

6 September 1996

HIGHLIGHTS

- Global oil demand in 1996 is projected to increase by 1.7 mb/d or 2.4% to 71.8 mb/d, essentially unchanged from last month's Report. In 2Q96, weaker-than-expected OECD demand contributed to a 0.1 mb/d downward adjustment to global demand but this has been offset by an upward adjustment to OECD demand in 3Q96 and minor upward revisions to non-OECD demand.
- Global oil demand in 1997 is projected to increase by 1.8 mb/d or 2.5% to 73.6 mb/d, unchanged from last month's Report. While OECD demand growth is expected to slow in 1997, primarily due to an assumed return to normal weather, non-OECD growth is forecast to accelerate, mainly due to an assumed slowdown in the decline in FSU demand.
- In August, global oil supply declined by 0.2 mb/d as a result of seasonal maintenance and some disruptions to Latin American supplies. OPEC crude oil production at 25.81 mb/d was 70 kb/d lower, while OPEC NGL output increased by about half that amount.
- Non-OPEC supply averaged 43.4 mb/d in August versus 43.5 kb/d in July, due to maintenance in the UK sector of the North Sea and reduced output of Mexican NGLs following an explosion at a natural gas processing plant. Oil production was also lower in Colombia and Ecuador because of bombings of a pipeline used by both countries. Production from other non-OPEC producers was mostly higher.
- In August, net FSU exports are assessed to have decreased by 0.2 mb/d to 2.8 mb/d, primarily due to a reduction in gasoil exports through Baltic ports.
- Primarily as a result of decreases in projections of non-OPEC supplies, the call on OPEC crude plus stock change has been increased by 0.3 mb/d to 24.2 mb/d in 3Q96 and by 0.4 mb/d to 25.6 mb/d in 4Q96.
- In July, OECD industry stocks are estimated to have *decreased* by 0.2 mb/d, contributing to stocks being 153 mb lower than the high, peak level reached a year earlier. However, stock levels decreased sharply in August 1995 and it is assessed that the 1996 stock shortfall versus year earlier levels was considerably less at the end of August than at the end of July. The July distillate stockbuild was lower than normal in North America and, at the end of the month, stocks in North America, the Pacific and Europe were lower than a year earlier by 14%, 10% and 4% respectively.
- Benchmark crude oil prices increased appreciably in August, peaking at a four month high in the third week of August before retreating slightly towards the end of the month, albeit closing the month about \$2.00/bbl higher than at the end of July. Prices were mainly supported by tightening supplies, firm product demand in the Atlantic Basin and low heating oil stocks. In the early days of September crude prices increased sharply following developments in Iraq and the further deferral of the start of crude exports in line with the oil-for-food sales plan.
- As a result of firm demand and low stocks, middle distillate prices increased in all markets, gaining strength relative to other products almost two months earlier than last year. Gasoline prices came under increasing pressure, particularly in Asia, in line with an easier supply/demand balance and the approaching end of the driving season in the northern hemisphere.
- In August, refining margins decreased in all major refining centres, consistent with the sharp increase in crude prices, prompting refiners in Europe and, to a lesser extent, in the US Gulf to cut throughputs. Already weak refining margins in Singapore decreased further and refiners reportedly maintained the throughput cuts introduced in July.
- In July, the aggregate refinery throughputs in OECD countries increased by 0.8 mb/d to 33.2 mb/d. Increases in Japanese and European throughputs were partly offset by a decrease in North America. Preliminary indications for August suggest that throughputs were higher in Japan, unchanged in the US and lower in Europe. Refinery maintenance shutdowns in the US and in Europe are expected to be at significantly lower levels this autumn compared to last year.

A USERS' GUIDE TO THE IEA OIL MARKET REPORT

Enclosed with this edition of the Oil Market Report is the Annual Statistical Supplement which is designed to put the monthly Report into a long-term perspective by providing historical supply and demand data for up to 25 years.

One of the problems faced in preparing the Report is the wide range of readership both in terms of the desired degree of detail and the level of knowledge of the oil industry. We endeavour to cater for the differences in requirements for detail by having a three-tier structure with highlights, summaries of the main sections and detailed analysis. We use a standard basic format and emboldening of countries to assist readers in finding the information they need quickly and, as a further aid, we have included an index in this Report for the first time. In addition, we have included in this year's Annual Statistical Supplement a "Users' Guide to the IEA Oil Market Report". This provides information on data sources, definitions, technical terms and the general approach used in preparing the Report and addresses some of the common questions readers raise with us. To facilitate use, glossaries for each section of the Report are provided separately with terms listed alphabetically, while geographic and product definitions are at the end of the Guide.

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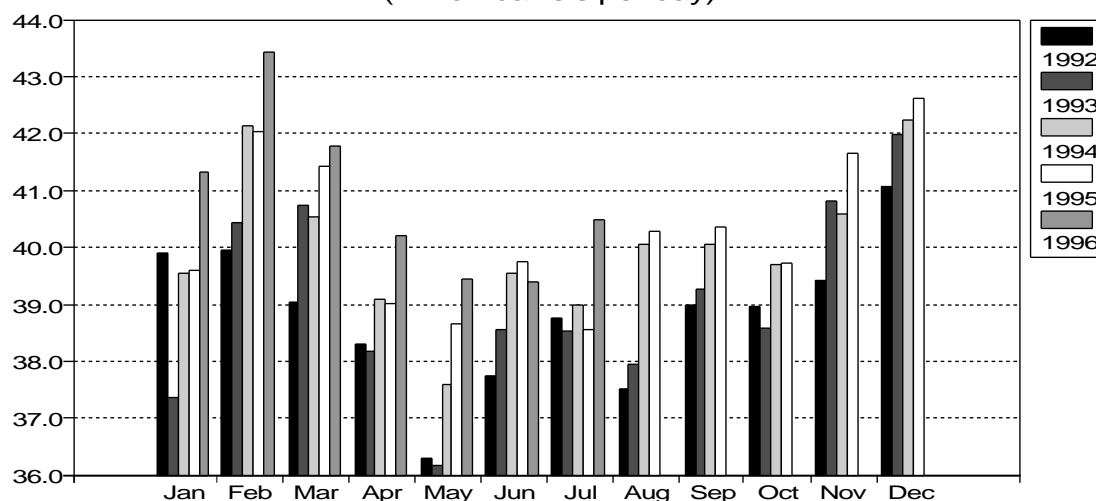
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DEMAND

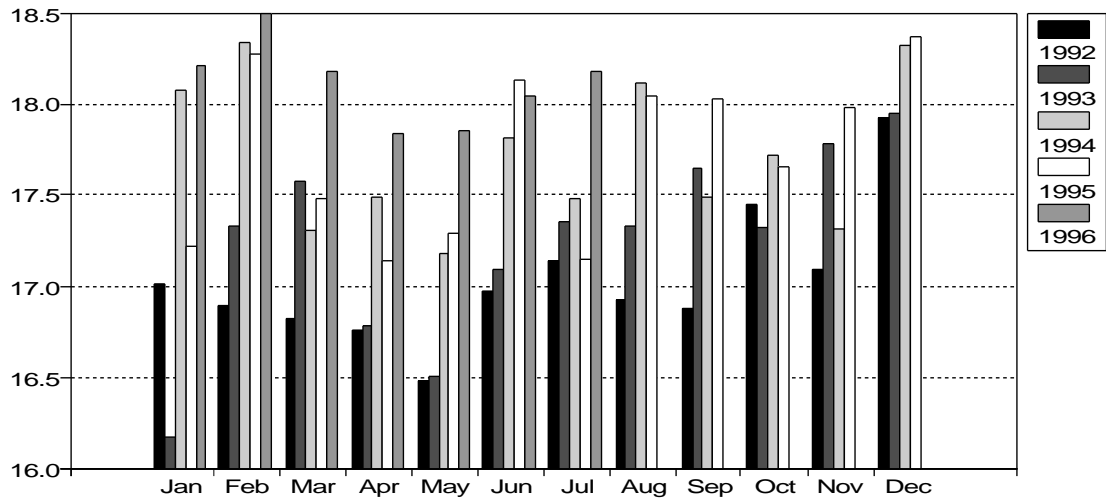
Summary

- In July, additional working days compared with last year contributed to preliminary data showing the strongest total demand growth in the seven leading OECD oil-consuming countries since August 1994. US oil demand is estimated to have increased by over 1.0 mb/d or 6.0% compared with July 1995, with growth also supported by weak demand a year earlier. In Europe, oil use in the four largest oil-consuming countries increased by 3.3%. Growth was greatest in the UK while in Germany, strong heating oil demand was somewhat offset by weak residual fuel oil deliveries and sluggish demand growth for transport fuels. In Japan, oil demand increased for all fuels, but crude deliveries to the power generation sector and naphtha deliveries increased most in percentage terms.
- OECD demand in 3Q96 has been revised upwards by 0.1 mb/d from last month's Report to 40.7 mb/d, primarily due to stronger-than-expected demand in the US and Japan in July. Although appreciable growth was anticipated, primarily due to the additional number of working days, strong growth across all fuels in Japan and in gasoil in the US indicate stronger-than-anticipated underlying demand. In contrast, comparatively weak deliveries in France and Germany in July indicate continuing demand weakness in Europe, leaving the essentially unchanged projection of European demand in 3Q96 sensitive to downward revision.
- OECD demand in 1996 is projected to increase by 0.8 mb/d or 2.0% to 41.1 mb/d, essentially unchanged from last month's Report. Demand in 1997 is expected to increase by 0.6 mb/d or 1.3% to 41.7 mb/d, also essentially unchanged. The slowdown in the rate of demand growth in 1997 is assumed to take place despite an expectation of higher economic growth, primarily due to an assumed return to normal weather, following abnormally cold weather in 1Q96.
- Non-OECD oil demand in 1996 is projected to increase by 0.9 mb/d or 3.0% to 30.7 mb/d, unchanged from last month's Report. Other Asian demand has been revised upwards by 0.1 mb/d to 8.6 mb/d due to a combination of higher estimates of bunker and refinery fuel use and stronger-than-expected demand in India in 2Q96. Latin American demand remains essentially unchanged at 6.3 mb/d, with stronger-than-expected demand in Mexico and Brazil in 2Q96 somewhat offset by lower Brazilian historical demand in other quarters and the incorporation of a lower estimate of Mexican bunker and refinery fuel use.
- Global oil demand in 1996 is projected to increase by 1.7 mb/d or 2.4% to 71.8 mb/d, unchanged from last month's Report. Weaker-than-expected OECD demand in 2Q96, which led to a 0.1 mb/d downward adjustment to global demand in 2Q96, has been more than offset by the upward adjustment to OECD demand in 3Q96 and minor upward revisions to non-OECD demand. Global oil demand in 1997 is expected to increase by 1.8 mb/d or 2.5% to 73.6 mb/d, essentially unchanged from last month's Report.

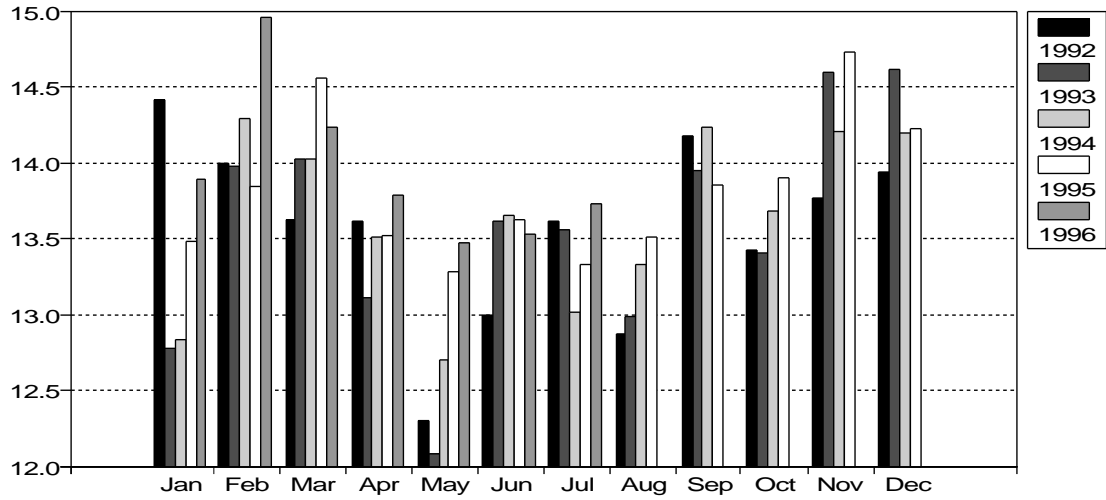
OECD Oil Demand 1992-1996
(million barrels per day)



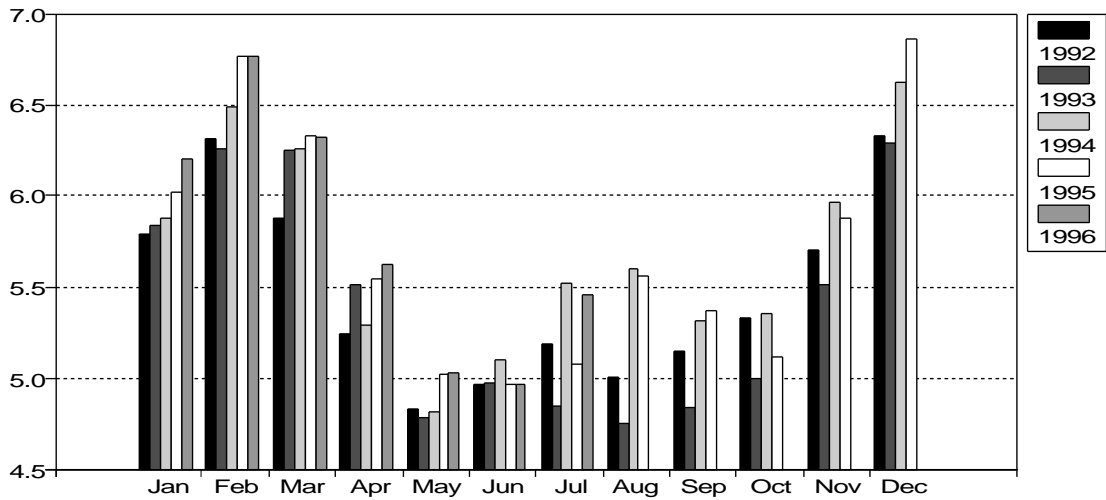
US Oil Demand 1992-1996 (million barrels per day)



European Oil Demand 1992-1996 (million barrels per day)



Japanese Oil Demand 1992-1996 (million barrels per day)



OECD

Demand in July 1996

Table 2 at the back of the Report shows total oil demand in May, while Table 3 gives demand in June for the seven largest OECD countries. The table below provides preliminary estimates for inland deliveries for those countries in July.

Preliminary Inland Deliveries - July 1996¹

	Motor Gasoline		Jet/Kerosene		Diesel		Other Gasoil		Residual Fuel Oil		Total Products ²	
	mb/d	% change	mb/d	% change	mb/d	% change	mb/d	% change	mb/d	% change	mb/d	% change
US ³	8.10	+3.0	1.54	+2.5	2.13	+16.2	0.95	+10.4	0.78	+2.6	18.14	+6.0
Canada	0.64	+1.6	0.12	+10.6	0.35	+7.6	0.03	+6.9	0.09	+14.8	1.53	+6.1
Japan	0.97	+2.6	0.31	+2.7	0.82	+4.2	0.43	+8.4	0.67	+2.7	5.05	+7.4
France	0.39	+0.5	0.12	+5.2	0.52	+11.8	0.32	+1.6	0.06	-10.5	1.86	+3.1
Germany	0.72	+1.3	0.15	+0.5	0.54	-0.5	0.70	+6.5	0.12	-19.5	2.70	+1.4
Italy	0.44	+5.5	0.07	-3.2	0.34	+5.9	0.09	+7.0	0.46	+2.3	1.80	+4.3
UK	0.54	+8.4	0.24	+8.8	0.30	+15.8	0.15	+10.5	0.10	-16.1	1.60	+6.1
European Four	2.09	+3.8	0.57	+4.3	1.70	+7.1	1.26	+5.7	0.73	-5.5	7.97	+3.3
Total	11.79	+3.0	2.53	+3.3	5.00	+9.9	2.67	+7.4	2.28	+0.3	32.69	+5.6

Sources: US EIA, Japan MITI, France CPDP, Germany MWV, UK PIA, Italy Ministry of Industry, Statistics Canada

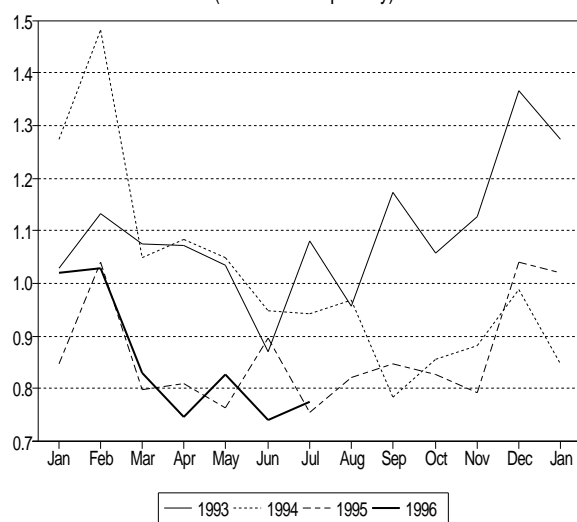
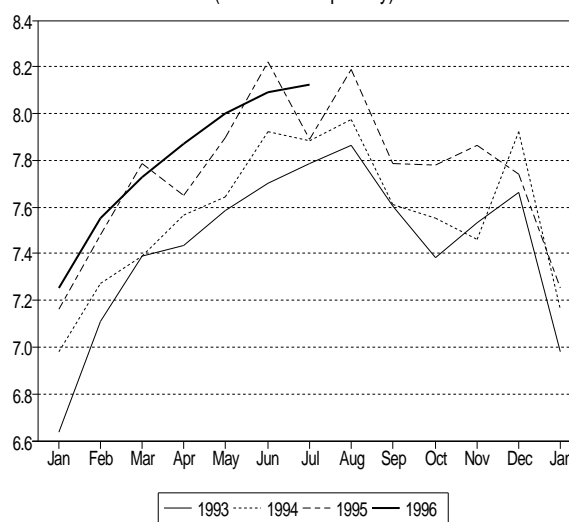
¹ excludes refinery fuel and bunkers (except US)

² includes other products not shown and direct use of crude oil

³ fifty states only. Diesel is estimated from preliminary indications of low sulphur gasoil deliveries

Percentage change is calculated versus July 1995

In July, US deliveries increased by more than 1.0 mb/d or 6.0%, the greatest rate since January 1994. The robust growth was caused by a number of factors, including an additional two working days compared with last year, weak deliveries in July 1995 and possibly some recovery in demand following weak deliveries in June 1996. Demand in the year-to-date has increased by 3.4%, with demand in all but two of the months increasing by more than 3%. The 240 kb/d increase in gasoline demand in July exceeded in size the decline experienced in June, taking year-to-date growth to 1.0%. Most of the increase was due to an additional number of working days, with the remainder of the growth believed to be in line with recent underlying consumption trends. However, deliveries may have been constrained by retail gasoline prices that were 11.1% higher than a year earlier, significantly higher than the annual increase experienced in June. Jet/kerosene deliveries increased, consistent with lower airfares and economic growth that have contributed to greater commercial air traffic. However, jet/kerosene deliveries increased by less than the 4.6% experienced in the year-to-date due to strong demand during the winter for gasoil blending purposes. In addition, deliveries to the military have fluctuated widely from month-to-month, distorting overall annual growth rates for any one month.

US Residual Fuel Oil Demand
(million barrels per day)US Gasoline Demand
(million barrels per day)

Diesel deliveries are particularly sensitive to the number of working days and the additional two working

days in July, together with economic growth and unseasonably low deliveries in July 1995, contributed to a 270 kb/d increase in deliveries. However, there are still indications that diesel deliveries are exceeding underlying indicators of road use, suggesting that an increasing amount of low-sulphur gasoil is being sold for other purposes. Deliveries of heating oil and other gasoil increased in line with the additional number of working days; prices prevailing in the month were unlikely to have encouraged a larger-than-normal stockbuild. Residual fuel oil deliveries increased by 20 kb/d, partly due to some fuel switching from natural gas to fuel oil in the power generation sector, following a temporary and minor reversal in the price differential between the two fuels which had led to weak fuel oil deliveries in recent months. In contrast, residual fuel oil prices last July were at a premium to natural gas. It is of interest to note that, until this July, the relatively low natural gas prices have occurred in spite of low natural gas inventories, suggesting a trend to lower working capital in the natural gas industry similar to that in the US oil industry. (The price premium of natural gas over residual fuel oil in July was short-lived and in August the price of 1% sulphur residual fuel oil averaged some 0.47 \$/mmBtu higher than natural gas.)

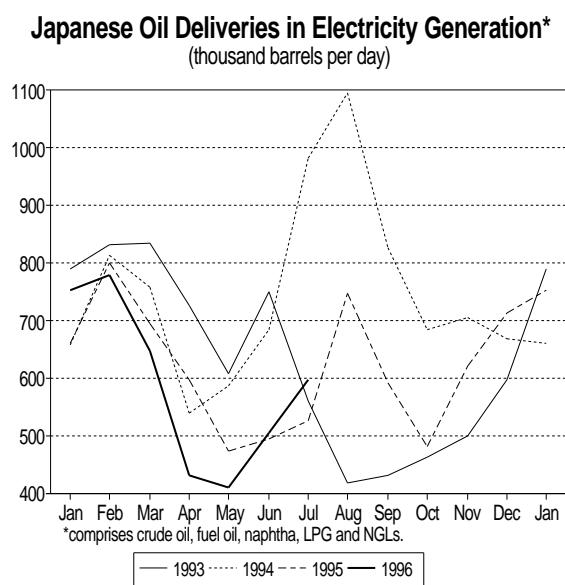
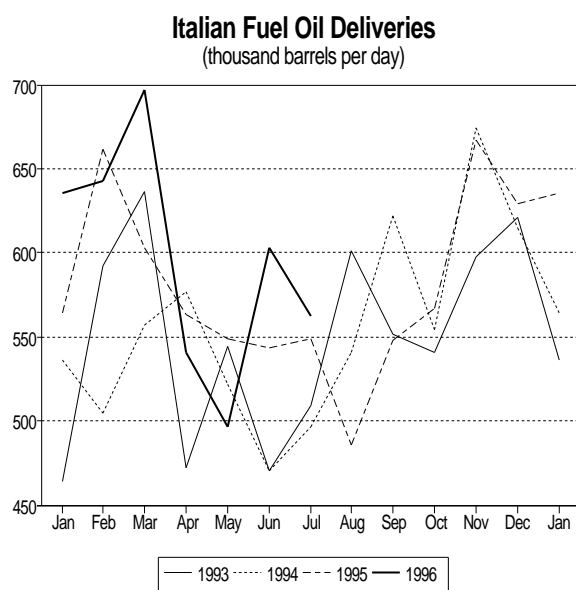
In **Europe**, two additional working days (three in France) led to strong growth in gasoline and diesel deliveries but this was partly offset by weak residual fuel oil and petrochemical demand. Oil deliveries in the four largest oil-consuming countries increased by 3.3%, the greatest increase since February, and substantially greater than the 0.9% growth experienced in the year-to-date. German heating oil deliveries increased by under 50 kb/d, leaving consumer stocks still significantly lower than last year.

In **France**, additional demand that occurred due to three additional working days was somewhat offset by unseasonably strong demand in July 1995 that occurred due to pre-buying of heating oil ahead of significant tax increases in August 1995. Heating oil deliveries increased only marginally, primarily due to a 31.8% increase in deliveries in July 1995. The additional working days this July contributed largely to a 55 kb/d or 11.8% increase in diesel deliveries and a 0.5% increase in gasoline deliveries; the latter compares with a year-to-date decline of 4.4%. Apart from a 5.2% increase in jet/kerosene deliveries, demand decreased for all other products, with LPG and naphtha deliveries falling by 4.8% and 0.3% respectively. Residual fuel oil deliveries declined by 10.5%, in part due to a 38.3% increase in the previous July, which is believed to have occurred due to a significant fall in low-sulphur prices that had kept purchasers out of the market in June 1995.

German demand increased moderately but is estimated to have declined if the data are adjusted for working days. This highlights the continuing demand weakness, consistent with low economic growth. On an unadjusted basis, demand in the year-to-date has declined by 0.1%. Heating oil deliveries increased by 43 kb/d or 6.5%, indicative of a larger secondary/tertiary stockbuild than last year. However, indications of consumer (or tertiary) stocks show a similar-sized stockbuild as last year, suggesting that, for the second successive month, there may have been a larger increase in wholesaler (or secondary) stocks in anticipation of future additional consumer stockbuild. Heating oil prices prevailing in July were not conducive to a significant acceleration in last year's rate of stockbuild and consumer stocks at the end of July are believed to have been some 20 million barrels lower than last year. Residual fuel oil deliveries declined by almost 30 kb/d or 19.5%, primarily due to a 13.7% increase last year (for a similar reason to that given for France above) and also firmer prices this July (see Oil Market Report 8 August 1996 p.42).

UK oil demand increased by more than 90 kb/d or 6.1%, the greatest rate since November 1993, and substantially greater than the year-to-date growth of 1.1%. Deliveries increased for all products except LPG and residual fuel oil, which declined by 22 kb/d or 14.6% and 19 kb/d or 16.1% respectively. The weakness in LPG deliveries was partly attributable to a switch by the petrochemical sector from LPG to naphtha and deliveries of the latter increased by 13 kb/d or 28.5%. Residual fuel oil deliveries declined in line with the 15.1% decrease experienced in the year-to-date, primarily due to continuing substitution by natural gas in the power generation and industrial sectors. The suggestion that the rate of decline in residual fuel oil deliveries would lessen (see Oil Market Report 8 August 1996 p.6) was not yet supported by the latest delivery data but higher prices during July may have deterred potential purchasers. Gasoline and diesel demand increased by 8.4% and 15.8%, mainly due to additional working days, but the former's growth was boosted by particularly weak demand in July 1995.

Italian oil demand increased robustly despite strong growth last year that was caused primarily by a large increase in deliveries of residual fuel oil to ENEL. The main growth in deliveries this July occurred in the transport sector where gasoline and diesel demand increased by a combined 42 kb/d or 5.6%. Residual fuel oil deliveries increased by 2.3% compared with growth in the year-to-date of 3.7%. Electricity consumption decreased by 1.4% in July but larger reductions in hydro generation and electricity imports are believed to have led to greater consumption of hydrocarbons, most probably including higher residual fuel oil use.



In **Japan**, oil demand increased by 350 kb/d or 7.4%, the greatest rate since November 1994, taking year-to-date growth to 1.7%. Demand increased partly due to one additional working day and weak deliveries in July 1995. It had been assumed that the demand weakness in July 1995 was solely attributable to strong demand from the power generation sector in the previous year but it now appears that additional factors led to unseasonably weak demand and, consequently, contributed to strong demand this July. Deliveries increased for all products but an 85 kb/d or 12.2% increase in naphtha deliveries and a 100 kb/d or 37.9% increase in crude deliveries for direct use were the most significant. Electricity consumption increased by 5.0%, although preliminary data suggest that average temperatures were essentially unchanged from last year and therefore were unlikely to have contributed to greater air-conditioning use. Deliveries of oil and oil products to the power generation sector increased by 13.5% and consumption increased by 12.2%, leading to a minor stockdraw, with stocks ending the month some 10% lower than a year earlier. The greater use of oil by utilities, together with higher nuclear output, offset reductions in hydro and LNG use and a moderate increase in coal consumption. Gasoline demand increased strongly, consistent with recent trends, which reflect higher economic growth and lower retail prices (in July, retail gasoline prices were 2.7% lower than a year earlier). Despite diesel prices being some 7% higher than a year earlier, diesel deliveries also increased strongly, consistent with economic growth and greater commercial road haulage.

Demand in 2Q96

OECD demand in 2Q96 is estimated to have increased by 0.6 mb/d to 39.7 mb/d, a 0.1 mb/d downward adjustment from last month's Report with downward revisions to preliminary June data and lower-than-expected demand from a number of smaller countries more than offsetting upward revisions to demand data in May and an 80 kb/d upward adjustment to preliminary French demand in June.

Second Quarter OECD Oil Demand by Region

(million barrels per day)

	2Q95	2Q96	Change	
			mb/d	%
North America	19.5	20.0	0.4	2.2
Europe	13.5	13.6	0.1	0.9
Pacific	6.2	6.2	0.0	0.1
Total	39.2	39.7^r	0.6	1.4

^r revised since last Report

North American demand increased by 2.2%, unchanged from last month's Report. Canadian demand data for both June 1995 and June 1996 were revised downwards leaving North American demand growth unchanged but the absolute level slightly lower than previously reported. The estimate of Canadian LPG deliveries in June 1996 remains preliminary and subject to revision. **European** demand increased by 0.9% compared with 1.1% estimated in last month's Report. A 110 kb/d downward revision to preliminary

German demand data in June was only partly offset by an upward revision to French demand in the same month. In a number of smaller European countries, demand in May was greater than anticipated but this appears to have been somewhat offset by lower-than-anticipated demand for the same group of countries in June. A number of smaller countries have yet to report June demand and European demand in 2Q96 consequently remains subject to minor revision. **Pacific** demand increased by 0.1% rather than the 0.7% estimated in last month's Report. Australian and New Zealand deliveries were less than expected, leading to a 36 kb/d downward adjustment to 2Q96 Pacific demand.

Demand in 3Q96

OECD demand in 3Q96 has been revised upwards by 0.1 mb/d from last month's Report to 40.7 mb/d, primarily due to stronger-than-expected demand in the US and Japan in July. Although strong growth was anticipated, mainly due to the additional working days, strong growth across all fuels in Japan and in gasoil in the US indicate stronger-than-anticipated underlying demand. In contrast, underlying weak demand (excluding additional number of working days) in France and Germany in July indicate continuing demand weakness in Europe, leaving the essentially unchanged projection of European demand in 3Q96 sensitive to downward revision.

Third Quarter OECD Oil Demand by Region

	(million barrels per day)		Change	
	3Q95	3Q96	mb/d	%
North America	19.9	20.4 ^r	0.5	2.5
Europe	13.6	13.9	0.3	2.3
Pacific	6.3	6.4	0.1	2.1
Total	39.7	40.7 ^r	1.0	2.4

^r revised since last Report

According to preliminary data for the four weeks up to 23 August, **US** demand increased by 1.6%, with increases in deliveries for all products except gasoline, which declined by 0.9% or 77 kb/d. The demand weakness for gasoline may be partly attributable to one less working day and to retail prices that are estimated to have been some 12.4% higher than a year earlier. Gasoil deliveries increased by 5.6%, consistent with recent trends. Residual fuel oil deliveries increased by 6.5%, partly due to greater use by the power generation sector, despite residual fuel oil prices being higher than those of natural gas. However, the price differential between residual fuel oil and natural gas was less than in August 1995. The latest, higher-than-expected US demand data for July and August have not been fully incorporated into the projection of North American demand in 3Q96, as preliminary data are known to be often subject to significant revision. (If fully incorporated, the estimate of North American demand would be subject to a further 0.1 mb/d upward adjustment.)

