



Organization of the Petroleum Exporting Countries



OPEC Monthly Oil Market Report

15 March 2022

Feature article:
Assessment of the global economy

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Oil Market Highlights

Crude Oil Price Movements

Crude oil spot prices increased strongly in February compared to the previous month, supported by strong physical crude market fundamentals, dissipating fears about COVID-19, and an escalating geopolitical conflict in Eastern Europe that raised concerns about a near-term oil supply disruption resulting in a rally in oil futures markets. The OPEC Reference Basket rose by \$8.81, or 10.3%, to settle at \$94.22/b. Crude oil futures prices rose on both sides of the Atlantic with the ICE Brent front month up \$8.53, or 10.0%, to average \$94.10/b and NYMEX WTI rising by \$8.65, or 10.4%, to average \$91.63/b. Consequently, the Brent-WTI futures spread narrowed by 12¢ to an average of \$2.47/b. The market structure of all three crude benchmarks – ICE Brent, NYMEX WTI and DME Oman – moved into deeper backwardation as investors were anticipating a potential supply disruption. Strong demand in the spot market added support to the market structure. Hedge funds and other money managers raised their net long positions in anticipation of higher oil prices.

World Economy

The conflict in Eastern Europe has added more downside risk to the performance of world economy in 2022. So far, and in addition to the ongoing pandemic, the conflict has led to a number of key issues including rising commodity prices, which are further escalating global inflation. The effects of the conflict, especially the impact of rising inflation, if sustained, will lead to a decline in consumption and investments to varying degrees. Moreover, financial conditions of the various asset classes, such as in currency markets, equities and an ongoing repricing of debt are being impacted. Clearly, this will impact economic activities in 2022, though to what exactly extent remains to be seen. Given the complexity of the situation, the speed of developments, and fluidity of the market, with so far limited data to understand the far-reaching consequences of this conflict, projections are changing almost on a daily basis, making it challenging to pin down numbers, with reasonable degree of certainty. However, with more data and hence a deeper understanding of the unravelling events, over the next few weeks, the global GDP growth forecast for 2022 remains under assessment at 4.2%, and will be reviewed and adjusted, when there is more clarity on the far-reaching impact of the geopolitical turmoil. Similarly, all headline economic forecast numbers for 2022 remain under assessment.

World Oil Demand

World oil demand growth in 2021 is revised up by 0.05 mb/d, reflecting the actual data across the regions, to now stand at 5.7 mb/d. The 4Q21 figure for all OECD region is revised higher, as a result of the better performance. The OECD in 2021 increased by 2.7 mb/d, while the non-OECD showed growth of 3.1 mb/d. Given the above mentioned developments and the extremely high uncertainty surrounding global macroeconomic performance, the 2022 forecast for global oil demand growth remains under assessment at 4.2 mb/d, with OECD forecast at 1.9 mb/d and non-OECD at 2.3 mb/d. However, this forecast is subject to change in the coming weeks, when there is more clarity on the far-reaching impact of the geopolitical turmoil.

World Oil Supply

Non-OPEC liquids supply growth in 2021 remained broadly unchanged from last month's assessment at around 0.6 mb/d y-o-y. Total US liquid output increased by 0.15 mb/d, y-o-y. Oil supply in 4Q21 is estimated to have declined in Canada and Australia, while there have been some minor upward revisions in other countries. The 2021 oil supply estimation primarily sees growth in Canada, Russia, the US and China, while output is projected to decline in the UK, Brazil, Colombia and Indonesia. The forecast for non-OPEC supply for 2022 remains at 3.0 mb/d, y-o-y. This forecast is under assessment, and will be reviewed and adjusted in the coming weeks, if deemed necessary. The main drivers of liquids supply growth are expected to be the US and Russia, followed by Canada, Brazil, Kazakhstan, Guyana and Norway. OPEC NGLs are forecast to grow by 0.1 mb/d both in 2021 and 2022 to average 5.1 mb/d and 5.3 mb/d, respectively. In February, OPEC crude oil production increased by 0.44 mb/d m-o-m, to average 28.47 mb/d, according to available secondary sources.

Product Markets and Refining Operations

In February, refinery margins on all main trading hubs improved, mainly reflecting fuel supply-side dynamics over an already increasingly tight global product balance. Most product prices in all regions soared, which in turn helped lift product crack spreads, in response to a contraction in product outputs due to maintenance, concerns about dislocations due to geopolitical developments, and stronger crude prices. In the immediate near term, refinery intakes are expected to decline further, which could exacerbate the global product shortage, and drive product prices upwards.

Tanker Market

The dirty tanker market remained at muted levels for much of February, although volatility accelerated at the end of the month as geopolitical developments intervened. In monthly terms, VLCCs continued to be anchored at historically weak levels, as has been the case since mid-2020. Suezmax and Aframax rates have performed better and were slightly higher than in the previous year, registering an improvement m-o-m. Clean rates were flat to the east but picked up in the Atlantic Basin. The volatility seen at the end of the month will become more evident in March data, with upward pressure particularly concentrated in the Aframax and Suezmax classes.

Crude and Refined Products Trade

Preliminary data shows US crude imports declined 5% in February, m-o-m, following three months of gains. US crude exports picked up from the low levels of the previous month, rising 16%, m-o-m. China's crude imports averaged 10.5 mb/d in January, as flows were supported by new import quotas but capped by limited refinery runs during the Beijing Olympics and the Lunar New Year holidays. India's crude imports averaged 4.5 mb/d in January, down around 3% from the strong level the month before. Crude imports were expected to rise in February, as the economy gains momentum and refiners boost runs. Japan's crude imports declined in January from the multi-year high seen the month before. Japan's product exports in January were the highest since March 2020, with gasoline outflows at a multi-year high and gasoil at the highest since March 2020. Recent developments in Eastern Europe have created considerable dislocations, which is likely to be visible in March data, adding considerable uncertainty to crude and product trade flows.

Commercial Stock Movements

Preliminary data for January sees total OECD commercial oil stocks down, m-o-m, by 3.1 mb. At 2,677 mb, OECD commercial oil stocks were 359 mb less than the same time one year ago, 280 mb lower than the latest five-year average and 250 mb below the 2015-2019 average. Within the components, OECD commercial crude stocks fell, m-o-m, by 8.7 mb, while OECD commercial product stocks rose, m-o-m, by 5.5 mb. At 1,294 mb, OECD commercial crude stocks were 158 mb less than the latest five-year average and 139 mb below the 2015-2019 average. OECD commercial product stocks stood at 1,383 mb, representing a deficit of 142 mb compared with the latest five-year average and were 112 mb below the 2015-2019 average. In terms of days of forward cover, OECD commercial stocks fell, m-o-m, by 0.7 days in January, to stand at 59.3 days. This is 11.6 days below January 2021 levels, 6.2 days less than the latest five-year average, and 2.8 days lower than the 2015-2019 average.

Balance of Supply and Demand

Demand for OPEC crude in 2021 was revised up by 0.1 mb/d from the previous month's assessment to stand at 28.0 mb/d, which is around 5.0 mb/d higher than in 2020. In contrast, demand for OPEC crude in 2022 was also revised up by 0.1 mb/d from the previous month's assessment to stand at 29.0 mb/d, which is around 1.0 mb/d higher than in 2021.

Feature Article

Assessment of the global economy

The year 2022 began with the expectation of underlying global economic recovery towards mid-year. The outlook also anticipated gradual monetary tightening, continued improvement in global labour markets and an easing of supply-chain disruptions. Similarly, global oil demand growth was forecast to continue to recover, fueled by pent-up demand both in the global goods and particularly services sectors.

However, while the drag of the pandemic was still being felt in major economies in 1Q22, the war in Eastern Europe has led to a level shift in global economic uncertainty. This conflict has so far led to a number of issues, including rising commodity prices, which are further escalating global inflation. Moreover, heavily impacted trade flows and transportation logistics are – in part – offsetting the gradual easing of global supply chain bottlenecks.

Thereby, the effects of the conflict and especially the impact of rising inflation, if sustained, will lead to a decline in consumption and investments to varying degrees. Finally, financial conditions of the various asset classes are impacted, such as in currency markets, equities and an ongoing repricing of debt.

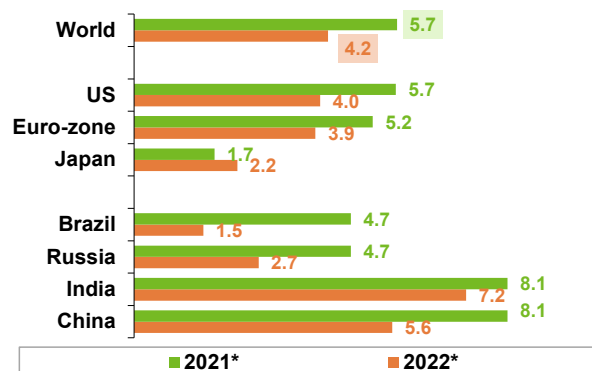
Clearly, this will impact economic activities in 2022, though to what exactly extent remains to be seen. Given the complexity of the situation, the speed of developments, and fluidity of the market, with so far limited data to understand the far-reaching consequences of this conflict, projections are changing almost on a daily basis, making it challenging to pin down a single number with reasonable degree of certainty. However, with more data and hence a deeper understanding of the unravelling events over the next few weeks, the global GDP growth forecast for 2022 remains under assessment at 4.2% (**Graph 1**), and will be reviewed and adjusted, when there is more clarity on the far-reaching impact of the geopolitical turmoil. With this, all headline economic forecast numbers for 2022 remain under assessment.

In addition the potential impact of the conflict in Eastern Europe, the COVID-19-related 1Q22 impacts are also expected to impact forecasts for the major OECD economies accordingly. Furthermore, non-OECD economies are forecast to be impacted rather selectively, and to varying degrees. Indeed, the pandemic has led to some 1Q22 downward momentum in the US, the Euro-zone and Japan, in addition to negative 1Q22 consequences of the zero-COVID-19 policy in China. For now, the pandemic is assumed to be largely contained. Nonetheless, numerous challenges remain, including virus mutations and the effectiveness of vaccines against variants. Moreover, sovereign debt levels in most economies have risen to a point where interest rate increases could cause severe fiscal strain. The expected further rise in inflation, especially in the US and the Euro-zone, is forecast to keep gradual monetary tightening on track, albeit with flexibility about the timeline and magnitude.

Looking ahead, and given the latest developments, which are still only beginning to unfold, it is clear that uncertainty will dominate in the remaining months of 2022: i.e.: uncertainty with regard to the scope and impact of the current geopolitical turmoil, restrictions and restructuring of production and trade flows, uncertainty on to what degree this will impact inflation and oil demand, and how this will serve to accelerate the drive towards energy transition, particularly in Europe.

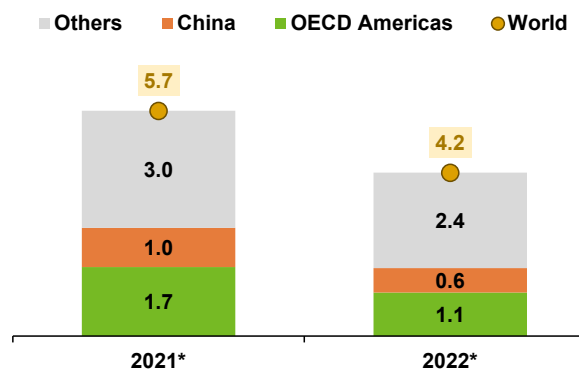
Given this unprecedented level of uncertainty, the forecast for total global oil demand growth for 2022 also remains under assessment at 4.2 mb/d, until more clarity prevails (**Graph 2**). In light of these highly volatile times, the safeguarding of market stability will remain paramount to both oil producing and consuming countries.

Graph 1: GDP growth forecast for 2021-22, % change y-o-y



Note: * 2021 = Estimate and 2022 = Forecast. Source: OPEC.

Graph 2: World oil demand growth in 2021-22, mb/d



Note: * 2021 = Estimate and 2022 = Forecast. Source: OPEC.

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Crude Oil Price Movements

Crude oil spot prices increased sharply again in February, with both the Dubai and WTI front month prices rising by about 10%, and the North Sea Dated benchmark up by 13% on a monthly average. The rise of spot prices was largely driven by worries about a significant supply disruption amid escalating geopolitical tensions in Eastern Europe and by strong physical crude oil market fundamentals.

The ORB value rose firmly in February, underpinned by a sharp increase of its component values, particularly light sweet grades. The ORB value was up by 10%, rising for the second month in a row, ending above \$94/b.

Crude oil futures prices surged by about 10% with ICE Brent averaging above \$94/b. Continuing bullish oil market fundamentals and escalating geopolitical tensions in Eastern Europe have greatly supported the oil market over the month. The ICE Brent front-month increased by \$8.53, or 10.0%, m-o-m to average \$94.10/b, and NYMEX WTI increased by \$8.65, or 10.4%, m-o-m to average \$91.63/b. DME Oman crude oil futures prices rose m-o-m in February by \$8.05, or 9.6%, m-o-m to settle at \$91.97/b.

Hedge funds and other money managers were mixed on their positioning in the two major oil futures contracts in February, amid profit-taking and uncertainty regarding the geopolitical developments. However, they raised net long positions in early March betting on higher oil prices.

The market structure of all three major oil benchmarks – ICE Brent, NYMEX WTI and DME Oman – moved into deeper backwardation in February on the back of expected stronger global oil market fundamentals in 2022 and continued declines in OECD commercial oil stocks in December and January. The forward curve of futures prices steepened further in late February and early March amid escalating geopolitical tensions in Eastern Europe and concerns about oil supply disruption.

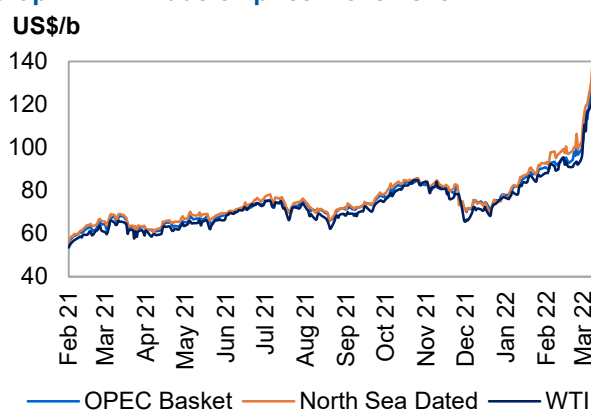
The value of light sweet crude in February strengthened significantly against the value of medium and heavy sour crude in all major regions, specifically in Asia and Europe. High desulfurization costs and strong light distillate margins, specifically diesel, compared to heavy sour distillates like high-sulphur fuel oil (HSFO), continued to support light sweet crudes compared to sour.

Crude spot prices

Crude oil spot prices increased sharply in February and continued to move higher for the second consecutive month, with both the Dubai and WTI front month prices rising by about 10%, and the North Sea Dated benchmark up by 13% on a monthly average. The rise of spot prices was largely driven by worries about a significant supply disruption amid escalating geopolitical tensions in Eastern Europe. Prices were also supported by strong physical crude oil market fundamentals, specifically in the Atlantic Basin. Refiners and traders showed robust buying interest for February and March loading barrels, particularly in Europe and the Asia Pacific, which contributed to pushing crude differentials higher, including in the North Sea. Demand was pronounced for light sweet crude, partly due to strong middle distillate margins, especially diesel, and healthy margins for other light distillate products, which added additional support to the North Sea Dated benchmark.

A strong spot crude market was reflected in the sharp rise of North Sea Dated compared to ICE Brent as a combination of strong demand in Northwest Europe, particularly for North Sea crudes, and low supply availability in this region contributed to supporting spot prices. The North Sea Dated-ICE Brent spread widened by \$2.87 in February to average at \$3.91/b, compared to \$1.04/b in January and minus 71¢/b in December.

Graph 1 - 1: Crude oil price movement



Sources: Argus, OPEC and Platts.

Crude Oil Price Movements

All physical crude oil benchmarks rose m-o-m in February, with North Sea Dated increasing by \$11.40, or 13.2%, to an average of \$98.01/b. The WTI and Dubai first month rose respectively by \$8.54 and \$8.77, or 10.3% and 10.5%, to settle at \$91.70/b and \$92.11/b.

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

OPEC Reference Basket (ORB)	Jan 22	Feb 22	Change		Year-to-date	
			Feb 22/Jan 22	%	2021	2022
ORB	85.41	94.22	8.81	10.3	57.72	89.71
Arab Light	86.15	93.82	7.67	8.9	58.13	89.89
Basrah Light	84.88	94.17	9.29	10.9	58.07	89.41
Bonny Light	86.85	98.76	11.91	13.7	58.62	92.66
Djeno	79.16	90.56	11.40	14.4	51.03	84.72
Es Sider	86.16	98.06	11.90	13.8	56.95	91.97
Girassol	88.28	100.78	12.50	14.2	59.41	94.38
Iran Heavy	85.59	93.04	7.45	8.7	57.52	89.22
Kuwait Export	86.28	93.84	7.56	8.8	58.07	89.97
Merey	63.58	71.02	7.44	11.7	40.13	67.21
Murban	85.11	94.18	9.07	10.7	57.96	89.54
Rabi Light	86.15	97.55	11.40	13.2	58.02	91.71
Sahara Blend	88.21	100.71	12.50	14.2	58.73	94.31
Zafiro	87.28	99.51	12.23	14.0	58.77	93.25
Other Crudes						
North Sea Dated	86.61	98.01	11.40	13.2	58.48	92.17
Dubai	83.34	92.11	8.77	10.5	57.80	87.62
Isthmus	79.55	89.68	10.13	12.7	55.48	84.49
LLS	85.37	94.15	8.78	10.3	57.72	89.65
Mars	81.45	90.01	8.56	10.5	56.23	85.63
Minas	82.96	92.25	9.29	11.2	56.42	87.49
Urals	86.23	94.94	8.71	10.1	58.18	90.48
WTI	83.16	91.70	8.54	10.3	55.59	87.33
Differentials						
North Sea Dated/WTI	3.45	6.31	2.86	-	2.88	4.85
North Sea Dated/LLS	1.24	3.86	2.62	-	0.76	2.52
North Sea Dated/Dubai	3.27	5.90	2.63	-	0.68	4.55

Sources: Argus, Direct Communication, OPEC and Platts.

The strength of the physical crude market was reflected in higher crude oil differentials, particularly light sweet crude in the Atlantic Basin. North Sea crude differentials rose strongly in February, benefiting from firm demand from European refiners, healthier refining margins and concerns about supply disruptions of Urals, which caused deep discounts of the grade versus Brent and reduced trading activity. The Forties crude differential rose again on a monthly average in February by \$1.30 to settle at a premium of \$2.69/b against the Brent benchmark. This compared to a premium of \$1.38/b and 23¢/b in January and December, respectively. The value of the Ekofisk crude differential rose by \$1.06 to average at a premium of \$3.33/b in February.

Crude differentials of light and medium sweet crude strengthened in the Mediterranean and West African markets in February on robust buying interest from Europe and the Asia Pacific region, including Indian and Chinese buyers. Lower supply from some West African producers added support. However, the high value of the Brent benchmark compared to other major benchmarks WTI and Dubai, high freight rates, and steep Brent backwardation limited the rise. Crude differentials of Bonny Light, Forcados and Qua Iboe rose on a monthly average in February by 19¢, 12¢, and 11¢, respectively, to stand at premiums of \$1.62/b, \$2.26/b, and \$2.12/b. In the Mediterranean, Saharan Blend crude differentials were on average 47¢ higher m-o-m in February to stand at a \$2.22/b premium to the Brent benchmark. However, the Caspian sour grade CPC Blend crude differential declined by \$1.01 to a discount of \$1.73/b on average, amid lower demand for sour crude.

Sour crude differentials in the USGC, specifically the Mars sour crude, came under pressure from the expectation of higher availability of sour crude from the US Strategic Petroleum Reserve (SPR) release and higher inflows from other regions. On a monthly average, Mars sour crude differentials remained unchanged at a discount of \$1.73/b. Light Louisiana Sweet (LLS) crude differentials rose in February, increasing on a monthly average by 26¢ to a premium of \$2.46/b.

The further increase in buying interest from Asian refiners for the March trading cycle kept the Middle East spot price supported. The value of the Oman crude differential rose m-o-m by \$1.65 in February to a premium of \$3.99/b.

OPEC Reference Basket (ORB)

The **ORB** value rose firmly in February, underpinned by a sharp increase of its component values, particularly light sweet grades. The ORB value was up by 10% in February rising for the second month in a row, ending above \$94/b. In addition to the improvement in the global oil benchmarks, Brent, Dubai and WTI, ORB components benefitted from a rise in crude oil price differentials. On a monthly basis, the ORB rose \$8.81 to \$94.22/b, up by 10.3%. Compared to the previous year, the ORB was up 55.4%, from \$57.72/b in 2021 to an average \$89.71/b this year. All ORB component values rose sharply in February, on higher related crude references and higher crude differentials for almost all grades amid strong crude spot market fundamentals.

The oil futures market

Crude oil futures prices surged by about 10% in February with ICE Brent averaging above \$94/b. Continuing bullish oil market fundamentals and escalating geopolitical tensions in Eastern Europe, which raised worries about potential large oil supply disruptions, have greatly supported the oil market over the month. Oil futures climbed further in late February and in the first week of March as investors weighed the potential implications of sanctions against Russia that included cutting off some Russian banks from the SWIFT international payment system, which raised worries about a severe disruption in crude and oil product exports.

Worries about supply disruptions came amid strong global oil supply and demand fundamentals, lower OECD commercial oil stocks to the latest five-year average level and optimistic oil demand outlooks amid dissipating concerns about the COVID-19 situation. The global trend of COVID-19 infections showed a rapid decline. According to last month's IEA data, OECD commercial oil stocks declined by 60 mb in December 2021. Signs of strong demand in the physical crude market amid signs of strong market fundamentals also buoyed oil prices.

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

Crude oil futures	Jan 22	Feb 22	Change		Year-to-date	
			Feb 22/Jan 22	%	2021	2022
NYMEX WTI	82.98	91.63	8.65	10.4	55.58	87.19
ICE Brent	85.57	94.10	8.53	10.0	58.80	89.73
DME Oman	83.92	91.97	8.05	9.6	58.00	87.84
Spread						
ICE Brent-NYMEX WTI	2.59	2.47	-0.12	-4.6	3.22	2.54

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

The **ICE Brent** front-month increased by \$8.53, or 10.0%, in February to average \$94.10/b, and **NYMEX WTI** increased by \$8.65, or 10.4%, to average \$91.63/b. Y-t-d, ICE Brent was \$30.93, or 52.6%, higher at \$89.73/b, while **NYMEX WTI** was higher by \$31.61, or 56.9%, at \$87.19/b, compared with the same period a year earlier. **DME Oman** crude oil futures prices rose m-o-m in February by \$8.05, or 9.6%, to settle at \$91.97/b. Y-t-d, **DME Oman** was higher by \$29.84, or 51.4%, at \$87.84/b.

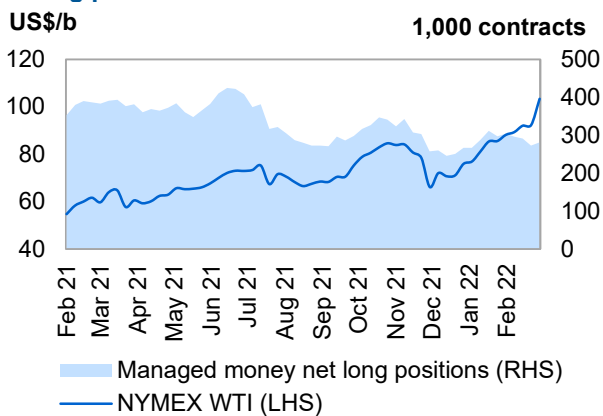
However, oil prices were volatile in February, as investors remained focused on potential large oil supply disruptions and were very sensitive to geopolitical developments in Eastern Europe, while uncertainties about higher oil production from other producers added price volatility. Earlier in the month, prospects of a tightening oil market were fuelled by concerns about oil supply disruptions in the US due to freezing weather in Texas that threatened to disrupt oil production in the Permian Basin. Meanwhile, EIA weekly data showed a large draw in US crude stocks in the week of 4 February to their lowest since October 2018 along with declines in oil product stocks and Cushing, Oklahoma crude stocks, which dropped to critically low levels, pointing out the tightness of the US oil market. In the week to 4 March, crude oil stocks at Cushing, Oklahoma, fell to their lowest since Mid-September 2018.

Crude Oil Price Movements

The **first month ICE Brent/NYMEX WTI spread** narrowed further in February to an average of \$2.47/b from \$2.59/b the previous month, as the value of WTI futures prices rose more than ICE Brent, supported by signs of a tight US oil market, specifically around the Cushing, Oklahoma, trading hub. However, in the last week of February, Brent-WTI futures prices widened significantly, rising above \$6/b, as escalating geopolitical tensions in Eastern Europe pushed ICE Brent much higher compared to other international benchmarks, including NYMEX WTI. However, the North Sea Dated premium to WTI Houston widened significantly in February as robust crude demand for light sweet crude (in the spot markets in the Atlantic Basin, Northwest Europe, the Mediterranean and West Africa) along with signs of a tight sweet market, and worries about supply disruptions in Eastern Europe boosted the value of North Sea Dated. Meanwhile, crude demand in the USGC was soft, and regional crude stocks increased in February, while more crude was offered from the SPR. According to weekly EIA data, crude oil stocks in the US Petroleum Administration for Defense District 3 (PADD3) rose by about 9.8 mb/d between the week of 4 February and the week of 25 February. The North Sea Dated premium to WTI Houston rose by \$2.80 m-o-m to average \$4.74/b.

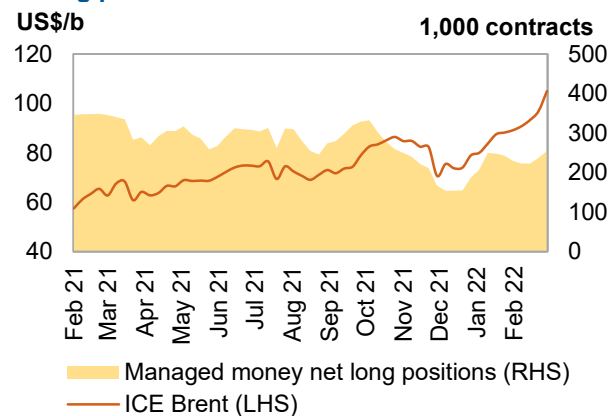
Hedge funds and other money managers were mixed on their positioning in the two major oil futures contracts in February amid profit-taking and uncertainty regarding geopolitical developments. While speculators cut futures and options net long positions related to NYMEX WTI, they raised ICE Brent net long positions. Money managers continued to reduce their net long positions in the first week of February amid profit-taking, reducing their net long positions by 24,356 contracts, or the equivalent of about 24 mb. However, in the week of 1 March, money managers recovered most of the previous selling in anticipation of higher oil prices amid rising geopolitical tensions, raising net long positions by 26,477 contracts or 5% of total combined futures and options positions.

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' bets on higher oil prices in the ICE Brent market rose over February. Between the week of 1 February and 1 March, net long positions increased by 25,203 lots to 254,794 contracts as front-month futures prices rose by about 18% over the month, according to figures from the ICE Futures Europe exchange. Escalating geopolitical tensions in Eastern Europe prompted speculators to increase their bullish positions on expectations of a further increase in oil prices.

Speculators remained bullish in February on the WTI futures price but they reduced their exposure over the first three weeks of the month amid an uncertain price outlook, and as some participants took profits. Money managers reduced their net long positions in NYMEX WTI to 272,360 contracts in the week to 22 February, their lowest level since early January 2022. Compared to 1 February, net long positions fell by 31,512 lots or 10.4%. However, net long positions rose in the week to 1 March to stand at 280,790 contracts, a rise of 3.1%, or 8,430 contracts higher compared to the week of 1 February at 303,872. This is due to a rise of 3,836 lots in long positions, and a drop of 4,594 contracts in short positions, according to the US Commodity Futures Trading Commission (CFTC).

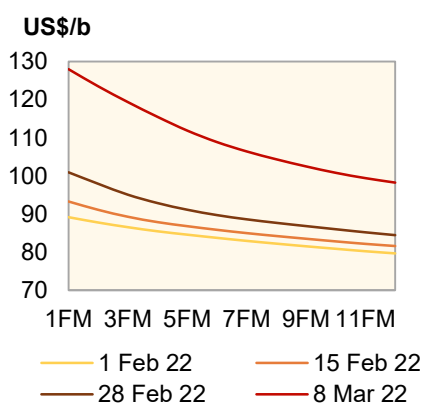
The **long-to-short ratio of speculative positions** in the ICE Brent contract fell in February, declining from about 4:1 in late January to about 5:1 in the week of 1 February. Similarly, the NYMEX WTI long-to-short ratio declined to about 12:1 in the week to 1 March, compared with 15:1 in early February. Total futures and options open interest volumes on the two exchanges rose slightly in February, increasing by 2.8%, or 157,637 lots, to stand at 5.9 million contracts in the week ending 1 March.

The futures market structure

The **market structure** of all three major oil benchmarks – ICE Brent, NYMEX WTI and DME Oman – moved into deeper backwardation in February on the back of expected stronger global oil market fundamentals in 2022, amid strong global oil demand recovery and a continued decline in OECD commercial oil stocks in December and January. The forward curve of futures prices steepened further in late February and early March amid escalating geopolitical tensions in Eastern Europe and worries about oil supply disruptions. This largely contributed to supporting front-month prices compared to forward month prices and strengthening the backwardation structure, specifically the ICE Brent forward curve.

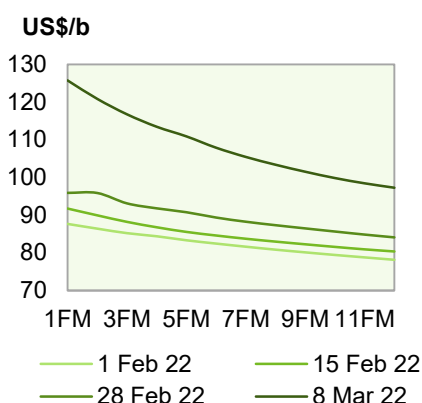
The forward curve for **Brent** futures steepened significantly in February compared to the previous month. This was evidence that the strengthening global oil market fundamentals are accelerating amid strong oil demand recovery and prospects of tight supply in the Atlantic Basin. Strong demand for prompt loading cargoes and escalating geopolitical tensions that could result in large supply disruptions kept the backwardation structure strong. The ICE Brent first-month premium to the third month rose m-o-m by \$2.17 to a backwardation of \$3.85/b. The ICE Brent's M1-M6 also moved into deeper backwardation last month to settle at \$7.22 on average, compared to a backwardation of \$3.97/b in August.

Graph 1 - 4: ICE Brent forward curves



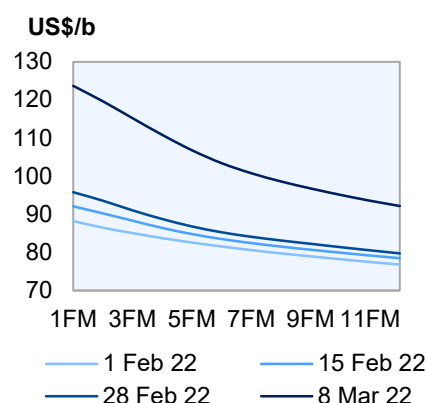
Sources: ICE and OPEC.

Graph 1 - 5: DME Oman forward curves



Sources: DME and OPEC.

Graph 1 - 6: NYMEX WTI forward curves



Sources: CME and OPEC.

DME Oman and Dubai's backwardation structures strengthened further last month, signalling robust crude demand for prompt spot cargoes, particularly from Asia Pacific refiners. Unfavourable arbitrage from west-to-east amid rising Brent values compared to Dubai in February made Dubai-related crude more attractive for refiners. On a monthly average, the DME Oman M1-M3 backwardation widened m-o-m by \$1.25 in February to \$2.95/b on average from a backwardation of \$1.69/b in January.

In the US, the **NYMEX WTI** backwardation structure also widened in February compared to January on the prospect of a tightening US oil market amid improvements in oil demand and continued declines in US crude and oil product stocks, particularly at the Cushing Oklahoma trading hub. Crude oil stocks at Cushing fell nine consecutive weeks by more than 15 mb to critically low levels at about 22 mb in the week to 4 March 2022, to its lowest level since September 2018. The NYMEX WTI M1-M3 backwardation stood at \$3.26/b in February on a monthly average, widening by \$1.59 from \$1.68/b in January.

The backwardation structure of the physical crude market also strengthened last month, particularly in late February, on robust crude demand in the spot market and further easing of the supply overhang. Regarding the M1/M3 structure, the North Sea Brent M1/M3 backwardation widened in February on a monthly average of \$3.41 to \$5.31/b. In the US, the WTI M1/M3 backwardation also widened in February by \$1.38 to \$3.04/b, compared with a backwardation of \$1.67/b in January. The Dubai M1/M3 monthly average spread was in a backwardation of \$3.92/b in February, widening from a backwardation of \$2.06/b last January.

Crude spreads

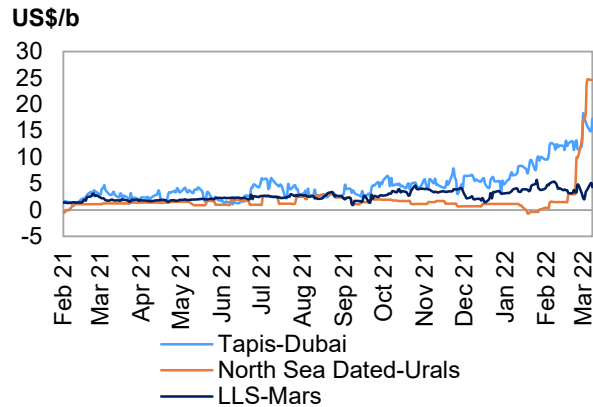
The value of light sweet crude in February strengthened significantly against the value of medium and heavy sour crude in all major regions, specifically in Asia and Europe. High desulfurization cost and strong light distillate margins, specifically diesel, compared to heavy sour distillates like HSFO, continued to support light sweet crudes compared to sour. The sharp rise of the global light sweet benchmark Brent also contributed to widening the sweet/sour crude spread.

In **Europe**, worries about large supply disruptions and robust demand for prompt-loading cargoes, including for North Sea grades, pushed the North Sea Brent and Brent-related crude prices sharply higher, while in the meantime, the value of Urals crude differentials came under high pressure due to a lack of demand as some traders and refiners turned away from buying Russian crude. This contributed to a sharp widening of the Brent-Urals spread in February. The North Sea Dated-Urals spread rose to a premium of \$3.07/b in February, widening by \$2.69 m-o-m, from a premium of 38¢/b in January. Firmer refining margins of light and middle distillates as gasoline and diesel, coupled with weaker fuel oil margins, added to widening sweet-sour crude spreads. By late February, the Urals crude differentials against the North Sea Dated in northwest Europe fell to a discount of \$15/b. On a monthly average, Urals crude differentials in northwest Europe and the Mediterranean dropped in February by \$4.41 and \$2.73, respectively, to average at a discount of \$5.52/b and \$3.07/b to the North Sea Dated.

In **Asia**, sweet-sour crude differentials widened the most in February, extending the previous month's sharp rise, mainly due to the surge of Brent benchmark values compared to Dubai. The rally in light sweet crude prices in the Atlantic Basin and unfavourable west-to-east arbitrage pushed the value of light sweet crude in Asia Pacific significantly higher compared to the sour crude value. High desulfurization costs also likely prompted Asia refiners to maximize their intakes of light sweet crude to the detriment of sour crude. The Brent-Dubai front-month exchange of futures-for-swaps (EFS Dubai), a barometer of west-to-east arbitrage, widened sharply in February to record high levels in late February of \$9.65/b, and on March 3, it settled at \$17.5/b. On a monthly average, the EFS Dubai rose by \$2.43 m-o-m to \$6.30/b compared with \$3.87/b in January.

Similarly, in the **USGC**, the LLS premium over medium sour Mars widened by 22¢ m-o-m to an average of \$4.14/b in February. The rise of the Mars sour crude value was slowed on higher regional sour crude supply from the SPR and weak fuel oil margins. Higher value of light sweet crude in the Atlantic Basin, which is mainly Brent-related crude, contributed to making light sweet crude in the USGC more attractive for buyers in Europe and the Asia Pacific, which supported LLS and other sweet grades in February.

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



Sources: Argus, OPEC and Platts.

Commodity Markets

Selected commodity price indices increased across the board in February mainly driven by geopolitical developments, which have added downside risk to commodity supplies in general. Price increases were most apparent on the energy commodity index, creating a spill-over effect on non-energy commodity prices particularly on base metals.

