Organization of the Petroleum Exporting Countries

OPEC Monthly Oil Market Report

14 January 2021

Feature article:

Monetary policies and their impact on the oil market

Organization of the Petroleum Exporting Countries

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Oil Market Highlights

Crude Oil Price Movements

Spot crude prices settled sharply higher in December, extending the previous month's gains, buoyed by a further improvement in physical market fundamentals and strong crude buying from the Asia Pacific region. The OPEC Reference Basket increased by $6.56, or 15%, month-on-month (m-o-m), to stand at $49.17/b in December. However, in annual terms, the ORB dropped $22.57, or 25%, to average $41.47/b in 2020, which represents the lowest yearly average since 2016. Crude oil futures prices extended their previous month's surge in December, rising sharply on both sides of the Atlantic. The ICE Brent front month rose by $6.24, or 14.2%, m-o-m in December to average $50.22/b, while NYMEX WTI gained $5.72, or 13.8%, m-o-m to average $47.07/b. As a result, the Brent-WTI spread widened 52¢ to average $3.15/b in December. The price structure of the forward curve strengthened further in December. The ICE Brent stood in shallow backwardation for most of the month, while DME Oman and Dubai remained in strong backwardation. However, the WTI structure remained in contango. Hedge funds and other money managers continued to boost bullish positions, providing additional momentum to the steady ongoing gains in crude oil prices.

World Economy

Global economic growth was revised up slightly for 2020, after a better-than-expected performance in 3Q20. As a result, the global economy is now expected to contract by 4.1% in 2020, compared to the previous month's forecast of -4.2%. While the 2021 forecast remains at 4.4%, recent news of fiscal stimulus in the US and the likelihood of a stronger-than-anticipated recovery in Asian economies provide potential upsides for this year's growth prospects. US economic growth in 2020 was revised slightly higher by 0.1 percentage point (pp) to show a contraction of 3.5%, while the 2021 forecast remains at 3.4%. The Euro-zone forecast was also adjusted slightly higher by 0.1 pp to -7.2%, while the 2021 growth forecast remains at 3.7%. Japan's figures remain unchanged, contracting by 5.2% in 2020 followed by growth of 2.8% in 2021. China's economic growth remains at 2.0% in 2020 and at 6.9% in 2021. India is now expected to have seen a shallower contraction of 9.0% in 2020, compared to a previously forecast -9.2%. Expected growth in 2021 remains at 6.8%. Brazil's economy is now estimated to have contracted by 5.2%, revised up from the previous expectation of -5.8%, while forecast growth in 2021 remains at 2.4%. Russia's economy is seen contracting by 4.1% in 2020, compared to the previous forecast of -4.5%, while forecast growth in 2021 remains unchanged at 2.9%.

World Oil Demand

World oil demand growth in 2020 was revised marginally higher from last month's report and is now estimated to have declined by 9.8 mb/d year-on-year (y-o-y) to average 90.0 mb/d in 2020. OECD America, led by the US, was revised lower particularly in 2H20 amid a sluggish recovery in transportation fuels. In the non-OECD region, oil demand growth was revised higher in 2020, mainly reflecting better-than-expected demand in China and India. Strong petrochemical feedstock demand along with a healthy uptick in gasoline requirements supported the upward revision in both countries. For 2021, global oil demand is forecast to increase by 5.9 mb/d y-o-y to average 95.9 mb/d. The growth forecast was kept unchanged compared to last month's assessment. In the OECD region, oil consumption is estimated to increase by 2.6 mb/d y-o-y but will still lag pre-pandemic levels. OECD Americas is estimated to increase the most amid a rebound in transportation fuels. In the non-OECD region, oil demand is estimated to increase by 3.3 mb/d y-o-y, driven by China followed by India and Other Asia, and supported by a rebound in economic activities.

World Oil Supply

Non-OPEC liquids production in 2020 is estimated to average 62.7 mb/d, representing a contraction of 2.5 mb/d, y-o-y. This is broadly unchanged from the previous report, despite several upward and downward revisions in the production of various countries in 4Q20. The oil supply forecast for the US and Brazil was revised down, while the figures for Canada and Russia were adjusted higher due to better-than-expected output in 4Q20. The contraction in 2020 is driven mainly by Russia, the US, Canada and the UK, while production in Norway, Brazil, China, and Guyana is expected to increase. The forecast for non-OPEC supply in 2021 also remains unchanged, with growth expected at 0.8 mb/d. The upward revision in US supply offset the downward revision in the supply forecast for Russia. Market conditions have improved for US shale as oil prices have moved into a range where output is likely to recover at a higher-than-expected rate in 2H21. As a result, the US liquids supply forecast was revised up by around 0.1 mb/d to average just under 18.0 mb/d,

representing y-o-y growth of 0.4 mb/d although uncertainties remain. The main contributors to supply growth are expected to be the US, Canada, Brazil and Norway. OPEC NGLs are forecast to grow by about 0.1 mb/d y-o-y in 2021 to average 5.2 mb/d, following an estimated contraction of 0.1 mb/d in 2020. OPEC crude oil production in December increased by 0.28 mb/d, m-o-m, to average 25.36 mb/d, according to secondary sources.

Product Markets and Refining Operations

Refining margins showed mixed results across the globe in December. The only positive performing region was the US, where margins were supported by strength across the barrel with the exception of fuel oil. Product markets improved on increased transportation activities during the year-end holidays, amid still-suppressed refinery intakes relative to the previous year. In Europe, margins weakened weighed down by stronger crude prices at a time of seasonal weakness with notable losses seen at the top and bottom of the barrel. The hard lockdowns implemented during the month amid pandemic-related concerns exacerbated the pressure on product markets. In Asia, refining margins experienced losses, dragged down by the fuel oil segment as utility sector demand declined. In addition, the surge in crude prices weighed further on Asian refining economics. For the most part, refineries have returned from the peak autumn refinery maintenance season, resulting in a slight rise in available spare capacity globally, awaiting the right incentives to be utilized.

Tanker Market

Dirty tanker rates experienced a slight improvement in December, while still remaining near historically low levels, amid a persistent imbalance in tanker demand and availability. VLCC and Suezmax rates saw some improvement on eastward rates from the Middle East and West Africa, as well as from West Africa to the US Gulf Coast. Meanwhile, Aframax rates declined, weighed down by a sluggish intra-Med performance. Clean tanker rates continued to pick up in December from multi-year lows seen in at the start of the fourth quarter, with gains both East and West of Suez.

Crude and Refined Products Trade

Preliminary data shows US crude imports averaged 5.6 mb/d in December, resulting in an annual average of 5.9 mb/d in 2020, the lowest since 1991. US crude exports ended the year averaging just below 3 mb/d in December, down from a record high of 3.7 mb/d in February 2020. In annual terms, US crude exports averaged 3.1 mb/d in 2020 for a y-o-y increase of 0.2 mb/d. The latest data shows Japan's crude imports recovered for the second month in a row to average 2.3 mb/d in November, reflecting winter demand, but were still sharply lower y-o-y, declining 22%. China's crude imports averaged 11.1 mb/d in November, recovering from a decline the month before as a backlog of inflows continued to clear customs. Preliminary data shows crude imports declining m-o-m in December. China's product imports recovered in November from the weak performance in the previous month, averaging 1.3 mb/d, while product exports fell back from the relatively high level seen in the previous month to average almost 1.3 mb/d. India's crude imports jumped 24% to an eight-month high, averaging 4.5 mb/d in November, as an easing of lockdown measures led refineries to boost runs. Both product imports and exports increased in November to average around 1.0 mb/d, respectively.

Commercial Stock Movements

Preliminary data shows total OECD commercial oil stocks down by 24.5 mb, m-o-m, in November. At 3,104 mb, inventories were 205.1 mb higher than the same period a year ago and 163.1 mb above the latest five-year average. Within the components, crude and products stocks declined, m-o-m, by 11.2 mb and 13.3 mb, respectively. At 1,546 mb, OECD crude oil stocks are 98.4 mb higher than the same time a year ago, and 72.6 mb above the latest five-year average. Total product inventories stood at 1,558 mb, some 106.7 mb above the same period a year ago, and 90.5 mb higher than the latest five-year average. In terms of days of forward cover, OECD commercial stocks fell, m-o-m, by 1.6 days to stand at 70.5 days in November. This is 8.8 days above the November 2019 level and 8.5 days above the latest five-year average.

Balance of Supply and Demand

Demand for OPEC crude in 2020 remained unchanged from the previous report to stand at 22.2 mb/d, around 7.1 mb/d lower than in 2019. Demand for OPEC crude in 2021 remained unchanged from the previous report to stand at 27.2 mb/d, around 5.0 mb/d higher than in 2020.

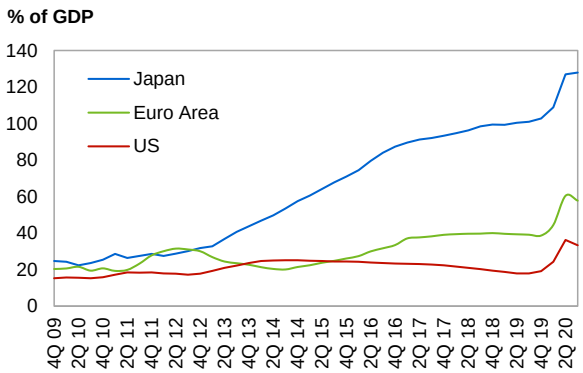
Feature Article

Monetary policies and their impact on the oil market

Oil markets faced an unprecedented volatile environment in 2020, impacted massively by COVID-19 and its ensuing demand collapse, necessitating considerable reactions by policy makers. At one point in April, a confluence of factors even pushed WTI futures into negative territory for the first time in the history of the oil market. In response, OPEC and non-OPEC countries under the Declaration of Cooperation (DoC) met in the same month to reach another landmark decision to stabilise and rebalance oil markets. This impressive effort was also commended by the G20 at their extraordinary Energy Minsters' Meeting in April. At the same time, central banks across the world stepped up their efforts to provide sufficient liquidity and to stem the negative impact of lockdowns. These monetary interventions provided the financial basis for a swift recovery in the global economy, which also had a positive effect on oil markets.

Among the central banks of the major developed economies, the US Federal Reserve provided a large stimulus, cutting interest rates by 150 basis points to around zero in March. Meanwhile, the European Central Bank (ECB) and the Bank of Japan (BoJ), left their policy rates unchanged, as these were already effectively at zero, or even slightly negative. However, all of them engaged in considerable expansion of their balance sheet to assist access to credit ***(Graph 1)***. These looser monetary policies helped to restore calm in government and corporate credit markets, including the energy credit market, which had been very distressed in March.

Graph 1: Central Bank assets (US, Euro Area and Japan)



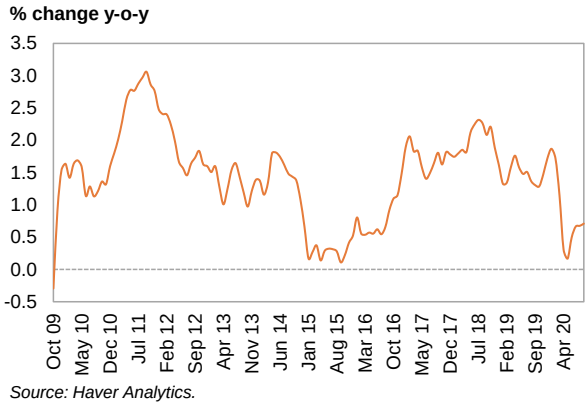
Sources: BEA, Fed, ECB, BoJ, CAO and Haver Analytics.

While fiscal deficits, and hence public debt, increased substantially across major developed economies – for example in the US alone, public debt rose by $2.8 trillion during 2Q20 – the low interest rate resulted in lower cost of service for the newly issued debt and hence alleviated concerns of being able to sustain this debt. The combination of stabilising oil prices and lower cost of debt has also helped energy producers.

Another area particularly impacted by central banks' interventions was currency markets. The intervention by the Federal Reserve resulted in the US dollar depreciating against its major counterparts, following an initial spike in March. This has been especially helpful for emerging markets, which have the majority of their foreign currency debt denominated in the US dollar, and whose financial markets are more vulnerable to capital outflows in times of crisis. In the past, a gradually weakening US dollar has also been supportive to oil prices and oil producing exporters.

In the meantime, monetary policy makers stated that both monetary and fiscal support are necessary to achieve a sustained recovery. Furthermore, considering the increase in forced savings by consumers during lockdowns, the positive impact of public investment to compensate for the shortfall in household demand could be stronger than expected.

Graph 2: Composite CPI advanced economies



Source: Haver Analytics.

With this, the combination of monetary, fiscal and oil market-related policies may support central banks' efforts to achieve their inflation targets, which have been rarely met since the global financial crisis ***(Graph 2)***. However, it should be noted that the expectation of further fiscal stimulus in the US, in combination with a recovery in the global economy, may lead to the re-emergence of a spike in key market interest rates as experienced in 2013. Therefore, markets may expect monetary policy to begin tightening earlier than anticipated, which would have a potentially negative effect on the global economy and oil markets. In their continued efforts to support the global economic recovery, the countries participating in the DoC undertook tremendous measures to stabilize the global oil market, most recently at the beginning of January 2021. Together with the various national fiscal and monetary stimulus measures, the decisions reached by the DoC to rebalance the oil market will provide further upside potential for economic recovery in 2021 and make monetary policy efforts by central banks more effective.

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Crude Oil Price Movements

Spot crude prices settled sharply higher in December, climbing to a ten-month high on improving physical market fundamentals amid strong crude buying from Asia Pacific refiners. Expectations of a gradual lifting of mobility restrictions and accelerating demand recovery also contributed to the rebound. Improving refining margins, declining crude floating storage, and strong conformity to production adjustments from the DoC producers added further support to the market.

The OPEC Reference Basket (ORB) ended 2020 higher m-o-m, surging $6.56, or 15%, to settle at $49.17/b in December, its highest monthly value since February 2020. However, on a yearly average, the ORB value fell by $22.57, or 25.2%, in 2020 to $41.47/b, the lowest yearly average since 2016.

Crude oil futures prices extended their surge in December and rose sharply on both sides of the Atlantic to reach their highest levels since last February. Investors turned more positive about an economic rebound and a rapid recovery of oil demand following the rollout of COVID-19 vaccines in several countries. Futures prices rose alongside equities following the approval of additional economic stimulus packages in the US and in Europe. Market optimism strengthened amid the brightening outlook for the global oil market balance after DoC producers decided in early December to voluntarily adjust their production modestly from January, and also agreed to extend the compensation period. The ICE Brent front month increased by $6.24, or 14.2%, in December to average $50.22/b, and NYMEX WTI rose by $5.72, or 13.8%, to average $47.07/b. However, y-t-d, ICE Brent was $20.95, or 32.7%, lower and stood at $43.21/b, while NYMEX WTI was $17.70, or 31.0%, lower at $39.34/b compared to the same period a year earlier. DME Oman crude oil futures prices increased in December by $6.10 m-o-m, or 13.9%, to settle at $50.13/b. Y-t-d, DME Oman was lower by $20.96, or 32.8%, at $43.03/b.

Hedge funds and other money managers continued to boost bullish wagers and to close out more bearish positions in December. Combined futures and options net long positions in ICE Brent and NYMEX WTI rose to their highest level since January 2020.

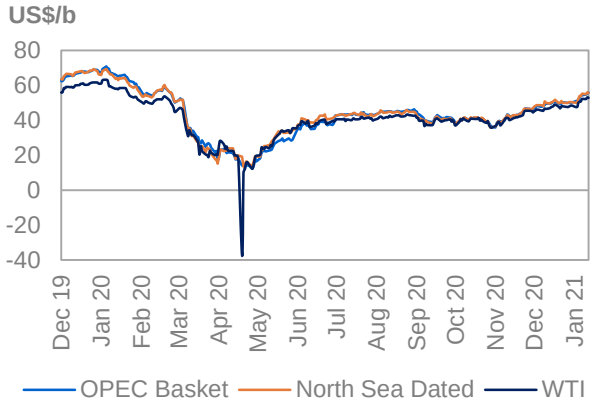
The futures price structure strengthened further in December and the front of ICE Brent forward curve was in backwardation most of the month, while DME Oman and Dubai price structures remained in strong backwardation. However, the NYMEX WTI structure was in contango. Nonetheless, the first to third month also flipped to shallow backwardation in recent days.

The value of light-sweet crude strengthened in December against the value of medium and heavy-sour crude in Europe and in the Asia Pacific, while in the USGC, the sweet-sour crude differential remained narrow and largely steady m-o-m.

Crude spot prices

Spot crude prices extended their previous monthly gains and climbed to a ten-month high in December amid further improvements in physical market fundamentals and strong crude buying from Asia Pacific refiners, particularly from China and India, for January and February loadings. Spot prices rose alongside futures contracts on the expectation of gradual lifting of mobility restrictions and accelerating demand recovery after the rollout of COVID-19 vaccines in several countries. On the supply side, the OPEC and non-OPEC participating countries in the DoC continued to achieve strong conformity levels in their production adjustments. Signs of reductions in the crude overhang in the spot market and declining crude floating storage have also supported spot prices and pushed crude differentials higher m-o-m for almost all qualities of crudes.

Graph 1 - 1: Crude oil price movement



Sources: Argus, OPEC and Platts.

The improving refining margins in the main markets and the strengthening of road transportation fuel cracks also added support to spot crude prices in December. All physical crude oil benchmarks rose m-o-m in

December, with North Sea Dated rising the most among the other main spot benchmarks, increasing by $7.20, or 16.9%, to average $49.74/b. The WTI and Dubai first month rose respectively by $5.53 and $6.45, or 13.3% and 14.9%, to settle at $47.05/b and $49.78/b.

North Sea physical crude values strengthened on strong buying interest and higher shipment of North Sea crude towards the Asian market, which reduced regional crude floating storage and availability. The Forties crude differential, the largest stream in the Brent basket, saw its value rise by 62¢ on average in December, to settle at a premium of 21¢/b against the Brent benchmark, compared to a discount of 41¢/b in November. The value of the Ekofisk crude differential rose by 47¢, to average at a premium of 57¢/b in December. Despite a flurry of purchase tenders from Asian refiners, the continued shipment of West African crude to the East and strong buying interest from Asia Pacific refiners, particularly those in India, the value of West African crude differentials were mixed in December. The strengthening Brent futures structure also kept downward pressure on the regional crude differential values. Crude differentials of Bonny light, Forcados and Qua Iboe eased on a monthly average in December by 1¢, 20¢ and 8¢, respectively. The value of Urals crude differentials also weakened in December in the Mediterranean and in Northwest Europe due to weak demand for the grade. In the USGC, crude differentials strengthened further on a monthly average in December on healthy demand from regional refiners and sustained exports. The WTI Houston crude differential against NYMEX WTI rose 73¢ in December on average, to a premium of $1.52/b. The value of Dubai-related crudes in the Middle East also rose in December, supported by firm demand from China and India, as most Asian refiners were securing their crude needs. In the Middle East spot market, the value of crude differentials of Oman rose by 13¢, to a premium of 75¢/b, while Upper Zakum crude differentials fell by 15¢ to a premium of 7¢/b.

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

			Change		Annual average	
	Nov 20	Dec 20	Dec/Nov	%	2019	2020
OPEC Reference Basket	**42.61**	**49.17**	**6.56**	**15.4**	**64.04**	**41.47**
Arab Light	42.98	49.24	6.26	14.6	64.96	41.91
Basrah Light	43.12	49.95	6.83	15.8	63.64	41.55
Bonny Light	41.91	49.59	7.68	18.3	65.63	41.53
Djeno	35.09	42.29	7.20	20.5	61.80	35.77
Es Sider	40.24	48.09	7.85	19.5	63.81	40.06
Girassol	44.11	51.50	7.39	16.8	66.11	42.64
Iran Heavy	42.88	49.20	6.32	14.7	61.85	40.77
Kuwait Export	42.99	49.36	6.37	14.8	64.25	41.49
Merey	27.07	32.70	5.63	20.8	54.04	28.12
Murban	43.09	49.48	6.39	14.8	64.72	42.98
Rabi Light	42.12	49.28	7.16	17.0	63.18	40.22
Sahara Blend	42.59	49.99	7.40	17.4	64.49	42.12
Zafiro	43.41	50.43	7.02	16.2	65.74	41.54
Other Crudes						
North Sea Dated	42.54	49.74	7.20	16.9	64.19	41.67
Dubai	43.33	49.78	6.45	14.9	63.48	42.31
Isthmus	40.26	46.60	6.34	15.7	63.00	36.61
LLS	42.87	48.93	6.06	14.1	62.68	41.33
Mars	41.96	48.01	6.05	14.4	60.82	40.17
Minas	41.42	47.91	6.49	15.7	60.25	41.08
Urals	43.35	50.07	6.72	15.5	64.38	41.83
WTI	41.52	47.05	5.53	13.3	57.02	39.43
Differentials						
North Sea Dated/WTI	1.02	2.69	1.67	-	7.17	2.24
North Sea Dated/LLS	-0.33	0.81	1.14	-	1.51	0.33
North Sea Dated/Dubai	-0.79	-0.04	0.75	-	0.71	-0.64

Sources: Argus, Direct Communication, OPEC and Platts.

OPEC Reference Basket (ORB)

The **ORB** ended 2020 higher m-o-m, surging $6.56, or 15% in December, to settle at $49.17/b, its highest monthly value since February 2020. The ORB rose for the second consecutive month on higher related benchmark crude prices amid signs of improving oil market fundamentals. However, on a yearly average, the ORB value fell by $22.57, or 25.2%, in 2020 to $41.47/b, the lowest yearly average since 2016. All ORB component values strengthened in December, with West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend and Zafiro – rising $7.39, or 17.9% m-o-m on average, to $48.74/b. The multiple regions' destination grades – Arab Light, Basrah Light, Iran Heavy and Kuwait Export – increased by $6.45, or 15.0% m-o-m on average, to settle at $49.44/b. Murban crude rose by $6.39, or 14.8% m-o-m on average, to settle at $49.48/b. Merey component also rose by $5.63, or 20.8% m-o-m on average, to settle at 32.70/b.

The oil futures market

Crude oil futures prices extended their surge in December and rose sharply on both sides of the Atlantic to reach their highest levels since February 2020 on a monthly average, with ICE Brent first month surpassing the $50/b threshold. In December, ICE Brent and NYMEX WTI jumped 14.2% and 13.8%, respectively, on a monthly average as investors turned more positive about an economic rebound and a rapid recovery of oil demand following the deployment of COVID-19 vaccines in several regions, while more countries were approving different vaccines. Oil prices also rose on signs of firm crude oil demand in the Asia-Pacific region, specifically in China and India. The market consolidated further amid the brightening global oil market balance outlook after OPEC and participating non-OPEC countries in the DoC decided in early December to voluntary adjust their production modestly from January this year, and also agreed to extend the compensation period. US crude oil stocks declined for three consecutive weeks in December, falling by about 10 mb, and provided further support to crude oil prices.

Investors also remained optimistic about an additional US fiscal stimulus package, while the European Central Bank (ECB) announced more stimulus measures, which should support the economy and energy demand. The post-Brexit trade deal between the UK and EU, which was reached on 24 December, also boosted market confidence.

Moreover, the weakening of the US dollar's value against a basket of other currencies to its lowest level in about two and a half years also added support to crude oil prices, and commodities in general.

Nonetheless, the oil price surge slowed in the second part of the month on concerns about a new variant of the COVID-19 virus in the UK and in other countries, which could lead to more lockdowns and mobility restrictions and consequently curb oil demand. The market was also assessing the different agencies' forecasts that pointed to slower-than-expected global oil demand growth for 2021, while the International Energy Agency (IEA) stated that the impact of the vaccines on demand for oil will take several months.

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

			Change		*Annual average*	
	Nov 20	Dec 20	Dec/Nov	%	2019	2020
Future crude						
NYMEX WTI	41.35	47.07	5.72	13.8	57.04	39.34
ICE Brent	43.98	50.22	6.24	14.2	64.16	43.21
DME Oman	44.03	50.13	6.10	13.9	63.99	43.03
Spread						
ICE Brent-NYMEX WTI	2.63	3.15	0.52	19.6	7.12	3.87

Note: Totals may not add up due to independent rounding.
Sources: CME, DME, ICE and OPEC.

The **ICE Brent** front month increased by $6.24, or 14.2%, in December to average $50.22/b, and **NYMEX WTI** rose by $5.72, or 13.8%, to average $47.07/b. Y-t-d, ICE Brent was $20.95, or 32.7%, lower at $43.21/b, while NYMEX WTI was lower by $17.70, or 31.0%, at $39.34/b, compared to the same period a year earlier. **DME Oman** crude oil futures prices increased in December by $6.10 m-o-m, or 13.9%, to settle at $50.13/b. Y-t-d, DME Oman was lower by $20.96, or 32.8%, at $43.03/b.

On 13 January, ICE Brent stood at $56.06/b and NYMEX WTI at $52.91/b.

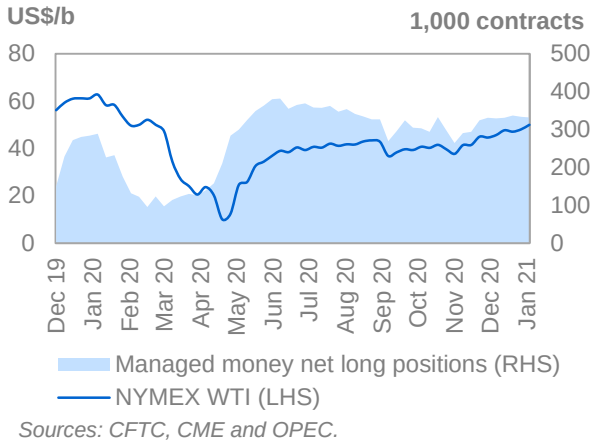
The **ICE Brent/NYMEX WTI spread** widened again in December for the second consecutive month, averaging above $3/b, as the international futures benchmark Brent rose more than NYMEX WTI at Cushing, Oklahoma. The value of Brent strengthened on continued easing of the supply overhang and declining floating storage in the Atlantic Basin, thanks to robust demand from the Asia-Pacific region. However, the increase of the WTI price slowed amid the high level of crude oil stocks at Cushing, Oklahoma, which remained at about 58 mb on average during the four weeks of December, according to US Energy Information Administration (EIA) data. Furthermore, US refinery utilization remained low on average at about 79% of operable capacity during the four weeks of December, according to the EIA weekly data, although the rate increased slightly on monthly average. The ICE Brent/NYMEX WTI spread widened by 52¢ m-o-m to average $3.15/b in December, compared to $2.63/b in November. The spread between North Sea Dated and WTI Houston's first month also widened in December, and the value of North Sea Dated was $1.15/b higher than WTI Houston on a monthly average, compared to a premium of 22¢/b in November. Meanwhile, US crude oil exports were little changed m-o-m in December, falling to 2.8 mb/d on average, based on the EIA's weekly data.

Hedge funds and other money managers continued to boost bullish wagers and to close out more bearish positions in December, with combined futures and options net long positions in ICE Brent and NYMEX WTI rising to their highest level since January 2020, providing additional momentum to the ongoing steady gains in crude oil prices. Speculators' bets on higher oil prices increased significantly on expectation of improving global oil market fundamentals, driven by the relatively rapid deployment of COVID-19 vaccines as well as solid conformity of the DoC countries to their oil production adjustments. Nonetheless, speculators slowed their purchases in the second part of December, amid mixed developments in the pandemic situation worldwide, and were waiting for news about a new US economic stimulus package, as well as the OPEC and non-OPEC Ministerial Meeting in early January. By the end of the week of 22 December, money managers held net long positions equivalent to about 617 mb in the two main crude oil futures and options contracts, the highest level since January 2020. Hedge funds were net buyers of about 72 mb between the week ending 24 November and the week of 29 December 2020, a rise of 13.4%.

Money managers continued to increase their bullish positions in ICE Brent in December to reach their highest since last February on anticipation of improving market conditions in the coming weeks and increasing crude prices. After an increase of 160.5% in November, combined futures and options net long positions in ICE Brent rose by a further 34,434 contracts, or 14.0%, between the week of 01 December and the week of 29 December to reach 280,298 lots, according to the ICE Exchange. During the same period, gross short positions declined by 18,237 lots, or 28.3%, to 46,190 contracts, and long positions rose by 16,197 lots, or 5.2%, to 326,488 contracts.

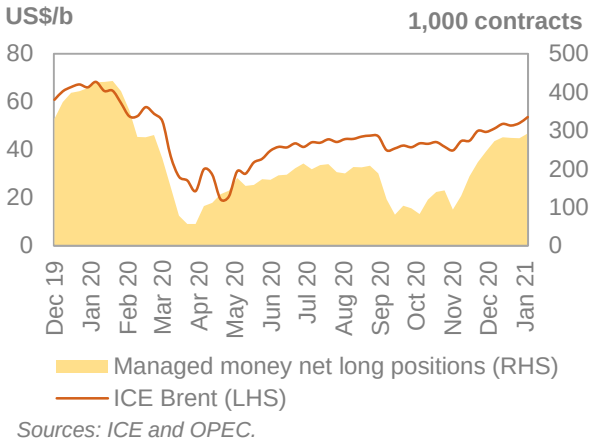
Hedge funds and money managers also raised their net long positions related to NYMEX WTI in December but at a slower rate compared to ICE Brent. During the four weeks of December, speculators increased their related NYMEX WTI net long positions by 0.9%, or 2,879 contracts, to stand at 333,784 lots in the week of 29 December. This is due to a decline in short positions by 9,650 lots, or 15.6%, to 52,227 contracts, and a decline of 6,771 contracts, or 1.7%, in long positions, to 386,011 contracts, according to the US Commodity Futures Trading Commission.

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



Sources: CFTC, CME and OPEC.

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



Sources: ICE and OPEC.

The **long-to-short ratio** of speculative positions in the ICE Brent contract rose to 7:1 in the week to 29 December, its highest since January 2020, compared to 5:1 in the week to 01 December. Similarly, the

NYMEX WTI long-to-short ratio rose to 7:1 in week to 29 December, compared to 6:1 in the week to 01 December, reflecting the prospects of improving oil market fundamentals.

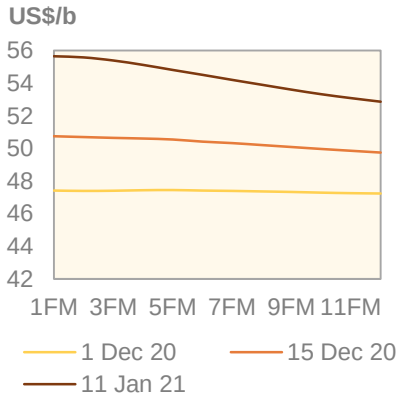
Total futures and options open interest volumes on the two exchanges rose in December, increasing by 2.6%, or 142,151 contracts, to stand at 5.5 million contracts in the week ending 29 December.

The futures market structure

The **futures price structure** strengthened further in December and the front of the ICE Brent forward curve stood in backwardation most of the month. The DME Oman and Dubai price structures remained in backwardation, reflecting expectations of tighter sour supplies, a more balanced oil market and lower global crude oil inventory levels, specifically global floating storage. These movements are mainly due to the production adjustments by OPEC and participating non-OPEC producers in the DoC and the gradual recovery of oil demand, mainly in the Asia-Pacific region. The NYMEX WTI forward curve improved slightly in December, through it remained in contango, mirroring supply/demand market fundamentals in and around the US trading hub at Cushing, Oklahoma.

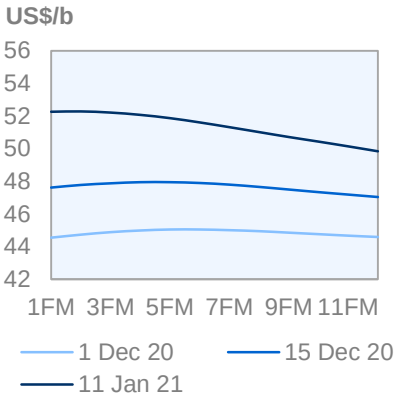
Global benchmark **Brent**'s forward curve flattened in December and the ICE Brent M1-M3 slipped into backwardation most of the month as near-month prices were supported by robust demand for prompt-loading barrels, particularly from the Asia Pacific, which has helped more crude in the Atlantic Basin moving to the East, declining floating storage and an easing of the supply overhang in the Atlantic Basin. The back end of the Brent forward curve steepened further over the month on prospects of a more balanced global crude market, gradual oil demand recovery after the rollout of COVID-19 vaccines, and easing of global oil stocks. The ICE Brent M1-M3 spread narrowed further in December by 41¢, on average, from a contango of 42¢/b in November, to a contango of only 1¢/b in December.

Graph 1 - 4: ICE Brent forward curves



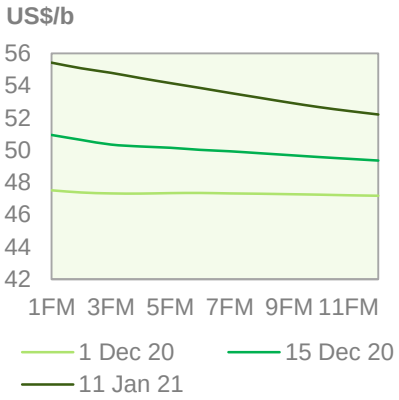
Sources: ICE and OPEC.

Graph 1 - 5: NYMEX WTI forward curves



Sources: CME and OPEC.

Graph 1 - 6: DME Oman forward curves



Sources: DME and OPEC.

DME Oman and **Dubai** backwardation structures consolidated more last month, signalling continued strong demand for spot cargoes and tightening supply, as refiners secured their needs for sour crude for the coming months amid restrained supplies due to the production adjustments by participating DoC producers. On a monthly average, the DME Oman M1-M3 backwardation was little changed m-o-m in December, widening only 1¢ to 56¢/b on average, from a backwardation of 55¢/b in November.

In the US, the structure of **NYMEX WTI** flattened in December and the front month spread's contango narrowed on a monthly average, reflecting an easing of the supply overhang in the US market. The decline of US crude oil stocks for three consecutive weeks in December and some recovery in US crude runs contributed to pushing prompt month prices higher compared to forward months. The NYMEX WTI M1-M3 contango narrowed in December by 27¢/b m-o-m, to 27¢/b, compared to a contango of 54¢/b in November. Nonetheless, the first to third month flipped to shallow backwardation in recent days.

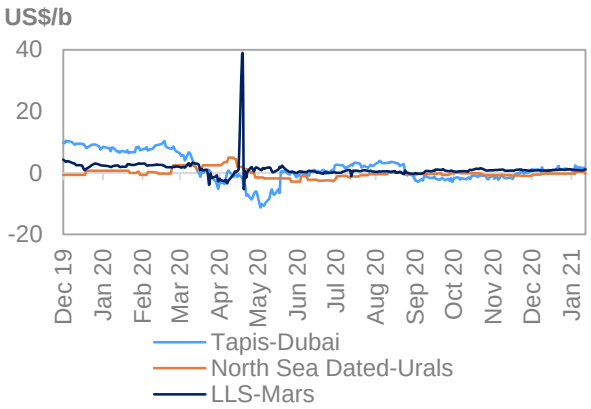
Regarding the **M1/M3 structure**, the North Sea Brent M1/M3 spread flipped to a backwardation of 9¢/b in December on a monthly average, compared to a contango of 47¢/b in November. In the US, the WTI M1/M3 contango widened in December by 26¢ to 28¢/b compared to a contango of 54¢/b in November. However, the Dubai M1/M3 monthly average spread widened to a backwardation of 52¢/b on average in December, from a backwardation of 12¢/b in November, or an increase of 40¢.

Crude spreads

The value of **light sweet** crude in December strengthened against the value of **medium and heavy sour** crude in Europe and in the Asia Pacific, despite ongoing restrained sour crude supplies due to the DoC supply adjustments. Nonetheless, the spread remained narrow when compared to levels before the COVID-19 crisis. In the USGC, the sweet-sour crude differential remained narrow and largely steady m-o-m.

In **Europe**, the value of sour grade Urals priced at a premium level on average in December against the light sweet benchmark North Sea Dated, although this premium narrowed by 48¢ to 33¢/b on average in December, compared to a premium of 81¢/b in November. The narrowing of the Urals-Dated spread was due to firm light sweet crude value in the Atlantic Basin, including in the North Sea and West African markets, which were bolstered by strong buying interest from Asian refiners and increasing crude shipments from the Atlantic Basin to the East Suez markets. In the meantime, the value of sour crude in Europe came under further pressure in the second part of December due to softening demand for the grade as most refiners had already secured their needs, in addition to higher January loading programmes for Urals.

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



Sources: Argus, OPEC and Platts.

In the Mediterranean, crude differentials of Urals remained at premium level to Brent in December. In the Northwest Europe, Urals crude differentials fell to a discount against Brent for most part of the month.

In **Asia**, the value of light sweet Tapis crude to the sour benchmark Dubai continued to recover for a third month and rose firmly in December by $1.98 on average to settle at a premium of $1.07/b, compared to a discount of 91¢/b in November. The value of light sweet crude in the Asia Pacific increased on strong demand from regional refiners and firmer refining margins of light distillate products like naphtha, while weaker fuel oil margins in almost all regions put some pressure on sour crude value. Higher crude differentials for North Sea and West African crudes also made similar grades in the Asia Pacific, like Tapis, more attractive to Asian buyers. Furthermore, the Brent/Dubai Exchange of Futures for Swaps widened to its highest since last February on a monthly average, to stand at 86¢/b, and this made the domestic Asian grades more attractive to regional refiners despite the arbitrage flows of similar barrels from the North Sea, West Africa and USGC.

In the **USGC**, the Light Louisiana Sweet (LLS) premium over medium sour Mars remained narrow, below $1/b, in December and was little changed m-o-m, widening only 1¢ on a monthly average to stand at 92¢/b. This was due to the tight global sour crude market and, in the USGC, sustained demand for sour crude for export. The deep-water Cameron Highway Oil Pipeline System (CHOPS) that transports sour crude from Louisiana to Texas City and Port Arthur has remained offline since August 2020. High availability of light sweet crude in the US market and a narrow Brent-WTI spread that limited arbitrage opportunity also contributed to keeping the sweet-sour crude spread narrow.

Commodity Markets

Energy commodity prices generally performed strongly in December, led by a 15% rise in oil prices. This came against the backdrop of rising optimism in financial markets amid the start of COVID-19 vaccination program and the expectation of additional fiscal stimulus in the US. In Asia, prices of natural gas and coal were supported by colder than average weather. Natural gas price movements were mixed in the Atlantic basin, rising in Europe, on top of cold weather and rising LNG prices in Asia, but declined in the US amid mild weather. Base metals prices rose strongly, supported by concerns regarding supply disruptions, continuing expansion in global manufacturing and the bullish financial investor sentiment. In the group of precious metals, gold prices declined slightly on reduced safe haven demand.

Trends in selected commodity markets

The **energy price index** advanced by around 15.0% m-o-m in December, as happened in the previous month, led by rising crude oil and coal prices. The average index level was down by 31.7% in 2020 compared with 2019.

