23	0.24	0.26	0.24
Latin America	-0.04	-0.21	-0.15	-0.06	0.03	-0.10	0.20	0.22	0.17	0.12	0.17	0.11	0.13	0.12	0.11	0.12
Middle East	0.17	0.23	0.08	0.23	0.26	0.20	0.27	0.45	0.30	0.26	0.32	0.29	0.30	0.29	0.29	0.29
Africa	0.08	0.06	0.04	0.02	0.06	0.04	0.04	0.07	0.08	0.07	0.07	0.10	0.10	0.09	0.08	0.09
Total Non-OECD	0.57	1.22	0.19	1.30	1.48	1.05	1.72	3.23	1.68	1.53	2.04	1.33	1.18	1.43	1.32	1.32
World	0.63	2.51	1.10	1.73	2.03	1.84	2.11	3.83	2.56	2.37	2.72	2.12	1.59	1.77	1.61	1.77
Changes from Last Month's Report																
North America	-	-	-	-	0.01	-	-	-	-	0.01	-	0.01	-	-	0.02	0.01
Europe	-	-	-	-	-	-	-0.02	-0.02	-0.02	-0.04	-0.02	0.05	-0.02	-0.02	-0.05	-0.01
Pacific	-	-	-0.02	-	-	-	-	-	-	-	-	0.04	-	-	-	0.01
Total OECD	-	-	-0.02	-	0.01	-	-0.01	-0.02	-0.01	-0.02	-0.02	0.09	-0.03	-0.02	-0.03	-
FSU	-	-	-	-	-	-	-	-	-	-0.01	-	-0.23	-0.03	-0.01	-0.01	-0.07
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	0.02	-0.03	-	-	-
Other Asia	-	-	-	-	-	-	0.04	-0.01	0.01	0.03	0.02	0.04	0.01	0.01	0.03	0.02
Latin America	-	-	-	-	-	-	-	-	-0.01	-0.01	-0.01	-0.04	-	-0.01	-0.01	-0.02
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.02	0.01
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	0.03	-0.01	-0.01	0.01	0.01	-0.20	-0.05	-	0.02	-0.06
World	-	-	-0.02	-	0.01	-	0.02	-0.03	-0.02	-0.02	-0.01	-0.11	-0.07	-0.02	-0.01	-0.05

Table 3
WORLD OIL PRODUCTION

(million barrels per day)

