

14 January 1997

HIGHLIGHTS

- Global demand in 4Q96 has been revised downwards from last month's Report by 0.3 mb/d to 73.6 mb/d, primarily due to a significant downward revision to FSU demand that has been partially offset by an upward adjustment to North American demand. Primarily due to downward revisions to FSU demand, global demand in both 1996 and 1997 has been decreased by 0.1 mb/d, to 71.7 mb/d and 73.6 mb/d, resulting in demand growth in the two years of 1.6 mb/d and 1.8 mb/d respectively.
- Global oil supply increased by 1.3 mb/d in December to 74.7 mb/d. OPEC production grew by 460 kb/d, led by a 310 kb/d increase in Iraq as exports under the "oil-for-food" deal began, but with smaller increases in most other OPEC countries. OECD production increased by 560 kb/d, with the growth concentrated in the North Sea. Other non-OPEC countries contributed an additional 260 kb/d, with Mexico and China making the largest contributions. 4Q96 non-OPEC production has been revised downwards from 44.9 mb/d to 44.6 mb/d but growth to 45.6 mb/d is projected for 1Q97.
- In December, net FSU exports, at 2.61 mb/d, were 360 kb/d higher than in December 1995. While net exports are normally significantly lower in the fourth quarter than in the second and third quarters, in 1996 they were essentially unchanged at 2.84 mb/d.
- As a result of the changes in both supply and demand, the call on OPEC crude plus stock change in 4Q96 is 0.1 mb/d higher at 26.3 mb/d. However, it has been reduced by 0.2 mb/d in 1997 to 25.0 mb/d, which is 1.6 mb/d lower than estimated OPEC production in December 1996.
- Total OECD industry stocks are assessed to have decreased by 0.6 mb/d in November. End-of-month stocks were 78 mb or 3% lower than a year earlier with essentially all the shortfall occurring in North America. The distillate stock shortfall continued to decline, reaching 16 mb by the end of the month. North American distillate stocks were 17 mb lower than a year earlier but the European shortfall had shrunk to 3 mb while Pacific distillate stocks continued to exceed last year's levels.
- Average crude prices continued to increase in December, despite the start of limited Iraqi crude exports, which as yet, have only affected sour crude price levels in the Mediterranean. Spot prices remained very volatile, with Brent peaking above \$25.00/bbl.
- Asian spot distillate prices continued to strengthen amid firm local demand, whereas the upward pressure on Atlantic Basin gasoil prices eased, with rising inventory levels and receding concerns about supply adequacy during this winter. Gasoline prices in the US gained support from a combination of low US gasoline stocks and refinery problems. Fuel oil prices came under pressure from low demand in Europe and mild weather in the US.
- December refinery margins remained volatile and decreased appreciably in the US and Europe as product prices, on average, lagged the increase in crude prices. In Singapore, refinery margins increased slightly, mainly supported by the firm middle distillate prices.
- In November, the aggregate refinery throughputs in OECD countries increased by almost 0.8 mb/d to 33.8 mb/d, reaching the highest level in more than eight years. A slight decrease in the US was more than offset by increases in Japan and Europe. Preliminary indications for December suggest that throughputs were higher in the US and Japan and lower in Europe. During January, major refinery maintenance is expected to begin in the US, whereas turnarounds will remain seasonally low in Europe and Asia.

14 January 1997

A Letter from the Editor

This is my seventy-fourth and final Oil Market Report. I will be leaving the Agency this week and will be replaced by David Knapp, who for the past three years has been responsible for the Supply section of the Report.

I would like to take this opportunity of thanking all the hundreds of people who contribute either directly or indirectly to the preparation of the Report, including government statisticians, oil company personnel, consultants and other experts in dozens of countries around the world.

Two years ago I wrote that our objective is to act as an information clearing house for the oil market, providing you with a factual and unbiased account of market developments. I hope that, thanks to all your help and the hard work of my team, we are moving towards achieving this objective. I am confident that, under David Knapp's leadership, progress will continue in the years ahead.

I am joining the consultancy firm, Petroleum Economics Ltd. as their Director of Education and my first project will be a day seminar on "Understanding the IEA Oil Market Report". This will represent a unique opportunity to learn more about how the Report is prepared, data sources, its limitations and how to make the most use of it. There will also be discussion on how the global oil market works and how it responds to unexpected changes in supply and demand. This seminar will be held in April/May in New York, Houston, Calgary, Tokyo, Seoul, Singapore, Dubai, Paris, Brussels, London and Oslo. I hope that I will have the opportunity of meeting you and/or some of your colleagues at one of these venues.

With many thanks for your support and help over the past six years.

Yours sincerely,

Philip K. Starling

THE IEA IS SEEKING A NEW GLOBAL OIL SUPPLY ANALYST

The International Energy Agency (IEA) is seeking an experienced global oil supply analyst to take over David Knapp's post. The main responsibilities of the position are to prepare the Supply section of the monthly IEA Oil Market Report, to write and present papers on short- and medium-term supply developments at inter-governmental meetings and to represent the IEA on such subjects at meetings with industry, academic and other international fora.

Nationals (male or female) of OECD member countries are eligible to apply. The successful candidate will combine an advanced level university degree in economics, engineering or in any other relevant discipline with at least 5 years' experience of global oil supply analysis. Excellent communication skills are essential in one of the official languages of the Organisation (English/French), preferably fluency in English. International experience is desirable.

Annual salary starts at FF 444,480 plus allowances according to personal circumstances. Applications including CV specifying the reference "IEA/Oil Market/A4" should be faxed by 10 February 1997 to:

**Administrative Unit
International Energy Agency/Organisation for Economic Co-operation and Development
9 rue de la Fédération
75739 PARIS Cedex 15, France
Fax: (+33 1) 40 57 65 29**

Short-listed candidates will receive an acknowledgement.

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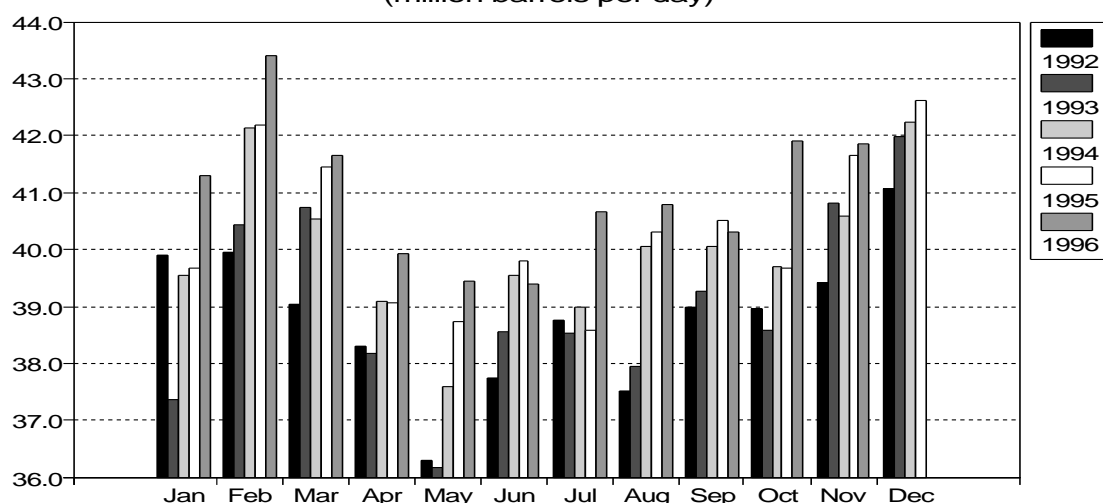
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DEMAND

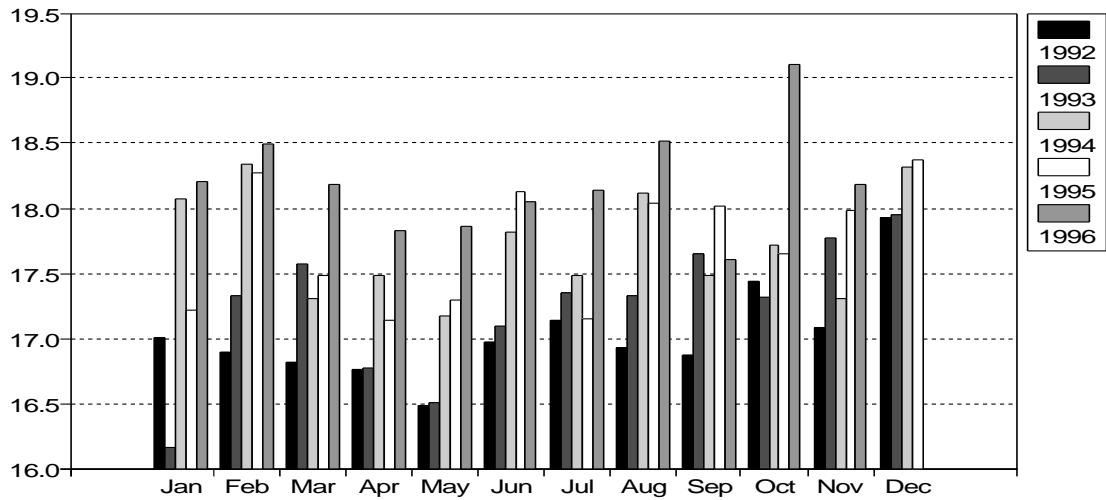
Summary

- In November, US oil demand increased by 0.2 mb/d or 1.1% from a year earlier, led by strong demand for gasoil. In Europe, oil use in the four largest oil-consuming countries declined by 1.8%, mainly due to fewer working days, milder weather than a year earlier and disruption to fuel deliveries in France. In Japan, oil demand rose by 1.4%, primarily as a result of strong gasoline and LPG demand and increased deliveries of crude to the power generation sector.
- OECD demand in 4Q96 is projected to increase by 0.9 mb/d or 2.1% to 42.2 mb/d, a 0.1 mb/d upward adjustment from last month's Report, principally reflecting a large revision to US demand in October that more than offset weaker-than-expected demand in November in North America and Europe, and in the US in December. The impact of significantly colder-than-normal weather on European deliveries in December remains uncertain and consequently, the estimate of OECD demand in the quarter remains subject to revision. OECD demand in 1996 and 1997 remains essentially unchanged from last month's Report at 41.1 mb/d and 41.7 mb/d respectively.
- Following a comprehensive reassessment of the supply/demand balance for the former Soviet Union, the estimate of FSU apparent demand in 4Q96 has been adjusted downwards by 0.5 mb/d to 4.3 mb/d, representing a decline of 12.9% or 0.6 mb/d versus 4Q95. The latest demand estimate is consistent with evidence of lower-than-expected economic activity, significantly higher retail product prices, accelerating rationalisation of industry, a slowdown in the growth in car use and exceptionally mild weather for most of the quarter compared with particularly cold weather in 4Q95. FSU oil demand in 1996 has been revised downwards by 0.11 mb/d and is now estimated to have declined by 0.4 mb/d or 8.5% to 4.3 mb/d.
- Non-OECD oil demand in 1996 is estimated to have increased by 0.8 mb/d or 2.8% to 30.6 mb/d, a 0.1 mb/d downward adjustment from last month's Report, primarily reflecting adjustments to FSU demand in 4Q96. Non-OECD demand in 1997 is projected to increase by 4.1% or 1.3 mb/d to 31.8 mb/d, a 0.2 mb/d downward adjustment from last month's Report, reflecting the lower demand in 1996 and weaker FSU demand growth than previously projected.
- Consistent with the above changes, global oil demand has been revised downwards by 0.3 mb/d to 73.6 mb/d in 4Q96 and by 0.1 mb/d to 71.7 mb/d in 1996. Global demand in 1997 is projected to increase by 1.8 mb/d or 2.6% to 73.6 mb/d, a 0.1 mb/d downward adjustment from last month's Report.

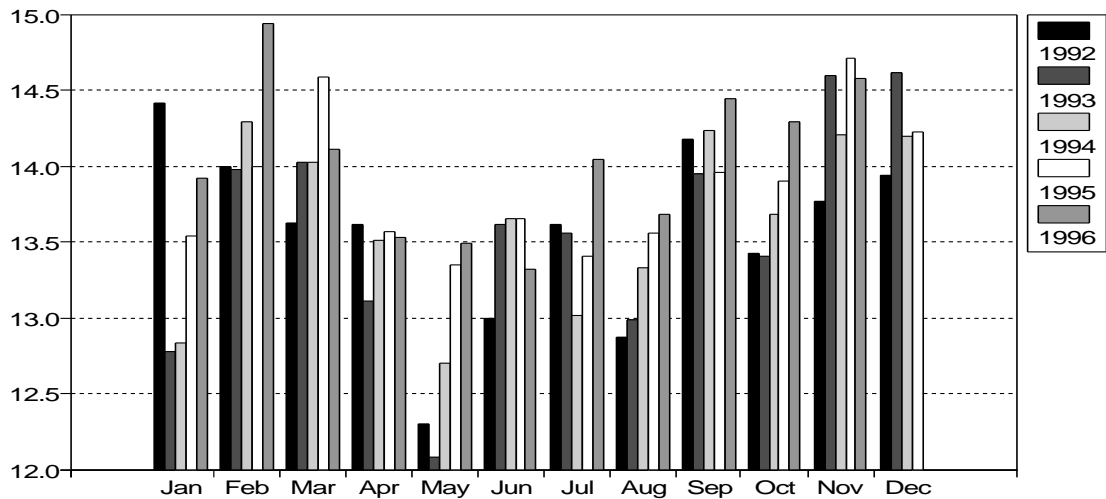
OECD Oil Demand 1992-1996
(million barrels per day)



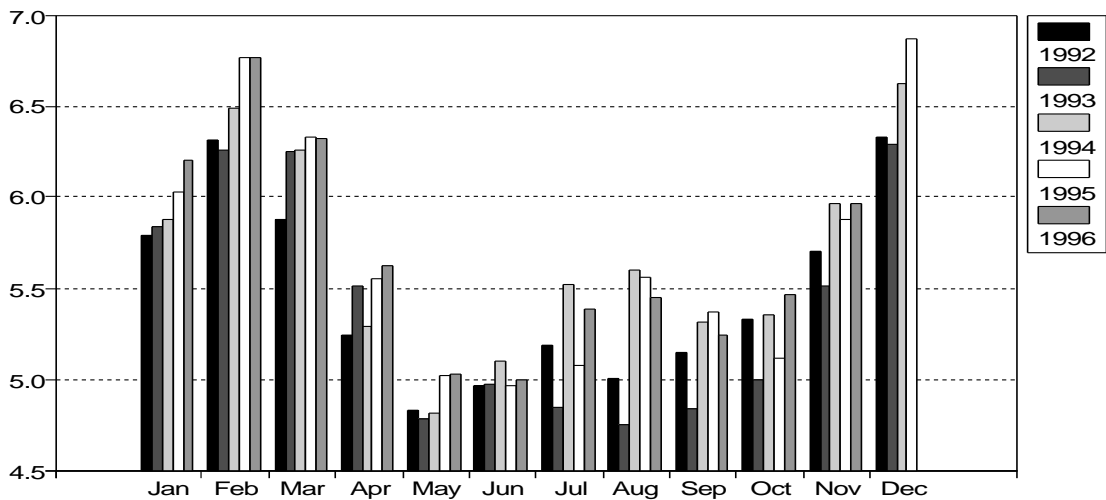
US Oil Demand 1992-1996 (million barrels per day)



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



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



OECD

Demand in November 1996

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

Preliminary Inland Deliveries - November 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	7.78	-1.1	1.63	+2.7	2.21	+6.0	1.23	+7.1	0.80	+0.6	18.18	+1.1
Canada	0.59	-0.8	0.11	+5.0	0.37	+7.0	0.12	+8.8	0.12	-5.0	1.54	+4.3
Japan	0.91	+4.2	0.69	-1.4	0.82	+0.5	0.51	-1.7	0.69	+2.8	5.61	+1.4
France	0.31	-8.2	0.09	+5.4	0.47	-3.5	0.35	-3.9	0.08	-18.8	1.78	-1.8
Germany	0.69	-0.1	0.12	+5.1	0.61	+3.8	0.80	+11.4	0.11	-18.4	2.83	+2.8
Italy	0.39	-1.8	0.06	-2.0	0.31	-22.3	0.20	+4.2	0.08	-18.4	1.43	-8.3
UK	0.55	-1.1	0.25	+9.5	0.33	-0.4	0.18	+11.4	0.12	-26.9	1.73	-3.2
European Four	1.94	-2.1	0.53	+6.3	1.73	-4.7	1.54	+6.6	0.38	-21.2	7.77	-1.8
Total	11.22	-0.9	2.95	+2.4	5.12	+1.3	3.41	+5.5	1.99	-4.1	33.10	+0.6

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

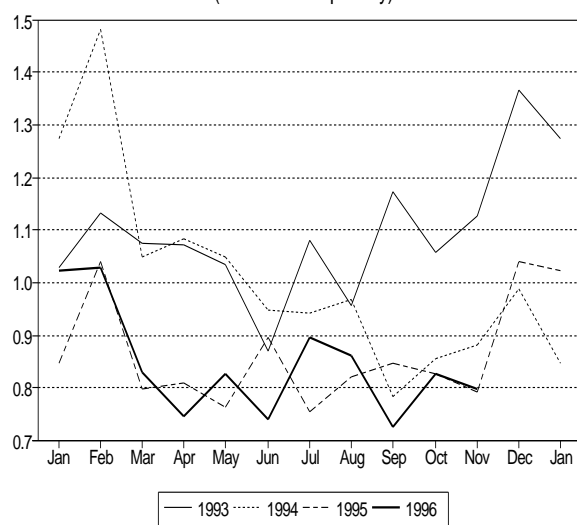
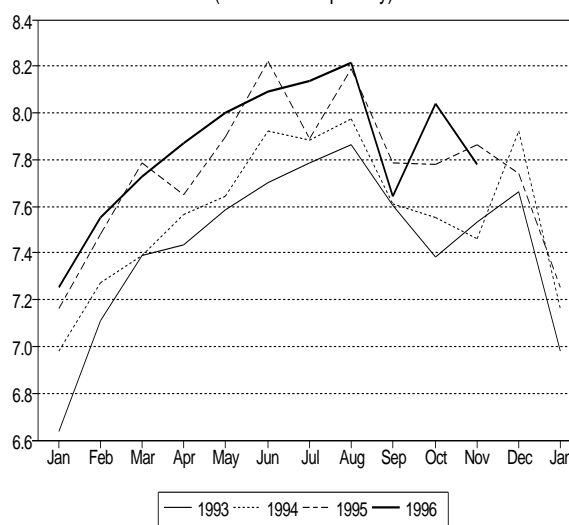
¹ excludes refinery fuel and bunkers (except US)

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 November 1995

In November, total US deliveries increased by 0.2 mb/d, primarily due to a 0.2 mb/d or 6.4% increase in gasoil deliveries, with an 89 kb/d decrease in gasoline deliveries essentially counterbalanced by increased demand for other major products. Gasoline deliveries were weak partly due to one less working day than a year earlier and Thanksgiving day falling later in the month than in the previous year. (When the Thanksgiving holiday occurs late in the month, a larger-than-normal proportion of restocking at retail sites takes place in the following month). In addition, consumption was affected by retail prices averaging 18.9% higher than in the previous November. The large increase in "other gasoil" deliveries is believed to be mainly due to secondary and tertiary stockbuilding, which partially replenished comparatively low stocks. Heating oil consumption is likely to have increased as (on a heating oil weighted basis) the US experienced 5% more heating degree days than in the previous November and 24% more than normal.

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

Following strong growth in October (largely due to stockbuilding), jet/kerosene deliveries increased by only 2.7%, less than the 5.8% year-to-date increase. Jet/kerosene demand was particularly strong in the earlier part of 1996 due to its greater use to maintain the fluidity of diesel at low temperatures but

increased use occurred throughout 1996, attributable partly to lower airfares that stimulated greater commercial air traffic. Residual fuel oil deliveries increased marginally despite a decrease of 10% in the previous November. The increase was less than expected, given colder-than-normal weather that is likely to have led to higher consumption of residual fuel oil in the power generation sector. Although natural gas prices in November were at a premium to residual fuel oil, the difference was similar to the previous November. (In New York, the price of 1% sulphur residual fuel oil averaged some \$0.28/mmBtu lower than natural gas compared with \$0.32/mmBtu lower a year earlier).

Demand in the four largest European oil-consuming countries decreased by 140 kb/d or 1.8%, with increased demand in Germany, mainly due to strong heating oil deliveries, insufficient to offset declines in France, Italy and the UK. The demand weakness was mainly attributable to one less working day (two less in France) and milder weather than a year earlier. In addition, a truckers' strike in France, particularly weak diesel deliveries in Italy and continuing substitution of residual fuel oil in the power generation and industrial sectors contributed to overall weak demand.

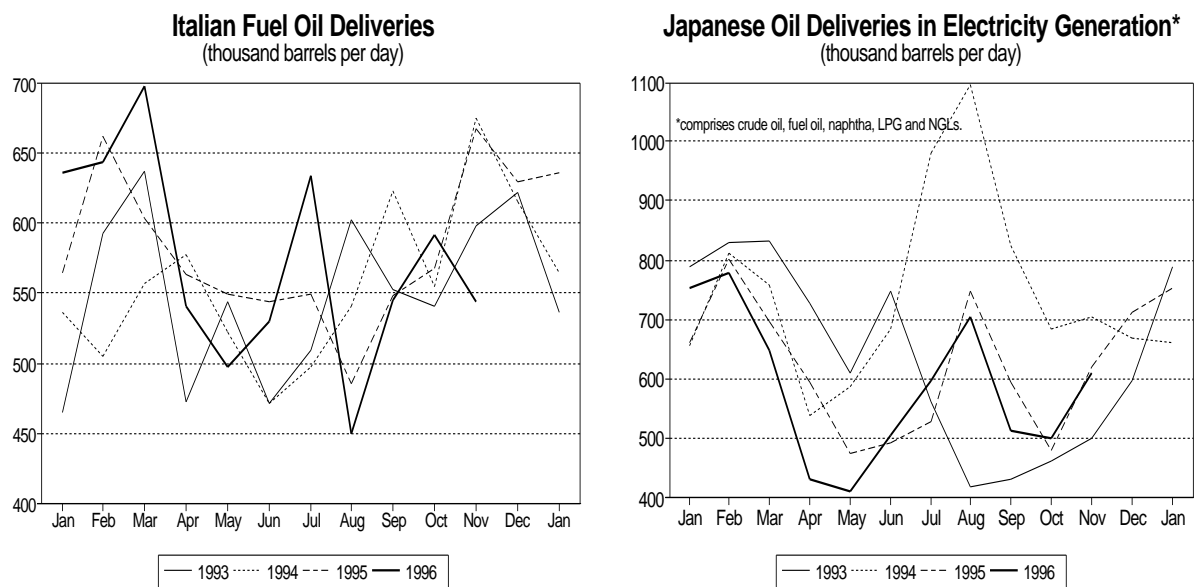
In **France**, demand decreased for the first month since June due to the combination of milder weather, two less working days and a truckers' strike. The two national holidays occurred adjacent to weekends, which would normally lead to increased private passenger traffic. However, the month was particularly wet, and this, combined with the strike, may have contributed to reduced vehicle miles driven. A strike by road haulage drivers in the latter part of the month led to road blockages, which contributed to lower deliveries to retail stations, fuel shortages and hence lower consumption. Gasoline and diesel deliveries decreased by a combined 44 kb/d or 5.3%. Unlike in many other countries in Europe, heating oil deliveries declined, principally due to the road haulage dispute but also reflecting strong deliveries in the previous three months. Residual fuel oil deliveries were also affected by the dispute but the demand weakness was also consistent with continuing fuel substitution. Deliveries of residual fuel oil to the industrial and power generation sectors dropped by 15.1% and 51.1% respectively. Naphtha deliveries were comparatively unaffected by the dispute (largely due to its transport by pipeline) and a 31.3% or 60 kb/d increase in deliveries was equivalent to the reduction in gasoil and gasoline deliveries combined.

In **Germany**, oil demand increased for the fifth successive month with declines in residual fuel oil, "other products", gasoline and LPG more than offset by moderate increases in naphtha and jet/kerosene deliveries and a significant increase in gasoil deliveries. Total gasoil deliveries increased by 8.0% or 105 kb/d, divided 80/20 between heating oil and diesel. The 11.4% increase in heating oil deliveries occurred despite retail prices being 32% higher than in the previous November. Consumer stock data indicate that heating oil stocks continued to increase during the month but closed some nine million barrels or 6% lower than a year earlier. Gasoline deliveries were essentially unchanged despite one less working day, indicating demand stronger than the 0.8% decrease in deliveries in the year-to-date. Residual fuel oil demand declined for the fourteenth successive month, but by far more than the 9.6% decrease in the year-to-date, reflecting continuing substitution in the industrial and power generation sectors and prices that were 17.3% higher than a year ago.

UK oil demand decreased by the greatest proportion since March, largely attributable to a 43 kb/d or 26.9% decrease in residual fuel oil deliveries that has led to a 14.0% average reduction in deliveries in the year-to-date. Gasoline and diesel deliveries declined by 1.1% and 0.4% respectively, mainly as a result of fewer working days. The annual Budget occurred at about the same time of the month as in November 1995 and the pattern of pre-buying ahead of the Budget and weak deliveries afterwards is thought to have been essentially the same, especially as consumers were aware ahead of both Budgets that gasoline duties would be increased by 5%. The preliminary gasoline and diesel delivery data may be subject to upward revision, however, as there may have been an initial misreporting of bonded and unbonded deliveries. Following strong naphtha deliveries in October, deliveries in November decreased by 31.2% or 28 kb/d. Lower LPG deliveries were partly due to reduced residential demand, following milder weather than in the previous November.

Italian oil deliveries declined for the fourth successive month, mainly consistent with weak economic growth. (The Italian economy is now estimated to have increased by 0.8% in 1996 compared with 3.0% in 1995). Demand decreased for all fuels except heating oil, which increased by 4.2% or 8 kb/d. The 22.3% or 89 kb/d reduction in diesel deliveries appears suspect and may be subject to significant upward adjustment. Following the introduction of tighter sulphur diesel specifications in October, an improved reporting procedure for diesel and other gasoils has corrected an historical overstatement of diesel demand, which may explain some of the weakness in diesel deliveries and some of the corresponding strength in

heating oil in November. The 18.4% or 17 kb/d reduction in residual fuel oil deliveries occurred due to lower deliveries to the power generation sector. Electricity consumption grew by only 0.1%, but, with hydroelectric output and electricity imports increasing by 55.9% and 7.4% respectively, residual fuel oil use in the power generation sector is believed to have declined.



In **Japan**, oil demand increased by 80 kb/d or 1.5%, in line with a 1.3% increase in the year-to-date, with strong crude deliveries to the power generation sector and increases in gasoline, residual fuel oil and LPG demand more than offsetting demand weakness for other major products. Weak kerosene and heating oil demand were largely attributable to the country experiencing 6.1% fewer heating degree days than a year earlier and 14.4% fewer than normal. A 6.8% increase in LPG deliveries was offset by a 4.8% reduction in naphtha demand, consistent with feed switching in the petrochemical sector. Deliveries of crude to the power generation sector increased by 6.2% but residual fuel oil deliveries declined by 9.2%, resulting in total oil deliveries to the power generation sector decreasing by 1.5%. However, use of crude and oil products in the power generation sector fell by 8.5%, contributing to stocks ending the month some 2.9% higher than a year earlier. (While crude consumption declined by only 0.3%, residual fuel oil use decreased by 10.7% and other oil products by greater proportions). Electricity consumption grew by 3.4%, with the 8.5% decrease in oil use and essentially unchanged nuclear output more than offset by increases in LNG, coal and hydro use of 19.0%, 13.4% and 7.5% respectively. Motor gasoline deliveries increased by significantly more than the 3.3% growth in the year-to-date, partly due to the moderate increase in the previous year and retail prices that were some 2.8% lower than a year earlier.

Demand in 4Q96

OECD demand in 4Q96 is projected to have increased by 0.9 mb/d or 2.1% to 42.2 mb/d, a 140 kb/d upward revision from last month's Report. A 170 kb/d upward revision to North American demand, principally due to a large revision to preliminary US demand data in October, was only partially offset by minor downward adjustments to European and Pacific demand. The impact of significantly colder-than-normal weather on European deliveries in December remains uncertain.

Fourth Quarter OECD Oil Demand by Region
(million barrels per day)

	4Q95	4Q96	Change	
			mb/d	%
North America	20.1	20.7 ^r	0.6	3.0
Europe	14.3	14.5	0.2	1.3
Pacific	6.9	7.0	0.1	1.4
Total	41.3	42.2^r	0.9	2.1

^r revised since last Report

North American demand in 4Q96 has been adjusted upwards by 0.2 mb/d from last month's Report, in line with large revisions to US demand in October only partly offset by lower-than-expected demand in November. US demand in October is now estimated to have increased by 8.2% compared with 5.7% shown in last month's Report, a 0.45 mb/d upward revision. Although jet/kerosene and diesel deliveries were revised downwards, there were significant upward adjustments to gasoline, heating oil and residual fuel oil demand, with motor gasoline deliveries now estimated to have increased by 3.3% compared with 1.2% as originally reported. Canadian demand in October has been adjusted downwards by 50 kb/d, partially offsetting the US revision. In last month's Report, a 1.9% demand growth in November was assumed, based on an adjustment to preliminary US data for the four weeks to 22 November. However, demand in the remaining days of November, and hence for the month as a whole, was less than expected.

US demand in December is estimated to have been essentially unchanged at 18.4 mb/d, with reductions in gasoil and residual fuel oil deliveries of 4.0% and 18.8%, amounting to 330 kb/d, offset by increases for all other major products. The decline in residual fuel oil deliveries appears inconsistent with natural gas prices being higher than fuel oil. (In New York, 1% sulphur residual fuel oil averaged 0.46\$/mmBtu less than natural gas in December compared with a premium to natural gas of 0.07\$/mmBtu in December 1995). However, it has been reported that, with high utility stocks, companies may have drawn inventories rather than purchase fuel oil. A 1.0% increase in gasoline deliveries occurred despite retail prices being 19.6% greater than a year earlier, largely due to an additional working day. Jet/kerosene deliveries increased by 6.9%, a slightly greater rate than in the year-to-date. The decrease in gasoil deliveries appears consistent with indications of milder than normal weather compared with atypically cold weather in the previous December. Despite milder weather than in 4Q95, US demand in 4Q96 is estimated to have climbed by 3.1% or 560 kb/d and to have increased in 1996 by 500 kb/d or 2.8%.