The **non-energy index** rose m-o-m by 4.7%, with a strong performance for base metals, which rose by 7.2%, while the agriculture indexes rose by 2.1%. In 2020, the non-energy index was up by 3.0% compared to the previous year.

Table 2 - 1: Commodity prices

Commodity	Unit	*Monthly averages*			*% Change*	*Annual average*	
		Oct 20	Nov 20	Dec 20	Dec 20/Nov 20	2019	2020
Energy*	Index	**51.3**	**54.7**	**62.9**	**15.0**	**76.0**	**51.9**
Coal, Australia	US$/mt	58.4	64.4	83.0	28.9	77.9	60.8
Crude oil, average	US$/b	39.9	42.3	48.7	15.2	61.4	41.3
Natural gas, US	US$/mbtu	2.2	2.6	2.5	-2.0	2.6	2.0
Natural gas, Europe	US$/mbtu	4.9	4.8	5.9	21.1	4.8	3.2
Non-energy*	Index	**88.7**	**92.8**	**97.1**	**4.7**	**81.7**	**84.1**
Base metal*	Index	**86.3**	**91.4**	**98.0**	**7.2**	**81.6**	**80.2**
Precious metals*	Index	**145.2**	**143.0**	**143.6**	**0.4**	**105.4**	**133.5**

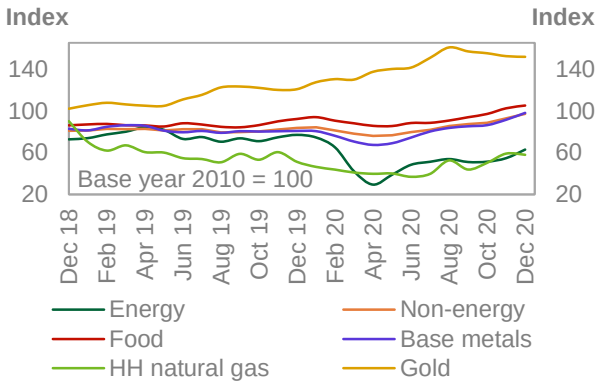
*Note: * World Bank commodity price indices (2010 = 100).*
Sources: World Bank and OPEC.

In December, the **Henry Hub natural gas index** decreased on average by 2% m-o-m to $2.5/mmbtu. Prices weakened as a result of mild temperatures and the recovery in domestic production, which was estimated to decline by just 4% y-o-y at the end of the month according to IHS Markit. However, similar to what occurred in the previous month, strong demand for LNG exports, which was estimated at around 11 bcf/d, limited the downside. According to the Energy Information Administration, utilities withdrew 130 bcf from working gas underground storage during the week ending 1 January 2021. This withdrawal left total working gas in underground storage at 3,330 bcf, which was 6.4% above the latest five-year average. At the end of November, this was 7.9% above the five-year average.

Natural gas prices in Europe rose strongly with the average **Title Transfer Facility price** up by 21.1% m-o-m to 5.9/mmbtu. This development was supported by cold weather, in the first half of the month, and strong Asia LNG prices, which averaged $11/mmbtu in December, thereby favouring exports to that region instead of Europe. However, lockdown measures restrained demand, limited a further price spike. European Union inventories ended the month of December around 74.1% full from around 88% full at the end of the previous month, according to Gas Infrastructure Europe. Last year, inventories were 88% full at the end of December.

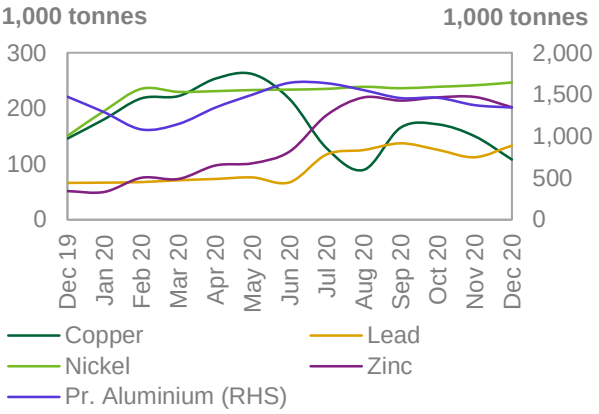
Australian thermal coal prices rose for the fourth consecutive month in December, increasing by 28.9% m-o-m to average a 20 month high of $83.0/mt, mainly supported by colder than average winter temperatures in North East Asia, and strong economic activity. In main consumer China, thermal power generation was already strong in November, increasing by 6.6% y-o-y, and it was slightly up by 0.3% in the January-November period compared to the same period of 2019, according to China National Bureau of Statistics. Meanwhile the growth in coal output by 1.5% y-o-y in November has been limited in comparison. While Chinese imports of Australian coal have been restricted, the colder weather and strong price of natural gas results in higher support for demand in alternative destinations.

Graph 2 - 1: Major commodity price indices



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

Graph 2 - 2: Inventories at the LME



Sources: LME, Thomson Reuters and OPEC.

The **base metal price index** rose by 7.2% m-o-m in December, and ended the year 21% higher than in December 2019 with a further acceleration in global manufacturing activity. As was the case in the previous month, improving investor sentiment after the announcement about vaccines, the expectations of additional fiscal stimulus in the US and a weaker US dollar continued to support price gains.

Average monthly copper prices rose in December by almost 10% m-o-m to $7,068/mt, amid a further drop in stocks, rising investor bullishness and some concerns about disruption to mining operations in major producer Peru. According to International Copper Study Group (ICGS) estimates, the refined copper balance (adjusted for unreported Chinese inventories) in the January-to-September 2020 period showed a deficit of 354,000 versus a 296,000 deficit in the January-August estimation. Meanwhile in December, inventories at London Metal Exchange (LME)-designated warehouses experienced a large drop to 107,950 tonnes from 149,800 in November, underscoring a tight market.

Iron ore prices rose in December by 25% m-o-m to around $155.4/mt. This was 68% higher than December 2019 average, and it was one of the commodities with the largest price appreciation during the last 12 months. Prices supported by strong demand for steel making in China, and fears of supply disruption due to severe weather in Australia and Indonesia this year, and concerns about mine safety in Brazil, could affect output in the country as happened in 2019. Chinese steel output was up by 8.0 % y-o-y in November, and by 5.5% in the Jan-Nov period according to World Steel Association.

In the group of **precious metals**, gold was down by 0.4% m-o-m in December following some decline in safe haven demand, but strengthened towards the end of the month as real interest rates declined. Silver prices meanwhile rose by 12.8%, while platinum prices rose by 3.7%.

Investment flows into commodities

Money Managers' net length increased moderately in NYMEX WTI crude oil, gold and copper, both in absolute terms and as a share of the open interest (OI). Net length was reduced significantly natural gas both in absolute and relative terms.

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

	Open interest		*Net length*			
	Nov 20	Dec 20	Nov 20	% OI	Dec 20	% OI
Selected commodity						
Crude oil	2,511	2,559	293	12	332	13
Natural gas	1,232	1,203	89	7	47	4
Gold	846	769	115	14	127	17
Copper	235	251	80	34	86	34
Total	**5,253**	**5,221**	**1,837**	**96**	**1,828**	**100**

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

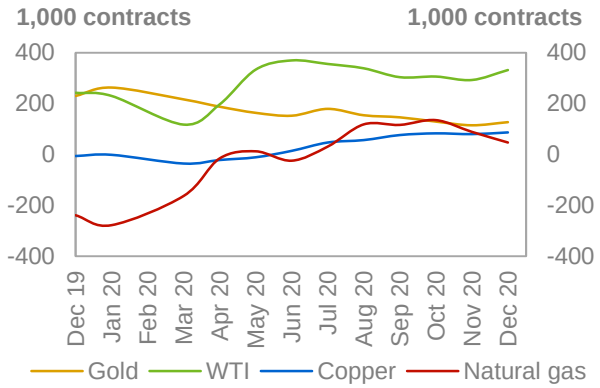
Sources: CFTC and OPEC.

Henry Hub's natural gas OI fell by 2.4% m-o-m in December. Money managers' net long position decreased by 47% to 47,468 contracts from 89,364 in November and 135,506 contracts in October, mainly due to mild weather forecasts and recovering US production.

Copper's OI rose by 6.5% in December. Money managers' net long positons rose by 8% m-o-m to 86,203 contracts – the highest this year- from 79,515 contracts the previous month, underscoring strong bullish sentiment amid further strengthening in global manufacturing. As a share of the open interest, the increase in net length was small.

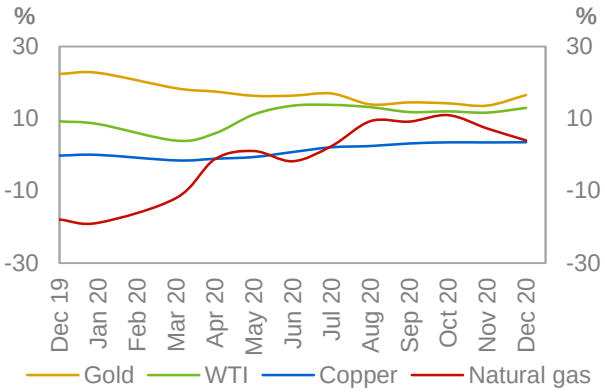
Gold OI decreased by 9% in December. Money managers increased their net length by 10.6% to 127,255 contracts from 115,012 contracts, reversing three months of falls - due to reduced safe haven demand, as real interest rates weakened toward the end of the month.

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



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

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



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

World Economy

While a strong global economic recovery in 2021 remains very likely, the depth and magnitude of this year's rebound remains uncertain. New virus variants have emerged, there is still a considerable rise in infections – particularly in Western economies – and vaccination programmes in numerous large economies are off to a slow start, factors which may cloud the recovery at least for 1Q21. While upside potential exists, the 2021 global economic growth forecast remains unchanged at 4.4%. Further insights in the coming weeks will help create a better understanding of the global economy's near-term path, and the forecast will be thoroughly reviewed once more in the coming month. In the meantime, slightly better-than-anticipated 3Q20 growth, particularly in the emerging economies, lifted the 2020 global growth estimate from a decline of 4.2% to minus 4.1%.

Ongoing pandemic-related challenges are forecast to dampen the recovery, but are considered temporary, especially as distribution of vaccines, along with other pandemic-related improvements, are forecast to gain traction. Widely available rapid-testing facilities will play an important role in addition to the vaccines. Therefore, the recovery is forecast to gain steam towards the end of 2Q21. Momentum is expected to be led by consumer spending, especially in the contact-intensive services sector and particularly in the areas of travel, leisure and hospitality. The seasonal aspect of warm weather in the Northern Hemisphere and the summer travel season will add more support. Forced household savings from lockdowns, combined with ongoing monetary and likely additional fiscal stimulus, will add to the rebound. In such an environment it is likely that rising investments will provide an additional pillar to growth. In geographic terms, the upside to the current forecast comes mainly from further US growth, an acceleration of India's recovery, and stronger-than-anticipated growth in China amid once-again rising global trade and improving domestic activity in that country. Additional virus variants and the potential that vaccines could be less effective against them pose major risks to the expected recovery.

The OECD growth forecast for 2020 remains at -5.3%, after slight upward revisions in the US and the Euro-zone and a strong downward revision in the UK, amid ongoing weak growth and in the meantime a finalised Brexit. OECD growth in 2021 is unchanged from the previous month at 3.5%. In the emerging economies, India's 2020 GDP growth was revised up to -9.0% from -9.2%. For the time being, the growth forecast for 2021 is unchanged at 6.8%. China's GDP growth forecast is unchanged at 2.0% for 2020 and 6.9% for 2021. Brazil's 2020 GDP growth forecast was revised up to -5.2% compared to -5.8% the previous month. The Brazilian economy is forecast to grow by 2.4% in 2021, unchanged from the previous month. Russia's 2020 GDP was revised up to stand at -4.1% after previously reaching -4.5%. The 2021 recovery is forecast to remain unchanged at 2.9%, with some potential upside to the country in connection with the ongoing DoC process.

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

	World	OECD	US	Euro-zone	UK	Japan	China	India	Brazil	Russia
2020	**-4.1**	**-5.3**	**-3.5**	**-7.2**	**-10.5**	**-5.2**	**2.0**	**-9.0**	**-5.2**	**-4.1**
Change from previous month	0.1	0.0	0.1	0.1	-0.9	0.0	0.0	0.2	0.6	0.4
2021	**4.4**	**3.5**	**3.4**	**3.7**	**3.8**	**2.8**	**6.9**	**6.8**	**2.4**	**2.9**
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

Source: OPEC.

Global

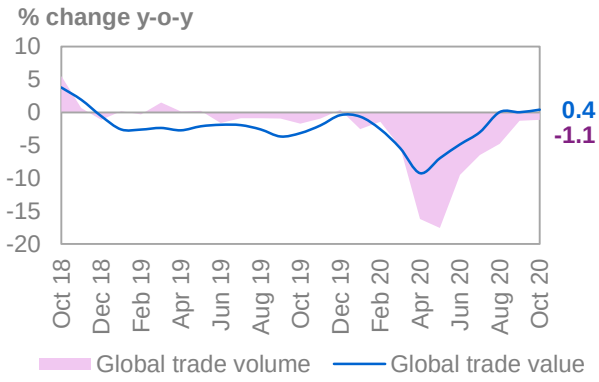
Update on latest developments

In several major economies, updates to 3Q20 GDP growth showed better-than-expected recovery. Both the US and the Euro-zone have revised up their 3Q20 numbers, while economies such as Brazil and Russia have seen a considerable uptick in 3Q20, following previously announced improving 3Q20 numbers from China and India. This momentum was led by the manufacturing sector, while the contact-intensive services sector is still impacted by the consequences of the global pandemic. Growth was lifted via extraordinary fiscal and monetary stimulus measures across the globe. In addition, forced private household savings in 1H20, mainly in OECD economies, supported pent-up demand in 3Q20. However, the latest rise in COVID-19 infections has again

led to renewed lockdown measures and voluntary social distancing. Thus, economic activity already softened in 4Q20, as can be seen in the most recent available indicators from November and December, and is expected to continue to do so in 1Q20. Ongoing monetary stimulus and additional fiscal measures in the US and the Euro-zone will provide major support going forward. In the US, additional stimulus of around $900 billion was announced, while in the Euro-zone the approval of a 750-billion-euro rescue fund will also provide a sound pillar for momentum going forward. Global largesse in terms of fiscal stimulus has come at the price of rising debt levels, leading to very high total debt-to-GDP ratios in advanced economies, as well as in emerging and developing economies. This will require close monitoring in the near term. Moreover, new virus variants have emerged lately and the still considerable rise in infections, particularly in western economies, along with a slow start to vaccination programmes in numerous large economies, have clouted the recovery so far in 1Q21, especially in OECD economies.

As a consequence of the global recovery, **global trade levels** continued improving, according to data available up to October. World trade volume levels declined by 1.1% y-o-y in October, compared to -1.3% y-o-y in September and -4.8% y-o-y in August, based on the CPB World Trade Index, provided by the Netherlands Bureau of Economic Policy Analysis. Trade improved in value terms as well, rising by 0.4% y-o-y in October, compared to 0% y-o-y in September and 0.1% y-o-y in August.

Graph 3 - 1: Global trade



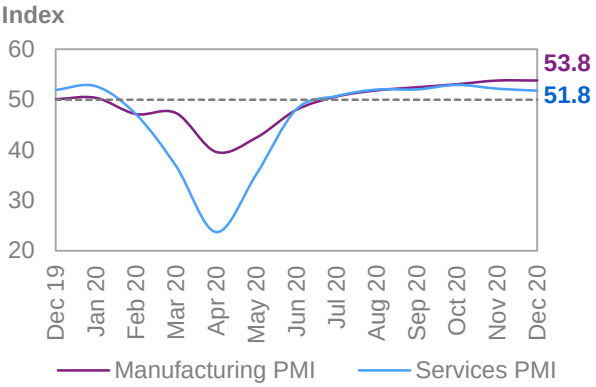
Sources: Netherlands Bureau for Economic Policy Analysis, Haver Analytics and OPEC.

Near-term expectations

While 1Q21 developments have been dented so far by rising COVID-19 infections and additional lockdown measures in most major OECD economies, the situation in emerging economies seems to have slightly improved lately. However, infection developments also warrant close attention in these economies. Current pandemic-related challenges are considered to be temporary, as the distribution of a vaccine, along with other pandemic-related improvements, are forecast to gain traction. The expectation of a broadening in rapid-testing facilities in the near-term will play an important role, in addition to a vaccine. Therefore, the recovery is forecast to gain traction towards the end of 2Q21. Momentum is expected to be led by consumer spending, especially in the contact-intensive services sector, and particularly in the areas of travel, leisure and hospitality. The seasonal aspect of warm weather in the northern hemisphere and the travel season at that time will provide additional support factors. Forced household savings from lockdowns, in combination with ongoing monetary and likely additional fiscal stimulus, especially in the US, will add to the rebound. In such an environment it is likely that rising investment will provide an additional pillar to growth. In geographic terms, the upside to the current forecast comes mainly from further US growth, an acceleration of India's recovery, and stronger-than-anticipated growth in China amid once-again rising global trade and improving domestic activity in that country.

In general, economic activity will depend on how successfully COVID-19 is contained through the distribution of effective vaccines, hygiene measures, improving treatment, increasing COVID-19-related health care infrastructure and, importantly, widely available rapid testing facilities. In this respect, additional virus variants in combination with a less effective vaccine are the major risks to the expected recovery.

Graph 3 - 2: Global PMI



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

Global purchasing managers' indices (PMIs) in December supported the view of a continuation in the global recovery, albeit with a somewhat softening dynamic. The global manufacturing PMI stood at 53.8 in December, unchanged from November and compared to 53.0 in October. The global services sector PMI retracted slightly, standing at 51.8 in December, compared to 52.2 in November and 52.9 in October.

With further improvement seen, particularly in the emerging economies, the 2020 **GDP growth** forecast was revised up to stand at -4.1%, compared to -4.2% the previous month. The revision was mainly caused by a stronger-than-expected 3Q20 recovery in India, Brazil and Russia. The 2021 GDP growth level assumption of 4.4% remains unchanged. It is assumed that the pandemic will pose further economic challenges in 1Q21 amid the partial continuation of lockdown measures in combination with voluntary social distancing. However, momentum will gain traction towards the end of 2Q21 and is forecast to pick up in 2H21. Additional upside potential may come from further US fiscal stimulus, an acceleration of India's recovery and a stronger-than-anticipated growth dynamic in China amid once-again rising global trade and improving domestic activity.

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

	World
2020	**-4.1**
Change from previous month	0.1
2021	**4.4**
Change from previous month	0.0

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

Source: OPEC.

OECD

OECD Americas

US

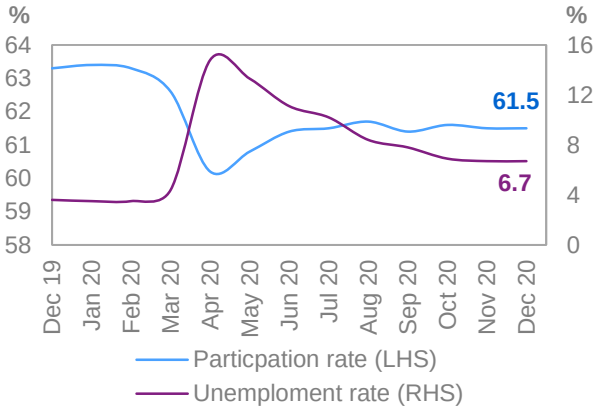
Update on the latest developments

The strong recovery in 3Q20 GDP growth has seen further upward revision. In its third and final release on 3Q20 GDP growth, the Bureau of Economic Analysis showed growth of 33.4% q-o-q seasonally adjusted annualised rate (SAAR) compared to the previous estimate of 33.1%. While private household consumption was a major contributor, with a growth rate of 41%, the end of important social welfare programmes as part of 2020 fiscal stimulus packages obviously negatively impacted consumer confidence in 4Q20. Consumer confidence retracted again in December, standing as measured by the Conference Board at 88.6, compared to 92.9 in November and 101.4 in October. Consequently, retail sales retracted in value terms, but still held up well with a growth rate of 4.5% y-o-y in November. This comes at a time when labour market improvements are stalling and COVID-19 infections continue to rise. In this environment, the recently announced stimulus package of around $900 billion was indeed of great importance in order for a sustainable rebound to continue. Income-dependent direct payments are included, most likely supporting consumer sentiment going forward. Moreover, the important wealth factors of equity and housing markets continued to perform very well. This was strongly supported by intensive monetary stimulus, as the Fed increased its balance sheet volume by more than $3 trillion in 2020.

US industrial sector activity was also impacted by the tentative slowdown in November, contracting by 5.5% y-o-y compared to a decline of 5% y-o-y in October. This translates into a monthly increase of 0.4% y-o-y in November, after a rise of 1% y-o-y was seen in October. Export growth slowed as well in November, rising by 1.2% m-o-m compared to 2.2% m-o-m in October.

The labour market's improvement stalled in December, as the **unemployment rate** remained unchanged at 6.7%. Also, non-farm payroll numbers fell by 140,000. This is the first decline in non-farm payrolls since April, when the COVID-19 pandemic caused the loss of almost 21 million jobs in the US economy.

Graph 3 - 3: US monthly labour market



Sources: Bureau of Labor Statistics and Haver Analytics.

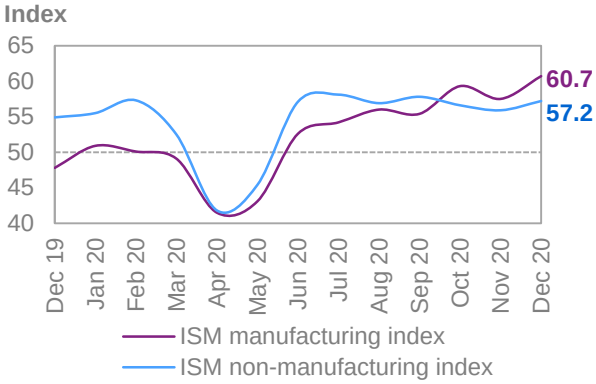
Near-term expectations

After a strong recovery in 3Q20 and a slow-down in 4Q20, the US economy's growth dynamic is forecast to gain traction in 2021. This year is being kick-started by additional fiscal stimulus of around $900 billion and further stimulus is expected, along with improving COVID-19 containment, thus the recovery is forecast to gain traction over the year. While 1Q21 is forecast to remain impacted by COVID-19-related social-distancing

measures, holding GDP growth at 2% q-o-q SAAR, growth is forecast to accelerate to 2.8% q-o-q SAAR in 2Q21 and to more than 3% SAAR on a quarterly average in 2H21. This is forecast to be led by consumer spending and investment. Positively, effective containment, in combination with well-targeted stimulus measures, could further lift the current 2021 growth forecast pattern. Rising debt levels may cause some concern going forward. This will require close monitoring, but is not expected to pose an imminent challenge. Importantly, the forecast does not anticipate the broad-based penetration of vaccinations in the US before 2H20. From a quarterly perspective, this will also be the period when most of next year's pick-up will materialise. The US Federal Reserve (Fed) is expected to continue its flexible approach regarding monetary policy to counterbalance COVID-19's effects.

The economy's recovery is reflected in **December PMI** levels as provided by the Institute for Supply Management (ISM), indicating a pick-up in the coming months. The manufacturing PMI rose to 60.7 in December, compared to 57.5 in November and 59.3 in October. The services sector index rose to 57.2, compared to 55.9 in November and 56.6 in October.

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



Sources: Institute for Supply Management and Haver Analytics.

Considering the slight uptick in 3Q20 **GDP growth,** the growth estimate for 2020 was revised up to -3.5%. Assuming that COVID-19 will be contained, a further rise in consumption and investment could lead to a solid recovery in the coming year. This may certainly be supported by additional fiscal stimulus measures and a widely available vaccine. For the time being, 2021 US GDP growth is forecast at 3.4%, unchanged from the previous month. While growth risks are currently tilted towards the upside, COVID-19-related uncertainties and political challenges remain.

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

	US
2020	**-3.5**
Change from previous month	0.1
2021	**3.4**
Change from previous month	0.0

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

Source: OPEC.

OECD Europe

Euro-zone

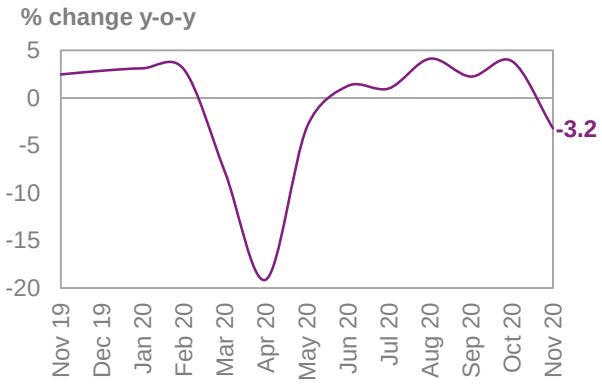
Update on the latest developments

The Euro-zone continues to be affected by rising COVID-19 infections, despite the reintroduction of lockdown measures in November and December and extended into 1Q21. The combined impact on domestic consumption is strong, though less so than in the first period of lockdowns in 1H21. In this environment, it was positive to see that the EU budget, including the addition of fiscal stimulus measures through a rescue fund, was agreed in December. This provides the EU with 750 billion euros to help the most challenged economies in the Euro-zone overcome the current challenges. The latest GDP data published by Eurostat, the EU's statistical office, confirms that the Euro-zone recovered strongly in 3Q20. GDP growth in 3Q20 was reported at 12.5% q-o-q on a seasonally adjusted (SA) basis, while the annualized rate stood at 60%. However, the lockdown actions that were reinstated in 4Q20 are expected to cause a deceleration towards the end of the year and carry over into 1Q21. As a response to this slowdown, the European Central Bank (ECB) increased its accommodative monetary policy measures at its December meeting, when the ECB announced that it would increase the size of its pandemic emergency purchase programme (PEPP) to 1.85 trillion euros and that it would extend this programme to at least March 2022. Importantly, the major uncertainty surrounding Brexit negotiations has been overcome, with the EU and the UK reaching an agreement on 24 December.

As noted over past months, the large monetary support and especially the fiscally driven social welfare measures were successful in supporting the **labour market** in the Euro-zone. The latest available October numbers from Eurostat even point to an improvement as the unemployment rate declined to 8.3% in November, compared to 8.4% in October.

Retail sales growth in value terms increased again in November, falling by 3.2% y-o-y, after rising by 3.9% y-o-y in October. Industrial production (IP) improved in October, declining by 3.6% y-o-y, compared to a contraction of 6.2% y-o-y in September.

Graph 3 - 5: Euro-zone retail sales



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

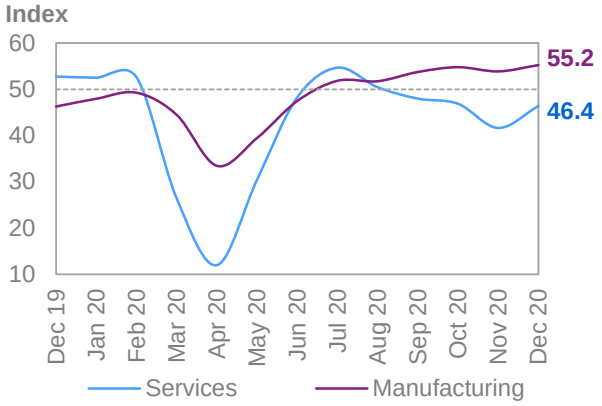
Near-term expectations

After the strong 60% annualized quarterly growth in 3Q20, 4Q20 GDP is expected to decline by almost 10%. The ongoing stringent lockdown measures in combination with voluntary social distancing is forecast to considerably impact growth again in 1Q21. The continuation of lockdown measures, rising infections in most Euro-zone economies, and the slow start of vaccination programmes is expected to weigh on 1Q21 growth, before an acceleration of growth that is forecast to kick in by the end of 2Q21. The ECB's additional monetary stimulus, in combination with the distribution of the 750-billion-euro rescue fund, will help support the gradual recovery in 2021.

The underlying assumptions are that vaccinations will be gradually distributed and that at the same time the extension of rapid testing facilities will support the gradual normalisation of social activities with a consequent positive effect on the travel and transportation, leisure and hospitality sectors. Global trade is forecast to recover further in 2021, but it will likely remain subdued.

The December **PMI** for the Euro-zone economy reflects gradual improvements. The manufacturing PMI rose to 55.2 in December from 53.8 in November and 54.8 in October. The PMI for services, the largest sector in the Euro-zone, rebounded to 46.4 in December, compared to 41.7 in November and 46.9 in October.

Graph 3 - 6: Euro-zone PMIs



Sources: IHS Markit and Haver Analytics.

Taking into account Eurostat's slightly revised numbers, the **GDP growth forecast for 2020** was revised up to -7.2%, compared to -7.3% in the previous month. While vaccinations may become available soon, partial lockdown measures and voluntary social distancing are forecast to continue in 1H21.

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

	Euro-zone
2020	**-7.2**
Change from previous month	0.1
2021	**3.7**
Change from previous month	0.0

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

Source: OPEC.

By the end of 2Q21 the growth should gain traction with an anticipated improvement in the COVID-19 situation amid the expected wide availability of vaccines. While a successful containment of COVID-19 along with further improvements in the global economy may provide upside to economic growth, the **2021 GDP growth** forecast remains unchanged at 3.7%.

OECD Asia Pacific

Japan

Update on latest developments

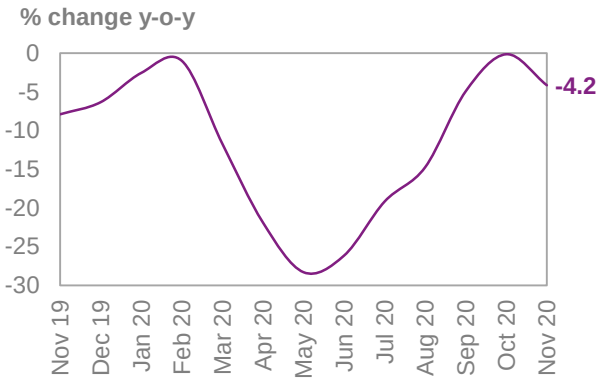
The latest data shows that the solid 3Q20 recovery seems to have slowed down somewhat in 4Q20, albeit at a sound level of growth. As in other major OECD economies, the rebound was supported by the recovery in manufacturing as a consequence of the improvement in global trade. Japan's exports have recovered in recent months, providing solid support to the Japanese economy via various spill over effects. Domestic developments have been less supportive. The recent surge in COVID-19 cases, especially in Tokyo, has led to new lockdown and social-distancing measures, which have already negatively impacted the 1Q21 dynamic.

The Japanese government's latest GDP data revisions confirm a sharp slowdown in 1H20 with a strong rebound materialising in 3Q20. After a decline of 2.1% q-o-q SAAR in 1Q20 and a contraction of 29.2% q-o-q SAAR in 2Q20, growth recovered to 22.9% q-o-q SAAR in 3Q20. Most indicators point to a continuation of the recovery and a better-than-expected development in 2H20. However, slowing retail sales growth has pointed to ongoing challenges in domestic demand. While of less importance, the unemployment rate fell to 2.9% in November.

Industrial production improved on a monthly basis, rising by 0.2% m-o-m in November, compared to 3.3% m-o-m in October. This translates into a decline of 2.4% y-o-y, compared to a decline of 3.2% y-o-y in October.

While **exports** have recovered in recent months, fuelled by a rebound in global trade, they retracted very recently as shown in the latest available monthly data from November. Exports declined slightly by 0.3% m-o-m in November after a rise of 2.7% m-o-m in October. On a yearly basis, this is a decline of 1.6% y-o-y in November and a decline of 1.9% y-o-y in October, all on a seasonally adjusted basis. However, these represent a strong improvement compared to the decline of more than 20% between April and July. Based on the usually applied non-seasonally adjusted view, exports declined by 4.2% y-o-y in November and fell by 0.2% y-o-y in October.

Graph 3 - 7: Japan's exports



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

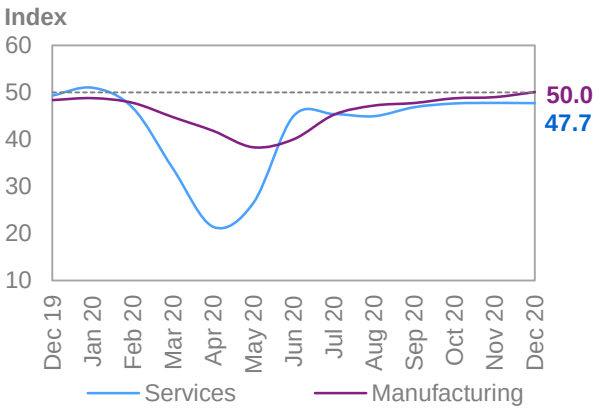
Retail sales growth slowed down again as well, growing by 0.7% y-o-y in November, compared to growth of 6.7% y-o-y in October. However, this strong yearly pick-up was very much influenced by last year's large October decline after the sales tax increase in 3Q19. In line with the economy's domestic slowdown, consumer sentiment, as reported by the Cabinet Office, was 32.1 in December, compared to 33.7 in November.

Near-term expectations

After the sharp rebound in 3Q20, growing by 22.9% q-o-q SAAR, growth expectations for Japan's economy are forecast having slowed down in 4Q20 to lower growth of 4.6% q-o-q SAAR. The recovery is forecast to soften in 2021. Especially 1Q21 will again be impacted by the rise in COVID-19 cases and the consequent lockdown and social-distancing measures, particularly in Tokyo, after the government declared a "soft" state of emergency for the Tokyo area. These measures will cut growth in 1Q21 to almost zero, while a strong rebound is expected by 2Q21, leading to average quarterly growth of 0.7% q-o-q SAAR. The still relatively low number of COVID-19 infections is forecast to benefit the economy in the rebound of 2021. The availability of vaccines will also lift growth further, with Japan's economy benefitting from the domestic and global containment of COVID-19, as well as a further recovery in global trade.

December **PMIs** point to a gradual improvement of the recovery in Japan in the manufacturing sector, while the domestically driven services sector is facing ongoing challenges. The manufacturing PMI rose to 50 in December, compared to 49 in November and 48.7 in October. The PMI for the services sector, which constitutes around two-thirds of the Japanese economy, remained almost unchanged, standing at 47.7 in December, compared to 47.8 in November and 47.7 in October, still indicating a contraction in this important sector.

Graph 3 - 8: Japan's PMIs



Sources: IHS Markit, Nikkei and Haver Analytics.

The 2020 **GDP growth** forecast remains unchanged at -5.2%. The underlying assumption for this forecast considers that after the downturn in 1H20 and the rebound in 3Q20, growth will soften towards 4Q20. Assuming that COVID-19 remains largely contained in Japan and that there will be a global improvement towards and especially after 2H21, a rebound and gradual positive momentum should lead to a pickup in 2021.

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

	Japan
2020	**-5.2**
Change from previous month	0.0
2021	**2.8**
Change from previous month	0.0

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

Source: OPEC.

While GDP growth is expected to remain supported by stimulus measures, leading to a recovery in private household consumption and investments, GDP growth in 2021 is unchanged from last month to stand at 2.8%. Upside support may come from an acceleration in world trade amid a recovery in global consumption, potentially supported by successful vaccination programmes in major economies.

Non-OECD

China

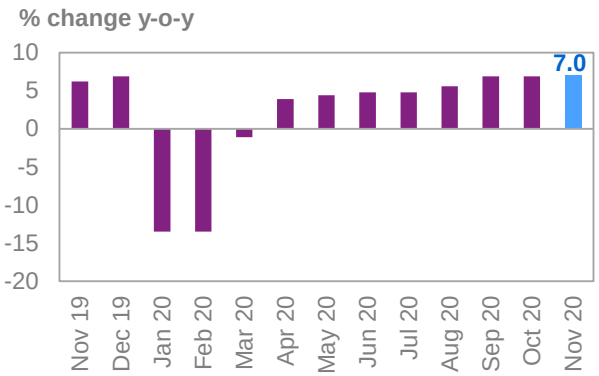
Update on the latest developments

China's GDP grew 4.9% y-o-y in 3Q20, following 3.2% y-o-y growth in 2Q20. The economy maintained this momentum in the last three months of 2020 as both demand and production continued to pick up. Moreover, China's retail trade recorded the fastest growth since December 2019, rising 5.0% y-o-y in November 2020, following a gain of 4.3% y-o-y in the previous month.

On the policy front, the government announced the 14th Five-Year Plan that was supposed to begin in 2021 and target slower but higher-quality growth. In line with this plan and the ongoing robust economic recovery, policymakers might support tighter fiscal policy, in particular more restrained public investment in infrastructure. In order to maintain sufficient liquidity for the banking system, the People's Bank of China (PBoC) injected CN¥5 billion into the market through seven-day reverse repo at an interest rate of 2.2% as it containing macro leverage to achieve more stable financial system.

China's **industrial production** climbed 7.0% y-o-y in November, a slight increase compared to the 6.9% y-o-y expansion in October and the highest since March 2019. In 2H20, the industrial sector experienced an impressive turnaround, supported by policies and robust exports.

Graph 3 - 9: China's industrial production



Sources: China National Bureau of Statistics and Haver Analytics.

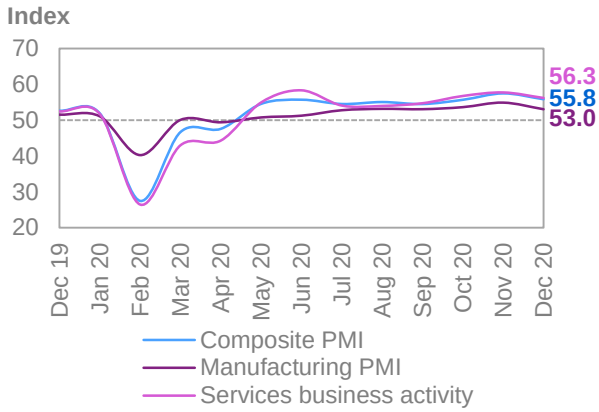
China's **trade surplus** expanded to $75.42 billion in November 2020 from $37.18 billion in November 2019, the largest trade surplus since 1981. **Exports** increased to an all-time high of $268.07 billion in November 2020, supported by rising global demand. The improvement in exports was supported by COVID-19-related products such as textiles and electronics. Imports value increased as well in November, to $192.65 billion, due to rising domestic demand and higher commodity prices.
The trade surplus with the US widened to $37.42 billion in November from $31.37 billion in October. In the first 11 months of 2020, China's trade surplus was $459.92 billion, as exports rose by 2.5% and imports fell by 1.6%, indicating that external demand has become more broad-based.

China's **consumer price index** increased by 0.2 % y-o-y in December 2020, after a 0.5% y-o-y drop in November 2020 amid the increase in food prices due to bad weather and rising demand ahead of the Lunar New Year festival.

Near-term expectations

With fiscal policy possibly shifting towards supporting household consumption, China's business confidence could continue to rise and support further economic growth. The **Caixin China General Manufacturing PMI** fell to 53 in December 2020 from 54.9 the previous month, while the services PMI fell to 56.3 in December from 57.8 in November. Despite these declines, strong growth continues in services and manufacturing due the recovery in private consumption following the curbs enacted during the COVID-19 outbreak. Moreover, rising external demand could be an additional recovery driver considering the increased need for virus-related products and services.

