



Organization of the Petroleum Exporting Countries

# OPEC Monthly Oil Market Report

11 March 2021

## **Feature article:** *Assessment of the global economy*

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# Oil Market Highlights

## Crude Oil Price Movements

Spot crude prices surged by more than 13% in February to their highest monthly average since January 2020. Oil prices were supported by ongoing improvements in oil market fundamentals and a futures market that remained bullish in anticipation of a recovery in demand amid restrained global oil supplies. Oil prices extended gains after severe winter weather triggered a supply disruption in the US. The OPEC Reference Basket (ORB) gained \$6.67, or 12.3%, to average \$61.05/b for the month. Similarly, crude oil futures prices increased sharply in February on both sides of the Atlantic, with the ICE Brent front month up \$6.96, or 12.6%, to average \$62.28/b while NYMEX WTI rose \$6.96, or 13.4%, to average \$59.06/b. Consequently, the Brent-WTI spread was unchanged in February, averaging \$3.22/b. The forward curve of the three main futures prices – Brent, WTI and Dubai – steepened further last month as the market rebalancing process continued. Meanwhile, hedge funds and other money managers were bullish on the outlook for oil prices, further increasing combined futures and options net long positions linked to ICE Brent and NYMEX WTI to their highest point in more than a year.

## World Economy

The contraction in the global economy in 2020 is reduced after the better-than-expected actual performance by key economies in 2H20. As a result, the global economy now shows a decline of 3.7%, y-o-y. For 2021, additional stimulus measures in the US and an accelerating recovery in Asian economies are expected to raise the global economic growth forecast to 5.1%. However, this forecast remains surrounded by uncertainties including but not limited to COVID-19 variants, the effectiveness of vaccines, sovereign debt levels in many regions, inflationary pressures, and central bank responses. After a contraction of 3.5% in 2020, US economic growth in 2021 is now expected to reach 4.8%. The forecast for the Euro-zone in 2021 is raised to 4.3%, following a contraction of 6.8% last year. Japan's GDP in 2020 is officially reported at a contraction of 4.9%, while it is forecast at 3.1% for 2021. Following growth of 2.3% in 2020, China's GDP is forecast to increase by 8% in 2021. Official data shows India's economy contracted by 7.0% last year but the country's growth in 2021 is expected to reach 9%. Government estimates show Brazil's economy contracted by 4.1% in 2020 but the growth forecast for 2021 is expected to be at 3%. After contracting by 3.1% in 2020, Russia's growth forecast for 2021 is expected to remain at 3%.

## World Oil Demand

World oil demand in 2020 shows a contraction of 9.6 mb/d, to stand at 90.4 mb/d. OECD oil demand contracted by 5.6 mb/d, while non-OECD demand declined by 4 mb/d. For 2021, world oil demand is expected at 5.9 mb/d, to stand at 96.3 mb/d. Oil requirements in 1H21 are adjusted lower, mainly due to extended measures to control COVID-19 in many key parts of Europe. In addition, elevated unemployment rates in the US slowed the recovery process. In contrast, oil demand in 2H21 is adjusted higher, reflecting expectations for a stronger economic recovery with the positive impact of vaccination rollouts. In regional terms, OECD oil demand is expected to increase by 2.6 mb/d in 2021 to stand at 44.6 mb/d, while non-OECD demand is seen rising by 3.3 mb/d to average 51.6 mb/d.

## World Oil Supply

Non-OPEC liquids production is estimated to average 62.9 mb/d in 2020, a contraction of 2.6 mb/d, y-o-y. Non-OPEC oil supply in 2020 declined in Canada, Colombia, Kazakhstan, Malaysia, the UK and Azerbaijan, but increased in Norway, Brazil, China, and Guyana. Non-OPEC liquids supply for 2021 is forecast to grow by almost 1 mb/d to average 63.8 mb/d. The US liquids supply forecast remains unchanged, with growth of 0.16 mb/d in 2021, although uncertainties persist. The main contributors to supply growth are expected to be Canada, the US, Norway, Brazil and Russia. OPEC NGLs are forecast to grow by 0.08 mb/d in 2021 to average 5.2 mb/d, following a decline by 0.13 mb/d last year. In February, OPEC crude oil production decreased by 0.65 mb/d, m-o-m, to average 24.85 mb/d, according to secondary sources.

### Product Markets and Refining Operations

Refinery margins showed diverging trends in February. In the US Gulf Coast and Asia, a rise in planned maintenance, unplanned outages and a subsequent decline in refinery intakes led to bullish market sentiment and provided support for fuel markets. Europe showed negative performance as refining economics experienced slight losses. The negative impacts of higher feedstock prices and higher product output, given the extension of mobility restrictions in some countries, have completely overshadowed support provided by robust product exports.

### Tanker Market

Dirty tanker rates picked up in February, as a more than 20% increase in both Suezmax and Aframax spot freight rates outpaced a 6% decline in VLCCs. Weather was a key factor in boosting rates with weather delays in the Turkish straits and around the Mediterranean, lifting rates West of Suez amid a pickup in chartering activity. Unusual freezing weather in the US which struck in the middle of February led to disruptions in US crude and product trade flows, providing further support for Aframax as well as Suezmax rates amid limited availability in the Atlantic basin. Rising bunker fuel prices also provided some momentum for higher rates.

### Crude and Refined Products Trade

A plunge in temperatures disrupted trade flows of US crude and products in February. US crude imports fell back from the strong levels seen in January, and hence crude exports were down around 1 mb/d in the second half of February relative to the first half due to the freezing weather and power outages on the US Gulf Coast. Meanwhile, Japan's crude imports were stable in January, averaging 2.6 mb/d. A jump in heating demand for kerosene and fuel oil led to higher product imports and reduced exports. China's crude imports surged above 11 mb/d in the first two months of 2021, as independent refiners returned to the market armed with fresh quotas. Net product exports were sharply higher. In India, crude imports remained at healthy levels in January, although lower m-o-m and y-o-y, averaging 4.6 mb/d. Product imports and exports also fell back from the strong performance seen the month before.

### Commercial Stock Movements

Preliminary data shows that total OECD commercial oil stocks fell by 11.3 mb, m-o-m, in January. At 3,052 mb, inventories were 138.7 mb higher than the same month a year ago and 92.2 mb above the latest five-year average, 125.7 mb above the (2015-2019) average. Within the components, crude stocks declined by 17.7 mb, m-o-m, while product stocks increased by 6.4 mb over the same period. OECD crude stocks stood at 46.3 mb above the latest five-year average, 61.3 mb above the (2015-2019) average while product stocks exhibited a surplus of 45.9 mb, 64.3 mb above the (2015-2019) average. In terms of days of forward cover, OECD commercial inventories declined by 1.1 days, m-o-m, in January to stand at 69.6 days. This is 0.2 days lower than the year-ago level and 5.5 days above the latest five-year average, 7.8 days above the (2015-2019) average.

### Balance of Supply and Demand

Demand for OPEC crude in 2020 is estimated at 22.4 mb/d, around 6.9 mb/d lower than in 2019. Demand for OPEC crude in 2021 is forecast to stand at 27.3 mb/d, around 4.9 mb/d higher than in 2020.

## Feature Article

### Assessment of the global economy

The year 2020 witnessed an extraordinary and unprecedented turn of events that have negatively impacted the global economy. While it seemed that global economic developments were improving at the beginning of 2020, the COVID-19 pandemic hit economic momentum relatively early in 1Q20, and the highly volatile growth trend continued throughout the remainder of the year. World economic growth is estimated to have declined by 3.7% in 2020. Considerable fiscal and monetary stimulus in many key regions have led to a recovery in 2H20, and expected to gain more traction in the current year. The recently approved \$1.9 trillion fiscal stimulus bill in the US, which comes in addition to the already more than \$3 trillion fiscal stimulus package in

2020, will further support US and global economic growth. In addition, the ongoing recovery in Asian economies will support the global recovery, forecast at 5.1% in 2021.

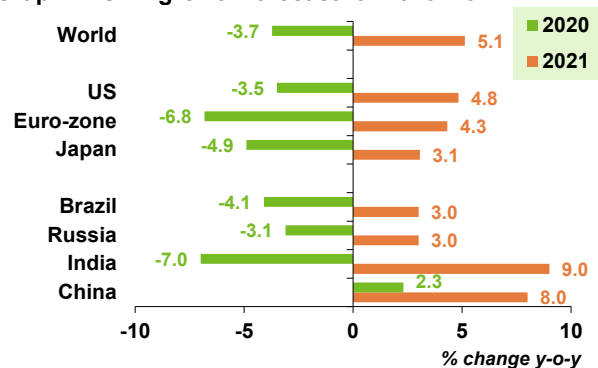
However, the current forecast will very much depend on the near-term path of the COVID-19 pandemic. The base assumption of this forecast is that by the beginning of 2H21, the pandemic will largely be contained with the majority of the population in western economies vaccinated, with COVID-19 not posing a major obstacle for emerging and developing economies. Nonetheless, numerous challenges remain, including COVID-19 spread and the effectiveness of vaccines against mutations. Moreover, sovereign debt in most economies has risen to levels at which raising interest rates could cause severe fiscal strain. While not imminent, a further rise in inflation, especially in the US and the Euro-zone, may cause some tightening of monetary policies, an area that needs monitoring in the short term. Additionally, trade-related disputes, especially between the US and China, may continue.

On a quarterly basis, 1Q21 growth will still be considerably affected by ongoing lockdown measures, voluntary social distancing and other pandemic-related developments. This may, to some extent, carry over into 2Q21. However, by the end of 1H21, economic activity is expected to accelerate as the impact of the pandemic is expected to taper off. The momentum is then expected to be supported by pent-up demand, especially in contact-intensive service sectors such as tourism and travel, leisure and hospitality. The seasonal aspect of warm weather in the Northern Hemisphere and the summer travel season will add more support. Forced household savings from lockdowns, combined with ongoing monetary and possibly additional fiscal stimulus, will add to the momentum of the rebound. The base assumption for this scenario is that by the end of 2H21, COVID-19 will largely be contained.

Evidently, the COVID-19 pandemic has negatively impacted global economic growth and demand for energy, including oil. As the pandemic had a major impact on the oil market balance, OPEC, together with its non-OPEC partners in the Declaration of Cooperation (DoC) took historic action to help stabilize the oil market. This proactive stance turned out to be a very important element in supporting global economic growth, after an estimated drop in oil demand of 9.6 mb/d in 2020. Oil demand is forecast to recover in 2021, growing by 5.9 mb/d. However, this year's demand growth will not be able to compensate for the major shortfall from 2020, as mobility is forecast to remain impaired throughout 2021. Thus, oil-intensive sectors, especially travel and transportation, will remain disproportionately affected, with a larger negative impact on 2020 oil demand and a lower positive contribution to 2021 oil demand, relative to global economic growth.

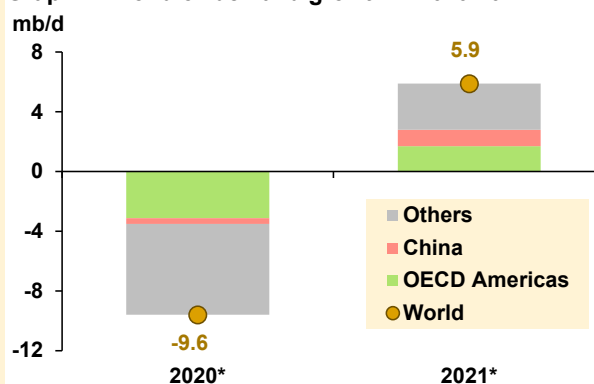
Similarly, non-OPEC supply is expected to have declined by 2.6 mb/d in 2020, while growth of 0.95 mb/d is anticipated for 2021. However, as the impacts of COVID-19-related developments remain uncertain, continued responsible global policy action from all market participants, including the efforts undertaken by OPEC and the participating non-OPEC producers of the DoC, will continue to be crucial over the coming months to return markets to more stable conditions.

Graph 1: GDP growth forecast for 2020–2021



Note: \* 2020 = Estimate and 2021 = Forecast.  
Source: OPEC.

Graph 2: World oil demand growth in 2020-2021



Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.





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# Crude Oil Price Movements

Spot crude benchmarks North Sea Dated and WTI surged by more than 13% in February to their highest monthly average since January 2020. The benchmarks were supported by ongoing improvements in oil market fundamentals and a futures market that remains positive in anticipation of demand recovery and restrained global oil supplies. Oil prices extended gains after a supply disruption in the US following an energy crisis sparked by severe winter weather.

The OPEC Reference Basket (ORB) increased sharply for the fourth consecutive month in February, increasing by 12.3%, or \$6.67, to reach \$61.05/b, its highest value since January 2020. ORB component values improved along with relevant crude oil futures and physical benchmarks, and monthly changes in their respective official selling price differentials, specifically towards Asia and US markets.

Crude oil futures prices extended their rally in February, hitting 13-month highs, supported by optimistic assumptions about tightening supply/demand fundamentals, and bolstered by the extreme weather in the US that caused a sharp decline in oil production. The market sentiment remained positive about the progress towards more US economic stimulus that should boost the economy and oil demand, plus anticipation of a rapid recovery to pre-COVID-19 normality. The ICE Brent front month rose by \$6.96, or 12.6%, in February to average \$62.28/b, and NYMEX WTI increased by \$6.96, or 13.4%, to average \$59.06/b. ICE Brent was 97¢ lower year-to-date (y-t-d), or 1.6%, at \$58.80/b, while NYMEX WTI was \$1.37 higher, or 2.5%, at \$55.58/b, compared to the same period a year earlier. DME Oman crude oil futures prices rose in February by \$6.10 m-o-m, or 11.1%, to settle at \$61.05/b. Y-t-d, DME Oman was lower by \$1.61, or 2.7%, at \$58.00/b.

Hedge funds and other money managers remained positive about the oil price outlook. Speculators raised further their combined futures and options net long positions linked to ICE Brent and NYMEX WTI to the highest in more than a year, adding 54,785 contracts, about 55 mb of crude oil, between the week of 26 January and the week to 23 February, exchange data showed.

The backwardation structure of the three main futures prices steepened further last month as the market rebalancing process and decline in global oil stocks continue. The market was anticipating the recovery of oil demand and restrained supplies, which helped lift near-month prices higher.

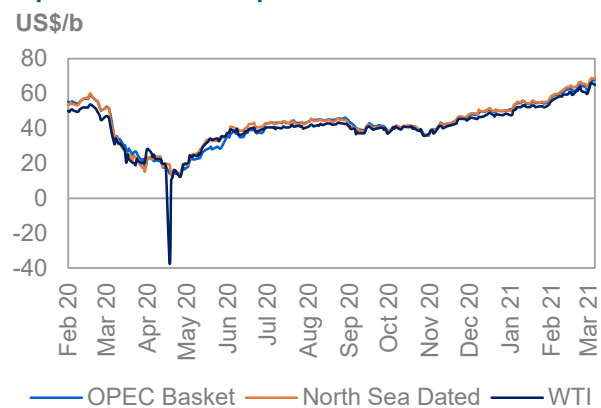
The sweet/sour crude differentials widened in all main markets in February due to a significant oil supply disruption in the US, mainly of light sweet crude, and a price rally of Brent, a light sweet crude benchmark, which offset the impact of a restrained sour crude supply globally.

## Crude spot prices

**Spot crude prices** North Sea Dated and WTI surged by more than 13% in February to hit \$62.23/b and \$59.08/b, respectively, their highest monthly average since January 2020. The Dubai price rose 11% m-o-m in February to settle at \$60.83/b. Spot prices were buoyed by improving oil market fundamentals and the positive futures markets in anticipation of demand recovery and a restrained global oil supply. Oil prices were also supported by data showing a decline in OECD oil stocks in January, a continuing decline in US crude stocks in the first half of February, and a supply disruption in the US caused by unusually cold winter weather. Meanwhile, the DoC producers continued to show strong conformity levels to their production adjustments and Saudi Arabia unilaterally decided to voluntarily adjust its production lower by a 1 mb/d in February and March, which further contributed to accelerating the global oil market rebalancing.

Nonetheless, the strength of flat prices was not reflected in crude differentials, as several grades remained trading at deep discounts to their respect benchmarks, amid subdued demand from refiners and scheduled refinery maintenance in 2Q21. Most West African and Mediterranean light sweet crude differentials were trading

**Graph 1 - 1: Crude oil price movement**



Sources: Argus, OPEC and Platts.

## Crude Oil Price Movements

at discounts to the Brent benchmark during most of last month on weak crude demand from refiners, including from the Asia-Pacific, amid tight west-to-east arbitrage. Unsold cargoes in the West African market weighed on crude differentials. However, a disrupted supply of light sweet crude from the US in the second half of February lent some support to similar crudes in the Atlantic Basin. On a monthly average, crude differentials of Bonny Light, Forcados and Qua Iboe stood respectively at a discount of 25¢/b, 7¢/b and 28¢/b to the Brent benchmark in February, although the discount narrowed slightly compared to January. The CPC Blend differential fell in February to a discount of \$1.77/b on average, while Saharan Blend averaged at a premium of 7¢/b. The crude differential of medium heavy sweet crude Cabinda weakened in February and fell 27¢ to a premium of 35¢/b. However, in the North Sea, crude differentials strengthened on the prospect of tighter supply in March. The daily North Sea oil supply is expected to decline by 7.1% in March m-o-m, and in April the total supply of Brent, Forties, Oseberg, Ekofisk and Troll is expected to remain steady m-o-m. Forties and Ekofisk crude differentials rose by 33¢ each on a monthly average in February to settle at a premium of 35¢/b and 33¢/b, respectively. In the US Gulf Coast (USGC), Mars crude differentials fell by 70¢ to a premium of 28¢/b on a monthly average in February amid a significant disruption in US upstream and downstream activity in February, while Light Louisiana Sweet (LLS) crude differentials rose slightly by 6¢ to a premium of \$2.17b. Nonetheless, in the Middle East, the value of Dubai-related crudes on the spot market remained supported by healthy demand from Asia-Pacific refiners in addition to widening Brent-Dubai differentials that limited west-to-east arbitrage opportunities, thus supporting Dubai-related crude. The value of the Oman crude differential rose by 24¢ m-o-m, in February to a premium of 75¢/b, while the Upper Zakum crude differential rose slightly to a discount of 3¢/b in February.

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

|                              | Jan 21       | Feb 21       | Change      |             | Year-to-date |              |
|------------------------------|--------------|--------------|-------------|-------------|--------------|--------------|
|                              |              |              | Feb/Jan     | %           | 2020         | 2021         |
| <b>OPEC Reference Basket</b> | <b>54.38</b> | <b>61.05</b> | <b>6.67</b> | <b>12.3</b> | <b>60.54</b> | <b>57.72</b> |
| Arab Light                   | 54.78        | 61.49        | 6.71        | 12.2        | 61.93        | 58.13        |
| Basrah Light                 | 54.73        | 61.40        | 6.67        | 12.2        | 59.63        | 58.07        |
| Bonny Light                  | 55.01        | 62.24        | 7.23        | 13.1        | 62.03        | 58.62        |
| Djeno                        | 47.28        | 54.78        | 7.50        | 15.9        | 58.86        | 51.03        |
| Es Sider                     | 53.08        | 60.83        | 7.75        | 14.6        | 59.86        | 56.95        |
| Girassol                     | 55.84        | 62.99        | 7.15        | 12.8        | 61.52        | 59.41        |
| Iran Heavy                   | 54.38        | 60.66        | 6.28        | 11.5        | 57.97        | 57.52        |
| Kuwait Export                | 54.83        | 61.31        | 6.48        | 11.8        | 60.86        | 58.07        |
| Merey                        | 37.40        | 42.87        | 5.47        | 14.6        | 46.58        | 40.13        |
| Murban                       | 54.93        | 60.99        | 6.06        | 11.0        | 61.79        | 57.96        |
| Rabi Light                   | 54.27        | 61.77        | 7.50        | 13.8        | 57.22        | 58.02        |
| Sahara Blend                 | 55.08        | 62.38        | 7.30        | 13.3        | 61.77        | 58.73        |
| Zafiro                       | 55.07        | 62.46        | 7.39        | 13.4        | 61.19        | 58.77        |
| <b>Other Crudes</b>          |              |              |             |             |              |              |
| North Sea Dated              | 54.73        | 62.23        | 7.50        | 13.7        | 59.61        | 58.48        |
| Dubai                        | 54.76        | 60.83        | 6.07        | 11.1        | 59.41        | 57.80        |
| Isthmus                      | 52.06        | 58.90        | 6.84        | 13.1        | 51.92        | 55.48        |
| LLS                          | 54.20        | 61.23        | 7.03        | 13.0        | 57.89        | 57.72        |
| Mars                         | 53.09        | 59.37        | 6.28        | 11.8        | 55.42        | 56.23        |
| Minas                        | 53.00        | 59.84        | 6.84        | 12.9        | 57.95        | 56.42        |
| Urals                        | 54.89        | 61.47        | 6.58        | 12.0        | 59.17        | 58.18        |
| WTI                          | 52.11        | 59.08        | 6.97        | 13.4        | 54.25        | 55.59        |
| <b>Differentials</b>         |              |              |             |             |              |              |
| North Sea Dated/WTI          | 2.62         | 3.15         | 0.53        | -           | 5.36         | 2.88         |
| North Sea Dated/LLS          | 0.53         | 1.00         | 0.47        | -           | 1.72         | 0.76         |
| North Sea Dated/Dubai        | -0.03        | 1.40         | 1.43        | -           | 0.20         | 0.68         |

Sources: Argus, Direct Communication, OPEC and Platts.

## OPEC Reference Basket (ORB)

The **ORB** increased sharply for the fourth consecutive month in February, jumping a hefty 12.3%, or \$6.67, to \$61.05/b – its highest value since January 2020. ORB component values improved along with relevant crude

oil futures and physical benchmarks, and monthly changes in their respective official selling price differentials, specifically towards Asia and US markets. Compared to the previous year, the y-t-d ORB was down \$2.83, or 4.7%, from \$60.54/b in 2020, to an average of \$57.72/b so far this year. West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend and Zafiro – rose \$7.40, or 13.8% m-o-m on average, in February to \$61.06/b. The multiple regions' destination grades – Arab Light, Basrah Light, Iran Heavy and Kuwait Export – increased by \$6.54, or 12.0% m-o-m, on average, to settle at \$61.22/b. Murban crude rose by \$6.06, or 11.0% m-o-m on average, to settle at \$60.99/b, while the Merey component rose by \$5.47, or 14.6% m-o-m, on average, to settle at 42.87/b.

## The oil futures market

**Crude oil futures prices** extended their rally on February and hit 13-month highs. They were supported by optimistic assumptions about tightening supply/demand fundamentals, and bolstered by the weather-related energy crisis in the US that caused a sharp decline in oil production. ICE Brent and NYMEX WTI first month rose respectively by 12.6% and 13.4% on a monthly average in February, settling at their highest monthly average since January 2020. The market sentiment remained positive about the progress towards more US economic stimulus, which should boost the economy and oil demand. Anticipation of a rapid recovery to pre-COVID-19 normality, the improving COVID-19 situation in some countries along with the decline in infection cases in major economies, and encouraging signs of progress on vaccination rollouts provided further support. Furthermore, cold weather across the Northern Hemisphere raised the prospect of higher demand for heating oil, while the price of electricity and gas jumped to extremely high levels in some US regions.

Oil futures prices were also supported by strong US equity markets with some indices hitting record highs in February amid optimism about the progress towards more US economic stimulus.

Oil prices extended their upward momentum over the month on expectation of a constrained oil supply in the near term after a major energy crisis in the US, particularly in Texas, due to extreme cold and power outages that temporarily disrupted temporarily about 4 mb/d of US oil production. According to EIA weekly data, US crude production declined by 1.1 mb/d in the week to 19 February, to 9.7 mb/d.

Market participants were also confident about the strong commitment to production adjustments of OPEC and non-OPEC participating countries in the DoC, and Saudi Arabia's unilateral decision to voluntarily adjust its production lower by 1 mb/d in February and March. The Joint Ministerial Monitoring Committee reported an overall conformity level of 103% in January.

Oil futures prices also rose on the large decline in US crude oil stocks, including at Cushing, Oklahoma, in the first half of February. Between early January and mid-February, US crude oil stocks fell by about 24 mb, while at Cushing, crude oil stocks decline by about 14 mb, or around 24%, according to EIA weekly data.

All these positive factors offset a subdued physical market since January and the cautious assessment of major forecasting agencies on oil demand for this year due to recent renewed lockdowns and the spread of COVID-19 variants.

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

|                            | Jan 21 | Feb 21 | Change  |      | Year-to-date |       |
|----------------------------|--------|--------|---------|------|--------------|-------|
|                            |        |        | Feb/Jan | %    | 2020         | 2021  |
| <b>Future crude</b>        |        |        |         |      |              |       |
| <b>NYMEX WTI</b>           | 52.10  | 59.06  | 6.96    | 13.4 | 54.21        | 55.58 |
| <b>ICE Brent</b>           | 55.32  | 62.28  | 6.96    | 12.6 | 59.77        | 58.80 |
| <b>DME Oman</b>            | 54.95  | 61.05  | 6.10    | 11.1 | 59.61        | 58.00 |
| <b>Spread</b>              |        |        |         |      |              |       |
| <b>ICE Brent-NYMEX WTI</b> | 3.22   | 3.22   | 0.00    | 0.0  | 5.56         | 3.22  |

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

*Sources: CME, DME, ICE and OPEC.*

The **ICE Brent** front month rose by \$6.96, or 12.6%, in February to average \$62.28/b, and **NYMEX WTI** increased by \$6.96, or 13.4%, to average \$59.06/b. ICE Brent was 97¢ lower y-t-d, or 1.6%, at \$58.80/b, while NYMEX WTI was \$1.37 higher, or 2.5%, at \$55.58/b, compared to the same period a year earlier. **DME Oman** crude oil futures prices rose in February by \$6.10 m-o-m, or 11.1%, to settle at \$61.05/b. Y-t-d, DME Oman was lower by \$1.61, or 2.7%, at \$58.00/b.

On 10 March, ICE Brent stood at \$67.90/b and NYMEX WTI at \$64.44/b.

## Crude Oil Price Movements

On a monthly average, the **ICE Brent/NYMEX WTI spread** remained unchanged m-o-m in February at \$3.22/b on average. The spread remained about 71¢/b wider than levels recorded in 2H20 at \$2.51/b, meaning that ICE Brent performed better than NYMEX WTI in January and February compared to 2H20. Improving global oil market fundamentals and anticipation of the demand recovery that pushed futures prices up by about 29% since the start of this year have supported ICE Brent more than NYMEX WTI. Crude destocking in Cushing, Oklahoma and flipping the NYMEX WTI forward curve to backwardation have also weighed the value of WTI at Cushing as compared to coastal values. The spread between the value of North Sea Dated and WTI Houston widened in February by 58¢/b on a monthly average to stand at \$1.64/b, compared to \$1.05/b in January. Crude price values in the USGC came under pressure on lower demand from domestic refiners in the wake of energy disruptions and power outages. According to EIA weekly data, the US refinery utilization rate fell 12.6 pp in the week to 26 February to 56.0% of operable capacity. The crude run declined by 2.3 mb/d during the same week to 9.9 mb/d.

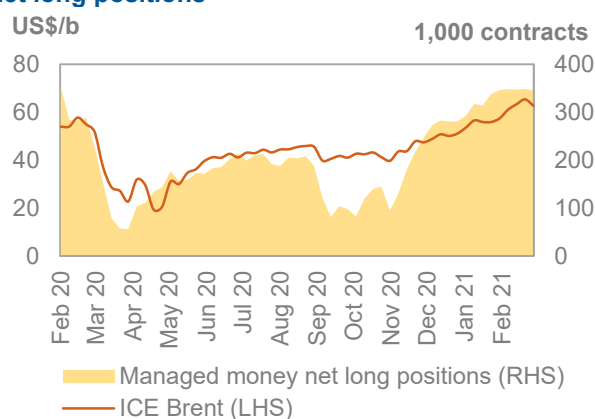
**Hedge funds and other money managers** raised further their combined futures and options net long positions linked to ICE Brent and NYMEX WTI to the highest in more than a year, adding 54,785 contracts, about 55 mb of crude oil, between the week of 26 January and the week to 23 February, exchange data showed. Speculators have amassed net long positions reaching to 735,639 lots, or 736 mb of crude oil, a sign of returning confidence. Crude prices surged since the start of the year in anticipation of oil demand recovery and a more balanced global oil market. Nonetheless, the increase in net long positions slowed in the week to 23 February.

**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.

Money managers raised their net long positions in ICE Brent in February to hit their highest since early February 2020. Combined futures and options net long positions in ICE Brent rose by 10,631 contracts, or 3.1%, to reach 348,784 lots in the week of 23 February, according to the ICE Exchange. In the week ending 23 February, gross short positions rose by 11,951 lots, or 22.3%, to 65,454 contracts, while gross long positions rose by 22,582 lots, or 5.8%, to 414,238 contracts during the same period.

Hedge funds and other money managers also raised their positive positions related to NYMEX WTI in February, increasing by 44,154 contracts, or 12.9%, to stand at 386,855 lots in the week of 23 February. This is due to a decline in short positions by 26,363 lots, or 37.0%, to 44,901 contracts, and an increase of 17,791 contracts, or 4.3%, in long positions to 431,756 contracts, according to the US Commodity Futures Trading Commission (CFTC).

Nonetheless, the **long-to-short ratio** of speculative positions in the ICE Brent contract fell in February, declining from 8:1 early in the month to 6:1 in the week to 23 February. However, the NYMEX WTI long-to-short ratio rose to 10:1 in the week to 23 February, compared to 6:1 in late January and early February. **Total futures and options open interest volumes** on the two exchanges rose over February, increasing by 9.0%, or 533,402 contracts, to stand at 6.5 million contracts in the week ending 26 January.

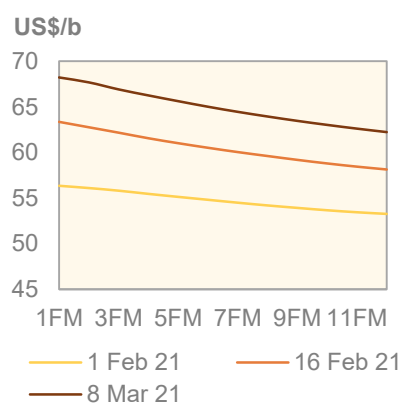
## The futures market structure

The **backwardation structure** of the three main futures prices steepened further last month as the market rebalancing process and the decline in global oil stocks continued. Investors were anticipating the recovery of oil demand and restrained supplies, which supported near-month prices. The upward momentum is due to the improving vaccine situation and large economic stimulus measures that could support economic and energy demand. Additional support comes from the prospect of a restrained global oil supply, while the production

adjustments by OPEC and participating non-OPEC producers in the DoC showed strong conformity levels and have contributed to the market rebalancing process.

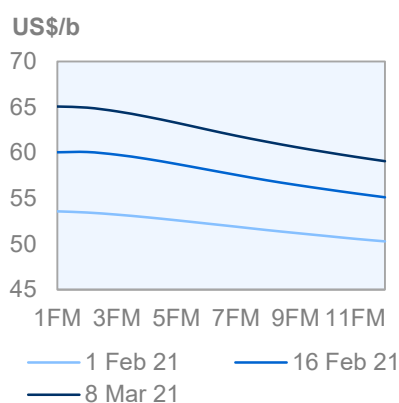
**Brent futures** moved into deeper backwardation in February and have been trading consistently in that structure since January. The ICE Brent M1-M3 spread widened in February by 82¢, on average, from a backwardation of 30¢/b in January, to a backwardation of \$1.12/b. The ICE Brent's first to sixth month moved into deeper backwardation last month to settle at \$2.64 on average, compared to a backwardation of \$1.09/b one month earlier, which makes it economically unfavourable to store crude oil and this has contributed to reductions in floating storage volumes in the Atlantic Basin.

**Graph 1 - 4: ICE Brent forward curves**



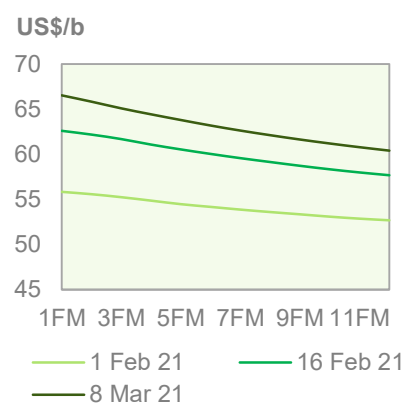
Sources: ICE and OPEC.

**Graph 1 - 5: NYMEX WTI forward curves**



Sources: CME and OPEC.

**Graph 1 - 6: DME Oman forward curves**



Sources: DME and OPEC.

The backwardation structures of **DME Oman** also steepened last month amid sustained demand from Asia-Pacific refiners and a narrow arbitrage from the west that raised demand for short-haul barrels. Furthermore, the prospect of a tighter sour crude market contributed to supporting near-month prices. On a monthly average, the DME Oman M1-M3 spread widened to a backwardation of 72¢/b on average in February, from a backwardation of 39¢/b in January, or an increase of 34¢.

In the US, the backwardation structure of **NYMEX WTI** strengthened in a sign of improving supply/demand fundamentals in and around the Cushing trading hub that resulted in a significant decline in US crude oil stocks in the first half of February. In the first two weeks of February, US crude oil stocks dropped by 14 mb, while at Cushing, crude oil stocks fell by about 4 mb. The NYMEX WTI first-to-third-month spread widened to a backwardation of 43¢/b on monthly average in February, compared to a backwardation of 10¢/b one month earlier.

Regarding the **M1/M3 structure**, the North Sea Brent M1/M3 backwardation widened further in February to a monthly average of 88¢/b, compared to a backwardation of 13¢/b in January. The Dubai M1/M3 monthly average spread also widened in February to a backwardation of 69¢/b on average in February, from a backwardation of 47¢/b in January. In the US, the WTI M1/M3 spread widened to a backwardation of 36¢/b on monthly average in February, compared to a backwardation of 6¢/b in January.

## Crude spreads

The **sweet/sour crude differentials** widened in all main markets in February due to the significant oil supply disruption in the US, mainly of light sweet crude, a better performance of light distillate products compared to heavier, and the price rally of Brent, a light sweet crude benchmark, which offset the impact of a restrained sour crude supply globally.

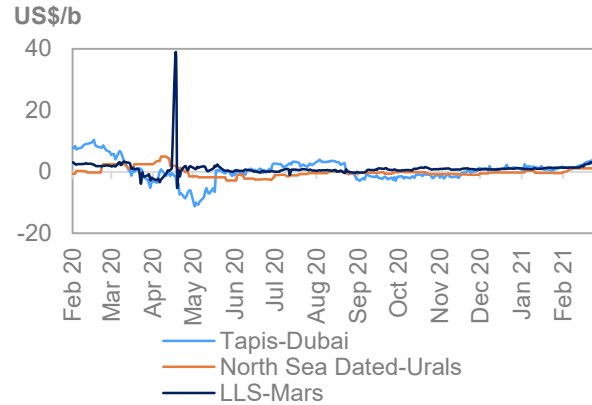
In **Europe**, the value of medium sour crude Urals weakened in February and its differentials to North Sea Dated in Northwest Europe tumbled to a discount of \$2.36/b in the second half of February, its lowest level since April 2020. The Urals value weakened on ample March loading availability, weak European demand for the grade amid weak refining margins, and a limited arbitrage opportunity to the Asia-Pacific market as the Brent-Dubai spread widened in February. Light sweet crudes in North Sea strengthened on low supply loading for March and April. On a monthly average, the North Sea Dated-Urals spread rose to a premium of 76¢/b in February, widening by 92¢, from a discount of 16¢/b in January.

## Crude Oil Price Movements

In the **USGC**, Mars crude differentials to WTI light sweet benchmark at Cushing fell by 70¢ to a premium of 28¢/b on a monthly average in February amid a significant disruption in US upstream and downstream activity in February, while Light Louisiana Sweet (LLS) crude differentials rose slightly by 6¢ to a premium of \$2.17/b. The power outage that shuttered almost half of refining capacity, specifically in the USGC, has sharply reduced demand for sour crude and the expectation of higher sour supplies after the US Department of Energy (DOE) announced an offer to sell about 10 mb of sour crude from its Strategic Petroleum Reserve. Improving LLS refining margins, compared to sour crudes like Mars, also contributed in widening the LLS-Mars spread. The premium of LLS against Mars sour widened by 75¢ in February, m-o-m, to average \$1.86/b.

In **Asia**, the premium of light sweet crude Tapis against Dubai sour widened by 91¢ in February to a monthly average of \$2.09/b. The widening Brent-Dubai spread in February has limited arbitrage opportunity from Atlantic Basin to East Suez market, which raised demand for short-haul cargoes from Asia-Pacific refiners, and consequently supported the value of domestic Asian light sweet crude. Demand for sour crude eased slightly in the second half of February, which weighed slightly on Dubai's value. The Brent-Dubai front-month exchange of futures for swaps (EFS) rose on 23 February to \$3.17/b, its highest level since November 2019, and on a monthly average, the Brent-Dubai EFS rose 99¢/b in February to average \$1.90/b.

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



Sources: Argus, OPEC and Platts.



# Commodity Markets

In the group of energy commodities, crude oil prices rose for the fourth consecutive month in February, while natural gas prices were mixed across regions. In the US, natural gas prices jumped as a consequence of record cold temperatures that led to both demand increases and supply outages. However, natural gas prices declined in Europe and Asia on the arrival of milder temperatures. This same factor also contributed to weakening coal prices in Europe and Asia during the month.

Base metals continued their ascending price trend supported by further expansion in global manufacturing and low inventory levels for selected metals. Precious metals prices generally retreated as real interest rates increased in the US.

## Trends in selected commodity markets

The **energy price index** advanced by 14.3% m-o-m in February, with increases in crude oil, mixed developments in natural gas, while coal prices declined. The average index level was up by 24.3% in the period January–February 2021 compared with the same two months last year.

The **non-energy index** rose by 2.5% m-o-m, with base metals rising by 5.3% and agriculture commodities increasing by 1.1%. The non-energy index was up by 20% y-t-d, compared to the same period of 2020.

**Table 2 - 1: Commodity prices**

| Commodity           | Unit      | Monthly averages |              |              | % Change      | Year-to-date |              |
|---------------------|-----------|------------------|--------------|--------------|---------------|--------------|--------------|
|                     |           | Dec 20           | Jan 21       | Feb 21       | Feb 21/Jan 21 | 2020         | 2021         |
| <b>Energy*</b>      | Index     | <b>62.9</b>      | <b>69.3</b>  | <b>79.2</b>  | <b>14.3</b>   | <b>69.7</b>  | <b>74.3</b>  |
| Coal, Australia     | US\$/mt   | 83.0             | 86.8         | 86.7         | -0.1          | 68.7         | 86.8         |
| Crude oil, average  | US\$/b    | 48.7             | 53.6         | 60.5         | 12.8          | 57.5         | 57.0         |
| Natural gas, US     | US\$/mbtu | 2.5              | 2.7          | 5.1          | 90.0          | 2.0          | 3.9          |
| Natural gas, Europe | US\$/mbtu | 5.9              | 7.3          | 6.2          | -15.3         | 3.3          | 6.7          |
| <b>Non-energy*</b>  | Index     | <b>97.3</b>      | <b>101.7</b> | <b>104.2</b> | <b>2.5</b>    | <b>82.8</b>  | <b>103.0</b> |
| Base metal*         | Index     | <b>98.0</b>      | <b>99.7</b>  | <b>105.0</b> | <b>5.3</b>    | <b>78.3</b>  | <b>102.4</b> |
| Precious metals*    | Index     | <b>143.6</b>     | <b>145.1</b> | <b>142.9</b> | <b>-1.5</b>   | <b>119.1</b> | <b>144.0</b> |

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

Sources: World Bank and OPEC.

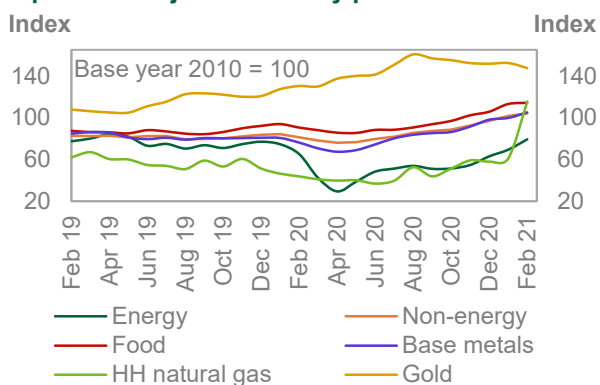
In February, the **Henry Hub natural gas price** almost doubled m-o-m to \$5.1/mmbtu. Spot prices rose considerably in the middle of the month amid extreme cold weather, particularly in Texas. This also resulted in both a jump in residential and commercial demand to its second highest recorded level and a drop in dry natural gas output of more than 12 bcf during the week ending February 19, according to IHS Markit estimations. This translated into a significant withdrawal from inventories, which entered the cold spell with a surplus over the five-year average, but this quickly dropped below that level. However, production quickly returned and warmer than average temperatures followed, resulting in spot prices giving up most of the gains in the last week of the month. According to the Energy Information Administration, utilities withdrew 98 bcf from working gas underground storage during the week ending 26 February 2021. This withdrawal left total working gas in underground storage at 1,845 bcf, around 8.8% below the latest five-year average. At the end of January, stocks were 7.9% above the five-year average.

**Natural gas prices in Europe** retreated after two months of increases with the average **Title Transfer Facility price** down by 15.3% m-o-m to 6.2/mmbtu in February. Cold weather in the first half of the month resulted in a large inventory decline, but milder temperatures thereafter reduced the pace of withdrawals. Asia LNG prices fell to \$6.5/mmbtu from \$17/mmbtu in January, closing the gap favouring LNG exports to Asia. This came after the weather picture switched to a warmer than average one during the month, contrasting with the previous colder weather that resulted in the earlier price spike. EU inventories ended the month of February around 36.7% full versus 51% full at the end of the previous month, according to Gas Infrastructure Europe. Inventories were around 60% full at the end of February 2020.

**Australian thermal coal prices** declined slightly by 0.1% m-o-m in February to \$86.7/mt. In the January–February period, prices have been around 26% higher than the same period last year. This was mainly supported by colder than average winter temperatures in North East Asia, however, in the second half of February prices started to weaken as significantly warmer than average weather arrived in the region. Furthermore, the pace of imports to Asia slowed at the beginning of the year. According to the latest available

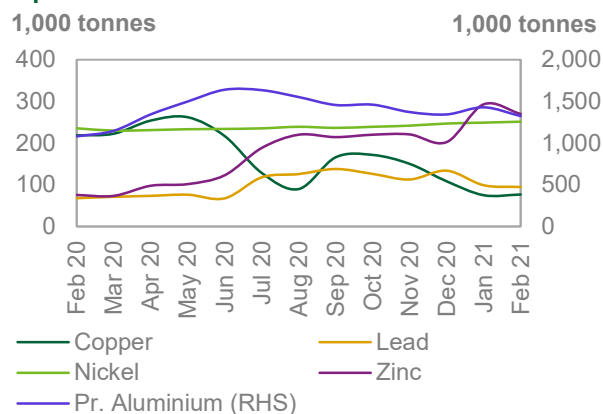
Chinese customs data, coal imports dropped significantly, by almost 40% y-o-y in the January–February period, to 41.1 million mt. According to Reuters, citing industry sources, coal imports from India and Japan also declined in the first two months of 2021.

**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 by 5.3% m-o-m in February. It continued to be supported by the expansion in global manufacturing and low inventory levels for selected metals. This was despite the deceleration in activity in China and the rising US dollar value that weighed on metal prices at the end of February and at the beginning of March.

**Average monthly copper prices** rose in February by 6.3% m-o-m. Prices in the January–February period were 40% higher than in the same period of 2020. Low stock levels, especially at the London Metal Exchange (LME), the expectation of a faster global economic recovery in view of additional government stimulus in 2021, and some concerns about supply disruptions continued to support investor’s optimism. According to International Copper Study Group (ICGS) estimates, the refined copper balance (adjusted for unreported Chinese inventories) in the January–November 2020 period showed a deficit of 475,000 tonnes versus 380,000 tonnes in the January–October estimation. In February, inventories at LME-designated warehouses experienced just a minor increase of 76,225 tonnes from 74,575 tonnes in January. In February 2020, stock levels were almost two times larger.

