International Energy Agency

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HIGHLIGHTS

- **Oil prices continued to plunge in November and into early December.** The selloff gained pace after OPEC on 27 November decided to keep its output target unchanged. ICE Brent was last trading at a five-year low of $64.05/bbl, down more than 40% from June, and NYMEX WTI at $60.45/bbl.

- **The outlook for global oil demand growth for 2015 has been cut by 230 kb/d to 0.9 mb/d** on lower expectations for the FSU and other oil-exporting countries. A strong dollar and the lifting of subsidies have so far limited supportive price effects on demand, which is now seen reaching 93.3 mb/d next year, from 92.4 mb/d in 2014.

- **Global production fell by 340 kb/d in November to 94.1 mb/d** on lower OPEC supplies. Annual gains of 2.1 mb/d were split evenly between OPEC and non-OPEC. Surging US light tight oil supply looks set to push total non-OPEC production to record growth of 1.9 mb/d this year, but the pace is expected to slow to 1.3 mb/d in 2015.

- **OPEC crude supply declined by 315 kb/d in November to 30.32 mb/d after Libya's recovery stumbled**, but stood 765 kb/d higher year-on-year. The 'call on OPEC crude and stock change' for 2015 has been revised down by 300 kb/d to 28.9 mb/d. The 'call' is expected to decline seasonally by 1.2 mb/d from 4Q14 to 1Q15.

- **Global refinery crude throughputs bounced back in November from a seasonal low of 76.8 mb/d in October.** The estimate of 4Q14 throughputs has been revised sharply higher since the last *Report*, to 78 mb/d, as refiners apparently took advantage of healthy margins ahead of a flurry of refinery start-ups expected in early 2015.

- **OECD industry stocks built counter-seasonally in October to 2 720 mb**, their highest level in more than two years. Stocks ended at a surplus to their five-year average for the first time since March 2013. Rising crude supply and peak seasonal refinery maintenance saw crude stocks surge by 34.4 mb and product stocks fall by 30.7 mb.

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TABLE OF CONTENTS

HIGHLIGHTS 1

LAG TIME 3

DEMAND 4
- Summary 4
- Global overview 4
- OECD 5
  - Americas 5
  - Europe 7
  - Asia Oceania 8
- Non-OECD 9

SUPPLY 14
- Summary 14
- OPEC crude oil supply 15
- Non-OPEC overview 20
- OECD 21
  - North America 21
  - North Sea 22
- Non-OECD 23
  - Latin America 23
  - Asia 23
  - Former Soviet Union 24

OECD STOCKS 26
- Summary 26
- OECD inventory position at end-October and revisions to preliminary data 26
- *How much OECD storage capacity remains to be filled?* 27
- Recent OECD industry stock changes 29
  - OECD Americas 29
  - OECD Europe 30
  - OECD Asia Oceania 30
- Recent developments in Singapore and China stocks 31

PRICES 33
- Summary 33
- Market overview 33
- Financial markets 35
  - Market activity 35
  - Regulation 36
- Spot crude oil prices 36
- Spot product prices 38
- Freight 40

REFINING 42
- Summary 42
- Global refinery overview 42
- OECD refinery throughput 44
- Non-OECD refinery throughput 47
- *President Putin signs tax manoeuver into law* 49
- *Petrobras reaches downstream milestone* 51

TABLES 52

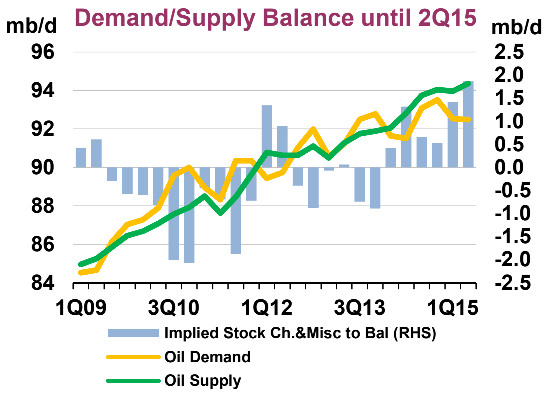
LAG TIME

As oil prices keep plunging, projections of short-term supply and demand balances stay the same – more or less – in the wake of OPEC's decision last month to leave its production target unchanged. Since the last *Report*, futures benchmark prices fell by another $15/barrel, with Brent last trading near $65/barrel and WTI in the low $60s, 40% below their June highs. Several years of record high prices have induced the root cause of today's rout: a surge in non-OPEC supply to its highest growth ever and a contraction in demand growth to five-year lows.

Barring a disorderly production response, it may well take some time for supply and demand to respond to the price rout. Here's why.

When it comes to supply, lower oil prices are already slashing producers' spending, but this is more likely to affect medium- and long-term output than short-term supplies. So long is the lead of oil projects that price swings can take time to work their way through to supply. Projects that have already been funded will for the most part go on. Non-OPEC supply growth for 2015 will not come close to its 2014 record, but prices have little to do with it – as things stand now. The short-term outlook for US light tight oil production remains unchanged at current prices as long as producers maintain access to financing. Only in Russia is oil's plunge, along with sanctions and a collapsing currency, likely to trim 2015 production plans. A lower forecast of Russian supply is offset, however, by upward revisions to North American projections in view of the latest production data.

As for demand, oil price drops are sometimes described as a "tax cut" and a boon for the economy, but this time round their stimulus effect may be modest. For producer countries, lower prices are a negative: the more dependent on oil revenues they are and the lower their financial reserves, the more adverse the impact on the economy and domestic demand. Russia, along with other oil-dependent but cash-constrained economies, will not only produce less but is likely to consume less next year.



In oil-importing countries, price effects are asymmetrical: Demand lost to substitution or efficiency gains during prolonged periods of high prices will not come back in a selloff. Several governments are wisely taking advantage of the price drop to cut subsidies. Consumers thus might not see much of the decline. The dollar's strength and oil sale taxes in some countries will also limit the feed-through from crude oil to retail product prices. In the OECD, a tepid economic recovery, weak wage growth and - last but not least – worrying deflationary pressures will further blunt the stimulus of lower prices.

Based on current projections of still relatively weak demand growth and robust supply, global oil inventories would notionally build by close to 300 mb in 1H15 in the absence of disruption, shut-ins or cut in OPEC production. If half of this took place in the OECD, stocks there would approach 2 900 mb and possibly bump against storage capacity limits. The resulting downward price pressure would raise the risk of social instability or financial difficulties if producers found it difficult to pay back debt.

Meanwhile OECD refining margins, which gained from lower feedstock costs in 4Q14, will likely come under downward pressures in 1Q15, as product stocks rebuild in the wake of surprisingly strong runs and as much as 1.4 mb/d of new refining capacity comes online.

Continued price declines would for some countries and companies make an already difficult situation even worse. Today's oil spending cuts will dent supply – just not right now.

DEMAND

Summary

- **The forecast of global oil demand growth for 2015 has been trimmed by 230 kb/d to 0.9 mb/d,** on the back of reduced expectations for the FSU, bringing global demand to an average 93.3 mb/d. While demand growth is still expected to gain momentum in 2015, from 2014, the acceleration is now looking more modest than previously foreseen, in line with the ever more tentative pace of the global economic recovery. The adverse impact of the oil price rout on oil-exporting economies looks likely to offset, if not exceed, the stimulus it could provide for oil importing countries against a backdrop of weak economic growth and low inflation.

- **The Russian forecast has been hit particularly hard by the market selloff**, with the forecast for 2015 revised down by 195 kb/d, to 3.4 mb/d, attributable to the darker macroeconomic outlook and with heightened associated risks skewed towards the downside. The impact of economic sanctions and uncertainty over Russia's policy towards Ukraine will likely aggravate price effects.

- **The estimate of global oil demand growth for 2014 is unchanged from last month's *Report* at 0.7 mb/d.** This five-year low results from a sharp slowdown in Chinese oil demand growth and steep contractions in Europe and Japan. Deliveries averaged 92.4 mb/d in 2014.

- **Sharply lower oil prices since mid-June have, to date, led to little positive impact on global oil product demand,** as 3Q14 deliveries edged up by 575 kb/d on a year-on-year (y-o-y) basis with only a modest acceleration, to 730 kb/d, foreseen in 4Q14. Global demand momentum bottomed-out in 2Q14, when the y-o-y gain struggled to break 295 kb/d.

Global Oil Demand (2013-2015)

(million barrels per day)

	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Africa	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	4.0	3.9	4.1	4.1	4.0	4.2	4.1
Americas	30.2	30.5	31.1	31.1	30.7	30.4	30.4	31.1	31.3	30.8	30.6	30.7	31.3	31.5	31.0
Asia/Pacific	30.7	29.8	29.8	30.9	30.3	31.2	30.1	29.9	31.2	30.6	31.6	30.6	30.7	31.8	31.2
Europe	13.8	14.5	14.6	14.2	14.3	13.7	14.1	14.6	14.2	14.1	13.8	14.1	14.4	14.1	14.1
FSU	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.8	4.5	4.6	4.8	4.7	4.6
Middle East	7.5	7.9	8.4	7.7	7.9	7.8	8.2	8.6	7.8	8.1	7.9	8.4	8.8	8.2	8.3
World	**90.6**	**91.2**	**92.5**	**92.8**	**91.8**	**91.6**	**91.5**	**93.1**	**93.5**	**92.4**	**92.5**	**92.5**	**94.0**	**94.4**	**93.3**
Annual Chg (%)	1.3	1.7	1.6	0.9	1.4	1.2	0.3	0.6	0.8	0.7	1.0	1.1	0.9	0.9	1.0
Annual Chg (mb/d)	1.1	1.5	1.5	0.8	1.2	1.1	0.3	0.6	0.7	0.7	0.9	1.0	0.9	0.9	0.9
Changes from last OMR (mb/d)	0.02	0.02	0.00	0.01	0.01	0.04	-0.03	0.03	-0.03	0.00	-0.11	-0.23	-0.27	-0.31	-0.23

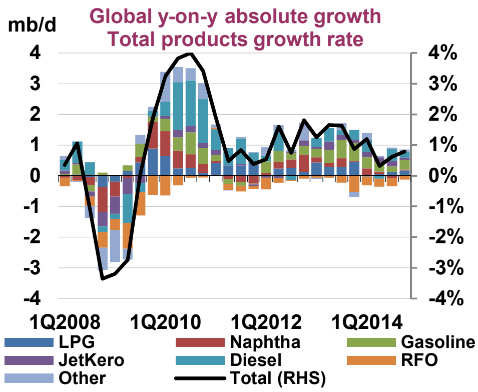
Global overview

With oil prices down by roughly two-fifths from their mid-2014 peak, much talk has circulated recently as to whether lower oil prices could trigger additional oil product demand, potentially helping to bridge the apparent gap that currently exists between supply and demand. At present, however, the corrective-bias remains to the downside.

Heavily quoted in recent discussions on the topic has been International Monetary Fund (IMF) research indicating that a 25% drop in oil prices boosts oil demand by around 0.4 mb/d, however these numbers depend upon the critical assumption that "the decline in prices will-ceteris paribus-boost global growth" (*Global Prospects and Policy Challenges, 15 November 2014*). This 'all else being held equal' principle might not fully apply in the current market, however. For starters, weak oil demand was itself a key factor behind falling prices, with the presence of subsidies and/or consumption taxes diluting the potential feed-through from lower crude oil prices to retail product prices in several key slower-growth countries. Increases in such consumption taxes and/or reductions in energy subsidies, as have recently occurred in China, Indonesia, Kuwait, India, Thailand, Egypt and Malaysia, look set to blunt the impact of lower crude oil prices on demand. Secondly, sharp declines in the value of many currencies, compared to the US dollar, have minimised, if not negated, the impact of lower crude prices on local-currency, retail product markets, even as they have raised the price of imported goods and services, thus putting a dampener on consumption.

Thirdly, lower oil prices significantly dent potential export revenues in net oil-exporting countries, slashing their income streams and in turn denting demand. In particularly cash-strapped economies, such as Venezuela and Russia, this impact is likely to be magnified as the risk of default escalates. Finally, falling oil prices potentially compound the already high risk of deflation in some OECD economies in Europe and Japan, potentially bringing with it the risk of lower economic growth as consumers conceivably put off today's purchasing decisions in the expectation of lower prices in the future. The net impact upon the 2015 global demand forecast of 93.3 mb/d is a reduction of 230 kb/d from last month's *Report*, with sharply lower estimates of Russian, Venezuelan, Kuwaiti and Iraqi demand made. Despite the downward revision, global oil product demand growth is forecast to accelerate in 2015 to 0.9 mb/d, an uptick from the five-year growth low of 0.7 mb/d projected for 2014.

Overall, global oil product demand momentum bottomed out for the year in 2Q14, at +295 kb/d y-o-y, before accelerating, to an estimated +575 kb/d, in 3Q14 as the relative decline in demand experienced in both North America and Europe eased. The 3Q14 demand estimate has been marginally revised up, by 25 kb/d, from last month's *Report*. Annual demand growth is projected to accelerate further in 4Q14, to 730 kb/d, supported by predictions of mildly firmer macroeconomic conditions and colder European temperatures.

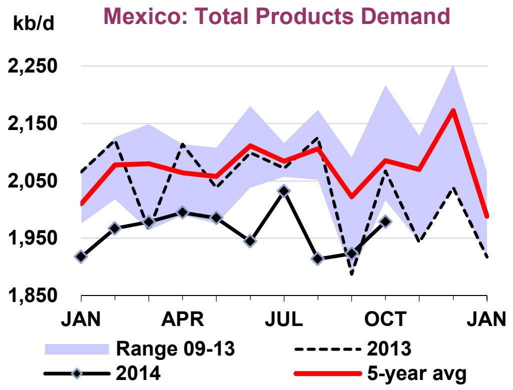


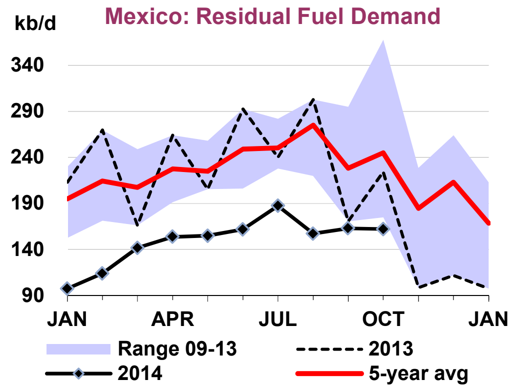
OECD

Ongoing efficiency gains, product switching and a generally anaemic macroeconomic backdrop, with the notable exception of a few economies such as the US, have combined to keep OECD oil demand on a generally declining trend. The pace of recent declines has however abated somewhat in recent months, in-line with the forecasts we have been carrying all year. After reaching -1.8% in 2Q14, the y-o-y decline in demand slowed to -1.2% in 3Q14 and is projected to narrow further to -0.4% for 4Q14. Preliminary estimates of October demand, down 0.9% y-o-y, support this forecast alongside the assumption of colder y-o-y weather conditions in November and December.

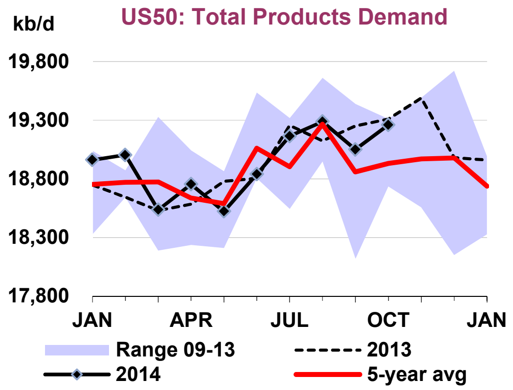
Americas

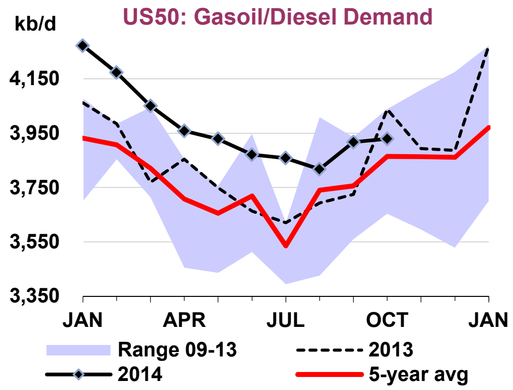
Relatively weak mid-2014 demand conditions in most of the key constituent countries – the US, Mexico and Chile – resulted in absolute y-o-y demand declines seen in 2Q14 and 3Q14. **Mexico** performed particularly poorly, as sharp declines in Mexican residual fuel oil demand (-38.2% y-o-y in 2Q14 and 29.1% lower y-o-y in 3Q14) brought down the overall metric. Heavy declines in Mexican residual fuel oil use is attributed to monopoly utility provider CFE increasingly switching to hydropower, on the plentiful rains that have been seen since 2013. Further downside pressure built as economic activity has generally struggled, as it's over one-and-a-half years since Mexican quarterly GDP growth exceeded 3% per annum.



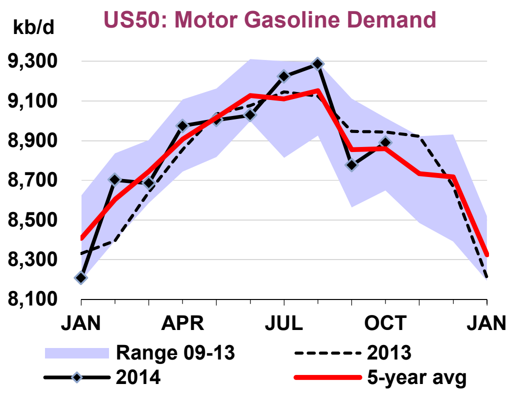


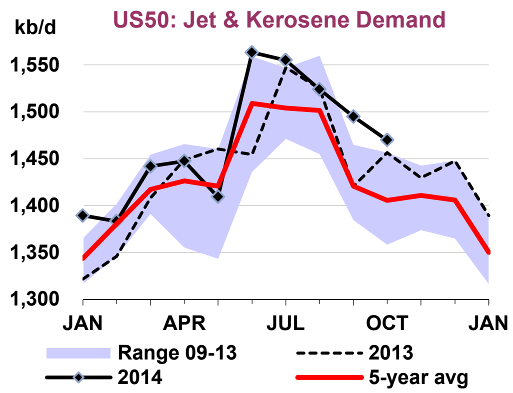
Less rapid declines were attributable to the **US**, as oil demand there fell by 0.1% in 2Q14, its first y-o-y drop in one-and-a-half years, followed by a 0.2% y-o-y decline in 3Q14. Notable weakness in US gasoline demand led the way, as did the absolute y-o-y descent posted in US petrochemical use, a contraction triggered by heavy maintenance closures at US petrochemical facilities.





The latest official data, for September, further emphasize the recent weakness in US gasoline demand, with a near-2% y-o-y drop reported to 8.8 mb/d. Escalating vehicle efficiencies likely drove this momentum, as the US Department of Transportation's Federal Highway Commission reported a gain of 2.3% y-o-y in US vehicle miles travelled in September. These additional miles travelled, coupled with the ongoing strength that has been depicted in the US economy, are likely to support modest gains in US gasoline demand in 4Q14 and into 2015.



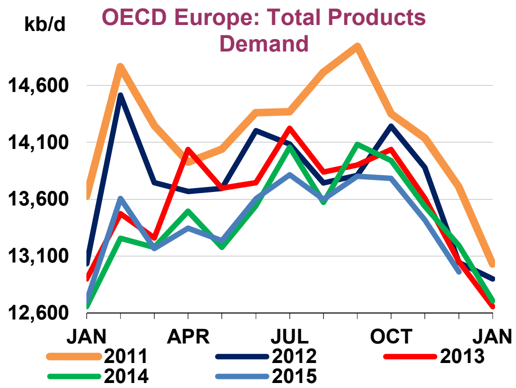


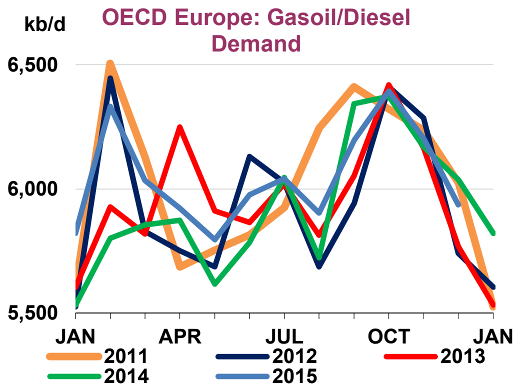
Preliminary estimates of US oil demand for October were in line with expectations, down 0.3% y-o-y to 19.3 mb/d. For the year as a whole, total US oil deliveries are roughly foreseen as unchanged on 2013 (+0.2%), averaging out at approximately 19.0 mb/d. Momentum is then expected to increase in 2015,

+0.5% to an average of around 19.1 mb/d, as lower oil prices and further increases in economic growth modestly stimulate projected US oil deliveries.

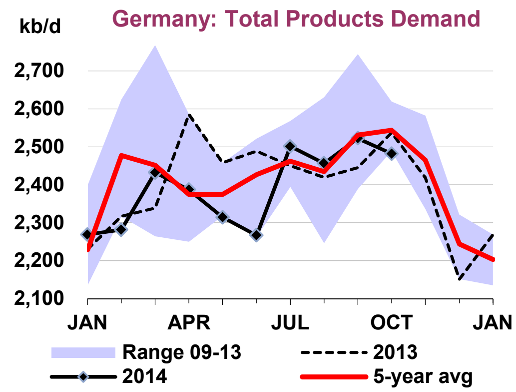
Europe

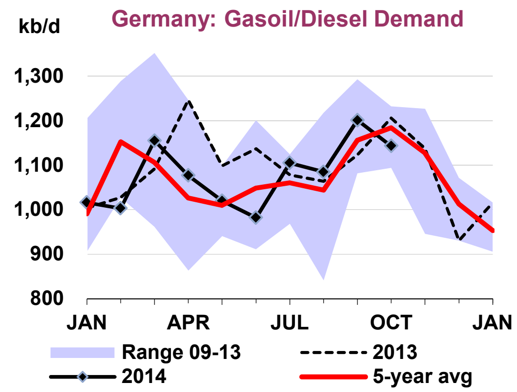
Weak demand conditions very much remain the overriding theme in Europe, although recent declines have been on a shallower tilt. Having fallen by 3.1% y-o-y in 2Q14, momentum eased back in 3Q14 (down 0.6%) with an even slighter drop foreseen for 4Q14 (-0.1% y-o-y) as the exceptionally mild winter weather conditions seen last year are unlikely to be repeated. The average number of heating degree days in 4Q13-1Q14 was roughly one-sixth below their seasonal norm, suggesting that anything closely approaching normal seasonal temperatures should provide some demand support. High consumer stocks in dominant European heating oil market Germany, however, limit this potential weather-related upside. Overall 3Q14 European demand, at 13.9 mb/d, has been revised up by 10 kb/d on last month's *Report* as notably higher estimates of Swedish (+35 kb/d), Spanish (+35 kb/d) and Belgian (+25 kb/d) September demand more than offset curtailments to the UK (-35 kb/d) and Italy (-25 kb/d).





Providing potential demand support in 2015, when the overall European forecast is for a relatively mild 0.4% dip, could be jet/kerosene (+0.7%), particularly if escalating pressure to have airline fuel surcharges removed bear fruit. Gerd Billen, the German Deputy Minister for Justice and Consumer Protection, is the latest senior figure to speak out against the continued use of airline surcharges despite the near-quarter decline in jet fuel prices seen since mid-2014. Additional, albeit modest, support for 2H15 European jet/kerosene demand came from the UK, where December's Autumn Statement included a provision to eradicate air passenger duties on children under 12 years of age, starting May 2015.





Preliminary estimates of **German** demand in October, at 2.5 mb/d, indicated their first y-o-y decline in four months, with sharply lower middle distillate demand being the main catalyst. Gasoil/diesel deliveries fell as industrial output declined (in y-o-y terms) for a second consecutive month in October, according to the latest Bundesbank data. Forward looking indicators, such as the manufacturing

Purchasing Managers' Index (PMI), imply a slight recovery in 1H15 hence the forecast uptick that we are assuming in German gasoil demand in 2015 (+1.5%), but only after a poor 4Q14. Overall, German oil product deliveries are expected to fall in both 2014 and 2015, as the downside influence from any forecast efficiency gains exceed any upside support provided by lower oil prices and/or an embryonic economic recovery.

OECD Demand based on Adjusted Preliminary Submissions - October 2014

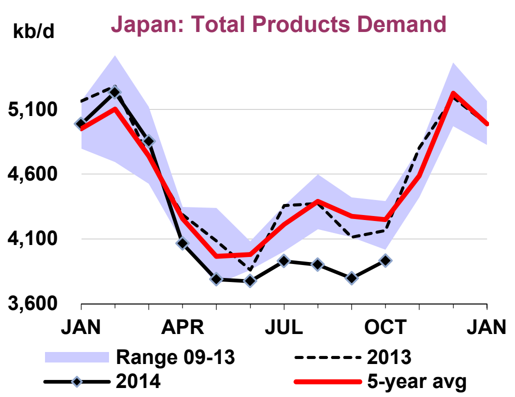
(million barrels per day)

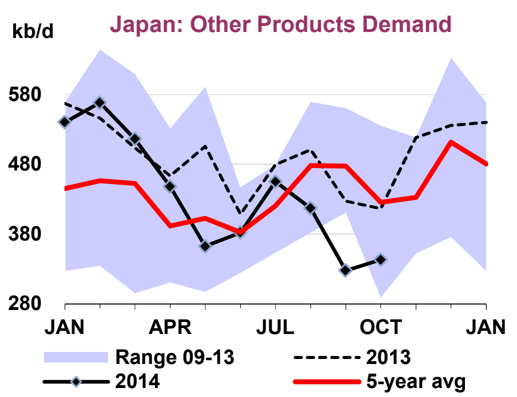
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.59**	**-0.5**	**1.69**	**0.9**	**4.70**	**-1.3**	**0.51**	**-15.9**	**0.61**	**-6.4**	**6.22**	**1.71**	**24.32**	**-0.5**
US50	8.89	-0.6	1.47	0.9	3.81	-1.7	0.12	-27.2	0.28	4.2	4.69	1.91	19.26	-0.3
Canada	0.81	1.6	0.10	-4.5	0.28	0.7	0.32	-13.3	0.06	33.4	0.82	3.80	2.39	0.2
Mexico	0.75	-1.7	0.06	6.3	0.38	-1.2	0.04	-5.3	0.16	-27.7	0.58	-1.81	1.98	-4.3
OECD Europe	**1.96**	**-0.9**	**1.28**	**1.3**	**4.74**	**0.6**	**1.63**	**-4.3**	**0.88**	**-8.5**	**3.45**	**0.97**	**13.94**	**-0.7**
Germany	0.45	0.7	0.19	-3.7	0.74	-0.2	0.40	-13.2	0.13	-2.7	0.57	2.64	2.48	-2.2
United Kingdom	0.29	-1.7	0.33	0.0	0.47	4.6	0.12	0.6	0.03	-11.3	0.24	7.69	1.48	2.1
France	0.18	-0.4	0.15	-1.0	0.74	0.0	0.30	-5.1	0.04	-35.9	0.35	-0.90	1.76	-2.4
Italy	0.22	-2.7	0.10	0.9	0.48	1.9	0.12	-9.7	0.08	-15.6	0.34	-9.62	1.34	-4.2
Spain	0.11	-0.7	0.12	5.4	0.44	1.9	0.16	-5.3	0.16	-4.8	0.24	6.25	1.23	0.9
OECD Asia & Oceania	**1.53**	**-0.9**	**0.78**	**-1.7**	**1.26**	**0.2**	**0.47**	**-3.3**	**0.58**	**-13.4**	**3.07**	**-1.96**	**7.70**	**-2.4**
Japan	0.91	-2.7	0.43	-4.4	0.43	-2.6	0.34	-5.2	0.33	-15.7	1.51	-6.08	3.93	-5.6
Korea	0.18	3.2	0.17	2.9	0.31	3.8	0.11	-0.8	0.20	-9.2	1.31	3.49	2.29	2.0
Australia	0.32	-1.0	0.14	-0.4	0.42	-0.2	0.00	25.0	0.03	-5.2	0.17	-2.01	1.09	-0.9
OECD Total	**14.09**	**-0.6**	**3.76**	**0.5**	**10.70**	**-0.3**	**2.61**	**-6.6**	**2.07**	**-9.3**	**12.73**	**0.61**	**45.96**	**-0.9**

* Including US territories

Asia Oceania

Sharp drops in Japanese oil demand, led to the decline rate in OECD Asia Oceania deliveries descending to a five-year low, of -4.3% y-o-y in 3Q14. The **Japanese** oil product demand trend has been gathering downside momentum in recent months as the domestic economy has tipped back into recession in 3Q14, adding to the negative pressure that was already being applied to the market from falling power-sector oil use. Total Japanese oil product deliveries in 3Q14 came out at a downwardly revised 3.9 mb/d, as forecast in last month's *Report* and down by 9.5% y-o-y as notably lower gasoline, naphtha, residual fuel oil and 'other products' (includes direct crude oil burn in the power sector) demand filtered through. Total economic output fell by 1.9% on an annualised quarter-on-quarter basis in 3Q14, a sharp reversal from the consensus of analysts' expectations, which had been for modest growth, and three-tenths of a percentage point below the initial mid-November estimate.





Looking ahead to 4Q14, preliminary estimates of Japanese oil product demand in October, at 3.9 mb/d, show a 5.6% contraction on the year earlier, exactly as forecast in last month's *Report*, leaving a similarly unchanged 4Q14 estimate of 4.4 mb/d. Having fallen by approximately 5.1% in 2014, a further decline of around 3% is foreseen in 2015 as additional power-sector switching, out of oil and into alternatives such as coal, nuclear, hydro and natural gas, continues albeit at a reduced pace. With a small number of previously closed nuclear facilities due to reopen in 2015, the potential for further declines in power-sector oil use exists but with 3Q14 electricity generating oil use already down below levels seen before the Great East Japan Earthquake and Tsunami of 2011, much less scope remains to further reduce oil deliveries.

Non-OECD

The non-OECD demand picture for 2014 at 46.8 mb/d, up by 2.4% on the year, amounts to a relatively sub-par uptick compared to recent years (with the previous five-year non-OECD growth trend averaging out at a per annum gain of 3.7%, 2009-13), as notably weaker economic growth in China, Brazil and Russia has severely dented non-OECD demand momentum. Lower oil prices have, to date, largely failed to offer any significant demand support as sharply declining currencies, in many non-OECD oil-importing economies, have pushed up the price of imported oil products. JP Morgan's Emerging Market Currency index, which tracks a variety of developing country exchange rates against the US dollar, fell to its lowest level since its creation nearly 15 years ago. The situation has been compounded by subsidy cuts and/or consumption tax hikes, such as those instigated recently in China, Thailand, Indonesia, India and Kuwait. Furthermore, lower oil prices have dented government revenues and in turn potential economic growth in net oil-exporting economies, such as much of the Middle East, curbing oil demand growth.

Non-OECD: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q14	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14
LPG & Ethane	5,104	5,122	5,136	204	170	4.2	3.4
Naphtha	3,227	3,081	3,115	66	82	2.2	2.7
Motor Gasoline	9,474	9,660	9,782	384	314	4.1	3.3
Jet Fuel & Kerosene	2,919	2,906	2,997	138	127	5.0	4.4
Gas/Diesel Oil	13,690	14,263	14,180	35	106	0.2	0.8
Residual Fuel Oil	5,415	5,448	5,471	24	145	0.4	2.7
Other Products	6,080	6,339	6,628	276	186	4.5	2.9
Total Products	**45,909**	**46,819**	**47,309**	**1,127**	**1,131**	**2.5**	**2.5**

An example of the current trend towards reducing oil price subsidies in many non-OECD countries is **Kuwait** where the Minister of Planning announced plans to triple both diesel and kerosene prices, sharply curbing demand forecasts for these products in 2015. The dominant gasoline forecast, however, remains unaffected as gasoline prices missed the subsidy cut, remaining firmly entrenched below $1 per gallon in 4Q14.

