

10 November 2005

HIGHLIGHTS

- October global oil supply rose by 865 kb/d to 84.4 mb/d on increases from North America, the North Sea, FSU and Brazil. 740 kb/d of US GOM capacity was offline in early November, with full recovery likely to take many months. Non-OPEC supply growth averages 180 kb/d for 2005 and 1.3 mb/d in 2006 (plus 0.3-0.4 mb/d of OPEC other liquids).
- OPEC crude supply remained at 29.6 mb/d in October as increases from Iran and Kuwait offset a 220 kb/d decline from Iraq. OPEC capacity reached 31.8 mb/d and could attain 33 mb/d by end-2006 with increases mainly in lighter, sweeter crude. The fourth quarter call on OPEC crude and stock change averages 29.6 mb/d, and averages 28.3 mb/d in 2006.
- Unusually warm weather and hurricane-related disruptions temporarily reduced OECD demand in September and October. This was partly offset by an 8.6% increase in Chinese apparent demand in September as monthly gasoline exports fell sharply. Global demand growth in 2005 is revised down by 70 kb/d to 1.20 mb/d and 90 kb/d to 1.66 mb/d for 2006.
- Benchmark crude prices weakened in October. Cash and futures prices for WTI and Brent closed below \$60/bbl. Weaker product prices, notably gasoline, led the decline. As such, refining margins fell sharply throughout October in the US, pressured further by returning capacity. European and Asian margins were more stable but broadly weaker.
- The flexibility of the world refining system was demonstrated as OECD refinery throughputs rose 59 kb/d year-on-year in September to 38.5 mb/d. Increases of 427 kb/d in Europe and 625 kb/d in the Pacific more than offset the hurricane-induced fall of 993 kb/d in North America.
- OECD total industry oil stocks held relatively flat in September, closing at 2645 mb, or 61 mb above a year ago. Stock builds were centred on crude in Europe, distillates stocks in the Pacific and gasoline in the US. These were however offset by draws elsewhere. Forward demand cover by industry stocks fell to 52 days from 53 days in August.

Next Issue: 13 December 2005

10 November 2005

Dear Subscriber,

PUBLISHING SCHEDULE FOR 2006

Please find below the Release Dates for the Oil Market Report:

Tuesday 17 January
Friday 10 February
Tuesday 14 March
Wednesday 12 April
Friday 12 May
Tuesday 13 June
Wednesday 12 July
Friday 11 August
Tuesday 12 September
Wednesday 11 October
Friday 10 November
Wednesday 13 December

The Annual Statistical Supplement to the Oil Market Report [2006 Edition] will be published with the Report dated 11 August.

Best regards,

Lawrence Eagles
Editor – Oil Market Report

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WEATHERING THE STORM

The world refinery system has shown its flexibility in adjusting to the impacts of Hurricanes Katrina and Rita. But it took record gasoline and distillate prices together with higher fuel oil prices to make the economics work. As a result the combined year-on-year refinery throughput gains in OECD Europe and Pacific in September topped 1 mb/d, more than offsetting the loss in the US.

It is reasonable to expect that with hydroskimming margins still high for much of October, non-US refinery capacity utilisation remained high last month. The flexibility demonstrated by the refinery system in September coupled with reduced refinery maintenance and returning US refinery capacity should mean that there is potential spare capacity within the OECD from November onwards. Judging by the less attractive hydroskimming margins at the end of October, it seems the market currently feels this is no longer needed.

The US market is set to change: October saw more refinery capacity off line than crude production capacity, but the gap is narrowing sharply. US crude demand will increase, but compensatory throughput elsewhere will simultaneously decline. While there will be a shift in crude oil demand as simple refinery capacity is replaced with more sophisticated units, the main change will be a seasonal increase in runs to meet winter heating needs.

Looking at US crude production forecasts and OECD refinery throughput potential only tells part of the story. What really matters is whether lost oil production in the Gulf of Mexico can be offset by other changes in supply or demand.

Since August, the US has (understandably) contributed the biggest adjustments to the global oil balance, but it is the demand data which have sparked the most debate. The EIA has pointed to difficulties in recording product trade and both an undercounting of imports and an overstating of exports is possible.

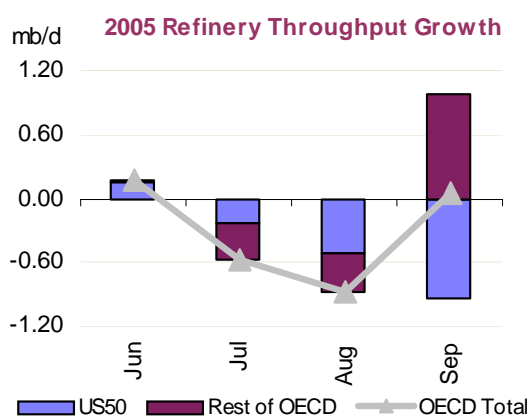
Analysts have been searching for anecdotal indications, including road-toll receipts, to confirm the reported slowdown in oil use. But, so far, there is little evidence that provides a conclusive or country-wide answer. This Report has already made adjustments for some likely understating of US demand in official statistics, but the potential for future revisions remains.

A comparison of current global balances with those published in August shows offsetting moves in supply and demand in the third quarter, but tighter fourth quarter supply. These shifts have lifted the projected call on OPEC by 0.4 mb/d in Q4 to 29.6 mb/d. While this is broadly in line with current OPEC output levels, uncertainty remains - and not just from the unpredictability of winter weather.

The *miscellaneous-to-balance* (the portion of the statistics that cannot be accounted for through existing numbers for supply, demand and stocks) has been on a rising trend since 2004. Some of the balancing item (as this Report often argues) probably represents under-reported demand. However, the Q2 2005 jump coincided with a large build in OECD crude stocks – perhaps indicating that a portion of the balance comes from an unrecorded non-OECD stock change. Either way, this unaccounted for difference is a source of uncertainty. Demand could be understated and could therefore add to the call on OPEC in the winter months.

With crude and product prices now below pre-hurricane levels and refinery and crude capacity returning, the market appears to have weathered the worst of the storm. But while spot prices are below their peaks, it must not be forgotten that just a few months ago

\$60/bbl crude prices reflected extreme market tightness. Moreover there is potential for further tightness to emerge – particularly if the weather turns cold and recent buoyant economic growth continues. This could be the calm after the storm, or simply the storm's eye – either way, smooth sailing is not assured.



Post-Hurricane Supply and Demand Changes

	Non-OPEC Supply Q3	Global Demand Q3	Non-OPEC Supply Q4	Global Demand Q4
August Forecast	50.6	83.3	51.7	85.9
October Actual/Forecast	49.8	82.5	50.7	85.1
Difference	-0.8	-0.8	-1.1	-0.8

DEMAND

Summary

- **OECD demand** contracted by a preliminary 1.4% year-on-year in September and 1.0% in October, dragged lower by a combination of unusually warm weather, relatively high product prices and US hurricane-related disruptions. While the impacts of Hurricanes Katrina and Rita linger, it appears that growth is recovering. OECD demand is projected to expand by 0.6%, year-on-year in November and 1.0% in December, subject to normal weather conditions. However, the weather is always a wild card in the winter months.
- **Heating degree days** were some 30-50% below normal in September and October across major consuming areas in Europe and Japan. US heating degree days were approximately 50% below normal in September, but only about 10% below normal in October as temperatures fell at the end of the month. Warm weather may have reduced OECD demand by some 200-250 kb/d in October.
- **Weekly estimates of US product demand** attracted a lot of attention as deliveries fell off sharply in the period following Hurricanes Katrina and Rita. However, these data must be interpreted with caution. As pointed out by the Energy Information Administration (EIA), the preliminary weekly delivery estimates likely overstate the actual demand decline.
- **Projected 2005 global demand growth** is revised down by 70 kb/d, to 1.20 mb/d. Third quarter demand grew by an estimated 1.0% year-on-year, with OECD demand flat (0.0%) and non-OECD demand growing by 2.4%. In the fourth quarter, global demand is projected to grow by 1.5%.

Global Oil Demand from 2004 to 2006

	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
Demand (mb/d)	82.2	80.9	81.7	83.8	82.2	83.9	81.9	82.5	85.1	83.3	85.2	83.4	84.5	87.0	85.0
Annual Change (%)	2.9	5.3	3.7	3.1	3.7	2.1	1.3	1.0	1.5	1.5	1.6	1.7	2.4	2.2	2.0
Annual Change (mb/d)	2.3	4.1	2.9	2.5	2.9	1.7	1.0	0.8	1.3	1.2	1.4	1.4	2.0	1.9	1.7
Changes from last month's report (mb/d)	-	-	-	-	-	-	-	0.1	-0.4	-0.1	-0.1	-	-0.2	-0.2	-0.1

- **Baseline global demand** is revised down by 60 kb/d in 2005 and 140 kb/d in 2006. Global demand is projected to average 83.35 mb/d in 2005 and 85.01 mb/d in 2006.

Global Oil Demand by Region

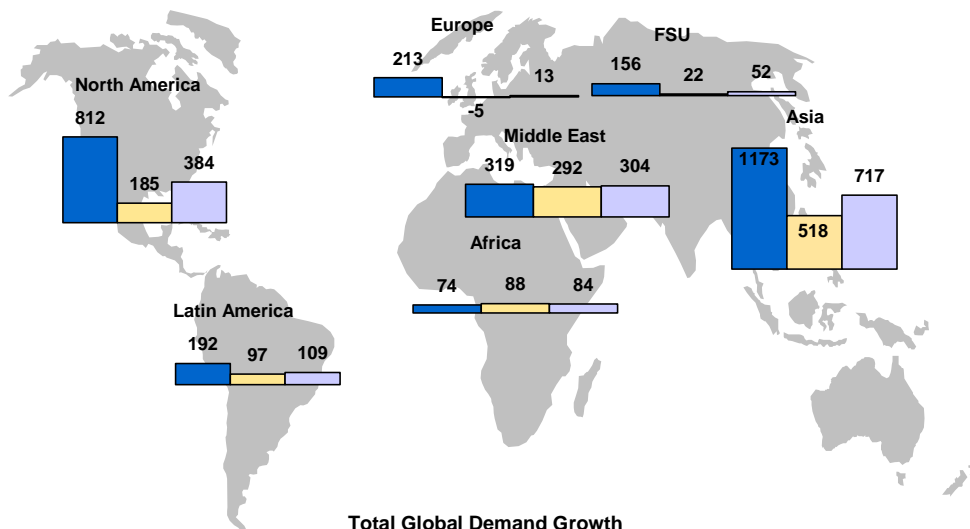
(million barrels per day)

	Demand	Annual Change			Annual Change (%)		
	2005	2004	2005	2006	2004	2005	2006
North America	25.52	0.81	0.18	0.38	3.3	0.7	1.5
Europe	16.32	0.21	-0.01	0.01	1.3	0.0	0.1
OECD Pacific	8.64	-0.16	0.11	0.09	-1.9	1.3	1.0
China	6.65	0.86	0.21	0.43	15.4	3.3	6.5
Other Asia	8.72	0.48	0.19	0.20	5.9	2.3	2.3
Subtotal Asia	24.01	1.17	0.52	0.72	5.3	2.2	3.0
FSU	3.77	0.16	0.02	0.05	4.4	0.6	1.4
Middle East	5.89	0.32	0.29	0.30	6.0	5.2	5.2
Africa	2.89	0.07	0.09	0.08	2.7	3.1	2.9
Latin America	4.96	0.19	0.10	0.11	4.1	2.0	2.2
World	83.35	2.94	1.20	1.66	3.7	1.5	2.0

- **Chinese apparent demand** grew by approximately 8.6% year-on-year in September as the government successfully pressured state-owned refiners to limit product exports. A government policy of keeping administered retail prices below the international market had encouraged refiners to export products, which contributed to occasional product shortages. Preliminary indications are that gasoline exports will remain low at least through November. Looking to 2006, demand for transport fuels is expected to grow by approximately 8-10%, but demand for oil in power may fall off more rapidly than previously anticipated. On the whole, apparent demand is expected to grow by 6.5% in 2006.

Global Demand Growth 2004/2005/2006

thousand barrels per day



Total Global Demand Growth (mb/d)

2004	2.94	3.7%
2005	1.20	1.5%
2006	1.66	2.0%

OECD

Overview of OECD Demand Trends

Preliminary Inland Deliveries - September 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
USA ³	8.79	-2.5	1.60	-0.6	3.00	-4.9	0.91	0.3	0.88	12.2	4.8	-5.1	19.98	-2.7
Canada	0.69	-3.7	0.12	-2.4	0.49	3.8	0.05	-14.8	0.14	-8.7	0.2	-18.7	1.70	-4.6
Mexico	0.68	8.1	0.06	3.6	0.32	6.2	0.00	na	0.33	-6.4	0.4	-1.6	1.77	2.5
Japan	1.08	2.1	0.34	6.2	0.63	-2.5	0.44	-2.6	0.48	-4.0	1.6	8.7	4.55	2.7
Korea	0.16	-5.9	0.07	20.0	0.37	-3.6	0.06	-23.7	0.21	-6.6	1.1	5.5	1.99	0.6
France	0.26	-7.0	0.14	1.7	0.65	0.1	0.32	-6.9	0.06	27.9	0.5	-2.6	1.94	-2.1
Germany	0.52	-10.3	0.19	10.0	0.62	-3.0	0.57	-9.6	0.09	-2.2	0.5	6.4	2.51	-3.6
Italy	0.32	-6.7	0.09	-0.6	0.53	3.9	0.10	-8.0	0.14	-32.6	0.4	-3.1	1.57	-5.5
Total	11.81	-2.2	2.49	1.7	6.14	-2.6	2.40	-4.8	2.19	-0.8	9.3	-0.8	34.31	-1.7

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

Percentage change is calculated versus last year

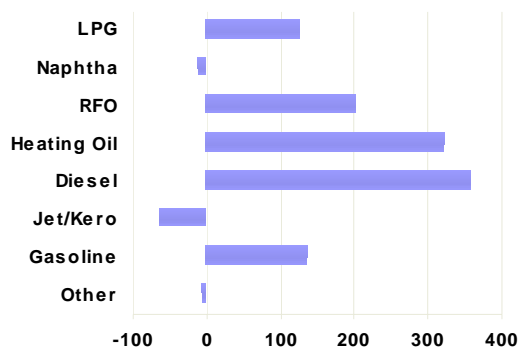
¹ excludes refinery fuel and bunkers (except US)

² includes direct use of crude oil

³ fifty states only. Diesel's share of total distillate is estimated. Note that monthly US demand data are subject to revision, as discussed in the Reports dated 13 July 2005 and 11 August 2005

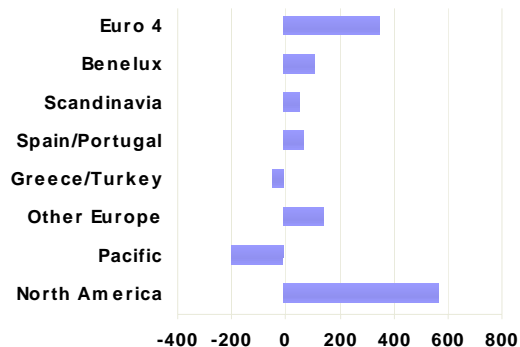
OECD Oil Products Demand Growth

August 05 vs. August 04 (kb/d)



OECD Oil Demand Growth

August 05 vs. August 04 (kb/d)



Total OECD Demand by Product

(million barrels per day)

	2004	2005	3Q04	4Q04	1Q05	2Q05	Jun 05	Jul 05	Aug 05	Latest month vs.	
										Jul 05	Aug 04
LPG & Ethane	4.86	4.81	4.43	5.05	5.40	4.36	4.46	4.39	4.52	0.13	0.13
Naphtha	3.22	3.29	3.20	3.33	3.40	3.15	3.01	3.25	3.28	0.02	-0.01
Motor Gasoline	14.88	14.87	15.24	14.89	14.46	15.08	15.37	15.27	15.51	0.24	0.14
Jet & Kerosene	4.11	4.21	3.94	4.24	4.62	3.91	4.00	3.96	4.03	0.06	-0.06
Gas/Diesel Oil	12.85	13.02	12.46	13.40	13.38	12.64	12.74	12.16	12.76	0.60	0.68
Residual Fuel Oil	4.59	4.60	4.46	4.67	4.89	4.37	4.48	4.36	4.54	0.18	0.20
Other Products	4.98	4.96	5.43	4.88	4.42	5.22	5.81	5.32	5.42	0.10	0.00
Total Products	49.49	49.76	49.17	50.48	50.58	48.74	49.88	48.72	50.04	1.33	1.08

Pacific

Temperatures were well above normal in Japan in September and October, with heating degree days about 50% lower than normal for the two months. Heating degree days were down by some 20% versus September and October last year. In spite of high temperatures, preliminary reports of Japanese deliveries of jet fuel/kerosene in September were 6.2% above levels of a year ago, possibly associated with a pick-up in the Japanese economy and consumer inventory building. September 2004 deliveries were also relatively low, so this year's deliveries are viewed against a low baseline.

Overall, Japanese demand increased by some 2.3% year-on-year in September. This strength is attributed to increasing consumption in petrochemicals, as year-on-year LPG and naphtha consumption grew by 12% and 16% respectively. Gasoline demand growth was also strong (2.1%) versus a relatively weak September 2004 baseline. In contrast, consumption of oil in the power sector was down, partly due to warmer temperatures.

With an eye towards longer-term trends, Japanese sales of mini-vehicles (less than 660cc) increased by 8.4% in October versus the same period last year. In contrast, sales of other vehicles fell by 3.4%. Although this is only one month, it is indicative of a broader trend towards sales of smaller vehicles. Mini-vehicles are especially popular among female drivers, a growth segment of the market. The share of female drivers grew by 9% (to 42.5%) between 1984 and 2004.

OECD Pacific Demand by Product

(million barrels per day)

	2004	2005	3Q04	4Q04	1Q05	2Q05	Jun 05	Jul 05	Aug 05	Latest month vs.	
										Jul 05	Aug 04
LPG & Ethane	0.88	0.89	0.79	0.88	1.00	0.87	0.86	0.84	0.78	-0.06	-0.01
Naphtha	1.57	1.63	1.56	1.63	1.69	1.54	1.49	1.57	1.62	0.04	-0.01
Motor Gasoline	1.60	1.62	1.70	1.63	1.59	1.59	1.64	1.62	1.75	0.13	0.01
Jet & Kerosene	1.02	1.05	0.74	1.12	1.54	0.77	0.76	0.70	0.71	0.01	-0.06
Gas/Diesel Oil	1.89	1.89	1.81	1.95	1.99	1.85	1.97	1.71	1.77	0.06	-0.03
Residual Fuel Oil	1.05	1.05	1.03	1.05	1.17	0.98	1.00	0.97	1.00	0.03	-0.03
Other Products	0.52	0.51	0.54	0.52	0.52	0.50	0.55	0.55	0.51	-0.04	-0.06
Total Products	8.53	8.64	8.16	8.77	9.49	8.10	8.26	7.97	8.13	0.17	-0.19

Looking to the winter, Korea maintains that it has largely covered its LNG (liquefied natural gas) needs. However, the situation could change if temperatures are low, which could in turn have an impact on the demand for fuel oil. Korea typically depends on spot LNG to augment contracted supplies, but this winter it appears that high natural gas prices in the US will draw spot LNG away from the Asian market. As a consequence, if unusually cold weather arrives, Korea may have to sharply increase its consumption of fuel oil in the power sector to make natural gas available to the residential/commercial sector for heating (where limited substitutes are available).

To complicate matters, the Korean power sector's demand for fuel oil versus LNG has swung widely in recent months. Korean LNG import prices are typically linked to oil prices via a formula whereby LNG prices vary less than oil prices. Recently, natural gas prices were reported to be about 15% lower than fuel oil, which led to fuel switching into natural gas in September and early October. At this point it is obviously very difficult for Korea to project the variable portion of its LNG needs, which increases the probability that fuel oil will play a large role as a swing fuel.

Like Korea, Japan is also a major LNG consumer—in fact it is the world's largest consumer of LNG. However, it is probably less exposed to the prospect of a tight LNG market this winter. Japan is not as dependent as Korea on spot supplies and typically its gas consumption is much less seasonal.

Europe

Temperatures were well above normal in most of Europe in September and October. Heating degree days were about 30% lower than normal over the two months and 15-20% less than the same period a year ago. German heating oil demand was down by some 9.6% in September, and this weakness is expected to carry into October. French heating oil demand was adjusted downwards by approximately 60 kb/d for the month of October. Italian fuel oil demand continues to post large year-on-year declines, in part due to warmer temperatures and relatively high hydroelectricity output. In general, fuel oil demand is in decline as natural gas supplies continue to supplant fuel oil.

OECD Europe Demand by Product

(million barrels per day)

	2004	2005	3Q04	4Q04	1Q05	2Q05	Jun 05	Jul 05	Aug 05	Latest month vs.	
										Jul 05	Aug 04
LPG & Ethane	1.03	1.00	0.91	1.05	1.13	0.91	0.88	0.87	0.92	0.05	0.07
Naphtha	1.15	1.15	1.10	1.15	1.21	1.15	1.07	1.09	1.13	0.04	0.05
Motor Gasoline	2.78	2.67	2.89	2.72	2.52	2.76	2.80	2.75	2.80	0.05	-0.08
Jet & Kerosene	1.18	1.23	1.27	1.17	1.15	1.24	1.30	1.29	1.40	0.11	0.10
Gas/Diesel Oil	5.98	6.08	5.84	6.37	6.17	5.80	5.79	5.71	6.05	0.34	0.55
Residual Fuel Oil	2.02	1.99	1.98	2.08	2.13	1.91	1.98	1.87	1.85	-0.02	-0.05
Other Products	1.48	1.49	1.60	1.48	1.26	1.54	1.64	1.64	1.55	-0.09	0.07
Total Products	15.62	15.60	15.60	16.01	15.56	15.31	15.45	15.24	15.72	0.47	0.70

While the overall trend in European gasoline demand is negative, increases in retail prices appear to have taken an additional bite out of demand as gasoline consumption declined by approximately 7-10% in September in major consumers, France, Germany and Italy. Oil product prices have fallen back in October and demand is expected to recover in coming months. Of course, moving into winter, the near-term outlook for European demand is heavily weather dependent.

North America

Preliminary indications are that US oil product demand declined in both September (-2.3% year-on-year) and October (-1.1%). Of course, the price increases and disruptions associated with Hurricanes Katrina and Rita had a substantial impact, but at the same time temperatures were very warm, contributing to the decline. Extended heavy rains in the US Northeast likely affected October driving patterns, but on the whole preliminary delivery data suggest that the retail price spike contributed to negative gasoline demand growth. October gasoline demand is revised down by 220 kb/d.

OECD North America Demand by Product

(million barrels per day)

	2004	2005	3Q04	4Q04	1Q05	2Q05	Jun 05	Jul 05	Aug 05	Latest month vs.	
										Jul 05	Aug 04
LPG & Ethane	2.95	2.92	2.73	3.12	3.27	2.57	2.72	2.68	2.82	0.14	0.07
Naphtha	0.50	0.52	0.54	0.56	0.50	0.47	0.46	0.59	0.53	-0.06	-0.04
Motor Gasoline	10.50	10.58	10.65	10.55	10.35	10.74	10.93	10.89	10.95	0.06	0.21
Jet & Kerosene	1.91	1.93	1.93	1.96	1.94	1.89	1.95	1.97	1.92	-0.06	-0.10
Gas/Diesel Oil	4.98	5.04	4.81	5.08	5.22	5.00	4.98	4.74	4.94	0.19	0.16
Residual Fuel Oil	1.51	1.56	1.46	1.54	1.60	1.48	1.50	1.52	1.69	0.17	0.28
Other Products	2.98	2.97	3.29	2.89	2.65	3.18	3.63	3.12	3.35	0.23	-0.01
Total Products	25.34	25.52	25.41	25.69	25.53	25.33	26.17	25.51	26.19	0.68	0.57

It is important to emphasise that the widely reported drop-off in demand in the weeks following the hurricanes is likely overstated. As the Energy Information Administration (EIA) has pointed out, the *Weekly Petroleum Status Report (WPSR)* often understates demand growth (see *Caveats on US Weekly Data and Oil Demand Growth*). In addition, certain areas, such as product exports, are estimated and subject to revision. Finally, when logistics are disrupted to such a large extent, the

weekly delivery data may not reflect actual product demand. Based on the WPSR four-week average to 30 September, product deliveries declined by some 2.9%. This Report's estimate for the September year-on-year demand decline is provisionally pegged at 2.3% and could be revised further.

Although the evidence is limited, anecdotal reports of traffic patterns support the contention that the actual decline in September gasoline demand could be less than indicated by the preliminary delivery data. For example, traffic in the Eisenhower tunnel, which is in the western state of Colorado, decreased by only -0.2% in September.

It appears that US product demand is rebounding to some extent as prices have fallen off sharply in October. Gasoline demand posted a year-on-year increase of 0.8% for the week ending 31 October. Economic growth remains strong, and in fact exceeded expectations in the third quarter, growing by 3.8%. The most obvious weakness is in job growth, which was slower than expected in October. Looking forward, the weather is obviously a key variable. If temperatures fall, demand could recover very quickly.

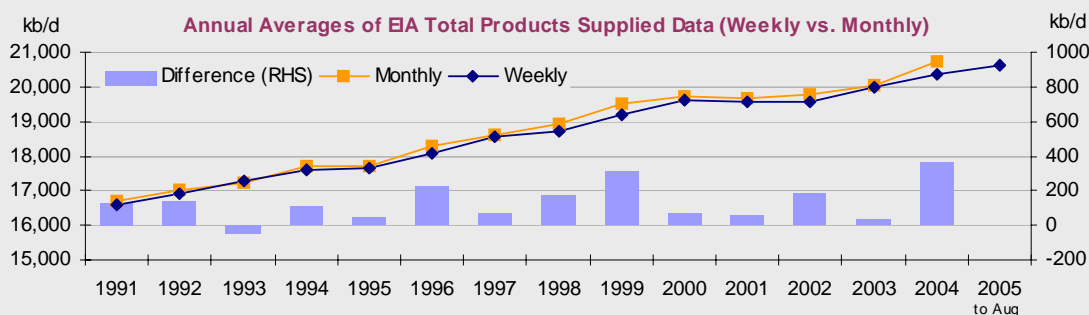
US gasoline demand growth is expected to average 0.5% in November and December, and increase to 1.6% for 2006. Note that this projection includes a rebound from the temporary disruptions that slowed demand growth in the third and fourth quarters of 2005. Underlying factors suggest that without these disruptions, gasoline demand would grow by some 1.0-1.5%. Demand for residual fuel oil should remain strong through the winter months if natural gas prices remain relatively high. At current natural gas prices, power stations are said to be using as much fuel oil as their environmental permits will allow.

Preliminary indications are that Canadian demand fell by 4.6% in September, with gasoline demand off by 3.7%. This follows from an exceptionally strong August, where demand grew by 5.3%. October demand is expected to remain weak (-0.4%). As in the US, relatively high prices and warm weather had a negative impact on demand growth.

Caveats on US Weekly Data and Oil Demand Growth

Each week the US Energy Information Administration (EIA) publishes a *Weekly Petroleum Status Report* (WPSR) which highlights developments in the US petroleum market based on preliminary weekly data. In the weeks following hurricanes Katrina and Rita, product delivery data were thrust into the headlines as evidence of 'demand destruction'. While there was a weakening in oil demand in these preliminary figures, it is important to note that these data represent a first estimation of refinery deliveries (a proxy for demand) before more complete monthly data become available. As such, they can at times either under or overstate final demand numbers.

Published alongside weekly data in the WPSR are estimates of oil demand growth. It is important to understand that these values represent a comparison of an average of the most recent four weeks of data with the prior-year data derived from monthly statistics published in the *Petroleum Supply Annual* (PSA). As the EIA cautions (*This Week in Petroleum*, 19 October 2005), first and foremost, this methodology (referred to as Method 1) is not a like-for-like comparison. It tends to yield, on average, a lower estimate of demand growth than otherwise obtained by using monthly data alone.



Caveats on US Weekly Data and Oil Demand Growth (continued)

As a result, using preliminary weekly data according to Method 1 can potentially lead to a lower estimate of oil demand growth. Between March 1992 and December 2004, in 66% of cases the four-week average growth rate for "total products supplied" appearing in the WPSR was lower than the average growth rate for the same four-week period derived from the final monthly data released in the PSA. Most of the upward revision in growth tended to occur in motor gasoline.

An alternative method to evaluate oil demand growth (Method 2) would be to compare the most recent four-week average versus the four-week average for the same period in the previous year. However, this method carries its own constraints. From a timing perspective, weeks are not perfectly aligned from year to year. Perhaps more importantly, weekly data are not revised backwards on a historical basis. Given that some of the weekly data uses estimation procedures based on seasonal trends, extreme events in the oil market may then be inadequately captured. On this basis, when examining oil demand growth using Method 2, no clear over/underestimation pattern emerges. Between 1992 and 2004, 53% of 'total products supplied' growth estimates turned out to be lower than the 'final' revised figure (50% for motor gasoline).