**Iron ore prices** declined m-o-m in February by 2.9% to a monthly average of \$164.8.6/mt. However, prices in the January–February period were 83% higher compared with the same two months last year. Steel making activity strengthened at a global level, rising by 4.8% in January 2021 compared to level in January last year. In fact, steel making activities increased y-o-y in eight of the 10 largest countries for steel output in January, the US and Japan being the exceptions, according to the World Steel Association. China’s iron ore imports rose by 2.8% y-o-y in the January–February period, according to customs data.

In the group of **precious metals**, gold retreated by 3.2% m-o-m in February as real interest rates in US dollars increased,. Despite this, financial investors remained positive in gold during the month.

## Investment flows into commodities

**Money Managers’** net length increased in crude oil and copper in absolute terms, while it increased in both absolute and as a share of open interest (OI) for natural gas. Net length was reduced in gold, both in absolute and relative terms.

**Henry Hub’s natural gas OI** rose by around 11% m-o-m in February. Money managers’ net long position rose by more than 70% to 106,158 contracts, from 60,283 contracts in January, after the market tightened as inventories ended the winter season at a considerably lower level than usual as a result of extreme cold weather in US regions. The net length also increased as a share of open interest during the month.

**Copper’s OI** rose by 5.0% in February. Money managers’ remain positive and increased net long positions by 2.8% m-o-m to 80,812 lots, from 78,606 contracts the previous month, as the pace of global manufacturing expansion remains robust.

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

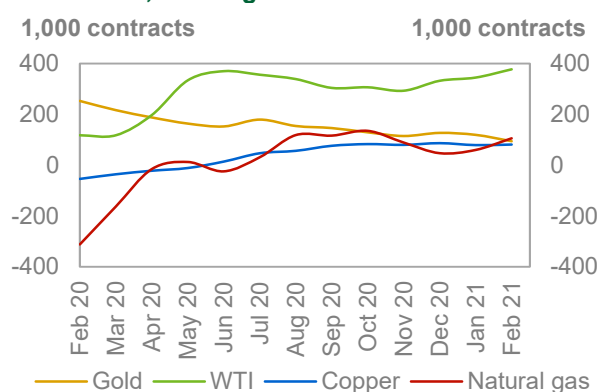
| Selected commodity | Open interest |              | Net length   |           |              |            |
|--------------------|---------------|--------------|--------------|-----------|--------------|------------|
|                    | Jan 21        | Feb 21       | Jan 21       | % OI      | Feb 21       | % OI       |
| Crude oil          | 2,711         | 3,028        | 345          | 13        | 377          | 12         |
| Natural gas        | 1,152         | 1,187        | 60           | 5         | 106          | 9          |
| Gold               | 750           | 676          | 120          | 16        | 95           | 14         |
| Copper             | 261           | 274          | 79           | 30        | 81           | 29         |
| <b>Total</b>       | <b>5,333</b>  | <b>5,650</b> | <b>1,935</b> | <b>96</b> | <b>2,024</b> | <b>104</b> |

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

Sources: CFTC and OPEC.

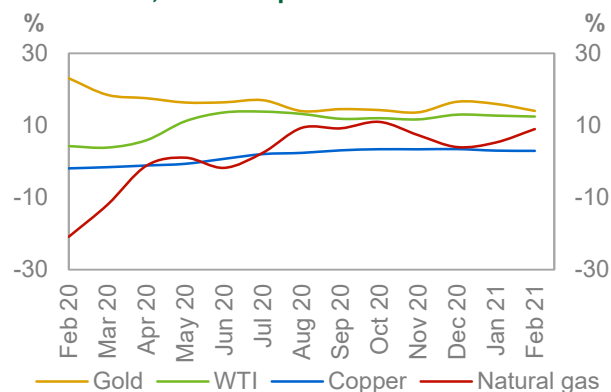
Gold OI decreased by 9.9% in February. Money managers' net length fell by around 21% to 94,665 contracts, from 119,528 contracts, following the upward trend change in medium and long-term real US dollar interest rates. As a share of the open interest, the net length also decreased.

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



Note: Data on this graph is based on monthly average.  
Sources: CFTC and OPEC.

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



Note: Data on this graph is based on monthly average.  
Sources: CFTC and OPEC.

## World Economy

Despite ongoing COVID-19-related challenges, the global economy has continued its recovery, very much supported by unprecedented fiscal and monetary stimulus. GDP growth in 4Q20 has been better-than-expected in numerous key economies, leading to an upward revision in the global GDP decline rate for 2020 to -3.7%, compared with last month's estimate of -3.9%. While some of the improving momentum is assumed to carry over into 2021, another round of lockdowns and social distancing measures in some key OECD economies is likely to dampen 1Q21 momentum. However, the continued rollout of vaccines in key economies, recently approved considerable fiscal stimulus in the US, the likely ongoing recovery in Asian economies and pent-up demand — in particular in western economies fuelled by forced savings during the lockdowns — are all factors forecast to lead to a significant rebound in growth in 2021. GDP growth is forecast at 5.1% for 2021, compared with 4.8% the previous month.

Importantly, the current forecast will very much depend on the near-term path of COVID-19. The base assumption of this forecast is that by the beginning of 2H21 COVID-19 will be largely contained in the sense that the majority of the population in the advanced economies will be vaccinated and that the pandemic will not pose a major obstacle for emerging and developing economies by that time. Nonetheless, numerous challenges remain, including COVID-19 variants and the effectiveness of vaccines against these mutations. Moreover, sovereign debt in most economies has risen to levels at which a lift in interest rates could cause severe fiscal strain. While not imminent, a further rise in inflation, especially in the US and the Euro-zone, may cause some tightening of monetary policies, an area that will need to be monitored in the short term. Additionally, trade-related disputes, especially between the US and China, may continue.

The OECD growth forecast for 2020 was revised up to -5.0%, after upward adjustments were seen in Japan and some smaller OECD economies. OECD growth in 2021 has been revised up to 4.3% from the previous month's 3.9%, lifted in particular by improving growth expectations for the US, but also for the Euro-zone and Japan.

In the emerging economies, India's 2020 GDP growth was officially reported at -7.0%, compared with the previous month's estimate of -8.2%. India's growth forecast for 2021 was revised up to 9.0% from 7.5%. Following growth of 2.3% in 2020, China's GDP is forecast to increase by 8.0% in 2021, revised up from 7.4% in the previous report. Government estimates show Brazil's economy contracted by 4.1%, while the forecast for 2021 was revised up to 3.0% from 2.9% in the previous report. After contracting by 3.1% in 2020, Russia's growth forecast for 2021 remains unchanged at 3.0%, with potentially some further upside in connection with the ongoing Declaration of Cooperation (DoC) process.

**Table 3 - 1: Economic growth rate and revision, 2020–2021\*, %**

|                                   | World       | OECD        | US          | Euro-zone   | UK           | Japan       | China      | India       | Brazil      | Russia      |
|-----------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|------------|-------------|-------------|-------------|
| <b>2020</b>                       | <b>-3.7</b> | <b>-5.0</b> | <b>-3.5</b> | <b>-6.8</b> | <b>-10.5</b> | <b>-4.9</b> | <b>2.3</b> | <b>-7.0</b> | <b>-4.1</b> | <b>-3.1</b> |
| <b>Change from previous month</b> | 0.2         | 0.1         | 0.0         | 0.0         | 0.0          | 0.3         | 0.0        | 1.2         | 0.8         | 0.0         |
| <b>2021</b>                       | <b>5.1</b>  | <b>4.3</b>  | <b>4.8</b>  | <b>4.3</b>  | <b>4.1</b>   | <b>3.1</b>  | <b>8.0</b> | <b>9.0</b>  | <b>3.0</b>  | <b>3.0</b>  |
| <b>Change from previous month</b> | 0.3         | 0.4         | 0.6         | 0.2         | 0.0          | 0.2         | 0.6        | 1.5         | 0.1         | 0.0         |

Note: \* 2020 = Estimate and 2021 = Forecast. The GDP numbers have been adjusted to reflect 2017 ppp.

Source: OPEC.

## Global

### Update on latest developments

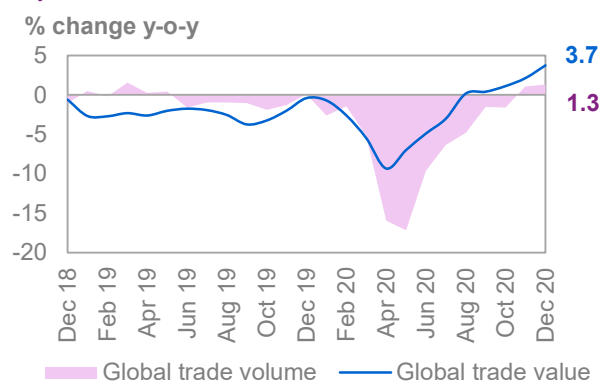
The global economy performed better than expected in 4Q20, underpinning the 2H20 momentum that was significantly driven by **unprecedented fiscal and monetary stimulus** measures in numerous key economies. The recent approval of a significant fiscal stimulus package of 1.9 trillion US dollars is providing further support to the recovery. However, large packages have lifted debt levels very high, which will require close monitoring in the near term. While monetary stimulus has continued, and is expected to do so in the near future, concerns that rising inflation may lead to higher interest rates have raised the possibility that global accommodative monetary policies may come to an end earlier rather than later. In terms of upside surprises, it should be noted that almost all key economies showed surprisingly positive 4Q20 developments. After the US, the Euro-zone,

China and Russia reflected higher figures in last month's report, 4Q20 growth numbers in Japan, India and Brazil are now also stronger than expected. This has consequently led to an upward revision in global economic growth for last year to now stand at -3.7%, compared with last month's reported estimate of -3.9%.

While some parts of the recovery are estimated to have carried over into 1Q21, the re-emergence of strong lockdown measures in the EU, the OECD and some other developing and emerging economies has led to somewhat softening momentum the last weeks. This can also be seen in domestic activity indicators from the Euro-zone, Japan and others. Global vaccination programmes also seem delayed in numerous economies compared with previous expectations. All of these developments have significantly impacted the contact-intensive services sector. Economies with considerable shares in the travel and tourism, hospitality and leisure sectors have been impacted significantly. Hence, on a global level, the recovery momentum has been led by the manufacturing sector so far.

**Global trade levels** — an important motor for the ongoing recovery — have continued improving, according to data available up to December. World trade volumes rose by 1.3% y-o-y in December, compared with 1.1% y-o-y in November, based on the CPB World Trade Index provided by the CPB Netherlands Bureau for Economic Policy Analysis. This marks the second monthly rise in global trade volumes since a very small uptick in December 2019. Trade improved in value terms as well, rising by 3.7% y-o-y in December from 2.1% y-o-y in November.

**Graph 3 - 1: Global trade**



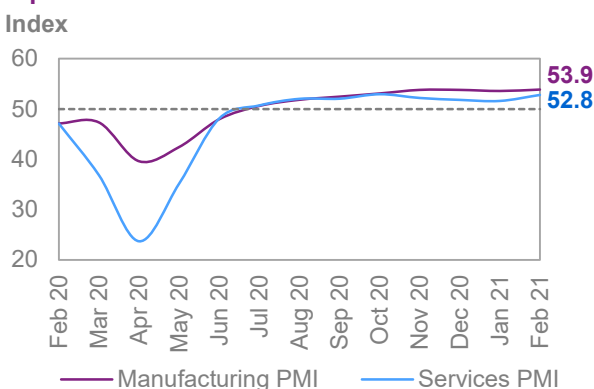
Sources: Netherlands Bureau for Economic Policy Analysis, Haver Analytics and OPEC.

## Near-term expectations

After seeing muted growth in 1Q21, the global pickup is forecast to gain pace towards the end of 2Q21, especially accelerating in 2H21. The underlying assumption of this forecast is that COVID-19 will be largely contained by 2H21. Current pandemic-related challenges, as can be seen in lockdown measures in 1Q21 are considered to be temporary, as the distribution of vaccines is forecast to gain traction and this should lead to a vaccination rate in advanced economies of more than 50% towards the beginning of 2H21. This recovery will be significantly supported by a rebound in contact-intensive sectors, especially travel and tourism, leisure and hospitality. Moreover, it is assumed that inflation will remain at reasonable levels so that central banks, particularly the US Federal Reserve will not raise interest rates unexpectedly. In such a scenario, economic activity is forecast to significantly gain pace as the impact of the pandemic is expected to taper off. The momentum is then expected to be supported by pent-up demand and the seasonal aspect of warm weather in the northern hemisphere. The summer travel season will add more support. Forced household savings from lockdowns, combined with ongoing monetary and likely additional fiscal stimulus, will add to the rebound. However, uncertainties remain. New COVID-19 variants, and concern that existing vaccines may be less effective against the new mutations, are the major risk to the expected recovery.

**Global purchasing managers' indices (PMIs)** in February reflected a tender continuation of the global recovery. The global manufacturing PMI stood at 53.9 in February, after reaching 53.6 in January and compared with 53.8 in December. The global services sector PMI rose slightly as well, standing at 52.8 in February, after reaching 51.6 in January and compared with a December index level of 51.8.

**Graph 3 - 2: Global PMI**



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

With further improvements seen in 4Q20 in Japan, India and Brazil, among others, the 2020 **GDP growth** forecast was revised up to stand at -3.7%, compared with -3.9% the previous month. GDP growth for 2021 was revised up to 5.1% from 4.8% the previous month. The main drivers are additional large stimulus in the US, a positive carry-over to major US economic partners, and an ongoing strong recovery in Asian economies that is forecast to accelerate in 2021. After somewhat muted growth in 1Q21, the growth momentum is forecast to gain pace towards the end of 1H21, assuming that progress is being made towards containing COVID-19 to the extent that mobility is supported again, leading to a rebound in contact-intensive sectors.

**Table 3 - 2: World economic growth rate and revision, 2020–2021\*, %**

|                                   | World       |
|-----------------------------------|-------------|
| <b>2020</b>                       | <b>-3.7</b> |
| <b>Change from previous month</b> | 0.2         |
| <b>2021</b>                       | <b>5.1</b>  |
| <b>Change from previous month</b> | 0.3         |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

## OECD

### OECD Americas

#### US

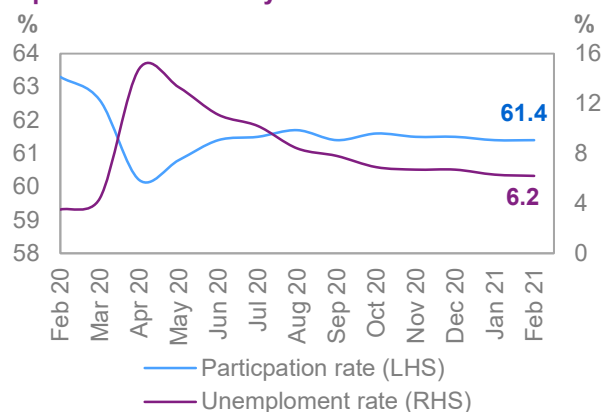
##### Update on the latest developments

The US economy continued to gradually improve towards the end of last year, especially on the industrial side. Industrial production and manufacturing orders, as lead indicators for future production, improved and retail sales rebounded with a rise in consumer confidence. US industrial-sector activity improved in January, showing a monthly increase of 0.9% m-o-m, after seeing a rise of 1.3% m-o-m in December on a seasonally adjusted base. Consumption seems to have been impacted over the last months by the end of social support measures that ended in 3Q20, thus negatively impacting spending abilities. However, with the reintroduction of support through the 900 billion US dollar stimulus package introduced at the end of last year and the most recently approved 1.9 trillion fiscal stimulus package, sentiment seems to have picked up again. Consumer confidence rose in February to 91.3 compared with 88.9 in January, as measured by the Conference Board. This improvement became visible in the latest available retail sales data as well, an area forecast to improve further in the coming months. Retail sales rose significantly in value terms, with a growth rate of 6.5% y-o-y in January, following 2.6% y-o-y in December and 4.1% y-o-y in November.

One important aspect for future consumption is that the important equity and housing markets continued to perform well, largely supported by monetary stimulus, with the Fed raising its balance sheet volume by more than \$3 trillion in 2020. Housing prices continued to rise in January, growing by 11.4% y-o-y in December, as reported by the Federal Housing Finance Agency (FHFA), the highest on record. This ties into the most recent discussion of potentially rising inflation and consequently rising interest rates. Most recently, inflation was still muted at 1.4% y-o-y in January. The gauge preferred by the Fed, the personal consumption expenditure (PCE) index, also stood at a relatively modest 1.5% y-o-y in January.

The labour market continued to improve in February, with the **unemployment rate** falling to 6.2% from 6.3% in January. Non-farm payroll additions showed a strengthening trend as well, adding 379,000, after an upwardly revised January number of 166,000 was seen. This positive trend comes after payrolls fell by 306,000 in December, the first decline in non-farm payrolls since April 2020, when the COVID-19 pandemic caused the loss of almost 21 million jobs in the US.

**Graph 3 - 3: US monthly labour market**



Sources: Bureau of Labor Statistics and Haver Analytics.

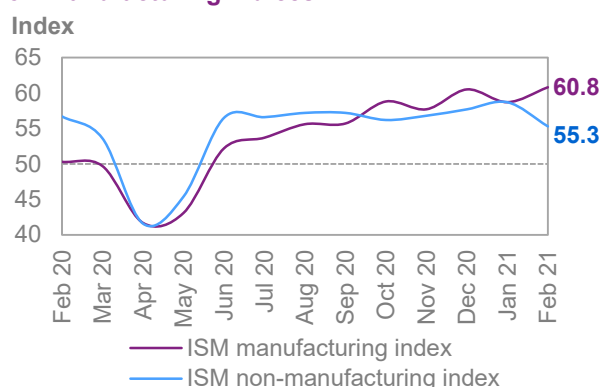
## Near-term expectations

As the US economy continued to recuperate gradually towards the end of last year, additional fiscal stimulus measures — in combination with ongoing monetary stimulus — is forecast to strongly support the ongoing recovery. The US administration proposed a fiscal support package of \$1.9 trillion, which comes on top of the \$900 billion package approved in December. These fiscal measures and ongoing monetary stimulus are very likely to counterbalance the negative impact of ongoing COVID-19-related challenges in 1Q21. While 1Q21 is forecast to remain impacted by social-distancing measures, holding GDP growth at 3.7% q-o-q SAAR, growth is forecast to accelerate to 4.6% q-o-q SAAR in 2Q21 and to around 5% SAAR on a quarterly average in 2H21, led by consumer spending and investment. Due to major fiscal and monetary support, inflation has become a major concern most recently. However, with inflation still at a healthy level and given the structure of the latest fiscal stimulus, very quickly rising inflation in the short term has not been taken into account in current underlying assumptions for this forecast. It is also important to note that the containment of COVID-19 towards the end of 2Q21 is assumed and that by 2H20 more than 50% of the US population will have received at least one shot of the vaccination, in the case that two are required.

Hence, the main uncertainties in the forecast are either that COVID-19 will not be contained and/or that inflation will rise at such a pace that market rates will carry an unexpected dynamic, impairing the ongoing recovery. However, even with the ongoing low interest rate environment, rising debt levels and associated debt services may cause fiscal constraints going forward. These factors will require close monitoring, but are not expected to pose an imminent challenge.

The economy's recovery is reflected in **February's PMI** levels as provided by the Institute for Supply Management (ISM), indicating an ongoing pickup in the coming months, albeit the important services sector index retracted slightly. The manufacturing PMI rose to 60.8 in February, after reaching 58.7 in January and compared with 60.7 in December. The services sector index retracted to 55.3 from 58.7 in January and 57.7 in December. This demonstrates ongoing weakness in contact-intensive services, though they are expected to recover with the assumed containment of COVID-19.

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



Sources: Institute for Supply Management and Haver Analytics.

The previous growth estimate for 2020 was confirmed by the US statistical offices and is unchanged at -3.5%. Assuming that COVID-19 will be contained, a further rise in consumption and investment could lead to a solid recovery in the coming year, especially in 2H21. The additional fiscal stimulus measure, in particular, is expected to strongly affect 2021 US GDP figures. With the additional support and ongoing momentum, growth is forecast at 4.8%, compared with the previous month's forecast of 4.2%. Growth prospects are further tilted towards the upside, but COVID-19-related uncertainties and political challenges remain.

**Table 3 - 3: US economic growth rate and revision, 2020–2021\*, %**

|                                   | US          |
|-----------------------------------|-------------|
| <b>2020</b>                       | <b>-3.5</b> |
| <b>Change from previous month</b> | 0.0         |
| <b>2021</b>                       | <b>4.8</b>  |
| <b>Change from previous month</b> | 0.6         |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

## OECD Europe

### Euro-zone

#### Update on the latest developments

As the Euro-zone reported slightly better-than-expected economic growth towards the end of 2020, indicators now confirm a continued recovery, particularly in the industrial sector, while it seems that most ongoing economic challenges are coming from the contact-intensive services sector side. Those economies with a

large tourism and travel sector are most strongly affected. This is the ongoing consequence of lockdown measures that were reintroduced or tightened in most Euro-zone economies in 4Q20 and have consequently been carried over into 1Q21. Meanwhile, the distribution of vaccines in the Euro-zone is progressing somewhat slower than expected.

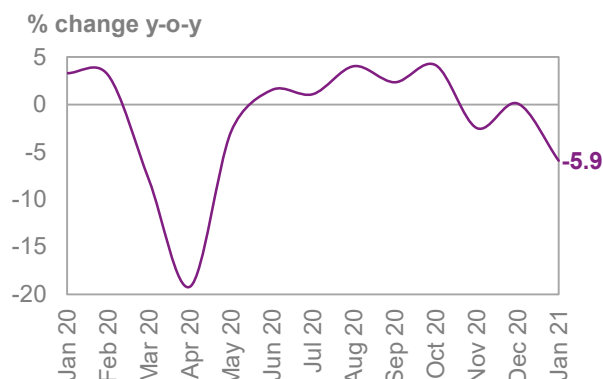
Positively, ongoing considerable support measures enacted by Euro-zone governments, in combination with fiscal support from the EU and monetary support from the European Central Bank (ECB), have continued stabilising the economy, as can be seen in the labour market and in other economic measures.

The accommodative ECB monetary policies and especially the fiscally driven social welfare measures, have continued supporting the **labour market**. The latest available January numbers from Eurostat point to a stabilisation, as the unemployment rate was unchanged at 8.1%.

However, given the massive negative impact of lockdowns, **retail sales** growth in value terms declined further on a yearly basis in January, falling by 5.9% y-o-y, after a slight pick-up of 0.1% y-o-y was seen in December.

**Industrial production** (IP) improved in December, rising by 0.1% y-o-y, compared with a contraction of 0.6% y-o-y in November and a decline of 3.4% y-o-y in October.

**Graph 3 - 5: Euro-zone retail sales**



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

### Near-term expectations

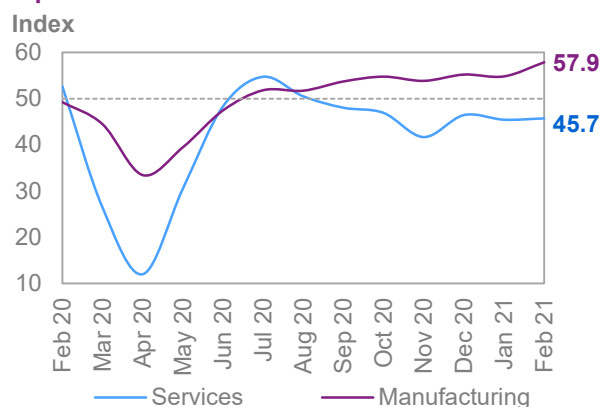
Importantly, the COVID-19 situation is anticipated to improve, as the vaccination programme in the Euro-zone is forecast to gain pace over the coming months. It is expected that by the beginning of 2H21 more than 50% of the population will be vaccinated. Quarterly growth in 1Q21 will be relatively low, though it is forecast to gain speed towards mid-year. Also, additional fiscal stimulus in the US will support exports in the Euro-zone and hence will be an important element of the recovery going forward.

As 1Q21 is forecast to remain affected by lockdowns and other COVID-19-related social-distancing measures, GDP growth is forecast at -1.2% q-o-q SAAR. By 2Q21, growth is forecast to accelerate to 4.9% q-o-q SAAR and to almost 8% SAAR on a quarterly average in 2H21. Growth is to be led by consumer spending, investment and a rise in exports.

The accelerating distribution of vaccines and extension of rapid testing facilities will support some normalisation of social activities, with a consequent positive effect on travel and transportation, leisure and hospitality sectors. Also, global trade is forecast to recover further. US stimulus will facilitate US-bound exports. The ongoing recovery in Asian economies — especially China, India and Japan — should benefit growth in the Euro-zone as well.

The February **PMI** for the Euro-zone economy pointed to an ongoing buoyant situation in the manufacturing sector, while the services sector recovery remains fragile. The manufacturing PMI rose to 57.9 in February, compared with 54.8 in January and 55.2 in December. The PMI for services, the largest sector in the Euro-zone, rose slightly to 45.7 in February, compared with 45.4 in January, still clearly below the growth-indicating level of 50.

**Graph 3 - 6: Euro-zone PMIs**



Sources: IHS Markit and Haver Analytics.



The **GDP growth forecast for 2020** was confirmed at -6.8%. Partial lockdown measures and voluntary social distancing are forecast to continue in 1H21. However, the ongoing vaccination programme, in combination with fiscal and monetary stimulus among other factors, should all lift growth going forward. By the end of 2Q21, growth should strongly gain traction. With the prospect of successful containment of COVID-19 and further improvements in the global economy providing upside support, the **2021 GDP growth** forecast was revised up to 4.3% from 4.1% the previous month.

**Table 3 - 4: Euro-zone economic growth rate and revision, 2020–2021\*, %**

|                                   | Euro-zone   |
|-----------------------------------|-------------|
| <b>2020</b>                       | <b>-6.8</b> |
| <b>Change from previous month</b> | 0.0         |
| <b>2021</b>                       | <b>4.3</b>  |
| <b>Change from previous month</b> | 0.2         |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

## OECD Asia Pacific

### Japan

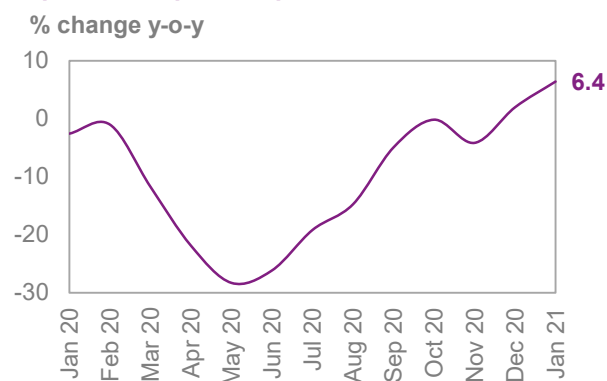
#### Update on latest developments

The **Japanese economy** made good progress towards the end of the year with continued progress in January. After the sharp rebound of 22.8% q-o-q SAAR in 3Q20, growth slowed somewhat in 4Q20, but growing by 11.7% q-o-q SAAR, compared to an estimate of 4.6% q-o-q SAAR in February's MOMR. The industrial side of the economy performed particularly well at the beginning of the year with some slowdown at the end of last year. This was very much supported by exports, while the domestic demand side still seems to be largely held back by ongoing lockdown measures. These emergency measures for selective areas in Japan, including, importantly, Greater Tokyo, have now been extended from 7 March to 21 March. These measures are forecast to continue, considerably dampening the level of activity in the services sector.

While industrial production (IP) had improved on a monthly basis up to October, the latest available numbers from November, and especially from December, show a declining trend. IP fell by 0.5% m-o-m in November and 1% m-o-m in December. This compares to growth of around 4% in both September and October. IP in January, however, picked up well, showing growth of 4.2% m-o-m.

This positive January momentum in IP was very much driven by **exports**. Growth in exports continued towards the end of the year, rising slightly by 0.2% m-o-m in November, by 0.3% m-o-m in December and then by 4.4% y-o-y in January. These monthly trends translate into a decline of 1.3% y-o-y in December, but growing by 8.8% y-o-y in January, all on a seasonally adjusted basis. Excluding the seasonal adjustment, December levels rose on a yearly basis by 2%, and by 6.4% y-o-y in January. These compared with a decline of 4.2% y-o-y in November.

**Graph 3 - 7: Japan's exports**



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

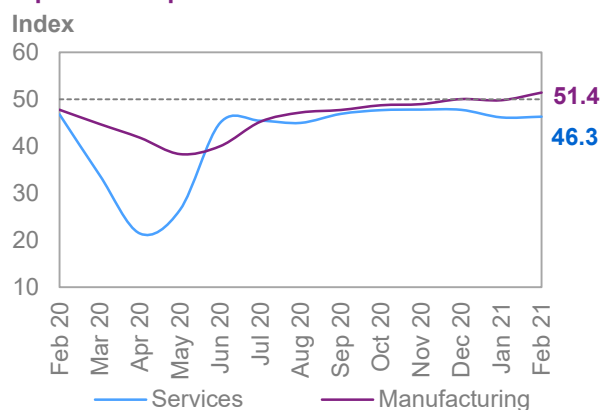
**Retail sales** growth continued slowing down, impacted by lockdown measures. After a decline of 0.2% y-o-y in December, growth fell by 2.4% y-o-y in January. Positively, consumer sentiment recovered again slightly, as reported by the Cabinet Office. It stood at 34.6 in February, compared with 30.1 in January and 32.2 in December.

#### Near-term expectations

As COVID-19 emergency measures are now being extended to 21 March, the strong enforcement of the rules under the emergency statute are expected to lead to an ongoing depressed level of mobility, keeping domestic economic activity at rather low levels. This will particularly affect the services sector in 1Q21. Ongoing measures are forecast to cut growth in 1Q21 to -2.5% q-o-q SAAR, while a strong rebound is expected by 2Q21, leading to quarterly growth for the remaining three quarters of the calendar year of slightly below 3% q-o-q SAAR.

February's **PMIs** have highlighted the continuation of the two-speed recovery, with the manufacturing sector doing relatively much better than the services sector. The manufacturing PMI rose to above the growth-indicating level of 50, standing at 51.4 in February, compared with 49.8 in January and 50 in December. The PMI for the services sector, which constitutes around two-thirds of the Japanese economy, rose only very slightly. It stood at 46.3 in February, compared with 46.1 in January and 47.7 in December, indicating an ongoing contraction in this important sector.

**Graph 3 - 8: Japan's PMIs**



Sources: IHS Markit, Nikkei and Haver Analytics.

The 2020 **GDP growth** forecast was officially reported at -4.9%, showing some better-than-expected growth in 4Q20. This was driven by exports, and it is assumed that some of this momentum will carry over into 2021. Assuming that COVID-19 remains largely contained in Japan and that there will be a global improvement towards, and especially after, 2Q21, a rebound and gradual positive momentum should lead to a pick-up in 2021.

**Table 3 - 5: Japan's economic growth rate and revision, 2020–2021\*, %**

|                                   | Japan       |
|-----------------------------------|-------------|
| <b>2020</b>                       | <b>-4.9</b> |
| <b>Change from previous month</b> | <b>0.3</b>  |
| <b>2021</b>                       | <b>3.1</b>  |
| <b>Change from previous month</b> | <b>0.2</b>  |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

GDP growth is expected to remain supported by stimulus measures, leading to a recovery in private household consumption and investment. As a result, 2021 GDP growth has been revised up to stand at 3.1%, compared to 2.9% in the previous month.

## Non-OECD

### China

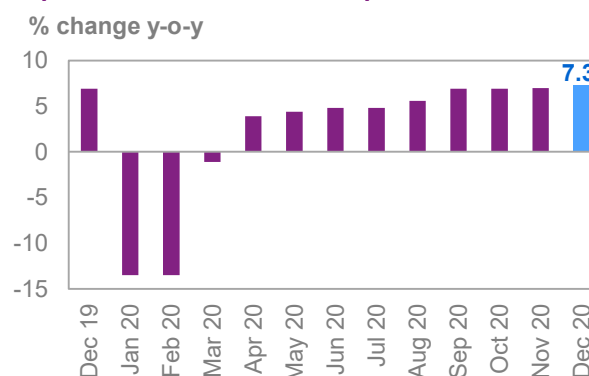
#### Update on the latest developments

China was the only major economy to expand in 2020 with y-o-y growth of 2.3%, aided by exports, manufacturing and investment. Although private consumption recovered more slowly than the other GDP contributors, it is likely to be an important driver of growth in 2021. Nevertheless, COVID-19 restrictions during the Chinese New Year holidays may weigh on domestic consumption as well as manufacturing activity in 1Q21. Traditionally, economic activity in January and February is distorted by the impact of Lunar New Year public holiday. COVID-19 added a negative layer as officials urged China's population this year to give up their traditional hometown journeys in order to prevent localised resurgences of the virus from spreading nationwide. Consequently, many service industries that would have benefited – such as travel, tourism and leisure – faced lower growth than the usual pre-pandemic level.

On 5 March, the government announced the 2021 target for real GDP expansion of "above 6%" at the opening of the annual session of the National People's Congress. With this target for GDP growth, which is in line with the country's economic potential, policymakers may avoid the risk of unsteady or slow long-term growth. Additionally, as this target might be easy to achieve, given a low base of comparison, it reflects the new economic policy focus on long-term challenges like public debt and reducing technological dependence on the US. Moreover, it may indicate that fiscal and monetary easing would be phased out gradually in 2021. Probably, household incomes and business support might be scaled back in an effort to make up for the fiscal losses in 2020. According to official announcement, however, there will be no special treasury bond issuance in 2021, yet local government special-purpose bonds will be kept at about (\$563 billion). This implies that the government's infrastructure investment would remain an important policy tool to achieve strong economic performance in 2021.

China's latest **industrial production** data showed that output rose by 7.3% y-o-y in December 2020. This was the sharpest growth since March 2019, as activity continued to recover from the COVID-19 shock. Similarly, consumer confidence edged up to 122.80 points in January 2021 from 122.10 points in December 2020. China's retail trade increased by 4.6% y-o-y in December 2020, after 5.0% y-o-y growth in November. This data further indicates that consumption recovered from the COVID-19 disruption.

**Graph 3 - 9: China's industrial production**



Sources: China National Bureau of Statistics and Haver Analytics.

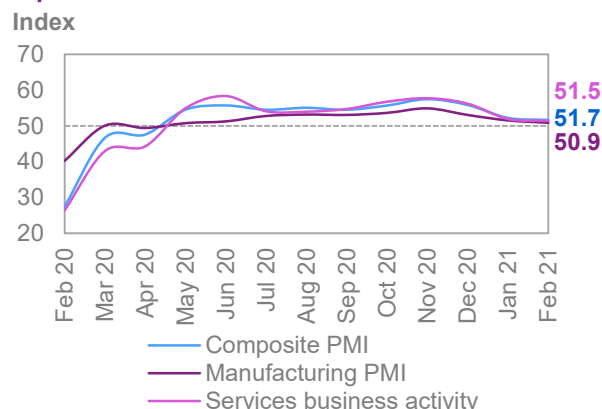
China's **consumer price index (CPI)** declined by 0.3 % y-o-y in January 2021, after an increase of 0.2% y-o-y in December 2020. The drop down was driven mainly by the lower cost of non-food commodities and transportation fuel as well as the decline in house renting. On a monthly basis, consumer prices edged up by 1% in January following a 0.4% decline in December 2020, as a result of rising demand prior to the Lunar New Year holiday.

Chinese customs reported January and February trade data together to smooth distortions due to the Lunar New Year festival. The **trade surplus** was reported at \$103.25 billion combined in January-February 2021, a sharp rebound from the combined \$7.21 billion deficit in January-February 2020. Exports increased by 60.6% y-o-y, while imports edged up at a slower rate of 22.2% y-o-y. China's trade surplus with the US for January-February 2021 reached \$51.26 billion, much larger than a surplus of \$25.37 billion over the same period in 2020. The current figures are partly skewed by the low numbers in 2020 when tougher COVID-19 restrictions applied.

## Near-term expectations

The near-term outlook for China's GDP growth in 1H21 is considerably higher as the 2020 recovery positioned the economy to continue into positive growth in 2021. Yet the recovery in 1Q21 may have been distorted by the New Year holiday travel restrictions. This is reflected by the recent PMI indices, which fell to their lowest since 2H20 as they lost momentum due to the weak expansion in output as well as marginal growth in new export orders. The Caixin China General **manufacturing PMI** dropped to 50.9 in February 2021 from 51.5 the previous month. Similarly the services PMI dropped to 51.5 in February from 52.0 in January, amid the continuing COVID-19 crisis and a recent rise in cases globally. Despite the disappointing PMI readings, business sentiment remains positive, driven by increased external orders, according to IHS surveys.

**Graph 3 - 10: China's PMI**



Sources: Caixin, IHS Markit and Haver Analytics.

It is difficult to identify short-term economic trends from the PMI indicators as the headwinds experienced in February might be largely temporary, with manufacturing performance is anticipated to improve later this year in parallel with the broader strengthening in economic activity. Nevertheless, there are some potential snags ahead for China, including the uncertainties around global COVID-19 developments, the economic recovery of international trading partners and their future policy towards China, especially US-China relations, as well as the spillover from US-EU trade relations. Moreover, there is a possibility of slowing productivity growth, as well as and a lack of real reform.

With all that being said, China's economic performance in 2020 positioned the economy for a further positive expansion in addition the potential spill over from other major economies recovery especially the US driven by the stimulus support.

With these recent developments, China's **real GDP growth for 2021** is revised up to 8.0% y-o-y from 7.4% y-o-y in the previous month.

**Table 3 - 6: China's economic growth rate and revision, 2020–2021\*, %**

|                                   | China      |
|-----------------------------------|------------|
| <b>2020</b>                       | <b>2.3</b> |
| <b>Change from previous month</b> | 0.0        |
| <b>2021</b>                       | <b>8.0</b> |
| <b>Change from previous month</b> | 0.6        |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

## Other Asia

### India

#### Update on the latest developments

**India's economy** returned to positive growth territory in 4Q20 as its real GDP expanded by 0.4% y-o-y after two quarters of contraction. The October-December 2020 growth came as provincial and localised lockdowns were lifted amid a fall in the daily number of new COVID-19 cases. Economic growth was mainly driven by higher consumer spending during the Diwali festival in mid-November.

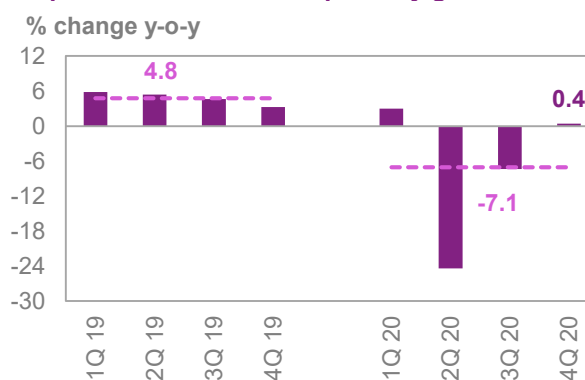
On the **demand side**, private consumption grew 1% y-o-y in 4Q20 compared to a contraction of 8.3% y-o-y in 3Q20. Public spending expanded by 7.2% y-o-y in 4Q20 after declining 17.5% y-o-y in 3Q20. Gross fixed capital formation also returned to growth, rising by 5.9% y-o-y in 4Q20 compared to a contraction of 7% y-o-y in 3Q20. Exports declined 1.7% y-o-y in 4Q20 following a decline of 0.1% y-o-y in 3Q20, yet imports dropped only by 2% y-o-y in 4Q20 following a contraction of 16.9% in 3Q20.

On the **supply side**, gross value added rose by 1% y-o-y in 4Q20. The increase was driven mainly by a significant 1.6% y-o-y rebound in manufacturing in 4Q20, following a contraction of 1.5% y-o-y. Construction grew by 6.2% y-o-y in 4Q20 following a sharp drop of 7.5% y-o-y in 3Q20. Financial, real estate and professional services expanded by 6.6% y-o-y in 4Q20 compared to -9.5% y-o-y in 3Q20. The agricultural sector rose faster at 3.9% y-o-y in 4Q20 compared to growth of 3% y-o-y in 3Q20. Similarly, utilities output rose 7.3% y-o-y in 4Q20 compared to 2.3% y-o-y in 3Q20.

On the policy front, despite the anticipated narrowing of the fiscal deficit, the union budget unveiled in February is considered to be supportive of growth as it proposes a considerable boost in public spending in 1Q21. Moreover, the announced budget emphasised spending on key areas such as infrastructure.

According to official statements, India's fiscal deficit is estimated to remain around 6.8% of GDP in fiscal year (FY) 2021-2022, while it stands at 9.5% of GDP in the current FY.

**Graph 3 - 11: India's GDP quarterly growth**



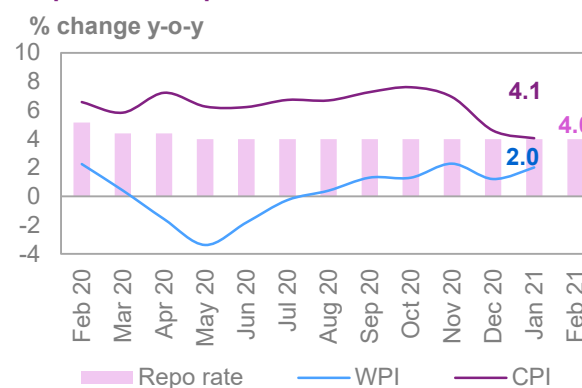
Sources: National Informatics Centre (NIC) and Haver Analytics.

On the monetary policy side, the Reserve Bank of India (RBI) kept the **repo rate** unchanged at 4% and the reverse repo rate was also unchanged at 3.35%.

Additionally, the RBI revised its **inflation** forecast to 5% from 5.2% in the first half of FY 2021-2022 and to 4.3% for third quarter of FY 2021-2022. The bank forecast that the economy would expand by 10.5% in FY 2021-2022.

Meanwhile, the **consumer price index** fell to 4.1% y-o-y in January 2021 from 4.5% in December 2020. The current level is still within the RBI's target of 2-6% for the second month in a row.

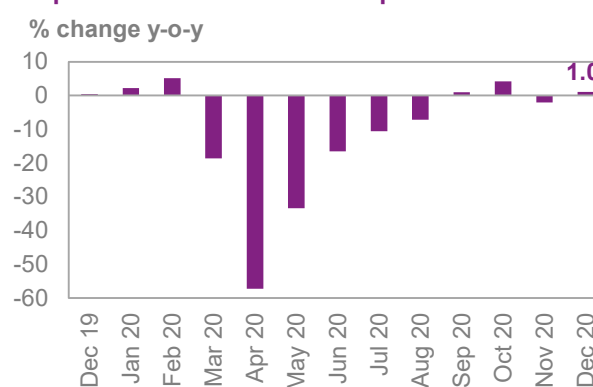
**Graph 3 - 12: Repo rate and inflation in India**



Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

India's **industrial production** increased 1.0% y-o-y in December 2020 following the revised up 2.1% y-o-y contraction in November 2020. On a monthly basis, industrial production in India increased 7.8% in December 2020 over the previous month.

**Graph 3 - 13: India's industrial production**



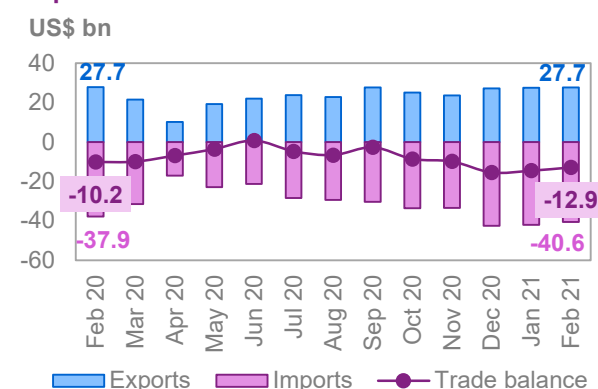
Sources: Ministry of Statistics and Program Implementation of India and Haver Analytics.