The estimate of **European** demand in 4Q96 is unchanged from last month's Report, although it remains sensitive to revision, given the uncertainty of the impact of the cold weather in December on deliveries. Although preliminary demand data for the four largest oil-consuming countries in October were revised downwards by 0.12 mb/d, this was counterbalanced by greater-than-expected demand in other European countries, most notably Sweden. Demand weakness was expected in November due to fewer working days than a year earlier and an expectation of normal weather compared with particularly cold weather in November 1995. However, milder-than-normal weather together with the French strike led to lower deliveries than expected. In addition, Italian diesel deliveries were significantly lower than expected, even allowing for the reclassification of diesel and heating oil, and are sensitive to upward adjustment. In December, demand will have been boosted by one additional working day but the overall impact of cold weather on deliveries remains uncertain. Since the coldest weather occurred late in the month and oil distribution by road and inland barge was affected by the weather, it is likely that much of the increase in consumption would have been met by stock drawdown. Diesel and gasoline deliveries and consumption may also have been affected by the weather. In France, however, consumers may have made additional purchases to compensate for interrupted supplies in November. Finally, the weather in December is likely to have led to increased electricity consumption and greater use of residual fuel oil in the power generation sector, particularly in Scandinavia where oil is used extensively during the winter.

In the **Pacific** region, oil demand in 4Q96 is unchanged from last month's Report but the estimate remains highly sensitive to oil use in the Japanese power generation sector and kerosene consumption for residential space heating in December. Initial indications suggest that Japan experienced fewer heating degree days than the milder-than-normal weather experienced in December 1995. Japanese demand in October has been revised downwards by 50 kb/d due to downward adjustments to all major oil products except gasoil but this has been partially offset by greater-than-expected demand in Australia in the same month. The preliminary estimate of Japanese demand in November is in line with expectations.

OECD Economic Growth Projections

The OECD's latest published estimates and projections for real GDP growth in the seven largest countries in 1996 and 1997, released in December 1996, are reproduced below. (The contribution of Mexico, the Czech Republic, Hungary, Poland and Korea to total OECD economic growth have been excluded so that the total OECD category is similar to that currently used throughout the Oil Market Report). In the latest outlook, economic growth in 1996 has been revised upwards in five of the seven countries, most markedly in Japan, while the estimates of Italian and Canadian economic growth have been revised downwards, leading to a 0.2% upward adjustment to total OECD growth in 1996 to 2.2%. In 1997, total OECD economic growth is projected to increase at the 1996 rate, a 0.2% downward adjustment from the projection published in June 1996. In 1997, downward adjustments have been made to the projection of

economic growth in four countries, most notably Italy, while upward revisions have been incorporated in the US, French and UK projections. The rate of economic growth in 1997 is now projected to accelerate in five countries, but to decline in the USA and, most notably, Japan. Potential changes in economic growth projections are discussed with OECD economists on a regular basis and the implications of the adjustments to the economic data on oil demand had already been incorporated into the demand projections in earlier Reports.

OECD Real GDP Growth 1994-1997

	% per annum (seasonally adjusted)								% point difference compared with the June 1996 forecast					
	1994	1995	1996	1997	1H96	2H96	1H97	2H97	1996	1997	1H96	2H96	1H97	2H97
US	3.5	2.0	2.4	2.2	2.2	2.9	1.8	1.9	0.1	0.2	-0.2	0.4	0.0	-0.1
Canada	4.1	2.3	1.5	3.3	1.2	3.6	3.2	3.4	-0.6	-0.1	-0.9	0.1	-0.2	0.0
Germany	2.9	1.9	1.1	2.2	0.7	1.4	2.2	2.5	0.6	-0.2	1.0	-0.5	-0.3	-0.1
France	2.8	2.2	1.3	2.5	1.4	2.0	2.4	2.4	0.3	0.1	0.1	0.2	-0.1	-0.2
Italy	2.1	3.0	0.8	1.2	-0.6	1.2	1.5	1.7	-0.9	-1.1	-1.7	-1.0	-0.9	-0.6
UK	3.8	2.4	2.4	3.3	1.5	3.0	3.0	3.0	0.2	0.3	-0.6	0.2	-0.1	-0.1
European Union	2.9	2.5	1.6	2.4	1.6	2.1	2.4	2.6	0.2	-0.1	0.4	0.0	-0.2	-0.1
Japan	0.5	0.9	3.6	1.6	6.4	-1.3	2.3	3.3	1.4	-0.8	4.2	-3.0	-0.2	0.6
Total OECD ¹	2.5	2.1	2.2	2.2	2.5	2.0	2.1	2.4	0.2	-0.2	0.6	-0.3	-0.1	-0.1

¹ Total OECD excludes, Mexico, Czech Republic, Hungary, Poland and Korea
Source: OECD Economic Outlook, December 1996

Demand in 1996 and 1997

OECD demand in 1996 is estimated to have increased by 0.8 mb/d or 1.9% to 41.1 mb/d, unchanged from last month's Report. OECD demand in 4Q96 has been revised upwards by 140 kb/d due to a 170 kb/d upward revision to North American demand that was only partially offset by minor downward adjustments to European and Pacific demand.

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	0.3	7.4	0.1	42.1	1.0
2Q96	20.0	0.5	13.5	-0.1	6.2	0.0	39.6	0.4
3Q96	20.3	0.4	14.1 ^r	0.4	6.3	-0.0	40.6	0.8
4Q96	20.7 ^r	0.6	14.5	0.2	7.0	0.1	42.2 ^r	0.9
1996	20.3	0.5	14.1	0.2	6.7	0.0	41.1	0.8
1Q97	20.5	0.1	14.5 ^r	0.1	7.6	0.2	42.5	0.4
2Q97	20.1	0.2	13.8	0.4	6.3	0.1	40.3	0.7
3Q97	20.7	0.4	14.2 ^r	0.1	6.4	0.1	41.2	0.6
4Q97	21.0 ^r	0.3	14.7	0.3	7.1	0.1	42.8	0.6
1997	20.6	0.3	14.3	0.2	6.9	0.1	41.7	0.6

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

The forecast for 1997 is also unchanged at 41.7 mb/d, an increase of 0.6 mb/d or 1.5%, although there are changes in individual quarters. Following the reappraisal of US demand in 4Q96, North American demand in 4Q97 has been revised upwards by 0.1 mb/d. European demand in 1Q97 and 3Q97 has been adjusted upwards by 0.1 mb/d but demand for the year as a whole remains essentially unchanged at 14.3 mb/d. The revision to European demand in 3Q97 is consistent with greater-than-expected demand in 3Q96.

Non-OECD

Former Soviet Union

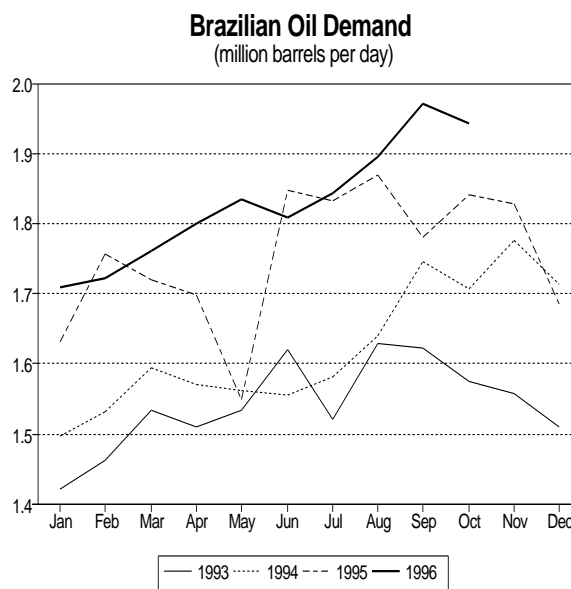
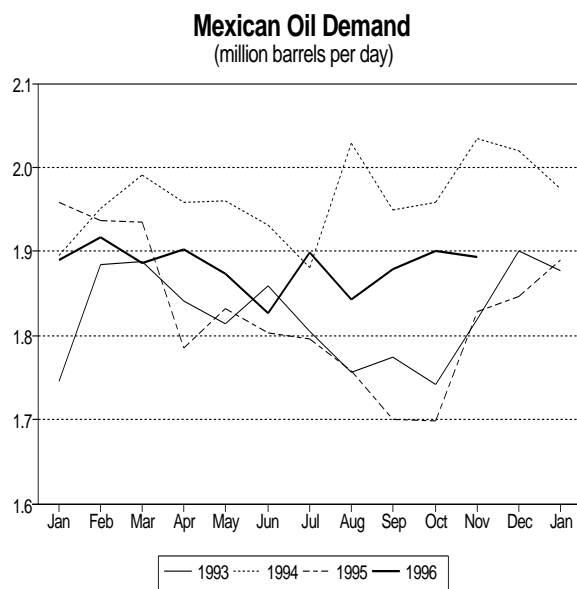
Following a comprehensive reassessment of the supply/demand balance for the former Soviet Union, the estimate of FSU apparent demand in 4Q96 has been adjusted downwards by 0.5 mb/d to 4.3 mb/d, representing a decline of 12.9% or 0.6 mb/d versus 4Q95. Net oil exports have been higher than anticipated, partly as a threat to ban or heavily tax exports has not been carried out, leading to a downward revision to apparent demand. The latest demand estimate is consistent with evidence of lower-than-expected economic activity, significantly higher retail oil product prices, accelerating

rationalisation of industry, a slowdown in the growth in car use and exceptionally mild weather for most of the quarter compared with particularly cold weather in 4Q95. Russian economic activity in the second half of 1996 now appears to have been weaker than previously estimated.

Taking into account some minor increases in the first three quarters, FSU oil demand in 1996 has been adjusted downwards by 110 kb/d (0.2 mb/d due to rounding) and is now estimated to have decreased by 0.4 mb/d or 8.5% to 4.3 mb/d. The rate of decline in FSU demand in 1997 is projected to slow to 0.2%, and, primarily due to the lower demand in 1996, FSU demand in 1997 has been revised downwards from last month's Report by 0.2 mb/d to 4.3 mb/d. FSU demand in 4Q97 has been reduced by significantly less than the adjustment made to 4Q96 demand, as a proportion of the recent demand weakness has been due to mild weather conditions that are assumed not to be repeated in 4Q97.

Mexican Demand in November 1996

Preliminary data published by PEMEX indicate that inland oil deliveries (excluding refinery fuels) grew by 3.5% in November, representing the eighth successive month of demand increases. Including estimates of bunkers and refinery fuel use and an adjustment to calibrate the monthly data to the historical series, total Mexican demand in November is estimated to have grown slightly more slowly than inland deliveries, increasing by 65 kb/d to 1.9 mb/d. The growth in November represents a significant deceleration in the rate of growth from those in September and October, which cannot be explained by significant variations in growth in the equivalent months a year earlier. Demand for residual fuel oil in October 1996 was particularly strong at 38% due to fuel switching from natural gas following an explosion at the Cactus natural gas processing plant. After the restoration of gas production, residual fuel deliveries in November increased by a more modest 2.7%. Gasoil deliveries increased by 8.5% and, while gasoil represented only 19% of demand in the month, it contributed to 43% of total incremental demand. Oil demand has increased in the year-to-date by 3.4%, with 8.0% growth in 3Q96 and a projected 6.8% increase in 4Q96 somewhat moderated by a 4.0% decrease in 1Q96. Diesel deliveries are estimated to have increased by some 6% in 1996, reflecting particularly weak demand in 1995 when the financial crisis contributed to weaker economic activity. In 1996, motor gasoline demand is assumed to have increased by less than 1%, not only reflecting a smaller reduction in 1995 than for diesel but also consistent with dampened demand due to limited growth in personal disposable incomes.



Brazilian Demand in October 1996

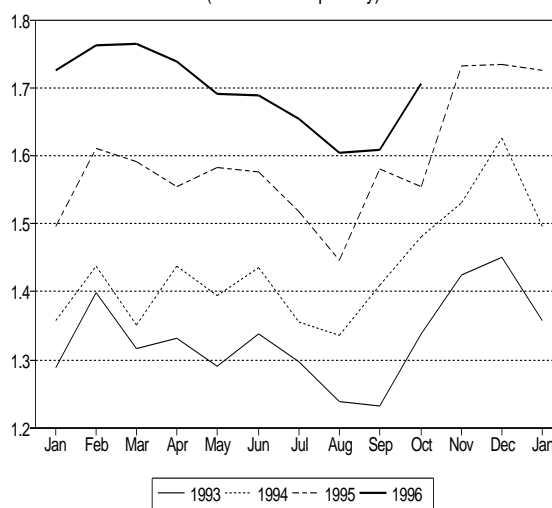
Preliminary data published by Brazil Energy indicate that inland oil deliveries increased by 5.5% in October. Adjusting the data to include estimates of refinery fuel use and bunkers, total demand increased by 100 kb/d to 1.94 mb/d. Together with a 10.7% increase in demand recorded in September, the latest data further indicate stronger demand growth. Although Brazilian demand growth was expected to accelerate in second half of the year, demand has exceeded expectations and, following a reassessment of residual fuel oil use in the power generation sector in the remaining months of 1996, the estimate of Brazilian demand in 4Q96 has been adjusted upwards.

In October, inland deliveries increased for all products except gasoil, which declined by 50 kb/d or 8.8%, despite comparatively moderate growth a year earlier. In contrast, demand for gasoline and alcohol used for road transport increased by 17.2% and 9.5% respectively, contributing more than 65 kb/d to incremental demand. Residual fuel oil deliveries increased by 37 kb/d or 17.3%, far more than the 3.9% increase in the year-to-date, reflecting the combination of increasing electricity demand in October and high hydro output in the previous year, which reduced demand for fuel oil from the power generation sector. Demand for residual fuel oil is expected to increase strongly in the near-term to meet rapidly-expanding demand for electricity. Financial constraints in the utility sector are thought likely to limit the expansion of expensive hydroelectric capacity and increased use of fuel oil at existing stations will be required until new gas and coal-fired capacity is built.

Indian Demand in October 1996

Data published by the Indian Ministry of Petroleum and Natural Gas indicate that Indian inland deliveries increased in October by 9.8%. Including estimates of bunkers and refinery fuel use, Indian demand in October is estimated to have grown by 150 kb/d to 1.71 mb/d. Demand rose by some 9.3% in the year-to-date, led by increases in high speed diesel and motor gasoline of 12.3% and 11.0% respectively. In October, high speed diesel demand increased by 12.0% and contributed over half of total incremental demand in the month. In contrast, gasoline deliveries increased by a more modest 6.5%, primarily due to strong demand growth in October 1995. Naptha deliveries increased by 23.3%, far more than the 3.0% increase in the year-to-date, reflecting only modest demand growth in the previous October. LPG deliveries increased by 9.2%, close to the 10.4% increase in the year-to-date and reflecting increased penetration in the residential sector, largely at the expense of kerosene.

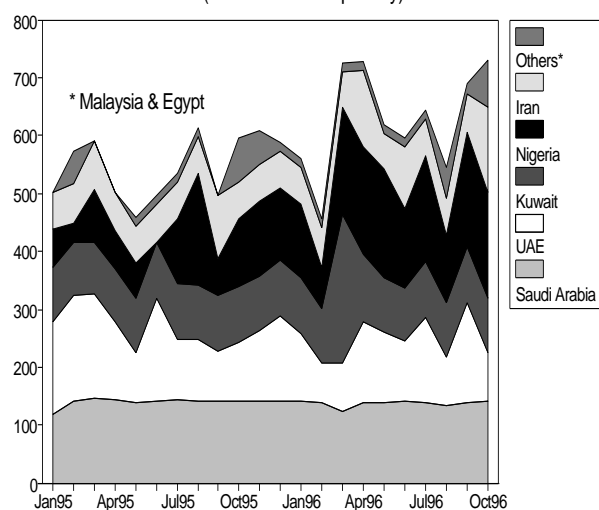
Indian Oil Demand
(million barrels per day)



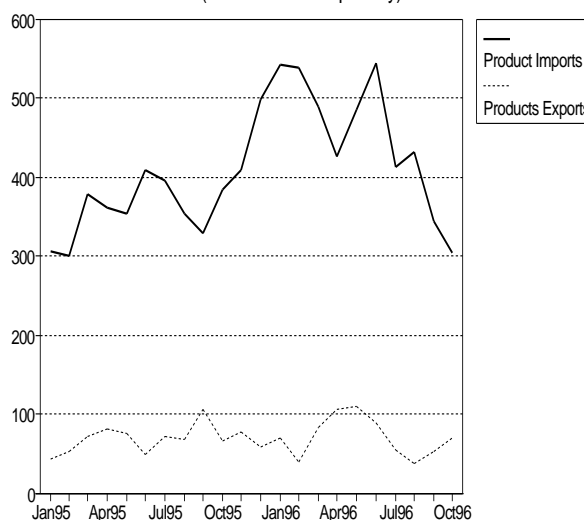
Indian Trade During the First Nine Months of 1996

There was a surge in crude imports to 723 kb/d in March 1996 prior to the start-up of the MPRL Mangalore refinery and since then, imports have averaged over 600 kb/d. Over the first ten months of 1996, crude imports from Nigeria showed the largest growth of 77 kb/d or 97% to reach 157 kb/d, reflecting the suitability of Nigerian crude for the manufacture of high-speed diesel oil.

Indian Crude Imports Jan95-Oct96
(thousand barrels per day)



Indian Oil Product Trade Jan95-Oct96
(thousand barrels per day)



High-speed diesel represents about two-thirds of the product imports over the ten-month period and the increase in product imports over the November 1995 to August 1996 period shown in the graph below is largely due to higher diesel imports from Romania, Italy, France, the FSU and Saudi Arabia in response to the rapid growth in demand discussed above. The decline in product imports in September and October is believed to be partly due to the increase in refining capacity.

Non-OECD Demand in 1996 and 1997

Non-OECD oil demand in 1996 is estimated to have increased by 0.8 mb/d or 2.8% to 30.6 mb/d, a 0.1 mb/d downward adjustment from last month's Report, mainly reflecting the revision to FSU demand in 4Q96. Non-OECD demand in 1997 is projected to increase by 4.1% or 1.3 mb/d to 31.8 mb/d, a 0.2 mb/d downward adjustment from last month's Report, consistent with the weaker FSU demand.

Non-OECD 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	4.6	-0.5	1.5	0.1	3.4	0.2	8.8	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	3.6	0.3	8.3	0.5	6.3	0.3	4.0	0.1	2.2	0.1	30.1	1.0
3Q96	4.3 ^r	-0.3	1.3	0.1	3.6	0.2	8.1	0.5	6.4	0.3	4.2	0.1	2.1	0.1	30.0	1.0
4Q96	4.3 ^r	-0.6	1.4	0.1	3.7	0.3	9.0	0.6	6.5 ^r	0.3	4.2	0.1	2.2	0.1	31.4 ^r	0.8
1996	4.3 ^r	-0.4	1.4	0.1	3.6	0.3	8.6	0.6	6.3	0.2	4.1	0.1	2.2	0.1	30.6 ^r	0.8
1Q97	4.5 ^r	-0.2	1.6	0.1	3.6	0.2	9.3	0.6	6.5	0.3	4.2	0.1	2.3	0.1	32.0 ^r	1.1
2Q97	4.1 ^r	-0.1	1.5	0.1	3.8	0.2	9.0	0.6	6.5	0.2	4.1	0.1	2.3	0.1	31.3 ^r	1.2
3Q97	4.2	-0.1	1.4	0.1	3.8	0.2	8.7	0.5	6.6	0.2	4.3	0.1	2.2	0.1	31.1 ^r	1.1
4Q97	4.6 ^r	0.3	1.5	0.1	3.9	0.2	9.7	0.6	6.7 ^r	0.2	4.3	0.1	2.3	0.1	32.9 ^r	1.6
1997	4.3 ^r	-0.0	1.5	0.1	3.8	0.2	9.2	0.6	6.6	0.2	4.2	0.1	2.3	0.1	31.8 ^r	1.3

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

Global Demand in 1996 and 1997

Global demand in 4Q96 has been revised downwards by 0.3 mb/d to 73.6 mb/d, reflecting the adjustment to FSU apparent demand that was only partially offset by the upward revision to North American and Latin American demand. Global demand in 1996 has been revised downwards by less than 0.1 mb/d to 71.7 mb/d, an annual increase of 1.6 mb/d or 2.3%.

In 1997, global demand is projected to increase by 1.8 mb/d or 2.6% to 73.6 mb/d, a 0.1 mb/d downward adjustment from last month's Report, mainly due to the reassessment of FSU demand. Global demand in 1Q97 is expected to increase by 2.2% or 1.6 mb/d to 74.5 mb/d, a downward adjustment of 0.2 mb/d from last month's Report, primarily reflecting a lower projection of FSU demand, given an expectation of increased net exports.

SUPPLY

Summary

- World oil supplies increased by 1.3 mb/d in December as the restart of Iraqi exports led OPEC production higher by almost 0.5 mb/d, while North Sea and Latin American crude production increased in December by an estimated 0.7 kb/d and other non-OPEC supplies rose by about 0.1 mb/d.
- Production of crude oil appears to have increased in all but two OPEC countries (Saudi Arabia and Algeria), but an Iraqi increase of 0.3 mb/d dominated a gain of 0.46 mb/d to 26.6 mb/d. OPEC NGLs and other hydrocarbons also are thought to have increased, by about 30 kb/d to 2.73 mb/d.
- New fields in the North Sea and elsewhere, seasonally higher flows in the Northern Hemisphere and the lack of maintenance activities raised non-OPEC supply to a new high of 45.4 mb/d in December. North Sea oil production is assessed to have exceeded 7 mb/d for the first time. The growth in non-OPEC supply is expected to increase in 1997, with a forecast increase of just over 2 mb/d.
- In December, FSU net exports are estimated to have been 2.61 mb/d, 360 kb/d lower than in the previous month but 570 kb/d higher than in December 1995. 4Q96 net exports are now assessed at 2.84 mb/d, essentially unchanged from the average summer level (unlike in previous years when there was a sharp decline in the fourth quarter).

Non-OPEC Oil Supply

(million barrels per day)

	1995	1996 ^p	1997 ^f	4Q95	1Q96	2Q96	3Q96	4Q96 ^p	1Q97 ^f
CRUDE OIL									
North America	8.07	8.02	8.01	8.05	8.07	7.94	7.97	8.10	8.13
United States	6.54	6.47	6.44	6.51	6.54	6.43	6.42	6.51	6.55
Canada	1.53	1.55	1.56	1.54	1.54	1.52	1.55	1.59	1.58
Europe	5.84	6.24	7.00	6.23	6.16	6.12	6.11	6.56	7.06
North Sea	5.43	5.82	6.55	5.81	5.75	5.70	5.69	6.14	6.62
UK*	2.42	2.46	2.90	2.54	2.45	2.38	2.34	2.69	2.94
Norway	2.77	3.11	3.38	3.04	3.07	3.09	3.09	3.18	3.39
Other North Sea**	0.23	0.25	0.28	0.23	0.24	0.23	0.26	0.27	0.29
Other Europe	0.42	0.42	0.45	0.42	0.41	0.43	0.42	0.43	0.44
Pacific	0.56	0.60	0.71	0.53	0.56	0.60	0.61	0.62	0.71
Australia	0.51	0.54	0.64	0.48	0.52	0.55	0.55	0.55	0.64
Other Pacific	0.04	0.05	0.07	0.04	0.04	0.05	0.06	0.07	0.07
Total OECD	14.47	14.86	15.71	14.81	14.80	14.67	14.69	15.28	15.90
Latin America	5.31	5.76	6.19	5.17	5.69	5.73	5.75	5.89	6.02
Asia (inc. China)	4.92	4.97	5.05	4.99	4.97	4.96	4.93	5.02	5.04
Africa (inc. Gabon)	2.33	2.43	2.69	2.36	2.37	2.40	2.43	2.52	2.63
Other Middle East	1.84	1.87	1.93	1.85	1.84	1.85	1.87	1.90	1.91
Central and Eastern Europe	0.24	0.24	0.25	0.24	0.24	0.24	0.24	0.24	0.24
Total Non-OECD (ex. FSU)	14.64	15.27	16.10	14.60	15.10	15.18	15.21	15.57	15.84
Russia	5.98	5.84	5.74	5.87	5.83	5.84	5.88	5.81	5.70
Other Republics	0.82	0.91	1.04	0.85	0.86	0.90	0.92	0.96	0.98
Total FSU	6.79	6.75	6.78	6.72	6.69	6.74	6.80	6.77	6.68
NGLS & OTHER									
United States	2.07	2.12	2.13	2.05	2.03	2.12	2.13	2.21	2.19
Canada	0.87	0.90	0.94	0.91	0.91	0.85	0.88	0.96	0.96
North Sea	0.42	0.42	0.49	0.45	0.43	0.39	0.37	0.47	0.51
Russia	0.18	0.19	0.19	0.21	0.21	0.18	0.17	0.20	0.21
Other Non-OPEC	1.52	1.56	1.71	1.55	1.58	1.60	1.51	1.55	1.69
Total NGLs and Other	5.06	5.19	5.46	5.16	5.16	5.14	5.07	5.39	5.56
Processing Gains	1.46	1.52	1.57	1.49	1.52	1.50	1.50	1.55	1.57
Total Non-OPEC Supply	42.41	43.59	45.63	42.77	43.26	43.23	43.27	44.56	45.55

^p preliminary

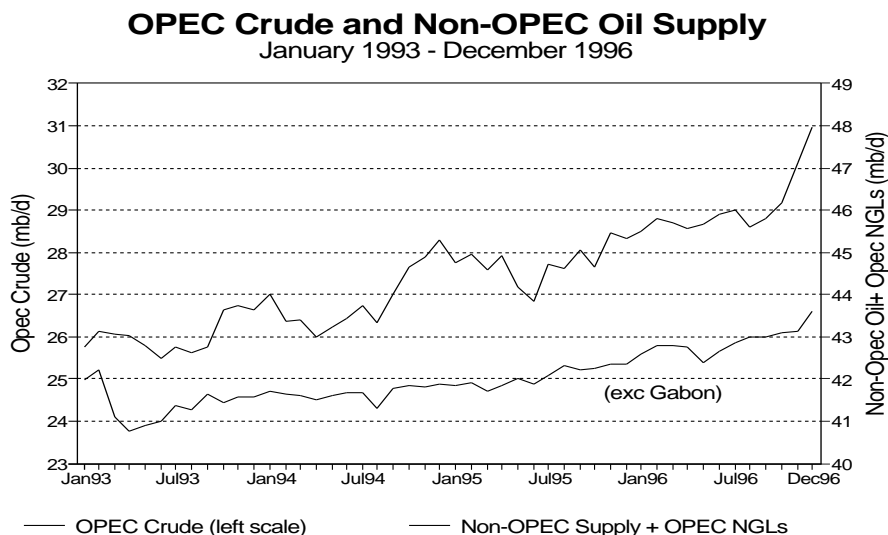
^f forecast

* excluding on-shore production

** Denmark, offshore Netherlands and offshore Germany

Overview of Supply Developments and Revisions

World oil supply is estimated to have increased by 1.3 mb/d in December, as the return of Iraqi exports coincided with increases in the North Sea, Latin America, Asia and most of the other OPEC countries. Non-OPEC supply gains are again seen exceeding the OPEC increases, but by much less than in the first eleven months of 1996. Non-OPEC supply grew by 0.8 mb/d, while OPEC output was 0.46 mb/d higher, 0.3 mb/d of which was from Iraq. The North Sea, which is believed to have achieved a record in excess of 7 mb/d in December, contributed just over 0.5 mb/d of the non-OPEC increase, with Latin America and China accounting for most of the remainder. Expanding production from new fields in the UK and Brazil, a continuing recovery of Mexican NGL and crude oil production and higher Chinese offshore production were the primary factors. For 4Q96, non-OPEC oil production averaged 44.6 mb/d, an increase of 1.3 mb/d from 3Q96 and 1.8 mb/d above 4Q95, but 0.4 mb/d less than previously forecast.



Outlook for Non-OPEC Supply in 1997

The concurrence of the strong near-term demand growth, which was discussed in the previous section, and the rapidly expanding supplies has created a dilemma for market forecasters. Although there appears to be a general consensus that demand growth will be on the order of 1.6 mb/d to 1.9 mb/d, the range of supply forecasts is noticeably larger, from well below 1.5 mb/d to over 2.0 mb/d. Some commentators suggest that demand growth will outpace non-OPEC supply growth at least through the first part of the year, possibly by enough to allow sufficient room for the market to absorb increased Iraqi exports, rapidly expanding output from several other OPEC countries and higher OPEC NGL production. The under-performance of non-OPEC supply in 1996 has provided support for this viewpoint. The spate of downward revisions to supply assessments during 1996 to account for unforeseen events, delays in new field start-ups and below-potential production performance in some existing fields, has called into question the magnitude of future supply growth and whether slippages that occurred with 1996 field schedules will not be repeated in 1997 and beyond.

If analysed in detail, the lower-than-anticipated non-OPEC production in 4Q96, as in the previous quarters, in almost all cases is the result of temporary factors that are not likely to be repeated in 1997. As the relatively few, but fairly large, UK fields that had been delayed during 1996 (like Foinaven, Captain, MacCulloch, and the J-Block) are brought onstream in the first half of 1997 and performance at older fields in the North Sea and elsewhere begins to benefit from application of new production technologies, greater credibility should start to be given to the more aggressive supply scenarios. Lessons learned in producing in new areas like the West of Shetlands and with new combinations of technologies should reduce the chances of recurrence of similar delays. Further, it is clearly unlikely that the “once-in-a-century” type of weather anomalies that delayed the Harding field start-up from late 1995 to 2Q96 would reoccur.

The importance of the relative magnitudes of supply and demand growth are made even more critical by the relatively tight inventory situation and high operating rates at many refineries which serve to intensify the market reactions to demand spikes and supply shortfalls, contributing to the high degree of price volatility discussed in the Oil Prices and Refinery Activity section below.

The key question on the supply outlook should be whether the geological assumptions or the business environments in producing areas are deteriorating. The geological basis refers to the information about the quantities and accessibility of hydrocarbon deposits that is derived from seismic, geophysical/geochemical evaluations and drilling core analyses. On the basis of that information and price/cost relationships (part of the business environment), projects are undertaken and re-evaluated as new information becomes available typically through drilling of delineation wells to determine the areal extent of fields or production testing to judge potential flow rates. The evidence strongly indicates that neither the perceived geological nor the economic bases for oil projects worsened in 1996. Drilling success rates improved in most places and estimates of recoverable reserves were raised much more often than lowered. With regard to the business environment, prices were higher than expected and costs continued to decline. With a few notable exceptions, new technologies were successfully applied, and in cases like the UK Foinaven field's cathodic protection problem where problems did cause delays, the lessons learned are considered likely to prevent similar problems in the future. There are numerous examples of improving business environments, such as Brazil, offshore West Africa and the deep water Gulf of Mexico. More often than not, projects that have been delayed for temporary reasons have seen expected peak production levels increased as at Norway's Heidrun field in 1995-1996 and, according to recent reports, at the UK Foinaven and the Norwegian Norne fields. Project lead times are being shortened by doing more of the work in parallel rather than in series and by a more constructive approach taken by governments which has generated enough confidence to allow a significant amount of project work to be undertaken before formal approval. Three-year lead times have been cut in half in an increasing number of cases.

