Organization of the Petroleum Exporting Countries

OPEC Monthly Oil Market Report

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Feature article:
Review of global oil demand trend

Organization of the Petroleum Exporting Countries

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Oil Market Highlights

Crude Oil Price Movements

Crude oil spot prices rose firmly in January, along with a steady rise in futures markets. Major physical crude benchmarks increased about 10% month-on-month (m-o-m) on improving market fundamentals, particularly the prospect of tighter crude supply and the declining trend in global oil stocks. The OPEC Reference Basket gained $5.21, or 10.6%, m-o-m to average $54.38/b. Crude oil futures prices extended gains in January, increasing on both sides of the Atlantic for the third consecutive month, with the ICE Brent front month up $5.10, or 10.2%, in January to average $55.32/b and NYMEX WTI gaining $5.03, or 10.7%, to average $52.10/b. Consequently, the Brent-WTI spread widened slightly by 7¢ but remained at a narrow $3.22/b on average. The futures price structure for the Brent, WTI and Dubai markets was in sustained backwardation last month, evidence that the global oil market is improving, resulting in an accelerating rebalancing process. Hedge funds and other money managers appeared positive about the oil price outlook, raising net long positons by nearly 11% in the four weeks of January.

World Economy

The contraction in the global economy was revised up for 2020, after a better-than-expected actual performance by key economies in 2H20. As a result, the global economy now shows a decline of 3.9% y-o-y. This compares with the previous month's forecast of -4.1%. Additional stimulus measures in the US and an accelerating recovery in Asian economies are expected to lift the 2021 forecast to 4.8%, compared to the previous month's forecast of 4.4%. The US officially reported a contraction of 3.5% for 2020. US economic growth in 2021 is now revised up to 4.2%, from the 3.4% expected in last month's report. The Euro-zone's GDP growth forecast for 2020 was also revised up by 0.4 pp to -6.8%, while the 2021 growth forecast was lifted to 4.1% from 3.7%. Japan's economic forecast remained at -5.2% for 2020 and was lifted by 0.1 pp to 2.9% for 2021. China's economic growth was officially reported at 2.3% for 2020 and the forecast for 2021 was lifted to 7.4% from 6.9% in 2021. The forecast for India was revised up to -8.2% from -9.0% for 2020 and to 7.5% from 6.8% for 2021. Brazil's 2020 forecast was revised up to -4.9% from -5.2% and to 2.9% from 2.4% for 2021. Russia's economic growth forecast in 2020 was officially reported at -3.1%, while the growth forecast for 2021 was improved from 2.9% to 3.0%.

World Oil Demand

The world oil demand contraction estimate for 2020 was little changed, lower by just 0.03 mb/d compared to the last month's report. Better-than-expected oil demand data from India in 4Q20 was largely offset by figures showing weaker-than-expected consumption in OECD Americas. Global oil demand is estimated to have declined by 9.7 mb/d in 2020 to average 90.3 mb/d. For 2021, oil demand is now anticipated to increase by 5.8 mb/d, revised down by around 0.1 mb/d from last month's projection, to average 96.1 mb/d. Revisions are concentrated in the OECD region. Extended lockdowns and the re-introduction of partial lockdowns in a number of countries has resulted in downward revisions to 1H21 projections. At the same time, positive developments on the economic front, supported by massive stimulus programmes, are expected to encourage demand in various sectors in 2H21.

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 down marginally from the previous report, on the back of several upward and downward revisions in the production of various countries in 4Q20. The contraction in 2020 is driven mainly by Russia, the US, Canada, Kazakhstan, Colombia, Malaysia, the UK and Azerbaijan, while oil production increases are expected mainly in Norway, Brazil, China and Guyana. The forecast for non-OPEC supply growth in 2021 has been revised down by about 0.2 mb/d to show an increase of 0.7 mb/d, to average 63.3 mb/d. Supply from the US and Other Asia has been revised lower, whereas supply from Canada has been adjusted higher. US supply is expected to be 0.2 mb/d lower in 2021 from last month's assessment, to increase by about 0.2 mb/d to average 17.8 mb/d. The key contributors to non-OPEC supply growth in 2021 are expected to be Canada, Brazil, the US, Norway, Ecuador, Qatar and Guyana, while declines are seen coming from Russia, the Sudans, Malaysia and the UK. 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 January increased by 0.18 mb/d m-o-m to average 25.50 mb/d, according to secondary sources.

Product Markets and Refining Operations

Refinery margins improved globally in January, with complex configurations benefitting the most, backed by an improved performance at the top of the barrel. On the US Gulf Coast, the positive impact of holiday season demand sustained transport fuel markets over the month, despite strong refinery runs and rising product inventories. Refining economics witnessed the most limited gains in Europe relative to the other regions due to subdued product drawdowns, seasonal weakness and strict lockdown measures. Meanwhile, in Asia, robust performance at the light end of the barrel filtered through gasoline markets, offsetting the poor performance registered across the middle and bottom sections of the barrel.

Tanker Market

Dirty tanker rates remained low in January, reportedly below operational costs in some cases, although rates from West Africa picked up. A host of factors have weighed on freight rates, including the lingering impacts of the COVID-19 pandemic on oil consumption, reduced supplies on the market, ample onshore inventory and long tonnage lists. The backwardated market structure also provides little incentive to hold inventories in floating storage, even at current low rates. Meanwhile, clean tanker rates improved, supported by activities West of Suez, but are still caught up in general malaise. From the current vantage point, the outlook for freight rates remains lacklustre, certainly in 1H21 but potentially into 2022.

Crude and Refined Products Trade

Preliminary data shows US crude imports averaged 5.9 mb/d in January, the highest figure since July 2020, following a sharp increase in inflows from Canada. US crude exports were steady at close to 3.1 mb/d, as renewed outflows to Korea offset lower China-bound volumes. In Japan, crude imports averaged 2.5 mb/d in 2020, the lowest annual average since at least 1980. Japan's product imports in 2020 averaged 0.9 mb/d, representing a 3% increase y-o-y. Meanwhile, China's crude imports hit a three-year low in December, averaging 9.1 mb/d. The decline came as independents were largely absent from the market and a backlog of ships waited offshore to be cleared. Early indications expect crude oil imports to rebound in January and February, as independents make use of a fresh round of import quotas. China set a new global record high for crude imports in 2020, averaging 10.9 mb/d, representing a 0.7 mb/d gain y-o-y. India's crude imports continued to see a healthy m-o-m increase in December, averaging 4.8 mb/d, the first y-o-y gain in eight months and the country's second-highest on record. In annual terms, India's crude imports averaged 4.0 mb/d in 2020, a decline of almost 11% y-o-y, representing a four-year low. India's product imports averaged above 1.0 mb/d for the first time on record, while exports declined for the second year in a row, down 11% y-o-y.

Commercial Stock Movements

Preliminary data for December shows total OECD commercial oil stocks were down by 39.3 mb, m-o-m. At 3,068 mb, inventories are 179 mb higher than year-ago levels and 143 mb above the five-year average (2015-2019). Within components, crude and product stocks declined, m-o-m, by 24.2 mb and 15.1 mb, respectively. At 1,528 mb, OECD crude stocks are 110 mb higher than in December 2019 and 81 mb above the five-year average (2015-2019). Total product inventories stood at 1,540 mb in December, 69 mb above the same month a year ago and 62 mb higher than the five-year average (2015-2019). In terms of days of forward cover, OECD commercial stocks fell by 1.0 days m-o-m in December to stand at 70.8 days. This is 7.2 days above the December 2019 level and 8.6 days above the five-year average (2015-2019).

Balance of Supply and Demand

Demand for OPEC crude in 2020 was revised up by 0.3 mb/d from the previous report to stand at 22.5 mb/d, around 7.1 mb/d lower than in 2019. Demand for OPEC crude in 2021 was also revised up by 0.3 mb/d from the previous month to stand at 27.5 mb/d, around 5.0 mb/d higher than in the previous year.

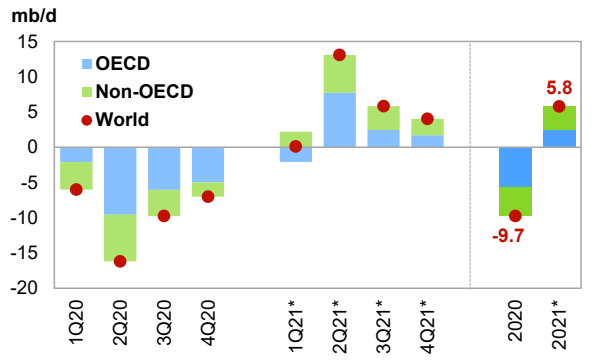
Feature Article

Review of the global oil demand trend

The historical drop in global oil demand of 9.7 mb/d y-o-y in **2020,** as a result of the COVID-19 pandemic, prompted a shock to the established relationship between oil demand and global economic growth. While demand for all petroleum products declined sharply in 2020, the transportation sector, and aviation in particular, which amounts to around 50% of total oil demand, was disproportionately affected.

Within the **OECD**, all three major regions – Americas, Europe and Asia Pacific – showed sharp declines in 2020, although at differing degrees. (***Graph 1***) In the Americas, oil demand for the petrochemical sector partially offset large losses in gasoline, jet kerosene and diesel, leading to a y-o-y decline of 3.0 mb/d. In Europe, lockdown measures were the most stringent and longest lasting during 2Q20 and 4Q20, leading to a decline of 1.9 mb/d, y-o-y, for the year. Oil demand in the Asia Pacific was the least affected, declining by only 0.8 mb/d y-o-y.

Graph 1: Global oil demand growth by region



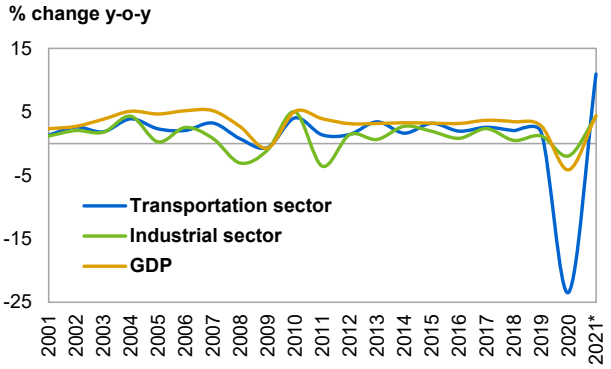
*Note: * 2021 = Forecast. Source: OPEC.*

In the **non-OECD** region, oil demand declines in 2020 were less pronounced. Following a drop in 1H20, China's oil demand returned to positive growth in 2H20 – supported by successful containment of the pandemic and a healthy petrochemical sector – to show a y-o-y decline of 0.4 mb/d. In India and Other Asia, oil demand fell on the back of restricted mobility, particularly during 1H20, but improved thereafter, to decline y-o-y by 0.5 mb/d and 0.9 mb/d, respectively, for the whole of 2020.

In **2021**, global oil demand is forecast to grow by around 5.8 mb/d, recovering some of the losses seen in 2020. At the same time, global GDP growth is projected to rebound based on positive developments, particularly in the US, China and India in 4Q20. With regard to oil demand, the negative impact of the containment measures on transportation fuels is expected to carry over, particularly into 1Q21, with a stronger rebound in oil demand growth, especially for industrial fuels, forecast in 2H21. In the **OECD**, oil demand is projected to grow by 2.5 mb/d in 2021, led by OECD Americas and driven by a steady partial recovery in the transportation fuels and healthy petrochemical feedstock requirements. Oil demand in OECD Europe is projected to grow by 0.6 mb/d, supported by economic developments. OECD Asia Pacific oil demand is forecast to increase by 0.2 mb/d on improvements in the transportation and petrochemical sectors.

In the **non-OECD**, 2021 oil demand growth is forecast at around 3.3 mb/d, led by China. Recovery is also projected in other regions, particularly Other Asia, the Middle East and Latin America. Light and middle distillates will be key to fuelling the growing petrochemical sector and supporting industrial activities, as well as gasoline for transportation.

Graph 2: Global GDP and sectorial oil demand



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

Developments in aviation and general travel will be important parameters for 2021 world oil demand. Indeed, the shock to the traditional relationship between GDP and oil demand that occurred in 2020 further clouds the short-term outlook. It should be noted that oil-intensive sectors, especially travel and transportation, accounted for a disproportionately large drop in overall world oil demand in 2020, compared to the decline in global economic growth, while the slower recovery in these sectors is expected to have a less positive impact on oil demand growth in 2021 (***Graph 2***). In addition, the ongoing COVID-19 pandemic, challenging unemployment levels, trade constraints, the pace of vaccinations as well as the impact of the announced economic stimulus measures into the real economy will continue to cause a large degree of uncertainty. Moreover, the ongoing degree of substitution, phasing out of subsidy programmes, the impact of commissioning, delays, and/or closure of downstream projects, as well as programmes for fuel efficiencies, will all require continued close monitoring during the course of the year.

While the global economy is showing signs of a healthy recovery in 2021, oil demand is currently lagging, but is forecast to pick up in the 2H21. With this, a healthy rebound in oil demand, in combination with the vigilant stance and considerable efforts of the countries participating in the Declaration of Cooperation (DoC), are essential to maintaining stability in the oil market.

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Crude Oil Price Movements

Spot crude prices rose firmly in January along with a rally in the futures markets. Major physical crude benchmarks increased about 10% on a monthly average amid continuing improvements in market fundamentals, particularly prospects for tighter crude supply and declining global oil stocks. Spot prices were also supported by the prospect of improving heating oil demand following cold waves in North America, Europe and Asia.

The OPEC Reference Basket (ORB) increased for the third consecutive month in January to its highest value since March 2020, rising along with related crude benchmarks and higher official selling prices, particularly of medium and heavy sour components towards Asia. The ORB value rose $5.21 m-o-m, or 10.6%, to settle at an average of $54.38/b.

Crude oil futures prices extended gains in January, increasing for the third consecutive month on tightening outlooks of supply/demand fundamentals and expectations of accelerating oil market rebalancing and global oil destocking. The gains come amid the rollout of COVID-19 vaccines and sustained efforts by OPEC and non-OPEC participating countries in the DoC to voluntarily adjust their production. Firm equity markets, a large decline in US crude oil stocks, a weaker US dollar, and cold weather across Asia, Europe, and the US also lent support to oil futures prices. The ICE Brent front month rose by $5.10, or 10.2%, in January to average $55.32/b, and NYMEX WTI increased by $5.03, or 10.7%, to average $52.10/b. However, y-t-d, ICE Brent was $8.35 lower, or 13.1%, at $55.32/b, while NYMEX WTI was $5.43 lower, or 9.4%, at $52.10/b, compared to the same period a year earlier. DME Oman crude oil futures prices rose in January by $4.82 m-o-m, or 9.6%, to settle at $54.95/b. Y-t-d, DME Oman was lower by $9.46, or 14.7%, at $54.95/b.

Hedge funds and other money managers were positive about the oil price outlook, raising their net long positions by near 11% in January amid rising crude futures prices and prospects for tightening supply/demand fundamentals, although speculators slowed crude buying in the second part of January as futures prices stalled. Money managers were more positive on the outlook of ICE Brent prices.

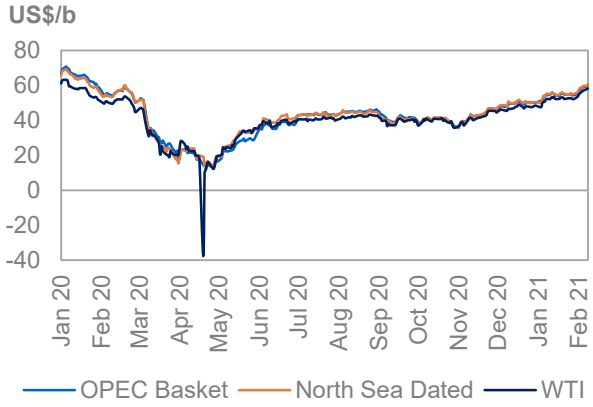
The futures price structure of all three markets was in sustained backwardation last month, on evidence that the global oil market is improving and the market rebalancing process is accelerating. The historic production adjustments by the DoC participants have largely contributed to this rebalancing process, as has the gradual recovery of global oil demand from last year's lows.

The value of light sweet crude strengthened further against the value of medium and heavy sour crude in January in all markets, as light distillate products performed better than heavier. However, the spread remained narrow when compared to levels before the COVID-19 crisis, due to the ongoing tight sour crude market and the prospect of further lower sour crude supply in February and March due to the DoC supply adjustments.

Crude spot prices

Spot crude prices rose firmly in January along with a rally in futures markets. Major physical crude benchmarks increased about 10% on a monthly average amid major support from continuing improvements in market fundamentals, particularly prospects for tighter crude supply and declining global oil stocks that prompted refiners to secure their volumes. The oil market rebalancing continues to successfully drain the surplus in the oil market, with OECD oil stocks falling in December 2020 for the fifth consecutive month, thanks to the contribution of the DoC participating countries and higher conformity level of their voluntary production adjustments in December.

Graph 1 - 1: Crude oil price movement



Sources: Argus, OPEC and Platts.

The oil market was buoyed over January by the decision taken by the DoC early in the month to adjust slightly their supply in February and March, while Saudi Arabia decided to voluntarily adjust its production lower by an additional 1 mb/d in February and March. Spot prices were also supported by the gradual recovery of refinery throughputs in some regions and the prospect of improving heating oil demand following cold waves in North America, Europe and Asia.

The three major physical crude benchmarks rose for the third consecutive month to hit their highest monthly average since February 2020. In January, North Sea Dated increased by $4.99, or 10.0%, to average $54.73/b. The WTI and Dubai first month rose respectively by $5.06 and $4.98, or 10.8% and 10.0%, to settle at $52.11/b and $54.76/b.

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

			Change		Year-to-date	
	Dec 20	Jan 21	Jan/Dec	%	2020	2021
OPEC Reference Basket	**49.17**	**54.38**	**5.21**	**10.6**	**65.10**	**54.38**
Arab Light	49.24	54.78	5.54	11.3	66.56	54.78
Basrah Light	49.95	54.73	4.78	9.6	64.06	54.73
Bonny Light	49.59	55.01	5.42	10.9	65.89	55.01
Djeno	42.29	47.28	4.99	11.8	62.95	47.28
Es Sider	48.09	53.08	4.99	10.4	63.63	53.08
Girassol	51.50	55.84	4.34	8.4	65.41	55.84
Iran Heavy	49.20	54.38	5.18	10.5	62.61	54.38
Kuwait Export	49.36	54.83	5.47	11.1	65.37	54.83
Merey	32.70	37.40	4.70	14.4	56.20	37.40
Murban	49.48	54.93	5.45	11.0	66.09	54.93
Rabi Light	49.28	54.27	4.99	10.1	60.80	54.27
Sahara Blend	49.99	55.08	5.09	10.2	65.28	55.08
Zafiro	50.43	55.07	4.64	9.2	65.31	55.07
Other Crudes						
North Sea Dated	49.74	54.73	4.99	10.0	63.38	54.73
Dubai	49.78	54.76	4.98	10.0	64.10	54.76
Isthmus	46.60	52.06	5.46	11.7	55.93	52.06
LLS	48.93	54.20	5.27	10.8	61.45	54.20
Mars	48.01	53.09	5.08	10.6	58.95	53.09
Minas	47.91	53.00	5.09	10.6	62.10	53.00
Urals	50.07	54.89	4.82	9.6	62.86	54.89
WTI	47.05	52.11	5.06	10.8	57.56	52.11
Differentials						
North Sea Dated/WTI	2.69	2.62	-0.07	-	5.82	2.62
North Sea Dated/LLS	0.81	0.53	-0.28	-	1.93	0.52
North Sea Dated/Dubai	-0.04	-0.03	0.01	-	-0.71	-0.03

Sources: Argus, Direct Communication, OPEC and Platts.

Nonetheless, crude oil differentials mostly weakened, undermined by softening buying interest from Chinese and European refiners, poor refining margins and weak refinery runs, specifically in Europe, and refiners could lower their runs due to spring maintenances. The rebound in COVID-19 infections and fresh lockdowns and mobility restrictions in many countries and large cities, including in China, the world's largest crude buyer, added to concerns about demand for transportation fuels and weighed on physical prices.

Most North Sea crude differentials eased in January on weak refining margins and low demand from European refiners amid reduced levels of refinery utilization rates and runs. Recent lockdowns and mobility restrictions accentuated worries about further deterioration of oil demand in Europe. Furthermore, the ample availability of similar crude quality in the Mediterranean and West African market added downward pressure on crude differentials. However, low February loading programmes of the five crudes underpinning the North Sea Dated benchmark, and the sustained flow of North Sea crude to the east in December and January, provided some support. The value of Forties crude differential was little changed, easing 1¢ on average in January to settle at a premium of 20¢/b against the Brent benchmark, compared to a premium of 21¢/b in December. The value of the Ekofisk crude differential fell by 12¢, to average at a premium of 45¢/b in January.

West African and Mediterranean crude differentials also fell in January, and several regional light sweet crudes were trading at discounts to the Brent benchmark amid lower demand from the Asia Pacific and European refiners; recovering supply from Libya; availability of volumes of unsold cargoes for January and February loadings; and subdued refining margins. The strengthening Brent futures structure also put downward pressure on crude differentials. Crude differentials of Saharan Blend and Azeri Light fell by 7¢ and 30¢, respectively, m-o-m, to average at a discount of 30¢/b and a premium of 82¢/b. Crude differentials of Bonny Light, Forcados and Qua Iboe also fell on a monthly average in January by 36¢, 28¢ and 53¢, respectively, to stand at discounts of 30¢/b, 22¢/b, and 48¢/b.

In the Middle East, the value of Dubai-related crudes for February loading strengthened on the spot market in the first part of January with Murban traded at a premium to its OSP, though differentials weakened in the rest of the month on softening demand from Asian refiners. The value of Oman crude differentials fell by 24¢ m-o-m, to a premium of 51¢/b, and Upper Zakum crude differentials fell by 12¢ to a discount of 4¢/b.

However, in the US Gulf Coast (USGC), crude differentials mostly strengthened on a monthly average in January supported by restrained US crude supply, healthy demand from regional refiners, declining crude oil stocks in PADD3, and sustained US exports from the USGC. The WTI Houston crude differential against NYMEX WTI rose 6¢ in January on average to a premium of $1.59/b, and LLS and Mars crude differentials also rose.

OPEC Reference Basket (ORB)

The **ORB** increased for the third consecutive month in January to its highest since March 2020, rising along with higher related crude benchmarks and official selling prices, particularly of medium and heavy sour components for Asia. The ORB value rose $5.21 m-o-m, or 10.6%, to settle at an average of $54.38/b. All ORB component values rose in January, with West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend and Zafiro – rising $4.92, or 10.1% m-o-m on average, to $53.66/b. The multiple regions' destination grades – Arab Light, Basrah Light, Iran Heavy and Kuwait Export – increased by $5.24, or 10.6% m-o-m on average, to settle at $54.68/b. Murban crude rose by $5.45, or 11.0% m-o-m on average, to settle at $54.93/b. The Merey component also rose by $4.70, or 14.4% m-o-m on average, to settle at $37.40/b.

The oil futures market

Crude oil futures prices extended gains in January, rising for the third consecutive month on tightening outlooks of supply/demand fundamentals and expectations for accelerating oil market rebalancing and global oil destocking. The gains were further bolstered by firm equity markets, which were underpinned by expectations that fresh economic stimulus measures under the new US administration would boost the economy and oil demand. Crude futures rose to their highest levels in 11 months with ICE Brent and NYMEX WTI climbing 9.2% and 9.7% respectively on a monthly average.

Oil prices rallied in the first half of January and gained about $5, buoyed by prospects of tighter global crude supply accelerating the global oil stock draws, and optimism about oil demand recovery as more countries approve COVID-19 vaccines and begin vaccination campaigns. Market confidence strengthened further after data showed a strong conformity level of December 2020 production adjustments under the DoC, in addition Saudi Arabia has unilaterally decided to voluntary adjust its production lower by a further 1 mb/d in February and March. A weaker US dollar and cold snaps across North America, Europe and Asia that could raise heating oil demand also lent support to crude oil prices. Futures prices were supported by a large draw in US crude oil stocks. Stock levels declined by near 27 mb between early December and the week of 22 January, to hit their lowest since March 2020, amid recovering in US crude refinery crude runs, particularly in the US PADD2 and PADD3. US refinery utilization was at about 82% of operable capacity during the first three weeks of January, or about 14.7 mb/d, compared to 79% in December, or about 14.2 mb/d.

In the second part of January, however, oil prices steadied and remained trading in a narrow range as investors eyed the resurgence of COVID-19 infections in many countries, including in Europe and in China, while governments re-imposed strict lockdowns, amid the spreading of new mutations of the virus, which could slow anticipated oil demand recovery. Several European countries and Chinese provinces reinstated further tight lockdown measures and mobility restrictions. Meanwhile, logistical and availability issues delayed deployment of the COVID-19 vaccines in Europe. Positive market sentiment also cooled after Chinses official data showed a decline in the country's crude imports in December, and signs of easing crude buying interest in the physical market.

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

			Change		Year-to-date	
	Dec 20	Jan 21	Jan/Dec	%	2020	2021
Future crude						
NYMEX WTI	47.07	52.10	5.03	10.7	57.53	52.10
ICE Brent	50.22	55.32	5.10	10.2	63.67	55.32
DME Oman	50.13	54.95	4.82	9.6	64.41	54.95
Spread						
ICE Brent-NYMEX WTI	3.15	3.22	0.07	2.2	6.14	3.22

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

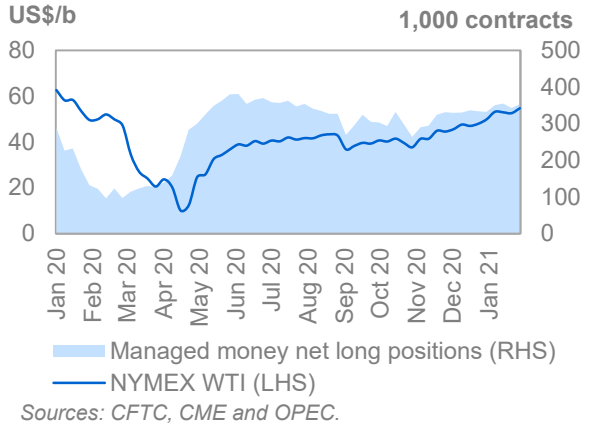
The **ICE Brent** front month rose by $5.10, or 10.2%, in January to average $55.32/b, and **NYMEX WTI** increased by $5.03, or 10.7%, to average $52.10/b. ICE Brent was $8.35 lower y-t-d, or 13.1%, at $55.32/b, while NYMEX WTI was $5.43 lower, or 9.4%, at $52.10/b, compared to the same period a year earlier. **DME Oman** crude oil futures prices rose in January by $4.82 m-o-m, or 9.6%, to settle at $54.95/b. Y-t-d, DME Oman was lower by $9.46, or 14.7%, at $54.95/b.

On 10 February, ICE Brent stood at $61.47/b and NYMEX WTI at $58.68/b.

The **ICE Brent/NYMEX WTI spread** widened by a slight 7¢ in January to remain narrow at $3.22/b on average. The NYMEX WTI price was supported by the gradual recovery of domestic demand, limited US supply growth, and declining US crude oil stocks, including a large decline at Cushing, Oklahoma. Nonetheless, the spread between the value of North Sea Dated and WTI Houston's first month narrowed in January by 11¢/b on a monthly average to stand at $1.04/b, compared to $1.15/b in December. This is due to easing buying interest for Brent-related grades from Chinese buyers and adequate supply of light sweet crude in the Atlantic Basin, while in the USGC, WTI was buoyed by healthy crude demand and declining stocks in the US PADD3 and sustained demand for exports.

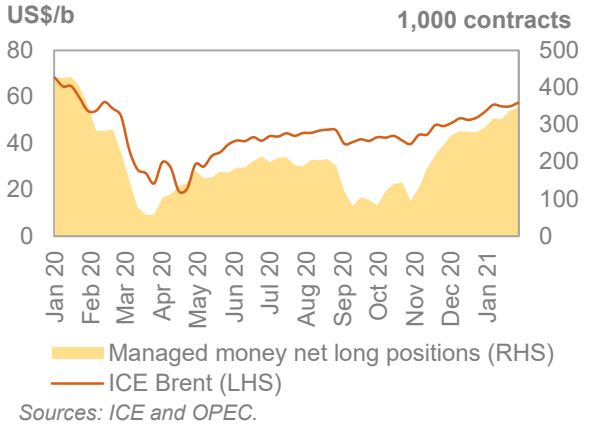
Hedge funds and other money managers were positive about the oil price outlook and raised their net long positions by nearly 11% in January amid rising futures crude prices, prospects for tightening supply/demand fundamentals, and accelerating easing of the global oil stock overhang, although speculators slowed crude buying in the second part of January as futures prices stalled. Money managers diverged on their perception of the price outlook for ICE Brent and NYMEX WTI. While they accelerated purchases and raised their net long positions in ICE Brent, they decelerated buying in NYMEX WTI. By the end of the week of 26 January, money managers were net buyers of about 67 mb in the two main crude oil futures and options contracts and held an equivalent of about 681 mb, the highest level since early January 2020.

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



Sources: CFTC, CME and OPEC.

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



Sources: ICE and OPEC.

Money managers increased their net long positions in ICE Brent in January to reach their highest since early July last year. Combined futures and options net long positions in ICE Brent increased by 57,855 contracts, or 20.6%, to reach 338,153 lots in the week of 26 January, according to the ICE Exchange. In the week ending 26 January, gross short positions rose by 7,313 lots, or 15.8%, to 53,503 contracts, while gross long positions rose by 65,168 lots, or 20.0%, to 391,656 contracts during the same period.

However, hedge funds and other money managers raised slightly their bullish positions related to NYMEX WTI in January. Compared to late December, speculators increased their related NYMEX WTI net long positions by 8,917 contracts, or 2.7%, to stand at 342,701 lots in the week of 26 January. This is due to a rise in short positions by 19,037 lots, or 36.5%, to 71,264 contracts, and an increase of 27,954 contracts, or 7.2%, in long positions to 413,965 contracts, according to the US Commodity Futures Trading Commission (CFTC).

The **long-to-short ratio** of speculative positions in the ICE Brent contract were at about 7:1 in January, almost unchanged compared at 7:1 in late December. However, the NYMEX WTI long-to-short ratio fell slightly to 6:1 in the week to 26 January, compared to 7:1 in late December.

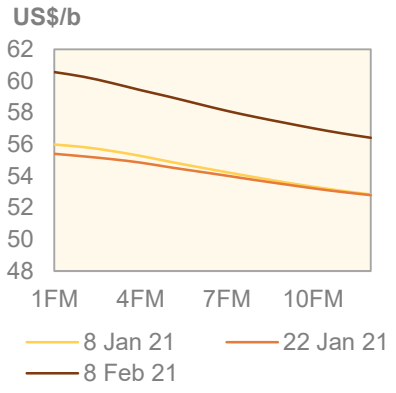
Total futures and options open interest volumes on the two exchanges rose over January, increasing by 7.7%, or 421,986 contracts, to stand at 5.9 million contracts in the week ending 26 January.

The futures market structure

Since last month, the **futures price structure** of all three markets was in sustained backwardation, evidence that the global oil market is tightening and the market rebalancing process is accelerating and reflecting the decline in global crude oil inventory levels. The historic production adjustments by OPEC and participating non-OPEC producers in the DoC have contributed to this process, as has the gradual recovery of global oil demand from last year's lows.

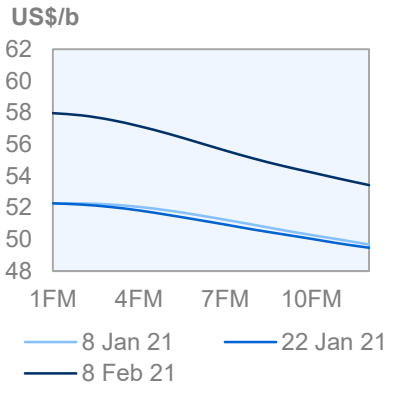
The forward curve of **Brent** futures steepened in January on the prospect of tightening global crude supplies, declining global oil inventories and expectations of gradual oil demand recovery as COVID-19 immunizations continue. The ICE Brent M1-M3 spread slipped into a backwardation of 30¢ on average in January, compared to a shallow contango of 1¢/b in December. The lower Urals loading programme in February and easing supply overhang in the Atlantic Basin also contributed to firming Brent market structure. The ICE Brent's first to sixth-month moved into deeper backwardation last month to settle at $1.09 on average compared to a backwardation of 18¢/b one month earlier, contributing is reducing floating storage in the Atlantic Basin.

Graph 1 - 4: ICE Brent forward curves



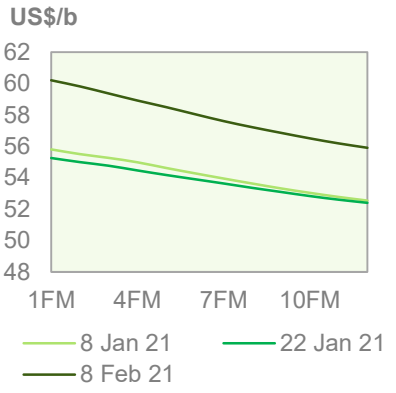
Sources: ICE and OPEC.

Graph 1 - 5: NYMEX WTI forward curves



Sources: CME and OPEC.

Graph 1 - 6: DME Oman forward curves



Sources: DME and OPEC.

DME Oman and **Dubai's** price structures remained in firm backwardation last month, amid the prospect of further tightening of the sour crude market as DoC countries decided to adjust only slightly higher their production and Saudi Arabia pledged to adjust lower its production by a further 1 mb/d in March and April. Furthermore, sustained crude buying of Mideast crude from Asia-Pacific refiners, including China, India and Japan, bolstered prompt month prices. On a monthly average, the DME Oman M1-M3 backwardation was little changed again m-o-m in January, narrowing only 2¢ to 54¢/b on average, from a backwardation of 56¢/b in December.

In the US, the **NYMEX WTI** forward curve flipped to backwardation in January and steepened over the month on a significant decline of crude oil stocks in the US and particularly at Cushing, Oklahoma, amid limited US oil supply growth, a gradual recovery in refinery runs and sustained US crude exports. The Cushing, Oklahoma trading hub observed a decline of 10.5 mb, or 15.2%, in January, according to EIA weekly data, amid increasing refinery intakes, specifically in PADD2 and PADD3, and sustained US crude oil exports that stand at about 3.0 mb/d on average during the same period. The NYMEX WTI M1-M3 spread slipped to a backwardation of 10¢/b on average in January, compared to a contango of 27¢/b in December. The M1-M3 spread rose late in the month to its highest in about a year.

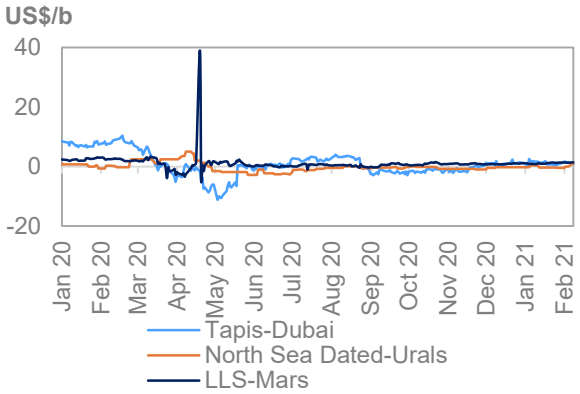
Regarding the **M1/M3 structure**, the North Sea Brent M1/M3 spread widened to a backwardation of 13¢/b in January on a monthly average, compared to a backwardation of 9¢/b in December. In the US, the WTI M1/M3 spread flipped to a backwardation of 6¢/b on monthly average in January, from a contango of 28¢/b in December. However, the Dubai M1/M3 monthly average spread narrowed slightly to a backwardation of 47¢/b on average in January, from a backwardation of 52¢/b in December.