According to preliminary data on external demand, India's **trade deficit** widened to \$12.9 billion in February 2021 from \$10.2 billion a year earlier.

**Exports** dropped 0.3% y-o-y to \$27.67 billion, while **imports** surged 7% y-o-y to \$40.55 billion. Non-oil imports surged 16.4% y-o-y while oil imports decreased 16.6% y-o-y.

Overall, **net trade** made a positive contribution to GDP growth in 2020.

**Graph 3 - 14: India's trade balance**



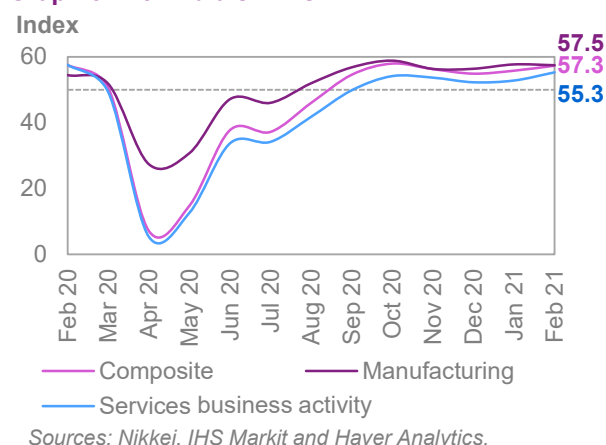
Sources: Ministry of Commerce and Industry and Haver Analytics.

## Near-term expectations

Following the 0.4% y-o-y growth registered in 4Q20, India's was one of the few major economies to post growth in the quarter as lockdowns eased, and this rebound is expected to continue as consumption manufacturing activity rise. This is reflected by the forward-looking PMI indices which remained in expansion territory.

The composite **PMI** in India increased to 57.30 points in February from 55.80 points in January 2021, while the manufacturing PMI fell slightly to 57.5 in February from 57.7 in the previous month. However, business sentiment remained positive, due to the improvement in economic conditions and the lifting of restrictions as the COVID-19 vaccination programme expands. India's services PMI increased to 55.3 in February 2021 from 52.8 in the previous month.

**Graph 3 - 15: India's PMIs**



The current reading signalling a further expansion in the services sector, which makes up more than 50% of India's gross domestic product, further increases the positive prospects for the economy. As is the case with other economies around the globe, there is cautious optimism due to the high dependence of the economic recovery on improvement of vaccination rates, which would translate into a reduction in social distancing restrictions. So far India has been highly proactive in securing vaccines yet the vaccinated population rate needs to increase considerably to meet the government goal of reaching 300 million Indians by the end of 1H21. Uncertainty remains and the downside risk is related to the stressed financial market, the waning fiscal impulse as well as concerns about another COVID-19 wave on both global and local levels.

Nonetheless, considering the signs of broader recovery in 4Q20 and the first two months of 2021, India's 2021 **GDP growth** forecast is revised up to 9.0% from 7.5% last month.

**Table 3 - 7: India's economic growth rate and revision, 2020–2021\*, %**

|                                   | India       |
|-----------------------------------|-------------|
| <b>2020</b>                       | <b>-7.0</b> |
| <b>Change from previous month</b> | 1.2         |
| <b>2021</b>                       | <b>9.0</b>  |
| <b>Change from previous month</b> | 1.5         |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

## Latin America

### Brazil

#### Update on latest developments

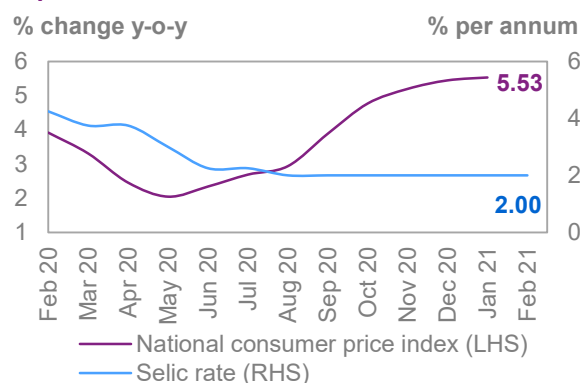
**Brazil's real GDP** contracted by 1.1% y-o-y in 4Q20, following a 3.9% y-o-y contraction in 3Q20. In 4Q20, both private and public consumption declined at a softer rate compared to 3Q20. Private consumption contracted 3% y-o-y compared to a contraction of 6% y-o-y, while government spending dropped by 4.1% y-o-y vs a decline of 5.3% y-o-y. Moreover, fixed investments grew strongly by 13.5% following a contraction of 7.8% y-o-y in 3Q20. Exports dropped to 4.3% y-o-y in 4Q20 following a contraction of 1.1% y-o-y in 3Q20, while imports decreased by only 3.1% y-o-y in 4Q20 following a double digit contraction of 25% y-o-y in 3Q20. All in all, the economy registered its steepest annual decline since available records began in 1996 as it contracted in 2020 by 4.1% y-o-y. However, this contraction was less severe than the latest government's official estimate of a contraction of 4.3% y-o-y. The gradual reopening of the economy and the government fiscal support policy prevented the economy from suffering a larger contraction. Indeed, in 2020, Brazil's economy was one of the best performers in Latin America. Nevertheless, fiscal stimulus might be costly as the public debt/GDP ratio surged to almost 90%, which could weigh on the economic outlook over the long term. On the other hand, there is now a second wave of COVID-19 infections and a resulting tightening of mobility restrictions, which may slow the recovery in 1Q21.

Pressures on the labour market have also lessened as the **unemployment rate** (three-month moving average) fell slightly in December 2020 to 13.9%, from 14.6% in September 2020. The unemployment rate dropped by 1.2% to 13.93 million, while the labour force participation rate increased to 56.8% and the employment rate increased to 48.9%. Still, the average unemployment rate for the year 2020 was 13.5%, which is the highest since 2012.

Likewise, **retail sales** in Brazil edged up by 1.20% y-o-y in December 2020, keeping their upward momentum for the seventh consecutive month. In 2020, retail sales grew by 1.2% y-o-y, 0.6 pp less than the 2019 growth rate of 1.8% y-o-y.

In the meantime, Brazil's **national consumer price inflation rate** edged up to 5.5% y-o-y in January 2021, above the upper bound of the central bank's 2-5% inflation target.

**Graph 3 - 16: Brazil's inflation vs. interest rate**



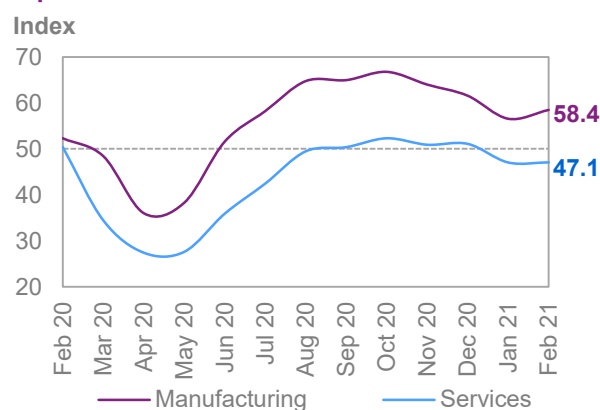
Sources: Banco Central do Brasil, Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

## Near-term expectations

Looking forward, the outlook for 1Q21 is highly dependent on ongoing developments related to the second wave of COVID-19 infections and the tightening of mobility restrictions, which will reduce demand for labour, slow job creation and impact overall economic performance.

For the time being, however, all **PMI** indices have increased, reflecting improvements in major economic activities. Manufacturing PMI increased to 58.4 in February of 2021 from 56.5 in January. Similarly, Brazil's services PMI edged up marginally to 47.1 in February of 2021 from 47 in January 2021. However, the services PMI pointed to another contraction in services activity amid the ongoing pandemic, which continues to impact the sector's recovery.

**Graph 3 - 17: Brazil's PMIs**



Sources: IHS Markit and Haver Analytics.

**Business confidence** in both the manufacturing and services sectors has strengthened amid expectations that the COVID-19 vaccination rate will increase and the pandemic will be contained. This, in addition to government reforms, could support an economic recovery and underpin growth.

Considering the recent positive economic developments, yet acknowledging the prevailing high levels of uncertainty, Brazil's **2021 GDP growth** forecast was revised up to 3.0% from 2.9% in January 2021.

**Table 3 - 8: Brazil's economic growth rate and revision, 2020–2021\*, %**

|                                   | Brazil      |
|-----------------------------------|-------------|
| <b>2020</b>                       | <b>-4.1</b> |
| <b>Change from previous month</b> | 0.8         |
| <b>2021</b>                       | <b>3.0</b>  |
| <b>Change from previous month</b> | 0.1         |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

## Africa

### South Africa

#### Update on the latest developments

**South Africa's** GDP contracted by 4.1% y-o-y in 4Q20, following a 16.2% drop in 3Q20. In 2020, GDP plummeted by 7%, the largest annual decline since 1946. All sectors, except mining, reported a higher quarterly rebound, although most continued contracting. The exceptions were agriculture that posted 12.7% y-o-y growth and government and personal services that saw growth of 0.5% y-o-y. As expected, the construction and transport sectors were the weakest sectors. Construction declined by 19.8% y-o-y, while transport, contracted 12.3% y-o-y, although both sectors witnessed improvements compared to the 3Q20.

## World Economy

It is important to note that there have been revisions made to the first three quarters of 2020 data. This lifted the rate of 1Q20 expansion to 0.4% y-o-y from 0.1% y-o-y. However, it deepened the contraction in 2Q20 and 3Q20 to 17.8% y-o-y from 17.5% y-o-y and 6.2% y-o-y from 6% y-o-y, respectively.

The latest industrial production data suggests that industrial output grew 1.8% y-o-y in December 2020, following an upwardly revised 4.1% slump in the previous month. The labour market situation, however, remains a major challenge with data showing that the unemployment rate rose to 32.5% in 4Q20 from 30.8% in 3Q20. This is highest jobless rate level since quarterly data became available in 2008. From the perspective of inflation, the annual rate increased to 3.2% in January 2021 from 3.1% in December and remains close to the lower limit of the South African Reserve Bank's target range of 3-6%.

On the policy front, the 2021 National Treasury plan reflected the government's objective of a primary surplus by 2025 by keeping consolidated expenditure flat at Rand 2 trillion so as to lower overall government debt. Moreover, it also provided a reduction in corporate taxes of 1 ppt, as well as slight tax relief for consumers. The new budget has also added extra spending to public work programmes and increased the budget for infrastructure investment via public-private partnerships (PPPs), as additional resources to support COVID-19 pandemic recovery initiatives. However, South Africa's budget deficits will remain large, and public debt will likely continue to rise.

### Near-term expectations

At present, the vaccination rollout is slow, beginning behind schedule, due to concerns about the effectiveness of the Oxford-AstraZeneca vaccine against the new South African variant of COVID-19. Consequently, the government may not achieve its target herd immunity, which equates to 40 million vaccinated citizens, by year-end. These concerns are reflected in the IHS Markit South Africa PMI, which fell to 50.2 in February 2021, from 50.8 in January 2021, indicating a slower recovery in business conditions.

Overall, the near term outlook for economic activities is gloomy, yet the less severe contraction of 7.7% y-o-y in 2020 has been a positive signal.

Yet the uncertainty still exists with the new Virus hitting the country, Therefore for 2021, GDP growth has been kept unchanged from the previous month at 3.3%.

**Table 3 - 9: South Africa's economic growth rate and revision, 2020–2021\*, %**

|                                   | South Africa |
|-----------------------------------|--------------|
| <b>2020</b>                       | <b>-7.7</b>  |
| <b>Change from previous month</b> | <b>0.0</b>   |
| <b>2021</b>                       | <b>3.3</b>   |
| <b>Change from previous month</b> | <b>0.0</b>   |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

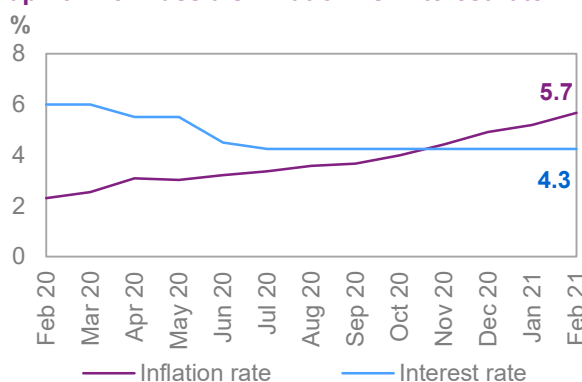
## Russia and Central Asia

### Russia

#### Update on the latest developments

Russia's recently released 2020 GDP data shows a contraction of 3.1% y-o-y, but this has been received as a sign of solid economic recovery despite the pickup in COVID-19 infection rates on the global level. The less severe contraction, in compare to most published forecasts, is attributed to the relatively small share of sectors directly affected by the COVID-19 restrictions, a relatively higher contribution from the public sector and a significant benefit from government COVID-19 policy support. Most importantly, higher oil prices supported by the DoC decisions, along with the easing of some COVID-19-related restrictions, could further support the recovery in 2021.

**Graph 3 - 18: Russia's inflation vs. interest rate**



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



By the end of 2020, according to preliminary data released by the Central Bank of the Russia (CBR), the **current account** surplus stood at \$32.5 billion, which is half the 2019 surplus of \$64.8 billion. It is considered a positive achievement, given the recession and a spike in capital outflows caused by the pandemic.

On external demand in 2020, **exports** from Russia edged down 21.5% y-o-y to \$329.5 billion, while **imports** dropped 5.7% y-o-y to \$240.1 billion. Meanwhile, the volume of foreign direct investment dropped sharply to \$1.4 billion from \$28.9 billion a year earlier. On the export revenue front, oil export revenues were about 40% lower than 2019, due to the low export prices especially in 1H20. Likewise, revenues from exports of services were 35% lower than 2019, mainly due to the low tourism revenues. However, the revenues from non-oil good exports, was almost the same as 2019 gains.

Regarding the public sector, Russia's **budget deficit** stood at 3.8% of GDP by the end of 2020, mainly due to improved revenue collection fed by higher oil prices. However, the deficit may rise following the increase in social spending of about 0.5% of GDP ahead of the general election in September 2021. At the same time, according to Bloomberg, Russia may cut its 2021 borrowing plan by \$6.8 billion as a result of the ongoing economic recovery supported by a surge in oil prices. This cut might be received positively by the market, which has been pressured by oversupply concerns. The CBR, meanwhile, signalled the start of policy easing over concerns of accelerating inflation, largely due to higher food prices. In February 2021, the annual inflation rate in Russia surged to 5.7% from 5.2% in January 2021, well above the CBR's 4% target. The important factors behind the higher inflation rate that started to build up noticeably in 4Q20 might be the weaker ruble and an increase in prices on agricultural As the effect of these factors might start to fade away in 1Q21, the inflationary pressures may start to decelerate in 2Q21.

Russia's **unemployment rate** edged down to 5.8% in January 2021 from 5.9% in the prior month, the lowest since April 2020. This added to the signs of ongoing recovery, yet the increasing rate of infections locally and globally may slow its pace.

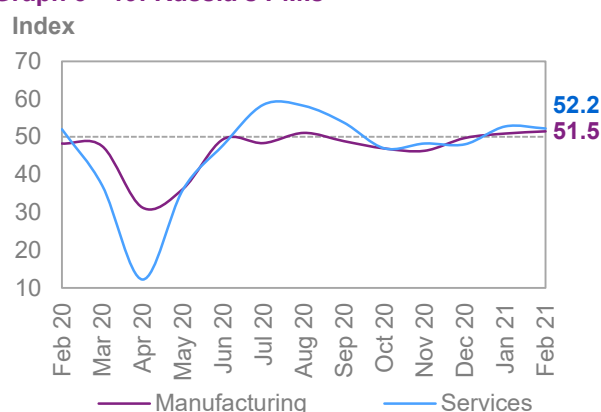
### Near-term expectations

Russia's economy has become far more resilient to external shocks than it was in 2014. The sizeable fiscal and current account, surpluses in foreign exchange reserves, and a sovereign wealth fund amounting to about 7% of GDP put the economy in a better position to face the double shock of lower oil prices and the COVID-19 pandemic compared to other commodity exporters. Nevertheless, the progress on COVID-19 vaccinations could still be the main factor impacting the short-term economic outlook. As of mid-February, about 2.2% of the eligible population had been vaccinated with the first vaccine shot. Moreover, social distancing restrictions have been minimal. The vaccination rollout might still slow and is unevenly distributed over the different country regions. Therefore, the potential upside to growth from more vaccinations or the easing of restrictions might be relatively small. The improvement in oil prices has far been more supportive to the ongoing recovery.

For now, the forward-looking IHS Markit PMI surveys suggested Russian business sentiment strengthened in the manufacturing sector. The **manufacturing PMI** increased to 51.5 in February 2021 from 50.9 in the previous month, recording the second straight month of expansion in the sector and the fastest expansion since April 2019.

By contrast, the **services PMI** declined to 52.2 in February 2021 from 52.7 in January 2021. However, the reading still indicated an expansion in the sector driven by both output and new orders growth, yet at a slower rate compared to last month's survey.

Graph 3 - 19: Russia's PMIs



Sources: IHS Markit and Haver Analytics.

Considering the mixed signals about Russia's near-term economic outlook, the 2021 **GDP growth** forecast is unchanged from last month at 3.0%.

**Table 3 - 10: Russia's economic growth rate and revision, 2020–2021\*, %**

|                                   | Russia      |
|-----------------------------------|-------------|
| <b>2020</b>                       | <b>-3.1</b> |
| <b>Change from previous month</b> | 0.0         |
| <b>2021</b>                       | <b>3.0</b>  |
| <b>Change from previous month</b> | 0.0         |

Note: \* 2020 = Estimate and 2021 = Forecast.

Source: OPEC.

## OPEC Member Countries

### Saudi Arabia

**Saudi Arabia's** industrial production fell 10% y-o-y in November 2020, but recent PMI indices showed an improvement in business sentiment. The manufacturing PMI edged up to 57.1 from 57.0 in December 2020, signalling the sharpest increase in non-oil activity since November 2019, amid the recovery from the COVID-19 outbreak. Concurrently, Saudi Arabia announced investment plans to boost assets of the sovereign wealth fund to more than \$1.1 trillion by 2025, on par with the current value of Norway's wealth fund, the largest in the world. Such an ambitious plan would encourage solid non-oil growth going forward. Looking beyond the sharp contraction in 2020, the Saudi economy is anticipated to grow steadily, supported by higher oil prices, the expansion of non-oil activity and government efforts to achieve greater economic diversification and increased foreign investment.

### Nigeria

**Nigeria's** real GDP expanded by 0.1% y-o-y in 4Q20 after a 3.6% contraction in 3Q20. This marked the first positive quarterly growth in 2020 amid the gradual return of economic activity following the easing of COVID-19-related restrictions and oil price improvements. The non-oil sector grew modestly by 1.7% in 4Q20 after a 2.5% decline in 3Q20. The growth of the non-oil sector was led by telecommunications and information services, which expanded by 17.6% in 4Q20 compared to 17.4% in 3Q20. The agriculture sector expanded by 3.4% in 4Q20 compared to 1.4% in 3Q20, and real estate grew 2.8% in 4Q20 following a contraction of 13.4% in 3Q20. The oil sector contracted by 19.8% in 4Q20, following a decline 13.9% in 3Q20. On a quarterly basis, the economy expanded by 9.7% in 4Q20 compared to 12.1% in 3Q20. In 2020, Nigeria's economy shrank 1.9%, compared to growth of 2.3% in 2019. The meaningful rise in oil prices along with the positive trajectory of COVID-19 vaccines, could brighten the 2021 outlook and lay the groundwork for a medium-term real GDP expansion.

### The United Arab Emirates (UAE)

The IHS Markit **UAE** PMI stood at 51.2 in January 2021, unchanged from the previous month. This was the second straight month of expansion in the private sector during the COVID-19 pandemic. In the meantime, the UAE has amendment to its Citizenship Law to allow foreigners who either invest or are employed in highly desirable professions to obtain UAE citizenship in a move to accelerate economic diversification. Overall business sentiment is expected to continue improving, especially in Dubai, driven by competitive tourism, the travel sector, new visa rules and the expected start later this year of the rescheduled Expo 2020.

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

The **US dollar (USD)** generally reversed its downward trend against other major currencies in February, supported by the expectation of a faster pace of interest rate increases in the US in the medium term as a result of a stronger-than-anticipated economic recovery. The dollar rose by 0.7% against the euro m-o-m, by 1.3% against the Swiss franc and by 1.6% against the yen. Against the pound sterling it declined by 1.5%, supported by one of the faster vaccination rollouts, which suggests that normalization of economic activity will be faster in the UK.

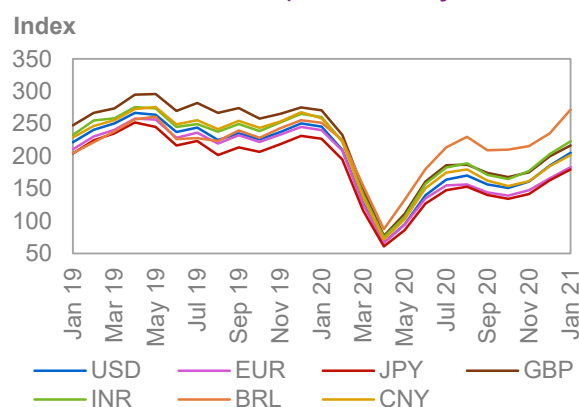
The dollar was mixed against emerging market currencies. It dropped by 0.3% against the Chinese yuan and by 0.4% against the Indian rupee. It rose slightly by 0.3% against the Russian ruble, while it increased by 1.1% against the Brazilian real amid concerns about the economic reform outlook in the country. The dollar rose by 1.9% against the Mexican peso during the month.

In **nominal terms**, the price of the ORB increased by \$6.67, or 12.3%, from \$54.38/b in January to reach \$61.05/b in February.

In **real terms**, after accounting for inflation and currency fluctuations, the ORB increased to 37.4/b in February from a revised \$33.14/b (base June 2001=100) the previous month.

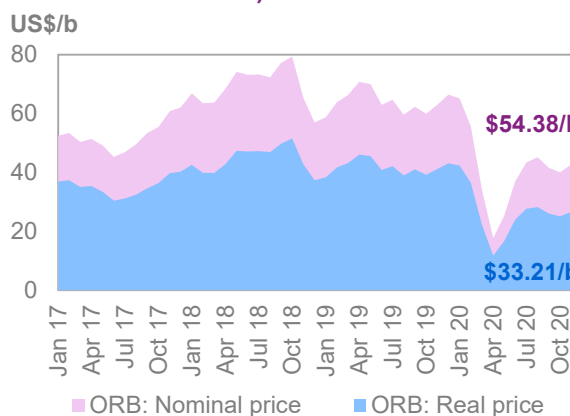
Over the same period, the **USD** advanced by 0.3% against the import-weighted modified Geneva I + USD basket, while inflation dropped by 0.3% m-o-m.

**Graph 3 - 20: ORB crude oil price index compared with different currencies (base January 2016 = 100)**



Sources: IMF and OPEC.

**Graph 3 - 21: Impact of inflation and currency fluctuations on the spot ORB price (base June 2001 = 100)**



Source: OPEC.

## World Oil Demand

World oil demand is estimated to have declined by 9.6 mb/d y-o-y in 2020. Total oil demand for petroleum products in 2020 is currently estimated to average 90.4 mb/d.

OECD oil demand was adjusted higher by around 0.03 mb/d on an annualized basis, mainly due to better-than-expected data from OECD Europe and Asia Pacific, particularly during 2H20. The decline in transportation as well as industrial fuels requirements was smaller than initially expected. This was largely offset by lower than expected data from OECD Americas as the transportation fuel recovery slowed due to a fragile improvement in mobility.

Non-OECD oil demand was revised higher by 0.10 mb/d on an annualized basis largely due to better-than-expected demand across the region, especially in the Middle East. Better-than-expected industrial fuel demand encouraged these upward revisions.

In 2021, world oil demand is forecast to increase by 5.9 mb/d, reflecting the positive economic impact on oil demand during 2H21. Total oil demand is foreseen to reach 96.3 mb/d with most consumption appearing in the 2H21.

Oil demand in the OECD region is expected to increase by 2.6 mb/d to reach 44.6 mb/d in 2021. Oil requirements in 1H21 were adjusted lower mainly due to extended measures to control COVID-19 in parts of Europe and higher unemployment rates in the US. At the same time, 2H21 oil demand was adjusted higher to reflect an expectation of a solid economic recovery and the positive impact from vaccination rollouts. OECD Americas is projected to see the highest increase, on the back of recovering transportation fuels and healthy light- and middle-distillate requirements.

Oil demand in the non-OECD region is estimated to rise by 3.3 mb/d to reach 51.6 mb/d in 2021. Demand growth is anticipated to be driven by China, followed by India and Other Asia. Support will be provided by a healthy recovery in economic activities, as well as encouraging demand from the industrial sector and improving transportation fuel requirements. Demand for petrochemical feedstock is also forecast to support demand growth in 2021.

## World oil demand in 2020 and 2021

Table 4 - 1: World oil demand in 2020\*, mb/d

|                               | 2019         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | 2020         | Change 2020/19 |               |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|---------------|
|                               |              |              |              |              |              |              | Growth         | %             |
| <b>World oil demand</b>       |              |              |              |              |              |              |                |               |
| <b>Americas</b>               | 25.65        | 24.35        | 20.01        | 22.72        | 23.04        | 22.53        | -3.12          | -12.17        |
| <i>of which US</i>            | 20.86        | 19.67        | 16.38        | 18.67        | 18.83        | 18.39        | -2.47          | -11.86        |
| <b>Europe</b>                 | 14.25        | 13.35        | 11.03        | 12.85        | 12.50        | 12.44        | -1.82          | -12.74        |
| <b>Asia Pacific</b>           | 7.79         | 7.75         | 6.54         | 6.69         | 7.42         | 7.10         | -0.69          | -8.83         |
| <b>Total OECD</b>             | <b>47.69</b> | <b>45.44</b> | <b>37.58</b> | <b>42.26</b> | <b>42.97</b> | <b>42.07</b> | <b>-5.63</b>   | <b>-11.80</b> |
| <b>China</b>                  | 13.48        | 10.94        | 13.25        | 13.87        | 14.28        | 13.09        | -0.39          | -2.92         |
| <b>India</b>                  | 4.91         | 4.84         | 3.58         | 4.01         | 5.15         | 4.40         | -0.52          | -10.54        |
| <b>Other Asia</b>             | 9.04         | 8.30         | 7.79         | 8.11         | 8.33         | 8.13         | -0.91          | -10.06        |
| <b>Latin America</b>          | 6.59         | 6.11         | 5.61         | 6.20         | 6.12         | 6.01         | -0.58          | -8.83         |
| <b>Middle East</b>            | 8.20         | 7.88         | 6.91         | 7.94         | 7.65         | 7.60         | -0.60          | -7.37         |
| <b>Africa</b>                 | 4.45         | 4.37         | 3.77         | 3.95         | 4.28         | 4.09         | -0.35          | -7.94         |
| <b>Eurasia</b>                | 5.61         | 5.21         | 4.58         | 4.85         | 5.35         | 5.00         | -0.61          | -10.88        |
| <i>of which Russia</i>        | 3.61         | 3.44         | 3.04         | 3.20         | 3.43         | 3.28         | -0.33          | -9.20         |
| <i>of which Other Eurasia</i> | 2.00         | 1.78         | 1.54         | 1.65         | 1.92         | 1.72         | -0.28          | -13.92        |
| <b>Total Non-OECD</b>         | <b>52.29</b> | <b>47.65</b> | <b>45.49</b> | <b>48.94</b> | <b>51.16</b> | <b>48.32</b> | <b>-3.97</b>   | <b>-7.59</b>  |
| <b>Total World</b>            | <b>99.98</b> | <b>93.10</b> | <b>83.07</b> | <b>91.20</b> | <b>94.13</b> | <b>90.39</b> | <b>-9.60</b>   | <b>-9.60</b>  |
| <b>Previous Estimate</b>      | 99.98        | 93.10        | 82.82        | 91.18        | 93.89        | 90.26        | -9.72          | -9.72         |
| <b>Revision</b>               | 0.00         | 0.00         | 0.25         | 0.02         | 0.24         | 0.12         | 0.12           | 0.12          |

Note: \* 2020 = Estimate. Totals may not add up due to independent rounding. Source: OPEC.

Table 4 - 2: World oil demand in 2021\*, mb/d

|                               | 2020         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | 2021         | Change 2021/20 |             |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|-------------|
|                               |              |              |              |              |              |              | Growth         | %           |
| <b>World oil demand</b>       |              |              |              |              |              |              |                |             |
| <b>Americas</b>               | 22.53        | 23.85        | 24.55        | 24.34        | 24.12        | 24.22        | 1.69           | 7.51        |
| <b>of which US</b>            | 18.39        | 19.40        | 19.96        | 19.94        | 19.77        | 19.77        | 1.38           | 7.52        |
| <b>Europe</b>                 | 12.44        | 12.15        | 13.01        | 13.55        | 13.63        | 13.09        | 0.66           | 5.29        |
| <b>Asia Pacific</b>           | 7.10         | 7.30         | 7.18         | 7.17         | 7.64         | 7.32         | 0.22           | 3.13        |
| <b>Total OECD</b>             | <b>42.07</b> | <b>43.30</b> | <b>44.74</b> | <b>45.07</b> | <b>45.39</b> | <b>44.64</b> | <b>2.57</b>    | <b>6.11</b> |
| <b>China</b>                  | 13.09        | 12.55        | 14.27        | 14.93        | 15.05        | 14.20        | 1.11           | 8.49        |
| <b>India</b>                  | 4.40         | 4.96         | 4.56         | 4.83         | 5.61         | 4.99         | 0.60           | 13.60       |
| <b>Other Asia</b>             | 8.13         | 8.35         | 8.96         | 8.57         | 8.47         | 8.59         | 0.46           | 5.60        |
| <b>Latin America</b>          | 6.01         | 6.13         | 6.27         | 6.46         | 6.40         | 6.32         | 0.31           | 5.08        |
| <b>Middle East</b>            | 7.60         | 7.89         | 7.64         | 8.28         | 7.93         | 7.94         | 0.34           | 4.50        |
| <b>Africa</b>                 | 4.09         | 4.41         | 3.99         | 4.16         | 4.47         | 4.26         | 0.16           | 3.98        |
| <b>Eurasia</b>                | 5.00         | 5.43         | 5.17         | 5.14         | 5.60         | 5.34         | 0.34           | 6.77        |
| <b>of which Russia</b>        | 3.28         | 3.57         | 3.37         | 3.37         | 3.58         | 3.47         | 0.19           | 5.93        |
| <b>of which Other Eurasia</b> | 1.72         | 1.86         | 1.81         | 1.77         | 2.02         | 1.87         | 0.14           | 8.37        |
| <b>Total Non-OECD</b>         | <b>48.32</b> | <b>49.74</b> | <b>50.87</b> | <b>52.36</b> | <b>53.52</b> | <b>51.63</b> | <b>3.31</b>    | <b>6.86</b> |
| <b>Total World</b>            | <b>90.39</b> | <b>93.04</b> | <b>95.61</b> | <b>97.43</b> | <b>98.91</b> | <b>96.27</b> | <b>5.89</b>    | <b>6.51</b> |
| <b>Previous Estimate</b>      | 90.26        | 93.22        | 95.92        | 97.02        | 97.94        | 96.05        | 5.79           | 6.41        |
| <b>Revision</b>               | 0.12         | -0.18        | -0.31        | 0.40         | 0.97         | 0.22         | 0.10           | 0.10        |

Note: \* 2020 = Estimate and 2021 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

## OECD

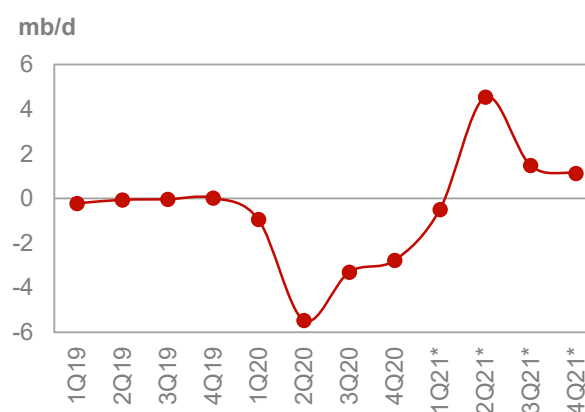
### OECD Americas

#### Update on the latest developments

In **OECD Americas**, oil demand posted a decline of 2.2 mb/d, y-o-y, in **December 2020**, following a drop of 2.8 mb/d, y-o-y, in November. Oil demand in Canada and Mexico showed a drop of 0.6 mb/d, y-o-y. While light distillates and diesel inched higher y-o-y in December, primarily in the US, all other products declined, led by gasoline and jet kerosene. Both fuels showed an accumulated decline of 2.1 mb/d, y-o-y, in December, marginally improving from the declining level recorded in November of 2.2 mb/d, y-o-y. Demand in the US accounted for most of the declines, shedding off 1.6 mb/d, y-o-y, after dropping by 2.0 mb/d, y-o-y, in November. These were mainly due to improving demand for light distillates and less diesel declines following a pick-up in manufacturing. The industrial production index, as reported by the Federal Reserve Board, posted 106.2 in December, higher than the 104.9 recorded in November. The 2Q20 index hovered around 93.7 points.

Oil demand in OECD Americas fell by around 3.1 mb/d in **2020** compared to 2019, led by historic declines in the US. Within petroleum products, transportation fuels suffered extensively last year, as weakness in gasoline demand reached more than 1.5 mb/d. Jet fuel fell by 0.8 mb/d compared to 2019. The COVID-19 pandemic reduced transportation fuel requirements as economic momentum slowed, especially in 2Q20, coupled with historically high unemployment rates. Lockdowns and restriction measures across many states kept transportation fuels demand under pressure as miles travelled plummeted and flight operations came to an almost complete standstill.

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



Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

## World Oil Demand

In the **US**, due to soaring unemployment, gasoline consumption by commuters diminished in line with vehicle miles travel (VMT) over the same period. Data from The Federal Highway Administration indicates that VMT was down by more than 14%, y-o-y, in 2020, the lowest level since data started to be tracked in the early 1970's. This compares to modest growth of around 0.8%, y-o-y, in 2019. For light distillates, demand for plastics remained healthy during the lockdowns due to an increase in single use plastics and an uptick in health sector demand for polyolefin products. This came despite initial delays in the start-up of a number of ethane crackers at the beginning of the year. Light distillates registered a cumulative decline of 0.05 mb/d compared to 2019. Diesel demand fell by 0.4 mb/d compared with 2019, mostly affected by diminished industrial activity, particularly in the US, where it fell by 6.6%, y-o-y, in 2020. Steep drops occurred particularly in the 2Q20 when the index fell by 14.1%, according to the Federal Reserve Board.

**Table 4 - 3: US oil demand, mb/d**

| By product     | Dec 20       | Dec 19       | Change 2020/19 |             |
|----------------|--------------|--------------|----------------|-------------|
|                |              |              | mb/d           | %           |
| LPG            | 3.57         | 3.30         | 0.28           | 8.3         |
| Naphtha        | 0.19         | 0.24         | -0.05          | -19.2       |
| Gasoline       | 7.84         | 8.97         | -1.14          | -12.7       |
| Jet/kerosene   | 1.15         | 1.82         | -0.67          | -36.8       |
| Diesel         | 3.86         | 3.93         | -0.07          | -1.7        |
| Fuel oil       | 0.20         | 0.28         | -0.09          | -31.0       |
| Other products | 2.27         | 2.19         | 0.09           | 3.9         |
| <b>Total</b>   | <b>19.09</b> | <b>20.73</b> | <b>-1.65</b>   | <b>-7.9</b> |

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

Sources: EIA and OPEC.

In **Mexico**, oil demand in 2020 was down by almost 0.4 mb/d y-o-y, with gasoline, jet/kerosene and diesel accounting for the bulk of the decline.

**Canadian** oil demand in 2020 shrank by approximately 0.2 mb/d, largely due to weak gasoline and jet kerosene requirements.

### Near-term expectations

Uncertainty regarding the COVID-19 pandemic is the fundamental underlying factor for the 2020 and **2021** oil demand outlook in OECD Americas, particularly in the transportation and industrial sectors. However, a positive economic outlook supported by a massive stimulus package in the US is anticipated to provide a solid base for oil demand recovery, primarily in 2H21. Even with the positive economic assumptions however, oil demand is not projected to reach 2019 levels during the course of the year. Risks are currently balanced. Some positive support is anticipated from a recovery in vehicle miles travel, supported by improving y-o-y unemployment rates in addition to the positive outlook for petrochemical demand. On the other hand, COVID-19 developments, in terms of infection rates and the speed of the vaccination rollout, clouds the current outlook. It is, however, assumed that the region led by the US will achieve respectable herd immunity towards the end of the year. Gasoline and diesel are estimated to lead demand growth in 2021, followed by light distillates. The transportation sector is foreseen to gain the most over the year, although remaining below pre-COVID-19 levels.

## OECD Europe

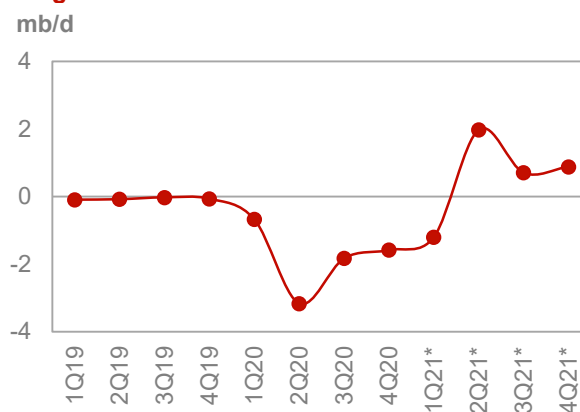
### Update on the latest developments

Oil demand weakened by 1.6 mb/d, y-o-y, in **December 2020**, following a decline of more than 1.8 mb/d, y-o-y, in November. While most petroleum products categories posted y-o-y losses, demand for naphtha was solidly higher y-o-y recording a growth of more than 0.2 mb/d. Naphtha demand in Europe has been strong towards the end of 2020 and other regions supported by steady olefin margins and taking advantage over LPG due the increasing usage of the latter for winter heating demand. In contrast, the performance of transportation fuels lagged with both gasoline and jet fuel demand recording similar declines to November, falling by 0.3 mb/d and 0.8 mb/d, y-o-y, respectively.

Increases in COVID-19 infection cases forced governments to introduce measures and policies to contain the spread of the virus, which negatively affected mobility.

For **2020**, oil demand in Europe fell by 1.8 mb/d compared to 2019, with most of declines being attributed to impairment in transportation fuel consumption. Demand for petroleum products declined sharply in the region and in the four main consuming countries. Demand in the UK fell the most, by 0.33 mb/d, y-o-y, followed by France (-0.26 mb/d y-o-y), Germany (-0.22 mb/d y-o-y), and Italy (-0.18 mb/d y-o-y). Moreover, sharp drops were also recorded in Spain, Turkey and Belgium with a cumulative decline of more than 0.40 mb/d compared to 2019. Losses in demand were mainly focused on weaker jet fuel, on-road diesel, gasoline and LPG, while naphtha requirements increased marginally y-o-y on the back of a solid 4Q20 performance. COVID-19 containment measures contributed to declining oil consumption across the region, with significant variation between countries.

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



Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

The industrial production index, which excludes construction, posted a drop of 7.8% compared to 2019, following an annual decline of 0.7% in 2019, as reported by Eurostat and Haver Analytics. Other important indicators declined in 2020, such as new passenger car registrations. The index recorded a decline of 34.8% y-o-y, in 2020, posting the first decline y-o-y since 2013 and after increasing by more than 1.0% y-o-y, in 2019, as reported by the European Automobile Manufacturers' Association and Haver Analytics. Furthermore, industrial production declined sharply in all four major economies, exacerbating the negative impact on industrial diesel and fuel oil demand. On the other hand, some uptick in heating fuel requirements occurred during the 2H20 mainly due to lower retail prices and winter stocking.

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

| By product     | Dec 20      | Dec 19      | Change 2020/19 |              |
|----------------|-------------|-------------|----------------|--------------|
|                |             |             | mb/d           | %            |
| LPG            | 0.39        | 0.46        | -0.07          | -15.1        |
| Naphtha        | 0.65        | 0.57        | 0.09           | 15.3         |
| Gasoline       | 0.94        | 1.16        | -0.22          | -18.7        |
| Jet/kerosene   | 0.39        | 0.81        | -0.42          | -52.1        |
| Diesel         | 2.97        | 3.15        | -0.19          | -5.9         |
| Fuel oil       | 0.15        | 0.15        | 0.00           | -2.0         |
| Other products | 0.38        | 0.43        | -0.05          | -11.6        |
| <b>Total</b>   | <b>5.87</b> | <b>6.73</b> | <b>-0.86</b>   | <b>-12.8</b> |

Note: \* Germany, France, Italy and the UK. Totals may not add up due to independent rounding.

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

## Near-term expectations

The outlook for the region's oil demand in **2021** was adjusted slightly higher in 1Q21, mainly accounting for better-than-expected preliminary data for the month for January as well as colder-than-expected weather conditions encouraging heating fuel demand. An easing of COVID-19 measures, as vaccination gain pace, will imply positive developments for oil consumption in the road transportation and industrial sectors. Conversely, a weak aviation sector due to lower leisure and business travel activity will weigh on demand going forward. In 2021, oil demand in OECD Europe is projected to record solid growth despite a sluggish 1Q21. The improvement in demand is the result of projected improvements in economic activity, in addition to the historically low baseline recorded in 2020 in all countries within the region. The outlook assumes that herd immunity will be achieved towards the end of the year via numerous vaccination programs. Fuel efficiency gains, reduced international travel, teleworking enhancements, and limitations in petroleum product demand due to displacement by other energy sources are all factors that will cap oil demand going forward.

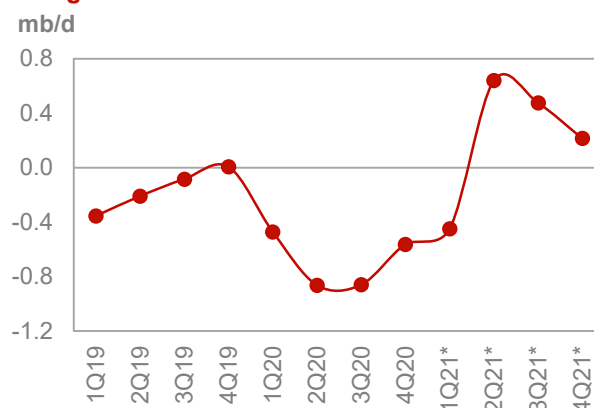
## OECD Asia Pacific

### Update on the latest developments

Oil demand remained in negative territory in OECD Asia Pacific, falling by 0.8 mb/d, y-o-y, in **December 2020**, similar to the decline level recorded in November.

The decline was led by the sharp fall in light distillate demand in both South Korea and Japan, mainly due to prolonged planned/unplanned naphtha cracker shutdowns during 4Q20. However, a recovery in naphtha requirements is projected to take place in South Korea in January as three naphtha crackers are returning to normal operation. Light distillate demand in Asia Pacific fell by around 0.4 mb/d, y-o-y, after falling by a similar magnitude in November. Transportation fuels declined by 0.3 mb/d, y-o-y, in December, also matching November's decline levels. Japan declared a state of emergency to control increased COVID-19 infection cases, imposing a curfew as well as closing of restaurants and bars. This resulted in reduced transportation fuel demand.

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



Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

Preliminary data from by Japan's Ministry of Economy, Trade and Industry (METI), indicate a y-o-y rise of more than 0.1 mb/d in January 2021, compared to a decline of 0.2 mb/d, y-o-y, in December 2020. The January increase was mainly attributed to increasing household consumption of jet/kerosene due to seasonal winter demand.