The table below breaks down the sources of the expected 1997 non-OPEC supply growth by major region and compares the projected increases with recent experience. The North Sea is seen returning to an annual supply growth similar to that in 1994, while growth in Latin America and Africa is predicted to far exceed that of the last few years. The North Sea growth reflects both the contribution of new field start-ups and accelerating production from fields brought onstream in 1996. Upgrades to platforms and new wells at older fields and technical or administrative fixes could also add significantly to North Sea production in 1997. Tables are provided in the relevant sections detailing the origins of the North Sea, Latin American and African growth. Slightly less than a quarter of the growth occurs outside these three areas, including about 50 kb/d of increased refinery gain. The Asian increase is almost entirely accounted for by China, from the offshore and Western onshore areas, as increases and decreases elsewhere in Asia are projected to cancel each other out. About half of the projected 180 kb/d increase in "other OECD and non-OECD Europe" occurs in Australia, and Canada, Italy, onshore UK and New Zealand account for the rest. US production is seen falling only marginally (30 kb/d) as Gulf of Mexico gains and stabilising Lower 48 onshore offset most of the expected declines in Alaska and California. Oman, Yemen and Syria each contribute about equally to the increase in the non-OPEC Middle East category.

Sources of 1997 Non-OPEC Supply Growth

	1994	1995	1996	1997
North Sea (see page 19)	900	295	375	809
Latin America (see page 26)	194	104	442	510
Africa (see page 28)	42	164	110	252
Asia	245	276	96	107
Other OECD+Non-OECD Europe	-27	48	101	183
Non-OPEC Middle East	166	80	27	69
Processing Gain	40	30	60	50
Total excl. FSU	1560	997	1211	1980
FSU	-644	-149	-56	63
Total Non-OPEC	916	848	1155	2043

The subtotal showing the non-OPEC supply growth outside of the FSU reveals growth of over 1.5 mb/d in 1994, which is felt to represent a more typical increment than the 1 mb/d in 1995 and the preliminary estimate of 1.2 mb/d for 1996. Extreme weather in 4Q95 significantly reduced Gulf of Mexico output, and multi-year testing in the UK Forties system and in Alaska compounded the shortfalls in 1995. More abnormal weather and non-weather events such as technical problems in some UK sector fields and a major explosion at a Mexican gas-processing plant prevented expected compensating increases in 1996. The recovery from those difficulties and assumed normal weather are the main factors supporting the large supply increment projected for this year. Further, the upward momentum in several new producing areas

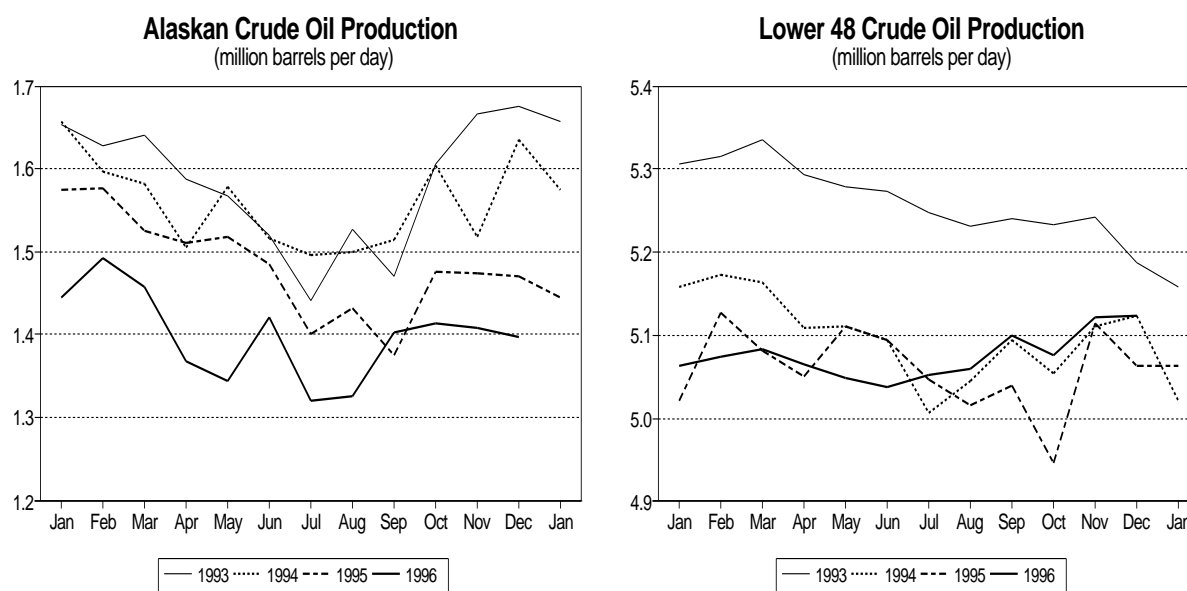
such as deepwater Gulf of Mexico, Brazil's Campos Basin, offshore West Africa and the South China Sea was only beginning to build in 1996 and is expected to reach full pace in 1997. In addition, pipeline constraints in Colombia, Central Asia, Ecuador, Western China, the Sudan and Chad will begin to be relaxed in 1997, with evident progress expected in at least the first two areas, with the others likely to help sustain growth beyond 1997. The last component of the 1997 supply growth is the projected reversal of the FSU decline from -55 kb/d to +65 kb/d. It should be noted that the increase is solely the result of improvements in non-Russian republics, particularly Kazakhstan, as Russian supply is expected to decrease by an additional 100 kb/d in 1997, following a decline of 120 kb/d in 1996.

OECD

North America

US oil production is estimated to have decreased by 40 kb/d in December to 8.72 mb/d, after increasing nearly 70 kb/d in November. Nonetheless, 4Q96 output was 175 kb/d above 3Q96, led by new field production from the Gulf of Mexico and seasonally higher NGL and Alaskan crude oil output. A smaller quarterly increase of 20 kb/d is foreseen for 1Q97, but full year output is conservatively projected to decline by 30 kb/d to 8.57 mb/d. The estimated 1996 decline of 15 kb/d, followed a decrease of 30 kb/d in 1995. Historically, decline rates on the order of 200-300 kb/d were typical of US production. Evidence is accumulating that increasing production from onshore Lower 48 as well as the Gulf of Mexico is becoming more likely.

Alaskan oil production averaged 1.465 mb/d in December, a decline of 18 kb/d from the November level and nearly 100 kb/d below December 1995. Most of the decline versus November (15 kb/d) was in Prudhoe Bay crude oil production, where a seasonal increase of about 20 kb/d had been expected. Small decreases in crude oil output also occurred at the Kuparuk, Milne Point and Lisburne Production Center fields, while Endicott field production remained at unexpectedly low levels. For the year, Alaskan production declined by 5.7% following a decline of 4.8% in 1995. The decline rate at Prudhoe Bay exceeded 10% again in 1996, at 10.9% versus 10.5% in 1995. Some softening of the Prudhoe Bay and Alaskan decline rates is expected in 1997 (to 7.8% and 4.5% respectively) due to the benefit of increasing expenditures on improving recovery rates at several North Slope fields. Additional improvements are projected over the last three years of the decade, with the Prudhoe Bay production decline slowing to 7% in 1998 and around 5.5% in 1999 and 2000.



December crude oil production from the Lower 48 was essentially unchanged from November, according to aggregate data from the US Department of Energy and the full-month data from the State of Alaska. It is thought that the decline in California of an estimated 25 kb/d was offset by increases in the Gulf of Mexico and that the lower Texas output was matched by gains in other Lower 48 states, particularly Louisiana onshore production. NGL production is believed to have decreased by about 25 kb/d, possibly because of ethane being left in the natural gas to augment volumes during periods of high gas prices as

happened in late 1994/early 1995 (see page 13 of the 12 January 1996 and page 9 of the 9 March 1994 Reports for a discussion of the economics of the so-called "ethane rejection" phenomenon). Output of other hydrocarbons and alcohol fuels is estimated to have decreased slightly.

The California declines are probably centred on offshore production from the disappointing Point Arguello area, which is estimated to have fallen below 30 kb/d from over 70 kb/d at the beginning of 1995, and on seasonally lower Central California heavy oil production. There have been no reports of problems associated with the severe flooding in Central and Northern California. (Although the fields are generally on higher ground, pipeline river crossings could be destabilised by the flood waters, requiring shut-in of production.)

Gulf of Mexico production increased despite a fire at the 22 kb/d Green Canyon 118 platform late in the month. Start-up of subsalt production at the Mahogany field and rising output from the Auger and Mars fields are expected to continue to offset the loss for several months of the Eugene Island blend crude normally piped from the Green Canyon platform. It is not believed that the bad weather that twice led to port closings in Mexico and caused delays in Texas ports affected offshore production.

The other area besides the Gulf of Mexico that is contributing to the stabilisation of Lower 48 crude production is Louisiana. The successful re-working of fields in the southern part of the state over the last few years has now been joined by intensifying exploration and development in the oil-prone Austin Chalk area of central Louisiana, where horizontal drilling techniques have substantially lowered costs and where drilling effort is at an all-time high. With more cash flow available due to higher prices for current production and lower costs due to technological improvements, other areas of the US may develop similar exploration plays. Since the current forecast for 1997 US oil production assumes more traditional decline rates for onshore Lower 48 (with California, Texas and other Lower 48 each 50-100 kb/d below 1996 levels), there is considerable upside sensitivity to the forecast.

Preliminary October data from Statistics Canada indicate a 90 kb/d rise in total **Canadian** oil production to 2.495 mb/d. About 40 kb/d of the increase occurred in NGLs, while the remainder was spread between Alberta, Saskatchewan and Atlantic Offshore crude oil output, all of which had declined in September. NGL production had been expected to rise by 50 kb/d, but other data were in line with previous expectations. Smaller increases are thought to have occurred in November and December, 65 kb/d and 20 kb/d respectively, and a slight decrease is projected for 1Q97. Nonetheless, full year 1997 Canadian production is expected to rise by about 60 kb/d versus a gain of 50 kb/d in 1996, 122 kb/d in 1995 and 99 kb/d in 1994. The continuing Canadian increases despite the very mature nature of most of the major producing regions suggests non-geological factors are benefiting oil production; after 1997, larger contributions from the Atlantic offshore are expected.

Responses to the table on the longer-term outlook for Canada's Atlantic offshore areas shown in last month's Report suggest that the numbers in the table may be conservative both in terms of timing and the levels of peak production. In the last month, plans appear to be firming up for a production test at the Whiterose field beginning around the end of 1997 and lasting almost a year, with start-up possibly earlier than the latter half of 2002 and peak levels well above the 25 kb/d shown in the table. Other fields, such as the Hebron field, also appear to be likely developments before 2005. In the near-term, start-up of the Hibernia field may be earlier than previously thought, with first oil expected in October rather than December, although the initial production profile in late 1997 and early 1998 could be relatively slow.

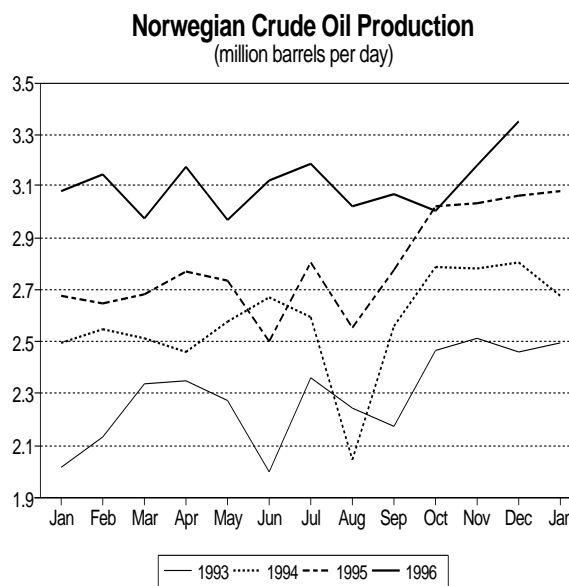
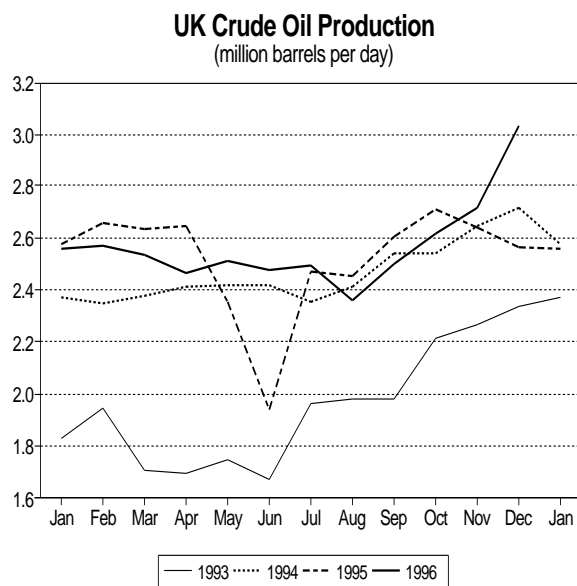
North Sea

Monthly average North Sea production is estimated to have exceeded 7 mb/d for the first time in December, with Norway reaching a record 3.5 mb/d, the UK at just under 3.3 mb/d and Denmark, Netherlands and Germany adding 0.3 mb/d. About 530 kb/d of the December oil output was natural gas liquids. North Sea output averaged 6.6 mb/d for 4Q96, an increase of 545 kb/d versus 3Q96, representing almost half of the quarterly increase in non-OPEC supply. The prominence of the North Sea in non-OPEC supply growth is expected to continue in 1997 with projected gains in crude oil production in the UK sector of 480 kb/d, 280 kb/d in Norwegian waters and 35 kb/d for Denmark. Higher North Sea NGL output adds another 65 kb/d. Although the largest share of the growth is the result of fields scheduled to come onstream in 1997, a significant portion of the increment is due to full year production from 1996-vintage fields, and upgrades, technical or organisational fixes at older fields. A small contribution is expected from a continuation of relatively large extended well tests on fields planned to start-up in the 1998-2000 period. The table below details the sources of the 1997 North Sea supply growth and further discussion is included in the relevant sections below.

Source of 1997 North Sea Production Increases

	(thousand barrels per day)					
	New Fields	1996 Field Expansions	Upgrades Repairs, etc.	Extended Well Tests	Old Field Declines	Net Change
United Kingdom	262	224	177	18	-256	425
Norway	185	74	88	5	-82	270
Denmark	4	19	18	0	-6	35
Neth, Germany	0	0	0	0	-2	-2
Total Crude	452	317	282	23	-346	728
NGLs	---	---	---	---	---	81
Total North Sea	452	317	282	23	-346	809

The beginnings of the North Sea supply acceleration are evident in the two graphs below. Based on preliminary assessments for December, both the UK and Norwegian sectors appear to have reached new monthly highs. Some of the sharpness of the December increase is the result of lower-than-expected November production, as some newer UK fields moving towards peaks fell below recent trendlines and Norway experienced an unexpected pause despite the end of maintenance at the Gullfaks field. The expanding December production was primarily from the resumption of the more rapid escalation at new fields started up earlier in 4Q96, the return of the UK's Brent Charlie platform to more normal levels, several new wells in older fields, and better operating experience at some fields that had been performing below potential.



UK offshore oil production increased by only 115 kb/d to 2.9 mb/d in November (including about 295 kb/d of NGLs and 35 kb/d from an extended well test at the Banff field). Production gains at the new Telford-Marmion, Thelma, and Arkwright fields in the Forties system were 15 kb/d lower than expected, while Ninian's Columba B field and the Teal-Guillemot area produced about 10 kb/d more than anticipated. However, the new field production was more than offset by unexpectedly lower production at other fields in those systems and, in particular, by the slower-than-expected return of the Brent Charlie platform. Brent system production rose by only 24 kb/d versus an anticipated gain of around 70 kb/d. Brent field production rose by only 3 kb/d, rather than the expected 35 kb/d, but there is evidence of an acceleration of the restarted Brent Charlie platform production in December. November production was down slightly for the Ninian, Forties and Flotta systems, due to unexpectedly low production at Ninian's Dunbar field, the Forties' Nelson and Andrew/Cyrus fields, and Flotta's Ivanhoe/Rob Roy AH001 complex. Output from the other UK systems and tanker-loaded fields was roughly in line with expectations.

December UK output is thought to have reached 3.27 mb/d, an increase of 370 kb/d versus November. The Forties system is estimated to have reached a near record 1.05 mb/d, due to a recovery in Nelson and Andrew/Cyrus production, seasonal increases at the Brae and Bruce complexes and more rapid increases

at the three new Forties system fields (Telford-Marmion, Thelma and Arkwright). The new Brimmond satellite to the Forties field also is thought to have had another small positive impact. Brent Charlie is seen adding about 50 kb/d to Brent system output in December and new wells at Hutton and Murchison accounted for another 15 kb/d of the 75 kb/d gain for the system. A recovery at Dunbar and higher output from Magnus/ Magnus South provided the majority of the Ninian system 30 kb/d monthly increase. Among the other fields, Alba's new reservoir and more well hookups to the Anasuria production vessel servicing the Teal-Guillemot area added about 10 kb/d each, as did increased throughput at the Liverpool Bay Douglas field's flaring system.

Sources of 1997 UK Oil Supply Growth (thousand barrels per day)

	New Fields	1996 Fields	Well Tests *	Upgrades & Repairs **	Old Fields	Total	New Fields	1996 Fields
Brent	0	12	0	75	-68	19	---	Pelican
Ninian	1	13	0	0	-14	0	Columba E	Columba B, Magnus South
Forties	35	92	0	29	-77	80	Brae West, Sedgewick, Erskine, Armada, Kingfisher, NE Everest	Andrew, Cyrus, Telford, Arkwright, Thelma
Flotta	40	0	0	1	-33	8	MacCulloch	---
Beryl	5	2	0	0	4	12	Buckland	South Nevis, Tay
Fulmar/Teal	7	35	0	0	-8	34	Katrine	Teal, South Teal, Guillemot A
J-Block	0	0	0	47	0	47	---	---
West of Shetlands	79	0	5	0	-3	81	Foinaven	---
Liverpool Bay	0	36	0	0	0	36	---	Douglas, Lennox
Nigg Bay, M-Block	0	0	0	2	-2	0	---	---
Other Offshore Loaded	43	33	13	22	-2	108	Captain, Durward, Dauntless, Curlew, Mallard	Harding, Fergus
Total Crude Oil	209	224	18	177	-203	425		
NGLs (with adj.)	---	---	---	---	---	70		
Total Offshore Oil	209	224	18	177	-203	495		

* Mariner, Ross-Etrick and possibly Schiehallion

** J-Block (contract dispute), Miller (WAG), Murchison, Hutton, Chanter, & Maureen (new wells), Alba & Forties (new reservoirs) Scott (technical fixes), Brent Delta (more efficient refurbishment)

As can be seen in the table above, 1997 UK offshore supply growth is shared among new fields, the contribution of 1996-vintage fields, and upgrades, repairs and resolution of contractual disputes. The 17 new fields started up in 1996 add more to the 1997 production than the 19 new 1997 fields. The largest growth is projected for tanker-loaded fields, but 1996-vintage Forties system fields and the West of Shetland's Foinaven field are also expected to make significant contributions to the increase. Following extensive discussions with some of the producing companies and other knowledgeable observers, the current projection was revised downward by about 100 kb/d to account for pipeline constraints, higher Forties system maintenance, and some reserve downgrades resulting from recent drilling results. The forecast remains at the high end of the range, but nonetheless has some upside as well as downside potential. In particular, positive surprises are considered possible at Foinaven and Teal-Guillemot, additional Beryl satellites could be tied in and the expected continuation of problems at the Forties Miller, Scott and Nelson fields and at the Ninian system Magnus field could be less severe than projected.

November **Norwegian** oil production increased by 182 kb/d to 3.3 mb/d, according to data from the Norwegian Petroleum Directory. Most of the gain was the result of the return of the Gullfaks system from maintenance in October. Production from the main Gullfaks field rose by 220 kb/d and output from its Tordis satellite was 62 kb/d higher. The November gain would have been even higher if there had not been a problem with the main flare tip on the Heidrun platform at the beginning of the month, which lowered Heidrun field output by 63 kb/d. Unexpected reductions of 5-10 kb/d at five other fields (Troll, Snorre, Statfjord North, Froy and Valhall), a geological decline of 15 kb/d at the aging Statfjord field and a drop of 13 kb/d at the Oseberg field exceeded small gains at eight other fields. Significant among these increases were a small gain at Draugen to 162 kb/d, the third consecutive new monthly high, and an increase at the UK/Norwegian Murchison field due to the start-up of a new well. The Yme field increased to 28 kb/d from 24 kb/d in October, but production is only slightly over half the August high of 53 kb/d.

Preliminary data indicate another gain in total Norwegian production of around 175 kb/d to a record of 3.5 mb/d in December. The repair of the gas flaring system at the Heidrun field added 45 kb/d and Gullfaks is believed to have risen by another 40 kb/d. Increased liquids production associated with expanding natural gas output at the Sleipner and Troll complexes and a return of Oseberg, Yme and the Statfjord satellite fields to more normal levels combined to add an estimated 55 kb/d. Increases are thought to have occurred for nearly all of the other Norwegian fields, including a small contribution from an extended well test at the Haltenbanken area Asgard complex.

As shown in Table 4A, a quarterly increase of 215 kb/d is projected for Norway in 1Q97, with two-thirds of the gain in the Statfjord-Gullfaks area versus the maintenance-reduced 4Q96. Assuming normal weather, fuller utilisation of the expanded Heidrun and Valhall platforms, and continued increases at Sleipner and Troll account for most of the remainder. The start-up of seven new fields over the remainder of the year are expected to contribute to growth of 280 kb/d for the year as a whole. The table below details the sources of the 1997 growth. The seven new fields are seen adding 185 kb/d. The Haltenbanken Norne field and the Gullfaks Vigdis satellite are expected to add about 60 kb/d each to the 1997 production and the central area Balder FPSO about 50 kb/d, while the Njord and Tordis East fields add about 10 kb/d each. Minimal contributions are expected from the small Southeast Tor satellite and the Trym-Lulita development. By December 1997, production from the new fields should be near peak levels, resulting in a combined crude oil output of over 400 kb/d.

Full year production from the three fields started up in 1996 and upgrades and repairs to eight older fields are expected to raise output by a total of 75 kb/d. A new platform installed on the Valhall field and upgrades to the Heidrun and Draugen platforms account for about 15 kb/d, 20 kb/d and 30 kb/d respectively, while smaller gains are anticipated as a result of new wells at Murchison and Snorre, a water-alternating-with-gas (WAG) injection programme commencing in March at the Ula field and technical fixes to the Brage and Veslefrikk platforms. Extended well tests are expected for the H-Central area and the Hermod field. Production from the remaining Norwegian fields is projected to decline by a combined 80 kb/d, primarily due to a 65 kb/d fall (about 16%) in Statfjord field crude oil production. Production from the other three major Norwegian fields (Ekofisk, Oseberg and Gullfaks) is expected to hold relatively steady. Unlike in the UK sector, maintenance should be lighter than in 1996. Although there was no significant maintenance at the Ekofisk area in the last two years, many of the older Ekofisk facilities are due to be retired next year when the new E 2/4-J platform is completed.

Sources of 1997 Norwegian Production Growth

(thousand barrels per day)

Area	New Fields	1996 Fields	Well Tests *	Upgrades & Repairs	Old Fields	Total	New Fields	1996 Fields
Ekofisk & Southern	1	16	0	20	-20	17	SE Tor, Trym	Yme
Sleipner-Frigg	44	32	3	0	-8	70	Balder	Sleipner W.
Statfjord-Gullfaks	69	0	2	10	-48	34	Vigdis, Tordis E.	
Oseberg-Troll	0	26	0	8	-6	28		E. Troll
Haltenbanken	71	0	0	50	-0	121	Norne, Njord	
Total Crude	185	74	5	88	-82	270		
NGLs						8		
Total Oil	185	74	5	88	-82	278		

* H-Central, Hermod

** Valhall (new platform), Snorre (new reservoirs), Murchison (new well), Brage, Draugen, Heidrun (platform upgrades), Ula (WAG), Veslefrikk (technical fixes)

Danish oil production reached 229 kb/d in November as increases from the Skjold, Dan, Svend and Valdemar fields more than offset declines at the Gorm, Rolf and Regnar fields, the last not producing during the month. Dutch production is thought to have been up slightly in November due to seasonal increases in condensate production. For 1997, Danish production is projected to increase by about 35 kb/d, after a gain of 22 kb/d in 1996, as the benefits of intensified water-injection at the Dan and Gorm platforms and the start-up of the Harald and Lulita fields in the second half of the year are expected to combine with continued production above 30 kb/d from the 1996-vintage Svend field. **Dutch** production average about 30 kb/d for November, a decline of 3 kb/d due to the shut-in of the Horizon field for the entire month for maintenance. Total oil production was estimated to have increased marginally as other fields were reported to be a little higher and onshore NGL production is believed to have been seasonally higher. For 1997, total Dutch oil production is projected to show a small increase as NGL production rises slightly more than crude oil output declines.

Pacific

Australian oil production is reported to have declined by 17 kb/d in October to 564 kb/d. Both Carnarvon Basin and Gippsland Basin production fell short of expectations, by about 20 kb/d each, and NGL output was 10 kb/d below last month's estimate. Carnarvon Basin production increased by 8 kb/d as Griffin and Goodwyn-North Rankin field production gained 15 kb/d each, both slightly higher than expected. Offsetting a majority of these gains were the unexpectedly large declines at the Wanaea-Cossack and Harriet complexes as work on a pipeline and gas system repair at the former and work to hook-up the Harriet area East Spar gas-condensate field caused longer outages than expected, resulting in monthly declines of 20 kb/d and 5 kb/d respectively.

November production is estimated to have increased by 65 kb/d to 629 kb/d, following the completion of the work on the Wanaea-Cossack gas system, which is reported to have raised capacity to 135 kb/d from 115 kb/d, and higher Harriet-East Spar production in conjunction with the start-up of gas deliveries from the East Spar field to three industrial installations in the area. A new production well at the main Harriet field was also completed in November. December production is believed to have increased only marginally, despite first oil from the Bream B Gippsland Basin platform and possibly the recently towed-out West Tuna platform. A brief planned maintenance to the *Griffin Pioneer* in the first half of the month is estimated to lower output by about 8 kb/d. A day's worth of Wanaea-Cossack production was lost when the floating production vessel had to be unplugged on the last day of the year because of Cyclone Phil.

The platform could not be reconnected because of the approach of another storm on 6 January which delayed the restart by an additional three days. The lost production could be made up fairly rapidly if work on the gas dehydration and flaring systems is completed expeditiously.

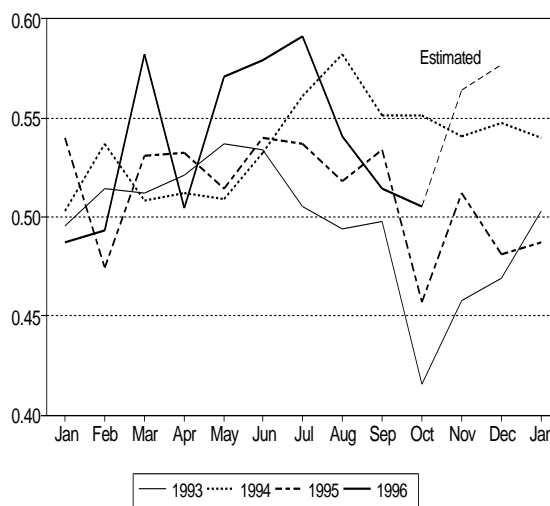
Sustained higher production from Wanaea-Cossack, Griffin and Goodwyn in 1997 and more normal weather are projected to add 100 kb/d to Carnarvon Basin production in 1997, while the two new platforms in the Gippsland Basin and fewer labour and operating difficulties are expected to result in a 10 kb/d increase in the basin following a preliminary estimate of a decline of 17 kb/d in 1996. A full year of production from **New Zealand's** Maui B offshore field (which started up in September and raised crude production from 41 kb/d in August to 56 kb/d in September and 55 kb/d in October), is expected to add about 10 kb/d to 1997 New Zealand oil production.

OPEC

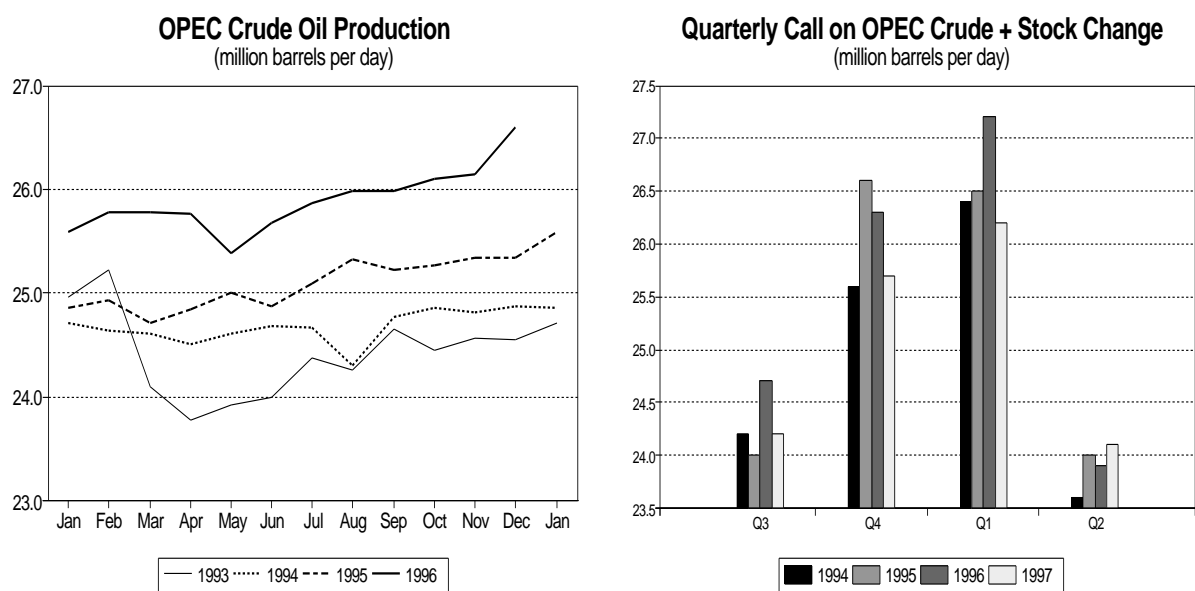
OPEC production increased by about 458 kb/d in December to 26.60 mb/d, as Iraqi production advanced by over 300 kb/d to provide for oil-for-food exports and all but two of the other OPEC countries appear to have seen higher production. NGL production also is believed to have increased, by 30 kb/d. Higher offshore crude oil output from Iran and production increases from new fields in Qatar, Libya, the Neutral Zone and Nigeria (the latter two mostly offset by declines in older fields in those countries) and the return of fields from maintenance in Qatar, the UAE and Indonesia accounted for most of the additional increase in OPEC crude production. Increased liquids production associated with the start-up of the Qatargas LNG project, higher gas pipeline throughput to Europe from Algeria and Libya and more associated gas in Iraq were augmented by an assumed small increase in Venezuelan Orimulsion output, which is included in the OPEC NGL figures.

