



Organization of the Petroleum Exporting Countries



OPEC Monthly Oil Market Report

17 June 2020

Feature article:

World oil market prospects for the second half of 2020

Oil market highlights	i
Feature article	iii
Crude oil price movements	1
Commodity markets	7
World economy	10
World oil demand	24
World oil supply	31
Product markets and refinery operations	46
Tanker market	52
Crude and refined products trade	55
Commercial stock movements	60
Balance of supply and demand	65



Organization of the Petroleum Exporting Countries

Helferstorferstrasse 17, A-1010 Vienna, Austria

E-mail: [prid\(at\)opec.org](mailto:prid(at)opec.org)

Website: www.opec.org

Disclaimer

The data, analysis and any other information (the “information”) contained in the Monthly Oil Market Report the “MOMR”) is for informational purposes only and is neither intended as a substitute for advice from business, finance, investment consultant or other professional; nor is it meant to be a benchmark or input data to a benchmark of any kind. Whilst reasonable efforts have been made to ensure the accuracy of the information contained in the MOMR, the OPEC Secretariat makes no warranties or representations as to its accuracy, relevance or comprehensiveness, and assumes no liability or responsibility for any inaccuracy, error or omission, or for any loss or damage arising in connection with or attributable to any action or decision taken as a result of using or relying on the information in the MOMR. The views expressed in the MOMR are those of the OPEC Secretariat and do not necessarily reflect the views of its governing bodies or Member Countries. The designation of geographical entities in the MOMR, and the use and presentation of data and other materials, do not imply the expression of any opinion whatsoever on the part of OPEC and/or its Member Countries concerning the legal status of any country, territory or area, or of its authorities, or concerning the exploration, exploitation, refining, marketing and utilization of its petroleum or other energy resources.

Full reproduction, copying or transmission of the MOMR is not permitted in any form or by any means by third parties without the OPEC Secretariat’s written permission, however, the information contained therein may be used and/or reproduced for educational and other non-commercial purposes without the OPEC Secretariat’s prior written permission, provided that it is fully acknowledged as the copyright holder. The MOMR may contain references to material(s) from third parties, whose copyright must be acknowledged by obtaining necessary authorization from the copyright owner(s). The OPEC Secretariat or its governing bodies shall not be liable or responsible for any unauthorized use of any third party material(s). All rights of the MOMR shall be reserved to the OPEC Secretariat, as applicable, including every exclusive economic right, in full or per excerpts, with special reference but without limitation, to the right to publish it by press and/or by any communications medium whatsoever; translate, include in a data base, make changes, transform and process for any kind of use, including radio, television or cinema adaptations, as well as a sound-video recording, audio-visual screenplays and electronic processing of any kind and nature whatsoever.

Chairman of the Editorial Board

HE Mohammad Sanusi Barkindo Secretary General

Editor-in-Chief

Dr. Ayed S. Al-Qahtani Director, Research Division *email: aalqahtani(at)opec.org*

Editor

Behrooz Baikalizadeh Head, Petroleum Studies Department *email: bbaikalizadeh(at)opec.org*

Contributors

Crude Oil Price Movements

Yacine Sariahmed Oil Price Analyst, PSD *email: ysariahmed(at)opec.org*

Commodity Markets

Hector Hurtado Financial Analyst, PSD *email: hhurtado(at)opec.org*

World Economy

Imad Al-Khayyat Economic Analyst, PSD *email: ial-khayyat(at)opec.org*
Dr. Asmaa Yaseen Modelling & Forecasting Analyst, PSD *email: ayaseen(at)opec.org*
Hector Hurtado Financial Analyst, PSD *email: hhurtado(at)opec.org*
Dr. Joerg Spitzzy Senior Research Analyst, PSD *email: jspitzzy(at)opec.org*

World Oil Demand

Hassan Balfakeih Oil Demand Analyst, PSD *email: hbalfakeih(at)opec.org*

World Oil Supply

Mohammad Ali Danesh Oil Supply Analyst, PSD *email: mdanesh(at)opec.org*

Product Markets and Refinery Operations

Tona Ndamba Refinery & Products Analyst, PSD *email: tndamba(at)opec.org*

Tanker Markets

Douglas Linton Senior Research Specialist, PSD *email: dlinton(at)opec.org*

Crude and Refined Products Trade

Douglas Linton Senior Research Specialist, PSD *email: dlinton(at)opec.org*

Stock Movements

Dr. Aziz Yahyai Senior Research Analyst, PSD *email: ayahyai(at)opec.org*

Technical Team

Nadir Guerer Senior Research Analyst, DRDO *email: nguerer(at)opec.org*
Dr. Aziz Yahyai Senior Research Analyst, PSD *email: ayahyai(at)opec.org*
Douglas Linton Senior Research Specialist, PSD *email: dlinton(at)opec.org*
Viveca Hameder Research Specialist, PSD *email: vhameder(at)opec.org*

Statistical Services

Boshra Alseiari, Head, Data Services Department,
Hossein Hassani, Statistical Systems Coordinator,
Pantelis Christodoulides (World Oil Demand, Stock Movements),
Klaus Stoeger (World Oil Supply), Mohammad Sattar (Crude Oil Price Movements, Commodity Markets,
Tanker Market, Crude and Refined Products Trade), Mihni Mihnev (Product Markets and Refinery Operations),
Justinas Pelenis (World Economy)

Editing and Design

Hasan Hafidh, Head, PR & Information Department,
James Griffin, Maureen MacNeill, Scott Laury, Matthew Quinn, Timothy Spence,
Carola Bayer, Andrea Birnbach, Hataichanok Leimlehner, Liane-Sophie Hamamciyan

Oil Market Highlights

Crude Oil Price Movements

Spot crude oil prices rebounded in May from low levels registered a month earlier, as physical market fundamentals improved significantly. The OPEC Reference Basket (ORB) value rose by \$7.51, or 42.5%, m-o-m, to stand at \$25.17/b. Crude oil futures prices also bounced back in May, amid renewed optimism on the outlook of global oil market fundamentals and expectations for a further recovery of oil demand and tightening global supply. ICE Brent increased by \$5.78, or 21.7%, m-o-m to average \$32.41/b, and NYMEX WTI soared by \$11.83, or 70.8%, m-o-m to average \$28.53/b. The contango structure of oil futures prices flattened considerably over the month in all three markets, suggesting that the supply-demand fundamentals are gradually improving. Hedge funds and other money managers turned more positive about the outlook for crude oil prices and continued to raise their combined futures and options net long positions in both ICE Brent and NYMEX WTI contracts.

World Economy

The world economic growth forecast remains unchanged, declining by 3.4% y-o-y in 2020, following global economic growth of 2.9% in 2019. The major economies' forecasts remain unchanged this month, except for India. The US is forecast to contract by 5.2% in 2020, following growth of 2.3% in 2019. An even larger decline of 8.0% is expected in the Euro-zone in 2020, compared to growth of 1.2% in 2019. Japan is forecast to contract by 5.1% in 2020, comparing to growth of 0.7% in 2019. China's 2020 GDP is forecast to grow by 1.3%, following growth of 6.1% in 2019. India's forecast was revised down to decline by 0.8%, a sharp slowdown from downwardly revised growth of 4.9% in 2019. Brazil's economy is forecast to contract by 6.0% in 2020, following growth of 1.1% in 2019. Russia's economy is forecast to contract by 4.5% in 2020, after growth of 1.3% in 2019, not only due to COVID-19, but also because of the considerable decline in oil prices.

World Oil Demand

World oil demand is projected to decrease by 9.1 mb/d in 2020, unchanged from the previous month's assessment. The COVID-19 pandemic has negatively affected global economic activities, eliminating global oil demand growth potential and leading to a y-o-y decline of 6.4 mb/d in 1Q20 and by 17.3 mb/d y-o-y in 2Q20. Transportation fuels are projected to be under pressure during 2020 as lockdowns in various countries particularly the US, Europe, India and the Middle East reduce demand for gasoline and jet fuel, as air travel and distances travelled anticipated to significantly decline compared with a year earlier. Furthermore, decreased manufacturing activities, compared with the previous year, will limit industrial fuel requirements. Petrochemical feedstock is expected to be driven by slower end-user requirements for plastics and plastic products, compared to previous years. Considering the large uncertainties going forward, new data and developments may warrant further revisions in the near term. For 2019, world oil demand growth is kept unchanged at 0.83 mb/d as OECD oil demand declined by 0.10 mb/d while non-OECD oil demand increased by 0.93 mb/d.

World Oil Supply

Non-OPEC liquids production growth in 2020 (including processing gains) is revised up by 0.3 mb/d from the previous month's assessment and is now forecast to decline by 3.2 mb/d y-o-y. The revision is based on oil production estimations for April and May in non-OPEC countries participating in Declaration of Cooperation (DoC). Strong conformity with the voluntary production adjustments by the 10 non-OPEC participating countries in the DoC led to a drop in crude oil output of more than 2.59 mb/d in May, while OPEC-10 cut 6.25 mb/d m-o-m. At the same time, preliminary oil production outside the DoC showed a decrease by 2.0 mb/d in April and furthermore by 0.8 mb/d in May, mainly in the US and Canada. Oil supply in 2020 is forecast to show growth only in Norway, Brazil, Guyana and Australia. Non-OPEC liquids production growth in 2019 was revised up by 0.01 mb/d owing to a minor upward revision in Latin America's production in 4Q19 and is now estimated to have grown by 2.03 mb/d to average 65.03 mb/d for the year. OPEC NGLs are estimated to have declined by 0.08 mb/d y-o-y in 2019 to average 5.26 mb/d, while the preliminary 2020 forecast indicates a decline of 0.03 mb/d to average 5.23 mb/d. OPEC crude oil production in May decreased by 6.30 mb/d m-o-m to average 24.19 mb/d, according to secondary sources.

Product Markets and Refining Operations

Refinery margins globally came under heavy pressure and plummeted to record lows on the back of oil product gluts amid stronger feedstock prices. The middle section of the barrel suffered the most as the manufacturing, freight and distribution systems still operate at reduced rates. Although gasoline markets showed some upside, owing to a gradual recovery in mobility as the pandemic restrictions continue to be eased, this was insufficient to prevent the hard downfall in refining economics.

Tanker Market

Dirty tanker rates in May fell from the high levels seen since mid-March. Production adjustments by OPEC and participating non-OPEC countries, as well as other major producers have eased the pressure seen on demand for VLCCs. A decline in product exports amid COVID-19 lockdowns have also kept clean tanker rates subdued, with both reduced refinery runs and weak product demand limiting cargoes. Floating storage has provided some support to both dirty and clean rates, however, levels are seen to be unwinding faster-than-expected.

Crude and Refined Products Trade

Preliminary data for May shows US crude imports recovering slightly to 6.0 mb/d following the arrival of long-haul volumes from the Middle East. US crude exports remained broadly steady at 3.2 mb/d, although a considerable share was headed to floating storage and oversea inventories. Product exports fell sharply in May, accelerating the decline that started in March, as COVID-19 disruptions constricted product demand in Latin America. After bottoming out at 9.7 mb/d in March, China's crude imports picked up in April, averaging 9.9 mb/d. Preliminary customs data indicates crude imports hit a new record high of 11.3 mb/d in May. Product exports from China reached a new record high of 2.08 mb/d in April, although tanker tracking data points to a sharp fall in exports in the coming months. India's crude imports dipped in April to average 4.2 mb/d, impacted by the government-ordered lockdown over the month. India's product imports experienced a continued decline, weighed down by similar factors, averaging below 1.0 mb/d for the first time this year. India's product exports edged slightly higher in April, as refiners looked to international markets to drain excessively high inventories.

Commercial Stock Movements

Preliminary April data showed that total OECD commercial oil stocks rose by 107.7 mb m-o-m to stand at 3,069 mb. This is 184 mb higher than the same time one year ago and 140.6 mb above the latest five-year average. Within the components, crude and products stocks rose by 58.1 mb and 49.6 mb m-o-m, respectively. OECD crude stocks stood at 57.9 mb above the latest five-year average, while product stocks exhibited a surplus of 82.6 mb compared to the latest five-year average. In terms of days of forward cover, OECD commercial stocks fell by 4.2 days m-o-m in April to stand at 80.7 days. This is 19.9 days above April 2019, and 18.6 days above the latest five-year average.

Balance of Supply and Demand

Demand for OPEC crude in 2019 is revised down by 0.5 mb/d from the previous assessment, standing at 29.4 mb/d, which is 1.1 mb/d lower than the 2018 level. Demand for OPEC crude in 2020 is also revised down by 0.7 mb/d from the previous month, standing at 23.6 mb/d, which is around 5.8 mb/d lower than in the previous year.

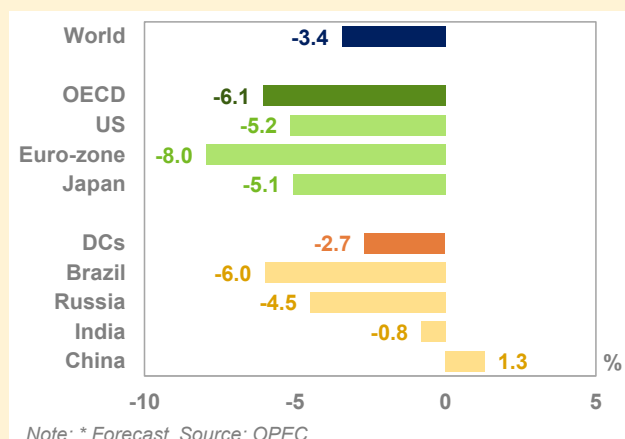
Feature Article

World oil market prospects for the second half of 2020

Following an unprecedented and highly turbulent 1H20 due to the enormous impact of COVID-19 on the global economy and oil market fundamentals, the dust is starting to settle as actual data becomes available for a better and clearer assessment of the damage incurred, and the likely road to recovery.

Available 1Q20 and 2Q20 economic data shows that the major declines in output were mostly due to the severe lockdown measures across the globe. A gradual recovery is forecast as soon as these measures are lifted, which is already taking place in some economies. Consequentially, this is anticipated to have a considerable positive impact on 2H20 growth. The expected rebound will be accompanied and further supported by unprecedented fiscal and monetary stimulus that potentially amounts to around 25% of global GDP. However, the hospitality and leisure sectors, including travel, will remain significantly impaired. Default rates are expected to rise in 2H20 and unemployment is forecast to remain high. Hence, while a recovery is expected to provide some relief to the ongoing downturn, it will not be able to compensate for the significant decline seen in the first half of the year. The anticipated recovery of the oil sector, supported by the efforts of OPEC and non-OPEC oil-producing nations under the Declaration of Cooperation (DoC), will make a further contribution to oil market stabilization and hence global economic development. Indeed, the market has reacted positively to the decisions taken at the 179th OPEC Conference and the 11th OPEC and non-OPEC Ministerial Meeting, held on 6 June 2020, to extend the first phase of the production adjustments pertaining in May and June by one further month. Global growth in 1Q20 is forecast to decline by 3% y-o-y and 2Q20 is estimated to drop by 10% y-o-y, before seeing a recovery in 2H20, leading to almost normal GDP growth levels in 4Q20 of around 3%. For 2020, global economic growth is forecast to decline by 3.4% in 2020 (**Graph 1**).

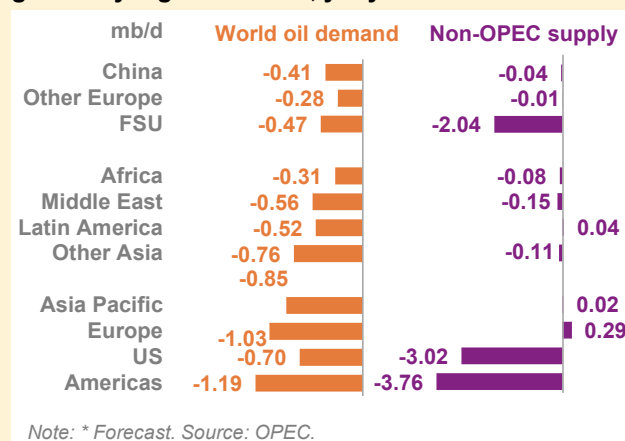
Graph 1: GDP growth in selected countries/regions, 2020*



The anticipated recovery of the oil sector, supported by the efforts of OPEC and non-OPEC oil-producing nations under the Declaration of Cooperation (DoC), will make a further contribution to oil market stabilization and hence global economic development. Indeed, the market has reacted positively to the decisions taken at the 179th OPEC Conference and the 11th OPEC and non-OPEC Ministerial Meeting, held on 6 June 2020, to extend the first phase of the production adjustments pertaining in May and June by one further month. Global growth in 1Q20 is forecast to decline by 3% y-o-y and 2Q20 is estimated to drop by 10% y-o-y, before seeing a recovery in 2H20, leading to almost normal GDP growth levels in 4Q20 of around 3%. For 2020, global economic growth is forecast to decline by 3.4% in 2020 (**Graph 1**).

World oil demand is anticipated to decline by 6.4 mb/d in 2H20 compared with a decline of 11.9 mb/d in 1H20, with a gradual recovery projected until the end of 2020. Transportation fuels are forecast to remain under pressure in 2H20, despite ongoing easing in lockdown measures. Aviation fuel is expected to continue facing challenges, as national and international flights are anticipated to only slowly recover, while teleworking/teleconferencing restricting business travel. Gasoline consumption will also be restrained due to high unemployment in the US and reduced commuting. In addition, industrial fuels continue impacted by global weakness in manufacturing activities. Overall, oil demand in all regions is forecast to contract by 6.4 mb/d in 2H20, mostly in OECD Americas and Europe.

Graph 2: World oil demand and non-OPEC supply growth by region in 2H20*, y-o-y



Non-OPEC oil supply in 2H20 is forecast to decrease by 4.3 mb/d, compared to 1H20, and drop by 6.1 mb/d compared with 2H19. Non-OPEC supply growth in 1H20 is estimated to have slowed by 1.8 mb/d compared with 2H19, due to production outages of 5.1 mb/d in 2Q20. These outages are not only due to production adjustments agreed by the non-OPEC countries participating in the DoC, but also due to production curtailments by North American producers and, to some extent, in Brazil and Norway. Production outages are expected to extend into 2H20, with the largest declines expected in the US and Canada by a combined 2.8 mb/d, while output of the 10 non-OPEC participants in the DoC is forecast to drop by 1.7 mb/d.

The unexpected and unprecedented impact of the COVID-19 pandemic on the world oil market has prompted countries participating in the DoC to take historic action to mitigate the disastrous impact of the unparalleled oil demand destruction and ensuing oil supply glut. Given the large uncertainty in the market, the substantial production adjustments, which are now subject to constant monitoring with regular monthly meetings of the JMMC in 2H20, are extended to July during the 179th OPEC Ministerial Conference and the 11th OPEC and non-OPEC Ministerial Conference on 6 June 2020.

Table of Contents

Oil Market Highlights	iii
Feature Article	v
<i>World oil market prospects for the second half of 2020</i>	<i>v</i>
Crude Oil Price Movements	1
Crude spot prices	1
The oil futures market	3
The futures market structure	5
Crude spreads	6
Commodity Markets	7
Trends in selected commodity markets	7
Investment flows into commodities	8
World Economy	10
Global	10
OECD	12
Non-OECD	16
The impact of the US dollar (USD) and inflation on oil prices	23
World Oil Demand	24
World oil demand in 2019 and 2020	24
OECD	25
Non-OECD	28
World Oil Supply	31
Main monthly revisions	32
Key drivers of growth and decline	32
Non-OPEC liquids production in 2019 and 2020	33
OECD	34
Non-OECD	40
OPEC NGL and non-conventional oils	43
OPEC crude oil production	44
World oil supply	45
Product Markets and Refinery Operations	46
Refinery margins	46
Refinery operations	47
Product markets	47

Tanker Market	52
Spot fixtures	52
Sailings and arrivals	52
Dirty tanker freight rates	53
Clean tanker freight rates	54
Crude and Refined Products Trade	55
US	55
China	56
India	57
Japan	57
OECD Europe	58
FSU	59
Commercial Stock Movements	60
OECD	60
US	61
Japan	62
EU-15 plus Norway	63
Singapore, Amsterdam-Rotterdam-Antwerp (ARA) and Fujairah	64
Balance of Supply and Demand	65
Balance of supply and demand in 2019	65
Balance of supply and demand in 2020	66
Appendix	67
Glossary of Terms	73
Abbreviations	73
Acronyms	73

Crude Oil Price Movements

Spot crude oil prices rebounded in May from the low levels registered in April as physical market fundamentals improved significantly over the month, following the demand shock evidenced in March and April. The oil market was strongly supported by a reduction of the global crude oil surplus, thanks mainly to the historic voluntary production adjustment agreement by OPEC and participating non-OPEC countries in the Declaration of Cooperation (DoC). In May, the OPEC Reference Basket (ORB) increased by \$7.51 to \$25.17/b, on average, up 42.5%.

Crude oil futures prices bounced back in May amid renewed optimism on the global oil market outlook and expectations for a further recovery in oil demand as COVID-19-related lockdown measures were being lifted in many major economies. In May, ICE Brent rose by \$5.78, or 21.7%, to average \$32.41/b, and NYMEX WTI soared by \$11.83, or 70.8%, to average \$28.53/b. Year-to-date (y-t-d), ICE Brent was \$24.37 lower, a drop of 36.5%, at \$42.38/b, while NYMEX WTI was down by \$21.47, or 37.0%, at \$36.50/b, compared with the same period a year earlier. DME Oman crude oil futures prices rose m-o-m by \$9.77 in May, or 40.8%, to settle at \$33.69/b. Y-t-d, DME Oman was lower by \$24.56, or 36.9%, at \$41.96/b.

Hedge funds and other money managers turned increasingly positive about the crude oil price outlook and continued to raise their combined net long positions in futures and options in May for both ICE Brent and NYMEX WTI contracts, according to data from the US CFTC and ICE.

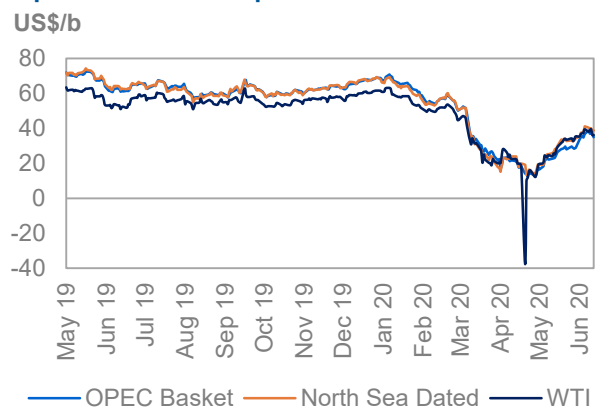
The contango structure of oil futures prices flattened considerably over May in all three main markets, suggesting that supply and demand fundamentals are being perceived to gradually move to a balance, from the unprecedented global oil surplus witnessed in March and April, even as global oil stocks remain elevated.

Sweet/sour crude differentials in May narrowed in both Asia and Europe on expectations of a tightening global sour market after the start of the OPEC and non-OPEC voluntary production adjustments, in addition to a narrow product quality spread between light and heavy distillates. However, in the USGC, the sweet/sour differential was little changed.

Crude spot prices

Spot crude oil prices rebounded in May from the low levels registered in April, as physical market fundamentals improved significantly over the month, following the demand shock registered in March and April. The oil market was strongly supported by a reduction of the global crude oil surplus thanks mainly to the historic voluntary production adjustment agreement by OPEC and participating non-OPEC countries in the DoC. The rebalancing process was also supported by declines in crude oil production in other non-OPEC countries, specifically in North America. All physical crude oil benchmarks increased m-o-m in May, with North Sea Dated and Dubai first-month rising by \$9.98 and \$9.02/b, respectively, or 53.0% and 42.3%, to settle at \$28.81/b and \$30.35/b, while the WTI first month climbed \$12.05, or 72.9%, to settle at \$28.57/b.

Graph 1 - 1: Crude oil price movement



Sources: Argus, OPEC and Platts.

Spot prices also rose on gradual crude demand recovery as some refiners increased their throughputs and returned to the market to purchase crude, amid low loading programmes for May and June, which created lower apparent crude offers. Several refiners started to increase their crude runs, probably encouraged by signs of oil demand recovery and easing of COVID-19 related restrictions that would boost oil demand. These were elevated higher, mainly due to very low global crude oil prices, rather than demand for oil products. The National Bureau of Statistics of China said in mid-May that China's output of crude oil processing volumes rose to 13.16 mb/d in April, from 11.83 mb/d in March, or an increase of about 11%. US refinery runs also showed signs

Crude Oil Price Movements

of recovery with crude oil inputs into refineries increasing from 12.38 mb/d in the week of 10 May to 13.5 mb/d in the week ending 5 June, a rise of 1.1 mb/d, or 9%, according to EIA data.

The spread between physical benchmark North Sea Dated and the futures benchmark ICE Brent narrowed significantly in May to \$3.60/b, compared to \$7.80/b in April, mirroring the easing crude oil surplus in the physical market amid a reduction of the large volumes of unsold cargoes in the Atlantic Basin recorded the previous month.

Crude differentials for almost all crude qualities strengthened in May, buoyed by lower June loading programmes in the Middle East, West Africa, Mediterranean, and Northwest Europe, as well as lower crude supply from the US. North Sea crude differentials increased from last month's lows, supported by healthy regional demand and the lower availability of similar grades in the Mediterranean, West Africa, and Russia as the participating countries in the DoC implemented the considerable production adjustments on 1 May. Mediterranean and West African crude differentials also strengthened and most medium and light sweet grades rose to a premium against North Sea Dated amid lower availability for June loading. The Middle East sour grades also rose firmly in May on expectations of a tightening sour market and a return of demand from Asian refiners, particularly in China and OECD countries, like Japan.

OPEC Reference Basket (ORB)

The ORB value rebounded in May, the first monthly increase since December 2019, reflecting gains in major benchmarks, as global oil supply declined and demand for crude oil started to gradually improve amid the easing of COVID-19 related constraints. On a monthly basis, the ORB increased \$7.51 to \$25.17/b, up by 42.5%. However, compared to the previous year, the y-t-d ORB was down 39.9%, from a \$65.96/b value in 2019 to an average \$39.65/b this year. All ORB component values rose sharply in May on higher related crude benchmarks and a jump in crude differentials for almost all grades as the market overhang eased.

Table 1 - 1: OPEC Reference Basket and selected crudes, US\$/b

	Apr 20	May 20	Change		Year-to-date	
			May/Apr	%	2019	2020
OPEC Reference Basket	17.66	25.17	7.51	42.5	65.96	39.65
Arab Light	18.27	24.99	6.72	36.8	66.93	40.64
Basrah Light	16.82	24.73	7.91	47.0	65.57	38.89
Bonny Light	15.54	24.86	9.32	60.0	67.73	39.65
Djeno	11.91	21.36	9.45	79.3	63.73	36.10
Es Sider	14.58	24.56	9.98	68.4	65.54	38.13
Girassol	14.70	28.62	13.92	94.7	67.70	39.80
Iran Heavy	17.16	23.55	6.39	37.2	63.68	37.98
Kuwait Export	17.22	24.54	7.32	42.5	66.15	39.76
Merey	7.04	16.33	9.29	132.0	56.52	27.00
Murban	23.94	28.23	4.29	17.9	67.14	42.34
Rabi Light	13.30	26.08	12.78	96.1	65.58	36.83
Sahara Blend	17.08	26.31	9.23	54.0	66.50	40.31
Zafiro	13.40	26.76	13.36	99.7	67.43	38.74
Other Crudes						
North Sea Dated	18.83	28.81	9.98	53.0	66.33	39.74
Dubai	21.33	30.35	9.02	42.3	66.21	40.89
Isthmus	7.78	25.17	17.39	223.5	65.58	32.14
LLS	19.76	31.56	11.80	59.7	65.43	39.22
Mars	18.65	30.39	11.74	62.9	63.88	37.20
Minas	24.24	29.66	5.42	22.4	60.77	40.46
Urals	16.61	30.65	14.04	84.5	66.89	39.01
WTI	16.52	28.57	12.05	72.9	57.90	36.71
Differentials						
North Sea Dated/WTI	2.31	0.24	-2.07	-	8.44	3.03
North Sea Dated/LLS	-0.93	-2.75	-1.82	-	0.90	0.52
North Sea Dated/Dubai	-2.50	-1.54	0.96	-	0.12	-1.15

Sources: Argus, Direct Communication, OPEC and Platts.

The oil futures market

After four consecutive months of sharp declines, crude oil futures prices bounced back in May from the low levels recorded a month earlier. This was amid renewed optimism on the outlook for global oil market fundamentals that were severely impacted by an unprecedented oil demand shock and global economic contraction due to the COVID-19 pandemic. ICE Brent and NYMEX WTI rose respectively m-o-m in May by \$5.78 and \$11.83, to average \$32.41/b and \$28.53/b.

Oil futures prices witnessed a recovery since early May on the back of optimism that global oil market fundamentals would improve faster than expected after several European and Asian countries, along with a number of US states, started to ease COVID-19 lockdown measures. Investors' optimism was particularly bolstered on signs of a recovery in activity in countries such as China, with the country's services sector growing in May for the first time since January. The Caixin/Markit services Purchasing Managers' Index rose to 55.0 in May from 44.4 in April. Additionally, data showed a recovery in Chinese crude demand and refinery runs in April and May. The oil market continued to strengthen as the historic voluntary production adjustments from OPEC and non-OPEC producers in the DoC took effect on 1 May, and several major OPEC producers announced further voluntary supply adjustments for June, in order to accelerate the oil market rebalancing process. Furthermore, non-OPEC oil supply was expected to tighten more than expected, particularly in the US, with more US oil producers announcing oil production curtailments in May. The US active oil rig count continued to decline sharply, falling by 477 units, or 70%, since mid-March, to only 206 units in the week to 5 June, a consecutive twelve-week drop.

Oil prices consolidated gains in the first week of June and maintained an upward trend to reach their highest value in about three months. Oil prices were supported by optimism on further improving oil market fundamentals and an easing oil surplus in the market, as well as an improving global oil demand picture as COVID-19-related lockdown measures continue to be lifted in many major economies. However, the oil price rally was limited as the market remained cautious about the continuing spread of the COVID-19 pandemic, increasing infection numbers in some countries and concerns about a potential second wave of infections, with infection rates rising in some cities where lockdowns measures had been eased. Furthermore, an elevated level of global oil stocks and the high availability of oil products, as well as rising tensions between the US and China, limited gains.

Table 1 - 2: Crude oil futures, US\$/b

	Apr 20	May 20	Change		Year-to-date	
			May/Apr	%	2019	2020
Future crude						
NYMEX WTI	16.70	28.53	11.83	70.8	57.97	36.50
ICE Brent	26.63	32.41	5.78	21.7	66.75	42.38
DME Oman	23.93	33.76	9.84	41.1	66.52	41.89
Spread						
ICE Brent-NYMEX WTI	9.93	3.88	-6.05	-60.9	8.78	5.88

Note: Totals may not add up due to independent rounding.

Sources: CME, DME, ICE and OPEC.

In May, **ICE Brent** rose by \$5.78, or 21.7%, to average \$32.41/b, and **NYMEX WTI** increased by \$11.83, or 70.8%, to average \$28.53/b. Y-t-d, ICE Brent was \$24.37 lower at \$42.38/b, a drop of 36.5%, while NYMEX WTI was lower by \$21.47, or 37.0%, at \$36.50/b, compared with the same period a year earlier. **DME Oman** crude oil futures prices rose m-o-m in May by \$9.84, or 41.1%, to settle at \$33.76/b. Y-t-d, DME Oman was lower by \$24.63, or 37.0%, at \$41.89/b.

On 16 June, ICE Brent stood at \$40.96/b and NYMEX WTI at \$38.38/b.

The **ICE Brent/NYMEX WTI spread** narrowed sharply in May and recovered to levels registered in February and March, to below \$4/b on average. It even narrowed to below \$2/b in the second half of May, after the NYMEX WTI value recovered from the low levels registered in April. The sharp decline in the NYMEX WTI first month, which plunged to a dramatic negative level on 20 April, largely contributed to the widening of the transatlantic spread in that month. In May, NYMEX WTI strengthened against ICE Brent as the congestion in the US oil market eased following a faster than expected decline in US drilling activity and US oil supply, and signs of some oil demand recovery. The ICE Brent/NYMEX WTI spread fell \$6.05 m-o-m to average \$3.88/b in May, compared to \$9.93/b in April.

Crude Oil Price Movements

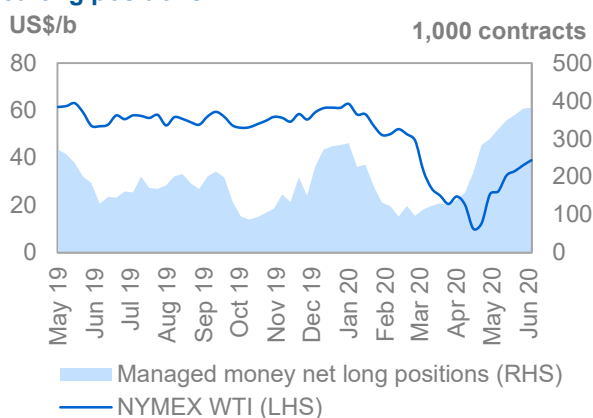
The spread between North Sea Dated and WTI Cushing first month also narrowed by \$2.07 to only 24¢/b, as the WTI value was supported by the easing oil surplus around Cushing and a continued decline of crude oil stocks at the hub by 14 mb for four consecutive weeks to the week of 29 May.

Hedge funds and other money managers turned more positive about the outlook for crude oil prices and continued to raise their net long positions in combined futures and options in May for both ICE Brent and NYMEX WTI contracts, according to data from the US CFTC and ICE. Speculators held combined net long positions in the two main crude oil futures and options contracts (ICE Brent and NYMEX WTI) that amounted to about 552 mb in the week to 2 June. Although the combined net long positions have increased from the recent lows in March, the rise of net long positions was concentrated mainly in NYMEX WTI rather than in ICE Brent.

Net long positions in ICE Brent continued to increase in May, amid further signs of improving global oil market fundamentals. Speculative net long positions in ICE Brent futures and options rose by 21%, or 30,070 contracts, over four weeks in May to 173,196 lots in the week of 26 May, ICE data showed. Short bets fell by 32.8%, or 29,837 contracts, to 61,003 contracts, the lowest level since July 2019, while long bets rose by only 0.1%, or 233, to 234,199 lots. Nonetheless, net long positions declined slightly in the week to 2 June, to 171,482 contracts.

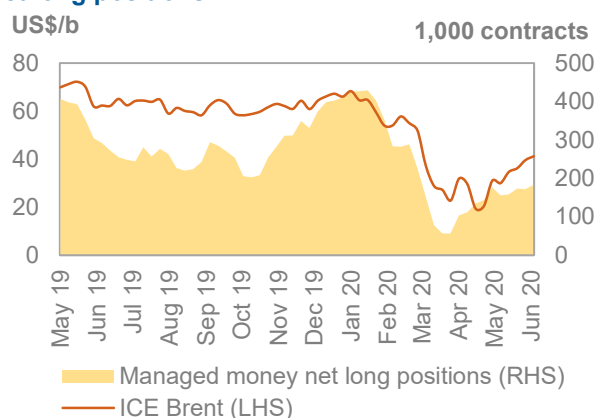
Speculators raised **net long positions** in **WTI** in May to the highest level in more than a year, betting on further oil price recovery as US oil production was expected to contract further amid a large drop in drilling activity. In addition, positive signs were also seen in an improved demand outlook after several US states lifted or eased COVID-19 restrictions. Money managers further increased their net long positions in NYMEX WTI by 28%, or 79,426 contracts, to stand at 362,724 lots in the week to 26 May. This is due to a rise of 64,963 lots in long positions, and a drop of 14,463 contracts in short positions, according to the CFTC. Net long positions continued to increase in the week to 02 June, to reach 380,107 contracts.

Graph 1 - 2: NYMEX WTI vs. Managed Money net long positions



Sources: CFTC, CME and OPEC.

Graph 1 - 3: ICE Brent vs. Managed Money net long positions



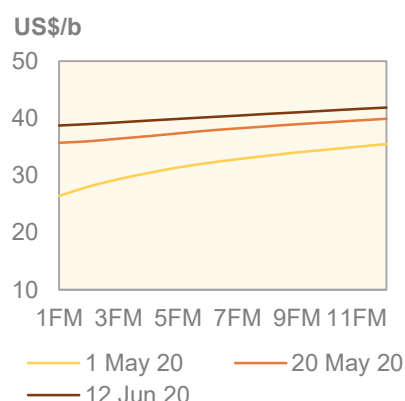
Sources: ICE and OPEC.