Graph 3 - 10: China's PMI



Sources: Caixin, IHS Markit and Haver Analytics.

China announced an ambitious goal of doubling the size of its GDP by 2035, which would translate into average annual growth of 4.7% to 5.0% over the next 15 years.

Uncertainty and challenges that must be considered going forward include factors such as the availability of COVID-19 vaccinations and infection rates around the globe, and uncertainty related to US-China trade relations under the new US administration.

China's **GDP growth for 2020 and 2021** remain unchanged from last month's projections at 2.0% and 6.9%, respectively. Nevertheless, the robust growth of household consumption along with a recovery in the labour market could add a further upward potential for 2021 growth.

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

	China
2020	**2.0**
Change from previous month	0.0
2021	**6.9**
Change from previous month	0.0

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

Source: OPEC.

Other Asia

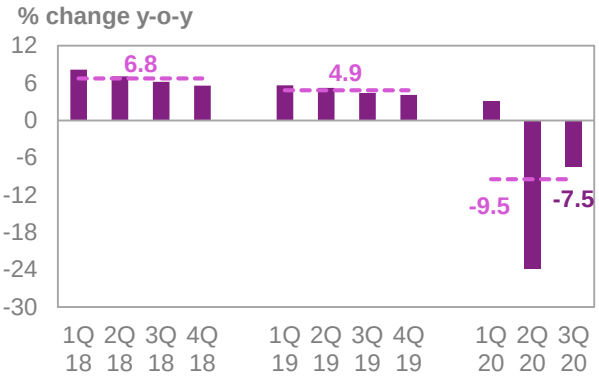
India

Update on the latest developments

India's economy continued its modest recovery after registering a contraction of 7.5% y-o-y in 3Q20 following the double-digit contraction of 23.9% y-o-y in 2Q20. This improvement, along with vaccination developments, support a more positive outlook for 2021 growth. The ongoing recovery is led by private consumption and investment.

The recovery momentum will most likely be constrained, however, by the availability of vaccines and could thus weigh on economic activity. Official estimates suggested that the Indian government may be able to vaccinate close to 10% of the population by the end of 1Q21.

Graph 3 - 11: India's GDP quarterly growth

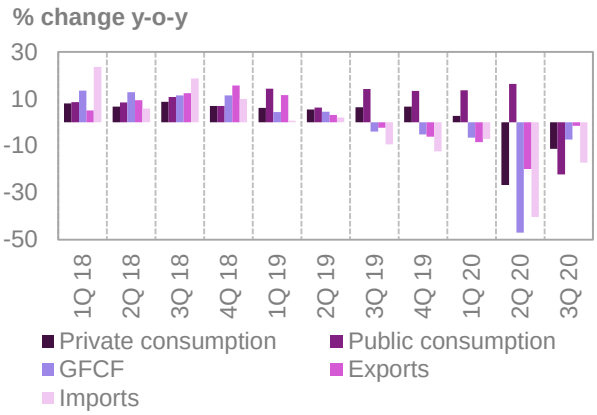


Sources: National Informatics Centre (NIC) and Haver Analytics.

Data in 3Q20 suggested that public spending growth was scaled back, but this may change in 4Q20. The government launched two additional fiscal stimulus measures in October and November that brought government fiscal stimulus to 15% of GDP.

At the same time, the government is looking to narrow its budget deficit by improving revenue collections. On the monetary side, inflation remained above the central bank's 2-6% target range, though India's consumer price index eased to 6.9% y-o-y in November 2020, from of 7.6% the previous month. In order to support the soaring financial markets, the Reserve Bank of India considered draining liquidity in a move to gradually push short-term interest rates to converge with the reverse repo rate as part of emergency pandemic measures.

Graph 3 - 12: India's GDP growth by demand side



Sources: Central Statistics Office and Haver Analytics.

Despite the signs of recovery, the unemployment rate jumped sharply in December to 9.1% from 6.5% in November, the highest since the economy began to rebound in June. This was mainly driven by the high unemployment in rural India.

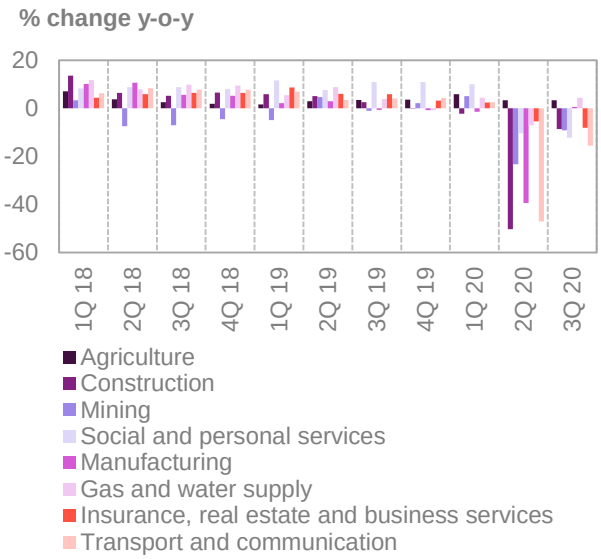
According to the Centre for Monitoring Indian Economy (CMIE), "The influx of people looking for work swelled. The labour force increased from an estimated 421 million in November to 427 million in December. But labour markets were not ready for this six-million surge in labour. It thus left them largely unemployed."

India's **industrial production** jumped 3.6% y-o-y in October 2020, from the revised-up 0.5% increase in September. Manufacturing activity increased by 3.5%, the first increase in eight months.

India's **trade deficit** in December increased by 26% compared to December 2019 as imports rose. The trade deficit expanded to $15.71 billion in December 2020 from $12.48 billion in December 2019, recording the biggest trade gap since November 2018.

Exports dropped by 0.8% to $26.89 billion and **imports** surged by 7.6% to $42.6 billion. According to official data, in 3Q20 the current account was a surplus of $15.5 billion, or 2.4% of gross domestic product.

Graph 3 - 13: India's GDP growth by supply side

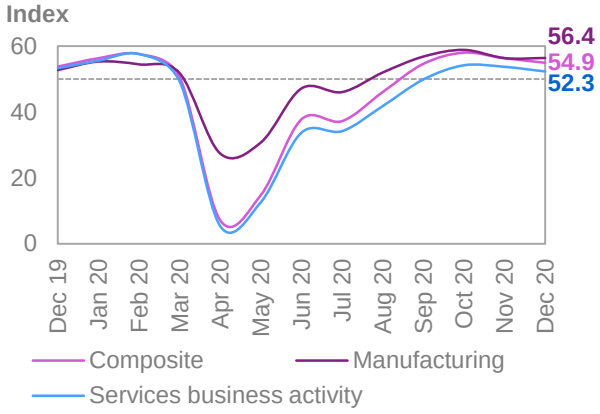


Sources: Central Statistics Office and Haver Analytics.

Near-term expectations

Despite the sharp downturn in 1H20, India's economy showed signs of resilience towards the end of 2020 and 2021 is likely to see further economic recovery. Data in 4Q20 indicates positive momentum in manufacturing activity that will probably spill over into 1Q21. The December PMI indices, however, carried mixed signals. The IHS Markit India Manufacturing **PMI** increased slightly to 56.4 in December 2020 from 56.3 the previous month, yet it reflected a consistent improvement in business conditions. In contrast, the services PMI fell to 52.3 in December 2020 from 53.7 in the previous month, yet the reading registered the third straight month of expansion yet the slower growth rate in the services sector.

Graph 3 - 14: India's PMIs



Sources: Nikkei, IHS Markit and Haver Analytics.

There is a high level of uncertainty about the country's short-term economic outlook. Nonetheless, the improvement in the last part of 2020 offers further upside potential and consistent improvements in economic activity such as auto sales and PMIs offer additional support. In addition, fiscal stimulus injected in October and November may materialize faster and more effectively than that of May, leading to more signs of an economic rebound.

India's GDP growth in 2020 is revised up to -9.0% from -9.2% last month and remains unchanged for 2021 at 6.8%. Assuming that COVID-19 is contained, a further rise in consumption and investment could lead to a further recovery in the coming year. This could certainly be supported by additional fiscal stimulus measures and a widely available vaccine.

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

	India
2020	**-9.0**
Change from previous month	0.2
2021	**6.8**
Change from previous month	0.0

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

Source: OPEC.

Latin America

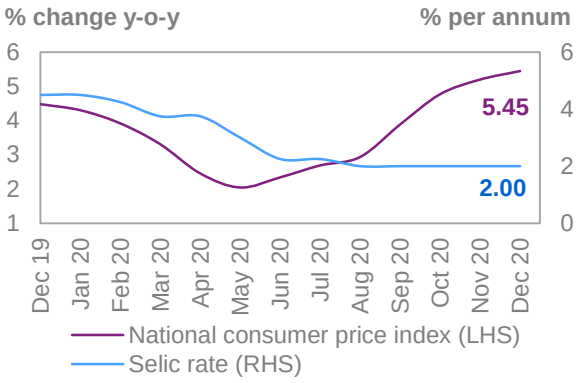
Brazil

Update on latest developments

GDP growth data for 3Q20 shows a less severe impact of COVID-19 on Brazil's economy in 2020. However, since the "corona voucher" programme that has been an instrumental in supporting private savings and consumption is ending in January 2021, the recovery might slow in 1Q21. The 3Q20 recovery was primarily due to a strong rebound in domestic demand, which accounts for about two-thirds of the economy, as government support policies for vulnerable households offset COVID-19 impacts on the labour market.

Key indicators for 4Q20 suggest a slight slowdown in major economic sector performance amid fears of an ongoing virus wave locally and globally. The **inflation rate** has been increasing, reaching 4.5% in December, the highest since April 2019, driven by the increased cost of food, beverages and housing. On a monthly basis, the **consumer prices index** rose by 1.35%, the sharpest since February 2003.

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



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

Labour market pressures remained high, with the unemployment rate averaging 14.3% in the September to November period compared to 13.8% for May to July. On the other hand, labour force participation rose by 1.4 pp to 56% and the employment rate went up by only 0.9 pp to 48%. The weak labour market conditions may weigh on consumer confidence and consumption.

Industrial production in Brazil rose 2.80% y-o-y in November compared to a 0.3% rise in October, lower than the upwardly revised 3.7% gain recorded in September.

Retail trade in Brazil continued to increase on an annual basis. October retail sales rose 8.30% over the same month in the 2019, the biggest increase since February 2014. Moreover, consumer confidence jumped to 43.8 in 2Q20, from 42.8 in 3Q20, though it was less than the 47.3 recorded in 4Q19. Brazilian consumers appear to be more optimistic about their personal income and financial situation considering the generous fiscal stimulus and vaccination developments.

With the global economy appearing unlikely to rebound quickly, Brazil's trade balance reversed its December 2019 surplus of $5.95 billion to a deficit of $0.04 billion in December 2020. Exports dropped 0.7% y-o-y to $18.37 billion, while imports rose by 47% y-o-y to $18.41 billion. Over the whole of 2020, Brazil's trade surplus increased by 6% y-o-y to $53 billion.

Near-term expectations

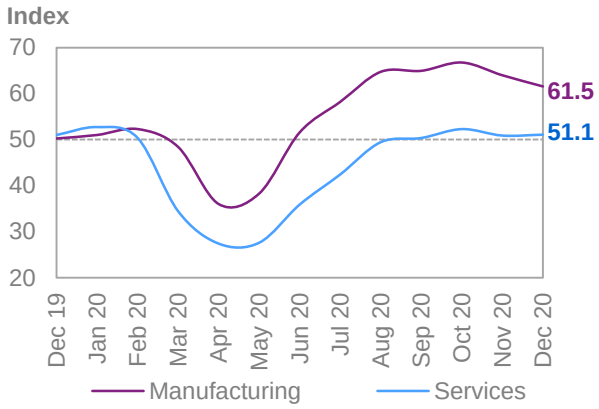
Despite the high rate of urban mobility compared to the rest of the Latin America region and the scale of policy support, Brazil's GDP growth so far is 4.1% lower than pre-pandemic levels with consumer spending 6.4% below 4Q19. The outlook for 2021 depends upon the trajectory of the pandemic and availability of COVID-19 vaccines for a sizable share of the population. Additionally, the private demand outlook and consumer confidence could continue to be affected by the weak labour market and uncertainty over the growth of public spending. Nevertheless, the positive news about vaccines along with nationwide vaccination campaigns and further recovery of mobility to pre-pandemic levels could propel growth in sectors such as travel that have been hit hard by the pandemic.

Failure to tighten fiscal policy enough after COVID-19 could renew debt sustainability woes, lifting interest rates and inflation.

Business confidence, especially in manufacturing, remained strong despite a decline in the IHS Markit Brazil **manufacturing PMI,** which dropped to 61.5 in December 2020 from 64 in November. , the positive sentiment were driven by hopes that the COVID-19 pandemic will end and raw material availability will improve disruptions to sectors are mainly driven by increased inventories levels and concerns over the new wave of the virus.

More importantly, Brazil's **services PMI** rose to 51.1 in December 2020 from 50.9 in the previous month, the fourth consecutive expansion in the sector. Nevertheless, recent vaccination developments, as well as better-than-expected 2Q20 and 3Q20 performance, suggest a further recovery in the economy.

Graph 3 - 16: Brazil's PMIs



Sources: IHS Markit and Haver Analytics.

Considering 4Q20's performance, Brazil's **GDP growth** for the 2020 has been revised up by 0.6 pp to a contraction of 5.2% from a contraction of 5.8% the previous month, while the 2021 GDP forecast remains at 2.4%.

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

	Brazil
2020	**-5.2**
Change from previous month	0.6
2021	**2.4**
Change from previous month	0.0

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

Source: OPEC.

Africa

South Africa

Update on the latest developments

South Africa's economy began to face a new outbreak of COVID-19 towards the end of 2020, fuelling a rise in cases and fatalities. Nonetheless, the government did not introduce a new national lockdown given the severe economic damage caused by earlier strict containment measures, but tighter restrictions were imposed in the main hotspots. COVID-19 has worsened the already challenging economic outlook as the country has had some of the world's strictest lockdown measures in place since the end of March 2020. Nevertheless, South Africa's economy expanded by 66.1% q-o-q in 3Q20. All economic activities registered q-o-q growth with the largest contributions coming from manufacturing and trade. Nevertheless, the economic output in 3Q20 was 6.0% less than 3Q19 and over the three first three quarters of 2020, the South Africa's economy declined by 7.9% y-o-y.

Labour market conditions worsen as the unemployment rate surged to 30.8% in 3Q20 from 23.3% in 2Q20, the highest jobless rate since 2008. The number of job-seekers surged amid the easing of lockdown restrictions and increased by 2.2 million to 6.5 million, though employment rose by 543,000 to 14.7 million and the labour force jumped by 2.8 million to 21.2 million.

Vehicle sales in South Africa dropped by 29.1% to 380,449 units in 2020, reflecting the decline in private consumption because of the impact of COVID-19 pandemic restrictions. However, consumer confidence rose to -12 in 4Q20 from -23 in 3Q20 amid the relaxation of COVID-19 restrictions that allowed more economic activity to resume. Even though the latest consumer confidence index was the lowest since 4Q15. The RMB/BER business confidence index jumped to 40 in 4Q20, its highest since 2Q18 and up from 24 in 3Q20 amid the easing of lockdown restrictions.

Near-term expectations

The outlook for South African economic growth in 2021 remains highly uncertain and could also move to the downside because of renewed risks associated with rising infections. Moreover, government commitments made to the IMF in return for rapid financing might force the government to accelerate the economic reforms. Additionally, like most countries around the globe, South Africa's economic recovery is highly dependent on

vaccination developments and a sizable share of the country's population might not be vaccinated until the end of 2021. However, the global expansion of vaccinations could support external demand and trade.

The gloomy outlook is reflected through South Africa's Absa Manufacturing PMI. It fell to 50.3 in December 2020 from 52.6 in November 2020 amid the decline in business activity and new sales since the reintroduction of some lockdown restrictions to curb the new wave of infections.

Given the high uncertainty associated with the new outbreak on the pace of COVID-19 vaccinations, South Africa's 2020 **GDP** is forecast to contract by 8.0% in 2020 and grow by 3% in 2021, both unchanged from last month.

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

	South Africa
2020	**-8.0**
Change from previous month	0.0
2021	**3.0**
Change from previous month	0.0

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

Source: OPEC.

Russia and Central Asia

Russia

Update on the latest developments

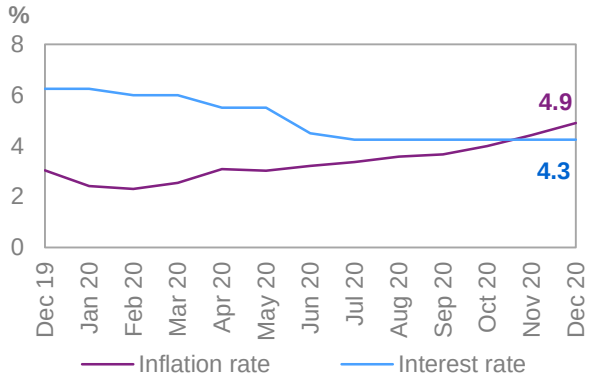
Russia's economy continued to show a robust recovery despite the significant slowdown in October and a major new wave of COVID-19. The latest data for 4Q20 suggested a slowdown in private consumption but a significant pickup in the industrial sector. Retail sales dropped 3.4% y-o-y in November following a contraction of 2.4% y-o-y in October, on the back of a surge in COVID-19 infections. Industrial production in Russia recorded the smallest contraction in eight month, 2.6% y-o-y in November compared to the 5.5% slump the previous month.

Labour market pressure eased slightly as the unemployment rate dropped to 6.1% in November from 6.3% in October. The government continued to support businesses and private consumption hit by the COVID-19 lockdown by applying a special subsidies and tax breaks amounting to 3.4% of GDP. However, the government plans to roll back its stimulus in 2021 in order to narrow the budget deficit, which is projected to narrow to 2.4% of GDP.

Inflationary pressure grew in December and remained above the central bank's 4% target, with the **CPI** rising to 4.9% from 4.4% in November and mainly driven by increased costs for both food and non-food products. This was the highest inflation rate since May 2019. Altogether the average rate of inflation for 2020 was 3.4%

The overall increase in prices might also stem from the depreciation of the ruble in most of 2H20 due to the shock to global energy prices. In December, the ruble was appreciating by 2.6% m-o-m against the US dollar, yet on annual terms the ruble remains about 16% weaker than the US dollar and 23% weaker than the euro.

Graph 3 - 17: Russia's inflation vs. interest rate



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

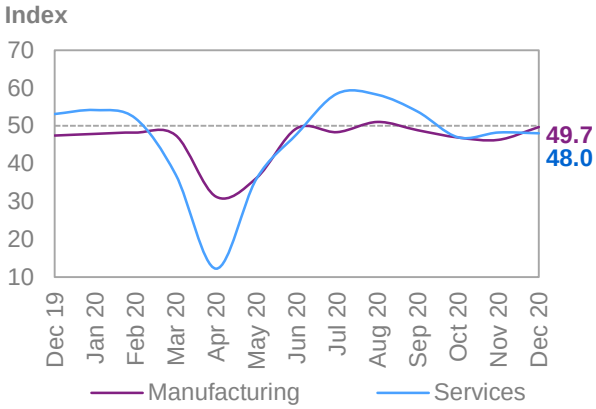
Correspondingly, Russia's Central Bank kept the benchmark **interest rate** unchanged at 4.25%, accounting for the increasing inflation rate. The central bank has slashed rates by a total of 200 basis points since January 2020, to the current low level of 4.25%, which technically implies the real policy rates have been in negative territory since November 2020.

Near-term expectations

Considering the recent OPEC and non-OPEC DoC decisions, the Russia's economy is anticipated to benefit from the rise in oil prices as well as the oil production increase. Relief from vaccine developments add another optimistic note for the 2021 economic outlook.

Russia's recent **PMI** indices signalled signs of recovery in the manufacturing sector. The Manufacturing PMI increased to 49.7 in December from 46.3 in November, the smallest contraction in 2020 as business sentiment was more optimistic following the hopes of the improved oil prices supported by the DoC decisions. In contrast, the Services PMI marginally slumped to 48.0 in December 2020 from 48.2 in the previous month amid the renewed restrictions on the sector due to COVID-19.

Graph 3 - 18: Russia's PMIs



Sources: IHS Markit and Haver Analytics.

Russia's GDP forecast for 2020 was revised up to a contraction of 4.1% from a contraction of 4.5%. While the 2021 GDP forecast remains unchanged at 2.9%, uncertainty still exists over recent political developments, namely policies of the new US administration towards Russia, along with COVID-19 infection and vaccination developments with more upside drives supported by the rising oil prices.

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

	Russia
2020	**-4.1**
Change from previous month	0.4
2021	**2.9**
Change from previous month	0.0

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

Source: OPEC.

OPEC Member Countries

Saudi Arabia

Saudi Arabia's non-oil economic activity expanded at the fastest pace towards the end of 2020, driven by increased domestic demand and positive business sentiment stemming from the rollout of COVID-19 vaccines. The IHS Markit Saudi Arabia non-oil PMI rose to 57.0 in December 2020 from 54.7 in November, pointing to the fourth straight month of expansion in the industrial sector. To sustain the positive trend, the credit to the private sector rose 11.7% in 2020. The government, meanwhile, announced large-scale measures to secure lending through 2020, especially for those businesses hit by COVID-19 lockdown measures. The current expansion might be extended further with COVID-19 cases are under control compared to other countries in the region and a vaccination programme underway. The ongoing recovery in oil prices supported by recent DoC decisions provide further support in 2021.

Nigeria

Nigeria's economy entered a recession in 3Q20 with real GDP contracting by 3.6% y-o-y after a sharp contraction of 6.1% y-o-y in 2Q20. Moreover, the inflationary pressure continued to challenge Nigeria's economy, as the CPI rose to 14.9% y-o-y in November from 14.2% y-o-y in October. Elevated food prices and possible naira adjustments pose additional inflationary risks. Inflation rose by 1.60% m-o-m in November 2020, the highest since May 2017, following an increase of 1.54% in October 2020. On a bright note, consumer confidence increased to -14.80 points in 4Q20 from -21.20 in 3Q20. Business confidence, in contrast, decreased to -15.20 points in December from -1.50 points in November.

The Moody's rating agency noted that Nigeria's credit rate is now B2/negative, which reflects increasing exposure to fiscal and external shocks amid the limited fiscal resources available.

Otherwise, the Stanbic IBTC Bank Nigeria PMI increased to 51.8 in December 2020 from 50.9 in the previous month, indicating an overall improvement in the Nigerian non-oil private sector. Also according to the survey sentiment regarding 2021 recorded a five-month high, fuelled by business expansion plans.

In the meantime, a meaningful rise in oil prices following the recent DoC decisions along with a positive trajectory from COVID-19 vaccines would brighten the 2021 outlook and lay the groundwork for a hopeful medium-term real GDP expansion.

The United Arab Emirates (UAE)

The recent the non-oil UAE PMI index pointed to a slight increase in the UAE of non-oil private-sector growth, with sales and exports rising. The PMI index rose to 51.2 in December from 49.5 in November, moving into positive economic sentiment territory amid the eased COVID-19-related restrictions and sustained government stimulus measures.

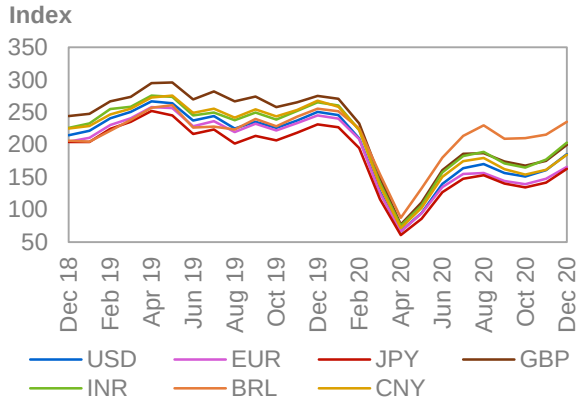
Extensive stimulus measures have helped sustain the economy during the COVID-19 crisis. However, the recovery in 2021 is highly dependent on the oil price improvement, which is central to a strong business environment and economic recovery. The vaccine rollout provides further optimism considering that the UAE has already vaccinated 8% of its population and aims to cover half of its population in 1Q21.

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

The **US dollar (USD)** continued to weaken in anticipation of larger monetary policy support compared to major counterparts. The dollar declined by 2.6% against the euro m-o-m, and by 2.4% against the Swiss franc. Against the pound sterling it declined by 1.3%, supported by the deal between the EU and the UK. Against the yen, the dollar declined by 0.5%.

The dollar dropped by 1.0% against the yuan, supported by the current account surplus and relatively faster recovery. Against the rupee it decreased by 0.8%. Meanwhile, the dollar declined against the Russian ruble by 3.6% following further recovery in oil prices, while it decreased by 5.0% against the Brazilian currency with the real supported by rising commodity prices as well. Against the Mexican peso, the dollar declined by 2.4% during the month, as Mexico's economy is expected to benefit from the US recovery.

Graph 3 - 19: ORB crude oil price index compared with different currencies (base January 2016 = 100)



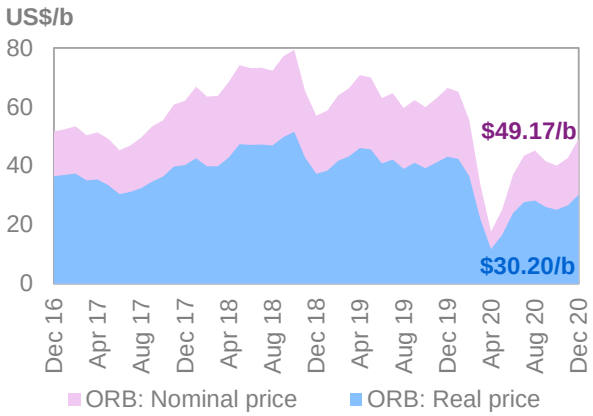
Sources: IMF and OPEC.

In **nominal terms**, the price of the ORB increased by $6.56, or 15.4% from $42.61/b in November, to reach $49.17/b in December.

In **real terms**, after accounting for inflation and currency fluctuations, the ORB increased to $30.20/b in December from a revised $26.60/b (base June 2001=100) the previous month.

Over the same period, the **USD** declined by 1.5% against the import-weighted modified Geneva I + USD basket, while inflation was up by 0.1% m-o-m.

Graph 3 - 20: Impact of inflation and currency fluctuations on the spot ORB price (base June 2001 = 100)



Source: OPEC.

World Oil Demand

World oil demand is estimated to contract by 9.8 mb/d y-o-y in 2020. The decline is marginally less than expected in last month's MOMR. Total demand for petroleum products is now estimated to average 90.0 mb/d in 2020.

Oil demand in the OECD region in 2020 was revised lower due to weaker-than-expected data in OECD Americas, particularly in 2H20. The recovery in transportation fuels was further muted due to an increase in COVID-19 cases, thereby reducing mobility in the US.

In the non-OECD region, oil demand in 2020 was revised higher, mainly reflecting better-than-expected demand in China and India in 4Q20. Strong petrochemical feedstock demand as well as a healthy uptick in gasoline requirements supported the upward revision in both countries. In contrast, lower-than-expected demand from Other Asia counterbalanced some of the upside momentum elsewhere in the non-OECD region.

In 2021, world oil demand is forecast to increase by 5.9 mb/d, unchanged from last month's report, to total 95.9 mb/d.

In the OECD region, oil consumption is expected to increase by 2.6 mb/d to reach total demand of 44.8 mb/d. Oil demand is not projected to fully recover from the 2020 slump. OECD Americas is projected to increase the most amid rebounding transportation fuels, mainly gasoline, as well as steady light- and middle-distillate requirements.

In the non-OECD region, oil demand is estimated to rise by 3.3 mb/d to reach 51.2 mb/d. Demand growth is projected to be driven by China, followed by India and Other Asia. A solid rebound in economic activities is projected to support industrial fuel demand. Demand for petrochemical feedstock is also forecast to support demand growth in 2021.

World oil demand in 2020 and 2021

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

							Change 2020/19	
	2019	1Q20	2Q20	3Q20	4Q20	2020	Growth	%
World oil demand								
Americas	25.65	24.33	20.01	22.76	24.10	22.80	-2.85	-11.11
of which US	*20.86*	*19.66*	*16.38*	*18.67*	*19.78*	*18.62*	*-2.24*	*-10.73*
Europe	14.25	13.35	10.99	12.84	12.02	12.30	-1.95	-13.68
Asia Pacific	7.79	7.75	6.54	6.69	7.23	7.05	-0.74	-9.48
Total OECD	**47.69**	**45.43**	**37.54**	**42.28**	**43.35**	**42.16**	**-5.54**	**-11.61**
China	13.33	10.84	12.85	13.67	14.18	12.89	-0.44	-3.31
India	4.84	4.77	3.51	3.94	4.54	4.19	-0.65	-13.48
Other Asia	9.04	8.30	7.79	8.11	8.50	8.18	-0.87	-9.57
Latin America	6.59	6.11	5.61	6.20	6.08	6.00	-0.59	-8.98
Middle East	8.20	7.88	6.91	7.94	7.50	7.56	-0.64	-7.83
Africa	4.45	4.37	3.77	3.95	4.20	4.07	-0.37	-8.40
Eurasia	5.61	5.21	4.58	4.85	5.21	4.96	-0.65	-11.52
of which Russia	*3.61*	*3.44*	*3.04*	*3.20*	*3.34*	*3.25*	*-0.36*	*-9.84*
of which Other Eurasia	*2.00*	*1.78*	*1.54*	*1.65*	*1.87*	*1.71*	*-0.29*	*-14.53*
Total Non-OECD	**52.07**	**47.48**	**45.02**	**48.67**	**50.21**	**47.86**	**-4.21**	**-8.09**
Total World	**99.76**	**92.92**	**82.55**	**90.95**	**93.56**	**90.01**	**-9.75**	**-9.78**
Previous Estimate	99.76	92.71	82.57	91.16	93.47	89.99	-9.77	-9.79
Revision	0.00	0.20	-0.02	-0.20	0.09	0.02	0.02	0.02

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

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

							Change 2021/20	
	2020	1Q21	2Q21	3Q21	4Q21	2021	Growth	%
World oil demand								
Americas	22.80	24.30	24.85	23.79	24.57	24.38	1.58	6.91
of which US	*18.62*	*19.85*	*20.26*	*19.34*	*20.12*	*19.89*	*1.27*	*6.81*
Europe	12.30	12.35	13.46	13.44	12.70	12.99	0.69	5.64
Asia Pacific	7.05	7.60	7.28	7.16	7.45	7.37	0.32	4.56
Total OECD	**42.16**	**44.25**	**45.59**	**44.39**	**44.72**	**44.75**	**2.59**	**6.15**
China	12.89	12.45	13.87	14.71	14.93	13.99	1.10	8.55
India	4.19	4.89	4.19	4.75	5.19	4.76	0.57	13.53
Other Asia	8.18	8.40	8.96	8.57	8.64	8.64	0.47	5.73
Latin America	6.00	6.21	6.27	6.41	6.31	6.30	0.30	5.00
Middle East	7.56	8.07	7.64	8.25	7.75	7.93	0.37	4.88
Africa	4.07	4.46	3.95	4.16	4.39	4.24	0.17	4.05
Eurasia	4.96	5.43	5.17	5.14	5.45	5.30	0.34	6.82
of which Russia	*3.25*	*3.57*	*3.37*	*3.37*	*3.48*	*3.45*	*0.19*	*5.97*
of which Other Eurasia	*1.71*	*1.86*	*1.81*	*1.77*	*1.97*	*1.85*	*0.14*	*8.43*
Total Non-OECD	**47.86**	**49.92**	**50.06**	**51.98**	**52.66**	**51.17**	**3.31**	**6.92**
Total World	**90.01**	**94.17**	**95.66**	**96.37**	**97.38**	**95.91**	**5.90**	**6.56**
Previous Estimate	89.99	93.97	95.68	96.57	97.29	95.89	5.90	6.56
Revision	0.02	0.20	-0.02	-0.20	0.09	0.02	0.00	0.00

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

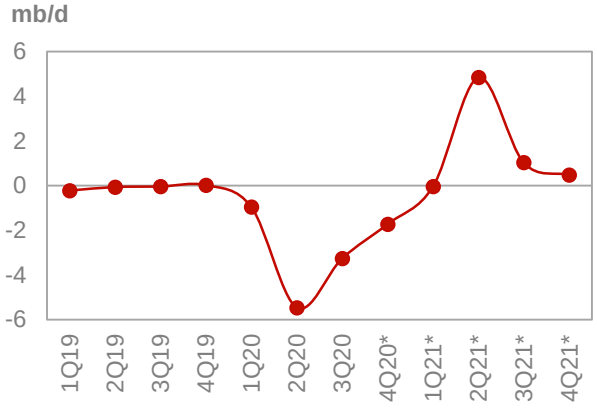
OECD

OECD Americas

Update on the latest developments

Petroleum product demand in OECD Americas showed a decline of 2.9 mb/d, y-o-y, in **October**, following a drop of 2.7 mb/d, y-o-y, in September. Oil requirements in Canada and Mexico accounted for an overall decline of 0.8 mb/d, y-o-y. LPG, gasoline and jet kerosene demand dropped by the most in both countries and resulted in a combined loss of around 0.5 mb/d, y-o-y, while heating fuel demand marginally offset declines. Additionally, the oil demand performance in the US accounted for most of OECD Americas demand weakness.

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



*Note: * 4Q20-4Q21 = Forecast. Source: OPEC.*

US oil demand dropped by 2.1 mb/d, y-o-y, in October compared to a y-o-y drop of 1.9 mb/d in September. Absolute oil demand levels reached 18.9 mb/d in October, recording the highest level of consumption since March 2020. Deterioration in gasoline requirements was caused by partial regional lockdowns and mobility limitations in various states across the country. These developments led to a sharp y-o-y decline in gasoline demand of around 1.1 mb/d, compared to a y-o-y drop of 0.7 mb/d in September. Vehicle miles continued to decline y-o-y, showing a drop of 8.8% in October, following similar declines in September. Moreover, light vehicle sales, as reported by Autodata and Haver Analytics, also posted declines, however these were smaller in magnitude than the historical slump registered in April 2020. Total light vehicle retail sales index recorded a drop of 2.7% in October, compared to a drop of 3.8% in September and a huge 47.5% drop in April, y-o-y.

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

			Change 2020/19	
	Oct 20	Oct 19	mb/d	%
By product				
LPG	3.05	2.99	0.06	2.1
Naphtha	0.19	0.14	0.05	36.7
Gasoline	8.26	9.31	-1.05	-11.3
Jet/kerosene	1.01	1.73	-0.72	-41.6
Diesel	4.02	4.22	-0.20	-4.8
Fuel oil	0.28	0.32	-0.04	-13.5
Other products	2.11	2.30	-0.19	-8.2
Total	**18.91**	**21.00**	**-2.09**	**-10.0**

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

Sources: EIA and OPEC.

Diesel demand declined by 0.2 mb/d, y-o-y, following a drop of 0.1 mb/d, y-o-y, in September, despite marginal improvements in the country's industrial production index. The index showed a drop of 5.0%,y-o-y, in October, compared to a 6.3% decline in September, as per the latest Federal Reserve Board and Haver Analytics reports.

Jet fuel also recorded losses of around 0.7 mb/d, y-o-y, in October, compared to a 0.8 mb/d decline in September indicating an ongoing struggle to recover in the aviation sector. With an upsurge in COVID-19 infection cases across various states, a number of airliners have also reduced their flights scheduled in the 4Q20 and 1Q21. Tourist arrivals in the US, as reported by the National Travel and Tourism Office as well as Haver Analytics, continued to decline sharply, posting a huge 88.8% y-o-y drop in October.

Near-term expectations

The US economy is anticipated to recover relatively well this year, supported by the availability of viable vaccines in combination with well-targeted stimulus measures, which in turn will support oil demand going forward. However, the slowdown in oil demand exhibited in the 4Q20 is anticipated to also affect 1H21's oil demand. The recovery in transportation fuels, including gasoline, is additionally linked to developments in the labour market and gasoline retail prices. The current outlook assumes a respectable recovery in both variables. Uncertainties about the structural impact of COVID-19 on consumer behaviour, particularly in the aviation sector, as well as the speed of vaccination programs, are to be monitored closely going forward. However, the aviation sector is anticipated to remain below the 2019 level in 2021. Conversely, stimulus programs are estimated to support recovering economic momentum and allow for healthy growth in construction and manufacturing activities.

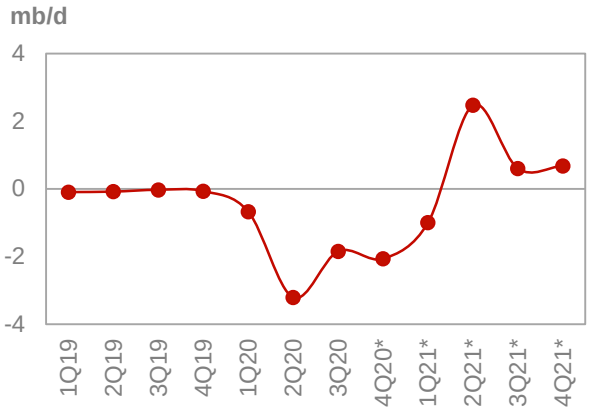
OECD Europe

Update on the latest developments

A resurgence in COVID-19 infection cases in parts of Europe caused oil consumption to fall further in **October**. Demand weakened by 1.7 mb/d, y-o-y, in October compared to a drop of 1.4 mb/d, y-o-y, in September. Reduction in mobility amid a rise in COVID-19 infection cases has negatively affected transportation fuels.

In October 2020, the middle part of the barrel performed poorly as jet fuel and diesel declined the most. Jet fuel weakened by almost 1.0 mb/d y-o-y, at the same time as diesel, which includes on-road diesel, dropped by 0.5 mb/d, y-o-y. The aviation sector remained under pressure as European carriers reduced their short and medium haul capacity through 4Q20 and 1Q21 by 60% to 70% amid COVID-19 measures affecting leisure holidays and business travel.

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



*Note: * 4Q20-4Q21 = Forecast. Source: OPEC.*

As a significant number of European countries entered into nationwide lockdowns including France, Germany, Italy, the UK and the Netherlands, jet fuel demand fell steeply and is also anticipated to be muted throughout the winter season.

On-road diesel was affected by a reduction in mobility across the continent. The mobility indicator, which is based on a combination of Google and Apple location data, showed a deterioration in mobility across European countries in October. After peaking during the summer driving season at around 119 points, using February 2020 as a reference, the indicator dropped to below 81 points towards the end of October.