Crude spreads

Despite the ongoing tight sour crude market and the prospect of further supply tightening in February and March due to the DoC adjustments, the value of **light sweet** crude strengthened further against the value of **medium and heavy sour** crude in January in all markets, as light distillate products performed better than heavier. However, the spread remained narrow when compared to levels before the COVID-19 crisis.

In **Europe**, the value of the Urals sour grade settled at a premium level in January against the light sweet benchmark North Sea Dated, although this premium narrowed by 17¢ to 16¢/b on average in January. The Urals crude value came under pressure on weaker European demand for the grade and weak fuel oil margins in almost all markets, while the value of light sweet crude was also supported by improving naphtha and gasoline margins. Easing floating storage of light crude in the Atlantic Basin also added support. Nonetheless, the Urals crude value remained supported by tight sour market and expectations of sharply lower availability of Urals crude for February loading, probably due to higher demand from Russian refineries to meet domestic demand and sustained demand from other regions outside Europe.

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



Sources: Argus, OPEC and Platts.

In **Asia**, the value of sweet/sour crude differentials also increased with the Tapis premium over Dubai widening on a monthly average, despite a lower supply of sour crude from the Middle East. The Tapis/Dubai spread widened by 11¢ in January to reach $1.18/b, as domestic light sweet crudes became more competitive due to a narrow Brent-Dubai's spread that stands at a discount of 3¢/b, narrowing 1¢ m-o-m. The Brent/Dubai Exchange of Futures for Swaps also widened slightly by 5¢/b on a monthly average in January to 91¢/b. The widening spread between light and heavy distillate margins in Asia also contributed to the widening crude sweet/sour spread.

In the **USGC**, the Light Louisiana Sweet (LLS) premium over medium sour Mars widened in January by 19¢/b, to $1.11/b, as increasing US refinery intakes; strengthening light distillate margins, like naphtha and gasoline; and maintaining US crude oil exports at about 3 mb/d in January added support to light sweet crude values in the USGC. Nonetheless, the LLS-Mars spread remains narrow compared to historical levels, as a tight global sour crude market buoyed the value of the sour crude value in the USGC.

Commodity Markets

Energy commodity prices started the year on a positive note, rising across the board led by an increase in oil prices for the third consecutive month. In general, overall financial market bullishness on expectations of additional government led stimulus was a supportive factor. Colder than average weather generally supported both natural gas and coal prices in Asia and Europe, with price gains in the US smaller in comparison due to milder January weather there.

Base metals continued to rise, but at a slower pace than the previous month as the expansion in global manufacturing slowed slightly, especially in the largest consumer China. However, the positive sentiment in financial markets continued to be supportive. In the group of precious metals, gold prices showed a minor increase.

Trends in selected commodity markets

The **energy price index** advanced by around 10.0% m-o-m in January, with across the board increases in crude oil, natural gas and coal. In January 2021, the index was down by 7.1% compared with January 2020.

The **non-energy index** rose m-o-m by 4.4%, mainly due to a 5.0% rise in agricultural commodity prices, while base metals prices rose by 1.1%. In January 2021, the non-energy index was up by 20% compared to January 2020.

Table 2 - 1: Commodity prices

Commodity	Unit	*Monthly averages*			*% Change*	*Year-to-date*	
		Nov 20	Dec 20	Jan 21	Jan 21/Dec 20	2020	2021
Energy*	Index	**54.6**	**62.9**	**69.2**	**10.0**	**74.4**	**69.2**
Coal, Australia	US$/mt	64.4	83.0	86.8	4.6	69.7	86.8
Crude oil, average	US$/b	42.3	48.7	53.6	10.0	61.4	41.3
Natural gas, US	US$/mbtu	2.6	2.6	2.7	4.4	2.0	2.7
Natural gas, Europe	US$/mbtu	4.8	5.9	7.3	24.1	3.6	7.3
Non-energy*	Index	**92.6**	**97.4**	**101.7**	**4.4**	**84.7**	**101.7**
Base metal*	Index	**91.4**	**98.0**	**99.7**	**1.7**	**80.5**	**99.7**
Precious metals*	Index	**143.0**	**143.6**	**145.1**	**1.1**	**118.0**	**145.1**

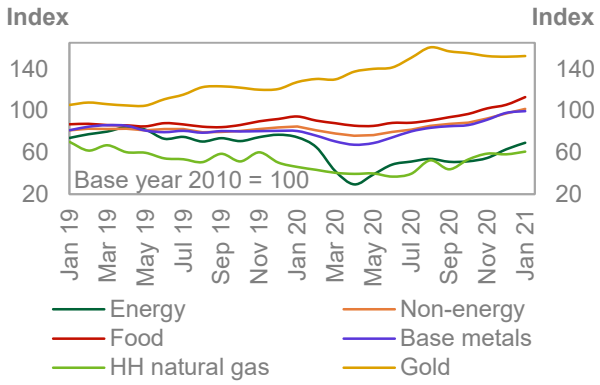
*Note: * World Bank commodity price indices (2010 = 100).*
Sources: World Bank and OPEC.

In January, the **Henry Hub natural gas index** rose on average by 4.4% m-o-m to $2.7/mmbtu. Prices were supported by colder temperatures towards the end of the month, following a milder end to 2020 and the beginning of 2021. Moreover, there was an expectation that the cold weather pattern would continue at the start of February. In addition, according to IHS Markit, support also came from some small declines in domestic production, as well as strong demand for LNG exports, which was estimated slightly below 11 bcf/d – according to IHS Markit. As reported by the US Energy Information Administration, utilities withdrew 192 bcf from working gas underground storage during the week ending 29 January 2021. This withdrawal left total working gas in underground storage at 2,689 bcf, which was 7.9% above the latest five-year average.

Natural gas prices in Europe advanced strongly for the second consecutive month with the average **Title Transfer Facility price** up by 24.1% m-o-m to $7.3/mmbtu, almost twice the January 2020 price. Inventories declined significantly as a result of cold weather, while a further strengthening of Asia LNG prices, which averaged $17/mmbtu in January – briefly spiking above $30/mmbtu – continued to favour exports to that region instead of Europe. EU inventories ended January around 51.5% full, compared to a level of 74.1% at the end of December 2020, according to Gas Infrastructure Europe. Last year, inventories were around 71% full at the end of January.

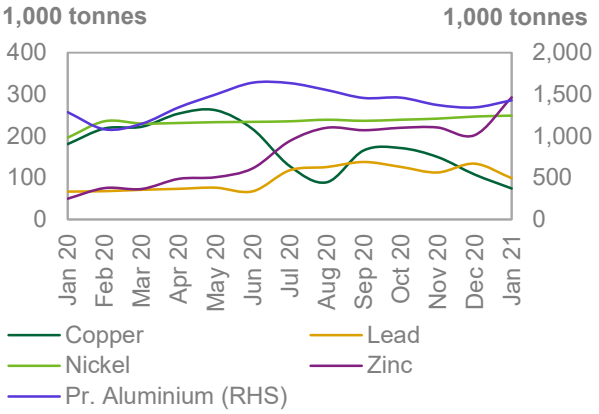
Australian thermal coal prices in January rose for the fifth consecutive month, increasing by 4.6% m-o-m to $86.8 mt – almost 25% higher than in January 2020. Similar to the previous month, colder than average winter temperatures in North East Asia, and the rising price of competitor fuel, such as natural gas, proved supportive. Back in December, in view of strong demand, due to colder than average weather and a strong economic performance, Chinese coal imports more than tripled m-o-m to $39.08 mln tonnes, while coal output in the country accelerated to 3.2% y-o-y in December, from 1.5% y-o-y in November. Meanwhile, thermal power generation jumped significantly in December 2020, up by 9.2% y-o-y, according to China's National Bureau of Statistics.

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 m-o-m by 1.1% January, a slower advance than the 7.2% increase the previous month. The pace of expansion in global manufacturing activity slowed from December 2020, especially in China, while the previous declining trend in the US dollar, which has been supportive of commodity prices in general, had some minor reversal. However, positive investor sentiment remained supportive, especially after more details of the possible size and composition of the new US fiscal stimulus package was outlined.

Average monthly copper prices rose m-o-m in January by 2.6% to $7,972/Mt. This is 32% higher than in January 2020, supported by a further drop in stocks, overall investor bullishness and concerns about supply disruptions in major producer Peru. According to International Copper Study Group estimates, the refined copper balance (adjusted for unreported Chinese inventories) in the January-to-October 2020 period showed a deficit of 380,000 tonnes versus 354,000 in the January-September estimation. Moreover, in January, inventories at London Metal Exchange (LME)-designated warehouses experienced another large drop to 74,575 tonnes, from 107,950 tonnes in December, signalling a tight copper market.

Iron ore prices rose in January by 9.1% m-o-m to a monthly average of $169.6/mt, which is almost 77% higher than the January 2020 average. Prices have been supported by strong demand for steel making in China, which increased by 5.2% in 2020, compared to 2019, according to the World Steel Association. Chinese iron ore imports rose by 9.5% y-o-y in 2020. Concerns about Brazilian output due to COVID-19 and mine safety reviews also supported prices.

In the group of **precious metals**, gold was up by 0.5% m-o-m in January. However, it dropped in the second half of the month from levels in the early part, as safe haven demand declined. Lower real interest rates towards the end of the month provided support. Silver prices meanwhile rose by 3.7% and platinum prices increased by 6.1%.

Investment flows into commodities

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

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

	Open interest		*Net length*			
	Dec 20	Jan 21	Dec 20	% OI	Jan 21	% OI
Selected commodity						
Crude oil	2,559	2,711	332	13	345	13
Natural gas	1,203	1,152	47	4	60	5
Gold	769	750	127	17	120	16
Copper	251	261	86	34	79	30
Total	**5,221**	**5,333**	**1,828**	**100**	**1,935**	**96**

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

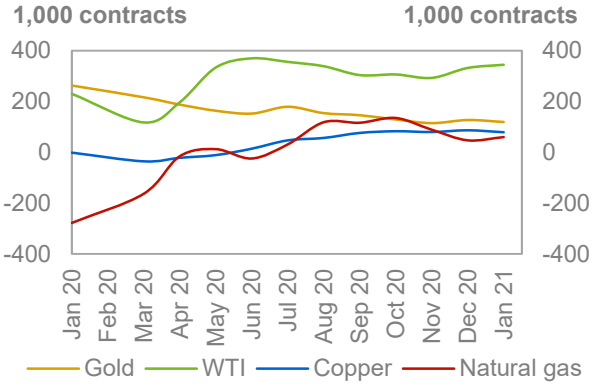
Sources: CFTC and OPEC.

Henry Hub's natural gas OI dropped by 4.2% m-o-m in January. Money managers' net long positions rose by 27% to 60,283 contracts from 47,468 contracts in December, on the anticipation of cold snaps towards the end of the month and at the beginning of February.

Copper's OI rose by 4.0% in January. Money managers' net long positons decreased by 8.8% m-o-m to 78,606 from 86,203 contracts the previous month, as the pace of expansion in global manufacturing slowed.

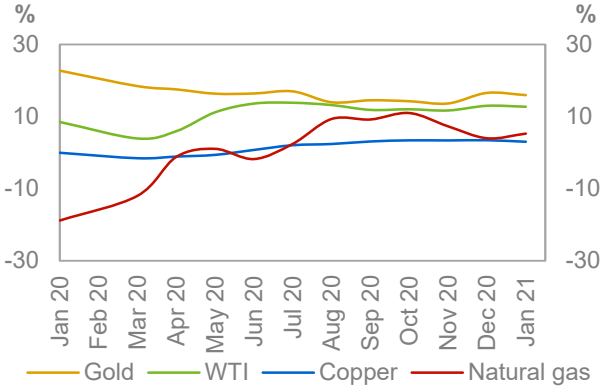
Gold OI decreased by 2.4% in January. Money managers decreased their net length by 6.1% to 119,528 contracts from 127,255 contracts the previous month due to reduced safe haven demand. As a share of open interests, the drop in net length was small.

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 the pandemic continues to dominate world economic developments, prospects for improvements in the containment of COVID-19 are rising. The global vaccination rollout is gaining pace, infection rates are falling in some areas, improvements in treatment and the growing use of rapid testing facilities all lend support to an acceleration of economic activity after 1Q21. Furthermore, additional large fiscal stimulus measures in the US and gains in key Asian economies are adding support to the recovery in 2021. Hence, the global economic growth forecast for 2021 was lifted to 4.8% from 4.4%.

Considering the better-than-expected 2H20 growth numbers published recently, the 2020 GDP growth estimate was lifted to -3.9% from -4.1% in the previous month. On a quarterly basis, 1Q21 growth will still be considerably affected by ongoing lockdown measures, voluntary social distancing and other pandemic-related developments. This may to some extent carry over into the 2Q21. However, by the end of 1H21, economic activity is forecast to significantly gain pace as the impact of the pandemic is expected to taper off. The momentum is then expected to be supported by pent-up demand, especially in the contact-intensive services sectors like tourism and travel, leisure and hospitality. The seasonal aspect of warm weather in the Northern Hemisphere and the summer travel season will add more support. Forced household savings from lockdowns, combined with ongoing monetary and likely additional fiscal stimulus, will add to the rebound. The base assumption for this scenario is that by 2H21, COVID-19 will largely be overcome. Depending on fiscal and monetary stimulus measures, especially the US, and the success of the COVID-19 containment efforts, further upside to the current global economic growth forecast may materialise.

Nonetheless, numerous challenges remain, including COVID-19 variants and the effectiveness of vaccines against these mutations. Moreover, sovereign debt in most economies has risen to levels at which a lift in interest rates could cause severe fiscal strain. While not imminent, a further rise in inflation, especially in the US and the Euro-zone, may cause some tightening of monetary policies, an area that will need to be monitored in the short-term. Additionally, trade-related disputes, especially between the US and China, may continue.

In greater detail, the OECD growth forecast for 2020 was revised up to -5.1%, after upward adjustments in the Euro-zone and some smaller OECD economies. OECD growth in 2021 is revised up to 3.9% from the previous month's 3.5%, lifted in particular by improving growth expectations for the US, but also for the Euro-zone and Japan.

In the emerging economies, India's 2020 GDP growth was revised up to -8.2% from -9.0%. India's growth forecast for 2021 was revised up to 7.5% from 6.8%. China's GDP growth is revised up to the officially reported 2020 growth level of 2.3%. China's growth forecast for 2021 was revised up to 7.4% from 6.9%. Brazil's 2020 GDP growth forecast was revised up to -4.9% compared to -5.2% the previous month. The Brazilian economy is forecast to grow by 2.9% in 2021, an upward revision of 0.5 pp from the previous month. Russia's 2020 GDP is -3.1%, the officially reported 2020 growth level, compared to the previous month's growth estimate of -4.1%. Russia's 2021 recovery was revised up slightly by 0.1 pp to 3.0%, with potentially some further upside 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	**-3.9**	**-5.1**	**-3.5**	**-6.8**	**-10.5**	**-5.2**	**2.3**	**-8.2**	**-4.9**	**-3.1**
Change from previous month	0.2	0.2	0.0	0.4	0.0	0.0	0.3	0.8	0.3	1.0
2021	**4.8**	**3.9**	**4.2**	**4.1**	**4.1**	**2.9**	**7.4**	**7.5**	**2.9**	**3.0**
Change from previous month	0.4	0.4	0.8	0.4	0.3	0.1	0.5	0.7	0.5	0.1

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

Source: OPEC.

Global

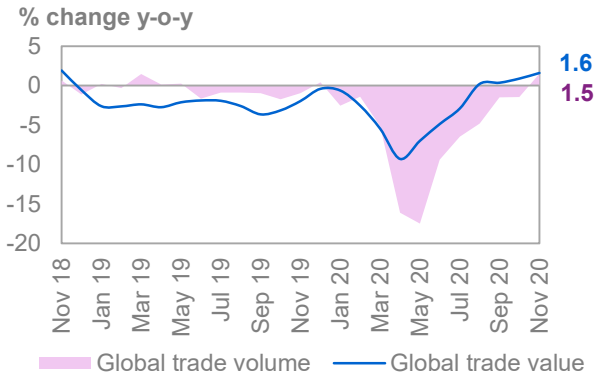
Update on latest developments

The COVID-19 pandemic remains the overarching concern in the global economy. Ongoing lockdowns in many Western economies are dampening the economic recovery in 1Q21, while Asian economies seem have gained further pace, but are also still very much impacted by the pandemic. Looking at updates on growth in the OECD, the Euro-zone reported better-than-expected 2H20 growth, lowering the GDP decline in 2020. The US has proposed further fiscal stimulus measures, and Japan seems to continue benefitting of improvements in global trade. In the emerging and developing economies, China has reported better-than-expected growth in 4Q20, lifting 2020 FY growth and making it the only major economy to expand in 2020. While India experienced a significant economic decline in 1H20, the economy appears to have improved in 2H20, momentum that is expected to continue in 2021, especially with the broad-based stimulus measures that were announced recently. On a global level, the recovery momentum was led by the manufacturing sector, while the contact-intensive services sectors are still impacted by the consequences of the global pandemic. Travel and tourism, leisure and hospitality are all sectors that have hardly gained global momentum, thus very much affecting oil-demand.

After the approval of an additional stimulus package of around $900 billion at the turn of the year, the new US administration is proposing additional stimulus of up to $1.9 trillion. In the Euro-zone, the approval of the 750-billion-euro fund at the end of last year will also provide a sound pillar for momentum going forward. These large fiscal stimulus packages have certainly lifted debt levels to very high levels, which will require close monitoring in the near term.

Global trade levels continued improving, according to data available up to November. World trade volumes rose by 1.5% y-o-y in November, compared to -1.4% y-o-y in October, based on the CPB World Trade Index provided by the CPB Netherlands Bureau for Economic Policy Analysis. This marks the first monthly rise in global trade volumes since a very small uptick in December 2019. Trade improved in value terms as well, rising by 1.6% in November, after a rise of 0.9% y-o-y in October.

Graph 3 - 1: Global trade



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

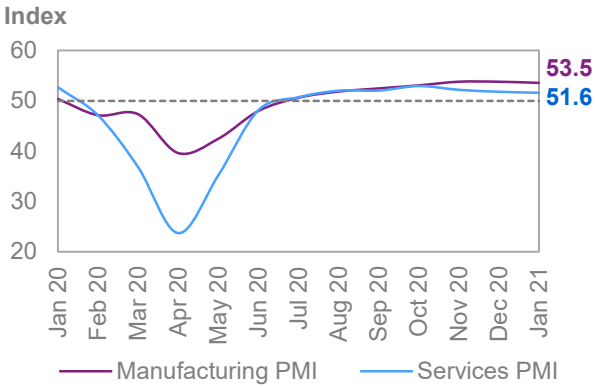
Near-term expectations

The base assumption for the near-term is that COVID-19 will be largely contained by 2H21. Current pandemic-related challenges are considered to be temporary, as the distribution of vaccines is forecast to gain traction and this should lead to a recovery gaining pace towards the end of 2Q21. Economic growth in 1Q21 is still forecast to be largely affected by the ongoing rise in infections, the consequent lockdown measures and voluntary social distancing. Importantly, it is forecast that the recovery will be significantly supported by a rebound in contact-intensive sectors, especially in travel and tourism, leisure and hospitality.

The improving outlook will very much be supported by pent-up demand that will be driven by relatively high forced household savings during the lockdown periods, especially in Western economies, and the large monetary and fiscal stimulus measures. The seasonal aspect of warm weather in the Northern Hemisphere and the travel season at that time will provide additional support. Rising investment will provide an additional pillar to growth as well. New COVID-19 variants, and concern that existing vaccines may be less effective against the new mutations, are the major risks to the expected recovery.

Global purchasing managers' indices (PMIs) in January reflected a slight temporary slowdown in the global recovery. The global manufacturing PMI stood at 53.5 in January, compared to 53.8 in December and November. The global services sector PMI retracted slightly, standing at 51.6 in January, compared to a December index level of 51.8 and 52.2 in November.

Graph 3 - 2: Global PMI



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

With further improvement seen in 2H20, the 2020 **GDP growth** forecast was revised up to stand at -3.9%, compared to -4.1% the previous month. The revision was mainly caused by a stronger-than-expected 1H20 growth in the Euro-zone, China and most likely in India as well. GDP growth for 2021 was revised up to 4.8%, from 4.4% in the previous month. The main drivers are additional large stimulus in the US and a continued strong recovery in Asian economies that is forecast to accelerate in 2021. It is assumed that the pandemic will pose further economic challenges in 1Q21 amid the continuation of partial 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.

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

	World
2020	**-3.9**
Change from previous month	0.2
2021	**4.8**
Change from previous month	0.4

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

Source: OPEC.

OECD

OECD Americas

US

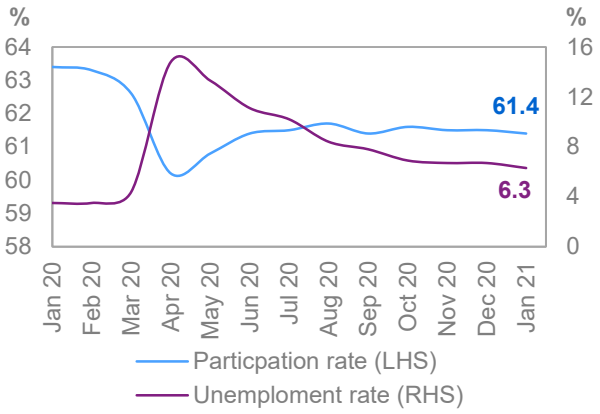
Update on the latest developments

Growth of the US economy in 4Q20 was reported at 4% q-o-q seasonally adjusted annualised rate (SAAR), as published by the Bureau of Economic Analysis (BEA). While a slowdown was expected, it marks a significant deceleration from GDP growth of 33.4% q-o-q SAAR in 3Q20. The slower pace of growth stemmed from an ongoing rise in infections and the gridlock of the presidential elections delaying further social welfare support after most programmes ended in 3Q20. Sentiment improved in January following the approval in late 2020 of a $900 billion stimulus package and the new US administration's proposal for $1.9 trillion in additional support. Consumer confidence rose in January to 89.3 compared to 87.1 in December, as measured by the Conference Board. This improvement in sentiment has not become visible yet in the latest available retail sales data. Retail sales retracted in value terms with growth rate of 2.3% in December, compared to 4.2% y-o-y in November. One positive aspect for future consumption is that the important equity and housing markets continued to perform well, largely supported by monetary stimulus with the Fed raising its balance sheet volume by more than $3 trillion in 2020.

US industrial sector activity improved in December, contracting by 3.6% y-o-y, compared to a decline of 5.2% y-o-y in November. Positively, the December dynamic translates into a monthly increase of 1.4% m-o-m, after a rise of 0.5% m-o-m in November. Export growth increased as well in December, rising by 3.4% m-o-m from 1.1% m-o-m in November.

The labour market continued to improve in January, with the **unemployment rate** falling to 6.3% from 6.7% in December. Non-farm payroll additions were relatively low at 49,000. However, this comes after payrolls fell by a revised 227,000 in December, the first decline in non-farm payrolls since April 2020, when the COVID-19 pandemic caused the loss of almost 21 million jobs in the US economy.

Graph 3 - 3: US monthly labour market



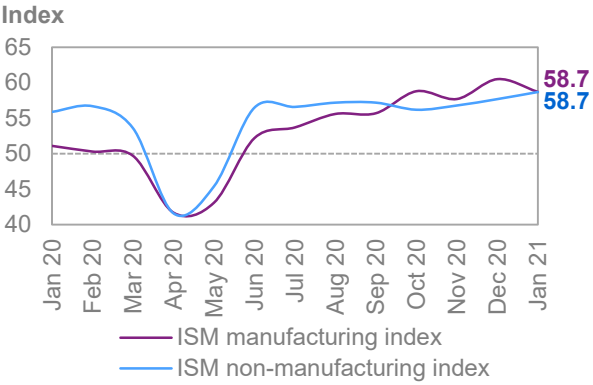
Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

With additional stimulus measures likely to be implemented soon, growth is forecast to be well supported in 2021. Although the US administration proposed a fiscal support package of $1.9 trillion, it is likely to be lower, but even the magnitude of an expected $1.5 trillion would account for more than 7% of US GDP. The additional support on top of the $900 billion package approved in December and the ongoing monetary stimulus are very likely to counterbalance any negative impact in 1Q21 of ongoing COVID-19-related challenges. While 1Q21 is forecast to remain impacted by social-distancing measures, holding GDP growth at 2.2% q-o-q SAAR, growth is forecast to accelerate to 3.5% q-o-q SAAR in 2Q21 and to around 5% SAAR on a quarterly average in 2H21, led by consumer spending and investment. Positively, effective containment, in combination with well-targeted stimulus measures, could further lift the current 2021 growth forecast. This may push up inflation, so that in the case of a significant spike in US economic growth in 2H20, the Fed may consider tapering its monetary stimulus with a potential dampening effect on the recovery. Rising debt levels and the associated debt services may then also cause fiscal constraints going forward. These factors will require close monitoring, but are not expected to pose an imminent challenge.

The economy's recovery is reflected in **December PMI** levels as provided by the Institute for Supply Management (ISM), indicating an ongoing pick-up in the coming months, albeit the manufacturing index retracted slightly. The manufacturing PMI stood at 58.7 in January, compared to 60.7 in December, but still above the 57.5 in November. The services sector index rose to 58.7 in January from 57.7 in December and 55.9 in November. This is an important rise, given that the services sector accounts for more than two-thirds of the US economy.

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



Sources: Institute for Supply Management and Haver Analytics.

The previous growth estimate for 2020 was confirmed and is unchanged at -3.5%. Assuming that COVID-19 will be contained, a further rise in consumption and investment could lead to a solid recovery in the coming year. This would certainly be supported by additional fiscal stimulus measures and widely available vaccines. Especially the additional fiscal stimulus measure is expected to strong effect on 2021 US GDP. Growth is forecast at 4.2%, compared to the previous month's forecast of 3.4%. While growth prospects are further 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	0.0
2021	**4.2**
Change from previous month	0.8

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

Source: OPEC.

OECD Europe

Euro-zone

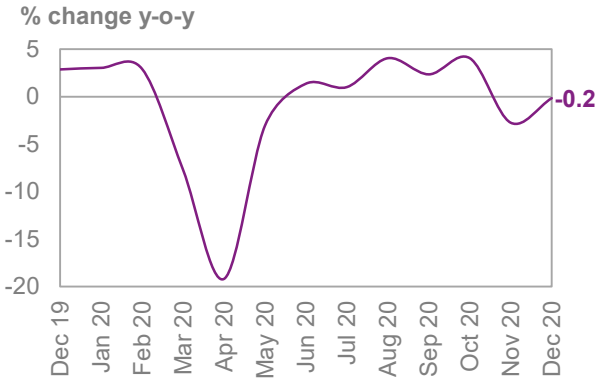
Update on the latest developments

Euro-zone FY 2020 GDP growth was reported at -6.8% after a better-than-expected 2H20 recovery. This came after strong growth of 59.9% q-o-q SAAR in 3Q20 and a decline of -2.8% q-o-q in 4Q20. The decline in 4Q20 was less than expected, despite the ongoing lockdown measures in most Euro-zone economies. Given the strong support measures that were enacted by Euro-zone governments, in combination with fiscal support from the EU and monetary support from the ECB, the situation has somewhat stabilised as can be seen in the labour market, which so far has been largely subsided.

As noted over past months, monetary assistance 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 a stabilisation as the unemployment rate was unchanged in December at 8.3%.

Retail sales growth in value terms declined slightly on a yearly basis in December, falling by 0.2% y-o-y, after a decline of 2.8% y-o-y in November. Industrial production (IP) improved in November as well, declining by 0.7% y-o-y, compared to a contraction of 3.3% y-o-y in October and a decline 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.

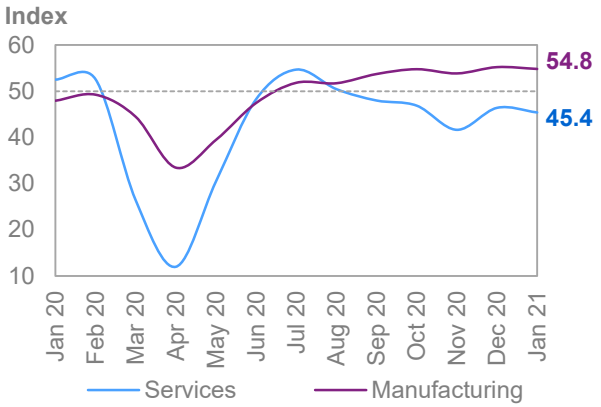
Near-term expectations

Although large parts of the Euro-zone were under lockdown, in 4Q20 the decline was less than expected and it seems that despite the ongoing challenges, the situation has somewhat stabilised in 1Q21. Quarterly growth in 1Q21 will be relatively low, but growth is forecast to gain speed towards mid-year. The ECB's additional monetary stimulus, in combination with the distribution of the EU's 750-billion-euro rescue fund, will help support the gradual recovery in 2021. While 1Q21 is forecast to remain affected by COVID-19-related social-distancing measures, holding GDP growth at 1.2% q-o-q SAAR, growth is forecast to accelerate to 2.8% q-o-q SAAR in 2Q21 and to almost 6% SAAR on a quarterly average in 2H21. Growth is to be led by consumer spending, investment and a rise in exports.

The underlying assumptions are that the distribution of vaccines is gaining pace and that 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 and rising exports to the US and Asian economies should benefit growth in the Euro-zone.

The January **PMI** for the Euro-zone economy retracted slightly in both the manufacturing and the services sectors. The manufacturing PMI fell to 54.8 in January from 55.2 in December, but was still above November's 53.8. The PMI for services, the largest sector in the Euro-zone, fell to 45.4 from 46.4 in December and 41.7 in November, all levels clearly below the growth-indicating level of 50.

Graph 3 - 6: Euro-zone PMIs



Sources: IHS Markit and Haver Analytics.

Taking into account Eurostat's most recently published 4Q20 numbers, the **GDP growth forecast for 2020** was revised to -6.8% from -7.2% in the previous month. Vaccinations may accelerate in the coming months, but 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	**-6.8**
Change from previous month	0.4
2021	**4.1**
Change from previous month	0.4

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

Source: OPEC.

By the end of 2Q21, growth should gain traction with an anticipated improvement in the COVID-19 situation amid the expected wide availability of vaccines. With the prospect for successful containment of COVID-19 and further improvements in the global economy providing upside support, the **2021 GDP growth** forecast was revised up to 4.1% from 3.7% in the previous month.

OECD Asia Pacific

Japan

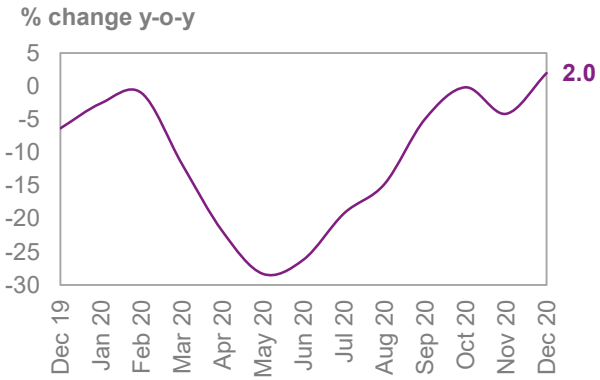
Update on latest developments

Indicators from January and the end of 2020 show that the Japanese economy is facing a slow recovery following very strong 3Q20 growth. 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. Domestic activity remains sluggish and has been recently affected by recent lockdown measures, especially in Tokyo, with emergency measures extended until 7 March. While these measures have continuously depressed the level of activity in the services sector, the industrial sector has performed relatively better, also supported by the recovery in global trade. Japan's exports have picked up in recent months – up to November – and have provided support to the Japanese economy.

While industrial production (IP) had improved on a monthly basis up to October, the latest available numbers from November and especially from December show a declining trend. IP fell by 0.3% m-o-m in November and 1.3% m-o-m in December. This compares to growth of more than 3% in both October and September.

Similarly, **exports** recovered up to November, fuelled by a rebound in global trade, but retracted in November and December. Exports declined slightly by 0.3% m-o-m in November and by 0.1% m-o-m in December, compared to a rise of 2.6% m-o-m in October and 4.0% m-o-m in September. These monthly trends translate to a decline of 1.9% y-o-y in December and of 1.7% y-o-y in November, all on a seasonally adjusted basis. Excluding the seasonal adjustment, December levels rose on a yearly basis, by 2% in December, compared with a decline of 4.2% y-o-y in November.

Graph 3 - 7: Japan's exports



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

Retail sales growth slowed again as well, declining by 0.3% y-o-y in December, after growing by 0.6% y-o-y in November and 6.4% y-o-y in October. In line with the economy's domestic slowdown, consumer sentiment, as reported by the Cabinet Office, stood at 30.1 in January, a considerable decline from an already low level in December, when the index stood at 32.2.

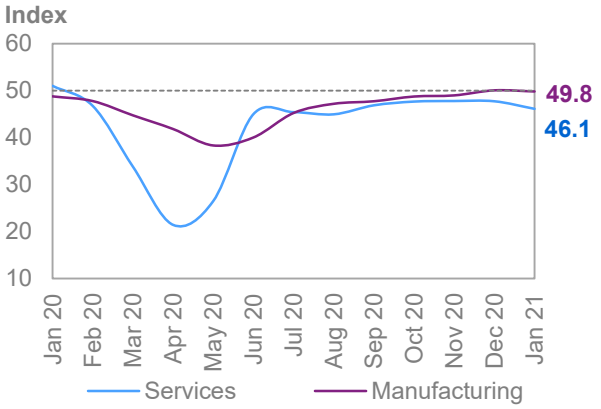
Near-term expectations

After the sharp rebound of 22.9% q-o-q SAAR in 3Q20, growth expectations for Japan's economy are forecast to have slowed in 4Q20 to 4.6% q-o-q SAAR. Strong enforcement of the rules under the emergency statue are expected to lead to an ongoing depressed level of mobility, keeping domestic economic activity at rather low levels, especially in the services sector in 1Q21. The ongoing measures will cut growth in 1Q21 to around

zero, while a strong rebound is expected by 2Q21, leading to quarterly growth for the remaining three quarters of the calendar year of around 4% q-o-q SAAR.

January **PMIs** have highlighted the continuation of the slowdown. The manufacturing PMI fell back below the growth-indicating level of 50, standing at 49.8 in January, after it had just reached the 50 level in December, compared to 49 in November and 48.7 in October. Even more importantly, at least with regard to domestic activity, the PMI for the services sector, which constitutes around two-thirds of the Japanese economy, fell further. It declined to 46.1 in January from 47.7 in December and 47.8 in November, indicating an ongoing contraction in this important sector.

Graph 3 - 8: Japan's PMIs



Sources: IHS Markit, Nikkei and Haver Analytics.

The 2020 **GDP growth** forecast 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 2Q21, a rebound and gradual positive momentum should lead to a pick-up in 2021.

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

	Japan
2020	**-5.2**
Change from previous month	0.0
2021	**2.9**
Change from previous month	0.1

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

Source: OPEC.