Consequently, the long-to-short ratio of speculative positions in the ICE Brent contract increased in early June to 4:1, compared with 3:1 in late April. The NYMEX WTI long-to-short ratio rose to about 9:1 contracts in early June, compared with 5:1 in late April. Total futures and options open interest volume on the two exchanges fell by 11%, or 730,587 contracts in May, to stand at 6.1 million contracts in the week ending 2 June.

The futures market structure

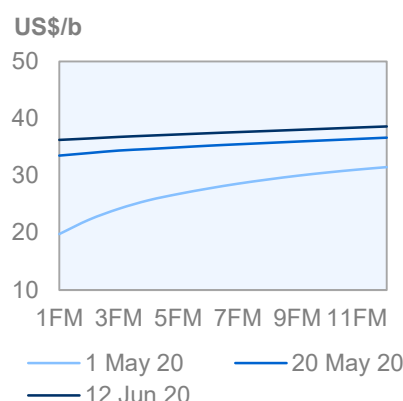
The **contango structure** of oil futures prices flattened considerably over May in all three markets, suggesting that supply-demand fundamentals are gradually returning to balance, from an unprecedented global oil surplus witnessed in March and April, even as global oil stocks remain elevated.

Graph 1 - 4: ICE Brent forward curves



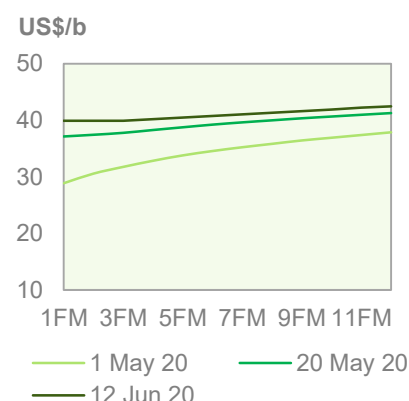
Sources: ICE and OPEC.

Graph 1 - 5: NYMEX WTI forward curves



Sources: CME and OPEC.

Graph 1 - 6: DME Oman forward curves



Sources: DME and OPEC.

The **ICE Brent** contango structure eased significantly over the month, amid improving prompt demand from Asian and European refiners, and a reduction of unsold volumes in the Atlantic Basin and the Mediterranean. The OPEC and non-OPEC voluntary production adjustments that began on 1 May, as well as production declines in other non-OPEC producing countries, strongly contributed to easing the large market surplus and narrowing the contango structure from the deep contango recorded back in April. The ICE Brent M1/M3 contango narrowed from about \$3/b in late April to about \$1/b in the last week of May, and the spread continued to tighten further in the first week of June to lower than 50¢/b on the further easing of the oil market surplus.

In the US, the **NYMEX WTI** contango narrowed remarkably in May with the first-to-third month spread falling in late May to below \$1/b, compared to as wide as \$9/b in late April. The flattening of the contango term structure came amid an easing US market overhang, particularly in PADD2 and PADD3, after US oil production witnessed a faster than expected decline, in addition to prospects for further declines in the coming months as drilling activity continued to weaken. Furthermore, crude oil stocks in Cushing Oklahoma, the delivery point for WTI futures contract, saw a fourth consecutive weekly drop to 51.7 mb in the week to 29 May.

Similarly, the structure of **DME Oman** flattened and moved to a shallow contango as prompt prices strengthened on firm demand for Middle East crude cargoes in the spot market in May amid increasing Asian refinery runs, specifically in China, and the expectation of lower loading programmes in May, June and July. The OPEC and non-OPEC voluntary production adjustments supported the sour market, as most of the supply adjustment from the Middle East and Russia concerns sour crude. DME Oman M1/M3 narrowed to a contango of about \$1/b in the second half of May and fell further in the first week of June.

The **contango in forward prices for spot benchmarks** narrowed significantly in May on a reduction of the large surplus registered in April, after producing countries in the DoC began production adjustments on 1 May with high conformity levels, in addition to the gradual recovery of crude demand from refiners and increasing refinery runs.

Regarding the **M1/M3 structure**, the North Sea M1/M3 contango narrowed in May on a monthly average by \$5.00 to \$1.43/b. In the US, the WTI M1/M3 contango narrowed in May by \$8.90 to \$1.66/b, compared to a contango of \$10.56/b in April. The Dubai M1/M3 contango also narrowed, falling by \$5.69 to \$2.53/b on a monthly average.

Crude spreads

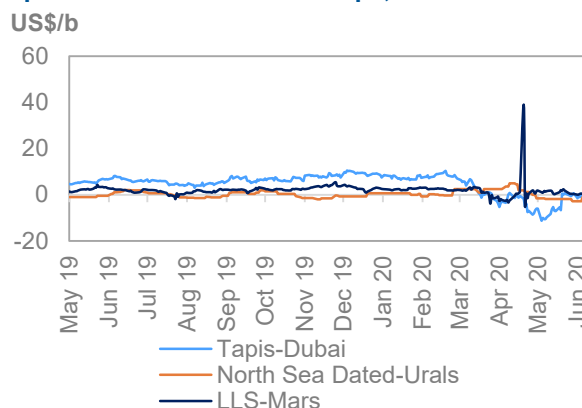
Sweet/sour crude differentials narrowed in May in Asia and in Europe on the expectation of a tightening global sour market, in addition to a narrowing products quality spread between light and heavy distillates, and weak light distillate cracks. However, in the USGC, the sweet/sour differential was little changed.

In **Europe**, the value of sour crude strengthened over May on lower availability, after Russia decided to adjust its production lower by 2.5 mb/d in May and June. The Urals-Dated spread rose in late May to a premium of \$2.8/b, compared to a discount of about \$5/b in mid-April. The prospect of the lower availability of Urals and expected lower flows of similar grades from other regions pushed buyers to increase offers to secure volumes. Robust margins of high sulphur fuel oil in Europe added support to the Urals value. Nonetheless, weak European refining margins and low refinery runs, as well as expected lower refinery throughput in Russia, limited gains in Urals. On a monthly average, the premium of North Sea Dated to Urals fell and turned to a discount of \$1.84/b in May, narrowing by \$4.06.

In **Asia**, the value of Dubai sour crude continued to price at a premium against Tapis, and the spread widened further in May on tighter sour crude supply from Middle East producers and a pick-up in demand from Asian refiners. The Tapis-Dubai spread declined further in May to a discount of \$5.13/b, compared with a discount of \$3.52/b in April, a drop of \$1.61 m-o-m. The Brent-Dubai spread also narrowed in May by 96¢ to average a discount of \$1.54/b.

In the **USGC**, the premium of t Light Louisiana Sweet (LLS) over medium sour Mars remained narrow to about \$1/b in May. This was almost unchanged m-o-m, at an average of \$1.17/b, an increase of 6¢. The Mars crude value was underpinned by the gradual recovery of demand from refiners in the USGC and strengthening distillate margins.

Graph 1 - 7: Differential in Europe, Asia and USGC



Sources: Argus, OPEC and Platts.

Commodity Markets

Energy commodity prices were mixed with a large rebound in crude oil and mixed developments in natural gas, while coal prices declined. Natural gas hub-based prices fell sharply in Europe with record level inventories for the season, and were below US prices limiting US LNG exports to Europe in the short term. Coal prices also fell as Chinese coal production increased for the third consecutive month.

Base metals recovered after three months of declines, following the recovery in Industrial activities in China and improving sentiment in financial markets. In the group of precious metals, gold prices continued to rise as in the previous month on the back of lower real interest rates.

Trends in selected commodity markets

The **energy price index** rose by around 32% m-o-m in May, mainly as a result of the recovery in crude oil prices. It was down by 37.1% in the January-May period compared to the same month in 2019.

The **non-energy index** fell m-o-m by 0.7%, mainly due to the recovery in metals, while agricultural commodities retreated. Compared to the January-May 2019 period, the non-energy index was down by 3.3% over the first five months of 2020.

Table 2 - 1: Commodity prices

Commodity	Unit	Monthly averages			% Change May 20/Apr 20	Year-to-date	
		Mar 20	Apr 20	May 20		2019	2020
Energy*	Index	42.1	29.4	38.8	32.2	79.4	49.9
Coal, Australia	US\$/mt	66.7	58.6	52.5	-10.4	91.2	63.0
Crude oil, average	US\$/b	32.2	21.0	30.4	44.4	63.4	39.7
Natural gas, US	US\$/mbtu	1.8	1.7	1.8	0.8	2.8	1.8
Natural gas, Europe	US\$/mbtu	2.7	2.1	1.6	-25.7	5.5	2.6
Non-energy*	Index	78.2	76.2	76.8	0.7	82.0	79.3
Base metal*	Index	70.5	67.3	68.9	2.4	83.7	72.6
Precious metals*	Index	116.6	122.6	125.9	2.7	98.4	120.7

Note: * World Bank commodity price indices (2010 = 100).

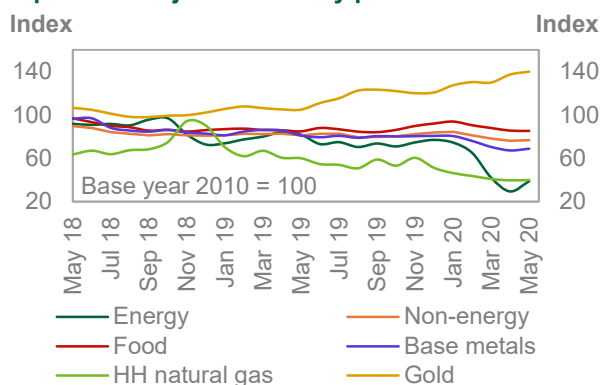
Sources: World Bank and OPEC.

In May, the **Henry Hub natural gas index** rose on average by 0.8% to \$1.74/mmbtu. Prices traded sideways, with a recovery in power generation demand and lower crude oil production providing support, however, inventories were at comfortable levels and price differentials made LNG exports linked to Henry Hub uneconomical. According to the US Energy Information Administration's (EIA) storage report, utilities added 102 bcf to working gas underground storage during the week ending 29 May. This injection left total working gas in underground storage at 2,714 bcf, which was 19% above the five year average.

Natural gas prices in Europe plunged again in May with the average **Title Transfer Facility price** down by 26% to 1.58/mmbtu. Inventories ended the month around 73% full, according to Gas Infrastructure Europe, compared to 60% last year. As mentioned in previous reports, lower demand due to COVID-19 related lockdowns added to already high inventories due to warmer-than-average winter temperatures. Inventories were at their highest recorded levels for this time of the year, and with the summer months ahead, storage limitations could be reached sooner than anticipated despite lower-than-expected LNG exports to the EU due to low prices.

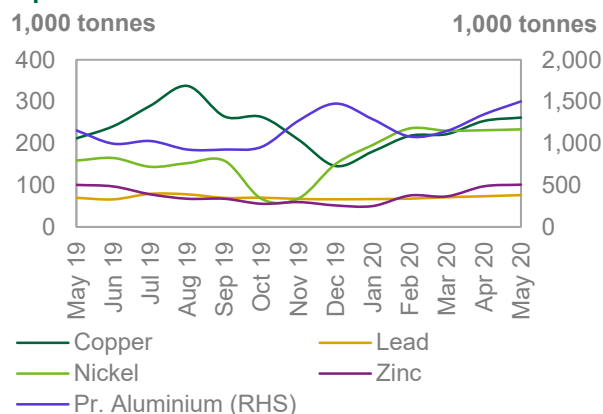
Australian thermal coal prices declined m-o-m in May by 10.4% to average \$52.5/mt. As in the previous month, the drop mainly reflected the recovery in raw coal output in China. According to the China National Bureau of Statistics, coal production was higher by 0.9% y-o-y in the January-May period. Meanwhile, thermal power output rose strongly by 9% y-o-y in May, but it's still down by 3.1% in the January-May period. Production imports dropped by around 29% m-o-m, although they still remained robust y-o-y for the January-May period, up by around 16.8%.

Graph 2 - 1: Major commodity price indices



Sources: World Bank; S&P Goldman Sachs; Haver Analytics and OPEC.

Graph 2 - 2: Inventories at the LME



Sources: LME, Thomson Reuters and OPEC.

The **base metal price index** rose on average m-o-m by 2.4% in May, as in the previous month, following a recovery in industrial activity in China and increasing financial market optimism amid receding risk aversion.

Average monthly **copper prices** rose by 3.6% to 5,239.8/mt in May, mainly on improving investor sentiment, however, the physical market appeared to signal some weakness ahead. According to International Copper Study Group estimates, the refined copper balance (adjusted for unreported Chinese inventories) in January-February 2020 showed a surplus of around 220,000 tonnes, after showing a deficit of around 520,000 tonnes in 2019. Most recently, the end of month inventories at London Metal Exchange (LME)-designated warehouses rose over the month to 261,800 tonnes from 253,700 tonnes at the end of April, signalling some additional physical market softening.

Iron ore prices rose on average by 11% in May to around \$93.7/mt. Prices were supported again by falling stockpiles in China as a result of an increase in steel making activity. Crude steel output in China was up by 1.3% y-o-y in the first four months according to the World Steel Association. Reports of potential lower output from Brazil due to restrictions imposed on mining operations as a result of COVID-19 also supported prices. Chinese imports declined by 9% y-o-y in May but were still up by 5.1% y-o-y in the January-May period.

In the group of **precious metals**, gold was up by 1.9% following lower real interest rates during month. Gold rose by around 16% since last December.

Investment flows into commodities

Open interest (OI) increased on average in May for selected US commodity futures, such as for natural gas and precious metals, but it declined for copper and crude oil. On average, speculative net long positions increased for natural gas, copper and crude oil but decreased for precious metals.

Table 2 - 2: CFTC data on non-commercial positions, 1,000 contracts

Selected commodity	Open interest		Net length			
	Apr 20	May 20	Apr 20	% OI	May 20	% OI
Crude oil	2,309	2,197	235	10	354	16
Natural gas	1,219	1,245	-15	-1	13	1
Precious metals	631	653	165	26	142	22
Copper	182	169	-22	-12	-11	-6
Total	4,341	4,264	208	22	225	31

Note: Data on this table is based on monthly average.

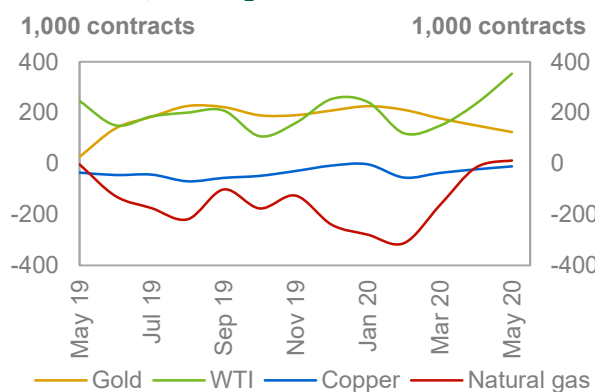
Sources: CFTC and OPEC.

Henry Hub's natural gas OI increased by 2.1% m-o-m in May as money managers switched to a net long positions of around 12,780 lots from a net short of 15,019 contracts in April. As in the previous month, support came from the expectation of a reduction in natural gas production.

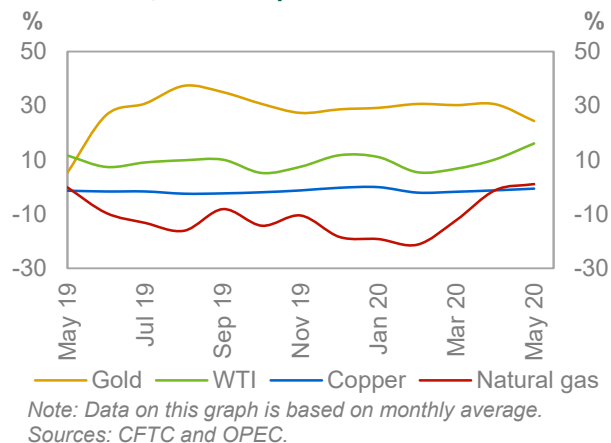
Copper's OI decreased by 7% in May. Money managers decreased their net short positions further to just 10,700 contracts from 22,479 contracts in April on recovering manufacturing activities in China and improving financial market sentiment.

Precious metals' OI rose by 3.5% in April. Money managers decreased their net long positions by 14% to 141,897 from 165,188 contracts the previous month. Money managers remained bullish for gold on declining real interest rates.

Graph 2 - 3: Money managers' activity in key commodities, net length



Graph 2 - 4: Money managers' activity in key commodities, as % of open interest



World Economy

After weak 1Q20 GDP growth in most economies, the slow-down of the global economy has continued into 2Q20, with large decline rates in most economies. The lockdowns across the globe led to a standstill in some important parts of the global economy. The ongoing easing of these measures has already led to some tentative improvements, heralding the anticipated recovery, carrying over into 3Q20. However, in some emerging economies, mainly Brazil, Russia and India, the recovery is forecast to materialise somewhat later in 3Q20. Despite these developments and the magnitude of the large and continuously increasing fiscal and monetary stimulus measures, the large decline from the 1H20 will not be fully compensated for. Full year growth is forecast to decline by 3.4% in 2020, unchanged from the previous month's estimate. Furthermore downside risks continue to prevail. Beyond immediate issues related to COVID-19, debt-related issues, political disputes including Brexit and the US-China trade related issues, and mounting social instability may add to a relatively long list of ongoing uncertainties. Given the fragile situation in the global economy, the recovery of the oil sector, supported by the efforts of OPEC and non-OPEC oil-producing nations to rebalance the market, is of even greater importance to further buoy global economic developments

OECD growth for 2020 is unchanged to stand at -6.1%. In emerging economies GDP growth forecasts remain broadly unchanged this month, with the exception of India's GDP growth forecast. After a downward revision of India's 2019 GDP growth to 4.9%, from 5.3% in the previous month, the 2020 growth forecast was revised down to -0.8%, negatively impacted by the lockdown measures. This compares to the previous month's estimate of -0.2%.

Table 3 - 1: Economic growth rate and revision, 2019-2020*, %

	World	OECD	US	Euro-zone	UK	Japan	China	India	Brazil	Russia
2019	2.9	1.7	2.3	1.2	1.4	0.7	6.1	4.9	1.1	1.3
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	0.1	-0.1
2020	-3.4	-6.1	-5.2	-8.0	-8.5	-5.1	1.3	-0.8	-6.0	-4.5
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.6	0.0	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

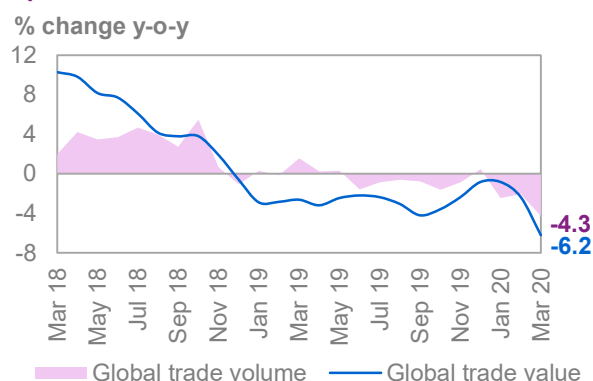
Global

Update on latest developments

The latest available economic data has highlighted that 1Q20 GDP growth was severely negatively impacted in most major economies by the lockdown measures, at varying degrees and dependent on their stringency. The decline in global growth is forecast to peak in 2Q20. Major economies have already started to ease the lockdown measures over the past weeks, at a time when infection rates have improved in some parts of the world. This development also fuelled a recovery in asset markets and most markets have significantly rebounded since the trough levels of February and March. This recovery has been fuelled by the anticipation of a cyclical recovery that is forecast to take hold in 2H20. Furthermore, the massive governmental-led stimulus measures across the globe are anticipated to contribute to a 2H20 recovery. Moreover and importantly, the recovery of the oil sector, supported by the efforts of OPEC and non-OPEC oil-producing nations to rebalance the market, is an important contributor to further buoying global economic developments as well. In the meantime, the improvements in the US unemployment rate was a very important element to support market confidence, in addition to rising fiscal and monetary stimulus measures – in especially the Euro-zone – which have further supported global confidence levels.

Global trade, constituting a very important support factor in the global economy, remains subdued. Additionally, it seems that last-years' trade dispute between the US and China may continue, given the ongoing tensions. This, in combination with COVID-19 and an increasing tendency toward local sourcing, was certainly not helpful to this important element of the global economy. Global trade volumes declined by 4.3% y-o-y in March. This is the worst performance since the Global Financial Crisis in 2008/2009. Trade in value terms was negative as well, falling by 6.2% y-o-y in March.

Graph 3 - 1: Global trade



Sources: Netherlands Bureau for Economic Policy Analysis, Haver Analytics and OPEC.

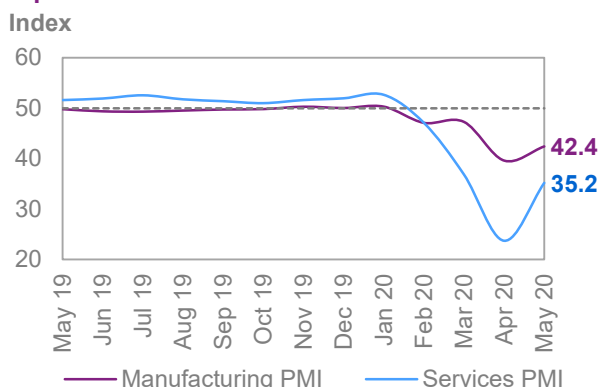
Near-term expectations

The positive development in asset markets and the US labour market, but also the increase in the Euro-zone's fiscal and monetary stimulus measures, are all elements that are pointing at the anticipated recovery in 2H20. The underlying key assumption has not changed that the impact of COVID-19-related developments outside of China will continue well into 2Q20, with most regions forecast to see a slowdown through 2Q20, recovering only towards the second half of 3Q20. Importantly, this assumes that the pandemic is widely contained by 3Q20 and that lockdown measures will be reduced to a large extent on a global basis, especially in the major economies. China's trajectory is forecast to see a sharp deceleration in 1Q20, and to a lesser extent in 2Q20, before recovering in 2H20. By 4Q20, global activity is assumed to have almost normalized. Despite the fact that there is a very clear base-effect in 2H20 and given the stimulus measures are vast and unprecedented, the recovery will not be of such a magnitude that it will compensate for the decline from 1H20. However, after the lockdown measures have severely negatively impacted 1H20, the easing of these measures will lead to a recovery. The depth and magnitude of the recovery remains uncertain as defaults may rise beyond the current expectations and also the labour market situation may not recover as quickly as anticipated. 2Q20 decline rates are forecast to be significantly larger than in 1Q20. While on a yearly base 1Q20 global growth is forecast to decline by almost 3% y-o-y, the 2Q20 decline is estimated at 10% y-o-y, before seeing a recovery in 2H20, leading to almost normal GDP growth levels in 4Q20.

Global trade is forecast to remain negatively impacted by the ongoing US-centred trade disputes, especially in China, and the trend in domestic sourcing and the replacement of international supply chains by domestic business may also cause a negative impact. Global travel remains very much curtailed, hence the forecast of goods and services traded declines sharply in 2020 by more than 10%, unchanged from the previous month. As US-China trade tensions are still high, it remains to be seen to which extent China will honour its obligations regarding US imports under Phase 1 of the trade deal. While, in value terms, a sharp decline is forecast to materialise in global trade in 2020 and particularly in 1H20, given the severe decline in commodity prices, especially oil, the ongoing OPEC+ actions are forecast to lead to a recovery in 2H20.

Global purchasing managers' indices (PMIs) in May have already reflected some recovery from the trough levels in April, especially in the badly hit services sector. The global manufacturing PMI rose to stand at 42.4, compared with 39.6 in April. The services sector PMI recovered very significantly to a level of 35.2, after a level in April of 23.7.

Graph 3 - 2: Global PMI



Sources: JP Morgan, IHS Markit, Haver Analytics and OPEC.

Global purchasing managers' indices (PMIs) in May have already reflected some recovery from the trough levels in April, especially in the badly hit services sector. The global manufacturing PMI rose to stand at 42.4, compared with 39.6 in April. The services sector PMI recovered very significantly to a level of 35.2, after a level in April of 23.7.

Table 3 - 2: World economic growth rate and revision, 2019-2020*, %

	World
2019	2.9
Change from previous month	0.0
2020	-3.4
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

OECD

OECD Americas

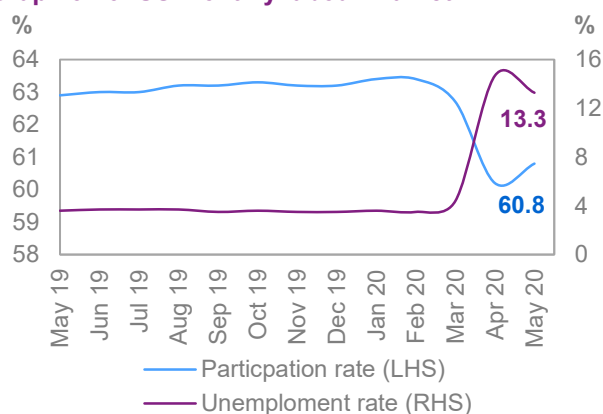
US

Update on the latest developments

As the lockdown measures and other COVID-19 regulations have started being lifted, a tentative recovery seems to be taking hold at the end of the current quarter, with some carry-over into 3Q20 expected. Significantly, the dire labour market situation seems to improve in line with the historical experiences of swift recoveries in the unemployment rate after having reached peak-level. However, it remains to be seen if this is a temporary recovery in the labour market or if an underlying recovery has already started. In the meantime, it was confirmed that 1Q20 GDP largely declined. While lockdown measures in the US only started in March and most of 1Q20 saw little domestic impact from COVID-19, GDP growth was reported at -5.0% q-o-q seasonally adjusted annualised rate (SAAR) in the second announcement of quarterly growth rates by the Bureau of Economic Analysis (BEA). This compares to the initial estimate of -4.8%. Private household consumption declined by -6.8% q-o-q SAAR, investments declined by a staggering -10.8% q-o-q SAAR. This major decline in investments was also very much impacted by the declines in the energy sector, among others. While the labour market saw some surprising improvements, the situation remains fragile with jobless claims now having reached more than 40 million since the onset of the COVID-19 crisis. Consequently, consumer confidence, as measured by the Conference Board, remains at a very low level and is almost unchanged in May at an index level of 86.6, compared with 85.7 in April. This is a large decline, when compared with a March level of 118.8. In the meantime, unprecedented monetary and fiscal stimulus have been enacted to counterbalance the negative effects of the current crisis. Particularly the monetary stimulus by the Federal Reserve (Fed) has supplied the economy and asset markets with ongoing support. This has lifted stock markets and other asset markets significantly, so that they were able to recover most of the COVID-19-related decline.

While the US economy still suffers from the various forms of the COVID-19 related impact the labour market has shown signals of a partial recovery. It remains to be seen if this is a temporary rebound, but such a development would be in line with past incidences of quick and sharp declines in employment. In May, the unemployment rate improved to stand at 13.3%. Compared with 14.7% in April, this still constitutes a much higher level, in contrast to the January level of 3.6%. This reflects the dramatic and extremely quick deterioration of the US economy that occurred in 2Q20. Non-farm payrolls increased by 2.509 million in May. This compares with a decline of 20.687 million in April.

Graph 3 - 3: US monthly labour market



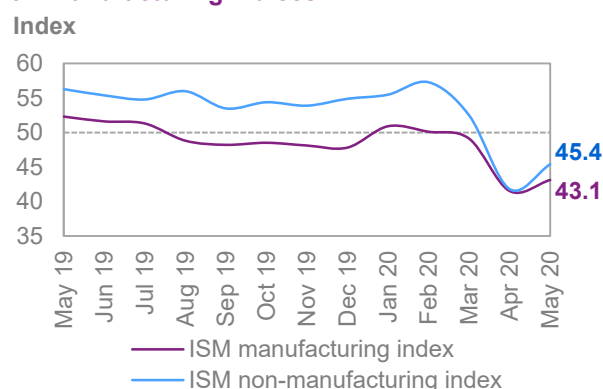
Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

With the support of the labour market and a recovery in business sentiment, also accompanied by the strong recovery in asset markets and the robustness of the housing sector, a rebound from the very low 1H20 activity levels in 2H20 is forecast, unchanged from last month. The anticipated recovery of the oil market will further fuel a recovery. The recently extended OPEC+ efforts to rebalance the oil market are forecast to benefit the US economy through less volatility. This is forecast to not only lift output values and support job creation in the ailing energy sector, but should also lead to at least some rebound in energy sector-related investments. The 1Q20 GDP decline stood at 5.0% q-o-q SAAR, and 2Q20 GDP growth is forecast to contract by 34.6% q-o-q SAAR, a slightly better forecast compared with the last month, given some improvements in the labour market towards the end of the current quarter. While infection rates are still rising around 1% and slightly above 1% in the US, the easing of lockdown measures progresses, which is expected to lead to an improving economy in the very near-term. The rebound is expected to be particularly fuelled by rising consumption and investment. As inflation levels are forecast to remain well below the Fed's envisaged target level of around 2% in the coming months, monetary stimulus measures are expected to continue at the current elevated level.

Given the ongoing slowdown, the PMIs were expected to fall further in May before rebounding amid the easing of ongoing lockdown measures. Positively, some of the economy's rebound is already reflected in the May PMI levels, as provided by the Institute for Supply Management (ISM). The manufacturing PMI rose back to 43.1 in May from 41.5 in April. The services sector index moved back to 45.4, compared with 41.8 in April.

Graph 3 - 4: US-ISM manufacturing and non-manufacturing indices



Sources: Institute for Supply Management and Haver Analytics.

The annual GDP growth forecast for 2020 remains unchanged. After an already significant slowdown in 1Q20, it is forecast that the COVID-19 impact will peak in 2Q20, causing a decline of 5.2% in 2020. Downside risk prevails and given that the infection rates in the US are still on the rise above 1%, much will depend on how the COVID-19 situation develops. However, potential upside may also materialise if the virus's impact lessens and current improvements in the labour market continue. Moreover more stimulus measures and liquidity injections could push growth up more than is currently accounted for in the forecast.

Table 3 - 3: US economic growth rate and revision, 2019-2020*, %

	US
2019	2.3
Change from previous month	0.0
2020	-5.2
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

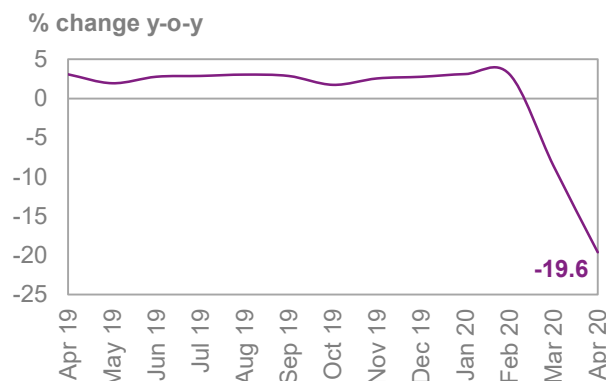
OECD Europe

Euro-zone

Update on the latest developments

The Euro-zone remains embattled by COVID-19. Both the decline of domestic demand and external trade from 1Q20 continued into 2Q20. On a positive note, the easing of lockdown measures in all economies has started and will provide the base for a recovery in 2H20, assuming that COVID-19 will be contained. Euro-zone GDP growth for 1Q20 was confirmed at -3.8% q-o-q seasonally adjusted (SA). With many support measures in place for the labour market, the unemployment rate in the Euro-zone remained at a relatively modest level until now. The latest available June number that was reported by Eurostat points at only a slight increase in the unemployment rate to 7.3% from 7.1% in May. However, it remains to be seen how and to what extent the ongoing labour market support mechanism, especially in the large economies of Germany, France, Italy and Spain will continue and if it could be kept at this level or if a 2H20 surge in unemployment emerges.

Graph 3 - 5: Euro-zone retail sales



Sources: Statistical Office of the European Communities and Haver Analytics.

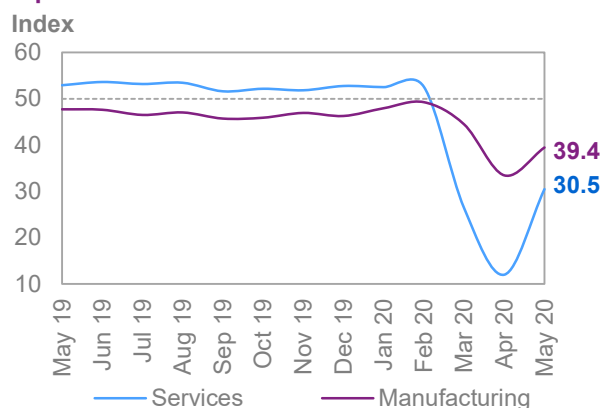
Industrial production (IP) fell by a staggering 12.8% y-o-y in May. Continuing a declining trend that started already in 2019. The declining car-sector constitutes an important element in these developments. Retail sales declined significantly as well, falling by 19.6% y-o-y in value terms in the latest available June number. This compares with an already large decline of 8.6% in May. Consequently, the European Commission's overall business sentiment index remained at a very low level. After having fallen by 26.7 points to stand at 64.9 in April, it remained almost unchanged, while recovering slightly and reflecting the easing of the lockdown measures to stand at 67.5. Positively, further major stimulus measures were announced in the Euro-zone, including fiscal measures in member economies, especially in Germany, as well as further monetary stimulus measures by the European Central Bank (ECB). Germany announced a 130 billion euro fiscal stimulus package, including a reduction in VAT from 19% to 16% for six months starting in July. The ECB announced to further increase the extraordinary quantitative easing measures by a further 600 billion euro. This is forecast to build a good basis for a recovery in 2H20. The positive impact of monetary stimulus measures could already be seen in Euro-zone lending activity. Lending to the private sector increased by 4.4% in April, the same level as in March and picking up from levels of 3% or less in the preceding months.

Near-term expectations

While the easing of lock-down measures in combination with bold stimulus measures is forecast to support a 2H20 recovery, the depth of the recovery remains to be seen. Additionally, given the ongoing drag in the car-industry and the expectation that the sales of big-ticket items like cars will not recover considerably, industrial production and retail sales are expected to recover only gradually in the coming months. Hence and importantly, a 2H20 recovery will not in any respect be able to compensate the massive losses of 1H20. After the decline of 3.8% q-o-q seasonally adjusted (SA) in 1Q20, the 2Q20 slowdown is forecast – unchanged from the previous month – at -11.4% q-o-q SA. This is forecast to be followed by a 2H20 recovery of 5.4% on average, also unchanged from last month. After the easing of lockdowns in most Euro-zone economies, the recovery will be mainly lifted by a comeback in consumption, investment and exports. The additional stimulus measure in particularly Germany, some resilience in Asian export markets and the enlarged ECB's monetary stimulus will provide further support for the 2H20 recovery. However, uncertainties remain about the depth and the magnitude of the recovery. The degree of recovery reached in the labour market remains to be seen. While the Euro-zone's unemployment rate of only 7.3% in June is moderate, it is forecast to rise in the coming months. A further obvious drag will also come from the leisure and hospitality sector, with the tourism sector — a very important economic sector for most Euro-zone economies and particularly the large economies of France, Italy and Spain — heavily impacted. Moreover, it remains to be seen how global trade will further develop and while trade is forecast to recover in 2H20, it is forecast to remain subdued.

The fragile improvements are also reflected in the latest May **PMI** figures. The manufacturing PMI rose to 39.4 in May, after 33.4 in April. After the important PMI for services, the largest sector in the Euro-zone, had declined sharply to stand at 12.0 in April, it rose to a level of 30.5 in May, reflecting the ongoing rebound. However, as both levels remain clearly below the growth indicating level of 50, they both point to a continuation of the ongoing slowdown well into 2Q20.

Graph 3 - 6: Euro-zone PMIs



Sources: IHS Markit and Haver Analytics.

The annual 2020 **GDP growth** forecast remains unchanged at -8.0%. While the GDP contraction in 1Q20 was considerable, the Euro-zone's economic recession is forecast to peak in 2Q20, assuming a strong decline of almost 40% q-o-q SAAR before recovering in 2H20.

Table 3 - 4: Euro-zone economic growth rate and revision, 2019-2020*, %

	Euro-zone
2019	1.2
Change from previous month	0.0
2020	-8.0
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

OECD Asia Pacific

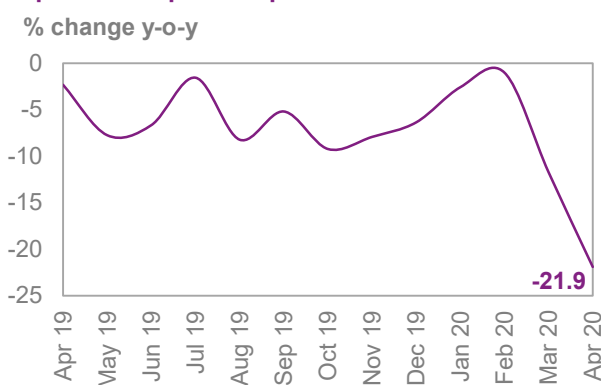
Japan

Update on latest developments

GDP growth in 1Q20 declined less than expected, slowing down by 2.2% q-o-q SAAR, according to the Cabinet Office. However, the decline in 4Q19 was reported at a larger level of -7.4% q-o-q SAAR.