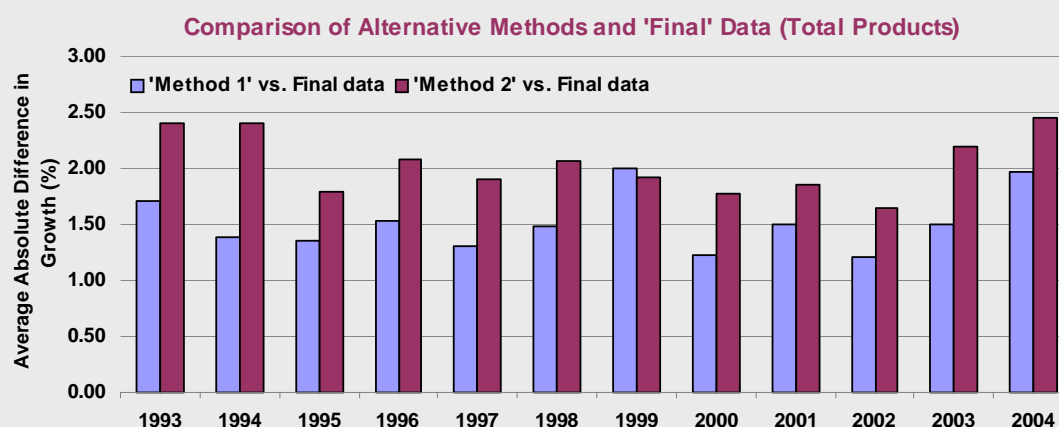
The table below illustrates the difference in the outcome of Methods 1 and 2 with respect to recent US oil demand growth. While Method 2 yields a year-on-year decline in 'total product supplied' (demand) of 0.3%, Method 1 (as published in the WPSR) yields a stronger contraction of 2.2%.

Comparing Alternative Methods of Assessing US Demand Growth

	4-wk average ending 21st Oct 2005 (kb/d)	4-wk average ending 21st Oct 2004 (kb/d)	Year-on-year Growth (%)
Total Products Supplied			
Method 1 (WPSR): Weekly 2005 data vs. Monthly 2004 data	20,311	20,766	-2.2
Method 2: Weekly 2005 data vs. Weekly 2004 data	20,311	20,382	-0.3
Motor Gasoline Supplied			
Method 1 (WPSR): Weekly 2005 data vs. Monthly 2004 data	8,891	9,074	-2.0
Method 2: Weekly 2005 data vs. Weekly 2004 data	8,891	8,976	-0.9

Year-ago monthly and weekly barrel per day data is assumed across the month or week to give a daily series from which the mean average of the relevant 28-day period is taken. According to EIA methodology, the last complete day of each period is the day before the "Week Ending" date.

To further complicate matters, even acknowledging the bias in Method 1, average revisions to growth when using this methodology tend to be smaller than with Method 2. This difference is illustrated in the chart below which compares the average *absolute* difference between final data and these respective methodologies.



In the end, there are no easy answers when it comes to evaluating preliminary US weekly data. The WPSR provides an important first look at the direction of oil demand, but also remains sensitive to data-collection issues, particularly in extreme circumstances. As such, recent weakness in preliminary gasoline demand data needs to be viewed with caution, particularly when set against recent upward revisions to August data and broader macroeconomic fundamentals.

Non-OECD

China

After months of relatively weak growth, Chinese apparent demand increased by an estimated 8.6% in September. There was strength in most oil products, in part due to continued robust economic growth, but also due to a concerted government effort to limit product exports. The low level of China's administered retail prices relative to the international market had encouraged oil product exports and discouraged imports for much of this year. This incentive contributed to product shortages in August and in response, the government eliminated tax rebates for gasoline and naphtha exports. This, plus government pressure on state-owned oil companies, appears to have helped alleviate the shortages.

Apparent demand for gasoline surged by approximately 14.4% in September as net exports dropped from some 230 kb/d in August to only 70 kb/d the following month. Growth in apparent gasoline consumption should remain strong as there are reports that planned exports will remain comparatively low through November. There are also indications of underlying demand strength, as car sales grew by 31% year-on-year in September and the economy continues to steam ahead, growing by an estimated 9.4% in the third quarter of 2005.

China Crude & Product Trade

(thousand barrels per day)

	2003	2004	4Q2004	1Q2005	2Q2005	3Q2005	Jul 05	Aug 05	Sep 05	Latest month vs. Aug 05 Sep 04	
Net Imports/(Exports) of:											
Crude Oil	1664	2346	2491	2305	2541	2294	2421	1950	2517	566	104
Products & Feedstocks	442	661	653	501	375	446	378	353	613	260	28
Gasoil/Diesel	-28	43	79	-6	-27	-40	-24	-71	-24	47	-57
Gasoline	-175	-125	-117	-151	-161	-155	-155	-233	-74	160	64
Heavy Fuel Oil	407	506	515	480	395	397	402	374	416	42	52
LPG	202	201	184	200	179	216	175	232	242	10	-13
Naphtha	-22	-33	-51	-49	-67	-25	-25	-47	-2	46	47
Jet & Kerosene	1	16	8	6	5	3	-16	25	1	-23	-51
Other	58	52	34	22	51	50	21	75	54	-21	-14
Total	2106	3008	3144	2807	2916	2740	2799	2304	3130	826	132

Sources: China Oil, Gas and Petrochemicals plus IEA estimates.

September crude throughput rose by a reported 10% year-on-year, which helped support apparent demand in the face of stagnant net product imports. Although there are plans to increase China's refining capacity by some 300-500 kb/d annually, recent reports suggest that refiners may slow expansions—in part due to negative refining margins. While China's product pricing policy has clearly had a disruptive short-term impact on the product market, this is the first evidence that the affect could be longer lasting.

China Demand by Product

(thousand barrels per day)

	Demand			Annual Change		Annual Change (%)	
	2004	2005	2006	2005	2006	2005	2006
LPG & Ethane	633	646	672	13	25	2.1	3.9
Naphtha	684	737	808	53	71	7.8	9.6
Motor Gasoline	1069	1098	1191	29	93	2.7	8.5
Jet & Kerosene	239	253	273	14	20	5.8	7.9
Gas/Diesel Oil	2150	2276	2445	126	169	5.9	7.4
Residual Fuel Oil	829	771	778	-59	7	-7.1	0.9
Other Products	828	864	911	35	47	4.3	5.5
Total Products	6433	6645	7077	212	432	3.3	6.5

Looking to 2006, it appears that demand for transport fuels will post growth of 8-10% as the economy continues to expand. However, the prospects for oil demand in power appear to have weakened further as power shortages have abated and the sector is moving away from comparatively high-priced fuel oil. Power demand is projected to grow by 10.5% in 2006, down from 13% in 2005. At the same time, considerable generation capacity is expected to come online. Because the power market is

moving more quickly back into balance, projected fuel oil demand growth is revised down to 0.9%, and could be subject to further revision. Diesel demand is expected to grow by approximately 7.4% as the economy continues to expand at a rapid pace, but this is also subject to revision if we see sharper declines in the use of small diesel power generators.

Other Non-OECD

In Asia, there is growing concern about the possible spread of avian flu as both the World Bank and the Asian Development Bank have warned that an epidemic could send the region's economies reeling. The SARS crisis had a substantial impact on the demand for transport fuels, especially jet fuel. For the moment, however, the avian flu is limited to a handful of human cases.

The impact of recent increases in administered retail prices on major Asian consumers, such as **Indonesia** and **Thailand**, is becoming more evident. Following a 1 October price increase it appears that Indonesian demand immediately fell by some 34%. Thailand increased oil product exports by some 26% as demand fell in September. Although demand growth is expected to come back in both of these countries, this certainly has an impact on the near-term regional demand picture.

Although it is a very small consumer (approximately 40 kb/d), it should be noted that **Myanmar** has joined the ranks of Southeast Asian countries that have had to raise administered retail prices. The price of gasoline and diesel was raised from 180 kyat and 160 kyat, respectively, to 1,500 kyat (about \$1.22/gallon) for both gasoline and diesel.

India Crude & Product Trade (thousand barrels per day)

	2003	2004	3Q2004	4Q2004	1Q2005	2Q2005	Jun 05	Jul 05	Aug 05*	Latest month vs.	
										Jul 05	Aug 04
Net Imports/(Exports) of:											
Crude Oil	1863	1945	2013	1742	1969	1894	1864	1820	2009	189	56
(by Public Oil Cos)	1243	1158	1214	1000	1133	1116	1103	978	1091	113	-123
Products & Feedstocks	-152	-176	-178	-222	-82	-92	-184	-31	-184	-152	-20
Gasoil/Diesel	-119	-139	-122	-162	-89	-108	-127	-74	-140	-66	-30
Gasoline	-72	-75	-75	-80	-53	-39	-40	-39	-47	-8	30
Heavy Fuel Oil	5	-6	-5	-20	-4	10	6	1	27	26	36
LPG	55	86	86	128	95	74	64	73	96	23	16
Naphtha	-1	-7	-29	-25	-15	-39	-77	-13	-74	-61	-48
Jet & Kerosene	-22	-47	-43	-74	-34	-5	-29	10	-56	-66	-21
Other	1	12	9	12	17	15	19	10	10	0	-2
Total	1712	1769	1834	1520	1887	1801	1681	1789	1825	36	36

* Preliminary

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

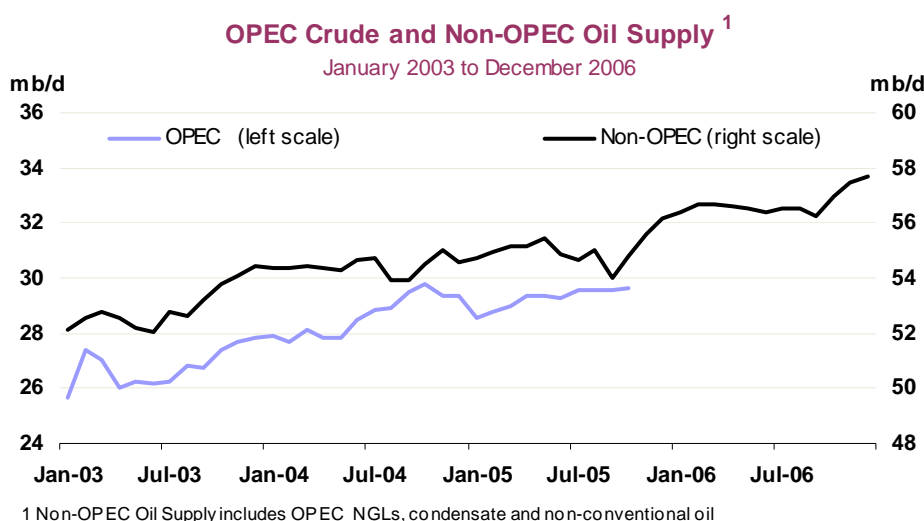
Indian demand fell by an estimated 4.5% in September. A decline was expected, as September 2004 baseline demand was strong and retailers reduced purchases following August inventory building in anticipation of a September administered price increase. There were also reports that diesel demand was down because the monsoon rains were adequate and farmers had less need for diesel powered pumps. Diesel demand fell by a preliminary 10.5% in September.

As would be expected given recent oil price levels, Middle East economies continue to post strong growth. For example, it is estimated that **Saudi Arabia's** economy will grow by some 6-7% this year. Based on past patterns, Middle East oil demand should grow in line with—or possibly even exceed—economic growth. In the future, substitution of natural gas for oil may temper growth in oil demand. However, in the near term, Middle East oil demand is projected to grow by approximately 5.2%.

SUPPLY

Summary

- **World oil supply** increased by 865 kb/d in October and averaged 84.4 mb/d. Half of the increase came from North America, with initial slow recovery after recent hurricanes, and increases from offshore Canada and Alaska, contributing. Significant October increases are also estimated for the North Sea, Russia, Brazil, Vietnam and China.
- Total October world supply stands 145 kb/d above last year. With US Gulf of Mexico (GOM) production still off by some 1.1 mb/d from normal levels, OECD supply stands 1.4 mb/d below October 2004. Total OPEC oil supply is up 395 kb/d versus a year ago while non-OECD supply is higher by 1.1 mb/d.
- Precautionary shut-ins ahead of Hurricane Wilma in the third week of October pushed lost **Gulf of Mexico (GOM)** crude output to 81 million bbls for the 26 August to 8 November period. Early November estimates put 740 kb/d of crude and 4.1 bcf/d of natural gas capacity still offline. Assumed outages through end-year are retained from last month's Report, with average December GOM crude losses of 410 kb/d, plus Louisiana crude and regional NGL shut-ins of an additional 130 kb/d. Recent reports suggest the impact of 2005's hurricane season will extend further into 2006. GOM supply for 2006 is adjusted down by a further 75 kb/d, focussed on the second quarter.
- Aggregate **non-OPEC supply** for 2005 is largely unchanged from last month, at 50.3 mb/d, while 2006 supply is revised up by 20 kb/d to 51.6 mb/d. Growth averages 180 kb/d in 2005 and 1.3 mb/d in 2006, with OPEC other liquids contributing a further 0.3-0.4 mb/d of growth in both years. However, this month's Report sees a continued shift away from OECD production and towards the non-OECD regions. A 100 kb/d reduction in projected 2006 OECD supply (USA and Canada) is countered by a 125 kb/d upward adjustment to the non-OECD. Upward revisions of 20 kb/d-plus are made to 2006 for Azerbaijan, Thailand, China, Oman and Yemen. Higher baseline supply for second half 2005 underpins these changes.
- **OPEC crude supply** averaged 29.6 mb/d in October. Excluding a 220 kb/d decline for Iraq, OPEC-10 production was up by 265 kb/d. The absence of liftings of Iraqi crude from Ceyhan, and lower shipments from southern ports, saw net Iraqi supply drop to 1.79 mb/d. Sustainable OPEC capacity was revised up by 0.1 mb/d to 31.8 mb/d, with notional and effective spare capacity for October of 2.2 mb/d and 1.2 mb/d respectively (the latter excluding Iraq, Nigeria, Venezuela and Indonesia). OPEC sustainable capacity could reach 32.1 mb/d at end-year and 33.0 mb/d at end-2006, with the bulk of short-term additions comprising lighter, sweeter material.
- **The 'call on OPEC crude and stock change'** is revised down modestly on an annual basis, averaging 28.3 mb/d for both 2005 and 2006. Downward revisions to demand (primarily North American) for fourth quarter 2005 and second-half 2006 lead to a 200-300 kb/d reduction in the call for both periods. The fourth quarter 2005 call is now 29.6 mb/d, near current OPEC supply.



All world oil supply figures for October discussed in this Report are IEA estimates. Estimates for OPEC countries, Alaska, Egypt and Russia are supported by preliminary October 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 outages (including hurricane-related stoppages) 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

The supply of crude from OPEC producers in October increased by 45 kb/d from September and averaged 29.6 mb/d. Substantial downward revision to the September estimate for Iran, and to a lesser extent Kuwait, cut that month's average output level by an aggregate 195 kb/d to just under 29.6 mb/d. For October, the key development was a 220 kb/d drop in Iraqi supply due to lower export liftings. Other OPEC producers increased collective supply by 265 kb/d (OPEC-10 production of 27.85 mb/d versus target 28.0 mb/d), with Iran and Kuwait underpinning that increase.

OPEC Crude Production

(million barrels per day)

	1 July 2005 Target	October 2005 Production	Sustainable Production Capacity ¹	Spare Capacity vs October 2005 Production	Production vs. Target
Algeria	0.89	1.37	1.37	0.00	0.48
Indonesia	1.45	0.95	0.98	0.03	-0.50
Iran	4.11	3.87	4.00	0.13	-0.24
Kuwait ²	2.25	2.51	2.60	0.09	0.26
Libya	1.50	1.65	1.65	0.00	0.15
Nigeria	2.31	2.46	2.56	0.11	0.15
Qatar	0.73	0.83	0.83	0.00	0.10
Saudi Arabia ²	9.10	9.50	10.50	1.00	0.40
UAE	2.44	2.60	2.60	0.00	0.16
Venezuela ³	3.22	2.12	2.20	0.09	-1.11
Subtotal	28.00	27.85	29.29	1.44	-0.16
Iraq		1.79	2.50	0.71	
Total		29.64	31.79	2.15	
<i>(excluding Iraq, Nigeria, Venezuela., Indonesia</i>				<i>1.22)</i>	

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

²Includes half of Neutral Zone Production

³Excludes upgraded Orinoco extra-heavy oil which averaged 576 kb/d in October

There was little sign of OPEC's earlier offer to make its 2 mb/d of spare capacity available to the market being taken up. Output from Saudi Arabia appears to be levelling off (incremental supply being largely heavy/sour crude) while there is evidence that Iran may have curbed supplies of lower quality crude in September/October (voluntarily or otherwise) in the face of limited demand for such grades. Kuwait too may be facing a limited call on its heavier production. That situation may change as complex refinery capacity on the US Gulf Coast gradually comes back online, and indeed this Report's projected call on OPEC crude and/or stock change suggests scant need for the Organisation to curb production in the next few months. Nonetheless, there are a number of recent and impending OPEC capacity changes (see below) which should begin to ease market concerns over supply-side flexibility as 2006 progresses. Furthermore, a substantial proportion of new OPEC supplies is likely to be of a quality more palatable to the wider refining community.

The next meeting of the OPEC Conference takes place in Kuwait on 12 December. While hazardous to speculate on what may emerge from that meeting, recent statements by OPEC representatives have tended to stress continuity of recent production levels and a desire to see crude prices fall into a band somewhere between \$40-\$60/bbl. Domestic political considerations and spending requirements within member states are also likely to set a floor below which members may be unwilling to see prices fall for a sustained period. The Organisation's ultimately achievable price aspiration will depend in large part on the global demand and non-OPEC supply responses to the high prices of the past 12-18 months. Since these effects will themselves likely be lagged, a definitive statement by OPEC on potential price targets may also be deferred.

Changes in OPEC Capacity

This month's Report sees a net 100 kb/d upward revision in OPEC sustainable crude production capacity, to 31.8 mb/d from last month's 31.7 mb/d. Net increases of 50-100 kb/d each accrue to Kuwait, Nigeria and UAE. These are based on impending increases before end-year from northern Kuwait, Nigeria's deepwater Bonga field and onshore expansions feeding Abu Dhabi's Murban stream respectively. In contrast, Iranian capacity is revised down by 100 kb/d to 4.0 mb/d. As discussed in the main text, reports concerning the recently inaugurated Soroush/Nowruz heavy oil fields suggest supplies are running well below erstwhile 190 kb/d capacity. While some of the recent downturn in supplies may be accounted for by a market-related cut in export sales, there are also reports that six months of repair work is needed to reinstate peak 100 kb/d output at Soroush.

Selected OPEC Capacity Increments in 2005 & 2006

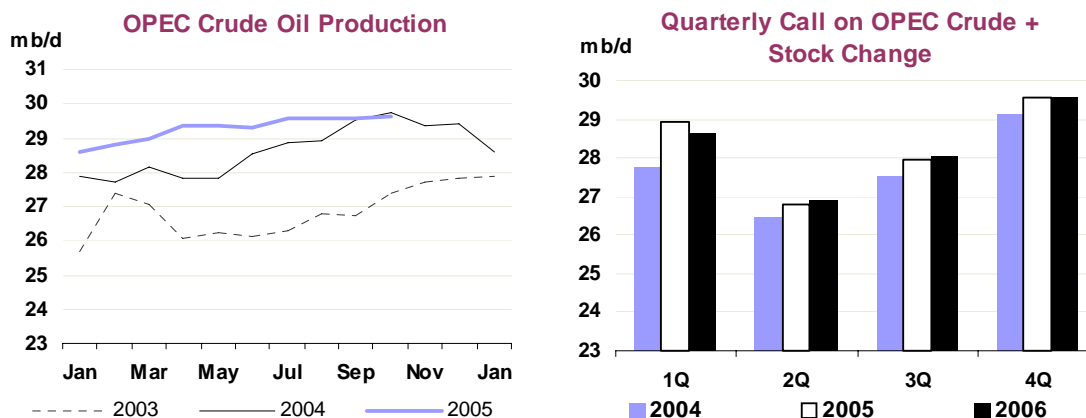
Country	Field/Stream	Gross Increment kb/d	API Gravity °	Sulphur %
Algeria	HBNE, ROD, El Gassi & MLN	255	>35	<0.5
Indonesia	Oyong, Jeruk, Tiaka, W.Seno, Belanak	85	>35	<0.5
Iran	Soroush/Nowruz	140	<30	>1
	Doroud	70	30-35	>1
	Darkhovin	160	>35	<0.5
Kuwait	Northern/western field rehabilitation	300	30-35	>1
Libya	Al Jurf, Elephant, El Shaharah, En Naga & WLGP	150	>35	<0.5
Nigeria	EA, Okono, Yoho, Abo, Bonga, Okw ori, Erha	485	30-35	<0.5
Qatar	various (net increment)	100	30-35	>1
Saudi Arabia	Qatif & Abu Safah, Haradh	450	30-35	>1
UAE	Murban	200	>35	0.5-1.0
Venezuela	Synthetic crude	175	30-35	<0.5
OPEC	NGL/condensate	600	>35	<0.5

Further OPEC capacity increases are expected in coming months, with end-2005 capacity estimated at 32.1 mb/d and 33.0 mb/d anticipated for end-2006. On a net basis (after accounting for assumed field decline), capacity is expected to have increased by 2 mb/d during 2005 and 2006. Key contributions to this increased capacity are shown in the table above. Importantly, given recent shortages in refinery upgrading capacity and the trend towards lighter, lower-sulphur products demand, capacity increases for now derive primarily from lighter/sweeter crude. OPEC output has been constrained in recent months due to scant market demand for heavy/sour oil which comprises the bulk of current spare capacity. This inflexibility in supply could therefore ease in the next twelve months.

OPEC itself has announced plans to have 38 mb/d-plus of crude capacity in place by the end of the decade. Potential barriers to attaining this goal include:

- Uncertain NOC and IOC oil sector investment levels (in the face of evolving spending priorities and tightening regulatory and fiscal terms respectively);
- the availability of capacity-constrained drilling and infrastructure equipment;
- potential shortages in technical personnel;
- the task of stemming mature field decline and;
- cost containment and achieving timely project completion.

These however are challenges that face all producers who are attempting to boost capacity, OPEC and non-OPEC alike.



Iraqi production is revised up by 40 kb/d for September, to 2.0 mb/d. This follows upward revisions to exports from both Kirkuk in the north, and from Basrah and other southern ports. Total September exports are now assessed at 1.6 mb/d, with 400 kb/d of crude consumed domestically. Despite the stronger than originally estimated September outcome, October saw production (net of deliveries into stocks and field re-injection) drop to 1.79 mb/d. Exports fell by 270 kb/d to 1.34 mb/d, with local refinery runs assessed to have risen modestly. Southern exports fell by 120 kb/d to 1.3 mb/d after weather related loading delays at mid-October. Combined tanker liftings and pipeline deliveries out of Ceyhan storage to Turkish refiner Tupras came to 150 kb/d in September. However, exports from Ceyhan fell to zero in October. Repairs on the northern export pipeline from Kirkuk allowed renewed pumping between 19-23 October. Subsequently, sabotage has again halted flows, with reports that it may be late November before shipments can recommence.

Recent months have seen a number of reports suggesting delays in achieving the country's target of 3.5 mb/d production. Whilst a year ago this was seen attainable by 2006, recent reports suggest that stabilising production around 2.0 mb/d may now be the more pressing priority for the next 12 to 18 months.

Iranian supply for September has been revised down substantially following reports of sharply lower exports. September supply is now assessed at 3.7 mb/d, 270 kb/d less than in last month's Report. Lower exports of heavy, offshore Soroush and Nowruz crude are partly responsible for the fall. Whether this resulted entirely from production shut-in due to technical problems is uncertain, with some reports suggesting that deliveries were made into storage to avoid selling at depressed prices in the current market environment. Partial recovery is thought to have occurred in October, with supply assessed at 3.87 mb/d. Nonetheless, with Iranian sources suggesting that Soroush output would remain below 100 kb/d capacity for up to six months, Iranian capacity has been scaled back from 4.1 mb/d to 4.0 mb/d. There are also concerns that attempts to sustain upstream investment in the short term are being hampered by delays in appointing a new Petroleum Minister.

Kuwaiti October supply is assessed to have risen by some 100 kb/d from a downward-revised September level of 2.4 mb/d. Limited incremental demand for its relatively high-sulphur production and ongoing gathering station outages is constraining Kuwaiti supply below capacity levels. However, on the assumption that production can be restored as planned at northern and western fields before end-year, Kuwaiti capacity has been raised to 2.6 mb/d. Further expansion of northern field capacity from 600 kb/d to 900 kb/d with foreign company involvement through "Project Kuwait" remains the subject of internal political debate. Press reports in October suggested that Kuwait will now look at expanding capacity also in southern areas, centred on the 1.5 mb/d Burgan field.

Output from the **UAE** in September has been revised up by 75 kb/d, to 2.59 mb/d, with a corresponding increase in capacity to 2.6 mb/d. The increase follows evidence of higher supplies of Murban crude from Abu Dhabi's onshore fields. State company ADNOC has been supplying incremental volumes over and above contracted term Asian supplies for some months. These extra volumes rose modestly for October lifting, underpinning the assessed rise to capacity 2.6 mb/d production levels last month. ADNOC has announced a dip of 60-70 kb/d for November extra volumes, followed by a similar rise for December.

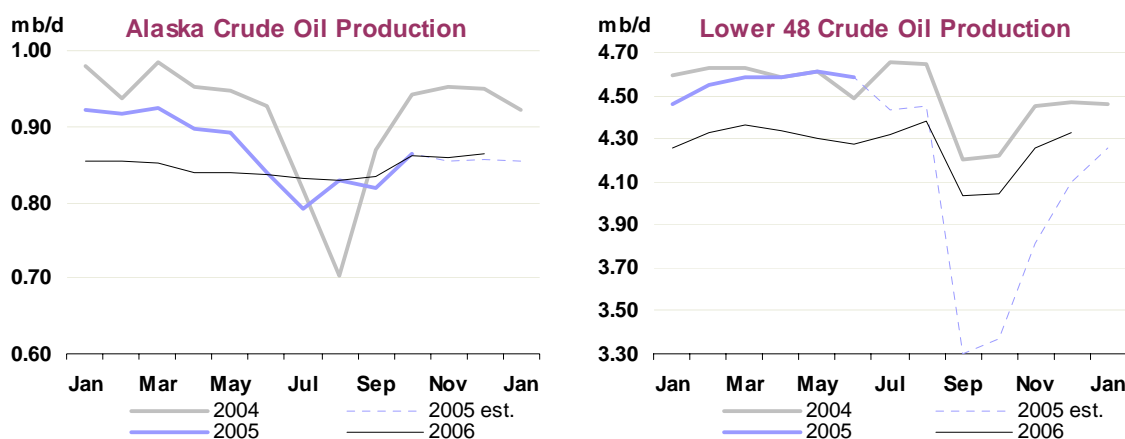
Renewed comments from **Saudi Arabian** sources that there was little sign of demand from its customers for extra crude oil came in a month when US refinery throughput continued to be hampered by hurricane-induced outages. Early-month export indications for October also suggested a modest dip in Saudi output, and as a result Saudi supply for the month is assessed down modestly at 9.5 mb/d. Statements from King 'Abd Allah at mid-month that the Kingdom was producing over 10 mb/d may have referred to total oil output rather than crude alone.

Aside from conventional crude oil, OPEC NGL and non-conventional oil output has been revised down by 15 kb/d in 2005 and by 45 kb/d in 2006. **Algerian** gas liquids output is scaled back, as the In Amenas project has been deferred to March 2006 from an original start-up scheduled for October 2005. Heavier maintenance at three of **Venezuela's** synthetic crude units cuts 2005 supply by 10 kb/d and 2006 output by 25 kb/d.

OECD

North America

US – October Alaska actual, others estimated: Provisional production data for the US covering the June to September period now suggest lower baseline production ahead of the arrival of Hurricanes Katrina and Rita. Although monthly GOM data are only available through June, the implication is that GOM production itself was running some 40 kb/d lower than expected in third quarter.



Alaskan production came in largely as expected in October, with crude rising by some 45 kb/d to 865 kb/d and Prudhoe Bay NGL rising 8 kb/d to 40 kb/d. Proposals to allow drilling in the Arctic National Wild Refuge (ANWR) of Alaska contained in a budget bill were carried by the US Senate but still have several legislative hurdles to cross before they become law. Total US oil production is now estimated at 7.31 mb/d in 2005 and 7.36 mb/d in 2006 compared to 7.66 mb/d in 2004.

