

11 March 2005

HIGHLIGHTS

- Cold weather and strong global demand pushed benchmark IPE Brent and spot Dubai crude prices to record levels in early March, reaching \$54.30/bbl and \$45.47/bbl respectively. Distillate and jet fuel prices were also strong globally, but particularly in Asia and Europe, where temperatures were below seasonal norms.
- The global demand forecast for 2005 has been raised by 330 kb/d, to 84.3 mb/d. Annual growth now averages 1.8 mb/d. The revision is attributed primarily to very cold weather in late February and early March, a more robust view of US economic growth and the impact of this and other factors on China's oil demand growth prospects.
- World oil supply rebounded by 885 kb/d in February to 84.3 mb/d. Non-OPEC added 445 kb/d, with recovering North American and North Sea supply. Russian output rose after a four-month decline. Non-OPEC supply is revised up by 75 kb/d in 2004 and 90 kb/d in 2005. It averages 51.0 mb/d this year, 925 kb/d above 2004.
- OPEC February crude supply rose by 390 kb/d to 29.0 mb/d due to increases from Kuwait, Nigeria, Saudi Arabia and Iraq. The 2005 call on OPEC crude and stock change is revised up by 0.2 mb/d to 28.6 mb/d, versus 28.1 mb/d in 2004. The revision is most pronounced in the first half of 2005, before higher non-OPEC output takes effect.
- OECD industry oil stocks fell by 3 mb in January to 2573 mb, closing 66 mb above a year ago. Upward revisions to OECD demand for the first quarter of 2005 kept forward cover steady at 51 days. US gasoline stocks began March at 224 mb, up by 21.5 mb from a year ago.

Next Issue: 12 April 2005



INTERNATIONAL ENERGY AGENCY

AGENCE INTERNATIONALE DE L'ENERGIE

The IEA is Seeking to Recruit a Senior Oil Market Analyst

The International Energy Agency (IEA), an intergovernmental body committed to advancing security of energy supply, economic growth and environmental sustainability through energy policy co-operation, is seeking to recruit a Senior Oil Market Analyst to examine developments and future prospects in global oil markets. The successful applicant will work under the guidance of the Head of the Oil Industry and Markets Division of the IEA.

The ideal candidate will possess:

- A university degree in economics, supplemented by an advanced university degree in business, finance, resource economics or other relevant subjects.
- A very good knowledge of, and eight to ten years' experience in, oil industry, refining and markets analysis. International experience desirable.
- Policy experience with exposure to energy questions in government and/or industry. Demonstrated experience in quantitative data analysis and in developing analytical methodologies. Proven skills in working with databases, spreadsheets and word-processing software.
- Ability to work well under extremely demanding deadlines.
- Excellent level of oral and written communication skills and excellent drafting ability in English; a working knowledge of French would be an advantage.

The IEA operates as an autonomous agency within the Organisation for Economic Co-operation and Development (OECD), a forum within which the governments of 30 market democracies work together to address the economic, social and governance challenges of the globalising world economy, as well as to exploit its opportunities.

The OECD is an equal opportunity employer and offers an attractive remuneration package. We encourage applications from female candidates.

For further information on the OECD and the IEA: www.oecd.org (click on *Recruitment* for the full vacancy notice and the online application form) and www.iea.org.

Applications (in English or French) from nationals of OECD member countries should include a CV, specify the reference VAC(05)024 and be sent online by **24 March 2005**.

Please note that only candidates selected for interview will be contacted.

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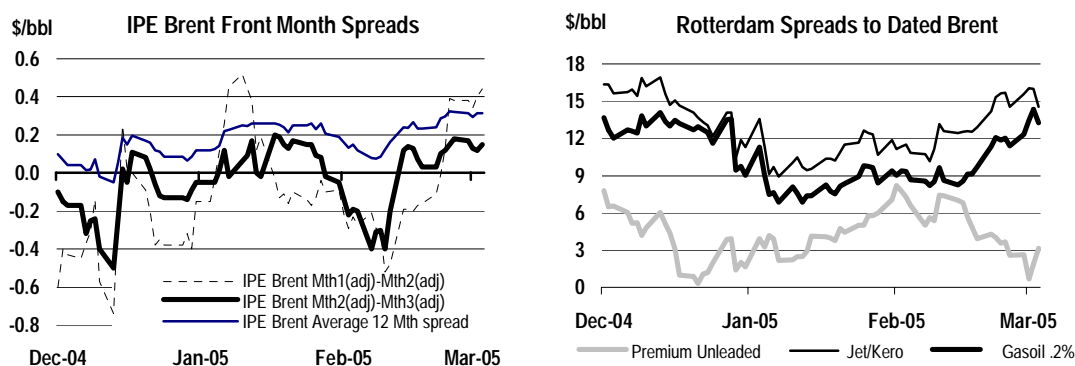
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TUNNEL VISION

NYMEX light sweet crude oil topped \$55 in early March, US gasoline prices reached record levels and non-commercial positions reached eight-month highs. All this, despite rising US stocks and a persistent discount for front month WTI futures. Recent cold weather can go some way to explain the relentless climb in prices but after a six month lull, fingers have once again been pointed at speculators.

Absolute price levels, like the camera, rarely lie but similarly only provide a market snapshot. For the broader picture we need statistics, but they take a while to emerge. Naturally, the oil market focuses on the most recent, comprehensive and visible data. Rightly or wrongly, oil is dominated by a US-centric focus, which does not appear to explain the recent price rise.

Look at the global picture and the recent rally makes more sense. The latest OECD data show that, while US stocks were building in January, crude inventories were drawing in Europe, and, to a lesser extent, in the Pacific/Asia region. Anecdotal reports also suggest stock draws in non-OECD Asia over the month, particularly in China.



Cold weather in the northern hemisphere has caused a surge in demand. Heating fuel prices have tightened globally, but more significantly in Europe and Asia. Frigid temperatures spread throughout Europe in mid-February, causing consumers to increase purchases. In contrast to a mild 2004, North East Asia has also been very cold, particularly Japan, contributing to rising kerosene and low sulphur fuel oil prices.

Moreover, crude demand for the second quarter continues to look robust. Asian refiners drew down crude stocks early in 2005, but returned after the lunar New Year to buy regional and West African light sweet crudes. This has flipped the Brent market into backwardation, while spreads in benchmark NYMEX light crude futures have tightened from May onwards.

But current high prices are not simply a weather phenomenon. Singapore gasoline prices have risen following a reduction in exports from South Korea and China and strong regional demand. The global jet/kerosene market has been strengthened by increased air travel and distillate tightness. US refiners are already gearing up for the driving season and are switching to the harder-to-produce summer fuel specifications.

Concomitant record or near-record highs on broad commodity indices, point to global economic growth as the primary driver behind high oil prices. US fourth quarter GDP growth was stronger-than-expected, and monthly surveys show no sign of activity slowing. Japan is expected to rebound from the recession of last year and Chinese (and other Asian), Latin American and Middle Eastern economies appear to be growing strongly.

The reality is that oil consumption has caught up with installed crude and refining capacity. Refiners are already competing to secure crude for the second quarter to rebuild depleted distillate stocks and to meet summer driving season and air conditioning demand. Capacity limitations are once more being tested by strong demand growth, keeping prices high. If supply continues to struggle to keep up, more policy attention may come to be directed at oil demand intensity in our economies and alternatives.

DEMAND

Summary

- The 2005 demand forecast has been revised upwards by 330 kb/d, which implies a 290 kb/d increase in demand growth to 1.81 mb/d. This revision may be traced primarily to three factors:
 - [i] Extremely cold temperatures in key consuming areas in the second half of February and early March are projected to raise global demand by over 100 kb/d in 2005.
 - [ii] Recent reports indicate that the US economy is more likely to carry the momentum that has built in the latter part of 2004 into the first half of 2005. On the whole, US demand growth is revised upwards by 120 kb/d.
 - [iii] China's demand growth has been revised upwards by 100 kb/d. A key trend that has enabled oil demand to grow in the face of relatively high oil prices is the push to move labour-intensive production overseas and thus trade off higher transport-related energy costs for lower labour costs in countries such as China. A more robust US economic outlook should boost China's exports and help sustain this trend. China's central government is also stepping up its push to check the construction of non-approved power projects (mostly coal-fired). Local officials have generally found ways to work around such edicts in the past, but this pressure could have a marginal impact on oil consumption in the power sector as some projects are delayed.
- Estimates of 2004 global oil product demand growth have been slightly increased to 2.73 mb/d, up 40 kb/d versus last month's Report. Fourth quarter 2004 OECD demand was revised upwards by some 110 kb/d, of which approximately 60 kb/d was due to revisions to European demand.

Global Oil Demand from 2003 to 2005

	Demand (mb/d)	Annual Change*		Changes from last month's Report (mb/d)
		(%)	(mb/d)	
1Q03	80.3	3.2	2.5	-
2Q03	77.3	1.5	1.1	-
3Q03	79.3	2.2	1.7	-
4Q03	82.1	2.5	2.0	-
1Q04	82.4	2.6	2.1	-
2Q04	81.1	5.0	3.8	-
3Q04	81.9	3.3	2.6	-
4Q04	84.5	2.9	2.4	0.1
1Q05	84.7	2.7	2.3	0.4
2Q05	82.8	2.0	1.6	0.4
3Q05	83.7	2.2	1.8	0.3
4Q05	86.1	1.9	1.6	0.3
2003	79.8	2.4	1.8	-
2004	82.5	3.4	2.7	-
2005	84.3	2.2	1.8	0.3

* year-on-year change

- Preliminary data suggest that OECD demand grew by only 0.9% (430 kb/d) in January 2005 versus January 2004. This relatively weak growth performance may be attributed in part to warmer than normal temperatures for that month.
- The second half of February and the first part of March were very cold in much of the Northern Hemisphere in comparison to 2004, contributing to a 370 kb/d upward revision to the OECD demand projection for the first quarter of 2005.

Estimated Annual World Oil Demand Growth 2000-2005

(million barrels per day)

	00-99	01-00	02-01	03-02	04-03	05-04
North America	0.26	-0.06	0.10	0.47	0.61	0.36
Latin America	0.00	0.00	-0.04	-0.10	0.18	0.13
FSU	0.08	0.00	-0.20	0.12	0.14	0.12
Europe	-0.12	0.21	0.00	0.20	0.26	0.10
OECD Pacific	-0.04	-0.07	-0.04	0.14	-0.15	0.00
China	0.26	0.12	0.30	0.55	0.86	0.50
Other Asia	0.09	0.18	0.27	0.22	0.45	0.24
Subtotal, Asia	0.31	0.23	0.53	0.91	1.16	0.74
Middle East	0.12	0.17	0.17	0.20	0.32	0.29
Africa	0.00	0.13	0.08	0.04	0.07	0.09
World	0.66	0.67	0.63	1.85	2.73	1.81

- Latin American demand growth for 2005 has been revised upwards by 20 kb/d as continued high commodity prices are contributing to more robust economic prospects. Similarly, Middle East demand growth is revised upwards by 10 kb/d as the recent increase in oil prices, which tends to have an impact oil demand with a lag, will support oil demand growth in the latter half of 2005.

Global Oil Demand by Region

(million barrels per day)

	Demand 2004	Annual Change			Annual Change (%)		
		2003	2004	2005	2003	2004	2005
North America	25.18	0.47	0.61	0.36	2.0	2.5	1.4
Europe	16.47	0.20	0.26	0.10	1.2	1.6	0.6
OECD Pacific	8.62	0.14	-0.15	0.00	1.7	-1.8	0.0
China	6.38	0.55	0.86	0.50	11.0	15.6	7.9
Other Asia	8.55	0.22	0.45	0.24	2.8	5.6	2.8
Subtotal Asia	23.56	0.91	1.16	0.74	4.2	5.2	3.1
FSU	3.71	0.12	0.14	0.12	3.5	3.8	3.1
Middle East	5.88	0.20	0.32	0.29	3.7	5.7	4.9
Africa	2.81	0.04	0.07	0.09	1.7	2.4	3.3
Latin America	4.91	-0.10	0.18	0.13	-2.0	3.8	2.6
World	82.51	1.85	2.73	1.81	2.4	3.4	2.2

OECD

Early Indications of Current Demand

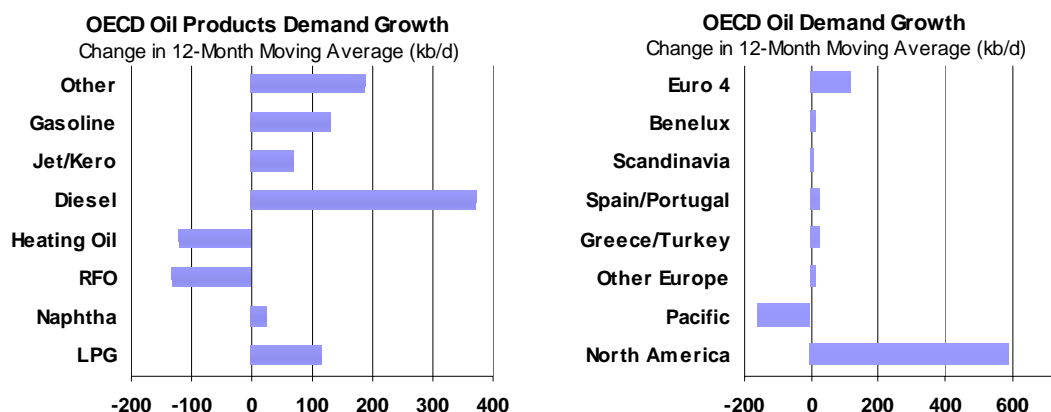
Viewing the OECD as a whole, preliminary data indicate that demand grew by only 0.9% (430 kb/d) in January 2005 versus January 2004. This reflected relatively warm temperatures in Europe. In addition, while US temperatures were below normal, they were still well above the temperatures witnessed in January 2004—which was the coldest January in over 12 years. February demand growth is projected to be much stronger as temperatures were well below normal in the second half of the month throughout most of the OECD.

Preliminary Inland Deliveries – January 2005¹

	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other ²		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
United States ³	8.79	1.3	1.54	-6.1	2.90	5.4	1.42	-11.4	0.99	10.7	5.13	6.2	20.77	1.8
Canada	0.68	2.5	0.11	0.9	0.43	10.6	0.16	-14.8	0.16	26.4	0.24	0.9	1.77	3.9
Mexico	0.63	2.8	0.06	7.0	0.29	5.9	0.00	na	0.37	19.5	0.41	-2.4	1.75	5.2
Japan	0.98	1.6	1.04	0.6	0.59	-0.5	0.58	-2.3	0.43	-11.5	1.69	-1.9	5.31	-1.6
Korea	0.16	-1.3	0.34	-8.3	0.26	-4.4	0.12	-3.9	0.54	8.4	1.00	6.5	2.43	2.2
France	0.22	-6.9	0.13	-1.2	0.57	0.6	0.43	-0.7	0.06	3.7	0.44	-1.6	1.86	-1.2
Germany	0.52	0.0	0.13	0.1	0.49	2.5	0.52	-4.1	0.11	8.3	0.48	-0.6	2.25	-0.2
Italy	0.28	-11.0	0.07	0.4	0.43	-2.2	0.12	-3.3	0.19	-23.6	0.40	-5.7	1.49	-8.0
Total	12.26	0.9	3.43	-3.4	5.95	3.4	3.35	-7.1	2.85	4.7	9.78	2.2	37.62	0.9

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

¹ excludes refinery fuel and bunkers (except US and Korea)² includes direct use of crude oil³ fifty states only. Diesel's share of total distillate is estimated. Percentage change is calculated versus the previous year.



Preliminary inland oil delivery data for selected major OECD economies present a mixed picture. The demand for heating oil was weak in France, Germany and Italy as temperatures were above normal, especially in the first half of the month. In addition, Italy continues to substitute natural gas for residual fuel oil, contributing to a dramatic 23.6% decline in fuel oil deliveries. The situation was similar in Japan where temperatures were mild and power generators continued to substitute other fuels, such as LNG, for residual fuel oil.

Moving Annual Average Change in Oil Demand* – January 2005

	LPG	Naphtha	Gasoline	Jet/ Kerosene	Diesel	Other Gasoil	RFO	Other	Total	kb/d
United States**	3.2%	13.7%	1.3%	3.1%	7.0%	-6.4%	3.8%	2.1%	2.4%	478
Canada	4.6%	15.2%	1.7%	8.1%	-0.4%	6.1%	1.0%	8.1%	4.2%	93
Mexico	0.9%	-36.8%	5.7%	7.1%	2.7%	2.7%	-2.9%	-1.5%	1.1%	23
Japan	-5.6%	0.5%	1.6%	-3.0%	0.6%	-4.1%	-10.2%	-1.8%	-2.4%	-131
Korea	-0.9%	4.4%	-4.2%	-9.0%	1.7%	-7.0%	-2.6%	-13.3%	-0.5%	-10
France	-1.2%	-12.1%	-5.4%	3.0%	1.9%	-0.1%	4.2%	1.8%	-0.9%	-19
Germany	1.0%	3.8%	-3.1%	1.3%	1.8%	-8.5%	1.1%	22.2%	-0.6%	-15
Italy	0.4%	13.5%	-3.8%	2.2%	2.2%	14.1%	-11.5%	6.2%	-0.2%	-4
Total	1.3%	3.0%	0.9%	1.0%	4.2%	-3.4%	-3.1%	2.6%	1.1%	415
kb/d	51	82	121	31	243	-112	-100	100	415	

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

** 50 states only

The decline in inland deliveries in Europe and Japan was balanced by strength in South Korea and North America, where regional inland deliveries grew by approximately 2.2% year-on-year in January. Residual fuel oil stands out as it posted a remarkably strong year-on-year growth of 14.2% (190 kb/d) in North America as a whole. Where possible, end-users substituted fuel oil for natural gas as Henry Hub gas prices stayed above US\$6.00/MMBtu for most of January. In addition, deliveries of transport fuels generally continued to grow as the US economy maintained its momentum.

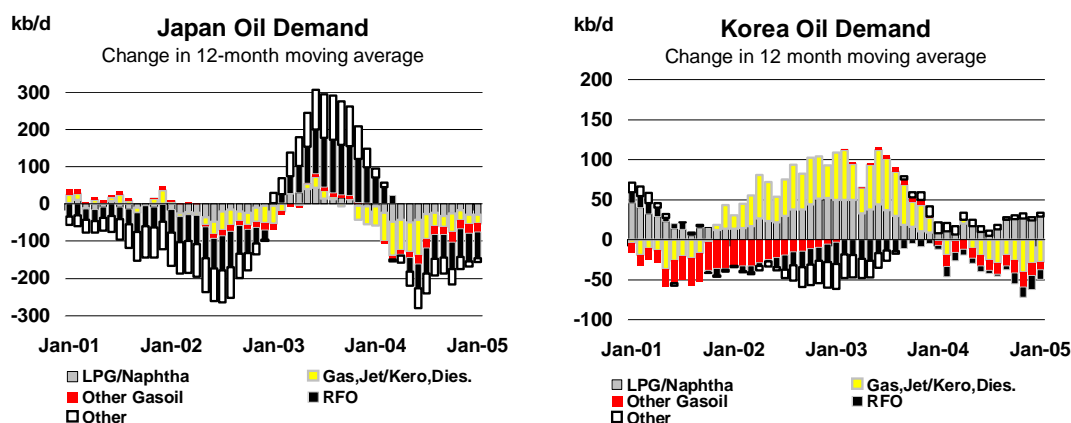
Pacific

Preliminary data indicate that Japanese oil consumption declined by some 90 kb/d year-on-year in January. Approximately 60 kb/d of the decline may be traced to a decline in residual fuel oil use as mild temperatures and an increase in the consumption of LNG in power generation (LNG consumption increased by approximately 10.7% in January) limited demand. February demand growth is projected to increase substantially as temperatures were far below the previous year (February 2005 temperatures were approximately 7% below normal versus February 2004 temperatures of 13% above normal). Temperatures have remained below normal in early March.

There is evidence that Japan is moving out of the recession seen in the last three quarters of 2004. Recent data imply that household consumption is picking up in the first quarter of 2005. In spite of signs of improvement in the economy, Japanese oil demand is still expected to post a year-on-year decline of 60 kb/d in 2005. It should be noted that a large share of the projected 2005 decline is attributed to extraordinarily hot weather in the third quarter of 2004, which encouraged consumption

of gasoline for holiday travel and oil in power generation to meet increased demand for air conditioning. The third quarter of 2005, which is assumed to resume a more normal pattern of consumption, must be viewed against a high 2004 baseline and as a consequence, third quarter demand is projected to decline by 190 kb/d.

Japan's demand for oil in power generation is broadly expected to maintain its downward trend. However, recent reports indicate that oil demand in power was higher than previously anticipated in February due to the cold weather and continued outages. Currently, seven of TEPCO's 17 nuclear power plants are on-line. Of the remaining ten, eight are undergoing planned shutdowns for inspections and maintenance and two (Fukushima-Daiichi No. 4 and Kashiwazaki-Kariwa No. 1) are experiencing unplanned shutdowns. KEPCO has nine out of 11 of its plants on-line, with two (Mihama No. 3 and Ohi No. 3) experiencing unplanned shutdowns. Ohi No. 3 was shut down on 8 March due to a water leak. Among the other Japanese utilities, on 25 February Tohoku electric announced that it was shutting down the No. 1 nuclear power generator at its Onagawa plant because of an increase in nitrogen supplies to the reactor.



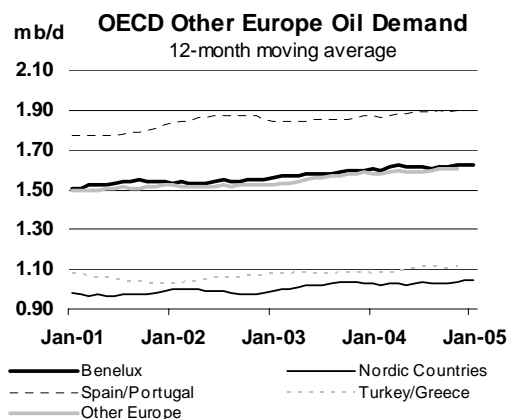
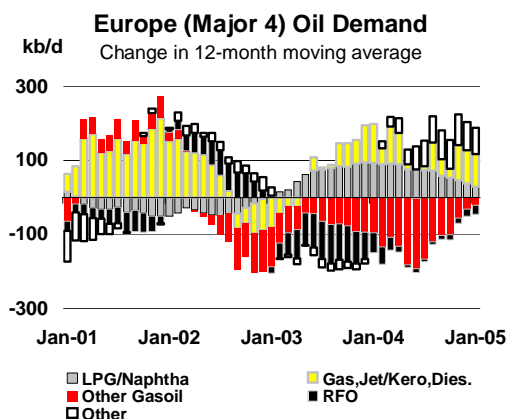
Korea's product demand grew by an estimated 50 kb/d (2.2%) in January as naphtha and residual fuel oil posted gains that were counteracted by some decline in gasoline and jet/kerosene. Like Japan, Korea experienced relatively cold temperatures in late February and early March, which have driven recent demand growth. In addition, several preliminary economic indicators signal that the economy may be on the path to faster than expected growth. Combined, these effects contribute to an approximate 10 kb/d upward revision of 2005 demand growth. Note, however, that high oil prices and substitution of LNG for oil will continue to weigh on demand growth.

Overall, due to a combination of cold weather and somewhat brighter economic prospects, OECD Asia's 2005 demand growth has been revised upwards by approximately 40 kb/d. First quarter demand growth has been increased by some 150 kb/d, largely due to a reassessment of the impact of below-normal temperatures in February and early March.

Europe

The projection of first quarter 2005 demand growth has been raised by 50 kb/d due to cold weather in the second half of February and early March. The weather-related demand increase is mitigated by an increasingly pessimistic view of the economic prospects of the Eurozone in 2005 (particularly for Germany), which has led to a 20 kb/d downward revision of projected oil product demand growth across the second and third quarters of 2005.

Fourth quarter 2005 demand is revised upwards by 20 kb/d, but this is largely induced by a 60 kb/d upward revision to fourth quarter 2004 demand. This change stems from a number of minor revisions to preliminary December 2004 estimates as more complete data have been submitted by the respective countries. As such, demand estimates for Belgium, Italy, Spain, Turkey and the UK were revised slightly upwards. The consequence of the revisions is that demand estimates for fourth quarter 2005 must be viewed against a modified baseline. In sum, although estimates of oil product demand have been revised across several quarters, these changes largely offset each other on an annual basis and the projection of 2005 European demand growth remains unchanged for this month's Report.



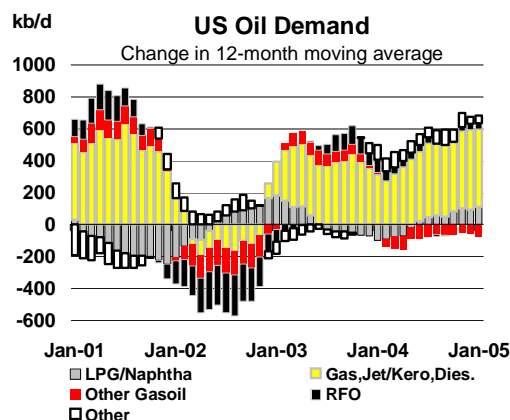
Although there are obviously variations across countries, the continuing trend towards dieselisation and interfuel substitution away from residual fuel oil are the key factors driving demand growth and European product trade patterns. In 2005 gasoline demand is projected to decline by 40 kb/d and consumption of residual fuel oil is expected to fall by 50 kb/d. In contrast, diesel demand for road transport is projected to rise by approximately 100 kb/d.