A moderate gain of 25 kb/d to 3.05 mb/d in December is estimated for **Venezuela**, based on tanker tracking, although full year data from the national oil company indicate either a larger increase in December or higher numbers earlier in the year. There also appears to be a wide range of opinion on **Saudi Arabian** December production and exports, from a decline of 700 kb/d to increases of over 100 kb/d. Until additional information becomes available, the December Saudi production estimate is being maintained at November's level of 8 mb/d, excluding the Neutral Zone share but including output from the Abu Safa field.

Australian Crude Oil Production
(million barrels per day)



Iraqi exports were approved on 10 December, but the first cargoes did not move until 16 December. Between then and the end of the year seven additional cargoes were loaded. The total volume of the new exports averaged over the entire month results in about 280 kb/d for December. However, it would be expected that production would lead exports by several days, suggesting an average production increase for the month on the order of 310 kb/d.



Iran's crude oil output is assessed at 3.69 mb/d in December, 45 kb/d higher than in November. Refurbishment of offshore platforms damaged in the Iran-Iraq War is thought to have played the primary role in the increase. In **Qatar**, the Bul Hanine field returned from a month-long maintenance outage on 12 December and the al-Rayyan field, which started up on 29 November, had reached 32 kb/d by mid-month and was near the first stage peak of 35 kb/d by the end of the month. Although Qatargas LNG sales started up in December, condensate deliveries had begun three months earlier, so only about half of the 30 kb/d from the project in December is believed to have been incremental. The **Libyan** Murzuk field began final commissioning on 13 December with commercial flows commencing near the end of the month, so that the impact on the December average Libyan production was only about 10 kb/d. About 45 kb/d is being delivered to Tripoli's Zawia refinery, but an export pipeline and terminal is planned to be completed quickly, since the 44° API, very low sulphur crude is better quality than current Libyan export blends and should sell for a premium. Production capacity is expected to reach 100 kb/d by early 4Q97 and 200 kb/d towards the end of 1998. Gains of 10 kb/d are also estimated for **Indonesia** and the **UAE**.

Nigerian production was almost unchanged in December despite the start-up of the offshore Ngo field around mid-month and higher Bonny and Forcados production to meet the strong demand in Asia for gas-oil rich crude discussed in the Prices section below. These increases are believed to have been offset by lower output from the Qua Iboe/Ubit areas, leaving Nigerian production about equal to November's upwardly-revised 2.25 mb/d of crude oil and onshore NGL production.

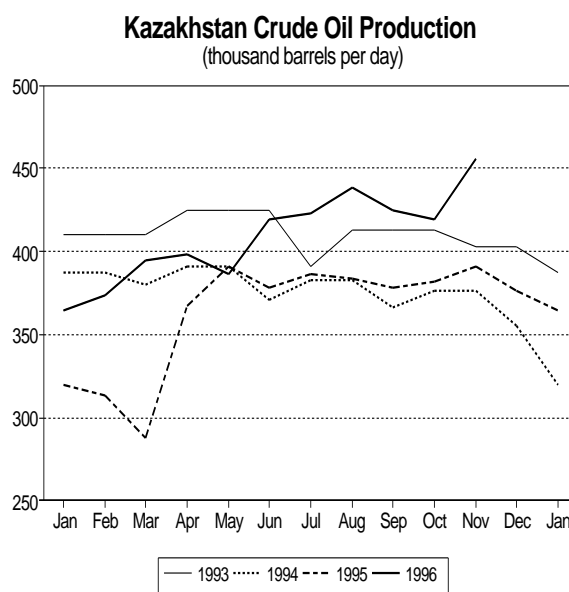
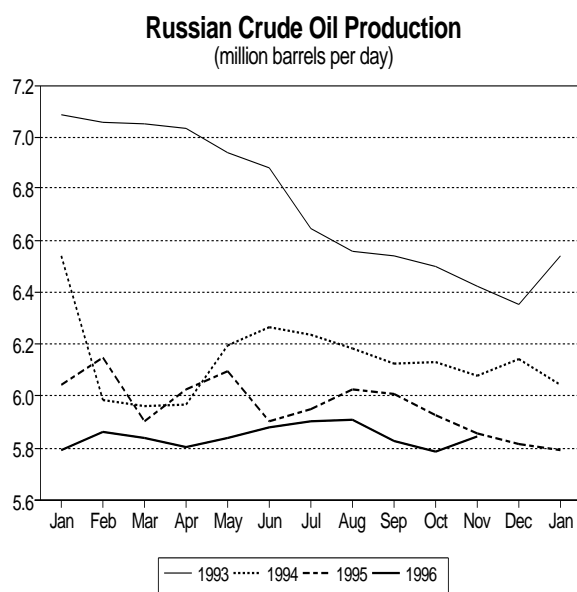
Former Soviet Union (FSU)

Production

Data on **Russian** production for November have not yet been received, but an increase of about 55 kb/d is assumed, based on recoveries in production from Tatneft, Slavneft and Noyabr'sk and higher levels of joint-venture production consistent with the upward revisions in export data in October and November referred to below. The higher than expected levels of joint-venture production are expected to have continued in December, softening the normal seasonal decline to 35-40 kb/d versus a decline almost twice as large that had been projected. Output from the domestic production associations is also judged to have decreased in December, by about 20 kb/d, with the decline concentrated in the YUKOS and Surgut companies. The resulting annual decline in Russian oil production is about 125 kb/d or 50 kb/d less than the decline experienced in 1995 and substantially less than 1994's 620 kb/d decline. Nonetheless the

turnaround that had been expected in some quarters has failed to materialise and the conditions for a reversal of the downward trend in Russian oil production do not appear to be very favourable for 1997 either.

YUKOS has recently suggested a 5-7% decline in its production in 1997. Given similar problems at most other new companies, it is assumed that they will experience similar declines. Consequently the forecast for 1997 Russian production has been lowered by 0.2 mb/d for 1Q97 and 0.1 mb/d for the remainder of the year and the year as a whole versus a previous forecast of basically flat production. YUKOS and Surgutneftegas are each projected to decrease by about 45 kb/d and production from the Tyumen Company (which contains Nizhnevartovsk's aging Samotlar field) is expected to fall by around 30 kb/d. Increases of 10-20 kb/d are projected for regional associations like Tatneft, Komi-Tek and Chechnya's Yunko, the latter two having been constrained in 1996 by environmental and political problems respectively. A similar small rise is also expected for Russia's largest company, Lukoil, although an increasing proportion of Lukoil funds are likely to be spent outside Russia.



Contrary to the situation in Russia, **Kazakhstan's** prospects are greatly improved. Better access to the Russian pipeline systems and alternative export routes through Azerbaijan and Iran are expected to lead to a 90 kb/d rise in crude oil production and another 16 kb/d of higher condensate production in 1997 from the Karachaganak field, more than offsetting the Russian decline. Supportive of the more optimistic outlook for 1997, reported November production rose by 37 kb/d for crude oil and 23 kb/d for condensates. The Tengizchevroil joint-venture accounted for 32 kb/d of the total, rising to a record 136 kb/d, and the Embaneft and Aktyubinskneft joint stock companies added small amounts to the monthly increase. Karachaganak condensate production rose by 23 kb/d to 44 kb/d, matching April's level but well below January's 58 kb/d. Production in December was already helped by a swap arrangement with Azerbaijan that is believed to have begun in November and a similar agreement with Iran about to start up should allow fuller utilisation of Kazakhstan's crude oil production capacity. Significant additional expenditures are expected to raise Tengiz field capacity to at least 180 kb/d by year-end 1997, and with the improving transportation logistics, much of that new production capacity could be used.

Higher **Azerbaijani** production is also anticipated in 1997, with initial production from the offshore Chirag field adding about 20 kb/d by August. Unlike Kazakh, Azerbaijan is limited by the productive capacity of current fields, rather than by pipeline constraints. Hence, the country's recent flat-to-down production profile is likely to continue in the first part of the year, despite the pipeline refurbishment that will allow 5-10 kb/d to be exported to Russia in exchange for an equivalent value of Russian Black Sea exports.

Net Exports

Total FSU net oil exports in December are estimated to have been 2.61 mb/d, 360 kb/d lower than the previous month but 570 kb/d higher than in December 1995. Taking into account upward revisions to net imports in October and November, net exports in 4Q96 are now assessed at 2.84 mb/d. As shown in the table below, this is similar to the summer export volumes and represents a significant change to the export pattern in the previous three years when exports in the fourth quarter were, on average, 440 kb/d lower than exports in the second and third quarter (see the Demand section for a discussion of the reasons for the weakness in FSU demand).

Seaborne crude exports in December slipped to 1.05 mb/d, the lowest of the year. Exports were reduced by frequent interruptions to loading due to bad weather at Black Sea ports throughout the month coupled with scheduled pipeline maintenance and berth repairs. The Baltic Sea port of Ventspils was also closed due to bad weather in the middle of the month. Crude exports through the Druzhba pipeline continued to be steady and total exports for 1996 exceeded the 1995 level of 830 kb/d by 30 kb/d. The increase in exports through the northern leg of the pipeline more than offset the decrease in the southern leg exports that were affected by the dispute over the transit tariff between Russia and Ukraine earlier in 1996 and some replacement by oil supplied through the Ingolstadt and Adria pipelines.

Product exports in December were 640 kb/d compared with 380 kb/d in the same month of 1995. A Russian government order to reintroduce an export duty on fuel oil was still being prepared and not in force at the end of December (the duty was levied from December 1995 to March 1996 to curb exports).

1995-1997 Net FSU Exports
(million barrels per day)

	1995	1996 ^p	1997 ^f	2Q96 ^f	3Q96 ^f	4Q96 ^p	Aug ^f	Sept ^f	Oct ^f	Nov ^f	Dec ^p
Black Sea Exports*	0.98	1.14	†	1.27	1.19	1.08	1.23	1.18	1.10	1.16	0.99
Baltic Exports	0.61	0.77	†	0.84	0.80	0.80	0.73	0.67	0.91	0.79	0.70
Total Seaborne	1.59	1.91	†	2.11	1.99	1.88	1.96	1.84	2.01	1.95	1.69
Druzhba Pipeline**	0.83	0.86	†	0.77	0.90	1.03	0.90	0.95	1.00	1.10	1.00
Total Exports	2.42	2.78	†	2.88	2.89	2.92	2.86	2.80	3.01	3.05	2.69
Imports	0.05	0.06	†	0.05	0.06	0.08	0.06	0.07	0.08	0.08	0.08
Net FSU Exports	2.37	2.72	2.79	2.84	2.82	2.84	2.80	2.73	2.93	2.97	2.61
NB: Crude Oil	1.91	2.11	†	2.12	2.20	2.22	2.20	2.18	2.27	2.34	2.05
Oil Products	0.46	0.61	†	0.72	0.62	0.62	0.60	0.55	0.66	0.63	0.56

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

** Crude oil only
p Preliminary
r Revised

Other Non-OPEC

Latin America

The second largest contributor to 1997 non-OPEC supply growth after the North Sea is Latin America, with a projected rise of just over 500 kb/d. Almost half of the increase comes from **Brazil** where several large offshore projects are due onstream, as shown in the table on page 27 of the 8 November Report. It should be noted that the dates in the table presented in the above-mentioned Report ought to have been referred to as delivery dates for the vessels/rigs not production start-up dates and the nameplate capacities are not expected to be reached next year. However, output from the new platforms and increases from the existing Marlim, Albacora and other Campos Basin facilities are expected to add most of the 220 kb/d annual growth. An increase from the Amazonas onshore region is also projected due to the start-up of the Urucu project. Despite recent disappointing data from Mexico (see below), new Gulf of Campeche crude oil fields and a full recovery of Mexican NGL output should contribute more than 100 kb/d to the Latin American growth in 1997. **Colombian** production is seen increasing by about 85 kb/d in 1997, on the assumption that the new pipeline from the Cusiana-Cupiagua area to the port of Covenas is completed around the middle of the year. With the uncertainties generated by guerilla activities and labour unrest, there are both upside and downside sensitivities to the forecast. Another substantial gain is now expected for **Argentina**, 50 kb/d, following a preliminary estimate of an increase of about 60 kb/d in 1996. Production growth had originally been expected to slow in 1996 and a small decline had been projected for 1997. However, based on the 1996 performance and a government target of an 8% increase in 1997, the forecast has been revised upwards by 70 kb/d from a 20 kb/d decline to a 50 kb/d increase. The

government target of a 65 kb/d increase will be difficult to reach because of the relatively low reserve base that has led Argentine companies to increasingly seek exploration opportunities abroad. Elsewhere in Latin America, smaller increases are anticipated for Ecuador, Trinidad and Guatemala.

Sources of 1997 Latin American Supply Growth

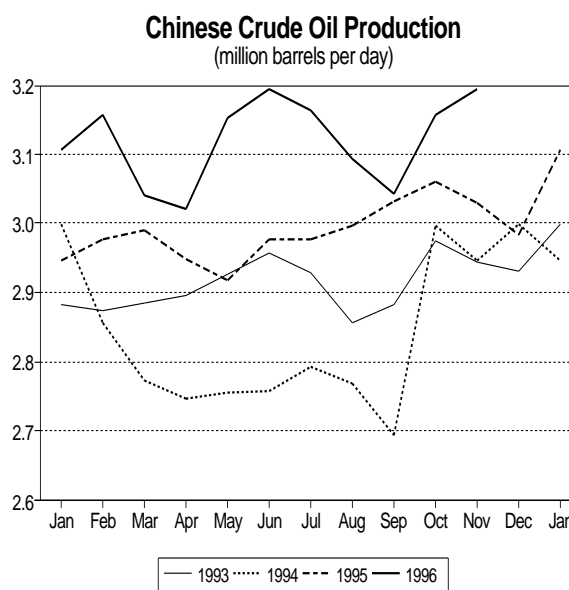
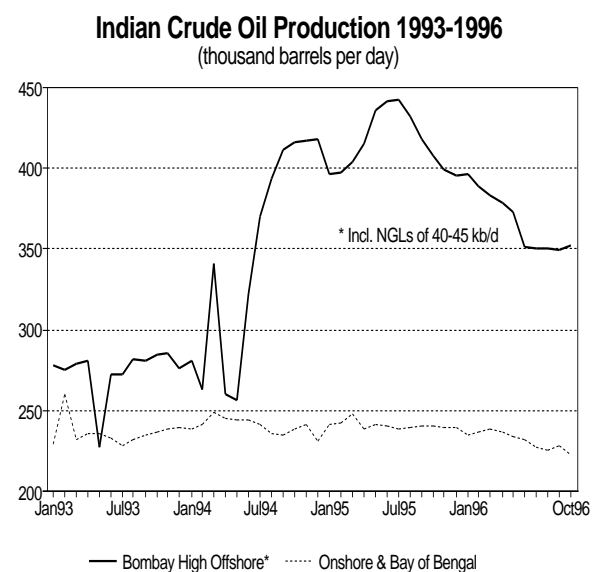
(thousand barrels per day)

	1994	1995	1996	1997
Brazil	40	12	97	219
Mexico (inc. NGLs)	9	-77	223	116
Colombia	3	127	48	86
Argentina	93	33	59	50
Ecuador	27	12	8	14
Other Latin American Crude	6	5	-2	17
Other NGLs & Alcohol Fuels	16	-8	9	8
Total	194	104	442	510

Mexican oil production in November did not increase as expected, with crude oil output of 2.859 mb/d barely exceeding October levels and NGL output actually slightly lower than the previous month at 372 kb/d. Exports fell by 155 kb/d to just under 1.5 mb/d, with exports of Maya and Olmeca crude blends reduced by 120 kb/d and 40 kb/d respectively. The pause in Mexican oil supply growth is thought to be temporary and crude oil production is estimated to have risen by about 30 kb/d in December to 2.89 mb/d, the high for the year. Although NGL output is not seen recovering fully to pre-July levels until the first half of 1997, a gain of almost 65 kb/d is assumed for December. As mentioned above, the weather factors that affected exports in November and closed some ports again in December are not thought to have inhibited production in December.

Asia

Indian crude oil production decreased slightly in October to 574 kb/d from 577 kb/d in September as the expected impact of increasing production from the Ravva field off eastern India was not evident. However, offshore output from the Bombay High area west of India rose from 349 kb/d in September to 352 kb/d (excluding NGLs). As can be seen in the left-hand graph below, production from the Bombay High has held relatively steady since June, while onshore output has continued to decline due to power problems in Assam and Gujarat. In October, a five-day pipeline blockage in the first half of the month forced the shut-in of two fields in the Assam/Arunchal region.

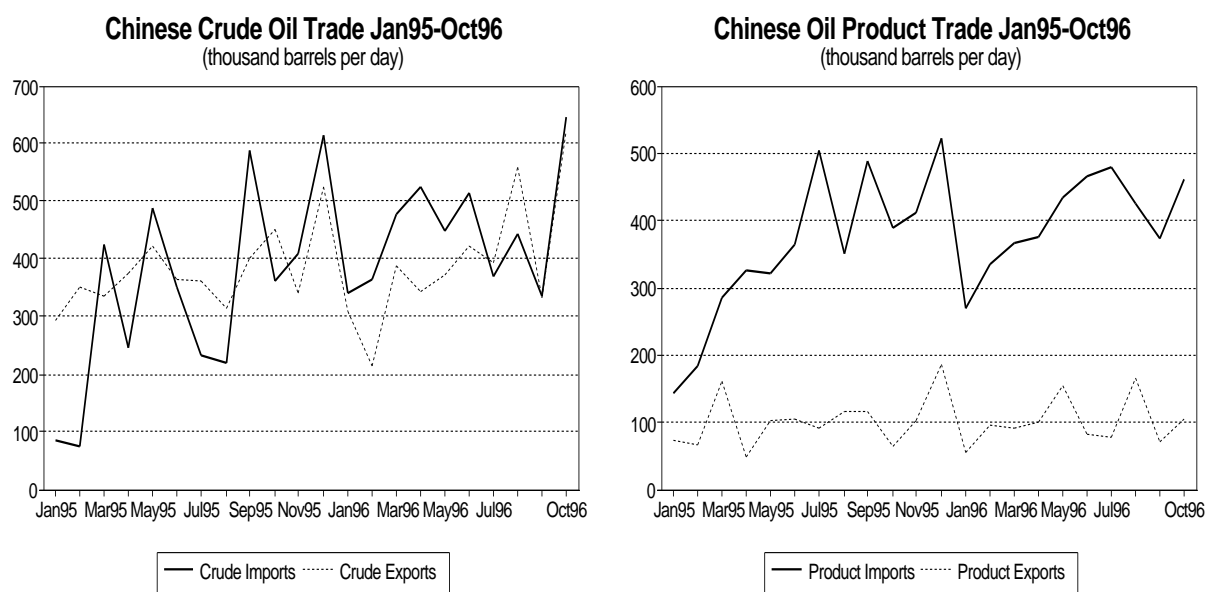


Chinese oil production increased by 37 kb/d in November to 3.193 mb/d, about 10 kb/d more than expected. Offshore output reached a record 364 kb/d, up 39 kb/d from October, while onshore production was down slightly. The initial estimates had assumed a small decline in offshore output, due to seasonal storms, and moderate increases in Western China. A recovery in production from the Liaohe area was also expected. Conversely, Western Chinese production fell by 3 kb/d, with the Tarim and Turpan-Hami Basins each down 2 kb/d and output from the rest of Xinjiang Province (primarily the Karamai area) increasing by only 1 kb/d, despite new wells. Liaohe output was also 3 kb/d lower than in October, when production had fallen by 8 kb/d due to what were thought to be temporary factors. Some of the onshore decline was offset by a 6 kb/d rise in the Huabei fields, where a 2 kb/d increase had been expected.

The offshore increase was believed to have been centred on the Pearl River mouth area of the South China Sea. The Huizhou field reached its annual target for total barrels produced on 5 November, despite loss of almost an entire month's output in March when its pipeline was accidentally cut by a fishing trawler. Since then, use of friction reduction agents has allowed pipeline flows in excess of previous capacity limits and throughput has been able to be maintained at 110-120 kb/d, making Huizhou the largest Chinese offshore field, slightly larger than the neighbouring Xijiang fields. Additional production is expected from the Pearl River Mouth area in 1997, with the start-up of the Lufeng 22-1 field and a continuation of the higher flows at Huizhou, Xijiang and elsewhere in the South China Sea. Bohai Gulf production from the waters off northern China are also expected to increase in 1997, with at least two of the six oil fields under development coming onstream in 1997, (the J-Block of the Suizhou area and the Qikou 18-1 field) and adding to production from the three existing oil fields (Chengbei, Suizhou 36-1, and Bozhong 34-1/2). The Suizhou D-Block and the Boxi field are also possible start-ups before year-end. With the continued offshore growth, moderate increases in Western China and relatively stable production from Eastern China, Chinese oil production is projected to average 3.24 mb/d in 1997, an increase of about 105 kb/d from 1996, accounting for all of the expected growth in non-OPEC Asian production.

Chinese Trade

Chinese net imports of oil in October were 378 kb/d, an increase of 143 kb/d in August and 308 kb/d in September. Crude imports increased sharply to 645 kb/d but were almost matched by exports of 622 kb/d. Imports from Oman, Indonesia and Yemen accounted respectively for 29%, 27% and 14% of the crude imports in October. Product imports rose by 87 kb/d to 460 kb/d, with the largest increases being for diesel oil (from 62 kb/d to 98 kb/d) and LPG (from 99 kb/d to 122 kb/d). Preliminary indications are that, later in the quarter, diesel and fuel oil imports increased appreciably, in part facilitated by the temporary reduction in import tariffs (see Prices section).



Africa and Other Middle East

Non-OPEC African production is projected to rise by almost 275 kb/d in 1997, more than doubling the growth in 1996. **Angolan** output is expected to increase by about 100 kb/d, primarily from new offshore fields, although small increases are also planned for the onshore Soyo area. Soyo output had been shut-in during the civil war and the restart has been slow due to the need to clear numerous land mines. Production in the Soyo/Kwanza areas, which is estimated to have averaged 7 kb/d in 1996, is projected to reach 20 kb/d by year-end 1997 and to average 14 kb/d for the year. Exploration successes suggest that offshore production will continue to increase beyond 1997, and the Angolan government is gaining confidence in its ability to meet their target of 1 mb/d by 2000. The prospectivity of some of the deepwater areas suggest there is upside sensitivity even to that aggressive target towards the end of the decade or for the early 2000s.

Sources of 1997 African Oil Supply Growth

	1994	1995	1996	1997
Angola	24	118	50	99
Congo	1	-8	33	85
Equatorial Guinea	0	2	19	39
Egypt	-39	21	-25	13
South Africa	0	0	0	15
Other African Crude	21	48	26	-18
NGLs & Synfuels	35	-17	7	19
Total	42	164	110	252

A 90 kb/d increase in 1997 oil production from the **Congo** follows primarily from production gains at the N'Kossa platform. The start-up of N'Kossa LPG production in December 1996 is expected to add about 5 kb/d to the 85 kb/d 1997 increase in offshore crude production shown in the table. The N'Kossa field began producing in June of last year, so that the annual average was only 42 kb/d versus a projected average of 115 kb/d in 1997. The Kitina field is due to be brought onstream around mid-year and should add about 45 kb/d to 1997 production, more than offsetting a 10 kb/d decline in the older fields that produce the Congo's Djeno Blend crude stream.

Gains of around 40 kb/d for **Equatorial Guinea** (from expansion of production at the Zafiro field) and around 30 kb/d for other African production due to the start-up of the **South Africa's** offshore Oribi field in March, new fields in **Egypt** and a longer period of production for the **Sudan's** Heglig field, bring the total increment in African production to about 250 kb/d. Without a pipeline link, the Heglig field's output must currently be trucked out on a primitive road system that washes out during the extended rainy season in southern Sudan.

Moderate increases are projected this year for the three major non-OPEC Middle East countries. **Oman**, which produced 894 kb/d of crude oil in November and 898 kb/d in December, averaged 876 kb/d for 1996 (including an estimated 15 kb/d of NGLs) and is projected to produce just under 900 kb/d in 1997. A similar increase is anticipated in **Yemen**, from a preliminary 1996 estimate of 345 kb/d to about 370 kb/d in 1997 due to a full year of production from the Shabwa and Jannah Blocks. **Syrian** production is seen rising by slightly less, from 605 kb/d to 620 kb/d.

OECD STOCKS AND THE MISCELLANEOUS TO BALANCE

Industry Stock Changes During 4Q96

As a result of downward revisions to the preliminary estimates of North American stocks, total OECD stocks at the end of October are now estimated to have decreased by 0.1 mb/d compared with the 0.3 mb/d increase shown in last month's Report. In November, total stocks are preliminarily estimated to have decreased by 0.6 mb/d, the same decline as in November 1995. However, total distillate stocks increased by 0.1 mb/d compared with a decrease of 0.5 mb/d a year earlier, while crude stocks decreased by 0.3 mb/d compared with a 0.6 mb/d increase in November 1995. It should be noted that, with not even preliminary data being available for end-of-year stocks (except for the US), the stockdraw shown in Table 1 for 4Q96 of 0.6 mb/d may be subject to significant revision.

Preliminary Industry Stock Changes in November
(million barrels per day)

	North America	Europe	Pacific	Total
Crude Oil	-0.4	0.2	-0.1	-0.3
Gasoline	0.0	0.0	0.0	0.0
Distillates	0.1	0.1	0.0	0.1
Fuel Oil	0.1	0.0	-0.1	0.0
Other Oil*	-0.4	0.0	-0.1	-0.5
Total Oil	-0.6	0.3	-0.3	-0.6

* includes other products, feedstocks, NGLs and other hydrocarbons

Industry Stock Levels at the End of November

Total industry stocks at the end of November are assessed to have been 78 mb or 3% lower than a year earlier. While the majority of the difference was still in products, the most significant development was the continuing decline in the distillate shortfall, which had reduced to 16 mb or 3%. By the end of the month, the region with the largest shortfall had switched from Europe to North America. Stocks in the latter region were 17 mb lower than a year earlier while the European shortfall had shrunk from 38 mb at the end of September to only 3 mb (see graph on page 31).

Regional Stock Developments in November

In North America, US crude oil stock levels decreased sharply, consistent with a significant reduction in crude imports. At the end of November they were 24 mb or 7% below previous years' levels. Gasoline stock levels were little changed with the effect of somewhat lower demand and higher production offset by a significant reduction in imports. At the end of the month, stocks were 10 mb or 5% lower than a year earlier. As a result of continuing high distillate production and lower demand, distillate stocks increased but ended the month 17 mb lower, with the majority of the reduction continuing to be on the US East Coast. Fuel oil stocks increased by 8% during the month and ended some 10% higher than a year before.

US DOE weekly statistics indicate that total stocks decreased by 0.6 mb/d during the month of November with gasoline, distillate and fuel oil stocks each increasing by 0.1 mb/d while crude oil and other/unfinished oils decreased by 0.4 mb/d and 0.6 mb/d respectively. On 3 January 1997, crude oil stocks were 6% lower than a year earlier but gasoline and distillates were only 2% lower.

In Europe, crude oil stocks increased, with higher production and imports more than offsetting higher refinery throughputs. Total crude stocks were 10 mb higher than at the end of November 1995 but this included a combined increase of 30 mb in Turkey (to meet emergency stock targets) and Norway (reflecting increased North Sea stocks). Compared with a year before, stocks were significantly lower in Italy and the Netherlands and somewhat lower in Germany and France. Gasoline stock levels remained essentially unchanged during the month to end 4% lower than at the end of November 1995. Distillate stocks are estimated to have increased by 2 mb compared with an 18 mb reduction in November 1995, reflecting higher refinery production. Although total distillates were close to previous years' levels, stock levels in France were 18% lower while stocks were higher in Germany, Italy and the Netherlands. Fuel oil stocks decreased marginally to end the month below the historically high level of a year earlier but close to the November 1994 level (see Table 5).

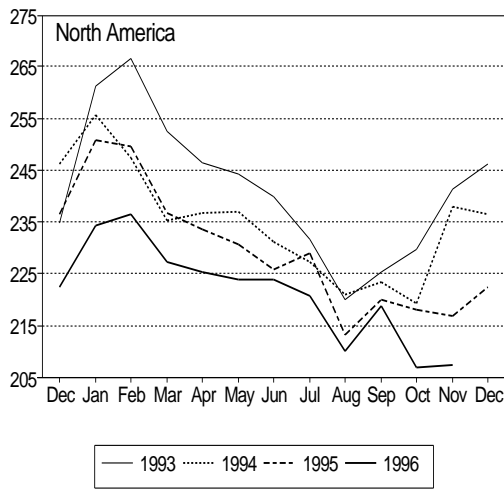
Following the steep rise during October, crude oil stocks in the **Pacific** fell by 0.1 mb/d in November, with increases in refinery throughputs and deliveries to utilities more than offsetting an increase in imports. At the end of the month stocks were close to the previous year's level. Gasoline stock levels remained essentially unchanged for the third successive month and by the end of the month were only marginally below year-earlier levels. With seasonally higher demand approximately balanced by higher production, distillate stocks continued to decline slightly. However, the decline was much less than in November 1995 and stocks ended the month 6% higher than a year earlier. It is of interest to note that at the end of October, the most recent month for which official MITI data are available, total industry stock levels were equivalent to 83 days of the previous twelve month's demand, unchanged from a year earlier. This is in contrast to the first four months after deregulation (on 1 April 1996) when stocks averaged over four days below the previous year's level.