Demand for industrial fuels continued to lag as fuel oil declined by 0.1 mb/d, y-o-y, in October compared to a drop of 0.1 mb/d, y-o-y, in September. The industrial production indicator, which excludes construction, dropped by 3.0%, y-o-y, in October, compared to a y-o-y decline of 5.3% in September, according to the Statistical Office of the European Communities and Haver Analytics. However, this indicates a notable improvement from the historical drop recorded in April of 27.7%.

On the positive side, demand for light distillates, including naphtha and LPG, edged higher, y-o-y, for the second consecutive month adding 0.2mb/d, y-o-y, in October, compared to a 0.1 mb/d, y-o-y increase in September amid healthy demand for polyolefin and plastic products.

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

			Change 2020/19	
	Oct 20	**Oct 19**	**mb/d**	**%**
By product				
LPG	0.38	0.38	0.01	1.6
Naphtha	0.60	0.52	0.08	15.6
Gasoline	1.09	1.21	-0.12	-9.6
Jet/kerosene	0.36	0.88	-0.52	-58.7
Diesel	3.15	3.39	-0.24	-7.0
Fuel oil	0.16	0.17	-0.01	-5.4
Other products	0.46	0.52	-0.05	-10.4
Total	**6.21**	**7.06**	**-0.85**	**-12.0**

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

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

November's preliminary data for the big four consuming countries in Europe indicated another large decline of 1.4 mb/d, y-o-y, with demand in the UK dropping the most by 0.5 mb/d, followed by France with 0.3 mb/d, Germany 0.3 mb/d, and Italy 0.2 mb/d. Further deterioration in transportation fuel consumption caused by nationwide shutdowns across the continent is the major reason behind these declines.

Near-term expectations

Restriction measures have affected transportation fuels in 4Q20 and will also have a significant negative impact for the 1Q21. Some positive support may emerge from light distillate demand, which continued to surprise in a number of major consuming countries.

Uncertainties remain high going forward with the main downside risks being issues related to COVID-19 containment measures and the impact of the pandemic on consumer behaviour. These will also include how many countries are adapting lockdown measures, and for how long. At the same time, quicker vaccination plans and a recovery in consumer confidence provide some upside optimism. For now, the outlook assumes that these measures will remain in place throughout the winter season and likely until inoculation has reached a respectable proportion of the population. With this in mind, 2021 projections assume a healthy recovery in economic activities including industrial production, an improving labour market and higher vehicle sales than in 2020. Accordingly, oil demand is anticipated to rise steadily this year supported primarily by transportation and industrial fuels.

OECD Asia Pacific

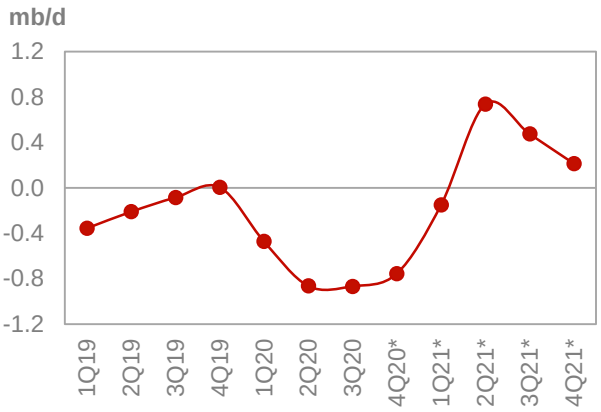
Update on the latest developments

As South Korean oil demand flipped into negative territory in **October**, falling by 0.2 mb/d, y-o-y, compared to a small y-o-y increase in September, the overall demand in OECD Asia-Pacific region recorded a significant decline of around 0.8 mb/d, y-o-y, in October, nearly matching the declines recorded during the peak pandemic levels in 2Q20.

All petroleum products exhibited significant y-o-y declines, especially jet kerosene. Demand for jet kerosene registered a drop of 0.4 mb/d, y-o-y, and remains largely impaired due to the reduction in international flights and to a lesser extent domestic flights. Additionally, Japanese kerosene stocking remained disappointing ahead of the winter season. Jet kerosene requirements fell in Japan by 0.2 mb/d, y-o-y, following a similar decline in September.

In South Korea, demand for jet kerosene was subdued, impacted by the reintroduction of lockdowns and reductions in air-traffic. South Korean jet kerosene demand dropped 0.1 mb/d, y-o-y, in October compared to a similar decline in September. Jet kerosene demand declined the most y-o-y in the month of April.

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



*Note: * 4Q20-4Q21 = Forecast. Source: OPEC.*

Light distillates declined for the fourth-consecutive month, particularly naphtha. Demand for naphtha dropped by 0.1 mb/d, y-o-y, amid naphtha cracker planned and unplanned shutdowns, both in Japan and South Korea.

Table 4 - 5: South Korea's oil demand, mb/d

			Change 2020/19	
	Oct 20	**Oct 19**	**mb/d**	**%**
By product				
LPG	0.34	0.37	-0.04	-9.4
Naphtha	1.00	1.10	-0.10	-9.3
Gasoline	0.21	0.23	-0.01	-6.1
Jet/kerosene	0.13	0.19	-0.06	-31.7
Diesel	0.46	0.50	-0.04	-7.2
Fuel oil	0.17	0.13	0.03	23.1
Other products	0.19	0.16	0.04	22.2
Total	**2.50**	**2.68**	**-0.18**	**-6.8**

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

Sources: JODI and OPEC.

Initial Japanese oil demand data for the month of **November** indicates a decline by 0.2 mb/d y-o-y compared to a 0.4 mb/d y-o-y decline in October, as reported by Japan's Ministry of Economy, Trade and Industry (METI). Demand for all product categories declined, y-o-y, with gasoline dropping the most. Despite declining y-o-y, jet kerosene showed significant developments due to winter season stocking.

Near-term expectations

Oil demand is estimated to have also declined, y-o-y, in the last two months of 2020 despite m-o-m improvements supported by fiscal and monetary stimulus measures and the arrival of the winter season. Regional lockdown measures in Japan and South Korea may limit oil demand going into 2021. However, oil demand in OECD Asia Pacific is projected to grow for the first time in seven years, but will remain below 2019 levels. A return of some of the consumption lost in 2020 in addition to recovering economic activities are projected to support a demand increase in 2021. Risks are currently estimated to be skewed to the downside depending on COVID-19 pandemic developments, especially in 1H21. Petrochemical feedstock demand is estimated to be a key supporter to oil demand growth amid healthy demand for plastics and improving industrial sector requirements. At the same time, increases in jet fuel demand will lag pre-pandemic levels amid limited international business and leisure travel.

Non-OECD

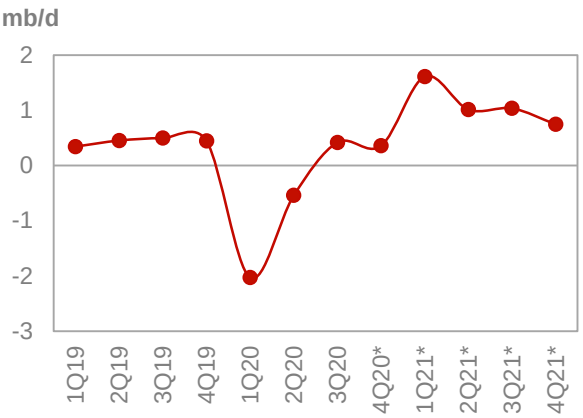
China

Update on the latest developments

In **November**, a continuation of robust naphtha consumption supported demand in China, which showed a strong y-o-y increase. China's demand rose by a solid 0.8 mb/d, y-o-y, compared to a 0.1 mb/d, y-o-y, rise in October. Similar to the prior month, China's absolute demand hovered around 13.3 mb/d in November.

Naphtha demand increased by 0.4 mb/d, y-o-y, in November, compared to an increase of around 0.3 mb/d, y-o-y, in October. The start-up of two naphtha crackers and strong margins supported demand for the crackers' feedstock. Additionally, a number of planned/unplanned outages in Japan and South Korea supported additional cracker margins. Naphtha cracking margins have increased by $80-$100 per ton, supporting an uptick in naphtha requirements. Diesel requirements showed y-o-y improvements, rising by 0.1 mb/d in November, compared to a decline of 0.1 mb/d, y-o-y, in October. Healthy industrial sector activities support this increase, as can be seen in the Manufacturing PMI index which rose considerably in November. The Caixin China General Manufacturing PMI rose to 54.9 in November from 53.6 in October, recording the seventh consecutive monthly increase and the highest recording since November 2010. Additionally, fuel oil demand also saw y-o-y gains, supported by improving trade and bunkering requirements to post an increase of 0.1 mb/d, y-o-y, compared to a marginal, y-o-y, increase in October.

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



*Note: * 4Q20-4Q21 = Forecast. Source: OPEC.*

Passenger cars sales in November, as reported by China's Passenger Car Associations and Haver Analytics, rose 8.2%, y-o-y, compared to an increase of around 7.4%, y-oy, in October. The positive development in passenger car sales as well as improving road traffic data gave gasoline a boost during the month of November. Gasoline consumption increased by 0.1 mb/d, y-o-y, in November, compared to a decline of 0.2 mb/d, y-o-y, in October.

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

			Change 2020/19	
	Nov 20	**Nov 19**	**mb/d**	**%**
By product				
LPG	1.97	1.97	0.01	0.3
Naphtha	1.57	1.16	0.41	35.6
Gasoline	3.10	2.98	0.12	4.0
Jet/kerosene	0.82	0.83	-0.01	-0.7
Diesel	3.48	3.34	0.14	4.1
Fuel oil	0.55	0.41	0.14	34.7
Other products	1.81	1.85	-0.04	-2.0
Total	**13.30**	**12.53**	**0.77**	**6.2**

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

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

Near-term expectations

The continued improvement in economic activities is expected to support oil demand over the short term. The management of COVID-19 pandemic, the introduction of steady fiscal and monetary stimulus programs, and seasonal Lunar Year demand are expected to underpin demand in the coming months. All economic sectors are projected to continue to pick up with the transportation sector being supported by a recovery in road traffic and healthy passenger sales, while the industrial sector is estimated to receive support from improving economic activities in China and globally. Light distillate demand, particularly in the petrochemical sector, is anticipated to drive demand growth in the current year. Jet fuel is projected to slowly recover from the massive

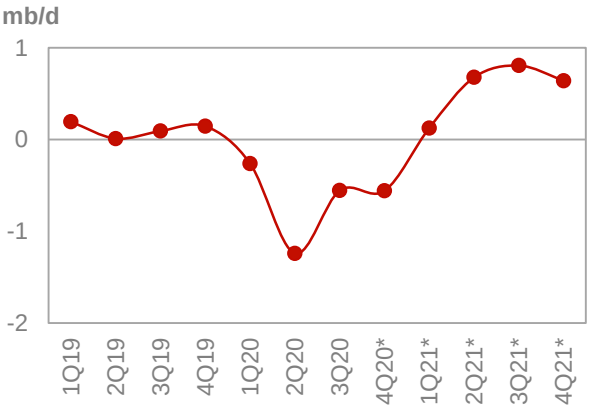
disruptions seen in 2020. The oil demand projection for 2021 also assumes an increase in petroleum product requirements in 2H21 on the back of availability of COVID-19 vaccines leading to a rebound in consumer confidence and strengthening manufacturing activities.

India

Update on the latest developments

In **November**, Indian oil demand reversed trend to post a y-o-y decline, after a healthy y-o-y increase in October. However, total consumption reached the highest level recorded in 2020. A key factor affecting y-o-y demand growth in November was the significantly high level of consumption recorded in the same month last year, when demand in India reached a record high of more than 5.4 mb/d.

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



*Note: * 4Q20-4Q21 = Forecast. Source: OPEC.*

The declining middle distillate performance was the main contributor to the contraction, as both jet kerosene and diesel dropped y-o-y. Other industrial fuels, such as bitumen, showed signs of weakness compared to recent trends. Focusing on diesel demand, requirements dropped by 0.1 mb/d, y-o-y after increasing by a similar amount in October. The higher base line of last year contributed negatively to this decline. Additionally, the November PMI indicator, as reported by the IHS Markit, decreased. Indian Manufacturing PMI fell to 56.3 in November from 58.9 in October.

Jet fuel continued to be a drag and showed similar declines to October, dropping by 0.1 mb/d, y-o-y. Domestic air flights continued to show improvement m-o-m, however, further gains are less likely as domestic air flight capacity is projected to be limited at around 60% until February 2021. Moreover international flights are projected to be suspended at least until the end of 2020. Any likely support for jet fuel demand will stem from cargo flights which are anticipated to improve gradually going forward.

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

			Change 2020/19	
	Nov 20	Nov 19	mb/d	%
By product				
LPG	1.02	0.98	0.04	3.6
Naphtha	0.36	0.33	0.03	8.7
Gasoline	0.68	0.64	0.04	5.7
Jet/kerosene	0.18	0.27	-0.09	-33.7
Diesel	1.93	2.05	-0.12	-6.0
Fuel oil	0.28	0.27	0.01	3.4
Other products	0.80	0.83	-0.04	-4.5
Total	**5.24**	**5.38**	**-0.14**	**-2.6**

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

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

Another important development to highlight is the positive growth in gasoline requirements which increased for the third-consecutive month in November. The increase was supported by higher road traffic activities as well as higher total passenger vehicle sales. The latter increased by 4.6% y-o-y in November. Moreover, as reported by the Petroleum Planning and Analysis Cell of the Ministry of Petroleum and Natural Gas of India, sales of two-wheelers increased by 13.4% y-o-y in November, lending strong support to gasoline demand. From the labour market side, signs of improvement were recorded in November as the unemployment rate in both urban and rural areas dropped slightly to 7.1% and 6.3%, respectively, compared with 7.2% and 7.0% in October, according to data from the Centre for Monitoring Indian Economy (CMIE).

Near-term expectations

Despite the recent y-o-y drop in demand, signs of positive developments continue to emerge especially in India's industrial sector. Given the challenges that the Indian economy is currently facing, it remains to be seen if the economic recovery will continue. The unemployment rate and the size of stimulus measures are important

factors to monitor going forward. For the last year, oil demand is foreseen declining despite improvements in 4Q20, led by industrial fuels and gasoline. This momentum is anticipated to continue into 1Q21 and a substantial recovery is projected to take place in the 2H21. However, COVID-19-related uncertainties will remain a downside risk to the oil demand recovery in the near future. The containment of the COVID-19 pandemic is projected to allow transportation fuels to rebound swiftly, as well as support healthy recovery in economic activities. The latter is a reflection of policy measures encouraging growth in private consumption and investments. Together with the baseline decline of 2020, oil demand is projected to record gains in 2021. Demand for transportation fuel will lead product demand followed by middle distillates.

Latin America

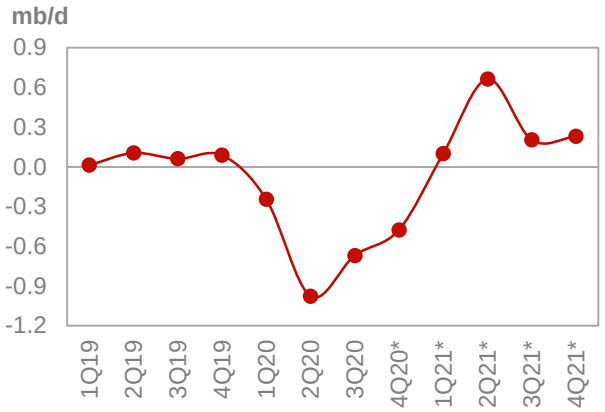
Update on the latest developments

Despite m-o-m improvements in the consumption of transportation fuels gasoline and jet fuel, overall demand in Latin American declined further in **October** following a decrease in September. October data shows a drop of 0.2 mb/d, y-o-y, compared to a similar decline in September. Absolute demand seems to have recovered steadily from the record low levels seen in April and May, the peak months of the pandemic.

Diesel and light distillate requirements disappointed in October, particularly in Brazil, despite posting y-o-y increases. Brazil's oil demand dropped by 0.1 mb/d, y-o-y, in October, with jet fuel requirements remaining a big drag on the oil demand recovery. Additionally, ethanol demand in the country posted marginal declines, y-o-y, despite recovering miles travel.

At the same time, diesel demand increased slightly in October, y-o-y, compared to a rise of 0.1 mb/d, y-o-y, in September, supported by positive developments in the manufacturing sector. Moreover, manufacturing PMI, as reported by IHS Markit and Haver analytics, recorded 66.7 points in October, remaining well in the expansion zone and above August and September, which registered 64.9 and 64.7, respectively. This illustrates improving momentum in manufacturing activities, which in turn supported industrial fuel requirements in the country.

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



*Note: * 4Q20-4Q21 = Forecast. Source: OPEC.*

Oil demand in Brazil dropped by around 0.1 mb/d in **November** mainly due to a y-o-y decline in ethanol and jet fuel consumption. However, gasoline was flat y-o-y while ethanol registered a decline of around 0.1 mb/d y-o-y.

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

			Change 2020/19	
	Nov 20	Nov 19	mb/d	%
By product				
LPG	0.23	0.22	0.00	1.4
Naphtha	0.14	0.15	-0.01	-4.8
Gasoline	0.68	0.68	0.00	-0.1
Jet/kerosene	0.07	0.12	-0.05	-43.6
Diesel	1.03	1.01	0.02	1.9
Fuel oil	0.10	0.07	0.03	35.9
Other products	0.44	0.49	-0.06	-11.8
Total	**2.67**	**2.74**	**-0.07**	**-2.5**

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

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

Elsewhere in the region, Argentina's oil demand in October posted a decline of 0.1 mb/d, y-o-y, compared to a drop of 0.1 mb/d, y-o-y, in September, implying a further deceleration in oil requirements, as transportation fuels continued to struggle to recover. Gasoline and jet fuel demand showed signs of weakness, declining in a similar manner to the industrial fuels including diesel and fuel oil.

Near-term expectations

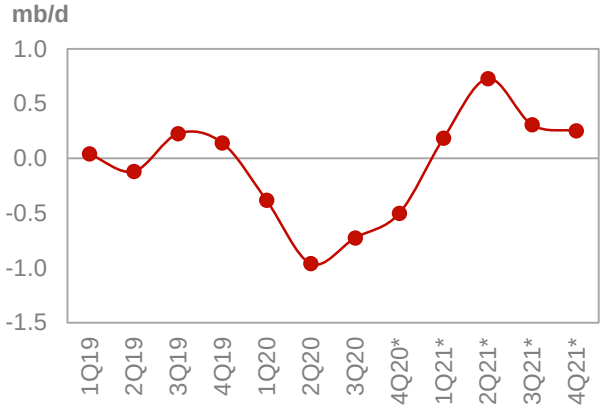
Latin American's 2020 oil demand estimates remained as reported last month, despite rising COVID-19 infection cases in various countries in the region and worries about a strong second pandemic wave hindering the recovery in economic activities. However, major downside risks to 4Q20 oil demand estimates and 1Q21 projections remain. Consequently, transportation fuels are estimated to recover going into 2021 but face pressures, especially in Brazil and Argentina. Industrial fuel demand, including diesel and fuel oil, are projected to show improving momentum. Oil demand is estimated to record steady growth in 2021 supported by recovering economic activities and the low demand base in 2020. Demand in Brazil is projected to lead growth as the Brazilian economy has already shown signs of recovery since 2H20, supported by fiscal stimulus programs particularly targeting private consumption. Furthermore, risks remain high and tilted to the downside, depending on COVID-19 developments and vaccination plans. Unemployment and currency challenges are also important factors to monitor going forward. Brazil is projected to provide support to regional oil demand in 2021, led by a gradual rebound in transportation fuel demand. In terms of products, diesel and transportation fuels are anticipated to lead oil demand growth in the region.

Middle East

Update on the latest developments

Demand in major oil consuming countries of the Middle East fell by 0.5 mb/d, y-o-y, in **October**, compared to a drop of 0.6 mb/d, y-o-y, in September. Despite increases in COVID-19 cases in a number of countries in the region, the monthly y-o-y declines improved for the third-consecutive month. Diesel dropped the most in October, down 0.2 mb/d y-o-y, with most of the declines occurring in Saudi Arabia. Diesel requirements in Saudi Arabia fell by 0.1 mb/d, y-o-y, despite improving manufacturing indicators. Saudi Arabia's non-oil PMI, as reported by IHS Markit, recorded 51.0 points in October, rising into the expansion zone. Moreover, cement deliveries, as reported by Yamama Cement company and Haver Analytics, also showed healthy gains in October and posted an increase of 14.6%, y-o-y. Diesel also dropped in Iraq,y-o-y, while demand for diesel exhibited minor declines elsewhere in the region.

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



*Note: * 4Q20-4Q21 = Forecast. Source: OPEC.*

Transportation fuels remain weak despite improvements in the momentum of the decline compared to recent months. For example, gasoline and jet fuel dropped by 0.3 mb/d, y-o-y, in September before dropping by 0.2 mb/d in October. Despite declining across most countries in the region, transportation fuels are on a recovery trajectory in line with easing lockdown measures. This is particularly the case in Saudi Arabia, Kuwait, Iraq and UAE.

In **November**, oil demand in Saudi Arabia was supported by a strong y-o-y rise in fuel oil requirements. Oil demand flipped into positive territory, rising by 0.1 mb/d, y-o-y, in November, increasing for only the second time so far in 2020, after posting a healthy rise in January prior to the outbreak of the COVID-19 pandemic. Fuel oil registered an increase of 0.3 mb/d, y-o-y, compared to an increase of 0.2 mb/d y-o-y in October, largely driven by increases in power generation demand and a rebound in industrial activities. Saudi Arabia's non-oil PMI, as reported IHS Markit, recorded its highest readings in the past 10 months reaching 54.7 points in November. At the same time, diesel requirements remained in the negative, falling by 0.1 mb/d, y-o-y, despite notable increases in construction activities. Cement deliveries increased by 15.4%, y-o-y, in November, signalling a continuation of positive trend in construction activities. Transportation fuels remained largely in the negative territory as both gasoline and jet fuel dropped by roughly 0.1 mb/d each, y-o-y.

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

			Change 2020/19	
	Nov 20	Nov 19	mb/d	%
By product				
LPG	0.05	0.05	0.00	-1.3
Naphtha	0.01	0.00	0.01	-
Gasoline	0.51	0.58	-0.07	-11.3
Jet/kerosene	0.04	0.10	-0.07	-63.6
Diesel	0.41	0.52	-0.11	-21.1
Fuel oil	0.76	0.44	0.33	74.8
Other products	0.41	0.42	-0.01	-2.2
Total	**2.19**	**2.10**	**0.09**	**4.1**

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

Sources: JODI and OPEC.

Near-term expectations

Oil demand is estimated to have improved toward the end of 2020**,** mainly due to successful containment measures in major consuming countries in the region. Further relaxations in restriction measures are estimated to lend further support to overall oil demand, especially for gasoline and some industrial fuels. In Saudi Arabia, effective COVID-19 vaccination programs coupled with a recovery in oil prices will provide an upside potential to oil demand in 1H21. Moreover, development in infrastructure projects and an uptick in power generation requirements should also support the expected upside momentum. Transportation fuels are estimated to continue to recover in the whole region as restriction measures ease. With the full recovery in economic activities in 2021, oil demand is anticipated to recover from the 2020 slump. At the same time, any additional measures in response to a potential second strong wave of COVID-19 will provide a downside risk to oil demand in the near term.

World Oil Supply

Non-OPEC liquids supply for 2020 remains unchanged from the previous month's assessment of a y-o-y decline of 2.50 mb/d, despite a number of country-specific and regional revisions. Downward production revisions in the US, the UK and Brazil, were offset by upward revisions in countries such as Canada, other OECD Europe and Russia. Russia and the US have witnessed the largest declines in 2020, the former through its voluntary production adjustment in the DoC and the latter primarily through shut in wells in April and May 2020. Preliminary non-OPEC liquids output in 4Q20 is expected at 61.98 mb/d, up 0.69 mb/d q-o-q. US drillers have added 103 oil rigs since mid-August, to reach 275 rigs in the week ending 8 January. In October, US crude oil output dropped by 0.44 mb/d m-o-m to average 10.42 mb/d, due to outages related to hurricanes in the Gulf of Mexico (GoM). Non-OPEC oil supply in 2020 is forecast to decline mainly in Russia, the US, Canada, Kazakhstan and Colombia, and is projected to grow in Norway, Brazil, China, and Guyana.

Non-OPEC liquids production for 2021 is also unchanged from last month and forecast to grow by 0.85 mb/d. The 2021 supply outlook is now slightly more optimistic for US shale with oil prices increasing and output is expected to recover more in 2H21. It should be noted, however, that upstream capital spending in 2021 is expected to remain well below 2019 levels, mainly due to the significantly lower investment in US shale. The US liquids supply forecast for 2021 has been revised up by 0.07 mb/d to 0.37 mb/d, although uncertainties persist. On the other hand, oil supply forecasts for the non-OPEC countries participating in DoC were revised down following the new decision taken at the recent Ministerial Meeting on 5 January. The main drivers for supply growth for 2021 are expected to be the US, Canada, Brazil, Norway, Ecuador and Qatar.

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

OPEC-13 crude oil production in December was up by 0.28 mb/d m-o-m to average 25.36 mb/d, according to secondary sources. Preliminary non-OPEC liquids output in December, including OPEC NGLs, is estimated to have increased by 0.30 mb/d m-o-m to average 67.57 mb/d, lower by 4.45 mb/d y-o-y. As a result, preliminary data indicates that global oil supply rose in December by 0.58 mb/d m-o-m to average 92.93 mb/d, down by 8.23 mb/d y-o-y.

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

Non-OPEC liquids production	2020	Change 2020/19	2021	Change 2021/20
Americas	24.70	-1.08	25.31	0.61
of which US	*17.61*	*-0.81*	*17.99*	*0.37*
Europe	3.89	0.18	4.01	0.12
Asia Pacific	0.54	0.01	0.53	-0.01
Total OECD	**29.13**	**-0.88**	**29.85**	**0.72**
China	4.15	0.09	4.16	0.00
India	0.78	-0.05	0.75	-0.02
Other Asia	2.54	-0.17	2.50	-0.03
Latin America	6.07	0.01	6.36	0.29
Middle East	3.17	-0.04	3.23	0.06
Africa	1.46	-0.07	1.38	-0.08
Eurasia	13.33	-1.19	13.10	-0.23
of which Russia	*10.42*	*-1.02*	*10.21*	*-0.21*
of which other Eurasia	*2.91*	*-0.18*	*2.89*	*-0.01*
Total Non-OECD	**31.49**	**-1.43**	**31.48**	**-0.01**
Total Non-OPEC production	**60.62**	**-2.30**	**61.33**	**0.72**
Processing gains	2.07	-0.19	2.20	0.13
Total Non-OPEC liquids production	**62.69**	**-2.50**	**63.53**	**0.85**

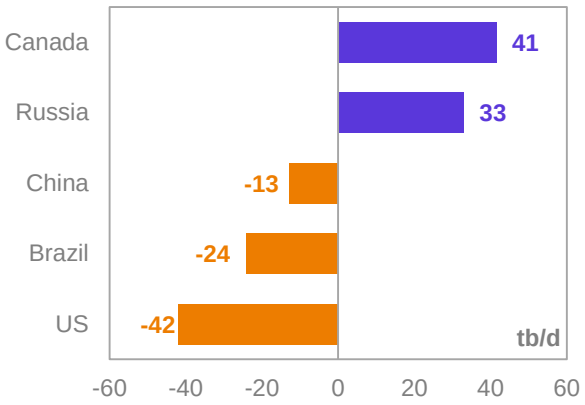
*Note: * 2020 = Estimate and 2021 = Forecast. Source: OPEC.*

Main monthly revisions

Non-OPEC liquids supply growth in 2020 remains unchanged m-o-m, despite a number of country-specific and regional revisions. It is forecast to contract by 2.50 mb/d (including processing gains) to average 62.69 mb/d. This is higher by 0.02 mb/d in absolute terms, due to a change in the base, as the average non-OPEC 2019 supply was revised up by 0.02 mb/d and the y-o-y growth now stands at 2.08 mb/d, compared to 2018.

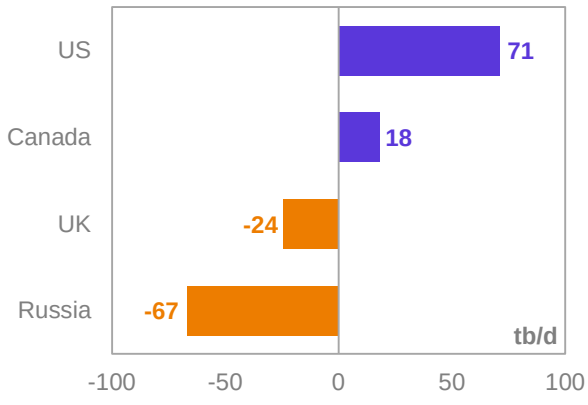
This month's outlook saw lower-than-expected production in 4Q20 in the US, Mexico, the UK, Thailand and Brazil, but these downward adjustments were fully offset by increases witnessed in Canada, other OECD Europe, Norway, the Sudans, Kazakhstan and Russia.

Graph 5 - 1: Revisions to annual supply growth forecast in 2020*, MOMR Jan 21/Dec 20



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

Graph 5 - 2: Revisions to annual supply growth forecast in 2021*, MOMR Jan 21/Dec 20



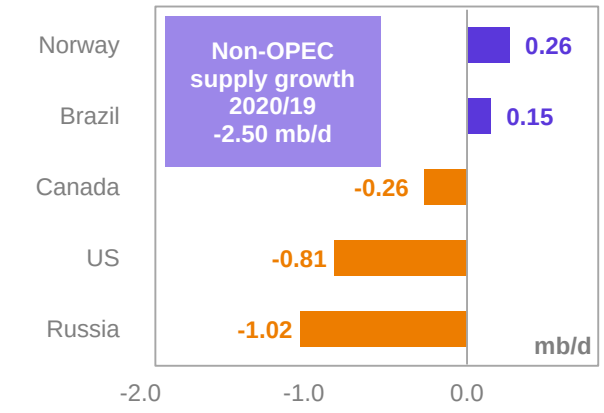
*Note: * 2021 = Forecast. Source: OPEC.*

Non-OPEC liquids supply growth in 2021 is also unchanged and forecast to grow by 0.85 mb/d (including processing gains) to average 63.53 mb/d. Russia's liquids supply has been revised down by 67 tb/d due to downward revisions in 1Q21 and 2Q21 based on the new voluntary production adjustments from the recent Ministerial Meeting of DoC on 5 January 2021. The oil supply forecast for Kazakhstan and Oman in the DoC group was also revised down by a minor 8 tb/d and 6 tb/d, respectively. On the other hand, the supply forecast for the US, Canada, other OECD Europe and Australia were revised up.

Key drivers of growth and decline

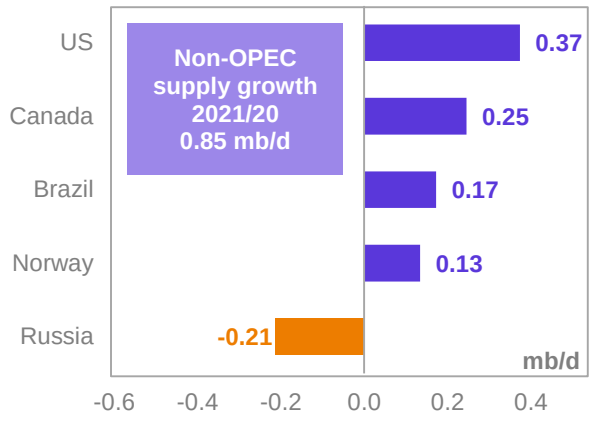
The non-OPEC countries showing the largest liquids supply declines in **2020** are expected to be Russia, the US, Canada, Kazakhstan, Colombia, Malaysia, the UK and Azerbaijan, while oil production increases are expected mainly in Norway, Brazil, China and Guyana.

Graph 5 - 3: Annual liquids production changes for selected countries in 2020*



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

Graph 5 - 4: Annual liquids production changes for selected countries in 2021*



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

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

Non-OPEC liquids production in 2020 and 2021

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

Non-OPEC liquids production	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19 Growth	Change 2020/19 %
Americas	25.77	26.59	23.55	24.10	24.55	24.70	-1.08	-4.17
of which US	*18.43*	*19.05*	*16.81*	*17.34*	*17.27*	*17.61*	*-0.81*	*-4.40*
Europe	3.71	4.03	3.88	3.77	3.88	3.89	0.18	4.95
Asia Pacific	0.52	0.53	0.54	0.54	0.55	0.54	0.01	2.72
Total OECD	**30.00**	**31.16**	**27.97**	**28.41**	**28.98**	**29.13**	**-0.88**	**-2.92**
China	4.06	4.16	4.16	4.17	4.13	4.15	0.09	2.28
India	0.83	0.80	0.77	0.78	0.76	0.78	-0.05	-5.89
Other Asia	2.71	2.64	2.51	2.50	2.50	2.54	-0.17	-6.42
Latin America	6.06	6.36	5.84	6.14	5.94	6.07	0.01	0.13
Middle East	3.20	3.19	3.20	3.13	3.14	3.17	-0.04	-1.10
Africa	1.53	1.49	1.48	1.44	1.42	1.46	-0.07	-4.86
Eurasia	14.52	14.67	13.13	12.57	12.97	13.33	-1.19	-8.23
of which Russia	*11.44*	*11.51*	*10.21*	*9.84*	*10.14*	*10.42*	*-1.02*	*-8.91*
of which other Eurasia	*3.08*	*3.16*	*2.92*	*2.73*	*2.82*	*2.91*	*-0.18*	*-5.68*
Total Non-OECD	**32.92**	**33.30**	**31.08**	**30.74**	**30.86**	**31.49**	**-1.43**	**-4.33**
Total Non-OPEC production	62.92	64.45	59.05	59.15	59.84	60.62	-2.30	-3.66
Processing gains	2.26	2.15	1.85	2.15	2.15	2.07	-0.19	-8.47
Total Non-OPEC liquids production	**65.18**	**66.60**	**60.90**	**61.29**	**61.98**	**62.69**	**-2.50**	**-3.83**
Previous estimate	65.17	66.59	60.84	61.26	62.00	62.67	-2.50	-3.84
Revision	0.01	0.01	0.07	0.03	-0.02	0.02	0.01	0.01

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

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

Non-OPEC liquids production	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20 Growth	Change 2021/20 %
Americas	24.70	24.43	24.60	25.67	26.50	25.31	0.61	2.47
of which US	*17.61*	*17.22*	*17.56*	*18.22*	*18.93*	*17.99*	*0.37*	*2.12*
Europe	3.89	4.01	3.92	3.96	4.15	4.01	0.12	3.08
Asia Pacific	0.54	0.55	0.53	0.54	0.53	0.53	-0.01	-0.95
Total OECD	**29.13**	**28.98**	**29.05**	**30.16**	**31.18**	**29.85**	**0.72**	**2.49**
China	4.15	4.16	4.14	4.14	4.19	4.16	0.00	0.05
India	0.78	0.76	0.76	0.75	0.74	0.75	-0.02	-2.77
Other Asia	2.54	2.50	2.51	2.51	2.50	2.50	-0.03	-1.30
Latin America	6.07	6.26	6.35	6.33	6.50	6.36	0.29	4.80
Middle East	3.17	3.19	3.22	3.25	3.26	3.23	0.06	2.01
Africa	1.46	1.38	1.39	1.38	1.36	1.38	-0.08	-5.52
Eurasia	13.33	12.84	13.12	13.22	13.21	13.10	-0.23	-1.71
of which Russia	*10.42*	*9.99*	*10.22*	*10.31*	*10.31*	*10.21*	*-0.21*	*-2.06*
of which other Eurasia	*2.91*	*2.85*	*2.90*	*2.91*	*2.91*	*2.89*	*-0.01*	*-0.48*
Total Non-OECD	**31.49**	**31.09**	**31.49**	**31.58**	**31.77**	**31.48**	**-0.01**	**-0.02**
Total Non-OPEC production	60.62	60.07	60.54	61.74	62.95	61.33	0.72	1.18
Processing gains	2.07	2.20	2.20	2.20	2.20	2.20	0.13	6.17
Total Non-OPEC liquids production	**62.69**	**62.27**	**62.74**	**63.94**	**65.15**	**63.53**	**0.85**	**1.35**
Previous estimate	62.67	62.54	62.97	63.66	64.87	63.52	0.85	1.36
Revision	0.02	-0.28	-0.23	0.28	0.29	0.02	0.00	-0.01

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

OECD

OECD liquids production in 2020 is forecast to decline by 0.88 mb/d y-o-y to average 29.13 mb/d, unchanged from last month's assessment. Indeed, the downward revision to US oil production was offset by an upward adjustment for Canada following higher-than-expected production in 4Q20. While OECD Americas production is projected to decline by 1.08 mb/d to average 24.70 mb/d, oil supply in OECD Europe and OECD Asia Pacific is expected to grow by 0.18 mb/d to average 3.89 mb/d and by 0.01 mb/d to average 0.54 mb/d, respectively.

For **2021**, the OECD liquids production forecast was adjusted up by 91 tb/d on an absolute level, and by 93 tb/d in terms of growth, mainly attributed to the US. The OECD region is now forecast to increase production by 0.72 mb/d and average 29.85 mb/d. OECD Americas is expected to grow by 0.61 mb/d to average 25.31 mb/d. Oil supply in OECD Europe is anticipated to grow by 0.12 mb/d y-o-y to average 4.01 mb/d, and OECD Asia Pacific is forecast to decline by 0.01 mb/d to average 0.53 mb/d.

OECD Americas

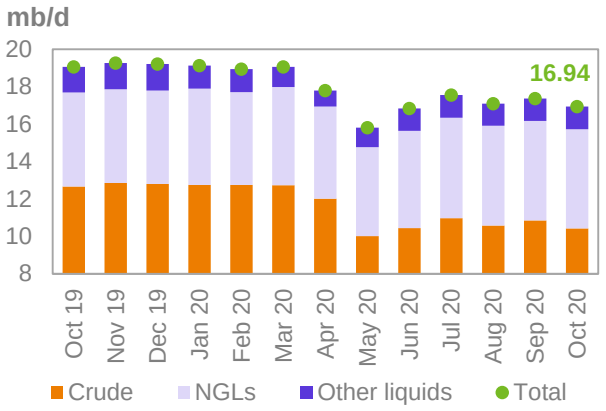
US

US liquids production in 2020 was revised down by 42 tb/d, following an upward revision in 3Q20 of 13 tb/d and a downward adjustment in 4Q20 of 180 tb/d, due to lower-than-expected output in the Lower-48 onshore fields in October. It is now forecast to decline by 0.81 mb/d and average 17.61 mb/d.

US liquids production in October 2020 was lower by 0.43 mb/d m-o-m to average 16.94 mb/d, mainly due to production outages of around 0.45 mb/d in the GoM following hurricanes Delta and Zeta. Liquids output in October was down by 2.12 mb/d compared to a year earlier.

Crude oil and condensate production in October fell by 442 tb/d, m-o-m, to average 10.42 mb/d, which is 2.25 mb/d lower than a year ago.

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



Source: OPEC.