	2003	2004	2005	4Q04	1Q05	2Q05	3Q05	4Q05	Jan 05	Feb 05	Mar 05
OPEC											
Crude Oil											
Saudi Arabia	8.48	8.75		9.23	8.92				8.80	8.90	9.06
Iran	3.78	3.93		3.96	3.91				3.98	3.86	3.90
Iraq	1.32	1.99		1.98	1.80				1.79	1.80	1.81
UAE	2.29	2.35		2.45	2.38				2.40	2.32	2.42
Kuwait	1.87	2.05		2.14	2.10				2.04	2.15	2.11
Neutral Zone	0.60	0.60		0.60	0.60				0.60	0.60	0.59
Qatar	0.72	0.78		0.80	0.78				0.77	0.78	0.78
Nigeria	2.15	2.32		2.32	2.36				2.28	2.39	2.40
Libya	1.42	1.55		1.61	1.61				1.60	1.62	1.62
Algeria	1.11	1.21		1.28	1.33				1.31	1.34	1.35
Venezuela	2.01	2.17		2.16	2.15				2.14	2.16	2.16
Indonesia	1.01	0.97		0.97	0.95				0.96	0.94	0.95
Total Crude Oil	26.77	28.66		29.52	28.88				28.65	28.85	29.14
Total NGLs ¹	3.89	4.31	4.78	4.38	4.68	4.70	4.83	4.90	4.65	4.69	4.70
Total OPEC	30.66	32.96		33.91	33.56				33.30	33.54	33.84
NON-OPEC²											
OECD											
North America											
United States	7.82	7.67	7.77	7.57	7.72	7.75	7.82	7.81	7.61	7.74	7.80
Mexico	3.79	3.83	3.83	3.78	3.80	3.83	3.83	3.87	3.79	3.78	3.83
Canada	3.00	3.09	3.04	3.07	2.94	2.99	3.05	3.19	3.04	2.96	2.83
Europe											
UK	2.28	2.05	1.92	2.00	2.02	1.90	1.86	1.90	2.02	2.04	2.00
Norway	3.26	3.19	3.13	3.16	3.07	3.15	3.05	3.25	3.00	3.13	3.10
Others	0.79	0.85	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86
Pacific											
Australia	0.60	0.53	0.53	0.49	0.52	0.54	0.54	0.52	0.52	0.50	0.53
Others	0.05	0.04	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.05	0.05
Total OECD	21.60	21.25	21.13	20.98	20.97	21.07	21.06	21.43	20.88	21.06	20.98
NON-OECD											
Former USSR											
Russia	8.49	9.23	9.58	9.41	9.35	9.48	9.68	9.82	9.30	9.36	9.38
Others	1.82	1.95	2.13	2.04	2.04	2.08	2.15	2.25	2.04	2.02	2.06
Asia											
China	3.41	3.48	3.54	3.51	3.53	3.54	3.54	3.54	3.52	3.54	3.53
Malaysia	0.83	0.86	0.85	0.87	0.86	0.85	0.85	0.84	0.86	0.86	0.85
India	0.79	0.80	0.79	0.81	0.81	0.80	0.79	0.78	0.82	0.81	0.81
Others	1.01	1.10	1.07	1.13	1.08	1.03	1.08	1.10	1.10	1.07	1.06
Europe											
0.17	0.17	0.16	0.17	0.16	0.16	0.16	0.16	0.15	0.16	0.16	0.16
Latin America											
Brazil	1.80	1.80	1.99	1.81	1.86	1.95	2.04	2.10	1.83	1.83	1.90
Argentina	0.83	0.78	0.74	0.77	0.75	0.74	0.73	0.72	0.76	0.75	0.75
Colombia	0.55	0.54	0.52	0.54	0.53	0.53	0.52	0.52	0.53	0.52	0.53
Ecuador	0.43	0.54	0.56	0.54	0.55	0.56	0.57	0.58	0.54	0.55	0.55
Others	0.42	0.42	0.50	0.44	0.49	0.50	0.50	0.49	0.48	0.50	0.50
Middle East³											
Oman	0.82	0.76	0.72	0.75	0.74	0.72	0.71	0.71	0.74	0.74	0.73
Syria	0.53	0.50	0.48	0.49	0.49	0.48	0.47	0.47	0.49	0.49	0.49
Yemen	0.45	0.41	0.39	0.40	0.39	0.39	0.39	0.39	0.39	0.39	0.39
Africa											
Egypt	0.75	0.71	0.70	0.70	0.70	0.71	0.70	0.69	0.70	0.70	0.70
Angola	0.88	0.99	1.19	1.10	1.13	1.16	1.18	1.29	1.11	1.12	1.15
Gabon	0.24	0.24	0.23	0.23	0.23	0.23	0.24	0.24	0.23	0.23	0.23
Others	1.20	1.50	1.62	1.54	1.55	1.58	1.66	1.69	1.55	1.55	1.56
Total Non-OECD	25.62	26.98	27.96	27.44	27.43	27.69	28.14	28.57	27.35	27.41	27.54
Processing Gains ⁴	1.80	1.83	1.86	1.85	1.88	1.85	1.84	1.88	1.88	1.88	1.88
TOTAL NON-OPEC	49.02	50.06	50.96	50.28	50.28	50.61	51.04	51.88	50.11	50.34	50.40
TOTAL SUPPLY	79.68	83.02		84.19	83.84				83.40	83.88	84.24

¹ Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Orimulsion Orinoco extra-heavy oil, and non-oil inputs to Saudi Arabian MTBE