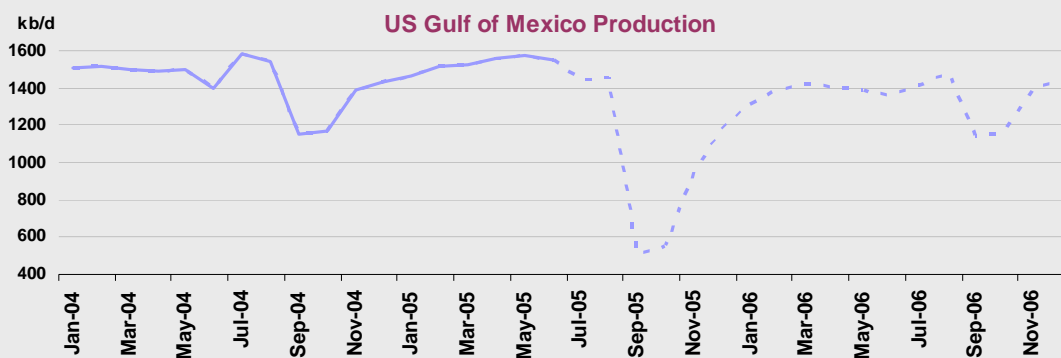
Canada – August actual: Canadian conventional crude output remained constrained in August at below 1.8 mb/d and indications are that September supply dipped further to around 1.67 mb/d. Shut-downs at the offshore Newfoundland Hibernia and Terra Nova fields underpin lower crude output. However, recovering conventional crude supply from October onwards, and from September onwards for synthetic crude, boosted total oil supply. From recent lows near 2.9 mb/d, October production is estimated at 3.1 mb/d. If confirmed by final data, this represents the highest level of Canadian production since November 2004.

Both offshore crude supply and synthetic output are expected to increase from reduced 2005 levels in 2006, in spite of a number of likely outages continuing to affect production. Recent reports suggest that 2006 maintenance affecting the Terra Nova production vessel could run for up to 90 days, longer than previously anticipated by the Report. October problems affecting a drilling rig are not expected to derail the end-2005 start of the offshore White Rose project, which should build to 90 kb/d output next year. Synthetic crude output is expected to rise by 120 kb/d in 2006 to 655 kb/d. Total Canadian production averages 3.2 mb/d in 2006 from 3.0 mb/d in 2005 and 3.1 mb/d in 2004.

Slowly Does It: No Quick Fix For US Gulf Hurricane Outages

As of 8 November, 740 kb/d of crude and 4.1 bcf/d of natural gas capacity remained offline in the US Gulf of Mexico (GOM) in the aftermath of this year's exceptional hurricane season. Additionally, shut-in NGL and Louisiana state crude production is estimated at over 200 kb/d. Further precautionary shut-ins ahead of Hurricane Wilma in the third week of October pushed the total loss of GOM crude output to 81 million bbls for the 26 August to 8 November period. Assumed outages through end-year have been retained largely unchanged from last month's Report, with average December GOM crude losses pegged at 410 kb/d, in addition to Louisiana crude and regional NGL shut-ins of a combined, additional 130 kb/d.

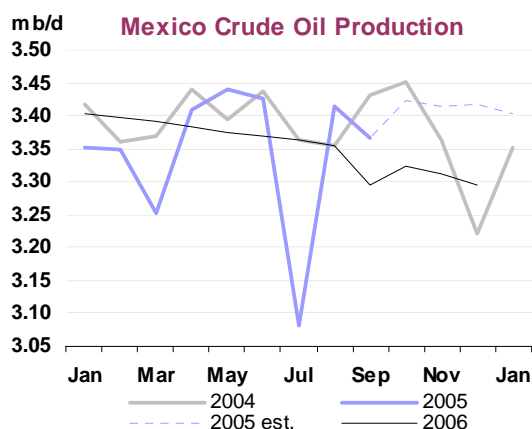
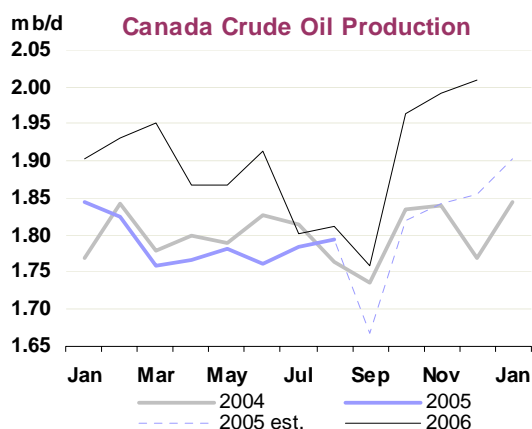
Problems with crude and gas pipelines, crude terminals and gas-processing plants still represent a greater obstacle to production recovery than does damage to offshore production facilities. The use of shuttle tankers to by-pass stricken pipelines has remained limited, with only some 35 kb/d of BP and Shell output involved so far. However, crude production received a boost with the reactivation from 3 November of Chevron's Empire crude terminal. This normally handles some 450 kb/d of Heavy Louisiana Sweet (HLS) crude. Earlier re-routing of pipelines had diverted HLS supply into the Mars pipeline and storage system, since supply of Mars blend faces long-term disruption after extensive hurricane damage sustained by producing facilities. However, HLS producers will possibly now revert to traditional shipment routes to reclaim crude value lost during sales via the Mars system.



While the short-term recovery profile for GOM production is largely unchanged from last month's assessment, there are indications that the impact running through 2006 could be deeper and longer lasting than previously believed. Progress in restoring gas-processing plant operations remains slow. The Department of the Interior now suggests that a period of 'several months to a year' will be required before GOM oil and gas production returns to normal. Some 30% of outer continental shelf (OCS) pipelines are damaged while 25% are inoperational due to ongoing downstream bottlenecks. Further negative news emerging in October about longer-term production recovery included:

- BP's statement that Thunder Horse start-up has been delayed into second half 2006;
- Chevron's announcement that the storm-damaged Typhoon tension leg platform may be abandoned completely (the company is examining ways to reinstate Typhoon production using alternative facilities, but this Report has deferred restart beyond the end of 2006 until details are clear);
- Shell's expectation that Mars field production will not restart until July 2006 at best;
- The downgrading of expectations for Murphy's Front Runner field (unrelated to hurricane activity), which now sees 2006 production of 26 kb/d compared to an earlier expected 60 kb/d.

This Report had earlier deferred Thunder Horse start-up into the second half of 2006, but the cumulative impact of the other three factors adjusts down GOM 2006 output by a further 75 kb/d this month, centred on the second quarter. Regional production next year could now struggle to regain the 1.5 mb/d seen before the storm season in 2005.



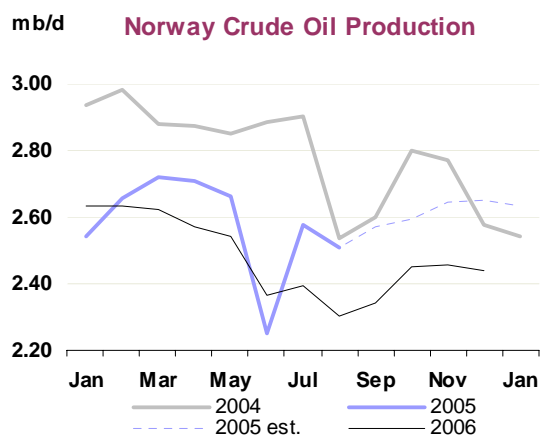
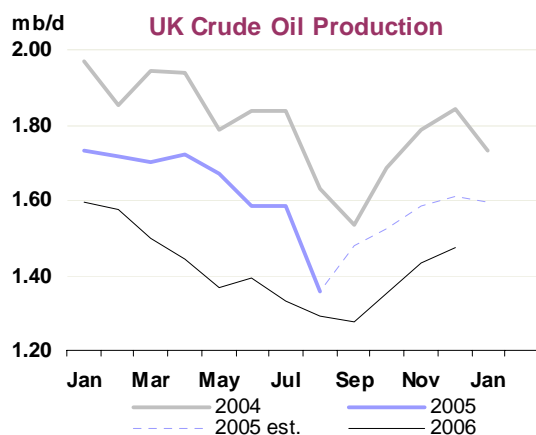
Mexico – September actual: September data reflected the impact of hurricane activity on Mexican production, with crude output dropping by 45 kb/d to 3.37 mb/d and NGL off by 12 kb/d to 416 kb/d. Nonetheless, crude output came in some 15 kb/d higher than expected in last month's Report. Further recovery is expected for October, despite reports of shut-ins due to lower demand for heavy/sour Maya crude from US Gulf refiners. Although Hurricane Wilma hit Mexico's Caribbean coast in the third week of October, neither production nor export facilities sustained damage.

This Report retains an earlier forecast of Mexican crude output broadly flat at 3.35 mb/d in 2005 and 2006. Tax reform measures are before parliament which, if enacted, could boost state producer Pemex's investment budget as early as 2006. Sharply higher upstream spending is seen as necessary to help the company offset decline from the 2 mb/d Cantarell field.

North Sea

UK – August actual: Third quarter 2005 UK production is revised down by 40 kb/d following a sharper-than-expected, 200 kb/d drop in August offshore output. Scheduled field maintenance underpins the fall versus July levels, although unscheduled stoppages affecting the Brent, Loyal and Schiehallion fields also contributed. Despite the weaker August performance, UK annual production is held largely unchanged from last month's forecast, as field-by-field data for a number of key systems through July generally came in higher than anticipated. Loading schedules for the Brent, Forties and Flotta systems also point to further production recovery in October and November.

Notwithstanding, UK oil production is on a declining trend, averaging an expected 1.85 mb/d in 2005 and 1.66 mb/d in 2006 after 2.06 mb/d in 2004. Recent high prices are something of a double edged sword for UK producers. Producer group UKOOA has identified a 25% increase in UK sector capital investment in 2005 after several years of static spending. However, high costs and poor exploration success rates may limit the impact of this spending surge on actual production. Furthermore, speculation has been building that UK producers may face tax increases before the end of 2005.



Norway – August actual, September provisional: August oil production was 20 kb/d higher than expected at 2.91 mb/d (of which 2.5 mb/d was crude), while September output averaged a provisional 2.95 mb/d (2.6 mb/d of crude), marginally lower than earlier forecast. A downward revision of 75 kb/d applied to October, holds oil output close to September levels. A fire reduced output at the Aasgard B platform and at the adjacent Mikkel condensate facility, although operations were approaching normal levels again in early November. Condensate production from Sleipner East also suffered an 11-day outage in October. On a more positive note, Statoil's Kristin gas-condensate field began output in early November, with initial peak liquids volumes of 75 kb/d expected in 2006.

Weaker than expected September and October supplies and a modest downward revision to condensate supply result in 10 kb/d downward adjustments to forecast 2005 and 2006 oil Norwegian production. Overall, however, this Report's forecast remains largely unchanged, envisaging Norwegian production to average 3.0 mb/d in 2005 and 2006 versus some 3.2 mb/d in 2004. Norway's Petroleum Directorate recently revised down expected production to similar levels.

Former Soviet Union (FSU)

Russia – September actual, October provisional: Russian oil output rose in excess of 9.6 mb/d in October and has now shown month on month gains since May, after a hiatus caused in part by the dismantling of former number one producer, Yukos. The investment climate in Russia remains uncertain, with upcoming changes in fiscal policy, licensing and ownership structure likely to play a key role in determining production levels in the months and years to come. There are concerns that state-sponsored producers Gazprom and Rosneft (who have bought, or are about to buy, assets formerly held by Yukos and Sibneft) will lack the investment capital or operational flexibility necessary to sustain production growth. This Report, despite recognising a likely slow-down from levels seen early in the decade, nonetheless expects growth to continue at 250-300 kb/d in 2005 and 2006. As such, our outlook is slightly more optimistic than that of the Energy Ministry and a number of other analysts. Next year's growth derives in part from:

- new production at the Sakhalin-1 and Salym projects (operated by ExxonMobil and Shell respectively);
- sustained growth from Lukoil, Surgutneftegaz and BP-TNK and;
- an assumed stemming of the recent decline in production from Yukos and Sibneft.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

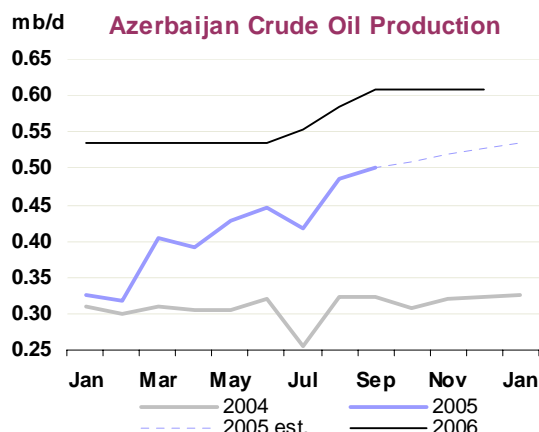
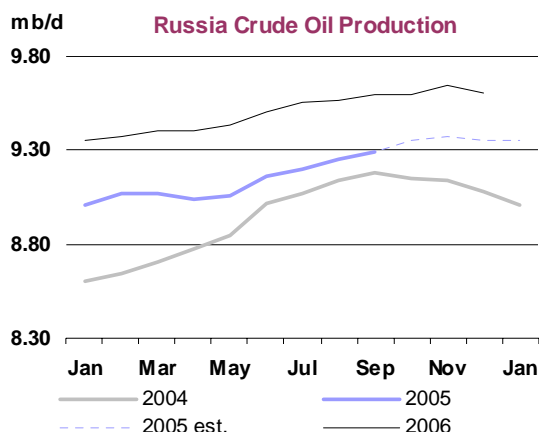
	2003	2004	4Q2004	1Q2005	2Q2005	3Q2005	Jul-05	Aug-05	Sep-05	Latest month vs. Aug-05 Sep-04	
Crude											
Black Sea	2.21	2.20	2.28	2.22	2.38	2.30	2.34	2.32	2.23	-0.10	0.20
Baltic	1.06	1.51	1.48	1.64	1.61	1.57	1.48	1.59	1.64	0.06	0.10
Artic/FarEast	0.21	0.25	0.30	0.19	0.19	0.22	0.22	0.22	0.21	0.00	-0.13
Crude Seaborne	3.47	3.96	4.06	4.04	4.18	4.08	4.04	4.12	4.08	-0.04	0.16
Druzba Pipeline	1.07	1.10	1.14	1.13	1.10	1.14	1.13	1.12	1.17	0.04	0.00
Other Routes	0.17	0.23	0.25	0.28	0.35	0.35	0.33	0.37	0.37	0.00	0.06
Total Crude Exports	4.71	5.29	5.46	5.45	5.64	5.58	5.49	5.61	5.62	0.01	0.23
Of Which: Transneft	na.	3.76	3.86	4.01	4.26	4.26	4.15	4.33	4.30	-0.04	0.62
Products											
Fuel oil	0.83	0.90	0.87	0.78	0.91	1.02	1.11	0.97	0.98	0.01	0.03
Gasoil	0.82	0.84	0.78	0.89	0.80	0.85	0.84	0.83	0.88	0.06	0.09
Other Products	0.41	0.46	0.42	0.58	0.56	0.58	0.61	0.54	0.59	0.05	0.20
Total Product	2.05	2.19	2.07	2.25	2.27	2.45	2.56	2.34	2.45	0.12	0.32
Total Exports	6.76	7.48	7.52	7.70	7.90	8.02	8.05	7.95	8.07	0.12	0.55
Imports	0.02	0.01	0.01	0.01	0.01	0.02	0.04	0.01	0.01	0.00	0.00
Net Exports	6.74	7.47	7.51	7.69	7.90	8.00	8.01	7.94	8.06	0.12	0.55

Sources: Petro-Logistics, IEA estimates

There appears to be some recognition within government circles of a need to promote new field development, partly through tax holidays. There are proposals for capping future rises in extraction taxes when oil prices rise above a certain level and, for the first time, differentiating extraction taxes on the basis of crude quality. Shorter-term relief for producers may derive from a government pledge not to raise crude export duties further. However, this was achieved in return for a commitment by

certain producers to cap domestic oil products prices. The current differentiation between crude and product export duties strongly encourages refining crude domestically and exporting products.

FSU net exports rebounded by 120 kb/d in September to reach 8.06 mb/d. Although crude exports overall were unchanged at 5.6 mb/d, shipments from Baltic Ports and by the Druzhba pipeline into central Europe rose at the expense of Black Sea liftings. A gradual shift in Russian exports northwards has been evident for some time, avoiding bottlenecks in the Turkish Straits. Indeed shipping sources, noting seasonally rising delays for vessels transiting the Straits, nonetheless highlight that these are well below the levels seen a year ago. September products exports increased by 110 kb/d to 2.45 mb/d, having dipped in August from July's 2.56 mb/d. Initial indications for crude exports via the Transneft pipeline system suggest a 100 kb/d fall in October and a more modest fall in November.

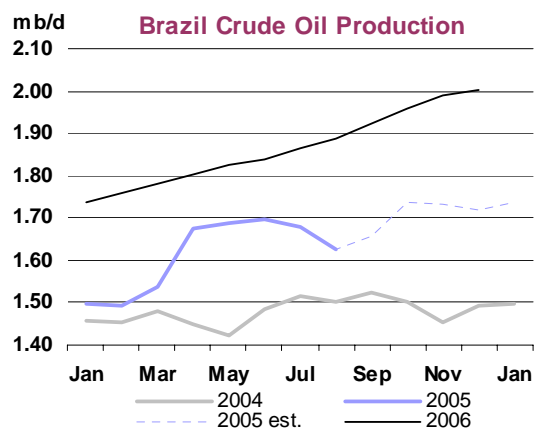


Azerbaijan – September actual: Production from Azerbaijan has shown a steady rise since early 2005 as output from the AIOC consortium's offshore Azeri field has augmented existing Chirag output and that of state producer Socar. August and September data show AIOC production running higher than expected, in excess of 300 kb/d. The sharper than anticipated build in high quality Azeri Light supplies leads to a 25 kb/d upward revision to forecast Azerbaijan production for 2005 and 2006, now projected at 445 kb/d and 570 kb/d respectively. Earlier, more conservative estimates had hinged upon uncertainty over commencement of liftings from the Baku-Tbilisi-Ceyhan export pipeline. Although first crude liftings from Ceyhan do appear to have been pushed back from late 2005 into first quarter 2006, this has not hindered production ramp-up. BTC linefill has been augmented by exports channelled via the Supsa and Novorossiysk pipelines and by rail to Batumi.

After an early 2006 plateau, national production should increase again in the second half of 2006 when the west Azeri satellite enters production. There is further upside potential for Azeri liquids output in 2006 (not currently captured in this Report's projections) if BP's Shah Deniz project comes to fruition on schedule in late 2006. Shah Deniz condensate is likely to be blended into the Azeri Light production stream.

Other Non-OPEC

Brazil – August actual: Brazilian August crude production averaged a stronger than expected 1.63 mb/d. However, expectations have been lowered by 40-55 kb/d for the forecast period through first half 2006. Provisional September data show a slower recovery after maintenance at the P-18 and P-20 facilities in the Campos Basin. Start-up at the 175 kb/d Albacore Leste project has also been pushed back to early 2006 from October 2005. There are also concerns that a proposed oil workers' strike from mid-November could curb production, although for now this is not incorporated in forecast production. Nonetheless, incremental oil from the Jubarte, Albacore Leste, Golfinho and Piranema fields is likely to see a steady increase in 2006 Brazilian production. Crude output is expected to average 1.87 mb/d next year, after 1.65 mb/d in 2005 and 1.48 mb/d in 2004.



Revisions to other non-OPEC estimates: In aggregate, adjustments to forecast non-OPEC supply are relatively minor this month, with a 20 kb/d net upward revision for 2006. However, this masks more substantial changes between regions, with downward adjustments of between 50-150 kb/d for OECD production from third quarter 2005 onwards being countered by upward adjustments to non-OECD output. Revisions to North American, North Sea, FSU and Brazilian supply estimates are discussed above.

Revisions to Non-OPEC Oil Supply

(million barrels per day)

	Last Month's OMR			This Month's OMR			This Month vs. Last Month		
	2005	2006	06 vs. 05	2005	2006	06 vs. 05	2005	2006	06 vs. 05
North America	14.15	14.48	0.33	14.13	14.38	0.25	-0.02	-0.10	-0.07
Europe	5.72	5.47	-0.25	5.70	5.46	-0.24	-0.02	-0.01	0.01
Pacific	0.56	0.58	0.02	0.59	0.58	-0.01	0.03	0.01	-0.02
Total OECD	20.43	20.53	0.09	20.42	20.42	0.01	-0.02	-0.10	-0.09
Former USSR	11.59	12.09	0.50	11.60	12.12	0.52	0.01	0.02	0.02
Europe	0.16	0.15	-0.01	0.16	0.15	-0.01	0.00	0.00	0.00
China	3.63	3.60	-0.02	3.63	3.63	0.00	0.01	0.03	0.02
Other Asia	2.71	2.81	0.10	2.74	2.84	0.11	0.02	0.03	0.01
Latin America	4.32	4.51	0.19	4.30	4.50	0.20	-0.02	-0.01	0.01
Middle East	1.82	1.75	-0.06	1.86	1.81	-0.05	0.04	0.06	0.02
Africa	3.76	4.25	0.49	3.72	4.25	0.53	-0.04	-0.01	0.04
Total Non-OECD	27.99	29.18	1.20	28.00	29.30	1.30	0.02	0.12	0.11
Processing Gains	1.86	1.90	0.04	1.86	1.90	0.04	0.00	0.00	0.00
Total Non-OPEC	50.28	51.61	1.33	50.28	51.63	1.35	0.00	0.02	0.02

OMR = Oil Market Report

Estimated production for **Chad** has been reduced for the period back to 2004. Output is now estimated at 175 kb/d in 2004, 180 kb/d in 2005 and 210 kb/d in 2006. Problems with water cut have kept output and exports below an originally planned 225 kb/d although remedial work is expected to allow such levels to be reached again in 2006.

In the Middle East, production for **Oman** is revised up by 30-40 kb/d for 2005 and 2006 and in **Yemen** by 10-20 kb/d. Government data for the first half 2005 oil production from Oman point to a shallower decline than suggested by provisional early-year data. For Yemen, a review of expectations for individual fields, including government projections for the Marib and Masila fields, underpins the now-higher expectations.

Latin American adjustments centre on the changes expected for Brazil. However, recent data also point towards weaker performance from **Ecuador**, but a stronger performance from **Colombia**. In the latter, improved terms for foreign operators have increased production at newer fields, offsetting decline at the established Cano Limon and Cusiana fields.

Asian production is revised up by 30 kb/d in 2005 and 60 kb/d in 2006 based on stronger performance from **Thailand, Malaysia, India** and **China**, but a weaker profile for **Vietnam**. Higher baseline supply in the former three producers combines with a now-slower decline for mature offshore China production. In contrast, expectations for Vietnam's Bach Ho field have been lowered for 2006.

OECD STOCKS

Summary

- **OECD total industry oil stocks** held relatively flat in September, closing at 2645 mb, or 61 mb above a year ago. Both crude and product inventories saw offsetting regional movements. Crude builds were centred in Europe while product gains were mainly in distillates in the Pacific and gasoline in the US. Forward demand cover by industry stocks fell to 52 days from 53 days in August.

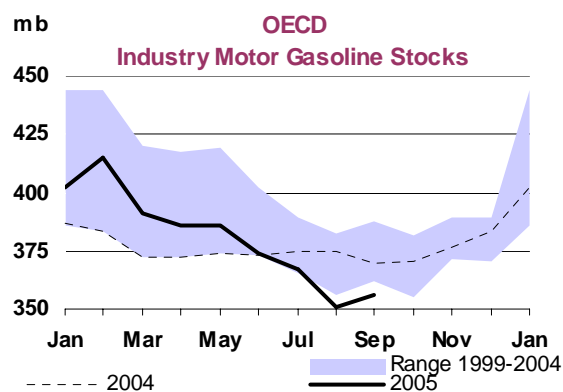
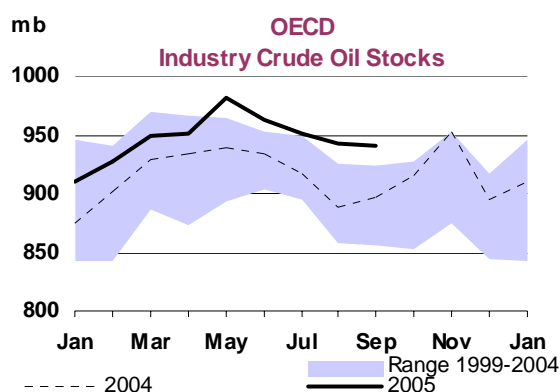
Preliminary Industry Stock Change in September 2005 and Third Quarter 2005

(million barrels per day)

	September (preliminary)				Third Quarter 2005			
	North America	Europe	Pacific	Total	North America	Europe	Pacific	Total
Crude Oil	-0.03	0.33	-0.33	-0.04	-0.25	0.08	-0.05	-0.22
Gasoline	0.19	-0.03	0.01	0.17	-0.18	0.00	-0.02	-0.20
Distillates	-0.29	-0.18	0.14	-0.32	0.15	0.09	0.21	0.45
Residual Fuel Oil	0.04	-0.02	0.00	0.02	-0.04	0.01	0.00	-0.03
Other Products	0.09	0.02	-0.05	0.06	0.05	0.06	0.00	0.11
Total Products	0.03	-0.20	0.10	-0.08	-0.02	0.16	0.19	0.33
Other Oils ¹	0.13	-0.03	0.02	0.12	0.09	0.01	0.01	0.11
Total Oil	0.13	0.09	-0.21	0.01	-0.19	0.25	0.15	0.21

¹ Other oils includes NGLs, feedstocks, and other hydrocarbons

- **OECD industry crude stocks** were unchanged in September at 941.5 mb, albeit from a downwardly revised August base. Pacific stocks fell as refiners ramped up runs and stock holding obligations were relaxed in Japan as part of the IEA's emergency stock release. Crude inventories built in Europe as ample supplies found limited external demand. North America saw offsetting changes with stocks drawing in the US and building in Mexico. US-50 stocks built in October as reduced refinery demand outweighed lost Gulf of Mexico production and imports rose.
- **OECD industry distillate stocks** fell 10 mb in September to 533 mb. Draws in the Atlantic Basin outpaced strong builds in Japanese kerosene stocks. In addition to hurricane-related product losses, the decline in the US was accentuated by a maximisation of gasoline production. Further declines during October came mainly in diesel rather than heating oil. Though European distillates fell in September, stocks held in independent storage suggest supplies remained high in October. The forward price premium on futures markets continued to favour moving heating oil into storage.
- **OECD industry gasoline stocks** built by 5 mb in September to 356 mb, or 14 mb below last year. The build came in the US following higher imports, provisional indications of weaker post-hurricane demand and recovering gasoline output. Seasonally falling demand in the fourth quarter lent additional support to an increase in US gasoline stocks in October. These closed up at 197 mb, on a par with their five-year average. NYMEX gasoline futures flipped into contango in early October, encouraging additions to storage. European and Pacific gasoline stocks in September held relatively flat.



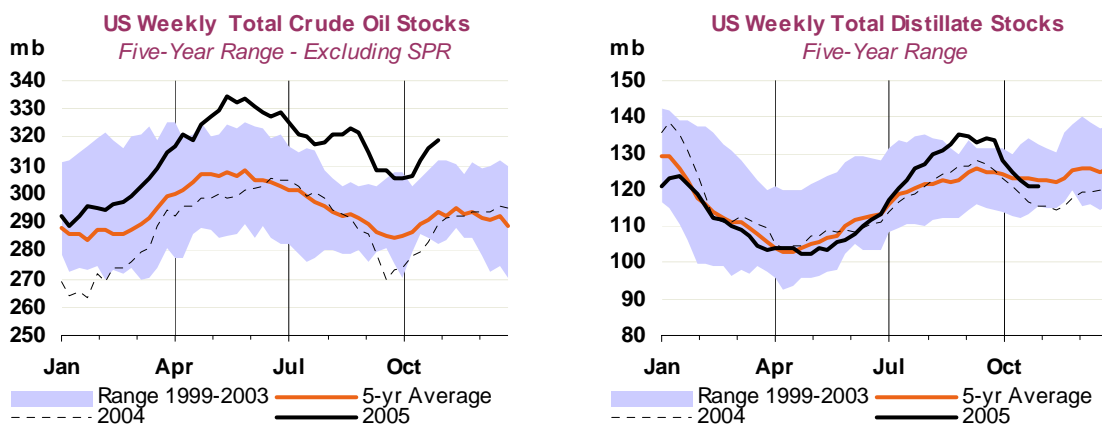
OECD Industry Stock Changes in September 2005

OECD North America

North American September crude stocks were flat on the month with draws in the US offset by increases in Mexico. With complex refinery capacity offline on the US Gulf Coast, (which absorbs a large portion of Mexican exports) heavy crudes such as Maya found few alternative outlets. US-50 crude stocks rebounded by 13.7 mb in October taking inventories to 319 mb, or 34 mb above last year.

Reduced crude demand, resulting from refinery outages on the Gulf Coast, outpaced lost crude production in Gulf of Mexico by about 40 mb in October. The pace of the build was mitigated by increased refinery runs in other regions. At the same time, crude imports recovered slowly, returning to pre-hurricane levels by end-October. In mid-October, NYMEX's WTI futures contract moved into contango, supporting the movement of crude oil into storage.