This shows the depth of the slow-down in the Japanese economy with now two consecutive quarters of decline, a situation that was already fragile and is now additionally impacted by the COVID-19 related developments. As the sales tax increase in 4Q19 turns out to have been badly timed in retrospect, and pushed down private consumption by 11.1% q-o-q SAAR in 4Q19. 1Q20 consumption continued to decline as it fell by 3.0% q-o-q SAAR. Positively, investments in the form of gross fixed capital formation rose again in 1Q20, increasing by 2.4% q-o-q SAAR after a decline of 12.7% q-o-q SAAR in 4Q19. While the domestic situation remains weak, exports continued declining as well as they fell by -21.9% y-o-y in April on a non-seasonally adjusted basis, continuing a decline in external trade that has begun already in December 2018.

Graph 3 - 7: Japan's exports



Sources: Ministry of Finance, Japan Tariff Association and Haver Analytics.

After the government announced a multi-trillion yen fiscal stimulus that now accounts to more than 20% of GDP, the direct share of governmental-supported stimulus turned out to be larger than expected in the latest supplementary budget. The Cabinet approved 31.9 trillion yen or more than 6% of GDP in addition to the first supplementary budget of 25.7 trillion yen or around 5% of GDP. However, this is likely increasing Japan's fiscal deficit to almost 15% of GDP in 2020. Already previously the Bank of Japan (BoJ) accompanied these fiscal stimulus measures by announcing further quantitative easing through the unlimited buying of government bonds and by lifting its purchases of corporate debt substantially. Meanwhile, industrial production declined by 15.2% y-o-y, after a 6.8% fall y-o-y in March. The decline in retail sales declined as well in April, falling by

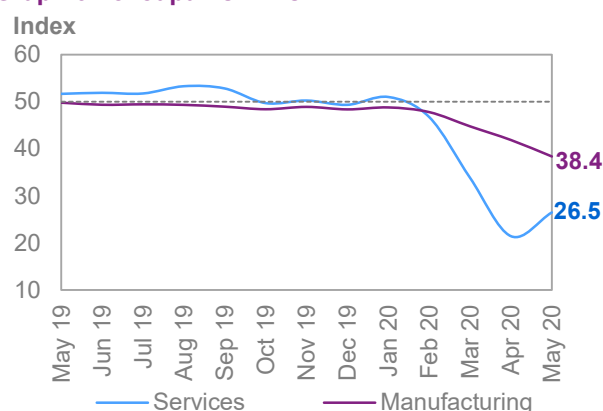
13.7% y-o-y, after 4.7% y-o-y in March. Consumer sentiment, as reported by the Cabinet Office, remained low at an index level of 24.6, after it has fallen to 22.2 in April from 30.9 in March and 38.3 in February, marking the largest drop of the index on record.

Near-term expectations

Japan is expected to be severely hit by COVID-19 in 2Q20, after already two consecutive quarters of decline. While domestic demand is therefore expected to further decline in 2Q20, the economy will continuously also be impacted by the worsening global trade environment. After the 1Q20 fall of -2.2% q-o-q SAAR, the decline is estimated to hit -25% q-o-q SAAR in 2Q20, unchanged from last month. The recovery in 2H20 is anticipated to be strong, but less than in the major OECD peer economies at growth rates of 12% q-o-q SAAR in 3Q20 and 9% q-o-q SAAR in 4Q20. The stimulus measures are forecast to support the domestic recovery in 2H20. Additionally, the external trade environment is forecast to improve in 2H20, while this will remain affected not only by the ongoing COVID-19 situation, but also by the ongoing US-centred trade disputes. Some limitation may come from the fact that Japan is enjoying an already very low unemployment rate and utilisation rates are already high, hence there is a rather limited upside, despite all the efforts undertaken by the government and the Bank of Japan.

Therefore, GDP growth will not be able to move beyond these general capacity constraints. **PMIs** in May suggest that after the downturn in 1Q20 and 2Q20, some rebound may take hold in the coming month in the services sector, while manufacturing does not indicate such an improvement. The manufacturing PMI fell further to 38.4, coming from 41.9 in April. The PMI for the services sector – which constitutes around two-thirds of the Japanese economy – recovered to 26.5, after standing at 21.5 in April. Both index levels remain well below the growth indicating level of 50.

Graph 3 - 8: Japan's PMIs



Sources: IHS Markit, Nikkei and Haver Analytics.

Therefore, GDP growth will not be able to move beyond these general capacity constraints. **PMIs** in May suggest that after the downturn in 1Q20 and 2Q20, some rebound may take hold in the coming month in the services sector, while manufacturing does not indicate such an improvement. The manufacturing PMI fell further to 38.4, coming from 41.9 in April. The PMI for the services sector – which constitutes around two-thirds of the Japanese economy – recovered to 26.5, after standing at 21.5 in April. Both index levels remain well below the growth indicating level of 50.

Table 3 - 5: Japan's economic growth rate and revision, 2019-2020*, %

	Japan
2019	0.7
Change from previous month	0.0
2020	-5.1
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

Non-OECD

China

Update on the latest developments

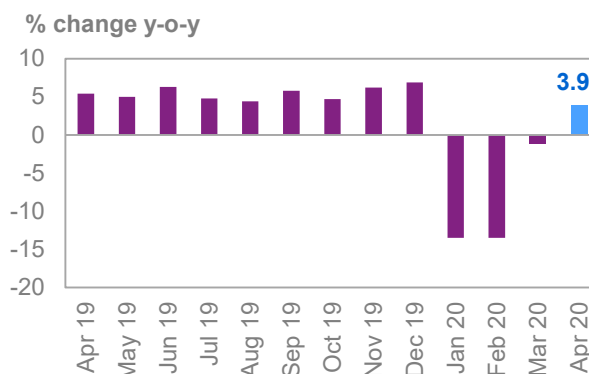
China's most recent public economic data suggested that the economy is on a path to recovery with support from growth in the industrial activity and investment in infrastructure and real estate. Private consumption remains the main challenge to the recovery but on the whole momentum improved in April. In the meantime, China's annual parliamentary meeting did not set a GDP target for 2020 for the first time in decades. This marked the depth of the economic challenges that China faces due to the domestic and global economic struggles related to COVID-19. On the policy front, the People's Bank of China (PBoC) indicated the possibility of expending its monetary easing measures while the government expanded local government fiscal support to help finance and boost infrastructure spending. On the external demand outlook, despite trade tensions with the US, China's trade surplus rose to \$62.93 billion in May 2020 from \$41.2 billion in May 2019. This was the

largest trade surplus since records began. Exports plummeted by 3.3% y-o-y to \$206.81 billion, following a 3.5% rise in April. In meantime, imports dropped 16.7% y-o-y to \$143.89 billion, after a 14.2% decline the previous month. China's trade surplus with the US was \$27.89 billion in May.

Inflationary pressure continued to decline in China. The **CPI** fell to 3.3% y-o-y in April, 0.9% lower than in March 2020. The **producer price index (PPI)** declined 3.1% y-o-y in April 2020, after a 1.5% decline in the previous month. This was the sharpest deflation rate since April 2016.

China's **industrial production** slowly started to emerge from the impact of the COVID-19 outbreak as it registered growth of 3.9% y-o-y in April 2020, reversing a 1.1% fall in March 2020. This was the first growth in the sector since December 2019, yet it is 3.0 pp less than the growth rate prior to the pandemic.

Graph 3 - 9: China's industrial production



Sources: China National Bureau of Statistics and Haver Analytics.

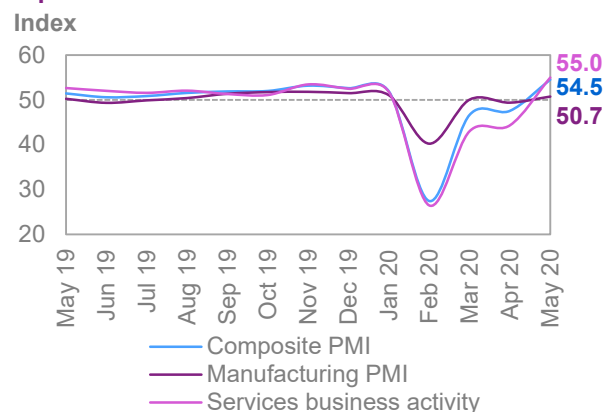
Near-term expectations

In the near term, the global recession may delay China's recovery. However, the recovery will be challenged mainly by weak domestic demand growth while the recovery in external demand is challenged by tensions with the US and the economic difficulties of the main trade partners.

The industrial sector may maintain its recovery momentum as it is no longer disrupted by COVID-19 constraints. As a result, the Caixin China General **Manufacturing PMI** moved out of contraction territory and increased to 50.7 in May 2020 from 49.4 in April.

Meanwhile, the Caixin China **General Services PMI** rose to 55.0 in May 2020 from 44.4 in the April, reflecting the first growth in the sector since January 2020 and the sharpest since October 2010. The labor market in China may still be under the pressures and may affect the needed spare capacity and efforts to raise production efficiency.

Graph 3 - 10: China's PMI



Sources: Caixin, IHS Markit and Haver Analytics.

Taking the recent developments into consideration, China's 2020 **GDP growth** forecast remains unchanged at 1.3%.

Table 3 - 6: China's economic growth rate and revision, 2019-2020*, %

China	
2019	6.1
Change from previous month	0.0
2020	1.3
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

Other Asia

India

Update on latest developments

The **Indian economy** grew by only 3.1% y-o-y in 1Q20 which is the slowest GDP growth since 1Q04. The weak growth rate is mainly due to the lockdown which limited all India's economic activities amid the impact of COVID-19. On demand side, gross fixed capital formation declined sharply (-6.5% vs -5.2% in 4Q) as well as

the exports (-8.5% vs -6.1%). Imports fell from -7% to -12.4%. On the supply side, compared to 4Q19, manufacturing output fell to -1.4% from -0.8% and construction fell to -2.2% from 0%. Trade, hotels and transportation dropped to 2.6% from 4.3%, finance and real estate declined to 2.4% from 3.3%, and public administration and defence dropped to 10.1% from 10.9%.

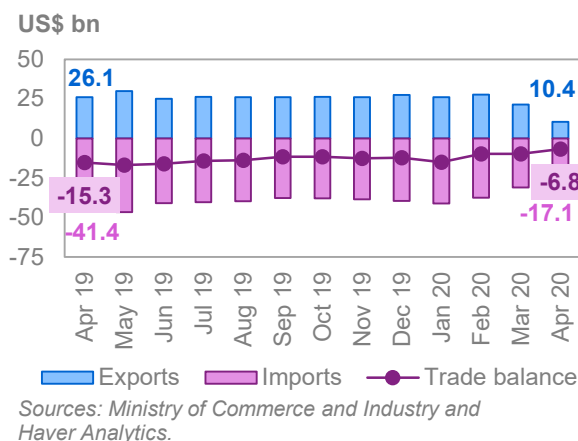
The Indian government has continued to ease restrictions despite a rise in the number of cases. Under the “Unlock 1” plan, which aimed at easing the return to work from 1 June, more daytime movement has been allowed while evening activities are still banned in most of India. The lockdown in highly affected zones, which are mostly industrial cities, has been extended until at least 30 June. The partial easing of restrictions may not be sufficient to prevent a deep GDP contraction in 1H20.

Recently released Ministry of Finance data indicates that India’s fiscal deficit for 2019-2020 increased to 4.6% of GDP, higher than the government target of 3.8%, caused mainly by a decline in government revenue. This added to the difficulties the Indian economy is facing given the weak economic activity and the need to finance coronavirus-prevention efforts. The fiscal deficit is expected to spike as government spending will provide crucial support during the coronavirus crisis.

Following an expansion in February 2020, India’s **industrial production** drifted into contraction territory and recorded its steepest decline since the record started of 16.7% y-o-y in March 2020 amid the COVID-19 pandemic lockdown.

Both exports and import fell to record lows due to the decline in global demand. As a result, India’s **trade deficit** narrowed to \$6.76 billion in April 2020 from \$9.76 billion in March.

Graph 3 - 11: India's trade balance

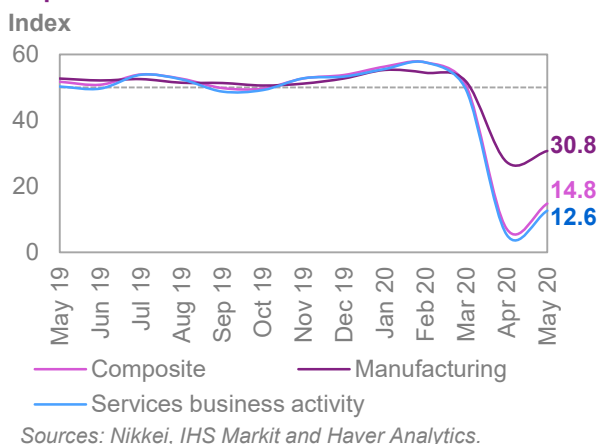


Near-term expectations

Despite the partial easing, the lockdown measures have a substantial impact on India’s manufacturing activity and business conditions. The IHS Markit India **Manufacturing PMI** showed a slight recovery in May compared to April as it increased to 30.8 from a record low of 27.4, though it is still far below the threshold level of 50.0 points. Moreover, business optimism remains noticeably low due to the increased social fear factor.

Meanwhile, the IHS Markit **Services PMI** rose to 12.6 in May 2020 from a record low of 5.4 in April, the second-steepest deterioration in service activities since IHS Markit started keeping records 14 years ago.

Graph 3 - 12: India's PMIs



Overall, the contraction in manufacturing and investment, as well as the continued balance sheet stresses, lead us to lower India’s 2020 **GDP forecast** to -0.8%, down from -0.3% in the previous month.

Table 3 - 7: India's economic growth rate and revision, 2019-2020*, %

	India
2019	4.9
Change from previous month	-0.4
2020	-0.8
Change from previous month	-0.6

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

Latin America

Brazil

Update on latest developments

In recent weeks, Brazil has been impacted by the COVID-19 pandemic in many ways. Domestically, the ongoing rise in infections has dampened activity significantly as lockdown measures increased. Consequently, consumer confidence has fallen sharply and alongside this business sentiment, which is forecast to lead to declining investments in the economy over the near-term. GDP in 1Q20 is already reported to see a decline of -1.5% q-o-q SA or -6.0% q-o-q SAAR, according to the Brazilian statistical office.

Given that Brazil's economy had a very low level of lockdowns in the first three months of the year and considering that at a global level COVID-19 only started to significantly impact the global economy during the second half of the 1Q, a much larger decline can be expected in 2Q20. This was already seen in the most recent output measures. Industrial production declined by 27.2% y-o-y in April, after a drop of 3.7% in March, a significant further weakening in activity.

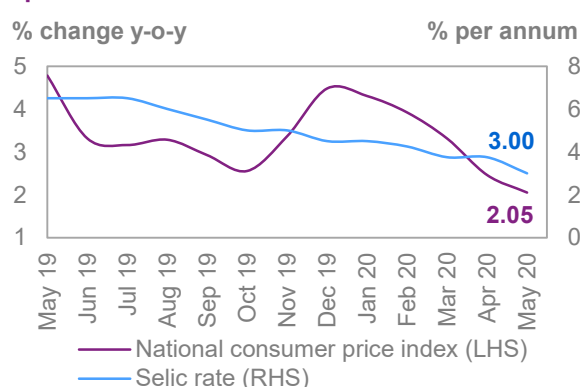
While the government has announced stimulus measures to counterbalance the downturn, the central bank expanded its monetary easing efforts and Congress allowed the central bank to engage in quantitative easing measures in May. While this is a policy tool that is widely used in major economies, it was not available to the Brazilian central bank before the current crisis. Despite the central bank lowering the key interest rate, the Selic rate, this year, there is still more room to maneuver as the rate currently stands at 3.0%. Inflation, the reference level, has continued its deflationary trend, declining by 0.38% y-o-y in April. However, with relatively low real interest rates and ongoing uncertainty in the economy, capital outflows have been significant since the beginning of the year.

The Institute of International Finance estimates that foreign investors withdrew \$11.8bn from Brazil's stock market between February and May. The latest data shows that in addition to this stock market impact, foreign investors also disinvested \$18.7bn from the Brazilian bond market between February and April. This also hurt the exchange rate considerably with the Brazilian real having declined by around a third since the beginning of the year.

Near-term expectations

Given that COVID-19 infection rates in Brazil continue to rise. Despite a partial easing of lock-down measures in the country, the economy is forecast to remain under selective lockdown in the coming weeks, a situation that is expected to continue to drag on the economy until at least the end of 2Q20. Our expectation of peak infection rates has now been pushed backwards from June to the beginning of 3Q20. A recovery is forecast to take hold in 2H20, but even if lockdown measures are lifted in 3Q20, the negative economic impact that COVID-19 will have on the Brazilian economy will be significant. Labour markets and consumption, as well as investments, are all forecast to remain impacted and this is expected to dampen the recovery in 3Q20 with only some further acceleration in 4Q20.

Graph 3 - 13: Brazil's inflation vs. interest rate

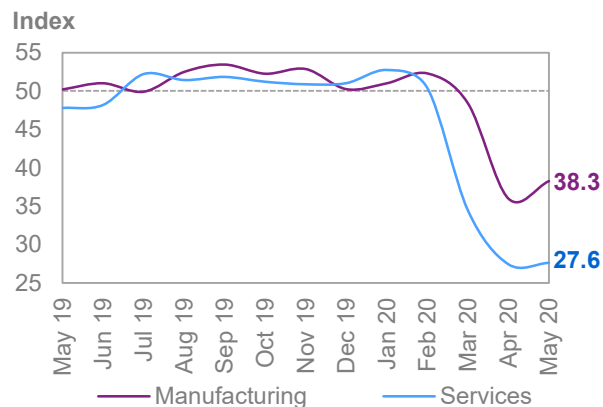


Sources: Banco Central do Brasil, Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

Moreover, given the ongoing frictions within the political system, with a consequent spill-over into the real economy, the overall impacts of the current crisis may be longer lasting. Additionally, rising debt levels and the general high indebtedness of the public sector, corporations and households will likely further weigh on the economic recovery.

The May PMI indices reflect the ongoing challenges facing the economy. The manufacturing PMI rose very slightly to 38.3, after 36.0 in April, but still clearly below the growth indicating level of 50. The services PMI was almost unchanged in May and remained at a very low level of 27.6, after 27.4 in April.

Graph 3 - 14: Brazil's PMIs



Sources: IHS Markit and Haver Analytics.

Given the worsening situation related to COVID-19 in Brazil and the continued need for lockdown measures and social distancing, the economic risk for the country is skewed to the downside. Currently, the economy is forecast to recover to some extent in 2H20, but this bounce is not expected to compensate for the major decline in 1H20. There is also the ongoing risk that the political tensions will continue and that COVID-19 infections will not peak in the coming weeks, making a recovery in 2H20 less likely. Moreover, the ongoing developments in commodity prices will also need close monitoring, given that Brazil's major exporting goods are commodities. As most of the near term challenges were anticipated in the last month's economic growth forecast, Brazil's GDP growth forecast for 2020 remains at a negative 6.0%.

Table 3 - 8: Brazil's economic growth rate and revision, 2019-2020*, %

	Brazil
2019	1.1
Change from previous month	0.1
2020	-6.0
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

Africa

South Africa

Update on latest developments

Business confidence in South Africa dropped to the lowest level, according to a monthly index published by the South African Chamber of Commerce and Industry. The decline mirrors the impact of the strict lockdown that the government implemented on 27 March aimed at limiting the spread of COVID-19. Moreover, increased public debt combined with the coronavirus outbreak and the downgrading of South Africa's investment-grade rating have forced the government to seek a \$4.2 billion loan from the International Monetary Fund (IMF). This marks the magnitude of the fiscal challenge that the African National Congress-led (ANC) government is facing and ended its resistance to borrowing from the IMF. As for the trade outlook, South Africa recorded the biggest monthly trade shortfall on record of ZAR 35 billion in April of 2020 compared to a ZAR 23.9 billion surplus in March. Exports in all categories fell sharply by 55.1% to ZAR 53 billion while imports dropped by 6.5% to ZAR 381.4 billion.

Near-term expectations

The partial relaxation of South Africa's lockdown helped the Absa Manufacturing PMI to record its first expansion since July 2019, as it increased to 50.2 in May of 2020 from 46.1 in April. However, the IHS Markit Manufacturing PMI index dropped for the third month in a row to 32.5 in May from 35.1 in April, mirroring the hardship in business conditions as South Africa's strict lockdown was necessary in combating the spread of COVID-19, but the economic ramifications weigh severely on its economic activity. Furthermore, labour market stress may limit firms' capacity to operate at pre-COVID-19 levels.

For 2020, South Africa's **GDP** is still expected to contract by 7.0%, with the April to June period experiencing the steepest decline in the economic activity. It is then forecast to recover in 2H20 as the effect of aggressive monetary stimulus and substantial fiscal support start to materialize and boost both business and consumer confidence.

Table 3 - 9: South Africa's economic growth rate and revision, 2019-2020*, %

	South Africa
2019	0.2
Change from previous month	0.0
2020	-7.0
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

FSU

Russia

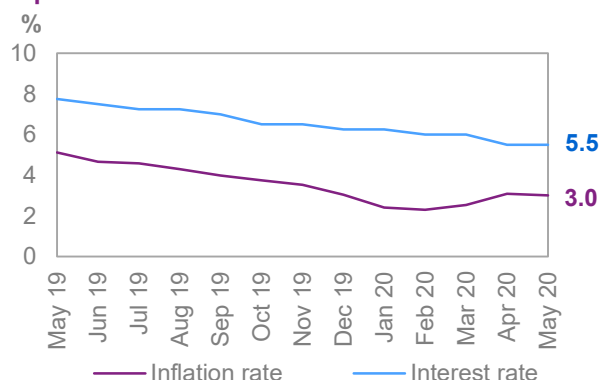
Update on the latest developments

Together with Brazil and India, Russia is the third major emerging economy that remains significantly impacted by rising COVID-19 infection rates, with the country seeing a steady rise in infection rates in the past weeks, pointing to an extended period of challenges in 2Q20. Although the government has started to lift lockdown measures, the impact of COVID-19 is only anticipated to peak at the end of 2Q20.

The 2Q20 economic decline is already visible in the current output measures. Industrial production plunged in April, falling by 5.7% y-o-y, after a decline of 1.1% y-o-y in March. Given the severity of the lockdown measures in April and the need for social distancing, retail sales plunged by 20.8% y-o-y, after a rise of 8.3% y-o-y in March. Moreover, the challenging oil market situation has also impacted the Russian economy as market volatility has added another layer of uncertainty to the fragile situation. GDP growth in the 1Q20 was reported at still a relatively solid level of 1.6% y-o-y, translating into 2.2% q-o-q SAAR.

The Russian rouble lost around 20% against the US dollar in the first four months of 2020, but it recovered slightly in May, rising by around 3.5%. Some positive momentum seems to have also come from the oil market recovery. With fiscal discipline and rising oil prices, foreign reserves increased again in April and May by \$2.5 billion and \$0.1 billion, respectively, after reserves declined by \$7 billion in March. The reserves of more than \$500 billion will provide an additional stabilising factor going forward.

Graph 3 - 15: Russia's inflation vs. interest rate



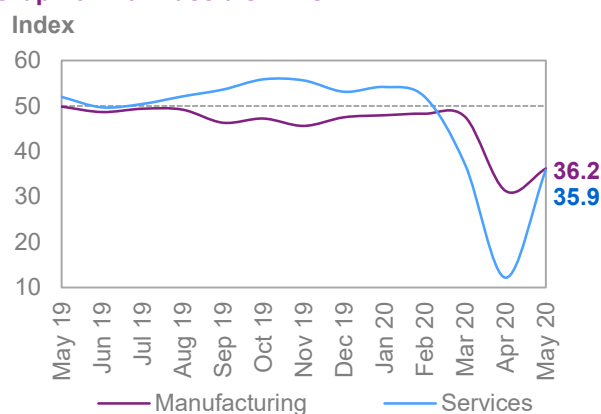
Sources: Federal State Statistics Service, Central Bank of Russia and Haver Analytics.

Near-term expectations

After witnessing a still solid GDP growth level in 1Q20, the economy's performance in 2Q20 is forecast to have declined significantly, amid COVID-19 related measures and the ongoing oil market challenges. However, after the expected considerable decline in 1H20, the recent easing of lockdown measures, in combination with a recovery in an increasingly rebalancing oil market, is forecast to help the Russian economy recover in 2H20. Nevertheless, the rebound is likely to remain fragile as infection rates are still continuing to rise at a daily rate of only slightly below 2% and the situation in the oil market, an important source of income for the Russian economy, is likely to remain challenging for the remainder of the year, despite the recent improvements. This will increase the likelihood of a severe economic downturn in 2Q20 of up to around 40% q-o-q SAAR. The forecast assumes that the pandemic will peak by the end of June and that a recovery will take place in 2H20.

May PMIs have already reflected a tentative improvement, although the index levels clearly indicate a continuation of the ongoing economic decline. The PMI for the manufacturing sector rose to 36.2 in May, from 31.3 in April. The services sector PMI rose to 35.9, compared with 12.2 in April. Both indicators remain significantly below the growth indicating level of 50.

Graph 3 - 16: Russia's PMIs



Sources: IHS Markit and Haver Analytics.

The GDP growth forecast remains unchanged at a negative 4.5%. The COVID-19 developments and the after-effects of the 2Q20 slowdown will need to be reviewed closely with the growth risk skewed to the downside.

Table 3 - 10: Russia's economic growth rate and revision, 2019-2020*, %

	Russia
2019	1.3
Change from previous month	-0.1
2020	-4.5
Change from previous month	0.0

Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

OPEC Member Countries

Saudi Arabia

Economic activities in Saudi Arabia continued to deteriorate during May, but on a smaller scale compared to April. Non-oil activities continued to slow amid weak private consumption due to COVID-19. The easing of the lockdown in addition to online business operations helped mitigate the downturn in non-oil economic activities on a marginal level. Remaining containment measures held back the overall business capacity of the non-oil private sector and most businesses turned to reduced workloads as well as reduced labor cost through cutting salaries. Despite the IHS Markit Saudi Arabia PMI increasing to 48.1 in May 2020 from 44.4 in April, it still was in the contraction territory. Nevertheless, despite the fiscal pressures caused by the coronavirus pandemic, the recent rebound in oil prices is highly supportive and the easing of lockdown conditions may help the economy to modestly recover in late 2020.

Nigeria

Despite the slight recovery in the PMI of Stanbic IBTC Bank and IHS Markit last month, it remained below 50, implying that the economy of Africa's largest crude producer may continue to weaken in 2Q20. The Central Bank of Nigeria composite PMI for the non-manufacturing sector dropped to 25.3 in May of 2020 from 49.2 in April. Nigeria's current account is anticipated to remain in deficit due to the declined exports as well as the limited capital financing amid the global financial turmoil caused by the COVID-19 pandemic. The tight monetary conditions combined with the surge in the annual rate of inflation, which spiked to 12.34% in April 2020, the highest since April 2018, from 12.26% in March, may offset the effect of the oil price rebound in the short term and push Nigeria's economy into a deep recession in 2020.

The United Arab Emirates (UAE)

Despite the gradual lifting of restrictions on economic activities, non-oil economic activities maintained their weak recovery due to the lower consumer demand and a slow market response. The seasonally-adjusted IHS Markit Dubai Purchasing Managers increased to its highest record since February to 46.0 in May from 41.7 in April. Although the outlook remains very uncertain, this recent reading indicates that non-oil business activities is highly likely to bounce back in 2H20. But if global travel constraints continue longer than expected, the UAE economy may see a sharper slowdown since it is highly dependent on travel and tourism in addition to oil activities.

The impact of the US dollar (USD) and inflation on oil prices

The **US dollar (USD)** generally declined **against other major currencies** during the month. The dollar decreased by 0.3% on average against the euro m-o-m, with the fall accelerating towards the end of the month on the expectation of additional fiscal and monetary stimulus in the Eurozone. The dollar fell slightly against the Swiss franc by 0.1% and by 0.6% against the Japanese yen. Against the Canadian dollar, the US dollar declined by 0.5%. On the contrary it rose against the pound sterling by 0.9%.

Meanwhile, the **US dollar** was mixed **against Emerging Market currencies**. Against the Chinese yuan, it rose by 0.4%, while against the Indian rupee the dollar dropped on average by 0.8% as financial market sentiment recovered. It declined against the Russian ruble, by 3.5%, following higher oil prices,

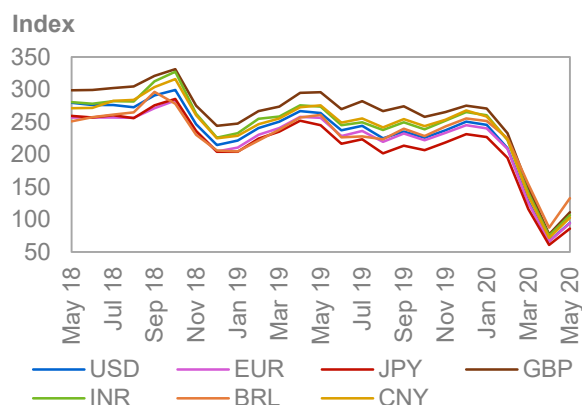
but it rose by 6.0% against the Brazilian real on concerns about the worsening economic outlook given the impact of COVID-19. Against the Mexican peso the dollar declined by 2.5% on improving financial market sentiment, and optimism surrounding the re-opening of the US economy.

In **nominal terms**, the price of the ORB increased by \$7.51, or 42.5%, from \$17.66/b in April to reach \$25.17/b in May.

In **real terms**, after accounting for inflation and currency fluctuations, the ORB increased to \$16.60/b in May from a revised \$11.67/b (base June 2001=100) the previous month.

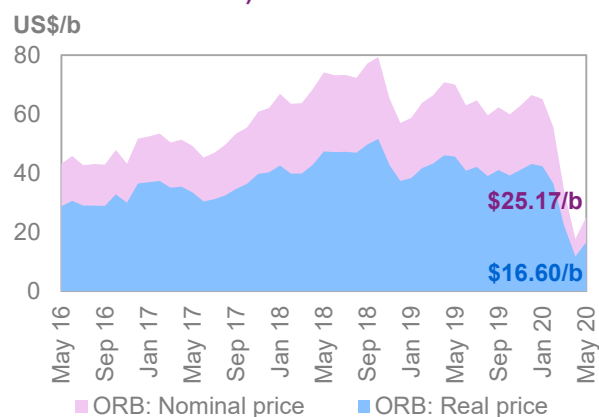
Over the same period, the **USD** decreased by 0.1% against the import-weighted modified Geneva I + USD basket, while inflation increased slightly by 0.1% m-o-m.

Graph 3 - 17: ORB crude oil price index compared with different currencies (base January 2016 = 100)



Sources: IMF and OPEC.

Graph 3 - 18: Impact of inflation and currency fluctuations on the spot ORB price (base June 2001 = 100)



Source: OPEC.

World Oil Demand

World oil demand is projected to decrease by 9.1 mb/d in 2020, unchanged from the previous month's assessment. Total global oil consumption for the year is expected to average 90.06 mb/d.

The COVID-19 pandemic has negatively pressured economic momentum and eliminated potential for global oil demand growth. Transportation fuel is also expected to be under pressure in 2020. Lockdowns in various countries, particularly the US, Europe, India and the Middle East, are projected to reduce demand for gasoline and jet fuel, as air travel activity — in addition to reduced distances travelled — is projected to significantly decline compared with last year. A reduction in manufacturing activities compared with last year will also limit industrial fuel requirements. In addition, petrochemical feedstock is assumed to be driven by slower end-user requirements for plastics compared with previous years.

In the OECD region, oil demand is anticipated to plummet by 5.2 mb/d compared with total 2019 oil requirements, following declining indicators in the transportation sector in OECD Americas and Europe at the beginning of 2Q20.

In the non-OECD region, oil demand is foreseen to steeply decline by 3.9 mb/d for the first time on record. Oil requirements in all sub-regions, including China, Other Asia, Latin America and the Middle East, are expected to drop y-o-y in response to strict measures taken by various governments to contain the further spread of COVID-19. The impact will be felt mainly in transportation and industrial fuels, which are forecast to decline by a previously unforeseen amount.

In 2019, world oil demand growth is estimated unchanged at 0.83 mb/d, with total oil demand at 99.67 mb/d. OECD oil demand is estimated to have declined by 0.10 mb/d amid declines in OECD Asia Pacific oil requirements and weaker-than-expected oil demand growth in OECD Americas and Europe. Non-OECD oil demand is estimated to have increased by 0.93 mb/d as a result of strong demand in China and Other Asia.

World oil demand in 2019 and 2020

Table 4 - 1: World oil demand in 2019*, mb/d

	2018	1Q19	2Q19	3Q19	4Q19	2019	Change 2019/18	
							Growth	%
World oil demand								
Americas	25.60	25.14	25.29	26.03	25.99	25.62	0.01	0.05
of which US	20.82	20.65	20.66	21.05	21.02	20.85	0.03	0.12
Europe	14.33	14.09	14.25	14.75	14.25	14.34	0.01	0.06
Asia Pacific	8.08	8.50	7.61	7.68	8.05	7.96	-0.12	-1.49
Total OECD	48.01	47.72	47.15	48.46	48.29	47.91	-0.10	-0.21
Other Asia	13.64	13.91	13.96	13.51	14.08	13.86	0.23	1.66
of which India	4.73	5.03	4.75	4.49	5.10	4.84	0.11	2.36
Latin America	6.53	6.35	6.58	6.87	6.53	6.58	0.06	0.87
Middle East	8.12	8.25	7.87	8.67	8.00	8.20	0.08	0.93
Africa	4.33	4.45	4.42	4.36	4.50	4.43	0.10	2.31
Total DCs	32.62	32.96	32.84	33.41	33.10	33.08	0.46	1.41
FSU	4.76	4.70	4.68	4.96	5.04	4.84	0.09	1.84
Other Europe	0.74	0.75	0.71	0.75	0.84	0.76	0.02	2.69
China	12.71	12.63	13.19	12.95	13.52	13.07	0.36	2.85
Total "Other regions"	18.21	18.08	18.58	18.66	19.40	18.68	0.47	2.58
Total world	98.84	98.75	98.56	100.53	100.79	99.67	0.83	0.84
Previous estimate	98.84	98.75	98.56	100.53	100.79	99.67	0.83	0.84
Revision	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note: * 2019 = Estimate. Totals may not add up due to independent rounding.

Source: OPEC.

Table 4 - 2: World oil demand in 2020*, mb/d

	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19	
							Growth	%
World oil demand								
Americas	25.62	24.47	18.95	24.48	25.16	23.28	-2.34	-9.13
of which US	20.85	20.26	15.22	20.04	20.64	19.05	-1.80	-8.63
Europe	14.34	12.95	9.67	13.25	13.68	12.40	-1.94	-13.53
Asia Pacific	7.96	7.88	6.25	6.64	7.40	7.04	-0.92	-11.51
Total OECD	47.91	45.30	34.87	44.37	46.25	42.71	-5.19	-10.84
Other Asia	13.86	13.15	12.20	12.40	13.66	12.85	-1.01	-7.29
of which India	4.84	4.74	3.90	3.94	4.83	4.35	-0.49	-10.07
Latin America	6.58	6.25	6.00	6.24	6.12	6.15	-0.43	-6.54
Middle East	8.20	7.81	7.01	7.93	7.62	7.59	-0.60	-7.36
Africa	4.43	4.41	4.25	4.05	4.20	4.23	-0.21	-4.67
Total DCs	33.08	31.62	29.46	30.62	31.60	30.83	-2.25	-6.81
FSU	4.84	4.50	3.88	4.45	4.61	4.36	-0.48	-9.97
Other Europe	0.76	0.71	0.54	0.47	0.56	0.57	-0.19	-25.22
China	13.07	10.27	12.55	12.37	13.28	12.12	-0.95	-7.29
Total "Other regions"	18.68	15.47	16.97	17.29	18.45	17.05	-1.63	-8.72
Total world	99.67	92.39	81.30	92.28	96.30	90.59	-9.07	-9.10
Previous estimate	99.67	92.40	81.30	92.28	96.30	90.59	-9.07	-9.10
Revision	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note: * 2019 = Estimate and 2020 = Forecast. Totals may not add up due to independent rounding.