Miscellaneous to Balance

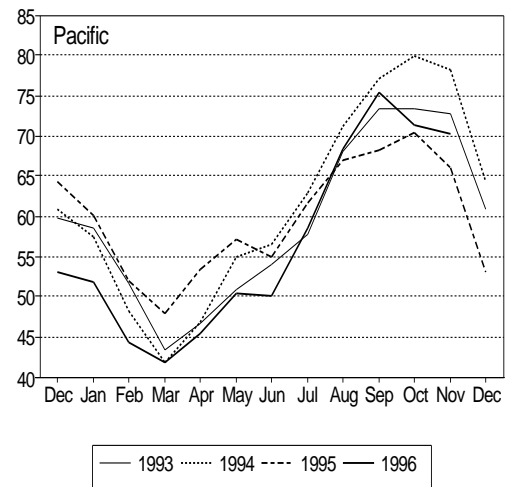
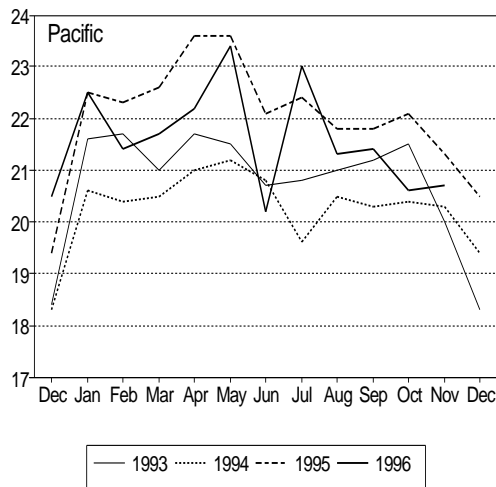
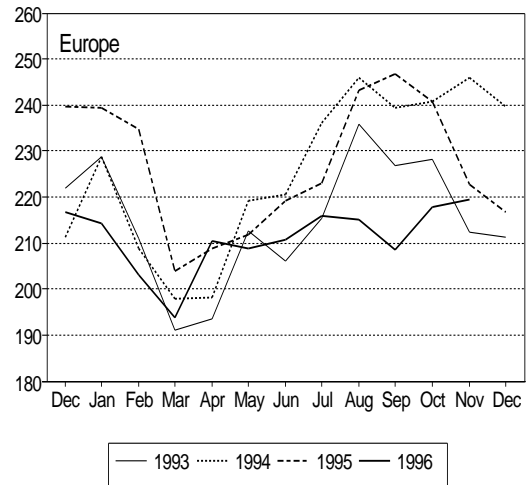
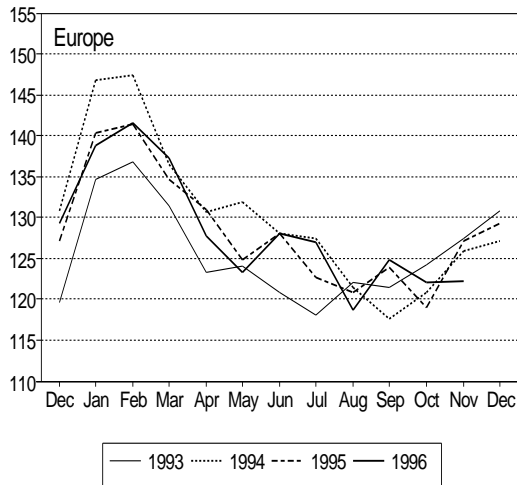
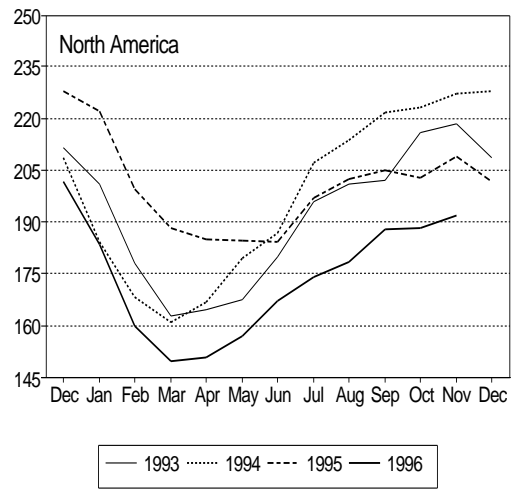
The miscellaneous to balance figure in 3Q96 which was discussed in last month's Report has been reduced by 0.1 mb/d as a result of the receipt of new data but, at 0.8 mb/d, continues to appear to be too high. While there is substantial uncertainty surrounding the assumed OECD industry stockdraw for 4Q96 pending receipt of end-December inventory data, the resultant average miscellaneous to balance of 0.5 mb/d for the year 1996 also looks too high, even allowing for a growth of, perhaps, 0.2 mb/d in non-OECD stocks to service growing demand and increased refinery capacity. As discussed in previous Reports, it is uncertain at present whether this is due to the estimates of global demand or OECD stockbuild being too low or global supply being too high or some combination of these factors.

Regional OECD Industry End-Month Stocks: Gasoline and Middle Distillates (million barrels)

Gasoline

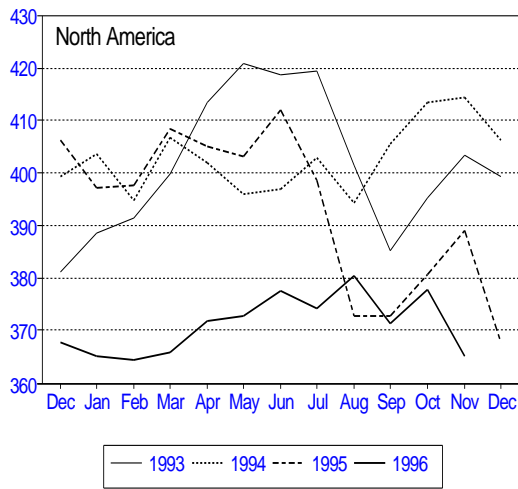


Middle Distillates

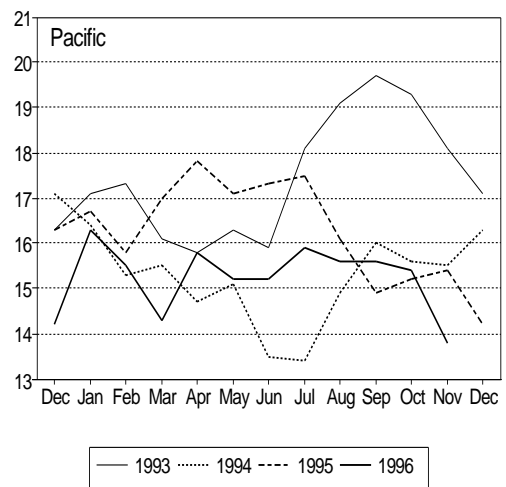
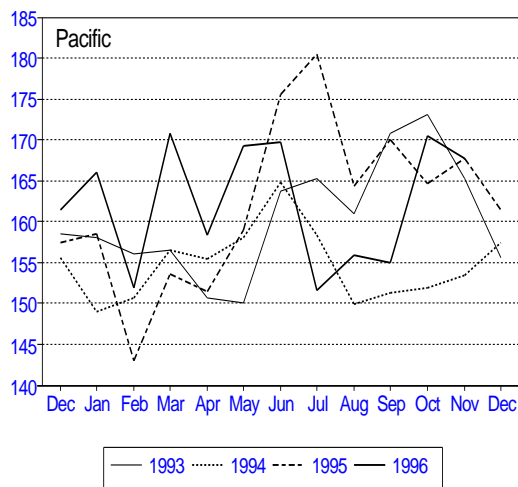
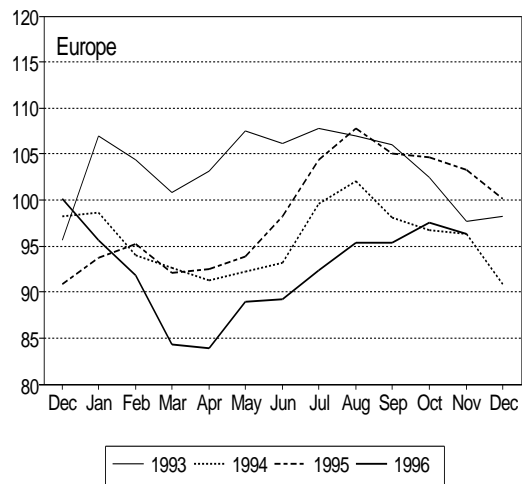
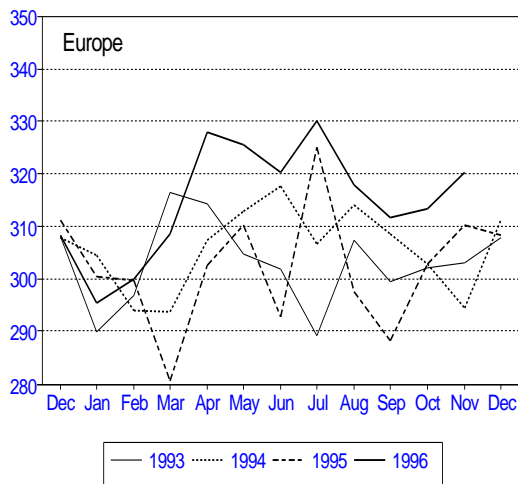
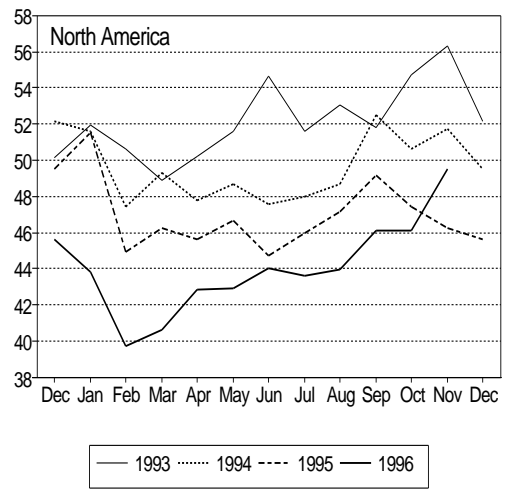


Regional OECD Industry End-Month Stocks: Crude Oil and Fuel Oil (million barrels)

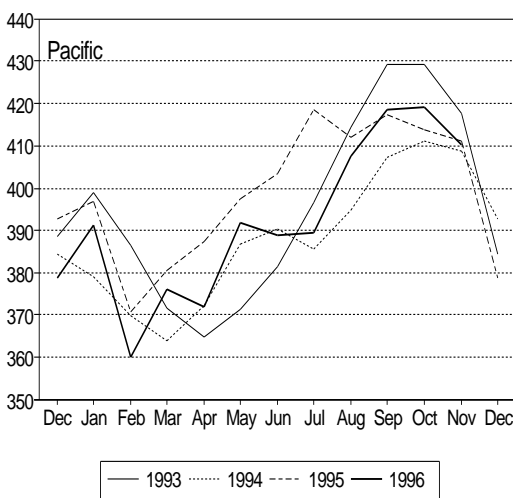
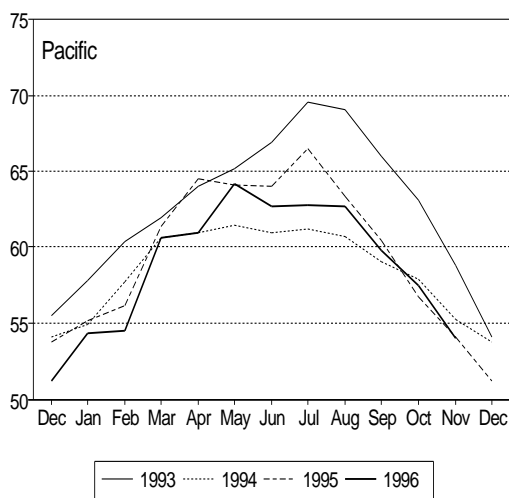
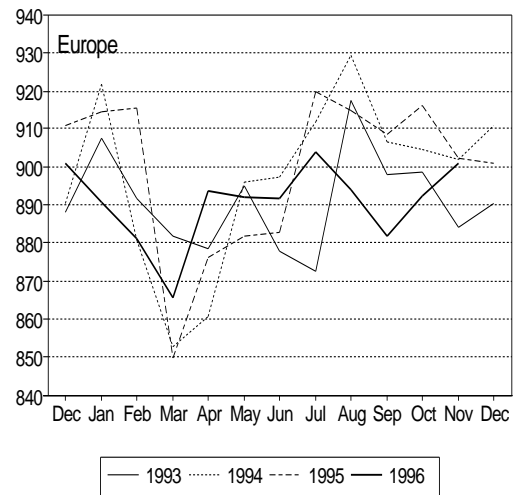
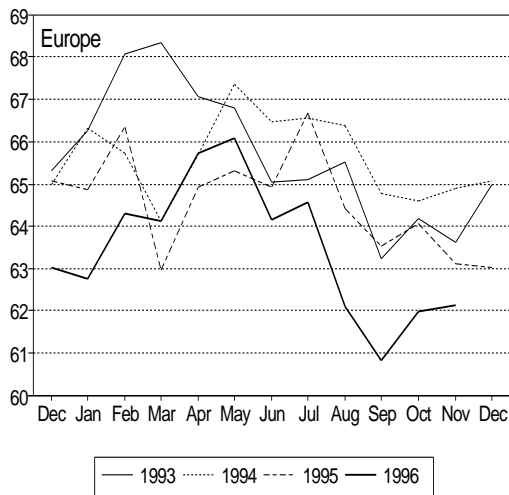
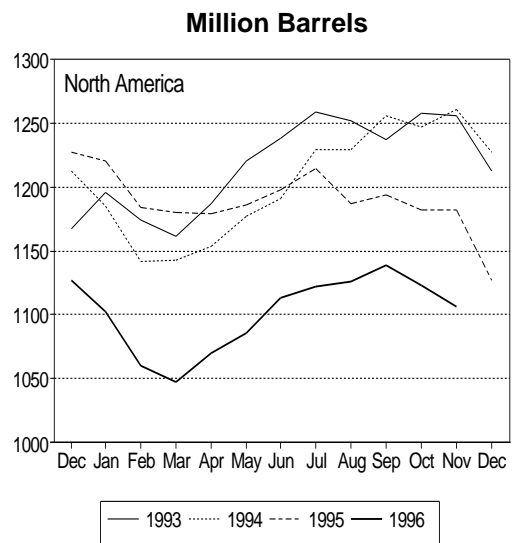
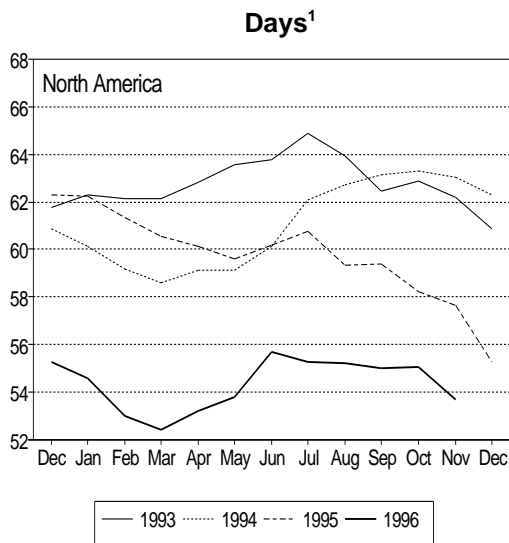
Crude Oil



Fuel Oil



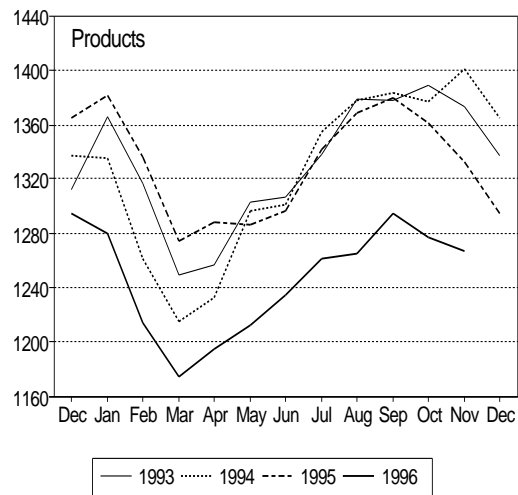
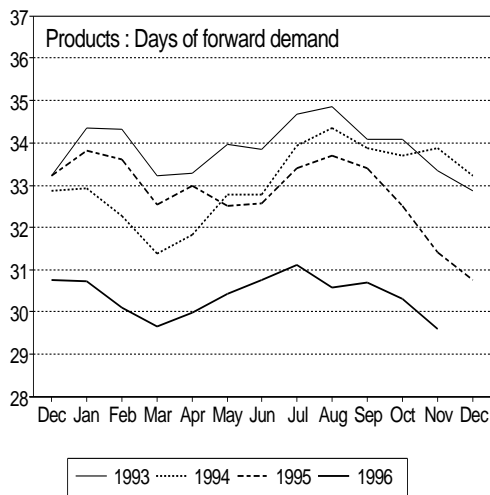
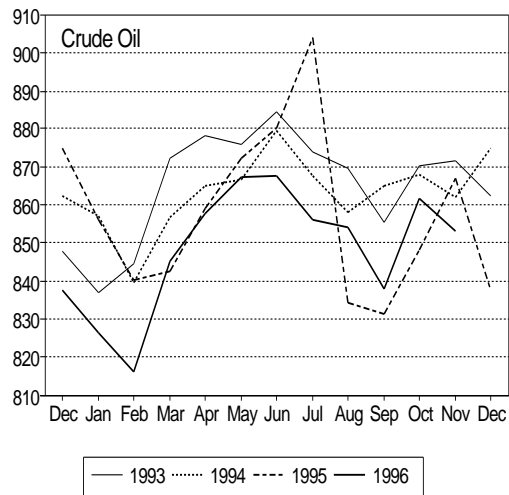
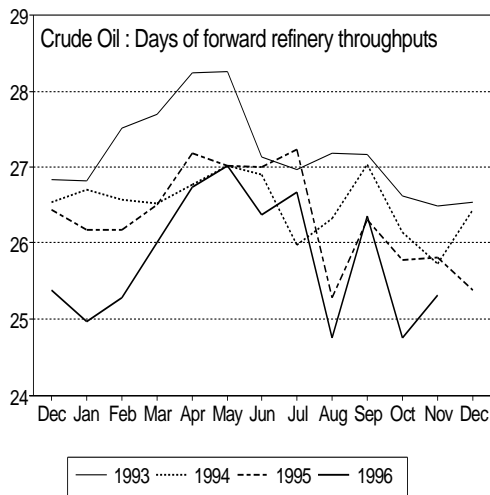
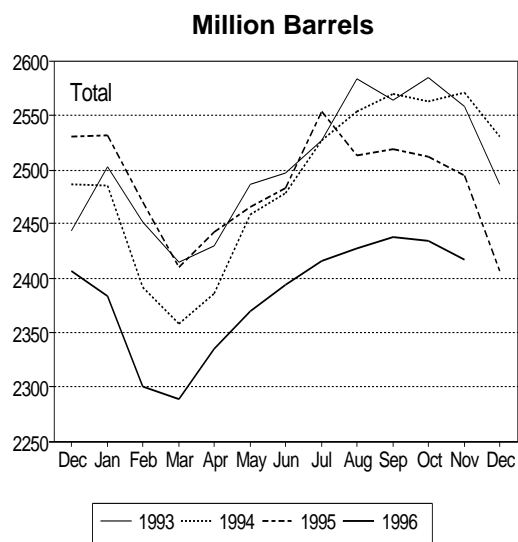
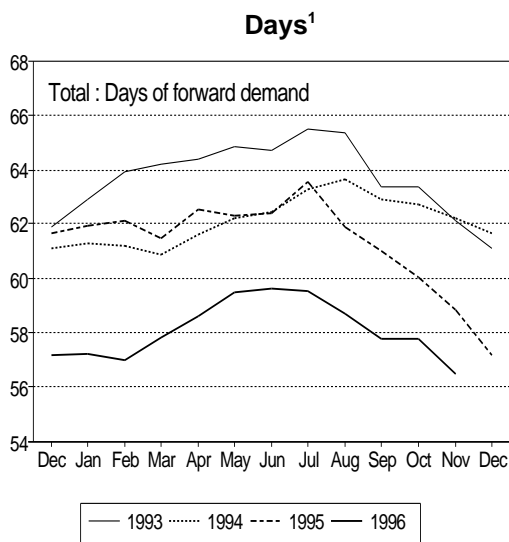
Regional OECD End-Month Industry Stocks (In days of forward demand and million barrels)



¹ Days of total stocks are based on demand for the next three months.

Total OECD End-Month Industry Stocks

(In days and million barrels)



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

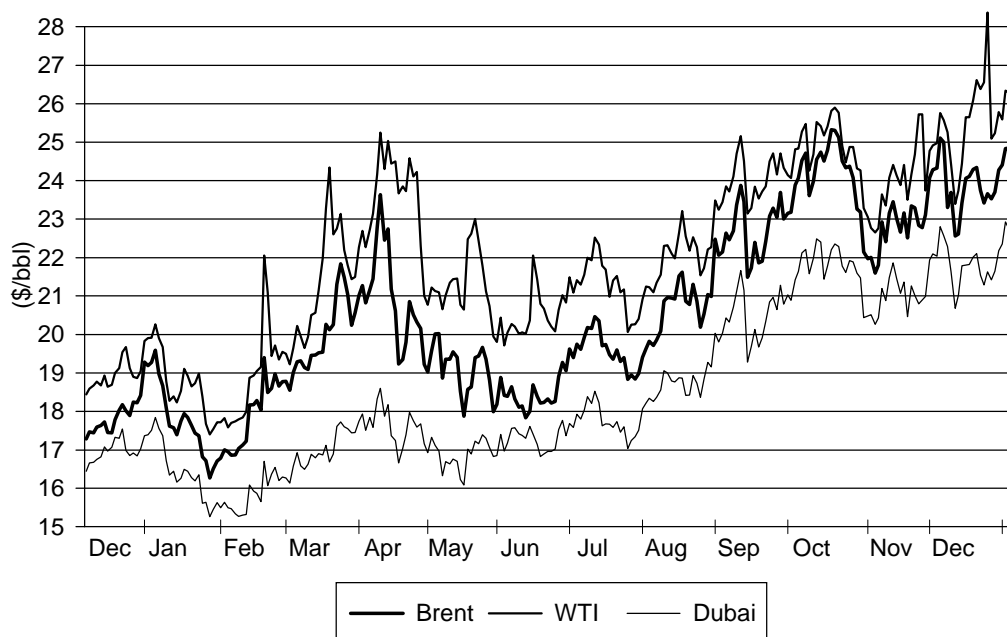
Summary

- Benchmark crude oil prices remained very volatile during December, mainly as a result of continuing low crude and product stock levels (in particular in the US) combined with strong global crude demand. WTI rose to new post-Gulf War highs, surpassing the \$26.00/bbl level and Brent peaked in early December above the \$25.00/bbl level. Colder-than-normal weather in Europe provided upward pressure on crude prices in late December and early January. Monthly average prices increased, despite the start of Iraqi oil exports in the second week of December under the “oil-for-food” deal with the UN.
- Prices for sour crudes in the Mediterranean strengthened relative to those of Brent during the first half of the month as a result of tightening supplies of Urals but decreased appreciably during the second half of the month when Iraqi oil exports started. As a result of the persisting crude tightness in the Atlantic Basin, the impact of the resumption of Iraqi oil exports has not, as yet, been felt beyond the Mediterranean. Despite a wide Brent/Dubai differential during most of the month, increasing volumes of Brent-related West African crudes were reportedly traded to Asian countries.
- Strong demand continued to keep Asian distillate prices on an upward trend during December, whereas European gasoil prices decreased, reflecting receding concerns about supply adequacy as inventory levels increased on both sides of the Atlantic. The focus of US and European refiners on maximising distillate production at the expense of gasoline supported gasoline prices in the US and provided a floor to the decline of European gasoline prices. Fuel oil prices, in particular those of LSFO, came under pressure from low demand in Europe and mild weather in the US.
- In December, refining margins remained volatile and decreased appreciably in the US and Europe when product prices, on average, lagged the rise in crude prices. In Singapore, margins remained little changed from November levels, mainly as a result of strong distillate prices that more than offset the decline in regional gasoline prices.
- In November, the aggregate refinery throughputs in OECD countries increased by almost 0.8 mb/d to 33.8 mb/d, reaching the highest level for more than eight years. A decrease in the US was more than offset by increases in Japan and, to a lesser extent, in Europe. Throughput levels in December are assessed to have risen in the US and Japan and to have decreased in Europe.

CIF Crude Import Costs

Table 8 shows that the preliminary weighted average CIF cost for crude imported into IEA countries in October was \$23.34/bbl, \$1.55/bbl higher than in September. The corresponding estimates for November and December are \$23.25/bbl and \$23.70/bbl respectively.

Spot Crude Oil Prices



Spot Crude Oil Prices

Average prices for Atlantic Basin benchmark crudes increased in December and spot prices remained highly volatile in the first three weeks of the month, consistent with continuing low crude and product inventory levels, in particular in the US, and firm crude demand in Europe, the US and Asia. The resulting lack of supply flexibility in the Atlantic Basin caused minor local supply disruptions or unexpected changes in demand - be it the French refinery strike, a cold snap in the US, the brief closures of Mexican crude export ports or unplanned refinery outages - to have a disproportionate effect on crude price levels.

The steep rise in crude prices in late November and early December, mainly due to firming product prices and weather-related supply disruptions in the US Gulf, ended when Iraqi oil exports finally began under the "oil-for-food" agreement with the UN. As a result of this increase in crude supply, but also reflecting easing distillate supply concerns on both sides of the Atlantic in light of mild winter weather, prices for Brent and WTI decreased sharply during the second week of the month, declining by more than \$2.00/bbl. During the third week of the month crude prices rebounded, mainly driven by sharp price rises in the US, where a steep decline in reported crude inventories combined with a cold snap in the Midwest and renewed weather-related problems with waterborne crude shipments into the Houston area. WTI soared by more than \$2.70/bbl to a new post-Gulf War high of \$26.61/bbl prior to the expiry of the January contract on the NYMEX in December and spiked again on 24 December at \$28.37/bbl, when, on the final day of January pipeline scheduling, a company had to cover a shortfall of prompt supplies. During the last week of December prices remained little changed due to limited trading activity in line with the seasonal holidays and unseasonably mild weather in the US. However prices increased in the last days of the year and in early January when colder-than-normal winter weather engulfed most of Europe and approaching colder weather was forecast for the US East Coast.

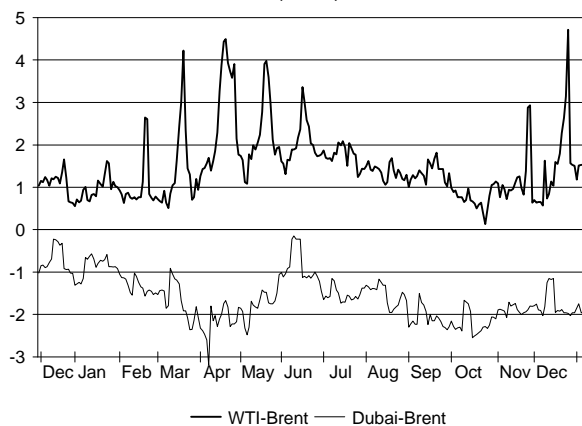
Spot Crude Oil Prices and Differentials

(monthly and weekly averages, \$/bbl)

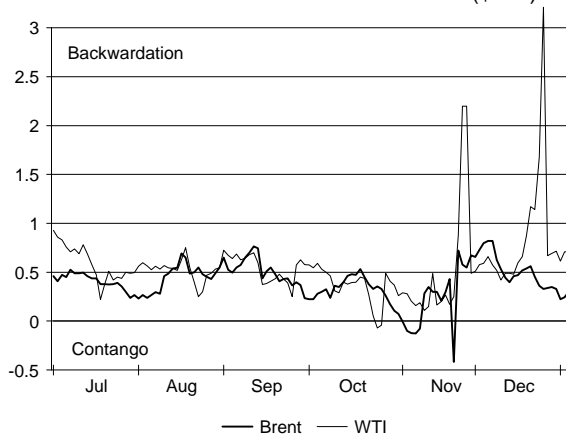
	Week Ending:									
	Oct	Nov	Dec	Change	30 Nov	07 Dec	14 Dec	21 Dec	28 Dec	04 Jan
Brent Dated	24.15	22.71	23.87	1.16	22.91	24.56	23.11	24.11	23.53	23.99
Dubai	21.75	20.97	21.81	0.85	20.90	22.29	21.48	21.86	21.44	21.91
WTI	24.89	23.92	25.43	1.51	25.06	25.20	24.26	26.08	26.67	25.51
Brent over Dubai	2.40	1.74	2.06		2.02	2.27	1.63	2.25	2.09	2.08
WTI over Brent	0.74	1.21	1.56		2.15	0.64	1.14	1.97	3.14	1.52
Brent 1st month minus 2nd month	0.32	0.22	0.53		0.60	0.77	0.49	0.51	0.34	0.34
WTI 1st month minus 2nd month	0.36	0.51	0.84		1.63	0.58	0.48	0.89	1.85	0.71

Dated Brent, which peaked in the first week of the month at \$25.11/bbl, its highest value in December, traded at a premium to the 15-day market for January during most of December, in line with firm crude demand from refineries. The level of backwardation gradually decreased during the month from end November highs of \$0.75/bbl to some \$0.25/bbl by the end of December as shown in the right-hand graph below. However, dated Brent gained increasing support in the second half of the month when the transatlantic arbitrage window opened on a sustained basis for the first time in more than three months (see left-hand graph below).

WTI/Brent/Dubai Differentials
(\$/bbl)



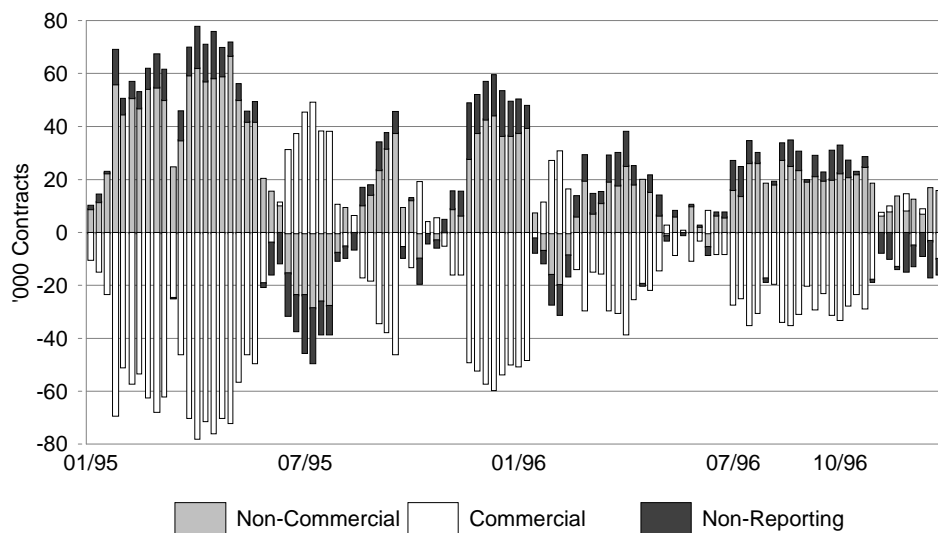
Forward Brent and WTI Differentials
First month minus Second month (\$/bbl)



Average WTI prices increased by about the same amount as those of Brent and remained mainly supported by a combination of low inventories, tight supply in the US Gulf (as a result of decreasing import levels, due to the closed transatlantic arbitrage possibility in recent weeks) and firm demand for crude from refineries. The opening of the transatlantic arbitrage possibility in mid-December led to a narrowing of the premia for indigenous sweet crudes, such as Light Louisiana Sweet, over WTI. The average level of backwardation for WTI increased during the month, as shown in the right-hand graph above, primarily as a result of the spikes in prompt crude prices.

The volume of net open positions of WTI contracts on the NYMEX had decreased appreciably in early November, following a sizeable liquidation of long positions by non-commercial traders, and continued during December at far lower levels than in previous months, as shown in the graph of weekly average net open positions below. In addition to the reduced exposure by market participants in the last two months of this year, the distribution of net open positions changed notably. Whereas the category of non-commercial traders (funds and financial institutions) kept some of their net length in crude positions, the non-reporting category of non-commercial traders changed to a net short position. Mainly during November, commercial traders changed from holding net short positions to holding net long positions. These recent developments reflect a growing uncertainty in the market about the future direction of oil prices and might be interpreted as preliminary adjustments to cope with a potential future contango in crude markets.