In the **Pacific** Region, oil demand in 3Q96 is expected to increase by 2.1%, slightly more than previously anticipated, due to higher-than-expected deliveries to the Japanese power generation sector and strong Japanese demand across all products in July. The 13.9% decline in Japanese hydroelectric output in July, following many months of annual growth, was unexpected. However, a potential shortfall in hydro capacity could, in the event of unseasonably hot weather, lead to a marked increase in oil use in the power generation sector in the remaining months of the quarter. The overall strong Japanese demand in July, including petrochemical feedstock deliveries, appears inconsistent with indications of a slowdown in the Japanese economy, but until further data are available, the projection of Pacific demand in 3Q96 remains essentially unchanged.

Demand in 1996 and 1997

OECD demand in 1996 is projected to increase by 0.8 mb/d or 2.0% to 41.1 mb/d, almost unchanged from last month's Report. Demand in 1997 is forecast to increase by 0.6 mb/d or 1.3% to 41.7 mb/d, also unchanged from last month's Report. The slowdown in the rate of demand growth in 1997 is assumed to take place despite an expectation of higher economic growth, primarily due to an assumed return to normal weather, following the abnormally cold weather in 1Q96.

OECD Oil Demand in 1996 & 1997

	North America		Europe		Pacific		Total	
	mb/d	change *	mb/d	change *	mb/d	change *	mb/d	change *
1Q96	20.4	0.7	14.3 ^r	0.4	7.4	0.1	42.1 ^r	1.2
2Q96	20.0	0.4	13.6	0.1	6.2	0.0	39.7 ^r	0.6
3Q96	20.4 ^r	0.5	13.9	0.3	6.4	0.1	40.7 ^r	0.9
4Q96	20.4	0.3	14.5	0.2	7.0	0.1	41.9	0.5
1996	20.3	0.5	14.1	0.3	6.8	0.1	41.1	0.8
1Q97	20.5	0.1	14.5	0.1	7.6	0.2	42.5	0.4
2Q97	20.1	0.2	13.9	0.3	6.3	0.1	40.3	0.6
3Q97	20.7	0.3	14.0	0.1	6.5	0.1	41.2	0.6
4Q97	20.8	0.4	14.7	0.3	7.1	0.1	42.6	0.7
1997	20.5	0.2	14.3	0.2	6.9	0.1	41.7	0.6

^r revised since last Report
* mb/d year-on-year change

Non-OECD

Changes to 1995 non-OECD Demand

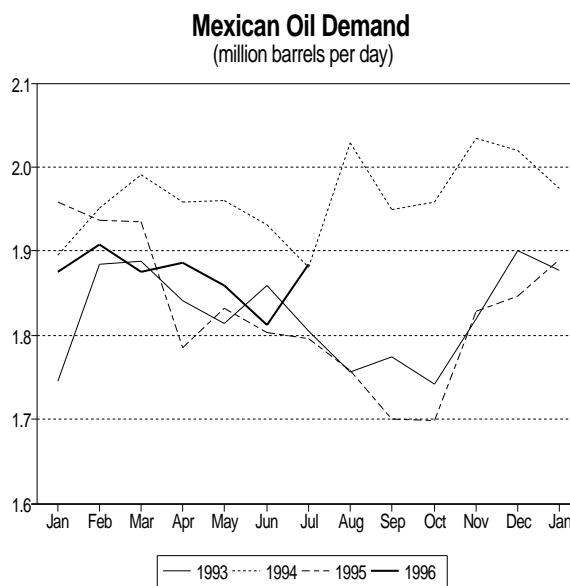
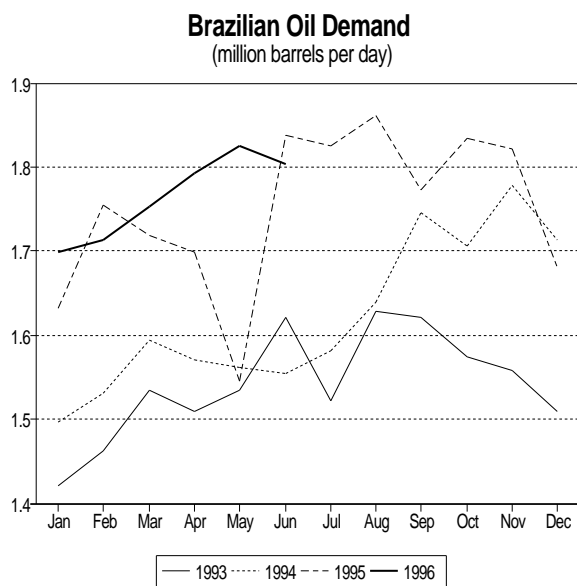
As a result of an upward revision to estimates of total non-OECD bunker fuel and refinery fuel use, partly offset by a downward revision to Brazilian demand, non-OECD demand in 1995 has been revised upwards by 50 kb/d from last month's Report to 29.8 mb/d, an annual increase of 1.0 mb/d or 3.4%. **Other Asian** demand has been revised upwards by 60 kb/d, reflecting higher estimates of bunkers and refinery fuel use. **Latin American** demand has been revised downwards by some 24 kb/d, with the downward revision to Brazilian demand and the incorporation of lower estimates of Mexican bunker demand and refinery fuel use more than offsetting upward adjustments to most other Latin American countries' estimates of bunker demand and refinery fuel use. Finally, a restatement of net exports has led to a 40 kb/d upward revision to **FSU** demand in 4Q95. While non-OECD demand in 1996 and 1997 has been slightly affected by the re-evaluation of future bunker demand and refinery fuel use, the projections have also been affected by receipt of more recent demand data. The net effect on projected demand is discussed later in this section.

Mexico

Preliminary data published by Pemex indicate that inland oil deliveries (excluding refinery fuels) increased by 6.4% in July, the fourth successive month of demand growth. Including estimates of bunkers and refinery fuel use and an adjustment to calibrate the monthly data to the historical series, Mexican demand in July is estimated to have grown slightly more slowly than inland deliveries, increasing by 90 kb/d to 1.9 mb/d. Demand growth in the year-to-date has been only 0.4%, mainly attributable to a 3.8% decline in 1Q96. In July, demand increased for all products and most significantly for gasoil which increased by 17.6%. Motor gasoline demand increased by 6.7%, primarily due to particularly weak demand last July while fuel oil deliveries grew by only 1.0%, reflecting little change in deliveries to the power generation sector. The demand strength witnessed in recent months is mainly attributable to weak deliveries last year when the financial crisis led to high interest rates, economic decline and significantly higher energy end-user prices. Partly due to an acceleration in the rate of oil demand decline in the second half of 1995 (see chart) and to current economic growth and lower interest rates, oil demand growth in 2H96 is expected to accelerate significantly. In line with recent trends, gasoil is expected to be the fastest growing oil product while gasoline demand growth is projected to be moderate, partly because discretionary private income remains constrained and this is thought likely to lead to only modest incremental use of private passenger vehicles and purchase of new cars.

Brazil

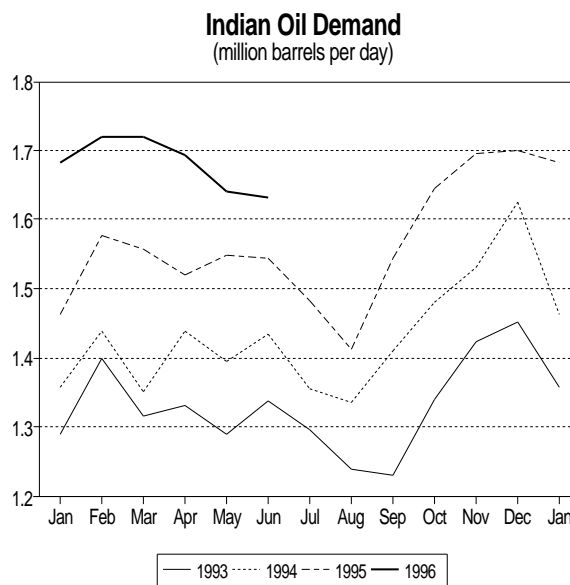
Preliminary data published by *Brazil Energy* indicate that inland oil deliveries (excluding bunkers and refinery fuel) decreased by 2.0% in June, the first monthly decline since February 1996. Including estimates of bunkers and refinery fuel use and an adjustment to calibrate the monthly data to the historical series, Brazilian demand in June is estimated to have declined slightly more slowly, falling by just over 30 kb/d to 1.8 mb/d. Gasoline deliveries increased by 5.5% but gasoil deliveries grew by less than 1%.



Residual fuel oil deliveries increased by more than 16%, possibly due to greater deliveries to the power generation sector. Demand growth in 2Q96 was some 7.2%, primarily due to an 18.8% increase this May, following particularly weak demand in May 1995 (see chart) that was caused by industrial unrest. Demand growth in the year-to-date has been 4.4%, with moderate growth in 1Q96 of 1.7%, largely attributable to strong growth last year. Brazilian demand growth in 3Q96 is expected to be weaker than in 2Q96 but to accelerate in 4Q96, mainly due to particularly strong demand in 3Q95 when a 24% increase in gasoline deliveries contributed to a 10% increase in overall oil demand. Annual demand growth in 1995 fluctuated widely on a month-to-month basis; a stabilised currency contributed to strong demand growth that only slowed in the latter part of the year when tighter fiscal and credit controls were enacted to constrain economic growth to a lower but more sustainable rate.

India

Data published by the Indian Ministry of Petroleum and Natural Gas indicate that Indian inland deliveries (excluding bunkers and refinery fuel) increased in June by 5.7%. Including estimates of bunkers and refinery fuel use and an adjustment to calibrate the monthly data to the historical series, Indian demand in June is estimated to have grown by essentially the same rate, increasing by just over 90 kb/d to 1.6 mb/d. Motor gasoline and high speed diesel deliveries increased by 11.2% and 9.1% respectively and represented more than 75% of total incremental demand. The Indian oil product market is dominated by high speed diesel which is mainly used in the road transport and agricultural sectors. In June, high speed diesel met some 45% of total Indian oil demand, slightly lower than the highest percentages that are usually achieved in April of each year, coinciding with the dry season when diesel use for water pumping and small scale power generation is most significant. This June, part of the strength in high speed diesel may have been due to pre-buying ahead of tax increases in July that were announced following the recent elections in May. Indian oil demand in the year-to-date has increased by 9.6% with the more modest rates of growth in the most recent months attributable to a combination of strong growth last year and lower residual fuel oil use this year in the power generation sector.



Non-OECD Demand in 1996 and 1997

Non-OECD oil demand in 1996 is projected to increase by 0.9 mb/d or 3.0% to 30.7 mb/d, unchanged from last month's Report. **Other Asian** demand has been revised upwards by 0.1 mb/d to 8.6 mb/d due to a combination of higher estimates of bunker and refinery fuel use (see above) and stronger-than-expected demand in India in 2Q96. **Latin American** demand remains essentially unchanged at 6.3 mb/d, with stronger-than-expected demand in Mexico and Brazil in 2Q96 virtually offsetting the recalibration of Brazilian historical demand and the incorporation of a lower estimate of Mexican bunker and refinery fuel use (see above). **FSU** apparent demand in 1Q96 has been revised downwards by 0.1 mb/d due to a 66 kb/d upward adjustment to reported net exports.

Non-OECD Oil Demand in 1996 & 1997

	FSU		Europe		China		Other Asia		L. America		M. East		Africa		Non-OECD	
	mb/d	change *	mb/d	change *	mb/d	change *	mb/d	change *	mb/d	change *	mb/d	change *	mb/d	change *	mb/d	change *
1Q96	4.7 ^r	-0.4	1.5	0.1	3.4	0.2	8.7 ^r	0.6	6.2	0.0	4.1	0.0	2.2	0.1	30.9	0.6
2Q96	4.2	-0.3	1.4	0.1	3.5	0.2	8.4	0.6	6.3	0.3	4.0	0.1	2.2	0.1	30.1	0.9
3Q96	4.3	-0.2	1.3	0.1	3.6	0.2	8.1	0.5	6.4	0.2	4.2	0.1	2.1	0.1	30.0	1.0
4Q96	4.9	-0.1	1.4	0.1	3.6	0.2	9.0	0.6	6.4	0.2	4.2	0.1	2.2	0.1	31.8 ^r	1.1
1996	4.5	-0.3	1.4	0.1	3.5	0.2	8.6 ^r	0.6	6.3	0.2	4.1	0.1	2.2	0.1	30.7	0.9
1Q97	4.8	0.1	1.6	0.1	3.6	0.2	9.3 ^r	0.6	6.5	0.3	4.2	0.1	2.3	0.1	32.2 ^r	1.4
2Q97	4.2	-0.0	1.5	0.1	3.7	0.2	9.1 ^r	0.6	6.5 ^r	0.2	4.1	0.1	2.3	0.1	31.4	1.3
3Q97	4.3	-0.0	1.4	0.1	3.8	0.2	8.6	0.5	6.6 ^r	0.2	4.3	0.1	2.2	0.1	31.1 ^r	1.2
4Q97	4.8	-0.0	1.5	0.1	3.9	0.2	9.7 ^r	0.7	6.6	0.2	4.3	0.1	2.3	0.1	33.1 ^r	1.3
1997	4.5	0.0	1.5	0.1	3.7	0.2	9.2 ^r	0.6	6.5 ^r	0.2	4.2	0.1	2.3	0.1	32.0 ^r	1.3

^r revised since last Report
* mb/d year-on-year change

Non-OECD demand in 1997 is projected to increase by 4.2% or 1.3 mb/d to 32.0 mb/d compared with an increase of 3.0% or 0.9 mb/d expected in 1996. The 1997 projection is a 0.1 mb/d upward revision from last month's Report, largely due to revisions in bunker and refinery fuel use. In addition, higher-than-expected demand in 2Q96 from some of the larger non-OECD countries, coupled with unchanged growth rates for 1997, has led to marginally higher demand in 1997. However, the underlying assumptions affecting the projection of non-OECD demand in 1997 remain unchanged from last month's Report. The expected acceleration in the rate of demand growth in 1997 is largely attributable to the assumed slowdown in the decline in FSU demand combined with an acceleration in oil demand growth in Latin America and, to a lesser extent, in the Middle East and Africa. This is expected to offset a marginal slowdown in the rate of growth expected in China and Other Asia.

Global Demand in 1996 and 1997

Global oil demand in 1996 is projected to increase by 1.7 mb/d or 2.4% to 71.8 mb/d, unchanged from last month's Report. Weaker-than-expected demand in the OECD, which led to a 0.1 mb/d downward adjustment to global demand in 2Q96, has been more than offset by minor upward adjustments to non-OECD demand. Global oil demand in 1997 is expected to increase by 1.8 mb/d or 2.5% to 73.6 mb/d, essentially unchanged from last month's Report. While OECD demand growth is expected to slow in 1997, primarily due to an assumed return to normal weather, non-OECD growth is forecast to accelerate, mainly due to an assumed slowdown in the decline in FSU demand.

SUPPLY

Summary

- World oil production is estimated to have averaged 71.9 mb/d in August versus 72.1 mb/d in July, as both non-OPEC supply and OPEC crude oil production declined.
- OPEC crude oil averaged 25.81 mb/d versus 25.88 mb/d in July. Seven countries had higher production in August, but the combined declines in four countries (Saudi Arabia, Indonesia, the Neutral Zone and the UAE - the latter two due to maintenance) were almost twice as large as the combined increase in the other seven. About half of the OPEC crude oil decline was offset by higher OPEC NGL output.
- Non-OPEC supply declined moderately in August to 43.4 mb/d, as reduced Latin American production due to an explosion at a natural gas processing plant in Mexico and pipeline bombings in Colombia (affecting both domestic production and eastern Ecuadorean production that uses the pipeline) and maintenance activities in Alaska and the North Sea more than offset gains in Asian production (from China and India), higher African output (from Egypt, Angola, Congo and Equatorial Guinea) and increases from Russia and Kazakhstan.
- Revisions have been made to the 3Q96 and 4Q96 non-OPEC supply estimates to reflect the Mexican explosion and the Colombian pipeline outage, as well as technical difficulties affecting several UK North Sea fields and one Australian field. Upward adjustments have been made to production from some Norwegian fields that have recently exceeded expected peak levels and to production from a few Asian countries. The net result is a 0.3 mb/d downward revision to total non-OPEC supply for both quarters.
- Net FSU exports in August are estimated to have been 2.8 mb/d, reflecting a seasonal decline from July of 0.2 mb/d.

Non-OPEC Oil Supply

(million barrels per day)

	1994	1995	1996	1Q95	2Q95	3Q95	4Q95	1Q96	2Q96 ^p
CRUDE OIL									
North America	8.15	8.06	8.00	8.15	8.10	7.98	8.04	8.05	7.92
United States	6.66	6.54	6.45	6.63	6.59	6.44	6.51	6.51	6.42
Canada	1.48	1.52	1.55	1.51	1.51	1.54	1.52	1.54	1.51
Europe	5.61	5.84	6.37	5.85	5.53	5.75	6.23	6.17	6.13
North Sea	5.18	5.42	5.93	5.43	5.12	5.33	5.81	5.76	5.70
UK*	2.37	2.41	2.55	2.52	2.21	2.39	2.53	2.45	2.37
Norway	2.57	2.77	3.15	2.67	2.67	2.71	3.04	3.07	3.09
Other North Sea**	0.24	0.23	0.24	0.24	0.24	0.23	0.23	0.24	0.23
Other Europe	0.42	0.42	0.43	0.42	0.42	0.42	0.42	0.41	0.43
Pacific	0.59	0.56	0.63	0.56	0.57	0.58	0.53	0.56	0.60
Australia	0.54	0.51	0.59	0.52	0.53	0.53	0.48	0.52	0.55
Other Pacific	0.05	0.04	0.05	0.04	0.04	0.05	0.04	0.04	0.05
Total OECD	14.34	14.46	15.00	14.55	14.20	14.30	14.79	14.78	14.65
Latin America	5.17	5.31	5.72	5.31	5.25	5.51	5.17	5.68	5.70
Asia (inc. China)	4.65	4.92	4.97	4.86	4.87	4.95	4.99	4.93	4.93
Africa (inc. Gabon)	2.17	2.33	2.48	2.28	2.35	2.35	2.36	2.37	2.42
Other Middle East	1.77	1.86	1.90	1.83	1.86	1.88	1.88	1.86	1.87
Central and Eastern Europe	0.25	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Total Non-OECD (ex. FSU)	14.01	14.66	15.31	14.52	14.57	14.92	14.63	15.08	15.16
Russia	6.10	6.00	5.92	6.03	6.06	5.97	5.95	5.92	5.89
Other Republics	0.81	0.83	0.88	0.77	0.85	0.85	0.86	0.85	0.89
Total FSU	6.91	6.83	6.80	6.79	6.90	6.81	6.81	6.76	6.78
NGLS & OTHER									
United States	1.98	2.07	2.09	2.08	2.08	2.06	2.05	2.03	2.12
Canada	0.79	0.87	0.92	0.88	0.87	0.83	0.91	0.91	0.87
North Sea	0.38	0.42	0.44	0.45	0.39	0.38	0.45	0.43	0.39
Russia	0.17	0.18	0.17	0.21	0.14	0.17	0.20	0.18	0.16
Other Non-OPEC	1.50	1.52	1.61	1.51	1.48	1.53	1.55	1.59	1.60
Total NGLs and Other	4.83	5.05	5.22	5.13	4.96	4.96	5.16	5.14	5.14
Processing Gains	1.43	1.46	1.52	1.46	1.44	1.44	1.49	1.52	1.50
Total Non-OPEC Supply	41.51	42.46	43.85	42.44	42.07	42.44	42.87	43.28	43.22

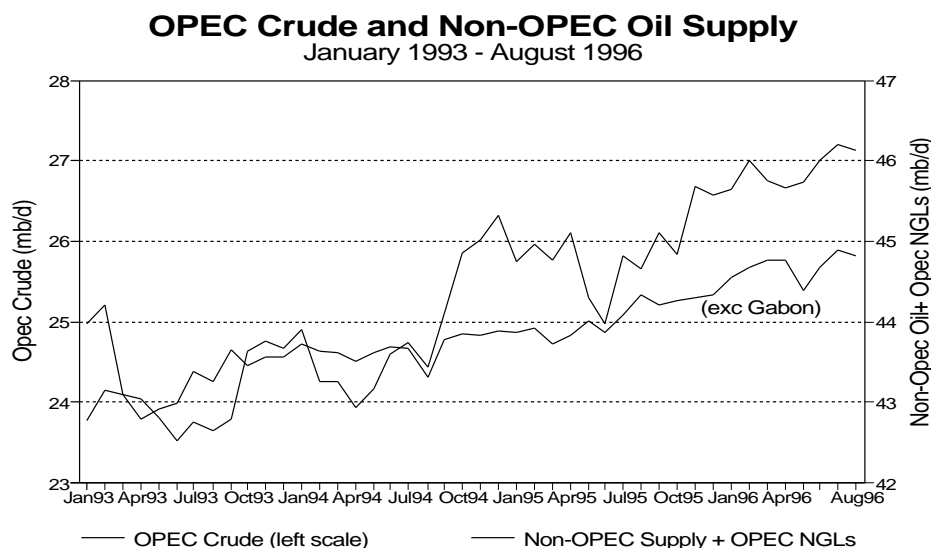
^p preliminary

* excluding on-shore production

** Denmark, offshore Netherlands and offshore Germany

Overview of Supply Developments and Revisions

August non-OPEC supply was reduced by 90 kb/d by maintenance in the North Sea and Alaska and the loss of almost 100 kb/d of Latin American production due to an explosion in Mexico and pipeline bombings in Colombia. The impacts of the North Sea and Alaskan maintenance outages on production were about as expected, but continued growth in Latin America production had been anticipated. Supplies from most other non-OPEC areas are believed to have continued to increase.



3Q96 and 4Q96 Revisions

Non-OPEC supply estimates have been revised downwards by 0.3 mb/d in both 3Q96 and 4Q96. The 3Q96 revisions are centred in Latin America, where the Mexican gas processing plant explosion lowered output from late July through September, removing 60 kb/d of Mexican NGL production and 15 kb/d of crude oil production from the 3Q96 average compared with last month's estimate. Pipeline bombings in Colombia lowered expected output for both that country and for Ecuador, which uses the pipeline to transport crude from eastern jungle fields, by 40 kb/d. Unexpected technical problems and longer than expected maintenance to Campos Basin offshore fields and low water levels, constraining transport of some onshore production, reduced Brazil production by 70 kb/d versus the earlier forecast. The estimate for 3Q96 North Sea production has been raised by about 45 kb/d as the result of deferral of Gullfaks maintenance from September to October and the better performance by the West Troll and Heidrun fields in July and August, which is expected to continue. The resulting increase of 155 kb/d for Norway more than offset a 110 kb/d downward revision in the UK sector. There was also a nearly 50 kb/d reduction in 3Q96 US production versus the previous forecast, reflecting difficulties in Alaskan and lower "other hydrocarbon" output.

For 4Q96, the recently-announced delay in the start-up of the West of Shetlands' Foinaven field, possibly until next March, and the underperformance of a few key fields in the Forties and Ninian systems and in Liverpool Bay have led to a 115 kb/d downward revision in projected 4Q96 UK offshore crude oil production. Norwegian production was also adjusted downwards by about 40 kb/d to reflect the Gullfaks maintenance rescheduling. The Norwegian adjustment would have been considerably larger if it had not been for the improved prospects for West Troll, Heidrun and Yme. The adjustment in Latin American is only 125 kb/d in 4Q96. Although Mexico's gas processing plant could require several months to repair, as could the repair of the Colombian crude pipeline, alternative arrangements are being made in both countries and the problems in Brazil are expected to be solved soon.

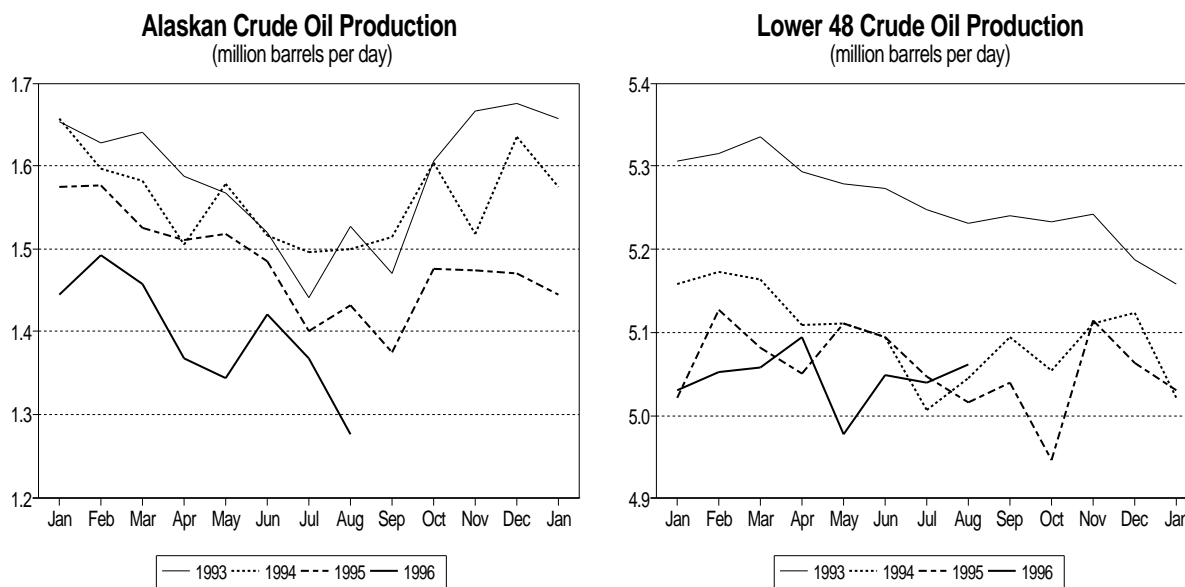
OECD

North America

US oil production was 72 kb/d lower in August than in July at 8563 kb/d, due to a 92 kb/d reduction in Alaskan crude oil output as a result of summer maintenance work on the Prudhoe Bay and Kuparuk fields, America's two largest oil fields. Almost a quarter of the Alaskan decline was compensated for by estimated higher Gulf of Mexico production from the new deepwater Mars field. Elsewhere in the Lower 48 states, a decrease of about 15 kb/d in onshore Texas output is thought to have been exactly offset

by higher production in California and in Gulf Coast and Midwestern states. Non-crude production is estimated to have been down slightly.

Alaskan crude oil production averaged only 1259 kb/d for the first 28 days of August according to data from the Alaskan Oil & Gas Audit Department. The estimated full month average is slightly higher at 1277 kb/d because maintenance work on gas compressors at the Prudhoe Bay field and the normal maintenance at the Kuparuk field were both completed earlier in the month. Prudhoe Bay is estimated to have averaged just 657 kb/d, nearly 100 kb/d below July's level. Kuparuk production was decreased by a much smaller 19 kb/d to 252 kb/d. The combination of the end of a tenth-year system test at Endicott and the full benefit of the new gas-injection equipment installed earlier this year helped raise the field's production by 35 kb/d to 73 kb/d, despite several days of reduced output during the first week of the month. Production from the Lisburne Production Center fields (Point McIntyre, Niakuk, and the Lisburne field) decreased by an estimated 7 kb/d, in spite of increasing output from new wells, and Cook Inlet production was 4 kb/d lower than in July. Milne Point-Schrader Bluff area output was essentially unchanged.



Aggregate weekly data for the first 23 days of August indicate Lower 48 crude oil production of around 5.06 mb/d, about 20 kb/d higher than July's production. The rise is believed to have been concentrated in the deepwater Gulf of Mexico, where more monthly increases from the Mars field are occurring following its late-June start-up. The initial Mars well began at a rate of 15 kb/d, surpassing the Auger field record for a Gulf of Mexico well. Additional wells are being hooked up and production was reported to have exceeded 20 kb/d by mid-August on its way to 100 kb/d from nine development wells by year-end or early 1997. The deepwater Tahoe gas-condensate field began production in August, but with very small amounts of liquids. The next significant start-up is the subsalt Mahogany field this autumn. Although the expected initial flows of around 20 kb/d are in line with previous estimates, due to the complexity of the geology, the peak level is now thought to be 33 kb/d rather than the 45 kb/d projected earlier. Conversely, prospects continue to be good for the subsalt Enchilada field, the deepwater 20 kb/d Neptune field that is expected to start up in 1Q97 and the 60 kb/d Ram-Powell field, due onstream late next year in a record-setting 3200 ft of water.

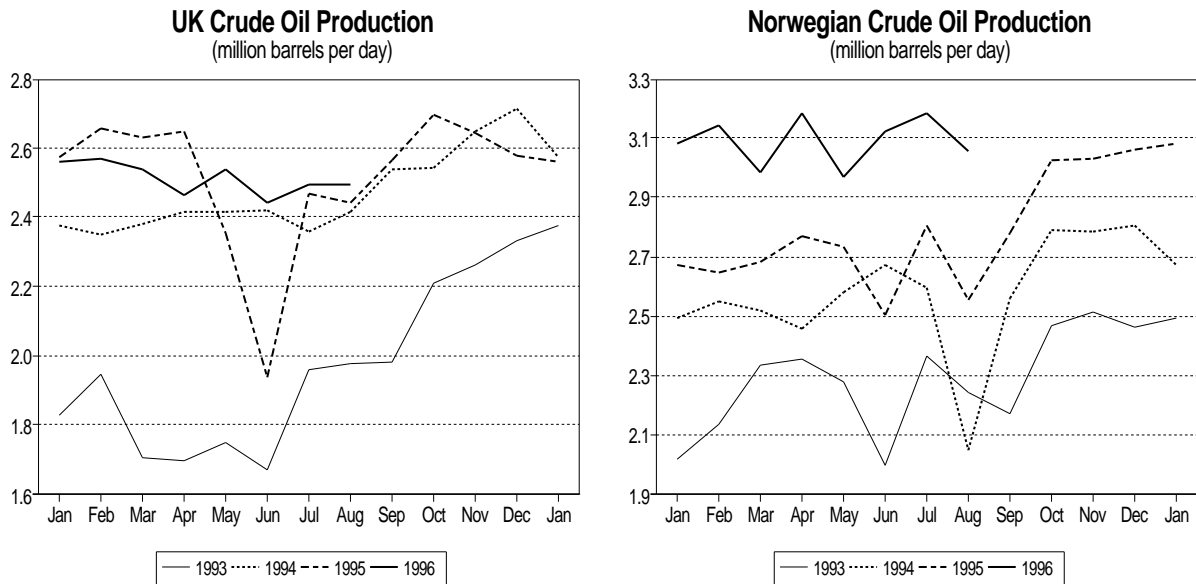
Data from Statistics Canada for June and revisions for May show total **Canadian** oil production in a tight band of 2390-2395 kb/d after larger swings in the previous three months. The components of the total were more volatile, however, with June synthetic crude production increasing by 38 kb/d, while NGL output is reported to have declined by 48 kb/d. Alberta bitumen production rose by 20 kb/d, but conventional crude oil fell by 4 kb/d as decreased light and medium crude production is believed to have more than offset increases in Alberta heavy oil output. Production from the other producing Provinces was 9 kb/d lower, as gains in British Columbia and the Northwest Territories failed to compensate for lower production from Canada's sole offshore producing field, Cohasset. The Panuke field, the former offshore Atlantic producer, has ceased production, but the start-up of the large Hibernia field in December 1997

and the Terra Nova oil field and the Sable Island gas fields sometime between 1998-2000 are expected to provide the focal points for development of a number of offshore prospects early next century.