North America

The projection of North American demand growth has been revised upwards by 130 kb/d (1.4% year-on-year) for 2005. Below-normal temperatures in the second part of February and early March and a more robust outlook for the US economy are the main factors behind the revisions. Recently released economic indicators signal that the US economy is likely to carry the momentum that it built in the latter part of 2004 into the first half of 2005. This will be reflected in continued growth in industrial demand, gasoline consumption and strength in imports from key exporters such as China, which will increase demand for transport fuels.

Natural gas prices fluctuating in the vicinity of US\$6.00/MMBtu have also continued to encourage the substitution of residual fuel oil for gas where possible as fuel oil has been cheaper on a Btu basis. Should gas prices fall relative to oil prices, fuel oil demand could drop suddenly, which is a key area of uncertainty in the US market.

On a quarterly basis US demand is projected to grow by 1.7% in the first quarter, 1.6% in the second quarter and 1.7% in the third quarter, before declining to 0.9% growth in the fourth quarter—this corresponds with a projected slowing of the US economy in the second half of 2005. Although economic growth is projected to ease, third quarter 2005 demand is supported by comparatively strong growth in gasoline demand of 2.2%. Third quarter 2004 gasoline demand growth was relatively weak and thus the third quarter of 2005 must be viewed against a lower baseline.



Non-OECD

China

As expected, there are signs that 2005 Chinese demand growth (projected at 7.9%, or 500 kb/d) is slowing somewhat versus the 15.6% (860 kb/d) growth seen in 2004. January crude imports were down by approximately 24% and anecdotal evidence suggests that February demand was slightly weaker than market participants had expected—even after the mid-February lunar holiday is taken into account.

It must be emphasised, however, that these developments have to be evaluated in the broader context of a rapidly developing Chinese market that is in a constant state of flux. Reports indicate that China put off buying long-haul crude in late October when oil prices were comparatively high, which would have an impact on January imports. Preliminary data also show that January 2005 refinery runs were down only slightly versus December 2004, which is in line with reports of a substantial draw of crude

stocks in January, and product imports were up versus December. In recent weeks there have been indications that Chinese demand is recovering and March should be a strong month, balancing out the weakness seen in the initial two months of the first quarter 2005. Overall, preliminary data suggest that January 2005 apparent demand, which is defined as the sum of domestic refinery output and net product imports (adjusted by estimates for direct crude burning, smuggling and unreported refinery output), grew by approximately 6.4% (400 kb/d) versus January 2004.

China Crude & Product Trade

(thousand barrels per day)

	2003	2004	1Q04	2Q04	3Q04	4Q04	Nov 04	Dec 04	Jan 05	Latest month vs. Dec 04	Jan 04
Net Imports/(Exports) of:											
Crude Oil	1664	2346	2290	2371	2232	2491	2699	2665	1722	-943	-540
Products & Feedstocks	442	661	600	849	545	653	819	547	624	77	7
Gasoil/Diesel	-28	43	22	50	21	79	80	118	8	-110	-11
Gasoline	-175	-125	-95	-141	-146	-117	-113	-136	-128	8	-119
Heavy Fuel Oil	407	506	448	653	412	515	658	466	567	102	192
LPG	202	201	172	227	222	184	205	148	186	39	13
Naphtha	-22	-33	-21	-11	-48	-51	-73	-60	-49	10	-33
Jet & Kerosene	1	16	21	15	19	8	14	-1	16	18	-12
Other	58	52	54	56	64	34	48	12	23	11	-23
Total	2106	3008	2890	3220	2777	3144	3518	3212	2345	-866	-533

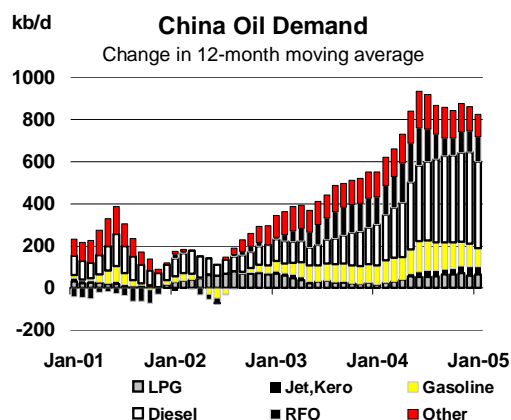
Sources: China Oil, Gas and Petrochemicals plus IEA estimates

Although China's demand growth is projected to slow in 2005 when compared to 2004, there are two specific developments contributing to a 100 kb/d upward revision to 2005 demand growth. First, it appears that the US economy will maintain the momentum that it built in 2005 for longer than most economic analysts had projected. This will help sustain China's all-important manufacturing and exports. It will also encourage continued growth in investment, which currently accounts for approximately 30-40% of China's GDP, but is relatively volatile and susceptible to decline.

One of the significant developments in recent years that has allowed oil demand to grow in the face of relatively high oil prices is the increasing willingness of more industrialised countries to move labour-intensive production overseas and trade-off higher energy-related transport costs for lower labour costs in countries such as China. This is obviously happening at a global level, but the interrelationship between US economic growth and Chinese exports is particularly important.

Second, China's central government is stepping up its push to check the construction of non-approved power projects (mostly small coal-fired plants) due to professed environmental worries and concerns that excess capacity will emerge in 2007-2008. Local officials have generally found ways to work around such edicts in the past, but this pressure will likely have a marginal impact on oil consumption in the power sector as some projects are delayed. In spite of these developments, this Report maintains the view that growth in oil for power will not match the growth seen in 2004, when gasoil demand grew by some 25.1% and residual fuel oil demand grew by approximately 12.5% (see text box below).

Product-by-product projections of 2005 demand growth are highlighted in the table below. Of course there are numerous factors and subtleties to be taken into account, but in general, gasoline and diesel demand growth is projected to roughly match China's rate of economic growth. Naphtha and jet/kerosene demand are forecast to expand at a comparatively rapid pace as numerous ethylene crackers are expected to come on-line this year and air travel is projected to continue its rapid rise. LPG, residual fuel oil and other products are forecast to lag somewhat behind economic growth. LPG is subject to interfuel substitution, especially in the coastal areas, as natural gas is emerging as an alternative fuel. While certain categories of fuel oil, such as bunkers, are projected to maintain rapid growth from a relatively small base, demand for fuel oil in power should stabilise in 2005.



China Demand Forecast Summary

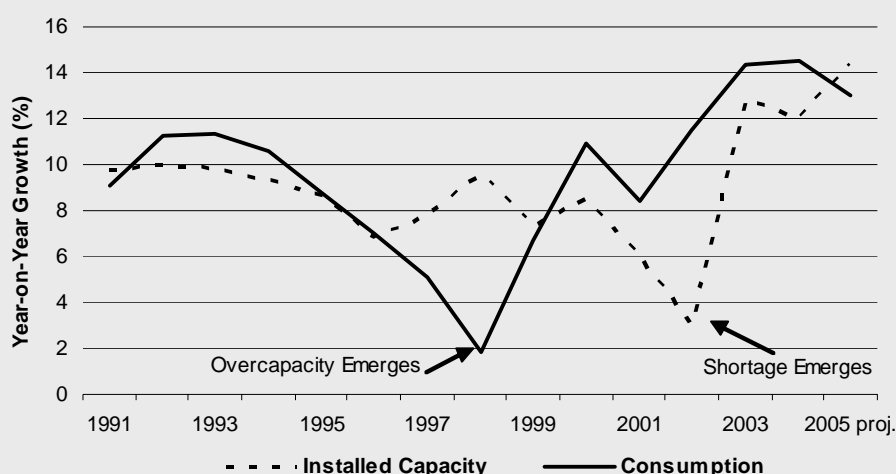
	Demand (kb/d)			Annual Change (kb/d)		Annual Change (%)	
	2003	2004	2005	2004	2005	2004	2005
LPG & Ethane	539	599	626	60	27	11.1	4.4
Naphtha	621	681	756	60	75	9.6	11.1
Motor Gasoline	963	1074	1154	111	79	11.5	7.4
Jet & Kerosene	190	231	256	41	25	21.4	10.9
Gas/Diesel Oil	1720	2152	2350	432	198	25.1	9.2
Residual Fuel Oil	810	911	972	101	60	12.5	6.6
Other Products	673	730	770	57	40	8.5	5.4
kb/d	5517	6379	6883	863	504	15.6	7.9

A Critical Demand Uncertainty: Chinese Oil Consumption in the Power Sector

China's oil demand has increased tremendously since its economy took-off following the SARS crisis in the first half of 2003. The key drivers of China's amazing oil demand growth have been: (1) a booming economy, which has increased the demand for all products, and (2) power shortages that induced a dramatic rise in the use of gasoil and residual fuel oil in power generation. Overall, demand for oil in power generation is estimated to have accounted for roughly 300-350 kb/d of the 860 kb/d incremental increase in oil demand in 2004. Looking to 2005, China's economic growth prospects remain robust and its need for petroleum products will continue to increase at a relatively rapid pace. However, the outlook for oil consumption in the power sector is far less clear. In fact, this could be ranked as the primary uncertainty in terms of assessing the 2005 global oil demand outlook.

The key area that could be subject to wide swings in 2005-2006 is the demand for gasoil, which grew by about 430 kb/d (25.1%) in 2004 and for 2005 is expected to grow by 200 kb/d (9.2%). A surge in purchases of small gasoil-powered generators used to protect businesses and others against blackouts/brownouts accounted for much of this increase. As long as power shortages persist these users will continue to consume gasoil, but it is important to remember that this is only a back-up measure. Drawing electricity off of the power grid is roughly one-third the cost of generation using a small diesel generator, so in the absence of worsening power shortages, gasoil consumption in power generation would be expected to stabilise.

Evolution of China's Power Imbalance



The obvious question is, will the power shortages worsen in 2005? We cautiously suggest that the shortages will not worsen substantially, but rather that the situation will remain about the same. In 2004 power consumption officially grew by 14.5% overall, which induced blackouts/brownouts, especially in the fast growing regions of South and East China. The 2004 power capacity shortage has been estimated at 25-35 GW. As highlighted by the figure, in 2005 power consumption is projected to grow by a still robust 13.0%, but State-approved power projects are set to boost capacity by some 63 GW, or 14.3%. Peak demand needs remain an issue, so the capacity shortage is projected to remain at about 25-35 GW in 2005, but there is a clear trend towards mitigating the power shortages associated with the rapid increase in power consumption.

A Critical Demand Uncertainty: Chinese Oil Consumption in the Power Sector (continued)

In addition to the anticipated capacity additions, in 2005 the State Grid Corporation plans to spend some US\$ 12.9 billion to substantially upgrade and expand the transmission capacity that links regional grids. Inter-regional transmission increased by approximately 30.1% in 2004, which played a major role in containing 2004 power shortages.

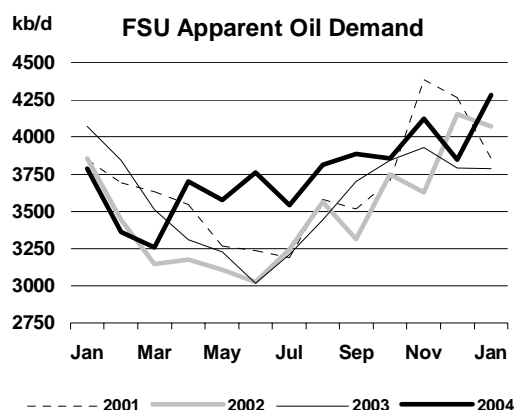
There are a few wildcards that could influence oil consumption in the power sector in 2005-2006. First, there is a large number of unauthorised power plants under construction that could add to the State-sponsored capacity. It is difficult to estimate the exact capacity of these unauthorised plants, but some reports maintain that up to 120 GW of additional capacity could be added. Typically these are small, relatively inefficient, coal-fired plants built by local developers in fast-growing areas with the backing of local governments. Aside from environmental concerns, the central government is worried that the unauthorised plants could create overcapacity, as seen in China in the late 1990s. In response, the central government has ordered the immediate halt of construction and closure of unauthorised plants. It remains to be seen whether or not the central government will follow through with this policy in the face of near-term power shortages, as so far it has not followed through on promises to close small oil refineries. We believe that the central government's response will be mixed, with most unauthorised capacity coming on-line. This has important implications for oil consumption in the power sector, especially as we look toward 2006. With excess generation capacity there is less incentive to use relatively high priced petroleum in the power sector.

A second wild card is pricing in the power sector, where the National Development and Reform Commission (NDRC) regulates electricity tariffs. Recently, increases in power prices have not matched increases in the price of residual fuel oil, gasoil, or coal as there is a hesitance to raise retail power prices. At times this has implied that power producers suffer heavy losses in areas such as Guangdong, which consumed about 220 kb/d of residual fuel oil in the power sector in 2004. Although the government maintains that it will grant subsidies to cover these losses, it has been slow to pay. As a consequence, in an effort to limit losses some small-sized plants and privately operated plants shut down in 2004. In response to this problem Guangdong's local government has plans to link electricity tariffs to fluctuations in residual fuel oil and gasoil prices. This would likely encourage the use of oil in power generation. At the same time, however, the State Development and Reform Commission (SDRC) has confirmed that it will set up a mechanism to link coal and power prices. This should give a boost to coal in the eyes of power producers.

Overall, the consumption of oil for power is expected to stabilise in 2005, especially in comparison to the very robust growth witnessed in 2004. As a consequence, the growth in oil consumption in 2005 will be tied more directly to other areas that continue to expand quite rapidly, such as the transport, industrial and petrochemical sectors.

FSU

FSU apparent demand is defined as the difference between crude production and net oil exports. Estimates of January 2005 production and exports have both been revised upwards, but the upward revision to exports exceeds the revision to production. As a result, January apparent demand growth declined by approximately 80 kb/d to 400 kb/d, or 10.4%. Preliminary indications are that February exports returned to a more normal, higher, level than was witnessed in January. Due to these changes apparent demand is revised downwards by approximately 30 kb/d for the first quarter of 2005. This is balanced by slight upward revisions to the FSU 2005 production forecast, so on the whole apparent demand growth remains unchanged in 2005 at 120 kb/d.



Other Non-OECD

There are signals that the stage is being set for robust demand growth in India—auto sales were reported to be up by over 8% in January and sales of trucks and buses were up by 18%. However, the substitution of natural gas for petroleum products will continue to be an issue in the near term with the opening of the Hazira LNG terminal and the expected arrival of the first cargo in March. The India

demand growth forecast remains unchanged at 2.9% (70 kb/d) in 2005, with growth more heavily weighted towards the second half of the year. Consumption is likely to rise over the next few months as a bumper wheat crop is expected due to ample winter rains, which will boost off-road diesel use. However, last year's harvest was exceptional so year-on-year growth may not appear very strong when viewed against this higher baseline. Note that India's demand for jet fuel is reported to be up by approximately 18.2% in January, in part due to the large number of flights associated with relief efforts for the Asian tsunami.

Although it does not have a major impact on the overall demand picture, India's move towards tighter product specifications has created some turmoil in the regional product markets. India is importing large quantities of lower sulphur diesel and gasoline in an effort to build stocks in advance of the 1 April implementation of the new regulations. At the same time, it is exporting its off-specification diesel and gasoline to other markets, such as Vietnam and Iran. India is said to have imported some 4-5 million barrels of higher specification products since the beginning of the year.

India Crude & Product Trade

(thousand barrels per day)

	2003	2004	1Q04	2Q04	3Q04	4Q04	Oct 04	Nov 04	Dec 04 ¹	Latest month vs. Nov 04 Dec 03	
Net Imports/(Exports) of:											
Crude Oil	1863	1513	1938	2090	2013	1742	1903	1671	1649	-22	-226
(by Public Oil Cos)	1243	909	1105	1312	1214	1000	1206	888	903	15	-546
Products & Feedstocks	-152	-121	-132	-173	-178	-222	-192	-316	-160	156	-146
Gasoil/Diesel	-119	-98	-137	-135	-122	-162	-156	-183	-149	34	-86
Gasoline	-72	-55	-77	-67	-75	-80	-86	-81	-75	6	-6
Heavy Fuel Oil	5	-1	-12	13	-5	-20	-7	-55	2	58	15
LPG	55	54	90	39	86	128	119	137	128	-9	11
Naphtha	-1	0	19	10	-29	-25	-13	-42	-22	20	-67
Jet & Kerosene	-22	-29	-29	-44	-43	-74	-62	-102	-58	44	-10
Other	1	7	14	12	9	12	12	9	13	4	-3
Total	1712	1392	1807	1917	1834	1520	1711	1355	1489	134	-372

¹ Preliminary

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

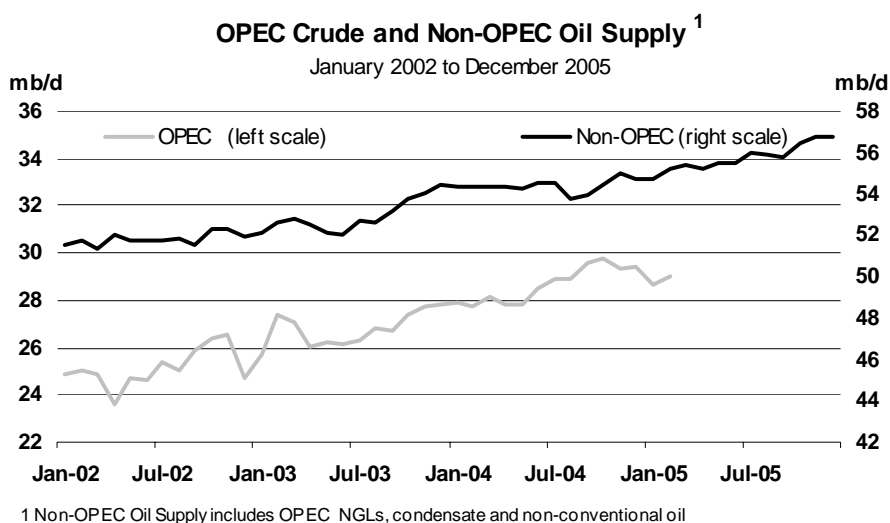
Latin American economic growth prospects in general remain robust as commodity prices have maintained their strength. While interfuel substitution remains a key issue that will have an impact on Brazilian oil product demand—roughly 165,000 of the 1.5 million car sales in 2004 were for CNG powered vehicles—2005 demand growth has been revised upwards by some 30 kb/d for Latin America as a whole.

Middle East 2005 demand growth has also been revised upwards by 10 kb/d due to recent increases in oil prices. Increases in oil prices tend to have an impact Middle East oil demand growth with some lag, as it takes time for increased revenues to translate into increased spending, so the recent high prices will support growth in oil demand in the latter half of 2005.

SUPPLY

Summary

- After a sharp, OPEC-derived fall in January, **world oil supply** rebounded by 885 kb/d in February to average 84.3 mb/d. Non-OPEC production increased by 445 kb/d to 50.5 mb/d, after two months of supply interruptions, notably amongst OECD producers. OPEC crude production moved higher by 390 kb/d, while other OPEC liquids were up by an estimated 50 kb/d at 4.7 mb/d. Global supply stands 2.2 mb/d above February 2004 levels, with OPEC crude up by 1.3 mb/d, non-OPEC annual growth standing at 455 kb/d and OPEC other liquids 415 kb/d higher.
- **Non-OPEC supply** is revised upwards in this month's Report. Higher baseline supplies from Norway and Brazil combine with expectations of a sharper production build from new fields in Australia, Malaysia, Trinidad and Angola. Russian supply also reversed four months of decline in February. However, recent performance remains patchy, with ongoing disruptions affecting the US Gulf, Canadian syncrude, Brazil and Vietnam likely to keep first quarter 2005 output 120 kb/d below last month's estimate. Overall, non-OPEC supply is revised up by 40 kb/d for 2003, 75 kb/d for 2004 and 90 kb/d for 2005. Production averages 51.0 mb/d in 2005, up by 925 kb/d from 2004.
- **OPEC crude supply** rose by 390 kb/d in February to average 29.0 mb/d. Increases were widespread, but the bulk came from Nigeria, Kuwait and Saudi Arabia, all assessed to have added 100 kb/d to January supply levels. Nigeria saw continued production recovery after late-2004 disruptions. Iraqi production rose 60 kb/d to 1.85 mb/d, as higher southern exports countered a continued absence of exports from Ceyhan. UAE supply fell back by some 75 kb/d due to maintenance affecting the Murban field.
- **OPEC-10 supply** (excluding Iraq) increased by 330 kb/d in February and averaged 27.2 mb/d. Output is thought to have moved higher in late February and early March in response to colder northern hemisphere weather and higher crude prices. OPEC's 16 March meeting in Iran will likely review market prospects and consider the production target for second quarter. All options remain open, but market perception in early March suggests that, at recent price levels, production targets and the currently-suspended price band are unlikely to be changed for now.
- The **'call on OPEC crude and stock change'** for 2004 remains at 28.1 mb/d, despite upwardly revised fourth quarter OECD Europe demand. However, the 2005 call is revised up by 200 kb/d to 28.6 mb/d, with the bulk of the increase versus last month's Report occurring in the first half of the year. Global demand is revised up by 0.3 mb/d running through 2005. In the second half of 2005 this is partly countered by higher non-OPEC supply.



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

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

OPEC

Moves by key OPEC members to curb production appear to have been short-lived, with supply in February up by an estimated 390 kb/d versus January, at 29.0 mb/d. Output from most producers edged higher, although Kuwait, Nigeria and Saudi Arabia led the way, with production from these three up by 100 kb/d each. Iraqi supply increased by 60 kb/d on the basis of increased southern exports. Iranian production held steady at just under 4.0 mb/d capacity. The UAE was the only OPEC member to see a decline in February supply, which was off by 75 kb/d compared to January as maintenance at gas processing facilities curbed output at the Murban field. Generally, supply recovered through the month from lower levels evident in the first half of February. This was in part a response to a spell of markedly colder-than-normal northern hemisphere weather in late February and early March, and accompanying higher prices.

OPEC-10 (excluding Iraq) production averaged 27.2 mb/d during February, an increase of 330 kb/d compared to a downward-revised January total of 26.9 mb/d. While production from Algeria, Saudi Arabia and Kuwait continues to run markedly higher than November's official target levels, this is countered by significant 'undershoot' from Venezuela and Indonesia.

OPEC Crude Production

(million barrels per day)

	1 Nov 2004 Target	Feb 2005 Production	Sustainable Production Capacity ¹	Spare Capacity vs. Feb 2005 Production	Production vs. Target
Algeria	0.86	1.34	1.35	0.02	0.47
Indonesia	1.40	0.97	1.00	0.04	-0.43
Iran	3.96	3.98	4.00	0.03	0.01
Kuwait ²	2.17	2.45	2.50	0.05	0.28
Libya	1.45	1.62	1.65	0.03	0.18
Nigeria	2.22	2.39	2.40	0.01	0.17
Qatar	0.70	0.78	0.80	0.02	0.08
Saudi Arabia ^{2,3}	8.78	9.20	10.0-10.5	0.80-1.30	0.42
UAE	2.36	2.32	2.55	0.23	-0.04
Venezuela ⁴	3.11	2.16	2.20	0.04	-0.95
Subtotal	27.00	27.20	28.45-28.95	1.26-1.76	0.20
Iraq		1.85	2.50	0.66	
Total		29.04	30.95-31.45	1.92-2.42	
				<i>(1.18-1.68)</i>	

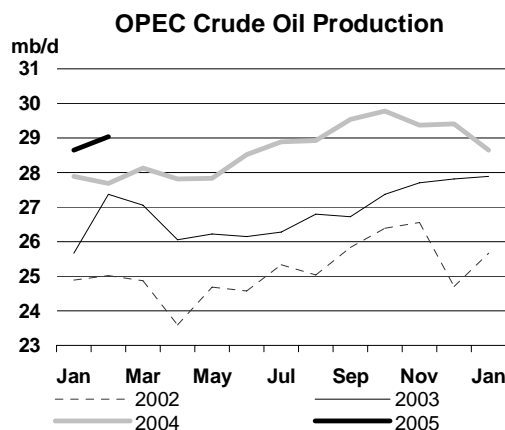
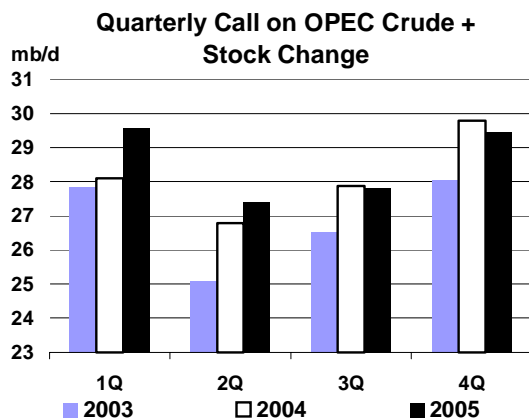
1. Capacity levels can be reached within 30 days and sustained for 90 days

2. Includes half of Neutral Zone Production

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

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

Market perception shifted over the course of February. Immediately after OPEC's 31 January Ministerial meeting there had been talk of possible consultations ahead of OPEC's next meeting on 16 March to consider further supply cuts if market conditions warranted. However, this possibility appeared to recede as a spell of wintry weather pushed WTI crude above \$50/bbl once more, prompting some OPEC members to comment that an increase in production might be considered in Iran. Although all options remain open for the 16 March meeting in Isfahan, recent indications from within and outside OPEC seem to point towards a roll-over of the existing 27.0 mb/d target production level as the most likely outcome. And while the OPEC governing board has reportedly endorsed recommendations to change the composition of the organisation's basket of crude oils and will present this to Ministers in Iran, any formal change in the basket may be deferred for now. Nor is the announcement of the re-adoption of a new, higher target price band deemed likely under currently prevailing market conditions. Clearly however, sentiment regarding these three factors could change once again in the days leading up to the meeting.