**Table 4 - 5: Japan's oil demand, mb/d**

| By product     | Jan 21      | Jan 20      | Change 2021/20 |            |
|----------------|-------------|-------------|----------------|------------|
|                |             |             | mb/d           | %          |
| LPG            | 0.43        | 0.38        | 0.05           | 12.9       |
| Naphtha        | 0.73        | 0.76        | -0.02          | -3.0       |
| Gasoline       | 0.70        | 0.76        | -0.05          | -7.2       |
| Jet/kerosene   | 0.81        | 0.68        | 0.13           | 19.1       |
| Diesel         | 0.71        | 0.68        | 0.03           | 3.9        |
| Fuel oil       | 0.29        | 0.22        | 0.07           | 29.1       |
| Other products | 0.30        | 0.37        | -0.07          | -18.1      |
| <b>Total</b>   | <b>3.97</b> | <b>3.85</b> | <b>0.13</b>    | <b>3.3</b> |

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

Sources: JODI, METI and OPEC.

### Near-term expectations

Regional lockdown measures in Japan and South Korea may limit transportation fuels demand going into 1Q21, while some support might be provided by industrial fuels and petrochemical feedstock. The return of some naphtha crackers to operation will provide support for light distillate demand when coupled with healthy steam cracker margins. Overall demand in **2021** is projected to rebound strongly in the region, mainly in 2H21, on the back of historically-low consumption in 2020 as well as a recovery in economic activities which should support industrial fuels. Risks are currently estimated to be balanced depending on COVID-19 pandemic developments on one hand and the healthy economic outlook on the other hand. Petrochemical feedstock consumption is seen as one of the main contributors to oil demand growth in 2021 while jet fuel demand is projected to continue lagging 2019 levels, as international business and leisure travel are anticipated to remain under pressure.



## Non-OECD

### China

#### Update on the latest developments

China's oil demand grew by 0.5 mb/d y-o-y in **January 2021**, after exhibiting an annualized decline of 0.4 mb/d in 2020. Oil demand growth was driven by solid increases in LPG, naphtha and diesel requirements, while gasoline and jet/kerosene demand declined y-o-y. LPG demand increased from the level recorded in January 2020 by around 0.2 mb/d, after similar gains in December 2020. This rise was largely due to its increasing use for heating in certain parts of the country, as well as an increase in utilization rates in some propane dehydrogenations capacities (PDH). Naphtha was also higher in light of solid olefin margins and recent capacity additions. The latter is anticipated to support naphtha demand going forward. Naphtha posted gains of around 0.2 mb/d, y-o-y, in January, after registering an increase of nearly 0.3 mb/d in December 2020 as a number of steam crackers using naphtha as a feedstock started operations boosting naphtha demand.

Conversely, gasoline and jet/fuel demand flipped back to declines after increasing y-o-y in December 2020. Both products requirements dropped by around 0.1 mb/d, y-o-y, each in January. Demand was affected by reduced driving ahead of the holiday season and decreases in flight operations as government announced measures, mainly focused on mobility, to control the spread of COVID-19 infections after new cases were reported in parts of the country.

Consumption of diesel increased y-o-y, by around 0.2 mb/d in January after falling the month before by a similar magnitude. This is despite the m-o-m drop in the Caixin China General manufacturing PMI, which posted 51.5 in January after recoding 53.0 in December. The Caixin China General Services PMI also dropped m-o-m in January to 52.0 from 56.3 a month earlier.

**Table 4 - 6: China's oil demand\*, mb/d**

| By product            | Jan 21       | Jan 20       | Change 2021/20 |            |
|-----------------------|--------------|--------------|----------------|------------|
|                       |              |              | mb/d           | %          |
| <b>LPG</b>            | 2.18         | 1.93         | 0.25           | 13.2       |
| <b>Naphtha</b>        | 1.20         | 1.03         | 0.17           | 16.1       |
| <b>Gasoline</b>       | 3.25         | 3.34         | -0.09          | -2.6       |
| <b>Jet/kerosene</b>   | 0.45         | 0.52         | -0.07          | -12.9      |
| <b>Diesel</b>         | 3.60         | 3.44         | 0.16           | 4.5        |
| <b>Fuel oil</b>       | 0.67         | 0.66         | 0.01           | 1.3        |
| <b>Other products</b> | 1.70         | 1.59         | 0.11           | 7.1        |
| <b>Total</b>          | <b>13.05</b> | <b>12.51</b> | <b>0.54</b>    | <b>4.3</b> |

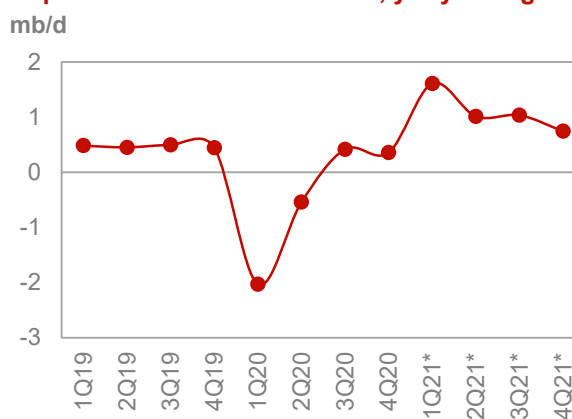
Note: \* Apparent oil demand. Totals may not add up due to independent rounding.

Sources: Argus Global Markets, China OGP (Xinhua News Agency), Facts Global Energy, JODI, National Bureau of Statistics China and OPEC.

#### Near-term expectations

Estimates going forward indicate a solid rebound in consumption during **1Q21**, largely due to the historical decline during the same quarter in 2020. Transportation fuels are projected to lead the increase, however, gains might be limited due to some regional restrictions on mobility. Improvement in economic activities is anticipated to support oil demand over the short term. The well-controlled management of COVID-19 cases as well as the steady introduction of fiscal and monetary stimulus programs when needed throughout the year will support oil demand in the coming months. All economic sectors are anticipated to pick up pace as the transportation sector receives support from recovering mobility and increasing vehicle sales, while improving economic activities are estimated to underpin industrial fuels.

**Graph 4 - 4: China's oil demand, y-o-y change**



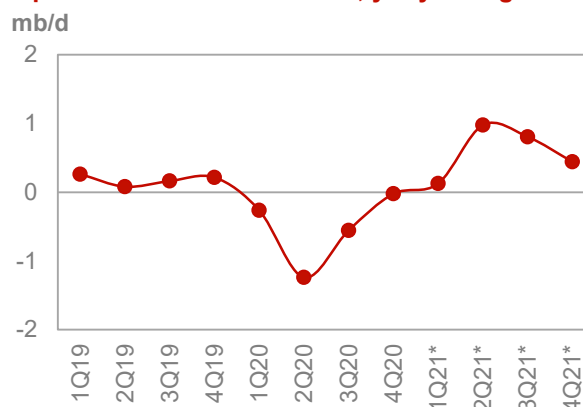
Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

## India

### Update on the latest developments

**Oil demand in India** started 2021 in negative territory shedding off around 0.2 mb/d, y-o-y, in **January** after dropping by around 0.05 mb/d y-o-y in December 2020. This decline was led by weakness in jet/kerosene, diesel and naphtha requirements. In contrast, gasoline and LPG requirements increased y-o-y. Jet/kerosene demand showed a similar drop to December 2020 by around 0.1 mb/d y-o-y, as international aviation remained a drag on jet fuel consumption. Despite some improvements m-o-m, domestic flights operations remained more than 10% lower than the levels recorded during the same period in 2020.

**Graph 4 - 5: India's oil demand, y-o-y change**



Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

The decline in diesel demand in January matched that of the previous month, with a marginal drop of around 0.03 mb/d y-o-y but representing a decent improvement from November 2020's drop of more 0.1 mb/d y-o-y. The country's Composite PMI index increased to 55.80 points in January from 54.90 in December 2020; however, the IHS Markit India Manufacturing PMI increased to 57.7 in January 2021 — the second highest level on record — from 56.4 in December 2020. Furthermore, the Services PMI increased to 52.8 in January of 2021 from 52.3 in December 2020. Gasoline was higher y-o-y, adding around 0.04 mb/d in January, maintaining the same level of growth registered in the past five months. Mobility improved further in January as COVID-19 cases decreased and restriction measures were relaxed coupled with improvement in labour market conditions. The Mobility Index was at 151 in January from 146 in December 2020, according to Apple COVID-19 Mobility Trends Report, while the unemployment rate declined to 6.5% in January from 9.0% in December 2020. LPG grew marginally, supported by cooking demand in the residential sector.

**Table 4 - 7: India's oil demand, mb/d**

| By product     | Jan 21      | Jan 20      | Change 2021/20 |             |
|----------------|-------------|-------------|----------------|-------------|
|                |             |             | mb/d           | %           |
| LPG            | 0.89        | 0.87        | 0.02           | 2.5         |
| Naphtha        | 0.29        | 0.33        | -0.04          | -12.8       |
| Gasoline       | 0.73        | 0.68        | 0.04           | 6.2         |
| Jet/kerosene   | 0.14        | 0.22        | -0.08          | -34.7       |
| Diesel         | 1.86        | 1.88        | -0.03          | -1.5        |
| Fuel oil       | 0.39        | 0.40        | -0.02          | -3.8        |
| Other products | 0.62        | 0.68        | -0.06          | -9.2        |
| <b>Total</b>   | <b>4.90</b> | <b>5.06</b> | <b>-0.16</b>   | <b>-3.2</b> |

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

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

### Near-term expectations

The encouraging macroeconomic indicators, together with significant decreases in COVID-19 cases across the country, provided a solid foundation for the **2021** oil demand outlook in India. The recent positive developments in industrial activities in light of the solid manufacturing PMI as well as the m-o-m decline in unemployment rates are supportive factors to oil demand. As a result, industrial fuels are projected to be the backbone for oil demand growth in 2021, with a healthy rebound for transportation fuels providing further support. The aviation sector will remain under pressure throughout 2021 and will also be a major source of uncertainty.

## Other Asia

### Update on the latest developments

The pace of the decline in **Other Asia's** oil consumption improved in **December** 2020 compared to November. Product demand registered a drop of 0.3 mb/d, y-o-y, in December 2020 following losses of more than 0.6 mb/d, y-o-y, in November. The drop in oil consumption can be mainly credited to slower consumption from the transportation sector which was partially offset by increasing petrochemical feedstock and industrial fuel requirements, notably for naphtha and diesel. In terms of countries, demand declined the most in Malaysia, Singapore and Thailand, falling by a cumulative 0.3 mb/d, y-o-y. This was offset by gains in demand in Indonesia, which recorded its first monthly y-o-y increase since February 2020, by adding around 0.1 mb/d, y-o-y in December 2020.

Complete oil demand data for Other Asia in **2020** showed large declines, led by significant drops in transportation fuels, with demand in Indonesia, Thailand and Malaysia representing the lion's share of these declines. Data shows oil demand dropped by 0.9 mb/d compared to 2019, with substantial weakness in all petroleum product demand across the countries. Lockdown measures and limitations in mobility impaired oil product consumption, as transportation fuels were affected negatively, mainly in the 2Q20. Despite some improvement in the level of the declines, demand remained largely impaired thereafter. Gasoline declined by 0.2 mb/d y-o-y, while the destruction in jet fuel demand was stronger and is also not anticipated to meaningfully recover during the course of 2021. Jet fuel shed 0.4 mb/d compared to 2019. Diesel was down by more than 0.1 mb/d compared to 2019. Weakness across major economic sectors led to this decline; trucking activities, construction and agriculture were recording slower y-o-y performance in light with economic turmoil caused by the pandemic. As a result, diesel demand, and also other industrial fuels, suffered. Pressure also spilled over into the light end of the barrel as LPG and naphtha consumption slowed y-o-y despite the slight uptick towards the end of the year.

### Near-term expectations

Looking ahead, risks for **2021** oil demand growth are currently expected to be balanced. On the one hand, they are supported by a positive economic outlook and on the other hand, pressured by any resurgence in COVID-19 infections and delayed herd immunity. A healthy level of growth is projected across the region particularly from Indonesia, Malaysia, Thailand and Singapore. Gasoline is a key product for demand growth going forward, supporting a rebound in the transportation sector together with diesel in the industrial sector. However, tourism activities in various countries in the region are not anticipated to reach pre-pandemic level which will limit jet fuel recovery.

## Latin America

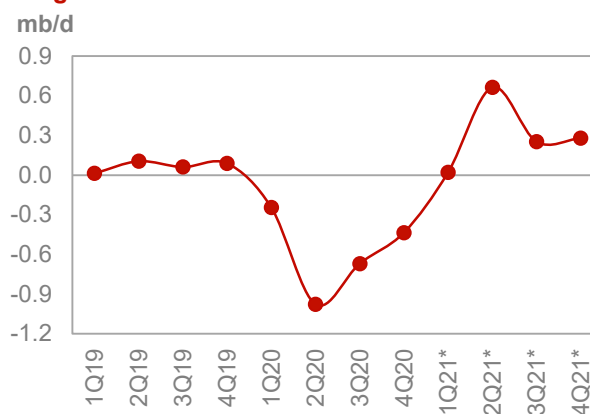
### Update on the latest developments

In **December** 2020, oil demand dropped further by around 0.5 mb/d, y-o-y, after declining by around 0.4 mb/d y-o-y in both October and November.

COVID-19 pandemic related developments impacted transportation fuels, which contained the bulk of declines, particularly jet fuel and gasoline. While the gasoline performance showed smaller y-o-y declines, jet fuel demand worsened, recording a drop of around 0.1 mb/d, y-o-y.

Overall, declines were partially offset by rising diesel demand. Oil demand fell y-o-y in Argentina, while it increased slightly in Brazil.

**Graph 4 - 6: Latin America's oil demand, y-o-y change**



Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

Monthly data available now for the whole of **2020** shows Latin American oil demand registered a historic decline of almost 0.6 mb/d y-o-y, as a result of the outbreak and spread of the COVID-19 pandemic, with peak declines of above 1.0 mb/d in April and May 2020. All large and smaller oil-consuming countries experienced significant lockdowns, which capped requirements in the transportation and industrial sectors.

## World Oil Demand

Gasoline and jet fuel demand remained in the negative territory, with overall declines being slightly offset with increasing demand for the residential sectors, lifting requirements for LPG and residual fuel oil. The oil demand in all countries in the region fell sharply y-o-y, with declines ranging from around 5% to a hefty 22%, as compared to pre-COVID-19 oil consumption.

**Table 4 - 8: Brazil's oil demand\*, mb/d**

| By product            | Jan 21      | Jan 20      | Change 2021/20 |             |
|-----------------------|-------------|-------------|----------------|-------------|
|                       |             |             | mb/d           | %           |
| <b>LPG</b>            | 0.21        | 0.21        | 0.00           | 2.1         |
| <b>Naphtha</b>        | 0.14        | 0.15        | 0.00           | -2.0        |
| <b>Gasoline</b>       | 0.64        | 0.64        | 0.00           | 0.2         |
| <b>Jet/kerosene</b>   | 0.08        | 0.13        | -0.05          | -37.3       |
| <b>Diesel</b>         | 0.91        | 0.90        | 0.01           | 0.9         |
| <b>Fuel oil</b>       | 0.09        | 0.06        | 0.03           | 44.6        |
| <b>Other products</b> | 0.57        | 0.61        | -0.04          | -6.4        |
| <b>Total</b>          | <b>2.65</b> | <b>2.71</b> | <b>-0.05</b>   | <b>-1.9</b> |

Note: \* = Inland deliveries. Totals may not add up due to independent rounding.

Sources: JODI, Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis and OPEC.

## Near-term expectations

The positive economic outlook for **2021** is expected to support oil demand growth in Latin America in the current year. Originating from the historically low baseline in 2020, the majority of countries are anticipated to achieve solid growth, with Brazil and Argentina leading the region. The overall oil demand growth will be translated to solid middle distillate and gasoline demand in the transportation and industrial sectors. Despite the anticipated growth, however, annual oil demand is not expected to reach 2019 levels. The outlook and in particular the speed of recovery depend significantly on COVID-19 developments and the pace of vaccine availability and distribution.

## Middle East

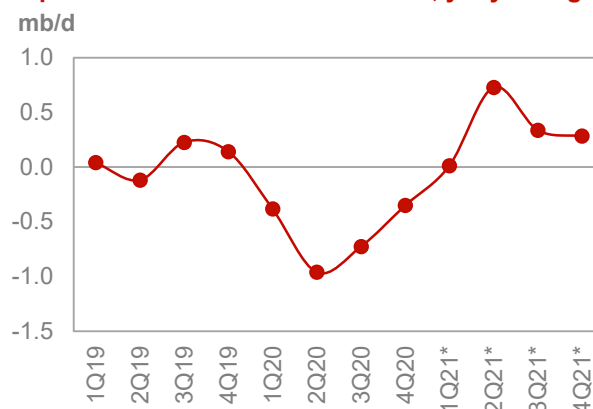
### Update on the latest developments

In **December**, y-o-y oil demand in the Middle East shrank by 0.2 mb/d, after dropping by more than 0.3 mb/d y-o-y in November. Oil demand declines shrank and the improving trend started at the beginning of 2H20 continued. As in other regions, COVID-19 pandemic containment measures continue to impose negative pressure on transportation fuels, particularly jet fuel and gasoline. During December 2020, gasoline and jet fuel demand dropped by approximately 0.1 mb/d y-o-y.

The aviation sector continues to suffer from widespread restrictions on international travel and a strong reduction in domestic flights, keeping the decline in jet fuel demand above 70%, y-o-y. Gasoline demand has been on an upward trend since September 2020, yet remains in negative growth territory, impacted by declining mobility in all countries of the region. The only petroleum product showing a yearly increase is residual fuel oil, amid increasing usage in the residential and industrial sectors. Based on the latest available data, oil demand fell sharply in Saudi Arabia and Iraq during January 2021.

Now available monthly data for the whole of last year shows Middle East oil demand in 2020 fell by 0.6 mb/d y-o-y, as a result of the outbreak and spread of the COVID-19 pandemic. Declines peaked during the period March-June 2020, averaging around 1.0 mb/d. Declines were registered in all countries, impacted by oil usage in the transportation and industrial sectors, partly offset by gains in oil usage in the residential and petrochemical sectors. Gasoline and jet fuel fell by 0.2 mb/d each, while light-end demand was flat as compared to 2019.

**Graph 4 - 7: Middle East's oil demand, y-o-y change**



Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

Table 4 - 9: Saudi Arabia's oil demand, mb/d

| By product     | Jan 21      | Jan 20      | Change 2021/20 |              |
|----------------|-------------|-------------|----------------|--------------|
|                |             |             | mb/d           | %            |
| LPG            | 0.05        | 0.05        | 0.00           | -6.5         |
| Gasoline       | 0.49        | 0.58        | -0.09          | -15.4        |
| Jet/kerosene   | 0.06        | 0.10        | -0.04          | -43.2        |
| Diesel         | 0.47        | 0.52        | -0.05          | -9.4         |
| Fuel oil       | 0.40        | 0.58        | -0.18          | -31.3        |
| Other products | 0.34        | 0.37        | -0.03          | -7.8         |
| <b>Total</b>   | <b>1.81</b> | <b>2.21</b> | <b>-0.40</b>   | <b>-17.9</b> |

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

Sources: JODI and OPEC.

### Near-term expectations

Based on positive economic projections, oil demand in **2021** is anticipated to grow from the historic low levels seen in 2020, yet lag behind annual 2019 levels. However, as in other regions the speed of the recovery depends strongly on the pace of vaccination distribution and the risk of a resurgence in COVID-19. The petrochemical industry and the industrial sector, in addition to healthy construction activities and increasing oil usage for power generation, will be the main motors behind 2021 oil demand growth. In particular, support will be given to demand for industrial fuels, while COVID-19 containment is also expected to provide support for all petroleum products demand.

## World Oil Supply

Non-OPEC liquids supply for 2020 is estimated to have declined by 2.56 mb/d y-o-y. US crude oil and NGLs production dropped by 58 tb/d and 263 tb/d in December to 11.06 mb/d and 5.06 mb/d, respectively. As a result, US liquids production contracted by 0.8 mb/d y-o-y in 2020, to average 17.8 mb/d. Non-OPEC oil supply in 2020 also declined in Canada, Colombia, Kazakhstan, Malaysia, the UK and Azerbaijan, while oil supply grew in Norway, Brazil, China, and Guyana. Capital expenditure in oil and gas upstream (E&P) sectors in non-OPEC countries declined by \$144 billion y-o-y to \$321 billion in 2020, with half of this drop seen in US shale/tight oil capex.

Non-OPEC liquids supply for 2021 is forecast to grow by 0.95 mb/d to average 63.8 mb/d. However, upstream capital spending in 2021 is expected to remain well below 2019 levels, mainly due to the significantly lower projected investment in US shale. The US liquids supply growth forecast for 2021 remained unchanged at 0.16 mb/d, however, tight crude output is forecast to decline y-o-y by 0.1 mb/d, while uncertainties persist. The main drivers for supply growth for 2021 are expected to be Canada, the US, Norway, and Brazil.

OPEC NGLs and non-conventional liquids production in 2020 is estimated to decline by 0.13 mb/d y-o-y to average 5.13 mb/d. For 2021, OPEC NGLs are forecast to grow by 0.08 mb/d y-o-y to average 5.21 mb/d.

OPEC-13 crude oil production in February was down by 0.65 mb/d m-o-m to average 24.85 mb/d, according to secondary sources. Preliminary non-OPEC liquids output in February, including OPEC NGLs, is estimated to have decreased by 0.67 mb/d m-o-m, mainly in the US due to tremendous frozen temperature, lower by 4.63 mb/d y-o-y. As a result, preliminary data indicates that global oil supply decreased in February by 1.31 mb/d m-o-m to average 92.28 mb/d, down by 7.62 mb/d y-o-y.

**Table 5 - 1: Non-OPEC liquids production forecast comparison in 2020–2021\*, mb/d**

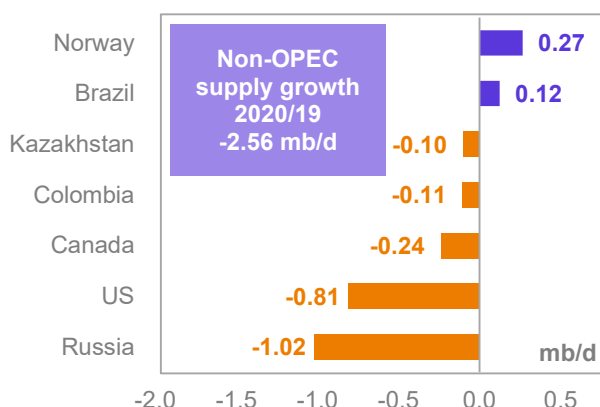
|                                          | 2020         | Change<br>2020/19 | 2021         | Change<br>2021/20 |
|------------------------------------------|--------------|-------------------|--------------|-------------------|
| <b>Non-OPEC liquids production</b>       |              |                   |              |                   |
| <b>Americas</b>                          | 24.72        | -1.06             | 25.17        | 0.45              |
| <i>of which US</i>                       | 17.61        | -0.81             | 17.77        | 0.16              |
| <b>Europe</b>                            | 3.89         | 0.18              | 4.03         | 0.14              |
| <b>Asia Pacific</b>                      | 0.53         | 0.01              | 0.53         | 0.00              |
| <b>Total OECD</b>                        | <b>29.14</b> | <b>-0.87</b>      | <b>29.73</b> | <b>0.59</b>       |
| <b>China</b>                             | 4.12         | 0.07              | 4.15         | 0.03              |
| <b>India</b>                             | 0.77         | -0.06             | 0.75         | -0.02             |
| <b>Other Asia</b>                        | 2.50         | -0.19             | 2.46         | -0.04             |
| <b>Latin America</b>                     | 6.06         | -0.03             | 6.30         | 0.24              |
| <b>Middle East</b>                       | 3.17         | -0.03             | 3.22         | 0.04              |
| <b>Africa</b>                            | 1.41         | -0.08             | 1.34         | -0.08             |
| <b>Eurasia</b>                           | 13.62        | -1.19             | 13.67        | 0.05              |
| <i>of which Russia</i>                   | 10.59        | -1.02             | 10.66        | 0.07              |
| <i>of which other Eurasia</i>            | 3.03         | -0.17             | 3.01         | -0.01             |
| <b>Total Non-OECD</b>                    | <b>31.64</b> | <b>-1.50</b>      | <b>31.88</b> | <b>0.23</b>       |
| <b>Total Non-OPEC production</b>         | <b>60.78</b> | <b>-2.37</b>      | <b>61.60</b> | <b>0.82</b>       |
| <b>Processing gains</b>                  | 2.07         | -0.19             | 2.20         | 0.13              |
| <b>Total Non-OPEC liquids production</b> | <b>62.85</b> | <b>-2.56</b>      | <b>63.80</b> | <b>0.95</b>       |

Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

## Key drivers of growth and decline

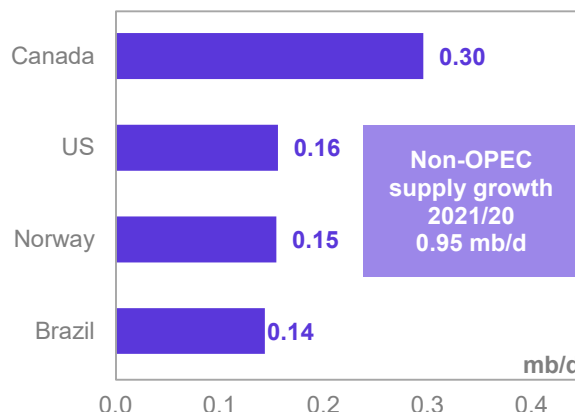
The **non-OPEC countries** showing the largest liquids supply declines in **2020** are expected to be Russia, the US, Canada, Colombia, Kazakhstan and Malaysia, while oil production increases are expected mainly in Norway, Brazil, China and Guyana.

**Graph 5 - 1: Annual liquids production changes for selected countries in 2020\***



Note: \* 2020 = Estimate. Source: OPEC.

**Graph 5 - 2: Annual liquids production changes for selected countries in 2021\***



Note: \* 2021 = Forecast. Source: OPEC.

For **2021**, the key drivers for non-OPEC supply growth are forecast to be Canada, the US, Norway, Ecuador, and Brazil, while oil production, mainly in the UK, and Sudan is forecast to decline.

## Non-OPEC liquids production in 2020 and 2021

**Table 5 - 2: Non-OPEC liquids production in 2020\*, mb/d**

| Non-OPEC liquids production              | 2019         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | 2020         | Change 2020/19 |              |
|------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|
|                                          |              |              |              |              |              |              | Growth         | %            |
| <b>Americas</b>                          | 25.77        | 26.59        | 23.55        | 24.10        | 24.63        | 24.72        | -1.06          | -4.10        |
| of which US                              | 18.43        | 19.05        | 16.81        | 17.34        | 17.27        | 17.61        | -0.81          | -4.40        |
| <b>Europe</b>                            | 3.71         | 4.03         | 3.88         | 3.77         | 3.87         | 3.89         | 0.18           | 4.83         |
| <b>Asia Pacific</b>                      | 0.52         | 0.53         | 0.54         | 0.54         | 0.52         | 0.53         | 0.01           | 1.61         |
| <b>Total OECD</b>                        | <b>30.01</b> | <b>31.16</b> | <b>27.97</b> | <b>28.41</b> | <b>29.02</b> | <b>29.14</b> | <b>-0.87</b>   | <b>-2.90</b> |
| <b>China</b>                             | 4.04         | 4.13         | 4.12         | 4.13         | 4.08         | 4.12         | 0.07           | 1.76         |
| <b>India</b>                             | 0.82         | 0.79         | 0.76         | 0.76         | 0.75         | 0.77         | -0.06          | -6.89        |
| <b>Other Asia</b>                        | 2.69         | 2.61         | 2.47         | 2.46         | 2.46         | 2.50         | -0.19          | -7.09        |
| <b>Latin America</b>                     | 6.09         | 6.35         | 5.83         | 6.14         | 5.91         | 6.06         | -0.03          | -0.51        |
| <b>Middle East</b>                       | 3.20         | 3.19         | 3.20         | 3.15         | 3.17         | 3.17         | -0.03          | -0.83        |
| <b>Africa</b>                            | 1.50         | 1.44         | 1.44         | 1.40         | 1.37         | 1.41         | -0.08          | -5.46        |
| <b>Eurasia</b>                           | 14.80        | 14.95        | 13.41        | 12.85        | 13.27        | 13.62        | -1.19          | -8.02        |
| of which Russia                          | 11.61        | 11.68        | 10.38        | 10.01        | 10.31        | 10.59        | -1.02          | -8.78        |
| of which other Eurasia                   | 3.19         | 3.28         | 3.03         | 2.84         | 2.96         | 3.03         | -0.17          | -5.23        |
| <b>Total Non-OECD</b>                    | <b>33.14</b> | <b>33.46</b> | <b>31.22</b> | <b>30.89</b> | <b>31.01</b> | <b>31.64</b> | <b>-1.50</b>   | <b>-4.53</b> |
| <b>Total Non-OPEC production</b>         | 63.15        | 64.61        | 59.20        | 59.30        | 60.03        | 60.78        | -2.37          | -3.76        |
| <b>Processing gains</b>                  | 2.26         | 2.15         | 1.85         | 2.15         | 2.15         | 2.07         | -0.19          | -8.47        |
| <b>Total Non-OPEC liquids production</b> | <b>65.41</b> | <b>66.76</b> | <b>61.05</b> | <b>61.45</b> | <b>62.17</b> | <b>62.85</b> | <b>-2.56</b>   | <b>-3.92</b> |
| <b>Previous estimate</b>                 | 65.21        | 66.56        | 60.86        | 61.27        | 61.98        | 62.66        | -2.54          | -3.90        |
| <b>Revision</b>                          | 0.21         | 0.20         | 0.19         | 0.18         | 0.19         | 0.19         | -0.02          | -0.02        |

Note: \* 2020 = Estimate. Totals may not add up due to independent rounding. Source: OPEC.

Table 5 - 3: Non-OPEC liquids production in 2021\*, mb/d

| Non-OPEC liquids production              | 2020         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | 2021         | Change 2021/20 |             |
|------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|-------------|
|                                          |              |              |              |              |              |              | Growth         | %           |
| <b>Americas</b>                          | 24.72        | 24.52        | 24.51        | 25.50        | 26.13        | 25.17        | 0.45           | 1.83        |
| of which US                              | 17.61        | 17.14        | 17.49        | 17.93        | 18.51        | 17.77        | 0.16           | 0.89        |
| <b>Europe</b>                            | 3.89         | 4.01         | 3.95         | 3.97         | 4.17         | 4.03         | 0.14           | 3.53        |
| <b>Asia Pacific</b>                      | 0.53         | 0.54         | 0.53         | 0.54         | 0.53         | 0.53         | 0.00           | -0.20       |
| <b>Total OECD</b>                        | <b>29.14</b> | <b>29.07</b> | <b>28.99</b> | <b>30.01</b> | <b>30.82</b> | <b>29.73</b> | <b>0.59</b>    | <b>2.02</b> |
| <b>China</b>                             | 4.12         | 4.16         | 4.13         | 4.13         | 4.18         | 4.15         | 0.03           | 0.82        |
| <b>India</b>                             | 0.77         | 0.76         | 0.75         | 0.74         | 0.73         | 0.75         | -0.02          | -2.46       |
| <b>Other Asia</b>                        | 2.50         | 2.47         | 2.46         | 2.46         | 2.45         | 2.46         | -0.04          | -1.49       |
| <b>Latin America</b>                     | 6.06         | 6.03         | 6.31         | 6.32         | 6.51         | 6.30         | 0.24           | 3.97        |
| <b>Middle East</b>                       | 3.17         | 3.17         | 3.21         | 3.23         | 3.24         | 3.22         | 0.04           | 1.27        |
| <b>Africa</b>                            | 1.41         | 1.34         | 1.35         | 1.33         | 1.32         | 1.34         | -0.08          | -5.50       |
| <b>Eurasia</b>                           | 13.62        | 13.40        | 13.62        | 13.78        | 13.87        | 13.67        | 0.05           | 0.39        |
| of which Russia                          | 10.59        | 10.43        | 10.61        | 10.74        | 10.84        | 10.66        | 0.07           | 0.64        |
| of which other Eurasia                   | 3.03         | 2.97         | 3.01         | 3.03         | 3.03         | 3.01         | -0.01          | -0.48       |
| <b>Total Non-OECD</b>                    | <b>31.64</b> | <b>31.35</b> | <b>31.83</b> | <b>32.00</b> | <b>32.31</b> | <b>31.88</b> | <b>0.23</b>    | <b>0.74</b> |
| <b>Total Non-OPEC production</b>         | 60.78        | 60.42        | 60.82        | 62.01        | 63.13        | 61.60        | 0.82           | 1.35        |
| <b>Processing gains</b>                  | 2.07         | 2.20         | 2.20         | 2.20         | 2.20         | 2.20         | 0.13           | 6.17        |
| <b>Total Non-OPEC liquids production</b> | <b>62.85</b> | <b>62.62</b> | <b>63.02</b> | <b>64.21</b> | <b>65.33</b> | <b>63.80</b> | <b>0.95</b>    | <b>1.51</b> |
| <b>Previous estimate</b>                 | 62.66        | 62.39        | 62.65        | 63.50        | 64.76        | 63.33        | 0.67           | 1.07        |
| <b>Revision</b>                          | 0.19         | 0.22         | 0.37         | 0.70         | 0.57         | 0.47         | 0.28           | 0.44        |

Note: \* 2020 = Estimate and 2021 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

## OECD

**OECD liquids production in 2020** is estimated to have declined by 0.87 mb/d y-o-y to average 29.14 mb/d. While OECD Americas production is estimated to have declined by 1.06 mb/d to average 24.72 mb/d, oil supply in OECD Europe and OECD Asia Pacific is estimated to have risen by 0.18 mb/d to average 3.89 mb/d and by 0.01 mb/d to average 0.53 mb/d, respectively.

For **2021**, the OECD liquids production growth is forecast at 0.59 mb/d to average 29.73 mb/d. OECD Americas is expected to grow by 0.45 mb/d to average 25.17 mb/d. Oil supply in OECD Europe is anticipated to grow by 0.14 mb/d y-o-y to average 4.03 mb/d, and OECD Asia Pacific is forecast to remain flat to average 0.53 mb/d.

## OECD Americas

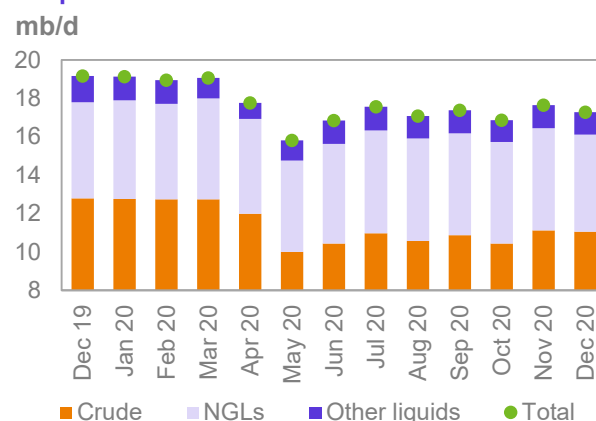
### US

**US liquids production in 2020** is estimated to have declined by 0.81 mb/d to average 17.61 mb/d, unchanged from last month's assessment.

**US liquids production in December 2020** was lower by 0.36 mb/d m-o-m to average 17.29 mb/d, mainly due to lower NGLs production by 0.26 mb/d to average 5.06 mb/d. Liquids output in December was down by 1.87 mb/d compared to a year earlier.

**Crude oil and condensate production in December** fell by 58 tb/d, m-o-m, to average 10.06 mb/d, which is 1.74 mb/d lower than a year ago.

Graph 5 - 3: US monthly liquids output by key component



Source: OPEC.



**Non-conventional liquids**, particularly ethanol, increased by 71 tb/d m-o-m in November to average 1.21 mb/d, according to official data. Preliminary data for **December** is expected to see a decrease of 39 tb/d m-o-m to average 1.17 mb/d.

**Crude oil production in December**, including field condensates, was up in the Gulf of Mexico by 70 tb/d m-o-m to average 1.77 mb/d, but lower by 0.2 mb/d, y-o-y. In Texas, oil output fell by 34 tb/d m-o-m to average 4.62 mb/d. Crude oil production also decreased in New Mexico by 42 tb/d to average 1.07 mb/d. In the Midwest, production was down by 16 tb/d in Oklahoma, and by 38 tb/d in North Dakota to average 0.43 mb/d and 1.17 mb/d, respectively. In the Rocky Mountains (PADD 4), oil output in Colorado, home of the Niobrara shale, dropped by 11 tb/d to 0.38 mb/d.

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

| State                | Nov 20        | Dec 20        | Change<br>Dec 20/Nov 20 |
|----------------------|---------------|---------------|-------------------------|
| Colorado             | 391           | 380           | -11                     |
| Oklahoma             | 449           | 433           | -16                     |
| Alaska               | 464           | 463           | -1                      |
| New Mexico           | 1,109         | 1,067         | -42                     |
| North Dakota         | 1,206         | 1,168         | -38                     |
| Gulf of Mexico (GoM) | 1,702         | 1,772         | 70                      |
| Texas                | 4,653         | 4,619         | -34                     |
| <b>Total</b>         | <b>11,121</b> | <b>11,063</b> | <b>-58</b>              |

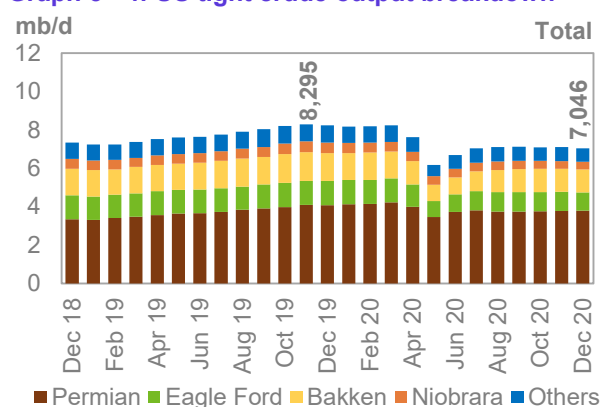
Sources: EIA and OPEC.

**US tight crude production in December** declined by 57 tb/d to average 7.05 mb/d. While tight crude production increased in the Permian by 11 tb/d to average 3.79 mb/d, production in the Eagle Ford and Bakken shale declined by 35 tb/d and 9 tb/d to average 0.96 mb/d and 1.20 mb/d, respectively. Tight crude output in Niobrara and other shale regions dropped by 8 tb/d to average 0.40 mb/d and by 16 tb/d to average 0.71 mb/d, respectively.

**US crude oil production in 2020** is estimated to have declined by 0.93 mb/d to average 11.31 mb/d. Production from the GoM is estimated to have dropped by 0.24 mb/d to average 1.65 mb/d, and onshore conventional crude is estimated to have decline by 0.24 mb/d to average 2.36 mb/d, largely due to a continued shut in of stripper wells. The latest estimation for tight crude production in 2020 shows a contraction by 0.46 mb/d y-o-y to average 7.30 mb/d.

**US NGLs production in 2020** showed growth of 0.34 mb/d y-o-y to average 5.16 mb/d, of which 4.26 mb/d refers to unconventional NGLs. Finally, unconventional liquids, mainly ethanol, are likely to have declined by 0.21 mb/d to average 1.15 mb/d.

**Graph 5 - 4: US tight crude output breakdown**



Sources: EIA, Rystad Energy and OPEC.

**Table 5 - 5: US tight oil production breakdown, mb/d**

| US tight oil      | 2019        | Change<br>2019/18 | 2020*       | Change<br>2020/19 | 2021*       | Change<br>2021/20 |
|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| Permian tight     | 3.72        | 0.88              | 3.86        | 0.14              | 4.10        | 0.24              |
| Bakken shale      | 1.42        | 0.16              | 1.18        | -0.23             | 1.25        | 0.07              |
| Eagle Ford shale  | 1.24        | 0.05              | 1.06        | -0.18             | 1.02        | -0.04             |
| Niobrara shale    | 0.52        | 0.07              | 0.46        | -0.06             | 0.35        | -0.11             |
| Other tight plays | 0.87        | 0.08              | 0.75        | -0.12             | 0.48        | -0.27             |
| <b>Total</b>      | <b>7.75</b> | <b>1.24</b>       | <b>7.30</b> | <b>-0.46</b>      | <b>7.20</b> | <b>-0.10</b>      |

Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

Tight crude output is estimated to have seen the largest contraction among liquids components in 2020, dropping by 0.46 mb/d. Despite overall declining tight crude production in 2020, output in the Permian Basin grew by 136 tb/d y-o-y to average 3.86 mb/d, while production declined in all other shale plays. Tight crude production is forecast to decline by 0.1 mb/d in 2021 to average 7.2 mb/d.

**Table 5 - 6: US liquids production breakdown, mb/d**

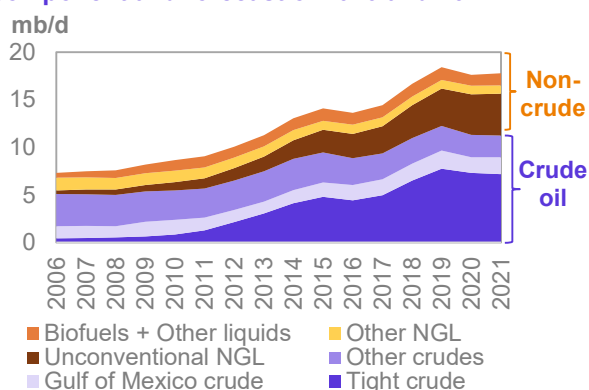
| US liquids                      | Change       |              |             | Change       |              |              | Change      |
|---------------------------------|--------------|--------------|-------------|--------------|--------------|--------------|-------------|
|                                 | 2018         | 2019         | 2019/18     | 2020*        | 2020/19      | 2021*        |             |
| <b>Tight crude</b>              | 6.51         | 7.75         | 1.24        | 7.30         | -0.46        | 7.20         | -0.10       |
| <b>Gulf of Mexico crude</b>     | 1.76         | 1.90         | 0.14        | 1.65         | -0.24        | 1.77         | 0.12        |
| <b>Conventional crude oil</b>   | 2.69         | 2.60         | -0.09       | 2.36         | -0.24        | 2.27         | -0.09       |
| <b>Unconventional NGLs</b>      | 3.46         | 3.92         | 0.46        | 4.26         | 0.33         | 4.39         | 0.13        |
| <b>Conventional NGLs</b>        | 0.91         | 0.90         | 0.00        | 0.90         | 0.00         | 0.86         | -0.04       |
| <b>Biofuels + Other liquids</b> | 1.35         | 1.35         | 0.00        | 1.15         | -0.21        | 1.28         | 0.14        |
| <b>US total supply</b>          | <b>16.69</b> | <b>18.43</b> | <b>1.74</b> | <b>17.61</b> | <b>-0.81</b> | <b>17.77</b> | <b>0.16</b> |

Note: \* 2020 = Estimate and 2021 = Forecast. Sources: EIA, OPEC and Rystad Energy.

**US crude oil production for 2021** is forecast to decline by 0.07 mb/d y-o-y to average 11.24 mb/d. While tight crude production is forecast to decline by 0.1 mb/d and conventional crude oil to decline by 0.09 mb/d, production from GoM is projected to recover by 0.12 mb/d to average 1.77 mb/d. This includes field condensates, which are projected to average around 0.8 mb/d.

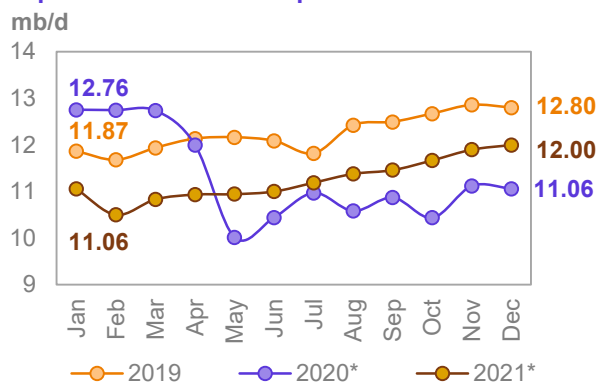
**US NGLs production in 2021** is forecast to grow by 0.09 mb/d to average 5.25 mb/d, while biofuels and other non-conventional liquids are forecast to increase by 0.14 mb/d to average 1.28 mb/d, but still remain lower than the 2019 average of 1.36 mb/d.