NGLs output showed a drop of 10 tb/d in October m-o-m to average 5.30 mb/d, but this was higher by 0.28 mb/d y-o-y and, thus, higher than pre-COVID levels. Non-conventional liquids, particularly ethanol, increased by 24 tb/d m-o-m in September to average 1.20 mb/d, according to official data. Preliminary data for October is expected to see an increase of 22 tb/d m-o-m to average 1.23 mb/d.

Crude oil production in October, including field condensates, fell mainly in the Gulf Coast, or Petroleum Administration for Defence District (PADD) 3. The drop was 0.39 mb/d to an average 6.91 mb/d, due to the hurricane-related production outages in the GoM. In Texas, oil output was flat at 4.63 mb/d, while production increased in New Mexico by 57 tb/d to average 1.08 mb/d. In the Midwest, production was down by -24 tb/d m-o-m, mainly through a decline of 23 tb/d in Oklahoma, although oil output rose slightly by 6 tb/d in North Dakota to average 1.22 mb/d. In the Rocky Mountains (PADD 4), oil output in Colorado, home of the Niobrara shale, dropped by 24 tb/d to 0.39mb/d.

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

State	Sep 20	Oct 20	Change Oct 20/Sep 20
Colorado	418	394	*-24*
Oklahoma	444	421	*-23*
Alaska	442	459	*17*
New Mexico	1,024	1,081	*57*
North Dakota	1,212	1,218	*6*
Gulf of Mexico (GoM)	1,505	1,057	*-448*
Texas	4,631	4,634	*3*
Total	**10,861**	**10,419**	***-442***

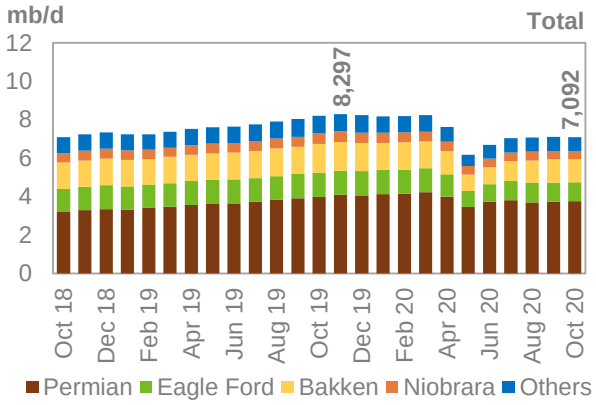
Sources: EIA and OPEC.

US tight crude production in 2020 peaked in March at 8.23 mb/d. This was followed by a drop in April of 616 tb/d and a drastic plunge in May of 1,442 tb/d to average 6.17 mb/d. Since then, tight crude output has started to show some recovery in most key regions.

In October, tight crude output dropped for the first time since May, falling by 22 tb/d to average 7.09 mb/d. This was mainly in the Eagle Ford, which averaged 0.98 mb/d, down by 28 tb/d m-o-m. The ten-month 2020 average indicates a drop of 0.30 mb/d in total US tight crude compared to the same period in 2019.

In other key shale regions, oil output in the Permian Basin increased by 32 tb/d in October to average 3.76 mb/d. While the Bakken shale exhibited flat output with an average of 1.21 mb/d, tight crude output in Niobrara and other shale regions dropped by 13 tb/d to average 0.43 mb/d and 14 tb/d to average 0.72 mb/d, respectively. In terms of production, with the recent rise in global oil prices, lower break evens, and further developments in drilling and completion activities, compare to last month's report a faster recovery in the US shale sector, particularly in 2H21, is anticipated.

Graph 5 - 6: US tight crude output breakdown



Souces: EIA, Rystad Energy and OPEC.

US crude oil production in 2020 is expected to decline by 0.97 mb/d to average 11.28 mb/d, a downward revision of 0.02 mb/d m-o-m. Tight crude is projected to decline by 0.45 mb/d to average 7.30 mb/d. Production from the GoM is forecast to drop by 0.26 mb/d to average 1.64 mb/d, and onshore conventional crude is forecast to also decline by 0.26 mb/d to average 2.34 mb/d, largely due to a continued shut in of stripper wells.

The US NGLs production forecast was revised down by 0.03 mb/d, but it is still expected to show growth of 0.35 mb/d y-o-y to average 5.17 mb/d, of which 4.27 mb/d refers to unconventional NGLs. And finally, unconventional liquids, mainly ethanol, are likely to decline by 0.19 mb/d in the current year to average 1.16 mb/d.

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

US tight oil	2019	Change 2019/18	2020*	Change 2020/19	2021*	Change 2021/20
Permian tight	3.72	0.87	3.87	0.15	4.14	0.27
Bakken shale	1.42	0.16	1.17	-0.25	1.31	0.14
Eagle Ford shale	1.23	0.05	1.05	-0.18	1.03	-0.02
Niobrara shale	0.52	0.07	0.47	-0.05	0.37	-0.10
Other tight plays	0.87	0.08	0.74	-0.13	0.52	-0.22
Total	**7.75**	**1.24**	**7.30**	**-0.45**	**7.37**	**0.07**

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

Tight crude output will see the largest contraction among liquids components in 2020, dropping by 0.45 mb/d, revised down by 0.10 mb/d, compared to a month earlier. Despite overall declining tight crude production in 2020, output in the Permian Basin is expected to grow by 150 tb/d y-o-y.

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

US liquids	2018	2019	Change 2019/18	2020*	Change 2020/19	2021*	Change 2021/20
Tight crude	6.51	7.75	1.24	7.30	-0.45	7.37	0.07
Gulf of Mexico crude	1.76	1.90	0.14	1.64	-0.26	1.78	0.14
Conventional crude oil	2.69	2.60	-0.09	2.34	-0.26	2.27	-0.07
Unconventional NGLs	3.46	3.92	0.46	4.27	0.35	4.42	0.15
Conventional NGLs	0.91	0.90	0.00	0.90	0.00	0.86	-0.04
Biofuels + Other liquids	1.35	1.36	0.00	1.16	-0.19	1.29	0.12
US total supply	**16.69**	**18.43**	**1.74**	**17.61**	**-0.81**	**17.99**	**0.37**

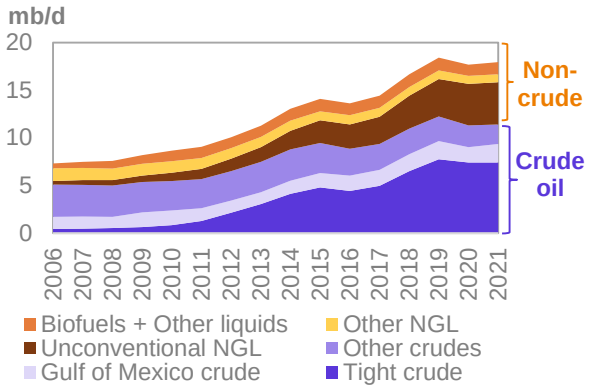
*Note: * 2020 = Estimate and 2021 = Forecast. Sources: EIA, OPEC and Rystad Energy.*

US crude oil production for 2021 was revised up by 0.04 mb/d. It is now forecast to grow by 0.14 mb/d y-o-y to average 11.42 mb/d. This includes field condensates, which are projected to average around 0.8 mb/d.

Tight crude is likely to grow by a minor 0.07 mb/d y-o-y in 2021 to average 7.37 mb/d, while production from the GoM is forecast to recover by 0.14 mb/d y-o-y to average 1.78 mb/d.

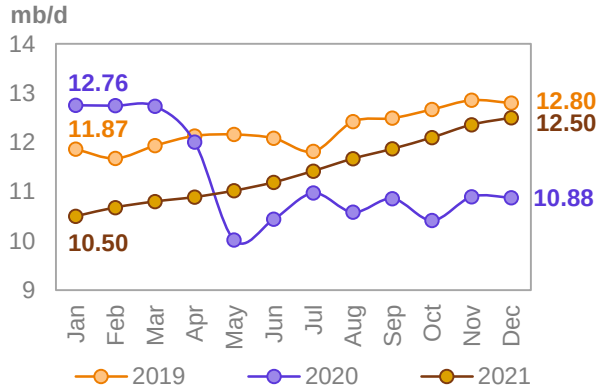
Onshore conventional crude is forecast to continue to decline, dropping by 0.07 mb/d to average 2.27 mb/d, largely due to the continued shut in of stripper wells.

Graph 5 - 7: US liquids supply developments by component and forecast of 2020 and 2021



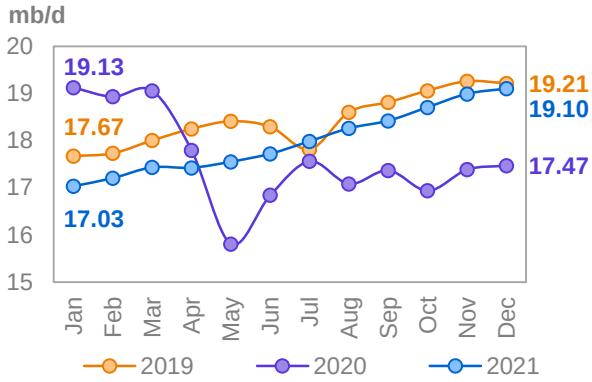
*Note: * 2020 = Estimate and 2021 = Forecast.*
Source: OPEC.

Graph 5 - 8: US monthly crude oil production



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

Graph 5 - 9: US monthly liquids supply



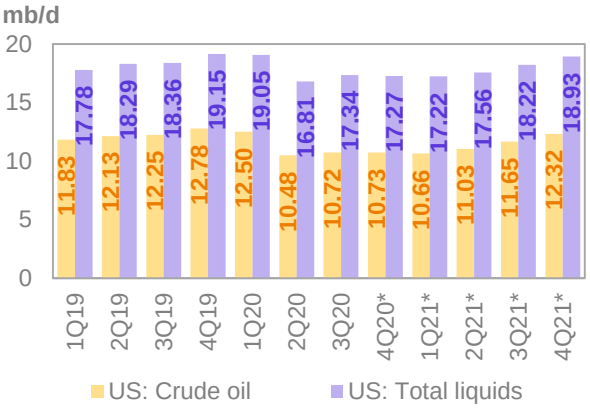
*Note: * 2020 = Estimate and 2021 = Forecast.*
Source: OPEC.

US NGLs production in 2021 is forecast to grow by 0.11 mb/d to average 5.28 mb/d, while biofuels and other non-conventional liquids are forecast to recover by 0.12 mb/d to average 1.29 mb/d, but still remain lower than the 2019 average of 1.36 mb/d.

US liquids production growth was revised up by 71 tb/d from a month earlier and is now projected to grow by 0.37 mb/d y-o-y in 2021, but in terms of absolute supply levels it still remains 0.44 mb/d below the 2019 level.

Employment in the US oilfield services and equipment sector rose slightly for a third month, adding an estimated 2,665 jobs in November, according to preliminary data from the Bureau of Labor Statistics (BLS). In addition, US fiscal measures are expected to provide some support in the recovery.

Graph 5 - 10: US crude and total liquids quarterly supply

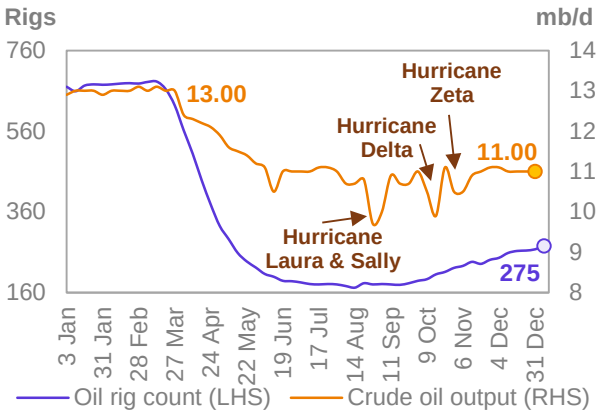


*Note: * 4Q20-4Q21 = Forecast. Sources: EIA and OPEC.*

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

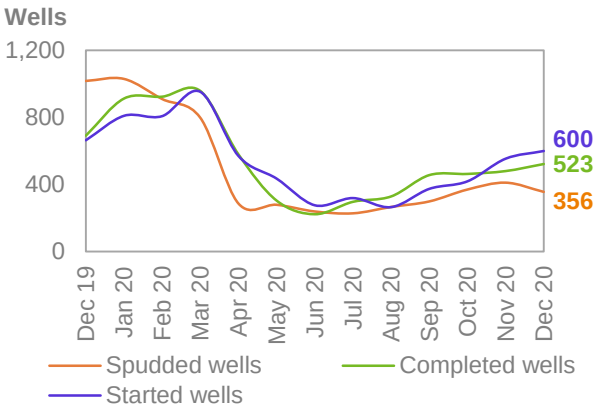
Total **active oil and gas drilling rigs in the US** have risen again, with the most recent Baker Hughes report for the week ending 8 January seeing another nine rigs added to reach a level of 360. Since 13 March 2020 when oil prices plummeted, the cumulative US rig count has declined by 432 oil and gas rigs, or 55%, y-o-y. The oil rig count has increased by 103 rigs to 275 rigs since in bottomed out at 172 on 14 August (or an average addition of 22 oil rigs per month). US gas rigs are down by 35 y-o-y at 84.

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



Sources: Baker Hughes, EIA and OPEC.

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



Sources: Rystad Energy and OPEC.

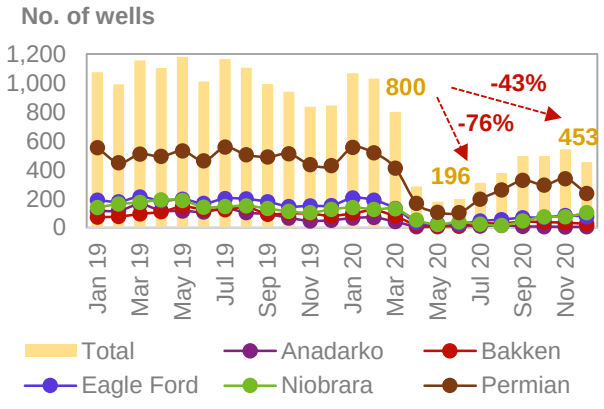
In terms of the major basins, 179 oil rigs were active in the Permian Basin, with four rigs added w-o-w as of 8 January, albeit still lower by 218 rigs, or 55%, y-o-y. At the same time, the number of active rigs in the Eagle Ford Basin was 26, down by 61% y-o-y. The Williston Basin reported 11 active rigs, down by 79% y-o-y, and finally 5 units were reported in the DJ-Niobrara Basin, down by 74% y-o-y.

With regard to spudding, completion and started wells in all US shale plays, as reported by Rystad Energy, 356 horizontal wells were spudded in December (as per preliminary information), a drop of 663 wells in comparison with a year earlier. The preliminary number of completed wells is estimated at 523 in December, higher by 42 m-o-m, but lower by 24%, or 169 completed wells, from a year ago. At the same time, the number of started wells was up by 46 units to 600 wells due to the DUC inventories, albeit lower by around 10% or 64 wells, y-o-y.

A drop of five fracked wells m-o-m in October was followed by an increase of 51 in November m-o-m, but December has seen a significant decline of 89 in the fracked wells count to 453 wells (preliminary). According to preliminary data, the number of fracked wells in December in the DJ Niobrara Basin rose m-o-m by 28 to average 105 wells. In other regions, fracking decreased m-o-m in the Permian by 102 to 237 wells, in the Eagle Ford, it was down by eight to 77 wells and it also dropped in the Bakken shale by eight to 27 wells. It is worth noting that comparing the number of fracked wells in June and November with the March 2020 level of 805 wells, sees an improvement from a 75% decline in June to a 43% decline in December. Increased fracking would likely help sustain US onshore production, as operators bring online their drilled, but uncompleted, (DUC) wells.

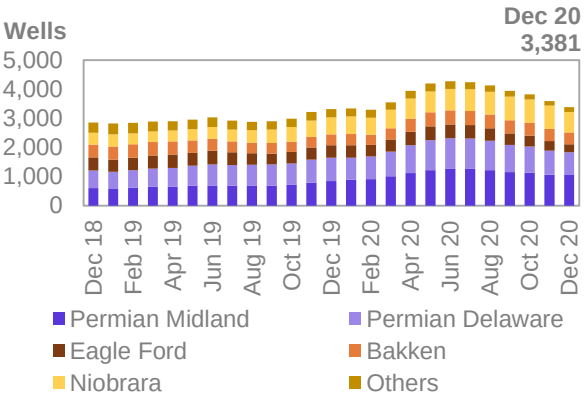
There has been a m-o-m drop in the number of uncompleted (DUC) wells in the US shale plays since July 2020. This continued in November with a drop of a further 236 wells m-o-m to 3,591 wells. As per preliminary data, the DUC count is anticipated to have dropped by another 210 m-o-m in December to stand at 3,381 uncompleted wells.

Graph 5 - 13: Number of fracked wells per month



Sources: Rystad Energy and OPEC.

Graph 5 - 14: US horizontal DUC count by shale play

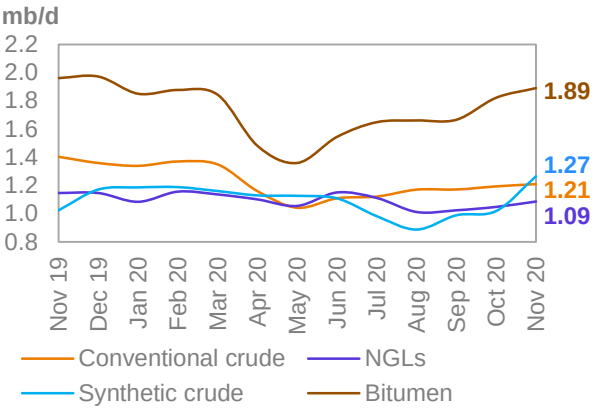


Sources: Rystad Energy and OPEC.

Canada

Canada's liquids production in November was up by 0.36 mb/d m-o-m, to average 5.49 mb/d, albeit down by 0.09 mb/d, y-o-y. The increase in Canadian oil output that began in September is mainly due to maintenance ending. Synthetic crude oil production has in fact hit an all-time high, as oil output returns to pre-COVID levels.

Graph 5 - 15: Canada monthly liquids production development by component



Sources: National Energy Board and OPEC.

The Alberta government announced on 23 October, that it would lift production curtailments, ratified in 2018, starting from January 2021. Moreover, despite the ongoing COVID-19 pandemic, Canada is preparing to expand its pipeline capacity. In November, oil producers in Alberta produced 3.66 mb/d, including conventional crude, and much of the increase came in the form of upgraded bitumen from oil sands, according to the Alberta Energy Regulator (AER). Synthetic crude production rose to a record high of 1.27 mb/d. Bitumen output also rose to 1.89 mb/d, of which 1.73 mb/d comes from mining operations. In total, output from oil sands hit a record 3.16 mb/d in November, 12 tb/d higher than the previous record high of December 2019. Preliminary conventional crude data for November indicates higher output by 16 tb/d to average 1.21 mb/d. The data indicates an increase of 38 tb/d m-o-m in NGLs production to average 1.09 mb/d. Canada also produces 0.04 mb/d of biofuels every month. December oil production is expected to continue increasing.

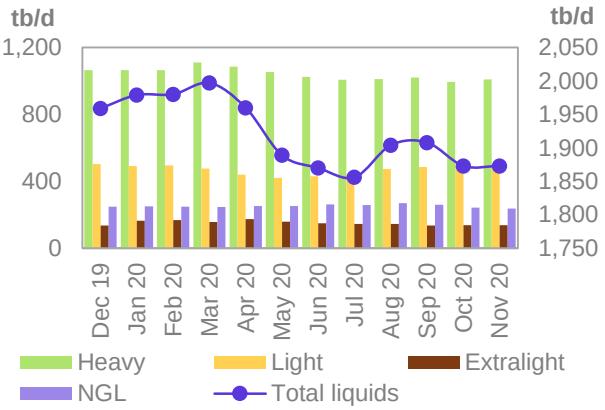
Canada's oil supply in **2020** has been revised up by 41 tb/d, following upward adjustments to 3Q20 and 4Q20 of 14 tb/d and 168 tb/d, respectively. It is now estimated to contract by 0.26 mb/d, y-o-y, for an average of 5.15 mb/d.

For **2021**, the supply forecast was also revised up by 18 tb/d. It is now expected to see growth of 0.25 mb/d y-o-y, to average 5.40 mb/d.

Mexico

Mexico's liquids output in November was flat m-o-m, averaging 1.87 mb/d. Crude oil output was up by 6 tb/d, m-o-m, to average 1.63 mb/d, while NGLs production was down by 6 tb/d, m-o-m, to average 237 tb/d. Oil production in December is expected to rise, to average 1.92 mb/d. As such, oil output in 4Q20 would be higher by 0.01 mb/, to average 1.93 mb/d, q-o-q. Mexico's liquids production forecast in 2020 remains unchanged m-o-m at 1.92 mb/d.

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



Sources: PEMEX and OPEC.

For **2021**, oil production in 1Q21 is expected to be higher q-o-q, due to the start-up of the first phase of the Pokoch-Ichalkil fields with peak capacity of 0.10 mb/d. However, oil production in Mexico is forecast to see a minor decline of 0.01 mb/d, y-o-y, to average 1.91 mb/d as declines in mature fields are anticipated to slightly outpace production from new projects.

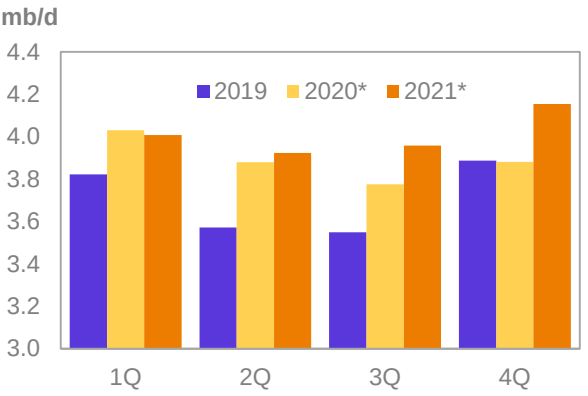
OECD Europe

OECD Europe's liquids production in 2020 is unchanged m-o-m with expected growth of 0.18 mb/d to average 3.89 mb/d. Nevertheless, in November, OECD Europe's liquids supply was up by 0.13 mb/d m-o-m, to average 3.89 mb/d.

The 2021 supply forecast was revised down by 14 tb/d due to expected lower UK production, although higher output is now expected to come from other OECD Europe, mainly in biofuels.

In terms of project deferrals, COVID-19 has impacted the construction schedule for the Tyra Redevelopment project, for example, in the Danish North Sea, with the installation of the four new topsides rescheduled from 2021 to 2022, with first production from the redeveloped field expected in 2Q23, according to the *Offshore* magazine.

Graph 5 - 17: OECD Europe quarterly liquids supply



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

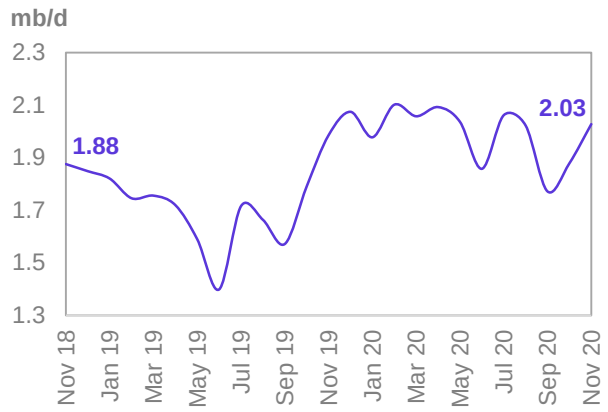
Offshore also reported that "investment in the UK and Norwegian offshore sectors should rise in 2021, according to Westwood Global Energy Group, with exploration potentially recovering to 2019 levels."

OECD Europe oil production in **2021** is forecast to increase by 0.12 mb/d to 4.01 mb/d,

Norway

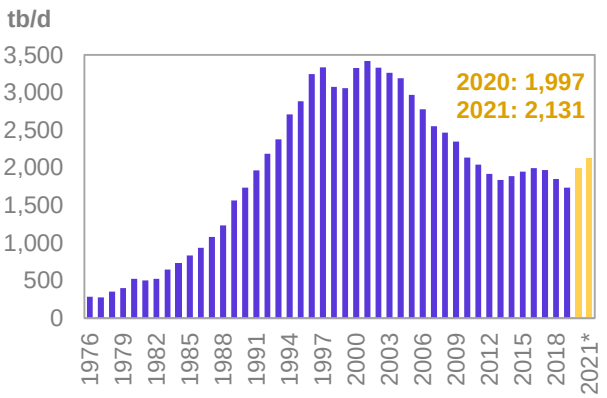
Norwegian liquids production in November increased by 0.15 mb/d m-o-m to 2.03 mb/d. This was mainly due to an increase of 110 tb/d in crude oil production to average 1.73 mb/d, which is higher by 0.04 mb/d y-o-y, according to the Norwegian Petroleum Directorate (NPD). The NPD said that the production figure for crude oil in November was in line with the government's announced curtailment for 2H20 at 134 tb/d.

Graph 5 - 18: Norway's monthly liquids production



Sources: NPD and OPEC.

Graph 5 - 19: Norway's annual liquids production



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

On 14 December, Equinor produced its first oil ahead of schedule from the Snorre Expansion project (improved oil recovery (IOR) project) in the Norwegian North Sea. This is designed to increase the recovery factor from the original 46% to 51%, to extend the life of the field through 2040 and to access close to 200 million barrels (mb) of recoverable oil.

Norway has reportedly discovered resources in the amount of nearly 600 million barrels of oil equivalent (boe) in 2020. This volume assessment, which is based on the mid-point estimate provided by the NPD, makes 2020 the country's most productive exploration year since before oil prices crashed in 2014, according to Rystad Energy. For 2021, Rystad Energy anticipates an uptick in exploration activity in Norway. Operators are again likely to concentrate exploration efforts on mature areas, making the most of available infrastructure wherever possible.

Norway's oil supply in **2020** is now expected to expand by 0.26 mb/d to average 2.00 mb/d, while in **2021** growth is forecast to slow slightly to 0.13 mb/d, y-o-y, for an average of 2.13 mb/d. This forecast also has some

upside, with new projects having incremental potential, particularly if global oil demand rises more than currently anticipated.

Due to the impact of COVID-19 and a slower pace of development, Equinor has delayed the Njord field redevelopment in the Norwegian Sea, with first production now expected in 2H21.

The Neptune-operated Fenja project, under development as a subsea tieback to Njord, now appears likely to come onstream during 1Q22. Fenja's main subsea and development drilling campaigns have also been deferred to 2022

The schedule for the Gjøa P1 tie-in project in the North Sea remains largely unaffected by current market conditions, but first oil from Wintershall Dea's Duva tieback to the Neptune-operated Gjøa platform is expected to be delayed by up to six months to 3Q21, according to *Offshore* magazine.

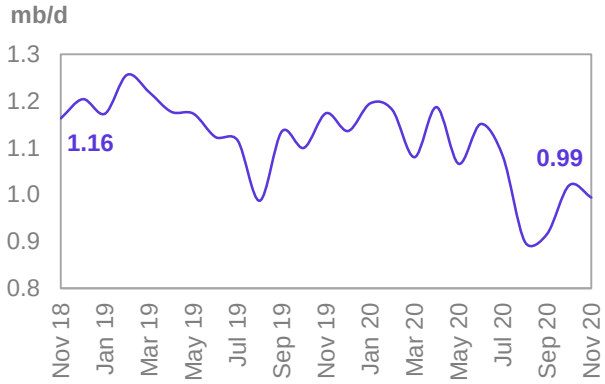
Further topsides work for the Duva project, which had been scheduled for the second half of 2020, will now take place in 2021 due to COVID-19 related restrictions.

Elsewhere in the Norwegian North Sea, the Gudrun A-15 and Brage A12C wells should both come onstream in 1Q21, while start-up of the Gudrun A-8 well has been delayed.

UK

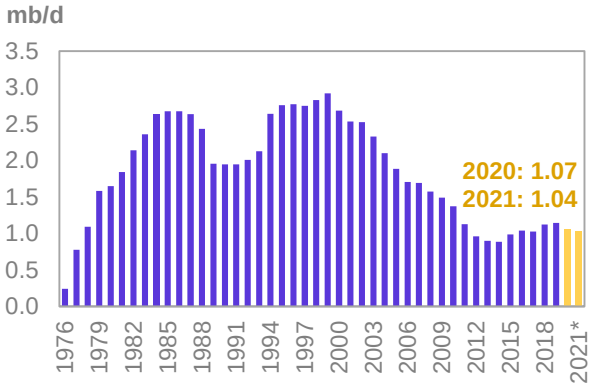
UK liquids production in November fell by 0.03 mb/d, m-o-m, returning to a level of 1.02 mb/d, owing to a minor drop of 5 tb/d in crude oil output to average 855 tb/d and a decline of 21 tb/d in NGLs production to average 96 tb/d.

Graph 5 - 20: UK's monthly liquids production



Sources: Department of Energy & Climate Change and OPEC.

Graph 5 - 21: UK's annual liquids production



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

UK oil supply in **2020** has been revised down by 6 tb/d m-o-m, due to lower-than-expected output in 4Q20 by 34 tb/d. It is now expected to decline by 0.08 mb/d, to average 1.07 mb/d.

In **2021**, first oil from the Seagull project will likely be deferred by up to 15 months to late 2022, due to the impact of COVID-19 on the supply chain and logistics. Nevertheless, BP is due to start its ETAP topsides strengthening and installation programme in the same sector in early 2021. As a result, a contraction of 0.02 mb/d is anticipated for UK supply for 2021 to average 1.04 mb/d.

Non-OECD

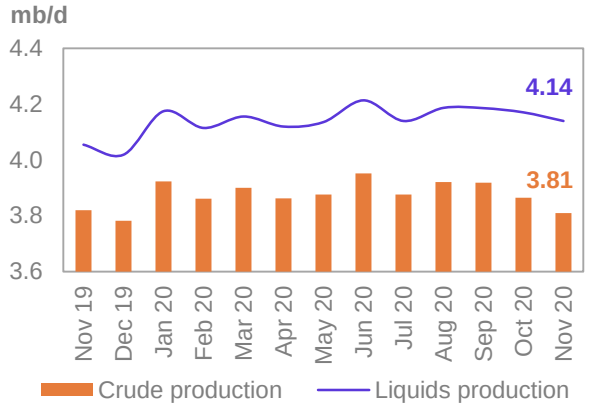
Non-OECD liquids production for 2020 was revised down by 8 tb/d, m-o-m, to show a decline of 1.43 mb/d y-o-y and average 31.49 mb/d, mainly due to downward revisions in Latin America. China's liquids supply is expected to grow by 0.09 mb/d, y-o-y, to average 4.15 mb/d. The impact of COVID-19 lockdowns and the consequent lower demand continued to dampen India's crude oil production in 2020, with output shrinking sharply by 0.05 mb/d, y-o-y, to average 0.78 mb/d. Oil production in Other Asia is projected to decline by 0.17 mb/d to average 2.54 mb/d. Meanwhile, Latin America is expected to grow by only 0.1 mb/d y-o-y, with growth in Brazil and Guyana offset by heavy declines in Colombia by 0.10 mb/d and in Ecuador by 0.05 mb/d, mainly due to the shutting of wells in costly oil fields, to average 6.07 mb/d. Oil production in the Middle East is projected to decline by 0.04 mb/d, y-o-y, to average 3.17 mb/d and Africa is also expected to decline by 0.07 mb/d, y-o-y, to average 1.46 mb/d. Oil production in Eurasia is expected to decline by 1.19 mb/d, y-o-y, to average 13.33 mb/d. Meanwhile, production in Russia was adjusted upwards, following an upward revision in 4Q20 of 131 tb/d.

For **2021**, liquids production in non-OECD countries was revised down by 101 tb/d and is now forecast to decline by 0.01 mb/d, y-o-y, to average 31.48 mb/d. China is forecast to remain broadly unchanged to average 4.16 mb/d and at the same time India is projected to decline by 0.02 mb/d next year, to average 0.75 mb/d. Oil supply is projected to decline in Other Asia by a minor 0.03 mb/d, y-o-y, to average 2.50 mb/d. The first well in the Apsara offshore oil field in Cambodia is expected to come on stream with output expected to ramp up to 7,500 b/d as remaining development wells are completed. Latin America remains the key driver in the non-OECD with a y-o-y growth forecast of 0.29 mb/d, to average 6.36 mb/d. Production in Africa is forecast to decline by 0.08 mb/d y-o-y, to average 1.38 mb/d, while oil production in the Middle East is forecast to grow by 0.06 mb/d y-o-y, due to anticipated higher NGLs production in Oman and Qatar, to average 3.23 mb/d. Oil production in Eurasia is projected to show a decline of 0.23 mb/d, y-o-y, to average 13.10 mb/d.

China

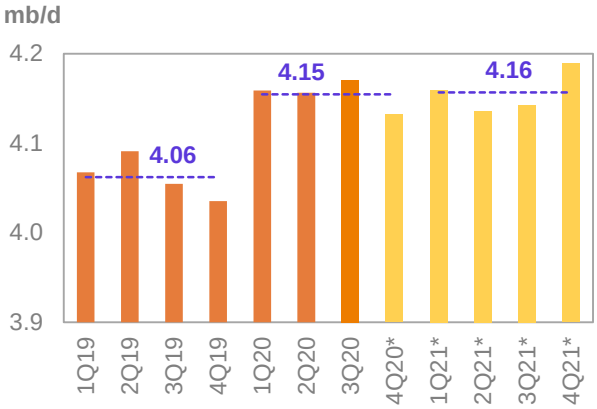
China's liquids production in November was -lower by 0.03 mb/d m-o-m to average 4.14mb/d, which was up by 0.08mb/d y-o-y, according to official data. November's crude oil output decreased by 0.02 mb/d m-o-m to average 3.81 mb/d, down by 0.01 mb/d y-o-y. Despite the start-up of the Liuhua offshore field in September, oil production is likely to decline in 4Q20 by 0.04 mb/d q-o-q, to average 4.13 mb/d, due to lower onshore drilling activities.

Graph 5 - 22: China's monthly liquids output



Sources: CNPC and OPEC.

Graph 5 - 23: China's monthly liquids output



*Note: * 4Q20-4Q21 = Forecast. Sources: CNPC and OPEC.*

Additionally, unlike the strong capex increases seen in the past two years, lower spending on oil sector E&P compared with higher capex allocated to boosting natural gas production, is expected to lead to oil production remaining broadly flat next year to average 4.16 mb/d, compared to the remarkable growth of 0.09 mb/d y-o-y in 2020, to average 4.15 mb/d.

Latin America

Latin America's total liquids supply in November fell by 0.07 mb/d m-o-m, to average 5.90 mb/d, down by 0.51 mb/d y-o-y.

Liquids production in **2020** is estimated to expand in Brazil by 0.15 mb/d, to average 3.69 mb/d, and in Guyana by 0.07 mb/d, to average 0.07 mb/d. Meanwhile, oil production in other countries in the region is estimated to decline. Latin America's oil supply in 4Q20 fell by 0.20 mb/d q-o-q to average 5.94 mb/d. Latin America's oil supply for 2020 is now estimated to inch up by only 0.01 mb/d y-o-y, to average 6.07 mb/d. This is mainly due to lower-than-expected oil output in all countries of the region following the shut in of wells on the back of COVID-19 and a slowdown in drilling and operations, as well as the prolonged maintenance in Brazil.

For **2021**, oil production is projected to grow by 0.29 mb/d y-o-y, to average 6.36 mb/d. Oil production in Brazil, Guyana and Peru is forecast to increase, owing to production ramp-ups in fields that started in 2019 and 2020. Production in Ecuador is projected to recover by 0.06 mb/d from outages seen in 2020, to average 0.55 mb/d. Oil production is likely to remain flat in other countries of the region.

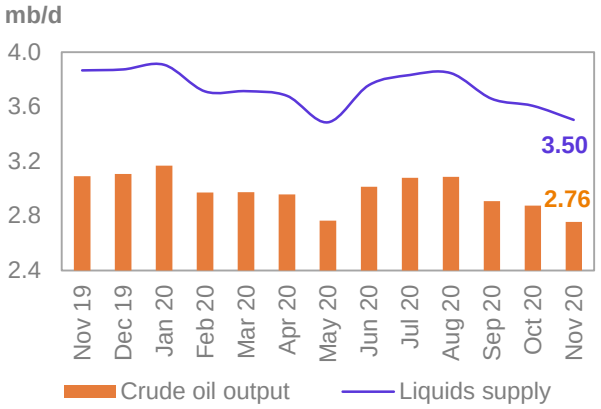
Brazil

Brazil's crude oil production in November was down by 119 tb/d m-o-m to average 2.76 mb/d, a drop of 335 tb/d y-o-y, mainly due to planned field maintenance in the Tupi and Buzios oil fields. Crude output hit 3.09 mb/d in August 2020, but began to decline in September and subsequent months and probably continued into December. This was not only because of maintenance, but also due to COVID-19-related safety measures

leading to the postponement of scheduled work from 4Q20 to the beginning of 2021, according to Petrobras. NGLs production increased m-o-m in November by 18 tb/d and returned to the August level of 104 tb/d. According to national data, biofuels production was pegged at 645 tb/d in October and preliminary data shows that it remained flat in November and December.

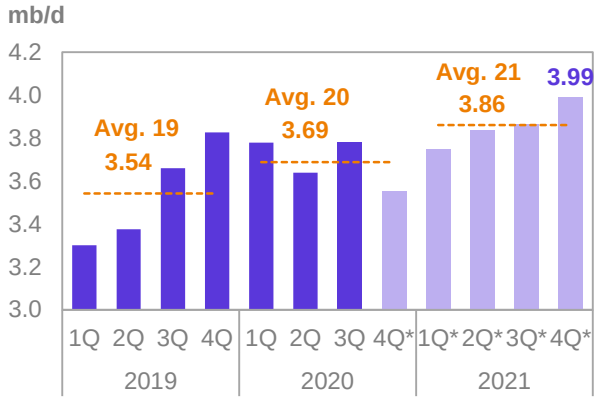
In November, Brazil liquids production, including biofuels, declined by 0.11 mb/d, m-o-m, to average 3.50 mb/d.

Graph 5 - 24: Brazil's crude oil and liquids output



Sources: ANP, Petrobras and OPEC.

Graph 5 - 25: Brazil's quarterly and annual liquids output



*Note: * 4Q20-4Q21 = Forecast. Sources: ANP and OPEC.*

In **2020**, liquids supply is estimated to expand by 0.15 mb/d y-o-y, to average 3.69 mb/d.

For **2021**, incremental production is anticipated to come from several project ramp ups such as the Berbigao/Sururu and Atapu fields, each having a peak capacity of 150 tb/d, which started up in 4Q19 and 2Q20, respectively. On top of that, Petrobras will start to produce oil from two large projects – Sepia and Mero I – each having 180 tb/d peak capacity, and both scheduled to start in 2H21. The Mero offshore field is said to be Brazil's third largest pre-salt discovery and has been undergoing test production since 2017. According to Total, one of the partners of Petrobras in the project, the Mero 1 FPSO is due to start operating in 2021 and Mero 2 in 2023. Liquids supply in 2021 is forecast to grow by 0.17 mb/d to average 3.86 mb/d, mainly due to crude oil from pre-salt areas.