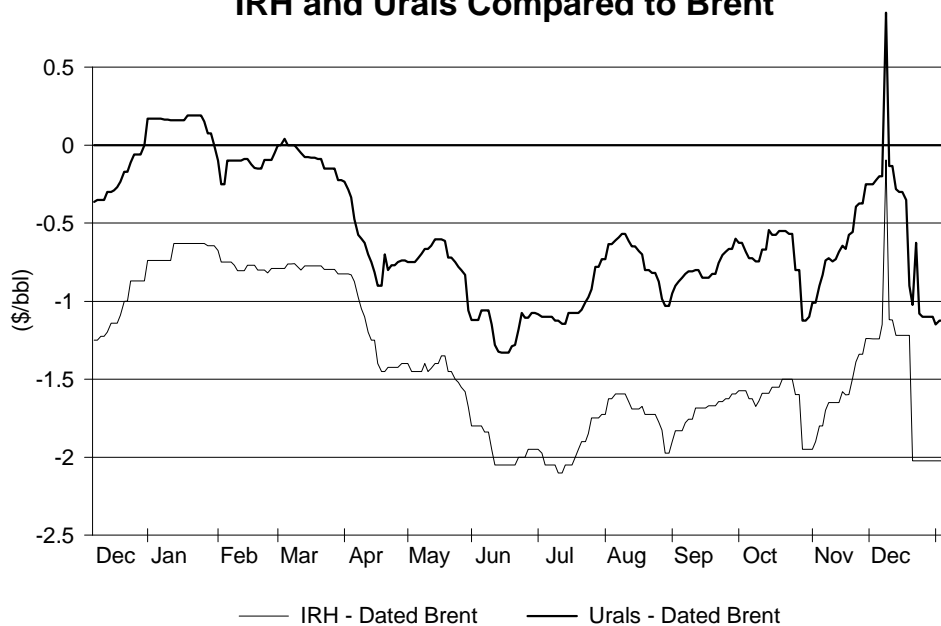
Distribution of Net Open Positions of WTI Contracts on the NYMEX



Sour crude prices in the Mediterranean continued to gain strength relative to those of dated Brent until well into the second week of December, primarily reflecting restricted supplies of Urals out of the main Black Sea export terminal at Novorossiisk due to weather-related loading delays and the onset of the planned two week maintenance closure of the main Urals loading berth. However, the onset of Iraqi crude exports in the second week of December, initially largely by pipeline via Turkey into the Mediterranean, caused sour crude prices in the Mediterranean to decrease sharply relative to Brent (see graph on next page). The Brent/Urals differential widened by almost \$1.00/bbl in the week following the resumption of Iraqi oil exports and ended the month at an unseasonably wide \$1.10/bbl. The Brent/Iranian Heavy spread moved in line with that of Urals, widening to \$2.03/bbl by the end of December. As a result of the persisting crude tightness in the Atlantic Basin the impact of the resumption of Iraqi oil exports has, as yet, not been felt beyond the Mediterranean on a sustained basis.

During December, the Brent/Dubai differential remained within a very narrow band around \$1.90/bbl, apart from during the second week of the month, when crude prices fell appreciably and Brent prices decreased by more than those of Dubai. During this week, the Brent/Dubai differential briefly narrowed to an average of \$1.18/bbl. Despite the generally wide Brent/Dubai differential, an increasing volume of Brent-related West African crude grades was reportedly traded to Asia, in particular to China. This eastward flow of African grades, attracted by high Asian refinery runs and strong demand for gasoil-rich grades, contributed to the firm crude prices in the Atlantic Basin.

IRH and Urals Compared to Brent



In general, prices for sweet Asian grades followed the pattern of those in the Atlantic Basin but continued to be less volatile. They were mainly supported by firm regional demand for incremental crude supplies, in particular from China and Japan (prior to the seasonal peak in Asian refining throughputs in January/February), strong regional distillate and naphtha prices and the weather-related reduction of Australian crude supplies, as discussed in the Supply section above. The average Tapis/Brent and Minas/Brent differentials contracted slightly compared to November.

Spot Product Prices in December

European spot **gasoline** prices remained under downward pressure during December amid low regional demand and ample supplies. Limited support for prices was gained from demand into France, where gasoline supplies were reduced by a brief strike at three refineries in early December. The transatlantic arbitrage possibility into the US remained open during December, forming a floor to the decline in gasoline prices, but physical trade was hampered by the limited availability of suitable vessels. The regular gasoline/Brent differential in Rotterdam remained within a narrow band around \$1.00/bbl during most of the month.

Following firm price levels during November and early December, gasoline prices eased in the US during the last three weeks of the month reflecting decreasing demand, rising inventory levels and gradually growing import volumes. The strength of US gasoline prices during November and early December continued to attract gasoline imports, which averaged near-peak summer levels of more than 430 kb/d for the four-week period up to 3 January. The average gasoline/WTI differential consequently decreased from \$5.03/bbl in November to \$3.26/bbl for December. However, gasoline prices gained limited support in late December as a result of refinery problems at gasoline producing units on the US East Coast and slightly stronger gasoline demand.

In December, Singapore gasoline prices came under downward pressure for the first time in three months when abundant supplies (mainly from new refining capacity in Thailand and China) were met with weak regional demand. Some limited support was derived from export possibilities to New Zealand and, later in the month, to Chinese Taipei. The gasoline/Dubai differential decreased by \$0.63/bbl to an average of \$3.97/bbl and remained \$0.91/bbl lower than during the same month last year.

Spot **naphtha** prices in Northwest Europe and the Mediterranean decreased during December in line with weak demand from refiners and declining prompt demand from the petrochemical industry. Export possibilities to the US were restricted by the lack of available vessels and high freight rates. By mid-December, Rotterdam naphtha prices fell again below those of regular gasoline and the average naphtha/Brent differential decreased in December, by \$1.32/bbl from the 17-month high in November to average \$0.98/bbl. However, this spread was still some \$1.18/bbl higher than during the same month a year earlier.

Unlike in Europe, the monthly average naphtha price continued to firm in Singapore amid strong demand from northeast Asian petrochemical plants and high prices for alternative petrochemical feedstocks. The average naphtha/Dubai differential in Singapore rose to \$3.23/bbl for December, just \$0.74/bbl lower than the gasoline/Dubai differential.

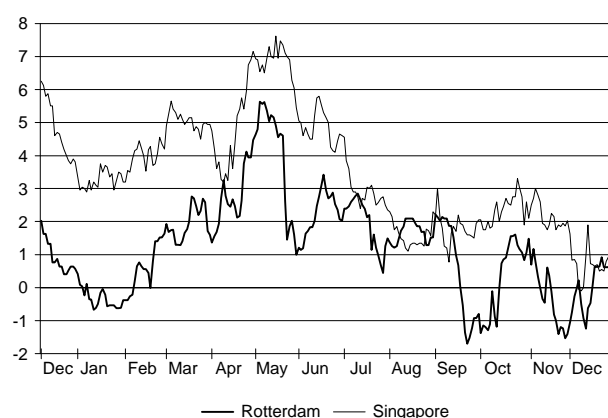
Spot Product Prices

(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
Oct	25.50	26.61	27.47	24.80	31.52	30.12	30.28	29.99	19.15	19.27	21.07	19.75
Nov	24.67	26.10	28.95	25.56	29.50	28.33	29.57	30.75	19.51	19.72	21.01	19.19
Dec	24.87	25.51	28.69	25.78	29.25	28.02	30.34	32.49	20.20	20.17	21.93	22.69
Dec-Nov	0.20	-0.59	-0.26	0.22	-0.25	-0.30	0.77	1.74	0.69	0.45	0.92	3.50
Week ending:												
30 Nov	23.74	25.27	29.80	26.38	29.46	28.34	30.01	31.44	20.18	20.57	22.48	19.82
07 Dec	25.28	26.22	30.05	25.92	30.13	28.95	31.32	32.88	20.89	21.28	22.70	20.89
14 Dec	24.21	25.02	27.42	25.90	28.32	27.25	29.33	32.24	20.34	20.39	22.20	24.19
21 Dec	25.08	25.60	28.77	25.35	29.27	28.12	31.01	32.60	20.06	19.74	21.86	24.43
28 Dec	24.82	25.15	28.40	25.70	28.78	27.32	29.85	32.33	19.57	19.49	21.23	21.58
04 Jan	25.03	25.33	28.74	26.35	30.03	28.42	30.03	32.10	19.41	19.18	20.63	20.74

The **reforming margin** in Northwest Europe remained below the break-even level for the third successive month. The gasoline/naphtha differential turned positive in the second half of the month (see graph to the right) when naphtha prices came under pressure, but remained below the threshold of reforming profitability throughout the month. In Singapore, the gasoline/naphtha differential decreased further during December, remaining below the threshold for reforming profitability for the fifth month in a row. Some Asian refiners, notably in Korea, were reported to have reduced reforming throughputs to levels set by the refinery's minimum hydrogen requirements.

Gasoline - Naphtha Differential (\$/bbl)

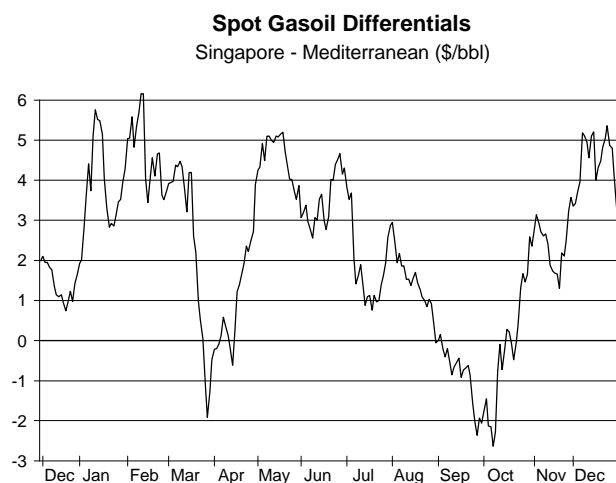


In the first week of the month, European **gasoil** prices remained supported in Northwest Europe by increased demand into France, where the brief strike at three refineries reduced gasoil availability, and in the Mediterranean by lower availability of Russian gasoil. In the second week of December prices briefly decreased appreciably, mainly in line with those of crude, before rebounding again, albeit under growing pressure from increasingly well supplied markets and waning local demand. Some support to prices was gained from the opening of the arbitrage possibility for gasoil exports from the Mediterranean to Asia early in the month and some cargoes have reportedly been traded, mainly to India.

The colder-than-normal winter weather which engulfed most of Europe in the fourth week of December caused European gasoil prices to rise appreciably in late December and early January. However, despite the lowest temperatures in decades in large parts of Europe, gasoil prices remained well below the highs observed during October. This was the result of increased European stock levels (reflecting high gasoil production levels) and, in part, of restrictions in the distribution of gasoil as European inland waterways started to freeze. Persisting low temperatures in Europe and the expectation of further rises in European gasoil prices reportedly prompted some traders to reroute India-bound gasoil cargoes back to the Mediterranean. The gasoil/Brent differential in Rotterdam increased from some \$5.00/bbl in mid-December to some \$6.20/bbl at the end of the month, although well below the October peak levels of more than \$11.00/bbl. Average premia for the new European low sulphur diesel grade (mandatory in EU countries since 1 October) over gasoil continued to decrease during December in both the Mediterranean and Northwest Europe, mainly as a result of the new grade's consolidation in the supply chain and the improving supply from indigenous production.

In the US, gasoil prices largely followed the pattern of those in Europe. However, unlike in Europe, gasoil prices remained supported by persistently low inventories and a tight supply/demand balance. Spot price levels remained volatile and particularly susceptible to minor changes in reported stock levels, changing weather conditions, import levels and refinery problems. Monthly average gasoil prices increased in the US, in contrast to the slight decline in European gasoil prices (see table above), but concerns about potential gasoil supply shortfalls eased during the month as gasoil stocks increased slightly and weather conditions remained milder-than-normal. The gasoil/WTI spread averaged \$4.91/bbl in December, some \$0.74/bbl lower than in November.

Average gasoil prices in Singapore continued to increase in December, with spot prices remaining significantly higher than in most other markets for the second successive month. This strength was mainly due to firm demand from India, Indonesia and especially from China, where import tariffs were reportedly decreased temporarily from 6% to 3% for the period 1 November to 31 March in order to facilitate the required imports in the run-up to the lunar New Year, despite high spot price levels. Prices were also supported by tight regional supplies as gasoil production was affected by refinery problems in a number of Asian countries. Gasoil prices in Singapore spiked in the first week of the month when a cold snap in North Asia coincided with one in North America, rising to \$34.38/bbl, the highest level since the Gulf War. High Asian gasoil prices started to attract gasoil imports from the Mediterranean and the US. The gasoil/Dubai differential in Singapore averaged \$10.67/bbl compared to \$6.91/bbl during the same month a year earlier.



Spot **kerosene** prices generally moved in line with those of gasoil in the US, Europe and Singapore, with the kerosene/gasoil differential in general little changed during the month. However, in contrast to November, in December the average kerosene/gasoil differential contracted in Europe.

Asian kerosene demand increased appreciably with the onset of winter weather in northern Asian countries and the lowering of Chinese import tariffs. This caused Singapore kerosene prices to increase steeply towards the end of November and in early December and kerosene prices spiked at a five-year high of \$35.20/bbl in the first week of the month. The upward pressure on kerosene prices was reinforced during the month by regional refinery problems and the expectation of firm kerosene demand in January prior to the lunar New Year holidays. The kerosene/gasoil differential, which remained at an average of \$0.90/bbl for the first three weeks of the month, widened to some \$2.00/bbl towards the end of the month.

Spot European **LSFO** prices decreased gradually during the month from early December highs, with prices in the Mediterranean and Northwest Europe retreating by \$2.00/bbl and \$1.50/bbl respectively. Prices remained largely unaffected by developments in crude or light product markets and came under increasing pressure from waning regional demand, in particular from Italy's ENEL, as Italian ports suffered from congestion from earlier purchases. The average LSFO/Brent differential in Rotterdam widened in December by \$0.32/bbl to \$3.52/bbl and the LSFO/Urals differential in the Mediterranean widened by \$0.78/bbl to \$3.11/bbl, in both cases a considerably wider differential than during the same month a year earlier. As in Europe, US LSFO prices drifted lower during the month from early December highs as mild weather and decreasing natural gas prices in the last week of the month caused local utility and industrial end-user demand to diminish. The rise in fuel oil inventories to levels well above year earlier levels contributed to the downward pressure on prices. The average WTI/LSFO differential in New York Harbour widened by \$0.59/bbl to \$3.50/bbl.

Asian **LSWR** prices rallied in the first half of December as a supply squeeze developed amid tight supplies and strong regional demand, in particular from Japan and Korea. Prices increased by more than \$4.00/bbl in a two week period and peaked at \$25.40/bbl, the highest level since the Gulf War. In the second half of the month, prices retreated by the same amount when commitments into Korea had been covered. The pressure on prices also eased when Indonesia was understood to have made additional allocations of LSWR available to its initial January allocation of 3.5 mb, the same volume as allocated during December.

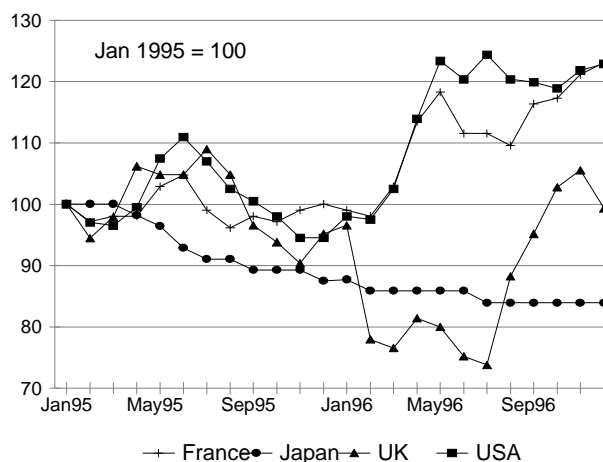
European **HSFO** prices eased during the month as plentiful supplies were met by initially good, but gradually declining local demand. The decline in prices slowed when Russian supplies began to decrease in the second half of the month, and incremental demand started to show from Romania and Poland. In the Mediterranean, HSFO prices gained support from the sharp decline in HSFO production levels as refineries switched to sweeter crudes as Urals availability declined.

In the US, HSFO prices decreased sharply during December as unplanned closures of coking units at several refineries on the US Gulf Coast significantly increased fuel oil supplies at a time when increased HSFO imports were arriving from South America. As a result, HSFO prices decreased in New York Harbour from \$19.63/bbl at the start of the month to \$15.63/bbl at the end of December. Spot HSFO prices in Singapore continued to remain within a narrow band throughout December, mainly supported by firm demand, in particular from China, where import tariffs were reduced from 12% to 3%.

End-User Product Prices

In December, mid-month end user prices for **gasoline** showed an inconsistent pattern, with prices rising in Spain, the US, France and Canada and declining in the UK, Germany and Italy, while prices remained unchanged in Japan. An increase in gasoline prices occurred in the US for the second successive month, mainly reflecting the unseasonable strength in spot US gasoline prices, and US end-user gasoline prices were close to the year's highs seen during this spring. On a pre-tax basis, US gasoline prices were 30% higher than during the same month a year earlier. In the UK, gasoline prices decreased despite an increase in excise duty after a four month recovery from price-war-related low levels in the first half of the year. Gasoline prices in France reached the highest level of the year during December. Prices in Japan were lower than last year as a result of the further deregulation of the petroleum market in April.

End-User Gasoline Prices
Local Currency Basis - Excluding Tax



Like those for gasoline, **automotive diesel** prices showed an inconsistent pattern, with prices rising in Spain, Canada and Germany and declining in the UK and Italy, while prices remained unchanged in France and Japan. However, prices were higher than a year earlier in all the countries shown in Table 9, both on a pre- and after-tax basis. Automotive diesel prices in Canada and Japan were at the highest level of the year during December.

Heating oil prices for domestic consumers increased in all countries, apart from Italy, where prices declined. The steepest increases in heating oil prices occurred in Spain and in Germany, where prices reached the year's highest level. Kerosene prices in Japan also increased to the year's highest level.

Mid-month **heavy fuel oil** prices for industry increased in all European countries in line with the increase in spot markets in the second half of November and remained unchanged in Japan. In the UK and Germany heavy fuel oil prices reached the highest level of the year in December.

Refining Margins in December

Refining margins continued to be very volatile in December as a result of the sharp, relative changes in crude and product prices. In general, average margins decreased in all major refining centres as crude prices increased by more than those of products, with the steepest decrease occurring in the US followed by Europe and, to a lesser extent, by Singapore.

In Rotterdam and the Mediterranean, refining margins decreased appreciably, with the hydroskimming margin declining by slightly less than the cracking margin. European margins came under pressure from the steep contraction in the gasoil/crude differential during the first half of the month, persistently low gasoline prices and the decrease of LSFO and HSFO prices relative to crude, which especially hit the hydroskimming margin.

Refining Margins in Major Refining Centres

(monthly and weekly averages, \$/bbl)

	Week Ending:									
	Oct	Nov	Dec	Change	30 Nov	07 Dec	14 Dec	21 Dec	28 Dec	04 Jan
NW Europe										
Brent (Hydroskimming)	-0.01	1.32	0.16	-1.16	1.29	0.39	0.88	-0.31	-0.15	-0.54
Brent (Cracking)	1.15	2.38	1.07	-1.30	2.15	1.29	1.71	0.65	0.79	0.44
Mediterranean										
Urals (Hydroskimming)	0.93	1.46	0.12	-1.34	1.26	0.16	0.24	0.16	0.76	0.69
Urals (Cracking)	2.15	2.57	1.07	-1.50	2.05	1.00	0.99	1.07	1.61	1.62
US Gulf Coast										
Brent (Cracking)	-0.01	1.40	0.05	-1.35	1.20	0.38	-0.28	-0.21	0.34	0.35
WTI (Cracking)	0.65	1.62	-0.10	-1.72	0.49	1.12	-0.09	-0.75	-1.32	0.32
Singapore										
Dubai (Hydroskimming)	-0.06	1.10	1.22	0.12	1.79	0.86	1.31	1.23	1.66	1.15
Dubai (Cracking)	2.02	3.34	3.53	0.19	4.07	3.24	3.72	3.46	3.88	3.44

Sour crude refining margins in the Mediterranean decreased in line with those in Northwest Europe in the first half of the month but then, unlike in the latter region, recovered in the second half of December when sour crude prices in the Mediterranean came under pressure from the resumption of Iraqi crude exports.

On the US Gulf Coast, the WTI cracking margin decreased appreciably, falling from the highest level in 17 months in November to the second-lowest monthly average level for 1996 in December, when WTI prices increasingly gained strength during the month, mainly in line with tight crude supplies and low stock levels (as discussed in the Prices section above). Margins experienced additional downward pressure from decreasing gasoil prices and, to a lesser extent, declining fuel oil prices during the second half of the month.

Unlike those in the US and Europe, the average Singapore Dubai hydroskimming and cracking margins increased, consistent with the gradual strengthening of almost all major product prices relative to those of crude, particularly the rise in gasoil/crude and naphtha/crude spreads, which more than offset the contraction in the gasoline/crude differential. The differential between the cracking and hydroskimming margins increased further in November, consistent with strengthening prices for light products relative to those of fuel oil.

Refinery Crude Throughputs in November

The aggregate refinery throughputs for November in OECD countries increased by almost 0.8 mb/d to 33.8 mb/d from October's upwardly-revised figures, reaching the highest level for more than eight years. Increases of 0.6 mb/d in Japan and 0.3 mb/d in Europe were marginally offset by a decrease of 0.1 mb/d in the US. Total November throughputs were 10 mb/d or 3.2% higher than a year earlier.

Preliminary data suggest that total crude throughputs in distillation units in Europe increased by 0.3 mb/d to 13.2 mb/d, the highest European throughput level in more than eight years. Decreases mainly in Italy, Turkey and Germany were more than offset by increases in Portugal, the Netherlands and France. European throughputs were 4.7% or 0.6 mb/d higher than a year earlier, reflecting the end of seasonal turnarounds combined with strong gasoil demand and good refining margins.

Crude throughputs in the US decreased by 0.13 mb/d to 14.15 mb/d, but were nonetheless 2.3% or 0.3 mb/d higher than a year earlier. Strong gasoil demand and low heating oil stocks continued to keep US throughputs at high capacity levels. Refinery utilisation, based on operating refinery capacity, is estimated to have decreased by 0.9% from October levels to 94.7%, some 1.0% higher than the level a year earlier.

Japanese crude throughputs increased by 0.6 mb/d to 4.3 mb/d, consistent with the approaching end of seasonal maintenance. Total throughputs were 1.6% or 0.08 mb/d higher than the level of a year earlier.

Refinery Crude Throughput in OECD Countries

	million barrels per day					% change from previous year		
	July	Aug	Sep t	Oct	Nov*	Jan-Nov 1996*	Nov	Jan-Nov
OECD Europe	12.62	12.51	12.84	12.89	13.18	12.60	4.7	3.4
France	1.64	1.65	1.64	1.76	1.83	1.69	12.6	7.3
Germany	2.17	2.13	2.20	2.19	2.13	2.11	6.3	0.4
Italy	1.60	1.59	1.80	1.76	1.69	1.62	1.7	1.9
Netherlands	1.21	1.19	1.03	1.04	1.18	1.15	-2.0	1.9
UK	1.77	1.75	1.85	1.85	1.88	1.78	0.0	4.9
US	14.35	14.40	14.48	14.28	14.15	14.16	2.3	1.4
Canada	1.39	1.39	1.44	1.46	1.45	1.38	9.5	8.0
Japan	3.98	4.38	4.06	3.72	4.33	4.14	1.6	-0.3
Australia/New Zealand	0.55	0.45	0.57	0.50	0.50	0.53	-11.7	-3.3
OECD Total	32.89	33.13	33.39	32.84	33.62	32.81	3.2	2.1

* Estimate

In December, refinery throughputs are thought to have increased in Japan in line with the end of seasonal maintenance and to have decreased in Europe from the very high November levels, mainly as a result of a brief strike at three French refineries and operational restrictions resulting from very low temperatures in the last week of the month. Weekly US statistics up to 3 January suggest that throughput levels increased by about 0.1 mb/d.

Refinery Maintenance Shutdowns

Planned refinery maintenance is scheduled to decrease seasonally in Europe and Asia in the coming three months. In the US, refining maintenance shutdowns are currently expected to increase above normal seasonal levels in early 1997. However, the extent of maintenance shutdowns may well be influenced by the gasoil and gasoline inventory situation and weather conditions.

Refinery Maintenance Shutdowns (Primary Distillation)

(million barrels per day of nameplate capacity)

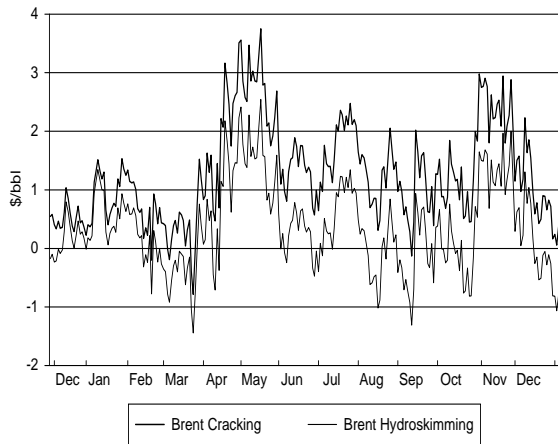
	January	February	March
Europe	0.12	0.18	0.33
US	0.64	0.93	0.48
Persian Gulf	-	-	0.08
Japan	0.06	0.06	0.06
Other Asia / Pacific	0.22	0.57	0.42

IEA estimates (except for US: PIRA Energy Group, New York)

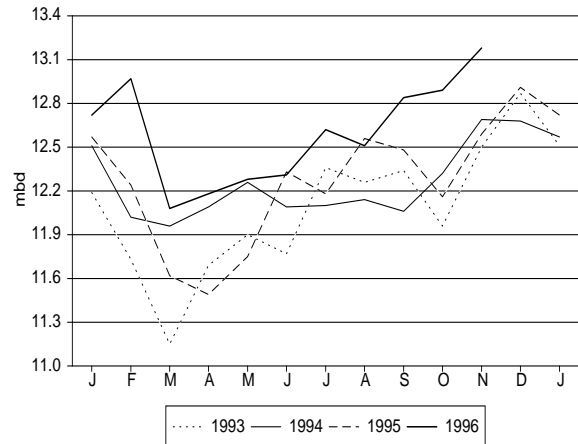
Industry Developments

Antitrust approval was obtained for the refining deal between Italian Agip and Kuwait Petroleum International (KPI). The agreement provides KPI with a half stake in the 300 kb/d Milazzo refinery and ownership of 336 service stations. KPI already operates some 6000 stations in Europe with almost half located in Italy. The additional sites are reportedly expected to expand KPI's share of the Italian gasoline market to over 11%. On completion of the deal, Kuwait will have 980 kb/d of domestic and foreign distillation capacity equivalent to about 48% of its crude production.

