

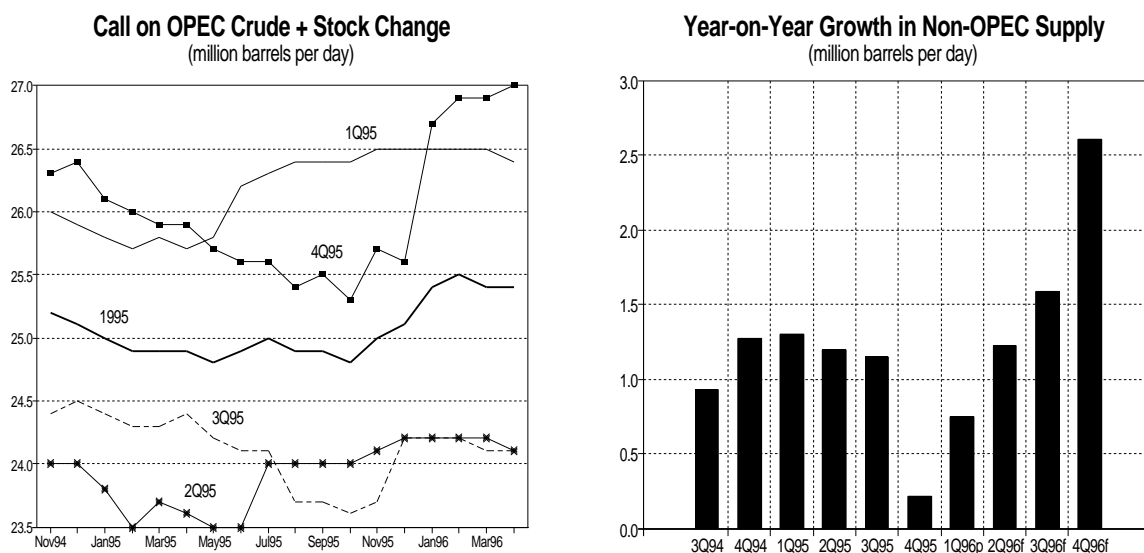
7 June 1996

HIGHLIGHTS

- OECD demand in 1Q96 has been revised upwards by 0.2 mb/d from last month's Report to 42.1 mb/d, reflecting higher demand in Europe and North America. Strong demand growth in Other Asia has led to a 0.1 mb/d revision to non-OECD in 1Q96 and contributed to a 0.2 mb/d upward revision to 1Q96 global demand to 72.7 mb/d.
- Global oil demand has been revised downwards by 0.1 mb/d in 2Q96 (mainly due to lower FSU apparent demand) but increased by 0.1 mb/d in 3Q96, primarily reflecting the effect of an assumed rebuilding of low German consumer stocks of heating oil. OECD, non-OECD and global oil demand in 1996 remain essentially unchanged from last month's Report; the latter is projected to increase by 1.7 mb/d or 2.4% to 71.6 mb/d.
- May world oil supply rose slightly to 71.8 mb/d, despite the impact of the Norwegian oil workers' strike during the first week of the month. Higher output from non-OPEC developing countries (particularly China), Australia and Canada more than compensated for the Norwegian decline and lower US output. OPEC production, ahead of its 5 June meeting, was essentially unchanged at 26.1 mb/d, as uncertainties regarding the impact of Iraqi re-entry and other market fundamentals in the second half of the year increased.
- Net FSU exports rose sharply in May, reaching the highest level since last summer. Both crude oil and product exports increased over April levels despite bad weather in the Black Sea that hampered exports.
- The average call on OPEC crude plus stock change for the last three quarters of 1996 is projected to be 24.5 mb/d, unchanged from last month's Report, with "calls" of 24.0 mb/d in 2Q96 and 3Q96 and 25.6 mb/d for 4Q96.
- In April, OECD industry stocks are estimated to have increased by 1.6 mb/d (versus 0.9 mb/d in April 1994 and 1995). At the end of April, stocks were 90 mb and 39 mb lower than one year and two years earlier respectively, equivalent to 3.4 days and 1.5 days in terms of forward demand coverage. The reduction in inventories continued to be concentrated in North America, with the main decreases being for crude oil and distillates. Compared with end of April 1995 stocks, European gasoline was unchanged and North American gasoline was only marginally lower.
- Benchmark crude oil prices decreased during May, consistent with softening supply/demand fundamentals in Atlantic Basin petroleum markets and with the agreement reached between the UN and Iraq on limited Iraqi oil exports. WTI prices again spiked prior to the expiry on the front month contract on the NYMEX, which coincided with the announcement of the UN/Iraqi agreement. Asian crude prices decreased by less than those in the US and Europe, while, in the last week of the month, prices of sour crude grades in the Mediterranean decreased appreciably relative to those of Brent.
- Product prices decreased in all markets. Whereas middle distillate prices remained supported by firm demand and low US stocks, prices for gasoline and HSFO decreased by more than those of crude. Gasoline prices came under downward pressure from an easing of the supply tightness in the US and from oversupply in Europe. The seasonal decline in demand and a surplus of Russian exports were the main reasons for the sharp decline in HSFO prices.
- Refining margins remained very volatile in May but increased on average in all refining centres, as crude prices decreased by more than product prices. In April, the aggregate refinery throughputs in OECD countries increased by 0.5 mb/d to 32.7 mb/d from the revised March level, with increases in North America and Europe partly offset by a decrease in Japan. Preliminary indications for May suggest that throughputs were higher in the US and Europe and lower in Japan.

THE CALL ON OPEC CRUDE PLUS STOCK CHANGE IN 4Q96

In addition to preparing the comparison with last month's Table 1 shown in Table 1A, we routinely carry out detailed comparisons of all the key elements in Table 1 over a longer period of time. For example, the left-hand graph below shows our projections for the "call on OPEC plus stock change" for 1995 since we began to forecast all the quarters of 1995 in November 1994. It will be noted that for about a year it appeared that the November projection of the "call" for the year 1995 was going to prove to be too *high* but that the effect of weather on supply and demand in 4Q95, discussed in the 5 April 1996 Report, resulted in the November 1994 projection being 0.2 mb/d too low.



Every two to three months, we also compare our projections in detail with the latest outlooks we have, made by eleven other organisations. The largest difference in the outlook for the "call" in this Report and the average of the group of twelve is in 4Q96 where our projections, although not the lowest, is 0.9 mb/d below the average. The table below compares the key elements of this Report with the average and range for each element for the group of twelve. Since there are some definitional problems, the growth between 4Q95 and 4Q96 may be a better basis for making these comparisons than the absolute values for different elements. It will be noted that the IEA's projection for global demand growth is 0.1 mb/d *above* the average and that the lower "call" is thus entirely due to our higher estimates of non-OPEC supply and OPEC NGLs.

It should be remembered that one of the main reasons for the magnitude of the year-on-year increase in non-OPEC supply is the weather-related reductions in 4Q95 mentioned above and shown clearly in the right-hand graph above. The total growth from 4Q95 to 4Q96 is 2.77 mb/d, but it will be noted that the difference between the growth in 4Q96 and 3Q96 is roughly equal to the reduction in production in 4Q95. In the Supply section of this Report on page 17 there is a table showing the supply increases in 4Q95, 4Q96 and the year 1996 for the main regions together with the countries contributing most significantly to the 4Q96 increase. These increases assume normal weather and use what are felt to be realistic production estimates for existing fields and start-up dates for new fields, based on discussions with field operators and other experts. We would welcome comments from readers on these projections.

Comparison of Expected 4Q96 World Oil Supply/Demand

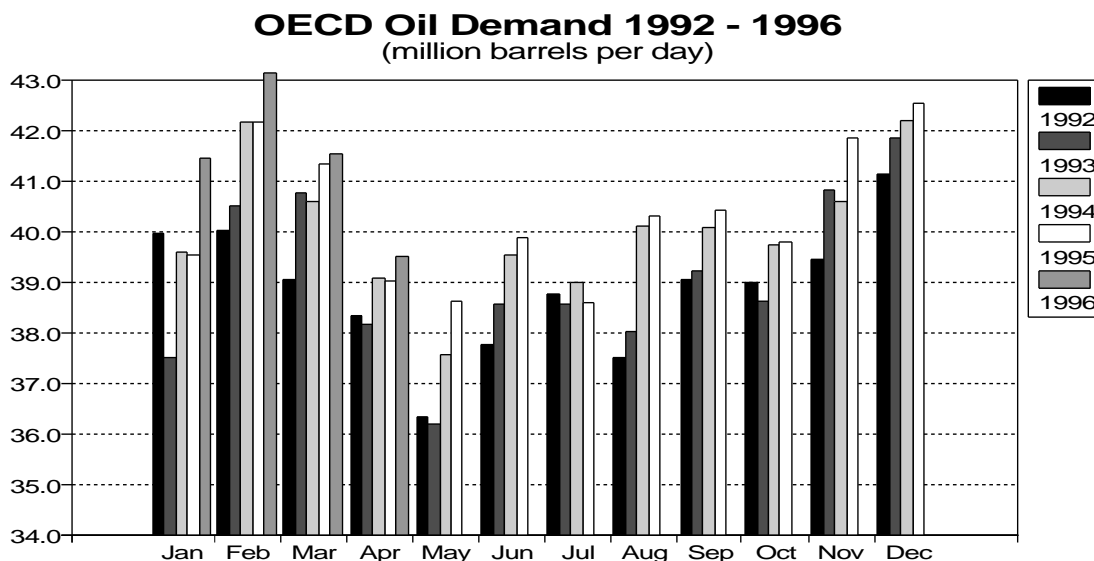
(Million barrels per day)

	Levels			4Q96-4Q95		
	IEA	Group of 12		IEA	Group of 12	
		Average	Range		Average	Range
Global Demand	73.58	73.3	72.8 - 74.3	1.64	1.5	1.1 - 2.1
Non-OPEC Supply	45.34	44.2	43.3 - 45.5	2.77	1.8	1.4 - 2.9
North America	11.14	11.0	10.0 - 11.1	0.18	0.0	-0.2 - 0.1
OECD Europe	7.63	7.4	7.1 - 7.7	0.90	0.7	0.3 - 0.9
OECD Pacific	0.87	0.8	0.7 - 0.9	0.23	0.2	0.1 - 0.3
FSU	7.27	7.1	6.9 - 7.5	0.10	0.0	-0.2 - 0.2
Other Non-OECD	18.44	17.9	NA	1.37	0.9	NA
OPEC NGLs	2.65	2.7	2.6 - 2.8	0.25	0.3	0.2 - 0.3
Total (Including OPEC NGLs)	47.99	46.9	45.9 - 48.2	3.02	2.1	1.6 - 3.2
Call on OPEC Crude Plus Stock Change	25.62	26.5	25.1 - 27.5	-1.29	-0.4	-1.5 - 0.2

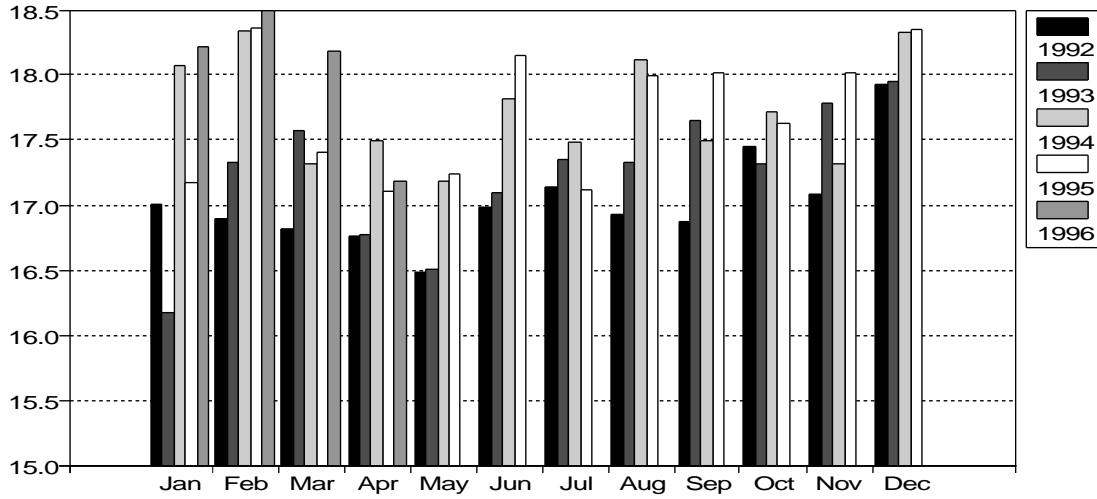
DEMAND

Summary

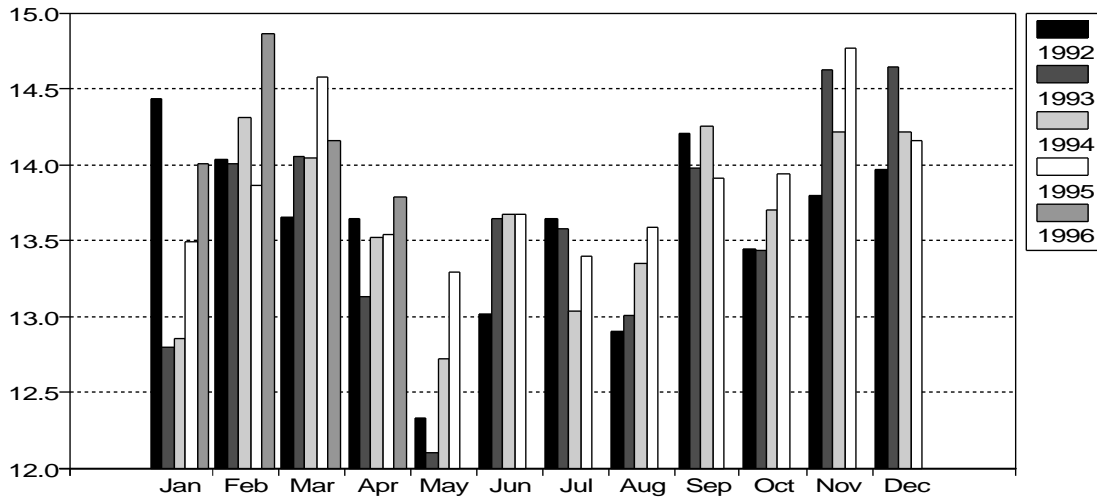
- In April, US oil demand is estimated to have increased over April 1995 by 0.5%, with strong demand growth for gasoil and moderate growth for gasoline and jet/kerosene more than offsetting declines in residual fuel oil and “other product” deliveries. In Europe, oil use in the four largest oil-consuming countries increased by 1.0%, with declines in residual fuel oil and heating oil deliveries more than offset by strong transport fuel demand, which partly reflected a higher number of working days. Japanese oil deliveries increased by 1.7%, with demand increasing for all major products except residual fuel oil and crude for direct use in the power generation sector.
- OECD oil demand in 1Q96 has been revised upwards by 125 kb/d which, due to rounding, has led to a 0.2 mb/d adjustment from last month’s Report to 42.1 mb/d, reflecting revisions to demand in Europe and North America that have been only partially offset by lower Pacific Region demand. Strong demand growth in Other Asia has led to a 0.1 mb/d revision to non-OECD in 1Q96 which, combined with the changes to the OECD, has resulted in a 0.2 mb/d upward revision to 1Q96 global demand to 72.7 mb/d.
- OECD demand in 2Q96 remains essentially unchanged at 39.8 mb/d but the projection for demand in 3Q96 has been revised upwards by 0.1 mb/d to 40.6 mb/d, reflecting an assumed higher German consumer stockbuild of heating oil, offset somewhat by indications of lower-than-expected economic growth. OECD demand in 4Q96 has been adjusted downwards by 0.1 mb/d to 41.9 mb/d due to the effect of a downward revision to Spanish deliveries in 4Q95 on 4Q96 demand. Non-OECD and global demand in 2Q96 have been revised downwards by 0.2 mb/d and 0.1 mb/d respectively, primarily due to lower apparent demand in the former Soviet Union which reflects lower-than-expected oil production and higher-than-expected net exports. The projections of OECD, non-OECD and global oil demand in 1996 remain essentially unchanged from last month’s Report, with global demand projected to increase by 1.7 mb/d or 2.4% to 71.6 mb/d.



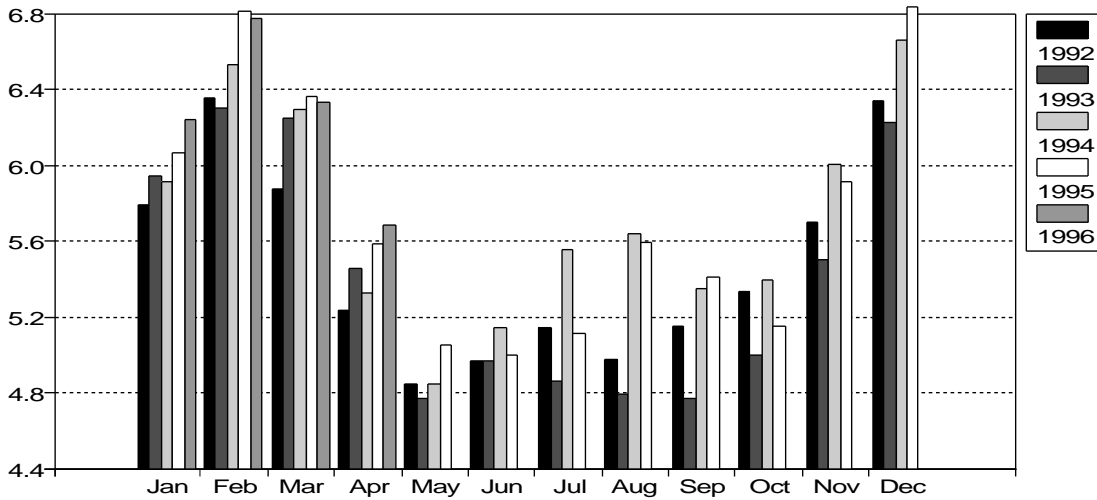
US Oil Demand 1992 - 1996
(million barrels per day)



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



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



Demand in April 1996

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

Preliminary Inland Deliveries - April 1996¹

	Motor Gasoline		Jet/Kerosene		Diesel		Other Gasoil		Residual Fuel Oil		Total Products ²	
	mb/d	% change	mb/d	% change	mb/d	% change	mb/d	% change	mb/d	% change	mb/d	% change
US ³	7.73	+0.7	1.44	+1.8	2.13	+17.1	1.16	-10.2	0.72	-11.5	17.20	+0.5
Canada	0.58	+5.1	0.09	+7.1	0.28	+2.9	0.11	+12.9	0.08	-14.7	1.34	+3.6
Japan	0.90	+7.3	0.59	+22.9	0.79	+5.3	0.49	+7.6	0.63	-8.5	5.22	+1.7
France	0.37	+2.1	0.11	+8.5	0.51	+10.6	0.30	-0.6	0.10	+24.2	1.81	+3.7
Germany	0.70	+0.9	0.12	-2.5	0.54	+2.3	0.60	-16.8	0.13	-4.2	2.62	-3.5
Italy	0.43	+7.9	0.06	+10.5	0.32	+8.7	0.09	+4.5	0.43	-5.9	1.71	+1.8
UK	0.52	+4.3	0.23	+12.7	0.29	+12.8	0.16	+6.9	0.12	-10.0	1.64	+4.7
<i>European Four</i>	2.01	+3.4	0.52	+7.7	1.67	+7.8	1.14	-8.6	0.78	-3.4	7.78	+1.0
Total	11.21	+1.9	2.64	+7.2	4.86	+10.9	2.90	-6.2	2.21	-8.1	31.54	+1.0

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

¹ excludes refinery fuel and bunkers (except US)

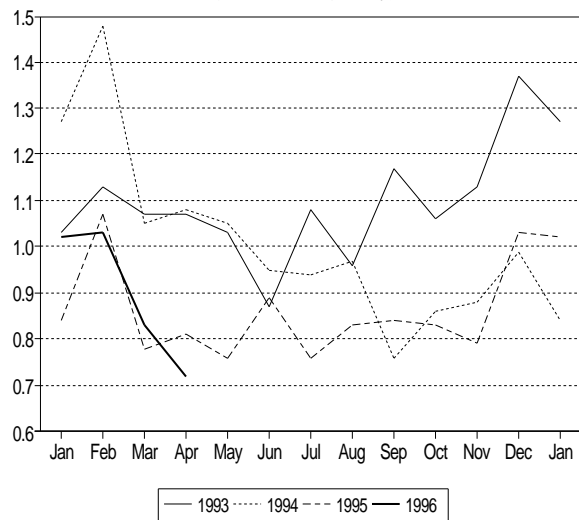
² includes other products not shown and direct use of crude oil

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

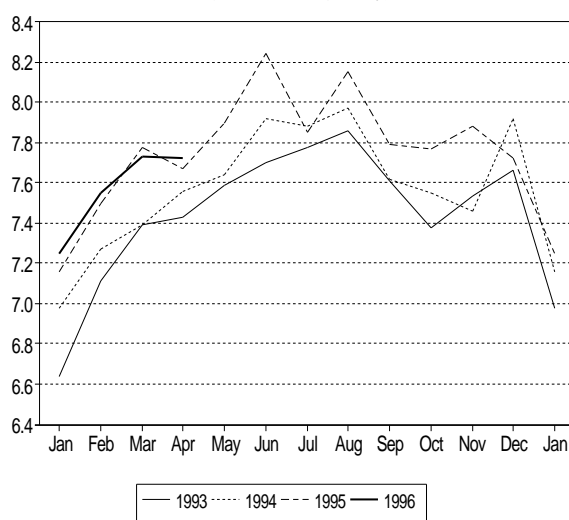
Percentage change is calculated versus April 1995

In April, US deliveries increased by nearly 0.1 mb/d, with strong demand for diesel and moderate growth for gasoline and jet/kerosene offsetting weak demand for heating oil and residual fuel oil. Residual fuel oil declined by 90 kb/d, primarily due to the reversal in the price differential between residual fuel oil and natural gas, and heating oil deliveries decreased by 130 kb/d despite weather similar to that last year. Diesel demand increased by 17.1% or 310 kb/d (despite moderate growth last year), partly due to higher manufacturing output (which has led to increased commercial road and rail haulage) and possibly some substitution of heating oil, which the API suggests may be occurring in spite of diesel fuel being more highly priced than heating oil. Such substitution could partly explain the recent strength in diesel demand and the corresponding weakness in heating oil deliveries. The moderate growth in gasoline deliveries was less than expected, given an additional working day in April compared with last year. The low demand growth is partly attributable to prices which on average were 10% higher than last April. (See page 53 of Oil Market Report dated 7 May 1996). Although jet/kerosene deliveries increased only moderately in April, deliveries have increased by 5.0% year-to-date, mainly due to increased commercial traffic and higher travel, partly in response to a 10% reduction in airline ticket prices linked to the suspension of a federal surcharge on domestic flights.

US Residual Fuel Oil Demand
(million barrels per day)



US Gasoline Demand
(million barrels per day)



In **Europe**, oil demand in the four largest oil-consuming countries in April increased by 1.0%, with declines in residual fuel oil and heating oil deliveries more than offset by strong transport fuel demand which reflected a higher number of working days than last April. The generally weak economic growth, particularly in Germany, restrained oil use. Heating oil deliveries remained weak, with prevailing high prices and a strong backwardation contributing to a continued drawdown of tertiary stocks in Germany. Despite a significant increase in French residual fuel oil deliveries to the power generation sector, deliveries elsewhere were weak, particularly in Italy.

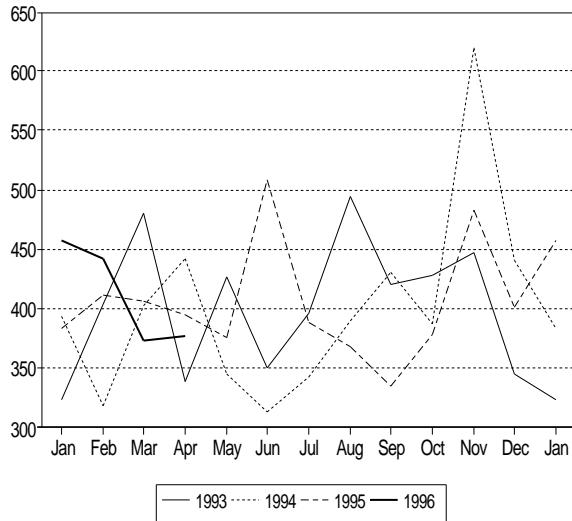
In **France**, the additional working days contributed to a 50 kb/d increase in diesel demand and led to the first increase in gasoline demand for 23 months. Naphtha deliveries decreased by 30 kb/d or 11.7% but were partly offset by a 15.7% increase in LPG deliveries, most likely due to a change in the mix of petrochemical feedstock requirements. Deliveries of residual fuel oil grew strongly, primarily due to an almost fivefold increase in deliveries to the power generation sector. The 280% or 35 kb/d year-to-date growth in deliveries of residual fuel oil to the power generation sector reflects low water levels which have constrained hydro output. Deliveries of residual fuel oil for purposes other than for power generation have declined by 1.8% in the year-to-date, primarily reflecting continuing fuel substitution in industry.

German demand decreased, mainly due to a significant fall in heating oil deliveries, although naphtha and residual fuel oil also declined moderately. Gasoline demand increased moderately, reversing two months of successive year-on-year decline. The year-to-date decline of 1.5% in gasoline deliveries reflects the slowdown in underlying economic growth, which also affected demand for other products. Heating oil deliveries declined by more than 120 kb/d, despite colder weather than last year in the heating-oil-sensitive region of southern Germany. High gasoil prices and the steep backwardation have discouraged replenishment of stocks and consumer stocks of heating oil closed significantly lower than last year. (The size and timing of this year's seasonal stockbuild of heating oil are discussed later in this section.)

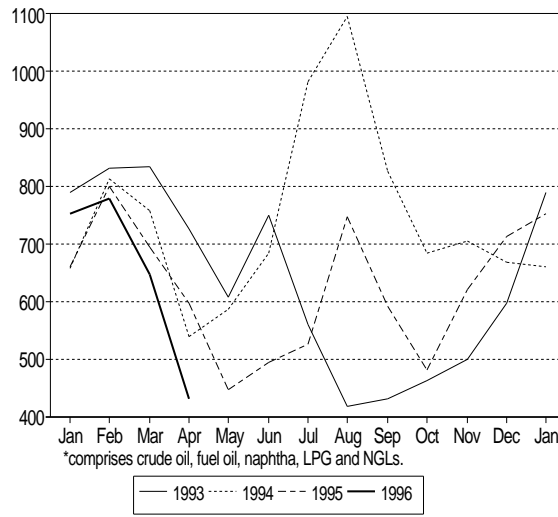
In the **UK**, transport fuel demand increased by an aggregate of 55 kb/d, primarily due to two additional working days, and contributed to the largest rate of oil demand growth since May 1994. Residual fuel oil deliveries decreased for the fifth successive month, largely as a result of the unfavourable price differential to gas, which has led to a loss of market share by residual fuel oil in the industrial and power generation sectors.

Italian oil demand increased by 30 kb/d or 1.8% with declines in residual fuel oil and naphtha deliveries of 5.9% and 5.0% respectively more than offset by strong gasoline and diesel demand growth. ENEL is reported to have reduced its purchase of residual fuel oil following the government's permission to reduce its compulsory stock levels until the end of April, as discussed in previous Reports. Fuel oil use by ENEL is also thought to have been lower, with electricity consumption increasing by only 0.4% and hydro electricity and electricity imports increasing by 12.3% and 4.2% respectively.

ENEL Oil Deliveries
(thousand barrels per day)



Japanese Oil Deliveries in Electricity Generation*
(thousand barrels per day)



In **Japan**, oil demand increased for all major products except residual fuel oil and crude for direct use of power generation. Deliveries of residual fuel oil and crude to the power utilities declined by 23% and 29% respectively. Consumption of residual fuel oil and crude oil by the power generation sector also declined by 5% and 9% respectively, despite significantly colder weather than normal that contributed to a 4.9% increase in electricity demand. The decline in oil use and an 11% decrease in hydro output were more than offset by a 38% increase in coal consumption. Power station stocks of crude and oil products were drawn down during the month (unlike last April) and stocks closed essentially unchanged from a year earlier. The cold weather also contributed to a 110 kb/d or 22.9% increase in jet/kerosene deliveries. Gasoline and diesel demand both increased by more than 5%, consistent with strong economic growth (see below), one additional working day and the decline in retail prices. In April, retail gasoline prices were 6.2% lower than a year earlier (see Oil Market Report, 7 May 1996). Naphtha deliveries increased by 4%, despite growth of more than 17% last April.

Demand in 1Q96

OECD demand in 1Q96 has been revised upwards by 125 kb/d which due to rounding, has led to a 0.2 mb/d adjustment from last month's Report to 42.1 mb/d, an annual increase of 1.1 mb/d or 2.7%. The revision reflects upward adjustments to demand in Europe and North America that have been only partially offset by lower Pacific Region demand.

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

	1Q95	1Q96	Change	
			mb/d	%
North America	19.6	20.4 ^r	0.7	3.7
Europe	14.0	14.3 ^r	0.4	2.5
Pacific	7.3	7.4	0.0	0.3
OECD Total	41.0	42.1 ^r	1.1	2.7

North American demand increased by 0.7 mb/d or 3.7% in 1Q96, an upward revision of 57 kb/d from last month's Report. The preliminary estimate of US demand growth of 3.4% in March has been revised upwards to 4.5%, primarily due to a restatement of "other" product demand, which more than offset minor downward adjustments to all major oil products. The adjustment to US demand has been partially offset by a downward revision to the estimate of Canadian demand in February due to a change to LPG deliveries.