US product inventories were tight through October as reduced refinery output on the Gulf Coast was only partly offset by lower demand, increased imports and higher refinery runs in other US regions. Gasoline stocks built 1.5 mb in October, ending the month at 197 mb. The gain followed recovering crude runs, strong gasoline yields and record imports along with seasonally weakening demand. Average gasoline imports were about 1.3 mb/d after peaking at a record 1.5 mb/d earlier in the month. NYMEX gasoline futures flipped into contango in early October, ahead of seasonal norms. The move likely reflected perceived future tightness during anticipated heavy scheduled maintenance in the first quarter as well as product specification changes and adequate near-term supplies.



US distillate stocks fell below their five-year average in October on reduced refinery output and strong diesel demand. Import gains during the month were comparatively lower than those observed for gasoline. Heating oil inventories remained comfortable, notably in the main consuming Northeast region. Demand was weaker as temperatures were high compared to seasonal norms. Jet fuel stocks fell mainly as a result of lower domestic production. Although jet fuel imports surged in October, this was partly offset by increased demand for blending into Russian gasoil supplies to meet US heating oil specifications. Incremental blending of jet was seasonally supported by the need to improve low temperature properties of diesel and heating oil in the Northeast.

OECD Europe

European industry crude stocks rose by 10 mb in September, albeit from a downward revised August base. Despite increased refinery runs, stocks closed 12 mb above last year. The build was centred mainly in Norway. Continental demand for Brent-related grades was weak and spot arbitrage opportunities to the US were limited by high freight rates and lower US refinery demand following the hurricanes. Buying interest for North Sea grades in Europe also waned as a result of healthy refining margins for competing Urals.

Total product inventories fell 6 mb in September, mainly in middle distillates stocks outside of Northwest Europe. Sweden and Finland saw distillate stocks fall as nearly 300 kb/d of their combined refinery capacity was in maintenance. Stocks also fell in Spain, where industry distillate stocks were made available in accordance with the IEA's emergency stock release. In main consumer countries, such as France, Italy and Germany, inventories of distillates fuels held flat or increased, driven by lower demand for heating oil resulting from unusually warm weather. Gasoil stocks rose in Germany

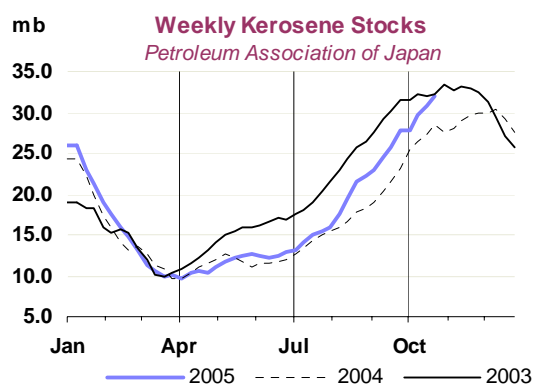
despite an uptick in end user buying. Consumer heating oil stocks reached 58% of capacity by end-month, from 52% at the end of August.

Gasoline inventories held relatively flat in September despite record spot exports to the US to fill the product supply gap resulting from Hurricanes Katrina and Rita. However, weaker US price differentials and rocketing transatlantic freight rates led to some cargoes being resold into West African markets. European gasoline demand remained weak, further contracting on the year while regional refinery output increased.

OECD Pacific

Pacific crude stocks fell by 10 mb in September to reach 172 mb or 3 mb above a year ago. In Japan, onshore stocks fell by 3 mb. Runs remained high relative to imports. However, domestic stock holding obligations by industry were lowered from 70 to 67 days in line with the IEA's emergency stock release, making additional crude volumes available. In Korea, though crude imports increased, these failed to balance higher runs and stocks fell 7 mb, to 4 mb below last year's levels.

Middle distillate stocks continued to build in Japan in September, ending at 53 mb and closing 6.5 mb above a year ago. Weekly data from the Petroleum Association of Japan show stocks of kerosene (used as a heating fuel) continued to build in October. Korean main product stocks ended marginally lower in September despite increased refinery runs. Product exports, notably of diesel and jet/kerosene, remained at high levels as refiners took advantage of record prices in international spot markets.



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

OECD industry stocks ended September at 2645 mb, 61 mb above last year. Crude inventories held above 2004 levels for all regions. For products, only Europe closed below its 2004 position. OECD forward demand cover was 52 days, down one day from August but one day above last year. On a regional basis, forward cover came to 49 days for North America, 60 for Europe and 49 for the Pacific.

Year-on-Year OECD Industry Stock Comparisons for September 2005

	(million barrels)					(Days of Forward Demand)			
	North America	Europe	Pacific	Total		North America	Europe	Pacific	Total
Crude Oil	29.9	12.0	3.3	45.2	Total Oil	1.7	0.8	0.1	1.1
Total Products	21.2	-7.2	4.6	18.6	Versus 2003	-0.2	0.7	-1.6	-0.2
Other Oils ¹	-2.9	1.8	-1.6	-2.7	Versus 2002	-1.4	0.5	2.0	-0.2
Total Oil	48.2	6.6	6.3	61.1	Total Products	0.7	-0.2	0.2	0.3
Versus 2003	42.0	26.0	-23.3	44.8	Versus 2003	-0.2	-0.6	-1.1	-0.5
Versus 2002	38.3	33.8	-3.7	68.3	Versus 2002	-1.7	-1.8	0.2	-1.3

¹ includes feedstocks, NGLs and other hydrocarbons

August preliminary data were revised down by 22 mb, with crude stocks mostly accounting for the change. The revisions were centred in Europe and North America. Figures for July were also revised down along similar patterns. Downward baseline revisions were made to Hungarian industry crude stocks as previously included pipeline inventories were removed. In government stocks, data back to January 2000 now includes non-reported Norwegian distillate stocks of 2 mb.

Revisions versus 11 October 2005 Oil Market Report

	(million barrels)							
	North America		Europe		Pacific		OECD	
	Jul 05	Aug 05	Jul 05	Aug 05	Jul 05	Aug 05	Jul 05	Aug 05
Crude Oil	-5.7	-7.5	-8.9	-15.6	0.0	-0.9	-14.6	-24.1
Gasoline	-1.2	-0.9	0.5	1.6	0.0	-0.4	-0.7	0.2
Distillates	-0.7	2.0	4.3	4.8	0.0	-1.1	3.6	5.7
Residual Fuel Oil	-1.8	-1.5	0.1	0.1	0.0	-0.3	-1.8	-1.7
Other Products	0.8	-9.2	5.7	6.4	0.0	-1.6	6.5	-4.4
Total Products	-3.0	-9.6	10.6	12.9	0.0	-3.5	7.6	-0.2
Other Oils ¹	0.0	1.4	-1.9	0.5	0.0	0.3	-1.9	2.2
Total Oil	-8.7	-15.8	-0.2	-2.2	0.0	-4.1	-8.9	-22.1

¹ Other oils includes NGLs, feedstocks, and other hydrocarbons

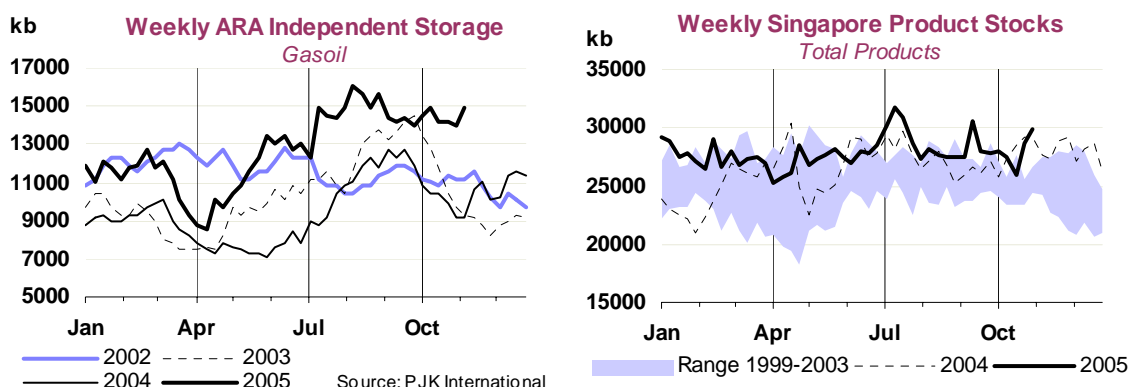
Recent Developments in ARA Independent Storage

Gasoline inventories held in independent storage in the Amsterdam-Rotterdam-Antwerp area trended sideways in October, closing at the top of their five-year range. As refiners exited maintenance, higher product output balanced exports to the US and West Africa. In the second half of October, supplies backed up in ARA as high freight rates and falling US demand slowed spot transatlantic trade.

Gasoil stocks fell in early October with slowing arrivals from the FSU and the diversion of some Asian cargoes, originally destined for ARA, to the Americas. The IEA's stock release earlier in September continued to make available heating oil supplies to inland markets. Buying interest from Germany was notably weak. In the second half of October, supplies arriving from the Asia-Pacific and Venezuela pushed ARA stocks higher. Demand for heating oil was thin on warmer weather in Europe and a widening contango in gasoil futures supported product movements into storage. Gasoil stocks remained at comfortable levels, 6 mb, or 40%, above last year. The month-long strike at Total's 343 kb/d Gonfreville refinery appeared to have little impact on supplies in ARA, most likely as a result of higher throughputs elsewhere in Europe.

Jet fuel inventories fell by 1.5 mb to 2.4 mb but remained above year ago levels. A number of unsold cargoes sourced from the Middle East were diverted to the US, reducing spot availabilities. However, forward prices continued to hold above prompt prices. This left arbitrage open from the Middle East, supporting further deliveries into storage of jet fuel within ARA.

Fuel oil stocks held relatively flat in October despite record inflows from the Baltic. Russian fuel oil supplies are causing an oversupply in high-sulphur material. Higher freight rates and a shortage of tankers limited sales into the Asia-Pacific for much of the month. However, two VLCC bookings were recently made to Asia, reducing the surplus.



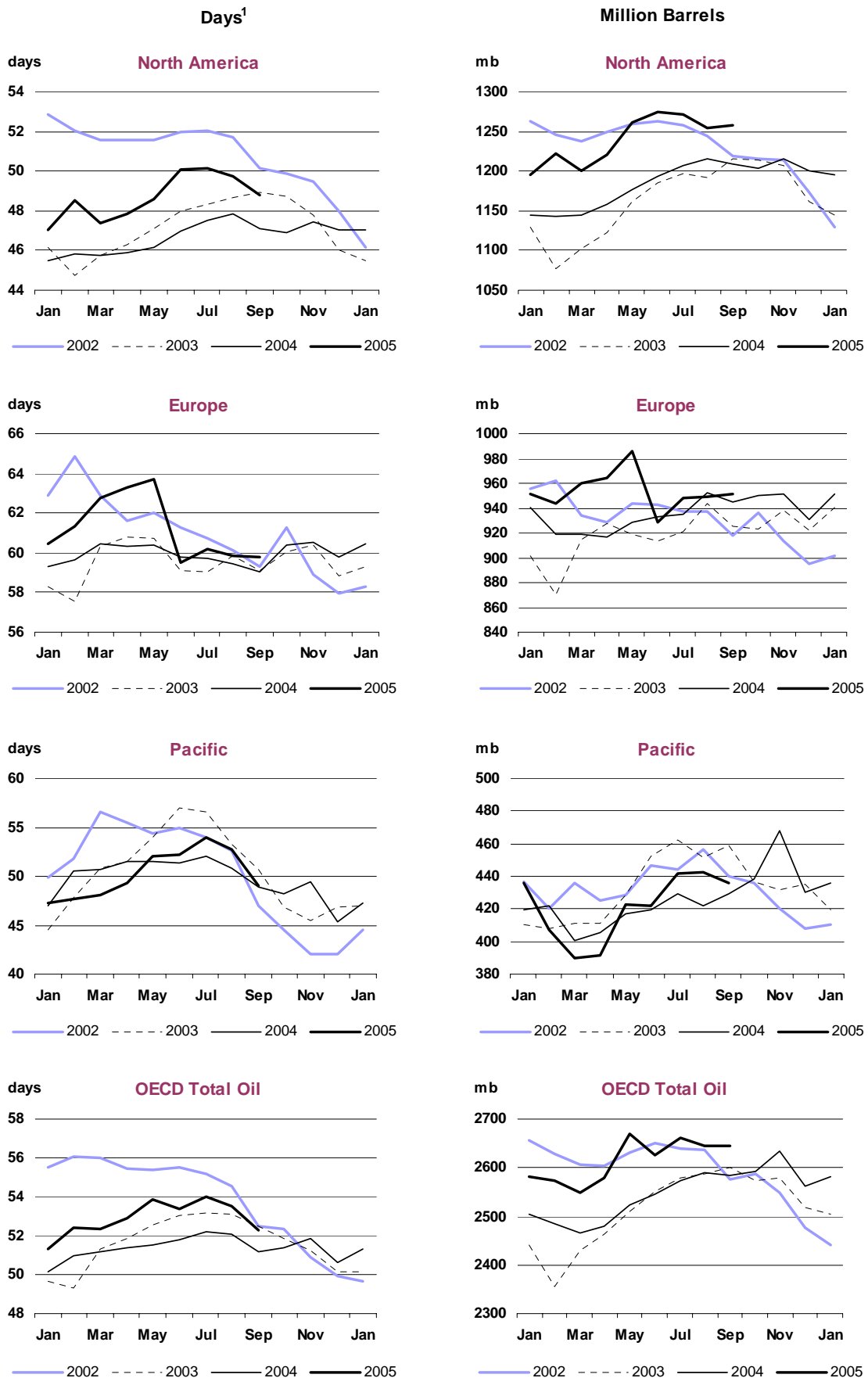
Recent Developments in Singapore Stocks

Total product stocks in Singapore surveyed by International Enterprise increased by 2 mb in October on slowing regional demand, increased supplies and limited arbitrage opportunities. Distillates saw the strongest gains. Korean and Japanese stockpiles for kerosene are reaching capacity and higher freight rates closed opportunities for sales into the US. Increased Chinese buying in October moderated the build. Apart from kerosene, supplies of gasoil were also increasing with greater exports from India. High distillates prices in September had encouraged regional refiners to maximise output of these fuels. But, with slowing demand and paper prices in Singapore in contango, more distillates moved into storage

Light distillate stocks built in October on lower regional demand and rising Indian gasoline exports. India's International Oil Company resumed exports following the completion of refinery upgrades. Indonesia virtually disappeared from the spot market in October as its import requirements fell following the government's decision to reduce subsidies from 1 October. In addition, high freight rates closed arbitrage opportunities to the US, further supporting the build in light product stocks.

In October, weaker fuel oil demand was balanced by reduced arrivals of arbitrage material from the West, leaving residue inventories virtually unchanged. Chinese imports fell to their lowest level in over two years and Singapore supplies were competing with rising Korean exports. Regional utility demand for low-sulphur fuel oil was weak as temperatures were higher than normal.

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

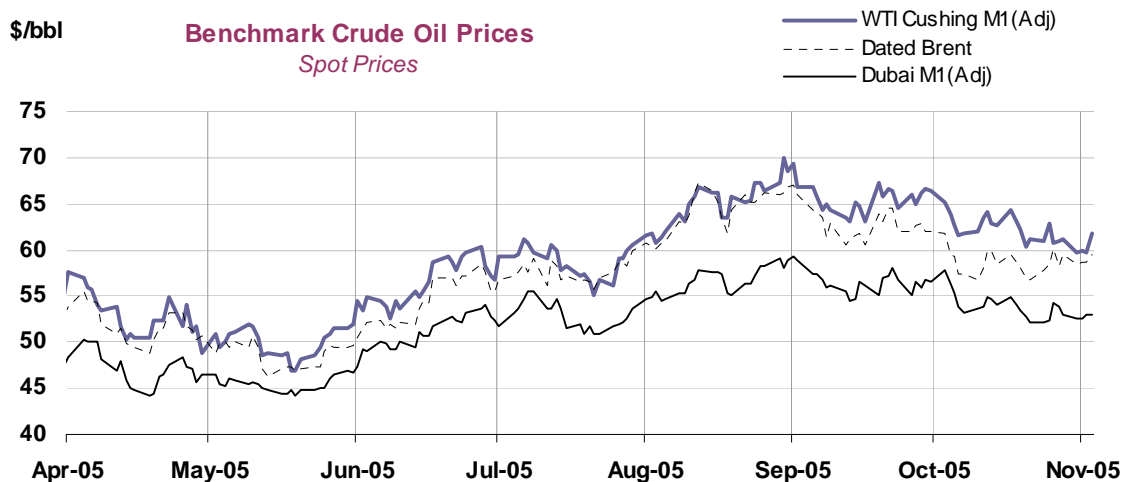


1 Days of forward demand are based on average demand over the next three months.

PRICES

Summary

- **Benchmark crude** prices weakened in October with Atlantic Basin light sweet crudes, WTI and Brent, falling below \$60/bbl by end-month. A steep fall in the price of light products, notably gasoline, played a significant part in their decline, but firm fuel oil prices moderated falls in medium sour Dubai. While the broad macroeconomic environment remains strong, market concerns appeared to focus in October on weak preliminary US gasoline demand figures and warmer temperatures in the Northern hemisphere.
- **Crude futures** fell alongside cash prices but the forward price structure in the near-traded months for NYMEX's WTI and IPE's Brent futures contract saw diverging trends. The November WTI contract remained in backwardation until its mid-October expiry, contrasting with a constant contango in front month Brent futures. Non-commercial (or speculative) participants on the NYMEX widened their net-short positions on the light sweet crude contract during October.
- **Light products markets** in October went through an air pocket, posting a steep fall with gasoline leading declines. US gasoline supply concerns eased on high imports, weak preliminary estimates for US demand and recovering refinery output. The decline in US light product prices rapidly prompted falls in Europe and Asia, and with clean freight relatively high, sealed off spot arbitrage trade. Declines in distillates were more staggered, but the strong premiums for diesel and jet fuel against heating oil futures developed in late September came down in October. Prices for heating oil were further pressured as mild weather across the Northern hemisphere depressed demand and inventories in the main consumption centres remained relatively comfortable.
- **Fuel oil prices**, while ending lower in October, saw their spreads to crude hold relatively steady for high-sulphur material and improve for low-sulphur fuel oil. In the US, low-sulphur fuel oil crack spreads firmed on higher utility demand due to fuel switching away from natural gas, declining domestic production as well as hurricane-related damage to a key blending facility in the Caribbean. Heavy fuel oil moved from Northwest Europe to Asia by VLCC while the Singapore market saw lower arrivals of material from the West during October and firming bunker demand.
- **Product futures** gave back second half September gains, with NYMEX gasoline and IPE gasoil falling below the peak levels reached at end-August/early September. Weakness in the prompt traded month flipped the NYMEX gasoline futures into contango. Speculators meanwhile retained their net-long gasoline futures position. NYMEX heating oil prices fell back to early September levels. Though light sweet crude on the NYMEX weakened, product losses were steeper and cracks spreads fell heavily. The gasoline spread moved from \$23.56/bbl on 30 September to \$6.55/bbl on 3 November, while that for heating oil fell from \$20.59/bbl to \$15.23/bbl.



Crude Oil Prices in October

Benchmark Crudes

Benchmark crudes trended down over October, dragged lower primarily by falling gasoline prices which declined in reaction to weak preliminary US gasoline demand figures. The fall in crude prices was also supported by a decline in heating oil prices amidst mild temperatures across the Northern hemisphere. The downward path was interrupted briefly by uncertainty around the path of Hurricane Wilma. Crude traders were also eyeing a short-term crude surplus in the US as offline refinery capacity and reduced inventory holdings (due to end-year fiscal concerns) reduced crude demand. This provided an incentive to widen short speculative positions for NYMEX's light sweet crude oil.

The decline in the light sweet benchmarks also took place against a background of seasonally weaker product demand. The September to October period is a shoulder period where gasoline demand tends to fall after the driving season and heating oil demand begins to increase ahead of winter. In terms of price declines, Dated Brent lost the most ground, its average monthly price closing below \$60/bbl in October, down \$4.30/bbl from September. The decline in the monthly average price of WTI to \$62.28 was less severe, amounting to \$3.24/bbl. Spot prices for both marker crudes remained below \$60.00/bbl at the time of writing. Middle East marker Dubai followed a similar trend, but its decline was moderated by firm fuel oil prices during the period.

Spot Crude Oil Prices and Differentials*

	(monthly and weekly averages, \$/bbl)									
	Aug	Sep	Oct	Oct-Sep		Week Commencing:				
				Change	%	03 Oct	10 Oct	17 Oct	24 Oct	31 Oct
Crudes										
Brent Dated	64.12	62.91	58.61	-4.30	-6.8	59.03	58.62	57.99	58.82	58.81
WTI Cushing 1mth(adjusted)	64.96	65.52	62.28	-3.24	-4.9	63.02	63.02	62.22	61.37	60.24
Urals (Mediterranean)	58.61	58.38	55.64	-2.74	-4.7	56.24	56.72	54.93	54.80	54.78
Dubai 1mth(adjusted)	56.60	56.54	53.96	-2.58	-4.6	55.31	54.20	53.46	53.14	52.81
Tapis	67.26	67.64	61.90	-5.74	-8.5	64.52	62.32	60.85	60.26	59.83
Differential to Dated Brent										
WTI Cushing 1mth(adjusted)	0.84	2.61	3.67	1.07		4.00	4.40	4.23	2.54	1.43
Urals (Mediterranean)	-5.50	-4.53	-2.97	1.56		-2.79	-1.91	-3.06	-4.03	-4.03
Dubai	-7.52	-6.37	-4.64	1.73		-3.71	-4.43	-4.54	-5.69	-6.00
Tapis	3.14	4.73	3.29	-1.44		5.49	3.70	2.85	1.43	1.02
Prompt Month Differential										
Brent 1mth-2mth (adjusted)	-0.45	-0.68	-0.49	0.18		-0.57	-0.46	-0.35	-0.42	-0.42
WTI Cushing 1mth-2mth (adjusted)	-0.63	-0.33	0.31	-0.71		0.48	0.70	0.04	-0.68	-0.68

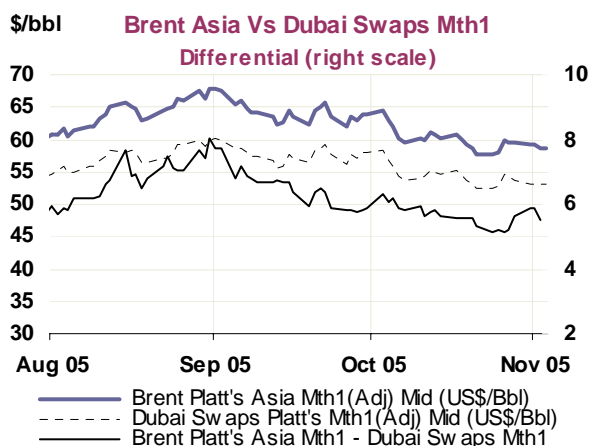
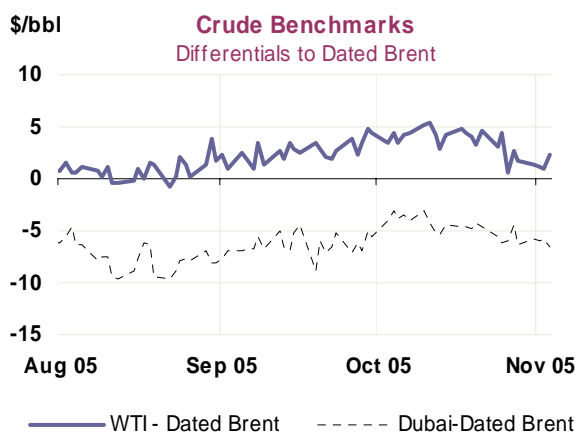
*Weekly data for Brent and WTI 1st month and 2nd month are unadjusted

The post-hurricane US product output gap, however, suggests that the crude market is likely to firm as seasonal product tightness returns between 4Q05 and 1Q06, particularly should the winter season prove to be colder than normal. In addition, though the effects of weaker US refinery crude demand appeared to offset lost crude production in the Gulf of Mexico, the broad macro economic and oil demand context remain supportive of crude prices. Third quarter GDP growth in the US exceeded expectations and this Report calls for stronger oil demand in China in the fourth quarter. Seasonally higher crude runs in Europe (where modest maintenance is expected over November and December) and in Asia will lead to higher global net imports.

Gasoline prices came off fairly quickly across regional pricing centres, while the decline in jet and diesel prices occurred with a lag. However, reduced product demand pressures in October are likely to prove temporary. Recent US weekly demand numbers, the focus of much market attention, appeared to stabilise, which together with upwardly revised August data and upcoming peak winter demand, add weight to our view that the lull in crude demand could prove temporary.

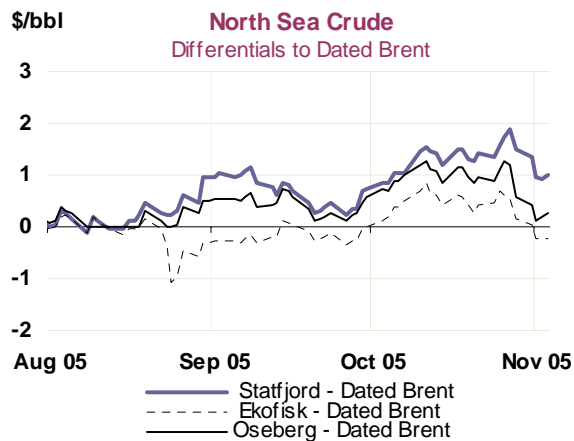
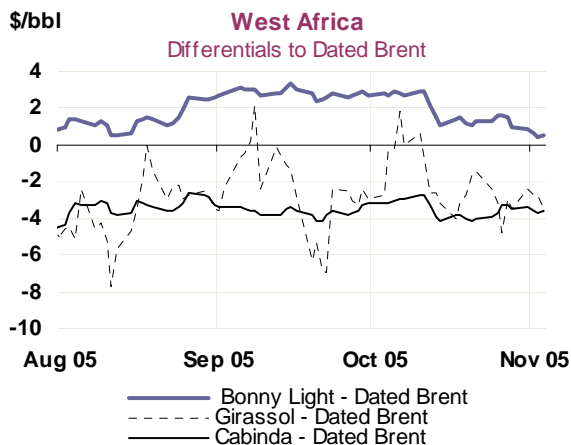
Loss of crude demand due to hurricanes on the Gulf Coast appeared to be predominantly for heavier sour grades. By the end of the fourth quarter, and assuming normal weather patterns, demand for light grades is expected to rise, putting further upward pressure on WTI and lifting Brent prices. This could be supported by a tightening of product markets and heating oil inventories. Futures crack spreads for heating oil did fall but not nearly as much as those for gasoline.

The differentials between benchmark crudes reflected the temporary weakness in product markets. WTI's premium over Brent held about \$5/bbl in the first half of October but fell under \$2/bbl at the end of the month. Early October strength in the spread however, was in part driven by weakness in Brent rather than strength in WTI. European refiners initially held back from North Sea grades as cheaper regional sour crude offered competitive refining margins. At the same time, the absence of any significant near-term future additions to refinery conversion capacity ahead of seasonally higher demand widened the Brent-Dubai differential spread at the end of October to over to \$6.00/bbl.



Europe and West Africa

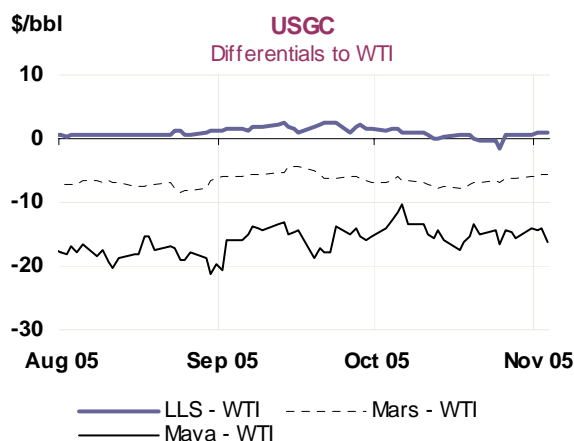
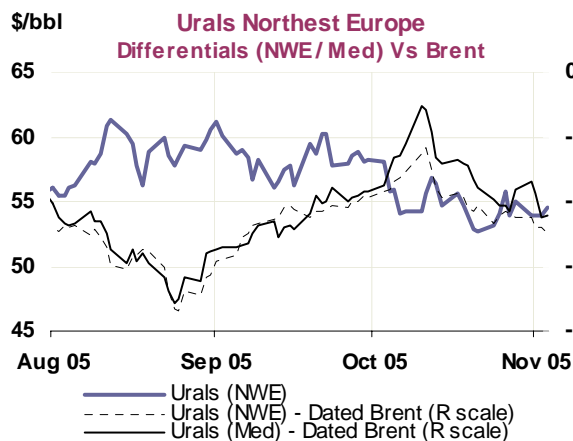
Weaker demand for light crude in the short term by US refiners also showed up in limited interest in light sweet West African material. Crude loading in November, trading in October, saw premiums fall heavily against Brent compared to previous months. An overhang of 40 mb of Nigerian crude was reported in mid-October. In contrast, Asian interest picked up, mainly for medium sweet from Angola by China but also by Korea for both November and December barrels.