Production from **Kuwait** increased by 110 kb/d in February, to average 2.45 mb/d, close to sustainable capacity. January's repair and expansion of gathering centre 15 in northern Kuwait, and February's reactivation of GC-28 in the west, will ultimately add further to capacity. However, it is likely to be several months before the full impact of these developments is felt. An extended closure of a crude distillation unit at the Mina al-Ahmadi refinery will keep 120 kb/d of refining capacity off-stream until mid-March. However, higher production apparently did not result in increased crude export levels in February, with term loading volumes reportedly unchanged from January levels.

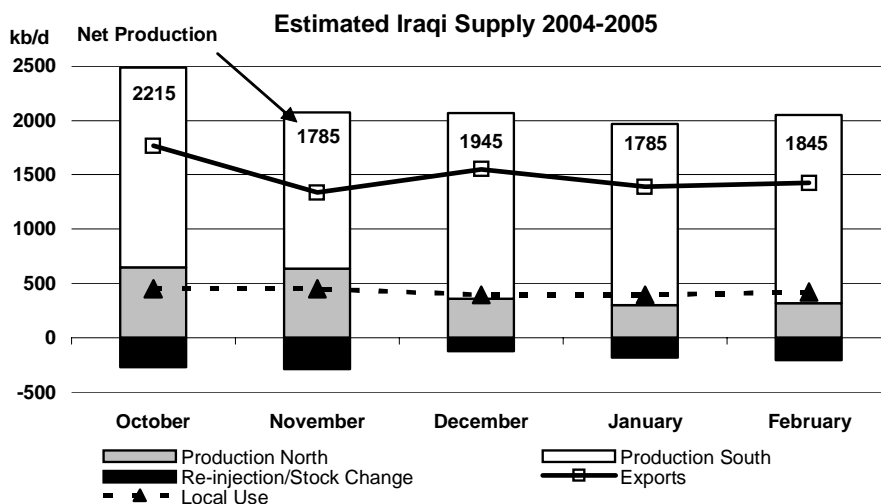
A similar 110 kb/d increase in February production was seen from **Nigeria**, as the impact on production from earlier civil unrest receded. Production is assessed at 2.39 mb/d, up from a downward-adjusted January level of 2.28 mb/d (versus 2.32 mb/d in last month's Report). Both export loadings and domestic refinery runs were up in February. Refinery runs in February were reportedly boosted in excess of 200 kb/d, representing over 50% capacity utilisation compared to levels as low as 10% at times during 2004. Nigerian refineries have long suffered from extended unscheduled outages and prolonged maintenance. Condensate and NGL supplies have also been adjusted upwards by 10-15 kb/d for 2003-2005 after a re-assessment, with supplies of these non-quota liquids now seen averaging 205 kb/d this year. However, downward adjustments to crude exports for December and January counteracted indications of higher domestic refinery runs, leaving Nigerian production 20 kb/d and 40 kb/d lower, respectively, than last month's assessments.

Plans for expanded Nigerian crude capacity suffered a set-back in February. Budget proposals for 2005 submitted to the country's senate suggested that the 225 kb/d deepwater Bonga field, previously scheduled for mid-year start-up, would not enter operation until October. Parliament is also considering plans to boost government fiscal take in production sharing contracts. This move could affect both existing and future contracts between the government and international oil companies covering deepwater projects, the key to future growth in Nigerian production.

A further 100 kb/d increment in February supply came from **Saudi Arabia**, based on an assessment of overall February tanker sailings. Early-month ministerial statements that output remained close to 9 mb/d, plus indications of reduced spot tanker liftings, suggest that the increase was concentrated more in the second half of the month. This would seem consistent with a broader OPEC policy of leakage to calm surging prices in the second half of the month, rather than signalling any renewed and sustained rise in Saudi production for now. Despite a 17% increase in planned exploration and production (E&P) spending for 2005, and aspirations to double active drilling rigs in the country by end-year, the next key Saudi field development projects are not due online before 2006. Furthermore, comments from the Oil Minister on 24 February suggested an expectation that \$40-\$50/bbl crude prices were likely to be the norm during 2005. Whether this merely reflected the recent upward shift in consensus price forecasts within the analytical and financial community, or a move to a more hawkish price and output policy by Saudi Arabia was not clear. A foreign affairs adviser did however comment that the most recent surge in prices took them to 'unrealistically high' levels.

Iraq saw a 60 kb/d increase in February production, with net output reaching 1.85 mb/d. As the graph above shows, gross wellhead production (including volumes subsequently re-injected at northern oil fields or pumped into storage) appears to have stagnated close to 2.0 mb/d, raising the possibility that a reduction in effective capacity from the current assessment of 2.5 mb/d may soon be in order. It is difficult to be precise about production capacity levels for a number of reasons. Firstly,

the most immediate constraints governing monthly production appear to be the integrity and security of the country's pipeline network and refinery infrastructure. Secondly, until such time as extensive reservoir studies on Iraq's main fields (Kirkuk and Rumaila) are completed, it is difficult to assess just how far production could rise if unconstrained outlets for crude could be secured. For now we retain a notional capacity level of 2.5 mb/d, albeit a production level not seen since autumn 2004.



Total exports in February amounted to 1.43 mb/d compared to 1.39 mb/d in January. Southern exports from Basrah and Khor al-Amaya averaged 1.41 mb/d versus 1.38 mb/d in January. Weather-related loading delays, notably in the third week of the month, limited the recovery in exports. Disruptions to power supply proved less of a problem than in January however. Scheduled southern export loadings for March point to volumes falling back again towards 1.32 mb/d. Southern wellhead production is thought to have risen above 1.7 mb/d again after declining in January.

Although a mid-month re-instatement of the northern Kirkuk-Ceyhan pipeline temporarily allowed crude shipments to resume, the total for the month averaged less than 20 kb/d, and the pipeline flows were again halted by sabotage on 15 February. No tanker liftings were made from Ceyhan in either January or February as storage in tank is minimal. Pipeline flows are not expected to resume before 10 March, making it unlikely that renewed export liftings from Ceyhan could begin before end-month at the earliest. Ongoing attacks on infrastructure serving the Daura and Baiji refineries, plus the renewed closure of the Ceyhan pipeline, continued to limit northern production to around 300 kb/d.

Aside from the 75 kb/d fall in February **UAE** supply (mentioned above), production from other countries within the cartel changed only modestly. Conventional crude supply from Venezuela, Libya, Algeria and Indonesia was up by a combined 75 kb/d. **Libyan** sustainable capacity has been revised up to 1.65 mb/d, with production in recent months having on several occasions pushed through the earlier assessed capacity level of 1.6 mb/d. Increases in production over the past two years from the Elephant, El Shaharah and En Naga fields have contributed to this revision.

Iranian crude production continued in February at near 4.0 mb/d capacity levels, and January supply has also been revised up by 25 kb/d in light of higher assessed export levels. A pipeline explosion affecting the Gascharan field in mid-February is believed to have had only minimal impact on overall supply. A review of LPG and condensate supply has led to downward adjustments of 20 kb/d for 2003 and 2004. Supply of these liquids is expected to grow by 125 kb/d in 2005 as output from phases 4 and 5 of the South Pars gas project builds to plateau volume.

In the case of **Venezuela**, production of syncrude (not counted towards conventional crude in this Report) is also thought to have increased by some 30 kb/d in February, attaining a peak for now of some 590 kb/d. A re-assessment of Venezuelan conventional crude supply has been undertaken for the July 2004 through January 2005 period. Based on lower export levels, supply has been revised down by an average of 75 kb/d and now comes in at below 2.2 mb/d. This has resulted in a corresponding downward adjustment for Venezuelan sustainable capacity from 2.25 mb/d to 2.2 mb/d. The after-effects of 2002's strike and subsequent restructuring of PDVSA are still being felt. On the one hand, the increase of royalty rates for the existing Orinoco heavy oil upgrader projects and a general shortfall in upstream capital investment are seen as potential impediments to oil

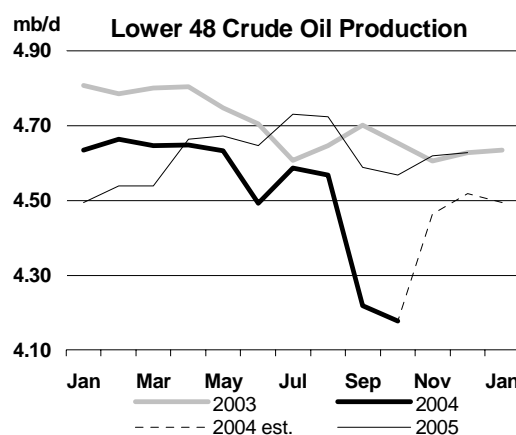
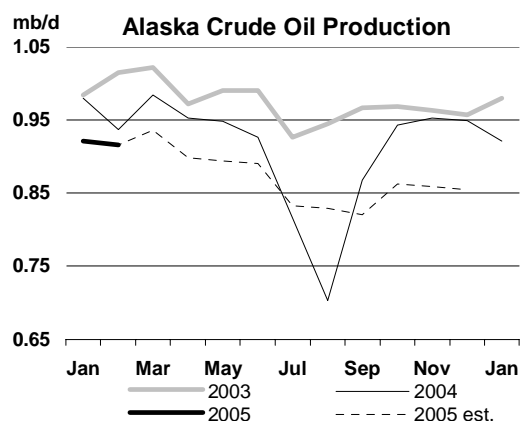
supply in the short and medium term. However, on a more positive note, February saw moves by Venezuela to entice Indian investment into the upstream and an apparent resolution of a dispute involving Conoco's planned development of the eastern Corocoro field. Also, French firm Total announced plans for a 200 kb/d expansion of the existing 180 kb/d Sincor heavy crude upgrader.

OECD

North America

US – February Alaska actual, others estimated: Provisional data for February show total US oil production up by some 100 kb/d versus January at 7.74 mb/d. This was largely on the basis of higher Gulf of Mexico (GOM) supply and increased availability of NGLs. However, February production from both Alaska and the GOM still lagged the levels expected in last month's Report by a combined 90 kb/d. Despite these most recent shortfalls versus expectation, total US production is projected to increase by 100 kb/d in 2005 to average 7.8 mb/d (of which crude oil will amount to 5.5 mb/d). Increases are expected to derive from higher NGL availability and a 200 kb/d increase in GOM production, which offset declines from more mature, primarily onshore, areas.

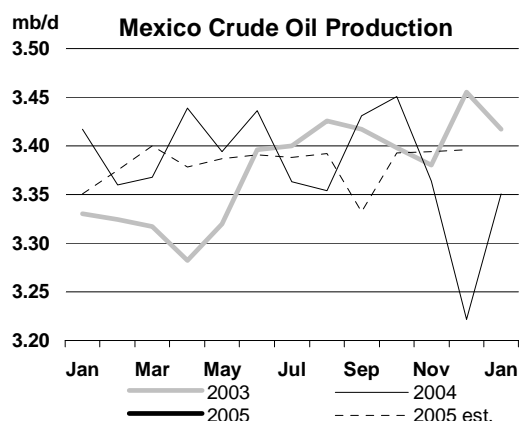
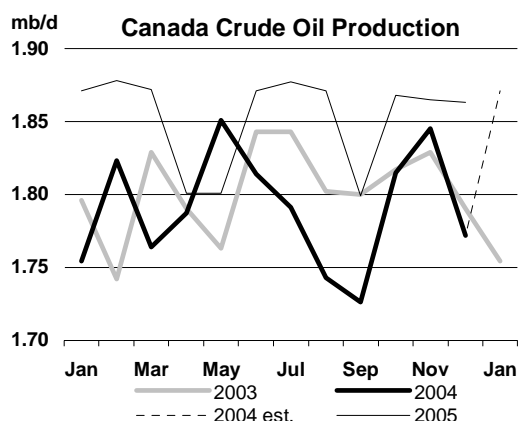
Alaskan crude production levelled off at just under 920 kb/d in February, compared to a recent 4Q 2004 high of 950 kb/d. Monthly average temperatures were higher than seasonal norms, reducing the efficiency of re-injection activity. Furthermore, repair and maintenance work at the Northstar and Milne Point fields kept production some 15-20 kb/d below fourth quarter levels. Limited activity on the Alaskan North Slope due to spring thaw, allied to prevailing field decline, mean that production is unlikely to regain late-2004 levels during 2005.



Aggregate US data for February suggest that **Gulf of Mexico** production increased by around 50 kb/d to 1.52 mb/d. However, an estimated 125 kb/d of production remained off-line in the aftermath of last autumn's Hurricane Ivan. The return of production facilities affected by the hurricane, directly or through damage to associated sub-sea pipelines, has proved a slow process and we have revised upwards the expected loss of production to 130 kb/d for 1Q 2005 and 100 kb/d for 2Q 2005. Countering this long tail in supply recovery, however, are a number of new field developments which should contribute to higher GOM production for 2005 overall. Collectively, the Mad Dog, Holstein, Front Runner, Ursa, Thunder Horse and Magnolia projects are expected to add 200 kb/d to GOM supply in 2005.

Canada – December actual: A 40 kb/d upward revision was made to Canadian oil supply for December, to 3.05 mb/d, following the latest release of government data. Both bitumen and NGL output came in higher than expected, partly offset by lower than expected syncrude supply. January supply was also revised up by 45 kb/d as a result of higher than expected production from offshore Newfoundland. This was insufficient, however, to counteract the decline in output suffered by the three main syncrude units which was documented in last month's Report. Resumed operations at the Shell Athabasca Oil Sands project in February contributed to a 65 kb/d rise in Canadian oil production. But this could prove short-lived, as national production declines in March and April due to seasonal restrictions on output from Alberta and Saskatchewan. Also, first quarter synthetic crude production was revised down by 40 kb/d after Syncrude announced that total output will amount to only 14 mb due to a further period of extended maintenance. The prolonged outages affecting the syncrude units in 2005 bring to an end three straight years of strong Canadian supply growth which

have come from both syncrude and offshore Newfoundland development. Canadian supply is expected to come in at just under 3.1 mb/d in 2005, close to the 2004 average.

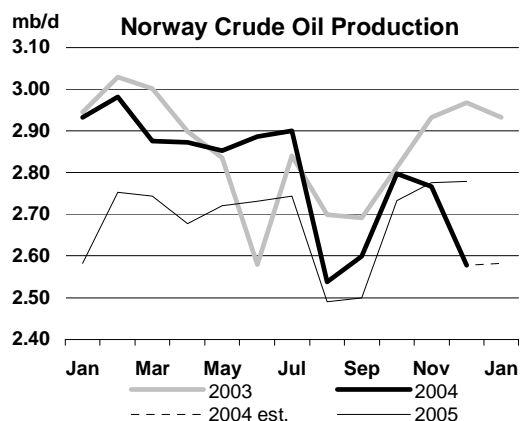
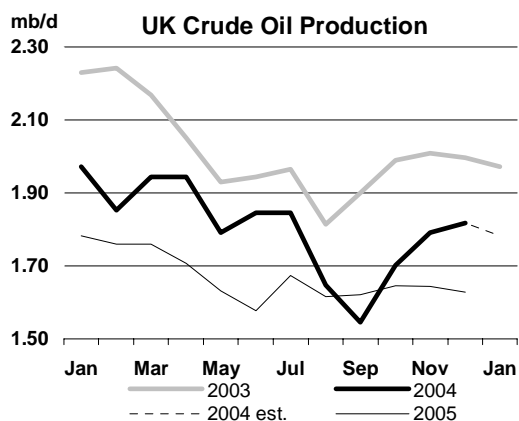


Mexico – January actual: As expected, the sharp fall in December Mexican production proved temporary, with crude output rebounding by 130 kb/d in January to 3.35 mb/d. However, this remains 100 kb/d below the peak levels attained earlier in 2004. In December exports were sustained despite falling production, while in January increased production was diverted to domestic use and/or storage rather than to increasing exports. Indeed, February exports fell back by 155 kb/d, with shipments of 33°API Isthmus crude, and those to markets in the Americas, taking the brunt of the cut. Lower baseline crude production has been carried forward through 2005, with forecast crude output now expected to remain stable at last year's 3.38 mb/d, in line with Pemex's own expectations.

Pemex announced a 3.8 mb/d production target for 2006 and will also boost spending by 11% for 2005, with exploration taking a greater share. However, major oil companies suggested during February that the multiple service contracts being proposed to entice foreign companies into deepwater exploration are insufficiently attractive. Perhaps stung by this, and by warnings over Mexico potentially losing its exporter status within a decade, the main opposition Institutional Revolutionary Party (PRI) signalled that it would consider changes to the country's constitution which currently prohibit foreign upstream investment. PRI has in the past thwarted efforts by the governing National Action Party (PAN) to introduce energy sector and fiscal reform.

North Sea

UK – December actual: Data for UK December oil production came in 55 kb/d higher than anticipated at 2.08 mb/d. Higher baseline output from the Forties system of some 15 kb/d is carried forward through 2005, as are 5 kb/d upward revisions to Brent and Ninian system output. In total, UK production is revised up by 5 kb/d for 2004 and by 25 kb/d for 2005. BP announced on 24 February that it had begun production of 24°API, acidic crude from the Clair field, which should attain peak 60 kb/d production in 2006. Clair is one of a handful of new fields which are seen helping to stem UK production decline in 2005, limiting this to 135 kb/d, compared to the 200 kb/d-plus declines seen in 2003 and 2004. Total oil output in 2005 is now expected to average 1.92 mb/d.

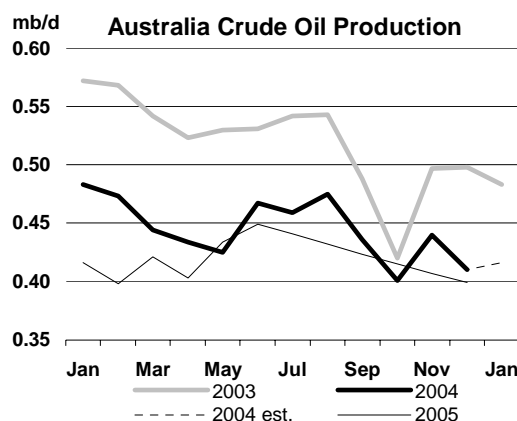


Norway – December actual, January provisional: Norwegian oil production levelled off in January at 3.0 mb/d, following a 200 kb/d drop in December. After a number of months in which the outlook for Norwegian production was revised downwards, this month sees a modest upwards adjustment. The bulk of the change derives from revisions to Norwegian Petroleum Directorate (NPD) historical data, with a downward adjustment to condensate production but a more-than-offsetting upward revision to NGL supply. These contribute a net 5-10 kb/d to annual oil production for 1999-2003 and 15-20 kb/d for 2004 and 2005. In total however, 2004 production is revised up by 30 kb/d and 2005 by 60 kb/d. In addition to higher NGL volumes, latest field-by-field production data suggest higher prevailing output from fields including Tambar and Balder, while a sharper recovery has been incorporated for the Snorre field after November-January outages.

Nonetheless, unscheduled outages continue to plague Norwegian continental shelf production. February saw a gas leak trim production at the Gullfaks A platform (included in this Report's projections). At the time of writing, the disruption-prone Draugen field had also seen 135 kb/d of production shut in for four days, with no indication of a likely restart date (this interruption came too late to be included in this month's data). The overall prognosis for Norwegian production in 2005 remains one of modest decline, total oil output slipping to 3.16 mb/d from 3.19 mb/d in 2004. Rising condensate and NGL supply only partially counter a 110 kb/d fall in crude output.

Asia Pacific

Australia – December actual: Australian oil production for the fourth quarter continued to lag the levels of around 550 kb/d seen earlier in the year. Production in November and December averaged 520 kb/d and 485 kb/d respectively. Crude and NGL output from the Carnarvon Basin offshore northwest Australia remained relatively low, after an initial dip in the autumn due to maintenance at the Cossack field. Australian production is expected to remain constrained through April, firstly due to problems affecting production from the Laminaria field in the northern Bonaparte Basin which are likely to run through the first quarter. Secondly, an April maintenance outage is expected to halt production of 115 kb/d of Bayu Undan condensate (Australia taking a 10% share of production with 90% accruing to East Timor). Some recovery is expected in 2Q and 3Q however, with the earlier than expected start-up of Santos' Mutineer-Exeter fields. Production is now due to commence in March and build rapidly to a peak of 85 kb/d. This Report had earlier assumed Mutineer-Exeter start-up from mid-year 2005 and with a slower build to peak production. Despite a 20 kb/d upward revision to Australian 2005 production, the trend in national output remains downward, albeit with the pace of decline slowing from 2003 and 2004. Total oil production for 2005 is expected to average 515 kb/d versus 530 kb/d in 2004 and 605 kb/d in 2003.



Former Soviet Union (FSU)

Russia – January final, February provisional: January's drop in Russian oil production compared to December now looks to have been shallower, at 70 kb/d, than the provisional 110 kb/d of last month's Report. Furthermore, February output appears to have rebounded by 40 kb/d, ending four straight months of decline. Crude and condensate production in February is estimated at 9.34 mb/d, in line with the projection from the last Report. However, Lukoil, Yukos, Surgutneftegaz and Gazprom output came in higher than expected, while other companies produced at or below expectation for February. Government, state pipeline operator Transneft and oil company sources in February released forecasts for 2005 production suggesting a likely 5% rise compared to 2004. However, for the reasons outlined last month (the slow-down in production growth evident since spring 2004, the uncertain fiscal and legislative environment and early-year plans by individual companies) this Report takes a more conservative view. Total Russian production is seen increasing by 360 kb/d (4%) in 2005, to average nearly 9.6 mb/d. Concerns over future foreign investment in the Russian upstream were heightened in February following a Natural Resource Ministry announcement that key strategic oil and gas fields should be owned and developed by majority-owned Russian companies.

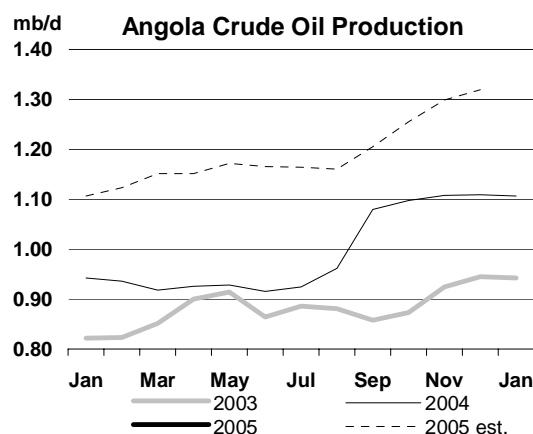
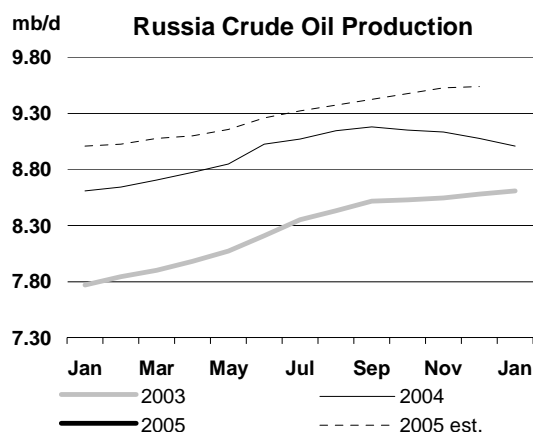
FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2003	2004	1Q04	2Q04	3Q04	4Q04	Nov 04	Dec 04	Revised Jan 05	Latest month vs. Dec 04	Jan 04
Black Sea Exports	2.80	2.84	2.81	2.75	2.87	2.91	2.67	3.07	2.57	-0.50	0.11
Baltic/Arctic Exports	2.41	3.05	3.00	3.11	3.11	2.98	2.95	3.00	2.98	-0.02	0.04
Total Seaborne	5.21	5.89	5.80	5.87	5.98	5.90	5.62	6.07	5.55	-0.52	0.14
Druzhba Pipeline	1.06	1.07	1.08	1.04	1.08	1.09	1.11	1.09	1.06	-0.03	0.00
Other Routes	0.48	0.52	0.47	0.53	0.55	0.54	0.64	0.42	0.56	0.14	0.05
Total Exports	6.75	7.48	7.36	7.43	7.62	7.52	7.37	7.58	7.17	-0.42	0.19
Imports	0.02	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.00	0.00
Total Net Exports	6.73	7.47	7.35	7.42	7.61	7.51	7.37	7.57	7.16	-0.41	0.19
Crude	4.70	5.21	5.08	5.18	5.26	5.31	5.22	5.22	4.96	-0.26	0.15
<i>of which: Russian Crude</i>	<i>3.48</i>	<i>3.74</i>	<i>3.61</i>	<i>3.82</i>	<i>3.71</i>	<i>3.83</i>	<i>3.85</i>	<i>3.74</i>	<i>3.74</i>	<i>0.00</i>	<i>0.38</i>
Products	2.05	2.28	2.28	2.25	2.36	2.21	2.15	2.36	2.21	-0.15	0.04

Sources: Petro-Logistics, IEA estimates

Data from Petro-Logistics Ltd for January exports from the FSU show a decline in excess of 400 kb/d from high December levels of 7.58 mb/d. The monthly average, however, masks disparate trends between the first two weeks, when seaborne exports from Black Sea ports fell back sharply due to weather-related loading delays and a rebound in the second two weeks. Provisional indications for February show a renewed surge in overall exports once again, but schedules for Russian seaborne crude exports in March indicate some easing this month. In reality, however, there may be ample incentive for Russian exporters to maximise shipments in March, weather permitting. Volumes may be boosted ahead of an increase in crude export duties of 23.6% as of 1 April to \$102.6/mt, from a current \$83/mt. This is reportedly the highest ever level of crude customs duty in Russia, triggered by the high crude prices evident in January and February. Russian crude export capacity expansion is also likely to be delayed. Transneft announced that the 200 kb/d expansion of the Baltic Pipeline System (to 1.2 mb/d) will not be completed until early 2006, rather than 2005 as earlier planned.