European demand in 1Q96 increased by 0.4 mb/d or 2.5% to 14.3 mb/d, a 100 kb/d upward revision caused mainly by adjustments to French and Italian data in March and greater-than-expected Belgian demand in February. French demand in March is now assessed to have declined by 0.6% rather than by 7.2% as originally reported, primarily due to a change in residual fuel oil deliveries, which increased by

17.4% rather than 4.1%. Italian demand in March has been revised upwards by 140 kb/d, primarily due to a restatement of residual fuel oil deliveries, from a decline of 9.4% (as reported in last month's Report) to an increase of 18.1%. In addition, Belgian demand in February increased by 25%, due to a larger-than-expected increase in heating oil, naphtha and residual fuel oil deliveries.

Pacific region demand in 1Q96 has been revised downwards by 32 kb/d from last month's Report. The estimates of Japanese demand in February and March have been revised downwards, primarily due to revisions to residual fuel oil deliveries. Demand in February is now assumed to have declined by 0.5%, rather than increasing by 0.4%, as stated in last month's Report, while demand in March is now assumed to have decreased by 0.5% rather than increasing by 0.2%. In addition, Australian demand in March declined by 9.4%, far greater than anticipated, with deliveries of residual fuel oil particularly weak.

Demand in 2Q96 and 1996

Following growth in demand in 1Q96 of 1.1 mb/d, demand growth in 2Q96 is expected to moderate to 0.7 mb/d. OECD demand in 2Q96 is projected to be unchanged from last month's Report at 39.8 mb/d, an annual increase of 1.7%, in spite of indications of weaker economic growth in Europe.

Second Quarter OECD Oil Demand by Region

(million barrels per day)

	2Q95	2Q96	Change	
			mb/d	%
North America	19.5	19.9	0.4	1.9
Europe	13.5	13.7	0.2	1.7
Pacific	6.2	6.3	0.1	1.2
OECD Total	39.2	39.8	0.7	1.7

North America demand remains unchanged from last month's Report. According to preliminary demand data for the four weeks up to 24 May, US demand increased by 3.1%, with a 5.8% increase in gasoil deliveries and a 10% increase in "other" products offsetting continuing demand weakness for motor gasoline and residual fuel oil. Residual fuel oil deliveries remain weak, partly due to the impact of high prices on consumer stock policy. Gasoline demand has been unexpectedly weak in the year-to-date, increasing by only 0.5%, despite demand indicators that suggest underlying demand strength (see Oil Market Report 7 May 1996 p.9). Higher retail prices have contributed to the recent demand weakness with one commentator suggesting that the short-term price elasticity of gasoline demand may be significantly higher than the -0.07 suggested in last month's Report. North American demand in 1996 is projected to increase by less than 0.5 mb/d or 2.3% to 20.2 mb/d, essentially unchanged from last month's Report.

European demand in 2Q96 is also unchanged at 13.7 mb/d, although there is considerable uncertainty about the timing of secondary/tertiary stock building and the impact of lower economic growth on overall demand. German consumer stocks of heating oil at the end of April are thought to have been more than 20 million barrels lower than last year. Although end-April stock levels have tended to vary widely over the last five years, stock levels at the end of September (the month of highest storage) have tended to vary very little. If one assumes that German consumer stocks are replenished to the normal level by September, an additional 20 million barrel stockbuild would represent incremental demand of 0.15 mb/d over the May-September period. However, the timing and magnitude of the stockbuild is uncertain and, if the current backwardation in European gasoil prices and uncertainty about future price developments were to continue, the build might at least partially be deferred. Given this uncertainty and indications of lower-than-expected European economic growth, the projection of 3Q96 European demand has been revised upwards by only 0.1 mb/d. Due to a restatement of Spanish oil demand in 4Q95, a minor downward revision has taken place to the projection of European demand in 4Q96, which (due to rounding) leaves the European projection unchanged, but total OECD demand has been revised downwards by 0.1 mb/d to 41.9 mb/d. The projection of European oil demand in 1996 remains essentially unchanged at 14.1 mb/d, an increase of 1.9% or 0.3 mb/d.

Oil demand in 2Q96 in the **Pacific** region also remains essentially unchanged from last month's Report, although uncertainty surrounds deliveries of residual fuel oil and crude to the Japanese power generation sector, given a significant increase in use of coal in April. The projection of Japanese oil demand in 1996 is greater than indicated in a recently published projection of Japanese demand to 2000, produced by MITI (see below). Since the MITI projection is prepared on a fiscal rather than calendar year basis, commencing in April of each year, and with half-yearly rather than quarterly data, a comparison of the MITI data with those of the IEA Secretariat is rather difficult. In addition, the MITI projection of oil demand excludes

minor products such as bitumen, paraffin waxes and lubricants. However, the IEA projection does assume somewhat stronger gasoline demand, based primarily on an expectation of lower prices and increased car sales.

In spite of upward revisions to 1Q96, 3Q96 and 4Q96 demand, due to rounding, OECD demand in 1996 remains unchanged from last month's Report at 41.1 mb/d, representing an annual increase of 0.8 mb/d or 2.0%.

1996 OECD Oil Demand Projections

	1Q96		2Q96		3Q96		4Q96		1996	
	mb/d	change*	mb/d	change*	mb/d	change*	mb/d	change*	mb/d	change*
North America	20.4 ^r	0.7	19.9	0.4	20.2	0.5	20.4	0.3	20.2	0.5
Europe	14.3 ^r	0.4	13.7	0.2	13.9 ^r	0.3	14.5	0.2	14.1	0.3
Pacific	7.4	0.0	6.3	0.1	6.4	0.1	7.0	0.1	6.8	0.1
Total	42.1 ^r	1.1	39.8	0.7	40.6 ^r	0.9	41.9 ^r	0.5	41.1	0.8

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

MITI Projection of Japanese Oil Demand Growth

A projection of Japanese oil demand to 2000 was recently published by MITI. A decline in oil use in the power generation sector is the primary reason for an expectation of comparatively weak oil demand in 1996/97. The annual demand changes contained in the MITI projection offer an insight into the Japanese government's expectation of overall demand and power generation use in particular. In the fiscal year 1996/97, Japanese oil demand is expected to decline by 1.1% compared to an increase of 0.6% in 1995/96. Excluding residual fuel oil and crude used directly in the power generation sector, oil demand is projected to increase by 0.4% in 1996/97 compared with 3.8% in 1995/96. Although demand for electricity in 1996/97 is expected to increase by about 1%, oil demand in power generation is projected to decrease by 11.1%, mainly due to new nuclear facilities (the 1356MW Kashiwazaki-Kariwa plant is projected to start commercial operations in December 1996), increased use of LNG (partly due to the conversion of some oil-fired plant) and an assumed return to normal weather and water levels. A return to normal weather in 1996/97 would lead to weak kerosene demand in the remainder of the calendar year 1996 and a downturn in petrochemical feedstock demand is anticipated, following strong growth in the previous fiscal year.

MITI Projection of Japanese Oil Demand Growth (Percentage change per annum)

	1995/96	1996/97
LPG	1.2	0.3
Naphtha	8.4	-3.5
Gasoline	1.8	1.5
Jet	8.9	-0.2
Kero	8.4	-2.0
Gasoil	2.1	1.7
Fuel Oil	-3.8	-0.6
of which use in electricity	-15.2	-10.7
of which other	1.5	3.4
Crude for non-refinery use	-18.3	-11.4
Total	0.6	-1.1
Power Generation Use	-16.7	-11.1
Total excluding Power Gen use	3.8	0.4

Medium Term Oil Demand Outlook

The IEA recently published the 1996 edition of the *World Energy Outlook* (WEO) which contains regional oil demand projections to 2010. The publication is helpful in placing the current oil supply/demand position in a wider, longer-term context and highlights the underlying trends in oil demand, particularly the variation in regional and sectoral demand growth and changes in oil's market share. The following review examines oil demand from 1980 to 2000, allowing past trends to be compared with the medium term outlook.

Two scenarios have been used in the WEO that reflect variations in efficiency improvements and oil prices

beyond 2000. However, both cases use the same oil price assumption of a constant real oil price of 17\$/bbl in 1993 terms until 2000. Consequently, the variation in the energy demand projections to 2000 is a function solely of different assumptions of energy efficiency. The *Capacity Constraints* case (CC) incorporates base case assumptions of economic and population growth with a continuation of historical trends in energy efficiency changes. The *Energy Savings* case (ES) incorporates the same economic and population growth assumptions with higher energy efficiency improvements.

Oil Demand Growth and Market Share

	Oil Demand Growth (%pa)			1980	Oil Market Share (%)		
	1980-1993	1993-2000			1993	2000	
		CC	ES		CC	ES	
North America	-0.2	1.7	1.2	45.0	38.6	38.8	39.2
Europe	-0.5	1.0	0.8	53.0	44.7	44.0	45.0
Pacific	0.5	1.7	1.3	64.6	52.8	50.3	50.5
Total OECD	-0.2	1.5	1.1	50.1	42.6	42.1	42.7
FSU	-2.9	-1.9	-2.4	39.5	28.0	26.6	27.4
Europe	-3.6	3.6	2.3	27.6	22.3	26.9	26.2
China	3.7	5.3	5.3	21.7	19.7	21.1	21.3
Other Asia	5.9	4.8	4.3	55.4	50.1	48.8	48.6
Latin America	1.4	2.9	2.2	70.2	62.5	60.9	60.9
Middle East	4.8	2.1	1.5	75.4	65.4	58.1	58.3
Africa	2.6	5.0	4.3	50.9	44.6	47.0	46.6
Total Non-OECD	1.3	2.9	2.3	43.0	38.1	38.6	38.7
World	0.4	2.1	1.6	47.1	40.5	40.4	40.8

The above table shows oil demand growth and changes in oil's market share on a regional basis. Under both scenarios, oil demand is projected to increase more rapidly than in 1980/93 due to a combination of a slowdown in the rate of oil substitution and efficiency improvements in the OECD and, in the non-OECD, an acceleration in economic growth and in the rate of growth of vehicle ownership. Following a marked reduction since 1980, oil's share of global demand is expected to remain essentially constant over the 1993/2000 period. The reduction in the OECD's oil market share between 1980 and 1993 primarily reflects the replacement of oil in the power generation sector, a move to less energy intensive industrial processes and gas penetration in the residential/commercial sectors. These trends have now slowed and are being largely offset by the continuing growth in transportation fuels, leading to an essentially unchanged share for oil during the 1993/2000 period. In the non-OECD, oil's share is projected to increase compared with a modest historical decline, partly reflecting strong growth in the transport sector and the increased importance of oil in the energy mix as oil increasingly replaces traditional fuels. The majority of the incremental demand growth between 1993 and 2000 is expected to take place outside the OECD. In the CC case, 61% of incremental demand is projected to occur in the non-OECD of which 40% take places place in Asia (including China). In contrast to strong growth in non-OECD countries, OECD Europe, which in 1993 represented 20% of global oil demand, is projected to contribute only 10% of incremental global demand.

The table below shows the rate of oil demand growth and the distribution of incremental oil demand by end-use sector. Demand is expected to decline in the power generation sector both within and outside the OECD. In the non-OECD, the decline is due to a combination of replacement of oil-fired capacity (primarily by gas in Eastern Europe, North Africa and Latin America, by coal in East Asia and by hydro in China) and by a decline in electricity demand in the FSU. Conversely, the strongest area of demand growth in both regions tends to occur in the transport sector with the variation between it and other sectors most significant in the non-OECD region. Demand growth in the non-OECD residential/commercial sector is more pronounced than in the OECD, reflecting the substitution of traditional fuels by oil in the non-OECD region and less opportunity for oil substitution due to less developed infrastructures for natural gas. Most of the projected incremental demand occurs in the transport sector in both the OECD and non-OECD, due to a combination of comparatively strong demand growth and the sector's existing large share of total oil demand.

Change in Oil Demand and Distribution of Incremental Oil Demand by End Use Sector

	Change in Oil Demand by Sector 1993-2000 (%pa)						Distribution of Incremental Oil Demand 1993-2000 (%)					
	CC Case			ES Case			CC Case			ES Case		
	OECD	Non-OECD	World	OECD	Non-OECD	World	OECD	Non-OECD	World	OECD	Non-OECD	World
Power Generation	-1.3	-0.6	-0.8	-0.3	-1.6	-1.1	-5.2	-2.7	-3.6	-1.5	-9.3	-6.4
Other Transformation	0.9	2.9	2.0	0.4	2.4	1.5	3.0	8.0	6.1	1.7	8.1	5.8
Industry & Non-Energy	1.4	2.5	1.9	1.1	2.1	1.5	19.7	18.0	18.6	21.5	18.6	19.7
Transport/Bunkers	1.9	3.9	2.6	1.4	3.5	2.2	71.8	55.4	61.8	74.0	61.1	65.8
Residential/Commercial	1.2	3.5	2.4	0.4	2.9	1.7	10.7	21.2	17.1	4.4	21.5	15.2
Total	1.5	2.9	2.1	1.1	2.3	1.6	100.0	100.0	100.0	100.0	100.0	100.0

The change in oil's market share is shown on an end-use basis in the table below. It will be noted that the greatest change in oil's share in both the OECD and non-OECD is in the power generation sector. The growth in oil's share in non-OECD transportation demand reflects a combination of faster demand growth in road and air transport than rail and a replacement of coal by oil in the railway sector.

Oil's Market Share by End Use Sector (%)

	OECD				Non-OECD				World			
	1980	1993	2000	2000	1980	1993	2000	2000	1980	1993	2000	2000
			CC	ES			CC	ES			CC	ES
Power Generation	31.1	12.1	9.7	11.1	54.2	32.1	29.7	28.7	40.1	20.4	17.6	18.2
Other Transformation	36.9	30.4	30.1	30.1	33.3	28.5	29.3	29.5	35.2	29.3	29.7	29.8
Industry & Non-Energy	42.0	36.0	35.4	35.4	28.1	25.8	25.7	26.0	35.1	30.6	30.2	30.4
Transport/Bunkers	97.3	97.4	97.3	97.2	91.6	93.8	95.8	96.0	95.4	96.1	96.7	96.7
Residential/Commercial	33.9	24.4	24.2	24.1	32.9	26.2	25.9	25.8	33.5	25.3	25.1	25.0
Total	50.1	42.6	42.1	42.7	43.0	38.1	38.6	38.7	47.1	40.5	40.4	40.8

Non-OECD

Latin America

Latin American oil demand in 1Q96 increased by 0.9% or 54 kb/d to 6.0 mb/d, essentially unchanged from last month's Report. The rate of decline in Mexican oil deliveries and the growth in Brazilian requirements both moderated for the third successive quarter. Although demand was weak in Mexico, Argentina and Colombia, demand growth in Brazil, Venezuela and the remaining countries of the region led to a reversal of the 0.2% decline experienced in 4Q95.

Latin American Demand 1990-1Q96

(thousand barrels per day)

	1991	1992	1993	1994	1995	1Q95	1Q96	Change	
								mb/d	%
Argentina	427	444	486	478	502	506	505	-1	-0.2
Brazil	1446	1472	1540	1620	1792	1692	1785	93	5.5
Colombia	214	245	270	279	290	290	287	-4	-1.3
Mexico	1780	1811	1819	1946	1828	1959	1888	-71	-3.6
Venezuela	401	413	415	394	409	397	409	12	3.1
Others	1065	1107	1131	1160	1177	1147	1172	24	2.1
Total	5333	5492	5661	5877	5999	5992	6045	54	0.9
% Change	3.1	3.0	3.1	3.8	2.1				

Includes estimate of refinery fuel use and bunkers

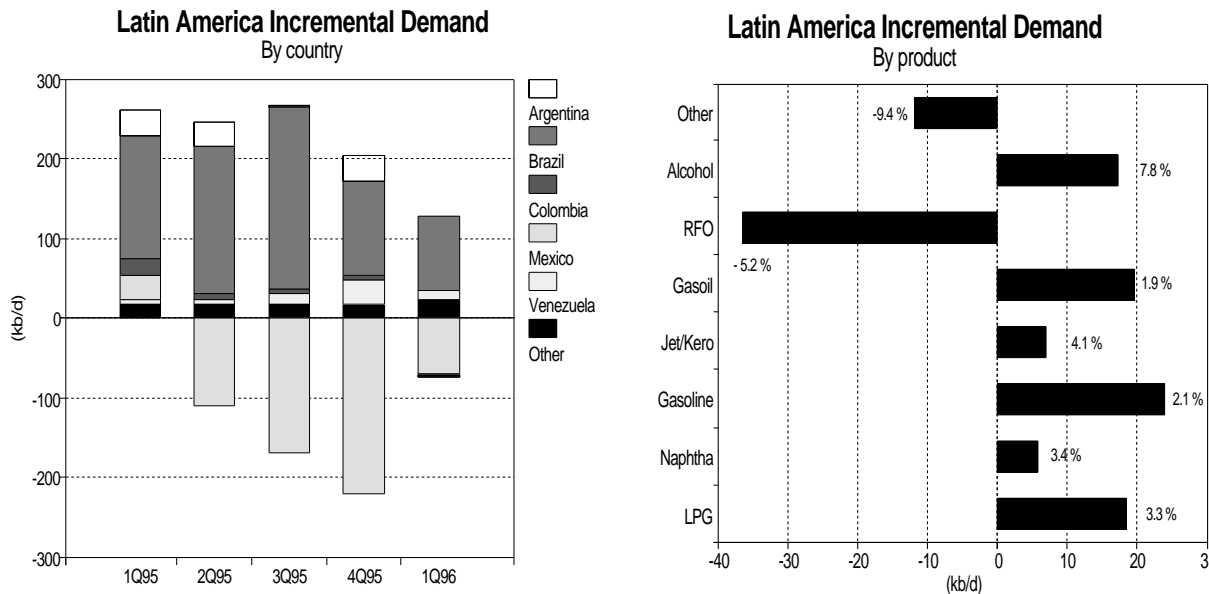
Over the last year, regional demand has been affected by the compensating effects of weak Mexican demand and strong Brazilian growth. The slowdown in **Brazilian** demand growth in 1Q96 was expected as demand was particularly robust in 1Q95, following a marked improvement in the economy towards the end of 1994. In addition, the Brazilian government has since tightened monetary and fiscal control which is likely to have constrained oil demand growth. A slowdown in the rate of industrial activity is consistent

with historically weak demand growth for naphtha and gasoil which increased in 1Q96 by 3.4% and 1.0% respectively. In contrast to most other oil products, strong demand growth for motor gasoline last year continued in 1Q96, with a 23.7% increase in deliveries, partly attributable to a significant increase in car sales in 1995.

In **Mexico**, the rate of decline in demand moderated in 1Q96, with demand decreasing by 3.6%. As Mexican demand in 1Q95 was comparatively strong (a shortfall in hydropower output was met by increased use of residual fuel oil for power generation), the relatively moderate decline in demand in 1Q96, compared with significant reductions in the second half of last year, may indicate the start of a turnaround. Gasoil deliveries increased for the first quarter since 4Q95, by 0.8%, and LPG growth accelerated to 3.4%, partly due to increased availabilities associated with higher natural gas production. However, this demand strength was more than offset by declines in residual fuel oil and gasoline demand of 8.6% and 5.3% respectively.

Colombian demand declined in 1Q96, primarily due to a 29% decrease in residual fuel oil deliveries compared to exceptionally strong demand in 1Q95 when a shortfall of hydro output led to a 50% increase in use in the power generation sector. **Argentine** demand declined marginally, with a 5.8% decline in gasoline demand and falls in LPG and kerosene use more than offsetting increases in gasoil and residual fuel oil demand of 4.7% and 5.6% respectively. Residual fuel oil use is expected to be lower in 1996 due to ongoing substitution by natural gas, particularly in the power generation sector. **Venezuelan** demand increased for most major products with gasoline and gasoil growing by 2.3% and 5.9% respectively.

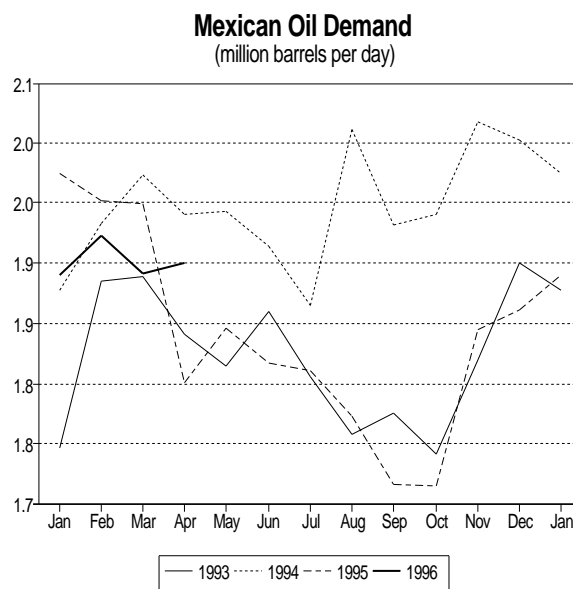
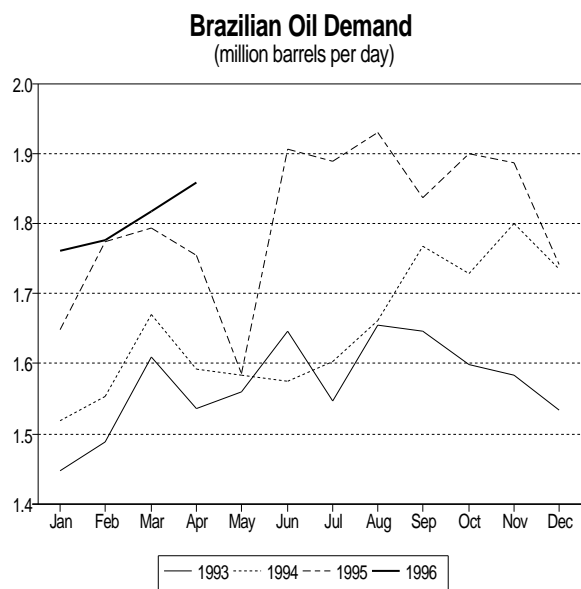
In addition to wide regional variations in incremental oil demand (shown in the stacked bar chart below), there also were significant variations in the increase in demand for individual products. The graph below on the right shows the incremental annual growth for major oil products for the five leading oil-consuming countries in Latin America. Use of bunkers and refinery fuels is excluded from the graph. The return to normal water levels in 1Q96 in Mexico, Venezuela and Colombia is the primary reason for a 5.2% decline in residual fuel oil deliveries. Strong demand in Brazil for gasoline and alcohol for transportation use (which is included in our oil balances) has offset declines in Mexico, Colombia and Argentina.



Brazil and Mexico Oil Demand in April

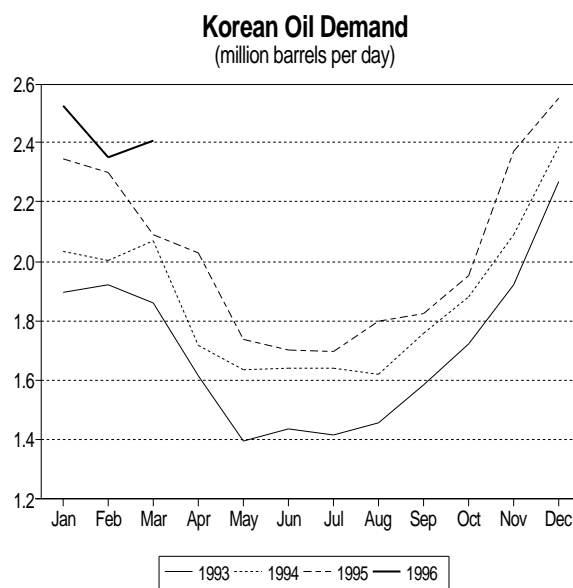
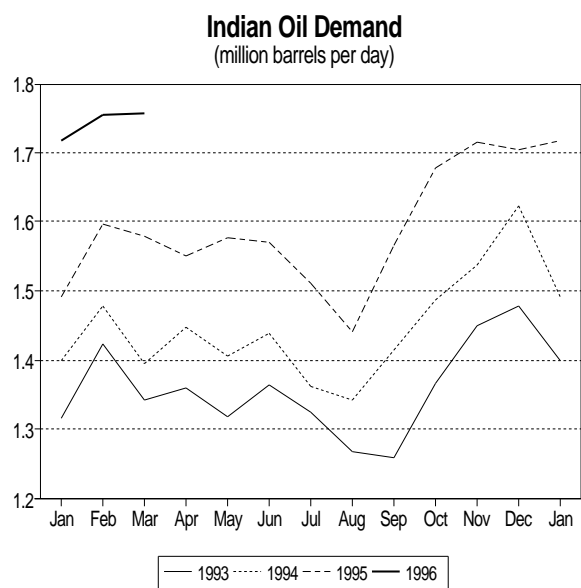
The latest oil demand data for Brazil and Mexico in April indicate a resurgence in demand growth in Brazil and positive growth in Mexico for the first time since February 1995, which have led to combined growth of 0.2 mb/d. In Brazil, oil demand increased by 5.9% with motor gasoline and gasoil demand increasing by 10.7% and 6.8% respectively and contributing more than 50% of incremental demand. Following two months of weak petrochemical feedstock demand, deliveries of LPG and naphtha recovered in April, increasing by 16.1% and 12.1% respectively. Brazilian demand growth in 2Q96 is expected to be higher than in 1Q96 as demand was particularly weak in May 1995 when industrial unrest left oil demand essentially unchanged compared with almost double-digit growth experienced in the first four months of 1995. Mexican oil demand increased by 5.5% compared with April 1995, when the introduction of

significant end-user price increases contributed to a 7.2% decline in demand. Demand increased for all products, with gasoil and residual fuel oil increasing by 11.8% and 10.1% respectively.



Other Asia

Data published by the Indian Ministry of Petroleum and Natural Gas indicate that **Indian** oil demand (excluding refinery fuel) increased in March by 10.3% to 1.76 mb/d, taking growth in 1Q96 to 11.1%. Demand increased for all products in March except naphtha, which declined by 10.7%. Diesel demand increased particularly strongly, by 15.7% or 0.1 mb/d, and represented more than 60% of total incremental demand. Data published by the Korean Energy Economic Institute show that **South Korean** oil demand (including bunkers) increased by 15.4% in March to 2.41 mb/d, significantly more than the 6.7% growth experienced in the first two months of the year. Demand increased for all products and gasoline and diesel deliveries grew particularly strongly, increasing by 36.1% and 22.4% respectively. Kerosene deliveries increased by 35.0% or 70 kb/d, due to colder weather than last year when mild weather contributed to a 2.7% decline in deliveries.



The strong Indian demand growth in 1Q96 and a particularly marked increase in South Korean deliveries in March have led to an 83 kb/d upward revision to Other Asian demand in 1Q96. However, due to rounding, Other Asian demand is unchanged from last month's Report at 8.6 mb/d.

Non-OECD and Global Demand in 1996

Total non-OECD demand in 1Q96 has been revised upwards by 0.1 mb/d, reflecting minor revisions to

Other Asian demand, which, together with the revision to OECD demand, has led to a 0.2 mb/d upward revision to global demand in 1Q96 to 72.7 mb/d. FSU apparent demand in 2Q96 has been revised downwards by 0.2 mb/d from last month's Report, reflecting a downward revision to oil production and an upward adjustment to net oil exports and this has led, due to rounding, to a 0.1 mb/d revision to global demand. In 3Q96, global demand has been revised upwards by 0.1 mb/d, reflecting higher OECD European demand. The projections of OECD, non-OECD and global demand in 1996 remain essentially unchanged from last month's Report with global demand projected to increase by 1.7 mb/d or 2.4% to 71.6 mb/d.

SUPPLY

Summary

- May world oil production increased marginally despite the impact of an oil workers' strike in Norway. Total output reached 71.81 mb/d as gains in non-OECD areas more than offset the Norwegian decline.
- OPEC crude oil production is believed to have been essentially unchanged in May at 26.1 mb/d. Estimated lower production from Saudi Arabia, Kuwait, Iran and Gabon roughly equalled the combined increases from Venezuela, Algeria, Indonesia, Libya, Nigeria and the UAE, the latter two from downwardly-revised April production estimates.
- Norwegian production was 250 kb/d lower than in April due to a 6-day strike at the beginning of the month, but increases of 65 kb/d in Australia, 35 kb/d in the UK and 40 kb/d in Canada compensated for more than half the Norwegian decline, while US production was lower by 55 kb/d. A rise of 305 kb/d in non-OECD oil output was spread out among a half dozen countries, with China and Colombia having the largest gains.
- Net FSU exports rose to over 2.8 mb/d in May despite heavy fog in the Black Sea, with about three-quarters of the gain in product exports. The May export levels were the highest since last summer.
- As mentioned at the beginning of this Report, the projections of the 4Q96 "call on OPEC crude oil plus stock change" is substantially below other estimates, primarily due to higher expected non-OPEC supply. The sources of the 4Q96 supply strength are summarised in the Overview section and additional details are provided in the North Sea and Latin American subsections.