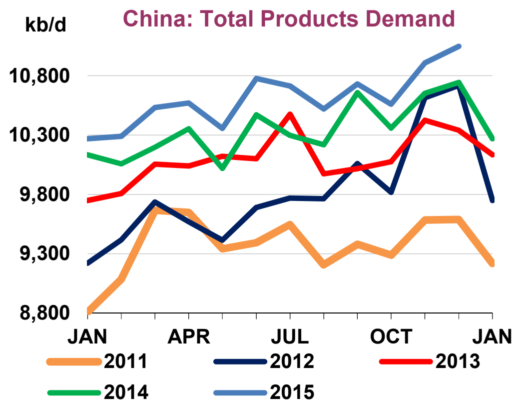
Estimates of **Chinese** demand in October came out roughly as predicted in last month's *Report*, at 10.4 mb/d up by roughly 285 kb/d (or just shy of 3%) on the year earlier. Strongly rising refinery throughput numbers led the upside which, according to the National Bureau of Statistics, were 6.3% higher than the year earlier. Rising net product exports, however, curbed the overall demand estimate, as short-term assessments of Chinese demand remain strictly an 'apparent demand' exercise, equal to refinery runs plus net product imports minus any product stock-builds. Interestingly the year-to-date data, i.e. January-through-October, shows a net product trade balance, as total oil product imports, January-October, exactly match exports.

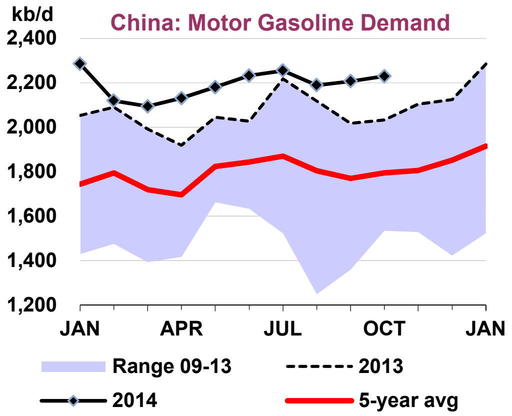
China: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2013	2014	2015	2014	2015	2014	2015
LPG & Ethane	788	842	900	54	58	6.8	6.9
Naphtha	1,126	1,181	1,201	54	21	4.8	1.8
Motor Gasoline	2,062	2,201	2,333	138	132	6.7	6.0
Jet Fuel & Kerosene	459	512	521	53	9	11.6	1.7
Gas/Diesel Oil	3,374	3,339	3,364	-35	25	-1.0	0.7
Residual Fuel Oil	424	347	338	-77	-9	-18.2	-2.7
Other Products	1,867	1,927	1,951	60	25	3.2	1.3
Total Products	**10,100**	**10,348**	**10,608**	**248**	**260**	**2.5**	**2.5**

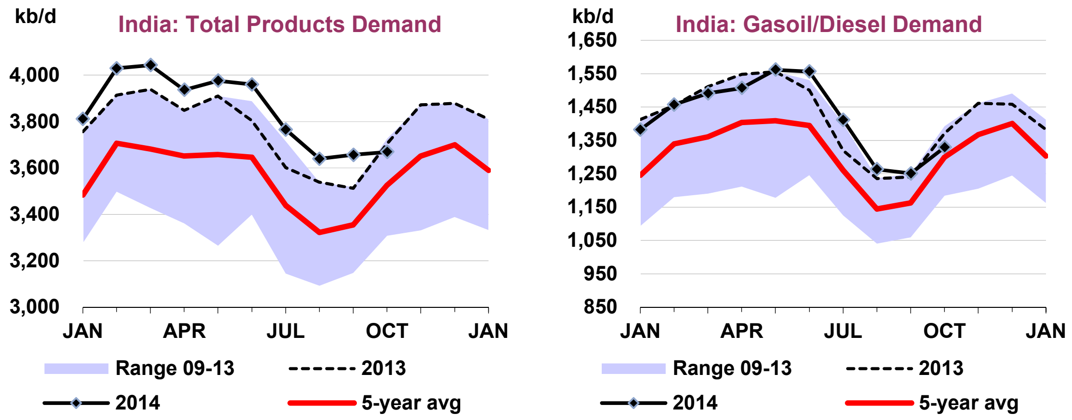
The transportation sector continues to provide the majority of recent Chinese oil demand growth, with strong gains seen in both gasoline and jet/kerosene demand, offsetting weak demand in gasoil/diesel and residual fuel oil. Growth in Chinese gasoline demand occurred despite the relatively sluggish pace of new car sales, with only a 6.4% y-o-y gain posted in car sales in October (a very subdued increase compared to recent growth), as slowdowns in car sales growth notoriously take a very long time to filter through into slower gasoline demand growth. This potential downside influence, however, plays a key role in the forecast of decelerating gasoline demand growth in 2015.





Overall, the Chinese oil demand forecast remains relatively muted, with 2.5% gains foreseen in both 2014 and 2015, as modest Chinese forecast gains in transport fuels and petrochemical feedstocks continue to offset declines/weakness in gasoil/diesel and residual fuel oil. Trimming any potential upside support, that would otherwise have been provided by the recent falls in oil prices, were late-November's hikes in consumption taxes, which leave little discernible price change to Chinese consumers. The tax hike is the first rise in Chinese oil product consumption taxes since early-2009, taking the tax of kerosene, fuel oil and diesel up to 0.94 Yuan per litre (15 US cents), from its previous 0.8 Yuan level. Similarly, taxes on gasoline, lube oil, naphtha and solvents were raised to 1.12 Yuan per litre, up from 1.00 before.

Heavy rains literally dampened **Indian** oil product demand in October, with preliminary estimates showing the first y-o-y decline in nearly a year. Gasoil/diesel, which accounts for roughly one-in-every-three barrels of oil products delivered in India, was the chief protagonist. Gasoil deliveries in October, at 1.3 mb/d, were roughly 3% below the year earlier level as heavy flooding triggered much lower agricultural usage. Lower numbers of car registrations further compounded the situation, as the Centre for Monitoring Indian Economy reported roughly 216 430 registrations in October, 2.4% down on the month earlier. With approximately 125 kb/d stripped from the total October demand estimate, to 3.7 mb/d, the forecast for the year as a whole has also been reduced by 10 kb/d, to 3.9 mb/d. Having risen by approximately 2.4% in 2014, momentum is forecast to accelerate in 2015, to +3.6%, as additional economic growth more than offsets any downside influence provided by ongoing subsidy reductions.

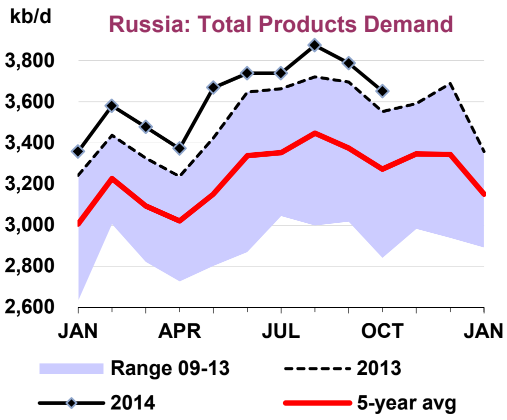


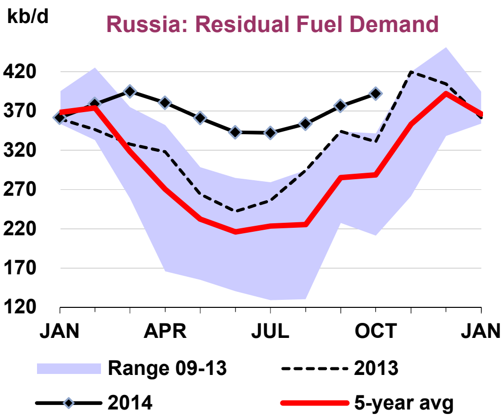
Other big non-OECD Asian nations, such as Thailand, Malaysia and Indonesia, will likely fail to receive much demand support from lower oil prices, as their governments make serious efforts to reduce energy price subsidies. In **Thailand**, for example, the government (as of early-December) has cut LPG subsidies, raising retail prices in the transport sector four times since October, twice for households. Transport LPG prices, as of early-December, are nearly 10% up on October's pre-hike low, up to around $558 per metric tonne according to the *Bangkok Post*. Previously LPG use in the Thai transport sector has been on a rapidly rising trend, with the first nine months of 2014 showing demand up by roughly one-eighth y-o-y. **Malaysia** recently announced that, starting in December, direct subsidies on gasoline and diesel would be abandoned, a move that builds on October's subsidy cut that saw prices rise by roughly 10%.

The unplanned closure of an 84 kb/d catalytic cracker in **Chinese Taipei** resulted in the naphtha demand forecast for 4Q14 being downgraded. This previously unforeseen, late-November closure was attributable to a mechanical fault which is expected to keep the facility closed, at least, through mid-December. Overall, for 2014, deliveries in Chinese Taipei are forecast to average roughly 1.0 mb/d, an increase of 2.4% on the year.

The main change in this month's *Report* has been the severe downgrade applied to the **Russian** oil product demand forecast, consequential on much reduced projections of macroeconomic activity in Russia. Having averaged an estimated 3.6 mb/d in 2014, absolute declines in Russian economic activity are forecast as causing a sharp drop in Russian oil demand, to 3.4 mb/d, 195 kb/d below the estimate quoted in last month's *Report* and down by 185 kb/d on the year earlier. Russia's own Economy Ministry revised down, in early-December, its GDP assessment for 2015 to an anticipated decline rate of 0.8%, versus its previous +1.2% forecast, citing the impact of sanctions, lower oil prices and domestic currency weakness.

This downside revision comes in contrast to the Russian Economy Ministry's upwardly revised estimate of economic growth in 2014, which has been raised to +0.6% compared to the previous forecast of +0.5%. This marginally increased 2014 estimate of Russian economic growth, coupled with reports of stronger-than-anticipated October oil deliveries (+90 kb/d), has seen the 2014 estimate modestly raised (+20 kb/d), as the overwhelming majority of the component months are now historical numbers and not forecasts. Strong gains in the 'other products' and residual fuel oil categories combined, in October, to fuel the near 3% y-o-y gain in oil demand, to an estimated 3.7 mb/d. Weaknesses in the Russian petrochemical and transport sectors bucked October's otherwise generally rising trend, with naphtha deliveries down by 6.4% y-o-y, LPG (includes ethane) 7.2% lower and gasoline -2.2%. The associated risks to the downwardly revised Russian oil product demand forecast are skewed to the downside, as the more challenging macroeconomic backdrop sees the risk of default build, potentially bringing with it a further downwards spiral in economic activity and oil use.

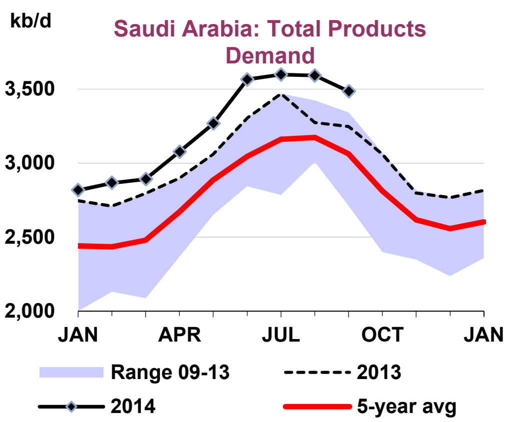


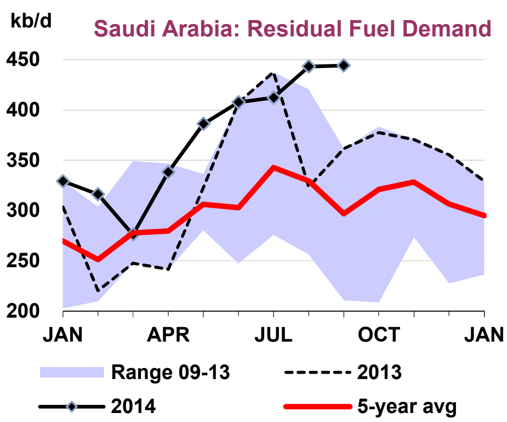


Non-OECD: Demand by Region
(thousand barrels per day)

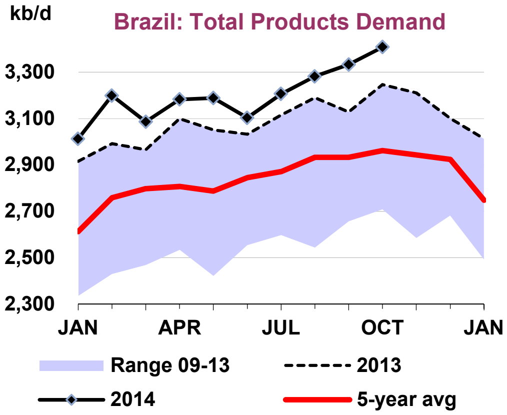
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q14	2Q14	3Q14	2Q14	3Q14	2Q14	3Q14
Africa	3,929	3,947	3,842	64	117	1.6	3.1
Asia	22,345	22,455	22,269	477	537	2.2	2.5
FSU	4,605	4,807	5,045	162	120	3.5	2.4
Latin America	6,574	6,758	6,914	164	161	2.5	2.4
Middle East	7,807	8,196	8,564	254	181	3.2	2.2
Non-OECD Europe	648	655	674	6	16	0.9	2.4
Total Products	**45,909**	**46,819**	**47,309**	**1,127**	**1131**	**2.5**	**2.5**

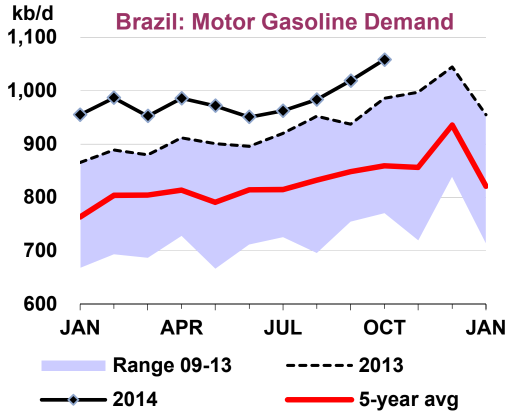
Sharply higher-than-previously-anticipated residual fuel oil demand in **Saudi Arabia** played a key role underpinning the upwardly revised demand estimate for the kingdom, of 3.5 mb/d for September. Not only was this 235 kb/d (or 7.3%) higher than the year earlier but it was also the eleventh consecutive month of positive y-o-y demand growth. Strong gains were seen in the gasoil/diesel, LPG and residual fuel oil categories as additional demand emerged as industrial sentiment thrived. SAAB/HSBC reported manufacturing sentiment at an all-time high in September, of 61.8 according to their manufacturing PMI, while consumer confidence (as tracked by Nielsen) reached a near two-year peak. Having likely risen by just over 5% in 2014, the Saudi Arabian demand forecast for 2015 is for a slower gain of approximately 3.5%, a decelerating projection caused by weaker economic growth resulting partially from lower oil prices.





Additional pre-election demand somewhat inflated the latest **Brazilian** delivery data, which at 3.4 mb/d in October were roughly 5% up on the year earlier. Strong domestic transportation fuel demand led the upside, with gasoline up by 7.3% y-o-y and gasoil/diesel carrying a 5.1% premium. Residual fuel oil use in the power sector also rose sharply as drought reduced output from hydro facilities. For the year as a whole, oil demand in Brazil is expected to average approximately 3.2 mb/d before increasing to 3.3 mb/d in 2015 as the economy itself modestly gathers momentum (+1.4% according to the International Monetary Fund's October *World Economic Outlook*).





SUPPLY

Summary

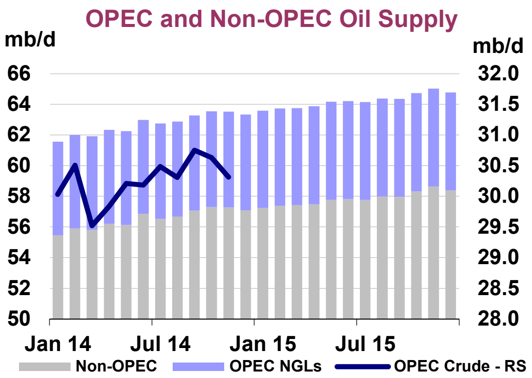
- **Global production fell by 340 kb/d in November, to 94.1 mb/d.** Compared with a year ago, total supply was 2.1 mb/d higher, with gains split roughly evenly between OPEC and non-OPEC.

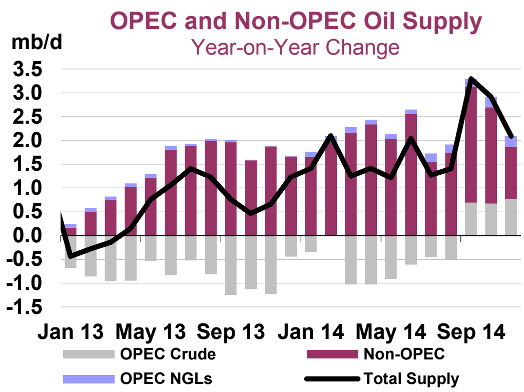
- **The relentless rise of US light tight oil looks set to push total non-OPEC production to record growth of 1.9 mb/d this year, but the pace is expected to slow to 1.3 mb/d in 2015.** Oil's 40% plunge since June has so far had a modest impact on near-term production growth, but steeper price declines could set back many producers.

- **The outlook for Russian production has been revised downwards by 70 kb/d for 2015** on the impact of lower oil prices, compounded by international sanctions and a plummeting rouble.

- **OPEC output declined by 315 kb/d in November to 30.32 mb/d after Libya's recovery stumbled, but remained in excess of the group's 30 mb/d production ceiling for a seventh straight month.** The group's oil ministers agreed at a 27 November meeting to maintain their official output target through 1H15, despite some calls for cuts to shore up prices. Although supply fell for a second month in a row, production in November was 765 kb/d higher year-on-year.

- **The 'call on OPEC crude and stock change' for 2015 has been revised down by 300 kb/d to 28.9 mb/d due to a lower demand forecast and upward revisions to historical estimates and projections of North American and biofuels supply.** The 'call' is expected to decline seasonally by 1.2 mb/d from 4Q14 to 1Q15. OPEC 'effective' spare capacity was estimated at 3.45 mb/d in November versus 3.25 mb/d in October.





All world oil supply data for November discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary November supply data.

Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from May 2011, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals approximately -200 kb/d to -400 kb/d for non-OPEC as a whole.

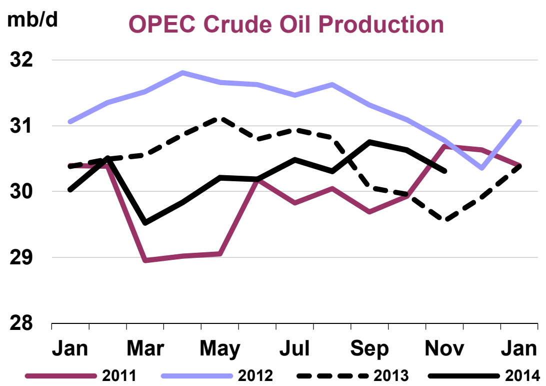
OPEC crude oil supply

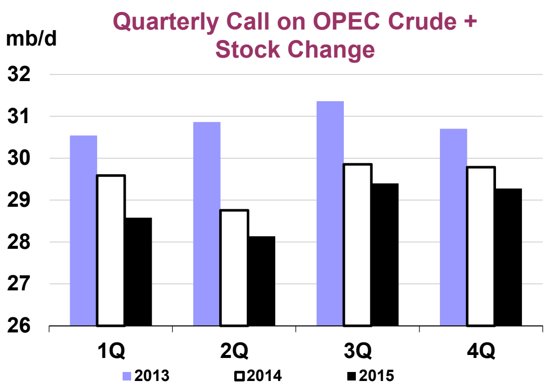
OPEC production fell by 315 kb/d in November to 30.32 mb/d, led by a loss from Libya where disruptions at oil fields and terminals set back a four-month recovery. Top exporter Saudi Arabia kept a steady pace on crude sales to world markets, though production dipped versus October apparently due to the extended closure of the Khafji oil field shared with Kuwait and a lower requirement for crude in power plants at home. Supply from Kuwait and Angola also edged down. Iraqi output rose thanks to higher loadings from the south. Flows through the north are expected to climb further after Baghdad and the KRG agreed to cooperate on exports. Although November marked the second straight month of declines from OPEC, production stood 765 kb/d higher than a year ago.

OPEC oil ministers agreed at their 27 November meeting to maintain an official 30 mb/d supply target despite earlier calls from member countries such as Venezuela, Algeria and Iran to make cuts to shore up prices. Brent crude had fallen 30% since the group last met in June. Prices fell further after OPEC announced its decision. In its post-meeting communique, OPEC stated that "in the interest of restoring market equilibrium" the group opted to maintain its 30 mb/d production target but stood ready to respond to developments that could have "an adverse impact on the maintenance of an orderly and balanced oil market". OPEC has scheduled its next meeting for 5 June in Vienna.

Our forecast shows the 2015 'call on OPEC crude and stock change' at 28.9 mb/d and sees the 'call' drop seasonally by 1.2 mb/d from 4Q14 to 1Q15. In a similar adjustment to 2015, the 4Q14 'call' was revised down by 300 kb/d due to a lower demand estimate and higher projection for non-OPEC and biofuels.

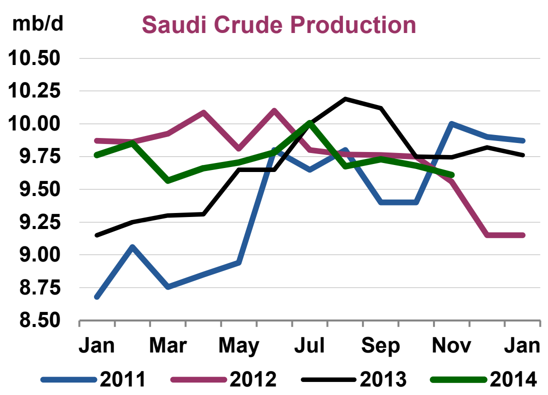
OPEC's 'effective' spare capacity was estimated at 3.45 mb/d in November compared with 3.25 mb/d in October, with Saudi Arabia accounting for about 80% of the surplus.

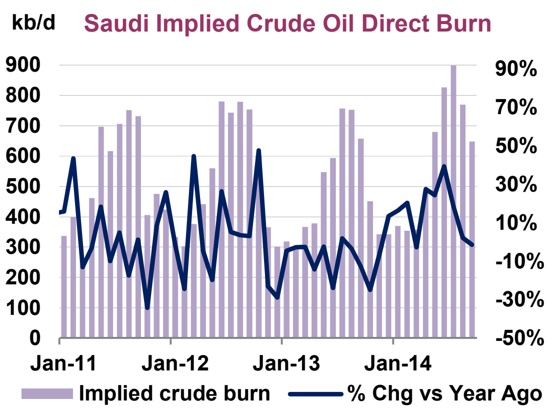




Supply from **Saudi Arabia** eased by 70 kb/d in November to 9.61 mb/d apparently due to the extended closure of the Khafji oil field shared with Kuwait and reduced need for crude to fuel domestic power plants. Riyadh consumes more crude during the summer when there is a higher requirement for power generation. During 3Q14 it burned an average 770 kb/d versus 720 kb/d during the same period in 2013, according to the most recent data submitted by Saudi Arabia to the Joint Organisations Data Initiative (JODI). Crude burn typically declines seasonally during the fourth quarter and in 4Q13 it averaged 380 kb/d.

Tanker tracking data meanwhile show that Saudi Arabia held a steady pace on exports of crude to world markets during November. According to the latest JODI figures, Saudi crude exports in September inched up to 6.72 mb/d versus 6.66 mb/d in August. Exports of products at 787 kb/d in September were below a record 1.02 mb/d reached in August when the Satorp refinery, a joint venture with France's Total, reached full capacity. First exports from a new 400 kb/d joint-venture refinery with China's Sinopec at Yanbu are expected to be delayed to early 2015 from the end of this year.





As for crude oil sales - in an apparent bid to remain competitive in a well-supplied market - state oil company Saudi Aramco cut formula prices to the US for a fifth straight month and made sharp reductions in differentials to the core Asian market. It raised prices to Europe. In recent months, Saudi official selling prices (OSPs) have received heightened scrutiny. Especially in the wake of OPEC's November meeting, market participants were looking to the January OSPs, announced in early December, for signals on Riyadh's oil policy. Oil's further drop may be an indication that the market interpreted the price adjustments as a move to protect market share (see *Prices*).

OPEC Crude Production

(million barrels per day)

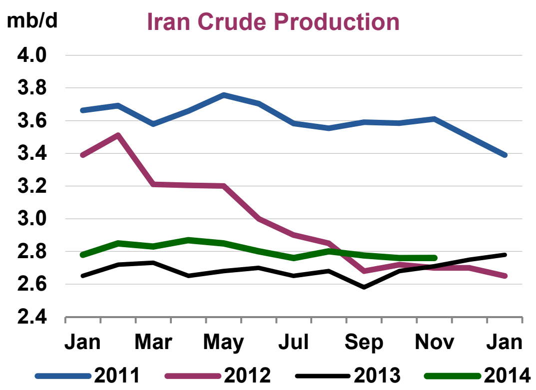
	Sep 2014 Supply	Oct 2014 Supply	Nov 2014 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Nov 2014 Supply	Jan-Nov average
Algeria	1.13	1.13	1.13	1.17	0.04	1.12
Angola	1.72	1.75	1.69	1.80	0.11	1.65
Ecuador	0.56	0.54	0.55	0.57	0.02	0.55
Iran	2.78	2.76	2.76	2.90	0.14	2.80
Iraq	3.36	3.32	3.38	3.40	0.02	3.29
Kuwait[2]	2.87	2.82	2.76	2.85	0.10	2.80
Libya	0.78	0.87	0.69	0.85	0.16	0.46
Nigeria	1.89	1.88	1.92	2.00	0.08	1.91
Qatar	0.69	0.69	0.68	0.73	0.05	0.71
Saudi Arabia[2]	9.73	9.68	9.61	12.40	2.79	9.73
UAE	2.78	2.74	2.71	2.90	0.19	2.75
Venezuela[3]	2.48	2.46	2.44	2.60	0.16	2.47
Total OPEC	**30.75**	**30.63**	**30.32**	**34.17**	**3.85**	**30.08**
(excluding Iraq, Nigeria, Libya and Iran)					**3.45**	

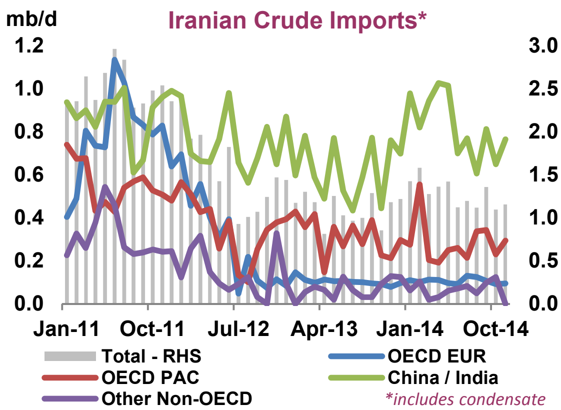
1 Capacity levels can be reached within 30 days and sustained for 90 days.

2 Includes half of Neutral Zone production.

3 Includes upgraded Orinoco extra-heavy oil assumed at 440 kb/d in November.

On 24 November, **Iran** and the so called "P5+1" (the five permanent members of the UN Security Council and Germany) gave themselves until the end of June to secure a long-term settlement over Tehran's nuclear programme that has led the US and EU to impose rigorous economic sanctions on Iran. A partial easing of sanctions agreed under a preliminary deal last November – which set a nominal 1 mb/d cap on Tehran's crude exports – remains in place. So far this year, however, Iranian crude exports - as measured by estimated receipts by importers - have run about 1.1 mb/d on average. Production for the same period is estimated at about 2.8 mb/d - about 130 kb/d higher than 2013. November output of 2.76 mb/d was steady on October.



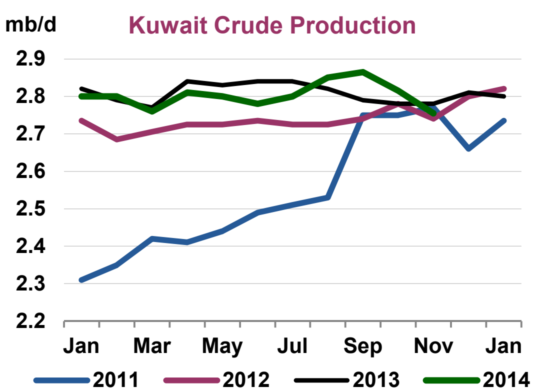


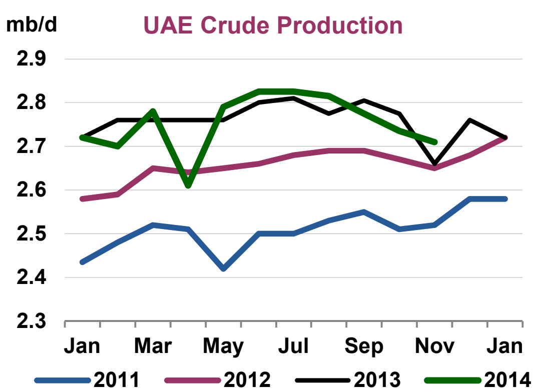
Preliminary figures show deliveries of Iranian crude rose in November to 990 kb/d, but remained below the 1 mb/d limit for the third time this year. These figures are subject to revision. The receipt of more complete data shows that October purchases were the lowest this year at roughly 880 kb/d. Iranian imports also sank below 1 mb/d in August.

Higher liftings of crude oil from Iran's biggest buyers – China and India – are the main factors that have pushed Iranian exports so far in 2014 about 100 kb/d above last year's 1 mb/d average, which is also the target set by the West. Deliveries to China, Iran's top buyer, rose to 545 kb/d in November versus 340 kb/d in October. Iran's second biggest buyer, India, cut purchases to 215 kb/d in November compared to 310 kb/d in October. Syria doubled its purchases in October to 60 kb/d before pausing in November. Japan held imports steady in November versus October at around 160 kb/d. Korea doubled purchases to take in 130 kb/d in November. Deliveries into Turkey held steady at around 95 kb/d.

Shipments of condensate – ultra light oil from Iran's South Pars gas project – averaged about 190 kb/d from January through November this year versus 90 kb/d during the same period a year ago. Import volumes are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports.

Kuwaiti production slid 60 kb/d to 2.76 mb/d in November due to the extended closure of the Khafji oil field in the Neutral Zone, run jointly with Saudi Arabia. The offshore field had been pumping about 300 kb/d before Riyadh shut it down on technical and environmental grounds. The Wafra oil field, in the onshore portion of the Neutral Zone, continues to produce about 200 kb/d. It is still not clear when Khafji will return to full production. For Kuwait, the Neutral Zone, which accounts for nearly 10% of its overall capacity, is vital to meeting output goals. In terms of Saudi capacity, however, the Neutral Zone accounts for only 2%.





Maintenance and technical work also slowed output from other OPEC producers. In the Gulf, **Qatar's** supply eased a touch to 680 kb/d in November, while production from the **UAE** dipped 25 kb/d to 2.71 mb/d. In Africa, maintenance at **Angola's** Girassol and Dalia oil fields cut November output by 60 kb/d. Italy's Eni has meanwhile started output at the West Hub project in Angola's offshore Block 15/06. Production is expected to rise from 45 kb/d to 100 kb/d in the coming months.