Source: OPEC.

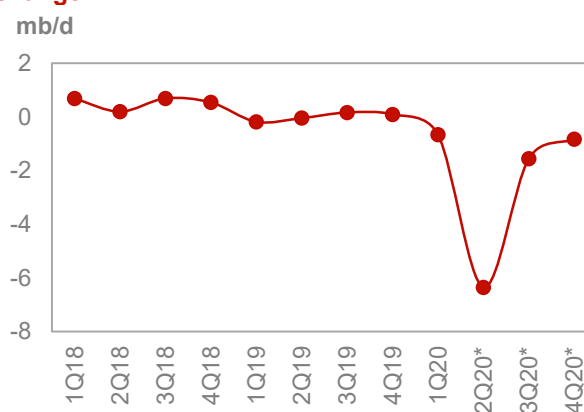
OECD

OECD Americas

The latest available monthly data for March from the US Energy Information Administration (EIA) shows **US oil demand** contracting y-o-y by approximately 1.9 mb/d. The third consecutive monthly decline was the largest seen in recent history, owing to the outbreak of COVID-19 and a feeble economy. Unlike February, yet as in previous months, demand for lighter hydrocarbons grew y-o-y, in particular for LPG/NGLs, which are the petroleum products mostly utilized as feedstock for the petrochemical sector. The continuation of warmer weather during March, compared with the historical normal, reduced diesel oil demand, while gasoline and jet kerosene requirements fell deep into negative territory, y-o-y.

The COVID-19 pandemic, its further development and impact on the economy, will determine the outlook for 2020 US oil demand, notably oil use in the transportation and industrial sectors. The pandemic's impact did show signs of lessening during the second half of May, marking April as the peak month for oil demand decline and consequently allowing for some optimism going forward, with the majority of lockdowns loosened to a great extent. However, the damage caused to the economy, particularly historically high unemployment rates, poses a further downside risk for US oil demand growth in 2020. Further, factors impacting oil demand relate closely to the timing and degree of COVID-19 containment and whether there will be a second wave of the pandemic or not. The restart of the aviation sector is an additional factor to monitor going forward, as measures for social distancing may affect passenger behaviour. Consequently, risks continue to point further to the downside.

Graph 4 - 1: OECD Americas oil demand, y-o-y change



Note: * 2Q20-4Q20 = Forecast. Source: OPEC.

Table 4 - 3: US oil demand, tb/d

By product	Mar 20	Mar 19	Change 2020/19	
			tb/d	%
LPG	3,129	3,014	115	3.8
Naphtha	194	208	-14	-6.7
Gasoline	7,781	9,174	-1,393	-15.2
Jet/kerosene	1,394	1,713	-319	-18.6
Diesel oil	3,913	4,155	-242	-5.8
Fuel oil	109	217	-108	-49.8
Other products	2,055	1,999	56	2.8
Total	18,575	20,480	-1,905	-9.3

Sources: EIA and OPEC.

April data shows sluggish **Mexican oil demand**, y-o-y. Demand for all main petroleum categories fell sharply, particularly jet/kerosene, diesel and gasoline, amid the outbreak of COVID-19. Overall Mexican oil demand for April fell by approximately 0.5 mb/d, y-o-y. The 2020 forecast for Mexican oil demand is lower than last month's projection and indicates a further decline in 2020, with risks assessed as skewed to the downside.

The latest March data for **Canada** shows increasing oil demand y-o-y, mainly attributed to rising LPG, gasoline and diesel requirements. The 2020 Canadian oil demand growth forecast remained unchanged compared with the previous month's report.

In **2019**, **OECD Americas oil demand** inched up by 0.01 mb/d compared with 2018. In **2020**, OECD Americas' oil demand is projected to decline by 2.3 mb/d compared with 2019.

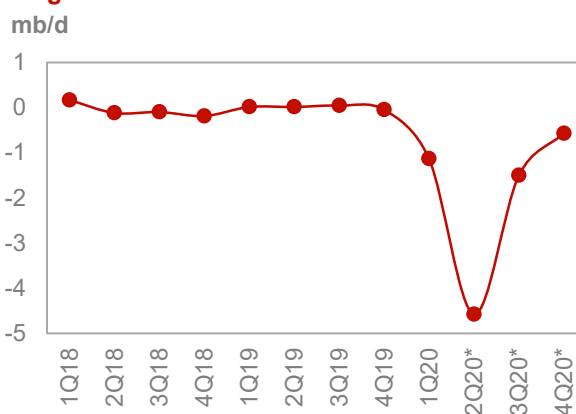
OECD Europe

OECD Europe's oil demand continued to decline in March by 0.9 mb/d y-o-y for the third consecutive month amid the COVID-19 outbreak and ahead of expected peak losses in April.

Large oil demand declines relate to weaker diesel, gasoline, naphtha and residual fuel oil demand, despite colder weather conditions across the continent. Based on preliminary figures from the European Automobile Manufacturers Association (ACEA), April new vehicle registrations in the EU fell by more than 76% y-o-y because of the outbreak of COVID-19. The monthly drop was the largest on record; all auto markets dropped substantially, notably in Italy, Spain and France, with y-o-y losses of 97%, 98% and 89%, respectively. The outlook for the region's oil demand in 2020 was slightly adjusted to the upside, compared with last month's projections, with the bulk of revisions taking place in the first quarter on most recent data. Strict lockdowns imposed during April and May have loosened, or are being completely removed, in almost every country of the region. However, it remains uncertain how specific economic sectors, i.e. aviation and services, will further evolve.

OECD Europe oil demand for **2019** stood broadly at 2018 levels and is projected to fall by 1.9 mb/d, y-o-y, in **2020**.

Graph 4 - 2: OECD Europe's oil demand, y-o-y change



Note: * 2Q20-4Q20 = Forecast. Source: OPEC.

Table 4 - 4: Europe's Big 4* oil demand, tb/d

By product	Mar 20	Mar 19	Change 2020/19	
			tb/d	%
LPG	406	445	-39	-8.8
Naphtha	502	595	-93	-15.6
Gasoline	829	1,076	-247	-23.0
Jet/kerosene	604	799	-195	-24.4
Diesel oil	2,969	3,033	-64	-2.1
Fuel oil	139	201	-62	-30.8
Other products	419	601	-182	-30.3
Total	5,868	6,750	-882	-13.1

Note: * Germany, France, Italy and the UK.

Sources: JODI, UK Department for Business, Energy & Industrial Strategy, Unione Petrolifera and OPEC.

OECD Asia Pacific

The most recent available preliminary data from the Japanese Ministry of Economy Trade and Industry (METI) shows **Japanese oil demand** falling by 0.5 mb/d y-o-y in April, marking the 10th consecutive monthly decline. In the first four months of 2020, Japanese oil demand fell sharply by an average of 0.5 mb/d, or 12%, y-o-y. Bearish April monthly oil demand resulted from reduced requirements for all main petroleum product categories, particularly LPG, naphtha, gasoline and diesel, mainly as a result of the COVID-19 pandemic.

Table 4 - 5: Japan's domestic sales, tb/d

	Apr 20	Apr 19	Change 2020/19	
			tb/d	%
LPG	343	367	-24	-6.6
Naphtha	658	729	-71	-9.7
Gasoline	659	853	-194	-22.7
Jet/kerosene	471	469	2	0.5
Diesel oil	715	781	-66	-8.4
Fuel oil	188	214	-26	-12.2
Other products	166	331	-165	-49.9
Total	3,201	3,744	-543	-14.5

Sources: JODI, METI and OPEC.

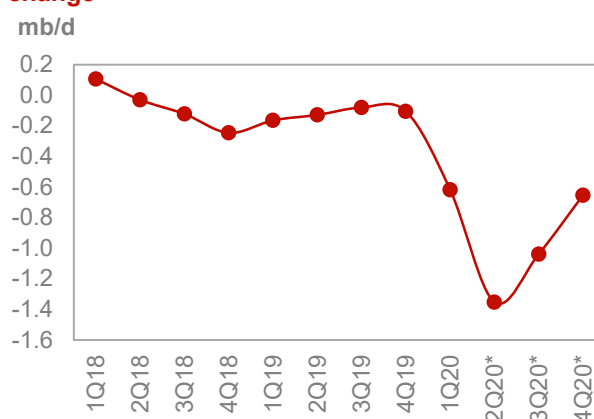
In **South Korea**, the latest available data for March shows declining oil demand y-o-y for the third consecutive month. Most petroleum product category requirements fell, notably diesel, jet kerosene, gasoline and naphtha, while rising LPG demand partly offset overall losses.

In **Australia**, oil demand also fell in March y-o-y, as increasing diesel requirements were more than offset by declining gasoline and jet kerosene demand.

Expectations for **2020** oil demand in the region have stabilized and losses remain smaller in magnitude than in other regions. **Japanese** oil demand is expected to decline in the current year, while risks are currently estimated to be balanced equally between the upside and the downside. The outlook for **South Korean** oil demand during 2020 remains unchanged compared with last month's projections.

OECD Asia Pacific oil demand for **2019** is estimated to have contracted by 0.12 mb/d, while oil demand for **2020** is forecast to decline by 0.9 mb/d, y-o-y.

Graph 4 - 3: OECD Asia Pacific oil demand, y-o-y change



Note: * 2Q20-4Q20 = Forecast. Source: OPEC.

Non-OECD

China

China's oil demand declined sharply in April — a continuation of the downward trend seen since February. The steepness of the decline was, however, less than in February and March, with initial numbers indicating a drop of around 1.4 mb/d y-o-y. The COVID-19 measures that were imposed by the Chinese government at the beginning of the year begun to ease towards the end of 1Q20, and as such oil demand data improved, though remaining deeply in negative.

Nevertheless, a number of indicators showed a significant improvement across various sectors. For example, industrial production indicators were higher by nearly 4% y-o-y during the month of April and vehicle sales rose by almost the same level, showing positive growth for the first time since mid-2018, according to China's Association of Automobile Manufacturers. Most oil products saw significant weakness, with the exception of residual fuel oil and naphtha. The greatest declines, were seen in jet/kerosene, which dropped by nearly 0.8 mb/d y-o-y. The reduction in flight operations, particularly in international flights, had a negative impact on jet fuel requirements. Diesel dropped steeply by 0.4 mb/d y-o-y, in response to slower overall economic activity. Gasoline was also in negative territory for the fourth consecutive month, and the seventh time in the past eight months, amid a slowdown in miles travelled, especially on weekends.

Going forward, Chinese oil demand appears to be on the right trajectory for a recovery, though it's assumed to remain in negative territory for most of the year before showing some positive y-o-y increases at the end of 4Q20. Light distillates are expected to outperform other fuels and recover faster in response to an improvement in petrochemical demand, which is projected to show some positive signs, as China's economy is expected to recover from its current downturn completely in 4Q20. Other fuels are not projected to turn positive and will remain under pressure for the remainder of 2020.

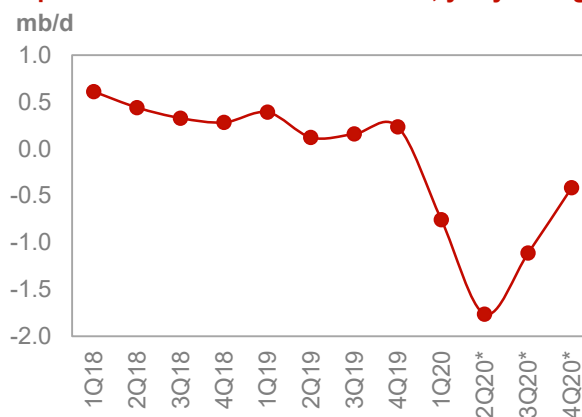
For **2019**, **China's oil demand** is estimated to have grown by around 0.36 mb/d, while oil demand in **2020** is forecast to contract by 0.95 mb/d.

Other Asia

In March, **oil demand in Other Asia** showed historical declines of more than 2.0 mb/d y-o-y with substantial decreases in all countries. Oil demand was lower in India (-0.8 mb/d y-o-y), Singapore, Indonesia, Thailand and the Philippines (by around -0.2 mb/d y-o-y each). All product categories declined sharply in March. For the second consecutive month, jet/kerosene declined the most in percentage terms, amid significant drops in air travel activity, followed by diesel, and residual fuel oil, due to a steep fall in industrial activity.

In April, oil consumption in **India** declined by a historical 2.3 mb/d y-o-y amid nationwide lockdown measures to slow the spread of COVID-19. Total oil consumption hovered around 2.7 mb/d, a level last seen in August 2007. Looking at product performance, gasoline demand plummeted by a massive 0.42 mb/d y-o-y, in response to significant declines in vehicle miles travelled. Diesel demand fell by 0.99 mb/d compared with the same period in 2019 due to a steep drop in construction and agricultural activities amid imposed lockdown measures. Fuel oil demand dropped by 42 tb/d y-o-y due to reduced port traffic. Meanwhile, LPG demand increased by 90 tb/d y-o-y, as demand for cooking in the residential sector increased.

Graph 4 - 4: Other Asia's oil demand, y-o-y change



Note: * 2Q20-4Q20 = Forecast. Source: OPEC.

Oil demand in India is estimated to remain bleak in 2H20, assuming a slower recovery in 4Q20. A gradual easing of lockdown measures in the country and elsewhere will have only a gradual positive effect on transportation fuels, particularly in India. LPG is forecast to be positive, amid an increase in residential demand. Gasoline and diesel are projected to decline the most going forward, in light of expected less vehicle miles driven, sluggish vehicle sales data, slower industrial activity and overall poor economic activity.

Table 4 - 6: India's oil demand, tb/d

By product			Change 2020/19	
	Apr 20	Apr 19	tb/d	%
LPG	863	773	90	11.6
Naphtha	312	337	-25	-7.5
Gasoline	277	698	-421	-60.3
Jet/kerosene	72	258	-186	-72.0
Diesel oil	831	1,817	-986	-54.3
Fuel oil	176	218	-42	-19.2
Other products	158	860	-702	-81.6
Total	2,689	4,962	-2,272	-45.8

Sources: JODI, Petroleum Planning and Analysis Cell of India and OPEC.

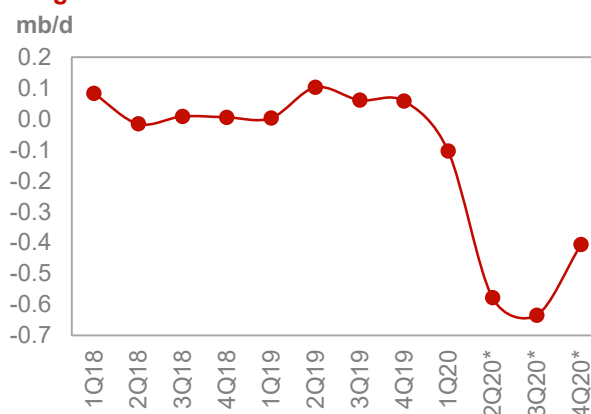
Other Asia's oil demand increased by 0.23 mb/d in 2019. However, for 2020, oil demand is anticipated to decrease by 1.0 mb/d.

Latin America

In March, oil demand in Latin America showed a decline of nearly 0.4 mb/d, or 11%, y-o-y. Most products exhibited weak performance, with the exception of LPG, which grew marginally. Gasoline dropped the most in volumetric terms, while jet/kerosene dropped the most in percentage terms. Diesel demand was lower y-o-y in response to slower overall economic momentum in the region. The overall oil demand decline is attributed to the beginning spread of COVID-19 in various countries in Latin America.

In terms of countries, demand in Argentina and Brazil declined the most, by more than 0.12 mb/d y-o-y each, while it fell by a lesser magnitude in Venezuela and Ecuador.

Graph 4 - 5: Latin America's oil demand, y-o-y change



Note: * 2Q20-4Q20 = Forecast. Source: OPEC.

The latest available data for **Brazil** shows a massive y-o-y drop of around 0.6 mb/d in April, most of which appeared in transportation fuels, as gasoline and ethanol dropped steeply. Gasoline fell by nearly 0.2 mb/d y-o-y, while ethanol shed off nearly 0.13 mb/d y-o-y. Declines in vehicle miles travelled in Brazil amid mobility restrictions to maintain the spread of COVID-19 in the country are the primary reason transportation fuels fell, including jet fuel. Jet/kerosene dropped by 0.1 mb/d y-o-y as a result of cancellations in domestic and international flights in response to the spread of COVID-19. A significant slowdown in industrial activity had a negative impact on industrial fuels, with diesel dropping by 0.14 mb/d y-o-y.

Table 4 - 7: Brazil's oil demand*, tb/d

By product			Change 2020/19	
	Apr 20	Apr 19	tb/d	%
LPG	237	228	9	4.1
Naphtha	147	147	0	0.0
Gasoline	477	671	-193	-28.8
Jet/kerosene	18	116	-98	-84.7
Diesel oil	833	976	-143	-14.6
Fuel oil	97	99	-2	-2.1
Other products	385	513	-128	-25.0
Total	2,193	2,749	-555	-20.2

Note: * = Inland deliveries.

Sources: JODI, Agencia Nacional do Petróleo, Gas Natural e Biocombustíveis and OPEC.

Going forward, oil demand in Latin America is projected to be under pressure during 2H20, with 3Q20 estimated to decline the most before a slight improvement is seen in 4Q20. The current assumption indicates a lagging effect from COVID-19 in the economic activities of most countries, the brunt of which will appear towards the end of 2Q20 and 3Q20. Transportation fuels – gasoline and jet fuel – are assumed to suffer the most in 2020, while diesel will be hardest hit by the expected slowdown in economic momentum for the remainder of 2020.

Latin American oil demand added 0.06 mb/d in **2019**. In **2020** Latin American oil demand is projected to decrease by 0.43 mb/d.

Middle East

Full oil demand data for the month of **March** indicates a substantial decline in **oil requirements in the Middle East**. Data showed a fall of nearly 0.8 mb/d, equating to a 15% y-o-y drop. Transportation fuel consumption saw the greatest decline in both volumetric and percentage terms. Gasoline plunged by more than 0.3 mb/d, or 20%, y-o-y, while jet/kerosene was lower by around 0.2 mb/d, or 40%, y-o-y.

In terms of countries, most of the declines in March were seen in IR Iran and the UAE, which fell by a combined 0.5 mb/d y-o-y. In Saudi Arabia, demand contracted by more than 0.1 mb/d y-o-y, while in Iraq, Qatar and Kuwait, the total drop in petroleum product demand totalled more than 0.1 mb/d y-o-y.

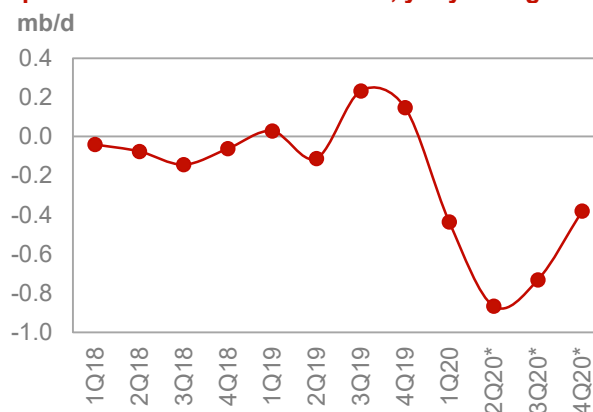
In **Saudi Arabia**, the latest available data for the month of April indicates a slowdown in oil demand of around 0.3 mb/d y-o-y, most of which is attributed to a significant reduction in gasoline requirements.

Gasoline demand was reduced by more than 0.3 mb/d y-o-y in response to government restriction policies to control the spread of COVID-19. Jet/kerosene has also seen a drop in terms of volume, shedding around 0.09 mb/d y-o-y amid a slowdown in air traffic activity. Diesel faced pressure as well, as falling economic activity halted product demand, leading to a decline of 0.06 mb/d y-o-y. On the other hand, heavy distillates recorded decent increases, with fuel oil and crude oil for use in power generation increasing by 0.9 mb/d and 0.07 mb/d y-o-y, respectively.

Going forward, oil demand in the Middle East is estimated to be in negative territory during 2H20, as transportation fuel use is projected to be limited due to mobility restrictions and slower macroeconomic indicators. The effect of COVID-19 on oil demand – particularly transportation fuels, as well as ongoing fuel substitution programmes with natural gas – are accounted for in the 2020 assumptions.

Middle East oil demand is estimated to have increased by 0.08 mb/d in **2019** and is projected to decrease by 0.60 mb/d in **2020**.

Graph 4 - 6: Middle East oil demand, y-o-y change



Note: * 2Q20-4Q20 = Forecast. Source: OPEC.

World Oil Supply

Non-OPEC liquids production growth in 2020 (including processing gains) has been revised up by 0.3 mb/d from the previous assessment and is now forecast to decline by 3.2 mb/d y-o-y, to average 61.80 mb/d in 2020. The revision was mainly due to new data estimating oil production for April and May for the non-OPEC countries participating in the Declaration of Cooperation (DoC). Increasing global crude oil prices in futures markets since the beginning of May reflect the perception of an earlier-than-expected recovery in oil demand amid a reduction in supply due to global production shut-ins. Nevertheless, it remains to be seen whether US upstream investment can recover in the short term from the current deep cuts due to the COVID-19 pandemic and subsequent drop in oil prices. Upstream investment in non-OPEC countries in 2020 is expected to decline by 30% y-o-y to \$321 billion.

Strong conformity with the voluntary production adjustments by the 10 non-OPEC participating countries in the DoC led to a drop in output of more than 2.95 mb/d in May (preliminary), while OPEC-10 cut 6.25 mb/d m-o-m. At the same time, preliminary oil production outside of the DoC declined by 2.0 mb/d in April and 0.8 mb/d in May, mainly in the US and Canada. Oil production of these two countries is likely to decline by a total of 1.8 mb/d in 2020, y-o-y. Oil supply in 2020 is now forecast to grow only in Norway, Brazil, Guyana and Australia.

The absolute level of production of OPEC NGLs was revised up. OPEC NGLs and non-conventional liquids are estimated to have declined by 0.08 mb/d y-o-y in 2019 to average 5.26 mb/d, following growth of 0.16 mb/d in 2018. The 2020 forecast indicates a decline of 0.03 mb/d to average 5.23 mb/d.

In May, OPEC-13 crude oil production fell by 6.30 mb/d m-o-m to average 24.19 mb/d, according to secondary sources. Ten OPEC MCs have agreed to adjust down their production from May 2020.

Non-OPEC liquids production in May, including OPEC NGLs and non-conventional liquids, is estimated to have fallen by 3.74 mb/d m-o-m to average 65.69 mb/d, lower by 3.99 mb/d y-o-y. As a result, preliminary data indicates that global oil supply in May decreased by 10.04 mb/d m-o-m to average 89.89 mb/d, down by 9.18 mb/d y-o-y.

Table 5 - 1: Non-OPEC liquids production forecast comparison in 2019–2020*, mb/d

Non-OPEC liquids production	2019	Change 2019/18	2020	Change 2020/19
OECD Americas	25.74	1.67	23.84	-1.90
OECD Europe	3.71	-0.13	3.99	0.28
OECD Asia Pacific	0.53	0.11	0.57	0.04
Total OECD	29.98	1.65	28.40	-1.57
Other Asia	3.48	-0.08	3.36	-0.13
Latin America	6.01	0.27	6.20	0.19
Middle East	3.21	0.00	3.11	-0.10
Africa	1.53	0.01	1.47	-0.06
Total DCs	14.24	0.20	14.15	-0.09
FSU	14.37	0.08	13.00	-1.37
Other Europe	0.12	0.00	0.12	-0.01
China	4.05	0.07	4.04	-0.01
Non-OPEC production	62.75	2.00	59.71	-3.05
Processing gains	2.28	0.03	2.10	-0.18
Non-OPEC liquids production	65.03	2.03	61.80	-3.23

Note: Non-OPEC liquids production includes the Republic of Ecuador. * 2019 = Estimate and 2020 = Forecast.

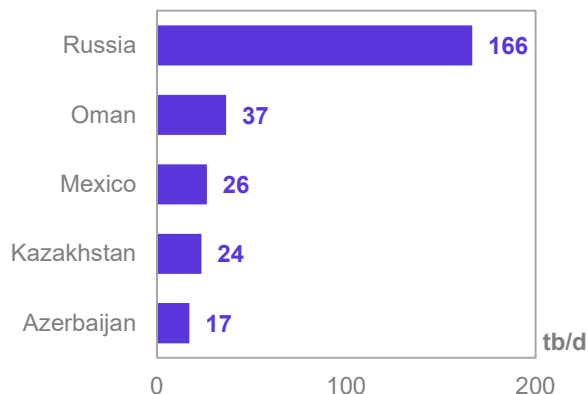
Source: OPEC.

Main monthly revisions

Non-OPEC liquids production growth in 2019 was revised up by 0.01 mb/d owing to an upward revision in Latin America's production in 4Q19. Non-OPEC liquids production is now estimated to have grown by 2.03 mb/d to average 65.03 mb/d for the year.

Non-OPEC liquids production growth in 2020 was revised higher by 0.3 mb/d m-o-m, following the upward revision in production of some non-OPEC participants in the DoC in April and May, and is now forecast to see a contraction of 3.23 mb/d (including processing gains), to average 61.80 mb/d. Moreover, the supply forecast in the US, Norway and Australia was also revised up by 0.01 mb/d each, following upward revisions in their oil output in 1Q20, **Graph 5 – 1**.

Graph 5 - 1: Revision of annual liquids production changes in 2020*, June MOMR/May MOMR

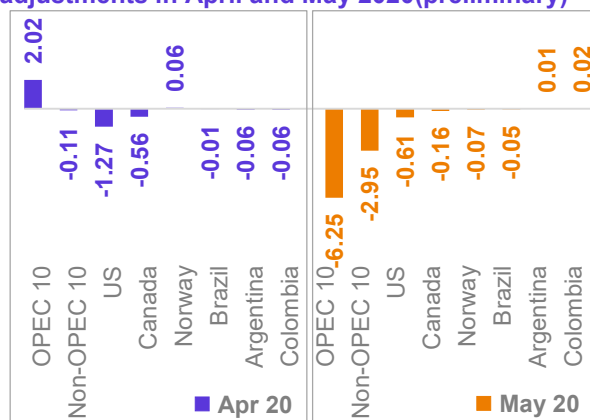


Note: * 2020 = Forecast. Source: OPEC.

Countries participating in the DoC agreed on 6 June to extend the first phase of the two-year production adjustment for an extra month into July.

The 10 OPEC MCs and 10 non-OPEC participants in the DoC have collectively reduced their crude oil production in May 2020 by 9.2 mb/d, as per preliminary data. OPEC-10 has adjusted down crude oil output by 6.25 mb/d m-o-m to average 21.57 mb/d and the 10 non-OPEC countries have reduced their crude production by 2.95 mb/d, m-o-m to average 15.46 mb/d (liquids). Outside the DoC, the US, Canada, Argentina and Columbia have already begun to curtail production from April as seen in **Graph 5 – 2**.

Graph 5 - 2: Comparison of major production adjustments in April and May 2020(preliminary)



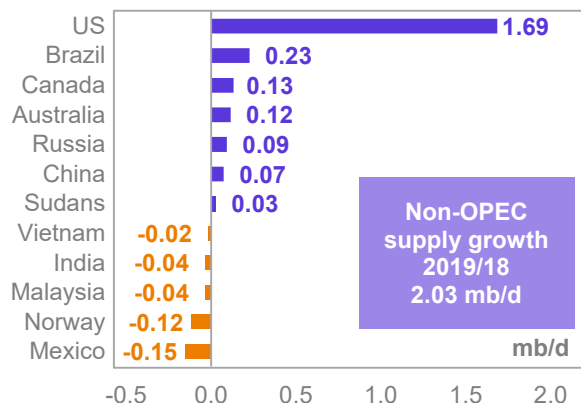
Source: OPEC.

Key drivers of growth and decline

Non-OPEC liquids supply in 2019 is estimated to have grown by 2.03 mb/d with 85% of this growth achieved in the US, followed by Brazil, Canada, Australia, Russia, China and the Sudans. Annual declines were seen mainly in Mexico and Norway.

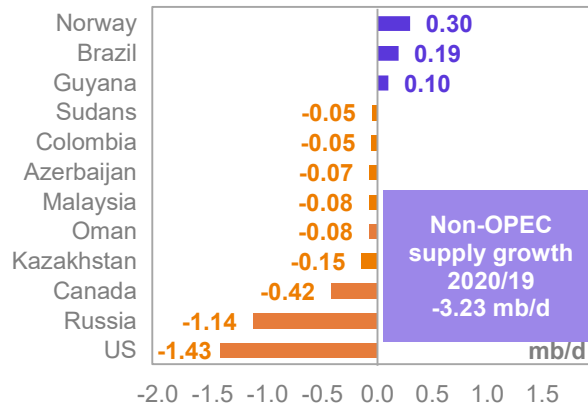
For **2020**, Norway, Brazil, Guyana and Australia are forecast to be the drivers of growth.

Graph 5 - 3: Annual liquids production changes for selected countries in 2019*



Note: * 2019 = Estimate. Source: OPEC.

Graph 5 - 4: Annual liquids production changes for selected countries in 2020*



Note: * 2020 = Forecast. Source: OPEC.

Non-OPEC liquids production in 2019 and 2020

Table 5 - 2: Non-OPEC liquids production in 2019*, mb/d

Non-OPEC liquids production	2018	1Q19	2Q19	3Q19	4Q19	2019	Change 2019/18	
							Growth	%
Americas	24.08	25.07	25.58	25.68	26.64	25.74	1.67	6.93
of which US	16.71	17.78	18.29	18.36	19.15	18.40	1.69	10.09
Europe	3.84	3.82	3.57	3.55	3.88	3.71	-0.13	-3.48
Asia Pacific	0.41	0.46	0.51	0.56	0.57	0.53	0.11	27.86
Total OECD	28.33	29.35	29.67	29.78	31.10	29.98	1.65	5.82
Other Asia	3.57	3.52	3.55	3.40	3.47	3.48	-0.08	-2.27
Latin America	5.74	5.77	5.84	6.14	6.30	6.01	0.27	4.75
Middle East	3.21	3.22	3.21	3.21	3.21	3.21	0.00	0.04
Africa	1.52	1.52	1.53	1.53	1.52	1.53	0.01	0.43
Total DCs	14.04	14.03	14.13	14.28	14.50	14.24	0.20	1.42
FSU	14.29	14.55	14.16	14.34	14.42	14.37	0.08	0.55
of which Russia	11.35	11.53	11.36	11.42	11.45	11.44	0.09	0.82
Other Europe	0.12	0.12	0.12	0.12	0.12	0.12	0.00	-2.34
China	3.98	4.05	4.08	4.05	4.03	4.05	0.07	1.87
Total "Other regions"	18.39	18.72	18.36	18.51	18.58	18.54	0.15	0.81
Total non-OPEC production	60.76	62.10	62.16	62.57	64.17	62.75	2.00	3.29
Processing gains	2.25	2.28	2.28	2.28	2.28	2.28	0.03	1.24
Total non-OPEC liquids production	63.01	64.37	64.43	64.85	66.45	65.03	2.03	3.22
Previous estimate	63.01	64.37	64.44	64.85	66.43	65.03	2.02	3.21
Revision	0.00	0.00	-0.01	0.00	0.02	0.00	0.00	0.00

Note: Non-OPEC liquids production includes the Republic of Ecuador.

* 2019 = Estimate. Totals may not add up due to independent rounding.

Source: OPEC.

Table 5 - 3: Non-OPEC liquids production in 2020*, mb/d

Non-OPEC liquids production	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19	
							Growth	%
Americas	25.74	26.62	23.99	22.34	22.45	23.84	-1.90	-7.38
of which US	18.40	19.08	17.32	15.67	15.81	16.96	-1.43	-7.79
Europe	3.71	4.03	3.93	3.94	4.06	3.99	0.28	7.64
Asia Pacific	0.53	0.53	0.57	0.59	0.59	0.57	0.04	8.45
Total OECD	29.98	31.19	28.49	26.86	27.10	28.40	-1.57	-5.25
Other Asia	3.48	3.45	3.33	3.33	3.33	3.36	-0.13	-3.67
Latin America	6.01	6.31	5.97	6.15	6.37	6.20	0.19	3.15
Middle East	3.21	3.21	3.12	3.06	3.07	3.11	-0.10	-3.06
Africa	1.53	1.51	1.49	1.45	1.45	1.47	-0.06	-3.61
Total DCs	14.24	14.48	13.91	13.99	14.21	14.15	-0.09	-0.64
FSU	14.37	14.51	12.82	12.26	12.44	13.00	-1.37	-9.50
of which Russia	11.44	11.50	10.17	9.70	9.85	10.30	-1.14	-9.93
Other Europe	0.12	0.12	0.12	0.12	0.11	0.12	-0.01	-4.32
China	4.05	4.15	4.00	3.99	4.01	4.04	-0.01	-0.35
Total "Other regions"	18.54	18.78	16.94	16.36	16.56	17.16	-1.39	-7.47
Total non-OPEC production	62.75	64.44	59.34	57.21	57.87	59.71	-3.05	-4.86
Processing gains	2.28	2.10	2.10	2.10	2.10	2.10	-0.18	-8.03
Total non-OPEC liquids production	65.03	66.54	61.44	59.31	59.97	61.80	-3.23	-4.97
Previous estimate	65.03	66.45	59.71	59.57	60.30	61.50	-3.53	-5.43
Revision	0.00	0.08	1.73	-0.26	-0.33	0.30	0.30	0.46

Note: Non-OPEC liquids production includes the Republic of Ecuador.

* 2019 = Estimate and 2020 = Forecast. Totals may not add up due to independent rounding.

Source: OPEC.

On a country level, the largest declines in non-OPEC supply are forecast in the US and Russia, with a combined projected decline of more than 2.6 mb/d y-o-y, followed by Canada and others. Nevertheless, a few countries such as Norway, Brazil, Guyana and Australia are forecast to show growth in 2020.

Before the COVID-19 pandemic, shale liquids production growth was expected to be limited by a focus on capital discipline, requiring shale companies to avoid overspending. According to preliminary estimates, non-OPEC capex in 2020 is forecast to decline by \$138 bn, or 30% y-o-y, to average \$321 bn.

With a preliminary announcement of output curtailments in the US, particularly tight crude, as well as Canadian oil sands production in Alberta, OECD Americas is expected to lead the y-o-y decline in 2020. This is assuming oil prices do not recover to meet break-even costs and service debt. Non-OPEC producers in the DoC adjusted down their production by 2.95 mb/d in May (preliminary), while preliminary oil production outside of the DoC dropped by 2.0 mb/d in April and 0.8 mb/d in May, mainly in the US and Canada. Oil production in the latter two countries is likely to decline by a combined 1.8 mb/d in 2020, y-o-y.

OECD

OECD liquids production in 2019 is estimated to have grown by 1.65 mb/d y-o-y for an average of 29.98 mb/d, revised up by 0.04 mb/d due to an upward revision of 38 tb/d in OECD Asia Pacific. Oil production in OECD Asia Pacific is now estimated to have grown by 0.11 mb/d. Oil production in OECD Americas shows growth of 1.67 mb/d, while OECD Europe experienced a decline of 0.13 mb/d.

For **2020**, OECD oil production was revised up by 0.05 mb/d to show a decline of 1.57 mb/d y-o-y. OECD Americas is projected to decline by 1.90 mb/d, an upward revision of 35 tb/d. OECD Europe was also revised up by 9 tb/d m-o-m and is now forecast to grow by 0.28 mb/d. Oil production in OECD Asia Pacific is forecast to grow by 0.04 mb/d, after an upward revision of 5 tb/d due to production data for Australia in 1Q20 and 2Q20.

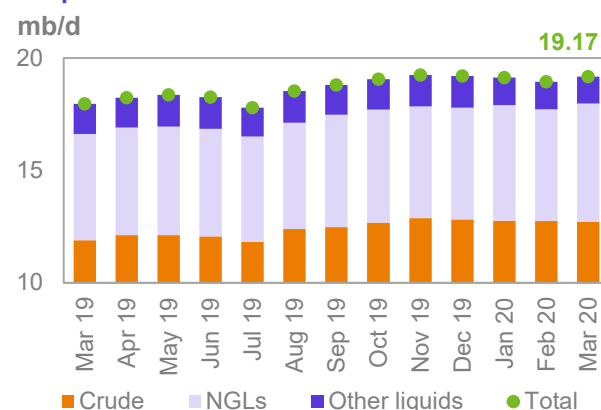
OECD Americas

US

US liquids output in March, following declines for three consecutive months, showed an increase of 0.23 mb/d to average 19.17 mb/d (excluding processing gains), up by 1.21 mb/d y-o-y. With this, US liquids production in 1Q20 averaged 19.08 mb/d, representing a q-o-q decline of 0.07 mb/d, but showing a y-o-y increase by 1.30 mb/d.