Non-OPEC Oil Supply

(million barrels per day)

	1994	1995	1996 ^f	1Q95	2Q95	3Q95	4Q95	1Q96 ^p	2Q96 ^f
CRUDE OIL									
North America	8.15	8.04	7.96	8.15	8.06	7.97	7.99	8.00	7.88
United States	6.66	6.52	6.41	6.63	6.56	6.43	6.47	6.48	6.36
Canada	1.48	1.52	1.55	1.51	1.51	1.54	1.52	1.52	1.52
Europe	5.61	5.85	6.41	5.85	5.53	5.77	6.24	6.17	6.13
North Sea	5.18	5.43	5.98	5.43	5.12	5.35	5.82	5.76	5.70
UK*	2.37	2.42	2.62	2.52	2.21	2.41	2.54	2.45	2.36
Norway	2.57	2.77	3.11	2.67	2.67	2.71	3.04	3.07	3.10
Other North Sea**	0.24	0.23	0.25	0.24	0.24	0.23	0.23	0.24	0.24
Other Europe	0.42	0.42	0.43	0.42	0.42	0.42	0.42	0.41	0.43
Pacific	0.59	0.56	0.68	0.56	0.57	0.58	0.53	0.56	0.69
Australia	0.54	0.51	0.64	0.52	0.53	0.53	0.48	0.52	0.64
Other Pacific	0.05	0.04	0.05	0.04	0.04	0.05	0.04	0.04	0.04
Total OECD	14.34	14.45	15.05	14.55	14.17	14.31	14.76	14.73	14.69
Latin America	5.17	5.34	5.81	5.34	5.28	5.54	5.19	5.71	5.78
Asia (inc. China)	4.65	4.92	5.15	4.87	4.88	4.95	4.99	5.05	5.13
Africa	1.86	2.00	2.12	1.95	2.01	2.02	2.03	2.02	2.09
Other Middle East	1.77	1.87	1.93	1.84	1.86	1.89	1.90	1.90	1.92
Central and Eastern Europe	0.25	0.24	0.24	0.24	0.24	0.25	0.24	0.24	0.24
Total Non-OECD (ex. FSU)	13.70	14.38	15.25	14.23	14.27	14.65	14.35	14.92	15.15
Russia	6.10	6.00	5.91	6.03	6.06	5.97	5.95	5.92	5.88
Other Republics	0.81	0.83	0.91	0.77	0.85	0.85	0.86	0.86	0.90
Total FSU	6.91	6.83	6.82	6.79	6.90	6.81	6.81	6.78	6.78
NGLS & OTHER									
United States	1.98	2.07	2.07	2.08	2.08	2.05	2.06	2.04	2.06
Canada	0.79	0.87	0.91	0.88	0.87	0.83	0.91	0.90	0.85
North Sea	0.38	0.42	0.45	0.45	0.39	0.38	0.45	0.43	0.40
Russia	0.17	0.18	0.17	0.21	0.14	0.17	0.20	0.18	0.16
Other Non-OPEC	1.44	1.48	1.62	1.47	1.44	1.49	1.51	1.55	1.58
Total NGLs and Other	4.77	5.01	5.22	5.09	4.92	4.91	5.13	5.10	5.05
Processing Gains	1.43	1.48	1.51	1.48	1.48	1.48	1.48	1.51	1.51
Total Non-OPEC Supply	41.14	42.14	43.84	42.15	41.73	42.16	42.53	43.03	43.18

^p preliminary

^f forecast

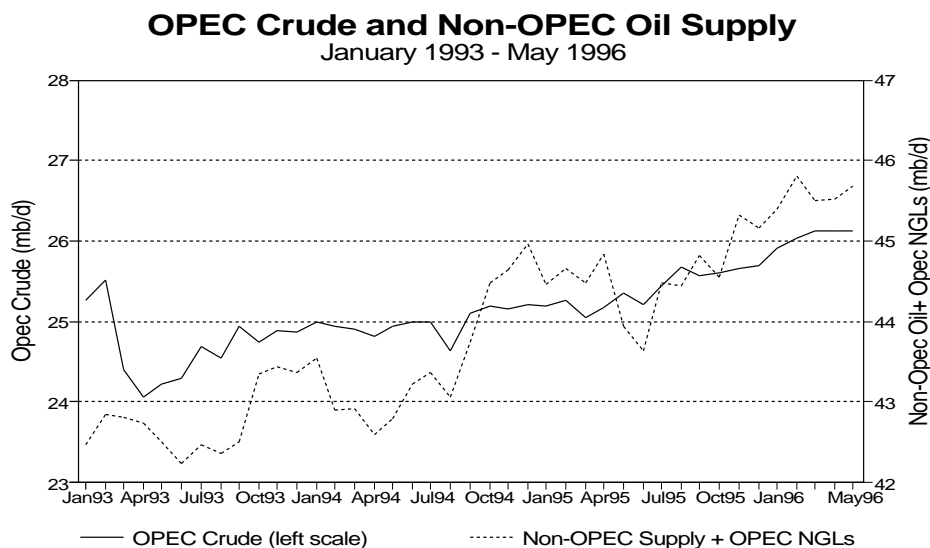
* excluding on-shore production

** Denmark, off-shore Netherlands and off-shore Germany

Overview of Supply Developments and Revisions

World oil supply increased by an estimated 160 kb/d in May, but remained below February's peak. Non-OPEC supply rose by 145 kb/d, while OPEC NGL production advanced modestly, increasing by about 20 kb/d. OPEC crude oil production is thought to have recorded its first decline since last summer., but only of 5 kb/d. Persian Gulf OPEC countries generally saw flat to lower production for the month as markets softened seasonally and inventories began to rebuild. The prospect of the return of limited Iraqi oil sales in the next few months under the UN "oil-for-food" agreement and the 5 June OPEC meeting may also have had a restraining impact on OPEC production. Non-OPEC supply changes for the month were the result of the interplay among decreasing OECD production, sharply increasing output from the developing countries and a small gain from the FSU. OECD oil output was 160 kb/d below April levels while production from developing countries in Latin America, Africa, and Asia rose by just over 300 kb/d. FSU production increased by just under 20 kb/d, with about one-third of the growth in Russia and two-thirds in the non-Russian republics.

The dominant supply event for the month was the oil workers' strike in Norway in the first week of the month. The monthly average Norwegian output was reduced by over 250 kb/d. There also was a moderate decline, of 55 kb/d, in US production as Alaskan pipeline maintenance prevented a recovery from low April levels and Lower 48 production declined seasonally. These monthly declines were more than partially offset by a 65 kb/d increase in Australian production compared with weather-affected April production and monthly gains of 40 kb/d and 35 kb/d for Canada and the UK respectively, following April maintenance to one of the synthetic fuels plants in Canada and some technical difficulties with four UK fields. In non-OECD areas, monthly increases are believed to have occurred in May in China, Colombia, Egypt and Angola. Chinese offshore production recovered from maintenance outages in the Pearl River Mouth and a new field, Liu Hua, started up during the month, leading to an estimated rise of over 180 kb/d. As no pipeline bombings were reported in Colombia in May, production is assumed to have increased by 35 kb/d. Elsewhere, new fields are believed to have raised Egyptian and Angolan production by about 25 kb/d and 15 kb/d respectively.



There were downward revisions in April non-OPEC supply data totalling 430 kb/d. The technical problems in the UK North Sea and the extended maintenance at the Canadian Syncrude plant accounted for 160 kb/d and 80 kb/d of the revisions and Russian April data indicated 180 kb/d lower output than previously forecast. A pipeline break in the South China Sea appears to have delayed the expected restart of the 110 kb/d Xijiang fields until May. Higher reported levels of output in 1Q96 in Argentina, Ecuador and Malaysia are expected to have carried through into April, adding a combined 60 kb/d to the April estimate. OPEC crude oil and NGL production were each revised downwards in 1Q96 and April due to larger maintenance impacts on crude oil and delays in a major condensate project in Abu Dhabi. For the remainder of the year, a small downward revision in the North Sea (due to an additional delay in the expected start-up of the West of Shetlands Foinaven field) and a reduction in projected 4Q96 Indian offshore production are balanced by higher Latin American supply from Argentina, Ecuador and Mexico, resulting in net downward revisions in non-OPEC supply of 0.1 mb/d in 2Q96 and 0.2 mb/d in 3Q96 and an upward revision of 0.1 mb/d in 4Q96.

Sources of Non-OPEC Supply Growth in 4Q96

As discussed at the beginning of this Report, there is a large range of opinion regarding the market fundamentals in the remainder of 1996, and particularly in 4Q96. The changes presented in the table below are atypically based on year-on-year comparisons in order to remove the seasonal effects of summer maintenance in the North Sea and other seasonal factors. The absence of the special weather factors that severely constrained output in 4Q95 and continuing growth in the North Sea, Latin America, offshore China and Africa are expected to combine to produce a 2.8 mb/d year-on-year growth in non-OPEC supply versus 4Q95, with all major producing regions contributing to the increase. OPEC NGLs are expected to increase year-on-year by about 250 kb/d in 4Q96 and about 200 kb/d for 1996 as a whole. With the large 4Q96 increase, annual non-OPEC supply growth is estimated at just over 1.7 mb/d, a downward revision of 0.1 mb/d from last month's Report, primarily due to lower expected Russian production.

Sources of Year-on-Year Changes in Non-OPEC Supply

(thousand barrels per day)

	4Q95	4Q96	1996		4Q95	4Q96	1996
<i>Regions</i>				<i>Key Countries</i>			
North Sea	257	849	589	Mexico	-316	575	286
Latin America	-68	797	523	UK	21	562	240
Asia	114	249	247	Norway	246	262	337
Africa	178	242	146	Australia	-64	211	141
OECD Pacific	-58	227	136	Canada	79	161	70
Other Middle East	79	60	56	China	43	136	164
FSU/CEE	-139	105	13	Brazil	65	95	116
Other OECD Europe	4	46	26	Kazakhstan	38	94	70
North America	-148	184	-38	Congo	10	83	23
Processing Gains	10	10	10	Angola	126	80	71
				Colombia	134	79	71
Total	229	2769	1708	US	-227	43	-108

As discussed in the North Sea section below, new fields production in the UK and Denmark and full utilisation of two late-1995 Norwegian fields are expected to dominate the non-OPEC supply growth, resulting in nearly 850 kb/d higher levels of North Sea production in 4Q96 than in 4Q95. About 70% of the increase is in the UK sector, where twelve new fields are due onstream this year. The largest year-on-year increase is in Mexico with crude oil about 485 kb/d higher and NGLs 90 kb/d above hurricane-reduced 4Q95 levels. Significant gains are also projected for Brazil and Colombia, reflecting expanding production at the Albacore and Marlim fields in Brazil's Campos Basin and increasing output from the new Cupiagua field adjacent to Colombia's Cusiana field. The Asian increases are expected to come primarily from offshore China with both new fields and rising production in South China Sea fields with only a small incremental contribution from transportation-constrained Western China. Smaller gains are considered probable from Malaysia, the Indian offshore and Vietnam. The Congo's N'Kossa platform is expected to reach its first stage capacity by 4Q96 and new Angolan fields are projected to contribute 80-85 kb/d each versus 4Q95 to the 240 kb/d African output increase. Australia and Canada are expected to contribute about 210 kb/d and 160 kb/d respectively to the 4Q96 year-on-year growth as offshore Northwest Shelf fields in the latter and growing NGLs and synfuels in the former increase. The onshore Europe growth occurs in Italy, where the Southern Apennine Mont Alpi and surrounding field developments are expected onstream, and from the UK Wytch Farm field on the south coast of England.

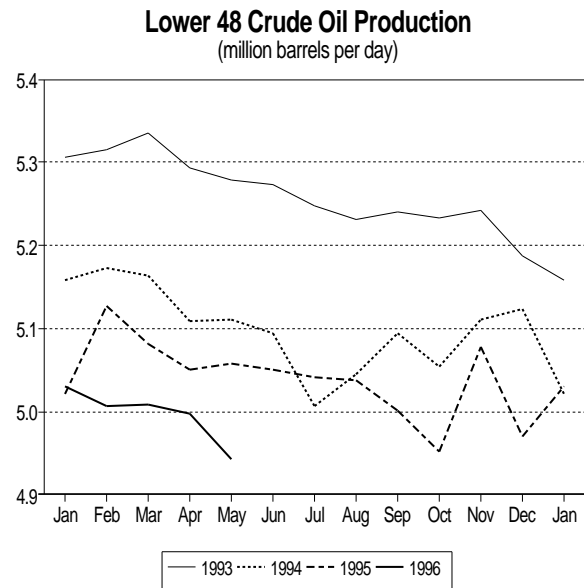
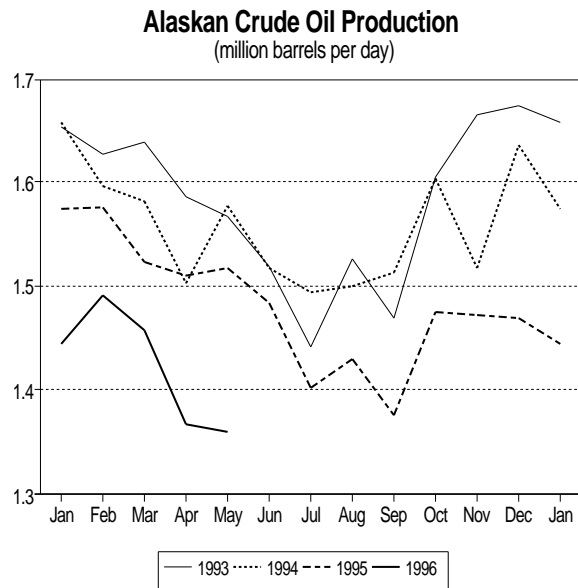
OECD

North America

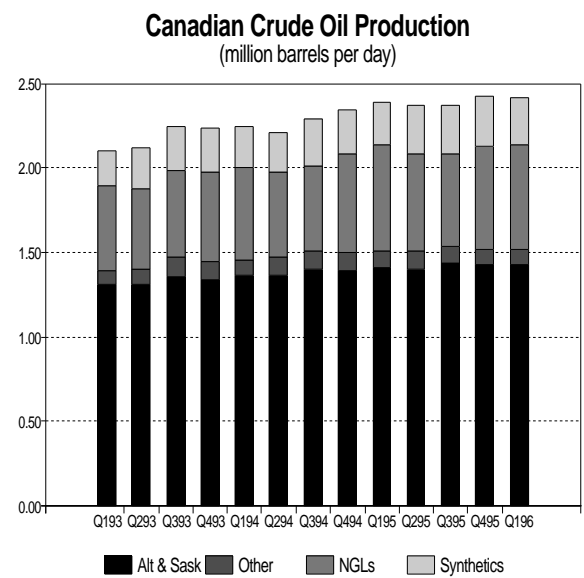
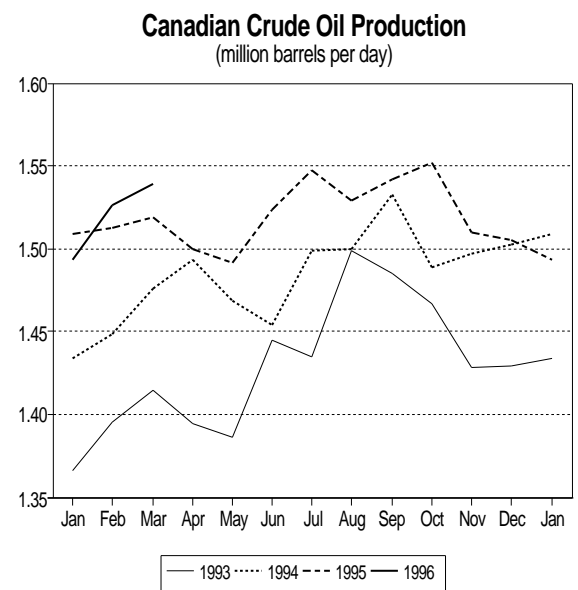
May US oil production is estimated to have declined by 55 kb/d to 8.37 mb/d, as Alaskan production failed to recover from April levels and Lower 48 production of crude oil and "other hydrocarbons" decreased seasonally. Total crude oil production fell by about 65 kb/d for the month following a monthly decline of nearly 100 kb/d in April, when a pipeline leak in Alaska caused a 90 kb/d monthly decline. NGL production is judged to have increased contra-seasonally in both months with the reduction in the impact of the ethane rejection phenomenon that had resulted from exceptionally high natural gas prices during the winter.

Alaskan production was expected to have recovered strongly after the small leak in the Trans-Alaskan Pipeline (TAPS) was found and repaired. However, maintenance scheduled for one to two days in the first week of May had a larger impact than expected and the anticipated gains from the new Northeast Milne field did not materialise. Prudoe Bay averaged only 711 kb/d for the first 22 days of the month and even

with relatively full production during the last week, the average for the month is thought to have remained below 750 kb/d versus an expected 830 kb/d. Similarly, full-month Kuparuk field production is calculated at below 275 kb/d, compared with a more normal level of 290 kb/d. On the positive side, the Point McIntyre field produced 150 kb/d, reflecting full utilisation of a new well brought onstream late last year.



Lower 48 crude production fell by about 55 kb/d, with all areas except the Gulf of Mexico experiencing decreases. Even in the Gulf of Mexico, disaggregated production data for the first three months of the year indicate lower growth than expected. More of the hydrocarbons may be natural gas and NGLs than previously expected and there are possibly some residual impacts of procedural delays related to the Government budget deadlock. Whatever the reason, the problems are thought to be temporary and the enthusiasm for Gulf of Mexico oil development continues to grow.



Statistics Canada reports preliminary March total Canadian oil production of 2451 kb/d, a rise of 50 kb/d from February. February's output had been reduced by a fire at the Syncrude plant and lower NGL production due to very cold weather. Synthetics production rose by 34 kb/d with gains in output from both the Suncor and the Syncrude plants. Alberta heavy oil production also increased, by 10 kb/d, probably reflecting strong demand for heavy oil products in the US Midwest during the late winter cold weather and favourable pricing of Canadian heavy oil.

April production was negatively impacted by a reported sharp reduction in synthetics output from the Syncrude plant, half of which was shut down for scheduled "annual" maintenance. Similar maintenance was done in March of last year and April 1993, but it is expected that in future this maintenance will only have to be done every other year. Production declined by 88 kb/d at the Syncrude plant and 5 kb/d at the Suncor plant. Seasonal declines in conventional oil production in Alberta and Saskatchewan, due to the spring thawing, are also thought to have occurred in April, resulting in an estimated decrease of about 135 kb/d. A recovery in synthetics output and firmer ground in western Canada are believed to have allowed a partial recovery of just over 40 kb/d in May to 2.36 mb/d.

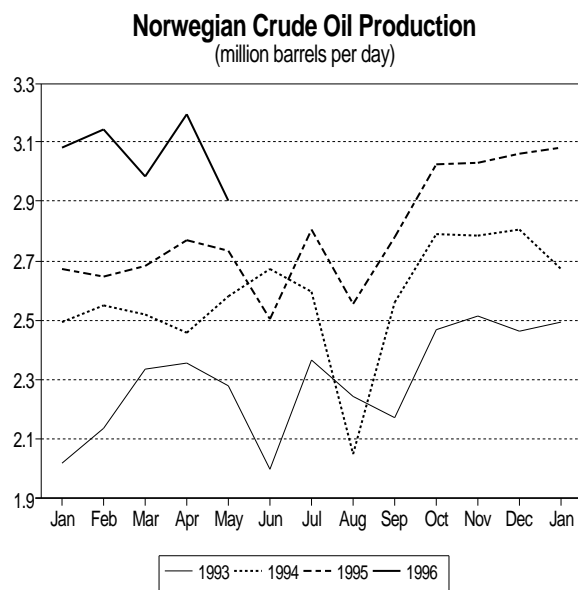
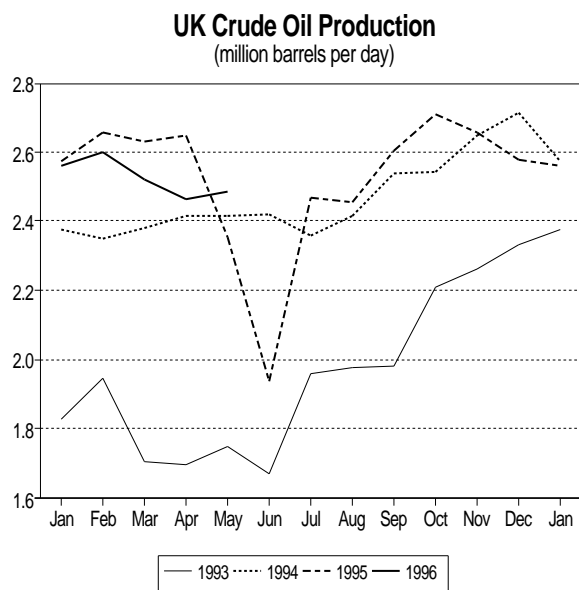
North Sea

North Sea production averaged 5.98 mb/d in May, a decline of about 225 kb/d from April, reflecting the onset of the Norwegian workers' strike on 3 May. New field production in the UK sector continued to be below expectations and planned and unplanned maintenance activities in the UK sector restrained production increases. A crack in the subsea manifold at the Foinaven field is expected to delay start-up until late September/early October, causing a small downward revision in the 3Q96 UK production forecast, but with wells pre-drilled the hook-ups are expected to allow very rapid escalation of production; thus the 4Q96 production estimate for Foinaven is being maintained.

UK crude production in April was restrained by unexpected problems at several fields and the beginning of a major workover that will take the Brent Charlie platform out of service for several months. Crude production, adjusted for potential double counting of NGLs, was 2.36 mb/d according to estimates from company and consultancy sources. Brent system production declined by about 40 kb/d as some of the loss of the 60 kb/d Brent Charlie platform was made up for by increases in Osprey and Dunlin output. The Dunlin field reached its highest level in several years and Osprey production was the highest since last August. A decline in production from the problem-plagued Magnus field to 104 kb/d held Ninian system production to under 315 kb/d versus just over 325 kb/d in March. It had been hoped that Magnus output would be restored to the 130 kb/d level or higher if and when the problem of increased water incursion into some of the wells could be solved, but recent experience suggests naturally declining reservoir pressures may be the cause. Conversely, the Ninian system's Dunbar field reached a new high of 62 kb/d for the month, nearly 50% above its originally expected peak.

As with the Brent and Ninian systems, there were positive and negative surprises during the month in the Forties system. Compressor and valve difficulties caused the shut in of one well and significantly reduced operations at the Nelson field in the first half of the month, lowering the monthly average by nearly 25 kb/d, and an expected recovery at the Scott/South Scott fields did not materialise. However, the Forties field increased by 7 kb/d to 130 kb/d and may increase further if successes like the recently completed 10 kb/d extended reach well continue. Likewise, production from the Arbroath field (including its small Carnoustie satellite) rose by 15 kb/d. The net result was a slightly less than 20 kb/d decline for the Forties system. Beryl B platform loading operations were reduced by about 10 kb/d because of maintenance to the tanker serving the platform, offsetting most of the modest gain from the Douglas and Lennox fields in Liverpool Bay. Among the offshore-loaded fields, the two notable events were the return of the Statfjord A platform from March maintenance and an increase in Fife field production to nearly 40 kb/d versus an expected peak of under 35 kb/d. The Harding field finally started up at the end of the month after several months of waiting for a sufficient "weather window" for tow-out and well hookups, but the contribution to the monthly average was minimal.

A small increase in UK crude oil production to 2.38 mb/d is thought to have occurred in May with the return of Beryl to full production, the beginning of significant production from Harding and Liverpool Bay and a partial recovery in Magnus production. Maintenance and technical problems are believed to have continued in the Forties system, lowering output by an additional 55 kb/d, and the Norwegian oil workers' strike lowered the UK share of Statfjord production by a little over 10 kb/d.



Norwegian crude oil production rose to a new high in April before dropping sharply in May due to an oil workers' strike that began on 3 May and lasted six days. April output, including about 150 kb/d of NGLs, reached 3.35 mb/d. The dominant factor in the April production increase was the return of the Statfjord area fields from March maintenance activities. Snorre output rose by over 100 kb/d and the main Statfjord field rose by a little over 50 kb/d. The Statfjord North satellite produced a surprisingly high 75 kb/d for the month, more than 10 kb/d above its previous peak. Gains of around 15 kb/d each in the Ekofisk and Southern, Sleipner-Frigg and Oseberg-Troll areas more than offset declines in the two producing Haltenbanken fields in the Norwegian Sea, Draugen and Heidrun, which decreased by 15 kb/d and 7 kb/d respectively.

The early May Norwegian labour difficulties reduced monthly average oil output by about 250 kb/d to just below 3 mb/d. Approximately 60% of the decrease was in the Statfjord-Gullfaks area, with the Statfjord field down by 65 kb/d, Gullfaks lower by 45 kb/d and Tordis and Statfjord East down by about 10 kb/d each. Snorre production does not appear to have been affected and although Statfjord North production declined by 25 kb/d from April's high levels, it remained above February and March levels. Production from the Oseberg-Troll and Ekofisk areas was reduced by about 40 kb/d and 35 kb/d respectively according to preliminary data from company sources. However, Haltenbanken output was only 20 kb/d lower than in April as the Heidrun field produced a record 248 kb/d, nearly 70 kb/d above the initial capacity estimates of 180 kb/d and 30 kb/d above the revised capacity estimates, following additional work last autumn that delayed the platform start-up and slowed the initial production escalation. Higher well productivities and additional drilling slots on the platform suggest production potential for Heidrun as high as 280 kb/d.

Danish oil production declined slightly in April to 198 kb/d from a record in March. Output from the Gorm field dropped slightly from its March record and Tyra and Skjold were each down slightly. Valdemar production recovered to just below 4 kb/d, following several months of problems with sand incursion in its only producing well. Production from the new Roar field rose to almost 7 kb/d, after achieving what was expected to be a plateau production level of 5 kb/d in March. The other new Danish field scheduled for start-up as a Tyra satellite in 1996, the Svend field, was due onstream in late May. **Dutch** crude oil and condensate production declined by about 5 kb/d in April to 38 kb/d, due to lower condensate production from the P18 field and small declines in Kotter field and F3-FB field crude oil production. Production had been expected to remain about equal to March levels.

As has been the case over much of the last few years, the differences among the projections of near-term non-OPEC supply made by different organisations, which are discussed above, centre on the North Sea. The largest increase of any of the components of 4Q96 non-OPEC supply on a year-on-year and a quarter-to-quarter basis are in the North Sea. The increases can be separated into three distinct components, new fields starting up in 1996, escalating production from fields brought onstream late last year, and the recovery of several other fields from technical difficulties or weather-related reductions.

The table at the left disaggregates the sources of the North Sea year-on-year growth for 4Q96 by major

4Q96 versus 4Q95 North Sea Production

(thousand barrels per day)

System/Area	1996 Fields	1995 Fields	Older Fields	Total
UK Crude				
Forties	81	6	13	100
West of Shetlands	85	---	---	---
Liverpool Bay	69	---	---	---
Brent	33	5	1	39
Fulmar/Teal	17	---	---	3
Ninian	13	12	-12	13
Beryl	19	---	---	-5
Flotta	5	---	-18	-13
Other	132	2	-5	129
Total	454	25	-23	456
Norwegian Crude				
Haltenbanken	---	187	4	191
Sleipner/Frigg	45	14	-7	52
Oseberg/Troll	20	26	0	46
Ekofisk & Southern	38	---	---	-5
Statfjord/Gullfaks	---	0	-67	-67
Total	103	227	-75	251
Other				
Denmark	20	---	---	6
Neth/Germany	---	---	---	-4
NGLs	na	na	na	116
Total North Sea	577	252	-96	849

New Fields (4Q96 production):

Brent - Pelican (33); Ninian - Columba D (6), Magnus South (5); Forties - Andrew (55), Thelma (21), Arkwright (5); Flotta - MacCulloch (5); Fulmar/teal - Teal (12), Guillemot A (5); Beryl - South Nevis (19); Liverpool Bay - Douglas (39), Lennox (30); West of Shetlands - Foinaven (85); Other - Harding (55), Captain (52), Fergus (10), Alba South (15).
Ekofisk/Southern - Yme (35), Yme Beta East (3); Sleipner/Frigg - Loke (1), Gungne (2), Sleipner West (42); Oseberg/Troll - Troll East (20).
Denmark - Roar (6), Svend (14).

onstream in line with the most recent assessments by the operators or governments and are clearly subject to advances or delays. Over the last three years the advances generally overshadowed the delays, but in the last two quarters that has not been the case. As has been commented in prior Reports, there does not appear to be any evidence that unavailability of equipment or labour is impacting the scheduling, despite the "fast-tracking" of most projects.

Pacific

Data from the **Australian** Production Exploration Association and the Department of Industry and Energy indicate a 90 kb/d rise in production in March to 638 kb/d. The Wanaea-Cossack complex, which is responsible for the crude oil output from the Northwest Shelf Development Project (NWSDP), averaged 89 kb/d for the month, an increase of 66 kb/d from the February average since the production vessel was not reconnected until 19 February. NWSDP condensate production from the North Rankin and Goodwyn fields increased by a combined 23 kb/d and the return of the Bonaparte Basin Jabiru field to near full capacity of 19 kb/d, following repairs to a subsea pipeline, added more than 15 kb/d. Griffen field output was about 8 kb/d higher in March than in February, but Gippsland production declined by 22 kb/d to 189 kb/d, the first monthly production below 200 kb/d since the 1980s.

As mentioned in last month's Report, April production was inhibited by Cyclone Olivia, such that higher daily flows for much of the month from Wanaea-Cossack and Griffen were offset by the six-day cyclone effects. Production from Thevenard Island also is believed to have declined modestly due to the storms, as most of the Thevenard Island production is from offshore platforms over the Roller and Skate fields and most of the Saladin field (there are four wells drilled from the Island into the Saladin field). Despite the cyclone, which occurred off the northwest coast, production for the month is estimated to have increased by about 20 kb/d to 658 kb/d, due to a partial recovery in Gippsland Basin production and the higher levels for the rest of the month in the offshore Carnarvon and Bonaparte Basins. The absence of significant storms in May is believed to have resulted in an even larger increase of 65 kb/d to 722 kb/d

producing area and field vintage. New UK fields account for more than half of the impact, with the West of Shetlands Foinaven field and the two Liverpool Bay fields, Douglas and Lennox, making the most significant contributions. Three new Forties system fields, Andrew, Thelma and Arkwright, are expected to add more than 80 kb/d to 4Q96 UK production and four offshore-loaded fields contribute over 130 kb/d, the recently started Harding field and the Captain field expected in September/October each averaging in excess of 50 kb/d in 4Q96. Declines in older fields are expected to be moderated by comparisons with reduced 4Q95 levels. A shutdown of Cormorant in December to prepare for tie-in of the Pelican field in January 1996 and a new well at the Dunlin field kept production from older fields in the Brent system roughly constant. Similarly, Forties system 4Q95 weather and technical problems and one-time system testing are not expected to be repeated in 4Q96.