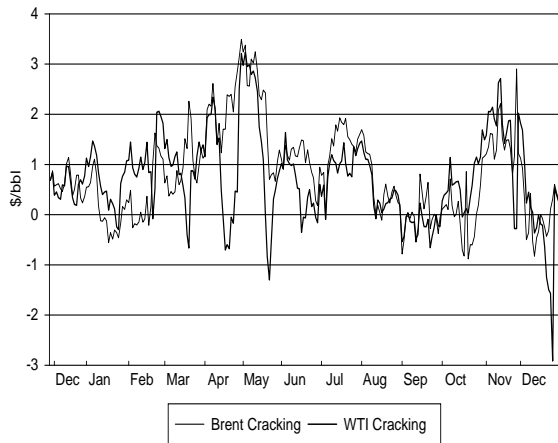
Rotterdam Refining Margins



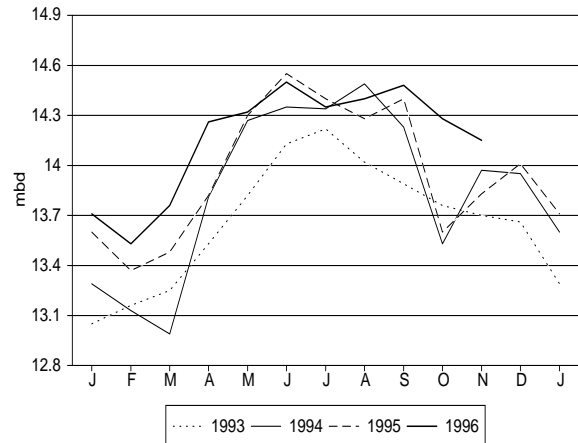
OECD Europe Crude Throughputs



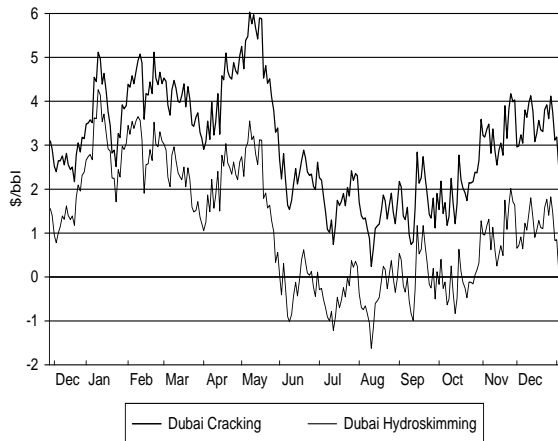
US Gulf Refining Margins



US Crude Throughputs



Singapore Refining Margins



Japan Crude Throughputs

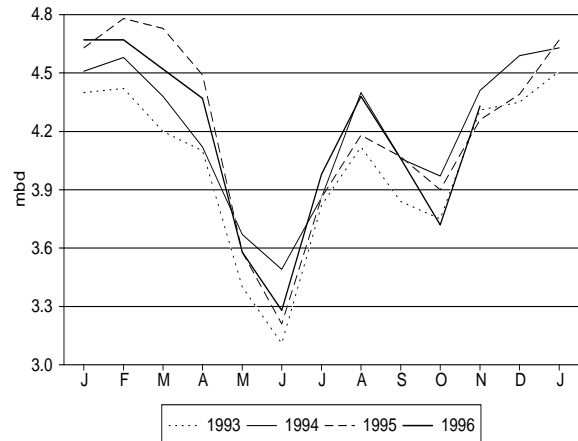


Table 1
WORLD OIL SUPPLY AND DEMAND

(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	20.3	20.7	20.3	20.5	20.1	20.7	21.0	20.6
Europe	13.6	13.6	14.0	13.5	13.6	14.3	13.9	14.3	13.5	14.1	14.5	14.1	14.5	13.8	14.2	14.7	14.3
Pacific	6.3	6.6	7.3	6.2	6.3	6.9	6.7	7.4	6.2	6.3	7.0	6.7	7.6	6.3	6.4	7.1	6.9
TOTAL OECD	39.0	40.0	41.1	39.2	39.8	41.3	40.3	42.1	39.6	40.6	42.2	41.1	42.5	40.3	41.2	42.8	41.7
NON-OECD																	
FSU ¹	5.7	4.9	5.1	4.5	4.5	4.9	4.7	4.6	4.2	4.3	4.3	4.3	4.5	4.1	4.2	4.6	4.3
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	3.6	3.6	3.7	3.6	3.6	3.8	3.8	3.9	3.8
Other Asia	6.9	7.4	8.1	7.9	7.6	8.4	8.0	8.8	8.3	8.1	9.0	8.6	9.3	9.0	8.7	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	6.5	6.3	6.5	6.5	6.6	6.7	6.6
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	28.9	30.3	29.2	29.0	30.6	29.8	30.9	30.1	30.0	31.4	30.6	32.0	31.3	31.1	32.9	31.8
TOTAL DEMAND³	67.6	68.9	71.3	68.3	68.8	71.9	70.1	72.9	69.7	70.6	73.6	71.7	74.5	71.6	72.4	75.8	73.6
SUPPLY																	
OECD																	
North America	11.0	10.9	11.1	11.0	10.9	11.0	11.0	11.0	10.9	11.0	11.3	11.0	11.3	10.9	10.9	11.2	11.1
Europe	5.1	6.0	6.4	6.0	6.2	6.7	6.3	6.6	6.6	6.5	7.1	6.7	7.6	7.0	7.3	8.2	7.6
Pacific	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8
TOTAL OECD	16.8	17.6	18.1	17.7	17.8	18.4	18.0	18.3	18.2	18.2	19.1	18.5	19.7	18.7	19.1	20.3	19.5
NON-OECD																	
FSU	7.9	7.3	7.1	7.1	7.1	7.1	7.1	7.0	7.0	7.1	7.1	7.1	7.0	7.0	7.1	7.3	7.1
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	3.1	3.2	3.1	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	6.8	6.9	7.1	7.2	7.0
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	2.7	2.8	2.7	2.9	3.0	2.9	3.0	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	42.4	42.0	42.5	42.8	42.4	43.3	43.2	43.3	44.6	43.6	45.6	44.7	45.2	47.0	45.6
OPEC																	
Crude	24.4	24.7	24.8	24.9	25.2	25.3	25.1	25.7	25.6	25.9	26.3	25.9					
NGLs	2.3	2.4	2.4	2.4	2.4	2.5	2.4	2.5	2.6	2.7	2.7	2.6	2.8	2.8	2.9	3.0	2.9
TOTAL OPEC	26.6	27.0	27.2	27.3	27.6	27.8	27.5	28.2	28.2	28.6	29.0	28.5					
TOTAL SUPPLY⁵	67.5	68.6	69.6	69.3	70.1	70.5	69.9	71.5	71.4	71.9	73.5	72.1					
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	0.1	0.1	-1.3	0.7	0.4	-1.2	-0.3	-1.3	1.2	0.5	-0.6	-0.1					
Government	0.1	0.1	0.1	-0.1	0.1	0.1	0.0	0.0	-0.1	-0.1	0.0	0.0					
TOTAL OECD	0.2	0.2	-1.2	0.7	0.5	-1.2	-0.3	-1.3	1.1	0.4	-0.6	-0.1					
Floating Storage/Oil in Transit	0.1	-0.1	-0.3	0.1	0.2	0.3	0.1	-0.3	0.1	0.1	0.1	0.0					
Miscellaneous to balance ⁶	-0.4	-0.4	-0.2	0.2	0.5	-0.5	0.0	0.1	0.6	0.8	0.5	0.5					
TOTAL STOCK CH. & MISC.	-0.1	-0.3	-1.7	0.9	1.2	-1.3	-0.2	-1.5	1.7	1.3	0.0	0.4					
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	2.8	2.7	2.6	2.9	2.9	2.8	2.8
Call on OPEC crude + Stock ch. ⁷	24.5	24.9	26.5	24.0	24.0	26.6	25.3	27.2	23.9	24.7	26.3	25.5	26.2	24.1	24.2	25.7	25.0
Total Demand ex. FSU	61.8	64.0	66.2	63.9	64.3	67.0	65.3	68.3	65.5	66.3	69.3	67.4	70.1	67.5	68.2	71.2	69.2
Total demand exc. FSU (% ch) ⁸	2.6	3.5	2.6	2.5	1.5	2.0	2.1	3.1	2.5	3.1	3.4	3.1	2.6	3.0	2.7	2.8	2.8

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	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	0.1	-
Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
NON-OECD																	
FSU	-	-	-	-	-	-	-	-	-	0.1	-0.5	-0.2	-0.2	-0.1	-	-0.2	-0.2
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OECD	-	-	-	0.1	-	-	-	0.1	-	-	-0.4	-0.1	-0.2	-0.1	-0.1	-0.2	-0.2
TOTAL DEMAND	-	-	-	-	-	-	-	-	-	-	-0.3	-0.1	-0.2	-0.1	-	-0.1	-0.1
SUPPLY																	
OECD																	
North America	-	-	-	-	-	-	-	-	-0.1	-	-	-0.1	0.1	-	-	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-0.2	-0.1	-0.1	-0.3	0.1	-0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	0.1	-	-	-	-	-	-0.3	-0.1	-	-0.4	0.2	0.1	-
NON-OECD																	
FSU	-	-	-	-	-	-	-	-	-	-	-	0.1	-0.2	-0.1	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	0.1	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-0.1	-0.1	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPEC	-	-	-	-	0.1	-	-	0.1	-	0.1	-0.3	-	0.1	-0.3	-	0.1	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1
TOTAL OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL SUPPLY	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Miscellaneous to balance	-	-	-	-	-	-	-	0.1	-	-0.1	-	-	-	-	-	-	-
TOTAL STOCK CH. & MISC.	-	-	-	-	-	0.1	-	0.1	-	-	-	-	-	-	-	-	-
Memo items:																	
FSU Net Exports	-	-	-	-	-	-	-	-	-	-	0.5	0.1	0.1	-	-	0.3	0.1
Call on OPEC crude + Stock ch.	-	-	-	-	-	-0.1	-	-	-	-	0.1	-	-0.3	0.2	-0.2	-0.4	-0.2
Total Demand ex. FSU	-	-	-	-	-	-	-0.1	-	-	-	0.2	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)

	Second Quarter			July			August			September			Third Quarter		
	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%
North America															
LPG	2.01	2.12	5.4	1.84	2.07	12.4	1.99	2.15	8.1	2.21	2.13	-3.4	2.01	2.12	5.3
Naphtha	0.27	0.28	2.8	0.29	0.30	1.6	0.28	0.33	17.2	0.26	0.33	30.5	0.28	0.32	15.7
Motor Gasoline	8.59	8.67	0.9	8.58	8.85	3.1	8.93	8.96	0.4	8.47	8.31	-1.8	8.66	8.71	0.6
Jet/Kerosene	1.58	1.66	5.2	1.61	1.72	7.0	1.67	1.75	5.0	1.65	1.78	7.6	1.64	1.75	6.5
Gasoil	3.53	3.69	4.5	3.14	3.48	10.9	3.49	3.64	4.4	3.77	3.66	-2.9	3.46	3.59	3.8
Residual Fuel Oil	1.00	0.95	-4.7	0.92	1.08	17.0	1.03	1.05	1.9	1.05	0.90	-14.3	1.00	1.01	1.1
Other Products	2.53	2.61	3.0	2.79	2.78	-0.5	2.84	2.86	0.7	2.78	2.60	-6.4	2.80	2.75	-2.0
Total	19.52	19.98	2.4	19.18	20.28	5.7	20.22	20.74	2.6	20.17	19.71	-2.3	19.85	20.25	2.0
Europe															
LPG	0.85	0.82	-3.3	0.75	0.78	3.5	0.74	0.78	6.4	0.79	0.81	3.1	0.76	0.79	4.3
Naphtha	1.12	1.01	-9.2	1.07	1.03	-3.7	1.13	1.07	-5.5	1.05	0.97	-7.6	1.08	1.02	-5.6
Motor Gasoline	3.03	3.03	-0.1	3.07	3.19	3.8	3.16	3.13	-1.2	3.04	3.03	-0.3	3.09	3.11	0.7
Jet/Kerosene	0.83	0.88	6.1	0.92	0.96	4.5	0.92	0.96	4.8	0.95	0.97	2.8	0.93	0.96	4.0
Gasoil	4.56	4.58	0.5	4.41	4.75	7.9	4.42	4.71	6.5	4.84	5.20	7.4	4.55	4.88	7.3
Residual Fuel Oil	2.03	1.98	-2.3	2.04	2.06	1.3	1.99	1.85	-6.9	2.11	2.13	0.8	2.05	2.01	-1.5
Other Products	1.11	1.14	3.2	1.15	1.26	9.7	1.20	1.17	-2.8	1.19	1.29	8.6	1.18	1.24	5.1
Total	13.52	13.45	-0.5	13.41	14.04	4.7	13.56	13.67	0.8	13.96	14.40	3.2	13.64	14.03	2.9
Pacific															
LPG	0.71	0.69	-2.3	0.61	0.63	3.2	0.62	0.64	3.4	0.62	0.59	-4.1	0.62	0.62	0.9
Naphtha	0.74	0.72	-1.8	0.70	0.79	12.5	0.78	0.79	1.8	0.74	0.73	-2.3	0.74	0.77	3.9
Motor Gasoline	1.19	1.23	2.9	1.28	1.32	3.6	1.40	1.40	-0.5	1.25	1.24	-0.9	1.31	1.32	0.7
Jet/Kerosene	0.57	0.64	11.9	0.52	0.55	5.0	0.53	0.54	2.9	0.59	0.59	0.1	0.55	0.56	2.6
Gasoil	1.41	1.45	3.0	1.41	1.49	6.1	1.43	1.42	-0.6	1.47	1.45	-1.1	1.44	1.46	1.5
Residual Fuel Oil	0.80	0.73	-9.1	0.82	0.82	-0.8	0.92	0.78	-14.9	0.89	0.77	-14.0	0.88	0.79	-10.2
Other Products	0.73	0.70	-3.7	0.68	0.73	7.7	0.86	0.79	-8.9	0.81	0.78	-4.0	0.78	0.77	-2.4
Total	6.16	6.17	0.3	6.02	6.33	5.2	6.54	6.36	-2.7	6.38	6.15	-3.6	6.31	6.28	-0.5
OECD															
LPG	3.56	3.63	1.8	3.20	3.48	8.5	3.34	3.57	6.9	3.62	3.54	-2.1	3.38	3.53	4.3
Naphtha	2.13	2.02	-5.1	2.06	2.11	2.5	2.18	2.18	0.0	2.05	2.03	-0.9	2.10	2.11	0.5
Motor Gasoline	12.82	12.93	0.8	12.93	13.36	3.3	13.50	13.49	-0.1	12.76	12.58	-1.4	13.07	13.15	0.6
Jet/Kerosene	2.98	3.18	6.7	3.05	3.23	5.9	3.11	3.25	4.6	3.19	3.34	4.8	3.12	3.27	5.1
Gasoil	9.50	9.73	2.4	8.95	9.72	8.6	9.34	9.77	4.6	10.07	10.31	2.3	9.45	9.93	5.1
Residual Fuel Oil	3.83	3.67	-4.4	3.78	3.96	4.7	3.93	3.68	-6.5	4.06	3.80	-6.3	3.92	3.81	-2.8
Other Products	4.36	4.45	1.9	4.62	4.78	3.3	4.91	4.82	-1.8	4.77	4.66	-2.3	4.77	4.75	-0.3
Total	39.20	39.61	1.0	38.61	40.65	5.3	40.32	40.77	1.1	40.51	40.26	-0.6	39.80	40.56	1.9

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)

	July			August			September			Third Quarter			October		
	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%
United States															
LPG	1.58	1.80	14.1	1.73	1.87	8.4	1.89	1.86	-1.8	1.73	1.84	6.5	1.92	2.07	7.8
Naphtha	0.22	0.21	-0.9	0.21	0.24	17.0	0.19	0.25	32.0	0.20	0.24	15.2	0.14	0.29	98.6
Motor Gasoline	7.89	8.14	3.1	8.19	8.22	0.4	7.79	7.64	-1.9	7.96	8.00	0.6	7.78	8.04	3.3
Jet/Kerosene	1.49	1.59	6.5	1.54	1.60	4.2	1.53	1.64	7.8	1.52	1.61	6.1	1.56	1.64	5.0
Gasoil	2.73	3.05	11.5	3.04	3.18	4.6	3.28	3.18	-3.3	3.02	3.14	3.9	3.10	3.57	15.2
Residual Fuel Oil	0.76	0.90	18.8	0.82	0.86	5.0	0.85	0.72	-14.7	0.81	0.83	2.6	0.83	0.83	0.2
Other Products	2.48	2.46	-1.0	2.52	2.53	0.6	2.50	2.31	-7.6	2.50	2.44	-2.6	2.31	2.67	15.2
Total	17.15	18.14	5.8	18.04	18.51	2.6	18.03	17.60	-2.3	17.74	18.09	2.0	17.65	19.10	8.2
Japan															
LPG	0.52	0.56	6.6	0.53	0.57	6.8	0.53	0.53	-1.7	0.53	0.55	3.9	0.58	0.63	9.2
Naphtha	0.69	0.78	12.6	0.77	0.78	1.8	0.74	0.72	-2.3	0.73	0.76	3.9	0.71	0.71	0.1
Motor Gasoline	0.94	0.98	3.8	1.04	1.04	0.1	0.89	0.90	0.7	0.96	0.97	1.5	0.84	0.90	7.4
Jet/Kerosene	0.42	0.44	4.8	0.43	0.44	2.3	0.49	0.49	-1.2	0.44	0.45	1.8	0.51	0.64	24.7
Diesel*	0.75	0.79	5.5	0.76	0.74	-1.9	0.76	0.75	-1.3	0.75	0.76	0.7	0.75	0.79	2.5
Other Gasoil*	0.44	0.46	5.1	0.44	0.45	1.0	0.48	0.47	-2.2	0.45	0.46	1.2	0.44	0.50	11.7
Residual Fuel Oil	0.77	0.75	-2.6	0.87	0.74	-15.5	0.83	0.72	-12.7	0.82	0.74	-10.5	0.72	0.69	-4.7
Direct use of Crude Oil	0.23	0.31	38.1	0.37	0.35	-3.7	0.28	0.28	-1.7	0.29	0.32	7.9	0.23	0.27	17.5
Other Products	0.32	0.32	-1.1	0.35	0.34	-3.6	0.37	0.39	6.6	0.35	0.35	0.7	0.34	0.35	1.8
Total	5.08	5.39	6.0	5.56	5.45	-2.0	5.37	5.24	-2.5	5.34	5.36	0.4	5.12	5.47	6.8
Germany															
LPG	0.11	0.11	2.5	0.11	0.11	8.9	0.12	0.11	-10.0	0.11	0.11	0.1	0.10	0.10	0.4
Naphtha	0.30	0.31	5.4	0.31	0.32	2.9	0.32	0.29	-8.8	0.31	0.31	-0.2	0.31	0.25	-18.5
Motor Gasoline	0.71	0.73	1.9	0.72	0.71	-1.4	0.72	0.71	-2.3	0.72	0.71	-0.6	0.71	0.74	4.1
Jet/Kerosene	0.14	0.15	0.7	0.14	0.14	3.5	0.14	0.14	3.1	0.14	0.14	2.4	0.13	0.13	1.5
Diesel	0.44	0.45	3.1	0.46	0.44	-3.8	0.46	0.49	5.6	0.45	0.46	1.6	0.45	0.47	5.7
Other Gasoil	0.77	0.85	10.7	0.80	0.98	21.6	0.80	1.01	27.1	0.79	0.95	19.8	0.67	0.75	12.1
Residual Fuel Oil	0.20	0.18	-11.6	0.19	0.17	-9.7	0.20	0.17	-16.8	0.20	0.17	-12.7	0.20	0.18	-7.1
Other Products	0.17	0.19	12.9	0.20	0.16	-19.2	0.20	0.20	-2.2	0.19	0.18	-3.8	0.20	0.18	-10.5
Total	2.84	2.97	4.5	2.93	3.04	3.8	2.96	3.11	5.1	2.91	3.04	4.5	2.77	2.81	1.6
Italy															
LPG	0.08	0.09	20.1	0.09	0.09	0.9	0.10	0.10	-4.9	0.09	0.09	4.4	0.10	0.11	12.8
Naphtha	0.12	0.13	14.1	0.13	0.13	-0.2	0.12	0.13	10.5	0.12	0.13	7.9	0.13	0.12	-5.0
Motor Gasoline	0.43	0.46	7.5	0.44	0.44	-0.5	0.44	0.42	-3.4	0.44	0.44	1.2	0.42	0.44	6.1
Jet/Kerosene	0.07	0.08	14.9	0.07	0.07	9.6	0.07	0.08	9.4	0.07	0.08	11.3	0.09	0.06	-27.2
Diesel	0.32	0.33	3.6	0.27	0.24	-7.9	0.35	0.27	-21.6	0.31	0.28	-8.9	0.37	0.32	-13.0
Other Gasoil	0.13	0.14	8.4	0.12	0.13	2.7	0.18	0.24	36.6	0.14	0.17	18.1	0.21	0.23	8.5
Residual Fuel Oil	0.55	0.63	15.3	0.49	0.45	-7.3	0.55	0.54	-0.7	0.53	0.54	2.9	0.57	0.59	4.1
Other Products	0.13	0.14	1.7	0.09	0.09	0.6	0.12	0.13	8.0	0.12	0.12	3.6	0.13	0.13	-5.2
Total	1.83	2.01	10.1	1.69	1.64	-2.8	1.93	1.92	-0.2	1.81	1.86	2.4	2.02	2.01	-0.3
France															
LPG	0.08	0.09	1.3	0.08	0.08	-5.4	0.10	0.09	-7.9	0.09	0.09	-4.2	0.11	0.12	7.8
Naphtha	0.24	0.17	-31.5	0.24	0.19	-18.8	0.19	0.15	-19.2	0.22	0.17	-23.6	0.23	0.20	-11.8
Motor Gasoline	0.40	0.39	-2.0	0.39	0.38	-2.0	0.36	0.35	-4.9	0.39	0.37	-2.9	0.35	0.35	0.1
Jet/Kerosene	0.12	0.12	6.0	0.12	0.12	3.5	0.11	0.11	1.4	0.11	0.12	3.7	0.10	0.10	2.3
Diesel	0.46	0.51	10.3	0.43	0.45	5.0	0.47	0.48	1.5	0.45	0.48	5.6	0.47	0.52	8.9
Other Gasoil	0.38	0.37	-0.1	0.26	0.33	29.2	0.38	0.43	13.9	0.34	0.38	12.6	0.33	0.36	8.4
Residual Fuel Oil	0.13	0.11	-11.8	0.13	0.11	-16.2	0.14	0.13	-13.0	0.13	0.12	-13.6	0.15	0.16	6.4
Other Products	0.15	0.22	45.3	0.17	0.18	6.8	0.16	0.20	24.8	0.16	0.20	24.9	0.15	0.19	23.5
Total	1.96	1.99	1.3	1.82	1.85	1.9	1.92	1.94	1.1	1.90	1.93	1.4	1.90	2.00	5.2
United Kingdom															
LPG	0.17	0.17	-3.0	0.15	0.18	19.0	0.16	0.18	13.5	0.16	0.18	9.2	0.17	0.17	-0.5
Naphtha	0.05	0.06	12.1	0.07	0.07	0.4	0.08	0.07	-6.3	0.07	0.07	1.0	0.07	0.11	63.0
Motor Gasoline	0.49	0.53	7.8	0.52	0.51	-0.6	0.50	0.51	1.0	0.50	0.52	2.7	0.51	0.53	3.1
Jet/Kerosene	0.22	0.24	9.0	0.23	0.24	5.4	0.25	0.26	3.4	0.23	0.25	5.9	0.23	0.25	7.4
Diesel	0.26	0.30	15.9	0.27	0.29	6.5	0.28	0.30	6.5	0.27	0.30	9.6	0.28	0.31	8.8
Other Gasoil	0.16	0.18	11.1	0.17	0.18	2.4	0.18	0.20	12.3	0.17	0.18	8.5	0.18	0.19	4.2
Residual Fuel Oil	0.16	0.12	-24.3	0.18	0.14	-21.7	0.16	0.16	4.8	0.17	0.14	-14.4	0.17	0.17	0.9
Other Products	0.19	0.20	3.7	0.18	0.19	6.2	0.19	0.20	7.9	0.19	0.20	5.9	0.21	0.20	-1.9
Total	1.71	1.80	5.1	1.77	1.80	1.8	1.79	1.89	5.2	1.76	1.83	4.0	1.82	1.92	5.7
Canada															
LPG	0.25	0.26	2.0	0.25	0.26	6.8	0.31	0.27	-13.3	0.27	0.26	-2.3	0.28	0.26	-4.8
Naphtha	0.08	0.08	8.7	0.07	0.09	18.0	0.07	0.08	26.2	0.07	0.08	17.2	0.07	0.08	1.9
Motor Gasoline	0.63	0.65	3.4	0.67	0.68	0.8	0.62	0.61	-1.7	0.64	0.65	0.9	0.60	0.62	2.0
Jet/Kerosene	0.09	0.11	17.7	0.10	0.12	18.6	0.10	0.10	6.6	0.10	0.11	14.4	0.09	0.10	7.6
Diesel	0.15	0.15	0.0	0.16	0.16	0.0	0.17	0.17	0.0	0.16	0.16	0.0	0.17	0.16	-7.1
Other Gasoil	0.22	0.25	12.7	0.24	0.26	4.6	0.28	0.28	-0.9	0.25	0.26	5.0	0.27	0.34	25.7
Residual Fuel Oil	0.10	0.11	16.4	0.13	0.11	-17.0	0.13	0.10	-19.7	0.12	0.11	-8.9	0.13	0.13	4.7
Other Products	0.28	0.29	4.2	0.29	0.30	2.1	0.25	0.26	5.4	0.27	0.28	3.8	0.22	0.22	0.2
Total	1.79	1.90	5.9	1.91	1.96	2.6	1.91	1.87	-2.2	1.87	1.91	2.0	1.84	1.91	3.8

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.

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)

	1995	1996 ^p	1997 ^f	1Q96	2Q96	3Q96	4Q96 ^p	1Q97 ^f	Oct96	Nov96 ^p	Dec96 ^p
OPEC¹											
Crude Oil											
Saudi Arabia	7.94	7.92		7.95	7.84	7.93	7.97		7.90	8.00	8.00
Iran	3.65	3.67		3.69	3.62	3.71	3.66		3.65	3.65	3.69
Iraq	0.55	0.58		0.55	0.55	0.55	0.65		0.55	0.55	0.86
UAE	2.20	2.22		2.24	2.18	2.22	2.24		2.28	2.21	2.22
Kuwait	1.84	1.81		1.84	1.79	1.80	1.81		1.80	1.81	1.81
Neutral Zone	0.43	0.48		0.46	0.47	0.48	0.52		0.51	0.52	0.52
Qatar	0.45	0.49		0.47	0.48	0.49	0.51		0.51	0.49	0.53
Nigeria	1.93	2.15		2.09	2.13	2.15	2.24		2.22	2.25	2.25
Libya	1.41	1.39		1.38	1.39	1.40	1.40		1.39	1.40	1.41
Algeria	0.76	0.82		0.78	0.81	0.83	0.85		0.85	0.85	0.85
Venezuela	2.58	2.97		2.89	2.94	3.02	3.03		3.03	3.03	3.05
Indonesia	1.34	1.39		1.38	1.41	1.38	1.40		1.42	1.39	1.40
Total Crude Oil	25.07	25.89		25.72	25.60	25.94	26.28		26.09	26.14	26.60
NGLs ²	2.42	2.60	2.89	2.49	2.59	2.66	2.68	2.81	2.61	2.70	2.73
TOTAL OPEC	27.49	28.49		28.21	28.19	28.60	28.95		28.70	28.83	29.32
NON-OPEC^{1,3}											
OECD											
North America	11.01	11.04	11.07	11.01	10.92	10.98	11.27	11.28	11.19	11.32	11.30
United States	8.61	8.60	8.57	8.57	8.55	8.55	8.72	8.74	8.69	8.76	8.72
Canada	2.40	2.45	2.50	2.45	2.37	2.43	2.55	2.54	2.50	2.56	2.58
Europe	6.31	6.70	7.55	6.64	6.56	6.52	7.08	7.64	6.67	7.00	7.58
UK	2.79	2.83	3.34	2.83	2.73	2.68	3.09	3.40	2.88	3.01	3.39
Norway	2.91	3.25	3.53	3.21	3.22	3.23	3.33	3.55	3.15	3.33	3.51
Others	0.61	0.62	0.69	0.60	0.61	0.61	0.66	0.70	0.63	0.66	0.68
Pacific	0.67	0.72	0.83	0.68	0.74	0.74	0.74	0.83	0.69	0.76	0.77
Australia	0.58	0.61	0.70	0.58	0.62	0.62	0.61	0.70	0.56	0.63	0.64
Others	0.10	0.12	0.13	0.10	0.12	0.12	0.13	0.13	0.13	0.14	0.14
Total OECD	17.99	18.47	19.45	18.34	18.21	18.24	19.10	19.75	18.55	19.09	19.65
Non-OECD											
Former USSR	7.12	7.07	7.13	7.03	7.04	7.09	7.10	7.04	6.99	7.15	7.16
Russia	6.16	6.03	5.93	6.04	6.03	6.06	6.01	5.90	5.96	6.06	6.01
Others	0.97	1.04	1.20	1.00	1.01	1.04	1.09	1.14	1.03	1.10	1.15
Asia	5.06	5.15	5.26	5.14	5.14	5.11	5.22	5.24	5.16	5.20	5.28
China	2.99	3.13	3.24	3.10	3.12	3.10	3.20	3.25	3.16	3.19	3.25
Malaysia	0.76	0.72	0.74	0.72	0.71	0.72	0.72	0.73	0.72	0.72	0.72
India	0.70	0.65	0.66	0.68	0.65	0.63	0.64	0.65	0.63	0.64	0.65
Others	0.61	0.65	0.63	0.64	0.65	0.66	0.66	0.61	0.66	0.65	0.66
Europe	0.27	0.28	0.28	0.28	0.27	0.27	0.28	0.28	0.28	0.28	0.28
Latin America	6.06	6.51	7.02	6.46	6.53	6.45	6.60	6.83	6.52	6.57	6.70
Mexico	3.07	3.29	3.41	3.31	3.35	3.24	3.26	3.40	3.23	3.23	3.33
Brazil	0.91	1.02	1.24	1.00	0.99	0.99	1.09	1.14	1.06	1.09	1.12
Argentina	0.76	0.82	0.88	0.80	0.82	0.84	0.83	0.86	0.83	0.83	0.83
Colombia	0.59	0.64	0.73	0.63	0.63	0.64	0.67	0.68	0.66	0.67	0.67
Ecuador	0.38	0.39	0.40	0.39	0.39	0.38	0.39	0.39	0.38	0.39	0.39
Others	0.35	0.35	0.36	0.34	0.35	0.35	0.36	0.36	0.36	0.36	0.36
Middle East ⁴	1.87	1.90	1.97	1.87	1.88	1.91	1.93	1.95	1.93	1.93	1.94
Oman	0.86	0.89	0.92	0.87	0.88	0.90	0.91	0.91	0.91	0.91	0.91
Syria	0.59	0.60	0.62	0.60	0.60	0.60	0.61	0.62	0.61	0.61	0.62
Yemen	0.37	0.36	0.38	0.35	0.35	0.36	0.36	0.37	0.36	0.36	0.36
Africa	2.59	2.70	2.95	2.64	2.67	2.70	2.79	2.90	2.74	2.79	2.83
Egypt	0.95	0.93	0.95	0.94	0.93	0.91	0.92	0.96	0.90	0.92	0.95
Angola	0.65	0.70	0.80	0.67	0.70	0.70	0.71	0.77	0.71	0.71	0.71
Gabon	0.35	0.35	0.36	0.36	0.36	0.35	0.35	0.35	0.35	0.35	0.35
Others	0.65	0.72	0.85	0.66	0.68	0.74	0.81	0.82	0.78	0.81	0.82
Total Non-OECD	22.97	23.60	24.61	23.41	23.52	23.53	23.91	24.23	23.62	23.93	24.19
Processing Gains ⁵	1.46	1.52	1.57	1.52	1.50	1.50	1.55	1.57	1.55	1.55	1.55
TOTAL NON-OPEC	42.41	43.59	45.63	43.26	43.23	43.27	44.56	45.55	43.71	44.57	45.39
TOTAL SUPPLY	69.90	72.08		71.47	71.42	71.88	73.51		72.42	73.40	74.71

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.