GDP growth is expected to remain supported by stimulus measures, leading to a recovery in private household consumption and investment. As a result, 2021 GDP growth has been revised up slightly to stand at 2.9%, compared to 2.8% in the previous month.

Non-OECD

China

Update on the latest developments

China's real GDP expanded 6.5% y-o-y in 4Q20, up from 4.9% y-o-y in 3Q20, bringing the economy back to pre-pandemic growth rates. China's real GDP expanded by 2.3% in 2020, making it the only major economy to avoid a contraction last year, although this marked the lowest growth rate since 1976. The recent growth level was driven by a combination of factors, including investment in infrastructure and real estate and the resilient export sector, which was boosted by the strong global demand for medical supplies and equipment. Despite the steady pick-up in private consumption, growth was below expectations due to the fears of a resurgence of COVID-19 infections.

Comparing 4Q20 to 3Q20, the primary sector grew by 4.1% y-o-y compared to 3.9% y-o-y, while the secondary sector grew by 6.8% y-o-y, slightly up from 6.0% y-o-y, and services expanded by 6.7% y-o-y compared to 4.3% y-o-y.

Regarding the GDP contribution from **demand**, final consumption expenditure demand contracted by only 0.5% y-o-y in 4Q20 compared to 2.2% y-o-y. Gross capital formation expanded by only 2.2 y-o-y in 4Q20 following growth of 2.5% y-o-y in 3Q20. The contribution of net exports of goods and services rose to 0.6% y-o-y in 4Q20 following growth of 0.4% in 3Q20. The total domestic demand contribution to China's GDP rose to 1.7% y-o-y in 4Q20 compared to 0.3% y-o-y in 3Q20.

On the **supply** side, while agriculture expanded marginally by 4.2% y-o-y in 4Q20 compared to 4.0% y-o-y in 3Q20, industry advanced 6.9% y-o-y in 4Q20 following growth of 5.6% y-o-y in 3Q20, with manufacturing rising 7.3% y-o-y. In addition, real estate investment grew by about 7% y-o-y in 4Q20 following 6.3% y-o-y in 3Q20,

with residential rising by 7.6% and office building by 5.4%. Yet construction activities expanded only by 6.6% y-o-y in 4Q20 following the growth about 8% y-o-y in 3Q20.

China's **retail sales** grew only by 4.6% y-o-y in December 2020, following a 5.0% gain in November, reflecting the weakness in consumption. For 2020 retail sales dropped by about 3.9% compared to 2019, the first contraction since 1968. Online retail sales grew by about 11% y-o-y in 4Q20 compared to 9.7% y-o-y in 3Q20; still it was below the gain of 16.5% y-o-y in 4Q19.

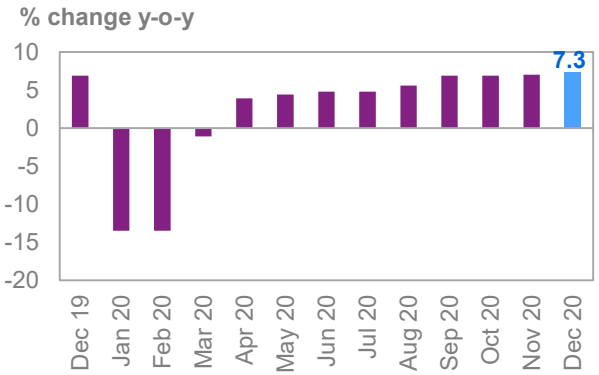
The recent economic data could mean that the policy support offered to the economy during the peak of the pandemic would be normalized in 2021, mainly through reductions in monetary easing. In such a case, policymakers might consciously need to restart economic reforms without effecting the ongoing growth. Recently, the State Council extended its measures on supporting small and medium sized enterprises (SMEs) which shows that policymakers are still cautious about the pace of the recovery. Recently, in a step to maintain reasonable and sufficient liquidity of the banking system during the Spring Festival holiday, the People's Bank of China (PBoC) injected CNY 50 billion into the market via 14-day reverse repos at an interest rate of 2.35%, increasing repos maturing on the net liquidity injection of CNY 50 billion.

China's **industrial production** rose by 7.3% y-o-y in December 2020, marking the sharpest expansion since the end of the 1Q19 and following a growth of 7.0% y-o-y in November 2020. For the full year of 2020, industrial output rose by 2.8% y-o-y.

Regarding inflation, the **consumer price index** increased by 0.2% y-o-y in December 2020, following deflation of 0.5% the previous month. For 2020, consumer prices rose 2.5%.

On external demand, China's **trade surplus** sharply increased to $78.17 billion in December 2020 from $47.25 billion in December 2019. Exports jumped by 18% y-o-y; imports also increased but only by 6.5%, amid improving global demand.

Graph 3 - 9: China's industrial production



Sources: China National Bureau of Statistics and Haver Analytics.

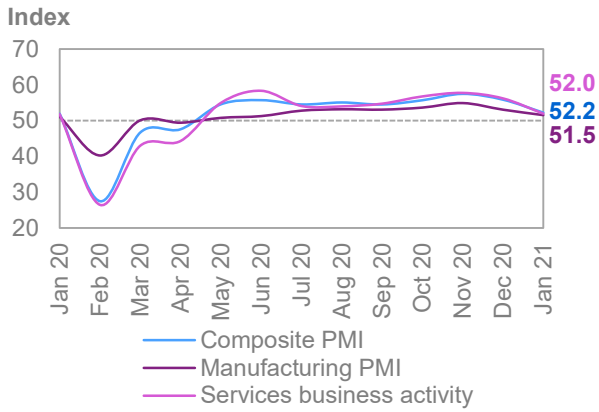
China's trade surplus with the US shrank to $29.92 billion in December 2020 from $37.42 billion in the previous month. In 2020, China's trade surplus was $535.03 billion, the strongest since 2015, as exports increased by 3.6%, while imports fell 1.1%. Exports to the US increased 7.9% to $451.8 billion, while imports from the US increased by 9.8% to $134.9 billion, with a trade surplus of $316.9 billion. One of the largest downside risks to China's economic normalization could be continued friction with the US.

Near-term expectations

Behind the recent recovery, the strong sequential growth might be slowing in 1Q21 due to the latest COVID-19 outbreak and reduced travel during the Chinese New Year holidays. Reflecting these factors, the Caixin China General **Manufacturing PMI** dropped to 51.5 in January 2021 from 53.0 in December, its lowest reading in seven months.

The Caixin China General **Services PMI** fell to 52.0 in January 2021 from 56.3 a month earlier. Despite the declines, strong growth continues in services and manufacturing due the recovery in private consumption following the policies enacted during the COVID-19 outbreak.

Graph 3 - 10: China's PMI



Sources: Caixin, IHS Markit and Haver Analytics.

Looking forward, China's growth could maintain its momentum and orient more towards consumption and corporate investment. Private consumption is expected to become an important driver of growth in 2021, fuelled by the higher private saving.

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

The robust growth of household consumption along with a recovery in the labour market could add further upward potential for 2021 growth. As a result, China's real **GDP growth** for 2021 was revised up to 7.4% from 6.8% in the previous month.

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

	China
2020	**2.3**
Change from previous month	0.3
2021	**7.4**
Change from previous month	0.5

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

Source: OPEC.

Other Asia

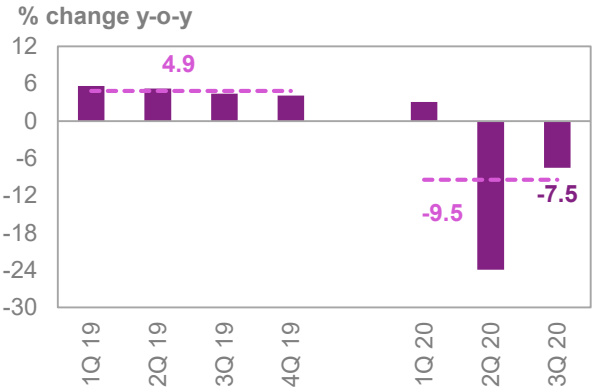
India

Update on the latest developments

India's economy is gradually recovering. The last quarter of 2020 marked a noticeable improvement in India's domestic economic activities, especially with regard to private investment and consumption amid the receding COVID-19 wave and positive vaccine developments. As a proxy for consumer spending, data showed that passenger vehicle sales growth rebounded to 13.6% y-o-y in December 2020 following growth of 4.6% y-o-y in November. Car sales expanded by 8.4% y-o-y in December, utility vehicle sales jumped by 19.8% y-o-y, while two-wheeler sales increased by 7.4% y-o-y. However, the recovery might be still fragile as it is constrained by the availability of vaccines and this could thus weigh on economic activity. Official estimates suggested that the government might be able to vaccinate close to 10% of the population by the end of 1Q21.

On the **fiscal side**, on 1 February 2021 the Minister of Finance announced the union budget focussing on health and wellbeing spending, which increased by 137%; physical and financial capital; infrastructure spending; spending on a development plan called Aspirational India; revitalizing human capital; spending on and R&D; and minimizing government and maximizing governance. Moreover, the announced budget increased the custom duty to support domestic goods and services. According to official statements, India's fiscal deficit is estimated to remain around 6.8% of GDP in FY 2021-2022, while it stands in the current fiscal year at 9.5% of GDP.

Graph 3 - 11: India's GDP quarterly growth

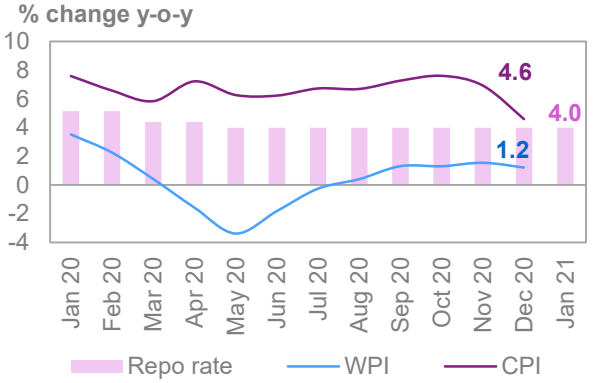


Sources: National Informatics Centre (NIC) and Haver Analytics.

On the **monetary policy side**, the Reserve Bank of India (RBI) kept the repo rate unchanged at 4% and the reverse **repo rate** was also unchanged at 3.35%. Additionally, the RBI revised its inflation forecast to 5% from 5.2% in the first half of 2021-2022 FY and to 4.3% for third quarter of 2021-2022 FY. In the meantime, the bank forecast that the economy would expand at 10.5% in the 2021-2022 FY.

India's **inflation rate** fell to 4.6% y-o-y in December 2020 from 6.9% in November. This was the lowest in 15 months. Wholesale price inflation eased slightly to 1.2% y-o-y in December 2020 from 1.5% in November 2020.

Graph 3 - 12: Repo rate and inflation in India

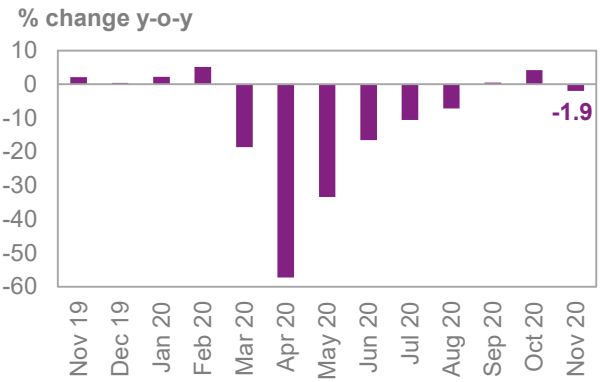


Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

Not as encouraging, **industrial production** contracted by 1.9% y-o-y in November following expansion of 4.2% y-o-y in October. However, manufacturing activity is on the rise if the whole of 4Q20 is considered.

Labour market conditions have improved, with the unemployment rate declining to 6.5% in January 2021 from 9.0% in December; rural unemployment was 5.3% while urban joblessness stayed as high as 8.0%.

Graph 3 - 13: India's industrial production

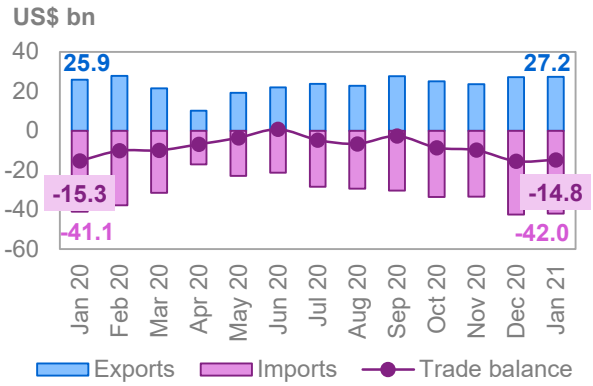


Sources: Ministry of Statistics and Program Implementation of India and Haver Analytics.

On external demand, in January 2021 both exports and imports have continued their momentum. **Exports** jumped 5.4% y-o-y to $27.24 billion, while **imports** surged 2.0% y-o-y to $41.99 billion.

Together, according to preliminary estimates, India's **trade deficit** shrank slightly to $14.75 billion in January 2021 from $15.30 billion in January 2020.

Graph 3 - 14: India's trade balance



Sources: Ministry of Commerce and Industry and Haver Analytics.

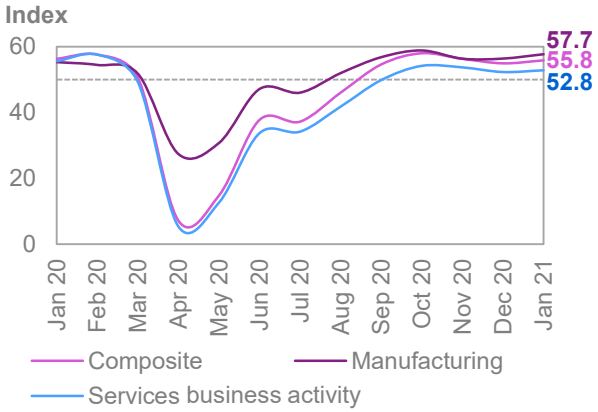
Near-term expectations

COVID-19 vaccination campaigns, concerted health policies and government financial support are expected to underpin India's ongoing economic recovery. Naturally, the recovery would be faster if vaccines were rolled out quicker, as this would boost confidence among consumers and businesses and reduce uncertainty. India has been relatively proactive in securing vaccines. Moreover, Indian producers control about 60% of the world's total supply of vaccines of all types, according to the Economist Intelligence Unit (EIU). This means those producers may give more priority to local vaccine needs. For the time being, business confidence in India is tilted more towards the positive as the economy continues to recover amid the loosening of COVID-19 restrictions.

The PMI indices reflected that as the Composite PMI index rose to 55.80 points in January from 54.90 in December 2020 while the IHS Markit India **Manufacturing PMI** rose to 57.7 in January 2021 from 56.4 in the previous month. In addition, the **Services PMI** increased to 52.8 in January of 2021 from 52.3 in December 2020.

Looking forward, India's economy is anticipated to strongly bounce back in 2021 as the services and manufacturing recovery gains momentum and business sentiment is expected to continue improving. These improvements are highly supported by the launch of the COVID-19 vaccine programme at the domestic and global levels, as well as the policy support packages that increased by around $26 billion in the 4Q20, which may materialize faster and more effectively than that of May, leading to more signs of an economic rebound.

Graph 3 - 15: India's PMIs



Sources: Nikkei, IHS Markit and Haver Analytics.

Yet there is a high level of uncertainty about the country's short-term economic outlook as delays to vaccination deployment and difficulties controlling new virus outbreaks might hinder the recovery. In addition, pre-pandemic financial market stress remains a concern.

Considering the developments over 4Q20 and our overall assumptions, India's **GDP growth in 2020** is revised up to -8.2% from -9.0% last month and GDP growth for **2021** has been revised up to 7.5% at 6.8%. Assuming that COVID-19 is contained, a further rise in consumption and investment could lead to an even stronger recovery this year. This would certainly be supported by the materialization and expansion of fiscal stimulus measures and widely available vaccines

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

	India
2020	**-8.2**
Change from previous month	0.8
2021	**7.5**
Change from previous month	0.7

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

Source: OPEC.

Latin America

Brazil

Update on latest developments

Despite the negative outlook over the spike in COVID-19 cases, Brazil's recovery continued in 4Q20, following a third-quarter rebound.

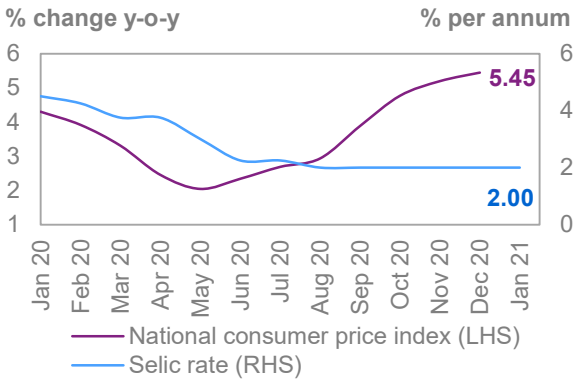
Recent key indicators suggest further improvement, especially in labour market. The **unemployment rate** declined to 14.1% in November 2020 from 14.4% in October 2020. The number of unemployed rose by 1.7% to 14.02 million and employment increased by 4.8% to 85.58 million. The labour force participation rate increased by 1.9 pp to 56.6%. Meanwhile industrial production advanced 8.2% y-o-y in December 2020, the most since April 2018, following growth of 2.6% y-o-y in November.

The services sector, which accounts for about 70% of Brazil's GDP and is heavily affected by COVID-19, continued to recover according to November IBGE data, growing by a better-than-expected 2.6% m-o-m (seasonally adjusted), although it was still down by 4.3% y-o-y.

Inflationary pressures increased as the consumer price **inflation rate** rose to 4.56% y-o-y in January 2021, mainly due to upward pressure from food and beverages and housing prices. On a monthly basis, consumer prices increased by 0.25% in January compared to the previous month.

On the consumption side, **retail sales** in Brazil jumped 1.20% y-o-y in December 2020, registering the 7th consecutive month of expansion. Considering all of 2020, retail sales expanded by 1.2%, following growth of 1.8% in 2019.

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



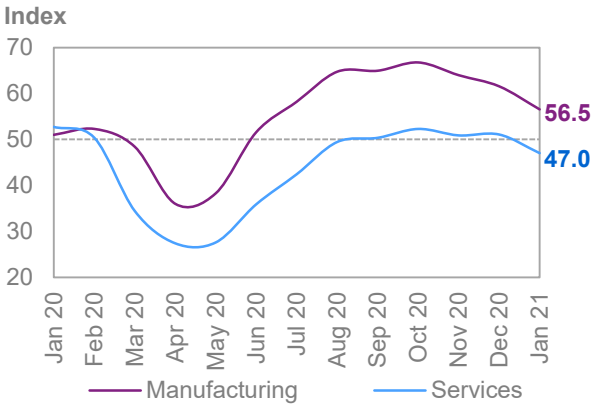
Sources: Banco Central do Brasil, Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

Near-term expectations

Brazil economic outlook for 2021 depends upon the trajectory of the pandemic and availability of COVID-19 vaccines for a sizable share of the population. Meanwhile, the impetus for economic reforms following the election in early February probably would boost prospects for progress on public-sector reforms in 2021.

In the meantime, the Industrial Entrepreneur Confidence Index in Brazil declined to 60.9 in January 2020 from 63.1 in the previous month. Similarly, the **manufacturing PMI** dropped to 56.5 in January 2021 from 61.5 in December, pointing to the smallest expansion in the sector since June 2020. Nevertheless, business positive sentiment is still increasing, supported by the rollout of COVID-19 vaccines, as there was rise in new product launches and marketing efforts, according to IHS survey.

Graph 3 - 17: Brazil's PMIs



Sources: IHS Markit and Haver Analytics.

Considering the positive support of industrial production and retail sales, Brazil's **GDP growth** for the 2020 has been revised up to a contraction 4.9% from a contraction 5.2% the previous month. Similarly the 2021 GDP forecast increased to growth of 2.9% from growth of 2.4% in the previous month.

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

	Brazil
2020	**-4.9**
Change from previous month	0.3
2021	**2.9**
Change from previous month	0.5

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

Source: OPEC.

Africa

South Africa

Update on the latest developments

Despite the continued risks of the new rise of COVID-19 infections, the most recent macroeconomic indicators suggested that South Africa's modest recovery is more robust. In 4Q20 exports gained momentum, increasing by about 20% y-o-y. Imports declined by 3% y-o-y, suggesting a quicker pace of trade activity. Overall, in 2020 exports increased by 7.5% to R1.39 trn (US$83.9 bn) and imports declined by 11.8% to R1.12 trn, resulting in an unprecedentedly large surplus of R270bn, compared to R24bn in 2019. Moreover, according to the South African Reserve Bank, public and private external debt dropped by 11.7% y-o-y to US$156.9 bn in 3Q20 due to the depreciation of the rand, in which a significant proportion of external borrowing is denominated. Rand-denominated foreign debt typically accounts for about 50% of external obligations and naturally those obligations become lower when the rand is weaker.

Industrial production dropped 3.5% y-o-y in November 2020, following a 3.4% y-o-y decline in the previous month. On a seasonally adjusted monthly basis, industrial production shrank 1.3%, compared to a 3.2% increase in October 2020.

Labour market conditions worsened 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.

Near-term expectations

The outlook for South African economic growth in 2021 remains highly uncertain. Nevertheless, the post-pandemic programme that the government committed to in exchange for rapid IMF financing will prioritise investment, job creation and power supply. This could add impetus to reform the economy and in turn support the recovery. As with other countries, 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. Nonetheless, the global expansion of vaccinations could support external demand and trade. Moreover, South Africa's Absa Manufacturing PMI increased slightly to 50.9 in January 2021 from 50.3 in December.

Considering the uptick in major macroeconomic indicators, South Africa's GDP growth for 2020 is revised up to -7.7% from -8.0% in the previous month, while 2021 GDP growth increased to 3.3% from 3.0%.

However, there still high uncertainty due to new infections and the pace of COVID-19 vaccinations.

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

	South Africa
2020	**-7.7**
Change from previous month	0.3
2021	**3.3**
Change from previous month	0.3

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

Source: OPEC.

Russia and Central Asia

Russia

Update on the latest developments

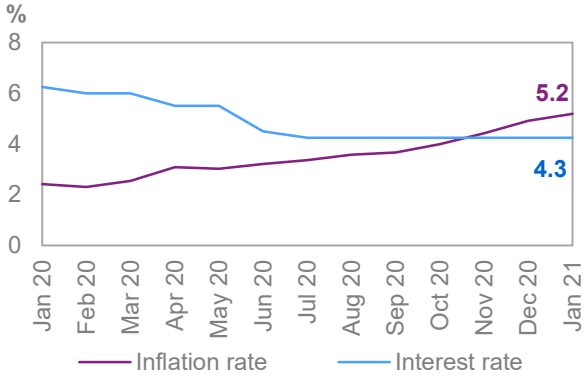
Russia's economy contracted 3.1% y-o-y in 2020, compared to 2% y-o-y growth in 2019, according to the first full-year estimate published by the Federal State Statistics Service. This represents a mild contraction compared to most of the consensus expectations, including the decline of 3.9% projected by Russia's central bank. The less sever contraction is mainly driven by the improvement in oil price supported by the sequence of OPEC+ through the DoC decisions. Moreover, the released growth rate may not reflect the terms-of-trade shock as imports tend to contract much more sharply than exports, causing net exports to rise in y-o-y terms. Indeed, exports fell by 5.1% y-o-y in 2020; however, imports fell much further, by 13.7% y-o-y. Consequently, net exports recorded a positive contribution to the GDP. Household consumption fell by 8.6%. The government's spending contribution was also significant, although more limited than other advanced economies. The IMF estimates that government stimulus, including direct fiscal support, state guarantees and extra-budgetary measures, was equivalent to 4.5% of GDP. Overall, the 2020 GDP contraction was the sharpest annual contraction since 2009 amid the novel COVID-19 pandemic and the decline in global demand for energy resources.

Russia's other high frequency macroeconomic indicators continued to show a robust recovery despite the rise in COVID-19 infections. Industrial production rose 4.4% in December 2020 over the same month in the previous year. The labour market improved as well, the unemployment rate fell to 5.9% in December 2020 from 6.1% in the previous month. Nevertheless, retail sales in Russia declined 3.6% y-o-y in December 2020, following a 3.1% fall in the previous month. Yet, on a monthly basis, retail trade rose 17.3% following a 1.2% drop in November.

Russia's **consumer price inflation** rate increased to 5.2% y-o-y in January 2021, from 4.9% y-o-y in December 2020, the sharpest rate rise since April 2019 as prices for both food products advanced 0.4%. On a monthly basis, consumer prices increased 0.7% in January.

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.

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



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

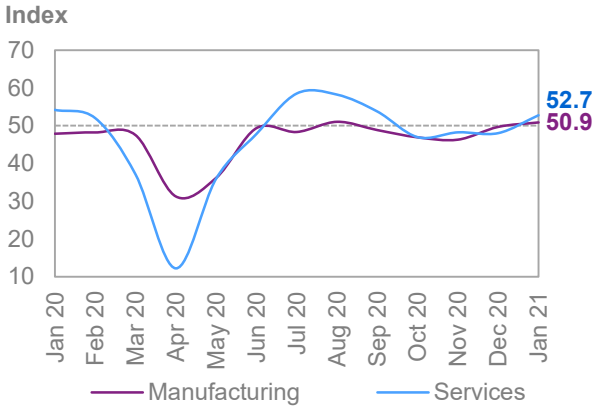
Near-term expectations

Considering the recently released economic indicators along with OPEC and non-OPEC DoC decisions, Russia's economy is anticipated to continue its robust recovery, supported mainly by 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 50.9 in January 2021 from 49.7 in the previous month, recording the first expansion in the sector in five months. The services PMI recorded the first expansion since September 2020, rising sharply to 52.7 in January 2021 from 48.0 in the previous month. The Composite PMI increased to 52.30 in January from 48.30 in December 2020.

In line with the officially released data, as well as signs of a robust recovery, Russia's **GDP** forecast for 2021 was revised slightly up to 3.0% from 2.9% in the previous month. 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 potential supported by the rising oil prices.

Graph 3 - 19: Russia's PMIs



Sources: IHS Markit and Haver Analytics.

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

	Russia
2020	**-3.1**
Change from previous month	1.0
2021	**3.0**
Change from previous month	0.1

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

Source: OPEC.

OPEC Member Countries

Saudi Arabia

The Saudi Arabian economy shrank by 3.8% y-o-y in the 4Q20, following a 4.6% y-o-y contraction in 3Q20. This was the sixth consecutive quarterly contraction but the smallest since 4Q19 because the easing of lockdown measures. On a seasonally adjusted quarterly basis, the GDP expanded by 2.8% after a 1.8% expansion in 3Q20. For the full year, the economy contracted by 4.1%, reversing from growth of 0.3% in 2019. The forward-looking PMI index increased to 57.1 in January 2021 from 57.0 in December, pointing to the highest reading since November 2019. Overall, as the Saudi economy recovered further from the COVID-19 outbreak, the non-oil industrial output is now expanding and the recovery in 2021 is more robust. More importantly, the ongoing recovery is supported by the improvement in oil prices.

Nigeria

The meaningful rise in oil prices following the recent DoC decisions, along with a positive trajectory from COVID-19 vaccines, could brighten the 2021 outlook and lay the groundwork for a hopeful medium-term real GDP expansion. Moreover recent data showed that consumer confidence in Nigeria increased to -14.80 points in 4Q20 from -21.20 points in 3Q20. However, recent Central Bank of Nigeria composite PMI for the manufacturing sector edged down to 49.6 in December 2020 from 50.2 in November, signalling a renewed contraction in the country's manufacturing activity.

The United Arab Emirates (UAE)

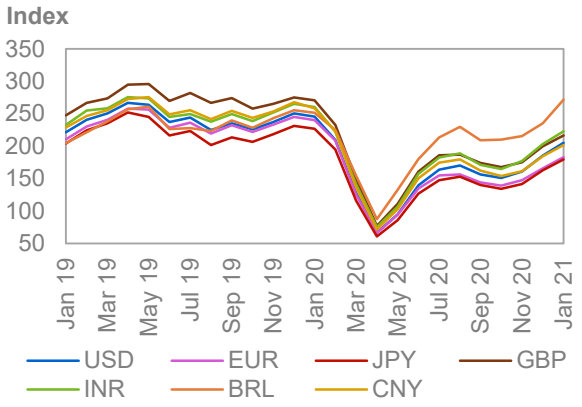
Extensive stimulus measures have helped sustain the economy during the COVID-19 crisis, and the vaccine rollout provides further optimism considering the rapid progress on immunizations. However, the recovery in 2021 is highly dependent on the oil price improvement, which is central to a strong business environment and economic recovery. The UAE's non-oil PMI stayed unchanged at 51.2 in January 2021, though it recorded the second straight expansion in the private sector, amid success in controlling the COVID-19 pandemic. Business sentiment improved to the highest in three months, adding to the positive economic outlook for 2021.

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

The **US dollar (USD)** weakened on average against other major currencies but at a slower pace than previous months, as expectations of outperformance of the US economy provided some support to the dollar. The dollar declined by 0.2% against the euro m-o-m, and by 0.3% against the Swiss franc. Against the yen, the dollar declined by 0.3%. Against the pound, it declined by 2.0%, amid reduced risks for the UK economy after the Brexit deal.

The dollar dropped by 1.0% against the Chinese yuan, with the outperformance of the Chinese economy supporting the yuan, and declined by 0.7% against the Indian rupee. It rose by a slight 0.3% against the Russian ruble and by a strong 4.1% against the Brazilian real amid concerns about the government's ability to add further stimulus to the economy. Against the Mexican Peso, the dollar declined by a slight 0.1% during the month.

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



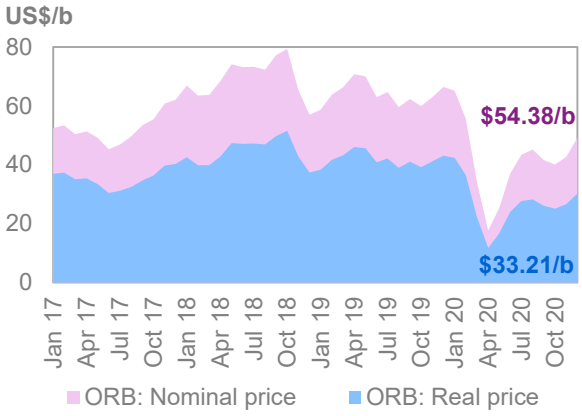
Sources: IMF and OPEC.

In **nominal terms**, the price of the ORB increased by $5.21, or 10.6%, from $49.17/b in December to reach $54.38/b in January.

In **real terms**, after accounting for inflation and currency fluctuations, the ORB increased to 33.21/b in January from a revised $30.19/b (base June 2001=100) the previous month.

Over the same period, the **USD** declined by 0.4% against the import-weighted modified Geneva I + USD basket, while inflation was up by 0.1% m-o-m.

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



Source: OPEC.

World Oil Demand

The contraction in global oil demand for 2020 was revised marginally down by 0.03 mb/d, as better-than-expected oil demand data from India in 4Q20 largely offset weaker-than-expected consumption in OECD Americas. Oil demand is estimated to have declined by 9.7 mb/d y-o-y in 2020, to average 90.3 mb/d. In the OECD, demand contraction in 2020 was revised up by more than 0.1 mb/d compared to last month's projection, to show a drop of around 5.7 mb/d. In the non-OECD, the demand decline was revised lower, m-o-m, by more than 0.1 mb/d leading to an estimated drop of around 4.1 mb/d.

For 2021, positive developments were evident across major economies, specifically in the US, supporting demand for petroleum products, particularly industrial fuels. The majority of this positive economic impact is assumed to gain traction during 2H21.

However, this positive outlook was counterbalanced by expectations for a weaker recovery in transportation fuels in 1H21. COVID-19 infection cases remain high in regions such as the US, Europe and Latin America, which has led to governments imposing new lockdown measures, or deepening existing ones, to help control the spread of the virus. Additionally, a slower rollout of vaccinations is assumed to further delay herd immunity targets in some countries and regions, and the appearance of new variants in many countries has only added to the uncertainties. Nevertheless, stronger growth is anticipated from transportation fuels in 2H21, based on the assumption that vaccination programmes will help stem the spread of COVID-19 and that the announced massive stimulus programmes will have a positive impact.

As a result, OECD oil demand is forecast to grow by 2.5 mb/d in 2021. In the non-OECD region, oil demand for the year is estimated to increase by 3.3 mb/d y-o-y, supported by a rebound in economic activities in the main economies, particularly China, India and Other Asia. Consequently, world oil demand growth in 2021 is revised lower by 0.1 mb/d to 5.8 mb/d y-o-y.

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	24.35	20.01	22.72	23.44	22.63	-3.02	-11.78
of which US	*20.86*	*19.67*	*16.38*	*18.67*	*19.18*	*18.48*	*-2.39*	*-11.44*
Europe	14.25	13.35	10.99	12.83	12.29	12.37	-1.88	-13.22
Asia Pacific	7.79	7.75	6.54	6.69	7.20	7.04	-0.75	-9.58
Total OECD	**47.69**	**45.45**	**37.54**	**42.24**	**42.93**	**42.04**	**-5.65**	**-11.85**
China	13.48	10.94	13.05	13.87	14.28	13.04	-0.44	-3.28
India	4.91	4.84	3.58	4.01	5.15	4.39	-0.52	-10.55
Other Asia	9.04	8.30	7.79	8.11	8.32	8.13	-0.91	-10.09
Latin America	6.59	6.11	5.61	6.20	6.11	6.01	-0.58	-8.87
Middle East	8.20	7.88	6.91	7.94	7.56	7.57	-0.63	-7.65
Africa	4.45	4.37	3.77	3.95	4.24	4.09	-0.36	-8.15
Eurasia	5.61	5.21	4.58	4.85	5.31	4.99	-0.62	-11.07
of which Russia	*3.61*	*3.44*	*3.04*	*3.20*	*3.39*	*3.27*	*-0.34*	*-9.50*
of which Other Eurasia	*2.00*	*1.78*	*1.54*	*1.65*	*1.92*	*1.72*	*-0.28*	*-13.90*
Total Non-OECD	**52.29**	**47.65**	**45.29**	**48.94**	**50.96**	**48.22**	**-4.07**	**-7.78**
Total World	**99.98**	**93.10**	**82.82**	**91.18**	**93.89**	**90.26**	**-9.72**	**-9.72**
Previous Estimate	99.76	92.92	82.55	90.95	93.56	90.01	-9.75	-9.78
Revision	0.22	0.18	0.27	0.22	0.33	0.25	0.03	0.05

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

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

	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20 Growth	Change 2021/20 %
World oil demand								
Americas	22.63	23.91	24.75	24.09	24.16	24.23	1.60	7.09
of which US	*18.48*	*19.46*	*20.16*	*19.69*	*19.77*	*19.77*	*1.30*	*7.01*
Europe	12.37	12.15	13.36	13.44	13.07	13.01	0.64	5.21
Asia Pacific	7.04	7.30	7.18	7.16	7.42	7.27	0.22	3.16
Total OECD	**42.04**	**43.36**	**45.29**	**44.69**	**44.65**	**44.51**	**2.47**	**5.88**
China	13.04	12.55	14.07	14.91	15.03	14.14	1.10	8.45
India	4.39	4.96	4.56	4.82	5.59	4.99	0.59	13.45
Other Asia	8.13	8.35	8.96	8.57	8.45	8.58	0.46	5.61
Latin America	6.01	6.13	6.27	6.46	6.39	6.31	0.31	5.08
Middle East	7.57	8.02	7.64	8.28	7.84	7.95	0.37	4.91
Africa	4.09	4.41	3.95	4.16	4.43	4.24	0.15	3.74
Eurasia	4.99	5.43	5.17	5.14	5.55	5.33	0.34	6.79
of which Russia	*3.27*	*3.57*	*3.37*	*3.37*	*3.53*	*3.46*	*0.19*	*5.95*
of which Other Eurasia	*1.72*	*1.86*	*1.81*	*1.77*	*2.02*	*1.87*	*0.14*	*8.37*
Total Non-OECD	**48.22**	**49.86**	**50.63**	**52.33**	**53.29**	**51.54**	**3.32**	**6.88**
Total World	**90.26**	**93.22**	**95.92**	**97.02**	**97.94**	**96.05**	**5.79**	**6.41**
Previous Estimate	90.01	94.17	95.66	96.37	97.38	95.91	5.90	6.56
Revision	0.25	-0.95	0.27	0.65	0.56	0.14	-0.11	-0.14

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

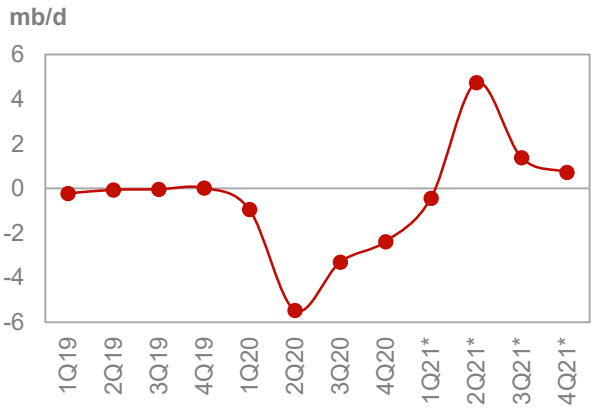
OECD

OECD Americas

Update on the latest developments

A continuation of poor gasoline performance in OECD Americas resulted in a 2.6 mb/d y-o-y decline in oil demand in **November**. This compares to a 3.0 mb/d, y-o-y drop in October. However, light distillates continued to perform positively y-o-y. Gasoline demand was predominantly impacted by COVID-19 restriction measures in a number of states with a notable reduction in miles travelled in the US. Diesel also registered a drop, almost matching the October decrease, with declines in industrial diesel marginally offset by increasing heating fuel requirements, especially in Canada. The magnitude of the oil demand decline in Canada has improved, with a y-o-y drop of 0.2 mb/d in November, compared to around a 0.6 mb/d y-o-y decrease in October. In Mexico, oil demand recorded a 0.3 mb/d y-o-y slide in November, which is similar to the decline in October.