North Sea differentials to dated Brent were sustained on average at higher levels versus September, supported by relatively firm cracking and hydroskimming refining margins for light sweet grades in Europe. Refiners returned to Brent-related grades after initially favouring cheaper sour alternatives as the falling price of the benchmark made these, and related crudes, attractive. The decline in absolute prices reflected relatively weak spot demand by US refiners deterred by higher freight rates. Relative prompt availability was seen in the forward cash BFO market which remained in contango in the front two months, albeit on average a shallower one than in September. At the time of writing, contract for differences (swap prices) for Brent continued to discount Dated Brent against the first forward month.

Urals firmed relative to Dated Brent into early October. Buying interest carried over from September when Urals rapidly cleared out due to healthy refining margins. Margins on sour crude remained high into October, fetching returns comparable or superior to Brent. Urals' discount to Brent narrowed to \$1.07/bbl on 10 October in the Mediterranean and to \$2.36/bbl by 11 October in Northwest Europe.

However, the second half of the month saw refiner interest switch back to light sweet grades as Brent prices declined. Urals' discount widened to \$4.51/bbl in Northwest Europe and \$3.39/bbl in the Mediterranean by end-month. In addition to weaker demand for Urals, supply pressures were weighing down the grade's prices. Russian output in October hit a new post-Soviet high, rising to 9.6 mb/d, sustaining exports close to September highs. Urals also came under pressure from higher availability of comparable crudes from the Middle East.



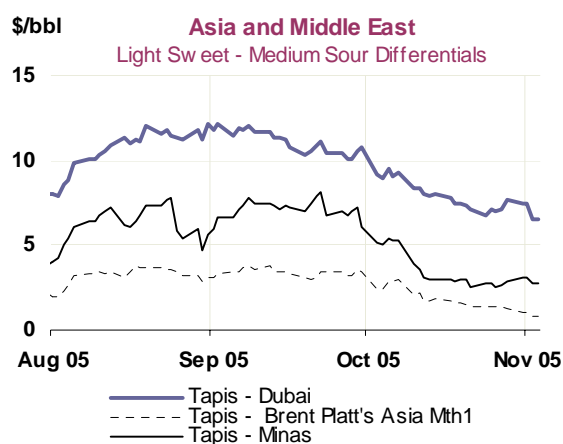
The Americas

Differentials in the US for heavy crudes against WTI reflected reduced crude demand due to refinery outages. On balance, the impact of lower post-hurricane crude demand outweighed the impact of lost crude output in the Gulf of Mexico. Assessed spot crude prices across medium and heavy grades saw discounts broadly widen relative to WTI through mid-October, including deepwater Mars and Heavy Louisiana Sour, whose production were severely disrupted. Light Louisiana Sweet, the Gulf Coast light sweet marker, whose supply was also affected, narrowed its usual premium to WTI.

Most US domestic grades on the Gulf Coast strengthened relative to WTI by the end of October. More refineries came back on line although three refineries were still shut on 31 October, accounting for about 5 percent of US refinery capacity. Weekly data in October showed crude runs up about 2% to 82.5%, below the 88% generally observed average. On the West Coast, Alaska North Slope, while following on the general decline in crude prices, likely witnessed greater pressure from higher than expected production for the month of October.

Middle East and Asia

In Asian markets, Dubai and Oman weakened in October. Competing grades from Saudi Arabia, Iran and Kuwait saw official selling prices reduced to reflect September weakness for heavier crude grades. The decline was cushioned by firm fuel oil prices in the region. These held simple margins in the region, supporting demand for these and other medium sour grades with high fuel oil yield. However, increasing supplies of low-sulphur fuel at the end of October are likely to dampen interest in these grades. A number of LSWR fuel oil cargoes remained unsold at the end of the month and supplies of low-sulphur material on offer from Korea were rising. Korean utilities increasingly turned to comparatively cheaper natural gas inputs (LNG price formulas reflect, with a lag, increases in crude prices).



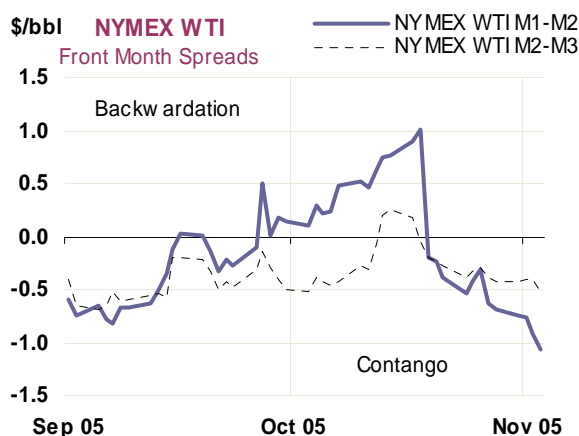
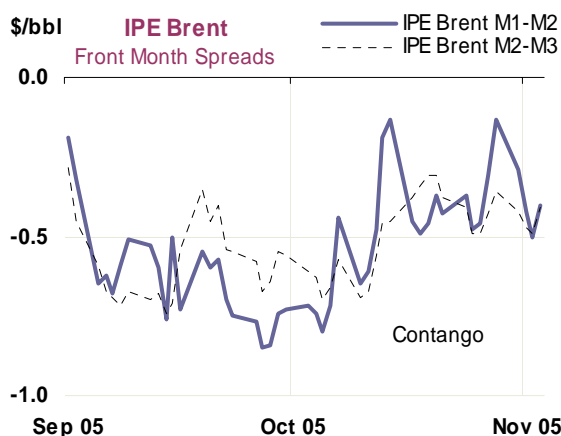
In contrast, regional light grades such as Tapis saw their premiums fall against heavier crudes. In September, Tapis was supported by refiner interest in building kerosene stocks ahead of winter. However, as regional kerosene inventories rose and Singapore distillates prices fell, the consequent deterioration of cracking margins for lighter grades led to weaker demand for Tapis.

Delivered Crude Prices in August

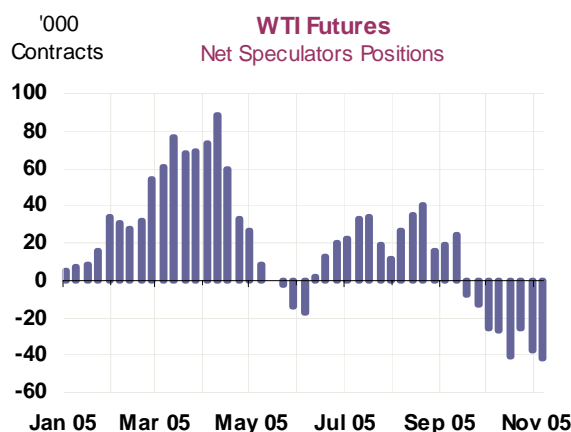
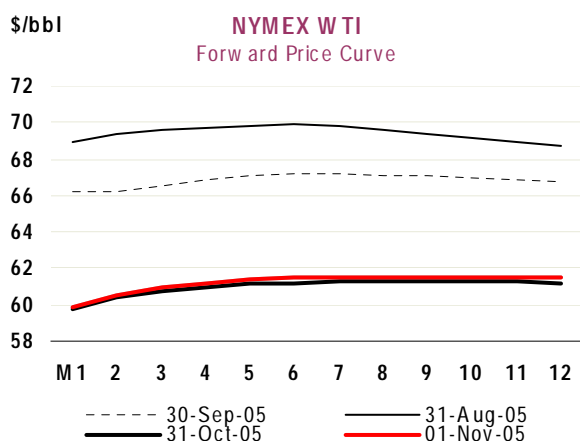
In line with spot crude price peaks, the cost of the average barrel imported into all IEA countries increased to \$58.24 in August, a \$4.25 rise from the July average. European IEA countries paid, on average, \$60.20/bbl for crude in August - more than \$3 higher than the \$57.08/bbl average combined cost incurred by the US and Canada. This, in turn, was greater than the \$56.68/bbl cost for IEA countries in the Pacific in the same month. These prices resulted from monthly rises of \$4.98, \$4.46 and \$2.55 from July averages, for the respective IEA regions.

Crude Futures

Front month crude futures on NYMEX fell during October, closing on 31 October at \$59.76/bbl, or down \$6.48/bbl. WTI front-month backwardation initially widened as crude stocks tightened in Cushing, the delivery point of the futures contract. The near-month spread flipped into contango as the front month November contract expired. Inter-month spreads for NYMEX's WTI futures contract on 3 November closed in contango through July 2006.



While weaker prompt crude demand was a main driver for the change, other factors were also at play. With at least three US refineries out for the remainder of the year, the margin for substantially higher runs remained limited. Overall US crude stocks closed October at comfortable levels and imports were rising as crude deliveries into the Gulf Coast began to normalise. The upcoming end of the fiscal year in December was also likely to lead to some crude deliveries being delayed into the next year.



While commercial players were net-long on crude, speculative players increased net-short positions. Unlike backwardation that allows short position holder to generate a positive return by rolling forward positions, a contango structure implies a loss. It is interesting to note that should the contango in the near months hold, increased selling pressure in the could emerge as non commercial players opt to further extend their net short positions, putting downward pressure on price.

Prompt month Brent futures fell under \$60 the end of October while maintaining a forward price structure in contango. IPE Brent fell \$4.79/bbl, closing at \$59.14/bbl by 31 October. The prompt month strengthened relative to the second month, reflecting increased bidding by European refiners in the cash market for discounted Brent related grades. European crude demand was up in October as refiners exited maintenance and cracking margins kept positive despite weaker light product prices.

In contrast to WTI, the value of the IPE Brent time spreads in the near three months converged (see charts above). At the same time, the shape of the futures curve flattened in the near-two months, suggesting a balanced outlook between expected higher crude runs and ample supplies. The end of a month long strike at Total's Gonfreville refinery, an averted strike at Shell's Pernis refinery in Rotterdam and a modest schedule for refinery maintenance in November and December were all supportive of crude demand.

Product Prices in October

Spot Product Prices

The products markets in October went through a bit of an air pocket. Light product prices in particular fell against September levels and their premiums to reference crude prices weakened. Gasoline led the decline posting double-digit losses on a percentage basis over the month. Declines in distillate prices were more modest and lagged the path of gasoline (see table below). Premiums for distillate products over gasoline rose in October, holding steady through the month before weakening in early November. In contrast, fuel oil prices while broadly declining, with the exception of low-sulphur material, saw their discounts relative to crude prices remain stable, or narrow.

However, oil demand rises seasonally in fourth quarter. And despite the return of several refineries following Hurricanes Katrina and Rita, a US domestic product supply gap remains in place. A sizable amount of capacity will be offline until the end of the year, leading to continued constraints on US capacity utilisation. The gap is likely to persist into 1Q06 as postponed maintenance and product specification changes by 1 June suggest a deeper US maintenance in the first quarter of next year.

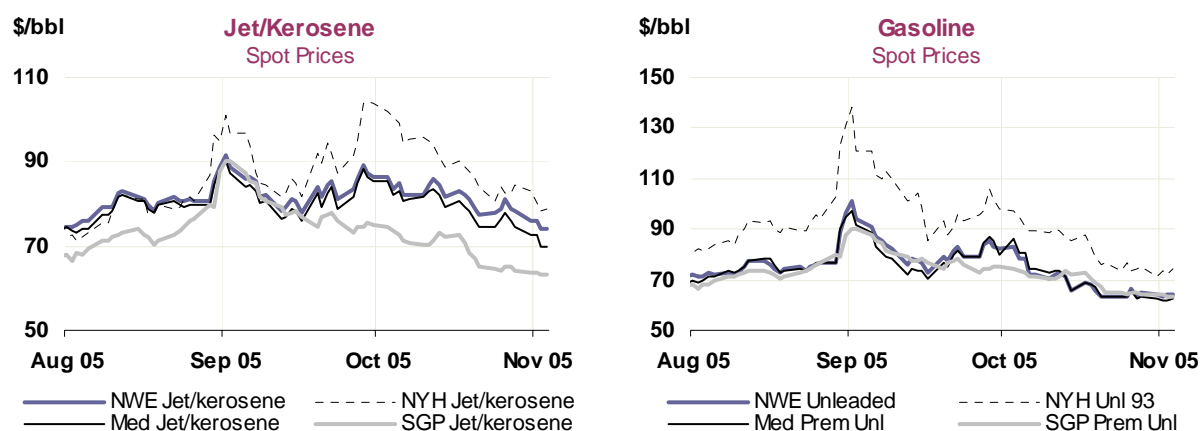
Spot Product Prices

(monthly and weekly averages, \$/bbl)

	Aug	Sep	Oct	Oct-Sep		Week Commencing:					Aug	Sep	Oct		
				Change	%	03 Oct	10 Oct	17 Oct	24 Oct	31 Oct					
Rotterdam, Barges FOB													Differential to Brent		
Premium Unleaded	77.00	84.30	70.69	-13.62	-16.15	78.69	72.03	67.41	65.71	65.31	12.88	21.40	12.08		
Unleaded	75.71	82.69	69.11	-13.57	-16.42	76.67	70.46	66.05	64.32	63.90	11.59	19.78	10.51		
Naphtha	58.16	62.91	60.21	-2.70	-4.29	60.38	61.00	60.04	59.99	56.82	-5.96	0.00	1.61		
Jet/Kerosene	79.99	84.01	81.49	-2.52	-3.00	83.81	83.84	80.44	78.98	74.96	15.88	21.10	22.89		
Gasoil .2%	76.91	81.43	78.28	-3.15	-3.87	81.22	79.91	77.03	75.97	72.02	12.79	18.53	19.68		
LSFO 1%	43.35	48.55	48.81	0.25	0.52	49.04	49.13	48.16	49.32	45.77	-20.77	-14.35	-9.80		
HSFO 3.5%	40.93	43.64	41.68	-1.96	-4.49	41.86	42.55	40.91	41.65	40.58	-23.19	-19.27	-16.92		
Mediterranean, FOB Cargoes													Differential to Urals		
Premium 50 ppm *	74.56	78.93	67.77	-11.16	-14.14	77.45	69.35	64.16	61.57	60.09	15.95	20.56	12.13		
Naphtha	57.92	61.59	58.03	-3.56	-5.79	58.61	58.89	57.70	57.55	54.32	-0.69	3.21	2.39		
Jet/Kerosene	78.86	82.33	79.23	-3.10	-3.77	82.51	82.02	77.81	75.92	71.22	20.25	23.95	23.59		
Gasoil .2%	76.25	79.52	76.34	-3.18	-4.00	78.62	78.62	75.44	73.87	69.40	17.64	21.14	20.70		
LSFO 1%	45.28	50.36	47.19	-3.17	-6.29	47.42	47.13	47.18	47.41	44.03	-13.33	-8.02	-8.45		
HSFO 3.5%	39.33	43.20	40.82	-2.37	-5.49	41.42	41.98	40.05	40.17	38.50	-19.28	-15.18	-14.81		
New York Harbour, Barges													Differential to WTI		
Super Unleaded	92.33	102.55	83.29	-19.26	-18.78	92.44	88.00	80.40	74.75	72.85	27.37	37.04	21.01		
Unleaded	80.18	90.13	71.83	-18.30	-20.30	81.76	73.78	68.74	64.83	63.71	15.22	24.61	9.56		
Jet/Kerosene	79.63	91.36	90.05	-1.31	-1.44	98.37	92.93	87.36	82.93	80.08	14.68	25.85	27.77		
No. 2 (Heating Oil)	75.57	82.34	79.45	-2.89	-3.51	82.59	81.85	78.71	75.87	73.10	10.61	16.83	17.18		
LSFO 1%	45.72	50.86	50.11	-0.76	-1.49	47.62	48.48	51.00	53.03	51.11	-19.24	-14.65	-12.17		
No. 6 3%	37.81	43.52	43.42	-0.11	-0.25	45.28	42.98	42.82	42.98	41.09	-27.15	-21.99	-18.86		
Singapore, Cargoes													Differential to Dubai		
Premium Unleaded	73.19	79.40	69.10	-10.30	-12.97	72.59	71.47	68.82	64.57	63.64	16.59	22.87	15.14		
Naphtha	58.17	61.73	57.80	-3.93	-6.37	57.76	58.02	58.22	57.44	55.91	1.57	5.19	3.84		
Jet/Kerosene	75.84	79.16	75.71	-3.45	-4.36	80.79	78.11	74.38	70.97	66.75	19.24	22.62	21.75		
Gasoil .5%	70.66	75.45	72.62	-2.83	-3.75	76.08	74.69	71.75	69.10	65.58	14.06	18.91	18.66		
LSWR Cracked	52.50	54.35	50.55	-3.80	-6.99	52.52	51.19	49.83	49.08	48.38	-4.10	-2.19	-3.41		
HSFO 180 CST	44.60	49.91	47.96	-1.95	-3.91	47.50	48.66	47.80	47.94	47.48	-12.00	-6.62	-6.00		
HSFO 4%	43.35	48.93	47.99	-0.94	-1.92	46.96	48.78	48.22	48.15	47.01	-13.25	-7.61	-5.97		

* From January 2005 Premium Unleaded 50 ppm

The broader macro context, as indicated earlier, remains supportive of a reversal of October trends before the end of the fourth quarter. Economic activity continues to remain strong in the US, while other centres driving oil demand growth like China is also expected to see demand growth accelerate after a weaker first half of the year.



The Americas

The main mover in US product markets in October was gasoline. Market focus appeared dominated by apparent 'demand destruction' following Hurricanes Katrina and Rita, taking at face value weakness in US preliminary weekly data. Alternatively, the case may have been, more simply, one of shorting gasoline and taking profits on high prices given improving near-term supply conditions.

Finished gasoline production rebounded to pre-hurricane levels by end-October, with runs recovering on the Gulf Coast. Higher output was also seen in PADD I and II, namely in conventional material through blending of European and South American supplies. Crude runs increased with the gradual return of refineries, product yields were geared to maximise gasoline output and average gasoline imports remained at record levels. Alongside seasonally weaker demand heading into the winter, gasoline inventories closed at about their five-year average by the end of October.

The premium of Gulf Coast RFG and conventional material to New York Harbour fell, while gasoline prices on the West Coast also regained their usual premium of about 20 cents a gallon relative to Gulf Coast values. The monthly average price for unleaded gasoline (pipeline) on the Gulf Coast fell from \$98.47/bbl in September to \$75.80/bbl (-23.02%) in October. Similarly, the monthly average barge price for unleaded gasoline New York Harbour fell from \$90.13/bbl to \$71.83/bbl (-20.3%) and \$94.80/bbl to \$78.90/bbl (-16.77%) in Los Angeles. NYMEX Gasoline futures are in contango and unleaded RFG cash prices in New York Harbour against the screen moved into deeper discounts during October, encouraging product to move into storage. Spot prices appear to have bottomed out for now, holding in a relatively stable range since the second half of October. Retail prices, after peaking at over \$3 a gallon, are back down to under \$2.50.

US prices of diesel and heating oil held on longer to September gains in New York Harbour before declining in the second half of October, while jet/kerosene values declined from the onset of the month. Tightness was focused on diesel rather than heating oil. Heating oil inventories were positioned at the top of their five-year range in the main consuming Northeast region. As a result, we have yet to see a strong increase in wholesale heating oil prices. Since September, heating oil prices were down 12% compared to a 33% gain during the same time last year and a five-year average increase of around 6%. Strength in diesel was underpinned by agricultural and industrial demand, low output in the first half of October and rapidly declining inventories. But as was the case with gasoline, rebounding production and increased imports from Europe and Russia led to a fall in prices.

Despite declining heating oil production, warmer temperatures along with still comfortable inventories led to a weakening of the prompt NYMEX heating oil contract, driving cash prices lower. While physical heating oil prices continued to be discounted against the front month NYMEX contract, premiums for diesel and jet fuel eased from the peaks reached in September. Diesel premiums fell more rapidly than jet fuel, likely supported by increased blending demand into Russian gasoil to make heating oil.

Fuel oil, on an average basis, saw modest declines in price. Low-sulphur material saw its values on the Gulf Coast and in New York Harbour, after an initial dip, rise during the second half of October. Gulf premiums against New York Harbour remained high due to tight supplies and fuel substitution. Fuel oil output suffered from the lack of Mars and HLS cracking but US production on weekly average basis has been trending down since July, bottoming out in mid-October before recovering. Utility demand has increased as a result of fuel switching away from expensive natural gas. Natural gas prices have been trading significantly above 1% and 0.3% fuel oil.

Further support from the supply side to fuel oil prices came at the end of October. The key Borco storage and blending facility in the Bahamas sustained damage to loading facilities as a result of Hurricane Wilma. The facility, owned by PDVSA, declared force majeure on sales, reportedly leaving about 7 mb of fuel oil stranded in storage.

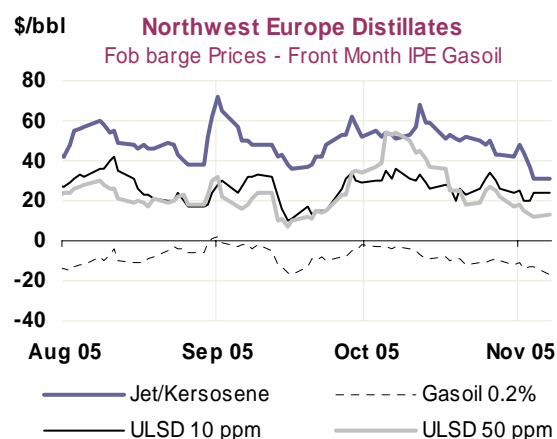
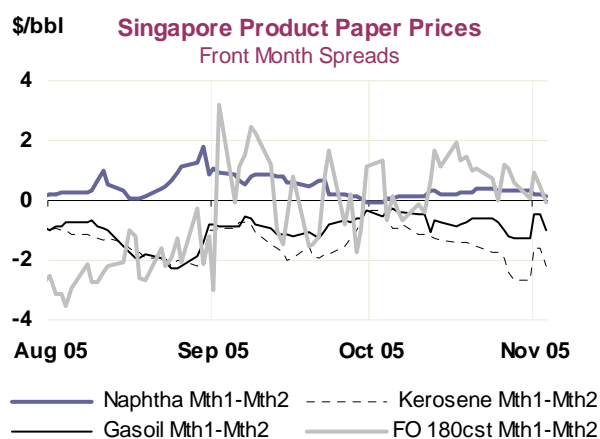
Europe

Gasoline prices retraced second half of September gains in ARA and the Mediterranean as supplies backed up in Europe. The weakening of US gasoline prices, along with expensive transatlantic freight rates, limited spot arbitrage possibilities. In the first week alone, prices in Northwest Europe for unleaded gasoline barges dropped from \$83.02/bbl on 3 October to \$70.85/bbl by 10 October. Cargoes were reported still moving to the US as well as to Iran, Saudi Arabia and West Africa. By the end of the month, a number of cargoes were on offer, though further shipping to Middle East was reported difficult due to product specification issues. The decline in gasoline prices also came against a backdrop of weak European demand for gasoline.

Losses in distillates were similar to those observed in the US and less severe than for gasoline. Premiums of spot prices of jet fuel against the IPE's front month gasoil contract fell, as jet values declined faster than the futures contract. Higher supplies of gasoil (0.2%) and diesel over the month led to a widening of their discounts against the contract.

Spot gasoil (0.2%) came off a by almost \$11/bbl in Northwest Europe in October. Heating oil demand was relatively weak, and despite some end-user buying by German consumers, remained thin in light of high prices and warm temperatures. Demand was satisfied locally by refiners rather than by imported supplies, putting downward pressure on prices in the ARA area. Europe continued to be supplied by Russian gasoil, but earlier price strength also attracted gasoil from Asia and Venezuela. Spot arbitrage to the US seemed limited during October. Though spot discounts to New York Harbour were still in place for first half of October, expensive freight rates, as in the case of gasoline, limited movement of product.

Diesel prices did not appear supported from the month long strike at Total's Gonfreville refinery much beyond the first week of October. During the month, Europe saw the arrival of Venezuelan and Russian material and the release of strategic stocks from IEA Member countries earlier in September coupled with weak demand weighed on market sentiment. The Netherlands released 103,000 tonnes of diesel by tender in mid-September, with deliveries scheduled in two allotments (the first delivery was scheduled on 23 September and final delivery by mid-October). France lowered compulsory industry obligations with a bias on distillate rather than gasoline and some distillates were also sold from strategic storage in Germany.



Jet/kerosene prices fell in line with a decline in gasoil prices. Stocks in independent storage still remained relatively high despite declining on the month. Arrivals of jet cargoes into ARA from the Middle East continued as the area is structurally short on the product. Spot availabilities on offer were reported lower than in September, the contango in jet swaps and in IPE's gasoil contract favouring storing product instead. Fewer unsold Middle Eastern cargoes were also reported delivered into ARA as these were diverted to the US.

Fuel oil prices held relatively firm in October despite the decline in crude oil prices. High-sulphur material posted only modest declines despite heavy inflows of Russian fuel oil from the Baltics as some surplus was exported to Asia via VLCCs. However supplies of high-sulphur material remained plentiful, weakening prices of the product relative to low-sulphur grades. Low-sulphur material actually firmed on average over October, though demand from utilities in the Mediterranean was reportedly low and spot arbitrage to the US closed.

Singapore

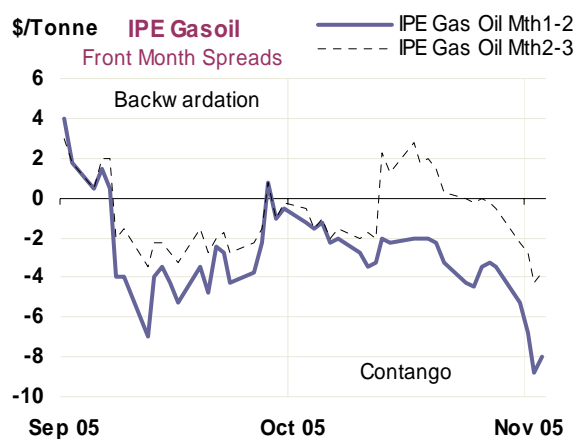
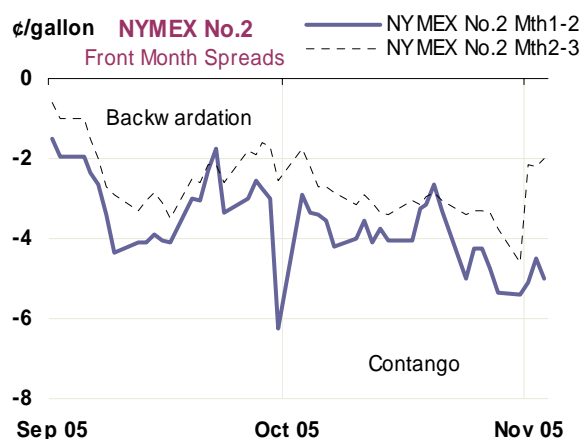
Product prices in Singapore followed similar trends to those observed in the Atlantic Basin with declines observed in light product prices. Paper prices for jet/kerosene and gasoil moved into contango. Similarly, heavy fuel oil prices were firm as bunker demand picked up and supplies tightened on lower arrivals during October of arbitrated material from the West. Singapore benchmark 180cst prices moved into backwardation as a result. Naphtha prices remained relatively stable during the month despite weakness in gasoline and, like fuel oil, were backwardated.

Gasoline fell on average \$10.30/bbl (12.37%) in October despite reduced exports from China. Regional demand is expected weaker due to changes in Indonesian domestic prices. Indonesian imports are expected down for the rest of 2005 as a reduction in retail subsidies as of 1 October is anticipated to curtail domestic consumption. Sentiment on the gasoline turned negative due to offers of product emerging from India. Singapore and Arab Gulf (fob) naphtha prices fell only \$5.00/bbl month to month, tighter supplies from the Middle East offsetting additional spot supplies from India.

Kerosene prices in Singapore fell rapidly as regional supplies grew ample. Stocks of kerosene, used as a heating fuel, appeared to build strongly ahead of winter, particularly in Japan where they trended at, or above 2004 levels. The decline came despite stronger jet fuel demand from China for its fourth quarter. The prospect of surplus of gasoil cargoes from India led prices for the product to fall alongside those of kerosene. Nominal opportunities for arbitrage to Europe were reported but freight rates did not appear to support of shipping product. Gasoil supplies were seen rising in the region as refiners increased output on healthy crack spreads.