² Comprises crude oil, condensates, NGLs and oil from non-conventional sources

³ Includes small amounts of production from Israel, Jordan and Bahrain

⁴ Net volumetric gains and losses in refining (excludes net gain/loss in FSU, China and non-OECD Europe) and marine transportation losses

Table 4
OECD INDUSTRY STOCKS¹ AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS ²					PRIOR YEARS' STOCKS ²			STOCK CHANGES			
	in Million Barrels					in Million Barrels			in mb/d			
	Oct2004	Nov2004	Dec2004	Jan2005	Feb2005*	Feb2002	Feb2003	Feb2004	1Q2004	2Q2004	3Q2004	4Q2004
North America												
Crude	407.9	412.9	402.7	407.7	413.6	438.4	375.7	387.5	0.31	0.08	-0.24	0.07
Motor Gasoline	233.9	239.8	242.9	250.4	259.2	253.8	236.4	233.2	-0.02	0.07	-0.02	0.07
Middle Distillate	189.0	195.0	201.7	203.2	193.9	206.5	165.2	179.1	-0.44	0.14	0.14	0.07
Residual Fuel Oil	44.5	50.1	51.3	50.3	49.2	48.2	39.0	49.1	0.02	-0.03	-0.04	0.11
Total Products ³	647.1	658.4	661.9	665.7	654.5	665.3	574.1	603.6	-0.52	0.41	0.27	0.02
Total ⁴	1209.8	1229.0	1212.0	1220.8	1217.4	1246.6	1077.8	1133.8	-0.23	0.57	0.20	-0.04
Europe												
Crude	331.1	351.4	324.1	325.9	321.7	342.8	298.4	321.6	0.26	-0.03	-0.07	-0.09
Motor Gasoline	114.4	112.4	115.0	125.6	130.2	133.4	122.0	121.9	0.00	-0.06	0.02	0.04
Middle Distillate	250.8	236.9	240.0	256.1	248.3	242.1	213.3	227.4	-0.25	0.20	0.17	-0.11
Residual Fuel Oil	75.6	71.8	73.0	71.2	69.5	73.3	69.8	74.0	-0.04	0.03	-0.01	-0.04
Total Products ³	544.8	525.6	531.9	555.7	550.9	553.9	501.5	524.0	-0.34	0.18	0.23	-0.10
Total ⁴	946.7	949.4	926.9	953.7	943.9	964.7	868.4	919.9	-0.02	0.08	0.16	-0.18
Pacific												
Crude	177.1	192.3	171.2	178.8	168.8	158.6	168.8	181.9	-0.06	0.02	-0.09	0.03
Motor Gasoline	23.3	24.8	24.2	27.1	27.9	25.8	24.5	26.3	0.03	-0.01	-0.01	0.00
Middle Distillate	75.0	82.9	75.1	68.2	59.9	75.3	60.5	60.9	-0.21	0.07	0.16	0.00
Residual Fuel Oil	21.1	23.7	22.4	22.3	22.5	23.4	22.5	21.9	-0.03	0.03	-0.01	0.01
Total Products ³	188.8	200.9	187.8	186.5	173.2	184.8	168.3	171.1	-0.28	0.16	0.15	0.02
Total ⁴	438.0	467.6	430.3	435.5	409.8	420.5	408.0	421.8	-0.38	0.21	0.11	0.01
Total OECD												
Crude	916.1	956.5	898.0	912.3	904.0	939.8	842.8	891.0	0.51	0.07	-0.40	0.01
Motor Gasoline	371.6	377.1	382.1	403.1	417.3	413.0	383.0	381.3	0.01	0.00	-0.01	0.11
Middle Distillate	514.7	514.8	516.8	527.4	502.0	523.9	439.0	467.3	-0.90	0.40	0.47	-0.04
Residual Fuel Oil	141.2	145.6	146.7	143.8	141.2	144.9	131.2	144.9	-0.05	0.03	-0.06	0.08
Total Products ³	1380.7	1384.9	1381.6	1407.9	1378.6	1404.0	1243.9	1298.7	-1.15	0.75	0.65	-0.06
Total ⁴	2594.4	2645.9	2569.2	2609.9	2571.1	2631.8	2354.2	2475.6	-0.63	0.85	0.47	-0.21