The surge in selected commodity prices pushed commodity forward curves into steep backwardation. Money managers' average open interest increased m-o-m, but activity was mostly on the short side amid profit-taking.

The two previous reports highlighted investors' concerns about the impact of central banks' monetary policy shifts to curb persistent inflation will have on commodity markets in the short term. The current geopolitical dynamics, however, have altered expectations for these monetary policy impacts. Western economic sanctions on Russia have added a risk premium to commodity prices that was largely absent y-o-y. Should conditions in Eastern Europe continue to deteriorate, this risk premium will remain and will likely offset any impact monetary policies shifts would have on commodity markets and continue to increase investors' bullishness towards commodities.

Trends in selected commodity markets

The **energy price index** increased by 7.7% m-o-m, driven mainly by a surge in crude oil and coal prices which were partially offset by a decline in Europe natural gas prices. US natural gas also increased m-o-m but at a slower rate compared to last month. The energy index experienced volatility amid slower average growth rates in crude oil prices and declining Europe natural gas prices, but the index continued its upward trend and it is up by 68.1% y-o-y.

The **non-energy index** also increased for the second consecutive month. The persistent drought across South America continues to cause headwinds for agricultural oil producers while geopolitical developments have added pressure on food prices. Both factors have put upward pressure on the non-energy index, which is up by 4.2% m-o-m. Y-o-y, the index is up by 21.8%.

Table 2 - 1: Commodity prices

Commodity	Unit	Monthly averages			% Change	Year-to-date	
		Dec 21	Jan 22	Feb 22	Feb 22/Jan 22	2021	2022
Energy*	Index	111.4	120.3	129.5	7.7	74.3	124.9
Coal, Australia	US\$/mt	169.7	197.0	238.8	21.2	86.8	217.9
Crude oil, average	US\$/b	72.9	83.9	93.5	11.5	57.0	88.7
Natural gas, US	US\$/mbtu	3.7	4.3	4.7	7.5	3.9	4.5
Natural gas, Europe	US\$/mbtu	38.0	28.3	27.2	-3.6	6.7	27.7
Non-energy*	Index	118.2	123.6	128.8	4.2	103.6	126.2
Base metal*	Index	125.2	133.2	138.9	4.3	102.4	136.1
Precious metals*	Index	136.8	139.1	142.2	2.2	144.0	140.6

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

Sources: World Bank and OPEC.

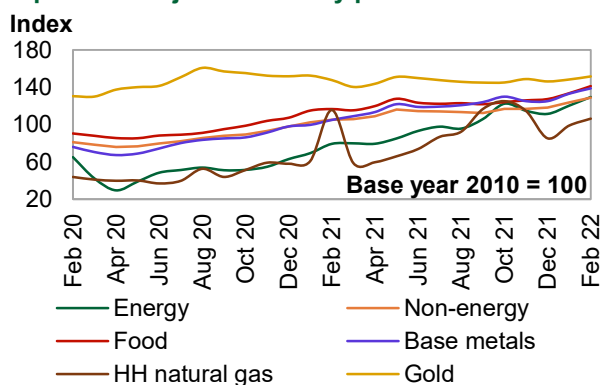
Average crude oil prices jumped from \$83.9/b in January to \$93.5/b in February. This represents not only an 11.5% increase m-o-m, but also the highest level since 2014. Additionally, prices are up by 55.6% y-o-y, supported by a combination of robust market fundamentals, declining OECD commercial oil stocks, strong demand outlook, and geopolitical developments in Eastern Europe.

Henry Hub natural gas prices rose for the second consecutive month, increasing by 7.5% m-o-m. Colder-than-expected weather in the North American region accelerated draws in addition to increased LNG exports towards Europe. As of 18 February, the latest data from the US Energy Information Administration (EIA) shows underground storage at 1,782 bcf, a 23.3% decline from 2,323 bcf at the end of January. Henry Hub prices are up by 16.3% y-o-y supported by persistent limited stock availability as underground storage is down from 1,991 bcf, a 10.5% decline from a year ago.

Natural gas prices in Europe declined for the second consecutive month. Increased inflows from the US and Asia, and warmer weather patterns across the region, have helped ease pressure on prices. The average **Title Transfer Facility (TTF) price** fell from \$28.3/mmbtu in January to \$27.2/mmbtu in February, a 3.6% decline m-o-m. However, the rate of decline was significantly lower compared to the previous month (25.7%). The lower rate of decline is an indication that current geopolitical developments have gradually offset the impact on prices of both lower demand and higher supply. TTF prices have jumped by 313.3% y-o-y.

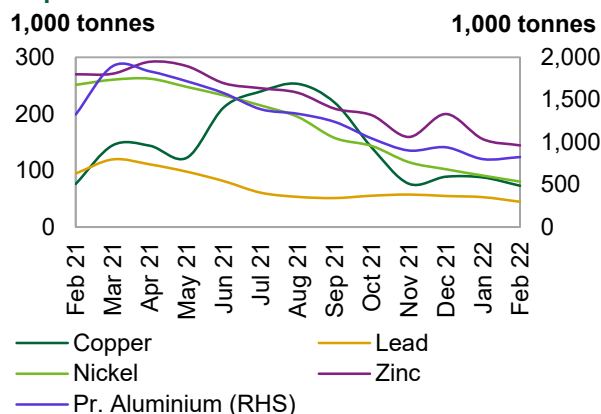
Australian thermal coal prices rose for the third consecutive month, increasing by 21.2% m-o-m. The lifting of Indonesia's ban on coal exports and China's ramped-up coal production to mitigate power outages provided a relief to coal prices in early February. However, geopolitical conditions continued to deteriorate during the month of February and coal prices rose sharply as Asian and European markets started to look for alternative supplies to compensate for Russia's supply disruptions. It is this supply uncertainty that continues to support the upward trend of coal prices, which are up by 151.1% y-o-y.

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** rallied for the second consecutive month, increasing by 4.3% m-o-m, although geopolitical developments in Eastern Europe have put upward pressure on base metals, stock levels continue to fall while demand remains strong amid increased manufacturing activity. Data from Haver Analytics shows that China's average Purchasing Manager Index (PMI) increased by 2.6% m-o-m following the country's decision to ease monetary policies and boost coal production. However, increasing energy costs remain a challenge for smelters in China as power rationing continues. Smelters in the Euro-zone are also struggling; the PMI declined by 1% m-o-m as many factories were forced to shut down due to rising energy costs. As a result, European Union governments are looking for alternatives to provide some relief to smelters in the form of consumer price caps and tax waivers.

Aluminium prices increased by 8% m-o-m, a lower rate compared to the previous month (11.5%). According to data from the London Metal Exchange (LME), aluminium stocks rose from 799,475 mt in January to 824,025 mt. in February, a 3.1% increase m-o-m. However, a lockdown in the city of Baise (in China's Guangxi region) earlier in February due to COVID-19, and the closure of smelter factories in Yunnan remaining due to high energy costs, dampened expectations for higher output from China and added pressure on prices since both regions combined represent one of the largest aluminium producing areas in China. Y-o-y, aluminium prices remain high and have jumped by 53.1%, supported by lower inventories and the recent geopolitical developments in Eastern Europe.

Average monthly copper prices rose for the second consecutive month, increasing by 1.6% m-o-m. Demand for copper increased following China's monetary policy stimulus for the construction sector, the largest consumer of copper. However, power rationing and high energy costs continue to cause headwinds to copper smelters. LME copper stocks fell by 16.7% m-o-m and prices are up 20% y-o-y.

Lead prices declined by 1.5% m-o-m. Lead has been the weakest performer of base metals y-t-d. A key downside factor is the underperformance of vehicle sales, particularly in China, since the auto industry accounts for almost 80% of lead demand. The upside is that lead prices are up by 13% y-o-y, supported by declining stocks. LME lead stocks fell from 94,575 mt in February 2021 to 44,325 mt in February 2022, a 53.1% decline y-o-y.

Zinc and nickel prices rose for the third consecutive month. Zinc prices increased by 0.6% m-o-m and nickel by 7.4% in the same period. Both prices continue to be supported by high-energy costs and power rationing. However, geopolitical tensions have added additional upward pressure on nickel since Russia accounted for 13% of global mining capacity in 2021, according to Rystad Energy. Y-o-y, zinc prices are up by 32.5%,

while nickel prices are up by 27.5%. According to the LME, zinc stocks fell from 269,775 mt in February 2021 to 144,100 mt in February 2022, a 46.6% decline y-o-y, while nickel stocks fell from 251,130 mt in February 2021 to 80,094 mt in February 2022, a 68.1% decline y-o-y.

The **precious metals index** rose for the second consecutive month, increasing by 2.2% m-o-m despite expectations that the US Federal Reserve will hike interest rates in March. Gold prices went up by 2.2% m-o-m while silver and platinum increased by 1.7% and 5.6% respectively. Y-o-y, the group of index prices continues to decline (2.4%) but at a slower rate compared to the previous month (4.1%), as geopolitical developments boosted the attractiveness of precious metals as safe-haven assets.

Investment flows into commodities

Money managers' net length positions was mixed across selected commodities. But overall, total net length increased by 6.8% m-o-m, while total open interest increased by 4.9% in the same period, signalling bullish sentiment towards commodities.

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

Selected commodity	Open interest		Net length			
	Jan 22	Feb 22	Jan 22	% OI	Feb 22	% OI
Crude oil	2,673	2,909	291	11	291	10
Natural gas	1,160	1,145	6	0	19	2
Gold	692	703	96	14	109	15
Copper	203	214	26	13	29	13

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

Sources: CFTC and OPEC.

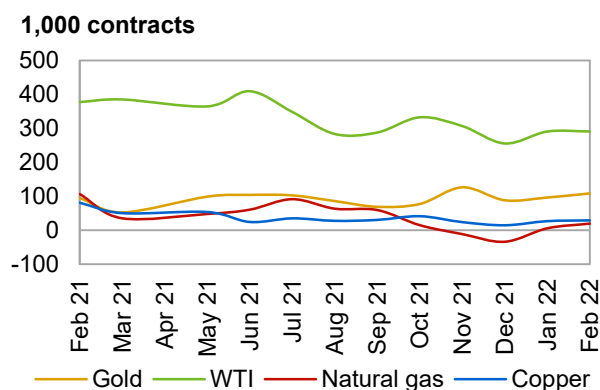
Total Crude Oil (WTI) Open Interest (OI) jumped by 8.8% m-o-m. Money managers' long positions declined 2.7% m-o-m while short positions declined for the second consecutive month by 27.2% in the same period amid profit-taking. The m-o-m increase in OIs amid price increases indicates strong bullish sentiment towards crude oil.

Total Henry Hub's natural gas OI decreased for the third consecutive month, declining by 1.3%. Money managers increased their long position by 5.1% m-o-m while decreasing their short positions by 2% in the same period. The consecutive m-o-m decline in OIs amid increases in prices indicates bearish sentiment towards natural gas.

Gold's OI rose for the second consecutive month, increasing by 1.5% m-o-m. Money managers increased their long positions by a marginal 0.2% m-o-m while decreasing their short position by 6.3% in the same period. The m-o-m increase in OIs amid increase in prices indicates strong bullish sentiment towards gold.

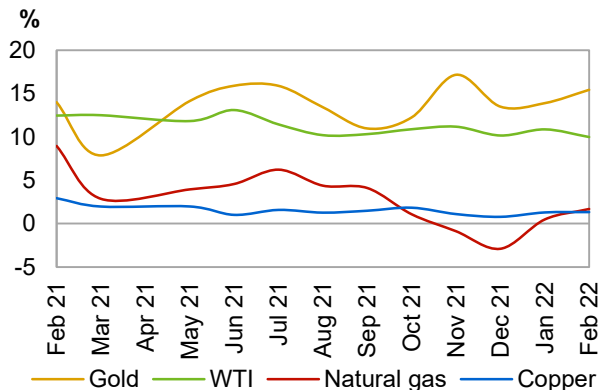
Copper's OI rose for the second consecutive month, increasing by 5.4% m-o-m. Money managers' long positions increased 0.2% m-o-m while short positions declined 6.3% in the same period. The m-o-m increase in OIs amid rising prices indicates strong bullish sentiment towards copper.

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

The outcome of the unfolding events in Eastern Europe along with continued concerns about COVID-19 appear to be considerably reshaping the global economy and its structure. The short-term impact on global economic growth will clearly be negative. Although assessment is still ongoing, the Russian and Ukraine economies are likely to be impacted negatively, and the rest of the global economy will be thoroughly impacted as well through a variety of channels. First, the strong rise in commodity prices is fuelling global inflation, which was already at a high level, and especially food inflation will likely be a challenge for low-income and less-developed economies in particular. Moreover, the impact on global trade and the effects of the Ukrainian crisis have on the supply of a variety of traded goods will likely create further supply-chain bottlenecks. Furthermore, consumer and business sentiment is expected to decline not only in Europe, but also in the rest of the world, when only accounting for the inflationary impact the conflict has already caused. Finally, the impact on financial markets has become visible and the ongoing tightening of financial conditions is forecast to continue. Given the complexity of the situation, the speedy unravelling of developments as well as so-far limited indicators to be able to comprehensively grasp the consequences of this conflict, the 2022 GDP growth forecast remains unchanged from last month at 4.2% for this issue of the MOMR. This follows a slight upwardly revised growth estimate for 2021, which now stands at 5.7%, compared with 5.6% in the previous month.

The assumptions on COVID-19 for 2022 have not changed materially from last month. It is expected that there will be limited negative economic impact from the newly identified Omicron sub-variant in 1Q22. But it remains to be seen if the COVID-19 situation will worsen again, potentially leading to lockdowns and a slowdown in mobility, which would impact both economic growth and oil demand. Some COVID-19-related seasonality towards 4Q22 should again be taken into account, similar to the slowdowns in economic activity in 2020 and 2021.

Numerous additional uncertainties beyond the current geopolitical conflict in Eastern Europe and the COVID-19-related issues continue to challenge current growth levels. These additional factors are mainly the outcomes of these two key elements and include supply chain disruptions and labour shortages in different parts of the world, mainly in the service sector and especially logistics. A sustained rise in inflation is anticipated along with accelerated tapering by major central banks. This could result in rising interest rates and hence slowing investment. In this respect the global economic growth dynamic could also be challenged by high sovereign debt levels that could cause a considerable burden on the fiscal health of many economies. Factors that could counterbalance the downward trend could come in the form of additional fiscal stimulus measures, especially in the western economies and China.

Table 3 - 1: Economic growth rate and revision, 2021–2022*, %

	World	OECD	US	Euro-zone	UK	Japan	China	India	Brazil	Russia
2021	5.7	5.3	5.7	5.2	7.5	1.7	8.1	8.1	4.7	4.7
Change from previous month	0.1	0.1	0.0	0.0	0.8	0.0	0.0	-0.7	0.0	0.7
2022	4.2	3.6	4.0	3.9	4.1	2.2	5.6	7.2	1.5	2.7
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: * 2021 = Estimation and 2022 = Forecast. The GDP numbers have been adjusted to reflect 2017 ppp.

Source: OPEC.

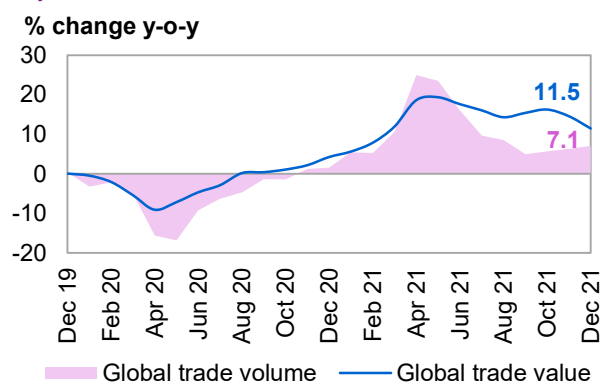
Update on latest global developments

While the year started on relatively solid underlying footing, the latest events in Eastern Europe may derail the recovery. Some slowing impact of the spread of the COVID-19 Omicron variant became visible at the beginning of the year in the US, the Euro-zone, Japan and China. And while COVID-19 was the overarching topic for the past two years, the Ukrainian crisis will definitely shape the growth pattern in 2022 to a large extent. The consequences of the conflict are also rising inflation, which has been driven by a spike in commodity prices. The conflict has impacted other areas as well, including capital markets, which experienced large swings in recent weeks; transportation and supply chains; and global financial tightening, which has a dampening effect on the global growth dynamic. Consequently, representatives of the major central banks have reiterated their general willingness to continue to taper the unprecedented monetary stimulus measures undertaken in response to the COVID-19 pandemic.

Before the recent geopolitical tensions started impacting the global growth dynamic, the latest output measures, labour market indicators and lead indices had pointed to a pattern of solid growth, especially in the advanced economies.

Global trade developments also showed the dynamic of the underlying recovery in global economic growth prior to the negative economic impact of the Ukraine tensions. World trade volumes increased by 7.1% y-o-y in December, following 6.3% y-o-y in November and compared with 5.7% y-o-y growth in October, based on the CPB World Trade Monitor Index provided by the CPB Netherlands Bureau for Economic Policy Analysis. Trade in value terms rose by 11.5% y-o-y in December, following growth of 14.6% y-o-y in November and 16.3% y-o-y in October.

Graph 3 - 1: Global trade



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

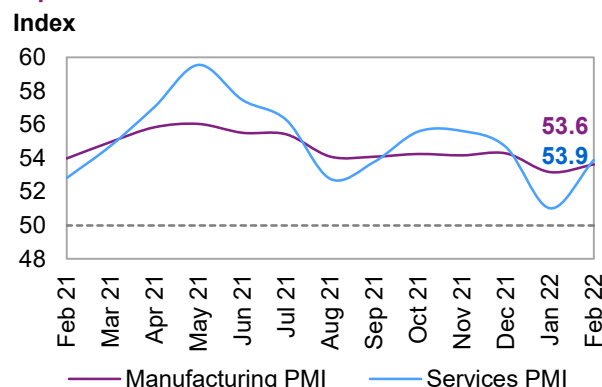
Near-term global expectations

It is very challenging to comprehensively capture the near-term global economic expectations. However, there are some trends that seem to be relatively clear at the moment. The rest of the world will face numerous spill-over effects from the conflict. First, the consequent strong rise in commodity prices is further fuelling global inflation, which was already at a high level, and food inflation especially will likely be an existential challenge for low-income and less-developed economies in particular. Moreover, the accentuated impact on global trade and the impact the Ukrainian crisis has on supply of a variety of traded goods will likely create further supply-chain bottlenecks. In addition, consumer and business sentiment is expected to decline not only in Europe, but also in the rest of the world, when only accounting for the inflationary impact the conflict has already caused. Finally, the impact on financial markets has become visible and the ongoing tightening of financial conditions is forecast to continue. Inflationary pressures in particular are limiting central banks' room to manoeuvre and even more so are guiding them to taper the COVID-19-related monetary easing measures, as was implicitly expressed by the European Central Bank (ECB) at its March meeting. Even if a near-term solution is found for the Ukraine crisis, the damage caused by the 1H22 economic dislocations will clearly be felt throughout 2022.

It is expected that 1Q22 will see only limited economic impact from the newly identified Omicron sub-variant. However, it remains to be seen if the COVID-19 situation worsens over the remainder of the year, potentially leading to new lockdowns and a slowdown in mobility, which would impact both economic growth and oil demand. Some COVID-19-related seasonality with again rising infections and a potentially negative economic impact towards 4Q22 should again be taken into account, similar to the slowdowns in economic activity that were seen in 2020 and 2021 towards the end of the year.

Global purchasing managers' indices (PMIs) have so far not entirely captured the quickly unfolding Ukraine-related developments. The global manufacturing PMI rose to 53.6 in February, compared with 53.2 in January. The global services sector PMI stood at 53.9 in February, after a level of 51.0 in January. This may have indicated the rising sentiment of service providers after it became clear that Omicron had a more limited effect on consumption than previously estimated.

Graph 3 - 2: Global PMI



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

With some minor adjustments, especially upward revisions in full year data from OECD economies, the 2021 **GDP growth** forecast was revised up to 5.7% from 5.6%. All GDP growth levels in 2022 remain unchanged, keeping global growth at 4.2%.

Table 3 - 2: World economic growth rate and revision, 2021–2022*, %

	World
2021	5.7
Change from previous month	0.1
2022	4.2
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

OECD

OECD Americas

US

Update on the latest developments

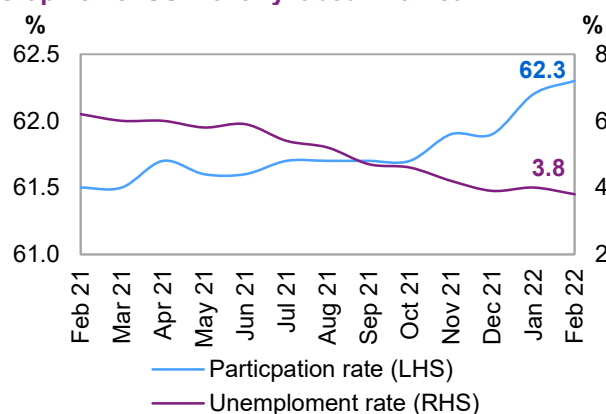
The US economic recovery seems to have continued in 1Q22, albeit at a slowing pace. The Omicron wave appears to have reduced economic activity in the contact-intensive services sector and the impacts of the Ukrainian crisis, in particular on commodity-related inflation, are estimated to have further slowed the underlying growth momentum in recent weeks. Moreover, a continued supply-chain shortage and tightness in the labour market may have restricted economic growth in the most recent months. In the meantime, 4Q21 GDP growth was reported to be very strong in the second estimate by the Bureau of Economic Analysis (BEA), with 4Q21 GDP growth reported at 7% q-o-q on a seasonally adjusted annualized rate (SAAR), compared with 2.3% q-o-q SAAR in 3Q21. Central bank policies have pointed to a continued tapering of the extraordinary COVID-19-related stimulus measures, including the likelihood of a first rate rise at the March meeting. This policy, or an even more aggressive path in the near term, is very much guided by the latest **inflation** number, which reached 7.9% in February, following 7.5% y-o-y in January and 7% y-o-y in December. Excluding the volatile components of energy and food, inflation stood at 6.4% y-o-y in February, compared with 6% in January and 5.5% y-o-y in December.

Consumer confidence continued at a solid level in February and retracted only very slightly, probably not entirely reflecting the latest developments. The index provided by the Conference Board fell to 110.5 in February from 111.1 in January and 115.2 in December.

The **unemployment rate** fell further to stand at 3.8% in February, compared with 4.0% in January and 3.9% in December. The **participation rate** remained low compared to pre-pandemic levels but improved again, standing at 62.3% in February, compared with 62.2% in January and 61.9% in December. The participation rate before the pandemic was almost 63%.

Non-farm payrolls improved at a higher rate than expected in February, marking an increase of 678,000, compared with an increase of 481,000 in January. With ongoing tightness in the labour market, wage developments need close monitoring as they could materially lift inflation. Hourly earnings rose further by 5.1% y-o-y in February, compared with 5.5% y-o-y in January and 4.9% y-o-y in December, continuing a strong trend substantially above pre-COVID-19 yearly growth of between 2% and 3%.

Graph 3 - 3: US monthly labour market



Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

US GDP growth in 1Q22 is impacted by the outcomes of the latest Omicron wave and associated negative impacts on the contact-intensive services sector. In addition, the dislocations resulting from the Ukrainian crisis that started to unfold at the end of February are impacting 1Q22 economic growth and are expected to slow from the momentum seen in 4Q21. It is challenging to forecast the magnitude of the impact of ongoing geopolitical tensions on US GDP growth, but the inflationary pressure that has already been felt via rising

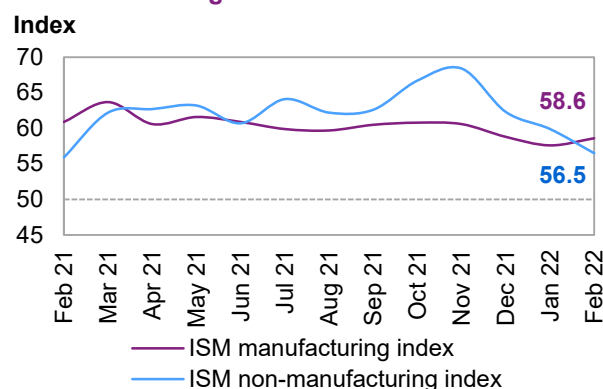
energy prices is very likely to have an impact on domestic consumption. Depending on how the situation evolves, the US economy may be further impacted by rising inflation over the remainder of the year, the need for monetary tightening by the Fed and a general slowdown in consumption and investment when compared to the buoyant levels of 2021. Moreover, it remains to be seen how COVID-19 will develop, but it is currently anticipated that it will not significantly derail GDP growth further. A slight seasonal effect from COVID-19, like in 2021 and 2020, towards the end of the year, i.e. in 4Q22, is seen as likely.

Furthermore, additional fiscal stimulus measures are forecast to counterbalance some of the negative effects of the Ukrainian crisis, COVID-19, inflation and monetary tightening. The “Build Back Better” stimulus package is still being negotiated, but if approved in its former version, it would have had the ability to lift growth at a magnitude of about 0.2 percentage points in 2022. Another element to closely monitor in the short term will be the path of the Fed’s monetary policy tightening, while at the same time labour market tightness and supply-chain bottlenecks continue.

While the rise in commodity prices is forecast to continue supporting the **inflationary trend** in the very near-term, a rise in wages and salaries, as well as rent and rent equivalents, which account for around 40% of US core inflation, may keep inflation at substantial levels. Expectations point to an inflation average for the full year of almost 6%. Also, potential tax increases on fossil fuel-related energy products due to the energy transition may further lift inflationary trends. Hence, while the Fed’s near-term path in hiking interest rates and tapering quantitative easing measures have been well communicated, numerous uncertainties remain. Three rate hikes seem to be likely, but given the current uncertainties the magnitude and frequency of rate increase remains to be seen.

February PMI levels, as provided by the Institute for Supply Management (ISM), have so far not entirely captured the quickly unfolding Ukraine-related developments, although the services sector decline seems to reflect the challenges from the Omicron wave in connection with the labour market tightness. The index level for the services sector, representing around 70% of the US economy, retracted significantly for the third-consecutive month to stand at 56.5 in February, down from 59.9 in January and 62.3 in December. The manufacturing PMI rebounded to stand at 58.6 in February, compared with 57.6 in January and 58.8 in December

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



Sources: Institute for Supply Management and Haver Analytics.

The **2021 US GDP growth** estimate was confirmed at 5.7%. Given the ongoing uncertainties, the **2022's** GDP growth forecast remained unchanged at 4%, pending the ongoing assessment.

Table 3 - 3: US economic growth rate and revision, 2021–2022*, %

	US
2021	5.7
Change from previous month	0.0
2022	4.0
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

OECD Europe

Euro-zone

Update on the latest developments

The **economic growth dynamic in the Euro-zone** remained well supported at the beginning of the year, as indicated by latest available economic measures. The labour market continued to improve amid an ongoing decline in unemployment, consumer confidence holding steady and the services sector appearing to have recovered strongly in February as the latest impact of the Omicron wave has had seemingly less severe impacts than previously expected. This solid underlying growth dynamic will very likely be dampened by the

unfolding Ukrainian crisis, with Russia and the Ukraine being important trading partners to the Euro-zone and considering the effects the conflict will have on inflation in addition to the political consequences it may have in the event of armed conflict in Europe. Moreover, the COVID-19 pandemic is still ongoing and while the effects of the Omicron wave have so far been limited and less-than-expected, it remains to be seen if the past two years' seasonality of the virus developments will again materialize in the current year with some slow-down towards 4Q22.

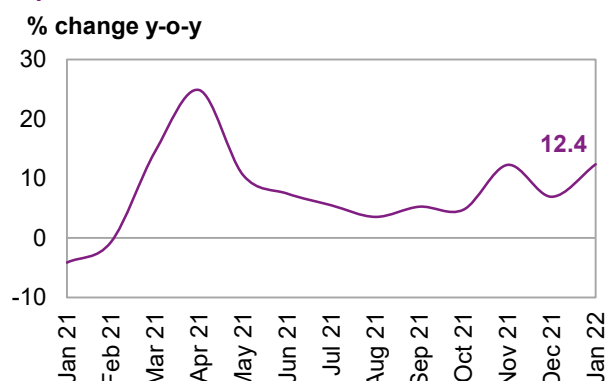
Inflation is currently a central concern among others as it continued rising further in January and February. The latest increase in commodity prices is guiding inflation to continue rising even further. In reflection upon this development, the European Central Bank (ECB) reiterated the need of its shift towards monetary tightening. A rate hike in 2022 seems to be a possibility still despite the current economic difficulties in the Euro-zone. Inflation in the Euro-zone rose to 5.8% y-o-y in February, following a rise of 5.1% y-o-y in January and 5% y-o-y in December. Currently, inflation seems to be still very much driven by energy and food price rises, which are usually being considered to be temporary. However, a spill-over of such price rises onto wages and salaries with a more sustained underlying inflationary impact is a likely outcome. When excluding volatile items such as food and energy, inflation stood at 2.8% y-o-y in February, after 2.4% y-o-y in January and compared with 2.7% y-o-y in December. Positively, supported by ECB monetary easing, lending to the private sector by financial institutions continued expanding again in January, rising by 3.9% y-o-y, after an increase of 3.3% y-o-y in December and after reaching 2.8% y-o-y in November.

The **labour market** continued to see improvements as well up to January. According to the latest numbers from Eurostat, the unemployment rate stood at 6.8% in January, compared with 7% in December and after 7.1% in November.

Retail sales continued rising further on a yearly basis in value terms, with growth of 12.4% y-o-y in January. This also reflects the strong rebound from a less severe Omicron wave in the Euro-zone, especially when compared to the pandemic situation at the beginning of last year. This strong yearly January number follows growth of 6.9% y-o-y in December.

Industrial production bounced back as well towards the end of last year. IP rose by 1.5% y-o-y in December, compared with a decline of 1.2% y-o-y in November. This translates into a monthly rise of 1.2% m-o-m in December, compared with an increase of 2.4% m-o-m in November.

Graph 3 - 5: Euro-zone retail sales



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

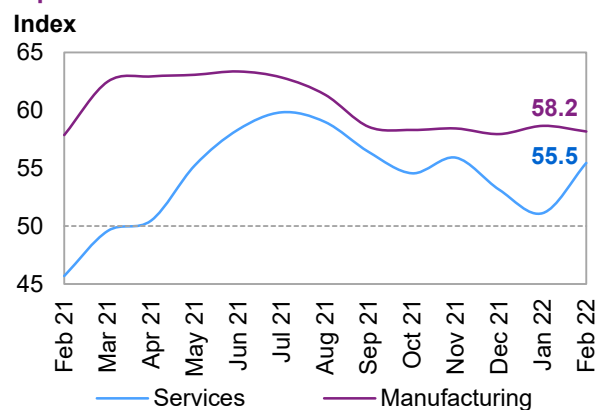
Near-term expectations

While the Euro-zone had a **strong growth dynamic at the beginning of the year**, carrying over from 2H21, it remains to be seen to what extent the momentum will slow down. Based on underlying economic indicators that have become available very recently, the dynamic in January and February has been supportive and probably better-than-expected. This was indicated by PMIs, labour market indicators and consumer confidence. However, it is mainly the Ukraine crisis that may slow-down growth materially. The outcome of the impact of these developments in Eastern Europe is still unclear and will largely depend on the near-term developments of energy imports and to what extent fossil fuel imports will become either more expensive, or worse, become more expensive and will face some disruption in supply. For the time being, it is assumed that the impact on energy supply will be limited and that it is mainly the price-angle that will influence the Euro-zone's growth. It is also likely that the Euro-zone will implement counterbalancing measures via fiscal stimulus.

Monetary stimulus, however, will likely be reduced and tapering of quantitative easing measures, implemented during the pandemic will continue as envisaged, given the strongly rising levels of inflation. And while the pandemic continues in the Euro-zone, recording rising infection rates, the impact on the Euro-zone's health system has so far been limited during the most recent Omicron wave. Hence, the expectation of a seasonality of COVID-19 leads to the expectation of accelerated economic growth momentum in 2Q22 and 3Q22. It is anticipated that COVID-19 containment efforts in 2022 will be effective enough to avoid derailment of the economy. Importantly, no further major lockdown measures are expected in the Euro-zone for 2022.

The Euro-zone's **February PMI** levels have so far not entirely captured the quickly unfolding Ukraine-related developments. Both the manufacturing and the services PMIs pointed to ongoing momentum in the respective sectors. The PMI for services, the largest sector in the Euro-zone, rose to 55.5 in February, compared with 51.1 in January and 53.1 in December. The manufacturing PMI fell slightly to stand at 58.2 in February, compared to 58.7 in January and 58.0 in December.

Graph 3 - 6: Euro-zone PMIs



Sources: IHS Markit and Haver Analytics.

With the confirmation of strong growth in 4Q21, the **GDP growth estimate for 2021** remains unchanged to stand at 5.2%. GDP growth in **2022** is anticipated to be impacted by the geopolitical tensions in Eastern Europe. However, the magnitude of this impact is unclear as the developments are very fluid.

Table 3 - 4: Euro-zone economic growth rate and revision, 2021–2022*, %

	Euro-zone
2021	5.2
Change from previous month	0.0
2022	3.9
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

OECD Asia Pacific

Japan

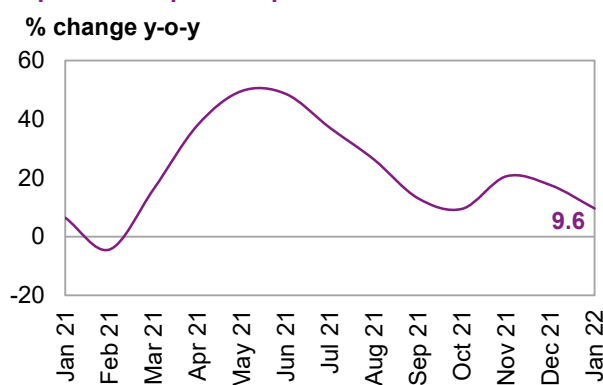
Update on latest developments

The latest available GDP growth numbers released by the Japanese statistical office indicate solid growth momentum in 4Q21, albeit at a slightly lower level than previously anticipated. 4Q21 growth stood at 5.4% q-o-q SAAR. This is still the highest growth level in 2021 and while some momentum is forecast to carry over into 2022, the most recent pandemic-related impacts in Japan along with the Ukrainian crisis, among other factors, seem to have already dampened the 1Q22 growth dynamic. This became visible in the most recent economic indicators that point at a **slow-down in 1Q22** in the Japanese economy. Amid a larger-than-expected impact from the latest Omicron wave, business and consumer confidence levels seem to indicate a continuation of pandemic-related challenges. Moreover, the impacts of the Ukrainian crisis in terms of inflation and global trade remain to be seen.

After **industrial production (IP)** saw a strong rebound that became visible in November and December, the momentum is declining again. After IP recovered well to stand at 3.5% y-o-y in November and 2.7% y-o-y in December, it declined by 1.8% y-o-y in January. Closely correlated to IP, **exports** retracted significantly as well in January, expanding by 9.6% compared to the same month last year, after showing growth of 17.5% y-o-y in December and after rising by 20.5% y-o-y in November, all on a non-seasonally adjusted basis.

Retail sales rose in January at a rate of 1.6% y-o-y, after rising by 1.2% y-o-y in December and 1.9% y-o-y in November. **Consumer confidence** retracted slightly, but remained at a sound level.

Graph 3 - 7: Japan's exports



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

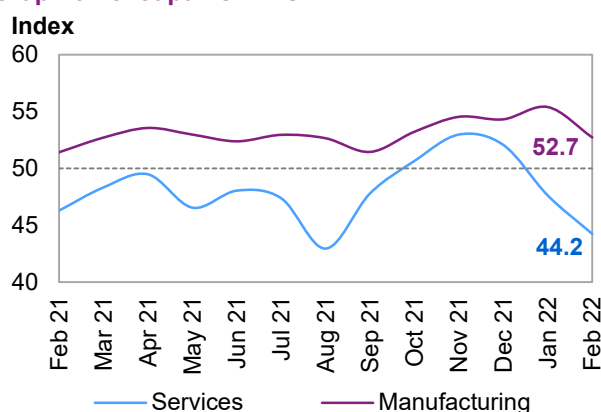
The **consumer confidence index** level, as reported by the Cabinet Office, stood at 35.0 in February, after reaching a level of 36.6 in January and following a level of 38.9 in December. This points to some slowing activity in January and February, which would become more accentuated in March amid strongly rising global price levels in combination with the unfolding events in Eastern Europe.