While **crude oil and condensate output** declined by 28 tb/d m-o-m to average 12.72 mb/d in March, production of **NGLs** rose by 288 tb/d m-o-m to average 5.25 mb/d. Other liquids output, mainly biofuels, was also down by 27 tb/d to average 1.20 mb/d (**Graph 5 – 5**).

Graph 5 - 5: US monthly liquids output by key component



Source: OPEC.

While crude oil output in the West Coast, East Coast, Midwest and Rocky Mountains decreased in March, production in the Gulf Coast increased. Production in Texas and New Mexico rose m-o-m by 67 tb/d and 9 tb/d in March to 5.42 mb/d and 1.11 mb/d, respectively. This monthly growth shows that oil production in Texas is still rising, while output in other states is declining in comparison to last month.

Following a decline in February by a minor 8 tb/d, oil production from the Gulf of Mexico declined further in March by 41 tb/d to average 1.93 mb/d (**Table 5 – 4**).

Table 5 - 4: US crude oil production by state, tb/d

State	Change		
	Feb 20	Mar 20	Mar 20/Feb 20
Alaska	477	470	-7
Colorado	504	491	-13
Oklahoma	557	552	-5
New Mexico	1,096	1,105	9
North Dakota	1,427	1,408	-19
Gulf of Mexico (GoM)	1,973	1,932	-41
Texas	5,355	5,422	67
Total	12,744	12,716	-28

Sources: EIA and OPEC.

While preliminary weekly US crude oil production data in March showed an average of 12.95 mb/d, actual monthly output data indicates a lower level, by 229 tb/d. The average monthly production in March based on US weekly data shows a decrease of 79 tb/d compared to a month earlier, while actual monthly data showed a m-o-m decline of only 28 tb/d. The preliminary US monthly crude and condensate output based on the EIA weekly crude oil production figures for April is estimated to have declined by 785 tb/d m-o-m to average 12.16 mb/d, while in May, weekly data indicates a drop of 735 tb/d to average 11.42 mb/d, which does not match the announced curtailment of 1.36 mb/d in May.

Since 13 March, 484 oil rigs have been idled by US operators in the 13 consecutive weeks up to 12 June that is expected to have a considerable effect on daily output in April, May and June or even continue into 3Q20. New well completion dropped significantly in April and May. Started frac operations declined drastically from more than 1,400 wells in April 2019 to around 340 wells in April 2020 and are likely to be even lower in May and June. This is the main factor that is expected to affect US crude oil production from April 2020 onward. The final production of each field depends on how many new wells come on stream to compensate for the base decline of legacy wells.

Based on a preliminary estimate of drilling and completion activities and announced production shut-ins by operators in different regions, crude and field condensate production is estimated to have declined by around 0.8 mb/d in April. The production decline is expected to deepen in May by around an additional 1.2 mb/d. Based on the current trend in decreasing rig counts as per the weekly Baker Hughes report of 12 June, the decline in production is projected to continue up to the end of August, if oil prices remain around \$40/b. Based on this forecast, average crude oil production is forecast to decline by 1.13 mb/d y-o-y to average 11.10 mb/d, down by 2.13 mb/d from December 2019 to December 2020.

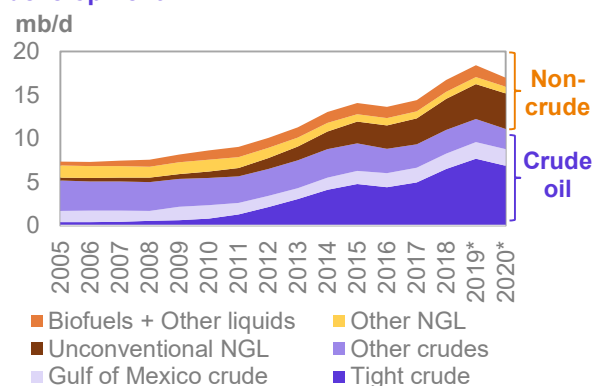
The **US liquids production growth forecast for 2020** was revised up by 0.01 mb/d due to higher-than-expected NGLs output in March, and is now forecast to contract by 1.43 mb/d y-o-y, for an average of 16.96 mb/d.

US crude oil production in 2020 is now forecast to decline by around 10%, or 1.13 mb/d y-o-y, to average 11.10 mb/d.

Production of NGLs is likely to rise by 0.06 mb/d y-o-y to average 4.87 mb/d.

The **US non-conventional liquids production** forecast is now expected to decrease by 0.36 mb/d to average 1.00 mb/d for this year.

Graph 5 - 6: US crude oil and non-crude production development

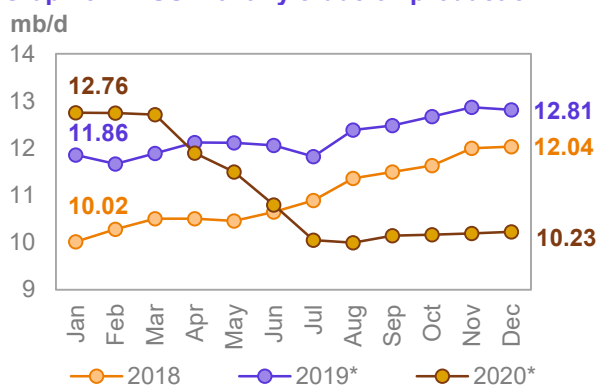


Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

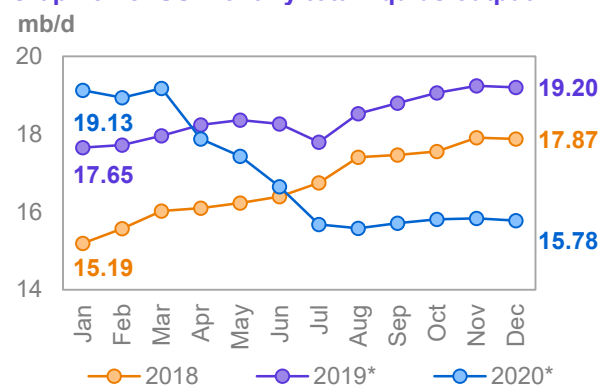
US crude oil production is anticipated to decline by 1.3 mb/d in 2Q20 compared to 1Q20 owing to starting production shut-ins, mainly by shale producers, and due to the natural decline in legacy wells outpacing new well production. Weakness in frac activity and deeper frac spread cuts throughout May and probably June will translate into a lower US crude oil production forecast for 2H20. Therefore, for the next quarter, production is likely to drop by another 1.3 mb/d to average 10.07 mb/d. However, assuming an oil price recovery and growing demand, US crude oil production is projected to gradually recover in 4Q20 and begin growing into the next year. Moreover, the forecast US liquids supply contraction of 1.43 mb/d for 2020 is also due to an anticipated decline in biofuels production and lower NGLs output growth.

Graph 5 - 7: US monthly crude oil production



Note: * 2019 = Estimate and 2020 = Forecast.
Source: OPEC.

Graph 5 - 8: US monthly total liquids output

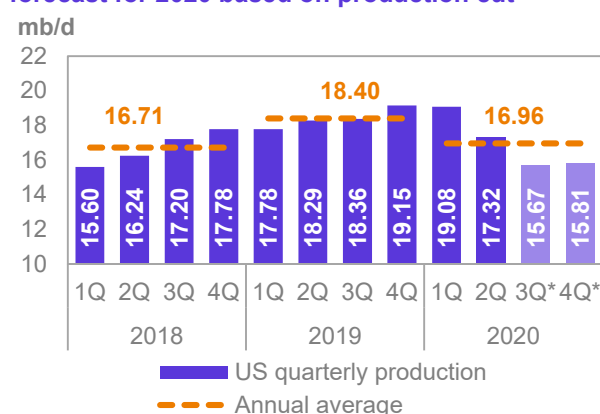


Note: * 2019 = Estimate and 2020 = Forecast.
Source: OPEC.

US tight crude production is forecast to drop by 0.81 mb/d y-o-y, to average 6.88 mb/d. Production from the Permian Basin – with its lower operating cost and more economical take-away capacity due to the closer proximity to the GoM refinery hub – will be more resilient to oil price declines than other key onshore regions. While a contraction is anticipated for all other US oil regions in 2020, the Permian is likely to grow by 0.22 mb/d y-o-y.

Oil production from offshore fields in the GoM is expected to grow by 0.03 mb/d to average 1.91 mb/d. Lower 48 onshore non-tight crude oil production, in addition to production by Alaska, is forecast to decline by around 0.35 mb/d to average 2.30 mb/d.

Graph 5 - 9: US historical liquids output and forecast for 2020 based on production cut



Note: * 3Q20-4Q20 = Forecast. Sources: EIA and OPEC.

Table 5 - 5: US liquids production breakdown, mb/d

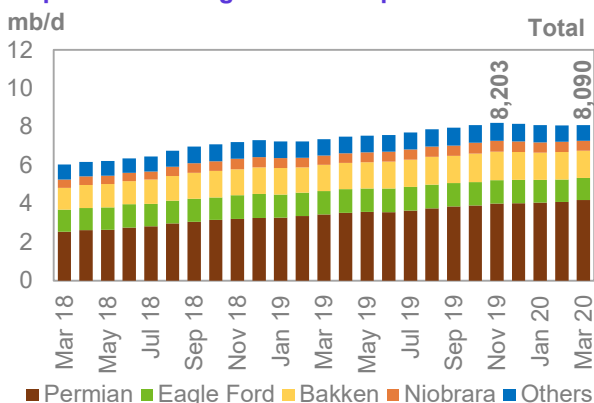
US liquids	2017	2018	Change 2018/17	2019*	Change 2019/18	2020*	Change 2020/19
Tight crude	4.97	6.52	1.55	7.70	1.19	6.88	-0.81
Gulf of Mexico crude	1.68	1.76	0.08	1.88	0.13	1.91	0.03
Conventional crude oil	2.71	2.71	0.01	2.65	-0.07	2.30	-0.35
Unconventional NGLs	2.97	3.58	0.61	4.01	0.43	4.10	0.08
Conventional NGLs	0.81	0.79	-0.02	0.80	0.01	0.78	-0.03
Biofuels + Other liquids	1.27	1.35	0.08	1.36	0.01	1.00	-0.36
US total supply	14.40	16.71	2.31	18.40	1.69	16.96	-1.43

Note: * 2019 = Estimate and 2020 = Forecast.

Sources: EIA, OPEC and Rystad Energy.

US tight crude output in March increased by an estimated 23 tb/d m-o-m to average 8.09 mb/d, an increase of 0.73 mb/d y-o-y. The main m-o-m growth in US tight crude output from shale and tight formations through horizontal wells came from the Permian's Midland and Delaware Basins, by 64 tb/d and 26 tb/d, respectively, adding a total of 90 tb/d to average 4.19 mb/d. Tight crude output in Eagle Ford declined by 5 tb/d to average 1.16 mb/d. Output in the Williston Basin from the Bakken shale fell by 19 tb/d to average 1.42 mb/d. In the Niobrara, output declined by 13 tb/d to average 0.51 mb/d; at the same time in other regions, total production fell m-o-m by 30 tb/d to average 0.82 mb/d.

Graph 5 - 10: US tight crude output breakdown



Sources: EIA, Rystad Energy and OPEC.

Table 5 - 6: US tight oil production growth, mb/d

US tight oil	2018	Change 2018/17	2019	Change 2019/18	2020*	Change 2020/19
Permian tight	2.84	1.00	3.66	0.85	3.88	0.22
Bakken shale	1.25	0.20	1.41	0.16	1.15	-0.26
Eagle Ford shale	1.19	0.09	1.22	0.04	0.93	-0.29
Niobrara shale	0.45	0.11	0.53	0.06	0.33	-0.20
Other tight plays	0.79	0.15	0.89	0.08	0.59	-0.30
Total	6.52	1.55	7.70	1.19	6.88	-0.81

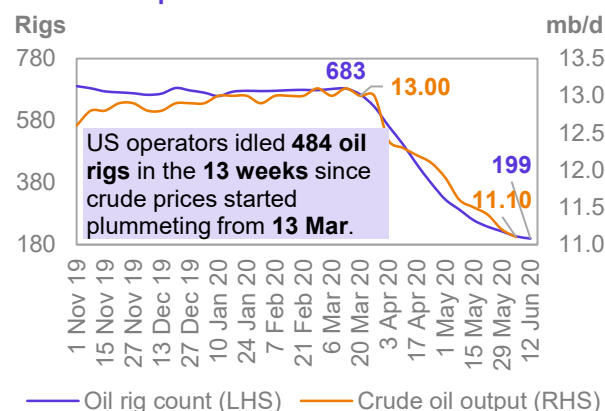
Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

US rig count, spudded, completed, DUC wells and fracking activity

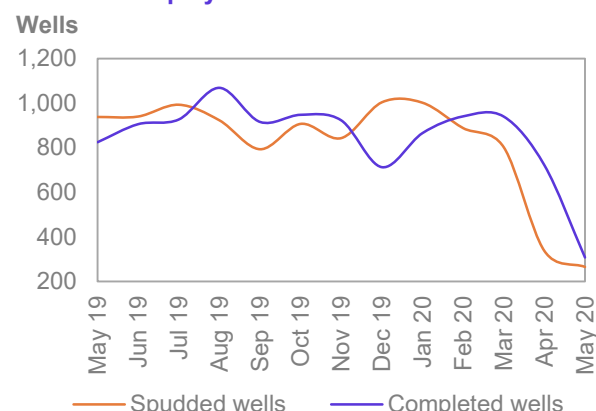
The overall **US rig count** fell by 690 units, or 71%, y-o-y, extending the historic low to 279 rigs in the week ending 12 June, as operators kept their wells shut-in as planned, amid the historic plunge in oil prices, demand shock and limited storage capacity. US operators have idled 484 oil rigs in the 13 weeks since crude prices started plummeting from 13 March. Out of 279 active rigs, 266 rigs were onshore and 13 rigs were offshore. US oil rigs dropped by 589 units, or 74%, y-o-y to average 199 rigs (**Graph 5 - 11**). By state, Texas lost one rig to 114 active rigs w-o-w in 12 June, a drastic yearly drop of 353 rigs for a decline of 76% y-o-y.

Graph 5 - 11: US weekly rig count vs. US weekly crude oil output



Sources: Baker Hughes, EIA and OPEC.

Graph 5 - 12: Spudded and completed wells in the US shale plays



Sources: Rystad Energy and OPEC.

The **oil rig count** dropped by seven rigs w-o-w, while gas rigs gained by two. US gas rigs dropped by 103 units, or 57% y-o-y to 78 rigs. Total horizontal rigs (oil and gas) decreased by 606 units, or 71% y-o-y, to stand at 246 rigs. The horizontal rig count dropped by seven rigs w-o-w.

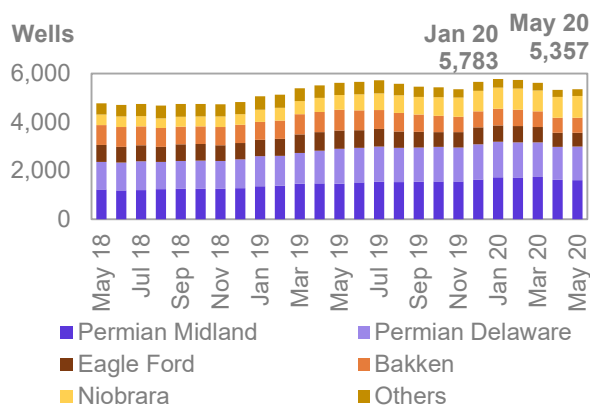
The vast majority of US rigs continue to be in the Permian Basin, at 137 units as of 12 June, lower by 304 rigs (-69%) y-o-y. At the same time, the number of active oil rigs dropped by 60 units to 13 in the Eagle Ford Basin (-82%) y-o-y; by 45 units to 11 rigs (-80%) y-o-y in the Williston Basin; and by 23 units to 5 rigs (-82%) y-o-y in the Niobrara Basin.

With regard to **spudded and completed wells**, in all US shale plays, 803 horizontal wells were spudded in March, down by 86 wells m-o-m. In the same month, the number of completed wells was flat at 940 compared to a month earlier. However, the number of spudded and completed horizontal wells in April and May represent a steep fall from March, amid prevailing lack of demand, low oil prices and a supply glut. The decline in well spudding and completions is seen in **Graph 5 – 12**, showing data from Rystad Energy.

So far in 2020, the number of **DUC wells** in March, April and May declined compared to February. This is a good indication that shale producers prefer to finish uncompleted wells from DUC inventories rather than drill new wells.

The number of **drilled-but-uncompleted horizontal wells** in all US shale regions stood at 5,357 in May. While DUCs decreased by 20 units in the Permian Midland, they rose by 37 units in Delaware. In Eagle Ford, the number of DUCs declined by 16 units, while in Niobrara and Bakken increased by 33 units and 6 units, respectively.

Graph 5 - 13: US horizontal DUC count by shale play



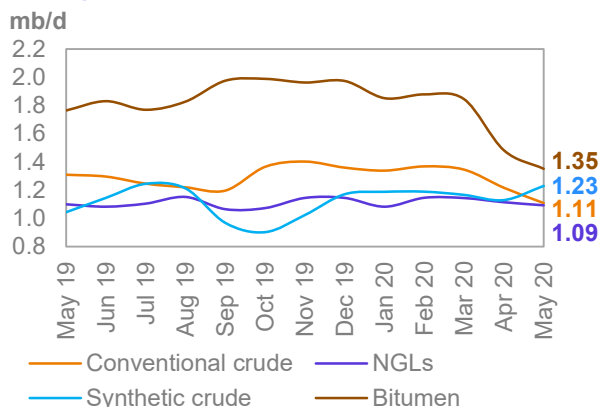
Sources: Rystad Energy and OPEC.

Canada

According to announced production curtailment plans, a total of 0.69 mb/d is being cut from April onwards, including 400 tb/d from non-upgraded thermal projects, mainly the Steam-Assisted Gravity Drainage (SAGD) projects in Foster Creeks, Christian Lake and Surmont. There are also plans to cut 135 tb/d in non-upgraded mining projects, for example in Fort Hills, while synthetic crude production in upgraders will not cut more than 20 tb/d in April. Another 0.13 mb/d of shut-ins were announced in the various conventional and tight oil projects. Oil production in 2Q20, 3Q20 and 4Q20 is expected to be curtailed by 1.1 mb/d, 0.84 mb/d and 0.39 mb/d, respectively, according to Rystad Energy's assessment, compared to the previous assessment totalling 1.36 mb/d, as estimated by other secondary sources.

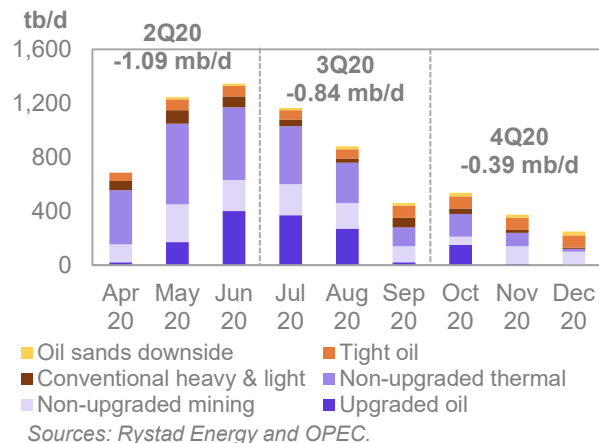
Canada's liquids production in 1Q20 was flat q-o-q at an average of 5.5 mb/d, up by 0.2 mb/d y-o-y. Total bitumen and synthetic crude output increased by 0.03 mb/d q-o-q to average 3.04 mb/d, according to official data, which was 0.17 mb/d higher y-o-y. Conventional crude oil and NGLs output in 1Q20 was lower by 0.02 mb/d q-o-q at 2.48 mb/d.

Graph 5 - 14: Canada's monthly production development



Sources: National Energy Board and OPEC.

Graph 5 - 15: Canada's production curtailment plan for 2020



Sources: Rystad Energy and OPEC.

OPEC's forecast for Canada liquids supply in 2020 was revised down by 0.81 mb/d in 2Q20, by 0.73 mb/d in 3Q20 and by 0.70 mb/d in 4Q20 on account of the state of Alberta's announced production curtailments as well as the cutting of 2020 upstream capex plans by about 27% or Cdn\$14.7 billion by five main Canadian oil sands operators in Alberta – CNRL, Husky, Suncor, Cenovus and MEG. Based on this new quarterly assessment, Canadian oil production is likely to drop by 0.42 mb/d y-o-y to average 4.99 mb/d in 2020.

In 2019, Canadian conventional crude production is estimated to have increased by 63 tb/d y-o-y, oil sands added 40 tb/d and NGLs rose by 29 tb/d y-o-y. Crude production in Alberta is estimated to have increased to 3.4 mb/d of which 2.95 mb/d came from oil sands fields.

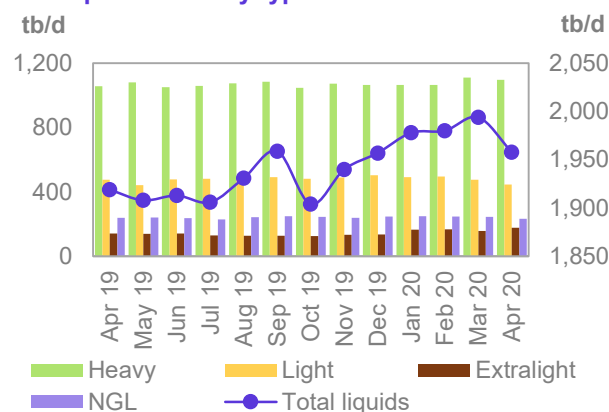
Mexico

Mexico's liquids output in April was down by 37 tb/d m-o-m to average 1.96 mb/d, up by 0.04 mb/d y-o-y. Crude oil production in April fell by 25 tb/d m-o-m to average 1.72 mb/d according to Pemex, including 1.10 mb/d of heavy crude, which declined by 13 tb/d m-o-m, and 623 tb/d of light and extra light crude. NGLs output also decreased by 12 tb/d to average 234 tb/d.

Mexico's liquids, production is expected at 1,895 tb/d in May.

The average production cost in 2019 was less than \$15/b and both Pemex and the federal government reportedly hedged 55% of the total 2020 crude production at \$49/b.

Graph 5 - 16: Mexico's monthly liquids and crude production by type



Sources: PEMEX and OPEC.

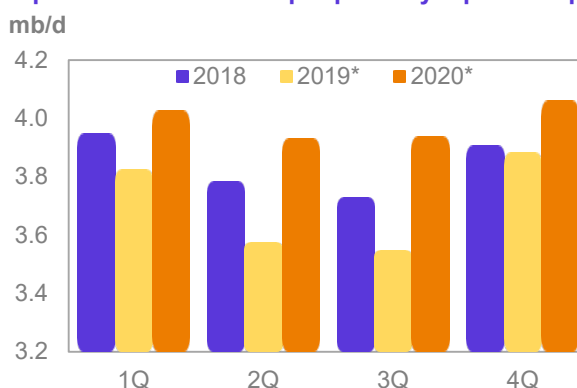
Despite lower production of 60 tb/d q-o-q in 2Q20, Mexico liquids production was revised up by 26 tb/d to average 1.88 tb/d in 2020, following an upward adjustment in 3Q20 and 4Q20.

OECD Europe

OECD Europe's liquids production in 2019 declined by 0.13 mb/d to average 3.71 mb/d, primarily due to heavy declines in Norway of 6.2% y-o-y. In general, crude production in Norway was faced with unplanned outages, natural decline and lack of new projects.

For **2020**, production is expected to surge to 3.99 mb/d, representing y-o-y growth of 0.28 mb/d for the region, revised up by 0.01 mb/d. While oil production in Norway is expected to see growth of 0.30 mb/d in the current year, oil output in other countries of the region will remain unchanged, or decline.

Graph 5 - 17: OECD Europe quarterly liquids output



Note: * 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

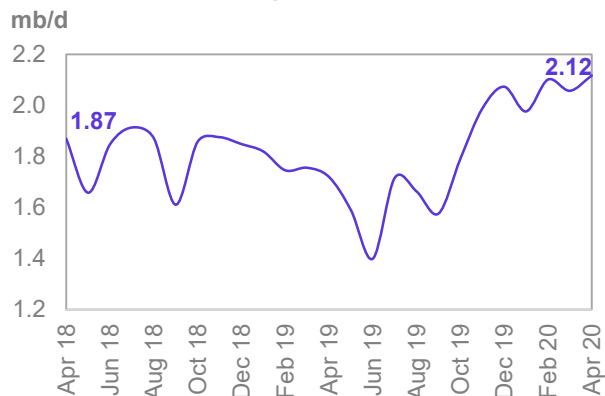
Norway

According to a government announcement, **Norway's crude production** is planned to be reduced by 250 tb/d in June from a base line of 1.859 mb/d, to an upper limit of 1.61 mb/d, to help stabilise the global oil market and in line with OPEC+ production adjustments. Based on April crude oil production, the drop to the upper limit amounts to around 175 tb/d. Norway plans to cut crude production by 134 tb/d during 2H20, to a limit of no more than 1.725 mb/d. Hence, Norway's average liquids production in 2H20 is forecast to reach a maximum 2.05 mb/d. Moreover, according to the Norwegian government, new offshore project start-ups will be deferred into 2021. This applies to projects such as the Yme, Martin Linge, Njord, Hyme, Bauge, and Tor fields. Gas and condensate fields were exempt from the measures, as were fields on the median line with other countries and those with problems related to resource management.

Norway's preliminary liquids production in April was up by 0.06 mb/d m-o-m to average 2.12 mb/d, which was 1.9% higher than the Norwegian Petroleum Directorate's (NPD) forecast. Crude oil output in April was up by 76 tb/d m-o-m to average 1.78 mb/d, while NGL and condensate output in April decreased by 16 tb/d to average 334 tb/d.

Norway's liquids supply in 2020 is now expected to grow by 0.30 mb/d to average 2.03 mb/d, revised up by 0.01 mb/d from the previous month's assessment due to higher-than-expected oil output in 1Q20 and April. Liquids output in May is expected to have been lower than April based on NPD's forecast owing to lower NGLs and condensate production.

Graph 5 - 18: Norway's quarterly liquids production forecast based on new production curtailment



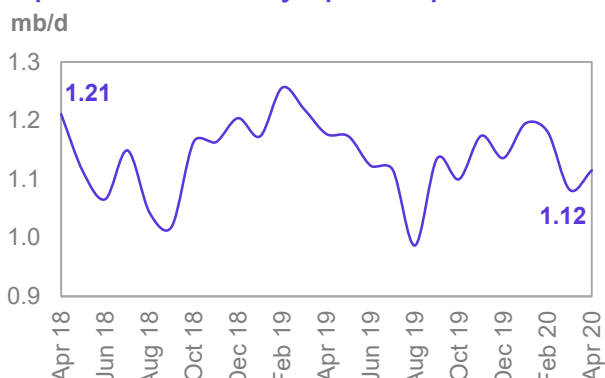
Sources: NPD and OPEC.

UK

UK liquids production in April was up by 0.04 mb/d m-o-m to average 1.12 mb/d, lower by 0.06 mb/d y-o-y. Crude oil output recovered by 33 tb/d m-o-m to average 974 tb/d in April, while NGL output was flat at an average of 95 tb/d. Non-conventional liquids were also flat at 46 tb/d. However, preliminary output data in May again shows a mild declining trend.

UK oil production for 2020 is forecast to remain unchanged from last year at 1.15 mb/d. The planned summer shutdown of the Forties pipeline has been postponed to spring 2021 in light of the UK government-imposed restrictions related to the COVID-19 pandemic.

Graph 5 - 19: UK monthly liquids output



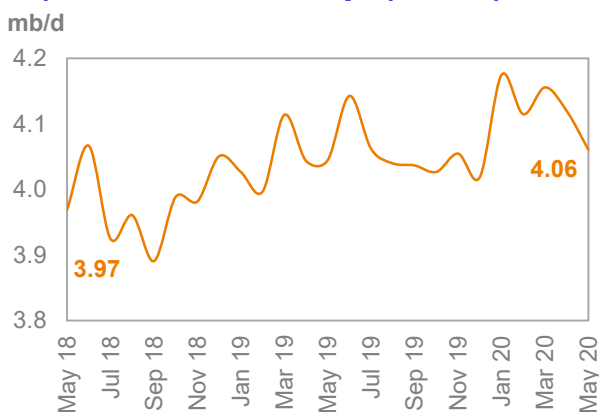
Sources: Department of Energy & Climate Change and OPEC.

Non-OECD

China

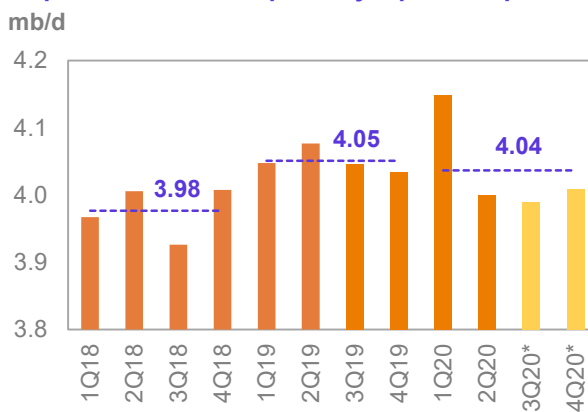
China's liquids production in April fell by 0.04 mb/d m-o-m to average 4.12 mb/d, higher by 0.08 mb/d y-o-y, according to official data.

Graph 5 - 20: China's monthly liquids output



Sources: CNPC and OPEC.

Graph 5 - 21: China's quarterly liquids output



Note: * 3Q20-4Q20 = Forecast. Sources: CNPC and OPEC.

Crude oil output in April increased by 39 tb/d to average 3.86 mb/d, up by 39 tb/d, y-o-y. Oil output since the beginning of the year has increased by 0.09 mb/d and 0.11 mb/d compared to the average of 2019 and 4Q19, respectively. However, due to the expected production curtailment by state-owned majors in reaction to the decline in oil prices, along with lower spending in the upstream sector, lower domestic production in 2H20 is anticipated.

China's liquids supply in 2020 is forecast to see a contraction of 0.01 mb/d to average 4.04 mb/d. Should possible upside potential in 2Q20 compared to 1Q20 materialize, liquids production in 2020 in China could even see minor growth.

Developing Countries (DCs)

Total developing countries' (DCs) liquids production for 2019 is forecast to decline by 0.09 mb/d to average 14.15 mb/d. This represents an upward revision of 0.04 mb/d from the previous assessment, of which the largest revision is attributed to Oman, by 37 tb/d. The key growth driver remains Latin America, with a forecast y-o-y increase of 0.19 mb/d, to average 6.20 mb/d. Oil production is forecast to decrease in the Middle East, Africa and Other Asia by 0.10 mb/d to average 3.11 mb/d; 0.06 mb/d to average 1.47 mb/d; and 0.13 mb/d to average 3.36 mb/d, respectively.

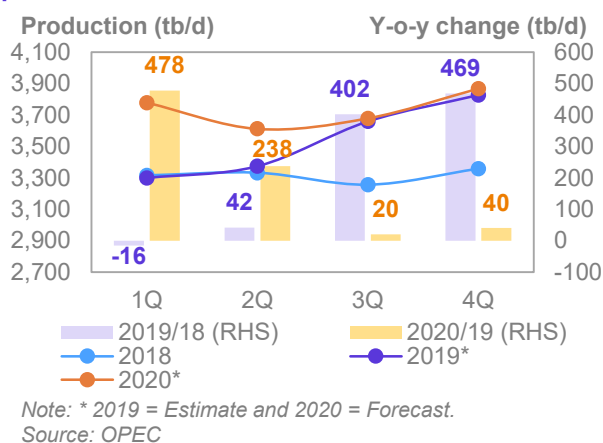
Latin America

Brazil's crude oil output in April fell by 13 tb/d m-o-m to average 2.96 mb/d. Total liquids, including biofuels, declined by 15 tb/d to average 3.70 mb/d, up by 0.35 mb/d y-o-y. Although Petrobras didn't officially announce production cuts, the company lost 23 tb/d due to a shut-in of 62 shallow-water platforms in late March. Oil production from the offshore Lula field in the pre-salt horizon in the Santos Basin recovered to 1.03 mb/d in April, to average 0.98 mb/d y-t-d while post-salt oil output continued to decline m-o-m. Production in Búzios was pegged at an average 0.52 mb/d in March and April. Crude production from the pre-salt horizon in Brazil increased to 2.06 mb/d in April, higher by 0.07 mb/d m-o-m and also higher by 0.32 mb/d from average output in 2019. In contrast, y-t-d crude oil production from fields located in the post-salt has declined by 76 tb/d, or 8%, to average 0.87 mb/d from average output in 2019.

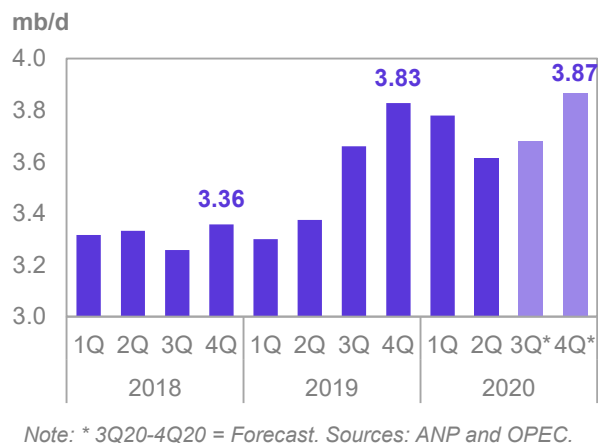
According to Petrobras' projects in 2020, the new project of Atapu South (Iara, P-70) is in the development stage, but it is not clear whether Petrobras will implement the project on time or choose to delay it. There are also three other projects scheduled for next year – Sepia, Mero I, and Peregrino II – with total peak capacity of 0.41 mb/d.

Brazil's liquids production in 2020 is forecast to increase by 0.19 mb/d y-o-y to average 3.73 mb/d. The production forecast in 2Q20 and 3Q20 showed a reduction by 0.17 mb/d and 0.10 mb/d compared with 1Q20, respectively, mainly due to Petrobras' decision to move up field maintenance in an effort to support the global collective actions to return stability to the oil market.

Graph 5 - 22: Brazil's crude oil and liquids production



Graph 5 - 23: Brazil's quarterly liquids production



In **Ecuador**, the operations of two key pipelines that transport almost 100% of the country's production to the Pacific coast were affected by a rupture detected in the OCP pipeline caused by the Coca River flooding in the first week of April. Therefore, production dropped by 0.34 mb/d m-o-m to average 0.19 mb/d in April. In May, production is expected to have averaged 0.36 mb/d.

In **Colombia**, shut-ins of production in some uneconomic fields caused oil output to decline m-o-m in April by 0.06 mb/d to average 0.82 mb/d.

In **Guyana**, oil production from the Liza phase 1 project in the deepwater Stabroek block has fallen by 65% since early May to 275 tb/d, because of compression equipment problems, according to the government in Guyana, although this has not yet been confirmed by ExxonMobil. The peak target of 0.12 mb/d is expected in June.

In **Argentina**, following shut-ins of costly production at the Loma Campana shale oil project in Vaca Muerta, oil production in April declined by 0.06 mb/d m-o-m to average 0.61 mb/d.

FSU

The FSU oil supply forecast for **2020**, based on updated production data for April and May, was revised up by 207 tb/d m-o-m to average 13.0 mb/d, now showing a contraction of 1.37 mb/d y-o-y. Oil production in Russia is forecast to decline by 1.14 mb/d y-o-y to average 10.30 mb/d. Oil supply in Kazakhstan and Azerbaijan is also projected to decline by 0.15 mb/d and 0.07 mb/d, respectively. Oil production of FSU Others is forecast to decline by 0.01 mb/d to average 0.31 mb/d in 2020.