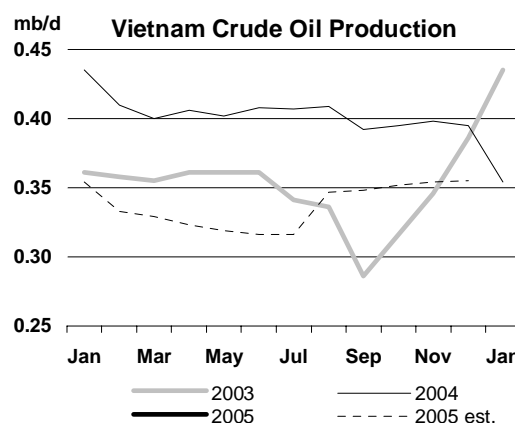
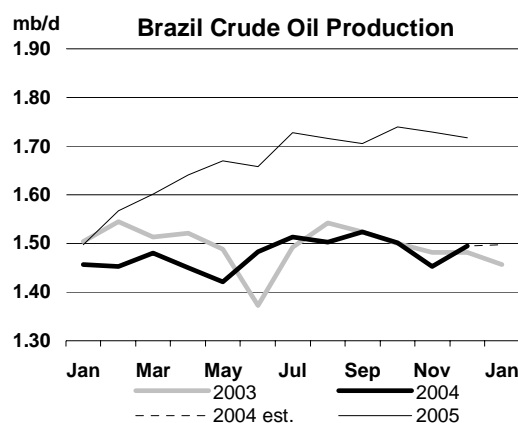


Other Non-OPEC

Angola – January actual: Angolan January production remained at 1.10 mb/d and has been largely unchanged since September 2004. However, forecast Angolan production for 2005 has been revised up by some 40 kb/d after reports that ExxonMobil's Kizomba B project is now likely to enter production during the second half of this year, instead of the previous start-up scheduled for 2006. Design capacity for Kizomba B is 250 kb/d, a level that may be attained by end-year, or (as assumed in this Report) early in 2006. Expansions in deepwater production from Angola now lead to a 200 kb/d increment in supply for 2005, production averaging 1.19 mb/d this year and reaching 1.3 mb/d by the end of the year.

Brazil – December actual: Brazilian crude production is expected to rise sharply during the first half of 2005. However, December data showed that baseline production from the deepwater Campos Basin (source of most of this year's increment) is lagging previous expectations. In addition, latest indications point to a slower build-up in production from the Barracuda field which entered

production in December. Start-up of the neighbouring Caratinga field was also deferred once again from January into February. In total, crude production is revised down by 40 kb/d for 2005, but is still expected to increase by 185 kb/d this year, to an average of 1.66 mb/d. Offsetting the downward adjustment for crude oil, recent Energy Ministry data point to higher ethanol production (used as automotive fuel) for 2003, which is revised up by 30 kb/d. With indications that ethanol production continues to expand by 3-4% pa, this higher output level is carried forward into 2004 and 2005. This boosts 2005 supply by some 35 kb/d compared to the last forecast, to an average of 265 kb/d.



Vietnam – January actual: Reported crude production for Vietnam continues to follow a somewhat erratic path. January output fell by 40 kb/d, with the country's biggest field Bach Ho likely to produce at reduced rates through July as repairs on one of the field's floating production, storage and offloading vessels (FPSOs) are undertaken. Production has also been cut from 85 kb/d to 60 kb/d at the Su Tu Den field, which entered operations in late 2003. Total Vietnamese crude production has been revised down by 15 kb/d for 2005. It is expected to average 335 kb/d versus 405 kb/d in 2004. A further 15 kb/d of oil production derives from natural gas liquids.

Revisions to Non-OPEC Oil Supply

(million barrels per day)

	Last Month's OMR			This Month's OMR			This Month vs. Last Month		
	2004	2005	05 vs. 04	2004	2005	05 vs. 04	2004	2005	05 vs. 04
North America	14.59	14.70	0.12	14.59	14.67	0.08	0.00	-0.03	-0.03
Europe	6.06	5.86	-0.20	6.09	5.94	-0.16	0.03	0.08	0.04
Pacific	0.57	0.54	-0.03	0.57	0.56	-0.01	0.00	0.02	0.02
Total OECD	21.22	21.10	-0.12	21.25	21.17	-0.08	0.03	0.07	0.03
Former USSR	11.18	11.71	0.53	11.18	11.73	0.54	0.00	0.01	0.01
Europe	0.17	0.16	-0.01	0.17	0.16	-0.01	0.00	0.00	0.00
China	3.49	3.54	0.04	3.49	3.54	0.04	0.00	0.00	0.00
Other Asia	2.74	2.71	-0.03	2.75	2.70	-0.05	0.01	-0.01	-0.02
Latin America	4.04	4.30	0.27	4.07	4.30	0.23	0.03	0.00	-0.04
Middle East	1.88	1.79	-0.09	1.88	1.78	-0.09	0.00	0.00	0.00
Africa	3.43	3.72	0.29	3.43	3.75	0.31	0.00	0.02	0.02
Total Non-OECD	26.94	27.93	1.00	26.98	27.96	0.98	0.04	0.03	-0.02
Processing Gains	1.83	1.86	0.03	1.83	1.86	0.03	0.00	0.00	0.00
Total Non-OPEC	49.99	50.90	0.91	50.06	50.99	0.92	0.08	0.09	0.02

OMR = Oil Market Report

Revisions to other non-OPEC estimates: Production for **Malaysia** is revised up by 15 kb/d for 2005. Although there is a lull in new field start-ups, and total output is still expected to decline this year, actual performance in 2004 appears to have exceeded expectation. The decline expected for 2005 has therefore been moderated. **East Timor** 2005 supply is revised down by 10 kb/d due to the scheduled maintenance now expected for the Bayu Undan field in April (see Australia, above). **Egyptian** liquids production for 2005 is revised down by 15 kb/d, although higher LPG output this year should still counteract declining crude oil output. Production for **Trinidad** is revised up by 10 kb/d for 2005. The impact is concentrated in first quarter (+30 kb/d) and second quarter (+15 kb/d). An earlier assumption of slow build-up to peak at the Angostura field has proved overly-pessimistic, and output was reported to be approaching full 70 kb/d levels at end-February.

OECD STOCKS

Summary

- **OECD total industry oil stocks** fell 3 mb in January to an estimated 2573 mb, 66 mb above year-ago levels. While crude inventories rose, product inventories fell, mainly in the less reliable 'other products' category in North America. Declines in the major products were seen in distillate inventories though these were offset by gains in gasoline stocks. With upward revisions to OECD demand for the first quarter, days of forward cover in January held level from December at 51 days.

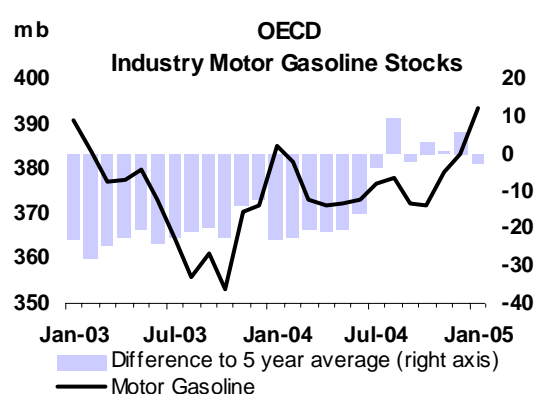
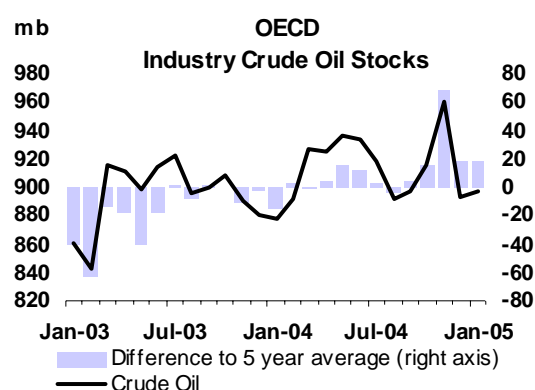
Preliminary Industry Stock Change in January 2005 and Fourth Quarter 2004

(million barrels per day)

	January (preliminary)				Fourth Quarter 2004			
	North America	Europe	Pacific	Total	North America	Europe	Pacific	Total
Crude Oil	0.28	-0.11	-0.03	0.14	0.07	-0.13	0.03	-0.04
Gasoline	0.10	0.14	0.08	0.32	0.09	0.03	0.00	0.12
Distillates	-0.04	0.19	-0.24	-0.09	0.10	-0.09	0.00	0.01
Residual Fuel Oil	-0.04	0.02	-0.02	-0.04	0.12	-0.04	0.01	0.08
Other Products	-0.55	-0.01	0.05	-0.51	-0.20	0.02	0.00	-0.17
Total Products	-0.52	0.34	-0.13	-0.31	0.11	-0.08	0.02	0.05
Other Oils ¹	0.15	-0.03	-0.05	0.07	-0.14	0.03	-0.04	-0.14
Total Oil	-0.09	0.20	-0.21	-0.10	0.04	-0.18	0.01	-0.13

¹ Other oils includes NGLs, feedstocks and other hydrocarbons

- **OECD industry crude stocks** closed in the upper half of their five-year range. Crude stocks in aggregate were up 4 mb in January. On a regional basis, the Atlantic Basin saw diverging trends with inventories declining in Europe and rising in the US and Mexico. Draws in Europe followed strong refinery activity, though down from December levels. The US saw imports remain high relative to falling refinery utilisation rates due to maintenance. US crude stocks posted further gains during in February with gains occurring mainly on the Atlantic and West Coasts. US crude stocks opened March at 302.6 mb or 24.3 mb above year ago levels.
- **OECD industry distillate stocks** fell 3 mb overall in January. Regional disparities emerged, reflecting differences in heating oil demand strength. Atlantic Basin temperatures were mild, in particular in Europe where stocks built off an upward-revised December level. Independent storage of gasoil in the Amsterdam, Rotterdam and Antwerp (ARA) area was level in January and rose in February. A steady flow of gasoil from the Baltics lifted supplies while barge demand out of ARA for heating oil was subdued given competitive local prices. In contrast, colder than normal temperatures in Japan led to increased use of kerosene.
- **OECD industry gasoline stocks** rose in all OECD regions in January, gaining about 10 mb. US stocks built on higher imports, particularly of blending components on the Atlantic Coast. European stocks were also up despite exports to the US; refinery output was high and regional demand weak. US gasoline stocks opened March at 224.3 mb or 21.5 mb above a year-ago. An increase in Japanese stocks partly reflected a precautionary build of tighter specification products.



OECD Industry Stock Changes in January 2005

OECD industry oil stocks fell 3 mb in January. At 2573 mb, oil stocks closed in the upper half of their five-year range. Crude stocks built only in North America and product inventories declined, mainly in the revision-prone 'other products' category. Upward revisions to OECD demand for the first quarter, reflecting higher heating demand with the onset of colder temperatures in February and strength in diesel deliveries, held forward demand cover level from December at 51 days.

OECD industry crude stocks rose in January, reaching 897 mb or 20 mb above year-ago levels. The Atlantic Basin saw divergent trends, with inventories down in Europe and up in the US and Mexico. The European decline reflected continued strong refinery activity, opportunity for arbitrage of North Sea crudes at end-month and more West African crude diverted to the US. Forward Brent prices in the near-months were in backwardation mainly in the first half of January. February presented similar downside momentum, further supported by discretionary crude inventory reductions ahead of planned refinery maintenance in March. The US saw crude imports decline in January and February, but refinery utilisation fell faster, allowing crude stocks to reach 300 mb, or 23 mb above year-ago levels. Stocks at Cushing in the Mid-continent (the delivery point for NYMEX's light sweet crude contract) continued to rise, helping to support a contango in prompt months of the contract. US builds in February showed regional disparities however, with the main refining centre on the Gulf Coast seeing inventories decline slightly on the month. Stocks in the Pacific held roughly even during a period of firm refinery activity, closing above their five-year average. Crude imports remained relatively high and a rebound in stocks on tankers at ports in Korea offset a sharp decline in onshore stocks.

OECD industry distillate stocks fell a modest 3 mb in January as temperatures in the Atlantic Basin were relatively mild, keeping heating demand subdued. Winter demand was more pronounced in Japan where colder than normal temperatures led to a strong draw in kerosene used as a heating fuel. Distillates were down in the US on lower heating oil stocks. Further declines in February were supplemented by draws in diesel stocks as domestic output declined with ongoing refinery maintenance and imports fell. In contrast, US jet fuel supplies rose in January on temporary demand weakness and again in February as refinery yields kept above a year ago and production increased. European distillate inventories built off an upward revised December base, with demand weakness in heating oil and jet fuel favouring gains in these products. Steady Baltic flows kept independent storage of gasoil in the ARA region level in January and helped to push levels higher in February, aided by product arrivals from the US. Cash price spreads versus front-month IPE futures suggested reduced pressure on heating oil supplies compared to other distillates. Demand for heating oil out of ARA was thin in February (in spite of colder weather) due to competitive pricing by local refiners. Gasoline stocks in the OECD built as output across regions was relatively high. US stocks increased further in February on an import-driven rise in blending components. In Europe, despite some gasoline deliveries to Iran, closed spot arbitrage to the US in February led to a rise in independent storage in Northwest Europe. The build was supported by a wide contango in gasoline swap prices.

Revisions to Preliminary OECD Stocks and Inventory Position at End-January

Revisions to December oil inventories saw offsetting adjustments in crude and products stocks, leaving total stocks for the month down by under a million barrels. The main revisions in crude stocks came in Mexico and Italy (each -5 mb), The Netherlands (-4 mb) and the US (-3 mb). OECD product stocks were raised overall by 24 mb. Upward revisions to distillates were centred in Europe, mainly Germany (+6 mb) and The Netherlands (+2 mb). Gasoline stock revisions in the Atlantic Basin offset each other, but changes to fuel oil increased stocks in the region by nearly 6 mb.

Revisions Versus 10 February 2005 Oil Market Report

	(million barrels)							
	North America		Europe		Pacific		OECD	
	Nov 04	Dec 04	Nov 04	Dec 04	Nov 04	Dec 04	Nov 04	Dec 04
Crude Oil	1.8	-9.5	-0.5	-6.1	0.0	-2.7	1.4	-18.3
Gasoline	-0.4	-4.7	0.0	4.2	0.0	1.3	-0.3	0.7
Distillates	-2.6	1.4	0.7	9.6	0.0	2.1	-1.9	13.1
Residual Fuel Oil	-0.3	2.5	0.4	3.3	0.0	-0.1	0.1	5.7
Other Products	-3.5	3.7	0.2	1.2	0.0	-0.8	-3.2	4.0
Total Products	-6.7	2.9	1.4	18.3	0.0	2.4	-5.4	23.6
Other Oils ¹	0.1	-7.3	0.6	2.2	0.0	-0.8	0.7	-5.9
Total Oil	-4.8	-13.9	1.5	14.4	0.0	-1.1	-3.3	-0.6

¹ other oils includes NGLs, feedstocks and other hydrocarbons

Year-on-Year Industry Stock Comparisons for January 2005

	(million barrels)					(Days of Forward Demand)			
	North America	Europe	Pacific	Total		North America	Europe	Pacific	Total
Crude Oil	30.4	-7.4	-2.6	20.4	Total Oil	2.1	-1.0	-0.1	0.7
Total Products	28.3	-2.2	7.3	33.3	Versus 2003	1.9	-0.1	2.1	1.3
Other Oils ¹	14.1	-0.7	-0.7	12.6	Versus 2002	-4.9	-4.9	-2.9	-4.6
Total Oil	72.8	-10.4	3.9	66.3	Total Products	0.7	-0.4	0.6	0.3
Versus 2003	86.8	32.5	12.5	131.8	Versus 2003	0.7	0.3	1.3	0.7
Versus 2002	-47.3	-24.9	-12.9	-85.1	Versus 2002	-2.9	-2.4	-1.5	-2.5

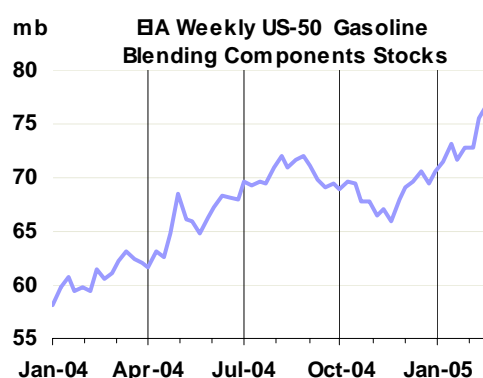
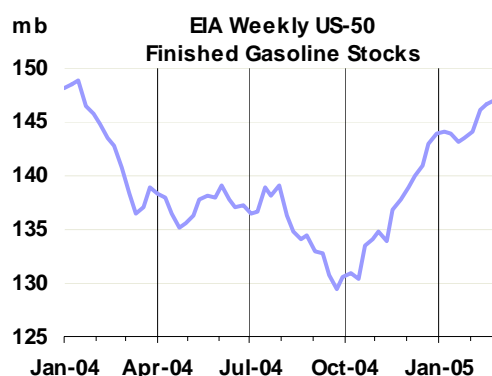
¹ other oils includes NGLs, feedstocks and other hydrocarbons

A year-on-year comparison places total commercial oil inventories in the OECD at 66 mb above a year ago. However, the distribution of this surplus on a regional basis was uneven. Most of the higher volumes versus the January 2004 position were in North America for both crude and product inventories. Days of forward demand cover by OECD oil stocks stayed at 51 days, level from December as distillate stocks drew and first quarter demand across the OECD was revised higher. Cover in North America came to 48 days, 58 days in Europe and 46 days in the Pacific.

OECD Regional Stock Developments

North America

Weekly figures show US-50 crude stocks increasing by about 5 mb in February, closing just under 300 Mb or 23 mb above year-ago levels. Imports of crude oil remained relatively firm considering reduced requirements associated with refinery maintenance. Refinery utilisation fell under 90% by end-month. Most of the stock gains came on the West Coast and on the Atlantic Coast where imports were rising on a likely increase in the arrivals of West African crude. However, inventories on the Gulf Coast, where the largest share of refining capacity is located, declined slightly. In contrast, crude stocks in the neighbouring Mid-continent, second in refinery capacity to the Gulf Coast, were up, implying an apparently limited impact of outages to Canadian oil sand supplies. Stocks in Cushing, the delivery point for NYMEX's WTI futures contract, reached a new high in February at 18 mb, helping to maintain a contango in the near months of the future curve.

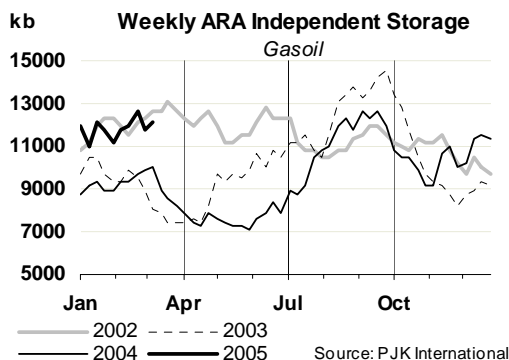
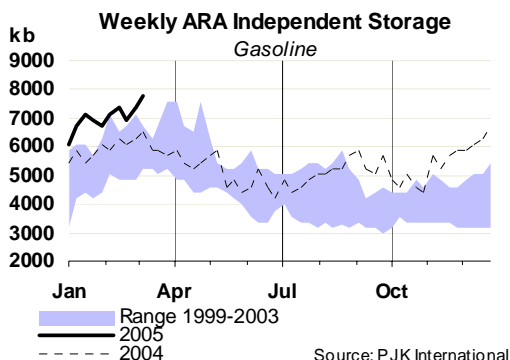


US stocks of gasoline continued to rise in February despite lower refining utilisation rates. Inventories at end-month stood at nearly 225 mb, or 20 mb above a year ago. While demand growth in February weakened from January, average domestic output held generally above last year and stocks of blending components rose on high imports from Europe. March should see some declines in inventories with the need to turnover winter quality product ahead of specification changes in April. The pace of arrivals of imports from Europe is also expected to fall. This, in combination with lower output due to expected higher catalytic cracker unit maintenance, is likely to place some downward pressure on inventories. However, financial incentives for increasing storage further improved with a widening of the contango in the near-month for NYMEX unleaded gasoline futures.

Middle distillate stocks, with the exception of jet/kerosene, were down in February. Heating oil stocks fell with declining domestic output and imports while at the same time demand rebounded on colder temperatures. Diesel stocks were generally down across the US with the exception of the Gulf Coast. Pipeline capacity limitations for carrying product north led to weaker Gulf Coast cash price differentials against futures than in New York Harbour and gasoil exports to Europe.

Europe

European industry crude stocks slipped over 3 mb in January off a downward revised December base. Most of the decline came with a combined 6 mb draw in Norway and France. The Netherlands saw stocks rebound by 4 mb after drawing by over 10 mb in December. With forthcoming turnarounds in March, end-February is likely to see crude stocks trend below January's five-year average level as lower crude requirements associated with maintenance will favour reduced inventory holdings. Additional downward pressure in February was provided by heightened arbitrage activity for regional crudes, including offers of Urals into the US Gulf Coast, and continuing firm throughputs.



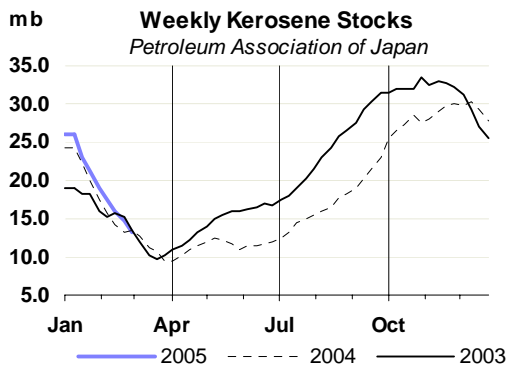
European industry distillate stocks closed up 6 mb in January following a near 10 mb upward revision to December levels. Germany accounted for 3 mb of the build and with the Netherlands for most the revision. In February, independent storage of gasoil in the Amsterdam, Rotterdam and Antwerp (ARA) area edged higher on steady Baltic supplies. The inflow stemmed from limited opportunity to load full cargos in the Baltics for arbitrage to the US due to weather-related shipping restrictions. Bouts of cold weather were accompanied by limited heating oil barge deliveries into Germany and short-lived pockets of Spanish demand for Russian gasoil for desulphurisation. Underlying the weakness in demand for gasoil out of ARA was competitive local pricing. With higher heating demand met by local refineries, we can expect industry stocks in turn to have trended downwards. Independent storage of jet fuel in ARA edged lower in February, as Middle East arrivals eased and a greater emphasis was placed on diesel production in a period of seasonally declining jet demand.

European industry stocks of gasoline rose over 4 mb in January and can be expected to rise further in February, mirroring stock builds in ARA independent storage. These stocks rose as gasoline exports to the US slowed in February. While temporary strength in the UK emerged, demand remained weak overall with end-users reported largely covered ahead of regional refinery maintenance. Eventually, gasoline was reported delivered from the UK into ARA. Despite deliveries to Iran, surplus product moved into ARA stocks, encouraged by a wide contango in swap prices for March-April delivery.

Pacific

Pacific crude stocks were marginally lower in January on inventory draws in Japan. Though the region saw continued strength in refinery activity, imports remained relatively high. In Korea, onshore inventories drew heavily, falling over by 10 mb, but the decline was more than offset by a rise in oil held in tankers at ports. Preliminary weekly data show Japanese onshore crude inventories down about 5 mb in February with refinery activity remaining high. However, volumes on tankers at ports typically rise over the first quarter in Japan, suggesting a shallower draw for the month when final data come in.

Distillate inventories fell in the Pacific in January with stocks down nearly 6 mb in Japan and 2 mb in Korea. Kerosene saw the largest changes as Japanese demand rose on cold temperatures, outpacing increases in supply. This trend continued in February according to weekly data, pushing inventories towards their seasonal low. Japanese gasoil inventories bucked the trend in January before assuming a seasonal decline in February. Korean kerosene stocks drew marginally in January in comparison; domestic output rose as refineries shifted yields away from gasoil to meet rising domestic demand.