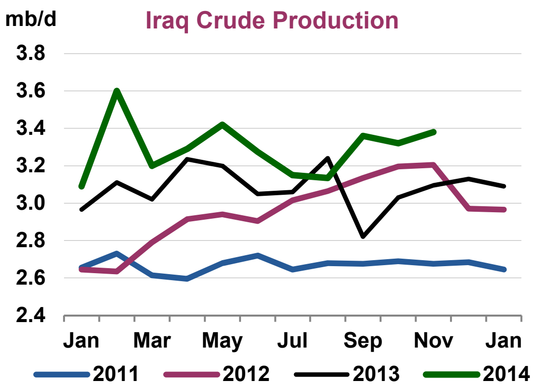
Supply rose by 40 kb/d in OPEC's other West African producer, **Nigeria**, where oil's rout is forcing Abuja to cut its budgeted price for oil. The country's finance minister has proposed a lower price of $65/bbl for the 2015 budget, down from a previous estimate of $73/bbl. The budget for 2014 was based on $77.50/bbl.

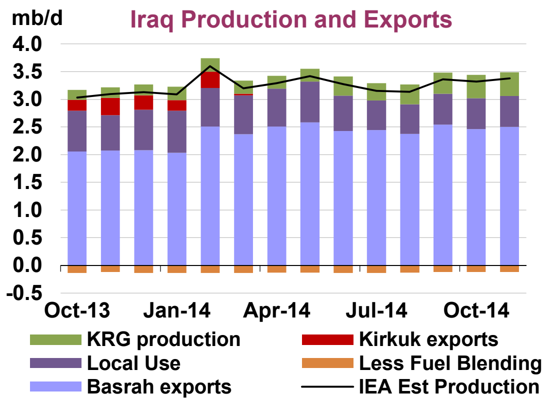
Iraq is also under severe budgetary strain due to oil's precipitous decline. But higher revenues and oil sales are expected following an agreement struck between Baghdad and the Kurdistan Regional Government (KRG) in early December aimed at resolving a long-running feud over oil exports.

During November, production - including KRG volumes - rose by 60 kb/d, due mostly to a recovery in loadings from Iraq's southern Gulf facilities. Exports of southern Basra Light crude edged up to roughly 2.5 mb/d compared to 2.46 mb/d in October, while the KRG – independently of Baghdad - reportedly shipped about 200 kb/d via the Turkish Mediterranean.

Deliveries of northern crude are set to increase under the 2 December pact that calls for the KRG to provide 250 kb/d of crude to Baghdad to sell and allows for another 300 kb/d from Kirkuk to flow through the KRG's own pipeline system. In return, the central government would release the KRG's 17% share of national revenue. Baghdad had been shipping nearly 300 kb/d from its northern fields until the federally-controlled pipeline to Turkey was shut in early March due to repeated attacks by Islamist combatants.

The December deal also provides for a separate $1 billion payment to Kurdish Peshmerga forces, who are fighting alongside Iraqi forces – supported by an international coalition – to battle Islamist militants. The deepening conflict is depleting the financial resources of the federal government and the KRG.





The December export deal follows on from a preliminary accord struck in mid-November that called for Baghdad to make monthly payments of $500 million and the KRG to provide 150 kb/d to the federal government at the Turkish Mediterranean port of Ceyhan.

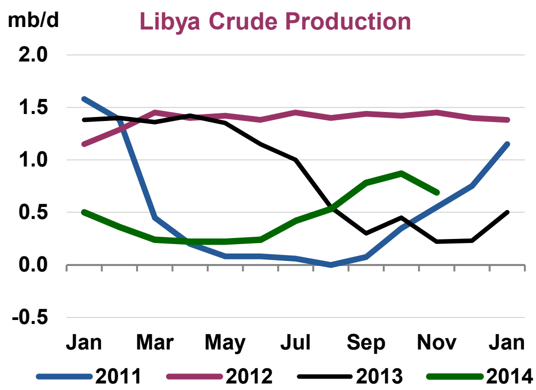
Regional and Western industry sources reckon that exports from northern Iraq – including volumes from the KRG and Kirkuk – could rise to an average 300 kb/d to 400 kb/d in 2015 if the 2 December Baghdad/KRG agreement is upheld. The KRG pipeline has been re-purposed and can handle up to 550 kb/d, they say.

Since the end of May, the KRG has been exporting oil independently of Baghdad via its own regional pipeline, with volumes – marketed via the Turkish Mediterranean - rising towards 200 kb/d. Following the advance of Islamist militants across northern Iraq this summer, the KRG took charge of the Kirkuk field's Avana dome and the nearby Bai Hassan oil field that Iraq's North Oil Company (NOC) had managed for decades. The giant Kirkuk oil field is divided into three geological formations, or domes – Avana, Baba and Khurmala. The KRG has been running Khurmala, the northernmost portion, since 2008.

In November, flows of 120 kb/d from Avana and Bai Hassan allowed the KRG to boost pipeline flows towards 300 kb/d. By early December, the KRG was routing up to 350 kb/d to the Turkish Mediterranean, according to regional sources. It was unclear how much of the KRG volume was being loaded, as opposed to stored, at the Ceyhan terminal.

Iraqi state oil marketer Somo says it will place the oil under the 2 December export agreement. Baghdad has long disputed the legality of the KRG's independent pipeline shipments, saying only the federal government has the right to market Iraqi crude. Despite the progress shown under the export deal, there is still some confusion among potential buyers as to which entity will be responsible for marketing the crude, with reports of conflicting messages from both sides.

Libya's output recovery faltered in November, with flows falling 180 kb/d to 690 kb/d after renewed unrest forced the closure of Libya's biggest oil field – El Sharara – and the neighbouring El Feel, or Elephant. Despite the country's deepening turmoil, its oil fields had ramped up for four straight months and briefly reached 1 mb/d in October. The North African country was producing 1.4 mb/d in early 2013 before renewed protests and civil unrest caused output to sink below 200 kb/d.

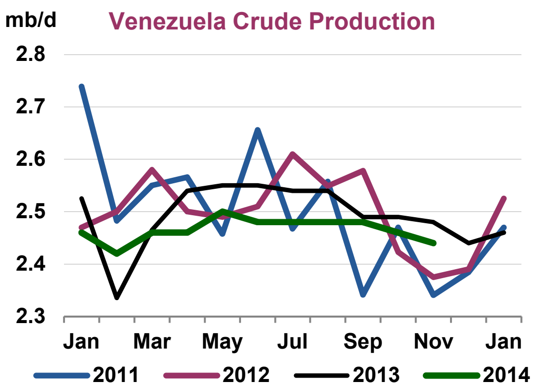


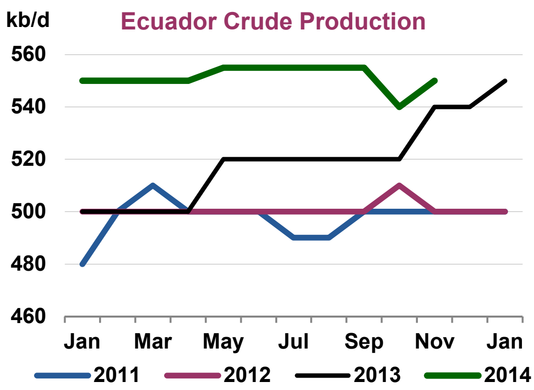
The remote southwestern field of El Sharara, which had been pumping close to 300 kb/d, remains closed due to security issues caused by protesters and technical problems. Engineers are keeping it ready to restart once a pipeline blockage is cleared. El Sharara's closure had also forced the shut-in of the 130 kb/d Elephant field, which shares the same power source. Power supply has now been restored to the Elephant field, allowing it to restart and exports to resume from the Mellitah export terminal. The western loading ports of Mellitah and Zawiya are fed by the fields.

Exports from the North African producer sank in November to around 580 kb/d from 760 kb/d in October. Buyers of Libyan oil had grown more confident of stable supplies after protesters lifted their blockade of the strategic terminals of Es Sider and Ras Lanuf in August.

Three years after the ouster of Libyan leader Muammar Gaddafi, the elected and internationally recognised government has fled from Tripoli to the eastern city of Tobruk. A rival government – run by Omar al-Hassi - took over the capital in August and is seeking recognition as the country's leaders.

Oil below $65/bbl is proving especially painful for **Venezuela**, where supply eased to 2.44 mb/d, and OPEC's smallest producer **Ecuador**, where output nudged up to 550 kb/d. Venezuelan Foreign Minister and top OPEC representative Rafael Ramirez lobbied hard for output cuts at OPEC's meeting in Vienna. Caracas is struggling to make bond payments, fund social programmes and pay debts to oil partners.

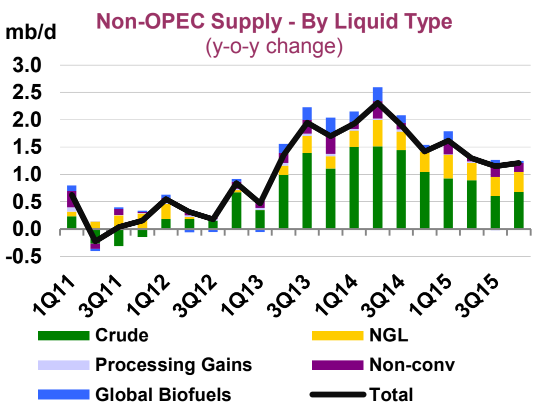


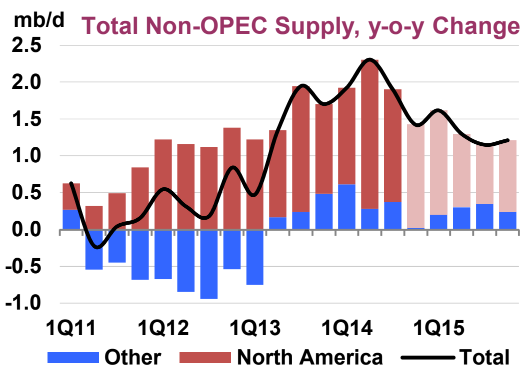


Non-OPEC overview

Total non-OPEC production, including biofuels and refinery processing gains, was roughly flat in November at 57.3, just 25 kb/d below October levels as increases in North America (+50 kb/d) and the North Sea (+40 kb/d) offset declines elsewhere. US production grew by 140 kb/d at least in part due to an increase in Alaska's output, boosted by colder temperatures as the equipment is optimised for such weather. North Sea production increases reflected higher output in Norway, the UK and Denmark as maintenance came to a complete close.

With final data now available for the first three quarters of the year for most places, non-OPEC production looks on track to achieve annual growth of 1.9 mb/d for 2014, a record high. The overall production outlook for 2015 has been revised slightly higher compared with last month's *Report* on baseline changes and some downward revisions to planned maintenance in North America for 2015. The 2015 outlook also includes downward revisions to China's and Russia's forecast production.





Price declines, sanctions and a falling rouble have prompted a downward revision of about 70 kb/d to Russia's output for next year, but near-term production plans elsewhere have thus far seen little change as a result of the current price. Risks to the forecast are significant in the event of further price drops, including financial risks to highly leveraged producers and countries heavily dependent on oil revenues. These include potential problems with social stability in some countries as well as risks to international financial stability should the situation in Russia deteriorate to the point of default.

Among economically stable producers, continued price drops would also affect production, as marginal projects would become uneconomical in a lower-price scenario. This includes emerging shale plays in the US. A pullback in drilling might also be required in mature US plays, most notably the Bakken formation, in the event of further sustained price pressure. Among other non-OPEC producers, further price declines would result in project delays and cancellations, but the effects of these would most likely be evident only in the medium-term.

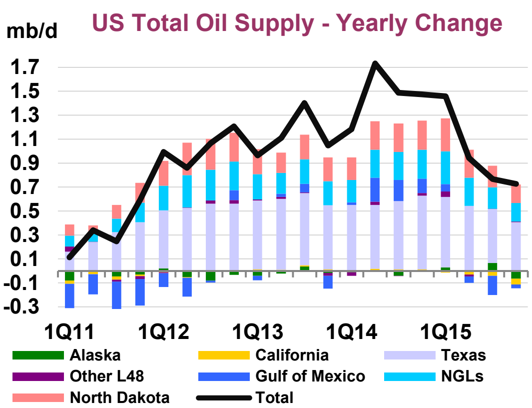
While our most recent estimate through 2015 does not foresee much of a low-price effect on supply, lower capital expenditures coupled with falling oil prices could see declines in liquid fuels output in the medium term, most notably among higher-cost production. Meanwhile, more companies are announcing leaner capital expenditures plans for 2015 and beyond citing lower prices. ConocoPhillips announced that it plans to cut its upstream capital spending by 20% to $13.5 billion, the lowest level in four years. While some of the decrease in planned capex is due to a number of high-cost projects winding down, roughly $1.5 billion of the cut is due to deferment in its unconventional drilling program in the US and Canada. Others announcing capex cuts include Lukoil, Rosneft, Continental Resources, Denbury and Apache, among others. Investment bank Wunderlich Securities (as reported by Platt's) compared 2014 and 2015 capital expenditures and found that 2015 expected capex has decreased by $6.8 billion for the 50 companies they surveyed. Wunderlich noted that only 15 companies formally reduced their capex and therefore further cuts to the 2015 total are likely in the coming weeks.

OECD

North America

US – November preliminary, Alaska actual, others estimated: Estimated US liquids output jumped to 12.3 mb/d in November, an increase of 140 kb/d m-o-m. Alaska data showed the third consecutive monthly increase in production, with an average output of 540 kb/d for the month.

The strong growth in US production this year was mostly due to the increase in LTO output, but other factors have also contributed to the estimated 1.4 mb/d y-o-y growth in supply. These factors include a very tame hurricane season, which resulted in virtually no storm-related outages during 2014. The application of enhanced oil recovery (EOR) has boosted output from mature conventional fields of the Lower 48 that were formerly uneconomic. Finally, new production start-ups in the Gulf of Mexico provided further additions to growth. In a recent such instance, Chevron started up the Jack and St Malo fields in the deepwater Gulf of Mexico, with first phase peak expected at 94 kb/d. The fields began producing recently but other fields will tie into the Jack-St Malo production unit with a capacity of 170 kb/d. Jack and St Malo were discovered in 2004 and 2003, respectively, and are among the Gulf of Mexico's largest fields.

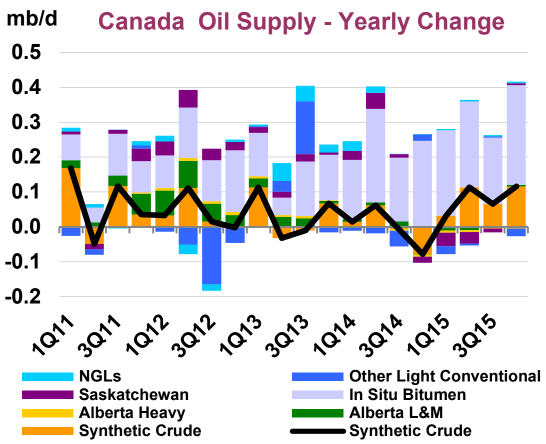


Final September data indicated that US crude oil production exceeded 8.8 mb/d, rising 170 kb/d m-o-m. Total liquids production, including NGLs stood at a hair above 12.0 mb/d, with NGLs accounting for 2.9 mb/d. Alaskan production was up roughly 100 kb/d as Prudhoe Bay production returned to its near-normal levels. Production of light tight oil (LTO) continued to rise, increasing nearly 100 kb/d in Texas and North Dakota on the month.

Despite lower crude oil prices, we expect US production to continue to grow apace in 2015, with forecast crude oil output averaging 9.3 mb/d, an increase of 685 kb/d compared with 2014. Total liquids are projected to grow to 12.7 mb/d, rising 970 kb/d y-o-y.

Canada – November estimated: Canadian oil production remained virtually unchanged at 4.2 mb/d in November and is expected to reach 4.4 mb/d by the end of the year. An increase in synthetics and NGL output nearly completely offset the decline in Alberta bitumen output of 60 kb/d, which was mainly due to the outage at the Imperial Oil's Kearl oil sands project. The 110-kb/d project in the Fort McMurray area was closed in November after vibration was detected in an ore-crushing unit. Imperial Oil announced on 5 December that the ore-crushing unit had been repaired and production returned to its pre-outage level. The effect on Kearl's output in December is estimated at roughly 15 kb/d.

According to a recent Standard and Poor's report, most of Canada's E&P companies can remain profitable at current price levels, however outlooks for a number of companies have turned more negative compared to just a couple of months ago in light of further price drops. Companies at risk are those that have high costs and limited liquidity, and further price declines could lead to more negative credit ratings. However, S&P noted that almost all Canadian E&P companies have sufficient liquidity for 2015.

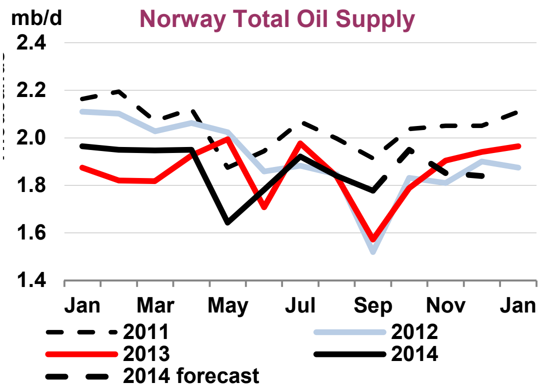


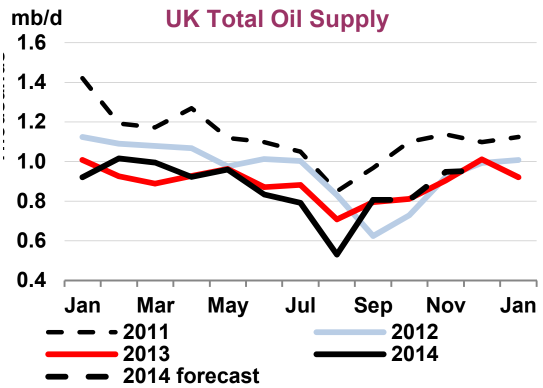
Mexico – October actual, November preliminary: Final October figures indicate that crude oil production fell by almost 30 kb/d with the declines mainly coming from Mexico's South Region. Total liquid fuels, including NGL production fell by about the same amount (-30 kb/d). The estimated November output shows an accelerating decline, with total liquids supply falling by approximately 85 kb/d and averaging 2.6 mb/d in November, of which 2.3 mb/d was crude oil. Mexico's total liquids output now stands almost 250 kb/d lower than one year ago and is expected to average 2.8 mb/d in 2014, roughly 110 kb/d lower y-o-y.

A highly anticipated upstream auction launch continues to be inexplicably delayed, although Mexico's government recently announced that it would present additional details of the contracts to be offered in the upstream bidding round, which was originally scheduled to take place next year. At the time of writing, however, these details remain elusive. Originally, Comision Nacional de Hidrocarburos (CNH), Mexico's upstream regulatory agency, was slated to publish the tender package in mid-November, which was supposed to include contract terms. Round 1 will take place in stages during 2015 with shallow water acreage offered in the first stage with deepwater blocks offered in the last stage of the round.

North Sea

Total North Sea production was estimated at 2.9 mb/d in November, rising about 35 kb/d m-o-m, with data indicating a near-complete recovery from the maintenance season. Forecast December North Sea output will remain roughly unchanged compared with November. BFOE December loadings are scheduled at slightly over 1.0 mb/d, rising more than 165 kb/d m-o-m, and reaching the highest level since February. Estimated BFOE production in November and December is roughly even at 930 kb/d and 925 kb/d, respectively.





Norway – September actual, October preliminary: Total liquids output averaged 1.95 mb/d in October, rising more than 170 kb/d compared with September mainly due to an increase in crude oil production. The increase in total output occurred despite technical problems at the Gaupe, Oseberg Sør, Skuld, Skarv, Tordis and Ula fields, all of which saw production declines during the month.

UK – October preliminary: UK crude oil output rose to about 780 kb/d in October, according to preliminary data, rising roughly 60 kb/d m-o-m mainly due to the restoration of Forties System output that emerged from a heavy maintenance period. Total liquids production in the UK was estimated at 810 kb/d in October, with NGLs nearly doubling in production volume in October to roughly 60 kb/d. It is estimated that November built on October's increase, with total liquid output for November estimated at 940 kb/d. Total UK production is forecast to average 870 kb/d in 2014, approximately 20 kb/d lower than the 2013 average.

Following a rather meagre cut in taxes in early December, the UK Treasury announced that it plans to reform the upstream tax regime in its "fiscal review", which sees a simplification of the current system of taxes and allowances. Although there is no immediate relief to UK offshore producers, a simplification of the complex system and high tax rates could have a positive effect on investment in the UK offshore in the medium term. However, the current complicated tax regime will remain in place, adding more pressure on companies as they contend with the current price environment and as operating cash flows continue to decline.

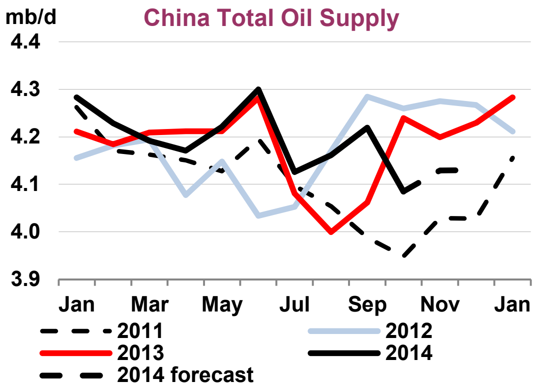
Non-OECD

Latin America

Brazil – October actual: Production of crude oil rose for the ninth consecutive month to 2.4 mb/d in October, rising roughly 60 kb/d m-o-m. Brazil's production reached a new monthly record in October, averaging 15% higher y-o-y for the month. Production continues to be boosted by the recently installed production facilities with the growth registered in 2014 coming mostly from the pre-salt fields. 2Q14 and 3Q14 mark an impressive turnaround in Brazil's production, in sharp contrasts to the stagnant (and at times declining) production seen between 2011 and 2014. Brazil's output was around 2.2 mb/d during that period, with declining y-o-y production in 2012 and 2013. Pre-salt fields produced an average of approximately 610 kb/d in October from 40 wells, rising nearly 75 kb/d m-o-m.

Petrobras launched a new pre-salt floating production, storage and offloading (FPSO) unit at the Sapinhoa field on 20 November, the fourth FPSO placed into service this year. The unit's total production capacity is 150 kb/d; it can store 1.6 mb of oil and it is expected to reach peak production capacity in 2H2015. Sapinhoa field began producing in January 2013 by interconnecting the first well to the Cidade de Sao Paulo FPSO.

Recent production successes notwithstanding, Petrobras' legal troubles seem to be getting worse in light of the corruption scandal and the related federal investigation, which could affect the company's credit rating and its ability to finance the upstream program. Petrobras' auditor PricewaterhouseCoopers has refused to sign off on the company's quarterly results, necessitating the postponement of its 3Q14 financial statement.

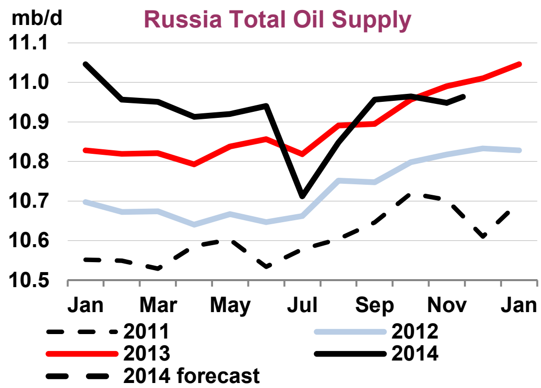


Asia

China – October actual: Total liquid fuels production fell to 4.1 mb/d in October, declining by about 135 kb/d m-o-m. Nearly all of China's oilfields posted production declines in October, with the country's largest oilfields Daqing and Changqing falling by 25 kb/d and 15 kb/d, respectively. Estimated production for November rebounded by about 45 kb/d m-o-m but it remained 70 kb/d below last year's level. Overall, China's production is expected to average 4.8 mb/d, about 10 kb/d lower than the 2013 average production.

Former Soviet Union

Russia – October actual, November provisional: Final data for October show crude oil production of 10.2 mb/d, increasing only 10 kb/d m-o-m but falling approximately 20 kb/d compared with October 2013. So far this year, Russia's production has averaged 10.9 mb/d, up only about 60 kb/d y-o-y and the overall 2014 production figure is expected to exceed last year's supply by about 50 kb/d. Our latest 2015 forecast for Russia, however, reflects a much more negative outlook as falling oil prices, and to a lesser extent, US and EU sanctions are expected to affect production from next year. Compared with last month's *Report*, Russia's 2015 total liquid fuels output is about 70 kb/d lower at 10.8 mb/d mainly due to downward revisions to Rosneft and Lukoil production.



FSU net exports slipped by 550 kb/d to average 9.0 mb/d in October. Crude exports (-320 kb/d) accounted for the lion's share of the decrease, although the reasons for the decrease remain unclear given that regional production lost only 40 kb/d and refinery throughputs gained a minor 50 kb/d. It is therefore likely that some of the decrease can be attributed to stock builds. Shipments from Black Sea ports accounted for the majority of the decrease (-190 kb/d) after volumes of Russian Urals and Siberian Light grades sent via Novorossiysk were cut. Exports remained close to historical highs in the Far East for a second consecutive month while exports from Caspian states were lower month-on-month amid field maintenance.

Refined product exports fell by 270 kb/d to under 3.0 mb/d for the first time since December 2013. Nonetheless, exports remained 370 kb/d above a year earlier on the back of a healthy growth in regional throughputs. The bulk of the monthly decrease was attributed to lower fuel oil shipments, which plummeted by 180 kb/d to sit level with a year earlier. In comparison, despite exports of gasoil and 'other products' (essentially gasoline and naphtha) posting small month-on-month declines, volumes remained above year-ago levels. This is due to the increased production of these high value products following completion of a number of Russian refinery upgrading projects.

In late November, Vladimir Putin signed into law the so called 'tax manoeuvre' which, from 1 January 2015, is set to gradually reduce the export duties on light and middle of the barrel products whilst simultaneously equalising fuel oil and crude export taxes (increasing the former and decreasing the latter) and increasing the mineral extraction tax on producers. It is expected that the net effect of the 'manoeuvre' will be that it will be more profitable to export high-value refined products at the expense of fuel oil, which will increase the pressure on some inefficient refiners with high fuel-oil yields. Meanwhile, crude producers will benefit from a lower tax burden, which should offset increased production costs (see '*President Putin signs tax manoeuvre into law*').

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2012	2013	4Q2013	1Q2014	2Q2014	3Q2014	Aug 14	Sep 14	Oct 14	Latest month vs. Sep 14	Latest month vs. Oct 13
Crude											
Black Sea	1.81	1.78	1.78	1.74	1.65	1.59	1.47	1.67	1.48	-0.19	-0.35
Baltic	1.67	1.57	1.58	1.33	1.46	1.32	1.29	1.36	1.37	0.00	-0.36
Arctic/FarEast	0.65	0.80	0.82	0.88	1.18	1.23	1.19	1.33	1.29	-0.04	0.51
BTC	0.66	0.64	0.61	0.58	0.59	0.68	0.68	0.63	0.60	-0.03	0.02
Crude Seaborne	**4.79**	**4.80**	**4.79**	**4.53**	**4.88**	**4.82**	**4.63**	**5.00**	**4.73**	**-0.26**	**-0.19**
Druzhba Pipeline	1.08	1.03	1.05	1.01	1.00	1.03	1.00	1.09	1.02	-0.08	-0.02
Other Routes	0.52	0.56	0.60	0.71	0.38	0.38	0.35	0.34	0.36	0.01	-0.27
Total Crude Exports	**6.39**	**6.39**	**6.44**	**6.26**	**6.26**	**6.22**	**5.99**	**6.43**	**6.11**	**-0.32**	**-0.48**
Of Which: Transneft[1]	4.22	4.07	4.07	3.95	4.02	3.90	3.75	4.15	3.99	-0.16	-0.23
Products											
Fuel oil[2]	1.72	1.62	1.44	1.63	1.75	1.79	1.86	1.80	1.62	-0.18	0.18
Gasoil	0.79	0.84	0.73	1.04	1.00	0.88	0.87	0.87	0.80	-0.07	0.13
Other Products	0.44	0.50	0.53	0.64	0.61	0.55	0.56	0.56	0.54	-0.02	0.05
Total Product	**2.95**	**2.97**	**2.70**	**3.31**	**3.37**	**3.22**	**3.29**	**3.22**	**2.96**	**-0.27**	**0.37**
Total Exports	**9.34**	**9.36**	**9.14**	**9.56**	**9.63**	**9.44**	**9.28**	**9.66**	**9.06**	**-0.59**	**-0.11**
Imports	0.09	0.08	0.09	0.07	0.07	0.10	0.10	0.12	0.08	-0.04	-0.01
Net Exports	**9.25**	**9.29**	**9.05**	**9.49**	**9.56**	**9.34**	**9.18**	**9.54**	**8.98**	**-0.55**	**-0.10**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

OECD STOCKS

Summary

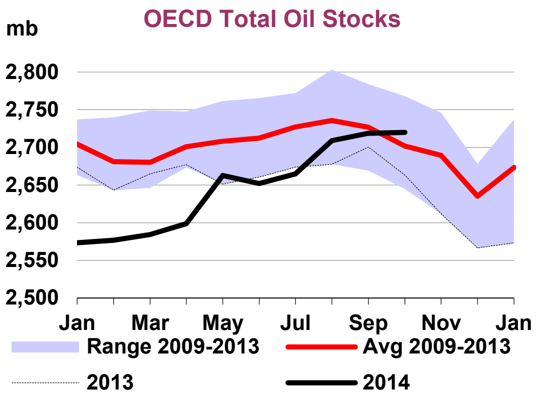
- **Global supply and demand balances indicate that inventories could rise by 297 mb over 1H15**. If half of this took place within OECD economies, it would take OECD stocks to a record 2 869 mb which would likely test storage capacity limits.

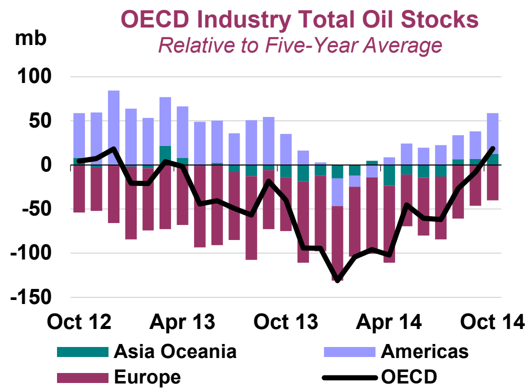
- **OECD commercial inventories built counter-seasonally by 1.4 mb in October to stand at 2 720 mb by end month**, their highest absolute level since September 2012. This also saw inventories return to a surplus against five-year average levels for the first time since March 2013.

- **Crude oil holdings built by a steep 34.4 mb** as refiners in North America and Asia Oceania entered seasonal turnarounds, reducing demand for crude**.**

- **Refined products stocks fell seasonally by 30.7 mb following draws across all product categories**. By end-month, refined products covered 30.1 days of forward demand, a fall of 0.5 days compared to end-August.

- **Preliminary data suggest that inventories fell by 7.9 mb in November**, slightly less than the average draw for the month. If confirmed by official data, this would see the surplus continue to grow to 22.5 mb.





OECD inventory position at end-October and revisions to preliminary data

After building counter seasonally by 1.4 mb in October, OECD industry inventories returned to a surplus against five-year average levels for the first time since March 2013. Inventories have now built in nine of the ten previous months since their December 2013 nadir and have added 154 mb over that period. At end-October, the surplus of inventories versus seasonal levels stood at 18.3 mb, the widest since September 2012.