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



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

In November, sluggish gasoline demand negatively impacted oil demand in the **US**. Gasoline and jet fuel dropped by a combined 1.8 mb/d y-o-y, following a similar drop in October. The vehicle-miles travelled indicator exhibited a y-o-y decline of around 9.0%, again similar to the drop in October, according to the Federal Highway Administration. An uptick in COVID-19 infection cases and subsequent reduction in mobility – given the closure of restaurants, cinemas and leisure centres – and the implementation of teleworking and remote school learning, have all negatively impacted transportation fuel demand. Total US airline traffic remained in a steep decline at the beginning of the 4Q20, posting a y-o-y a drop of more than 60% in October, mostly due to a reduction in international airline traffic, according to the Bureau of Transportation Statistics. A similar trend is anticipated for the reminder of the 4Q20. Diesel performance showed a y-o-y decline of 0.3 mb/d in November, compared to a 0.2 mb/d drop in October. The US Industrial sector was impacted by a slowdown in economic activity in November, with industrial activity dropping by 5.5% y-o-y following a decline of 5.0% in October.

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

			Change 2020/19	
	Nov 20	Nov 19	mb/d	%
By product				
LPG	3.41	3.26	0.15	4.6
Naphtha	0.18	0.18	0.00	0.5
Gasoline	7.98	9.21	-1.23	-13.4
Jet/kerosene	1.13	1.72	-0.59	-34.4
Diesel	3.89	4.20	-0.31	-7.4
Fuel oil	0.21	0.21	0.00	-0.5
Other products	2.19	2.24	-0.05	-2.1
Total	**18.99**	**21.03**	**-2.03**	**-9.7**

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

Sources: EIA and OPEC.

Near-term expectations

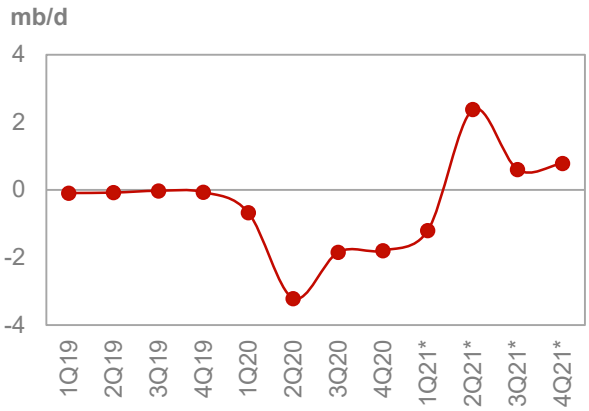
Stimulus measures are assumed to aid a rebound in economic activity. Hence, oil consumption is estimated to increase y-o-y with the bulk of the gains expected in the 2H21. The latest COVID-19 related developments, as well as the speed of vaccination programmes, provide some source of optimism. However, uncertainties remain across many sectors, particularly transportation and most notably aviation. The rebound will depend on the impact of COVID-19 containment measures and how fast herd immunity targets are reached. Additionally, labour market developments are anticipated to have a significant impact on gasoline demand. Gasoline and diesel are estimated to lead demand growth in 2021, together with petrochemical feedstocks which are anticipated to show growth amid recovering economic activity and healthy capacity developments. Anticipated gains in oil consumption in 2021 will not be at a level to match pre-COVID-19 demand, mainly due to the lagging aviation sector and the structural impact on consumer behaviour post-COVID-19. Moreover, continuing efficiency gains, as well as substitution programs, are expected to weigh on demand for oil petroleum product demand in the transportation sector.

OECD Europe

Update on the latest developments

In OECD Europe, demand for oil posted an accelerated steeper decline in **November** compared to October. Oil demand recorded a y-o-y drop of 2.0 mb/d in November after a decline of 1.6 mb/d in October, a difference of 0.4 mb/d. Worsening mobility data in light of the reintroduction of restriction measures in many of the region's countries has further pressured demand for transportation fuels. Demand for gasoline shrunk by 0.4 mb/d y-o-y in November, compared to a drop of 0.2 mb/d y-o-y in October. The majority of the decline occurred in the largest consuming economies of France, the UK, Italy and Germany, with the former two countries accounting for more than 0.1 mb/d of the estimated decline.

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



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

Diesel was also impacted by mobility restrictions, as on-road diesel accounts for more than 70% of the demand for the product, recording a drop of 0.8 mb/d, which is almost double the level of decline registered in October. In France, diesel demand during November declined the most y-o-y, down 0.2 mb/d, following a y-o-y decline of 0.1 mb/d in October. The UK and Germany each recorded a y-o-y decline of more than 0.1 mb/d in November. According to the Association des Constructeurs Europeans d'Automobiles and Haver Analytics, new vehicle registrations posted a steeper y-o-y decline in November compared to October. The index showed a drop of 24.0% y-o-y in November, following a y-o-y decline of 19.3% in October. According to preliminary data, the index dropped in 2020 for the first time since 2014, posting a record high y-o-y decline of 33.7%.

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

	Nov 20	Nov 19	Change 2020/19 mb/d	Change 2020/19 %
By product				
LPG	0.35	0.44	-0.08	-19.3
Naphtha	0.50	0.55	-0.05	-8.4
Gasoline	0.85	1.15	-0.30	-26.3
Jet/kerosene	0.35	0.78	-0.43	-54.9
Diesel	2.90	3.30	-0.40	-12.2
Fuel oil	0.15	0.15	0.00	1.4
Other products	0.47	0.48	-0.01	-1.3
Total	**5.58**	**6.85**	**-1.27**	**-18.5**

*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.

Jet fuel demand in OECD Europe declined by around 0.8 mb/d y-o-y in November, after posting a y-o-y drop of around 1.0 mb/d in October. The increase in the number of COVID-19 cases and the associated restrictions introduced in various economies slowed the recovery progress in air travel. OECD Europe was one of the most severely impacted regions as a result of stringent containment measures. According to International Air Transport Association (IATA), international revenue passenger kilometres (RPK) dropped by 87% y-o-y in November, following a drop of 83% in October.

Near-term expectations

Mobility restrictions and travel bans across many countries in the region on the back of new COVID-19 variants, such as those that were first registered in the UK and South Africa, are assumed to negatively affect 1Q21 oil demand projections compared to last month's assessment. As such, oil demand in 2021 was adjusted lower due to government's re-imposing partial or strict lockdowns that impact 1H21 oil consumption estimates. Service sectors in many countries, such as hospitality and tourism, are shutting down either partially or fully and thus reducing fuel consumption. Transportation fuels are assumed to be impacted the most, while industrial fuels are assumed to be affected less. The performance of petrochemical feedstocks is a positive contributor for oil demand in light of the steady requirements from health and other sectors. Moreover, the continued use of teleworking and home schooling will weigh on transportation fuel consumption in 2021.

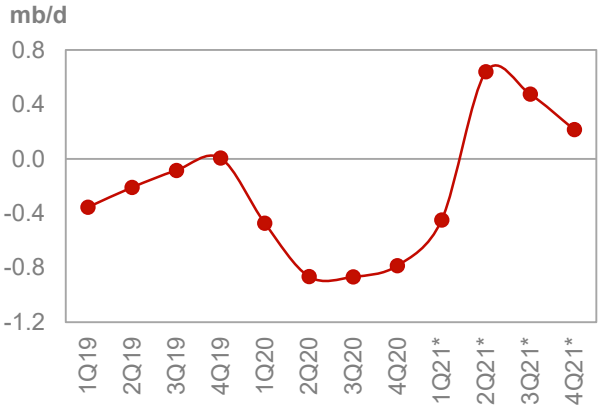
OECD Asia Pacific

Update on the latest developments

In OECD Asia-Pacific, oil demand dropped sharply y-o-y in **November** by 0.8 mb/d, compared to a y-o-y decline of 0.7 mb/d in October. Japan led the declines as y-o-y demand shrunk by more than 0.3 mb/d, most of which was related to transportation fuels. Gasoline and jet fuel dropped by more than 0.1 mb/d y-o-y in November after declining by similar levels in October on the back of a resurgence in COVID-19 cases.

In South Korea, a reduction in light distillate requirements dominated the picture, weakening the country's overall demand. In November, declines in naphtha reached almost 0.3 mb/d y-o-y, compared to a y-o-y drop of 0.1 mb/d in October. This was on the back of unscheduled maintenance activities in a number of naphtha crackers. Naphtha demand in Japan also fell, albeit at a slower pace.

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



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

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

	Nov 20	Nov 19	Change 2020/19 mb/d	Change 2020/19 %
By product				
LPG	0.35	0.38	-0.03	-8.2
Naphtha	0.91	1.21	-0.30	-24.7
Gasoline	0.25	0.23	0.02	8.5
Jet/kerosene	0.16	0.22	-0.06	-27.9
Diesel	0.55	0.52	0.03	5.8
Fuel oil	0.20	0.14	0.07	48.9
Other products	0.20	0.18	0.02	10.4
Total	**2.63**	**2.88**	**-0.26**	**-8.9**

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

Sources: JODI and OPEC.

In Australia, y-o-y consumption remained in decline at around 0.2 mb/d in November, with most of the losses attributed to the reduction in jet fuel consumption. Dwindling international flight traffic is assumed to pressure jet fuel requirements in the country and is not expected to show any meaningful recovery in the near future.

Initial data for the month of **December,** as reported by Japan's Ministry of Economy, Trade and Industry (METI), indicate a y-o-y decline of 0.18 mb/d, compared to a 0.3 mb/d y-o-y fall in November.

Near-term expectations

Oil demand in OECD Asia Pacific in 2021 is projected to rise for the first time in seven years. The historically low demand performance in 2020, in addition to improving economic momentum, are foreseen to contribute positively to oil demand in 2021. However, a resurgence of COVID-19 cases in Japan and South Korea, along with government attempts to control the further spread, are assumed to negatively impact fuel consumption in the 1Q21 compared to last month's assessment. Some spill over affects are now assumed to also affect 2Q21 estimates. Uncertainties are high and clouding projections, especially related to the COVID-19 pandemic development and vaccination rollouts. For the rest of 2021, oil demand is anticipated to be led by healthier petrochemical sector demand and an overall positive industrial sector performance compared to last year. Needless to say, jet fuel requirements in the aviation sector are not anticipated to reach 2019 levels due to the reduced level of international business and leisure travel.

Non-OECD

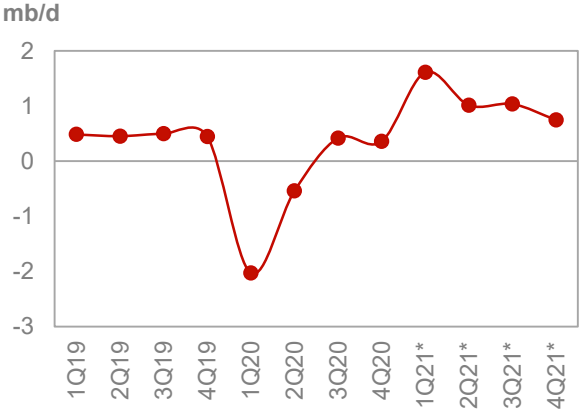
China

Update on the latest developments

December oil demand data indicates y-o-y growth of more than 0.4 mb/d, compared to y-o-y growth of around 0.8 mb/d in November. Petrochemical feedstock, led by naphtha, expanded the most, adding around 0.5 mb/d y-o-y. Naphtha was supported by healthy and rising cracker margins that hovered around $680 per ton in December. LPG benefited from high LNG prices, as well as strong demand from the residential sector for heating purposes.

Gasoline demand increased for the second-consecutive month, up by around 0.2 mb/d y-o-y, amid improving mobility and increasing motor vehicle sales. According to the China Passenger Car Association, vehicle sales in December increased by 10.7% y-o-y, following a gain of 8.1%, y-o-y, in November. Jet fuel demand also posted y-o-y gains of 0.1 mb/d, following an increase in air travel volumes.

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



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

Looking at data for 2020, oil demand appears to have declined by more than 0.4 mb/d compared to 2019. The bulk of the decline was recorded in 1Q20 amid the onset of COVID-19, which reduced oil consumption, particularly for gasoline and jet fuel. The 1Q20 oil demand data indicates a historic decline of 2.0 mb/d compared with the same period in 2019. However, improvements in oil demand were registered in 2Q20, which showed a lesser decline of around 0.5 mb/d compared to the same quarter in 2019. The 2H20 showed China's oil demand returning to growth, largely due to a reduction in the number of COVID-19 cases and an uptick in economic activities. In terms of products, weakness was seen in transportation fuels, particularly jet fuel, which declined substantially by around 0.3 mb/d in 2020 compared to 2019. Reduction in air travel activities during the pandemic and the struggle for the sector to improve since impacted jet fuel demand and its recovery in 2020, particularly for international flights.

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

			Change 2020/19	
	Dec 20	**Dec 19**	**mb/d**	**%**
By product				
LPG	2.21	2.00	0.21	10.3
Naphtha	1.92	1.62	0.30	18.2
Gasoline	2.92	2.76	0.16	5.7
Jet/kerosene	0.93	0.83	0.10	12.3
Diesel	3.01	3.22	-0.21	-6.4
Fuel oil	0.29	0.45	-0.16	-36.1
Other products	2.08	2.03	0.05	2.5
Total	**13.36**	**12.92**	**0.45**	**3.4**

*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.

Gasoline was also affected by the economic slowdown in 1Q20, but showed improvement thereafter. Overall, gasoline demand fell by 0.2 mb/d in 2020 compared to 2019 levels.

Diesel declined by around 0.1 mb/d, y-o-y, compared to 2019. However, the product recovered steadily from the 2Q20 onward, propelled by improving economic indicators including a steadily recovering industrial sector.

LPG and naphtha outperformed expectations and recorded y-o-y gains in 2020. LPG demand registered marginal y-o-y growth, while naphtha posted gains of more than 0.1 mb/d compared to 2019, propelled by capacity additions, as well as healthy cracking margins.

Near-term expectations

In China, oil demand is projected to show growth in 2021 driven by a rebound in economic activity and the low baseline of 2020. The main economic sectors are anticipated to show a positive recovery led by the transportation, petrochemical and industrial sectors. Oil demand estimates for 2021 are based on a y-o-y increase in gasoline demand propelled by developments in the economy, rising vehicle sales compared to 2020, and improving vehicles miles travelled. Diesel demand is also anticipated to show positive growth in 2021, due to developments in industrial, construction and agriculture activity, as well as the low baseline for 2020. Moreover, demand for LPG and naphtha is anticipated to record positive gains, due to healthy petrochemical margins and recent capacity development.

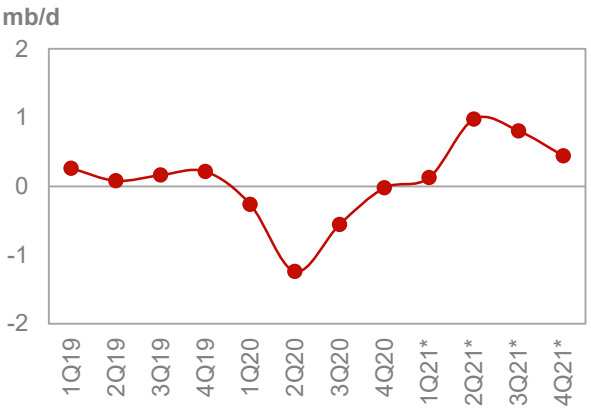
India

Update on the latest developments

Demand in India declined y-o-y for the second-consecutive month in **December**, dropping by 0.05 mb/d. This follows a larger decline of 0.1 mb/d, y-o-y in November. However, the main economic indicators showed steady progress over the 4Q20. The IHS Markit India Manufacturing PMI posted an increase of 56.4 in December 2020, a slight rise from 56.3 in the previous month. This showed a consistent improvement in business conditions that continued to be a positive supportive factor for industrial fuels. Diesel declined slightly, y-o-y, in December, compared to a y-o-y drop of 0.1 mb/d in November. Additionally, vehicle registration increased by 9.7% y-o-y amid the recent steady progress in mobility indicators with public mobility showing an increase of around 90% towards the end of the year. Manufacturing activities also saw an uptick towards the end of 2020.

A quick review of India's 2020 oil demand data shows a decline of 0.5 mb/d compared to 2019, with diesel recording the steepest decline, followed by jet kerosene and gasoline. In contrast, LPG showed a positive increase on the back of gains in residential usage throughout the year. The second quarter registered the largest demand decline ever recorded in India with a drop of 1.2 mb/d compared to a year earlier, mainly due to the stringent lockdown and mobility restriction measures to combat the spread of COVID-19, which severely impacted demand for petroleum fuels as a result. For industrial fuels, slower momentum in industrial, construction, and agriculture sectors have negatively impacted demand for industrial fuels. Diesel dropped the most by 0.2 mb/d, compared to 2019 levels, while fuel oil and the other products category – which includes bitumen for road construction – collectively fell by more than 0.1 mb/d compared to 2019. Limits on mobility and a major drop in air activities during the pandemic impacted transportation fuels, particularly gasoline and jet fuel. Gasoline declined by around 0.1 mb/d y-o-y in 2020, while jet kerosene also posted a drop of 0.1 mb/d compared with the same period in 2019. It is important to highlight that jet/kerosene also includes kerosene used for home cooking, which has been under structural decline due to the government's pledge to replace kerosene with LPG for home cooking. Consequently, LPG demand was higher y-o-y in 2020 by around 0.04 mb/d. Petrochemical feedstock, mainly naphtha, posted marginal positive growth in 2020, especially towards the end of the year, taking advantage of healthy naphtha cracking margins.

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



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

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

			Change 2020/19	
	Dec 20	Dec 19	mb/d	%
By product				
LPG	0.98	0.92	0.07	7.1
Naphtha	0.29	0.30	-0.01	-3.2
Gasoline	0.84	0.78	0.06	8.1
Jet/kerosene	0.15	0.22	-0.07	-33.8
Diesel	1.83	1.86	-0.04	-2.1
Fuel oil	0.23	0.25	-0.02	-6.2
Other products	0.83	0.87	-0.04	-4.5
Total	**5.15**	**5.20**	**-0.05**	**-0.9**

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

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

Near-term expectations

In **2021**, in light of an anticipated robust rebound in economic activity, oil demand is projected to bounce back swiftly. This increase is a reflection of positive policy measures promoting increases in private consumption and investment. Taken together with the low 2020 baseline, oil demand is projected to record a historic increase in 2021. Demand for transportation fuel is estimated to lead product demand followed by middle distillates.

Other Asia

Update on the latest developments

Oil demand growth in Other Asia was lower by around 0.7 mb/d y-o-y in November, following a similar drop in October. Demand declined mainly in Indonesia, Malaysia, Thailand and the Philippines, with jet kerosene and diesel the products recording the largest drops. Jet kerosene, led by jet fuel, dropped by 0.5 mb/d y-o-y, following a similar decline in October. The aviation sector has been struggling to recover, particularly given the drop off in international flights. Reduced international travel for leisure and business has affected jet fuel demand in Indonesia, Thailand, and Malaysia, all of which are well-established tourist destinations. Jet fuel demand y-o-y dropped by 0.2 mb/d in Indonesia, and around 0.1 mb/d y-o-y in both Thailand and Malaysia. Diesel barely made an improvement in the level of decline between October and November, falling by around

0.2 mb/d y-o-y in both months. Most of the weakness appeared in Malaysia, where demand for diesel declined by around 0.1 mb/d, y-o-y, in November, following a similar drop in October. Malaysia's construction sector appears to be struggling to recover on the back of the COVID-19 pandemic. Suspensions, delays and project cost overruns were common in Malaysia in 2020, and the challenges were exacerbated by about 4,000 COVID-19 infections recorded at various worksites towards the end of the year. According to the Bank of Negara Malaysia and Haver Analytics, new construction permits dropped by 69.6% y-o-y in November, following a y-o-y decline of 32.8% in October.

Near-term expectations

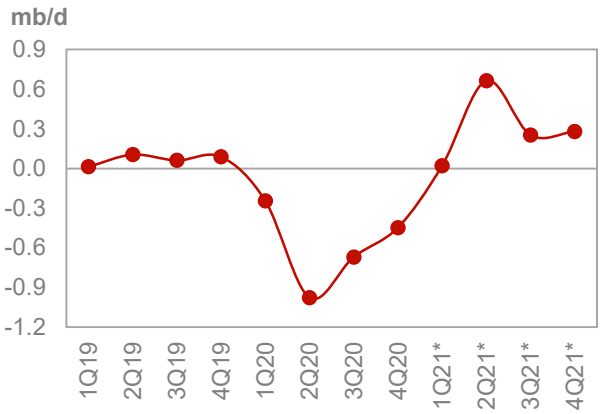
Looking ahead, oil demand is anticipated to improve y-o-y in 2021. Malaysia, Indonesia, Singapore, Thailand and the Philippines are anticipated to account for most of these gains during the current year, with the transportation sector anticipated to lead oil demand growth. Gasoline is projected to support transportation fuels growth, followed by on-road diesel. Demand for industrial fuels, diesel and fuel oil, will be highly dependent on the recovery in economic activities in 2021.

Latin America

Update on the latest developments

In **November**, y-o-y oil demand dropped further by around 0.3 mb/d, after declining by around 0.2 mb/d y-o-y in both September and October. Transportation fuels remained the primary reason for the declines as the performance of gasoline and jet fuel worsened. Gasoline and jet fuel each recorded a drop of around 0.1 mb/d y-o-y, while diesel posted a y-o-y drop of around 0.05 mb/d. This follows y-o-y drops in October of around 0.05 mb/d for gasoline and 0.02 mb/d for diesel. Jet fuel decline levels y-o-y have remained constant around 0.1 mb/d since August 2020. Demand fell the most in Argentina, followed by Brazil, with the former exhibiting a slight improvement m-o-m. Generally, high unemployment rates continue to affect transportation fuel demand and consumer spending, particularly in Brazil. Unemployment remained high in Brazil, averaging 14.3% in the September-to-November period, an increase on the 13.8% level for May-to-July. Industrial production in Brazil rose by 2.8% y-o-y in November, following a 0.3% increase in October.

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



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

Brazilian oil demand marginally increased by 0.05 mb/d in **December**, expanding for the first time since January 2020. Positive increases were witnessed in industrial fuels, coupled with encouraging developments in the transportation sector. Gasoline demand grew amid price advantage over ethanol.

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

			Change 2020/19	
	Dec 20	Dec 19	mb/d	%
By product				
LPG	0.24	0.23	0.01	4.0
Naphtha	0.14	0.15	-0.01	-4.8
Gasoline	0.76	0.72	0.03	4.3
Jet/kerosene	0.08	0.13	-0.05	-37.5
Diesel	0.95	0.87	0.08	9.2
Fuel oil	0.09	0.07	0.02	29.4
Other products	0.46	0.50	-0.04	-8.1
Total	**2.71**	**2.66**	**0.05**	**1.7**

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

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

Near-term expectations

Oil demand in Latin America is estimated to increase y-o-y as economic conditions are expected to improve compared to 2020. Most countries are anticipated to record healthy growth, with Brazil leading the region. In terms of products, middle distillates, led by diesel, are expected to record the highest growth, followed by gasoline, supported by the recovering transportation sector. The outlook depends considerably on COVID-19 developments and vaccine availability. Positive developments on the vaccine front should encourage a faster recovery in economic activity, along with improvements in mobility, lending support to transportation and industrial fuels.

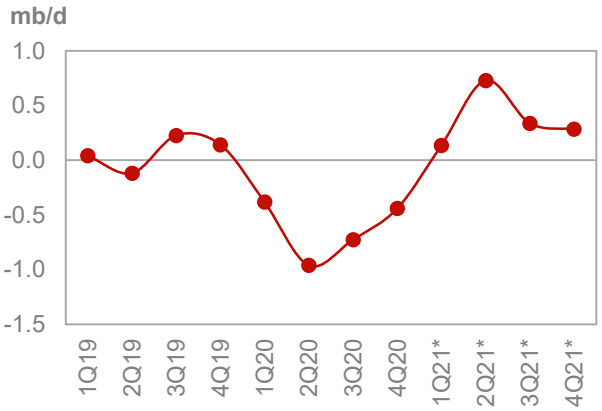
Middle East

Update on the latest developments

In **November**, y-o-y oil demand in the Middle East shrunk by 0.2 mb/d, after dropping by more than 0.5 mb/d y-o-y in October. Most countries exhibited positive improvements in the level of the decline. Transportation fuels remained affected by the pandemic as jet fuel and gasoline each dropped by around 0.1 mb/d y-o-y. Restrictions on international travel and a significant reduction in domestic flights continued to halt any meaningful recovery in jet fuel demand. Furthermore, gasoline remained impacted by less miles travelled and, despite an easing in mobility restriction measures, gasoline has yet to show any significant recovery. The decline in diesel y-o-y improved marginally in line with an uptick in construction and trucking activities in Saudi Arabia. Cement deliveries increased by 15.4% y-o-y in November, as reported by the Yamama Cement Company and Haver Analytics. This further indicates a continuation of the positive trend in the construction sector. In terms of countries, demand in Saudi Arabia posted a y-o-y increase of around 0.1 mb/d as highlighted in last month report, while demand dropped in every other country in the region, led by Iraq and IR of Iran, which collectively declined by around 0.3 mb/d y-o-y.

In **December**, oil demand in Saudi Arabia flipped back to a declining trend after posting y-o-y gains in November. Oil demand shed a marginal 0.03 mb/d y-o-y, despite rising fuel oil demand. Fuel oil gained 0.2 mb/d y-o-y in December after solid gains of more than 0.3 mb/d in November propelled by higher power generation demand. Direct crude burning declined by 0.1 mb/d y-o-y in December. Transportation fuels remained a drag, despite easing restriction measures, with jet fuel and gasoline falling y-o-y by around 0.1 mb/d collectively.

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



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

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

			Change 2020/19	
	Dec 20	**Dec 19**	**mb/d**	**%**
By product				
LPG	0.05	0.05	0.00	-1.3
Naphtha	0.00	0.01	-0.01	-
Gasoline	0.49	0.53	-0.04	-7.9
Jet/kerosene	0.04	0.10	-0.05	-55.8
Diesel	0.47	0.49	-0.02	-3.2
Fuel oil	0.60	0.42	0.19	44.9
Other products	0.35	0.45	-0.10	-22.9
Total	**2.01**	**2.04**	**-0.03**	**-1.6**

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

Sources: JODI and OPEC.

Near-term expectations

Oil demand is anticipated to bounce back and record solid gains in 2021. However, the risk of a resurgence in COVID-19 cases is still a major downside risk despite the recent rollout of vaccination programs in many countries in the region, such as Saudi Arabia, UAE and Kuwait. Encouraging developments in infrastructure projects, in addition to improving requirements for power generation, is expected to offer support to industrial fuels. The economic outlook is anticipated to recover strongly from last year, supporting demand for all petroleum products. In terms of products, middle distillates are projected to return to solid growth propelled by strong demand from the industrial and construction sectors.

World Oil Supply

Non-OPEC liquids supply for 2020 is revised down by 0.05 mb/d from the previous month's assessment, and is now forecast to contract by 2.54 mb/d (including processing gains) to average 62.66 mb/d. This month's estimation accounts for lower-than-expected production in 4Q20 in Brazil and Thailand, while Canada's production was revised up. US liquids production in November 2020 was higher by 0.73 mb/d m-o-m to average 17.60 mb/d, mainly due to the recovery from production outages in October in the Gulf of Mexico (GoM), following hurricanes Delta and Zeta. The non-OPEC countries showing the largest supply declines in 2020 are expected to be Russia, the US, Canada, Kazakhstan, Colombia, Malaysia, the UK and Azerbaijan, while oil production increases are estimated mainly in Norway, Brazil, China and Guyana.

Non-OPEC liquids supply growth in 2021 is also revised down and forecast to grow by 0.67 mb/d (including processing gains) to average 63.33 mb/d. Supply from the US and Other Asia is revised down, whereas supply from Canada is upwardly revised. US supply is revised 0.21 mb/d lower in 2021, compared to last month's assessment, to grow by 0.16 mb/d and average of 17.77 mb/d. While higher oil prices remain a stimulating factor, supply from the US is challenged by short-term uncertainties around COVID-19, continued capital expenditure discipline leading to lower upstream capital spending by US oil companies. The supply forecast for Canada in 2021 is adjusted higher by 45 tb/d, to an average of 5.44 mb/d. Measures taken by the new US Administration to ban new oil and gas drilling on federal lands and cancellation of the Keystone XL pipeline permit are not expected to have a significant impact on the US and Canada short-term supply forecast. The key drivers for non-OPEC supply growth are forecast to be Canada, Brazil, the US, Norway, Ecuador, Qatar and Guyana, while oil production, mainly in Russia, the Sudans, Malaysia and the UK is forecast to decline.

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 January was up by 0.18 mb/d m-o-m to average 25.50 mb/d, according to secondary sources. Preliminary non-OPEC liquids output in January, including OPEC NGLs, is estimated to have increased by 0.25 mb/d m-o-m to average 67.62 mb/d, lower by 4.47 mb/d y-o-y. As a result, preliminary data indicates that global oil supply rose in January by 0.43 mb/d m-o-m to average 93.12 mb/d, down by 7.33 mb/d y-o-y.

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

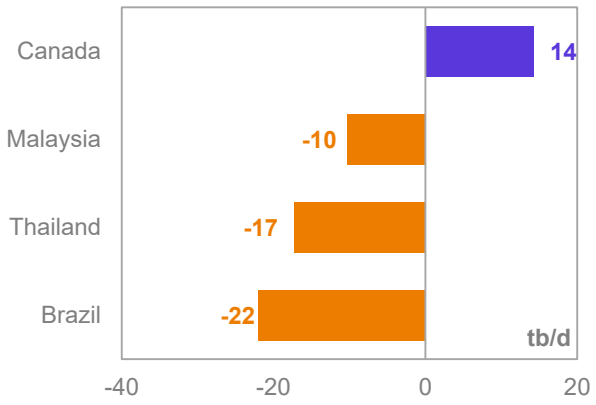
Non-OPEC liquids production	2020	Change 2020/19	2021	Change 2021/20
Americas	24.71	-1.06	25.14	0.43
of which US	*17.61*	*-0.81*	*17.77*	*0.16*
Europe	3.89	0.18	4.01	0.12
Asia Pacific	0.54	0.01	0.53	0.00
Total OECD	**29.14**	**-0.87**	**29.68**	**0.54**
China	4.15	0.09	4.16	0.00
India	0.77	-0.06	0.74	-0.02
Other Asia	2.51	-0.20	2.48	-0.04
Latin America	6.06	-0.02	6.35	0.29
Middle East	3.17	-0.03	3.24	0.06
Africa	1.46	-0.07	1.38	-0.08
Eurasia	13.33	-1.19	13.11	-0.22
of which Russia	*10.42*	*-1.02*	*10.22*	*-0.21*
of which other Eurasia	*2.91*	*-0.17*	*2.89*	*-0.02*
Total Non-OECD	**31.45**	**-1.48**	**31.45**	**0.00**
Total Non-OPEC production	**60.59**	**-2.35**	**61.13**	**0.54**
Processing gains	2.07	-0.19	2.20	0.13
Total Non-OPEC liquids production	**62.66**	**-2.54**	**63.33**	**0.67**

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

Main monthly revisions

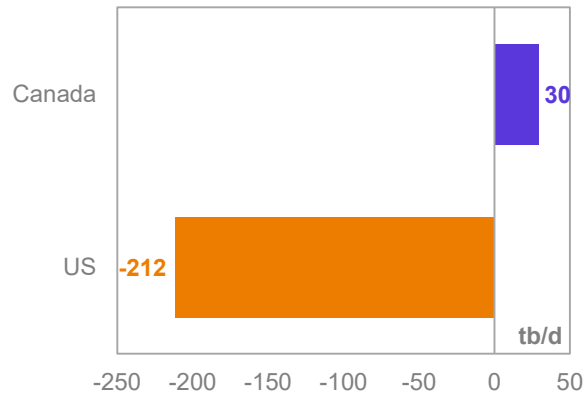
Non-OPEC liquids supply growth in 2020 was revised down slightly by 0.05 mb/d m-o-m and is now forecast to contract by 2.54 mb/d (including processing gains). This is lower by 0.03 mb/d in absolute terms, as the average non-OPEC 2019 supply was revised up by 0.02 mb/d. Downward revisions were made on account of lower-than-expected production in 4Q20 in Brazil and Thailand, while Canada's production was revised up.