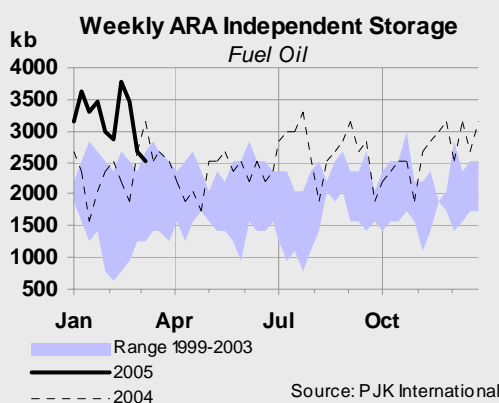


Independent Storage of Fuel Oil in the ARA and Arbitrage Trade

In 2004, some 25 very large crude carriers (VLCCs) were loaded in Europe with Russian fuel oil for arbitrage out of the region, primarily to Singapore. What initially began as an opportunistic way of disposing of unwanted product is now a common feature of the Northwest European market. A large share of this product is high sulphur cracked material (HSFO) unsuitable for the European market where sulphur specifications have tightened in recent years. Less stringent Asian specifications, however, provide an outlet for economic bulk shipments of European surplus product. These shipments have largely been absorbed by robust Chinese fuel oil demand and strong marine bunker demand in Singapore in 2004.

A large portion of Russian fuel oil for arbitrage transits through the Amsterdam-Rotterdam-Antwerp area (ARA). The fuel oil is sourced from the Baltics ports of Tallinn (Estonia), St. Petersburg (Russia), Klaipeda (Lithuania) and Ventspils (Latvia). Loading generally takes place in Rotterdam, drawing on material in independent storage. Arbitrage depends on dirty freight rates and price spreads between ARA and forward paper prices in Singapore. The Baltic and Northwest European route to Southeast Asia, however, is not an actively traded route by ship charterers. Indicative average lump sum cost (based on weekly data) for a 260 000 tonne vessel were about US\$ 7.1 million in December, US\$ 4.3 million in January and US\$ 5.4 million in February.

Arbitrage supplies out of Northwest Europe compete in Singapore with VLCC shipments from the Caribbean and smaller Aframax (80 000 tonnes) or Suezmax (130 000 tonnes) vessels from the Mediterranean and the Black Sea. At least two VLCCs were loaded in Rotterdam in February following a drop in dirty freight rates in January. Latest estimates report Western supplies arriving in Singapore in March at about 2 million tonnes and 1.5 million tonnes in April (although is this expected to be revised higher).



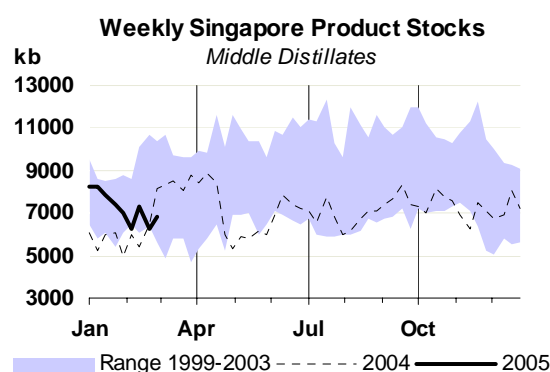
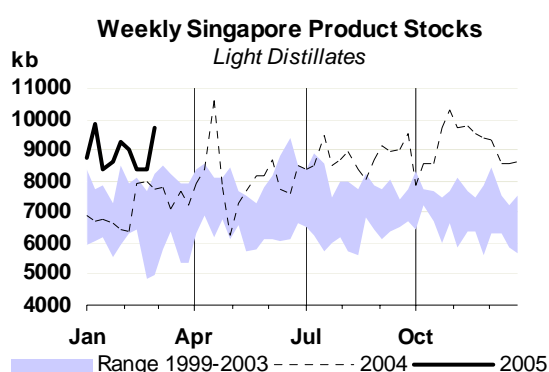
The large fuel oil import requirement in Asia and expectations for greater trade from Europe led independent storage operators in the ARA area to embark on extensive investment programs to accompany these changes. Drawing on storage in Rotterdam has cost advantages over ship to ship transfer from smaller vessels to VLCCs (that typically take place off the Danish/ Swedish coasts near the Gothenburg area). During 2003 and 2004, Vopak installed in Rotterdam additional equipment to improve existing service levels and substantially increase handling capacity. Among these are finger pier connections adding to berth availability for sea-going vessels, mass-flow meters, new berths to accommodate barges and the conversion of existing storage tanks (conversion of 240 000 cubic meters (cm) of storage from crude to fuel oil service). Other players in this trade are also investing in capacity. Vitol is currently constructing new fuel oil tankage in Rotterdam with capacity of about 280 000 cm and Lukoil is also building storage in Rotterdam of about 100 000 cm. The additional storage capacity in Rotterdam comes to about 620 000 cm, capable of handling about 6 to 7 million tonnes a year of extra throughput.

These additions to capacity have implications when comparing stock levels in ARA against previous years. While future levels can be considered against a 2004 baseline, comparisons with previous years are less meaningful. Large arbitrage shipments also have implications in terms of greater volatility in the storage levels themselves. This is particularly true on the downside as VLCCs are loaded from a more gradual accumulation of supply placed in independent storage tanks.

Singapore Stock Developments in February

Total product inventories in Singapore surveyed by International Enterprise edged higher in February, driven by gains in light product stocks and residual fuel oil. Middle distillate inventories moved sideways at the lower end of their five-year range.

Light product stocks declined during most of February before rebounding to open March at about a half a million barrels higher. Inventories continued to trend at high levels, supported by ample regional availability of naphtha from India and the Middle East. Excess naphtha was seen in a continuing widening of its price discount to gasoline. The weakness was also supported by lower demand by key importers such as Japan, Korea and Taiwan ahead of planned maintenance at petrochemical facilities in the second quarter. Gasoline demand in southeast Asia was strong amidst lower Chinese exports this year. Strong buying interest was seen from Indonesia but also India for 88 and 91 octane material for February and early March delivery. This appears to have affected less Singapore supplies, whose gasoline exports targeted predominantly Vietnam, Malaysia and New Zealand. However, a further drop in Chinese exports in March, forthcoming refinery maintenance in the region and continuing strength in demand is likely to pressure inventories downwards in Singapore.



Middle distillate stocks were little changed in February. Supplies kept tight with regional exporter Korea cutting back on gasoil exports. Korean refiners were focusing output on kerosene to meet rising domestic demand. While China remained absent from buying headlines, Indonesia and India were at the forefront of gasoil tenders. Indian demand was reportedly motivated by changes towards lower sulphur product in major cities as of 1 April. Indonesia's state oil company Pertamina in turn was reportedly building diesel supplies ahead of maintenance at its 260 kb/d Balikpapan refinery in March. Singapore prices for gasoil swaps ended February in backwardation, suggesting a continued tight outlook. Indian and Indonesian imports are likely to keep spot regional supplies tight, aided by an uptick in higher sulphur diesel deliveries to Hong Kong with the beginning of the fishing season.

Residual fuel oil stocks kept at high levels. Arbitrage arrivals in February were down from January, while those in March are expected steady at about 1.9 million tonnes. However, given a lack of Chinese demand, quality issues underpinned movements in fuel oil. February arrivals were higher grade material, not readily blended into the bunker pool owing to unfavourable price differentials. While the quality of arrivals in March is expected to be more balanced, Chinese demand remains muted owing to high domestic stocks built up ahead of the February Lunar New Year holiday.

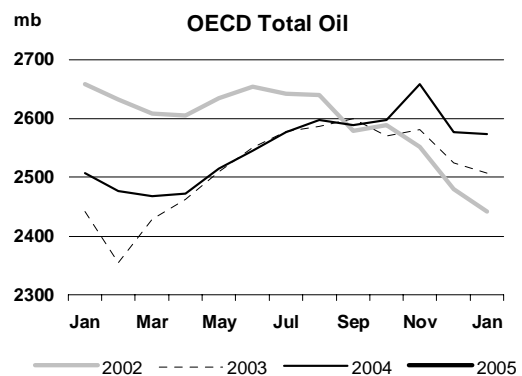
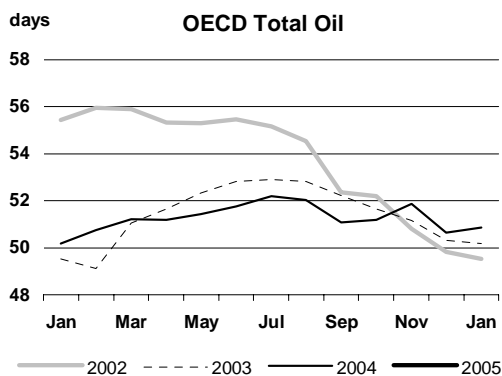
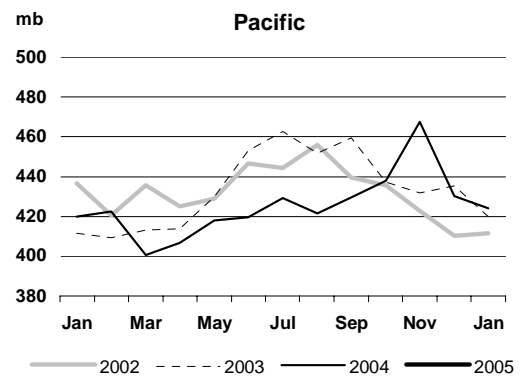
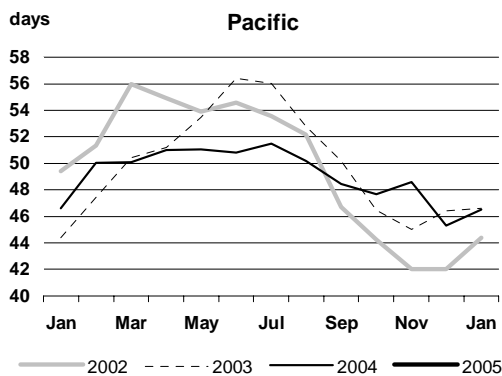
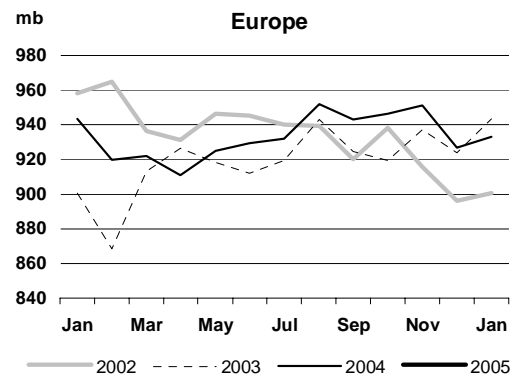
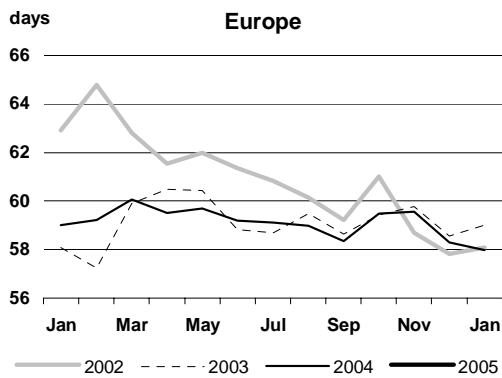
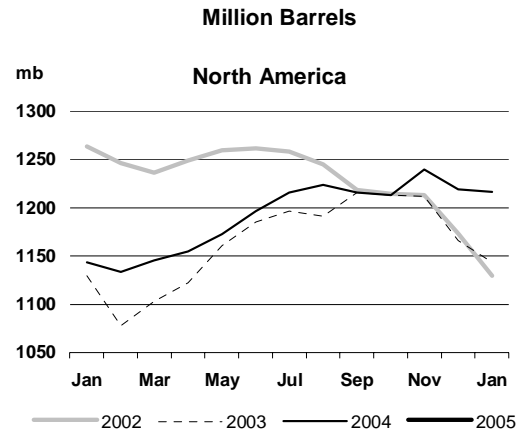
Singapore Crude & Product Trade

(thousand barrels per day)

Net Imports/(Exports) of:	2003	2004	1Q04	2Q04	3Q04	4Q04	Nov 04	Dec 04	Jan 05	Latest month vs.	
										Dec 04	Jan 04
Crude Oil	755	815	777	696	727	1059	1139	736	1496	760	819
Products & Feedstocks	-96	-136	-64	-150	-118	-211	-216	-309	-73	236	13
Gasoil/Diesel	-170	-182	-133	-206	-181	-206	-180	-256	-170	85	13
Gasoline	-83	-96	-88	-119	-79	-98	-104	-62	-40	22	59
Heavy Fuel Oil	320	276	304	289	238	272	195	247	276	28	-45
LPG	-22	-22	-24	-21	-20	-24	-24	-24	-22	1	1
Naphtha	13	31	38	24	42	21	26	4	32	28	-40
Jet & Kerosene	-99	-86	-99	-50	-92	-102	-67	-127	-93	34	22
Other	-55	-57	-62	-67	-26	-74	-61	-92	-55	36	33
Total	659	679	713	546	609	848	923	427	1423	996	832

Source: International Enterprise, IEA estimates

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

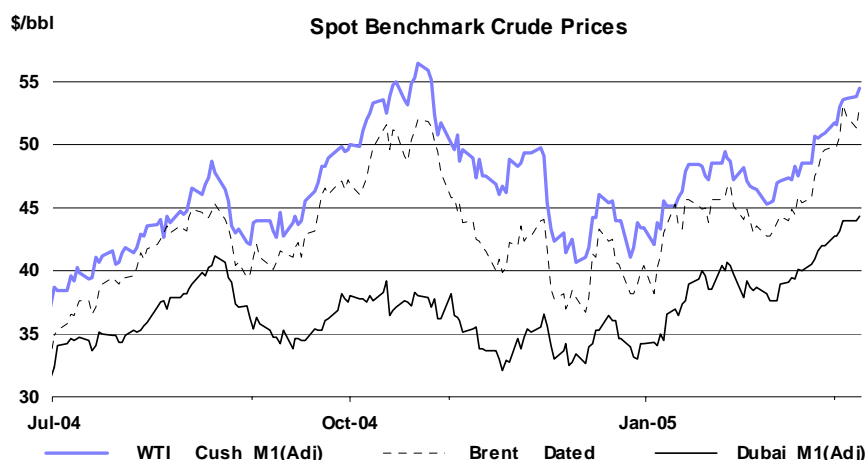


1. Days of forward demand are based on average demand over the next three months.

PRICES AND REFINERY ACTIVITY

Summary

- **Benchmark NYMEX light crude** topped \$55/bbl on an intra-day basis, driven by cold weather in the Northern Hemisphere and continued strong world GDP growth. While NYMEX light crude remained below the October peak of \$55.67/bbl, IPE Brent made fresh highs of \$54.30/bbl and the front month flipped into backwardation as Asian interest in West African crude and improved refiner demand bolstered prompt demand. Dubai continued to set record highs, moving \$5 above October 2004's peak to \$45.47/bbl.
- **Average February light/sweet-heavy/sour differentials** remained on a par with January levels, but widened towards the end of the month. Strong Asian demand for regional light/sweet crudes was a major factor behind the move. But despite this the Brent/Dubai spread currently remains \$6 below the record October peak of \$13.15/bbl.
- **Distillate prices** rose sharply as frigid temperatures hit the US, Europe and North East Asia. On a seasonal and year-on-year basis, the cold weather was more severe in Europe and Japan, with the European market particularly sensitive due to low consumer stocks and a greater intensity of diesel use. Jet/kerosene demand remains strong on a global basis, reflecting both the growth in air travel and blending demand to meet diesel needs.
- **Gasoline differentials** to light sweet crude rose sharply towards the end of February, following a depressed performance for most of the month. Seasonally, gasoline prices tend to rise in the spring following the introduction of summer specification fuels, particularly in the US. But the latest global rally was led predominantly by tightening supplies and strong demand in Asia.
- **VLCC crude freight rates** remained relatively flat for most of February, before falling in early March. An increase in tanker availability, coupled with a reluctance to fix ahead of the 16 March OPEC meeting appeared to be key factors behind the drop. Smaller vessels saw some support from intermittent Black Sea weather related delays and strong demand from Asia.
- **Trends in refinery margins** diverged in February. European and US West Coast margins rose on higher product prices, but declines were seen in the US Gulf Coast following weaker gasoline differentials. Singapore margins were depressed by the strength of regional light/sweet crude.
- **OECD refinery throughput** fell by 1.0 mb/d in January to 39.85 mb/d as US refinery maintenance and economic run cuts in Europe took effect. But on a year-on-year comparison, refinery runs in the OECD regions remained 750,000 b/d above year ago levels and capacity utilisation was nearly 1.3% higher. This reflects both global demand growth and also lower maintenance levels so far this year.



Crude Oil Prices

Spot Crude Prices and Differentials

Crude oil prices rose steeply in February, bolstered by cold weather and a resurgence of Asian light/sweet demand. Regional light/sweet crudes such as Tapis strengthened in relation to dated Brent and Dubai, attracting renewed buying interest for West African crudes. WTI remained in a refinery maintenance-induced contango, but there were signs of tightening crude supplies in the second quarter.

Spot Crude Oil Prices and Differentials*

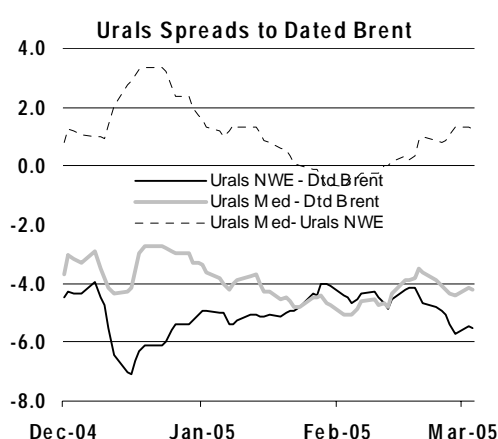
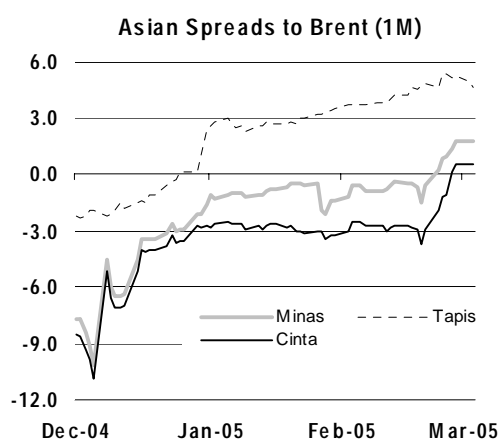
(monthly and weekly averages, \$/bbl)

	Dec 04	Jan 05	Feb 05	Feb-Jan		Week Commencing:				
				Change	%	31 Jan	07 Feb	14 Feb	21 Feb	28 Feb
Crudes										
Brent Dated	39.53	44.23	45.37	1.14	2.6	43.94	43.35	44.95	48.10	50.94
WTI Cushing 1 month (adjusted)	43.20	46.83	47.94	1.11	2.4	47.01	46.06	47.80	50.75	52.47
Urals (Mediterranean)	36.17	40.22	40.93	0.71	1.8	39.38	38.40	40.32	44.35	46.80
Dubai 1 month (adjusted)	34.20	37.92	39.87	1.95	5.1	38.58	38.28	39.62	41.39	43.12
Tapis	39.03	46.35	50.17	3.82	8.3	48.04	47.84	49.66	52.74	55.40
Differential to Dated Brent										
WTI Cushing 1 month (adjusted)	3.67	2.60	2.57	-0.03		3.07	2.72	2.85	2.65	1.53
Urals (Mediterranean)	-3.36	-4.01	-4.44	-0.43		-4.56	-4.94	-4.63	-3.75	-4.14
Dubai	-5.33	-6.31	-5.51	0.80		-5.36	-5.07	-5.33	-6.71	-7.82
Tapis	-0.50	2.12	4.80	2.68		4.10	4.49	4.71	4.64	4.46
Prompt Month Differential										
Brent 1mth-2mth (adjusted)	-0.23	-0.01	-0.08	-0.07		-0.26	-0.17	0.15	0.22	0.22
WTI Cushing 1mth-2mth (adjusted)	-0.30	-0.19	-0.53	-0.57		-0.58	-0.57	-0.53	-0.56	-0.56

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

European refining margins improved in February, from lacklustre early January levels, increasing regional crude demand. High exports of gasoline to the US, coupled with cold weather-inflated gasoil demand, bolstered refiner demand for North Sea crudes. Lower freight rates kept arbitrage to the US market open for much of February, but it was primarily the return of Asian buying of West African crudes that flipped the market from contango to backwardation.

Urals spreads to dated Brent remained relatively flat through February, with increased Russian supplies being offset by the continued cessation of Iraqi exports to Ceyhan. Pumping along the northern Iraqi pipeline to Turkey resumed briefly in mid-February, only for further sabotage to halt flows a few days later. Northern pipeline exports have been minimal for some months now, lowering expectations that a possible resumption of exports in the second half of March will be sustained. Urals supplies in the Mediterranean were also constrained by bad weather in the Black Sea and a briefly open arbitrage window to Asia. While reports suggested that the arbitrage encouraged more Libyan than Russian crude eastwards, the net result was a tightening of regional supplies.



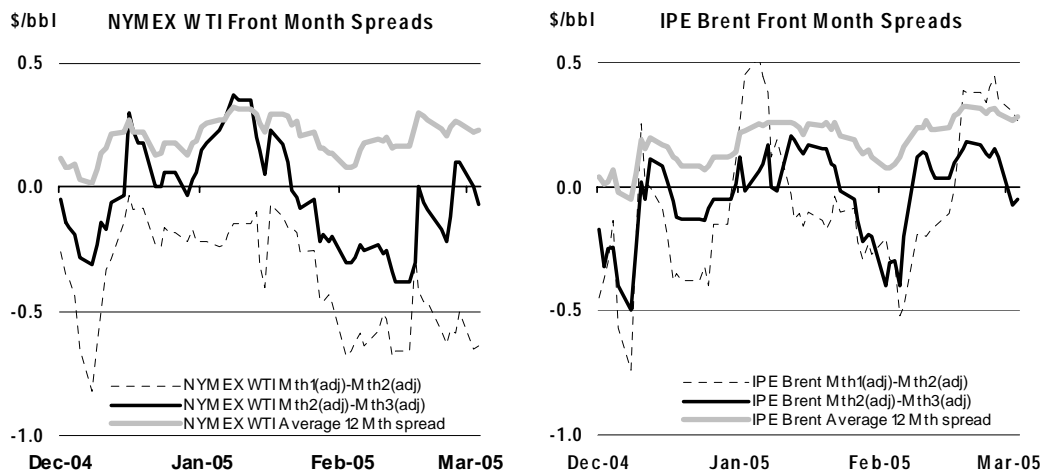
West African crude demand perked up for early April, following a March loading programme that took longer-than-usual to clear. March exports to Asia were seen broadly flat with January and February at around 1.1 mb/d, but early indications suggest April could be stronger.

Rising Mid-Continent (PADD II) stocks contributed to spot WTI weakness in the US domestic market, affording Light Louisiana Sweet to rise to a premium towards the end of February. The rise in PADD II stocks is somewhat surprising given Canadian syncrude problems in February, but the NYMEX contango has encouraged the movement of crude into storage. Mars also rallied ahead of planned maintenance to the field in mid-March, but gains were pared by the end of the month as prompt liquidity dried up. The widening light/sweet-heavy/sour spread and strong coking margins increased demand for heavy sour crudes in the Gulf and West Coast. West Coast refiners were reportedly seeking additional volumes of Oman crude to offset declining Alaskan North Slope volumes.

Asian refiners have been buying light/sweet crudes to meet strong regional demand and replenish stocks that have been drawn down over the first quarter. Refiners are expected to run at higher rates than normal to be prepared in the event of a repeat of 2004's Chinese-led surge in second quarter diesel demand. However, the preference for light/sweets over heavy/sours such as Dubai suggests there has been little pre-emptive buying to replace OPEC volumes in case of an output cut at the 16 March meeting. Regional sweet crude Tapis rose by \$2.68/bbl more than dated Brent on average in February from average January levels, rising nearly \$10 between the end of January and early March. Paper trading of new Australian light sweet crude Mutineer-Exeter established a premium for the crude grade to Tapis. But regional traders expect this premium to rise further once the stream becomes established.

Crude Futures

Front month IPE Brent flipped from contango to backwardation in mid-February as Asian buying of West African crudes and cold weather bolstered European refiner interest. The move was preceded by an earlier move of the second-third month spread into backwardation and a broad tightening of the spreads through to 2006.



Front month NYMEX light crude was seemingly immune to these movements, remaining firmly in contango. Traders noted that the front month discount in mid-February was close to levels which would virtually finance spot purchases and storage costs, encouraging the movement of crude into storage. This in turn, with the transatlantic arbitrage open, would have contributed to a tightening of the Brent market and continued high imports.

However, spot-month weakness was also accompanied by a tightening for second quarter delivery months. This suggests that the US crude market could get tighter with the end to the seasonal refinery maintenance programme in April.

Delivered Crude Prices in December

Delivered crude prices in IEA countries in December fell by an average of \$4.01/bbl to \$37.24/bbl. The move mirrored declines in spot crude prices and was accentuated by an early-month concomitant slump in freight rates from 30-year highs to below the five-year average. The decline was largest in North America, where prices fell by \$5.31 to \$36.05/bbl. IEA Europe was \$3.55 lower at \$37.57. IEA Pacific, which managed to avoid the sharp price spike seen in October, saw a lesser drop of \$2.56 to \$38.73/bbl.

Product Prices

Spot Product Prices

Cold weather across the Northern Hemisphere bolstered global distillate prices. Northwest European prices moved above those in other regions, with low inland consumer stocks leaving little margin to drawdown inventories to meet increased heating needs. The need for refiners to build diesel stocks ahead of spring maintenance programmes further tightened distillate availability. It was a similar picture in the Mediterranean where, in addition to the cold temperatures, there were further weather-related disruptions to exports from the Black Sea, albeit at a lesser level in total than those seen in January. The regional strength of distillates attracted North American diesel shipments to Europe to bolster supplies.