OECD GOVERNMENT-CONTROLLED STOCKS^{5,6} AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS ²					PRIOR YEARS' STOCKS ²			STOCK CHANGES			
	in Million Barrels					in Million Barrels			in mb/d			
	Oct2004	Nov2004	Dec2004	Jan2005	Feb2005*	Feb2002	Feb2003	Feb2004	1Q2004	2Q2004	3Q2004	4Q2004
North America												
Crude	670.3	672.8	675.6	679.7	682.1	560.0	599.3	646.9	0.15	0.11	0.09	0.06
Products ⁷	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.00	0.00	0.00	0.00
Europe												
Crude	158.8	160.6	164.2	161.2	161.2	142.6	155.8	156.8	0.01	0.00	0.00	0.07
Products	201.8	202.5	205.6	207.2	207.2	208.2	201.3	211.1	-0.03	-0.05	0.00	0.01
Pacific												
Crude	382.5	382.5	384.5	384.5	384.5	378.0	383.0	384.7	0.02	0.00	-0.02	0.00
Products	11.0	11.0	11.0	11.0	11.0	7.3	9.5	11.0	0.00	0.00	0.00	0.00
Total OECD												
Crude	1211.6	1215.8	1224.3	1225.4	1227.8	1080.5	1138.0	1188.4	0.18	0.11	0.06	0.12
Products	214.8	215.5	218.7	220.2	220.2	217.5	212.8	224.2	-0.03	-0.05	0.00	0.01
Total ⁴	1427.4	1432.4	1443.9	1446.6	1449.0	1299.0	1351.9	1413.5	0.15	0.06	0.07	0.13

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES¹
(millions of barrels¹ and 'days'²)

	End December 2003		End March 2004		End June 2004		End September 2004		End December 2004 ³	
	Stock Level	Days Fwd ² Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
North America										
Canada	175.7	77	170.4	76	168.8	74	179.0	76	179.5	-
Mexico	39.0	19	38.9	19	39.5	20	41.4	20	41.3	-
United States ⁴	1570.3	77	1568.2	77	1630.9	79	1645.3	79	1646.7	-
Total⁵	1807.1	72	1799.6	72	1861.3	74	1887.8	74	1889.5	74
Pacific										
Australia	32.4	37	33.8	39	34.9	39	34.3	37	33.2	-
Japan	636.3	105	614.4	124	622.0	120	632.0	114	635.3	-
Korea	154.5	67	142.9	71	152.9	77	152.1	67	149.4	-
New Zealand	7.3	45	7.2	45	7.7	50	7.1	46	8.0	-
Total	830.5	89	798.2	100	817.4	99	825.5	93	825.9	87
Europe⁶										
Austria	19.5	76	21.0	77	20.3	66	20.2	72	21.8	-
Belgium	27.7	42	24.6	45	26.5	49	27.7	43	27.4	-
Czech Republic	16.4	95	15.6	74	15.9	73	16.9	82	16.3	-
Denmark	16.8	87	15.9	88	15.8	89	18.1	94	16.2	-
Finland	26.5	120	27.8	133	23.4	108	24.0	106	24.4	-
France	185.3	87	176.4	90	183.5	92	188.5	92	186.2	-
Germany	272.6	103	269.8	106	266.9	98	264.3	96	267.1	-
Greece	27.5	57	29.4	77	30.8	78	34.1	76	35.7	-
Hungary	16.8	143	19.5	153	20.1	153	18.7	128	17.8	-
Ireland	11.9	63	11.5	69	10.7	63	11.1	60	12.0	-
Italy	135.2	72	135.6	73	134.6	71	138.7	72	135.8	-
Luxembourg	1.0	17	0.8	13	1.0	16	0.9	14	0.9	-
Netherlands	100.1	107	108.2	114	102.3	110	110.2	113	108.3	-
Norway	27.2	99	28.5	116	30.0	118	23.3	77	24.0	-
Poland	28.7	64	29.7	62	30.1	59	31.1	61	30.6	-
Portugal	25.3	81	24.4	74	26.2	76	25.0	72	24.3	-
Slovak Republic	5.0	74	5.8	82	6.5	87	5.6	77	5.7	-
Spain	122.4	78	123.5	79	127.3	82	126.8	79	119.8	-
Sweden	35.9	101	31.8	89	31.1	91	31.5	90	34.4	-
Switzerland	36.1	138	35.4	149	37.5	144	37.8	140	36.3	-
Turkey	54.9	84	54.9	79	54.8	77	55.2	81	55.9	-
United Kingdom	101.9	55	100.7	54	97.6	53	97.7	52	96.8	-
Total	1294.6	82	1290.7	84	1293.0	82	1307.4	81	1297.7	81
Total OECD	3932.2	78	3888.5	81	3971.7	81	4020.7	79	4013.1	79
DAYS OF IEA Net Imports⁷	-	112	-	111	-	113	-	114	-	114