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



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

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



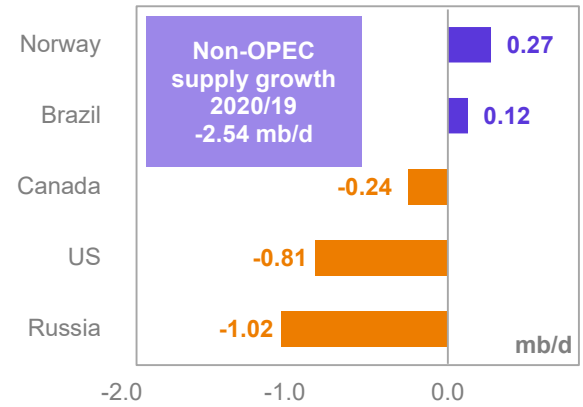
*Note: * 2021 = Forecast. Source: OPEC.*

Non-OPEC liquids supply growth in 2021 is also revised down and forecast to grow by 0.67 mb/d (including processing gains) to average 63.33 mb/d. US supply was revised lower by 0.21 mb/d for 2021, compared to last month's assessment, while the supply forecast for Canada in 2021 was adjusted higher by 45 tb/d.

Key drivers of growth and decline

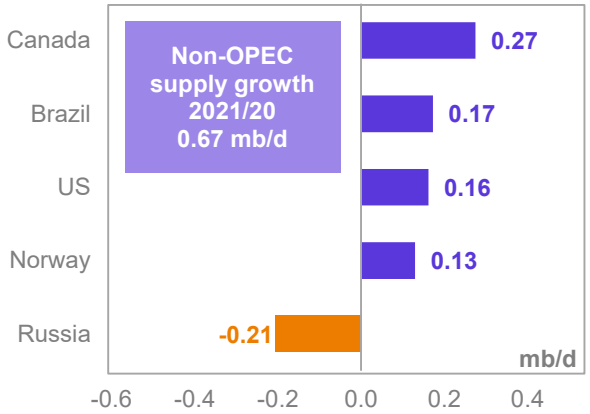
Non-OPEC countries showing the largest liquids supply declines in **2020** are expected to be Russia, the US, Canada, Kazakhstan, Colombia, Malaysia, the UK and Azerbaijan, while oil production increases are expected mainly in Norway, Brazil, China and Guyana.

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 Canada, Brazil, the US, Norway, Ecuador, Qatar and Guyana, while oil production is forecast to decline mainly in Russia, the Sudans, Malaysia and the UK.

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	24.61	24.71	-1.06	-4.12
of which US	*18.43*	*19.05*	*16.81*	*17.34*	*17.26*	*17.61*	*-0.81*	*-4.41*
Europe	3.71	4.03	3.88	3.77	3.88	3.89	0.18	4.86
Asia Pacific	0.52	0.53	0.54	0.54	0.53	0.54	0.01	2.04
Total OECD	**30.01**	**31.16**	**27.97**	**28.41**	**29.01**	**29.14**	**-0.87**	**-2.90**
China	4.06	4.16	4.16	4.17	4.12	4.15	0.09	2.22
India	0.82	0.79	0.76	0.76	0.75	0.77	-0.06	-6.89
Other Asia	2.71	2.62	2.48	2.47	2.48	2.51	-0.20	-7.28
Latin America	6.08	6.35	5.84	6.14	5.91	6.06	-0.02	-0.41
Middle East	3.20	3.19	3.20	3.15	3.17	3.17	-0.03	-0.83
Africa	1.53	1.49	1.48	1.44	1.42	1.46	-0.07	-4.84
Eurasia	14.52	14.67	13.13	12.57	12.98	13.33	-1.19	-8.20
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*	*2.84*	*2.91*	*-0.17*	*-5.57*
Total Non-OECD	**32.93**	**33.26**	**31.04**	**30.71**	**30.82**	**31.45**	**-1.48**	**-4.50**
Total Non-OPEC production	62.94	64.42	59.01	59.12	59.84	60.59	-2.35	-3.74
Processing gains	2.26	2.15	1.85	2.15	2.15	2.07	-0.19	-8.47
Total Non-OPEC liquids production	**65.21**	**66.56**	**60.86**	**61.27**	**61.98**	**62.66**	**-2.54**	**-3.90**
Previous estimate	65.18	66.60	60.90	61.29	61.98	62.69	-2.50	-3.83
Revision	0.02	-0.04	-0.04	-0.03	0.00	-0.03	-0.05	-0.07

*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	24.71	24.56	24.55	25.27	26.15	25.14	0.43	1.73
of which US	*17.61*	*17.31*	*17.46*	*17.78*	*18.54*	*17.77*	*0.16*	*0.92*
Europe	3.89	4.00	3.92	3.95	4.15	4.01	0.12	3.02
Asia Pacific	0.54	0.55	0.53	0.54	0.53	0.53	0.00	-0.29
Total OECD	**29.14**	**29.11**	**28.99**	**29.76**	**30.83**	**29.68**	**0.54**	**1.86**
China	4.15	4.16	4.14	4.14	4.19	4.16	0.00	0.12
India	0.77	0.75	0.75	0.74	0.73	0.74	-0.02	-2.81
Other Asia	2.51	2.47	2.48	2.48	2.48	2.48	-0.04	-1.46
Latin America	6.06	6.25	6.34	6.32	6.49	6.35	0.29	4.85
Middle East	3.17	3.20	3.23	3.26	3.27	3.24	0.06	2.01
Africa	1.46	1.38	1.39	1.38	1.36	1.38	-0.08	-5.54
Eurasia	13.33	12.88	13.12	13.22	13.21	13.11	-0.22	-1.67
of which Russia	*10.42*	*10.03*	*10.22*	*10.31*	*10.31*	*10.22*	*-0.21*	*-1.97*
of which other Eurasia	*2.91*	*2.85*	*2.90*	*2.91*	*2.91*	*2.89*	*-0.02*	*-0.60*
Total Non-OECD	**31.45**	**31.08**	**31.45**	**31.54**	**31.73**	**31.45**	**0.00**	**0.00**
Total Non-OPEC production	60.59	60.19	60.45	61.30	62.56	61.13	0.54	0.90
Processing gains	2.07	2.20	2.20	2.20	2.20	2.20	0.13	6.17
Total Non-OPEC liquids production	**62.66**	**62.39**	**62.65**	**63.50**	**64.76**	**63.33**	**0.67**	**1.07**
Previous estimate	62.69	62.27	62.74	63.94	65.15	63.53	0.85	1.35
Revision	-0.03	0.13	-0.09	-0.44	-0.39	-0.20	-0.17	-0.28

*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 0.87 mb/d y-o-y to average 29.14 mb/d, broadly unchanged from last month's assessment. The upward revision to Canada's oil production was mostly offset by downward adjustments in OECD Europe and OECD Asia Pacific. While OECD Americas production is projected to decline by 1.06 mb/d to average 24.71 mb/d, oil supply in OECD Europe and OECD Asia Pacific is expected to grow, respectively, by 0.18 mb/d to average 3.89 mb/d, and by 0.01 mb/d to average 0.54 mb/d.

For **2021**, the OECD liquids production forecast was adjusted down by 172 tb/d on an absolute level, and by 181 tb/d in terms of growth, mainly attributed to the US. The OECD region is now forecast to increase production by 0.54 mb/d and average 29.68 mb/d. OECD Americas is expected to grow by 0.43 mb/d to average 25.14 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

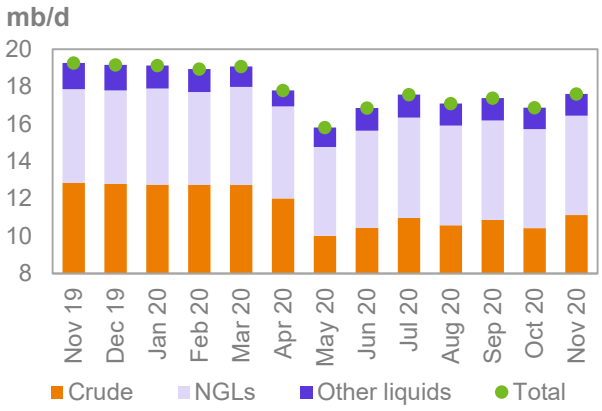
US

US liquids production in 2020 is forecast to decline by 0.81 mb/d and average 17.61 mb/d, unchanged from the previous assessment.

US liquids production in November 2020 was higher by 0.73 mb/d m-o-m to average 17.60 mb/d, mainly due to the recovery from production outages in October in the GoM, following hurricanes Delta and Zeta. Liquids output in November was down by 1.66 mb/d compared to a year earlier.

Crude oil and condensate production in November rose by 692 tb/d m-o-m to average 11.12 mb/d, which is 1.74 mb/d lower than a year ago.

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



Source: OPEC.

NGLs output went up by 24 tb/d in November m-o-m to average 5.32 mb/d, an increase of 0.33 mb/d y-o-y and higher than pre-COVID-19 levels.

November crude oil production, including field condensates, rose mainly in the Gulf Coast, or Petroleum Administration for Defence District (PADD) 3. The increase was 0.68 mb/d to an average 7.61 mb/d, following the return from hurricane-related production outages in the GoM. In Texas, oil output increased by a slight 9 tb/d m-o-m, to 4.65 mb/d, while production increased in New Mexico by 19 tb/d to average 1.11 mb/d. In the Midwest, production was up by 14 tb/d m-o-m, mainly through a rise of 29 tb/d in Oklahoma, although field production fell slightly by 9 tb/d in North Dakota to average 1.20 mb/d. In the Rocky Mountains (PADD 4), oil output in Colorado, home of the Niobrara shale, dropped by 4 tb/d to 0.39 mb/d.

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

State	Oct 20	Nov 20	*Change* Nov 20/Oct 20
Colorado	394	390	*-4*
Oklahoma	420	449	*29*
Alaska	459	464	*5*
New Mexico	1,087	1,106	*19*
North Dakota	1,214	1,205	*-9*
Gulf of Mexico (GoM)	1,056	1,701	*645*
Texas	4,644	4,653	*9*
Total	**10,432**	**11,124**	***692***

Sources: EIA and OPEC.

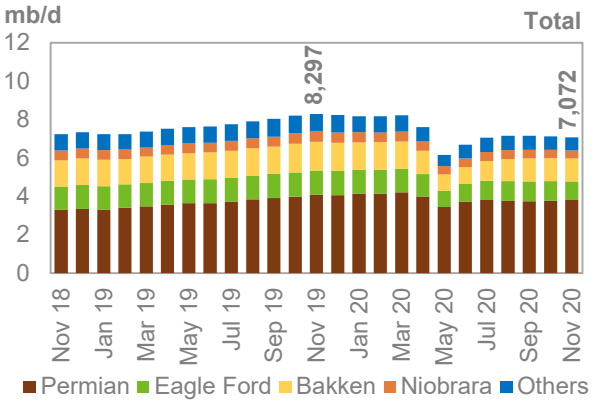
US tight crude production in 2020 peaked in March at 8.22 mb/d. This was followed by a drop in April of 603 tb/d and a drastic plunge in May of 1,453 tb/d to average 6.16 mb/d. Tight crude output then started to show signs of recovery in most key regions before falling again in October and November.

In November, tight crude output dropped for the second consecutive month since May, falling by 52 tb/d m-o-m to average 7.07 mb/d. This was mainly in the Eagle Ford, which averaged 0.96 mb/d, down by 45 tb/d m-o-m. The 11-month average in 2020 indicates a drop of 0.38 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 November to average 3.81 mb/d. The Bakken shale fell by 6 tb/d, to an average of 1.20 mb/d. Tight crude output in Niobrara and other shale regions dropped by 20 tb/d to average 0.41 mb/d and 14 tb/d to average 0.68 mb/d, respectively.

US crude oil production in 2020 is estimated to have declined by 0.97 mb/d to average 11.28 mb/d. Tight crude is estimated to have decline by 0.45 mb/d to average 7.30 mb/d.

Graph 5 - 6: US tight crude output breakdown



Souces: EIA, Rystad Energy and OPEC.

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	4.10	0.23
Bakken shale	1.42	0.16	1.17	-0.25	1.24	0.07
Eagle Ford shale	1.23	0.05	1.05	-0.18	1.01	-0.04
Niobrara shale	0.52	0.07	0.47	-0.05	0.34	-0.13
Other tight plays	0.87	0.08	0.74	-0.13	0.47	-0.27
Total	**7.75**	**1.24**	**7.30**	**-0.45**	**7.16**	**-0.14**

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

Tight crude output is estimated to have seen the largest contraction among liquids components in 2020, dropping by 0.45 mb/d, unchanged from a month earlier. Despite the overall decline in tight crude production in 2020, output in the Permian Basin is estimated to have grown by 150 tb/d y-o-y.

In 2020, production from the GoM is estimated to have dropped by 0.26 mb/d to average 1.64 mb/d, and onshore conventional crude is estimated to also have declined by 0.26 mb/d to average 2.34 mb/d, largely due to a continued shut-in of stripper wells.

US NGLs production is estimated to have grown by 0.35 mb/d y-o-y to average 5.17 mb/d, of which 4.27 mb/d refers to unconventional NGLs. Unconventional liquids, mainly ethanol, are likely to have declined by 0.19 mb/d in 2020 to average 1.16 mb/d.

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

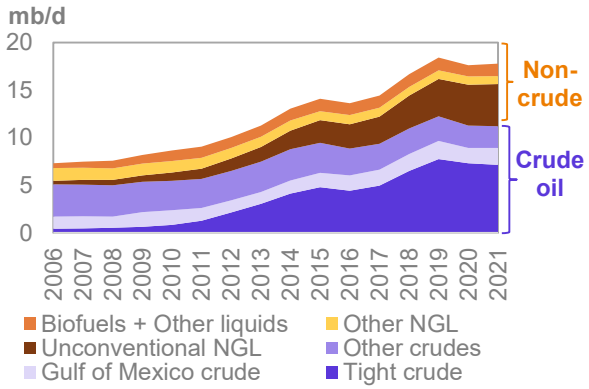
US liquids	2018	2019	Change 2019/18	2020*	Change 2020/19	2021*	Change 2021/20
Tight crude	6.51	7.75	1.24	7.30	-0.45	7.16	-0.14
Gulf of Mexico crude	1.76	1.90	0.14	1.64	-0.26	1.78	0.14
Conventional crude oil	2.69	2.60	-0.09	2.34	-0.26	2.27	-0.07
Unconventional NGLs	3.46	3.92	0.46	4.27	0.35	4.42	0.15
Conventional 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**	**17.77**	**0.16**

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

US crude oil production for 2021 was revised down by 0.21 mb/d and is now forecast to decline by 0.07 mb/d y-o-y to average 11.20 mb/d. This includes field condensates, which are projected to average around 0.8 mb/d. Short-term uncertainties related to rising COVID-19 cases and continuation of capital expenditure discipline by US oil companies are expected to weigh on production prospects in 2021. According to Wood Mackenzie Corporate Service: "So far, capital targets are down 19% for US-focused operators and 14% for the Majors, relative to last year's […] budgets."

Tight crude is likely to decline by 0.14 mb/d y-o-y in 2021 to average 7.16 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.

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



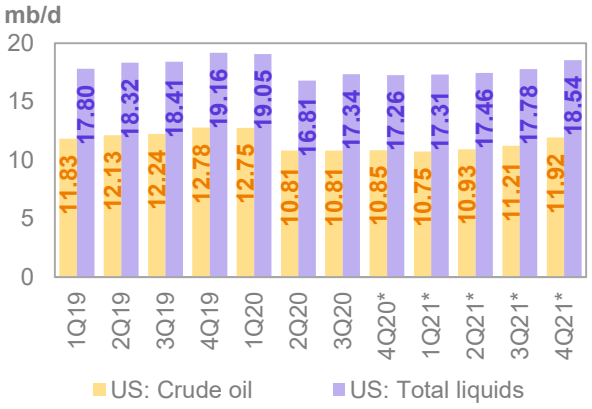
*Note: * 2020 = Estimate and 2021 = Forecast.*
Source: OPEC.

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.

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 down by 0.21 mb/d from a month earlier and is now projected to grow by 0.16 mb/d y-o-y to average 17.77 mb/d in 2021. In terms of absolute supply levels, it still remains 0.66 mb/d below the 2019 level.

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

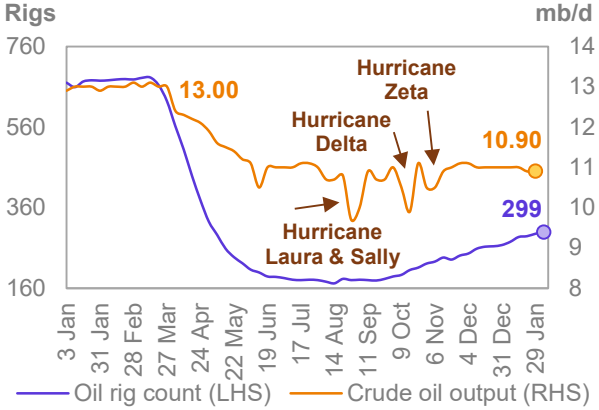


*Note: * 4Q20-4Q21 = Forecast. Sources: EIA and OPEC.*

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

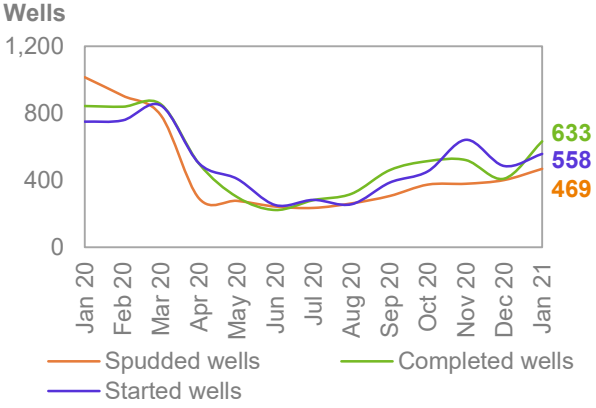
Total **active oil and gas drilling rigs in the US** have risen again, with the most recent Baker Hughes report for the week ending 5 February seeing eight rigs added w-o-w, to reach a level of 392. Oil rigs increased by four and gas rigs by four. Total active oil and gas drilling rigs have dropped by 400 rigs, or 51%, since 13 March 2020 when oil prices plummeted. The oil rig count has increased by 127 rigs to 299 rigs since it bottomed out at 172 on 14 August (or an average addition of 22 oil rigs per month). US gas rigs are down by 22 y-o-y at 92.

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



Sources: Baker Hughes, EIA and OPEC.

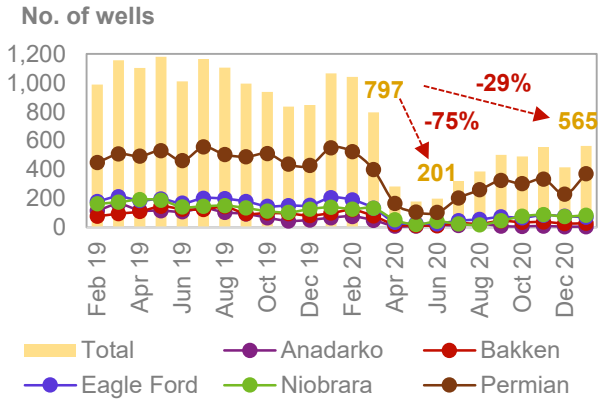
Graph 5 - 10: Spudded, completed and started wells in the US shale plays



Sources: Rystad Energy and OPEC.

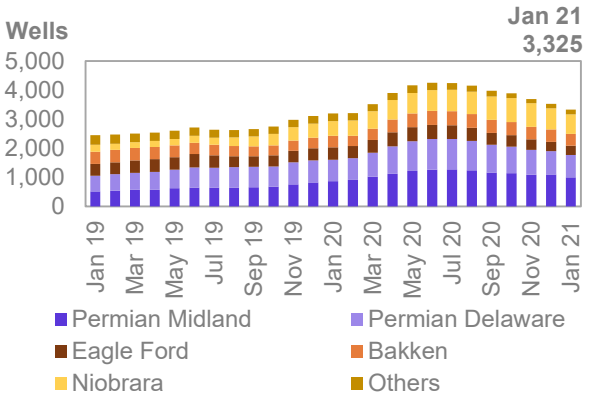
In terms of the major basins, 198 oil rigs were active in the Permian Basin, with six rigs added w-o-w as of 5 February, albeit still lower by 210 rigs, or 51%, y-o-y. At the same time, the number of active rigs in the Eagle Ford Basin was 26, down by 61% y-o-y. The Williston Basin reported 12 active rigs, down by 77% y-o-y, and finally 7 units were reported in the DJ-Niobrara Basin, down by 65% y-o-y.

Graph 5 - 11: Number of fracked wells per month



Sources: Rystad Energy and OPEC.

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



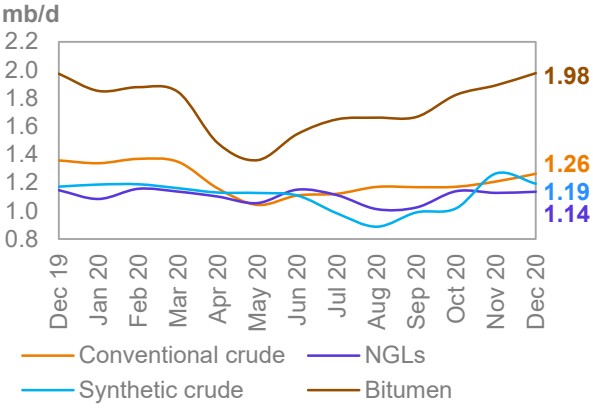
Sources: Rystad Energy and OPEC.

Canada

Canada's liquids production in December was up by 0.08 mb/d m-o-m, to average 5.61 mb/d, but down by 0.09 mb/d y-o-y. Canadian oil production began to rise in September, mainly due to maintenance ending. Canadian oil output has rebounded strongly and is returning to pre-COVID levels as a result of higher prices and the lifting of Alberta's curtailment order to producers.

Alberta's government announced on 23 October 2020 that it would lift production curtailments, which had been introduced in 2018, starting from January 2021. In December, oil producers in Alberta produced 3.80 mb/d, including conventional crude.

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



Sources: National Energy Board and OPEC.

The US President moved to cancel permits for the controversial Keystone XL pipeline on his first day in office. The world's largest market for heavy, sour crude is the US Gulf Coast, which has very limited pipeline access from Western Canada. The Keystone XL pipeline had been projected to carry oil nearly 1,900 km from Alberta to Nebraska, where it would join an existing pipeline to transfer the Canadian heavy crude to the Gulf Coast. If it had been commissioned on time in late 2023, the pipeline would have provided Canadian oil sands producers with 830 tb/d of incremental export capacity to US markets. Environmentalists and Native American groups have fought the project for more than a decade. The Biden administration's decision comes as unwelcome news for Canada, which has a single large buyer of its heavy crude and the decision reduces Alberta's ability to compete for high prices. "However, the impact on Western Canadian oil production in the near- to mid-term is likely to be muted," according to Rystad Energy. "Most Canadian producers have already factored egress constraints, not to mention uncertainty over demand, into their near-term growth profiles", Rystad Energy added.

Canada's oil supply estimate for **2020** has been revised up by 15 tb/d, following upward adjustments to 4Q20 of 61 tb/d. It is now estimated to contract by 0.24 mb/d y-o-y for an average of 5.17 mb/d.

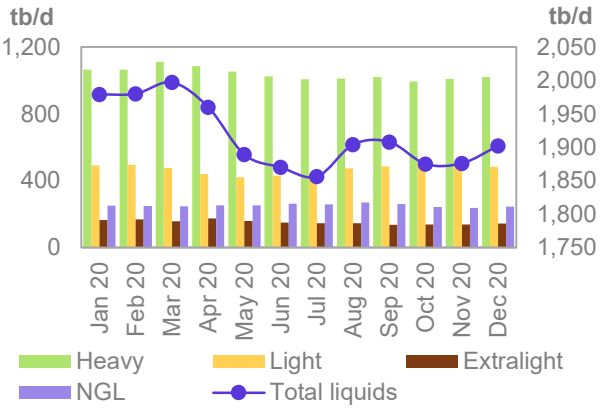
For **2021**, the supply forecast was also revised up by 45 tb/d. It is now expected to see growth of 0.27 mb/d y-o-y to average 5.44 mb/d.

Mexico

Mexico's liquids output in December was up by 0.02 mb/d m-o-m, averaging 1.90 mb/d. Crude oil output was up by 17 tb/d m-o-m to average 1.65 mb/d, while NGLs production was down by 9 tb/d m-o-m to average 246 tb/d. Pemex's oil output reached 1.61 mb/d in 2020, 103 tb/d less than its goal, according to official data. Oil production in January is expected to rise, to average 1.93 mb/d.

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 slip by 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.

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



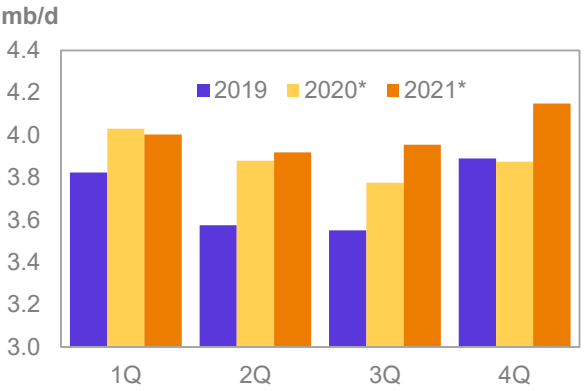
Sources: PEMEX and OPEC.

OECD Europe

OECD Europe's liquids production in 2020 is unchanged m-o-m with expected growth of 0.18 mb/d to average 3.89 mb/d. Nevertheless, in December, OECD Europe's liquids supply was up by 0.08 mb/d m-o-m to average 3.97 mb/d.

For **2021, liquids supply** is forecast to grow by 0.12 mb/d y-o-y, and average 4.01 mb/d, unchanged from the previous month's assessment.

Graph 5 - 15: OECD Europe quarterly liquids supply

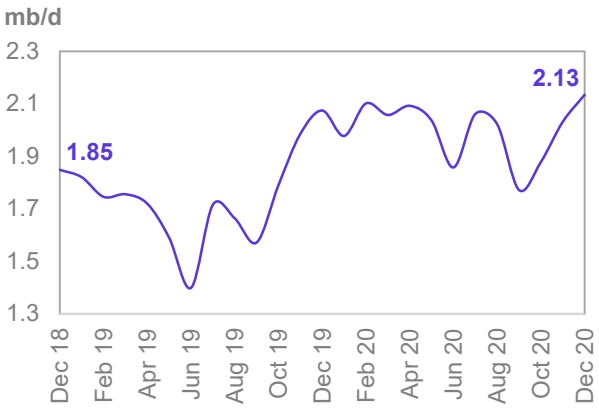


*Note: * 2020 = Estimate and 2021 = Forecast.*
Source: OPEC.

Norway

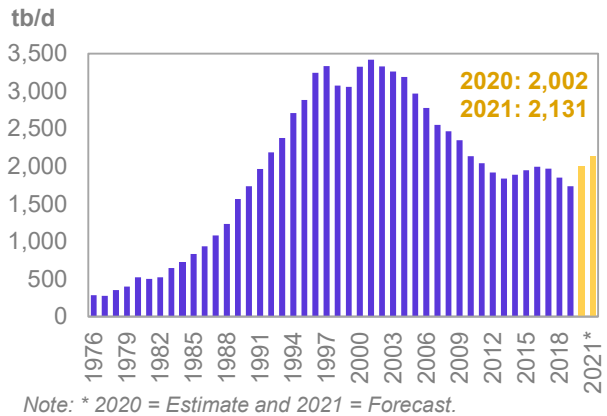
Norwegian liquids production in December increased by 0.10 mb/d m-o-m to 2.13 mb/d. This was mainly due to an increase of 79 tb/d in crude oil production to average 1.81 mb/d, which is higher by 0.06 mb/d y-o-y, according to the Norwegian Petroleum Directorate (NPD). NGLs output was also up in December by 24 tb/d m-o-m, to average 0.32 mb/d.

Graph 5 - 16: Norway's monthly liquids production



Sources: NPD and OPEC.

Graph 5 - 17: Norway's annual liquids production



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

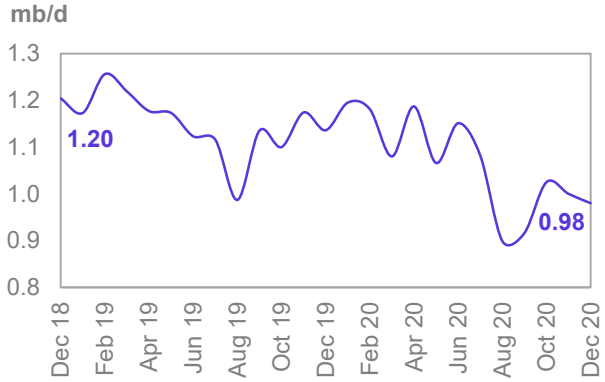
Johan Sverdrup is expected to produce 0.5 mb/d in 2021, according to Rystad Energy, making it the largest oil-producing field in Europe and the third-largest oil field offshore in the world, while contributing 25% of Norway's total oil production this year.

Norway's oil supply in **2020** is now estimated to have grown by 0.27 mb/d to average 2.00 mb/d, while in **2021** growth is forecast to slow slightly to 0.13 mb/d y-o-y, to average 2.13 mb/d.

UK

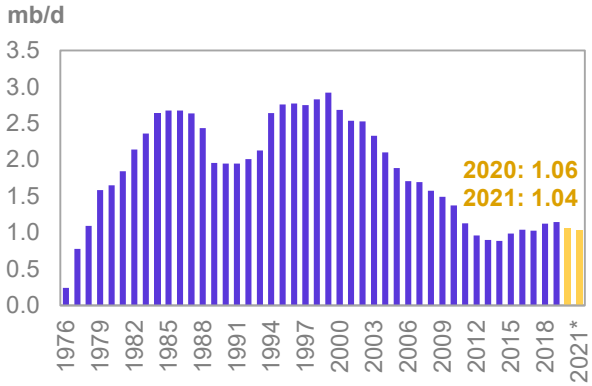
UK liquids production in December fell by 0.02 mb/d m-o-m to average 0.98 mb/d owing to a drop of 21 tb/d in crude oil output, to average 830 tb/d. NGLs production remained at an average of 93 tb/d.

Graph 5 - 18: UK's monthly liquids production



Sources: Department of Energy & Climate Change and OPEC.

Graph 5 - 19: UK's annual liquids production



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

UK oil supply in **2020** has been revised down by 4 tb/d m-o-m, due to lower-than-expected output in 4Q20 by 16 tb/d. It is now estimated to have declined by 0.08 mb/d, to average 1.06 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

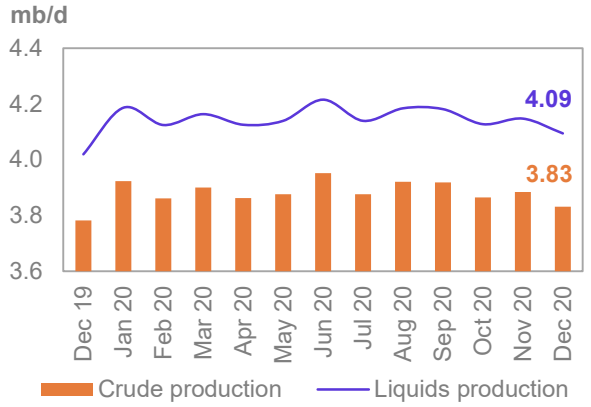
Non-OECD liquids production for 2020 was revised down by 35 tb/d m-o-m to show an estimated decline of 1.48 mb/d y-o-y and average 31.45 mb/d, mainly due to downward revisions in Brazil, Thailand, Malaysia and Egypt. China's liquids supply is estimated to have grown by 0.09 mb/d y-o-y to average 4.15 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 estimated to have dropped by 0.06 mb/d y-o-y to average 0.77 mb/d. Oil production in Other Asia is estimated to have declined by 0.20 mb/d to average 2.51 mb/d. Meanwhile, Latin America is estimated to have posted a 0.02 mb/d drop in production y-o-y in 2020, with growth in Brazil and Guyana cancelled by heavy declines in Colombia by 0.11 mb/d and in Ecuador by 0.05 mb/d, mainly due to the shutting of wells in costly oil fields, to average 6.06 mb/d. In 2020, oil production for the Middle East is estimated to have declined by 0.03 mb/d y-o-y to average 3.17 mb/d. Africa's production is estimated to have declined by 0.07 mb/d y-o-y to average 1.46 mb/d. Oil production in Eurasia is estimated to have fallen by 1.19 mb/d y-o-y to average 13.33 mb/d. Production in Russia is estimated at an average of 10.42 mb/d, representing a 1.02 mb/d drop y-o-y.

For **2021**, liquids production in non-OECD countries was revised down by 8 tb/d and is now forecast to decline by 0.02 mb/d y-o-y to average 31.48 mb/d. China is forecast to remain unchanged to average 4.16 mb/d and at the same time India is adjusted lower by 11 tb/d, to a decline of 0.02 mb/d in 2021, to average 0.74 mb/d. The oil supply forecast for Other Asia is revised lower by 28 tb/d in 2021, to a decline of 0.04 mb/d y-o-y, to average 2.48 mb/d. Latin America remains the key driver in the non-OECD with y-o-y growth forecast at 0.29 mb/d, to average 6.35 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 3.24 mb/d. Oil production in Eurasia is projected to show a decline of 0.20 mb/d y-o-y to average 13.13 mb/d.

China

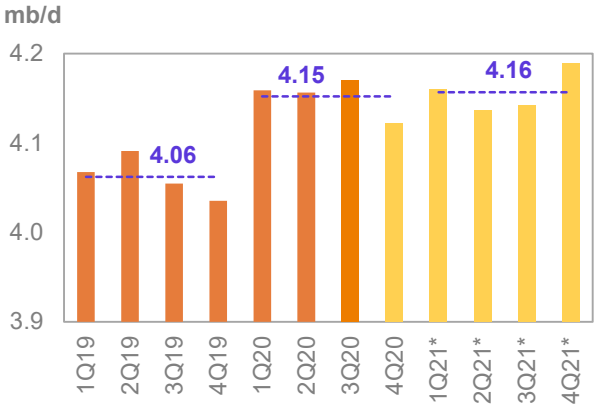
China's liquids production in December was lower by 0.06 mb/d m-o-m to average 4.09 mb/d, which was up by 0.07 mb/d y-o-y, according to official data. December crude oil output decreased by 0.05 mb/d m-o-m to average 3.83 mb/d, down by 0.05 mb/d y-o-y.

Graph 5 - 20: China's monthly liquids output



Sources: CNPC and OPEC.

Graph 5 - 21: China's monthly liquids output



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

Unlike the strong capex increases seen in the past two years, lower spending on oil sector E&P – compared to 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. This compares 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 December rose by 0.01 mb/d m-o-m, to average 5.88 mb/d, down by 0.57 mb/d y-o-y.

Liquids production in **2020** is estimated to have expanded in Brazil by 0.12 mb/d, to average 3.68 mb/d, and in Guyana by 0.07 mb/d, to average 0.07 mb/d. By contrast, oil production in other countries in the region is estimated to have declined. Latin America's oil supply in 4Q20 fell by 0.23 mb/d q-o-q to average 5.91 mb/d. The region's oil supply for 2020 is now estimated to have dropped by 0.02 mb/d y-o-y, to average 6.06 mb/d. This is mainly due to lower-than-expected oil output in Brazil in 4Q20 due to prolonged maintenance. The shut-in of wells on the back of COVID-19 and a slowdown in drilling and operations caused lower production in the region. Rystad Energy estimates that around 3.2 billion barrels of resources were discovered in the region in 2020, of which 80% was found in the Guyana-Suriname Basin alone. It also reported that "globally only 12 major projects (with reserves greater than 100 million boe) were sanctioned in the past year, down from 46 projects sanctioned in 2019. South America dominated sanctioning activity with four major projects entering development stage in Guyana and Brazil."