**Graph 5 - 5: US liquids supply developments by component and forecast of 2020 and 2021**



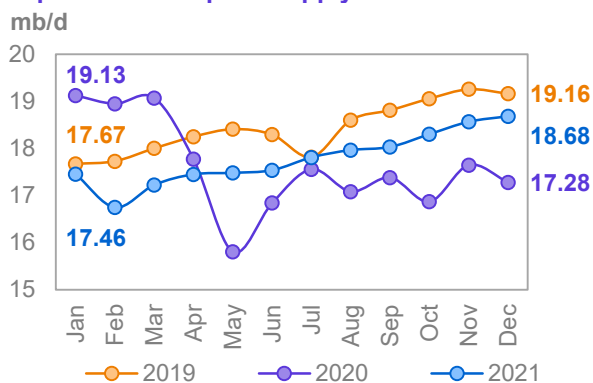
Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

**Graph 5 - 6: US crude oil production forecast**



Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

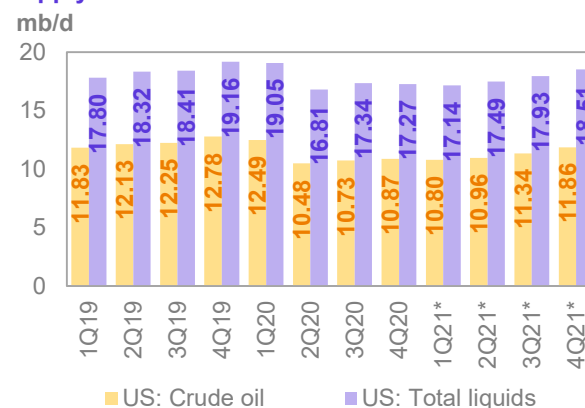
**Graph 5 - 7: US liquids supply forecast**



Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

**US liquids production** is projected to grow by 0.16 mb/d y-o-y in 2021 to average 17.77 mb/d, but in terms of absolute supply levels, remains 0.66 mb/d below the 2019 level.

**Graph 5 - 8: US crude and total liquids quarterly supply**

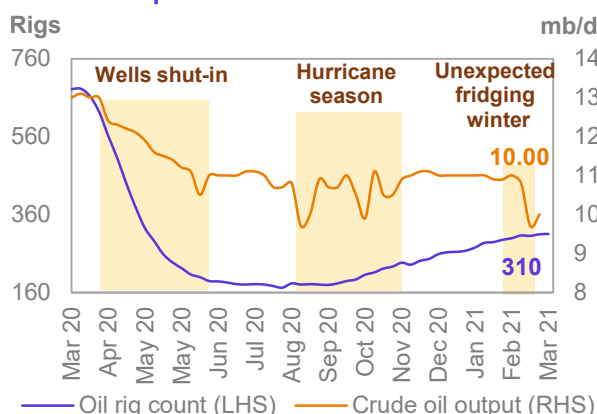


Note: \* 1Q21-4Q21 = Forecast. Sources: EIA and OPEC.

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

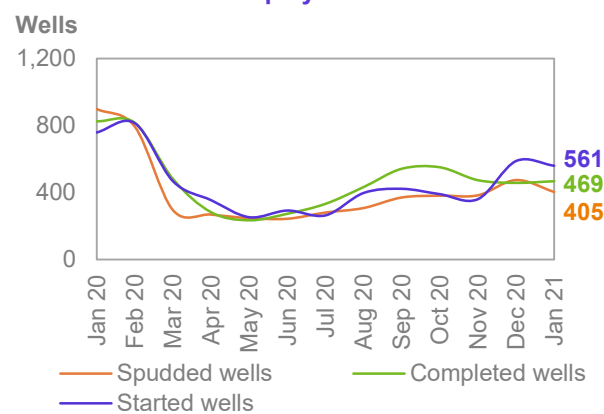
US energy firms added **oil and natural gas rigs** for the seventh month in a row for the first time since May 2018, but the rate of growth in February slowed due to frozen temperatures, even as oil prices rose to their highest since 2019. Total active oil and gas drilling rigs in the US have risen again, with the most recent Baker Hughes report for the week ending 5 March seeing another one rig added to reach a level of 403. Since 13 March 2020 when oil prices plummeted, the cumulative US rig count has declined by 432 oil and gas rigs, or 55%, y-o-y. The oil rig count has increased by 138 rigs to 310 rigs since it bottomed out at 172 on 14 August 2020. That count is still 372 oil rigs, or 54%, below this time last year.

**Graph 5 - 9: US weekly rig count vs US weekly crude oil output**



Sources: Baker Hughes, EIA and OPEC.

**Graph 5 - 10: Spudded, completed and started wells in the US shale plays**



Sources: Rystad Energy and OPEC.

In terms of the **major basins**, in the week ended 5 March, 211 oil rigs were active in the Permian Basin, with 3 rigs added w-o-w, albeit still lower by 204 rigs, or 49%, y-o-y. At the same time, the number of active rigs in the Eagle Ford Basin was 29, down by 57% y-o-y. The Williston Basin reported 13 active rigs, down by 75% y-o-y, and finally 7 units were reported in the DJ-Niobrara Basin, down by 65% y-o-y.

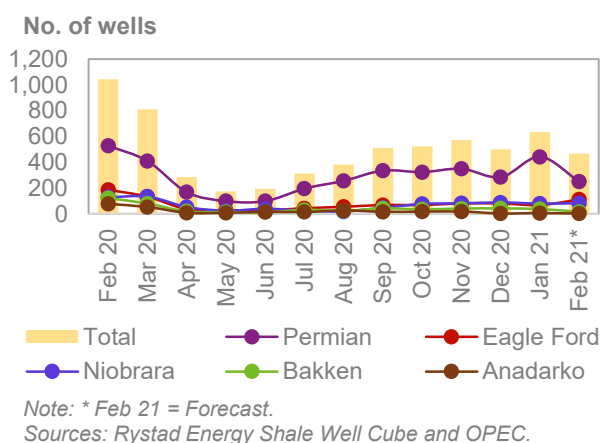
With regard to **spudding, completion and started wells** in all US shale plays, as reported by Rystad Energy, 405 horizontal wells were spudded in February (as per preliminary information), down from 900 wells in comparison with a year earlier. The preliminary number of completed wells is estimated at 469 in February, lower by 357 wells y-o-y. At the same time, the number of started wells was pegged at 561 units, compared to 760 wells, y-o-y.

Regarding the **US core oil identified frac operations** by region as of 2 March, the two-week average count in the Permian fell by half on weather. In comparison, the number of wells being fracked was 251 in the Permian compared to 442 wells in January. In the Bakken and Anadarko frac operations dropped by 21 and 4, respectively, while in the Eagle Ford and Niobrara the number of fracked wells increased by 43 and 3, respectively. "With more visibility into the February weather crisis in Texas, we see that the basin's two-week average count dropped from a peak of 116.5 frac jobs per week in late-January to 47.5 in week 8. This is the lowest two-week average frac count we've seen since the beginning of the year. Industry sources, however,

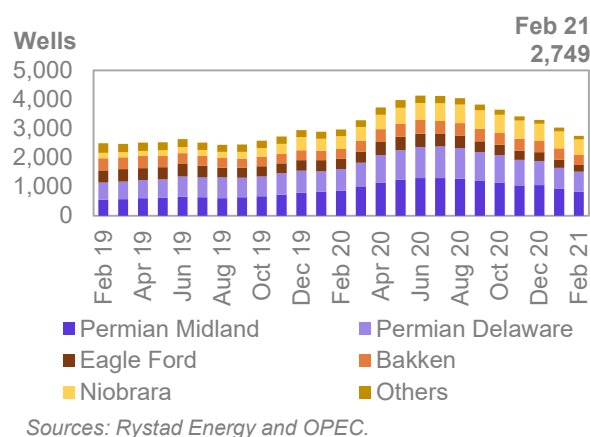
report that ramp up in operations was fast, and therefore we should expect week 9 to follow previous trends”, Rystad Energy reported.

Increased fracking would likely help sustain US onshore production, as operators bring online their **drilled, but uncompleted (DUC) wells**. There has been a m-o-m drop in the number of uncompleted (DUC) wells in the US shale plays since July 2020. This continued in February with a drop of 279 wells m-o-m to 2,749 wells. Since July 2020, 1,388 DUCs have been completed and put-on-production so far.

**Graph 5 - 11: Number of started jobs per month**



**Graph 5 - 12: US horizontal DUC count by shale play**

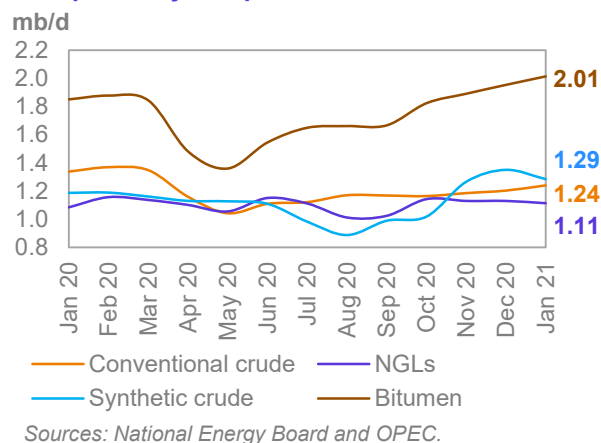


## Canada

**Canada’s liquids production in January** shows a drop of 0.04 mb/d m-o-m, to average 5.64 mb/d, albeit up by 0.14 mb/d, y-o-y. Since September 2020, Canadian oil output has begun to increase after maintenance ended, to reach 5.7 mb/d in December. It was expected before that production would continue growing until March, when upstream maintenance season starts.

According to AER (Alberta Energy Regulator); synthetic crude oil production in January has declined from the peak in December at 1.35 mb/d to average 1.29 mb/d, while crude bitumen output rose by 60 tb/d, m-o-m reached to a new record of 2.01 mb/d in January. Moreover, the Alberta government announced on 23 October, that it would lift production curtailments, originally ratified in 2018, starting from January 2021.

**Graph 5 - 13: Canada monthly liquids production development by component**



In total, output from oil sands is estimated to have averaged 2.84 mb/d in 2020, down by 0.11 from a year earlier. Preliminary conventional crude data for January indicates higher output by 37 tb/d m-o-m to average 1.24 mb/d. The official production data in November shows an increase of 21 tb/d m-o-m, to 1.86 mb/d. In January, NGLs output decreased by 16 tb/d m-o-m, to average 1.11 mb/d.

In the upcoming upstream turnaround season starting in March, the total production in Suncor with 320 tb/d capacity will be halted until June. Additionally, Suncor’s Firebag project with 215 tb/d capacity will also undergo planned maintenance from March lasting to the end of May. One of the upgraders with 250 tb/d upgrading capacity belonging to CNR (Canadian Natural Resources) is preparing for turnaround from mid-March until early May. As a result, Canadian oil supply in 2Q21 will be shuttered temporarily by 0.37 mb/d compared to 1Q21, in line with the usual seasonal pattern for maintenance.

Canada’s **oil supply in 2020** is estimated to have declined by 0.24 mb/d y-o-y, to average 5.17 mb/d.

For **2021**, the supply is forecast to grow by 0.30 mb/d y-o-y, to average 5.47 mb/d.

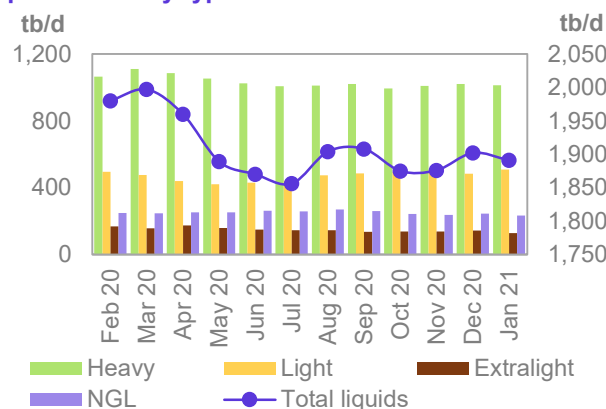
## Mexico

**Mexico's liquids output in January** declined marginally by 0.01 mb/d m-o-m, to average 1.89 mb/d. Crude oil output was flat at 1.65 mb/d, while NGLs production was down by 12 tb/d, m-o-m, to average 234 tb/d, according to PEMEX.

Mexico's liquids production forecast in **2020** remains unchanged m-o-m at 1.92 mb/d, indicating a decline of 0.01 mb/d y-o-y in comparison with a remarkable y-o-y drop of 0.15 mb/d in 2019.

Mexico's liquids production is expected to be flat at 1.90 mb/d in 1H21. However, oil output in 2H21 is forecast higher by 0.04 mb/d, to average 1.94 mb/d due to the start-up of the first phase of the Pokochlchalkil fields with peak capacity of 0.10 mb/d. Therefore, Mexico oil supply is forecast to remain flat in **2021** and average 1.92 mb/d.

**Graph 5 - 14: Mexico's monthly liquids and crude production by type**



Sources: PEMEX and OPEC.

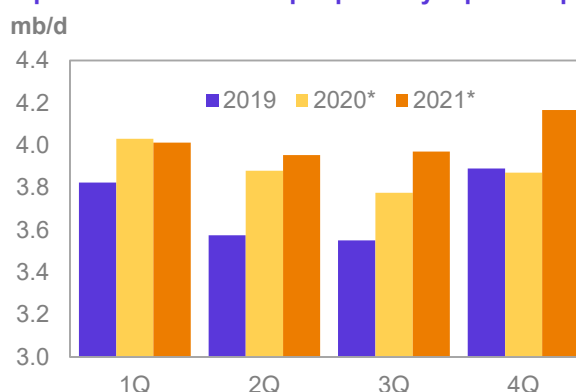
## OECD Europe

**OECD Europe's liquids production in 2020** is estimated to have grown by 0.18 mb/d to average 3.89 mb/d. Higher oil production in Norway was the main reason for growth in the last year.

The **2021** supply forecast is forecast to show y-o-y growth of 0.14 mb/d to average 4.03 mb/d, due to expected higher growth in Norway and other OECD Europe.

"Exports of five key North Sea grades – Brent, Forties, Ekofisk, Oseberg and Troll – will slump to a five-month low of 780 tb/d in April amid work on a field supplying the last of those grades", according to Bloomberg.

**Graph 5 - 15: OECD Europe quarterly liquids supply**

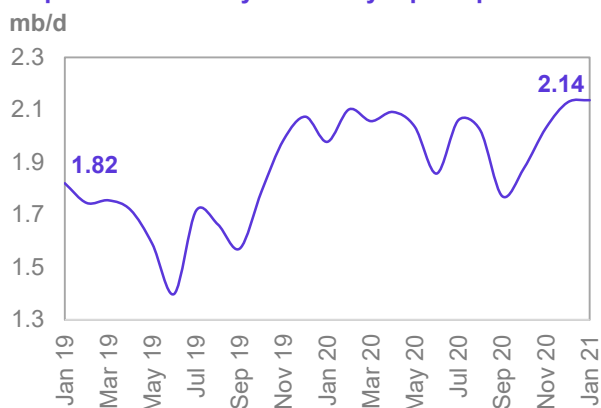


Note: \* 2020 = Estimate and 2021 = Forecast.  
Source: OPEC.

## Norway

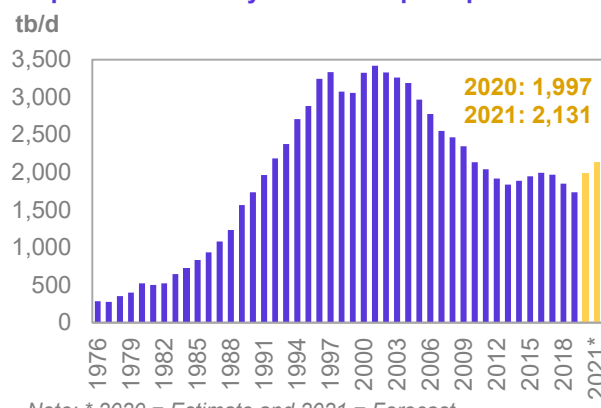
**Norwegian liquids production in January** increased by 0.01 mb/d m-o-m to 2.14 mb/d, a new record in the recent years. Actually, crude oil production declined by 10 tb/d m-o-m to average 1.8 mb/d, 0.15 mb/d higher y-o-y, but production of condensate and NGLs increased by 18 tb/d m-o-m to average 333 tb/d, according to the Norwegian Petroleum Directorate (NPD) data. Production has increased since November and continued in December and will remain more or less flat in January-March. The incremental production came on stream from mid-December from the Snorre Expansion project start-up (improved oil recovery (IOR) project) in the Norwegian North Sea.

**Graph 5 - 16: Norway's monthly liquids production**



Sources: NPD and OPEC.

**Graph 5 - 17: Norway's annual liquids production**



Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

Norway's oil supply in **2020** is now estimated to have grown by 0.27 mb/d to average 2.00 mb/d, while in **2021** growth is forecast to slow to 0.15 mb/d, y-o-y, for an average of 2.16 mb/d. The Gudrun A-15 and Brage A12C wells should both come onstream in 1Q21, while start-up of the Gudrun A-8 well has been delayed. This forecast also has some upside, with new projects having incremental potential, particularly if global oil demand rises more than currently anticipated. Norwegian oil production is forecast to rise in 2H21 through the ramp-up of Njord field in the Norwegian Sea, Fenja project, Gjøa P1 tie-in project in the North Sea and Wintershall Dea's Duva tieback to the Neptune-operated Gjøa platform which is expected to be delayed by up to six months to 3Q21. Further topsides work for the Duva project, which had been scheduled for the second half of 2020, will now take place in 2021 due to COVID-19 related restrictions.

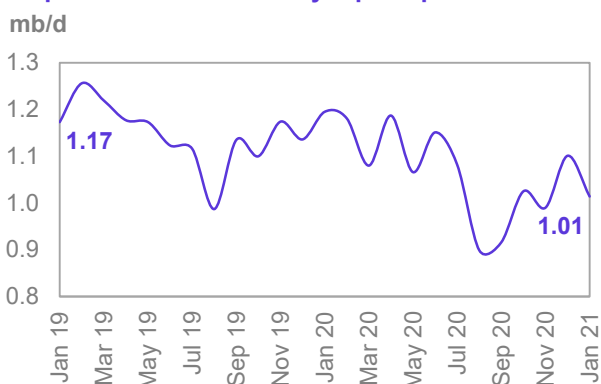
## UK

**UK liquids production in January** fell by 0.09 mb/d, m-o-m, returning to a level of 1.01 mb/d, owing to a large decline of 88 tb/d in crude oil production m-o-m to average 875 tb/d, according to national source. Output of NGLs was almost flat m-o-m at average 94 tb/d.

UK oil supply in **2020** is expected to decline by 0.07mb/d, to average 1.07 mb/d.

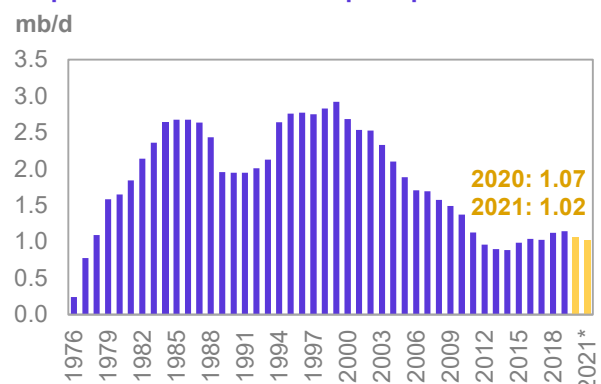
In **2021**, despite deferral of the Seagull project to late 2022 due to COVID-19 consequences, UK oil supply will decline by 0.05 mb/d y-o-y to average 1.02 mb/d. Production in 1H21 is forecast to grow by 0.02 mb/d, compared with 2H20, mainly due to the start of BP's ETAP topsides strengthening and installation programme in the same sector in early 2021.

**Graph 5 - 18: UK's monthly liquids production**



Sources: Department of Energy & Climate Change and OPEC.

**Graph 5 - 19: UK's annual liquids production**



Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

## Non-OECD

**Non-OECD liquids production for 2020** is estimated to have declined by 1.50 mb/d y-o-y and average 31.64 mb/d. China's liquids supply is estimated to have grown by 0.07 mb/d, y-o-y, to average 4.12 mb/d. The impact of COVID-19 lockdowns and the consequent lower demand dampened India's crude oil production in 2020, with output estimated to have contracted sharply by 0.06 mb/d, y-o-y, to average 0.77 mb/d. Oil production in Other Asia is estimated to have declined by 0.19 mb/d to average 2.50 mb/d with the deepest

yearly decline in Malaysia, Thailand and Vietnam by 80 tb/d, 51 tb/d and 29 tb/d, respectively. Meanwhile, Latin America is estimated to have declined also by 0.03 mb/d y-o-y, with growth in Brazil and Guyana offset by heavy declines in Colombia by 0.11 mb/d, in Ecuador by 0.05 mb/d, and in Argentina by 0.04 mb/d, mainly due to the shutting of wells in costly oil fields, to average 6.06 mb/d. Oil production in the Middle East is estimated to have declined by 0.03 mb/d, y-o-y, to average 3.17 mb/d and Africa is also estimated to have declined by 0.08 mb/d, y-o-y, to average 1.41 mb/d. Oil production in Eurasia is estimated to have declined by 1.19 mb/d, y-o-y, to average 13.62 mb/d.

For **2021**, the absolute liquids production in non-OECD countries is forecast to grow by 0.23 mb/d y-o-y to average 31.88 mb/d. China is forecast to grow by 0.03 mb/d y-o-y to average 4.15 mb/d while India is projected to decline by 0.02 mb/d y-o-y, to average 0.75 mb/d. Oil supply is projected to decline in Other Asia by a minor 0.04 mb/d, y-o-y, to average 2.46 mb/d. Latin America remains the key driver in the non-OECD with a y-o-y growth forecast of 0.24 mb/d, to average 6.30 mb/d. In the Middle East, oil production is forecast to grow by 0.04 mb/d y-o-y to average 3.22 mb/d, mainly in Qatar. Production in Africa is forecast to decline by 0.08 mb/d y-o-y, to average 1.34 mb/d. Oil production in Eurasia is projected to show an increase of 0.05 mb/d, y-o-y, to average 13.67 mb/d.

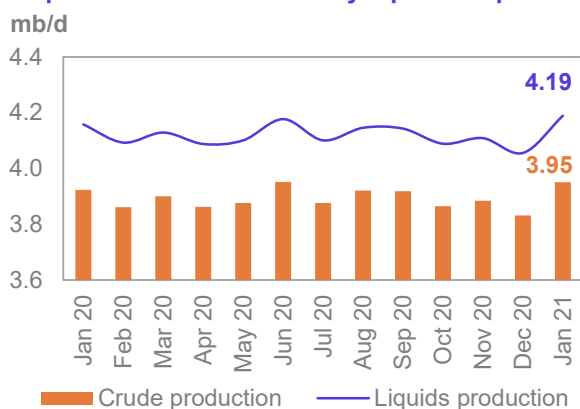
## China

**China's liquids production in January** was higher by 0.15 mb/d m-o-m to average 4.19 mb/d, which was up by 0.03 mb/d y-o-y, according to official data. January's crude oil output increased by 0.12 mb/d m-o-m to average 3.95 mb/d, up by 0.03 mb/d y-o-y.

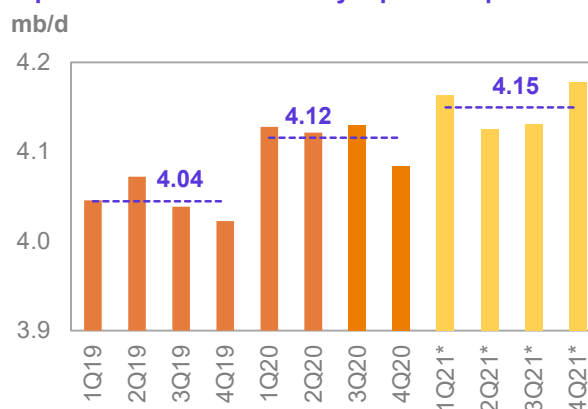
In **2020**, China was one of the few countries that showed oil supply growth by 0.07 mb/d, y-o-y, despite the COVID-19 pandemic.

For **2021**, with lower expected spending in the upstream E&P sector and more allocated capex in natural gas production, oil supply growth is forecast to slow to 0.03 mb/d y-o-y to average 4.15 mb/d.

**Graph 5 - 20: China's monthly liquids output**



**Graph 5 - 21: China's quarterly liquids output**



## Latin America

**Latin America's total liquids supply in January** rose by 0.11 mb/d m-o-m, to average 6.0 mb/d, down by 0.49 mb/d y-o-y.

Total liquids supply of the region in **2020** is estimated to have declined by 0.03 mb/d to average 6.06 mb/d. This is mainly due to lower-than-expected oil output in all countries of the region following the shut in of wells on the back of COVID-19 and a slowdown in drilling and operations, as well as the prolonged maintenance in Brazil. Liquids production in 2020 is estimated to have grown in Brazil by 0.12 mb/d, to average 3.68 mb/d, and in Guyana by 0.07 mb/d, to average 0.07 mb/d. Meanwhile, oil production in other countries in the region has declined.

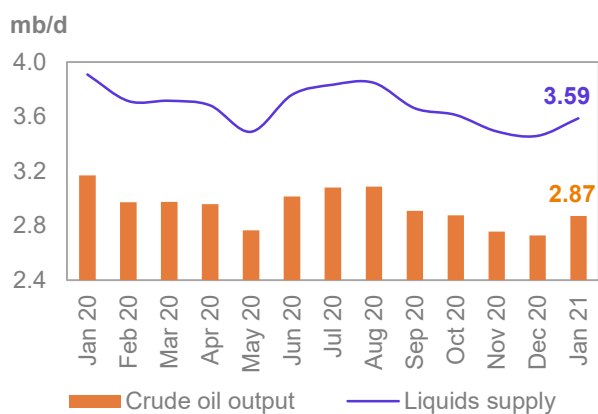
For **2021**, oil production is projected to grow by 0.24 mb/d y-o-y, to average 6.30 mb/d. Oil production in Brazil, Ecuador, Guyana, Argentina and Peru is forecast to increase, owing to production ramp-ups in fields that started in 2019 and 2020. Production in Ecuador is projected to recover by 0.06 mb/d from outages seen in 2020, to average 0.55 mb/d. Oil production is likely to decline in Colombia by minor 0.01 mb/d.

## Brazil

**Brazil's crude oil production in January** was up by 144 tb/d m-o-m to average 2.87 mb/d as planned maintenance at pre-salt eased. However, production dropped by 0.3 mb/d y-o-y, mainly due to field maintenance, shut in wells in May 2020 and, most importantly, due to COVID-19-related safety measures leading to the postponement of scheduled work from 4Q20 to the beginning of 2021, according to Petrobras. Production of NGLs increased m-o-m in January by minor 8 tb/d and returned to the August level of 104 tb/d and is expected to remain flat in February. According to national data, biofuels production was down by 23 tb/d to average 614 tb/d in January and preliminary data shows that it remained flat in February.

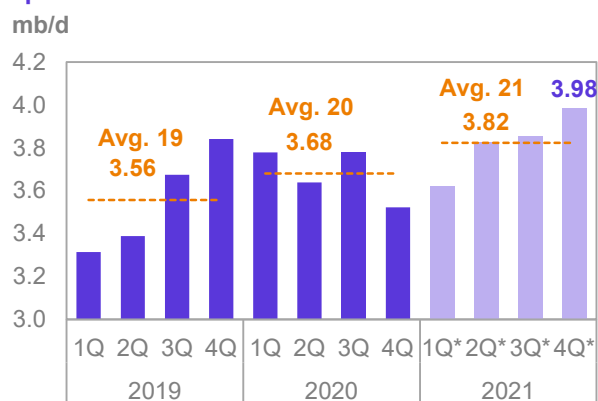
In January, Brazil liquids production, including biofuels, rose by 0.13 mb/d, m-o-m, to average 3.59 mb/d.

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



Sources: ANP, Petrobras and OPEC.

**Graph 5 - 23: Brazil's quarterly and annual liquids output**



Note: \* 1Q21-4Q21 = Forecast. Sources: ANP and OPEC.

In **2020**, liquids supply is estimated to have grown by 0.12 mb/d y-o-y, to average 3.69 mb/d.

For **2021**, Petrobras will start to produce oil from two large projects – Sepia and Mero I – each having 180 tb/d peak capacity, and both scheduled to start in 2H21. The Mero offshore field is said to be Brazil's third largest pre-salt discovery and has been undergoing test production since 2017. Liquids supply in 2021 is forecast to grow by 0.14 mb/d to average 3.82 mb/d, mainly due to crude oil from pre-salt areas.

## Eurasia

**Liquids supply in Eurasia in 2020** saw a contraction by 1.19 mb/d y-o-y to average 13.62 mb/d. Production in the three countries participating in the DoC – Russia, Kazakhstan and Azerbaijan– is estimated to have dropped in total by 1.18 mb/d, in 2020.

For **2021**, oil production in the region is forecast to show minor growth of 0.05 mb/d, y-o-y, to average 13.67 mb/d, of which Russia is forecast to grow by 0.07 mb/d, while production in both Kazakhstan and Azerbaijan is projected to be flat. Other Eurasia is projected to decline by 0.02 mb/d y-o-y.

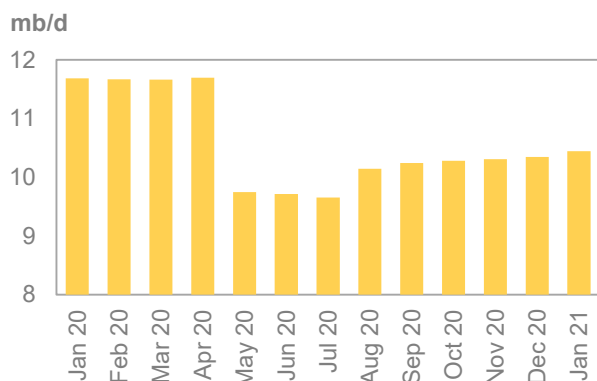
## Russia

Preliminary data for **Russia's liquids production in February** shows a decrease of 0.04 mb/d m-o-m for an average of 10.40 mb/d. This is lower by 1.27 mb/d y-o-y.

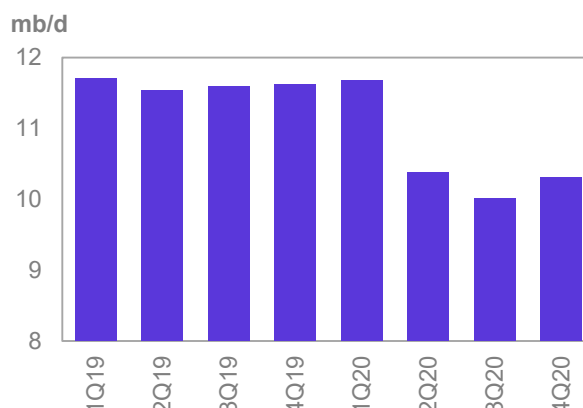
Annual liquids production in **2020** is estimated to have declined by 1.02 mb/d y-o-y, to average 10.59 mb/d.

For **2021**, Russian total liquids is forecast to grow by 0.07 mb/d y-o-y, to average 10.7 mb/d.



**Graph 5 - 24: Russia's monthly liquids production and forecast**

Sources: Nefte Compass, The Ministry of Energy of the Russian Federation and OPEC.

**Graph 5 - 25: Russia's quarterly liquids output**

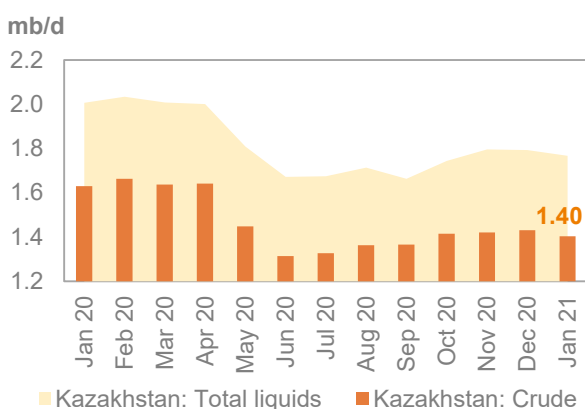
Sources: Nefte Compass and OPEC.

## Caspian

### Kazakhstan

**Kazakhstan's liquids production in February** was up by 0.02 mb/d, m-o-m, (preliminary) to average 1.79 mb/d, which is down by 0.24 mb/d y-o-y.

Kazakhstan's liquids production in **2020** is estimated to have declined by 0.10 mb/d, to average 1.83 mb/d, while for **2021**, production is forecast to be flat y-o-y at 1.83 mb/d.

**Graph 5 - 26: Kazakhstan monthly crude and total liquids output**

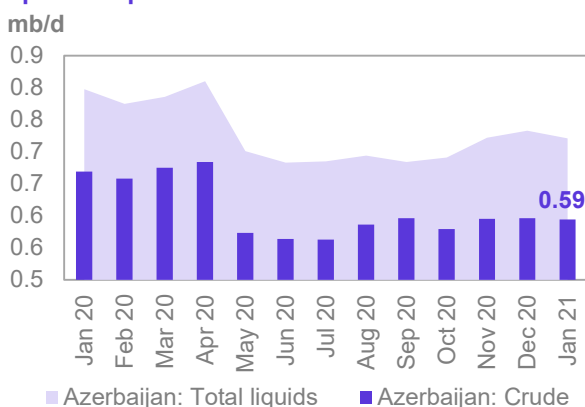
Sources: Nefte Compass and OPEC.

### Azerbaijan

**Azerbaijan's liquids output in January and February** (preliminary) was down by 0.01 mb/d from December to average 0.72 mb/d.

Condensate output from the Shah Deniz offshore field development saw a record high in December, following capacity expansion development in the field's Deepwater East-South flank. Once this project is completed, Shah Deniz production of condensate is expected to reach 0.16 mb/d.

Following a decline of 0.06 mb/d in Azeri liquids output in **2020**, liquids supply is forecast to be flat at an average of 0.73 mb/d in **2021**.

**Graph 5 - 27: Azerbaijan monthly crude and total liquids output**

Sources: Nefte Compass and OPEC.

## OPEC NGL and non-conventional oils

OPEC NGLs and non-conventional liquids were up by 0.06 mb/d m-o-m in January and February compared to 4Q20, to average 5.11 mb/d, down by 0.25 mb/d y-o-y. Production of OPEC NGLs and non-conventional oils has been in decline since April 2020, from 5.35 mb/d in 1Q20 to 5.07 mb/d in December. Preliminary output of NGLs in the first two months of the year is estimated to be flat at 5.00 mb/d, while production of non-conventional liquids was steady at 0.11 mb/d.

In **2020**, OPEC NGLs production saw a contraction of 0.13 mb/d, to average at 5.13 mb/d.

For **2021**, OPEC NGLs and non-conventional liquids are expected to grow by 0.08 mb/d y-o-y, to average at 5.21 mb/d.

Graph 5 - 28: OPEC NGLs and non-conventional liquids output

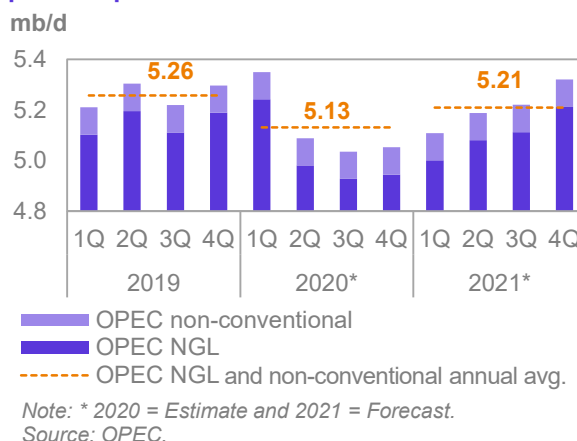


Table 5 - 7: OPEC NGL + non-conventional oils, mb/d

| OPEC NGL and non-conventional oils | Change      |              | Change      |              | 1Q21        | 2Q21        | 3Q21        | 4Q21        | 2021        | Change      |
|------------------------------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                    | 2019        | 19/18        | 2020        | 20/19        |             |             |             |             |             |             |
| OPEC NGL                           | 5.15        | -0.08        | 5.02        | -0.13        | 5.00        | 5.08        | 5.11        | 5.21        | 5.10        | 0.08        |
| OPEC non-conventional              | 0.11        | 0.00         | 0.11        | 0.00         | 0.11        | 0.11        | 0.11        | 0.11        | 0.11        | 0.00        |
| <b>Total</b>                       | <b>5.26</b> | <b>-0.08</b> | <b>5.13</b> | <b>-0.13</b> | <b>5.11</b> | <b>5.19</b> | <b>5.22</b> | <b>5.32</b> | <b>5.21</b> | <b>0.08</b> |

Note: 2020 = Estimate and 2021 = Forecast. Source: OPEC.

## OPEC crude oil production

According to secondary sources, total **OPEC-13 crude oil production** averaged 24.85 mb/d in February 2021, down by 0.65 mb/d m-o-m. Crude oil output increased mainly in Nigeria, Iraq, Iran IR, Venezuela and Libya, while production decreased primarily in Saudi Arabia and Angola.

OPEC crude oil production based on direct communication is shown in **Table 5 – 9**.

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

| Secondary sources | 2019          | 2020          | 2Q20          | 3Q20          | 4Q20          | Dec 20        | Jan 21        | Feb 21        | Change Feb/Jan |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Algeria           | 1,022         | 897           | 878           | 840           | 857           | 856           | 866           | 873           | 7              |
| Angola            | 1,401         | 1,253         | 1,260         | 1,211         | 1,171         | 1,153         | 1,169         | 1,119         | -50            |
| Congo             | 324           | 287           | 296           | 286           | 273           | 269           | 269           | 272           | 3              |
| Equatorial Guinea | 117           | 114           | 110           | 112           | 110           | 126           | 116           | 103           | -13            |
| Gabon             | 208           | 191           | 201           | 186           | 182           | 180           | 171           | 179           | 7              |
| Iran, I.R.        | 2,356         | 1,985         | 1,949         | 1,948         | 1,993         | 2,025         | 2,085         | 2,120         | 35             |
| Iraq              | 4,678         | 4,049         | 4,127         | 3,697         | 3,817         | 3,846         | 3,839         | 3,898         | 59             |
| Kuwait            | 2,687         | 2,434         | 2,460         | 2,245         | 2,293         | 2,297         | 2,322         | 2,330         | 8              |
| Libya             | 1,097         | 368           | 84            | 121           | 916           | 1,213         | 1,153         | 1,186         | 33             |
| Nigeria           | 1,786         | 1,587         | 1,624         | 1,468         | 1,450         | 1,375         | 1,328         | 1,488         | 161            |
| Saudi Arabia      | 9,771         | 9,182         | 9,212         | 8,766         | 8,962         | 8,965         | 9,080         | 8,150         | -930           |
| UAE               | 3,094         | 2,802         | 2,880         | 2,617         | 2,515         | 2,576         | 2,611         | 2,610         | -1             |
| Venezuela         | 796           | 500           | 501           | 362           | 408           | 432           | 488           | 521           | 33             |
| <b>Total OPEC</b> | <b>29,337</b> | <b>25,649</b> | <b>25,582</b> | <b>23,858</b> | <b>24,946</b> | <b>25,314</b> | <b>25,496</b> | <b>24,848</b> | <b>-647</b>    |

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 | 2019      | 2020      | 2Q20      | 3Q20      | 4Q20      | Dec 20    | Jan 21    | Feb 21    | Change Feb/Jan |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|
| Algeria              | 1,023     | 899       | 874       | 843       | 862       | 863       | 874       | 878       | 4              |
| Angola               | 1,373     | 1,277     | 1,267     | 1,253     | 1,186     | 1,145     | 1,133     | 1,137     | 4              |
| Congo                | 329       | 300       | 311       | 296       | 285       | 275       | 278       | 273       | -6             |
| Equatorial Guinea    | 110       | 114       | 107       | 115       | 106       | 108       | 105       | 103       | -2             |
| Gabon                | 218       | 207       | 227       | 201       | 178       | 179       | 184       | 183       | -1             |
| Iran, I.R.           | ..        | ..        | ..        | ..        | ..        | ..        | ..        | ..        | ..             |
| Iraq                 | 4,576     | 3,998     | 4,088     | 3,625     | 3,796     | 3,857     | 3,807     | 3,868     | 61             |
| Kuwait               | 2,678     | 2,438     | 2,474     | 2,245     | 2,293     | 2,295     | 2,325     | 2,329     | 4              |
| Libya                | ..        | ..        | ..        | ..        | ..        | ..        | ..        | ..        | ..             |
| Nigeria              | 1,737     | 1,477     | 1,515     | 1,351     | 1,283     | 1,174     | 1,361     | 1,424     | 63             |
| Saudi Arabia         | 9,808     | 9,213     | 9,317     | 8,813     | 8,975     | 8,980     | 9,103     | 8,147     | -956           |
| UAE                  | 3,058     | 2,779     | 2,921     | 2,525     | 2,501     | 2,578     | 2,609     | 2,612     | 3              |
| Venezuela            | 1,013     | 557       | 568       | 395       | 450       | 441       | 484       | 538       | 54             |
| <b>Total OPEC</b>    | <b>..</b> | <b>..</b> | <b>..</b> | <b>..</b> | <b>..</b> | <b>..</b> | <b>..</b> | <b>..</b> | <b>..</b>      |

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

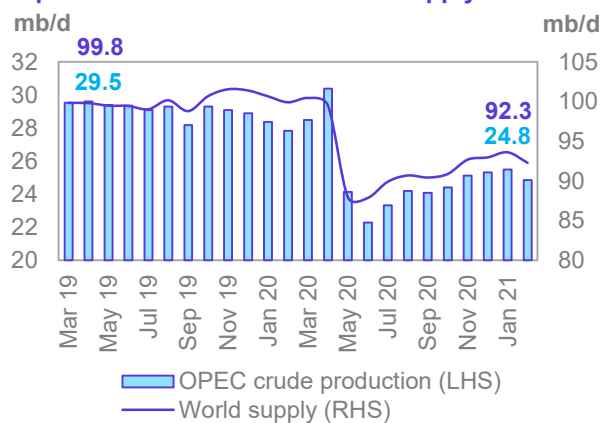
## World oil supply

Preliminary data indicates that **global liquids production in February** decreased by 1.31 mb/d to average 92.28 mb/d, compared with the previous month, but was lower by 7.62 mb/d, y-o-y.

**Non-OPEC liquids production (including OPEC NGLs)** decreased in February by 0.67 mb/d compared with the previous month to average 67.43 mb/d, lower by 4.63 mb/d y-o-y. The preliminary decreases in production during February 2020, were mainly came from the US by 0.60 mb/d due to the tremendous frozen temperature particularly in Texas that led to disorder in D&C operation.

The **share of OPEC crude oil in total global production** was down by 0.3% in February to 26.9% 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.

Graph 5 - 29: OPEC and world oil supply



Source: OPEC.