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.

2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.

3 End December 2004 forward demand figures are IEA Secretariat forecasts.

4 US figures exclude US territories.

5 Total includes US territories.

6 Data not available for Iceland.

7 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions. Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government ¹ controlled		Industry	Total	Government ¹ controlled	
		<i>Millions of Barrels</i>				<i>Days of Fwd. Demand²</i>	
4Q2001	3918	1285	2632	81	27	54	
1Q2002	3912	1304	2609	84	28	56	
2Q2002	3969	1316	2654	83	27	55	
3Q2002	3899	1321	2579	79	27	52	
4Q2002	3822	1345	2478	77	27	50	
1Q2003	3786	1359	2427	80	29	51	
2Q2003	3912	1362	2550	81	28	53	
3Q2003	3980	1380	2600	80	28	52	
4Q2003	3932	1407	2525	78	28	50	
1Q2004	3888	1421	2468	81	29	51	
2Q2004	3972	1426	2546	81	29	52	
3Q2004	4021	1432	2589	79	28	51	
4Q2004	4013	1444	2569	79	28	50	

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

2 Days of forward demand calculated using actual demand except in 4Q2004 (when latest forecasts are used).

Table 6
IEA Member Country Destinations of Selected Crude Streams¹
(million barrels per day)

	2002	2003	2004	1Q04	2Q04	3Q04	4Q04	Nov 04	Dec 04	Jan 05	Year Earlier	
											Jan 04	change
Saudi Light & Extra Light												
North America	0.64	0.64	0.55	0.55	0.56	0.56	0.52	0.52	0.47	0.49	0.56	-0.07
Europe	0.92	1.00	1.03	0.96	1.05	1.04	1.08	1.03	1.16	0.85	1.16	-0.31
Pacific	1.22	1.18	1.24	1.14	1.13	1.23	1.47	1.47	1.60	1.41	1.13	0.28
Saudi Medium												
North America	0.70	0.83	0.80	0.72	0.73	0.86	0.90	0.93	0.97	0.88	0.79	0.09
Europe	0.11	0.11	0.11	0.08	0.07	0.11	0.16	0.18	0.19	0.11	0.06	0.05
Pacific	0.16	0.24	0.23	0.31	0.20	0.18	0.23	0.26	0.20	0.25	0.30	-0.05
Saudi Heavy												
North America	0.20	0.30	0.22	0.19	0.14	0.30	0.26	0.24	0.21	0.21	0.21	0.00
Europe	0.09	0.19	0.23	0.16	0.26	0.31	0.20	0.22	0.16	0.21	0.13	0.08
Pacific	0.12	0.16	0.15	0.13	0.13	0.16	0.18	0.23	0.17	0.14	0.14	0.00
Iraqi Basrah Light²												
North America	0.35	0.44	0.71	0.75	0.74	0.68	0.67	0.66	0.69	0.62	0.63	-0.01
Europe	0.08	0.09	0.21	0.22	0.27	0.21	0.13	0.13	0.15	0.10	0.21	-0.11
Pacific	0.02	0.03	0.12	0.14	0.08	0.12	0.15	0.17	0.06	0.12	0.16	-0.04
Iraqi Kirkuk												
North America	0.14	0.06	0.02	..	0.04	0.01	0.01	..	..	..	..	..