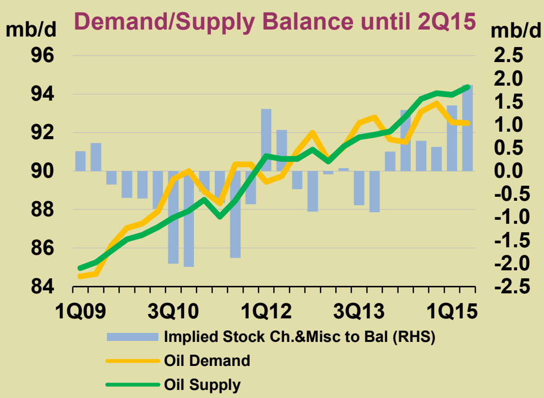
Much of the build over 2014 has been in refined products, however in October the build was centred in crude oil, stocks of which rose by 34.4 mb, approximately four times their average build for that month. All OECD regions posted builds, as refiners in the Americas and Asia underwent seasonal turnarounds. The 23.6 mb build in the OECD Americas was the most eye-catching and occurred as a sharp decrease in refinery throughputs combined with surging US production, the excess of which, in lieu of the US crude export ban, had to go into storage. By end-October, OECD crude oil holdings stood 30.9 mb in surplus to the seasonal average while NGLs and other feedstocks stood 17.8 mb above average levels. In comparison, refined product stocks stood 30.3 mb in deficit to the average.

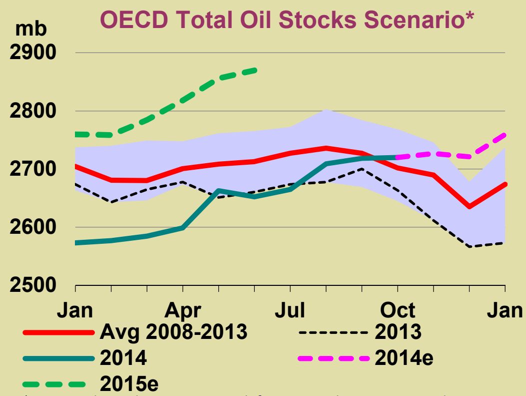
Refined product holdings fell seasonally by 30.7 mb with all product categories posting draws; notably middle distillates dropped by 15.4 mb to leave inventories standing 29.2 mb below the five-year average but 19.0 mb above one year earlier. The deficit versus average levels remained centred on the OECD Americas where middle distillate inventories stood 25.5 mb below average. In comparison, the deficit in OECD European inventories narrowed to 5.9 mb, their smallest deficit since April 2012, while OECD Asia Oceania stayed at a slim 2.2 mb surplus. By end-month, refined product inventories covered 30.1 days of forward demand, 0.5 days less than at end-September.

How much OECD storage capacity remains to be filled?

Based on current supply and demand balances, global stocks look set to rise dramatically in the first half of 2015, on top of the steep gains posted in 2014. For the world as a whole, assuming that OPEC produces at its stated target of 30mb/d through 1H15, the implied inventory build would reach 297 mb. Assuming that inventories resulting from excess global supply are evenly distributed between OECD and non-OECD countries and that OECD government stocks remain stable, incremental builds would bring total OECD commercial oil stocks to a record 2 869 mb by mid-2015. However, would there be enough storage capacity in the market to accommodate such a large build?

The question cannot easily be answered. While all OECD countries are required to collect monthly data on their commercial and strategic oil inventories, the IEA does not require them to collect or provide data on storage capacity. Only in the US has there been an effort since 2010 to collect and update storage capacity information every six months. There is no centralised, systematic and comprehensive collection of storage capacity data for the entire OECD, let alone the world as a whole.





*OPEC crude production at 30.0 mb from December 2014 onwards

In the absence of capacity data, an imperfect proxy can be gathered from comparing current inventories with recent historical highs. While this measure might be used as a guide, it does not reveal how full storage capacity was when inventories reached their peak, nor does it account for such mothballing or expansion of capacity as might have occurred since the highs.

Nonetheless, based on OECD inventory data posted since 2000, it is apparent that industry holdings within OECD Americas are currently much closer to historical highs than elsewhere. At end-October, they stood 1.6 mb below their maximum reported level of 1 410 mb posted in September 2014. However, infrastructure is being built out continuously in North America to keep pace with the growth in Canadian and US crude and NGL production. Indeed, Canadian stocks touched a new record level in October as storage at major hubs such as Edmonton and Hardisty is being expanded. A similar picture is occurring in the US: the most recent survey released by the US Energy Information Administration in late November (with September 2014 data) indicates that working storage capacity (not including the Strategic Petroleum Reserve) stood at approximately 2 billion barrels, an increase of 32 mb over one year earlier. On this basis, despite standing at close to record levels, US oil stocks currently only stand at 60% of capacity, with commercial crude oil inventories standing at 75% of working capacity.

How much OECD storage capacity remains to be filled? *(continued)*

Outside of North America, inventories in OECD Europe and Asia Oceania stand at less than 90% of their maximum levels achieved over the past fourteen years. Over recent years, European oil storage has undergone a number of changes in response to refinery rationalisation, but this may not have resulted in a reduction of storage capacity. Many of the shuttered refineries have been turned into terminals to facilitate the import and distribution of refined products to surrounding markets. Examples of this include Total's conversion of its Dunkerque refinery to an import terminal (dépôt pétrolier de la Côte d'Opale) while ConocoPhillips' Wilhelmshaven refinery was converted into a crude and products terminal.

Current OECD Stocks Versus Historic Maximum Reported Stock Levels

(October 2014 stocks as a percentage of maximum levels recorded over 2000-2014)

	Crude oil	Residual fuel oil	Refined products[1]	Total oil[2]
OECD Americas	99%	81%	94%	100%
OECD Europe	86%	57%	85%	87%
OECD Asia Oceania	89%	81%	83%	86%
Total OECD	98%	69%	92%	97%

1 does not include residual fuel oil

2 also includes NGLs and refinery feedstocks

Imports to Europe are increasingly shipped long-haul which has driven the need for product storage to increase as terminals are expanded to handle these volumes. There has also been significant investment in independent product storage at terminals, notably in the ARA region. Examples include Vopak's Amsterdam Westpoort terminal and VTTI's Botlek Terminal at Odfjell, both of which were expanded in 2012. Considering these developments, current inventory levels would suggest that there is a fair amount of land-based storage capacity both in Europe and Asia Oceania to be filled before market participants would need to resort to more expensive floating storage. However, with projections suggesting a significant stock build in 2H15, this would likely test capacity limits.

Preliminary Industry Stock Change in October 2014 and Third Quarter 2014

	October 2014 (preliminary) (million barrels)				October 2014 (preliminary) (million barrels per day)				Third Quarter 2014 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**23.6**	**3.0**	**7.9**	**34.4**	**0.76**	**0.10**	**0.25**	**1.11**	**-0.21**	**-0.13**	**-0.02**	**-0.36**
Gasoline	-5.9	1.7	0.0	-4.2	-0.19	0.05	0.00	-0.14	-0.08	0.04	-0.02	-0.06
Middle Distillates	-10.6	-5.2	0.4	-15.4	-0.34	-0.17	0.01	-0.50	0.13	0.20	0.18	0.50
Residual Fuel Oil	-0.5	-0.9	-1.6	-2.9	-0.02	-0.03	-0.05	-0.09	0.00	-0.05	0.02	-0.04
Other Products	-8.8	1.1	-0.4	-8.2	-0.28	0.03	-0.01	-0.26	0.33	0.07	0.10	0.50
Total Products	**-25.9**	**-3.3**	**-1.6**	**-30.7**	**-0.83**	**-0.11**	**-0.05**	**-0.99**	**0.38**	**0.25**	**0.29**	**0.91**
Other Oils[1]	0.7	0.6	-3.6	-2.3	0.02	0.02	-0.12	-0.07	0.14	-0.02	0.05	0.17
Total Oil	**-1.6**	**0.3**	**2.7**	**1.4**	**-0.05**	**0.01**	**0.09**	**0.05**	**0.31**	**0.10**	**0.32**	**0.72**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

While October data are roughly unchanged since last month's *Report*, OECD inventories were revised downwards by 2.9 mb for September. Crude oil stocks led the cut with a downward revision of 7.9 mb, after German, Japanese and Dutch actual data came in lower than preliminary estimates, while NGLs and other feedstocks provided a partial offset. On the product side, estimates of gasoline stocks were adjusted upward while those of residual fuel oil were revised lower. The net effect was that the 12.6 mb build for September presented in last month's *Report* is now seen as a slightly shallower 9.7 mb while the third quarter stock build is now estimated at 720 kb/d, 40 kb/d lower than assessed last month.

Preliminary data suggest that inventories fell by 7.9 mb in November, gentler than the 12.0 mb five-year average draw for the month. If confirmed by final data, this would see the surplus continue to grow to 22.5 mb. NGLs and feedstocks fell by 8.1 mb, while crude stocks rose counter-seasonally by 2.3 mb as Japanese inventories increased by a further 5.4 mb. Stocks of refined products slipped by 2.1 mb, less than the average draw for the month. A further 11.3 drop in 'other products' as US propane demand for heating continued to ramp up, offset builds in motor gasoline (9.6 mb) and fuel oil (1.4 mb).

Revisions versus 14 November 2014 Oil Market Report

(million barrels)

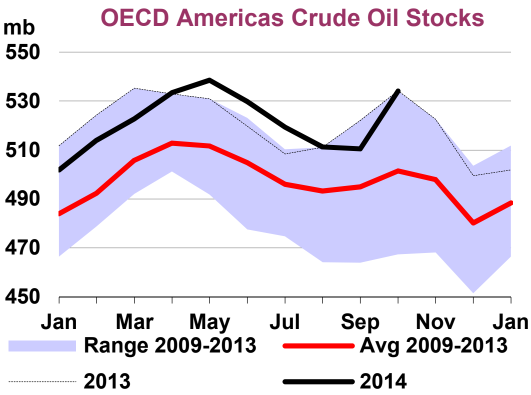
	Americas		Europe		Asia Oceania		OECD	
	Aug-14	Sep-14	Aug-14	Sep-14	Aug-14	Sep-14	Aug-14	Sep-14
Crude Oil	**-0.9**	**-1.2**	**1.0**	**-3.4**	**0.1**	**-3.2**	**0.2**	**-7.9**
Gasoline	0.0	2.3	-0.4	2.1	0.0	-0.4	-0.4	3.9
Middle Distillates	-0.1	-1.0	-1.5	1.6	0.2	0.6	-1.4	1.2
Residual Fuel Oil	0.0	-0.7	-0.8	-3.2	0.0	-0.3	-0.8	-4.3
Other Products	0.1	-0.9	0.4	1.6	0.1	-0.4	0.6	0.3
Total Products	**0.0**	**-0.3**	**-2.3**	**2.0**	**0.3**	**-0.6**	**-2.0**	**1.1**
Other Oils[1]	0.0	3.2	1.8	-0.1	0.0	0.8	1.8	3.9
Total Oil	**-0.9**	**1.6**	**0.5**	**-1.5**	**0.4**	**-3.1**	**0.0**	**-2.9**

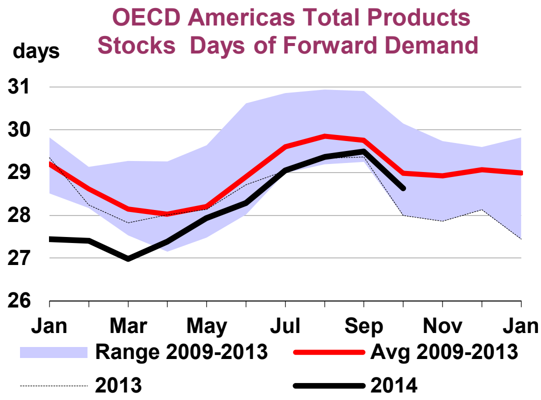
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Recent OECD industry stock changes

OECD Americas

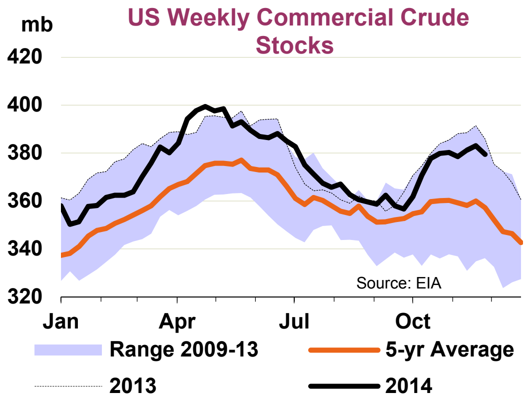
Commercial inventories in the OECD Americas slipped marginally by 1.6 mb over October, far shallower than the 16.6 mb five-year average draw for the month. Crude oil inventories added 23.6 mb, nearly four times the average build. This came amidst refineries entering seasonal turnarounds as throughputs slumped by 800 kb/d. On the flip side, lower refinery runs led to a 25.9 mb draw in refined products, with all product categories falling seasonally month-on-month. On a days-of-forward-demand basis, at end-October, refined products covered 28.6 days, a fall of 0.9 days on end-September.

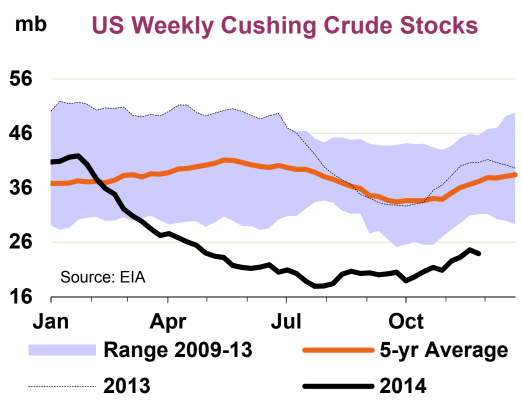




Preliminary weekly data from the US EIA suggest that commercial inventories fell seasonally by 8.9 mb in November, their second consecutive monthly draw. Refined products fell by 5.1 mb, approximately twice the average draw. Middle distillates holdings decreased by a relatively steep 3.1 mb while 'other products' inventories followed seasonal trends, decreasing by 11.6 mb after propane demand for heating picked up. Meanwhile, motor gasoline stocks rebounded (+9.2 mb) as refiners began to build stocks of winter-grade product while demand remained weak.

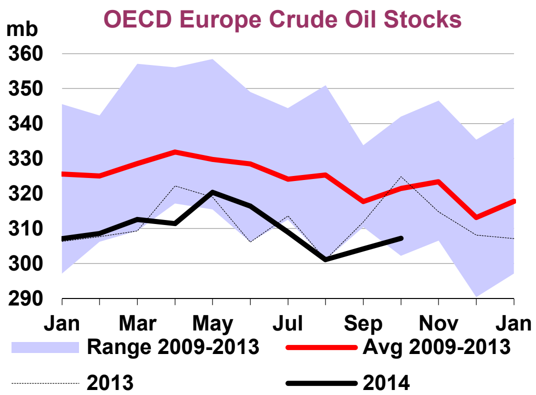
While crude inventories followed seasonal patterns and remained relatively stable on the month (-0.5 mb), regional differences persisted, notably between PADD 2 and PADD 3. Stocks on the US Gulf Coast (PADD 3) fell by 2.3 mb in November as refiners there increased throughputs by over 500 kb/d. Meanwhile, inventories in the mid-continent (PADD 2) rose by 1.9 mb as imports from Canada remained at historically high levels. Stockholders at the Cushing, Oklahoma storage hub (delivery point of the NYMEX WTI contract) continued to add inventory (+ 3.4 mb m-o-m) as crude prices fell to their lowest levels in over four years. Inventories at the hub have steadily increased over October and November; by end-November they stood above 24 mb, more than 6 mb above their July low of 18 mb.

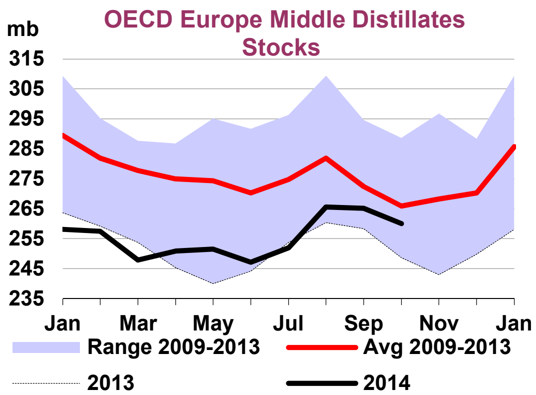




OECD Europe

Industry inventories in OECD Europe defied seasonal trends by inching up by 0.3 mb to stand at 888 mb by end-October. As such, the region's deficit versus average levels narrowed to 40 mb, the smallest since March 2012. Crude oil holdings rose by 3.0 mb despite refinery intake increasing by 150 kb/d m-o-m. European refiners have been running relatively hard since late summer on the back of comparatively high margins. October runs were approximately 1.5 mb/d higher than twelve months earlier.



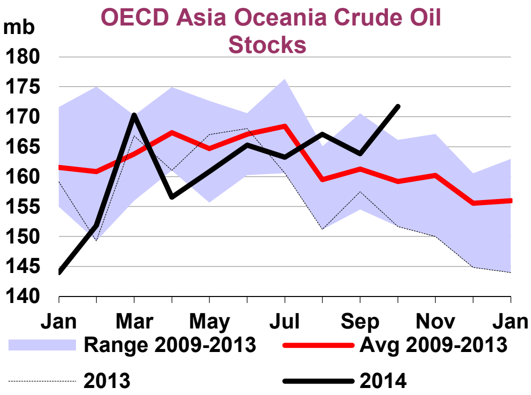


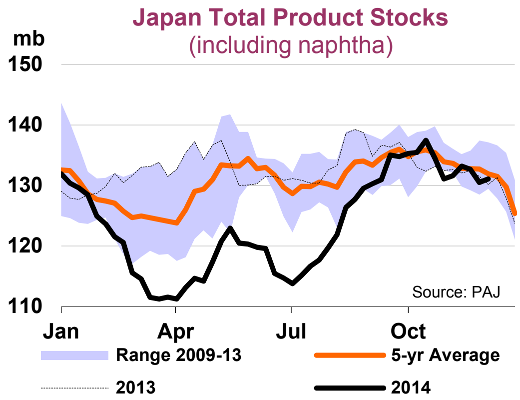
The increased refinery output muted seasonal draws in refined products. Although they decreased by a combined 3.3 mb, this was significantly less than the 10.3 mb five-year average draw for the month. By end-month, refined products covered 38.8 days of forward demand, 1.0 day above end-September. Middle distillates holdings fell seasonally by 5.2 mb, with decreases in the Netherlands, France and the UK offsetting a build in Germany where savvy consumers also took the opportunity to stock up on heating oil as prices fell to their lowest levels in several years. By October, German end-user heating oil stocks reached 66% of tank-fill (+1 percentage point m-o-m), their highest level since 2009.

Preliminary data from Euroilstock suggest that commercial inventories in Europe rose seasonally by 2.7 mb as a steep 5.4 mb build in refined products more than offset a 2.7 mb draw in crude as refiners continued to run at high rates. On the product side, amid the high refinery runs, all products posted builds bar 'other products'.

OECD Asia Oceania

Inventories in OECD Asia Oceania posted a 2.7 mb build in contrast to the 3.1 mb five-year average draw for the month. Soaring crude oil holdings (+ 7.9 mb m-o-m) pushed stocks upwards and more than offset draws in NGLs and refinery feedstocks and refined products. Crude oil built after Japanese holdings increased by a steep 8.1 mb. This occurred as refiners there entered seasonal turnarounds which saw runs plummet while imports remained flat. The draw in refined products saw regional cover on a days of forward demand basis fall by 1.0 day on the month to 21.0 days.

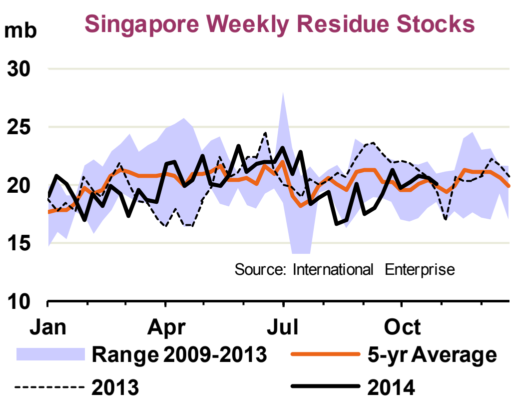


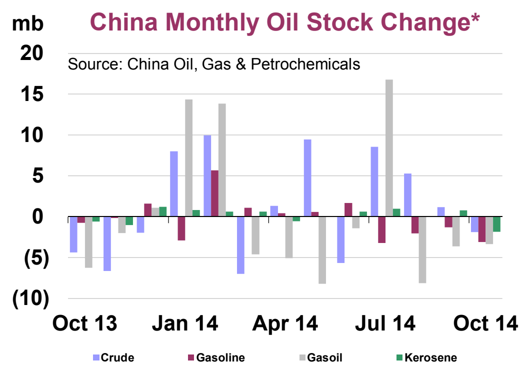


Preliminary weekly data from the Petroleum Association of Japan (PAJ) point to a 1.7 mb draw in Japanese inventories over November. As with October, rising crude holdings (+5.4 mb) led total stocks higher. Given that refinery runs increased and that refinery utilisation remained above the five-year range, it is expected that crude imports rose. Refined products (-2.4 mb) decreased in line with seasonal trends with all product categories bar 'other products' posting draws. By end-November, refined products stocks remained on a par with a year earlier but 5 mb below the five-year average.

Recent developments in Singapore and China stocks

According to data from International Enterprise (IE), land-based inventories of refined products in Singapore posted their steepest draw in four month in November as they fell by 3.2 mb. All product categories posted draws, notably residual fuel oil which sank by 2.0 mb amid reports of increased early-month bunkering demand, as HSFO prices sank to four-year lows. Middle distillates holdings drew by 1.2 mb amid reported strong demand for winter heating fuels (kerosene is the liquid heating fuel of choice in Asia) while light distillates remained relatively stable (-0.1 mb m-o-m).

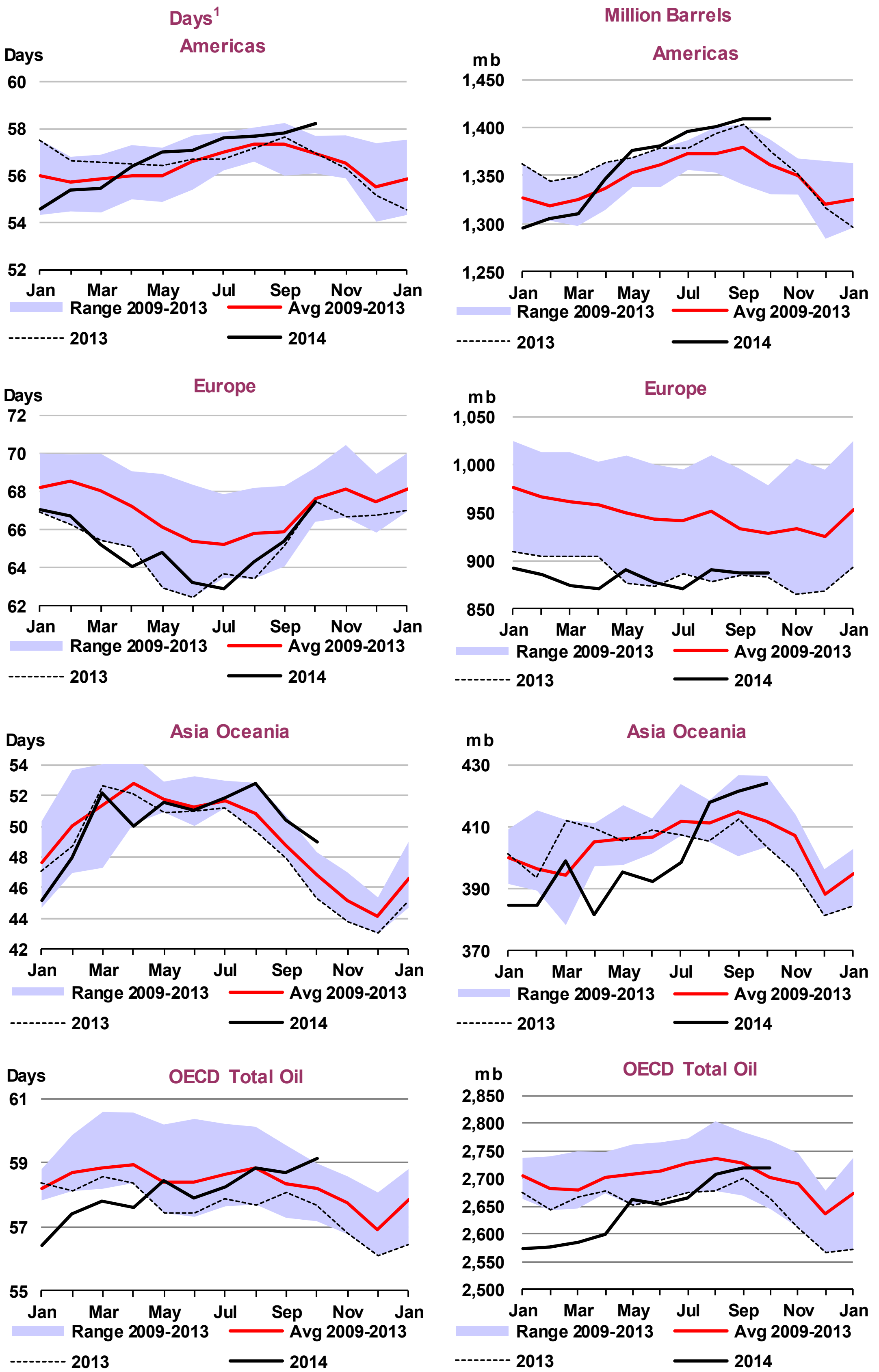




Data from *China Oil, Gas and Petrochemicals* (*China OGP*) indicate the Chinese commercial crude inventories fell by an equivalent 1.9 mb (data are reported in terms of percentage stock change) in October. Preliminary data also indicate that the filling of the SPR may have stopped. Following a 1.0 mb/d decrease in crude imports, the gap between crude supply (production + net imports) and refinery runs slipped into negative territory in October, which suggests an unreported draw. However, initial data suggest that this may have been temporary since Chinese crude imports rebounded to over 6.0 mb/d in November. *OGP* data also indicate that refined product inventories fell by a combined 8.3 mb with gasoil, gasoline and kerosene stocks losing 3.3 mb, 3.1 mb and 1.8 mb, respectively.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



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

PRICES

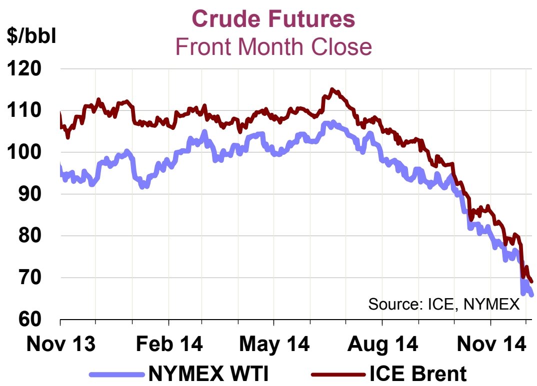
Summary

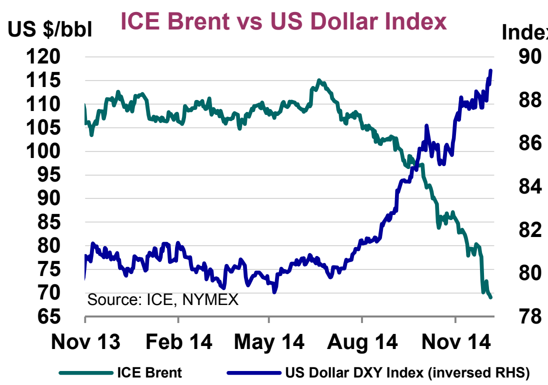
- **Oil's decline gained pace through November and into early December, with Brent diving to a five-year low below $65/bbl.** OPEC's decision to maintain its output target despite some calls for supply cuts triggered heavy selling as many market participants had apparently counted on the producer group to balance the market. At the time of writing, ICE Brent was trading at a five-year low of $64.05/bbl, down more than 40% from June, while NYMEX WTI was at $60.45/bbl.

- **Downward price pressure deepened after top exporter Saudi Arabia in early December cut monthly formula prices to Asia and the US, a move some analysts interpreted as a sign that Riyadh is seeking to keep up oil sales amid growing competition.** Weighed by ample supply, the world's main benchmark crudes – North Sea Brent, Middle East Dubai and US WTI – have all sunk into contango, where prompt oil is cheaper than future deliveries.

- **Spot product prices plummeted in tandem with tumbling crude prices and higher refiner activity in November and by early-December stood at their lowest levels in over four years**. Crack spreads in the US and Europe were negatively affected by the weaker product prices while those in Asia generally strengthened on weakening Dubai.

- **Freight rates had an overall robust month, particularly for product tankers in the Atlantic basin.** Earnings for product vessels triangulating between the UK, US Atlantic and US Gulf more than doubled, with charterers shipping gasoline to the US and diesel back to Europe, as the arbitrage opportunity widened.





Market overview

Oil buckled under the weight of mounting supply and expectations of further stock builds, with Brent crude now down more than 40% from a mid-June peak above $115/bbl. Prices fell heavily after OPEC agreed to maintain its 30 mb/d supply target and effectively let the market rebalance itself. Brent has shed more than $10/bbl since the 27 November decision, slumping to a five-year low below $65/bbl.

Markets are expecting a substantial build-up of supply in 1H15 since OPEC opted not to cut output and further pressure was added after Saudi Arabia, the group's top producer, made steep reductions in its monthly formula prices for Asia and smaller cuts to the US. Some analysts say the cuts to price differentials, the fifth in a row for buyers in the US, suggest Riyadh is acting to preserve its market share. Another damper was a deal agreed on 2 December between Iraq's federal government and the Kurdistan Regional Government (KRG) that promises to add more Iraqi crude to markets that already look well supplied (see *Supply*).

A rally in the US dollar – highs unseen in five and a half years were scaled in early December – also piled on the pressure. A robust dollar makes oil and other commodities priced in dollars more expensive for buyers using other currencies, which can reduce demand.

Global benchmarks Brent and WTI posted month-on-month (m-o-m) losses of more than 10% for a second straight month in November. ICE Brent futures tumbled $8.42/bbl from October to an average $79.63/bbl in November, for a 10.6% m-o-m decline. NYMEX WTI fell $8.53/bbl from October to an average $75.81/bbl, for a m-o-m drop of 11.3%. ICE Brent was last at $64.05/bbl after averaging around $110/bbl from 2011 to 2013. NYMEX WTI was at $60.45/bbl.