In the near term, Cohasset is thought to have returned to more typical levels during July and August, again averaging over 30 kb/d versus the 13 kb/d reported for June, contributing to gains in estimated total Canadian oil production of just over 50 kb/d in each month. The estimated July offshore rise would be sufficient to compensate for an 11 kb/d decline in syncrude output reported by the Alberta Energy and Utility Board. Suncor plant production (including direct distillate sales of 16 kb/d) increased by 2 kb/d to a yearly high of 87 kb/d, but the Syncrude plant output fell back to 210 kb/d from June's record 223 kb/d. Conventional crude oil production in Alberta and Saskatchewan are each thought to have risen by 20-25 kb/d in July. The estimated August increase in total Canadian production is seen spread among NGLs, synthetics and crude oil, with monthly gains of 10-20 kb/d each.

North Sea

North Sea production averaged 6.08 mb/d in August versus 6.23 mb/d in July as a second round of maintenance activities for the UK Flotta system and selected Forties system fields more than offset gains from new fields. Norwegian production also appears to have declined for the month due to maintenance in the Statfjord system. September North Sea production is expected to recover to a yearly high of 6.36 mb/d and 4Q96 output, although revised downwards due to delays and technical difficulties in the UK sector, is seen averaging 7 mb/d.



UK crude oil production rose by about 50 kb/d in July to 2.38 mb/d. Increases in Brent, Fulmar, and Ninian system output, primarily due to the return of fields from June maintenance and a small increase from offshore-loaded fields, more than compensated for declines in the Forties system and in the new Liverpool Bay fields. Four fields, two older fields and two recent start-ups, achieved record monthly average production in July. A new well and refracturing of three existing Strathspey field wells pushed production up to nearly 50 kb/d. Also in the Ninian system, the Dunbar field surpassed June's record of 63 kb/d by 2 kb/d. Production escalation at the offshore-loaded Harding field, which started up in March, and the Andrew field which was hooked into the Forties system in June, added a combined 30 kb/d, although the latter production was well below expectations. Two other fields, Kittiwake and Tern, were at their highest levels of the year and the Wytch Farm field (drilled from an onshore facility on the English south coast) reached a record 107 kb/d. Wytch Farm field output is included with other OECD Europe rather than in the North Sea totals.

In the Forties system, maintenance activities reduced Scott field production by over 50 kb/d, overshadowing the 11 kb/d Andrew gain and an increase of 10 kb/d in the Nelsdon field. Conversely, the effect of maintenance at the Brent system Dunlin field was substantially smaller than increases at Tern, Hudson and South Cormorant. Technical problems continue at the Magnus field where production from

the main reservoir dropped below 100 kb/d, obscuring the increasing output from the new Magnus South satellite that started up in May. As has been commented on over the last several months, production from the Liverpool Bay Douglas and Lennox fields has been constrained by a dysfunctional gas pipeline bringing associated gas from Douglas to Lennox for re-injection. Due to the proximity to shore, the alternative of flaring the gas at Douglas is limited and oil production was completely shut-in at Lennox and constrained to 15 kb/d at Douglas. The Lennox field will probably not operate again this year, and although production from the Douglas field may be increased somewhat, it is unlikely to reach previous expectations.

The continuation of problems in Liverpool Bay and a second round of maintenance at several Flotta system fields were offset by the return of other Brent and Forties system fields, leaving August UK offshore crude production essentially unchanged at 2.38 mb/d. The Forties system maintenance in August is believed to have affected Brae area and T-Block fields, and the Miller and Birch fields, but the return of the Scott field, higher Andrew-Cyrus production and the tie-in of the new Thelma field led to an increase of almost 75 kb/d in Forties system output, more than offsetting the estimated 70 kb/d decrease in the Flotta system production.

Estimates of UK production for September and 4Q96 have been lowered by 10 kb/d and 115 kb/d respectively in order to account for the Liverpool Bay problems and a probable delay in the start-up of the Foinaven field because of a crack in one of the subsea manifolds and a strike at the Spanish shipyard where the field's floating production, storage and offloading vessel was being constructed have caused the operator to miss the "weather window" required to sail the ship to the field and to hook up the subsea manifolds.

Norwegian crude oil and condensate production in July increased by 65 kb/d to 3.19 mb/d, according to data from the Norwegian Petroleum Directorate, with the increase split about equally between Sleipner East field condensate production (which had been constrained by maintenance in June) and increased crude oil production, primarily from the two large fields that started up last autumn, West Troll and Heidrun. West Troll production exceeded the originally expected peak of 190-200 kb/d by more than 50 kb/d and that level is now expected to be maintained through the rest of the year. Heidrun had achieved similar levels in May, but evidence of sand incursion into two of its wells required "gravel packing" of the well bores to stabilise flow rates. The gravel packing appears to have ended in July, allowing production to average 220 kb/d for month. Scheduled maintenance in September could reduce Heidrun output to about 140 kb/d, but the 4Q96 Heidrun production is projected at over 230 kb/d and could be higher if something near the May peak of 258 kb/d can be maintained.

Preliminary indications are that production in August was about 130 kb/d lower than in July. Maintenance at the Statfjord system lowered output by 40-50 kb/d for the main field and each of the two main satellite fields. Brage and Veslefrikk maintenance took about 20 kb/d each from the monthly averages. Partially offsetting these reductions were gains at the Yme-Yme Beta East complex, which is thought to have doubled output to near its 45 kb/d capacity and at the Heidrun field, where output is estimated to have exceeded 230 kb/d. For the remainder of the year, the estimate of Norwegian production has been revised upwards to incorporate the significantly better-than-expected performance of the West Troll field and somewhat lighter maintenance to the Heidrun field.

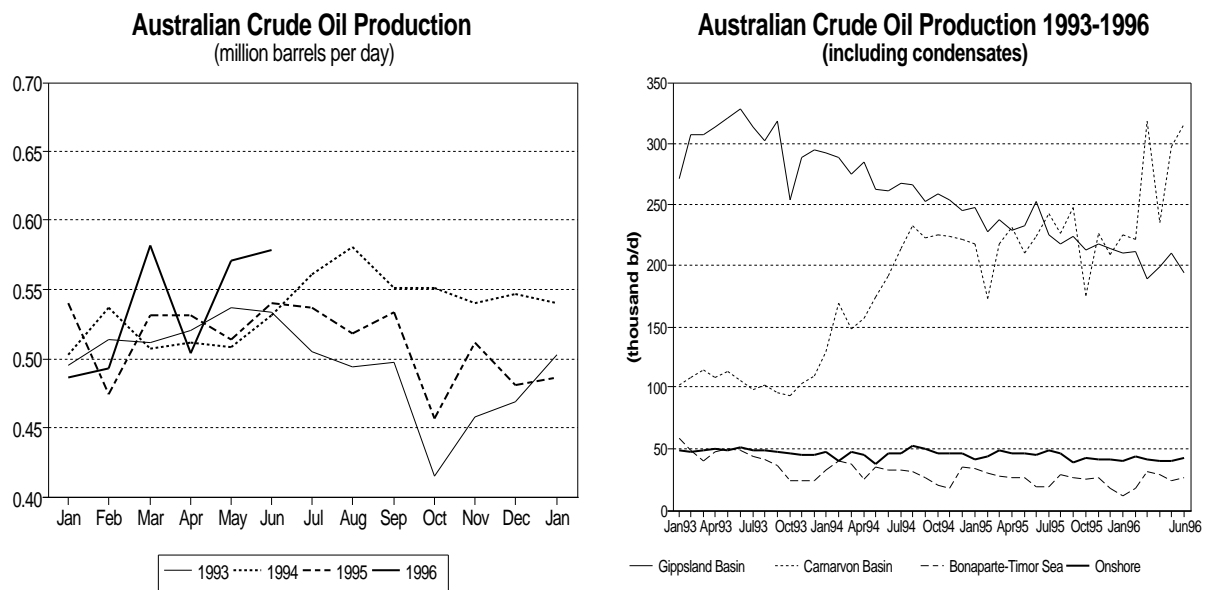
Danish production returned to record levels in July following the completion of maintenance work on the Dan field in June. Crude oil production rose by 34 kb/d to 208 kb/d, surpassing May's 201 kb/d record. More than half of the increase came from the Dan field, which reached a record 69 kb/d after debottlenecking, an increase in water injection capacity and standard maintenance work in June. The new Svend field doubled production in July, achieving its expected peak of 15 kb/d in less than three months, while increases of 5 kb/d and 3 kb/d were recorded at the Gorm and Kraka fields. Danish output is expected to average over 210 kb/d for the remainder of the year.

Prospects for new fields in the northern part of the Danish North Sea continue to advance with the construction of the two Harald field platforms on schedule and plans firming up for the South Arne, Lulita and Sirri prospects. A successful appraisal well at South Arne was completed in July. All three projects are being "fast-tracked" and all are considered likely to be onstream before the end of 1998.

Pacific

In June, **Australian** crude oil and condensate production averaged 578 kb/d according to data from the Department of Primary Industry and Energy (DPIE) and the Australian Petroleum Production and Exploration Association (APPEA), an increase of only 7 kb/d from May levels and well below expectation.

Production from the North Rankin and Goodwyn condensate fields that, together with the Wanaea-Cossack complex, make up the Northwest Shelf Development Project (NWSDP) produced only 84 kb/d of condensate versus an expectation of over 100 kb/d. Damage from the 10 April *Cyclone Olivia* was more evident in production numbers from Thevenard Island than from Barrow Island, with June production for the former at only 32 kb/d versus 44 kb/d in January, while Barrow Island output had recovered to almost 14 kb/d, about equal to 1Q96 levels. A 17 kb/d decline in Gippsland Basin crude and condensate production in June offset most of the 20 kb/d gain from Wanaea-Cossack to 110 kb/d, its highest monthly average to date. The Griffen field produced a disappointing 52 kb/d, 19 kb/d below the March 1996 peak and about 33 kb/d below capacity. Conversely, Cooper Basin production advanced unexpectedly, led by higher Non-Naccolowlah Block output, and the Bonaparte Basin area production rose as a result of higher Challis/Cassini field output. Both gains were relatively small, however, at about 3 kb/d each. NGL production rose by 16 kb/d to 76 kb/d in June according to the DPIE, although APPEA data showed only a 4 kb/d increase to 65 kb/d.



In July and early August, production is believed to have been increasing, as Wanaea-Cossack is reported to have remained near capacity until a 15-day mid-August maintenance period began. The NWSDP condensate fields and the Griffen field are also thought to have moved towards their full potential. Australian crude oil production is estimated to have averaged just under 660 kb/d for both July and August.

However, in the second half of August confusion has arisen regarding the severity of a problem with the pipeline that carries associated gas from the *Cossack Pioneer* to shore facilities and the timing of its repair. Initial speculation that the problem would significantly impact Wanaea-Cossack oil production for the rest of the quarter and into October may have been too pessimistic. A spokesman for the operator suggested that the repair could be postponed until October and would affect only a portion of the oil production for part of the month. Consequently, output from the Wanaea-Cossack fields is projected at around 100 kb/d in September and 85 kb/d in October, downward revisions of 15 kb/d and 30 kb/d respectively. Some additional revisions have been made to the composition of the 4Q96 forecast as a later start-up for the Wandoo B field on 31 December is only partially offset by additional production from two new Gippsland Basin platforms. The 15 kb/d Bream B concrete platform is scheduled to be towed out on 1 October and the 30 kb/d West Tuna platform is expected one month later but combined production by the end of the year is expected to be less than 20 kb/d.

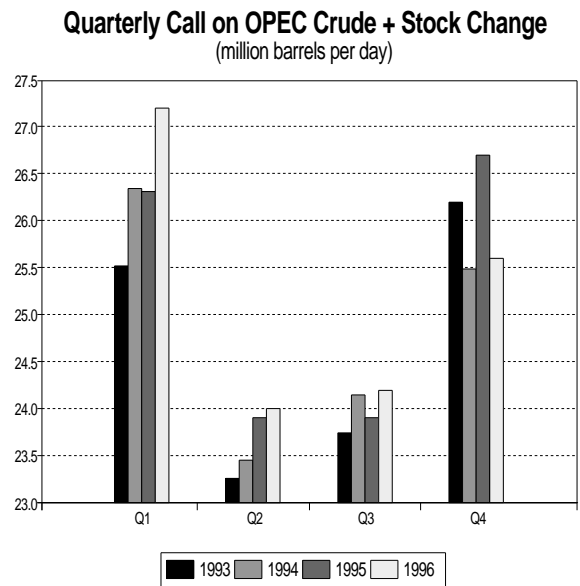
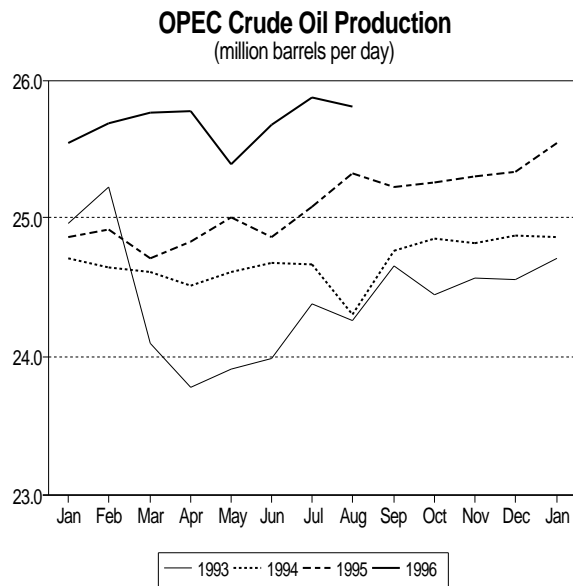
Prospects for the Timor Gap have improved in the last few months, with successful appraisal wells at the Undan and Bayu discoveries, the fourth well drilled on each. Reserve estimates have been increased substantially to 10 tcf of natural gas and "several hundred million barrels" of condensate. A fifth Bayu appraisal well is about to be spudded. An application for a production license for the Laminaria-Corallina project indicates expected production levels of 150 kb/d, almost twice original estimates. First oil is still expected in early 1999 and prompt tie-in of surrounding satellite fields such as the Jalal project appear

more likely.

In Northwest Shelf developments, reinterpretation of the seismic data in the area surrounding the Leatherback discovery have led to a potential upward revision in reserve estimates from 3 mb to 65-95 mb, pending the results of a confirmation well which was supposed to have been spudded in August. The successful Agincourt-1 well is expected to lead to development of reserves in the Harriet area with first oil sometime next year, softening the decline rate in the mature Harriet field. The Vega-Lynx gas project is now expected to compensate for declines in gas production from current NWSDP fields, possibly delaying the development of the giant Gorgon gas field.

OPEC

August OPEC crude oil production is estimated to have declined by about 70 kb/d to 25.81 mb/d. A 50 kb/d reduction in Saudi Arabian output, maintenance-related declines of just under 25 kb/d and 40 kb/d respectively in UAE and Neutral Zone crude oil production, and 40 kb/d lower Indonesian production was almost double the sum of estimated increases in Iran (+30 kb/d), Kuwait (+20 kb/d) and Venezuela (+15 kb/d), and 5 kb/d gains in each of Qatar, Libya and Algeria. NGL production is seen increasing by about 35 kb/d in August as a result of higher production of condensates from Abu Dhabi's Bab field.



The estimated decreases in **Saudi Arabian** and **Indonesian** crude oil production in August are based on tanker-tracking data, but the Saudi decline has been adjusted both for the low level of exports in the fourth week of July (which led to increased exports in the first week of August) and high levels of domestic use in electric generation due to hot weather and growing petrochemical use of oil feedstocks. **Neutral Zone** crude oil production was reduced by 38 kb/d to 451 kb/d due to maintenance activities at the offshore Khafji field. Production from the other offshore field, Hout, was down only marginally to 37 kb/d and onshore fields continued to increase production from the newly-tapped Eocene reservoirs. Onshore Neutral Zone output is estimated to have reached 200 kb/d and is expected to continue to expand. **UAE** crude oil production was lower by about 25 kb/d in August. The onshore Abu Dhabi Murban field and the offshore Upper Zakum field are estimated to have declined by 15 kb/d and 25 kb/d respectively, while production from the Umm Shaif field, which underwent extensive maintenance in March and April decreased by 10 kb/d to 200 kb/d after reaching yearly high in July.

The estimated monthly production increases in **Venezuela**, **Qatar** and **Algeria** are believed to be the result of expanding new field production brought on by joint-ventures between the national oil companies and foreign oil companies. The August increases for **Iran** and **Libya** probably reflect the ebb and flow of the impacts of sanctions, while the **Kuwaiti** increase roughly matches the decrease in its Neutral Zone share due to maintenance.

Nigerian output was essentially unchanged in August, but uncertainty about future production levels

increased due to the deteriorating political situation and difficult relations between the government and foreign oil companies over budget allocations. The effect of reduced expenditures on onshore maintenance and lack of investment in replacing current production could begin to be seen in lower onshore production levels before the end of the year. Two pipeline breaks in the Bonny Light area (in the Nembe Creek pipeline and in gathering lines in the Cawthorne Channel field) may be early symptoms of the effect of reduced maintenance expenditure. However, new offshore production appears to have compensated for the Bonny Light losses in July and several more offshore projects seem to be moving ahead and could offset some or all of future onshore declines. Similarly, substantive work on the Bonny LNG project has begun, despite the political and budgetary difficulties.

OPEC NGL and "Other Oils" Production 1995-1997
(thousand barrels per day)

	1995	1996	1Q97	2Q97	3Q97	4Q97	1997	Change vs. 1996
<i>Persian Gulf</i>								
Saudi Arabia*	747	759	763	760	760	763	762	3
UAE	296	345	411	433	456	468	442	97
Qatar	94	120	135	142	158	165	150	30
Kuwait	98	105	110	110	120	120	115	10
Iran	50	50	50	50	50	50	50	0
Iraq	5	5	5	5	5	5	5	0
Total Persian Gulf	1289	1384	1475	1500	1549	1571	1524	140
<i>Other OPEC</i>								
Algeria	538	579	568	580	585	585	580	1
Indonesia	230	230	240	240	240	240	240	10
Venezuela*	227	267	262	270	282	293	280	13
Nigeria	106	135	126	133	138	140	134	-1
Libya	26	49	55	55	53	62	56	7
Total Other	1128	1260	1252	1278	1299	1320	1290	30
Total Non-Crude	2417	2644	2727	2778	2848	2891	2814	160

* including Saudi natural gas based input to MTBE production of 50 kb/d in 1997 and Venezuelan Orimulsion of 70 kb/d on an oil equivalent basis.

OPEC NGL production is projected to increase by 50 kb/d in 4Q96, following a 130 kb/d quarterly rise in 3Q96. About 55% of the increase is expected to occur in **Abu Dhabi** with the completion of the first phase of the Habshan processing facility handling condensates from the Bab fields Thamama B, C and F reservoirs. **Qatar's** NGL production is expected to reach 135 kb/d in 4Q96 versus 115 kb/d in 2Q96, again related to new facilities to process gas from the massive North Dome gas field as part of the Qatargas project. Extracting more liquids from feed gas to LNG projects is also thought to be increasing **Libyan** NGL production, by 15-20 kb/d over the last two quarters of 1996. **Nigeria's** Oso condensate project is slated for a 15 kb/d increase by the end of the year but, as mentioned above, political conditions create downside sensitivities. Small increases of 5-10 kb/d are projected for **Algerian, Kuwaiti** and **Saudi Arabian** NGL and condensate production in the second half of this year and **Venezuelan** Orimulsion production is expected to rise by nearly 25 kb/d versus 2Q96 levels. Total non-crude production (condensates, other NGLs, Orimulsion and Saudi non-oil MTBE inputs) is expected to reach nearly 2.79 mb/d in December and to average 2.77 mb/d for 4Q96.

As shown in the table above, the gains in OPEC non-crude liquids production is expected to continue through 1997, with progressive gains in each quarter. Average OPEC NGL and Other output for 1997 is projected at 2.8 mb/d, an increase of 0.2 mb/d from 1996, with the largest increase again being in the UAE.

Former Soviet Union (FSU)

Production

Data for July **Russian** oil production has not yet been received and the current estimates of 6.04 mb/d for July and 6.07 mb/d for August are being maintained.

Oil production from **Kazakhstan** in July averaged just under 450 kb/d, an increase of about 10 kb/d from June's level, but below expectation as Karachaganak condensate production continued at less than half 1Q96 levels and Tengizchevroil joint-venture failed to return to April-May record levels despite ongoing capacity additions. The largest increase came from Precaspian Basin fields, but a small increase occurred

for the Mangyshlak-Buzachi Peninsula area. Production from the Turquay Basin's single producing field, Komkol, was slightly lower. Oil production declined by 4 kb/d in **Azerbaijan** in July to 187 kb/d (including an estimated 8 kb/d of NGLs). Offshore crude oil production fell from 151 kb/d to 148 kb/d, while onshore crude oil output declined from 32 kb/d to 31 kb/d.

Net Exports

FSU net oil exports in August showed a 0.2 mb/d decrease from July's 3.0 mb/d, mainly due to a 170 kb/d reduction in gasoil exports through Baltic ports. The decline is similar to the seasonal pattern seen last year. The small import volumes used to derive net exports have been reassessed and the corresponding rows in the table below reflect revised data as from July 1995.

The Russian Ministry of Finance raised the base excise tax rate on crude by 2% as of 1 August from 70,000 roubles a tonne to 71,400 roubles a tonne (\$1.88/bbl). This complies with a government decision which requires the Ministry to alter the tax rate according to changes in the rouble's exchange rate against the dollar. A differentiated excise tax rate for exported crude oil was introduced simultaneously. The State Customs Committee, which took over from the State Tax Service the collection of the excise tax on crude oil exports and condensate, now has five groups of exporters taxed at rates ranging from 51,648.72 roubles a tonne (\$1.36/bbl) to 82,536.36 roubles a tonne (\$2.17/bbl). Seven joint-ventures with international companies are in the group with the highest rate.

1994-1996 Net FSU Exports

(million barrels per day)

	1994	1995 ^r	1996 ^f	4Q95 ^f	1Q96 ^r	2Q96 ^r	Apr ^r	May ^r	Jun ^r	Jul ^r	Aug ^p
Black Sea Exports*	1.04	0.98	†	0.80	1.02	1.31	1.24	1.35	1.33	1.19	1.27
Baltic Exports	0.56	0.61	†	0.58	0.65	0.84	0.74	0.87	0.90	1.00	0.74
Total Seaborne	1.60	1.59	†	1.39	1.67	2.14	1.98	2.22	2.22	2.20	2.02
Druzhba Pipeline**	0.81	0.83	†	0.89	0.75	0.72	0.64	0.73	0.80	0.81	0.81
Total Exports	2.41	2.42	†	2.28	2.43	2.87	2.62	2.95	3.03	3.00	2.83
Imports	0.03	0.04	†	0.08	0.03	0.02	0.01	0.03	0.03	0.03	0.03
Net FSU Exports	2.39	2.39	2.52	2.20	2.39	2.85	2.61	2.93	3.00	2.98	2.80
NB: Crude Oil	1.91	1.91	†	1.87	1.92	2.07	1.96	2.11	2.13	2.20	2.14
Oil Products	0.47	0.48	†	0.32	0.48	0.78	0.64	0.82	0.88	0.79	0.66

* Includes a small amount of non-Russian crude oil exports
 † Data not available
 ‡ Forecast

** Crude oil only
 p Preliminary
 r Revised

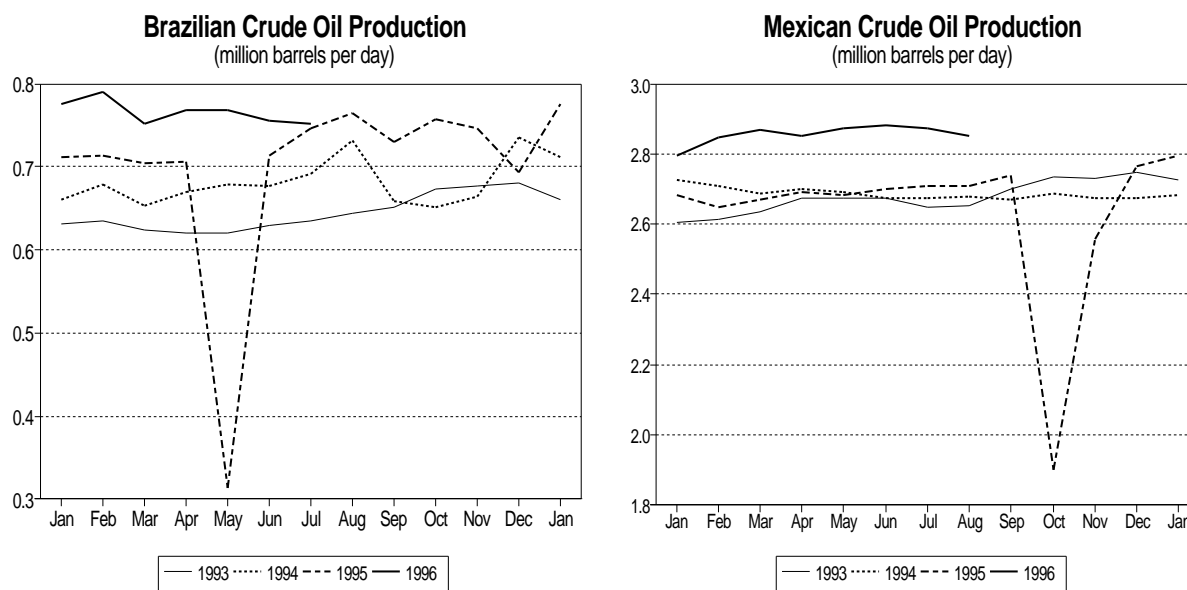
Other Non-OPEC

Latin America

Mexican oil production has been negatively impacted since late July by an explosion on 26 July at the Cactus plant cryogenic unit 1, the largest natural gas processing plant in the country. The explosion has not only reduced NGL production, but has also forced the shut-in of about 25 oil wells that relied on gas from the plant for secondary recovery operations. Data reported for July by national oil company PEMEX already showed some effects from the explosion. NGL production was 35 kb/d lower than in June and crude oil production, which had risen in four of the previous five months, fell by 8 kb/d to 2872 kb/d. (Average natural gas production in July was 130 mcf/d lower than in June at 4.205 bcf/d.)

The impact on August production is thought to have been higher, reducing NGL production by a further 40 kb/d and crude oil by over 20 kb/d. Use of other facilities and the expected restart of Units 2 and 3 at the damaged plant should moderate the impact of the accident, but a small downward revision in projected September and 4Q96 appears warranted, recognising the financial impact on new field development of the costs of both reconstruction and replacement natural gas.

Mexican crude oil exports returned to more normal levels in July following a surge in June to over 1.7 mb/d as a result of tanker timing and slightly lower domestic consumption. Exports of Maya crude, primarily to the US, were affected the most by the swings in volume. August exports were reduced further by Hurricane Doris but, with ample storage capacity, no production shut-ins as a result of the storm are believed to have occurred.



Brazil's crude oil production remained depressed in July, averaging 787 kb/d (including 25 kb/d of NGLs), almost equal to June's 788 kb/d. Low water levels in some onshore areas have been limiting barge traffic. The barges are used to bring the oil to refineries and due to the limited amounts of storage in the fields, wells have had to be shut in. Work on the offshore Marlim platform to rectify some unspecified technical problems (which restrained Campos Basin in June to 527 kb/d versus 536 kb/d in May) are thought to have continued into July.

A small recovery of 10 kb/d in Campos Basin production in August is thought to have more than offset the continuing onshore declines, and the start-up of a new production vessel at the Albacora field in September is projected to lead to an increase of 55 kb/d in Campos Basin production and 63 kb/d in total Brazilian oil production, the latter aided by ongoing developments in the Amazonas region. Brazil also produces 190-200 kb/d of alcohol fuels used as transportation fuel.

Colombian crude oil production was reduced modestly by pipeline bombing in the southern part of the country related to protests by cocoa farmers over a crop destruction programme. Colombian oil producers have generally been able to arrange alternative transportation following the closure of the TransAndino oil pipeline, but Ecuadorean producers that use the pipeline continue to be shut in (see below).

July crude oil production in **Peru** was reported to have been 121 kb/d, down 2 kb/d from June and a continuation of the pattern of declining Peruvian production is expected to continue through 1997. However, a pickup in drilling activity later this year and in 1997 offers the potential to turn around the decline by the end of the decade. Good prospects in the northern, central and southern jungle regions on the eastern side of the Andes are in the process of early exploration activity or are expected to be soon. The Maranon Basin in the north will have nearly 20 wells drilled over the next two-and-a-half years in an effort to stabilise production levels. The central Ucayali Basin will also see increased exploration activity, following government approval of a seven-year exploration contract in August, and approval is also expected soon for work in the southern Madre de Dios Basin and areas to the east. The southeastern area projects should benefit from seismic and other geological and geophysical data as well as infrastructure being developed in conjunction with the large Camisea gas project.

Ecuador's reduced crude oil production in July and August is the result of a combination of internal as well as external political factors. Production in May and June is estimated to have reached 390 kb/d before dropping to a reported 384 kb/d in July. August crude oil production is believed to have fallen further to just over 340 kb/d as a result of the loss of capacity on the Colombian TransAndino pipeline due to the bombings mentioned above and constraints on heavy oil throughput in the Ecuadorean Trans-Andean Pipeline related to a political dispute between the new government and the producer. It is thought that some but not all of the released capacity in the Ecuadorean line is being filled by lighter oil produced by the state oil company, Petroecuador.