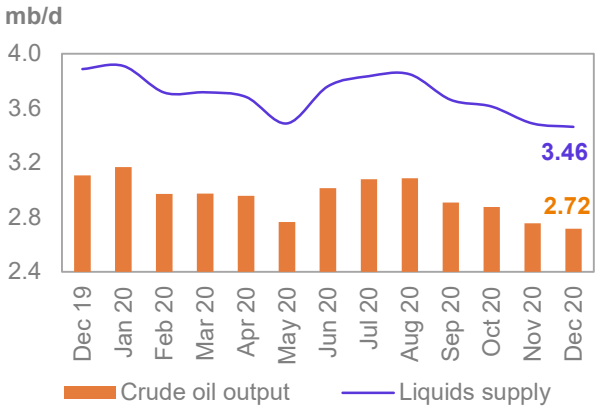
For **2021**, oil production is projected to grow by 0.29 mb/d y-o-y, to average 6.35 mb/d. Oil production in Brazil, Ecuador, Guyana and Peru is forecast to increase, owing to production ramp-ups in fields that started in 2019 and 2020. Production in Ecuador is projected to recover by 0.06 mb/d from outages 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 December was down by 0.04 mb/d m-o-m to average 2.72 mb/d, a drop of 0.39 mb/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 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 December by 15 tb/d and returned to the August level of 104 tb/d.

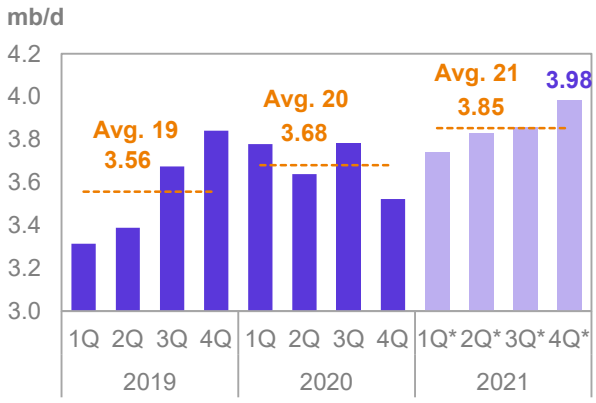
In December, **Brazil liquids production**, including biofuels, was lower by 0.02 mb/d, to average 3.46 mb/d.

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



Sources: ANP, Petrobras and OPEC.

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



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

In **2020**, liquids supply is estimated to have grown by 0.12 mb/d y-o-y, to average 3.68 mb/d.

For **2021**, liquids supply is forecast to grow by 0.17 mb/d to average 3.85 mb/d, mainly due to crude oil production from pre-salt areas. 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 in 4Q19 and 2Q20, respectively. In addition, 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.

Eurasia

The **oil supply projection for Eurasia** (formerly FSU and other Europe) for **2020** is unchanged from last month's assessment, at a contraction of 1.19 mb/d to average 13.33 mb/d. Production in three of the region's countries participating in the DoC – Russia, Kazakhstan and Azerbaijan – is estimated to have dropped by 1.02 mb/d, 0.11 mb/d and 0.06 mb/d, respectively, in 2020.

For **2021**, the oil production forecast for the region is revised up by 30 tb/d, to decline by 0.22 mb/d y-o-y, to average 13.11 mb/d. 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.

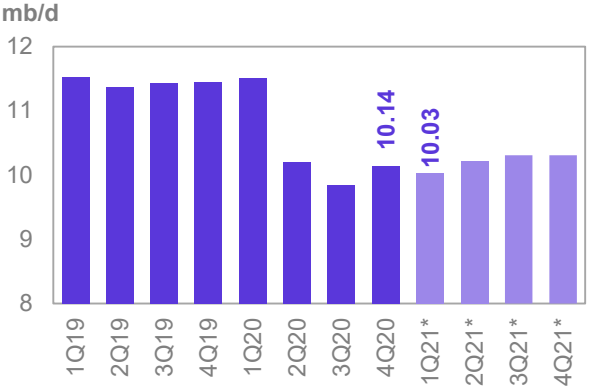
Russia

Preliminary data for **Russia's liquids production** in **January** shows an increase of 0.12 mb/d m-o-m to average 10.29 mb/d. This is lower by 1.22 mb/d y-o-y. Russia's final liquids output in December was pegged at 10.17 mb/d, up by 0.03 mb/d m-o-m. NGLs output (including condensate) in December is estimated at 898 tb/d, up by 9 tb/d m-o-m and higher by 39 tb/d y-o-y.

The annual liquids production estimate for **2020** is unchanged at 10.42 mb/d, which is 1.02 mb/d lower than in 2019.

For **2021**, Russian liquids supply is now forecast to average 10.22 mb/d, a 0.21 mb/d y-o-y decline. The drop is mainly due to the crude oil production adjustments under the DoC.

Graph 5 - 24: Russia's quarterly liquids output



*Note: * 1Q21-4Q21 = Forecast.*
Sources: Nefte Compass and OPEC.

Caspian

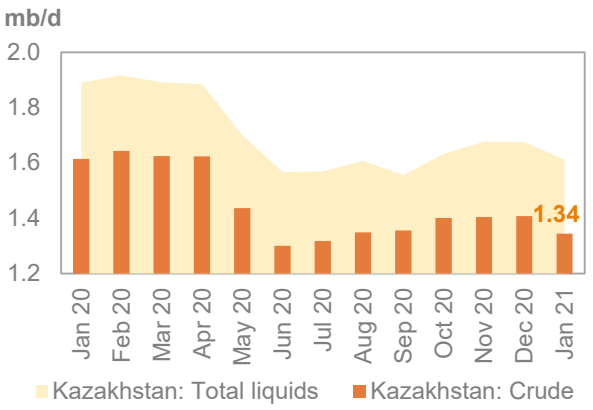
Kazakhstan

Kazakhstan's liquids production in December was flat at an average of 1.68 mb/d, which is down by 0.21 mb/d y-o-y. Preliminary liquids output in January 2021 is likely to decline to 1.61 mb/d.

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

Graph 5 - 25: Kazakhstan monthly crude and total liquids output



Sources: Nefte Compass and OPEC.

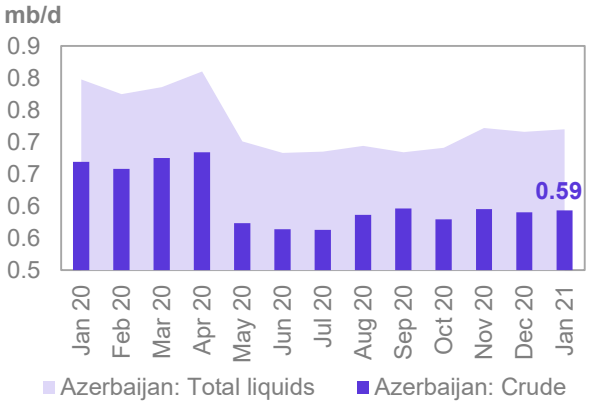
Azerbaijan

Azerbaijan's liquids output in December was flat to average 0.72 mb/d, which includes 0.59 mb/d of crude oil and 0.13 mb/d of NGLs.

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 the DoC voluntary production adjustments, Azerbaijan's liquids supply is forecast to remain flat at 0.73 mb/d.

Graph 5 - 26: Azerbaijan monthly crude and total liquids output



Sources: Nefte Compass and OPEC.

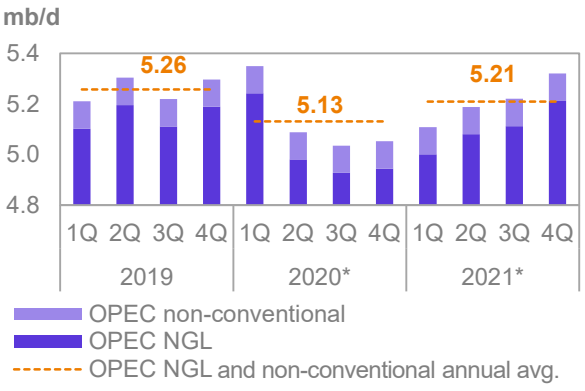
OPEC NGL and non-conventional oils

OPEC NGLs and non-conventional liquids were up m-o-m by 0.03 mb/d in December, to average 5.07 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 5.07 mb/d in December. Preliminary output in January 2021 is estimated to be higher at 5.11 mb/d. Production of non-conventional liquids was steady at 0.11 mb/d.

For **2020**, the y-o-y contraction is unchanged at a drop of 0.13 mb/d and average 5.13 mb/d.

For **2021**, y-o-y growth of 0.08 mb/d is also unchanged to an average of 5.21 mb/d.

Graph 5 - 27: 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 25.50 mb/d in January 2021, up by 0.18 mb/d m-o-m. Crude oil output increased mainly in Saudi Arabia, Venezuela and IRAN IR, while production decreased primarily in Libya and Nigeria. Libya's crude oil output in January decreased to 1.16 mb/d, according to secondary sources.

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

Secondary sources	2019	2020	2Q20	3Q20	4Q20	Nov 20	Dec 20	Jan 21	Change Jan/Dec
Algeria	1,022	897	878	840	857	857	856	864	8
Angola	1,401	1,262	1,267	1,215	1,179	1,190	1,168	1,174	7
Congo	324	288	296	286	274	283	269	267	-2
Equatorial Guinea	117	114	110	112	110	100	126	116	-9
Gabon	208	191	201	186	183	183	182	173	-8
Iran, I.R.	2,356	1,985	1,949	1,948	1,992	1,995	2,022	2,084	62
Iraq	4,678	4,050	4,127	3,697	3,822	3,772	3,852	3,839	-13
Kuwait	2,687	2,434	2,460	2,245	2,293	2,293	2,297	2,319	22
Libya	1,097	368	84	121	917	1,088	1,215	1,164	-51
Nigeria	1,786	1,583	1,620	1,478	1,434	1,448	1,373	1,342	-31
Saudi Arabia	9,771	9,182	9,212	8,766	8,962	8,965	8,965	9,054	89
UAE	3,094	2,794	2,871	2,595	2,511	2,515	2,576	2,612	36
Venezuela	796	498	501	362	403	411	415	487	72
Total OPEC	**29,337**	**25,645**	**25,576**	**23,850**	**24,936**	**25,100**	**25,315**	**25,496**	**181**

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	Nov 20	Dec 20	Jan 21	Change Jan/Dec
Algeria	1,023	899	874	843	862	862	863	874	11
Angola	1,373	1,277	1,267	1,253	1,186	1,219	1,145	1,133	-12
Congo	329	302	311	296	293	290	296	..	..
Equatorial Guinea	110	114	107	115	106	103	108	105	-3
Gabon	218	207	227	201	178	179	179	..	..
Iran, I.R.	..	..	..	..	..	..	..	..	..
Iraq	4,576	3,998	4,088	3,625	3,796	3,685	3,857	3,807	-50
Kuwait	2,678	2,438	2,474	2,245	2,293	2,295	2,295	2,325	30
Libya	..	..	..	..	..	..	..	..	..
Nigeria	1,737	1,477	1,515	1,351	1,283	1,329	1,174	1,382	208
Saudi Arabia	9,808	9,213	9,317	8,813	8,975	8,972	8,980	9,103	123
UAE	3,058	2,779	2,921	2,525	2,501	2,511	2,578	2,609	31
Venezuela	1,013	557	568	395	450	434	441	484	43
Total OPEC	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**

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

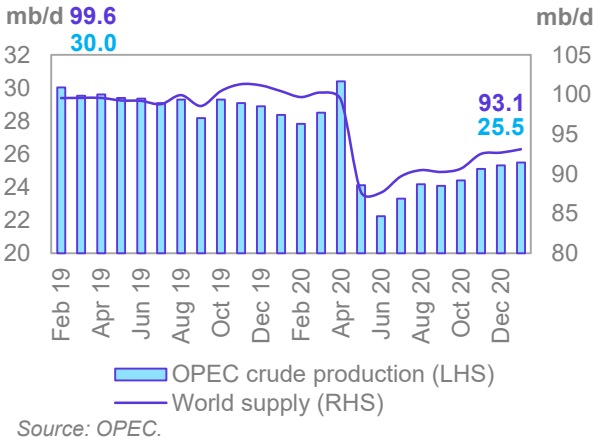
World oil supply

Preliminary data indicates that **global liquids production in January** increased by 0.43 mb/d to average 93.12 mb/d compared to the previous month, but was lower by 7.33 mb/d y-o-y.

Non-OPEC liquids production (including OPEC NGLs) increased in January by 0.25 mb/d compared to the previous month to average 67.62 mb/d, lower by 4.47 mb/d y-o-y. The preliminary increases in production during January 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 January to 27.4% compared to 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 - 28: OPEC and world oil supply



Source: OPEC.

Product Markets and Refinery Operations

In January, global refinery margins improved with complex configurations benefiting the most backed by positive performance at the top section of the barrel.

In the USGC, the positive impact of the recent holiday season sustained transport fuel markets despite strong refinery runs and rising product inventories over the month.

In Europe, refining economics reversed trend, but saw limited gains relative to other regions given the subdued product drawdowns, seasonal weakness and strict COVID-19 related lockdown measures.

In Asia, robust performance in light-end markets filtered through to gasoline markets too. This offset the poor performance registered across the mid- and bottom section of the barrel.

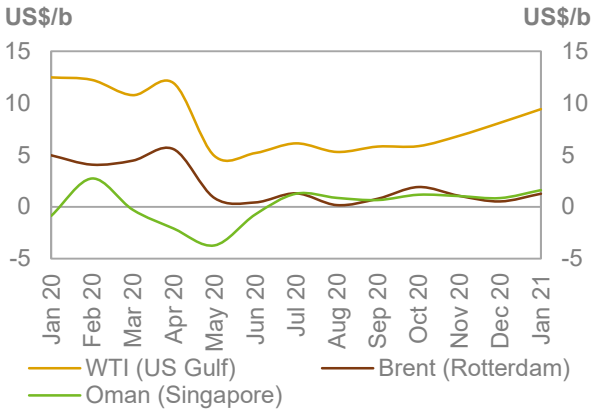
Refinery margins

US refinery margins extended their upward trend for the fifth consecutive month. Margins also exhibited the largest upturn relative to other regions.

Part of this development is attributed to the positive effect for product markets from the holiday season. However, rising product inventory levels, stronger refinery runs and continued lockdown measures as concerns over COVID-19 variants mount, point to pressure on US refining economics in the near term.

US refinery margins for WTI averaged $9.42/b in January, up by $1.31/b m-o-m, but down by $3.05 y-o-y.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

Refinery margins in **Europe** recovered some ground following losses witnessed the previous month. There was positive performance across the entire barrel, with the exception of gasoil. Gasoline exports to West Africa provided downward pressure on inventory levels for the same product, which ultimately led to solid gasoline crack spread gains.

The ongoing COVID-19 restrictions in January, as well a hike in sour crude prices, particularly those most preferred by European refiners, continued to weigh on product markets. However, the start of Europe's vaccination campaign against COVID-19 in January, with nearly one million doses administered daily, has helped provide a more optimistic landscape for transport fuels going forward.

Refinery margins for Brent in Europe averaged $1.26/b in January, up 74 ¢ compared with a month earlier, but down by $3.70 y-o-y.

Asian product markets strengthened slightly, with strong petrochemical margins amid returning steam cracker capacity providing support to naphtha and subsequently to gasoline markets. Improvements in refinery throughput in Asia, albeit at a slower-than-expected rate, shadowed the decline of new COVID-19 infections in early January. However, towards mid-January, the introduction of renewed mobility restrictions in Japan, Thailand, Indonesia, and Malaysia have most likely capped demand-related support and limited further improvements in refining margins.

Recent concerns over a possible resurgence of the virus in China pointed to further downside on domestic fuel consumption levels. This may ultimately weigh on fuel prices going forward as local authorities discouraged travel over the Lunar New Year period.

Refinery margins for Oman in Asia gained 76¢ m-o-m to average $1.60/b in January, which was higher by $2.48 y-o-y.

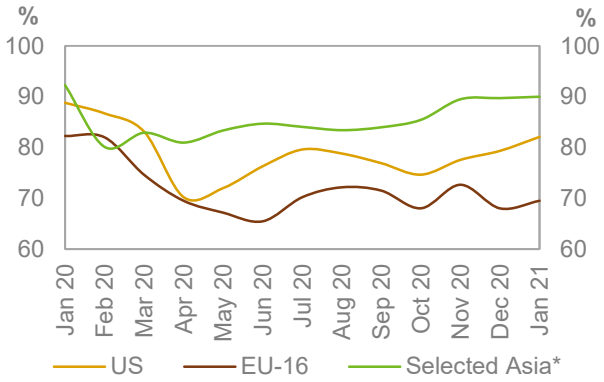
Refinery operations

US refinery utilization rates increased in January to average 82.08%, which corresponds to throughput of 15.09 mb/d. This represented a rise of 2.7 pp and 510 tb/d, respectively, compared with the previous month. Y-o-y, the January refinery utilization rate was down by 12.8 pp, with throughputs showing a drop of 2.5 mb/d.

European refinery utilization averaged 69.54%, corresponding to a throughput of 8.62 mb/d. This represents a m-o-m drop of 1.5 pp, or 190 tb/d. On a y-o-y basis, utilization rates fell by 12.4 pp, while throughput was down by 1.6 mb/d.

In **selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates declined, averaging 90.01% in January, corresponding to a throughput of 25.57 mb/d. Compared with the previous month, throughputs were up by 0.3 pp, or 80 tb/d. Y-o-y they were down by 4.6 pp and 1.2 mb/d.

Graph 6 - 2: Refinery utilization rates



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

Product markets

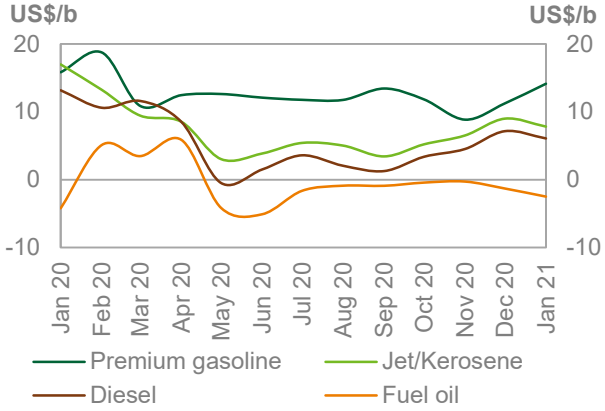
US market

gasoline prices continued to climb. They reached a ten-month high supported by holiday travel on the road, as well as exports to Mexico. In addition, the rise in gasoline prices was supported by stronger crude oil prices.

US peak traffic hours during the holiday season reached a pandemic high, with a congestion index posting the largest m-o-m rise since July. However, the level remained below 2019 levels in all cities, according to secondary sources.

Notwithstanding the holiday season, lockdowns continued to weigh on gasoline consumption in January when compared to levels seen a year ago, amid sinking demand.

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



Sources: Argus and OPEC.

Average US refinery utilization rates increased and broke the 80% threshold, the highest level since the outbreak of COVID-19. US gasoline crack spreads gained $2.91 m-o-m to average $14.14 in January, albeit down by $1.70/b y-o-y.

USGC **jet/kerosene** weakened as the upward trend registered over the previous three months took a downturn in January. Considerable stock builds in line with reports of declines in passenger air travel activity during the month contributed to the downturn in jet fuel markets. Moreover, prevailing international travel restrictions, 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 $7.83/b, down by $1.17 m-o-m and by $9.17 y-o-y.

US **gasoil crack spreads** against WTI lost some ground, pressured by ample product availability and despite an open arbitrage window to Europe. The weak gasoil volume requirements from Europe failed to provide a much needed outlet. Another negative factor was the rise in US output levels in response to stronger refinery intakes that contributed to a decline in gasoil margins. The US gasoil crack spread against WTI averaged $6.07/b, down by $1.07 m-o-m and by $7.11 y-o-y.

US **fuel oil crack spreads** against WTI extended their downward trend, with fuel oil prices reaching an 11-month high as the product's balance tightened further during the month. In January, the US fuel oil crack spread against WTI averaged minus $2.48/b, down by $1.19 m-o-m, albeit up by $1.72 y-o-y.

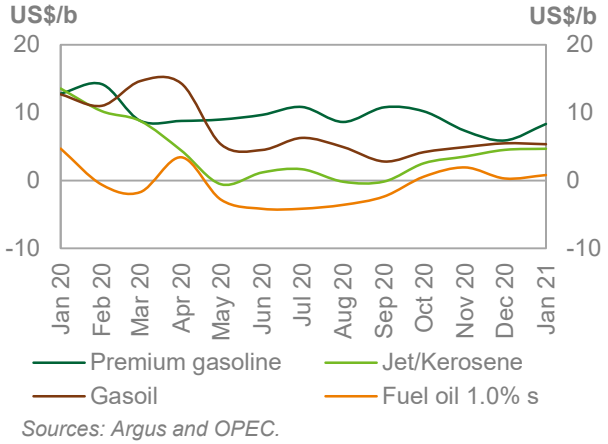
European market

Gasoline crack spreads rebounded following a three month downward trend. This was despite weak domestic consumption signals and ample product availability that was exacerbated by the re-implementation of stricter restriction measures over the month in response to a surge in the numbers of new variant COVID-19 cases. This, weighed heavily on mobility activities and gasoline consumption.

In January, firm gasoline exports to West Africa were the main supporting factor behind the positive gasoline market performance, although overall fundamentals remained mostly unsupportive.

The gasoline crack spread against Brent averaged $8.33/b in January, down by $2.43 m-o-m and by $4.48 y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Sources: Argus and OPEC.

Jet/kerosene crack spreads against Brent rose slightly over the month, with jet fuel demand from the aviation sector supportive around the holiday season which led to a tighter balance. However, the multi-month upward trend in the jet fuel crack spread almost stalled in January, indicative of a less supportive outlook in the near term. The Rotterdam jet/kerosene crack spread against Brent averaged $4.67/b, up 16 ¢ m-o-m, but down by $8.88
y-o-y.

Gasoil crack spreads moved downwards in January, albeit to a limited extent, pressured by stronger gasoil availability in line with a rise in monthly refinery runs. Moreover, the winter-related support from heating fuels was rather moderate and the region's low temperatures were not sustained long enough to provide any significant backing. The gasoil crack spread against Brent averaged $5.33/b, which was lower by 13 ¢ m-o-m and by $7.56 y-o-y.

At the bottom of the barrel, **fuel oil 1.0% cracks spreads** reversed trend, partially recovering some of the losses witnessed in the previous month. Prevailing market tightness in other regions, as well as existing requirements, albeit limited, for heating and utilities in Asia provided support, despite stronger production rates within the region.

In Europe, fuel oil cracks averaged minus $5.88/b in January, having gained 21 ¢ m-o-m, and $19.11 y-o-y.

Asian market

The **Asian gasoline 92 crack spread** gained some ground in response to strengthening naphtha crack spreads, which helped keep gasoline prices sustained. In addition, expectations of tighter Asian gasoline supplies and possibly higher prices in north Asia, particularly leading up to spring maintenance and in 2Q21, may have incentivised regional stock builds. The Philippines, Australia and Malaysia were reported to have imported more gasoline as some of their domestic refineries were due to shut, and additionally, Indonesia's consumption figures have improved since late last year.

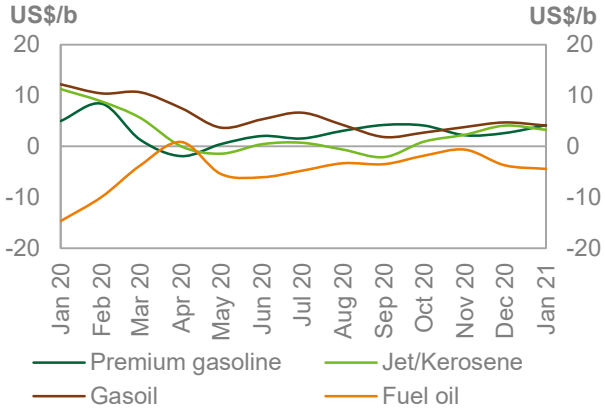
The Singapore gasoline crack spread against Oman in January averaged minus $4.16/b, up by $1.54 ¢ m-o-m, but down by 82 ¢ y-o-y.

Singapore **light distillate naphtha crack spreads** continued to trend upwards in January and entered positive territory.

The solid gains in naphtha crack spreads registered over the month was the main driver for the positive performance in terms of margins. This development saw both supply and demand side support as petrochemical margins firmed up and steam cracker capacity returned from maintenance.

The Singapore naphtha crack spread against Oman averaged $1.07/b, having increased by $3.05 m-o-m, and by $4.11 y-o-y.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

In the middle of the barrel, **jet/kerosene crack spreads** in Asia reversed trend and weakened, following three consecutive months of recorded gains. The tighter pandemic-related lockdown measures likely played a role in the poor jet fuel performance with a reported 35-40% cancellation of domestic flights during the month in Japan alone. On the other hand, kerosene markets continued to benefit from the severe winter, although the cold front in Northeast Asia has started to ease, which suggests further pressure in the near term. The Singapore jet/kerosene crack spread against Oman averaged $3.26/b, down by 83 ¢ m-o-m and by $7.98 y-o-y.

The Singapore **gasoil crack spread** ended a four-month upward trend and took a slight downturn, although it retained some of the gains recorded in the previous month. Stronger gasoil supplies from India, as well as preliminary indications of rising gasoil exports, may have led to a lengthening balance for the same product within the region that likely weighed on their crack spreads. The Singapore gasoil crack spread against Oman averaged $4.11/b, down by 61 ¢/b m-o-m and by $8.09 y-o-y.

The Singapore **fuel oil 3.5% crack spreads**, suffered further losses and reached a six month low, pressured by prevailing LNG competition as an alternative feedstock for the utilities sector, as LNG prices, remained relatively lower. In addition, stronger HSFO yields practiced by Japanese refiners may have contributed to the poor performance witnessed during the month. Singapore fuel oil cracks against Oman averaged minus $4.41/b, down by 71 ¢ m-o-m, but up by $10.28 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, %*			
	Nov 20	Dec 20	Jan 21	*Change* Jan/Dec	Nov 20	Dec 20	Jan 21	*Change* Jan/Dec
US	**14.58**	**14.59**	**15.09**	**0.51**	**77.56**	**79.33**	**82.08**	**2.7 pp**
Euro-16	**9.01**	**8.43**	**8.62**	**0.19**	**72.69**	**68.04**	**69.54**	**1.5 pp**
France	0.75	0.56	0.61	0.05	59.75	44.73	48.89	4.2 pp
Germany	1.80	1.70	1.72	0.02	82.27	77.65	78.66	1.0 pp
Italy	1.10	1.10	1.06	-0.03	53.86	53.52	51.81	-1.7 pp
UK	0.87	0.88	0.85	-0.04	66.03	67.25	64.58	-2.7 pp
Selected Asia*	**25.43**	**25.49**	**25.57**	**0.08**	**89.51**	**89.73**	**90.01**	**0.3 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

	2018	2019	2020	1Q20	2Q20	3Q20	4Q20	1Q21
Refinery crude throughput								
OECD Americas	**19.31**	**18.96**	**16.58**	**18.27**	**15.31**	**16.35**	**16.40**	**17.42**
of which US	*17.31*	*16.99*	*14.72*	*16.36*	*13.65*	*14.55*	*14.34*	*15.15*
OECD Europe	**12.17**	**12.09**	**10.70**	**11.64**	**9.90**	**10.65**	**10.62**	**10.67**
of which:								
France	*1.10*	*1.00*	*0.68*	*0.65*	*0.58*	*0.76*	*0.71*	*0.69*
Germany	*1.80*	*1.78*	*1.74*	*1.80*	*1.69*	*1.72*	*1.75*	*1.73*
Italy	*1.35*	*1.35*	*1.11*	*1.22*	*0.99*	*1.15*	*1.09*	*1.11*
UK	*1.06*	*1.08*	*0.92*	*1.11*	*0.81*	*0.87*	*0.88*	*0.88*
OECD Asia Pacific	**6.98**	**6.79**	**5.87**	**6.67**	**5.53**	**5.49**	**5.82**	**6.15**
of which Japan	*3.11*	*3.02*	*2.52*	*2.94*	*2.23*	*2.25*	*2.65*	*2.81*
Total OECD	**38.46**	**37.84**	**33.15**	**36.58**	**30.74**	**32.48**	**32.83**	**34.24**
China	**12.03**	**12.98**	**13.49**	**12.04**	**13.76**	**14.00**	**14.14**	**14.03**
India	**4.89**	**5.03**	**4.42**	**5.09**	**3.86**	**4.00**	**4.73**	**5.02**
Other Asia	**5.10**	**4.89**	**4.51**	**5.34**	**4.11**	**4.06**	**4.55**	**4.87**
Latin America	**4.22**	**4.02**	**3.75**	**3.97**	**3.27**	**3.87**	**3.89**	**3.94**
Middle East	**7.05**	**6.92**	**5.85**	**6.07**	**5.15**	**5.92**	**6.25**	**6.37**
Africa	**2.16**	**2.17**	**2.01**	**2.28**	**1.90**	**1.96**	**1.92**	**1.95**
Eurasia	**7.64**	**7.59**	**7.04**	**7.56**	**6.63**	**6.93**	**7.06**	**7.18**
of which Russian	*5.72*	*5.70*	*5.39*	*5.88*	*5.10*	*5.28*	*5.29*	*5.43*
of which Other Eurasia	*1.92*	*1.89*	*1.66*	*1.68*	*1.53*	*1.64*	*1.77*	*1.74*
Total Non-OECD	**43.10**	**43.59**	**41.08**	**42.35**	**38.68**	**40.74**	**42.54**	**43.36**
Total world	**81.56**	**81.43**	**74.22**	**78.93**	**69.42**	**73.22**	**75.37**	**77.60**

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

		Dec 20	Jan 21	Change Jan/Dec	Annual avg. 2020	Year-to-date 2021
US Gulf (Cargoes FOB)						
Naphtha*		48.69	56.70	8.01	38.31	56.70
Premium gasoline	(unleaded 93)	58.28	66.25	7.97	51.89	66.25
Regular gasoline	(unleaded 87)	55.03	63.54	8.51	47.72	63.54
Jet/Kerosene		56.05	59.94	3.89	46.83	59.94
Gasoil	(0.2% S)	54.19	58.18	3.99	44.92	58.18
Fuel oil	(3.0% S)	43.67	47.99	4.32	34.72	47.99
Rotterdam (Barges FoB)						
Naphtha		47.63	55.22	7.59	39.00	55.22
Premium gasoline	(unleaded 98)	55.64	63.06	7.42	51.34	63.06
Jet/Kerosene		54.25	59.40	5.15	45.72	59.40
Gasoil/Diesel	(10 ppm)	55.20	60.06	4.86	49.17	60.06
Fuel oil	(1.0% S)	50.02	55.52	5.50	40.87	55.52
Fuel oil	(3.5% S)	46.24	50.69	4.45	37.71	50.69
Mediterranean (Cargoes FOB)						
Naphtha		47.08	54.51	7.43	37.58	54.51
Premium gasoline**		51.34	58.92	7.58	45.41	58.92
Jet/Kerosene		52.75	57.67	4.92	43.06	57.67
Diesel		55.28	59.88	4.60	48.55	59.88
Fuel oil	(1.0% S)	50.76	56.45	5.69	43.54	56.45
Fuel oil	(3.5% S)	42.21	47.80	5.59	33.31	47.80
Singapore (Cargoes FOB)						
Naphtha		47.80	55.83	8.03	40.66	55.83
Premium gasoline	(unleaded 95)	53.43	60.03	6.60	46.59	60.03
Regular gasoline	(unleaded 92)	52.40	58.92	6.52	44.99	58.92
Jet/Kerosene		53.87	58.02	4.15	44.75	58.02
Gasoil/Diesel	(50 ppm)	55.21	59.80	4.59	49.19	59.80
Fuel oil	(180 cst)	54.40	58.77	4.37	47.86	58.77
Fuel oil	(380 cst 3.5% S)	46.08	50.35	4.27	36.75	50.35

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

Sources: Argus and OPEC.

Tanker Market

Dirty tanker rates remained at muted levels in January, below operational costs in some cases, although rates from West Africa picked up. A host of factors have weighed on freight rates, including the lingering impact of COVID-19 on oil consumption, reduced supplies in the market, ample onshore inventories, and long tonnage lists. The backwardated market structure also provided little incentive to hold inventory in floating storage, even at the current low rates. Meanwhile, clean tanker rates improved, supported by activities West of Suez, but are still caught up in the general malaise. From the current vantage point, the outlook for freight rates remains lacklustre, certainly in 1H21, but potentially also into 2022.

Spot fixtures

Global spot fixtures declined m-o-m in January, falling by 2.6 mb/d, or 15.7%, to average 13.8 mb/d. Fixtures fell back from the high levels seen in the final quarter of the year. Spot fixtures were 4.4 mb/d, or around 24%, lower than the same month last year, prior to the COVID-19 impacts.

Table 7 - 1: Spot fixtures, mb/d

				Change
	Nov 20	Dec 20	Jan 21	Jan 21/Dec 20
All areas	**16.17**	**16.38**	**13.81**	**-2.57**
OPEC	10.50	10.30	9.46	-0.84
Middle East/East	6.31	5.89	5.71	-0.18
Middle East/West	0.88	0.77	0.84	0.07
Outside Middle East	3.31	3.64	2.91	-0.73

Sources: Oil Movements and OPEC.

OPEC spot fixtures experienced a m-o-m decline of 0.8 mb/d, or 8%, in January to average 9.5 mb/d. The lower fixtures came ahead of planned and announced adjustments. Compared with the same month last year, OPEC spot fixtures were almost 25% lower, or down by around to 3.1 mb/d.

Fixtures from the **Middle East-to-East** averaged 5.7 mb/d in January, representing a decline of just 0.2 mb/d, or around 3%, m-o-m. Y-o-y, this represents a fall of 2.0 mb/d, or almost 26%.

In contrast, **Middle East-to-West** fixtures recovered some ground lost the previous month, increasing by 9%, or just under 0.1 mb/d m-o-m, to average 0.8 mb/d. This was still 0.3 mb/d, or 26%, lower compared with the same month last year.

Outside of the Middle East, fixtures fell sharply in percentage terms, down by 0.7 mb/d, or 20%, m-o-m to average 2.9 mb/d. Y-o-y, fixtures were 0.8 mb/d, or 22%, lower.

Sailings and arrivals

OPEC sailings averaged 21.6 mb/d in January, representing a 1.0 mb/d, or over 4%, decline m-o-m. Y-o-y, OPEC sailings were almost 3.0 mb/d, or 12%, lower.

Middle East sailings averaged 16.2 mb/d, representing a m-o-m increase of 0.1 mb/d, or less than 1%, but were down 1.7 mb/d, or close to 10%, compared with the same month last year.

Crude arrivals in January rose on all routes with the exception of West Asia, reversing the previous month's trend. Far East arrivals led gains, increasing by 1.1 mb/d, or over 10%, to average 11.9 mb/d. Arrivals on the route were also 3.2 mb/d, or 37%, higher compared with January 2019. Arrivals in Europe increased by 0.8 mb/d, or almost 8%, to average 10.8 mb/d. Y-o-y, arrivals on the route were almost 1.2 mb/d, or 10%, lower. North American arrivals increased by 0.5 mb/d, or 6%, but still registered a decline of 1.1 mb/d, or 12%, compared with the same month last year. Arrivals in West Asia relinquished all of the previous month's gains, dropping by 0.8 mb/d, or nearly 13%, to average 5.3 mb/d. Compared to the same month in the previous year, West African arrivals declined 1.2 mb/d or almost 30%.