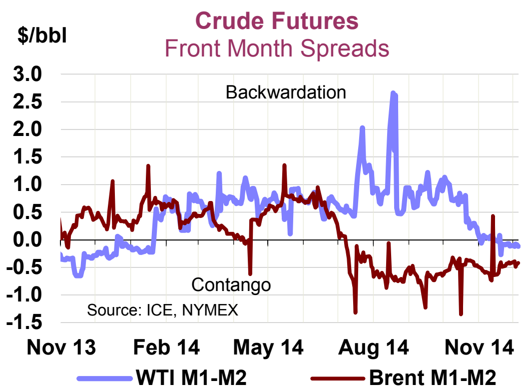
Prompt Month Oil Futures Prices

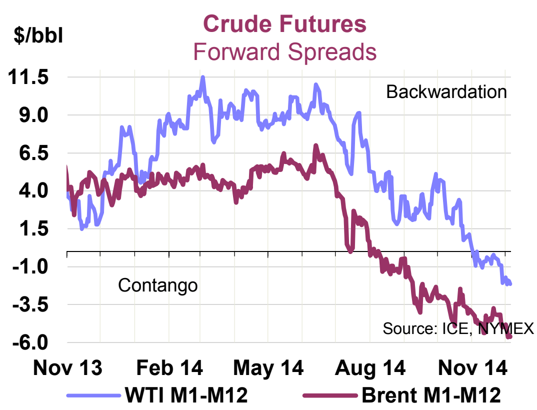
(monthly and weekly averages, $/bbl)

	Sep	Oct	Nov	Nov-Oct Avg Chg	% Chg	Week Commencing: 03 Nov	10 Nov	17 Nov	24 Nov	01 Dec
NYMEX										
Light Sweet Crude Oil	93.03	84.34	75.81	-8.53	-11.3	78.24	76.51	75.38	72.43	67.18
RBOB	108.80	94.61	86.44	-8.16	-9.4	88.60	86.99	85.66	84.04	76.17
No.2 Heating Oil	115.29	106.37	101.33	-5.04	-5.0	103.57	102.17	100.20	98.88	90.10
No.2 Heating Oil ($/mmbtu)	20.33	18.76	17.87	-0.89	-5.0	18.27	18.02	17.67	17.44	15.89
Henry Hub Natural Gas ($/mmbtu)	3.92	3.80	4.24	0.43	10.2	4.24	4.14	4.34	4.22	3.83
ICE										
Brent	98.57	88.05	79.63	-8.42	-10.6	83.36	80.34	79.11	75.70	70.34
Gasoil	111.73	101.19	94.98	-6.21	-6.5	98.46	96.52	93.78	91.16	84.89
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-5.54	-3.71	-3.82	-0.11		-5.12	-3.83	-3.73	-3.27	-3.16
NYMEX No.2 Heating Oil - WTI	22.26	22.03	25.52	3.49		25.33	25.66	24.82	26.45	22.92
NYMEX RBOB - WTI	15.77	10.27	10.63	0.37		10.36	10.48	10.28	11.61	8.99
NYMEX 3-2-1 Crack (RBOB)	17.93	14.19	15.59	1.41		15.35	15.54	15.13	16.56	13.63
NYMEX No.2 - Natural Gas ($/mmbtu)	16.41	14.96	13.64	-1.32		14.03	13.88	13.33	13.22	12.06
ICE Gasoil - ICE Brent	13.16	13.14	15.35	2.21		15.10	16.18	14.67	15.46	14.55

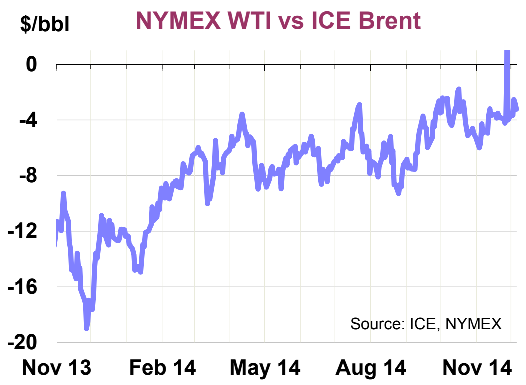
Source: ICE, NYMEX.

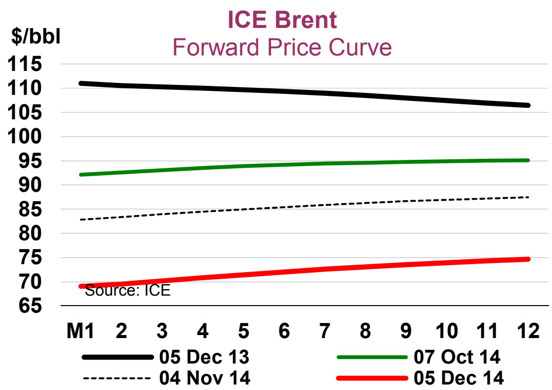
NYMEX WTI flipped into a slim contango during November as crude oil inventories at the trading hub of Cushing, Oklahoma continued to rise. The NYMEX WTI M1-M2 spread averaged -$0.02/bbl in November versus backwardation – where oil trades at a premium to future months – of $0.60/bbl in October. Brent remained in a solid contango structure, which developed in July. The ICE Brent M1-M2 contract spread held steady in November at -$0.49/bbl versus -$0.48/bbl in October.





Forward curves were also in contango, with the Brent M1-M12 contract spread widening in November to -$4.50/bbl versus -$3.50/bbl during October. November saw the WTI M1-M12 contract spread shift into contango for the first time since February 2013, with the forward curve at -$0.68/bbl versus backwardation of $2.45/bbl during October. A steeper decline on NYMEX WTI widened out the front-month spread with ICE Brent in November to an average $3.82/bbl versus $3.71/bbl in October.

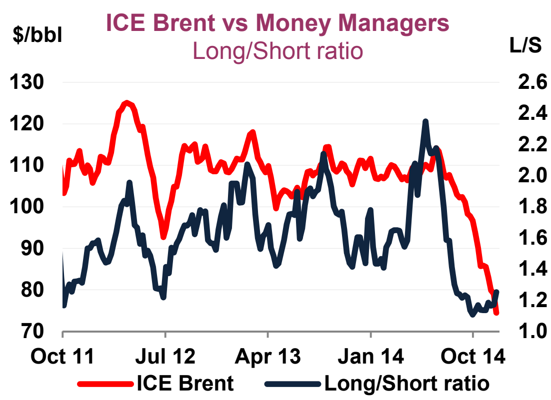


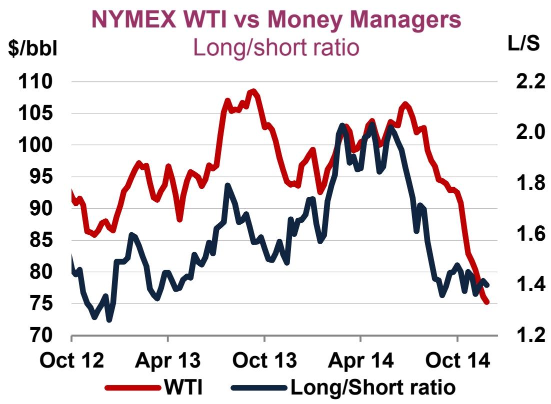


Financial markets

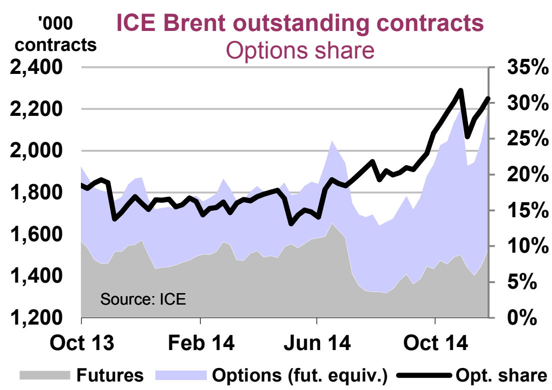
Market activity

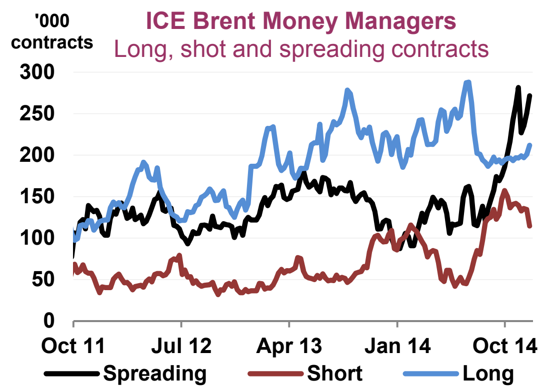
Hedge funds' exposure towards global oil markets appears to have stabilised and to have finally found a floor, after the dramatic reversal on the back of plummeting crude prices. The '*long-to-short ratio*' of money managers' futures and options contracts, an indicator of funds' overall sentiment towards crude markets, showed some timid signs of recovery in early December, inching up towards 1.2, the highest since mid-September, but still very subdued by historical standards.





A closer look at the data suggests that financial markets see uncertainty ahead. The share of option contracts in the overall London Brent options and futures market rose to its highest historically, as the number of traded 'options futures-equivalent' more than doubled from June to November. Option contracts now account for about 30% of ICE Brent open interest, a staggering increase from an historical average of about 15%. The number of funds' '*spreading*' positions also doubled, surpassing unhedged net longs and reaching historical highs. This indicates that funds are taking much less un-hedged positions, further suggesting a prudent stance towards an uncertain future.





Positions on ICE Brent Crude Futures and Options

Thousand Contracts

02 December 2014	Long	Short	Net	Long/Short	Δ Net from Prev. Week		Δ Net Vs Last Month	
Producers' Positions	548.3	890.2	-341.8	*Short*	↓	-17.5	↓	-18.6
Swap Dealers' Positions	814.9	483.4	331.5	*Long*	↓	-15.3	↓	-20.7
Money Managers' Positions	483.4	386.2	97.3	*Long*	↑	31.3	↑	42.6
Others' Positions	289.2	368.6	-79.4	*Short*	↑	1.3	↓	-6.2
Non-Reportable Positions	63.3	70.9	-7.5	*Short*	↑	0.1	↑	3.0
Open Interest			**2199.2**		↑	156.8	↑	64.5

Source: ICE

Positions on Light Sweet Crude Oil (WTI) Futures and Options

Thousand Contracts

25 November 2014	Long	Short	Net	Long/Short	Δ Net from Prev. Week		Δ Net Vs Last Month	
Producers' Positions	247.6	297.8	-50.2	*Short*	↓	-1.0	↓	-5.4
Swap Dealers' Positions	436.7	677.9	-241.2	*Short*	↑	10.0	↑	17.2
Money Managers' Positions	568.5	406.5	162.0	*Long*	↓	-13.0	↓	-24.8
Others' Positions	709.2	601.2	108.0	*Long*	↑	6.8	↑	4.6
Non-Reportable Positions	90.3	69.0	21.3	*Long*	↓	-2.8	↑	8.4
Open Interest			**2052.4**		↓	-22.2	↓	-126.9

Source: CFTC

Regulation

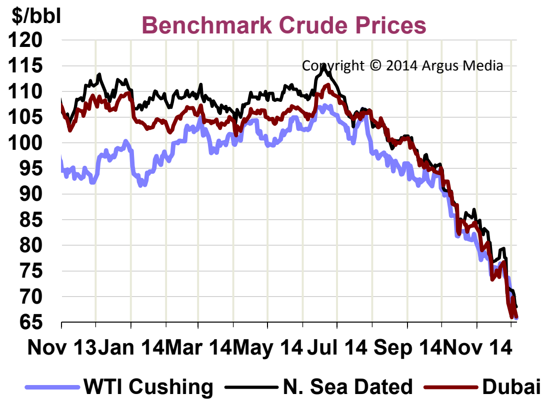
US regulator the Commodity Futures Trading Commission (CFTC) delayed the cross-border enforcement of new swaps trading rules to 30 September 2015. Early in December, the CFTC reopened public comment period for the much-debated position-limits rules for further 45 days.

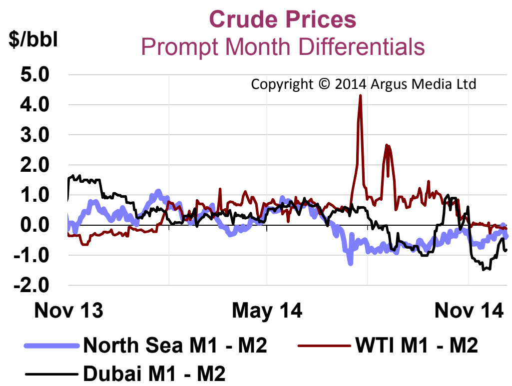
The European Securities and Markets Authority (ESMA) released its final draft technical standards for off-exchange swaps clearing on 1 October. Comments from public consultation were published on 7 November. The start-up date for mandatory clearing will depend on the approval from the European Commission and the European Parliament, and is expected to be in early 2015. The phase-in will last three years for large energy and industrial groups.

Spot crude oil prices

Spot crude oil markets tracked the descent of futures but there was some support in Europe due to surprisingly strong refining activity and lower exports from Russia and Libya. After OPEC opted to maintain its official target in the face of rising unconventional production in North America and sluggish demand growth, Saudi Arabia made sharp cuts to its monthly formula prices to Asia and smaller reductions to the US. Spot markets sagged as some analysts say the move indicates that Riyadh is keen to keep up its oil sales through competitive pricing. Iraq and Kuwait followed Saudi Arabia's pricing lead and lowered their formula prices. Iran is also expected to make price cuts.

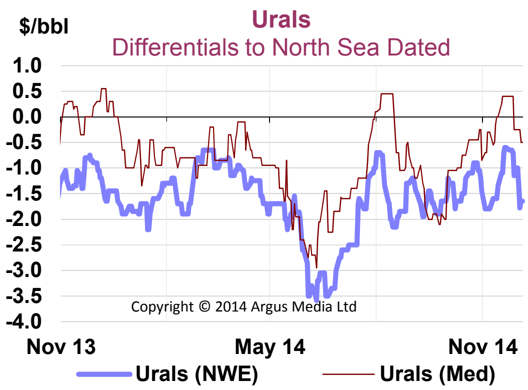
As demand drops seasonally in the first half of the year, the oil market could grow more crowded when Iraq starts to export more oil after Baghdad and the KRG agreed to export 250 kb/d from the northern Kurdish region via Turkey and 300 kb/d of oil from Kirkuk. The early December deal aims to overcome a long-running feud over oil exports and payments. Iraqi state oil marketer Somo has reportedly sold two-thirds of the 150 kb/d it plans to load from the Turkish Mediterranean port of Ceyhan in December.

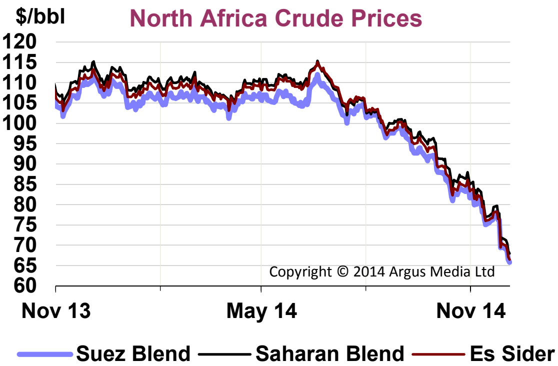




Dated Brent sank to $78.94/bbl during November, a loss of $8.48/bbl versus October. By early December, the North Sea grade had slumped to $68.59/bbl – its lowest since May 2010. US WTI dropped $8.06/bbl to average $76.34/bbl during November. Dubai took the biggest hit, falling $10.13/bbl versus October to an average $76.40/bbl.

Russian Urals held up best, shedding $7.76/bbl versus October to average $78.92/bbl. The sour grade was supported by a substantial drop in scheduled Russian crude shipments for December as Russian exporters hold back in anticipation of a sharp cut in the crude export duty in January, not only due to lower crude prices but also due to new export rates (see *Putin signs tax manoeuver into law* in *Refining*). The Urals discount to Dated Brent in the Mediterranean shrank to just $0.02/bbl in November versus $0.74/bbl in October. Saudi Aramco's increase in its January Arab Light price to Europe may have partly reflected the relatively stronger Urals market.

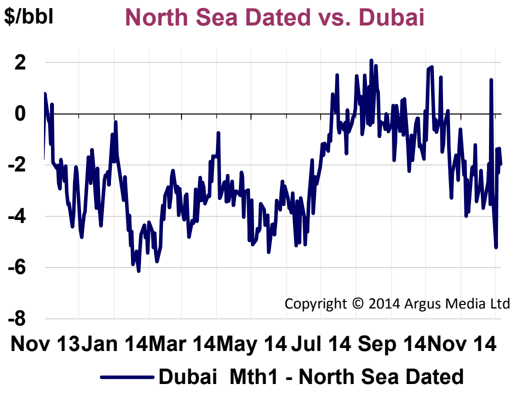


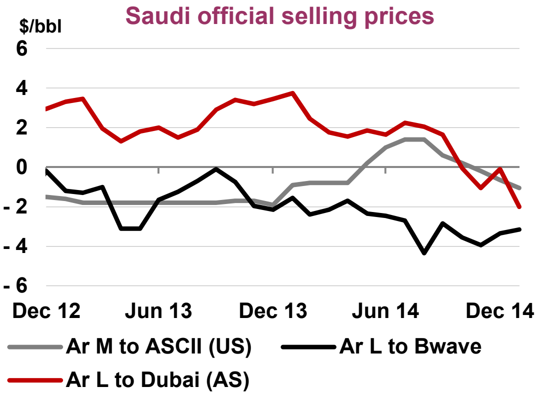


A drop in Libyan exports during November meanwhile lent some support to light sweet Caspian and North Sea grades. Unrest shut in the two biggest supply sources in western Libya – the El Sharara and Elephant oil fields. El Sharara is due to be restarted once a pipeline blockage is cleared and Elephant is back on line. By early December, Caspian light sweet CPC Blend and Algerian Saharan Blend slipped versus Dated Brent as cargoes struggled to find outlets. Libya's Es Sider, trading at a discount of up to $0.50/bbl to its December official selling price, was viewed as competitively priced. Barrels from West Africa continued to move eastward, with China stocking up on Angolan grades. A leak forced Nigeria's Trans—Niger Pipeline offline, but the impact on exports of Bonny Light reportedly has been minor.

In Asia, traders are expecting to see sustained flows of Middle East crude following OPEC's decision to maintain its production target. As a result, the Brent/Dubai premium has widened out to more than $2/bbl. Saudi Aramco cut the January price for its Arab Light grade for shipments to Asia by $1.90/bbl from December to a discount of $2/bbl to the Oman/Dubai average. Market participants had expected a cut of this magnitude given the sharply weaker structure in the Dubai crude market during November.

For a fifth month running, Saudi Aramco cut its price differential for the US market. The Arab Light official selling price (OSP) to the US was set at a premium of $0.90/bbl to the Argus Sour Crude Index (ASCI) for January, down $0.70/bbl from the previous month. Saudi exports to the US have fallen to less than 900 kb/d so far in the fourth quarter versus 1.5 mb/d at the start of the year.





US crude was under pressure from higher stocks, falling slightly further relative to Dated Brent. LLS has moved from a premium to discount, closing an arbitrage play that had allowed for some imports. The price differential between Western Canada Select and WTI is set to shrink as more pipeline projects come online and growing volumes of heavy Canadian crude head south to US gulf coast refineries.

Spot Crude Oil Prices and Differentials

Table Unavailable

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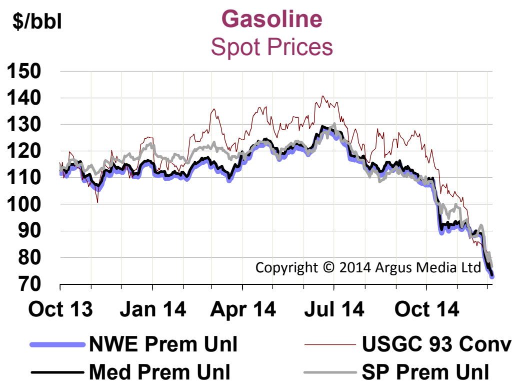
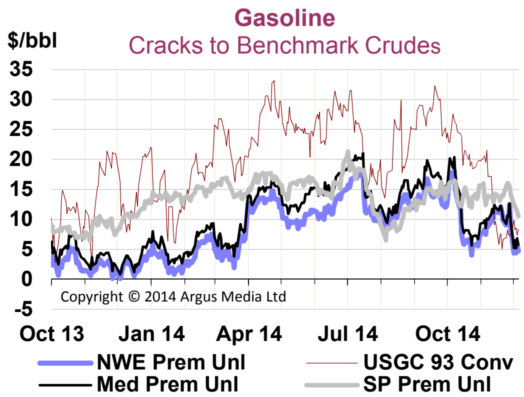
Spot product prices

Spot product prices plummeted in tandem with tumbling crude prices in November and as fundamentals loosened from mid-month onwards, fell further so that by early-December they stood at their lowest levels in over four years. Cracks in the US and Europe were negatively affected by the weaker product prices but cracks in Asia generally strengthened on comparatively weak Dubai crude.





Products at the light end of the barrel posted steep price declines over November amid ample supply in Europe and the US after refiners continued to increase throughputs. In particular, US gasoline prices tumbled from their previous high level as reports of weak seasonal demand combined with near record throughputs and large stock builds. Consequently, the US Gulf super unleaded crack plummeted by $9.99/bbl over the month to stand on a par with gasoline cracks in other refining centres. Prices and cracks in the US Gulf for the cheaper, lower specification unleaded gasoline were likely buttressed by increased shipments to Venezuela in light of refinery problems there

Spot Product Prices

Table Unavailable

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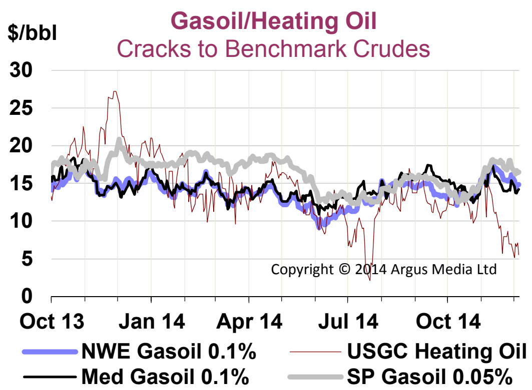
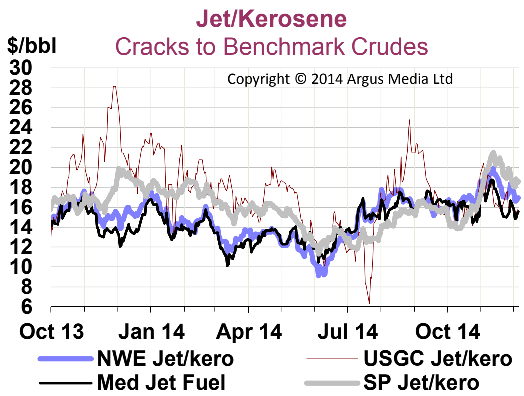
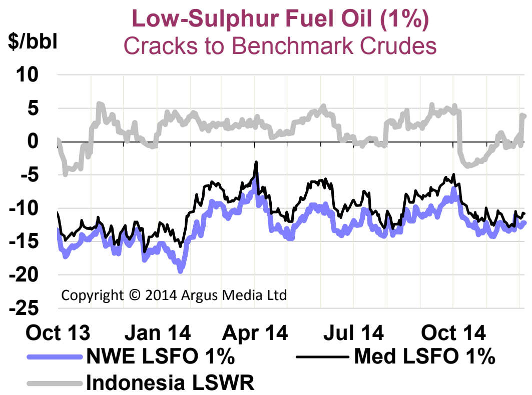
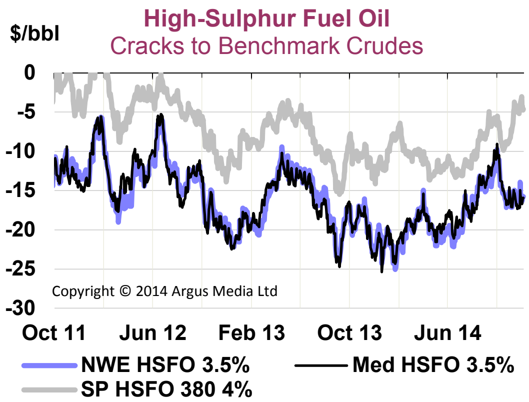
Cracks for products in the middle of the barrel were buoyed across all surveyed regions by seasonal demand for heating fuels. The biggest beneficiary was the Singapore market where fundamentals for gasoil and kerosene remained tight with support also coming from draws in Singapore middle distillates inventories and lower Japanese exports. Cracks there were also boosted by the very weak Dubai market. In the US, after initially strengthening on tight supply following refinery maintenance, the US Gulf gasoil crack collapsed from mid-month onwards as refinery throughputs rebounded with PADD 3 stocks consequently building. Meanwhile in Europe, gasoil cracks strengthened on a monthly average basis as regional demand, ahead of an expected 1Q15 increase in the use of gasoil as a bunker fuel, remained sufficient to soak up extra supplies arriving from the US and Russia.





At the bottom of the barrel, Singapore HSFO cracks rose to their highest levels since February 2013. However, this was more a function of weak Dubai crude prices rather than of a strong fuel oil market with HSFO prices retreating despite reports of firm early-month bunkering demand as marine fuel prices also touched four year-lows. In Europe, reportedly weak bunkering demand ahead the introduction of new sulphur regulations in the region saw fuel oil prices post the steepest losses in both absolute and percentage terms.



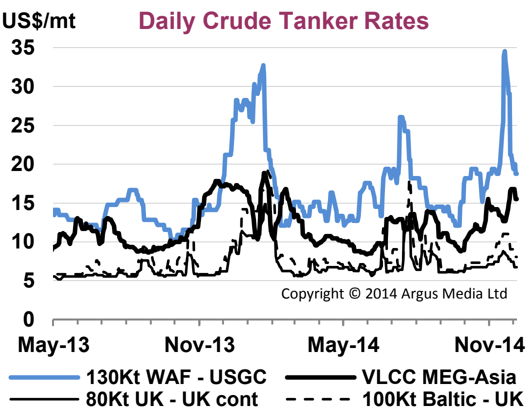


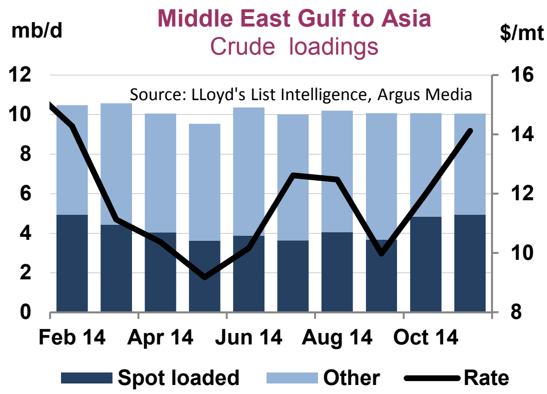
Freight

Surveyed crude freight rates were up in November, showing strength in the second and third week of the month. **Very large crude carriers** (VLCC) rates on Middle East Gulf to Asia routes seesawed through the month, to settle at their highest since January, as spot inquiry picked up at the end of the month.

Suezmaxes out of West Africa had a remarkable spike in the third week of November, with rates almost doubling across destinations, and hitting their highest since 2008, on strong inquiry from Mediterranean and Asian markets. Delays of three to five days in the Bosporus added to the upwards pressure, as well as high rates from competing Aframaxes. The spike was relatively short-lived, delays eased and VLCC carriers came in, and prices closed at early-month levels.

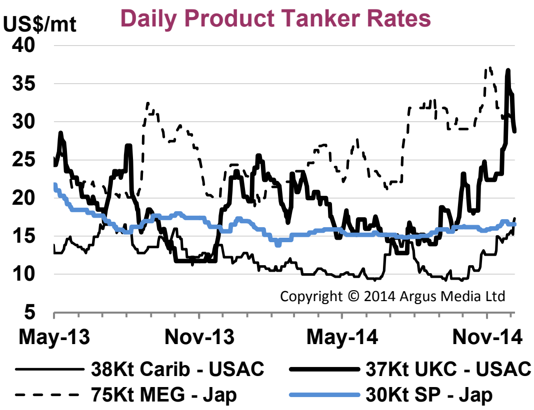
Aframax freight rates remained subdued in the North Sea and Baltic markets, with an uptick of activity in mid-month. Rates eased by the end of the month as activity slowed down.

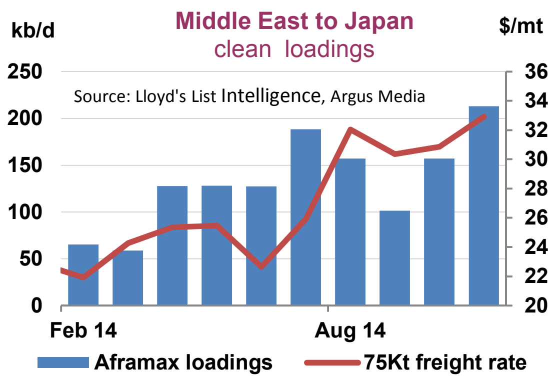




Product freight rates had an exceptionally strong month in the Atlantic basin. Earnings for product vessels triangulating between **UK-US Atlantic** and **US Gulf – UK** more than doubled, with charterers shipping gasoline to the US and diesel back to Europe, as arbitrage opportunity opened. Strong activity in the US Gulf and in the Caribbean sent rates for the **37Kt UKC – USAC route** to highs unseen since 2008, at over $35/mt, in the last week of November. Additionally, extensive refinery outages in Venezuela (See '*Refining*') prompted extra product tonnage to be shipped into the country, propping up **clean rates for discharge in the Caribbean** up in November.

The **75Kt Middle East – Japan** product rate reached its highest since 2011 in late October at about $35/mt, as volumes were the highest in 3 years in November. The rate then eased towards $30/mt.





REFINING

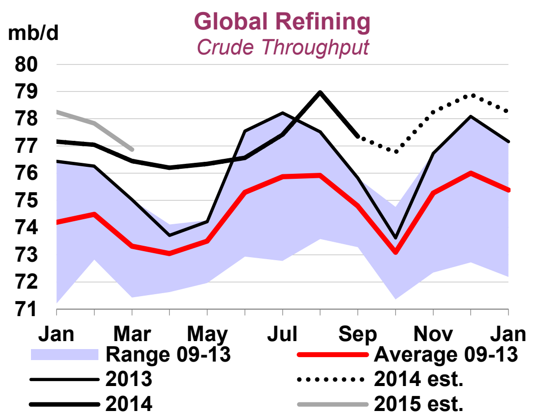
Summary

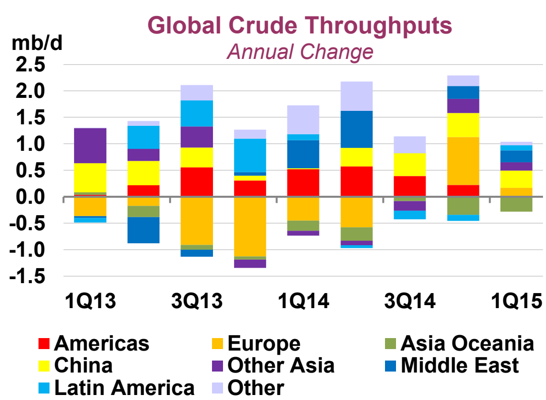
- **Global refinery crude throughputs reached a seasonal low of 76.8 mb/d in October, falling 0.6 mb/d from a month earlier, but stood 3.2 mb/d above the year earlier.** Annual gains were particularly steep in Europe, the FSU and non-OECD Asia, as refiners took advantage of healthy margins and pushed runs higher ahead of new capacity start-ups early next year. Runs rebounded sharply in November, by 1.5 mb/d. In all, 4Q14 global crude runs are estimated at 78 mb/d, up 0.5 mb/d on last month's *Report*, easing to 77.6 mb/d in 1Q15.

- **OECD crude throughputs showed strength over October and November, posting annual gains of 1.5 mb/d and 0.6 mb/d, respectively, on robust European runs and continued gains in the US.** Indeed, European refiners increased throughputs counter-seasonally in October, in contrast to last year's plunge to 25-year lows in the same month. OECD runs nevertheless plunged 1.1 mb/d in October, to a seasonal low of 36.0 mb/d, before rebounding by 1.3 mb/d a month later.

- **After starting November strongly, refinery margins retreated quickly** as high throughputs pushed extra products onto already saturated markets. Clear differences were apparent across markets however, as average monthly margins in Europe, the US Midcontinent and Singapore generally firmed while those in the Gulf Coast softened.

- **New non-OECD refinery capacity is expected to put additional downward pressure on margins.** Several refineries have just started operations or are nearing completion, including Saudi Arabia's Yanbu plant, Brazil's Abreu e Lima refinery, the UAE's Ruwais expansion, IOC's Paradip refinery in India, and Colombia's expanded Cartagena plant. Once fully operational, sometime early next year, these plants will add a combined 1.4 mb/d of new crude processing capacity.





Global refinery overview

The seasonal downturn in global refinery activity was less severe than expected in October as global throughputs declined by 0.6 mb/d from a month earlier, to 76.8 mb/d. While scheduled turnarounds underpinned sharply lower US and Japanese runs, maintenance-related declines in other regions were more muted. In Europe and Asia, refinery activity was also supported by a sustained improvement in margins, with European runs even rising counter-seasonally. As a result, global refinery runs stood an impressive 3.2 mb/d above the previous year. Annual gains in European rates were particularly high compared to an exceptionally weak October last year. The region accounted for nearly half the increase. Russia and China added another 0.5 mb/d each, while other non-OECD Asian countries lifted runs by 430 kb/d, with few outages reported.