## Product Markets and Refinery Operations

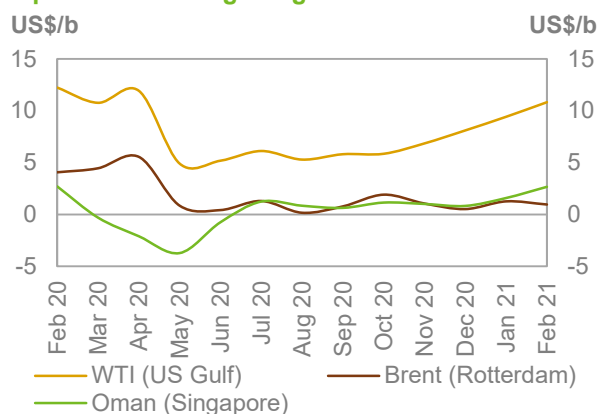
Refinery margins showed diverging trends in February. In the US Gulf Coast and Asia, a rise in planned maintenance, unplanned outages and a subsequent decline in refinery intakes led to positive market sentiment and kept fuel markets sustained. Europe, in contrast, showed negative performance as refining economics experienced slight losses while the negative impact of stronger feedstock prices, higher product output and the extension of mobility restrictions in some countries completely overshadowed support provided by robust product exports.

### Refinery margins

**US** refinery margins extended their upward trend for the sixth consecutive month, and showed the largest gains relative to the other regions, while reaching the highest level recorded since March 2020.

The positive development is attributed to a rise in refinery outages in the US as extreme cold temperatures caused partial and complete refinery shutdowns. In Texas, the state that hosts nearly 6 mb/d, or 32%, of the US refining capacity, several refineries were affected with an estimated 2.6 mb/d – 3.7 mb/d of refining capacity lost due to the freeze-offs. By the end of the month, three-quarters of the above-mentioned capacity loss was restored, signalling the possible short-term termination of this temporary boost in US product markets.

**Graph 6 - 1: Refining margins**



Sources: Argus and OPEC.

US refinery margins for WTI averaged \$10.82/b in February, up by \$1.40/b m-o-m but down by \$1.41 y-o-y.

Refinery margins in Europe reversed trends and lost some ground following the gains witnessed in the previous month, with negative performance registered in the naphtha, jet/kero and high sulphur fuel oil segments. Strong road transport fuel exports to Nigeria, Egypt and US over the month provided downward pressure on inventory levels for the same products. However, the fulfilment of pre-scheduled delivery booking amid strong refinery product outputs and stronger crude prices weighed on product markets and ultimately resulted in slight losses in overall refining margins.

Mobility restrictions were extended in countries like Finland, Italy, Greece, Turkey, the Netherlands and Germany during February, while in others, such as Italy and the Czech Republic, they were heightened. Moreover, a more careful relaxation of the pandemic-induced constraints, given the experience gained last year, amid the slow vaccination rates has prompted European governments to proceed more cautiously towards a full reopening of business and mobility. This continued to weigh on domestic consumption levels and to exert pressure on product markets.

Refinery margins for Brent in Europe averaged 96¢/b in February, down by 30¢ compared to a month earlier and down by \$3.10 y-o-y.

Asian product markets strengthened slightly as positive performance from all across the barrel, backed by strength in clean product pricing and reinforced by product supply disruptions caused by unexpected refinery outages within and outside the region. Japanese refineries are still recovering from the aftermath of the earthquake that struck offshore Fukushima on 13 February. Even though Idemitsu's 190 tb/d Chiba refinery and Toa Oil's 70 tb/d Kawasaki refineries have since restarted operations, more than 500 tb/d in refining capacity remains offline, according to external estimates. Moreover, sub-freezing temperatures in the USGC led to power outages and pipeline issues that caused a number of refineries to shut down, with the upturn in refining economics there filtering through to other regions. Refinery margins for Oman in Asia gained \$1.08 m-o-m to average \$2.68/b in February, which was lower by 4¢ y-o-y.

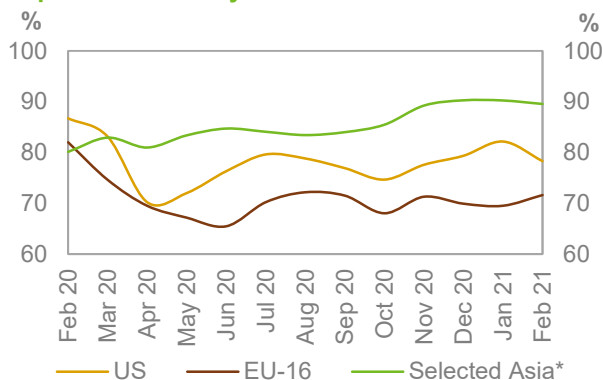
## Refinery operations

**US** refinery utilization rates decreased in February to average 78.28%, which corresponds to a throughput of 13.22 mb/d. This represented a drop of 3.9 pp and 1.9 mb/d, respectively, compared to the previous month. Y-o-y, the February refinery utilization rate was down by 8.4 pp, with throughputs showing a drop of 2.0 mb/d.

**European** refinery utilization averaged 71.45%, corresponding to a throughput of 8.7 mb/d. This is a m-o-m rise of 2.0 pp or 10 tb/d. On a y-o-y basis, utilization rates fell by 10.4 pp while throughput was down by 1.4 mb/d.

In **selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates declined, averaging 89.54% in February, corresponding to a throughput of 25.44 mb/d. Compared to the previous month, throughputs were down by 0.7 pp and by 190 tb/d. Meanwhile, y-o-y they were up by 9.4 pp and by 2.7 mb/d.

**Graph 6 - 2: Refinery utilization rates**



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

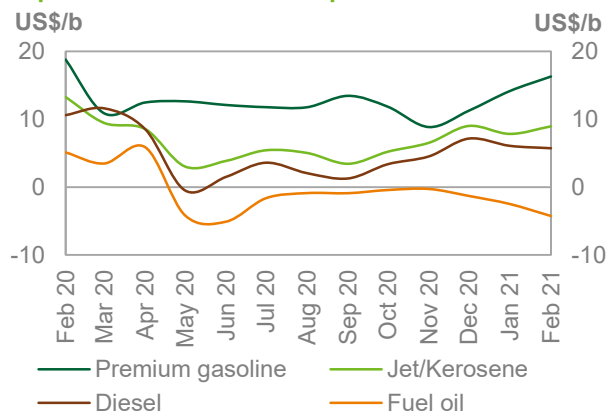
## Product markets

### US market

**US gasoline crack spreads** witnessed solid gains as gasoline prices continued to climb and reached an 11-month high, the highest since March 2020. This extended improvement was attributed to considerable supply disruption within the country, which led to a tighter market and provided a boost in prices. The rise in gasoline prices was exacerbated by stronger crude oil prices witnessed over the month.

Despite fair travel activities, overall mobility indicators remain moderated and continued to weigh on gasoline consumption in February when compared to levels seen prior to the pandemic. The US gasoline crack spreads gained \$2.14 m-o-m to average \$16.28 in January, down by \$2.49/b y-o-y.

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



Sources: Argus and OPEC.

The USGC **jet/kerosene crack spreads** partially recovered from the losses of the previous month, signalling a continuation of market strengthening following the pandemic-induced, alarming low crack spread levels registered in May and September 2020. This improvement, however, was backed by supply side fundamentals as a steep reduction in outputs led to lower jet/kerosene availability. Going forward, the start of heavy maintenance works should reinforce the supply side support even further, which, combined with projections of rising air travel activities as the weather gets warmer, should sustain the upward trend in US jet/kerosene margins in the near term. The US jet/kerosene crack spread against WTI averaged \$8.94/b, up by \$1.11 m-o-m but down by \$4.31 y-o-y.

**US gasoil crack spreads** against WTI lost some ground, pressured by ample product availability evidenced by significant stock builds in US gasoil inventory levels and a sizeable y-o-y surplus. The US gasoil crack spread against WTI averaged \$5.71/b, down by 36¢ m-o-m and by \$4.89 y-o-y.

**US fuel oil crack spreads** against WTI extended their downward trend in response to stronger crude prices. In addition, the fulfilment of pre-established contract arrivals, amid the decline in processing rates, resulted in ample fuel oil availability in the country and contributed to the weakness registered over the month. In February, the US fuel oil crack spread against WTI averaged minus \$4.25/b, down by \$1.77 m-o-m and by \$9.37 y-o-y.

## European market

**Gasoline crack spreads** moved only moderately as strong exports to the US, Nigeria and Egypt served as a much needed outlet for gasoline volume flows and provided some stimulus to European gasoline margins. This positive performance helped offset the domestic market weakness linked to mobility restrictions within the region. The gasoline crack spread against Brent averaged \$8.48/b in February, up by 15¢ m-o-m but down by \$5.72 y-o-y.

**Jet/kerosene crack spreads** against Brent declined slightly over the month, affected by slow inventory drawdowns as jet fuel demand from the aviation sector eased. Throughout the month, naphtha was reported to have been priced at a heavy premium relative to jet/kerosene, which, given the current weakness of the latter, could prompt refiners to shift yields from jet/kerosene to the naphtha pool to achieve more favourable economics.

The Rotterdam jet/kerosene crack spread against Brent averaged \$4.22/b, down by 45¢ m-o-m and by \$6.00 y-o-y.

**Gasoil crack spreads** moved upwards, albeit to a limited extent, supported by stronger gasoil barrel requirements from the US. Moreover, the moderate but positive heating fuel demand over the month added to the positive gasoil market performance. The gasoil crack spread against Brent averaged \$5.66/b, which was higher by 33¢ m-o-m but lower by \$5.34 y-o-y.

At the bottom of the barrel, **fuel oil 1.0% cracks spreads** continued to trend upwards and benefitted from improved absorption levels from within the region. In Europe, fuel oil cracks averaged minus \$7.85/b in February, having lost \$1.97 m-o-m, but gained \$9.39 y-o-y.

## Asian market

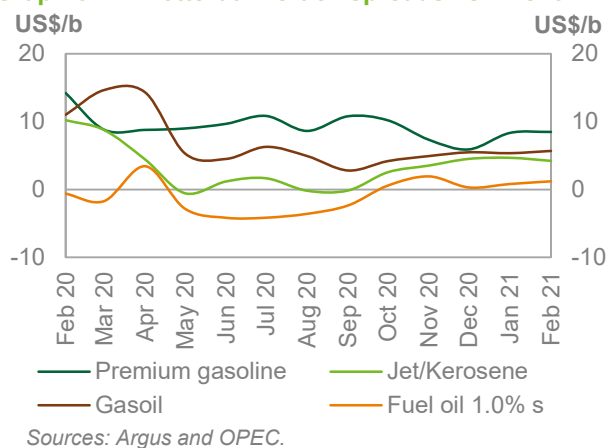
The **Asian gasoline 92-crack spreads** extended their upward trend for the third consecutive month, with the significant gains owed to the sudden gasoline price hike in the US, which has brought gasoline cracks to levels not seen since March 2020. Healthy consumption levels from within the region provided further backing to Asian gasoline markets despite slower demand growth from India, amid rising retail prices. The Singapore gasoline crack spread against Oman in February averaged \$5.53/b, up by \$1.37 m-o-m but down by \$2.84 y-o-y.

Singapore **light distillate naphtha crack spreads** exhibited moderate loss, with the market tightness for the same product contributing significantly to the drop in stocks at the ARA hub seen in the first half of the month. The Singapore naphtha crack spread against Oman averaged \$1.02/b, having decreased by 5¢ m-o-m, but increased by \$2.71 y-o-y.

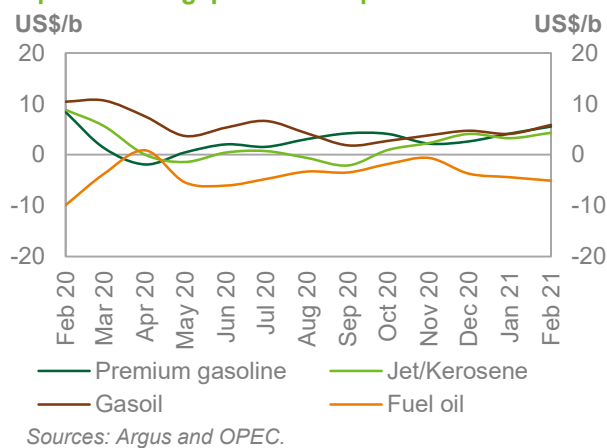
In the middle of the barrel, the **jet/kerosene crack spreads** in Asia gained some ground as the positive but slow recovery in aviation demand continues to unfold. Travel activities over the Chinese Lunar New Year holidays, as well as travel activities in other Asian countries, remain lower compared to pre-pandemic levels. At the same time, kerosene markets continued to benefit from the severe winter, although the cold front in Northeast Asia began to ease, suggesting further pressure in the near term.

The Singapore jet/kerosene crack spread against Oman averaged \$4.32/b, up by \$1.06 m-o-m but down by \$4.48 y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Graph 6 - 5: Singapore crack spreads vs. Dubai



## Product Markets and Refinery Operations

The Singapore **gasoil crack spread** rebounded and showed solid gains following the downturn witnessed in the previous month, supported by a strengthening arbitrage window for volume deliveries from Europe to the US. However, westbound exports increased to 130 tb/d in the first half of February, up by 90 tb/d compared to January, according to external sources. In line with the re-opening of this arbitrage route, amid the tight balance experienced in recent months, European floating stock levels have fallen, further contributing to the improvement in gasoil margins.

Indian diesel demand in February fell by 5.3 pp versus January. This was mainly driven by the recent fuel price hike due to increased taxes, which likely hindered further gains. The recovery in diesel cracks and refining margins could contribute to the upside risk in crude processing rates in the region, which could trigger product weakness in the near term. The Singapore gasoil crack spread against Oman averaged \$5.87/b, down by \$1.76/b m-o-m and by \$4.54 y-o-y.

The Singapore **fuel oil 3.5% crack spreads** continued to trend downwards and headed deeper into negative territory, pressured by weak domestic consumption levels within the region. They suffered further loss as market participants in China suspended fuel oil trading activities due to the Lunar New Year holidays. In addition, LNG competition as an alternative feedstock for the utilities sector, particularly when LNG prices are economically favourable, continues to represent a challenge to high sulphur fuel oil crack spreads in Asia. Singapore fuel oil cracks against Oman averaged minus \$5.09/b, down by 68¢ m-o-m but up by \$4.82 y-o-y.

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

| Event                        | Time frame  | Asia                                 | Europe                               | US                                   | Observations                                                                                                                                                                                                                        |
|------------------------------|-------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mobility Restrictions</b> | Mar 21      | ↓ Negative impact on product markets | ↓ Negative impact on product markets | ↓ Negative impact on product markets | Seasonality as well as hard lockdowns, due to concern of the spread of the new variants of COVID-19, could pressure fuel markets in the immediate near term.                                                                        |
| <b>Refinery closures</b>     | 2Q21–3Q21   | ↑ Positive impact on product markets | ↑ Positive impact on product markets | ↑ Positive impact on product markets | In the immediate near term, no impact is expected. However, once markets recover and consumption levels are fully restored to pre-pandemic levels, the product deficit could support the market, particularly during summer months. |
| <b>COVID vaccine</b>         | Summer 2021 | ↑ Positive impact on product markets | ↑ Positive impact on product markets | ↑ Positive impact on product markets | Product markets are expected to show y-o-y improvement in product cracks mainly during the 2021 driving season.                                                                                                                     |

Source: OPEC.

**Table 6 - 2: Refinery operations in selected OECD countries**

|                       | Refinery throughput, mb/d |              |              |                | Refinery utilization, % |              |              |                |
|-----------------------|---------------------------|--------------|--------------|----------------|-------------------------|--------------|--------------|----------------|
|                       | Dec 20                    | Jan 21       | Feb 21       | Change Feb/Jan | Dec 20                  | Jan 21       | Feb 21       | Change Feb/Jan |
| <b>US</b>             | <b>14.54</b>              | <b>15.10</b> | <b>13.22</b> | <b>-1.88</b>   | <b>79.33</b>            | <b>82.14</b> | <b>78.28</b> | <b>-3.9 pp</b> |
| <b>Euro-16</b>        | <b>8.67</b>               | <b>8.61</b>  | <b>8.71</b>  | <b>0.10</b>    | <b>69.94</b>            | <b>69.44</b> | <b>71.45</b> | <b>2.0 pp</b>  |
| <b>France</b>         | 0.54                      | 0.61         | 0.63         | 0.01           | 43.21                   | 48.89        | 54.39        | 5.5 pp         |
| <b>Germany</b>        | 1.58                      | 1.57         | 1.56         | -0.01          | 72.39                   | 71.66        | 71.39        | -0.3 pp        |
| <b>Italy</b>          | 1.07                      | 1.08         | 1.10         | 0.01           | 52.49                   | 52.93        | 53.52        | 0.6 pp         |
| <b>UK</b>             | 0.90                      | 0.82         | 0.83         | 0.01           | 68.16                   | 62.76        | 63.52        | 0.8 pp         |
| <b>Selected Asia*</b> | <b>25.64</b>              | <b>25.63</b> | <b>25.44</b> | <b>-0.19</b>   | <b>90.25</b>            | <b>90.22</b> | <b>89.54</b> | <b>-0.7 pp</b> |

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

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



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

|                                  | 2018         | 2019         | 2020         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | 1Q21         |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Refinery crude throughput</b> |              |              |              |              |              |              |              |              |
| <b>OECD Americas</b>             | <b>19.31</b> | <b>18.96</b> | <b>16.53</b> | <b>18.27</b> | <b>15.31</b> | <b>16.35</b> | <b>16.20</b> | <b>16.79</b> |
| <i>of which US</i>               | 17.31        | 16.99        | 14.71        | 16.36        | 13.65        | 14.55        | 14.32        | 14.60        |
| <b>OECD Europe</b>               | <b>12.17</b> | <b>12.09</b> | <b>10.63</b> | <b>11.64</b> | <b>9.90</b>  | <b>10.65</b> | <b>10.35</b> | <b>10.44</b> |
| <i>of which:</i>                 |              |              |              |              |              |              |              |              |
| <i>France</i>                    | 1.10         | 1.00         | 0.67         | 0.65         | 0.58         | 0.76         | 0.71         | 0.68         |
| <i>Germany</i>                   | 1.80         | 1.78         | 1.72         | 1.80         | 1.69         | 1.72         | 1.67         | 1.65         |
| <i>Italy</i>                     | 1.35         | 1.35         | 1.11         | 1.22         | 0.99         | 1.15         | 1.08         | 1.11         |
| <i>UK</i>                        | 1.06         | 1.08         | 0.92         | 1.11         | 0.81         | 0.87         | 0.89         | 0.86         |
| <b>OECD Asia Pacific</b>         | <b>6.98</b>  | <b>6.79</b>  | <b>5.89</b>  | <b>6.67</b>  | <b>5.53</b>  | <b>5.50</b>  | <b>5.87</b>  | <b>5.95</b>  |
| <i>of which Japan</i>            | 3.11         | 3.02         | 2.50         | 2.94         | 2.23         | 2.25         | 2.59         | 2.68         |
| <b>Total OECD</b>                | <b>38.46</b> | <b>37.84</b> | <b>33.05</b> | <b>36.58</b> | <b>30.74</b> | <b>32.50</b> | <b>32.43</b> | <b>33.18</b> |
| <b>China</b>                     | <b>12.03</b> | <b>13.02</b> | <b>13.49</b> | <b>12.04</b> | <b>13.76</b> | <b>14.00</b> | <b>14.14</b> | <b>13.83</b> |
| <b>India</b>                     | <b>4.89</b>  | <b>5.03</b>  | <b>4.42</b>  | <b>5.09</b>  | <b>3.86</b>  | <b>4.00</b>  | <b>4.73</b>  | <b>5.09</b>  |
| <b>Other Asia</b>                | <b>5.10</b>  | <b>4.89</b>  | <b>4.51</b>  | <b>5.34</b>  | <b>4.11</b>  | <b>4.06</b>  | <b>4.55</b>  | <b>4.87</b>  |
| <b>Latin America</b>             | <b>4.22</b>  | <b>4.01</b>  | <b>3.74</b>  | <b>3.96</b>  | <b>3.27</b>  | <b>3.87</b>  | <b>3.85</b>  | <b>3.97</b>  |
| <b>Middle East</b>               | <b>6.97</b>  | <b>6.83</b>  | <b>5.77</b>  | <b>6.01</b>  | <b>5.11</b>  | <b>5.90</b>  | <b>6.06</b>  | <b>6.38</b>  |
| <b>Africa</b>                    | <b>2.16</b>  | <b>2.16</b>  | <b>2.06</b>  | <b>2.28</b>  | <b>1.90</b>  | <b>1.98</b>  | <b>2.07</b>  | <b>2.09</b>  |
| <b>Eurasia</b>                   | <b>7.64</b>  | <b>7.59</b>  | <b>7.06</b>  | <b>7.56</b>  | <b>6.63</b>  | <b>6.93</b>  | <b>7.11</b>  | <b>7.21</b>  |
| <i>of which Russian</i>          | 5.72         | 5.70         | 5.39         | 5.88         | 5.10         | 5.28         | 5.29         | 5.45         |
| <i>of which Other Eurasia</i>    | 1.92         | 1.89         | 1.67         | 1.68         | 1.53         | 1.64         | 1.82         | 1.75         |
| <b>Total Non-OECD</b>            | <b>43.02</b> | <b>43.52</b> | <b>41.04</b> | <b>42.29</b> | <b>38.64</b> | <b>40.74</b> | <b>42.51</b> | <b>43.44</b> |
| <b>Total world</b>               | <b>81.48</b> | <b>81.36</b> | <b>74.09</b> | <b>78.87</b> | <b>69.38</b> | <b>73.24</b> | <b>74.94</b> | <b>76.62</b> |

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.

## Product Markets and Refinery Operations

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

|                                       | Jan 21 | Feb 21 | Change<br>Feb/Jan | Annual avg.<br>2020 | Year-to-date<br>2021 |
|---------------------------------------|--------|--------|-------------------|---------------------|----------------------|
| <b>US Gulf (Cargoes FOB)</b>          |        |        |                   |                     |                      |
| <b>Naphtha*</b>                       | 56.70  | 63.02  | 6.32              | 38.31               | 59.86                |
| <b>Premium gasoline</b> (unleaded 93) | 66.25  | 75.36  | 9.11              | 51.89               | 70.81                |
| <b>Regular gasoline</b> (unleaded 87) | 63.54  | 72.56  | 9.02              | 47.72               | 68.05                |
| <b>Jet/Kerosene</b>                   | 59.94  | 68.02  | 8.08              | 46.83               | 63.98                |
| <b>Gasoil</b> (0.2% S)                | 58.18  | 64.79  | 6.61              | 44.92               | 61.49                |
| <b>Fuel oil</b> (3.0% S)              | 47.99  | 52.90  | 4.91              | 34.72               | 50.45                |
| <b>Rotterdam (Barges FoB)</b>         |        |        |                   |                     |                      |
| <b>Naphtha</b>                        | 55.22  | 61.37  | 6.15              | 39.00               | 58.30                |
| <b>Premium gasoline</b> (unleaded 98) | 63.06  | 70.71  | 7.65              | 51.34               | 66.89                |
| <b>Jet/Kerosene</b>                   | 59.40  | 66.45  | 7.05              | 45.72               | 62.93                |
| <b>Gasoil/Diesel</b> (10 ppm)         | 60.06  | 67.89  | 7.83              | 49.17               | 63.98                |
| <b>Fuel oil</b> (1.0% S)              | 55.52  | 63.42  | 7.90              | 40.87               | 59.47                |
| <b>Fuel oil</b> (3.5% S)              | 50.69  | 55.27  | 4.58              | 37.71               | 52.98                |
| <b>Mediterranean (Cargoes FOB)</b>    |        |        |                   |                     |                      |
| <b>Naphtha</b>                        | 54.51  | 60.28  | 5.77              | 37.58               | 57.40                |
| <b>Premium gasoline**</b>             | 58.92  | 66.86  | 7.94              | 45.41               | 62.89                |
| <b>Jet/Kerosene</b>                   | 57.67  | 63.87  | 6.20              | 43.06               | 60.77                |
| <b>Diesel</b>                         | 59.88  | 67.12  | 7.24              | 48.55               | 63.50                |
| <b>Fuel oil</b> (1.0% S)              | 56.45  | 64.62  | 8.17              | 43.54               | 60.54                |
| <b>Fuel oil</b> (3.5% S)              | 47.80  | 53.13  | 5.33              | 33.31               | 50.47                |
| <b>Singapore (Cargoes FOB)</b>        |        |        |                   |                     |                      |
| <b>Naphtha</b>                        | 55.83  | 61.85  | 6.02              | 40.66               | 58.84                |
| <b>Premium gasoline</b> (unleaded 95) | 60.03  | 67.83  | 7.80              | 46.59               | 63.93                |
| <b>Regular gasoline</b> (unleaded 92) | 58.92  | 66.36  | 7.44              | 44.99               | 62.64                |
| <b>Jet/Kerosene</b>                   | 58.02  | 65.15  | 7.13              | 44.75               | 61.59                |
| <b>Gasoil/Diesel</b> (50 ppm)         | 59.80  | 67.73  | 7.93              | 49.19               | 63.77                |
| <b>Fuel oil</b> (180 cst)             | 58.77  | 66.45  | 7.68              | 47.86               | 62.61                |
| <b>Fuel oil</b> (380 cst 3.5% S)      | 50.35  | 55.74  | 5.39              | 36.75               | 53.05                |

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

Sources: Argus and OPEC.

# Tanker Market

Dirty tanker rates picked up in February, as a more than 20% increase in both Suezmax and Aframax spot freight rates outpaced a 6% decline in VLCCs. Weather was a key factor in boosting rates with weather delays in the Turkish strait and around the Mediterranean lifting rates West of Suez amid a pickup in chartering activity.

Unusual freezing weather in the US which struck in the middle of February led to disruptions in US crude and product trade flows, provided further support for Aframax as well as Suezmax rates amid limited availability in the Atlantic basin. Higher bunker fuel prices also provided some momentum for higher rates.

## Spot fixtures

**Global spot fixtures** edged lower m-o-m in February, declining by 0.5 mb/d, or 3%, to average 14.7 mb/d. Spot fixtures were around 4 mb/d, or 21%, lower than the same month last year.

**Table 7 - 1: Spot fixtures, mb/d**

|                            | Dec 20       | Jan 21       | Feb 21       | Change<br>Feb 21/Jan 21 |
|----------------------------|--------------|--------------|--------------|-------------------------|
| <b>All areas</b>           | <b>16.32</b> | <b>15.13</b> | <b>14.67</b> | <b>-0.46</b>            |
| <b>OPEC</b>                | 10.24        | 10.18        | 9.31         | -0.87                   |
| <b>Middle East/East</b>    | 5.89         | 6.08         | 5.07         | -1.01                   |
| <b>Middle East/West</b>    | 0.77         | 0.90         | 0.78         | -0.12                   |
| <b>Outside Middle East</b> | 3.58         | 3.20         | 3.46         | 0.26                    |

Sources: Oil Movements and OPEC.

**OPEC spot fixtures** declined m-o-m in February, down by 0.9 mb/d, or more than 9%, to average 9.3 mb/d. Compared with the same month last year, OPEC spot fixtures were almost 26% lower, down by 3.2 mb/d.

Fixtures from the **Middle East-to-East** averaged 5.1 mb/d in February, representing a decline of around 1.0 mb/d, or 17%, m-o-m. Y-o-y, this represents a decline of 2.3 mb/d, or almost 32%.

After showing gains the month before, **Middle East-to-West** fixtures fell back, declining 13%, or more than 0.1 mb/d m-o-m, to average 0.8 mb/d. This was 0.4 mb/d or 35% lower compared with the same month last year.

The one bright spot was **Outside Middle East**, where fixtures rose by almost 0.3 mb/d, or 8% m-o-m, to average 3.5 mb/d. Y-o-y, fixtures were 12% or almost 0.5 mb/d, lower.

## Sailings and arrivals

Sailings improved m-o-m in February, with **OPEC sailings** averaging 21.8 mb/d. This represented a gain of 0.4 mb/d, or 2%, m-o-m. Y-o-y, OPEC sailings were 2.3 mb/d, or close to 10%, lower.

**Middle East sailings** rose by almost 0.3 mb/d, or over 1% m-o-m, to average 16.3 mb/d. Y-o-y, sailings from the region were down 2.0 mb/d, or 11%, compared with the same month last year.

**Crude arrivals** in February rose m-o-m on most routes, building on gains seen the previous month. Far East arrivals continued to lead gains, increasing by almost 0.6 mb/d, or close to 5%, to average 12.5 mb/d. Arrivals on the route were also 4 mb/d, or 47%, higher compared with February 2020. Arrivals in Europe rose 0.2 mb/d, or almost 2%, to average just under 11 mb/d, but still registered a decline of 0.7 mb/d, or 6%, y-o-y. Meanwhile, North American arrivals averaged 8.1 mb/d, representing an increase of close to 0.2 mb/d, or 2%, m-o-m and a marginal gain of less than 1% y-o-y. Arrivals in West Asia recovered some of the previous month's losses, with a gain of 0.2 mb/d, or over 3%, to average 5.5 mb/d.

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

|                 | Dec 20 | Jan 21 | Feb 21 | Change<br>Feb 21/Jan 21 |
|-----------------|--------|--------|--------|-------------------------|
| <b>Sailings</b> |        |        |        |                         |
| OPEC            | 22.69  | 21.38  | 21.81  | 0.43                    |
| Middle East     | 16.16  | 16.02  | 16.29  | 0.27                    |
| <b>Arrivals</b> |        |        |        |                         |
| North America   | 7.44   | 7.91   | 8.07   | 0.16                    |
| Europe          | 10.02  | 10.78  | 10.98  | 0.20                    |
| Far East        | 10.81  | 11.92  | 12.48  | 0.56                    |
| West Asia       | 6.08   | 5.32   | 5.51   | 0.19                    |

Sources: Oil Movements and OPEC.

## Dirty tanker freight rates

### Very large crude carriers (VLCCs)

VLCC spot rates in February relinquished the gains seen the month before, falling by 6% m-o-m to stand some 27% lower compared with the same month last year. Limited tanker demand amid still ample tonnage availability continued to be a key factor weighing on spot freight rates, although rates managed to stay above the exceptionally low levels seen in October and November 2020, with rising bunker fuel prices providing some support.

Rates on the **Middle East-to-East** route led losses m-o-m, falling 10% to average WS32 points. Y-o-y, rates were 27% lower compared with the same month last year.

Rates on the **Middle East-to-West** route also declined m-o-m, dropping 7% to average WS22 points in February. Y-o-y, rates were 28% lower.

The **West Africa-to-East** route edged down 2% m-o-m in February to average WS35 points. Rates were 26% lower compared with February 2020.

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

|                  | Size<br>1,000 DWT | Dec 20 | Jan 21 | Feb 21 | Change<br>Feb 21/Jan 21 |
|------------------|-------------------|--------|--------|--------|-------------------------|
| <b>VLCC</b>      |                   |        |        |        |                         |
| Middle East/East | 230-280           | 35     | 35     | 32     | -4                      |
| Middle East/West | 270-285           | 20     | 24     | 22     | -2                      |
| West Africa/East | 260               | 36     | 36     | 35     | -1                      |

Sources: Argus and OPEC.

### Suezmax

In contrast to their larger brethren, average rates in the **Suezmax** class saw gains in February, rising for the third month in a row. Compared with the previous month, average Suezmax rates were 23% higher, as relatively strong Aframax rates made Suezmaxes competitive on some routes. Y-o-y, rates were 35% lower.

On the **West Africa-to-US Gulf Coast (USGC)** route, Suezmax rates averaged WS51 points in February, representing a 17% gain from the month before. Y-o-y, rates were still 34% lower than in February 2020.

Spot freight rates on the **USGC-to-Europe** route jumped 29% m-o-m to average WS53 points but remained 36% lower compared with the same month last year.

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

|                           | Size<br>1,000 DWT | Dec 20 | Jan 21 | Feb 21 | Change<br>Feb 21/Jan 21 |
|---------------------------|-------------------|--------|--------|--------|-------------------------|
| <b>Suezmax</b>            |                   |        |        |        |                         |
| West Africa/US Gulf Coast | 130-135           | 34     | 43     | 51     | 7                       |
| US Gulf Coast/ Europe     | 150               | 36     | 41     | 53     | 12                      |

Sources: Argus and OPEC.

## Aframax

**Aframax** rates on average rose for the fourth month in a row in February. Gains were seen across all routes, with average rates rising 27% m-o-m. However, rates were still 16% lower compared with the previous year.

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

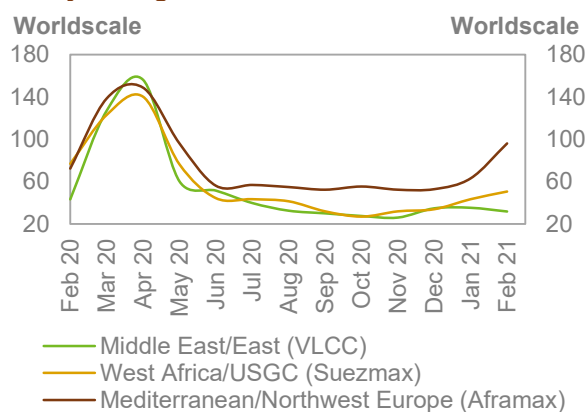
|                                       | Size<br>1,000 DWT | Dec 20 | Jan 21 | Feb 21 | Change        |
|---------------------------------------|-------------------|--------|--------|--------|---------------|
|                                       |                   |        |        |        | Feb 21/Jan 21 |
| <b>Aframax</b>                        |                   |        |        |        |               |
| <b>Indonesia/East</b>                 | 80-85             | 51     | 58     | 64     | 6             |
| <b>Caribbean/US East Coast</b>        | 80-85             | 69     | 86     | 98     | 12            |
| <b>Mediterranean/Mediterranean</b>    | 80-85             | 60     | 72     | 98     | 26            |
| <b>Mediterranean/Northwest Europe</b> | 80-85             | 53     | 63     | 96     | 33            |

Sources: Argus and OPEC.

The largest gains were seen on Med routes, where robust chartering activity and reduced tonnage availability due to weather disruptions in the Turkish straits and around the Mediterranean supported the market. The **Mediterranean-to-Northwest Europe (NWE)** route jumped 52% m-o-m to average WS96, representing a 33% increase y-o-y. The **Cross-Med** route rose 36% m-o-m to average WS98, representing a 22% increase y-o-y.

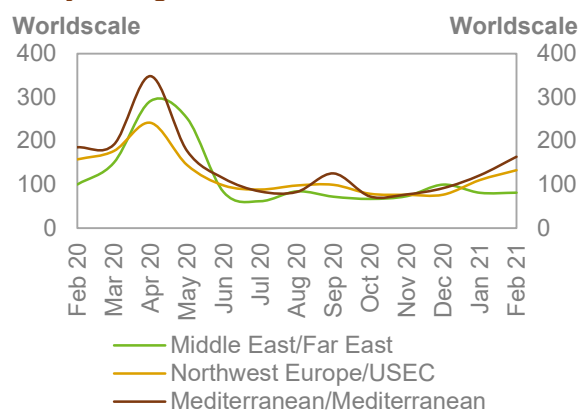
Meanwhile, the **Caribbean-to-US East Coast (USEC)** route increased 14% m-o-m in February to average WS98. Rates were boosted by disruptions caused by the closure of US Gulf ports due to freezing weather and limited availability in the Atlantic basin. Y-o-y, rates on the route were still 42% lower. Within the Asian region, the **Indonesia-to-East** route rose 10% to average WS64, which was some 36% lower y-o-y.

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



Sources: Argus and OPEC.

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



Sources: Argus and OPEC.

## Clean tanker freight rates

**Clean spot freight rates** registered further gains in February, increasing by 14% m-o-m, as improvements West of Suez continued to outweigh declines East of Suez.

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

|                                       | Size<br>1,000 DWT | Dec 20 | Jan 21 | Feb 21 | Change        |
|---------------------------------------|-------------------|--------|--------|--------|---------------|
|                                       |                   |        |        |        | Feb 21/Jan 21 |
| <b>East of Suez</b>                   |                   |        |        |        |               |
| <b>Middle East/East</b>               | 30-35             | 100    | 81     | 81     | 0             |
| <b>Singapore/East</b>                 | 30-35             | 125    | 140    | 121    | -19           |
| <b>West of Suez</b>                   |                   |        |        |        |               |
| <b>Northwest Europe/US East Coast</b> | 33-37             | 77     | 110    | 133    | 23            |
| <b>Mediterranean/Mediterranean</b>    | 30-35             | 91     | 121    | 163    | 43            |
| <b>Mediterranean/Northwest Europe</b> | 30-35             | 103    | 138    | 173    | 35            |

Sources: Argus and OPEC.

## Tanker Market

**West of Suez** experienced a 27% increase m-o-m in February, supported by developments on all routes as weather disruptions impacted Med rates throughout the month and rates in the Atlantic basin around the middle of the month with the onset of frigid temperatures in the US Gulf Coast. Y-o-y, rates were still 13% lower than in the same month last year. Gains were seen on the **Cross-Med** and **Med-to-NWE** routes, which rose 35% and 25%, respectively, to average WS163 and WS173 points. Meanwhile, rates on the **NWE-to-USEC** route also enjoyed an increase, up 20% m-o-m, to average WS133 points. Clean spot rates were still 16% lower compared with the same month last year.

**East of Suez** rates declined by 8% in February and showed a 16% loss y-o-y. The **Middle East-to-East** route was flat in February, averaging WS81. This represented a 19% decline compared with the same month last year. On the **Singapore-to-East** route, clean freight rates erased the previous month's gains and then some, dropping by 14% in February. With an average of WS121, rates were 8% lower compared with February 2020.

## Crude and Refined Products Trade

The plunge in temperatures disrupted trade flows of US crude and products in February. US crude imports fell back from the strong levels seen in January and crude exports were down around 1 mb/d in the second half of the month, relative to the first, due to the freezing weather and power outages on the US Gulf Coast.

China's crude imports surged above 11 mb/d in the first two months of 2021, as independent refiners returned to the market armed with fresh quotas. Net product exports were sharply higher in an effort to bring down high product inventories.

India's crude imports remained at healthy levels in January, although lower m-o-m and y-o-y, averaging 4.6 mb/d. Product imports and exports also fell back from the strong performance seen the month before.

Japan's crude imports were stable m-o-m in January, averaging 2.6 mb/d. A jump in heating demand for kerosene and fuel oil led to higher product imports and dampened exports.

OECD Europe crude exports were boosted in November 2020 by high outflows from Norway and the UK primarily to China, while crude imports to the region recovered to average 8.2 mb/d.

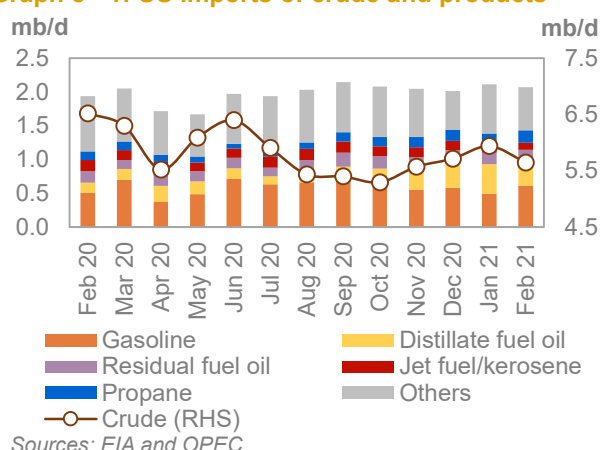
## US

Preliminary data shows US crude and petroleum product trade flows were buffeted by the sharp freeze experienced in February. **US crude imports** averaged 5.6 mb/d in February, more than erasing the healthy performance seen in January. Weekly data showed a sharp decline in the third week of the month, but then a strong rebound as production outages increased the need for imports.

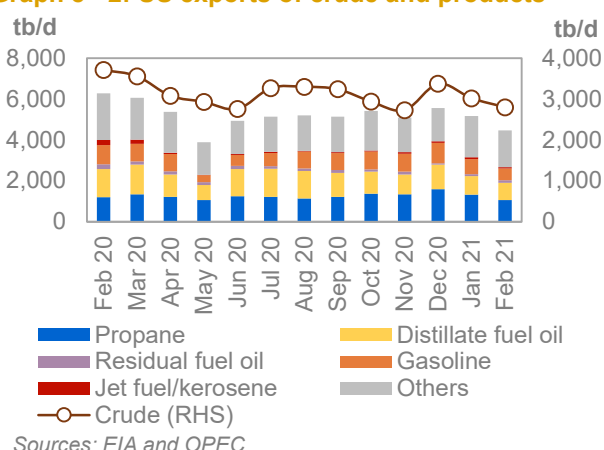
The freezing weather also impact on **US crude exports**, which fell below 3 mb/d for the first time since November 2020. US crude exports averaged 2.8 mb/d in February, down 0.2 mb/d, or 7%. Weekly data shows that crude outflows were sharply lower in the second half of the month, averaging around 1 mb/d lower when compared to the first half.

The latest monthly data for **US crude exports by destination** shows strong buying from China at the end of 2020, averaging 0.7 mb/d in December compared to 0.3 mb/d the month before. India's buying also picked up from 0.4 mb/d the month before to 0.6 mb/d in December.

**Graph 8 - 1: US imports of crude and products**



**Graph 8 - 2: US exports of crude and products**



**US net crude imports** averaged 2.8 mb/d in February, compared to 2.9 mb/d the month before and broadly in line – around 1% higher – compared with the same month last year.

On the product side, preliminary data shows **US product imports** m-o-m edged down 2% in February to average 2.1 mb/d. Compared to the same month in 2020, US product imports were almost 7% lower.

**US product exports** averaged 4.5 mb/d in February, representing a m-o-m decline of almost 14%, or 0.7 mb/d. Compared to the previous year, product exports were 1.8 mb/d, or almost 30%, lower.

As a result, **US net product exports** averaged 2.4 mb/d in February, compared with almost 3.1 mb/d the month before and 4.3 mb/d in February 2020.

## Crude and Refined Products Trade

Preliminary data indicates that the US was a **net crude and product** importer in February, with net inflows of 0.4 mb/d. This compares with net outflows of 0.1 mb/d the month before and 1.5 mb/d in February 2020.

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

| US                              | Dec 20        | Jan 21      | Feb 21     | Change<br>Feb 21/Jan 21 |
|---------------------------------|---------------|-------------|------------|-------------------------|
| <b>Crude oil</b>                | 2,342         | 2,919       | 2,847      | -72                     |
| <b>Total products</b>           | -3,547        | -3,056      | -2,399     | 657                     |
| <b>Total crude and products</b> | <b>-1,205</b> | <b>-136</b> | <b>449</b> | <b>585</b>              |

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

Sources: EIA and OPEC.

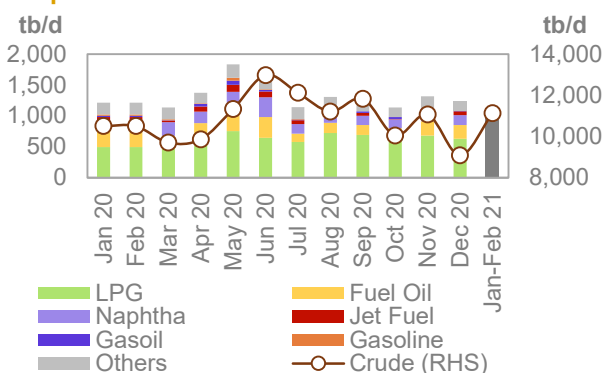
## China

After hitting a three-year low of 9.1 mb/d in December 2020, **China's crude oil imports** surged back above 11.1 mb/d in the first two months of 2021. The increase came as independent refiners boosted imports at the onset of 2021 after having maxed out 2020 import quotas before the end of last year, leaving them largely absent from the market in 4Q20.

As was the case in 2020, the official source of Chinese data for crude and petroleum products only released combined data for January and February, reportedly to average out the impact of the Lunar New Year's holiday in early February.

The combined data shows China's crude imports in the first two months of the year were 2 mb/d over the level reached at the end of 2020. Y-o-y, crude inflows were 0.6 mb/d higher.

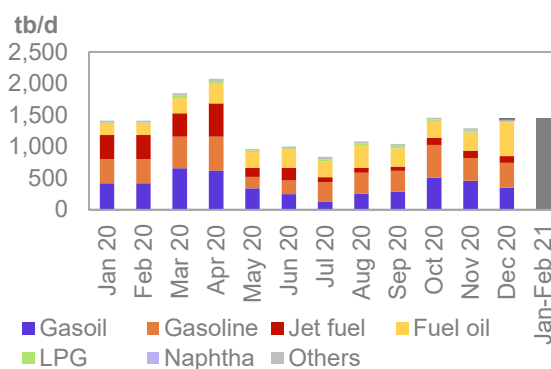
**Graph 8 - 3: China's imports of crude and total products**



Note: Jan 21-Feb 21 data released in aggregation and refers to total products.

