

12 June 2007

HIGHLIGHTS

- **Global oil product demand is revised up** to 84.5 mb/d for 2006 and 86.1 mb/d for 2007 (revisions of +250 kb/d and +420 kb/d, respectively). This results from baseline adjustments for non-OECD countries and also has the effect of reducing the *miscellaneous-to-balance*. World demand is now estimated to rise by 2.0% or 1.7 mb/d in 2007.
- **May world supply fell by 565 kb/d to 84.9 mb/d.** Seasonal OECD stoppages compounded weaker OPEC crude supply, notably in Nigeria, where outages are near 800 kb/d. Non-OPEC 2007 output is trimmed by 110 kb/d to 50.2 mb/d, with growth of 0.9 mb/d this year.
- **Nigerian outages cut OPEC crude supply by 425 kb/d to 30.1 mb/d.** While effective spare capacity stands at 2.8 mb/d, refining constraints imply much lower marketable spare capacity. Stronger demand raises 2007's 'call on OPEC crude and stock change' by 0.5 mb/d, with the seasonal rise in the call outstripping OPEC capacity additions by 4Q07.
- **Dated Brent rose above \$70/bbl in late May as markets tightened** on stronger demand, lower supply, ongoing downstream tightness and early summer storms. Economic concerns, weaker commodities and the passing of Cyclone Gonu saw prices dip as the report went to press.
- **Global refinery crude throughput rose by 0.6 mb/d to 72.4 mb/d in April.** Higher refinery throughput in the OECD and China offset lower runs in the FSU and India. Global crude runs could rebound to an August peak of 75.2 mb/d on higher OECD throughput.
- **Total OECD industry inventories rose by 9.9 mb in April,** with a crude build offsetting a dip in product stocks. While forward cover stayed flat at 54 days, total OECD gasoline inventories are now well below their five-year average range.

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