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

	Nov 20	Dec 20	Jan 21	Change Jan 21/Dec 20
Sailings				
OPEC	20.33	22.63	21.63	-1.00
Middle East	14.35	16.14	16.24	0.10
Arrivals				
North America	7.63	7.44	7.91	0.47
Europe	10.31	10.02	10.78	0.76
Far East	11.09	10.81	11.92	1.11
West Asia	5.38	6.08	5.32	-0.76

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

VLCC spot rates continued to move higher from the very low levels seen since last summer, edging up 5% m-o-m, although remaining 60% lower compared with the same month of the previous year.

Rates on the **Middle East-to-East** route were negligibly higher m-o-m, up 1% in January to average WS35 points. Y-o-y, rates were 62% lower compared with the same month last year.

Rates on the **Middle East-to-West** route increased by 3% m-o-m to average WS24 points. Y-o-y, rates declined 55%.

The **West Africa-to-East** route also saw a marginal increase to average WS36 points. Rates were 60% lower compared with January 2019.

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

	Size *1,000 DWT*	Nov 20	Dec 20	Jan 21	Change Jan 21/Dec 20
VLCC					
Middle East/East	230-280	26	35	35	1
Middle East/West	270-285	17	20	24	3
West Africa/East	260	30	36	36	1

Sources: Argus and OPEC.

Suezmax

Suezmax rates also saw gains in January, with **average spot freight rates** increasing by 21% m-o-m, although remaining 67% lower y-o-y.

On the **West Africa-to-US Gulf Coast (USGC)** route, Suezmax rates averaged WS43 points in January, representing a 28% gain from the month before. Y-o-y, rates were 67% lower than in January last year.

Spot freight rates on the **USGC-to-Europe** route rose 15% m-o-m to average WS41 points, although this still represents a 67% decline from the same month last year.

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

	Size *1,000 DWT*	Nov 20	Dec 20	Jan 21	Change Jan 21/Dec 20
Suezmax					
West Africa/US Gulf Coast	130-135	32	34	43	10
US Gulf Coast/ Europe	150	29	35	41	5

Sources: Argus and OPEC.

Aframax

Aframax rates showed gains across all routes in January, rising 20% m-o-m. However, rates were still 63% lower compared with the previous year. The largest gain was seen on the **Caribbean-to-US East Coast (USEC)** route, where rates jumped 25% m-o-m to WS86.

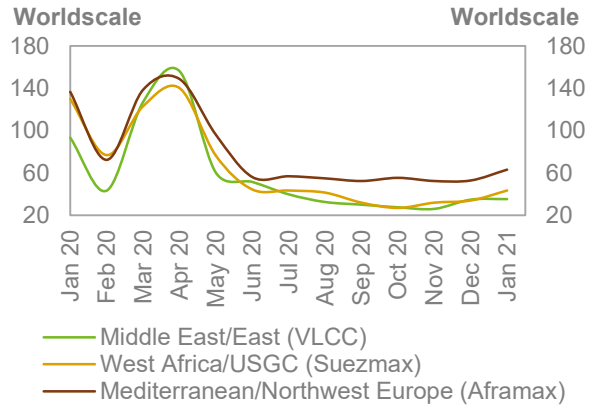
Table 7 - 5: Dirty Aframax spot tanker freight rates, WS

	Size				Change
	1,000 DWT	Nov 20	Dec 20	Jan 21	Jan 21/Dec 20
Aframax					
Indonesia/East	80-85	53	51	58	7
Caribbean/US East Coast	80-85	69	69	86	17
Mediterranean/Mediterranean	80-85	62	60	72	12
Mediterranean/Northwest Europe	80-85	53	53	63	10

Sources: Argus and OPEC.

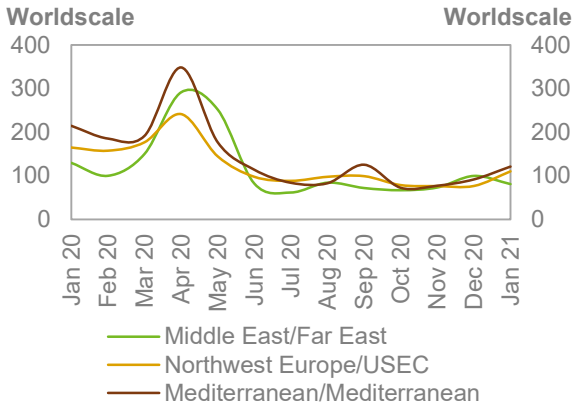
Mediterranean route developments moved in tandem in January. The **Cross-Med** route increased by 20% m-o-m to average WS72. Meanwhile, the **Mediterranean-to-NWE** route gained 19% m-o-m to average WS63, which represented a 54% drop y-o-y. The **Indonesia-to-East** route enjoyed an increase of 14% to average WS58, which was some 61% 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 continued to register gains, increasing by 19% m-o-m in January, as improvements West of Suez outweighed a slight decline in East of Suez.

East of Suez rates shaved off some gains seen the previous month, dipping by 2% in January, while the y-o-y decline was a stronger 21%. The **Middle East-to-East** route fell by 19% in January relative to the previous month to average WS81. This represented a 37% decline compared with the same month last year. On the **Singapore-to-East** route, clean freight rates rose by 12% in January. With an average of WS140, rates were 8% lower compared with January 2019.

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

	Size				Change
	1,000 DWT	Nov 20	Dec 20	Jan 21	Jan 21/Dec 20
East of Suez					
Middle East/East	30-35	73	100	81	-19
Singapore/East	30-35	94	125	140	15
West of Suez					
Northwest Europe/US East Coast	33-37	76	77	110	34
Mediterranean/Mediterranean	30-35	77	91	121	30
Mediterranean/Northwest Europe	30-35	83	103	138	36

Sources: Argus and OPEC.

West of Suez experienced a strong 36% increase m-o-m in January, supported by developments across routes, although rates were still some 39% lower than the same month of the previous year. Gains were seen on the **Cross-Med** and **Med-to-NWE** routes, which rose 32% and 35%, respectively, to average WS121 and WS138 points. Meanwhile, rates on the **NWE-to-USEC** route also enjoyed an increase, up 44% m-o-m to average WS110 points. Clean spot rates were still 33% lower compared with the same month last year.

Crude and Refined Products Trade

Preliminary data shows US crude imports averaged 5.9 mb/d in January, the highest since July 2020, following a strong increase in imports from Canada. US crude exports were steady at close to 3.1 mb/d. US product imports were the highest in three months, averaging 2.1 mb/d in January, with bottom of the barrel products providing support. Product exports were also largely unchanged, averaging 5.2 mb/d.

China's crude imports hit a three-year low in December, averaging 9.1 mb/d. The decline came as independents were largely absent from the market and the backlog of ships waiting offshore cleared. Early indications point to a rebound in crude imports at the start of the year as independents have a fresh round of quotas. The complete data for 2020 shows China set a new record high for crude imports last year, averaging 10.9 mb/d, an increase of 0.7 mb/d over the previous year. This surpasses the US record high of 10.2 mb/d set in 2005.

India's crude imports continued to see healthy m-o-m gains in December, averaging 4.8 mb/d, the first y-o-y gain in eight months and the country's second-highest on record. In annual terms, India's crude imports averaged 4.0 mb/d in 2020, a decline of almost 11% y-o-y and representing a four-year low. Product imports saw a sharp 23% m-o-m increase in December, averaging 1.2 mb/d, with gains across all major products except naphtha. In 2020, India's product imports averaged above 1.0 mb/d for the first time on record. Product exports rose 12% to average 1.2 mb/d in December, with gains led by diesel and naphtha. In annual terms, product exports were 11% lower y-o-y.

Japan's crude imports averaged 2.5 mb/d in 2020, the lowest average since at least 1980. Product imports averaged 0.9 mb/d last year, representing a 3% increase y-o-y. Product exports, however, were the lowest since 2010.

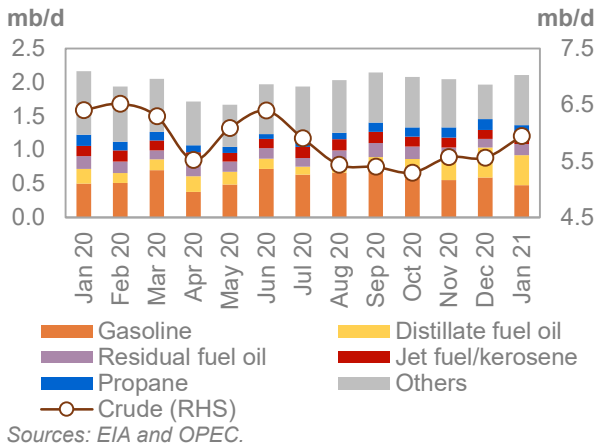
US

Preliminary data shows **US crude imports** averaged 5.9 mb/d in January, the highest since July 2020. This represented an increase of 0.4 mb/d m-o-m, but was still 0.5 mb/d lower y-o-y. The gains were driven by a strong increase in inflows from Canada, with further support from Colombia, while Brazil and Mexico registered declines.

US crude exports were steady in January, slipping a negligible 0.2%, to average around 3.0 mb/d. As a result, crude departures maintained the gains seen since dipping to a low of 2.7 mb/d in November. A rise in outflows of medium-sour grades from the US Gulf Coast's LOOP terminal contributed to the good performance for the month.

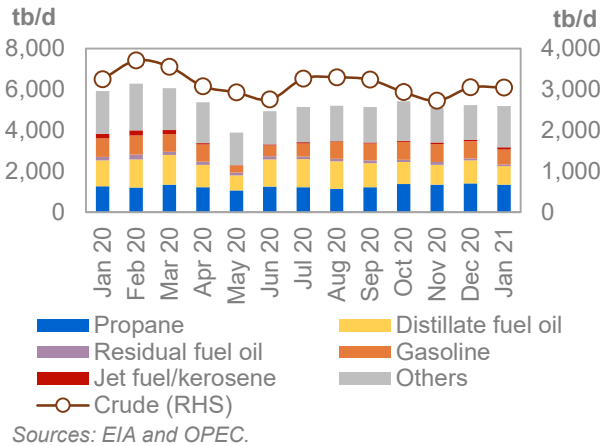
The latest monthly data for US crude **exports by destination** shows increasing buying by India in November 2020, which increased to 0.4 mb/d from 0.2 mb/d the month before. This partially compensated for lower flows to China, which fell to 0.3 mb/d from 0.7 mb/d in the prior month.

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 2.9 mb/d in January, up from 2.5 mb/d the month before. Net imports were less than 0.3 mb/d, or 8%, lower than the same month last year.

On the product side, preliminary data shows **US product imports** rose 0.1 mb/d, or 7%, m-o-m in January to average 2.1 mb/d. Compared to the same month in the previous year, US product imports were down less than 3%.

US product exports averaged 5.2 mb/d in January, representing a m-o-m decline of less than 1%, or 50 tb/d. Compared to the previous year, product exports were 0.7 mb/d, or 12%, lower than the same month of the previous year.

As a result, **US net product exports** averaged 3.1 mb/d in January, compared with 3.3 mb/d the month before and 3.8 mb/d in January 2020.

Preliminary data indicates that the US was a **net crude and product** exporter in January, with net outflows of 0.2 mb/d, compared with net outflows of 0.8 mb/d the month before and 0.6 mb/d in January 2020.

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

US	Nov 20	Dec 20	Jan 21	Change Jan 21/Dec 20
Crude oil	2,844	2,508	2,897	389
Total products	-3,051	-3,271	-3,081	190
Total crude and products	**-207**	**-763**	**-184**	**579**

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

Sources: EIA and OPEC.

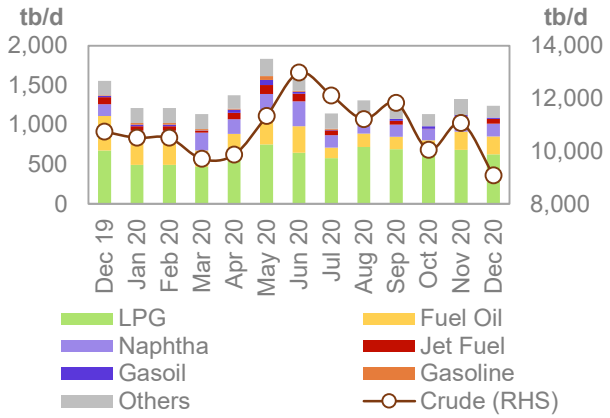
China

China's crude imports hit a three-year low in December, averaging 9.1 mb/d. The decline came as independents were largely absent from the market and the backlog of ships waiting offshore cleared. Early indications point to crude imports rebounding at the start of the year as independents have a fresh round of quotas to bring in crude.

The now full yearly data shows China set a new record high for crude imports in 2020, averaging 10.9 mb/d, an increase of 0.7 mb/d over the previous year. The only other country that has come close to this level of imports is the US, which recorded a record high of 10.2 mb/d in 2005. In monthly terms, China's crude imports peaked last year at 13 mb/d in May and continued at 12 mb/d in June as Chinese importers brought up a considerable quantity of the excess crude on the market, leading to port congestion that took some time to unwind. In this regard, China provided important support to the market at a time of a destabilizing decline in crude import demand from other major consumers.

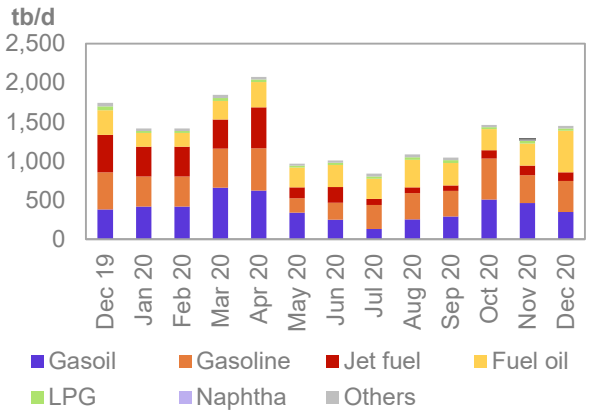
Saudi Arabia remained the top **crude supplier** to China in December, with a share of almost 18%, representing 1.6 mb/d in imports. Russia came in second with around 1.5 mb/d, representing a 16% share, followed by Angola. Imports from the US averaged 0.8 mb/d in December, broadly stable with the previous month but up from zero imports in the same month a year ago. These higher levels were in line with a phase 1 of a US-China trade agreement signed in January 2020, which included a pledge by China to purchase $200 billion more US goods and services in 2020 and 2021.

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 products



Sources: China, Oil and Gas Petrochemicals and OPEC.

Product imports slipped back m-o-m in December, averaging 1.2 mb/d, which represents a 6% decline from the previous month. A dip in LPG imports was partially offset by a slight expansion in jet fuel. Compared to the same month last year, product inflows were a considerable 0.3 mb/d or 20% lower. This is due to the very high

level of product imports in December 2019 in preparation for the Golden Week holiday and prior to the onset of COVID-19 impacts.

In contrast, **product exports** rose m-o-m, increasing around 0.2 mb/d or 12% to average 1.4 mb/d in December. The m-o-m increase was driven mainly by an 88% jump in fuel oil inflows and a lesser increase in gasoline, while diesel declined 25%.

As a result, China was a **net product exporter** in December by 0.2 mb/d. This compares to net imports of just 20 tb/d the month before and net exports of 0.2 mb/d in December 2019.

In **annual terms**, China's product imports averaged 1.3 mb/d in 2020, a decline of 5% compared to the previous year. Product inflows to China have declined since reaching a peak of 1.4 mb/d in 2018, as the country has expanded domestic refinery capacity. COVID-19 impacts certainly contributed to a further decline in 2020. On the exports side, product outflows averaged 1.3 mb/d in 2020, representing a decline of 0.1 mb/d or 9% from the previous year when product exports reached a record high of close to 1.5 mb/d. The decline was mainly due to COVID-19 impacts, which strongly affected demand for jet fuel exports, which was partially offset by an increase in fuel oil outflows. In net terms, China's product trade was broadly balanced in 2020, with net product exports at 6 tb/d, compared to net exports of 71 tb/d in the previous year.

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

China	Oct 20	Nov 20	Dec 20	*Change* Dec 20/Nov 20
Crude oil	10,033	10,990	9,024	-1,965
Total products	-323	25	-208	-233
Total crude and products	**9,710**	**11,014**	**8,816**	**-2,198**

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

India

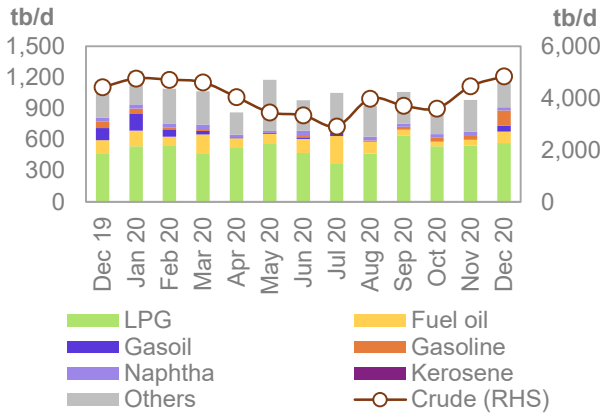
India's **crude imports** continued to see healthy m-o-m gains of 0.4 mb/d in December to average 4.8 mb/d, the first y-o-y gain in eight months and the country's second highest on record. Compared to December 2019, India crude imports were 0.4 mb/d or almost 10% higher. In annual terms, India's crude imports averaged 4.0 mb/d in 2020, a decline of 0.4 mb/d or almost 11% y-o-y to register a four-year low.

The latest data for **crude imports by source** shows Iraq as the top crude exporter to India in November with a share of 18%. Saudi Arabia had the second highest share with almost 16%, followed by UAE, Kuwait and the US, with shares of 8%, 7% and 6%, respectively.

Product imports saw a sharp 23% m-o-m increase in December, averaging 1.2 mb/d, with gains across all major products except naphtha. In 2020, product imports averaged above 1.0 mb/d for the first time on record.

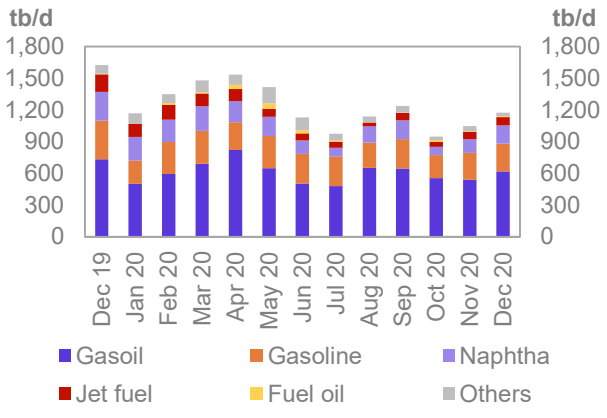
Product exports rose 12% to average 1.2 mb/d in December, with gains led by diesel and naphtha. In annual terms, product exports were 11% lower y-o-y averaging 1.2 mb/d.

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 was a **net product importer** in December, averaged a marginal 35 tb/d, compared to being a net exporter at 64 tb/d the month before and 0.5 mb/d in the same month in 2019.

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

India	Oct 20	Nov 20	Dec 20	Change Dec 20/Nov 20
Crude oil	3,603	4,459	4,838	379
Total products	1	-64	35	99
Total crude and products	**3,604**	**4,395**	**4,873**	**479**

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.

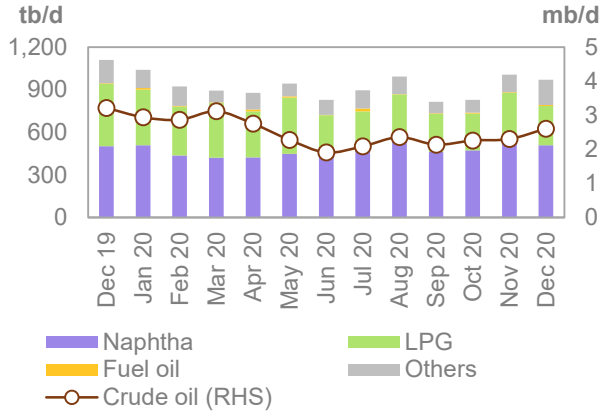
Japan

Japan's crude imports averaged 2.6 mb/d in December, the highest in seven months. For the year 2020, crude imports averaged 2.5 mb/d, the lowest since at least 1980.

Product imports declined 4% m-o-m to average just under 1.0 mb/d in December, with naphtha and LPG leading losses. In 2020, product imports averaged 0.9 mb/d, representing a 3% increase y-o-y. The gains came as refiners opted to import needed petroleum products rather than process crude and have to manage high inventories of jet and diesel.

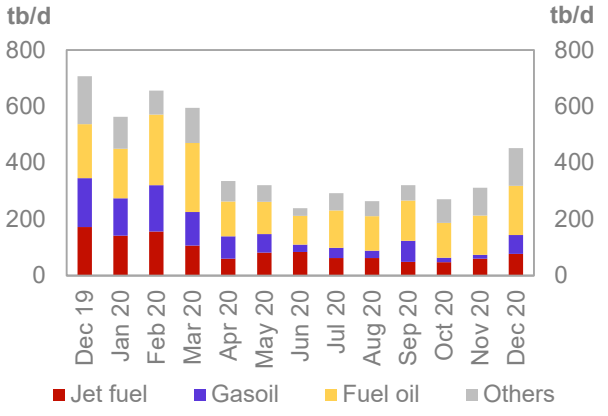
Product exports strengthened 0.1 mb/d or 45% m-o-m to average around 0.5 mb/d in December. Product inflows were still 0.3 mb/d or 36% lower than the same month in 2019. Gains were seen across all major products. For the year, product exports averaged 0.4 mb/d, the lowest since 2010, dragged down by jet fuel and gasoil.

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



Sources: METI and OPEC.

Graph 8 - 8: Japan's exports of products



Sources: METI and OPEC.

As a consequence, Japan's **net product imports** averaged 0.5 tb/d in December, representing a decline of 0.2 mb/d or around 25% m-o-m, but a gain of 0.2 mb/d or 29% y-o-y.

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

Japan	Oct 20	Nov 20	Dec 20	Change Dec 20/Nov 20
Crude oil	2,263	2,305	2,612	308
Total products	558	696	519	-177
Total crude and products	**2,821**	**3,000**	**3,131**	**130**

Note: Totals may not add up due to independent rounding.
Sources: METI and OPEC.

OECD Europe

The latest available data shows **OECD Europe crude imports** in October gave up the previous month's gains, dropping 8% m-o-m to average 7.8 mb/d, amid lower inflows from Russia and the US.

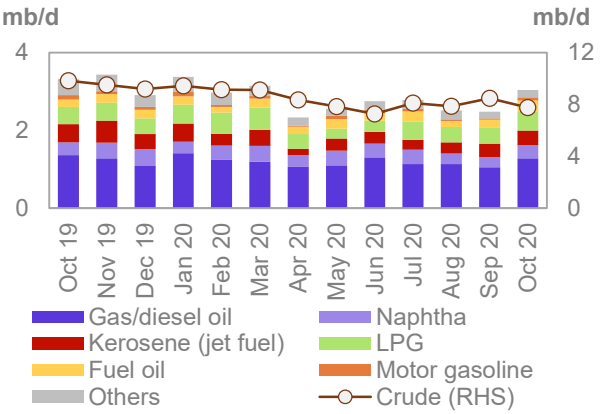
Crude exports rose 0.2 mb/d to average 0.5 mb/d, driven by higher outflows by Norway to Asia and North American to a lesser extent.

As a result, **net crude imports** averaged 7.2 mb/d in October, down from 8.2 mb/d the month before and 9.6 mb/d in the same month of 2019.

On the **product** side, **imports** jumped over 22% to average 3.0 mb/d, with LPG and naphtha showing strength and diesel and jet recovering.

Product exports rose 2% to average 2.3 mb/d with gains led by fuel oil while jet kerosene had a strong showing.

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

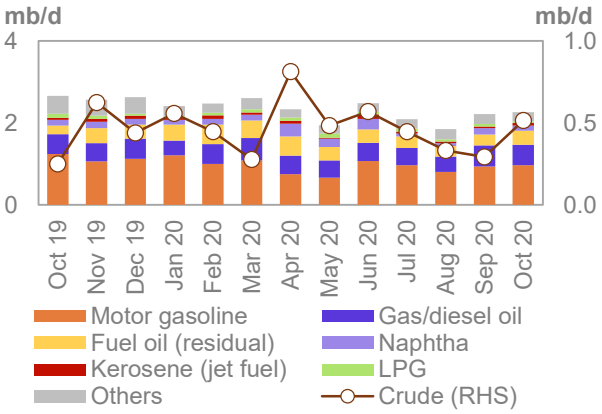


Sources: IEA and OPEC.

As a result, **net product imports** averaged 0.8 mb/d in October, compared to 0.3 mb/d the month before and 0.6 mb/d in the same month of 2019.

Combined, **net crude and product imports** averaged over 8.0 mb/d in October, compared to 8.4 mb/d the month before and 10.2 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	Aug 20	Sep 20	Oct 20	Change Oct 20/Sep 20
Crude oil	7,523	8,174	7,246	-928
Total products	664	268	776	508
Total crude and products	**8,186**	**8,442**	**8,022**	**-420**

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

Sources: IEA and OPEC.

Eurasia

Total crude oil exports from Russia and Central Asia increased 0.1 mb/d, or around 2%, to average 6.0 mb/d in December. Y-o-y, total crude exports from the region were 0.9 mb/d, or 13%, lower.

Crude exports through the **Transneft system** declined marginally by around 23 tb/d, or less than 1%, to average 3.3 mb/d. Compared to the same month last year, exports were 0.7 mb/d, or 18% lower.

Total shipments from the Black Sea fell 50 tb/d, m-o-m, or almost 13%, to average 352 tb/d in December. In contrast, total Baltic Sea exports increased 0.1 mb/d, or 15%, m-o-m, to average 881 tb/d in December, with shipments from Primorsk up 5% to 579 tb/d and Ust-Luga exports 86 tb/d rising 302 tb/d. Meanwhile, shipments via the Druzhba pipeline fell 5% m-o-m to average 860 tb/d in December, amid reports of a price

row between buyers and sellers. Kozmino shipments declined 43 tb/d or almost 7% m-o-m to average 615 tb/d. Exports to China via the ESPO pipeline edged up 1% m-o-m to average 637 tb/d in December.

In the **Lukoil system**, exports via the Barents Sea jumped 100 tb/d to average 125 tb/d in December, while those from the Baltic Sea were unchanged.

On other routes, **Russia's Far East** exports rose around 2% m-o-m to average 393 tb/d, but were broadly unchanged from the same month of the previous year.

Central Asia's total exports averaged 204 tb/d in December, down by 3% from the month before and by 2% compared to December 2019.

Black Sea total exports edged up around 3% m-o-m to average close to 1.4 mb/d in December, with both the Novorossiyk and Supsa port terminals contributing to the gains. Y-o-y, Black Sea flows were 12% lower. Meanwhile, exports via the **Baku-Tbilisi-Ceyhan (BTC) pipeline** edged up close to 2% m-o-m to 547 tb/d, representing drop of 3% y-o-y.

Total product exports from Russia and Central Asia rose 8% m-o-m to average 3.2 mb/d in December. Gains were seen across the board, except for in jet fuel. Fuel oil, gasoline and VGO registered the largest increases. Y-o-y, total product exports were 230 tb/d, or 7%, lower in December, with declines in VGO, fuel oil, gasoil and gasoline.

Commercial Stock Movements

Preliminary December data sees total OECD commercial oil stocks down by 39.3 mb m-o-m. At 3,068 mb, they were 179.1 mb higher than the same time one year ago and 143.4 mb above the five-year average (2015-2019). Within the components, crude and product stocks declined m-o-m by 24.2 mb and 15.1 mb, respectively. At 1,528 mb, OECD crude stocks are 109.8 mb higher than the same time a year ago, and 81.2 mb above the five-year average (2015-2019). Total product inventories stood at 1,540 mb, which is 69.2 mb above the same time a year ago, and 62.2 mb higher than the five-year average (2015-2019).

In terms of days of forward cover, OECD commercial stocks fell m-o-m by 1.0 days in December to stand at 70.8 days. This is 7.2 days above the December 2019 level and 8.6 days above the five-year average (2015-2019).

Preliminary data for January showed that total US commercial oil stocks fell m-o-m by 18.9 mb to stand at 1,325 mb. This is 26.1 mb, or 2.0%, above the same month a year ago, and 35.1 mb, or 2.7%, higher than the five-year average (2016-2020). Crude and product stocks fell by 9.8 mb and 9.1 mb, respectively.

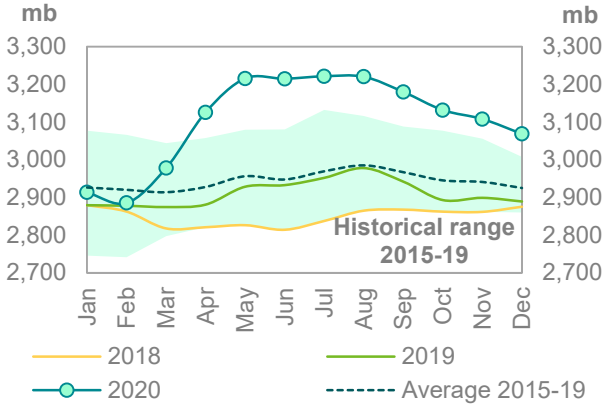
OECD

Preliminary December data sees **total OECD commercial oil stocks** down by 39.3 mb m-o-m. At 3,068 mb, they were 179.1 mb higher than the same time one year ago and 143.4 mb above the latest five-year average.

Within the components, crude and product stocks declined m-o-m by 24.2 mb and 15.1 mb, respectively. Total commercial oil stocks in December fell m-o-m in all three OECD regions.

OECD **commercial crude stocks** fell in December by 24.2 mb to stand at 1,528 mb. This is 109.8 mb higher than the same time a year ago, and 81.2 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, OECD Asia Pacific and OECD Europe crude stocks fell by 15 mb, 6.0 mb and 3.3 mb, respectively.

Total product inventories fell m-o-m by 15.1 mb in December to stand at 1,540 mb. This is 69.2 mb above the same time a year ago, and 62.2 mb higher than the latest five-year average.

Within the OECD regions, product stocks in OECD Americas rose m-o-m by 2.7 mb, while product stocks in OECD Asia Pacific and OED Europe fell m-o-m by 3.5 mb and 14.3 mb, respectively.

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 1.0 days in December to stand at 70.8 days. This is 7.2 days above the December 2019 level and 8.6 days above the latest five-year average.

All OECD regions were above the latest five-year averages: the Americas by 6.2 days at 68.2 days; Europe by 15.6 days at 85.9 days; and Asia Pacific by 4.8 days at 54.0 days.

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

					Change
	Dec 19	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
OECD stocks					
Crude oil	1,419	1,553	1,553	1,528	-24.2
Products	1,471	1,578	1,555	1,540	-15.1
Total	**2,889**	**3,131**	**3,108**	**3,068**	**-39.3**
Days of forward cover	**63.6**	**73.1**	**71.8**	**70.8**	**-1.0**

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 12.3 mb m-o-m in December to settle at 1,631 mb. This is 112.8 mb above the same month last year and 86.7 mb higher than the latest five-year average.

Commercial crude oil stocks in OECD Americas fell by 15.0 mb m-o-m in December to stand at 864 mb, which is 95.2 mb higher than in December 2019 and 76.4 mb above the latest five-year average. The fall came on the back of slightly higher crude runs, in combination with higher exports, in December.

Total product stocks in OECD Americas rose m-o-m by 2.7 mb in December reversing the fall of the last four consecutive months to stand at 767 mb. This was 17.7 mb higher than the same month one year ago and 10.3 mb above the latest five-year average. Lower regional consumption was behind the stock build.

OECD Europe

OECD Europe's total commercial stocks fell m-o-m by 17.6 mb in December to end the month at 1,043 mb. This is 65.4 mb higher than the same time a year ago and 73.3 mb above the latest five-year average.

OECD Europe's **commercial crude stocks** fell m-o-m by 3.3 mb in December to end the month at 448 mb, which is 16.4 mb higher than one year ago and 29.4 mb above the latest five-year average. A drop in December crude oil inventories came despite lower m-o-m refinery throughputs in the EU-14 plus the UK and Norway.

OECD Europe's **commercial product stocks** also fell m-o-m by 14.3 mb to end December at 595 mb. This is 49.0 mb higher than a year ago and 43.9 mb above the latest five-year average. The fall came on the back of lower refinery output in OECD Europe.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks fell m-o-m by 9.4 mb in December to stand at 395 mb. This is 0.8 mb higher than a year ago, but 16.7 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** fell by 6.0 mb m-o-m to end December at 217 mb, which is 1.7 mb lower than one year ago, and 24.7 mb below the latest five-year average.

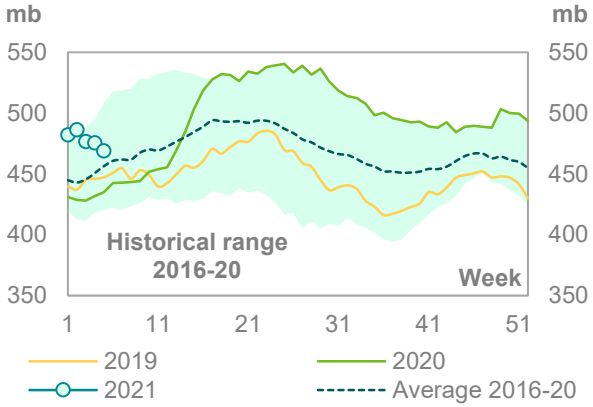
OECD Asia Pacific's **total product inventories** fell by 3.5 mb m-o-m to end December at 178 mb. This is 2.6 mb higher than the same time a year ago, and 8.0 mb above the latest five-year average.

US

Preliminary data for January showed that **total US commercial oil stocks** fell m-o-m by 18.9 mb to stand at 1,325 mb. This is 26.1mb, or 2.0%, above the same month a year ago, and 35.1 mb, or 2.7%, higher than the latest five-year average. Crude and product stocks fell by 9.8 mb and 9.1 mb, respectively.

US **commercial crude stocks** fell by 9.8 mb m-o-m in January to stand at 476 mb. This is 32.8 mb, or 7.4%, above the same month last year, and 17.4 mb, or 3.8%, above the latest five-year average. The stock draw was driven by higher January crude runs, which increased by 0.51 mb/d to stand at 15.09 mb/d.

Graph 9 - 2: US weekly commercial crude oil inventories



Sources: EIA and OPEC.

Total product stocks in January also fell m-o-m, dropping by 9.1 mb to stand at 849 mb. This is 6.7 mb, or 0.8%, below January 2019 levels, but 17.7 mb, or 2.1%, above the latest five-year average. Within the components, gasoline, distillates, jet fuel and residual fuel experienced stock builds, while propylene and other unfinished oil registered stock draws.