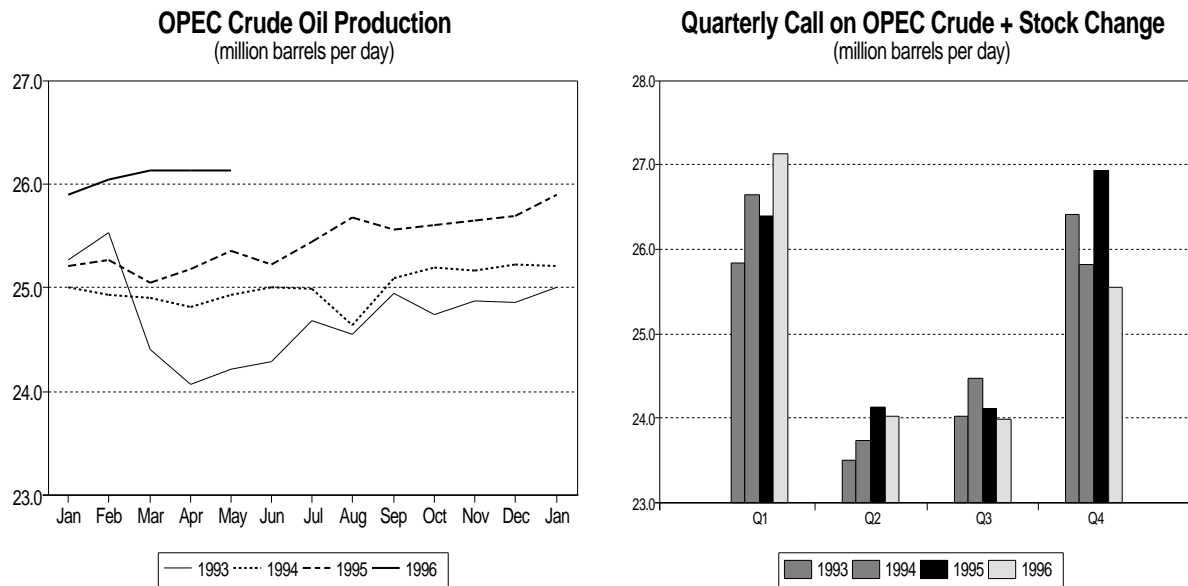
For Norway, escalating production from the 1995-vintage Heidrun field is projected to have the dominant impact, contributing a 487 kb/d increment to the quarter. Higher output from West Troll and Froy contribute another combined 42 kb/d to the incremental production. Five new fields add just over 100 kb/d, split between the Sleipner area, the Southern area Yme fields and Troll East.

Two new fields in Denmark, Roar and Svend add another 20 kb/d to forecasted 4Q96 production. Fields are assumed to come

as Wanaea-Cossack finally approached full capacity of 115 kb/d towards the end of the month and averaged an estimated 110 kb/d for May.

OPEC

May crude oil production from OPEC countries is estimated to have been essentially unchanged at just above 26.1 mb/d. The UN “oil-for-food” agreement with Iraq is expected to bring 700-900 kb/d of Iraqi exports into the market sometime between mid-July and late-August, with the quantity required to achieve \$1 billion revenues over 90 days depending on the prevailing price, and the timing depending on the final details of food and medicine distribution and the procedures for crude oil exports.



Crude oil production was down about 5 kb/d from a revised 26.135 mb/d in April to 26.130 mb/d in May. The April revision reflected a 20 kb/d lowering of the Nigerian production estimate. In May, estimated declines of 30 kb/d in **Kuwaiti** and **Saudi Arabian** production and a 20 kb/d decrease in **Iranian** crude oil output more than offset a 20 kb/d increase in **UAE** production following the end of maintenance at Abu Dhabi’s Umm Shaif field. The **Neutral Zone’s** and **Qatar’s** production are estimated to have held steady at 485 kb/d and 480 kb/d respectively.

The production gains occurred outside of the Persian Gulf countries, with **Libyan** and **Nigerian** production believed to have increased by about 20 kb/d and **Algerian**, **Venezuelan** and **Indonesian** output seen increasing by 10 kb/d each. **Gabon’s** production was the exception, declining by an estimated 15 kb/d due to low production and export levels in the first half of the month.

Former Soviet Union (FSU)

Production

April crude oil production in **Russia** appears to have been essentially unchanged from March’s depressed level at 5.87 mb/d. Lukoil regained less than 25% of the 75 kb/d decline experienced in March and much of that increase was offset by an 11 kb/d decrease in Slavneft crude production. Joint-venture production is judged to have increased moderately (by 60 kb/d), but Gazprom and Rosneft output are believed to have each declined at a rate of around 30 kb/d. May production is estimated to have shown a somewhat larger increase of about 20 kb/d, again led by Lukoil’s 25 kb/d gain. Surgutneft and Yukos both declined, by 15 kb/d and 20 kb/d respectively.

The “new companies”, with their production dominated by large older fields like Surgut’s Federovo, Yukos’s Mamontova and Nizhnevartovsk’s (Tyumen Co.) Samotlor, are finding it increasingly difficult to fight the natural declines in these older fields where the percentage of water in the well flows is as high as 90%. Sufficient investments in the upstream required to moderate the 10%-15% natural decline rates in the older fields and to find new fields are apparently not coming from internal cash flow, which is being diverted to pay tax arrears, invest in downstream assets or, in some cases, invest outside Russia. Funds from outside sources through joint-venture investments are being inhibited by election uncertainties and

especially by the clause in the new Production Sharing Law that allows the Government to override provisions in the Law in certain circumstances.

Kazakhstan's oil production fell slightly in April to 442 kb/d from 448 kb/d in March. Small increases from the Tengizchevroil, Arman and Kazpromstavba joint-ventures were offset by lower Karachanganak field condensate production. Tengizchevroil production exceeded 90 kb/d for the first time in April and is expected to go higher now that pipeline access seems to be less of a problem. Crude oil output from **Azerbaijan** increased to 183 kb/d in April from 181 kb/d as a result of higher onshore output. Onshore production accounts for only about one-sixth of Azeri oil supply and is not expected to play a major role in future increases. Discussions on offshore developments are continuing as are pipeline route assessments. Higher costs than initial estimates are likely for the Georgian route and the various Russian routes, due to the large number of pipeline breaks in the former and the looting of materials, especially copper, from pump stations along some key segments of the Russian routes.

Exports

FSU exports in May are preliminary estimated to have been close to the peak levels of last summer, with continued high levels of seaborne crude exports and the highest products exports in nearly a year. During the summer peak from May to July last year, the FSU exported about 1.2 mb/d of crude and 0.7 to 0.9 mb/d of products by sea. Estimated April crude exports through the Druzhba pipeline were revised downwards from the preliminary number in last month's Report due to the weak demand from Central & East Europe.

1994-1996 Net FSU Exports
(million barrels per day)

	1994	1995 ^r	1996 ^f	3Q95	4Q95	1Q96 ^r	Jan ^r	Feb ^r	Mar ^r	Apr ^r	May ^p
Black Sea Exports*	1.04	0.98	†	1.09	0.83	0.98	1.05	0.92	0.98	1.28	1.32
Baltic Exports	0.56	0.61	†	0.76	0.58	0.61	0.57	0.64	0.69	0.75	0.84
Total Seaborne	1.60	1.59	†	1.84	1.39	1.59	1.63	1.56	1.67	2.03	2.16
Druzhba Pipeline**	0.81	0.83	†	0.80	0.89	0.75	0.80	0.83	0.66	0.64	0.70
Total Exports	2.41	2.42	†	2.64	2.28	2.38	2.42	2.38	2.33	2.67	2.86
Imports	0.03	0.04	†	0.04	0.04	0.05	0.04	0.04	0.05	0.05	0.05
Net FSU Exports	2.39	2.38	2.52	2.60	2.24	2.33	2.38	2.34	2.28	2.62	2.81
NB: Crude Oil	1.91	1.91	†	1.97	1.87	1.86	1.94	1.90	1.75	2.02	2.05
Oil Products	0.47	0.47	†	0.64	0.37	0.47	0.44	0.43	0.53	0.61	0.76

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

** Crude oil only
p Preliminary
r Revised

In May, seaborne crude exports at 1.4 mb/d were only slightly lower than April's high level, despite the loading disturbance at the Black Sea port Novorossiisk where heavy fog for several days in early May hampered exports. Product exports were as high as 810 kb/d, with gasoil exports more than 400 kb/d for the fourth successive month since February. This year's first fuel oil shipment from the Baltic port of St Petersburg, which closes during the winter, was made in the end of May.

Other Non-OPEC

Latin America

The table below details Latin American oil production during the last three years, showing the significant contribution the region is expected to make to the high levels of non-OPEC supply growth in 4Q96 and 1996 year-on-year growth. Oil output in 4Q96 is expected to exceed year earlier levels by nearly 800 kb/d, more than half of which is attributable to growth in Mexico. Hurricanes in 4Q95 reduced Mexican crude oil by nearly 275 kb/d and NGL production by a further 45 kb/d versus 4Q94. New fields in the Gulf of Campeche and higher NGL production are expected to contribute the remainder of the increase. Significant increases are also anticipated for Brazil and Colombia as new fields in the Campos Basin and Central Colombia begin operation.

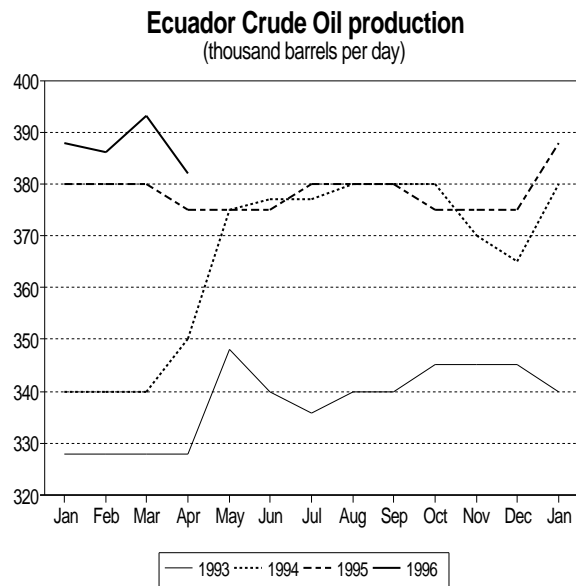
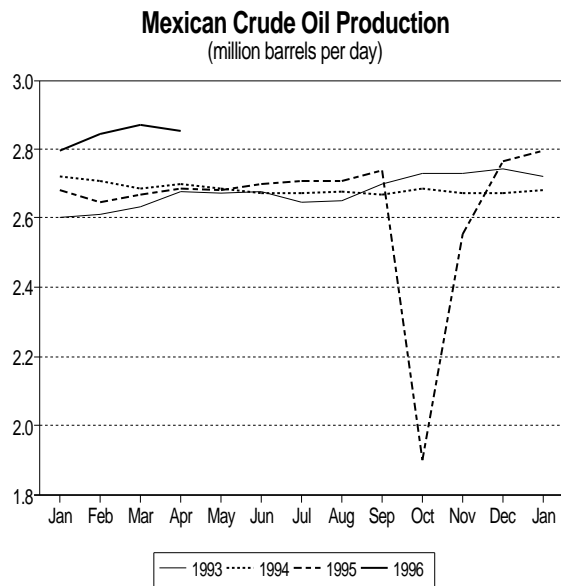
Latin American* Oil Production 1994-1996

(thousand barrels per day)

	1994	1995	1Q96	2Q96	3Q96	4Q96	1996	4Q96 Chg	1996 Chg
<i>Crude Oil</i>									
Mexico	2685	2619	2836	2857	2865	2888	2862	484	243
Brazil	679	716	799	827	843	860	832	102	116
Argentina	668	720	751	748	746	741	747	6	27
Colombia	456	583	617	644	673	680	654	79	71
Ecuador	365	377	389	387	395	400	393	25	15
Peru	126	122	117	117	121	125	120	8	-2
Trinidad	122	120	120	118	120	124	120	4	1
Bolivia	25	26	26	26	27	27	25	0	-1
Cuba	25	25	25	25	25	25	27	0	2
Chile	13	13	12	13	12	13	11	0	-1
Guatemala	9	9	7	9	9	9	8	0	-1
Surinam	7	8	9	7	7	8	9	0	1
Barbados	1	1	1	1	1	1	1	0	0
Total	5181	5338	5709	5781	5843	5902	5808	707	470
<i>NGLs</i>									
Mexican NGLs	459	491	476	483	482	522	491	91	43
Other NGLs	101	110	114	121	124	121	120	7	10
Brazilian Alcohol Fuels	210	196	195	195	195	195	195	-5	-1
Total Oil Supply	5942	6091	6495	6579	6644	6737	6614	797	523
<i>Memo:</i>									
Venezuela	2651	2815	3128	NA	NA	NA	NA	NA	NA
Total Oil Supply (inc. Ven.)	8593	8906	9623	NA	NA	NA	NA	NA	NA

* including Mexico, which joined the OECD in 1994 but has not yet been fully integrated into the IEA data system

Total Latin American production, including Venezuela, reached 9.6 mb/d in 1Q96 and is expected to continue to grow rapidly over the next several years. Completion of a 500 kb/d pipeline in Colombia, expected sometime in 1997, will allow the full exploitation of the Cusiana-Cupiagua fields and other potential field developments in the area. Additional floating production vessels and new platforms in Brazil's Campos Basin are scheduled to be installed in 1997-99, raising output there to well over 1 mb/d from half of that in the last year. Progress on pipeline capacity expansions in Ecuador and Peru is less certain but has the potential to generate large production gains in those countries as well. The recent signing of an agreement for the development of Peru's giant Camisea field is another positive step.

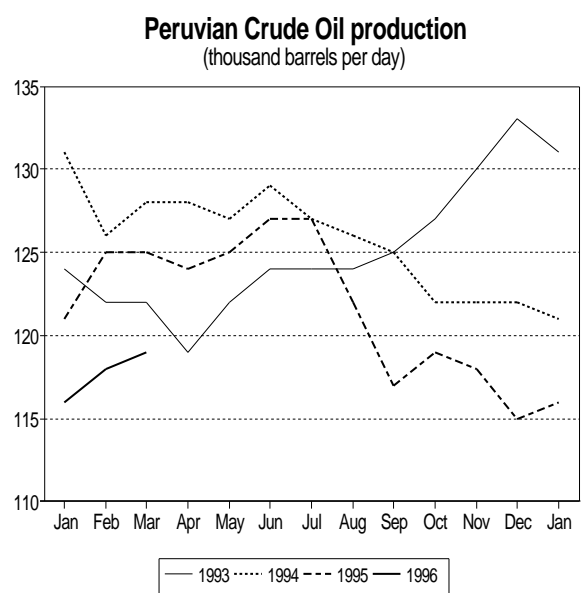
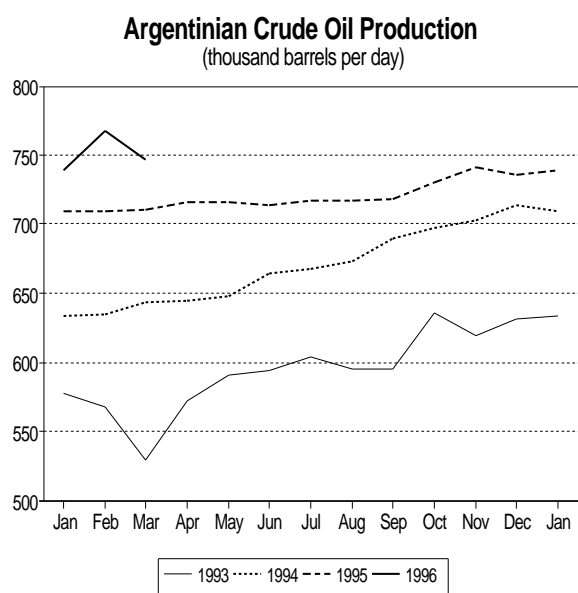


Mexican crude oil production rose by 25 kb/d in March to 2869 kb/d, but then decreased by 17 kb/d in

April according to preliminary data from PEMEX. The March gain was primarily in heavy oils from the offshore southern area. NGL output followed the opposite pattern, declining by 16 kb/d in March and rising by 7 kb/d in April. Natural gas production also declined in March, but rose to a new record in April of 4.285 million cf/d. Crude exports rose to a new high of 1561 kb/d in April with higher Maya exports and a partial recovery of Isthmus exports following a decline in March. The largest share of the increase went to the US.

Ecuador's production rose to the 385-395 kb/d range during the first three months of the year, but further increases require substantial restoration activities to Ecuador's Trans-Andean Pipeline. Press sources report **Colombian** crude oil production in April to have been 16 kb/d lower than the 637 kb/d record in March as a result of more pipeline bombings. Cano Limon production fell by just less than 10 kb/d and other association contractors using the Columbia Pipeline experienced a combined reduction of about 5 kb/d. Cusiana production fared slightly better with a decrease of only 2 kb/d to 178 kb/d.

Argentine production rose by 15 kb/d to 751 kb/d for 1Q96 versus 4Q95, with output from the Neuquen and Chubut provinces accounting for most of the gain. However March output slipped from 768 kb/d in February to 747 kb/d. Year-on-year growth was a solid 40 kb/d, with more than half of the rise occurring in the Santa Cruz Province.

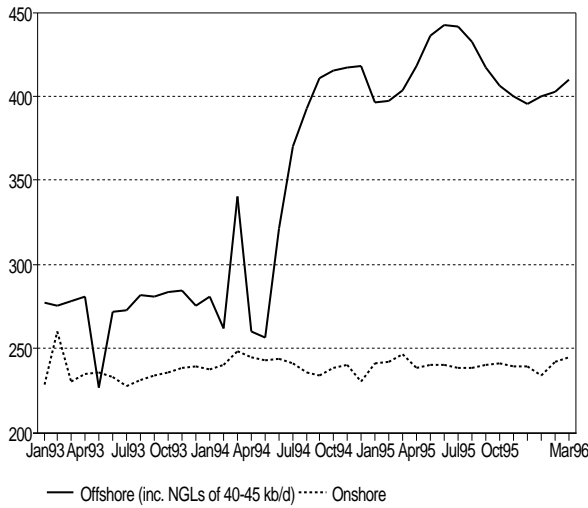


Peru produced 118 kb/d in April versus 119 kb/d in March and 118 kb/d and 117 kb/d in February and January respectively. There has been a significant upward revision in Peruvian reserves with the signing of a development agreement on the giant Camisea heavy oil field.

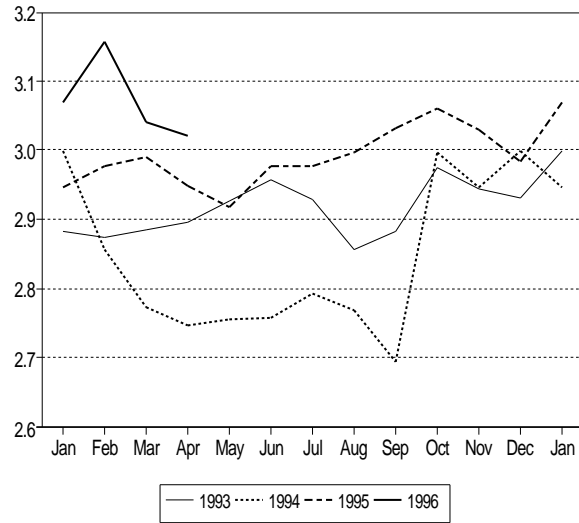
Asia

March crude oil production in **India** rose by about 5 kb/d to 640 kb/d. Small gains in onshore Gujarat and the Assam/Arunchal areas accounted for the gains. Offshore production was essentially unchanged at 400 kb/d. Because of the lack of growth, especially in offshore production over the last several months, the estimate for the remainder of the year has been revised downwards by about 25 kb/d. Development of the Panna field is still expected to occur, but somewhat later and with less rapid production increases. Further difficulties with water injection systems in the Bombay High may not be fully resolved.

Indian Crude Oil Production
(thousand barrels per day)

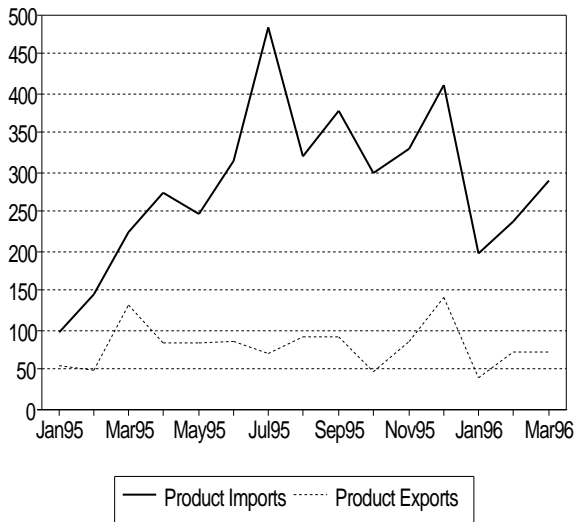


Chinese Crude Oil Production
(million barrels per day)

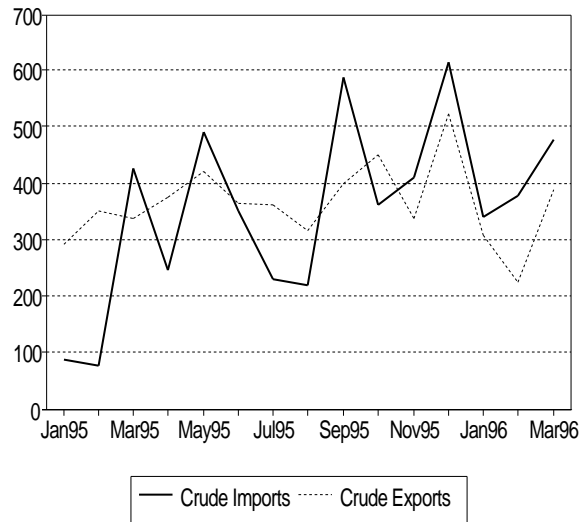


According to data from the **Chinese** government oil companies, oil production was 3.02 mb/d in April, a decline of an additional 20 kb/d from March levels that were restrained by offshore maintenance. There was a pipeline break at the Xijiang complex that delayed restart of the two fields, holding offshore output to below 200 kb/d versus a capacity of over 300 kb/d. Anticipated increases in the Shengli and Liaohe areas also did not occur, as production was essentially unchanged from March, and production from Qinghai unexpectedly fell by 6 kb/d. May output is thought to have recovered strongly in the offshore area with the return of Xijiang and the start-up of the Liu Hua heavy oil field. Onshore production is also believed to have increased modestly, bringing total Chinese oil production to just over 3.2 mb/d for the first time. Continued growth in the South China Sea and western China are projected to raise 4Q96 oil production to 3.16 mb/d from 3.02 mb/d in 4Q95, despite small declines in the older eastern Chinese fields.

Chinese Oil Product Trade Jan95-Mar96
(Thousand barrels per day)



Chinese Crude Oil Trade Jan95-Mar96
(Thousand barrels per day)



In March, the increase from the previous month in China's imports of oil surpassed the increase in exports. Product exports levelled off while exports of crude, and imports of crude and products increased. As a result, China was a 300 kb/d net importer of total oil after being a 320 kb/d net importer in February. Crude exports increased by 80% from February to 480 kb/d, 15% higher than the same month last year. 71% of the crude exports were to Japan. Fuel oil imports were 135 kb/d, 10% up from the previous month and twice those in the same period last year.

OECD STOCKS

Industry Stock Changes in April

Following the 1Q96 decrease, stock levels are estimated to have rebounded sharply in April, rising by 1.6 mb/d compared with only 0.9 mb/d in April 1994 and 1995. As shown in the table below, crude oil stocks increased significantly in Europe and distillate and fuel oil stocks began to increase seasonally. The main feature in North America was the limited movement of oil stocks in the major categories with distillate and fuel oil stocks essentially unchanged and only small increases in crude oil and gasoline. It should be noted that, of the 0.8 mb/d total North American stockbuild, 0.5 mb/d is in "other oils", a stockbuild which is largely estimated based on historical stocking patterns.

Preliminary Industry Stock Changes in April

(million barrels per day)

	North America	Europe	Pacific	Total
Crude Oil	0.1	0.5	-0.1	0.5
Gasoline	0.1	-0.2	0.0	-0.1
Distillates	0.0	0.2	0.1	0.4
Fuel Oil	0.0	0.2	0.0	0.2
Other Oil*	0.5	0.0	0.1	0.6
Total Oil	0.8	0.7	0.1	1.6

* includes other products, feedstocks, NGLs and other hydrocarbons

Preliminary Stock Levels at the End of April

With a much greater stockbuild in April this year than in the previous two years, the difference between stock levels at the end of the month and the levels in 1994 and 1995 continued to decrease. Total industry stocks at the end of April are preliminarily assessed to have been 90 mb lower than a year earlier and 39 mb lower than two years before, equivalent to 3.4 days and 1.5 days respectively in terms of forward demand coverage. The reduction in stocks continues to be concentrated in products rather than crude oil.

As shown in Table 5, European stocks were appreciably higher than a year earlier, due to high crude oil stocks, while total Pacific stocks were only slightly lower than at the end of April 1995. In sharp contrast to the other two regions, North American inventories were 102 mb lower than a year earlier, with the main decreases being for crude oil and distillate, while gasoline stocks were only marginally lower.

It should be noted that stock levels reported for the Pacific have been reduced due to revisions in Japanese data. Data for Japan now exclude stocks held at service stations and retail stores (as in other OECD countries). Revisions to monthly data back to January 1994 have been provided by MITI and preliminary adjustments have been made for the 1991-1993 period in order to obtain a consistent data series for comparison purposes. This new approach has resulted in downward revisions of around 6 mb for motor gasoline stocks, 9 mb for middle distillates and 0.5 mb for other products.

Regional Stock Developments

In **North America**, crude oil stock levels increased by only 0.1 mb/d, with higher imports largely offset by higher refinery throughputs and somewhat lower crude production. At the end of the month, stocks were 9% lower than a year earlier. Following a slight decrease in March, gasoline stocks increased 0.1 mb/d, reflecting a marked increase in gasoline imports and higher gasoline production. At the end of April stocks were only 1.4% lower than a year earlier. It should be noted that oxygenates, unlike other gasoline blending components, are excluded from the US DOE data used in this Report. At the end of March, oxygenate stocks were 12.6 mb, being 2.7 mb and 0.8 mb lower than one and two years earlier respectively. Distillate stock levels were essentially unchanged, following the steep decline in March, as a result of lower demand and higher production. Stocks ended the month 19% lower than the high level reached a year earlier, but only 10% lower than two years before. Fuel oil stocks continued to rise slightly but continued to be at historically low levels.

US DOE weekly statistics indicate that total inventories rose by 0.2 mb/d, with increases of 0.2 mb/d and 0.1 mb/d for distillate and gasoline and a 0.1 mb/d decrease for crude oil. The increase in gasoline stocks was primarily in the East Coast (PADD I). Gasoline stocks were reported to be only 1.2% lower than a year earlier and reformulated gasoline stocks were 14.9% *higher* than last year.

The US DOE rejected as too low all bids received during the first offer for sale of 12 mb of oil from the

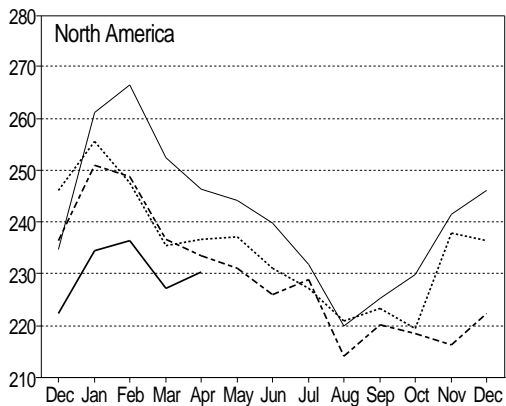
Strategic Petroleum Reserve on 13 May. In a second offering, bids totalling 1.1 mb of sour crude were accepted for delivery in late May or early June. A third round of bids took place in early June.

In **Europe**, with the increase in crude production more than offsetting higher refinery throughputs, crude stock levels increased markedly and ended the month 8% higher than a year earlier. Primarily as a result of higher demand and increased exports, gasoline stock levels decreased and ended the month at the same level as at the end of April in both 1994 and 1995. Following the seasonal stockdraw that began in October, distillate stocks increased, consistent with lower demand and higher production. At the end of the month, stocks were slightly below April 1995 levels but above the level reached a year earlier. Following the stockdraw during the previous two months, fuel oil stocks increased, reflecting weak demand. At the end of the month, stocks were 3% lower than a year earlier, with the largest decrease occurring in Italy.

In the **Pacific** region, following their sharp increase in March, crude oil stocks decreased with the effect of a significant reduction in imports more than offsetting a decrease in deliveries to refineries and power plants. At the end of the month, stocks were 17 mb or 11% higher than a year earlier. Gasoline stock levels increased as a result of higher net imports and lower production and demand. At the end of the month, gasoline stocks were below the historically high level reached a year earlier but above the level of two years earlier. Following the seasonal stockdraw that began in November, distillate stocks increased, with the effect of significantly lower demand more than offsetting lower production. At the end of the month, stocks were 13% below the high level reached a year earlier but close to the level of two years before. Following the decrease in March, fuel oil stocks increased, consistent with significantly lower demand, and ended the month close to normal levels.