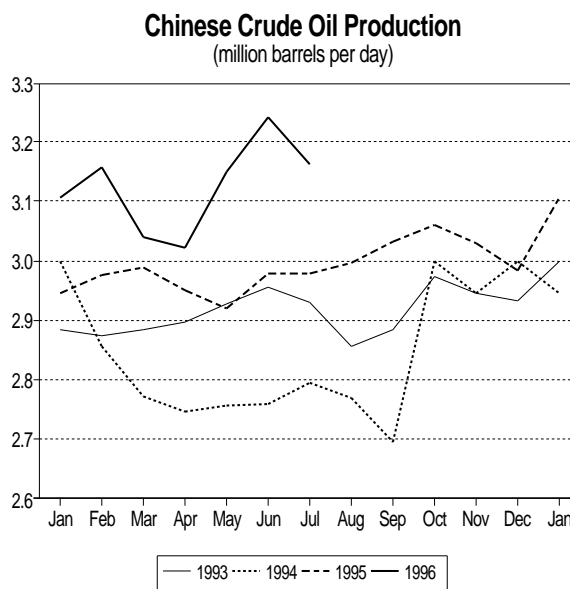
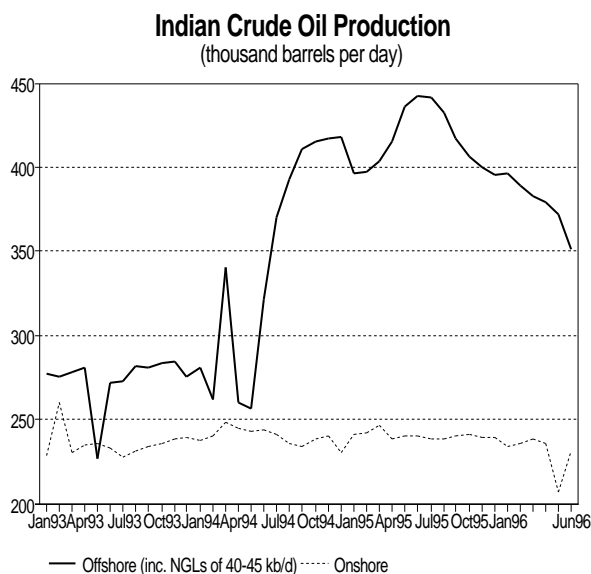
The Colombian line could be out of service for several months and the Ecuadorean line is capacity-constrained and in need of substantial repair and expansion, which appears less likely to occur

expeditiously, given events in the first month of the new regime's tenure. Consequently, projections for Ecuador's production in September and 4Q96 have been lowered to 345 kb/d and to 363 kb/d respectively from around 390 kb/d previously forecast for the last four months of the year.

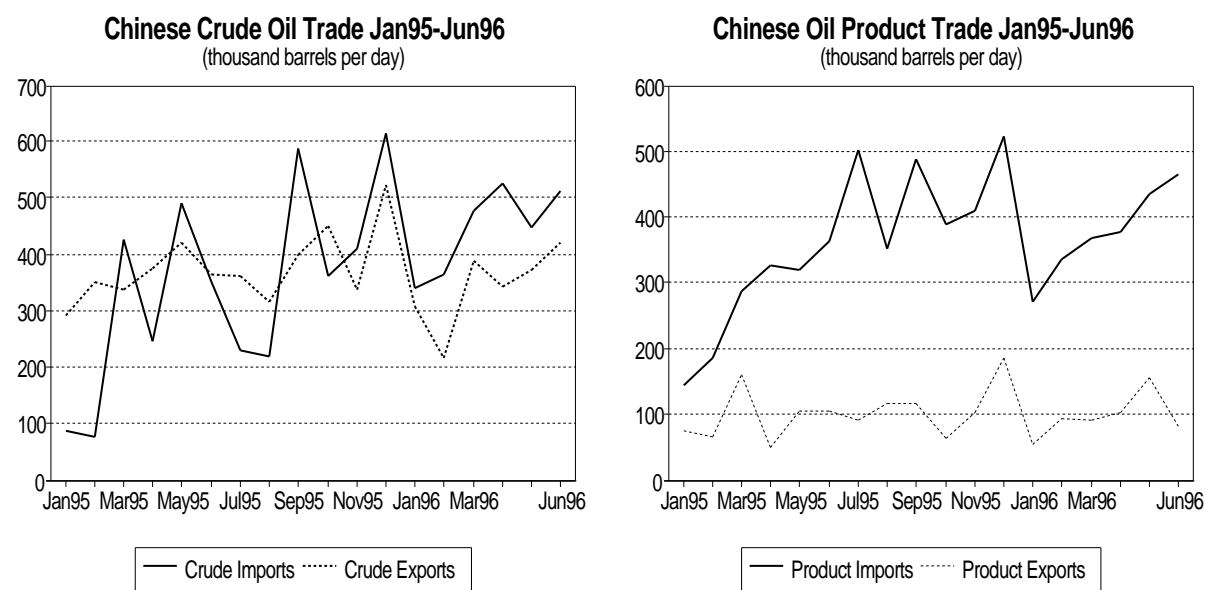
Asia

Indian oil production rose slightly in June, despite continuing declines in the offshore basins. Crude oil production was reported to have increased by 4 kb/d to 583 kb/d, while NGL output is estimated to have remained at about 50 kb/d. Offshore production fell by another 21 kb/d and has declined every month this year from almost 400 kb/d in January to just over 350 kb/d in June. The June offshore decline was more than offset by a recovery of 18 kb/d in onshore Gujarat production and a smaller 5 kb/d increase in Arunachal fields, the latter increase occurring despite labour unrest and problems with reservoir performance in a few fields.

The recovery in onshore production could continue as power problems in Gujarat may be more fully corrected and assuming that another of the unusually large number of cyclones that has affected the area through June does not occur. Offshore, production from a well test at the Ravva field in Bay of Bengal has risen from a few thousand b/d to 13.5 kb/d and is now expected to reach 35 kb/d by the end of the year, almost a year ahead of schedule, more than offsetting the declines in the Bombay High and Neelam fields due to the increasing percentage of water (and decreasing amount of oil) in the flow from many of the wells in both fields.



Chinese oil production dropped by 77 kb/d to 3.16 mb/d in July, with slightly less than half of the decline due to lower offshore output following a surge in June and the remainder due to weather problems affecting onshore production. Offshore output was 345 kb/d for the month versus a record 380 kb/d in June as production from the South China Sea appears to have been restrained by storms. Onshore flows, particularly from Zhongyuan, Henan and Huabei, which decreased by a combined 18 kb/d, suffered from low water levels in the Yangtze River and its tributaries. Meanwhile, heavy rains in the usually arid west are thought to be responsible for a 10 kb/d monthly decline in the Tarim Basin. Production was 7 kb/d in the Shengli area.



Crude oil production is believed to have recovered somewhat in August to 3.19 mb/d, but is not expected to exceed the June peak until next year as the offshore gains are consolidated, production in mature Eastern onshore areas declines slowly and the three major western Xinjiang Province basins, Tarim, Karamai and Turpan-Hami show only modest increases due to transportation constraints. Seasonal weather in 4Q96 is expected to keep offshore output about equal to the 3Q96 level of around 340 kb/d. Offshore output averaged under 340 kb/d for the first half of the year and only 165 kb/d in 1995. Onshore production is projected to average 2.84 mb/d in 4Q96 versus 2.83 mb/d in 3Q96.

Revisions to Chinese Oil Trade Data

Shares of total (%)	Exports		Imports	
	1995 Total	June 1996	1995 Total	June 1996
Products included in previous Reports				
gasoline	37.1	32.4	1.0	0.2
naphtha	0.3	0.0	2.8	0.5
kerosene	7.8	9.7	4.6	3.0
light diesel oil	25.7	19.1	34.1	22.9
heating oil	0.2	0.0	0.7	0.0
fuel oil	3.1	5.8	29.7	42.0
liquid paraffin wax	0.2	1.1	0.3	1.5
lubricants	5.8	4.8	1.0	0.8
other heavy oils	1.5	1.9	3.0	3.2
Sub-Total	81.7	74.8	77.3	74.1
Products not included in previous Reports				
LPG and other gases	2.7	14.7	21.1	24.9
petroleum jelly	0.1	0.1	0.0	0.0
paraffin wax	5.9	7.1	0.1	0.0
uncalcined coke	4.2	2.5	0.1	0.0
calcined coke	2.5	0.6	0.0	0.0
asphalt	3.0	0.1	1.4	0.9
Sub-Total	18.3	25.2	23.7	25.9
Total Volume (kb/d)	103	81	358	466

In previous Reports, only about three-quarters of China's total oil product trade has been reported due to the exclusion of LPG and some minor product categories. Starting this month, data reflect trade of *all* products; at the same time, revised conversion factors are being used. The table above shows the individual grades' shares of total product exports and imports. It will be seen that the largest addition to the data being reported is the inclusion of LPG.

Net oil imports in June were 120 kb/d higher than in May at 475 kb/d, mainly due to an increase in crude imports (by 65 kb/d to 515 kb/d), and a decrease in exports of gasoline (from 55 kb/d to 25 kb/d) and diesel oil (from 45 kb/d to 15 kb/d).

Production is beginning to increase again in **Papua New Guinea** after two years of decline. Crude oil production from the Kutubu area Iagfu and Hedina fields has risen from just over 100 kb/d in 1Q96 to over 220 kb/d in July. Two new horizontal production wells, IHT4 and IHT5, were completed in April and June respectively and are expected to stabilise production near the 1993 peak level of just over 125 kb/d. By the end of next year the 40 kb/d Gobe Main and Southeast Gobe complex is expected to be tied into the Kutubu pipeline system with total production capacity possibly in excess of the 150 kb/d pipeline capacity. Contrary to the situation in Papua New Guinea, oil production from the **Philippines** has dropped to just 1 kb/d and most of the new discoveries off **Vietnam** have been gas. However, two recent discoveries, on Block 46 in the Nam Can Basin and in the Weizhou trench near the Beibu Gulf, may improve the offshore oil potential of the country.

Africa

Egypt is reported to have produced 858 kb/d of crude oil and 66 kb/d of condensates and NGLs in July, reflecting small increases from June levels, however the total oil production is about 15 kb/d below expectations. New field production has not advanced as fast as previously thought, as a significant percentage of the new finds contain gas-condensate reserves. For these types of fields, the initial phase often entails limited condensate production and re-injection of gas until gas pipeline links to the domestic gas system or to a gas export pipeline are constructed. The growing gas reserve base in the Nile Delta (both onshore and in the Mediterranean) and the Western Desert is expected to justify construction of an export pipeline in the near future, with an increase in associated liquids production.

Crude oil production from **Oman** is estimated to have increased to 915 kb/d in August from an upwardly revised 895 kb/d in July. Production for May and June is now thought to have been somewhat lower than previously assessed at just over 855 kb/d. All of the July and August increases are believed to have come from fields operated by the Petroleum Directorate of Oman, which produces about 95% of Oman's crude.

Oman exports over 90% of its oil production, mostly to Asia. Recent data show Japan accounting for over 30% of Oman exports and Thailand and Korea for 15-20% each. China has also been importing over 100 kb/d of Omani crude or just under 15% of Oman's total exports.

OECD STOCKS

Industry Stock Changes in 2Q96 and July

As a result of upward revisions to preliminary estimates of US and European stock levels at the end of June (the latter allowing for the change in Spanish stock classification discussed below), the total industry stockbuild in 2Q96 has been increased from 1.0 mb/d to 1.2 mb/d and this has contributed to a reduction in the "Miscellaneous to Balance" for the quarter in Table 1 from 0.6 mb/d to 0.4 mb/d.

In July, initial estimates indicate that total stocks *decreased* by 0.2 mb/d, the first July decline since 1985. With European stocks increasing by 0.2 mb/d and North American stocks falling by only 0.1 mb/d, the primary cause of the overall decrease was a 0.3 mb/d decline in the Pacific region. As shown in the table below, this latter change was due to a substantial reduction in crude oil stock levels in Japan. Total OECD distillate stock levels continued to build seasonally but at a slower rate than in recent years in all three regions.

Preliminary Industry Stock Changes in July

(million barrels per day)

	North America	Europe	Pacific	Total
Crude Oil	-0.1	0.0	-0.7	-0.8
Gasoline	-0.2	0.0	0.0	-0.2
Distillates	0.1	0.2	0.2	0.5
Fuel Oil	0.0	0.0	0.0	0.0
Other Oil*	0.1	0.0	0.2	0.2
Total Oil	-0.1	0.2	-0.3	-0.2

* includes other products, feedstocks, NGLs and other hydrocarbons

Industry Stock Levels at the End July

Primarily as a result of the decline in stocks during July coupled with the extremely sharp spike in crude oil stocks which occurred in July 1995 (see graph on page 30), the stock deficit compared with the previous year's levels increased from 76 mb at the end of June to 153 mb at the end of July. However, it is important to note that, compared with the end of August 1995, stocks were only 114 mb lower, indicating the potential for a very significant reduction in the shortfall during the month of August. At the end of July, apart from 48 mb lower crude oil stocks (reflecting the July 1995 stock spike) the main difference with stock levels of a year earlier was a 40 mb reduction in distillate stocks, with North American, Pacific and European stocks lower by 14%, 10% and 3% respectively.

Regional Stock Developments in July

Following the increase in June, **North American** crude stock levels declined slightly in July, consistent with lower imports and local production, and ended the month 6% lower than a year earlier. Gasoline stocks also decreased, reflecting strong demand, and at the end of the month were 4% lower than at the same time last year. Strong demand resulted in a slower distillate stockbuild than in any July since before 1991 and, by the end of the month, stocks were 14% lower than a year earlier. Fuel oil stock levels were little changed and were close to those of a year earlier at the end of the month.

US DOE weekly statistics indicate that total stocks increased by 0.6 mb/d during the first 23 days of August, with crude oil stocks rising by 0.4 mb/d. However, gasoline, distillate and fuel oil stock levels were essentially unchanged and distillate stocks (including jet/kerosene) were 14% lower than a year before.

In **Europe**, crude stock levels were essentially unchanged and ended the month close to the high level reached a year earlier. Stocks were appreciably higher in Norway, Turkey and the Netherlands, while they were lower in particular in Italy, France and Germany. Consistent with higher refinery throughputs, distillate stock levels rose seasonally and ended the month 7 mb lower than at the end of July 1995. Fuel oil stock levels were unchanged and at the end of the month were 10% lower than a year earlier with the largest reduction occurring in the UK, consistent with weak fuel oil demand.

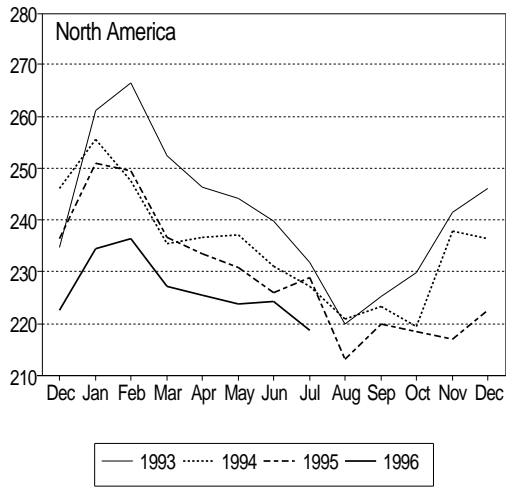
It should be noted that the Spanish government has established a new emergency stockholding organisation "CORES" that has taken over 20 mb of product stocks previously held by industry. To assist in the comparison of current stock levels with those of previous years, this reclassification has been assumed to have been in effect throughout the time period covered in this Report. The volumes involved

are 6.2 mb of gasoline, 10.4 mb of distillates and 3.3 mb of fuel oil.

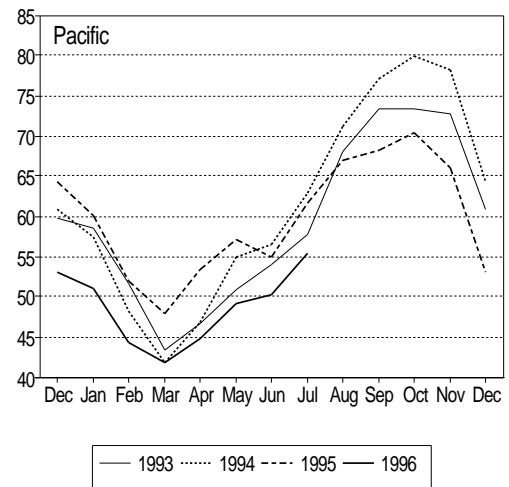
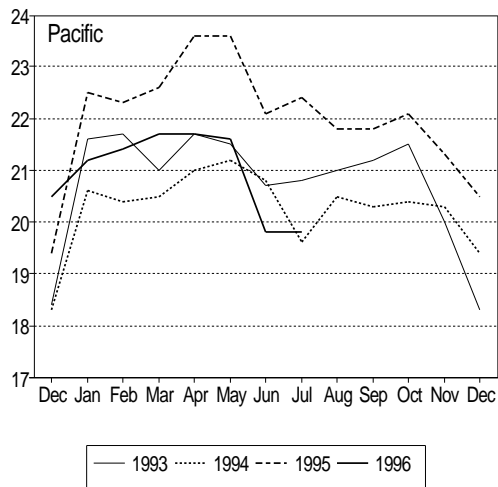
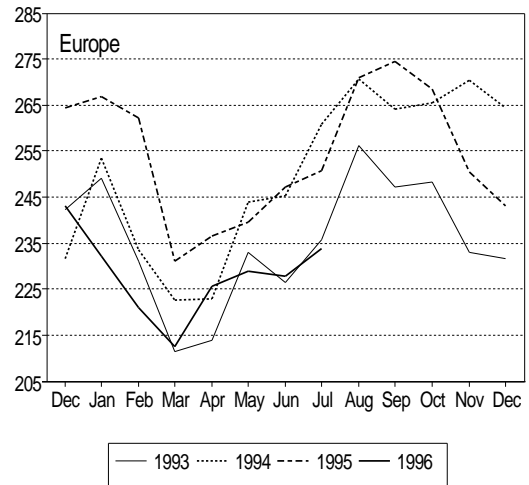
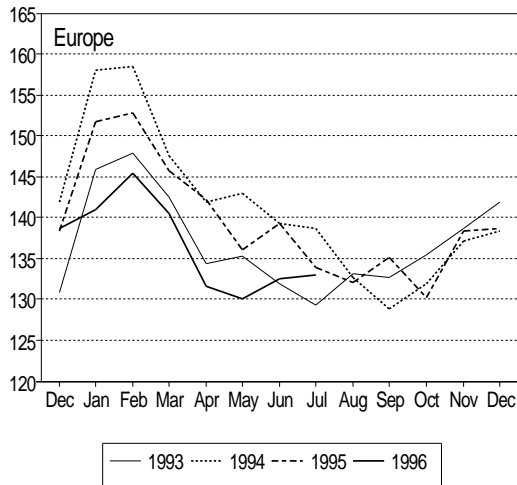
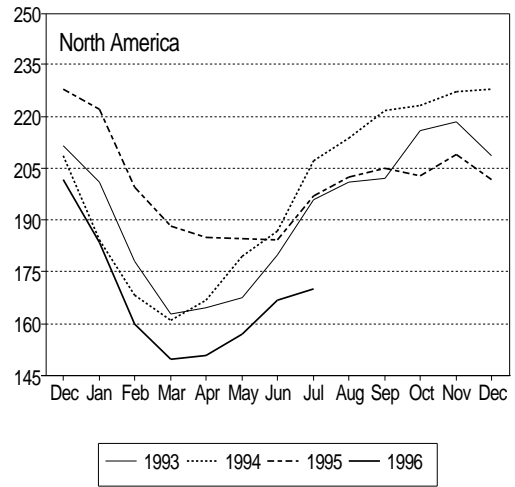
Following the rise in crude oil stocks in June in the **Pacific** region, there was a significant decrease in July, primarily reflecting the sharp increase in refinery throughputs and somewhat lower imports. At the end of the month, stocks were well below the extremely high level reached a year earlier but close to that at the end of July 1994. With higher demand more than offset by higher production, gasoline stock levels were essentially unchanged and ended the month 12% lower than a year earlier. Although distillate demand increased, the increase in production was significantly higher and, as a result, distillate stock levels rose by 10% during the month. Nonetheless, they continued to be lower than a year before, ending the month 10% down.

OECD Industry End Month Stocks (million barrels)

Gasoline

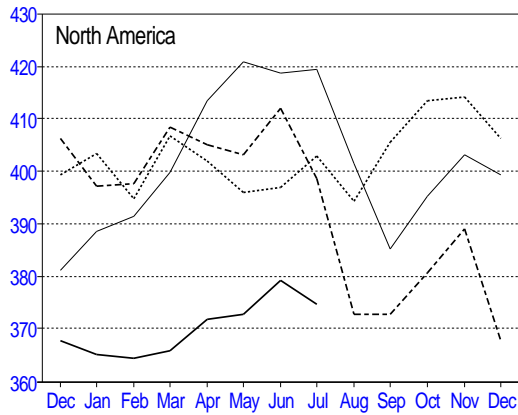


Middle Distillates



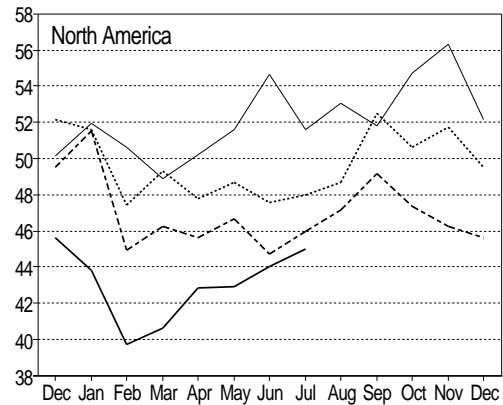
OECD Industry End Month Stocks (million barrels)

Crude Oil

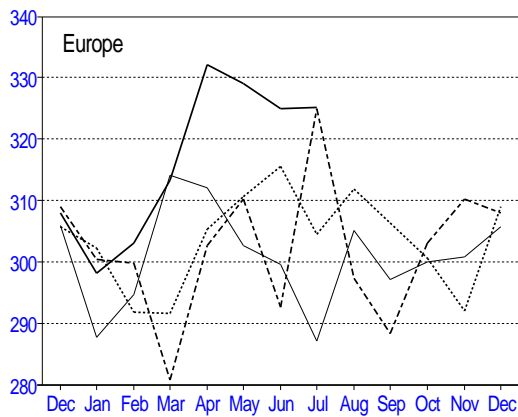


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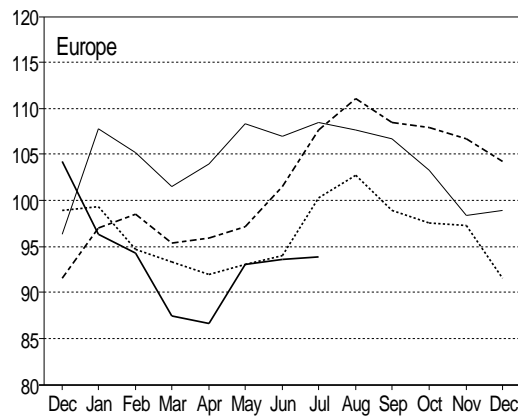
Fuel Oil



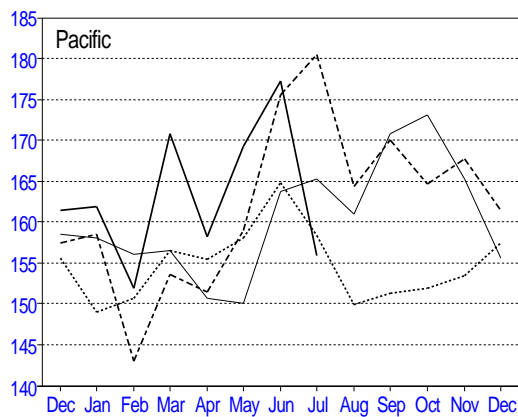
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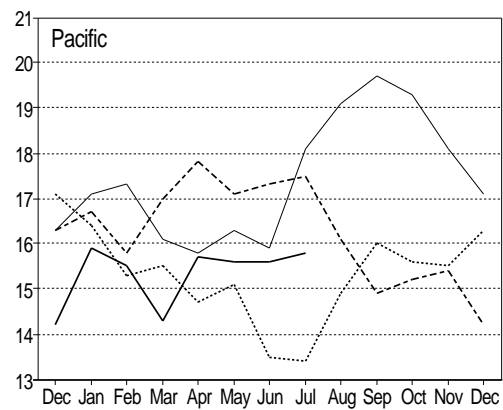
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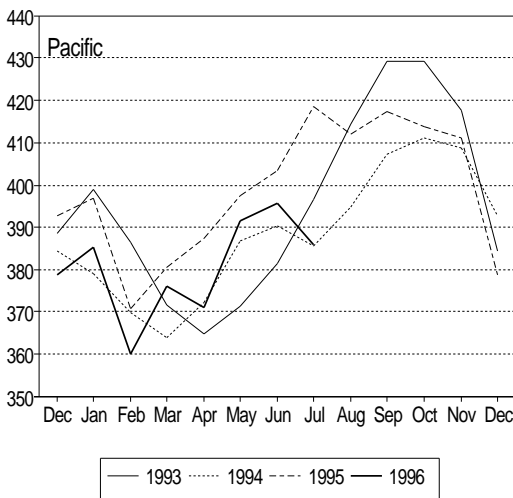
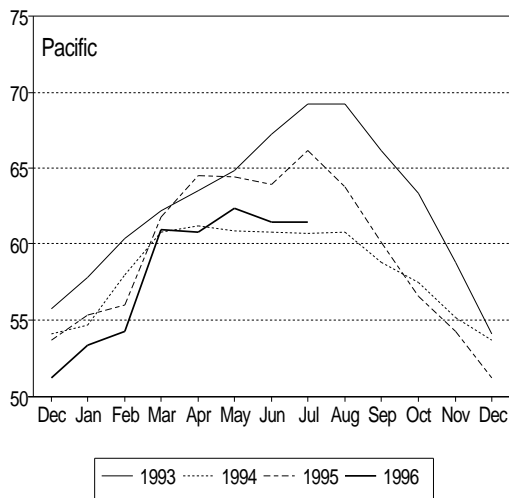
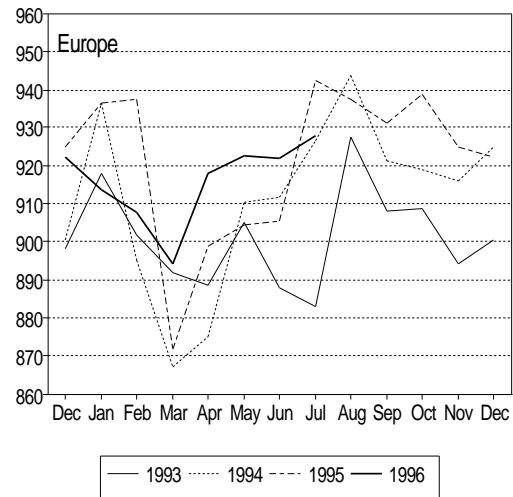
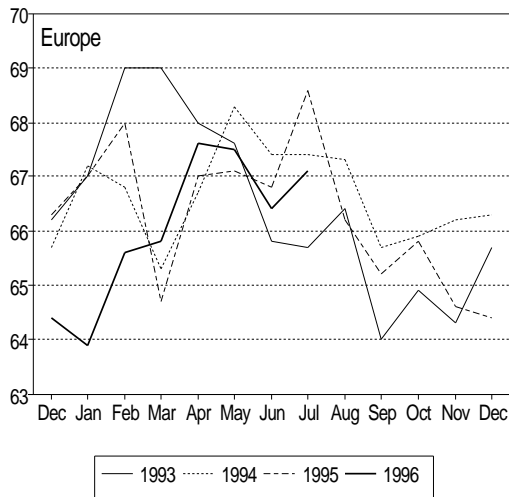
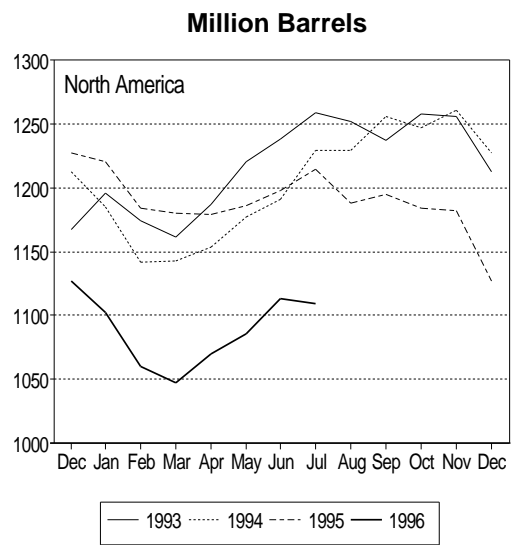
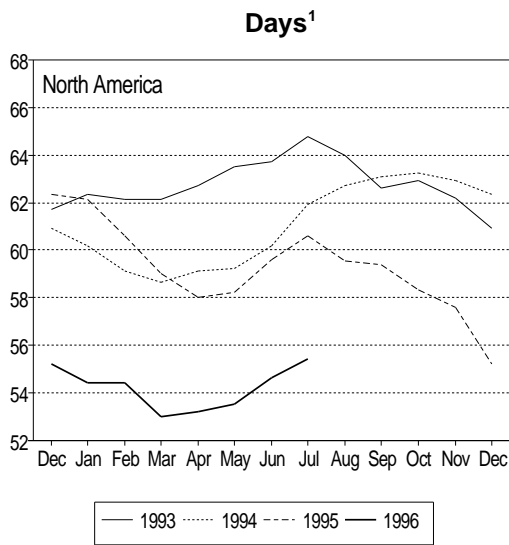


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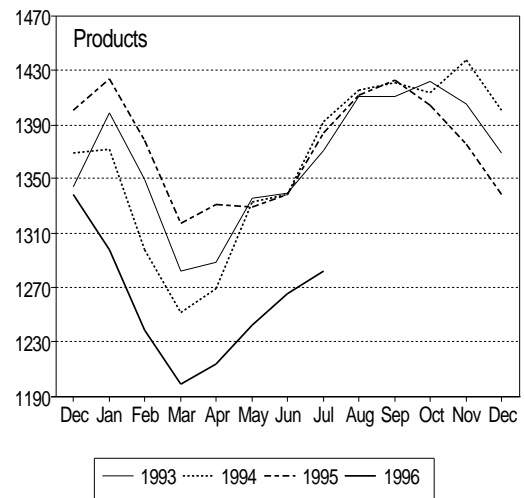
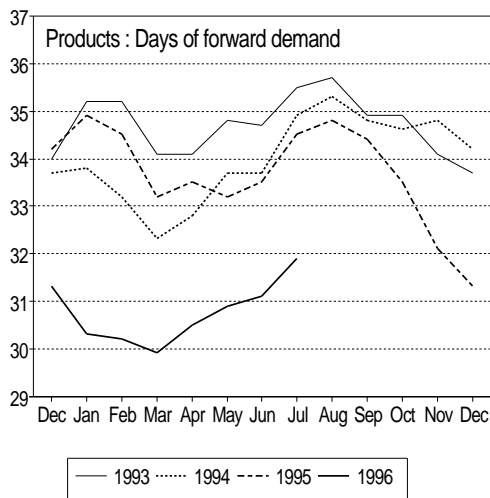
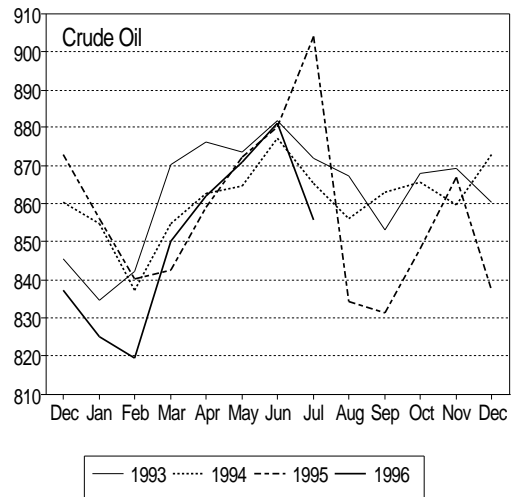
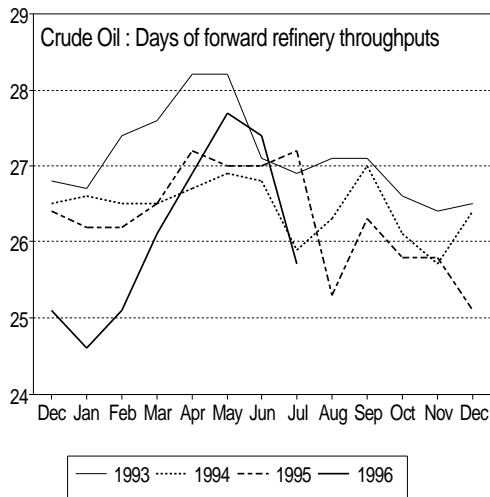
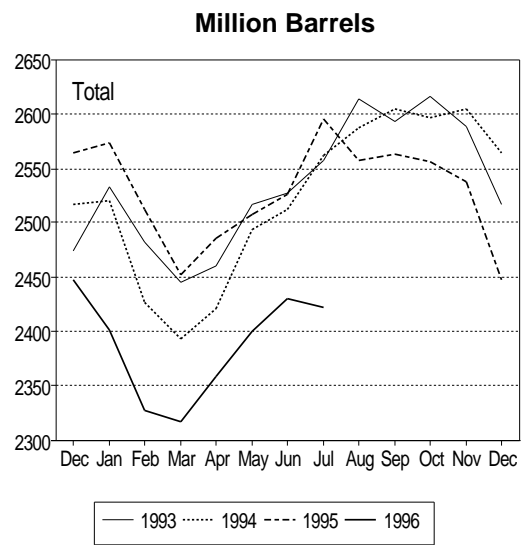
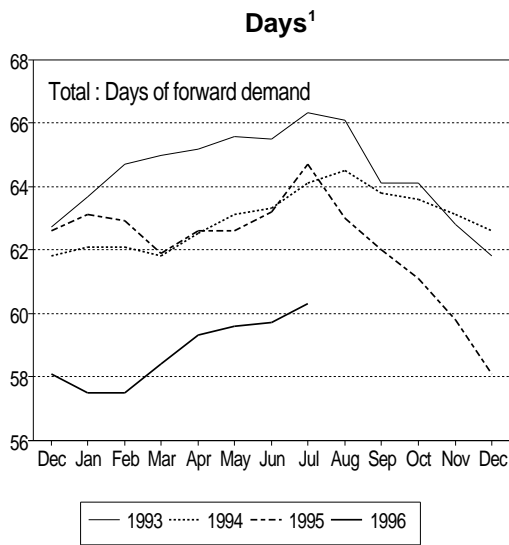
OECD End Month Industry Stocks



1

Days of total stocks are based on demand for the next three months.