Preliminary data suggest that global refinery activity rose by a steep 1.5 mb/d month-on-month (m-o-m) in November, as refiners raised runs in response to improved margins following the completion of autumn turnarounds. US refiners processed a record amount of crude in the week ending 5 December, when total refinery inputs nearly reached the 17 mb/d mark. As increased product supplies outpaced product demand growth, product prices and margins collapsed in the second half of November and early December.

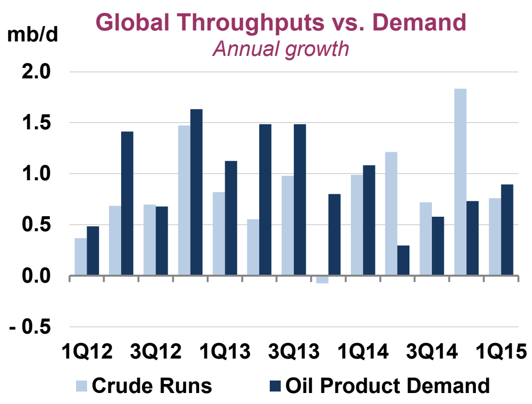
Global Refinery Crude Throughput[1]
(million barrels per day)

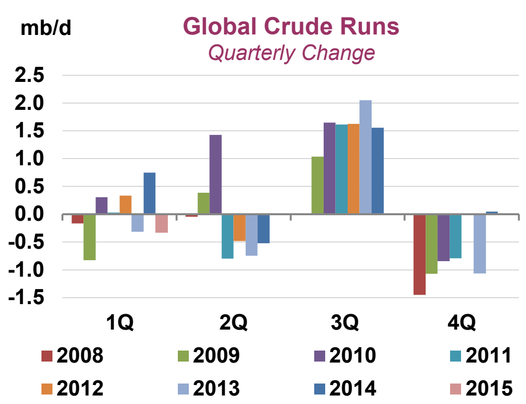
	Aug 14	Sep 14	3Q2014	Oct 14	Nov 14	Dec 14	4Q2014	Jan 15	Feb 15	Mar 15	1Q2015
Americas	19.5	18.9	**19.4**	18.1	19.0	19.1	**18.7**	18.5	18.1	18.1	**18.2**
Europe	12.0	11.6	**11.7**	11.8	11.8	11.6	**11.7**	11.5	11.4	11.1	**11.3**
Asia Oceania	6.8	6.5	**6.6**	6.1	6.4	6.6	**6.4**	6.7	6.7	6.4	**6.6**
Total OECD	38.3	37.0	**37.6**	36.0	37.3	37.4	**36.9**	36.6	36.2	35.6	**36.1**
FSU	7.3	6.9	**7.1**	7.0	7.3	7.1	**7.1**	7.0	7.2	7.1	**7.1**
Non-OECD Europe	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**
China	9.7	10.2	**9.9**	10.2	10.2	10.3	**10.3**	10.2	10.1	10.1	**10.1**
Other Asia	9.9	9.8	**9.7**	9.9	9.9	10.0	**9.9**	10.1	10.2	10.1	**10.1**
Latin America	4.8	4.7	**4.8**	4.8	4.5	4.9	**4.7**	4.9	5.0	4.9	**4.9**
Middle East	6.2	6.1	**6.1**	6.3	6.4	6.5	**6.4**	6.7	6.5	6.3	**6.5**
Africa	2.2	2.2	**2.2**	2.2	2.1	2.1	**2.1**	2.2	2.2	2.2	**2.2**
Total Non-OECD	40.7	40.3	**40.3**	40.8	41.0	41.5	**41.1**	41.6	41.6	41.2	**41.5**
Total	79.0	77.4	**77.9**	76.8	78.3	78.9	**78.0**	78.3	77.8	76.9	**77.6**

1 Preliminary and estimated runs based on capacity, known outages, economic run cuts and global demand forecast

Margins will likely come under renewed pressure in early 2015 as new refinery capacity comes on line. November saw the start-up of Saudi Arabia's 400 kb/d Yasref refinery in Yanbu, a Saudi Aramco-Sinopec joint-venture, and in Brazil Petrobras commissioned the first phase of its long-delayed Abreu e Lima refinery in early December. The plant is expected to reach its full 230 kb/d capacity by May 2015, when a second 115 kb/d crude unit is commissioned. Early next year, the UAE's 420 kb/d Ruwais refinery and India's new 300 kb/d Paradip refinery built by IOC are expected to start operations. Colombia's expanded 165 kb/d Cartagena refinery, which has been shut since March, is also nearing completion, taking total capacity additions over this period to 1.4 mb/d.

In comparison, global demand is expected to grow by a more modest 0.8 mb/d y-o-y over 4Q14 and 1Q15, suggesting refiners will have to scale back throughputs to avoid a further deterioration in margins and swelling product inventories. In all, we forecast global crude runs growth to ease to 0.8 mb/d in 1Q15, from 1.8 mb/d in 4Q14.





IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change		Average for week ending:				
	Aug 14	Sep 14	Oct 14	Nov 14		Nov 14-Oct 14	07 Nov	14 Nov	21 Nov	28 Nov	05 Dec
NW Europe											
Brent (Cracking)	4.55	5.86	4.56	5.93	↑	1.37	4.98	7.04	6.05	5.64	3.80
Urals (Cracking)	5.28	6.42	5.04	6.24	↑	1.21	5.85	7.69	5.95	5.48	4.53
Brent (Hydroskimming)	-1.02	0.38	-0.69	0.13	↑	0.83	-0.75	1.17	0.10	0.02	-1.00
Urals (Hydroskimming)	-1.07	0.05	-1.01	-0.39	↑	0.62	-0.73	0.94	-0.85	-0.94	-1.20
Mediterranean											
Es Sider (Cracking)	6.85	8.11	6.90	7.44	↑	0.54	6.94	8.55	6.98	7.28	6.63
Urals (Cracking)	5.22	7.37	5.89	6.71	↑	0.82	6.21	7.81	6.51	6.29	5.34
Es Sider (Hydroskimming)	1.60	3.18	1.78	1.67	↓	-0.12	1.17	2.73	1.13	1.64	1.42
Urals (Hydroskimming)	-2.31	0.20	-1.36	-1.42	↓	-0.06	-1.92	-0.39	-1.71	-1.66	-2.24
US Gulf Coast											
50/50 HLS/LLS (Cracking)	10.42	10.63	5.62	3.94	↓	-1.68	7.12	4.62	0.97	2.44	1.91
Mars (Cracking)	3.86	4.59	0.19	-0.87	↓	-1.06	1.76	-0.28	-3.08	-2.56	-2.74
ASCI (Cracking)	3.73	4.72	0.24	-1.01	↓	-1.25	1.42	-0.60	-3.27	-1.97	-2.38
50/50 HLS/LLS (Coking)	12.36	12.41	7.22	5.82	↓	-1.40	9.15	6.57	2.76	4.14	3.54
50/50 Maya/Mars (Coking)	7.34	7.24	4.32	3.56	↓	-0.76	6.02	4.28	1.51	1.71	2.13
ASCI (Coking)	8.64	9.01	5.59	4.92	↓	-0.67	7.81	5.58	2.31	3.34	2.46
US Midcon											
WTI (Cracking)	15.31	16.84	12.65	12.73	↑	0.08	15.82	14.44	10.21	8.93	6.53
30/70 WCS/Bakken (Cracking)	21.67	20.36	15.88	15.93	↑	0.04	19.78	18.12	12.17	12.11	10.10
Bakken (Cracking)	24.70	24.11	20.35	20.25	↓	-0.11	24.95	23.28	15.63	15.06	12.72
WTI (Coking)	17.57	19.13	14.93	15.60	↑	0.67	18.96	17.47	12.91	11.37	8.71
30/70 WCS/Bakken (Coking)	24.79	23.35	20.10	21.60	↑	1.50	26.19	24.18	17.36	16.71	14.02
Bakken (Coking)	25.42	24.88	21.14	21.33	↑	0.19	26.20	24.47	16.60	15.89	13.45
Singapore											
Dubai (Hydroskimming)	-3.13	-0.72	-1.98	1.02	↑	3.01	-0.58	1.36	1.85	1.46	1.04
Tapis (Hydroskimming)	2.54	3.42	1.97	3.48	↑	1.51	2.18	4.19	3.46	4.07	3.18
Dubai (Hydrocracking)	2.23	4.50	3.66	6.51	↑	2.85	5.22	6.67	7.27	6.87	5.84
Tapis (Hydrocracking)	4.68	5.81	5.58	7.08	↑	1.50	5.79	7.58	7.15	7.79	5.87

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

OECD refinery throughput

OECD refinery crude intake plunged by 1.1 mb/d in October, to 36 mb/d. In the Americas, maintenance curbed throughputs by 0.8 mb/d, to 18.1 mb/d on average, while Asian refiners saw runs slide by 0.5 mb/d. In Europe, on the other hand, preliminary data suggest operators raised runs counter seasonally, to 11.8 mb/d, an astounding 1.5 mb/d above the previous year. An earlier peak to the maintenance season this year, and relatively healthy margins provided unexpected support to runs. It also helped that European runs had been exceptionally low in the previous year.

Preliminary data suggest runs rebounded in November by 1.3 mb/d to 37.3 mb/d on average. On the completion of maintenance, US and Japanese refiners lifted runs by 750 kb/d and 370 kb/d, respectively, while European throughputs increased further according to the latest Euroilstock data, on a sustained margin recovery.

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

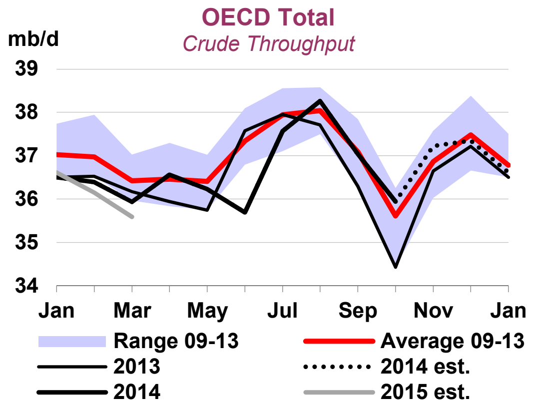
	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Change from Sep 14	Change from Oct 13	Utilisation rate[1] Oct 14	Utilisation rate[1] Oct 13
US[2]	15.94	15.82	16.53	16.46	16.06	15.32	-0.74	0.33	0.85	0.84
Canada	1.71	1.86	1.76	1.76	1.45	1.54	0.08	-0.04	0.84	0.86
Chile	0.18	0.17	0.17	0.18	0.17	0.17	-0.01	0.01	0.75	0.72
Mexico	1.13	1.22	1.18	1.15	1.19	1.09	-0.10	0.00	0.66	0.66
OECD Americas	**18.96**	**19.07**	**19.64**	**19.55**	**18.88**	**18.12**	**-0.76**	**0.30**	**0.84**	**0.82**
France	1.01	1.05	1.16	1.21	1.18	1.19	0.01	0.26	0.85	0.66
Germany	1.80	1.63	1.80	1.99	1.90	1.90	0.00	-0.06	0.94	0.97
Italy	1.17	1.19	1.25	1.31	1.21	1.15	-0.07	-0.09	0.62	0.65
Netherlands	0.98	0.90	0.95	0.98	1.09	1.04	-0.04	0.28	0.81	0.59
Spain	1.25	1.23	1.17	1.27	1.10	1.21	0.10	0.14	0.80	0.70
United Kingdom	1.14	1.05	1.13	1.14	1.15	1.15	0.00	0.19	0.83	0.61
Other OECD Europe	3.89	3.76	4.03	4.06	3.99	4.15	0.16	0.78	0.83	0.68
OECD Europe	**11.25**	**10.81**	**11.49**	**11.96**	**11.62**	**11.79**	**0.16**	**1.50**	**0.82**	**0.70**
Japan	2.80	2.52	2.96	3.14	3.17	2.78	-0.39	-0.10	0.69	0.64
South Korea	2.41	2.43	2.59	2.70	2.52	2.44	-0.08	-0.07	0.74	0.82
Other Asia Oceania	0.80	0.86	0.90	0.92	0.84	0.84	-0.01	-0.09	0.76	0.76
OECD Asia Oceania	**6.02**	**5.81**	**6.45**	**6.76**	**6.53**	**6.06**	**-0.48**	**-0.26**	**0.72**	**0.72**
OECD Total	**36.23**	**35.69**	**37.57**	**38.26**	**37.04**	**35.96**	**-1.08**	**1.53**	**0.81**	**0.76**

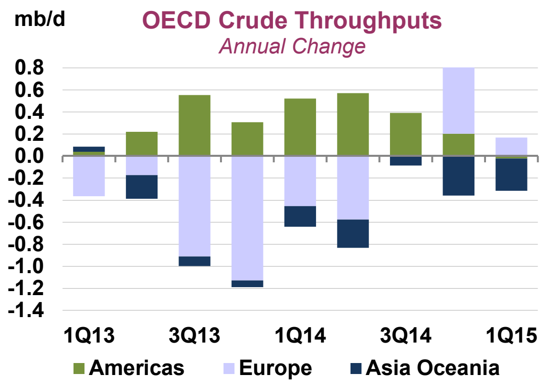
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

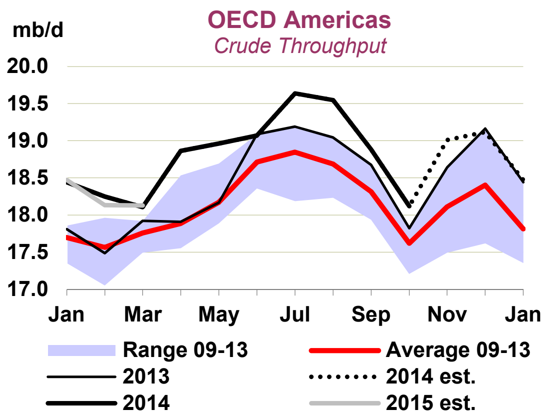
3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

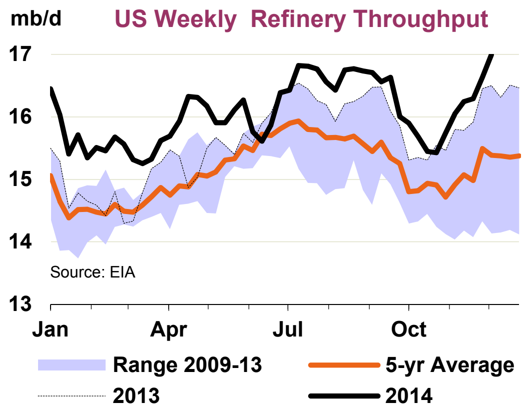
In all, 4Q14 OECD throughputs are estimated at 36.9 mb/d, up 0.6 mb/d on last month's *Report*, thanks to the strong recovery in European rates. Annual gains are now seen at a net 765 kb/d in total, with Europe adding 905 kb/d, the Americas 205 kb/d and Asia Oceania contracting by 340 kb/d. OECD throughputs are expected to resume their structural decline in 1Q15 and contract by 125 kb/d y-o-y, to 36.1 mb/d. Both Asian and European refinery activity will come under renewed pressure from subdued regional demand and competition from other regions, while US refiners will show more modest growth compared with annual gains of 675 kb/d in 1Q14.



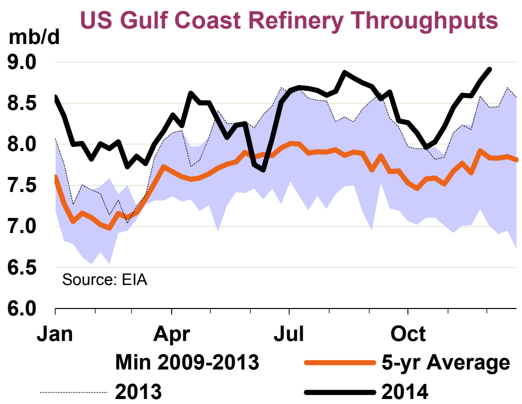


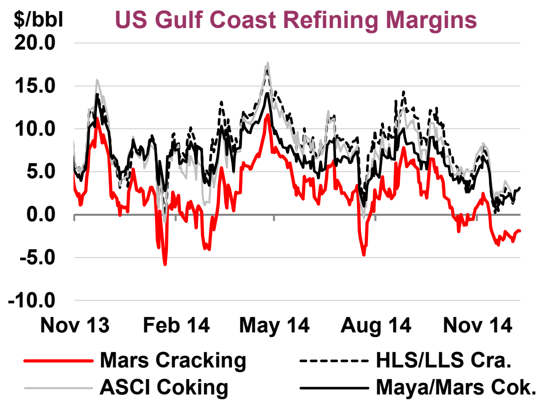
After hitting its seasonal low in October, refinery activity in the **OECD Americas** rebounded sharply in November, with Canadian and US throughputs higher. Preliminary data suggest regional runs rose to 19 mb/d, after US refiner crude intake surged more than 1.1 mb/d from end-October, to reach a new record-high 16.6 mb/d by early December. On a monthly basis, US runs were 750 kb/d higher, with US Gulf Coast refiners accounting for two-thirds of the gain. Canadian runs also rose, as maintenance at Imperial's Edmonton, KNOC's Newfoundland and Suncor's Montreal refineries was concluded.





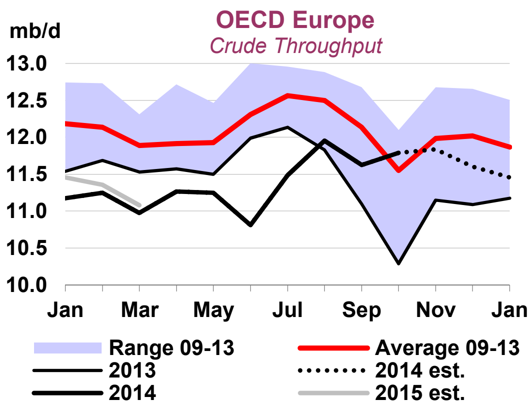
The sharp increase in throughputs saw product inventories swell, and caused US Gulf Coast margins to plummet in the second half of November, turning negative for some grades in early December. While margins were only down $1.13/bbl from October on a monthly average basis, cracking margins for grades such as HLS/LLS have plunged by more than $12/bbl in less than two months. In contrast, Midcontinent margins were boosted by record-low regional distillate inventories while crudes such as WTI and WCS weakened versus waterborne grades used on the Gulf Coast.

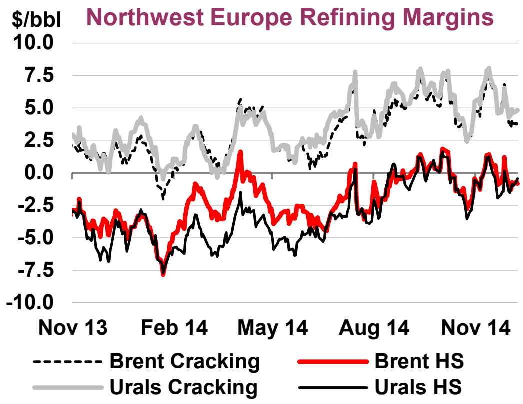




For a third month running, **European** refinery crude intake stood above year-earlier levels in October, after posting a counter seasonal increase of 165 kb/d from the previous month. Depleted product inventories at the start of summer, and sharp falls in crude prices, provided support to margins and runs. At 11.8 mb/d, regional throughputs stood an impressive 1.5 mb/d above the previous year, when regional runs had hit a 25-year low. Particularly steep annual gains were recorded for Belgium (+285 kb/d), France (+265 kb/d), the Netherlands (+280 kb/d), Sweden (+210 kb/d) and the UK (+195 kb/d). Regional throughputs even exceeded their previous five-year average for the first time since 2008. As highlighted above, the respite is expected to be temporary and runs are forecast to ease again through 1Q15. Indeed, margins started coming down in early December, on signs of weak underlying demand and increased inflows of products from competing markets.

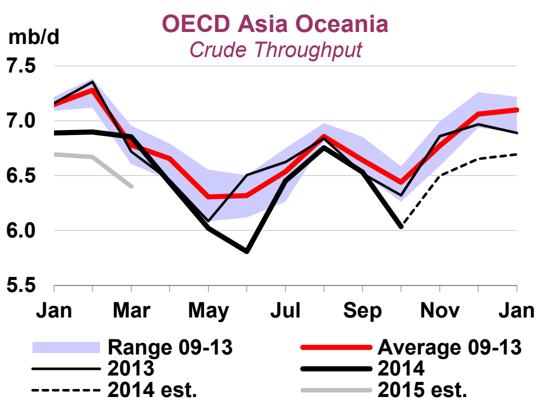
As in the US, European margins eased in the second half of November as product prices fell faster than those of crude. Sophisticated refiners with high middle-distillate yields benefited as gasoil prices were buttressed by heating and low-sulphur bunker fuel demand. In contrast, simple refiners saw their margins once again fall near or cross into negative territory, dragged lower by their higher exposure to the top and bottom of the barrel where prices fell sharply.

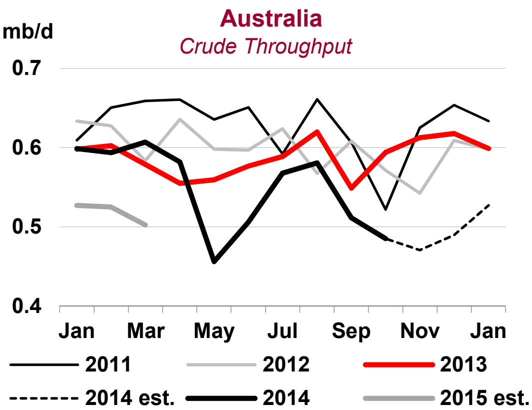




The European refining industry continued its restructuring, with French company Total shedding further capacity from its downstream portfolio. In early December, Russia's Rosneft agreed to buy Total's 16.67% share of the 240 kb/d Schwedt refinery in Germany. Ruhr Oel, Shell and Eni hold the remaining 37.5%, 37.5 and 8.33%, respectively. Rosneft had bought a 50% share of Ruhr Oel in 2011, which comprises shares in four German refineries (Gelsenkirchen, Bayernoil, Miro and PCK).

Refinery activity in **OECD Asia Oceania** fell by a sharp 0.5 mb/d in October, to 6.1 mb/d on average as seasonal maintenance peaked. **Japanese** refiners curbed runs by 390 kb/d, to 2.8 mb/d, some 100 kb/d below the previous year. Preliminary weekly data from the Petroleum Association of Japan show runs rebounded in November, retracing earlier declines. Reductions in Japanese capacity earlier this year, to 3.95 mb/d, let Japanese refinery utilisation rates reach their highest since March 2012, at 87.6%.

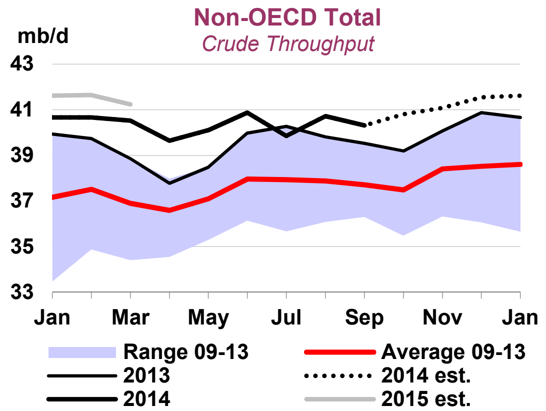


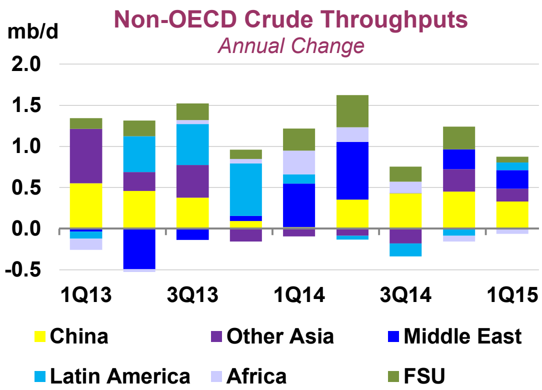


Despite a 80 kb/d decline in South Korean refinery throughputs in October, the country's product exports rose to 1.33 mb/d, a 16% increase from the previous year. Surging exports to China, of naphtha and gasoil in particular, underpinned the increase. Product exports to Australia also doubled from a year earlier, to 160 kb/d, as the country's refinery restructuring continues. Caltex completed the conversion of its 135 kb/d Kurnell refinery to a terminal in October. BP is in the process of shutting its 102 kb/d Bulwer Island refinery in Brisbane by mid-2015, curbing Australian capacity further. Australian refinery runs averaged 485 kb/d in October, 130 kb/d lower than end-2013.

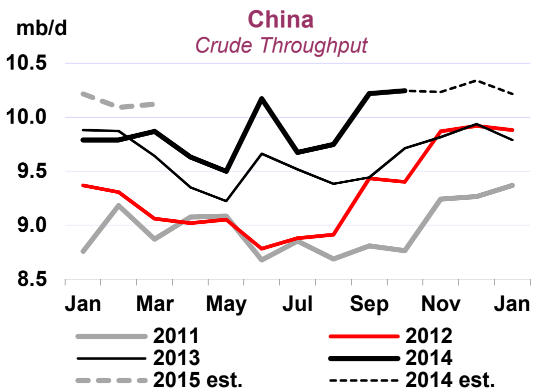
Non-OECD refinery throughput

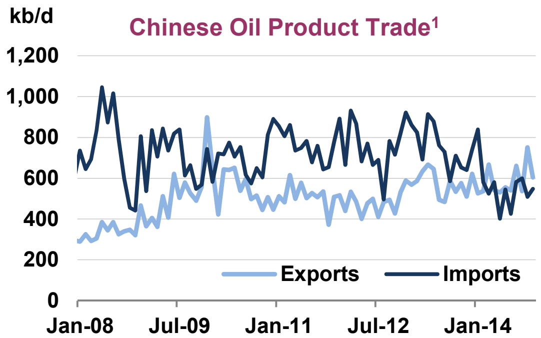
Non-OECD refinery throughputs eased in September by 400 kb/d, as steep seasonal declines in the FSU and smaller drops in 'Other Asia', the Middle East and Latin America, were partly offset by higher Chinese refinery activity. Preliminary data suggest overall activity levels rebounded in October and runs likely rose further in November and December, supported by capacity start-ups and healthy margins and as maintenance eased further. The full effect of Saudi Arabia's Yasref refinery, Petrobras' Abreu e Lima plant will likely only be felt on product markets in early 2015, when India's Paradip refinery and UAE's Ruwais plants will be commissioned, and Colombia's expanded Cartagena refinery is restarted. Once fully operational, these plants will raise non-OECD crude distillation capacity by a combined 1.4 mb/d.





Chinese refinery throughputs averaged 10.25 mb/d in October, largely unchanged from a month earlier, but 530 kb/d above the previous year. The relatively robust runs came despite significant maintenance shutdowns, with Sinopec's 260 kb/d Gaoqiao refinery, PetroChina's 100 kb/d Huabei refinery, and CNOOC's 240 kb/d Huizhou refinery shut for most of the month. The former two resumed runs in November while Huizhou was still shut in early December.



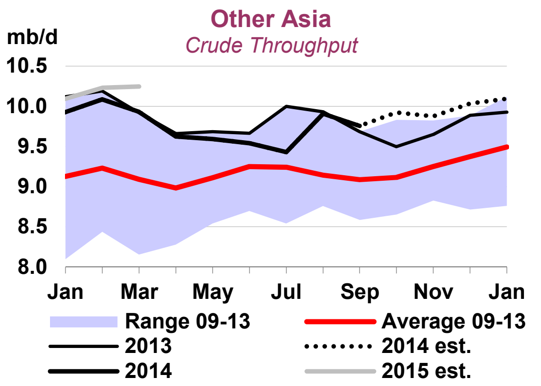


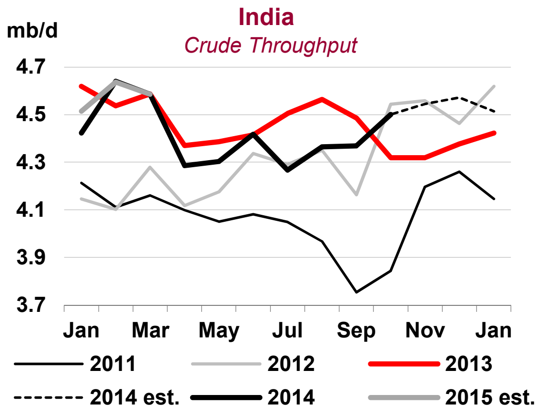
Source: General Administration of Customs
1. Includes only Main Products, excludes LPG

The most recent customs data show that China imported 6.18 mb/d of crude in November, compared with 5.7 mb/d in both the previous month and the previous year. Some market observers have suggested the crude was likely put into storage, though it could also have supported higher runs. PetroChina and Sinopec have earlier said they planned to refine 630 kb/d more crude in the fourth quarter than they did a year earlier, which would imply throughputs 180 kb/d above our current forecast for the quarter. So far this year, Chinese refiners have lifted throughputs by an average 295 kb/d y-o-y.

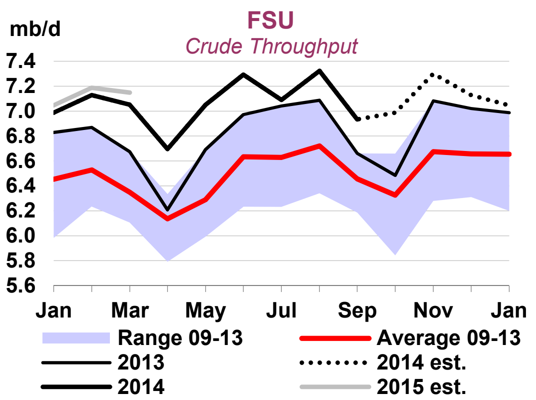
While November throughput data was not available at the time of writing, product trade information suggests refinery output exceeded demand growth. China was a net product exporter of main products (and excluding LPG and other gases) for a second month, on a combination of lower imports and rising exports. Net exports fell to 70 thousand mt, however, after the previous months record 860 thousand metric tons (250 kb/d). Much of the decline in imports is due to lower fuel oil purchases by independent refineries, as these increasingly process crude oil, or have been crowded out by surplus capacity from the country's main refineries.

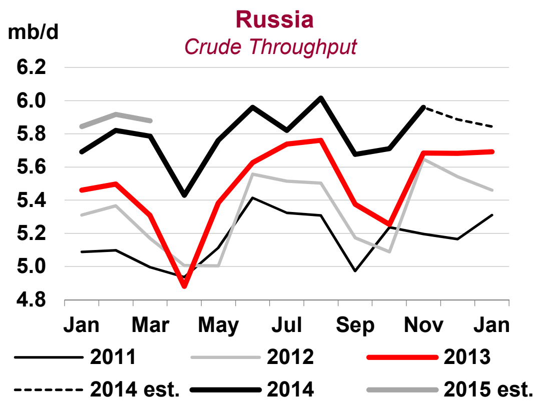
In '**Other Asia**', **Indian** refinery crude runs recovered to 4.5 mb/d in October, its highest level since March, following the restart of BPCL's Bathinda refinery. The 180 kb/d plant had been closed since June following a fire and subsequent maintenance work. IOC's Panipat refinery also raised crude intake as maintenance wound down. Providing a partial offset, HPCL's Visakh refinery reduced runs as a cyclone caused damage to the facility in October. IOC's 300 kb/d Paradip refinery is expected to start up in 1Q15, ramping up throughputs only in 2Q15.