Product Futures

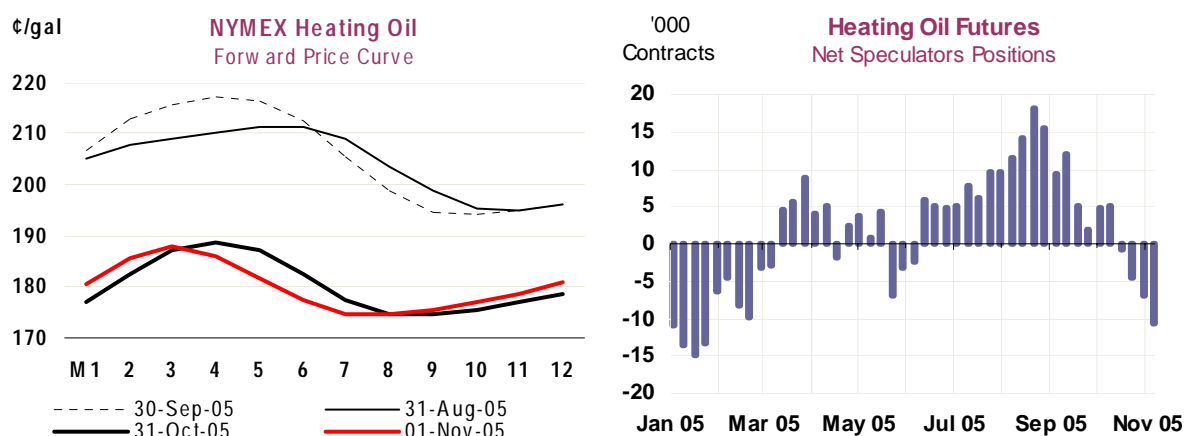
Prompt month gasoline futures on NYMEX fell heavily through October as concerns of US gasoline shortages diminished and the market appeared focused on weak preliminary gasoline demand data, disregarding upward revisions to demand in August. Supplies of blending components in the New York rose as a result of heavy inflows from Europe while production of RFG gasoline (physically delivered into the contract) was increasing. Gasoline output also recovered as refiners maximised yields over those for distillates.



The differential in the near months of the NYMEX gasoline contract switched from backwardation to contango in October. The spread typically converges over October and November before moving into contango to encourage stock building ahead of the summer season. Mirroring the trend observed in 2004, this year's early shift could reflect anticipation of tighter supplies next year, stemming from deeper maintenance during the first quarter ahead of a product specification change in sulphur on 1 June. The speculative position on gasoline was net-long during October, with the volume of contracts progressing from about 19,000 at the beginning of the month to just under 24,000 by November.

Prompt heating oil futures on the IPE and NYMEX fell significantly in October. Comfortable inventories and warmer weather were the main drivers of this decline. The decline also came against a backdrop of improving global distillate supplies, which at least in the near term, temporarily alleviated concerns over availabilities of swing supplies to the US market.

The speculators appeared, in the near-term, to see heating oil prices as having peaked, as they shifted their positions on futures from net-long to net-short in mid-October. Interestingly, speculators on the NYMEX were also net-short on natural gas (a large component of heating demand) as well. At the time of writing, the contango on NYMEX heating oil was quite wide for the December/January delivery and the following January/February delivery spreads encouraging stock builds, seasonally narrowing in subsequent time spreads.



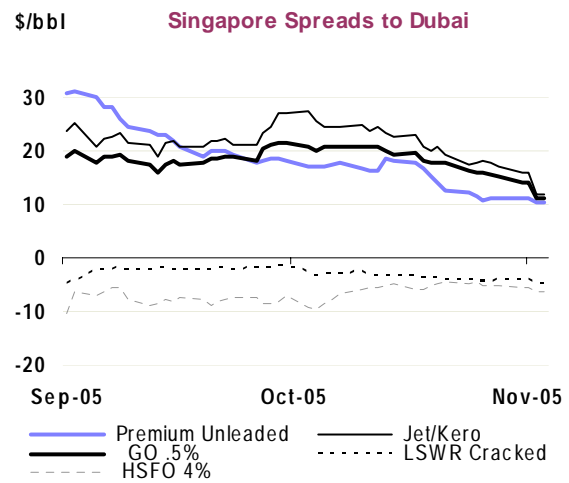
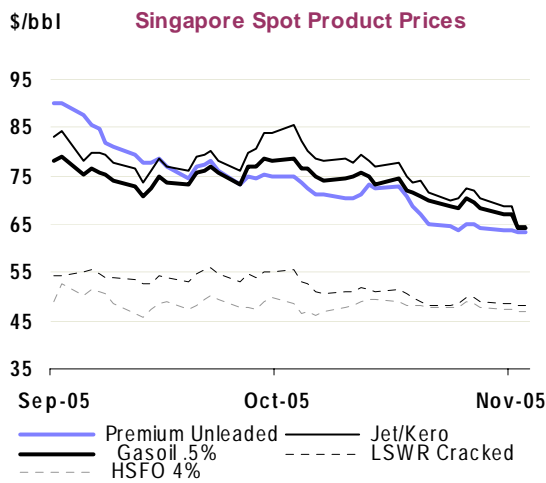
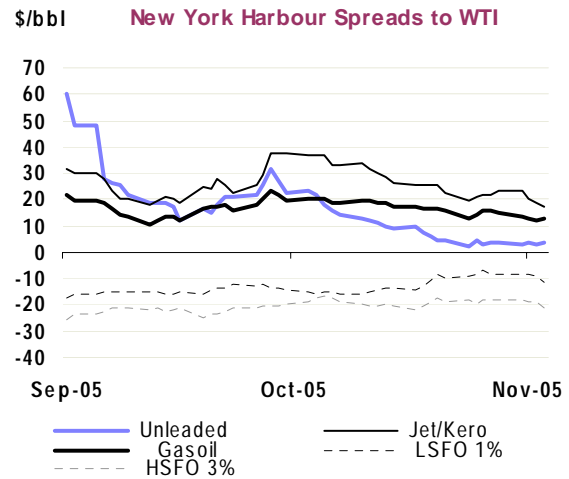
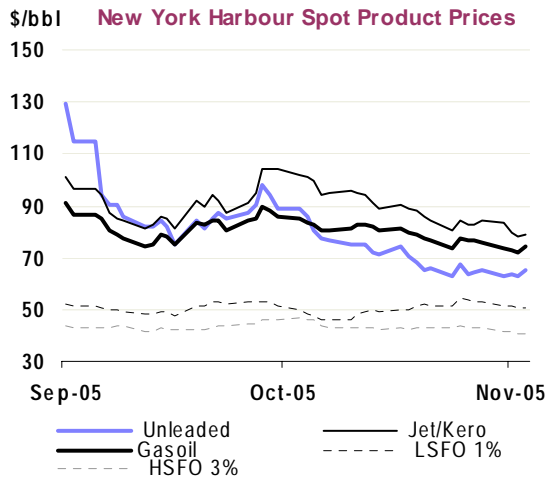
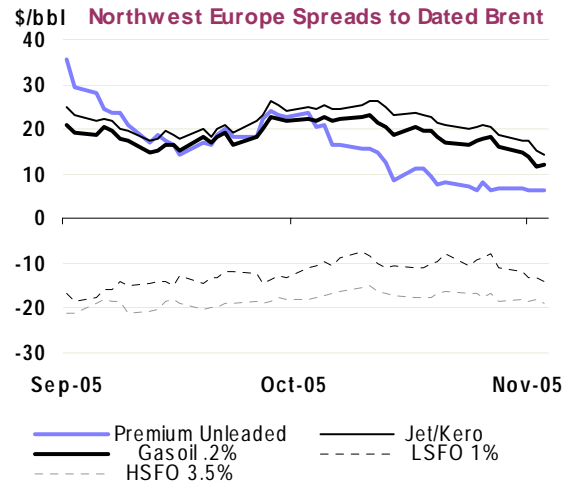
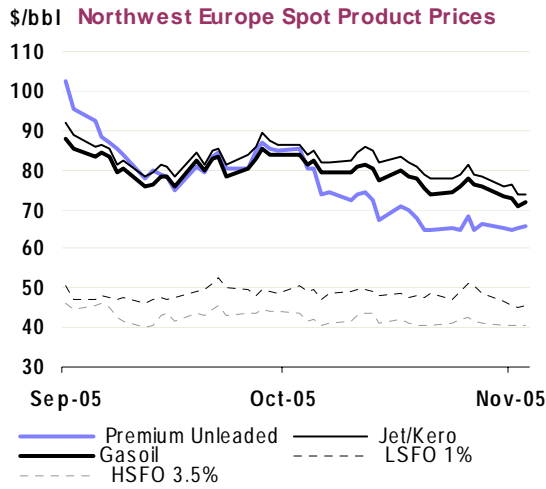
The recent trends in crude and product futures on NYMEX translated into falling crack spreads. The gasoline crack appeared heavily sold, the spread tightening by \$6.74/bbl (23.56 cents a gallon on 30 September to 7.50 on 1 November). The decline in heating oil cracks was less abrupt, falling about \$2.00/bbl over the same period. The prompt month gasoline crack was at \$6.55/bbl for gasoline and stood at \$15.23/bbl for heating oil on 3 November.

End-User Product Prices in October

US gasoline pump prices fell by 2.8% in October, while those for Canadian consumers dropped by 11.5% before tax. The comparative fall in European gasoline prices was over 5% in France, Germany and Spain (in US dollar terms, outside taxation). Conversely, October prices for automotive diesel rose dramatically from September levels in North America.

Average monthly end-user prices for automotive diesel increased by 13.5% in the US and 6.2% in Canada. By contrast, Spain, UK and Japan actually experienced drops in ex-tax consumer diesel prices in October, on a dollar basis. Average end-user October prices for heating oil were down in Japan and mixed in Europe. Dollar-based LSFO consumer prices rose by 9.8% in Germany in October, before tax, and were up by smaller amounts for other major European consumers.

Product Prices and Differentials to Benchmark Crude Oil Prices



Freight

The damage caused by the September hurricanes continued to exert upward pressure on crude freight rates in October. Logistical problems in the US Gulf have continued to create shipping delays, thereby increasing voyage times and putting upward pressure on tanker rates.

VLCC movements have been particularly affected, leading to a preference for Suezmax vessels to deliver crude into the region. In particular, there were reports of good demand for light, sweet crude as refiners maximised use of less sophisticated units to offset the damaged heavy, sour crude capacity on the US Gulf Coast. Consequently, October-loading West African crude bookings to the US rose to their highest level in recent years, causing a 70% jump in Suezmax freight rates between the end of September and early October.

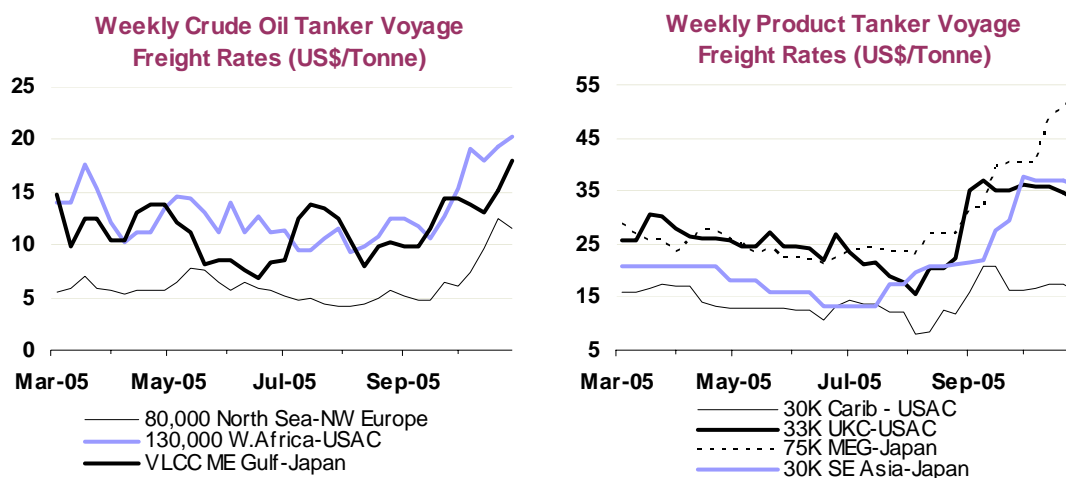
However, the impact of increased Suezmax demand was not limited to West African routes to the US. The extra interest in the Atlantic Suezmax sector pushed up transport costs for North Sea to US Gulf and ex-Black Sea/Mediterranean routes in October.

Other upside pressure came from slower transit times in the Turkish Straits (although delays are still mild compared to last year) and increased journey times as the US sourced lighter crudes from further afield. Also, vessels in the East considered ballasting to West Africa rather than the Arabian Gulf to take advantage of more attractive Atlantic Basin rates. This exacerbated the thin global availability of Suezmax vessels which had already forced up Arabian Gulf journey costs.

Suezmax rates dipped in mid-October following the end of French port blockades in the Mediterranean, but resumed a rising trend at the end of the month, dragging VLCC and Aframax markets higher. VLCCs were particularly attractive, with wide freight rate differentials making it profitable for charterers to employ larger vessels. Busy November loading schedules and winter demand levels kept Eastbound and Westbound VLCC rates moving upwards as October ended, although they remain well short of last autumn's spikes.

With the approach of winter bringing increased oil demand and greater risk of weather-induced shipping delays (particularly in the Turkish Straits), pressure on crude and product supply logistics is unlikely to ease.

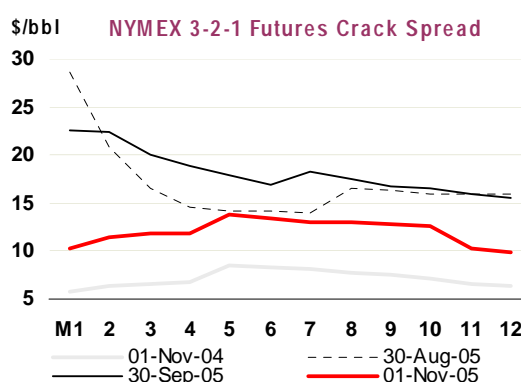
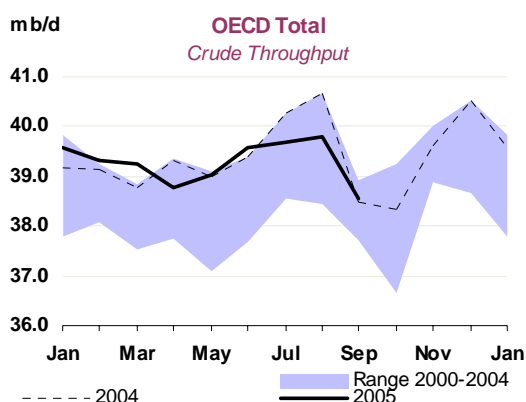
Clean product freight rates were generally firm in October. Transatlantic rates for cargoes of motor gasoline or gasoil moving from North West Europe to the US Atlantic held above the healthy level of W400 for most of October. This was largely due to congestion in the Gulf of Mexico and continued US refinery outages. Increases in large clean product cargo rates from the Middle East to Japan were sustained throughout October, rising by \$1.50 per barrel. Rates were also firm in the Caribbean where movement was disrupted by Hurricane Wilma.



REFINERY ACTIVITY

Summary

- **Full cost refinery margins** for the Atlantic Basin in October were among the strongest on record. However high average values mask a rapid deterioration over the month led by US Gulf Coast and West Coast margins. In general, light product prices (and gasoline in particular) fell more rapidly than crude prices, putting crack spreads and upgrading margins under pressure by month-end.
- **Refining margins** fell sharply in the US during October, finishing the month in line with their five-year averages. Europe saw stronger hydroskimming margins offset by slightly weaker cracking margins. Asian margins were broadly weaker but changes here were relatively small compared to the US. In early November cracking margins turned negative on the US Gulf Coast as product price weakness continued.
- **Upgrading margins** in Europe, Asia and the US came under pressure in October as fuel oil prices were more resilient than light product prices. The differential between fuel oil and gasoline narrowed by around \$20/bbl over the month in Europe and the US and around \$10/bbl in Asia, pulling upgrading margins to some of the lowest levels seen all year.
- **OECD refinery throughput** rose in September by 59 kb/d year-on-year to 38.5 mb/d, despite the US outage. Throughput increased in OECD Europe by 427 kb/d and in OECD Pacific by 625 kb/d, offsetting the fall of 993 kb/d in North American throughputs. Two-thirds of the increase in Europe and the Pacific runs is likely to have come from increased crude throughputs in hydroskimming refinery units and the rest from lower maintenance than last year.



Refining Margins

Average refining margins in October were strong by historical standards for a second consecutive month, but fell by as much as 50% from September in the US. Strong average levels also mask a steep downward trend in returns by the end of the month. The US Gulf Coast had the strongest margins at the beginning of October, but saw the largest declines and finished the month below West Coast and European margins. Margins were dragged lower as warm weather, higher crude throughputs in Europe and Asia and the restart of some capacity affected by the Gulf of Mexico hurricanes contributed to rising product availability.

Gasoline was the main factor behind weaker margins. Its crack spread weakened more rapidly and further than other light products. By the end of October the US Gulf Coast saw some of the lowest gasoline cracks for the last two years. Distillate and kerosene cracks were well supported until mid-month, but weakened in the second half of October as warmer-than-expected weather and rising inventories in the Pacific region eased market tightness. Fuel oil prices were the most resilient of the products, with discounts to crude prices narrowing until the end of the month. Early November saw some widening of discounts against crude but low-sulphur fuel oil appears to be in strong demand from utilities, as high US natural gas prices encouraged fuel switching where possible.

Selected Refining Margins in Major Refining Centres

		(\$/bbl)									
		Monthly Average			Change	Week Ending:					
		Aug 05	Sep 05	Oct 05	Oct 05-Sep 05	30 Sep	07 Oct	14 Oct	21 Oct	28 Oct	
NW Europe	Brent (Cracking)	4.28	10.83	9.28	-1.54	12.99	13.03	7.50	6.10	4.80	
	Urals (Cracking)	8.02	12.76	11.37	-1.39	14.37	13.91	9.99	8.97	7.91	
	Brent (Hydroskimming)	-2.44	4.11	4.54	0.44	6.41	7.27	3.21	2.84	1.24	
	Urals (Hydroskimming)	-0.96	3.11	3.78	0.67	4.77	5.31	3.14	2.76	1.36	
Mediterranean	Es Sider (Cracking)	7.10	11.75	8.49	-3.26	12.65	11.31	6.73	6.04	4.05	
	Urals (Cracking)	7.19	12.17	10.13	-2.04	13.33	12.66	8.44	8.21	6.11	
	Es Sider (Hydroskimming)	0.12	4.87	3.26	-1.62	5.82	4.92	2.07	2.33	0.03	
	Urals (Hydroskimming)	-2.17	2.68	2.46	-0.22	3.96	3.96	1.56	1.94	-0.35	
US Gulf Coast	Brent (Cracking)	3.89	17.74	10.25	-7.49	27.57	15.84	10.70	3.47	-0.36	
	LLS (Cracking)	6.77	19.07	13.55	-5.53	30.93	17.84	13.83	6.13	3.64	
	Mars (Cracking)	3.98	12.95	7.95	-5.00	21.07	12.00	8.07	2.23	0.83	
	Mars (Coking)	12.55	24.13	17.87	-6.26	35.09	22.43	18.98	9.69	7.67	
	Maya (Coking)	18.40	29.78	19.49	-10.29	37.82	24.81	19.32	11.86	9.74	
US West Coast	ANS (Cracking)	6.22	12.21	6.30	-5.92	15.01	9.45	6.51	3.59	3.55	
	Kern (Cracking)	3.30	9.13	5.84	-3.29	11.60	8.32	6.00	5.68	5.10	
	Oman (Cracking)	8.54	14.07	7.78	-6.29	17.11	11.34	8.57	5.99	4.28	
	Kern (Coking)	20.52	25.13	14.01	-11.13	26.61	19.32	14.07	11.40	10.74	
Singapore	Dubai (Hydroskimming)	-1.96	2.64	2.45	-0.20	3.83	3.52	3.53	2.39	0.74	
	Tapis (Hydroskimming)	-5.40	-1.95	-0.59	1.36	-0.85	-0.23	0.44	-0.63	-2.87	
	Dubai (Hydrocracking)	3.18	7.78	6.60	-1.18	8.77	8.29	7.79	5.89	4.03	
	Tapis (Hydrocracking)	-3.05	1.00	2.30	1.31	2.15	2.94	3.49	2.09	-0.40	
China	Cabinda (Hydroskimming)	-3.87	0.43	-0.02	-0.45	1.71	1.09	1.23	-0.05	-3.61	
	Daqing (Hydroskimming)	-2.45	-0.61	-2.28	-1.68	-0.20	-0.88	-2.05	-3.05	-4.07	
	Dubai (Hydroskimming)	-2.10	2.51	2.29	-0.22	3.71	3.42	3.37	2.24	0.48	
	Daqing (Hydrocracking)	2.04	5.00	2.46	-2.54	4.87	4.34	3.26	1.28	-0.14	
	Dubai (Hydrocracking)	3.09	7.72	6.44	-1.28	8.69	8.22	7.65	5.73	3.71	

For the purposes of this Report, refining margins are calculated for various complexity configurations, each optimized 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.

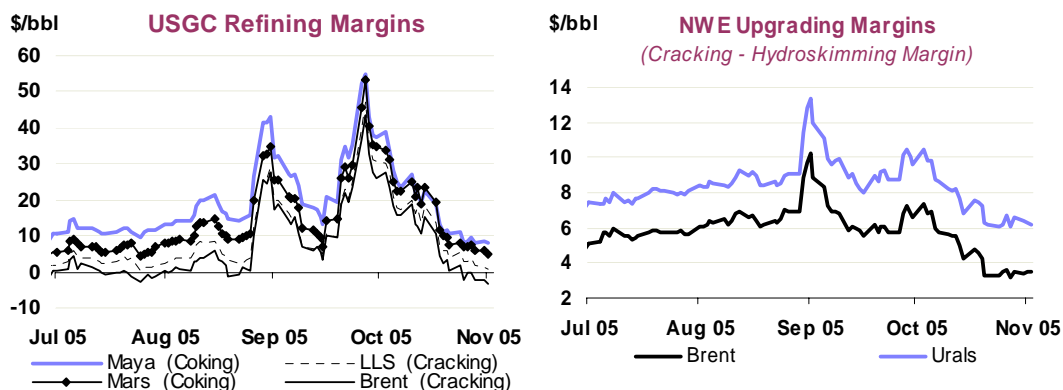
*The China refinery margin calculation represents a model based on spot product import/export parity, and does not reflect internal pricing regulations.
Sources: IEA, Purvin & Gertz Inc.

Upgrading margins came under pressure as fuel oil strengthened relative to gasoline and distillate. The differential between fuel oil and gasoline narrowed by around \$20/bbl over the month in Europe and the US and by around \$10/bbl in Asia. Since early October, worldwide upgrading differentials had fallen by around \$8/bbl in the US, \$4/bbl in Europe and \$1-2/bbl in Asia, to some of the lowest levels seen since the beginning of the year.

Hydroskimming margins remained positive in Europe and Singapore for much of the month, as a worldwide strengthening of fuel oil cracks supported margins. Margins turned negative towards late October and early November, as falling light product values outpaced the contribution from fuel oil. Hence the incentive for additional crude throughputs in hydroskimming refineries appears to be waning as more complex capacity is restored on the US Gulf Coast.

Average US Gulf Coast margins in October were amongst the strongest on record, thanks to the record levels of late September and early October. The strong average hides the fact that over the month margins fell sharply. Gulf Coast LLS cracking margins averaged \$13.55/bbl, down 30% on September levels, but still very strong by historical standards. By month-end they were at \$2/bbl, in line with the five-year average value of \$1.88/bbl. Gulf Coast coking margins displayed a similar pattern to cracking margins, falling by around 30-35% on the month. Mars coking averaged \$17.87/bbl and Maya \$19.49/bbl, but both had fallen back to near their respective five-year average values by month-end.

US refiners appear to have maximised gasoline production for most of the month at the expense of distillate production. This would be unusual given the seasonal focus on heating oil demand ahead of the Northern hemisphere winter were it not for the hurricane-related disruption. However as gasoline inventories approached their five year average and gasoline production neared pre-hurricane levels gasoline cracks weakened, shifting refinery production back in favour of distillate during the second half of October.

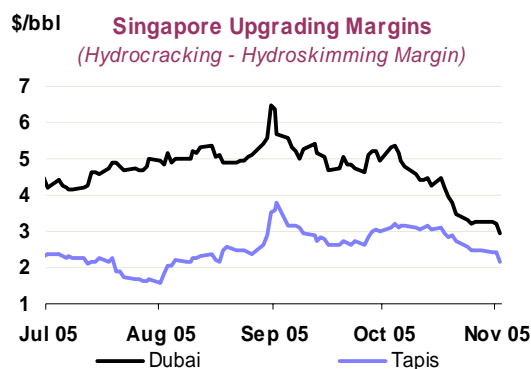


Average West Coast cracking margins fell by nearly 50% in October versus September. This left them in the unusual position of being weaker than margins on the US Gulf Coast, North West Europe and Mediterranean. Cracking margins on ANS and Kern averaged \$6.30 and \$5.84/bbl, down from \$12.21 and \$9.13/bbl respectively

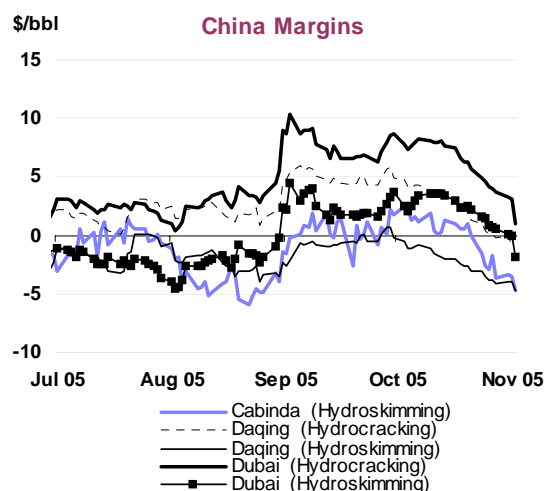
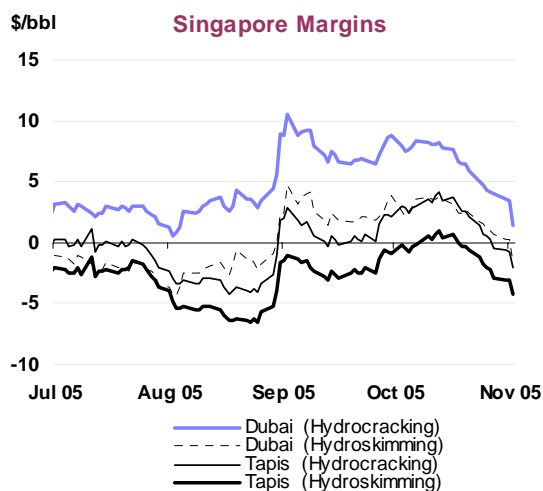
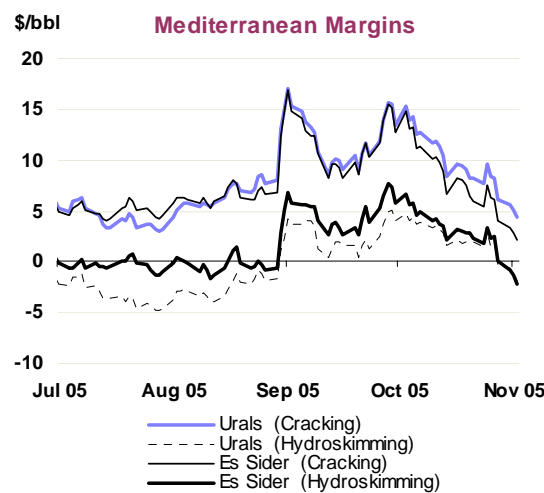
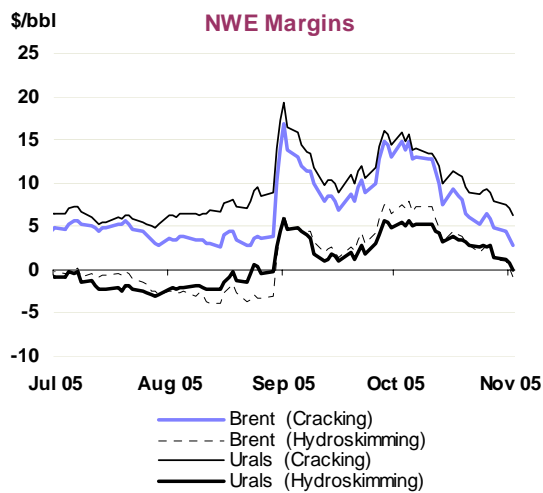
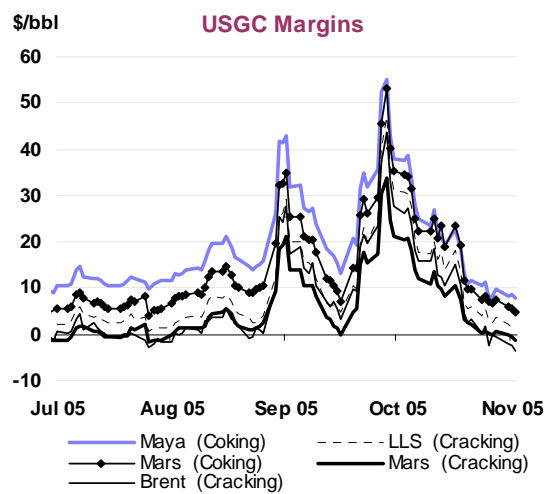
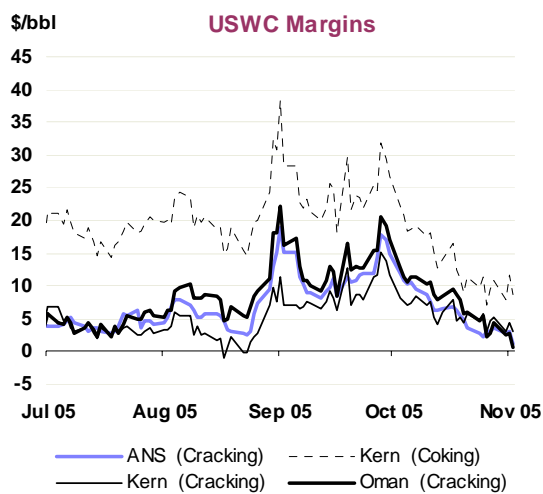
European margins remained very strong in October. Hydroskimming margins in North West Europe (NWE) reached their highest monthly average in the last five years, and cracking and Mediterranean margins posted only small declines versus September. In NWE product markets were tighter than crude markets, due to French industrial action. The disruption also supported diesel's premium to gasoil through the middle of the month. Diesel cracks weakened towards month-end following the resumption of normal refinery operations and mild weather. Fuel oil cracks turned lower in unison. Hydroskimming margins increased by \$0.43 to \$4.54/bbl for Brent and by \$0.67 to \$3.78/bbl for Urals, supported by fuel oil's strength and were relatively less affected by the weakness in gasoline.