^p preliminary

^f forecast

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

	October		November		December		4th Quarter 96p		1st Quarter 97f		1997f	
	Level	Change ²	Level	Change	Level	Change	Level	Change	Level	Change	Level	Change
United States												
Alaska	1414	10	1408	-6	1397	-11	1406	57	1389	-18	1336	-63
California (inc. offshore)	946	3	931	-15	906	-25	927	-15	896	-31	883	-62
Texas	1436	-17	1431	-5	1425	-6	1431	-35	1402	-29	1371	-98
Offshore Gulf of Mexico	1180	28	1225	45	1249	24	1218	107	1323	105	1369	256
Other US Lower 48	1515	-37	1535	20	1543	8	1531	-19	1541	11	1482	-66
NGLs ³	1908	30	1972	64	1948	-25	1942	83	1889	-53	1821	-14
Other Hydrocarbons	294	27	258	-36	251	-6	268	-3	303	35	305	18
Total	8692	44	8760	68	8719	-41	8723	173	8743	20	8567	-30
Canada												
Alberta Light & Medium	678	19	680	2	690	10	683	12	675	-8	656	-24
Alberta Heavy	260	-13	265	5	240	-25	255	-15	256	1	272	14
Alberta Bitumen	176	19	175	-1	165	-10	172	12	167	-5	158	1
Saskatchewan	369	16	373	4	375	2	372	19	381	8	375	24
Other Conventional	103	6	110	6	104	-6	106	5	97	-9	103	1
NGLs	606	41	647	41	688	42	647	53	650	2	634	19
Syncrudes	302	3	312	10	317	5	310	24	311	1	306	22
Total	2495	90	2562	66	2579	18	2545	111	2536	-9	2505	57
United Kingdom⁴												
Brent Fields	475	28	499	24	572	73	515	52	589	74	506	19
Forties Fields	950	68	945	-5	1051	106	982	113	1033	51	993	80
Ninian Fields	302	-20	301	-1	329	28	311	18	325	14	310	0
Flotta Fields	215	-10	210	-5	243	33	223	5	243	20	232	8
Other Offshore Fields	578	55	655	77	729	75	654	155	753	99	856	325
NGLs	268	29	293	25	350	56	304	77	339	35	325	64
Total	2787	151	2903	116	3274	371	2989	421	3283	294	3220	495
Norway⁴												
Ekofisk/Ula Area	513	1	511	-1	548	37	524	12	535	11	521	16
Oseberg Area	939	15	923	-16	960	37	941	20	968	27	944	28
Staffjord-Gullfaks-Snorre	992	-257	1252	259	1275	23	1172	-25	1312	140	1241	35
Haltenbanken	419	156	359	-60	409	50	396	53	428	32	477	121
Sleipner/Frigg	141	20	139	-3	156	17	145	26	146	1	193	70
Plant Condensate (as NGLs)	8	1	8	1	11	2	9	1	9	-0	9	1
Lighter NGLs	140	17	141	1	151	9	144	14	147	3	142	7
Total	3151	-46	3333	181	3509	177	3331	102	3546	214	3526	278
Other OECD Europe												
Other North Sea	278	8	285	7	295	10	286	23	305	19	297	48
Onshore U.K.	97	-5	105	8	112	7	105	-5	113	8	115	8
Italy	101	3	115	14	120	5	112	10	119	7	133	30
Turkey	67	-1	66	-1	66	0	67	-1	66	-1	64	-3
Other	143	1	145	2	148	3	146	2	142	-4	137	-8
NGLs	20	-2	27	7	27	0	25	11	36	11	32	-2
Non-Conventional Oils	19	-2	23	4	24	1	22	1	28	6	27	6
Total	725	3	767	41	793	27	762	41	808	46	805	79
Australia												
Gippsland Basin	180	-17	190	10	195	5	188	-12	194	6	188	-10
Cooper/Eromanga	37	2	35	-2	33	-1	35	0	36	1	34	-1
Carnarvon Basin	271	8	322	50	325	4	306	20	380	74	389	107
Bonaparte Basin	11	-2	12	0	17	6	13	-9	27	14	22	2
Other Fields	6	0	6	0	6	-0	6	-0	6	-0	6	-0
NGLs	59	-8	65	6	60	-5	61	-7	58	-3	61	-4
Total	564	-17	629	65	637	8	610	-8	701	91	700	93
Other OECD Pacific												
New Zealand	55	-1	56	1	58	2	56	10	56	-1	54	11
Japan	10	0	11	1	11	0	11	1	11	0	11	0
NGLs	10	-3	13	3	13	0	12	-1	14	2	14	1
Synthetic Fuels	53	0	55	2	55	0	54	2	49	-5	48	-4
Total	128	-4	135	7	137	2	133	12	130	-4	126	9
OECD												
Crude Oil	14845	86	15260	415	15738	478	15281	592	15896	614	15713	869
NGLs	3030	107	3180	150	3262	82	3157	237	3158	1	3051	71
Non-Conventional Oils	668	28	648	-21	647	-0	655	24	691	36	686	42
Total	18543	221	19088	545	19648	560	19093	852	19745	652	19450	982

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			
	Jul96	Aug96	Sep96*	Oct96*	Nov96*	Nov93	Nov94	Nov95	Q495	Q196	Q296	Q396
North America												
Crude	374	380	371	378	365	403	414	389	-0.05	-0.02	0.13	-0.07
Gasoline	221	210	219	207	207	241	238	217	0.03	0.05	-0.04	-0.06
Middle Distillate	174	178	188	188	192	218	227	209	-0.04	-0.57	0.19	0.23
Residual Fuel Oil	44	44	46	46	49	56	52	46	-0.04	-0.05	0.04	0.02
Total Products ³	592	587	611	591	586	686	677	633	-0.38	-0.80	0.43	0.29
Total ⁴	1122	1126	1138	1123	1106	1256	1261	1181	-0.73	-0.87	0.72	0.27
Europe												
Crude	330	318	312	313	320	303	294	310	0.22	0.01	0.13	-0.09
Gasoline	127	119	125	122	122	128	126	127	0.06	0.11	-0.10	-0.03
Middle Distillate	216	215	209	218	220	213	246	223	-0.33	-0.24	0.19	-0.02
Residual Fuel Oil	92	95	95	98	96	98	96	103	-0.05	-0.18	0.05	0.07
Total Products ³	514	513	512	520	521	523	555	539	-0.33	-0.37	0.09	0.02
Total ⁴	904	894	882	893	901	884	902	902	-0.08	-0.38	0.29	-0.11
Pacific												
Crude	152	156	155	171	168	165	153	168	-0.09	0.10	-0.01	-0.16
Gasoline	23	21	21	21	21	20	20	21	-0.01	0.01	-0.02	0.01
Middle Distillate	58	68	75	71	70	73	78	66	-0.17	-0.12	0.09	0.27
Residual Fuel Oil	16	16	16	15	14	18	16	15	-0.01	0.00	0.01	0.00
Total Products ³	155	164	172	166	159	164	169	161	-0.21	-0.16	0.14	0.34
Total ⁴	389	408	419	419	410	418	409	411	-0.42	-0.03	0.14	0.32
Total												
Crude	856	854	838	862	853	872	862	867	0.07	0.09	0.25	-0.32
Gasoline	371	350	365	349	350	389	384	365	0.07	0.17	-0.15	-0.08
Middle Distillate	449	462	472	478	482	504	551	498	-0.53	-0.93	0.47	0.48
Residual Fuel Oil	152	155	157	159	160	172	164	165	-0.10	-0.24	0.10	0.09
Total Products ³	1262	1265	1294	1277	1267	1373	1401	1332	-0.92	-1.33	0.66	0.65
Total ⁴	2415	2427	2438	2435	2417	2558	2571	2495	-1.23	-1.28	1.15	0.48

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			
	Jul96	Aug96	Sep96*	Oct96*	Nov96*	Nov93	Nov94	Nov95	Q495	Q196	Q296	Q396
North America												
Crude	583	578	574	574	571	587	592	592	0.00	-0.03	-0.05	-0.12
Europe												
Crude	134	134	134	134	134	135	134	134	0.00	0.00	-0.01	0.01
Products	186	187	186	187	187	185	187	183	-0.01	0.04	-0.02	0.01
Pacific												
Crude	299	299	300	300	300	253	274	298	0.07	0.01	0.00	0.00
Total												
Crude	1016	1011	1007	1007	1004	975	1000	1024	0.07	-0.02	-0.06	-0.11
Products	186	187	186	187	187	185	187	183	-0.01	0.04	-0.02	0.01
Total ⁴	1202	1198	1194	1195	1192	1160	1187	1206	0.06	0.02	-0.08	-0.10

* 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)

	June			July			August			September			October		
	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%
United States															
Crude	327.9	314.3	-4.2	315.6	309.6	-1.9	307.8	315.2	2.4	305.8	304.3	-0.5	311.1	310.0	-0.3
Motor Gasoline	204.6	204.6	0.0	207.1	201.5	-2.7	192.2	191.5	-0.4	198.5	200.4	1.0	196.6	188.8	-4.0
Middle Distillate	158.6	143.2	-9.7	170.4	148.4	-12.9	175.5	152.9	-12.9	178.5	162.9	-8.8	177.2	163.9	-7.5
Residual Fuel Oil	36.0	34.9	-2.9	36.8	34.8	-5.5	37.9	35.8	-5.6	39.6	37.6	-5.1	37.9	38.3	0.9
Other Products	147.9	130.9	-11.5	159.0	136.4	-14.2	162.5	137.9	-15.1	159.9	140.5	-12.1	150.9	132.3	-12.3
Total Products	547.1	513.6	-6.1	573.3	521.1	-9.1	568.1	518.1	-8.8	576.5	541.4	-6.1	562.7	523.2	-7.0
Other ²	142.2	133.2	-6.4	143.8	136.2	-5.3	146.8	136.4	-7.1	145.6	134.3	-7.8	141.3	132.7	-6.0
Total	1017.3	961.1	-5.5	1032.8	966.9	-6.4	1022.6	969.8	-5.2	1028.0	980.0	-4.7	1015.0	966.0	-4.8
Japan															
Crude	159.4	152.7	-4.2	163.0	136.4	-16.3	149.9	140.1	-6.5	150.7	138.1	-8.4	151.7	154.4	1.8
Motor Gasoline	13.4	11.6	-13.7	12.3	11.6	-5.6	12.3	11.7	-5.0	12.8	11.9	-6.8	13.5	12.0	-11.2
Middle Distillate	46.9	42.3	-9.7	51.5	47.9	-7.0	57.0	58.6	2.9	58.3	63.3	8.5	60.9	62.4	2.5
Residual Fuel Oil	14.3	12.6	-12.0	14.8	12.9	-12.7	13.0	13.1	0.6	12.2	12.5	2.3	12.3	13.3	7.9
Other Products	44.9	49.7	10.8	46.4	52.8	13.8	53.5	54.2	1.3	53.1	54.7	3.0	53.7	54.2	0.8
Total Products	119.5	116.3	-2.7	125.1	125.2	0.2	135.8	137.6	1.3	136.3	142.3	4.4	140.5	141.9	1.0
Other ²	77.4	71.9	-7.1	79.1	75.6	-4.4	78.4	80.8	3.0	78.2	84.3	7.8	75.9	76.6	0.9
Total	356.3	340.8	-4.3	367.2	337.3	-8.1	364.1	358.5	-1.5	365.2	364.7	-0.1	368.1	372.8	1.3
Germany															
Crude	20.7	20.9	1.0	23.1	19.1	-17.5	22.1	21.1	-4.6	18.8	22.1	17.5	23.1	18.7	-19.2
Motor Gasoline	10.8	11.4	5.6	11.0	11.2	1.9	11.5	8.6	-24.6	12.1	9.5	-21.1	9.7	9.8	1.1
Middle Distillate	17.0	15.3	-10.4	17.4	18.5	6.0	17.8	15.6	-12.4	19.0	14.2	-25.5	20.8	19.4	-6.9
Residual Fuel Oil	10.1	8.3	-17.8	10.5	8.3	-21.2	10.1	9.1	-10.8	9.7	9.1	-5.6	9.4	9.0	-4.5
Other Products	11.8	11.9	1.2	12.0	11.6	-3.7	11.9	11.5	-3.6	12.0	11.1	-7.7	11.6	11.3	-2.5
Total Products	49.7	46.9	-5.7	50.9	49.5	-2.8	51.3	44.8	-12.8	52.8	43.9	-16.8	51.6	49.5	-4.0
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	70.4	67.8	-3.7	74.0	68.6	-7.4	73.4	65.9	-10.3	71.6	66.0	-7.8	74.7	68.2	-8.7
Italy															
Crude	42.7	39.6	-7.2	45.8	37.5	-18.0	45.8	36.5	-20.4	39.7	36.2	-8.9	45.4	34.9	-23.2
Motor Gasoline	22.2	21.0	-5.5	21.5	21.6	0.6	19.6	21.0	6.9	19.6	23.0	17.4	19.5	21.5	10.7
Middle Distillate	36.0	34.9	-3.0	35.2	33.4	-4.9	36.4	37.4	2.8	36.9	39.2	6.5	34.5	36.6	6.1
Residual Fuel Oil	24.3	24.9	2.1	24.4	25.2	3.2	26.6	26.9	1.1	23.4	27.0	15.5	23.5	27.9	18.9
Other Products	7.4	9.4	28.0	8.7	8.5	-2.3	9.5	8.4	-12.2	9.4	7.4	-21.0	9.5	6.1	-35.7
Total Products	89.9	90.2	0.3	89.8	88.8	-1.1	92.1	93.7	1.6	89.2	96.7	8.3	86.9	92.1	6.0
Other ²	5.6	4.5	-19.1	5.4	5.2	-3.9	5.2	5.4	4.6	4.6	5.7	22.3	5.3	5.4	1.7
Total	138.1	134.3	-2.8	141.0	131.5	-6.7	143.2	135.6	-5.3	133.5	138.5	3.7	137.6	132.4	-3.8
France															
Crude	41.0	37.6	-8.4	47.2	43.4	-8.0	38.0	43.8	15.3	39.1	38.1	-2.6	39.5	39.9	1.0
Motor Gasoline	21.7	21.3	-1.9	16.3	20.2	24.0	16.1	17.1	5.8	17.1	17.3	0.9	16.0	17.4	8.7
Middle Distillate	40.3	38.7	-4.2	34.6	36.3	4.8	41.4	33.1	-20.0	41.9	30.5	-27.3	40.7	31.7	-21.9
Residual Fuel Oil	7.8	8.2	4.9	8.4	8.2	-2.4	9.4	8.4	-10.5	8.6	8.4	-2.9	8.6	7.8	-9.5
Other Products	8.9	8.5	-5.2	8.5	8.4	-0.4	9.3	10.7	15.6	9.4	10.9	16.1	11.0	11.3	2.1
Total Products	78.7	76.6	-2.8	67.8	73.2	7.9	76.2	69.3	-9.0	77.1	67.1	-13.0	76.3	68.2	-10.6
Other ²	13.4	13.5	0.5	13.3	13.0	-2.2	13.1	12.5	-4.5	13.2	12.5	-5.9	13.3	13.2	-0.9
Total	133.2	127.6	-4.2	128.3	129.6	1.0	127.3	125.6	-1.3	129.5	117.7	-9.1	129.1	121.3	-6.1
United Kingdom															
Crude	26.5	32.6	22.9	33.7	35.9	6.4	30.9	31.2	1.2	32.3	35.4	9.8	32.3	30.7	-4.8
Motor Gasoline	15.1	15.2	0.1	15.1	14.2	-6.1	15.9	14.5	-8.3	15.8	15.4	-2.4	16.2	15.7	-3.0
Middle Distillate	18.1	18.8	3.8	18.6	18.2	-2.2	19.2	18.0	-6.5	19.1	17.4	-9.0	19.6	19.8	1.1
Residual Fuel Oil	8.5	6.5	-23.0	9.2	7.0	-23.8	9.1	7.3	-19.6	8.4	7.1	-14.9	7.7	6.5	-15.8
Other Products	12.1	12.4	2.6	12.8	11.7	-8.0	12.2	11.7	-3.6	12.9	10.8	-15.9	13.7	11.7	-15.2
Total Products	53.8	52.9	-1.7	55.7	51.1	-8.2	56.4	51.6	-8.5	56.2	50.8	-9.6	57.3	53.7	-6.3
Other ²	17.1	15.2	-11.5	15.8	14.3	-10.0	16.1	14.8	-8.0	16.0	15.5	-3.1	16.0	15.2	-5.2
Total	97.5	100.7	3.3	105.2	101.3	-3.8	103.3	97.6	-5.5	104.4	101.7	-2.6	105.6	99.6	-5.7
Canada															
Crude	75.4	54.7	-27.4	74.6	56.1	-24.8	56.4	56.7	0.5	58.5	58.4	-0.2	61.2	59.2	-3.2
Motor Gasoline	19.7	17.7	-10.2	20.4	17.6	-13.5	19.3	16.9	-12.3	19.9	16.7	-16.3	20.1	16.4	-18.1
Middle Distillate	21.9	20.3	-7.1	22.9	22.3	-2.5	23.6	21.9	-7.4	23.1	21.4	-7.5	22.0	21.1	-4.4
Residual Fuel Oil	4.7	5.0	6.5	5.2	4.9	-6.9	5.2	4.2	-19.6	5.5	4.5	-17.1	5.5	3.8	-30.1
Other Products	18.6	16.9	-9.0	18.3	16.0	-12.4	17.7	15.7	-11.6	16.9	16.1	-4.3	17.5	15.7	-10.2
Total Products	65.0	60.0	-7.6	66.8	60.9	-9.9	65.8	58.6	-10.9	65.4	58.8	-10.1	65.0	57.0	-12.3
Other ²	16.2	13.7	-15.4	16.6	14.3	-13.9	18.1	16.8	-7.7	17.9	16.9	-5.5	17.3	16.9	-2.2
Total	156.5	128.4	-17.9	158.0	131.2	-17.0	140.4	132.1	-5.9	141.8	134.1	-5.5	143.5	133.2	-7.2

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 September 1995		End December 1995		End March 1996		End June 1996 ⁴		End September 1996 ⁸	
	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	141.8	75	131.6	70	131.0	73	128.4	67	134.1	-
United States	1619.7	90	1562.9	85	1481.9	83	1545.5	85	1553.7	-
NORTH AMERICA	1785.2	89	1718.2	84	1636.7	82	1697.7	84	1711.5	84
Australia	42.7	52	39.1	49	40.1	48	39.0	49	43.0	-
Japan	657.7	110	630.5	98	626.5	120	640.2	119	664.5	-
New Zealand	9.4	57	7.8	51	8.6	67	9.0	70	10.9	-
PACIFIC	709.8	102	677.3	92	675.3	109	688.2	110	718.4	103
Austria	16.9	71	16.9	71	15.7	70	15.7	69	15.7	-
Belgium	29.7	56	28.5	46	24.9	49	26.9	55	28.2	-
Denmark	27.4	116	26.2	108	19.4	84	19.2	87	19.1	-
Finland	21.7	109	28.5	172	24.0	169	22.7	147	23.3	-
France	157.6	79	155.3	75	153.0	82	156.2	81	147.4	-
Germany	303.5	108	302.3	103	299.2	106	298.6	98	297.1	-
Greece	22.6	56	21.7	57	20.3	59	20.9	59	19.7	-
Ireland	7.8	64	7.3	58	6.2	51	7.2	59	8.2	-
Italy	139.4	67	141.5	69	135.7	77	140.1	75	144.3	-
Luxembourg	0.8	22	0.7	18	0.7	19	0.8	22	0.8	-
Netherlands	116.5	146	107.0	138	97.1	124	105.2	138	97.4	-
Norway	45.1	236	48.6	234	56.4	277	58.6	275	63.6	-
Portugal	18.7	64	18.8	74	19.3	72	18.2	59	19.7	-
Spain	92.3	75	94.2	84	89.7	78	95.4	82	92.7	-
Sweden	32.8	85	31.9	73	32.2	90	31.3	84	29.7	-
Switzerland	47.4	183	45.0	188	44.4	187	45.1	168	44.5	-
Turkey	42.0	68	42.9	73	46.7	80	47.8	71	48.9	-
United Kingdom	104.4	57	101.1	55	101.9	56	100.7	55	101.7	-
EUROPE⁵	1226.4	86	1218.4	85	1186.7	88	1210.5	86	1201.8	84
Total	3721.5	90	3613.9	86	3498.6	88	3596.3	89	3631.6	87
DAYS OF IEA NET IMPORTS⁶	-	132	-	128	-	122	-	125	-	126

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entropet 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 September 1996 stock level based on preliminary data.

4 End September 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		Industry	Total	Government ¹ controlled	
		Millions of Barrels				Days of Fwd. Demand ²	
Q393	3717	1153		2564	92	29	63
Q493	3649	1162		2486	90	29	61
Q194	3534	1175		2359	91	30	61
Q294	3655	1177		2478	92	30	62
Q394	3750	1180		2570	92	29	63
Q494	3720	1190		2530	91	29	62
Q195	3608	1198		2410	92	31	62
Q295	3676	1192		2484	92	30	62
Q395	3722	1202		2520	90	29	61
Q495	3614	1208		2406	86	29	57
Q196	3499	1210		2289	88	31	58
Q296	3596	1203		2394	89	30	59
Q396	3632	1194		2438	87	29	58

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

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

	1994	1995	1996	4Q95	1Q96	2Q96	3Q96	4Q96	Jul96	Aug96	Sep96	Oct96	Nov96	Dec96
Crude Oil Prices														
IEA CIF Average Import	15.65	17.19	20.64*	16.91	18.59	19.78	20.77	23.43*	19.48	21.15	21.79	23.34	23.25*	23.70*
FOB Spot														
Brent (Dated)	15.80	17.02	20.65	16.92	18.54	19.51	20.96	23.58	19.58	20.60	22.69	24.15	22.71	23.87
WTI (1st month)	17.19	18.41	22.15	18.12	19.64	21.80	22.43	24.75	21.31	21.96	24.01	24.89	23.92	25.43
Urals (Del. Med.)	15.23	16.62	20.06	16.50	18.52	18.66	20.10	22.96	18.55	19.86	21.90	23.44	22.05	23.38
Dubai (1st month)	14.75	16.10	18.54	15.83	16.43	17.26	18.96	21.51	17.74	18.66	20.47	21.75	20.97	21.81
OPEC Basket	15.53	16.88	20.23*	16.70	18.44	19.18	20.30	23.01*	19.29	19.94	21.68	23.28	22.23	23.51*
Product Prices¹														
Rotterdam, Barges FOB														
Premium 0.15 g/l	20.18	21.25	24.62	20.50	21.18	25.52	24.83	26.93	24.45	24.49	25.56	27.26	26.65	26.87
Regular Unleaded	18.65	19.75	22.99	19.14	19.76	23.86	23.31	25.02	22.94	23.09	23.91	25.50	24.67	24.87
Naphtha	17.30	18.15	21.70	17.14	19.02	20.85	21.90	25.01	20.99	21.43	23.27	25.18	25.00	24.85
Jet/Kerosene	20.95	21.60	27.05	22.38	25.07	23.78	27.48	31.88	25.01	26.21	31.21	33.53	31.26	30.85
Gasoil	19.80	20.47	25.91	21.04	23.97	23.16	26.41	30.09	24.16	24.93	30.14	31.52	29.50	29.25
Fuel Oil 1.0%S	14.00	15.76	17.52	15.39	17.20	16.90	16.35	19.62	15.91	15.82	17.33	19.15	19.51	20.20
Fuel Oil 3.5%S	13.01	14.82	16.30	14.16	15.66	15.41	15.57	18.56	13.80	15.27	17.65	19.10	17.96	18.63
Gross Product Worth ²	18.45	19.55	23.19	18.99	20.49	22.67	23.35	26.26	22.44	22.93	24.68	26.53	26.19	26.07
Brent Cracking Margin	1.60	1.42	1.36	0.98	0.65	1.97	1.30	1.53	1.77	1.23	0.90	1.15	2.38	1.07
Mediterranean - Basis Italy, Cargoes FOB														
Premium 0.15 g/l	20.23	20.99	24.56	20.71	21.09	25.86	24.80	26.49	24.66	24.70	25.02	26.97	26.51	25.99
Naphtha	15.71	16.35	19.82	15.20	17.07	18.91	20.13	23.15	19.15	19.82	21.42	23.30	23.06	23.09
Jet/Kerosene	19.26	19.94	25.39	21.17	23.48	22.38	26.00	29.71	23.45	24.76	29.79	30.86	29.00	29.27
Gasoil	18.71	19.39	24.64	20.53	22.27	22.42	25.06	28.82	22.56	23.88	28.74	30.12	28.33	28.02
Fuel Oil 1.0%S	13.93	15.48	17.70	15.65	17.32	17.33	16.44	19.72	16.24	15.42	17.66	19.27	19.72	20.17
Fuel Oil 3.5%S	11.98	13.95	15.21	14.03	15.14	13.70	14.51	17.51	13.22	13.76	16.55	18.02	17.16	17.34
Gross Product Worth ³	17.46	18.39	22.17	18.70	20.04	21.24	22.23	25.19	20.87	21.49	24.31	25.89	24.93	24.76
Urals Cracking Margin	1.89	1.44	1.80	1.87	1.19	2.26	1.81	1.93	2.00	1.31	2.10	2.15	2.57	1.07
NY Harbour, Barges														
Premium Unleaded 93	23.65	24.81	27.77	23.78	24.35	28.17	28.00	30.59	28.48	27.41	28.12	29.87	31.22	30.67
Regular Unleaded 87	20.54	22.57	25.81	21.29	22.65	26.34	25.88	28.37	25.89	25.64	26.10	27.47	28.95	28.69
Jet/Kerosene	22.20	21.76	27.57	23.37	26.27	26.01	27.13	30.86	24.45	27.03	29.90	30.67	30.62	31.29
No.2 (Heating Oil)	20.68	20.72	26.35	22.08	25.21	24.45	25.69	30.06	23.35	25.35	28.37	30.28	29.57	30.34
Fuel Oil 1.0%S (Cargo)	15.05	16.06	19.21	16.24	19.36	18.23	17.93	21.34	17.90	17.35	18.54	21.07	21.01	21.93
Fuel Oil 3.0%S (Cargo)	12.25	14.47	16.03	13.85	14.94	15.17	15.49	18.52	14.99	15.21	16.28	19.44	18.98	17.13
Gross Product Worth ⁴	19.54	20.33	23.06	19.60	21.96	22.39	22.03	25.88	21.07	21.51	23.50	25.11	25.74	26.78
WTI Cracking Margin	1.24	0.82	0.75	0.38	0.89	0.99	0.41	0.72	0.95	0.50	-0.23	0.65	1.62	-0.10
Singapore, Cargoes														
Gasoline ⁵	21.10	22.11	23.58	21.47	21.61	25.01	22.32	25.38	22.55	21.59	22.83	24.80	25.56	25.78
Naphtha	16.34	17.54	20.22	16.26	17.51	19.53	20.22	23.62	19.61	20.01	21.04	22.44	23.39	25.04
Jet/Kerosene	21.74	22.72	28.36	25.10	28.68	25.32	27.75	31.70	25.34	28.10	29.82	30.23	31.26	33.61
Gasoil	20.87	21.60	27.07	22.08	25.87	25.47	25.86	31.07	24.40	25.32	27.86	29.99	30.75	32.49
LSWR (0.3%) ⁷	13.58	14.74	18.04	15.64	16.21	17.86	17.57	20.54	16.68	17.43	18.59	19.75	19.19	22.69
HSFO (3.5%S 180cst)	13.17	14.98	16.83	15.18	17.15	15.63	15.89	18.67	14.46	15.39	17.82	18.47	18.55	18.99
HSFO (3.5%S 380cst)	12.37	14.30	15.90	14.50	15.93	14.64	15.21	17.85	13.73	14.67	17.21	17.75	17.79	18.00
Gross Product Worth ⁶	18.76	19.74	23.06	19.79	21.96	22.39	22.03	25.88	21.07	21.51	23.50	25.11	25.74	26.78
Dubai Cracking Margin	2.97	2.35	3.10	2.62	4.09	3.79	1.58	2.96	1.74	1.32	1.69	2.02	3.34	3.53

* = 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 LSFO 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 fob Indonesia.

Table 9
END USER PRICES FOR PETROLEUM PRODUCTS¹
December 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	6.350	5.074	0.3	1.6	7.4	23.1	1.211	0.244	-2.1	-0.9	1.7	16.5
Germany	1.588	1.187	-0.6	-2.2	3.5	13.0	1.050	0.265	-0.6	-2.2	-1.4	7.7
Italy	1901	1415	-0.5	-1.5	2.8	9.7	1.244	0.318	-1.4	-2.5	7.3	14.5
Spain	120.2	81.4	1.5	4.2	7.9	16.0	0.920	0.297	-1.2	1.4	1.1	8.7
UK	0.629	0.485	-1.6	-5.9	1.1	4.3	1.047	0.240	-1.6	-5.9	9.2	12.7
Japan	104	57	0.0	0.0	-1.9	-4.1	0.914	0.413	-1.2	-1.2	-12.2	-14.2
Canada	0.578	0.287	0.2	0.0	7.4	12.8	0.424	0.213	-1.6	-1.8	8.0	13.4
USA ³	0.348	0.101	0.6	0.8	19.6	30.0	0.348	0.247	0.6	0.8	19.6	30.0
AUTOMOTIVE DIESEL⁴ Price per Litre												
France	3.762	2.292	0.0	0.0	15.8	34.9	0.718	0.280	-2.4	-2.4	9.7	27.7
Germany	1.099	0.620	0.4	0.8	10.5	27.7	0.727	0.317	0.4	0.8	5.3	21.7
Italy	1234.45	747.47	-0.7	-1.7	5.1	14.0	0.808	0.319	-1.7	-2.7	9.7	19.0
Spain	83.75	43.20	2.2	4.6	16.8	35.3	0.641	0.310	-0.6	1.8	9.5	26.8
UK	0.503	0.343	-2.3	-7.0	4.1	14.3	0.837	0.266	-2.3	-7.0	12.5	23.4
Japan	79	34	0.0	0.0	11.7	22.5	0.697	0.397	-1.2	-1.2	-0.1	9.6
Canada	0.553	0.216	0.5	0.9	8.9	13.9	0.406	0.247	-1.2	-0.9	9.4	14.4
USA	..	..	..	..	..	..	..	..	..	..	..	..
DOMESTIC HEATING OIL Price per 1000 Litres												
France	2354.4	906.4	0.3	0.4	15.9	21.7	449.1	276.2	-2.1	-2.0	9.7	15.2
Germany	540.1	150.4	3.0	3.6	24.6	31.3	357.2	257.7	3.0	3.6	18.8	25.1
Italy	1434000	976430	-0.3	-0.7	7.7	23.0	938.5	299.5	-1.3	-1.7	12.4	28.4
Spain	52867	19892	3.7	5.2	31.8	47.4	404.4	252.2	0.9	2.3	23.5	38.1
UK	179.60	36.60	2.1	2.4	23.9	28.8	298.8	237.9	2.1	2.4	33.8	39.1
Japan ⁵	49234	1434	1.3	1.3	24.2	24.2	432.8	420.2	0.0	0.0	11.1	11.1
Canada	..	..	..	..	..	..	..	..	..	..	..	..
USA ⁶	289.8	..	3.2	..	24.8	..	289.8	..	3.2	..	24.8	..
HFO FOR INDUSTRY^{4,7} Price per Metric Ton												
France	843.9	156.9	4.5	5.5	12.7	15.5	161.0	131.0	1.95	3.0	6.7	9.4
Germany	246.0	30.0	1.6	1.8	17.5	20.4	162.7	142.9	1.61	1.8	12.0	14.7
Italy	299000	45000	1.7	2.0	7.2	8.5	195.7	166.2	0.70	1.0	11.9	13.3
Spain	24403	2150	3.0	3.3	24.1	26.5	186.7	170.2	0.23	0.5	16.3	18.6
UK	102.23	18.20	1.2	1.4	15.7	19.8	170.1	139.8	1.19	1.4	25.0	29.4
Japan	19516	568	0.0	0.0	20.0	20.0	171.6	166.6	-1.21	-1.2	7.4	7.4
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

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Users' Guide to the IEA Oil Market Report

Readers are referred to the Users' Guide, that was published in conjunction with the Annual Statistical Supplement on 6 September 1996, for information on the data sources, definitions, technical terms and general approach used in preparing the Report. It should be noted that the spot crude and product price assessments are based on daily Platt's prices, converted when appropriate to \$US per barrel according to the Platt's specification of products (© 1996 Platt's a division of McGraw-Hill Inc.).

Pending submission of the detailed historical data needed to incorporate them into the OECD, the following OECD countries continue to be shown in the relevant non-OECD regions: the Czech Republic, Hungary and Poland in Non-OECD Europe, Korea in Other Asia and Mexico in Latin America.

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