Russia

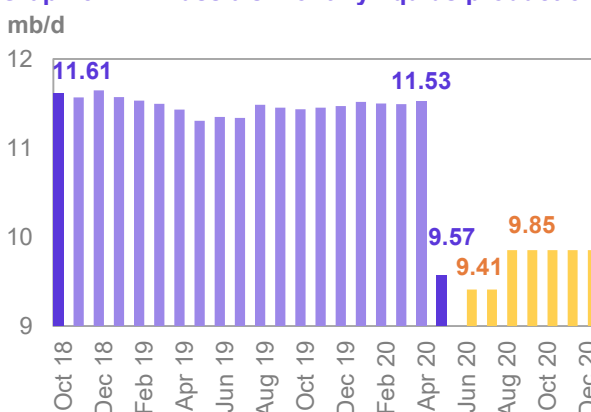
Preliminary data for **Russia's liquids production in May** showed a drastic decline of 1.96 mb/d m-o-m to an average of 9.57 mb/d, reflecting the new output adjustment agreement.

Lukoil has said that it had reduced crude oil production by 19% in May, compared with 1Q20, in line with voluntary production adjustments. The reduction of 310 tb/d was at less profitable wells in West Siberia and northern Russia.

Total condensate and NGL output from gas condensate fields in May was flat at 918 tb/d, similar to March and April.

It is worth noting that average Russia NGLs and condensate production in 2019 was 817 tb/d, 0.1 mb/d less than the average in 1Q20 of 918 tb/d.

Graph 5 - 24: Russia's monthly liquids production



Sources: Nefte Compass and OPEC.

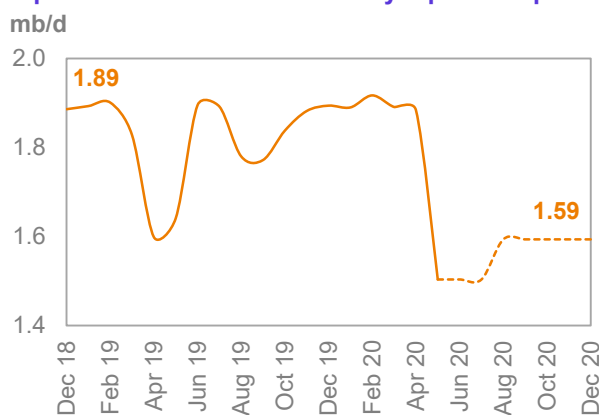
Caspian

Kazakhstan

Preliminary liquids production in Kazakhstan fell by 0.38 mb/d in May m-o-m to average 1.50 mb/d, lower by 0.14 mb/d y-o-y. Actual liquids output in April declined by 0.01 mb/d to average 1.88 mb/d. While crude oil production declined by 380 tb/d m-o-m to average 1.25 mb/d, NGL output remained flat m-o-m at 0.26 mb/d.

For **2020**, liquids production is forecast to decline by 0.15 mb/d to average 1.67 mb/d.

Graph 5 - 25: Kazakhstan monthly liquids output



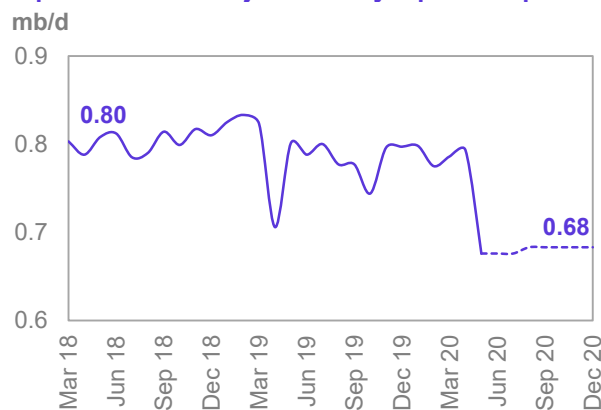
Sources: Nefte Compass and OPEC.

Azerbaijan

Liquids output in Azerbaijan in April was flat at 0.79 mb/d, up by 0.08 mb/d y-o-y. While crude oil production declined by 5 tb/d to average 0.67 mb/d, NGLs and condensates increased by 12 tb/d, m-o-m to average 123 tb/d. Preliminary liquids production in Azerbaijan shows a decrease of 0.11 mb/d in May m-o-m to average 0.68 mb/d, lower by 0.03 mb/d y-o-y.

For **2020**, liquids supply is forecast to decline by 0.07 mb/d to average 0.72 mb/d.

Graph 5 - 26: Azerbaijan monthly liquids output



Sources: Nefte Compass and OPEC.

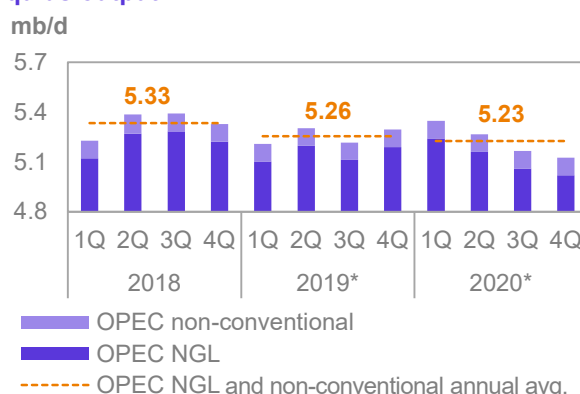
OPEC NGL and non-conventional oils

The level of **OPEC NGLs historical absolute production** has been revised up based on data received by direct communication. OPEC NGLs and non-conventional liquids are now estimated to have declined by 0.08 mb/d y-o-y in 2019 to average 5.26 mb/d, following growth of 0.16 mb/d in 2018.

OPEC NGL output in April declined by 0.07 mb/d to average 5.26 mb/d. Preliminary production in May indicates minor growth of 10 tb/d.

For **2020**, OPEC NGLs are forecast to decline by 0.03 mb/d to average 5.23 mb/d, due to lower-than-expected NGL output in the remainder of the year compared with 1Q20.

Graph 5 - 27: OPEC NGL and non-conventional liquids output



Note: * 2019 = Estimate and 2020 = Forecast.
Source: OPEC.

Table 5 - 7: OPEC NGL + non-conventional liquids, mb/d

OPEC NGL and non-coventional oils	Change		Change		1Q20	2Q20	3Q20	4Q20	Change	
	2018	18/17	2019	19/18					2020	20/19
OPEC NGL	5.22	0.16	5.15	-0.08	5.24	5.16	5.06	5.02	5.12	-0.03
OPEC non-conventional	0.11	0.00	0.11	0.00	0.11	0.11	0.11	0.11	0.11	0.00
Total	5.33	0.16	5.26	-0.08	5.35	5.27	5.17	5.13	5.23	-0.03

Note: 2019 = Estimate and 2020 = Forecast.

Source: OPEC.

OPEC crude oil production

According to secondary sources, **total OPEC-13 preliminary crude oil production** averaged 24.19 mb/d in May, lower by 6.30 mb/d m-o-m, as ten OPEC MCs have agreed to adjust down their production from May 2020. Crude oil output in May decreased almost in all MCs mainly in Saudi Arabia, the UAE and Kuwait.

Table 5 - 8: OPEC crude oil production based on secondary sources, tb/d

Secondary sources	2018	2019	3Q19	4Q19	1Q20	Mar 20	Apr 20	May 20	Change May/Apr
Algeria	1,042	1,022	1,021	1,022	1,018	1,031	1,006	819	-188
Angola	1,505	1,401	1,390	1,350	1,388	1,402	1,313	1,280	-33
Congo	317	324	325	313	295	295	293	272	-22
Equatorial Guinea	125	117	119	122	122	122	126	93	-33
Gabon	187	208	204	210	194	202	196	189	-7
Iran, I.R.	3,553	2,356	2,189	2,113	2,059	2,025	1,973	1,978	5
Iraq	4,550	4,678	4,752	4,633	4,560	4,570	4,504	4,165	-340
Kuwait	2,745	2,687	2,655	2,688	2,741	2,880	3,118	2,198	-921
Libya	951	1,097	1,103	1,163	348	91	82	82	-1
Nigeria	1,718	1,786	1,842	1,777	1,800	1,848	1,777	1,592	-185
Saudi Arabia	10,311	9,771	9,452	9,846	9,796	9,946	11,642	8,482	-3,160
UAE	2,986	3,094	3,096	3,135	3,208	3,507	3,841	2,477	-1,364
Venezuela	1,354	796	714	724	730	660	624	570	-54
Total OPEC	31,344	29,337	28,861	29,095	28,258	28,578	30,495	24,195	-6,300

Notes: Totals may not add up due to independent rounding.

Source: OPEC.

Table 5 - 9: OPEC crude oil production based on direct communication, tb/d

Direct communication	2018	2019	3Q19	4Q19	1Q20	Mar 20	Apr 20	May 20	Change May/Apr
Algeria	1,040	1,023	1,025	1,023	1,018	1,033	1,004	812	-192
Angola	1,473	1,377	1,318	1,345	1,402	1,404	1,352	1,222	-130
Congo	323	332	333	309	308	319	314	320	6
Equatorial Guinea	120	110	109	110	126	123	122	86	-36
Gabon	193	218	220	212	224	234	..	..	..
Iran, I.R.	..	..	..	..	..	..	..	..	..
Iraq	4,410	4,576	4,630	4,568	4,490	4,500	4,480	4,213	-267
Kuwait	2,737	2,678	2,636	2,683	2,744	2,901	3,151	2,191	-960
Libya	..	..	..	..	..	..	..	..	..
Nigeria	1,602	1,727	1,794	1,702	1,761	1,799	1,793	..	..
Saudi Arabia	10,317	9,808	9,503	9,929	9,755	9,733	12,007	8,486	-3,521
UAE	3,008	3,058	3,068	3,058	3,173	3,526	4,033	2,443	-1,590
Venezuela	1,510	1,013	864	859	821	718	737	573	-164
Total OPEC	..	..	..	..	..	..	..	..	..

Notes: .. Not available. Totals may not add up due to independent rounding.

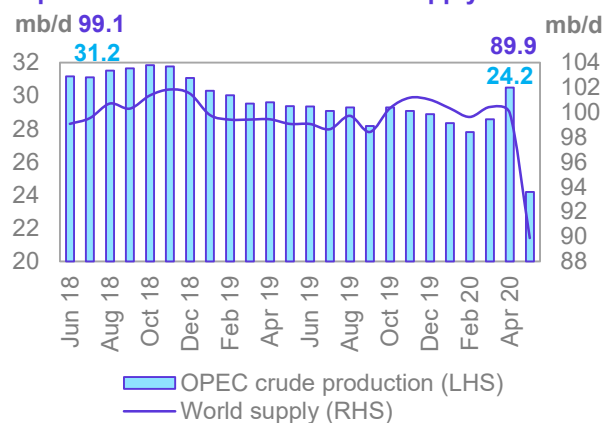
Source: OPEC.

World oil supply

Preliminary data indicates that **global liquids production** in May decreased by 10.04 mb/d to average 89.89 mb/d, compared with the previous month. Global crude supply fell considerably in May under the agreement signed by countries participating in the DoC, as well as the announced shut-ins by other countries, mainly in North America.

Non-OPEC liquids production in May, including OPEC NGLs and non-conventional liquids, is estimated to have fallen by 3.74 mb/d m-o-m to average 65.69 mb/d, lower by 3.99 mb/d y-o-y. Preliminary declines in production during May 2020 were mainly driven by Russia, US, Kazakhstan, Oman, Canada, Azerbaijan, Norway and Mexico.

Graph 5 - 28: OPEC and world oil supply



Source: OPEC.

The **share of OPEC crude oil in total global production** decreased by 3.6 pp to 26.9% in May compared with the previous month. Estimates are based on preliminary data from direct communication for non-OPEC supply, OPEC NGLs and non-conventional oil, while estimates for OPEC crude production are based on secondary sources.

Product Markets and Refinery Operations

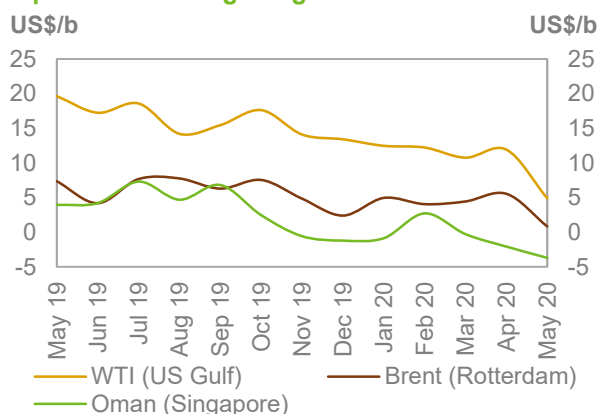
Refinery margins globally came under heavy pressure and plummeted to record breaking lows as product balances grew longer and led to a product glut amid stronger feedstock prices. The middle section of the barrel suffered the hardest as the manufacturing, freight and distribution systems are still operating at reduced rates. Although gasoline markets showed some upside vehicle as pandemic restrictions continued to be lifted, this support was insufficient to prevent the hard downfall in refining economics given it is very limited magnitude.

Refinery margins

US refining margins tumbled to single digits and reached levels not seen since February 2016. Although refinery runs did not rise that significantly, which in theory should have helped prevent stock builds, the slow and moderated fuel consumption continued to exacerbate the imbalance between output and consumption.

Although US gasoline markets were in a stronger position compared to middle distillates, they still remained historically weak and proved rather to be deceptive. On the demand side, gasoline exports to Latin America were lower during the month, and on the supply side, gasoline yields were reported higher, resulting in nearly insignificant support to overall refining economics. US refinery margins against WTI averaged \$4.92/b in May, down by \$7.00 m-o-m and by \$14.70 y-o-y.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

European margins dropped to less than a dollar per barrel, a new record breaking low, as strong product supplies weighed on markets. Refineries in the region previously overreacted to the optimistic sentiment surrounding the recovery in local fuel demand, and this ultimately worsened the product surplus in the region. Given the slow paced demand recovery, the resulting support was completely outweighed by product outputs as all products across the barrel with the exception of gasoline, which showed losses. The strongest contributors to the downside came from the middle and the bottom of the barrel. The support linked to stronger gasoline cracks failed to uplift the margins.

Although drawdowns in ARA inventory levels over the month encouraged higher runs and reportedly prompted at least one refinery back into operation, product stock levels could most likely return to alarmingly high levels in the coming month.

Refinery margins for Brent in Europe averaged 85¢/b in May, down by \$4.70 compared to a month earlier but down by \$6.51 y-o-y.

In **Asia**, margins deteriorated further into negative territory during the month, pressured by a regional product surplus and a lack of product outlets outside the region. Asian simple refinery configurations suffered the most, reflecting the weakening in fuel oil crack spreads. Most of the pressure stemmed from the middle and the bottom of the barrel, as extended restrictions in India, Japan and Southeast Asia all contributed to lower demand expectations. Furthermore, the nearly \$5.0/b premium of Dubai registered in May vs WTI and Brent further added to the weakness in refining economics compared to the other regions.

Refinery margins for Oman lost \$1.63 m-o-m to average minus \$3.72/b in May, and were lower by \$7.67 y-o-y.

Refinery operations

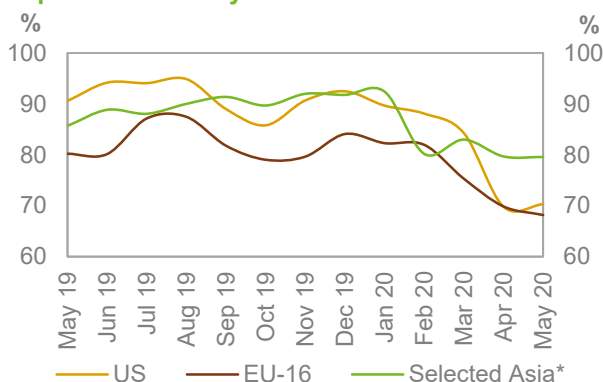
US refinery utilization rates increased, averaging 70.3%, which corresponds to a throughput of 13.34 mb/d. This represented a slight rise of 0.5 pp and 100 tb/d compared to the previous month. Y-o-y, the May refinery utilization rate was down by 20.3 pp, with throughputs down by 3.5 mb/d.

Euro-16 refinery utilization averaged 68.16% in May, corresponding to a throughput of 8.45 mb/d. This is a m-o-m drop of 1.7 pp, or 210 tb/d. Y-o-y, utilization rates decreased by 12.1 pp, and throughputs were down by 1.4 mb/d.

In **selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates fell slightly, averaging 79.57% in May, which corresponds to a throughput of 22.54 mb/d.

Compared to the previous month, throughputs were down by 0.1 pp and by 30 tb/d. Meanwhile, y-o-y they were down by 6.1 pp, which corresponded to a decline of 2.4 mb/d.

Graph 6 - 2: Refinery utilization rates



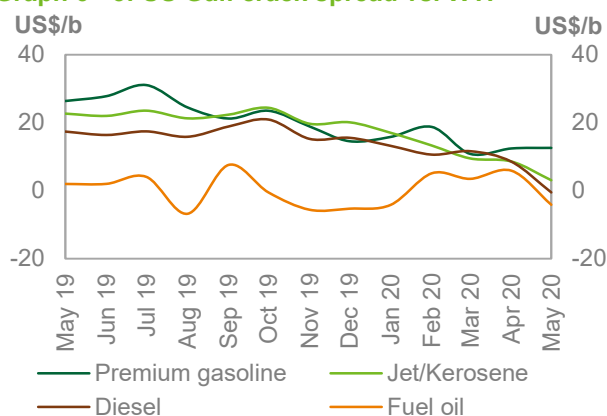
Note: * Japan, China, India, Singapore and South Korea.
Sources: Argus, EIA, Euroilstock, PAJ and OPEC.

Product markets

US market

US gasoline cracks reversed trends following two consecutive months of losses and showed a moderate upturn. Data from daily Apple mobility requests showed a strong recovery in gasoline consumption during May. Nevertheless, the extent of this improvement changed across the country. While California, Louisiana and Florida had returned to January levels, Texas and Alabama grew by 50% compared to January levels. This development is reflected in the US gasoline inventory levels, which dropped by nearly 6 mb/d in mid-May. However, refineries pushed for higher gasoline yields given the optimism related to the easing of lockdown measures. Over the last two weeks alone, gasoline yields rose by 8 pp to over 52%, a level well above the five-year average.

Graph 6 - 3: US Gulf crack spread vs. WTI



Sources: Argus and OPEC.

This, in turn, resulted in an uptick in gasoline stock levels in the last two weeks of the month, resulting in a limited upside in gasoline cracks. PADD 1 is currently the only region where product cracks are sustaining local runs and incentivizing gasoline imports into the region from NWE. In May, gasoline crack spreads gained 17¢ m-o-m to average \$12.62/b, however they were down by \$13.75 y-o-y.

The USGC **jet/kerosene crack spread** continued to suffer considerable losses due to air travel disruptions and jet fuel demand remained largely contracted amid growing product availability. The US jet/kerosene crack spread against WTI averaged \$3.03/b, down by \$5.51 m-o-m and by \$19.61 y-o-y.

US **gasoil crack spreads** fell sharply and entered negative territory reaching a record breaking low as diesel inventory levels grew despite relatively lower yields during most of the month. The severe loss came as diesel crack weakness prevailed for a number of weeks, particularly in PADD 2 and PADD3, as diesel yields were stubbornly high at close to 40%. This resulted in large stock builds with nationwide inventories having risen 3.5 mb in the week ended 8 May (EIA). Furthermore, the decline in gasoil exports failed to open volume outlets, contributing to the poor gasoil market performance and pushing hydrocracking margins into negative territory in May. The US gasoil crack spread averaged minus 51¢/b, down by \$9.03 m-o-m and by \$17.88 y-o-y.

European market

Gasoline crack spreads gained some ground supported by exports driven by transatlantic arbitrage incentives. Gasoline imports into Nigeria in May were up by 10 tb/d m-o-m at 0.28 mb/d. This implies that onshore stock draws had made space for additional discharge. Additionally, gasoline floating in Nigerian anchorage zones peaked on 4 May at 13.80 mb, a multi-year high. The gasoline crack spread averaged \$8.99/b in May, slightly up by 21¢ m-o-m, but down by \$10.31 y-o-y.

The **jet/kerosene crack spreads** extended the downward trend and fell into negative territory, descending to a new multiyear low pressured by the ongoing strong demand contraction attributed to the impacts of the COVID-19 pandemic as the vast majority of airplanes remain grounded. The Rotterdam jet/kerosene crack spread averaged minus 56¢/b, down \$4.97 m-o-m and by \$13.95 y-o-y.

European **gasoil crack spreads** declined by 60% m-o-m as the global diesel supply glut and higher Amsterdam-Rotterdam-Antwerp stock levels weighed on gasoil future prices, while the momentum in demand recovery appears to be slowing. Diesel markets are oversupplied due to lockdown measures imposed by governments in response to the COVID-19 pandemic, as well as rising diesel yields due to plunging jet fuel demand. The gasoil crack spread averaged \$5.29/b, which was lower by \$9.00 m-o-m and by \$8.62 y-o-y.

At the bottom of the barrel, **fuel oil 3.5% crack spreads** in Rotterdam weakened due to oversupply as seen with other core products. Slower consumption amid steady production resulted in higher stock levels. Furthermore, the narrowing VLSFO vs ULSD price differential, presented yet one more bearish factor, as the VLSFO pool was likely expanded by molecules that might otherwise go into diesel. The situation was exacerbated by investments that were given approval in the run-up to IMO 2020 finally coming on stream, such as the restart of the Wilhelmshaven refinery in Germany. The fuel oil crack spread against Brent averaged minus \$7.89/b, which was lower by \$4.56 m-o-m but up by \$4.28 y-o-y.

Asian market

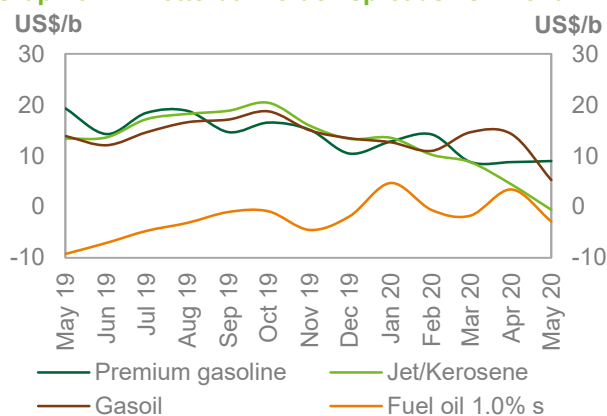
The **Asian gasoline 92 crack spread** against Dubai increased moderately in line with Apple mobility data, which showed a regional recovery, with driving activity in Japan and Korea approaching January levels, while travel in Indonesia and India remained subdued. However, the strong refinery yields limited the upside, especially given the low sulphur residue's recent poor performance. The Singapore gasoline crack spread against Oman averaged 46¢/b in May, up by \$2.37 m-o-m but down by \$4.35 y-o-y.

Singapore light distillate **naphtha crack spreads** performed negatively as Singapore naphtha prices rose further and drove cracks deeper into negative territory on the back of lower requirements from the petrochemical sector. In addition, a crowded export market as well as limited support from the gasoline markets for final gasoline blending kept a firm lid on further gains for naphtha margins. The Singapore naphtha crack spread against Oman averaged minus \$3.86/b, down by 39¢ m-o-m but up by \$5.64 y-o-y.

In the middle of the barrel, the **jet/kerosene crack spreads** against Oman continue to decline and dove into negative territory due to the massive air travel disruptions. The plunge in global jet demand resulted in stock builds, which were exacerbated by bearish

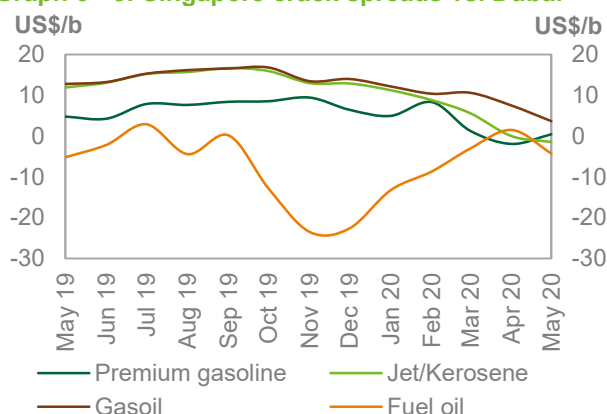
signals triggered by strong refinery outputs in Asia. The Singapore jet/kerosene crack spread against Oman averaged minus \$1.41/b, down by \$1.43 m-o-m and by \$13.32 y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Sources: Argus and OPEC.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

The Singapore **gasoil crack spreads** dropped as consumption for the same product suffered losses in China after tolls on major highways were reintroduced. In addition, positive East-West spreads further weighed on long-haul arbitrage demand. Diesel balances appeared to be positive in almost every region globally, however rising freight rates most likely did not help the cost of floating storage. The Singapore gasoil crack spread against Oman averaged \$3.69/b, down by \$3.83 m-o-m and by \$9.11 y-o-y.

The Singapore **fuel oil 3.5% crack spread** reversed the sharp upward trend witnessed during the previous four months and declined into negative territory pressured by higher crude prices. High freight rates contributed to lower long haul shipments, which, in turn, dented HSFO consumption from the bunker sector in the region. However, a rise in Chinese VLSFO supply in response to the recent release of the first batch of VLSFO export quotas in China along with lower needs for imports from the Atlantic Basin prevented further losses and provided some backing to HSFO markets. A pick-up in demand over the coming months for the utility sector should provide support in the coming months. Singapore fuel oil cracks against Oman averaged minus \$4.26, down by \$5.74 m-o-m but up by 95¢ y-o-y.

Table 6 - 1: Short-term prospects for product markets and refinery operations

Event	Time frame	Asia	Europe	US	Observations
Summer driving season	Jun 20– Aug 20	↓ Negative impact on product markets	↓ Negative impact on product markets	↓ Negative impact on product markets	Further alleviation of lockdowns could incentivize refiners to increase runs, worsening the product supply/demand balance, and fuel consumption is expected to pick up very gradually.
Maintenance season	2020	↓ Negative impact on product markets	↓ Negative impact on product markets	↓ Negative impact on product markets	The supportive factor from heavy turnarounds is expected to be vastly muted this year due to demand contraction. A large number of refineries have deferred maintenance
High product inventory levels	1Q20	↓ Negative impact on product markets	↓ Negative impact on product markets	↓ Negative impact on product markets	The low crude price environment should drive refiners to process every barrel they can. This will maintain the product oversupply while floating storage will need to be cleared first due to high costs.

Source: OPEC.

Product Markets and Refinery Operations

Table 6 - 2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				Refinery utilization, %			
	Mar 20	Apr 20	May 20	Change May/Apr	Mar 20	Apr 20	May 20	Change May/Apr
US	15.85	13.23	13.34	0.10	84.28	69.80	70.28	0.5 pp
Euro-16	9.33	8.66	8.45	-0.21	75.30	69.85	68.16	-1.7 pp
France	0.48	0.50	0.55	0.05	38.02	40.02	43.85	3.8 pp
Germany	1.72	1.51	1.70	0.19	78.75	68.97	77.47	8.5 pp
Italy	1.12	1.07	1.04	-0.03	54.84	52.35	50.64	-1.7 pp
UK	1.02	0.88	0.88	0.01	77.84	66.72	67.25	0.5 pp
Selected Asia*	23.51	22.57	22.54	-0.03	82.98	79.67	79.57	-0.1 pp

Note: * Includes Japan, China, India, Singapore and South Korea.

Sources: EIA, Euroilstock, PAJ, FGE, and OPEC.

Table 6 - 3: Refinery crude throughput, mb/d

	2017	2018	2019	2Q19	3Q19	4Q19	1Q20	2Q20
Total OECD	38.35	38.26	37.65	37.38	38.62	37.29	36.37	30.55
OECD Americas	19.10	19.31	18.96	19.07	19.55	18.87	18.26	15.86
US	16.88	17.32	16.98	17.14	17.43	16.87	16.38	12.92
OECD Europe	12.44	12.21	12.13	11.85	12.54	12.02	11.68	9.26
France	1.17	1.10	1.00	0.98	1.06	0.82	0.65	0.59
Germany	1.91	1.80	1.78	1.70	1.83	1.83	1.82	1.63
Italy	1.40	1.35	1.35	1.33	1.48	1.33	1.22	1.10
UK	1.10	1.06	1.08	1.03	1.07	1.14	1.11	0.92
OECD Asia Pacific	6.82	6.74	6.56	6.45	6.54	6.40	6.43	5.43
Japan	3.22	3.11	3.04	2.94	3.05	3.00	2.96	2.23
Total Non-OECD	42.12	43.41	43.99	43.15	44.30	44.50	42.44	38.89
China	11.35	12.03	12.98	12.66	12.95	13.68	12.04	12.92
Middle East	7.05	7.26	7.06	7.07	7.12	6.75	6.21	5.86
Russia	5.59	5.72	5.70	5.38	5.89	5.83	5.88	5.15
Latin America	4.49	4.22	4.03	3.98	4.10	3.99	4.00	3.37
India	4.79	4.89	5.03	4.97	4.96	5.08	5.09	3.86
Africa	2.24	2.24	2.30	2.22	2.35	2.39	2.38	2.00
Total world	80.48	81.67	81.65	80.53	82.92	81.79	78.81	69.43

Note: Totals may not add up due to independent rounding.

Sources: AFREC, APEC, EIA, IEA, Euroilstock, PAJ, Ministry data, including Ministry of Energy of the Russian Federation, Ministry of Petroleum and Natural Gas of India, OPEC and JODI.

Table 6 - 4: Refined product prices, US\$/b

	Apr 20	May 20	Change May/Apr	Annual avg. 2019	Year-to-date 2020
US Gulf (Cargoes FOB)					
Naphtha*	13.98	27.13	13.15	56.86	33.90
Premium gasoline (unleaded 93)	28.97	41.19	12.22	79.66	50.73
Regular gasoline (unleaded 87)	23.72	35.61	11.89	72.70	45.28
Jet/Kerosene	25.06	31.60	6.54	79.32	46.88
Gasoil (0.2% S)	25.04	28.06	3.02	74.61	45.31
Fuel oil (3.0% S)	17.02	23.88	6.86	52.55	29.99
Rotterdam (Barges FoB)					
Naphtha	15.14	24.74	9.60	55.71	35.29
Premium gasoline (unleaded 98)	27.61	37.80	10.19	79.52	50.35
Jet/Kerosene	23.24	28.25	5.01	80.22	46.92
Gasoil/Diesel (10 ppm)	33.12	34.10	0.98	79.50	51.22
Fuel oil (1.0% S)	22.25	25.95	3.70	60.15	40.22
Fuel oil (3.5% S)	22.51	24.85	2.34	54.19	33.84
Mediterranean (Cargoes FOB)					
Naphtha	10.50	22.71	12.21	54.48	32.72
Premium gasoline**	20.53	31.10	10.57	71.36	43.42
Jet/Kerosene	17.43	25.01	7.58	77.77	43.43
Diesel	28.98	33.57	4.59	79.03	49.67
Fuel oil (1.0% S)	25.41	28.78	3.37	63.42	43.61
Fuel oil (3.5% S)	15.90	21.71	5.81	50.55	28.22
Singapore (Cargoes FOB)					
Naphtha	17.86	26.49	8.63	57.10	37.71
Premium gasoline (unleaded 95)	20.49	33.44	12.95	72.45	45.16
Regular gasoline (unleaded 92)	19.42	30.81	11.39	69.45	43.40
Jet/Kerosene	21.35	28.94	7.59	77.26	45.61
Gasoil/Diesel (50 ppm)	31.16	35.83	4.67	77.78	50.84
Fuel oil (180 cst)	22.81	26.09	3.28	57.29	35.20
Fuel oil (380 cst 3.5% S)	22.23	24.92	2.69	56.70	34.19

Note: * Barges. ** Cost, insurance and freight (CIF).

Sources: Argus and OPEC.

Tanker Market

The tanker market came back down to earth in May, after reaching strong levels in March. A major contributor to the decline in tanker demand was a drop in export volumes following the implementation of historic production adjustments by OPEC+, as well as lower crude exports from the US.

A decline in product exports amid COVID-19 lockdowns have also kept clean tanker rates subdued, with both reduced refinery runs and weak product demand limiting cargoes.

Floating storage has provided some support to both dirty and clean rates. However, these levels are seen to be unwinding faster-than expected.

Spot fixtures

Global spot fixtures plunged in May m-o-m, falling 4.57 mb/d, or 22%, from the high levels seen in the previous month to average 16.16 mb/d. Spot fixtures were down by 0.95 mb/d or 5% compared with the same month last year. The decline in fixtures came amid efforts by a broad coalition of producing countries and the industry to respond to a sudden and massive decline in oil demand due to the impact of COVID-19 lockdown measures.

Table 7 - 1: Spot fixtures, mb/d

	Mar 20	Apr 20	May 20	Change May 20/Apr 20
All areas	19.93	20.73	16.16	-4.57
OPEC	13.80	14.49	11.13	-3.36
Middle East/East	8.01	8.13	7.23	-0.90
Middle East/West	2.91	2.85	1.09	-1.76
Outside Middle East	2.88	3.51	2.81	-0.70

Sources: Oil Movements and OPEC.

OPEC spot fixtures averaged 11.13 mb/d in May, down 3.36 mb/d or 23.2% from the previous month and 0.5 mb/d, or 4%, y-o-y.

Middle East-to-West fixtures plunged 62% m-o-m in May, down sharply from high levels seen in March and April. Fixtures on the route averaged 1.1 mb/d, broadly in line with levels seen in the same month last year.

Fixtures from the **Middle East-to-East** fell by 11% or 0.9 mb/d m-o-m to average 7.23 mb/d in May. Y-o-y, this represented an increase of 0.45 mb/d, or 6.6%.

Outside of the Middle East, fixtures were also sharply lower, declining by 0.7 mb/d, or just under 20% m-o-m, to average 2.81 mb/d. In annual terms, fixtures were down by 0.9 mb/d, or 24%.

Sailings and arrivals

OPEC sailings fell by 1.8 mb/d m-o-m in May to average 23.60 mb/d and declined by 0.8 mb/d, or 3%, compared with May 2019. **Middle East** sailings decreased by 1.85 mb/d, or 3%, m-o-m to average 16.72 mb/d for a y-o-y decline of 0.6 mb/d, or 3%.

Crude arrivals were mixed in May. Arrivals in West Asia saw the biggest increase, up 4% m-o-m, though just 2% compared with levels seen in May of last year. Far East arrivals rose by 2% m-o-m to average 8.23 mb/d in May and were 2.4% higher compared with the same month last year. In contrast, arrivals in North America edged lower m-o-m to average 7.85 mb/d; y-o-y, arrivals were 26% lower on the route. Arrivals in Europe fell by almost 1 mb/d m-o-m in May to average 10.0 mb/d.

Table 7 - 2: Tanker sailings and arrivals, mb/d

	Mar 20	Apr 20	May 20	Change May 20/Apr 20
Sailings				
OPEC	23.85	25.43	23.60	-1.83
Middle East	17.14	18.57	16.72	-1.85
Arrivals				
North America	7.79	7.87	7.85	-0.02
Europe	11.00	11.01	10.04	-0.97
Far East	8.82	8.09	8.23	0.14
West Asia	4.06	4.38	4.55	0.17

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

The upward trend in VLCC spot rates that began in March ran its course in May, with rates falling more than 62% m-o-m on average.

Rates on the **Middle East-to-West** route led m-o-m losses in May, down by 66% m-o-m to average WS35 points, though still some 80% higher compared with the same month last year.

The **Middle East-to-East** route also showed a decline in rates, which were down by 61% to average WS60 points. Y-o-y, rates were 54% higher.

Rates dropped on the **West Africa-to-East** route, with a decline of 60% to WS58 points, but this still represented a gain of 42% compared with May 2019.

Floating storage has provided some support to both dirty and clean rates. However, these levels are seen to be unwinding faster than expected.

Table 7 - 3: Dirty VLCC spot tanker freight rates, Worldscale (WS)

	Size 1,000 DWT	Mar 20	Apr 20	May 20	Change May 20/Apr 20
VLCC					
Middle East/East	230-280	127	156	60	-96
Middle East/West	270-285	100	103	35	-68
West Africa/East	260	121	145	58	-87

Sources: Argus and OPEC.

Suezmax

Suezmax rates were also impacted by the decline in activity, with **average spot freight rates** falling 39% m-o-m on average in May. Y-o-y, rates were up 14%.

Rates for tankers operating on the **West Africa-to-US Gulf Coast** (USGC) route averaged WS76 points in May, a decline of 46% from the month before. Y-o-y, rates were 39% higher than in May last year.

The **Northwest Europe (NWE)-to-USGC** route fell 29% m-o-m to average WS72 points, representing a 45% gain over the same month last year.

Table 7 - 4: Dirty Suezmax spot tanker freight rates, WS

	Size 1,000 DWT	Mar 20	Apr 20	May 20	Change May 20/Apr 20
Suezmax					
West Africa/US Gulf Coast	130-135	123	140	76	-64
Northwest Europe/US Gulf Coast	130-135	98	102	72	-30

Sources: Argus and OPEC.