Europe	0.32	0.12	0.08	0.04	0.07	0.03	0.16	0.20	0.18	0.03	..	..
Pacific	0.00	..	..	..	..	..	..	..	..	..	..	..
Iranian Light												
North America	..	..	..	..	..	..	..	..	..	..	..	..
Europe	0.17	0.19	0.24	0.20	0.23	0.23	0.27	0.17	0.30	0.18	0.25	-0.08
Pacific	0.12	0.17	0.16	0.18	0.13	0.16	0.16	0.16	0.17	0.18	0.20	-0.01
Iranian Heavy³												
North America	..	..	..	..	..	..	..	..	..	..	..	..
Europe	0.44	0.59	0.57	0.50	0.61	0.65	0.54	0.47	0.59	0.57	0.42	0.15
Pacific	0.54	0.69	0.65	0.73	0.65	0.58	0.63	0.58	0.66	0.77	0.65	0.11
Venezuelan Light & Medium												
North America	0.68	0.69	0.67	0.63	0.78	0.64	0.63	0.57	0.76	0.76	0.71	0.05
Europe	0.08	0.02	0.01	..	0.02	0.02	0.01	..	..	..	..	..
Pacific	0.00	0.00	..	..	..	..	..	..	..	..	..	..
Venezuelan 22 API and heavier												
North America	0.55	0.60	0.88	0.81	0.91	0.86	0.95	0.95	0.97	0.84	0.76	0.08
Europe	0.05	0.06	0.05	0.05	0.07	0.06	0.04	0.06	0.02	0.05	0.05	0.00
Pacific	..	..	..	..	..	..	..	..	..	..	..	..
Mexican Maya												
North America	0.92	1.32	1.36	1.31	1.43	1.34	1.37	1.40	1.26	1.35	1.30	0.05
Europe	0.17	0.16	0.16	0.14	0.19	0.20	0.13	0.13	0.12	0.16	0.11	0.05
Pacific	0.00	0.00	0.00	0.01	..	..	..	..	..	..	0.02	..
Mexican Isthmus												
North America	0.01	0.00	..	..	..	..	..	..	..	0.00	..	..
Europe	0.01	0.00	0.01	..	..	..	0.02	0.03	..	0.03	..	..
Pacific	0.01	0.00	0.00	0.01	..	..	..	..	..	..	0.04	..
Russian Urals												
North America	0.03	0.14	0.12	0.01	0.14	0.12	0.21	0.25	0.18	0.04	0.00	0.04
Europe	1.32	1.62	1.86	2.14	1.98	1.78	1.56	1.72	1.46	1.56	1.87	-0.31
Pacific	0.01	0.00	0.01	0.00	0.01	0.01	..	..	..	..	0.01	..
Nigerian Light⁴												
North America	0.38	0.63	0.80	0.80	0.90	0.78	0.73	0.82	0.69	0.80	0.76	0.04
Europe	0.32	0.41	0.28	0.32	0.22	0.30	0.30	0.26	0.31	0.34	0.38	-0.04
Pacific	0.06	0.08	0.11	0.12	0.10	0.09	0.13	0.17	0.16	0.07	0.19	-0.12
Nigerian Medium												
North America	0.16	0.17	0.23	0.26	0.21	0.22	0.20	0.17	0.20	0.27	0.22	0.05
Europe	0.06	0.06	0.04	0.03	0.04	0.05	0.02	0.02	0.02	0.07	0.04	0.03
Pacific	0.01	0.01	0.01	0.02	..	..	..	..	..	..	0.03	..

¹ Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.

IEA North America includes United States and Canada.

IEA Europe includes all countries in OECD Europe except Hungary, Poland and the Slovak Republic.

IEA Pacific data includes Australia, New Zealand, Korea and Japan.