OECD End Month Industry Stocks



1

Days of total and product stocks are based on demand for the next three months. Days of crude oil stocks are based on refinery throughputs for the next month

OIL PRICES AND REFINERY ACTIVITY

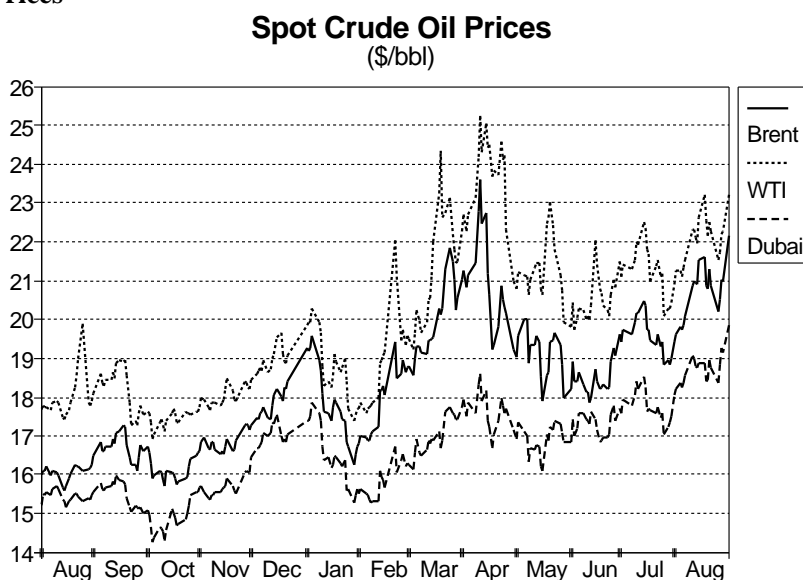
Summary

- Atlantic Basin benchmark crude prices increased appreciably in the first half of August, peaking at a four month high of \$23.21/bbl for WTI and \$21.62/bbl for Brent, supported by tightening prompt crude availability in the Atlantic Basin, low US crude and heating oil stocks and a robust spot product demand, in particular, for middle distillates. Crude prices retreated from peak levels towards the end of the month when, despite firming middle distillate markets and weather-related supply concerns in the US Gulf, refinery-margin-related throughput cuts in Europe and in the US Gulf and the liquidation of long positions in WTI contracts by non-commercials on the NYMEX exerted some downward pressure on prices. Crude prices increased appreciably in the early days of September, surpassing August's highs, following Iraq's military assaults on Kurdish regions, the resulting US military attacks and the further deferral of the start of crude exports in line with the oil-for-food sales plan.
- Prices for sour crudes in the Mediterranean decreased relative to those of Brent in the second half of August, when the demand for marginal crude declined following the cut in refinery throughputs. In spite of a relatively wide Brent/Dubai differential, a significant volume of West African crude reportedly was traded into the Asia-Pacific. Sweet, heavy Minas came under severe pressure in August, mainly as a result of weak demand from Japanese utilities.
- Middle distillate prices increased appreciably in all major markets as a result of firm demand and low stocks, in particular, in the US and in Asia. Gasoline prices did not follow the rise in crude and heating oil prices but remained within a relatively narrow band for most of the month, in line with fading concerns about a potential supply tightness in the Atlantic Basin with the approaching end of the driving season in the northern hemisphere. With the exception of middle distillates, Asian product prices were under downward pressure from ample regional availability and weak demand.
- Refining margins decreased in August in all major refining centres as a result of the sharp rise in crude oil prices. Margins were hardest hit in Europe and, to a lesser extent, in the US. Already weak refining margins in Singapore decreased further. Refiners in Europe and in the US Gulf were reported to have decreased throughputs during August in response to the low margins.
- Refinery maintenance shutdowns in the US and in Europe are expected to remain at significantly lower levels this autumn compared to last year resulting in additional capacity being available this autumn in the Atlantic Basin to increase distillate production, should this be required in light of low US heating oil stocks.
- In July, the aggregate refinery throughputs in OECD countries increased by 0.8 mb/d to 33.2 mb/d from the upwardly revised June levels. Increases in Japanese and European throughputs were partly offset by a decrease in the US. Throughput levels in August are thought to have remained unchanged in the US and to have increased in Japan and decreased in Europe.

CIF Crude Import Costs

Table 8 shows that the preliminary weighted average CIF cost for crude imported into IEA countries for June was \$18.84/bbl, \$0.89/bbl higher than in May. The corresponding estimates for July and August are \$19.50/bbl and \$20.55/bbl respectively.

Spot Crude Oil Prices



Prices for Atlantic Basin benchmark crudes, Brent and WTI, increased appreciably in the first three weeks of August, peaking at \$23.21/bbl for WTI and at \$21.62/bbl for dated Brent, the highest levels in more than four months. Prices retreated by about \$1.00/bbl from these peaks towards the end of August, albeit closing the month some \$2.00/bbl higher than at the start of the month. However, in the first days of September crude prices soared, with WTI and Brent prices surpassing \$23.50/bbl and \$22.00/bbl respectively by 3 September, following Iraq's military assaults on Kurdish areas north of the 36th Parallel, the resulting US military attacks and the further deferral of crude exports.

During August, prices were mainly supported by an increasing shortage of prompt crude in the Atlantic Basin caused by firm crude demand by traders and by refiners seeking to satisfy robust spot product demand, in particular, for middle distillates (in July, European and US refinery crude intake increased on a year-on-year basis by a combined 700 kb/d, as discussed below). The price-supportive effect of the supply tightness in the Atlantic Basin was reinforced by low crude and product stocks combined with the onset of another round of North Sea maintenance and the outflow of considerable volumes of West African crude to the Asia-Pacific during July and August (estimated at 900 kb/d and 450 kb/d respectively).

The upward trend in crude prices was also supported during the first half of August by the buying activity of non-commercials in the oil futures markets (see graph below) and concerns about potential future crude shortages following increased market speculation concerning the Dhahran bombing and the TWA crash. This upward trend occurred despite some bearish fundamentals, including the deferral of maintenance on the 600 kb/d Gullfaks system to October, the final US agreement on the implementation of the UN/Iraq oil sales plan and growing offshore crude production in Latin America, West Africa and Asia. During the third week of August bullish market sentiment, based on weather-related supply concerns in the US Gulf (three of the main Mexican crude export ports briefly closed due to severe winds) and the low level of US heating oil stocks, formed a floor to crude oil prices when the latter retreated from the month's highs. In the fourth week of August prices came under pressure from margin-related refinery throughput cuts both in Europe and in the US Gulf (see Refining Activity section below) and from the partial liquidation of long positions in WTI contracts held by non-commercials on the NYMEX.

Spot Crude Oil Prices and Differentials

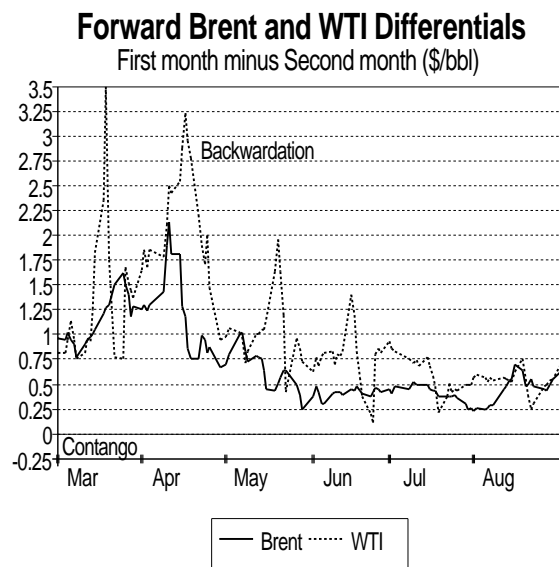
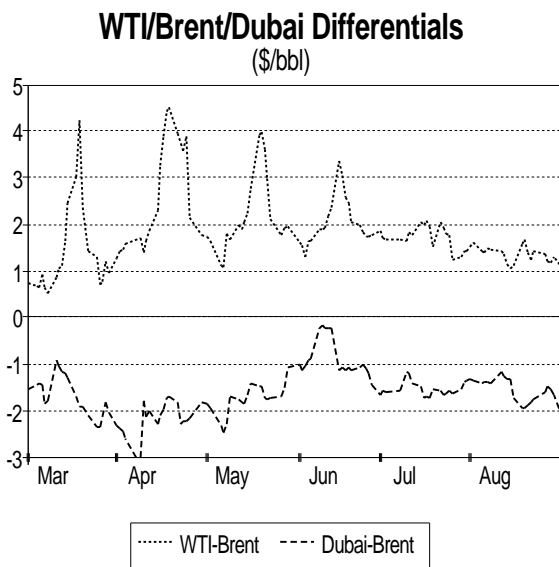
(monthly and weekly averages, \$/bbl)

	Week Ending:									
	Jun	Jul	Aug	Change	26 Jul	02 Aug	09 Aug	16 Aug	23 Aug	30 Aug
Brent Dated	18.43	19.58	20.60	1.02	19.30	19.16	19.87	21.05	21.09	20.69
Dubai	17.25	17.74	18.66	0.92	17.48	17.67	18.38	18.90	18.68	18.91
WTI	20.45	21.31	21.96	0.65	21.05	20.62	21.31	22.27	22.55	21.94
Brent over Dubai	1.17	1.84	1.93		1.82	1.49	1.49	2.15	2.41	1.78
WTI over Brent	2.03	1.73	1.36		1.76	1.46	1.44	1.22	1.46	1.25
Brent 1st month minus 2nd month	0.41	0.41	0.44		0.38	0.26	0.27	0.55	0.53	0.48
WTI 1st month minus 2nd month	0.74	0.60	0.52		0.44	0.53	0.55	0.56	0.45	0.51

Unlike in July, but as in previous months during this year, WTI prices spiked prior to the expiry of the September contract on the NYMEX when demand for crude increased as traders covered short positions. Consistent with the prompt tightness for spot crude in the US Gulf, prices for sweet crudes increased relative to those of WTI and in late July the Light Louisiana Sweet price moved for the first time in four months from a discount to WTI to a premium to WTI.

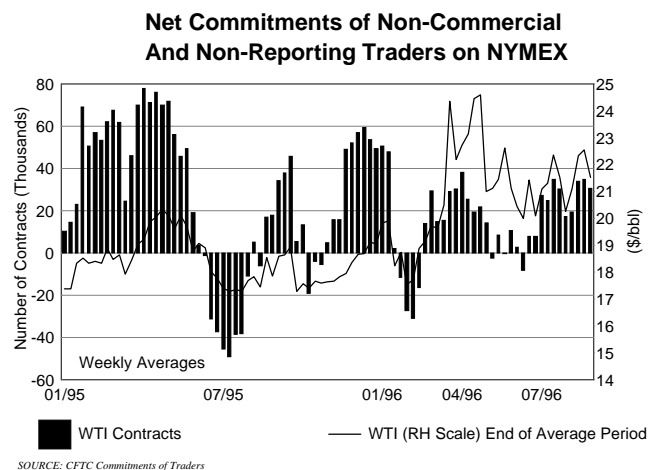
The tightness in North Sea crudes was also reflected in Brent prices which increased on average by more than those of WTI (as shown in the table above) and in premia for other North Sea crudes over Brent increasing appreciably towards mid-August and only easing towards the end of the month when marginal refinery demand for crude decreased in line with the cut in refinery throughputs.

The level of backwardation of WTI and Brent increased in the first half of the month as a result of the tighter supply in the Atlantic Basin but eased again in the second half of the month (see graph below). In line with the scarcity of prompt, sweet, wet barrels, dated Brent traded at a premium to front-month Brent in the second week of August as opposed to being traded at a discount during most of this year.



The transatlantic arbitrage possibility to move North Sea crudes to the US, which closed in late July for the first time in more than three months, remained closed during all of August. However, some Brent and Nigerian crude cargoes were reported to have been traded into the US.

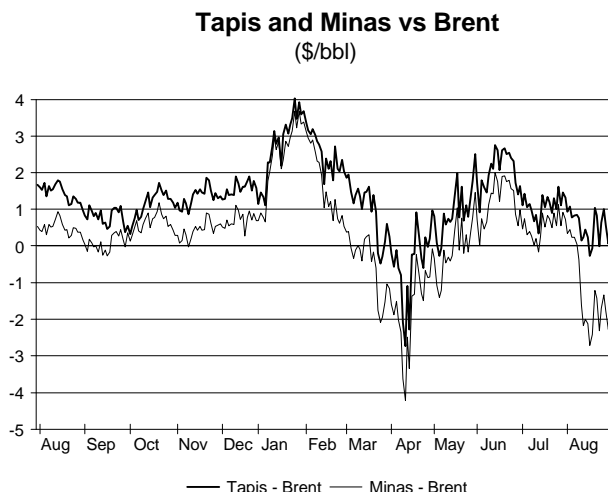
The continuing move of investment and hedge funds into and out of oil product futures during July and August can be seen in the graph to the right, where the net position of WTI contracts on the NYMEX held by non-commercial and non-reporting traders is shown in relation to the spot WTI price. The rise and decline in WTI prices in the last two months correlates with the marked rise and decline in net positions held by this group of traders and explains, to some extent, the behaviour of WTI prices, which according to underlying fundamentals, were not expected to rise to the peak levels seen during July and August. Non-reporting traders (those traders holding volumes below a threshold) which had entirely liquidated their share in net long positions towards the end of July increased their share in net long positions to some 25% in the second week of August and maintained this share up to the end of August.



Sour crude prices in the Mediterranean, which started to increase in late July, continued to rise relative to those of Brent up to the second week of August, with the Brent/Urals spread narrowing to a four month low of \$0.57/bbl, mainly as a result of firm refiner demand and tight availability of marginal crude. The differential started to widen again when increasing crude prices caused regional refining margins to decrease appreciably and refiners consequently chose to cut throughputs, reducing marginal crude demand. The Brent/Urals differential widened to more than \$1.00/bbl at the end of August.

Spot prices for Dubai, the Asian sour benchmark crude, increased in line with those in the Atlantic Basin in early August but, in contrast to the latter, remained within a \$0.50/bbl band for the remainder of the month, consistent with a relatively weak Asian crude market, depressed by refining throughput cuts, unplanned Australian refining outages and the inflow of West African crude. The Brent/Dubai differential consequently widened to almost \$2.00/bbl when Brent prices peaked and narrowed again to some \$1.50/bbl by the end of August (see graph above). Despite the wide average differential, a considerable volume of Brent-related West African crude reportedly was traded into the Asia-Pacific region during August (an estimated volume of 450 kb/d, mainly traded to South Korea and Taiwan), to a large extent reflecting the increasing Asian demand for sweet crudes following the tightening of regional sulphur specifications for middle distillates and fuel oil.

This increased demand for sweet crude also supported the price of the sweet Asian benchmark crude Tapis. In contrast, the heavy sweet benchmark crude Minas, which is largely used for direct-burning, came under severe pressure (see graph to the right) primarily from thin Chinese demand and a lack of Japanese utility demand. The average Tapis/Brent differential narrowed by \$0.57/bbl to \$0.53/bbl and the Minas/Brent differential changed by \$1.81/bbl from a premium of \$1.54/bbl for Minas over Brent in July to a discount of \$1.27/bbl in August. The steep decrease in Minas values opened the export possibility for sweet, heavy Asian grades to the US and some Minas and Kutubu cargoes were reported to have been traded to the US.



Spot Product Prices in August

With US **gasoline** stocks at more comfortable levels and slightly building, imports still arriving at a rate of more than 400 kb/d (4-week average up to the third week of August) and the end of the peak driving season approaching, earlier fears of a gasoline supply tightness in the US faded and gasoline prices came under increasing pressure throughout the month. Spot gasoline prices remained, in general, within a comparatively narrow band in spite of rising crude and heating oil prices and averaged some \$0.25/bbl lower than last month. The gasoline/WTI differential decreased from about \$4.60/bbl at the end of July to about \$3.20 at the end of August and was surpassed by the gasoil/WTI differential almost two months earlier than last year.

European spot gasoline prices, as those in the US, traded within a narrow band during August, however at a slightly higher level than in the previous month (see table below). In a market remaining under pressure from weak local demand, prices in Northwest Europe were mainly supported by the possibility of exporting excess volumes to the US. The transatlantic arbitrage possibility closed towards the end of August in line with the dip in the unleaded gasoline contract on the NYMEX. However, this coincided with lower European gasoline production due to refinery throughput cuts and refinery problems in Northwest Europe, which alleviated a potential gasoline surplus. The average gasoline/Brent differential in Rotterdam decreased in August by \$0.85/bbl to \$2.50/bbl and remained more than \$1.00/bbl below last August's level, contributing to lower refining margins. As in the US, the spread between middle distillates and gasoline also increased in Europe to levels that were atypical for this time of the year. Gasoline prices in the Mediterranean remained stronger than those in Northwest Europe, consistent with firm local demand, in particular from Italy, Spain and the eastern Mediterranean.

Unlike those in the Atlantic Basin, spot gasoline prices in Singapore continued to drift lower during the month, falling to the lowest level in more than five months, appreciably below prices in the Atlantic Basin. The Asian gasoline market remained under strong pressure from ample supplies, which increased with additional availability from Singapore (due to refining capacity returning from maintenance shutdown), Thailand and China, and decreasing import demand from northern Asia where refineries were returning from seasonal turnarounds in South Korea and Japan. The gasoline/Dubai differential decreased to an average of \$2.93/bbl, the lowest value since December 1994 and almost \$3.90/bbl less than during the same month last year.

Spot Product Prices

(monthly and weekly averages, \$/bbl)

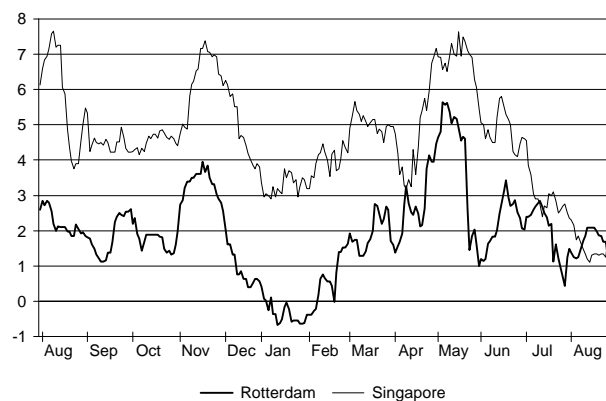
	Gasoline				Gas Oil				Low Sulphur Residual Fuel Oil			
	Rotterdam	Med	NY Harbour	Singapore	Rotterdam	Med	NY Harbour	Singapore	Rotterdam	Med	NY Harbour	Singapore
June	21.61	23.30	24.33	23.60	22.05	20.82	21.60	24.32	15.13	15.49	16.96	17.53
July	22.94	24.19	25.89	22.55	24.16	22.56	23.35	24.39	15.91	16.24	17.90	16.68
August	23.09	24.28	25.64	21.60	24.93	23.88	25.35	25.32	15.82	15.42	17.35	17.43
Aug-July	0.16	0.09	-0.25	-0.95	0.77	1.32	2.00	0.93	-0.09	-0.82	-0.55	0.76
Week ending:												
26 Jul	22.48	23.87	25.59	22.59	24.38	22.96	23.28	24.18	16.33	16.32	18.12	16.67
02 Aug	22.39	23.77	25.25	22.12	23.82	22.45	23.78	25.01	15.81	15.24	17.04	16.47
09 Aug	22.67	24.04	25.59	21.61	24.30	23.02	24.47	24.98	15.60	14.87	17.04	16.94
16 Aug	23.31	24.31	25.64	21.46	24.58	23.47	25.19	25.01	15.56	14.91	17.67	17.62
23 Aug	23.40	24.63	25.92	21.47	25.34	24.45	25.90	25.58	15.93	15.86	17.67	17.85
30 Aug	23.17	24.31	25.28	21.70	25.99	25.18	26.17	25.77	16.26	16.18	17.13	17.57

* Gasolines are unleaded conventional regular in Rotterdam and New York Harbour and unleaded 95 in Singapore and Med. Low Sulphur Residual Fuel Oils are 1.0% LSFO in Rotterdam, Med and New York Harbour and, as from 1 April 1996, mixed/cracked low sulphur waxy residue fob Indonesia.

Spot **Naphtha** prices in Northwest Europe and in the Mediterranean increased during August, rising on average by slightly more than those of gasoline. Prices were mainly supported by a tight supply/demand balance and regional demand. The planned maintenance shutdown of part of Algeria's 330 kb/d Skikda refinery for about 25 days, which started in the second half of August, contributed to the tightening supply availability. Skikda refinery is normally an exporter of about ten naphtha cargoes a month, mainly into the Mediterranean and Northwest Europe. The gasoline/naphtha price differential in Rotterdam, reflecting the **reforming margin**, decreased for the third month, in line with the steeper rise in naphtha prices relative to those of gasoline, averaging only \$1.66/bbl, \$0.28/bbl down from last month (see graph below). For most of August, the reforming margin in Rotterdam was below break-even levels.

Spot naphtha prices in Singapore remained within a narrow band during most of the month. They were supported in early August by firm physical demand and tight availability but came under pressure in the second half of the month when demand started to weaken in line with higher Japanese production (due to refineries returning from maintenance shutdowns) and the approaching turnaround season for Asian petrochemical plants in 4Q96. The gasoline/naphtha price differential in Singapore continued to decrease appreciably for the third month, in line with the decline in Asian gasoline prices, as shown in the graph on the right. The spread, reflecting the Singapore reforming margin, averaged \$1.57/bbl in August, down \$1.36/bbl from last month and \$4.25/bbl lower than during the same month last year. For most of August, the Singapore reforming margin was below break-even levels. Monthly average naphtha prices increased by \$0.67/bbl in the Mediterranean, by \$0.44/bbl in Rotterdam and by \$0.40/bbl in Singapore.

Gasoline - Naphtha Differential
(\$/bbl)



Spot **gasoil** prices increased appreciably in all major markets, with the steepest average increase occurring in the US. A combination of strong US demand and continuing historically low gasoil stocks, both in the US and in Europe, which again failed to build as perceived by the market to be necessary during this time of the year, caused concerns to grow in the US over a potential supply tightness during the forthcoming winter heating-season. Gasoil prices consequently increased, significantly contributing to the rise in Atlantic Basin crude oil prices. The gasoil/WTI spread increased for the third successive month widening from about \$3.00/bbl in late July to more than \$4.00/bbl by the end of August, surpassing the gasoline/WTI differential by mid-August, some two months earlier than last year. The growing strength in US gasoil prices is believed to have prompted US refiners to switch from maximising gasoline production to maximising gasoil production by mid-August, some three weeks earlier than in previous years (preliminary weekly DOE data show a sharp increase in gasoil yields as from the week ending 16 August). Reports also suggest that the expected heating oil tightness has prompted some refiners in

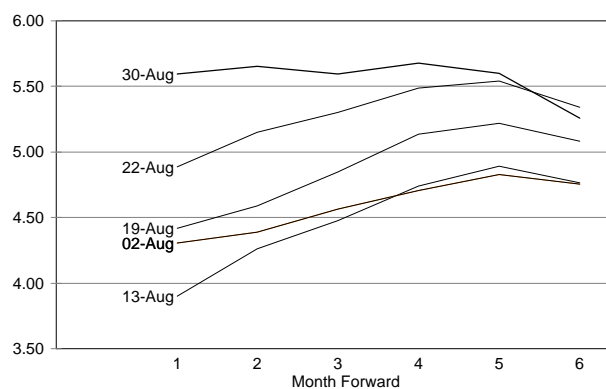
the US Gulf to consider delaying regular maintenance shutdowns planned for this autumn to next spring even though the expected schedule for planned US refining maintenance during this autumn is expected to be lower than during the same time in previous years, irrespective of potential deferrals.

The heating oil contract for the near-months on the NYMEX continued to swing during August between a very shallow contango and a very shallow backwardation and thus continued to discourage the seasonal summer gasoil stock-build. The volume of heating oil contracts increased for the fifth successive month, rising from an average of 94,000 contracts in April to an average of 120,000 contracts in August. The share of non-commercial and non-reporting traders in net long positions, which almost doubled in July to a volume of about 30,000 contracts, continued to increase slightly during August, in part contributing to the strength in heating oil prices in the US.

European spot gasoil prices continued their upward trend in August, mainly as a result of rising regional crude prices, low stocks and firm demand, mainly from outside the region. Northwest Europe's supply balance tightened as a result of the export possibility for the new 0.05% sulphur diesel grade to the Mediterranean, a lower inflow of Russian gasoil due to a temporary capacity cut at the export port of Ventspils and, later in the month, the refining-margin-related cut in European refinery runs. Gasoil prices in the Mediterranean were mainly supported in their upward trend by the export possibility for gasoil from the Mediterranean to South America (Brazil and Argentina) and the cut in refinery throughputs, which occurred in the Mediterranean earlier than in Northwest Europe.

The gasoil contract on the IPE remained in steep backwardation in the front months throughout August, reflecting low stocks and growing concerns about the lack of seasonal gasoil stock-build, to a large extent due to the medium-term expectation of lower crude oil prices. However, the gasoil/Brent differential on the IPE increased steadily for the near-months as shown in the graph to the right, almost eliminating the contango of this spread. This change reflected the growing relative strength of gasoil in the near-months in line with the mentioned supply concerns heading into the winter heating season and the resulting market perception that gasoil prices will, in the next four months, remain stronger than crude oil prices, irrespective of crude price developments. The almost flat spread also suggests that there is a decreasing incentive for European refiners to lock in refining margins in the near to medium term.

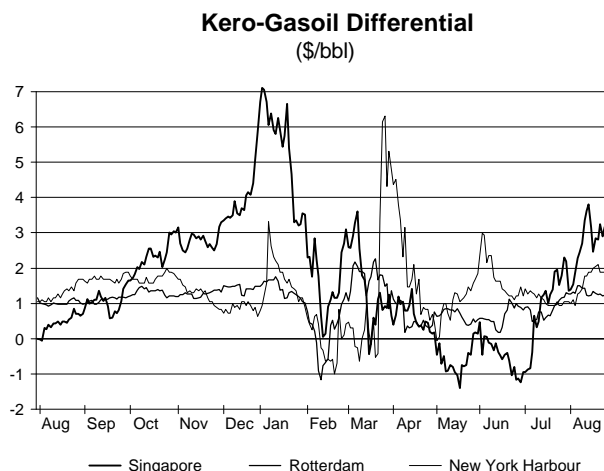
IPE Gasoil/Brent Forward Spread
(\$/bbl)



The forthcoming change in the sulphur specification for **diesel fuel in EU countries** from 0.2% to 0.05% (mandatory by 1 October at the pump) contributed to the increase in 0.2% sulphur gasoil prices due to the switch by refiners to the production of 0.05% sulphur diesel. This switch led to a tightening availability of the traditional, cheaper 0.2% sulphur diesel grade. In August, the differential between gasoil (0.02% sulphur) and the new low sulphur diesel grade averaged about \$6.00/tonne in Northwest Europe and about \$11.00/tonne in the Mediterranean. The wider differential in the Mediterranean was a result of the current lack of necessary regional desulphurisation capacity, mainly in Portugal and Greece. The wide differential started to attract low sulphur diesel fuel imports into the Mediterranean, mainly from Algeria and Northwest Europe, and at least one cargo of low sulphur diesel reportedly was imported from the US.