Near-term expectations

After the Japanese economy seems to have had a slower-than-expected start to the year, it remains to be seen how and at which magnitude the ongoing challenges of the pandemic and the geopolitical tensions in Eastern Europe will dampen further the growth dynamic in its economy in the near term. The Secretariats' forecast already anticipated a 1Q22 impact from the Omicron wave and a generally mild expansion for the remainder of the year. The impact the Japanese economy will face from the Ukraine crisis will be at the current stage primarily an inflationary impact in combination with potentially slowing external trade. However, a lift in inflation may be welcomed in Japan as inflation has remained at very low levels so far. Moreover, mild inflation may be easily digested by the Japanese economy without also forcing its central bank to reduce monetary easing at the same magnitude as its G4 central bank peers will likely need to. It will be particularly important to see how global trade will develop in light of the ongoing challenges as this is a vital contributor to the Japanese growth engine. So far, it seems that Japanese trade will be impacted in a variety of ways. First, the exchange rate with a well-supported US-dollar may reduce the income of Japanese exporters. Secondly, the economic impact of its major trading partner, the OECD economies and especially the EU, but also the impact the Ukraine crisis may have on China, may reduce trading volumes in the near term. Also, the general impact both the Ukraine crisis in combination with the ongoing pandemic may have on shipping, trade logistics and on prices are all factors that may also potentially dampen external trade. Moreover, it remains to be seen how the COVID-19 pandemic will develop. While there seems to have been a larger-than-expected impact of the latest Omicron wave in 1Q22 in Japan, the low rates of booster vaccinations in Japan could lead to the reinstatement of lockdown measures in 2Q22 and 3Q22, similar to last year.

Ongoing difficulties amid the pandemic-related challenges are also reflected in the **February PMI** numbers. The services sector PMI, which constitutes around two-thirds of the Japanese economy, fell back further significantly to stand at 44.2, after an already low 47.6 in January. This compares with 52.1 in December and 53.0 in November. The manufacturing PMI retracted as well. The PMI index for the manufacturing sector stood at 52.7 in February, after it had reached 55.4 in January and stood at 54.3 in December.

Graph 3 - 8: Japan's PMIs



Sources: IHS Markit, Nikkei and Haver Analytics.

By taking the latest available GDP growth numbers from the Japanese statistical office into consideration, the **2021 GDP growth** estimate was revised down to 1.7%, following a growth estimate by the Secretariat of 1.8% in the previous month. In the current year, the inflationary trend amid the Ukraine crisis in combination with COVID-19-related developments will be the most important areas to monitor. Counterbalancing negative effects from these two impacts, ongoing stimulus measures are expected to support a recovery in private household consumption and investment. With major uncertainties prevailing, the GDP growth forecast for **2022** remains at 2.2%, unchanged from the previous month.

Table 3 - 5: Japan's economic growth rate and revision, 2021–2022*, %

	Japan
2021	1.7
Change from previous month	0.0
2022	2.2
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

Non-OECD

China

Update on the latest developments

Following an 8.1% expansion in 2021, the fastest in a decade, **China's** recovery momentum is slowing amid a “zero-COVID-19 policy” that authorities introduced in 2022. The slowing trend started in 4Q21 and is reflected in the most recent economic indicators as both private consumption and supply remain disrupted.

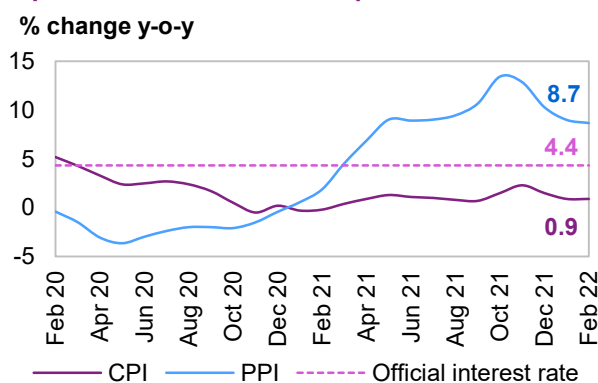
On the **consumption side**, retail trade dropped 1.7% y-o-y in December 2021, from 3.9% y-o-y in November 2021. On the **production side**, the recovery in energy production helped the industrial production to expand by 4.3% y-o-y in December 2021, accelerating from a 3.8% rise in the previous month.

External demand continued to strongly support the economic recovery as the trade surplus widened sharply to \$115.95 billion in January-February 2022 compared to \$97.05 billion in the same period a year earlier. Exports continued their double-digit growth, expanding by 16.3% y-o-y. Imports edged up at a softer 15.5%. Data for January and February are combined to smooth out the impact of the Lunar New Year holiday, which can fall in either month. It is worth noting that trade flows in the upcoming months are expected to slow amid worries over the outlook for global trade given the ongoing geopolitical tension in Eastern Europe. In 2021, China's trade surplus widened to \$676.4 billion, the highest figure on record and up from \$524 billion in 2020. Exports surged by 29.9% and imports by 30.1%.

On the inflationary front, government efforts to secure supply helped China's **consumer price index (CPI)** stand at 0.9% in February 2022, unchanged from last month. The People's Bank of China (PBoC) set a target CPI of around 3%, the same as in 2021. Indeed in 2021, the CPI increased 0.9%, far below the central bank's target, and much lower than the 2.5% gain in 2020.

The cost of means of production moderated as well as the **producer price index (PPI)** eased to 8.7% y-o-y in February 2022 from 9.0% in January 2022, aided by the government's measures to secure supply and control surging commodity prices.

Graph 3 - 9: China's industrial production



Sources: China Index Academy, National Bureau of Statistics, Soufan and Haver Analytics.

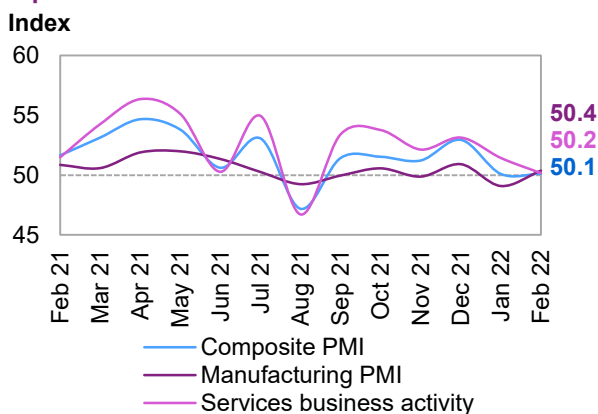
Near-term expectations

China's short-term outlook remains mixed as recent New Year spending might have boosted consumption, but the zero-COVID-19 policy and real estate downturn weighed on the economy. Considering the slowing recovery trend, it is likely the government will offer significant policy support in the course of 2022 considering the official announced GDP target of 5.5%. Fiscal policy might be offered in the form of an increase in infrastructure spending and/or tax cuts. Yet the geopolitical tension between Russia and Ukraine, the global supply bottlenecks as well as the anticipated drop in global trade could add additional challenges to the economic recovery.

February's PMI carried mixed signals as well. Indeed, composite PMI remains unchanged from last month at 50.1. The manufacturing PMI unexpectedly increased to 50.4 from 49.1 in January, as the impact of scattered COVID-19 cases seemed to be under control. In contrast, the services PMI edged down to 50.2 from 51.4 in January as new orders slowed.

However, business sentiment in both the manufacturing and services sectors could deteriorate given the uncertain global business environment amid the geopolitical tension in Eastern Europe.

Graph 3 - 10: China's PMI



Sources: Caixin, IHS Markit and Haver Analytics.

As uncertainty regarding the short-term economic outlook for China is still very high, the country's real **GDP forecast** for **2022** was kept unchanged from the last MOMR at 5.6%.

Table 3 - 6: China's economic growth rate and revision, 2021–2022*, %

	China
2021	8.1
Change from previous month	0.0
2022	5.6
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

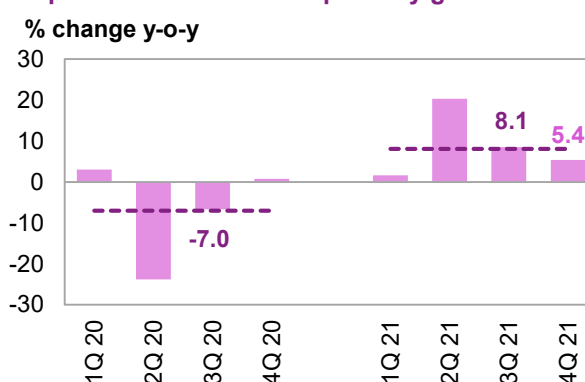
Other Asia

India

Update on the latest developments

India's real GDP registered its fifth straight quarter of expansion in 4Q21, rising 5.4% y-o-y following an upwardly revised 8.5% y-o-y advance in 3Q21. The 4Q21 growth was mainly driven by the boost to consumer demand amid festive season spending and policy support. Considering the full 2021 calendar year, the economy expanded by 8.1% y-o-y following a contraction of 7.0% y-o-y in 2020. Nevertheless, a weakness was observed in construction performance over the course of 4Q21. Moreover, consumer sentiment and traction in high-contact services over January-February 2022 was sluggish due to the Omicron-led COVID-19 wave. More importantly, the larger dent in activity, especially on the consumption side in 1Q22, might be driven by high energy prices.

Graph 3 - 11: India's GDP quarterly growth



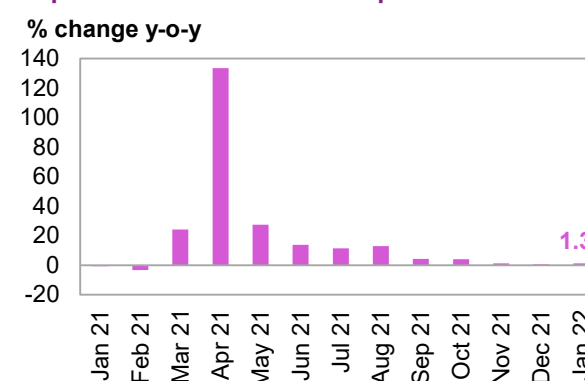
Sources: National Informatics Centre (NIC) and Haver Analytics.

Auto sales are an indicator of this cautious consumption trend. Sales contracted 15% m-o-m seasonally adjusted in January after rising 29% in December, driven primarily by a decline in two-wheeler sales, which are more representative of rural areas.

On the policy front, the **budget** announced on 1 February maintained the fiscal consolidation policy with an increase in infrastructure spending to create positive incentives for the private sector. According to the new budget, the fiscal year (FY) 2023 (ending March 2023) account for a fiscal deficit at 6.4% of GDP, down from 6.9% in FY22. This might reflect a substantial slowdown in the pace of fiscal consolidation which is in line with the country's growth imperative.

Recent **industrial production** growth slowed and market the smallest expansion since the sector started to recover in February 2021. Output expanded by 1.3% y-o-y in January 2022, a pick up from 0.7% in December 2021. The slowdown in industrial growth took place amid a backdrop of several factors, including the fading impact of a low base of comparison from the corresponding period in 2020. Supply chain disruptions associated with higher-cost raw materials also constrained manufacturing activity.

Graph 3 - 12: India's industrial production



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

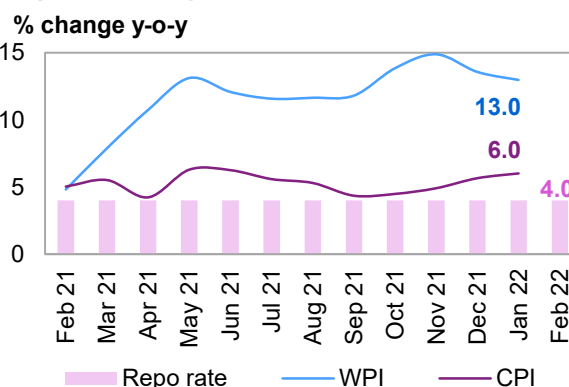
On the employment front, pressure on the labour market increased as the unemployment rate jumped to 8.0% in December 2021 from 7.0% in November. Yet, according to the latest available data, the labour force participation rate increased to 47.5% in 1Q21 from 47.3% in 4Q20.

The **consumer price index (CPI)** continued to rise and jumped to 6.0% in January 2022 from 5.7% in December 2021, recording the highest rate in seven months and staying at the top of the central bank's target of 2-6%. The increase is partially due to the low base year effects.

On a slightly positive side, the **wholesale price index (WPI)** inched down to about 13.0% in January from 13.6% the previous month. On a monthly basis, wholesale prices fell to 0.35% in December from growth of 1.56% in November. Nevertheless, inflation is likely to climb considering the increase in energy prices and the global supply chain disruptions driven by recent geopolitical developments.

On the monetary policy front, the Reserve Bank of India (RBI) kept the **repo rate** at 4.0% in February and the **reverse repo rate** at 3.4%, maintaining an accommodative monetary policy stance to support the economic recovery and help mitigate the negative impacts of COVID-19.

Graph 3 - 13: Repo rate and inflation in India



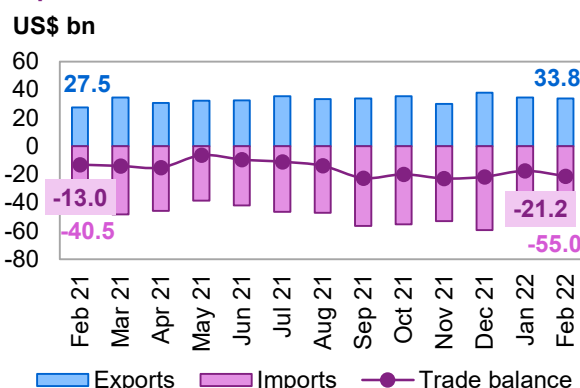
Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

On the external demand outlook, preliminary data indicated that India's **trade deficit** widened to \$21.2 billion in February 2022, from \$13.0 billion in the same period last year.

Imports increased by 36% y-o-y to \$55 billion on higher purchases of electronic goods.

Exports rose by 23% to \$33.8 billion amid higher sales of petroleum products.

Graph 3 - 14: India's trade balance



Sources: Ministry of Commerce and Industry and Haver Analytics.

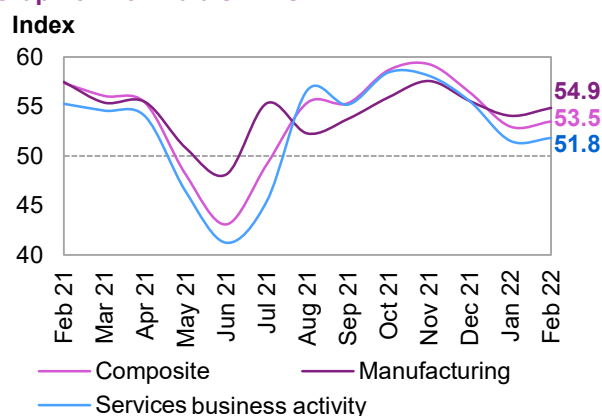
Near-term expectations

Considering recent global economic developments, namely increases in energy and food prices as well as the uncertainties related to the near-term path of COVID-19, India's near-term economic outlook remains cautious. The weakness of Omicron variant might help in reducing pressure on the labour force as Omicron is unlikely to lead to substantial increases in hospitalisation rate. However, rising energy prices fuelled by the recent geopolitical tension could put more pressure on the India's current account balance since the country is heavily dependent on imports to meet its energy requirements. Indeed, India imports more than 80% of its crude oil needs. Moreover, the higher the energy prices, the more the already elevating inflation rate becomes worrisome, especially for food items.

World Economy

In the meantime, **January's PMI** indices mirrored a cautious outlook as manufacturing edged up slightly in February to 54.9 from 54.0 January, while the services PMI rose by only 0.3 points to 51.8 from 51.5 in January. Indeed, lingering concerns surrounding inflationary pressures and COVID-19 might lead to negative business sentiment.

Graph 3 - 15: India's PMIs



Sources: IHS Markit and Haver Analytics.

For this month's MOMR, India's **2022 GDP** growth is kept unchanged at 7.2%, addressing the upside potential supported by increasing vaccination rates as well as anticipated fiscal support. The downside risk is mostly related to global economic uncertainties driven by geopolitical tensions and cautious domestic consumption activities.

Table 3 - 7: India's economic growth rate and revision, 2021–2022*, %

	India
2021	8.1
Change from previous month	-0.7
2022	7.2
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

Latin America

Brazil

Update on latest developments

Brazil's economy expanded by 1.6% y-o-y in 4Q21, easing from a 4% y-o-y expansion in 3Q21. The final quarter of 2021 marked the fourth consecutive quarter of economic expansion, driven by services, which expanded by 3.3% y-o-y. Meanwhile, declines were seen in industry (-1.3% y-o-y) and agriculture (-0.8% y-o-y). On the expenditure side, fixed investment expanded 3.4% y-o-y, household consumption grew by 2.1% y-o-y and government spending went up 2.8% y-o-y. Meanwhile, net trade contributed negatively to the GDP as exports grew 3.3% y-o-y, which is less than import growth of 3.7% y-o-y. Considering the full year of 2021, the GDP grew 4.7%, the highest rate since 2010, recovering from a 3.9% pandemic-induced contraction in 2020.

Nevertheless, the recent macroeconomic indicators for the last month of 2021 and 1Q22 suggested that the recovery momentum in Brazil has slowed significantly amid the sharp increase in overall prices and hikes in borrowing costs that have weighed on the economy. Demand side indicators such as retail sales fell but at a softer rate, with sales falling 1.9 % y-o-y in January 2022, less than the 2.9% contraction in December 2021. The latest retail data continues to point to weak consumer purchasing power as households struggle to deal with high inflation.

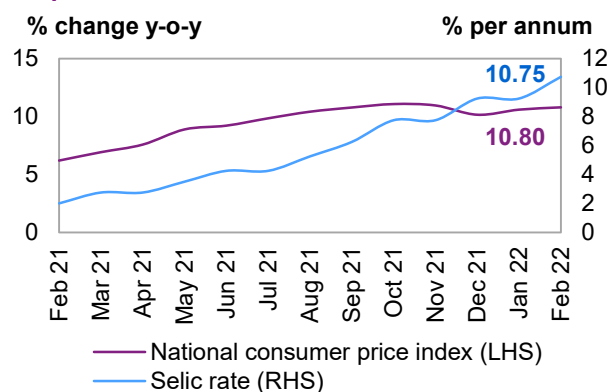
Similar to the demand side, leading supply-side indicators were down, with January's **industrial production** posting a sixth straight monthly drop, falling 7.2% y-o-y following a decline of 5% in December 2021.

Brazil's **unemployment rate** eased to 11.1% in December 2021, a new low since the 12.6% recorded in three months to January 2020. Yet it is important to note that unemployment typically declines in Brazil in the final quarter as labour demand increases due to holiday-related business.

Inflation increased again to 10.8% in February 2022 from 10.6% in January, marking the sixth consecutive month of double-digit inflation. The highest price increases were seen for transport; housing and residential electricity.

In February 2022, the central bank raised the **Selic rate** for the eighth time as it unanimously decided to lift the rate by 150 basis points to 10.75%. The forecasts from the monetary authorities suggest that inflation in 2022 could come close to 5.4%, above the central bank target of 5%.

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



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

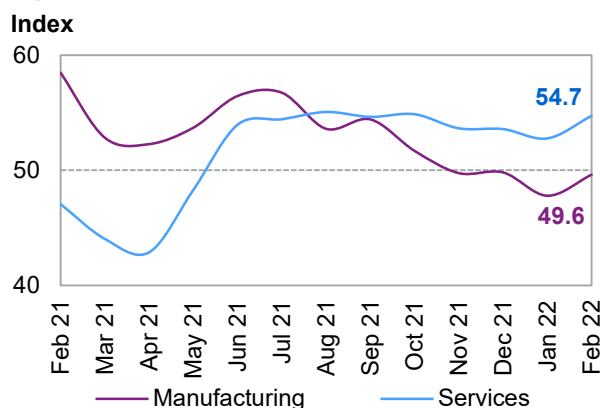
Near-term expectations

Observed indicators for 1Q22 suggest a continued slowdown of Brazil's economic activities. The elevated inflation rate might rise even further, reflecting the impact of the increasing energy and food prices. Moreover, the highly contractionary monetary policy and tighter credit conditions could slow domestic demand at a time when fiscal support might be relaxed marginally due to high public debt levels. In addition, political uncertainty related to the 2022 election along with the ongoing global supply disruptions as well as a new wave of COVID-19 are major uncertainties that could dampen the 2022 outlook.

Recent PMI readings reflected a positive manufacturing recovery. The **manufacturing PMI** increased to 49.6 in February 2022 from 47.8 in January 2022. Yet it is still below the expansionary threshold of 50-points as both sales and output remain weak amid inflation-induced demand and resurging COVID-19 infections.

The **services PMI** reflected a more optimistic outlook as it rose to 54.7 in February, from 52.8 in January. This was driven by the resumption of postponed events and the easing of pandemic-related restrictions that had begun earlier.

Graph 3 - 17: Brazil's PMIs



Sources: IHS Markit and Haver Analytics.

Brazil's **GDP growth** forecast 2022 remains at 1.5%, the same as in the last MOMR. Political uncertainties associated with the upcoming 2022 election have been taken into consideration. However, uncertainty remains high and tends more to the downside due to heightened concerns over higher inflation, high fiscal stress following COVID-19 support efforts, and most importantly developments related to geopolitical tension in Eastern Europe.

Table 3 - 8: Brazil's economic growth rate and revision, 2021–2022*, %

	Brazil
2021	4.7
Change from previous month	0.0
2022	1.5
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

Africa

South Africa

Update on the latest developments

South Africa's real GDP expanded by 1.7% y-o-y in 4Q21, easing from a 2.9% growth rate in 3Q21. This was the third **quarterly** economic expansion for South Africa's economy following the 6.4% pandemic-driven contraction in 2020. Considering the full year of 2021, the economy expanded by 4.9%, the highest growth in 14 years.

South Africa's major economic activities showed signs of recovery. For instance, **retail trade** advanced by 3.1% y-o-y in December of 2021, up from a downwardly revised 2.7% in the previous month. On a monthly basis, retail trade increased 1.5%, after a downwardly revised 1.6% rise in the previous month. Considering 2021 as a whole, retail trade advanced 6.4% compared to a decline of 7.1% in 2020.

Industrial production marked its strongest growth since June 2021 as it advanced 2.9% y-o-y in January 2022, following three consecutive monthly declines. Meanwhile, according to official reports, the current **account balance** in 2021 recorded the highest surplus ratio to GDP since 1987 as it widened to 3.7% of GDP, to about \$15 billion, from 2% in 2020. The annual trade surplus surged to a record of 448 billion rand in 2021. These surpluses may have been driven by the rally in export commodity prices, amid the supply chain shocks

The annual **inflation rate** eased to 5.7% in January 2022, from a near five-year high of 5.9% in December 2021. However, it remains close to the upper boundary of the South African Reserve Bank's target range of 3–6%. On a monthly basis, the inflation rate edged up by 0.2%, easing from a 0.6% rise in December 2021.

Meanwhile, the **central bank GDP growth** projections were unchanged at 1.7% for 2022 and 1.8% for 2023, while it indicated a gradual normalization in 1Q22 and into 2023 and 2024.

Near-term expectations

South Africa's return to pre-COVID-19 levels of economic growth might be weighed down by high government debt. Moreover, the geopolitical tension in Eastern Europe is likely to curtail growth going forward. The upside risks to inflation stemming from the tension would most likely be the main focus of the South African Reserve Bank's monetary policy committee in their short-term policy. For the time being, the seasonally adjusted Absa Purchasing Managers' Index jumped to 58.6 in February 2022 from 57.1 in January. This marked the seventh straight month of expansion in manufacturing activity as both output and new orders increased at a faster rate compared to previous month, supported by external better demand.

South Africa's **2022 GDP** forecast is kept unchanged from last month's MOMR at 2.5%. The uncertainty surrounding this forecast remains high especially with regard to ongoing geopolitical tension driving inflation, the near-term COVID-19 trends as well as unemployment levels.

Table 3 - 9: South Africa's economic growth rate and revision, 2021–2022*, %

	South Africa
2021	4.5
Change from previous month	0.0
2022	2.5
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

Russia and Central Asia

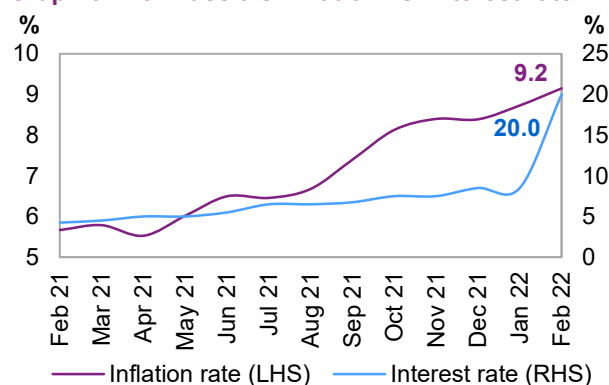
Russia

Update on the latest developments

Russia's economy rose by 4.8% y-o-y in 4Q21 to end 2021 with strong growth of 4.7% y-o-y. Yet this might be short-lived following the market turmoil, uncertainty and disruptions in the banking sector amid the ongoing Russia-Ukraine geopolitical tensions. Recent macroeconomic indicators reflect a solid economic performance on the both supply and demand sides. Retail sales expanded by 3.6% y-o-y in January 2022, marking the tenth consecutive month of growth in real activity. Over the same month, industrial production climbed 8.6% y-o-y in January 2022, accelerating from 6.1% growth in December 2021, indicating the strongest growth in industrial activity since July. Yet this trend might not continue in the near term due to the uncertainty surrounding the economy and market conditions.

Inflationary pressure accelerated to 9.2% in February 2022, up from 8.7% in January 2022. This was the highest inflation rate since January 2016. Indeed, inflation rose sharply in 2021 while it is now on its way to probably be twice the current rate and way far from the central bank's upper bound target of 4% amid to the sharp rouble depreciation and increase in global food prices. In response to the elevated **inflation rate**, the central bank imposed an emergency rate hike to 20% from 9.5%. On a monthly basis, consumer prices surged 1.17%, the steepest increase since January of 2015.

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



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

On labour market front, the latest data suggested that Russia's **unemployment rate** rose to 4.4% in January 2022, up from 4.3% in December. However, the pressure on the labour market might increase as several foreign businesses are exiting the Russian market and the short-term employment rate might rise as a result.

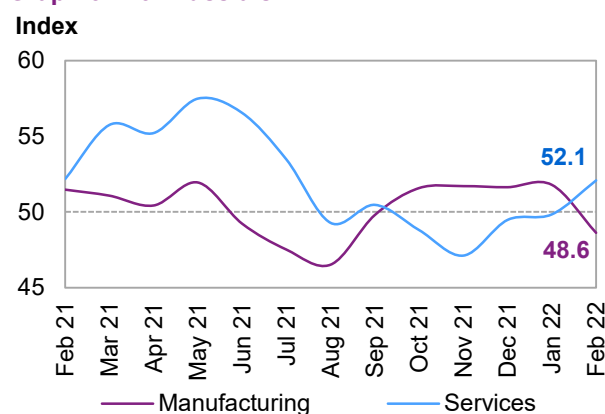
Near-term expectations

Recent geopolitical tensions might weigh heavily on Russia's short-term economic outlook. These tensions have been aggravated by an unprecedented level of sanctions imposed by a large number of countries. These sanctions might lead to significant economic consequences including a dramatic increase in inflation amid goods and services shortages and a depreciation of the rouble; expected sharp increases in unemployment; and massive increases in borrowing costs following the policy rate hike. Moreover, following the exodus of several foreign businesses, consumer choices might be limited putting probably more pressures on prices and consumer confidence. Besides the tension represents a serious disrupting for business activity. Furthermore, the blocking of some Russian banks from the SWIFT system might lead to a major delay of the most-needed payments for Russia's oil and gas exports.

The February **manufacturing PMI** partially reflected the disruption to business activities as it dropped to 48.6 from 51.8 in January.

By contrast, the **services PMI** rose to a seven-month high of 52.1 in February 2022 from 49.8 in January, as new export orders grew for the first time since October 2021.

Graph 3 - 19: Russia's PMI



Sources: IHS Markit and Haver Analytics.

Russia's **2022 GDP forecast** remained unchanged from last month at 2.7% as the geopolitical situation was still unfolding and the level of uncertainty remained extremely high. As the assessment is still ongoing, the situation will be monitored closely and our forecast will be adjusted when there is more clarity.

Table 3 - 10: Russia's economic growth rate and revision, 2021–2022*, %

	Russia
2021	4.7
Change from previous month	0.7
2022	2.7
Change from previous month	0.0

Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

OPEC Member Countries

Saudi Arabia

Official data suggested that **Saudi Arabia's economy** grew 3.3% in 2021. The IHS Markit Saudi Arabia **PMI** rose to 56.2 in February 2022 from 53.2 in January. The current reading marked the highest expansion in the non-oil private sector. Moreover, it marked the first increase in the PMI reading since September 2021, as both output and new order growth increased following the slowdown in COVID-19 cases. The overall outlook for the market in the short-term is more positive as the business sentiment is the highest since January 2021, driven by the optimism as the country emerges from the Omicron wave. Yet the geopolitical tension in Eastern Europe and supply-chain disruptions may lead to a slowdown and pressure on the demand side.

Nigeria

Nigeria's GDP grew about 4.0% in 4Q21, which was the fifth consecutive quarter of economic expansion, amid the ongoing recovery from the pandemic effects that dragged down the country's main economic activities. The annual **inflation rate** stood at 15.6% in January 2022, almost unchanged from the previous month. On a monthly basis, consumer prices were up 1.47%, following a 1.82% increase in the previous month. Higher food costs related the geopolitical tensions could further fuel inflation. Stanbic IBTC Bank Nigeria's **PMI** surged to 57.3 in February from 53.7 in the previous month, as the non-oil private sector expanded the most since November 2019. The increasing oil price might provide ample support for the Nigerian economy. Yet the disruption to global trade flows and supply shortages could offset this positive impact.

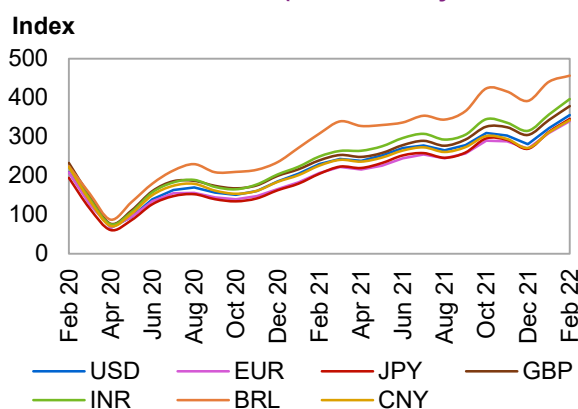
The United Arab Emirates (UAE)

The improving tourism sector and increased government support alongside the rise in crude oil prices have strongly supported non-oil private economic activities. The strong private sector is reflected by the United Arab Emirates PMI, which rose to 54.8 in February 2022 from 54.1 a month earlier. Private-sector output grew strongly amid a recovery in market demand and increased travel activity. Nevertheless, like many other countries around the globe, inflationary pressures driven by ongoing food trade disruptions might affect private consumption. Economic growth is anticipated to quicken in 2022, supported by the strong fiscal policy towards the private sector and a post-COVID-19 recovery in the services sector.

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

The **US dollar (USD)** movement against major currencies was mixed. The most noticeable appreciation of the USD was against the Pound Sterling. After a 2% decline the previous month, the USD recovered and increased by 0.1% m-o-m against the Pound Sterling, followed by an increase by 0.3% and 0.8% against the Japanese Yen and Indian Rupee respectively. The USD increases against the Sterling, Yen and Rupee were partially offset by declines against the Euro (0.3%), the Chinese Yuan (0.2%) and the Brazilian Real (6.1%). Overall, the USD index rallied and increased by 0.1% m-o-m; the strong performance of the US economy and expectations of interest rate increases by the US Federal Reserve continue to support the USD despite mounting inflationary pressure.

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



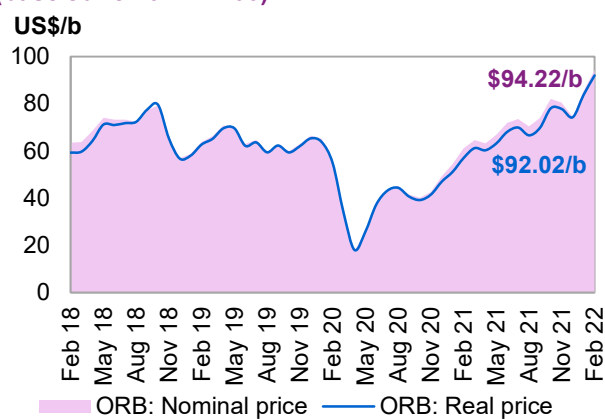
Sources: IMF and OPEC.

The inclusion of the Turkish lira into the newly implemented currency basket weights compounded by the high inflation in the US and EU region added inflationary pressure to the OBR. Inflation (nominal price minus real price) went from \$1.58/b in January 2022 to \$2.20/b in February 2022, a 32.2% increase m-o-m.

In **nominal terms**, accounting for inflation, the price of the ORB went from \$85.41/b in January 2022 to \$94.22/b in February 2022, a 10.3% increase m-o-m.

In **real terms** (excluding inflation) the ORB went from \$83.83/b in January 2022 to \$92.02/b in February 2022, a 9.8% increase m-o-m.

Graph 3 - 21: Impact of inflation and currency fluctuations on the spot ORB price (base June 2017 = 100)



Source: OPEC.

World Oil Demand

World oil demand growth in 2021 is revised up by 0.05 mb/d, reflecting the actual data across the regions, to now stand at 5.7 mb/d. The 4Q21 figure for all OECD region is revised higher, as a result of the better performance. The OECD in 2021 increased by 2.7 mb/d, while the non-OECD showed growth of 3.1 mb/d. World oil demand grew in both the OECD and non-OECD regions amid steady economic growth and no tangible impact from the COVID-19 Omicron variant. World oil demand recorded robust growth of 6.5 mb/d y-o-y in December 2021, driven by additional requirements for transportation fuels, in response to strong mobility.

The sudden rise in natural gas prices during the winter, particularly in Europe and Asia, led to some fuel switching in the industrial sector. Furthermore, strong Chinese and South Korean petrochemical demand boosted naphtha's performance in December. Global gasoline remained the main driver and grew by 2.3 mb/d, or 11% y-o-y in December 2021. Diesel demand in both the industrial and transportation sectors grew by 1.9 mb/d y-o-y, and LPG consumption recorded annual growth of 1.1 mb/d y-o-y in December. Jet/kerosene demand grew by 0.7 mb/d y-o-y and naphtha demand grew by 0.6 mb/d y-o-y.

Looking ahead, challenges to the global economy – especially regarding the slowdown of economic growth, rising inflation and the ongoing geopolitical turmoil will impact oil demand in various regions. For the time being, world oil demand growth in 2022 remains unchanged at 4.2 mb/d, given the high uncertainty and extreme fluidity of developments in recent weeks. Demand growth for the OECD is forecast at 1.9 mb/d and

non-OECD at 2.3 mb/d. However, this forecast is subject to change and will be adjusted when there is more clarity on the far-reaching impact of the geopolitical turmoil.

Table 4 - 1: World oil demand in 2021*, mb/d

World oil demand	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20	
							Growth	%
Americas	22.44	22.68	24.30	24.73	25.03	24.19	1.75	7.79
<i>of which US</i>	18.35	18.60	20.17	20.35	20.56	19.93	1.58	8.60
Europe	12.43	11.91	12.64	13.85	13.87	13.07	0.64	5.15
Asia Pacific	7.14	7.67	7.04	7.11	7.79	7.40	0.26	3.66
Total OECD	42.02	42.26	43.97	45.69	46.68	44.67	2.65	6.31
China	13.56	13.85	14.61	14.57	15.21	14.56	1.00	7.39
India	4.51	4.94	4.50	4.59	5.02	4.76	0.25	5.61
Other Asia	8.13	8.56	8.98	8.34	8.62	8.63	0.50	6.09
Latin America	6.01	6.25	6.16	6.46	6.34	6.30	0.29	4.84
Middle East	7.55	7.95	7.77	8.24	7.97	7.98	0.44	5.80
Africa	4.08	4.37	4.08	4.15	4.43	4.26	0.17	4.27
Russia	3.39	3.65	3.42	3.63	3.76	3.61	0.23	6.69
Other Eurasia	1.07	1.23	1.24	1.09	1.28	1.21	0.14	12.69
Other Europe	0.70	0.78	0.72	0.73	0.79	0.75	0.06	8.27
Total Non-OECD	49.00	51.58	51.48	51.80	53.42	52.07	3.07	6.28
Total World	91.02	93.84	95.46	97.49	100.10	96.74	5.73	6.29
Previous Estimate	90.97	93.83	95.43	97.44	99.77	96.65	5.67	6.23
Revision	0.04	0.01	0.03	0.05	0.33	0.09	0.05	0.06

Note: * 2021 = Estimation. Totals may not add up due to independent rounding. Source: OPEC.