Eurasia

The **oil supply forecast for Eurasia (formerly FSU + other Europe)** for **2020** was revised up by 35 tb/d from last month's assessment to show a lesser contraction of 1.19 mb/d and an average of 13.33 mb/d. Production in the three countries participating in the DoC – Russia, Kazakhstan and Azerbaijan– is forecast to drop by 1.02 mb/d, 0.11 mb/d and 0.06 mb/d, respectively in 2020.

For **2021**, oil production in the region is forecast to decline by 0.23 mb/d, y-o-y, to average 13.10 mb/d, of which Russia is forecast to drop by 0.21 mb/d, while production in both Kazakhstan and Azerbaijan is projected to be flat. Other Eurasia is projected to decline by 0.02 mb/d.

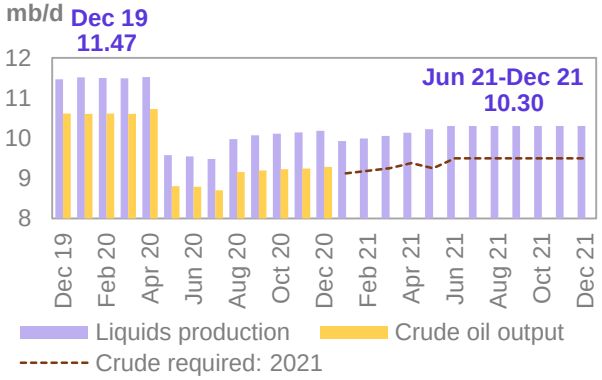
Russia

Preliminary data for **Russia's liquids production** in **December** shows an increase of 0.04 mb/d m-o-m for an average of 10.18 mb/d. This is lower by 1.29 mb/d y-o-y. Crude oil production in December averaged 9.28 mb/d, an increase of 0.04 mb/d m-o-m. Russia's condensate output was pegged at 898 tb/d in November (y-t-d average of 838 tb/d). Gazprom has been the big condensate producer in Russia, producing 373 tb/d, y-t-d. It is estimated that NGLs output in December will be at the same level as November.

Annual liquids production in **2020** was revised up by 0.03 mb/d and is now forecast to decrease by 1.02 mb/d y-o-y, to average 10.42 mb/d.

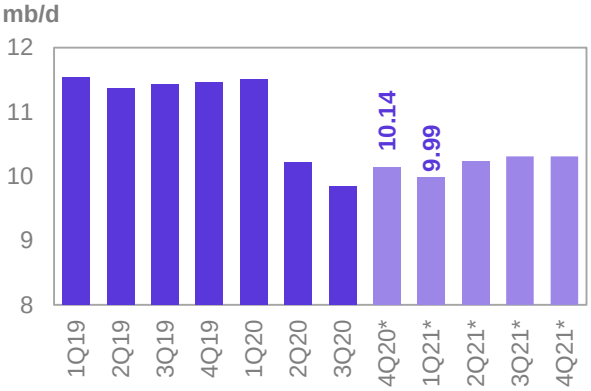
For **2021**, Russian producers will face the challenge of higher taxes following reforms approved this year, labelled as the biggest in the country since 2002. Hence, Russian liquids supply, mainly due to the crude oil production adjustments for 2021, was revised down by 67 tb/d and is forecast to drop by 0.21 mb/d, y-o-y, to average 10.21 mb/d.

Graph 5 - 26: Russia's monthly liquids production and forecast



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

Graph 5 - 27: Russia's quarterly liquids output



*Note: * 4Q20-4Q21 = Forecast.*
Sources: Nefte Compass and OPEC.

Caspian

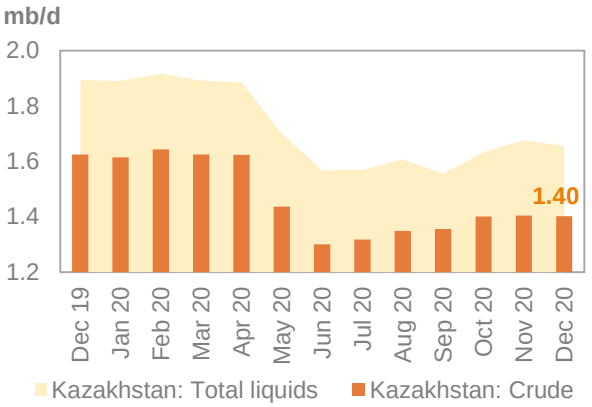
Kazakhstan

Kazakhstan's preliminary liquids production in December shows a drop of 0.03 mb/d, m-o-m, to average 1.65 mb/d, which is down by 0.24 mb/d y-o-y. Following an increase of 0.05 mb/d m-o-m in November, liquids output in December was affected due to a decline in NGLs output to an average of 0.25 mb/d, while crude oil production remained flat at 1.4 mb/d.

Kazakhstan's liquids production in **2020** is estimated to decline by 0.11 mb/d, to average 1.71 mb/d, mainly due to the voluntary production adjustments in the DoC.

For **2021**, production is forecast to be flat y-o-y at 1.71 mb/d. This supply forecast is based on the new voluntary production adjustments from the January Ministerial Meeting of the DoC. In the previous month MOMR, Azerbaijan and Kazakhstan were expected to grow by 0.01 mb/d, each in 2021.

Graph 5 - 28: Kazakhstan monthly crude and total liquids output



Sources: Nefte Compass and OPEC.

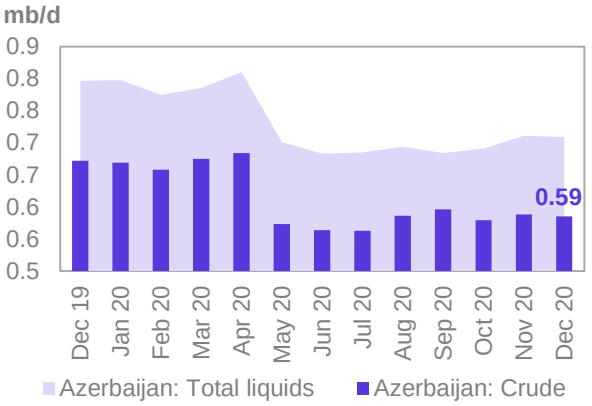
Azerbaijan

Azerbaijan's liquids output in November was up by 0.02 mb/d m-o-m to average 0.71 mb/d, which includes 0.59 mb/d of crude oil and 0.12 mb/d of NGLs. Condensate output from the Shah Deniz offshore field development saw a record high of 123 tb/d and is expected to rise further as the Shah-Deniz partners plan to commission the field's deepwater East South flank in the 1H21, according to Argus.

For **2020**, liquids production is estimated to decline by 0.06 mb/d, y-o-y, to average 0.73 mb/d.

For **2021**, in line with crude oil voluntary production adjustments through the DoC, Azerbaijan's liquids supply is forecast to remain flat at 0.73 mb/d.

Graph 5 - 29: Azerbaijan monthly crude and total liquids output



Sources: Nefte Compass and OPEC.

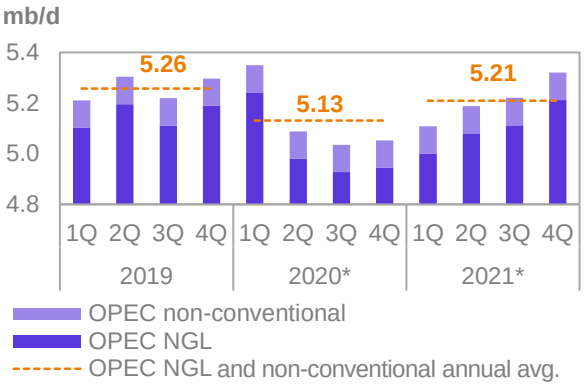
OPEC NGL and non-conventional oils

OPEC NGLs and non-conventional liquids were up m-o-m by 0.02 mb/d in November, to average 5.06 mb/d, down by 0.24 mb/d y-o-y. Production of OPEC NGLs and non-conventional oils has been in decline since the beginning of the year, from 5.35 mb/d in January to 5.06 mb/d in November. Preliminary output in December is estimated to be flat at 5.06 mb/d. Production of non-conventional liquids was steady at 0.11 mb/d.

For **2020**, the y-o-y contraction has been revised down by 0.02 mb/d m-o-m to a drop of 0.13 mb/d and average 5.13 mb/d.

For **2021**, y-o-y growth of 0.08 mb/d was revised up by 0.01 mb/d m-o-m to now average 5.21 mb/d.

Graph 5 - 30: OPEC NGLs and non-conventional liquids output



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

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

OPEC NGL and non-coventional oils	2019	Change 19/18	2020	Change 20/19	1Q21	2Q21	3Q21	4Q21	2021	Change 21/20
OPEC NGL	**5.15**	*-0.08*	**5.02**	*-0.13*	5.00	5.08	5.11	5.21	**5.10**	*0.08*
OPEC non-conventional	**0.11**	*0.00*	**0.11**	*0.00*	0.11	0.11	0.11	0.11	**0.11**	*0.00*
Total	**5.26**	***-0.08***	**5.13**	***-0.13***	**5.11**	**5.19**	**5.22**	**5.32**	**5.21**	***0.08***

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

OPEC crude oil production

According to secondary sources, total **OPEC-13 crude oil production** averaged 25.36 mb/d in December 2020, up by 0.28 mb/d m-o-m. Crude oil output increased mainly in Libya, Iraq and the UAE, while production decreased primarily in Nigeria, Congo and Angola. Libya's crude oil output in December rose to 1.22 mb/d, according to secondary sources.

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

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

Secondary sources	2019	2020	2Q20	3Q20	4Q20	Oct 20	Nov 20	Dec 20	Change Dec/Nov
Algeria	1,022	897	878	840	856	857	857	855	-2
Angola	1,401	1,261	1,267	1,215	1,176	1,180	1,181	1,167	-14
Congo	324	288	296	286	274	271	283	269	-14
Equatorial Guinea	117	114	110	112	111	103	103	127	24
Gabon	208	191	201	186	183	186	183	180	-3
Iran, I.R.	2,356	1,981	1,949	1,945	1,979	1,953	1,982	2,002	20
Iraq	4,678	4,049	4,127	3,697	3,821	3,841	3,772	3,848	76
Kuwait	2,687	2,434	2,460	2,245	2,293	2,288	2,293	2,297	5
Libya	1,097	369	84	121	920	453	1,088	1,224	136
Nigeria	1,786	1,586	1,620	1,478	1,450	1,482	1,448	1,420	-28
Saudi Arabia	9,771	9,182	9,212	8,766	8,962	8,956	8,966	8,964	-2
UAE	3,094	2,794	2,871	2,595	2,512	2,443	2,515	2,578	63
Venezuela	796	500	501	362	409	382	414	431	17
Total OPEC	**29,337**	**25,647**	**25,576**	**23,848**	**24,945**	**24,394**	**25,083**	**25,362**	**278**

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

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

Direct communication	2019	2020	2Q20	3Q20	4Q20	Oct 20	Nov 20	Dec 20	Change Dec/Nov
Algeria	1,023	899	874	843	862	860	862	863	1
Angola	1,373	1,277	1,267	1,253	1,186	1,194	1,219	1,145	-74
Congo	329	302	311	296	293	293	290	296	6
Equatorial Guinea	110	114	107	115	107	107	103	111	7
Gabon	218	207	227	201	178	175	179	179	0
Iran, I.R.	..	..	..	..	..	..	..	..	..
Iraq	4,576	3,998	4,088	3,625	3,796	3,842	3,685	3,857	172
Kuwait	2,678	2,438	2,474	2,245	2,293	2,290	2,295	2,295	0
Libya	..	..	..	..	..	..	..	..	..
Nigeria	1,737	1,477	1,515	1,351	1,283	1,347	1,329	1,174	-155
Saudi Arabia	9,808	9,213	9,317	8,813	8,975	8,974	8,972	8,980	8
UAE	3,058	2,779	2,921	2,525	2,501	2,414	2,511	2,578	67
Venezuela	1,013	557	568	395	450	473	434	441	7
Total OPEC	..	..	..	..	..	..	..	..	..

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

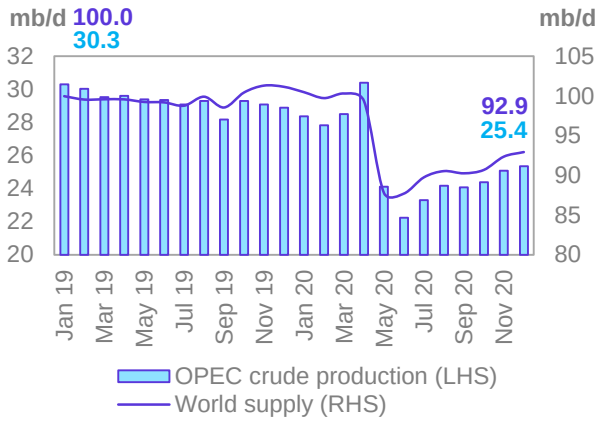
World oil supply

Preliminary data indicates that **global liquids production in December** increased by 0.58 mb/d to average 92.93 mb/d, compared with the previous month, but was lower by 8.23 mb/d, y-o-y.

Non-OPEC liquids production (including OPEC NGLs) increased in December by 0.30 mb/d compared with the previous month to average 67.57 mb/d, lower by 4.69 mb/d y-o-y. The preliminary increases in production during December 2020, were mainly supported by 0.29 mb/d from OECD countries.

The **share of OPEC crude oil in total global production** was up by 0.1% in December to 27.3% compared with the previous month. Estimates are based on preliminary data from direct communication for non-OPEC supply, OPEC NGLs and non-conventional oil, while estimates for OPEC crude production are based on secondary sources.

Graph 5 - 31: OPEC and world oil supply



Source: OPEC.

Product Markets and Refinery Operations

Global refining margins showed mixed results in December. In the US, the sole positive performing region, margins were supported by strength from all but the bottom section of the barrel. Improvement in transport activity during year-end holidays, amid supressed refinery intakes that remain around 2 mb/d below y-o-y levels, backed the product markets.

In Europe, margins weakened – affected by stronger crude prices amid the seasonal weakness – with solid losses at the top and bottom sections of the barrel.

In Asia, refining margins suffered mostly in the bottom section of the barrel due to a decline in fuel oil requirements from the utilities sector. The surge in crude prices weighed further on Asian refining economics.

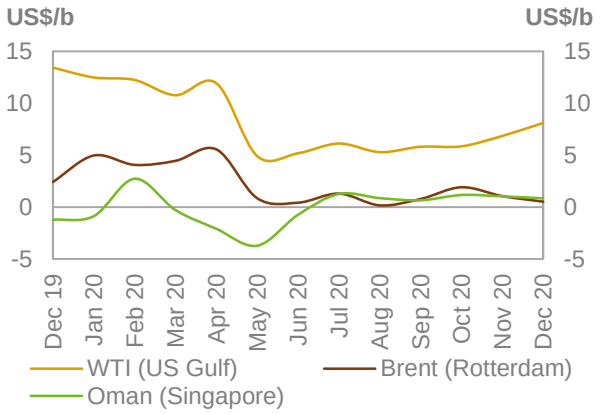
Refineries have returned from the autumn peak maintenance season, which contributed to a slight rise in available spare capacity globally, and await the right incentives to be utilized.

Refinery margins

US refinery margins rose for the fourth consecutive month, with solid gains backed by moderate improvement in personal transportation fuel consumption. This led to lower inventory levels, which in turn helped support fuel prices and crack spreads with the exception of fuel oil.

The end of peak refinery maintenance season in December and the subsequent drop in offline capacity, led to stronger refinery intakes during the month. This most likely placed a cap on the refining economics upside, although they remained considerably lower, by around 2 mb/d compared to the levels of a year earlier. US refinery margins for WTI averaged $8.10/b in December, up by $1.25/b m-o-m but down by $5.31 y-o-y.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

Refinery margins in **Europe** continued to suffer compared to the other main regions, and came under pressure as weakness in the gasoline segment offset the strength that came from the middle and bottom sections of the barrel. The already slow demand recovery from the pandemic-induced slump in European fuel markets was exacerbated by the third round of hard lockdowns implemented in mid-December in some European countries due to rising COVID-19 infections. Moreover, the return of refineries from the maintenance season resulted in a rise in product output and a more pronounced product surplus in the region. Refinery margins for Brent in Europe averaged 52¢/b in December, down by 54¢ compared to a month earlier and down by $1.90 y-o-y.

Asian product markets weakened, pressured by stronger crude prices that rose significantly in December. A downturn in fuel oil markets as high sulphur fuel oil consumers for the utilities sector resorted to LNG as an alternative feedstock. Despite the positive performance in all other key products, supported from stronger domestic gasoil consumption and an improvement in air transportation, it was insufficient to lift regional refining margins. In December, the Chinese government issued the first batch of refined fuel export quotas for 2021 to six state-controlled entities and to private refiner Rongsheng. Overall volume rose to 29.5 million tonnes, an increase of 5.4% from the first batch in 2020. Given the pandemic-induced contraction in product markets, China's growing refining sector may exert even more pressure on its competitors in Asia and the Middle East, leaving little upside potential for margins until further consolidation occurs. Strong refinery runs in China, rapidly rising product inventory levels and renewed COVID-19-related lockdowns point to further pressure on Asian product markets going forward. Refinery margins for Oman in Asia lost 19¢ m-o-m to average 84¢/b in December, which was higher by $2.06 y-o-y.

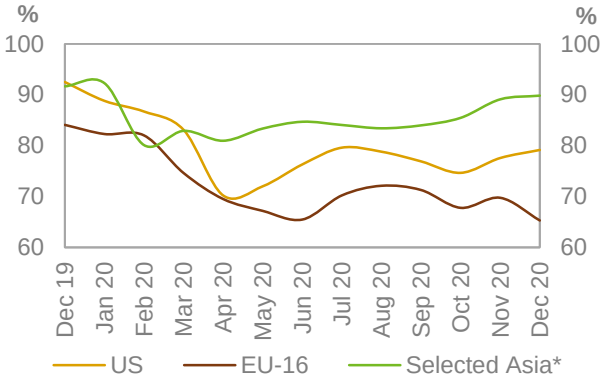
Refinery operations

US refinery utilization rates increased in December to average 79.14%, which corresponds to a throughput of 14.55 mb/d. This represented a rise of 1.6 pp and 130 tb/d compared to the previous month. Y-o-y, the December refinery utilization rate was down by 13.4 pp, with throughputs showing a drop of 2.8 mb/d.

European refinery utilization averaged 65.32%, corresponding to a throughput of 8.1 mb/d. This is a m-o-m drop of 4.5 pp or 550 tb/d. On a y-o-y basis, utilization rates fell by 18.8 pp while throughput was down by 2.3 mb/d.

In **selected Asia** – comprising China, India, Japan, Singapore and South Korea – refinery utilization rates increased, averaging 89.83% in December, corresponding to a throughput of 25.52 mb/d. Compared to the previous month, throughputs were up by 0.7 pp and by 210 tb/d. Meanwhile, y-o-y they were down by 1.8 pp and by 440 tb/d.

Graph 6 - 2: Refinery utilization rates



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

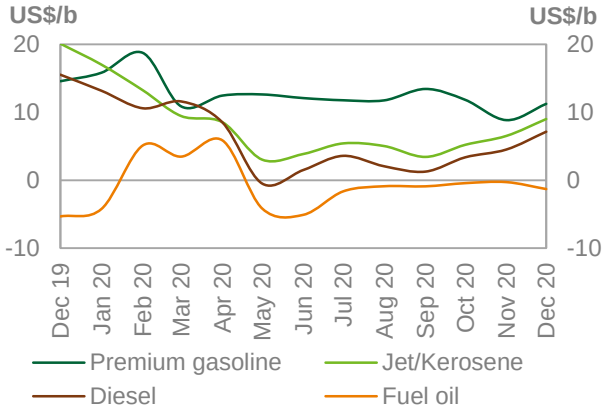
Product markets

US market

US gasoline crack spreads witnessed solid gains as supplies contracted and gasoline prices reached a nine-month high, supported by holiday road travel and stronger crude oil prices. Similarly, US gasoline prices at the pump were reported to have hit the highest since March, when COVID-19 was declared a global pandemic.

US peak traffic hours during the holiday season reached pandemic highs, with the congestion index posting the largest m-o-m rise since July, while still remaining at below 2019 levels in all cities, according to secondary sources.

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



Sources: Argus and OPEC.

However, lockdowns continued to weigh on gasoline consumption in December when compared to levels of a year ago, amid sinking demand with refineries running at average utilization rates below 80% in 2020. The US gasoline crack spreads gained $2.41 m-o-m to average $11.23 in December, down by $3.34/b y-o-y.

The USGC **jet/kerosene** strengthened, exhibiting the strongest positive performance relative to other regions, backed by improvement in consumption from the aviation sector. However, prevailing restrictions in international air travel, strict quarantine regulations in many countries, and changing customer habits towards air travel, such as preference for non-stop flights instead of connecting routes, continue to weigh on jet fuel markets. The US jet/kerosene crack spread against WTI averaged $9.00/b, up by $2.48 m-o-m but down by $11.08 y-o-y.

US **gasoil** crack spreads against WTI gained some solid ground supported by strong inventory drawdowns amid relatively lower refinery outputs. The US gasoil crack spread against WTI averaged $7.14/b, up by $2.63 m-o-m but down by $8.40 y-o-y.

US **fuel oil** crack spreads against WTI showed a trend reversal and weakened, as they reached a five-month low following a two-month upward trend in response to a build in inventory levels. In December, the US fuel oil crack spread against WTI averaged minus $1.29/b, down by $1.02 m-o-m but up by $4.03 y-o-y.

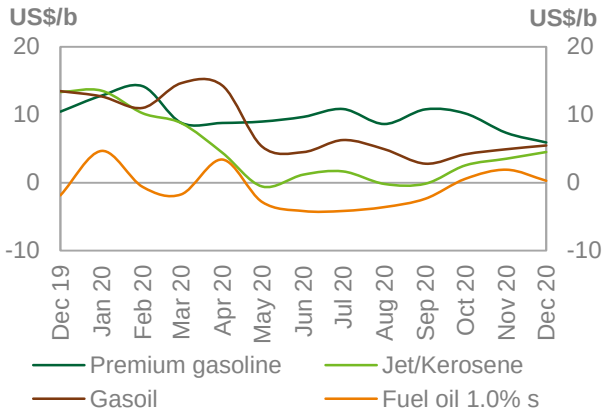
European market

Gasoline crack spreads fell for the fourth consecutive month in response to seasonal weakness. In addition, the poor performance was exacerbated by the implementation of stricter containment measures over the second half of the month in response to a surge of COVID-19 cases amid concerns over rising number of a new variant of the virus. The new restrictions weighed heavily on mobility activities and gasoline consumption.

In December, gasoline exports to Nigeria were healthy and helped provide relief to European gasoline floating storage, although operational on shore stock levels grew.

The gasoline crack spread against Brent averaged $5.90/b in December, down by $1.41 m-o-m and by $4.54 y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Sources: Argus and OPEC.

Jet/kerosene crack spreads against Brent rose over the month, with supplies coming under added pressure as production rates for the product declined further in the region. Positive support came from the aviation sector amid signs of demand recovery as a large number of operators increased their flight capacity during the month. Jet fuel floating storage in Europe accounted for 34% of total offshore inventories in December against 67% in November, according to secondary sources. Although European onshore stocks remain elevated, ARA jet floating storage eased to below 1 mb in early December, triggering signs of increased tightness, which contributed to the positive performance.

The Rotterdam jet/kerosene crack spread against Brent averaged $4.51/b, up by 99¢ m-o-m but down by $8.83 y-o-y.

Gasoil crack spreads moved upwards, supported by slower diesel arrivals from the East, which contributed to downward pressure on diesel floating inventory levels. At the same time, the re-implementation of lockdown measures in light of a surge in COVID-19 infections across Europe led to deeper contango in ICE gasoil time spreads. On one hand the colder weather exacerbated the pressure on personal mobility, while on the other it contributed to a boost in heating demand.

During the first half of the month, mobility indicators showed signs of a fast recovery as most countries eased COVID-19 restrictions for the Christmas holidays. Cracks retained much of their strength, with refiners appearing hesitant to switch yields away from light distillates towards middle distillates. The gasoil crack spread against Brent averaged $5.46/b, which was higher by 56¢ m-o-m but lower by $8.00 y-o-y.

At the bottom of the barrel, **fuel oil 1.0% cracks spreads** suffered considerable loss, affected by weaker demand despite lower production levels for the same product in the region. HSFO demand from South Asia rebounded after LNG prices soared in December, while the HSFO balance in Asia signalled tightness. Meanwhile, the shortage of LNG in Asia unsettled the balance of the product in the region amid strong heating demand, leading to a surge in LNG prices. More importantly, as gas-fired plants in Japan reduced operational rates amid low inventories, fuel oil markets could receive more support, especially as coal-fired plants are reportedly running at high rates as well. Higher Kuwaiti demand for HSFO is also supporting markets in the east of Suez. In Europe, fuel oil cracks averaged minus-$6.09/b in December, having lost $3.44 m-o-m, but gained $28.67 y-o-y.

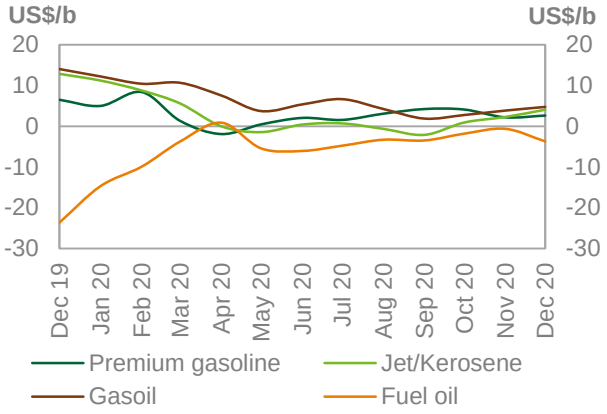
Asian market

The **Asian gasoline 92 crack spread** gained some ground, possibly affected by positive sentiment based on expectations of a pick-up in interregional exports ahead of the holiday season. However, Asian mobility indicators showed significant intraregional discrepancy, according to secondary sources, as OECD Asia gasoline markets came under pressure from a resurgence in COVID-19 cases, with both Japan and South Korea reporting record-high daily infection rates. Indian data reveals November gasoline sales at some 790 tb/d, the highest monthly volumes on record. Gasoline inventories in Japan were reported to have been trending upwards while Singapore stocks grew as well. Simultaneously, Chinese refiners are keeping gasoline export levels high, with all signs pointing to further weakness in the near term. The Singapore gasoline crack spread against Oman in December averaged minus-$2.62/b, up by 44¢ m-o-m but down by $3.86 y-o-y.

Singapore **light distillate naphtha crack spreads** rebounded as a surge in LNG prices in China shifted the petrochemical feedstock choice to naphtha. LNG wholesale prices nearly doubled over three weeks in December as an early cold snap was accompanied by robust post-pandemic manufacturing activity and as some provinces burned more gas as part of a national drive to shift away from coal. On 21 December, LNG wholesale delivered prices reached their highest level in three years, exacerbated by a reduction in import volumes. However, ample potential for downside risk for LNG prices in the near term point to renewed naphtha weakness going forward.

The Singapore naphtha crack spread against Oman averaged minus-$1.98/b, having increased by 64¢ m-o-m, but lower by 74¢ y-o-y.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

In the middle of the barrel, the **jet/kerosene crack spreads** in Asia climbed to their highest level since March 2020, supported by a slight uptick in aviation demand and expectations for firmer winter heating demand for kerosene. The jet fuel cracks have nearly doubled over the last month as demand for kerosene picked up ahead of peak winter in Japan and South Korea. Jet fuel and kerosene belong to the same grade of oil products, with jet margins determining the profitability of both. Scheduled flights operating globally were 46% lower in November y-o-y, but showed moderate y-o-y improvement relative to the previous month, according to external sources. The Asian aviation fuel market also got some support from air cargo demand, which was firm towards the end of the month, driven by a surge in online shopping and package deliveries for the holiday season. The Singapore jet/kerosene crack spread against Oman averaged $4.09/b, up by $1.78 m-o-m but was down by $8.80 y-o-y.

The Singapore **gasoil crack spread** rose for the fourth consecutive month in December, supported by the continuous expansion of manufacturing activities as evidenced by an improvement in China's PMI in the previous month. Strong demand, particularly from China and India, for consumer goods prior to the end-of-the-year holiday season provided further support. The Singapore gasoil crack spread against Oman averaged $4.72/b, up by 90 ¢/b m-o-m but down by $9.30 y-o-y.

The Singapore **fuel oil crack spreads** – the sole negative performer across the barrel – suffered losses, pressured by stronger LNG competition as an alternative feedstock for the utilities sector. In China, LNG imports jumped, supported by delays at the Panama Canal as well as China's ban on Australian coal. This led to lower HSFO consumption and kept prices for the product under pressure, despite healthy requirements from the bunker sector. In addition, a decline in import requirements from Pakistan and Bangladesh in mid-December as crude prices surged, contributed to the negative performance. Fuel oil imports into Asia in mid-December were reported to have dropped by more than 50% over the first half of the month. On the other hand, continued weakness going forward could unlock more fuel oil buying interest and improve HSFO coker margins. Singapore fuel oil cracks against Oman averaged minus-$3.70/b, down by $3.09 m-o-m but up by $19.96 y-o-y.

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

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

Source: OPEC.

Table 6 - 2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				*Refinery utilization, %*			
	Oct 20	Nov 20	Dec 20	*Change* Dec/Nov	Oct 20	Nov 20	Dec 20	*Change* Dec/Nov
US	**13.85**	**14.42**	**14.55**	**0.13**	**74.65**	**77.56**	**79.14**	**1.6 pp**
Euro-16	**8.40**	**8.65**	**8.10**	**-0.55**	**67.79**	**69.77**	**65.32**	**-4.5 pp**
France	0.83	0.84	0.64	-0.20	65.98	67.26	51.28	-16.0 pp
Germany	1.74	1.64	1.50	-0.15	79.62	75.09	68.33	-6.8 pp
Italy	1.07	1.30	1.07	-0.23	52.15	63.64	52.35	-11.3 pp
UK	0.90	0.86	0.88	0.02	68.70	65.80	67.25	1.4 pp
Selected Asia*	**24.29**	**25.32**	**25.52**	**0.21**	**85.48**	**89.10**	**89.83**	**0.7 pp**

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

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

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

	2017	2018	2019	4Q19	1Q20	2Q20	3Q20	4Q20
Refinery crude throughput								
OECD Americas	**19.11**	**19.31**	**18.96**	**18.82**	**18.27**	**15.31**	**16.35**	**16.37**
of which US	*16.90*	*17.31*	*16.99*	*16.85*	*16.36*	*13.65*	*14.55*	*14.27*
OECD Europe	**12.44**	**12.17**	**12.09**	**11.99**	**11.64**	**9.90**	**10.64**	**10.51**
of which:								
France	*1.17*	*1.10*	*1.00*	*0.82*	*0.65*	*0.58*	*0.76*	*0.77*
Germany	*1.91*	*1.80*	*1.78*	*1.83*	*1.80*	*1.69*	*1.72*	*1.63*
Italy	*1.40*	*1.35*	*1.35*	*1.33*	*1.22*	*0.99*	*1.15*	*1.15*
UK	*1.10*	*1.06*	*1.08*	*1.14*	*1.11*	*0.81*	*0.87*	*0.88*
OECD Asia Pacific	**7.04**	**6.98**	**6.79**	**6.61**	**6.67**	**5.53**	**5.49**	**5.82**
of which Japan	*3.22*	*3.11*	*3.02*	*2.97*	*2.94*	*2.23*	*2.25*	*2.50*
Total OECD	**38.59**	**38.46**	**37.84**	**37.41**	**36.58**	**30.74**	**32.48**	**32.69**
China	**11.33**	**12.03**	**12.98**	**13.68**	**12.04**	**13.76**	**14.00**	**14.13**
India	**4.79**	**4.89**	**5.03**	**5.08**	**5.09**	**3.86**	**4.00**	**4.78**
Other Asia	**4.84**	**5.10**	**4.89**	**4.78**	**5.34**	**4.11**	**4.07**	**4.54**
Latin America	**4.48**	**4.22**	**4.02**	**3.98**	**3.97**	**3.27**	**3.87**	**3.89**
Middle East	**6.92**	**7.05**	**6.92**	**6.63**	**6.07**	**5.15**	**5.90**	**6.38**
Africa	**2.17**	**2.16**	**2.17**	**2.28**	**2.28**	**1.90**	**1.96**	**1.95**
Eurasia	**7.39**	**7.64**	**7.59**	**7.71**	**7.56**	**6.63**	**6.93**	**7.05**
of which Russian	*5.59*	*5.72*	*5.70*	*5.83*	*5.88*	*5.10*	*5.28*	*5.29*
of which Other Eurasia	*1.80*	*1.92*	*1.89*	*1.88*	*1.68*	*1.53*	*1.64*	*1.76*
Total Non-OECD	**41.92**	**43.10**	**43.59**	**44.14**	**42.35**	**38.68**	**40.73**	**42.72**
Total world	**80.51**	**81.56**	**81.43**	**81.54**	**78.93**	**69.42**	**73.21**	**75.42**

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

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

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

				Change	Annual average	
		Nov 20	Dec 20	Dec/Nov	2019	2020
US Gulf (Cargoes FOB)						
Naphtha*		40.86	48.69	7.83	56.86	38.31
Premium gasoline	(unleaded 93)	50.34	58.28	7.94	79.66	51.89
Regular gasoline	(unleaded 87)	47.78	55.03	7.25	72.70	47.72
Jet/Kerosene		48.04	56.05	8.01	79.32	46.83
Gasoil	(0.2% S)	46.03	54.19	8.16	74.61	44.92
Fuel oil	(3.0% S)	39.84	43.67	3.83	52.55	34.72
Rotterdam (Barges FoB)						
Naphtha		40.67	47.63	6.96	55.71	39.00
Premium gasoline	(unleaded 98)	49.86	55.64	5.78	79.52	51.34
Jet/Kerosene		46.07	54.25	8.18	80.22	45.72
Gasoil/Diesel	(10 ppm)	47.45	55.20	7.75	79.50	49.17
Fuel oil	(1.0% S)	44.46	50.02	5.56	60.15	40.87
Fuel oil	(3.5% S)	42.17	46.24	4.07	54.19	37.71
Mediterranean (Cargoes FOB)						
Naphtha		40.34	47.08	6.74	54.48	37.58
Premium gasoline**		45.45	51.34	5.89	71.36	45.41
Jet/Kerosene		44.62	52.75	8.13	77.77	43.06
Diesel		47.43	55.28	7.85	79.03	48.55
Fuel oil	(1.0% S)	46.17	50.76	4.59	63.42	43.54
Fuel oil	(3.5% S)	38.25	42.21	3.96	50.55	33.31
Singapore (Cargoes FOB)						
Naphtha		40.71	47.80	7.09	57.10	40.66
Premium gasoline	(unleaded 95)	46.67	53.43	6.76	72.45	46.59
Regular gasoline	(unleaded 92)	45.51	52.40	6.89	69.45	44.99
Jet/Kerosene		45.64	53.87	8.23	77.26	44.75
Gasoil/Diesel	(50 ppm)	47.35	55.21	7.86	77.78	49.19
Fuel oil	(180 cst)	47.01	54.40	7.39	75.98	47.86
Fuel oil	(380 cst 3.5% S)	42.72	46.08	3.36	56.70	36.75

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

Sources: Argus and OPEC.

Tanker Market

Dirty tanker rates experienced a slight improvement m-o-m in December, while still remaining near multi-year lows amid a persistent imbalance in tanker demand and availability. VLCC and Suezmax rates saw some improvement on eastward rates from the Middle East and West Africa, as well as from West Africa to the US Gulf Coast. Aframax rates edged lower, weighed down by a sluggish intra-Med performance.

Clean tanker rates continued to see a pick up from multi-year lows seen at the start of the 4Q20, with gains both East and West of Suez.

As with the oil market and the global economy as a whole, 2020 was a volatile one for the tanker market. However, in contrast to the oil market, March and April were 'golden' rather than 'black' months as tanker freight rates soared to record highs in all major shipping regions. Dislocations caused by the COVID-19 crisis resulted in an excess of crude in the market as consumption collapsed, overwhelming onshore inventories and leading to a surge in floating storage demand for both crude and products, all of which supported tanker rates across the globe. By June, spot freight rates had fallen back to lower levels, where they remained for the rest of 2020.

While ongoing efforts to address the imbalance in the oil market by OPEC and participating non-OPEC countries in the DoC may reduce tonnage demand in the near term, the tanker market will benefit as the reduced overhang stabilizes oil trade trends, and as easing lockdown measures and a rollout of the COVID-19 vaccine supports a return of economic activity.

Spot fixtures

Global spot fixtures declined m-o-m in December, after increasing the month before, falling 1.2 mb/d, or 7.2%, to average just under 15.1 mb/d. The decline occurred across all major routes. Spot fixtures were 3.2 mb/d, or more than 17%, lower than the same month last year, reflecting the overall muted environment due to the COVID-19 pandemic.

Table 7 - 1: Spot fixtures, mb/d

				Change
	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
All areas	**14.81**	**16.22**	**15.05**	**-1.17**
OPEC	9.87	10.53	9.73	-0.80
Middle East/East	5.90	6.34	5.67	-0.67
Middle East/West	1.23	0.88	0.77	-0.11
Outside Middle East	2.74	3.31	3.29	-0.02

Sources: Oil Movements and OPEC.

OPEC spot fixtures averaged 9.7 mb/d in December, representing a decline of almost 8% m-o-m, or 0.8 mb/d. Compared to the same month last year, OPEC spot fixtures were around 21% lower, or almost 2.7 mb/d, reflecting in part the production adjustments from OPEC countries.

Fixtures from the **Middle East-to-East** averaged 5.7 mb/d in December, representing a decline of more than 0.7 mb/d, or around 11%, m-o-m. Y-o-y, this represents a decline of 1.0 mb/d or almost 16%.

Middle East-to-West fixtures continued to lead the m-o-m losses, falling 13%, or 0.1 mb/d, in December to average 0.8 mb/d. This was still 0.7 mb/d, or 47%, lower compared with the same month last year.

Outside of the Middle East, fixtures were broadly flat, down less than 1% m-o-m, to average just under 3.3 mb/d. Y-o-y, fixtures declined more than 22% or just under 1.0 mb/d.

Sailings and arrivals

OPEC sailings increased 1.4% in December, or 0.29 mb/d, to average 20.76 mb/d, compared with a year-high of 25.5 mb/d in April. The increase came as more Libyan barrels became available in the market. Y-o-y, OPEC sailings were 4.1 mb/d, or 16%, lower.

Middle East sailings averaged 14.4 mb/d, representing a decline of around 0.3 mb/d m-o-m, or almost 2%. This was down almost 3.1 mb/d, or 18%, compared to the same month last year.