Mediterranean Urals hydroskimming margins fell during October. Average returns were only slightly weaker than September, falling \$0.22 to \$2.46/bbl and, unlike NWE, finished the month negative as regional values of jet, gasoline and fuel oil weakened more rapidly.

Asia Pacific margins remained healthy during October, supported by stable light product cracks. Dubai hydroskimming margins in Singapore averaged \$2.45/bbl, down \$0.21/bbl from September, well above the five-year average of -\$0.31/bbl. Hydrocracking margins were similarly resilient, averaging \$6.60/bbl, a fall of \$1.18/bbl from September, but remained significantly above the five year average of \$1.49/bbl. Average Tapis margins improved over September's level for both hydroskimming and hydrocracking as a result of strengthening distillate cracks. Singapore gasoline cracks have not been subject to the wild fluctuations seen on the US Gulf Coast and elsewhere: having missed the rises seen in September they did not deteriorate over the month to the same extent.



Regional Full-Cost Refining Margins



Refinery Throughput

OECD refinery throughputs in September rose by 59 kb/d year-on-year. This increase was achieved despite the disruption to US Gulf Coast refinery operations which reduced North American throughputs by 993 kb/d versus last year. Runs in OECD Europe increased by 427 kb/d and in the OECD Pacific by 625 kb/d year-on-year. Approximately 0.33 mb/d of this 1.05 mb/d increase can be attributed to lower scheduled refinery maintenance in Europe and the Pacific, suggesting that positive hydroskimming margins were a key factor in the remaining 0.72 mb/d of the incremental refinery runs.

Refinery Crude Throughput and Utilisation in OECD Countries

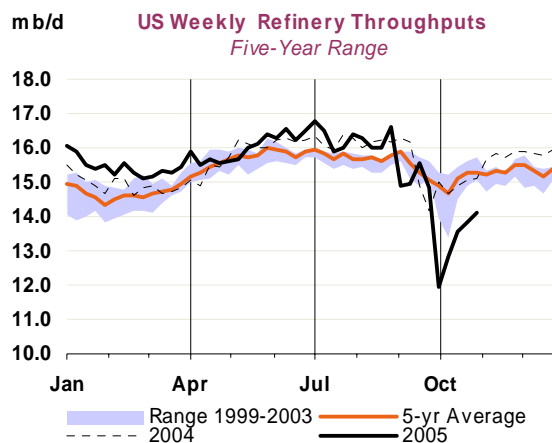
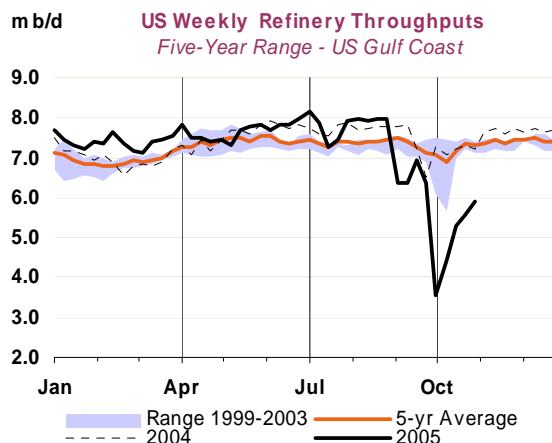
	million barrels per day					Change from Sep 04		Utilisation rate ²		
	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	mb/d	%	Sep 05	Sep 04
OECD North America										
US ³	15.49	15.89	16.40	15.91	15.62	14.05	-0.93	-6.2	82.42	88.63
Canada	1.64	1.75	1.81	1.69	1.71	1.68	-0.12	-6.6	83.22	90.45
Mexico	1.33	1.27	1.27	1.23	1.27	1.28	0.05	4.5	76.26	71.96
Total	18.45	18.92	19.48	18.83	18.60	17.01	-0.99	-5.5	82.00	87.53
OECD Europe										
France	1.79	1.56	1.62	1.76	1.78	1.76	-0.01	-0.8	90.01	90.76
Germany	2.22	2.33	2.30	2.30	2.43	2.44	0.15	6.5	99.40	93.35
Italy	1.89	1.95	1.90	1.93	1.91	2.02	0.09	4.5	87.07	83.63
Netherlands	1.12	1.13	1.09	0.95	1.02	1.09	0.16	17.7	89.02	75.96
Spain	1.19	1.18	1.11	1.26	1.20	1.20	0.03	2.4	94.56	92.35
UK	1.58	1.62	1.59	1.75	1.69	1.73	0.07	4.3	94.56	91.09
Other OECD Europe	3.58	3.77	3.95	4.02	4.15	3.98	-0.06	-1.4	85.28	86.45
Total	13.37	13.55	13.57	13.95	14.19	14.22	0.43	3.1	90.46	87.85
OECD Pacific										
Japan	3.96	3.58	3.69	3.96	4.17	4.22	0.49	13.2	89.75	79.35
Korea	2.24	2.33	2.12	2.25	2.16	2.35	0.15	6.8	91.36	86.64
Other OECD Pacific	0.74	0.66	0.72	0.70	0.67	0.73	-0.02	-2.3	84.59	86.50
Total	6.94	6.57	6.53	6.91	7.00	7.30	0.63	9.4	89.72	82.40
OECD Total	38.76	39.03	39.58	39.69	39.79	38.54	0.06	0.2	86.39	86.70

¹ Estimate

² Based on crude throughput and current operable refining capacity

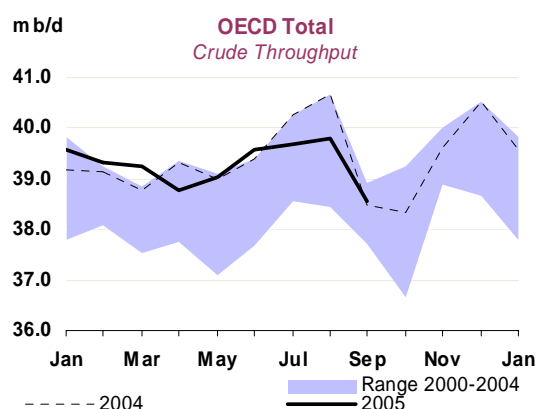
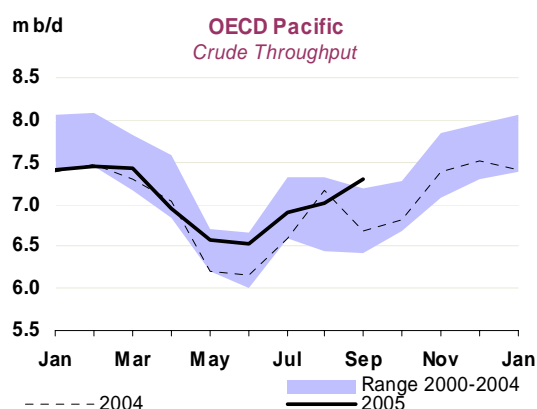
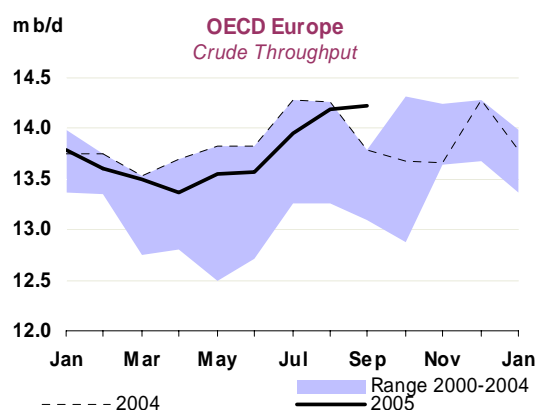
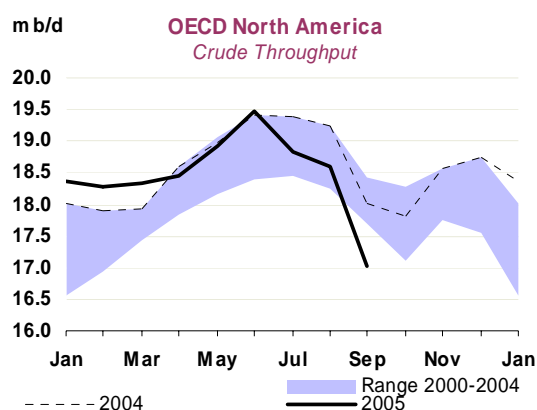
³ US50

October crude throughputs should be similarly strong given the robust hydroskimming margins seen during the month. European and Asian refinery maintenance is expected to have been significantly below September's levels although strikes at refineries in France and the Netherlands will undoubtedly impact runs. The balance of 2005 is expected to see minimal OECD refinery maintenance activity. However with some maintenance deferred from September and October and with tightening US quality specification in the middle of 2006, the first quarter of next year may see a heavier than normal maintenance programme.



An analysis of the monthly data reveals more clearly the scale of disruption to the global refining system from US Gulf Coast problems. Maintenance normally depresses refinery runs in September, while August typically sees the summer peak in refinery throughput. This seasonal drop in refinery crude runs was amplified by the strong hurricane season. September OECD refinery throughputs were 1.25 mb/d lower than those seen in August. The fall in US crude throughputs of 1.57 mb/d was in addition to a fall of 15 kb/d in the rest of OECD North America. Higher crude runs in OECD Europe and Pacific, totalling 0.33 mb/d from a month earlier, offset this loss. The increase in Europe and the Pacific is all the more impressive given that scheduled maintenance increased offline refinery capacity by around 0.7 mb/d during September compared to August. One can conclude from these facts that around one million barrels of spare capacity was brought into service during September from August.

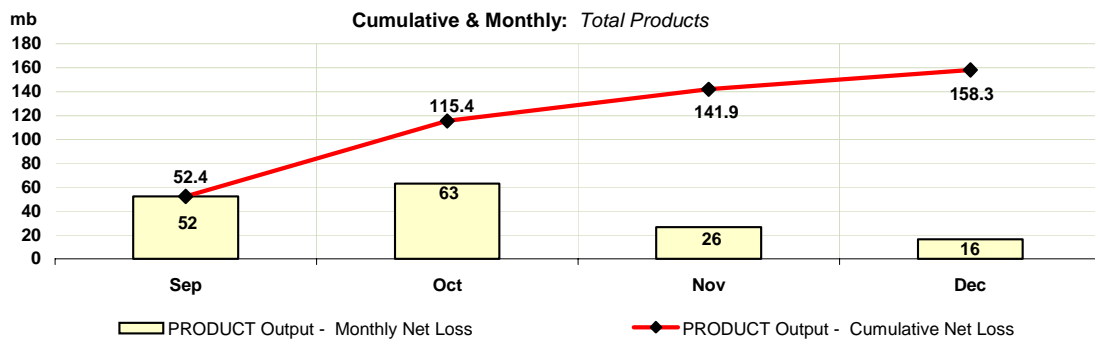
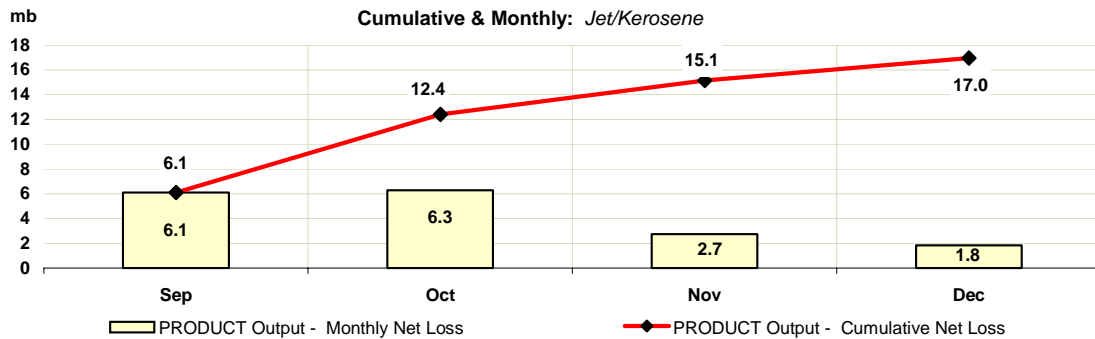
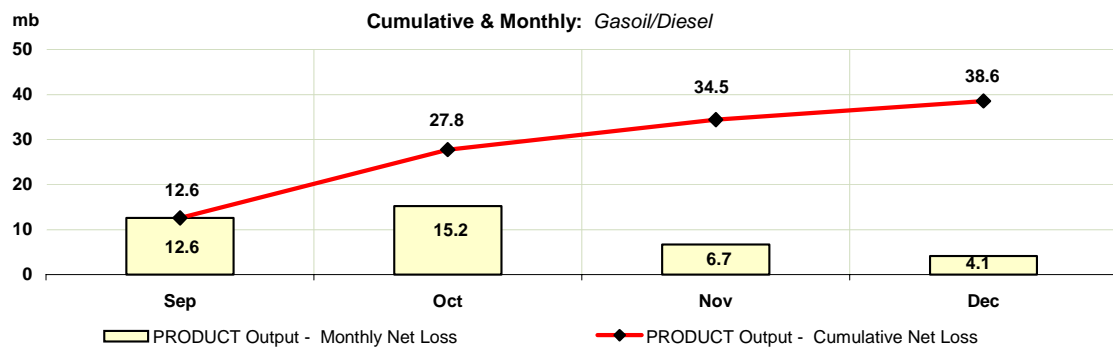
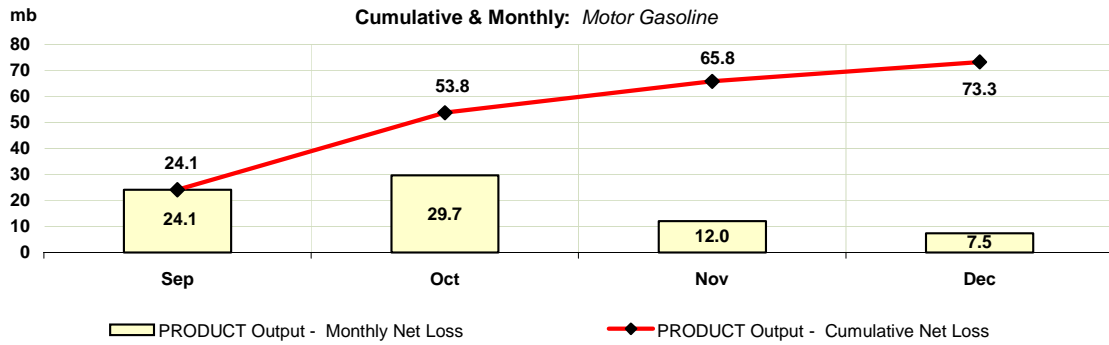
US refining throughputs continued to recover from the disruption caused by Hurricanes Katrina and Rita. End October capacity utilisation on the Gulf Coast was 73% up from the trough of 44% earlier in the month. However average capacity offline in the Gulf Coast region in October was higher at roughly 2.85mb/d, up from 2.37mb/d in September. The strong margin environment appeared to encourage extra throughputs from refiners elsewhere in the US. For the four other regions, weekly EIA reports showed October throughputs above year ago and five-year average levels. Most of the refineries affected by the hurricanes have started, or are restarting, but three plants are expected to remain out of action until the end of the year. Of these, two were affected by Hurricane Katrina (ConocoPhillips Belle Chasse and Murphy Meraux) and one sustained damaged from Hurricane Rita (BP Texas City). Collectively these three refineries represent approximately 800 kb/d, or 5%, of US capacity.



Post-Hurricane Katrina and Rita US Product Output Loss: An Evaluation

Our updated product loss profile suggests that the cumulative impact by year-end will be 158.3 mb, broadly in line with our original expectation for lost refinery production through to the end of 2005. The impact during September was slightly higher than we first assumed while October is revised down. In total these two adjustments cancel each other out.

US Monthly and Cumulative Product Loss Profile



N.B. Output profile contingent on yield configuration, offline cdu capacity, average utilisation of online CDU capacity

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

	2002	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
OECD DEMAND																	
North America	24.1	24.5	25.2	25.0	25.4	25.7	25.3	25.5	25.3	25.5	25.8	25.5	25.8	25.5	26.0	26.3	25.9
Europe	15.3	15.4	15.7	15.2	15.6	16.0	15.6	15.6	15.3	15.6	15.9	15.6	15.5	15.3	15.6	16.0	15.6
Pacific	8.6	8.7	9.3	7.9	8.2	8.8	8.5	9.5	8.1	8.1	8.9	8.6	9.5	8.1	8.2	9.1	8.7
Total OECD	48.0	48.6	50.2	48.1	49.2	50.5	49.5	50.6	48.7	49.2	50.6	49.8	50.9	48.9	49.8	51.3	50.2
NON-OECD DEMAND																	
FSU	3.5	3.6	3.5	3.7	3.8	4.0	3.7	3.7	3.6	3.6	4.1	3.8	3.8	3.6	3.8	4.1	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	5.0	5.6	6.3	6.5	6.3	6.6	6.4	6.5	6.4	6.6	7.0	6.6	6.9	6.9	7.1	7.4	7.1
Other Asia	8.0	8.0	8.4	8.7	8.3	8.7	8.5	8.7	8.9	8.5	8.8	8.7	8.9	9.0	8.7	9.1	8.9
Latin America	4.8	4.7	4.7	4.9	5.0	4.9	4.9	4.8	5.0	5.0	5.0	5.0	4.9	5.1	5.2	5.1	5.1
Middle East	5.2	5.3	5.5	5.5	5.8	5.6	5.6	5.8	5.7	6.1	5.9	5.9	6.1	6.1	6.4	6.2	6.2
Africa	2.7	2.7	2.8	2.8	2.7	2.8	2.8	2.9	2.9	2.8	2.9	2.9	3.0	3.0	2.9	3.0	3.0
Total Non-OECD	29.7	30.6	32.0	32.8	32.6	33.3	32.7	33.3	33.2	33.4	34.5	33.6	34.4	34.5	34.6	35.6	34.8
Total Demand¹	77.7	79.2	82.2	80.9	81.7	83.8	82.2	83.9	81.9	82.5	85.1	83.3	85.2	83.4	84.5	87.0	85.0
OECD SUPPLY																	
North America	14.5	14.6	14.8	14.7	14.4	14.4	14.6	14.4	14.6	13.7	13.8	14.1	14.5	14.4	14.2	14.4	14.4
Europe	6.6	6.3	6.4	6.2	5.7	6.0	6.1	5.9	5.7	5.4	5.7	5.7	5.7	5.4	5.2	5.4	5.5
Pacific	0.8	0.7	0.6	0.6	0.6	0.5	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total OECD	21.9	21.6	21.8	21.5	20.8	21.0	21.3	20.9	20.9	19.8	20.1	20.4	20.9	20.4	20.0	20.4	20.4
NON-OECD SUPPLY																	
FSU	9.4	10.3	10.9	11.1	11.4	11.5	11.2	11.4	11.5	11.6	11.9	11.6	11.9	12.0	12.2	12.3	12.1
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	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.6	3.6	3.6	3.7	3.6	3.6	3.6	3.6	3.6	3.6
Other Asia	2.5	2.6	2.7	2.7	2.8	2.8	2.8	2.7	2.6	2.7	2.8	2.7	2.8	2.9	2.8	2.8	2.8
Latin America	3.9	4.0	4.1	4.1	4.1	4.1	4.1	4.2	4.4	4.3	4.4	4.3	4.4	4.5	4.5	4.6	4.5
Middle East	2.1	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.8
Africa	3.0	3.0	3.3	3.4	3.4	3.5	3.4	3.5	3.6	3.8	4.0	3.7	4.1	4.2	4.3	4.5	4.2
Total Non-OECD	24.5	25.6	26.5	26.8	27.3	27.4	27.0	27.5	27.7	28.2	28.7	28.0	28.9	29.1	29.4	29.8	29.3
Processing Gains ²	1.8	1.8	1.9	1.8	1.8	1.9	1.8	1.9	1.9	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Total Non-OPEC	48.1	49.0	50.1	50.1	49.9	50.3	50.1	50.2	50.4	49.8	50.7	50.3	51.7	51.5	51.3	52.1	51.6
OPEC																	
Crude ³	25.1	26.8	27.9	28.0	29.1	29.5	28.6	28.8	29.3	29.6							
NGLs	3.7	3.9	4.3	4.3	4.3	4.4	4.3	4.7	4.7	4.8	4.8	4.7	4.9	5.0	5.2	5.3	5.1
Total OPEC	28.8	30.7	32.2	32.3	33.4	33.9	33.0	33.5	34.0	34.4							
Total Supply⁴	76.9	79.7	82.3	82.5	83.3	84.2	83.1	83.7	84.5	84.1							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.4	0.1	-0.6	0.9	0.4	-0.2	0.1	-0.1	0.8	0.2							
Government	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.0							
Total	-0.3	0.3	-0.4	0.9	0.5	-0.1	0.2	0.0	1.2	0.2							
Floating Storage/Oil in Transit	0.0	0.2	-0.2	-0.2	0.3	0.3	0.0	-0.4	0.1	0.1							
Miscellaneous to balance ⁵	-0.5	0.0	0.8	0.8	0.8	0.2	0.7	0.3	1.2	1.3							
Total Stock Ch. & Misc	-0.8	0.5	0.1	1.6	1.6	0.4	0.9	-0.1	2.6	1.6							
Memo items:																	
Call on OPEC crude + Stock ch. ⁶	25.9	26.3	27.8	26.5	27.5	29.1	27.7	28.9	26.8	28.0	29.6	28.3	28.6	26.9	28.0	29.6	28.3
Total Demand ex. FSU	74.2	75.6	78.7	77.2	78.0	79.8	78.4	80.1	78.4	78.9	81.0	79.6	81.4	79.7	80.7	82.9	81.2
Total demand exc. FSU (% ch) ⁷	1.1	1.9	3.4	4.8	3.4	3.1	3.7	1.9	1.5	1.2	1.4	1.5	1.6	1.8	2.3	2.4	2.0

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)

	2002	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
OECD DEMAND																	
North America	-	-	-	-	-	-	-	-	-	-	-0.2	-	-0.1	-	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.1	-0.3	-	-0.1	-	-0.2	-0.1	-0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1
Total Demand	-	-	-	-	-	-	-	-	-	0.1	-0.4	-0.1	-0.1	-	-0.2	-0.2	-0.1
OECD SUPPLY																	
North America	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-0.2	-0.1	-	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pacific	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	0.1	-0.1	-	-	-	-0.2	-0.2	-	-0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	-
OPEC																	
Crude	-0.1	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
NGLs	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-	-	-
Total OPEC	-0.1	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
Total Supply	-0.1	-	-	-	-	-0.1	-	-	0.1	-0.2	-	-	-	-	-	-	-
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Miscellaneous to balance	-0.1	-	-0.1	-	-	-0.1	-	-0.1	-	-	-	-	-	-	-	-	-
Total Stock Ch. & Misc	-0.1	-	-	-	-0.1	-0.1	-	-0.1	-	-0.3	-	-	-	-	-	-	-
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	0.1	-	0.1	-	0.1	-0.3	-	-0.1	0.1	-0.2	-0.3	-0.1
Total Demand ex. FSU	-	-	-	-	-	-	-	-	-	0.1	-0.4	-0.1	-0.1	-	-0.2	-0.2	-0.1