Table 4 - 2: World oil demand in 2022*, mb/d

World oil demand	2021	1Q22	2Q22	3Q22	4Q22	2022	Change 2022/21	
							Growth	%
Americas	24.19	24.19	25.39	25.76	25.83	25.30	1.10	4.56
of which US	19.93	19.65	21.03	21.32	21.28	20.82	0.90	4.50
Europe	13.07	12.63	13.22	14.49	14.39	13.69	0.61	4.69
Asia Pacific	7.40	7.96	7.22	7.25	7.90	7.58	0.18	2.42
Total OECD	44.67	44.77	45.83	47.49	48.11	46.56	1.90	4.25
China	14.56	14.54	15.50	15.06	15.65	15.19	0.62	4.29
India	4.76	5.48	4.82	4.97	5.35	5.15	0.39	8.20
Other Asia	8.63	9.20	9.59	8.93	8.95	9.16	0.54	6.24
Latin America	6.30	6.46	6.33	6.61	6.50	6.47	0.17	2.73
Middle East	7.98	8.30	8.01	8.49	8.20	8.25	0.27	3.35
Africa	4.26	4.54	4.21	4.27	4.56	4.39	0.14	3.22
Russia	3.61	3.75	3.47	3.68	3.81	3.68	0.07	1.81
Other Eurasia	1.21	1.30	1.29	1.12	1.32	1.26	0.05	3.72
Other Europe	0.75	0.80	0.73	0.74	0.81	0.77	0.02	2.18
Total Non-OECD	52.07	54.37	53.95	53.87	55.13	54.33	2.26	4.33
Total World	96.74	99.14	99.78	101.36	103.24	100.90	4.15	4.29
Previous Estimate	96.65	99.13	99.75	101.32	102.92	100.80	4.15	4.30
Revision	0.09	0.01	0.03	0.05	0.33	0.09	0.00	0.00

Note: * 2021 = Estimation and 2022 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

OECD

OECD Americas

Update on the latest developments

Oil demand in OECD Americas increased further y-o-y to post-pandemic highs in December, despite the presence of Omicron variant in the region. The latest available monthly data for the US implies strongly increasing oil requirements, with additional volumes reaching almost 2.0 mb/d, as compared to the same month in 2020. Strong GDP growth of 7% y-o-y in 4Q21 combined with a healthy index of industrial output of 101.9 in December 2021, supported by massive government stimulus and an easing of trade-related supply chain bottlenecks helped boost oil demand in December.

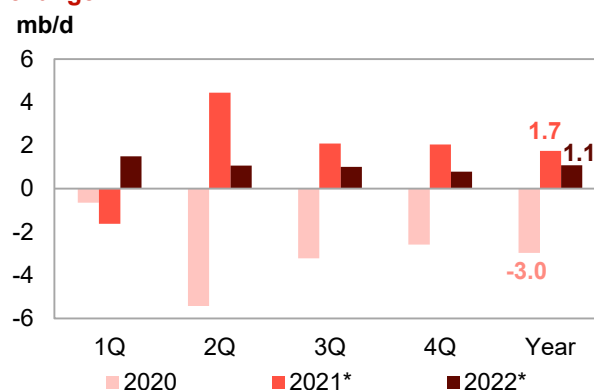
Rising mobility and the low historical baseline owing to a COVID-19 wave in December 2021 pushed gasoline demand to the upside, growing y-o-y by 1.1 mb/d. Apple mobility trends indicate a huge rise in

mobility y-o-y as well as m-o-m, with the number of miles travelled rising by 10% y-o-y. The easing of COVID-19 restrictions contributed to an increase in domestic and international flights in the US market, with jet kerosene demand rising by almost 0.4 mb/d y-o-y.

Light distillate demand in the US, including LPG/NGLs, has exceeded pre-pandemic levels on the back of flourishing petrochemical demand. Propane was particularly popular among the LPG pool, whose requirements grew by 0.3 mb/d y-o-y.

Additional activities in the industrial sector supported diesel demand in the **US**, practically reaching the December 2019 levels. Diesel demand grew by 0.2 mb/d or equivalently 4% y-o-y. Naphtha demand softened in December to grow marginally by 13 tb/d y-o-y as steam cracker run cuts in the US kept naphtha intake low.

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



Note: * 2021 = Estimation and 2022 = Forecast.
Source: OPEC.

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

By product	Dec 20	Dec 21	Change Dec 21/Dec 20	
			Growth	%
LPG	3.54	3.85	0.30	8.6
Naphtha	0.20	0.21	0.01	6.7
Gasoline	7.86	8.95	1.09	13.9
Jet/kerosene	1.16	1.53	0.37	32.0
Diesel	3.89	3.93	0.04	1.1
Fuel oil	0.19	0.42	0.22	113.9
Other products	2.26	2.18	-0.08	-3.7
Total	19.09	21.05	1.96	10.3

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

In **Canada**, oil demand grew in December 2021 by a strong 0.5 mb/d y-o-y, with gasoline and jet kerosene taking the lion's shares in the overall increment.

The latest data for **Mexico** shows oil demand remaining on a growth trajectory in January 2022, mainly supported by oil use in the transportation sector.

Near-term expectations

In 1Q22, the US GDP growth is forecast to slow down q-o-q as a result of a high historical level and late but limited Omicron effects. Consequently, the GDP is forecast to grow at an annual rate of 4.6% in 1Q22, following a robust annualized 5.7% in 2021. Indications show that this slowing effect has started to weigh on economic activity: the pace of new orders for manufactured goods in the near term seems to be slowing substantially in the US and may affect service spending with undesirable effects, leading to supply chain disruptions.

Despite these challenging factors, mobility and air travel are not likely to be substantially impacted and oil usage in the transportation sector will grow robustly. In line with a growing economy and the availability of domestically produced feedstock, petrochemical demand will contribute significantly to anticipated 2022 oil demand growth. As the pandemic continues to be contained transportation fuel demand is likely to remain steady. Oil demand will also grow in other countries of the region, driven by transportation and industrial sector requirements. However, due to the current geopolitical tension, which may impact oil demand in the Americas, oil demand the region is forecast to grow by 1.1 mb/d y-o-y in 2022.

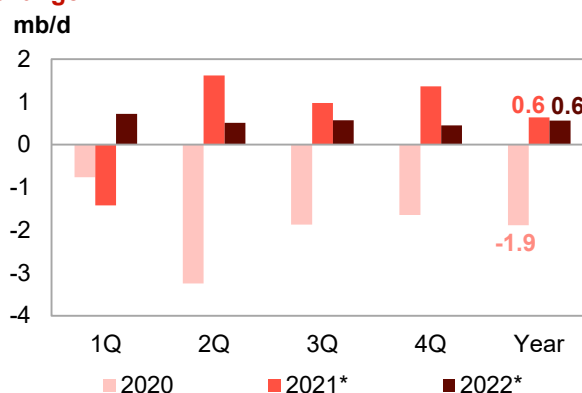
OECD Europe

Update on the latest developments

Oil demand in OECD Europe has continued to broadly recover from the pandemic, and in several countries of the region, oil consumption is already above pre-pandemic levels. In December, oil demand in Europe increased by 1.4 mb/d y-o-y, mainly supported by robust economic and social activities across the region, a strong upturn in mobility owing to the relaxation of COVID-19 containment restrictions and an uptick in trade-related activity due to the easing of supply chain bottlenecks. These factors boosted particularly demand for transportation fuels, notably diesel and jet kerosene. The manufacturing output index increased from 106.2 in December 2020 to 108.5 in December 2021, in line with strong manufacturing sector activity. The latter encouraged fuel switching across the region and additionally supported diesel and LPG, notably in the residential sector. Similarly, an increase in domestic and international airline passenger traffic, as well as air cargo, helped lift jet kerosene demand in December y-o-y.

EU diesel demand recorded its highest gain and grew by 0.7 mb/d y-o-y in December, aided by the transportation and manufacturing sectors as well as smaller electricity-generating plants. Jet kerosene recorded strong growth of 0.3 mb/d y-o-y. Rising vaccination rates and the lifting of travel restrictions in the majority of countries have rejuvenated air travel; in response, many people are embracing regional and

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



Note: * 2021 = Estimation and 2022 = Forecast.
Source: OPEC.

international air travel both within and outside the region. Mobility-driven activities in response to rising GDP and stimulus efforts helped to boost gasoline demand, which grew by 0.3 mb/d y-o-y. According to Apple mobility trends, mobility in the region has improved significantly, with Italy growing by 62%, Germany by 36% and the UK by 34%.

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

By product	Dec 20	Dec 21	Change Dec 21/Dec 20	
			Growth	%
LPG	0.43	0.43	0.00	-0.2
Naphtha	0.61	0.64	0.03	5.3
Gasoline	0.97	1.14	0.16	16.8
Jet/kerosene	0.41	0.56	0.15	35.6
Diesel	3.03	3.23	0.20	6.6
Fuel oil	0.14	0.14	0.00	0.0
Other products	0.38	0.39	0.01	3.2
Total	5.97	6.52	0.55	9.2

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

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

Near-term expectations

The removal of COVID-19 containment measures, in combination with large governmental stimulus across the region's economies, resulted in a strong upturn in mobility and manufacturing activity. Increases in the region's mobility index in January raised expectations for robust gasoline and diesel demand in the future. In addition, oil demand in the region will benefit from some fuel switching with other energy commodities. There are, however, considerable downside risks in the short term, which explicitly and implicitly relate to the region's economy. These are current budget deficits and the high inflation, higher energy prices, developments related to the COVID-19 pandemic, as well as rapidly evolving geopolitical concerns. OECD Europe is likely to be one of the regions that will be most affected by the current geopolitical developments and this will ultimately affect oil demand in the region. Therefore, annual oil demand in the region is forecast to grow by 0.6 mb/d y-o-y, almost at the same rate as 2021.

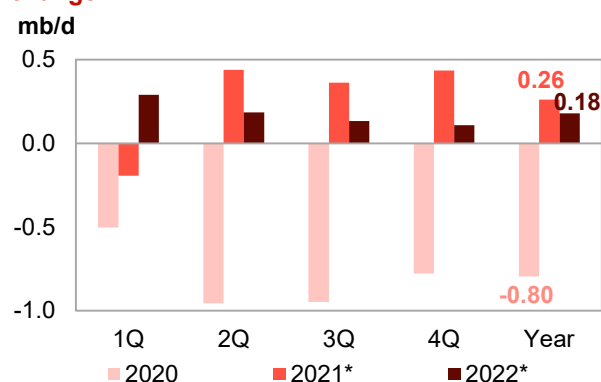
OECD Asia Pacific

Update on the latest developments

Strong petrochemical industry demand in Japan and South Korea bolstered demand for naphtha and LPG in the **Asia Pacific** region in December 2021. Naphtha and LPG demand grew respectively by 0.1 mb/d and 0.3 mb/d y-o-y. The latest available data shows that oil demand in Asia Pacific grew by 0.4 mb/d y-o-y in December, with the growth in demand coming mostly from naphtha and LPG. Furthermore, fast-growing gas markets in the region fostered by the economic rebound and competitive gas prices boosted household and industrial sector demand for LPG.

Rising COVID-19 cases in some countries pose some concern that the pandemic and its effects are not yet over in the region. Consequently, mobility is yet to fully recover to pre-pandemic levels with gasoline demand in the region still lagging by 0.1 mb/d y-o-y in December. Jet kerosene demand jumped by over 40% m-o-m due to the recovery of air traffic in the region, yet remained down y-o-y by 19 tb/d.

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



Note: * 2021 = Estimation and 2022 = Forecast.
Source: OPEC.

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

By product	Jan 21	Jan 22	Change Jan 22/Jan 21	
			Growth	%
LPG	0.51	0.52	0.01	2.6
Naphtha	0.73	0.72	-0.01	-1.4
Gasoline	0.66	0.69	0.02	3.4
Jet/kerosene	0.66	0.63	-0.03	-4.4
Diesel	0.71	0.73	0.02	2.7
Fuel oil	0.29	0.29	-0.01	-2.0
Other products	0.22	0.23	0.02	7.7
Total	3.78	3.81	0.03	0.7

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

Near-term expectations

The expected rebound of economic growth in addition to vaccinations and stimulus packages will support mobility and trade-related supply chain activities in the Asia Pacific region during 2022. These factors will boost the demand for road transportation fuels. Diesel demand will, in addition, gain support from high industrial sector requirements. Furthermore, demand for jet kerosene will increase, as travel opens up; already, Australia has opened its borders to tourists and international travellers after a near two-year-long hiatus. A vibrant petrochemical industry will continue to support naphtha demand, particularly in South Korea and Japan. Finally, LPG requirements will continue to gain support from the household and industrial sectors as competition in the region's gas markets support fuel switching. Some downside risks relate to increasing efficiencies and future unforeseen COVID-19 developments. Based on these factors, oil demand in the Asia Pacific is projected to grow by 0.2 mb/d y-o-y, representing a decline by 0.1 mb/d when compared with 2021.

Non-OECD

China

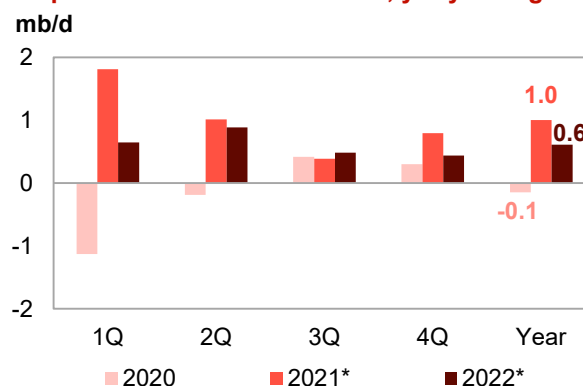
Update on the latest developments

The economic impact of the COVID-19 Omicron variant on **China** was limited in January, following slowing GDP growth of 4% in 4Q21. According to data released by the China Association of Automobile Manufacturers (CAAM), China's new vehicle market rose by nearly 1% to 2.53 million units in January 2022 from 2.50 million in the same month of last year, supporting the demand for gasoline and diesel in January. Naphtha and LPG saw an uptick in January in y-o-y, which contributed to overall oil demand growing by 0.50 mb/d y-o-y.

Looking at the contributions of various products in China, oil demand was supported strongly by naphtha, which increased by 0.20 mb/d y-o-y on the back of healthy requirements in the petrochemical and light industry. LPG demand also increased by 0.12 mb/d y-o-y as the residential and petrochemical sectors increased their use of the product. Both naphtha and LPG grew to above pre-COVID-19 levels.

Amongst transportation fuels, gasoline recorded healthy growth by 0.16 mb/d y-o-y in January. Gasoline demand looks firm as road travel has risen by 45% in January, from 2021 levels, according to mobility data. Greater car use and car rental demand also grew by a quarter, helping gasoline demand grow by 0.16 mb/d y-o-y. However, jet/kerosene and diesel declined y-o-y.

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



Note: * 2021 = Estimation and 2022 = Forecast.
Source: OPEC.

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

By product	Jan 21	Jan 22	Change Jan 22/Jan 21	
			Growth	%
LPG	2.18	2.30	0.12	5.5
Naphtha	1.20	1.40	0.20	16.7
Gasoline	3.25	3.41	0.16	4.9
Jet/kerosene	0.45	0.35	-0.10	-22.2
Diesel	3.60	3.50	-0.10	-2.8
Fuel oil	0.67	0.79	0.12	17.9
Other products	1.70	1.80	0.10	5.9
Total	13.05	13.55	0.50	3.8

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

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

Near-term expectations

Growth in the Chinese economy is expected to gradually slow down for the year, which is reflected in the forecast of oil demand growth 0.6 mb/d y-o-y in 2022, from growth of 1.0 mb/d seen in 2021. In the months ahead, domestic jet fuel demand is expected to recover further, once regional lockdowns are eased. The Lunar New Year holiday alongside relaxed travel restrictions is expected to have provided a boost to China's jet fuel demand in February. The number of domestic passenger flights rose by 33.7% y-o-y during the Chunyun period this year. Another report from aviation data company OAG said global weekly airline seat capacity bounced back 7% in the week starting 7 February, led by a 33% increase in China, a development that will support the Chinese aviation industry and have a positive impact on jet fuel demand.

India

Update on the latest developments

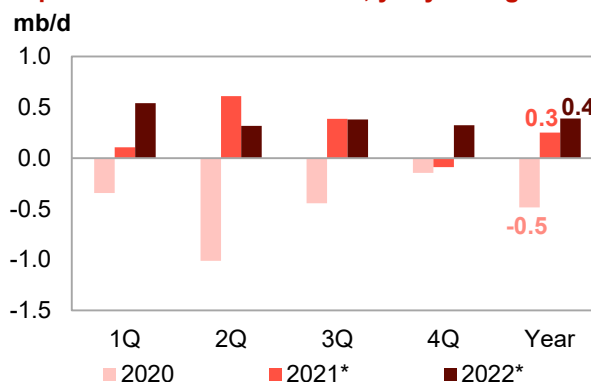
The resurgence of Omicron cases and restrictions imposed in India to combat the virus had a quicker than anticipated impact on economic and mobility activities and oil demand during January 2022. From the latest available monthly data, total **oil demand in India** was at 4.9 mb/d in January, broadly unchanged y-o-y. Transportation fuel demand declined in January as mobility was affected – the demand for gasoline and diesel fell by around 0.04 mb/d and 0.1 mb/d y-o-y, respectively. Car sales also did not pick up as much as expected in January with passenger cars and vans recording y-o-y declines of 17% and 10%, respectively.

In addition, home-working and other restrictions also slowed gasoline requirements. Despite these declines gasoline demand reached pre-pandemic levels, as mobility continued to improve.

Diesel demand in January was impacted by Omicron-induced restrictions in many parts of the country. Containment measures resulted in reduced use of public transport and truck movements, while they also capped manufacturing activity; India's factory activity fell to a four-month low. The combined effects of these factors lowered diesel demand by 0.1 mb/d y-o-y. The country's jet/kerosene demand fell slightly y-o-y in January, due to a partial suspension of international commercial passenger flights to and from India.

Household requirements and small-scale industrial activity pushed LPG demand to the upside in January to grow by 30 tb/d, or 3.3%, y-o-y. LPG consumption during the month was also supported by colder weather in a few northern states and by the Omicron wave, which kept people indoors. Similarly, increased petrochemical sector-related activity backed naphtha demand in January, which returned to positive territory following seven consecutive months of y-o-y declines.

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



Note: * 2021 = Estimation and 2022 = Forecast.
Source: OPEC.

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

By product	Jan 21	Jan 22	Change Jan 22/Jan 21	
			Growth	%
LPG	0.89	0.92	0.03	3.3
Naphtha	0.29	0.31	0.02	7.3
Gasoline	0.73	0.69	-0.04	-5.2
Jet/kerosene	0.14	0.14	0.00	-0.9
Diesel	1.86	1.75	-0.10	-5.4
Fuel oil	0.39	0.39	0.01	1.7
Other products	0.62	0.69	0.08	12.3
Total	4.90	4.90	-0.01	-0.1

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

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

Near-term expectations

With expected strong economic growth of 7.2% in 2022 and expected rapid containment of Omicron in the near future, oil demand is expected to recover. Mobility has continued to improve, as average driving activity in India increased in February well above January levels. Furthermore, preliminary data and selected indicators imply that India's oil demand increased in the first 15 days of February m-o-m as states relaxed COVID-19 restrictions in line with declines in new infections. Gasoline and diesel are likely to be particularly favoured by the expected rise in GDP and the already recovering mobility and consequently driving activity. Similarly, in line with a forecast for a robust economy in 2022, the industrial sector will provide support for diesel, LPG and naphtha requirements. Jet kerosene demand improvement is expected to be slower in 2022 because of travel challenges, particularly business-related. Nevertheless, India is projected to grow by 0.4 mb/d y-o-y in 2022.

Latin America

Update on the latest developments

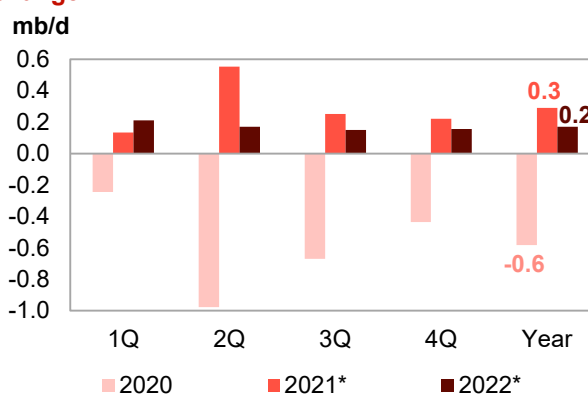
Relatively moderate economic growth and the rather mild effects of the Omicron variant resulted in a strong mobility recovery in **Latin America** during December, with associated positive impacts on transportation fuel demand. Argentina and Brazil are the two major economies and largest oil consumers in the region.

Argentina recorded healthy GDP growth of 2.3% in December and Brazil grew by 0.9% during the same period. In addition, data from Haver Analytics reports that Argentina's index of industrial output grew by 9% y-o-y in December, m-o-m, while Brazil recorded a 3% m-o-m growth of industrial production during the same month.

These two countries exhibited strong trends in both ground and air travel in December. Apple data for December shows the driving mobility index in Argentina rose by 4% y-o-y and by 33% in Brazil. According to reports by the International Air Transport Association (IATA), at the end of 2021, air travel in the Latin American region recovered faster than most of the world's other regions and was only 17.7% below pre-pandemic trends. The 93 airlines flying in and out of the region were just 12.7% below December 2019 levels.

Combined effects of these factors helped the region's oil demand grow by 90 tb/d y-o-y in December 2021, with the main supporters of the growth being transportation fuels. Gasoline is the main driver of oil demand in the region; 4Q21 demand in Brazil rose some 10% above pre-pandemic levels, largely at the expense of hydrous ethanol. In Argentina, after several months of restrictions, Buenos Aires reopened shopping malls, gyms and resumed in-person school classes with attendant impacts on mobility. In response, gasoline demand in Latin America grew by a healthy 0.1 mb/d y-o-y in December 2021. In addition to mobility, industrial activity lent support to diesel consumption, which grew by 0.1 mb/d y-o-y. Finally, backed by the recovery of regional and international air traffic in the region, jet kerosene consumption grew by 37 tb/d y-o-y. The latest data for Brazil showed an overall decline of 0.1 mb/d y-o-y in January as a result of sharply decreased ethanol demand.

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



Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

Near-term expectations

Although the region is expected to record slower growth in the 1Q22, there is space for optimism in the oil demand outlook as a result of these prospects: the Omicron variant proves to be less dangerous; stimulus programmes continue to support the economy; lockdowns are eased and borders are reopened to visitors and travellers. Already, gasoline demand in Argentina has surged to a 19-month high, indicating that regional fuel demand will continue rebounding from the depths of the pandemic-induced lockdowns. Gasoline sales are poised to improve further since the country reopened its borders to fully-vaccinated visitors from neighbouring countries in October and lifted all flight restrictions. These factors can strongly support demand for gasoline, diesel and jet kerosene in the near term. Overall, the oil demand in the region is forecast to grow by 0.2 mb/d y-o-y in 2022.

Middle East

Update on the latest developments

The latest data on **oil demand in the Middle East** suggests healthy growth of 0.29 mb/d y-o-y in December, mostly driven demand for gasoline, diesel and jet fuel. Despite concerns over the Omicron variant, mobility rates remained stable in December, according to Apple Mobility Trends Reports. The driving mobility index in the United Arab Emirates (UAE) rose 47% y-o-y in December 2021. In Saudi Arabia, the mobility index grew by 3% y-o-y in December 2021.

IATA projected that the Middle East region's air passenger traffic would rebound 43% in 2021 if travel restrictions were not tightened further and borders were not closed.

Amongst products, gasoline remained the main driver of December's demand growth, rising by 0.12 mb/d y-o-y, followed by diesel which grew by 0.07 mb/d y-o-y. The demand for diesel was driven by increasing road transport, recovering industrial activity. Moreover, crude burning increased in the power sector. The resumption of airline activity also supported jet fuel, which grew by 0.03 mb/d y-o-y, but remains below pre-pandemic levels.

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

By product	Jan 21	Jan 22	Change Jan 22/Jan 21	
			Growth	%
LPG	0.07	0.07	0.01	8.9
Naphtha	0.01	0.00	0.00	-70.3
Gasoline	0.15	0.18	0.03	21.3
Jet/kerosene	0.07	0.02	-0.06	-77.9
Diesel	0.13	0.14	0.01	7.8
Fuel oil	0.14	0.21	0.07	54.6
Other products	0.03	0.02	-0.01	-20.8
Total	0.59	0.64	0.05	9.2

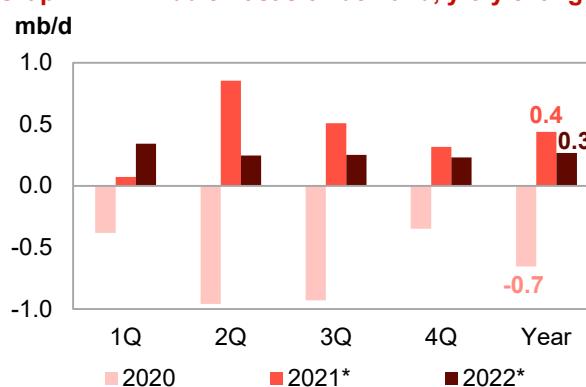
Note: Totals may not add up due to independent rounding.

Sources: JODI and OPEC.

Near-term expectations

Middle East GDP will continue to be firm amid stronger investment growth and robust private spending. Furthermore, as mobility-related activities continue to accelerate, the gradual recovery of international and regional air traffic will continue to progress in the region. These factors are expected to lend support for transportation fuels, with gasoline and diesel likely to be the main drivers of oil demand in the near term. Similarly, jet fuel is also expected to grow on the back of firmer demand from the region's aviation sector. Overall, the total oil demand is projected to grow by 0.3 mb/d y-o-y in 2022.

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



Note: * 2021 = Estimation and 2022 = Forecast.

Source: OPEC.

World Oil Supply

Non-OPEC liquids supply growth y-o-y in 2021 (including processing gains of 0.1 mb/d) has been revised down slightly by 0.01 mb/d to around 0.6 mb/d, for an average of 63.6 mb/d.

Total US liquids production contracted m-o-m by 0.2 mb/d in December, but saw a y-o-y increase of 0.15 mb/d in 2021 to average 17.75 mb/d. Oil supply in 4Q21 is estimated to have declined in Canada and Australia, while there have been some minor upward revisions in other countries. The 2021 oil supply estimation primarily sees growth in Canada, Russia, the US and China, while output is estimated to have declined in the UK, Brazil, Colombia and Indonesia.

Non-OPEC supply is under assessment and will be reviewed in the weeks to come and adjusted, as necessary. For the time being, non-OPEC supply growth for 2022 is forecast to remain broadly unchanged y-o-y at 3.02 mb/d to average 66.59 mb/d. Upward revisions to the supply forecast were mainly seen in Latin America and China. The US liquids supply growth forecast for 2022 remains unchanged at 1.03 mb/d. The main drivers of liquids supply growth are expected to be the US, Russia, Brazil, Canada, Kazakhstan, Guyana and Norway.

OPEC NGLs and non-conventional liquids production in 2021 is unchanged from the previous assessment. It shows growth of 0.1 mb/d y-o-y for an average of 5.1 mb/d. Growth of 0.1 mb/d y-o-y is forecast for 2022 for an average of 5.3 mb/d. OPEC-13 crude oil production in February increased by 0.44 mb/d m-o-m to average 28.47 mb/d, according to available secondary sources.

Preliminary non-OPEC liquids production in February, including OPEC NGLs, is estimated to have grown m-o-m by 0.52 mb/d to average 71.03 mb/d, up by 5.38 mb/d y-o-y. As a result, preliminary data indicates that global oil supply in February increased by 0.96 mb/d m-o-m to average 99.50 mb/d, up by 8.99 mb/d y-o-y.

Non-OPEC liquids production growth in 2021 was revised down marginally by 12 tb/d from the previous month's assessment to average 0.6 mb/d.

In the OECD, a downward revision of 72 tb/d in 4Q21 led to a minor downward revision of 18 tb/d for the year. Canada, the US and Australia saw the main downward revisions with 36 tb/d, 24 tb/d and 18 tb/d, respectively, while the UK was revised slightly up by 6 tb/d for 4Q21.

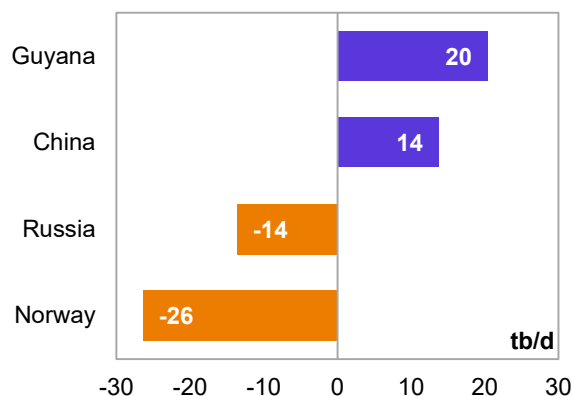
The non-OECD supply forecast for 2021 was revised up by a marginal 7 tb/d, mainly due to minor upward revisions in Vietnam, Russia and Ecuador.

The **non-OPEC supply growth forecast for 2022** remained unchanged from the previous month's assessment at an average of 3.02 mb/d. **Graph 5 - 1: Major revisions to annual supply change forecast in 2022*, MOMR Mar 22/Feb 22**

The main upward revision was for Latin America, of which Guyana saw the largest adjustment.

This month's upward revisions were mainly offset by downward adjustments in OECD Europe.

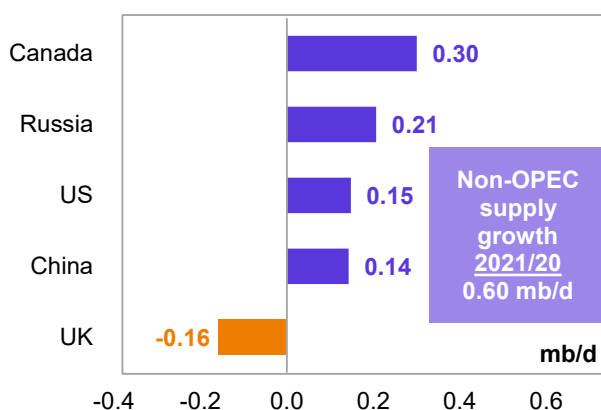
With these revisions, the non-OPEC absolute liquids supply forecast for 2022 was revised down by a minor 12 tb/d to average 66.59 mb/d, but in terms of growth, the level remains unchanged at 3.02 mb/d.



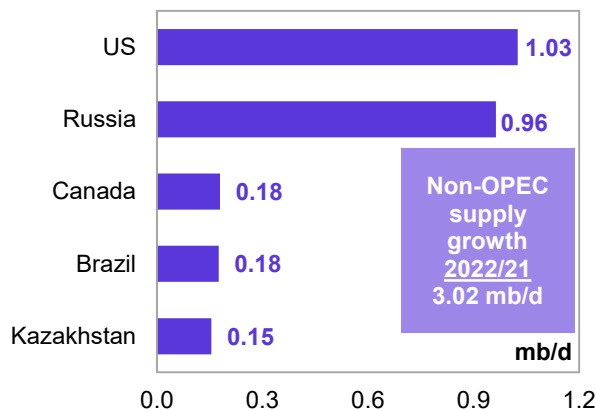
Key drivers of growth and decline

The **key drivers of non-OPEC liquids supply growth in 2021** are estimated to have been Canada, Russia, the US, China and Guyana, while output is estimated to have declined in the UK, Brazil and Colombia.

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



Graph 5 - 3: Annual liquids production changes for selected countries in 2022*



For **2022**, the key drivers of non-OPEC supply growth are forecast to be the US, Russia, Canada, Brazil, Kazakhstan, Guyana and Norway, while oil production is projected to decline in other countries, mainly in Indonesia and Egypt.

Non-OPEC liquids production in 2021 and 2022

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

Non-OPEC liquids production	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20	
							Growth	%
Americas	24.70	24.10	25.17	25.20	26.15	25.16	0.46	1.87
of which US	17.61	16.63	17.93	17.85	18.59	17.75	0.15	0.84
Europe	3.90	3.96	3.52	3.81	3.81	3.78	-0.12	-3.15
Asia Pacific	0.52	0.50	0.45	0.53	0.51	0.50	-0.02	-4.14
Total OECD	29.12	28.56	29.13	29.54	30.47	29.43	0.32	1.09
China	4.16	4.30	4.34	4.33	4.25	4.30	0.14	3.44
India	0.77	0.76	0.75	0.75	0.74	0.75	-0.01	-1.78
Other Asia	2.51	2.52	2.46	2.33	2.37	2.42	-0.09	-3.45
Latin America	6.04	5.94	5.97	6.09	5.83	5.96	-0.08	-1.34
Middle East	3.19	3.22	3.23	3.24	3.27	3.24	0.05	1.46
Africa	1.41	1.37	1.35	1.32	1.32	1.34	-0.07	-5.21
Russia	10.59	10.47	10.74	10.81	11.17	10.80	0.21	1.95
Other Eurasia	2.91	2.96	2.89	2.79	3.08	2.93	0.02	0.57
Other Europe	0.12	0.12	0.11	0.11	0.11	0.11	-0.01	-4.66
Total Non-OECD	31.71	31.65	31.85	31.77	32.16	31.86	0.15	0.48
Total Non-OPEC production	60.82	60.21	60.98	61.32	62.64	61.29	0.47	0.77
Processing gains	2.15	2.28	2.28	2.28	2.28	2.28	0.13	6.03
Total Non-OPEC liquids production	62.97	62.49	63.26	63.60	64.92	63.57	0.60	0.95
Previous estimate	62.97	62.49	63.26	63.60	64.96	63.58	0.61	0.97
Revision	0.00	0.00	0.00	0.00	-0.05	-0.01	-0.01	-0.02

Note: * 2021 = Estimation. Totals may not add up due to independent rounding. Source: OPEC.

Table 5 - 2: Non-OPEC liquids production in 2022*, mb/d

Non-OPEC liquids production	2021	1Q22	2Q22	3Q22	4Q22	2022	Change 2022/21	
							Growth	%
Americas	25.16	26.04	26.10	26.55	26.88	26.39	1.24	4.91
of which US	17.75	18.48	18.68	18.82	19.13	18.78	1.03	5.77
Europe	3.78	3.78	3.75	3.81	4.13	3.87	0.09	2.43
Asia Pacific	0.50	0.52	0.54	0.53	0.53	0.53	0.03	6.04
Total OECD	29.43	30.34	30.39	30.89	31.54	30.79	1.36	4.61
China	4.30	4.36	4.31	4.35	4.43	4.36	0.06	1.34
India	0.75	0.75	0.75	0.78	0.80	0.77	0.02	2.21
Other Asia	2.42	2.44	2.41	2.39	2.38	2.41	-0.01	-0.53
Latin America	5.96	6.19	6.21	6.17	6.40	6.24	0.28	4.77
Middle East	3.24	3.31	3.34	3.36	3.36	3.34	0.10	3.22
Africa	1.34	1.28	1.27	1.25	1.23	1.26	-0.08	-6.10
Russia	10.80	11.45	11.83	11.88	11.88	11.76	0.96	8.93
Other Eurasia	2.93	3.12	3.13	3.17	3.22	3.16	0.23	7.81
Other Europe	0.11	0.11	0.11	0.10	0.10	0.10	-0.01	-6.90
Total Non-OECD	31.86	33.02	33.36	33.45	33.80	33.41	1.55	4.88
Total Non-OPEC production	61.29	63.36	63.75	64.34	65.34	64.20	2.91	4.75
Processing gains	2.28	2.39	2.39	2.39	2.39	2.39	0.11	4.91
Total Non-OPEC liquids production	63.57	65.75	66.14	66.73	67.73	66.59	3.02	4.75
Previous estimate	63.58	65.99	66.13	66.63	67.66	66.61	3.02	4.75
Revision	-0.01	-0.24	0.01	0.10	0.07	-0.01	0.00	0.00

Note: * 2021 = Estimation and 2022 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

OECD

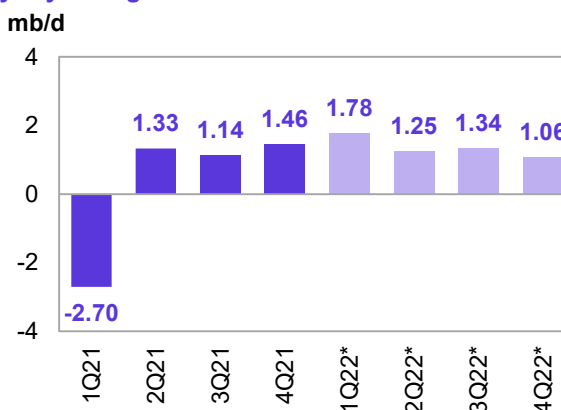
OECD liquids production in 2021 is estimated to have increased by 0.32 mb/d y-o-y to average 29.43 mb/d. This has been revised down m-o-m by 18 tb/d owing to downward revisions in OECD Americas and OECD Asia Pacific by 15 tb/d and 5 tb/d, respectively.