Aframax

Aframax rates fell by 26% in May, mirroring declines seen across all classes, although to a lesser extent. Y-o-y, rates were 18% higher. The **Med-to-NWE** route led declines, falling 35% m-o-m to average WS149 points, while the **Cross-Med** route dropped by 32% to average WS156 points.

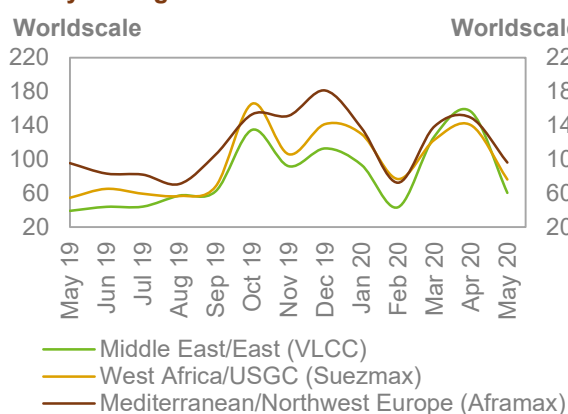
Table 7 - 5: Dirty Aframax spot tanker freight rates, WS

	Size 1,000 DWT	Mar 20	Apr 20	May 20	Change May 20/Apr 20
Aframax					
Indonesia/East	80-85	121	154	130	-24
Caribbean/US East Coast	80-85	165	153	123	-29
Mediterranean/Mediterranean	80-85	142	156	106	-50
Mediterranean/Northwest Europe	80-85	139	149	96	-53

Sources: Argus and OPEC.

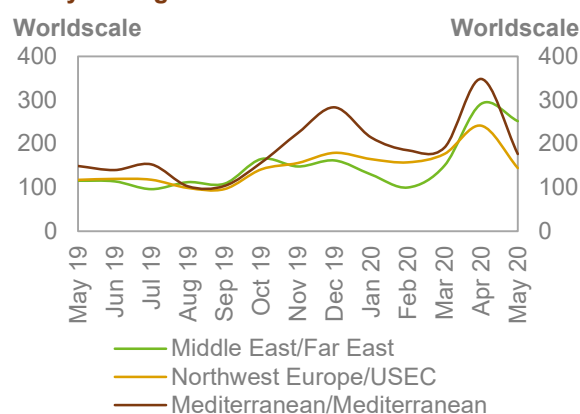
The **Caribbean-to-US East Coast** (USEC) route fell a further 19% to average WS123 points in May. In the previous month, the route was the only one showing a m-o-m decline. Y-o-y, rates on the route increased by 37%. The **Indonesia-to-East** route declined by 16% m-o-m to average WS154 but was 32% higher y-o-y.

Graph 7 - 1: Crude oil spot tanker freight rates, monthly average



Sources: Argus and Platts.

Graph 7 - 2: Products spot tanker freight rates, monthly average



Sources: Argus and OPEC.

Clean tanker freight rates

The **clean spot tanker** market fell back from strong performance seen in April, down 32% m-o-m. Y-o-y, rates were 48% higher. On the **East of Suez** route, clean tanker spot freight rates slipped 6% m-o-m in May but were still 96% higher than the same month last year. The **Middle East-to-East** route fell by 14% m-o-m to average WS252 points. By contrast, the **Singapore-to-East** route managed a slight gain, with rates up 3% to average WS244. Y-o-y, rates on the route were some 78% higher.

Clean tanker spot freight rates for **West of Suez** declined by around 47% in May compared with the previous month but were up 19% from the same month last year. Rates on the **Cross-Med** and **Med-to-NWE** routes fell by 49% and 48%, respectively, to average WS177 and WS186 points. Meanwhile, rates on the **NWE-to-USEC** route declined by 40% to WS144 points.

Table 7 - 6: Clean spot tanker freight rates, WS

	Size 1,000 DWT	Mar 20	Apr 20	May 20	Change May 20/Apr 20
East of Suez					
Middle East/East	30-35	150	291	252	-40
Singapore/East	30-35	154	237	244	7
West of Suez					
Northwest Europe/US East Coast	33-37	177	241	144	-97
Mediterranean/Mediterranean	30-35	191	348	177	-172
Mediterranean/Northwest Europe	30-35	201	358	186	-172

Sources: Argus and OPEC.

Crude and Refined Products Trade

Preliminary data for May shows US crude imports recovered slightly to 6.0 mb/d following the arrival of long-haul volumes from the Middle East. US crude exports remained broadly steady at 3.2 mb/d, although a considerable share was headed to floating storage and overseas inventories. Product exports fell sharply in May, accelerating the decline that started in March, as COVID-19 disruptions constricted demand for US product exports to Mexico and Japan.

After bottoming out at 9.7 mb/d in March, China's crude imports picked up in April, averaging 9.9 mb/d. Preliminary customs data indicates that crude imports hit a new record high of 11.3 mb/d in May. Product exports from China reached a new record high of 2.08 mb/d in April, although tanker tracking data points to a sharp fall in exports in the coming months.

India's crude imports dipped in April to average 4.2 mb/d, impacted by the government-ordered lockdown over the month. India's product imports experienced a continued decline, weighed down by similar factors, averaging below 1.0 mb/d for the first time this year. India's product exports edged slightly higher in April, as refiners looked to international markets to drain excessively high inventories.

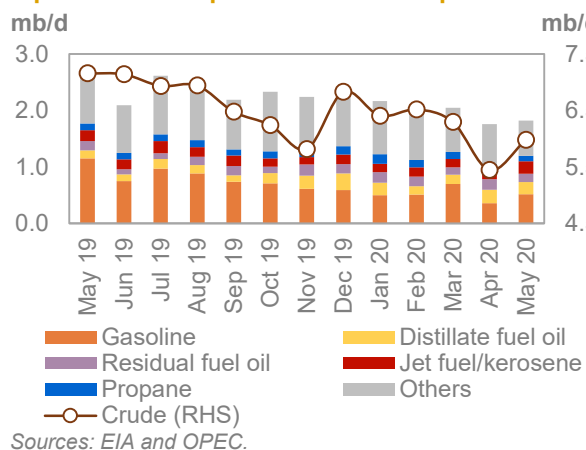
US

Preliminary data for May shows **US crude imports** recovered after declining by a cumulative 1 mb/d over the previous two months. Imports were 0.5 mb/d higher in May, averaging just under 6.0 mb/d, although this still represented a y-o-y decline of 1.2 mb/d. The monthly rise was largely due to a temporary increase in long-haul arrivals, while the y-o-y decline underscored the impact that swelling US supply has had on US crude import requirements.

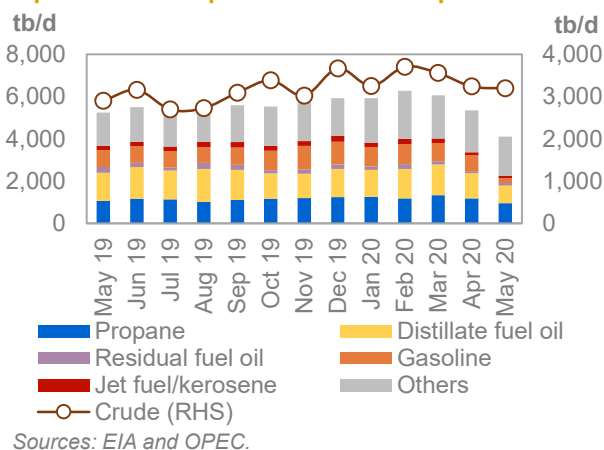
US crude exports averaged 3.2 mb/d in May, the lowest level since November when new US takeaway capacity began to operate in earnest, and well below the February peak of 3.7 mb/d. Although slightly lower m-o-m, US crude outflows were 0.3 mb/d higher than the same month last year, when US supply faced takeaway capacity constraints, especially in the Permian basin.

The latest data shows Canada remaining the top **destination** for US crude exports at 0.38 mb/d, despite dropping 14% m-o-m to the lowest level since June 2019. US crude exports to Korea remained depressed at 0.3 mb/d, representing a 14-month low. As a result, the Netherlands retained second place for the second consecutive month, at 0.32 mb/d, although some of this was driven by a need to push out US volumes and not robust demand on the European side. US crude exports to China registered for the first time this year, at 0.11 mb/d, although this was offset by a 0.15 mb/d decline in exports to Singapore, which had experienced an atypical uptick in the previous month.

Graph 8 - 1: US imports of crude and products



Graph 8 - 2: US exports of crude and products



As a result, **US net crude imports** averaged 2.8 mb/d in May, representing an increase of 0.58 mb/d, or 26%, compared with the previous month. Y-o-y, US net crude imports were almost 1.5 mb/d, or 35%, lower than in the same period last year.

Crude and Refined Products Trade

On the product side, preliminary data showed **US product exports** averaged 4.1 mb/d in May, the lowest in more than five years. Product exports were around 1.3 mb/d lower than the month before and down 1.1 mb/d y-o-y. The drop in May product exports was driven by reduced flows to Mexico and Japan.

US product imports were some 3% lower at 1.82 mb/d in May and compared to the same month last year they were down by 0.8 mb/d, or around 31%.

As a result, **US net product exports** averaged 2.3 mb/d in May, some 1.31 mb/d, or 36%, lower than the previous month. Y-o-y, net product exports were around 0.3 mb/d, or 12%, lower than in May 2019.

Combined, **net crude and product imports** averaged 0.5 mb/d in May, based on preliminary data, with the US returning to net importer status for the first time since August 2019.

Table 8 - 1: US crude and product net imports, tb/d

US	Mar 20	Apr 20	May 20	Change May 20/Apr 20
Crude oil	2,739	2,205	2,786	581
Total products	-4,015	-3,594	-2,285	1,309
Total crude and products	-1,276	-1,389	502	1,890

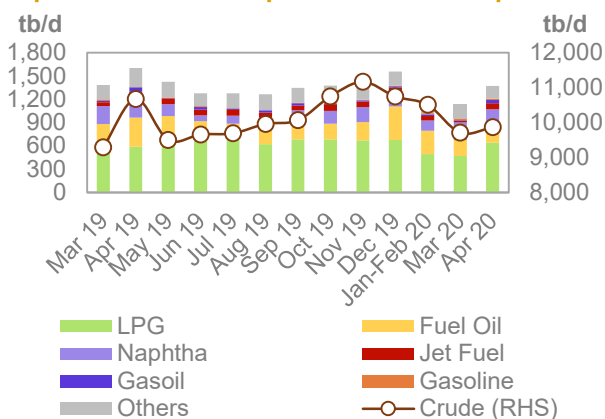
Sources: EIA and OPEC.

China

China's **crude imports** averaged 9.9 mb/d in April, remaining below 10 mb/d for second month in a row, although preliminary customs data shows a new record high of 11.3 mb/d in May. Crude imports in April were 0.2 mb/d, or almost 2%, lower compared to the previous month and 0.8 mb/d, or 8%, down on the same month last year.

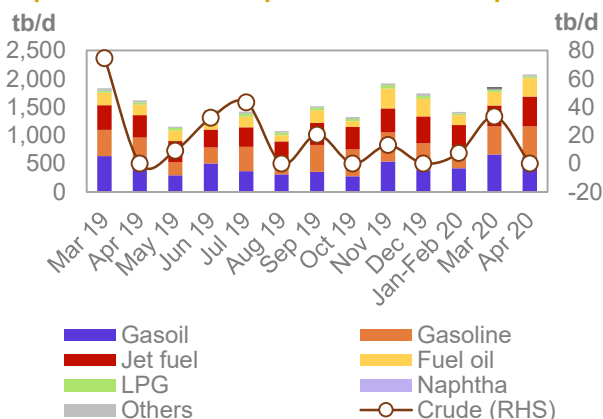
Russia reclaimed the title as the top **crude supplier** to China in April, with a share of almost 18% that represented imports of 1.76 mb/d. Saudi Arabia fell to second place with a 13% share, followed by Iraq with 10% and Oman with 9.5%.

Graph 8 - 3: China's imports of crude and products



Sources: Argus and OPEC.

Graph 8 - 4: China's exports of crude and products



Sources: Argus and OPEC.

China's product imports averaged 1.4 mb/d in April, representing an increase of over 20% compared to the previous month. Jet fuel, gasoil and LPG imports led the m-o-m gains. However, the level is more than 0.2 mb/d, or 14%, lower compared to the same period in 2019.

Product exports from China continued to move higher from the low of 1.4 mb/d averaged in the first two months of 2020. They averaged 2.07 mb/d in April, representing a gain of 0.2 mb/d m-o-m, or 12%, and were up 0.5 mb/d, or 28%, y-o-y. Naphtha and jet fuel led increases, while gasoil and LPG declined. Customs data for May, however, shows petroleum product exports falling below half of the April levels.

As a result, China remained a **net product exporter** for the sixth month in a row in April, with net exports of 706 tb/d. China's net crude and product imports reached more than 9.1 mb/d in April, compared to the 19-month low of 8.96 mb/d seen the month before.

Table 8 - 2: China's crude and product net imports, tb/d

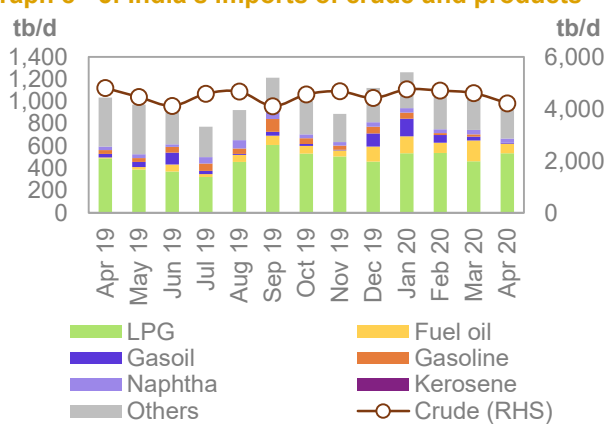
China	Jan-Feb 20	Mar 20	Apr 20	Change Apr 20/Mar 20
Crude oil	10,495	9,672	9,865	193
Total products	-205	-711	-706	5
Total crude and products	10,290	8,961	9,159	198

Sources: Argus China Petroleum and China, Oil and Gas Petrochemicals and OPEC.

India

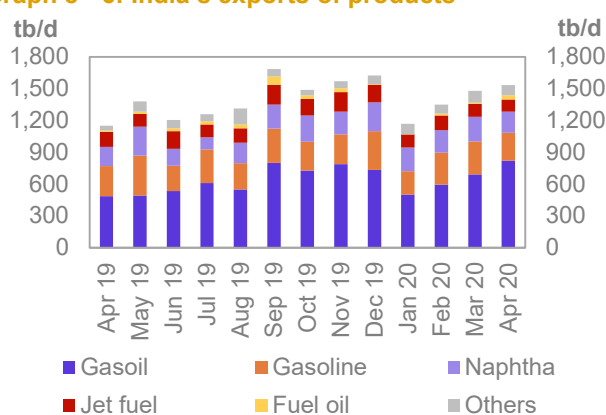
India's **crude imports** declined in April to average 4.6 mb/d, impacted by the government-ordered lockdown over the month. Imports were around 0.4 mb/d, or 8%, lower m-o-m and down 12% y-o-y.

Graph 8 - 5: India's imports of crude and products



Sources: PPAC and OPEC.

Graph 8 - 6: India's exports of products



Sources: PPAC and OPEC.

India's **product imports** declined 7% in April, averaging 0.9 mb/d for the month, below the 10 mb/d mark for the first time since November 2019. Compared to the same month last year, product imports were 4% lower. Declines were seen in diesel and fuel oil, as lockdown measures weighed on consumption. In contrast, the 'shelter in place' conditions supported imports of LPG, which is used as a fuel for home cooking in India and is part of the targeted anti-poverty program.

India's **product exports** increased slightly in April, with a m-o-m gain of less than 4% to average 1.5 mb/d. Product exports were some 0.4 mb/d, or 34%, higher than in the same month last year. Gains were driven by diesel and to a lesser extent fuel oil, as refiners sought to boost exports in the face of storage capacity constraints.

Table 8 - 3: India's crude and product net imports, tb/d

India	Feb 20	Mar 20	Apr 20	Change Apr 20/Mar 20
Crude oil	4,707	4,608	4,216	-393
Total products	-258	-415	-542	-127
Total crude and products	4,449	4,193	3,673	-520

Note: India data table does not include information for crude import and product export by Reliance Industries.

Sources: PPAC and OPEC.

Japan

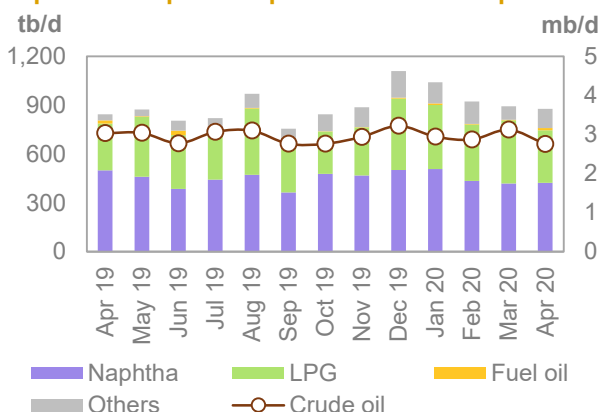
Japan's **crude imports** declined in April, after lower prices encouraged increased inflows in previous months. Crude oil imports averaged 2.7 mb/d for April, representing a m-o-m decline of 0.4 mb/d, or 12%. Y-o-y, crude oil imports were some 9% lower. The decline came amid weak demand for Japanese refined products at home and abroad.

Crude and Refined Products Trade

Saudi Arabia returned as the **top crude supplier** to Japan in April, averaging 1.0 mb/d, representing a share of 36.3%, albeit slightly lower than in the previous month. The UAE slipped to second place with a share of around 30.4%, followed by Kuwait with 11.6%.

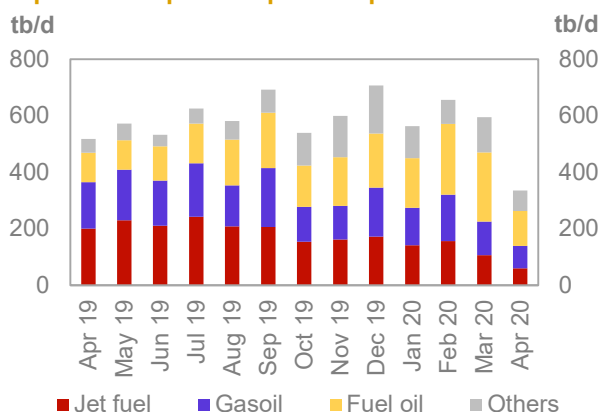
Product imports to Japan, including LPG, averaged 0.9 mb/d in April. This is some 2% lower than March, due to continued weakness in domestic product sales. The declines were mainly driven by a drop in LPG, which fell by 16% m-o-m.

Graph 8 - 7: Japan's imports of crude and products



Sources: METI and OPEC.

Graph 8 - 8: Japan's exports of products



Sources: METI and OPEC.

Meanwhile, **product exports**, including LPG, averaged 335 tb/d in April, representing a 44% decline compared with the previous month.

As a consequence, Japan's **net product imports** averaged 245 tb/d in April, broadly unchanged m-o-m, but an increase of 245 tb/d, or 82%, compared to the same month last year.

Table 8 - 4: Japan's crude and product net imports, tb/d

Japan	Feb 20	Mar 20	Apr 20	Change Apr 20/Mar 20
Crude oil	2,872	3,124	2,761	-363
Total products	267	298	543	245
Total crude and products	3,139	3,422	3,304	-118

Sources: METI and OPEC.

OECD Europe

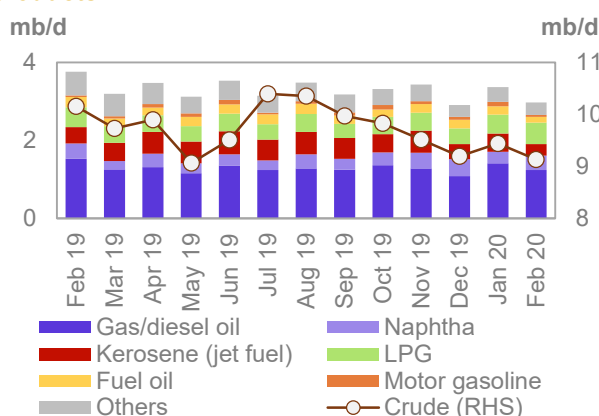
The latest available data shows **OECD Europe crude imports**, excluding intra-regional trade, averaged 9.1 mb/d in February. This represents a decline of 0.3 mb/d m-o-m and a drop of 1.0 mb/d, or 10%, y-o-y.

OECD Europe crude exports in February declined by 0.1 mb/d, or 20%, to average 0.45 mb/d. The drop came amid lower demand for crude exports to China due to the impact of COVID-19 lockdown measures on industrial activity, including refinery runs.

OECD Europe **net crude imports** averaged 9.1 mb/d in April, representing a decline of 0.3 mb/d from the same month last year.

OECD Europe **product imports** averaged just under 3.0 mb/d in April, representing a m-o-m decline of 0.4 mb/d, or 12%, and a drop of 0.8 mb/d, or 21%, y-o-y. Among major products, gasoline, jet fuel and fuel oil led the m-o-m declines, with losses of 57%, 36% and 31%, respectively.

Graph 8 - 9: OECD Europe imports of crude and products



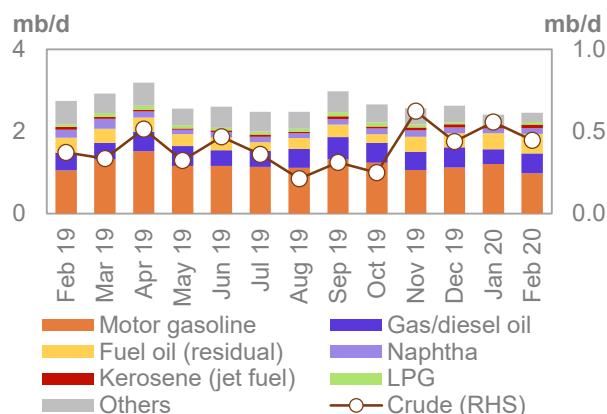
Sources: IEA and OPEC.

Product exports averaged 2.5 mb/d in February, broadly steady from the previous month and some 0.3 mb/d lower than in February 2019. Motor gasoline exports were sharply lower, but were compensated by increased exports of gasoil, fuel oil and LPG.

As a result, **net product exports** in February from the OECD averaged 0.4 mb/d, lower by 0.5 mb/d m-o-m. This also represented a decline 0.5 mb/d compared to the same month last year.

Combined, **net crude and product exports** averaged 9.2 mb/d in February, a drop of 0.6 mb/d from the previous month and down 1.6 mb/d, or almost 15%, compared to the same month last year.

Graph 8 - 10: OECD Europe exports of crude and products



Sources: IEA and OPEC.

Table 8 - 5: OECD Europe's crude and product net imports, tb/d

OECD Europe	Dec 19	Jan 20	Feb 20	Change Feb 20/Jan 20
Crude oil	8,754	8,884	8,689	-195
Total products	277	952	514	-438
Total crude and products	9,031	9,836	9,203	-633

Sources: IEA and OPEC.

FSU

Total crude oil exports from the Former Soviet Union (FSU) increased marginally in April to average 7.4 mb/d. Compared to the same month last year, FSU crude exports were 0.58 mb/d, or 8%, higher.

Crude exports through the **Transneft system** also edged higher in April, up 65 tb/d m-o-m, or around 2%, to average 4.4 mb/d. Compared to the same month last year, exports were up 130 tb/d, or 3%.

Total shipments from the Black Sea declined 26 tb/d m-o-m, or around 4%, to average 585 tb/d in April. In contrast, total Baltic Sea exports rose 237 mb/d to 1.6 mb/d, with shipments from Ust-Luga increasing 11% to 671 tb/d and Primorsk exports rising 21%, or 169 tb/d. Meanwhile, shipments via the Druzhba pipeline fell 159 tb/d to average 863 tb/d. Kozmino shipments rose 60 tb/d m-o-m, or 9%, to average 746 tb/d. Exports to China via the ESPO pipeline averaged 560 tb/d in April, some 47 tb/d lower m-o-m.

In the **Lukoil system**, exports via the Barents Sea edged 6 tb/d, or 4%, lower to 155 tb/d in April, while those from the Baltic Sea were marginally higher.

On other routes, **Russia's Far East** exports declined by 383 tb/d m-o-m, some 6% lower, which is a drop of 11% compared to April last year.

Central Asia's total exports averaged 216 tb/d in April, a gain of 13% compared with the previous month and some 5% lower y-o-y.

Black Sea total exports fell 200 tb/d m-o-m to average 1.5 mb/d, with the Novorossiysk port terminal (CPC) driving the decline, down 12%, while the Supsa port terminal saw a m-o-m increase.

FSU total product exports declined 268 tb/d m-o-m, or more than 8%, to average 2.99 mb/d in April. Declines were seen across most major products, except fuel oil and naphtha. Y-o-y, FSU product exports were 95 tb/d, or 3%, higher in April.

Commercial Stock Movements

Preliminary April data showed that total OECD commercial oil stocks rose by 107.7 mb m-o-m to stand at 3,069 mb. This was 184 mb higher than the same time one year ago and 140.6 mb above the latest five-year average. Within the components, m-o-m, crude and products stocks rose by 58.1 mb and 49.6 mb.

In terms of days of forward cover, OECD commercial stocks fell by 4.2 days m-o-m in April to stand at 80.7 days. This was 19.9 days above April 2019, and 18.6 days above the latest five-year average.

Preliminary data for May showed that total US commercial oil stocks surged by 34.5 mb m-o-m to stand at 1,429 mb. This was 124.5 mb, or 9.5%, above the same period a year ago, and 138.1 mb, or 10.7%, higher than the latest five-year average. Crude stocks rose slightly by 0.1 mb, and product stocks surged by 34.4 mb.

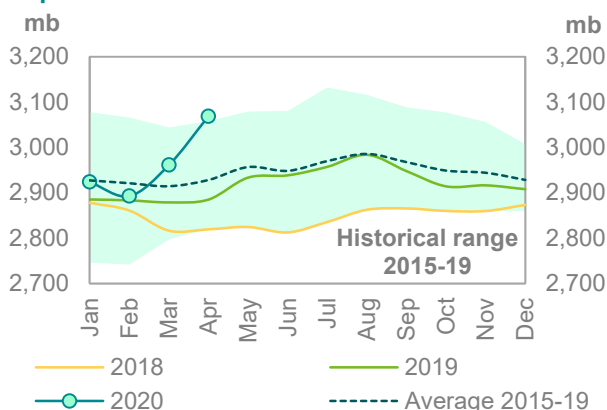
OECD

Preliminary April data showed that total **OECD commercial oil stocks** rose by 107.7 mb m-o-m to stand at 3,069 mb. This was 184 mb higher than the same time one year ago and 140.6 mb above the latest five-year average.

Within the components, m-o-m, crude and products stocks rose by 58.1 mb and 49.6 mb respectively. Commercial oil stocks in April rose m-o-m in OECD America, OECD Asia Pacific, and OECD Europe.

OECD **commercial crude stocks** surged by 58.1 mb m-o-m in April, ending the month at 1,542 mb. This was higher by 60.8 mb compared with the same time a year ago and 57.9 mb above the latest five-year average.

Graph 9 - 1: OECD commercial oil stocks



Sources: Argus, EIA, Euroilstock, IEA, METI and OPEC.

Compared with the previous month, OECD America crude stocks in April jumped by 49.8 mb, OECD Asia Pacific increased by 5.2 mb, and OECD Europe rose by 3.1 mb.

OECD **total product inventories** rose by 49.6 mb m-o-m in April to stand at 1,527 mb. This was 123.2 mb above the same time a year ago, and 82.6 mb higher than the latest five-year average. Within the OECD regions, product stocks in OECD America went up by 44.9 mb m-o-m. While product stocks in OECD Asia Pacific and OECD Europe rose in April by 4.5 mb and 0.2 mb m-o-m, respectively.

In terms of **days of forward cover**, OECD commercial stocks fell by 4.2 days m-o-m in April to stand at 80.7 days. This was 19.9 days above April 2019, and 18.6 days above the latest five-year average. Within the regions, OECD Americas was 18.7 days above the latest five-year average at 79.6 days; OECD Europe was 25.3 days higher than the latest five-year average at 94.9 days; and OECD Asia Pacific was 7.9 days above the latest five-year average at 60.4 days.

Table 9 - 1: OECD's commercial stocks, mb

	Apr 19	Feb 20	Mar 20	Apr 20	Change Apr 20/Mar 20
OECD stocks					
Crude oil	1,481	1,422	1,484	1,542	58.1
Products	1,404	1,471	1,477	1,527	49.6
Total	2,885	2,893	2,961	3,069	107.7
Days of forward cover	60.8	75.9	84.9	80.7	-4.2

Note: Totals may not add up due to independent rounding.

Sources: Argus, EIA, Euroilstock, IEA, METI and OPEC.

OECD Americas

OECD Americas total commercial stocks increased sharply by 94.7 mb m-o-m in April to settle at 1,662 mb. This was 129 mb above the same time last year and 123.9 mb higher than the latest five-year average.

Commercial crude oil stocks in OECD Americas jumped by 58.1 mb m-o-m in April to stand at 895 mb. This was 49.8 mb higher than April 2019 and 81.8 mb above the latest five-year average. The build was driven by US lower refinery throughput of around 2.6 mb/d m-o-m in April.

Total product stocks in OECD Americas rose by 44.9 mb m-o-m in April to stand at 767 mb. This was 56.2 mb higher than the same time one year ago and 42.1 mb above the latest five-year average. Lower regional consumption and lower refinery utilization was behind the product stock build.

OECD Europe

OECD Europe's total commercial stocks increased by 3.3 mb m-o-m in April to end the month at 1,027 mb. This was 56.6 mb higher than the same time a year ago and 36.5 mb above the latest five-year average.

OECD Europe's **commercial crude stocks** rose by 3.1 mb m-o-m in April to end the month at 447 mb. This was 5.5 mb higher than the level one-year ago and 12.7 mb higher than the latest five-year average. The rise was due to lower m-o-m refinery throughput in the EU-16 countries of around 2.4 mb/d in April.

OECD Europe's **commercial product stocks** rose slightly by 0.2 mb m-o-m to end April at 581 mb. This was 51.1 mb higher than the same time a year ago, and 23.8 mb above the latest five-year average. The build came on the back of lower demand in the region.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks increased by 9.7 mb m-o-m in April to stand at 380 mb. This was 1.7 mb lower than a year ago and 19.8 mb less than the latest five-year average.

OECD Asia Pacific's **crude inventories** rose by 5.2 mb m-o-m to end April at 201 mb. This was 17.5 mb lower than one year ago and 36.5 mb below the latest five-year average.

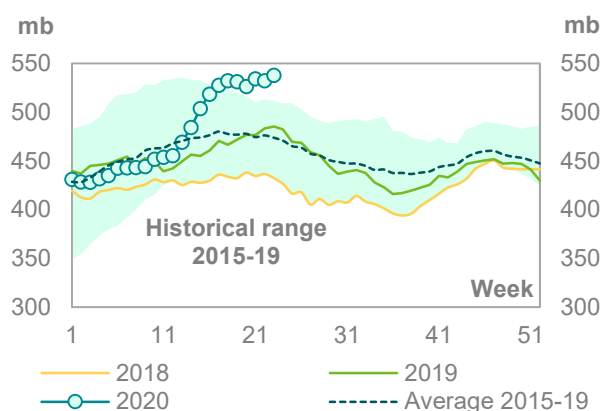
OECD Asia Pacific's **total product inventories** rose by 4.5 mb m-o-m to end April at 179 mb. This was 15.8 mb higher than the same time a year ago and 16.7 mb above the latest five-year average.

US

Preliminary data for May showed that **total US commercial oil stocks** surged by 34.5 mb m-o-m to stand at 1,430 mb. This was 124.5 mb, or 9.5%, above the same period a year ago, and 138.1 mb, or 10.7%, higher than the latest five-year average. Crude stocks rose slightly by 0.1 mb, and product stocks surged by 34.4 mb.

US **commercial crude stocks** rose slightly in May to stand at 532.3 mb. This was 52.2 mb, or 10.9%, above the same time last year, and 53.9 mb, or 11.3%, above the latest five-year average. The build was driven mainly by lower crude imports as refinery throughput registered an increase of around 180 tb/d to average 12.9 mb/d.

Graph 9 - 2: US weekly commercial crude oil inventories



Sources: EIA and OPEC.

Total product stocks climbed in May by 34.4 mb m-o-m to stand at 897.6 mb. This was 72.3 mb, or 8.8%, above May 2019 levels, and 84.1 mb, or 10.3%, above the latest five-year average. Within the components, apart from other unfinished products, all products registered stocks builds in May.

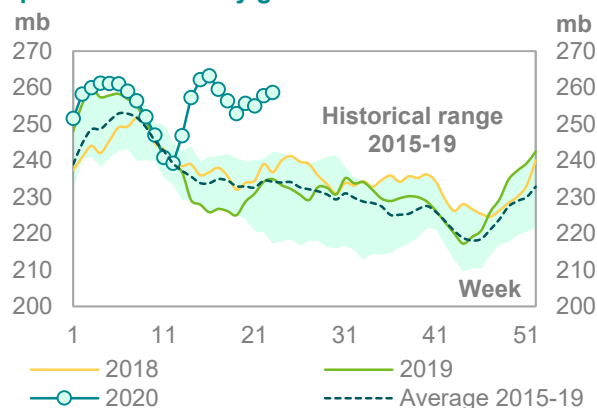
Gasoline stocks rose in May, by 1.4 mb m-o-m, to settle at 257.8 mb. This was 22.1 mb, or 9.4%, higher than levels seen in the same month last year, and 20.4 mb, or 8.6%, higher than the latest five-year average. This monthly build came mainly on the back of higher gasoline production, which increased by around 1.0 mb/d or 15.9%. Higher apparent demand in May limited further build in gasoline stocks.

Commercial Stock Movements

Distillate stocks rose by 22.8 mb m-o-m in May to reach 174.3 mb. This was 44.3 mb, or 34.1%, higher than the same period a year ago, and 36.2 mb, or 26.2%, above the latest five-year average.

Residual fuel oil stocks increased in May by 1.5 mb m-o-m and **jet fuel** stocks by 1.1 mb. At 38.7 mb, residual fuel oil was 8.6 mb, or 28.7 %, higher than the same month a year ago, and 2.5 mb, or 7.0%, above the latest five-year average. Jet fuel stocks ended May at 40.8 mb, which is 1.5 mb or 3.8 % higher than the same month last year, but 1.7 mb or 3.9 % lower than the latest five-year average.

Graph 9 - 3: US weekly gasoline inventories



Sources: EIA and OPEC.

Table 9 - 2: US commercial petroleum stocks, mb

	May 19	Mar 20	Apr 20	May 20	Change May 20/Apr 20
US stocks					
Crude oil	480.2	482.5	532.2	532.3	0.1
Gasoline	235.7	260.8	256.4	257.8	1.4
Distillate fuel	130.0	126.7	151.5	174.3	22.8
Residual fuel oil	30.0	34.4	37.2	38.7	1.5
Jet fuel	39.4	39.9	39.7	40.8	1.1
Total products	825.3	838.3	863.2	897.6	34.4
Total	1,305.4	1,320.8	1,395.4	1,429.9	34.5
SPR	644.8	635.0	637.8	647.8	9.9

Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** rose in April for the second consecutive month by 9.7 mb m-o-m to settle at 141.2 mb. This was 10.0 mb, or 7.6%, higher than one year ago and 1.0 mb, or 0.7%, above the latest five-year average. Crude and products stocks climbed by 5.2 mb and 4.5 mb respectively.

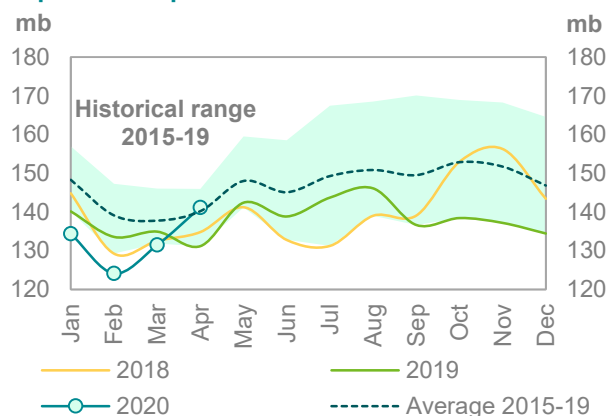
Japanese **commercial crude oil stocks** climbed in April to stand at 81.7 mb. This was 4.1 mb, or 5.3%, above the same period a year ago, but 1.4 mb, or 1.7%, below the latest five-year average. This build was on the back of lower crude imports, which decreased by around 420 tb/d or 11.6 % in April to stand at 2.76 mb/d. Lower refinery crude runs, which fell by 280 tb/d or 9.8% to average 2.59 mb/d also contributed to the build in crude oil stocks.