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

Table 2
Summary of Global Oil Demand

	2003	1Q04	2Q04	3Q04	4Q04	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006
Demand (mb/d)																
North America	24.53	25.22	25.03	25.41	25.69	25.34	25.53	25.33	25.45	25.78	25.52	25.81	25.54	25.96	26.31	25.91
Europe	15.43	15.66	15.20	15.60	16.01	15.62	15.56	15.31	15.61	15.91	15.60	15.53	15.25	15.63	15.97	15.60
Pacific	8.69	9.28	7.90	8.16	8.77	8.53	9.49	8.10	8.09	8.89	8.64	9.52	8.11	8.25	9.06	8.73
Total OECD	48.65	50.17	48.13	49.17	50.48	49.49	50.58	48.74	49.16	50.59	49.76	50.86	48.90	49.84	51.34	50.23
FSU	3.59	3.51	3.71	3.78	3.98	3.74	3.73	3.57	3.63	4.13	3.77	3.81	3.62	3.75	4.08	3.82
Europe	0.69	0.76	0.70	0.66	0.71	0.71	0.78	0.72	0.67	0.72	0.72	0.79	0.73	0.68	0.74	0.74
China	5.58	6.28	6.53	6.32	6.60	6.43	6.55	6.41	6.64	6.98	6.65	6.90	6.92	7.08	7.40	7.08
Other Asia	8.05	8.42	8.67	8.34	8.68	8.53	8.71	8.85	8.49	8.84	8.72	8.87	9.05	8.69	9.07	8.92
Latin America	4.67	4.71	4.87	4.96	4.89	4.86	4.82	4.98	5.03	4.99	4.96	4.92	5.08	5.16	5.10	5.07
Middle East	5.27	5.51	5.45	5.79	5.62	5.59	5.79	5.74	6.08	5.92	5.89	6.10	6.05	6.38	6.22	6.19
Africa	2.73	2.80	2.83	2.73	2.84	2.80	2.90	2.92	2.81	2.92	2.89	2.98	3.01	2.89	3.01	2.97
Total Non-OECD	30.56	31.99	32.76	32.57	33.33	32.66	33.27	33.19	33.35	34.50	33.58	34.37	34.46	34.63	35.63	34.78
World	79.21	82.16	80.90	81.73	83.80	82.15	83.85	81.93	82.51	85.09	83.35	85.23	83.36	84.47	86.97	85.01
of which:																
US	20.03	20.60	20.54	20.82	20.97	20.73	20.80	20.66	20.75	21.02	20.81	21.00	20.85	21.18	21.44	21.12
Euro4	8.30	8.39	8.10	8.36	8.48	8.34	8.19	8.06	8.30	8.31	8.22	8.10	8.02	8.26	8.34	8.18
Japan	5.50	5.98	4.87	5.12	5.45	5.35	6.05	4.99	5.06	5.50	5.40	6.07	4.94	5.12	5.59	5.43
Korea	2.18	2.30	2.02	2.00	2.27	2.15	2.40	2.06	2.00	2.32	2.19	2.39	2.09	2.06	2.36	2.23
Mexico	1.95	1.96	1.96	1.95	2.01	1.97	2.01	2.08	2.02	2.04	2.04	2.09	2.09	2.08	2.11	2.09
Canada	2.21	2.30	2.20	2.31	2.36	2.29	2.35	2.25	2.33	2.37	2.32	2.34	2.26	2.34	2.40	2.34
Brazil	2.04	2.06	2.12	2.21	2.18	2.14	2.09	2.15	2.22	2.21	2.17	2.13	2.19	2.27	2.26	2.21
India	2.47	2.66	2.65	2.47	2.61	2.60	2.77	2.64	2.50	2.67	2.64	2.82	2.71	2.55	2.73	2.70
Annual Change (% per annum)																
North America	1.7	3.1	3.8	2.9	3.5	3.3	1.2	1.2	0.2	0.4	0.7	1.1	0.9	2.0	2.1	1.5
Europe	1.0	1.4	0.4	0.9	2.3	1.3	-0.6	0.7	0.1	-0.7	-0.1	-0.2	-0.4	0.1	0.4	0.0
Pacific	1.5	-4.2	-2.4	2.8	-3.2	-1.9	2.2	2.5	-0.8	1.4	1.3	0.3	0.0	1.9	1.9	1.0
Total OECD	1.4	1.1	1.7	2.2	1.9	1.7	0.8	1.3	0.0	0.2	0.6	0.5	0.3	1.4	1.5	0.9
FSU	3.2	-8.4	15.8	10.2	2.3	4.4	6.4	-3.9	-3.8	3.8	0.6	2.2	1.5	3.3	-1.1	1.4
Europe	3.8	2.5	2.5	3.0	3.1	2.8	2.6	2.6	1.9	1.9	2.2	2.0	2.1	2.1	2.1	2.1
China	11.0	18.0	23.4	9.2	12.0	15.4	4.3	-1.9	5.1	5.7	3.3	5.3	7.9	6.7	6.1	6.5
Other Asia	1.2	6.5	9.5	4.6	3.4	5.9	3.4	2.1	1.8	1.8	2.3	1.8	2.2	2.4	2.7	2.3
Latin America	-1.8	4.9	5.0	3.9	2.8	4.1	2.3	2.2	1.5	2.0	2.0	2.0	2.1	2.4	2.2	2.2
Middle East	1.9	5.3	8.9	5.5	4.7	6.0	5.1	5.3	5.1	5.3	5.2	5.3	5.4	4.9	5.1	5.2
Africa	1.6	2.2	3.0	3.1	2.6	2.7	3.4	3.4	2.9	2.8	3.1	2.8	2.9	3.0	3.0	2.9
Total Non-OECD	2.8	5.7	11.1	6.0	4.9	6.9	4.0	1.3	2.4	3.5	2.8	3.3	3.8	3.8	3.3	3.6
World	2.0	2.9	5.3	3.7	3.1	3.7	2.1	1.3	1.0	1.5	1.5	1.6	1.7	2.4	2.2	2.0
Annual Change (mb/d)																
North America	0.40	0.76	0.93	0.71	0.86	0.81	0.31	0.30	0.04	0.10	0.18	0.28	0.22	0.51	0.53	0.38
Europe	0.16	0.22	0.05	0.14	0.36	0.19	-0.10	0.10	0.02	-0.10	-0.02	-0.03	-0.06	0.02	0.06	0.00
Pacific	0.13	-0.41	-0.19	0.23	-0.29	-0.16	0.20	0.20	-0.06	0.12	0.11	0.03	0.00	0.15	0.17	0.09
Total OECD	0.69	0.57	0.79	1.07	0.93	0.84	0.41	0.60	-0.01	0.11	0.28	0.28	0.17	0.68	0.75	0.47
FSU	0.11	-0.32	0.51	0.35	0.09	0.16	0.22	-0.14	-0.14	0.15	0.02	0.08	0.05	0.12	-0.04	0.05
Europe	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.02	0.02	0.01	0.01	0.02	0.01
China	0.55	0.96	1.24	0.53	0.71	0.86	0.27	-0.12	0.32	0.38	0.21	0.35	0.51	0.44	0.42	0.43
Other Asia	0.09	0.51	0.75	0.37	0.29	0.48	0.29	0.18	0.15	0.16	0.19	0.16	0.19	0.20	0.23	0.20
Latin America	-0.08	0.22	0.23	0.19	0.13	0.19	0.11	0.11	0.07	0.10	0.10	0.10	0.10	0.12	0.11	0.11
Middle East	0.10	0.27	0.44	0.30	0.25	0.32	0.28	0.29	0.30	0.30	0.29	0.31	0.31	0.30	0.30	0.30
Africa	0.04	0.06	0.08	0.08	0.07	0.07	0.10	0.10	0.08	0.08	0.09	0.08	0.08	0.08	0.09	0.08
Total Non-OECD	0.84	1.72	3.27	1.84	1.56	2.10	1.29	0.43	0.79	1.17	0.92	1.09	1.27	1.28	1.13	1.19
World	1.53	2.29	4.06	2.91	2.50	2.94	1.70	1.03	0.78	1.28	1.20	1.37	1.43	1.96	1.88	1.66
Revisions to Oil Demand from Last Month's Report (mb/d)																
North America	-	-	-0.02	-	-	-0.01	-	0.02	0.03	-0.22	-0.04	-0.09	0.04	-0.11	-0.09	-0.06
Europe	-	0.03	-	0.02	0.02	0.02	0.02	0.02	0.01	-0.08	-0.01	-0.01	-0.01	-0.03	-0.03	-0.02
Pacific	-	-	-	-	-	-	-	-	0.05	-0.04	-	0.01	0.01	-0.01	-	-
Total OECD	-	0.03	-0.02	0.02	0.02	0.01	0.02	0.04	0.09	-0.33	-0.05	-0.09	0.04	-0.15	-0.12	-0.08
FSU	-	-	-	-	-	-	-	-0.01	0.01	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	0.03	-	0.01	-0.02	-0.02	-0.05	-0.03	-0.03
Other Asia	-	-	-	0.01	-	-	-	-	-0.04	-0.04	-0.02	-0.03	-0.03	-0.04	-0.03	-0.03
Latin America	-	-	-	-	-	-	-	-	0.01	-	-	-	0.00	-	-0.01	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.01	0.01
Africa	-	-	-	-	-	-	-	0.00	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	0.01	-	-	-	-	0.01	-0.04	-0.01	-0.05	-0.04	-0.08	-0.07	-0.06
World	-	0.03	-0.02	0.02	0.02	0.01	0.02	0.04	0.10	-0.38	-0.06	-0.13	-	-0.23	-0.19	-0.14
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.03	-0.02	0.02	0.02	0.01	-0.01	0.05	0.08	-0.40	-0.07	-0.15	-0.04	-0.34	0.19	-0.09

Table 3
WORLD OIL PRODUCTION

(million barrels per day)

	2004	2005	2006	2Q05	3Q05	4Q05	1Q06	2Q06	Aug 05	Sep 05	Oct 05
OPEC											
Crude Oil											
Saudi Arabia	8.75			9.21	9.27				9.28	9.28	9.22
Iran	3.93			3.96	3.81				3.85	3.70	3.87
Iraq	1.99			1.84	1.96				1.92	2.01	1.79
UAE	2.35			2.35	2.53				2.54	2.59	2.60
Kuwait	2.05			2.12	2.11				2.11	2.13	2.23
Neutral Zone	0.60			0.57	0.57				0.57	0.57	0.57
Qatar	0.77			0.78	0.80				0.80	0.81	0.83
Nigeria	2.32			2.43	2.46				2.46	2.46	2.46
Libya	1.55			1.65	1.65				1.65	1.65	1.65
Algeria	1.20			1.34	1.36				1.35	1.37	1.37
Venezuela	2.17			2.15	2.12				2.12	2.11	2.12
Indonesia	0.97			0.94	0.94				0.94	0.93	0.95
Total Crude Oil	28.64			29.33	29.58				29.57	29.59	29.64
Total NGLs ¹	4.32	4.75	5.10	4.70	4.79	4.82	4.92	5.01	4.79	4.79	4.83
Total OPEC	32.96			34.03	34.37				34.36	34.38	34.47
NON-OPEC²											
OECD											
North America	14.58	14.13	14.38	14.58	13.71	13.84	14.52	14.44	14.33	12.92	13.35
United States	7.66	7.31	7.36	7.74	7.03	6.79	7.44	7.40	7.46	6.19	6.34
Mexico	3.83	3.79	3.79	3.87	3.70	3.86	3.83	3.81	3.84	3.78	3.86
Canada	3.09	3.02	3.24	2.98	2.98	3.19	3.25	3.23	3.02	2.95	3.15
Europe	6.10	5.70	5.46	5.70	5.44	5.71	5.75	5.45	5.29	5.47	5.58
UK	2.06	1.84	1.66	1.90	1.66	1.82	1.80	1.64	1.55	1.68	1.77
Norway	3.19	3.01	3.00	2.94	2.95	3.06	3.13	3.00	2.91	2.95	2.98
Others	0.85	0.84	0.80	0.86	0.83	0.82	0.82	0.81	0.83	0.84	0.83
Pacific	0.58	0.59	0.58	0.62	0.60	0.58	0.59	0.56	0.59	0.59	0.58
Australia	0.54	0.55	0.54	0.58	0.56	0.54	0.55	0.52	0.55	0.55	0.54
Others	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Total OECD	21.25	20.42	20.42	20.91	19.75	20.12	20.86	20.45	20.20	18.99	19.52
NON-OECD											
Former USSR	11.22	11.60	12.12	11.46	11.64	11.87	11.94	12.02	11.65	11.71	11.80
Russia	9.23	9.48	9.80	9.38	9.54	9.65	9.67	9.74	9.53	9.58	9.64
Others	1.99	2.12	2.32	2.08	2.10	2.22	2.28	2.29	2.12	2.13	2.16
Asia	6.24	6.37	6.48	6.26	6.39	6.48	6.47	6.50	6.36	6.42	6.46
China	3.48	3.63	3.63	3.61	3.64	3.65	3.65	3.64	3.66	3.64	3.66
Malaysia	0.86	0.83	0.86	0.77	0.85	0.87	0.88	0.87	0.85	0.86	0.86
India	0.80	0.77	0.79	0.80	0.73	0.74	0.74	0.80	0.68	0.74	0.74
Others	1.10	1.14	1.20	1.08	1.17	1.22	1.21	1.20	1.17	1.17	1.20
Europe	0.17	0.16	0.15	0.16	0.16	0.15	0.15	0.15	0.16	0.16	0.15
Latin America	4.09	4.30	4.50	4.37	4.30	4.38	4.41	4.46	4.27	4.31	4.37
Brazil	1.80	1.99	2.23	2.03	2.01	2.09	2.13	2.19	1.98	2.01	2.09
Argentina	0.80	0.76	0.71	0.77	0.76	0.75	0.73	0.71	0.76	0.76	0.75
Colombia	0.53	0.53	0.52	0.53	0.53	0.52	0.52	0.52	0.53	0.54	0.52
Ecuador	0.53	0.52	0.54	0.54	0.50	0.53	0.54	0.54	0.49	0.50	0.50
Others	0.44	0.49	0.50	0.49	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Middle East³	1.91	1.86	1.81	1.86	1.87	1.85	1.84	1.82	1.87	1.86	1.86
Oman	0.79	0.79	0.77	0.79	0.79	0.79	0.79	0.78	0.80	0.79	0.79
Syria	0.50	0.48	0.45	0.48	0.47	0.47	0.46	0.45	0.47	0.47	0.47
Yemen	0.42	0.40	0.39	0.39	0.40	0.40	0.39	0.39	0.40	0.40	0.40
Africa	3.39	3.72	4.25	3.57	3.82	3.96	4.06	4.18	3.87	3.90	3.93
Egypt	0.71	0.70	0.68	0.69	0.69	0.70	0.69	0.68	0.69	0.69	0.70
Angola	0.99	1.25	1.49	1.15	1.34	1.41	1.41	1.43	1.39	1.41	1.41
Gabon	0.24	0.23	0.23	0.23	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Others	1.46	1.53	1.84	1.50	1.55	1.62	1.73	1.83	1.55	1.56	1.58
Total Non-OECD	27.01	28.00	29.30	27.68	28.17	28.68	28.88	29.14	28.18	28.36	28.57
Processing Gains ⁴	1.83	1.86	1.90	1.85	1.84	1.88	1.92	1.89	1.84	1.84	1.88
TOTAL NON-OPEC	50.10	50.28	51.63	50.45	49.76	50.69	51.66	51.48	50.23	49.19	49.96
TOTAL SUPPLY	83.06			84.48	84.13				84.59	83.57	84.43

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			
	May2005	Jun2005	Jul2005	Aug2005	Sep2005*	Sep2002	Sep2003	Sep2004	4Q2004	1Q2005	2Q2005	3Q2005
North America												
Crude	449.5	447.9	430.6	425.4	424.5	381.2	398.0	394.6	0.06	0.38	0.15	-0.25
Motor Gasoline	245.4	245.4	236.1	222.9	228.4	237.1	228.7	234.6	0.11	0.00	0.01	-0.18
Middle Distillate	181.6	190.1	204.3	212.7	204.0	201.6	206.3	195.4	0.04	-0.26	0.16	0.15
Residual Fuel Oil	46.9	45.9	44.4	41.2	42.5	42.3	40.9	41.2	0.10	-0.02	-0.03	-0.04
Total Products ³	666.1	676.9	687.8	674.3	675.1	677.0	655.6	653.9	0.01	-0.32	0.56	-0.02
Total ⁴	1260.6	1274.5	1272.0	1253.6	1257.4	1219.2	1215.4	1209.3	-0.10	-0.01	0.82	-0.19
Europe												
Crude	359.7	337.6	336.8	335.3	345.0	308.6	317.8	333.1	-0.09	0.24	-0.09	0.08
Motor Gasoline	114.5	103.9	106.7	105.0	104.2	114.2	109.1	111.2	0.04	0.07	-0.19	0.00
Middle Distillate	257.5	242.5	253.6	255.8	250.4	259.2	251.6	250.6	-0.10	0.05	-0.03	0.09
Residual Fuel Oil	78.2	72.2	73.1	73.5	72.8	71.5	71.4	77.0	-0.02	-0.07	0.04	0.01
Total Products ³	551.5	519.4	538.6	539.9	533.8	547.8	535.3	541.0	-0.07	0.06	-0.23	0.16
Total ⁴	986.0	928.9	947.7	948.9	951.7	917.9	925.7	945.1	-0.16	0.33	-0.35	0.25
Pacific												
Crude	171.9	176.6	183.8	181.9	172.0	165.4	183.9	168.7	0.03	-0.02	0.08	-0.05
Motor Gasoline	25.7	24.5	24.4	22.9	23.2	24.2	23.9	23.9	0.00	0.01	-0.01	-0.01
Middle Distillate	62.5	58.9	68.1	73.8	78.1	82.5	83.2	74.8	0.00	-0.29	0.11	0.21
Residual Fuel Oil	24.7	23.4	25.7	23.5	23.5	22.3	23.2	21.3	0.01	-0.01	0.02	0.00
Total Products ³	178.1	173.2	186.4	187.9	190.8	198.9	204.3	186.2	0.02	-0.37	0.20	0.19
Total ⁴	422.8	422.2	441.9	442.3	435.9	439.6	459.2	429.6	0.01	-0.45	0.36	0.15
Total OECD												
Crude	981.1	962.1	951.1	942.6	941.5	855.2	899.6	896.3	-0.01	0.60	0.14	-0.22
Motor Gasoline	385.6	373.8	367.3	350.7	355.8	375.4	361.7	369.7	0.15	0.08	-0.19	-0.20
Middle Distillate	501.5	491.5	526.0	542.2	532.6	543.3	541.2	520.8	-0.06	-0.51	0.24	0.45
Residual Fuel Oil	149.8	141.5	143.2	138.2	138.7	136.1	135.5	139.5	0.09	-0.10	0.03	-0.03
Total Products ³	1395.7	1369.4	1412.9	1402.0	1399.7	1423.6	1395.1	1381.0	-0.04	-0.63	0.53	0.33
Total ⁴	2669.5	2625.7	2661.5	2644.8	2645.0	2576.7	2600.3	2583.9	-0.25	-0.13	0.84	0.21

OECD GOVERNMENT-CONTROLLED STOCKS⁵ AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS ²					PRIOR YEARS' STOCKS ²			STOCK CHANGES			
	in Million Barrels					in Million Barrels			in mb/d			
	May2005	Jun2005	Jul2005	Aug2005	Sep2005*	Sep2002	Sep2003	Sep2004	4Q2004	1Q2005	2Q2005	3Q2005
North America												
Crude	693.9	696.4	698.8	700.7	693.1	587.2	624.4	670.3	0.06	0.14	0.09	-0.04
Products	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	161.0	164.9	165.2	166.3	166.3	150.2	151.3	157.9	0.07	-0.04	0.05	0.01
Products	210.4	235.4	238.2	239.0	239.0	197.4	211.3	207.8	0.01	0.04	0.26	0.04
Pacific												
Crude	384.5	383.4	384.2	383.5	383.5	378.4	382.8	384.9	0.00	0.00	-0.01	0.00
Products	11.0	11.1	11.3	11.5	11.5	7.3	10.3	11.0	0.00	0.00	0.00	0.00
Total OECD												
Crude	1239.5	1244.8	1248.2	1250.5	1242.9	1115.8	1158.5	1213.1	0.12	0.10	0.13	-0.02
Products	223.5	248.5	251.6	252.5	252.5	206.7	223.6	220.9	0.01	0.04	0.26	0.04
Total ⁴	1463.9	1494.2	1500.8	1504.0	1496.4	1323.5	1383.1	1434.9	0.13	0.14	0.39	0.02

* estimated

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

2 Closing stock levels.

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

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

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

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES¹

(millions of barrels' and 'days')

	End September 2004		End December 2004		End March 2005		End June 2005		End September 2005 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	174.5	74	167.8	72	164.7	73	164.6	-	-	-
Mexico	41.4	21	41.3	21	44.2	21	45.6	-	-	-
United States ⁴	1643.5	78	1646.8	80	1658.8	81	1740.5	-	-	-
Total⁵	1881.5	73	1878.0	74	1889.8	75	1972.9	78	1952.6	76
Pacific										
Australia	34.3	38	33.2	38	34.8	38	35.9	-	-	-
Japan	632.0	116	635.3	105	604.9	121	629.4	-	-	-
Korea	152.1	67	149.4	62	137.4	67	142.5	-	-	-
New Zealand	7.1	48	8.0	49	7.9	53	9.0	-	-	-
Total	825.5	94	825.9	87	785.0	97	816.8	101	830.9	93
Europe⁶										
Austria	20.2	70	21.0	75	20.6	72	20.8	-	-	-
Belgium	27.7	39	27.2	40	26.9	48	27.8	-	-	-
Czech Republic	16.9	81	16.3	86	17.0	78	15.9	-	-	-
Denmark	18.1	94	16.2	86	16.3	88	17.2	-	-	-
Finland	24.0	105	24.4	110	26.2	125	27.0	-	-	-
France	188.5	94	186.2	90	187.4	99	185.6	-	-	-
Germany	264.1	96	267.2	106	280.5	111	279.4	-	-	-
Greece	34.1	76	35.7	77	35.7	97	32.6	-	-	-
Hungary	17.1	117	16.2	128	19.6	137	17.0	-	-	-
Ireland	11.1	58	12.0	60	10.6	58	11.6	-	-	-
Italy	138.7	73	135.8	73	133.7	75	132.1	-	-	-
Luxembourg	0.9	14	0.9	14	0.9	13	0.8	-	-	-
Netherlands	110.2	113	108.3	109	109.4	103	116.6	-	-	-
Norway	25.9	93	26.6	109	29.2	130	21.0	-	-	-
Poland	31.1	66	30.6	74	33.9	79	34.5	-	-	-
Portugal	25.0	73	24.3	68	25.6	77	26.5	-	-	-
Slovak Republic	6.1	83	6.2	95	7.0	99	6.5	-	-	-
Spain	126.8	79	119.8	72	126.7	80	129.4	-	-	-
Sweden	31.5	87	33.8	93	32.0	88	35.4	-	-	-
Switzerland	37.8	135	36.3	131	37.1	147	38.0	-	-	-
Turkey	54.5	83	55.3	100	55.4	80	52.2	-	-	-
United Kingdom	101.4	55	104.1	60	102.2	55	102.3	-	-	-
Total	1311.8	82	1304.3	84	1333.8	87	1330.2	85	1357.9	85
Total OECD	4018.8	80	4008.2	80	4008.5	82	4119.9	84	4141.4	82
DAYS OF IEA Net Imports⁷	-	114	-	114	-	114	-	117	-	-

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 entrapment 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 June and September 2005 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>	
3Q2002	3900	1323	2577	79	27	52	
4Q2002	3823	1347	2476	77	27	50	
1Q2003	3790	1362	2428	80	29	51	
2Q2003	3916	1365	2551	81	28	53	
3Q2003	3983	1383	2600	80	28	52	
4Q2003	3928	1411	2517	78	28	50	
1Q2004	3888	1423	2465	81	30	51	
2Q2004	3974	1429	2545	81	29	52	
3Q2004	4019	1435	2584	80	28	51	
4Q2004	4008	1447	2561	80	29	51	
1Q2005	4009	1459	2549	82	30	52	
2Q2005	4120	1494	2626	84	30	53	
3Q2005	4141	1496	2645	82	30	52	

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 2Q2005 and 3Q2005 (when latest forecasts are used).

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

	2002	2003	2004	3Q04	4Q04	1Q05	2Q05	Jun 05	Jul 05	Aug 05	Year Earlier	
											Aug 04	change
Saudi Light & Extra Light												
North America	0.64	0.64	0.55	0.56	0.52	0.45	0.45	0.39	0.59	0.31	0.64	-0.33
Europe	0.92	1.00	1.03	1.04	1.08	0.88	0.88	0.89	0.83	0.87	0.93	-0.06
Pacific	1.22	1.18	1.24	1.23	1.47	1.40	1.22	1.20	1.24	1.19	1.16	0.03
Saudi Medium												
North America	0.70	0.83	0.80	0.86	0.90	0.97	0.89	0.97	0.76	0.44	0.93	-0.49
Europe	0.11	0.11	0.11	0.11	0.16	0.12	0.13	0.14	0.24	0.16	0.11	0.05
Pacific	0.16	0.24	0.23	0.18	0.23	0.21	0.24	0.21	0.25	0.30	0.20	0.10
Saudi Heavy												
North America	0.20	0.30	0.22	0.30	0.26	0.18	0.15	0.15	0.26	0.18	0.33	-0.16
Europe	0.09	0.19	0.23	0.31	0.20	0.19	0.20	0.23	0.21	0.28	0.32	-0.04
Pacific	0.12	0.16	0.15	0.16	0.18	0.25	0.20	0.20	0.21	0.26	0.13	0.12
Iraqi Basrah Light²												
North America	0.35	0.44	0.71	0.68	0.67	0.56	0.69	0.53	0.85	0.32	0.86	-0.54
Europe	0.08	0.09	0.21	0.21	0.13	0.19	0.19	0.16	0.31	0.15	0.20	-0.05
Pacific	0.02	0.03	0.12	0.12	0.15	0.07	0.06	0.07	0.06	0.06	0.14	-0.08
Iraqi Kirkuk												
North America	0.14	0.06	0.02	0.01	0.01	..	..	..	..	..	..	..
Europe	0.32	0.12	0.08	0.03	0.16	0.02	0.04	0.07	0.14	0.07	0.03	0.04
Pacific	0.00	..	..	..	..	..	..	..	..	..	..	..
Iranian Light												
North America	..	..	..	..	..	..	..	..	..	..	..	..
Europe	0.17	0.19	0.24	0.23	0.27	0.23	0.18	0.14	0.14	0.16	0.24	-0.08
Pacific	0.12	0.17	0.16	0.16	0.16	0.19	0.13	0.15	0.14	0.16	0.13	0.03
Iranian Heavy³												
North America	..	..	..	..	..	..	..	..	..	..	..	..
Europe	0.44	0.59	0.57	0.65	0.54	0.62	0.63	0.59	0.84	0.55	0.69	-0.14
Pacific	0.54	0.69	0.65	0.58	0.63	0.76	0.59	0.49	0.58	0.43	0.60	-0.17
Venezuelan Light & Medium												
North America	0.68	0.69	0.67	0.64	0.63	0.78	0.88	0.78	0.83	0.76	0.62	0.14
Europe	0.08	0.02	0.01	0.02	0.01	0.02	0.03	0.05	0.01	0.13	0.01	0.13
Pacific	0.00	0.00	..	..	..	..	..	..	..	..	..	..
Venezuelan 22 API and heavier												
North America	0.55	0.60	0.88	0.86	0.95	0.83	0.82	0.75	0.72	0.64	0.90	-0.26
Europe	0.05	0.06	0.05	0.06	0.04	0.06	0.06	0.06	0.07	0.10	0.06	0.04
Pacific	..	..	..	..	..	..	..	..	..	..	..	..
Mexican Maya												
North America	0.92	1.32	1.36	1.34	1.37	1.30	1.36	1.40	1.11	1.34	1.38	-0.04
Europe	0.17	0.16	0.16	0.20	0.13	0.18	0.17	0.17	0.13	0.15	0.18	-0.03
Pacific	0.00	0.00	0.00	..	..	..	..	..	..	..	..	..
Mexican Isthmus												
North America	0.01	0.00	..	..	..	0.01	0.00	0.01	..	0.01	..	..
Europe	0.01	0.00	0.01	..	0.02	0.02	0.01	0.03	0.03	0.01	..	..
Pacific	0.01	0.00	0.00	..	..	..	..	..	..	..	..	..
Russian Urals												
North America	0.03	0.14	0.12	0.12	0.21	0.14	0.14	0.05	0.20	0.18	0.06	0.13
Europe	1.32	1.62	1.86	1.78	1.56	1.72	1.93	1.59	1.67	1.74	1.93	-0.19
Pacific	0.01	0.00	0.01	0.01	..	..	0.00	..	0.03	..	..	..
Nigerian Light⁴												
North America	0.38	0.63	0.80	0.78	0.73	0.87	0.87	0.76	0.99	0.92	0.78	0.14
Europe	0.32	0.41	0.28	0.30	0.30	0.30	0.27	0.28	0.38	0.43	0.26	0.17
Pacific	0.06	0.08	0.11	0.09	0.13	0.06	0.06	0.07	0.10	0.04	0.10	-0.07
Nigerian Medium												
North America	0.16	0.17	0.23	0.22	0.20	0.18	0.22	0.31	0.13	0.19	0.24	-0.05
Europe	0.06	0.06	0.04	0.05	0.02	0.07	0.04	0.06	0.06	0.08	0.03	0.05
Pacific	0.01	0.01	0.01	..	..	0.03	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	3Q2004	4Q2004	1Q2005	2Q2005	Jun-05	Jul-05	Aug-05	Year Earlier	
											Aug-04	% change
Crude Oil												
North America	7584	8069	8397	8547	8442	8577	8618	8950	8687	8412	8968	-7%
Europe	8734	9096	9477	9701	9543	9695	9503	8969	9998	9988	9597	4%
Pacific	6422	6711	6659	6457	6998	7166	6434	6353	6948	6674	6391	4%
Total OECD	22740	23876	24533	24706	24984	25438	24555	24272	25633	25073	24956	0%
LPG												
North America	39	27	24	20	45	23	3	2	12	37	26	29%
Europe	225	193	225	206	263	293	149	110	175	202	141	30%
Pacific	553	541	541	469	561	532	591	549	547	455	475	-4%
Total OECD	817	760	790	695	869	848	743	660	733	694	642	7%
Naphtha												
North America	42	67	86	96	144	124	89	91	188	152	116	24%
Europe	298	305	282	236	251	279	231	238	328	210	247	-18%
Pacific	705	770	769	787	748	772	759	746	674	715	798	-12%
Total OECD	1045	1142	1137	1119	1143	1175	1080	1075	1190	1077	1161	-8%
Gasoline³												
North America	643	669	766	805	744	849	1010	1080	989	944	754	20%
Europe	152	150	137	109	138	172	145	165	215	267	163	39%
Pacific	58	70	105	90	106	95	130	138	99	108	80	26%
Total OECD	853	888	1007	1004	988	1115	1285	1383	1303	1319	997	24%
Jet & Kerosene												
North America	97	97	88	89	116	67	43	42	162	88	140	-59%
Europe	253	271	293	353	331	274	363	399	426	480	267	44%
Pacific	97	102	77	52	103	97	72	57	45	42	33	22%
Total OECD	448	470	457	493	550	438	477	498	633	610	440	28%
Gasoi/Diesel												
North America	102	126	122	108	91	110	93	87	72	116	138	-20%
Europe	656	652	751	768	876	931	716	736	770	825	732	11%
Pacific	53	73	74	79	66	60	94	83	84	75	74	2%
Total OECD	811	850	946	955	1034	1101	903	906	926	1016	945	7%
Heavy Fuel Oil												
North America	237	326	388	346	524	489	433	474	533	523	357	32%
Europe	470	398	405	441	396	415	550	467	505	542	392	28%
Pacific	89	88	76	87	64	83	82	69	111	82	82	1%
Total OECD	796	812	870	874	984	988	1065	1010	1148	1147	831	28%
Other Products												
North America	689	680	824	951	774	735	1066	1274	1129	1061	987	7%
Europe	735	690	676	713	658	718	807	885	829	776	741	4%
Pacific	256	235	256	261	252	254	248	228	246	222	262	-18%
Total OECD	1681	1605	1756	1925	1684	1708	2121	2387	2204	2059	1991	3%
Total Products												
North America	1849	1991	2298	2416	2439	2399	2737	3050	3084	2921	2519	14%
Europe	2790	2657	2767	2825	2912	3083	2962	3001	3248	3302	2684	19%
Pacific	1811	1879	1898	1825	1901	1894	1975	1870	1806	1700	1804	-6%
Total OECD	6451	6527	6964	7066	7252	7375	7674	7920	8138	7923	7007	12%
Total Oil												
North America	9434	10061	10695	10963	10881	10976	11355	12000	11772	11333	11487	-1%
Europe	11524	11753	12245	12527	12456	12777	12465	11969	13245	13290	12282	8%
Pacific	8233	8590	8558	8282	8899	9059	8409	8223	8754	8373	8195	2%
Total OECD	29190	30403	31497	31772	32236	32813	32229	32192	33771	32996	31964	3%

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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