Spot heating oil prices in Singapore, which increased markedly in late July and early August, remained within a comparatively narrow band for the remainder of the month. Firmly-balanced supply/demand fundamentals, supported by unexpected demand from Australia, formed a stable floor to Asian gasoil prices, unlike in the case of gasoline. Towards the end of the month gasoil prices drew support from the rise in Atlantic Basin gasoil markets, despite increasing local gasoil availability. The arbitrage possibility for imports from the Mediterranean, which closed in early July, remained closed in line with strengthening European gasoil prices.

Spot **kerosene** prices increased appreciably in all major markets, rising by more than any other major product and rising by more than crude prices in all major markets. On average kerosene prices increased by \$2.76/bbl in Singapore, \$2.60/bbl in New York Harbour, \$1.31 in the Mediterranean and \$1.20/bbl in Rotterdam. The steep rise in kerosene prices in Singapore was mainly due to a combination of firm regional stockpiling demand in northern Asia ahead of winter requirements and ahead of major refinery turnarounds in Indonesia and Korea (see Refining Activity section below), firm demand for Middle Eastern cargoes into Africa and India, the limited availability of arbitrage cargoes from the Mediterranean and throughput cuts at refineries in Singapore. The kerosene/gasoil differential in Singapore continued to increase sharply in early August as shown in the graph to the right.



In the US, kerosene prices increased as a result of tight supplies on the US West Coast due to planned refinery turnarounds and unplanned refinery outages following an electricity blackout in several states. Kerosene supplies from the US Gulf were diverted to the West Coast, and this combined with low stocks, created a tight supply situation on the US Atlantic Coast. The kerosene/gasoil differential widened to about \$1.00/bbl in the second half of the month. European kerosene prices increased by less than those in Singapore and in the US and gained support mainly from demand from outside the region. A number of cargoes reportedly were exported to Africa, South America and, to a limited extent, to the Asia-Pacific.

Spot **LSFO** prices in the US increased in early August from a slight dip in late July and remained within a narrow band for most of the month before decreasing in the last week of August. Prices came under increasing pressure on the US Atlantic Coast as cool weather continued to reduce utility demand during the month and transatlantic arbitrage cargoes started to arrive. Decreasing natural gas prices, which fell to the lowest level of this summer, provided an increasingly competitive fuel for utilities and the latter switched from fuel oil burning to cheaper natural gas wherever possible. Stocks of fuel oil consequently built up and added to the pressure on LSFO prices. European spot LSFO prices remained little changed during most of August in a weak local market and increased slightly in the last week of August as a result of tightening supplies. The transatlantic arbitrage possibility remained open in the first half of the month and a number of cargoes were reported to have been traded to the US.

Asian **LSWR** prices, which had drifted lower for almost three months amid ample supplies and sluggish demand, started to rise in early August when Japanese utility demand and, in particular, demand from US refineries picked up. The possibility opened for exports of LSWR to the US West Coast as a crude substitute when WTI prices increased appreciably (see Crude Prices section above). Unlike LSFO prices in the Atlantic Basin, monthly average LSWR prices increased.

In contrast to LSFO prices, average European **HSFO** prices increased, mainly as a result of firm demand in the Mediterranean, higher sour crude prices in the Mediterranean in the first half of the month and transatlantic arbitrage possibilities. In the second half of the month, HSFO supplies tightened, in particular, in the Mediterranean, when refiners decreased throughputs. While US HSFO prices on the US East Coast remained almost unchanged during the month, HSFO prices in the US Gulf increased by almost \$1.00/bbl when demand into Mexico increased following Mexican natural gas supply disruptions caused by an explosion at the country's main gas processing facility (see Supply section above). HSFO prices in Singapore increased appreciably in the second half of the month, consistent with a tightening supply situation caused by a decline in export cargoes from the Middle East.

The average LSFO/HSFO differential decreased appreciably in Rotterdam, narrowing from more than \$2.10/bbl in July to a mere \$0.55/bbl in August. The differential narrowed to \$1.66/bbl in the Mediterranean and to \$2.14/bbl on the US East Coast.

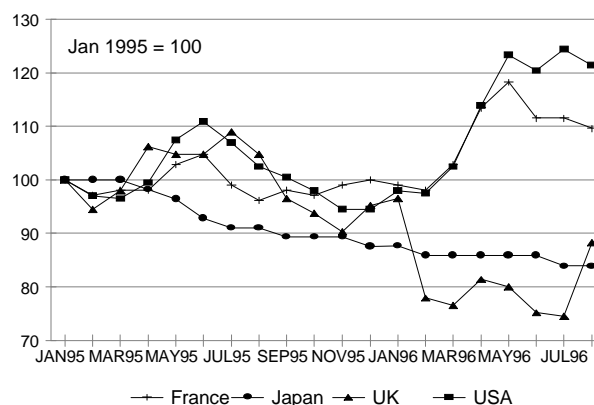
As in the previous two months, the premium for Russian atmospheric residue (**E4**) over HSFO remained in August in a \$1.00/bbl to \$1.50/bbl band, increasing from the lower end of the band in early August to

the upper one by the end of the month. The premium remained at a comparatively high level, consistent with low hydroskimming margins, maintaining atmospheric residue's attractiveness as a crude substitute.

End-User Product Prices

In August, mid-month end user prices for gasoline decreased in almost all European countries shown in Table 9, despite the rise in Atlantic Basin spot gasoline prices. The exception was in the UK and to a lesser extent in Germany, where gasoline prices increased. The notable increase in UK gasoline prices occurred from the comparatively low, price-war-related levels seen in recent months (see graph to the right), as major brands made a substantial effort to increase weak retail margins. However, UK gasoline prices still remained 15.8% below last year's level in contrast to almost all of the other countries shown in Table 9, where gasoline prices had increased appreciably compared to last year as a result of higher spot gasoline prices. In August, gasoline prices remained unchanged in Japan and declined in the US and Canada.

End-User Gasoline Prices
Local Currency Basis - Excluding Tax



In contrast to gasoline prices, automotive diesel prices remained either unchanged or increased in the countries shown in Table 9. The exception was Canada, where prices declined slightly. The notable rise in UK diesel prices was broadly in line with the increase in gasoline prices.

In contrast to automotive diesel prices, heating oil prices for domestic consumers showed for the third successive month no consistent trend, decreasing in the US, Spain and France, remaining unchanged in Japan and rising in Italy, Germany and the UK. German heating oil prices, which had increased appreciably in July, continued to rise in August.

Mid-month heavy fuel oil prices for industry increased in all five European countries apart from Germany, consistent with the slight increase in European spot fuel oil markets.

Refining Margins

In August, average refining margins decreased appreciably in all major refining centres (see table below), consistent with crude prices increasing sharply and product prices failing to rise at the same rate.

Refining Margins in Major Refining Centres

(monthly and weekly averages, \$/bbl)

	Jun	Jul	Aug	Change	Week Ending:					
					26 Jul	02 Aug	09 Aug	16 Aug	23 Aug	30 Aug
NW Europe										
Brent (Hydroskimming)	0.26	0.65	-0.04	-0.68	1.15	0.73	0.16	-0.63	-0.11	0.41
Brent (Cracking)	1.33	1.77	1.23	-0.54	2.23	1.90	1.41	0.69	1.15	1.65
Mediterranean										
Urals (Hydroskimming)	0.46	0.78	-0.02	-0.80	1.46	0.88	0.23	-0.73	0.19	1.19
Urals (Cracking)	1.73	2.00	1.31	-0.68	2.52	2.02	1.46	0.56	1.40	2.32
US Gulf Coast										
Brent (Cracking)	1.06	1.38	0.59	-0.79	1.55	1.53	1.17	0.09	0.41	0.35
WTI (Cracking)	0.53	0.95	0.50	-0.44	0.95	1.32	1.00	0.13	0.24	0.37
Singapore										
Dubai (Hydroskimming)	-0.15	-0.40	-0.43	-0.04	-0.11	-0.05	-0.82	-0.88	0.02	-0.01
Dubai (Cracking)	2.29	1.74	1.32	-0.42	1.96	1.99	1.16	0.88	1.61	1.56

Sour crude refining margins in the Mediterranean were hit harder than those in other refining centres in early August, decreasing by more than \$2.00/bbl from July highs, when sour crude prices increased

relative to those of sweet crudes in an upwards trending crude market. As margins remained at low levels during the second week of August, with the hydroskimming margin having turned negative, refiners reportedly started to cut refinery throughputs. The decreased demand for incremental crude coincided with a retreat of Atlantic Basin benchmark crudes from peak levels and margins increased again, rising as steeply as they had fallen earlier in the month. Apart from the overriding effect of crude prices, margins were supported by the steady increase in European middle distillate prices and the export-related relative strength of gasoline and fuel oil prices. Refining margins in the Mediterranean continued to be slightly better than those in Rotterdam, mainly due to stronger gasoline prices in the Mediterranean.

The Rotterdam refining margins closely followed the pattern of those in the Mediterranean with the exception of decreasing in early August by less than in the Mediterranean. However, the Rotterdam hydroskimming margin also became negative and refiners reportedly also cut refining intake, albeit by less than in the Mediterranean.

On the US Gulf Coast, refining margins decreased in early August by about \$1.50/bbl from July highs, in line with the steep rise in WTI prices, and increased slightly during the remainder of the month, reaching a level of about \$0.50/bbl by the end of August. US margins were far less volatile than those in Europe and, unlike the latter, were only supported by the rise in middle distillate prices, which more than offset the relative decline in US gasoline and fuel oil prices. On average, US margins decreased by less than those in Europe but some independent refiners, in particular on the US Gulf Coast, were reported to have decreased throughput as a result of the fall in margins.

The Singapore Dubai hydroskimming and cracking margins largely followed the pattern of European refining margins, briefly dipping in early August to the lowest level in more than five years and recovering in the second half of the month, but to lower levels than in earlier months. During the second half of August the hydroskimming margin remained in a narrow band around parity and the cracking margin in a narrow band around \$1.50/bbl, similar levels seen in September 1995.

Refinery Crude Throughputs in July

The aggregate refinery throughputs for July in OECD countries increased by 0.8 mb/d to 33.2 mb/d from the upwardly-revised June levels. Increases of 0.7 mb/d in Japan and 0.3 mb/d in Europe were partly offset by a 0.2 mb/d decrease in North America. Throughputs for Australasia are estimated to have remained unchanged. Total July throughputs were 0.9 mb/d or 2.8% higher than a year earlier.

Preliminary data suggest that in July total crude throughputs in distillation units in Europe increased by 0.3 mb/d to just below 12.9 mb/d, the highest July throughput level for more than eight years. Increases in Italian and German throughputs accounted for two thirds of this rise, which was primarily due to firm European refining margins, supported by local gasoil demand and transatlantic arbitrage possibilities for gasoline. Refinery utilisation for the total of OECD countries exceeded 90% of capacity for the second time this year. Total July throughputs were 5.6% or almost 0.7 mb/d higher than a year earlier, with the steepest increase in throughputs occurring in the UK (0.2 mb/d), Spain and Italy (0.1 mb/d each), followed by Greece, Germany and France (0.05 mb/d each).

Crude throughputs in the US decreased by 0.15 mb/d to 14.35 mb/d, some 0.3% or 0.05 mb/d lower than a year earlier, resulting in the second year-to-year decline in a row for monthly refinery throughputs. Refinery utilisation, based on operating refinery capacity, is estimated to have decreased by 1.0% from June levels and to have remained almost unchanged from the level a year earlier. Japanese crude throughputs increased by 0.7 mb/d to almost 4.0 mb/d with refineries returning from seasonal maintenance shutdowns. Total throughputs were 3.1% or 0.13 mb/d higher than a year earlier.

In line with persistently weak refining margins, Singapore refiners reportedly maintained in July the cut in refinery throughputs introduced in June. Throughputs in Singapore decreased in July to 0.985 mb/d, the lowest level in three years, in line with the throughput reductions and with scheduled maintenance at Shell's Pulau Bukom refinery.

Refinery Crude Throughputs in OECD Countries

	million barrels per day						% change from previous year	
	Mar	Apr	May	Jun	Jul*	Jan-Jul 1996*	Jul	Jan-Jul
OECD Europe	12.09	12.22	12.32	12.56	12.86	12.54	5.6	4.3
France	1.64	1.66	1.71	1.61	1.68	1.68	3.3	8.2
Germany	1.99	2.01	2.08	2.13	2.16	2.08	2.6	-0.6
Italy	1.67	1.41	1.36	1.50	1.64	1.58	6.0	1.1
Netherlands	1.04	1.17	1.20	1.17	1.20	1.18	0.3	3.5
UK	1.71	1.76	1.78	1.78	1.76	1.74	13.2	6.8
US	13.76	14.26	14.32	14.50	14.35	14.06	-0.3	0.9
Canada	1.40	1.23	1.31	1.47	1.44	1.37	7.4	5.9
Japan	4.52	4.37	3.58	3.28	3.98	4.15	3.1	-0.7
Australia/New Zealand	0.47	0.49	0.58	0.60	0.60	0.55	7.1	0.8
OECD Total	32.23	32.58	32.10	32.41	33.23	32.67	2.8	2.2

* estimated

In August, refinery throughputs are thought to have decreased in Europe, mainly in line with the weak refining margins discussed above, and to have increased further in Japan, following the return of additional units from maintenance shutdowns. Weekly US statistics for the first three weeks of August suggest that throughput levels remained almost unchanged from July levels. In line with announced throughput reductions, Singapore's throughput is expected to have reached just over 1.07 mb/d in August and is projected to increase to 1.09 mb/d in September.

Refinery Maintenance Shutdowns

Autumn refinery maintenance in the Atlantic Basin is expected to remain this year at significantly lower levels compared to last year, resulting in additional capacity being available to increase distillate production should this be required in light of low US stocks. In particular in the US, maintenance shutdowns are projected this autumn to be at the lowest level for more than five years. European refinery maintenance is expected to reach only half of last year's level this autumn, in line with maintenance carried out together with the commissioning of additional hydro-desulphurisation capacity ahead of the introduction of low sulphur diesel in EU countries on 1 October. The following table provides details for some of the major refining centres.

Refinery Maintenance Shutdowns

	(mb/d of Nameplate Capacity)		
	September	October	November
Europe	0.60	0.40	0.30
US	0.19	0.29	0.28
Japan	0.52	0.69	0.16
Korea	0.17	0.15	0.05
Indonesia	0.18	0.13	0.08
India	0.08	-	-
New Zealand	-	-	0.04
Total Asia-Pacific*	0.95	0.97	0.33

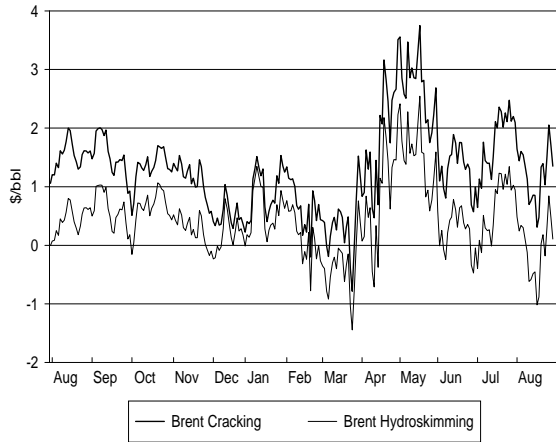
* IEA estimates (except for US: PIRA Energy Group, New York)
* Sum of five listed Asia-Pacific countries

Industry Developments

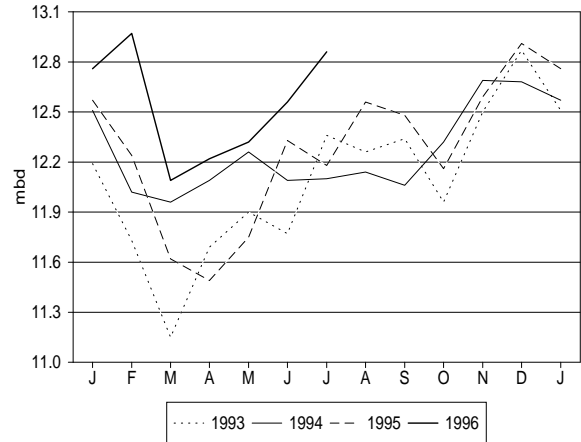
Tosco has announced plans to restart operations at its Marcus Hook refinery in Pennsylvania, having reached a final agreement with the oil workers' union at the refinery (a tentative agreement had been reached in late August and was ratified by the union in early September). Start-up of the facility reportedly is planned before the peak summer gasoline season next year, following a \$60mn revamp, which will result in a reduction of distillation capacity from 190 kb/d to 150 kb/d.

Total announced its plans to close down its 56 kb/d Arkansas City refinery in Kansas by the middle of September and to turn the facility into a product storage and blending terminal.

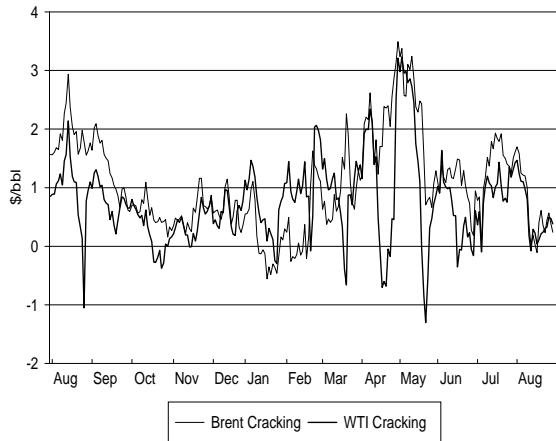
Rotterdam Refining Margins



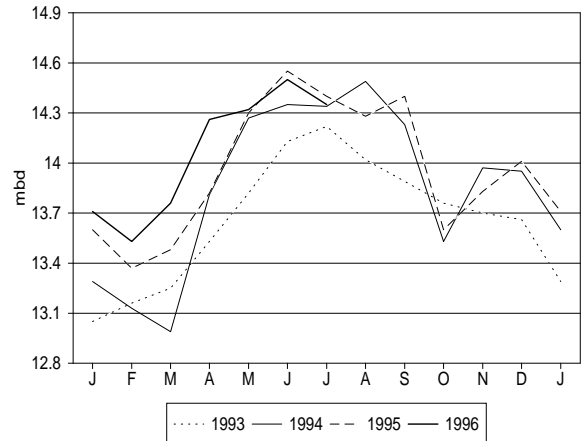
OECD Europe Crude Throughputs



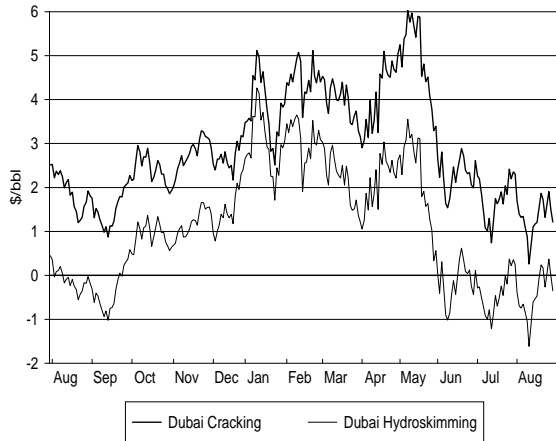
US Gulf Refining Margins



US Crude Throughputs



Singapore Refining Margins



Japan Crude Throughputs

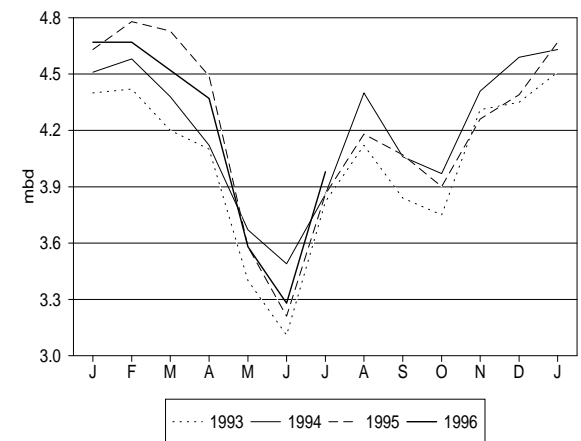


Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	1993	1994	1Q95	2Q95	3Q95	4Q95	1995	1Q96	2Q96	3Q96	4Q96	1996	1Q97	2Q97	3Q97	4Q97	1997
DEMAND																	
OECD																	
North America	19.2	19.8	19.7	19.5	19.9	20.1	19.8	20.4	20.0	20.4	20.4	20.3	20.5	20.1	20.7	20.8	20.5
Europe	13.6	13.6	14.0	13.5	13.6	14.3	13.8	14.3	13.6	13.9	14.5	14.1	14.5	13.9	14.0	14.7	14.3
Pacific	6.3	6.6	7.3	6.2	6.3	6.9	6.7	7.4	6.2	6.4	7.0	6.8	7.6	6.3	6.5	7.1	6.9
TOTAL OECD	39.0	40.0	41.0	39.1	39.7	41.3	40.3	42.1	39.7	40.7	41.9	41.1	42.5	40.3	41.2	42.6	41.7
NON-OECD																	
FSU ¹	5.7	4.8	5.1	4.5	4.5	5.0	4.8	4.7	4.2	4.3	4.9	4.5	4.8	4.2	4.3	4.8	4.5
Europe	1.3	1.3	1.4	1.3	1.3	1.4	1.3	1.5	1.4	1.3	1.4	1.4	1.6	1.5	1.4	1.5	1.5
China ²	3.0	3.1	3.2	3.3	3.4	3.4	3.3	3.4	3.5	3.6	3.6	3.5	3.6	3.7	3.8	3.9	3.7
Other Asia	6.9	7.4	8.1	7.9	7.6	8.5	8.0	8.7	8.4	8.1	9.0	8.6	9.3	9.1	8.6	9.7	9.2
Latin America	5.7	6.0	6.2	6.0	6.1	6.2	6.1	6.2	6.3	6.4	6.4	6.3	6.5	6.5	6.6	6.6	6.5
Middle East	3.9	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.0	4.2	4.2	4.1	4.2	4.1	4.3	4.3	4.2
Africa	2.1	2.1	2.2	2.2	2.1	2.2	2.2	2.2	2.2	2.1	2.2	2.2	2.3	2.3	2.2	2.3	2.3
TOTAL NON-OECD	28.5	28.8	30.2	29.2	29.0	30.7	29.8	30.9	30.1	30.0	31.8	30.7	32.2	31.4	31.1	33.1	32.0
TOTAL DEMAND³	67.6	68.8	71.2	68.3	68.7	72.0	70.1	73.0	69.8	70.6	73.6	71.8	74.8	71.7	72.4	75.7	73.6
SUPPLY																	
OECD																	
North America	11.0	10.9	11.1	11.0	10.9	11.0	11.0	11.0	10.9	10.9	11.2	11.0	11.1	10.9	10.9	11.2	11.0
Europe	5.1	6.0	6.4	6.0	6.2	6.7	6.3	6.6	6.6	6.7	7.5	6.9	7.5	7.2	7.1	8.2	7.5
Pacific	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
TOTAL OECD	16.8	17.6	18.1	17.7	17.7	18.4	18.0	18.3	18.2	18.4	19.5	18.6	19.5	18.9	18.8	20.2	19.3
NON-OECD																	
FSU	7.9	7.2	7.1	7.2	7.1	7.2	7.2	7.1	7.1	7.1	7.2	7.1	7.4	7.2	7.3	7.4	7.3
Europe	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
China	2.9	2.8	3.0	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Other Asia	1.8	1.9	2.0	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.0
Latin America	5.8	5.9	6.1	6.0	6.3	5.9	6.1	6.5	6.5	6.4	6.6	6.5	6.7	6.8	7.1	7.2	6.9
Middle East	1.6	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.0
Africa	2.3	2.4	2.5	2.6	2.6	2.6	2.6	2.6	2.7	2.8	2.9	2.7	2.9	2.9	3.0	3.1	3.0
Processing Gains ⁴	1.4	1.4	1.5	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6
TOTAL NON-OPEC	40.8	41.5	42.5	42.1	42.4	42.9	42.5	43.3	43.2	43.7	45.2	43.9	45.4	44.9	45.2	46.9	45.6
OPEC																	
Crude	24.4	24.7	24.8	24.9	25.2	25.3	25.1	25.7	25.6								
NGLs	2.3	2.4	2.4	2.4	2.4	2.5	2.4	2.5	2.6	2.7	2.8	2.6	2.7	2.8	2.8	2.9	2.8
TOTAL OPEC	26.6	27.0	27.2	27.3	27.6	27.8	27.5	28.2	28.2								
TOTAL SUPPLY⁶	67.5	68.6	69.7	69.4	70.1	70.7	69.9	71.5	71.4								
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	0.1	0.1	-1.3	0.7	0.4	-1.3	-0.3	-1.2	1.2								
Government	0.1	0.1	0.1	-0.1	0.1	0.1	0.0	0.0	-0.1								
TOTAL OECD	0.2	0.2	-1.2	0.6	0.5	-1.2	-0.3	-1.1	1.1								
Floating Storage/Oil in Transit	0.1	-0.1	-0.3	0.1	0.5	0.3	0.1	-0.3	0.1								
Miscellaneous to balance ⁶	-0.4	-0.3	0.0	0.4	0.4	-0.4	0.0	-0.1	0.4								
TOTAL STOCK CH. & MISC.	-0.1	-0.2	-1.5	1.1	1.4	-1.3	-0.2	-1.5	1.6								
Memo items:																	
FSU Net Exports	2.2	2.4	2.0	2.7	2.6	2.2	2.4	2.4	2.8	2.8	2.3	2.6	2.6	3.0	3.0	2.6	2.8
Call on OPEC crude + Stock ch. ⁷	24.5	24.9	26.3	23.9	23.9	26.7	25.2	27.2	24.0	24.2	25.6	25.3	26.7	24.0	24.4	25.9	25.2
Total Demand ex. FSU	61.8	64.0	66.1	63.8	64.2	67.1	65.3	68.3	65.6	66.4	68.8	67.3	70.0	67.5	68.1	70.8	69.1
Total demand exc. FSU (% ch) ⁸	2.6	3.5	2.5	2.4	1.3	2.1	2.1	3.3	2.8	3.3	2.6	3.0	2.4	2.8	2.6	3.0	2.7

1 Figures for FSU are apparent demand derived from official production figures and quarterly trade data.

2 Annual Chinese demand is estimated from production and (adjusted) trade; quarterly figures represent estimates of domestic oil deliveries and are not derived from trade data.

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

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

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

6 Includes changes in non-reported stocks in OECD and non-OECD areas.

7 Equals total demand minus total non-OPEC supply minus OPEC NGLs. Thus includes "Miscellaneous to balance" for historical time periods.

8 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)

	1993	1994	1Q95	2Q95	3Q95	4Q95	1995	1Q96	2Q96	3Q96	4Q96	1996	1Q97	2Q97	3Q97	4Q97	1997
DEMAND																	
OECD																	
North America	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	0.1	-	-	-	-0.1	-0.1	0.1	-	-	-	-	-	-	-
NON-OECD																	
FSU ¹	-	-	-	-	-	0.1	-	-0.1	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-	0.1	0.1	0.1	-	0.1	0.1
Latin America	-	-	0.1	-0.1	-0.1	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OECD	-	-	0.1	-	-	0.1	0.1	-	-	-	0.1	-	0.1	-	-0.1	0.1	0.1
TOTAL DEMAND³	-	-	0.1	-	-0.1	0.1	0.1	-	-0.1	-	-	-	0.1	-	-	0.1	-
SUPPLY																	
OECD																	
North America	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-0.2	-	0.1	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	-	-	-	-	-	-0.1	-0.2	-0.1	0.1	-	-	-	-
NON-OECD																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-	-0.1
Latin America	-	-	-	-	-	-	-	-	-	-0.2	-0.1	-0.1	-	-	-0.1	-0.1	-0.1
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing Gains ⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPEC	-	-	-	-	-0.1	-	-	-	-0.1	-0.3	-0.4	-0.2	-0.1	-0.1	-0.2	-0.2	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL SUPPLY⁶	-	-	-	-	-	-	-0.1	-	-0.1	-	-	-	-	-	-	-	-
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	0.1	0.1	-	0.2	-	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	-	-	-	0.1	0.2	-	-	-	-	-	-	-	-
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous to balance ⁵	-	-	-0.1	-	-	-	-0.1	-0.1	-0.2	-	-	-	-	-	-	-	-
TOTAL STOCK CH. & MISC	-	-	-0.1	-	-	-	-0.1	-	-	-	-	-	-	-	-	-	-
Memo items:																	
FSU Net Exports	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-
Call on OPEC crude + Stock ch. ⁷	-	-	0.1	-	-	0.1	0.1	-	-0.1	0.3	0.4	0.3	0.2	0.1	0.3	0.3	0.1
Total Demand ex. FSU	-	-	0.1	-	-0.1	0.1	-	-	-0.1	0.1	0.1	0.1	0.1	-	-	-	-

When submitting their monthly oil statistics, IEA Member countries periodically update data for earlier years. Similar updates to non-OECD data can occur. While the changes are generally small, due to rounding they can lead to changes to historical data of 0.1 mb/d.