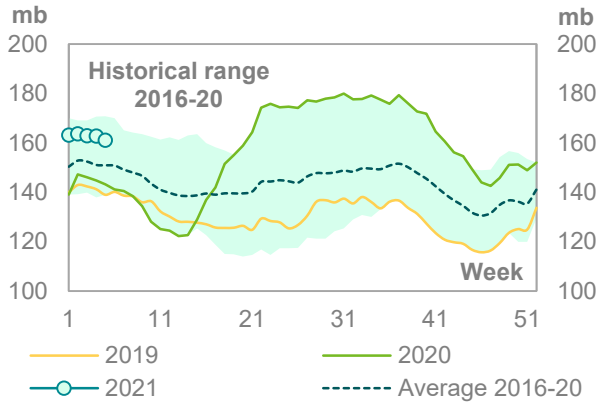
Gasoline stocks rose m-o-m in January by 11.1 mb to settle at 252 mb. This is 12.1 mb or 4.6% below the same month last year, and 7.5 mb, or 2,9%, lower than the latest five-year average. The monthly stock build came mainly on the back of lower gasoline demand.

Distillate stocks also rose by 4.4 mb m-o-m in January to stand at 163 mb. This is 19.8 mb, or 13.9%, higher than a year ago, and 11.8 mb, or 7.8%, above the latest five-year average.

Residual fuel oil stocks also rose m-o-m in January, increasing by 1.9 mb. At 32.1 mb, this was 1.4 mb, or 4.5%, higher than a year ago, but 3.0 mb, or 8.5%, below the latest five-year average.

Jet fuel rose m-o-m by 3.6 mb, ending January at 42.4 mb. This is 1.6 mb, or 3.7%, lower than the same month last year, and 0.2 mb, or 0.6%, 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

	Jan 20	Nov 20	Dec 20	Jan 21	Change Jan 21/Dec 20
US stocks					
Crude oil	**442.8**	**500.4**	**485.5**	**475.7**	**-9.8**
Gasoline	264.2	241.2	241.1	252.2	11.1
Distillate fuel	143.0	156.3	158.4	162.8	4.4
Residual fuel oil	30.7	31.2	30.2	32.1	1.9
Jet fuel	44.0	37.6	38.8	42.4	3.6
Total products	**855.8**	**889.0**	**858.2**	**849.1**	**-9.1**
Total	**1,298.7**	**1,389.4**	**1,343.7**	**1,324.8**	**-18.9**
SPR	**635.0**	**638.1**	**638.1**	**638.1**	**0.0**

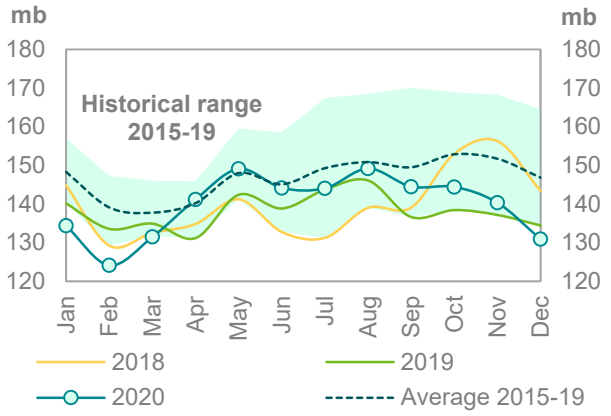
Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** in December fell by 9.4 mb m-o-m to settle at 130.9 mb. This is 3.5 mb, or 2.6%, lower than the same month last year, and 15.9 mb, or 10.8%, below the latest five-year average. Crude and products stocks fell m-o-m by 6.0 mb and 3.5 mb respectively.

Japanese **commercial crude oil stocks** fell in December to stand at 66.4 mb. This is 7.3 mb, or 9.8%, below the same month a year ago, and 19.1 mb, or 22.4%, lower than the latest five-year average. The drop came on the back of higher crude throughput, which increased by around 260 tb/d to average 2.8 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.

Japan's **total product inventories** also fell m-o-m by 3.5 mb to end December at 64.5 mb. This is 3.7 mb, or 6.1%, higher than the same month last year, and 3.2 mb, or 5.2%, higher than the latest five-year average.

Gasoline stocks in December remained unchanged m-o-m to stand at 12.6 mb. This was 1.7 mb, or 16.1%, higher than a year ago, and 2.7 mb, or 27.3%, above the latest five-year average. Higher production, which rose by 11.1% m-o-m offset the increase of 11.6% in domestic gasoline sales.

Distillate stocks fell by 3.8 mb m-o-m to end December at 29.8 mb. This is 1.2 mb, or 4.3%, higher than the same month a year ago, and 0.7 mb, or 2.6%, above the latest five-year average. Within distillate components, kerosene, gasoil and jet fuel stocks fell m-o-m by 9.6%, 0.9% and 4.2%, respectively.

Total residual fuel oil stocks fell by 0.6 mb in December to stand at 11.7 mb. This is 0.5 mb, or 3.8%, lower than the same month last year, and 1.7 mb, or 12.5%, below the latest five-year average. Within components, fuel oil A and fuel oil B.C stocks fell by 4.2% and 5.9%, respectively, over the previous month.

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

					Change
	Dec 19	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
Japan's stocks					
Crude oil	**73.7**	**78.4**	**72.4**	**66.4**	**-6.0**
Gasoline	10.9	12.2	12.6	12.6	0.0
Naphtha	9.2	8.2	9.4	10.4	1.0
Middle distillates	28.6	33.5	33.6	29.8	-3.8
Residual fuel oil	12.2	12.1	12.4	11.7	-0.6
Total products	**60.8**	**66.0**	**68.0**	**64.5**	**-3.5**
Total**	**134.5**	**144.4**	**140.4**	**130.9**	**-9.4**

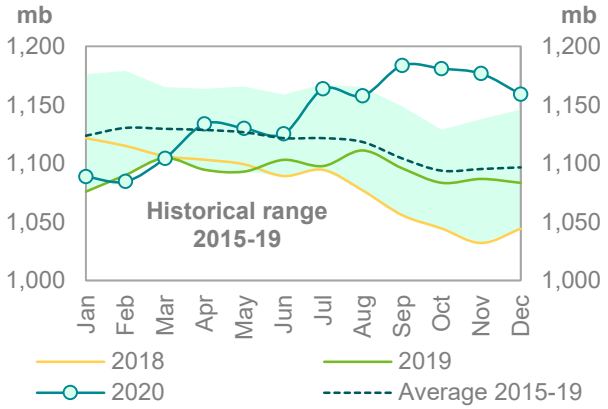
*Note: * At the end of the month. ** Includes crude oil and main products only.*
Sources: METI and OPEC.

EU-15 plus Norway

Preliminary data for December showed that total European commercial oil stocks fell by 17.6 mb m-o-m for the third month to 1,159.1 mb. At this level, they were 75.7 mb, or 7.0%, above the same month a year ago, and 62.4 mb, or 5.7%, higher than the latest five-year average. Crude and products stocks fell m-o-m by 3.3 mb and 14.3 mb respectively.

European crude inventories fell in December to stand at 484.9 mb. This is 10.0 mb, or 2.1%, higher than the same month a year ago, and 13.3 mb, or 2.8%, above the latest five-year average. The fall in December crude oil inventories came despite lower m-o-m refinery throughputs in the EU-14 plus UK and Norway.

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



Sources: Argus, Euroilstock and OPEC.

European **total product stocks** also fell m-o-m by 14.3 mb to end December to 674.2 mb. This is 65.7 mb, or 10.8%, higher than the same month a year ago, and 49.1 mb, or 7.9%, above the latest five-year average.

Gasoline stocks fell m-o-m by 1.8 mb in December to stand at 115.8 mb. This is 2.4 mb, or 2.1%, higher than the level registered the same time a year ago, but 1.0 mb, or 0.8%, less than the latest five-year average.

Distillate stocks also fell m-o-m by 9.5 mb in December to stand at 460.3 mb. This is 55.0 mb, or 13.6%, higher than the same month last year, and 45.3 mb, or 10.9%, higher than the latest five-year average.

Residual fuel stocks fell m-o-m by 2.2 mb in December to 66.4 mb. This is 4.6 mb, or 7.4%, higher than the same month one year ago, but 0.7 mb, or 1.0 %, below the latest five-year average.

Naphtha stocks fell m-o-m by 0.9 mb in December, ending the month at 31.7 mb. This is 3.7 mb, or 13.4%, above the December 2019 level, and 5.5 mb, or 21.0%, higher than the latest five-year average.

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

	Dec 19	Oct 20	Nov 20	Dec 20	Change Dec 20/Nov 20
EU stocks					
Crude oil	**475.0**	**489.0**	**488.2**	**484.9**	**-3.3**
Gasoline	113.4	118.8	117.6	115.8	-1.8
Naphtha	27.9	32.0	32.6	31.7	-0.9
Middle distillates	405.2	472.3	469.7	460.3	-9.5
Fuel oils	61.8	69.0	68.6	66.4	-2.2
Total products	**608.4**	**692.0**	**688.5**	**674.2**	**-14.3**
Total	**1,083.4**	**1,181.0**	**1,176.7**	**1,159.1**	**-17.6**

Sources: Argus, Euroilstock and OPEC.

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

Singapore

At the end of December, **total product stocks in Singapore** fell by 2.3 mb m-o-m, reversing the stock build of the previous month to stand at 51.0 mb. This is 8.1 mb, or 18.9%, higher than the same month a year ago.

Light distillate stocks rose m-o-m by 1.6 mb in December to stand at 13.9 mb. This is 2.2 mb, or 18.8%, higher than the same month one year ago.

Middle distillate stocks fell by 0.6 mb in December to stand at 15.1 mb. This is 4.3 mb, or 39.8%, higher than a year ago.

Residual fuel oil stocks also fell by 3.3 mb, ending December at 22.0 mb, which is 1.6 mb, or 7.8%, higher than in December 2019.

ARA

Total product stocks in ARA rose m-o-m by 3.0 mb in December, for the third consecutive month. They now stand at 51.7 mb, which is 10.1 mb, or 24.3 %, higher than the same month a year ago.

Gasoline stocks in December fell m-o-m by 0.7 mb to stand at 10.4 mb, which is 1.0 mb, or 10.6%, above the same month one year ago.

In contrast, **gasoil stocks** rose by 0.9 mb m-o-m in December to stand at 19.3 mb, which is 0.8 mb, or 4.3%, higher than in December 2019.

Jet oil also rose m-o-m by 0.8 mb to end December at 8.3 mb. This is 3.6 mb, or 77%, above the level seen one year ago.

Residual fuel stocks remained unchanged m-o-m to end December at 8.9 mb. This is 2.4 mb, or 36.9%, above the level registered one year ago.

Fujairah

During the week ending 1 February, **total oil product stocks in Fujairah** rose by 1.52 mb w-o-w to stand at 23.3 mb, according to data from FEDCom and S&P Global Platts.

At this level, total oil stocks were 1.5 mb lower than the same time a year ago. Within products, all products witnessed a stock build.

Light distillate stocks rose by 0.07 mb w-o-w to stand at 7.33 mb, which is in line with a year ago. **Middle distillate stocks** rose by 0.67 mb to stand at 5.17 mb, which is 1.11 mb above the same time last year. **Heavy distillate stocks** rose by 0.79 mb to stand at 10.78 mb, which is 1.9 mb lower than a year ago.

Balance of Supply and Demand

Demand for OPEC crude in 2020 has been revised up by 0.3 mb/d from the previous month to stand at 22.5 mb/d. This is 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 7.1 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.7 mb/d higher than demand for OPEC crude. In 3Q20, OPEC crude production averaged 23.9 mb/d, which was 1.0 mb/d lower than demand for OPEC crude. In 4Q20, OPEC crude production averaged 24.9 mb/d, which was 1.9 mb/d lower than demand for OPEC crude.

Demand for OPEC crude in 2021 has been revised up by 0.3 mb/d from the previous month to stand at 27.5 mb/d. This is 5.0 mb/d higher than in 2020.

Balance of supply and demand in 2020

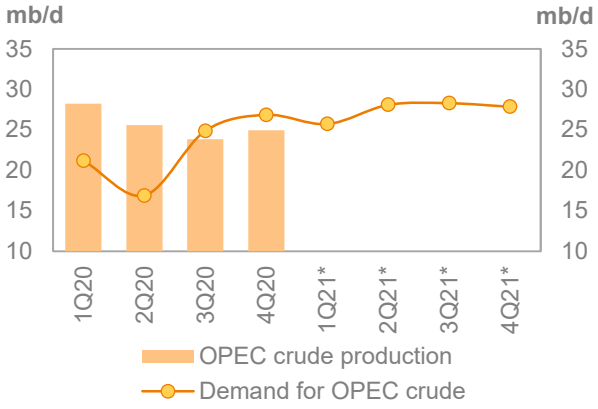
Demand for OPEC crude in 2020 has been revised up by 0.3 mb/d from the previous month to stand at 22.5 mb/d. This is around 7.1 mb/d lower than in 2019.

Demand for OPEC crude in 1Q20 has been revised up by 0.2 mb, while the following quarters were each revised up by 0.3 mb/d 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 8.1 mb/d and 12.2 mb/d, respectively. Demand in 3Q20 shows a decline of 5.8 mb/d, while 4Q20 is expected to see a drop of 2.2 mb/d.

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was 7.1 mb/d higher than demand for OPEC crude.

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



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

In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.7 mb/d higher than demand for OPEC crude. In 3Q20, OPEC crude production averaged 23.9 mb/d, which was 1.0 mb/d lower than demand for OPEC crude. In 4Q20, OPEC crude production averaged 24.9 mb/d, which was 1.9 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	**99.98**	**93.10**	**82.82**	**91.18**	**93.89**	**90.26**	**-9.72**
Non-OPEC liquids production	65.21	66.56	60.86	61.27	61.98	62.66	-2.54
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	**70.46**	**71.91**	**65.95**	**66.30**	**67.03**	**67.79**	**-2.67**
Difference (a-b)	**29.52**	**21.19**	**16.87**	**24.88**	**26.86**	**22.47**	**-7.05**
OPEC crude oil production	**29.34**	**28.25**	**25.58**	**23.85**	**24.94**	**25.65**	**-3.69**
Balance	**-0.18**	**7.06**	**8.70**	**-1.03**	**-1.92**	**3.18**	**3.36**

*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 has been revised up by 0.3 mb/d from the previous month to stand at 27.5 mb/d. This is 5.0 mb/d higher than in 2020.

Demand for OPEC crude in 1Q21 has been revised down by 1.1 mb/d, while 2Q21 has been revised up by 0.4 mb/d from the previous month. For 3Q21 and 4Q21, demand for OPEC crude has been revised up by 1.1 mb/d and 1.0 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 4.5 mb/d and 11.2 mb/d higher, respectively. The 3Q21 is projected to show an increase of 3.4 mb/d y-o-y and the 4Q21 is expected to be higher by 1.0 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	**90.26**	**93.22**	**95.92**	**97.02**	**97.94**	**96.05**	**5.79**
Non-OPEC liquids production	62.66	62.39	62.65	63.50	64.76	63.33	0.67
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	**67.79**	**67.50**	**67.84**	**68.72**	**70.08**	**68.54**	**0.75**
Difference (a-b)	**22.47**	**25.72**	**28.09**	**28.30**	**27.86**	**27.51**	**5.04**

*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	24.35	20.01	22.72	23.44	22.63	23.91	24.75	24.09	24.16	24.23
of which US	*20.27*	*20.82*	*20.86*	*19.67*	*16.38*	*18.67*	*19.18*	*18.48*	*19.46*	*20.16*	*19.69*	*19.77*	*19.77*
Europe	14.41	14.32	14.25	13.35	10.99	12.83	12.29	12.37	12.15	13.36	13.44	13.07	13.01
Asia Pacific	8.15	7.95	7.79	7.75	6.54	6.69	7.20	7.04	7.30	7.18	7.16	7.42	7.27
Total OECD	**47.68**	**47.99**	**47.69**	**45.45**	**37.54**	**42.24**	**42.93**	**42.04**	**43.36**	**45.29**	**44.69**	**44.65**	**44.51**
China	12.47	13.01	13.48	10.94	13.05	13.87	14.28	13.04	12.55	14.07	14.91	15.03	14.14
India	4.53	4.73	4.91	4.84	3.58	4.01	5.15	4.39	4.96	4.56	4.82	5.59	4.99
Other Asia	8.69	8.91	9.04	8.30	7.79	8.11	8.32	8.13	8.35	8.96	8.57	8.45	8.58
Latin America	6.51	6.53	6.59	6.11	5.61	6.20	6.11	6.01	6.13	6.27	6.46	6.39	6.31
Middle East	8.23	8.13	8.20	7.88	6.91	7.94	7.56	7.57	8.02	7.64	8.28	7.84	7.95
Africa	4.20	4.33	4.45	4.37	3.77	3.95	4.24	4.09	4.41	3.95	4.16	4.43	4.24
Eurasia	5.36	5.50	5.61	5.21	4.58	4.85	5.31	4.99	5.43	5.17	5.14	5.55	5.33
of which Russia	*3.48*	*3.55*	*3.61*	*3.44*	*3.04*	*3.20*	*3.39*	*3.27*	*3.57*	*3.37*	*3.37*	*3.53*	*3.46*
of which other Eurasia	*1.88*	*1.95*	*2.00*	*1.78*	*1.54*	*1.65*	*1.92*	*1.72*	*1.86*	*1.81*	*1.77*	*2.02*	*1.87*
Total Non-OECD	**49.99**	**51.14**	**52.29**	**47.65**	**45.29**	**48.94**	**50.96**	**48.22**	**49.86**	**50.63**	**52.33**	**53.29**	**51.54**
(a) Total world demand	**97.67**	**99.13**	**99.98**	**93.10**	**82.82**	**91.18**	**93.89**	**90.26**	**93.22**	**95.92**	**97.02**	**97.94**	**96.05**
Y-o-y change	***1.79***	***1.46***	***0.85***	***-6.00***	***-16.16***	***-9.74***	***-7.01***	***-9.72***	***0.12***	***13.10***	***5.84***	***4.05***	***5.79***
Non-OPEC liquids production													
Americas	21.51	24.05	25.77	26.59	23.55	24.10	24.61	24.71	24.56	24.55	25.27	26.15	25.14
of which US	*14.42*	*16.69*	*18.43*	*19.05*	*16.81*	*17.34*	*17.26*	*17.61*	*17.31*	*17.46*	*17.78*	*18.54*	*17.77*
Europe	3.83	3.84	3.71	4.03	3.88	3.77	3.88	3.89	4.00	3.92	3.95	4.15	4.01
Asia Pacific	0.39	0.41	0.52	0.53	0.54	0.54	0.53	0.54	0.55	0.53	0.54	0.53	0.53
Total OECD	**25.73**	**28.30**	**30.01**	**31.16**	**27.97**	**28.41**	**29.01**	**29.14**	**29.11**	**28.99**	**29.76**	**30.83**	**29.68**
China	3.97	3.98	4.06	4.16	4.16	4.17	4.12	4.15	4.16	4.14	4.14	4.19	4.16
India	0.86	0.86	0.82	0.79	0.76	0.76	0.75	0.77	0.75	0.75	0.74	0.73	0.74
Other Asia	2.82	2.75	2.71	2.62	2.48	2.47	2.48	2.51	2.47	2.48	2.48	2.48	2.48
Latin America	5.72	5.79	6.08	6.35	5.84	6.14	5.91	6.06	6.25	6.34	6.32	6.49	6.35
Middle East	3.14	3.21	3.20	3.19	3.20	3.15	3.17	3.17	3.20	3.23	3.26	3.27	3.24
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	12.98	13.33	12.88	13.12	13.22	13.21	13.11
of which Russia	*11.17*	*11.35*	*11.44*	*11.51*	*10.21*	*9.84*	*10.14*	*10.42*	*10.03*	*10.22*	*10.31*	*10.31*	*10.22*
of which other Eurasia	*3.03*	*3.09*	*3.08*	*3.16*	*2.92*	*2.73*	*2.84*	*2.91*	*2.85*	*2.90*	*2.91*	*2.91*	*2.89*
Total Non-OECD	**32.20**	**32.56**	**32.93**	**33.26**	**31.04**	**30.71**	**30.82**	**31.45**	**31.08**	**31.45**	**31.54**	**31.73**	**31.45**
Total Non-OPEC production	57.93	60.86	62.94	64.42	59.01	59.12	59.84	60.59	60.19	60.45	61.30	62.56	61.13
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**	**65.21**	**66.56**	**60.86**	**61.27**	**61.98**	**62.66**	**62.39**	**62.65**	**63.50**	**64.76**	**63.33**
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**	**70.46**	**71.91**	**65.95**	**66.30**	**67.03**	**67.79**	**67.50**	**67.84**	**68.72**	**70.08**	**68.54**
Y-o-y change	***0.87***	***3.12***	***2.02***	***2.14***	***-3.97***	***-3.95***	***-4.86***	***-2.67***	***-4.41***	***1.89***	***2.42***	***3.04***	***0.75***
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	99.80	100.16	91.53	90.15	91.97	93.44					
Balance (stock change and miscellaneous)	-0.86	0.66	-0.18	7.06	8.70	-1.03	-1.92	3.18					
OECD closing stock levels, *mb*													
Commercial	2,860	2,875	2,889	2,978	3,214	3,179	3,068	3,068					
SPR	1,569	1,552	1,535	1,537	1,561	1,551	1,544	1,544					
Total	**4,428**	**4,427**	**4,425**	**4,515**	**4,776**	**4,731**	**4,613**	**4,613**					
Oil-on-water	1,025	1,058	1,011	1,186	1,329	1,174	1,148	1,148					
Days of forward consumption in OECD, *days*													
Commercial onland stocks	60	60	69	79	76	74	71	69					
SPR	33	33	37	41	37	36	36	35					
Total	**92**	**93**	**105**	**120**	**113**	**110**	**106**	**104**					
Memo items													
(a) - (b)	**32.34**	**30.69**	**29.52**	**21.19**	**16.87**	**24.88**	**26.86**	**22.47**	**25.72**	**28.09**	**28.30**	**27.86**	**27.51**

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	-	-	-	0.01	-	-0.04	-0.66	-0.17	-0.39	-0.10	0.31	-0.41	-0.15
of which US	-	-	-	*0.01*	-	-	*-0.60*	*-0.15*	*-0.39*	*-0.10*	*0.35*	*-0.35*	*-0.12*
Europe	-	-	-	-	-	-	0.27	0.07	-0.20	-0.10	-	0.37	0.02
Asia Pacific	-	-	-	-	-	-	-0.03	-0.01	-0.30	-0.10	-	-0.03	-0.11
Total OECD	**-**	**-**	**-**	**0.01**	**-**	**-0.05**	**-0.42**	**-0.11**	**-0.89**	**-0.30**	**0.30**	**-0.07**	**-0.23**
China	0.15	0.15	0.15	0.10	0.20	0.20	0.10	0.15	0.10	0.20	0.20	0.10	0.15
India	-	-	0.07	0.07	0.07	0.07	0.61	0.20	0.07	0.37	0.07	0.41	0.23
Other Asia	-	-	-	-	-	-	-0.19	-0.05	-0.05	-	-	-0.19	-0.06
Latin America	-	-	-	-	-	-	0.03	0.01	-0.08	-	0.05	0.08	0.01
Middle East	-	-	-	-	-	-	0.06	0.01	-0.05	-	0.03	0.09	0.02
Africa	-	-	-	-	-	-	0.04	0.01	-0.05	-	-	0.04	-
Eurasia	-	-	-	-	-	-	0.10	0.03	-	-	-	0.10	0.03
of which Russia	-	-	-	-	-	-	*0.05*	*0.01*	-	-	-	*0.05*	*0.01*
of which other Eurasia	-	-	-	-	-	-	*0.05*	*0.01*	-	-	-	*0.05*	*0.01*
Total Non-OECD	**0.15**	**0.15**	**0.22**	**0.17**	**0.27**	**0.27**	**0.75**	**0.37**	**-0.06**	**0.57**	**0.35**	**0.63**	**0.37**
(a) Total world demand	**0.15**	**0.15**	**0.22**	**0.18**	**0.27**	**0.22**	**0.33**	**0.25**	**-0.95**	**0.27**	**0.65**	**0.56**	**0.14**
Y-o-y change	***-***	***-***	***0.07***	***0.01***	***-***	***-0.05***	***0.16***	***0.03***	***-1.13***	***-***	***0.43***	***0.23***	***-0.11***
Non-OPEC liquids production													
Americas	-	-	-	-	-	-	0.05	0.01	0.13	-0.05	-0.40	-0.35	-0.17
of which US	-	-	-	-	-	-	*-0.01*	-	*0.09*	*-0.10*	*-0.44*	*-0.40*	*-0.21*
Europe	-	-	-	-	-	-	-0.01	-	-	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-0.01	-	-	-	-	-	-
Total OECD	**-**	**-**	**-**	**-**	**-**	**-**	**0.04**	**0.01**	**0.13**	**-0.06**	**-0.40**	**-0.36**	**-0.17**
China	-	-	-	-	-	-	-0.01	-	-	-	-	-	-
India	-	-	-	-0.01	-0.01	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Other Asia	-	-	-	-0.02	-0.03	-0.02	-0.02	-0.02	-0.03	-0.03	-0.03	-0.03	-0.03
Latin America	-	-	0.02	-0.01	-	-	-0.03	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Middle East	-	-	-	-	-	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-
Eurasia	-	-	-	-	-	-	0.01	-	0.04	-	-	-	0.01
of which Russia	-	-	-	-	-	-	-	-	*0.04*	-	-	-	*0.01*
of which other Eurasia	-	-	-	-	-	-	*0.01*	-	-	-	-	-	-
Total Non-OECD	**-**	**-**	**0.02**	**-0.04**	**-0.04**	**-0.03**	**-0.04**	**-0.04**	**-**	**-0.04**	**-0.04**	**-0.04**	**-0.03**
Total Non-OPEC production	-	-	0.02	-0.04	-0.04	-0.03	-	-0.03	0.13	-0.09	-0.44	-0.39	-0.20
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC liquids production	**-**	**-**	**0.02**	**-0.04**	**-0.04**	**-0.03**	**-**	**-0.03**	**0.13**	**-0.09**	**-0.44**	**-0.39**	**-0.20**
OPEC NGL + non-conventional oils	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC liquids production and OPEC NGLs	**-**	**-**	**0.02**	**-0.04**	**-0.04**	**-0.03**	**-**	**-0.03**	**0.13**	**-0.09**	**-0.44**	**-0.39**	**-0.20**
Y-o-y change	***-***	***-***	***0.02***	***-0.05***	***-0.06***	***-0.06***	***-0.02***	***-0.05***	***0.17***	***-0.05***	***-0.41***	***-0.39***	***-0.17***
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-0.01	-					
Total liquids production	-	-	0.02	-0.04	-0.04	-0.02	-0.01	-0.03					
Balance (stock change and miscellaneous)	-0.15	-0.15	-0.20	-0.22	-0.31	-0.25	-0.34	-0.28					
OECD closing stock levels, *mb*													
Commercial	-	-	-	-	-	-4							
SPR	-	-	-	-	-	-							
Total	**-**	**-**	**-**	**-**	**-**	**-4**							
Oil-on-water	-	-	-	-	-	-155							
Days of forward consumption in OECD, *days*													
Commercial onland stocks	-	-	-	-	-	1							
SPR	-	-	-	-	-	-							
Total	**-**	**-**	**-**	**-**	**-**	**1**							
Memo items													
(a) - (b)	**0.15**	**0.15**	**0.20**	**0.22**	**0.31**	**0.25**	**0.33**	**0.28**	**-1.08**	**0.36**	**1.09**	**0.95**	**0.34**

*Note: * This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the January 2021 issue.*
This table shows only where changes have occurred.
Source: OPEC.

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

	2018	2019	2020	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
OECD oil stocks and oil on water												
Closing stock levels, mb												
OECD onland commercial	**2,875**	**2,889**	**3,068**	**2,875**	**2,875**	**2,932**	**2,942**	**2,889**	**2,978**	**3,214**	**3,179**	**3,068**
Americas	1,544	1,518	1,631	1,544	1,504	1,559	1,553	1,518	1,575	1,713	1,687	1,631
Europe	930	978	1,043	930	989	983	988	978	1,033	1,099	1,078	1,043
Asia Pacific	402	394	395	402	381	391	401	394	369	402	414	395
OECD SPR	**1,552**	**1,535**	**1,544**	**1,552**	**1,557**	**1,549**	**1,544**	**1,535**	**1,537**	**1,561**	**1,551**	**1,544**
Americas	651	637	640	651	651	647	647	637	637	658	644	640
Europe	481	482	491	481	488	485	482	482	484	487	490	491
Asia Pacific	420	416	414	420	417	417	416	416	416	416	417	414
OECD total	**4,427**	**4,425**	**4,613**	**4,427**	**4,432**	**4,481**	**4,486**	**4,425**	**4,515**	**4,776**	**4,731**	**4,613**
Oil-on-water	**1,058**	**1,011**	**1,148**	**1,058**	**1,013**	**995**	**1,012**	**1,011**	**1,186**	**1,329**	**1,174**	**1,148**
Days of forward consumption in OECD, days												
OECD onland commercial	**60**	**69**	**69**	**60**	**61**	**61**	**61**	**64**	**79**	**76**	**74**	**71**
Americas	60	67	67	61	59	60	60	62	79	75	72	68
Europe	65	79	80	66	70	67	70	73	94	86	88	86
Asia Pacific	52	56	54	49	51	52	50	51	56	60	58	54
OECD SPR	**33**	**37**	**35**	**33**	**33**	**32**	**32**	**34**	**41**	**37**	**36**	**36**
Americas	26	29	28	26	26	25	25	26	32	29	27	27
Europe	34	39	37	34	34	33	34	36	44	38	40	40
Asia Pacific	54	60	58	51	56	55	52	54	64	62	58	57
OECD total	**94**	**107**	**105**	**93**	**94**	**93**	**94**	**97**	**120**	**113**	**110**	**106**

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	17.3	17.5	17.8	18.5	17.8	0.2
Canada	4.9	5.3	5.4	4.9	5.4	5.2	-0.2	5.3	5.2	5.6	5.7	5.4	0.3
Mexico	2.2	2.1	1.9	1.9	1.9	1.9	0.0	1.9	1.9	1.9	1.9	1.9	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OECD Americas	**21.5**	**24.0**	**25.8**	**24.1**	**24.6**	**24.7**	**-1.1**	**24.6**	**24.5**	**25.3**	**26.2**	**25.1**	**0.4**
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**	**4.1**	**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**	**29.1**	**29.0**	**29.8**	**30.8**	**29.7**	**0.5**
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**	**-0.1**	**0.7**	**0.8**	**0.7**	**0.7**	**0.7**	**0.0**
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Indonesia	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.0
Malaysia	0.7	0.7	0.7	0.6	0.6	0.6	-0.1	0.6	0.6	0.6	0.6	0.6	0.0
Thailand	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.4	0.5	0.0
Vietnam	0.3	0.3	0.3	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Asia others	0.3	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	3.6	3.8	3.5	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**	**3.2**	**3.2**	**0.0**	**3.2**	**3.2**	**3.3**	**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	-0.1
Africa other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Africa	**1.5**	**1.5**	**1.5**	**1.4**	**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**	**12.9**	**13.1**	**13.2**	**13.2**	**13.1**	**-0.2**
Total Non-OECD	**32.2**	**32.6**	**32.9**	**30.7**	**30.8**	**31.5**	**-1.5**	**31.1**	**31.5**	**31.5**	**31.7**	**31.5**	**0.0**
Non-OPEC production	57.9	60.9	62.9	59.1	59.8	60.6	-2.4	60.2	60.4	61.3	62.6	61.1	0.5
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**	**62.4**	**62.6**	**63.5**	**64.8**	**63.3**	**0.7**
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**	**70.5**	**66.3**	**67.0**	**67.8**	**-2.7**	**67.5**	**67.8**	**68.7**	**70.1**	**68.5**	**0.8**

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	Dec 20	Jan 21	Change Jan/Dec
World rig count											
US	1,031	944	436	-507	784	396	254	311	341	374	33
Canada	191	134	90	-45	196	25	49	89	91	156	65
Mexico	27	37	41	4	46	43	36	38	41	47	6
OECD Americas	**1,249**	**1,114**	**567**	**-548**	**1,026**	**464**	**339**	**438**	**473**	**577**	**104**
Norway	15	17	16	-1	16	16	16	17	17	15	-2
UK	7	15	6	-9	8	4	5	7	5	7	2
OECD Europe	**85**	**149**	**112**	**-36**	**129**	**111**	**109**	**100**	**97**	**94**	**-3**
OECD Asia Pacific	**21**	**29**	**22**	**-7**	**30**	**22**	**17**	**18**	**17**	**15**	**-2**
Total OECD	**1,355**	**1,292**	**701**	**-591**	**1,184**	**597**	**465**	**556**	**587**	**686**	**99**
Other Asia*	222	221	187	-34	214	190	184	160	160	160	0
Latin America	131	129	58	-71	107	26	40	61	68	72	4
Middle East	65	68	57	-12	69	59	50	48	52	51	-1
Africa	45	55	43	-12	61	46	35	32	30	33	3
Total Non-OECD	**462**	**474**	**345**	**-129**	**451**	**321**	**309**	**301**	**310**	**316**	**6**
Non-OPEC rig count	**1,817**	**1,766**	**1,046**	**-720**	**1,635**	**917**	**774**	**857**	**897**	**1,002**	**105**
Algeria	50	45	31	-14	38	33	27	25	22	19	-3
Angola	4	4	3	-1	6	2	1	3	3	4	1
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	30	32	2
Kuwait	51	46	45	-1	53	52	44	29	28	29	1
Libya	5	14	12	-3	14	11	11	10	11	11	0
Nigeria	13	16	11	-4	19	11	8	7	7	6	-1
Saudi Arabia	117	115	93	-22	113	108	87	63	59	62	3
UAE	55	62	54	-8	66	58	50	40	40	42	2
Venezuela	32	25	8	-17	25	6	1	0	0	0	0
OPEC rig count	**550**	**529**	**423**	**-106**	**537**	**455**	**377**	**324**	**318**	**323**	**5**
World rig count***	**2,368**	**2,295**	**1,469**	**-825**	**2,172**	**1,373**	**1,151**	**1,181**	**1,215**	**1,325**	**110**
of which:											
Oil	1,886	1,800	1,117	-683	1,707	1,027	851	882	904	1,002	98
Gas	448	464	307	-157	411	288	265	263	279	290	11
Others	33	31	46	14	54	57	35	36	32	33	1

*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 5.21 in January

January 2021	54.38
December 2020	49.17
Year-to-date	**54.38**

January OPEC crude production

mb/d, according to secondary sources

up 0.18 in January

January 2021	25.50
December 2020	25.31

Economic growth rate

per cent

	World	OECD	US	Euro–zone	Japan	China	India
2020	–3.9	–5.1	–3.5	–6.8	–5.2	2.3	–8.2
2021	4.8	3.9	4.2	4.1	2.9	7.4	7.5

Supply and demand

mb/d

2020		**20/19**	**2021**		**21/20**
World demand	90.3	–9.7	World demand	96.1	5.8
Non–OPEC liquids production	62.7	–2.5	Non–OPEC liquids production	63.3	0.7
OPEC NGLs	5.1	–0.1	OPEC NGLs	5.2	0.1
Difference	**22.5**	**–7.1**	**Difference**	**27.5**	**5.0**

OECD commercial stocks

mb

	Dec 19	Oct 20	Nov 20	Dec 20	Dec 20/Nov 20
Crude oil	1,419	1,553	1,553	1,528	–24
Products	1,471	1,578	1,555	1,540	–15
Total	**2,889**	**3,131**	**3,108**	**3,068**	**–39**
Days of forward cover	63.6	73.1	71.8	70.8	–1.0

Next report to be issued on 11 March 2021.