In the **FSU**, Russian throughputs had averaged 5.7 mb/d over September and October as maintenance curbed runs. So far this year, Russian throughputs are up 340 kb/d y-o-y , with the October gain of 455 kb/d particularly steep. Preliminary data show Russian refiners raised throughputs by 250 kb/d in November from a month earlier, to 5.96 mb/d. Rosneft's Achinsk refinery in eastern Siberia had reportedly resumed normal operations by mid-November, after a fire affected output since mid-June. In Kazakhstan, a fire at the end of October reduced throughputs at the 144 kb/d Pavlodar refinery.





President Putin signs tax manoeuver into law

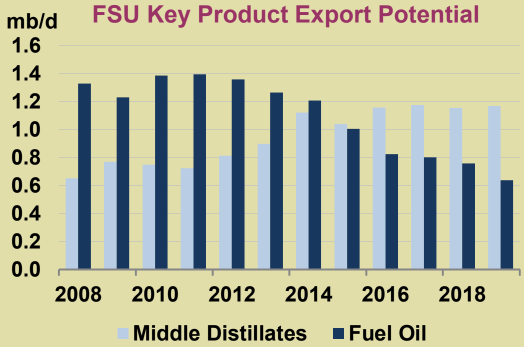
On 22 November, Russian President Vladimir Putin signed into law long-awaited, and much-debated, amendments to Russian oil tax laws. The changes to the law, known as the "tax manoeuver", come into force in January 2015 and will both reduce crude oil export duties and increase the mineral extraction tax from current levels. They will also align export duties for fuel oil with those of crude oil (currently fuel oil export duties are set at 66% of crude export duties). They will, however, keep export duties for diesel and other light products at 63% of those for crude, thus providing an incentive for refiners to produce and export maximum amounts of light oil products. At the same time, the changes to the law will make simple refineries - those with high fuel oil yields - far less profitable, thus forcing thoughput cuts at those plants.

The tax changes, first outlined in October 2011, were in part spurred by domestic gasoline shortages after years of underinvestment in refinery modernisations and upgrades. Russian refineries are among the least complex in the world, with output of low-value fuel oil accounting for 30% of total product supplies.

President Putin signs tax manoeuver into law *(continued)*

Since the changes were announced, the Russian refinery industry set out on a massive spending programme. As much as $55 billion has been invested in 130 new units to increase the plants' light-product yields and improve the quality of their products. While several units have already been commissioned, such as hydrocrackers at Surgut's Kirishi, Alliance Oil's Khabarovsk and Taneko's Nizhnekamsk refineries, it has become apparent that the upgrading plans have fallen behind targets. As such, the government revised its initial timeline, from full fuel oil-crude parity in export duties as of 1 January 2015, to a gradual increase in fuel oil duties towards 2017.

As outlined in the June 2014 *Medium-Term Oil Market Report*, the tax changes and refinery upgrades could be transformative for the Russian downstream and global product markets. FSU fuel oil exports, used mostly as bunker fuel or as refinery feedstock in Europe or Asia, could plummet to just over 0.6 mb/d by 2019, from 1.3 mb/d in 2013. Including vacuum gas oil, exports were 1.6 mb/d in 2013. On the flip side, potential exports of middle distillates are set to rise to almost 1.2 mb/d in 2019 from 0.9 mb/d in 2013.



Source MTOMR, June 2014. Assuming fuel oil duties equal crude oil duties from 1 Jan 2015

The delays to refinery upgrades and the revised timing of the fuel oil duty rates will likely blunt their impact on refinery activity and trade flows in 2015 and 2016 compared with earlier projections. We now forecast Russian refiners to maintain high throughput levels next year, as despite the reduction in export duties of crude and the increase in fuel oil duties, it will still be more profitable for oil companies to export refined products. How international sanctions on Russia, a weaker economic outlook and slowing oil demand may affect investments in the Russian downstream and Russian product flows post 2016 remains to be seen, and will be adressed in the next edition of the *Medium-Term Oil Market Report,* which will be released on 10 Feburay 2015.

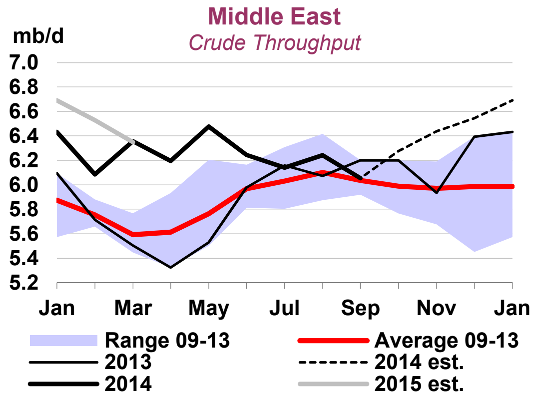
Russian Oil Taxes and Duties

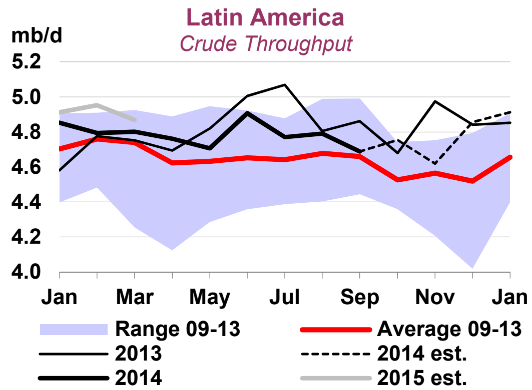
	2014	2015	2016	2017
Oil mineral extraction tax (MET), roubles per tonne	493	765	856	918
Crude oil export duty rate	59	42	36	30
Gasoline export duty rate, % of crude oil duty	90	78	61	30
Diesel export duty rate, % of crude oil duty	65	58	40	30
Light product export duty rate	66	48	40	30
Fuel oil export duty rate, % of crude oil duty	66	76	82	100
Naphtha oil export duty rate, % of crude oil duty	90	85	71	55
Excise tax, roubles per tonne				
Gasoline, Euro 4	9916	7300	7530	5830
Gasoline, Euro 5	6450	5530	7530	5830
Diesel	5427	3450	4150	3950

Source: Reuters, based on Russian Parliament Website

In the **Middle East**, refinery throughputs eased in September, by 185 kb/d, on lower Kuwaiti and Saudi run rates. Iraqi throughputs also remained constrained as the country's largest refinery, the 320 kb/d Baiji plant stayed offline. The plant was retaken by the Iraqi army in November, after IS insurgents had forced it shut in June. The refinery is still being checked according to sources after repeated attacks by IS. One report suggested the plant might start up at 120 kb/d initially, assuming the feeder pipeline from Kirkuk, which was attacked by IS at the end of November, can be repaired. Iraqi supplies to main refineries averaged 440 kb/d in October, down from 600 kb/d in May, prior to the shutdown of Baiji. Another 160 kb/d of crude is estimated to be processed at refineries and small teapots in the KRG region.

In Saudi Arabia, recent news reports suggest the new Yasref refinery will only start exporting products in early 2015, later than the previously announced end-2014 date. The plant is now reportedly in its final stages of commissioning after having started trial runs in September. News reports also claim delays have hit the 400 kb/d Jizan refinery project, due allegedly to a contract disagreement between a contractor and Saudi Aramco. The plant, which originally had been slated for completion in 2016, already fell behind schedule last year, by up to 12 months, due to delays to the construction of associated infrastructure, and could see further delays. In our most recent *Medium Term Oil Market Report*, we had projected that the plant would be completed in 2018.





Latin American refinery runs continue to trend below year earlier levels. Most recently, power outages caused Venezuela's massive Paraguana refining complex to halt operations for several days in November. The complex, which includes the 645 kb/d Amuay and 310 kb/d Cardon plants, subsequently ran at reduced rates through end-November at least, prompting PDVSA to increase its diesel and gasoline purchases. The company was looking to buy two cargoes of ULSD and six cargoes of gasoline in early November. Long-term shutdowns in Colombia and Ecuador had already curbed throughputs this year. In Colombia, Ecopetrol's 80 kb/d Cartagena refinery has been shut since March as the company nears completion of the upgrade and expansion of the plant, to 165 kb/d. Ecuador's 110 kb/d Esmeralda refinery was also shut in October for a 40-day maintenance period. The refinery had already been running at reduced rates since September 2013 as the plants FCC is being overhauled.

Petrobras reaches downstream milestone

After nearly 10 years of construction Petrobras started operations of its Abreu e Lima refinery on 6 December – its first new refinery in 34 years. The project has led to controversy in Brazil, not only due to recent corruption scandals, but also due to huge cost overruns and delays. Petrobras has spent nearly $18 billion on the plant, compared with original cost estimates of $2.5 billion. The cost overruns, along with financing issues, led Venezuela's PDVSA to renege on initial plans to take a 40% stake in the project.

The refinery is expected to start up its second 115 kb/d crude distillation tower in May 2015, taking the plant to its 230 kb/d nameplate capacity. It is designed to process heavier Brazilian crude from the Campos Basin, whereas the existing refinery park mostly processes lighter Brazilian grades. The plant will have the largest diesel production capacity of any of the Brazilian refineries, with ULSD output of nearly 70%, and will significantly cut Brazilian fuel imports.

Brazilian refineries processed 2.1 mb/d of crude in October, 50 kb/d more than a month earlier and 200 kb/d above the same month a year earlier.

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

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas[1]	24.0	23.6	23.8	23.9	24.3	24.3	24.1	23.9	23.6	24.2	24.4	24.0	23.9	23.8	24.3	24.5	24.1
Europe[2]	14.3	13.8	13.2	13.8	14.0	13.6	13.6	13.0	13.4	13.9	13.6	13.5	13.1	13.4	13.7	13.4	13.4
Asia Oceania[3]	8.2	8.5	8.9	7.8	8.0	8.6	8.3	8.8	7.7	7.7	8.4	8.1	8.6	7.5	7.7	8.2	8.0
Total OECD	46.4	45.9	45.9	45.5	46.3	46.5	46.1	45.7	44.7	45.8	46.3	45.6	45.7	44.7	45.7	46.1	45.6
NON-OECD DEMAND																	
FSU	4.5	4.6	4.5	4.6	4.9	4.9	4.7	4.6	4.8	5.0	4.9	4.8	4.5	4.6	4.8	4.7	4.6
Europe	0.7	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	9.4	9.8	9.9	10.1	10.2	10.3	10.1	10.1	10.3	10.4	10.6	10.3	10.4	10.6	10.7	10.8	10.6
Other Asia	11.2	11.6	11.9	11.9	11.6	12.0	11.9	12.2	12.2	11.9	12.3	12.1	12.6	12.5	12.3	12.7	12.5
Americas	6.2	6.4	6.4	6.6	6.8	6.8	6.6	6.6	6.8	6.9	6.9	6.8	6.7	6.9	7.0	7.0	6.9
Middle East	7.5	7.7	7.5	7.9	8.4	7.7	7.9	7.8	8.2	8.6	7.8	8.1	7.9	8.4	8.8	8.2	8.3
Africa	3.6	3.8	3.9	3.9	3.7	3.8	3.8	3.9	3.9	3.8	4.0	3.9	4.1	4.1	4.0	4.2	4.1
Total Non-OECD	43.1	44.6	44.7	45.7	46.2	46.3	45.7	45.9	46.8	47.3	47.2	46.8	46.9	47.8	48.2	48.3	47.8
Total Demand[4]	**89.5**	**90.5**	**90.6**	**91.2**	**92.5**	**92.8**	**91.8**	**91.6**	**91.5**	**93.1**	**93.5**	**92.4**	**92.5**	**92.5**	**94.0**	**94.4**	**93.3**
OECD SUPPLY																	
Americas[1,7]	14.6	15.8	16.8	16.6	17.3	17.8	17.1	18.1	18.6	18.8	19.2	18.7	19.5	19.6	19.6	20.2	19.7
Europe[2]	3.8	3.5	3.4	3.4	3.2	3.4	3.3	3.5	3.3	3.1	3.4	3.3	3.3	3.1	3.1	3.4	3.2
Asia Oceania[3]	0.6	0.6	0.4	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.5	0.5
Total OECD	18.9	19.8	20.6	20.5	21.0	21.6	20.9	22.1	22.4	22.5	23.1	22.5	23.3	23.3	23.3	24.1	23.5
NON-OECD SUPPLY																	
FSU	13.6	13.7	13.9	13.8	13.8	14.0	13.9	14.0	13.8	13.8	13.9	13.9	14.0	13.8	13.7	13.7	13.8
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.2	4.2
Other Asia[5]	3.7	3.6	3.6	3.5	3.4	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.5	3.4	3.5	3.5	3.5
Americas[5,7]	4.2	4.2	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.4	4.5	4.4	4.6	4.7	4.7	4.7	4.7
Middle East	1.7	1.5	1.4	1.3	1.4	1.3	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Africa[5]	2.5	2.2	2.2	2.3	2.3	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Non-OECD	29.9	29.5	29.5	29.4	29.3	29.9	29.5	29.8	29.6	29.5	29.7	29.6	30.0	29.9	29.8	29.9	29.9
Processing gains[6]	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.9	1.9	1.5	2.0	2.4	2.2	2.0	1.7	2.3	2.5	2.2	2.2	1.8	2.3	2.6	2.3	2.3
Total Non-OPEC[5]	52.8	53.3	53.8	54.1	54.8	55.8	54.6	55.7	56.4	56.7	57.2	56.5	57.3	57.7	57.9	58.4	57.8
OPEC																	
Crude[8]	29.9	31.3	30.5	30.9	30.6	29.8	30.5	30.0	30.1	30.5							
NGLs	5.9	6.2	6.2	6.3	6.3	6.3	6.3	6.3	6.4	6.5	6.5	6.4	6.6	6.7	6.7	6.7	6.7
Total OPEC[5]	35.8	37.5	36.7	37.2	36.9	36.1	36.7	36.3	36.4	37.0							
Total Supply[9]	**88.6**	**90.8**	**90.5**	**91.3**	**91.8**	**91.9**	**91.4**	**92.1**	**92.8**	**93.7**							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.2	0.2	0.2	0.0	0.4	-1.5	-0.2	0.2	0.7	0.7							
Government	-0.1	0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.0							
Total	-0.3	0.2	0.3	-0.1	0.5	-1.4	-0.2	0.2	0.7	0.7							
Floating storage/Oil in transit	-0.1	0.0	0.2	-0.1	0.2	0.3	0.1	0.3	-0.3	0.3							
Miscellaneous to balance[10]	-0.6	0.1	-0.5	0.3	-1.4	0.3	-0.3	0.0	1.0	-0.4							
Total Stock Ch. & Misc	**-0.9**	**0.2**	**-0.1**	**0.1**	**-0.7**	**-0.9**	**-0.4**	**0.4**	**1.3**	**0.7**							
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.8	31.1	30.5	30.9	31.4	30.7	30.9	29.6	28.8	29.9	29.8	29.5	28.6	28.1	29.4	29.3	28.9

3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.

Table 1a
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1
(million barrels per day)

	2011	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.2	-0.3	-0.3	-0.2
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	0.1	-	-	-0.1	-0.2	-0.3	-0.3	-0.2
Total Demand	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.1**	**-0.2**	**-0.3**	**-0.3**	**-0.2**
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.2	0.2	0.1	0.2	0.2
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.1	0.2	0.1	0.2	0.2
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Non-OPEC	-	-	-	-	-	-	-	-	0.1	0.1	0.3	0.1	0.2	0.2	0.1	0.2	0.2
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-							
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1
Total OPEC	-	-	-	-	-	-	-	-	-	-							
Total Supply	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**							
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-							
Government	-	-	-	-	-	-	-	-	-	-							
Total	-	-	-	-	-	-	-	-	-	-0.1							
Floating storage/Oil in transit	-	-	-	-	-	-	-	-	-	-							
Miscellaneous to balance	-	-	-	-	-	-	-	-	0.1	0.2							
Total Stock Ch. & Misc	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**							
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.3	-0.1	-0.2	-0.4	-0.3	-0.4	-0.3

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

Table 2
SUMMARY OF GLOBAL OIL DEMAND

	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Demand (mb/d)																
Americas[1]	23.60	23.80	23.87	24.32	24.34	24.08	23.86	23.64	24.20	24.40	24.03	23.93	23.85	24.26	24.46	24.13
Europe[2]	13.80	13.20	13.83	13.99	13.57	13.65	13.02	13.40	13.90	13.56	13.47	13.15	13.39	13.74	13.39	13.42
Asia Oceania[3]	8.52	8.86	7.83	8.02	8.60	8.33	8.84	7.65	7.67	8.35	8.13	8.61	7.48	7.74	8.25	8.02
Total OECD	45.92	45.86	45.53	46.33	46.51	46.06	45.73	44.69	45.77	46.31	45.63	45.68	44.72	45.74	46.10	45.56
Asia	21.42	21.82	21.98	21.73	22.32	21.96	22.35	22.46	22.27	22.87	22.48	22.95	23.12	22.92	23.58	23.14
Middle East	7.75	7.54	7.94	8.38	7.74	7.90	7.81	8.20	8.56	7.84	8.10	7.94	8.38	8.80	8.17	8.32
Americas	6.42	6.37	6.59	6.75	6.77	6.62	6.57	6.76	6.91	6.92	6.79	6.71	6.89	7.02	7.02	6.91
FSU	4.61	4.46	4.65	4.93	4.93	4.74	4.61	4.81	5.04	4.91	4.84	4.52	4.60	4.77	4.66	4.64
Africa	3.78	3.89	3.88	3.73	3.82	3.83	3.93	3.95	3.84	3.98	3.92	4.08	4.11	4.02	4.17	4.10
Europe	0.65	0.62	0.65	0.66	0.68	0.65	0.65	0.65	0.67	0.68	0.67	0.66	0.68	0.68	0.70	0.68
Total Non-OECD	44.63	44.70	45.69	46.18	46.27	45.71	45.91	46.82	47.31	47.21	46.82	46.85	47.77	48.21	48.29	47.79
World	**90.55**	**90.56**	**91.22**	**92.50**	**92.78**	**91.77**	**91.64**	**91.51**	**93.08**	**93.51**	**92.44**	**92.53**	**92.49**	**93.96**	**94.38**	**93.35**
of which: US50	18.52	18.64	18.72	19.21	19.26	18.96	18.83	18.70	19.17	19.28	19.00	18.92	18.89	19.22	19.37	19.10
Europe 5*	8.36	8.05	8.33	8.31	8.10	8.20	7.90	7.93	8.25	8.07	8.04	7.95	7.93	8.08	7.90	7.96
China	9.82	9.87	10.09	10.16	10.28	10.10	10.13	10.28	10.39	10.58	10.35	10.37	10.57	10.65	10.84	10.61
Japan	4.69	5.05	4.08	4.28	4.72	4.53	5.02	3.87	3.88	4.44	4.30	4.71	3.74	3.91	4.31	4.17
India	3.75	3.87	3.85	3.55	3.82	3.77	3.96	3.96	3.69	3.84	3.86	4.06	4.10	3.81	4.03	4.00
Russia	3.40	3.33	3.44	3.69	3.61	3.52	3.47	3.59	3.80	3.58	3.61	3.38	3.40	3.55	3.38	3.43
Brazil	2.97	2.96	3.06	3.14	3.19	3.09	3.10	3.16	3.27	3.30	3.21	3.19	3.27	3.36	3.37	3.30
Saudi Arabia	2.97	2.75	3.09	3.33	2.88	3.01	2.86	3.30	3.56	2.94	3.17	2.97	3.39	3.65	3.11	3.28
Canada	2.35	2.45	2.42	2.44	2.43	2.43	2.43	2.35	2.45	2.44	2.42	2.39	2.35	2.43	2.41	2.40
Korea	2.32	2.33	2.29	2.27	2.40	2.32	2.36	2.32	2.33	2.41	2.36	2.41	2.27	2.34	2.43	2.36
Mexico	2.09	2.05	2.08	2.03	2.02	2.04	1.95	1.97	1.96	2.03	1.98	1.96	1.98	1.97	2.03	1.99
Iran	1.79	1.80	1.81	1.81	1.81	1.80	1.84	1.79	1.82	1.83	1.82	1.87	1.86	1.86	1.86	1.86
Total	**63.03**	**63.15**	**63.26**	**64.23**	**64.50**	**63.79**	**63.84**	**63.24**	**64.57**	**64.76**	**64.11**	**64.18**	**63.75**	**64.84**	**65.04**	**64.45**
% of World	69.6%	69.7%	69.4%	69.4%	69.5%	69.5%	69.7%	69.1%	69.4%	69.3%	69.3%	69.4%	68.9%	69.0%	68.9%	69.0%
Annual Change (% per annum)																
Americas[1]	-1.7	2.0	1.3	2.5	2.4	2.1	0.3	-0.9	-0.5	0.2	-0.2	0.3	0.9	0.3	0.3	0.4
Europe[2]	-3.2	-4.0	-0.2	0.8	-1.1	-1.1	-1.4	-3.1	-0.6	-0.1	-1.3	0.9	-0.1	-1.2	-1.3	-0.4
Asia Oceania[3]	4.5	-2.7	-2.1	-2.8	-1.5	-2.3	-0.2	-2.3	-4.3	-2.9	-2.4	-2.7	-2.3	0.9	-1.2	-1.4
Total OECD	-1.07	-0.71	0.27	1.04	0.60	0.30	-0.29	-1.83	-1.20	-0.44	-0.94	-0.10	0.05	-0.07	-0.45	-0.14
Asia	4.0	3.6	3.5	2.4	0.7	2.5	2.4	2.2	2.5	2.4	2.4	2.7	2.9	2.9	3.1	2.9
Middle East	3.7	4.9	2.3	1.0	0.0	2.0	3.5	3.2	2.2	1.3	2.5	1.7	2.3	2.8	4.1	2.7
Americas	3.3	3.0	3.4	3.4	2.7	3.1	3.3	2.5	2.4	2.2	2.6	2.0	1.9	1.6	1.5	1.7
FSU	1.4	0.8	2.2	3.9	4.3	2.9	3.2	3.5	2.4	-0.4	2.1	-1.9	-4.3	-5.5	-5.3	-4.3
Africa	5.5	3.9	3.5	-0.3	-1.2	1.4	0.9	1.6	3.1	4.2	2.5	3.8	4.1	4.7	4.9	4.4
Europe	-3.4	-4.3	-0.6	2.7	4.4	0.6	5.2	0.9	2.4	1.0	2.3	2.3	3.8	0.8	1.9	2.2
Total Non-OECD	3.59	3.36	3.08	2.24	1.14	2.44	2.71	2.47	2.45	2.03	2.41	2.05	2.03	1.91	2.29	2.07
World	**1.2**	**1.3**	**1.7**	**1.6**	**0.9**	**1.4**	**1.2**	**0.3**	**0.6**	**0.8**	**0.7**	**1.0**	**1.1**	**0.9**	**0.9**	**1.0**
Annual Change (mb/d)																
Americas[1]	-0.40	0.46	0.31	0.60	0.56	0.49	0.07	-0.23	-0.12	0.05	-0.06	0.07	0.21	0.07	0.07	0.10
Europe[2]	-0.46	-0.55	-0.03	0.11	-0.16	-0.15	-0.18	-0.42	-0.09	-0.01	-0.17	0.12	-0.01	-0.16	-0.17	-0.06
Asia Oceania[3]	0.37	-0.24	-0.17	-0.23	-0.13	-0.19	-0.02	-0.18	-0.35	-0.25	-0.20	-0.24	-0.18	0.07	-0.10	-0.11
Total OECD	-0.50	-0.33	0.12	0.48	0.28	0.14	-0.13	-0.83	-0.55	-0.21	-0.43	-0.05	0.02	-0.03	-0.21	-0.07
Asia	0.82	0.76	0.74	0.51	0.16	0.54	0.53	0.48	0.54	0.54	0.52	0.61	0.66	0.65	0.71	0.66
Middle East	0.28	0.36	0.18	0.08	0.00	0.15	0.27	0.25	0.18	0.10	0.20	0.13	0.18	0.24	0.32	0.22
Americas	0.21	0.18	0.22	0.22	0.18	0.20	0.21	0.16	0.16	0.15	0.17	0.13	0.13	0.11	0.10	0.12
FSU	0.06	0.03	0.10	0.19	0.21	0.13	0.14	0.16	0.12	-0.02	0.10	-0.09	-0.21	-0.28	-0.26	-0.21
Africa	0.20	0.15	0.13	-0.01	-0.05	0.05	0.04	0.06	0.12	0.16	0.09	0.15	0.16	0.18	0.19	0.17
Europe	-0.02	-0.03	0.00	0.02	0.03	0.00	0.03	0.01	0.02	0.01	0.02	0.01	0.02	0.01	0.01	0.01
Total Non-OECD	1.55	1.45	1.36	1.01	0.52	1.09	1.21	1.13	1.13	0.94	1.10	0.94	0.95	0.90	1.08	0.97
World	**1.05**	**1.13**	**1.48**	**1.49**	**0.80**	**1.23**	**1.08**	**0.30**	**0.58**	**0.73**	**0.67**	**0.89**	**0.97**	**0.87**	**0.87**	**0.90**
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.02	0.01	0.00	0.04	0.01	0.03	0.03	0.03
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	-0.02	0.00	-0.02	-0.02	0.00	0.01	-0.01
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00
Total OECD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.03	-0.02	-0.01	0.01	-0.01	0.03	0.04	0.02
Asia	0.00	0.01	0.01	0.01	0.00	0.01	0.03	0.00	-0.02	-0.06	-0.01	0.01	0.02	0.01	0.01	0.01
Middle East	0.00	0.00	0.00	0.00	0.01	0.00	0.00	-0.01	0.06	-0.01	0.01	0.00	0.00	0.00	-0.01	0.00
Americas	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.00	0.03	0.00	-0.02	-0.01	-0.01	-0.01	-0.01
FSU	0.00	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.04	0.02	-0.10	-0.22	-0.29	-0.32	-0.23
Africa	0.00	0.00	-0.01	-0.01	-0.01	-0.01	0.00	-0.01	0.00	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-OECD	0.00	0.02	0.01	0.00	0.01	0.01	0.05	-0.02	0.05	-0.02	0.02	-0.12	-0.22	-0.30	-0.34	-0.25
World	**0.00**	**0.02**	**0.02**	**0.00**	**0.01**	**0.01**	**0.04**	**-0.03**	**0.03**	**-0.03**	**0.00**	**-0.11**	**-0.23**	**-0.27**	**-0.31**	**-0.23**
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.02	0.02	0.00	0.01	0.01	0.02	-0.05	0.03	-0.04	-0.01	-0.15	-0.20	-0.29	-0.27	-0.23

1 As of the August 2012 OMR, includes Chile.
2 As of the August 2012 OMR, includes Estonia and Slovenia.
3 As of the August 2012 OMR, includes Israel.
* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2012	2013	4Q13	1Q14	2Q14	3Q14	Jul 14	Aug 14	Sep 14 [2]	Latest month vs. Aug 14	Latest month vs. Sep 13
Americas[3]											
LPG and ethane	3.11	3.34	3.62	3.54	2.86	2.99	2.83	3.07	3.06	0.00	-0.01
Naphtha	0.34	0.38	0.37	0.36	0.34	0.35	0.38	0.34	0.34	0.00	-0.03
Motor gasoline	10.38	10.55	10.55	10.21	10.73	10.84	11.00	11.02	10.49	-0.54	-0.16
Jet and kerosene	1.62	1.66	1.66	1.63	1.69	1.76	1.79	1.77	1.71	-0.05	0.07
Gasoil/diesel oil	4.98	5.08	5.21	5.44	5.14	5.13	5.14	5.06	5.20	0.14	0.26
Residual fuel oil	0.78	0.69	0.57	0.54	0.56	0.57	0.59	0.54	0.57	0.02	-0.12
Other products	2.40	2.38	2.37	2.15	2.33	2.56	2.57	2.47	2.66	0.19	-0.15
Total	**23.60**	**24.08**	**24.34**	**23.86**	**23.64**	**24.20**	**24.30**	**24.26**	**24.03**	**-0.23**	**-0.13**
Europe[4]											
LPG and ethane	0.94	1.04	0.98	1.01	1.08	1.11	1.11	1.10	1.12	0.02	0.09
Naphtha	1.21	1.18	1.14	1.31	1.20	1.12	1.19	1.18	0.99	-0.19	-0.13
Motor gasoline	2.01	1.95	1.92	1.81	1.97	2.01	2.05	2.00	1.99	-0.01	-0.02
Jet and kerosene	1.21	1.21	1.19	1.12	1.23	1.38	1.37	1.43	1.34	-0.08	0.00
Gasoil/diesel oil	5.95	5.97	6.12	5.73	5.76	6.03	6.05	5.72	6.34	0.62	0.29
Residual fuel oil	1.11	1.00	0.95	0.96	0.90	0.92	0.92	0.90	0.93	0.03	-0.05
Other products	1.38	1.29	1.26	1.09	1.26	1.33	1.37	1.25	1.36	0.12	-0.01
Total	**13.80**	**13.65**	**13.57**	**13.02**	**13.40**	**13.90**	**14.06**	**13.57**	**14.08**	**0.51**	**0.18**
Asia Oceania[5]											
LPG and ethane	0.89	0.85	0.85	0.88	0.82	0.78	0.82	0.75	0.76	0.01	0.00
Naphtha	1.80	1.84	1.93	1.97	1.74	1.80	1.74	1.90	1.76	-0.13	-0.07
Motor gasoline	1.63	1.61	1.60	1.54	1.51	1.59	1.55	1.67	1.56	-0.11	-0.03
Jet and kerosene	0.89	0.89	1.01	1.13	0.71	0.68	0.67	0.66	0.72	0.06	0.00
Gasoil/diesel oil	1.76	1.76	1.84	1.82	1.72	1.70	1.71	1.65	1.73	0.08	0.06
Residual fuel oil	0.90	0.76	0.74	0.83	0.63	0.58	0.62	0.55	0.56	0.01	-0.10
Other products	0.67	0.62	0.63	0.67	0.53	0.54	0.61	0.55	0.46	-0.09	-0.10
Total	**8.52**	**8.33**	**8.60**	**8.84**	**7.65**	**7.67**	**7.72**	**7.73**	**7.56**	**-0.17**	**-0.24**
OECD											
LPG and ethane	4.93	5.23	5.46	5.43	4.76	4.87	4.76	4.91	4.94	0.03	0.09
Naphtha	3.35	3.40	3.44	3.65	3.28	3.27	3.31	3.41	3.09	-0.32	-0.23
Motor gasoline	14.01	14.11	14.07	13.56	14.20	14.45	14.60	14.69	14.04	-0.65	-0.21
Jet and kerosene	3.72	3.77	3.87	3.88	3.63	3.82	3.83	3.85	3.78	-0.07	0.07
Gasoil/diesel oil	12.68	12.81	13.16	12.99	12.62	12.86	12.89	12.43	13.27	0.84	0.61
Residual fuel oil	2.78	2.45	2.26	2.33	2.09	2.07	2.14	2.00	2.06	0.06	-0.27
Other products	4.44	4.29	4.26	3.90	4.12	4.43	4.55	4.27	4.49	0.22	-0.25
Total	**45.92**	**46.06**	**46.51**	**45.73**	**44.69**	**45.77**	**46.07**	**45.57**	**45.68**	**0.11**	**-0.19**