² Iraqi Total minus Kirkuk.

³ Iranian Total minus Iranian Light.

⁴ 33 API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
Regional OECD Imports^{1,2}
(thousand barrels per day)

	2002	2003	2004	1Q2004	2Q2004	3Q2004	4Q2004	Nov-04	Dec-04	Jan-05	Year Earlier	
											Jan-04	% change
Crude Oil												
North America	7584	8069	8394	8027	8557	8547	8443	8504	8474	8427	7644	9%
Europe	8725	9087	9519	9395	9499	9664	9517	9983	9413	9772	9551	2%
Pacific	6422	6711	6659	7011	6170	6457	6998	7607	6662	7322	6819	7%
Total OECD	22731	23867	24573	24433	24226	24669	24958	26094	24550	25521	24014	6%
LPG												
North America	39	27	26	29	10	25	39	54	33	18	48	-167%
Europe	226	198	232	251	195	215	267	251	269	289	251	13%
Pacific	553	541	541	550	585	469	561	583	532	530	530	0%
Total OECD	818	765	799	831	790	709	868	888	834	837	828	1%
Naphtha												
North America	42	67	86	53	49	96	144	123	158	108	60	44%
Europe	298	311	292	330	328	244	268	202	321	278	303	-9%
Pacific	705	770	769	782	761	787	748	714	813	829	749	10%
Total OECD	1045	1148	1147	1165	1138	1127	1160	1039	1292	1216	1112	8%
Gasoline³												
North America	680	703	797	673	896	847	772	794	682	727	450	38%
Europe	150	147	169	213	159	138	166	238	88	191	193	-1%
Pacific	58	70	105	105	118	90	106	108	122	94	97	-4%
Total OECD	889	919	1071	991	1173	1075	1044	1140	892	1012	741	27%
Jet & Kerosene												
North America	97	97	88	45	102	88	118	149	87	49	39	21%
Europe	219	211	244	173	234	309	261	272	276	238	194	18%
Pacific	97	102	77	92	60	52	103	114	100	100	97	3%
Total OECD	413	410	409	310	395	449	481	535	463	387	330	15%
Gasoi/Diesel												
North America	102	126	122	199	92	108	91	124	66	125	159	-27%
Europe	655	653	733	670	648	768	845	698	1002	750	599	20%
Pacific	53	73	74	56	92	79	66	67	72	68	61	10%
Total OECD	810	851	929	925	832	956	1002	888	1140	943	819	13%
Heavy Fuel Oil												
North America	237	326	388	364	317	346	524	574	409	466	337	28%
Europe	469	394	413	365	435	449	402	418	347	360	373	-4%
Pacific	89	88	76	76	77	87	64	93	37	77	65	16%
Total OECD	795	808	877	806	829	883	991	1085	794	904	775	14%
Other Products												
North America	689	680	824	869	701	951	776	799	814	666	752	-13%
Europe	735	685	691	665	702	711	685	727	679	652	679	-4%
Pacific	256	235	256	249	265	261	252	219	313	283	255	10%
Total OECD	1680	1601	1772	1782	1668	1922	1713	1745	1806	1601	1686	-5%
Total Products												
North America	1887	2026	2331	2233	2165	2462	2464	2616	2250	2160	1846	15%
Europe	2752	2598	2775	2668	2701	2835	2896	2807	2981	2758	2593	6%
Pacific	1811	1879	1898	1910	1958	1825	1901	1898	1989	1981	1853	6%
Total OECD	6450	6502	7005	6810	6824	7122	7260	7321	7219	6899	6292	9%
Total Oil												
North America	9471	10095	10726	10260	10722	11009	10907	11120	10724	10586	9490	10%
Europe	11476	11684	12295	12063	12200	12499	12413	12790	12395	12530	12143	3%
Pacific	8233	8590	8558	8921	8128	8282	8899	9505	8651	9303	8672	7%
Total OECD	29180	30369	31578	31243	31050	31790	32219	33415	31769	32420	30306	7%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.

2 Excludes intra-regional trade

3 Includes additives

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