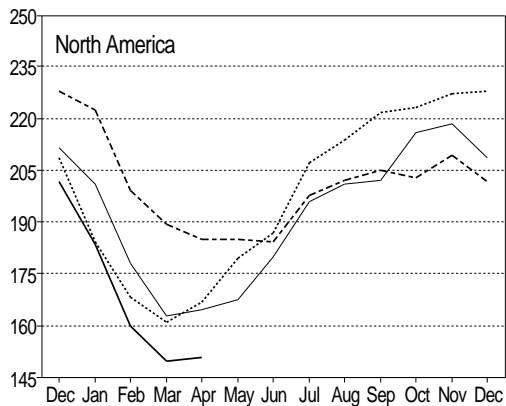
OECD Industry End Month Stocks (Million barrels)

Gasoline

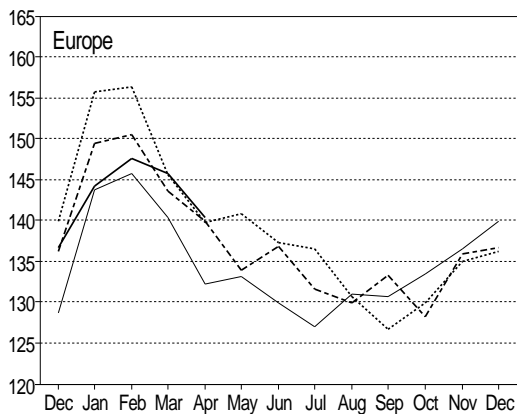


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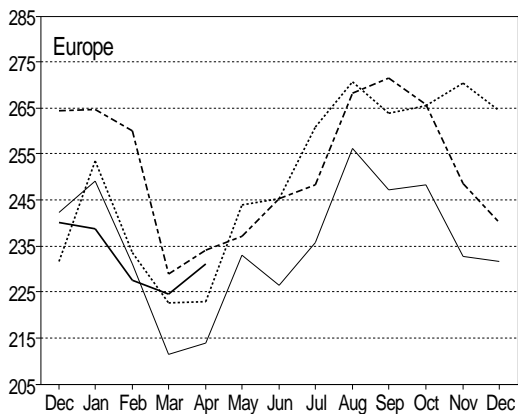
Middle Distillates



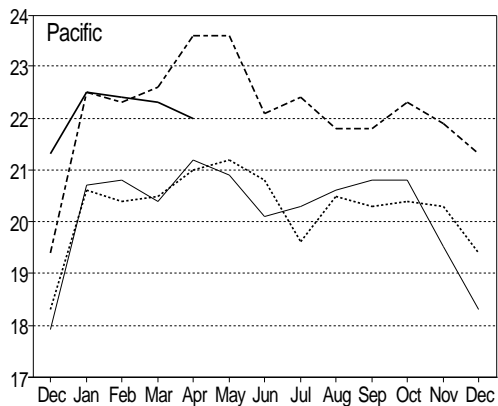
— 1993 1994 - - - 1995 — 1996



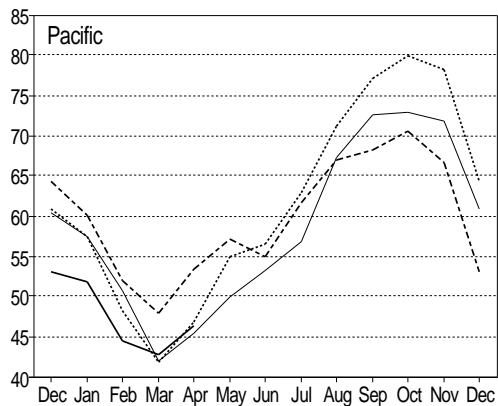
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— 1993 1994 - - - 1995 — 1996



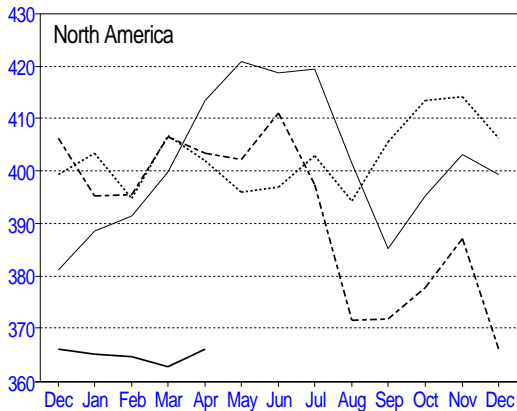
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— 1993 1994 - - - 1995 — 1996

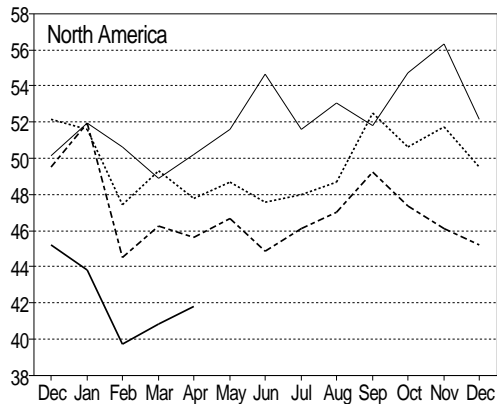
OECD Industry End Month Stocks (Million barrels)

Crude Oil

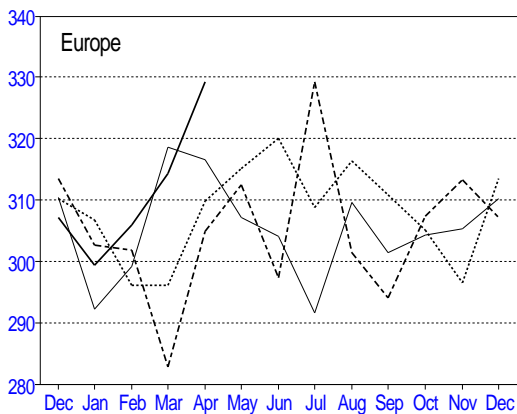


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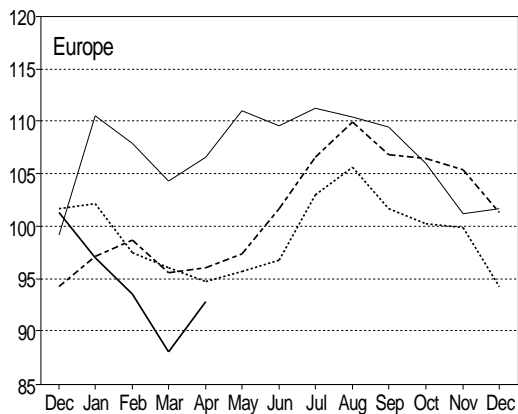
Fuel Oil



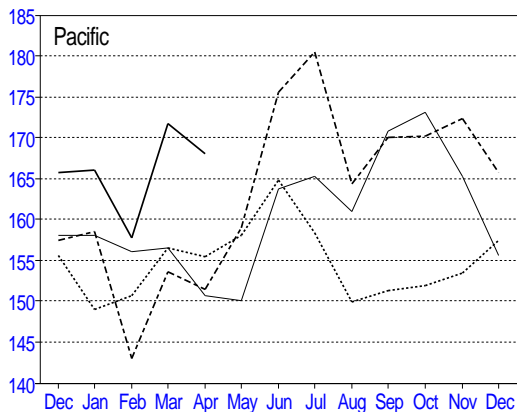
— 1993 1994 - - - - 1995 — 1996



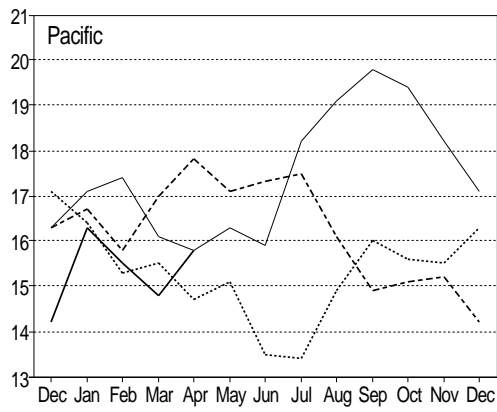
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— 1993 1994 - - - - 1995 — 1996



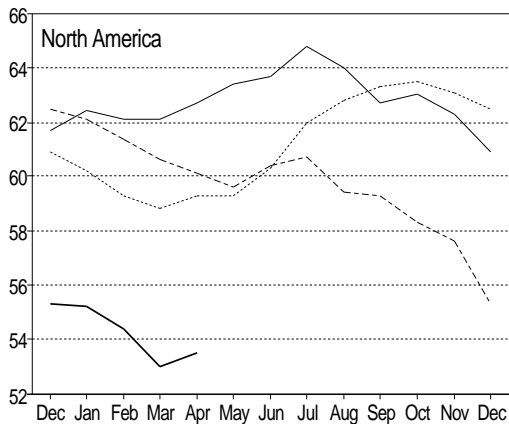
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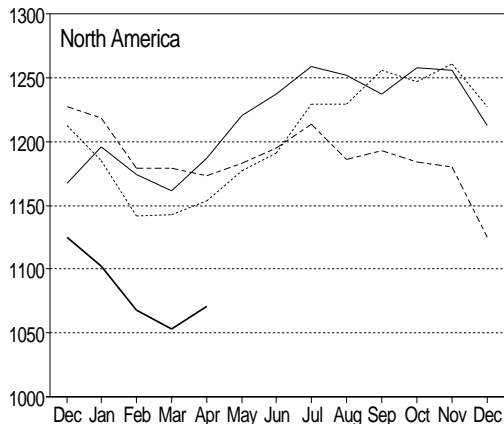
OECD End Month Industry Stocks

Days¹

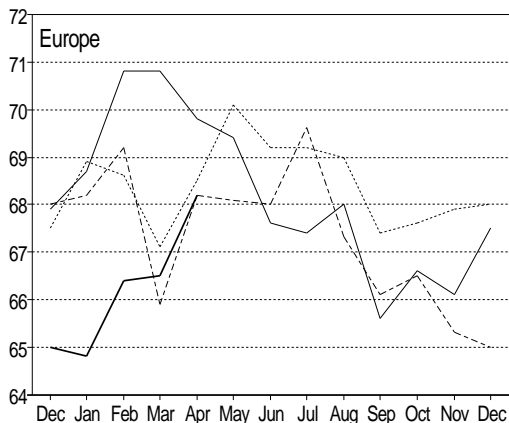


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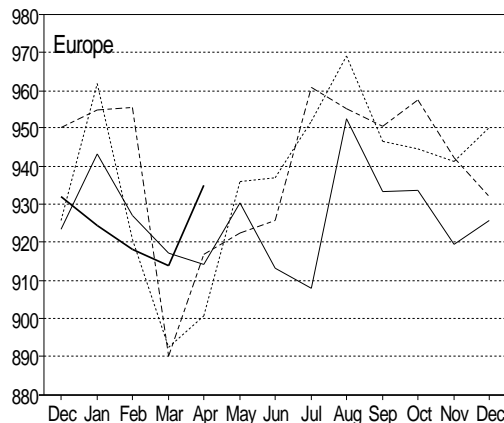
Million barrels



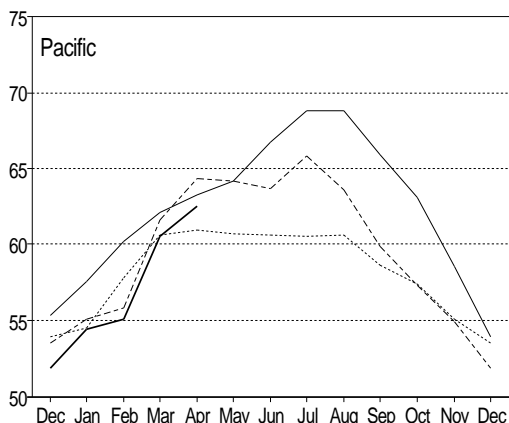
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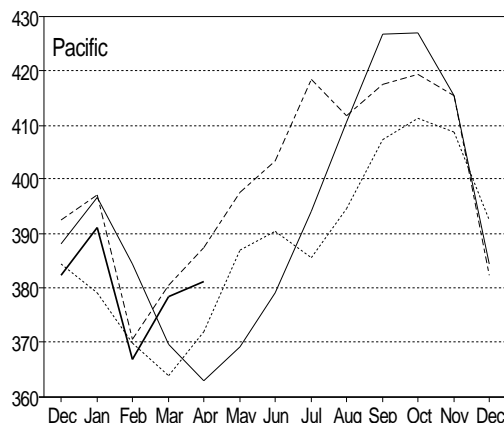
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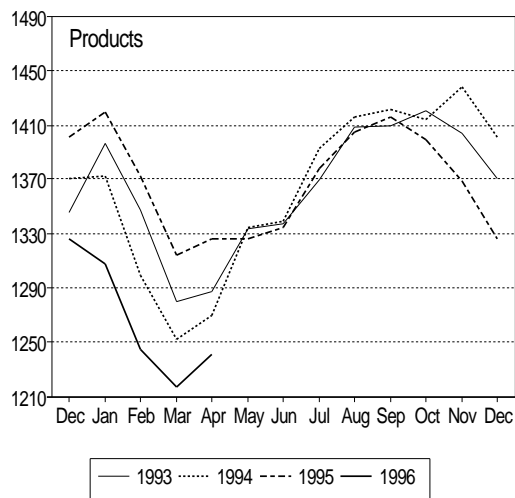
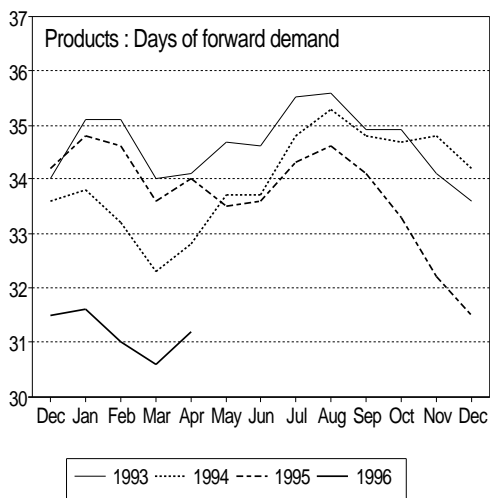
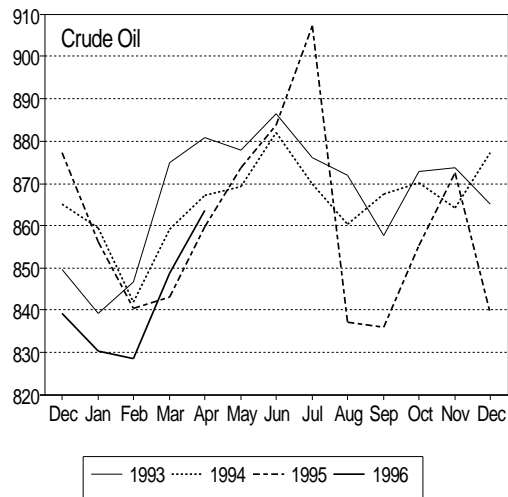
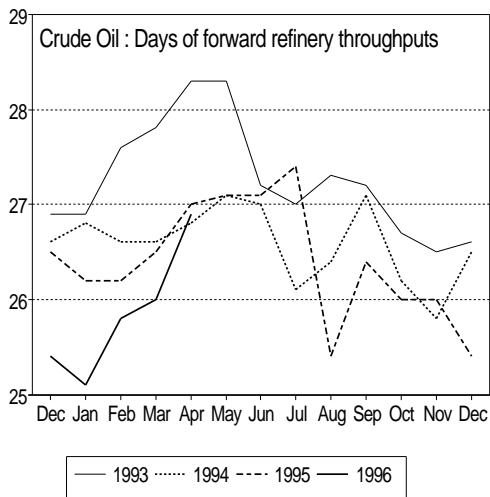
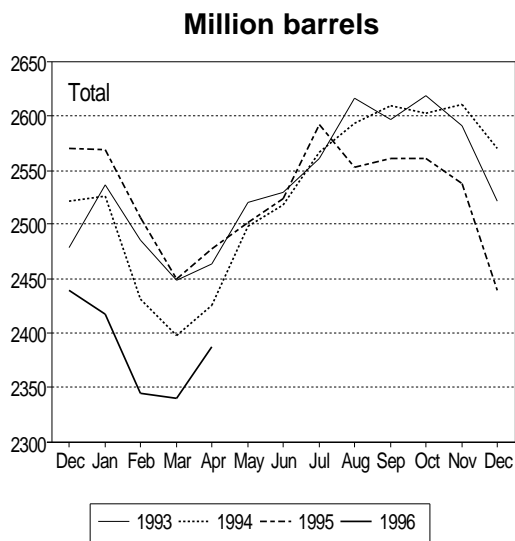
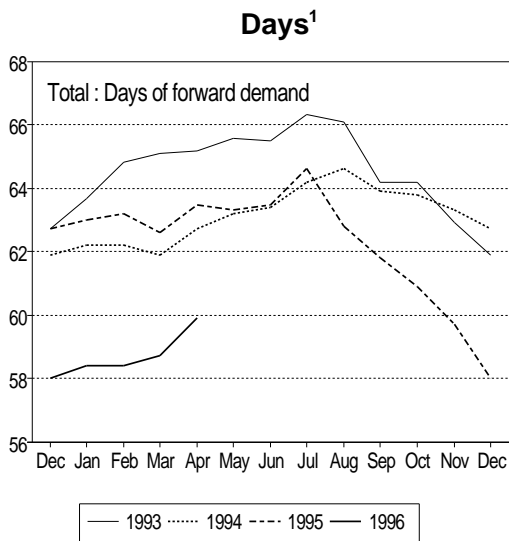


— 1993 1994 - - - 1995 — 1996

1

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

OECD End Month Industry Stocks



1

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

OIL PRICES AND REFINERY ACTIVITY

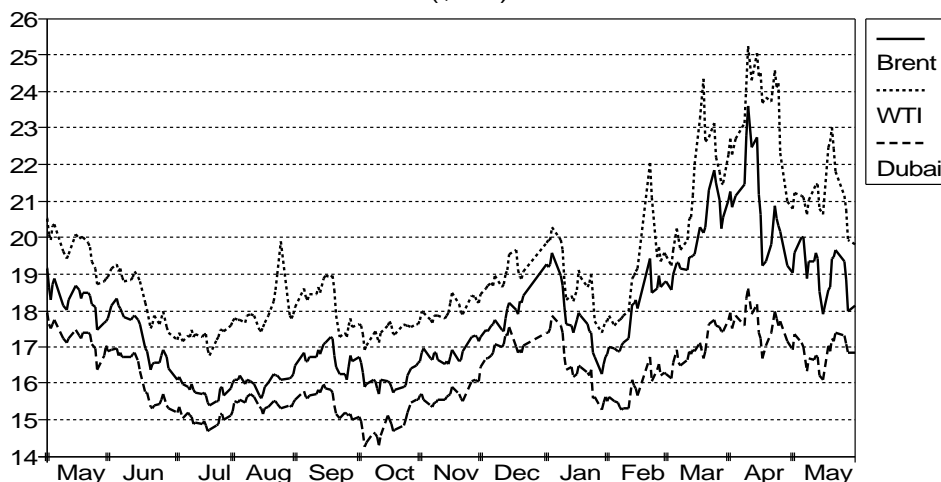
Summary

- Atlantic Basin benchmark crudes, WTI and Brent, continued to decrease during May from April highs, partly reflecting softening supply/demand fundamentals in Atlantic Basin petroleum markets. The decrease in prices was reinforced by the resumption of the UN/Iraqi talks and the growing market perception that an agreement could be reached during the ongoing round, which led to a widespread liquidation of long positions on the NYMEX. The announcement of the agreement coincided with the expiry of the June contract on the NYMEX and, as in previous month, there was a squeeze on prompt WTI availability causing prices to rise temporarily. However, by the end of May, prices decreased to end of February levels. The steep backwardation in crude prices, both in physical and in paper markets, decreased appreciably towards the end of the month. Prices in Asian crude oil markets decreased by less than those in the Atlantic Basin, mainly supported by the approaching end of the Asian turnaround season in June/July and the firm demand for light, sweet middle-distillate-rich crudes. Sour crudes in the Mediterranean decreased appreciably relative to those of Brent towards the end of the month, reflecting weak demand and the market realisation that Iraqi exports into the Mediterranean will compete with current sour crude supplies to the region.
- Product prices decreased in all markets, consistent with easing supply tightness and declining crude prices. Whereas middle distillate prices remained relatively firm, supported by low stocks in the US and by strong demand in Asia, prices for gasoline and for HSFO decreased by more than those of crude. The decrease in gasoline prices in the US, reflecting increasing production, rising imports and slightly rising stocks, caused the transatlantic arbitrage possibility to close which contributed to the development of an oversupply situation in Europe. HSFO prices came under increasing pressure from seasonal demand weakness and, in the case of Europe, from swelling Russian fuel oil exports.
- With crude prices declining by more than those of products, average refining margins increased in all refining centres. The effect of decreasing gasoline and fuel oil prices was in part offset by firm middle distillate prices. However, margins were increasingly volatile due to the significant changes in the relative values of products and crude during the month.
- The aggregate refinery throughputs in OECD countries increased in April by 0.5 mb/d from the revised March level to 32.7 mb/d, consistent with a sharp increase in North American and, to a lesser extent, European throughputs as refineries ended their spring turnaround season. The increase in US and European throughputs was offset by a decline in Japanese throughputs, related to the onset of refining turnarounds, which are expected to peak in June. Throughput levels in May are thought to have increased in the US and Europe and decreased in Japan.

CIF Crude Import Costs

Table 8 shows that the preliminary weighted average CIF cost for crude imported into IEA countries for March was \$19.36/bbl, \$1.28/bbl higher than in February. The weighted average CIF price is estimated to have been \$20.45/bbl in April and \$19.30/bbl in May.

Spot Crude Oil Prices
(\$/bbl)



Spot Crude Oil Prices

In May, Atlantic Basin spot benchmark crude oil prices continued their downward trend from April highs, reflecting softening supply/demand fundamentals in the Atlantic Basin petroleum markets and the agreement reached between the UN and Iraq on limited Iraqi exports. The monthly average prices decreased appreciably, as shown in the table below. At the beginning of the month, the decline in prices, in particular of WTI, was reinforced by the announcement of an advance in the sale of crude oil from the US Strategic Petroleum Reserve (see last month's Report) and slightly offset by the effect of the Norwegian oil workers' strike. The resumption of the UN/Iraqi talks and the increasing likelihood of their success exerted downward pressure on prices prior to the agreement. The timing of the agreement coincided with the expiry of the June contract on the NYMEX and the temporary spike in prices which occurred following the agreement was primarily the result of two factors. First, as in the previous three months, there was a squeeze on prompt WTI availability as a result of the continuing low US mid-continent crude stocks and minor pipeline problems. Secondly, traders needed to buy crude ahead of the termination of the contract to cover widespread short selling in the days before the agreement. Towards the end of May, benchmark crude prices had decreased to end of February levels, approaching the trading range prevalent for most of 4Q95.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, \$/bbl)

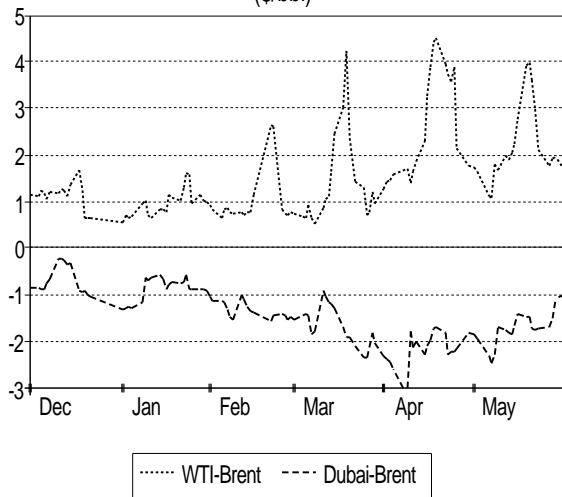
	Mar	Apr	May	Change	26 Apr	03 May	Week Ending:			
							10 May	17 May	24 May	31 May
Brent Dated	19.91	20.98	19.13	-1.85	20.33	19.28	19.57	18.94	19.14	18.72
Dubai	16.96	17.66	16.87	-0.78	17.68	17.14	16.77	16.48	17.14	17.06
WTI	21.27	23.59	21.35	-2.24	23.79	21.00	20.98	21.13	22.46	20.60
Brent over Dubai	2.96	3.32	2.25		2.64	2.14	2.79	2.46	2.00	1.66
WTI over Brent	1.35	2.62	2.22		3.46	1.72	1.41	2.19	3.32	1.88
Brent 1st month minus 2nd month	1.14	1.22	0.65		0.88	0.72	0.89	0.68	0.56	0.38

The level of backwardation of Brent and WTI continued to decrease appreciably during May, as shown in the figure below, with the exception of WTI in the period immediately before the expiry of the June contract on the NYMEX, when traders paid increasing premia for scarce prompt crude (see above). However, the spike in backwardation ahead of the expiry of the traded contract was smaller than in the previous three months. Towards the end of May, the level of backwardation for Brent had decreased to levels seen during most of the second half of 1995, in spite of firm crude demand in Europe.

The arbitrage window for transatlantic crude movements from the North Sea remained open during May and some volumes of North Sea and Brent-related West African grades were traded into the US, although volumes decreased appreciably in the second half of the month. Some North Sea crude cargoes, originally destined for the US and the Mediterranean, were diverted back to Northwest Europe during the second week of May and a rare opportunity for spot West African crude movements to Northwest Europe was created when, due to the strike of Norwegian oil workers, *force majeure* was declared on several scheduled Norwegian crude liftings.

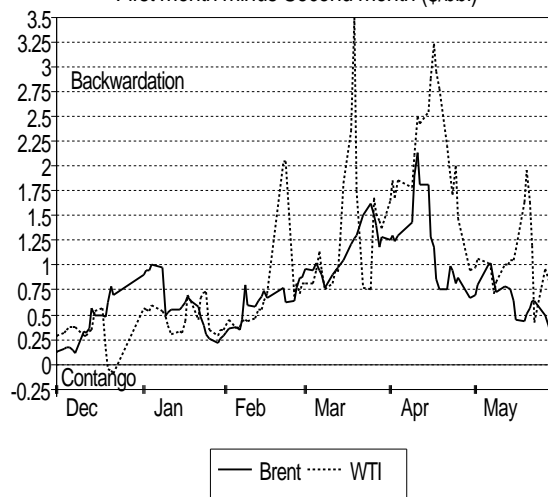
WTI/Brent/Dubai Differentials

(\$/bbl)



Forward Brent and WTI Differentials

First month minus Second month (\$/bbl)

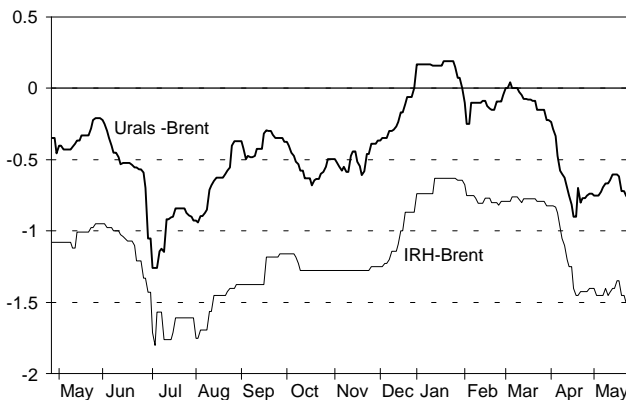


The average price for Dubai, the Asian sour benchmark crude, decreased by less than those of Atlantic Basin benchmarks, WTI and Brent, and remained well supported in the third decade of the month, consistent with increasing demand for long-haul Middle Eastern crudes from Asian refiners, with refineries starting up after seasonal maintenance shutdowns during June and July and the acceptance of all Dubai cargoes offered against India's June buying tender. This relative strength is reflected in the narrowing of the Brent/Dubai differential, shown in the graph above.

Average prices for sweet Asian benchmark crudes, Tapis and Minas, decreased by more than those of Dubai, consistent with ample supplies and lower refinery demand as refiners cut short-haul purchases because of scheduled regional refinery maintenance shutdowns. However, relative to those of Brent, Tapis and Minas prices increased by some \$1.50/bbl during the month. Light, sweet Tapis was increasingly supported by the growing demand for gasoil-rich crudes (in the context of the large Indian gasoil tender for June) and heavy, sweet Minas gained support by higher direct burning demand from utilities as LSWR prices increased. However, direct burning demand for Minas is expected to be decreased by the start-up of a new nuclear power plant in Japan.

The Brent/Urals differential narrowed slightly from \$0.75/bbl to some \$0.60/bbl in the first three weeks of May, with sour crude prices in the Mediterranean supported by sporadic supplies of Urals into the region due to bad weather in the Black Sea and firm refiner buying interest. However, in the last decade of May, the Brent/Urals spread increased sharply to \$1.06/bbl at the end of the month, as shown in the graph to the right. The spread widened, in spite of the scheduled closure of two of the four loading berths at Urals' main export terminal Novorossiysk, mainly due the lack of prompt crude demand as refiners covered their needs ahead of these closures and the growing market perception that Iraqi exports of Kirkuk through Turkey will compete with current sour crude supplies to the region.

IRH and Urals compared to Brent
(\$/bbl)



Platt's discontinued ANS quotations on the US Gulf Coast on 1 May, in line with the decreasing appearance of ANS in the Gulf in the recent past and prospects of a further decline when ANS exports begin. The first export cargo of ANS reportedly loaded at Valdez, Alaska on 31 May/1 June under a contact for 10 kb/d between BP and Taiwan's CPC.

Spot Product Prices in May

The high volatility in crude and product prices in recent months with price changes of several dollars per barrel within short periods of time has resulted in monthly average prices not representing underlying trends. Attention is therefore drawn to the development of weekly averages in the lower part of the Table below.