OECD Americas is estimated to have grown by 0.46 mb/d to average 25.16 mb/d for the year. Average production in OECD Europe and OECD Asia Pacific are estimated to have declined y-o-y by 0.12 mb/d and 0.02 mb/d to 3.78 mb/d and 0.50 mb/d, respectively.

For **2022**, oil production in the OECD region is forecast to increase by 1.36 mb/d y-o-y, to average 30.79 mb/d. This has been revised down by 15 tb/d compared to a month earlier, amid a downward 24 tb/d revision to OECD Europe, mainly due to lower-than-expected production in 1Q22. At the same time, OECD Americas was revised up by 9 tb/d.

Based on these revisions, OECD Americas is forecast to grow by 1.24 mb/d to average 26.39 mb/d. Oil production in OECD Europe and OECD Asia Pacific is anticipated to grow y-o-y by 0.09 mb/d and 0.03 mb/d to average 3.87 mb/d and 0.53 mb/d, respectively.

Graph 5 - 4: OECD quarterly liquids supply, y-o-y changes



Note: * 1Q22-4Q22 = Forecast. Source: OPEC.

OECD Americas

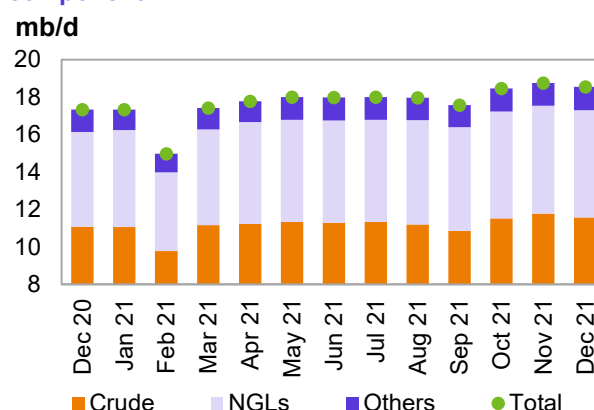
US

US liquids production declined m-o-m in December 2021 by 0.2 mb/d to average 18.55 mb/d, albeit this was higher by 1.22 mb/d compared with December 2020.

Crude oil and condensate production fell in December 2021 by 206 tb/d m-o-m to average 11.57 mb/d, but this was up by 0.48 mb/d y-o-y.

Regarding the crude and condensate production breakdown by region (PADDs), production declined the most on the US Gulf Coast (USGC), dropping by 159 tb/d to average 8.21 mb/d. It also decreased slightly in all the other regions of the Midwest, Rocky Mountains, West Coast and East Coast, mainly due to freezing weather in December.

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



Source: OPEC.

NGLs production was down by 35 tb/d m-o-m to average 5.73 mb/d in December, although it was higher by 0.67 mb/d y-o-y. Production of **non-conventional liquids** (mainly ethanol) increased by 42 tb/d m-o-m to average 1.25 mb/d, according to the US Department of Energy (DOE). Preliminary estimates see non-conventional liquids averaging 1.22 mb/d in January 2022, down by 30 tb/d compared to the previous month.

Production in the **Gulf of Mexico (GoM)** declined m-o-m by 81 tb/d in December to average 1.7 mb/d, due to bad weather conditions.

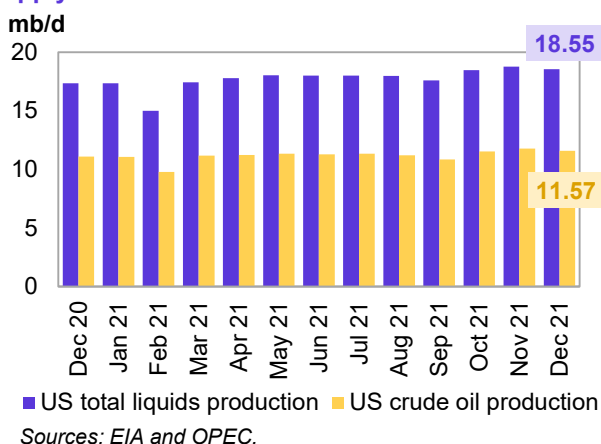
Looking at individual states, oil production in New Mexico declined by 61 tb/d m-o-m to average 1.4 mb/d, 344 tb/d higher than a year ago. Production in Texas decreased by 16 tb/d to average 5.0 mb/d, 350 tb/d higher than a year ago. Production in North Dakota dropped by 25 tb/d m-o-m to average 1.1 mb/d, and this was lower by 63 tb/d y-o-y. Production in Colorado was down slightly by 15 tb/d to average 0.4 mb/d. Oil output in Alaska and Oklahoma showed marginal m-o-m increases of 5 tb/d and 2 tb/d, respectively. In the onshore lower 48, December production fell m-o-m by 130 tb/d to average 9.4 mb/d.

Table 5 - 3: US crude oil production by selected state and region, tb/d

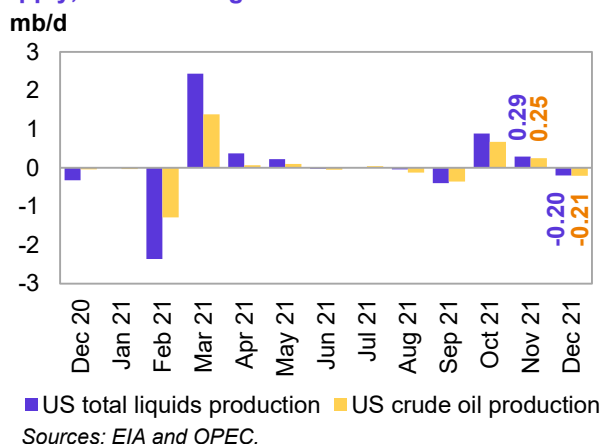
State	Dec 20	Nov 21	Dec 21	Change	
				m-o-m	y-o-y
Texas	4,638	5,004	4,988	-16	350
Gulf of Mexico (GOM)	1,778	1,794	1,713	-81	-65
New Mexico	1,018	1,423	1,362	-61	344
North Dakota	1,191	1,153	1,128	-25	-63
Alaska	463	446	451	5	-12
Oklahoma	436	395	397	2	-39
Colorado	384	408	393	-15	9
Total	11,084	11,773	11,567	-206	483

Sources: EIA and OPEC.

Graph 5 - 6: US monthly crude oil and total liquids supply



Graph 5 - 7: US monthly crude oil and total liquids supply, m-o-m changes



US tight crude output in December increased by 77 tb/d m-o-m to average 7.62 mb/d, which was 593 tb/d higher than the same month a year earlier, according to US Energy Information Administration (EIA) estimates.

The m-o-m increase from shale and tight formations through horizontal wells came mostly from the Permian, which increased by 55 tb/d to average 4.4 mb/d. This was up by 0.63 mb/d y-o-y.

In the Williston Basin, production in the Bakken shale rose marginally by 8 tb/d to average 1.15 mb/d, but was down by 26 tb/d y-o-y. Tight crude output at Eagle Ford in Texas rose by a minor 6 tb/d to average 0.96 mb/d, while production in Niobrara-Codell in Colorado and Wyoming was up by 5 tb/d to average 0.43 mb/d. Average tight crude output in 2021 is estimated at 7.22 mb/d.

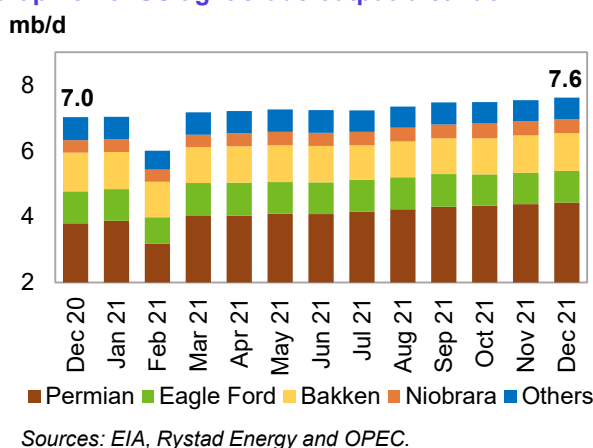
The **US liquids production growth estimate for 2021** was revised down marginally by 6 tb/d. It is estimated to have grown by 0.15 mb/d y-o-y, unchanged from the previous assessment, to average 17.75 mb/d. A downward revision of 24 tb/d was seen in 4Q21, while the other quarters remain unchanged.

In terms of the liquids breakdown, **US crude and condensate production** for 2021 is estimated to have declined by 0.1 mb/d to average 11.18 mb/d. US crude oil production in January 2022 is estimated at 11.63 mb/d.

US tight and conventional crude oil production are estimated to have seen contractions of 0.11 mb/d and 0.05 mb/d in 2021, to average 7.22 mb/d and 2.26 mb/d, respectively.

Growth of NGLs and non-conventional liquids in 2021 is estimated at 0.22 mb/d and 0.02 mb/d to average 5.39 mb/d and 1.17 mb/d, respectively.

Graph 5 - 8: US tight crude output breakdown



Graph 5 - 9: US liquids supply developments by component

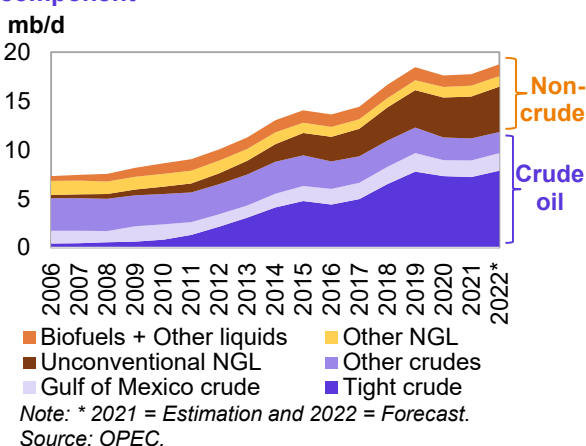


Table 5 - 4: US liquids production breakdown, mb/d

US liquids	Change		Change		Change	
	2020	2020/19	2021	2021/20	2022*	2022/21
Tight crude	7.33	-0.46	7.22	-0.11	7.89	0.67
Gulf of Mexico crude	1.64	-0.25	1.70	0.06	1.78	0.08
Conventional crude oil	2.31	-0.30	2.26	-0.05	2.16	-0.10
Total crude	11.28	-1.01	11.18	-0.10	11.84	0.65
Unconventional NGLs	4.09	0.25	4.28	0.20	4.64	0.36
Conventional NGLs	1.09	0.10	1.11	0.02	1.09	-0.02
Total NGLs	5.17	0.35	5.39	0.22	5.73	0.34
Biofuels + Other liquids	1.15	-0.20	1.17	0.02	1.21	0.04
US total supply	17.61	-0.86	17.75	0.14	18.78	1.03

Note: * 2021 = Estimation and 2022 = Forecast. Sources: EIA, OPEC and Rystad Energy.

US liquids production in 2022, excluding processing gains, is forecast to grow y-o-y by 1.03 mb/d to average 18.78 mb/d, unchanged m-o-m. The 2022 gains are due primarily to expected tight crude production growth of 0.67 mb/d, unconventional NGLs growth of 0.34 mb/d and projected growth of 0.08 mb/d in the GoM. However, the expected growth will be partially offset by natural declines in onshore conventional fields of 0.1 mb/d y-o-y.

Given the current pace of drilling and well completions in oil fields, **production of crude oil** is forecast to grow by 0.65 mb/d y-o-y to average 11.84 mb/d in 2022. This forecast assumes ongoing capital discipline, current inflation rates, and continuing supply chain issues.

Production of NGLs, mainly from unconventional shale, is forecast to increase by 0.34 mb/d to average 5.73 mb/d. Non-conventional liquids are projected to grow by 0.04 mb/d to average 1.21 mb/d.

US tight crude production in the Permian in 2021 is estimated to have increased by 163 tb/d to 4.1 mb/d and is forecast to grow by 566 tb/d y-o-y to average 4.7 mb/d in 2022.

The decline rate in Bakken shale production slowed in 2021 compared to 2020, from a contraction of 235 tb/d to a decline of 79 tb/d. Production is now estimated to average 1.1 mb/d in 2021. For 2022, tight crude production from the Bakken shale is forecast to grow by 67 tb/d on the back of increased drilling activity in North Dakota.

The Eagle Ford in Texas is estimated to have declined by 96 tb/d in 2021 to average 0.96 mb/d, but it is forecast to expand in 2022 by 42 tb/d to average 1.0 mb/d. The rig-weighted average productivity (new-well oil production per rig) shows a m-o-m drop of 66 b/d in the Eagle Ford, according to the EIA-DPR (Drilling Productivity Report) forecast for March 2022. However, overall Eagle Ford production is expected to increase m-o-m by 24 tb/d over the month.

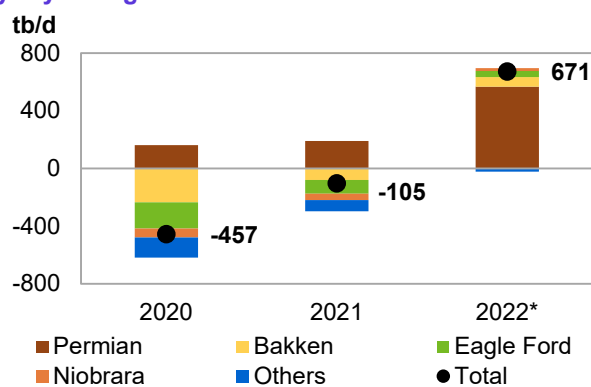
Production in the Niobrara, following an estimated decline of 44 tb/d this year, is likely to grow by 19 tb/d y-o-y in 2022, to average 0.43 mb/d. Other shale plays are expected to show marginal declines totalling 23 tb/d in 2022, given current drilling activities.

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

US tight oil	Change		Change		Change	
	2020	2020/19	2021	2021/20	2022*	2022/21
Permian tight	3.90	0.16	4.09	0.19	4.66	0.57
Bakken shale	1.18	-0.23	1.10	-0.08	1.17	0.07
Eagle Ford shale	1.05	-0.18	0.96	-0.10	1.00	0.04
Niobrara shale	0.45	-0.06	0.41	-0.04	0.43	0.02
Other tight plays	0.73	-0.14	0.66	-0.08	0.63	-0.02
Total	7.33	-0.46	7.22	-0.11	7.89	0.67

Note: * 2021 = Estimation and 2022 = Forecast. Source: OPEC.

Graph 5 - 10: US tight crude output by shale play, y-o-y changes



Note: * 2021 = Estimation and 2022 = Forecast. Sources: EIA, Rystad Energy and OPEC.

US tight crude saw a contraction of 457 tb/d in 2020 and it is estimated to have declined by 105 tb/d y-o-y in 2021. For 2022, production is forecast to expand by 671 tb/d to average 7.9 mb/d.

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

Total **US active drilling rigs** was unchanged at 650 rigs in the week ending 4 March, which is 247 more rigs than a year ago. The number of active offshore rigs was steady w-o-w at 12, two rigs lower than in 2021. Moreover, 635 rigs (oil and gas) were active onshore, steady w-o-w, and were three in inland waters.

The US horizontal rig count rose by two rigs w-o-w to 595 rigs, compared to 362 horizontal rigs a year ago. The number of drilling rigs for oil dropped by three to 519, while gas rigs climbed w-o-w by three to 130.

Overall, in all major basins the number of rigs did not drop, except for the Ardmore and Arkoma in Wood Ford, as well as the oil part of the Haynesville basin, which dropped by one rig on the weekly count.

While the rig count in the Permian increased by one w-o-w to 310 rigs, the number of active rigs remains unchanged at 33 in the Williston, 45 in the Eagle Ford, 28 in Cana Woodford and 14 in the DJ-Niobrara basins. Three rigs also have been operating in the Barnett basin for four consecutive weeks.

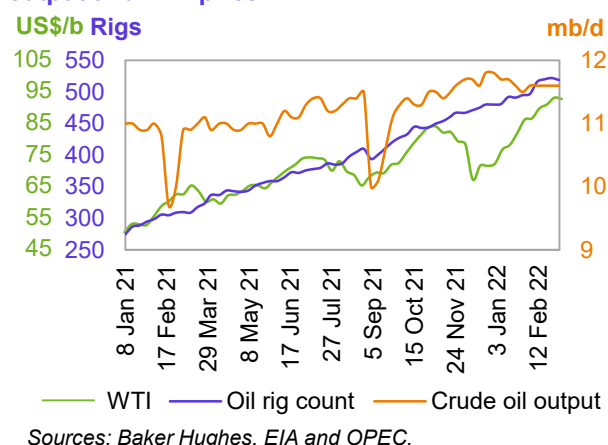
Drilling and completion (D&C) activities for spudded, completed and started wells in all US shale plays, based on the EIA DPR regions, saw 814 horizontal wells spudded in January 2022 (as per preliminary data), up by 119 m-o-m, and 52% higher than in January 2021.

In January 2022, preliminary data indicates a higher number of completed wells at 687, up by 43%, y-o-y. Moreover, a considerable number of started wells were estimated at 1,033, which is 2.3 times higher than in January 2021. Preliminary data for February estimates 488 spudded, 353 completed and 395 started wells.

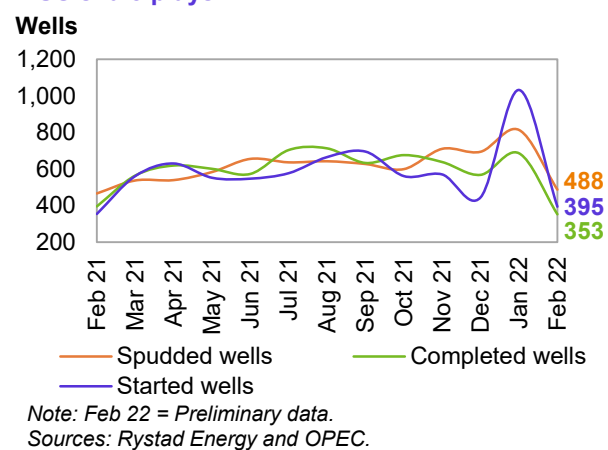
In terms of identified **US oil and gas fracking operations** by region, Rystad Energy reported that after the highest number of fracked wells seen since March 2020, with 1,098 fracked in October 2021, 716 and 655 wells started to frack in January and February, respectively. This preliminary number is based almost exclusively on analysis of high-frequency satellite data.

Preliminary data on fracking in February shows that 147 and 159 wells were fracked in the Permian Midland Tight and Permian Delaware Tight, respectively. In comparison with January, there was a drop of 52 wells fracked in the Midland and a decline of 40 wells fracked in the Delaware tight, according to preliminary data. Data also indicated that 33 wells were fracked in the DJ Basin, 59 in the Eagle Ford and 39 in the Bakken in February.

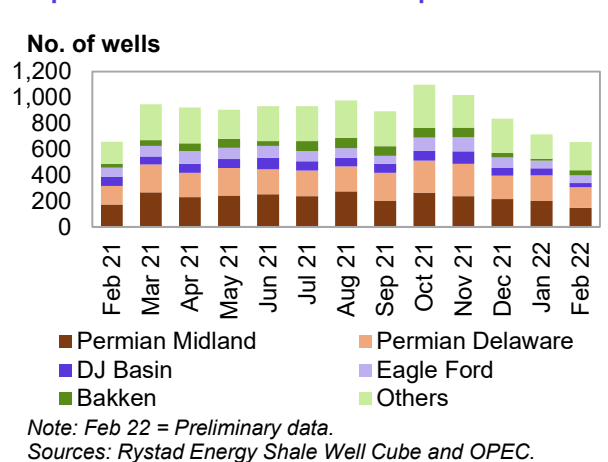
Graph 5 - 11: US weekly rig count vs. US crude oil output and WTI price



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



Graph 5 - 13: Fracked wells count per month



Canada

Canada's liquids production in January is estimated to have dropped m-o-m by 132 tb/d to average 5.41 mb/d.

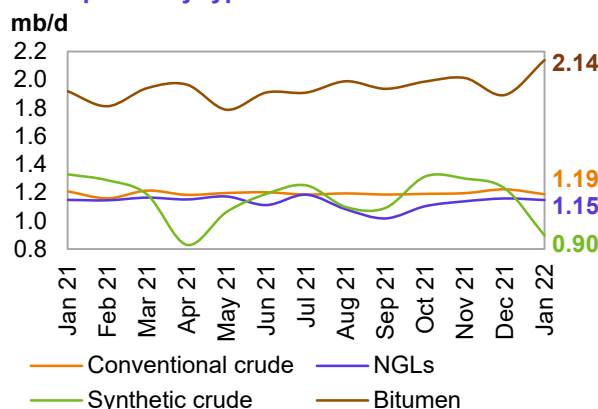
Crude bitumen production increased by 248 tb/d while synthetic crude output declined by 334 tb/d. Taken together, crude bitumen and synthetic crude output fell by 86 tb/d to 3.04 mb/d and production of conventional crude was also down by 35 tb/d at an average of 1.19 mb/d. At the same time, production of NGLs decreased slightly m-o-m by 11 tb/d to average 1.15 mb/d.

The output drop in crude bitumen and synthetic crude in January was mainly due to freezing weather and winter outages in oil sands operations, which affected crude production. Cold weather and additional turnarounds in sand mine facilities are expected to impact 1Q22 production rates.

Lower-than-forecast monthly liquids output throughout 4Q21 has necessitated a slight downward revision of 9 tb/d to Canadian liquids supply for **2021**. Growth is now at 0.3 mb/d for a yearly average of 5.47 mb/d.

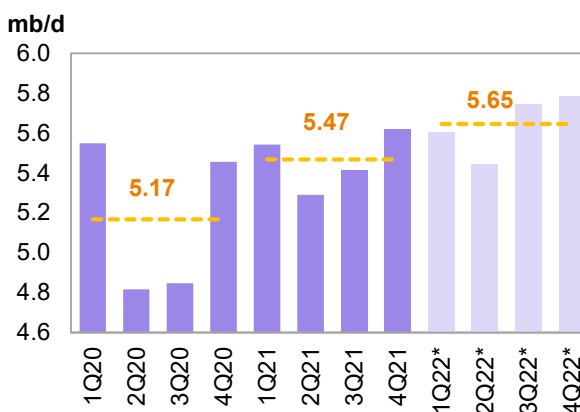
For **2022**, Canada's liquids production is forecast to increase at a slower pace compared with 2021 rising by 0.18 mb/d to average 5.65 mb/d. This has been revised up by a minor 7 tb/d from last month's report. Lower production in 1Q22 is projected to be compensated by the rest of the year on the back of higher oil prices and investment in oil sands basins.

Graph 5 - 14: Canada's monthly liquids production development by type



Sources: National Energy Board and OPEC.

Graph 5 - 15: Canada's quarterly liquids production and forecast



Note: * 1Q22-4Q22 = Forecast. Source: OPEC.

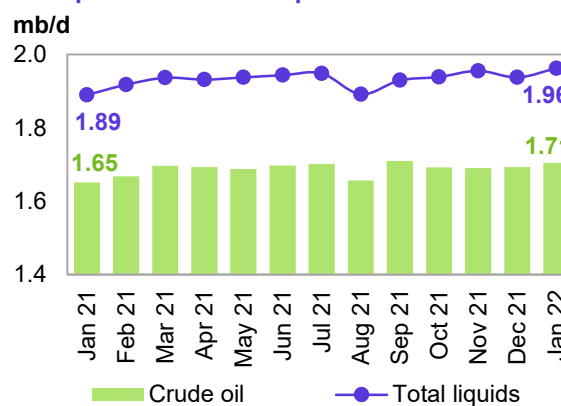
Mexico

Mexico's crude output rose slightly in **January** by 11 tb/d to average 1.71 mb/d. NGLs output increased by 14 tb/d. Therefore, Mexico's total liquids output in January increased by 24 tb/d m-o-m, to average 1.96 mb/d.

For **2021**, liquids production in Mexico is estimated to have grown by 0.01 mb/d to average 1.93 mb/d, unchanged from the previous assessment.

For **2022**, growth is forecast at 0.03 mb/d to average 1.96 mb/d. Pemex' total crude production in mature fields continues to decline, while the foreign-operated field output is expected to rise. The Pokoch and Ichalkil fields, two relatively small fields, started production in November and December 2021, respectively.

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



Sources: PEMEX and OPEC.

OECD Europe

Norway

Norwegian liquids production in January declined by 0.12 mb/d m-o-m to average 1.97 mb/d.

Norway's oil output dropped significantly in January after crude volumes hit 11-year highs in December 2021. Crude production fell by 113 tb/d m-o-m to average 1.74 mb/d, down by 84 tb/d y-o-y, which is 2.3% lower than the Norwegian Petroleum Directorate's (NPD) forecast. Production of NGLs and condensates marginally declined by 9 tb/d m-o-m to average 0.23 mb/d, according to the NPD data.

For **2021**, Norway's liquids supply growth is estimated to have expanded by 31 tb/d to average 2.03 mb/d.

For **2022**, Norway's liquids production is expected to grow by 0.13 mb/d to average 2.13 mb/d, revised down by 26 tb/d from last month's assessment. This

downward revision was mainly because of January production outages. While the NPD did not explain the January drop, output is expected to resume growth in February and beyond before some maintenance season curtailment. The main boost is projected to be in 4Q22 when the second phase of the Johan Sverdrup field development starts up production.

UK

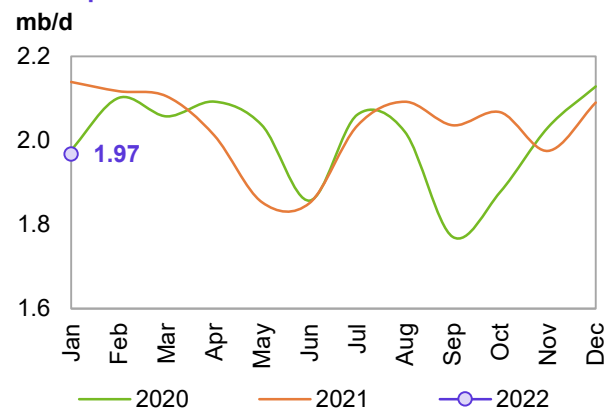
UK liquids production increased in January by 10 tb/d m-o-m to average 0.92 mb/d.

Crude oil output increased slightly by 8 tb/d m-o-m to average 0.79 mb/d, according to official data, but was down by 127 tb/d y-o-y. NGLs output also rose marginally m-o-m by 2 tb/d in January to average 94 tb/d.

For **2021**, UK liquids production is estimated to have contracted by 0.16 mb/d to average 0.91 mb/d.

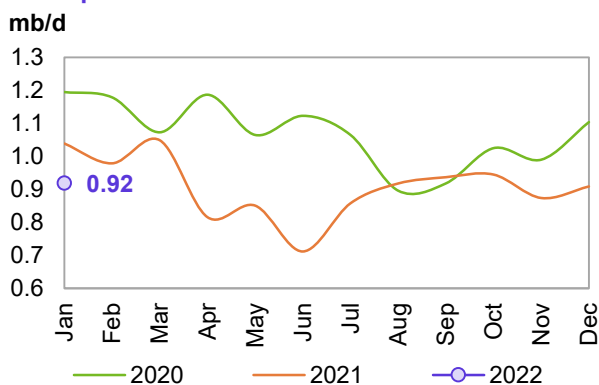
For **2022**, UK liquids production is forecast to grow by a minor 0.01 mb/d to average 0.92 mb/d, following two consecutive years of heavy declines. Lower investment levels and poor mature reservoir performance have been the cause of weak growth.

Graph 5 - 17: Norway's monthly liquids production development



Sources: NPD and OPEC.

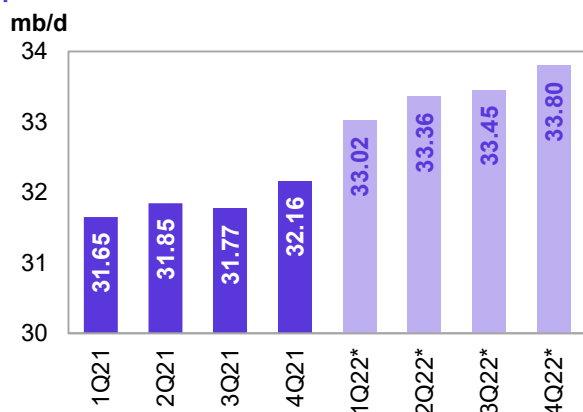
Graph 5 - 18: UK monthly liquids production development



Sources: Department of Energy & Climate Change and OPEC.

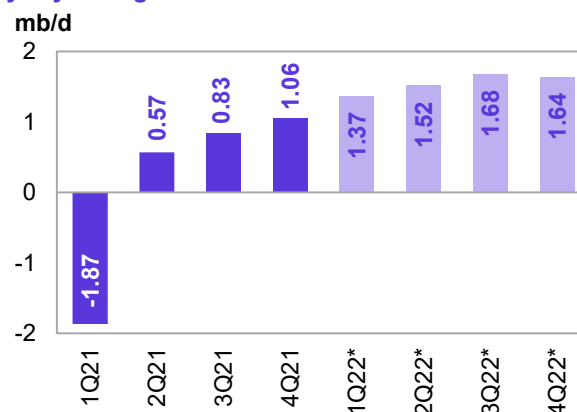
Non-OECD

Graph 5 - 19: Non-OECD quarterly liquids production and forecast



Note: * 1Q22-4Q22 = Forecast. Source: OPEC.

Graph 5 - 20: Non-OECD quarterly liquids supply, y-o-y changes

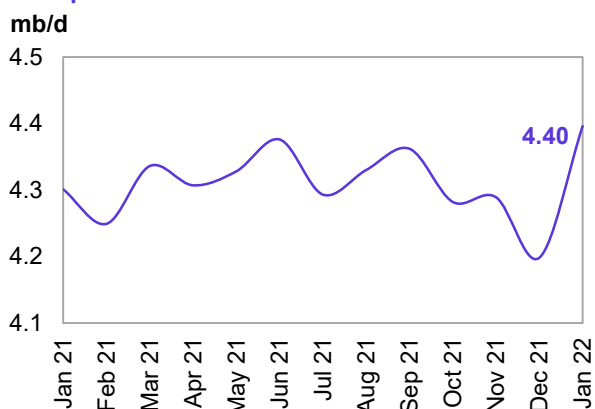


Note: * 1Q22-4Q22 = Forecast. Source: OPEC.

China

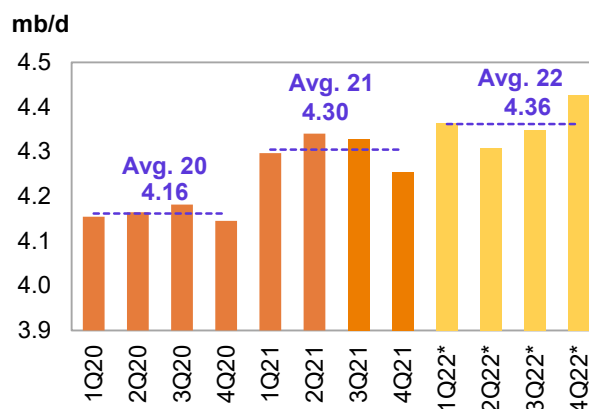
China's liquids production rose by 0.2 mb/d m-o-m in **January** to average 4.4 mb/d, which was up by 95 tb/d y-o-y, according to official data. Crude oil output in January increased by 0.2 mb/d to average 4.08 mb/d, higher by 83 tb/d y-o-y.

Graph 5 - 21: China's monthly liquids production development



Sources: CNPC and OPEC.

Graph 5 - 22: China's quarterly liquids production and forecast



Note: * 1Q22-4Q22 = Forecast. Sources: CNPC and OPEC.

For **2021**, China's liquids supply is estimated to have grown by 0.14 mb/d y-o-y, to average 4.3 mb/d. For **2022**, growth of 0.06 mb/d is forecast, for an average of 4.36 mb/d.

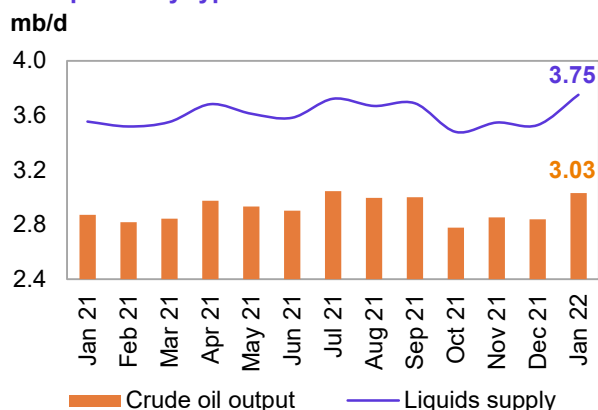
Natural decline rates are expected to be offset by investments by Chinese companies. According to the Offshore magazine, CNOOC expects to bring on stream 13 new projects, including the Bozhong 29-6 oilfield development, Kenli 6-1 oilfield block 5-1, 5-2, 6-1, and the Enping 15-1/10-2/15-2/20-4 oilfields as joint developments in China's offshore.

Latin America

Brazil

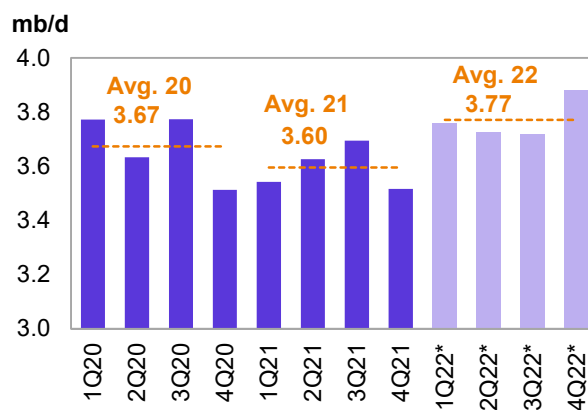
Brazil's crude output in **January** increased by 194 tb/d m-o-m to average 3.03 mb/d. NGLs production remained broadly unchanged at an average of 97 tb/d and this is expected to remain flat in February. Biofuel output (mainly ethanol) rose by 29 tb/d m-o-m in January to average 623 tb/d, while preliminary data shows that it is also expected to remain flat in February. Therefore, in January, total liquids production increased by 223 tb/d to average 3.75 mb/d, which was higher by 0.2 mb/d y-o-y.

Graph 5 - 23: Brazil's monthly liquids production development by type



Sources: ANP, Petrobras and OPEC.

Graph 5 - 24: Brazil's quarterly liquids production



Note: * 1Q22-4Q22 = Forecast. Sources: ANP and OPEC.

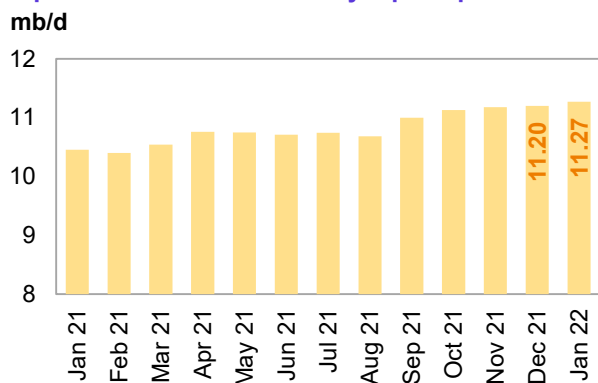
Liquids supply for **2021** is estimated to have averaged 3.60 m/d, a decline of 0.08 mb/d y-o-y.