Table 2
OECD REGIONAL OIL DEMAND
(million barrels per day)

	February			March			First Quarter			April			May		
	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%
North America															
LPG	2.48	2.57	3.6	2.05	2.33	13.7	2.35	2.51	6.8	2.09	2.14	2.4	1.99	2.14	7.5
Naphtha	0.29	0.35	20.7	0.26	0.35	34.6	0.28	0.33	17.9	0.28	0.28	0.0	0.28	0.28	0.0
Motor Gasoline	8.13	8.20	0.9	8.42	8.36	-0.7	8.11	8.14	0.4	8.26	8.52	3.1	8.59	8.69	1.2
Jet/Kerosene	1.73	1.91	10.4	1.63	1.75	7.4	1.70	1.83	7.6	1.55	1.66	7.1	1.64	1.60	-2.4
Gasoil	4.23	4.30	1.7	3.83	3.96	3.4	3.97	4.16	4.8	3.53	3.83	8.5	3.37	3.61	7.1
Residual Fuel Oil	1.26	1.25	-0.8	1.00	1.00	0.0	1.10	1.16	5.5	0.99	0.91	-8.1	0.94	1.01	7.4
Other Products	2.32	2.12	-8.6	2.32	2.48	6.9	2.20	2.28	3.6	2.31	2.46	6.5	2.55	2.63	3.1
Total	20.43	20.71	1.4	19.51	20.23	3.7	19.70	20.41	3.6	19.02	19.81	4.2	19.37	19.95	3.0
Europe															
LPG	0.95	1.07	12.6	0.94	0.94	0.0	0.96	1.01	5.2	0.92	0.87	-5.4	0.80	0.82	2.5
Naphtha	1.22	1.15	-5.7	1.18	1.16	-1.7	1.20	1.16	-3.3	1.12	1.01	-9.8	1.09	1.11	1.8
Motor Gasoline	2.81	2.81	0.0	2.99	2.86	-4.3	2.78	2.77	-0.4	2.94	3.07	4.4	3.03	3.03	0.0
Jet/Kerosene	0.76	0.84	10.5	0.78	0.83	6.4	0.77	0.82	6.5	0.80	0.84	5.0	0.83	0.89	7.2
Gasoil	4.97	5.80	16.7	5.55	5.19	-6.5	5.12	5.35	4.5	4.60	4.69	2.0	4.44	4.48	0.9
Residual Fuel Oil	2.30	2.38	3.5	2.13	2.32	8.9	2.25	2.31	2.7	2.14	2.17	1.4	1.97	1.95	-1.0
Other Products	0.83	0.85	2.4	0.99	0.89	-10.1	0.89	0.88	-1.1	1.01	1.10	8.9	1.12	1.13	0.9
Total	13.84	14.90	7.7	14.56	14.19	-2.5	13.96	14.34	2.7	13.53	13.75	1.6	13.28	13.40	0.9
Pacific															
LPG	0.84	0.83	-1.2	0.78	0.78	0.0	0.78	0.80	2.6	0.76	0.76	0.0	0.70	0.66	-5.7
Naphtha	0.85	0.80	-5.9	0.79	0.74	-6.3	0.82	0.78	-4.9	0.75	0.77	2.7	0.74	0.72	-2.7
Motor Gasoline	1.19	1.21	1.7	1.23	1.23	0.0	1.17	1.20	2.6	1.16	1.25	7.8	1.21	1.24	2.5
Jet/Kerosene	1.24	1.30	4.8	1.06	1.11	4.7	1.15	1.20	4.3	0.68	0.81	19.1	0.53	0.58	9.4
Gasoil	1.71	1.75	2.3	1.66	1.71	3.0	1.59	1.64	3.1	1.43	1.54	7.7	1.37	1.42	3.6
Residual Fuel Oil	1.02	1.00	-2.0	0.92	0.88	-4.3	0.95	0.93	-2.1	0.87	0.78	-10.3	0.77	0.70	-9.1
Other Products	0.89	0.86	-3.4	0.89	0.85	-4.5	0.87	0.85	-2.3	0.84	0.69	-17.9	0.69	0.69	0.0
Total	7.75	7.76	0.1	7.34	7.30	-0.5	7.31	7.39	1.1	6.48	6.60	1.9	6.03	6.01	-0.3
OECD															
LPG	4.26	4.47	4.9	3.77	4.06	7.7	4.09	4.32	5.6	3.77	3.77	0.0	3.49	3.62	3.7
Naphtha	2.36	2.31	-2.1	2.24	2.24	0.0	2.29	2.26	-1.3	2.16	2.07	-4.2	2.12	2.11	-0.5
Motor Gasoline	12.13	12.22	0.7	12.64	12.45	-1.5	12.06	12.11	0.4	12.37	12.85	3.9	12.83	12.96	1.0
Jet/Kerosene	3.74	4.05	8.3	3.47	3.69	6.3	3.61	3.85	6.6	3.03	3.31	9.2	2.99	3.06	2.3
Gasoil	10.91	11.85	8.6	11.04	10.86	-1.6	10.67	11.16	4.6	9.55	10.06	5.3	9.19	9.51	3.5
Residual Fuel Oil	4.58	4.63	1.1	4.05	4.20	3.7	4.30	4.39	2.1	4.00	3.85	-3.8	3.68	3.66	-0.5
Other Products	4.04	3.83	-5.2	4.21	4.22	0.2	3.96	4.02	1.5	4.15	4.25	2.4	4.36	4.45	2.1
Total	42.02	43.36	3.2	41.41	41.72	0.7	40.98	42.15	2.8	39.03	40.16	2.9	38.67	39.36	1.8

Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply.

Jet/kerosene comprises jet kerosene and non-aviation kerosene grades. Gasoil comprises diesel, light heating oil and other gasoils.

North America comprises US 50 States, territories and Canada.

Figures above are unadjusted trade data submitted to the IEA Secretariat in the Monthly Oil and Gas Questionnaire. Regional total for Europe may differ slightly from those in Table 1 since the latter incorporate adjustments from other sources.

Table 3
OIL DEMAND IN SELECTED OECD COUNTRIES
(million barrels per day)

	March			First Quarter			April			May			June		
	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%
United States															
LPG	1.76	2.03	15.3	2.04	2.20	7.8	1.84	1.88	2.2	1.71	1.85	8.2	1.71	1.77	3.5
Naphtha	0.18	0.27	50.0	0.19	0.25	31.6	0.20	0.21	5.0	0.21	0.20	-4.8	0.18	0.21	16.7
Motor Gasoline	7.79	7.73	-0.8	7.48	7.51	0.4	7.65	7.87	2.9	7.89	8.00	1.4	8.22	8.09	-1.6
Jet/Kerosene	1.52	1.64	7.9	1.58	1.71	8.2	1.44	1.54	6.9	1.53	1.48	-3.3	1.42	1.58	11.3
Gasoil	3.34	3.45	3.3	3.46	3.62	4.6	3.11	3.38	8.7	2.90	3.12	7.6	3.27	3.19	-2.4
Residual Fuel Oil	0.80	0.83	3.8	0.89	0.96	7.9	0.81	0.75	-7.4	0.76	0.83	9.2	0.90	0.74	-17.8
Other Products	2.09	2.24	7.2	1.99	2.05	3.0	2.09	2.20	5.3	2.29	2.38	3.9	2.44	2.46	0.8
Total	17.48	18.18	4.0	17.64	18.29	3.7	17.14	17.84	4.1	17.29	17.86	3.3	18.13	18.05	-0.4
Japan															
LPG	0.70	0.70	0.0	0.71	0.72	1.4	0.67	0.68	1.5	0.62	0.58	-6.5	0.57	0.58	1.8
Naphtha	0.79	0.73	-7.6	0.81	0.77	-4.9	0.74	0.77	4.1	0.74	0.71	-4.1	0.72	0.68	-5.6
Motor Gasoline	0.86	0.87	1.2	0.81	0.84	3.7	0.82	0.89	8.5	0.86	0.88	2.3	0.84	0.86	2.4
Jet/Kerosene	0.96	1.01	5.2	1.05	1.10	4.8	0.58	0.70	20.7	0.43	0.48	11.6	0.42	0.42	0.0
Diesel*	0.77	0.83	7.8	0.71	0.77	8.5	0.71	0.79	11.3	0.69	0.75	8.7	0.74	0.74	0.1
Other Gasoil	0.64	0.63	-1.6	0.65	0.64	-1.5	0.50	0.51	2.0	0.43	0.42	-2.3	0.46	0.41	-10.4
Residual Fuel Oil	0.86	0.82	-4.7	0.89	0.87	-2.2	0.82	0.72	-12.2	0.70	0.65	-7.1	0.70	0.68	-2.9
Direct use of Crude Oil	0.35	0.33	-5.7	0.36	0.35	-2.8	0.28	0.20	-28.6	0.24	0.20	-16.7	0.23	0.26	13.0
Other Products	0.39	0.40	2.6	0.37	0.36	-2.7	0.42	0.36	-14.3	0.30	0.37	23.3	0.28	0.35	25.0
Total	6.33	6.32	-0.2	6.36	6.42	0.9	5.55	5.62	1.3	5.02	5.03	0.2	4.97	4.97	0.0
Germany															
LPG	0.12	0.12	0.0	0.13	0.14	7.7	0.13	0.10	-23.1	0.12	0.11	-8.3	0.12	0.09	-25.0
Naphtha	0.32	0.36	12.5	0.34	0.35	2.9	0.34	0.34	0.0	0.34	0.33	-2.9	0.33	0.28	-15.2
Motor Gasoline	0.71	0.68	-4.2	0.67	0.65	-3.0	0.69	0.72	4.3	0.73	0.72	-1.4	0.73	0.69	-5.5
Jet/Kerosene	0.12	0.12	0.0	0.12	0.11	-8.3	0.12	0.12	0.0	0.13	0.13	0.0	0.14	0.14	0.0
Diesel	0.47	0.42	-10.6	0.41	0.38	-7.3	0.43	0.45	4.7	0.46	0.44	-4.3	0.45	0.43	-4.4
Other Gasoil	1.10	0.88	-20.0	0.92	1.00	8.7	0.83	0.70	-15.7	0.79	0.80	1.3	0.76	0.84	10.5
Residual Fuel Oil	0.20	0.19	-5.0	0.21	0.19	-9.5	0.19	0.18	-5.3	0.19	0.17	-10.5	0.17	0.17	0.0
Other Products	0.14	0.10	-28.6	0.11	0.10	-9.1	0.15	0.14	-6.7	0.18	0.17	-5.6	0.18	0.20	11.1
Total	3.19	2.87	-10.0	2.90	2.93	1.0	2.88	2.75	-4.5	2.95	2.87	-2.7	2.88	2.83	-1.7
Italy															
LPG	0.12	0.13	8.3	0.13	0.14	7.7	0.10	0.10	0.0	0.08	0.08	0.0	0.08	0.08	-6.8
Naphtha	0.12	0.10	-16.7	0.13	0.12	-7.7	0.14	0.13	-7.1	0.12	0.13	8.3	0.14	0.13	-3.7
Motor Gasoline	0.41	0.40	-2.4	0.40	0.39	-2.5	0.41	0.44	7.3	0.42	0.43	2.4	0.44	0.41	-6.5
Jet/Kerosene	0.06	0.06	0.0	0.06	0.07	16.7	0.06	0.06	0.0	0.08	0.08	0.0	0.06	0.06	5.5
Diesel	0.35	0.34	-2.9	0.36	0.35	-2.8	0.30	0.32	6.7	0.32	0.32	0.0	0.33	0.32	-5.0
Other Gasoil	0.19	0.21	10.5	0.20	0.20	0.0	0.13	0.12	-7.7	0.11	0.10	-9.1	0.12	0.12	0.0
Residual Fuel Oil	0.60	0.70	16.7	0.61	0.66	8.2	0.56	0.54	-3.6	0.55	0.50	-9.1	0.54	0.60	11.0
Other Products	0.10	0.10	0.0	0.09	0.10	11.1	0.10	0.10	0.0	0.12	0.10	-16.7	0.12	0.11	-8.7
Total	1.96	2.04	4.1	1.98	2.04	3.0	1.80	1.81	0.6	1.80	1.73	-3.9	1.85	1.85	-0.3
France															
LPG	0.13	0.13	0.0	0.13	0.14	7.7	0.11	0.11	0.0	0.10	0.09	-10.0	0.09	0.08	-11.1
Naphtha	0.28	0.26	-7.1	0.28	0.25	-10.7	0.25	0.13	-48.0	0.23	0.22	-4.3	0.16	0.16	0.0
Motor Gasoline	0.36	0.33	-8.3	0.34	0.32	-5.9	0.36	0.37	2.8	0.37	0.36	-2.7	0.39	0.35	-10.3
Jet/Kerosene	0.09	0.10	11.1	0.09	0.10	11.1	0.09	0.11	22.2	0.10	0.11	10.0	0.10	0.11	10.0
Diesel	0.43	0.46	7.0	0.44	0.45	2.3	0.46	0.49	6.5	0.46	0.47	2.2	0.49	0.48	-2.0
Other Gasoil	0.51	0.39	-23.5	0.48	0.49	2.1	0.32	0.35	9.4	0.27	0.27	0.0	0.35	0.28	-20.0
Residual Fuel Oil	0.16	0.19	18.8	0.16	0.19	18.8	0.14	0.17	21.4	0.12	0.14	16.7	0.11	0.13	18.2
Other Products	0.07	0.13	85.7	0.06	0.11	83.3	0.13	0.20	53.8	0.14	0.16	14.3	0.18	0.25	38.9
Total	2.03	1.99	-2.0	1.98	2.06	4.0	1.87	1.93	3.2	1.79	1.82	1.7	1.88	1.83	-2.7
United Kingdom															
LPG	0.19	0.16	-15.8	0.18	0.16	-11.1	0.18	0.19	5.6	0.17	0.17	0.0	0.14	0.16	17.6
Naphtha	0.09	0.10	11.1	0.09	0.08	-11.1	0.07	0.07	0.0	0.06	0.07	16.7	0.08	0.06	-25.2
Motor Gasoline	0.52	0.50	-3.8	0.49	0.48	-2.0	0.50	0.52	4.0	0.51	0.53	3.9	0.51	0.51	0.4
Jet/Kerosene	0.23	0.24	4.3	0.22	0.25	13.6	0.21	0.23	9.5	0.22	0.24	9.1	0.22	0.23	2.2
Diesel	0.30	0.29	-3.3	0.27	0.28	3.7	0.26	0.29	11.5	0.27	0.30	11.1	0.28	0.29	2.8
Other Gasoil	0.22	0.21	-4.5	0.21	0.21	0.0	0.18	0.19	5.6	0.18	0.18	0.0	0.17	0.17	-2.5
Residual Fuel Oil	0.20	0.17	-15.0	0.22	0.16	-27.3	0.18	0.16	-11.1	0.16	0.17	6.3	0.17	0.16	-6.1
Other Products	0.20	0.18	-10.0	0.18	0.18	0.0	0.19	0.20	5.3	0.19	0.19	0.0	0.21	0.19	-10.3
Total	1.95	1.86	-4.6	1.87	1.82	-2.7	1.77	1.85	4.5	1.76	1.84	4.5	1.78	1.77	-1.0
Canada															
LPG	0.28	0.30	7.1	0.30	0.30	0.0	0.24	0.26	8.3	0.27	0.28	3.7	0.23	0.23	0.0
Naphtha	0.09	0.08	-11.1	0.08	0.08	0.0	0.08	0.07	-12.5	0.07	0.08	14.3	0.08	0.07	-12.5
Motor Gasoline	0.57	0.56	-1.8	0.56	0.57	1.8	0.55	0.59	7.3	0.62	0.62	0.0	0.64	0.62	-3.1
Jet/Kerosene	0.08	0.09	12.5	0.08	0.09	12.5	0.08	0.09	12.5	0.08	0.08	0.0	0.09	0.10	11.1
Diesel	0.13	0.13	0.0	0.13	0.13	0.0	0.12	0.12	0.0	0.16	0.16	0.0	0.16	0.17	6.3
Other Gasoil	0.32	0.34	6.3	0.34	0.38	11.8	0.26	0.28	7.7	0.27	0.28	3.7	0.24	0.23	-4.2
Residual Fuel Oil	0.13	0.10	-23.1	0.14	0.14	0.0	0.11	0.09	-18.2	0.10	0.10	0.0	0.10	0.13	30.0
Other Products	0.20	0.21	5.0	0.18	0.19	5.6	0.19	0.22	15.8	0.23	0.21	-8.7	0.26	0.25	-3.8
Total	1.79	1.81	1.1	1.82	1.88	3.3	1.62	1.72	6.2	1.80	1.82	1.1	1.80	1.69	-6.1

Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply.

Jet/kerosene comprises jet kerosene and non-aviation kerosene grades. Gasoil comprises diesel, light heating oil and other gasoils.

US figures do not include territories.

* In Japan, the breakdown between Diesel and Other Gasoil in the latest month is estimated using the same split between the two products as last year.

Table 4
WORLD OIL PRODUCTION
(million barrels per day)

	1993	1994	1995	2Q95	3Q95	4Q95	1Q96	2Q96	Jun96	Jul96*	Aug96*
OPEC¹											
Crude Oil											
Saudi Arabia	7.96	7.90	7.94	7.88	8.01	7.92	7.95	7.84	7.80	7.95	7.90
Iran	3.65	3.61	3.65	3.65	3.65	3.68	3.69	3.62	3.65	3.72	3.75
Iraq	0.48	0.53	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
UAE	2.17	2.22	2.19	2.21	2.19	2.16	2.19	2.19	2.20	2.19	2.17
Kuwait	1.69	1.84	1.84	1.84	1.84	1.84	1.84	1.79	1.78	1.79	1.81
Neutral Zone	0.36	0.39	0.43	0.41	0.44	0.43	0.46	0.47	0.48	0.49	0.45
Qatar	0.42	0.41	0.45	0.45	0.45	0.46	0.47	0.48	0.48	0.48	0.49
Nigeria	1.91	1.90	1.93	1.93	1.93	2.01	2.09	2.13	2.14	2.10	2.10
Libya	1.37	1.38	1.41	1.40	1.41	1.40	1.38	1.39	1.40	1.39	1.40
Algeria	0.74	0.75	0.76	0.75	0.76	0.79	0.78	0.81	0.82	0.83	0.83
Venezuela	2.31	2.44	2.58	2.51	2.64	2.71	2.89	2.94	2.95	3.00	3.02
Indonesia	1.34	1.32	1.34	1.34	1.34	1.34	1.38	1.41	1.44	1.41	1.37
Total Crude Oil	24.40	24.67	25.06	24.90	25.21	25.30	25.67	25.61	25.68	25.88	25.81
NGLs ²	2.25	2.38	2.42	2.40	2.41	2.48	2.52	2.57	2.60	2.68	2.72
TOTAL OPEC	26.65	27.05	27.48	27.30	27.62	27.78	28.19	28.17	28.28	28.56	28.53
NON-OPEC^{1,3}											
OECD											
North America	10.99	10.92	11.00	11.05	10.87	10.99	10.99	10.91	10.96	10.88	10.86
United States	8.82	8.64	8.61	8.67	8.50	8.57	8.54	8.54	8.56	8.44	8.36
Canada	2.18	2.28	2.39	2.37	2.37	2.43	2.45	2.37	2.39	2.44	2.50
Europe	5.12	6.03	6.30	5.97	6.16	6.73	6.65	6.57	6.51	6.72	6.57
UK	2.14	2.71	2.79	2.55	2.74	2.93	2.83	2.73	2.68	2.75	2.73
Norway	2.38	2.69	2.91	2.81	2.83	3.19	3.22	3.22	3.24	3.33	3.19
Others	0.60	0.63	0.61	0.60	0.59	0.61	0.61	0.61	0.59	0.64	0.65
Pacific	0.65	0.69	0.67	0.69	0.70	0.64	0.68	0.73	0.77	0.84	0.84
Australia	0.56	0.60	0.58	0.60	0.59	0.54	0.58	0.62	0.66	0.73	0.73
Others	0.09	0.09	0.10	0.09	0.11	0.10	0.10	0.11	0.11	0.12	0.12
Total OECD	16.76	17.64	17.98	17.70	17.74	18.36	18.32	18.21	18.23	18.44	18.27
Non-OECD											
Former USSR	7.95	7.22	7.15	7.18	7.11	7.18	7.08	7.05	7.07	7.04	7.09
Russia	6.95	6.28	6.18	6.19	6.13	6.15	6.09	6.05	6.05	6.04	6.07
Others	0.99	0.94	0.98	0.99	0.98	1.03	0.99	1.01	1.02	1.00	1.03
Asia	4.69	4.78	5.06	5.00	5.09	5.14	5.10	5.10	5.20	5.16	5.21
China	2.91	2.84	2.99	2.95	3.00	3.03	3.10	3.14	3.24	3.16	3.19
Malaysia	0.63	0.69	0.76	0.74	0.76	0.81	0.72	0.71	0.71	0.72	0.73
India	0.54	0.63	0.70	0.71	0.71	0.69	0.68	0.64	0.63	0.66	0.68
Others	0.60	0.62	0.61	0.60	0.62	0.62	0.60	0.61	0.61	0.62	0.62
Europe	0.28	0.28	0.27	0.26	0.26	0.27	0.28	0.28	0.28	0.28	0.28
Latin America	5.77	5.94	6.06	5.98	6.29	5.90	6.46	6.49	6.50	6.43	6.34
Mexico	3.14	3.14	3.07	3.14	3.19	2.84	3.31	3.35	3.36	3.31	3.25
Brazil	0.88	0.92	0.91	0.78	0.97	0.96	1.00	0.99	0.98	0.98	0.99
Argentina	0.63	0.71	0.76	0.76	0.76	0.78	0.79	0.79	0.80	0.79	0.80
Colombia	0.46	0.47	0.59	0.58	0.64	0.61	0.63	0.63	0.63	0.61	0.61
Ecuador	0.34	0.37	0.38	0.38	0.38	0.38	0.39	0.39	0.39	0.38	0.34
Others	0.33	0.34	0.35	0.35	0.35	0.35	0.34	0.34	0.34	0.35	0.35
Middle East ⁴	1.63	1.79	1.90	1.89	1.91	1.91	1.89	1.90	1.90	1.94	1.96
Oman	0.79	0.82	0.86	0.86	0.87	0.87	0.87	0.88	0.88	0.91	0.93
Syria	0.56	0.57	0.61	0.61	0.62	0.62	0.62	0.62	0.62	0.63	0.63
Yemen	0.22	0.35	0.37	0.38	0.37	0.37	0.35	0.35	0.35	0.35	0.36
Africa	2.34	2.43	2.59	2.60	2.60	2.62	2.63	2.69	2.71	2.71	2.77
Egypt	0.96	0.92	0.95	0.95	0.94	0.95	0.94	0.93	0.92	0.92	0.94
Angola	0.50	0.53	0.65	0.66	0.67	0.67	0.67	0.72	0.73	0.72	0.73
Gabon	0.30	0.32	0.35	0.35	0.35	0.35	0.36	0.36	0.36	0.36	0.35
Others	0.58	0.66	0.65	0.65	0.65	0.66	0.66	0.68	0.70	0.72	0.75
Total Non-OECD	22.66	22.44	23.02	22.93	23.26	23.03	23.44	23.51	23.66	23.56	23.64
Processing Gains ⁵	1.39	1.43	1.46	1.44	1.44	1.49	1.52	1.50	1.50	1.50	1.50
TOTAL NON-OPEC	40.80	41.51	42.46	42.07	42.44	42.87	43.28	43.22	43.39	43.50	43.41
TOTAL SUPPLY	67.45	68.56	69.94	69.36	70.06	70.65	71.47	71.40	71.67	72.07	71.94

1 Gabon is identified separately as a non-OPEC producer country throughout the period covered by this table for the purposes of comparison.

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

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

4 Includes small amounts of production from Israel, Jordan and Bahrain.

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

* Preliminary

Table 4A
OIL SUPPLY IN OECD COUNTRIES¹
(thousand barrels per day)

	April		May		June		2nd Quarter 96		July		August	
	Level	Change ²	Level	Change	Level	Change	Level	Change	Level	Change	Level	Change
United States												
Alaska	1368	-89	1344	-24	1422	78	1378	-86	1369	-53	1277	-92
California (inc. offshore)	939	-30	955	16	949	-7	948	-13	943	-5	950	7
Texas	1497	-12	1445	-52	1450	5	1464	-34	1430	-20	1415	-15
Offshore Gulf of Mexico	1090	57	1117	27	1162	45	1123	87	1201	39	1223	22
Other US Lower 48	1569	24	1461	-108	1489	28	1506	-46	1465	-24	1473	8
NGLs ³	1836	96	1810	-26	1836	26	1827	115	1756	-80	1750	-6
Other Hydrocarbons	306	-16	318	12	256	-62	294	-23	271	15	275	4
Total	8605	29	8450	-155	8563	113	8538	0	8435	-129	8363	-72
Canada												
Alberta Light & Medium	686	-12	666	-20	652	-13	668	-27	695	43	715	20
Alberta Heavy	259	-2	254	-5	262	9	258	7	249	-13	244	-5
Alberta Bitumen	145	-6	138	-7	158	20	147	-4	149	-9	150	1
Saskatchewan	318	-30	333	15	333	0	328	-12	357	24	355	-2
Other Conventional	107	6	108	1	98	-9	104	7	116	18	115	-1
NGLs	616	-24	628	12	580	-48	608	-25	581	2	601	20
Syncrudes	204	-93	270	65	308	38	261	-20	297	-11	315	18
Total	2335	-161	2395	61	2392	-3	2374	-74	2444	52	2496	51
United Kingdom⁴												
Brent Fields	483	-38	486	3	429	-57	466	-40	463	34	459	-4
Forties Fields	865	-19	900	35	883	-17	883	-34	859	-24	933	74
Ninian Fields	313	-13	311	-2	315	4	313	-9	326	11	313	-13
Flotta Fields	236	-6	176	-60	233	57	215	-29	237	4	166	-71
Other Offshore Fields	462	-2	555	93	473	-83	497	35	496	24	509	13
NGLs	254	-19	259	5	237	-22	250	-20	258	21	238	-20
Total	2613	-97	2687	74	2569	-118	2624	-97	2639	70	2618	-21
Norway⁴												
Ekofisk/Ula Area	503	24	502	-1	516	14	507	24	499	-17	538	39
Oseberg Area	915	9	878	-37	900	22	898	-5	940	40	901	-40
Statfjord-Gullfaks-Snorre	1295	187	1130	-165	1275	145	1232	9	1253	-22	1118	-135
Haltenbanken	346	-22	339	-7	352	12	346	8	372	20	377	5
Sleipner/Frigg	125	5	119	-6	78	-41	108	-13	122	43	120	-2
Plant Condensate (as NGLs)	8	-0	8	0	8	1	8	-0	9	0	8	-0
Lighter NGLs	137	-1	130	-7	110	-20	126	-14	133	23	129	-4
Total	3330	202	3106	-224	3239	133	3224	9	3327	88	3191	-136
Other OECD Europe												
Other North Sea	241	-4	243	2	215	-28	233	-5	252	37	255	4
Onshore U.K.	107	7	110	3	109	-1	109	4	113	4	113	0
Italy	101	4	95	-6	105	10	100	4	105	0	110	5
Turkey	69	2	70	1	65	-5	68	1	65	0	65	0
Other	150	3	149	-1	152	3	150	7	153	1	151	-2
NGLs	40	-9	39	-1	29	-10	36	-9	38	10	37	-1
Non-Conventional Oils	20	2	23	3	24	1	22	4	25	1	27	2
Total	727	6	729	2	698	-31	718	5	751	53	758	7
Australia												
Gippsland Basin	199	10	211	12	194	-17	201	-2	204	10	211	7
Cooper/Eromonga	34	-2	34	1	37	3	35	-1	36	-1	34	-2
Carnarvon Basin	236	-83	297	61	315	19	283	27	378	63	380	2
Bonaparte Basin	29	-3	24	-6	27	3	26	6	34	8	29	-5
Other Fields	6	0	6	-0	6	0	6	-0	5	-0	5	-0
NGLs	62	1	68	6	76	8	69	9	70	-6	66	-4
Total	566	-77	639	74	655	16	620	39	728	73	725	-3
Other OECD Pacific												
New Zealand	31	0	34	3	37	3	34	4	40	3	42	2
Japan	11	0	11	0	10	-1	11	0	10	0	11	1
NGLs	10	-2	10	0	10	0	10	-2	10	0	9	-1
Synthetic Fuels	56	12	55	-1	55	0	55	11	55	0	56	1
Total	108	10	110	2	112	2	110	12	115	3	118	3
OECD												
Crude Oil	14734	-35	14499	-235	14700	201	14643	-130	14936	235	14757	-179
NGLs	2963	43	2952	-10	2886	-66	2934	-53	2855	-31	2839	-16
Non-Conventional Oils	586	-95	666	79	643	-23	632	-23	648	5	673	25
Total	18283	-87	18117	-166	18229	112	18209	-105	18439	210	18269	-170

¹ Subcategories refer to crude oil only unless otherwise noted.

² All changes are period to period not year-on-year.

³ To the extent possible, condensates derived from natural gas processing plants are included with NGLs, whereas field condensates are counted as crude oil.

⁴ North Sea production is grouped by area including all fields being processed through the named facility, i.e. not just the field of that name.