Japan's **total product inventories** also rose by 4.5 mb m-o-m to end April at 59.5 mb. This was 5.9 mb, or 11.0%, higher than the same month last year, and 2.3 mb, or 4.1%, above the latest five-year average. All the products showed stock builds.

Gasoline stocks rose by 1.4 mb m-o-m to stand at 13.2 mb in April. This was 3.4 mb, or 34.4%, higher than a year ago, and 2.3 mb, or 21.1%, above the latest five-year average.

Distillate stocks rose by 1.4 mb m-o-m to end April at 24.5 mb. This was 3.4 mb, or 16%, higher than the same time a year ago, and 0.8 mb, or 3.4%, above the latest five-year average. Within distillate components, jet fuel, kerosene and gasoil increased by 7.9%, 2.0 % and 9.0 % m-o-m, respectively.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

Total residual fuel oil stocks in April rose by 1.4 mb m-o-m to stand at 12.5 mb. This was 0.5 mb, or 3.9%, lower than the same month last year, yet 0.7 mb, or 5.3 %, below the latest five-year average. Within the components, fuel oil A and fuel oil B.C stocks rose m-o-m by 2.4% and 19.0%, respectively.

Table 9 - 3: Japan's commercial oil stocks*, mb

	Apr 19	Feb 20	Mar 20	Apr 20	Change Apr 20/Mar 20
Japan's stocks					
Crude oil	77.6	68.2	76.5	81.7	5.2
Gasoline	9.8	11.3	11.8	13.2	1.4
Naphtha	9.6	8.5	9.0	9.3	0.3
Middle distillates	21.1	24.0	23.1	24.5	1.4
Residual fuel oil	13.0	12.2	11.1	12.5	1.4
Total products	53.6	56.0	55.0	59.5	4.5
Total**	131.2	124.2	131.5	141.2	9.7

Note: * At the end of the month. ** Includes crude oil and main products only.

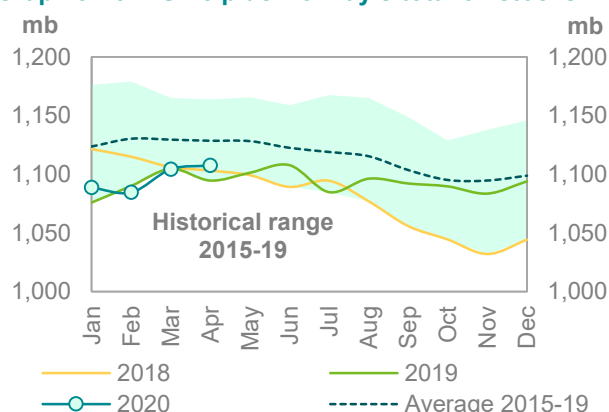
Sources: METI and OPEC.

EU-15 plus Norway

Preliminary data for April showed that **total European commercial oil stocks** rose by 3.3 mb m-o-m to stand at 1,108 mb. This was 13.0 mb, or 1.2%, above the same time a year ago, yet 21.1 mb, or 1.9%, lower than the latest five-year average. Crude and products stocks increased by 3.1 mb and 0.2 mb respectively.

European **crude inventories** rose in April to stand at 473.3 mb. This was 13.9 mb, or 2.9%, lower than the same period a year ago, and 18.1 mb, or 3.7%, below the latest five-year average. The fall in crude oil inventories in April was mainly the result of lower refinery throughput in the EU-16, which dropped by 2.4 mb/d m-o-m in April to 9.3 mb/d.

Graph 9 - 5: EU-15 plus Norway's total oil stocks



Sources: Argus, Euroilstock and OPEC.

European **total product stocks** also rose by 0.2 mb m-o-m to end April at 634.3 mb. This was 26.9 mb, or 4.4%, higher than the same month a year ago, albeit 2.9 mb, or 0.5%, lower than the latest five-year average. The build in product stocks could be attributed to lower demand in the region together with lower refinery utilization, which dropped by 19% m-o-m during April.

Gasoline stocks rose by 0.8 mb m-o-m in April to stand at 119 mb. This was 8.0 mb, or 7.2%, higher than the same time a year ago, and 0.8 mb, or 0.6%, higher than the latest five-year average.

Distillate stocks increased by 0.4 mb m-o-m in April, to stand at 419.3 mb. This was 14.0 mb, or 3.4%, higher than the same time last year, but 2.3 mb, or 0.5%, below the latest five-year average.

Naphtha stocks fell by 0.3 mb in April, ending the month at 29.2 mb. This was 1.9 mb, or 6.2%, below the April 2019 level, but 1.7 mb, or 6.0%, higher than the latest five-year average.

Residual fuel stocks decreased by 0.7 mb slightly in April to end the month at 66.8 mb. This was 7.0 mb, or 11.6%, higher than the same time one year ago, but 3.1 mb, or 4.4%, below the latest five-year average.

Table 9 - 4: EU-15 plus Norway's total oil stocks, mb

	Apr 19	Feb 20	Mar 20	Apr 20	Change Apr 20/Mar 20
EU stocks					
Crude oil	487.3	458.1	470.2	473.3	3.1
Gasoline	111.0	115.1	118.2	119.0	0.8
Naphtha	31.1	26.0	29.6	29.2	-0.3
Middle distillates	405.3	416.5	418.8	419.3	0.4
Fuel oils	59.9	68.9	67.5	66.8	-0.7
Total products	607.4	626.4	634.1	634.3	0.2
Total	1,094.6	1,084.5	1,104.3	1,107.6	3.3

Sources: Argus, Euroilstock and OPEC.

Singapore, Amsterdam-Rotterdam-Antwerp (ARA) and Fujairah

Singapore

At the end of April, **total product stocks in Singapore** had risen by 1.3 mb m-o-m, a fourth consecutive monthly increase, to stand at 52.9 mb. This was 5.1 mb, or 10.7%, higher than the same period a year ago. Stocks of both light and middle distillates rose, while fuel oil stocks decreased.

Light and middle distillate stocks rose m-o-m in April by 1.4 mb and 1.7 mb, respectively. At 15.7 mb, light distillates stood at 2.1 mb, or 15.4%, higher than the same time one year ago. Middle distillate stocks ended April at 14.7 mb, which was 4.2 mb, or 40%, higher than in April 2019.

In contrast, **fuel oil stocks** fell by 1.8 mb m-o-m to end April at 22.5 mb. This was 1.2 mb, or 5.1%, lower than the same period a year ago.

ARA

Total product stocks in ARA claimed by 8.1 mb m-o-m in April to a level of 47.9 mb. This was 5.0 mb, or 11.7%, above the same period a year ago. Stocks of all products increased m-o-m in April.

Gasoline and gasoil stocks rose by 0.3 mb and 3.8 mb m-o-m in April. At 10.3 mb, gasoline stocks stood at 1.8 mb or 21.2 % above the same time one year ago. Gasoil stocks stood at 17.7 mb, this was 2.8 mb, or 13.7%, lower than the same time one year ago.

Residual fuel stocks rose by 2.1 mb m-o-m and finished the month of April at 10.3 mb, which is 4.4 mb, or 74.6%, above the level registered one year ago.

Jet oil stocks rose by 1.4 mb m-o-m in April to stand at 5.6 mb, which is 0.4 mb, or 6.7%, below the level a year ago at the same period.

Fujairah

During the week ending 8 June 2020, **total oil product stocks in Fujairah** decreased by 0.21 mb w-o-w to stand at 30.50 mb, according to data from FEDCom and S&P Global Platts. At this level, total oil stocks were 6.61 mb higher than the same time a year ago. Light and middle distillates stocks registered decreases w-o-w, while heavy distillates increased.

Light distillate stocks fell by 0.23 mb w-o-w to stand at 8.32 mb, which was 1.84 mb lower than a year ago.

Middle distillate stocks declined by 0.98 mb. At 5.01 they were 3.01 higher than a year ago. **Heavy distillate stocks** increased by 1.00 mb. At 17.17 mb, heavy distillate stocks were 5.43 mb above the same time last year.

Balance of Supply and Demand

Demand for OPEC crude in 2019 was revised down by 0.5 mb/d from the previous assessment, reflecting the upward revision in OPEC NGLs and non-conventional oil. At 29.4 mb/d, demand for OPEC crude in 2019 is 1.1 mb/d lower than in 2018. According to secondary sources, OPEC crude production averaged 30.0 mb/d in 1Q19, about 0.8 mb/d higher than demand for OPEC crude in the same period, while in 2Q19 OPEC crude production averaged 29.4 mb/d, around 0.6 mb/d higher than demand. In 3Q19, OPEC crude production averaged 28.9 mb/d, around 1.6 mb/d lower than demand for it. In 4Q19, OPEC crude oil production stood at 29.1 mb/d, almost in line with demand. For 2019 as a whole, OPEC crude oil production averaged 29.3 mb/d, in line with the demand for OPEC crude.

Demand for OPEC crude in 2020 was revised down by 0.7 mb/d from the previous month to stand at 23.6 mb/d, around 5.8 mb/d lower than in 2019. According to secondary sources, OPEC crude production averaged 28.3 mb/d in 1Q20, about 7.7 mb/d higher than demand for OPEC crude in the same period.

Balance of supply and demand in 2019

Demand for OPEC crude in 2019 was revised down by 0.5 mb/d from the previous assessment, reflecting the upward revision in OPEC NGLs and non-conventional oil. At 29.4 mb/d, demand for OPEC crude in 2019 is 1.1 mb/d lower than in 2018.

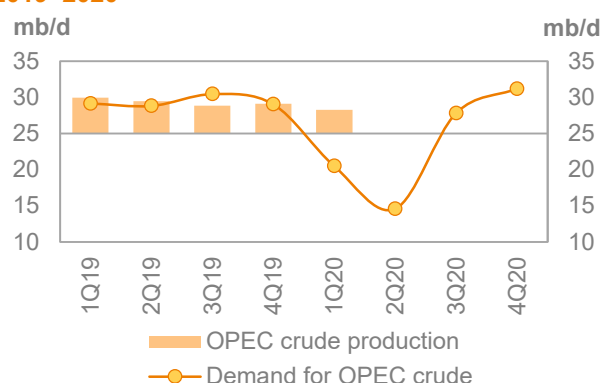
The 1Q19 was revised down by 0.4 mb/d, while the 2Q19, 3Q19 and 4Q19 were revised down by 0.5 mb/d each.

When compared with the same quarters in 2018, demand for OPEC crude in 1Q19 and 2Q19 was 1.9 mb/d and 1.7 mb/d lower, respectively. The 3Q19 and 4Q19 showed drops of 0.2 mb/d and 0.7 mb/d, respectively.

According to secondary sources, OPEC crude production averaged 30.0 mb/d in 1Q19, about

0.8 mb/d higher than demand for OPEC crude in the same period, while in 2Q19 OPEC crude production averaged 29.4 mb/d, around 0.6 mb/d higher than demand. In 3Q19, OPEC crude production averaged 28.9 mb/d, around 1.6 mb/d lower than its demand. In 4Q19, OPEC crude oil production stood at 29.1 mb/d, almost in line with its demand. For 2019 as a whole, OPEC crude oil production averaged 29.3 mb/d, in line with the demand for OPEC crude.

Graph 10 - 1: Balance of supply and demand, 2019–2020*



Note: * 2019 = Estimate and 2020 = Forecast.
Source: OPEC.

Table 10 - 1: Supply/demand balance for 2019*, mb/d

	2018	1Q19	2Q19	3Q19	4Q19	2019	Change 2019/18
(a) World oil demand	98.84	98.75	98.56	100.53	100.79	99.67	0.83
Non-OPEC liquids production	63.01	64.37	64.43	64.85	66.45	65.03	2.03
OPEC NGL and non-conventionals	5.33	5.21	5.30	5.22	5.30	5.26	-0.08
(b) Total non-OPEC liquids production and OPEC NGLs	68.34	69.58	69.74	70.07	71.74	70.29	1.95
Difference (a-b)	30.50	29.17	28.82	30.46	29.05	29.38	-1.12
OPEC crude oil production	31.34	29.96	29.45	28.86	29.10	29.34	-2.01
Balance	0.85	0.79	0.62	-1.60	0.05	-0.04	-0.89

Note: Non-OPEC liquids production includes the Republic of Ecuador.

* 2019 = Estimate. Totals may not add up due to independent rounding.

Source: OPEC.

Balance of supply and demand in 2020

Demand for OPEC crude in 2020 was revised down by 0.7 mb/d from the previous month to stand at 23.6 mb/d, around 5.8 mb/d lower than in 2019.

The 1Q20 and 2Q20 were revised down by 0.6 mb/d and 2.2 mb/d, respectively, while the 3Q20 was revised down slightly by 0.1 mb/d. The 4Q20 remained unchanged when compared to the previous assessment.

When compared with the same quarters in 2019, demand for OPEC crude in 1Q20 and 2Q20 is expected to be 8.7 mb/d and 14.2 mb/d lower, respectively. The 3Q20 shows a decline of 2.6 mb/d, while 4Q20 is expected to see a rise of 2.2 mb/d compared with 4Q19. According to secondary sources, OPEC crude production averaged 28.3 mb/d in 1Q20, about 7.7 mb/d higher than demand for OPEC crude in the same period.

Table 10 - 2: Supply/demand balance for 2020*, mb/d

	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19
(a) World oil demand	99.67	92.39	81.30	92.28	96.30	90.59	-9.07
Non-OPEC liquids production	65.03	66.54	61.44	59.31	59.97	61.80	-3.23
OPEC NGL and non-conventionals	5.26	5.35	5.27	5.17	5.13	5.23	-0.03
(b) Total non-OPEC liquids production and OPEC NGLs	70.29	71.89	66.70	64.47	65.09	67.03	-3.26
Difference (a-b)	29.38	20.51	14.60	27.81	31.21	23.57	-5.81
OPEC crude oil production	29.34	28.26					
Balance	-0.04	7.75					

Note: Non-OPEC liquids production includes the Republic of Ecuador.

* 2019 = Estimate and 2020 = Forecast. Totals may not add up due to independent rounding.

Source: OPEC.

Appendix

Table 11 - 1: World oil demand and supply balance, mb/d

	2016	2017	2018	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
World oil demand and supply balance													
World demand													
OECD	47.07	47.61	48.01	47.72	47.15	48.46	48.29	47.91	45.30	34.87	44.37	46.25	42.71
Americas	24.89	25.07	25.60	25.14	25.29	26.03	25.99	25.62	24.47	18.95	24.48	25.16	23.28
Europe	14.04	14.38	14.33	14.09	14.25	14.75	14.25	14.34	12.95	9.67	13.25	13.68	12.40
Asia Pacific	8.14	8.15	8.08	8.50	7.61	7.68	8.05	7.96	7.88	6.25	6.64	7.40	7.04
DCs	31.56	32.13	32.62	32.96	32.84	33.41	33.10	33.08	31.62	29.46	30.62	31.60	30.83
FSU	4.57	4.64	4.76	4.70	4.68	4.96	5.04	4.84	4.50	3.88	4.45	4.61	4.36
Other Europe	0.70	0.72	0.74	0.75	0.71	0.75	0.84	0.76	0.71	0.54	0.47	0.56	0.57
China	11.80	12.32	12.71	12.63	13.19	12.95	13.52	13.07	10.27	12.55	12.37	13.28	12.12
(a) Total world demand	95.70	97.42	98.84	98.75	98.56	100.53	100.79	99.67	92.39	81.30	92.28	96.30	90.59
Non-OPEC liquids production													
OECD	24.86	25.71	28.33	29.35	29.67	29.78	31.10	29.98	31.19	28.49	26.86	27.10	28.40
Americas	20.59	21.49	24.08	25.07	25.58	25.68	26.64	25.74	26.62	23.99	22.34	22.45	23.84
Europe	3.85	3.83	3.84	3.82	3.57	3.55	3.88	3.71	4.03	3.93	3.94	4.06	3.99
Asia Pacific	0.43	0.39	0.41	0.46	0.51	0.56	0.57	0.53	0.53	0.57	0.59	0.59	0.57
DCs	14.11	13.94	14.04	14.03	14.13	14.28	14.50	14.24	14.48	13.91	13.99	14.21	14.15
FSU	13.85	14.05	14.29	14.55	14.16	14.34	14.42	14.37	14.51	12.82	12.26	12.44	13.00
Other Europe	0.13	0.13	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.11	0.12
China	4.09	3.97	3.98	4.05	4.08	4.05	4.03	4.05	4.15	4.00	3.99	4.01	4.04
Processing gains	2.19	2.22	2.25	2.28	2.28	2.28	2.28	2.28	2.10	2.10	2.10	2.10	2.10
Total non-OPEC liquids production	59.24	60.02	63.01	64.37	64.43	64.85	66.45	65.03	66.54	61.44	59.31	59.97	61.80
OPEC NGLs + non-conventional oils	5.11	5.18	5.33	5.21	5.30	5.22	5.30	5.26	5.35	5.27	5.17	5.13	5.23
(b) Total non-OPEC liquids production and OPEC NGLs	64.35	65.19	68.34	69.58	69.74	70.07	71.74	70.29	71.89	66.70	64.47	65.09	67.03
OPEC crude oil production (secondary sources)	31.66	31.48	31.34	29.96	29.45	28.86	29.10	29.34	28.26				
Total liquids production	96.01	96.68	99.68	99.54	99.19	98.93	100.84	99.63	100.14				
Balance (stock change and miscellaneous)	0.31	-0.74	0.85	0.79	0.62	-1.60	0.05	-0.04	7.75				
OECD closing stock levels, mb													
Commercial	3,007	2,860	2,873	2,878	2,938	2,948	2,908	2,908	2,961				
SPR	1,601	1,569	1,552	1,557	1,549	1,544	1,535	1,535	1,539				
Total	4,608	4,428	4,425	4,435	4,487	4,492	4,443	4,443	4,500				
Oil-on-water	1,102	1,025	1,058	1,013	995	1,012	1,011	1,011	1,186				
Days of forward consumption in OECD, days													
Commercial onland stocks	63	60	60	61	61	61	64	68	85				
SPR	34	33	32	33	32	32	34	36	44				
Total	97	92	92	94	93	93	98	104	129				
Memo items													
(a) - (b)	31.35	32.23	30.50	29.17	28.82	30.46	29.05	29.38	20.51	14.60	27.81	31.21	23.57

Note: Non-OPEC liquids production includes the Republic Ecuador.

Totals may not add up due to independent rounding.

Source: OPEC.

Table 11 - 2: World oil demand and supply balance: changes from last month's table*, mb/d

	2016	2017	2018	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
Changes from last month's table													
World demand													
OECD	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
DCs	-	-	-	-	-	-	-	-	-	-	-	-	-
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-
(a) Total world demand	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-OPEC liquids production													
OECD	-	-	-	-	-0.01	-0.01	0.01	-	0.05	0.56	-0.07	-0.34	0.05
Americas	-	-	-	-	-0.01	-0.01	0.01	-	0.03	0.52	-0.07	-0.34	0.03
Europe	-	-	-	-	-	-	-	-	0.02	0.02	-	-	0.01
Asia Pacific	-	-	-	-	-	-	-	-	0.01	0.02	-	-	0.01
DCs	-	-	-	-	-	0.01	0.01	-	0.03	0.17	-0.02	-	0.05
FSU	-	-	-	-	-	-	-	-	-	1.00	-0.17	0.01	0.21
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-OPEC liquids production	-	-	-	-	-0.01	-	0.02	-	0.08	1.73	-0.26	-0.33	0.30
OPEC NGLs + non-conventionals	0.54	0.55	0.58	0.42	0.49	0.51	0.44	0.47	0.47	0.45	0.35	0.31	0.39
(b) Total non-OPEC liquids production and OPEC NGLs	0.54	0.55	0.58	0.42	0.48	0.51	0.46	0.47	0.55	2.17	0.08	-0.02	0.69
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-0.01				
Total supply	0.54	0.55	0.58	0.42	0.48	0.51	0.46	0.47	0.54				
Balance (stock change and miscellaneous)	0.54	0.55	0.58	0.42	0.48	0.51	0.46	0.47	0.54				
OECD closing stock levels, mb													
Commercial	-	-	-	1.78	2.13	2.20	1.82	1.82	-41.54				
SPR	-	-	-	-	-	-	-0.01	-0.01	1.08				
Total	-	-	-	1.78	2.13	2.20	1.82	1.82	-40.46				
Oil-on-water	-	-	-	-	-	-	-	-	7.00				
Days of forward consumption in OECD, days													
Commercial onland stocks	-	-	-	0.04	0.04	0.05	0.04	0.04	-1.19				
SPR	-	-	-	-	-	-	-	-	0.03				
Total	-	-	-	0.04	0.04	0.05	0.04	0.04	-1.16				
Memo items													
(a) - (b)	-0.54	-0.55	-0.58	-0.42	-0.48	-0.51	-0.46	-0.47	-0.55	-2.17	-0.08	0.02	-0.69

Note: * This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the May 2020 issue.

This table shows only where changes have occurred.

Source: OPEC.

Table 11 - 3: OECD oil stocks and oil on water at the end of period

	2017	2018	2019	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
OECD oil stocks and oil on water												
Closing stock levels, mb												
OECD onland commercial	2,860	2,873	2,908	2,816	2,812	2,865	2,873	2,878	2,938	2,948	2,908	2,961
Americas	1,498	1,544	1,538	1,471	1,473	1,543	1,544	1,508	1,565	1,559	1,538	1,567
Europe	948	930	976	968	952	933	930	989	983	988	976	1,024
Asia Pacific	413	400	394	378	388	390	400	381	391	401	394	370
OECD SPR	1,569	1,552	1,535	1,577	1,575	1,570	1,552	1,557	1,549	1,544	1,535	1,539
Americas	665	651	637	667	662	662	651	651	647	647	637	637
Europe	481	481	482	487	491	486	481	488	485	482	482	486
Asia Pacific	423	420	416	422	422	422	420	417	417	416	416	416
OECD total	4,428	4,425	4,443	4,393	4,387	4,435	4,425	4,435	4,487	4,492	4,443	4,500
Oil-on-water	1,025	1,058	1,011	1,036	1,014	1,041	1,058	1,013	995	1,012	1,011	1,186
Days of forward consumption in OECD, days												
OECD onland commercial	60	60	68	60	58	59	60	61	61	61	64	85
Americas	59	60	66	58	57	60	61	60	60	60	63	83
Europe	66	65	79	68	65	65	66	69	67	69	75	106
Asia Pacific	51	50	56	49	50	48	47	50	51	50	50	59
OECD SPR	33	33	37	33	33	32	33	33	32	32	34	44
Americas	26	26	29	26	26	26	26	26	25	25	26	34
Europe	34	34	39	34	33	34	34	34	33	34	37	50
Asia Pacific	52	53	60	55	54	52	49	55	54	52	53	67
OECD total	92	93	106	93	91	92	93	94	93	93	98	129

Sources: Argus, EIA, Euroilstock, IEA, JODI, METI and OPEC.

Table 11 - 4: Non-OPEC liquids production and OPEC natural gas liquids, mb/d

	2016	2017	2018	3Q19	4Q19	2019	Change 19/18	1Q20	2Q20	3Q20	4Q20	2020	Change 20/19
Non-OPEC liquids production and OPEC NGLs													
US	13.6	14.4	16.7	18.4	19.1	18.4	1.7	19.1	17.3	15.7	15.8	17.0	-1.4
Canada	4.5	4.9	5.3	5.4	5.5	5.4	0.1	5.6	4.7	4.8	4.9	5.0	-0.4
Mexico	2.5	2.2	2.1	1.9	1.9	1.9	-0.2	2.0	1.9	1.8	1.8	1.9	0.0
OECD Americas	20.6	21.5	24.1	25.7	26.6	25.7	1.7	26.6	24.0	22.3	22.5	23.8	-1.9
Norway	2.0	2.0	1.9	1.7	1.9	1.7	-0.1	2.0	2.0	2.0	2.1	2.0	0.3
UK	1.0	1.0	1.1	1.1	1.1	1.1	0.0	1.1	1.1	1.1	1.2	1.1	0.0
Denmark	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Other OECD Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
OECD Europe	3.9	3.8	3.8	3.5	3.9	3.7	-0.1	4.0	3.9	3.9	4.1	4.0	0.3
Australia	0.3	0.3	0.3	0.5	0.5	0.5	0.1	0.5	0.5	0.5	0.5	0.5	0.0
Other Asia Pacific	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OECD Asia Pacific	0.4	0.4	0.4	0.6	0.6	0.5	0.1	0.5	0.6	0.6	0.6	0.6	0.0
Total OECD	24.9	25.7	28.3	29.8	31.1	30.0	1.6	31.2	28.5	26.9	27.1	28.4	-1.6
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
India	0.9	0.9	0.9	0.8	0.8	0.8	0.0	0.8	0.8	0.9	0.9	0.8	0.0
Indonesia	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.8	0.8	0.8	0.9	0.0
Malaysia	0.7	0.7	0.7	0.6	0.7	0.7	0.0	0.7	0.6	0.6	0.6	0.6	-0.1
Thailand	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0
Vietnam	0.3	0.3	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Asia others	0.3	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Other Asia	3.7	3.6	3.6	3.4	3.5	3.5	-0.1	3.4	3.3	3.3	3.3	3.4	-0.1
Argentina	0.7	0.6	0.6	0.7	0.7	0.7	0.0	0.7	0.6	0.6	0.7	0.7	0.0
Brazil	3.1	3.3	3.3	3.7	3.8	3.5	0.2	3.8	3.6	3.7	3.9	3.7	0.2
Colombia	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.8	0.8	0.9	-0.1
Ecuador	0.6	0.5	0.5	0.6	0.5	0.5	0.0	0.5	0.4	0.5	0.5	0.5	0.0
Latin America others	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.5	0.5	0.5	0.5	0.1
Latin America	5.6	5.7	5.7	6.1	6.3	6.0	0.3	6.3	6.0	6.2	6.4	6.2	0.2
Bahrain	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Oman	1.0	1.0	1.0	1.0	1.0	1.0	0.0	1.0	0.9	0.8	0.8	0.9	-0.1
Qatar	2.0	1.9	2.0	1.9	1.9	2.0	0.0	1.9	2.0	2.0	2.0	2.0	0.0
Syria	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
Yemen	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0
Middle East	3.3	3.1	3.2	3.2	3.2	3.2	0.0	3.2	3.1	3.1	3.1	3.1	-0.1
Cameroon	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Chad	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Egypt	0.7	0.7	0.7	0.6	0.6	0.7	0.0	0.6	0.6	0.6	0.6	0.6	0.0
Ghana	0.1	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Sudans	0.3	0.2	0.2	0.3	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	-0.1
Africa other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Africa	1.5	1.5	1.5	1.5	1.5	1.5	0.0	1.5	1.5	1.4	1.4	1.5	-0.1
Total DCs	14.1	13.9	14.0	14.3	14.5	14.2	0.2	14.5	13.9	14.0	14.2	14.1	-0.1
FSU	13.9	14.0	14.3	14.3	14.4	14.4	0.1	14.5	12.8	12.3	12.4	13.0	-1.4
Russia	11.1	11.2	11.3	11.4	11.5	11.4	0.1	11.5	10.2	9.7	9.9	10.3	-1.1
Kazakhstan	1.6	1.7	1.8	1.8	1.9	1.8	0.0	1.9	1.6	1.6	1.6	1.7	-0.1
Azerbaijan	0.8	0.8	0.8	0.8	0.8	0.8	0.0	0.8	0.7	0.7	0.7	0.7	-0.1
FSU others	0.4	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Other Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
China	4.1	4.0	4.0	4.0	4.0	4.1	0.1	4.1	4.0	4.0	4.0	4.0	0.0
Non-OPEC production	57.0	57.8	60.8	62.6	64.2	62.8	2.0	64.4	59.3	57.2	57.9	59.7	-3.0
Processing gains	2.2	2.2	2.3	2.3	2.3	2.3	0.0	2.1	2.1	2.1	2.1	2.1	-0.2
Non-OPEC liquids production	59.2	60.0	63.0	64.9	66.4	65.0	2.0	66.5	61.4	59.3	60.0	61.8	-3.2
OPEC NGL	5.0	5.1	5.2	5.1	5.2	5.1	-0.1	5.2	5.2	5.1	5.0	5.1	0.0
OPEC Non-	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OPEC (NGL+NCF)	5.1	5.2	5.3	5.2	5.3	5.3	-0.1	5.3	5.3	5.2	5.1	5.2	0.0
Total Non-OPEC production and OPEC NGLs	64.3	65.2	68.3	70.1	71.7	70.3	1.9	71.9	66.7	64.5	65.1	67.0	-3.3

Note: Non-OPEC liquids production includes the Republic of Ecuador and OECD Americas includes Chile.

Totals may not add up due to independent rounding.

Source: OPEC.

Appendix

Table 11 - 5: World rig count, units

	2017	2018	2019	Change 2019/18	2Q19	3Q19	4Q19	1Q20	Apr 20	May 20	Change May/Apr
World rig count											
US	875	1,031	944	-88	990	920	819	784	566	348	-218
Canada	207	191	134	-57	83	131	138	196	34	23	-11
Mexico	17	27	37	10	34	38	48	46	46	42	-4
OECD Americas	1,099	1,249	1,114	-135	1,106	1,089	1,005	1,026	646	413	-233
Norway	15	15	17	2	17	18	18	16	14	17	3
UK	9	7	15	7	16	16	13	8	4	4	0
OECD Europe	92	85	149	63	159	190	154	129	112	111	-1
OECD Asia Pacific	15	21	29	8	29	31	30	30	27	21	-6
Total OECD	1,206	1,355	1,292	-64	1,295	1,310	1,189	1,184	785	545	-240
Other Asia*	208	222	221	-1	225	217	212	214	182	192	10
Latin America	119	131	129	-2	130	132	119	107	29	18	-11
Middle East	68	65	68	3	69	67	69	69	63	61	-2
Africa	38	45	55	11	53	51	63	61	54	46	-8
Total DCs	432	462	474	12	477	467	463	451	328	317	-11
Non-OPEC rig count	1,638	1,817	1,766	-52	1,771	1,777	1,652	1,635	1,113	862	-251
Algeria	54	50	45	-5	49	42	41	38	42	27	-15
Angola	3	4	4	1	5	4	3	6	7	0	-7
Congo	2	3	3	0	4	3	2	2	2	0	-2
Equatorial Guinea**	1	1	2	1	2	2	2	2	2	2	0
Gabon	1	3	7	4	6	7	9	9	6	0	-6
Iran**	156	157	157	0	157	157	157	157	157	157	0
Iraq	49	59	74	14	75	77	77	74	70	51	-19
Kuwait	54	51	46	-5	44	46	48	53	54	52	-2
Libya	1	5	14	10	15	16	16	14	10	11	1
Nigeria	9	13	16	2	14	16	18	19	16	8	-8
Saudi Arabia	118	117	115	-2	115	118	109	113	116	109	-7
UAE	52	55	62	7	59	64	67	66	65	54	-11
Venezuela	49	32	25	-8	23	25	25	25	14	2	-12
OPEC rig count	547	550	569	19	569	577	575	578	561	473	-88
World rig count***	2,185	2,368	2,335	-33	2,340	2,354	2,226	2,213	1,674	1,335	-339
of which:											
Oil	1,678	1,886	1,840	-46	1,829	1,835	1,758	1,748	1,289	1,001	-288
Gas	466	448	464	15	482	486	431	411	324	280	-44
Others	42	33	31	-2	29	32	38	54	61	54	-7

Note: * Other Asia includes Indonesia.

** Estimated data when Baker Hughes Incorporated did not report the data.

*** Data excludes China and FSU.

Totals may not add up due to independent rounding.

Sources: Baker Hughes and OPEC.

Glossary of Terms

Abbreviations

b	barrels
b/d	barrels per day
bp	basis points
bb	billion barrels
bcf	billion cubic feet
cu m	cubic metres
mb	million barrels
mb/d	million barrels per day
mmbtu	million British thermal units
mn	million
m-o-m	month-on-month
mt	metric tonnes
q-o-q	quarter-on-quarter
pp	percentage points
tb/d	thousand barrels per day
tcf	trillion cubic feet
y-o-y	year-on-year
y-t-d	year-to-date

Acronyms

ARA	Amsterdam-Rotterdam-Antwerp
BoE	Bank of England
BoJ	Bank of Japan
BOP	Balance of payments
BRIC	Brazil, Russia, India and China
CAPEX	capital expenditures
CCI	Consumer Confidence Index
CFTC	Commodity Futures Trading Commission
CIF	cost, insurance and freight
CPI	consumer price index
DoC	Declaration of Cooperation
DCs	developing countries
DUC	drilled, but uncompleted (oil well)
ECB	European Central Bank
EIA	US Energy Information Administration
Emirates NBD	Emirates National Bank of Dubai
EMs	emerging markets
EV	electric vehicle

Glossary of Terms

FAI	fixed asset investment
FCC	fluid catalytic cracking
FDI	foreign direct investment
Fed	US Federal Reserve
FID	final investment decision
FOB	free on board
FPSO	floating production storage and offloading
FSU	Former Soviet Union
FX	Foreign Exchange
FY	fiscal year
GDP	gross domestic product
GFCF	gross fixed capital formation
GoM	Gulf of Mexico
GTLs	gas-to-liquids
HH	Henry Hub
HSFO	high-sulphur fuel oil
ICE	Intercontinental Exchange
IEA	International Energy Agency
IMF	International Monetary Fund
IOCs	international oil companies
IP	industrial production
ISM	Institute of Supply Management
LIBOR	London inter-bank offered rate
LLS	Light Louisiana Sweet
LNG	liquefied natural gas
LPG	liquefied petroleum gas
LR	long-range (vessel)
LSFO	low-sulphur fuel oil
MCs	(OPEC) Member Countries
MED	Mediterranean
MENA	Middle East/North Africa
MOMR	(OPEC) Monthly Oil Market Report
MPV	multi-purpose vehicle
MR	medium-range or mid-range (vessel)
NBS	National Bureau of Statistics
NGLs	natural gas liquids
NPC	National People's Congress (China)
NWE	Northwest Europe
NYMEX	New York Mercantile Exchange
OECD	Organisation for Economic Co-operation and Development
OPEX	operational expenditures
OIV	total open interest volume
ORB	OPEC Reference Basket
OSP	Official Selling Price
PADD	Petroleum Administration for Defense Districts
PBoC	People's Bank of China
PMI	purchasing managers' index
PPI	producer price index

RBI	Reserve Bank of India
REER	real effective exchange rate
ROI	return on investment
SAAR	seasonally-adjusted annualized rate
SIAM	Society of Indian Automobile Manufacturers
SRFO	straight-run fuel oil
SUV	sports utility vehicle
ULCC	ultra-large crude carrier
ULSD	ultra-low sulphur diesel
USEC	US East Coast
USGC	US Gulf Coast
USWC	US West Coast
VGO	vacuum gasoil
VLCC	very large crude carriers
WPI	wholesale price index
WS	Worldscale
WTI	West Texas Intermediate
WTS	West Texas Sour

OPEC Basket average price

US\$/b



up 7.51 in May

May 2020	25.17
April 2020	17.66
Year-to-date	39.65

May OPEC crude production

mb/d, according to secondary sources



down 6.30 in May

May 2020	24.19
April 2020	30.49

Economic growth rate

per cent

	World	OECD	US	Euro-zone	Japan	China	India
2019	2.9	1.7	2.3	1.2	0.7	6.1	4.9
2020	-3.4	-6.1	-5.2	-8.0	-5.1	1.3	-0.8

Supply and demand

mb/d

2019		19/18	2020		20/19
World demand	99.7	0.8	World demand	90.6	-9.1
Non-OPEC liquids production	65.0	2.0	Non-OPEC liquids production	61.8	-3.2
OPEC NGLs	5.3	-0.1	OPEC NGLs	5.2	0.0
Difference	29.4	-1.1	Difference	23.6	-5.8

OECD commercial stocks

mb

	Apr 19	Feb 20	Mar 20	Apr 20	Apr 20/Mar 20
Crude oil	1,481	1,422	1,484	1,542	58
Products	1,404	1,471	1,477	1,527	50
Total	2,885	2,893	2,961	3,069	108
Days of forward cover	60.8	75.9	84.9	80.7	-4.2

Next report to be issued on 14 July 2020.