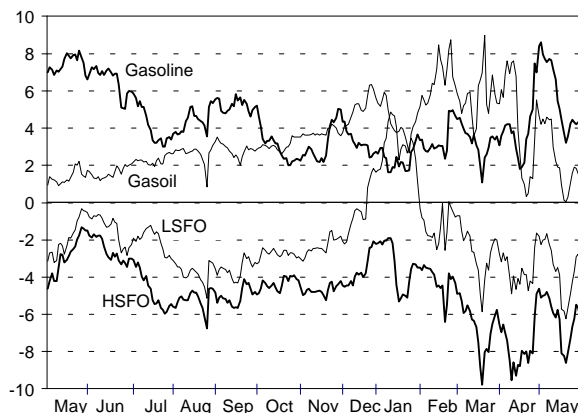
A shift in sentiment occurred in US **gasoline** markets in May, when the arrival of large volumes of import cargoes and a large increase in indigenous gasoline production combined with decreasing crude oil prices and a slight rise in gasoline stocks, in particular, on the US East Coast, as discussed in the Stocks section above. The public discussion of political measures to lower unseasonably high gasoline retail prices (temporary tax relief and expedited SPR crude sales) is thought to have had little or no influence on the price decrease, which was triggered by softening fundamentals and, in part, reinforced by the liquidation of long positions on the NYMEX. Spot gasoline prices decreased appreciably from five-year highs in April, dropping by as much as \$5.00/bbl during the month, and the gasoline/crude spread halved from some \$8.00/bbl in April to some \$4.00/bbl by the end of May, a level well below the values seen during last year's peak driving season (see graph below). In the first 24 days of the month US gasoline production averaged some 7.7 mb/d, up 0.3 mb/d from April levels (and unchanged from last year's May level) and gasoline imports averaged 500 kb/d, up 164 kb/d from last May's level.

Gasoline prices on the US West Coast decreased sharply with the arrival of a number of arbitrage cargoes from the US Gulf Coast, the Caribbean and Asian countries (including Japan) and higher California gasoline production after the startup of cracking units at refineries, which experienced unexpected

operational problems in April. The very sharp fall in prices was halted in late May, when another California refinery experienced operational problems, causing it to decrease production.

European gasoline prices were supported into the first week of May by the high US gasoline prices at the end of April and reached their highest level since September 1991. However, the sharp decline in US gasoline prices caused the transatlantic arbitrage window to close in early May, which in turn caused an oversupply of gasoline to develop in Europe, where refiners maximised refinery throughput due to firm refining margins. Spot gasoline prices dropped by more than \$5.00/bbl from early month highs and the gasoline/crude spread decreased appreciably. A limited relief to the gasoline oversupply was created by export possibilities to Poland (see the Industry Developments section below) and Nigeria and tightening availability in the Mediterranean after an Italian refiner experienced operational problems. Some European refiners resorted to selling gasoline cargoes to the US - even though the arbitrage window was closed - in the absence of opportunities in Europe.

Product Crack Spread vs WTI
NYH (\$/bbl)



In contrast to those in the Atlantic Basin, spot gasoline prices remained firm in Singapore in the first half of the month. Prices were supported by tight availability, mainly due to ongoing regional refinery maintenance shutdowns and Japanese throughput cuts. This combined with firm regional spot demand, in particular from India, and the strong draw of Asian gasoline production across the Pacific to the US West Coast and Middle Eastern (Red Sea) gasoline production to stronger western markets in April and early May. In the second half of May, spot gasoline prices eased as more supplies became available when arbitrage possibilities disappeared and the new Star refinery in Thailand commenced operations offering reformat into the market. Spot gasoline prices decreased towards the end of the month by some \$3.00/bbl from May highs. The gasoline/crude spread decreased appreciably to levels below last summer's highs.

Spot Product Prices

(monthly and weekly averages, \$/bbl)

	Gasoline			Gas Oil			Low Sulphur Residual Fuel Oil		
	Rotterdam	NY Harbour	Singapore	Rotterdam	NY Harbour	Singapore	Rotterdam	NY Harbour	Singapore
Mar	21.40	24.57	23.41	25.02	26.94	25.86	17.26	18.62	15.91
Apr	24.83	27.44	25.14	24.94	27.89	25.56	18.17	19.95	17.31
May	25.14	27.24	26.30	22.48	23.87	26.52	17.41	17.77	18.74
Change over month	0.31	-0.19	1.16	-2.46	-4.01	0.95	-0.76	-2.19	1.44
Week ending:									
26 Apr	25.48	28.63	26.77	23.77	25.17	25.83	18.03	19.88	17.80
03 May	26.06	29.00	27.04	22.50	25.78	25.66	17.87	19.11	18.17
10 May	26.63	28.70	26.89	22.24	25.42	26.38	17.72	19.00	18.93
17 May	26.10	27.51	26.71	22.43	23.82	27.05	17.44	17.75	19.01
24 May	24.17	26.30	26.10	22.64	22.95	26.75	17.27	16.80	18.76
31 May	22.56	24.92	24.79	22.65	22.38	25.94	16.85	16.98	18.40

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

Average **Naphtha** prices in Northwest Europe and in the Mediterranean decreased by less than those of crude and by far less than those of gasoline, causing the gasoline/naphtha differential (the incentive for reforming) to decrease appreciably to levels approaching the break-even for the **reforming margin**. Spot naphtha prices in Singapore decreased slightly, mainly in line with those for crude, supported by demand from Korea and Japan. However, increasing regional availability and the approaching end of the Far Eastern refinery turnaround season in June/July started to exert downwards pressure on prices. Average naphtha prices decreased by \$0.94/bbl in Rotterdam, by \$0.93/bbl in Singapore and by \$0.86/bbl in the Mediterranean.

US Atlantic coast **gasoil** prices, which decreased appreciably in the last week of April, remained little

changed for most of May, mainly supported by low stocks, firm demand, in particular for low sulphur diesel and heating oil exports to South America, and recurring cold spells in the US Northwest and the US Mid-Continent. Towards the end of May prices decreased in line with rising stocks, decreasing crude prices and milder weather.

Gasoil prices in Europe continued their slight seasonal decline in early May with limited demand combining with ample availability of, in particular, Russian gasoil. Price erosion was decelerated by export possibilities to Nigeria and South America. However, as from mid-month, prices gained increasing support, when the larger-than-expected Indian June gasoil tender (1.5 million tonnes, double the volume from last year's June tender), which traditionally is partly covered from the Mediterranean, was, due to its size, foreseen to draw supplies also from Northwest Europe. Continuing demand for gasoil from outside the region (South America and East Africa) supported prices further and spot gasoil prices increased, both in absolute terms and relative to those of crude, when supplies in the Amsterdam-Rotterdam-Antwerp region tightened.

In a tightly balanced supply/demand situation, spot gasoil prices in Singapore remained within a narrow band for the third month. The region still lacked the usual influx of arbitrage cargoes from the Middle East, due to refinery maintenance shutdowns and better arbitrage possibilities to western markets than in the previous months. Firm spot prices gained additional support by mid-month from the very large Indian gasoil tender for June, which was expected to draw more than usual from regional supplies, thus contributing to the increasing supply tightness in the second half of the month.

Kerosene prices moved in line with those of gasoil in all three markets. In Asia, prices came under increasing downwards pressure from a combination of low seasonal demand and excess supplies available from the Middle East and from Singapore. The kerosene/gasoil differential in Singapore turned negative in the first half of May but increased to parity towards the end of the month. The kerosene/gasoil differential remained almost unchanged in Europe at some \$0.50/bbl to \$0.80/bbl and increased in the US from some \$0.50/bbl at the beginning of May to more than \$2.00/bbl towards the end of the month, reflecting the softening of US gasoil prices.

In the US, spot **LSFO** prices decreased by about \$2.00/bbl in the first half of the month and remained almost unchanged for the second half of May, in spite of volatile crude markets. The decline in prices was mainly in line with the decline in crude prices and was consistent with a combination of rebounding production (refiners maximising crude throughput after seasonal maintenance shutdowns), rising supplies from Canada and the Caribbean, as the arbitrage window to Europe closed, and eroding utility demand as decreasing spot natural gas prices began to undercut fuel oil and utilities with dual-fuel fired equipment continued to switch back to gas. LSFO prices decreased during May by about \$1.50/bbl in Northwest Europe and by more than \$2.50/bbl in the Mediterranean, when rising supplies and incoming transatlantic import cargoes combined with seasonally decreasing demand.

In contrast to LSFO prices in the Atlantic Basin, **LSWR**¹ prices remained almost unchanged at a comparatively high level throughout May due to strong demand, in particular from Japan, where the peak in refinery maintenance shutdowns combined with a strong stock-piling demand ahead of the summer air-conditioning season. A low LSWR allocation by Indonesia for June contributed to support prices.

Spot **HSFO** prices decreased steeply in Europe, declining by almost \$5.00/bbl in the Mediterranean and by more than \$3.00/bbl in Northwest Europe, when the end of refinery maintenance shutdowns, in particular in the Mediterranean, combined with seasonally declining demand and swelling exports of Russian straight-run and cracked HSFO in an increasingly oversupplied market. Spot HSFO prices in Singapore decreased appreciably during May as demand remained low and an influx of arbitrage cargoes, mainly from the Middle East and South America, resulted in oversupply and an increase in regional HSFO stocks. US spot HSFO prices decreased in line with softening seasonal demand and increasing availability of supplies, both from domestic production and from Canadian and South American imports.

The average LSFO/HSFO differential in the US decreased from the unusually high level of \$4.13/bbl in April to a still wide \$2.63/bbl and increased appreciably in Northwest Europe from \$0.56/bbl in April to \$2.27/bbl, mainly due to the steep decrease in HSFO prices. The LSFO/HSFO differential decreased slightly in the Mediterranean from \$3.16/bbl to \$2.76/bbl.

The premium for Russian atmospheric residue (**E4**) over HSFO, which had decreased significantly in the

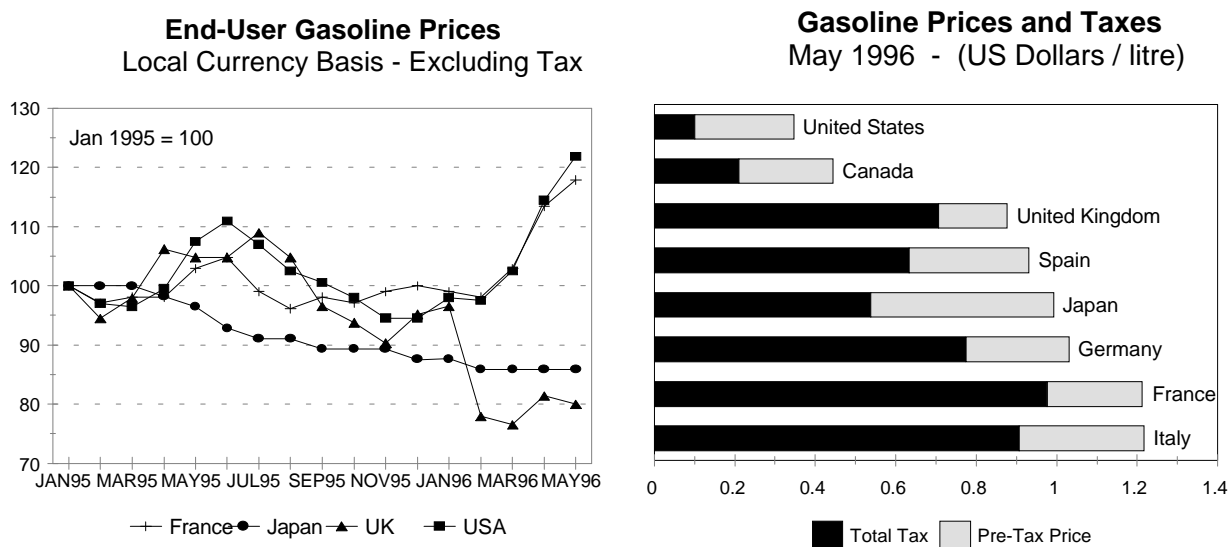
¹ Spot **LSWR** prices in Singapore ceased to be assessed by Platt's at the end of March. Starting with last month's Report, price developments of mixed/cracked LSWR fob Indonesia are being followed in this Report.

second half of April (see graph on page 38 in last month's Report), increased progressively during May in line with the growing availability of Russian cracked HSFO. The spread increased from some \$0.50/bbl in early May to more than \$1.50/bbl by the end of the month.

End-User Product Prices

In May, mid-month end-user prices of gasoline increased in most of the European countries shown in Table 9, in line with the steep increase in European spot gasoline quotations during April and in early May. The exceptions were the UK, where a continuing price war caused retail prices to decline slightly (see left-hand graph below) and Italy, where there was speculation that the announcement by the Competition Authorities of a formal investigation into retail price formation might have constrained the extent to which some companies raised prices. Gasoline prices in Japan remained unchanged.

In the US and in Canada, gasoline prices increased by more than those in European countries, mainly reflecting the rise in US spot gasoline quotations to five year highs in April. However, as shown in the graph below, US gasoline prices increased in recent months on a pre-tax index basis by roughly the same amount as European gasoline prices on a pre-tax basis, as exemplified by the French gasoline prices. The comparatively low tax rate on gasoline in the US (see the right-hand graph below) magnified the effect of the rise in the pre-tax portion of gasoline prices on the total price, which in percentage terms was perceived to have risen more than at similar times in previous years. The effects of deregulation in Japan and the price war in the UK can be seen in the left-hand graph.



Automotive diesel prices and heating oil prices for domestic consumers decreased in most of the countries shown in Table 9, in line with the recent decrease in middle distillate prices in Atlantic Basin spot markets. In Japan, prices for middle distillates increased due to strong demand combined with seasonal refinery maintenance shutdowns and firm Asian spot middle distillate prices. Automotive diesel end-user prices remained at appreciably higher levels on a year-on-year basis in all countries, except in the UK where the ongoing price war depressed prices.

Mid-month heavy fuel oil prices for industry decreased significantly in most European countries with the exception of Spain and the UK, where prices increased slightly.

Refining Margins

Monthly average refinery margins were higher than in April in all of the three markets covered by the table below. The increase was mainly due to crude prices decreasing on average by more than those of products. Refinery margins continued to be very volatile during the month (see graph of US Gulf margins on page 41), changing by several dollars per barrel within a few days due to the significant changes in the relative values of products and crude during the month.

The Rotterdam refining margins increased in the first three weeks of the month and reached the highest values for more than one year. In addition to the decrease in crude prices, they were supported by continuing strong middle distillate prices, which in part offset the decline in gasoline and HSFO prices relative to those of crude. The differential between the Rotterdam cracking and hydroskimming margins decreased slightly, reflecting the lower upgrading incentive due to weakening gasoline prices in Europe.

The US Gulf Coast refining margin for WTI was very volatile in May, changing by as much as \$4.00/bbl within a few days and increasing on average by more than the Brent cracking margin in Rotterdam. The monthly Dubai hydroskimming margin in Singapore decreased steadily during the month, mainly affected by the decrease in gasoline and HSFO prices relative to those of crude. On average, favourable refining margins made it attractive for refiners on the US Gulf Coast and in Singapore to run incremental volumes of crude.

Refining Margins in Major Refining Centres

(monthly and weekly averages, \$/bbl)

	Mar	Apr	May	Change	Week Ending:					
					26 Apr	03 May	10 May	17 May	24 May	31 May
NW Europe										
Brent (Hydroskimming)	-0.67	-0.61	0.29	0.91	-0.26	0.51	0.25	0.78	0.01	-0.08
Brent (Cracking)	1.31	1.34	2.00	0.67	1.59	2.26	2.06	2.57	1.62	1.50
US Gulf Coast										
Brent (Cracking)	0.95	2.21	2.51	0.31	2.76	3.53	3.10	3.13	1.73	1.32
WTI (Cracking)	0.74	0.99	1.76	0.77	0.77	3.28	3.16	2.35	-0.08	0.94
Singapore										
Dubai (Hydroskimming)	1.62	1.53	2.17	0.63	1.90	2.25	2.89	2.87	1.66	0.84

Refinery Crude Throughputs in April

The aggregate refinery throughputs for April in OECD countries increased to 32.7 mb/d, up 0.5 mb/d from the revised March level, with increases in the US and, to a lesser extent, in Canada and Europe partly offset by decreases in Japan and Australasia. Total throughputs were 1.1 mb/d or 3.5% higher than a year earlier, reflecting lower refinery maintenance and the impact of low product stocks.

Preliminary data suggest that total crude throughputs in distillation units in Europe increased in April by some 0.1 mb/d after decreasing appreciably in March, in line with the planned and previously delayed refinery maintenance. Total throughputs of nearly 12.3 mb/d were some 0.8 mb/d or 6.8% higher than in April last year. The increase in European throughput levels was mainly concentrated in the Netherlands, Turkey and the UK and was partly offset by an appreciable decrease in Italy.

Crude throughputs in the US increased in April by 0.4 mb/d to 14.2 mb/d, and were 0.3 mb/d or 1.9% higher on a year-on-year basis, consistent with the approaching end of seasonal refinery turnarounds and the maximisation of throughputs, in line with firm demand and lean product stocks. Refinery utilisation, based on operating refinery capacity, increased by 3.0% in April.

Japanese crude throughputs decreased by 0.15 mb/d in April to 4.4 mb/d, reflecting the onset of seasonal refinery maintenance. However, the extent of refinery maintenance shutdowns was lower than expected due to the firm product demand in April. Total throughputs were 0.1 mb/d or 2.7% lower than a year earlier, but higher than in the corresponding months in 1994 and 1993.

Supported by firm middle distillate demand and good refining margins, Singapore refineries again operated near capacity in April with throughputs at 1.18 mb/d.

In May, refinery throughputs are thought to have increased slightly in Europe, mainly in line with good refinery margins, in particular during the first three weeks of the month, and with the approaching end of seasonal turnarounds, and to have decreased further in Japan, consistent with the ongoing refinery maintenance shutdowns in May. Weekly US statistics suggest that throughput levels increased in April by about 0.15 mb/d.

Refinery Crude Throughput in OECD Countries

	million barrels per day						% change from previous year	
	Dec	Jan	Feb	Mar	Apr*	Jan-Apr 1996*	Apr	Jan-Apr 1996
	OECD Europe	12.87	12.72	12.86	12.16	12.27	12.50	6.8	4.4
France	1.78	1.77	1.73	1.64	1.69	1.71	14.4	12.5
Germany	2.02	2.09	2.10	1.99	2.00	2.04	-5.3	-2.8
Italy	1.86	1.71	1.79	1.67	1.43	1.65	0.6	4.4
Netherlands	1.22	1.25	1.23	1.04	1.16	1.17	5.6	6.3
UK	1.83	1.71	1.68	1.71	1.80	1.73	22.1	4.6
US	14.05	13.76	13.58	13.76	14.20	13.83	1.9	1.2
Canada	1.31	1.33	1.49	1.15	1.29	1.32	15.9	-0.1
Japan	4.39	4.67	4.67	4.52	4.37	4.56	-2.7	-2.1
Australia/New Zealand	0.55	0.59	0.60	0.55	0.53	0.57	-0.2	5.8
OECD Total	33.18	33.08	33.20	32.13	32.66	32.77	3.5	1.9

* estimated

Industry Developments

An additional 270 kb/d of pipeline capacity from Freeport, Texas to Cushing, Oklahoma has been put into operation in May by Seaway Pipeline, a joint venture of Arco and Phillips. The added pipeline capacity, converted from natural gas use, serves the US Mid-Continent and is expected to contribute to an improved crude supply situation at Cushing, the delivery point of the NYMEX WTI futures contract. The line fill of 2.5 mb of low sulphur crude was "leased" from the US Strategic Petroleum Reserve.

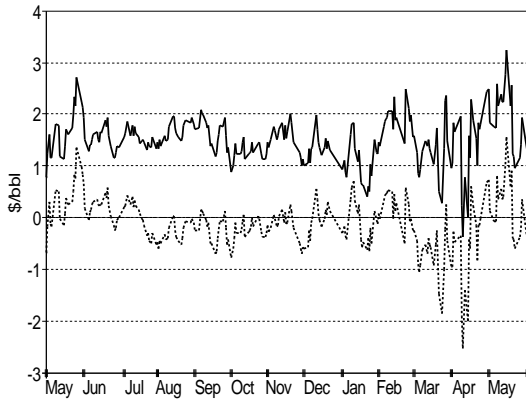
Conoco and Phillips announced ongoing discussions on joining their downstream operations in the US. A potential 50/50 refining, marketing and transportation joint venture would create the sixth-largest refiner and the second-largest chain of retail stations in the US, with potential sales of over 1 mb/d.

Two of Germany's largest refineries at Karlsruhe in southern Germany, the 179 kb/d Oberrheinische Mineralölwerke refinery (OMW, partners Dea, Conoco and Ruhröl) and Exxon's adjacent 152 kb/d refinery, announced plans to merge operations into a joint venture. The merger is expected to lead to the creation of a single refinery with a capacity of 263 kb/d, which will be the biggest in Germany and the sixth-largest in Europe. The two refineries are reportedly well matched and their combination overcomes limitations of the existing plants. In addition to the reduction of some 68 kb/d of refining capacity, a reformer and some visbreaking/thermal cracking capacity is expected to be closed down. The project is expected to be completed by the end of 1997 at a cost of some \$50 million.

The 40 kb/d Powerine refinery in Santa Fe Springs, California, was started up in May after being out of operation for one year. The refinery was shut down last summer when its owner, Castle Energy, failed to find a buyer. The plant was subsequently scheduled to be dismantled and shipped to India. In January however, a US buyer was found, Energy Merchant Corporation (EMC), a company formed by former US employees of Metallgesellschaft. EMC reportedly believes the refinery can be profitable in light of California's recent shortage of high quality Carb gasoline.

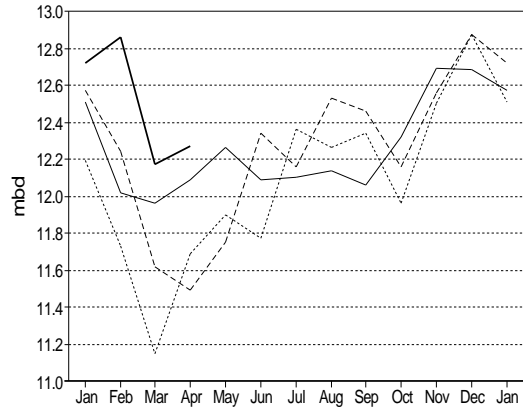
In an effort to avoid looming fuel shortages, the Polish Government announced that it is to suspend until 15 July import duties for 150 kt of gasoline and 150 kt of diesel. Polish retail margins are regulated and among the lowest in Europe, deterring western exports under normal circumstances.

Rotterdam Refining Margins



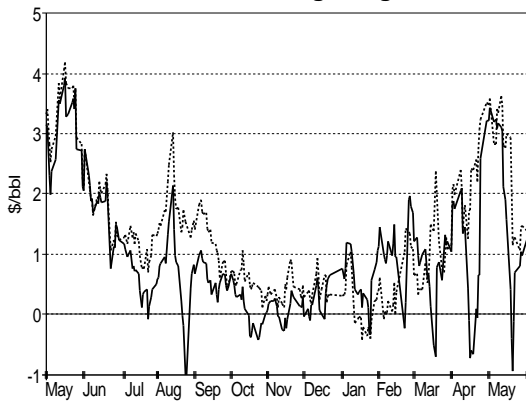
— Brent Cracking Brent Hydroskimming

OECD Europe Crude Throughputs



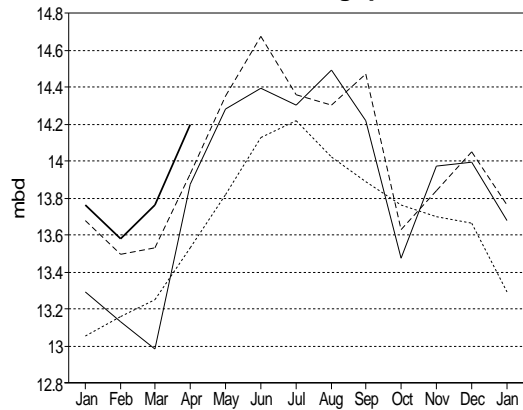
..... 1993 — 1994 - - - 1995 - . - 1996

US Gulf Refining Margins



..... Brent Cracking — WTI Cracking

US Crude Throughputs



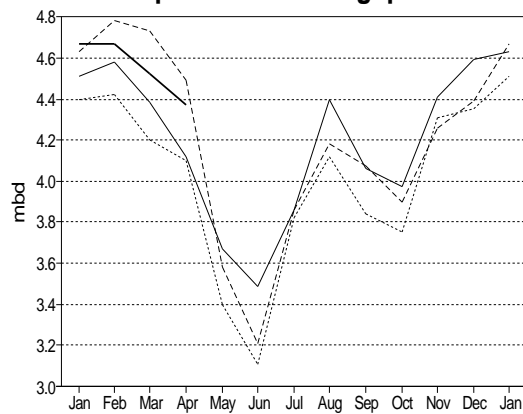
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Singapore Refining Margins



— Dubai Hydroskimming

Japan Crude Throughputs



..... 1993 — 1994 - - - 1995 - . - 1996

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

	1992	1993	1Q94	2Q94	3Q94	4Q94	1994	1Q95	2Q95	3Q95	4Q95	1995	1Q96	2Q96	3Q96	4Q96	1996
DEMAND																	
OECD																	
North America	19.0	19.2	19.9	19.4	19.7	19.8	19.7	19.6	19.5	19.8	20.1	19.8	20.4	19.9	20.2	20.4	20.2
Europe	13.6	13.6	13.7	13.3	13.5	14.0	13.6	14.0	13.5	13.6	14.3	13.8	14.3	13.7	13.9	14.5	14.1
Pacific	6.3	6.3	7.1	6.0	6.4	7.0	6.6	7.3	6.2	6.3	7.0	6.7	7.4	6.3	6.4	7.0	6.8
TOTAL OECD	38.9	39.1	40.7	38.7	39.7	40.8	40.0	41.0	39.2	39.7	41.4	40.3	42.1	39.8	40.6	41.9	41.1
NON-OECD																	
FSU ¹	7.1	5.7	5.3	4.4	4.6	4.9	4.8	5.1	4.5	4.5	4.9	4.8	4.7	4.3	4.3	4.9	4.6
Europe	1.3	1.3	1.4	1.3	1.3	1.4	1.3	1.4	1.4	1.3	1.4	1.4	1.5	1.4	1.4	1.5	1.5
China ²	2.7	3.0	3.1	3.1	3.1	3.2	3.1	3.2	3.3	3.4	3.4	3.3	3.4	3.5	3.6	3.6	3.5
Other Asia	6.5	7.0	7.4	7.2	7.1	7.9	7.4	8.1	7.8	7.6	8.5	8.0	8.6	8.3	8.1	9.0	8.5
Latin America	5.5	5.7	5.7	5.8	5.9	6.0	5.9	6.0	5.9	6.0	6.0	6.0	6.0	6.1	6.3	6.2	6.2
Middle East	3.6	3.9	4.0	4.0	4.1	4.1	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.2	4.2	4.1
Africa	2.0	2.1	2.1	2.1	2.0	2.1	2.1	2.1	2.2	2.0	2.2	2.1	2.2	2.2	2.1	2.2	2.2
TOTAL NON-OECD	28.7	28.6	29.0	27.9	28.2	29.7	28.7	29.9	29.1	28.9	30.6	29.6	30.6	29.9	29.9	31.7	30.5
TOTAL DEMAND³	67.5	67.7	69.8	66.6	67.9	70.5	68.7	70.9	68.3	68.7	71.9	69.9	72.7	69.8	70.5	73.6	71.6
SUPPLY																	
OECD																	
North America	11.1	11.0	10.9	10.7	10.9	11.1	10.9	11.1	11.0	10.9	11.0	11.0	10.9	10.8	10.9	11.1	10.9
Europe	4.8	5.1	5.9	6.0	5.8	6.5	6.0	6.4	6.0	6.2	6.7	6.3	6.6	6.6	6.8	7.6	6.9
Pacific	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.8	0.9	0.9	0.8
TOTAL OECD	16.6	16.8	17.5	17.4	17.4	18.3	17.6	18.1	17.7	17.7	18.3	18.0	18.3	18.2	18.6	19.6	18.7
NON-OECD																	
FSU	8.9	7.9	7.1	7.1	7.3	7.3	7.2	7.1	7.2	7.1	7.2	7.2	7.1	7.1	7.2	7.3	7.2
Europe	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
China	2.8	2.9	2.9	2.8	2.8	3.0	2.8	3.0	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	3.1
Other Asia	1.8	1.8	1.9	1.9	2.0	2.0	1.9	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.2
Latin America	5.7	5.8	5.9	5.9	6.0	6.0	5.9	6.1	6.0	6.3	5.9	6.1	6.5	6.6	6.6	6.7	6.6
Middle East	1.5	1.6	1.7	1.8	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0
Africa	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.2	2.3	2.3	2.4	2.5	2.4
Processing Gains ⁴	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL NON-OPEC	40.9	40.5	40.8	40.5	41.0	42.3	41.1	42.1	41.7	42.2	42.5	42.1	43.0	43.2	43.8	45.3	43.8
OPEC																	
Crude	24.1	24.7	24.9	24.9	24.9	25.2	25.0	25.2	25.2	25.6	25.6	25.4	26.0				
NGLs	2.1	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.4	2.5	2.6	2.7	2.8	2.6
TOTAL OPEC	26.2	26.9	27.3	27.3	27.3	27.6	27.4	27.5	27.6	28.0	28.1	27.8	28.5				
TOTAL SUPPLY⁵	67.1	67.4	68.1	67.8	68.3	69.9	68.5	69.7	69.4	70.1	70.7	70.0	71.6				
STOCK CHANGE AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-0.1	0.1	-1.4	1.3	1.0	-0.4	0.1	-1.3	0.8	0.4	-1.3	-0.4	-1.1				
Government	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1	-0.1	0.1	0.1	0.0	0.0				
TOTAL OECD	0.0	0.2	-1.3	1.3	1.0	-0.3	0.2	-1.2	0.7	0.5	-1.3	-0.3	-1.1				
Floating Storage/Oil in Transit	0.0	0.1	-0.1	0.1	-0.2	-0.1	-0.1	-0.3	0.1	0.5	0.3	0.1	-0.2				
Miscellaneous to balance ⁶	-0.4	-0.5	-0.3	-0.3	-0.4	-0.2	-0.3	0.3	0.3	0.5	-0.3	0.2	0.2				
TOTAL STOCK CH. & MISC.	-0.4	-0.2	-1.7	1.2	0.4	-0.6	-0.2	-1.2	1.1	1.4	-1.3	0.0	-1.1				
Memo items:																	
FSU Net Exports	1.8	2.2	1.8	2.7	2.7	2.4	2.4	2.0	2.7	2.6	2.2	2.4	2.4	2.8	2.8	2.3	2.6
Call on OPEC crude + Stock ch. ⁷	24.5	24.9	26.6	23.7	24.5	25.8	25.2	26.4	24.1	24.1	26.9	25.4	27.1	24.0	24.0	25.6	25.2
Total Demand ex. FSU (mb/d)	60.4	62.0	64.4	62.2	63.3	65.6	63.9	65.8	63.7	64.2	67.0	65.2	67.9	65.4	66.2	68.6	67.1
Total Demand ex. FSU (% ch.) ⁸	3.0	2.5	3.5	3.2	3.3	2.3	3.1	2.1	2.5	1.5	2.2	2.1	3.2	2.7	3.1	2.4	2.9