Table 5
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			
	Mar96	Apr96	May96*	Jun96*	Jul96*	Jul93	Jul94	Jul95	Q395	Q495	Q196	Q296
North America												
Crude	366	372	373	379	375	419	403	399	-0.42	-0.05	-0.02	0.15
Gasoline	227	225	224	224	219	232	227	229	-0.06	0.03	0.05	-0.03
Middle Distillate	150	150	157	167	170	196	207	197	0.23	-0.04	-0.57	0.19
Residual Fuel Oil	41	43	43	44	45	52	48	46	0.05	-0.04	-0.05	0.04
Total Products ³	545	552	565	584	587	665	654	650	0.33	-0.38	-0.80	0.43
Total ⁴	1048	1070	1086	1113	1109	1258	1229	1214	-0.03	-0.74	-0.87	0.71
Europe												
Crude	313	332	329	325	325	289	307	325	-0.05	0.21	0.06	0.12
Gasoline	140	132	130	133	133	123	133	128	-0.05	0.04	0.09	-0.09
Middle Distillate	213	226	229	228	234	228	253	240	0.30	-0.34	-0.22	0.17
Residual Fuel Oil	87	87	93	94	94	108	100	104	0.08	-0.05	-0.09	0.07
Total Products ³	526	529	537	541	547	543	571	560	0.38	-0.32	-0.29	0.16
Total ⁴	894	918	923	922	928	890	934	943	0.28	-0.10	-0.25	0.30
Pacific												
Crude	171	158	169	177	156	165	158	180	-0.06	-0.09	0.10	0.07
Gasoline	22	22	22	20	20	21	22	22	0.00	-0.01	0.01	-0.02
Middle Distillate	42	45	49	50	55	58	63	62	0.14	-0.17	-0.12	0.09
Residual Fuel Oil	14	16	16	16	16	18	13	17	-0.03	-0.01	0.00	0.01
Total Products ³	128	133	141	140	148	148	152	153	0.20	-0.21	-0.16	0.13
Total ⁴	376	371	391	396	386	397	386	418	0.15	-0.42	-0.03	0.21
Total												
Crude	850	862	871	881	856	874	868	904	-0.53	0.07	0.14	0.34
Gasoline	389	379	376	377	371	376	379	379	-0.11	0.05	0.15	-0.14
Middle Distillate	404	421	435	445	459	481	523	499	0.67	-0.54	-0.92	0.44
Residual Fuel Oil	142	145	152	153	155	178	161	168	0.10	-0.09	-0.15	0.12
Total Products ³	1199	1214	1242	1265	1282	1356	1377	1364	0.91	-0.91	-1.26	0.72
Total ⁴	2318	2359	2400	2430	2422	2545	2548	2575	0.40	-1.26	-1.15	1.22

OECD GOVERNMENT-CONTROLLED STOCKS⁵ AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS ²					PRIOR YEARS' STOCKS ²			STOCK CHANGES ³			
	in Million Barrels					in Million Barrels			in mb/d			
	Mar96	Apr96	May96*	Jun96*	Jul96*	Jul93	Jul94	Jul95	Q395	Q495	Q196	Q296
North America												
Crude	589	586	586	584	583	583	592	592	0.00	0.00	-0.03	-0.05
Europe												
Crude	134	134	134	133	133	135	134	134	0.00	0.00	0.00	-0.01
Products	163	162	161	161	161	169	166	162	0.01	-0.01	0.03	-0.02
Pacific												
Crude	299	299	299	299	299	246	265	284	0.10	0.07	0.01	0.00
Total												
Crude	1023	1020	1019	1017	1016	964	991	1009	0.10	0.07	-0.02	-0.06
Products	163	162	161	161	161	169	166	162	0.01	-0.01	0.03	-0.02
Total ⁴	1186	1182	1180	1179	1177	1133	1156	1171	0.11	0.06	0.02	-0.08

* Estimated

1 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 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 6
INDUSTRY STOCKS¹ ON LAND IN SELECTED COUNTRIES

(million barrels)

	February			March			April			May			June		
	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%
United States															
Crude	329.1	301.5	-8.4	339.5	299.6	-11.7	336.4	303.0	-9.9	332.4	304.8	-8.3	327.9	314.3	-4.2
Motor Gasoline	225.4	213.3	-5.4	211.1	203.2	-3.7	207.8	203.0	-2.3	208.0	205.1	-1.4	204.6	204.6	0.0
Middle Distillate	171.2	136.7	-20.2	160.3	126.9	-20.8	158.4	128.4	-18.9	160.5	135.3	-15.7	158.6	143.2	-9.7
Residual Fuel Oil	36.7	31.5	-14.0	37.8	31.7	-16.1	37.1	33.7	-9.2	38.6	34.3	-11.1	36.0	34.9	-2.9
Other Products	117.1	108.4	-7.5	125.2	108.8	-13.1	134.7	116.1	-13.8	140.6	121.9	-13.3	147.9	130.9	-11.5
Total Products	550.4	489.9	-11.0	534.3	470.6	-11.9	538.0	481.1	-10.6	547.7	496.7	-9.3	547.1	513.6	-6.1
Other ²	136.5	116.9	-14.4	135.6	122.6	-9.5	135.3	130.6	-3.4	140.0	132.1	-5.6	142.2	133.2	-6.4
Total	1016.0	908.3	-10.6	1009.3	892.8	-11.5	1009.7	914.7	-9.4	1020.0	933.6	-8.5	1017.3	961.1	-5.5
Japan															
Crude	132.4	138.2	4.4	138.9	152.3	9.7	135.4	140.0	3.4	143.2	151.2	5.5	159.4	159.5	0.1
Motor Gasoline	14.5	14.2	-1.9	14.7	14.0	-4.9	15.5	13.7	-11.5	14.9	13.9	-7.3	13.4	11.7	-12.7
Middle Distillate	42.8	35.1	-18.0	40.0	33.4	-16.6	45.4	37.0	-18.4	48.5	40.5	-16.5	46.9	42.3	-9.7
Residual Fuel Oil	13.1	12.7	-2.9	14.3	12.1	-15.2	14.7	13.0	-11.9	14.2	12.7	-10.5	14.3	12.6	-12.0
Other Products	47.8	44.4	-7.2	47.8	45.7	-4.4	48.6	46.3	-4.8	48.1	49.7	3.4	44.9	49.7	10.8
Total Products	118.2	106.4	-10.0	116.8	105.2	-10.0	124.2	110.0	-11.5	125.7	116.8	-7.1	119.5	116.4	-2.6
Other ²	78.6	71.0	-9.7	79.6	69.7	-12.4	82.3	72.2	-12.2	82.4	73.3	-11.0	77.4	71.9	-7.1
Total	329.1	315.6	-4.1	335.3	327.2	-2.4	341.9	322.1	-5.8	351.3	341.2	-2.9	356.3	347.7	-2.4
Germany															
Crude	25.3	20.1	-20.8	24.4	22.2	-8.8	22.9	21.2	-7.6	22.8	20.9	-8.3	20.7	20.9	1.0
Motor Gasoline	13.6	12.4	-8.5	12.9	11.8	-9.0	11.1	9.6	-13.4	10.0	9.7	-3.4	10.8	11.4	5.6
Middle Distillate	22.5	15.2	-32.6	12.6	12.4	-1.9	16.7	17.8	6.4	17.5	15.6	-11.0	17.0	15.3	-10.4
Residual Fuel Oil	8.6	9.4	9.3	7.9	8.2	3.9	8.9	8.4	-5.3	9.5	8.9	-6.2	10.1	8.3	-17.8
Other Products	12.5	12.1	-3.2	11.6	11.9	2.8	12.8	11.6	-9.0	12.6	11.2	-10.7	11.8	11.9	1.2
Total Products	57.2	49.1	-14.2	45.0	44.3	-1.7	49.5	47.5	-4.1	49.6	45.4	-8.5	49.7	46.9	-5.7
Other ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	82.5	69.2	-16.2	69.4	66.5	-4.2	72.4	68.7	-5.2	72.3	66.2	-8.4	70.4	67.8	-3.7
Italy															
Crude	39.1	34.4	-12.0	38.2	34.1	-10.7	41.9	35.2	-15.9	42.6	39.5	-7.3	42.7	38.6	-9.5
Motor Gasoline	23.0	22.7	-1.2	23.2	23.7	2.0	22.4	21.1	-5.8	23.1	21.2	-8.0	22.2	20.9	-6.0
Middle Distillate	36.9	33.1	-10.3	35.3	34.0	-3.8	33.3	35.3	6.0	34.7	35.1	1.0	36.0	33.1	-8.0
Residual Fuel Oil	25.0	24.4	-2.6	25.1	22.6	-10.0	22.7	20.0	-11.6	22.3	23.0	3.0	24.3	24.5	0.6
Other Products	9.1	9.3	2.3	8.3	9.8	17.7	8.5	8.9	4.0	7.7	9.9	28.5	7.4	9.8	33.2
Total Products	94.0	89.5	-4.8	91.9	90.0	-2.1	86.9	85.3	-1.8	87.8	89.1	1.5	89.9	88.3	-1.8
Other ²	5.0	7.2	43.4	4.5	5.8	26.8	5.1	5.8	13.0	5.2	4.7	-9.2	5.6	4.7	-15.6
Total	138.1	131.1	-5.1	134.6	129.8	-3.6	134.0	126.3	-5.7	135.6	133.3	-1.7	138.1	131.6	-4.7
France															
Crude	41.4	37.0	-10.7	38.7	38.6	-0.4	42.2	45.5	7.8	37.2	40.3	8.3	41.0	37.6	-8.4
Motor Gasoline	25.7	28.5	11.0	23.7	27.5	16.1	23.8	25.7	7.7	23.8	26.0	9.3	26.8	26.4	-1.5
Middle Distillate	54.9	52.4	-4.5	50.4	52.5	4.2	51.4	54.3	5.7	53.8	57.1	6.2	57.8	56.5	-2.2
Residual Fuel Oil	8.6	7.8	-8.6	7.1	7.7	7.4	7.1	8.4	19.0	8.1	8.9	11.0	7.8	8.2	4.9
Other Products	9.6	8.1	-16.1	9.5	8.6	-8.6	9.7	9.2	-5.4	8.1	8.5	5.0	8.9	8.5	-5.2
Total Products	98.8	96.9	-1.9	90.7	96.4	6.2	92.0	97.6	6.1	93.7	100.6	7.3	101.2	99.5	-1.7
Other ²	13.2	13.0	-2.1	12.5	12.3	-1.2	12.0	12.1	0.2	12.2	12.6	3.2	13.4	13.5	0.5
Total	153.5	146.9	-4.3	141.9	147.3	3.8	146.2	155.1	6.1	143.1	153.5	7.2	155.7	150.5	-3.3
United Kingdom															
Crude	36.4	32.2	-11.3	29.9	35.8	19.6	33.3	35.4	6.4	33.5	32.8	-2.2	26.5	32.4	22.2
Motor Gasoline	17.3	16.2	-6.9	17.2	15.4	-10.5	16.3	15.1	-7.4	15.9	14.7	-7.4	15.1	15.2	0.1
Middle Distillate	19.4	15.9	-18.2	18.5	16.9	-8.5	17.8	18.1	1.7	18.8	18.4	-2.2	18.1	18.8	3.8
Residual Fuel Oil	6.9	6.4	-6.3	6.3	6.8	7.2	7.6	7.0	-6.8	8.8	7.2	-18.2	8.5	6.5	-23.6
Other Products	12.6	12.1	-3.9	12.1	11.9	-1.4	12.6	11.9	-6.0	12.8	11.6	-9.4	12.1	12.4	2.5
Total Products	56.2	50.6	-10.0	54.2	51.1	-5.7	54.3	52.1	-4.0	56.3	51.9	-7.8	53.8	52.8	-1.9
Other ²	15.4	16.0	4.0	16.1	15.1	-6.1	15.1	17.0	12.7	17.4	16.6	-4.6	17.1	15.4	-10.1
Total	107.9	98.8	-8.5	100.1	101.9	1.8	102.7	104.6	1.8	107.2	101.3	-5.5	97.5	100.7	3.2
Canada															
Crude	59.9	54.4	-9.1	60.3	57.8	-4.3	60.2	60.3	0.3	62.4	59.5	-4.6	75.4	56.4	-25.1
Motor Gasoline	22.6	21.6	-4.5	24.2	22.6	-6.8	24.3	20.9	-14.2	21.1	17.2	-18.4	19.7	18.1	-8.3
Middle Distillate	24.9	19.6	-21.3	24.6	19.3	-21.5	23.2	18.6	-19.8	20.4	18.0	-11.9	21.9	20.0	-8.5
Residual Fuel Oil	4.2	4.2	-1.2	4.4	4.9	11.3	4.5	5.1	13.7	4.0	4.6	15.6	4.7	5.1	7.6
Other Products	19.8	15.6	-21.0	21.1	16.9	-19.9	19.4	15.9	-18.1	19.5	17.6	-9.8	18.6	16.7	-10.3
Total Products	71.5	61.0	-14.7	74.4	63.7	-14.3	71.4	60.5	-15.3	65.1	57.5	-11.7	65.0	59.9	-7.8
Other ²	12.6	12.1	-4.0	12.5	9.6	-23.7	13.9	10.5	-24.2	14.4	11.4	-20.6	16.2	11.4	-29.3
Total	144.0	127.5	-11.4	147.2	131.0	-11.0	145.5	131.3	-9.7	141.8	128.4	-9.5	156.5	127.8	-18.3

1 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 reserve commitments and are subject to government control in emergencies.

2 Other includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

Table 7
TOTAL STOCKS ON LAND IN OECD COUNTRIES
('millions of barrels' and 'days')

	End June 1995		End September 1995		End December 1995		End March 1996 ⁴		End June 96 ³	
	Stock ¹ 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
Canada	156.5	83	142.9	75	131.6	70	131.0	-	-	-
United States	1609.0	91	1619.7	90	1562.9	85	1481.9	-	-	-
NORTH AMERICA	1789.1	90	1786.3	89	1718.2	84	1636.7	82	1697.0	83
Australia	38.1	47	42.7	52	39.1	48	40.1	-	-	-
Japan	639.8	120	657.7	110	630.5	98	626.5	-	-	-
New Zealand	8.9	55	9.4	57	7.8	51	8.6	-	-	-
PACIFIC	686.9	109	709.8	102	677.3	92	675.3	110	695.0	108
Austria	18.2	81	16.9	71	16.9	90	16.9	-	-	-
Belgium	26.7	58	29.7	56	28.5	46	24.9	-	-	-
Denmark	25.7	119	27.4	116	26.2	108	18.5	-	-	-
Finland	20.8	113	21.7	109	28.5	125	28.5	-	-	-
France	161.2	85	157.6	79	155.3	75	153.0	-	-	-
Germany	303.2	104	303.5	108	302.3	103	299.2	-	-	-
Greece	24.1	70	22.6	56	21.7	57	20.3	-	-	-
Ireland	6.7	61	7.8	64	7.3	58	6.2	-	-	-
Italy	144.0	79	139.4	67	141.5	69	135.7	-	-	-
Luxembourg	0.9	26	0.8	22	0.7	18	0.7	-	-	-
Netherlands	106.8	135	116.5	146	107.0	138	97.4	-	-	-
Norway	42.2	220	45.1	236	48.6	234	56.4	-	-	-
Portugal	18.7	60	18.7	64	18.8	74	19.3	-	-	-
Spain	86.2	79	92.3	74	93.0	83	89.7	-	-	-
Sweden	31.7	103	32.8	89	31.9	74	32.2	-	-	-
Switzerland	46.8	182	47.4	183	45.0	188	44.4	-	-	-
Turkey	38.3	59	42.0	68	42.9	73	46.7	-	-	-
United Kingdom	97.5	55	104.4	57	101.1	56	101.9	-	-	-
EUROPE⁵	1199.6	89	1226.4	86	1217.2	85	1191.8	88	1216.6	88
Total	3675.7	93	3722.6	90	3612.8	86	3503.8	88	3608.6	89
DAYS OF IEA NET IMPORTS⁶	-	130	-	132	-	128	-	122	-	-

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entreport 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 in the IEA's Emergency Sharing System.

3 End June 1996 stock level based on preliminary data.

4 End March and end June 1996 forward demand figures are IEA Secretariat forecasts.

5 Data not available for Iceland.

6 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 Millions of Barrels		Industry	Total	Government ¹ controlled Days of Fwd. Demand	
Q293	3646	1133	2514	95	29	65	
Q393	3717	1136	2581	92	28	64	
Q493	3649	1145	2504	90	28	62	
Q194	3534	1153	2380	91	30	61	
Q294	3655	1155	2500	92	29	63	
Q394	3750	1158	2592	92	28	63	
Q494	3720	1169	2552	91	29	62	
Q195	3608	1176	2433	92	30	62	
Q295	3676	1170	2506	93	29	63	
Q395	3723	1180	2543	90	29	62	
Q495	3613	1185	2428	86	28	58	
Q196	3504	1186	2318	88	30	58	
Q296	3609	1179	2430	89	28	49	

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 March and June 1996 (when latest forecasts are used).

Table 8
AVERAGE IEA CIF CRUDE COST AND SPOT CRUDE AND PRODUCT PRICES
(\$/bbl)

	1993	1994	1995	2Q95	3Q95	4Q95	1Q96	2Q96	Mar96	Apr96	May96	Jun96	Jul96	Aug96
Crude Oil Prices														
IEA CIF Average Import	16.37	15.65	17.19	18.31	16.41	16.90	18.59	19.81	19.40	20.73	19.75	18.84	19.50*	20.55*
FOB Spot														
Brent (Dated)	17.00	15.80	17.02	18.10	16.18	16.92	18.54	19.51	19.91	20.98	19.13	18.43	19.58	20.60
WTI (1st month)	18.44	17.19	18.41	19.33	17.83	18.12	19.64	21.80	21.27	23.59	21.35	20.45	21.31	21.96
Urals (Del. Med.)	15.39	15.23	16.62	17.69	15.50	16.50	18.52	18.66	19.84	20.32	18.41	17.25	18.55	19.86
Dubai (1st month)	14.93	14.75	16.10	16.96	15.31	15.83	16.43	17.26	16.96	17.66	16.87	17.25	17.74	18.66
OPEC Basket	16.32	15.53	16.88	17.80	15.98	16.70	18.44	19.18	19.35	20.24	18.92	18.37	19.29	19.98*
Product Prices¹														
Rotterdam, Barges FOB														
Premium 0.15 g/l	22.45	20.18	21.25	23.65	20.81	20.50	21.18	25.52	22.77	26.37	27.04	23.16	24.45	24.49
Regular Unleaded	20.70	18.65	19.75	21.96	19.38	19.14	19.76	23.86	21.40	24.83	25.14	21.61	22.94	23.09
Naphtha	18.47	17.30	18.15	19.61	17.43	17.14	19.02	20.85	19.46	22.06	21.12	19.38	20.99	21.43
Jet/Kerosene	23.37	20.95	21.60	21.71	21.57	22.38	25.07	23.78	26.72	25.51	23.13	22.69	25.01	26.21
Gasoil	22.28	19.80	20.47	21.02	20.49	21.04	23.97	23.16	25.02	24.94	22.48	22.05	24.16	24.93
Fuel Oil 1.0%S	13.50	14.00	15.76	16.99	13.69	15.39	17.20	16.90	17.26	18.17	17.41	15.13	15.91	15.82
Fuel Oil 3.5%S	10.22	13.01	14.82	15.76	12.97	14.16	15.66	15.41	16.46	17.60	15.13	13.48	13.80	15.27
Gross Product Worth ²	19.80	18.45	19.55	21.09	18.75	18.99	20.49	22.67	21.44	24.00	23.10	20.91	22.44	22.93
Brent Cracking Margin	1.70	1.60	1.42	1.92	1.43	0.98	0.65	1.97	0.34	1.85	2.74	1.33	1.77	1.23
Mediterranean - Basis Italy, Cargoes FOB														
Premium 0.15 g/l	22.35	20.23	20.99	22.91	20.59	20.71	21.09	25.86	23.16	26.93	26.99	23.66	24.66	24.70
Naphtha	17.17	15.71	16.35	17.79	15.61	15.20	17.07	18.91	17.51	20.07	19.21	17.46	19.15	19.82
Jet/Kerosene	21.74	19.26	19.94	19.73	19.74	21.17	23.48	22.38	25.36	23.76	21.93	21.45	23.45	24.76
Gasoil	21.51	18.71	19.39	19.49	19.15	20.53	22.27	22.42	23.55	24.51	21.94	20.82	22.56	23.88
Fuel Oil 1.0%S	13.72	13.93	15.48	16.66	13.42	15.65	17.32	17.33	17.47	19.10	17.39	15.49	16.24	15.42
Fuel Oil 3.5%S	9.43	11.98	13.95	14.57	11.80	14.03	15.14	13.70	15.48	15.94	14.63	10.51	13.22	13.76
Gross Product Worth ³	18.87	17.46	18.39	19.24	17.63	18.70	20.04	21.24	21.23	22.92	21.50	19.32	20.87	21.49
Urals Cracking Margin	3.14	1.89	1.44	1.22	1.80	1.87	1.19	2.26	1.08	2.28	2.76	1.73	2.00	1.31
NY Harbour, Barges														
Premium Unleaded 93	23.69	23.65	24.81	27.67	24.73	23.78	24.35	28.17	25.52	28.58	29.40	26.52	28.48	27.41
Regular Unleaded 87	21.58	20.54	22.57	25.29	22.38	21.29	22.65	26.34	24.57	27.44	27.24	24.33	25.89	25.64
Jet/Kerosene	23.33	22.20	21.76	21.76	21.78	23.37	26.27	26.01	28.49	29.78	24.93	23.32	24.45	27.03
No.2 (Heating Oil)	22.04	20.68	20.72	20.61	20.41	22.08	25.21	24.45	26.94	27.89	23.87	21.60	23.35	25.35
Fuel Oil 1.0%S (Cargo)	14.63	15.05	16.06	17.03	14.71	16.24	19.36	18.23	18.62	19.95	17.77	16.96	17.90	17.35
Fuel Oil 3.0%S (Cargo)	11.21	12.25	14.47	16.10	12.82	13.85	14.94	15.17	14.63	15.82	15.14	14.55	14.99	15.21
Gross Product Worth ⁴	20.17	19.54	20.33	22.59	19.80	19.60	21.96	22.39	22.37	22.94	23.11	21.11	21.07	21.52
WTI Cracking Margin	0.63	1.24	0.82	2.15	0.87	0.38	0.89	0.99	0.88	1.02	1.42	0.53	0.95	0.50
Singapore, Cargoes														
Gasoline ⁵	24.01	21.10	22.11	23.05	22.30	21.47	21.61	25.01	23.41	25.14	26.30	23.60	22.55	21.60
Naphtha	17.22	16.34	17.54	18.96	16.69	16.26	17.51	19.53	18.36	20.39	19.46	18.75	19.61	20.01
Jet/Kerosene	24.42	21.74	22.72	22.35	21.13	25.10	28.68	25.32	27.34	26.19	25.93	23.83	25.34	28.10
Gasoil	24.02	20.87	21.60	22.47	20.63	22.08	25.87	25.47	25.86	25.56	26.52	24.32	24.40	25.32
LSWR (0.3%) ⁷	14.90	13.58	14.74	15.43	13.80	15.64	16.21	17.86	16.15	17.31	18.74	17.53	16.68	17.43
HSFO (3.5%S 180cst)	11.83	13.17	14.98	15.81	13.14	15.18	17.15	15.63	16.79	17.37	15.44	14.08	14.46	15.39
HSFO (3.5%S 380cst)	10.81	12.37	14.30	15.16	12.49	14.50	15.93	14.64	15.46	16.30	14.47	13.14	13.73	14.67
Gross Product Worth ⁶	20.22	18.76	19.74	20.59	18.87	19.79	21.96	22.39	22.37	22.94	23.11	21.11	21.07	21.52
Dubai Cracking Margin	4.13	2.97	2.35	2.45	2.15	2.62	4.09	3.79	3.96	4.10	4.97	2.29	1.74	1.32

* = Estimated.

1 Product prices are mean values and are converted to \$/bbl using following conversion factors.

Rotterdam: 8.35 bbl/MT for premium leaded gasoline, 8.46 bbl/MT for regular unleaded gasoline, 8.82 bbl/MT for naphtha, 7.88 bbl/MT for jet fuel, 7.46 bbl/MT for gasoil, 6.49 bbl/MT for 1.0%S LSWO and 6.31 bbl/MT for 3.5%S HSFO.

Singapore: 6.46 bbl/MT for 3.5%S HSFO.

2 Calculated using Brent cracking yield of a typical refinery in Rotterdam.

3 Calculated using Urals cracking yield of a typical refinery in the Mediterranean.

4 Calculated using WTI cracking yield of a typical refinery in US Gulf Coast.

5 Changed from regular 0.15 g/l to unleaded 95 as of 2 February 1995.

6 Calculated using Dubai cracking yield of a typical refinery in Singapore.

7 As from 1 April 1996 mixed/cracked LSWR for Indonesia.

Table 9
END USER PRICES FOR PETROLEUM PRODUCTS¹
August 1996

	National Currency						US Dollars					
	Price	Tax	% ch Prev. Month		% ch Year Ago		Price	Excl. Tax	% ch Prev. Month		% ch Year Ago	
			Price	Excl. Tax	Price	Excl. Tax			Price	Excl. Tax	Price	Excl. Tax
GASOLINE² Price per Litre												
France	6.190	5.047	-0.3	-1.7	5.5	14.0	1.224	0.225	0.3	-1.1	3.6	12.0
Germany	1.575	1.185	1.0	3.4	5.6	23.0	1.062	0.263	2.5	5.0	2.9	19.9
Italy	1889	1413	-0.1	-0.2	2.4	8.4	1.245	0.314	0.6	0.5	8.4	14.8
Spain	117.7	81.0	-0.4	-1.0	4.5	6.4	0.935	0.291	0.6	0.0	2.4	4.2
UK	0.610	0.482	4.1	19.6	1.2	-15.8	0.938	0.197	2.5	17.8	-0.7	-17.3
Japan	104	57	0.0	0.0	-3.7	-7.8	0.965	0.436	1.5	1.5	-15.6	-19.2
Canada	0.569	0.286	-0.5	-1.0	6.0	10.1	0.415	0.207	-0.5	-1.0	4.9	9.0
USA ³	0.345	0.101	-1.7	-2.4	12.4	18.4	0.345	0.244	-1.7	-2.4	12.4	18.4
AUTOMOTIVE DIESEL⁴ Price per Litre												
France	3.452	2.292	0.0	0.0	8.6	13.7	0.682	0.229	0.7	0.7	6.7	11.7
Germany	1.032	0.620	1.5	3.8	7.5	21.2	0.696	0.278	3.0	5.3	4.7	18.1
Italy	1168.07	747.47	0.0	0.0	3.0	8.7	0.770	0.277	0.7	0.7	9.0	15.1
Spain	75.80	43.20	0.6	1.5	8.3	15.3	0.603	0.259	1.6	2.5	6.2	13.0
UK	0.488	0.343	5.6	21.8	5.2	-4.0	0.751	0.223	4.0	20.0	3.2	-5.7
Japan	78	34	0.0	0.0	10.3	19.8	0.726	0.410	1.5	1.5	-3.3	5.0
Canada	0.524	0.213	-0.2	-0.3	2.9	4.7	0.382	0.227	-0.2	-0.3	1.9	3.6
USA	..	..	..	..	..	..	..	..	..	..	..	..
DOMESTIC HEATING OIL Price per 1000 Litres												
France	2070.0	857.8	-0.5	-0.8	4.7	5.8	409.2	239.2	0.2	-0.2	2.9	3.9
Germany	477.4	142.3	4.3	5.3	21.5	28.0	321.9	226.0	5.8	6.9	18.4	24.8
Italy	1338000	961100	0.1	0.4	3.5	11.2	882.0	248.5	0.8	1.1	9.6	17.7
Spain	43406	18587	-0.8	-1.2	12.5	17.9	345.0	197.3	0.1	-0.3	10.3	15.5
UK	157.60	34.97	4.9	5.8	22.0	24.8	242.5	188.7	3.2	4.2	19.7	22.5
Japan ⁵	45629	1329	0.0	0.0	15.1	15.1	423.3	410.9	1.5	1.5	0.9	0.9
Canada	..	..	..	..	..	..	..	..	..	..	..	..
USA ⁶	247.0	..	-3.5	..	5.6	..	247.0	..	-3.5	..	5.6	..
HFO FOR INDUSTRY^{4,7} Price per Metric Ton												
France	695.0	156.9	3.0	3.9	10.5	13.3	137.4	106.3	3.65	4.56	8.57	11.34
Germany	211.0	30.0	-0.5	-0.5	14.2	16.8	142.3	122.0	1.00	0.93	11.31	13.78
Italy	272730	45000	0.6	0.8	8.7	10.6	179.8	150.1	1.30	1.43	15.07	17.09
Spain	20251	2150	2.8	3.2	19.1	21.3	161.0	143.9	3.82	4.18	16.71	18.85
UK	87.31	18.20	2.6	3.3	5.7	4.8	134.3	106.3	1.02	1.71	3.71	2.89
Japan	19516	568	0.0	0.0	12.5	12.5	181.0	175.8	1.48	1.48	-1.38	-1.38
Canada	..	..	..	..	..	..	..	..	..	..	..	..
USA	..	..	..	..	..	..	..	..	..	..	..	..

1 Mid Month Prices

2 Premium leaded gasoline for France, Italy, Spain, UK; regular unleaded gasoline for Canada, Germany, Japan and USA

3 Estimated

4 VAT excluded where it is refundable: HFO for Industry, Automotive Diesel for Industry

5 Kerosene

6 Previous month data

7 High sulphur fuel oil price for France, Spain, UK and Japan; low sulphur fuel oil price for Germany and Italy

Sources and Use of Data and Geographical Definitions

Supply, Demand, Stock and Refinery Activity Data

The historical data in this Report are submitted in the monthly oil and gas statistics questionnaire returned by 24 OECD countries consisting of the 23 Member countries of the International Energy Agency (IEA) and Iceland. The Czech Republic, Hungary and Mexico continue to be included with the non-OECD countries pending submission of detailed historical data needed to incorporate them into the OECD. The submissions are made during the seven- to eight-week period following the month to which the figures relate and cover supply, demand and stock data for crude oil and individual oil products. The data are revised as necessary, and notably when more definitive annual data become available.

The statistical material received by the Secretariat from Member governments is supplemented by a variety of other sources, including industry contacts and consultancy services. In addition, the Secretariat projects the world oil demand and non-OPEC supply for the time period shown in Table 1.

Price Data

Monthly average CIF crude import prices are submitted every month by IEA Member countries. Data are averaged for the total IEA Member countries using the quantity of crude imports for individual countries by weight. The spot crude and product price assessments are based on daily Platt's prices, converted where appropriate to US Dollars per barrel according to the Platt's specification of products (© 1996 Platt's, a division of McGraw-Hill Inc.). Graphs in the text are of daily price data, while tables in the text and Table 8 show arithmetic averages by weeks, months, quarters and years. Gross product worth and refining margins are derived from spot crude and product prices, using the Secretariat's own estimates of refinery yields, freight and other costs. End-user prices are mid-month prices submitted monthly by OECD countries. The prices are net of any rebates and usually include transportation costs to the consumer. They include all taxes to be paid by the consumer which are not refundable.

Use of Data

Note that the totals in the tables may not add due to rounding and that percentage changes have been calculated before rounding.

The data used in the Report are taken from sources considered by the Secretariat to be reliable, but are inevitably of variable quality. They should therefore always be used with caution, and are indicative of *broad trends* rather than a numerically accurate description of the world oil markets at any particular moment. In particular:

OECD Country Data

Figures for IEA/OECD countries on demand, supply and stocks are based primarily on reports from Member governments. The most recent month of official statistics available from national administrations is generally shown in Tables 2, 3 and 6. Figures beyond that period are based on preliminary data and estimates submitted by the Member countries and are subject to revision. The factors used to convert European demand data from metric tons to barrels are LPG: 11.60; Naphtha: 8.90; Gasoline: 8.45; Jet/Kerosene: 7.88; Gasoil: 7.46; Residual Fuel Oil: 6.45.

Other Demand and Supply Data

Data for non-OECD oil supply and demand are not formally submitted in questionnaire format to the IEA but are based on information obtained from governmental, intergovernmental and industry sources. In order to complete aggregates and balances, the Secretariat has estimated certain data that are not otherwise available. There is, consequently, a greater margin for error than in OECD statistics. Demand data for the former USSR for 1993 onwards are for "apparent demand"; that is production less net oil exports. As such, they include changes in stocks, losses and volumetric gains in the refinery process. Unreported lighter natural gas liquids are not included in supply or demand.

Forward Projections

Forward projections of demand and non-OPEC supply are given as a guide to the overall state of the oil market. By definition, they are subject to any changes in the assumptions on which they are based.

Geographical Definitions

Pending the inclusion of the Czech Republic, Hungary and Mexico (see above), *OECD* comprises Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. *Australia* excludes the Christmas Islands. *Denmark* includes Greenland and the Danish Faroes. *France* includes Corsica but excludes the overseas territories (departments). *The Netherlands* excludes the Netherlands Antilles. *Portugal* includes the Azores and Madeira. *Spain* includes the Canary Islands. *The United States* excludes the US territories while North America includes the US territories.

Non-OECD Europe comprises Albania, Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, the former Yugoslavia, Cyprus, Malta and Gibraltar. *The Middle East* comprises Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, the Neutral Zone, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates and Yemen.