Sources: China, Oil and Gas Petrochemicals and OPEC.

**Graph 8 - 4: China's exports of total products**



Note: Jan 21-Feb 21 data released in aggregation and refers to total products.

Sources: China, Oil and Gas Petrochemicals and OPEC.

In contrast, **product imports** fell sharply at the start of 2021, averaging just under 1 mb/d in January and February. This represents a decline of 0.3 mb/d, or 20%, from the levels seen in December 2020, amid brimming product inventories and ongoing refinery capacity expansions.

Similar factors drove an increase in China's **product exports**, which rose 2% in the combined January and February 2021 data compared with December 2020 to average 1.5 mb/d. The out flows were more pushed out by the need to reduce high inventories then pulled by strong regional demand.

As a result, China's **net product exports** deepened in the first two months of 2021 to 0.5 mb/d. This compares to net exports of 0.2 mb/d in December 2020 and 0.6 mb/d in the first two months of 2020

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

| China                           | Nov 20        | Dec 20       | Jan-Feb 21    | Change<br>Jan-Feb 21/Dec 20 |
|---------------------------------|---------------|--------------|---------------|-----------------------------|
| <b>Crude oil</b>                | 10,990        | 9,024        | 11,128        | 2,103                       |
| <b>Total products</b>           | 25            | -208         | -467          | -259                        |
| <b>Total crude and products</b> | <b>11,014</b> | <b>8,816</b> | <b>10,661</b> | <b>1,845</b>                |

Note: Totals may not add up due to independent rounding. Jan 21-Feb 21 data released in aggregation.

Sources: China, Oil and Gas Petrochemicals and OPEC.



## India

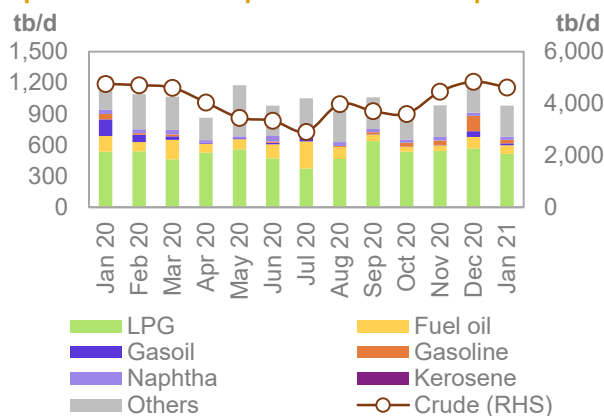
**India's crude imports** declined in January, although remaining above 4 mb/d for the third-consecutive month, as economic activity continued to pick up following the lifting of lockdown measures which kept crude demand at elevated post-outbreak levels. Crude inflows averaged 4.6 mb/d in January, representing a 0.2 mb/d, or 4%, decline m-o-m and down some 0.1 mb/d, or less than 3% y-o-y.

The latest data for **crude imports by source** shows Iraq remained the top crude exporter to India in December with a share of 25%. Saudi Arabia had the second highest share with over 20%, followed by the UAE, Nigeria and Kuwait.

**Product imports** in January fell back from the sharp increase seen the month before, averaging just under 1 mb/d in January. This represents a 0.2 mb/d, or 19%, decline m-o-m and 0.2 mb/d, or 22%, y-o-y. Declines were seen across all major products.

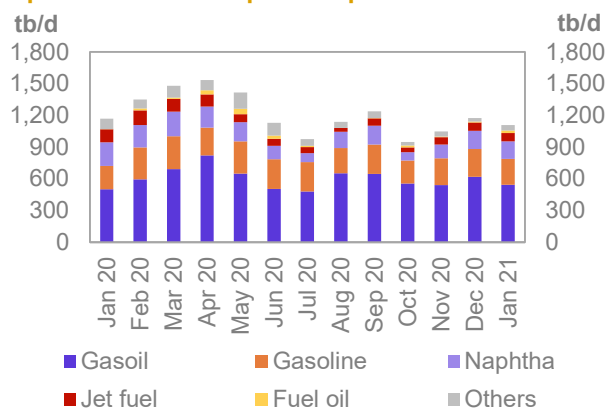
**Product exports** declined around 6% m-o-m to average 1.1 mb/d in January, representing a similar drop compared with the same month last year. Losses were led by motor fuels, while fuel oil enjoyed gains.

**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 was a **net product exporter** in January, with net flows of 127 tb/d. This compares to marginal net imports of 35 tb/d in the previous month and 93 tb/d in January 2020.

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

| India                           | Nov 20       | Dec 20       | Jan 21       | Change<br>Jan 21/Dec 20 |
|---------------------------------|--------------|--------------|--------------|-------------------------|
| Crude oil                       | 4,463        | 4,838        | 4,627        | -211                    |
| Total products                  | -64          | 35           | -127         | -162                    |
| <b>Total crude and products</b> | <b>4,399</b> | <b>4,873</b> | <b>4,500</b> | <b>-373</b>             |

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

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

Sources: PPAC and OPEC.

## Japan

Frigid winter weather boosted crude and product trade flows to Japan in January, as refiners scrambled to meet surging demand for winter fuels.

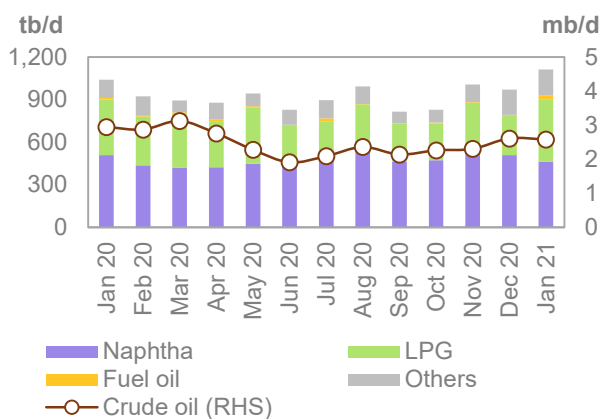
**Japan's crude imports** averaged 2.6 mb/d in January, maintaining the good level seen the month before, with only a slight 1% decline. Y-o-y, crude inflows were around 13% or 0.4 mb/d lower, reflecting differences in requirements pre- and post-COVID-19 outbreak, as the impact of the pandemic only hit Japan's crude imports in May 2020 and kept crude inflows at just 2.2 mb/d over the next seven months.

**Product imports** including LPG rose by around 15% m-o-m to average 1.1 mb/d in January. This was the highest in almost two years and only the second time above 1 mb/d in a year. Frigid winter weather boosted heating demand, resulting in increased inflows of kerosene, fuel oil and LPG. Overall, product imports have held up relatively well post-COVID outbreak as refiners have opted to meet any increase in demand by importing the specifically required petroleum products.

## Crude and Refined Products Trade

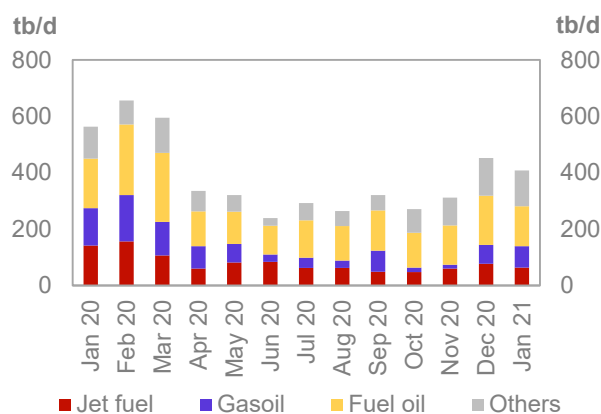
**Product exports** including LPG declined from the eight-month high seen the month before to average 0.4 mb/d in January. This represents a 10% decline m-o-m and some 30% lower y-o-y. Declines were seen in heating fuels, reflecting the frigid winter weather, with kerosene and fuel oil dropping, although this was partially offset by higher outflows of gasoline and gasoil.

**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.

As a consequence, Japan's **net product imports** averaged 0.7 tb/d in January, representing an increase of 0.2 mb/d, or around 36% m-o-m, and a gain of 0.2 mb/d, or almost 50%, y-o-y.

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

| Japan                           | Nov 20       | Dec 20       | Jan 21       | Change<br>Jan 21/Dec 20 |
|---------------------------------|--------------|--------------|--------------|-------------------------|
| Crude oil                       | 2,305        | 2,612        | 2,581        | -32                     |
| Total products                  | 696          | 519          | 706          | 187                     |
| <b>Total crude and products</b> | <b>3,000</b> | <b>3,131</b> | <b>3,286</b> | <b>156</b>              |

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

Sources: METI and OPEC.

## OECD Europe

The latest available data shows **OECD Europe crude imports** recovered m-o-m in November 2020, rising some 6% to average 8.2 mb/d, amid higher inflows from Russia.

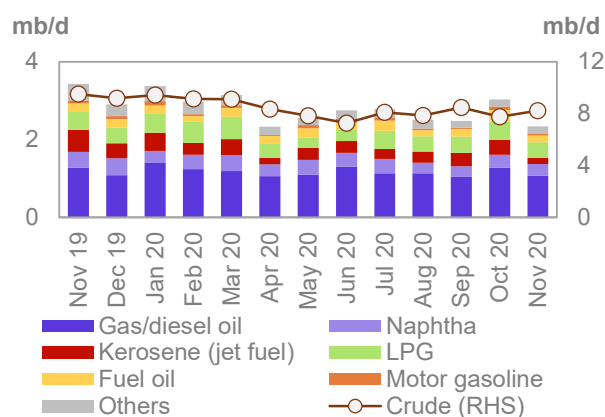
**Crude exports** increased 0.2 mb/d, or 40%, m-o-m to average 0.7 mb/d in November. The gains were driven by higher outflows from Norway and the UK to Asia, particularly China, on pent-up demand from independent refineries.

As a result, **net crude imports** averaged 7.6 mb/d in November, down from 8.1 mb/d the month before and 9.8 mb/d in the same month of 2019.

On the **product** side, **imports** declined 23% m-o-m to average 2.3 mb/d, erasing the solid gains seen in the previous month. Losses were seen across all major products, led by jet/kerosene, diesel and fuel oil. The lower import needs reflected reduced economic activities amid more stringent lockdowns.

**Product exports** edged up for the second month in a row, rising 1%, to average 2.3 mb/d. Gains were scattered across diesel, fuel oil and LPG, while jet and motor fuel showed declines.

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

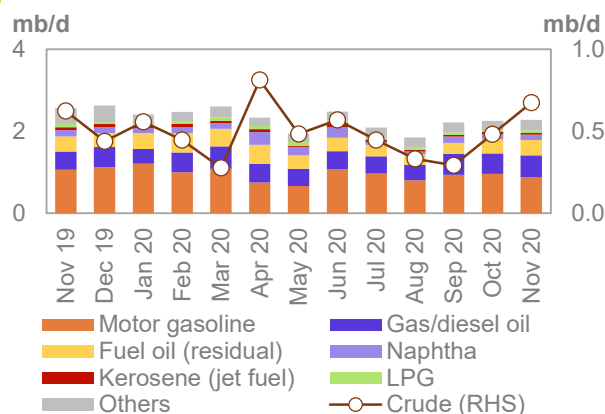


Sources: IEA and OPEC.

As a result, **net product imports** were almost flat at 58 tb/d in November, compared to 0.8 mb/d the month before and almost 0.9 mb/d in November 2019.

Combined, **net crude and product imports** averaged almost 7.6 mb/d in November, compared to 8.1 mb/d the month before and 9.8 mb/d the same time a year ago

**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                     | Sep 20       | Oct 20       | Nov 20       | Change<br>Nov 20/Oct 20 |
|---------------------------------|--------------|--------------|--------------|-------------------------|
| Crude oil                       | 8,174        | 7,279        | 7,559        | 280                     |
| Total products                  | 268          | 777          | 58           | -719                    |
| <b>Total crude and products</b> | <b>8,442</b> | <b>8,056</b> | <b>7,617</b> | <b>-439</b>             |

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

Sources: IEA and OPEC.

## Eurasia

**Total crude oil exports from Russia and Central Asia** declined 0.2 mb/d, or almost 4%, to average 5.8 mb/d in January. Y-o-y, total crude exports from the region were 1.4 mb/d, or 19%, lower.

Crude exports through the **Transneft system** were broadly unchanged at 3.3 mb/d, representing a minor decline of 12 tb/d, or less than 1%. Compared to the same month last year, exports were 0.9 mb/d, or 21% lower.

Total shipments from the Black Sea fell 139 tb/d m-o-m, or almost 40%, to average 213 tb/d in January. In contrast, total Baltic Sea exports increased 232 tb/d m-o-m, or 26%, to average 1.11 mb/d in January, with shipments from Primorsk up 16% to 672 tb/d and Ust-Luga exports rising 441 tb/d. Meanwhile, shipments via the Druzhba pipeline lost 126 tb/d m-o-m, or almost 15%, to average 735 tb/d in January. In contrast, Kozmino shipments edged up 21 tb/d m-o-m, or almost 3%, to average 636 tb/d. Exports to China via the ESPO pipeline were unchanged m-o-m at 637 tb/d in January.

In the **Lukoil system**, exports via the Barents Sea declined 24 tb/d to average 102 tb/d in January, while those from the Baltic Sea were broadly unchanged.

On other routes, **Russia's Far East** exports declined by more than 5% m-o-m to average 371 tb/d and were around 6% lower compared with the same month last year.

**Central Asia's** total exports averaged 204 tb/d in January, in line with the month before, but down 3% compared with the same month last year.

**Black Sea** total exports declined 228 tb/d m-o-m, or almost 17%, to average 1.1 mb/d in January, with Novorossiysk responsible for the bulk of the decline, although Supsa port also saw a drop. Y-o-y, Black Sea flows were 25% lower. Meanwhile, exports via the **Baku-Tbilisi-Ceyhan (BTC) pipeline** fell 9% m-o-m to 597 tb/d, representing a drop of 10% y-o-y.

**Total product exports from Russia and Central Asia** declined 6% m-o-m to average just under 3 mb/d in January. Losses were seen across the board, except for gasoline. Naphtha and VGO experienced the biggest losses, down 23% and 44%, respectively. Y-o-y, total product exports were just 25 tb/d, or 1%, lower in January, with a recovery in jet fuel offsetting declines in VGO and naphtha.

## Commercial Stock Movements

Preliminary January data sees total OECD commercial oil stocks down by 11.3 mb m-o-m. At 3,052 mb, they were 138.7 mb higher than the same time one year ago and 92.2 mb above the latest five-year average. OECD commercial crude stocks fell in January by 17.7 mb to stand at 1,501 mb. This is 104.6 mb higher than the same time a year ago and 46.3 mb above the latest five-year average. In contrast, total product inventories rose m-o-m by 6.4 mb in January to stand at 1,551 mb. This is 34.1 mb above the same time a year ago, and 45.9 mb higher than the latest five-year average.

In terms of days of forward cover, OECD commercial stocks fell m-o-m by 1.1 days in January to stand at 69.6 days. This is 0.2 days below January's level and 5.5 days above the latest five-year average.

Preliminary data for February showed that total US commercial oil stocks fell m-o-m by 42.8 mb to stand at 1,282 mb. This is 2.6 mb, or 0.2%, above the same month a year ago and in line with the latest five-year average. Crude stocks rose by 8.9 mb, while product stocks fell by 51.8 mb.

### OECD

Preliminary January data sees **total OECD commercial oil stocks** down by 11.3 mb m-o-m. At 3,052 mb, they were 138.7 mb higher than the same time one year ago and 92.2 mb above the latest five-year average.

Within the components, crude stocks fell by 17.7 mb, while product stocks increased m-o-m by 6.4 mb. Total commercial oil stocks in January fell m-o-m in OECD Americas and OECD Asia Pacific, while they increased in OECD Europe.

OECD **commercial crude stocks** fell in January by 17.7 mb to stand at 1,501 mb. This is 104.6 mb higher than the same time a year ago and 46.3 mb above the latest five-year average. Compared with the previous month, all three OECD regions witnessed stock draws.

In contrast, **total product inventories** rose by 6.4 mb m-o-m in January to stand at 1,551 mb. This is 34.1 mb above the same time a year ago and 45.9 mb higher than the latest five-year average.

Within the OECD regions, product stocks in OECD Americas and OECD Pacific fell by 1.9 mb each, while OECD Europe stocks rose by 10.2 mb.

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 1.1 days in January to stand at 69.6 days. This is 0.2 days below January 2020 levels and 5.5 days above the latest five-year average. All OECD regions were above the latest five-year averages: the Americas by 4.1 days at 67.9 days; Europe by 10.5 days at 83.5 days; and Asia Pacific by 1.6 days at 51.3 days.

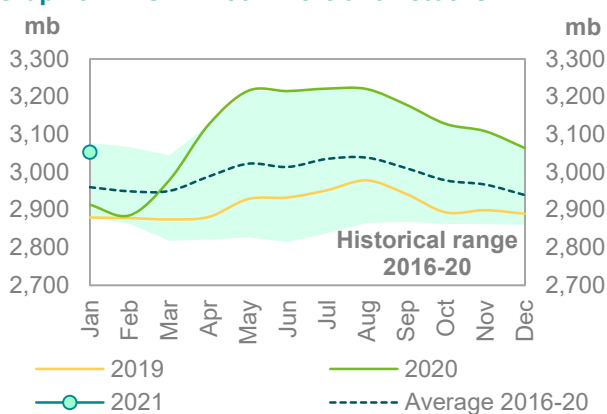
**Table 9 - 1: OECD's commercial stocks, mb**

|                              | Jan 20       | Nov 20       | Dec 20       | Jan 21       | Change<br>Jan 21/Dec 20 |
|------------------------------|--------------|--------------|--------------|--------------|-------------------------|
| <b>OECD stocks</b>           |              |              |              |              |                         |
| Crude oil                    | 1,397        | 1,531        | 1,519        | 1,501        | -17.7                   |
| Products                     | 1,516        | 1,577        | 1,544        | 1,551        | 6.4                     |
| <b>Total</b>                 | <b>2,913</b> | <b>3,108</b> | <b>3,063</b> | <b>3,052</b> | <b>-11.3</b>            |
| <b>Days of forward cover</b> | <b>69.7</b>  | <b>71.8</b>  | <b>70.7</b>  | <b>69.6</b>  | <b>-1.1</b>             |

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

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

**Graph 9 - 1: OECD commercial oil stocks**



## OECD Americas

**OECD Americas total commercial stocks** fell by 11.5 mb m-o-m in January to settle at 1,624 mb. This is 85.9 mb above the same month last year and 69.8 mb higher than the latest five-year average.

**Commercial crude oil stocks** in OECD Americas fell by 9.6 mb m-o-m in January to stand at 848 mb, which is 66.9 mb higher than in January 2020 and 50.8 mb above the latest five-year average. The fall came on the back of higher crude runs, which increased m-o-m by around 560 tb/d to stand at 15.10 mb/d.

**Total product stocks** in OECD Americas fell m-o-m by 1.9 mb in January for the second consecutive month to stand at 776 mb. This was 19.0 mb higher than the same month one year ago and 19.0 mb above the latest five-year average. Lower regional consumption was behind the stock build.

## OECD Europe

**OECD Europe's total commercial stocks** rose m-o-m by 6.3 mb in January to end the month at 1,052 mb. This is 46.1 mb higher than the same time a year ago and 48.3 mb above the latest five-year average.

OECD Europe's **commercial crude stocks** fell m-o-m by 3.9 mb in January to end the month at 446 mb, which is 13.6 mb higher than one year ago and 19.7 mb above the latest five-year average. A drop in January crude oil inventories came despite slightly lower m-o-m refinery throughputs in the EU-14 plus the UK and Norway.

In contrast, OECD Europe's **commercial product stocks** rose m-o-m by 10.2 mb to end January at 606 mb. This is 32.4 mb higher than a year ago and 28.6 mb above the latest five-year average. The increase came on the back of lower consumption in the region.

## OECD Asia Pacific

**OECD Asia Pacific's total commercial oil stocks** fell m-o-m by 6.1 mb in January to stand at 376 mb. This is 6.7 mb higher than a year ago, but 25.9 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** fell by 4.2 mb m-o-m to end January at 207 mb, which is 24.0 mb higher than one year ago, but 24.1 mb below the latest five-year average.

OECD Asia Pacific's **total product inventories** fell by 1.9 mb m-o-m to end January at 169 mb. This is 17.3 mb lower than the same time a year ago and 1.8 mb less than the latest five-year average.

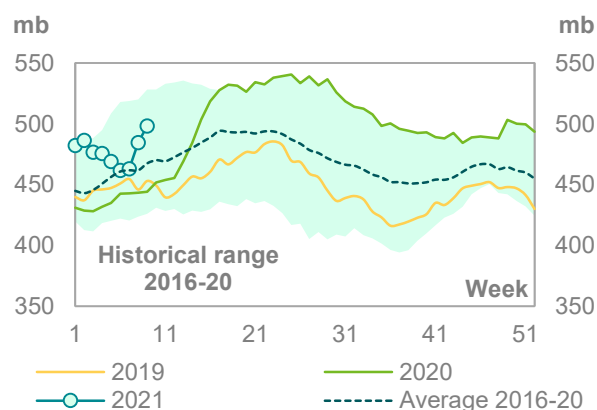
## US

Preliminary data for February showed that **total US commercial oil stocks** fell m-o-m by 42.8 mb to stand at 1,282 mb. This is 2.6 mb, or 0.2%, above the same month a year ago and in line with the latest five-year average. Crude stocks rose by 8.9 mb, while product stocks fell by 51.8 mb.

**US commercial crude stocks** rose by 8.9 mb m-o-m in February to stand at 485 mb. This is 30.4 mb, or 6.7%, above the same month last year, and 15.1 mb, or 3.2%, above the latest five-year average. The stock build was driven by lower February crude runs, which dropped by 1.9 mb/d to stand at 13.2 mb/d.

**Total product stocks** in February fell massively m-o-m, dropping by 51.8 mb to stand at 797 mb. This is 27.8 mb, or 3.4%, below February 2020 levels, and 15.1 mb, or 1.9%, below the latest five-year average. The substantial fall in product stocks came on the back of lower refinery output in the wake of severe winter weather earlier in the month. Within the components, all products registered stock draws.

**Graph 9 - 2: US weekly commercial crude oil inventories**



Sources: EIA and OPEC.

**Gasoline stocks** fell m-o-m in February by 8.7 mb to settle at 243 mb. This is 8.2 mb, or 3.3%, below the same month last year, and 9.9 mb, or 3.9%, lower than the latest five-year average. The monthly stock draw came mainly on the back of lower gasoline production.

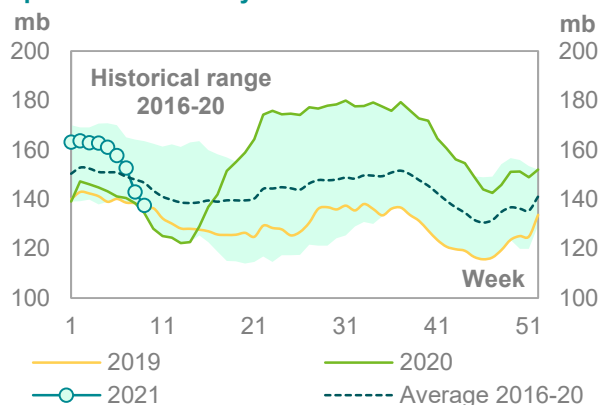
## Commercial Stock Movements

**Distillate stocks** also fell by 19.8 mb m-o-m in February to stand at 143 mb. This is 10.3 mb, or 7.7%, higher than a year ago, but 3.7 mb, or 2.5%, lower than the latest five-year average.

**Residual fuel oil stocks** also fell m-o-m in February, decreasing by 0.5 mb. At 31.6 mb, this was 0.4 mb, or 1.2%, higher than a year ago, but 3.7 mb, or 10.4%, below the latest five-year average.

**Jet fuel** fell m-o-m by 3.7 mb, ending February at 38.7 mb. This is 4.0 mb, or 9.4%, lower than the same month last year, and 4.2 mb, or 9.8%, below the latest five-year average.

**Graph 9 - 3: US weekly distillate inventories**



Sources: EIA and OPEC.

**Table 9 - 2: US commercial petroleum stocks, mb**

|                   | Feb 20         | Dec 20         | Jan 21         | Feb 21         | Change<br>Feb 21/Jan 21 |
|-------------------|----------------|----------------|----------------|----------------|-------------------------|
| <b>US stocks</b>  |                |                |                |                |                         |
| Crude oil         | 454.2          | 485.3          | 475.7          | 484.6          | 8.9                     |
| Gasoline          | 251.7          | 243.2          | 252.2          | 243.5          | -8.7                    |
| Distillate fuel   | 132.7          | 160.4          | 162.8          | 143.0          | -19.8                   |
| Residual fuel oil | 31.2           | 30.2           | 32.1           | 31.6           | -0.5                    |
| Jet fuel          | 42.7           | 38.6           | 42.4           | 38.7           | -3.7                    |
| Total products    | 825.2          | 859.1          | 849.1          | 797.4          | -51.8                   |
| <b>Total</b>      | <b>1,279.4</b> | <b>1,344.3</b> | <b>1,324.8</b> | <b>1,282.0</b> | <b>-42.8</b>            |
| <b>SPR</b>        | <b>635.0</b>   | <b>638.1</b>   | <b>638.1</b>   | <b>637.8</b>   | <b>-0.3</b>             |

Sources: EIA and OPEC.

## Japan

In **Japan**, total commercial oil stocks in January fell by 6.1 mb m-o-m to settle at 124.8 mb. This is 9.5 mb, or 7.1%, lower than the same month last year and 19.5 mb, or 13.5%, below the latest five-year average. Crude and product stocks fell m-o-m by 4.2 mb and 1.9 mb, respectively.

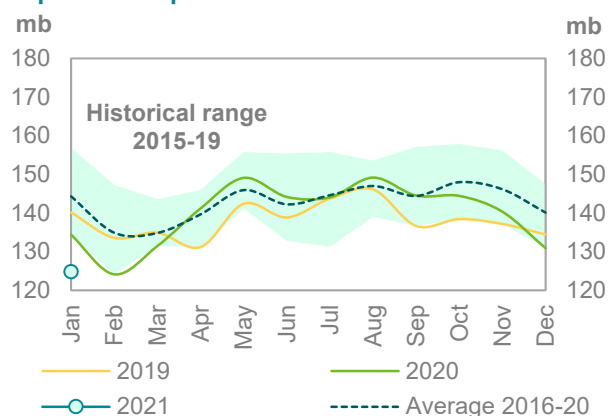
Japanese **commercial crude oil stocks** fell in January to stand at 62.2 mb. This is 7.0 mb, or 10.1%, below the same month a year ago, and 20.3 mb, or 24.6%, lower than the latest five-year average. The drop came on the back of slightly lower crude imports, while lower crude throughput limited a further drop in crude oil inventories.

Japan's **total product inventories** also fell m-o-m by 1.9 mb to end January at 62.6 mb. This is 2.5 mb, or 3.9% lower than the same month last year, and 0.8 mb, or 1.3%, higher than the latest five-year average.

**Gasoline stocks** in January rose m-o-m by 1.0 mb to stand at 13.6 mb. This was 1.6 mb, or 13.4%, higher than a year ago, and 2.5 mb, or 22.2%, above the latest five-year average. Lower domestic gasoline sales, which fell by 8.9% m-o-m, were behind the build in gasoline stocks.

In contrast, **distillate stocks** fell by 1.1 mb m-o-m to end January at 28.7 mb. This is 0.6 mb, or 2.1%, lower than the same month a year ago, but 1.2 mb, or 4.5%, above the latest five-year average. Within distillate components, jet fuel and kerosene stocks fell m-o-m by 8.5% and 11.7%, respectively, while gasoil stocks rose by 10.1%.

**Graph 9 - 4: Japan's commercial oil stocks**



Sources: METI and OPEC.

**Total residual fuel oil stocks** rose by 0.3 mb in January to stand at 12.0 mb. This is 0.9 mb, or 7.1%, lower than the same month last year, and 1.3 mb, or 10.0%, below the latest five-year average. Within components, fuel oil A stocks fell by 0.3%, while fuel oil B.C stocks rose by 4.4% over the previous month.

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

|                           | Jan 20       | Nov 20       | Dec 20       | Jan 21       | Change<br>Jan 21/Dec 20 |
|---------------------------|--------------|--------------|--------------|--------------|-------------------------|
| <b>Japan's stocks</b>     |              |              |              |              |                         |
| <b>Crude oil</b>          | <b>69.3</b>  | <b>72.4</b>  | <b>66.4</b>  | <b>62.2</b>  | <b>-4.2</b>             |
| <b>Gasoline</b>           | 12.0         | 12.6         | 12.6         | 13.6         | 1.0                     |
| <b>Naphtha</b>            | 10.9         | 9.4          | 10.4         | 8.3          | -2.1                    |
| <b>Middle distillates</b> | 29.3         | 33.6         | 29.8         | 28.7         | -1.1                    |
| <b>Residual fuel oil</b>  | 12.9         | 12.4         | 11.7         | 12.0         | 0.3                     |
| <b>Total products</b>     | <b>65.1</b>  | <b>68.0</b>  | <b>64.5</b>  | <b>62.6</b>  | <b>-1.9</b>             |
| <b>Total**</b>            | <b>134.4</b> | <b>140.4</b> | <b>130.9</b> | <b>124.8</b> | <b>-6.1</b>             |

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 January showed that total **European commercial oil stocks** rose by 6.3 mb m-o-m to stand at 1,161.2 mb. At this level, they were 49.7 mb, or 4.5%, above the same month a year ago, and 30.6 mb, or 2.7%, higher than the latest five-year average. Crude stocks fell by 3.9 mb, while product stocks rose by 10.2 mb.

European **crude inventories** fell in January to stand at 483.4 mb. This is 13.5 mb, or 2.9%, higher than the same month a year ago, and 6.9 mb, or 1.5%, above the latest five-year average. The fall in January crude oil inventories came despite slightly lower m-o-m refinery throughputs in the EU-14 plus UK and Norway, which decreased by around 60 tb/d to 8.61 mb/d.

European **total product stocks** rose m-o-m by 10.2 mb to end January at 677.8 mb. This is 36.1 mb, or 5.6%, higher than the same month a year ago, and 23.7 mb, or 3.6%, above the latest five-year average. This build came on the back of lower consumption in the region.

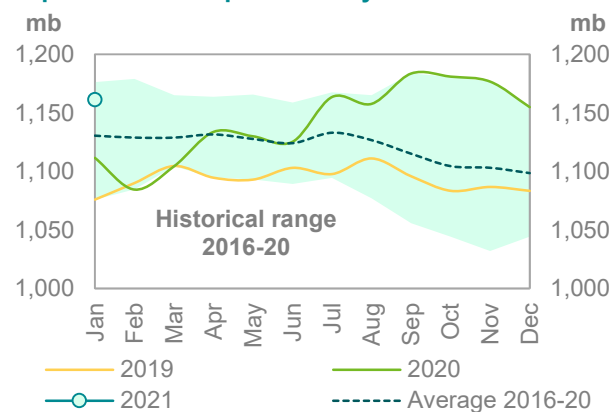
**Gasoline stocks** rose m-o-m by 1.5 mb in January to stand at 118.5 mb. This is 0.9 mb, or 0.7%, lower than the level registered the same time a year ago, and 6.0 mb, or 4.8%, less than the latest five-year average.

**Distillate stocks** also rose m-o-m by 6.6 mb in January to stand at 461.2 mb. This is 35.2 mb, or 8.3%, higher than the same month last year, and 31.8 mb, or 7.4%, higher than the latest five-year average.

**Residual fuel stocks** rose m-o-m by 1.2 mb in January to 66.0 mb. This is 2.0 mb, or 2.9%, lower than the same month one year ago, and 3.6 mb, or 5.2%, below the latest five-year average.

**Naphtha stocks** fell by 0.9 mb m-o-m in December, ending the month at 32.1 mb. This is 3.8 mb, or 13.5%, above January 2020 levels, and 1.5 mb, or 4.9%, higher than the latest five-year average.

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



Sources: Argus, Euroilstock and OPEC.

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

|                           | Jan 20         | Nov 20         | Dec 20         | Jan 21         | Change<br>Jan 21/Dec 20 |
|---------------------------|----------------|----------------|----------------|----------------|-------------------------|
| <b>EU stocks</b>          |                |                |                |                |                         |
| <b>Crude oil</b>          | <b>469.9</b>   | <b>488.2</b>   | <b>487.3</b>   | <b>483.4</b>   | <b>-3.9</b>             |
| <b>Gasoline</b>           | 119.3          | 117.6          | 117.0          | 118.5          | 1.5                     |
| <b>Naphtha</b>            | 28.3           | 32.6           | 31.2           | 32.1           | 0.9                     |
| <b>Middle distillates</b> | 426.0          | 469.7          | 454.6          | 461.2          | 6.6                     |
| <b>Fuel oils</b>          | 68.0           | 68.6           | 64.9           | 66.0           | 1.2                     |
| <b>Total products</b>     | <b>641.7</b>   | <b>688.5</b>   | <b>667.7</b>   | <b>677.8</b>   | <b>10.2</b>             |
| <b>Total</b>              | <b>1,111.6</b> | <b>1,176.7</b> | <b>1,154.9</b> | <b>1,161.2</b> | <b>6.3</b>              |

Sources: Argus, Euroilstock and OPEC.

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

### Singapore

At the end of January, **total product stocks in Singapore** fell by 0.7 mb m-o-m for the second consecutive month to stand at 50.3 mb. This is 3.0 mb, or 6.3%, higher than the same month a year ago.

**Light distillate stocks** rose m-o-m by 1.2 mb in January to stand at 15.1 mb. This is 1.9 mb, or 14.4%, higher than the same month one year ago.

In contrast, **middle distillate stocks** fell by 1.0 mb in January to stand at 14.1 mb. This is 3.0 mb, or 27.0%, higher than a year ago.

**Residual fuel oil stocks also fell** by 0.9 mb, ending January at 21.1 mb, which is 1.9 mb, or 8.3%, lower than in January 2020.

### ARA

**Total product stocks in ARA** fell m-o-m by 1.3 mb in January, down for the fourth consecutive month. They now stand at 50.4 mb, which is 9.9 mb, or 24.4%, higher than the same month a year ago.

**Gasoline stocks** in January rose m-o-m by 0.3 mb to stand at 10.7 mb, which is 1.9 mb, or 21.6%, above the same month one year ago.

**Gasoil stocks** also rose by 0.2 mb m-o-m in January to stand at 19.5 mb, which is 0.6 mb, or 3.2%, higher than in January 2020.

**Residual fuel stocks** rose m-o-m by 0.4 mb to end January at 9.3 mb. This is 2.8 mb, or 43.1%, above the level registered one year ago.

In contrast, **jet oil** fell m-o-m by 1.1 mb to end January at 7.2 mb. This is 3.3 mb, or 84.6%, above the level seen one year ago.

### Fujairah

During the week ending 1 March, **total oil product stocks in Fujairah** fell by 2.34 mb w-o-w to stand at 20.84 mb, according to data from FEDCom and S&P Global Platts. At this level, total oil stocks were 2.3 mb lower than the same time a year ago. Within products, light and heavy distillates witnessed a stock draw, while middle distillates stocks saw a build.

**Light distillate stocks** fell by 0.95 mb w-o-w to stand at 7.14 mb, which is 0.48 mb lower than a year ago during the same period. **Heavy distillate stocks** also fell by 1.45 mb to stand at 9.57 mb, which is 3.98 mb lower than a year ago. In contrast, **middle distillate stocks** rose by 0.06 mb to stand at 4.12 mb, which is 2.16 mb above the same time last year.



## Balance of Supply and Demand

Demand for OPEC crude in 2020 was revised down by 0.1 mb/d from the previous month to stand at 22.4 mb/d. This is around 6.9 mb/d lower than in 2019.

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was 7.3 mb/d higher than the demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.6 mb/d higher than demand. In 3Q20, OPEC crude production averaged 23.9 mb/d, which was 0.9 mb/d lower than demand, while in 4Q20, it averaged 24.9 mb/d — 2.0 mb/d below demand. For the entirety of 2020, OPEC crude production averaged 25.6 mb/d, around 3.2 mb/d higher than demand.

Demand for OPEC crude in 2021 was revised down by 0.2 mb/d from the previous month to stand at 27.3 mb/d. This is 4.9 mb/d higher than in 2020.

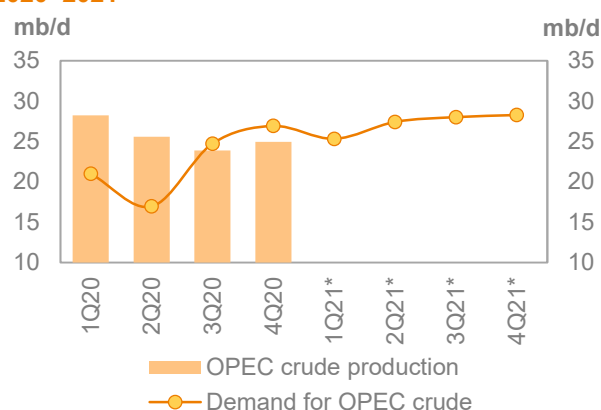
## Balance of supply and demand in 2020

**Demand for OPEC crude in 2020** was revised down by 0.1 mb/d from the previous month to stand at 22.4 mb/d. This is around 6.9 mb/d lower than in 2019.

Demand for OPEC crude in 1Q20 and 3Q20 was revised down by 0.2 mb/d each quarter, while that for 2Q20 was revised up by 0.1 mb/d from the previous monthly assessment. Meanwhile, demand for OPEC crude in 4Q20 remained unchanged versus the previous month.

Compared with the same quarters in 2019, demand for OPEC crude in 1Q20 and 2Q20 indicated a decline of 8.1 mb/d and 11.9 mb/d, respectively. Demand in 3Q20 showed a decline of 5.7 mb/d, while 4Q20 saw a drop of 1.9 mb/d.

**Graph 10 - 1: Balance of supply and demand, 2020–2021\***



Note: \* 1Q21-4Q21 = Forecast. Source: OPEC.

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was 7.3 mb/d higher than demand. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.6 mb/d above demand, while in 3Q20, it averaged 23.9 mb/d — 0.9 mb/d below demand. Meanwhile, OPEC crude production averaged 24.9 mb/d in 4Q20, which was 2.0 mb/d below demand. For 2020, OPEC crude production averaged 25.6 mb/d, around 3.2 mb/d higher than demand.

**Table 10 - 1: Supply/demand balance for 2020\*, mb/d**

|                                                            | 2019         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | 2020         | Change 2020/19 |
|------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| <b>(a) World oil demand</b>                                | <b>99.98</b> | <b>93.10</b> | <b>83.07</b> | <b>91.20</b> | <b>94.13</b> | <b>90.39</b> | <b>-9.60</b>   |
| Non-OPEC liquids production                                | 65.41        | 66.76        | 61.05        | 61.45        | 62.17        | 62.85        | -2.56          |
| OPEC NGL and non-conventionals                             | 5.26         | 5.35         | 5.09         | 5.04         | 5.05         | 5.13         | -0.13          |
| <b>(b) Total non-OPEC liquids production and OPEC NGLs</b> | <b>70.67</b> | <b>72.11</b> | <b>66.14</b> | <b>66.48</b> | <b>67.23</b> | <b>67.98</b> | <b>-2.69</b>   |
| <b>Difference (a-b)</b>                                    | <b>29.31</b> | <b>20.99</b> | <b>16.93</b> | <b>24.72</b> | <b>26.90</b> | <b>22.40</b> | <b>-6.91</b>   |
| <b>OPEC crude oil production</b>                           | <b>29.34</b> | <b>28.24</b> | <b>25.58</b> | <b>23.86</b> | <b>24.95</b> | <b>25.65</b> | <b>-3.69</b>   |
| <b>Balance</b>                                             | <b>0.03</b>  | <b>7.25</b>  | <b>8.65</b>  | <b>-0.86</b> | <b>-1.95</b> | <b>3.25</b>  | <b>3.22</b>    |

Note: \* 2020 = Estimate. Totals may not add up due to independent rounding. Source: OPEC.

## Balance of supply and demand in 2021

**Demand for OPEC crude in 2021** was revised down by 0.2 mb/d from the previous month to stand at 27.3 mb/d. This is 4.9 mb/d higher than in 2020.

Demand for OPEC crude in 1Q21 and 2Q21 was revised down by 0.4 mb/d and 0.7 mb/d, respectively. It was also revised down for 3Q21 by 0.3 mb/d from the previous month, while 4Q21 demand was revised up by 0.4 mb/d.

Compared with the same quarters in 2020, demand for OPEC crude in 1Q21 and 2Q21 is forecast to be 4.3 mb/d and 10.5 mb/d higher, respectively. An increase of 3.3 mb/d y-o-y is projected for 3Q21 and 4Q21 demand is expected to be higher by 1.4 mb/d y-o-y.