For **2022**, Brazil's liquids supply, including biofuels, is forecast to increase by 0.18 mb/d y-o-y to average 3.77 mb/d, revised down by a minor 6 tb/d, mainly due to an expected decline of 25 tb/d in 1Q22. Crude oil production is expected to rise through two projects: Mero-1 (FPSO Guanabara), which was initially planned to start in 2021, and the Sepia ramp-up in the Santos basin. The FPSO Guanabara, with processing capacity of 180,000 b/d of oil and 12 MMcm/d of gas, has arrived at the Mero field in the Libra block in the pre-salt Santos basin offshore Brazil, according to Petrobras. This is the first of four definitive FPSOs set to operate at Mero, which is the third largest pre-salt field in Brazil. Production is expected to start in the first half of 2022, according to Offshore magazine.

Russia

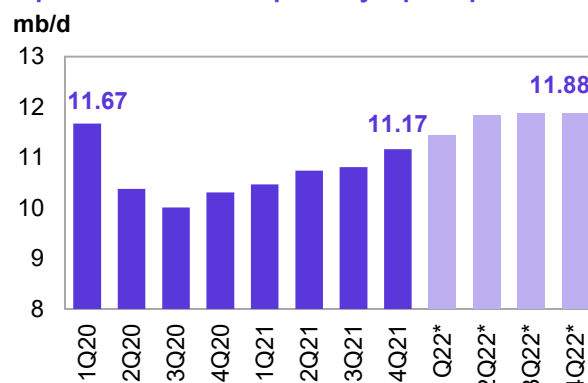
Russia's liquids production in January rose m-o-m by 72 tb/d to average 11.27 mb/d. This includes 10.04 mb/d of crude oil and condensate and 1.23 mb/d of NGLs. A preliminary estimate for Russia's crude and condensate production in February 2022 based on the Ministry of Energy's production data shows an expected increase of 80 tb/d m-o-m to average 10.12 mb/d, while NGLs remain flat.

Graph 5 - 25: Russia's monthly liquids production



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

Graph 5 - 26: Russia's quarterly liquids production



Note: * 1Q22-4Q22 = Forecast. Sources: Nefte Compass and OPEC.

Annual liquids production in **2021** is estimated to have increased by 0.2 mb/d y-o-y to average 10.80 mb/d.

For **2022**, Russian liquids output is expected to increase by 0.96 mb/d to average 11.76 mb/d, unchanged from the previous assessment. However, it should be noted that this forecast is subject to very high uncertainty, given the current geopolitical developments. The 1Q22 forecast was reduced by 46 tb/d due to lower-than-expected actual January production.

Caspian

Kazakhstan & Azerbaijan

Liquids output in Kazakhstan declined slightly by 23 tb/d to average of 1.99 mb/d in **January**. Kazakhstan crude production declined by 37 tb/d m-o-m in January to average 1.6 mb/d, following the highest output reached since April 2020 in December 2021. Production of NGLs inched up by 14 tb/d m-o-m in January to average 0.39 mb/d.

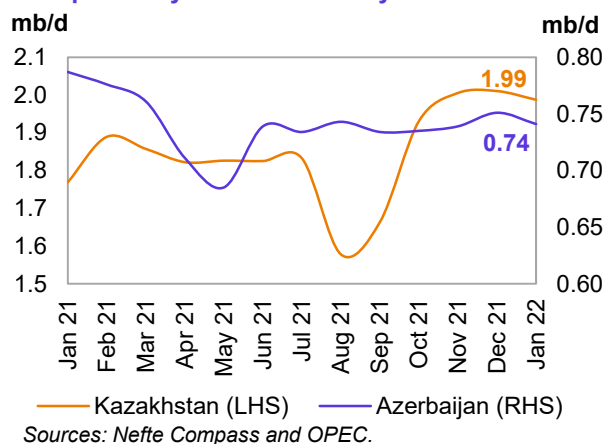
Kazakhstan's liquids supply forecast for **2021** is estimated to have averaged 1.84 mb/d, higher by 0.01 mb/d y-o-y, while for **2022**, liquids supply is forecast to grow by 0.15 mb/d to average 1.99 mb/d.

Azerbaijan's liquids production in January dropped slightly m-o-m by 0.01 mb/d to average 0.74 mb/d, down by 0.05 mb/d y-o-y. Crude production declined by 10 tb/d m-o-m to average 590 tb/d. NGLs output held steady at 150 tb/d, according to official sources. Most of the decline in crude oil output was offset by higher condensate production from the Shah Deniz offshore field.

Azerbaijan's liquids production is expected to increase in February 2022 to average 0.82 mb/d.

For **2021**, liquids supply is estimated to have grown by 0.01 mb/d y-o-y to average 0.74 mb/d, while for **2022**, y-o-y growth of 0.08 mb/d is forecast for an average of 0.82 mb/d.

Graph 5 - 27: Caspian monthly liquids production development by selected country



OPEC NGLs and non-conventional oils

OPEC NGLs and non-conventional liquids in 2021 are estimated to have grown by 0.1 mb/d, to average 5.14 mb/d.

Production of OPEC NGLs and non-conventional oils have declined from 5.35 mb/d in 2Q18. In 2021, output increased from 5.1 mb/d in 1Q to 5.18 mb/d in 4Q.

Preliminary output of NGLs in the first two months of 2022 is estimated to have been flat at 5.12 mb/d, while OPEC non-conventionals remained steady at 0.11 mb/d.

For **2022**, OPEC NGLs and non-conventional liquids production is forecast to grow by 0.13 mb/d to average 5.27 mb/d.

Graph 5 - 28: OPEC NGLs and non-conventional liquids quarterly production and forecast

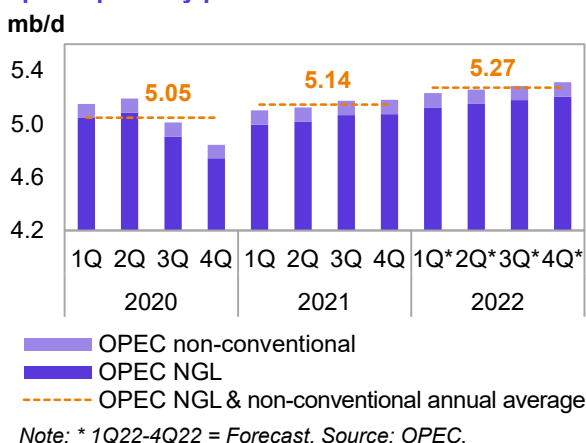


Table 5 - 6: OPEC NGL + non-conventional oils, mb/d

OPEC NGL and non-conventional oils	Change		Change							Change
	2020	20/19	2021	21/20	1Q22	2Q22	3Q22	4Q22	2022	22/21
OPEC NGL	4.94	-0.18	5.04	0.09	5.12	5.15	5.18	5.20	5.16	0.13
OPEC non-conventional	0.10	0.01	0.11	0.00	0.11	0.11	0.11	0.11	0.11	0.00
Total	5.05	-0.17	5.14	0.10	5.23	5.26	5.29	5.31	5.27	0.13

Note: 2021 = Estimation and 2022 = Forecast. Source: OPEC.

OPEC crude oil production

According to secondary sources, total **OPEC-13 crude oil production** averaged 28.47 mb/d in February 2022, higher by 0.44 mb/d m-o-m. Crude oil output increased mainly in Saudi Arabia and Libya, while production in Nigeria and Equatorial Guinea declined.

Table 5 - 7: OPEC crude oil production based on secondary sources, tb/d

Secondary sources	2020	2021	2Q21	3Q21	4Q21	Dec 21	Jan 22	Feb 22	Change Feb/Jan
Algeria	897	908	886	922	955	964	973	974	2
Angola	1,248	1,118	1,105	1,107	1,124	1,164	1,151	1,175	23
Congo	288	263	261	258	263	266	257	271	15
Equatorial Guinea	115	100	106	99	88	100	94	84	-9
Gabon	195	186	186	186	189	205	183	197	14
IR Iran	1,988	2,405	2,440	2,480	2,480	2,482	2,502	2,546	44
Iraq	4,049	4,024	3,940	4,053	4,219	4,273	4,231	4,268	36
Kuwait	2,430	2,415	2,356	2,445	2,528	2,551	2,578	2,610	32
Libya	367	1,148	1,151	1,154	1,114	1,053	1,002	1,107	105
Nigeria	1,579	1,373	1,424	1,334	1,322	1,279	1,427	1,417	-10
Saudi Arabia	9,182	9,091	8,502	9,536	9,862	9,949	10,053	10,193	141
UAE	2,802	2,718	2,644	2,762	2,853	2,879	2,925	2,951	26
Venezuela	500	558	513	538	667	718	658	680	21
Total OPEC	25,640	26,309	25,516	26,872	27,666	27,883	28,033	28,473	440

Notes: Totals may not add up due to independent rounding, given available secondary sources to date. Source: OPEC.

Table 5 - 8: OPEC crude oil production based on direct communication, tb/d

Direct communication	2020	2021	2Q21	3Q21	4Q21	Dec 21	Jan 22	Feb 22	Change Feb/Jan
Algeria	899	911	886	924	958	966	977	978	1
Angola	1,271	1,124	1,125	1,114	1,122	1,150	1,193	1,158	-35
Congo	300	267	265	266	260	257	275	260	-15
Equatorial Guinea	114	94	99	94	79	85	96	95	-1
Gabon	207	181	179	180	183	189	199	195	-4
IR Iran	..	..	..	..	..	..	..	..	..
Iraq	3,997	3,971	3,890	3,979	4,167	4,225	4,162	4,260	98
Kuwait	2,438	2,415	2,355	2,447	2,528	2,549	2,584	2,612	28
Libya	389	1,207	1,213	1,220	1,182	1,092	1,075	1,220	145
Nigeria	1,493	1,312	1,343	1,270	1,233	1,197	1,399	1,258	-141
Saudi Arabia	9,213	9,125	8,535	9,565	9,905	10,022	10,145	10,225	80
UAE	2,779	2,718	2,645	2,758	2,854	2,878	2,924	2,954	30
Venezuela	569	636	556	635	817	871	755	788	33
Total OPEC	..	..	..	..	..	..	..	..	..

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

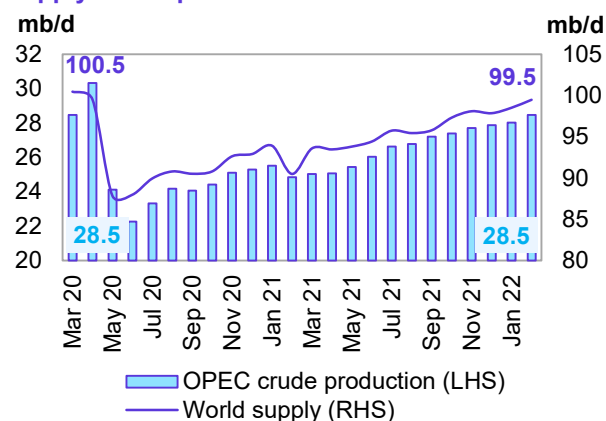
World oil supply

Preliminary data indicates that **global liquids production in February** increased by 0.96 mb/d to average 99.50 mb/d compared with the previous month.

Non-OPEC liquids production (including OPEC NGLs) is estimated to have increased in February by 0.52 mb/d compared with the previous month to average 71.03 mb/d, higher by 5.38 mb/d y-o-y. Preliminary estimated increases in production during February were mainly driven from Canada and Norway by 0.34 mb/d, due to the outages removal and better weather conditions.

The **share of OPEC crude oil in total global production** increased by 0.2 pp to 28.6% in February compared with the previous month. Estimates are based on preliminary data from direct communication for non-OPEC supply, OPEC NGLs and non-conventional oil, while estimates for OPEC crude production are based on secondary sources.

Graph 5 - 29: OPEC crude production and world oil supply development



Product Markets and Refinery Operations

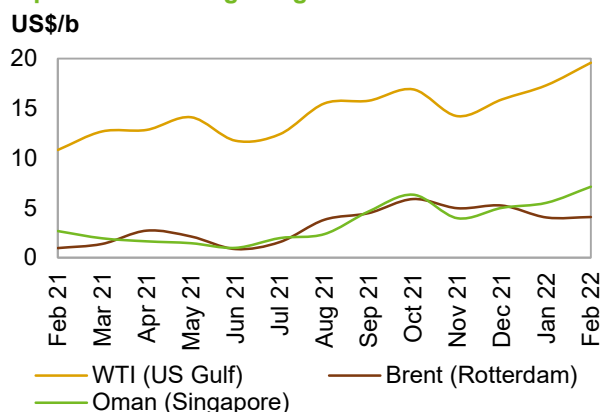
In February, refinery margins on all main trading hubs improved, reflecting fuel supply-side dynamics over an already increasingly tight global product balance, while the softening of COVID-19 related restrictions has led to firm fuel consumption levels and further contributed to a stronger product market. Most product prices in all regions soared. This helped lift product crack spreads, in response to a contraction in product outputs due to rising offline capacity as a result of planned and unplanned refinery shutdowns. Moreover, the impact of potential sanctions on Russian product exports, in light of the escalation of geopolitical tensions in Eastern Europe, amid soaring crude prices likely added to the surge in product prices, although most of the impact is yet to manifest on product fundamentals in the near term.

In the immediate near term, refinery intakes are expected to decline further, which could further exacerbate the global product shortage and boost product prices upwards.

Refinery margins

US Gulf Coast (USGC) refining margins against WTI trended upwards for the third consecutive month to reach a new post pandemic high. Product output restrictions in some parts of the US were affected by a winter storm early-February with an estimated 800 tb/d of PADD-3 refining capacity temporarily going offline amid the onset of the heavy refinery maintenance season. These events contributed to a downturn in gasoline inventory levels during the second half of the month following the notable recovery seen in January and early February, and led to a worsening of the already tight product balance. According to preliminary estimates, US refinery intakes in the US declined by around 190 tb/d in February relative to the previous month.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

US refinery intake is expected to decline further in the coming month in line with a rise in planned maintenance schedules, which could lead to continued upside potential in refining economics in the near term. USGC margins against WTI averaged \$19.56/b in February, up by \$2.26 m-o-m and by \$8.74/b y-o-y.

Refinery margins in **Northwest Europe against Brent** exhibited modest improvement, with a positive performance seen in the gasoline and gasoil markets, as higher prices for the same fuels provided a lift to their crack spreads. An improvement in regional transport fuel consumption as some European countries decided to alleviate the pandemic-related restrictions provided support to product markets in Europe. In addition, emergency gasoline requirements from Nigeria following the discovery of a methanol-contaminated gasoline cargo further helped materialize the mild positive performance in European refining economics. However, weaker jet fuel demand as well as a decline in fuel oil requirements to the Middle East prevented a better outcome in European product markets over the month. European refinery run rates in February declined slightly by 60 tb/d m-o-m, according to preliminary data, while strong diesel crack spreads continued to encourage a push for higher diesel yields to increase profits. Refinery margins against Brent in Europe averaged \$4.09/b in February, moderately up by 5¢ compared with a month earlier but up by \$3.13 y-o-y.

In **Singapore, margins against Oman** showed solid gains, supported by positive fuel market performance all across the barrel with the exception of fuel oil, with strong regional product demand amid still suppressed product deliveries from China. The overall change in Asian refinery intake was estimated to be 140 tb/d lower relative to the previous month. State-controlled refineries in India operated at higher or full capacity in February with strong product crack spreads encouraging fuel exports amid a pick-up in diesel and gasoline requirements, as driving activities showed improvement during the month relative to January levels. Going forward, following the pressures witnessed in January due to Covid-19 related restrictions, fuel consumption levels are expected to show positive growth in the coming months. Moreover, the geopolitical tensions between Russia and Ukraine is projected to further incentivize Asia refiners to increase processing rates to compensate for the downturn in Russian product purchases due to concerns over sanctions. Refinery margins against Oman in Asia gained \$1.62 m-o-m to average \$7.14/b in February, higher by \$4.46 y-o-y.

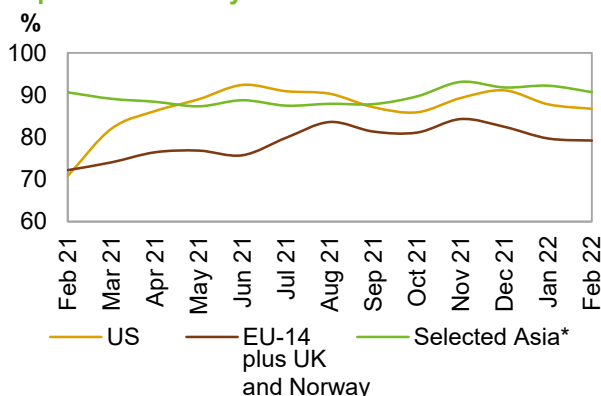
Refinery operations

US refinery utilization rates decreased in February to average 86.7%, which corresponds to a throughput of 15.72 mb/d. This represented a drop of 1.1 pp and 190 tb/d, respectively, compared with the previous month. Y-o-y, the February refinery utilization rate was up by 15.9 pp, with throughput showing a rise of 2.9 mb/d.

European refinery utilization averaged 79.2%, corresponding to a throughput of 9.33 mb/d. This is a m-o-m decline of 0.5 pp or 60 tb/d. On a y-o-y basis, utilization rates increased by 7.0 pp, while throughput was up by 639 tb/d.

In **selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates rose to average 90.7% in February, corresponding to a throughput of 26.16 mb/d. Compared with the previous month, utilization rate was down by 1.5 pp while throughput was down by 140 tb/d. Meanwhile, utilization rate remained flat y-o-y but throughput was up by 355 tb/d.

Graph 6 - 2: Refinery utilization rates



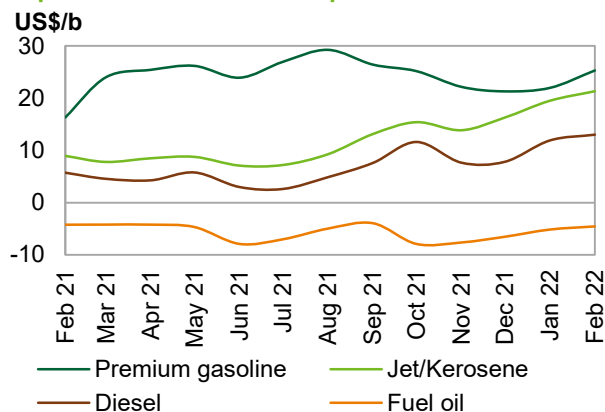
Note: * China, India, Japan, Singapore and South Korea.
Sources: Argus, EIA, Euroilstock, PAJ and OPEC.

Product markets

US market

USGC gasoline crack spreads rose further for the second consecutive month, supported both by supply and demand-side dynamics, as strong recovery in fuel requirements outpaced product supplies in the country. US gasoline inventory levels eased in the second half of the month, due to the impact of unplanned refinery outages attributed to a winter storm and the onset of peak refinery maintenance season. Moreover, gasoline prices averaged \$116.98/b, a new multi-year record in February, which was higher by \$11.88 m-o-m, and by \$41.62 y-o-y, as deliveries of domestic and foreign supplies failed to keep pace with demand. The USGC gasoline crack spread gained \$3.34 m-o-m to average \$25.28/b in February, and was up by \$9.00 y-o-y.

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



Sources: Argus and OPEC.

USGC jet/kerosene crack spreads extended the upward trend seen in the previous month in response to a reduction in refinery outputs. The decline in jet fuel/kerosene production which proved to be supportive, on the demand-side, jet fuel requirements also showed improvement. Air passenger throughput in the US recorded a notable rise, on a per day basis, m-o-m, although they still remained 20% below 2019 levels, according to JBC Energy calculations based on TSA. Going forward, leading up to the summer season, jet fuel markets are expected to respond positively to upside potential in air travel activity, which should add support the middle distillates crack spreads in the coming months. The US jet/kerosene crack spread against WTI averaged \$21.32/b, up by \$1.83 m-o-m and higher by \$12.38 y-o-y.

The **USGC gasoil crack spread** against WTI exhibited notable gains, as diesel prices rose further, adding a \$9.65 m-o-m, albeit this change was more subdued relative to the massive \$15.38 m-o-m price rise witnessed in the previous month. US gasoil price averaged \$104.70 in February and reached its new highest level in more than five years. Compared to the previous month, diesel stepped down from being the strongest margin contributor across the barrel in January to being the third largest contributor following gasoline and jet fuel. Positive global manufacturing and industrial indicators amid the worsening global diesel balance tightness likely provided further support to the US gasoil market. The US gasoil crack spread against WTI averaged \$13.00/b, up by \$1.11 m-o-m and \$7.29 y-o-y.

USGC **fuel oil crack spreads** against WTI rose in February, supported by a combination of supply- and demand-side factors. Inventory drawdowns, as well as fuel oil demand for feedstock blending amid the high crude prices contributed to the positive performance. Going forward, fuel oil markets are expected to benefit from the prevailing need for fuel oil conversion to gasoil to replenish gasoil stock levels. In February, the US fuel oil crack spread against WTI averaged minus \$4.57/b, higher by 60¢ m-o-m, but lower by 32¢ y-o-y.

European market

Gasoline crack spreads showed moderate signs of recovery following the poor performance seen a month earlier, backed by firm regional demand while an emergency order for gasoline barrels from west Africa lent further support. Expectations of higher mobility activities going forward point to continued downward pressure on gasoline stock levels in the near term which should be supportive to European gasoline markets in the coming month. The gasoline crack spread against Brent averaged \$16.11/b in February, up by 25¢ m-o-m, and by \$7.63 y-o-y.

In February, **jet/kerosene crack spreads** trended downwards from the robust performance seen in the previous month, as demand-side factors remained nearly unchanged m-o-m. Air travel activities in

Europe failed to show any significant upside over the month contributing to relative healthy jet/kerosene availability in the region. The Rotterdam jet/kerosene crack spread against Brent averaged \$12.59/b, down by \$2.31 m-o-m but up by \$8.37 y-o-y.

Gasoil 10 ppm crack spreads rose further as European diesel market structure remained strongly backwardated in February. The regional and global diesel tightness continued to worsen while gasoil requirements from the manufacturing and industrial sectors remained well sustained. Gasoil prices rose to \$112.77/b compared with \$101.18/b (+11%) in the previous month and \$67.89/b (+40%) same time last year, and reached a new multi-year pre-COVID-high. The gasoil crack spread against Brent averaged \$14.76/b, which was higher by 19¢ m-o-m and by \$9.10 y-o-y.

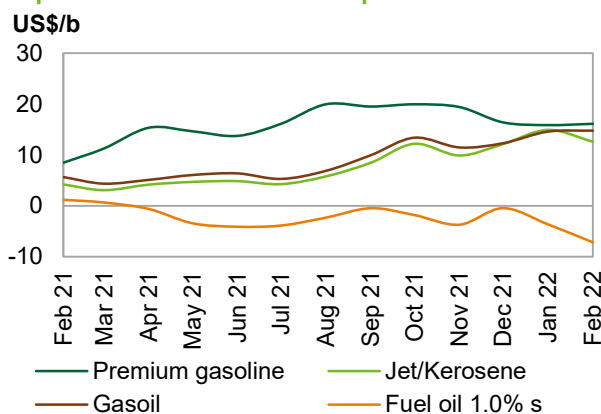
At the bottom of the barrel, **fuel oil 1.0% crack spreads** declined for the second consecutive month, and headed deeper into negative territory. Weak fluid catalytic cracking margins likely weighed on fuel oil processing rates, and led to higher volume availability of the residual fuel. However, prices for the same product rose considerably in response to higher crude prices amid a more bullish market sentiment triggered by concerns over sanctions on Russian fuel oil exports. Moreover, fuel oil exports from Europe were limited as high sulphur fuel oil demand for power generation from the Middle East weakened over the month. In Europe, fuel oil cracks averaged minus \$7.18/b in February, having lost \$3.54 m-o-m and \$8.37 y-o-y.

Asian market

The **Asian gasoline 92 crack spread** increased backed by a further rise in consumption levels within the region, particularly in India, despite prevailing concerns surrounding COVID-19 variants.

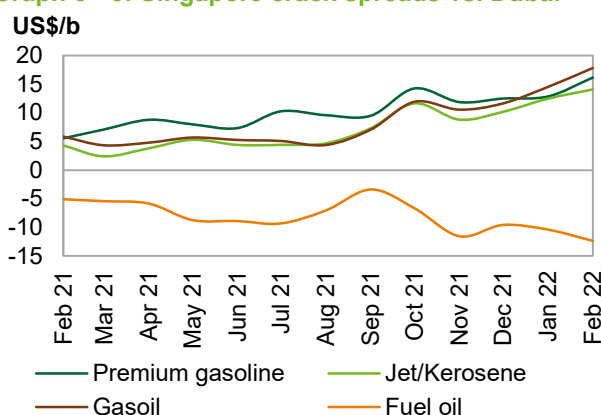
The celebration of the Lunar New Year festivities in some countries of the region likely provided further support. Moreover, the still suppressed Chinese gasoline exports continue to weigh largely on gasoline availability in the region, which provided support to the Asian gasoline complex. The Singapore gasoline crack spread against Oman in February averaged \$16.15/b, up by \$3.31 m-o-m and up by \$10.62 y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Sources: Argus and OPEC.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

Asia **naphtha crack spreads** rebounded from the downturn seen in the previous and strengthened considerably supported by surging naphtha prices in Asia with viable alternative for Russian naphtha supplies flowing into the region seeming limited in the near term. The Singapore naphtha crack spread against Oman averaged \$3.64/b, having increased by \$2.42 m-o-m, and \$2.62 y-o-y.

In the middle of the barrel, **jet/kerosene crack spreads** trended upwards supported by a sharp uptick in international flight bookings, while both Vietnam and Bali reopened their borders to international air travel. However, the less-than-expected kerosene demand for space heating purposes prevented due to mild weather in Japan prevented a further lift in the regional jet/kerosene market. The Singapore jet/kerosene crack spread against Oman averaged \$14.06/b, up by \$1.62 m-o-m and by \$9.74 y-o-y.

The Singapore **gasoil crack spread** soared to a record breaking high reflective of strong regional demand, firm industrial and manufacturing activity as well as a contraction in gasoil availability in the region amid expectations for an even tighter market going forward. The Singapore gasoil crack spread against Oman averaged \$17.80/b, up by \$3.30 m-o-m and up by \$11.93 y-o-y.

The Singapore **fuel oil 3.5% crack spread** saw an extension of its downturn trajectory pressured by weaker fundamentals as strong high sulphur fuel oil availability in the region amid seasonally lower demand weighed on HSFO markets. The Lunar New Year holidays during the month and ample supplies from the Middle East likely contributed the decline in HSFO bunker sales activities registered over the month. Going forward, should LNG prices in Asia continue to rise as witnessed over the month, an upside potential in fuel oil markets could be expected with a potential for renewed focus on fuel oil as feedstock for the South Asian utilities sector in the near term. Singapore fuel oil cracks against Oman averaged minus \$12.33/b, down by \$1.96 m-o-m and lower by \$7.24 y-o-y.

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

Event	Time frame	Asia	Europe	US	Observations
Geopolitical tension	Mar 22– Apr 22	↑ Positive impact on product markets	↑ Positive impact on product markets	↑ Positive impact on product markets	The loss in product supplies in the immediate near term could support: 1. Refinery intakes within and outside the region 2. Fuel oil requirements for feedstock blending 3. Upward pressure on product prices
End of heavy turnaround season	May 22– Jul 22	↓ Negative impact on product markets	↓ Negative impact on product markets	↓ Negative impact on product markets	The expected rise in product output after peak turnarounds should lead to recovery in global product inventory levels, and relief fuel prices.
Summer season	May 22– Sep 22	↑ Positive impact on product markets	↑ Positive impact on product markets	↑ Positive impact on product markets	Mobility is expected to increase further which should boost trans fuel recovery, which consequently points to product tightness over the summer months.

Source: OPEC.

Product Markets and Refinery Operations

Table 6 - 2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				Refinery utilization, %			
	Dec 21	Jan 22	Feb 22	Change Feb/Jan	Dec 21	Jan 22	Feb 22	Change Feb/Jan
US	16.28	15.91	15.72	-0.19	91.10	87.79	86.74	-1.1 pp
Euro-14, plus UK and Norway	9.71	9.39	9.33	-0.06	82.46	79.70	79.22	-0.5 pp
France	0.78	0.78	0.76	-0.02	67.77	67.51	66.01	-1.5 pp
Germany	1.88	1.79	1.77	-0.02	91.69	87.25	86.25	-1.0 pp
Italy	1.25	1.18	1.19	0.01	65.58	61.95	62.41	0.5 pp
UK	1.03	0.92	0.92	0.01	87.98	78.26	78.75	0.5 pp
Selected Asia*	26.18	26.30	26.16	-0.14	91.77	92.19	90.67	-1.5 pp

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

Sources: Argus Media, EIA, Euroilstock, NBS, PAJ and OPEC.

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

Refinery crude throughput	2019	2020	2021	1Q21	2Q21	3Q21	4Q21	1Q22
OECD Americas	18.96	16.54	17.76	16.29	18.18	18.37	18.19	18.17
of which US	16.99	14.72	15.65	14.20	16.17	16.22	16.02	15.90
OECD Europe	12.13	10.64	10.92	10.17	10.65	11.35	11.50	11.44
of which:								
France	1.00	0.67	0.69	0.58	0.65	0.79	0.76	0.78
Germany	1.78	1.72	1.72	1.58	1.66	1.75	1.90	1.78
Italy	1.35	1.11	1.23	1.06	1.24	1.27	1.34	1.24
UK	1.08	0.92	0.92	0.75	0.94	0.99	0.99	0.97
OECD Asia Pacific	6.79	5.89	5.78	5.82	5.49	5.78	6.02	5.96
of which Japan	3.02	2.48	2.49	2.56	2.22	2.51	2.69	2.97
Total OECD	37.88	33.08	34.45	32.28	34.32	35.50	35.71	35.57
Latin America	4.06	3.27	3.42	3.46	3.30	3.45	3.45	3.51
Middle East	6.85	6.02	6.65	6.41	6.39	6.67	7.12	7.10
Africa	1.97	1.81	1.99	2.00	1.99	1.97	2.01	2.05
India	5.04	4.42	4.73	4.93	4.55	4.40	5.02	5.07
China	13.02	13.48	14.07	14.12	14.38	13.76	14.03	14.06
Other Asia	5.13	4.68	4.74	4.54	4.79	4.79	4.85	5.05
Russia	5.70	5.39	5.61	5.55	5.52	5.63	5.75	5.78
Other Eurasia	1.28	1.08	1.23	1.11	1.22	1.35	1.23	1.27
Other Europe	0.56	0.44	0.42	0.41	0.49	0.44	0.34	0.45
Total Non-OECD	43.60	40.61	42.85	42.54	42.62	42.46	43.80	44.32
Total world	81.48	73.68	77.30	74.82	76.93	77.96	79.50	79.89

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

	Jan 22	Feb 22	Change Feb/Jan	Annual avg. 2021	Year-to-date 2022
US Gulf (Cargoes FOB)					
Naphtha*	86.42	95.73	9.31	70.70	91.08
Premium gasoline (unleaded 93)	105.10	116.98	11.88	91.41	111.04
Regular gasoline (unleaded 87)	101.14	112.81	11.67	86.72	106.98
Jet/Kerosene	102.65	113.02	10.37	78.32	107.84
Gasoil (0.2% S)	95.05	104.70	9.65	73.94	99.88
Fuel oil (3.0% S)	74.91	80.02	5.11	59.84	77.47
Rotterdam (Barges FoB)					
Naphtha	85.91	95.37	9.46	70.15	90.64
Premium gasoline (unleaded 98)	102.47	114.12	11.65	85.89	108.30
Jet/Kerosene	101.51	110.60	9.09	77.17	106.06
Gasoil/Diesel (10 ppm)	101.18	112.77	11.59	78.31	106.98
Fuel oil (1.0% S)	82.97	90.83	7.86	69.12	86.90
Fuel oil (3.5% S)	74.28	80.56	6.28	61.38	77.42
Mediterranean (Cargoes FOB)					
Naphtha	84.89	93.90	9.01	69.40	89.40
Premium gasoline**	96.69	108.02	11.33	80.46	102.36
Jet/Kerosene	99.21	108.03	8.82	75.06	103.62
Diesel	99.73	110.21	10.48	77.73	104.97
Fuel oil (1.0% S)	85.58	92.31	6.73	70.51	88.95
Fuel oil (3.5% S)	72.09	77.06	4.97	58.98	74.58
Singapore (Cargoes FOB)					
Naphtha	84.56	95.75	11.19	70.83	90.16
Premium gasoline (unleaded 95)	98.04	110.72	12.68	80.28	104.38
Regular gasoline (unleaded 92)	96.18	108.26	12.08	78.28	102.22
Jet/Kerosene	95.78	106.17	10.39	75.10	100.98
Gasoil/Diesel (50 ppm)	98.99	110.33	11.34	77.36	104.66
Fuel oil (180 cst)	97.43	109.24	11.81	75.71	103.34
Fuel oil (380 cst 3.5% S)	72.97	79.78	6.81	62.07	76.38

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

Sources: Argus and OPEC.

Tanker Market

The dirty tanker market remained at muted levels for much of February, although volatility accelerated at the end of the month as geopolitical developments intervened. Rates remained elevated into March, although coming down somewhat after the first few days.

In monthly terms, average rates for February primarily reflect the amply supplied tanker market, rather than the jump seen toward the end of the month. VLCCs continued to be anchored at historically weak levels, as has been the case since mid-2020. Suezmax and Aframax rates performed better and were slightly higher than in the previous year, registering an improvement m-o-m.

Clean rates were flat to the east but picked up in the Atlantic Basin, with rates in the Med picking up earlier in the month.

The volatility that began at the end of February could potentially result in higher rates in March, with upward pressure concentrated in the Aframax and Suezmax classes, particularly on Med routes. The prospect of ongoing dislocations could result in longer voyages, thus supporting tanker market fundamentals. However, developments remain highly uncertain.

Spot fixtures

The latest estimates show **global spot fixtures** sharply lower in February, averaging of 10.2 mb/d. Fixtures fell 5.1 mb/d, or around 33% m-o-m, amid a seasonal decline and muted buying by China. Compared with the previous year, spot fixtures were down 5.8 mb/d, or 36%.

Table 7 - 1: Spot fixtures, mb/d

Spot fixtures	Dec 21	Jan 22	Feb 22	Change Feb 22/Jan 22
All areas	13.62	15.30	10.23	-5.07
OPEC	9.43	10.34	6.35	-3.99
Middle East/East	5.69	6.88	3.25	-3.63
Middle East/West	0.59	1.01	0.78	-0.23
Outside Middle East	3.15	2.45	2.32	-0.13

Sources: Oil Movements and OPEC.

OPEC spot fixtures also declined m-o-m in February, averaging 6.4 mb/d, a drop of just under 4.0 mb/d or about 39%. Compared with the same month in 2021, they were about 3.6 mb/d, or 36%, lower.

Middle East-to-East fixtures decreased 3.6 mb/d, or more than half, to average 3.3 mb/d. Compared with the same month last year, eastward flows were 2.1 mb/d, or about 40%, higher.

Spot fixtures from the **Middle East-to-West** dropped 0.2 mb/d or 23% m-o-m in February, to average 0.8 mb/d. Y-o-y, rates were down 0.2 mb/d or 16%.

Outside the Middle East, fixtures averaged 2.3 mb/d in February. This represents a 0.1 mb/d, or 5%, decline m-o-m and a drop of 1.3 mb/d or 37% y-o-y.

Sailings and arrivals

OPEC sailings rose by around 0.5 mb/d or 2% m-o-m in February to average 22.6 mb/d. OPEC sailings were 2.5 mb/d, or around 12%, higher compared with the same month of the previous year.

Middle East sailings slipped 0.2 mb/d or just over 1% m-o-m in January to average 16.6 mb/d. Y-o-y, sailings from the region rose 1.7 mb/d, or around 11%, compared with February 2021.

Crude arrivals were mixed in February, with West of Suez arrivals edging higher while those in the East declined. Arrivals in North America were marginally higher, averaging 9.0 mb/d, representing a m-o-m increase of less than 1%, while the y-o-y increase was 1 mb/d or 12%. Arrivals in Europe also edged up slightly to average just under 13 mb/d. This was 2 mb/d, or about 18%, higher than in the same month last year.

In contrast, arrivals in the Far East fell about 0.2 mb/d, or around 1%, m-o-m to average around 14.5 mb/d. Y-o-y, arrivals rose 2 mb/d, or about 16%, higher. In West Asia, arrivals fell m-o-m in February and were down by 0.4 mb/d, or close to 5%, to average 8.1 mb/d. This represented a y-o-y drop of 2.6 mb/d, or around 48%.

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

Sailings				Change
	Dec 21	Jan 22	Feb 22	Feb 22/Jan 22
OPEC	23.60	22.18	22.64	0.46
Middle East	17.62	16.76	16.57	-0.19
Arrivals				
North America	8.93	8.98	9.04	0.06
Europe	12.77	12.86	12.95	0.09
Far East	14.76	14.61	14.45	-0.16
West Asia	8.94	8.53	8.13	-0.40

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

VLCC spot rates remained sluggish in February, slipping 3% on average m-o-m, with rates across all reported routes moving lower compared to the previous month.