Crude arrivals declined m-o-m in December across all regions except West Asia. Arrivals in Europe led the losses, averaging 10.0 mb/d, representing a drop of almost 3%, or 0.3 mb/d, over the previous month, but were still 1.7 mb/d, or close to 15%, lower y-o-y. Far East arrivals declined by close to 3% m-o-m, or 0.3 mb/d, to average 10.8 mb/d, although this represented a y-o-y increase of 28% or 2.4 mb/d. North American arrivals also fell around 3% m-o-m, or 0.2 mb/d to average 7.4 mb/d. They also saw the largest y-o-y loss of 19% or 1.7 mb/d. In contrast, arrivals in West Asia provided a bright spot, increasing 13% m-o-m, or 0.7 mb/d, to average 6.1 mb/d.

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

				Change
	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
Sailings				
OPEC	20.60	20.47	20.76	0.29
Middle East	14.97	14.65	14.40	-0.25
Arrivals				
North America	7.85	7.63	7.44	-0.19
Europe	10.00	10.31	10.02	-0.29
Far East	9.72	11.09	10.81	-0.28
West Asia	5.25	5.38	6.08	0.70

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

VLCC spot rates saw some improvement in December picking up from very low levels, supported by gains across all major routes. Spot freight rates rose 24% m-o-m, but still remained 68% lower compared to the same month the year before.

Rates on the **Middle East-to-East** route rose 34% m-o-m in December to average WS35 points. Y-o-y, rates were 69% lower compared with the same month in 2019.

Rates on the **Middle East-to-West** route increased 19% m-o-m to average WS20 points. Y-o-y, rates were down 68%.

The **West Africa-to-East** route experienced a similar increase, up 19% m-o-m to average WS36 points. Rates were 67% lower compared with December 2019.

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

	Size				*Change*
	1,000 DWT	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
VLCC					
Middle East/East	230-280	28	26	35	9
Middle East/West	270-285	18	17	20	3
West Africa/East	260	31	30	36	6

Sources: Argus and OPEC.

Suezmax

Suezmax rates experienced mixed movement in December, resulting in average spot freight rates edging up 2% m-o-m on average, the second-consecutive monthly increase. However, they were still 74% lower y-o-y.

On the **West Africa-to-US Gulf Coast (USGC)** route, Suezmax rates averaged WS34 points in December, representing a 6% gain from the month before. Y-o-y, rates were 76% lower than in December last year.

The **Northwest Europe (NWE)-to-USGC** route declined 3% m-o-m to average WS30 points, representing a 71% decline from the same month last year.

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

	Size				Change
	1,000 DWT	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
Suezmax					
West Africa/US Gulf Coast	130-135	27	32	34	2
Northwest Europe/US Gulf Coast	130-135	29	31	30	-1

Sources: Argus and OPEC.

Aframax

Aframax rates were broadly stable in December, edging lower by just 1% m-o-m. Compared to the previous year, however, rates were 71% lower. The **Caribbean-to-US East Coast (USEC)** route were unchanged m-o-m in December, with rates averaging WS69. Y-o-y, rates on the route were 72% lower.

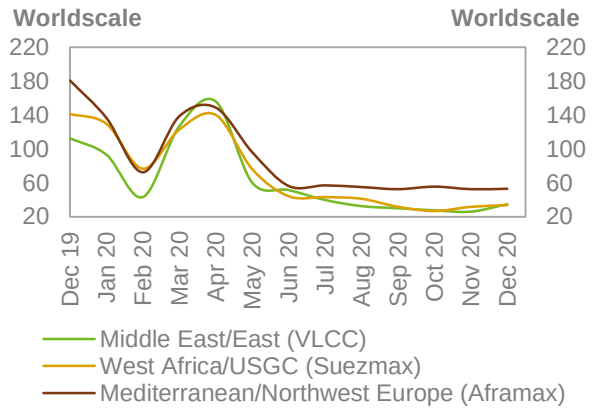
Table 7 - 5: Dirty Aframax spot tanker freight rates, WS

	Size				Change
	1,000 DWT	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
Aframax					
Indonesia/East	80-85	56	53	51	-2
Caribbean/US East Coast	80-85	46	69	69	0
Mediterranean/Mediterranean	80-85	60	62	60	-2
Mediterranean/Northwest Europe	80-85	56	53	53	0

Sources: Argus and OPEC.

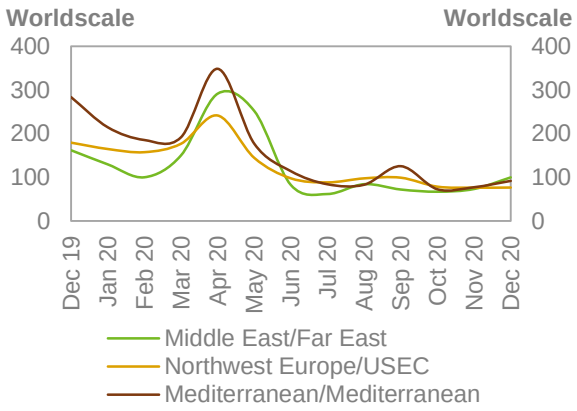
Developments in the Mediterranean routes continued to diverge slightly. The **Cross-Med** route declined in December after increasing the previous two months, falling 2% m-o-m to average WS60. In contrast, the **Mediterranean-to-NWE** route was broadly unchanged averaging WS53, which represented a 71% drop y-o-y. Meanwhile, the **Indonesia-to-East** route declined 3% to average WS51, which was some 72% lower y-o-y.

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



Sources: Argus and OPEC.

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



Sources: Argus and OPEC.

Clean tanker freight rates

Clean spot freight rates increased for the third consecutive month, up 23% m-o-m in December, with routes both East and West of Suez improving. However, rates were 55% lower compared to year-ago levels.

West of Suez routes rose 15% m-o-m in December, supported by the Mediterranean region, although rates were some 64% lower than the same month in 2019. Gains were seen on the **Cross-Med** and **Med-to-NEW** routes, which rose 19% and 23%, respectively, to average WS91 and WS103 points. Meanwhile, rates on the **NWE-to-USEC** route were flat m-o-m, averaging WS77 points.

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

	Size				Change
	1,000 DWT	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
East of Suez					
Middle East/East	30-35	67	73	100	27
Singapore/East	30-35	103	94	125	31
West of Suez					
Northwest Europe/US East Coast	33-37	79	76	77	0
Mediterranean/Mediterranean	30-35	72	77	91	15
Mediterranean/Northwest Europe	30-35	74	83	103	20

Sources: Argus and OPEC.

East of Suez rates rose m-o-m in December, increasing 34% over the previous month, but they were 34% lower than year-ago levels. Both the **Middle East-to-East** and **Singapore-to-East** routes saw m-o-m gains in December, with rates averaging WS100 and WS125, respectively. In monthly terms, rates were 36% and 33% higher, respectively, while in yearly terms rates were 38% and 29% lower.

Crude and Refined Products Trade

Preliminary data shows US crude imports averaged 5.6 mb/d in December, resulting in an annual average of 5.9 mb/d, the lowest since 1992. US crude exports ended the year just below 3 mb/d in December, down from a record high of 3.7 mb/d in February 2020. In annual terms, US crude exports averaged 3.1 mb/d in 2020, a gain of 0.2 mb/d over the previous year.

The latest data shows Japan's crude imports recovered for the second month in a row to average 2.3 mb/d in November, reflecting increased seasonal demand. This is, however, still sharply lower by 22% y-o-y.

China's crude imports averaged 11.1 mb/d in November, recovering from a decline the month before as a backlog of inflows continued to clear. Preliminary data shows crude imports falling to around 9.1 mb/d in December; but inflows are expected to pick up in January when the new import quotas for independent refiners kick in. Product imports recovered in November from a weak performance in the previous month, averaging 1.3 mb/d, while product exports fell back from relatively high levels seen the previous month to average just below 1.3 mb/d.

India's crude imports jumped 24% m-o-m to an eight-month high, averaging 4.5 mb/d in November, as an easing in lockdown measures led refineries to boost runs. Both product imports and exports increased in November to average 1.0 mb/d each.

US

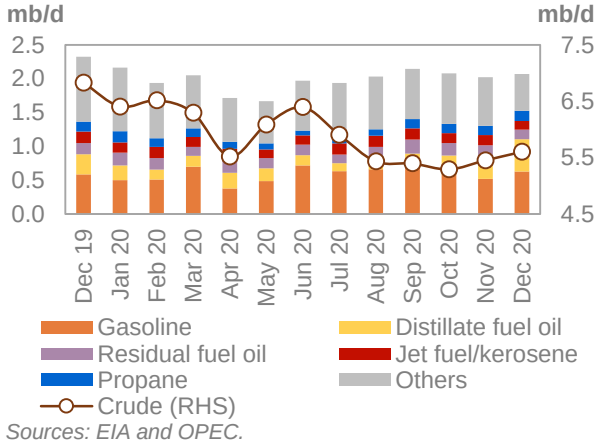
Preliminary data shows **US crude imports** finished 2020 near multi-decade lows, averaging 5.6 mb/d in December. Imports were up 0.2 mb/d from November.

In annual terms, US crude inflows averaged 5.9 mb/d, some 0.9 mb/d below the previous year and the lowest figure since 1991. Including preliminary data for November and December, the top **supplier for US crude imports** was Canada, which averaged 3.6 mb/d in 2020, down from 3.8 mb/d the year before, followed by Mexico with inflows averaging 644 tb/d, up from 600 tb/d in 2019. Saudi Arabia came third, averaging 510 tb/d, compared with 500 tb/d the year before.

US crude exports edged up in December to finish the year just below 3 mb/d. This was some 2% higher than in the previous month but almost 18% below the level seen in the same month of the previous year, when steadily rising pipeline capacity facilitated a then-record high in US crude exports. In yearly terms, US crude exports averaged 3.1 mb/d in 2020, a gain of 0.2 mb/d over the previous year.

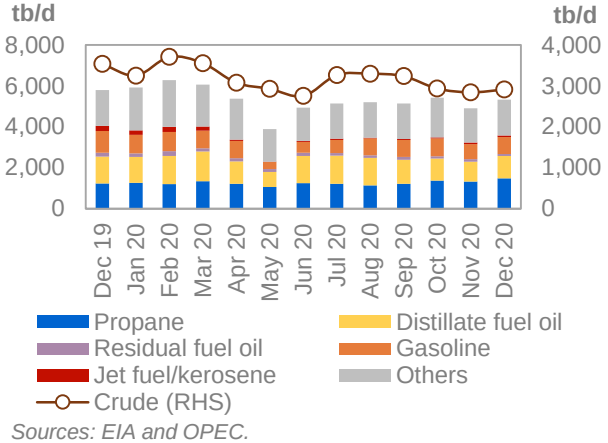
The latest monthly data for **US crude exports by destination** shows continued strong buying by China in October, averaging 0.7 mb/d. US flows to China have been exceptionally strong since May 2020, when they spiked from 0.1 mb/d to a record high of 1.3 mb/d. Canada came in second with 0.54 mb/d, followed by India with 0.3 mb/d.

Graph 8 - 1: US imports of crude and products



Sources: EIA and OPEC.

Graph 8 - 2: US exports of crude and products



Sources: EIA and OPEC.

US net crude imports averaged 2.7 mb/d in December, up from 2.6 mb/d the month before. Net imports were some 0.6 mb/d, or 18%, lower than the same month of the previous year.

On the product side, preliminary data shows **US product imports** edged up 2% m-o-m in December to average just under 2.1 mb/d. Compared with the same month the previous year, US product imports were 0.3 mb/d, or around 11%, lower. In annual terms, US product imports averaged just under 2.0 mb/d in 2020, representing a decline of around 0.4 mb/d y-o-y.

US product exports averaged 5.3 mb/d in December, representing a m-o-m increase of about 0.4 mb/d, or about 9%. Product exports were 0.5 mb/d, or 8%, lower than the same month the previous year. In annual terms, US product exports declined 0.2 mb/d y-o-y to average 5.3 mb/d in 2020.

As a result, **US net product exports** averaged 3.3 mb/d in December, compared with 2.9 mb/d in November 2020 and just under 3.5 mb/d in December 2019.

Preliminary data indicates that the US remained a **net crude and product** exporter in the second half of the year with net outflows of 0.6 mb/d in December. Indeed, in the 15 months since October 2019, the US has been a net liquids exporter for all but two months.

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

US	Oct 20	Nov 20	Dec 20	Change Dec 20/Nov 20
Crude oil	2,358	2,609	2,693	84
Total products	-3,342	-2,886	-3,256	-370
Total crude and products	**-984**	**-278**	**-563**	**-286**

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

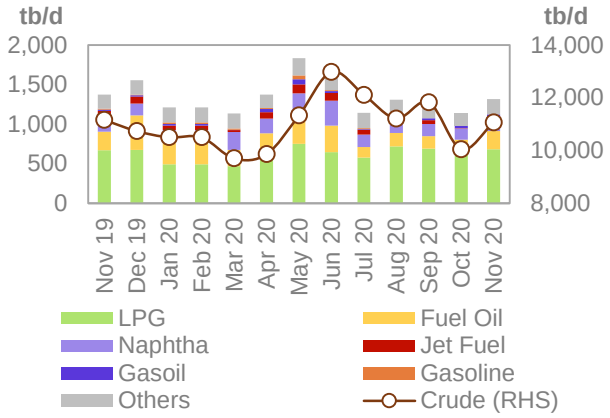
Sources: EIA and OPEC.

China

After dropping to 10.0 mb/d in October, China's **crude imports** recovered to average 11.1 mb/d in November, as customs cleared a backlog of inflows. Imports were more than 1.0 mb/d higher than the month before and broadly in line with year-ago levels. The recovery came as activities picked up from October levels which were lower due to the Golden Week holiday in early October. However, crude imports are expected to decline in December before recovering in January when the new import quotas for independent refiners kick in.

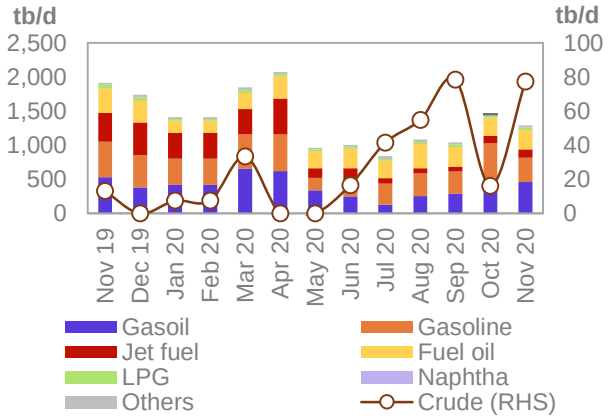
Saudi Arabia reclaimed the title of top **crude supplier** to China in November, with a share of almost 19%, representing almost 2.1 mb/d in imports. Russia came in second with around 1.5 mb/d, representing a 14% share, followed by Oman and Iraq with 1.2 mb/d each. US arrivals more than doubled m-o-m to average 0.8 mb/d in November.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

Product imports recovered m-o-m in November, averaging 1.3 mb/d, which represents a 0.2 mb/d increase over the previous month. LPG imports remained steady, while fuel oil was the main driver behind the gains. Compared with the previous month, product inflows were slightly lower.

In contrast, **product exports** declined m-o-m, falling 0.2 mb/d to average 1.3 mb/d in November, representing a drop of 0.6 mb/d compared with the same month the previous year. The increase in the m-o-m decline was driven mainly by gasoline and to a lesser extent gasoil.

As a result, China returned to being a **net product importer** in November, though at negligible levels. This compares with net exports of 0.3 mb/d the month before and net imports of 0.5 mb/d in November 2019.

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

China	Sep 20	Oct 20	Nov 20	Change Nov 20/Oct 20
Crude oil	11,751	10,033	10,990	957
Total products	226	-323	25	348
Total crude and products	**11,977**	**9,710**	**11,014**	**1,304**

Note: Totals may not add up due to independent rounding.
Sources: China, Oil and Gas Petrochemicals and OPEC.

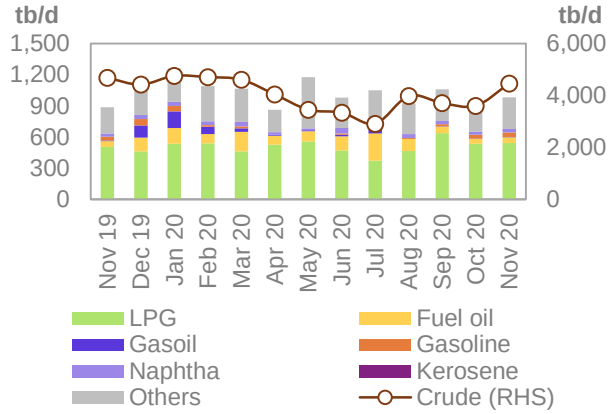
India

India's **crude imports** surged m-o-m by almost 0.9 mb/d, the second-biggest jump on record behind gains seen in August 2020. In November, India's crude imports averaged 4.5 mb/d, as the continued easing of lockdown measures boosted market sentiment as well as product demand. Crude inflows were only 0.2 mb/d below year-ago levels. India's crude imports are expected to improve further in December, as economic activities continue to expand with the easing of lockdown measures.

India's **product imports** averaged just under 1.0 mb/d in November, increasing 4% from the previous month, with gains across all major products. Y-o-y, product inflows were some 11% higher than in December 2019.

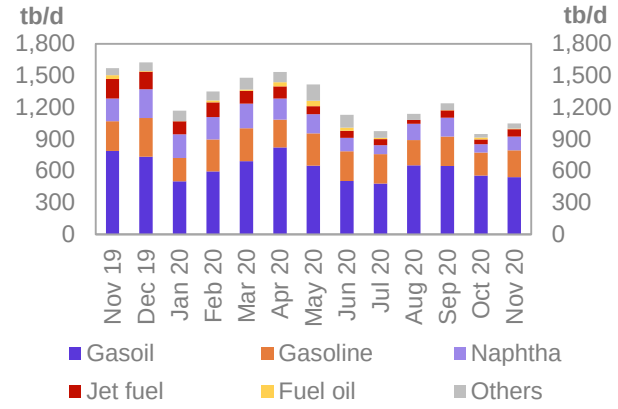
India's **product exports** averaged 1.0 mb/d in November, up 0.1 mb/d compared with the previous month. Gasoline, naphtha and jet fuel drove gains. Compared with the same month the previous year, product exports were down 0.5 mb/d.

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



Sources: PPAC and OPEC.

Graph 8 - 6: India's exports of products



Sources: PPAC and OPEC.

India's **net product exports** averaged a marginal 64 tb/d in November, compared with being broadly balanced the month before and net exports of 681 tb/d in November 2019.

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

India	Sep 20	Oct 20	Nov 20	Change Nov 20/Oct 20
Crude oil	3,704	3,603	4,460	857
Total products	-178	1	-64	-65
Total crude and products	**3,526**	**3,604**	**4,396**	**792**

Note: Totals may not add up due to independent rounding.
India data table does not include information for crude import and product export by Reliance Industries.
Sources: PPAC and OPEC.

Japan

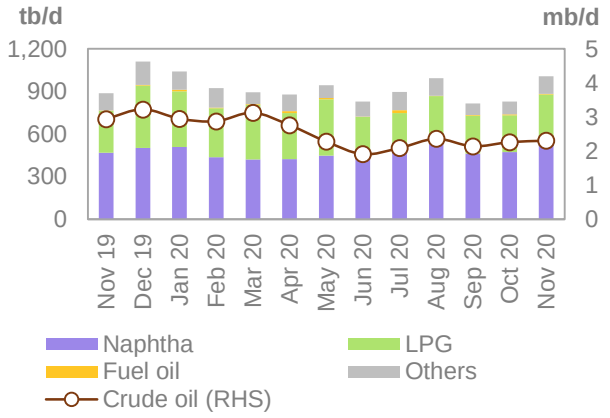
Japan's crude imports recovered for the second month in a row, averaging 2.3 mb/d in November, reflecting winter demand. However, crude inflows were still some 0.6 mb/d lower than the same month the previous year.

Saudi Arabia remained the **top supplier of crude** to Japan in November, averaging 1.0 mb/d, representing a share of more than 43%. The UAE stood in second place with a share of over 27%, followed by Qatar with around 10%.

Product imports to Japan, including LPG, jumped almost 22% to average 1.0 mb/d in November. Gains were driven by naphtha and LPG. Y-o-y, product inflows were some 0.1 mb/d, or 14%, higher.

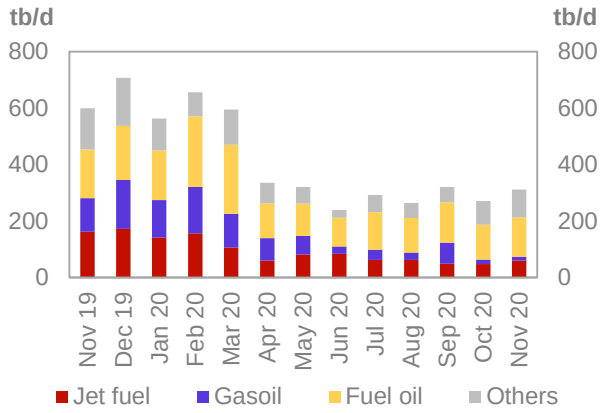
Product exports, including LPG, averaged 0.3 mb/d in November, slightly higher m-o-m and broadly in line with lower levels seen since April, as jet fuel and gasoil outflows remained depressed. Y-o-y, product exports were around 0.3 mb/d lower.

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



Sources: METI and OPEC.

Graph 8 - 8: Japan's exports of products



Sources: METI and OPEC.

As a consequence, Japan's **net product imports** averaged 696 tb/d in November, representing an increase of 137 tb/d m-o-m and a gain of 408 mb/d y-o-y.

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

Japan	Sep 20	Oct 20	Nov 20	Change Nov 20/Oct 20
Crude oil	2,140	2,263	2,305	42
Total products	495	558	696	137
Total crude and products	**2,636**	**2,821**	**3,000**	**179**

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

Sources: METI and OPEC.

OECD Europe

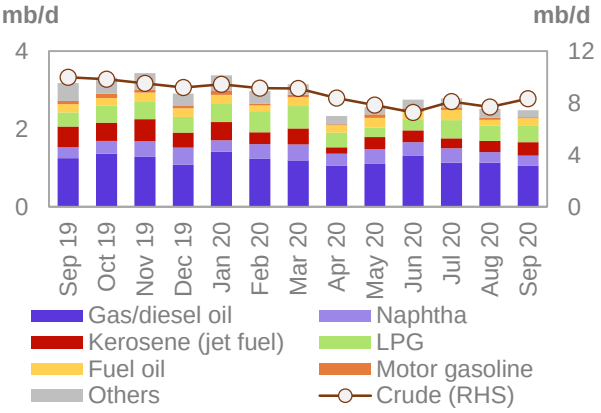
The latest available data shows **OECD European crude imports**, excluding intra-regional trade, jumped 8% m-o-m, or more than 0.6 mb/d, to average 8.3 mb/d in September. The increase came partly as lower regional output needed to be compensated by imports. Inflows were still 1.6 mb/d lower compared with the same month in 2019.

OECD Europe crude exports, excluding intra-regional trade, remained at the low level of around 0.3 mb/d after edging down 7% m-o-m in September. Crude outflows were also broadly in line with year-ago levels.

OECD Europe **net crude imports** averaged 8.0 mb/d in September, representing an increase of almost 0.7 mb/d, or more than 9%, m-o-m and a more considerable decline of 1.6 mb/d, or 16% mb/d, compared with the same month last year.

OECD Europe **product imports** averaged 2.5 mb/d in September, representing a minor drop of 1%, but a decline of almost 0.7 mb/d, or nearly 22%, y-o-y. Increased inflows of jet and fuel oil offset declines in gasoline and diesel.

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



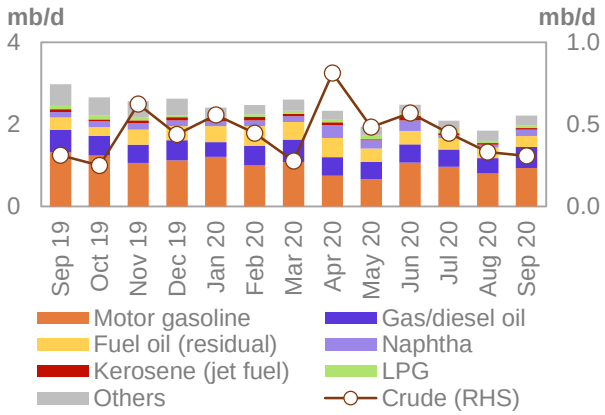
Sources: IEA and OPEC.

Product exports averaged 2.2 mb/d in September, representing an increase of almost 0.4 mb/d, or just under 20%, from the previous month and some 0.8 mb/d, or 26%, lower than in September 2019. Gains were supported across all major products, particularly from gasoline and diesel.

As a result, **OECD Europe net product imports** averaged 0.3 mb/d in September, compared with 0.6 mb/d the previous month and 0.1 mb/d in September 2019.

Combined, **net crude and product imports** averaged almost 8.3 mb/d in September, compared with 8.0 mb/d the month before and 10.8 mb/d a year ago.

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



Sources: IEA and OPEC.

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

OECD Europe	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
Crude oil	7,669	7,349	8,019	670
Total products	695	663	267	-396
Total crude and products	**8,364**	**8,012**	**8,286**	**274**

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

Sources: IEA and OPEC.

Eurasia

Total crude oil exports from Russia and Central Asia declined by 0.1 mb/d, or close to 11%, to average 5.9 mb/d in November. Y-o-y, total crude exports from the region were 0.9 mb/d, or 13%, lower, reflecting ongoing production adjustments carried out since June.

Crude exports through the **Transneft system** declined by 0.2 mb/d, or 5%, averaging 3.4 mb/d. Compared with the same month last year, exports were at 0.6 mb/d, or 14%.

Total shipments from the Black Sea declined by 13 tb/d m-o-m, or around 3.2%, to average 405 tb/d in November. Total Baltic Sea exports also decreased, falling 115 tb/d, or 13%, m-o-m to average 766 tb/d in November, with shipments from Primorsk down 5% to 551 tb/d and Ust-Luga exports 86 tb/d lower at 215 tb/d. Meanwhile, shipments via the Druzhba pipeline fell 4% m-o-m to average 909 tb/d in November. Kozmino shipments declined marginally m-o-m to average 658 tb/d. Exports to China via the ESPO pipeline edged down 1% m-o-m to average 630 tb/d in November.

In the **Lukoil system**, exports via the Barents Sea plunged 75% m-o-m to 26 tb/d in November, while those from the Baltic Sea were unchanged.

On other routes, **Russia's Far East** exports rose almost 11% m-o-m to average 387 tb/d, which represented an increase of 9% compared with November of last year.

Central Asia's total exports averaged 210 tb/d in November, up 3% from the month before and an increase of 8% y-o-y.

Black Sea total exports edged up 3% m-o-m to average 1.3 mb/d in November, with both the Novorossiyk and Supsa port terminals contributing to the gains. Y-o-y, Black Sea flows were 13% lower. Meanwhile, exports via the Baku-Tbilisi-Ceyhan (BTC) pipeline rose 6% m-o-m to 539 tb/d, representing a drop of 12% y-o-y.

Total product exports from Russia and Central Asia rose 11% m-o-m to average 2.9 mb/d in November. Gains in naphtha, jet and gasoil were mitigated by declines in gasoline, fuel oil, and vacuum gas oil (VGO). Y-o-y, total product exports were 451 tb/d, or 13%, lower m-o-m in November, with declines across all major products, except jet fuel.

Commercial Stock Movements

Preliminary November data sees total OECD commercial oil stocks down by 24.5 mb m-o-m. At 3,104 mb, they were 205.1 mb higher than the same time one year ago and 163.1 mb above the latest five-year average. Within the components, crude and product stocks declined m-o-m by 11.2 mb and 13.3 mb, respectively. At 1,546 mb, OECD crude stocks are 98.4 mb higher than the same time a year ago, and 72.6 mb above the latest five-year average. Total product inventories stood at 1,558 mb, which is 106.7 mb above the same time a year ago, and 90.5 mb higher than the latest five-year average.

In terms of days of forward cover, OECD commercial stocks fell m-o-m by 1.6 days in November to stand at 70.5 days. This is 8.8 days above the November 2019 level and 8.5 days above the latest five-year average.

Preliminary data for December shows that total US commercial oil stocks fell m-o-m by 10.3 mb to stand at 1,344 mb. This is 61.8 mb, or 4.8%, above the same month a year ago, and 67.0 mb, or 5.2%, higher than the latest five-year average. Crude and product stocks fell by 2.6 mb and 7.7 mb, respectively.

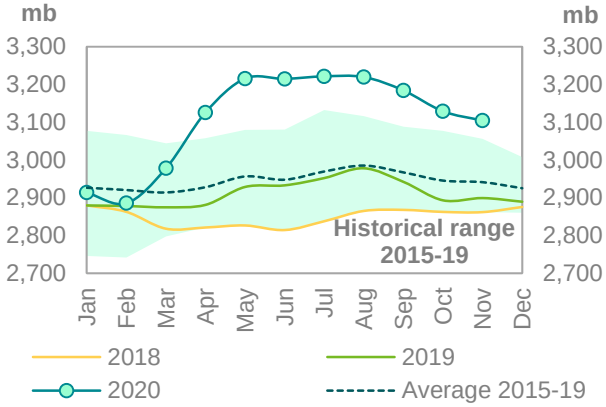
OECD

Preliminary November data sees **total OECD commercial oil stocks** down by 24.5 mb m-o-m. At 3,104 mb, they were 205.1 mb higher than the same time one year ago and 163.1 mb above the latest five-year average.

Within the components, crude and product stocks declined m-o-m by 11.2 mb and 13.3 mb, respectively. Total commercial oil stocks in November fell m-o-m in all three OECD regions.

OECD **commercial crude stocks** fell in November by 11.2 mb to stand at 1,546 mb. This is 98.4 mb higher than the same time a year ago, and 72.6 mb above the latest five-year average.

Graph 9 - 1: OECD commercial oil stocks



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

Compared with the previous month, OECD Americas and OECD Asia Pacific crude stocks fell by 5.6 mb and 6.0 mb, respectively, while OECD Europe crude stocks rose slightly by 0.4 mb.

Total product inventories fell m-o-m by 13.3 mb in November to stand at 1,558 mb. This is 106.7 mb above the same time a year ago, and 90.5 mb higher than the latest five-year average.

Within the OECD regions, product stocks in OECD Americas and Europe fell m-o-m by 12.2 mb and 3.1 mb, respectively, while product stocks in OECD Asia Pacific rose m-o-m by 2.0 mb.

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 1.6 days in November to stand at 70.5 days. This is 8.8 days above the November 2019 level and 8.5 days above the latest five-year average.

All OECD regions were above the latest five-year averages: the Americas by 5.2 days at 67.3 days; Europe by 17.7 days at 87.7 days; and Asia Pacific by 4.5 days at 53.5 days.

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

					Change
	Nov 19	Sep 20	Oct 20	Nov 20	Nov 20/Oct 20
OECD stocks					
Crude oil	1,448	1,569	1,558	1,546	-11.2
Products	1,451	1,615	1,571	1,558	-13.3
Total	**2,899**	**3,184**	**3,129**	**3,104**	**-24.5**
Days of forward cover	**61.7**	**73.4**	**72.1**	**70.5**	**-1.6**

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

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

OECD Americas

OECD Americas total commercial stocks fell by 17.7 mb m-o-m in November to settle at 1,627 mb. This is 106.8 mb above the same month last year and 74.5 mb higher than the latest five-year average.

Commercial crude oil stocks in OECD Americas fell by 5.6 mb m-o-m in November to stand at 859 mb, which is 65.9 mb higher than in November 2019 and 50.4 mb above the latest five-year average. The fall came on the back of higher crude runs in November.

Total product stocks in OECD Americas fell m-o-m by 12.2 mb in November for the fourth consecutive month to stand at 768 mb. This was 40.9 mb higher than the same month one year ago and 24.1 mb above the latest five-year average. Improvements in regional consumption were behind stock draws.

OECD Europe

OECD Europe's total commercial stocks fell m-o-m by 2.7 mb in November to end the month at 1,065 mb. This is 85.4 mb higher than the same time a year ago and 96.4 mb above the latest five-year average.

OECD Europe's **commercial crude stocks** rose m-o-m by 0.4 mb in November to end the month at 462 mb, which is 24.6 mb higher than one year ago and 38.7 mb above the latest five-year average. A build in November crude oil inventories came despite higher m-o-m refinery throughputs in the EU-14 plus the UK and Norway, increasing by 250 tb/d to stand at 8.7 mb/d.

In contrast, OECD Europe's **commercial product stocks** fell m-o-m by 3.1 mb to end November at 604 mb. This is 60.7 mb higher than a year ago and 57.7 mb above the latest five-year average. The fall came on the back of relatively improved demand in the region.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks fell m-o-m by 4.1 mb in November to stand at 412 mb. This is 12.9 mb higher than a year ago, but 7.8 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** fell by 6.0 mb m-o-m to end November at 226 mb, which is 7.9 mb higher than one year ago, but 16.5 mb below the latest five-year average.

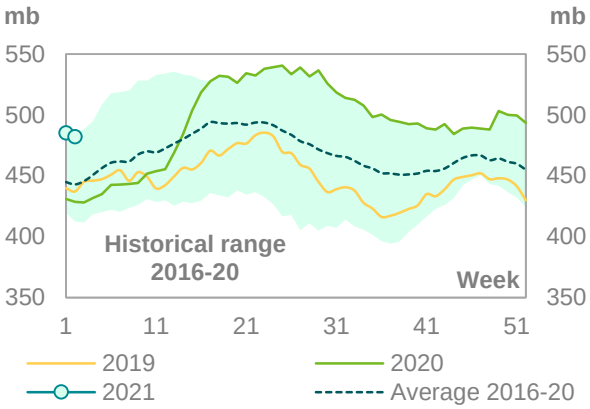
In contrast, OECD Asia Pacific's **total product inventories** rose by 2.0 mb m-o-m to end November at 186 mb. This is 5.0 mb higher than the same time a year ago, and 8.7 mb above the latest five-year average.

US

Preliminary data for December showed that **total US commercial oil stocks** fell m-o-m by 10.3 mb to stand at 1,344 mb. This is 61.8 mb, or 4.8%, above the same month a year ago, and 67.0 mb, or 5.2%, higher than the latest five-year average. Crude and product stocks fell by 2.6 mb and 7.7 mb, respectively.

US **commercial crude stocks** fell by 2.6 mb m-o-m in December to stand at 485 mb. This is 52.7 mb, or 12.2%, above the same month last year, and 39.3 mb, or 8.8%, above the latest five-year average. The stock draw was driven by higher December crude runs, which increased by 0.13 mb/d to stand at 14.55 mb/d.

Graph 9 - 2: US weekly commercial crude oil inventories



Sources: EIA and OPEC.

Total product stocks in December also fell m-o-m, dropping by 7.7 mb to stand at 858 mb. This is 9.1 mb, or 1.1%, above December 2019 levels, and 27.6 mb, or 3.3%, above the latest five-year average. Within the components, gasoline, distillates, jet fuel and residual fuel experienced stock draws, while propylene and other unfinished oil registered stock builds.

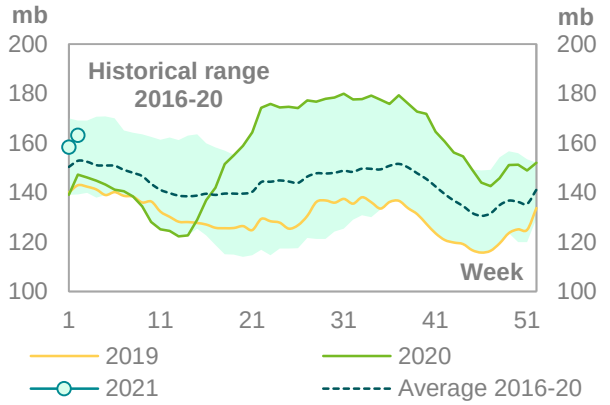
Gasoline stocks rose m-o-m in December by 7.4 mb to settle at 241 mb. This is 13.0 mb or 5.1% below the same month last year, and 1.2 mb, or 0.5%, lower than the latest five-year average. The monthly stock build came mainly on the back of lower gasoline demand.

Distillate stocks also rose by 12.5 mb m-o-m in December to stand at 158 mb. This is 18.3 mb, or 13.1%, higher than a year ago, and 7.8 mb, or 5.1%, above the latest five-year average.

Residual fuel oil stocks also rose m-o-m in December, increasing by 0.3 mb. At 30.2 mb, this was 0.3 mb, or 1.1%, lower than a year ago, and 4.2 mb, or 12.2%, below the latest five-year average.

Jet fuel rose m-o-m by 1.6 mb, ending December at 38.8 mb. This is 1.7 mb, or 4.1%, lower than the same month last year, and 2.6 mb, or 6.2%, below the latest five-year average.

Graph 9 - 3: US weekly distillate inventories



Sources: EIA and OPEC.

Table 9 - 2: US commercial petroleum stocks, mb

					Change
	Dec 19	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
US stocks					
Crude oil	**432.8**	**493.6**	**488.0**	**485.5**	**-2.6**
Gasoline	254.1	227.3	233.6	241.1	7.4
Distillate fuel	140.1	155.3	145.9	158.4	12.5
Residual fuel oil	30.5	31.2	29.9	30.2	0.3
Jet fuel	40.5	37.6	37.2	38.8	1.6
Total products	**849.1**	**892.1**	**865.9**	**858.2**	**-7.7**
Total	**1,281.9**	**1,385.7**	**1,354.0**	**1,343.7**	**-10.3**
SPR	**635.0**	**638.6**	**638.2**	**638.1**	**-0.1**

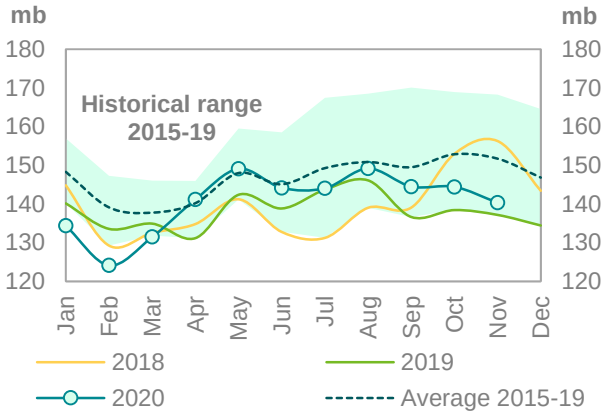
Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** in November fell by 4.1 mb m-o-m to settle at 140.4 mb. This is 3.1 mb, or 2.3%, higher than the same month last year, but 11.4 mb, or 7.5%, below the latest five-year average. Crude stocks fell m-o-m by 6.0 mb, while product stocks rose by 2.0 mb m-o-m.