**Table 10 - 2: Supply/demand balance for 2021\*, mb/d**

|                                                            | 2020         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | 2021         | Change<br>2021/20 |
|------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| <b>(a) World oil demand</b>                                | <b>90.39</b> | <b>93.04</b> | <b>95.61</b> | <b>97.43</b> | <b>98.91</b> | <b>96.27</b> | <b>5.89</b>       |
| <b>Non-OPEC liquids production</b>                         | 62.85        | 62.62        | 63.02        | 64.21        | 65.33        | 63.80        | 0.95              |
| <b>OPEC NGL and non-conventionals</b>                      | 5.13         | 5.11         | 5.19         | 5.22         | 5.32         | 5.21         | 0.08              |
| <b>(b) Total non-OPEC liquids production and OPEC NGLs</b> | <b>67.98</b> | <b>67.73</b> | <b>68.21</b> | <b>69.43</b> | <b>70.65</b> | <b>69.01</b> | <b>1.03</b>       |
| <b>Difference (a-b)</b>                                    | <b>22.40</b> | <b>25.31</b> | <b>27.40</b> | <b>28.00</b> | <b>28.26</b> | <b>27.26</b> | <b>4.86</b>       |

Note: \* 2020 = Estimate and 2021 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

# Appendix

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

|                                                            | 2017         | 2018         | 2019         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | 2020         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | 2021         |
|------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>World oil demand and supply balance</b>                 |              |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>World demand</b>                                        |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Americas                                                   | 25.11        | 25.73        | 25.65        | 24.35        | 20.01        | 22.72        | 23.04        | 22.53        | 23.85        | 24.55        | 24.34        | 24.12        | 24.22        |
| of which US                                                | 20.27        | 20.82        | 20.86        | 19.67        | 16.38        | 18.67        | 18.83        | 18.39        | 19.40        | 19.96        | 19.94        | 19.77        | 19.77        |
| Europe                                                     | 14.41        | 14.32        | 14.25        | 13.35        | 11.03        | 12.85        | 12.50        | 12.44        | 12.15        | 13.01        | 13.55        | 13.63        | 13.09        |
| Asia Pacific                                               | 8.15         | 7.95         | 7.79         | 7.75         | 6.54         | 6.69         | 7.42         | 7.10         | 7.30         | 7.18         | 7.17         | 7.64         | 7.32         |
| <b>Total OECD</b>                                          | <b>47.68</b> | <b>47.99</b> | <b>47.69</b> | <b>45.44</b> | <b>37.58</b> | <b>42.26</b> | <b>42.97</b> | <b>42.07</b> | <b>43.30</b> | <b>44.74</b> | <b>45.07</b> | <b>45.39</b> | <b>44.64</b> |
| China                                                      | 12.47        | 13.01        | 13.48        | 10.94        | 13.25        | 13.87        | 14.28        | 13.09        | 12.55        | 14.27        | 14.93        | 15.05        | 14.20        |
| India                                                      | 4.53         | 4.73         | 4.91         | 4.84         | 3.58         | 4.01         | 5.15         | 4.40         | 4.96         | 4.56         | 4.83         | 5.61         | 4.99         |
| Other Asia                                                 | 8.69         | 8.91         | 9.04         | 8.30         | 7.79         | 8.11         | 8.33         | 8.13         | 8.35         | 8.96         | 8.57         | 8.47         | 8.59         |
| Latin America                                              | 6.51         | 6.53         | 6.59         | 6.11         | 5.61         | 6.20         | 6.12         | 6.01         | 6.13         | 6.27         | 6.46         | 6.40         | 6.32         |
| Middle East                                                | 8.23         | 8.13         | 8.20         | 7.88         | 6.91         | 7.94         | 7.65         | 7.60         | 7.89         | 7.64         | 8.28         | 7.93         | 7.94         |
| Africa                                                     | 4.20         | 4.33         | 4.45         | 4.37         | 3.77         | 3.95         | 4.28         | 4.09         | 4.41         | 3.99         | 4.16         | 4.47         | 4.26         |
| Eurasia                                                    | 5.36         | 5.50         | 5.61         | 5.21         | 4.58         | 4.85         | 5.35         | 5.00         | 5.43         | 5.17         | 5.14         | 5.60         | 5.34         |
| of which Russia                                            | 3.48         | 3.55         | 3.61         | 3.44         | 3.04         | 3.20         | 3.43         | 3.28         | 3.57         | 3.37         | 3.37         | 3.58         | 3.47         |
| of which other Eurasia                                     | 1.88         | 1.95         | 2.00         | 1.78         | 1.54         | 1.65         | 1.92         | 1.72         | 1.86         | 1.81         | 1.77         | 2.02         | 1.87         |
| <b>Total Non-OECD</b>                                      | <b>49.99</b> | <b>51.14</b> | <b>52.29</b> | <b>47.65</b> | <b>45.49</b> | <b>48.94</b> | <b>51.16</b> | <b>48.32</b> | <b>49.74</b> | <b>50.87</b> | <b>52.36</b> | <b>53.52</b> | <b>51.63</b> |
| <b>(a) Total world demand</b>                              | <b>97.67</b> | <b>99.13</b> | <b>99.98</b> | <b>93.10</b> | <b>83.07</b> | <b>91.20</b> | <b>94.13</b> | <b>90.39</b> | <b>93.04</b> | <b>95.61</b> | <b>97.43</b> | <b>98.91</b> | <b>96.27</b> |
| Y-o-y change                                               | 1.79         | 1.46         | 0.85         | -6.01        | -15.91       | -9.72        | -6.77        | -9.60        | -0.06        | 12.54        | 6.22         | 4.78         | 5.89         |
| <b>Non-OPEC liquids production</b>                         |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Americas                                                   | 21.51        | 24.05        | 25.77        | 26.59        | 23.55        | 24.10        | 24.63        | 24.72        | 24.52        | 24.51        | 25.50        | 26.13        | 25.17        |
| of which US                                                | 14.42        | 16.69        | 18.43        | 19.05        | 16.81        | 17.34        | 17.27        | 17.61        | 17.14        | 17.49        | 17.93        | 18.51        | 17.77        |
| Europe                                                     | 3.83         | 3.84         | 3.71         | 4.03         | 3.88         | 3.77         | 3.87         | 3.89         | 4.01         | 3.95         | 3.97         | 4.17         | 4.03         |
| Asia Pacific                                               | 0.39         | 0.41         | 0.52         | 0.53         | 0.54         | 0.54         | 0.52         | 0.53         | 0.54         | 0.53         | 0.54         | 0.53         | 0.53         |
| <b>Total OECD</b>                                          | <b>25.73</b> | <b>28.30</b> | <b>30.01</b> | <b>31.16</b> | <b>27.97</b> | <b>28.41</b> | <b>29.02</b> | <b>29.14</b> | <b>29.07</b> | <b>28.99</b> | <b>30.01</b> | <b>30.82</b> | <b>29.73</b> |
| China                                                      | 3.97         | 3.98         | 4.04         | 4.13         | 4.12         | 4.13         | 4.08         | 4.12         | 4.16         | 4.13         | 4.13         | 4.18         | 4.15         |
| India                                                      | 0.86         | 0.86         | 0.82         | 0.79         | 0.76         | 0.76         | 0.75         | 0.77         | 0.76         | 0.75         | 0.74         | 0.73         | 0.75         |
| Other Asia                                                 | 2.80         | 2.72         | 2.69         | 2.61         | 2.47         | 2.46         | 2.46         | 2.50         | 2.47         | 2.46         | 2.46         | 2.45         | 2.46         |
| Latin America                                              | 5.72         | 5.79         | 6.09         | 6.35         | 5.83         | 6.14         | 5.91         | 6.06         | 6.03         | 6.31         | 6.32         | 6.51         | 6.30         |
| Middle East                                                | 3.14         | 3.21         | 3.20         | 3.19         | 3.20         | 3.15         | 3.17         | 3.17         | 3.17         | 3.21         | 3.23         | 3.24         | 3.22         |
| Africa                                                     | 1.50         | 1.50         | 1.50         | 1.44         | 1.44         | 1.40         | 1.37         | 1.41         | 1.34         | 1.35         | 1.33         | 1.32         | 1.34         |
| Eurasia                                                    | 14.46        | 14.72        | 14.80        | 14.95        | 13.41        | 12.85        | 13.27        | 13.62        | 13.40        | 13.62        | 13.78        | 13.87        | 13.67        |
| of which Russia                                            | 11.33        | 11.52        | 11.61        | 11.68        | 10.38        | 10.01        | 10.31        | 10.59        | 10.43        | 10.61        | 10.74        | 10.84        | 10.66        |
| of which other Eurasia                                     | 3.14         | 3.20         | 3.19         | 3.28         | 3.03         | 2.84         | 2.96         | 3.03         | 2.97         | 3.01         | 3.03         | 3.03         | 3.01         |
| <b>Total Non-OECD</b>                                      | <b>32.45</b> | <b>32.78</b> | <b>33.14</b> | <b>33.46</b> | <b>31.22</b> | <b>30.89</b> | <b>31.01</b> | <b>31.64</b> | <b>31.35</b> | <b>31.83</b> | <b>32.00</b> | <b>32.31</b> | <b>31.88</b> |
| Total Non-OPEC production                                  | 58.18        | 61.08        | 63.15        | 64.61        | 59.20        | 59.30        | 60.03        | 60.78        | 60.42        | 60.82        | 62.01        | 63.13        | 61.60        |
| Processing gains                                           | 2.22         | 2.25         | 2.26         | 2.15         | 1.85         | 2.15         | 2.15         | 2.07         | 2.20         | 2.20         | 2.20         | 2.20         | 2.20         |
| <b>Total Non-OPEC liquids production</b>                   | <b>60.40</b> | <b>63.33</b> | <b>65.41</b> | <b>66.76</b> | <b>61.05</b> | <b>61.45</b> | <b>62.17</b> | <b>62.85</b> | <b>62.62</b> | <b>63.02</b> | <b>64.21</b> | <b>65.33</b> | <b>63.80</b> |
| OPEC NGL + non-conventional oils                           | 5.18         | 5.33         | 5.26         | 5.35         | 5.09         | 5.04         | 5.05         | 5.13         | 5.11         | 5.19         | 5.22         | 5.32         | 5.21         |
| <b>(b) Total non-OPEC liquids production and OPEC NGLs</b> | <b>65.58</b> | <b>68.66</b> | <b>70.67</b> | <b>72.11</b> | <b>66.14</b> | <b>66.48</b> | <b>67.23</b> | <b>67.98</b> | <b>67.73</b> | <b>68.21</b> | <b>69.43</b> | <b>70.65</b> | <b>69.01</b> |
| Y-o-y change                                               | 0.88         | 3.09         | 2.01         | 2.13         | -3.98        | -3.98        | -4.88        | -2.69        | -4.38        | 2.07         | 2.94         | 3.42         | 1.03         |
| <b>OPEC crude oil production (secondary sources)</b>       |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Total liquids production                                   | 97.06        | 100.01       | 100.01       | 100.35       | 91.72        | 90.34        | 92.17        | 93.63        |              |              |              |              |              |
| Balance (stock change and miscellaneous)                   | -0.61        | 0.88         | 0.03         | 7.25         | 8.65         | -0.86        | -1.95        | 3.25         |              |              |              |              |              |
| <b>OECD closing stock levels, mb</b>                       |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Commercial                                                 | 2,860        | 2,875        | 2,889        | 2,978        | 3,214        | 3,178        | 3,063        | 3,063        |              |              |              |              |              |
| SPR                                                        | 1,569        | 1,552        | 1,535        | 1,537        | 1,561        | 1,551        | 1,541        | 1,541        |              |              |              |              |              |
| <b>Total</b>                                               | <b>4,428</b> | <b>4,427</b> | <b>4,425</b> | <b>4,515</b> | <b>4,776</b> | <b>4,730</b> | <b>4,604</b> | <b>4,604</b> |              |              |              |              |              |
| <b>Oil-on-water</b>                                        |              |              |              |              |              |              |              |              |              |              |              |              |              |
|                                                            | 1,025        | 1,058        | 1,011        | 1,186        | 1,329        | 1,174        | 1,148        | 1,148        |              |              |              |              |              |
| <b>Days of forward consumption in OECD, days</b>           |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Commercial onland stocks                                   | 60           | 60           | 69           | 79           | 76           | 74           | 71           | 69           |              |              |              |              |              |
| SPR                                                        | 33           | 33           | 36           | 41           | 37           | 36           | 36           | 35           |              |              |              |              |              |
| <b>Total</b>                                               | <b>92</b>    | <b>93</b>    | <b>105</b>   | <b>120</b>   | <b>113</b>   | <b>110</b>   | <b>106</b>   | <b>103</b>   |              |              |              |              |              |
| <b>Memo items</b>                                          |              |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>(a) - (b)</b>                                           | <b>32.09</b> | <b>30.47</b> | <b>29.31</b> | <b>20.99</b> | <b>16.93</b> | <b>24.72</b> | <b>26.90</b> | <b>22.40</b> | <b>25.31</b> | <b>27.40</b> | <b>28.00</b> | <b>28.26</b> | <b>27.26</b> |

Note: 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

|                                                            | 2017         | 2018         | 2019         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | 2020         | 1Q21         | 2Q21         | 3Q21         | 4Q21         | 2021         |
|------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>World oil demand and supply balance</b>                 |              |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>World demand</b>                                        |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Americas                                                   | -            | -            | -            | -            | -            | -            | -0.39        | -0.10        | -0.06        | -0.20        | 0.25         | -0.04        | -0.01        |
| of which US                                                | -            | -            | -            | -            | -            | -            | -0.35        | -0.09        | -0.06        | -0.20        | 0.25         | -            | -            |
| Europe                                                     | -            | -            | -            | -            | 0.05         | 0.02         | 0.21         | 0.07         | -            | -0.35        | 0.12         | 0.56         | 0.08         |
| Asia Pacific                                               | -            | -            | -            | -            | -            | 0.01         | 0.22         | 0.06         | -            | -            | 0.01         | 0.22         | 0.06         |
| <b>Total OECD</b>                                          | -            | -            | -            | -            | <b>0.05</b>  | <b>0.02</b>  | <b>0.04</b>  | <b>0.03</b>  | <b>-0.06</b> | <b>-0.55</b> | <b>0.37</b>  | <b>0.74</b>  | <b>0.13</b>  |
| China                                                      | -            | -            | -            | -            | 0.20         | -            | -            | 0.05         | -            | 0.20         | 0.02         | 0.02         | 0.06         |
| India                                                      | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 0.01         | 0.02         | 0.01         |
| Other Asia                                                 | -            | -            | -            | -            | -            | -            | 0.01         | -            | -            | -            | -            | 0.01         | -            |
| Latin America                                              | -            | -            | -            | -            | -            | -            | 0.01         | -            | -            | -            | -            | 0.01         | -            |
| Middle East                                                | -            | -            | -            | -            | -            | -            | 0.09         | 0.02         | -0.12        | -            | -            | 0.09         | -0.01        |
| Africa                                                     | -            | -            | -            | -            | -            | -            | 0.04         | 0.01         | -            | 0.04         | -            | 0.04         | 0.02         |
| Eurasia                                                    | -            | -            | -            | -            | -            | -            | 0.04         | 0.01         | -            | -            | -            | 0.04         | 0.01         |
| of which Russia                                            | -            | -            | -            | -            | -            | -            | -            | 0.04         | -            | -            | -            | -            | 0.04         |
| of which other Eurasia                                     | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Non-OECD</b>                                      | -            | -            | -            | -            | <b>0.20</b>  | -            | <b>0.20</b>  | <b>0.10</b>  | <b>-0.12</b> | <b>0.24</b>  | <b>0.03</b>  | <b>0.23</b>  | <b>0.09</b>  |
| <b>(a) Total world demand</b>                              | -            | -            | -            | -            | <b>0.25</b>  | <b>0.02</b>  | <b>0.24</b>  | <b>0.12</b>  | <b>-0.18</b> | <b>-0.31</b> | <b>0.40</b>  | <b>0.97</b>  | <b>0.22</b>  |
| Y-o-y change                                               | -            | -            | -            | -            | <b>0.25</b>  | <b>0.02</b>  | <b>0.24</b>  | <b>0.12</b>  | <b>-0.18</b> | <b>-0.56</b> | <b>0.38</b>  | <b>0.74</b>  | <b>0.10</b>  |
| <b>Non-OPEC liquids production</b>                         |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Americas                                                   | -            | -            | -            | -            | -            | -            | 0.02         | 0.01         | -0.04        | -0.04        | 0.23         | -0.02        | 0.03         |
| of which US                                                | -            | -            | -            | -            | -            | -            | -            | -            | -0.17        | 0.03         | 0.15         | -0.02        | -            |
| Europe                                                     | -            | -            | -            | -            | -            | -            | -            | -            | 0.01         | 0.04         | 0.02         | 0.02         | 0.02         |
| Asia Pacific                                               | -            | -            | -            | -            | -            | -            | -0.01        | -            | -0.01        | -            | -            | -            | -            |
| <b>Total OECD</b>                                          | -            | -            | -            | -            | -            | -            | <b>0.01</b>  | -            | <b>-0.04</b> | <b>-0.01</b> | <b>0.24</b>  | <b>-0.01</b> | <b>0.05</b>  |
| China                                                      | -            | -            | -0.02        | -0.03        | -0.04        | -0.04        | -0.04        | -0.04        | -            | -0.01        | -0.01        | -0.01        | -0.01        |
| India                                                      | -            | -            | -            | -            | -            | -            | -            | -            | 0.01         | -            | -            | -            | -            |
| Other Asia                                                 | -0.02        | -0.03        | -0.02        | -0.02        | -0.01        | -0.01        | -0.02        | -0.01        | -            | -0.02        | -0.02        | -0.02        | -0.02        |
| Latin America                                              | -            | -            | -            | -            | -0.01        | -0.01        | 0.01         | -            | -0.22        | -0.03        | -            | 0.02         | -0.06        |
| Middle East                                                | -            | -            | -            | -            | -            | -            | -            | -            | -0.02        | -0.02        | -0.02        | -0.02        | -0.02        |
| Africa                                                     | -            | -0.03        | -0.04        | -0.05        | -0.04        | -0.04        | -0.05        | -0.04        | -0.03        | -0.04        | -0.04        | -0.04        | -0.04        |
| Eurasia                                                    | 0.27         | 0.28         | 0.28         | 0.29         | 0.28         | 0.28         | 0.29         | 0.29         | 0.52         | 0.50         | 0.56         | 0.66         | 0.56         |
| of which Russia                                            | 0.16         | 0.17         | 0.17         | 0.17         | 0.17         | 0.17         | 0.17         | 0.17         | 0.41         | 0.39         | 0.44         | 0.54         | 0.44         |
| of which other Eurasia                                     | 0.11         | 0.11         | 0.11         | 0.12         | 0.11         | 0.11         | 0.12         | 0.12         | 0.12         | 0.12         | 0.12         | 0.12         | 0.12         |
| <b>Total Non-OECD</b>                                      | <b>0.25</b>  | <b>0.22</b>  | <b>0.21</b>  | <b>0.20</b>  | <b>0.19</b>  | <b>0.18</b>  | <b>0.18</b>  | <b>0.19</b>  | <b>0.26</b>  | <b>0.38</b>  | <b>0.46</b>  | <b>0.58</b>  | <b>0.42</b>  |
| Total Non-OPEC production                                  | 0.25         | 0.22         | 0.21         | 0.20         | 0.19         | 0.18         | 0.19         | 0.19         | 0.22         | 0.37         | 0.70         | 0.57         | 0.47         |
| Processing gains                                           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Non-OPEC liquids production</b>                   | <b>0.25</b>  | <b>0.22</b>  | <b>0.21</b>  | <b>0.20</b>  | <b>0.19</b>  | <b>0.18</b>  | <b>0.19</b>  | <b>0.19</b>  | <b>0.22</b>  | <b>0.37</b>  | <b>0.70</b>  | <b>0.57</b>  | <b>0.47</b>  |
| OPEC NGL + non-conventional oils                           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>(b) Total non-OPEC liquids production and OPEC NGLs</b> | <b>0.25</b>  | <b>0.22</b>  | <b>0.21</b>  | <b>0.20</b>  | <b>0.19</b>  | <b>0.18</b>  | <b>0.19</b>  | <b>0.19</b>  | <b>0.22</b>  | <b>0.37</b>  | <b>0.70</b>  | <b>0.57</b>  | <b>0.47</b>  |
| Y-o-y change                                               | <b>0.02</b>  | <b>-0.03</b> | <b>-0.01</b> | <b>-0.02</b> | <b>-0.02</b> | <b>-0.02</b> | <b>-0.02</b> | <b>-0.02</b> | <b>0.03</b>  | <b>0.19</b>  | <b>0.52</b>  | <b>0.38</b>  | <b>0.28</b>  |
| <b>OPEC crude oil production (secondary sources)</b>       | -            | -            | -            | -0.01        | 0.01         | 0.01         | 0.01         | -            | -            | -            | -            | -            | -            |
| <b>Total liquids production</b>                            | 0.25         | 0.22         | 0.21         | 0.19         | 0.19         | 0.19         | 0.20         | 0.19         | -            | -            | -            | -            | -            |
| <b>Balance (stock change and miscellaneous)</b>            | 0.25         | 0.22         | 0.21         | 0.19         | -0.05        | 0.17         | -0.03        | 0.07         | -            | -            | -            | -            | -            |
| <b>OECD closing stock levels, mb</b>                       |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Commercial                                                 | -            | -            | -            | -            | -            | -1           | -5           | -5           | -            | -            | -            | -            | -            |
| SPR                                                        | -            | -            | -            | -            | -            | -            | -3           | -3           | -            | -            | -            | -            | -            |
| <b>Total</b>                                               | -            | -            | -            | -            | -            | -1           | -9           | -9           | -            | -            | -            | -            | -            |
| <b>Oil-on-water</b>                                        | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Days of forward consumption in OECD, days</b>           |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Commercial onland stocks                                   | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| SPR                                                        | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total</b>                                               | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Memo items</b>                                          |              |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>(a) - (b)</b>                                           | <b>-0.25</b> | <b>-0.22</b> | <b>-0.21</b> | <b>-0.20</b> | <b>0.06</b>  | <b>-0.16</b> | <b>0.04</b>  | <b>-0.07</b> | <b>-0.41</b> | <b>-0.69</b> | <b>-0.30</b> | <b>0.40</b>  | <b>-0.25</b> |

Note: \* This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the February 2021 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

|                                                  | 2018         | 2019         | 2020         | 4Q18         | 1Q19         | 2Q19         | 3Q19         | 4Q19         | 1Q20         | 2Q20         | 3Q20         | 4Q20         |
|--------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>OECD oil stocks and oil on water</b>          |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>Closing stock levels, mb</b>                  |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>OECD onland commercial</b>                    | <b>2,875</b> | <b>2,889</b> | <b>3,063</b> | <b>2,875</b> | <b>2,875</b> | <b>2,932</b> | <b>2,942</b> | <b>2,889</b> | <b>2,978</b> | <b>3,214</b> | <b>3,178</b> | <b>3,063</b> |
| Americas                                         | 1,544        | 1,518        | 1,636        | 1,544        | 1,504        | 1,559        | 1,553        | 1,518        | 1,575        | 1,713        | 1,687        | 1,636        |
| Europe                                           | 930          | 978          | 1,045        | 930          | 989          | 983          | 988          | 978          | 1,033        | 1,099        | 1,078        | 1,045        |
| Asia Pacific                                     | 402          | 394          | 383          | 402          | 381          | 391          | 401          | 394          | 369          | 402          | 413          | 383          |
| <b>OECD SPR</b>                                  | <b>1,552</b> | <b>1,535</b> | <b>1,541</b> | <b>1,552</b> | <b>1,557</b> | <b>1,549</b> | <b>1,544</b> | <b>1,535</b> | <b>1,537</b> | <b>1,561</b> | <b>1,551</b> | <b>1,541</b> |
| Americas                                         | 651          | 637          | 640          | 651          | 651          | 647          | 647          | 637          | 637          | 658          | 644          | 640          |
| Europe                                           | 481          | 482          | 487          | 481          | 488          | 485          | 482          | 482          | 484          | 487          | 490          | 487          |
| Asia Pacific                                     | 420          | 416          | 414          | 420          | 417          | 417          | 416          | 416          | 416          | 416          | 417          | 414          |
| <b>OECD total</b>                                | <b>4,427</b> | <b>4,425</b> | <b>4,604</b> | <b>4,427</b> | <b>4,432</b> | <b>4,481</b> | <b>4,486</b> | <b>4,425</b> | <b>4,515</b> | <b>4,776</b> | <b>4,730</b> | <b>4,604</b> |
| <b>Oil-on-water</b>                              | <b>1,058</b> | <b>1,011</b> | <b>1,148</b> | <b>1,058</b> | <b>1,013</b> | <b>995</b>   | <b>1,012</b> | <b>1,011</b> | <b>1,186</b> | <b>1,329</b> | <b>1,174</b> | <b>1,148</b> |
| <b>Days of forward consumption in OECD, days</b> |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>OECD onland commercial</b>                    | <b>60</b>    | <b>69</b>    | <b>69</b>    | <b>60</b>    | <b>61</b>    | <b>61</b>    | <b>61</b>    | <b>64</b>    | <b>79</b>    | <b>76</b>    | <b>74</b>    | <b>71</b>    |
| Americas                                         | 60           | 67           | 68           | 61           | 59           | 60           | 60           | 62           | 79           | 75           | 73           | 69           |
| Europe                                           | 65           | 79           | 80           | 66           | 70           | 67           | 70           | 73           | 94           | 86           | 86           | 86           |
| Asia Pacific                                     | 52           | 55           | 52           | 49           | 51           | 52           | 50           | 51           | 56           | 60           | 56           | 52           |
| <b>OECD SPR</b>                                  | <b>33</b>    | <b>37</b>    | <b>35</b>    | <b>33</b>    | <b>33</b>    | <b>32</b>    | <b>32</b>    | <b>34</b>    | <b>41</b>    | <b>37</b>    | <b>36</b>    | <b>36</b>    |
| Americas                                         | 26           | 30           | 28           | 26           | 26           | 25           | 25           | 26           | 32           | 29           | 28           | 27           |
| Europe                                           | 34           | 39           | 37           | 34           | 34           | 33           | 34           | 36           | 44           | 38           | 39           | 40           |
| Asia Pacific                                     | 54           | 59           | 58           | 51           | 56           | 55           | 52           | 54           | 64           | 62           | 56           | 57           |
| <b>OECD total</b>                                | <b>94</b>    | <b>107</b>   | <b>105</b>   | <b>93</b>    | <b>94</b>    | <b>93</b>    | <b>94</b>    | <b>97</b>    | <b>120</b>   | <b>113</b>   | <b>110</b>   | <b>106</b>   |

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

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

|                                                  | 2017        | 2018        | 2019        | 3Q20        | 4Q20        | 2020        | Change<br>20/19 | 1Q21        | 2Q21        | 3Q21        | 4Q21        | 2021        | Change<br>21/20 |
|--------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|-------------|-------------|-------------|-------------|-------------|-----------------|
| <b>Non-OPEC liquids production and OPEC NGLs</b> |             |             |             |             |             |             |                 |             |             |             |             |             |                 |
| US                                               | 14.4        | 16.7        | 18.4        | 17.3        | 17.3        | 17.6        | -0.8            | 17.1        | 17.5        | 17.9        | 18.5        | 17.8        | 0.2             |
| Canada                                           | 4.9         | 5.3         | 5.4         | 4.9         | 5.5         | 5.2         | -0.2            | 5.5         | 5.1         | 5.6         | 5.7         | 5.5         | 0.3             |
| Mexico                                           | 2.2         | 2.1         | 1.9         | 1.9         | 1.9         | 1.9         | 0.0             | 1.9         | 1.9         | 1.9         | 1.9         | 1.9         | 0.0             |
| Chile                                            | 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             |
| <b>OECD Americas</b>                             | <b>21.5</b> | <b>24.0</b> | <b>25.8</b> | <b>24.1</b> | <b>24.6</b> | <b>24.7</b> | <b>-1.1</b>     | <b>24.5</b> | <b>24.5</b> | <b>25.5</b> | <b>26.1</b> | <b>25.2</b> | <b>0.5</b>      |
| Norway                                           | 2.0         | 1.9         | 1.7         | 2.0         | 2.0         | 2.0         | 0.3             | 2.1         | 2.1         | 2.1         | 2.3         | 2.2         | 0.2             |
| UK                                               | 1.0         | 1.1         | 1.1         | 1.0         | 1.0         | 1.1         | -0.1            | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | -0.1            |
| 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         | 0.8         | 0.7         | 0.7         | 0.0             | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         | 0.0             |
| <b>OECD Europe</b>                               | <b>3.8</b>  | <b>3.8</b>  | <b>3.7</b>  | <b>3.8</b>  | <b>3.9</b>  | <b>3.9</b>  | <b>0.2</b>      | <b>4.0</b>  | <b>4.0</b>  | <b>4.0</b>  | <b>4.2</b>  | <b>4.0</b>  | <b>0.1</b>      |
| Australia                                        | 0.3         | 0.3         | 0.5         | 0.5         | 0.5         | 0.5         | 0.0             | 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             |
| <b>OECD Asia Pacific</b>                         | <b>0.4</b>  | <b>0.4</b>  | <b>0.5</b>  | <b>0.5</b>  | <b>0.5</b>  | <b>0.5</b>  | <b>0.0</b>      | <b>0.5</b>  | <b>0.5</b>  | <b>0.5</b>  | <b>0.5</b>  | <b>0.5</b>  | <b>0.0</b>      |
| <b>Total OECD</b>                                | <b>25.7</b> | <b>28.3</b> | <b>30.0</b> | <b>28.4</b> | <b>29.0</b> | <b>29.1</b> | <b>-0.9</b>     | <b>29.1</b> | <b>29.0</b> | <b>30.0</b> | <b>30.8</b> | <b>29.7</b> | <b>0.6</b>      |
| China                                            | 4.0         | 4.0         | 4.0         | 4.1         | 4.1         | 4.1         | 0.1             | 4.2         | 4.1         | 4.1         | 4.2         | 4.1         | 0.0             |
| India                                            | 0.9         | 0.9         | 0.8         | 0.8         | 0.8         | 0.8         | -0.1            | 0.8         | 0.8         | 0.7         | 0.7         | 0.7         | 0.0             |
| 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             |
| Indonesia                                        | 0.9         | 0.9         | 0.9         | 0.9         | 0.9         | 0.9         | 0.0             | 0.9         | 0.9         | 0.9         | 0.9         | 0.9         | 0.0             |
| Malaysia                                         | 0.7         | 0.7         | 0.7         | 0.6         | 0.6         | 0.6         | -0.1            | 0.6         | 0.6         | 0.6         | 0.6         | 0.6         | 0.0             |
| Thailand                                         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | -0.1            | 0.5         | 0.5         | 0.5         | 0.4         | 0.5         | 0.0             |
| Vietnam                                          | 0.3         | 0.3         | 0.3         | 0.2         | 0.2         | 0.2         | 0.0             | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.0             |
| Asia others                                      | 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             |
| <b>Other Asia</b>                                | <b>2.8</b>  | <b>2.7</b>  | <b>2.7</b>  | <b>2.5</b>  | <b>2.5</b>  | <b>2.5</b>  | <b>-0.2</b>     | <b>2.5</b>  | <b>2.5</b>  | <b>2.5</b>  | <b>2.5</b>  | <b>2.5</b>  | <b>0.0</b>      |
| Argentina                                        | 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             |
| Brazil                                           | 3.3         | 3.3         | 3.6         | 3.8         | 3.5         | 3.7         | 0.1             | 3.6         | 3.8         | 3.9         | 4.0         | 3.8         | 0.1             |
| Colombia                                         | 0.9         | 0.9         | 0.9         | 0.8         | 0.8         | 0.8         | -0.1            | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         | 0.0             |
| Ecuador                                          | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.0             | 0.5         | 0.6         | 0.6         | 0.6         | 0.6         | 0.1             |
| Guyana                                           | 0.0         | 0.0         | 0.0         | 0.1         | 0.1         | 0.1         | 0.1             | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.0             |
| Latin America others                             | 0.4         | 0.4         | 0.4         | 0.3         | 0.3         | 0.3         | 0.0             | 0.3         | 0.3         | 0.4         | 0.4         | 0.3         | 0.0             |
| <b>Latin America</b>                             | <b>5.7</b>  | <b>5.8</b>  | <b>6.1</b>  | <b>6.1</b>  | <b>5.9</b>  | <b>6.1</b>  | <b>0.0</b>      | <b>6.0</b>  | <b>6.3</b>  | <b>6.3</b>  | <b>6.5</b>  | <b>6.3</b>  | <b>0.2</b>      |
| 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         | 0.9         | 0.9         | 0.9         | 0.0             | 0.9         | 1.0         | 1.0         | 1.0         | 1.0         | 0.0             |
| Qatar                                            | 1.9         | 1.9         | 1.9         | 1.9         | 1.9         | 1.9         | 0.0             | 2.0         | 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         | 0.1         | 0.0         | 0.0             | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.0             |
| <b>Middle East</b>                               | <b>3.1</b>  | <b>3.2</b>  | <b>3.2</b>  | <b>3.1</b>  | <b>3.2</b>  | <b>3.2</b>  | <b>0.0</b>      | <b>3.2</b>  | <b>3.2</b>  | <b>3.2</b>  | <b>3.2</b>  | <b>3.2</b>  | <b>0.0</b>      |
| Cameroon                                         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.0             | 0.1         | 0.1         | 0.1         | 0.0         | 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         | 0.6         | 0.0             | 0.6         | 0.6         | 0.6         | 0.6         | 0.6         | 0.0             |
| Ghana                                            | 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             |
| 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                                           | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.0             | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.0             |
| 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             |
| <b>Africa</b>                                    | <b>1.5</b>  | <b>1.5</b>  | <b>1.5</b>  | <b>1.4</b>  | <b>1.4</b>  | <b>1.4</b>  | <b>-0.1</b>     | <b>1.3</b>  | <b>1.4</b>  | <b>1.3</b>  | <b>1.3</b>  | <b>1.3</b>  | <b>-0.1</b>     |
| Russia                                           | 11.3        | 11.5        | 11.6        | 10.0        | 10.3        | 10.6        | -1.0            | 10.4        | 10.6        | 10.7        | 10.8        | 10.7        | 0.1             |
| Kazakhstan                                       | 1.8         | 1.9         | 1.9         | 1.7         | 1.8         | 1.8         | -0.1            | 1.8         | 1.8         | 1.8         | 1.8         | 1.8         | 0.0             |
| Azerbaijan                                       | 0.8         | 0.8         | 0.8         | 0.7         | 0.7         | 0.7         | -0.1            | 0.7         | 0.7         | 0.7         | 0.7         | 0.7         | 0.0             |
| Other Eurasia                                    | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.0             | 0.5         | 0.5         | 0.4         | 0.4         | 0.5         | 0.0             |
| <b>Eurasia</b>                                   | <b>14.5</b> | <b>14.7</b> | <b>14.8</b> | <b>12.9</b> | <b>13.3</b> | <b>13.6</b> | <b>-1.2</b>     | <b>13.4</b> | <b>13.6</b> | <b>13.8</b> | <b>13.9</b> | <b>13.7</b> | <b>0.1</b>      |
| <b>Total Non-OECD</b>                            | <b>32.5</b> | <b>32.8</b> | <b>33.1</b> | <b>30.9</b> | <b>31.0</b> | <b>31.6</b> | <b>-1.5</b>     | <b>31.3</b> | <b>31.8</b> | <b>32.0</b> | <b>32.3</b> | <b>31.9</b> | <b>0.2</b>      |
| <b>Non-OPEC production</b>                       | <b>58.2</b> | <b>61.1</b> | <b>63.2</b> | <b>59.3</b> | <b>60.0</b> | <b>60.8</b> | <b>-2.4</b>     | <b>60.4</b> | <b>60.8</b> | <b>62.0</b> | <b>63.1</b> | <b>61.6</b> | <b>0.8</b>      |
| <b>Processing gains</b>                          | <b>2.2</b>  | <b>2.3</b>  | <b>2.3</b>  | <b>2.1</b>  | <b>2.1</b>  | <b>2.1</b>  | <b>-0.2</b>     | <b>2.2</b>  | <b>2.2</b>  | <b>2.2</b>  | <b>2.2</b>  | <b>2.2</b>  | <b>0.1</b>      |
| <b>Non-OPEC supply</b>                           | <b>60.4</b> | <b>63.3</b> | <b>65.4</b> | <b>61.4</b> | <b>62.2</b> | <b>62.9</b> | <b>-2.6</b>     | <b>62.6</b> | <b>63.0</b> | <b>64.2</b> | <b>65.3</b> | <b>63.8</b> | <b>1.0</b>      |
| <b>OPEC NGL</b>                                  | <b>5.1</b>  | <b>5.2</b>  | <b>5.1</b>  | <b>4.9</b>  | <b>4.9</b>  | <b>5.0</b>  | <b>-0.1</b>     | <b>5.0</b>  | <b>5.1</b>  | <b>5.1</b>  | <b>5.2</b>  | <b>5.1</b>  | <b>0.1</b>      |
| <b>OPEC Non-conventional</b>                     | <b>0.1</b>  | <b>0.1</b>  | <b>0.1</b>  | <b>0.1</b>  | <b>0.1</b>  | <b>0.1</b>  | <b>0.0</b>      | <b>0.1</b>  | <b>0.1</b>  | <b>0.1</b>  | <b>0.1</b>  | <b>0.1</b>  | <b>0.0</b>      |
| <b>OPEC (NGL+NCF)</b>                            | <b>5.2</b>  | <b>5.3</b>  | <b>5.3</b>  | <b>5.0</b>  | <b>5.1</b>  | <b>5.1</b>  | <b>-0.1</b>     | <b>5.1</b>  | <b>5.2</b>  | <b>5.2</b>  | <b>5.3</b>  | <b>5.2</b>  | <b>0.1</b>      |
| <b>Non-OPEC &amp; OPEC (NGL+NCF)</b>             | <b>65.6</b> | <b>68.7</b> | <b>70.7</b> | <b>66.5</b> | <b>67.2</b> | <b>68.0</b> | <b>-2.7</b>     | <b>67.7</b> | <b>68.2</b> | <b>69.4</b> | <b>70.6</b> | <b>69.0</b> | <b>1.0</b>      |

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

Source: OPEC.

## Appendix

Table 11 - 5: World rig count, units

|                           | 2018         | 2019         | 2020         | Change<br>2020/19 | 1Q20         | 2Q20         | 3Q20         | 4Q20         | Jan 21       | Feb 21       | Change<br>Feb/Jan |
|---------------------------|--------------|--------------|--------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| <b>World rig count</b>    |              |              |              |                   |              |              |              |              |              |              |                   |
| US                        | 1,031        | 944          | 436          | -507              | 784          | 396          | 254          | 311          | 374          | 397          | 23                |
| Canada                    | 191          | 134          | 90           | -45               | 196          | 25           | 49           | 89           | 156          | 171          | 15                |
| Mexico                    | 27           | 37           | 41           | 4                 | 46           | 43           | 36           | 38           | 47           | 46           | -1                |
| <b>OECD Americas</b>      | <b>1,249</b> | <b>1,114</b> | <b>567</b>   | <b>-548</b>       | <b>1,026</b> | <b>464</b>   | <b>339</b>   | <b>438</b>   | <b>577</b>   | <b>614</b>   | <b>37</b>         |
| Norway                    | 15           | 17           | 16           | -1                | 16           | 16           | 16           | 17           | 15           | 18           | 3                 |
| UK                        | 7            | 15           | 6            | -9                | 8            | 4            | 5            | 7            | 7            | 9            | 2                 |
| <b>OECD Europe</b>        | <b>85</b>    | <b>149</b>   | <b>112</b>   | <b>-36</b>        | <b>129</b>   | <b>111</b>   | <b>109</b>   | <b>100</b>   | <b>94</b>    | <b>98</b>    | <b>4</b>          |
| <b>OECD Asia Pacific</b>  | <b>21</b>    | <b>29</b>    | <b>22</b>    | <b>-7</b>         | <b>30</b>    | <b>22</b>    | <b>17</b>    | <b>18</b>    | <b>15</b>    | <b>16</b>    | <b>1</b>          |
| <b>Total OECD</b>         | <b>1,355</b> | <b>1,292</b> | <b>701</b>   | <b>-591</b>       | <b>1,184</b> | <b>597</b>   | <b>465</b>   | <b>556</b>   | <b>686</b>   | <b>728</b>   | <b>42</b>         |
| Other Asia*               | 222          | 221          | 187          | -34               | 214          | 190          | 184          | 160          | 160          | 157          | -3                |
| Latin America             | 131          | 129          | 58           | -71               | 107          | 26           | 40           | 61           | 72           | 79           | 7                 |
| Middle East               | 65           | 68           | 57           | -12               | 69           | 59           | 50           | 48           | 51           | 61           | 10                |
| Africa                    | 45           | 55           | 43           | -12               | 61           | 46           | 35           | 32           | 33           | 32           | -1                |
| <b>Total Non-OECD</b>     | <b>462</b>   | <b>474</b>   | <b>345</b>   | <b>-129</b>       | <b>451</b>   | <b>321</b>   | <b>309</b>   | <b>301</b>   | <b>316</b>   | <b>329</b>   | <b>13</b>         |
| <b>Non-OPEC rig count</b> | <b>1,817</b> | <b>1,766</b> | <b>1,046</b> | <b>-720</b>       | <b>1,635</b> | <b>917</b>   | <b>774</b>   | <b>857</b>   | <b>1,002</b> | <b>1,057</b> | <b>55</b>         |
| Algeria                   | 50           | 45           | 31           | -14               | 38           | 33           | 27           | 25           | 19           | 22           | 3                 |
| Angola                    | 4            | 4            | 3            | -1                | 6            | 2            | 1            | 3            | 4            | 4            | 0                 |
| Congo                     | 3            | 3            | 1            | -3                | 2            | 1            | 0            | 0            | 0            | 0            | 0                 |
| Equatorial Guinea**       | 1            | 2            | 0            | -1                | 1            | 0            | 0            | 0            | 0            | 0            | 0                 |
| Gabon                     | 3            | 7            | 3            | -5                | 9            | 2            | 0            | 0            | 0            | 1            | 1                 |
| Iran**                    | 157          | 117          | 117          | 0                 | 117          | 117          | 117          | 117          | 117          | 117          | 0                 |
| Iraq                      | 59           | 74           | 47           | -27               | 74           | 54           | 30           | 28           | 32           | 31           | -1                |
| Kuwait                    | 51           | 46           | 45           | -1                | 53           | 52           | 44           | 29           | 29           | 28           | -1                |
| Libya                     | 5            | 14           | 12           | -3                | 14           | 11           | 11           | 10           | 11           | 12           | 1                 |
| Nigeria                   | 13           | 16           | 11           | -4                | 19           | 11           | 8            | 7            | 6            | 7            | 1                 |
| Saudi Arabia              | 117          | 115          | 93           | -22               | 113          | 108          | 87           | 63           | 62           | 63           | 1                 |
| UAE                       | 55           | 62           | 54           | -8                | 66           | 58           | 50           | 40           | 42           | 44           | 2                 |
| Venezuela                 | 32           | 25           | 8            | -17               | 25           | 6            | 1            | 0            | 0            | 0            | 0                 |
| <b>OPEC rig count</b>     | <b>550</b>   | <b>529</b>   | <b>423</b>   | <b>-106</b>       | <b>537</b>   | <b>454</b>   | <b>376</b>   | <b>323</b>   | <b>322</b>   | <b>329</b>   | <b>7</b>          |
| <b>World rig count***</b> | <b>2,368</b> | <b>2,295</b> | <b>1,468</b> | <b>-826</b>       | <b>2,172</b> | <b>1,372</b> | <b>1,150</b> | <b>1,180</b> | <b>1,324</b> | <b>1,386</b> | <b>62</b>         |
| <i>of which:</i>          |              |              |              |                   |              |              |              |              |              |              |                   |
| Oil                       | 1,886        | 1,800        | 1,116        | -684              | 1,707        | 1,026        | 850          | 881          | 1,001        | 1,054        | 53                |
| Gas                       | 448          | 464          | 307          | -157              | 411          | 288          | 265          | 263          | 290          | 303          | 13                |
| Others                    | 33           | 31           | 46           | 14                | 54           | 57           | 35           | 36           | 33           | 29           | -4                |

Note: \* Other Asia includes India and China

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

\*\*\* Data excludes onshore China and Eurasia.

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                         |
|       |                                                        |
| JODI  | Joint Organisations Data Initiative                    |
|       |                                                        |
| 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 6.67 in February

|                     |              |
|---------------------|--------------|
| February 2021       | 61.05        |
| January 2021        | 54.38        |
| <b>Year-to-date</b> | <b>57.72</b> |

## February OPEC crude production

mb/d, according to secondary sources



down 0.65 in February

|               |       |
|---------------|-------|
| February 2021 | 24.85 |
| January 2021  | 25.50 |

## Economic growth rate

per cent

|             | World | OECD | US   | Euro-zone | Japan | China | India |
|-------------|-------|------|------|-----------|-------|-------|-------|
| <b>2020</b> | -3.7  | -5.0 | -3.5 | -6.8      | -4.9  | 2.3   | -7.0  |
| <b>2021</b> | 5.1   | 4.3  | 4.8  | 4.3       | 3.1   | 8.0   | 9.0   |

## Supply and demand

mb/d

| <b>2020</b>                 |             | <b>20/19</b> | <b>2021</b>                 |             | <b>21/20</b> |
|-----------------------------|-------------|--------------|-----------------------------|-------------|--------------|
| World demand                | 90.4        | -9.6         | World demand                | 96.3        | 5.9          |
| Non-OPEC liquids production | 62.9        | -2.6         | Non-OPEC liquids production | 63.8        | 1.0          |
| OPEC NGLs                   | 5.1         | -0.1         | OPEC NGLs                   | 5.2         | 0.1          |
| <b>Difference</b>           | <b>22.4</b> | <b>-6.9</b>  | <b>Difference</b>           | <b>27.3</b> | <b>4.9</b>   |

## OECD commercial stocks

mb

|                       | <b>Jan 20</b> | <b>Nov 20</b> | <b>Dec 20</b> | <b>Jan 21</b> | <b>Jan 21/Dec 20</b> |
|-----------------------|---------------|---------------|---------------|---------------|----------------------|
| Crude oil             | 1,397         | 1,531         | 1,519         | 1,501         | -18                  |
| Products              | 1,516         | 1,577         | 1,544         | 1,551         | 6                    |
| <b>Total</b>          | <b>2,913</b>  | <b>3,108</b>  | <b>3,063</b>  | <b>3,052</b>  | <b>-11</b>           |
| Days of forward cover | 69.7          | 71.8          | 70.7          | 69.6          | -1.1                 |

Next report to be issued on 13 April 2021.