On the **Middle East-to-East** route, rates dropped 3% m-o-m to average WS35 points. However, rates were 13% higher y-o-y. Rates on the **Middle East-to-West** route also declined, falling 6% m-o-m to average WS17 points. This represented a y-o-y decline of 19%.

West Africa-to-East spot rates slipped 3% m-o-m to average WS36 in February. Compared with the same month last year, rates were 3% higher.

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

VLCC	Size				Change
	1,000 DWT	Dec 21	Jan 22	Feb 22	Feb 22/Jan 22
Middle East/East	230-280	40	36	35	-1
Middle East/West	270-285	24	18	17	-1
West Africa/East	260	41	37	36	-1

Sources: Argus and OPEC.

Suezmax

Suezmax rates picked up in February, erasing the previous month's losses with a gain of 23% m-o-m. Y-o-y, rates were 25% higher.

Rates on the **West Africa-to-US Gulf Coast (USGC)** route increased by 21% m-o-m in February to average WS64. Compared with the same month last year, rates were 28% higher.

Spot freight rates on the **USGC-to-Europe** route rose 25% over the previous month to average WS64 points. Y-o-y, rates were 21% higher.

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

Suezmax	Size				Change
	1,000 DWT	Dec 21	Jan 22	Feb 22	Feb 22/Jan 22
West Africa/US Gulf Coast	130-135	62	53	64	11
US Gulf Coast/ Europe	150	62	51	64	13

Sources: Argus and OPEC.

Aframax

With the exception of the intra-Asian route, **Aframax** rates registered a good performance in February. On average, spot Aframax rates were 20% higher m-o-m. Compared with the same month last year, rates were 25% higher.

Tanker Market

Rates on the **Indonesia-to-East** route slipped 3% in February compared to the same month last year, averaging WS92. However, m-o-m, rates on the route rose 44%.

Spot rates on the **Caribbean-to-US East Coast (USEC)** route rebounded from the previous month's losses, increasing 40% m-o-m to average WS136. Y-o-y, rates were 39% higher.

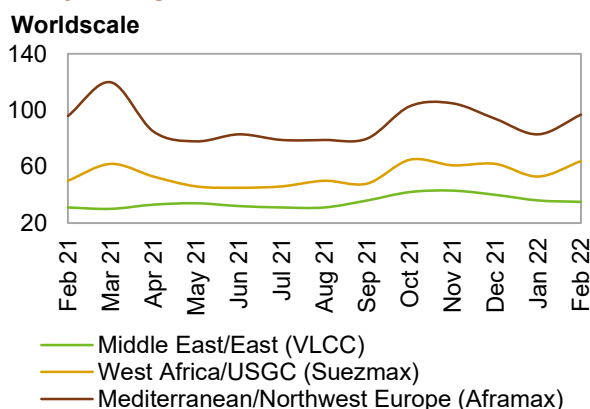
Table 7 - 5: Dirty Aframax spot tanker freight rates, WS

Aframax	Size 1,000 DWT				Change
		Dec 21	Jan 22	Feb 22	Feb 22/Jan 22
Indonesia/East	80-85	103	95	92	-3
Caribbean/US East Coast	80-85	134	97	136	39
Mediterranean/Mediterranean	80-85	105	94	116	22
Mediterranean/Northwest Europe	80-85	94	83	97	14

Sources: Argus and OPEC.

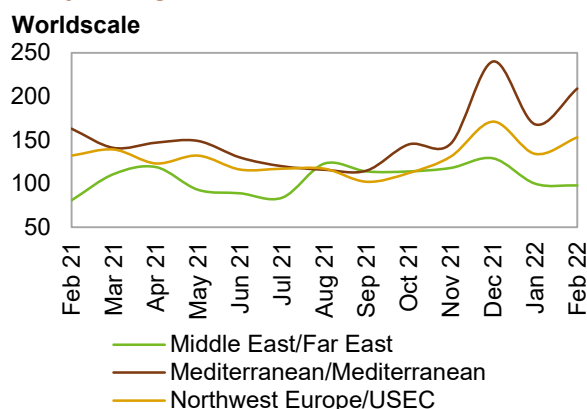
Med routes showed gains in February, increasing by around 23% m-o-m on the **Cross-Med** route to average WS116. Y-o-y, rates were 18% higher. On the **Mediterranean-to-NWE** route, rates rose 17% m-o-m to average WS97. Compared with the same month of the previous year, rates were 1% higher.

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

Average **clean spot freight rates** moved higher in February, increasing 14% on average m-o-m and by 20% compared with the levels seen in the same month last year. Gains were due to improved rates West of Suez, particularly in the Mediterranean, as East of Suez rates edged lower. West of Suez rates rose 21% m-o-m while East of Suez rates slipped 1%.

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

East of Suez	Size 1,000 DWT				Change
		Dec 21	Jan 22	Feb 22	Feb 22/Jan 22
Middle East/East	30-35	129	100	98	-2
Singapore/East	30-35	139	129	128	-1
West of Suez					
Northwest Europe/US East Coast	33-37	171	134	153	19
Mediterranean/Mediterranean	30-35	240	168	209	41
Mediterranean/Northwest Europe	30-35	250	177	218	41

Sources: Argus and OPEC.

In the West of Suez market, rates on the **Northwest Europe (NWE)-to-USEC** route rose 14% m-o-m to average WS153 points. They were 16% lower y-o-y.

Rates in the **Cross-Med** and **Med-to-NWE** saw gains of around 24% to average WS209 and WS218 points, respectively. Compared with the same month last year, rates were about 27% higher on both routes.

In contrast, the **Middle East-to-East** route slipped 2% m-o-m averaged WS98 in February. Y-o-y, rates increased 21%. Freight rates on the **Singapore-to-East** route also slipped m-o-m averaging WS128, down 1% from January 2021 but 6% higher than the same month last year.

Crude and Refined Products Trade

Preliminary data shows US crude imports declined 5% m-o-m in February to average 6.2 mb/d, following three months of gains. US crude exports picked up from the low levels of January, rising almost 16% m-o-m to average 2.9 mb/d.

China's crude imports averaged 10.5 mb/d in January-February, as flows were supported by new import quotas. However, levels were capped by limited refinery runs during the Beijing Olympics and the Lunar New Year holidays.

India's crude imports averaged 4.5 mb/d in January, down around 3% from the strong level seen the month before. February data is expected to show higher crude imports, as the economy gains momentum, demand picks up, and refiners boosted runs.

Japan's crude imports declined in January from the multi-year high seen in December 2021. Japan's product exports in January were the highest since March 2020. Gasoline outflows were at a multi-year high and gasoil at its highest level since March 2020.

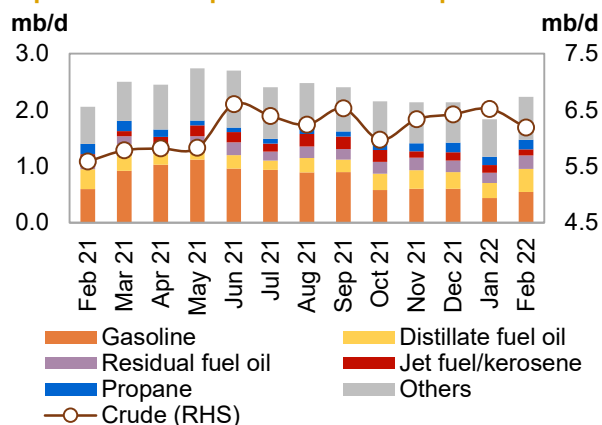
Recent developments in Eastern Europe have created considerable dislocations, which is likely to be visible in March data. This adds considerable uncertainty to crude and product trade flows.

US

Preliminary data shows **US crude imports** declined 5% m-o-m in **February** to average 6.2 mb/d, coming off of three months of gains. Compared with the same month of 2021, crude imports were around 0.6 mb/d, or 11%, higher.

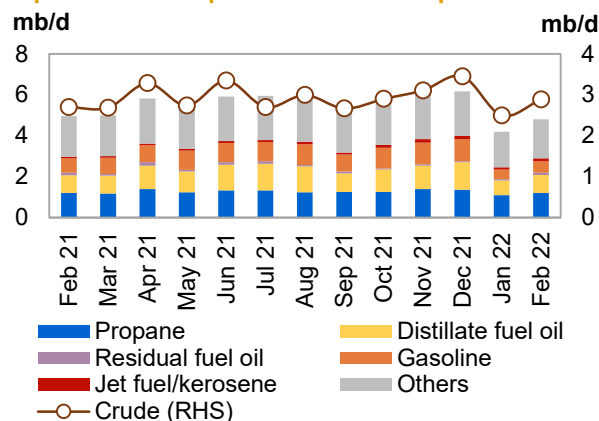
US crude exports picked up from the low levels of the previous month, averaging 2.9 mb/d in February, rising 16% m-o-m. Exports rose 0.2 mb/d, or close to 7%, compared with the same month last year.

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.

The latest available monthly data for **US crude imports by source** shows flows from Canada continued to increase in December to remain in top spot, with a share of almost 64%. Mexico moved up to second place, despite a slight m-o-m decline of 14 tb/d to hold a share of around 8%, just edging out Saudi Arabia, which held a share of 7%, with a 31 tb/d decline in volumes.

Mexico remained the top **destination** for **US crude exports**, with a share of 23%, representing 220 tb/d. Japan moved up to second place with 10%, followed by Canada with 8%. Exports to India saw the largest decline in volume terms, dropping 177 tb/d, while China's fell 142 tb/d. Russia's crude imports to the US averaged 0.2 mb/d last year. The country also provides 0.5 mb/d on average of unfinished oils to the US, which are used by US Gulf Coast refiners as a feedstock for secondary units.

Based on weekly data, **US net crude imports** averaged 3.3 mb/d in **February**, compared with 4.0 mb/d the month before and 2.9 mb/d in the same month last year.

Crude and Refined Products Trade

On the **products** side, **imports** rose 0.4 mb/d or 22% m-o-m to average 2.2 mb/d, following five months of declines, with distillates leading the gains. Compared with the same month last year, product imports were 9%, or 0.2 mb/d, higher.

Product exports in February recovered somewhat from the sharp fall the month before, rising 14% m-o-m to average 4.8 mb/d. Gains were seen across all major products. Compared with February 2021, product exports were 0.2 mb/d, or 3%, lower.

As a result, preliminary data shows **US net product exports** averaged 2.6 mb/d in February, compared with 2.4 mb/d in the previous month and 2.9 mb/d in the same month of 2021.

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

US	Dec 21	Jan 22	Feb 22	Change Feb 22/Jan 22
Crude oil	2.97	4.02	3.30	-0.73
Total products	-4.03	-2.37	-2.45	-0.08
Total crude and products	-1.06	1.65	0.84	-0.81

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

Sources: EIA and OPEC.

Preliminary data indicates that **US net crude and product imports** averaged 0.7 mb/d in February. This compares with net imports of 1.7 mb/d the month before and net exports of 14 mb/d in February 2021, effectively flat.

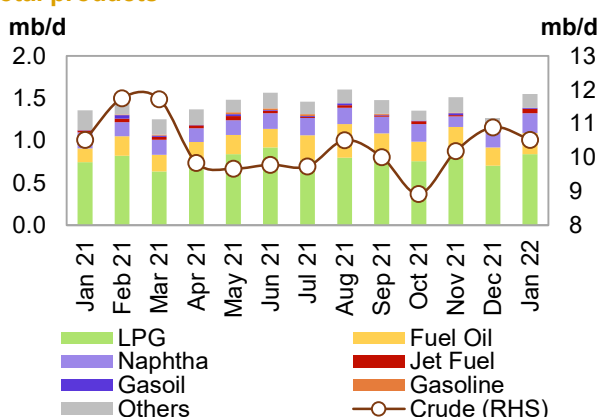
Looking ahead, US crude imports are likely to be increasingly supported by Canadian flows, while exports should see moderate gains amid dislocations in the global market due to geopolitical developments.

China

China's crude imports averaged 10.5 mb/d in January, as flows were supported by new import quotas. However, levels were capped by limited refinery runs during the Beijing Olympics and the Lunar New Year. Compared with the same month last year, crude imports were broadly unchanged.

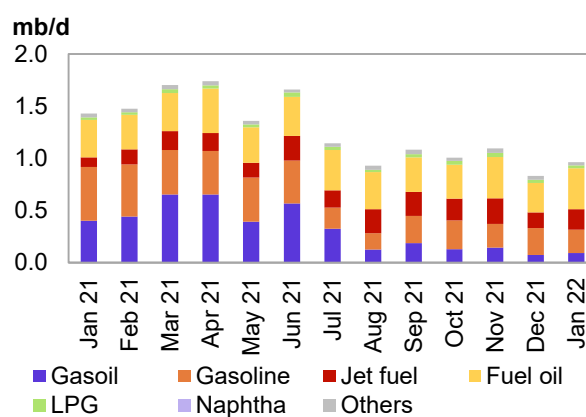
To minimize the impact of the Lunar New Year holidays on the monthly statistics, China typically releases a monthly average for the first two months of the year. Third-party estimates show a sharp increase in January crude imports, driven by preparations for the above-mentioned events, access to 2022 crude import quotas, and healthy domestic demand. This was followed by sharply lower inflows in February, due to a number of factors including refineries limiting activities to minimize pollution during the Winter Olympics.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

Graph 8 - 4: China's export of total products



Sources: China, Oil and Gas Petrochemicals and OPEC.

According to preliminary estimates, **product imports** were seen picking up from the low levels seen in December to average 1.5 mb/d. Compared with the same month last year, product imports were 0.2 mb/d, or 14%, higher, in January.

Product exports recovered some of the previous month's losses, increasing 16% in January to average 1.0 mb/d, according to preliminary estimates. The increase was driven by fuel oil and jet fuel, two products that government authorities are promoting for export. This is in contrast to gasoline and diesel, which officials have

advised refiners to refrain from exporting outside of China in April to avoid any domestic shortfall. Y-o-y, product outflows were 0.6 mb/d, or 42%, lower.

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

China	Nov 21	Dec 21	Jan 22	Change Jan 22/Dec 21
Crude oil	10.02	10.77	10.53	-0.24
Total products	0.42	0.43	0.59	0.16
Total crude and products	10.43	11.20	11.12	-0.08

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

Sources: China, Oil and Gas Petrochemicals and OPEC.

As a result, China's **net product imports** averaged 588 tb/d in January, compared with net imports of 431 tb/d the month before and net product exports of 72 tb/d in the same month of 2021.

India

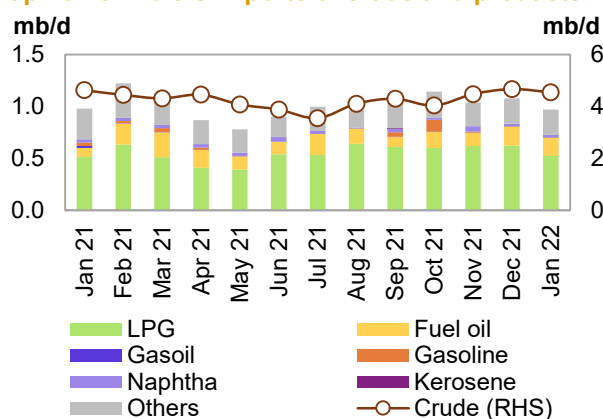
India's crude imports averaged 4.5 mb/d in January, down around 3% from the strong level seen the month before. Compared with the same month last year, crude imports declined about 0.1 mb/d, or 2%, y-o-y.

In terms of **crude imports by source**, the latest data for December shows Iraq continuing to hold the top position, with a share of 27%. Saudi Arabia was second with around 17%, followed by the UAE with some 13%, the latter seeing a jump in volumes. The US also saw a strong increase, rising to fourth place, with 9%.

Regarding **products, imports** declined 10% m-o-m, averaging close to 1.0 mb/d, with the decline coming mainly from LPG. Compared with the same month in 2021, inflows were about 1% lower.

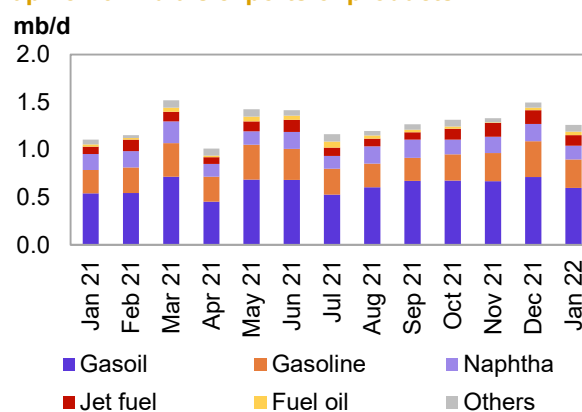
Product exports averaged 1.3 mb/d in January, declining 16% from a 9-month high. Losses were seen on all major products, with the exception of fuel oil which strengthened slightly. Compared with the same month last year, product outflows were 0.2 mb/d, or 14%, higher.

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.

As a result, **net product exports** averaged 291 tb/d in January, compared with 416 tb/d the month before and 127 tb/d in the same month of 2021.

Looking ahead, crude imports are expected to rise in February, as the economy gains momentum and refiners boost runs. Product imports are also expected to pick up in February, while product exports may edge lower, as the continued lifting of lockdown measures supports domestic demand. However, recent crude and product trade dislocations have added considerable uncertainty.

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

India	Nov 21	Dec 21	Jan 22	Change Jan 22/Dec 21
Crude oil	4.48	4.67	4.55	-0.12
Total products	-0.29	-0.42	-0.29	0.13
Total crude and products	4.18	4.26	4.26	0.00

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.

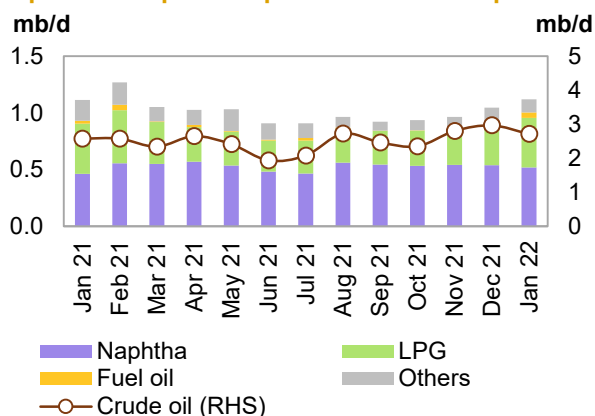
Japan

Japan's crude imports declined from the multi-year high seen the month before to average 2.7 mb/d in January, falling 0.3 mb/d or about 9%. Crude imports were 135 tb/d, or around 5%, higher than in the same month last year.

In terms of the January share of **crude imports by source**, Saudi Arabia remained in the top spot with a share of over 41%. The UAE was second, with 30%, followed by Qatar with around 9%. Russia supplied 117 tb/d, or around 4%, of Japan's crude imports in January.

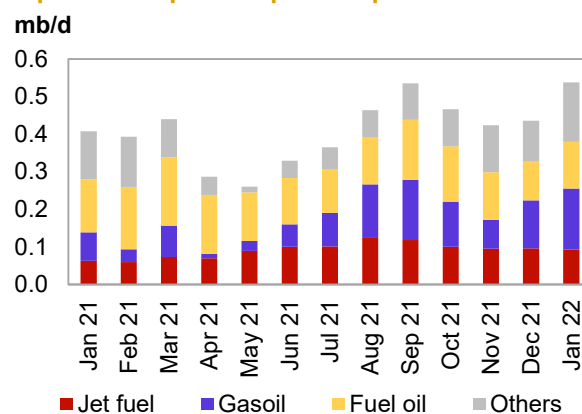
Product imports edged up 72 tb/d or 7% to an 11-month high, averaging 1.1 mb/d, driven by primarily by LPG. Y-o-y, product inflows were broadly unchanged, gaining less than 1%.

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.

Product exports in January jumped 102 tb/d or 23% to reach the highest since March 2020, with averaging 538 tb/d. Gasoline outflows hit a multi-year high and gasoil an 11-month high. Product outflows were 130 tb/d, or around 32%, higher compared to the same month of 2021.

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

Japan	Nov 21	Dec 21	Jan 22	Change Jan 22/Dec 21
Crude oil	2.81	2.97	2.72	-0.25
Total products	0.54	0.61	0.58	-0.03
Total crude and products	3.35	3.58	3.30	-0.28

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

Sources: METI and OPEC.

As a consequence, Japan's **net product imports** averaged 580 tb/d in January. This was down from 610 tb/d the month before and 706 tb/d in January 2021.

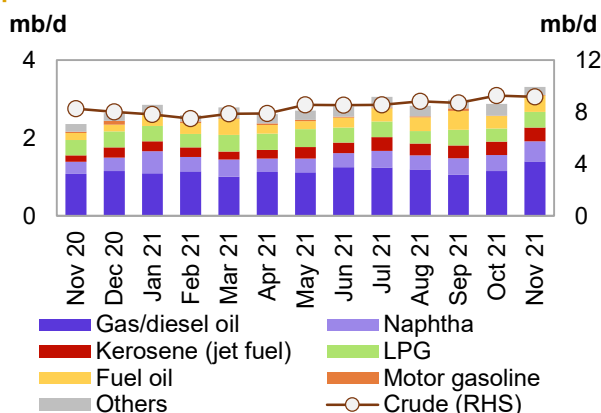
Looking ahead, recent global dislocations due to geopolitical developments could impact Japan's crude imports, while product exports are seen lower in February due to reduced outflows of gasoil and gasoline.

OECD Europe

The latest data for **OECD Europe** saw crude imports slip about 1% from a 21-month high in October 2021 to average 9.2 mb/d in November 2021. Imports increased by 0.9 mb/d, or 11%, compared with November 2020.

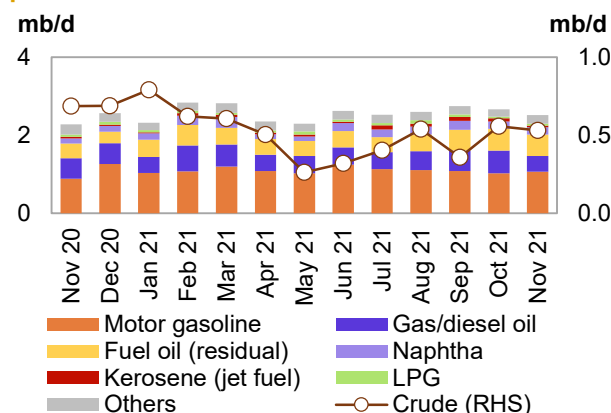
In terms of **import sources** from outside the region, Russia retained the top spot in November with 2.8 mb/d, followed by the US, which supplied 1.2 mb/d, and then Iraq with 1.1 mb/d. Increased flows were also seen from Azerbaijan.

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



Sources: IEA and OPEC.

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



Sources: IEA and OPEC.

Crude exports declined 5% from the six-month high seen in October 2021, averaging 0.5 mb/d in November. Compared with the same month in 2020, crude exports were 154 tb/d, or 22%, lower.

In terms of **destination**, China remained the top buyer of OECD Europe crude exports outside the region, purchasing 270 tb/d in November. South Korea was second with 215 tb/d, followed by the US with 31 tb/d.

Net crude imports averaged 8.6 mb/d in November, broadly unchanged from the month before and 1.1 mb/d, or 14%, higher compared with the same month last year.

On the **product** side, **imports** surged in November to the highest level since January 2020, averaging 3.3 mb/d. Gains were led by diesel and fuel oil. Product imports rose 0.4 mb/d m-o-m, or 15%, and were up 0.9 mb/d, or 40%, compared with November 2020 levels.

Product exports fell about 0.2 b/d m-o-m, or 6%, to average 2.5 mb/d, with declines in light end products. Y-o-y, outflows were 0.2 mb/d, or 10%, lower than in the same month of 2020.

Net product imports averaged 792 tb/d in November, compared with 205 tb/d the previous month and 78 tb/d in November 2020.

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

OECD Europe	Sep 21	Oct 21	Nov 21	Change Nov 21/Oct 21
Crude oil	8.33	8.72	8.64	-0.08
Total products	0.23	0.21	0.79	0.59
Total crude and products	8.56	8.92	9.43	0.51

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

Sources: IEA and OPEC.

Combined, **net crude and product imports** averaged 9.4 mb/d in November. This compares with 8.9 mb/d in October 2021, and 7.6 mb/d in November 2020.

Looking ahead, events in Eastern Europe have added considerable uncertainty to crude and product trade flows to Europe. Even without sanctions on Russian crude and products, some dislocations are likely as the region looks to source crude and refined products from elsewhere.

Eurasia

Total crude oil exports from Russia and Central Asia declined in **January**, averaging 6.4 mb/d. M-o-m, crude exports from the region fell 0.3 mb/d, or over 4%. Compared with the same month of 2021, total crude exports from the region were about 0.6 mb/d, or 11%, higher.

Crude exports through the **Transneft system** saw mixed movements in January. On the whole, outflows rose by 32 tb/d, or less than 1%, to average 3.9 mb/d. Compared with the same month the previous year, exports were 0.5 mb/d, or 16%, higher.

On the eastward side of the system, **Baltic Sea** exports increased 92 tb/d m-o-m, or about 7%, to average 1.4 mb/d. This was the result of shipments from Primorsk increasing 138 tb/d, or 19%, to 849 tb/d, as outflows from Ust-Luga slipped 46 tb/d m-o-m, or about 8%, to average 552 tb/d. Shipments via the **Druzhba** pipeline rose 15 tb/d m-o-m to average 750 tb/d. In contrast, total shipments from the **Black Sea** fell by 46 tb/d m-o-m, or 12%, to average 327 tb/d. In terms of western flows, **Kozmino** shipments declined 29 tb/d m-o-m, or around 4%, to average 749 tb/d. Exports to China via the **ESPO pipeline** were unchanged m-o-m averaging 633 tb/d in January.

In the **Lukoil system**, exports via the Barents Sea were halted in January, while those from the Baltic Sea edged up slightly.

On other routes, **Russia's Far East** exports rose 23 tb/d m-o-m, or 7%, to average 347 tb/d in January. This was 6% lower compared with the same month of 2021.

Central Asian exports averaged around 239 tb/d in January, representing an increase of 33 tb/d, or 16%, compared with the month before and an increase of 36 tb/d, or 18%, y-o-y.

Black Sea total exports declined in January, with a loss of 217 tb/d m-o-m, or 13%, albeit an increase of 317 tb/d, or 28%, over the same month of 2021. This was due to a decline in outflows from the Novorossiysk port terminal (CPC) as exports from Supsa were unchanged. Exports via the **Baku-Tbilisi-Ceyhan (BTC) pipeline** declined 72 tb/d, or almost 13%, to 495 tb/d, representing a decline of 17% y-o-y.

Total product exports from Russia and Central Asia rose 17% m-o-m to average 3.2 mb/d in January. M-o-m gains were seen across all major products, except for VGO. Naphtha, gasoline and gasoil led gains in volume terms. Y-o-y, total product exports rose 8% in January, led by gains in VGO and naphtha.

Commercial Stock Movements

Preliminary January data sees total OECD commercial oil stocks down m-o-m by 3.1 mb. At 2,677 mb, they were 359 mb less than the same time one year ago, 280 mb lower than the latest five-year average and 250 mb below the 2015-2019 average. Within the components, crude stocks fell m-o-m by 8.7 mb, while products stocks rose m-o-m by 5.5 mb.

At 1,294 mb, OECD crude stocks were 139 mb lower than the latest five-year average and also 139 mb below the 2015-2019 average. OECD product stocks stood at 1,383 mb, representing a deficit of 142 mb compared with the latest five-year average and 112 mb below the 2015-2019 average.

In terms of days of forward cover, OECD commercial stocks fell m-o-m by 0.7 days in January to stand at 59.3 days. This is 11.6 days below January 2021 levels, 6.2 days less than the latest five-year average and 2.8 days lower than the 2015-2019 average.

Preliminary data for February showed that total US commercial oil stocks fell m-o-m by 23.7 mb to stand at 1,155.2 mb. This is 139.6 mb lower than the same month in 2021 and 122.3 mb below the latest five-year average. Crude and product stocks fell m-o-m by 1.7 mb and 22.0 mb, respectively.

OECD

Preliminary January data sees **total OECD commercial oil stocks** down m-o-m by 3.1 mb. At 2,677 mb, they were 359 mb less than the same time one year ago, 280 mb lower than the latest five-year average and 250 mb below the 2015-2019 average.

Within the components, crude stocks fell m-o-m by 8.7 mb, while products stocks rose m-o-m by 5.5 mb. Total commercial oil stocks in January declined in OECD Americas and OECD Asia Pacific, while they increased in OECD Europe.

OECD **commercial crude stocks** stood at 1,294 mb in January. This is 158 mb lower than the same time a year ago and 139 mb below the latest five-year average. Compared with the previous month, OECD Americas saw a stock draw of 6.3 mb, OECD Asia Pacific fell by 4.4 mb, while OECD Europe had a stock build of 2.0 mb.

Total product inventories stood at 1,383 mb in January. This is 201 mb less than the same time a year ago, and 142 mb lower than the latest five-year average. Product stocks in OECD Americas and OECD Asia Pacific fell m-o-m by 5.1 mb and 0.5 mb respectively, while product stocks rose m-o-m by 11.2 mb in OECD Europe.

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

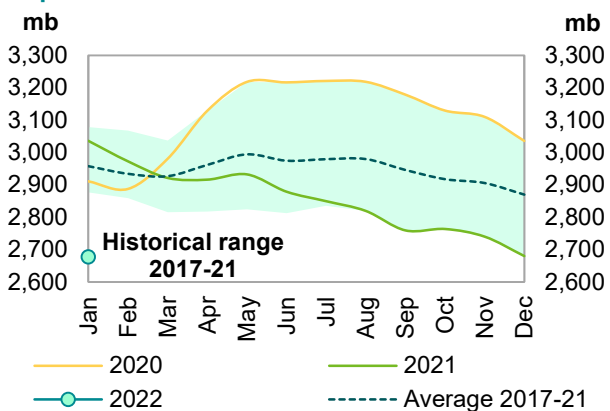
OECD stocks	Jan 21	Nov 21	Dec 21	Jan 22	Change Jan 22/Dec 21
Crude oil	1,452	1,332	1,302	1,294	-8.7
Products	1,584	1,408	1,377	1,383	5.5
Total	3,036	2,740	2,680	2,677	-3.1
Days of forward cover	70.9	60.2	60.0	59.3	-0.7

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

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

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 0.7 days in January to stand at 59.3 days. This is 11.6 days below January 2021 levels, 6.2 days less than the latest five-year average and 2.8 days lower than the 2015-2019 average. All three OECD regions were below the latest five-year average: the Americas by 5.3 days at 60.1 days, Asia Pacific by 5.4 days at 44.1 days and Europe by 9.0 days at 66.3 days.

Graph 9 - 1: OECD commercial oil stocks



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

OECD Americas

OECD Americas total commercial stocks fell by 11.4 mb m-o-m in January to settle at 1,467 mb. This is 132 mb less than the same month in 2021 and 90 mb lower than the latest five-year average.

Commercial crude oil stocks in OECD Americas fell m-o-m by 6.3 mb in January to stand at 747 mb, which is 65 mb lower than in January 2021 and 38 mb less than the latest five-year average. The stock draw came on the back of lower January crude runs.

Total product stocks in OECD Americas also fell m-o-m by 5.1 mb in January to stand at 720 mb. This was 67 mb lower than in the same month of 2021 and 52 mb below the latest five-year average. Higher total consumption in the region was behind the stock build.

OECD Europe

OECD Europe total commercial stocks rose m-o-m by 13.1 mb in January to settle at 882 mb. This is 173 mb less than the same month in 2021 and 124 mb below the latest five-year average.

OECD Europe's **commercial crude stocks** in January rose m-o-m by 2.0 mb to end the month at 382 mb, which is 54 mb lower than one year ago and 45 mb below the latest five-year average. The build in crude oil inventories came on the back of lower m-o-m refinery throughputs in the EU-14, plus the UK and Norway.

OECD Europe's **commercial product stocks** also rose m-o-m by 11.2 mb to end January at 500 mb. This is 119 mb lower than a year ago and 79 mb below the latest five-year average.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks fell m-o-m by 4.9 mb in January to stand at 328 mb. This is 54 mb lower than a year ago and 66 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** fell by 4.4 mb m-o-m to end January at 165 mb, which is 39 mb lower than one year ago and 55 mb below the latest five-year average.

OECD Asia Pacific's **total product inventories** also fell m-o-m by 0.5 mb to end January at 162 mb. This is 15 mb lower than the same time a year ago and 11 mb below the latest five-year average.

US

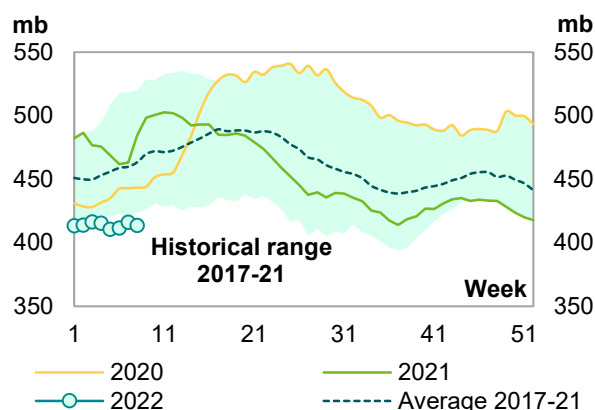
Preliminary data for February showed that **total US commercial oil stocks** fell m-o-m by 23.7 mb to stand at 1,155.2 mb. This is 139.6 mb, or 10.8%, lower than the same month in 2021 and 122.3 mb, or 9.6%, below the latest five-year average. Crude and product stocks fell m-o-m by 1.7 mb and 22.0 mb, respectively.

US commercial crude stocks in February stood at 413.4 mb. This is 79.7 mb, or 16.2%, lower than the same month of the previous year, and 55.9 mb, or 11.9%, below the latest five-year average. The stock draw came on the back of lower crude imports.

Total product stocks in February stood at 741.8 mb. This is 59.8 mb, or 7.5%, below February 2021 levels, and 66.4 mb, or 8.2%, lower than the latest five-year average. The stock draw was mainly driven by higher US consumption.

Gasoline stocks in February fell m-o-m by 4.0 mb to settle at 246.0 mb. This is 4.9 mb, or 2.0%, higher the same month in 2021, but 4.6 mb, or 1.8%, lower than the latest five-year average. The monthly stock draw came mainly on the back of higher gasoline consumption.

Graph 9 - 2: US weekly commercial crude oil inventories



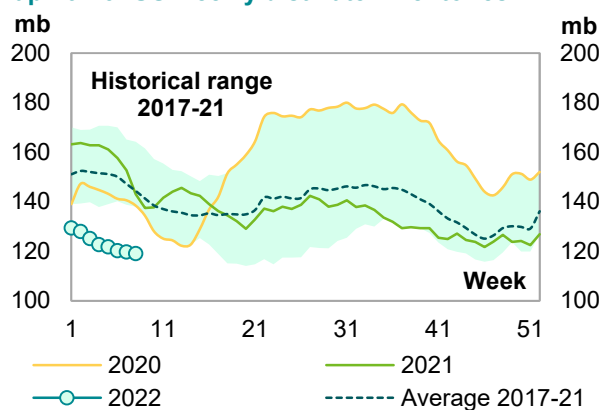
Sources: EIA and OPEC.

Distillate stocks fell m-o-m in February by 3.6 mb to stand at 119.1 mb. This is 24.3 mb, or 16.9%, lower than the same month of the previous year, and 23.8 mb, or 16.6%, below the latest five-year average.

In contrast, **jet fuel stocks** rose m-o-m by 0.9 mb, ending February at 38.2 mb. This is 1.6 mb, or 4.1%, lower than the same month of 2021, and 4.1 mb, or 9.8%, below the latest five-year average.

Residual fuel oil stocks also rose by 1.3 mb m-o-m in February. At 26.4 mb, this was 4.7 mb, or 15.1%, lower than a year earlier, and 5.9 mb, or 18.2%, below the latest five-year average.

Graph 9 - 3: US weekly distillate inventories



Sources: EIA and OPEC.