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

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

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

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

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

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

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

8 Year on year % growth in global oil demand excluding FSU.

Table 1A

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

(million barrels per day)

	1992	1993	1Q94	2Q94	3Q94	4Q94	1994	1Q95	2Q95	3Q95	4Q95	1995	1Q96	2Q96	3Q96	4Q96	1996
DEMAND																	
OECD																	
North America	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	0.1	-	0.1	-	-
Pacific	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	-	-	-	-	-	-	-0.1	-	0.2	-	0.1	-0.1	-
NON-OECD																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-0.1	-	-0.1	-	-	-	-	-	-	-
TOTAL NON-OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-0.2	-	-	-
TOTAL DEMAND	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	0.2	-0.1	0.1	-	-
SUPPLY																	
OECD																	
North America	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-
Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-
NON-OECD																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.2	0.1	-0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-0.1
TOTAL OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
TOTAL SUPPLY	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-	-
STOCK CHANGE AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OECD	-	-	-	-	-	-	-	-	-	-	-0.1	-	0.1	-	-	-	-
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous to balance	-	-	-	-0.1	-	-	-	-	-	-	0.1	-	-0.3	-	-	-	-
TOTAL STOCK CH. & MISC.	-	0.1	-	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-
Memo items:																	
FSU Net Exports	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	0.1	-0.1	-0.1	-
Call on OPEC crude + Stock ch.	-	-	-	-	-	-	0.1	-	-	-	-0.1	-	0.2	-	0.3	-	0.1
Total Demand ex.FSU	-	-	-	0.1	0.1	0.1	0.1	-	-	-	-0.1	-	0.2	-	0.1	-0.1	0.1

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

Table 2
OECD REGIONAL OIL DEMAND

(million barrels per day)

	November			December			Fourth Quarter			January			February		
	1994	1995	%	1994	1995	%	1994	1995	%	1995	1996	%	1995	1996	%
North America															
LPG	2.19	2.39	8.9	2.48	2.54	2.6	2.34	2.38	1.4	2.51	2.60	3.8	2.42	2.54	5.0
Naphtha	0.29	0.24	-17.3	0.30	0.29	-2.2	0.29	0.25	-14.7	0.28	0.28	0	0.29	0.35	23.2
Motor Gasoline	8.11	8.53	5.2	8.56	8.37	-2.3	8.29	8.44	1.8	7.75	7.87	1.6	8.17	8.20	0.4
Jet/Kerosene	1.69	1.78	5.6	1.75	1.81	3.7	1.71	1.76	3.0	1.75	1.83	4.7	1.73	1.91	10.2
Gasoil	3.66	3.73	1.9	3.69	3.99	8.3	3.62	3.76	4.0	3.80	4.22	11.0	4.24	4.30	1.3
Residual Fuel Oil	1.09	0.99	-9.0	1.21	1.26	4.9	1.11	1.09	-1.8	1.04	1.22	17.2	1.29	1.25	-2.4
Other Products	2.35	2.47	5.4	2.40	2.22	-7.3	2.48	2.43	-2.0	2.00	2.26	12.9	2.38	2.12	-10.8
Total	19.38	20.13	3.9	20.38	20.49	0.6	19.85	20.11	1.3	19.13	20.28	6.0	20.52	20.68	0.8
Europe															
LPG	0.90	0.90	-0.1	0.98	0.98	0.2	0.92	0.89	-3.7	0.99	1.06	6.6	0.95	1.04	9.9
Naphtha	1.08	1.15	6.3	1.13	1.08	-4.3	1.07	1.08	1.1	1.17	1.16	-0.8	1.17	1.14	-2.6
Motor Gasoline	2.96	2.92	-1.4	2.94	2.87	-2.5	2.93	2.92	-0.4	2.54	2.59	2.2	2.80	2.74	-2.0
Jet/Kerosene	0.76	0.83	8.0	0.75	0.79	5.3	0.78	0.84	7.0	0.76	0.82	7.3	0.76	0.83	8.9
Gasoil	5.02	5.34	6.4	5.12	5.22	2.1	4.93	5.12	3.9	4.83	5.11	5.7	4.99	5.64	13.0
Residual Fuel Oil	2.27	2.39	5.4	2.29	2.26	-1.3	2.23	2.27	1.6	2.30	2.25	-2.1	2.29	2.40	4.7
Other Products	1.23	1.23	0.2	1.00	0.96	-4.6	1.17	1.17	-0.5	0.90	0.96	7.5	0.90	0.97	7.6
Total	14.22	14.75	3.7	14.21	14.16	-0.4	14.04	14.28	1.7	13.49	13.95	3.4	13.86	14.76	6.5
Pacific															
LPG	0.72	0.70	-3.6	0.82	0.84	3.0	0.73	0.73	0	0.73	0.79	8.3	0.84	0.82	-2.5
Naphtha	0.73	0.82	13.1	0.83	0.88	6.4	0.77	0.81	6.1	0.83	0.81	-2.2	0.88	0.80	-9.0
Motor Gasoline	1.22	1.25	2.2	1.31	1.32	1.4	1.23	1.25	1.9	1.09	1.14	5.0	1.18	1.21	2.4
Jet/Kerosene	0.82	0.91	11.5	1.21	1.32	8.8	0.88	0.95	7.9	1.14	1.19	5.0	1.24	1.31	5.5
Gasoil	1.55	1.61	3.5	1.66	1.72	3.6	1.54	1.59	3.3	1.41	1.49	5.9	1.72	1.76	1.8
Residual Fuel Oil	1.00	0.82	-17.8	0.95	0.91	-4.4	0.94	0.83	-11.2	0.90	0.89	-1.6	1.02	0.99	-3.7
Other Products	0.94	0.82	-12.3	0.83	0.86	3.8	0.87	0.80	-8.0	0.82	0.83	0.9	0.89	0.84	-5.9
Total	6.98	6.93	-0.7	7.61	7.86	3.3	6.95	6.97	0.2	6.92	7.15	3.3	7.78	7.72	-0.8
OECD															
LPG	3.82	3.98	4.4	4.27	4.36	2.1	4.00	4.00	-0.0	4.23	4.45	5.2	4.21	4.41	4.6
Naphtha	2.10	2.21	5.3	2.26	2.26	-0.1	2.13	2.14	0.7	2.28	2.25	-1.2	2.34	2.30	-1.9
Motor Gasoline	12.29	12.70	3.3	12.81	12.56	-1.9	12.45	12.62	1.3	11.38	11.61	2.0	12.15	12.15	0
Jet/Kerosene	3.27	3.52	7.7	3.61	3.85	6.7	3.29	3.48	5.9	3.64	3.84	5.3	3.74	4.05	8.4
Gasoil	10.23	10.67	4.3	10.47	10.94	4.5	10.09	10.48	3.9	10.04	10.82	7.7	10.96	11.69	6.7
Residual Fuel Oil	4.35	4.20	-3.5	4.44	4.44	-0.2	4.28	4.20	-2.0	4.25	4.36	2.8	4.60	4.64	0.8
Other Products	4.51	4.52	0.3	4.34	4.12	-5.0	4.60	4.46	-3.0	3.72	4.05	8.9	4.17	3.92	-5.8
Total	40.57	41.81	3.1	42.20	42.53	0.8	40.84	41.38	1.3	39.54	41.38	4.7	42.15	43.15	2.4

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

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

North America comprises US 50 States, territories and Canada.

Figures above are unadjusted trade data submitted to the IEA Secretariat in the monthly Oil and Gas questionnaire except for European demand in December 1995 which incorporates an adjustment to Spanish data.

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

	Fourth Quarter			January			February			March			First Quarter		
	1994	1995	%	1995	1996	%	1995	1996	%	1995	1996	%	1995	1996	%
United States															
LPG	2.05	2.08	1.2	2.23	2.32	4.2	2.13	2.25	5.8	1.75	2.03	16.1	2.03	2.20	8.3
Naphtha	0.22	0.18	-20.5	0.20	0.20	2.4	0.21	0.27	30.5	0.16	0.27	65.4	0.19	0.25	30.7
Motor Gasoline	7.65	7.79	1.8	7.16	7.25	1.4	7.50	7.55	0.6	7.78	7.73	-0.7	7.48	7.51	0.4
Jet/Kerosene	1.59	1.64	2.7	1.63	1.70	3.9	1.62	1.79	10.8	1.52	1.64	7.7	1.59	1.71	7.4
Gasoil	3.15	3.26	3.7	3.34	3.68	10.4	3.69	3.72	0.9	3.34	3.45	3.5	3.45	3.62	5.0
Residual Fuel Oil	0.91	0.88	-2.8	0.84	1.02	21.6	1.07	1.03	-3.8	0.78	0.83	5.8	0.89	0.96	7.4
Other Products	2.21	2.17	-1.9	1.77	2.03	14.5	2.14	1.88	-12.1	2.08	2.24	7.8	1.99	2.05	3.1
Total	17.79	18.00	1.2	17.17	18.21	6.1	18.36	18.50	0.8	17.40	18.18	4.5	17.62	18.29	3.8
Japan															
LPG	0.65	0.65	-0.1	0.66	0.72	8.7	0.77	0.75	-1.7	0.70	0.71	1.7	0.71	0.73	2.9
Naphtha	0.76	0.81	6.1	0.83	0.81	-2.2	0.87	0.80	-8.4	0.81	0.73	-10.0	0.84	0.78	-6.8
Motor Gasoline	0.88	0.90	2.4	0.75	0.79	5.2	0.83	0.85	2.0	0.86	0.88	2.1	0.81	0.84	3.1
Jet/Kerosene	0.79	0.85	7.8	1.05	1.10	4.8	1.14	1.20	4.7	0.96	1.02	6.2	1.05	1.10	5.3
Diesel	0.75	0.77	2.5	0.62	0.66	6.7	0.75	0.81	7.8	0.77	0.79*	2.7*	0.71	0.76*	5.7*
Other Gasoil	0.56	0.57	2.1	0.59	0.61	3.1	0.73	0.70	-4.0	0.65	0.66*	1.5*	0.65	0.66*	0.2*
Residual Fuel Oil	0.88	0.78	-10.6	0.86	0.86	0	0.96	0.93	-3.0	0.86	0.81	-5.7	0.89	0.87	-2.8
Direct use of Crude Oil	0.34	0.30	-11.9	0.35	0.37	5.0	0.38	0.36	-6.4	0.35	0.33	-7.1	0.36	0.35	-2.8
Other Products	0.41	0.36	-12.8	0.35	0.33	-6.8	0.36	0.37	0.8	0.39	0.40	0.9	0.37	0.37	-1.7
Total	6.02	5.99	-0.5	6.06	6.24	3.0	6.81	6.77	-0.5	6.36	6.33	-0.5	6.40	6.44	0.7
Germany															
LPG	0.11	0.11	-3.9	0.13	0.15	14.0	0.13	0.16	22.0	0.12	0.12	4.5	0.13	0.14	13.7
Naphtha	0.36	0.32	-10.8	0.35	0.35	0.4	0.36	0.33	-8.2	0.32	0.36	11.9	0.34	0.35	1.3
Motor Gasoline	0.69	0.69	-0.6	0.61	0.62	2.1	0.68	0.65	-4.0	0.71	0.68	-4.6	0.67	0.65	-2.3
Jet/Kerosene	0.12	0.12	-0.4	0.11	0.11	0.2	0.12	0.11	-9.3	0.12	0.12	1.4	0.12	0.11	-2.4
Diesel	0.46	0.43	-5.5	0.35	0.35	-0.4	0.40	0.38	-6.1	0.47	0.42	-11.3	0.41	0.38	-6.5
Other Gasoil	0.76	0.79	3.5	0.85	1.02	20.6	0.80	1.11	39.2	1.10	0.88	-20.3	0.92	1.00	8.8
Residual Fuel Oil	0.20	0.20	-1.7	0.22	0.19	-13.3	0.20	0.19	-3.1	0.20	0.19	-7.1	0.21	0.19	-8.1
Other Products	0.17	0.16	-9.4	0.09	0.11	20.1	0.10	0.09	-9.7	0.14	0.10	-28.3	0.11	0.10	-9.3
Total	2.87	2.81	-2.3	2.71	2.91	7.2	2.79	3.03	8.3	3.19	2.87	-10.0	2.90	2.93	1.1
Italy															
LPG	0.14	0.14	-0.1	0.16	0.16	-0.9	0.14	0.16	13.2	0.13	0.13	-1.0	0.14	0.15	3.5
Naphtha	0.12	0.14	18.7	0.15	0.14	-10.8	0.12	0.12	3.9	0.13	0.09	-31.2	0.14	0.12	-13.6
Motor Gasoline	0.40	0.39	-1.2	0.35	0.35	0.2	0.40	0.39	-3.0	0.39	0.39	-0.8	0.38	0.38	-1.2
Jet/Kerosene	0.06	0.07	7.3	0.06	0.06	-5.9	0.06	0.07	21.3	0.06	0.06	4.3	0.06	0.06	5.6
Diesel	0.37	0.37	0.1	0.35	0.28	-20.0	0.38	0.37	-1.4	0.35	0.34	-3.5	0.36	0.33	-8.2
Other Gasoil	0.22	0.24	12.3	0.18	0.25	40.3	0.26	0.22	-15.2	0.20	0.20	2.2	0.21	0.23	6.8
Residual Fuel Oil	0.60	0.60	1.1	0.55	0.62	13.0	0.64	0.64	-0.9	0.59	0.69	18.1	0.59	0.65	10.0
Other Products	0.14	0.15	5.2	0.12	0.12	2.7	0.11	0.15	35.7	0.12	0.15	22.4	0.12	0.14	19.4
Total	2.04	2.10	3.1	1.92	1.98	2.9	2.11	2.12	0.6	1.97	2.06	4.2	2.00	2.05	2.6
France															
LPG	0.12	0.12	1.9	0.14	0.14	3.8	0.12	0.16	27.7	0.13	0.13	-2.0	0.13	0.14	8.9
Naphtha	0.20	0.21	4.8	0.27	0.24	-11.7	0.26	0.25	-2.4	0.26	0.26	-1.8	0.26	0.25	-5.5
Motor Gasoline	0.36	0.35	-3.7	0.33	0.32	-2.3	0.33	0.32	-5.5	0.36	0.33	-8.5	0.34	0.32	-5.5
Jet/Kerosene	0.09	0.09	1.5	0.09	0.09	4.6	0.09	0.10	12.2	0.09	0.10	12.0	0.09	0.10	9.4
Diesel	0.45	0.47	4.8	0.42	0.44	4.1	0.46	0.45	-1.0	0.43	0.46	7.0	0.44	0.45	3.4
Other Gasoil	0.36	0.40	11.2	0.48	0.45	-6.3	0.43	0.61	41.3	0.50	0.39	-22.3	0.47	0.48	1.8
Residual Fuel Oil	0.16	0.18	13.2	0.17	0.18	9.7	0.15	0.21	36.0	0.16	0.19	17.4	0.16	0.19	20.2
Other Products	0.13	0.13	-1.6	0.05	0.10	91.1	0.05	0.10	96.8	0.07	0.14	99.9	0.06	0.11	96.0
Total	1.87	1.95	4.3	1.95	1.97	1.2	1.89	2.19	15.8	2.00	1.99	-0.6	1.95	2.05	5.0
United Kingdom															
LPG	0.18	0.17	-5.6	0.17	0.16	-8.7	0.18	0.17	-5.5	0.19	0.16	-17.6	0.18	0.16	-10.9
Naphtha	0.09	0.08	-5.7	0.08	0.07	-7.8	0.12	0.07	-35.8	0.09	0.10	17.6	0.09	0.08	-10.6
Motor Gasoline	0.55	0.53	-3.1	0.46	0.47	2.4	0.52	0.49	-5.1	0.54	0.50	-6.8	0.50	0.49	-3.4
Jet/Kerosene	0.21	0.24	13.7	0.21	0.25	15.7	0.22	0.26	17.9	0.23	0.23	2.6	0.22	0.25	11.8
Diesel	0.28	0.28	2.2	0.23	0.27	14.8	0.28	0.29	4.0	0.30	0.29	-3.5	0.27	0.28	4.4
Other Gasoil	0.19	0.18	-3.8	0.21	0.19	-7.8	0.21	0.24	12.6	0.22	0.21	-4.8	0.21	0.21	-0.3
Residual Fuel Oil	0.21	0.18	-13.0	0.21	0.12	-41.3	0.24	0.22	-6.8	0.20	0.19	-5.1	0.21	0.18	-17.6
Other Products	0.19	0.21	6.7	0.19	0.20	4.4	0.19	0.16	-18.1	0.21	0.16	-23.1	0.20	0.17	-12.6
Total	1.89	1.87	-1.0	1.76	1.72	-2.1	1.96	1.90	-2.6	1.97	1.85	-6.5	1.89	1.82	-3.8
Canada															
LPG	0.28	0.29	2.8	0.27	0.27	0.3	0.29	0.28	-1.3	0.25	0.23	-5.0	0.27	0.26	-1.8
Naphtha	0.07	0.07	4.7	0.08	0.07	-6.2	0.08	0.08	4.0	0.09	0.08	-10.0	0.08	0.08	-4.4
Motor Gasoline	0.59	0.60	2.1	0.54	0.56	5.0	0.60	0.59	-2.0	0.57	0.56	-1.8	0.57	0.57	0.4
Jet/Kerosene	0.08	0.09	11.2	0.08	0.10	21.7	0.09	0.09	3.8	0.08	0.08	5.9	0.08	0.09	10.7
Diesel	0.14	0.14	0	0.12	0.12	0	0.13	0.13	-1.5	0.13	0.12	-7.2	0.13	0.13	-3.0
Other Gasoil	0.30	0.33	9.3	0.32	0.39	22.6	0.39	0.41	6.2	0.32	0.34	6.3	0.34	0.38	11.6
Residual Fuel Oil	0.15	0.15	4.1	0.15	0.14	-1.5	0.15	0.17	7.3	0.13	0.12	-12.0	0.14	0.14	-1.7
Other Products	0.21	0.20	-3.6	0.17	0.17	0.6	0.17	0.18	2.8	0.18	0.19	4.7	0.18	0.18	2.7
Total	1.82	1.88	3.2	1.72	1.83	6.4	1.90	1.93	1.5	1.74	1.72	-1.4	1.78	1.83	2.3

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

Jet/kerosene comprises jet kerosene and non-aviation kerosene grades.

US figures do not include territories.

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

Table 4
WORLD OIL PRODUCTION

(million barrels per day)

	1993	1994	1995	1Q95	2Q95	3Q95	4Q95	1Q96	Mar96	Apr96*	May96*
OPEC¹											
Crude Oil											
Saudi Arabia	7.96	7.90	7.94	7.93	7.88	8.01	7.92	7.95	7.98	7.98	7.95
Iran	3.65	3.61	3.65	3.62	3.65	3.65	3.68	3.69	3.65	3.70	3.68
Iraq	0.48	0.53	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
UAE	2.17	2.22	2.19	2.21	2.21	2.19	2.16	2.19	2.19	2.16	2.18
Kuwait	1.69	1.84	1.84	1.83	1.84	1.84	1.84	1.84	1.84	1.81	1.78
Neutral Zone	0.36	0.39	0.43	0.42	0.41	0.44	0.43	0.46	0.48	0.49	0.49
Qatar	0.42	0.41	0.45	0.44	0.45	0.45	0.46	0.47	0.48	0.48	0.48
Nigeria	1.91	1.90	1.93	1.86	1.93	1.93	2.01	2.09	2.10	2.12	2.14
Libya	1.37	1.38	1.41	1.41	1.40	1.41	1.40	1.38	1.40	1.38	1.40
Algeria	0.74	0.75	0.76	0.75	0.75	0.76	0.79	0.78	0.79	0.80	0.81
Gabon	0.30	0.32	0.35	0.34	0.35	0.35	0.35	0.36	0.37	0.37	0.35
Venezuela	2.31	2.44	2.58	2.48	2.51	2.64	2.71	2.89	2.93	2.93	2.94
Indonesia	1.34	1.32	1.34	1.32	1.34	1.34	1.34	1.38	1.40	1.39	1.40
Total Crude Oil	24.69	24.99	25.41	25.17	25.25	25.55	25.65	26.02	26.13	26.13	26.13
NGLs ²	2.25	2.38	2.42	2.38	2.39	2.41	2.48	2.52	2.53	2.55	2.57
TOTAL OPEC	26.95	27.37	27.82	27.55	27.64	27.97	28.13	28.55	28.66	28.68	28.70
NON-OPEC^{1,3}											
OECD											
North America	10.99	10.92	10.98	11.11	11.01	10.85	10.96	10.94	10.98	10.75	10.73
United States	8.82	8.64	8.59	8.71	8.64	8.48	8.53	8.52	8.53	8.43	8.37
Canada	2.18	2.28	2.39	2.40	2.37	2.37	2.43	2.42	2.45	2.32	2.36
Europe	5.12	6.03	6.31	6.35	5.97	6.18	6.74	6.65	6.53	6.68	6.47
UK	2.14	2.71	2.79	2.92	2.55	2.76	2.94	2.83	2.78	2.71	2.75
Norway	2.38	2.69	2.91	2.81	2.81	2.83	3.19	3.22	3.13	3.35	3.09
Others	0.60	0.63	0.61	0.63	0.60	0.59	0.61	0.61	0.62	0.62	0.63
Pacific	0.65	0.69	0.67	0.67	0.69	0.70	0.64	0.68	0.74	0.76	0.83
Australia	0.56	0.60	0.58	0.58	0.60	0.59	0.54	0.58	0.64	0.66	0.72
Others	0.09	0.09	0.10	0.09	0.09	0.11	0.10	0.10	0.10	0.11	0.11
Total OECD	16.76	17.64	17.96	18.13	17.67	17.73	18.33	18.27	18.25	18.19	18.04
Non-OECD											
Former USSR	7.95	7.22	7.15	7.14	7.18	7.11	7.18	7.11	7.06	7.07	7.09
Russia	6.95	6.28	6.18	6.23	6.19	6.13	6.15	6.09	6.03	6.04	6.05
Others	0.99	0.94	0.98	0.90	0.99	0.98	1.03	1.01	1.03	1.03	1.04
Asia	4.69	4.78	5.06	5.00	5.01	5.08	5.14	5.19	5.15	5.15	5.34
China	2.91	2.84	2.99	2.97	2.95	3.00	3.03	3.09	3.04	3.02	3.20
Malaysia	0.63	0.69	0.75	0.72	0.73	0.75	0.80	0.79	0.79	0.80	0.80
India	0.54	0.63	0.70	0.69	0.71	0.71	0.69	0.69	0.69	0.70	0.70
Others	0.60	0.62	0.62	0.62	0.61	0.62	0.63	0.63	0.63	0.63	0.63
Europe	0.28	0.28	0.27	0.27	0.26	0.28	0.27	0.28	0.28	0.28	0.28
Latin America	5.77	5.94	6.09	6.10	6.01	6.32	5.94	6.50	6.53	6.54	6.59
Mexico	3.14	3.14	3.07	3.11	3.14	3.19	2.84	3.31	3.34	3.33	3.34
Brazil	0.88	0.92	0.94	0.97	0.80	1.00	0.99	1.03	1.01	1.06	1.06
Argentina	0.63	0.71	0.76	0.75	0.76	0.76	0.78	0.79	0.79	0.79	0.79
Colombia	0.46	0.47	0.59	0.54	0.58	0.64	0.61	0.63	0.65	0.63	0.67
Ecuador	0.34	0.37	0.38	0.38	0.38	0.38	0.38	0.39	0.40	0.39	0.39
Others	0.33	0.34	0.35	0.34	0.35	0.35	0.35	0.34	0.35	0.35	0.34
Middle East ⁴	1.63	1.79	1.90	1.87	1.89	1.92	1.93	1.93	1.94	1.95	1.95
Oman	0.79	0.82	0.86	0.84	0.86	0.87	0.87	0.87	0.87	0.88	0.88
Syria	0.56	0.57	0.61	0.60	0.61	0.62	0.62	0.62	0.62	0.62	0.62
Yemen	0.22	0.35	0.38	0.37	0.38	0.38	0.38	0.39	0.39	0.40	0.40
Africa	2.05	2.06	2.23	2.17	2.24	2.24	2.26	2.26	2.25	2.29	2.33
Egypt	0.96	0.92	0.95	0.96	0.95	0.94	0.95	0.94	0.93	0.94	0.96
Angola	0.50	0.53	0.65	0.59	0.66	0.67	0.67	0.67	0.68	0.70	0.72
Others	0.58	0.61	0.63	0.63	0.63	0.64	0.64	0.64	0.64	0.65	0.65
Total Non-OECD	22.36	22.07	22.70	22.54	22.59	22.95	22.72	23.26	23.21	23.26	23.57
Processing Gains ⁵	1.39	1.43	1.48	1.48	1.48	1.48	1.48	1.51	1.51	1.51	1.51
TOTAL NON-OPEC	40.51	41.14	42.14	42.15	41.73	42.16	42.53	43.03	42.97	42.96	43.11
TOTAL SUPPLY	67.45	68.51	69.97	69.70	69.38	70.13	70.65	71.58	71.63	71.65	71.81

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

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

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

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

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

* Preliminary

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

	January		February		March		First Quarter 96		April		May	
	Level	Change ²	Level	Change	Level	Change	Level	Change	Level	Change	Level	Change
United States												
Alaska	1445	-24	1491	46	1457	-34	1464	-9	1367	-90	1360	-7
California (inc. offshore)	951	-21	953	2	964	11	956	-14	966	2	951	-15
Texas	1494	54	1463	-31	1450	-13	1469	-13	1415	-35	1390	-25
Offshore Gulf of Mexico	1025	-64	1082	57	1111	29	1072	46	1158	47	1166	8
Other US Lower 48	1561	92	1508	-53	1484	-24	1518	-3	1459	-25	1435	-24
NGLs ³	1718	27	1720	2	1740	20	1726	-22	1768	28	1786	18
Other Hydrocarbons	349	37	275	-74	322	47	316	8	295	-27	285	-10
Total	8543	101	8492	-51	8528	36	8521	-5	8428	-100	8373	-55
Canada												
Alberta Light & Medium	689	-11	699	10	701	1	697	-9	680	-21	702	22
Alberta Heavy	246	12	244	-1	254	10	248	8	244	-10	242	-2
Alberta Bitumen	152	0	151	-1	151	-1	151	1	155	4	147	-8
Saskatchewan	321	-6	324	3	333	9	326	-4	315	-18	318	3
Other Conventional	86	-8	108	22	101	-7	98	-0	104	3	110	6
NGLs	632	18	611	-21	615	4	620	6	616	1	591	-25
Syncrudes	282	-2	263	-18	297	34	281	-9	204	-93	250	46
Total	2407	4	2401	-6	2451	50	2420	-7	2318	-133	2360	42
United Kingdom⁴												
Brent Fields	476	3	524	48	521	-3	507	13	483	-38	479	-4
Forties Fields	951	41	915	-36	884	-31	917	-67	865	-19	808	-57
Ninian Fields	316	-20	324	8	326	2	322	-2	313	-13	332	19
Flotta Fields	247	1	241	-6	242	1	243	-11	236	-6	236	-0
Other Offshore Fields	459	-49	490	31	448	-42	465	-20	460	12	521	61
NGLs	265	-29	272	7	263	-9	266	-26	250	-13	264	14
Total	2714	-53	2766	52	2684	-82	2720	-113	2607	-77	2640	33
Norway⁴												
Ekofisk/Ula Area	486	-18	485	-1	479	-6	483	-25	508	29	474	-34
Oseberg Area	898	18	903	5	906	4	902	23	921	15	882	-39
Statfjord-Gullfaks-Snorre	1275	-47	1293	18	1108	-184	1224	-114	1303	195	1152	-151
Haltenbanken	303	66	340	37	368	28	337	136	346	-22	328	-18
Sleipner/Frigg	119	-2	122	3	120	-2	121	6	118	-2	117	-1
Plant Condensate (as NGLs)	8	1	8	-0	8	-0	8	-6	9	1	8	-1
Lighter NGLs	142	-2	140	-1	138	-3	140	7	140	3	132	-8
Total	3231	16	3291	60	3127	-164	3215	27	3346	218	3093	-252
Other OECD Europe												
Other North Sea	231	1	239	8	245	6	239	6	241	-5	238	-3
Onshore U.K.	110	2	105	-4	100	-5	105	-1	107	7	110	3
Italy	93	-3	98	5	97	-1	96	4	98	1	100	2
Turkey	68	0	66	-2	68	2	67	-1	70	2	71	1
Other	147	-4	135	-12	144	9	142	-14	153	9	152	-1
NGLs	43	4	45	3	48	3	45	11	42	-6	40	-1
Non-Conventional Oils	18	-3	20	2	18	-2	19	-4	20	2	23	3
Total	709	-3	708	-1	719	11	712	0	730	11	734	4
Australia												
Gippsland Basin	210	-4	211	1	189	-22	203	-12	195	6	205	10
Cooper/Eromonga	34	-1	37	2	36	-1	36	-0	37	1	36	-1
Carnarvon Basin	224	15	221	-3	319	97	256	52	322	3	375	53
Bonaparte Basin	12	-5	17	5	32	14	21	-2	36	4	35	-1
Other Fields	6	0	6	0	6	-0	6	0	6	0	6	-0
NGLs	50	-5	56	5	56	1	54	-4	62	6	65	3
Total	537	1	548	11	638	90	575	34	658	20	722	65
Other OECD Pacific												
New Zealand	28	-3	32	4	30	-2	30	-2	26	-4	31	5
Japan	10	-1	11	1	11	0	11	-0	11	0	11	0
NGLs	12	0	13	1	12	-1	12	1	13	1	13	0
Synthetic Fuels	44	-1	48	4	48	0	47	4	55	7	55	0
Total	94	-5	104	10	101	-3	100	3	105	4	110	5
OECD												
Crude Oil	14672	15	14839	167	14685	-154	14730	-27	14717	32	14520	-197
NGLs	2870	14	2865	-5	2879	14	2872	-33	2901	22	2901	-0
Non-Conventional Oils	693	31	606	-86	685	79	663	-2	574	-111	613	39
Total	18235	61	18311	75	18249	-61	18264	-62	18192	-57	18034	-159

¹ Subcategories refer to crude oil only unless otherwise noted.