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2012	2013	4Q13	1Q14	2Q14	3Q14	Jul 14	Aug 14	Sep 14 [2]	Latest month vs. Aug 14	Latest month vs. Sep 13
United States[3]											
LPG and ethane	2.26	2.44	2.71	2.64	2.04	2.21	2.07	2.31	2.26	-0.05	-0.01
Naphtha	0.24	0.27	0.26	0.24	0.20	0.23	0.24	0.22	0.23	0.01	-0.03
Motor gasoline	8.69	8.84	8.84	8.53	9.00	9.10	9.22	9.29	8.78	-0.51	-0.17
Jet and kerosene	1.41	1.44	1.44	1.41	1.47	1.52	1.56	1.52	1.49	-0.03	0.07
Gasoil/diesel oil	3.74	3.83	3.94	4.16	3.92	3.86	3.86	3.82	3.92	0.10	0.19
Residual fuel oil	0.37	0.32	0.27	0.24	0.25	0.24	0.24	0.21	0.26	0.05	-0.11
Other products	1.82	1.82	1.80	1.62	1.82	2.00	1.98	1.91	2.10	0.18	-0.15
Total	**18.52**	**18.96**	**19.26**	**18.83**	**18.70**	**19.17**	**19.17**	**19.29**	**19.05**	**-0.24**	**-0.20**
Japan											
LPG and ethane	0.53	0.50	0.50	0.56	0.47	0.43	0.45	0.41	0.42	0.01	0.01
Naphtha	0.72	0.77	0.82	0.81	0.65	0.68	0.67	0.71	0.65	-0.06	-0.10
Motor gasoline	0.98	0.96	0.96	0.92	0.88	0.95	0.91	1.01	0.92	-0.09	-0.05
Jet and kerosene	0.55	0.54	0.64	0.77	0.37	0.35	0.34	0.32	0.39	0.07	0.00
Diesel	0.42	0.42	0.45	0.44	0.41	0.39	0.39	0.38	0.40	0.03	-0.01
Other gasoil	0.40	0.40	0.42	0.46	0.35	0.35	0.35	0.34	0.37	0.03	0.01
Residual fuel oil	0.55	0.45	0.44	0.52	0.35	0.33	0.36	0.33	0.32	-0.01	-0.07
Other products	0.55	0.49	0.49	0.54	0.40	0.40	0.46	0.42	0.33	-0.09	-0.10
Total	**4.69**	**4.53**	**4.72**	**5.02**	**3.87**	**3.88**	**3.93**	**3.90**	**3.80**	**-0.10**	**-0.32**
Germany											
LPG and ethane	0.10	0.11	0.10	0.09	0.10	0.10	0.10	0.10	0.09	-0.01	-0.02
Naphtha	0.38	0.40	0.39	0.43	0.41	0.42	0.45	0.42	0.38	-0.04	0.02
Motor gasoline	0.43	0.43	0.42	0.41	0.43	0.45	0.47	0.44	0.45	0.01	0.00
Jet and kerosene	0.19	0.18	0.18	0.17	0.19	0.21	0.21	0.23	0.20	-0.03	0.00
Diesel	0.67	0.68	0.69	0.68	0.71	0.78	0.78	0.74	0.81	0.06	0.08
Other gasoil	0.40	0.41	0.40	0.38	0.31	0.35	0.32	0.34	0.40	0.05	-0.01
Residual fuel oil	0.13	0.13	0.12	0.12	0.10	0.12	0.11	0.12	0.12	0.00	0.01
Other products	0.08	0.07	0.07	0.05	0.06	0.06	0.06	0.06	0.07	0.01	-0.02
Total	**2.39**	**2.40**	**2.37**	**2.33**	**2.32**	**2.49**	**2.50**	**2.46**	**2.52**	**0.07**	**0.08**
Italy											
LPG and ethane	0.10	0.11	0.11	0.10	0.09	0.09	0.09	0.08	0.10	0.01	0.01
Naphtha	0.08	0.08	0.06	0.07	0.06	0.06	0.06	0.07	0.05	-0.02	0.00
Motor gasoline	0.22	0.21	0.22	0.20	0.21	0.21	0.21	0.20	0.20	0.00	-0.02
Jet and kerosene	0.09	0.09	0.09	0.08	0.10	0.11	0.11	0.12	0.11	-0.01	0.01
Diesel	0.47	0.45	0.45	0.44	0.48	0.51	0.55	0.45	0.53	0.07	0.07
Other gasoil	0.10	0.11	0.12	0.08	0.06	0.05	0.05	0.05	0.05	0.01	-0.06
Residual fuel oil	0.11	0.08	0.08	0.07	0.06	0.07	0.07	0.07	0.07	0.01	-0.01
Other products	0.21	0.19	0.20	0.15	0.16	0.16	0.17	0.15	0.17	0.03	-0.05
Total	**1.37**	**1.32**	**1.33**	**1.21**	**1.22**	**1.26**	**1.32**	**1.19**	**1.28**	**0.10**	**-0.05**
France											
LPG and ethane	0.11	0.11	0.11	0.12	0.09	0.09	0.08	0.08	0.10	0.01	0.01
Naphtha	0.14	0.15	0.11	0.17	0.16	0.15	0.17	0.17	0.12	-0.06	-0.02
Motor gasoline	0.18	0.17	0.17	0.16	0.18	0.19	0.20	0.18	0.19	0.00	0.01
Jet and kerosene	0.15	0.15	0.15	0.14	0.15	0.16	0.17	0.17	0.14	-0.03	-0.02
Diesel	0.69	0.69	0.70	0.66	0.70	0.71	0.75	0.64	0.74	0.09	0.04
Other gasoil	0.27	0.29	0.29	0.28	0.21	0.25	0.23	0.22	0.30	0.08	0.02
Residual fuel oil	0.07	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.00	0.00
Other products	0.15	0.15	0.13	0.11	0.14	0.17	0.19	0.15	0.16	0.01	0.00
Total	**1.77**	**1.77**	**1.71**	**1.69**	**1.69**	**1.77**	**1.84**	**1.68**	**1.78**	**0.11**	**0.03**
United Kingdom											
LPG and ethane	0.11	0.11	0.09	0.12	0.12	0.10	0.12	0.09	0.09	0.00	-0.02
Naphtha	0.03	0.03	0.02	0.02	0.02	0.03	0.04	0.04	0.01	-0.02	-0.01
Motor gasoline	0.32	0.31	0.30	0.29	0.31	0.30	0.29	0.31	0.30	-0.01	-0.01
Jet and kerosene	0.31	0.31	0.33	0.32	0.29	0.32	0.29	0.33	0.34	0.01	0.00
Diesel	0.45	0.46	0.48	0.46	0.49	0.48	0.47	0.49	0.48	-0.01	0.01
Other gasoil	0.13	0.12	0.11	0.11	0.12	0.12	0.12	0.12	0.12	0.00	0.00
Residual fuel oil	0.05	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.00	-0.01
Other products	0.14	0.13	0.12	0.12	0.13	0.13	0.14	0.12	0.13	0.01	0.02
Total	**1.53**	**1.51**	**1.48**	**1.47**	**1.51**	**1.51**	**1.50**	**1.53**	**1.51**	**-0.02**	**-0.04**
Canada											
LPG and ethane	0.40	0.45	0.46	0.44	0.39	0.34	0.33	0.33	0.36	0.04	0.00
Naphtha	0.09	0.09	0.08	0.09	0.10	0.10	0.10	0.10	0.09	-0.01	0.01
Motor gasoline	0.79	0.82	0.80	0.81	0.85	0.88	0.90	0.87	0.85	-0.03	-0.02
Jet and kerosene	0.10	0.10	0.10	0.10	0.09	0.11	0.11	0.11	0.10	-0.01	-0.01
Diesel	0.30	0.29	0.27	0.29	0.29	0.28	0.28	0.27	0.29	0.02	0.00
Other gasoil	0.27	0.31	0.34	0.34	0.29	0.35	0.33	0.33	0.38	0.04	0.03
Residual fuel oil	0.06	0.06	0.05	0.07	0.05	0.06	0.07	0.06	0.05	-0.01	0.00
Other products	0.34	0.32	0.33	0.29	0.29	0.34	0.35	0.34	0.35	0.01	0.01
Total	**2.35**	**2.43**	**2.43**	**2.43**	**2.35**	**2.45**	**2.46**	**2.41**	**2.46**	**0.05**	**0.02**

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2013	2014	2015	2Q14	3Q14	4Q14	1Q15	2Q15	Sep 14	Oct 14	Nov 14
OPEC											
Crude Oil											
Saudi Arabia	9.40			9.50	9.62				9.53	9.56	9.51
Iran	2.68			2.84	2.78				2.78	2.76	2.76
Iraq	3.08			3.33	3.21				3.36	3.32	3.38
UAE	2.76			2.74	2.81				2.78	2.74	2.71
Kuwait	2.55			2.58	2.65				2.67	2.70	2.66
Neutral Zone	0.52			0.43	0.38				0.40	0.24	0.20
Qatar	0.73			0.71	0.72				0.69	0.69	0.68
Angola	1.72			1.63	1.71				1.72	1.75	1.69
Nigeria	1.95			1.91	1.89				1.89	1.88	1.92
Libya	0.90			0.23	0.57				0.78	0.87	0.69
Algeria	1.15			1.14	1.15				1.13	1.13	1.13
Ecuador	0.52			0.55	0.56				0.56	0.54	0.55
Venezuela	2.50			2.48	2.48				2.48	2.46	2.44
Total Crude Oil	30.46			30.08	30.51				30.75	30.63	30.32
Total NGLs[1]	6.26	6.42	6.65	6.36	6.48	6.50	6.61	6.66	6.48	6.50	6.50
Total OPEC	**36.72**			**36.44**	**36.99**				**37.23**	**37.13**	**36.81**
NON-OPEC[2]											
OECD											
Americas[6]	17.11	18.68	19.73	18.62	18.83	19.18	19.48	19.62	18.94	19.16	19.21
United States[5]	10.24	11.71	12.68	11.69	11.91	12.25	12.42	12.64	12.01	12.21	12.35
Mexico	2.89	2.78	2.62	2.85	2.76	2.66	2.67	2.65	2.76	2.72	2.64
Canada	3.97	4.18	4.41	4.08	4.15	4.27	4.39	4.33	4.16	4.22	4.21
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[7]	3.35	3.31	3.24	3.25	3.13	3.36	3.31	3.14	3.15	3.34	3.38
UK	0.89	0.87	0.88	0.90	0.71	0.90	0.89	0.87	0.81	0.81	0.95
Norway	1.85	1.87	1.81	1.79	1.85	1.88	1.85	1.72	1.78	1.95	1.85
Others	0.61	0.57	0.55	0.56	0.58	0.58	0.57	0.55	0.57	0.58	0.58
Asia Oceania[8]	0.48	0.50	0.54	0.49	0.51	0.52	0.53	0.55	0.52	0.52	0.52
Australia	0.40	0.42	0.46	0.41	0.43	0.44	0.45	0.47	0.44	0.43	0.44
Others	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.08	0.08	0.08	0.08
Total OECD	**20.93**	**22.49**	**23.51**	**22.37**	**22.47**	**23.06**	**23.33**	**23.32**	**22.61**	**23.01**	**23.10**
NON-OECD											
Former USSR	13.88	13.90	13.81	13.84	13.81	13.93	13.98	13.84	13.89	13.90	13.86
Russia	10.88	10.93	10.82	10.92	10.84	10.97	10.95	10.85	10.96	10.96	10.95
Others	3.00	2.97	3.00	2.91	2.97	2.97	3.03	2.98	2.93	2.94	2.91
Asia	7.67	7.60	7.65	7.66	7.54	7.52	7.63	7.63	7.61	7.46	7.54
China	4.18	4.19	4.18	4.23	4.17	4.11	4.17	4.18	4.22	4.08	4.13
Malaysia	0.64	0.65	0.69	0.66	0.63	0.66	0.69	0.69	0.65	0.63	0.67
India	0.88	0.87	0.87	0.87	0.86	0.87	0.87	0.87	0.86	0.87	0.87
Indonesia	0.87	0.83	0.80	0.84	0.83	0.81	0.81	0.78	0.82	0.82	0.81
Others	1.10	1.06	1.11	1.06	1.05	1.07	1.09	1.11	1.06	1.06	1.07
Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Americas	4.17	4.36	4.67	4.28	4.43	4.51	4.57	4.68	4.48	4.54	4.49
Brazil[5]	2.12	2.33	2.50	2.28	2.39	2.46	2.44	2.52	2.43	2.47	2.46
Argentina	0.63	0.62	0.63	0.62	0.62	0.62	0.64	0.63	0.63	0.63	0.62
Colombia	1.01	0.99	1.11	0.97	1.00	1.00	1.08	1.11	1.00	1.01	1.00
Others	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.43	0.42
Middle East[3]	1.35	1.32	1.27	1.32	1.31	1.30	1.29	1.27	1.32	1.30	1.29
Oman	0.95	0.95	0.94	0.95	0.95	0.94	0.95	0.94	0.96	0.94	0.94
Syria	0.06	0.03	0.03	0.03	0.04	0.04	0.03	0.03	0.04	0.04	0.03
Yemen	0.15	0.15	0.11	0.15	0.13	0.13	0.12	0.12	0.13	0.13	0.13
Others	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.30	2.32	2.33	2.31	2.30	2.30	2.35	2.33	2.30	2.30	2.30
Egypt	0.73	0.70	0.68	0.70	0.69	0.68	0.68	0.68	0.69	0.68	0.68
Gabon	0.24	0.24	0.23	0.24	0.23	0.24	0.23	0.23	0.24	0.24	0.24
Others	1.33	1.38	1.41	1.36	1.38	1.39	1.43	1.41	1.37	1.38	1.38
Total Non-OECD	**29.52**	**29.64**	**29.87**	**29.56**	**29.53**	**29.70**	**29.95**	**29.89**	**29.75**	**29.66**	**29.63**
Processing gains[4]	2.18	2.21	2.22	2.19	2.24	2.22	2.22	2.22	2.24	2.22	2.22
Global Biofuels[5]	2.01	2.18	2.26	2.29	2.50	2.24	1.85	2.27	2.46	2.42	2.33
TOTAL NON-OPEC	**54.64**	**56.53**	**57.84**	**56.40**	**56.75**	**57.23**	**57.34**	**57.69**	**57.06**	**57.30**	**57.28**
TOTAL SUPPLY	**91.36**			**92.83**	**93.74**				**94.29**	**94.43**	**94.09**

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 As of the August 2012 OMR, includes Chile.
7 As of the August 2012 OMR, includes Estonia and Slovenia.
8 As of the August 2012 OMR, includes Israel.

Table 4
OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jun2014	Jul2014	Aug2014	Sep2014	Oct2014*	Oct2011	Oct2012	Oct2013	4Q2013	1Q2014	2Q2014	3Q2014
OECD Americas												
Crude	529.8	519.3	511.3	510.5	534.1	475.6	514.4	534.2	-0.25	0.26	0.08	-0.21
Motor Gasoline	252.6	251.9	245.1	245.7	239.8	242.7	238.8	246.6	0.08	-0.02	-0.07	-0.07
Middle Distillate	191.3	194.8	198.2	203.3	192.6	220.1	195.1	187.6	-0.10	-0.13	0.06	0.13
Residual Fuel Oil	44.8	44.6	46.0	44.4	43.9	45.5	47.2	43.5	0.03	-0.03	0.01	0.00
Total Products[3]	684.5	703.2	713.1	719.5	693.6	684.7	682.4	676.4	-0.47	-0.37	0.51	0.38
Total[4]	1381.5	1395.2	1400.6	1410.0	1408.4	1330.7	1369.0	1375.5	-0.95	-0.06	0.78	0.31
OECD Europe												
Crude	316.4	308.9	301.1	304.2	307.3	302.2	312.1	324.9	-0.04	0.05	0.04	-0.13
Motor Gasoline	82.9	81.5	86.1	86.4	88.1	91.7	91.9	87.5	-0.02	0.05	-0.09	0.04
Middle Distillate	247.2	251.9	265.6	265.2	260.0	257.1	251.5	248.6	-0.09	-0.02	-0.01	0.20
Residual Fuel Oil	68.0	66.9	69.2	63.3	62.4	77.8	79.5	68.6	-0.06	-0.06	0.08	-0.05
Total Products[3]	490.1	493.6	517.0	512.9	509.6	536.0	521.0	493.9	-0.16	-0.04	-0.01	0.25
Total[4]	878.4	871.2	890.6	887.3	887.6	904.4	899.3	884.1	-0.16	0.05	0.04	0.10
OECD Asia Oceania												
Crude	165.3	163.3	167.1	163.8	171.7	156.0	166.1	151.7	-0.14	0.28	-0.05	-0.02
Motor Gasoline	24.4	23.2	22.6	22.8	22.8	24.5	27.7	24.7	-0.01	0.02	-0.01	-0.02
Middle Distillate	53.8	58.6	69.4	70.3	70.7	67.9	70.6	68.1	-0.02	-0.13	-0.02	0.18
Residual Fuel Oil	21.1	23.0	24.2	22.9	21.3	19.9	20.4	19.4	-0.01	0.02	0.00	0.02
Total Products[3]	156.9	165.4	179.5	183.1	181.6	182.4	186.7	180.5	-0.14	-0.10	-0.04	0.29
Total[4]	392.2	398.6	417.6	421.3	424.0	409.8	426.4	403.5	-0.34	0.20	-0.07	0.32
Total OECD												
Crude	1011.5	991.5	979.5	978.6	1013.0	933.7	992.7	1010.7	-0.42	0.59	0.07	-0.36
Motor Gasoline	360.0	356.6	353.8	354.9	350.7	358.9	358.5	358.8	0.05	0.04	-0.18	-0.06
Middle Distillate	492.3	505.4	533.2	538.7	523.3	545.1	517.1	504.3	-0.21	-0.29	0.03	0.50
Residual Fuel Oil	133.8	134.5	139.4	130.5	127.6	143.1	147.0	131.5	-0.03	-0.07	0.09	-0.04
Total Products[3]	1331.5	1362.1	1409.6	1415.5	1384.8	1403.1	1390.1	1350.8	-0.78	-0.51	0.47	0.91
Total[4]	2652.1	2665.0	2708.9	2718.5	2720.0	2644.9	2694.7	2663.1	-1.46	0.19	0.75	0.72

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jun2014	Jul2014	Aug2014	Sep2014	Oct2014*	Oct2011	Oct2012	Oct2013	4Q2013	1Q2014	2Q2014	3Q2014
OECD Americas												
Crude	691.0	691.0	691.0	691.0	691.0	696.0	695.0	696.0	0.00	0.00	-0.05	0.00
Products	1.0	1.0	1.0	1.0	1.0	0.0	1.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	207.8	209.1	209.0	208.2	209.2	182.8	195.7	204.2	0.01	-0.03	0.05	0.00
Products	259.0	258.0	258.7	257.6	256.8	239.4	234.7	261.6	-0.03	0.03	-0.05	-0.01
OECD Asia Oceania												
Crude	387.6	387.7	387.6	385.7	385.7	391.1	393.5	385.7	0.02	0.01	0.00	-0.02
Products	31.0	31.0	31.0	31.0	31.0	20.0	20.0	29.9	0.02	0.00	0.00	0.00
Total OECD												
Crude	1286.5	1287.7	1287.6	1284.9	1285.9	1269.9	1284.2	1285.9	0.03	-0.01	-0.01	-0.02
Products	291.0	290.0	290.7	289.6	288.8	259.4	255.7	292.6	-0.01	0.04	-0.04	-0.01
Total[4]	1581.3	1582.0	1582.5	1579.7	1579.5	1530.6	1541.1	1582.2	0.02	0.02	-0.05	-0.02

* estimated

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

2 Closing stock levels.

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

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

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

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]
('millions of barrels' and 'days')

	End September 2013		End December 2013		End March 2014		End June 2014		End September 2014 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	182.9	75	170.0	70	174.2	75	178.8	73	185.0	-
Chile	11.2	35	9.8	30	9.5	30	10.6	33	10.1	-
Mexico	50.0	25	48.7	25	47.6	24	47.3	24	48.8	-
United States[4]	1834.4	95	1762.4	94	1754.0	94	1814.7	95	1836.0	-
Total[4]	2100.6	86	2013.0	84	2007.5	85	2073.5	86	2101.9	86
OECD Asia Oceania										
Australia	36.6	33	36.8	34	36.8	34	36.3	34	38.2	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	590.7	125	575.3	115	585.8	151	585.1	151	604.1	-
Korea	190.7	80	177.8	75	186.5	80	180.3	77	186.7	-
New Zealand	7.6	48	8.3	51	8.1	55	9.2	63	9.0	-
Total	825.7	96	798.2	90	817.3	107	810.9	106	838.0	100
OECD Europe[5]										
Austria	20.6	79	21.6	91	22.7	85	21.1	76	21.5	-
Belgium	39.4	66	41.0	66	42.5	70	43.7	70	43.8	-
Czech Republic	20.3	103	20.0	110	19.3	95	18.9	88	19.5	-
Denmark	21.3	138	23.7	157	19.6	126	23.1	146	22.4	-
Estonia	1.4	47	1.6	55	1.7	56	1.7	50	1.8	-
Finland	41.0	206	39.0	211	37.9	194	39.0	191	38.7	-
France	166.1	97	167.5	99	167.2	99	168.1	95	171.3	-
Germany	286.3	121	289.9	124	289.2	125	291.7	117	287.1	-
Greece	26.7	95	25.6	101	24.9	92	25.6	83	29.7	-
Hungary	16.5	118	16.2	129	16.0	115	16.2	114	16.7	-
Ireland	10.7	76	10.0	70	11.0	80	9.6	70	9.6	-
Italy	130.8	99	125.1	104	122.5	100	121.6	96	123.0	-
Luxembourg	0.7	11	0.7	13	0.7	12	0.8	15	0.8	-
Netherlands	120.7	122	115.5	121	122.5	119	127.4	131	126.8	-
Norway	27.9	121	28.7	123	28.6	121	27.4	121	24.5	-
Poland	61.9	118	60.4	129	60.2	119	58.5	109	61.1	-
Portugal	22.1	89	23.1	105	23.8	98	22.5	87	21.4	-
Slovak Republic	8.3	104	8.8	127	9.6	136	8.8	111	8.9	-
Slovenia	4.9	89	4.7	103	4.9	102	4.8	92	4.8	-
Spain	120.3	99	111.6	93	117.4	99	118.2	97	122.7	-
Sweden	25.8	94	28.2	104	27.5	90	26.4	83	27.5	-
Switzerland	37.2	129	35.9	165	36.4	159	36.2	146	37.0	-
Turkey	63.2	87	62.3	98	62.7	87	62.5	84	62.6	-
United Kingdom	81.8	55	77.9	53	76.6	51	75.2	50	74.9	-
Total	1355.9	100	1339.2	103	1345.3	100	1349.0	97	1358.2	100
Total OECD	**4282.2**	**92**	**4150.3**	**91**	**4170.1**	**93**	**4233.4**	**93**	**4298.2**	**93**
DAYS OF IEA Net Imports[6]	**-**	**161**	**-**	**157**	**-**	**157**	**-**	**170**	**-**	**172**

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End September 2014 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
		Millions of Barrels			*Days of Fwd. Demand* [2]	
3Q2011	4199	1529	2669	90	33	57
4Q2011	4141	1536	2605	90	33	56
1Q2012	4193	1536	2657	92	34	59
2Q2012	4226	1539	2687	92	34	59
3Q2012	4271	1542	2728	92	33	59
4Q2012	4210	1547	2663	92	34	58
1Q2013	4246	1581	2665	93	35	59
2Q2013	4238	1577	2661	91	34	57
3Q2013	4282	1582	2700	92	34	58
4Q2013	4150	1584	2566	91	35	56
1Q2014	4170	1586	2584	93	35	58
2Q2014	4233	1581	2652	93	35	58
3Q2014	4298	1580	2719	93	34	59

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 3Q2014 (when latest forecasts are used).

Table 6
IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]
(million barrels per day)

	2011	2012	2013	4Q13	1Q14	2Q14	3Q14	Jul 14	Aug 14	Sep 14	Year Earlier Sep 13	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.76	0.74	0.76	0.79	0.75	0.47	0.42	0.43	0.56	0.95	-0.39
Europe	0.83	0.85	0.79	0.77	0.73	0.87	0.93	0.80	0.98	1.00	0.91	0.09
Asia Oceania	1.24	1.26	1.21	1.25	1.27	1.17	1.08	1.07	1.05	1.11	1.08	0.03
Saudi Medium												
Americas	0.37	0.44	0.45	0.47	0.44	0.40	0.36	0.45	0.32	0.31	0.42	-0.10
Europe	0.02	0.05	0.01	0.02	0.01	0.01	0.05	0.03	0.02	0.11	0.00	0.10
Asia Oceania	0.40	0.45	0.43	0.45	0.45	0.40	0.50	0.57	0.47	0.47	0.48	-0.01
Iraqi Basrah Light[2]												
Americas	0.29	0.49	0.38	0.31	0.37	0.33	0.49	0.60	0.57	0.29	0.41	-0.12
Europe	0.11	0.26	0.25	0.22	0.29	0.51	0.50	0.49	0.51	0.52	0.24	0.28
Asia Oceania	0.34	0.33	0.31	0.24	0.28	0.20	0.21	0.15	0.26	0.23	0.31	-0.09
Kuwait Blend												
Americas	0.08	0.22	0.28	0.30	0.33	0.29	0.25	0.32	0.25	0.17	0.25	-0.08
Europe	0.08	0.09	0.10	0.07	0.07	0.12	0.04	0.05	0.06	0.00	0.06	-0.06
Asia Oceania	0.57	0.65	0.64	0.65	0.71	0.56	0.62	0.60	0.63	0.62	0.69	-0.07
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.23	0.12	0.08	0.05	0.10	0.06	0.11	0.12	0.12	0.11	0.05	0.06
Asia Oceania	0.04	0.02	0.00	-	0.01	-	0.03	-	0.05	0.03	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.55	0.16	0.03	0.03	0.00	0.04	0.01	0.01	0.01	-	0.04	-
Asia Oceania	0.51	0.33	0.30	0.24	0.33	0.26	0.28	0.26	0.28	0.31	0.39	-0.08
Venezuelan 22 API and heavier												
Americas	0.76	0.69	0.61	0.62	0.62	0.62	0.71	0.70	0.74	0.69	0.65	0.04
Europe	0.05	0.08	0.07	0.04	0.08	0.08	0.09	0.09	0.11	0.07	0.11	-0.04
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.82	0.73	0.70	0.79	0.64	0.66	0.67	0.61	0.73	0.65	0.69	-0.04
Europe	0.12	0.14	0.14	0.13	0.15	0.13	0.13	0.13	0.13	0.13	0.13	0.00
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	1.25	1.41	1.49	1.53	1.56	1.67	1.81	1.76	1.74	1.93	1.49	0.44
Europe	-	-	-	-	0.00	0.01	-	-	-	-	-	-
Asia Oceania	0.00	-	-	-	-	-	0.00	-	-	0.01	-	-
BFOE												
Americas	0.06	0.02	0.03	0.01	0.02	-	-	-	-	-	0.04	-
Europe	0.64	0.55	0.47	0.46	0.53	0.58	0.53	0.45	0.56	0.58	0.54	0.04
Asia Oceania	0.02	0.07	0.06	0.05	0.16	0.07	-	-	-	-	-	-
Russian Urals												
Americas	0.01	0.00	0.00	-	-	-	-	-	-	-	-	-
Europe	1.69	1.86	1.79	1.76	1.74	1.68	1.53	1.66	1.50	1.42	1.59	-0.17
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.06	0.07	0.06	0.05	0.02	-	-	-	-	-	0.07	-
Europe	0.62	0.53	0.59	0.57	0.60	0.71	0.58	0.63	0.45	0.64	0.58	0.06
Asia Oceania	-	-	0.00	-	0.02	0.01	0.05	0.03	0.04	0.07	-	-
Libya Light and Medium												
Americas	-	0.03	0.00	-	-	-	-	-	-	-	-	-
Europe	0.29	0.88	0.57	0.22	0.23	0.13	0.34	0.09	0.27	0.69	0.13	0.55
Asia Oceania	0.01	0.04	0.03	0.02	-	0.02	0.03	0.01	0.05	0.02	-	-
Nigerian Light[4]												
Americas	0.53	0.24	0.07	-	0.01	-	-	-	-	-	-	-
Europe	0.45	0.58	0.53	0.57	0.58	0.51	0.59	0.61	0.64	0.51	0.51	0.00
Asia Oceania	0.05	0.04	0.03	0.02	0.03	0.04	0.03	0.03	0.04	0.01	0.03	-0.02

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.
2 Iraqi Total minus Kirkuk.
3 Iranian Total minus Iranian Light.
4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2011	2012	2013	4Q13	1Q14	2Q14	3Q14	Jul 14	Aug 14	Sep 14	Year Earlier Sep 13	Year Earlier % change
Crude Oil												
Americas	6870	6101	5130	4670	4385	4331	4312	4624	4293	4011	5432	-26%
Europe	8988	9346	8921	8399	8201	8480	9007	8812	9043	9170	8705	5%
Asia Oceania	6609	6761	6553	6519	6954	5931	6316	6284	6352	6312	6693	-6%
Total OECD	22468	22208	20604	19588	19540	18742	19635	19720	19688	19493	20830	-6%
LPG												
Americas	30	20	17	14	19	9	7	8	3	9	6	53%
Europe	318	287	382	412	386	410	475	405	502	520	379	37%
Asia Oceania	568	620	546	517	544	532	514	565	518	457	506	-10%
Total OECD	916	927	945	942	949	950	996	979	1023	987	891	11%
Naphtha												
Americas	42	20	17	11	28	23	16	19	14	13	16	-18%
Europe	298	381	313	323	342	360	301	318	285	301	331	-9%
Asia Oceania	884	900	927	949	1040	891	912	877	862	999	885	13%
Total OECD	1224	1301	1257	1284	1410	1274	1228	1214	1160	1314	1232	7%
Gasoline[3]												
Americas	762	730	659	583	567	769	661	681	728	571	536	7%
Europe	222	212	106	92	152	124	113	85	70	186	107	74%
Asia Oceania	95	86	83	72	89	95	67	56	63	83	84	-1%
Total OECD	1079	1028	848	747	807	988	841	823	861	841	728	16%
Jet & Kerosene												
Americas	77	73	81	99	81	121	94	83	60	139	73	90%
Europe	397	398	446	512	384	454	583	619	511	620	453	37%
Asia Oceania	58	62	74	82	57	50	44	38	41	53	46	14%
Total OECD	532	533	602	693	521	625	720	740	612	811	572	42%
Gasoil/Diesel												
Americas	72	59	58	21	200	62	41	19	48	54	16	243%
Europe	1044	984	1120	1278	1095	1098	1175	1143	1109	1276	1342	-5%
Asia Oceania	147	185	162	170	152	221	180	214	133	195	145	35%
Total OECD	1263	1227	1340	1468	1447	1381	1396	1376	1290	1525	1502	2%
Heavy Fuel Oil												
Americas	268	206	165	155	127	132	134	142	121	140	188	-26%
Europe	537	521	552	539	595	648	665	613	740	641	645	-1%
Asia Oceania	153	224	242	290	304	205	183	186	198	165	172	-4%
Total OECD	958	951	959	985	1025	985	983	942	1059	946	1005	-6%
Other Products												
Americas	871	813	812	746	619	728	682	726	682	638	935	-32%
Europe	700	636	792	800	755	796	699	637	777	682	672	1%
Asia Oceania	366	356	385	382	461	353	375	407	398	318	437	-27%
Total OECD	1937	1805	1989	1928	1834	1877	1756	1769	1857	1637	2044	-20%
Total Products												
Americas	2122	1921	1810	1629	1640	1844	1634	1679	1657	1564	1770	-12%
Europe	3516	3419	3710	3955	3708	3889	4011	3821	3993	4226	3928	8%
Asia Oceania	2271	2432	2420	2463	2646	2347	2276	2344	2213	2270	2276	0%
Total OECD	7909	7773	7940	8048	7994	8080	7921	7844	7863	8061	7974	1%
Total Oil												
Americas	8993	8022	6940	6300	6025	6175	5947	6303	5950	5575	7202	-23%
Europe	12504	12765	12631	12354	11909	12369	13018	12633	13036	13397	12633	6%
Asia Oceania	8880	9194	8973	8982	9600	8278	8592	8628	8565	8582	8969	-4%
Total OECD	30377	29981	28544	27635	27534	26822	27556	27563	27551	27554	28804	-4%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

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User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 12 August 2014), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2014 Argus Media Limited - all rights reserved).

Next Issue: 16 January 2015