Table 9 - 2: US commercial petroleum stocks, mb

US stocks					Change
	Feb 21	Dec 21	Jan 22	Feb 22	Feb 22/Jan 22
Crude oil	493.2	421.4	415.1	413.4	-1.7
Gasoline	241.1	232.2	250.0	246.0	-4.0
Distillate fuel	143.4	129.9	122.7	119.1	-3.6
Residual fuel oil	31.2	25.4	25.1	26.4	1.3
Jet fuel	39.8	35.8	37.3	38.2	0.9
Total products	801.6	772.4	763.8	741.8	-22.0
Total	1,294.8	1,193.8	1,178.9	1,155.2	-23.7
SPR	637.8	593.7	588.9	580.0	-8.9

Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** in January fell m-o-m by 4.9 mb to settle at 114.6 mb. This is 10.2 mb, or 8.2%, lower than the same month in 2021, and 23.3 mb, or 16.9%, below the latest five-year average. Crude and product stocks fell m-o-m by 4.4 mb and 0.5 mb, respectively.

Japanese **commercial crude oil stocks** fell in January to stand at 55.9 mb. This is 6.3 mb, or 10.1%, below the same month of the previous year, and 20.8 mb, or 27.1%, lower than the latest five-year average. The fall came on the back of higher crude runs.

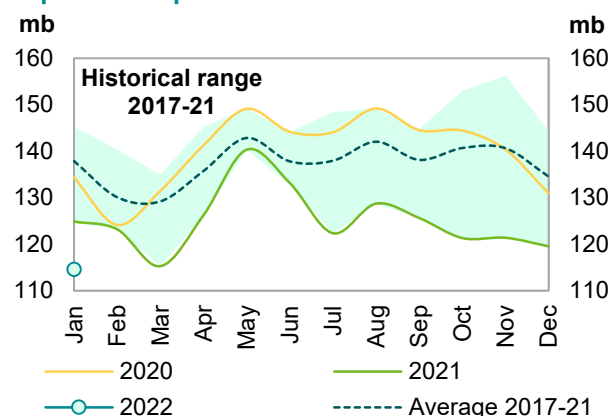
Japan's **total product inventories** also fell m-o-m by 0.5 mb to end January at 58.7 mb. This is 3.9 mb, or 6.2%, lower than the same month in 2021, and 2.4 mb, or 4.0%, below the latest five-year average.

Gasoline stocks rose m-o-m by 0.9 mb to stand at 11.4 mb. This was 2.2 mb, or 15.9%, lower than a year earlier, and 0.1 mb, or 1.3%, lower than the latest five-year average. Lower domestic sales, which fell by 13.8%, were behind the gasoline stock build.

In contrast, **distillate stocks** fell m-o-m by 2.0 mb to end January at 26.3 mb. This is 2.4 mb, or 8.4%, lower than the same month in 2021, and 1.0 mb, or 3.6%, below the latest five-year average. Within the distillate components, **jet fuel and kerosene stocks** fell m-o-m by 4.8% and 15.6%, respectively, while **gasoil stocks** rose by 4.8%.

Total residual fuel oil stocks also fell m-o-m by 0.5 mb to end January at 11.9 mb. This is 0.1 mb, or 0.8%, lower than in the same month of the previous year, and 1.0 mb, or 8.0%, below the latest five-year average. Within the components, fuel oil A and fuel oil B.C stocks fell by 4.5% and 3.3%, respectively.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

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

Japan's stocks	Jan 21	Nov 21	Dec 21	Jan 22	Change Jan 22/Dec 21
Crude oil	62.2	58.7	60.3	55.9	-4.4
Gasoline	13.6	10.5	10.5	11.4	0.9
Naphtha	8.3	8.5	8.1	9.1	1.0
Middle distillates	28.7	32.1	28.3	26.3	-2.0
Residual fuel oil	12.0	11.7	12.4	11.9	-0.5
Total products	62.6	62.7	59.2	58.7	-0.5
Total**	124.8	121.4	119.5	114.6	-4.9

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

Sources: METI and OPEC.

EU-14 plus UK and Norway

Preliminary data for January showed that **total European commercial oil stocks** rose m-o-m by 13.1 mb to stand at 1,013.1 mb. At this level, they were 151.2 mb, or 13.0%, below the same month a year earlier, and 115.1 mb, or 10.2%, lower than the latest five-year average. Crude and product stocks rose m-o-m by 2.0 mb and 11.2 mb, respectively.

European **crude inventories** rose in January to stand at 419.9 mb. This is 52.5 mb, or 11.1% lower than the same month in 2021, and 53.1 mb, or 11.2%, below the latest five-year average. The build in crude oil inventories came on the back of lower m-o-m refinery throughputs in the EU-14, plus UK and Norway.

Total European product stocks also rose m-o-m by 11.2 mb to end January at 593.2 mb. This is 98.7 mb, or 14.3%, lower than the same month of the previous year, and 62.0 mb, or 9.5%, below the latest five-year average.

Gasoline stocks rose m-o-m by 4.2 mb in January to stand at 109.9 mb. At this level, they were 14.3 mb, or 11.5%, lower than the same time a year earlier, and 14.5 mb/d, or 11.6%, less than the latest five-year average.

Distillate stocks also rose m-o-m by 5.5 mb in January to stand at 397.4 mb. This is 71.0 mb, or 15.1%, below the same month in 2021, and 35.9 mb, or 8.3%, less than the latest five-year average.

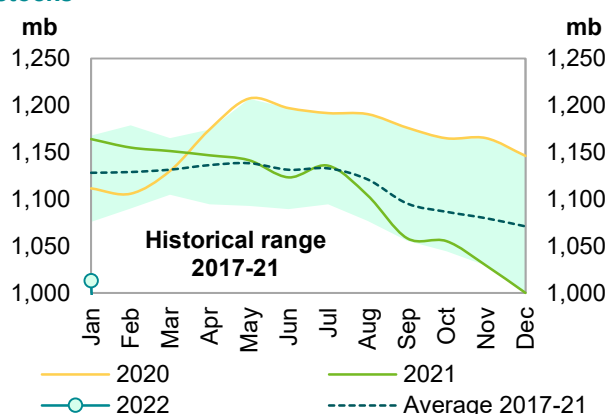
Naphtha stocks rose slightly by 0.1 mb in January, ending the month at 24.3 mb. This is 7.8 mb, or 24.3%, below January 2021 levels, and 5.9 mb, or 19.6%, below the latest five-year average.

Residual fuel stocks rose m-o-m by 1.4 mb in January to stand at 61.6 mb. This is 5.6 mb, or 8.3%, lower than the same month in 2021, and 5.7 mb, or 8.4%, below the latest five-year average.

Table 9 - 4: EU-14 plus UK and Norway's total oil stocks, mb

EU stocks	Jan 21	Nov 21	Dec 21	Jan 22	Change Jan 22/Dec 21
Crude oil	472.4	424.6	417.9	419.9	2.0
Gasoline	124.2	107.9	105.7	109.9	4.2
Naphtha	32.1	25.3	24.2	24.3	0.1
Middle distillates	468.4	409.4	392.0	397.4	5.5
Fuel oils	67.2	62.0	60.1	61.6	1.4
Total products	691.9	604.6	582.0	593.2	11.2
Total	1,164.3	1,029.2	1,000.0	1,013.1	13.1

Sources: Argus, Euroilstock and OPEC.

Graph 9 - 5: EU-14 plus UK and Norway's total oil stocks


Sources: Argus, Euroilstock and OPEC.

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

Singapore

In January, **total product stocks in Singapore** rose m-o-m by 7.1 mb to 47.0 mb. This is 3.3 mb, or 6.6%, lower than the same month in 2021.

Light distillate stocks rose m-o-m by 3.8 mb in January to stand at 15.7 mb. This is 0.6 mb, or 4.1%, higher than the same month of the previous year.

Middle distillate stocks also rose m-o-m by 0.2 mb in January to stand at 8.2 mb. This is 5.9 mb, or 41.8%, lower than a year earlier.

Residual fuel oil stocks rose m-o-m by 3.1 mb, ending January at 23.1 mb. This is 2.0 mb, or 9.3%, higher than in January 2021.

ARA

Total product stocks in ARA rose m-o-m in January by 0.7 mb for the second consecutive month. At 38.5 mb, they are 12 mb, or 23.7%, lower than the same month in 2021.

Gasoline stocks in January rose m-o-m by 1.8 mb to stand at 10.5 mb, which is 0.2 mb, or 2.2%, lower than the same month of the previous year.

Fuel oil stocks also rose m-o-m by 0.2 mb in January to stand at 7.7 mb, which is 1.6 mb, or 17.0%, lower than in January 2021.

By contrast, **gasoil stocks** fell by 1.0 mb to end January at 11.9 mb. This is 7.5 mb, or 38.7%, lower than the level seen in January 2021.

Jet oil stocks also fell m-o-m by 0.5 mb to end January at 6.6 mb. This is 0.6 mb, or 8.4%, below the level registered one year earlier.

Fujairah

During the week ending 28 February 2022, **total oil product stocks in Fujairah** fell w-o-w by 0.09 mb to stand at 19.02 mb, according to data from Fed Com and S&P Global Platts. At this level, total oil stocks were 1.81 mb lower than the same time a year ago.

Light distillate stocks rose by 0.70 mb w-o-w to stand at 6.79 mb in the week to 28 February 2022, which is 0.36 mb lower than the same period a year ago. **Middle distillate stocks** fell by 0.12 mb to stand at 2.46 mb, which is 1.66 mb lower than a year ago. **Heavy distillate stocks** also fell by 0.68 mb to stand at 9.77 mb, which is 0.2 mb higher than the same time last year.

Balance of Supply and Demand

Demand for OPEC crude in 2021 was revised up by 0.1 mb/d from the previous MOMR to stand at 28.0 mb/d, which is around 5.0 mb/d higher than in 2020.

According to secondary sources, OPEC crude production averaged 25.1 mb/d in 1Q21, which is 1.1 mb/d lower than demand for OPEC crude in the same period. In 2Q21, OPEC crude production averaged 25.5 mb/d, which is 1.6 mb/d lower than demand for OPEC crude. In 3Q21, OPEC crude oil production averaged 26.9 mb/d, which is 1.9 mb/d lower than demand for OPEC crude. In 4Q21, OPEC crude oil production averaged 27.7 mb/d, which is 2.3 mb/d lower than demand for OPEC crude.

For the whole of 2021, OPEC crude production averaged 26.3 mb/d, which was 1.7 mb/d below the demand for OPEC crude.

Demand for OPEC crude in 2022 was revised up by 0.1 mb/d from the previous month to stand at 29.0 mb/d, which is around 1.0 mb/d higher than in 2021.

Balance of supply and demand in 2021

Demand for OPEC crude in 2021 was revised up by 0.1 mb/d from the previous MOMR to stand at 28.0 mb/d, which is around 5.0 mb/d higher than in 2020.

Compared with the previous assessment, 1Q21, 2Q21 and 3Q21 remain broadly unchanged, while 4Q21 was revised up by 0.4 mb/d.

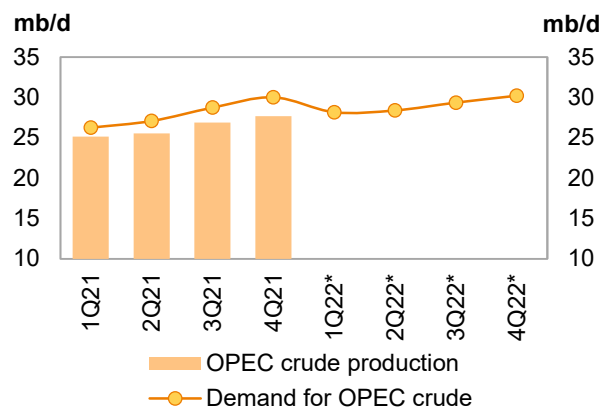
When compared with the same quarters in 2020, demand for OPEC crude in 1Q21 and 2Q21 was higher by 3.8 mb/d and 9.6 mb/d, respectively. 3Q21 and 4Q21 are estimated to show y-o-y increases of 3.8 mb/d and 2.9 mb/d, respectively.

According to secondary sources, OPEC crude production averaged 25.1 mb/d in 1Q21, which is 1.1 mb/d lower than demand for OPEC crude in the

same period. In 2Q21, OPEC crude production averaged 25.5 mb/d, which is 1.6 mb/d lower than demand for OPEC crude. In 3Q21, OPEC crude oil production averaged 26.9 mb/d, which is 1.9 mb/d lower than demand for OPEC crude. In 4Q21, OPEC crude oil production averaged 27.7 mb/d, which is 2.3 mb/d lower than demand for OPEC crude.

For the whole year 2021, OPEC crude production averaged 26.3 mb/d, which was 1.7 mb/d below the demand for OPEC crude.

Graph 10 - 1: Balance of supply and demand, 2021–2022*



Note: * 1Q22-4Q22 = Forecast. Source: OPEC.

Table 10 - 1: Supply/demand balance for 2021*, mb/d

	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20
(a) World oil demand	91.02	93.84	95.46	97.49	100.10	96.74	5.73
Non-OPEC liquids production	62.97	62.49	63.26	63.60	64.92	63.57	0.60
OPEC NGL and non-conventionals	5.05	5.10	5.12	5.17	5.18	5.14	0.10
(b) Total non-OPEC liquids production and OPEC NGLs	68.02	67.59	68.38	68.77	70.10	68.72	0.70
Difference (a-b)	23.00	26.25	27.07	28.72	30.00	28.02	5.03
OPEC crude oil production	25.64	25.15	25.52	26.87	27.67	26.31	0.67
Balance	2.64	-1.10	-1.56	-1.85	-2.34	-1.72	-4.36

Note: * 2021 = Estimation. Totals may not add up due to independent rounding. Source: OPEC.

Balance of supply and demand in 2022

Demand for OPEC crude in 2022 was revised up by 0.1 mb/d from the previous month to stand at 29.0 mb/d, which was around 1.0 mb/d higher than in 2021.

Compared with the previous assessment, 1Q22 and 4Q22 were revised up by around 0.3 mb/d each, while 2Q22 remained unchanged from the previous assessment and 3Q22 was revised down by around 0.1 mb/d.

Compared with the same quarters in 2021, demand for OPEC crude in 1Q22, 2Q22, 3Q22 and 4Q22 is forecast to be higher by 1.9 mb/d, 1.3 mb/d, 0.6 mb/d and 0.2 mb/d, respectively.

Table 10 - 2: Supply/demand balance for 2022*, mb/d

	2021	1Q22	2Q22	3Q22	4Q22	2022	Change 2022/21
(a) World oil demand	96.74	99.14	99.78	101.36	103.24	100.90	4.15
Non-OPEC liquids production	63.57	65.75	66.14	66.73	67.73	66.59	3.02
OPEC NGL and non-conventionals	5.14	5.23	5.26	5.29	5.31	5.27	0.13
(b) Total non-OPEC liquids production and OPEC NGLs	68.72	70.98	71.40	72.02	73.04	71.87	3.15
Difference (a-b)	28.02	28.16	28.38	29.35	30.20	29.03	1.00

Note: * 2021 = Estimation and 2022 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

Appendix

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

World oil demand and supply balance													
	2018	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022
World demand													
Americas	25.41	25.41	22.44	22.68	24.30	24.73	25.03	24.19	24.19	25.39	25.76	25.83	25.30
of which US	20.60	20.58	18.35	18.60	20.17	20.35	20.56	19.93	19.65	21.03	21.32	21.28	20.82
Europe	14.31	14.31	12.43	11.91	12.64	13.85	13.87	13.07	12.63	13.22	14.49	14.39	13.69
Asia Pacific	8.01	7.93	7.14	7.67	7.04	7.11	7.79	7.40	7.96	7.22	7.25	7.90	7.58
Total OECD	47.73	47.66	42.02	42.26	43.97	45.69	46.68	44.67	44.77	45.83	47.49	48.11	46.56
China	13.16	13.71	13.56	13.85	14.61	14.57	15.21	14.56	14.54	15.50	15.06	15.65	15.19
India	4.93	4.99	4.51	4.94	4.50	4.59	5.02	4.76	5.48	4.82	4.97	5.35	5.15
Other Asia	8.91	9.06	8.13	8.56	8.98	8.34	8.62	8.63	9.20	9.59	8.93	8.95	9.16
Latin America	6.53	6.59	6.01	6.25	6.16	6.46	6.34	6.30	6.46	6.33	6.61	6.50	6.47
Middle East	8.13	8.20	7.55	7.95	7.77	8.24	7.97	7.98	8.30	8.01	8.49	8.20	8.25
Africa	4.33	4.35	4.08	4.37	4.08	4.15	4.43	4.26	4.54	4.21	4.27	4.56	4.39
Russia	3.55	3.57	3.39	3.65	3.42	3.63	3.76	3.61	3.75	3.47	3.68	3.81	3.68
Other Eurasia	1.21	1.19	1.07	1.23	1.24	1.09	1.28	1.21	1.30	1.29	1.12	1.32	1.26
Other Europe	0.74	0.76	0.70	0.78	0.72	0.73	0.79	0.75	0.80	0.73	0.74	0.81	0.77
Total Non-OECD	51.48	52.43	49.00	51.58	51.48	51.80	53.42	52.07	54.37	53.95	53.87	55.13	54.33
(a) Total world demand	99.21	100.09	91.02	93.84	95.46	97.49	100.10	96.74	99.14	99.78	101.36	103.24	100.90
Y-o-y change	1.34	0.88	-9.07	-0.76	11.79	5.99	5.83	5.73	5.30	4.32	3.87	3.14	4.15
Non-OPEC liquids production													
Americas	24.03	25.81	24.70	24.10	25.17	25.20	26.15	25.16	26.04	26.10	26.55	26.88	26.39
of which US	16.66	18.47	17.61	16.63	17.93	17.85	18.59	17.75	18.48	18.68	18.82	19.13	18.78
Europe	3.84	3.71	3.90	3.96	3.52	3.81	3.81	3.78	3.78	3.75	3.81	4.13	3.87
Asia Pacific	0.41	0.52	0.52	0.50	0.45	0.53	0.51	0.50	0.52	0.54	0.53	0.53	0.53
Total OECD	28.28	30.04	29.12	28.56	29.13	29.54	30.47	29.43	30.34	30.39	30.89	31.54	30.79
China	3.98	4.05	4.16	4.30	4.34	4.33	4.25	4.30	4.36	4.31	4.35	4.43	4.36
India	0.86	0.82	0.77	0.76	0.75	0.75	0.74	0.75	0.75	0.75	0.78	0.80	0.77
Other Asia	2.73	2.69	2.51	2.52	2.46	2.33	2.37	2.42	2.44	2.41	2.39	2.38	2.41
Latin America	5.79	6.08	6.04	5.94	5.97	6.09	5.83	5.96	6.19	6.21	6.17	6.40	6.24
Middle East	3.19	3.19	3.19	3.22	3.23	3.24	3.27	3.24	3.31	3.34	3.36	3.36	3.34
Africa	1.49	1.51	1.41	1.37	1.35	1.32	1.32	1.34	1.28	1.27	1.25	1.23	1.26
Russia	11.52	11.61	10.59	10.47	10.74	10.81	11.17	10.80	11.45	11.83	11.88	11.88	11.76
Other Eurasia	3.08	3.07	2.91	2.96	2.89	2.79	3.08	2.93	3.12	3.13	3.17	3.22	3.16
Other Europe	0.12	0.12	0.12	0.12	0.11	0.11	0.11	0.11	0.11	0.11	0.10	0.10	0.10
Total Non-OECD	32.75	33.14	31.71	31.65	31.85	31.77	32.16	31.86	33.02	33.36	33.45	33.80	33.41
Total Non-OPEC production	61.03	63.19	60.82	60.21	60.98	61.32	62.64	61.29	63.36	63.75	64.34	65.34	64.20
Processing gains	2.34	2.36	2.15	2.28	2.28	2.28	2.28	2.28	2.39	2.39	2.39	2.39	2.39
Total Non-OPEC liquids production	63.37	65.55	62.97	62.49	63.26	63.60	64.92	63.57	65.75	66.14	66.73	67.73	66.59
OPEC NGL + non-conventional oils	5.29	5.21	5.05	5.10	5.12	5.17	5.18	5.14	5.23	5.26	5.29	5.31	5.27
(b) Total non-OPEC liquids production and OPEC NGLs	68.66	70.76	68.02	67.59	68.38	68.77	70.10	68.72	70.98	71.40	72.02	73.04	71.87
Y-o-y change	3.05	2.10	-2.74	-4.56	2.18	2.20	2.91	0.70	3.39	3.02	3.25	2.95	3.15
OPEC crude oil production (secondary sources)	31.35	29.36	25.64	25.15	25.52	26.87	27.67	26.31					
Total liquids production	100.01	100.13	93.66	92.74	93.90	95.64	97.76	95.03					
Balance (stock change and miscellaneous)	0.80	0.04	2.64	-1.10	-1.56	-1.85	-2.34	-1.72					
OECD closing stock levels, mb													
Commercial	2,873	2,896	3,035	2,921	2,879	2,759	2,680	2,680					
SPR	1,552	1,535	1,541	1,546	1,524	1,513	1,484	1,484					
Total	4,425	4,432	4,577	4,467	4,402	4,272	4,164	4,164					
Oil-on-water	1,058	1,033	1,148	1,138	1,131	1,169	1,202	1,202					
Days of forward consumption in OECD, days													
Commercial onland stocks	60	69	68	66	63	59	60	58					
SPR	33	37	35	35	33	32	33	32					
Total	93	105	102	102	96	92	93	89					
Memo items													
(a) - (b)	30.55	29.33	23.00	26.25	27.07	28.72	30.00	28.02	28.16	28.38	29.35	30.20	29.03

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

World oil demand and supply balance	2018	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2Q22	3Q22	4Q22	2022
World demand													
Americas	-	-0.06	-	-0.05	-0.03	-0.01	0.14	0.01	0.14	-0.03	-0.01	0.14	0.05
of which US	-	-0.06	-	-0.04	-0.04	-0.04	-	-0.04	-0.04	-0.04	-0.04	-	-0.04
Europe	-	-	-	-	-	-	0.23	0.06	-	-	-	0.23	0.06
Asia Pacific	-	-	-	-	-	-	0.06	0.01	0.05	-	-	0.06	0.03
Total OECD	-	-0.06	-	-0.04	-0.03	-0.01	0.43	0.08	0.19	-0.03	-0.01	0.43	0.14
China	0.14	0.06	0.04	0.06	0.06	0.06	-	0.05	-0.10	0.06	0.06	-	0.01
India	-	-	-	-	-	-	-0.10	-0.03	-	-	-	-0.10	-0.03
Other Asia	-	-	-	-	-	-	-	-	-0.05	-	-	-	-0.01
Latin America	-	-	-	-	-	-	-0.01	-	-0.03	-	-	-0.01	-0.01
Middle East	-	-	-	-	-	-	-0.02	-0.01	-	-	-	-0.02	-0.01
Africa	-	-	-	-	-	-	0.03	0.01	-	-	-	0.03	0.01
Russia	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Eurasia	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	0.14	0.06	0.04	0.06	0.06	0.06	-0.10	0.02	-0.18	0.06	0.06	-0.10	-0.04
(a) Total world demand	0.14	-0.01	0.04	0.01	0.03	0.05	0.33	0.09	0.01	0.03	0.05	0.33	0.09
Y-o-y change	-0.06	-0.15	0.05	-0.04	-0.03	-0.01	0.33	0.05	-	-	-	-	-
Non-OPEC liquids production													
Americas	-	-	-	-	-	-	-0.06	-0.02	-0.10	-0.01	0.06	0.01	-0.01
of which US	-	-	-	-	-	-	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Europe	-	-	-	-	-	-	0.01	-	-0.09	-	-	-	-0.02
Asia Pacific	-	-	-	-	-	-	-0.02	-	-0.02	-	-	-	-
Total OECD	-	-	-	-	-	-	-0.07	-0.02	-0.21	-0.01	0.06	0.01	-0.03
China	-	-	-	-	-	-	-	-	0.06	-	-	-	0.01
India	-	-	-	-	-	-	-	-	0.02	-	-	-	-
Other Asia	-	-	-	-	-	-	0.01	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	0.01	-	-0.05	0.02	0.03	0.05	0.01
Middle East	-	-	-	-	-	-	-	-	-0.02	-	-	-	-0.01
Africa	-	-	-	-	-	-	-	-	-0.01	-	0.01	0.01	-
Russia	-	-	-	-	-	-	0.01	-	-0.05	-	-	-	-0.01
Other Eurasia	-	-	-	-	-	-	-	-	0.02	-	-	-	0.01
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	0.03	0.01	-0.03	0.02	0.04	0.06	0.02
Total Non-OPEC production	-	-	-	-	-	-	-0.05	-0.01	-0.24	0.01	0.10	0.07	-0.01
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC liquids production	-	-	-	-	-	-	-0.05	-0.01	-0.24	0.01	0.10	0.07	-0.01
OPEC NGL + non-conventional oils	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC liquids production and OPEC NGLs	-	-	-	-	-	-	-0.05	-0.01	-0.24	0.02	0.10	0.07	-0.01
Y-o-y change	-	-	-	-	-	-	-0.05	-0.01	-0.24	0.02	0.10	0.12	-
OPEC crude oil production (secondary sources)	-	-	-0.01	-0.01	-	-0.01	-0.02	-0.01					
Total liquids production	-	-	-0.01	-0.01	-	-0.01	-0.06	-0.02					
Balance (stock change and miscellaneous)	-0.14	0.01	-0.05	-0.02	-0.03	-0.06	-0.39	-0.12					
OECD closing stock levels, mb													
Commercial	-	-	-	-	-	-	-45	-45					
SPR	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-45	-45					
Oil-on-water													
Days of forward consumption in OECD, days													
Commercial onland stocks	-	-	-	-	-	-1	-1	-1					
SPR	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-1	-1	-1					
Memo items													
(a) - (b)	0.14	-0.01	0.04	0.01	0.03	0.05	0.37	0.11	0.25	0.01	-0.05	0.26	0.11

Note: * This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the February 2022 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

OECD oil stocks and oil on water	2019	2020	2021	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Closing stock levels, mb												
OECD onland commercial	2,896	3,035	2,680	2,896	2,980	3,217	3,179	3,035	2,921	2,879	2,759	2,680
Americas	1,525	1,612	1,478	1,525	1,581	1,718	1,688	1,612	1,573	1,548	1,511	1,478
Europe	978	1,043	869	978	1,033	1,099	1,079	1,043	1,002	973	892	869
Asia Pacific	394	380	332	394	366	400	411	380	346	358	355	332
OECD SPR	1,535	1,541	1,484	1,535	1,537	1,561	1,551	1,541	1,546	1,524	1,513	1,484
Americas	637	640	596	637	637	658	644	640	640	623	620	596
Europe	482	488	480	482	484	487	490	488	493	487	485	480
Asia Pacific	416	414	409	416	416	416	417	414	413	413	408	409
OECD total	4,432	4,577	4,164	4,432	4,517	4,778	4,730	4,577	4,467	4,402	4,272	4,164
Oil-on-water	1,033	1,148	1,202	1,033	1,187	1,329	1,174	1,148	1,138	1,131	1,169	1,202
Days of forward consumption in OECD, days												
OECD onland commercial	69	68	58	64	80	76	74	72	66	63	59	60
Americas	68	67	58	63	80	76	73	71	65	63	60	61
Europe	79	80	64	73	94	85	86	88	79	70	64	69
Asia Pacific	55	51	44	50	55	59	56	50	49	50	46	42
OECD SPR	37	35	34	34	41	37	36	36	35	33	32	33
Americas	28	26	24	26	32	29	28	28	26	25	25	25
Europe	39	37	35	36	44	38	39	41	39	35	35	38
Asia Pacific	58	56	54	53	63	62	57	54	59	58	52	51
OECD total	107	104	92	97	121	113	110	108	102	96	92	93

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

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

Non-OPEC liquids production and OPEC NGLs	Change												
	2018	2019	2020	3Q21	4Q21	2021	21/20	1Q22	2Q22	3Q22	4Q22	2022	22/21
US	16.7	18.5	17.6	17.8	18.6	17.8	0.1	18.5	18.7	18.8	19.1	18.8	1.0
Canada	5.3	5.4	5.2	5.4	5.6	5.5	0.3	5.6	5.4	5.7	5.8	5.6	0.2
Mexico	2.1	1.9	1.9	1.9	1.9	1.9	0.0	2.0	2.0	2.0	2.0	2.0	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	24.0	25.8	24.7	25.2	26.2	25.2	0.5	26.0	26.1	26.5	26.9	26.4	1.2
Norway	1.9	1.7	2.0	2.1	2.0	2.0	0.0	2.0	2.1	2.1	2.3	2.1	0.1
UK	1.1	1.1	1.1	0.9	0.9	0.9	-0.2	0.9	0.9	0.9	1.0	0.9	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	0.7	0.7	0.8	0.8	0.8	0.8	0.0	0.8	0.7	0.7	0.7	0.7	0.0
OECD Europe	3.8	3.7	3.9	3.8	3.8	3.8	-0.1	3.8	3.8	3.8	4.1	3.9	0.1
Australia	0.3	0.5	0.5	0.5	0.4	0.4	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	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0
Total OECD	28.3	30.0	29.1	29.5	30.5	29.4	0.3	30.3	30.4	30.9	31.5	30.8	1.4
China	4.0	4.0	4.2	4.3	4.3	4.3	0.1	4.4	4.3	4.3	4.4	4.4	0.1
India	0.9	0.8	0.8	0.8	0.7	0.8	0.0	0.7	0.8	0.8	0.8	0.8	0.0
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Indonesia	0.9	0.9	0.9	0.8	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
Malaysia	0.7	0.7	0.6	0.6	0.6	0.6	0.0	0.6	0.6	0.6	0.7	0.6	0.1
Thailand	0.5	0.5	0.5	0.4	0.4	0.5	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Vietnam	0.3	0.3	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Asia others	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Other Asia	2.7	2.7	2.5	2.3	2.4	2.4	-0.1	2.4	2.4	2.4	2.4	2.4	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	3.6	3.7	3.7	3.5	3.6	-0.1	3.8	3.7	3.7	3.9	3.8	0.2
Colombia	0.9	0.9	0.8	0.8	0.8	0.8	0.0	0.8	0.8	0.7	0.7	0.7	0.0
Ecuador	0.5	0.5	0.5	0.5	0.4	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0
Guyana	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.1	0.2	0.2	0.3	0.2	0.1
Latin America	0.4	0.4	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Latin America	5.8	6.1	6.0	6.1	5.8	6.0	-0.1	6.2	6.2	6.2	6.4	6.2	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	1.0	1.0	1.0	0.0	1.0	1.0	1.1	1.1	1.0	0.1
Qatar	1.9	1.9	1.9	2.0	2.0	2.0	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	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.1	0.0
Middle East	3.2	3.2	3.2	3.2	3.3	3.2	0.0	3.3	3.3	3.4	3.4	3.3	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	0.6	0.6	0.6	0.6	0.0	0.6	0.6	0.5	0.5	0.5	0.0
Ghana	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.1	0.1	0.1	0.1	0.0
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Sudans	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Africa other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Africa	1.5	1.5	1.4	1.3	1.3	1.3	-0.1	1.3	1.3	1.3	1.2	1.3	-0.1
Russia	11.5	11.6	10.6	10.8	11.2	10.8	0.2	11.4	11.8	11.9	11.9	11.8	1.0
Kazakhstan	1.9	1.9	1.8	1.7	2.0	1.8	0.0	2.0	2.0	2.0	2.0	2.0	0.2
Azerbaijan	0.8	0.8	0.7	0.7	0.7	0.7	0.0	0.8	0.8	0.8	0.8	0.8	0.1
Eurasia others	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.3	0.3	0.3	0.4	0.0
Other Eurasia	3.1	3.1	2.9	2.8	3.1	2.9	0.0	3.1	3.1	3.2	3.2	3.2	0.2
Other Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Total Non-OECD	32.8	33.1	31.7	31.8	32.2	31.9	0.2	33.0	33.4	33.5	33.8	33.4	1.6
Non-OPEC	61.0	63.2	60.8	61.3	62.6	61.3	0.5	63.4	63.7	64.3	65.3	64.2	2.9
Processing gains	2.3	2.4	2.2	2.3	2.3	2.3	0.1	2.4	2.4	2.4	2.4	2.4	0.1
Non-OPEC liquids production	63.4	65.5	63.0	63.6	64.9	63.6	0.6	65.8	66.1	66.7	67.7	66.6	3.0
OPEC NGL	5.2	5.1	4.9	5.1	5.1	5.0	0.1	5.1	5.2	5.2	5.2	5.2	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)	5.3	5.2	5.0	5.2	5.2	5.1	0.1	5.2	5.3	5.3	5.3	5.3	0.1
Non-OPEC & OPEC (NGL+NCF)	68.7	70.8	68.0	68.8	70.1	68.7	0.7	71.0	71.4	72.0	73.0	71.9	3.1

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

Table 11 - 5: World rig count, units

World rig count	2019	2020	2021	Change 2021/20	1Q21	2Q21	3Q21	4Q21	Jan 22	Feb 22	Change Feb/Jan
US	944	436	475	39	393	452	498	559	601	636	35
Canada	134	90	133	43	145	73	151	161	190	221	31
Mexico	37	41	45	4	46	42	43	48	45	44	-1
OECD Americas	1,116	567	654	87	585	568	694	770	837	902	65
Norway	17	16	17	1	16	18	17	18	17	16	-1
UK	15	6	8	2	8	8	9	8	8	7	-1
OECD Europe	74	59	58	-1	54	59	59	61	58	57	-1
OECD Asia Pacific	29	22	23	1	16	21	28	25	24	22	-2
Total OECD	1,219	648	735	87	656	648	781	856	919	981	62
Other Asia*	221	187	174	-13	161	170	181	182	189	184	-5
Latin America	128	58	91	33	76	89	93	105	112	108	-4
Middle East	68	57	57	0	57	56	57	59	58	59	1
Africa	55	43	42	-1	33	39	47	49	56	58	2
Other Europe	14	12	9	-3	12	7	9	9	10	10	0
Total Non-OECD	486	357	373	16	338	362	385	404	425	419	-6
Non-OPEC rig count	1,705	1,005	1,108	103	994	1,010	1,166	1,260	1,344	1,400	56
Algeria	45	31	26	-5	22	27	24	31	33	26	-7
Angola	4	3	4	1	4	4	4	5	6	6	0
Congo	3	1	0	-1	0	0	0	1	1	1	0
Equatorial Guinea**	1	0	0	0	0	0	0	1	1	1	0
Gabon	7	3	2	-1	1	1	3	4	3	2	-1
Iran**	117	117	117	0	117	117	117	117	117	117	0
Iraq	74	47	39	-8	32	36	42	45	46	46	0
Kuwait	46	45	25	-20	28	23	25	23	25	28	3
Libya	14	12	13	1	12	12	14	14	15	15	0
Nigeria	16	11	7	-4	6	5	10	7	6	8	2
Saudi Arabia	115	93	62	-31	62	62	59	64	70	67	-3
UAE	62	54	42	-12	43	44	39	42	38	34	-4
Venezuela	25	24	25	1	25	25	25	25	25	25	0
OPEC rig count	529	441	362	-79	352	356	361	380	386	376	-10
World rig count***	2,234	1,446	1,470	24	1,346	1,366	1,527	1,640	1,730	1,776	46
of which:											
Oil	1,788	1,125	1,162	37	1,044	1,076	1,212	1,316	1,386	1,415	29
Gas	415	275	275	0	269	257	281	293	316	334	18
Others	31	46	33	-13	33	33	34	31	28	27	-1

Note: * Other Asia includes India and offshore rigs for China.

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

*** Data excludes onshore China as well as Russia and other 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

Glossary of Terms

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 8.81 in February

February 2022

94.22

January 2022

85.41

Year-to-date

89.71

February OPEC crude production

mb/d, according to secondary sources



up 0.44 in February

February 2022

28.47

January 2022

28.03

Economic growth rate

per cent

	World	OECD	US	Euro-zone	Japan	China	India
2021	5.7	5.3	5.7	5.2	1.7	8.1	8.1
2022	4.2	3.6	4.0	3.9	2.2	5.6	7.2

Supply and demand

mb/d

2021		21/20	2022		22/21
World demand	96.7	5.7	World demand	100.9	4.2
Non-OPEC liquids production	63.6	0.6	Non-OPEC liquids production	66.6	3.0
OPEC NGLs	5.1	0.1	OPEC NGLs	5.3	0.1
Difference	28.0	5.0	Difference	29.0	1.0

OECD commercial stocks

mb

	Jan 21	Nov 21	Dec 21	Jan 22	Jan 22/Dec 21
Crude oil	1,452	1,332	1,302	1,294	-8.7
Products	1,584	1,408	1,377	1,383	5.5
Total	3,036	2,740	2,680	2,677	-3.1
Days of forward cover	70.9	60.2	60.0	59.3	-0.7

Next report to be issued on 12 April 2022.