Spot Product Prices

(monthly and weekly averages, \$/bbl)

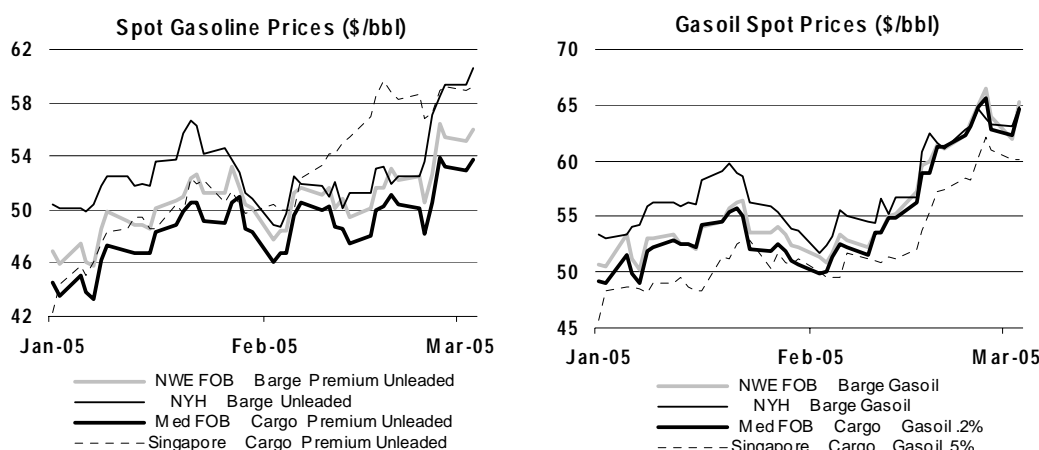
	Dec	Jan	Feb	Feb-Jan		Week Commencing:					Dec	Jan	Feb		
				Change	%	31 Jan	07 Feb	14 Feb	21 Feb	28 Feb					
Rotterdam, Barges FOB													Differential to Brent		
Premium Unleaded (Cargo)	43.30	48.70	50.86	2.16	4.4	51.31	49.51	50.60	51.74	53.03	3.77	4.47	5.49		
Regular Unleaded	42.61	47.94	49.92	1.98	4.1	50.51	48.65	49.58	50.70	51.98	3.08	3.71	4.54		
Naphtha	42.24	43.18	45.85	2.67	6.2	44.74	44.17	45.55	48.10	49.70	2.71	-1.05	0.48		
Jet/Kerosene	54.20	55.20	58.21	3.01	5.5	55.28	54.91	57.54	63.18	66.50	14.67	10.97	12.83		
Gasoil	52.07	52.75	55.17	2.42	4.6	53.11	52.06	53.91	59.84	64.30	12.54	8.52	9.79		
Fuel Oil 1.0%S	25.95	27.74	28.88	1.14	4.1	29.04	27.04	27.35	31.35	31.74	-13.59	-16.49	-16.49		
Fuel Oil 3.5%	21.82	24.55	26.56	2.02	8.2	25.51	25.69	26.29	28.03	29.01	-17.71	-19.68	-18.81		
Mediterranean – Basis Italy, Cargoes FOB													Differential to Urals		
Premium Leaded (0.15 g/l)	41.15	47.26	49.87	2.61	5.5	50.19	48.68	49.71	50.68	51.38	4.98	7.04	8.94		
Premium Unleaded	40.43	46.54	49.15	2.61	5.6	49.47	47.96	48.99	49.96	50.67	4.26	6.32	8.22		
Naphtha	39.71	41.41	43.96	2.55	6.1	42.59	42.08	43.76	46.46	48.20	3.54	1.19	3.02		
Jet/Kerosene	51.04	53.03	55.95	2.92	5.5	53.01	52.64	55.36	60.89	63.99	14.87	12.81	15.01		
Gasoil	51.56	51.84	54.48	2.64	5.1	51.67	51.25	53.67	59.31	63.97	15.39	11.62	13.55		
Fuel Oil 1.0%S	26.67	29.83	30.77	0.94	3.2	31.14	29.60	29.51	32.28	33.66	-9.50	-10.39	-10.16		
Fuel Oil 3.5%S	19.42	22.73	25.85	3.12	13.7	24.19	24.97	25.52	27.74	28.08	-16.76	-17.49	-15.09		
NY Harbour, Barges													Differential to WTI		
Super Unleaded *	46.60	54.34	54.84	0.50	0.9	55.33	53.83	54.80	56.19	57.65	3.40	7.52	6.90		
Regular Unleaded *	44.87	51.87	51.53	-0.34	-0.7	52.60	50.29	51.21	52.67	55.45	1.67	5.05	3.59		
Jet/Kerosene	54.46	58.97	57.85	-1.12	-1.9	57.42	54.97	57.03	62.30	63.62	11.27	12.14	9.91		
No.2 Heating Oil	53.45	55.34	56.39	1.06	1.9	54.69	53.56	55.50	61.47	63.58	10.26	8.51	8.45		
Fuel Oil 1.0%S (Cargo)	25.22	29.86	30.94	1.08	3.6	31.60	29.70	30.68	32.14	32.76	-17.98	-16.97	-17.00		
Fuel Oil 3.0%S (Cargo)	22.46	26.65	28.30	1.64	6.2	28.10	28.03	28.28	28.56	29.38	-20.74	-20.18	-19.64		
Singapore, Cargoes													Differential to Dubai		
Premium Unleaded 95	44.81	47.57	54.27	6.70	14.1	50.37	50.93	54.39	58.43	57.90	10.61	9.65	14.40		
Naphtha	42.78	41.34	44.61	3.27	7.9	42.54	41.98	44.62	47.08	48.46	8.58	3.42	4.74		
Jet/Kerosene	50.07	51.10	54.54	3.44	6.7	52.08	51.90	53.05	58.05	62.98	15.86	13.18	14.67		
Gasoil	49.25	49.23	52.53	3.31	6.7	50.96	50.42	51.14	55.14	59.81	15.05	11.31	12.66		
LSWR (0.3%S)	25.65	31.94	34.72	2.79	8.7	33.04	32.77	34.36	36.75	38.80	-8.55	-5.98	-5.15		
HSFO (3.5%S 180cst)	27.59	28.88	31.16	2.28	7.9	30.36	30.33	30.71	32.23	32.89	-6.62	-9.04	-8.71		
HSFO 4%S	25.16	27.89	30.70	2.80	10.1	30.05	29.90	30.19	31.70	32.69	-9.05	-10.03	-9.17		

* From 1 November, assessments for NYH are for Max 0.3% MTBE

Traders remain concerned over the ability of European refiners to meet summer diesel demand. Diesel imports jumped sharply in the second half of last year and the ongoing dieselisation of the transport fleet implies further demand growth this year. However, this has to be offset against likely reduced spring and autumn refinery maintenance programmes. Some FSU refiners have also been gearing up to meet lower sulphur fuel specifications.

Cold weather in the northern United States in February and early March, particularly the Northeast, contributed to further falls in US distillate stocks and strong demand. US distillate demand has averaged 4.7% above year ago levels according to weekly data. Part of distillate demand growth has also been driven by increased diesel demand in line with economic growth. The US market was further tightened by diesel exports from the US Gulf to Europe.

Asian distillate tightness is expected to remain in place, with cold weather and increased farming and fishing activity adding to transportation demand. Modest refinery maintenance is expected to tighten the market in March and April (although the bulk will come later in the second quarter) and there have been tenders for material from the Middle East. India held off from its latest tender for low sulphur fuel due to high prices. India is due to introduce lower sulphur transport fuels in a number of cities from April 1 and refiners have been reportedly increasing imports of low sulphur material but simultaneously increasing exports of higher sulphur fuel ahead of the event. Indian refiners are not expected to be fully equipped to meet the new specifications until later in the year.

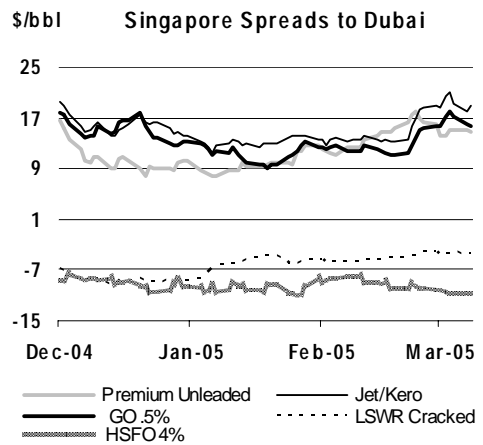
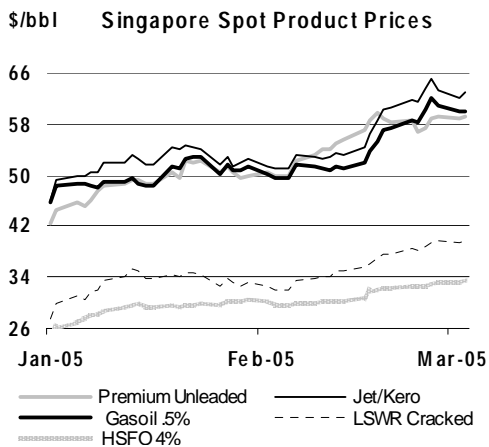
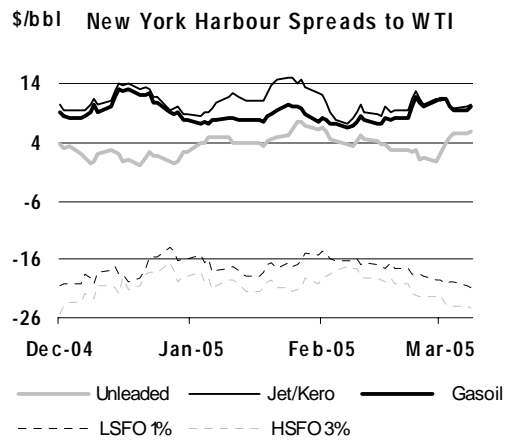
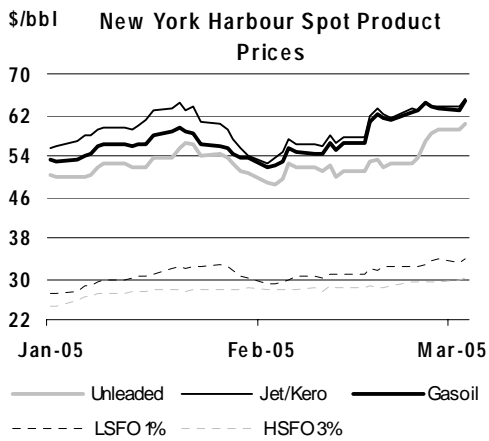
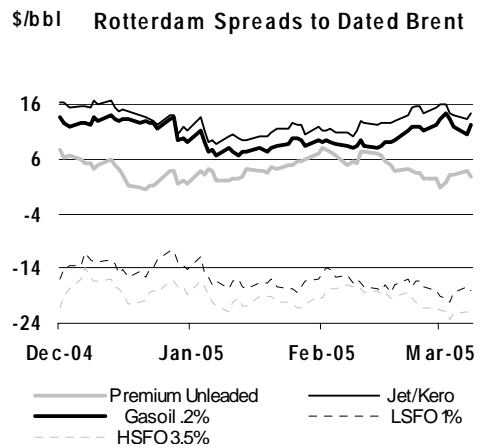
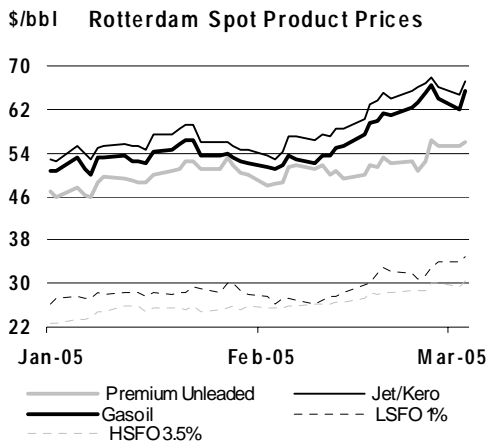


China's diesel imports in January fell to 96,592 tonnes from 550,203 tonnes in December and are seen likely to remain at low levels in February and March. Low domestic prices and high refinery throughputs have contributed to the low diesel imports, but anecdotal reports suggest that domestic stocks are being drawn down.

Jet/kerosene remains strong globally, reflecting tighter distillates supplies as a result of the cold weather, strong diesel demand (jet can be used for gasoil blending) and continued growth in air travel. Asian gasoil has received additional support from an arbitrage window to the maintenance-constrained US West Coast, and the diversion of Middle Eastern product to Europe. These deliveries are expected to depress European values in early March. US West Coast jet/kerosene prices rose to record levels on strong demand and some refinery glitches. It was a similar picture for the rest of the US, raising total US jet demand by nearly 9% over 2004 levels since the start of the year.

NYMEX gasoline prices spiked to record levels in early March, despite stocks moving to their highest nominal level since June 1999. Nominal figures tend to overstate the supply increase, and on a 'days demand' basis, inventories are on par with February 2002 levels. From a price perspective, the existence of higher stocks in February 2002 helped to mitigate the spring spike in outright prices that has been seen in recent years, and also encouraged a downturn in crack spreads versus crude through to September of that year.

An open arbitrage encouraged much higher-than-expected gasoline exports from Europe in January and February. However gasoline exports are expected to slow as European refineries undertake maintenance in March, April and May. With transport demand retaining a strong linkage to global economic growth, strong driving season demand is one factor which is keeping prices and crack spreads high. Spot Gulf Coast gasoline prices remained in a steep contango pending the switch to summer-grade gasoline specifications (which has already been seen on NYMEX). Prices were given a boost in early March by rumours of some double-counting of Gulf Coast blendstock inventories. This was described as an 'urban myth' by one EIA official and investigations found no need to revise the data.



The European gasoline market remains depressed by high stocks (particularly in ARA) and dwindling regional demand. However, supplies are expected to tighten as European maintenance gets underway in March.

But while the US gasoline market is typically one of the main drivers of the international market, it is the strength of Singapore gasoline prices that surprised market participants in February. Prices moved to 10-year highs and attained a sustained premium to the US market. A theoretical arbitrage opened up between Europe and Asia but no movement was heard. Strong demand from India and Indonesia contributed to the firmer Asian market and refinery maintenance was a further supportive factor. As a result, exports from China and Taiwan were noticeably lower and there were reports of increasing demand from the Middle East.

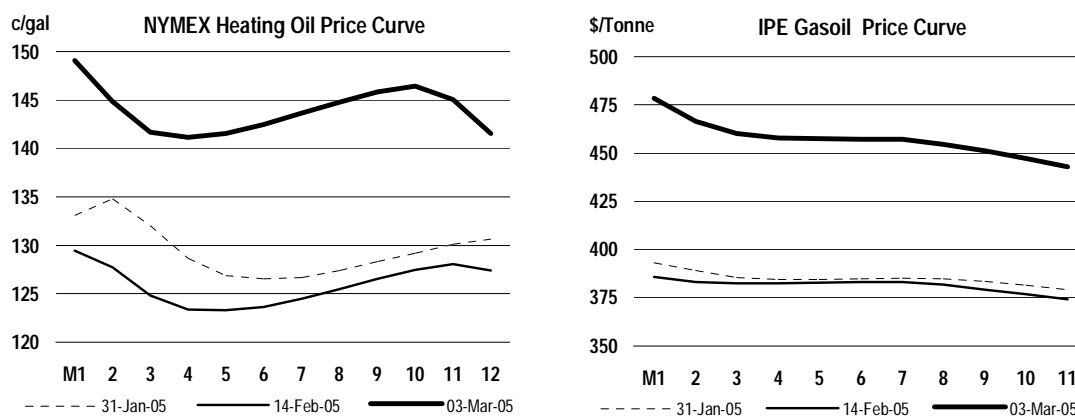
Cold weather bolstered low sulphur fuel oil demand in most regions in February. Utility demand for fuel oil was particularly strong in the Mediterranean region, but rising natural gas prices have also raised interest in Northwest Europe. Low sulphur fuel oil exports to the US provided further support but with the effect of depressing East Coast values. Despite stronger demand, Atlantic Basin LSFO continued to underperform benchmark crudes throughout February, although average differentials posted modest gains from January.

In Asia, scheduled maintenance at Indonesia's Balikpapan refinery from mid-March contributed to a rally in low sulphur waxy residue. Continued cold weather in Northeast Asia, however, also continued to play a significant part in the rally.

Product Futures

NYMEX gasoline futures rallied to record highs in late February. The switch to summer grade gasoline always causes a jump in front month prices at this time of year, and in the case where this movement is close to key technical price areas, it can prompt some trading based on chart analysis. Deepening US refinery maintenance in March, alongside tightening West Coast and Asian gasoline markets, have contributed to the rally despite US stocks moving well above the five-year seasonal average.

The upward shift in NYMEX heating oil futures occurred across-the-curve, reflecting the fact that strong diesel demand growth makes it harder to replenish distillate inventories during the summer season. Cold European weather caused a steepening of the front end of the curve for IPE gasoil futures. Premiums of 10 ppm and 50 ppm diesel to the contract also converged as strong inland heating fuel demand dominated the market. Current forecasts for both the US Northeast and Central Europe suggest that cold weather is expected to remain in place until mid-March at least.



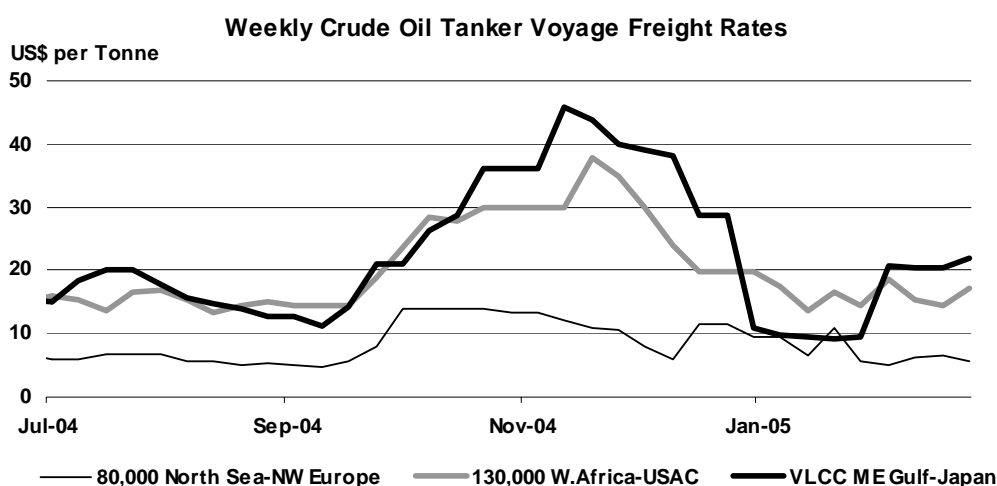
End-User Product Prices in February

The two-month fall in retail petroleum product prices came to an end in February, with broad gains for gasoline, diesel, heating oil and fuel oil. Gasoline prices rose in every country bar Japan, reflecting movements in spot product and crude prices. Japanese retail price movements tend to be less responsive to spot price fluctuations. This lagged effect is highlighted in the ex-tax year-on-year comparison, which shows Japanese prices 35% higher compared with a 20.5% gain in the US. A similar picture emerged for heating oil, diesel and fuel oil, but with gains accentuated by currency factors.

Freight

VLCC crude freight rates from the Middle East Gulf to the US Gulf and Japan fell sharply in early March after a relatively static performance in February. Tonnage availability appeared to increase, while traders were reporting a fall in cargo supply and trading interest. Buyers appear to be holding back ahead of the 16 March OPEC meeting, while sellers remain concerned that a further output cut would add to the tanker supply overhang in the market. Trade reports suggest that the tanker overhang could continue through to April.

Reduced arbitrage opportunities for North Sea crude to the US towards the end of February and pending European refinery maintenance put some downward pressure on Aframax and Suezmax rates. The intermittent closure of Novorossiysk tightened tonnage between the Black Sea and the Mediterranean. This weakened West African routes, but was offset to a degree by a pick-up in Asian buying of West African crude for early April. Inter-Asian rates were also firmed by strong demand for regional crudes.



Clean freight rates broadly picked up from the end of February in line with rising product prices. The steepest gains were seen between the Caribbean and US Gulf Coast, in line with an expected increase in gasoline shipments ahead of seasonal US refinery maintenance. Fog also caused shipping delays and restricted tanker availability in the Caribbean. Tightness in Asian gasoline and plans for increased Indian imports of low sulphur diesel (with a commensurate increase in non-domestic specification material) helped to tighten rates for intra-Asian destinations.

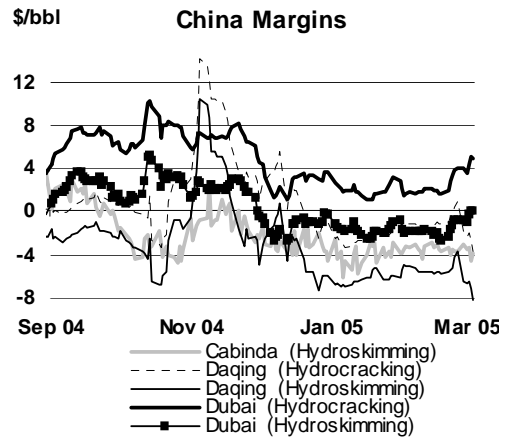
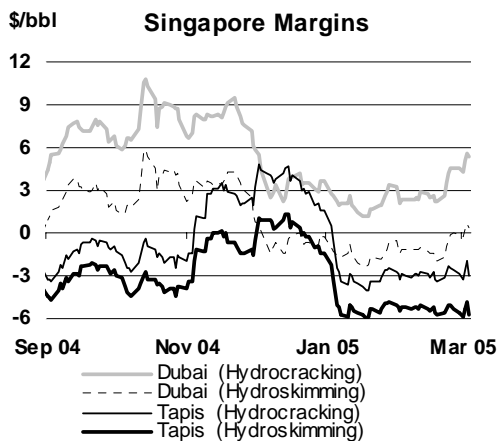
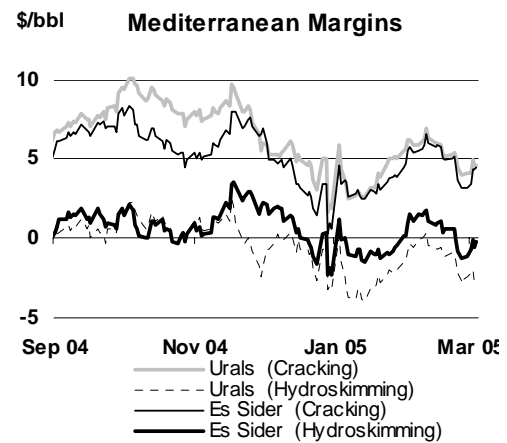
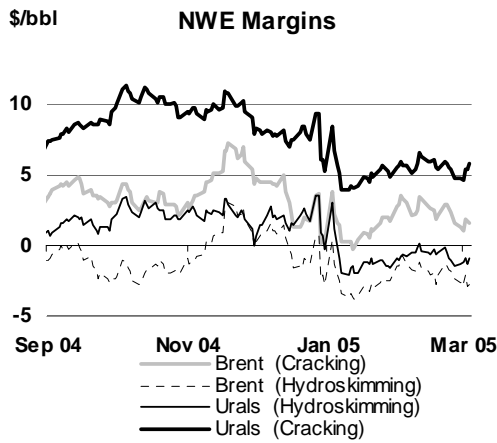
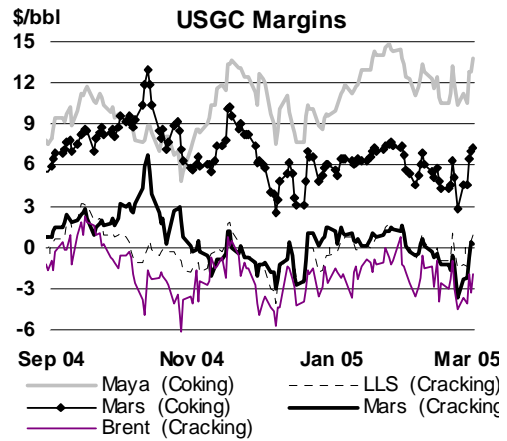
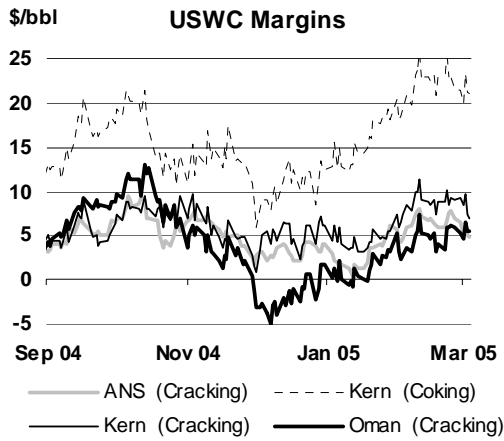
Refining Margins

There were divergent trends in refining margins in the six regions covered in February, with European and US West Coast margins increasing on tighter product prices, but the strength of light sweet crude contributed to a more mixed performance in the US Gulf Coast and Asian regions.