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

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

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

Table 5

OECD INDUSTRY STOCKS¹ AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS ² in Million Barrels					PRIOR YEARS' STOCKS ² in Million Barrels			STOCK CHANGES in mb/d			
	DEC95	JAN96	FEB96*	MAR96*	APR96*	APR93	APR94	APR95	Q295	Q395	Q495	Q196
	North America											
Crude	366	365	365	363	366	413	402	403	0.05	-0.43	-0.06	-0.01
Gasoline	222	234	236	227	230	246	237	233	-0.12	-0.06	0.02	0.05
Middle Distillate	202	183	160	150	151	165	167	185	-0.06	0.23	-0.04	-0.57
Residual Fuel Oil	45	44	40	41	42	50	48	46	-0.01	0.05	-0.04	-0.05
Total Products ³	617	595	561	545	558	621	600	619	0.03	0.32	-0.38	-0.79
Total ⁴	1125	1102	1060	1047	1071	1187	1153	1173	0.17	-0.02	-0.74	-0.83
Europe												
Crude	307	299	306	314	329	317	310	305	0.16	-0.04	0.14	0.08
Gasoline	137	144	148	146	140	132	140	140	-0.07	-0.04	0.04	0.10
Middle Distillate	240	239	227	225	231	214	223	234	0.12	0.29	-0.34	-0.17
Residual Fuel Oil	101	97	93	88	93	107	95	96	0.06	0.06	-0.06	-0.15
Total Products ³	566	566	552	542	548	537	535	559	0.09	0.36	-0.38	-0.27
Total ⁴	932	924	918	914	935	914	901	917	0.33	0.27	-0.20	-0.20
Pacific												
Crude	166	166	158	172	168	151	155	151	0.24	-0.06	-0.05	0.07
Gasoline	21	22	22	22	22	21	21	24	-0.01	0.00	0.00	0.01
Middle Distillate	53	52	45	43	46	45	47	53	0.08	0.14	-0.16	-0.12
Residual Fuel Oil	14	16	16	15	16	16	15	18	0.00	-0.03	-0.01	0.01
Total Products ³	142	146	131	130	135	129	135	148	0.04	0.20	-0.22	-0.14
Total ⁴	382	391	367	378	381	363	372	387	0.25	0.15	-0.38	-0.04
Total												
Crude	839	830	828	849	863	881	867	860	0.45	-0.52	0.04	0.14
Gasoline	380	401	406	395	393	400	397	397	-0.19	-0.11	0.06	0.16
Middle Distillate	495	474	432	417	428	424	437	472	0.14	0.66	-0.54	-0.86
Residual Fuel Oil	161	157	149	144	150	173	157	159	0.05	0.08	-0.11	-0.19
Total Products ³	1325	1308	1245	1217	1241	1287	1270	1326	0.17	0.88	-0.98	-1.20
Total ⁴	2439	2417	2345	2339	2387	2464	2426	2477	0.75	0.40	-1.32	-1.07

OECD GOVERNMENT-CONTROLLED STOCKS⁵ AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS ² in Million Barrels					PRIOR YEARS' STOCKS ² in Million Barrels			STOCK CHANGES ³ in mb/d			
	DEC95	JAN96	FEB96*	MAR96*	APR96*	APR93	APR94	APR95	Q295	Q395	Q495	Q196
	North America											
Crude	592	592	592	592	589	582	591	592	0.00	0.00	0.00	0.00
Europe												
Crude	132	132	132	132	132	130	129	132	-0.01	0.00	0.00	0.00
Products	127	126	126	126	126	129	125	130	-0.06	0.01	-0.01	0.00
Pacific												
Crude	299	299	299	299	299	246	265	284	0.00	0.10	0.07	0.01
Total												
Crude	1022	1023	1023	1023	1020	958	985	1007	-0.01	0.10	0.07	0.01
Products	127	126	126	126	126	129	125	130	-0.06	0.01	-0.01	0.00
Total ⁴	1149	1149	1149	1149	1147	1088	1110	1137	-0.07	0.11	0.06	0.00

* Estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known).

2 They include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

3 Closing Stock levels.

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

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

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

Table 6
INDUSTRY STOCKS¹ ON LAND IN SELECTED OECD COUNTRIES
(million barrels)

	November			December			January			February			March		
	1994	1995	%	1994	1995	%	1995	1996	%	1995	1996	%	1995	1996	%
United States															
Crude	346.3	316.9	-8.5	337.2	301.7	-10.5	328.4	303.0	-7.7	327.1	301.5	-7.8	337.7	299.6	-11.3
Motor Gasoline	218.3	195.5	-10.4	215.0	202.2	-6.0	227.1	212.2	-6.6	224.7	213.3	-5.0	210.9	203.2	-3.6
Middle Distillate	198.7	183.6	-7.6	198.9	176.6	-11.2	191.6	158.7	-17.2	170.9	136.7	-20.0	161.3	126.9	-21.4
Residual Fuel Oil	43.7	37.3	-14.6	41.9	36.8	-12.1	43.9	35.5	-19.1	36.2	31.5	-12.9	37.8	31.7	-16.1
Other Products	141.0	141.7	0.5	132.6	128.6	-3.0	124.5	116.2	-6.7	117.2	108.4	-7.6	125.2	108.8	-13.1
Total Products	601.8	558.1	-7.3	588.3	544.3	-7.5	587.2	522.7	-11.0	549.0	489.9	-10.8	535.2	470.6	-12.1
Other ²	147.3	135.6	-8.0	135.5	123.6	-8.8	134.1	123.9	-7.6	135.4	116.8	-13.7	135.3	122.6	-9.4
Total	1095.4	1010.6	-7.7	1061.1	969.6	-8.6	1049.7	949.6	-9.5	1011.5	908.3	-10.2	1008.2	892.8	-11.4
Japan															
Crude	140.2	153.4	9.5	142.2	147.5	3.7	144.9	147.3	1.6	132.4	138.2	4.4	138.9	152.3	9.7
Motor Gasoline	12.9	13.4	3.8	11.9	12.5	5.1	14.5	13.8	-5.3	14.5	14.2	-1.9	14.7	14.1	-4.1
Middle Distillate	68.6	57.1	-16.8	55.5	43.3	-22.0	51.3	41.7	-18.8	42.8	35.1	-18.0	40.0	33.4	-16.6
Residual Fuel Oil	12.2	12.4	1.7	13.3	11.5	-13.7	13.5	13.4	-0.6	13.1	12.7	-2.9	14.3	12.1	-15.2
Other Products	51.1	52.6	3.1	48.8	49.1	0.7	47.1	51.2	8.6	47.8	44.4	-7.2	47.8	45.7	-4.4
Total Products	144.8	135.5	-6.4	129.5	116.4	-10.1	126.5	120.0	-5.1	118.2	106.4	-10.0	116.8	105.3	-9.9
Other ²	79.3	75.7	-4.5	77.3	67.9	-12.2	80.7	71.8	-11.1	78.6	71.0	-9.7	79.6	69.7	-12.4
Total	364.3	364.7	0.1	349.0	331.8	-4.9	352.1	339.1	-3.7	329.1	315.6	-4.1	335.3	327.3	-2.4
Germany															
Crude	26.5	23.9	-9.8	25.0	23.2	-7.1	25.4	23.2	-8.6	27.6	23.4	-15.1	26.6	24.7	-7.2
Motor Gasoline	16.5	14.6	-11.4	17.8	15.8	-11.0	19.1	18.3	-3.9	18.9	17.9	-5.4	18.3	17.5	-4.4
Middle Distillate	30.2	23.6	-21.8	30.9	24.7	-20.0	31.2	23.6	-24.2	30.9	21.9	-29.0	20.9	20.7	-1.0
Residual Fuel Oil	9.0	10.0	11.9	9.1	10.9	19.0	9.2	10.5	14.6	9.3	10.1	8.2	8.6	8.8	3.1
Other Products	11.9	11.3	-4.9	11.9	12.2	2.8	12.0	12.6	5.0	12.5	12.1	-3.3	11.6	11.9	2.8
Total Products	67.5	59.6	-11.8	69.6	63.6	-8.7	71.4	65.1	-8.9	71.6	62.0	-13.4	59.4	59.0	-0.7
Other ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	94.0	83.5	-11.2	94.6	86.8	-8.3	96.8	88.3	-8.8	99.2	85.4	-13.9	86.0	83.7	-2.7
Italy															
Crude	37.8	43.9	16.2	44.1	41.0	-7.1	44.7	33.0	-26.2	39.1	34.4	-12.0	38.2	34.1	-10.7
Motor Gasoline	21.1	20.9	-1.1	21.2	21.3	0.6	23.3	22.8	-2.3	23.0	22.7	-1.2	23.2	23.7	2.0
Middle Distillate	34.5	31.5	-8.9	33.2	34.9	4.9	35.4	36.0	1.5	36.9	33.1	-10.3	35.3	34.0	-3.8
Residual Fuel Oil	25.7	22.2	-13.7	24.6	22.6	-8.1	25.7	23.1	-9.9	25.0	23.0	-8.1	25.1	19.2	-23.2
Other Products	8.3	7.7	-7.8	8.0	9.3	15.6	7.9	10.3	29.3	9.1	9.3	2.3	8.3	9.8	17.7
Total Products	89.7	82.2	-8.3	87.0	88.0	1.2	92.4	92.2	-0.2	94.0	88.1	-6.3	91.9	86.7	-5.7
Other ²	6.5	5.0	-23.5	6.0	6.6	10.8	5.2	5.4	4.4	5.0	7.2	43.4	4.5	5.8	26.8
Total	134.0	131.1	-2.2	137.1	135.6	-1.1	142.3	130.6	-8.2	138.1	129.7	-6.1	134.6	126.5	-6.0
France															
Crude	40.4	41.6	3.0	39.5	38.2	-3.4	39.7	34.9	-12.2	41.4	37.0	-10.7	38.7	38.6	-0.4
Motor Gasoline	24.6	22.3	-9.5	23.1	24.1	4.2	25.9	25.4	-2.0	25.7	28.5	11.0	23.7	27.5	16.1
Middle Distillate	61.5	56.6	-8.0	56.9	56.9	0	55.3	54.2	-2.1	54.9	52.4	-4.5	50.4	52.5	4.2
Residual Fuel Oil	7.9	7.7	-2.4	6.9	7.9	14.0	7.1	8.0	13.0	8.6	7.8	-8.6	7.1	7.7	7.4
Other Products	10.7	9.8	-8.8	9.7	9.7	0.6	9.3	9.2	-1.8	9.6	8.1	-16.1	9.5	8.6	-8.6
Total Products	104.8	96.5	-8.0	96.7	98.7	2.1	97.6	96.7	-0.9	98.8	96.9	-1.9	90.7	96.4	6.2
Other ²	12.4	12.4	-0.1	11.6	12.9	11.8	11.9	13.5	13.7	13.2	13.0	-2.1	12.5	12.3	-1.2
Total	157.6	150.5	-4.6	147.8	149.8	1.3	149.2	145.1	-2.8	153.5	146.9	-4.3	141.9	147.3	3.8
United Kingdom															
Crude	34.6	32.9	-4.7	37.6	30.2	-19.8	34.0	31.7	-6.9	36.4	32.2	-11.3	29.9	35.8	19.6
Motor Gasoline	18.5	18.3	-0.9	17.2	16.9	-1.3	18.9	17.7	-6.3	17.3	16.2	-6.9	17.2	15.8	-8.0
Middle Distillate	20.1	19.6	-2.3	20.4	18.8	-8.1	20.9	17.8	-14.9	19.4	15.9	-18.2	18.5	16.9	-8.9
Residual Fuel Oil	6.8	7.5	10.1	6.4	7.2	12.9	7.1	7.4	3.9	6.9	6.4	-6.3	6.3	6.8	7.3
Other Products	11.2	11.4	1.9	12.3	13.1	7.0	12.0	12.4	3.3	12.6	12.1	-3.8	12.1	12.0	-0.7
Total Products	56.6	56.9	0.5	56.3	56.1	-0.4	59.0	55.3	-6.2	56.2	50.6	-10.0	54.2	51.5	-4.9
Other ²	14.9	14.9	0.1	15.2	14.9	-1.6	15.3	15.8	3.2	15.4	16.0	4.0	16.1	15.1	-6.1
Total	106.1	104.7	-1.2	109.0	101.1	-7.2	108.3	102.8	-5.1	107.9	98.8	-8.5	100.1	102.4	2.2
Canada															
Crude	59.4	61.6	3.6	60.5	56.0	-7.5	58.2	53.6	-7.8	59.9	54.7	-8.6	60.3	57.1	-5.3
Motor Gasoline	18.2	19.3	5.9	19.9	18.6	-6.5	22.2	20.6	-7.1	22.6	21.6	-4.5	24.2	22.6	-6.8
Middle Distillate	24.8	22.3	-9.8	25.5	21.4	-16.1	27.4	21.2	-22.6	24.9	19.6	-21.3	24.6	19.4	-21.2
Residual Fuel Oil	4.0	4.8	20.0	3.7	4.4	20.8	4.0	4.3	8.6	4.2	4.2	-1.2	4.4	5.1	14.9
Other Products	17.6	18.1	2.8	16.9	17.6	4.5	18.3	15.4	-15.6	19.8	15.6	-21.0	21.1	16.9	-19.8
Total Products	64.6	64.5	-0.1	66.0	62.1	-5.9	71.8	61.5	-14.3	71.5	61.0	-14.7	74.4	64.0	-14.0
Other ²	17.4	19.1	9.9	15.7	13.6	-13.8	14.4	13.2	-8.3	12.6	12.1	-4.0	12.9	12.1	-6.2
Total	141.4	145.2	2.7	142.2	131.6	-7.4	144.4	128.4	-11.1	144.0	127.8	-11.2	147.6	133.1	-9.8

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

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

Table 7
TOTAL STOCKS ON LAND IN OECD COUNTRIES

('millions of barrels' and 'days')

	End March 1995		End June 1995		End September 1995		End December 1995		End March 1996 ^{3 4}	
	Stock ¹ Level	Days Fwd ² Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
Canada	147.6	85	154.5	83	142.9	76	131.6	-	-	-
United States	1599.9	91	1608.5	91	1618.0	90	1561.2	-	-	-
NORTH AMERICA	1771.1	91	1786.8	90	1784.7	89	1716.6	84	1638.8	83
Australia	36.8	45	38.1	47	42.7	52	42.7	-	-	-
Japan	619.0	119	639.8	119	657.7	110	630.5	-	-	-
New Zealand	8.4	60	8.9	61	9.4	63	7.8	-	-	-
PACIFIC	664.2	107	686.9	108	709.8	102	680.9	92	677.9	108
Austria	17.0	75	18.2	81	16.9	70	16.9	-	-	-
Belgium	27.1	58	26.7	58	29.7	56	28.5	-	-	-
Denmark	25.3	116	25.7	119	27.4	116	26.2	-	-	-
Finland	21.9	126	23.1	105	23.1	104	23.1	-	-	-
France	147.5	81	161.2	86	157.6	81	155.3	-	-	-
Germany	306.7	106	303.2	104	303.5	108	302.3	-	-	-
Greece	22.9	70	24.1	69	22.6	55	21.7	-	-	-
Ireland	7.1	60	6.7	61	7.8	64	7.3	-	-	-
Italy	140.5	77	144.0	79	139.4	66	141.5	-	-	-
Luxembourg	0.9	24	0.9	27	0.8	23	0.7	-	-	-
Netherlands	107.3	134	106.8	135	116.5	146	107.0	-	-	-
Norway	40.7	208	42.2	231	45.1	248	48.6	-	-	-
Portugal	19.3	66	18.7	61	18.7	64	18.8	-	-	-
Spain	79.5	69	86.2	79	92.3	70	90.1	-	-	-
Sweden	29.8	94	31.7	104	32.8	90	31.9	-	-	-
Switzerland	23.1	87	28.3	103	28.9	104	26.5	-	-	-
Turkey	37.3	66	38.3	59	42.0	68	42.9	-	-	-
United Kingdom	100.1	56	97.5	55	104.4	56	101.1	-	-	-
EUROPE⁵	1153.8	86	1183.5	87	1209.4	84	1190.5	83	1171.9	85
Total	3589.1	92	3657.1	92	3703.9	89	3588.0	85	3488.5	88
DAYS OF IEA NET IMPORTS⁶	-	127	-	129	-	131	-	127	-	115

- 1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known). They include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
- 2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used in the IEA's Emergency Sharing System.
- 3 End March 1996 stock level based on preliminary data.
- 4 End March 1996 forward demand figures are IEA Secretariat forecasts.
- 5 Data not available for Iceland.
- 6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions. Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government ¹ controlled Millions of Barrels		Companies	Total	Government ¹ controlled Days of Fwd. Demand ²	
Q193	3533	1085	2448	94	29	65	
Q293	3619	1089	2530	94	28	66	
Q393	3689	1092	2597	91	27	64	
Q493	3623	1101	2522	89	27	62	
Q194	3508	1110	2398	91	29	62	
Q294	3629	1111	2518	91	28	63	
Q394	3724	1114	2610	91	27	64	
Q494	3695	1125	2570	90	28	63	
Q195	3589	1139	2450	92	29	63	
Q295	3657	1133	2524	92	29	63	
Q395	3704	1143	2561	89	28	62	
Q495	3588	1149	2439	85	27	58	
Q196	3489	1149	2339	88	29	59	

- 1 Includes government-owned stocks and entity stocks held for emergency purposes.
- 2 Days of forward demand calculated using actual demand except in March 1996 (when latest forecast is used).

Table 8

AVERAGE IEA CIF CRUDE COST AND SPOT CRUDE AND PRODUCT PRICES

(\$/bbl)

	1993	1994	1995	1Q95	2Q95	3Q95	4Q95	1Q96	Dec95	Jan96	Feb96	Mar96	Apr96	May96
Crude Oil Prices														
IEA CIF Average Import	16.37	15.65	17.19	17.16	18.31	16.41	16.90	18.56	17.64	18.22	18.08	19.36	20.45*	19.30*
FOB Spot														
Brent (Dated)	17.00	15.80	17.02	16.90	18.10	16.18	16.92	18.54	17.80	17.84	17.86	19.91	20.98	19.13
WTI (1st month)	18.44	17.19	18.41	18.36	19.33	17.83	18.12	19.64	18.92	18.80	18.86	21.27	23.59	21.35
Dubai (1st month)	14.93	14.75	16.10	16.31	16.96	15.31	15.83	16.43	16.95	16.49	15.84	16.96	17.66	16.87
Product Prices¹														
Rotterdam														
Premium 0.15 g/l	22.45	20.18	21.25	20.04	23.65	20.81	20.50	21.18	20.23	20.20	20.57	22.77	26.37	27.04
Regular Unleaded	20.70	18.65	19.75	18.53	21.96	19.38	19.14	19.76	18.52	18.50	19.37	21.40	24.83	25.14
Naphtha	18.47	17.30	18.15	18.43	19.61	17.43	17.14	19.02	17.59	18.83	18.76	19.46	22.06	21.12
Jet/Kerosene	23.37	20.95	21.60	20.76	21.71	21.57	22.38	25.07	23.89	23.67	24.82	26.72	25.51	23.13
Gasoil	22.28	19.80	20.47	19.35	21.02	20.49	21.04	23.97	22.45	22.27	24.63	25.02	24.94	22.48
Fuel Oil 1.0%S	13.50	14.00	15.76	16.96	16.99	13.69	15.39	17.20	16.99	17.59	16.76	17.26	18.17	17.41
Fuel Oil 3.5%S	10.22	13.01	14.82	16.39	15.76	12.97	14.16	15.66	15.93	15.75	14.78	16.46	17.60	15.13
Gross Product Worth ²	20.27	18.46	19.41	18.71	20.56	18.96	19.42	21.29	20.25	20.23	21.18	22.46	23.53	22.41
NY Harbour														
Super Unleaded 93	23.69	23.65	24.81	23.07	27.67	24.73	23.78	24.35	26.36	23.47	24.05	25.52	28.58	29.40
Regular Unleaded 87	21.58	20.54	22.57	21.34	25.29	22.38	21.29	22.65	22.19	21.16	22.24	24.57	27.44	27.24
Jet/Kerosene	23.33	22.20	21.76	20.13	21.76	21.78	23.37	26.27	24.86	24.83	25.48	28.49	29.78	24.93
No.2 (Heating Oil)	22.04	20.68	20.72	19.79	20.61	20.41	22.08	25.21	23.98	23.20	25.50	26.94	27.89	23.87
Fuel Oil 1.0%S	14.63	15.05	16.06	16.25	17.03	14.71	16.24	19.36	18.42	21.84	17.61	18.62	19.95	17.77
Fuel Oil 3.0%S	11.21	12.25	14.47	15.12	16.10	12.82	13.85	14.94	15.18	15.48	14.71	14.63	15.82	15.14
Gross Product Worth ³	20.16	19.04	19.94	18.99	22.27	19.28	19.22	21.40	20.16	20.31	20.94	22.95	25.39	23.91
Singapore														
Gasoline ⁴	24.01	21.10	22.11	21.64	23.05	22.30	21.47	21.61	21.83	20.77	20.64	23.41	25.14	26.30
Naphtha	17.22	16.34	17.54	18.25	18.96	16.69	16.26	17.51	17.03	17.51	16.66	18.36	20.39	19.46
Jet/Kerosene	24.42	21.74	22.72	22.30	22.35	21.13	25.10	28.68	27.80	30.50	28.21	27.34	26.19	25.93
Gasoil	24.02	20.87	21.60	21.24	22.47	20.63	22.08	25.87	23.86	25.17	26.58	25.86	25.56	26.52
LSWR (0.3%) ⁶	14.90	13.58	14.74	14.09	15.43	13.80	15.64	16.21	16.68	16.55	15.92	16.15	17.31	18.74
HSFO (3.5%S 180cst)	11.83	13.17	14.98	15.81	15.81	13.14	15.18	17.15	16.85	17.87	16.78	16.79	17.37	15.44
Gross Product Worth ⁵	17.17	16.29	17.42	17.49	17.98	16.30	17.91	20.05	19.49	20.57	19.77	19.82	20.24	20.10

* = Estimated.

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

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

Singapore: 6.46 bbl/MT for 3.5% HSFO.

² Calculated using Brent cracking yield of a refinery in North West Europe.³ Calculated using Brent cracking yield of a refinery in US Gulf Coast.⁴ Changed from regular 0.15 g/l to unleaded 95 as of 2 February 1995.⁵ Calculated using Dubai hydroskimming yield of a refinery in Singapore.⁶ As from 1 April 1996 mixed/cracked LSWR fob Indonesia.

Table 9
END USER PRICES FOR PETROLEUM PRODUCTS¹
May 1996

	National Currency						US Dollars					
	Price	Tax	% ch Prev. Month Price	Excl. Tax	% ch Year Ago Price	Excl. Tax	Price	Excl. Tax	% ch Prev. Month Price	Excl. Tax	% ch Year Ago Price	Excl. Tax
GASOLINE² Price per Litre												
France	6.290	5.064	1.0	4.2	7.3	15.0	1.213	0.237	-0.5	2.7	3.3	10.6
Germany	1.576	1.186	0.1	0.3	4.0	15.4	1.029	0.255	-1.6	-1.4	-4.4	6.1
Italy	1898	1415	-0.7	-2.4	0.8	2.7	1.217	0.310	-0.3	-1.9	6.8	8.8
Spain	119.4	81.3	1.6	4.5	4.1	5.1	0.931	0.297	-0.5	2.3	0.0	0.9
UK	0.596	0.480	-0.5	-1.7	-1.2	-23.7	0.876	0.171	-3.4	-4.6	-8.4	-29.3
Japan	105	57	0.0	0.0	-5.3	-10.9	0.992	0.454	1.4	1.4	-23.8	-28.3
Canada	0.609	0.289	3.7	6.7	3.0	3.9	0.445	0.234	3.0	5.9	2.4	3.2
USA ³	0.346	0.101	4.8	7.0	9.1	13.4	0.346	0.245	4.8	7.0	9.1	13.4
AUTOMOTIVE DIESEL⁴ Price per Litre												
France	3.502	2.292	-1.4	-4.0	8.5	13.1	0.676	0.233	-2.9	-5.4	4.4	8.8
Germany	1.059	0.620	-2.2	-5.2	8.0	21.6	0.692	0.287	-3.9	-6.8	-0.7	11.8
Italy	1178.99	747.47	-3.2	-8.2	2.9	8.4	0.756	0.277	-2.7	-7.8	9.1	14.9
Spain	75.27	43.20	-2.2	-5.1	6.2	10.0	0.587	0.250	-4.3	-7.1	2.0	5.6
UK	0.474	0.343	-0.4	-1.5	1.3	-15.5	0.697	0.193	-3.3	-4.4	-6.2	-21.7
Japan	75	34	2.9	5.4	1.6	3.0	0.709	0.388	4.3	6.9	-18.2	-17.1
Canada	0.527	0.213	0.8	1.3	3.3	5.4	0.385	0.229	0.0	0.6	2.7	4.7
USA	..	..	..	..	..	..	..	..	..	..	..	..
DOMESTIC HEATING OIL Price per 1000 Litres												
France	2128.0	868.0	-3.8	-5.3	6.5	5.9	410.5	243.1	-5.2	-6.7	2.5	1.9
Germany	475.8	142.1	-7.0	-8.5	17.4	22.5	310.8	218.0	-8.5	-10.1	8.0	12.7
Italy	1347996	962696	-2.0	-5.6	1.7	5.3	864.7	247.1	-1.5	-5.1	7.8	11.6
Spain	41135	18274	-4.5	-6.8	1.7	0.9	320.6	178.2	-6.5	-8.7	-2.3	-3.1
UK	161.00	35.23	-5.2	-6.1	15.7	17.0	236.8	185.0	-8.0	-8.9	7.2	8.4
Japan ⁵	42745	1245	3.2	3.2	1.0	1.0	403.3	391.5	4.7	4.7	-18.7	-18.7
Canada	372.0	31.0	0.0	0.0	-0.8	-0.6	271.5	248.9	-0.7	-0.7	-1.5	-1.2
USA ⁶	268.5	..	-0.4	..	12.9	..	268.5	..	-0.4	..	12.9	..
HFO FOR INDUSTRY^{4, 7} Price per Metric Ton												
France	768.0	156.9	-4.6	-5.7	-1.4	-2.2	148.1	117.9	-6.01	-7.12	-5.14	-5.91
Germany	217.0	30.0	-6.5	-7.4	-4.7	-5.6	141.7	122.1	-8.05	-9.00	-12.32	-13.14
Italy	294550	45000	-3.0	-3.5	1.3	1.5	188.9	160.1	-2.56	-3.08	7.29	7.53
Spain	21853	1679	1.2	3.8	7.0	10.0	170.3	157.2	-0.93	1.57	2.78	5.64
UK	98.61	18.20	0.1	0.2	6.4	5.8	145.0	118.3	-2.81	-2.78	-1.44	-1.96
Japan	18432	537	0.0	0.0	6.3	6.3	173.9	168.8	1.42	1.42	-14.50	-14.50
Canada	..	..	..	..	..	..	..	..	..	..	..	..
USA	..	..	..	..	..	..	..	..	..	..	..	..

1 Mid Month Prices

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

3 Estimated

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

5 Kerosene

6 Previous month data

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

Supply, Demand, Stock and Refinery Activity Data

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

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

Price Data

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

Use of Data

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

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

OECD Country Data

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

Other Demand and Supply Data

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

Forward Projections

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

Geographical Definitions

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

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