Japanese **commercial crude oil stocks** fell in November to stand at 72.4 mb. This is 0.5 mb, or 0.7%, above the same month a year ago, but 13.3 mb, or 15.5%, lower than the latest five-year average. The drop came on the back of higher crude throughput, which increased by around 230 tb/d to average 2.5 mb/d. Higher crude imports limited a further drop in crude oil inventories.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

In contrast, Japan's **total product inventories** rose m-o-m by 2.0 mb to end November at 68.0 mb. This is 2.6 mb, or 4.0%, higher than the same month last year, and 1.9 mb, or 2.8%, higher than the latest five-year average. All products registered stock builds compared with the previous month.

Gasoline stocks in November rose m-o-m by 0.4 mb to stand at 12.6 mb. This was 2.1 mb, or 19.8%, higher than a year ago, and 2.1 mb, or 19.9%, above the latest five-year average. The build in gasoline stocks was driven by higher production, which rose by 1.1% m-o-m. Higher gasoline domestic sales limited a further gasoline stock build.

Distillate stocks rose by 0.1 mb m-o-m to end November at 33.6 mb. This is 1.1 mb, or 3.3%, higher than the same month a year ago, and 1.3 mb, or 4.2%, above the latest five-year average. Within distillate components, kerosene and gasoil stocks increased m-o-m by 6.9% and 0.8%, respectively, while jet fuel stocks fell by 5.8%.

Total residual fuel oil stocks rose by 0.3 mb in November to stand at 12.4 mb. This is 1.1 mb, or 8.3%, lower than the same month last year, and 1.5 mb, or 10.8%, below the latest five-year average. Within components, fuel oil A and fuel oil B.C stocks rose 0.8% and 2.9%, respectively, over the previous month.

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

					Change
	Nov 19	Sep 20	Oct 20	Nov 20	Nov 20/Oct 20
Japan's stocks					
Crude oil	**71.9**	**78.8**	**78.4**	**72.4**	**-6.0**
Gasoline	10.5	12.2	12.2	12.6	0.4
Naphtha	8.8	8.6	8.2	9.4	1.1
Middle distillates	32.5	33.1	33.5	33.6	0.1
Residual fuel oil	13.5	11.9	12.1	12.4	0.3
Total products	**65.3**	**65.8**	**66.0**	**68.0**	**2.0**
Total**	**137.2**	**144.5**	**144.4**	**140.4**	**-4.1**

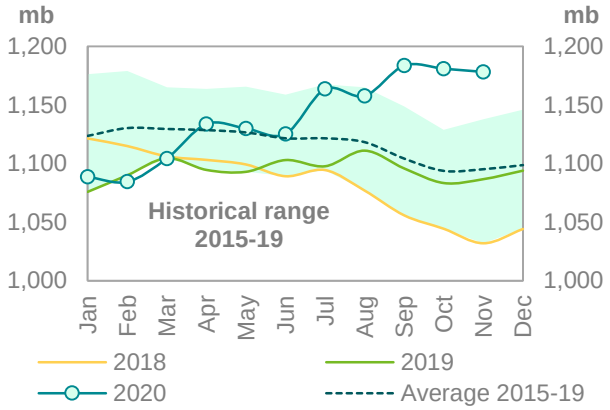
*Note: * At the end of the month. ** Includes crude oil and main products only.*
Sources: METI and OPEC.

EU-15 plus Norway

Preliminary data for November showed that **total European commercial oil stocks** fell by 2.7 mb m-o-m for the second month to 1,178.3 mb. At this level, they were 91.6 mb, or 8.4%, above the same month a year ago, and 83 mb, or 7.6%, higher than the latest five-year average. Crude stocks rose m-o-m by 0.4 mb, while product stocks fell m-o-m by 3.1 mb.

European **crude inventories** rose in November to stand at 489.3 mb. This is 6.5 mb, or 1.4%, higher than the same month a year ago, and 11.0 mb, or 2.3%, above the latest five-year average. The build in November crude oil inventories came despite higher m-o-m refinery throughputs in the EU-14 plus UK and Norway, increasing by 250 tb/d to stand at 8.7 mb/d.

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



Sources: Argus, Euroilstock and OPEC.

In contrast, European **total product stocks** fell m-o-m by 3.1 mb to end November at 689 mb. This is 85.0 mb, or 14.1%, higher than the same month a year ago, and 72.1 mb, or 11.7%, above the latest five-year average. The stock draw could be attributed to a demand increase in the region during November.

Gasoline stocks fell slightly m-o-m by 0.1 mb in November to stand at 118.7 mb. This is 8.1 mb, or 7.3%, higher than the level registered the same time a year ago, and 6.4 mb, or 5.7%, above the latest five-year average.

Distillate stocks also fell m-o-m by 3.0 mb in November to stand at 469.3 mb. This is 66.9 mb, or 16.6%, higher than the same month last year, and 58.8 mb, or 14.3%, higher than the latest five-year average.

Residual fuel stocks fell m-o-m by 0.1 mb in November to 68.9 mb. This is 3.1 mb, or 4.6%, higher than the same month one year ago, and 0.1 mb, or 0.2%, above the latest five-year average.

In contrast, **naphtha stocks** rose m-o-m by 0.1 mb in November, ending the month at 32.1 mb. This is 7.0 mb, or 28.1%, above the November 2019 level, and 6.8 mb, or 26.7%, higher than the latest five-year average.

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

	Nov 19	Sep 20	Oct 20	Nov 20	Change Nov 20/Oct 20
EU stocks					
Crude oil	**482.8**	**494.8**	**489.0**	**489.3**	**0.4**
Gasoline	110.6	115.4	118.8	118.7	-0.1
Naphtha	25.1	32.7	32.0	32.1	0.1
Middle distillates	402.4	468.8	472.3	469.3	-3.0
Fuel oils	65.8	71.9	69.0	68.9	-0.1
Total products	**603.9**	**688.8**	**692.0**	**689.0**	**-3.1**
Total	**1,086.7**	**1,183.6**	**1,181.0**	**1,178.3**	**-2.7**

Sources: Argus, Euroilstock and OPEC.

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

Singapore

At the end of November, **total product stocks in Singapore** rose by 2.7 mb m-o-m, reversing the stock draw of the previous month to stand at 53.3 mb. This is 9.3 mb, or 21.1%, higher than the same month a year ago. All products experienced stock builds.

Light distillate stocks rose m-o-m by 0.4 mb in November to stand at 12.3 mb. This is 1.1 mb, or 9.8%, higher than the same month one year ago.

Middle distillate stocks rose by 0.2 mb in November to stand at 15.7 mb. This is 4.8 mb, or 44.0%, higher than a year ago.

Residual fuel oil stocks rose by 2.1 mb, ending November at 25.3 mb, which is 3.4 mb, or 15.5%, higher than in October 2019.

ARA

Total product stocks in ARA fell m-o-m by 1.8 mb in November for the second consecutive month. They now stand at 48.7 mb, which is 11.5 mb, or 30.9%, higher than the same month a year ago.

Gasoline stocks in November rose m-o-m by 1.4 mb to stand at 11.1 mb, which is 4.7 mb, or 73.4%, above the same month one year ago.

Residual fuel stocks rose m-o-m by 0.1 mb to end November at 8.9 mb. This is 3.1 mb, or 53.4%, above the level registered one year ago.

In contrast, **gasoil stocks** fell by 0.9 mb m-o-m in November to stand at 18.4 mb, which is 0.9 mb, or 5.1%, higher than in November 2019.

Jet oil also fell m-o-m by 1.8 mb to end November at 7.5 mb. This is 1.9 mb, or 33.9%, above the level seen one year ago.

Fujairah

During the week ending 28 December, **total oil product stocks in Fujairah** fell by 0.05 mb w-o-w to stand at 23.60 mb, according to data from FEDCom and S&P Global Platts.

At this level, total oil stocks were 5.03 mb higher than the same time a year ago. Within products, light and heavy distillates witnessed a stock build, while middle distillates registered a stock draw.

Light distillate stocks rose by 0.3 mb w-o-w to stand at 7.35 mb, which is 2.59 mb higher than a year ago. **Heavy distillate stocks** rose by 0.10 mb to stand at 11.21 mb, which is 1.14 mb higher than a year ago. In contrast, **middle distillate stocks** fell by 0.45 mb to stand at 5.03 mb, which is 1.31 mb above the same time last year.

Balance of Supply and Demand

Demand for OPEC crude in 2020 remained unchanged from the previous month to stand at 22.2 mb/d, around 7.1 mb/d lower than in 2019. According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was about 7.3 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, 9.0 mb/d higher than demand for OPEC crude. In 3Q20, OPEC crude production averaged 23.8 mb/d, which was 0.8 mb/d lower than demand for OPEC crude. In 4Q20, OPEC crude production averaged 24.9 mb/d, 1.6 mb/d lower than demand for OPEC crude.

Demand for OPEC crude in 2021 remains unchanged from the previous month to stand at 27.2 mb/d. This is 5.0 mb/d higher than in 2020.

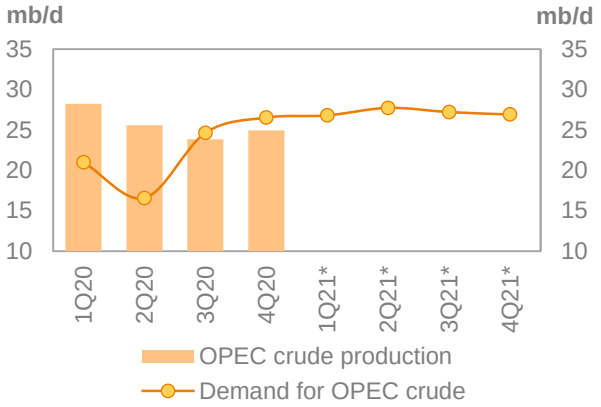
Balance of supply and demand in 2020

Demand for OPEC crude in 2020 remained unchanged from the previous month to stand at 22.2 mb/d. This is around 7.1 mb/d lower than in 2019.

Demand for OPEC crude in 1Q20 and 4Q20 has been revised up by 0.2 mb and 0.1 mb/d, respectively, while 2Q20 and 3Q20 has been revised down by 0.1 mb/d and 0.2 mb/d, respectively, from the previous monthly assessment.

When compared to the same quarters in 2019, demand for OPEC crude in 1Q20 and 2Q20 indicated a decline of 8.2 mb/d and 12.3 mb/d, respectively. Demand for 3Q20 shows a decline of 5.8 mb/d, while 4Q20 is expected to see a drop of 2.3 mb/d.

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



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

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was about 7.3 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 9.0 mb/d higher than demand for OPEC crude. In 3Q20, OPEC crude production averaged 23.8 mb/d, which was 0.8 mb/d lower than demand for OPEC crude. In 4Q20, OPEC crude production averaged 24.9 mb/d, which was 1.6 mb/d lower than demand for OPEC crude.

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

	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19
(a) World oil demand	**99.76**	**92.92**	**82.55**	**90.95**	**93.56**	**90.01**	**-9.75**
Non-OPEC liquids production	65.18	66.60	60.90	61.29	61.98	62.69	-2.50
OPEC NGL and non-conventionals	5.26	5.35	5.09	5.04	5.05	5.13	-0.13
(b) Total non-OPEC liquids production and OPEC NGLs	**70.44**	**71.95**	**65.99**	**66.33**	**67.04**	**67.82**	**-2.62**
Difference (a-b)	**29.32**	**20.97**	**16.56**	**24.63**	**26.53**	**22.19**	**-7.13**
OPEC crude oil production	**29.34**	**28.25**	**25.58**	**23.85**	**24.94**	**25.65**	**-3.69**
Balance	**0.02**	**7.28**	**9.01**	**-0.78**	**-1.58**	**3.45**	**3.44**

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

Balance of supply and demand in 2021

Demand for OPEC crude in 2021 remained unchanged from the previous month to stand at 27.2 mb/d. This is 5.0 mb/d higher than in 2020.

Demand for OPEC crude in the first two quarters of 2021 has been revised up by 0.5 mb/d and 0.2 mb/d, respectively. For 3Q21 and 4Q21, demand has been revised down by 0.5 mb/d and 0.2 mb/d, respectively, from the previous monthly assessment.

When compared to the same quarters in 2020, demand for OPEC crude in 1Q21 and 2Q21 is forecast to be 5.8 mb/d and 11.2 mb/d higher, respectively; 3Q21 is projected to show an increase of 2.6 mb/d y-o-y; and 4Q21 is expected to be higher by 0.4 mb/d y-o-y.

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

							Change
	2020	1Q21	2Q21	3Q21	4Q21	2021	2021/20
(a) World oil demand	**90.01**	**94.17**	**95.66**	**96.37**	**97.38**	**95.91**	**5.90**
Non-OPEC liquids production	62.69	62.27	62.74	63.94	65.15	63.53	0.85
OPEC NGL and non-conventionals	5.13	5.11	5.19	5.22	5.32	5.21	0.08
(b) Total non-OPEC liquids production and OPEC NGLs	**67.82**	**67.37**	**67.93**	**69.16**	**70.47**	**68.74**	**0.92**
Difference (a-b)	**22.19**	**26.79**	**27.73**	**27.21**	**26.90**	**27.17**	**4.98**

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

Appendix

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

	2017	2018	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
World oil demand and supply balance													
World demand													
Americas	25.11	25.73	25.65	24.33	20.01	22.76	24.10	22.80	24.30	24.85	23.79	24.57	24.38
of which US	*20.27*	*20.82*	*20.86*	*19.66*	*16.38*	*18.67*	*19.78*	*18.62*	*19.85*	*20.26*	*19.34*	*20.12*	*19.89*
Europe	14.41	14.32	14.25	13.35	10.99	12.84	12.02	12.30	12.35	13.46	13.44	12.70	12.99
Asia Pacific	8.15	7.95	7.79	7.75	6.54	6.69	7.23	7.05	7.60	7.28	7.16	7.45	7.37
Total OECD	**47.68**	**47.99**	**47.69**	**45.43**	**37.54**	**42.28**	**43.35**	**42.16**	**44.25**	**45.59**	**44.39**	**44.72**	**44.75**
China	12.32	12.86	13.33	10.84	12.85	13.67	14.18	12.89	12.45	13.87	14.71	14.93	13.99
India	4.53	4.73	4.84	4.77	3.51	3.94	4.54	4.19	4.89	4.19	4.75	5.19	4.76
Other Asia	8.69	8.91	9.04	8.30	7.79	8.11	8.50	8.18	8.40	8.96	8.57	8.64	8.64
Latin America	6.51	6.53	6.59	6.11	5.61	6.20	6.08	6.00	6.21	6.27	6.41	6.31	6.30
Middle East	8.23	8.13	8.20	7.88	6.91	7.94	7.50	7.56	8.07	7.64	8.25	7.75	7.93
Africa	4.20	4.33	4.45	4.37	3.77	3.95	4.20	4.07	4.46	3.95	4.16	4.39	4.24
Eurasia	5.36	5.50	5.61	5.21	4.58	4.85	5.21	4.96	5.43	5.17	5.14	5.45	5.30
of which Russia	*3.48*	*3.55*	*3.61*	*3.44*	*3.04*	*3.20*	*3.34*	*3.25*	*3.57*	*3.37*	*3.37*	*3.48*	*3.45*
of which other Eurasia	*1.88*	*1.95*	*2.00*	*1.78*	*1.54*	*1.65*	*1.87*	*1.71*	*1.86*	*1.81*	*1.77*	*1.97*	*1.85*
Total Non-OECD	**49.84**	**50.99**	**52.07**	**47.48**	**45.02**	**48.67**	**50.21**	**47.86**	**49.92**	**50.06**	**51.98**	**52.66**	**51.17**
(a) Total world demand	**97.52**	**98.98**	**99.76**	**92.92**	**82.55**	**90.95**	**93.56**	**90.01**	**94.17**	**95.66**	**96.37**	**97.38**	**95.91**
Y-o-y change	***1.79***	***1.46***	***0.78***	***-6.02***	***-16.16***	***-9.70***	***-7.17***	***-9.75***	***1.25***	***13.10***	***5.41***	***3.82***	***5.90***
Non-OPEC liquids production													
Americas	21.51	24.05	25.77	26.59	23.55	24.10	24.55	24.70	24.43	24.60	25.67	26.50	25.31
of which US	*14.42*	*16.69*	*18.43*	*19.05*	*16.81*	*17.34*	*17.27*	*17.61*	*17.22*	*17.56*	*18.22*	*18.93*	*17.99*
Europe	3.83	3.84	3.71	4.03	3.88	3.77	3.88	3.89	4.01	3.92	3.96	4.15	4.01
Asia Pacific	0.39	0.41	0.52	0.53	0.54	0.54	0.55	0.54	0.55	0.53	0.54	0.53	0.53
Total OECD	**25.73**	**28.30**	**30.00**	**31.16**	**27.97**	**28.41**	**28.98**	**29.13**	**28.98**	**29.05**	**30.16**	**31.18**	**29.85**
China	3.97	3.98	4.06	4.16	4.16	4.17	4.13	4.15	4.16	4.14	4.14	4.19	4.16
India	0.86	0.86	0.83	0.80	0.77	0.78	0.76	0.78	0.76	0.76	0.75	0.74	0.75
Other Asia	2.82	2.75	2.71	2.64	2.51	2.50	2.50	2.54	2.50	2.51	2.51	2.50	2.50
Latin America	5.72	5.79	6.06	6.36	5.84	6.14	5.94	6.07	6.26	6.35	6.33	6.50	6.36
Middle East	3.14	3.21	3.20	3.19	3.20	3.13	3.14	3.17	3.19	3.22	3.25	3.26	3.23
Africa	1.50	1.53	1.53	1.49	1.48	1.44	1.42	1.46	1.38	1.39	1.38	1.36	1.38
Eurasia	14.20	14.44	14.52	14.67	13.13	12.57	12.97	13.33	12.84	13.12	13.22	13.21	13.10
of which Russia	*11.17*	*11.35*	*11.44*	*11.51*	*10.21*	*9.84*	*10.14*	*10.42*	*9.99*	*10.22*	*10.31*	*10.31*	*10.21*
of which other Eurasia	*3.03*	*3.09*	*3.08*	*3.16*	*2.92*	*2.73*	*2.82*	*2.91*	*2.85*	*2.90*	*2.91*	*2.91*	*2.89*
Total Non-OECD	**32.20**	**32.56**	**32.92**	**33.30**	**31.08**	**30.74**	**30.86**	**31.49**	**31.09**	**31.49**	**31.58**	**31.77**	**31.48**
Total Non-OPEC production	57.93	60.86	62.92	64.45	59.05	59.15	59.84	60.62	60.07	60.54	61.74	62.95	61.33
Processing gains	2.22	2.25	2.26	2.15	1.85	2.15	2.15	2.07	2.20	2.20	2.20	2.20	2.20
Total Non-OPEC liquids production	**60.15**	**63.11**	**65.18**	**66.60**	**60.90**	**61.29**	**61.98**	**62.69**	**62.27**	**62.74**	**63.94**	**65.15**	**63.53**
OPEC NGL + non-conventional oils	5.18	5.33	5.26	5.35	5.09	5.04	5.05	5.13	5.11	5.19	5.22	5.32	5.21
(b) Total non-OPEC liquids production and OPEC NGLs	**65.33**	**68.44**	**70.44**	**71.95**	**65.99**	**66.33**	**67.04**	**67.82**	**67.37**	**67.93**	**69.16**	**70.47**	**68.74**
Y-o-y change	***0.87***	***3.11***	***2.00***	***2.20***	***-3.90***	***-3.90***	***-4.84***	***-2.62***	***-4.57***	***1.94***	***2.83***	***3.44***	***0.92***
OPEC crude oil production (secondary sources)	31.48	31.34	29.34	28.25	25.58	23.85	24.94	25.65					
Total liquids production	96.81	99.79	99.78	100.19	91.57	90.18	91.98	93.47					
Balance (stock change and miscellaneous)	-0.71	0.81	0.02	7.28	9.01	-0.78	-1.58	3.45					
OECD closing stock levels, *mb*													
Commercial	2,860	2,875	2,889	2,978	3,214	3,184							
SPR	1,569	1,552	1,535	1,537	1,561	1,551							
Total	**4,428**	**4,427**	**4,425**	**4,515**	**4,776**	**4,735**							
Oil-on-water	1,025	1,058	1,011	1,186	1,329	1,329							
Days of forward consumption in OECD, *days*													
Commercial onland stocks	60	60	69	79	76	73							
SPR	33	33	36	41	37	36							
Total	**92**	**93**	**105**	**120**	**113**	**109**							
Memo items													
(a) - (b)	**32.19**	**30.54**	**29.32**	**20.97**	**16.56**	**24.63**	**26.53**	**22.19**	**26.79**	**27.73**	**27.21**	**26.90**	**27.17**

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

Source: OPEC.

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

	2017	2018	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
World oil demand and supply balance													
World demand													
Americas	-	-	-0.05	-0.01	-0.03	-0.15	-0.20	-0.10	-0.01	-0.03	-0.15	-0.20	-0.10
of which US	-	-	-	-	-	*-0.12*	*-0.20*	*-0.08*	-	-	*-0.12*	*-0.20*	*-0.08*
Europe	-	-	-	-	0.01	-0.01	-0.01	-	-	0.01	-0.01	-0.01	-
Asia Pacific	-	-	-	-	-	-0.05	-	-0.01	-	-	-0.05	-	-0.01
Total OECD	**-**	**-**	**-0.05**	**-0.01**	**-0.02**	**-0.20**	**-0.21**	**-0.11**	**-0.01**	**-0.02**	**-0.20**	**-0.21**	**-0.11**
China	-	-	0.03	0.14	-	-	0.20	0.08	0.14	-	-	0.20	0.08
India	-	-	-	-	-	-	0.20	0.05	-	-	-	0.20	0.05
Other Asia	-	-	0.02	0.07	-	-	-0.20	-0.03	0.07	-	-	-0.20	-0.03
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-
Eurasia	-	-	-	-	-	-	0.10	0.03	-	-	-	0.10	0.03
of which Russia	-	-	-	-	-	-	*0.10*	*0.03*	-	-	-	*0.10*	*0.03*
of which other Eurasia	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	**-**	**-**	**0.05**	**0.21**	**-**	**-**	**0.30**	**0.13**	**0.21**	**-**	**-**	**0.30**	**0.13**
(a) Total world demand	**-**	**-**	**-**	**0.20**	**-0.02**	**-0.20**	**0.09**	**0.02**	**0.20**	**-0.02**	**-0.20**	**0.09**	**0.02**
Y-o-y change	***-***	***-***	***-***	***0.15***	***0.02***	***-0.20***	***0.10***	***0.02***	***-***	***-***	***-***	***-***	***-***
Non-OPEC liquids production													
Americas	-	-	-	-	-	0.03	-0.05	-0.01	-0.11	-0.11	0.28	0.28	0.09
of which US	-	-	-	-	-	*0.01*	*-0.18*	*-0.04*	*-0.19*	*-0.19*	*0.20*	*0.28*	*0.03*
Europe	-	-	-	-	0.01	0.01	-	-	0.02	-0.02	-0.02	-0.02	-0.01
Asia Pacific	-	-	-	-	-	-	-	-	0.01	0.02	0.02	0.01	0.01
Total OECD	**-**	**-**	**-**	**-**	**0.01**	**0.04**	**-0.05**	**-**	**-0.08**	**-0.11**	**0.27**	**0.28**	**0.09**
China	-	-	0.01	0.01	-	-	-0.02	-	-	-	-	-	-
India	-	-	-	-	-	-	-0.01	-	-	-	-	-	-
Other Asia	-	-	-	-	0.04	-	-0.02	0.01	-	-	0.01	0.01	-
Latin America	-	-	-	-	-	-	-0.09	-0.02	-0.10	-	-	-	-0.02
Middle East	-	-	-	-	0.02	0.01	0.01	0.01	-0.01	-0.01	-	-	-0.01
Africa	-	-	-	-	-	-0.01	0.01	-	-	-	-	-	-
Eurasia	-	-	-	-	-	-	0.14	0.04	-0.08	-0.10	-	-	-0.04
of which Russia	-	-	-	-	-	-	*0.13*	*0.03*	*-0.06*	*-0.08*	-	-	*-0.03*
of which other Eurasia	-	-	-	-	-	-	*0.01*	-	*-0.02*	*-0.02*	-	-	*-0.01*
Total Non-OECD	**-**	**-**	**0.01**	**0.01**	**0.05**	**-**	**0.03**	**0.02**	**-0.19**	**-0.12**	**0.01**	**0.01**	**-0.07**
Total Non-OPEC production	-	-	0.01	0.01	0.07	0.03	-0.02	0.02	-0.28	-0.23	0.28	0.29	0.02
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC liquids production	**-**	**-**	**0.01**	**0.01**	**0.07**	**0.03**	**-0.02**	**0.02**	**-0.28**	**-0.23**	**0.28**	**0.29**	**0.02**
OPEC NGL + non-conventional oils	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC liquids production and OPEC NGLs	**-**	**-**	**0.01**	**0.01**	**0.07**	**0.03**	**-0.02**	**0.02**	**-0.28**	**-0.23**	**0.28**	**0.29**	**0.02**
Y-o-y change	***-***	***-***	***0.01***	***-0.01***	***0.05***	***0.02***	***-0.03***	***0.01***	***-0.29***	***-0.30***	***0.25***	***0.31***	***-***
OPEC crude oil production (secondary sources)	-	-	-	-	-	0.01							
Total liquids production	-	-	0.01	0.01	0.06	0.04							
Balance (stock change and miscellaneous)	-	-	0.01	-0.19	0.08	0.24							
OECD closing stock levels, *mb*													
Commercial	-	-	-	-	-	-8							
SPR	-	-	-	-	-	-							
Total	**-**	**-**	**-**	**-**	**-**	**-8**							
Oil-on-water	-	-	-	-	-	-							
Days of forward consumption in OECD, *days*													
Commercial onland stocks	-	-	-	-	-	-							
SPR	-	-	-	-	-	-							
Total	**-**	**-**	**-**	**-**	**1**	**-**							
Memo items													
(a) - (b)	**-**	**-**	**-0.01**	**0.19**	**-0.09**	**-0.23**	**0.11**	**-**	**0.48**	**0.21**	**-0.48**	**-0.20**	**-**

*Note: * This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the December 2020 issue.*
This table shows only where changes have occurred.
Source: OPEC.

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

	2017	2018	2019	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
OECD oil stocks and oil on water												
Closing stock levels, mb												
OECD onland commercial	**3,007**	**2,860**	**2,875**	**2,868**	**2,875**	**2,875**	**2,932**	**2,942**	**2,889**	**2,978**	**3,214**	**3,184**
Americas	1,598	1,498	1,544	1,543	1,544	1,504	1,559	1,553	1,518	1,575	1,713	1,691
Europe	995	948	930	933	930	989	983	988	978	1,033	1,099	1,079
Asia Pacific	414	413	402	392	402	381	391	401	394	369	402	414
OECD SPR	**1,601**	**1,569**	**1,552**	**1,570**	**1,552**	**1,557**	**1,549**	**1,544**	**1,535**	**1,537**	**1,561**	**1,551**
Americas	697	665	651	662	651	651	647	647	637	637	658	644
Europe	483	481	481	486	481	488	485	482	482	484	487	490
Asia Pacific	421	423	420	422	420	417	417	416	416	416	416	417
OECD total	**4,608**	**4,428**	**4,427**	**4,438**	**4,427**	**4,432**	**4,481**	**4,486**	**4,425**	**4,515**	**4,776**	**4,735**
Oil-on-water	**1,102**	**1,025**	**1,058**	**1,041**	**1,058**	**1,013**	**995**	**1,012**	**1,011**	**1,186**	**1,329**	**1,329**
Days of forward consumption in OECD, days												
OECD onland commercial	**63**	**60**	**60**	**60**	**60**	**61**	**61**	**61**	**64**	**79**	**76**	**73**
Americas	64	58	60	60	61	59	60	60	62	79	75	70
Europe	69	66	65	66	66	70	67	70	73	94	86	90
Asia Pacific	51	52	52	49	49	51	52	50	51	56	60	57
OECD SPR	**34**	**33**	**33**	**33**	**33**	**33**	**32**	**32**	**34**	**41**	**37**	**36**
Americas	28	26	26	26	26	26	25	25	26	32	29	27
Europe	33	34	34	34	34	34	33	34	36	44	38	41
Asia Pacific	52	53	54	53	51	56	55	52	54	64	62	58
OECD total	**97**	**92**	**94**	**93**	**93**	**94**	**93**	**94**	**97**	**120**	**112**	**109**

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

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

	2017	2018	2019	3Q20	4Q20	2020	Change 20/19	1Q21	2Q21	3Q21	4Q21	2021	Change 21/20
Non-OPEC liquids production and OPEC NGLs													
US	14.4	16.7	18.4	17.3	17.3	17.6	-0.8	17.2	17.6	18.2	18.9	18.0	0.4
Canada	4.9	5.3	5.4	4.9	5.4	5.2	-0.3	5.3	5.1	5.5	5.6	5.4	0.2
Mexico	2.2	2.1	1.9	1.9	1.9	1.9	0.0	1.9	1.9	1.9	1.9	1.9	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OECD Americas	**21.5**	**24.0**	**25.8**	**24.1**	**24.6**	**24.7**	**-1.1**	**24.4**	**24.6**	**25.7**	**26.5**	**25.3**	**0.6**
Norway	2.0	1.9	1.7	2.0	2.0	2.0	0.3	2.1	2.0	2.1	2.3	2.1	0.1
UK	1.0	1.1	1.1	1.0	1.0	1.1	-0.1	1.1	1.0	1.0	1.0	1.0	0.0
Denmark	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Other OECD Europe	0.7	0.7	0.7	0.8	0.8	0.7	0.0	0.8	0.8	0.8	0.8	0.8	0.0
OECD Europe	**3.8**	**3.8**	**3.7**	**3.8**	**3.9**	**3.9**	**0.2**	**4.0**	**3.9**	**4.0**	**4.2**	**4.0**	**0.1**
Australia	0.3	0.3	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0
Other Asia Pacific	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OECD Asia Pacific	**0.4**	**0.4**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**	**0.5**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**
Total OECD	**25.7**	**28.3**	**30.0**	**28.4**	**29.0**	**29.1**	**-0.9**	**29.0**	**29.0**	**30.2**	**31.2**	**29.9**	**0.7**
China	**4.0**	**4.0**	**4.1**	**4.2**	**4.1**	**4.2**	**0.1**	**4.2**	**4.1**	**4.1**	**4.2**	**4.2**	**0.0**
India	**0.9**	**0.9**	**0.8**	**0.8**	**0.8**	**0.8**	**0.0**	**0.8**	**0.8**	**0.8**	**0.7**	**0.8**	**0.0**
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Indonesia	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.0
Malaysia	0.7	0.7	0.7	0.6	0.6	0.6	-0.1	0.6	0.6	0.6	0.6	0.6	0.0
Thailand	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0
Vietnam	0.3	0.3	0.3	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Asia others	0.3	0.3	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.3	0.2	0.0
Other Asia	**2.8**	**2.8**	**2.7**	**2.5**	**2.5**	**2.5**	**-0.2**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**0.0**
Argentina	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Brazil	3.3	3.3	3.5	3.8	3.6	3.7	0.1	3.7	3.8	3.9	4.0	3.9	0.2
Colombia	0.9	0.9	0.9	0.8	0.8	0.8	-0.1	0.8	0.8	0.8	0.8	0.8	0.0
Ecuador	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.6	0.6	0.6	0.6	0.1
Guyana	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Latin America others	0.4	0.4	0.4	0.3	0.3	0.3	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Latin America	**5.7**	**5.8**	**6.1**	**6.1**	**5.9**	**6.1**	**0.0**	**6.3**	**6.3**	**6.3**	**6.5**	**6.4**	**0.3**
Bahrain	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Oman	1.0	1.0	1.0	0.9	0.9	0.9	0.0	1.0	1.0	1.0	1.0	1.0	0.0
Qatar	1.9	1.9	1.9	1.9	1.9	1.9	0.0	2.0	2.0	2.0	2.0	2.0	0.0
Syria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yemen	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Middle East	**3.1**	**3.2**	**3.2**	**3.1**	**3.1**	**3.2**	**0.0**	**3.2**	**3.2**	**3.2**	**3.3**	**3.2**	**0.1**
Cameroon	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.1	0.0
Chad	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Egypt	0.7	0.7	0.7	0.6	0.6	0.6	0.0	0.6	0.6	0.6	0.6	0.6	0.0
Ghana	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Sudans	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Africa other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Africa	**1.5**	**1.5**	**1.5**	**1.4**	**1.4**	**1.5**	**-0.1**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**-0.1**
Russia	11.2	11.3	11.4	9.8	10.1	10.4	-1.0	10.0	10.2	10.3	10.3	10.2	-0.2
Kazakhstan	1.7	1.8	1.8	1.6	1.7	1.7	-0.1	1.7	1.7	1.7	1.7	1.7	0.0
Azerbaijan	0.8	0.8	0.8	0.7	0.7	0.7	-0.1	0.7	0.7	0.7	0.7	0.7	0.0
Other Eurasia	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.4	0.4	0.5	0.0
Eurasia	**14.2**	**14.4**	**14.5**	**12.6**	**13.0**	**13.3**	**-1.2**	**12.8**	**13.1**	**13.2**	**13.2**	**13.1**	**-0.2**
Total Non-OECD	**32.2**	**32.6**	**32.9**	**30.7**	**30.9**	**31.5**	**-1.4**	**31.1**	**31.5**	**31.6**	**31.8**	**31.5**	**0.0**
Non-OPEC production	57.9	60.9	62.9	59.1	59.8	60.6	-2.3	60.1	60.5	61.7	63.0	61.3	0.7
Processing gains	2.2	2.3	2.3	2.1	2.1	2.1	-0.2	2.2	2.2	2.2	2.2	2.2	0.1
Non-OPEC supply	**60.2**	**63.1**	**65.2**	**61.3**	**62.0**	**62.7**	**-2.5**	**62.3**	**62.7**	**63.9**	**65.2**	**63.5**	**0.8**
OPEC NGL	5.1	5.2	5.1	4.9	4.9	5.0	-0.1	5.0	5.1	5.1	5.2	5.1	0.1
OPEC Non-conventional	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OPEC (NGL+NCF)	**5.2**	**5.3**	**5.3**	**5.0**	**5.1**	**5.1**	**-0.1**	**5.1**	**5.2**	**5.2**	**5.3**	**5.2**	**0.1**
Non-OPEC & OPEC (NGL+NCF)	**65.3**	**68.4**	**70.4**	**66.3**	**67.0**	**67.8**	**-2.6**	**67.4**	**67.9**	**69.2**	**70.5**	**68.7**	**0.9**

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

Table 11 - 5: World rig count, units

	2018	2019	2020	Change 2020/19	1Q20	2Q20	3Q20	4Q20	Nov 20	Dec 20	Change Dec/Nov
World rig count											
US	1,031	944	436	-507	784	396	254	311	311	341	30
Canada	191	134	90	-45	196	25	49	89	95	91	-4
Mexico	27	37	41	4	46	43	36	38	37	41	4
OECD Americas	**1,249**	**1,114**	**567**	**-548**	**1,026**	**464**	**339**	**438**	**443**	**473**	**30**
Norway	15	17	16	-1	16	16	16	17	19	17	-2
UK	7	15	6	-9	8	4	5	7	7	5	-2
OECD Europe	**85**	**149**	**112**	**-36**	**129**	**111**	**109**	**100**	**102**	**97**	**-5**
OECD Asia Pacific	**21**	**29**	**22**	**-7**	**30**	**22**	**17**	**18**	**19**	**17**	**-2**
Total OECD	**1,355**	**1,292**	**701**	**-591**	**1,184**	**597**	**465**	**556**	**564**	**587**	**23**
Other Asia*	222	221	187	-34	214	190	184	160	158	160	2
Latin America	131	129	58	-71	107	26	40	61	64	68	4
Middle East	65	68	57	-12	69	59	50	48	47	52	5
Africa	45	55	43	-12	61	46	35	32	31	30	-1
Total Non-OECD	**462**	**474**	**345**	**-129**	**451**	**321**	**309**	**301**	**300**	**310**	**10**
Non-OPEC rig count	**1,817**	**1,766**	**1,046**	**-720**	**1,635**	**917**	**774**	**857**	**864**	**897**	**33**
Algeria	50	45	31	-14	38	33	27	25	29	22	-7
Angola	4	4	3	-1	6	2	1	3	3	3	0
Congo	3	3	1	-3	2	1	0	0	0	0	0
Equatorial Guinea**	1	2	1	-1	1	1	1	1	1	1	0
Gabon	3	7	3	-5	9	2	0	0	0	0	0
Iran**	157	117	117	0	117	117	117	117	117	117	0
Iraq	59	74	47	-27	74	54	30	28	27	30	3
Kuwait	51	46	45	-1	53	52	44	29	31	28	-3
Libya	5	14	12	-3	14	11	11	10	12	11	-1
Nigeria	13	16	11	-4	19	11	8	7	8	7	-1
Saudi Arabia	117	115	93	-22	113	108	87	63	60	59	-1
UAE	55	62	54	-8	66	58	50	40	41	40	-1
Venezuela	32	25	8	-17	25	6	1	0	0	0	0
OPEC rig count	**550**	**529**	**423**	**-106**	**537**	**455**	**377**	**324**	**329**	**318**	**-11**
World rig count***	**2,368**	**2,295**	**1,469**	**-825**	**2,172**	**1,373**	**1,151**	**1,181**	**1,193**	**1,215**	**22**
of which:											
Oil	1,886	1,800	1,117	-683	1,707	1,027	851	882	889	904	15
Gas	448	464	307	-157	411	288	265	263	266	279	13
Others	33	31	46	14	54	57	35	36	38	32	-6

*Note: * Other Asia includes India and China*

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

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

Totals may not add up due to independent rounding.

Sources: Baker Hughes and OPEC.

Glossary of Terms

Abbreviations

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

Acronyms

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

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

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

OPEC Basket average price

US$/b

up 6.56 in December

December 2020	49.17
November 2020	42.61
Annual average	**41.47**

December OPEC crude production

mb/d, according to secondary sources

up 0.28 in December

December 2020	25.36
November 2020	25.08

Economic growth rate

per cent

	World	OECD	US	Euro–zone	Japan	China	India
2020	–4.1	–5.3	–3.5	–7.2	–5.2	2.0	–9.0
2021	4.4	3.5	3.4	3.7	2.8	6.9	6.8

Supply and demand

mb/d

2020		**20/19**	**2021**		**21/20**
World demand	90.0	–9.8	World demand	95.9	5.9
Non–OPEC liquids production	62.7	–2.5	Non–OPEC liquids production	63.5	0.8
OPEC NGLs	5.1	–0.1	OPEC NGLs	5.2	0.1
Difference	**22.2**	**–7.1**	**Difference**	**27.2**	**5.0**

OECD commercial stocks

mb

	Nov 19	Sep 20	Oct 20	Nov 20	Nov 20/Oct 20
Crude oil	1,448	1,569	1,558	1,546	–11
Products	1,451	1,615	1,571	1,558	–13
Total	**2,899**	**3,184**	**3,129**	**3,104**	**–25**
Days of forward cover	61.7	73.4	72.1	70.5	–1.6

Next report to be issued on 11 February 2021.