Despite the tightening of the dated Brent market, Brent cracking and hydroskimming margins outperformed Urals in both categories in Northwest Europe due to the strength of heating oil, diesel and jet/kerosene. Those gains were more pronounced in the Mediterranean, where early month strength in low sulphur fuel oil contributed to the firm performance for February as a whole. Hydroskimming margins, which tend to dictate the use of marginal capacity, moved positive for Es Sider (and briefly Urals) in mid-February.

US margins proved less attractive, with the seasonal switch from winter to summer specification gasoline depressing the spot market as refiners tried to offload winter grade material. Refining margins were reduced as a result, particularly in the Gulf Coast. However, summer specification gasoline prices remained relatively static compared with WTI Cushing, lifting forward margins.

West Coast margins moved in the opposite direction as refinery maintenance and a few unplanned glitches tightened regional gasoline, diesel and jet supplies. Net product worth for the three crudes covered jumped by over 14%, helping to push coking margins over \$20/barrel.



Singapore refining margins saw a mixed performance. Gasoline, middle distillate and low sulphur waxy residue prices were strong, lifting net product worth by nearly 8%. However, the strength of regional light sweet crudes more than offset these gains. Dubai margins however showed an improving trend, particularly for more sophisticated upgrading capacity.

Key Refining Margins in Major Refining Centres

	Monthly Average			Change		Week Ending:			
	Dec 04	Jan 04	Feb 05	Feb 05-Jan 05	04 Feb	11 Feb	18 Feb	25 Feb	04 Mar
	(\$/bbl)								
NW Europe									
Brent (Cracking)	2.87	1.22	2.55	1.34	3.03	3.24	2.06	1.53	1.57
Brent (Hydroskimming)	-0.27	-2.68	-1.73	0.95	-1.31	-1.59	-2.11	-2.43	-2.80
Mediterranean									
Urals (Cracking)	4.68	3.88	5.59	1.71	5.87	6.33	5.12	3.98	4.63
Urals (Hydroskimming)	-1.00	-2.60	-0.89	1.71	-0.52	-0.40	-1.09	-2.64	-2.54
US Gulf Coast									
Brent (Cracking)	-3.39	-1.41	-2.37	-0.96	-2.61	-1.54	-2.58	-4.54	-1.98
LLS (Cracking)	-1.46	0.55	-0.18	-0.73	-0.05	0.37	-1.01	-1.49	0.92
Maya (Coking)	9.68	12.81	11.99	-0.82	12.28	12.78	10.58	10.33	13.82
US West Coast									
ANS (Cracking)	2.36	2.82	6.47	3.65	5.92	7.13	5.94	7.02	4.88
Oman (Cracking)	-2.04	1.36	4.65	3.28	3.50	5.36	4.09	5.90	5.41
Kern (Coking)	11.85	15.63	22.08	6.45	20.85	22.82	22.90	21.67	21.06
Singapore									
Tapis (Hydroskimming)	0.26	-5.13	-5.35	-0.22	-5.26	-5.15	-5.78	-5.31	-5.78
Dubai (Hydrocracking)	3.75	2.12	2.91	0.79	2.40	2.83	2.24	4.62	5.32
Tapis (Hydrocracking)	3.65	-2.89	-2.90	-0.01	-2.94	-2.75	-3.38	-2.61	-3.01
China*									
Cabinda (Hydroskimming)	-3.06	-4.03	-3.49	0.54	-3.41	-3.23	-3.64	-3.65	-3.93
Daqing (Hydrocracking)	0.85	-2.47	-0.96	1.51	-1.15	-1.29	-1.20	1.01	-3.66

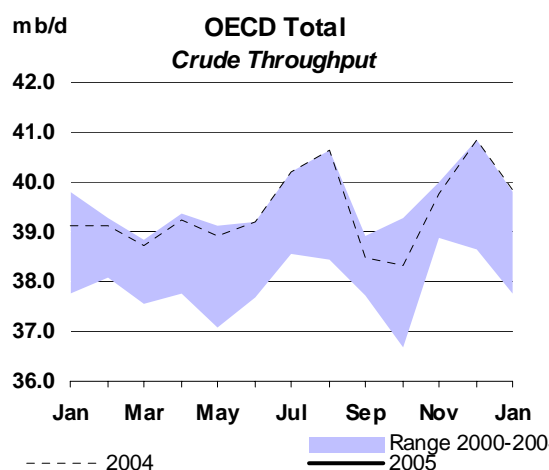
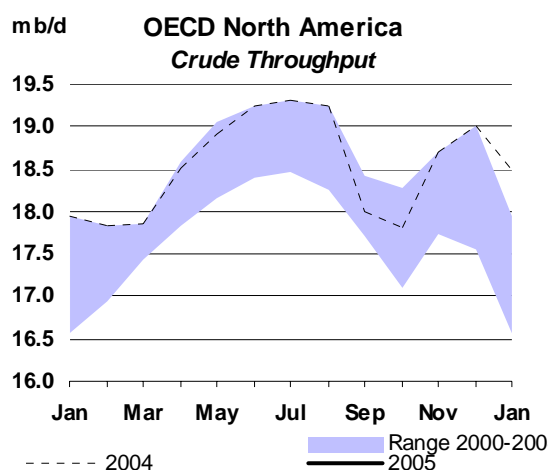
For the purposes of this Report, refining margins are calculated for various complexity configurations, each optimised for processing the specific crude in a specific refining centre on a 'full cost' basis. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability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

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

Sources: IEA, Purvin & Gertz Inc.

Refinery Throughput

OECD refinery throughput fell by 1.0 mb/d in January to 39.85 mb/d as US refinery maintenance and economic run cuts in Europe took effect. However, despite this drop, refinery runs in the OECD regions remained 750,000 b/d above year ago levels and capacity utilisation was nearly 1.3% higher.



European refinery throughput fell by 490 kb/d in January, as runs were reduced across-the-board. At least two refineries made public announcements of refinery run cuts in January, but relatively high product stocks and mild weather during the month clearly contributed to a tempering of activity. Refinery runs likely picked up in February to help meet cold weather demand and to build product stocks to meet customer needs during refinery maintenance in March, April and May.

OECD North American throughput fell by 530 kb/d in January to 18.48 mb/d, dominated by a maintenance-driven 490 kb/d drop in the US. Preliminary data showed US refinery throughputs falling a further 227 kb/d by the end of February, with refinery throughput dipping to 14.9 mb/d. However, this is still well above the 14.5 mb/d low seen last February, consistent with our view that maintenance will be much lower than expected. As a result, gasoline output was 291 kb/d higher year-on-year in January and 180 kb/d year-on-year higher in February. Along with high import levels this contributed to a sharp rise in gasoline stocks. Distillate production was up to an even greater degree at 3.22 kb/d and 256 kb/d respectively year-on-year, as refiners moved to meet heating oil and diesel demand.

Refinery Crude Throughput and Utilisation in OECD Countries

	million barrels per day					Change from Jan 04		Utilisation rate ²		
	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05	mb/d	%	Jan 05	Jan 04
OECD North America										
US ³	16.14	14.98	14.95	15.67	15.75	15.26	0.44	3.0	90.4	88.4
Canada	1.82	1.80	1.75	1.86	1.97	1.93	0.10	5.4	95.8	92.2
Mexico	1.27	1.23	1.11	1.16	1.29	1.29	0.00	-0.4	76.5	72.0
Total	19.23	18.01	17.81	18.69	19.01	18.48	0.54	3.0	89.7	87.8
OECD Europe										
France	1.78	1.77	1.76	1.71	1.84	1.81	0.02	0.9	92.9	92.1
Germany	2.36	2.29	2.40	2.24	2.33	2.36	0.08	3.4	96.1	93.0
Italy	1.95	1.93	1.81	1.74	1.96	1.80	0.00	-0.1	77.7	78.1
Netherlands	1.08	0.93	0.81	0.93	1.06	1.08	-0.07	-5.7	88.3	94.0
Spain	1.23	1.17	1.12	1.22	1.28	1.18	0.02	1.6	92.4	91.0
UK	1.73	1.66	1.75	1.76	1.77	1.67	0.05	3.0	91.6	89.4
Other OECD Europe	4.13	4.03	4.02	4.10	4.09	3.94	-0.02	-0.6	84.8	84.7
Total	14.26	13.78	13.68	13.70	14.33	13.84	0.07	0.5	88.2	87.7
OECD Pacific										
Japan	4.24	3.73	3.72	4.16	4.25	4.35	0.07	1.8	92.5	90.9
Korea	2.18	2.20	2.35	2.46	2.48	2.44	0.06	2.5	94.9	93.7
Other OECD Pacific	0.74	0.74	0.75	0.75	0.78	0.73	0.01	0.9	85.5	84.7
Total	7.17	6.68	6.82	7.38	7.51	7.53	0.14	1.9	92.5	91.1
OECD Total	40.66	38.47	38.31	39.77	40.85	39.85	0.75	1.9	89.7	88.4

1 Estimate

2 Based on crude throughput and current operable refining capacity

3 US50

OECD Pacific throughput was relatively flat at 7.53 mb/d, with a 100 kb/d rise in Japanese throughput largely offset by declines in Korea, Australia and New Zealand. Preliminary data show Japanese throughput rose slightly in February. This is both in keeping with the seasonal trend but was also needed to help meet heating fuel demands. OECD Pacific turnarounds are expected to be relatively heavy in May this year at around 1.3 mb/d compared with 1 mb/d a year ago. However, early indications suggest that this will be offset by lower levels in June, suggesting perhaps an earlier low point in seasonal maintenance.

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

	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
OECD DEMAND																	
North America	24.0	24.1	24.5	24.2	24.8	24.9	24.6	25.0	24.9	25.2	25.6	25.2	25.5	25.2	25.6	25.9	25.5
Europe	15.3	15.3	15.5	15.2	15.5	15.8	15.5	15.8	15.3	15.7	16.2	15.7	15.9	15.5	15.8	16.1	15.8
Pacific	8.7	8.6	9.8	8.2	8.0	9.2	8.8	9.4	8.0	8.3	8.9	8.6	9.5	8.0	8.1	9.0	8.6
Total OECD	48.0	48.1	49.8	47.6	48.3	49.8	48.9	50.2	48.2	49.2	50.7	49.6	50.9	48.6	49.5	51.0	50.0
NON-OECD DEMAND																	
FSU	3.7	3.5	3.8	3.2	3.4	3.9	3.6	3.5	3.7	3.7	3.9	3.7	3.9	3.6	3.8	4.0	3.8
Europe	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7
China	4.7	5.0	5.2	5.2	5.8	5.9	5.5	6.2	6.5	6.2	6.5	6.4	6.6	7.0	6.9	7.0	6.9
Other Asia	7.6	7.9	8.0	7.9	8.0	8.5	8.1	8.5	8.6	8.4	8.8	8.6	8.7	8.8	8.6	9.1	8.8
Latin America	4.9	4.8	4.5	4.7	4.8	4.9	4.7	4.7	4.9	5.0	5.0	4.9	4.8	5.0	5.1	5.1	5.0
Middle East	5.2	5.4	5.5	5.3	5.7	5.7	5.6	5.8	5.8	6.0	5.9	5.9	6.1	6.1	6.3	6.2	6.2
Africa	2.6	2.7	2.8	2.8	2.7	2.8	2.7	2.8	2.8	2.7	2.9	2.8	2.9	2.9	2.8	2.9	2.9
Total Non-OECD	29.3	29.9	30.6	29.7	31.1	32.3	30.9	32.3	33.0	32.8	33.8	33.0	33.8	34.2	34.2	35.1	34.3
Total Demand¹	77.3	77.9	80.3	77.3	79.3	82.1	79.8	82.4	81.1	81.9	84.5	82.5	84.7	82.8	83.7	86.1	84.3
OECD SUPPLY																	
North America	14.4	14.5	14.6	14.4	14.6	14.7	14.6	14.8	14.7	14.4	14.4	14.6	14.5	14.6	14.7	14.8	14.7
Europe	6.7	6.6	6.7	6.2	6.0	6.4	6.3	6.4	6.2	5.7	6.0	6.1	6.0	5.9	5.8	6.0	5.9
Pacific	0.8	0.8	0.7	0.7	0.7	0.6	0.7	0.6	0.6	0.6	0.5	0.6	0.5	0.6	0.6	0.6	0.6
Total OECD	21.8	21.9	22.1	21.3	21.3	21.8	21.6	21.8	21.5	20.7	21.0	21.2	21.1	21.1	21.1	21.4	21.2
NON-OECD SUPPLY																	
FSU	8.6	9.4	9.9	10.1	10.5	10.7	10.3	10.8	11.1	11.4	11.5	11.2	11.4	11.6	11.8	12.1	11.7
Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.6	3.5	3.5	3.5	3.5
Other Asia	2.4	2.5	2.6	2.6	2.6	2.7	2.6	2.7	2.7	2.7	2.8	2.8	2.7	2.7	2.7	2.7	2.7
Latin America	3.8	3.9	4.0	3.9	4.1	4.1	4.0	4.0	4.1	4.1	4.1	4.1	4.2	4.3	4.4	4.4	4.3
Middle East	2.1	2.1	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.8	1.9	1.8	1.8	1.8	1.8	1.8
Africa	2.8	3.0	2.9	3.0	3.1	3.3	3.1	3.3	3.4	3.5	3.6	3.4	3.6	3.7	3.8	3.9	3.7
Total Non-OECD	23.2	24.5	25.1	25.3	25.7	26.3	25.6	26.4	26.8	27.2	27.5	27.0	27.5	27.7	28.1	28.5	28.0
Processing Gains ²	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.8	1.9	1.8	1.9	1.9	1.8	1.9	1.9
Total Non-OPEC	46.8	48.1	49.0	48.3	48.8	49.9	49.0	50.1	50.1	49.8	50.3	50.1	50.4	50.7	51.0	51.8	51.0
OPEC																	
Crude ³	27.0	25.1	26.7	26.1	26.6	27.6	26.8	27.9	28.1	29.1	29.5	28.7					
NGLs	3.4	3.7	3.5	3.9	4.0	4.1	3.9	4.3	4.3	4.3	4.4	4.3	4.7	4.7	4.8	4.9	4.8
Total OPEC	30.4	28.8	30.2	30.0	30.6	31.8	30.7	32.2	32.3	33.4	33.9	33.0					
Total Supply⁴	77.2	76.9	79.2	78.4	79.4	81.7	79.7	82.3	82.4	83.2	84.2	83.0					
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.3	-0.4	-0.6	1.3	0.5	-0.8	0.1	-0.6	0.9	0.5	-0.1	0.1					
Government	0.0	0.2	0.2	0.0	0.2	0.3	0.2	0.1	0.1	0.1	0.1	0.1					
Total	0.3	-0.3	-0.5	1.4	0.7	-0.5	0.3	-0.5	0.9	0.5	0.0	0.2					
Floating Storage/Oil in Transit	-0.1	0.0	0.3	0.1	0.0	0.3	0.2	-0.2	-0.1	0.2	0.1	0.0					
Miscellaneous to balance ⁵	-0.4	-0.7	-1.0	-0.4	-0.7	-0.2	-0.6	0.5	0.5	0.5	-0.4	0.3					
Total Stock Ch. & Misc	-0.1	-1.0	-1.2	1.1	0.1	-0.4	-0.1	-0.2	1.3	1.3	-0.3	0.5					
Memo items:																	
Call on OPEC crude + Stock ch. ⁶	27.2	26.1	27.9	25.1	26.5	28.0	26.9	28.1	26.8	27.9	29.8	28.1	29.6	27.4	27.8	29.5	28.6
Total Demand ex. FSU	73.6	74.5	76.5	74.1	75.9	78.2	76.2	79.0	77.5	78.2	80.6	78.8	80.8	79.2	79.9	82.1	80.5
Total demand exc. FSU (% ch) ⁷	0.0	1.1	0.0	0.0	0.0	0.0	2.3	3.2	4.5	3.0	2.9	3.4	2.4	2.2	2.2	1.9	2.2

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

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

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

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

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

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

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

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2001	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
OECD DEMAND																	
North America	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2	0.1	-	0.1
Europe	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	0.4	0.2	0.1	0.1	0.2
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.2	0.2	0.1
Total Demand	-	-	-	-	-	-	-	-	-	-	0.1	-	0.4	0.4	0.3	0.3	0.3
OECD SUPPLY																	
North America	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	0.1	0.1	0.1
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	0.1	0.1	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Total Non-OECD	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-0.1	-0.1	-	0.2	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1	-0.1	-	0.2	0.3	0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-	-	-	-
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-	-	-	-
Total Supply	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-0.1	0.1	-	-	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-0.1	0.1	-	-	-	-	-	-
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous to balance	-	-	0.1	-	-	-	-	0.1	0.1	-	-0.3	-	-	-	-	-	-
Total Stock Ch. & Misc	-	-	-	-	-	-	-	0.1	0.1	-	-0.2	-	-	-	-	-	-
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	-	-	-0.1	-0.1	-	0.1	-	0.5	0.4	0.1	-0.1	0.2
Total Demand ex. FSU	-	-	-	-	-	-	-	-	-	-	0.1	-	0.4	0.4	0.3	0.2	0.3

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

Table 2
Summary of Global Oil Demand

	2002	1Q03	2Q03	3Q03	4Q03	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005
Demand (mb/d)																
North America	24.11	24.52	24.15	24.76	24.87	24.58	25.03	24.85	25.23	25.62	25.18	25.47	25.20	25.65	25.86	25.55
Europe	15.32	15.50	15.24	15.50	15.77	15.50	15.77	15.35	15.70	16.16	15.75	15.90	15.46	15.79	16.13	15.82
Pacific	8.63	9.76	8.19	8.03	9.15	8.78	9.38	8.00	8.25	8.87	8.62	9.50	7.95	8.08	8.96	8.62
Total OECD	48.06	49.78	47.59	48.29	49.79	48.86	50.18	48.20	49.18	50.66	49.56	50.86	48.61	49.52	50.96	49.99
FSU	3.45	3.81	3.19	3.45	3.85	3.57	3.47	3.68	3.74	3.94	3.71	3.85	3.63	3.80	4.01	3.83
Europe	0.69	0.76	0.70	0.65	0.71	0.70	0.77	0.71	0.67	0.73	0.72	0.79	0.73	0.69	0.75	0.74
China	4.97	5.23	5.20	5.75	5.87	5.52	6.24	6.49	6.25	6.55	6.38	6.63	6.99	6.87	7.03	6.88
Other Asia	7.88	7.98	7.87	8.04	8.53	8.10	8.47	8.57	8.36	8.81	8.55	8.70	8.79	8.60	9.07	8.79
Latin America	4.82	4.50	4.68	4.83	4.89	4.72	4.69	4.89	5.02	5.02	4.91	4.84	5.02	5.14	5.13	5.03
Middle East	5.36	5.54	5.32	5.68	5.69	5.56	5.81	5.78	5.98	5.95	5.88	6.10	6.07	6.26	6.22	6.16
Africa	2.70	2.77	2.76	2.66	2.78	2.74	2.81	2.84	2.73	2.86	2.81	2.91	2.94	2.82	2.94	2.90
Total Non-OECD	29.87	30.57	29.72	31.06	32.31	30.92	32.26	32.95	32.75	33.84	32.95	33.82	34.17	34.17	35.15	34.33
World	77.93	80.35	77.30	79.34	82.10	79.78	82.44	81.15	81.93	84.50	82.51	84.69	82.79	83.70	86.11	84.32
<i>of which:</i>																
US	19.76	20.02	19.65	20.21	20.25	20.03	20.36	20.25	20.58	20.87	20.52	20.72	20.57	20.92	21.05	20.82
Euro4	8.34	8.33	8.27	8.32	8.42	8.33	8.51	8.23	8.45	8.60	8.45	8.54	8.29	8.45	8.48	8.44
Japan	5.46	6.37	5.17	5.04	5.76	5.58	6.06	4.95	5.20	5.53	5.44	6.09	4.88	5.01	5.53	5.38
Korea	2.15	2.38	2.00	1.95	2.34	2.17	2.29	2.01	1.99	2.27	2.14	2.34	2.02	1.99	2.33	2.17
Mexico	1.94	1.98	2.03	2.02	2.03	2.02	2.02	2.02	2.02	2.07	2.04	2.11	2.03	2.06	2.08	2.07
Canada	2.08	2.17	2.16	2.20	2.24	2.19	2.27	2.25	2.30	2.33	2.29	2.27	2.27	2.33	2.37	2.31
Brazil	2.12	1.96	2.01	2.10	2.12	2.05	2.06	2.12	2.21	2.17	2.14	2.12	2.16	2.24	2.22	2.19
India	2.32	2.38	2.30	2.26	2.45	2.35	2.53	2.51	2.33	2.48	2.46	2.59	2.57	2.40	2.57	2.53
Annual Change (% per annum)																
North America	0.4	2.6	0.7	2.1	2.4	2.0	2.0	2.9	1.9	3.0	2.5	1.8	1.4	1.7	0.9	1.4
Europe	-0.1	0.6	2.2	0.6	1.5	1.2	1.8	0.7	1.3	2.5	1.6	0.8	0.7	0.6	-0.2	0.5
Pacific	-0.4	6.4	5.3	-1.9	-2.7	1.7	-3.8	-2.4	2.8	-3.1	-1.8	1.3	-0.6	-2.0	1.0	0.0
Total OECD	0.1	2.7	2.0	0.9	1.1	1.7	0.8	1.3	1.8	1.7	1.4	1.4	0.9	0.7	0.6	0.9
FSU	-5.5	9.3	2.6	2.2	0.2	3.5	-8.9	15.4	8.6	2.3	3.8	11.0	-1.2	1.5	1.8	3.1
Europe	1.4	1.8	1.6	1.6	1.7	1.7	1.8	1.9	2.4	2.8	2.2	2.5	2.6	2.9	3.1	2.8
China	6.3	12.2	3.3	16.0	12.5	11.0	19.3	24.6	8.6	11.5	15.6	6.4	7.8	10.0	7.4	7.9
Other Asia	3.5	3.0	-0.5	2.9	5.6	2.8	6.2	9.0	4.1	3.4	5.6	2.7	2.6	2.8	2.9	2.8
Latin America	-0.9	-4.5	-3.1	-1.2	0.6	-2.0	4.4	4.6	3.8	2.7	3.8	3.1	2.6	2.3	2.2	2.6
Middle East	3.3	4.4	1.6	4.1	4.7	3.7	4.9	8.5	5.2	4.5	5.7	4.9	5.1	4.8	4.6	4.9
Africa	2.9	2.1	1.6	0.9	2.0	1.7	1.4	2.7	2.8	2.6	2.4	3.7	3.6	3.1	2.8	3.3
Total Non-OECD	2.0	4.1	0.7	4.4	4.8	3.5	5.5	10.9	5.5	4.7	6.6	4.9	3.7	4.3	3.9	4.2
World	0.8	3.2	1.5	2.2	2.5	2.4	2.6	5.0	3.3	2.9	3.4	2.7	2.0	2.2	1.9	2.2
Annual Change (mb/d)																
North America	0.10	0.63	0.18	0.50	0.58	0.47	0.50	0.70	0.47	0.76	0.61	0.44	0.35	0.42	0.24	0.36
Europe	-0.01	0.09	0.33	0.09	0.23	0.19	0.28	0.11	0.20	0.39	0.24	0.13	0.11	0.09	-0.03	0.08
Pacific	-0.04	0.58	0.41	-0.15	-0.26	0.14	-0.38	-0.20	0.22	-0.28	-0.15	0.12	-0.04	-0.17	0.09	0.00
Total OECD	0.05	1.30	0.93	0.44	0.55	0.80	0.40	0.61	0.89	0.87	0.70	0.69	0.42	0.34	0.30	0.43
FSU	-0.20	0.33	0.08	0.07	0.01	0.12	-0.34	0.49	0.30	0.09	0.14	0.38	-0.05	0.05	0.07	0.12
Europe	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
China	0.30	0.57	0.17	0.79	0.65	0.55	1.01	1.28	0.50	0.67	0.86	0.40	0.51	0.62	0.49	0.50
Other Asia	0.27	0.23	-0.04	0.23	0.46	0.22	0.49	0.70	0.33	0.29	0.45	0.23	0.22	0.24	0.26	0.24
Latin America	-0.04	-0.21	-0.15	-0.06	0.03	-0.10	0.20	0.21	0.18	0.13	0.18	0.14	0.13	0.12	0.11	0.13
Middle East	0.17	0.23	0.08	0.23	0.26	0.20	0.27	0.45	0.30	0.26	0.32	0.29	0.30	0.28	0.27	0.29
Africa	0.08	0.06	0.04	0.02	0.06	0.04	0.04	0.07	0.08	0.07	0.07	0.10	0.10	0.09	0.08	0.09
Total Non-OECD	0.57	1.22	0.19	1.30	1.47	1.05	1.68	3.23	1.69	1.53	2.03	1.57	1.22	1.42	1.30	1.38
World	0.63	2.51	1.12	1.73	2.02	1.85	2.09	3.84	2.59	2.39	2.73	2.25	1.64	1.77	1.61	1.81
Changes from Last Month's Report																
North America	-	-	-	-	-	-	-	-	0.02	0.03	0.01	0.17	0.19	0.15	0.04	0.14
Europe	-	-	-	-	-	-	-	-	-	0.06	0.01	0.05	-0.02	-0.02	0.02	0.01
Pacific	-	-	-	-	-	-	-	-	-	0.01	-	0.15	0.01	-	0.01	0.04
Total OECD	-	-	-	-	-	-	-	-	0.02	0.11	0.03	0.37	0.18	0.13	0.07	0.18
FSU	-	-	-	-	-	-	-	-	-	-	-	-0.03	0.01	0.01	0.03	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	0.01	0.21	0.10	0.08	0.10
Other Asia	-	-	-	-	-	-	-	-	-	0.01	-	0.01	-	-	0.01	0.01
Latin America	-	-0.01	-0.01	-0.01	-0.01	-0.01	-	-	0.02	0.02	0.01	0.02	0.02	0.03	0.05	0.03
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.02	0.01
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-0.01	-0.01	-0.01	-0.01	-0.01	-	-	0.02	0.04	0.01	0.01	0.25	0.15	0.18	0.15
World	-	-0.01	-0.01	-0.01	-0.01	-0.01	-	-	0.03	0.14	0.04	0.38	0.43	0.28	0.25	0.33

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2003	2004	2005	3Q04	4Q04	1Q05	2Q05	3Q05	Dec 04	Jan 05	Feb 05
OPEC											
Crude Oil											
Saudi Arabia	8.48	8.75		9.12	9.23				9.15	8.80	8.90
Iran	3.78	3.93		3.89	3.96				4.00	3.98	3.98
Iraq	1.32	1.99		1.92	1.98				1.95	1.79	1.85
UAE	2.29	2.35		2.44	2.45				2.52	2.40	2.32
Kuwait	1.87	2.05		2.07	2.14				2.14	2.04	2.15
Neutral Zone	0.60	0.60		0.61	0.60				0.60	0.60	0.60
Qatar	0.72	0.78		0.79	0.80				0.80	0.77	0.78
Nigeria	2.15	2.32		2.35	2.32				2.25	2.28	2.39
Libya	1.42	1.55		1.59	1.61				1.61	1.60	1.62
Algeria	1.11	1.21		1.24	1.28				1.29	1.31	1.34
Venezuela	2.01	2.17		2.14	2.16				2.14	2.14	2.16
Indonesia	1.01	0.97		0.96	0.97				0.98	0.96	0.97
Total Crude Oil	26.77	28.66		29.12	29.52				29.42	28.65	29.04
Total NGLs ¹	3.89	4.31	4.78	4.30	4.38	4.68	4.70	4.83	4.49	4.65	4.70
Total OPEC	30.66	32.96		33.42	33.91				33.91	33.30	33.74
NON-OPEC²											
OECD											
North America											
United States	14.61	14.59	14.67	14.40	14.45	14.50	14.62	14.73	14.40	14.37	14.57
Mexico	3.79	3.83	3.83	3.82	3.78	3.82	3.84	3.82	3.66	3.79	3.83
Canada	3.00	3.09	3.07	3.07	3.07	2.98	3.00	3.09	3.05	2.94	3.01
Europe	6.34	6.09	5.93	5.72	6.02	6.02	5.92	5.78	5.97	5.90	6.08
UK	2.28	2.05	1.92	1.89	2.00	2.03	1.89	1.86	2.08	2.05	2.02
Norway	3.26	3.19	3.16	2.98	3.16	3.14	3.17	3.07	3.02	3.01	3.20
Others	0.79	0.85	0.85	0.85	0.86	0.85	0.85	0.86	0.87	0.84	0.86
Pacific	0.65	0.57	0.56	0.59	0.54	0.54	0.57	0.58	0.53	0.54	0.53
Australia	0.60	0.53	0.52	0.55	0.49	0.50	0.53	0.53	0.49	0.50	0.48
Others	0.05	0.04	0.05	0.04	0.05	0.05	0.05	0.05	0.05	0.04	0.05
Total OECD	21.60	21.25	21.17	20.71	21.00	21.06	21.10	21.08	20.90	20.81	21.18
NON-OECD											
Former USSR											
Russia	10.31	11.18	11.73	11.35	11.46	11.40	11.57	11.84	11.43	11.34	11.40
Others	8.49	9.23	9.59	9.40	9.41	9.34	9.48	9.68	9.37	9.30	9.34
Asia	6.03	6.25	6.24	6.28	6.36	6.31	6.22	6.23	6.38	6.37	6.30
China	3.41	3.49	3.54	3.54	3.54	3.57	3.55	3.53	3.57	3.58	3.57
Malaysia	0.83	0.86	0.84	0.86	0.87	0.86	0.84	0.83	0.84	0.87	0.86
India	0.79	0.80	0.79	0.77	0.81	0.81	0.80	0.79	0.81	0.82	0.81
Others	1.01	1.10	1.07	1.11	1.14	1.07	1.03	1.09	1.15	1.10	1.07
Europe	0.17	0.17	0.16	0.17	0.17	0.16	0.16	0.16	0.17	0.16	0.16
Latin America											
Brazil	4.03	4.07	4.30	4.10	4.09	4.19	4.30	4.35	4.10	4.12	4.20
Argentina	1.80	1.80	2.00	1.83	1.81	1.89	1.99	2.05	1.82	1.83	1.90
Colombia	0.83	0.78	0.74	0.78	0.77	0.75	0.74	0.73	0.77	0.76	0.75
Ecuador	0.55	0.54	0.52	0.54	0.54	0.52	0.52	0.52	0.53	0.53	0.51
Others	0.43	0.54	0.56	0.54	0.54	0.55	0.56	0.57	0.55	0.54	0.55
Others	0.42	0.42	0.48	0.41	0.43	0.48	0.49	0.49	0.43	0.47	0.48
Middle East³											
Oman	2.00	1.88	1.78	1.86	1.84	1.81	1.79	1.78	1.84	1.82	1.81
Syria	0.82	0.76	0.72	0.76	0.75	0.74	0.72	0.71	0.75	0.74	0.74
Yemen	0.53	0.50	0.48	0.50	0.49	0.49	0.48	0.47	0.49	0.49	0.49
Others	0.45	0.41	0.39	0.40	0.40	0.39	0.39	0.39	0.40	0.39	0.39
Africa											
Egypt	3.07	3.43	3.75	3.48	3.57	3.61	3.69	3.77	3.55	3.58	3.61
Angola	0.75	0.71	0.70	0.71	0.70	0.70	0.71	0.70	0.68	0.70	0.70
Gabon	0.88	0.99	1.19	0.99	1.10	1.13	1.16	1.18	1.11	1.11	1.12
Others	0.24	0.24	0.23	0.23	0.23	0.23	0.23	0.24	0.23	0.23	0.23
Others	1.20	1.50	1.62	1.56	1.54	1.55	1.58	1.66	1.54	1.55	1.55
Total Non-OECD	25.61	26.98	27.95	27.24	27.48	27.49	27.73	28.12	27.46	27.41	27.48
Processing Gains ⁴	1.80	1.83	1.86	1.81	1.85	1.88	1.85	1.84	1.85	1.88	1.88
TOTAL NON-OPEC	49.01	50.06	50.98	49.77	50.33	50.43	50.68	51.04	50.22	50.09	50.54
TOTAL SUPPLY	79.67	83.03		83.19	84.24				84.12	83.39	84.28

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

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

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

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

Table 4
OECD INDUSTRY STOCKS¹ AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS ²					PRIOR YEARS' STOCKS ²			STOCK CHANGES			
	in Million Barrels					in Million Barrels			in mb/d			
	Sep2004	Oct2004	Nov2004	Dec2004	Jan2005*	Jan2002	Jan2003	Jan2004	1Q2004	2Q2004	3Q2004	4Q2004
North America												
Crude	395.9	407.9	415.5	401.9	410.5	429.7	383.3	380.1	0.32	0.08	-0.24	0.07
Motor Gasoline	236.4	233.9	241.2	244.3	247.6	256.3	244.3	236.3	-0.02	0.07	-0.02	0.09
Middle Distillate	195.3	189.0	198.0	204.7	203.6	216.4	184.8	195.4	-0.44	0.14	0.14	0.10
Residual Fuel Oil	41.2	44.5	50.6	51.8	50.6	49.5	39.9	46.5	0.02	-0.03	-0.04	0.12
Total Products ³	659.7	647.1	666.1	669.7	653.6	685.2	615.2	625.3	-0.52	0.41	0.27	0.11
Total ⁴	1215.6	1212.7	1239.4	1219.0	1216.1	1263.5	1129.4	1143.4	-0.22	0.57	0.20	0.04
Europe												
Crude	332.2	331.1	352.0	320.0	316.6	341.6	314.1	324.0	0.26	-0.03	-0.08	-0.13
Motor Gasoline	111.9	114.4	113.0	114.7	119.1	134.9	121.7	123.6	0.00	-0.06	0.02	0.03
Middle Distillate	249.7	250.7	237.9	241.3	247.1	233.9	232.7	242.2	-0.25	0.20	0.17	-0.09
Residual Fuel Oil	76.9	75.5	71.6	73.0	73.6	72.2	68.8	78.2	-0.04	0.03	0.00	-0.04
Total Products ³	541.0	544.7	527.0	533.8	544.2	552.0	520.0	546.4	-0.34	0.18	0.23	-0.08
Total ⁴	943.2	946.5	951.3	926.9	933.1	958.0	900.6	943.5	-0.02	0.08	0.15	-0.18
Pacific												
Crude	168.7	177.1	192.3	171.2	170.3	166.0	163.1	172.9	-0.06	0.02	-0.09	0.03
Motor Gasoline	23.9	23.3	24.8	24.2	26.7	25.7	24.9	24.9	0.03	-0.01	-0.01	0.00
Middle Distillate	74.8	75.0	82.9	75.1	67.7	78.0	64.8	66.6	-0.21	0.06	0.16	0.00
Residual Fuel Oil	21.3	21.1	23.7	22.4	21.8	22.8	22.8	23.1	-0.03	0.03	-0.01	0.01
Total Products ³	186.2	188.8	200.9	187.8	183.8	191.2	175.1	176.6	-0.28	0.15	0.15	0.02
Total ⁴	429.6	438.0	467.6	430.3	423.9	436.8	411.5	420.0	-0.38	0.21	0.11	0.01
Total OECD												
Crude	896.7	916.1	959.7	893.1	897.4	937.3	860.4	877.0	0.52	0.07	-0.40	-0.04
Motor Gasoline	372.1	371.6	379.0	383.3	393.3	416.8	390.9	384.8	0.01	0.00	-0.01	0.12
Middle Distillate	519.7	514.7	518.8	521.1	518.4	528.3	482.3	504.2	-0.90	0.40	0.47	0.01
Residual Fuel Oil	139.4	141.1	145.9	147.2	146.0	144.4	131.6	147.8	-0.05	0.03	-0.06	0.09
Total Products ³	1386.9	1380.5	1394.0	1391.3	1381.6	1428.3	1310.2	1348.3	-1.15	0.74	0.65	0.05
Total ⁴	2588.4	2597.2	2658.3	2576.2	2573.1	2658.2	2441.4	2506.8	-0.62	0.85	0.46	-0.13

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

	RECENT MONTHLY STOCKS ²					PRIOR YEARS' STOCKS ²			STOCK CHANGES			
	in Million Barrels					in Million Barrels			in mb/d			
	Sep2004	Oct2004	Nov2004	Dec2004	Jan2005*	Jan2002	Jan2003	Jan2004	1Q2004	2Q2004	3Q2004	4Q2004
North America												
Crude	670.3	670.3	672.8	675.6	680.6	554.6	599.3	641.2	0.15	0.11	0.09	0.06
Products ⁷	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.00	0.00	0.00	0.00
Europe												
Crude	157.8	158.8	160.6	164.2	164.2	141.3	155.1	157.3	0.01	0.00	0.00	0.07
Products	205.1	201.8	202.5	204.6	204.6	209.5	199.2	212.8	-0.03	-0.05	0.00	-0.01
Pacific												
Crude	384.9	382.5	382.5	384.5	384.5	375.2	380.3	384.8	0.02	0.00	-0.02	0.00
Products	11.0	11.0	11.0	11.0	11.0	7.3	9.5	11.0	0.00	0.00	0.00	0.00
Total OECD												
Crude	1213.0	1211.6	1215.8	1224.3	1229.3	1071.1	1134.6	1183.2	0.18	0.11	0.06	0.12
Products	218.1	214.8	215.5	217.6	217.6	218.8	210.7	225.8	-0.03	-0.05	0.00	-0.01
Total ⁴	1432.1	1427.4	1432.4	1442.9	1447.9	1290.9	1346.4	1410.0	0.15	0.06	0.07	0.12

* estimated

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

2 Closing stock levels.

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

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

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

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

	End December 2003		End March 2004		End June 2004		End September 2004		End December 2004 ³	
	Stock Level	Days Fwd ² Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
North America										
Canada	174.6	77	170.4	76	168.8	74	179.0	77	186.5	-
Mexico	39.0	19	38.9	19	39.5	20	41.4	20	41.3	-
United States ⁴	1570.3	77	1568.2	77	1630.9	79	1645.3	79	1646.7	-
Total ⁵	1806.1	72	1799.6	72	1861.3	74	1887.8	74	1896.6	74
Pacific										
Australia	32.4	37	33.8	39	34.9	39	34.3	37	33.2	-
Japan	636.3	105	614.4	124	622.0	120	632.0	114	635.3	-
Korea	154.5	67	142.9	71	152.9	77	152.1	67	149.4	-
New Zealand	7.9	49	7.5	48	7.7	50	7.1	46	8.0	-
Total	831.1	89	798.5	100	817.4	99	825.5	93	825.9	87
Europe⁶										
Austria	19.5	76	21.0	77	20.3	68	19.9	70	21.8	-
Belgium	27.7	42	24.6	45	26.5	49	27.7	41	27.6	-
Czech Republic	16.4	95	15.6	74	15.9	70	16.9	81	16.3	-
Denmark	16.8	87	15.9	88	15.8	89	18.1	94	16.2	-
Finland	26.5	120	27.8	133	23.4	108	24.0	106	24.4	-
France	185.3	87	176.4	90	183.5	92	188.5	92	186.1	-
Germany	272.6	103	269.8	106	266.9	98	264.3	96	267.1	-
Greece	27.5	57	29.4	77	30.8	78	34.1	75	31.9	-
Hungary	16.8	143	19.5	153	20.1	153	18.7	128	17.8	-
Ireland	11.9	63	11.5	69	10.7	63	11.1	60	12.0	-
Italy	135.2	72	135.6	73	134.6	71	138.7	72	135.8	-
Luxembourg	1.0	17	0.8	13	1.0	16	0.9	14	0.9	-
Netherlands	100.1	105	108.2	112	102.3	108	110.2	113	108.3	-
Norway	27.2	99	28.5	116	30.0	118	23.3	77	24.0	-
Poland	28.7	64	29.7	62	30.1	59	31.1	61	31.5	-
Portugal	25.3	81	24.4	74	26.2	76	25.0	72	24.3	-
Slovak Republic	5.0	74	5.8	82	6.5	87	5.6	77	5.7	-
Spain	122.4	78	123.5	79	127.3	82	126.8	79	119.8	-
Sweden	35.9	101	31.8	89	31.1	91	31.5	91	34.4	-
Switzerland	36.1	138	35.4	149	37.5	144	37.8	140	36.3	-
Turkey	54.9	84	54.9	79	54.8	77	55.2	81	55.8	-
United Kingdom	101.9	55	100.7	54	97.6	53	97.7	52	98.8	-
Total	1294.6	82	1290.7	84	1293.0	82	1307.1	81	1296.6	82
Total OECD	3931.7	78	3888.7	81	3971.7	81	4020.4	79	4019.1	79
DAYS OF IEA Net Imports⁷	-	112	-	111	-	113	-	114	-	114

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

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

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

4 US figures exclude US territories.

5 Total includes US territories.

6 Data not available for Iceland.

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

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government ¹ controlled		Industry	Total	Government ¹ controlled	
		<i>Millions of Barrels</i>				<i>Days of Fwd. Demand²</i>	
4Q2001	3918	1285	2632	81	27	54	
1Q2002	3912	1304	2609	84	28	56	
2Q2002	3969	1316	2654	83	27	55	
3Q2002	3899	1321	2579	79	27	52	
4Q2002	3825	1345	2480	77	27	50	
1Q2003	3788	1359	2429	80	29	51	
2Q2003	3912	1362	2550	81	28	53	
3Q2003	3980	1380	2600	80	28	52	
4Q2003	3932	1407	2525	78	28	50	
1Q2004	3889	1421	2468	81	29	51	
2Q2004	3972	1426	2546	81	29	52	
3Q2004	4020	1432	2588	79	28	51	
4Q2004	4019	1443	2576	79	28	51	

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

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

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

	2002	2003	2004	1Q04	2Q04	3Q04	4Q04	Oct 04	Nov 04	Dec 04	Year Earlier	
											Dec 03	change
Saudi Light & Extra Light												
North America	0.64	0.64	0.55	0.55	0.56	0.56	0.52	0.58	0.52	0.47	0.55	-0.09
Europe	0.92	1.00	1.02	0.96	1.05	1.04	1.02	1.05	1.03	0.99	0.84	0.16
Pacific	1.22	1.18	1.24	1.14	1.13	1.23	1.47	1.34	1.47	1.60	1.27	0.33
Saudi Medium												
North America	0.70	0.83	0.80	0.72	0.73	0.86	0.90	0.78	0.93	0.97	0.60	0.38
Europe	0.11	0.11	0.10	0.08	0.07	0.11	0.15	0.12	0.18	0.16	0.06	0.10
Pacific	0.16	0.24	0.23	0.31	0.20	0.18	0.22	0.23	0.25	0.20	0.28	-0.08
Saudi Heavy												
North America	0.20	0.30	0.22	0.19	0.14	0.30	0.26	0.31	0.24	0.21	0.19	0.02
Europe	0.09	0.19	0.23	0.16	0.26	0.31	0.20	0.23	0.22	0.16	0.12	0.03
Pacific	0.12	0.16	0.15	0.13	0.13	0.16	0.18	0.15	0.23	0.17	0.16	0.01
Iraqi Basrah Light²												
North America	0.35	0.44	0.71	0.75	0.74	0.68	0.66	0.65	0.66	0.68	0.78	-0.10
Europe	0.08	0.09	0.21	0.22	0.27	0.21	0.13	0.10	0.13	0.15	0.19	-0.04
Pacific	0.02	0.03	0.12	0.14	0.08	0.12	0.15	0.21	0.17	0.06	0.19	-0.13
Iraqi Kirkuk												
North America	0.14	0.06	0.02	..	0.04	0.01	0.01	0.03	..	..	..	..
Europe	0.32	0.12	0.07	0.04	0.07	0.03	0.14	0.09	0.20	0.14	..	..
Pacific	0.00	..	..	..	..	..	..	..	..	..	..	..
Iranian Light												
North America	..	..	..	..	..	..	..	..	..	..	..	..
Europe	0.17	0.19	0.23	0.20	0.23	0.23	0.26	0.36	0.17	0.26	0.22	0.04
Pacific	0.12	0.17	0.16	0.18	0.13	0.16	0.16	0.14	0.16	0.17	0.21	-0.04
Iranian Heavy³												
North America	..	..	..	..	..	..	..	..	..	..	..	..
Europe	0.44	0.59	0.57	0.50	0.61	0.65	0.51	0.56	0.47	0.52	0.48	0.04
Pacific	0.54	0.69	0.65	0.73	0.65	0.58	0.63	0.65	0.58	0.66	0.79	-0.12
Venezuelan Light & Medium												
North America	0.68	0.69	0.67	0.63	0.78	0.64	0.62	0.57	0.57	0.71	0.87	-0.15
Europe	0.08	0.02	0.01	..	0.02	0.02	0.01	0.02	..	..	..	..
Pacific	0.00	0.00	..	..	..	..	..	..	..	..	0.00	..
Venezuelan 22 API and heavier												
North America	0.55	0.60	0.88	0.81	0.91	0.86	0.94	0.93	0.95	0.93	0.77	0.17
Europe	0.05	0.06	0.05	0.05	0.07	0.06	0.04	0.05	0.06	0.02	0.13	-0.11
Pacific	..	..	..	..	..	..	..	..	..	..	..	..
Mexican Maya												
North America	0.92	1.32	1.36	1.31	1.43	1.34	1.37	1.44	1.40	1.26	1.43	-0.17
Europe	0.17	0.16	0.16	0.14	0.19	0.20	0.13	0.15	0.13	0.12	0.12	0.00
Pacific	0.00	0.00	0.00	0.01	..	..	..	..	..	..	..	..
Mexican Isthmus												
North America	0.01	0.00	..	..	..	..	..	..	..	..	..	..
Europe	0.01	0.00	0.01	..	..	..	0.02	0.03	0.03	..	..	..
Pacific	0.01	0.00	0.00	0.01	..	..	..	..	..	..	..	..
Russian Urals												
North America	0.03	0.14	0.12	0.01	0.14	0.12	0.21	0.20	0.25	0.18	..	..
Europe	1.32	1.62	1.85	2.14	1.98	1.78	1.52	1.49	1.72	1.36	1.98	-0.62
Pacific	0.01	0.00	0.01	0.00	0.01	0.01	..	..	..	..	0.02	..
Nigerian Light⁴												
North America	0.38	0.63	0.80	0.80	0.90	0.78	0.73	0.68	0.82	0.69	0.71	-0.02
Europe	0.32	0.41	0.28	0.32	0.22	0.30	0.28	0.32	0.26	0.25	0.30	-0.05
Pacific	0.06	0.08	0.11	0.12	0.10	0.09	0.13	0.06	0.17	0.16	0.16	0.00
Nigerian Medium												
North America	0.16	0.17	0.23	0.26	0.21	0.22	0.20	0.24	0.17	0.20	0.24	-0.04
Europe	0.06	0.06	0.04	0.03	0.04	0.05	0.02	0.01	0.02	0.02	0.10	-0.08
Pacific	0.01	0.01	0.01	0.02	..	..	..	..	..	..	..	..

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

IEA North America includes United States and Canada.

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

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

² Iraqi Total minus Kirkuk.

³ Iranian Total minus Iranian Light.

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

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

	2002	2003	2004	1Q2004	2Q2004	3Q2004	4Q2004	Oct-04	Nov-04	Dec-04	Year Earlier	
											Dec-03	% change
Crude Oil												
North America	7584	8069	8388	8027	8557	8547	8420	8353	8433	8474	7846	7%
Europe	8725	9087	9698	9395	9499	9654	10239	9850	10747	10136	8908	12%
Pacific	6422	6711	6660	7011	6170	6457	6999	6745	7607	6664	7574	-14%
Total OECD	22731	23867	24746	24433	24226	24658	25658	24948	26788	25274	24328	4%
LPG												
North America	39	27	26	29	10	25	39	32	54	33	30	7%
Europe	226	198	236	252	195	215	282	295	268	283	265	6%
Pacific	553	541	541	550	585	469	561	570	583	532	553	-4%
Total OECD	818	765	803	832	790	709	883	897	905	848	848	0%
Naphtha												
North America	42	67	86	53	49	96	144	151	123	158	55	65%
Europe	298	311	276	310	318	233	246	237	208	292	266	9%
Pacific	705	770	769	782	761	787	748	715	714	813	795	2%
Total OECD	1045	1148	1132	1145	1128	1116	1138	1103	1045	1263	1117	12%
Gasoline³												
North America	680	703	798	673	896	847	777	840	809	682	509	25%
Europe	150	147	183	218	157	140	216	211	255	182	165	9%
Pacific	58	70	105	105	118	90	107	89	108	123	84	32%
Total OECD	889	919	1086	996	1171	1077	1099	1140	1171	988	758	23%
Jet & Kerosene												
North America	97	97	87	45	102	88	112	118	132	87	68	22%
Europe	219	211	249	173	234	309	278	251	296	287	144	50%
Pacific	97	102	77	92	60	52	103	95	114	100	170	-71%
Total OECD	413	410	412	310	395	449	492	464	542	473	382	19%
Gasoil/Diesel												
North America	102	126	122	199	92	108	91	83	124	66	80	-21%
Europe	655	653	751	679	654	772	896	890	736	1056	719	32%
Pacific	53	73	74	56	92	79	66	61	67	72	91	-27%
Total OECD	810	851	946	934	838	959	1053	1034	927	1194	890	25%
Heavy Fuel Oil												
North America	237	326	387	364	317	346	521	591	564	409	304	26%
Europe	469	394	416	365	435	449	413	442	415	381	448	-17%
Pacific	89	88	76	76	77	87	64	64	93	37	107	-187%
Total OECD	795	808	879	806	829	883	998	1097	1072	828	858	-4%
Other Products												
North America	689	680	824	869	701	951	775	715	798	814	643	21%
Europe	735	685	704	665	702	711	739	707	783	729	692	5%
Pacific	256	236	257	249	266	261	253	223	219	315	239	24%
Total OECD	1680	1601	1785	1782	1669	1922	1767	1644	1799	1858	1574	15%
Total Products												
North America	1887	2026	2330	2233	2165	2462	2459	2531	2602	2249	1689	25%
Europe	2752	2598	2814	2661	2696	2829	3069	3033	2960	3210	2699	16%
Pacific	1811	1879	1899	1910	1960	1825	1902	1816	1898	1992	2040	-2%
Total OECD	6450	6503	7044	6804	6821	7116	7430	7380	7460	7451	6428	14%
Total Oil												
North America	9471	10095	10719	10260	10722	11009	10879	10884	11036	10723	9535	11%
Europe	11476	11684	12513	12057	12195	12483	13308	12883	13708	13346	11607	13%
Pacific	8233	8590	8559	8921	8130	8282	8901	8561	9505	8656	9614	-11%
Total OECD	29180	30369	31790	31237	31047	31774	33088	32327	34248	32725	30756	6%

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

2 Excludes intra-regional trade

3 Includes additives

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